



Cyfrowy Polsat IR Newsletter

12 – 24 May 2020



N E T I A

Wirtualnemedi.pl
13 May 2020

Play reports 12.6 million users and PLN 208 million in profit. Fewer new customers and fewer devices sold because of the epidemics

by tw

Play Communications revenue from sale of services amounted PLN 1.37 billion in Q1 2020 (+7.8% yoy), revenues from sale of products as well as the revenues from other sources were PLN 377.4 million (-9.6% yoy), while Adjusted EBITDA reached PLN 607 million (+5.3% yoy).

At the end of March Play had 12.58 million active users (-1% yoy), including 9.03 million n postpaid subscribers and 3.55 million customers using prepaid offers.

The number base stations increased by 14% yoy and reached 7 965.

In April the operator secured an additional line of credit for three years, in the amount of PLN 1.2 billion. Majority of the new credit will be used for prepaying part of the current debt.

Also in April 2020 Play signed an initial agreement for acquisition of a 100% stake in Virgin Mobile Polska virtual network operator for the amount of EUR 13.4 million.

The operator sustained the forecasts for the whole of 2020. Play plans to achieve a 2-3% growth of revenue and adjusted EBITDA in the range of PLN 2.5-2.6 billion. Higher sales of services and higher margins from sale of services are the factors expected to have positive bottom-line impact, with the decline of sale of devices having negative impact. Play intends to spend PLN 850-900 million in capital expenditures while at the same time paying out 40-50 percent of free cash flow to its shareholders, the equity holders (FCFE). The free cash flow level is forecasted at more than PLN 800 million.

Puls Biznesu
14 May 2020

Polsat will gain strength in the Internet

by Marcel Zatoński

Cyfrowy Polsat's revenue for Q1 2020 amounted to PLN 2.85 billion (+2% yoy), with EBITDA of PLN 1.03 billion, only slightly less than a year earlier. During Q1 Cyfrowy Polsat acquired 114 thousand mobile subscribers, which was definitely the best result on Polish market. Recently the Group refinanced its debt and is in the process of finalizing another major transaction – once the Office of Competition and Consumer Protection approval is secured, Cyfrowy Polsat will acquire Interia Internet group. The price for the acquisition of Interia is PLN 422 million, while the estimated synergies, which can be achieved during 12 months, amount PLN 20 million.

“We plan to double Interia’s EBITDA result in the mid-term. The synergies will be achieved in three areas. Interia will provide an additional channel for monetization of the TV content while insourcing of the marketing campaigns that our Group’s companies carry out in the Internet will enable us to optimize the costs. We also expect that our Polsat Media Biuro Reklamy advertising agency will assure higher efficiency of sale of Interia’s advertising space,” says **Stanisław Janowski, the CEO of Polsat TV.**

For Cyfrowy Polsat Group the current crisis connected with the coronavirus epidemics has had an adverse impact on the TV segment.

“The advertising market’s value declined by 3% in Q1. In April and May revenues declined by 35% and at this stage it is difficult to say what the situation is going to be going forward. The advertisers are waiting for the economy to be “defrosted” and I am convinced that advertising will quickly rebound to earlier levels,” says **Stanisław Janowski.**

Wirtualnemedi.pl
15 May 2020

Cyfrowy Polsat: By launching 5G network we have demonstrated that we are the technology leader

by *Nikola Bochyńska*

Plus network (a Cyfrowy Polsat Group company) has launched the first commercial 5G network in Poland. The new network offers data transfer rates of up to 600 Mbps. Some 900 thousand people in 7 cities are now within the coverage area of the new network. The operator plans to expand the network's coverage footprint to reach further 2 million people who live in the Warsaw urban area.

"We trust very much in the 5G network since already today we are able to achieve data speeds of 600 Mbps in the bandwidth in which we operate, which is an enormous leap forward in terms of quality. The links are much more stable, the throughput is better and network capacity is bigger. Wireless services is what we trust in. This is what we are aiming at and this is what we will continue developing," stated **Maciej Stec, Vice President of Cyfrowy Polsat**, during a conference call with journalists.

Ultimately Plus's 5G network will be developed in all available radio frequencies.

