



Cyfrowy Polsat IR Newsletter

November 14 - 20, 2016



Media about us	Date	Media about the TMT market in Poland
	14.11	<p>Rzeczpospolita: “Statutory” collapse of prepaid SIM sales by <i>ziu</i></p> <p>The registration duty, which has been enforced by the Anti-terrorist Act, has caused the prepaid user statistics to shrink. According to the Central Statistical Office (GUS), there were around 24.6m SIM cards in the telecoms’ systems at the end of September. Compared to June this figure was lower by 2.2m. According to the Office of Electronic Communications (UKE) only part of these cards are actually in use. <i>“In Q3 the market focused on prepaid SIM registration. Part of the prepaid users are migrated by us to postpaid services but according to our estimates current sales fell by 50% in Poland,”</i> as Tobias Solorz, the CEO of Cyfrowy Polsat, told journalists. Jean-François Fallacher, the CEO of Orange Polska, explained that earlier as many as 70% of prepaid service users used their cards only once. Now such users have practically disappeared.</p> <p>Another reason behind declining sales of prepaid SIM cards in Q3 was the fact that the SIM card sales and registration chains did not coincide. There were far fewer of the latter.</p>
<p>Parkiet: It is worth starting to target dividend-paying stocks by <i>Katarzyna Kucharczyk</i></p> <p>This year’s mean dividend rate on the WSE was just over 3%. It is not an impressive result but one could find companies offering double-digit dividend rates. Medium-sized private companies prevailed in this group. And these very companies are the analysts’ favorites for next year.</p>	15.11	<p>Dziennik Gazeta Prawna: UOKiK analyzes telecoms’ commercials by <i>Piotr Szymaniak</i></p> <p>The Office for Competition and Consumer Protection (UOKiK) has started a preliminary investigation concerning the commercials of the “Big Four” telecoms (P4, Polkomtel, Orange and T-Mobile). The investigation concerns the telecoms’ commercials encouraging prepaid SIM users to register their SIM cards with them.</p>

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<p>Its shares gained over 12%. Several days ago Cyfrowy Polsat adopted a dividend policy according to which the dividend payout depends on the net debt to EBITDA ratio. The new policy will be in effect from the beginning of 2017.</p>	<p>15.11</p>	<p><i>“The investigation has been initiated following an internal market. So far it is not an investigation against any of the operators in particular but an investigation regarding a specific matter,”</i> says Agnieszka Majchrzak from UOKiK’s press office. “Inspectors will investigate whether the ads/commercials of the biggest telecom companies do not contain any illegal elements.”</p>
	<p>16.11</p>	<p>Rzeczpospolita: Last call for ownership changes at nc+ <i>by Urszula Zielińska</i></p> <p>When TVN and the French Vivendi, or specifically Canal+ Group that it owns, were signing an agreement back in 2011 by virtue of which they agreed on the merger of “n” and “Cyfra+” digital TV platforms, TVN group obtained a 32%-share in the new company and an option of selling the stake in the fourth year following the date of the finalization of the transaction at the latest. The French in turn got a call option for the stake. November 30 will mark the commencement of the second and last 3-month period for the execution of the options. <i>“Vivendi declines comment on the matter,”</i> says Jean-Louis Erneux, the head of the corporate communications unit in the French group.</p> <p>There are four possibilities. First, TVN can execute its option and probably obtain around PLN 1.5 bn for its stake. Second, the stake may be floated on the stock exchange, which is, however, unlikely and which could be disadvantageous for Vivendi, if the French want to remain the platform’s major shareholder. The third possibility is Vivendi granting consent to TVN to sell its stake to a third party.</p>

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	16.11	<p>Finally, the fourth possibility is for TVN to stay in nc+ for longer, counting on a share in dividends, just like the Americans from Liberty who hold a 17% stake in the platform</p> <p>Which option will TVN go for? The group’s spokesperson in Poland declined the answer to this question.</p>
<p>Parkiet: Telecoms before a breakthrough <i>by Urszula Zielińska</i></p> <p>An improvement in the trend in revenues of telecom operators is visible both domestically and in the CEE region. In Poland, declines have decelerated, while abroad growth is clear. According to Paweł Puchalski from DM BZ WBK, operators have a chance to return to the top picks list when the negative trend in their revenue is definitely reversed. On the other hand, Piotr Raciborski, analyst at Wood&Company, believes that the value of these companies does not lie in their ability to increase revenue, but to generate permanent free cash flows and pay out dividends.</p> <p>It follows from interviews by “Parkiet” daily that one of the analysts’ top picks is Cyfrowy Polsat, who recorded a decline in revenue in the three quarters of 2016 of barely 0.2%. Analysts are impressed by the group’s structure, the fact that it joined dividend-yielding companies by presenting its profit sharing policy and the perspective of continued EBITDA growth in the coming quarters.</p>	19.11	

