

# Cyfrowy Polsat IR Newsletter

**22 – 29 December 2014**

The press about us	Date	The press about TMT market in Poland
	22.12	<p><b>Dziennik Gazeta Prawna: Internet close to defeating TV</b></p> <p>Up until now the lion's share of the Polish advertising market, the value of which is estimated at PLN 6.5bn, belonged to television. However, its significance is declining and in the next 3-4 years it will yield to internet.</p> <p>IAB, the IT sector employers' association, estimates that today expenditure on online promotion amounts to PLN 2.43bn. According to Izabela Albrychiewicz, CEO of media house MEC, with the exception of printed media, the advertising market is stabilizing. This year it grew at a rate of several percent and next year the situation will be similar. Moreover, the share of TV in the ad market remains fairly stable at around 50% given constant viewership. Albrychiewicz admits that in 2015 the fragmentation of the TV market will progress. The shares of the big four (Polsat, TVN, TVP and TVP 2) will continue to fall but not so much as in the years of switching from analogue to digital TV signal. Albrychiewicz forecasts the rate of decline at several percent.</p> <p>For the first time in several years the pay TV market is shrinking. The group of households using either cable television or satellite platforms declined by 3 percentage points, to 67%. This translated into a slight fall of audience shares of stations distributed via pay TV from almost 36 to 34.5%. The launch of the new multiplex of digital terrestrial television with eight new channels could accelerate the process of fragmentation of the viewership of current players on the DTT market as well as attract viewers and clients of pay TV.</p> <p>According to Albrychiewicz, the trade policy of television stations will contribute to better stability of the market. In terms of sales the TV market is consolidated following the withdrawal of media house Atmedia. Currently, TVN and Polsat control around 70% of advertising sales, which allows them to keep the prices high and avoid rebates.</p>

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	22.12	<p><b>Puls Biznesu: BBC wants to advance to the first league</b></p> <p>Looking at the current TV offer in Poland, BBC Worldwide sees an attractive niche for itself, says Jacek Koskowski, CEO of BBC Worldwide in Poland. The Polish branch of BBC generates growing profits every year. Koskowski emphasizes that the strategy changed at the level of BBC headquarters. There is less control from the head office and the departments of content distribution and channel distribution are fully harmonized.</p> <p>In Poland BBC will be based on local productions, 25% of the programming schedule of BBC channels will be tailored to the Polish viewer. In addition, millions of euro are to be spent on marketing, building coverage and hiring people. – <i>The new opening will not be an evolution, a step-by-step approach. It will be a leap to the first league. We entered the market later than our competitors and therefore we need to fight energetically for our position</i> – announced Jacek Koskowski. This energy is BBC Worldwide’s decision that the world debut of BBC Brit and BBC Earth – two out of three global programming trademarks announced last year – will take place in Poland on February 1, 2015.</p>
	24.12	<p><b>Parkiet: Orange: Investors need not worry</b></p> <p>Bruno Duthoit, the CEO of Orange Polska, has issued a reassuring statement ahead of the upcoming spectrum auction and publication of the company’s CAPEX plan. He also announced that the company would be acting rationally in the 800/2600 MHz spectrum auction.</p> <p>In the opinion of BESI brokerage firm, the LTE auction as well as Orange’s investments into fiber-optic networks could result in the dividend of only PLN 0.3 per share being paid out by the company in 2015, with the share price estimated at PLN 8. Despite this Mr. Duthoit assured that investors had no reasons to worry and the details will be known in mid-February, after the 2014 results and the 2015 plans are published.</p>

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	24.12	<p>“Orange Polska would like to acquire spectrum blocks in 800 and 2600 MHz frequency bands. We expect that the prices obtained during the auction will be rational,” says the company’s CEO.</p> <p>According to analyses, in spite of the fact that the minimum amount that UKE (Office of Electronic Communications, the Polish telecom regulator) expects to obtain is PLN 250 mill. per frequency block, one frequency block from the so-called 800 MHz bandwidth could cost as much as even PLN 500-600 mill.</p> <p>During the first three quarters of 2014 Orange Polska reduced its direct costs by PLN 217 mill. Mr. Duthoit informed that the company also intended to make cost savings next year, among others by reducing the number of its company stores.</p>
	28.12	<p><b>PAP: Gaj: the 800 MHz and 2.6 GHz auction to start end of January</b></p> <p>Interview for the Polish Press Agency with Magdalena Gaj, president of the Office of Electronic Communications (UKE) on the LTE auction.</p> <p>Gaj believes that the auction is one of the most transparent and competitive forms of selecting winners. She emphasized that entrepreneurs will bid via an electronic system, hence it is transparent and without the human factor.</p> <p>The president of UKE wants to liberate the frequencies as soon as possible because the consumer must gain access to services of highest quality. Profit from the auction is a secondary issue. Concurrently, Gaj expects appeals against the result of the auction. She adds, however, that they will be ineffective.</p> <p>The start of the bid is planned for the end of January and will probably finish in February. After the auction, the process of frequency reservations will begin and administrative proceedings shall be initiated. Gaj would like to terminate the administrative stage in the first half of 2015. She expects that investments will begin as soon as frequency reservations are made. The first effects will be visible a year hence, that is in 2016.</p>

