



Cyfrowy Polsat IR Newsletter

4 – 11 November 2019



N E T I A

**Dziennik Gazeta
Prawna**
4 November 2019

Telecommunication cartel did not exist

by Patryk Słowik

The Supreme Court has ruled the dispute with the Office of Competition and Consumer Protection (“UOKiK”) in favor of the mobile operators. UOKiK claimed that telecoms allegedly reached an unlawful agreement during the tender for reservation of frequencies which enable, among others, reception of television services on a mobile phone in digital technology (DVB-H). In 2011, UOKiK imposed sanctions on mobile operators in the form of financial penalties totaling PLN 113m (the value of penalties for each operator would amount to: Orange: PLN 35m, T-Mobile: PLN 34m, Plus: PLN 33.4m and Play: PLN 10.7m, respectively).

Two entities took part in the tender for reservation of the above mentioned frequencies: Info-TV-FM company and Mobile TV, a consortium specially established for this purpose by four main operators. The winner of the tender, Info-TV-FM, had to conclude agreements with operators in order to be able to start provision of services to individual operators. However, the operators have lost interest in the DVB-H technology, which in the opinion of UOKiK was a result of agreeing between themselves how to proceed with regard to the tender’s winner. The Supreme Court disagreed with this stance, thus supporting the position of the Competition and Consumer Protection Court and the Court of Appeal in Warsaw which had resolved this case before.

Parkiet
8 November 2019

T-Mobile saves and automates

by Urszula Zielińska

In Q3 2019 T-Mobile Polska generated PLN 1.61bn of revenue (- 4.5% YoY) and PLN 423m of EBITDAal (operating profit before tax and financial expenses increased by depreciation and leasing costs, + 3.4% YoY).

The operator claimed that the reduction of revenue was related to the decision about discontinuing the wholesale trade of devices such as smartphones. At the same time, the telecom pointed to the improved sales structure resulting from the growth of revenue from mobile services.

T-Mobile Polska expects to achieve a higher EBITDA result for the entire 2019 than in the previous year. The operator announced headcount reduction by the end of Q1 2020 at the level of 294 FTEs.

Press release

7 November 2019

Summary of Q3 2019 results of Cyfrowy Polsat Group

Introduction of the OTT web TV, a new package of Polish Ekstraklasa football premiership, strong sales results for mobile telephony and smartphones, signing a joint venture agreement with Discovery and TVN with intention to create a joint OTT platform

Cyfrowy Polsat Group ended Q3 2019 with revenue at the level of PLN 2.9bn, EBITDA profit amounting to PLN 1bn and 35% EBITDA margin. Operating results in both segments of its business improved and the consistent development of multiplay services translated into the growth of an average revenue per customer and a very high customer loyalty, once again expressed by a churn at a record-low level of 6.8% annually. High growth of revenue and a stable EBITDA result enabled the Group to share the generated profit with its shareholders.

*“It is another quarter with very good results, both in the area of sales and finances. Third time in a row, the number of contract services which we provide to our customers increased by half a million – we now provide nearly 14.6 million such services and nearly 2 million of our customers use multiplay offers”, says **Miroslaw Błaszczyk, the CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.** “Such an effective execution of the multiplay strategy, that is upselling of more services to our existing customers, translated into a slightly faster, than the last time, growth of the average revenue per customer – by 1% to the level of PLN 84.8 – and once again a record-low level of churn – which amounted to only 6.8% annually.”*

*“We consistently implement our strategic idea which has been announced recently: >>Television – for Everyone. Everywhere. Internet – for Everyone. Everywhere. Telephone – for Everyone. Everywhere <<. Soon after introducing cable TV in IPTV technology we presented the next novelty, i.e. OTT web TV with EVOBOX Stream set-top box. This service, enabling 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, generates very promising sales results” says **Maciej Stec, Vice President of the Management Board for Strategy at Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.***

“We have extended our premium sports offer with Canal+ Sport 3 and 4 channels, ensuring for our football fans – in addition to the UEFA Champions League and UEFA Europa League as well as the best European leagues available on Eleven Sports channels – also a possibility to watch the matches of Polish PKO BP Ekstraklasa football premiership. A new IPLA PREMIUM package offered in IPLA continues to gain interest. Under the package, the viewers will find their favorite TV series with early access, thousands of Polish and foreign movies, including box office hits, plus hundreds of kid cartoons, entertainment, information, journalism and popular science content. Conclusion of a joint venture agreement

Recent events



with Discovery and TVN regarding the launch of a joint OTT streaming platform was another step we took on a path to development of the digital entertainment. We are pleased that we take part in a project which may become a real alternative to international streaming services. Our ambition is to ensure that this platform offers the best and top quality technological solutions. It is particularly important that this challenging project may come to fruition in Poland. Thanks to this, Polish content will have an opportunity to reach also international audience”, adds **Maciej Stec**.

