



# Cyfrowy Polsat IR Newsletter

27 November – 10 December 2017



**Parkiet**

29 November 2017

## **Telecoms: Prices of Internet access will go down**

*by ziu*

The “Roam like at home” EU regulation provides for a gradual reduction of the maximum wholesale rate for data usage while roaming on the territory of the EU. Until the end of this year the rate is EUR 7.7 per gigabyte. From January it will decrease to EUR 6 per gigabyte. Wholesale rates determine the ceiling for retail rates.

Mobile operators have the duty of informing their customers of rate changes at least one month in advance of the effective date of such changes. Polkomtel, the operator of Plus network, was first to inform its subscribers of the planned change, indicating that the price per 1 megabyte of data will decrease from PLN 0.04 to PLN 0.03.

The telecom has not implemented additional charges, for which it had obtained the consent of the Office of Electronic Communications (UKE). The charges are intended to stop the losses that telecoms may incur when offering roaming services. Cyfrowy Polsat stated that the loss that it had incurred in Q3 2017, as a result of the implementation of the “Roam like at home” principle, was PLN 62 million. Orange incurred the biggest loss among listed telecoms, i.e. PLN 73 million. Consent to charging additional fees has also been obtained by Play. Telecoms are postponing the introduction of these additional charges.

**Rzeczpospolita**

30 November 2017

## **Exploiting legal tricks in the war for the valuable mobile spectrum**

*by Urszula Zielińska*

On Wednesday, 29 November, the Office of Electronic Communications (UKE) informed that it rejected T-Mobile’s motion for the cancellation of spectrum reservation decisions issued for Cyfrowy Polsat Group. It is yet another step in the 10-year-long dispute for the spectrum from the 1800 MHz band which is currently owned by Cyfrowy Polsat Group.

It seemed that the dispute ended when the courts confirmed that T-Mobile Polska was right when it sought cancellation of the tender from 2007. UKE, who is responsible for radio spectrum management, did in fact cancel the tender but for the time being the decision has no actual consequences.

T-Mobile disagrees with UKE’s most recent decision. It intends to ask the UKE President to review the case since in its opinion only cancellation of the tender process coupled with the revoking of spectrum reservation decisions, would enable the ruling to be fully implemented, and hence it would bring the issue of the 1800 MHz spectrum reservation to conformity with the law.

UKE is defending its position by saying that the decision of its President, Marcin Cichy, cancelling the tender, is not yet legally-binding. Cyfrowy Polsat Group companies filed appeals against the decision. Furthermore, according to UKE, the results of the tender would have to be changed to allow a new reservation decision to be issued, while cancellation of the tender alone does not mean a change of its results. What is more, according to the Telecommunication Law, cancellation of reservation decisions becomes impossible once 10 years elapse since the date of delivery of these reservation decisions to Cyfrowy Polsat Group companies.

The other important topic is the 450 MHz band in which Orange gave up its spectrum reservation this year. So far UKE has not announced a tender for the released spectrum since it wants to put a bigger amount of spectrum on the block than what had been released by Orange. The regulator announced that the tender should be expected in Q1 2018.

Rzeczpospolita  
4 December 2017

## **Folx - new mobile virtual operator on Play's network** *by ziu*

Folx has been established by people so far connected with the operator of Play. It uses Play's infrastructure, has the same address and the management of Beta, the company which manages the enterprise, includes members of the supervisory board of P4, related to the main shareholders of Play.

An invitation is required to use Folx. Users are offered an account management application linked to a credit card. The regulations of Folx indicate that the application is an offer of a relatively attractive - pricewise - package of telecommunication services in exchange for knowledge about the user's activities and the possibility of using it for marketing purposes.

telko.in  
5 December 2017

## **Orange signs redundancy agreement** *by Tomasz Świderek*

Orange Polska signed a social agreement with trade unions for the years 2018-2019 which covers, among others, the voluntary redundancy scheme. In the years 2018-2019, the voluntary redundancy scheme will cover no more than 2,680 employees of the telecom. This is by 31% more than in the years 2016-2017. The agreement also envisages that both in 2018 and 2019 the base salary in the company may grow by 2.5%.

At the end of September 2017, Orange Polska had 14,818 employees.

Puls Biznesu

5 December 2017

## Zygmunt Solorz consolidates media

by Marcel Zatoński

Cyfrowy Polsat informed about submitting a purchase offer for Netia's shares to Mennica Polska, a company listed on the Warsaw Stock Exchange, owned in nearly 50% by the billionaire Zbigniew Jakubas, and from the closed-end investment fund FIP 11 FIZAN, also associated with the aforementioned investor. Cyfrowy Polsat is to buy the entire package from the former entity and a part of the package held by the latter entity, in order to achieve 33% of votes minus one share at the general meeting of shareholders. The proposal has been accepted by both parties. Cyfrowy Polsat announced that it intends to announce a tender offer for the sale of Netia's shares under which the group is to achieve a maximum of 66% of votes at the general meeting of shareholders.

