



Cyfrowy Polsat IR Newsletter

26 August – 1 September 2019



N E T I A

Money.pl
27 August 2019

Play generated PLN 253.8 million of net profit and PLN 644.3 million of adjusted EBITDA in Q2 2019

Source: ISBNews

According to a corporate press release, in Q2 2019 Play Communications posted PLN 254 million of consolidated net profit (+27.1% yoy), PLN 419 million of operating profit (+14.5 yoy) and PLN 1.76 billion of consolidated operating revenue (+4.2% yoy). Adjusted EBITDA reached PLN 644 million (+17.1% yoy), which is a reflection of improved margins from services and sale of goods.

Active subscriber base increased by ca. 250 thousand (+2% yoy). Total customer base is 15 million, with contract customers holding a 66% share (+1.7 p.p. yoy), while the share of the customers using bundled offers is 42%.

In Q2 2019 capital expenditures amounted PLN 197 million (+55.9% yoy), mainly due to expansion of the base station and backbone networks, and also in connection with capitalization of the end-user devices for broadband mobile access and TV services.

At the end of June the net debt to adjusted EBITDA ratio was 2.93x versus 3.11x EOP 2018.

The company raised the forecasts for some financial parameters, including free cash flow. At the same time the operator announced that the "additional cash generated by the company will be partly used for accelerating network roll out and upgrade but more cash will be also available to equity holders".

Wirtualnemedia.pl
28 August 2019

5G spectrum will be sold in an auction, rather than in a tender. “There was a risk that some spectrum blocks would not find buyers”

By PS

The Office of Electronic Communications (UKE) decided that the spectrum allocated to operators for use in 5G networks would be distributed in an auction.

The regulator abandoned the option of inviting tenders that it contemplated earlier, as adopting a solution involving a tender would make it impossible to move bids from one spectrum block to another, which results in the risk of some spectrum blocks not finding any buyers. In such a case it would be necessary to rerun the whole procedure for the unsold blocks, leading to delays in the process.

The time schedule that UKE published in spring assumed that the process of distribution of the spectrum from the 3.6-3.8 GHz band will end at the turn of June 2020, so that operators can start commercial 5G implementations in the second half of 2020.

The terms of the auction and its date are unknown yet.

Telko.in
30 August 2019

Orange sold the buildings it owned in downtown Warsaw

By Tomasz Świderek

Orange Polska signed an agreement for selling the real estate complex it owned in Warsaw for the amount of EUR 81 million (ca. PLN 350 million).

According to the operator’s press release, the transaction is aligned with the operator’s strategy of optimizing the use of its assets. The strategy assumes sale of the property which is no longer needed to run the company’s core business. The funds acquired from property sale will be used for investments.

Orange will continue leasing part of the building in a lease back arrangement till 2026. It is the time needed to move out the telecom infrastructure located in that property.

Rpkom.pl
29 August 2019

Cyfrowy Polsat Group's results for H1 2019: Change of price lists may be delayed

By Urszula Zielińska

Cyfrowy Polsat Group's results for Q2 and H1 2019 proved slightly higher than the average forecasts of brokerage houses. With more than PLN 5.7 billion in revenue, based on the currently valid reporting standards, and including Netia results, the Group posted PLN 2.1 billion of consolidated EBITDA and PLN 566 million of net profit for H1 2019.

At the end of June the Group served 12.4 million SIMs, i.e. 140 thousand more than at the end of Q1. The growth occurred mainly in the contract segment in which active SIMs numbered 9.39 million.

Analysts praised the company for being able to reduce churn and grow average revenue per user (ARPU).

Katarzyna Ostap-Tomann, who is responsible for financial matters in Cyfrowy Polsat, stressed that the company had refinanced the bonds and delivers on the promised CAPEX (ca. 11 percent of revenue) and free cash flow levels.

The company signaled that the launch of its new IT and billing platform, which the operator is working on now, could be postponed from this fall to the beginning of next year.

In the opinion of an Haitong Bank analyst, the potential delay of launch of new price lists will not affect the company's current results, since the impact of the implementation will be visible only several years from now. In his opinion, it is the development of a strong product, both in terms of access technology and content, that is the factor influencing Cyfrowy Polsat's ARPU.

