



# Cyfrowy Polsat IR Newsletter

21– 27 October 2019



N E T I A

Telko.in

22 October 2019

## End of roaming surcharge in the EU?

by Łukasz Dec

On 10 October 2019 UKE President issued a decision refusing Polkomtel consent to applying a surcharge to the roaming services provided on the territory of the EU (the so-called Euro Roaming). The roaming surcharge amounted PLN 0.03 per-minute of an outbound call made or inbound call received while roaming, and PLN 3.73 per 1 GB of data transmission.

The regulation, which introduced the roam-like-at-home (RLAH) principle of provision of international roaming services on the territory of the European Economic Area, provides for surcharges in the event when the solution generates excessive loss for operators. The loss could, for example, be the outcome of the retail domestic rates being lower than the wholesale interworking rates valid on the territory of the EU. Such a situation existed in the case of Polish operators who since 2017 have been given approval by UKE to apply higher rates for roaming services.

In UKE's opinion, at present Polkomtel has failed to demonstrate that during the forecast period it will incur loss at a level justifying consent to applying the surcharge.

According to Telko.in, the loss incurred by Polish operators on account of Euro Roaming services has been decreasing as the costs of provision of these services have also been decreasing as a result of both, regulation of wholesale IC rates and the possibility of renegotiating the commercial rates with foreign operators. The RLAH principle resulted in growth of the volume of services, which contributes to the reduction of wholesale roaming rates.

Polkomtel may apply to the regulator for having the request for roaming surcharge reviewed again, or file lawsuit with a court of law against UKE's negative decision.

In the opinion of a source from the telecom industry, to whom Telko.in talked, the losses generated by Euro Roaming services are decreasing and it is only a matter of time when these losses fall below the threshold defined in the EU regulation. The portal's source expects that sooner or later all the operators will be given negative decisions regarding application of the roaming surcharge since the roaming cost mix is similar across all networks.

Money.pl  
22 October 2019

## T-Mobile Polska launches an experimental 5G installation in Cracow

Source: ISBNews

T-Mobile has launched a 5G installation relying on Nokia's pico-cells (the core network relies on Cisco and Ericsson solutions) in the headquarters' of Cracow innovation center. It is the first indoor installation launched by this operator. The signal will be available only inside the building while access to the network will be given to T-Mobile's business partners and the start-ups who cooperate with the innovation center and who will be using the network to develop innovative projects using Edge Computing technology.

Wirtualnemedia.pl  
10 October 2019

## HBO increases the price for access to HBO GO. "Even more American productions "

by NB

HBO Poland has announced an increase of prices of HBO GO for existing and future users of the service. Effective from 21 November 2019 the monthly subscription for access to the service will increase by PLN 5, from PLN 19.90 to PLN 24.90.

New users will be also paying such a price after the end of the 7-day free trial period.

HBO informed that the reason for the increase was the bigger number of TV series and HBO's own productions to which access is provided for customers.

Currently HBO GO offers access to around 800 movies and 200 series. According to Gemius/PBI survey, in July 2019 the platform was visited by 1.44 million actual users.

**Current report**  
**28/2019**  
**25 October 2019**

## **Disclosure of delayed inside information regarding Cyfrowy Polsat S.A. Management Board's decision to commence negotiations with Discovery Communications Europe Limited on the terms of a joint venture**

Pursuant to Article 17 paragraphs 1 and 4 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 ("MAR"), Cyfrowy Polsat S.A. (the "Issuer") provides the following inside information regarding the Issuer Management Board's decision to commence negotiations with Discovery Communications Europe Limited on the terms of a joint venture involving the establishment of a special purpose vehicle to launch an OTT streaming platform offering content to users in Poland and abroad ("Inside Information").

The disclosure of the Inside Information to the public was delayed on 31 July 2019 under Article 17 paragraph 4 of MAR.

[Read more >>](#)

**Current report**  
**29/2019**  
**25 October 2019**

## **Conclusion of a joint venture agreement with Discovery Communications Europe Limited and TVN S.A. to establish an SPV in order to launch the OTT streaming platform**

With reference to the Current Report No. 28/2019 dated 25 October 2019 of Cyfrowy Polsat S.A. (the "Issuer", the "Company"), the Management Board of the Issuer hereby informs that as a result of conducted negotiations on 25 October 2019 the Issuer concluded a Joint Venture Agreement with Discovery Communications Europe Limited ("Discovery") and TVN S.A. ("TVN") (the "JV Agreement") regarding the implementation of a joint venture involving the establishment of a special purpose vehicle to launch an OTT streaming platform offering content to Polish customers, with an intention to later expand into other countries as the parties may agree (the "OTT Platform") (the "Project").

