

Cyfrowy Polsat IR Newsletter

2 – 8 March 2015

The press about us	Date	The press about TMT market in Poland
	03.03	<p>Rzeczpospolita: Longer pause in the LTE auction <i>by ziu</i></p> <p>There was a pause in the LTE auction announced last week after the total bid amount for the blocks on sale reached PLN 2 bn. During the break bidders had time to pay deposits representing 25% of the value of their bids. On Monday the auction was not resumed.</p>
<p>Puls Biznesu: Cyfrowy Polsat reaps profits from smartDOM <i>by mzat</i></p> <p>Almost one third of the pay TV market, one fourth of viewership in the commercial group and a share of over 28% in the contract mobile telephony market – such are the positions of companies belonging to Cyfrowy Polsat group, reports daily ‘Puls Biznesu’. The number of customers of the smartDOM program, which combines the offers of Plus and Cyfrowy Polsat, is growing dynamically and reached 569 thousand at the end of 2014.</p> <p>In 2014 the group’s revenue amounted to PLN 9.7 bn while EBITDA reached PLN 3.8 bn and net profit was PLN 292m. These results are consistent with analysts’ expectations and are neutral to the market.</p> <p>Analysts emphasize that the renegotiated agreement with Midas is more important. In connection with the dynamically increasing consumption of data and development of mobile Internet the company negotiated a new settlement rate of PLN 2.4 per 1 GB (earlier the rate amounted to PLN 4.9 per 1 GB). According to Łukasz Kosiarski, analyst at DM BZ WBK, the roll-out and modernization of the network of base stations on the 800MHz frequencies belonging to Sferia and potentially those won by Polkomtel in the LTE auction, will not directly add to Cyfrowy Polsat’s capex. He adds that the agreement is beneficial for both parties.</p>	05.03	<p>Dziennik Gazeta Prawna: Telecoms fight for business <i>by Piotr Dziubak</i></p> <p>Analysts assess the results of Cyfrowy Polsat group as good, bearing in mind T-Mobile’s fall in revenue of over 6% and Orange Group’s of 4,5%. Przemysław Sawala-Uryasz, analyst at UniCredit CAIB, points to good results of sales of Internet access services and reduced customer outflow mainly thanks to offers containing bundled services. He adds, however, that this may be reflected in profitability as the main aim of bundling of services is to increase customer loyalty.</p> <p>Revenue of P4, Play network operator, reached PLN 4.4 bn. With over 12m customers the telecom gained a 21% market share. If it maintains the current growth dynamics, it will catch up with the biggest Polish telecoms within the next few quarters. The driver behind Play’s revenue is mobile Internet. At the same time, as the only operator on the market, it does not offer bundles services comprising eg. television or financial services.</p> <p>Experts think that the fight for customers moved from the retail to the B2B market. After the acquisition of GTS and its fixed-line network by T-Mobile, competition in this business area intensified.</p>

The press about us	Date	The press about TMT market in Poland
	06.03	<p>Rzeczpospolita: Telecoms increase expenditure on investments and acquisitions <i>by Urszula Zielińska</i></p> <p>Daily 'Rzeczpospolita' reports that the 5 largest groups in the industry will invest 10% more this year compared to last year. Orange Polska will spend PLN 450m on fiber-optical Internet, while its total capital expenditure will exceed last year's reaching ca. PLN 2 bn. The CEO of Cyfrowy Polsat announced that the group's investments will amount up to 10% of revenue (ca. PLN 910m). Following the modernization of the entire network in 2014, this year T-Mobile is changing the structure of its capital expenditure and plans to focus on IT as well as optimization and development of the LTE network. P4, which is building its own network of masts, announced that its capex will remain stable at ca. PLN 0.5 bn.</p> <p>According to daily 'Rzeczpospolita' Netia is preparing for acquisitions – it submitted a binding offer for the purchase of TK Telekom. 'Rzeczpospolita' reports that the owner of Netia, Zbigniew Jakubas, wants to construct a portfolio of services for business and households.</p>
<p>Parkiet: Cyfrowy Polsat <i>by dwol</i></p> <p>The management board of the company recommends to the general shareholders meeting to allocate the entire profit generated in 2014 (in the amount of PLN 177m) to the reserve capital. Concurrently, the company's management reminded that in accordance with Cyfrowy Polsat's dividend policy, the company will distribute profits when the ratio of net debt to EBITDA falls below 2.5. Currently, it is higher.</p>	07.03	

Latest events

Current report no. 7 March 3, 2015

Conclusion of memoranda of understanding regarding the provision of telecommunication services related to data transmission and placing orders for the purchase of data packages

