

Cyfrowy Polsat IR Newsletter

8 – 14 December 2014

The press about us	Date	The press about TMT market in Poland
	9.12	<p>Parkiet: Orange Polska</p> <p>Dominique Lesage, executive Director of Contents at Orange, is resigning from his position with the end of this year by mutual agreement. Lesage was responsible, among others, for the development of the TV channel Orange Sport. In September Orange informed that RMVC, company controlled by Tomasz Młodkowski, is taking over the channel Orange Sport.</p> <p>Rzeczpospolita: Agora, TVN</p> <p>The advertising market, the largest shares of which belong to Agora and TVN, will grow at a rate of 2.4% this year and 3.1% next year, reaching PLN 6.75bn net – announced media house ZenithOptimedia in its latest forecasts. The TV ad market will grow by 3% and 3.4% in 2014 and 2015, respectively, the online ad market – by 12.2 and 11.8% in 2014 and 2015, respectively, advertising in daily press will decline by 19.3% this year and 16.9% next year, while in magazines – by 15.4% and 15%, respectively, and the radio advertising market will grow by 4.6% in 2014 and 2.7% in 2015.</p>
	10.12	<p>Puls Biznesu: Priorities of T-Mobile's CEO</p> <p>Miroslav Rakowski and Grzegorz Bors are leaving the management board of T-Mobile. The company will be run by Zacharias Piperidis.</p> <p>– <i>Key tasks for the coming months include participation in the auction for LTE frequencies and integration with GTS</i> – says Piperidis. He does not anticipate radical changes. The aim is not to gain yet another 1% of the market but to ensure T-Mobile's profitability.</p> <p>Under the rule of the outgoing CEO, T-Mobile decided to combine networks with the competing Orange Poland and acquired GTS, thus ensuring the much needed presence on the fixed-line telephony market. While Rakowski concentrated on the quality of the network, T-Mobile will now focus on bundled services offering fixed-line and</p>

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	10.12	<p>mobile telephony, internet and TV services.</p> <p>T-Mobile is strongly engaged in integration with GTS, acquired half a year ago. The rebranding of GTS will take place mid-January. The integration of both companies will enable the expansion of T-Mobile’s portfolio of services for business and strengthen its market position in this segment.</p> <p>Piperidis did not comment on T-Mobile’s potential acquisitions, saying only that the company will consider interesting opportunities, if they appear on the market.</p>
<p>Rzeczpospolita: ‘Hold’ Cyfrowy Polsat</p> <p>Experts at UniCredit downgraded their recommendation for Cyfrowy Polsat to ‘hold’ from ‘buy’. The target price is PLN 26 (unchanged) and is higher than the current market price (PLN 25) by 4%.</p>	12.12	<p>Rzeczpospolita: Polish online video worth over PLN 200m</p> <p>In its latest report on the outlook for online video in Poland, IAB Polska says that the number of materials viewed via smartphone or tablet on VoD services operating on the Polish market have doubled in the first half of this year. Over 1.1bn films, series, music clips and programs have been played on all devices with Internet access in the first half of 2014. That is almost 40% more than in the previous year.</p> <p>IAB Polska forecasts indicate that, at the end of this year, the value of the online video advertising market in Poland will exceed, for the first time, PLN 200m. This constitutes a 60% increase compared to the previous year. IAB Polska estimates that the online audience should exceed 18m users in 2016 at the latest.</p> <p>The most popular services offering video on demand are Vod.pl (Onet’s portal), IPLA and VOD TVP. According to experts, next year’s trend will be to increase viewership of online content on mobile devices.</p> <p>Growing online video piracy as well as the potential entry of Netflix on the Polish market are the challenges faced by Polish VoD services.</p>

