



Cyfrowy Polsat IR Newsletter

14– 20 May 2018



Rzeczpospolita
14 May 2018

Billions at stake in battle for wholesale access

by Urszula Zielińska

The deadline for submitting requests for subsidies to broadband Internet access network roll-out, offered in the third contest in the Polska Cyfrowa operational program, has just passed. Subsidies, totaling PLN 1.94 billion, requiring a 15% contribution from the applying companies themselves, have the aim of funding the creation of infrastructure which would reach minimum 460 thousand households. According to “Rzeczpospolita” daily, Inea and Nexera, which are owned by foreign infrastructural investment funds, have expressed their interest in the contest.

Orange Polska, currently investing in its fiber-optic network as well as projects for which it had funding under the previous two contests, has decided not to participate in this contest. Cyfrowy Polsat Group and Netia, who will soon become part of this group, have also decided to not to take part, as did T-Mobile. Play, on the other hand, has decided to participate in the contest, on its own and also in cooperation with Inea Group.

rpkom.pl
14 May 2018

LTE Advanced coverage footprint is growing in Poland

by Marta Rzeźnicka

Cyfrowy Polsat Group has informed that its LTE Advanced network (commercially called LTE Plus Advanced) covers an area inhabited by more than 54% of the country’s population.

In addition, in more than 300 locations the speed of mobile broadband offered by the company is in the 300-500 Mbps range. Cyfrowy Polsat Group has been able to achieve such data transfer speeds by aggregating spectrum from three frequency bands: 1800, 2100 and 2600 MHz, or 2600, 1800 and 800 MHz. In the first of the above variants the Group also employs an additional technology, i.e. 256 QAM modulation thanks to which data download rates can be improved by 33%.

T-Mobile Polska informed that nearly 100% of the country’s territory lies within the coverage of its LTE network, while the LTE-A network, which consisted of 4270 node Bs as of the end of March, reaches 46% of the country’s population. T-Mobile employs aggregation of 4 frequency bands, which offers maximum data transfer rates of up to 590 Mbps.

At the end of May 2018 the LTE network of Orange Polska Group covered an area inhabited 99.8% of the country’s population, while its LTE-A network was available to 44.5% of the population.

rpkom.pl
14 May 2018 r.

Results of Play Communications for Q1 2018: high increase of national roaming costs

by Urszula Zielińska

In Q1 2018 Play Communications posted PLN 1.64 bn of revenue (+3.6% yoy), PLN 518.4 million of adjusted EBITDA (-8.1% yoy) and nearly PLN 153 million of net profit (+730% yoy).

The decrease of adjusted EBITDA was mainly due to the introduction of the Roam like at home EU regulation as well as higher costs of national roaming (PLN 64.2 million, growth by 43%).

After Q1 2018, the telecom remained the leader in terms of the number of users. At the end of March Play served 15.176 million SIMs (-43 thousand qoq), 9.589 million postpaid subscribers (+160 thousand qoq), and 5.586 million prepaid customers (-203 thousand qoq).

The company's management board sustained all the short- and mid-term goals, including those related to dividend.

Rzeczpospolita
17 May 2018

Electrical power giant wants to build data network for Internet access

by Urszula Zielińska

According to information published by "Rzeczpospolita" daily, Tauron Group entered the contest for EU funding for the roll-out of broadband Internet access network. The company's spokesperson said that the power engineering group, whose shareholders include the State Treasury (30.1%) and KGHM (10.4%), is interested in building a network covering the area to which it distributes electricity, that is 18.5% of Poland's territory. This area includes the following provinces: Małopolskie (Cracow), Lower Silesian (Wrocław), Opolskie (Opole), Silesian (Katowice), and partly Świętokrzyskie (Kielce), Podkarpackie (Rzeszów) and Łódzkie (Łódź). The total amount of subsidies earmarked for these provinces by Polska Cyfrowa Project Center, the organizer of the third contest for funding for the roll-out of broadband networks, is nearly PLN 560 million. Tauron's spokesperson did not indicate the amount that the group is seeking. He stated that the group's activities associated with the roll-out of the Internet access network are an element of the group's efforts to optimize the use of its existing fiber-optic infrastructure and its ambitions to expand the portfolio of the services that it provides. Tauron offers electricity in bundles with, among other, natural gas supply and electronic devices for smart homes.