### Latest events

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**Press release**  
**December 22, 2014**

#### **Plus introduced HD Voice and is working on VoLTE**

Plus introduced the HD Voice technology for its customers, which will enhance the quality of connections and improve the comfort of calls. In the first stage the HD Voice service was introduced in Warsaw and part of the Mazovian voivodship as well as the Lublin and Podlaskie voivodships in Eastern Poland. In the first quarter of 2015 the service will be available on the territory of the entire country.

*‘The HD Voice service is the next benefit introduced to enhance the comfort of our customers’, says Beata Białkowska, Managing Director of Marketing in Plus and Cyfrowy Polsat. – ‘It is also one of the stages in the preparation to expand Plus’s offer by introducing voice services based on LTE technology – VoLTE. We have already conducted successful tests of this innovative solution’.*

VoLTE (Voice over LTE) allows to connect voice calls over the LTE network, which makes it the next leap in quality after HD Voice.

Plus, as the first operator in Poland, together with Cyfrowy Polsat introduced commercial Internet access services in the LTE technology offering transfer speed of 150 Mb/s. What is more, also as the first operator in Poland, Plus demonstrated the possibilities of LTE-Advanced in the 800 MHz band and successfully conducted tests of transferring data with the speed of 300 Mb/s using the LTE-Advanced technology thanks to combining frequencies in the 800 MHz and 2600 MHz bands. It also presented the first in Poland and the first in Europe, on such a large scale, demonstration of video broadcast via wireless network in LTE Broadcast technology (eMBMS).

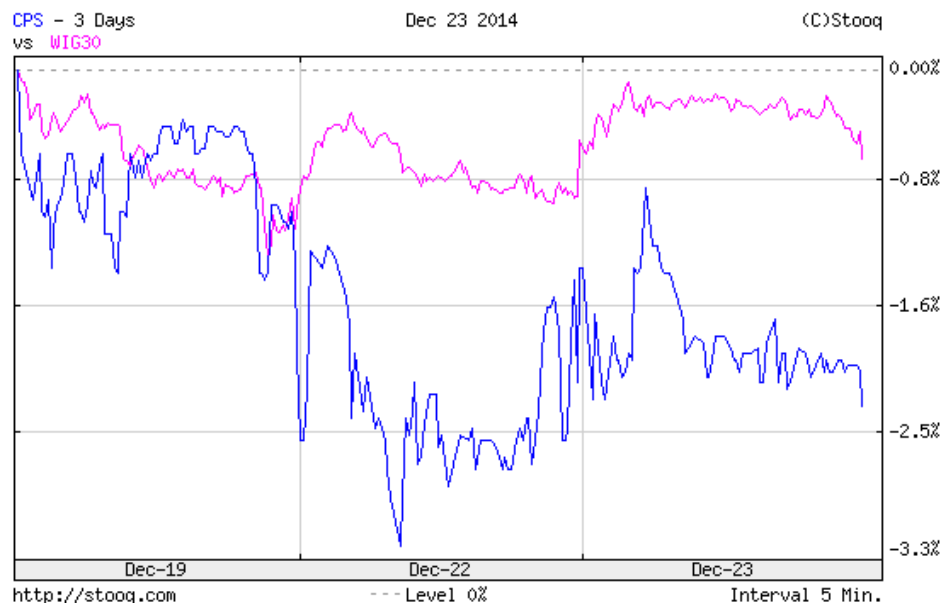
**Press release**  
**December 23, 2014**

#### **smartSALE in Plus’s and Cyfrowy Polsat’s smartDOM program**

On December 27 smartSALE is starting of several state-of-the-art devices from the offers Plus Abonament, Plus Internet, Plus Mix and Cyfrowy Polsat, which can be bought with a discount of several hundred zlotys, also in an installment plan for PLN 0 to begin with. All of these devices can be combined with services from Plus or Cyfrowy Polsat with subscription fees starting from PLN 19.90 in the smartDOM program under the promotion ‘first product half off, third product even for PLN 1’.

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
22-12-2014	24.44	23.92	24.40	0.62%	7 574
23-12-2014	24.55	24.13	24.16	-0.98%	10 876
24-12-2014	-	-	-	-	-
25-12-2014	-	-	-	-	-
26-12-2014	-	-	-	-	-



## Investor's calendar

January 16, 2015

Extraordinary General Meeting of the Company