

Cyfrowy Polsat IR Newsletter

22 – 28 June 2020



Cyfrowa.rp.pl
23 June 2020

Poles want fast links. Coronavirus increased demand

by Urszula Zielińska

As a result of the Covid-19 epidemic the way Poles think about access to fast Internet links, including fibre optic lines, has changed.

Investments into these technologies are carried out, among others, by such operators as Orange Polska, Inea and Netia (Cyfrowy Polsat Group), also with the support of EU funding.

A survey conducted by GfK, at the request of Nexera, a broadband network wholesale operator and one of the three biggest beneficiaries of EU subsidies in this scope, demonstrated that in the areas where Nexera operates 47% of respondents (that is twice as many as a year ago) is considering purchasing a fast link within a year. 25% of respondents (up by 7% YoY) are not satisfied with the quality of their Internet link.

Most of the dissatisfied respondents complain about the Internet quality when streaming movies (45%). Over 80% of respondents (up from nearly 60% a year ago) were interested in this form of entertainment during the epidemic.

15% of respondents from the enterprise sector expressed their dissatisfaction with the quality of Internet links. They stated that fast Internet should be available first of all at schools, in medical centers and public offices, and only then at places such as service points or stores.

Nexera is constructing networks in the Łódzkie, Świętokrzyskie, Warmińsko-Mazurskie, Kujawsko-Pomorskie regions and partially in the Mazovian region. By 2022, at the expense of PLN 1.5 billion (ca. PLN 600 million from EU) the company intends to provide access to 670 thousand households and 3 thousand schools.

Money.pl
24 June 2020

Orange Polska and trade unions signed amendment to social agreement on salary increases and redundancies

Source: ISB News

Orange Polska concluded an understanding with the trade unions related to the change of the social agreement for the years 2020-2021 in order to ensure partial compensation of the negative impact of COVID-19 pandemic on the operator's business goals.

"The level of basic salary increase in 2020 was reduced from 3.5% to 1%. The employer made a declaration about minimizing the number of employment termination notices handed in as part of collective redundancies until the end of

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2020, which means that the limit of redundancies in 2020, which was agreed in the social agreement at the maximum level of 1 250 people, may not be fully utilized" – the operator announced in its press release.

Terms concerning the value of severance pay and additional compensation for employees leaving the company have not been changed. The level of possible basic salary increases in 2021, as well as the limit of redundancies defined in the social agreement, for the years 2020-2021 in total, also have not changed.

Bankier.pl
24 June 2020

UKE: the process of refarming frequencies for 5G has been completed
by Małgorzata Werner-Woś

The Office of Electronic Communication (UKE) informed about having completed the process of switching channels of digital terrestrial television using the 700 MHz band to other frequencies (the so-called refarming). The process covered 98 television stations. The released frequency band shall be used for the needs of development of 5G technology in Poland.

Telko.in
26 June 2020

Bloomberg: Play considers the sale of its passive network
by Łukasz Dec

Operator of Play hired advisors to analyze a possible sale of shares in the passive infrastructure of its own mobile network –informed Bloomberg news agency, quoting an unofficial source. If the transaction goes through, it is likely to take place at the beginning of 2021.

According to Bloomberg, the value of the entire passive network of Play should be estimated at EUR 800m, but the analysts quoted by the news agency doubted whether a potential transaction would cover the entire network. Spinning off of an infrastructure company and sale of minority shares thereof is more probable.

According to unofficial information, a similar step has been analyzed for 2 years by Cyfrowy Polsat Group, and Play could be a partner in the agreement with the buyer of the infrastructure, which would improve the profitability of such a transaction. Also Orange Group has officially announced spinning off of infrastructure companies. Such operations are relatively popular across the world as a method for cash acquisition, however these are not standard solutions in the industry, because in the long-term they generate increased OPEX.

Telko.in
26 June 2020

At least PLN 4.7 billion for Polkomtel's towers

by Łukasz Dec

Such estimates have been published by the brokerage house of Haitong Bank in the review of the market situation in the context of valuation of telecoms' shares. The bank's analysts quote information provided by MergerMarket service about a possible sale of passive infrastructure by Cyfrowy Polsat Group. Such a possibility has been debated on the market since 2018.

"In the opinion of analysts from Haitong Bank, this transaction may be worth ca. PLN 4.7-7 billion, while assuming EBITDA at the level of PLN 330m and EV/EBITDA rate at the level of 15-23," reports Haitong Bank in the summary of recent market analyses.

Bank analysts did not calculate these circumstances into their recommendation for shares of Cyfrowy Polsat Group, which they reduced to "neutral" while increasing the target price from PLN 27.4 to PLN 28.9. The main factor they took into account is the decrease of revenue from the advertising market caused by the COVID-19 epidemic.

