

Cyfrowy Polsat IR Newsletter

9 – 15 March 2015

The press about us	Date	The press about TMT market in Poland
	<p>9.03</p>	<p>Rzeczpospolita: Fiber-optic lines will be installed by 2 – 3 thousand people <i>by Urszula Zielińska</i></p> <p>In an interview for ‘Rzeczpospolita’ daily, Bruno Duthoit, CEO at Orange Polska, said that the projects related to fiber-optic-based Internet access are already in progress and 75% of these projects will be implemented in the second half of the year. The CEO of Orange Polska estimates that 90% of these projects will be implemented in major cities where the company was released last year from the obligation of providing access to infrastructure to its competitors. The company hopes that thanks to price elasticity which it obtained as a result of deregulation, the return on investment period will be not longer than 8-10 years. In Duthoit’s opinion less than half of Orange’s fiber optic lines will coincide with CATV operators’ existing infrastructure.</p>
	<p>10.02</p>	<p>Puls Biznesu: Surprising finale of the battle for TVN <i>by Magdalena Wierchowaska</i></p> <p>According to the sources quoted by Puls Biznesu, Scripps Networks Interactive, the owner of Travel Channel, is the player who is most determined to buy the majority stake in TVN. It offered the highest price, exceeding PLN 20 per share.</p> <p>Scripps Networks Interactive is a US producer of lifestyle channels which include Travel Channel, HGTV (interior decorations and gardens), DIY Network, Food Network and Cooking Channel. Scripps bargains on the Internet and interactive content.</p> <p>In 2014 Scripps had US\$ 2.7 bn in revenue and US\$ 454m of profit allocated to the dominant entity in the group.</p>

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	10.03	<p>Polish Press Agency (PAP): Orange Polska expects stabilization on the consumer market and pressure in the business market <i>by Łukasz Kucharski</i></p> <p>In an interview for PAP Maciej Nowohoński, management board member at Orange Polska responsible for financial matters, said that the company expects a stable situation on the B2C mobile telephony market, however as regards the B2B market aggressive competition is still expected to continue, both in the area of mobile services as well as data links for corporate clients and public administration. In his opinion the price level of customer contracts is lower than before, which impacts the level of revenue.</p> <p>In 2015 Orange Polska expects to maintain growth in mobile Internet services and VDSL fixed-line technology. The operator does not rule out acquisitions in the ICT segment.</p> <p>In 2015 the telecom will be looking for cost savings in areas such as: reduction of overheads, network maintenance, electricity consumption and customer care.</p> <p>Nowohoński informed that roll-out of the fiber optic network planned for this year will not affect the operator’s revenues substantially.</p>
	11.03	<p>Dziennik Gazeta Prawna: Americans dream of our TV <i>by Piotr Dziubak</i></p> <p>According to the information obtained by ‘Dziennik Gazeta Prawna’ daily, the US media giant A+E Networks is interested in owning a terrestrial TV channel in Poland. Four channels which belong to A+E Networks are available in Poland, mainly on nc+ and Cyfrowy Polsat satellite platforms, however they have achieved a mere 0.3% of viewing share in the 16-49 age group. In the opinion of Joanna Nowakowska from MEC media house, A+E Networks’ entry to the multiplex would make it partly independent of paid distribution and lead to rapid growth.</p>

