



Cyfrowy Polsat IR Newsletter

22 – 28 February 2021



Parkiet
22 February 2021

Demand for high speed Internet, and also for TV

by Urszula Zielińska

According to the latest report published by Nielsen Media, around 35% of households in Poland watch DVB-T only.

The share of such households has been stable, while Nielsen Media does not expect any changes in this area in near future.

Changes affecting audience levels could occur in 2022, as the transition to the new broadcasting standard takes place (from DVB-T to DVN-T2). For some households this will mean the necessity of replacing their TV sets or buying an external set-top box to be able to continue enjoying the digital terrestrial TV.

Simultaneously, the data from the latest UKE report, as prepared by ARC Rynek i Opinia research agency, show that increasing numbers of households use a stable Internet connection (67% of the respondents stated that they were using home Internet access, including radio Internet access).

The number of providers of video content over the Internet is also growing. Many providers offering exclusive content activate their own OTT services – the latest examples of such services include the ones launched by Eurosport and Kino Polska TV Group (FilmBox+).

Telko.in
24 February 2021

Decisions regarding Poland are of high priority for Liberty Global

by Tomasz Świderek

The CEO of Liberty Global signaled, during a conference with analysts regarding the strategy for 2021, that acquisitions involving Liberty Poland's companies could take place still this year, including in Poland (Liberty Global is the owner of UPC Polska).

He added that the company would be evaluating which of the long-term strategies would be most appropriate for the Polish market, including whether there existed the possibility of achieving a relevant position in the mobile services segment.

UPC Polska has around 1.5 million customers and provides a total of 3.3 million services (RGUs). The operator's network reaches 3.6 million households.

Telko.in
24 February 2021

Plus will support two start-ups in 5G area

by Marek Jaślan

Polsat Group has selected the start-ups that it will continue working with on the projects related to the use of 5G technology.

It is the outcome of the cooperation that Polsat Group has entered into with Akcelerator S5 of Łódź, a technology acceleration program which has the purpose of supporting innovative companies in the development of their products and services relying on 5G technology, as well as popularization of use of the technology in business.

The first of the start-ups, Inovatica AGV, develops IT systems for autonomous forklifts which operate in production halls, factories or warehouses.

The other startup, called Wares, has developed a system which enables detection of leakages from pipelines and remote reading of water meters for the purpose of managing water resources.

The acceleration stage will continue till the autumn of 2021. During this phase the startups will be offered support from experts and one-to-one business and technological consultations which will enable development of the project in a way making it ready for commercial implementation.

Rp.pl
24 February 2021

Timmermans: EU roaming will stay for a longer time

by Urszula Zielińska

The European Commission has published a draft regulation which extends the operation of the currently valid Roam Like At Home principle (regarding roaming costs while travelling on the territory of the European Union countries) for another 10 years, i.e. till 2032.

The EU proposal assumes, among others, further reductions of the maximum wholesale rates for inter-operator settlements in January 2022, July 2022 and January 2025.

The new caps will be, respectively:

- 0.032 euro, 0.022 euro and 0.019 euro per minute of an outbound voice calls;
- 0.01 euro, 0.004 euro and 0.003 euro per SMS text message;
- 2.5 euro, 2 euro and 1.5 euro per gigabyte of Internet usage.

EU's new proposal still requires acceptance by the EU Council and the European Parliament.

Press release
26 February 2021

Polsat Group intends to enter a long-term partnership with Cellnex Telecom in order to accelerate deployment of 5G technology in Poland

Polsat Group decided to sell a controlling stake in Polkomtel Infrastruktura to Cellnex Telecom for ca. PLN 7.1 bn. The transaction is expected to be concluded by the end of October 2021, subject to the fulfilment of the agreed conditions precedent

Following the review of various strategic options initiated in September 2020, Cyfrowy Polsat S.A. and Polkomtel sp. z o.o. (jointly referred to as “Polsat Group,” the “Group,” or the “Sellers”) have concluded a conditional share sale agreement concerning the sale of a 99.99% stake in Polkomtel Infrastruktura sp. z o.o. (“NetCo”), a subsidiary of Polsat Group responsible for part of the technical network infrastructure, with Cellnex Poland sp. z o.o. (the “Buyer”), a subsidiary of Cellnex Telecom, S.A. In particular, NetCo is the owner of the passive and active access layers of the mobile telecommunication infrastructure of Polsat Group, consisting of approx. 7 thousand sites, approx. 37 thousand various systems on-air (incl. over 1 thousand of 5G-equipped systems) and a transmission network.

