



Cyfrowy Polsat IR Newsletter

5 – 11 March 2018



Puls Biznesu
5 March 2018

Polsat has more time to repay debts

by Marcel Zatoński

Zygmunt Solorz's Group may repay the loan for over PLN 12bn two years later than initially agreed. The Group may also incur more debt.

In the autumn of 2015 Cyfrowy Polsat concluded, with a consortium of national and international financial institutions, agreements for a term facility in the amount of PLN 11.5bn and a revolving loan for up to PLN 1bn. These loans replaced an older debt with higher interest rates. At that time the Company estimated interest savings at the level of PLN 380m per year. At present, the facility agreements of 2015 have been renegotiated and their terms have further improved. Initially, Cyfrowy Polsat was supposed to repay the debt until 21 September 2020. Under the new agreement, it will have two more years for repayment. In the years 2019-21, Cyfrowy Polsat will repay just over PLN 1bn per year. The repayment of the term loan in 2022 will amount to PLN 6.63bn.

Cyfrowy Polsat has also renegotiated a substantial increase of the level of indebtedness, below which it may request the release of security established for banks, including among others registered pledges on trademarks or shares in subsidiaries. So far, this ratio has been set at the level of 1.75x EBITDA. Now it will equal to 3.00x EBITDA. At the end of Q3 2017, the net debt to EBITDA ratio of Cyfrowy Polsat was 2.83 (not including payments for Netia's shares which were incurred later in the year). Cyfrowy Polsat, however, emphasized that it is committed to maintaining the net debt to EBITDA ratio below the level of 1.75.

Parkiet
7 March 2018

Tax issues make it more difficult to estimate results

by Urszula Zielińska

Cyfrowy Polsat surprised experts who did not expect any one-off events reducing the results for the last quarter of 2017. On Monday, after the stock exchange session, Cyfrowy Polsat informed that the net profit of the Group would be reduced by PLN 144m and may amount to PLN 125m, that is lower by half than the amount anticipated by analysts from brokerage houses. The Management Board of Cyfrowy Polsat explains this write-off decision with changes in law effective since January this year.

The company's report indicates that it anticipates smaller tax benefits in the coming years, and analyses have shown a need to increase the value of the item "deferred income tax liabilities" in the consolidated balance sheet as at 31 December 2017.

As Paweł Puchalski from BZ WBK brokerage house explains, the Polish market does not react at all or to a very small degree to any non-cash write-offs, therefore there was only a minor response of the Group's stock quotes to the negative signal. Cyfrowy Polsat is not the first company to signal the growth of tax liabilities. P4, the operator of Play mobile network, and Netia Group paid a much bigger tribute in 2017.

Cyfrowy Polsat also informed on Monday about a new dispute with the tax office. On 15 February 2018, the Head of the Customs and Tax Office for Małopolska issued a decision according to which the Company should pay PLN 24.2m plus interest on account of taxes for 2012. The Management Board of Cyfrowy Polsat – as it was the case also in May 2017 regarding another decision of the tax office – informed that it would file an appeal against this decision and did not intend to establish any provisions in this respect.

Puls Biznesu
8 March 2018

Multimedia may redeem bonds

by Marcel Zatoński

Multimedia Polska, the third biggest cable TV operator in Poland in terms of the number of customers, is still waiting to be acquired by the market leader, that is UPC. The relevant agreement was signed in October 2016, and Liberty Global, the owner of UPC, was supposed to pay ca. PLN 3bn for Multimedia. However, the Office for Competition and Consumer Protection (UOKiK) has not issued its consent to the concentration yet.

“Unfortunately, we still do not have the decision of UOKiK, which might jeopardize the transaction. Both the company and its shareholders have an alternative strategy in the event of the failure of the transaction, but due to the pending process concerning the purchase of 100% of the company's shares by UPC, we do not want to comment this case,” commented the spokesman of Multimedia.

In the meantime, Multimedia has signed an agreement with Credit Agricole to arrange the refinancing of the company's debt, including an earlier redemption of bonds.

Multimedia issued bonds in 2013. Investors ensured at that time just over PLN 1bn of financing for the company. In May last year the company redeemed 25% of the original nominal value (spending PLN 250m for this purpose). A similar redemption is planned on 10 May this and next year, before the company redeems the remaining bonds in 2020. The company might also accelerate this process, among others, in the situation when its main shareholders lose control over it. However, there is no detailed information available yet.

Parkiet
10 March 2018

These companies have perfect relations

by Katarzyna Kucharczyk

We selected winners in the investor relations survey among WIG30 companies, organized by “Parkiet” daily and the Chamber of Brokerage Houses.

In this year’s edition we obtained responses from the representatives of over 20 different financial institutions, including brokerage houses, OFE and TFI. On the scale from 1 to 6 (6 being the best score), analysts and managers gave quite high marks to WIG30 companies– 4.3 points on average (as compared to 4.1 points a year ago).

