



Cyfrowy Polsat IR Newsletter

4 – 10 February 2019



N E T I A

Telko.in
4 February 2019

Rz: CEO of Exatel presents the concept of the wholesale 5G network

by J.A.

In the opinion of Exatel's CEO, construction of one network shared by many operators would be the best solution in case of 5G network rollout. Such a solution should be based on public private cooperation. Telecoms could contribute or made available their infrastructure in exchange for access to the network, whereas the state would resign from the sale of frequency in exchange for a different model of fees.

According to Exatel's CEO, in such a model the costs related to the rollout of the 5G network would be reduced by half, which would translate into lower price for the end-user. On top of that, a common network would mean a few times lower electromagnetic radiation and covering the entire territory of Poland with Internet.

The cyberspace independence is also an important aspect. In the opinion of Exatel's CEO, telecoms operating in Poland may not withstand the pressure for price reduction with simultaneous need of incurring substantial capital expenditures. This creates a risk of taking over these operators by the biggest global players who would de facto control the cyberspace.

Telko.in
5 February 2019

700 MHz available from mid-2022?

by Łukasz Dec

The Ministry of Digital Affairs has published an invitation to the public update of the national action plan for 700 MHz frequency band. The update is required due to the postponement until mid-2022 of the final deadline for releasing this band for the needs of mobile services.

Poland applied for an extension of the aforementioned deadline due to the difficulties with reaching agreement regarding this band with its Eastern neighbors who use 700 MHz frequency for the needs of television and transponder systems.

So far, Poland has reached a relevant agreement with Ukraine and Belarus, whereas Russia has not provided the final deadline for migration of the radio and television broadcasting and evades international agreements. Interferences from radio stations of the Kaliningrad district may reach even one-third of the territory of Poland in case of using 700 MHz band by the Polish mobile networks.

Telko.in
6 February 2019

The Polish Chamber of Commerce for Electronics and Telecommunication (KIGEiT) criticized the basis for regulation of cable installations in buildings

by Łukasz Dec

The Polish Chamber of Commerce for Electronics and Telecommunication (“KIGEiT”) criticized the report of the Office of Electronic Communications (“UKE”) which analyzes the status of sharing telecommunication installations in buildings. This document is one of the bases for regulation of the access to installations in buildings planned by UKE.

KIGEiT points out that the report failed to take into account comments reported by the KIGEiT at the analytic stage. Furthermore, KIGEiT mentions numerous cases of report’s non-compliance with the specification of the terms of public tender.

Rzeczpospolita
7 February 2019

IBRiS survey

by Zuzanna Dąbrowska

The new IBRiS survey presents the opinions of respondents about the reliability of news services in Poland. The main news program of Polsat - “Wydarzenia”, received the best score and had 59.3% of positive opinions. Over 45.7% of respondents believe that Polsat News is a reliable source of information, and only 12% of respondents take the opposite view.

Parkiet

8 February 2019

Polsat, like a solid bank, can afford an attractive dividend payout

by Urszula Zielińska

| *Interview with Zygmunt Solorz*

| *The founder and main shareholder of Cyfrowy Polsat talks with Urszula Zielińska about plans for the company*

What are your plans, as the main shareholder, for Cyfrowy Polsat Group? I am thinking in particular about ownership changes, maybe allowing a new shareholder into cooperation?

“My intention is for the company to remain in the hands of my family for generations. That is why – which is a well-known fact – I decided a few years ago to indirectly transfer my shares of Cyfrowy Polsat to a family foundation the legal structure of which prohibits the sale of the controlling block of shares. I want my children and grandchildren to function in the business I have created, but our main role is to perform an ownership supervision at the Supervisory Board level. I have entrusted management of my company to proven and trusted managers whom I have known for many years and who have efficiently and effectively managed my firms.”

I am asking about the plans, because Cyfrowy Polsat announced changes in the Management Board, including handing over the reins of the company to Mirosław Błaszczyk and moving of your son Tobias to supervision. Why now? Was giving the reins to your son a few years ago premature?

“We have made this decision jointly. Tobias has led the Group for a few years, much longer than many other CEOs in many other companies. And as I have already mentioned, our role – that is mine and my sons’ Tobias and Piotr – is performing the ownership supervision at the Supervisory Board level. What is most important is the fact that Polsat Group has been prepared for further development and new challenges and that it has remained the only Polish company among big entities on the media and telecommunications market.”

What goals do you set for the new head of Cyfrowy Polsat?

“Our goal is definitely to further develop and strengthen the position of the biggest Polish group on the media and telecommunications market and, of course, to continue an effective financial policy and debt reduction. All this looked very well in the past few years. From the business point of view, Cyfrowy Polsat has become a very stable and predictable enterprise and – what is of key importance – it provides recurring financial results. One can say that it is like a solid bank. And such an institution not only can but, in my opinion, should ensure recurring returns for its shareholders, like for instance in the case of bank deposits with good or even high interest rates.”

Convenience translation, link to the original interview :

<https://www.parkiet.com/Ludzie-ryнку/302089999-Zygmunt-Solorz-Polsat-jak-solidny-bank-stac-na-atrakcyjna-dywidende.html>

What do you mean?

