



Cyfrowy Polsat IR Newsletter

July 31 – August 6, 2017



PAP Biznes
July 28, 2017

Moody's assigned Ba3 rating with stable outlook to Play Communications

by pel/jtt/

Moody's assigned Ba3 CFR rating, with a stable outlook, to Play Communications – informed the agency in a statement.

At the same time Moody's withdrew the CFR rating at the level of B2 and PDR rating at the level of B2-PD for Impera Holding, the company which controlled 100% shares of the operator before Play's IPO.

Parkiet
July 31, 2017

UKE's radio puzzle

by ziu

The talks of the Office of Electronic Communications (UKE) with mobile operators about ordering all the issues related to radio spectrum in the 1800 and 900 MHz bandwidths are coming to an end. The expectations formulated by the companies, including listed Orange Polska, Play and Polkomtel (Cyfrowy Polsat Group), are mutually exclusive. Therefore, decisions related to ordering the 900 and 1800 MHz bandwidths will have to be made by the UKE President - Marcin Cichy. According to *Parkiet* daily, a decision may be expected next Monday.

The issue is more complicated in the case of the 1800 MHz bandwidth. UKE has lost a legal case against T-Mobile Polska. The court ordered UKE to repeat the tender organized in 2007 in which companies later acquired and merged by Cyfrowy Polsat Group won the 1800 MHz band. Thanks to this frequency Cyfrowy Polsat currently provides the mobile broadband services in LTE technology. According to information obtained by *Parkiet* daily, UKE is preparing itself to fulfill the decision of the court, and – taking into account the users of LTE services offered by Cyfrowy Polsat Group – UKE apparently found a solution which will be neutral to consumers.

Parkiet
August 1, 2017

Cyfrowy Polsat earned more

by Urszula Zielińska

According to the weighted average of forecasts of 10 brokerage houses, the revenues of Cyfrowy Polsat Group, which includes Plus mobile network, Aero2 (former Midas), Cyfrowy Polsat satellite TV platform and Telewizja Polsat, amounted to PLN 2.45bn in Q2 2017, that is by 0.2% more than in the previous year. EBITDA of the Group grew slightly faster in that period – by 0.5%, up to PLN 939m. Analysts believe that Cyfrowy Polsat might have

Parkiet
August 1, 2017

earned PLN 302m in the previous quarter, by nearly 27% more than in Q2 2016. Sobiesław Pająk from DM BOŚ believes that the improvement of profitability was possible thanks to cost optimization. He emphasized that a year ago the Group had additional earnings thanks to Euro 2016, therefore in his opinion even a slight growth of revenue and EBITDA should be regarded as a considerable success.

Not all brokerage houses are convinced that the Group's EBITDA grew in Q2. Brokers forecast that the results in the second half of the year will be affected by the costs of the „roam like at home” regulation.

Dziennik Gazeta Prawna
August 1, 2017

Anti-terrorist Act helped telecoms

by Sylwia Czubkowska

According to data published by the Central Statistical Office (GUS) the number of prepaid cards in Poland decreased by 31% YoY – from over 25m to 18.4m in June. The Anti-terrorist Act, introduced a year ago, forced the registration of all prepaid cards used by customers by February 1, 2017. Operators had to deactivate cards that had not been registered.

The obligation of registering cards had a significant impact on the telecommunication market. The loss of nearly 8m cards indicates the significant scale of artificial, statistical overestimation, i.e., the huge number of cards which were not used by customers but which were included in operators' systems. In parallel to the fall of the number of prepaid cards, the number of contract cards increased by nearly 9%. As a result, the total decline in the number of cards on the market was not so huge. At present, there are 134.5 activations per 100 inhabitants of Poland. It is by 9.6% less than a year before.

PAP Biznes
August 1, 2017

Play Communications will enter FTSE indices on August 3

by kuc/ ana/

“The shares of Play Communications, owner of mobile operator Play, will be added to FTSE indices on August 3,” informed FTSE Russell in a press release.

Play Communications will be added to FTSE All-World Index, FTSE MPF All-World Index, FTSE Global Mid Cap Index, FTSE Emerging Index and FTSE Global Style Index.

