



# Cyfrowy Polsat IR Newsletter

October 12 – 18, 2015



# Press review



Media about us	Date	Media about the TMT market in Poland
	12.10	<p><b>Rzeczpospolita: Play-offs in the LTE auction</b> <i>by Urszula Zielińska</i></p> <p>On Friday, based on the new Regulation of the Minister of Administration and Digitization valid since October 1, the Office for Electronic Communications carried out the last round of bidding in the LTE auction. The sum of maximum bids submitted by the players reached PLN 8.17bn on the 115th day of the auction. According to "Rzeczpospolita" daily, three out of five blocks of 800 MHz frequency band already have their buyers—one active bid was visible on each of these blocks.</p> <p>According to unofficial information of "Rzeczpospolita" the playoffs, consisting in submitting bids in the envelopes, will be held on October 15. The fight will be for the two blocks in the 800 MHz band and probably for two out of 14 blocks in 2600 MHz band.</p> <p><b>Rzeczpospolita: Possible merger of Play</b> <i>by Urszula Zielińska</i></p> <p>The owners of UPC Polska and P4, the operator of Play network, are considering the merger of the biggest Polish cable TV and the fourth mobile operator. Neither UPC Polska nor P4 commented on ownership matters.</p> <p>Information about shareholders willing to sell Play in 2016 was published by the TMT Finance service. Information available to "Rzeczpospolita" indicates that the formal process of searching for an investor has not started yet.</p>

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	12.10	Grażyna Piotrowska-Oliwa, CEO of Virgin Mobile Polska, believes that there would be a great interest in the sale of P4. Paweł Puchalski, DM BZ WBK analyst, claims that the merger of P4 and UPC businesses would be beneficial to both companies. Each of them would acquire something they do not have at the moment and the costs of business could be reduced. "Rzeczpospolita" also points to the fact that the talks about ownership changes may be related to the fact Play may need cash for paying for the reservation of LTE frequencies (if it wins the auction).
	16.10	<p><b>Puls Biznesu: Astronomic amount of PLN 9.2bn for frequencies</b> <i>by Marcel Zatoński</i></p> <p>Telecommunication companies are to pay PLN 9.23bn for frequencies under the auction which ended last Thursday. That is over 5 times more than the asking price, and over twice as much as expected by stock exchange analysts.</p> <p>"Puls Biznesu" daily states that according to information provided by UKE, a list of companies which won individual blocks of frequencies will be published at a later date. P4 informed in an announcement that the company had won 1 block in 800 MHz band and 4 blocks in 2600 MHz band and that it intended to submit an application for the reservation of frequencies and collect the reservation decision.</p> <p>The most expensive block of the 800 MHz band cost PLN 2.05bn and the cheapest – PLN 1.48bn. In the 2600 MHz band, amount between PLN 38m and PLN 41m were offered for most of blocks, whereas one, the most expensive, block cost PLN 105m.</p>

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	16.10	<p>Winners of the auction now have a few days to submit their applications for reservations. After allocating the frequencies by UKE, telecoms will have to pay the declared amounts.</p> <p><b>Rzeczpospolita: „Hold” Orange</b> <i>by jmrys</i></p> <p>In their report dated October 4, 2015, specialists from the BOŚ Brokerage House reduced the valuation of Orange Polska shares to PLN 7.3 from PLN 7.7 previously. Analysts expect that in Q3 the telecom will show a further single-digit decrease of revenues combined with a two-digit decrease of EBITDA year to year. In connection with the company's results for the 1st half of 2015 and the dragging auction for LTE frequencies, the broker changed its forecasts for 2015 and subsequent years. It expects that this year Orange will have PLN 322m of net profit, ca. PLN 670m of operating profit, nearly PLN 3.57bn of EBITDA with over PLN 11.8bn of revenue.</p> <p><b>Parkiet: Dispute between shareholders of Netia</b> <i>by Urszula Zielińska</i></p> <p>Mennica Polska (Polish Mint), controlled by Zbigniew Jakubas, informed about a civil procedure initiated based on a claim filed by Sisu Capital Master Fund, which owns a 12.7% block of Netia's shares. The value of the subject of dispute was estimated at over PLN 126m.</p>