“Of course, I am talking about the dividend. I have already informed the Management Board of Cyfrowy Polsat about my intentions. I suggested that it should change the current dividend policy of the company and consider a proposal of paying out to the shareholders nearly two billion zloty within the next three years. Or more precisely, my recommendation is to pay out well above half a billion zloty per year to shareholders. This should be the minimum of 4% of the average capitalization of the company as of December 2018, that is nearly PLN 3 per share in total for three years.”

Some people may be surprised that on the eve of the frequency reservation tenders and 5G network rollout you decide to make such a move. How do you intend to reconcile investments and – if I understand it correctly – higher dividend payout than expected by the market based on the current dividend policy?

“In my opinion the Group would be able to develop organically and accomplish its goals while and at the same time it has the potential to share nearly PLN 2 billion with shareholders within the next three years.”

When you explained the changes in the Management Board of Cyfrowy Polsat, you said that the Group had to be prepared to face new challenges. What challenges and what actions did you have in mind?

“Once my intuition told me that the symbiosis of media and telecommunications would be the future. When I acquired Polkomtel I said that LTE would be available across the entire Poland. And now I believe that each household and each family in Poland should have access to the fast broadband Internet. I was right in the first two cases, and now we would like to make another step - to deliver the fast Internet to every house or apartment in Poland. We would also like to strengthen our position on the content market, to be able to deliver content together with our Internet access.

The way of content distribution is changing. Although we have such global companies like Google or Facebook, our advantage lies in the perfect knowledge of the Polish market and our ability to properly recognize the needs of Polish viewers or Internet users. Therefore, we want to deliver Internet to every Polish household, along with reach and diverse content, both international and national one, starting from sport through movies, TV series, kids and family programs.”

What is your view about 5G technology and network? Is it the main topic for Polkomtel which belongs to Cyfrowy Polsat Group?

“We focus on the topics which I have already mentioned, that is delivery of Internet access and our content to every household in Poland. As regards 5G, our position is that in order to ensure a fast and efficient implementation of this technology in Poland, we must consider only one network and one infrastructure. In particular given the fact that one network means four times less transmitters and the related problems than it would be if each of four operators wanted to build their own independent networks. Discussions are in progress and we will see what comes of it. It is definitely a very important project also from the point of view of the state’s interest, therefore we should not look at this solely in terms of interest of individual operators, especially bearing in mind that two of those operators indirectly have governments of foreign states among their shareholders.”

Do you believe that the concerns regarding Chinese company - Huawei, which delivered some elements of infrastructure also to your Group, expressed by various countries are justified?

“It is difficult for me to assess decisions made by other countries and the reasons behind their actions. There is currently a certain competition taking place at the global level and as we see this competition has not omitted Poland. I do not know what will come of it. We had a spectacular case of arrest in Poland related to Huawei, but as in any other business one should approach it carefully, keeping cool head.”

Let’s assume, however, that the government forbids using Huawei products in Poland. What would this mean to Cyfrowy Polsat? Huawei argues that the costs of infrastructure would be much higher.

“First of all, we have many suppliers and we are not dependant on one supplier only. But let me repeat, a strategic and rational approach to this issue is required.”

Naspers decided to close Showmax service in Poland. What will happen next with it?

“First of all, as regards Showmax, I do not see any reason to acquire the entire company or application. In my opinion, its programming library could be interesting to the Cyfrowy Polsat Group, since – as I have already mentioned – we would like to deliver high quality content. And part of the Showmax offer would be definitely attractive to our viewers.”

Radio Zet has been put up for sale, did your Group submit any bid for this radio station?

“To be honest, the price terms which were mentioned in the media, would make this investment unprofitable from the point of view of Polsat Group.”

And maybe Cyfrowy Polsat plans to dispose a part of its assets, for instance infrastructure, or outsource its management to another entity?

“Never say never in business, but according to my knowledge, at the moment there is no specific plan in this respect. Even if the Group decided to sell the infrastructure, the Group would still have the guaranteed access to it. Furthermore, thanks to this Cyfrowy Polsat, for instance, would be able to repay and substantially reduce its debt, which would have a positive impact on financial results. However, ensuring and guaranteeing access to the appropriate infrastructure will be always of key importance to us. And whether it is our own, external or - as in the case of 5G network – common or public infrastructure, is of secondary importance here.”

You were mentioned in the context of the so-called KNF (Polish Financial Supervision Authority) affair. How did this end?

“We have already said what we had to say.”

Does the politics stand in the way of running the television business and ensuring objectivity of the station?

“No, why? Polsat – and I am very pleased with this – is regarded in public opinion surveys as the most objective and reliable television station in Poland. We have nothing to worry about. We face a very harsh political dispute in Poland and there is no reason for Polsat to get involved in this conflict.”

