



# Cyfrowy Polsat IR Newsletter

7– 13 May 2018



rpkom.pl  
7 May 2018

## Third major mobile operator obtains UKE consent for charging additional fees for roaming services in the EU

*By Urszula Zielińska*

On April 16, 2018 the Office of Electronic Communications (UKE) granted Orange Polska the right to charge additional fees on account of roaming services provided in the European Union. The amount of these additional charges depends on the type of a service, and the maximum amount that can be charged ranges from PLN 0.0060 to PLN 0.0407, excl. VAT. According to the company's press spokesman, the above additional charges have not been implemented by the operator yet.

Earlier similar approvals were obtained by Plus (a Cyfrowy Polsat Group company) and Play.

So far Play is the only operator of the big four who has decided to implement these additional charges.

Parkiet  
9 May 2018

## Orange will save, OEX will increase the scale

*By Urszula Zielińska*

From July Orange Polska will lease out more than 100 sales outlets which have so far been managed by Orange Retail. The stores will be leased to Tell (an OEX Group company) and GTI. Tell will be managing 48 stores while GTI will take 55. According to the press spokesman of Orange Polska, the company store lease agreements are intended to make their operations more efficient, to implement the operator's strategy as well as to improve its performance. On the other hand, the agreements will not change the structure of the sales network, or the headcount levels in respective stores, and moreover they will have no impact on the headcount in Orange Polska.

**Puls Biznesu**  
10 May 2018

## **Sideways trend is not harming the telecoms**

*By MZAT*

Quarterly results published by further telecom operators confirm the claim made by Audytel consulting firm according to which Polish telecommunications market is in a sideways trend, with no changes to be expected in the coming years. Polish branch of T-Mobile generated PLN 1.57 billion of revenue in Q1 2018, recording postpaid base growth by nearly 300 thousand yoy. All in all T-Mobile serves 10.5 million customers in Poland. Adjusted EBITDA reached PLN 401 million in Q1, which is equivalent to a drop by 7% yoy, due to growth of operating expenses associated with hiring customer service staff and expansion of the sales network.

UPC Polska recorded USD 116 million of revenue in Q1 (ca. PLN 395 million at the average quarterly exchange rate, i.e. +1.4% yoy). UPC Polska serves 1.43 million customers who use nearly 3 million services. UPC's owner also informed of sale of its assets in Central Europe to Vodafone for the amount of ca. EUR 19 billion.

**Parkiet**  
10 May 2018

## **What will be the impact of the Liberty-Vodafone deal**

*By Urszula Zielińska*

Vodafone wishes to acquire Liberty Global companies operating in Central and Eastern Europe, i.e. in Hungary, Romania, Czech Republic and Germany. The value of the transaction (including the debt) is expected to be EUR 19 billion (acc. to GAAP), or 10.8x EV/EBITDA, before including the potential synergies. According to analysts, the valuation of the acquired companies does not differ from the average valuation for similar transactions. It is also a step in the direction of building of convergent operators who combine mobile and fixed-line technologies. Approval from the European Commission and from several national anti-trust offices is required for the transaction to take effect.

The transaction with Vodafone does not include UPC's assets in Poland, which according to some analysts creates suspicion that UPC Polska could be sold in a separate transaction for a higher price.

Parkiet  
11 May 2018

## Cyfrowy Polsat reaps benefits from its vision

By Urszula Zielińska

In Q1 2018 market analysts were surprised by Cyfrowy Polsat Group's financial performance, which the Group owed to skillful crafting of its offer of its advertising services, which already included the new TV stations that the Group acquired at the end of last year, abolition of entry barriers for the SmartDom discount scheme as well as cost savings.

*"I am very satisfied with the operating performance. We are benefiting from our multiplay strategy"* said **Tobias Solorz, the CEO of Cyfrowy Polsat.**

In Q1 2018 Cyfrowy Polsat Group generated PLN 2.35 bn of revenue, EBITDA in the amount of PLN 890 million and PLN 292.2 million of net profit. The results are slightly better than those forecasted by analysts. The negative impact that Roam like at home (RLAH) principle had on EBITDA amounted PLN 25 million in Q1 2018, compared to PLN 35 million in Q4 2017. The revenue from TV advertising increased to PLN 269 million (up by 15.1% yoy), with the Group forecasting average single-digit growth of advertising revenue for the whole year.

Rzeczpospolita  
11 May 2018

## Telecoms are slowly overcoming the losses generated by roaming

By Urszula Zielińska

The four biggest mobile networks in Poland lost a total of ca. PLN 420 million in 2017 on account of the "Roam like at home" (RLAH) principle which abolished additional charges for roaming services offered in the European Union countries. During Q1 2018 operators were reducing the loss they incurred thanks to exploiting the seasonality effect and thanks to renegotiation of the interconnect rates with foreign roaming partners.