Press review



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<p>Piotr Raciborski thinks it's better to invest in Cyfrowy Polsat's shares than those of Orange Polska because of dividend. He estimates that dividend yield will increase from 1.6% in 2017 (according to current share prices), to 2.3% and 4.2% in the following years, respectively. When Cyfrowy Polsat achieves its target net debt/EBITDA ratio of 1.75, dividend yield may reach as much as 8-10%. In his opinion the group will increase EBITDA in the coming quarters.</p> <p>In the case of Orange Polska, brokers currently estimate dividend yield at 4.3% and dividend payout at PLN 0.25 per share, i.e., the same as this year. The management of Orange Polska is sending signals that it is striving to maintain the level of dividend. Analysts expect a stabilization of Orange's results in 2018.</p> <p>Konrad Książopolski, head of analysts at Haitong Bank, recommends investing in both Orange Polska and Cyfrowy Polsat. In the case of Orange the recommendation results from the earlier fall in the price of this security and the expected improvement of indicators in three main segments: mobile telephony subscribers, mobile internet access and fixed-line services. On the other hand, the "buy" recommendation for Cyfrowy Polsat stems from the fundamentals of the group, its unique structure which includes pay TV, whose subscribers resign much less frequently compared to those of telco services. Książopolski points out that in the short-term this security lacks a clear</p>	19.11	

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<p>stimulus to share price growth.</p> <p>Paweł Szpigel from DM mBanku believes that Orange Polska is a better investment than Cyfrowy Polsat, which is in his opinion, traded at a too high premium. He thinks that the key to the stabilization of Orange's EBITDA is the group's strategy of optic-fiber development, which assumes an improvement in service quality and its use is cross-selling other services from the company's portfolio.</p>	<p>19.11</p>	

Press release
November 14, 2016

Romania – Poland football match was watched by over 8.5 million viewers! Polsat and Polsat Sport channels were watched by one out of every two Poles.

Poland won the qualifying match for the FIFA 2018 World Cup in Russia against Romania 3-0, with an average viewership of 8.5 million viewers on Polsat and Polsat Sport channels. The match, controlled by Poles from start until finish, was followed on Polsat and Polsat Sport channels by one out of every two viewers watching TV at that time. Both Polsat channels attracted 51.7% viewers from the total audience and 56.2% of the commercial group. Polsat was the viewership leader in both audience groups. The final minutes of the second half of the match, when Poland scored two goals, gathered the biggest audience of nearly 10 million. It has been the best audience score for a Polish national team's match covered by Polsat and Polsat Sport channels this year.

Press release
November 15, 2016

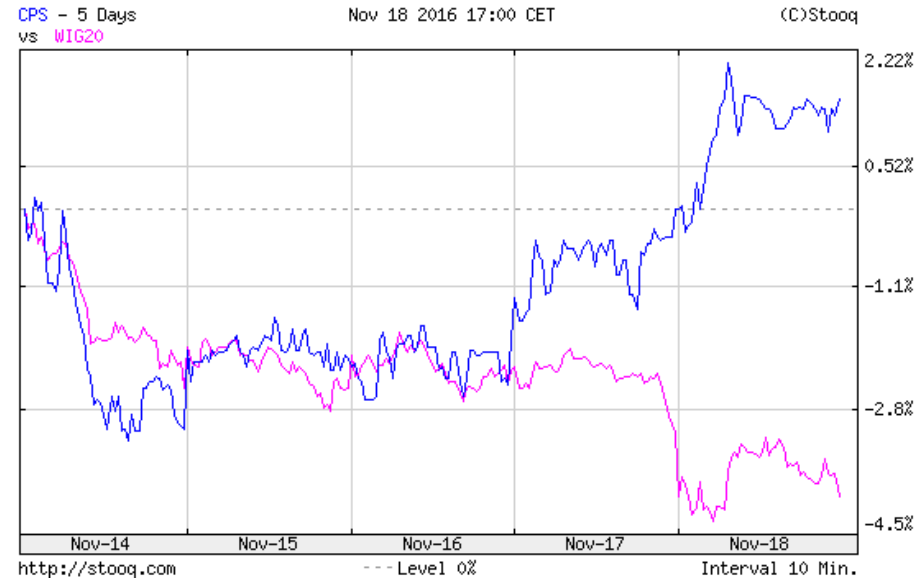
Christmas promotion of Plus's and Cyfrowy Polsat's Internet access offer

Christmas promotions of Plus's and Cyfrowy Polsat's Internet offer have already been launched. The offers feature attractive equipment as Christmas gifts. Customers can choose from among HUAWEI devices: home routers, tablets and smartphones, as well as smart TV sets and sets for LTE Internet for the home. The Christmas promotion of Plus's and Cyfrowy Polsat's Internet access service means a multitude of gifts to choose from and even though all of them are data transmission-related, there is a rich choice of products.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016.11.14	23.80	22.61	22.65	-3.45%	14 996
2016.11.15	23.04	22.81	22.89	1.06%	5 087
2016.11.16	23.03	22.73	22.95	0.26%	8 513
2016.11.17	23.45	23.00	23.41	2.00%	9 784
2016.11.18	23.94	23.00	23.80	1.67%	8 298



Investor's calendar



December 1 – 2, 2016

WOOD's Winter in Prague

