



# Cyfrowy Polsat IR Newsletter

August 8 - 15, 2016



Media about us	Date	Media about the TMT market in Poland
	8.08	<p><b>Parkiet: Will UPC dethrone Netia?</b>  <i>by ziu</i></p> <p>Cable TV operators are gaining ground on the fixed-line Internet access market while Orange Polska and Netia are losing subscribers.</p> <p>UPC Polska has been adding subscribers at the highest rate – during Q2 2016 the number of users of its fixed-line Internet access service increased by over 13K, to PLN 1.08m. In H1 2016 UPC generated PLN 767m in revenue, i.e. by 2.3% more than a year earlier and only PLN 10m less than the revenue generated by Netia group.</p> <p>Vectra, the number 2 player in terms of the subscriber base, also recorded growth in the fixed-line Internet access segment. In June 2016 Vectra had 545K customers of its fixed-line Internet access service, i.e. by 7.5K more than at the end of March 2016.</p>
	10.08	<p><b>Rzeczpospolita: Online video no longer for free</b>  <i>by Magdalena Lemańska</i></p> <p>Hulu, the American video-on-line platform, will be offering paid services only and will be investing in own productions, just like Netflix and Amazon. Migration to a paid-only model of video content distribution is an element of a wider trend visible on the market of video services worldwide.</p> <p>According to Digital TV Research, at the end of 2016 163m people will be using subscription services alone, with the number growing to 383m in five years from now. As a result of this</p>

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	10.08	<p>growth, 2018 will be the first year when sales of subscription services will become the main source of revenue for video platforms. Between 2015 and 2021 the total spending on subscriptions will grow from 11.13 bn US dollars to 25.71 bn US dollars.</p> <p>According to experts, Poland is the country in the region where revenue from fees for using video-on-line services will be growing at the fastest pace. According to the information published by Digital TV Research, out of the 1.5 bn US dollars of new revenue to be recorded by the video-on-line industry between 2015 and 2021 in Eastern Europe (i.e. on the territory where the research firm locates Poland), as much as 724m US dollars will come from Russian platforms, followed by Polish platforms, which will generate 220m US dollars in revenue.</p> <p>The above figures will not be the outcome of growing prices but rather of an increase in the number of new customers paying for OTT services. At the end of last year there were 3.36m such customers in the entire region, or nearly 30 times more than in 2010. In 2021 the figure will increase to 19.7m, with over 10m customers coming from Russia.</p>
	11.08	<p><b>Dziennik Gazeta Prawna: Telecoms and cable TV operators are ready for the race for high speed Internet access</b></p> <p><i>by Barbara Sowa</i></p> <p>Capital expenditures related to the expansion and upgrade of broadband Internet access networks will reach record levels in the coming years. Mobile Internet access networks will be</p>

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	11.08	<p>expanded simultaneously with the infrastructure financed by EU as part of the Digital Poland Operational Program (over EUR 1 bn).</p> <p>UPC Polska, the biggest cable TV operator on the Polish market, intends to spend PLN 4 bn on broadband Internet access infrastructure based on fiber-optic lines. Currently, UPC has over 3 million households within the footprint of its network but it wants to double the coverage over the next 5 years. Other cable operators have not disclosed the amounts they intend to invest but PwC experts estimate that each year they spend ca. 20% of their revenue on development.</p> <p>Orange Polska plans to invest PLN 2.2 bn in the roll out of its fiber-optic network. The operator's main goal is to defend its fixed-line Internet access customer base and to acquire new customers for its fiber-optic access offer.</p> <p>Netia plans to allocate PLN 447m to upgrading its infrastructure in order to increase the data transfer rate to 1 Gbps. Netia estimates that thanks to its state-of-the-art network it will be able to achieve broadband service penetration of 26% in its own network, translating into 680K subscribers of broadband access services.</p> <p>Apart from the fixed-line projects, we will also see mobile operators investing into mobile Internet access. During the coming 2 years Plus will invest around PLN 1 bn PLN in its network roll out. T-Mobile Polska will in turn spend PLN 800m PLN on its LTE network.</p>

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	12.08	<p><b>Parkiet: Fewer SIMs and lower revenues</b> <i>by ziu</i></p> <p>Customers of T-Mobile Polska, which is now the fourth operator in terms of the number of SIM cards, are using increasing volumes of data transmission but the company's revenue still fell by 4.7% in Q2 2016, down to less than PLN 1.5 bn. Compared to last year, the volume of data transmitted in T-Mobile network increased by 106%. It's the company's mobile business that is responsible for the fall of revenue. T-Mobile's mobile arm is suffering due to declining voice pricing, as well as churn that it experienced during the past two years. T-Mobile ended the first half of the year with 11.635m SIM cards, which means a loss of 186K cards during the second quarter of the year, however in the critical subscription services segment it lost only 3K SIMs.</p> <p>Marketing activity, as well as the cost of the contract signed by the operator's owner, Deutsche Telekom, resulted in T-Mobile recording a 26% decrease of EBITDA in Q2 2016, down to PLN 437m, with EBITDA margin of 29.2%. If not for the cost of DT's contract with Vodafone Ukraine, the result of the Polish arm would have been by PLN 62m higher, while EBITDA margin would have reached 31.9%.</p>

Press release  
August 9, 2016

## Over 70 online TV channels in IPLA's offer

IPLA - the biggest online television service belonging to Polsat Group - has extended its offer by 31 online TV channels. Apart from thousands of VOD materials, IPLA offers the possibility to watch as many as 77 online TV channels. The offer is available to all users on the territory of Poland, irrespective of the Internet service provider. The offer can be enjoyed on a wide variety of devices: computers, smartphones, tablets, selected set-top boxes and smart TV's without the need for long-term contracts or commitments.

"Expansion of IPLA's offer by another 31 TV channels, that is by two-thirds, is a strategic stage of its development, which we have been announcing earlier. It is also a response to the growing needs of our users, as well as to the changing global trends in the consumption of video and TV content," says Kinga Ciukta, Online Services Development Director at Cyfrowy Polsat.

More>><http://www.grupapolsat.pl/en/archive/over-70-online-tv-channels-iplas-offer#>

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-08-08	24.17	23.95	23.98	0.04%	5 182
2016-08-09	24.11	23.62	23.89	-0.38%	10 295
2016-08-10	24.15	23.71	24.15	1.09%	9 665
2016-08-11	24.24	24.00	24.14	-0.04%	6 050
2016-08-12	24.30	24.05	24.29	0.62%	4 408



# Investor's calendar



August 11 - 25, 2016

Closed period prior to the publication of H1 2016 results

## Publication of H1 2016 results

### *Schedule of publication:*

7:00 a.m. Publication of the H1 2016 report in ESPI (WSE publishing system)

8:00 a.m. Publication of the H1 2016 report on our website  
<http://www.grupapolsat.pl/en/arc/results>

10:00 a.m. Meeting with investors and analysts (Radisson Blu Centrum Hotel, conference room Polonia 3, 1<sup>st</sup> floor, 24 Grzybowska Street, Warsaw)

12:00 p.m. Meeting with journalists

4:00 p.m. (CET) Conference call with investors and analysts

August 25, 2016

### *Conference call details:*

Date: August 25, 2016

Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York)

Phone numbers: +44 203 043 2440 (international);  
+48 22 295 35 28 (Poland)

Conference ID: 60842495#

In order to view our investor presentation during the conference call via a dedicated platform, please click on this link and then log in as a participant by providing your name.

<https://cyfrowypolsat.anywhereconference.com/?UserAudioMode=DATA&Name=&Conference=135303326&PIN=60842495>