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<p>Puls Biznesu: Polkomtel stops betting in the auction <i>by mzat</i></p> <p>Polkomtel, Plus network operator, has withdrawn from active bidding in the LTE spectrum tender. The highest bids in the auction have exceeded the initial price of PLN 250 million for spectrum in the 800 MHz bandwidth by as much as 44%.</p> <p>One block in the 800 MHz spectrum has been already secured by Sferia by virtue of a composition agreement with the minister responsible for digitization and in a matter of months Midas, also controlled by Zygmunt Solorz-Żak, will start providing services with the use of that spectrum. Polkomtel stated that it is ready to cooperate on partnership and non-discriminatory terms with all parties including in particular such companies as P4, NetNet and Emitel Group.</p>	11.03	<p>Parkiet: Reshuffle date still a mystery <i>by ziu</i></p> <p>Based on the information published by ‘Parkiet,’ Netia’s Supervisory Board decided that Paweł Szymański, the to-date Vice-President and CFO, will be the new CEO. Three managers will join the board: Tomasz Szopa, who was already a board member (he will be in charge of residential customers’ division), Cezary Chałupa (responsible for business clients) and Jacek Wiśniewski (infrastructure division).</p> <p>According to ‘Parkiet’ Adam Sawicki will leave Netia for T-Mobile Polska, where he will become the CEO of the group composed of the mobile network and GTS Poland, a fixed-line operator serving business clients. The date on which he will leave Netia has not been disclosed yet.</p>
<p>Puls Biznesu: Withdrawal from active bidding helped Cyfrowy <i>by mzat</i></p> <p>Polkomtel’s statement about withdrawal from active bidding for spectrum in the 800 MHz bandwidth has upped the price of Cyfrowy Polsat’s shares on March 11, by more than 3.5% at certain moments.</p> <p><i>‘The market reacted positively to Polkomtel’s withdrawal from bidding for the 800 MHz spectrum, clearly appreciating the short-term benefits – lower than expected capital expenditures, faster reduction of debt and higher probability of dividend payments in 2017,’</i> says Dominik Niszcz, analyst at DM Raiffeissen brokerage house. In his opinion the information is neutral because Cyfrowy Polsat will still have to spend money on spectrum but it will be buying access to it from other parties. <i>‘This in turn creates new types of risk, because the outcome of the auction is uncertain and it is unclear whether parties such as P4 or Emitel will wish to cooperate with Polkomtel if they obtain the spectrum,’</i> he adds.</p>	12.03	

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13.03

Rzeczpospolita: A contest for a new multiplex operator has started
by Urszula Zielińska

Following two rounds of consultations, the Office for Electronic Communications announced a contest for reservation of the spectrum for the new digital terrestrial TV multiplex (the so-called MUX8). Emitel, which already operates three multiplexes for spectrum owners, has confirmed its participation in the contest.

Emitel may, however, encounter competition, as the following parties participated in the two rounds of consultations: Polski Operator Telewizyjny, a reactivated company belonging to the two biggest commercial broadcasters: TVN and TV Polsat, Zjednoczone Przedsiębiorstwa Rozrywkowe media company, Agora, Kino Polska TV, Discovery or Puls TV. In accordance with the decision of the National Broadcasting Council the multiplex will consist of 2-3 channels of TVP and 4 other licensed channels. The launch of MUX8 will expand the offer of free digital terrestrial TV to 38 channels over the next 2 years.

Puls Biznesu: Play is collecting money for the auction
by mzat

On Thursday Play Finance 2, controlled by P4, Play network operator, started offering bonds worth EUR 125m, or PLN 516m with a 5.25% coupon and redemption date in 2019. Play needs money to acquire spectrum blocks in the 800 MHz and 2600 MHz bands. In the first frequency band the operator can acquire at most 2 blocks, currently valued at PLN 364m (i.e. 45% above the initial price), while in the second bandwidth - not more than 4 out of 14 available blocks, valued at PLN 27.9m (11.6% above the initial price).

'Puls Biznesu' daily stated that according to Moody's P4 will obtain PLN 1.6 bn from the bond issue. At the end of 2014 the company had PLN 498m on its bank accounts and PLN 600m available in unused credit lines. Analysts have estimated the price of one 800 MHz spectrum block at PLN 700-750m.

Latest events

Current report no. 10 March 10, 2015

Decision to discontinue participation in the auction with regard to the 800 MHz frequency blocks

The Board of Cyfrowy Polsat S.A. ("the Company") hereby informs that on March 10, 2015 it was informed by Polkomtel Sp. z.o.o. ("Polkomtel"), a direct subsidiary of the Company, of Polkomtel's decision to discontinue active bidding in the auction for 800 MHz spectrum blocks while adopting the so-called passive bidding approach.