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	16.10	<p>Sisu wants the court to prohibit Mennica Polska, Mennica Polska Tower S.K.A. and FIP 11 FIZAN to exercise their voting rights from Netia shares. According to the fund they are acting in concert, thus after jointly exceeding the threshold of 33% they should announce a tender offer for shares of Netia and inform about any material change of the total share in the shareholding structure.</p> <p>The announcement stated that Tower S.K.A. and Mennica Polska regard this claim as groundless. Mennica Polska holds 15.88% of Netia shares, FIP 11 FIZAN owns 20.04%. The issue is monitored by the Polish Financial Supervision Authority.</p>
	17-18.10	<p><b>Parkiet: Market reactions to LTE auction results</b> by Urszula Zielińska</p> <p>Prices of Orange Polska shares fell on Friday by even 5% to PLN 7.22, while prices of Cyfrowy Polsat and Midas shares increased slightly following the termination of the LTE auction on Thursday evening, which brought about an increase in the price of the spectrum to PLN 9.2bn.</p> <p>"Parkiet" daily reports that according to unofficial information Orange Polska secured 2 blocks in the 800 MHz spectrum and 3 in the 2600 MHz spectrum and will probably pay PLN 3.1 – 3.2bn for them. Specialists from brokerage houses disagree whether or not the expenses related to the purchase of the spectrum will allow Orange Polska to pay dividend in 2016. They indicate that dividend payout may depend on the company's policy regarding</p>

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	17- 18.10	the net debt to EBITDA ratio. According to Przemysław Sawala-Uryasz, analyst at Pekao IB, this ratio may increase to 2.1-2.2x EBITDA next year. Until now Orange's policy was to keep the ratio under 2x EBITDA.
	19.10	<p><b>Polish Press Agency: Orange Polska won two 800 MHz blocks in the LTE auction for a total of PLN 3.03bn</b></p> <p><i>by kuc/jtt</i></p> <p>In the LTE auction, conducted by the Office of Electronic Communications, Orange Polska places the highest bids on two blocks in the 800 MHz spectrum. To total value of these two offers in PLN 3.051bn. One block each was won by NetNet (PLN 1.053bn), P4 (PLN 1.496bn) and T-Mobile Polska (PLN 2.022bn). Orange Polska also placed the three highest bids for 2.6 GHz blocks (the total value of the offers was PLN 117.04m). Moreover, P4 and Polkomtel won 4 blocks each for a total sum of PLN 222.35m and PLN 155.74m, respectively. T-Mobile won three 2.6GHz blocks for PLN 115.79m.</p>

# Recent events

Press release  
October 13, 2015

## Prestigious Effie Award for the smartDOM program

On Monday, October 12, 2015, during an official gala of one of the most important competitions in the advertising sector – Effie Awards – Polsat Group received an award for the smartDOM program. A silver award in the Telecommunication category for the joint campaign „Saving by adding” was received by Cyfrowy Polsat and Plus. The marketing campaign promoting the smartDOM program, awarded during the competition, inspires to combine in a beneficial way of state-of-the-art services from the portfolio of Cyfrowy Polsat (satellite television, LTE Internet) and Plus network (phone, LTE Internet, electricity), thanks to which customers can have much lower bills and generate savings at the level of a few hundred zloty per year. The offer “second product for half-price and the third for PLN 1” is the flagship promotion of this program.

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2015-10-12	25.00	24.30	25.00	1.83%	11 466
2015-10-13	25.15	24.60	24.93	-0.28%	10 183
2015-10-14	25.18	24.70	25.00	0.28%	8 946
2015-10-15	25.45	24.96	25.38	1.52%	9 723
2015-10-16	25.70	25.37	25.50	0.47%	5 614



# Investor's calendar

October 29 – November 12, 2015	Closed period prior to the publication of Q3 2015 results
November 12, 2015	Publication of the consolidated quarterly report for Q3 2015