Polkomtel’s core network and all frequencies crucial for providing first-to-market real 5G as well as 2G/3G/LTE services will remain in Polsat Group’s possession, as the Group, as the Plus network operator, intends to continuously deliver state-of-the-art communication and content services to its retail, business and wholesale customers.

“Our intention to partner with Cellnex in the further development of our mobile network is intended to allow for even faster and more cost-efficient deployment of modern connectivity services for our customers,” says Miroslaw Błaszczak, CEO of Cyfrowy Polsat and Polkomtel. “In order to work, learn or entertain themselves, our customers need reliable networks which will require more and more 5G-equipped sites,” he adds.

“We believe active and passive network sharing is crucial for the provision of mobile connectivity in the future and mobile players have to follow this direction in order to provide high end-user experience,” says Maciej Stec, vice-president of the Management Board responsible for strategy in Cyfrowy Polsat and Polkomtel. “Our partnership with Cellnex allows for densifying the network of sites used by our customers by applying a cost-efficient approach. As a leading European telecommunication infrastructure provider Cellnex will look to optimize mobile network investments in Poland with benefits for our customers and the environment we live in.”

“We were very intrigued by the innovative and open approach presented by the Polsat team. The decision to put up for sale both the passive, and the active layers of the network came as a novelty but we see a lot of business rationale in this approach. It clearly exemplifies our commitment to evolving the traditional tower operator model towards an integrated telecommunications infrastructure management model. Therefore, we are very excited to start working with the Polsat team and we believe our engagement in managing a portfolio of Polish sites brings a lot of synergic benefits for all parties involved. The cooperation model agreed with the Polsat team guarantees an interest alignment between all parties. We are committed to participate in continued development of 5G technology in Poland and we welcome additional tenants interested in working with us,” says Tobiasz Martinez, CEO of Cellnex Telecom.

The transaction values 99.99% of NetCo and its assets at ca. PLN 7.1 bn and it is conditional upon: (i) the Sellers obtaining consents required under the financing documentation of the Sellers, as well the release of security interests encumbering the shares to be sold; and (ii) the Buyer obtaining an antimonopoly clearance from the President of the Office of Competition and Consumer Protection (the Polish anti-trust authority). Once the conditions precedent are met, Polsat Group and Cellnex Telecom will sign a Master Services Agreement obliging NetCo to provide specified services to Polsat Group for 25 years (subject to renewal for subsequent 15-year terms). The cooperation will be based on a monthly remuneration dependent on the number of sites and active infrastructure systems used and additionally ordered in the future by Polsat Group. Under the contractual obligations, Polsat Group is committed to order in NetCo a certain number of incremental sites and additional emission systems under specified timeframes. The Master Service Agreement will involve a detailed Service Level Agreement, while the way the contracts will be constructed guarantees the alignment of interests of all parties.

The strategic interest of the partnership is based on a concept of active and passive infrastructure sharing, where the mobile network operator is predominantly interested in end-user experience, while the infrastructure owner is responsible for delivering ordered network capacity in the most cost-efficient manner. First, this approach will strengthen the investment capacity of Polsat Group, which has already entered a new investment cycle with the rollout of the first 5G network in Poland and will seek additional sites to expand the coverage of the new technology. Second, it is open to cooperation with additional tenants with an intention to achieve higher cost efficiency of network rollout in the future. Third, the partnership will provide a higher customer experience, faster deployment of new technologies and better optimization of existing tower portfolios in Poland.

Polkomtel Infrastruktura sp. z o. o. is a company owning passive and active components of a mobile telecommunication infrastructure initially built by other subsidiaries of Polsat Group. In the full year ended December 31, 2020, the company generated revenue of PLN 957.8 million, EBITDA of PLN 672.5 million^[1] (IFRS16 based), EBIT of PLN 116.1 million and invested PLN 433.0 million (cash CAPEX, including the cost of the first stage of 5G network rollout).

Greenberg Traurig Grzesiak sp.k was the legal advisor of Cyfrowy Polsat and Polkomtel, with Trigon acting as their financial advisor.

[1] Please note historical data as reported by Polkomtel Infrastruktura sp. z o.o. does not reflect terms and conditions of the Master Services Agreement, as agreed between both parties.