*"To us Netia represents valuable infrastructure, attractive client base and entry point to an entirely new market. It is a potential amalgamation of two perfectly complementary businesses and a natural step in the development of our Group, one that will let us offer our existing and future clients new services and add attractive new elements to our package of integrated services available for all Poles,"* says Tobias Solorz, CEO of Cyfrowy Polsat, quoted in the company's press release.

Cyfrowy paid PLN 5.77 per share, which translates in to a total value of the transaction of PLN 638.7m. This price considerably exceeds the closing price on Monday and the average price over recent months. On Monday, one share of Netia traded at PLN 4.24. Polsat is paying a premium, because it expects substantial synergies. The company estimates that the synergies in the years 2019-23 may reach PLN 800m. Furthermore, Netia has a good financial standing.

Cyfrowy Polsat, which built its power on satellite TV and mobile telecommunications, hopes to extend its offer with fixed Internet thanks to Netia. Netia has 20 thousand kilometres of backbone fibre optic network, infrastructure in nearly 50 biggest Polish cities and a network passing 2.5m locations. This is nearly 1 million customers to whom additional services of Polsat Group could be offered in bundles.

On Monday, Cyfrowy Polsat also informed that it purchased – for ca. PLN 103m – from ZPR Media owned by Zbigniew Benbenek, 100% shares in companies which own the television channels Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music. Cyfrowy Polsat will also acquire a 34% stake in Fokus TV and Nowa TV, available under DTT in Poland, with the right to purchase another 15% of shares. The purchased channels had PLN 70m of revenues last year, and their total audience share in Poland is ca. 3%. Cyfrowy Polsat estimates that thanks to this transaction it will generate PLN 15m of synergies per year.

Rzeczpospolita  
6 December 2017

## Cyfrowy Polsat and Zygmunt Solorz made a tender offer for Netia's shares

by Urszula Zielińska

Cyfrowy Polsat Group and its founder Zygmunt Solorz will jointly spend over PLN 1.4bn on the acquisition of the fixed-line telecommunication operator Netia and TV channels belonging to ZPR Group.

After settling the block transactions, under which Cyfrowy Polsat acquired ca. 32% of Netia's shares, the Company announced a tender offer for the sale of 119.3m shares, that is ca. 34% of the shares of the fixed-line telecom. The price per share in the tender offer amounts to PLN 5.77, that is the same amount that Cyfrowy Polsat paid for every share purchased from Mennica Polska and the closed-end fund 11 FIZ. Subscriptions for the sale of shares will be accepted from 30 January to 5 March 2018. The tender offer envisages a possibility of extending subscriptions until 29 May 2018.

Under the tender offer, the shares will be purchased by Cyfrowy Polsat and a special purpose vehicle Karswell, owned by the founder of Polsat - Zygmunt Solorz. Cyfrowy Polsat will spend nearly PLN 200m to cover the cost of the tender offer, whereas the remaining PLN 490m will be paid by Karswell. This structure is related to the restrictions resulting from the company's financing agreements. After obtaining relevant corporate approvals, Karswell will sell Netia's shares to Cyfrowy Polsat.

The success of the entire operation depends on obtaining the consent of the Competition and Consumer Protection Office (UOKiK). According to the representatives of Cyfrowy Polsat, the situation of the Company is different than in the case of UPC and Multimedia, which operate on the same markets.

The multimedia market is currently in flux. This year MCI Group acquired ATM. UPC and Multimedia are awaiting consent for the transaction. On Tuesday, an investment fund from the Australian group Macquarie announced the purchase of Inea, a telecom based in Wielkopolska. Next year, T-Mobile is planning to introduce an offer based on optic fiber and the lock-up on Play's shares held by its main owners will expire.

telko.in  
6 December 2017

## Court supports PLN 8.7m penalty for Polkomtel

by Marek Jaślan

The Court of Competition and Consumer Protection (SOKiK) dismissed Polkomtel's appeal and supported the argumentation of the Competition and Consumer Protection Office (UOKiK), which imposed a PLN 8.7m penalty on the operator.

The case concerns the decision of December 2014, when UOKiK decided that Polkomtel violated the collective interest of consumers.

Practices questioned by the Office concerned, among others, making it difficult for consumers to exercise their rights of withdrawal from an agreement concluded remotely, making it difficult to terminate an agreement, providing unreliable information regarding the right to withdraw from an agreement, exposing customers to excessive contractual penalties.

www.pb.pl  
6 December 2017

## Moody's positive on Netia acquisition by Polsat

by Kamil Kosiński

According to Moody's rating agency the planned acquisition of Netia and the investment into several TV channels will not adversely affect Cyfrowy Polsat's business risk profile.