According to a Raiffeissen Bank analyst, it is important for the migration to the new IT platform not to have adverse influence on customer satisfaction levels. Polsat's current offer does not differ much from competitive offers. Polsat introduced some minor price increases in the past and still it's ARPU continued to grow slowly. That is why the analyst sees no special pressure on fast increase of prices, especially that the low churn ratio allows for substantial savings in customer acquisition costs.

Totaltele.com
30 August 2019

Ericsson ramps up production in Poland as it prepares for a clutch of European 5G launches in 2020

By *Chris Kelly*

There are 5G launches scheduled for 2020 in France, Belgium Russia and Poland.

According to Reuters, Ericsson plans to increase output and boost investment at its network equipment production facility in Tczew, Poland, as it prepares for the wave of European 5G rollouts next year. The company's Head of Europe and Latin America is set to meet Poland's Prime Minister this week.

“Our main objective is to prepare for the needed 5G capacity for European market and achieve shorter lead time with logistic efficiency,” an Ericsson spokesperson told Reuters.

Ericsson has helped to launch 5G services with 18 operators across the world, including launches in the UK, Ireland, Germany and Spain.

The company has large scale production facilities in Estonia and Poland, as well as in Sweden.

Recent events



Press release
29 August 2019

Polsat Group sums up its Q2'19 results: 1.9 million customers of multiplay services, a new Polish Premiership package and OTT web TV available via any provider's Internet connection

Cyfrowy Polsat Group ended Q2 with very good and stable operating results in both segments of its business while demonstrating very good financial performance and, once again, record-low churn. The Group's offer of sports programs, which is consistently being developed, has been enriched to include two new TV channels, i.e. Canal+ Sport 3 and Canal+ Sport 4, broadcasting all matches of PKO Ekstraklasa Polish premierhip. Cyfrowy Polsat has also introduced a new breakthrough service – the OTT web TV which can be accessed via Internet connection from any ISP, with flexible choice of program bundles, and without any recurrent access fees. Moody's, in turn, raised the Group's corporate rating to Ba1.

*“Consistent pursuit of our multiplay strategy has once again given us very good results. The number of contract services which we provide to our customers increased by half a million, 1.9 million of our customers use multiplay offers while churn ratio decreased once again to a record-low level of only 7% annually”, says **Miroslaw Błaszczyk, the CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.** “We have expanded our premium sports offer, while offering access maximum numbers of tournaments, sports and live coverage from major events. Thanks to the cooperation that we have established with Canal+, apart from being able to follow the UEFA Champions League and the UEFA Europa League matches, our viewers have also gained access, via the new Canal+ Sport 3 and Canal+ Sport 4 channels, to all the matches played in the Polish PKO Ekstraklasa football premierhip”.*

*“Just as we have been announcing, soon after introducing cable TV in IPTV technology we presented the next novelty, i.e. OTT web TV. It is yet another step on the path to fulfillment of our strategic idea: 'TV – For everyone. Everywhere. Internet – For everyone. Everywhere. Telephone – For everyone. Everywhere.’ The new service enables reception of TV channels via Internet access service from any provider, with a flexible programming offer where program bundles can be freely switched on right from the set-top box, without the necessity of entering into any long-term commitments”, adds **Maciej Stec, Vice President of the Management Board for Strategy at Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.***

*“Both, Q2 and the whole first half of the year were very successful for Polsat TV. The main channel and the theme channels were at top spots in terms of audience shares in the commercial viewer group, in line with our long-term strategy. Our revenue from TV advertising and sponsoring grew by 1% in a situation of decline of the TV advertising market during the first half of the year”, says **Stanislaw Janowski, the CEO of Telewizja Polsat Sp. z o.o.***

Recent events



“We trust that the second half of the year will bring even better performance and that is why we are sustaining our expectations of continued single-digit market growth during the whole year. At the same time, as part of the autumn programming offer of Polsat TV, we have prepared, for our viewers, some new interesting formats and further seasons of our most popular shows”, adds Janowski.