At the same time the Company's Management Board would like to note that based on the current information from Midas S.A. ("the Midas Group"), dated March 3, 2015, the Board obtained information about the cooperation agreements which were concluded by Aero2 Sp. z o.o. ("Aero2") and Mobyland Sp. z o.o. ("Mobyland"), on the one hand, and Sferia S.A. ("Sferia"), on the other, by virtue of which Midas Group intends to pursue roll-out of the LTE800 network.

In accordance with the current report no. 7/2015 of March 3, 2015 the Company's Management Board would like to remind that the PLK Memorandum and the CP Memorandum, described in detail in the above referenced report, assume that should Mobyland launch services using further frequencies it owns or the frequencies which it will acquire, then Mobyland will expand the scope of data transmission services provided to Polkomtel.

Based on the information provided by Midas, the first 1200 LTE 800 base stations are planned to be put on air during the next few weeks and hence LTE coverage footprint will extend to an area inhabited by over 90% of Poland's population.

Current report no. 13 March 13, 2015

Registration of amendments to the Articles of Association of Cyfrowy Polsat S.A. and the consolidated text of the Articles of Association of the Company

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs, that on March 12, 2015 it was notified about the registration on March 4, 2015 by the District Court for the Capital City of Warsaw in Warsaw, XIII Business Division for the National Court Register of amendments to the Articles of Association of the Company.

The Articles of Association of the Company were amended based on the resolution number 7 of the Extraordinary General Meeting of the Company held on January 16, 2015, as follows:

1. In Article 7 of the Company's Articles of Association, immediately following Section 34, Section 35 is added reading as follows:

"35. activities of intermediaries and agents organizing the sales of electricity through distribution systems, operated by other entities."

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2. In Article 11 of the Company's Articles of Association, immediately following Section 3, Section 4 is added reading as follows:

"4. The Company may issue convertible bonds."

3. In Article 14 of the Company's Articles of Association, immediately following Section 3, Section 4 is added reading as follows:

"4. The Supervisory Board determines the division of responsibilities among the members of the Management Board."

4. Amendment of Art. 15.1 of the Company's Articles of Association:

Current wording:

"1. The Management Board shall be composed of 1 (one) or more members, including the President of the Board and the Vice-President of the Board."

Proposed wording:

"1. The Management Board shall consist of 1 (one) or more members, including the President and Vice-President or Vice-Presidents of the Management Board."

5. Amendment of Art. 16 of the Company's Articles of Association:

Current wording:

"Art. 16. The following are entitled to issue statements on behalf of the Company:

- in the case of one person board - the President of the Board acting solely,
- in the case of a group board - the President of the Board acting solely, the Vice-President of the Board acting jointly with a proxy, or a member of the board acting jointly with a proxy."

Proposed wording:

„Art. 16. The following individuals shall be authorized to make statements on behalf of the Company:

- if the Management Board consists of one member – the President of the Management board, acting individually;
- if the Management Board consists of more than one member – the President of the Management Board, acting individually; a Vice-President of the Management Board, acting jointly with a Management Board member or another

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Vice-President; two Management Board members, acting jointly; two Vice-Presidents acting jointly; a Vice-President, acting jointly with a registered proxy; or a Management Board member acting jointly with a registered proxy.”

6. Amendment of Art. 24(j) of the Company’s Articles of Association:

Current wording:

“j) issuance of bonds,”

Proposed wording:

“j) issuance of convertible bonds or seniority bonds,”

The consolidated text of the Articles of Association of the Company adopted by the resolution 01/19/01/2015 of the Supervisory Board dated January 19, 2015, based on the authorization granted by the resolution no 7 of the Extraordinary General Meeting of the Company held on January 16, 2015 constitutes an attachment to this current report.

