



Cyfrowy Polsat IR Newsletter

October 3 – 9, 2016



Media about us	Date	Media about the TMT market in Poland
<p>Parkiet: Changes in Cyfrowy Polsat and Netia <i>by ziu</i></p> <p>Mr. Zygmunt Solorz-Żak, the founder and the chief shareholder of Cyfrowy Polsat resigned from Cyfrowy Polsat's Supervisory Board. Mr. Tomasz Szeląg, the company's former board member responsible for finance, and Mr. Marek Kapuściński, a manager formerly working for Procter & Gamble group, were appointed by the company's Extraordinary General Meeting to the Supervisory Board.</p> <p>Changes were also announced in Netia. Cezary Chałupa, who was responsible for services for corporate clients, resigned from the management board.</p>	<p>3.10</p>	<p>Rzeczpospolita: Launch of huge contest for high speed Internet networks roll out <i>by Urszula Zielińska</i></p> <p>Centrum Projektów Polska Cyfrowa (CPPC, Digital Poland Project Center) has announced the biggest, in the 2014-2020 financial perspective, contest for operators rolling out networks for high speed Internet access. The amount at stake is PLN 3 bn. CPPC published only part of the information which is essential for companies planning investments involving EU funding. The publication did not include such data as the coverage requirements and the maximum subsidy for the areas where a given investor would like to build or upgrade the network. CPPC stated that such information will be published in the first half of October.</p> <p>Orange Polska announced that it would participate in the contest. Play, T-Mobile and Polkomtel stated that their decision would depend on the technical requirements set for the networks to be rolled-out. It has been assumed that for households the transfer rate guaranteed during 95% of the time of service provision would have to be 30 Mbps (download) and 5 Mbps (upload), while in the case of the fastest networks, the respective transfer rates would have to be 100 Mbps and 20 Mbps.</p>

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<p>Rzeczpospolita: "Buy" recommendation for Cyfrowy Polsat</p> <p>In the opinion of analysts at DM PKO brokerage house, Cyfrowy Polsat shares have growth potential. Thus, the analysts' recommendation is "buy" for Cyfrowy Polsat shares with the target price set at PLN 29. During the previous stock exchange session the shares traded at ca. PLN 24.7. According to the broker's experts, the outlook for the company is positive, mainly thanks to the competitive package of services that it offers, its exposure to the consumer sector, comparably lower capital expenditures, as well as strong free cash flow and improving balance sheet. They expect the dividend for 2020 to increase to ca. 10%.</p>	<p>4.10</p>	<p>Puls Biznesu: Office for Competition and Consumer Protection completely lost its case to cable TV operators</p> <p><i>by Jarosław Królak</i></p> <p>The court declared the 9 cable TV operators not guilty of the charges of price fixing in connection with the coverage of Poland's national soccer team's matches in the pay-per-view system. In 2013, the Office for Competition and Consumer Protection (UOKiK) imposed some PLN 3.5m in penalties in connection with the prohibited price fixing by 12 cable TV operators who were charged with agreeing among themselves the minimum price for pay-per-view access to the Polish team's two qualifier matches for the 2014 FIFA World Cup. The operators disagreed with the charges and 9 of them filed appeals with the Court for Competition and Consumer Protection (SOKiK), which in turn repealed UOKiK's decision. The court of appeals sustained SOKiK's decision that there was no price fixing, freed all the companies from charges and cancelled the imposed penalties.</p>
	<p>5.10</p>	<p>Rzeczpospolita: "Hold" recommendation for Orange</p> <p>Experts from DM PKO BP brokerage house increased the target price for Orange Polska to PLN 6, up from PLN 4.8, and issued a "hold" recommendation. On Tuesday the shares traded at around PLN 6. Analysts pointed to the continuing pressure on high margin revenue from fixed-line voice services, as well as the high, defensive CAPEX which is intended to increase the company's competitive power vs.</p>