The press release informed that Play Communications would be added to the indices as a result of the IPO, which took place on July 27.

Rzeczpospolita
August 1, 2017

TVN will have a new owner, again from overseas

by Magdalena Lemańska

The American concern Discovery Communications will take over Scripps Networks Interactive (SNI) for USD 14.6bn. SNI owns, among others, TVN Group in Poland.

“This will not be as important for the Polish market as on the global scale, because two entities will merge which will mutually supplement their content. Thanks to this, it will be easier for them to reach target groups, they may also jointly create a new big VOD platform,” estimates Piotr Bieńko, CEO of Codemedia media house.

Konrad Księżopolski, Head of the CEE Equity Research at Haitong Bank, also does not expect a revolution on the Polish market following this transaction. He believes that Discovery will support TVN with the library of its own content, as was the case when Scripps acquired TVN, and maybe the new investor will decide to introduce new television channels.

By acquiring TVN, Discovery would gain a big channel broadcast via digital terrestrial television in Poland (the concern has fought for this for years, taking part in contests for the so-called digital multiplexes of the digital terrestrial television, unsuccessfully thus far), as well as one of the biggest online video platforms in Poland - Player.pl.

Concerns expect to finalize the transaction at the beginning of next year.

Parkiet
August 2, 2017

Play

In compliance with earlier announcements, Impera Holdings, an SPV of the main shareholders of Play Communications, redeemed Eurobonds with the nominal value of EUR 500m listed on the Luxembourg Stock Exchange. The Eurobonds were redeemed on July 28 using part of the funds acquired from the sale of Play's shares under the public offer.

Puls Biznesu
August 3, 2017

PLN 2bn for Internet access

by gsu

Centrum Projektów Polska Cyfrowa (Digital Poland Project Center) as an intermediary for the Operational Programme Digital Poland (POPC) has finished signing agreements for additional financing in the second contest under axis 1.1 of the POPC. The value of the allocated financing amounts to PLN 1.97bn. Nearly 1.2m households

Puls Biznesu
August 3, 2017

located in 52 areas will be covered by the broadband with the throughput capacity of at least 30 Mbit/s.

Orange Polska is the biggest beneficiary of the second contest. The total value of financing allocated to this operator is PLN 744.3m, and the telecom's own contribution will amount to approximately PLN 300m.

Rzeczpospolita
August 4, 2017

Regulator to prepare Internet speed meter

by Urszula Zielińska

According to telecoms, the quality and speed of the service is an increasingly important criterion when it comes to selecting an Internet provider. However, in Poland there is no single, objective and reliable tool which would allow consumers to measure Internet access parameters. The Office of Electronic Communications (UKE) wants to select a provider of a tool that will meet its expectations, but this does not mean that a new application will be created and the state will have to pay for it. *"We do not assume paying any remuneration on account of provision of measurement services. The President of UKE, after concluding an agreement with the provider of such a tool, will commit itself to certify the solution once it meets the requirements specified in the agreement,"* says Martin Stysiak, spokesman of UKE.

UKE assumes that a test version of the service and application will be made available to users in Q1 2018. The regulator would like this software to be used first and foremost by users as a means of verifying whether the quality of provided services is consistent with parameters specified in their agreements.

Telecommunication operators are careful in their comments regarding UKE's idea.

Puls Biznesu
August 4, 2017

T-Mobile back in the race

by mzat

T-Mobile Polska, controlled by Deutsche Telekom, announced the results for Q2 2017, which show an improvement of key indicators. There are more customers in the most profitable contract segment. At the end of Q2, T-Mobile had 6.74m customers in this segment, that is by 225 thousand more than a year before, whereas the number of prepaid users decreased year-on-year. However, in total 10.25m customers used T-Mobile services, i.e. 0.2% more than last year.

Puls Biznesu
August 4, 2017

“The growth of the number of contract customers is a reflection of the continuation of a positive trend. The change of our marketing strategy, which is more focused on younger customers, was helpful, as was the better price positioning of our refreshed offer. The T-Mobile brand is better perceived on the market, which is clearly visible in the number portability statistics,, comments Andreas Maierhofer, CEO of T-Mobile Polska.

