

# CYFROWY POLSAT S.A.

Current report No. **35/2018**

Report Date: **December 18, 2018**

Subject: **S&P Global Ratings revised Cyfrowy Polsat Group's rating outlook to positive**

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") informs that on December 18, 2018 S&P Global Ratings ("**S&P**") revised the rating outlook for Cyfrowy Polsat Group ("**Group**") from stable to positive, affirming the BB+ issuer credit rating.

In its justification S&P stated that the upward revision of the rating outlook reflects in particular its opinion that the Group has potential and willingness to deleverage to below 3.0x (S&P adjusted) by 2019 supported by the expectation of organic revenue growth and the consolidation of Netia group ("**Netia**").

S&P anticipates the Group's organic revenue growth in 2019 given: (i) the expansion in its premium sports content in the pay TV segment, (ii) the increase in advertising revenues, and (iii) revenue stabilization in the mobile segment. In S&P's view, the addition of Netia further strengthens the Group's position as the Polish telecom operator providing a full-scope convergent offering. Concurrently, S&P expects the Group to maintain reported free operating cashflow (FOCF) of about Polish zloty (PLN) 1.5 billion, despite temporary higher investments to upgrade Netia's access network.

S&P may raise the rating of the Group by one notch over the next 12 months if, as a result of a modest growth in revenues and EBITDA, the Group reduces its adjusted debt to EBITDA below 3.0x coupled with FOCF to debt remaining above 15%. On the other hand, a downward revision of the outlook from positive to stable could result from the Group's maintaining its adjusted debt to EBITDA above 3x, which could stem from a lack of return to organic revenue growth, higher-than-expected investments needed to upgrade Netia's network, or higher-than-expected shareholder returns.

The rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

*Legal basis: Article 17 Section 1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.*

Signed by:

/s/ Katarzyna Ostap-Tomann

Katarzyna Ostap-Tomann  
Member of the Management Board

/s/ Aneta Jaskólska

Aneta Jaskólska  
Member of the Management Board