

# **Cyfrowy Polsat IR Newsletter**

**19 – 25 January 2015**

The press about us	Date	The press about TMT market in Poland
	20.01	<p><b>Parkiet: Struggle for business clients</b>  <i>By: ziu</i></p> <p>Following its merger with GTS Polska, a fixed-line operator which T-Mobile acquired last year, T-Mobile Polska presented its action plan targeted at business clients (including public firms and institutions). GTS disappeared as a brand from the market on January 15 and currently its offer is available under the T-Mobile brand. T-Mobile's goal is to maximize the number of services used by medium and large enterprises. Apart from standard services (voice calls, data transmission and Internet access), the telecom also offers use of its servers, applications, financial services and data center services. Analysts expect the competition to become fiercer in this market segment. In their opinion the operators active in this market segment will compete with prices.</p>
	22.01	<p><b>Rzeczpospolita: Netflix wants to become a global player</b>  <i>By: Magdalena Lemańska</i></p> <p>Netflix informed that that its user base increased by 13 million Y-o-Y and reached 57.39 million. At the same time the company announced that it wants to have 61.4 million users at the end of Q1 2015 and that it plans to operate on 200 markets (compared to 50 at present).</p> <p>The online video segment is developing dynamically. PwC estimates indicate that revenue from OTT (over-the-top) services will exceed USD 22 bn in 2018 (the figure was USD 6.5 bn in 2013).</p>

The press about us	Date	The press about TMT market in Poland
	22.01	<p><b>Rzeczpospolita: Customers buy mobile phones from appliance stores</b>  <i>By: Piotr Mazurkiewicz, Urszula Zielińska</i></p> <p>In accordance with the information published in ‘Rzeczpospolita’ daily, smartphones are one of the fastest growing segments in sales of consumer electronics in Poland. The share of smartphones sold by sales chains is also growing dynamically. According to the data quoted by ‘Rzeczpospolita,’ the share held by sales chains reached 40% in 2014, up from around 20% in mid-2013.</p> <p>Mobile operators claim that the number of smartphones they sold has not decreased. Polkomtel confirmed that based on surveys and estimates, last year the share of smartphones sold via operator stores in total sales of smartphones decreased. However, the operator noted that it was due to an increasing share of cheaper smartphones in total sales. Many manufacturers of low-end brands distribute their products via sales chains as it is hard for them to sign agreements with operators.</p>
<p><b>Rzeczpospolita: Skeptically on Cyfrowy Polsat</b>  <i>By: ziu</i></p> <p>Some brokers are of the opinion that the price of Cyfrowy Polsat shares is too high and they lowered their recommendations for the company. Paweł Szpigiel from mBank Brokerage House valued CP stock at PLN 22 since in his opinion investors overvalue Plus mobile network, which is part of the Group. Maciej Bobrowski from BDM Brokerage House puts the price of CP shares at PLN 20.11. In his opinion the Group’s results will deteriorate in the coming quarters. The average price of CP shares based on brokers valuations over the past 12 months is PLN 26.3.</p>		

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	24-25.01	<p><b>Parkiet: Reports to be published during a break in LTE auction</b>  <i>by ziu</i></p> <p>According to ‘Parkiet’ daily, the LTE auction could start at the beginning of February. The four leading operators participating in the bidding process will publish their annual results while the auction will be in progress.</p> <p>Orange Polska will be the first to publish its results (on February 12, 2015). The average expectations of brokerage firms surveyed by ‘Parkiet’ put the telecom’s Q4 2014 revenue at PLN 3,029bn, with EBITDA of PLN 832m. and net loss of PLN 18m. Comparing the results to the pro forma results for Q4 2013, calculated on the assumption that TP and Centertel had already merged and eliminating the effect of Wirtualna Polska web portal, Orange noted a decline of revenue by 2.7% and EBITDA growth by 22%. In the analysts’ view the mobile segment had a positive impact on the company’s performance due to sales of devices and smartphones, while the fixed-line segment could have declined by 9%.</p>

## Latest events

### Current report No. 6 January 21, 2015

#### Information on non-compliance with certain rules of the Code of Best Practice for WSE listed Companies

The Management Board of Cyfrowy Polsat S.A. (the "**Company**"), in performance of the obligation under § 29 section 3 of the Warsaw Stock Exchange Rules, hereby informs that it will not comply on a permanent basis with the indicated below corporate governance rules comprised in the "Code of Best Practice for WSE listed Companies", constituting an annex to Resolution No. 19/1307/2012 of the Supervisory Board of WSE of November 21, 2012, including changes of hitherto corporate governance rules, which entered into force on January 1, 2013.

*Rule 1.5:* "A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company."

*Explanation:* The Company will not comply with the recommendation in relation to setting the policy of remuneration of members of managing and supervising bodies. The rules of remuneration of members of managing and supervising bodies were not developed based on provisions of directives of the European Commission and thus, not all the recommendations are applied. In accordance with article 24 d) of the Company's Articles of Association, the remuneration of members of the Supervisory Board requires a resolution of the General Meeting, except for members of the Supervisory Board delegated to temporarily perform functions of a member of the Management Board, pursuant to article 19 2d) of the Company's Articles of Association, when the decision is taken by the Supervisory Board. The remuneration relates to the scope of tasks and responsibilities related to the function performed, reflects the size of the Company and keeps a healthy relation to its financial results. The remuneration of members of the Management Board is set by the Supervisory Board and reflects the duties and responsibilities appointed to them.

*Rule 1.9:* "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

*Explanation:* In Cyfrowy Polsat, members of the Supervisory Board and the Management Board are appointed by the General Meeting and the Supervisory Board, respectively, based on qualifications, experience and competencies of the candidates. Factors such as gender are not considered when choosing members of the Company's bodies. Company authorities believe that this approach guarantees the selection of the best persons to perform functions of management and supervision.