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	5.10	cable TV operators and help it regain the fixed-line Internet market share. Analysts trust that in the mid-term investments in network quality will help the company stabilize its revenue and EBITDA.
	6.10	<p>Rzeczpospolita: "Hold" recommendation for Netia <i>by jmys</i></p> <p>Experts from DM PKO BP brokerage house raised their recommended price for Netia's shares from PLN 5.1 to PLN 5.3 and upheld their "hold" recommendation. On Wednesday the shares traded at PLN 4.8 on the WSE. Analysts expect a dramatic decrease of Netia's free cash flow in the years 2017-2018 as a result of high capital expenditures. Still in their opinion the company's investments into its own network, as well as the development of its TV offer will help the company stabilize its revenue and rebuild EBITDA in the mid-term.</p>
	7.10	<p>Rzeczpospolita: Will Orange have to pay an additional PLN 115m to the state? <i>by Urszula Zielińska</i></p> <p>At the request of UKE, Audytel consulting firm provided an estimate of the value of the 450 MHz spectrum for which Orange Polska has been seeking to extend the reservation since this March. The company's current spectrum reservation will expire in December. The operator is expected to pay just shy of PLN 115.5 million for the extension of the spectrum reservation.</p> <p>Spectrum from this frequency band is used for LTE high speed Internet access service elsewhere in the world. Even though</p>

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	7.10	<p>Audytel’s opinion has not been disclosed yet, “Rzeczpospolita” daily established that the consulting firm’s analysis included such items as the possibility of launching an LTE450 network, as well as valuations of this spectrum on other markets, or the drawbacks of this frequency band vs. the 800 MHz band. In UKE’s opinion there will be no excessive spectrum concentration by Orange.</p>
	8.10	<p>Parkiet: Cancellation of Play sale puzzles analysts <i>by ziu</i></p> <p>Tollerton Investments and Novator called off the sale of P4, Play network operator, informed Reuters following a statement by Tollerton.</p> <p>Tollerton, owned by Greek businessman, Panos Germanos, said that the sellers received 7 non-binding offers evaluating the company around the area of EUR 3.5bn. According to Reuters, the valuation was the reason behind calling off the sale.</p> <p>Both Przemysław Sawala-Uryasz from Pekao IB, and Konrad Książopolski from Haitong Bank believe EUR 3.5bn to be a very good price for Play, comparable to valuations of pay TV operators on Western markets. “Given that the 12-month EBITDA of the operator, calculated according to the approach before the recent change of accounting principles, is ca. PLN 1.8bn, this yields a EV/EBITDA ratio significantly exceeding 8. This is a very high valuation compared to other operators,” says Sawala-Uryasz.</p>

Recent events



Press release
October 5, 2016

Software for EVOBOX PVR set-top box received prestigious awards during the IBC 2016 fair

During this year's IBC international fair the state-of-the-art, multimedia software for Cyfrowy Polsat's latest set-top box received two awards. The graphyne2 platform, from ADB, which constitutes the software for EVOBOX PVR, received a prestigious award in the category "Best Interactive Application or Technology" at the CSI Awards and was recognized as the most innovative product at the IBC Best of Show Awards.

EVOBOX PVR is the latest and the most advanced satellite STB which is available in satellite TV operators' offers. Its software has been developed in cooperation with ADB, based on that company's flagship product graphyne2, a solution which ensures top quality integrated and personalized TV and whose management is extremely user-friendly.

The IBC fair, which has been taking place for nearly 50 years now, is a key industry event. It is attended by professionals from around the world who are committed to developing, managing and delivering electronic media.

Press release
October 7, 2016

Cyfrowy Polsat receives an award for the best STB and the best multimedia service

During the 2016 SAT Kurier Awards gala which accompanied the 2016 SAT KRAK 2016 trade fair, last Thursday, October 6, two awards were presented to Cyfrowy Polsat. Its EVOBOX PVR set-top box was ranked no. 1 in the category "Best Dedicated STB", while IPLA Internet TV was no. 1 in the "Best Service" category.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-10-03	24.90	24.26	24.88	1.55%	1 957
2016-10-04	24.95	24.32	24.32	-2.25%	5 999
2016-10-05	24.72	24.02	24.65	1.36%	7 576
2016-10-06	24.74	24.25	24.40	-1.01%	5 262
2016-10-07	24.64	24.26	24.40	0.00%	6 684



Investor's calendar



October 26 – November 9, 2016	Closed period prior to the publication of Q3 2016 results
November 9, 2016	Quarterly report for Q3 2016
November 12 - 13, 2016	Erste Investor Conference Stegersbach 2016
December 1 – 2, 2016	WOOD's Winter in Prague