The Management Board of Cyfrowy Polsat S.A. (the 'Company') hereby announces that, as a result of negotiations with companies belonging to Midas S.A. capital group, of which the Company informed in current report No. 72/2014 dated November 25, 2014, on March 3, 2015 two memoranda of understanding determining new terms of cooperation in the scope of telecommunication services related to data transmission were concluded:

- a) PLK Memorandum – memorandum concluded between Polkomtel Sp. z o.o. ('Polkomtel'), a wholly owned subsidiary of the Company, and Mobyland Sp. z o.o. ('Mobyland') under the agreement on the provision of wholesale telecommunications services concluded between Mobyland and Polkomtel on March 9, 2012, and
- b) CP Memorandum - memorandum concluded between the Company and Polkomtel under the agreement on the provision of wholesale telecommunications services, concluded on March 27, 2014, of which the Company informed in current report No. 19/2014 dated March 27, 2014 ('Framework Agreement').

In accordance with the PLK Memorandum and CP Memorandum, the parties have established new terms of cooperation between Polkomtel and Mobyland, as well as between the Company and Polkomtel, in particular:

- a) a new unit price per 1 GB in relation to telecommunication services related to data transmission in the net amount of PLN 2.40 (two zloty forty groszy);
- b) that the new price will be applicable to both newly ordered data packages as well as unused data packages already partially paid for under previous orders;
- c) that the new terms of cooperation will be effective as of January 1, 2015 and the placed orders for data transmission will be valid for a period of 4 years;
- d) that in the event when Mobyland introduces services based on other own frequencies or frequencies to which it acquires usage rights, Mobyland will extend the scope of services related to data transmission provided to Polkomtel.

Pursuant to the PLK Memorandum, on March 3, 2015 Polkomtel placed an order with Mobyland for the purchase of a data package of 1,571.68 million GB (the 'PLK Order'). The parties agreed that aside from the newly ordered data package, the PLK Order will also include the data package unused but already partially paid for by Polkomtel as at December 31, 2014, which will be recalculated in accordance with the new price of PLN 2.40 net per 1GB.

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Current report no. 7 March 3, 2015

The total value of the PLK Order amounts to PLN 3,772.04 million net and the surplus payments made for the previous order placed by Polkomtel with Mobyland, in relation to the actual usage, in the amount of PLN 144.56 million shall be credited towards payments for the PLK Order. Payments for the PLK Order will be made in favor of Mobyland according to the following schedule:

- (i) PLN 119.25 million, net – for the first quarter of 2015 in three equal monthly installments,
- (ii) PLN 132.00 million, net – for the second quarter of 2015 in three equal monthly installments,
- (iii) PLN 245.00 million, net – for the third quarter of 2015 in three equal monthly installments,
- (iv) PLN 354.00 million, net – for the fourth quarter of 2015 in three equal monthly installments,
- (v) PLN 989.31 million, net – for the year 2016 in twelve equal monthly installments,
- (vi) PLN 880.00 million, net – for the year 2017 in twelve equal monthly installments, and
- (vii) PLN 907.92 million, net – for the year 2018 in twelve equal monthly installments.

Concurrently, pursuant to the CP Memorandum, on March 3, 2015 the Company placed the CP Order with Polkomtel for the purchase of a subsequent data package of 600.91 million GB (the 'CP Order'). The parties agreed that aside from the newly ordered data package, the CP Order will also include the data package unused but already partially paid for by Cyfrowy Polsat as at December 31, 2014, purchased under the order of which the Company informed in current report No. 19/2014 dated March 27, 2014. The unused data package will be recalculated in accordance with the new price of PLN 2.40 net per 1GB.

The total value of the CP Order amounts to PLN 1,442.19 million net and the surplus payments made for the previous order placed by the Company with Polkomtel, in relation to the actual usage, in the amount of PLN 19.63 million shall be credited towards payments for the CP Order. Payments for the CP Order will be made in favor of Polkomtel according to the following schedule:

- (i) PLN 48.82 million, net – for the first quarter of 2015 in three equal monthly installments,
- (ii) PLN 53.94 million, net – for the second quarter of 2015 in three equal monthly installments,
- (iii) PLN 98.17 million, net – for the third quarter of 2015 in three equal monthly installments,
- (iv) PLN 140.14 million, net – for the fourth quarter of 2015 in three equal monthly installments,
- (v) PLN 385.48 million, net – for the year 2016 in twelve equal monthly installments,
- (vi) PLN 342.78 million, net – for the year 2017 in twelve equal monthly installments, and
- (vii) PLN 353.23 million, net – for the year 2018 in twelve equal monthly installments.

