



# Cyfrowy Polsat IR Newsletter

19 – 25 March 2018



Rzeczpospolita  
19 March 2018

## Telecoms are reshuffling frequencies to speed up their networks

by Urszula Zielińska

According to unofficial information obtained by Rzeczpospolita, the partners in Networks! joint venture, i.e. Orange Polska and T-Mobile Polska, may decide to end their cooperation in the field of spectrum sharing in 1800 MHz and 900 MHz frequency bands. The parties declined to comment on the issue. Telecoms are also preparing for aggregation of the spectrum they use for providing LTE mobile Internet access service, i.e. for combining several frequency ranges into one “information highway.” Talks regarding rearrangement of the fragmented frequency bands are conducted under the auspices of the Office of Electronic Communications (UKE).

If the agreement is reached, Orange and T-Mobile will hold continuous spectrum resources in the 1800 MHz band, similarly to Cyfrowy Polsat and Play. In turn, Cyfrowy Polsat and T-Mobile will gain continuous spectrum in the 900 MHz frequency band, which could help Cyfrowy Polsat in deciding whether to extend the spectrum reservation in the 800 MHz band or not.

Puls Biznesu  
19 March 2018

## Polkomtel avoids penalties

by JK

The court has waived the PLN 6m penalty for Polkomtel, and in another case, where a penalty in the amount of PLN 11.6m is at stake, the case will be revisited. In the on-going court hearings, Polkomtel is struggling against the penalties charged by the Office of Competition and Consumer Protection (UOKiK).

In 2014 Polkomtel was charged with failure to deliver the regulations of the promotions it organized to the customers signing contracts as well as with failure to present the amendments of the terms of customer contracts stemming from the regulations of respective promotions. Polkomtel filed an appeal with the Competition and Consumer Protection Court (SOKiK) against UOKiK’s decision which imposed a penalty of nearly PLN 6m on the operator. SOKiK waived the decision regarding the penalty several days ago. The case will now most probably go to the Court of Appeals.

The other case started in 2010 and concerns a complaint regarding too small print used in the standard form contracts with customers and alleged obstruction of the process of termination of contracts by customers. The total penalty charged to the operator by UOKiK was PLN 11.6m. Several days ago the Court of Appeals requested that SOKiK reviews the case anew.

Parkiet  
20 March 2018

## Mobile network is moving

by Urszula Zielińska

Cyfrowy Polsat Group is rearranging the telecommunication networks that it acquired in recent years and consolidating its mobile infrastructure in one subsidiary. PL 2014, as the company is called, has so far held part of the assets of Aero2, owned by a former WSE-listed company Midas. Now the infrastructure of Polkomtel, the operator of Plus network, will be transferred to PL 2014. PL 2014 will be responsible for roll-out, maintenance and leasing of the infrastructure while Cyfrowy Polsat will hold the controlling stake in the company. PL 2014 will also take over 400 employees, including 378 from Plus.

*"Theoretically three scenarios are possible: selling the network, sharing the network, or transferring the assets for management to a third party. We have concluded that concentration of our network resources in one company will allow us to manage them more effectively"* - informed Cyfrowy Polsat.

www.telko.in  
21 March 2018

## Cyfrowy Polsat buys its own MVNO

by Łukasz Dec

Commercial register files of Premium Mobile S.A., the company running an MVNO which operates on Polkomtel's network, show that the company's share capital increased from 17.6m to PLN 36.8m in February.

Cyfrowy Polsat Group is a minority shareholder of Premium Mobile. *"Premium Mobile is our wholesale client and we are very satisfied with the cooperation with that partner. Thus we have decided to support them in their development by investing into their project. By doing so we secure long-term cooperation with a valuable and prospective client"* says CP Group's representative.

MVNO operators were heavily hit by the prepaid SIM card registration regulation and by the new principles of international roaming. At the beginning of the year the owners of another MVNO, Virgin Mobile Polska, decided about another capital injection and entered into an investment agreement with their host operator, i.e. Play (Play was offered a call option for Virgin Mobile shares).

Rzeczpospolita  
23 March 2018

## **Cyfrowy Polsat still earns more than any other competitor**

*by Urszula Zielińska*

In 2017 the revenues of the four biggest telecom players grew by 1.2 percent in total, to the amount of PLN 34.3 bn. The roaming regulation and higher taxes reduced the operators' profits. Orange Polska recorded the highest revenue (PLN 11.4 bn), Cyfrowy Polsat Group came in second (PLN 9.83 bn), followed by Play in the third spot (PLN 6.67 bn), with T-Mobile in the fourth place (PLN 6.4 bn).

While analyzing the operators figures, one should keep in mind the differences between their businesses. Orange owns a big fixed-line network. In the case of Cyfrowy Polsat Group, in turn, some 30% of its revenue has been generated by the satellite TV platform and by Polsat TV with its theme channels. Polsat's revenue from advertising and sponsoring gave PLN 1.12 bn (growth by 2.9% yoy). Play is a purely mobile network and focuses on the services for residential customers and small firms. In T-Mobile's case, GTS and T-Systems, the two companies it acquired, accounted for around 10% of the revenue.

Cyfrowy Polsat continues to achieve the highest EBITDA margin (36.8%), followed by Play (34.4%), T-Mobile (27.7%) and Orange 26.5%).

The telecoms profits suffered due to the introduction of the EU roam-like-at-home regulation (in the second half of 2017 the four operators "lost" PLN 420 million due to this regulation).

