



# Cyfrowy Polsat IR Newsletter

February 27 – March 5, 2017



# Press review



| Media about us | Date  | Media about the TMT market in Poland  |
|----------------|-------|---|
|                | 28.02 | <p><b>Rzeczpospolita: Negative recommendation for Orange</b><br/><i>by jmrys</i></p> <p>According to analysts at DM PKO BP, the shares of Orange Polska are overvalued. Therefore, they recommend selling the shares of the telecom, setting the target price at PLN 4.60. On Monday the shares were traded at ca. PLN 4.70 on the stock exchange.</p> <p>Exports from the office justify their valuation with forecast for 2017 presented by the Company and the declaration regarding the lack of the dividend for 2016. They anticipate that a reversal of the revenue and EBITDA downward trend will take place later than they had presumed previously, which will have a negative impact on free cash flows and the Company's balance sheet. They assume that Orange will return to the payment of dividends in 2019 at the earliest.</p> |
|                | 1.03  | <p><b>Puls Biznesu: Virgin enters the subscription race</b><br/><i>by Marcel Zatoński</i></p> <p>Virgin Polska, the biggest MVNO in Poland, closed the year 2016 with revenues exceeding PLN 80m, that is twice as much as in 2015. Grażyna Piotrowska-Oliwa, CEO of Virgin Polska, estimates that at the end of 2017 the Company will become economically viable, and will have 1 million customers by the end of 2018.</p> <p>According to the requirements of the Anti-Terrorist Act, 91% of the customers from the active prepaid base of Virgin Mobile (active within 30 days) have registered their numbers. Since January the telecom has been actively promoting its new contract offer. "We would like to make our contract offer as flexible as possible and a</p>  |

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|                | 1.03 | <p>real alternative to prepaid," said Piotrowska. Sales results in the first month are better than expected. The company would like to have more than half of its customer base on postpaid offers within 3-4 years.</p>   |
|                | 1.03 | <p><b>Rzeczpospolita: The end of classic TV is near</b><br/><i>by Magdalena Lemańska</i></p> <p>The television sector believes that Amazon and Netflix will have the biggest influence on the digital video market across the world – such are the results from the annual survey Digital TV Europe, summarizing the situation on the pay TV and video market across the world. The survey has shown that within the next two years the sector will face the pressure from the Internet players such as Netflix, Prime Video or Hulu and Showmax. Traditional pay TV will not grow during this period, or will even start shrinking due to the effective price competition by Internet platforms.</p> <p>According to Paweł Wesołowski from PwC, online video offered by television broadcasters still dominates in Poland, but independent operators, such as Netflix for instance, are slowly gaining on popularity. In his opinion, the success of international players on the Polish market will depend on the quality and originality of the offered content, their language versions and price. The use of the so-called big data and data analysis for the purpose of adjusting the programming and advertising offer to the viewers' needs is the most important trend in the digital video sector within the next two years. Traditional operators, feeling threatened by digital players, who</p> |

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|                | 1.03 | <p>intensively invest into original productions, launch their own Catch-up TV services or services addressed to Internet users (in Poland Cyfrowy Polsat offers Cyfrowy Polsat Go, nc+ nc+ Go, and UPC – Horizon Go), just like some broadcasters e.g. HBO offers HBO Go and Now.</p> <p><i>"When this model becomes popular, this will be the beginning of the end of satellite TV solutions, because why do we need satellite TV, when everything it offers will be available instantly in the Internet? In my opinion, such a solution, combined with access to fiber optic lines and improving quality of such lines is the future of television services and their new generation,"</i> commented Mirosław Godlewski, Senior Advisor at Boston Consulting Group.</p> |
|                | 1.03 | <p><b>Rzeczpospolita: Play has extensive investment plans</b><br/><i>by Urszula Zielińska</i></p> <p>In 2016, Play maintained the second position in terms of the number of users. The company estimates its market share at 26.3%. In December 2016, Play serviced 14.4m SIM cards, more than a year ago, but by 224K less than in September. The subscriber base increased by 367K, but the number of prepaid cards, as a result of the so-called Anti-Terrorist Act, decreased by 591K.</p> <p>The operator, who will be celebrating its ten years on the market in March, generated PLN 6.12bn of revenue (13% more than in 2015). Adjusted EBITDA exceeded PLN 2bn and was by 14% higher than in the previous year.</p>  |

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|                | 1.03 | <p>Joergen Bang-Jensen, CEO of P4, stated that the macroeconomic situation in Poland is favorable to the telecommunication business. He also officially admitted that the telecom was preparing itself for bigger investments into its own infrastructure. The operator would like to erect 1300 masts within two years and reach the level of 6100 base stations.</p> <p>The CEO has not ruled out the possibility that the company may reach out to the debt market in order to refinance its indebtedness (PLN 7 bn net in total). It seems that there will be no ownership changes at Play this year.</p>   |
|                | 2.03 | <p><b>Polish Press Agency: P4 wants to refinance its debt; the Company selected a consortium of six banks - TMT Finance by gsu/ana</b></p> <p>P4, the operator of Play network, decided to refinance its debt. TMT Finance, based on unofficial sources, informed that P4 selected six banks which would grant a PLN 7bn credit to the company: BNP Paribas, Raiffeisen, DNB, Santander, PKO BP and PZU. All entities have a similar share in the consortium, which was set up at the end of February. The agreement is to be signed soon.</p> <p>Play's CEO, Jorgen Bang-Jensen, during the press conference in November, informed that the operator did not rule out refinancing of the debt in EUR into the debt in PLN – the more so as the company generates revenue in Polish currency.</p> |