The company’s revenues in the first half of the year amounted to PLN 3.17bn, that is by 0.5% more than in the previous year. The adjusted EBITDA result decreased — in the first half of the year it amounted to PLN 0.96bn (PLN 2m less than a year before). The results in the second half of the year may be worse. Maierhofer explains the decrease of EBITDA with higher interconnection costs and the first effects of the roaming regulations. In his opinion, the impact of the new regulations will be greater in Q3 – the “roam like at home” rule results in a decrease of revenue with a simultaneous increase of costs, in particular in connection with the dynamically growing consumption of data.

Puls Biznesu
August 4, 2017

Netia losing in its own network

by mzat

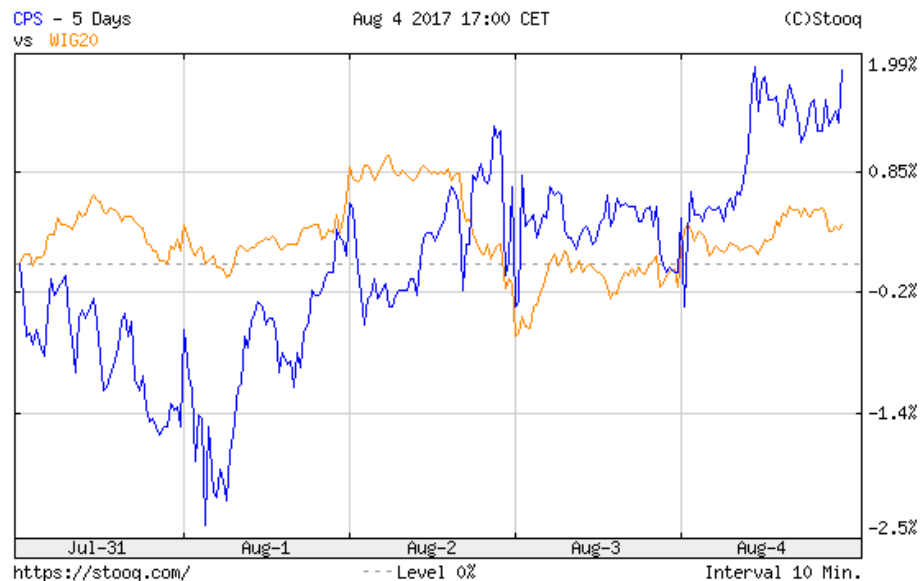
In the first half of the year, Netia generated PLN 726m of revenue, i.e. 7% less than a year before. EBITDA profit was also decreasing at a double-digit rate, and after adjustments reached PLN 193m at the end of June 2017. Netia is losing customers both in the business, as well as the residential segment. Only in Q2, the number of services provided on Netia’s own network decreased by 22 thousand (a year ago it was stable) in the business segment and by 8 thousand in the residential segment. The operator intended to defend the customer base by investing in the upgrade of infrastructure. In the first half of the year capital expenditures increased substantially (by 36% YoY), but Netia’s management admits that the pace is lower than expected.

“Netia’s results, adjusted for one-off events, are consistent with expectations. A clear decrease of the number of services provided on Netia’s own network, in particular in Q2, should be regarded as a negative trend. This may be the result both of increased competitiveness from fixed-line operators, who are intensively upgrading their networks, and fixed-mobile substitution,” assesses Dominik Niszczyński, analyst at DM Raiffeisen brokerage house.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2017-07-31	26.05	25.55	25.60	-1.54%	11,16
2017-08-01	26.18	25.32	26.04	1.72%	8,15
2017-08-02	26.40	25.82	26.22	0.69%	16,87
2017-08-03	26.28	25.90	26.00	-0.84%	4,81
2017-08-04	26.54	25.91	26.53	2.04%	6,06



Investor's calendar



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 5, 2017	Media & Entertainment - Haitong
September 6 – 7, 2017	Deutsche Bank 2017, 16th Global Emerging Markets One-on-One Conference
September 11 – 12, 2017	14th Emerging Europe Investment Conference - Pekao Investment Banking
October 11, 2017	Erste Group Investor Conference 2017 in Stegersbach