The JV Agreement stipulates the principles of establishing and functioning of the special purpose vehicle operating the OTT Platform (the "SPV"), covering such areas as corporate governance of the SPV, the principles of financing the operations of the SPV, the principles of licensing, purchases and creation of content for the purpose of the Project, as well as includes provisions regarding a joint notification to the competent antimonopoly authority in relation to the implementation of the Project.

According to the JV Agreement, the Issuer will ultimately hold 50% of shares in the SPV and provide financing to the SPV on a 50:50 basis in the form of share capital increase and shareholder loans. The initial financing to be provided to the SPV by the Issuer and Discovery is capped at PLN 30 million for each party separately. Each of the Issuer and Discovery also committed to provide additional financing in such amounts as the Issuer and Discovery may agree at a later stage.

# Recent events



The Issuer or its group companies will also conclude ancillary agreements, including license agreements, related to the Project, with other parties to the JV Agreement or their group companies.

The SPV will be jointly controlled by the Issuer and Discovery. According to the assumptions adopted by the parties to the JV Agreement, the SPV should be a financially and operationally independent business venture.

At the current stage of the Project the SPV has been established by the Issuer, however it will engage in operating activity and Discovery will acquire and take up its shares only after the relevant antimonopoly consent is obtained. Also at a later stage Discovery will also be required to make a statement on the absence of obstacles to the implementation of the Project.

The OTT Platform operated by the SPV will provide the viewers with access to, among others, movies, series, documentaries, sports and entertainment shows. The OTT Platform will offer content produced by the parties to the JV Agreement, purchased from third party producers or produced by the SPV. The OTT Platform will operate both in the advertising-funded model (AVOD) and, at a later stage, also in the paid model (SVOD/TVOD).

When the SPV commences its full operating activity, the parties to the JV Agreement will become subjected to certain restrictions with respect to the distribution of selected content categories to selected entities other than the SPV.

Also, according to the JV Agreement, its parties may dispose of their shares in the SPV (together with their rights related to the shareholder loans granted to the SPV) only (i) within their respective capital groups, (ii) to the other party to the JV Agreement or to third parties but only upon receiving consent of the other party to the JV Agreement; or (iii) after the lapse of five years from the date of implementation of the JV Agreement – to any entity, subject to the right to indicate alternative purchaser and the right of first refusal of the other party to the JV Agreement.

The JV Agreement also contains provisions which enable compulsory squeeze-out of other parties to the JV Agreement in the event of their default under the JV Agreement or a change of control over those parties, on the terms and in accordance with the conditions set out in the JV Agreement.

The Issuer will report on further steps in the course of implementation of the Project in separate current reports.

Press release  
25 October 2019

## Discovery and Cyfrowy Polsat strike an agreement to launch a new international streaming platform. The new OTT service will give more flexibility to viewers and increase access to Polish content

Friday 25th October 2019, Warsaw and London - Discovery and Cyfrowy Polsat have signed a joint venture agreement to create a video streaming platform which will operate in Poland and international markets.

The new OTT platform will give viewers a single destination to access the best of Polish content including movies, series, documentaries, sports and entertainment. The new service will include local productions supplied by TVN and Polsat, acquired content and new series commissioned specifically for the new entity. The new platform will offer a different proposition to global OTT services and will be differentiated by more local characters and stories.

*"This new venture fits squarely into our international strategy and belief that local broadcasters need to better satisfy consumer demand by aggregating their offerings and developing a strong local-content-led streaming service – just as we did in Germany with Joyn",* said **Kasia Kieli, President & CEO Discovery EMEA.**

*"Polish audiences will have a dizzying number of streaming options for international content, but this will undoubtedly be the home of the best Polish productions",* she added.

*"We are glad to be co-creating a project which is likely to become a real alternative to international OTTs. Our ambition is for the platform to offer the best and most advanced technological solutions. It is especially important that this project has the capability to bring Polish content to international viewers, too" –* **Maciej Stec, Deputy President for Strategy at Cyfrowy Polsat and Polkomtel, the Plus network's operator** said.

