

Cyfrowy Polsat IR Newsletter

3 – 9 November 2014

The press about us

Date

The press about TMT market in Poland

3.11

Rzeczpospolita: Digitization first

‘Digital Poland’ is likely to be the first national operational programme in the 2014-2020 perspective to be accepted by the European Commission. The European Union will spend almost EUR 2.2bn (ca. PLN 9.1bn) on this programme. EUR 1bn will be allocated to assuring universal access to broadband Internet and eliminating territorial differences in possibilities of access to high-bandwidth Internet. The remaining amount is allocated i.a. to the development of e-administration and improving digital skills of the society.

The aim of the programme is to cover almost the entire territory of the country with broadband networks enabling access to fast Internet.

4.11

Rzeczpospolita: Mobile networks enter the TV business

Orange with nc+, Plus with Polsat and now T-Mobile with TVN. Almost every mobile operator has a media-telecommunications partnership because pay TV generates increasing revenue.

T-Mobile and TVN informed that they established a strategic partnership in the field of multimedia and television. By the end of the year a service will be launched within the scope of this partnership, offering series, full-length films and other formats from TVN’s library. It will constitute part of TVN Player, where the mobile network will have its own ‘zone’ and will use the name ‘Player’.

For T-Mobile the new service is a means of monetizing investments in its mobile Internet network.

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Puls Biznesu: Jakubas announces blond, sweat and tears

The supervisory board of Netia became acquainted with the company’s strategy for the coming years.

– We are focused on restructuring the company, reducing costs and improving its efficiency. The next phase may include potential acquisitions or cash distribution to shareholders in the form of dividends – says Zbigniew Jakubas, Netia’s main shareholder.

New owners have already reduced the management board to 2 people and want to refinance debt. According to Jakubas, acquisitions remain the best idea for the company’s development. – I will support acquisitions of interesting assets at a reasonable price. TK Telekom is worth notice because it constitutes added value for Netia. If UPC was looking to sell its business in Poland, we would surely be interested – he says.

Netia will look for a business partner in the mobile telephony industry – talks with P4, Play network operator, and Polkomtel, Plus network operator, are underway.

6.11

Parkiet: PLN 145m from Orange

Orange Polska paid PLN 145m in favor of Netia in consequence of a settlement regarding the penalty imposed by the European Commission on Orange a few years ago.

The settlement was reached shortly before the issue of the final verdict by the General Court, to which Orange appealed from the decision of the European Commission imposing a EUR 127m penalty in 2011. The Commission found that the telecom abused its position on the broadband Internet market.

Netia also announced the refinancing of its debt, which will be reduced from PLN 385m to PLN 300m as a result of an agreement reached with a consortium of banks.

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Parkiet: Considerable interest in TVN's controlling package

Markus Tellenbach, CEO of TVN group, confirmed that there is considerable interest in the purchase of 51% of shares in TVN. Both strategic and financial investors are among interested parties.

The company upheld forecasts of the growth rate of the TV advertising market for this year. According to Starlink, after three quarters of 2014 expenditure on TV advertising in Poland reached PLN 2.66bn and increased by 6.3% compared to the previous year, while in the third quarter alone it increased by 9.5% y-o-y. The improving situation on the TV ad market encouraged TVN to plan new channels: TVN Fabuła and TVN Sportive.

The digital platform nc+, in which TVN indirectly holds 32% of shares, had 2.15m subscribers as at the end of September this year, that is 0.05m less compared to the end of June this year, and ARPU amounted to PLN 68 (4% more y-o-y and 0.05% more compared to the second quarter of 2014). Revenue totaled to PLN 1.6bn and was 5% lower than in the previous year, and EBITDA amounted to PLN 280m, i.e. 12% more compared to the prior year. TVN's share in nc+ profit was PLN 26.4m.

TVN's revenue amounted to PLN 328.5m in the third quarter of 2014 and was 7.1% higher compared to the prior year. Operating profit was equal to PLN 71.6m (10.5% increase y-o-y) and net profit attributable to shareholders of the dominant entity was PLN 17.2m (compared to a loss of PLN 169.8m in the previous year).

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Rzeczpospolita: Effects of Jump! in T-Mobile

T-Mobile Polska had PLN 1.62bn in revenue in the past quarter. This means that y-o-y revenue decreased by 2.7%, i.e. at a lower rate compared to previous years. T-Mobile's EBITDA profit grew by 1% to PLN 624m.

In the third quarter customer statistics increased by 52 thousand active SIM cards (to 15.728m). Sales of prepaid services were good but the telecom lost 39 thousand contract customers due to the introduction of a mandatory subscription fee increase. The alternative was to switch to the Jump! tariffs.

According to T-Mobile management, the introduction of the Jump! tariffs with mobile LTE Internet had a positive impact on the company's results.

Rzeczpospolita: Netia is saving up and thinking about a data center

Revenue of the largest alternative fixed-line telephony operator in the country – Netia – totaled to PLN 1.27bn in three quarters of 2014, falling by 11% y-o-y. Net profit of the telecom for the 9 months of 2014 amounted to only PLN 14.8m, while a year ago it was PLN 35.8m. In the third quarter alone Netia had a net loss of PLN 4.4m, while in the previous year the company had net profit of PLN 8.8m. The operator's revenue fell by 9.6% in the analyzed period.