Latest events

Current report no. 7 **March 3, 2015**

The terms of the PLK and CP Memoranda as well as those of the PLK and CP Orders placed under those memoranda do not vary from market standards applied in such agreements. Concurrently, these orders are considered significant as both the value of the PLK Order and of the CP Order exceed 10% of revenue of Cyfrowy Polsat Capital Group for the last four quarters.

The memoranda of understanding and orders concluded between the Company, Polkomtel and Mobyland constitute an important element of the implementation of the strategy of Cyfrowy Polsat Capital Group to provide its customers with multi-play services, a significant component of which is LTE Internet access. The success of the integrated services program smartDOM and the services of unlimited access to LTE Internet triggered the dynamic growth rate of the number of users of mobile Internet services offered by Cyfrowy Polsat Capital Group, which translates into growing costs of data transmission services. Data packages purchased through the orders described above meet the business needs of Cyfrowy Polsat Capital Group over the medium term, while a lower unit price per 1 GB of data transmission allows to present a more attractive offer to customers, which may help to maintain a high dynamic of customer acquisition or improve margins generated from services in the future.

Current report no. 8 **March 6, 2015**

Recommendation of the Management Board concerning the distribution of the profit for the year ended December 31, 2014

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs that on March 6, 2015 the Supervisory Board of the Company issued a positive opinion on the motion submitted by the Management Board of the Company regarding the distribution of profit generated by the Company in the financial year ended December 31, 2014.

In accordance with the dividend policy of the Company, adopted on January 22, 2014, of which the Company informed in current report no. 7/2014 dated January 23, 2014, the Management Board of the Company shall submit a proposal to the General Meeting for the distribution of dividends provided that the total indebtedness ratio of the Company's capital group, i.e. net debt to EBITDA as at the end of the financial year to which the profit distribution refers is less than 2.5x. Bearing in mind the existing obligation of the Company's capital group, the aim of the Management Board of the Company is to reduce the level of indebtedness as fast as possible in order to achieve the level of the net debt/EBITDA ratio anticipated in the dividend policy in the shortest term possible.

In light of the above, the Management Board of the Company recommends to the General Shareholders' Meeting not to pay dividends to shareholders and to allocate the total net profit for the financial year 2014 in the amount of PLN 177,213,590.79 to the reserve capital.

Upon the request of the Management Board of the Company, the Supervisory Board requested the General Shareholders' Meeting to adopt the resolution on the distribution of profit for the financial year 2014 as proposed and recommended by the Management Board.

Latest events

Current report no. 9
March 6, 2015

Information on convening the Annual General Meeting of Cyfrowy Polsat S.A and the content of draft resolutions for the Annual General Meeting of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (“Company”) announces that the Annual General Meeting of Cyfrowy Polsat S.A. was convened for April 2, 2015 at 10.00 a.m. at the Company’s headquarters in Warsaw, at Łubinowa 4a Street.

Agenda of the Annual General Meeting:

1. Opening of the Annual General Meeting.
2. Election of the Chairman of the Annual General Meeting.
3. Validation of correctness of convening the Annual General Meeting and its ability to adopt binding resolutions.
4. Appointment of the Ballot Committee.
5. Adoption of the agenda.
6. Management Board’s presentation of the Management Board’s Report on the Company’s activities in the financial year 2014, the Company’s financial statements for the financial year 2014, Management Board’s Report on activities of the capital group of the Company in the financial year 2014, consolidated financial statements of the capital group of the Company for the financial year 2014.
7. The Supervisory Board’s presentation of its statement concerning the evaluation of the Management Board’s Report on the Company’s activities in the financial year 2014, the Company’s financial statements for the financial year 2014, the Management Board’s motion regarding the distribution of the Company’s profit generated in the financial year 2014.
8. The Supervisory Board’s presentation of the evaluation of the Company’s standing and the Management Board’s activities.
9. Consideration and adoption of a resolution approving the Management Board’s Report on the Company’s activities in the financial year 2014.
10. Consideration and adoption of a resolution approving the Company’s annual financial statements for the financial year 2014.
11. Consideration and adoption of a resolution approving the Management Board’s Report on activities of the capital group of the Company in the financial year 2014.
12. Consideration and adoption of a resolution approving the consolidated annual financial statements of the capital group of the Company for the financial year 2014.