rpkom.pl
17 May 2018

Orange: 18 June – introduction of surcharges to roaming services in the EU for prepaid users

by Urszula Zielińska

The spokesperson of Orange Polska informed that a roaming surcharge will be applied starting from 18 June for the users of Orange's and nju's prepaid tariffs using roaming services on the territory of the EU. The surcharge will be PLN 0.05 per minute of a mobile originated outbound voice call, PLN 0.02 per minute of a received voice call, PLN 0.01 per mobile-originated SMS and slightly less than PLN 0.01 per MMS or megabyte of data.

The Office of Electronic Communications approved surcharges for roaming services on the territory of the EU for a dozen or so mobile operators, including Polkomtel (the operator of Plus network) and also for P4 (Play). So far Play has been the only major network operator to implement the surcharges.

The loss of Orange Polska on account of roaming services provided on the territory of the EU was PLN 15 million in Q1 2018.

Parkiet
18 May 2018

The government is not speaking with one voice about the draft act

by ZIU

Public consultations and mutual arrangements between respective ministries regarding amendments to the telecommunication law and the radio and TV act were completed in April. The amendments will, on the one hand, be a response to the requests from the European Commission regarding the existing shortcomings, and on the other, they are intended to grant the power to allocate radio spectrum to the President of the Office of Electronic Communications (UKE). The Ministry of Digitization, who authored the draft document, has not summed up the results of the consultations yet. In the opinion of the Ministry of Foreign Affairs there is need to clarify the wording related to UKE President's power to introduce changes to spectrum reservations without carrying out public consultations. The Ministry of Enterprise and Technology is in turn of the opinion that one of the proposed powers of the President of UKE, namely the right to introduce changes to spectrum reservations when required due to care for orderly management and effective use of spectrum, could pose a threat to the companies which hold spectrum reservations.

Plus Biznesu
20 May 2018 r.

Orange wants to have Orange Bank *by Eugeniusz Twaróg*

This March the Supervisory Board of mBank adopted a resolution which gave the management board the freedom to decide about the termination of the investment agreement with Orange Polska which mBank concluded back in 2014. Officially, the parties assure that nothing has changed as regards their joint project but according to unofficial information obtained by Puls Biznesu daily, the project is already dead. mBank is the party driving to end the agreement as it is dissatisfied with the results. Instead of a million customers, there are only 440 thousand, with part of them being defunct customers. The parties have not published any financial figures, but these are even more modest than the customer numbers. According to the daily, the agreement could be terminated this year.

As has been disclosed in Orange's recently approved new strategy for financial services, Orange is working on establishing its own bank. Orange Bank has been operating in France since autumn of 2017. It is a licensed institution owned by the operator and available only via the mobile channel. According to information obtained by Puls Biznesu, such an institution could be established in Poland as Orange Bank or Bank Orange within a timeframe ranging from over a year to several dozen months. In the opinion of one of the persons to whom the daily has spoken, the potential decision depends on the outcome of the experiment which is currently underway in France. It is hard to say what are the odds of the new business since there have so far been no telecom banks in the world. There exist partnerships, similarly as in Poland, but no telecom operator has launched its own bank.

Apart from the Orange-mBank tandem, there are two other bank-and-telecom alliances in Poland: Plus Bank and Plus mobile network, though in this case we are dealing with a conglomerate of companies from the same family, and an alliance between T-Mobile and Alior Bank.

**Current report no. 17
May 14, 2018**

Satisfaction of certain conditions provided for in the tender offer to subscribe for the sale of shares in Netia S.A. and making a decision by entities acquiring shares under the Tender Offer to acquire such shares

The Management Board of Cyfrowy Polsat S.A. ("**Cyfrowy Polsat**") hereby gives notice in connection with the tender offer to place subscriptions for the sale of shares in Netia S.A. (the "**Company**", the "**Tender Offer**") 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 Dz.U. of 2018 item 512 as amended) and pursuant to the Ordinance of the Minister of Development and Finance of 14 September 2017 on the forms of tender offers to subscribe for the sale or exchange of shares in a public company, the detailed procedures of the announcement thereof, and the conditions for acquiring shares pursuant to such tender offers (Dz.U. of 2017 item 1748) that by the end of the subscription period of the Tender Offer, i.e. by 14 May 2018, out of all the conditions set forth in the Tender Offer:

- the legal condition set forth in Section 29 of the Tender Offer has been satisfied, i.e. Cyfrowy Polsat received the decision of the President of the Office of Competition and Customer Protection (UOKiK) granting its unconditional consent to the concentration of undertakings consisting in the takeover of control over the Company by Cyfrowy Polsat; Cyfrowy Polsat gave notice thereof on 11 May 2018;
- the condition set forth in Section 30 Subsection (a) of the Tender Offer has been satisfied, i.e. the general meeting of the Company adopted a resolution on the decrease in the Company's share capital by way of redemption of all treasury shares held by the Company, that is 13,102,314 (thirteen million one hundred and two thousand three hundred and fourteen) Company shares representing 3.76% of the Company's share capital; Cyfrowy Polsat gave notice thereof on 31 January 2018;
- the condition set forth in Section 30 Subsection (b) of the Tender Offer has not been satisfied, i.e. the Company's supervisory board did not adopt a resolution on adopting a consolidated version of the Company's articles of association concerning the change of the Company's share capital ensuing from the decrease in the Company's share capital registered by the competent registry court;
- the condition set forth in Section 30 Subsection (c) of the Tender Offer has been satisfied, i.e. by the end of the subscription period of the Tender Offer no annual general meeting of the Company has been held, therefore no resolution on the distribution of profit for the financial year 2017 has been adopted.

Recent events



Current report no. 17
May 14, 2018

Entities acquiring shares under the Tender Offer, i.e. Cyfrowy Polsat and Karswell Limited, made a decision to acquire the Shares under the Tender Offer although the aforementioned condition provided for in the Tender Offer has not been satisfied.

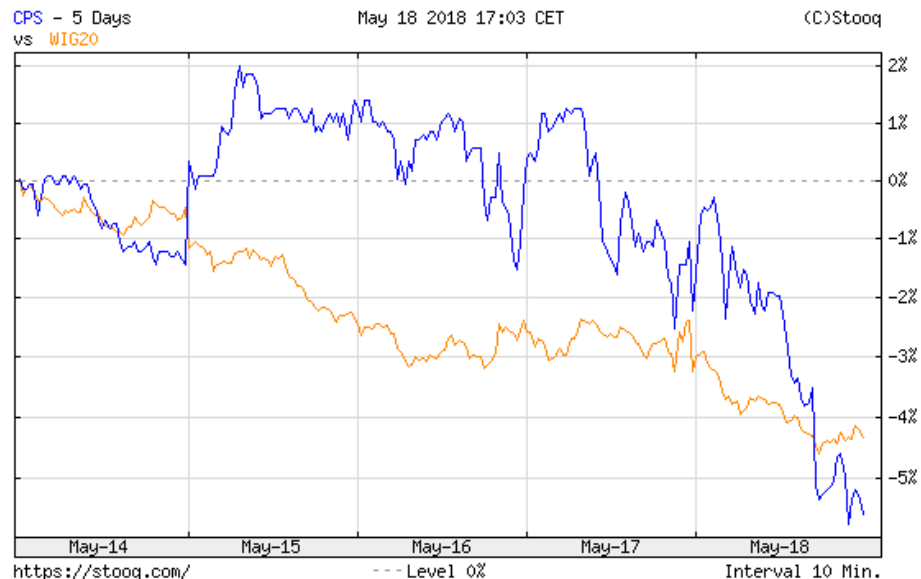
Cyfrowy Polsat gave notice of the announcement of the Tender Offer in its current report No. 26/2017 of 5 December 2017.

The full text of the announcement was published in the relevant Polish Press Agency service.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2018-05-14	26.30	25.58	25.70	-0.77%	7.18
2018-05-15	26.60	25.78	26.44	2.88%	27.38
2018-05-16	26.50	25.52	26.02	-1.59%	15.48
2018-05-17	26.42	25.42	25.50	-2.00%	12.08
2018-05-18	26.00	24.56	24.62	-3.45%	9.24



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

