



Cyfrowy Polsat IR Newsletter

June 19 – 25, 2017



Media about us	Date	Media about theTMT market in Poland
	19.06	<p>Rzeczpospolita: Only every second phone is now bought from telecoms <i>By Piotr Mazurkiewicz</i></p> <p>According to Michał Kanownik, President of the ZIPSEE Cyfrowa Polska - association of producers and importers of electronic equipment, ca. 45–50% of phones in Poland are purchased in outlets which are independent from telecommunication operators. This applies in particular to the offers of premium models. Manufacturers confirm that even up to 60% of premium phones, that is at the price exceeding PLN 3000, are now being sold on the so-called open market.</p> <p>These are mainly smartphones, that is the fastest growing market segment. At the end of February 2017, their sale was by 30% higher than in the same period last year. The entire telecommunication segment gained 54.1%. Operators do not have such a broad offer as independent stores, and devices are not immediately available or are not available at all. Independent stores also compete with operators offering lower prices. More and more often the stores are first to offer the latest models, offering a possibility of pre-order or purchasing them under hire-purchase plans of “0% Installments”.</p> <p>Mobile operators notice that a group of people purchasing only services from them has been growing for years. For 2 – 3 years the share of operators in the phone market has stabilized. Bartosz Dobrzyński, Member of the Management Board of Play, confirms that the telecoms are selling now ca. 50% of handsets on the market.</p>

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	20.06	<p>Parkiet: Play Communications will enter the Warsaw Stock Exchange <i>By Urszula Zielińska</i></p> <p>Luxembourg-based company - Play Communications SA, will be an entity which will organize an IPO of shares on behalf of the mobile network Play. An official decision was made that the telecom's shares will be listed on the Warsaw Stock Exchange.</p> <p>Impera Holdings, mother company of Play, announced that the offer would consist of a part of existing shares of Play Communications, belonging to Play Holdings 1 S.a r.l., a company which is ultimately controlled by Tollerton Investments Ltd. and Telco Holdings.</p> <p>Shares will be addressed to individual people, selected employees and institutional investors in Poland and abroad. Employees of P4 could count on 15% discount, allocation without reduction, whereas they can subscribe for a pool worth PLN 25 thousand at the maximum. They have to accept a one year lock-up and setting up an account in the Brokerage House of PKO BP.</p> <p>Play Holdings 1 intends to utilize the acquired funds for redeeming part of PIK Notes issued by Impera Holdings, maturing in 2022, pay out to shareholders and managers.</p> <p>Play Communications intends to pay the dividend. The first payment in the amount of PLN 650m was announced in Q2 2018. In the subsequent years, Play intends to allocate for this purpose around 65-75% of free cash flows, decreased by the costs of leasing.</p> <p><i>"In a mid-term perspective, the company expects further single-digit annual growth of operating revenues, with the simultaneous</i></p>

Press review



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	20.06	<p><i>improving of the adjusted EBITDA margin, thanks to the operating leverage and completion of roll-out of its own telecommunication network covering the entire country's territory", the company informed.</i></p> <p>The company expects that the relation of capital expenditures (excluding leasing payments and expenditures for network roll-out) to operating revenues will amount to ca. 8% per annum in mid-term. In 2017, the company plans the capital expenditures at the level of up to PLN 700m in connection with the accelerated roll-out of its own mobile network. In the years 2018-2020 additional capital expenditures at the level of PLN 500m above the above mentioned average level of 8% of annual operating revenues.</p> <p>The net debt of telecom, including the owners' debt in the form of Impera Holdings's notes, exceeded PLN 7 billion and amounted to 3.3x EBITDA. The company's goal is to decrease the relation of net debt to adjusted EBITDA for the last 12 months (LTM) to the level 2.5x.</p>
<p>telko.in: Competition and Consumer Protection Office (UOKiK) is tracking Premium Rate SMS in Polkomtel's network <i>by Lukasz Dec</i></p> <p>The Competition and Consumer Protection Office (UOKiK) informed about initiating the proceedings regarding Polkomtel's practice in connection with receiving Premium Rate SMS by its customers and involuntary subscribing by them to paid information services. According to UOKiK, the operator does not accept the full liability for the services for which it collects charges. UOKiK has not yet ascertained formally the breach of law by the operator.</p>	21.06	