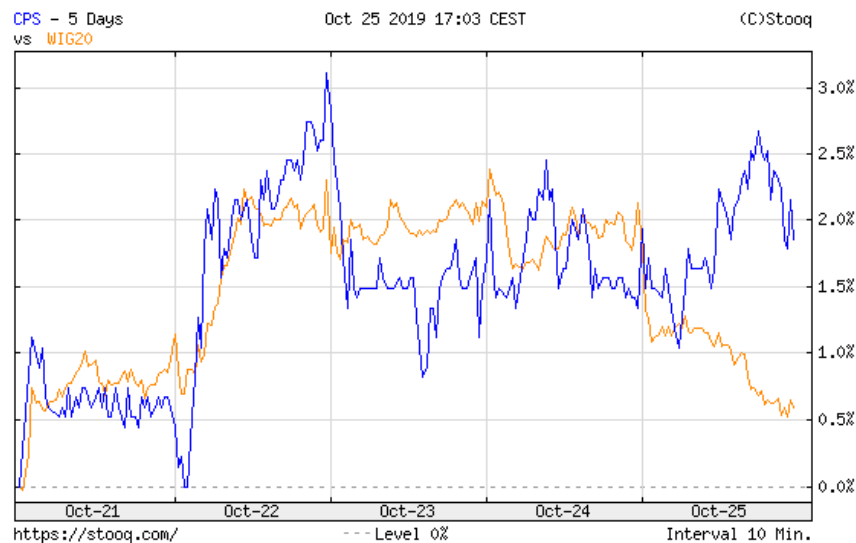
The platform will be an independent business entity with its own resources and management board. Due to its scale, the new platform will create new opportunities for Polish content partners as well as for advertisers. The new platform will welcome partners wishing to supply content to the new service. After obtaining regulatory clearance, the joint venture will launch as an AVOD service but the partners look forward to developing the new service, including the eventual rollout of an SVOD component.

The Player.pl (owned by TVN Discovery Polska) and Ipla.tv (owned by Cyfrowy Polsat) digital platforms will continue to be available to viewers. Decisions on their future shape and role will be decided in due course.

# Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-10-21	27.34	27.02	27.20	- 0.80	4.77
2019-10-22	27.88	26.96	27.88	2.50	14.98
2019-10-23	27.90	27.22	27.44	- 1.58	9.70
2019-10-24	27.70	27.24	27.40	- 0.15	9.37
2019-10-25	27.78	27.30	27.54	0.51	6.11



# Investor's calendar



24 October – 7 November 2019	Closed period prior to the publication of Q3 2019 results
7 November 2019	<p><b>Publication of the quarterly report for Q3 2019</b>  <i>Schedule of publication (CET):</i></p> <p>7.00 am Publishing Q3 2019 report in ESPI (WSE's publishing system)              8.00 am Publishing Q3 2019 report and additional materials on our website:  <a href="http://www.grupapolsat.pl/en/arc/results">http://www.grupapolsat.pl/en/arc/results</a></p> <p>10.00 am Meeting with investors and analysts (InterContinental Hotel, conference rooms: Aida and La Boheme, 2nd floor, Emilii Plater 49, Warsaw)              4:30 pm Conference call with investors and analysts</p> <p><i>Details of conference call:</i></p> <p>Date: 7th November 2019              Time: 4.30 pm (Warsaw), 3.30 pm (London), 10.30 am (New York)              Phone numbers: +44 207 194 3759 (international)              22 583 9021 (Poland)              Conference ID: 38769563#</p> <p>The conference call will be conducted in English.</p> <p>In an attempt to improve the quality of communication we have introduced the possibility to view our investors' presentation during the teleconference via a dedicated platform. In order to access the platform, please click <a href="#">HERE</a> and then log in as a participant by providing your name. The PIN code is not required to log in.</p> <p>From 8th November 2019 the mp3 recording of the conference call will be available on Cyfrowy Polsat's website at <a href="http://www.grupapolsat.pl/en/investor-relations/presentations">http://www.grupapolsat.pl/en/investor-relations/presentations</a>.</p>
11 - 12 November 2019	Goldman Sachs Eleventh Annual CEEMEA One-on-One Conference, London