Current report
1/2021
26 February 2021

Disclosure of delayed inside information regarding the execution of an exclusivity agreement with respect to a received purchase offer for shares representing 100% of the share capital of Polkomtel Infrastruktura sp. z o.o. and the commencement of negotiations

Pursuant to Article 17 paragraphs 1 and 4 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (“MAR”), Cyfrowy Polsat S.A. (the “Company,” “Cyfrowy Polsat,” the “Issuer”) provides below the inside information regarding the execution of an exclusivity agreement related to a purchase offer received by Cyfrowy Polsat S.A. and Polkomtel sp. z o.o. for 100% of shares in Polkomtel Infrastruktura sp. z o.o. (an indirect subsidiary of the Issuer and a direct subsidiary of Polkomtel sp. z o.o., a direct subsidiary of the Issuer), as well as the commencement of negotiations of the detailed terms of the sale of shares in Polkomtel Infrastruktura sp. z o.o. and the documentation necessary to effectuate that sale (the “Inside Information”).

The disclosure of the Inside Information to the public was delayed on 11 February 2021 on the basis of Article 17 paragraph 4 of MAR.

Contents of the delayed Inside Information:

“The Management Board of Cyfrowy Polsat S.A. (the “Company,” “Cyfrowy Polsat,” the “Issuer”) with reference to Current Report No. 28/2020 of 23 September 2020 concerning the decision to commence a review of strategic options related to a potential disposal of part of the mobile telecommunication infrastructure of Polsat Group, announces that on 11 February 2021, in the course of a process organized and conducted with a view to attracting a potential buyer for part of Polsat Group’s telecommunication infrastructure, the Company and Polkomtel sp. z o.o. (“Polkomtel”) concluded an exclusivity agreement with Cellnex Telecom S.A. with its registered office in Madrid, Spain (the “Potential Buyer”) with respect to negotiations of a sale of up to 100% of shares of Polkomtel Infrastruktura sp. z o.o. (“Polkomtel Infrastruktura”) (an indirect subsidiary of the Issuer and a direct subsidiary of Polkomtel, a direct subsidiary of the Issuer). The agreement was concluded in relation to a purchase offer for 100% of shares in Polkomtel Infrastruktura received from the Potential Buyer. The Potential Buyer was granted exclusivity to negotiate up to and including 25 February 2021. Additionally, the Issuer and Polkomtel commenced negotiations with the Potential Buyer of detailed terms of the potential sale of shares in Polkomtel Infrastruktura and the documentation necessary to effectuate that sale.

The Company and Polkomtel contemplate a sale of up to 100% of shares in Polkomtel Infrastruktura, depending on the negotiated detailed terms of sale of shares in Polkomtel Infrastruktura and the documentation required to consummate it, the terms of cooperation with the Potential Buyer and Polkomtel Infrastruktura in the scope of, among other things, the use of the telecommunication infrastructure owned by Polkomtel Infrastruktura after the sale of shares in Polkomtel Infrastruktura to the Potential Buyer and on the outcome of the abovementioned negotiations.

The Issuer points out that the negotiations are at an early stage and their outcome, as well as the likelihood of their successful completion, are still uncertain. Also, it may not be excluded that the Company receives purchase offers for the shares in Polkomtel Infrastruktura also from other entities.

The Company will report on further steps in the pending negotiations in separate current reports.

The Company also announces that no decisions have been made so far as to choosing a particular strategic scenario and it is not certain if and when such a decision will be made in the future. The Company will publish updates regarding the review process in compliance with the binding provisions of law.”

Substantiation of the delay in disclosure of the Inside Information to the public:

The Management Board believes that at the time the decision was made to delay the disclosure of the above Inside Information, it met the conditions set out in MAR and the guidelines of the European Securities and Markets Authority for delaying disclosure of inside information of 20 October 2016 .

A positive outcome of the negotiations and their potential conclusion depended on the progress of the conducted negotiations regarding the sale of up to 100% of shares in Polkomtel Infrastruktura. Additionally, at the time when the Issuer engaged in these actions, their outcome and, inevitably, the likelihood of an actual positive conclusion of the negotiations, were uncertain.

The Management Board of the Issuer believes that in the above situation, a prompt disclosure of the information on the commenced negotiations with the Potential Buyer would entail a risk of infringing the legitimate interests of the Issuer and its group by it possibly having an adverse effect on the progress and outcome of the prolonged negotiations process, as a result of compromising the Issuer’s negotiating position. Disclosing the information could have entirely frustrated the possibility to successfully complete the negotiations. The Issuer and Polkomtel received the offer in an organized competitive process in which other entities also participated.