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	12.12	<p>Parkiet: LTE auction and optic fiber networks raise questions on dividend</p> <p>Orange Polska investors are afraid of a significant outflow of cash from the largest telecom in the country. During the last three months the share price fell by 25%.</p> <p>Analysts have mixed opinions as to why Orange Polska has been losing value recently. Some think that its a market reaction to the publication of results for Q3'2014 and the effect of the outflow of PLN 145m paid to Netia in a settlement.</p> <p>According to Włodzimierz Giller, analyst at DM PKO BP, investors are worried about the upcoming auction of frequencies in the 800 and 2600 MHz bands. Orange is considered an aggressive player in this auction because, as the only one, it does not have frequencies which would allow to provide, singlehandedly, fast mobile Internet in the LTE technology. Investors may fear that the company will overpay and pay a lower dividend than this year (PLN 0.5) or delay dividend payments. According to Giller, expenditure exceeding PLN 850m on the auction will have a negative impact on share price.</p> <p>Meanwhile, Paweł Puchalski, analyst at brokerage house DM BZ WBK, thinks that the driver behind the fall in share price is not the auction, but the unknown new investment plan related to expenditure on optic fiber networks. What is more, revenue from fixed-line services continue to fall and competition between telecoms on the B2B market is fierce.</p> <p>Parkiet: LTE auction will change indicators</p> <p>Interview with Maciej Nowohoński, member of the management board of Orange Polska.</p> <p>In his interview with the daily 'Parkiet', Nowohoński said that the company may use external financing should it prove beneficial in the long-term. In the years 2013-2014 the company used financing within</p>

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	12.12	<p>the structure of Orange Group, thanks to which financial costs should be reduced by ca. PLN 100m next year. At the end of the third quarter of 2014 the net debt/EBITDA ratio was better with respect to a majority of comparable telecoms, as the company has been controlling the level of debt due to strong competition on the Polish market. The upcoming LTE auction may change this ratio. EBITDA margin remains at an European average.</p> <p>Nowohoński emphasized that the main goal of Orange Polska is to provide returns to shareholders and an increase of the value of the company, which can be achieved through the acquisition of strategic assets including frequencies and investments.</p> <p>Puls Biznesu: Americans and Germans will fight for TVN</p> <p>According to sources of 'Puls Biznesu' daily, eight entities submitted non-binding offers for the purchase of a 51% stake in TVN. Binding offers should be filed by the end of January. American media giants - Time Warner, Discovery, and 21st Century Fox, as well as the German Axel Springer are interested in TVN. Time Warner and Discovery are considered favorites. According to 'Puls Biznesu' daily private equity funds are also interested in acquiring TVN, among them Permira, Providence Equity Partners, CVC and Advent International.</p> <p>'Puls Biznesu' daily established that preliminary offers were in line with expectations of ITI and Vivendi - potential buyers declared readiness to pay PLN 21 per share, which has boosted the company's valuation to PLN 7.3bn. Given the steep valuation, the controlling stake is likely to be purchased by a strategic investor, who can achieve significant synergy effects and wants to buy a share in the market through this transaction.</p>

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	12.12	<p>Puls Biznesu: Netia on a strict diet</p> <p>On Thursday, Netia’s management board presented a group layoff plan, reducing employment in the first quarter of 2015 by 350-400 persons. Adam Sawicki, CEO at Netia, estimates that the optimal level of employment in current market conditions is 1300 employees. – <i>We expect that the launched second stage of restructuring of the company will bring savings of about PLN 50m next year, half of which corresponds to employment costs</i> – he said. Employment reductions will primarily concern managerial positions, chiefly in Warsaw and Wrocław. The aim is to flatten the organizational structure from 5-6 decision levels to 3.</p> <p>Employment reductions accompany a change in the company’s operating philosophy – from a nationwide telecommunications operator to an active player in several regions. Netia expects further decline of the traditional voice services market and therefore will invest in new markets, such as cloud services and data centers.</p>

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
08-12-2014	24.95	24.50	24.65	-0.20%	2 799
09-12-2014	24.85	24.37	24.71	0.24%	5 376
10-12-2014	25.14	24.48	24.85	0.57%	7 862
11-12-2014	25.30	24.81	25.00	0.60%	11 074
12-12-2014	25.24	24.87	25.00	0.00%	12 648

