



Cyfrowy Polsat IR Newsletter

26 November – 1 December 2019



N E T I A

Current report 34/2019
18 November 2019

Withdrawal from the agreement regarding the implementation of the IT system and the provision of software assistance and development

The Management Board of Cyfrowy Polsat S.A. (the “Company”) seated in Warsaw hereby informs, that is has been notified about a decision taken by the Management Board of its subsidiary Polkomtel sp. z o.o. (“Polkomtel”) concerning the forwarding of a statement to Huawei Polska Sp. z o.o. (“Huawei”) on November 27, 2019 on the withdrawal from the agreement concluded on June 23, 2016 (the “Statement”) and regarding the implementation of the BES IT system and the provision of software assistance and development thereof (the “Agreement”).

The decision of Polkomtel results, among others, from the fact that the initial timetable envisaged the completion of the project during 18 months while at present it is 41 months from the moment of signing the agreement. The date for implementation has not been met despite having signed the extending annex.

Polkomtel informed Huawei that it intends to submit claims which result from the submission of the Statement along with information on settlements related to the refund of mutually fulfilled services (including a claim to refund the paid remuneration). Concurrently, Polkomtel informed Huawei that the failure to meet the above mentioned claims shall result in the initiation of procedures for calling on the bank guarantee and recovery of liabilities.

Rzeczpospolita
29 November 2019

Plus withdraws from the contract with Huawei for the delivery of an IT system

by Urszula Zielińska

Polkomtel, the operator of Plus mobile network (Cyfrowy Polsat Group), has withdrawn from the contract with Huawei Polska for the implementation and maintenance of a new customer care system. The reason of Plus' decision was the delay in the work on the system. Originally the implementation was assumed to be completed in 2018.

Plus will seek claims from Huawei and provide information regarding settlement on account of mutually provided services.

The contract with Huawei has been also terminated by one of its subcontractors – Asseco Poland. According to Asseco press spokesperson, the decision was the outcome of gross infringement of the contract by Huawei, which has continued since mid-July.

30 November 2019

Statement by Huawei Polska regarding terminated Polkomtel contract

(convenience translation from Polish)

“Huawei confirms that it has received a notice to terminate the contract from Polkomtel. Huawei is surprised by the partner’s decision given the very advanced state of the IT project covered by the contract and the long-term, multi-faceted cooperation between Huawei and Polsat Group companies. Huawei would also like to stress that extension of the project’s implementation schedule, which was jointly agreed by the parties, resulted mainly from the substantial increase of the project’s scope. Huawei has expressed its readiness and determination to find, based on open and transparent communication, a positive solution of the situation so as to complete the project.”

Parkiet

29 November 2019

The market trusts in Solorz's rationalism

by ZIU

Wednesday evening Cyfrowy Polsat published a report concerning termination by Polkomtel, the operator of Plus network who is its group member, of the contract with Huawei Polska for the implementation of a new IT system.

The group has explained its decision to withdraw from the contract by the delays in the project's implementation. Instead of the originally planned 18 months, the project has already continued for the 41st straight month. Polkomtel intends to file claims against Huawei following the notice to terminate it served, as well as to present to Huawei the information on the settlements related to the repayment of the amounts paid on account of mutually provided services, including a request for the repayment of the compensation already paid to Huawei.

Mirosław Błaszczuk, Cyfrowy Polsat's CEO, has assured that the Group continues to operate without any disturbance. Vice President Maciej Stec has announced that changes will be introduced to the offers for customers before year end regardless of whether the work on the new IT system is completed or not.

Biznes.pap.pl

26 November 2019

Orange Polska has got 500 thousand users of its fiber-optic Internet access service

by kuc/osz/

Orange Polska informed that the number of its customers using fiber-optic Internet access exceeded 500 thousand while the use of the operator's fiber-optic network increased to 12.5%.

Since 2015 Orange Polska has invested more than PLN 3 billion in the roll out of its fiber-optic network. The service is now available to over 4 million people (i.e. ca. 30% households in Poland). Before the end of the next year the telecom intends to expand the footprint of its network to reach at least 5 million households.

Apart from rolling out its own network, Orange Polska also uses the FO networks of other operators and is also involved in the Digital Poland Operational Programme.

Wyborcza.pl
26 November 2019

14 metropolitan areas and cities within 5G network coverage. When to expect end of trials and start of operations?

by Sylwia Czubkowska

According to the information from "Wyborcza" daily, Play has filed a request with the Office of Electronic Communications (UKE) for approval for the first commercial launch of a 5G network. The operator would like to start the operations at the beginning of next year in the Tri-City (Gdańsk-Sopot-Gdynia area) while using the spectrum from the 2100 MHz frequency band which it currently uses for 4G services.

This way Play could launch 5G services without having to wait for the decisions in the auctions related to new radio frequencies.

Play has planned 101 base stations for its 5G network in the Tri-City, which is more than the number of all the base stations involved in the trial of the new technology all over Poland.