“It is another very good quarter for Polsat TV, among others thanks to a very successful and popular Autumn programming offer, in which both continued and new formats have proven themselves. Both we as a Group and the main channel Polsat were at top spots in terms of audience shares in the commercial viewer group, in line with our long-term strategy. Whereas our revenue from TV advertising grew in both periods - by 3.7% in Q3 2019 and by 1.7% during 9 months of 2019 - in a situation of a slight decline of the entire TV advertising and sponsoring market in the above mentioned 9-month period”, says **Stanisław Janowski, the CEO of Telewizja Polsat Sp. z o.o.**

Major financial figures for Q3 2019 (excluding IFRS 16):

Revenue: PLN 2.9 billion	EBITDA: > PLN 1 billion
Net profit: PLN 236 million	EBITDA margin: 35%
Free Cash Flow for the 12-month period: ca. PLN 1.3bn	Total Net Debt/EBITDA LTM ratio: 2.62x (excluding IFRS 16; including the payout of the first instalment of this year’s dividend)

“We show very strong financial results for Q3 2019 which meet expectations of market analysts. The Group’s revenue amounted PLN 2.9 billion, EBITDA exceeded PLN 1 billion, while the net profit reached nearly PLN 240 million. The results of the segment of services provided to residential and business clients reflect: positive impact of the sale of smartphones, stabilization of Netia’s EBITDA result as well as investments into premium sports content, including the purchase of broadcasting rights to channels airing the PKO BP Ekstraklasa football games. The operations of the TV broadcasting and production segment were characterized by a balanced programming policy and an investment policy matching the revenue generation opportunities, with a sustained positive impact of extension of the wholesale offer of Polsat TV with new channels, including sports channels”, says **Katarzyna Ostap-Tomann, the Management Board Member responsible for financial matters at Cyfrowy Polsat S.A., Polkomtel Sp. z o.o.**

Recent events



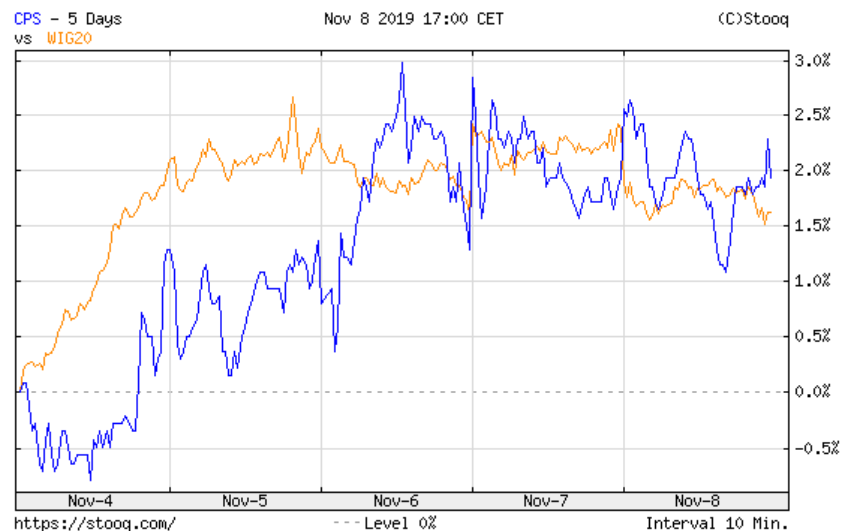
“Growing revenues and healthy financial condition and structure of our Group allow us to reconcile the efficient reduction of the Group’s debt with dividend payment and investments. We repay the credit facility according to the schedule, and in October we paid out the second tranche of the dividend in the amount of PLN 307 million, while at the same time continuing our investments, both of CAPEX type as well as into TV content, which is to a great extent premium sports content, like e.g. channels airing matches of PKO BP Ekstraklasa football premiership, UEFA Champions League, Eleven Sports channels or volleyball,” sums up Katarzyna Ostap-Tomann. “Free cash flow is at a high level, which according to our previous announcements, remains under the influence of high smartphones sales to our customers. Due to the continuing strong demand, we will make sure that our offer of devices in the pre-Christmas period is also very attractive, which may require additional financial resources”, she adds.

[Read more>>](#)

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-11-04	28.58	27.88	28.52	2.96	15.79
2019-11-05	28.54	28.18	28.54	0.07	8.12
2019-11-06	29.02	28.12	28.52	-0.07	7.11
2019-11-07	29.00	28.54	28.70	0.63	6.47
2019-11-08	28.98	28.44	28.70	0.00	8.69



Investor's calendar



11 - 12 November 2019	Goldman Sachs Eleventh Annual CEEMEA One-on-One Conference, London
18 – 20 November 2019	Roadshow - New York/Boston