The auction of the spectrum designed for use by 5G networks, which was planned earlier, has been postponed to an undefined future date. During the conference call presenting the company's Q1'20 results, **Cyfrowy Polsat's CEO, Mirosław Błaszczuk**, said that in his opinion the information regarding postponement of the 5G auction was "neutral" from the Group's point of view. *"We are calmly waiting for the auction to start. We have already launched the 5G network and we will continue working on it. If we can acquire new spectrum, then this spectrum will be used for upgrading the network that we have already started rolling out,"* said **Mirosław Błaszczuk**.

Wirtualnedia.pl
15 May 2020

T-Mobile posts revenue and profit growth. The operator has 10.98 million customers, 1.5 thousand 5G-ready stations
by tw

During the first quarter of this year T-Mobile recorded PLN 1.557 billion in revenue (+4.1% yoy) and PLN 414 million of EBITDA AL (+4% yoy), with the EBITDA AL margin of 25.8% (26.4% in Q1 last year).

The number of customers increased by 28 thousand in Q1 and reached 10.98 million, including 7.53 million postpaid subscribers and 3.45 million prepaid customers.

The number of customers using fiber-optic Internet access increased by 7 thousand during the year and reached 18 thousand, while the number of users of fixed-line Internet access relying on other technologies increased by 8 thousand over a year, reaching 26 thousand.

T-Mobile is in the process of implementation of the network upgrade plan which it announced in February, with 1.6 thousand base stations being upgraded to the 5G standard in 2100 frequency band during the first six months of 2020. In February T-Mobile had 800 such stations while the current figure is 1460.

Parkiet.com
20 May 2020

UKE: the process of 5G auction cancellation has started
by Urszula Zielińska

The Office of Electronic Communications (UKE) informed on May 20 that UKE President initiated, ex officio, a procedure of cancellation of the spectrum auction for awarding frequency slots in the 3.4-3.8 GHz frequency band which is dedicated to 5G network roll out.

The move is the outcome of the introduction of the Anti-Crisis Shield 3.0 act which is intended to mitigate the negative impact of the coronavirus epidemics. One of the provisions of the act says that the President of the Office of Electronic Communications will cancel the spectrum auction “as soon as possible” if relevant provisions regarding network security are not stipulated by the wording of spectrum reservations to be awarded.

Moreover, the Anti-Crisis Shield 3.0 provides for shortening the current term of office of UKE President, ending on May 30, 2020. A competition to name the new UKE President should be announced by that time.

The initial bids in the currently cancelled auction were submitted by, among others, Orange Polska and Polkomtel, with Polkomtel paying in a PLN 187 million bid security.

Telko.in
20 May 2020

Netia and Plus will be selling Nexera services

by Marek Jaślan

Netia signed an agreement with Nexera for use of Nexera's fiber-optic access network in BSA (Bitstream Access) model. Earlier similar agreements were signed with Nexera by such operators as Orange, T-Mobile and UPC, among others.

The agreement regulates the terms of cooperation and use of Nexera's fiber-optic infrastructure by Netia as well as by other Polsat Group companies, including Polkomtel, the operator of Plus network.

Nexera is building its fiber-optic access network within the framework of Digital Poland Operational Program in four regions of Poland, in the areas where the inhabitants had no access to stable and fast Internet earlier. By 2021 Nexera intends to connect over 670 thousand households and nearly 3 thousand schools and educational establishments to its fiber-optic network.

Telko.in
21 May 2020

Kenbourne and Tollerton sold further Play Communications shares

by Tomasz Świderek

Kenbourne and Tollerton, the two biggest shareholders of Play Communications, the owner of Play mobile network, sold 25 million shares for PLN 28 per share in an accelerated book building process.

The shares that were sold account for 9.83% of the company's share capital. Once the transaction is finalized, Kenbourne and Tollerton will hold 20.1% of Play Communications shares.

Recent development



Press release
14 May 2020

Cyfrowy Polsat Group sums up Q1 2020 – providing aid in the fight against the coronavirus, launch of the commercial 5G network and acquisition of Interia Group

In spite of the declared state of epidemics in Poland, Cyfrowy Polsat Group started 2020 very well by effectively adjusting the operations of its companies to the situation caused by the epidemics and also by being involved in helping Polish healthcare institutions and Polish citizens. As regards its strategic investments, Cyfrowy Polsat Group signed a preliminary agreement for acquisition of Interia Group and also launched the first in Poland commercial 5G network. These projects were possible thanks favorable terms of refinancing of the Group's debt, ending the multi-stage process of debt restructuring which was carried out with a view to continue the Group's development. It was also a very good quarter from the point of view of financial results – the Group generated revenue in the amount of PLN 2.85 bn, EBITDA exceeded PLN 1 bn, while net profit reached PLN 184 million.