Orange Polska managed to reduce the loss on that account from PLN 73 million in Q3 2017, down to PLN 15 million in Q1 2018.

Cyfrowy Polsat Group has also succeeded in reducing the related loss down PLN 25 million. Katarzyna Ostap-Tomann, who is responsible for financial matters in Cyfrowy Polsat, sustained her earlier statement that the bottom line will be hit by maximum PLN 100 million due to RLAH and the expenditures associated with purchase of broadcasting rights to the Champions League.

T-Mobile lost PLN 37 million due to RLAH in Q1 2018 and is now in the process of renegotiation of wholesale IC rates.

Play in turn has not published its quarterly results yet but analysts estimate its loss on account of RLAH at PLN 30-35 million in Q1 2018.

parkiet.com  
11 May 2018

## Cyfrowy Polsat has UOKiK's consent to Netia take-over *By Urszula Zielińska*

Cyfrowy Polsat Group has been granted unconditional approval by Office of Competition and Consumer Protection (UOKiK) for acquisition of Netia. This marks fulfillment of a condition of the on-going tender offer by means of which Cyfrowy Polsat wants to increase its involvement in the fixed-line telecom from slightly over 32% to 66%. The buyer pays PLN 5.77 per share. Today Netia's shares traded at around PLN 5.32 on the Warsaw Stock Exchange.

The common market areas for the merging companies include pay TV and mobile services. Netia's share in the two segments is however relatively low; at the end of March Netia served 192 thousand pay TV subscribers (Cyfrowy Polsat Group has around 3.5 million DTH subscribers) and 144 thousand subscribers of mobile services (after Q1 2018 Cyfrowy Polsat Group had 8.8 million postpaid mobile subscribers and 3.3 million prepaid mobile users).

Netia is the no. 3 fixed-line operator in terms of revenue (after Orange Polska and UPC). It provides fixed-line voice services, Internet access and pay TV services. Netia operates also as a mobile virtual network operator and so far it has relied on the network of P4 (Play) for its services.

As a result of UOKiK's approval, Cyfrowy Polsat and Netia may develop a joint convergent offer for households and increase their competition in the cities where Netia currently has its own network.

**Current report no 15/2018**  
**9 May 2018**

## **Upholding of the appealed decision of the Head of the Mazovian Tax Office in Warsaw**

The Management Board of Cyfrowy Polsat S.A. (the "Company") hereby informs that on May 8, 2018 it was notified that the Company's plenipotentiary received a decision of the Director of the Revenue Administration Regional Office in Warsaw dated April 30, 2018 upholding the appealed decision of the Head of the Mazovian Tax Office in Warsaw ("Tax Office") dated May 25, 2017, determining the value of tax obligation in relation to corporate income tax for the year 2011 at a higher level than the declared value, by PLN 40.6 million increased by interest on tax arrears. The Company informed of the decision of the Tax Office in its current report No. 12/2017 of May 29, 2017.

The Company does not agree with the decision of the Director of the Revenue Administration Regional Office in Warsaw in question and intends to appeal against it to the Voivodship Administrative Court.

At present the Company does not intend to create any provisions encumbering its financial results.

**Current report no 16/2018**  
**11 May 2018**

## **Satisfaction of a Condition Set Forth in the Tender Offer to Place Subscriptions for the Sale of Shares in Netia S.A.**

The Management Board of Cyfrowy Polsat S.A. ("Cyfrowy Polsat", the "Tenderor") hereby gives notice in connection with the tender offer to place subscriptions for the sale of shares in Netia S.A. announced by Cyfrowy Polsat on 5 December 2017 pursuant to Article 73 Section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (consolidated text in Dziennik Ustaw of 2016 item 1639, as amended) (the "Company", the "Tender Offer") that on 11 May 2018 Cyfrowy Polsat received the decision of the President of the Office of Competition and Customer Protection granting its unconditional clearance for the merger consisting in the Tenderor taking control over the Company, which amounts to the satisfaction of the legal condition set forth in Section 29 of the Tender Offer.

Cyfrowy Polsat gave notice of the announcement of the Tender Offer in its current report No. 26/2017 of 5 December 2017.

The full statement has been published in the relevant Polish Press Agency service.