Cyfrowy Polsat received the highest score, followed by ING BSK and LPP.

“The scope of information expected by investors remains consistently the same – strategy and goals, changes and trends in the sector and data, indicators and results related to the operating activities. Investors appreciate, above all, transparency and regular contact, irrespective of the fact whether the company is performing better or worse,” commented Bartłomiej Drywa, Director of Investor Relations at Cyfrowy Polsat for “Parkiet” daily.

Current report no 10/2018
5 March 2018

Information regarding estimated consolidated financial results for the fourth quarter of 2017

Pursuant to the internal reporting standards, adopted at the level of Cyfrowy Polsat S.A. (the “Company”) and the Company’s capital group (“Polsat Group”), and in order to ensure complete and fair communication with the participants of the capital market, the Management Board of the Company hereby publishes information regarding an event that had a one-off negative impact on the financial results of Polsat Group in the fourth quarter of 2017.

The Company has analyzed the effect of changes in legislation on corporate income tax, applicable from January 1, 2018, on the value of deferred income tax assets and liabilities recognized in the consolidated balance sheet of Polsat Group as at December 31, 2017.

In accordance with the International Financial Reporting Standards deferred income tax assets and liabilities are recognized in the consolidated balance sheet of Polsat Group in relation to the carrying and tax values relating to individual elements of Polsat Group’s net assets.

The analysis resulted in the necessity to increase the value of the item “Deferred income tax liabilities” in the consolidated balance sheet of Polsat Group as at December 31, 2017 by the amount of ca. PLN 144 million. The above described change in the balance of deferred income tax liabilities is of non-cash nature and is included in the “Income tax” item in Polsat Group’s consolidated income statement and decreased the consolidated net profit in the fourth quarter of 2017. The above change in the deferred income tax liability is a consequence of enacted limitations on tax-deductible expenses in the following years but relating to assets recognized in the consolidated balance sheet as at December 31, 2017.

The values and information provided hereinabove represent estimates. The final values, which will be published in the consolidated financial statements of Polsat Group for the fourth quarter of 2016, may differ from values provided hereinabove.

Current report no 11/2018
5 March 2018

Information regarding the decision of the Head of the Małopolska Customs and Tax Office in Cracow

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) hereby informs that it has received and analyzed the information received from the Company’s proxy relating to decision of Head of the Małopolska Customs and Tax Office in Cracow (the “**Tax Authority**”) dated February 15, 2018. The decision assessed tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 million increased by interest on tax arrears.

The Tax Authority challenged the Company’s right to an exemption from the obligation to withhold income tax on certain interest payments effected in 2012.

The decision in question is neither final nor enforceable. The Company will appeal against the decision of the Tax Authority on the basis of possessed opinions issued by renowned entities. At present the Company does not intend to create any provisions encumbering its financial results.

Moreover, the Management Board of the Company informs, that the Tax Authority is performing control activities in the same area in relation to 2013 and 2014. If an unfavorable and, in the opinion of the Company, incorrect interpretation of tax regulations relating to disputed matter is upheld, additional tax liabilities of the Company in that respect might amount to ca. PLN 35 million increased by interest on tax arrears.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2018-03-05	22.94	22.50	22.82	0.09%	7.92
2018-03-06	22.86	22.56	22.84	0.09%	4.37
2018-03-07	23.26	22.74	23.16	1.40%	8.44
2018-03-08	23.90	23.16	23.70	2.33%	7.99
2018-03-09	23.92	23.56	23.92	0.93%	18.54



Investor's calendar



8 – 22 March 2018	Closed period prior to the publication of 2017 results
22 March 2018	<p>Publication of the annual report for 2017</p> <p><i>Schedule of publication:</i></p> <p>6:00 a.m. Publication of the annual report for 2017 in ESPI (WSE publishing system)</p> <p>7:00 a.m. Publication of the annual report for 2017 and of additional materials on our website http://www.grupapolsat.pl/en/arc/results</p> <p>10:00 a.m. Meeting with investors and analysts (Radisson Blue Centrum Hotel, conference room Polonia 3, 1st floor, 24 Grzybowska str., Warsaw)</p> <p>12:00 p.m. Meeting with journalists</p> <p>4:00 p.m. (CET) Conference call with investors and analysts</p> <p><i>Conference call details:</i></p> <p>Date: March 22, 2018</p> <p>Time: 4:00 p.m. (Warsaw), 3:00 p.m. (London), 11:00 a.m. (New York)</p> <p>Phone numbers: +44 203 043 2440 (international); +48 22 295 35 28 (Poland)</p> <p>Conference ID: 31394920#</p> <p>In order to view our investor presentation during the conference call via a dedicated platform, please click HERE and then log in as a participant by providing your name.</p>