



# Cyfrowy Polsat IR Newsletter

6 – 12 November 2017



**Rzeczpospolita**  
6 November 2017

## **Cable TV supermerger hanging by a thread**

*by Urszula Zielińska*

The merger of two, of the three biggest cable TV operators in Poland, namely of UPC Polska and Multimedia Polska, is becoming increasingly less likely, as indicated by unofficial information obtained by “Rzeczpospolita” daily.

Formally, the Office of Competition and Consumer Protection (UOKiK), who voiced its objections to the transaction in October pointing out that restriction of competition could occur in 15 cities, is now waiting for a proposal of concessions from UPC Polska. The cable operator has just exercised its right and postponed, by two weeks, the deadline for providing its response.

According to “Rzeczpospolita,” the regulator holds an analysis, developed by the President of the Office of Electronic Communications (UKE), in which UKE has proposed that consent be given to the transaction on the condition of UPC providing access to its cable network to competitors, with a simultaneous freeze of the retail prices in the Multimedia Polska offer, so as to prevent UPC from increasing prices for subscribers that it will “take over.”

The two offices declined to answer questions related to that opinion. The matter is subtle since from the formal point of view UKE is not a party to the proceedings, while the head of UOKiK is not willing to use the assistance of the UKE President. This year the two gentlemen have already sent signs indicating a lack of agreement between them.

**Parkiet**  
9 November 2017

## **Orange is considering job cuts**

*by Urszula Zielińska*

Orange Polska is preparing for discussions with its employees regarding the terms of another social contract. It is probable that the overall assumptions of this social contract will be presented next week while summing the implementation of the contract for the years 2016–2017 – according to “Parkiet” daily. The contract, which is in place until the end of this year, provides that Orange Polska will terminate employment contracts with a maximum of 1550 people as part of the voluntary redundancy program.

Since, in accordance with the strategy presented by Orange’s management board, by 2020 the group wants to reduce indirect costs by 12-15%, there is talk in the telecom industry that Orange will have to accelerate the pace of job cuts.

**Parkiet**  
9 November 2017

Most of the analysts inquired by “Parkiet” daily were of the opinion that the telecom will roughly stick to the scale of job cuts that it agreed on with the trade unions in 2015. As Dominik Niszczyński of Raiffeisen Centrobank has pointed out, Orange may reduce its costs in numerous areas, not only by cutting employment-related costs, hence the announced cost reductions is a combination of various other factors.

**PAP Biznes**  
9 November 2017

**T-Mobile Polska wants to invest in sales network and a improved customer care**  
by Patrycja Sikora

At a press conference the CEO of T-Mobile Polska, Andreas Maierhofer, said that the company’s goals for the coming quarters included the improvement of customer care quality, acquisition of new customers as well as development of the company’s own sales network.

*“We are definitely focused on investments rather than reductions. This is our strategy for the coming year. We will continue investing as long as it is needed so as to improve the quality of our services and be more competitive on the market. We want to achieve this by improving the quality rather than by reducing the prices. We are interested in offering good services at a reasonable price,”* added Maierhofer.

In Q3 2017 the company’s revenues fell by 1.2%, to PLN 1.6 billion. The number of customers decreased by 924 thousand yoy, to 10.297 million, as a result of a decrease in the number of prepaid service customers. The number of postpaid subscribers increased by 256 thousand yoy, to 6.797 million.

Adjusted EBITDA of T-Mobile Polska decreased by 30.9% in Q3, to PLN 375 million, while the EBITDA margin went down to 23.4% (33.5% less than a year earlier). Due to the EU roaming regulation, EBITDA took a PLN 58 million hit.

**Rzeczpospolita**  
10 November 2017

**Change of the leader among mobile operators**  
by Urszula Zielińska

In Q3 2017 Play surpassed its older competitors in terms of the number of mobile users, according to the estimates of “Rzeczpospolita” daily, based on recent figures published by telecoms and the Central Statistical Office. The youngest of the four big networks dethroned Orange Polska, whose customer base figures were hurt in recent quarters due to losses in the prepaid segment. The no. 3 spot is still held by Cyfrowy Polsat Group who published its data on Thursday, similarly

Rzeczpospolita  
10 November 2017

as did T-Mobile Polska, the no. 4 among mobile operators. After three quarters of this year Orange Polska had nearly 14.4 million SIM cards, Cyfrowy Polsat Group slightly over 11.9 million, while T-Mobile Polska – 10.29 million. Some 700 thousand SIM cards are potentially used by the customers of mobile virtual network operators.

The CEO of Cyfrowy Polsat, Tobias Solorz, underscored the importance of bundled services. After three quarters of 2017 Cyfrowy Polsat's multiplay offer was used by 1.44 million customers, while the convergent offers of Orange Polska attracted 1.19 million customers. T-Mobile announced that in 2018 it wanted to take on Cyfrowy Polsat and Orange in the area of convergent services. T-Mobile's CEO, Andreas Maierhofer, confirmed that next year the company is planning to enter the mass market with a fixed-line Internet access, and added that it was interested in fiber-optic access.

Puls Biznesu  
10 November 2017

## Telecoms paid for free roaming

by MZAT

Abolition of roaming charges for mobile network customers, which has been in place on the territory of the European Union since mid-June, has heavily hit the telecoms' bottom lines. Orange informed that the adverse influence of the new regulation was around PLN 70 million at the EBITDA level. On Thursday the figures were also published by T-Mobile Polska and Cyfrowy Polsat, the operator of Plus network.

*"In Q3 EBITDA decreased significantly in our case, by 30.9% yoy. We see a significant influence of the roaming regulation, which has caused a decrease of revenue and increase of costs. We estimate the impact at PLN 58 million,"* says Andreas Maierhofer, the CEO of T-Mobile Polska.