Support for health care institutions and for Poles in the fight against the coronavirus

Polsat Group, who is responsible for assuring everyday communications and entertainment to millions of Poles, has faced a new challenge during the epidemics, i.e. providing reliable means and tools for mass-scale remote work, education or for managing businesses. Thanks to its efficiently operating network infrastructure as well as employment of state-of-the-art technologies when constructing the network, the Group was ready for increased traffic levels as well as for the new way of life and work of its customers. The Group has efficiently undertaken numerous activities to minimize the risk for its customers and employees, as well as to guarantee business continuity so as to assure full functionality and quality of its network and services for the customers.

“As the state of epidemics was declared, we immediately made numerous decisions which are essential for our employees, customers and the entire society. While caring for the health of our employees, in a very short time we have switched to the new, remote methods of work and we are implementing the planned projects without any delay. We proposed free bonus offers, in the form of access to additional TV channels or data bundles, to all customers. As a Polish company which is in good condition, since the start of the epidemics we have been actively involved in the fight against the coronavirus,” says **Mirosław Błaszczuk**, the President of the Management Boards of Cyfrowy Polsat and Polkomtel, the operator of Plus network.

“Jointly with our main shareholder, Zygmunt Solorz, for over 16 million zloty we purchased and donated to the Ministry of Health, and to the Polish people, 200 thousand coronavirus tests, along with the necessary laboratory equipment. Together with the Polsat Foundation and the participants of our special TV commercial block we allocated many millions of zloty to helping the healthcare institutions and we also donated 2200 tablets, for remote learning purposes, to the children living in orphanages and foster families,” – adds **Mirosław Błaszczuk**.

Polsat Group proposed numerous additions to the offer for its customers, be it in the area of TV – by introducing a “wide-open” window offering access to 33 channels, or in the area of telecommunication services – by providing additional data bundles or access to 30 TV channels in a special IPLA web TV package for Plus customers. Polsat News channel and Polsatnew.pl web portal play a special informational and educational role now.

“And there were many more projects. I am glad about everything that we have been able to achieve in such a short time, thanks to the enormous contribution by our Group’s employees – the people who are involved, full of ideas and determined to do good. I am proud that in such difficult times we are also able to offer help to other people,” sums up **Mirosław Błaszczuk**.

Interia Group acquisition – a strategic investment

Two weeks ago Telewizja Polsat signed a preliminary agreement for acquisition of Interia Group. It is a strategic decision from the point of view of Polsat Group’s development, contributing to Polsat Group taking an important position in the Internet.

“Interia Group is a leading player in the Internet. We see enormous opportunities and synergies that the investment creates for us. We are counting on the dynamic development of Interia and we plan to double its EBITDA in the mid-term,” says **Maciej Stec, the Vice-President of the Management Board of Cyfrowy Polsat and Polkomtel**, while justifying the move.

Interia Group is among the three leading groups in the media-and-technology industry. Interia.pl web portal is one of the biggest horizontal portals, offering access to an e-mail service and news, theme portals as well as to mobile applications and tools which generate revenues from many diverse sources. For Polsat Group the investment means substantial strengthening of its position on the dynamically-growing on-line advertising market, as well as an additional channel for distribution and monetization of the content which is now produced for the needs of the TV channels. Ultimately Interia will also be the main area of marketing activities of numerous Polsat Group brands in the Internet. Polsat Media, in turn, will support sale of Interia’s advertising space. Transaction finalization is contingent on obtaining the approval from the President of the Office of Consumer and Competition Protection (UOKiK).

"For a reasonable price we are buying a well-managed business, with a competent team and strong position on the Internet market. It perfectly fits with Polsat TV's strategy. We want to deliver attractive content via all possible distribution channels Our offer for the advertisers will be enriched with the very effective web advertising formats which have very extensive reach. It also means a very important, for us, strengthening of our position on the dynamically-growing online advertising market and at the same time it is a perfect channel for communicating with our existing and future customers," adds **Stanisław Janowski, the President of the Management Board of Telewizja Polsat.**

First in Poland commercial 5G network

The launch of the first in Poland 5G network, using the spectrum in 2.6 GHz TDD frequency band, is yet another important event which has been long-awaited by all. A network of 100 transceivers has for several days been operating in 7 Polish cities - Warsaw, Gdansk, Katowice, Lodz, Poznan, Szczecina and Wroclaw. The next stage of Plus 5G network development in Poland will be to provide coverage for the entire Warsaw urban area and the towns and places around it, with over 600 additional 5G stations being added. The offer already includes smartphones and routers which support 5G technology in the 2.6 GHz band, while further equipment from leading global manufacturers will be successively added to the sales offer in May and June. The 2.6 GHz TDD network is the first step en route to Plus's nationwide 5G network coverage in Poland.