Current report 4/2019
7 February 2019

Information regarding a letter from the representative of the majority shareholder on dividend policy of Cyfrowy Polsat

Pursuant to the internal reporting standards, adopted at the level of Cyfrowy Polsat S.A. (the “Company”, “Cyfrowy Polsat”) and the Company’s capital group (“Cyfrowy Polsat Group”), and in order to ensure complete and fair communication with the participants of the capital market, the Management Board of the Company informs that on February 7, 2019 it received a letter from Mr. Zygmunt Solorz, acting on behalf of the majority shareholder of Cyfrowy Polsat, with a request that the Management Board considers changes to the dividend policy of the Company.

Mr. Zygmunt Solorz proposed that the dividends to be paid to the Company’s shareholders during the nearest three years would amount to at least approximately PLN 1.8 billion in total.

In particular, the request includes that an annual dividend amount is set at a level of at least 4% of the average capitalization of the Company from December 2018, i.e., approximately PLN 0.93 per share. The nominal annual amount of the new dividend, calculated in such a manner, could be paid by the Company in three consecutive years.

In the opinion of Mr. Zygmunt Solorz, Cyfrowy Polsat Group, which has been built for a number of years by joint effort and with significant support from minority shareholders, has today solid foundations represented by sound assets and recurrent cash flows. Simultaneously, the very good relations with the banks and Cyfrowy Polsat’s bondholders, which have been built for many years, grant the Company an access to financing of its further development. Furthermore, Mr. Zygmunt Solorz informed that he has received repeated suggestions from the minority shareholders of Cyfrowy Polsat concerning distribution of the Company’s profits, which has been on a relatively low level since the moment of acquiring Polkomtel company back in 2014. According to Mr. Zygmunt Solorz, the dividend based on the above assumptions shall represent a sound compromise between fair and recurrent distributions to the Company’s shareholders and its further deleveraging.

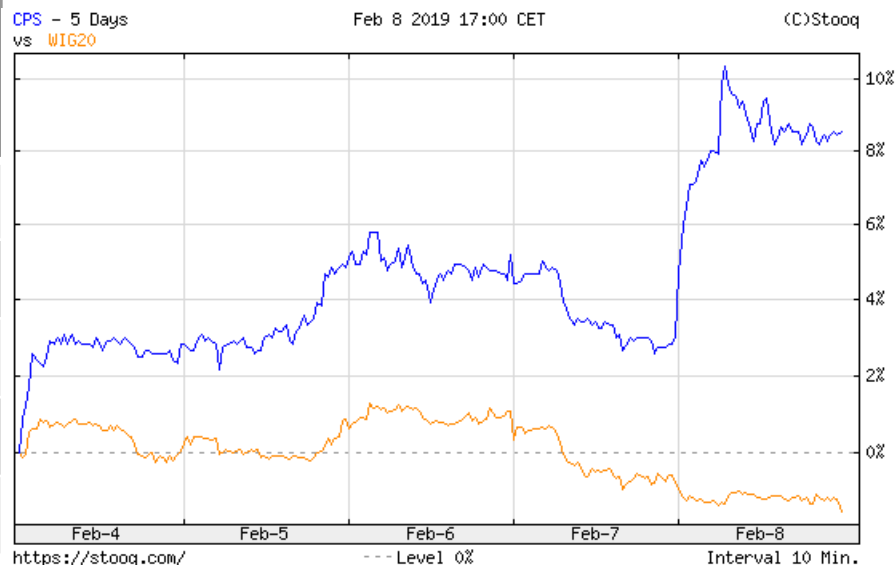
The Management Board of the Company informs that, in response to the above mentioned letter, it shall review the plans of Cyfrowy Polsat Group with an aim to evaluate possibilities of allocating the cash resources to accommodate expectations with respect to dividend payments expressed by the representative of the majority shareholder.

After performing the evaluation, the Management Board shall review the existing dividend policy of the Company for its potential modification. The Management Board shall ensure that the new dividend policy does not interrupt the concept of the Company’s development. The Management Board estimates, that the verification process shall be completed in March 2019.

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minimum price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-02-04	24.34	23.60	24.26	2.28	7.32
2019-02-05	24.80	24.10	24.74	1.98	19.41
2019-02-06	24.98	24.52	24.82	0.32	6.35
2019-02-07	24.84	24.14	24.30	- 2.10	6.48
2019-02-08	26.26	24.32	25.60	5.35	29.58



Investor's calendar



28 February – 14 March 2019	Closed period prior to the publication of 2018 results
14 March 2019	Annual report and consolidated annual report for 2018
19 March 2019	PKO BP: CEE Capital Markets Conference - London 2019
20 March 2019	Citi's 19th Annual European & Emerging Markets Telecoms Conference, London
1 – 3 April 2019	Raiffeisen Centrobank's Investor Conference, Zürs 2019
2 – 16 May 2019	Closed period prior to the publication of Q1 2019 results
16 May 2019	Quarterly report for Q1 2019
15 – 29 August 2019	Closed period prior to the publication of H1 2019 results
29 August 2019	Consolidated semi-annual report for the 1st half of 2019
24 October – 7 November 2019	Closed period prior to the publication of Q3 2019 results
7 November 2019	Quarterly report for Q3 2019