Rzeczpospolita  
23 March 2018

## **UPC withdraws from Multimedia Polska acquisition deal**

*by Urszula Zielińska*

On 23 March 2018 Liberty Global, the owner of UPC, informed of withdrawal from the acquisition of Multimedia Polska, following lack of success in agreeing the revised commercial terms of the transaction which would account for the current regulatory and market conditions. In addition, UPC informed that its approach regarding the business prospects of its Polish operations remained unchanged and that it would be taking into account further consolidation opportunities.

The procedure regarding the planned merger has continued in the Office of Competition and Consumer Protection (UOKiK) for nearly 1.5 years. UOKiK stated that the transaction could restrict competition in a dozen or so cities and it started the so-called "second phase" of the proceedings. On 23 March 2018 UPC Polska withdrew its application for consent to the acquisition of Multimedia Polska. In accordance with the provisions of the anti-trust law, UOKiK discontinued the related proceedings.

Press release  
22 March 2018

## Cyfrowy Polsat Group sums up the 2017 results: over 1.5m customers using multiplay services and new acquisitions which expand the Group's operations on media and telecommunication markets

It was another year of very good operating and financial results for Cyfrowy Polsat Group. Most important events of 2017 included: further effective pursuit of multiplay strategy, implementation of Roam like at home (RLAH) principle, acquisition of broadcasting rights for UEFA Champions League and UEFA Europa League as well as strategic acquisitions. Once again the Group recorded high growth of the number of contract services and multiplay customers. The audience results were in line with the Group's long-term strategy, giving it the leading position on the broadcasters' market, and the Group achieved growth of advertising revenue and market shares on the TV advertising market. The past year was also very good in terms of financial results – the Group's revenue exceeded PLN 9.8 bn, EBITDA reached PLN 3.6 bn, and net profit was ca. PLN 1 bn. Moreover, Cyfrowy Polsat was regularly reducing its debt and recorded very high cash flow of PLN 1.7 bn.

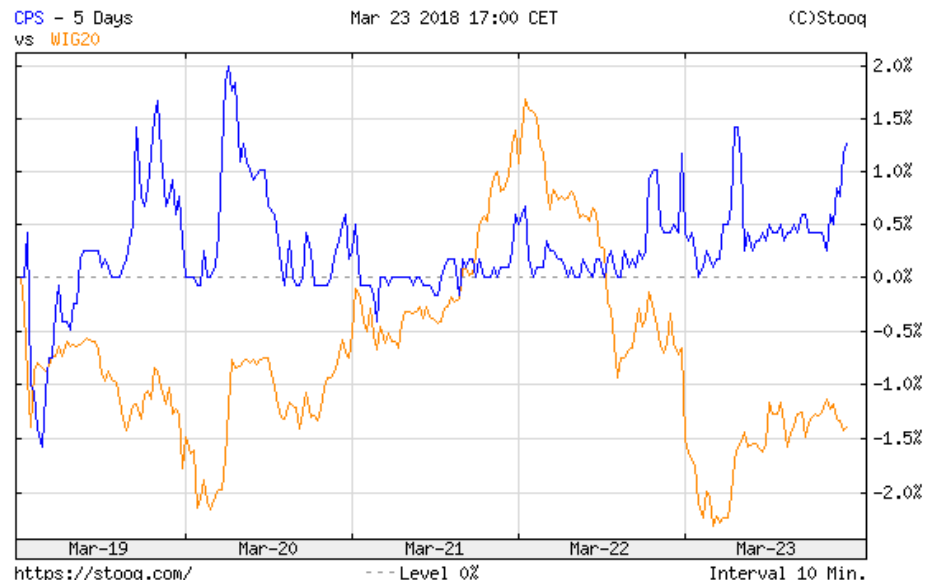
*“Last year was very demanding for us but also extremely interesting and full events, both the market-related ones as well as the events happening within our Group. We were able to effectively respond to the challenges coming from our customers and from the market by, among others, development of our multiplay offer, implementation of the Roam like at home principle as well as acquisition of exclusive rights, for the next 3 years, to broadcasting such sports events as the UEFA Champions League and UEFA Europa League,”* says **Tobias Solorz, the President of the Management Board of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.** *“The acquisitions which we announced in Q4 2017, i.e. purchase of stake in Netia as well as acquisition of TV channels from ZPR Media Group, have the aim of enriching the offer for our customers, creating even better conditions for our development in the future as well as supporting the pursuit of our long-term strategy on the media and telecommunication markets.”*

*“We have accomplished not only our business goals for 2017 but also fulfilled the assumptions of our financial policy. It is enough to say that we achieved very good financial results as a Group and maintained high margins while at the same time reducing our debt, paying out dividend for 2016 as well as announcing further acquisitions. We have been able to reconcile all these tasks thanks to the high level of free cash flow generation, which put us in a comfortable position when running day-to-day business and setting new goals. The priorities for this year unchangeably include: reduction of debt, maintaining high level of margins generated by our business and high cash flow level as well as completion of the investment projects that we have planned,”* sums up **Katarzyna Ostap-Tomann, the Management Board Member responsible for finance in Cyfrowy Polsat S.A., Polkomtel Sp. z o.o. and Telewizja Polsat Sp. z o.o.**

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2018-03-19	24.40	23.62	24.08	0.50%	7,40
2018-03-20	24.58	23.94	24.04	-0.17%	9,66
2018-03-21	24.14	23.90	24.14	0.42%	6,97
2018-03-22	24.28	23.82	24.28	0.58%	12,17
2018-03-23	24.34	23.88	24.30	0.08%	22,60



# Investor's calendar



16 April – 10 May 2018	Closed period prior to the publication of Q1 2018 results
10 May 2018	Quarterly report for Q1 2018
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