5G in Plus means even higher data speeds – of up to 600 Mbps, better connection stability, lower latency and much bigger network capacity. It will be possible to transmit much bigger data volumes much faster and without interference. 5G is a new quality of the Internet and freedom. It is the possibility of full and unconstrained wireless use of everything that the Internet offers, at any place where we are.

"It is a very important moment for our Group and for our customers. Being the technology leader of the Polish media and telecommunications markets, we have launched the first in Poland commercial 5G network and thanks to this our country has joined the leading nations in the European and global technology race. We are becoming the 5G technology leader and we want to be the leader in the future," says **Mirosław Błaszczyk, the CEO of Cyfrowy Polsat and Polkomtel, the operator of Plus network.**

Recent development



Plus was the first to start the roll-out a commercial 5G network while using the spectrum from the 2.6 GHz frequency band which offers balance between data transfer speed (up to 600 Mbps) and coverage (i.e. wide availability), while keeping both parameters at a very high quality levels. In the future, as the 5G network develops, current use of the 2.6 GHz band will guarantee better land mass coverage than when using the 3.4-3.8 GHz bands only, and it will enable the operator to maintain the edge during further stages of 5G network roll out by offering the possibility of aggregation of 5G frequency bands.

Solid financial performance of Polsat Group

“Our diversified, subscription service-based business model has turned out to be very resistant in the circumstances that we have unexpectedly found ourselves in. It assures predictable and stable revenue streams, which has given us very good financial results that are in line with the analysts’ expectations. Our revenue increased to PLN 2.85 billion, with EBITDA exceeding PLN 1 billion. We have continued to generate high level of cash, assuring us security in terms of current liquidity,” says **Katarzyna Ostap-Tomann**, **Cyfrowy Polsat and Polkomtel Management Board Member responsible for finance.**

Financial results of Cyfrowy Polsat Group:

PLN million	Q1 2020	Q1 2019	change y/y
Revenue from sales	2 849	2 792	2%
EBITDA	1 027	1 038	-1,1%
EBITDA margin	36,0%	37,2%	-1,2 p.p.

“A last quarter’s event that deserves a special distinction is the favorable refinancing of our bank debt, which ended a multi-stage process of our debt restructuring. Thanks to this we have gained more flexibility and we have guaranteed to ourselves the ability to continue the development of the Group. We have increased the diversity of the instruments we use – we have issued the first Poland corporate green bonds worth PLN 1 billion, thus doubling the size of our presence on this prospective market. At the same time the comfortable situation we are in enables us to continue pursuing our dividend policy. In near future the Management Board plans to issue its recommendation regarding the dividend payout,” adds **Katarzyna Ostap-Tomann**.

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Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2020-05-12	24.90	24.30	24.66	1.90%	7.91
2020-05-13	24.90	24.62	24.64	-0.08%	9.95
2020-05-14	24.62	24.06	24.62	-0.08%	10.18
2020-05-15	24.80	23.74	23.84	-3.17%	9.26
2020-05-16	24.56	23.68	24.38	2.27%	13.05
2020-05-17	24.70	24.24	24.52	0.57%	10.44
2020-05-18	25.00	24.40	24.48	-0.16%	14.20
2020-05-19	24.68	24.16	24.58	0.41%	10.17
2020-05-20	24.70	24.10	24.64	0.24%	7.30
2020-05-21	24.90	24.30	24.66	1.90%	7.91
2020-05-22	24.90	24.62	24.64	-0.08%	9.95



Investor's calendar



6 – 20 August 2020	Closed period prior to the publication of H1 2020 results
20 August 2020	Consolidated semi-annual report for the 1st half of 2020
27 October – 10 November 2020	Closed period prior to the publication of Q3 2020 results
10 November 2020	Quarterly report for Q3 2020