In particular, disclosing the information on the Potential Buyer’s interest in the acquisition of 100% of shares of Polkomtel Infrastruktura could affect the price of the Company shares before the Company’s Management Board and the Management Board of Polkomtel decided to take actions aimed at selling up to 100% of shares of Polkomtel Infrastruktura, as well as on the course of the sale process conducted by the Company and Polkomtel. The occurrence of any of these circumstances could have an adverse effect on the achievement of the business and financial goals expected by the Issuer. It should also be emphasized that the exclusivity was only granted to the Potential Buyer for a very short period of time, in an organized, competitive process conducted by the Issuer and Polkomtel.

Furthermore, given that the outcome of the pending negotiations was difficult to predict, the Management Board determined that public disclosure of the Inside Information might result in misleading investors as to the likelihood of a positive conclusion of the negotiations, the intention to sell up to 100% of shares in Polkomtel Infrastruktura, as well as cause general public to misinterpret such information and its potential effect on the Issuer’s value.

In the opinion of the Management Board of the Company, there were no reasons to believe that a delay in the disclosure of the Inside Information could be misleading to the public, in particular due to the absence of any earlier public announcements from the Company concerning the matter to which the Inside Information pertains, other than general information on the decision to commence a review of various strategic options related to a potential sale of part of the telecommunication infrastructure of the Polsat Group which was published on 23 September 2020 in Current Report No. 28/2020 and which is not contrary to the Inside Information.

In the opinion of the Management Board of the Company, maintaining the confidentiality of the Inside Information was assured, in particular, by the internal information circulation and protection procedures implemented on the Company group's level, which include the existence of list of individuals authorized to access the contemplated Inside Information, as required under Article 18 of MAR. This list of individuals was systematically monitored and updated on an as-needed basis.

Considering the legitimate interests of the Issuer and its shareholders, and with a view to complying with the legal requirements of MAR, the Issuer will issue a separate report to announce a successful completion of the negotiations, as the case may be, and proceeding to the implementation of the actions described above, as well as on the terms of these actions, should such information be classified as inside information.

Inside Information may be made public before the lapse of that time if the Issuer enters into conditional agreements or other arrangements whereby the parties will agree to execute the above actions, or if a decision is made as to the sale of up to 100% of shares in Polkomtel Infrastruktura.

The Inside Information will not be disclosed to the public if it ceases to be classified as inside information before the scheduled date of its publication, in particular as a result of the Issuer or Potential Buyer deciding to withdraw from the negotiations.

Pursuant to Article 17 paragraph 4 of MAR, the Company will notify the Polish Financial Supervision Authority of the delay in disclosure of the Inside Information, stating the reasons for the delay, immediately upon the publication of this Report.

Current report
2/2021
26 February 2021

Execution of a conditional sale agreement for shares representing ca. 99.99% of the share capital of Polkomtel Infrastruktura sp. z o.o.

With reference to Current Report No. 28/2020 of 23 September 2020 concerning a decision to commence a review of strategic options related to a potential sale of part of the mobile telecommunication infrastructure of Polsat Group, and with reference to Current Report No. 01/2021 of 26 February 2021, the Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that, in conclusion of the conducted negotiations, on 26 February 2021 the Company and Polkomtel sp. z o.o. („Polkomtel” and jointly with the Company, the “Sellers”) and Cellnex Poland sp. z o.o. (the “Buyer”), a subsidiary of Cellnex Telecom, S.A. with its registered office in Madrid, Spain, concluded a conditional share sale agreement (the “Sale Agreement”) concerning the sale of 2,069,656 shares of Polkomtel Infrastruktura sp. z o.o. („Polkomtel Infrastruktura”) (an indirect subsidiary of the Company and a direct subsidiary of Polkomtel, being a direct subsidiary of the Company), representing ca. 99.99% of the share capital of Polkomtel Infrastruktura (the “Shares”) (the “Transaction”). Cellnex Telecom, S.A. is also party to the Sale Agreement as a guarantor of the Buyer’s obligations thereunder.