Attachment: [Consolidated text of the Articles of Association of Cyfrowy Polsat S.A.](#) (.pdf)

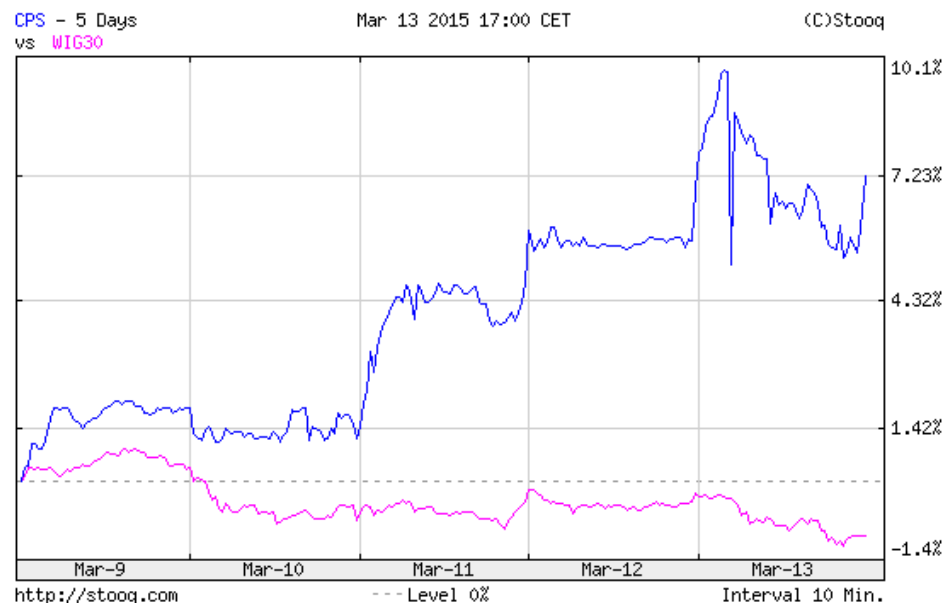
Press release March 9, 2015

Successful start of spring of 2015 – Polsat’s entertainment programs are among most often watched shows of the weekend!

‘Dancing with the Stars. Taniec z Gwiazdami’ – attracted over 3.5 million viewers, ‘Celebrity Splash!’, a new show – 2.7 million, ‘Twoja Twarz Brzmi Znajomo’ (‘Your Face Sounds Familiar’) – 2.9 million, ‘Nasz nowy dom’ (‘Our New House’) – 2.2 million viewers! TV POLSAT’s entertainment programs have successfully debuted and have been one of the most readily watched weekend shows. Last Friday’s debut of the 3rd edition of the dance show of all times, ‘Dancing with the Stars. Taniec z Gwiazdami,’ gave us the position of leader in the 4+ age group with a result of 22.25% SHR. During the Saturday prime time (8 p.m. to midnight) we were the number 1 station in both groups of audience while improving the viewership results by 50% in the 4+ group and by 44% in the 16-49 commercial group compared to autumn of 2014. One out of five viewers from the commercial group (19.29% SHR) viewed our new show ‘Celebrity Splash!,’ while during the broadcasting of ‘Your Face Sounds Familiar’ we were the viewership leader in both groups with a result of 25.12% SHR in 4+ group and 24.29% SHR in the 16-49 commercial group. ‘Our New House’ continues a winning streak with the second episode of the spring series attracting over 2.2 million viewers. During the show’s broadcasting Polsat noted 20.72% SHR in the 16-49 group.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
2015-03-09	24.35	23.88	24.30	0.79%	8 003
2015-03-10	24.30	24.05	24.12	-0.74%	7 166
2015-03-11	25.09	24.05	25.01	3.69%	24 556
2015-03-12	25.57	25.01	25.57	2.24%	20 425
2015-03-13	26.34	25.12	25.65	0.31%	44 764



Investor's calendar

April 2, 2015	Annual General Meeting
April 30 – May 14, 2015	Closed period prior to the publication of Q1 2015 results
May 14, 2015	Quarterly report for Q1 2015