Major financial figures for Q2 2019 (including IFRS 16):

Revenue: over PLN 2.9 bn	EBITDA: nearly PLN 1.1 bn
Net profit: PLN 269 mn,	EBITDA margin: 36.8%
Free Cash Flow for the 12-month period: nearly PLN 1.4 bn	Total Net Debt/EBITDA LTM ratio: 2.57x (excluding IFRS 16)

*“We ended Q2 with very good and stable financial results which exceeded the analysts’ forecasts and reflected the healthy condition of our Group. Revenue was PLN 2.9 bn, EBITDA exceeded PLN 1 bn, while net profit amounted PLN 270 mn”, says **Katarzyna Ostap-Tomann, the CFO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.** “The segment of the services provided to residential and business customers grew not only due to consolidation of Netia’s figures but also organically, thanks to the growth of revenue from sale of equipment and wholesale operations. The results of the TV broadcasting and production segment grew thanks to, among others, the extension of Polsat’s offer by adding Eleven Sports and Polsat Sport Premium packages which are offered to cable and satellite TV operators”, adds Katarzyna Ostap-Tomann.*

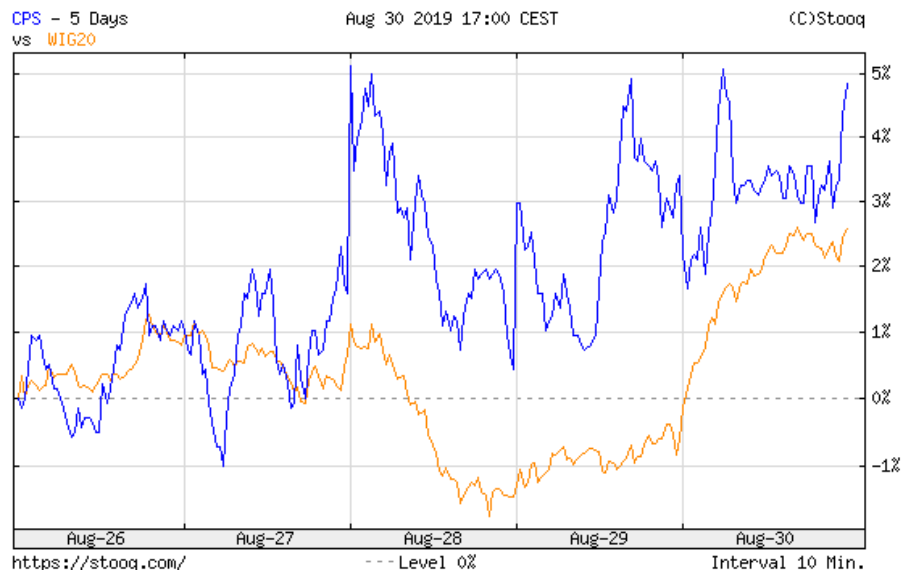
*“Free cash flow is in line with our forecasts and remains at a high level of nearly PLN 1.4 bn for the 12-month period. While taking care of regular debt reduction, during the first half of the year we repaid more than PLN 850 million of loans and we also finalized the process of very good refinancing of our bands. Stable financial results allow us to reconcile the comfort of our creditors with solid compensation for our shareholders who will be paid nearly PLN 600 million in dividend for 2018, with the first tranche already having been paid on July 3,” sums up Katarzyna Ostap-Tomann. “The fact that following change of our dividend policy to a more generous one Moody’s decided to raise our rating to Ba1 demonstrates the stability and the credibility of our business, and it is the confirmation of maintenance of the balance between debt reduction and profit sharing, as expected by our shareholders, lenders and the market”, adds **Ms. Ostap Tomann.***

[More>>](#)

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-08-26	28.28	27.50	28.08	0.79	10.80
2019-08-27	29.20	27.48	28.20	0.43	34.76
2019-08-28	29.22	27.82	27.88	- 1.13	10.79
2019-08-29	29.14	27.96	28.70	2.94	18.93
2019-08-30	29.16	28.12	29.10	1.39	21.33



Investor's calendar



1 October 2019	Dividend payout - 2nd tranche
24 October – 7 November 2019	Closed period prior to the publication of Q3 2019 results
7 November 2019	Quarterly report for Q3 2019