In the Sale Agreement the parties set out the terms on which the Buyer will acquire the Shares upon the fulfillment of the conditions precedent (as described below). According to the Sale Agreement, the total sale price for the Shares will be PLN 7,070,292,853.20 (that is PLN ca. 3,416.17 per 1 share), of which the Company agreed to sell 1,552,061 shares of Polkomtel Infrastruktura representing ca. 74.98% of the share capital of Polkomtel Infrastruktura for the price of PLN 5,302,101,313.47 PLN, and Polkomtel agreed to sell 517,595 shares of Polkomtel Infrastruktura representing ca. 25.01% of the share capital of Polkomtel Infrastruktura for the price of PLN 1,768,191,539.73. The sale price (and as part thereof – its parts attributable to the Company and Polkomtel, respectively) will be additionally: (i) decreased by certain payments to be made by Polkomtel Infrastruktura in favor of the Sellers and the Sellers’ affiliates after 31 December 2020, as well as by the amount of the so-called profitability uplift related to the Master Services Agreement (as defined below) in the period from 1 January 2021 to the last day of the month in which the Transaction completion occurs; and (ii) increased by interest accruing at 6% per annum for a period from 1 January 2021 to the Transaction completion, in accordance with the locked-box mechanism adopted in the Agreement.

According to the Sale Agreement, after the Transaction completion Polkomtel will retain 207 shares of Polkomtel Infrastruktura, representing ca. 00.01% of the share capital of Polkomtel Infrastruktura.

Additionally, according to the Sale Agreement, on the Transaction completion date Polkomtel, Aero 2 sp. z o.o. (an indirect subsidiary of the Company and a direct subsidiary of Polkomtel) (“Aero 2”) and Polkomtel Infrastruktura will execute, among other things: (i) the Master Services Agreement together with the Service Level Agreement, whereby Polkomtel Infrastruktura will provide, from the Transaction completion date, certain services to Polkomtel and Aero 2 based on held telecommunication infrastructure (including, without limitation passive services, emission services and transmission services) for a period of 25 years. The Master Services Agreements will be subject to renewal for subsequent 15-year terms.

The Master Services Agreements will impose contractual penalties in favor of Polkomtel Infrastruktura for certain infringements of contractual obligations thereunder with respect to orders to be placed with Polkomtel Infrastruktura for the construction of a specified number of new sites and for a specified number of additional emission services. If Polkomtel fails to place such orders, Polkomtel Infrastruktura will have the right to claim contractual penalties from Polkomtel and Aero 2 in an amount up to PLN 350 million (proportionally to the outstanding obligations in question); and (ii) the Buyback Agreement, whereby Polkomtel (and/or other members of the Company's group and third parties) will have the right (but not an obligation) to buy back the shares of Polkomtel Infrastruktura from the Buyer in certain circumstances specified in the Buyback Agreement, for a price reflecting the fair market value of the shares being bought back, taking into account a discount agreed among the parties.

According to the Master Services Agreement and according to the articles of association of Polkomtel Infrastruktura (the "Articles of Association") – once its amendments agreed by the parties in the Sale Agreement are registered in the register of entrepreneurs of the National Court Register – as long as the Master Services Agreement remains in force and as long as Polkomtel holds any shares in Polkomtel Infrastruktura, consent of Polkomtel will be required for any sale, lease, establishing a pledge or other form of disposal or encumbrance of a share or shares of Polkomtel Infrastruktura or their issuance in favor of defined restricted entities. The restricted entities are, without limitation, those that conduct business competitive to the business of Polkomtel. Limitations are also imposed on any acquisition of control over Polkomtel Infrastruktura by such restricted entities. According to the Articles of Association, unanimous vote of the shareholders is also required for any key decision concerning the property of Polkomtel Infrastruktura, such as among others the sale or lease of its enterprise or an organized part of the enterprise, or the establishment of a limited right in rem over thereon or making any decisions that affect the rights of Polkomtel as a shareholder of Polkomtel Infrastruktura or the status of shares in Polkomtel Infrastruktura held by Polkomtel.

The completion of the Transaction is conditional on the fulfillment of the following conditions precedent: (i) the Buyer must obtain consent of the President of the Office of Competition and Consumer Protection for the concentration (the "Antimonopoly Clearance") and (ii) the Sellers must obtain consents required under the financing documentation of the Sellers, as well as conditional or unconditional release of security interests encumbering the Shares.