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Current report no. 9 March 6, 2015

13. Consideration and adoption of a resolution approving the Supervisory Board's Report for the financial year 2014.
14. Adoption of resolutions granting a vote of approval to the members of the Management Board for the performance of their duties in the year 2014.
15. Adoption of resolutions granting a vote of approval to the members of the Supervisory Board for the performance of their duties in the year 2014.
16. Adoption of a resolution on the distribution of profit for the financial year 2014.
17. Adoption of a resolution on the determination of the number of the members of the Supervisory Board and the appointment of the members of the Supervisory Board for a new term of office.
18. Adoption of a resolution on the determination of remuneration of Members of the Supervisory Board.
19. Closing the Annual General Meeting.

The Management Board of the Company attaches to this current report:

1. the [notice](#) on convening the Annual General Meeting for April 2, 2015 prepared pursuant to Article 402(2) of the Code of Commercial Companies;
2. [drafts of the resolutions](#) to be adopted at the Annual General Meeting convened for April 2, 2015.

All information concerning the Annual General Meeting is available on the website of the Company at <http://www.cyfrowypolsat.pl/> in the section Investor Relations in the tab General Shareholders Meeting - Materials.

Press release March 4, 2015

Cyfrowy Polsat Capital Group in 2014 – successful integrated offer and very good financial performance

On pro forma basis the 2014 revenue exceeded PLN 9.7 bn, with EBITDA of nearly PLN 3.8 bn and EBITDA margin at the level of 39%. In Q4 alone the revenue reached PLN 2.521 bn PLN while EBITDA amounted to PLN 837m. The group continued to record very fast growth of the number of mobile Internet access services and organic growth of the number of pay TV services while the mobile segment clearly stabilized.

Such performance has enabled Cyfrowy Polsat Capital Group to maintain the leadership on its key markets:

- No. 1 on the pay TV market, with a share estimated at 32%,
- No. 1 on the mobile market in the contract segment (contract mobile voice and Internet services) – estimated share of 28.1%,
- No. 1 on the TV market, with total viewership of 24.5% in the commercial group and a 24.8% share in the TV advertising market in Q4 2014.



Latest events

Press release
March 4, 2015

'In 2014 we consistently pursued our strategy, which has been confirmed by our operational and financial results. This would not have been possible without the successful operational integration of Cyfrowy Polsat and Polkomtel. We have a loyal base of contract customers, systematically growing number of contract services and we are starting to see signs of success in sale of integrated services, offered as part of our smartDom program which has been joined by nearly 600 thousand customers in less than a year. The program has led to the growth of the level of saturation of RGUs and to the growth of ARPU. Time again, as a market leader we presented new solutions in the form of trials, including LTE Broadcast, Voice over LTE, LTE-Advanced with transfer rates of up to 300 Mbps and the multi-camera service in IPLA Internet TV. In January 2015 the footprint of our LTE network extended over a territory inhabited by as much as 80% of Poland's population,' says Tomasz Gillner-Gorywoda, CEO of Cyfrowy Polsat S.A. and General Director of Polkomtel Sp. z o.o.

'Our Group's financial performance, both in Q4 and in the entire 2014, was in line with our expectations and was the outcome of a consistently pursued strategy. We owe the growth of major balance sheet items to consolidation of Metelem Group's results starting from May 7, 2014 but revenue also increased without including this effect. Thanks to a balanced investment policy we have controlled the costs while noting high EBITDA margins. Free cashflow is a strong item. The new rate for settlements with Midas Group will have positive impact on our future results. Our goal for this year is to maintain high margins, continue the process of cost base optimization and consistent reduction of the Group's debt, which will be supported by stable free cashflow,' comments Tomasz Szeląg, the CFO and Management Board Member of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.

Press release
March 5, 2015

European Games – new big event on Polsat's sports channels

Telewizja Polsat purchased rights to the new, large sport event - the European Games, which will be held on June 12 – 28 this year, in Azerbaijan, under the auspices of the European Olympic Committee.

During the 17 days of sports rivalry Polsat Group's sports channels will broadcast, several hours each day, live coverage of the most important disciplines for Polish fans, including volleyball, swimming, cycling as well as athletics, boxing and wrestling.

Cyfrowy Polsat shares

Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Trade value (PLN ths.)
2015-03-02	24.14	23.86	24.14	0.25%	1 927
2015-03-03	24.20	23.35	23.35	-3.27%	5 248
2015-03-04	24.15	23.52	23.76	1.76%	11 498
2015-03-05	24.15	23.91	24.15	1.64%	13 743
2015-03-06	24.17	23.65	24.11	-0.17%	8 475



Investor's calendar

April 2, 2015	Annual General Meeting
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