*- The deal will only postpone by approximately a half year the company's deleveraging trajectory we previously anticipated. Were the offer to be successful, we anticipate the purchase price to be manageable within Polsat's current ratings and outlook and in the context of Polsat's earnings, cash flow, debt and liquidity levels – Moody's analysts wrote in a report.*

Moody's believes that the transactions are credit positive for Zygmunt Solorz's company, as they enhance Cyfrowy Polsat's role as a convergent media-and-telecommunications platform.

*- The impact on Polsat's gross leverage is limited because of the low leverage at Netia and due to Polsat's partial financing of the acquisition from its own cash resources – say Moody's experts.*

Moody's anticipates limited risk of blocking the Netia acquisition by the regulator, as current businesses of Cyfrowy Polsat and Netia do not overlap. Netia is a fixed-line telecommunications operator, whereas Cyfrowy Polsat is a DTH pay TV platform, broadcaster of DTT television and the operator of Plus mobile network.

# Recent events



Current reprot no. 22  
4 December 2017

Disclosure of delayed inside information regarding efforts commenced by Cyfrowy Polsat S.A. to prepare assumptions and a potential structure for the acquisition of a controlling stake in Netia S.A. representing no more than 66% of the total number of vote

[Read report>>](#)

Current reprot no. 23  
4 December 2017

Disclosure of delayed inside information regarding taking action aimed at effecting the transaction consisting in the acquisition of a block of shares in the company Netia S.A., accounting for not more than 66% of the total number of votes at the Netia

[Read report>>](#)

Current reprot no. 24  
4 December 2017

Disclosure of delayed inside information regarding the acceptance of the proposals to sell shares of Netia S.A. by its significant shareholders

[Read report>>](#)

Current reprot no. 25  
4 December 2017

Satisfaction of conditions precedent for preliminary agreements to sell shares of Netia S.A. and placement of purchase orders for shares of Netia S.A.

[Read report>>](#)

Current reprot no. 26  
5 December 2017

Announcement of a tender offer to place subscriptions for the sale of shares in Netia S.A. by Cyfrowy Polsat S.A.

[Read report>>](#)

Current reprot no. 27  
6 December 2017

Notice of intention to conduct a cross-border merger by acquisition between Cyfrowy Polsat S.A. and Eileme 1 AB (Publ)

[Read report>>](#)

Current reprot no. 28  
6 December 2017

Information on convening the Extraordinary General Meeting of Cyfrowy Polsat S.A. on January 9, 2018

[Read report>>](#)

Press release  
4 December 2017

## **Polsat Group to boost its TV segment. Telewizja Polsat with new channels from ZPR Media Group**

Polsat Group continues its development strategy for the television production and broadcasting segment as, pursuant to an agreement executed with ZPR Media Group, it acquires 100% of shares in the companies owning Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music TV channels, as well as a 34% stake in the company owning Fokus TV and Nowa TV stations, and concluded a preliminary share purchase agreement pertaining to further 15% of shares in that company to be acquired in the future. The total value of the transaction is circa PLN 103 million and it will be financed from the Group's own funds. The transaction will reinforce the position of Polsat Group, a group owned by Polish capital, against international and local competitors on the Polish media market.

Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music TV stations will significantly strengthen the music programming in Telewizja Polsat and cooperation with Nowa TV and Fokus TV channels will complement its comprehensive program range. All stations have a strong market presence and solid viewership: in total circa 3% in the commercial group during the first ten months of this year.

[Read more>>](#)

Press release  
4 December 2017

## **Planned strategic investment of Grupa Cyfrowy Polsat – acquisition of a block of shares in Netia. New services, new market and boost to implementation of a convergent operator strategy**

Cyfrowy Polsat placed purchase orders for a combined block of approximately 32% of shares in Netia from its two major shareholders. The total purchase price has been set at PLN 638.8 million. Cyfrowy Polsat intends also to announce a tender offer in order to achieve a stake of no more than 66% of the total number of votes at the General Meeting of Netia. Cyfrowy Polsat Group, the largest Polish privately owned company based on Polish capital, is pursuing another strategic investment aimed at expanding its multiplay offer and boosting the implementation of its convergent operator strategy.

[Read more>>](#)



# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2017-11-27	24.99	24.47	24.80	-0.44%	7.91
2017-11-28	24.93	24.45	24.60	-0.81%	10.16
2017-11-29	24.75	24.31	24.58	-0.08%	14.30
2017-11-30	25.22	24.40	24.93	1.42%	27.68
2017-12-01	25.14	24.26	24.33	-2.41%	15.52
2017-12-04	24.82	24.13	24.45	0.49%	6.70
2017-12-05	25.89	23.88	25.62	4.79%	32.88
2017-12-06	25.51	24.22	24.40	-4.76%	23.24
2017-12-07	24.65	23.50	23.79	-2.50%	22.83
2017-12-08	24.28	23.88	24.00	0.88%	17.69



# Investor's calendar



9 January 2018

CPS: Extraordinary General Meeting