The Sale Agreement provides for an obligation to pay certain one-time fees in case completion of the Transaction is not effectuated due to the reasons lying with one of the parties. In particular, the Sale Agreement will terminate, if the conditions precedent are not fulfilled on or before 31 October 2021. This deadline may be postponed until 31 December 2021 by way of a unilateral declaration of will by any of the parties. If the Sale Agreement is terminated due to the Buyer's failure to obtain the Antimonopoly Clearance, the Buyer will pay the Sellers a one-time fee of PLN 179,500,000. Additionally, the Sale Agreement provides for an obligation to pay a one-time fee of PLN 718,000,000, if the Buyer or the Sellers, respectively, fail to comply with any of its respective key completion obligations on the postponed Transaction completion date (if the completion did not occur on the original Transaction completion date).

The Company also announces that upon the execution of the Sale Agreement it has discontinued the process of reviewing various strategic scenarios in relation to a potential sale of the mobile telecommunication infrastructure of Polsat Group that was announced in Current Report No. 28/2020 of 23 September 2020.

Current report
3/2021
26 February 2021

Closing of the subscription period in a tender offer to place subscriptions to sell shares of Netia S.A. and learning the information on the number of shares of Netia S.A. subject to subscriptions placed

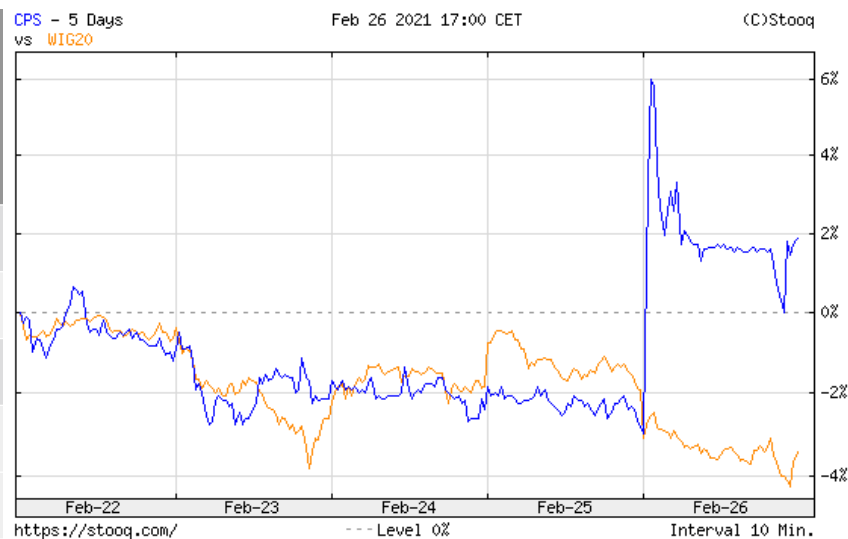
In connection with Current Report No. 34/2020 dated 23 December 2020 of Cyfrowy Polsat S.A. (the “Company”), in which the Company informed on the decision to announce pursuant to Article 74 Section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies a tender offer to place subscriptions to sell all the remaining shares of Netia S.A. (“Netia”) (the “Tender Offer”), the Management Board of the Company hereby informs that on 26 February 2021 it learnt from the intermediary executing the Tender Offer that in response to the Tender Offer shareholders of Netia placed subscriptions to sell 84,868 shares of Netia.

In accordance with the schedule of the Tender Offer, the conclusion of transactions for the purchase of the aforementioned shares on the Warsaw Stock Exchange is expected to take place on 3 March 2021, and their settlement is expected to take place on 8 March 2021.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2021-02-22	28.30	27.60	27.74	- 2.26	17.42
2021-02-23	28.24	27.22	27.48	- 0.94	21.14
2021-02-24	27.74	27.26	27.40	- 0.29	25.41
2021-02-25	27.58	27.26	27.28	- 0.44	14.85
2021-02-26	29.88	27.16	28.60	4.84	69.00



Investor's calendar



11 – 25 March 2021	Closed period prior to the publication of 2020 results
25 March 2021	Annual report and consolidated annual report for 2020
28 April – 12 May 2021	Closed period prior to the publication of Q1 2021 results
12 May 2021	Quarterly report for Q1 2021
18 – 19 May 2021	PKO BP's CEE Telecommunications, Media and IT conference (online)
4 – 18 August 2021	Closed period prior to the publication of H1 2021 results
18 August 2021	Consolidated semi-annual report for the 1st half of 2021
26 October – 9 November 2021	Closed period prior to the publication of Q3 2021 results
9 November 2021	Quarterly report for Q3 2021