Telko.in
27 November 2019

The schedule for Polish 5G is getting increasingly tight

by Tomasz Świderek

The concept of establishing #Polskie 5G company was one of the topics discussed during the "Inspiring Connections 7 – Economic and market-related aspects of 5G-network-based services" conference which was organized by DNB Bank Polska. The assumption is that the new company will act as a wholesale operator managing the spectrum in the 700 MHz band and, in the future, maybe also in other frequency bands (e.g. the 26 GHz band and also the 80 MHz spectrum block from the 3.6 GHz band which is not put on the auction).

An Exatel representative stated that the company could own the entire 700 MHz band (the frequency range from 694 MHz to 790 MHz). As regards the 5G services, it could allocate not only the 2x30 MHz block but also other blocks currently reserved for the communication systems used for the Public Protection and Disaster Relief (PPDR) systems in Poland. He acknowledged that a concept had been created that in return for the provided spectrum the newly established company would be paying levies to the State Treasury, patterned after the tax on minerals (the so-called "copper tax" paid by KGHM copper mining company), during a period of 10-15 years.

Press review



In Exatel's view the process of release of the 700 MHz band by digital TV will have to continue for 30 months. Thus it should commence in mid-2020 if it was expected to be completed in 2022.

In the opinion of a representative of Dentons law firm, there is still a chance for the issuing of radio spectrum reservations for the 3.6 GHz band before the end of June 2020 while meeting all the statutory deadlines. However, he is of the opinion that delays should be expected and the process could take till the end of 2020.



Current report 33/2019

18 November 2019

Cyfrowy Polsat S.A. obtains new funding in the form of an additional facility

With reference to the Current Report No. 30/2019 of October 30, 2019 the Management Board of Cyfrowy Polsat S.A. (the “Company”) announces that on November 27, 2019 the Company, acting in its own name and as an obligors’ agent, concluded an additional facility accession deed with certain Polish and foreign financial institutions (the “Accession Deed”). The Accession Deed has been foreseen in the Second Amendment and Restatement Deed which has been reported by the Company in its Current Report No. 9/2018 of March 2, 2018 (the “Facilities Agreement”).

According to the Accession Deed, the Company will be granted an additional PLN term facility up to PLN 1 billion (the “Additional Facility”). The Company reported its initial steps in seeking additional funding in its Current Report No. 30/2019 of October 30, 2019.

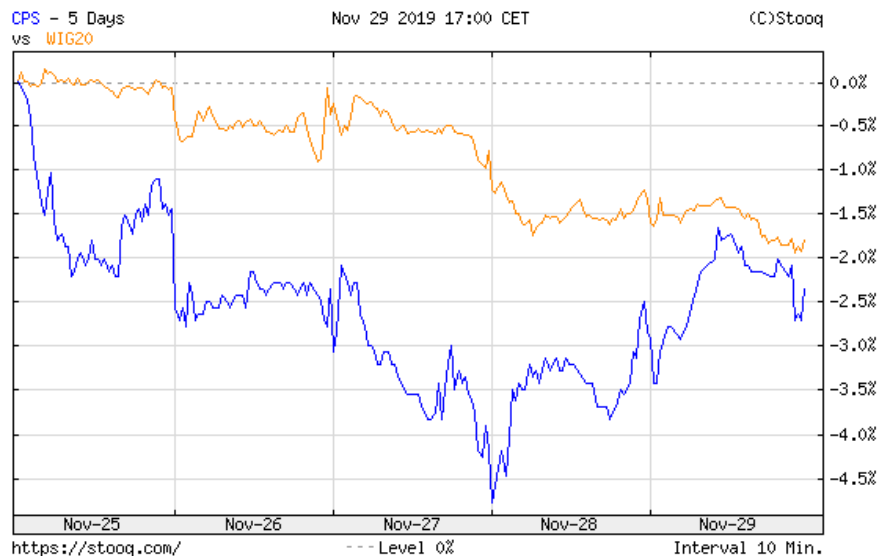
The Additional Facility bears interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the Additional Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin, with the maximum margin level applicable when the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.50:1, and the minimum margin level applicable when that ratio is no higher than 1.50:1. The final repayment term for the Additional Facility is March 31, 2023. The Additional Facility will be repaid in one bullet installment on the final repayment date.

The receivables arising under the Additional Facility are secured by the same package of security interests and guarantees extended by some of the Company’s group members as granted under the Facilities Agreement.

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-11-25	28.70	27.90	28.18	- 1.47	10.44
2019-11-26	28.18	27.60	27.92	- 0.92	39.10
2019-11-27	28.08	27.34	27.40	- 1.86	10.00
2019-11-28	27.94	27.20	27.78	1.39	3.71
2019-11-29	28.14	27.56	27.92	0.50	6.60



Investor's calendar



3 – 4 December 2019	WOOD's Winter Wonderland - EME Conference in Prague 2019
27 February – 12 March 2020	Closed period prior to the publication of 2019 results
12 March 2020	Annual report and consolidated annual report for 2019
30 April – 14 May 2020	Closed period prior to the publication of Q1 2020 results
14 May 2020	Quarterly report for Q1 2020
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