The new strategy assumes that Netia will increase revenue and cut costs. In 2015 costs are to be reduced to PLN 50m, however according to vice-president Paweł Szymański, responsible for finances, there is a chance of deeper reductions. Savings are being made in the field of infrastructure and employment.

According to Adam Sawicki, Netia will stop investing in the modernization of its fixed-line network with the end of this year. His idea is to strengthen the telecom with data centers.

Latest events

Current report no. 68
November 4, 2014

Appointment of a new Member of the Management Board of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs that on November 4, 2014 the Supervisory Board adopted a resolution appointing Mr. Maciej Stec to the position of Member of the Management Board as of November 4, 2014.

Mr. Stec graduated from the Management and Marketing Faculty of the Leon Kozminski Academy of Entrepreneurship and Management in Warsaw.

From the very beginning his professional career was connected with television market. Since 1998 he worked among others for OMD Poland media house, owned by Omnicom Group, where in the years 1998-2003 held a position of Managing Director of Brand&Media OMD. Since February 2003 he was Managing Director of Telewizja Polsat's advertisement office – Polsat Media (today: Polsat Media Biuro Reklamy sp. z o.o. sp.k.). In April 2007 appointed to the position of the Member of the Management Board and Sales & Foreign Acquisition Director of Telewizja Polsat Sp. z o.o.

Mr. Maciej Stec does not run a business competitive to the business of Cyfrowy Polsat S.A. and is not entered into the Registry of insolvent Debtors held by the Registry Court.

Press release
November 5, 2014

New Member of the Management Board of Cyfrowy Polsat

During its meeting dated November 4, 2014, the Supervisory Board of Cyfrowy Polsat adopted a resolution appointing Maciej Stec to the position of Member of the Management Board of Cyfrowy Polsat, effective on November 4, 2014.

Currently, Maciej Stec holds the position of Member of the Management Board and Director of Sales and Foreign Acquisitions at Telewizja Polsat Sp. z o.o.

Maciej Stec has huge experience, unique competences and wide knowledge of the TV market, thanks to which his presence on the Management Board will help to further implement efficiently the strategy of the largest media-telecommunications group in Poland and in this region of Europe.

- Thanks to his knowledge of the media and advertising markets as well as of the needs of Polish consumers, Maciej Stec combines, in an effective manner, content creation and its monetization skills and I am convinced that he will be an important part of the Management Board and that he will contribute to the efficient implementation of synergies in the fields of media and telecommunications in Polsat Group – said Zygmunt Solorz-Żak, Chairman of the Supervisory Board of Cyfrowy Polsat.



Latest events

Press release
November 6, 2014

Plus conducted tests of LTE-Advanced with the speed of 300 Mb/s

As the first operator in Poland, Plus successfully conducted tests of data transfer with the speed of 300 Mb/s. They were conducted using the LTE-Advanced technology thanks to the aggregation of bands in two frequency spectrums – 1800 and 2600 MHz. The tests were implemented in cooperation with Ericsson and used the LTE-Advanced Carrier Aggregation software.

Successful LTE-Advanced tests and the achieved data transfer speeds constitute the next step in the development of technology, of which Plus and Cyfrowy Polsat are pioneers in Poland. LTE-Advanced means not only higher transfer speed but also greater capacity of the LTE network, which will allow to provide broadband Internet access to a larger group of users under conditions of increased network load.

The tests in the 1800 and 2600 MHz bands are not only a demonstration of hypothetical technological possibilities. From among many possible solutions based on band aggregation, Plus tested the one, that can be offered on equipment already available in the operator's stores and offer.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
03-11-2014	26.05	25.74	26.00	0.89%	3 546
04-11-2014	26.00	25.84	25.98	-0.08%	5 054
05-11-2014	26.12	25.85	26.12	0.54%	4 148
06-11-2014	26.12	25.66	25.80	-1.23%	6 617
07-11-2014	25.86	25.40	25.50	-1.16%	5 590



Investor's calendar

October 30 – November 13, 2014	Closed period prior to the publication of Q3 2014 results
November 13, 2014	<p>Publication of the quarterly report for Q3 2014</p> <p>Schedule of publication:</p> <p>7:00 a.m. Publication of the quarterly report in ESPI (WSE publishing system)</p> <p>8:00 a.m. Publication of the quarterly report on our website: www.cyfrowypolsat.pl/investor-relations</p> <p>10:00 a.m. Meeting with investors and analysts</p> <p>12:00 p.m. Meeting with journalists</p> <p>4:00 p.m. (CET) Conference call with investors and analysts</p> <p>Conference call details:</p> <p>Date: November 13, 2014</p> <p>Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 10:00 a.m. (New York)</p> <p>Phone numbers: +44 (0) 1452 555 566 (international); 22 307 0118 or 00 800 121 2655 (Poland)</p> <p>Conference ID: 27763101</p>