Press release  
10 May 2018

## Cyfrowy Polsat Group sums up Q1 2018: more contract services and more customers using bundled services

Cyfrowy Polsat Group ended Q1 2018 with very good operational and sales results in both segments of its activity. As many as nearly 1.6 million customers use bundled offers while the number of contract services increased by nearly 0.5 million. Beginning of the year was marked by strong growth of advertising revenues and high share in the TV advertising market. Very good financial results of the entire Group were supported by the quickly achieved synergies with the newly acquired TV channels. The Group has also started the preparations for the coverage of new season of the Champions League and the Europa League, for which it has acquired exclusive rights for the next 3 years and guaranteed to itself the possibility of broadcasting over 1000 matches via various distribution channels – TV, the Internet as well as on mobile devices.

The Group achieved very good financial results, as calculated in accordance with the currently valid financial reporting standard, the IFRS 15:

- Revenue: PLN 2.346 bn (growth by 0.6%)
- EBITDA: PLN 890 mn (growth by 2.0%)
- EBITDA margin: 37.9% (growth by 0.5 p.p.)
- Net profit: PLN 292.2 million
- Free cash flow: PLN 1.482 bn during a 12-month period
- Total net debt to EBITDA LTM ratio decreased to 2.87x
- During Q1 the Group repaid PLN 550 million of revolving loan

*“It has been yet another quarter with very good operational results in both segments. The factors which were essential in the segment of the services provided to residential and business clients included consistent pursuit of the strategy of a multi-play operator and sales of offers within the framework of smartDOM loyalty scheme as well as the customers’ very good reception of the new tariffs offered by Plus. The results in the TV broadcasting and production segment demonstrated impressive growth, both organically as well as thanks to the synergies accomplished jointly with the newly acquired ZPR Group TV channels. The beginning of the year was also very successful for our Group in the area of financial performance,”* says **Tobias Solorz, CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.**

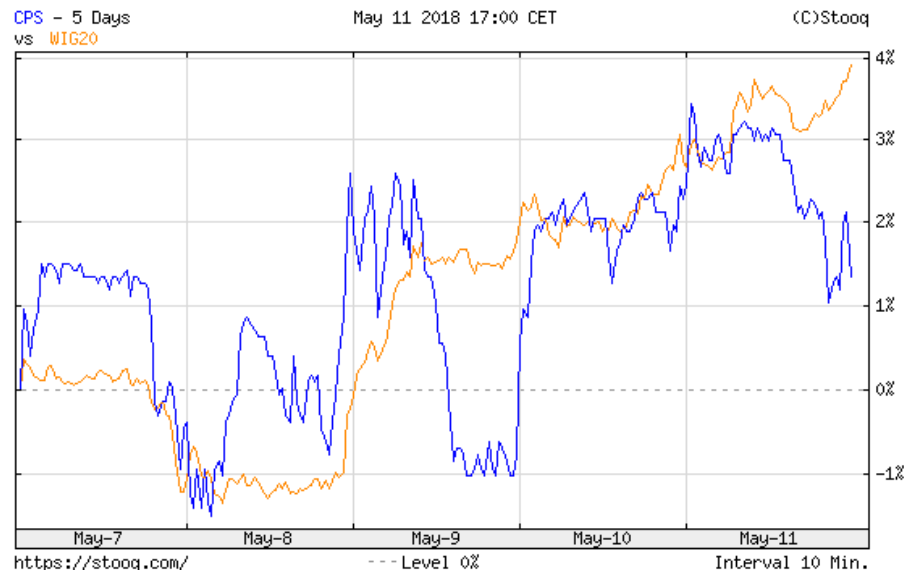
*“Excellent operating and sales results have enabled us to generate very good, and above all healthy and stable, financial results for the whole Group. We are seeing growth in all basic financial parameters, and what is important, EBITDA has grown in spite of the negative impact of the Roam like at home regulation, valued at PLN 25 million. We continue to enjoy high cash flows, enabling us to positively view the future operations of our Group,”* sums up **Katarzyna Ostap-Tomann, Management Board member responsible for finance at Cyfrowy Polsat S.A., Polkomtel Sp. z o.o. and Telewizja Polsat Sp. z o.o.**

[Read more >>](#)

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2018-05-07	25.96	25.30	25.44	-0.24%	8.53
2018-05-08	26.22	25.14	26.22	3.07%	13.00
2018-05-09	26.34	25.30	25.36	-3.28%	10.17
2018-05-10	26.22	25.50	26.14	3.08%	14.42
2018-05-11	26.46	25.64	25.90	-0.92%	11.44





# Investor's calendar



9 – 23 August 2018	Closed period prior to the publication of H1 2018 results
23 August 2018	Consolidated semi-annual report for H1 2018
25 October – 8 November 2018	Closed period prior to the publication of Q3 2018 results
8 November 2018	Quarterly report for Q3 2018