In case of Play, Haitong Bank maintains the "Buy" recommendation while increasing the target price from PLN 34 to PLN 36.4, mainly based on the belief that the operator will maintain a high dividend ratio. As regards Orange Polska, the recommendation remains at "neutral" with an increase of target share price from PLN 5.8 to PLN 6.4 due to underestimation of value as compared to competitive companies.

Furthermore, analysts of Haitong Bank anticipate positive effects of the COVID-19 epidemic for the telecommunication market in the long-term (growth of demand for stable links and growth of service prices) with negative effects in short-term, due to the reduced sale of mobile handsets and services caused by closed sales networks. They also assume that the terms of the relaunched auction for C-band blocks will mean that four MNOs will spend ca. PLN 0.5 billion each for the frequency, that is the amount which was assumed under the cancelled proceeding.

Current report no. 22
26 June 2020

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”), acting pursuant to Article 399 § 1 in conjunction with Articles 4021 and 4022 of the Commercial Companies Code, announces that the Annual General Meeting of the Company has been convened for July 23, 2020 at 11:00 a.m. at the Company’s headquarters in Warsaw, at Łubinowa 4a Street.

Agenda of the Annual General Meeting:

1. Opening of the Annual General Meeting.
2. Appointment of the Chairman of the Annual General Meeting.
3. Validation of the correctness of convening the Annual General Meeting and its ability to adopt binding resolutions.
4. Appointment of the Ballot Committee.
5. Adoption of the agenda.
6. Management Board’s presentation of:
 - a) the Management Board’s Report on the Company’s activities in the financial year 2019 and the Company’s financial statements for the financial year 2019,
 - b) the Management Board’s Report on the activities of the capital group of the Company in the financial year 2019 and the consolidated financial statements of the capital group of the Company for the financial year 2019.
7. The Supervisory Board’s presentation of its statement concerning the evaluation of the Management Board’s Report on the Company’s activities in the financial year 2019 and the Company’s financial statements for the financial year 2019, as well as the Management Board’s motion regarding the distribution of the Company’s profit generated in the financial year 2019.
8. The Supervisory Board’s presentation of the evaluation of the Company’s standing and the Management Board’s activities.
9. Consideration and adoption of a resolution approving the Management Board’s Report on the Company’s activities in the financial year 2019.
10. Consideration and adoption of a resolution approving the Company’s annual financial statements for the financial year 2019.
11. Consideration and adoption of a resolution approving the Management Board’s Report on activities of the capital group of the Company in the financial year 2019.

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12. Consideration and adoption of a resolution approving the consolidated annual financial statements of the capital group of the Company for the financial year 2019.
13. Consideration and adoption of a resolution approving the Supervisory Board's Report for the financial year 2019.
14. Adoption of resolutions granting a vote of approval to the members of the Management Board for the performance of their duties in the year 2019.
15. Adoption of resolutions granting a vote of approval to the members of the Supervisory Board for the performance of their duties in the year 2019.
16. Adoption of a resolution on the distribution of the Company's profit for the financial year 2019 and the allocation of a part of profits earned in previous years for a dividend payout.
17. Adoption of resolutions on the determination of a number of members of the Supervisory Board and changes to the composition of the Supervisory Board.
18. Adoption of a resolution approving amendments to the mortgage over real properties of the Company.
19. Adoption of a resolution on the registration of shares in the securities depository.
20. Adoption of a resolution on adopting the remuneration policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat S.A.
21. Closing of the Annual General Meeting.

The Management Board of the Company attaches to this current report:

- the Notice on convening the Annual General Meeting for July 23, 2020, prepared pursuant to Article 402(2) of the Code of Commercial Companies ([annex no. 1](#));
- draft resolutions to be adopted at the Annual General Meeting convened for July 23, 2020 ([annex no. 2](#)).

All information concerning the Extraordinary General Meeting is available on the website of the Company at <https://grupapolsat.pl/en/corporate-governance/general-meeting/materials>.

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2020-06-22	27.72	26.70	26.98	-2.53	7.15
2020-06-23	27.46	27.00	27.16	0.67	8.22
2020-06-24	27.22	26.54	26.54	-2.28	7.72
2020-06-25	27.68	26.52	27.48	3.54	10.16
2020-06-26	27.54	26.92	27.28	-0.73	17.07



Investor's calendar



23 July 2020	Annual General Meeting
13 – 27 August 2020	Closed period prior to the publication of H1 2020 results
27 August 2020	Consolidated semi-annual report for the 1st half of 2020
5 – 7 October 2020	ERSTE conference (online) „The Finest CEElection Investor Conference 2020”
27 October – 10 November 2020	Closed period prior to the publication of Q3 2020 results
10 November 2020	Quarterly report for Q3 2020