## Latest events

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**Current report No. 6,  
(cont'd)  
January 21, 2015**

*Rule I.12:* “A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.”

*Explanation:* The Company has waived the recommendation I.12 given the legal questions concerning this issue. Ensuring the smooth running and the validity of the resolutions adopted by the General Meeting are the priorities of the Management Board and at present the Management Board does not plan to make changes to the organization of the General Meeting.

*Rule II.1.9a):* “A company should operate a corporate website and publish on it, in addition to information required by legal regulations a record of the General Meeting in audio or video format.”

*Explanation:* The Company does not intend to record General Meetings in audio or video form or to place the recordings on its website. In the opinion of the Management Board the documentation and proceeding of the hitherto General Meetings ensure transparency of the Company and protect the rights of all shareholders. Moreover, the implementation of applicable regulations on disclosure requirements through the publication of current reports comprising the content of adopted resolutions, voting results and the information on raised objections, as well as the publication of the above on the Company’s website, enable investors to acquaint themselves with significant points of the proceeding of the General Meeting. Furthermore, non-compliance with this rule secures the Company against potential claims of shareholders, who may not consent to the publishing of their image or statement.

*Rule IV.10:* “A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) real-life broadcast of General Meetings;
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

*Explanation:* At the moment the Management Board does not plan to make changes to the organization of the General Meeting. Ensuring the smooth running and validity of resolutions adopted by the General Meeting, as well as cost optimization are the priorities of the Management Board. Considering the small spread of the practice of conducting General Meetings using electronic means of communication and incomplete readiness of the market, and thus an increased risk of organizational and technical disturbances of the General Meeting, as well as an increased risk of contesting resolutions adopted by the General Meeting particularly due to technical issues, the Management Board decided to postpone the consideration of the implementation of the rule in question.



## Latest events

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**Press release**  
**January 20, 2015**

### **Two seasons of World Rally Championship (WRC) on Polsat Sport Extra**

For the two coming seasons Polsat TV has acquired the broadcasting rights to the most prestigious rallies with the participation of the best drivers, including Robert Kubica, i.e. the World Rally Championship (WRC). The event will be broadcasted by Polsat Sport Extra, with the first coverage of the Monte Carlo Rally on January 22.

WRC (World Rally Championship) is the most prestigious rally series for drivers and teams from around the world. Drivers will compete in 13 rallies on 4 continents, including a rally in Poland. The special stages will take place on ice and snow-covered surfaces as well as on tarmac. Most rallies will include demanding and spectacular special stages run on gravel surfaces.

**Press release**  
**January 20, 2015**

### **Ericsson delivers a next generation IN platform to Polkomtel**

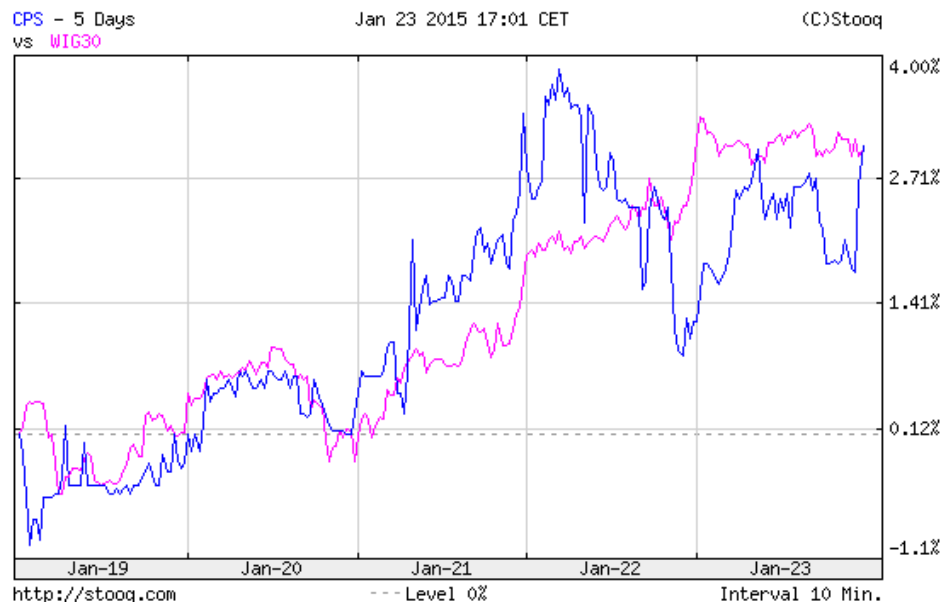
Ericsson has signed an agreement with Polkomtel for the implementation of Next Generation IN Prepaid platform as well as for the support of the existing NGIN-Postpaid platform. Both solutions rely on Open Cloud SDF systems.

In accordance with the contract, Ericsson will be responsible for supporting the Open Cloud IN platforms for Polkomtel. The new platform will enable more efficient management of the operator's services while increasing flexibility in the area of offers for end users.

Implementation of the Real Time Call Control solution by Ericsson is one of the elements of the agreement. It is a solution which collects call data and sends it to the billing system in real time. Ericsson will integrate the solution with the existing billing system.

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
19-01-2015	22.22	21.94	22.13	-0.09%	3 446
20-01-2015	22.43	22.16	22.25	0.54%	14 534
21-01-2015	22.98	22.20	22.98	3.28%	6 878
22-01-2015	23.18	22.33	22.47	-2.22%	7 815
23-01-2015	22.90	22.47	22.90	1.91%	9 427



## Investor's calendar

February 18 – March 4, 2015	Closed period prior to the publication of results for 2014
March 4, 2015	Publication of results for 2014