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	23.06	<p>Rzeczpospolita: Biggest support for Orange Polska <i>By Urszula Zielińska</i></p> <p>The government has announced the results of the II competition of axis I of the “Digital Poland” Operational Programme. PLN 1.97bn, out of the total pool of PLN 3.2bn to be allocated, will be transferred to the investors –mainly telecoms. Investors will build the fast speed Internet infrastructure (up to 30 Mb/s) in 52 out of 79 areas into which the country was divided. Around 1.1m households, which do not have access to fast speed Internet, will be within the coverage of the new network.</p> <p>Netia has withdrawn from the competition at the last moment, leaving nearly PLN 0.5bn of subsidies and 16 investment areas. The Management Board of Netia explained that the telecom had calculated the figures once more and decided that it could not afford the simultaneous upgrade of its own network (PLN 417m), dividend payment (this year over PLN 127m) and building of the POPC network.</p> <p>As a result, it is Orange Polska that is the biggest beneficiary of the competition, which could acquire PLN 670m of support in 18 areas. It could take over six areas from Netia: Orange has already reached out for three of these areas when Netia announced a partial resignation, now it can reach out for subsequent three areas. Jean François Fallacher, CEO of Orange Polska, told „Rzeczpospolita”, that he waited for invitation to signing additional agreements. “If, after analyses, we make a positive decision, we will need to find another PLN 80m of our own contribution,” he said. In total the telecom’s own contribution will amount to ca. PLN 300m.</p>

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	23.06	<p>Parkiet: "Player", that is valuation and forecasts of PKO BP Brokerage House for Play</p> <p><i>By Urszula Zielińska</i></p> <p>DM PKO BP, which will be an agent for the sale of shares, values the telecom's shares within the range from PLN 9.8bn to 13.2bn. This valuation is based on discounted cash flows method.</p> <p>The Brokerage House forecasts that this year the revenues of the telecom will grow to PLN 6.6bn (from PLN 6.1bn in 2016), reported EBITDA will decrease to PLN 1.89bn and the EBITDA adjusted with one-off events, will increase by ca. 10% to the level of PLN 2.26bn. This year's net profit of Play, in the opinion of the agent, will reach PLN 503m. Free cash flows from the operating activities will amount to PLN 1.74bn.</p> <p>In 2018, the telecom's revenues should come close to PLN 7bn (PLN 6.95bn), and in 2019 – PLN 7.2bn. EBITDA forecasts show PLN 2.27bn in 2018 and PLN 2.38bn in 2019. Estimations for the adjusted EBITDA – PLN 2.37bn and PLN 2.48bn, respectively.</p> <p>In the opinion of PKO BP, a telecom which has been dynamically developing for 10 years still has growth prospects. The Brokerage House sees them in an attractive portfolio of value added services (video on demand, music streaming), which may be used for acquiring new customers and building of market share at the expense of weaker competitors.</p> <p>On the other hand, the roll-out of national network should help the company improve its profitability. Thanks to this the adjusted EBITDA margin should increase from 33.3% in 2016 to 35% in 2021.</p>

Press review



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	23.06	When writing about strategic options for Play, the Brokerage House takes into account two scenarios: organic growth (thanks to the TV service) and acquisition (an operator of fixed broadband Internet).



Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2016-06-19	25.94	25.30	25.35	-1.13%	14 027
2016-06-20	25.65	25.15	25.40	0.20%	17 851
2016-06-21	25.71	24.87	25.40	0.00%	13 656
2016-06-22	25.67	25.33	25.66	1.02%	5 385
2016-06-23	25.63	25.15	25.19	-1.83%	9 671



Investor's calendar



June 27, 2017	Annual General Meeting of Shareholders
June 27 – 29, 2017	UBS LATEMEA One-on-One Conference
August 10 – 24, 2017	Closed period prior to the publication of H1 2017 results
August 24, 2017	Publication of the semi-annual report for H1 2017
September 11 – 12, 2017	14th Emerging Europe Investment Conference - Pekao Investment Banking
October 11, 2017	Erste Group Investor Conference 2017 in Stegersbach