The situation is similar in the case of Cyfrowy Polsat who informed that the negative impact of roaming on its EBITDA was PLN 62 million.

*"The impact that the roaming regulation has on Cyfrowy Polsat's bottom line is essential but it wasn't something the market did not expect. EBITDA fell by 11.1% yoy, which is in line with forecasts. The effect of abolition of roaming surcharges for customers will for sure be visible in the operators' results over the next three quarters, but the scale will not be as big as in Q3, which is the time when Poles most frequently travel abroad. In addition, Cyfrowy Polsat's results were in line with the market consensus. The only positive element which could be underscored was the increase of the share in the TV advertising market, but because the market is very weak this year, this it will not have a significant influence on the company's bottom line,"* judges Sobiśław Pająk, analyst at DM BOŚ brokerage house.

Press release  
9 November 2017

## Cyfrowy Polsat sums up Q3 2017 - half a million new contract services and a quarter of the customer base using multiplay offer

Cyfrowy Polsat Group ended Q3 2017 with very good operating results in both segments, which means that it has been equally effective on telecommunication and pay TV markets as well as on the TV broadcasting market. The group posted solid financial results in spite of the adverse impact of the “Roam Like at Home” regulation and it has continued to generate very high free cash flow. Pursuit of consistent financial policy has contributed to upping of the Group’s corporate rating outlook by Moody’s Investors Service to positive.

### Major operating figures for Q3 2017

- Continued growth of saturation of the customer base with integrated services - 25% of the Group’s contract customers use the multiplay offer
- Stable base of 5.8 million contract customers
- Big growth of the number of contract services – by 512 thousand yoy, – to more than 13.5 million
- Prepaid base, which reflects the actual number of active users, remained stable at 2.9 million, while the segment’s ARPU demonstrated dynamic growth of 8% yoy, reaching PLN 20.2
- In Q3 both TV Polsat Group as well as the main TV channel were audience leaders in the commercial viewer group, with the overall share of 24.4%, which included 12% share held by Polsat’s main channel and 12.5% audience share achieved by the thematic channels
- Revenue generated by Telewizja Polsat Group from TV advertising and sponsoring on a stable market increased by 4% yoy, to PLN 231 million and as result the Group’s share in TV advertising market increased to 28.6%
- The Group posted very good and stable financial results:
  - Revenue: PLN 2.391 billion,
  - EBITDA: PLN 851 million

# Recent events



Press release  
9 November 2017

EBITDA margin: 36%,

- Net profit: PLN 235 million,
- Free cash flow: PLN 1.567 billion over a 12-month period,
- Overall net debt /EBITDA LTM: 2.83x.

*“The third quarter was, in our view, very good for our Group thanks to the consistent pursuit of the multiplay strategy in the segment of services provided to residential and business clients, as well as thanks to the very good audience results of Polsat Group channels. The positive effects of our efforts are demonstrated by the growing operating results in both segments and stable financial performance of the entire Group,”* says Tobias Solorz, CEO of Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.

[Read more>>](#)

Press release  
9 November 2017

## New quality from IPLA – watch content in 4K ULTRA HD

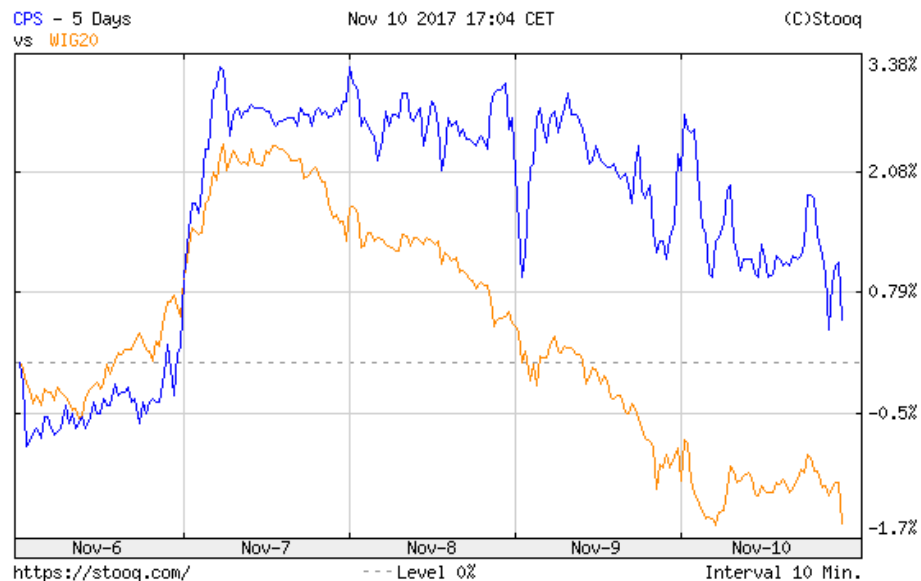
Once again IPLA is making a step forward to meet its users’ expectations – now they can enjoy access to materials in the 4K standard. 4K content, available in the WIEDZA category, includes series and films produced by National Geographic.

4K content is available on devices that support ULTRA HD resolution or higher.

# Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2017-11-06	24.98	24.58	24.85	1.43%	10.17
2017-11-07	25.69	25.04	25.55	2.82%	14.38
2017-11-08	25.66	25.28	25.50	-0.20%	11.88
2017-11-09	25.65	24.95	25.40	-0.39%	15.77
2017-11-10	25.65	24.85	24.93	-1.85%	14.02



# Investor's calendar



5 December 2017

WOOD's winter in Prague

