

# Cyfrowy Polsat IR Newsletter

**10 – 16 November 2014**

The press about us	Date	The press about TMT market in Poland
	10-11.11	<p><b>Rzeczpospolita: Agora wants more television</b></p> <p>Agora, who has a 41% stake in the company broadcasting the film channel Stopklatka TV in digital terrestrial television, recently received a concession from the National Broadcasting Council for a cultural-entertainment channel broadcast via satellite. The group does not exclude the possibility of competing for a spot for another channel on the planned new DTT multiplex.</p> <p>On Friday, Agora presented financial results above expectations and an optimistic outlook for the advertising market. According to the group's estimates, in the third quarter advertising expenditure in Poland amounted to PLN 1.6bn and increased almost 4.5% y-o-y.</p> <p>In the third quarter Agora's revenue was PLN 243.9m, i.e. 1.7% more than in the previous year, operating loss decreased to PLN 9.8m (from PLN 11.9m in the previous year) and net loss was PLN 10.2m (compared to PLN 9.7m in the prior year).</p>
<p><b>Parkiet: New CEO will make cosmetic changes in the group</b></p> <p>Tomasz Gillner-Gorywoda, new CEO at Cyfrowy Polsat, declared that he will not change the company's strategy. – <i>We plan to become the leader of video entertainment. Our vision and the strategy supporting it will not be subject to any changes</i> – he said. Cyfrowy Polsat believes in convergence of services and will continue to build its market position by offering bundled services: pay TV, mobile telephone and mobile Internet. The goal of the group is to maximize revenue per customer. In the third quarter the statistical client generated PLN 86.5 for the group, i.e. 1.2% less than in the previous year. Concurrently, the number of smartDOM users, with ARPU exceeding PLN 100, is systematically growing – as at the end of September 2014 smartDOM had 380 thousand users.</p>	14.11	

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<p>Gillner-Gorywoda did not exclude the possibility of introducing changes in certain fields of operations, but he emphasized that these changes will be cosmetic. He upheld that until 2019 the new group comprising Cyfrowy Polsat and Polkomtel will generate PLN 2bn in additional revenue, reduce operating costs by PLN 1.5bn and achieve synergies of PLN 700m in the scope of financial costs.</p> <p>The third quarter of 2014 is the first quarter in which Polkomtel – as the only telecom on the market – recognized an increase in revenue. It increased by 0.3% to PLN 1.66bn. The consolidated result of the group from July until September amounted to PLN 2.4bn. EBITDA increased to PLN 910m, however, net profit decreased by 73% to PLN 47m. This fall was driven by expenses related to the extension of validity frequency reservations for Polkomtel as well as costs related to the world volleyball championships.</p>	14.11	
	15-16.11	<p><b>Parkiet: PLN 450m for acquisitions</b></p> <p>After 9 months of 2014 Multimedia had PLN 526m in revenue, that is 0.5% more compared to the previous year. The company is becoming active on the mergers and acquisitions market once again. This time the target are companies providing B2B services. CEO of Multimedia, Andrzej Rogowski, did not exclude interest in Netia's segments. Together with its line of credit the company has PLN 450m.</p> <p>The cable operator is also introducing new services – in 2015 3% of its revenue is to be generated by sales of electric energy and insurance.</p> <p>The company is reducing debt – the net debt to EBITDA ratio will decrease to 2.7 from 3.7 today.</p> <p>Rogowski denied that Multimedia is for sale .</p>

### Latest events

Press release

November 13, 2014

#### Cyfrowy Polsat Group: very good operating and financial results in 3Q 2014

On the back of excellent sales of the smartDOM multiplay bundles, in Q3 2014 the Cyfrowy Polsat Group posted strong operating results with a further upside potential – a growth in the number of contract services and ARPU, with stable churn. There was an increase in Telewizja Polsat's audience share as well as the broadcaster's share in the advertising market. These results were reflected in solid financial performance, with revenue of PLN 2.4bn, EBITDA of PLN 910m and EBITDA margin of 37.6%.

In 3Q 2014 Cyfrowy Polsat Capital Group:

- had a stable base of 6.2m contract customers:
  - expanded the number of contract RGUs to 12.2m,
  - managed to increase ARPU to PLN 86.5,
  - reported RGU saturation per customer steadily growing, to 1.98x,
  - had a stable churn rate of 8.8%,
- recorded excellent sales of smartDOM services:
  - the number of smartDOM subscribers exceeded 380 thousand,
  - the number of RGUs attributable to smartDOM subscribers was above 1.2m,
  - in Q3 2014, smartDOM subscribers purchased 460 thousand additional services,
  - the smartDOM marketing campaign had a positive effect on sales of standard (single-play) services,
  - contract customer ARPU enhanced thanks to the scheme,
- recorded a leading audience share for Telewizja Polsat (24.1%) and a growing share in the TV advertising market, at 26.3%,
- delivered robust financial performance:
  - revenue: PLN 2.4bn,
  - EBITDA: PLN 910m,
  - EBITDA margin: 37.6%.

### Latest events

Press release

November 13, 2014

#### Cyfrowy Polsat Group: very good operating and financial results in 3Q 2014, cont'd

*"In the third quarter of 2014, we made further progress in implementing our strategy. With a stable base of contract customers, we were successfully increasing the market's saturation with multiplay bundles, selling an additional 460 thousand services in the smartDOM scheme. We went through the successive stages of the operational integration between Cyfrowy Polsat and Polkomtel to generate the planned synergies in revenue and expenses. Our projects and ongoing cost control translated into solid financial performance, which – what is worth noting – was achieved on a healthy growth in revenue. Once again, as the market's technology leader, we spearheaded new solutions – tests of LTE Broadcast, a multi-camera coverage service on IPLA TV and test transmission of LTE Advanced with a download speed up to 300 Mb/s on the aggregated 1,800 MHz and 2,600 MHz bandwidths,"* says Tomasz Gillner-Gorywoda, President of the Management Board, Cyfrowy Polsat S.A. and CEO, Polkomtel Sp. z o.o.

*"Q3 was yet another quarter in which we delivered excellent financial performance. The rise in revenue was not only a result of the Metelek group's consolidation, but also a steady organic growth of our business. Despite our investments in the smartDOM project and broadcast rights to the FIVB Men's Volleyball World Championship Poland 2014, as well as higher costs of data transmission due to the growing number of mobile Internet users, we delivered a sound EBITDA profit and margin. We are also generating the planned synergies in revenue, expenses and finance,"* comments Tomasz Szelać, Management Board Member and CFO, Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.

Press release

November 14, 2014

#### smartDOM for Christmas

'smartDOM for Christmas' is a holiday offer from Plus and Cyfrowy Polsat, comprising state-of-the-art devices as well as an offer of services for the home – pay TV, Internet and telephone – available in the promotion 'second product half off, third for even PLN 1'. Among others, in their holiday promotions Plus and Cyfrowy Polsat offer ready to go sets of equipment from Samsung or LG, including smart TVs, LTE tablets and LTE smartphones. All this for the initial price of PLN 0 and bundles of services 'TV, Internet and telephone' starting from PLN 61 per month for the entire term of the contract.

## Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
10-11-2014	25.68	25.30	25.50	0.00%	7 171
11-11-2014	-	-	-	-	-
12-11-2014	26.00	25.37	25.40	-0.39%	13 225
13-11-2014	25.69	25.15	25.50	0.39%	14 570
14-11-2014	25.62	25.11	25.50	0.00%	4 897