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|                | 3.03 | <p><b>Puls Biznesu: T-Mobile reverses the downward trend</b><br/><i>By Marcel Zatoński</i></p> <p>In 2016, T-Mobile Polska generated revenue at the level of PLN 6.05bn, by 0.5% more than a year earlier and PLN 2.1bn of adjusted EBITDA profit (by 13.4% less than in 2015). The fourth quarter was the second quarter in a row when the number of customers in the contract segment of the operator increased – by 70K. However, in total T-Mobile lost 1.4m customers, mainly in a less profitable prepaid base. Adam Sawicki, CEO of T-Mobile, announced that by 2020 the company aims to recapture the market shares lost within recent years.</p> <p>Reversing of the downward trend in terms of the number of contract customers is due, to a large degree, to the effect of investments into network quality. Last year the company spent PLN 5bn in Poland, out of which PLN 4bn on LTE frequencies. The company also tries to rejuvenate its brand and increases expenditures on marketing.</p> <p><i>"We focus on the contract base, we are also working on building the position in the contract segment for enterprises, in particular small and medium ones, where we would like to be a major player,"</i> said Sawicki. T-Mobile intends to be a purely mobile player. It focuses on partnerships with content providers, such as Netflix, and sees the potential of development of banking services on partnership rules, along with the services in the area of cyber security.</p> |

# Recent events

## Current report no. 5/2017

February 14, 2017

### Information regarding estimated consolidated financial results for the fourth quarter of 2016

Pursuant to the internal reporting standards, adopted at the level of Cyfrowy Polsat S.A. ("Company") and the Company's capital group ("Polsat Group"), and in order to ensure uniform and thorough communication with all the participants of the capital market, the Management Board of the Company hereby publishes information regarding an event that had a one-off, material impact on the financial results of Polsat Group in the fourth quarter of 2016.

During the estimation of Polsat Group's consolidated financial results for the fourth quarter of 2016 an asset related to deferred income tax was recognized in connection with transactions that are subject to elimination during the process of consolidation. The recognition of the abovementioned asset had a positive effect on the consolidated net profit of Polsat Group in the fourth quarter of 2016 in the amount of ca. PLN 100 million.

The values and information provided hereinabove represent estimates. The final values, which will be published in the consolidated financial statements of Polsat Group for the fourth quarter of 2016, may differ from values provided hereinabove.

## Press release

February 28, 2017

### Plus commences the sale of gas

Plus has introduced a new offer I+ Gas (JA+ Gaz), which is currently addressed to households and is available from March 1, 2017 only at stationary points of sale of the combined sales network of Plus and Cyfrowy Polsat. The customer signs a comprehensive agreement for the period of 12 months with the guarantee of fixed price, thanks to which he/she will receive one invoice for the sale and distribution of gas.

I+ Gas is another service available under the smartDOM Home Savings Scheme, which offers savings on household bills.

# Recent events

Press release  
March 1, 2017

## TV Polsat is the viewership leader in February in the 4+ group.

Just before the start of spring programming, TV Polsat maintains high viewership figures. The station had the best viewership results in February in the 4+ group, and in the 16-49 group it lost just 0.1 percentage point to TVN which already airs its new shows from the spring programming.

Polsat TV, as the only among the four most frequently watched stations in Poland, has improved its shares vs. February last year in both audience groups. All the remaining stations saw a decrease. In the 4+ group, Polsat was the leader with 10.93% audience share (10.7% in 2016), followed by TVP1 with 10.85% and TVN with 10% audience share.

In the commercial group, Polsat had 12.8% SHR (12.7% in 2016), just behind TVN – 12.9% SHR, but ahead of both channels of the public television (7.2% SHR each).

# Cyfrowy Polsat shares



| Date       | Maximum price (PLN) | Minium price (PLN) | Closing price (PLN) | Change (%) | Trade value (kPLN) |
|------------|---------------------|--------------------|---------------------|------------|--------------------|
| 2017-02-27 | 23.63               | 23.27              | 23.36               | -0.60%     | 2 386              |
| 2017-02-28 | 23.50               | 23.16              | 23.16               | -0.86%     | 8 101              |
| 2017-03-01 | 23.62               | 23.29              | 23.50               | 1.47%      | 7 254              |
| 2017-03-02 | 23.80               | 23.38              | 23.55               | 0.21%      | 10 419             |
| 2017-03-03 | 24.08               | 23.35              | 24.08               | 2.25%      | 30 987             |



# Investor's calendar

|                    |   |
|--------------------|---|
| March 2 - 16, 2017 | Closed period prior to the publication of 2016 results  |
|                    | <p><b>Publication of the annual report and consolidated annual report for 2016</b></p> <p><i>Schedule of publication:</i></p> <p>6:00 a.m. Publication of the reports for 2016 in ESPI (WSE publishing system)</p> <p>7:00 a.m. Publication of the reports for 2016 and additional materials on our website<br/> <a href="http://www.grupapolsat.pl/en/arc/results">http://www.grupapolsat.pl/en/arc/results</a></p> <p>10:00 a.m. Meeting with investors and analysts (<b>Radisson Blu Centrum Hotel</b>, conference room Polonia 3, 1<sup>st</sup> floor, 24 Grzybowska str. , Warsaw)</p> <p>12:00 p.m. Meeting with journalists</p> |
| March 16, 2017     | <p>4:00 p.m. (CET) Conference call with investors and analysts</p> <p><i>Conference call details:</i></p> <p>Date: March 16, 2017</p> <p>Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 11:00 a.m. (New York)</p> <p>Phone numbers: +44 203 043 2440 (international);<br/> +48 22 295 35 28 (Poland)</p> <p>Conference ID: 81251818#</p> <p>In order to view our investor presentation during the conference call via a dedicated platform, please click <a href="#">HERE</a> and then log in as a participant by providing your name.</p>   |