



Cyfrowy Polsat IR Newsletter

5 - 11 August 2019



N E T I A

Puls Biznesu
7 August 2019

UKE: 5G spectrum: an auction or a tender – to be decided soon

Source: PAP (Polish Press Agency)

According to a representative of the Office of Electronic Communications (UKE), the decision regarding the way in which the first chunk of 5G spectrum (3400-3800 MHz) will be distributed (i.e. will there be a tender or an auction) will be made before the end of the summer vacation season.

According to the time schedule published by UKE, allocation of the C frequency band (3400-3800 MHz) to the operators is expected by mid-2020. The regulator wants to allocate 4 blocks of 80 MHz each, while leaving the fifth block of spectrum for WiMAX operators or for more advanced LTE-based solutions. The spectrum from the 800 MHz band will be distributed in the second stage (a block of 2x5 MHz), while the third stage of the process will see allocation of at least 1 GHz of spectrum from the 26 GHz band.

The threats that the launch of 5G technology could face in Poland, according to the UKE representative, include the necessity of implementation of legislative changes and the issue of potential lowering of permitted electromagnetic radiation levels (EMR).

On August 4, 2019 Polish Senate (the upper house of the Parliament) adopted the draft “mega-law”, an act which includes the regulation restoring UKE’s power to amend earlier spectrum reservations for the 700 MHz band. The new, amended version of the National Radio Frequency Allocation Table (KTPC) is still missing.

As regards the EMR norms valid in Poland, it is unknown yet whether and when the norms will be changed. In the opinion of the regulator’s representative, such a declaration should be made publicly still before the start of the process of distribution of the spectrum from 3.4-3.8 GHz frequency band, since the current situation raises uncertainty among the shareholders of telecoms and the investment funds, thus reducing the value of the spectrum.

Money.pl
8 August 2019

T-Mobile Polska generated PLN 1.57 billion in revenue, and PLN 427 million of EBITDA AL in Q2 2019

Source: ISB News

In Q2 2019 T-Mobile Polska posted PLN 427 million of EBITDA AL and PLN 1.57 billion in revenue (both values are at comparable levels to the results for the analogous period of 2018).

As stated in the operator's press release, growth of revenue from mobile services (+5.5% y/y) enabled the company to compensate for the still visible effects of changes in the company's wholesale strategy. The challenges that the operator still faces include growing cost of labor and growing electricity prices.

T-Mobile has informed that it is working on the development of new areas of business, such as fixed-line services and an offer of entertainment services in the B2C sector as well as cloud services for B2B.

In Q2 2019 the operator entered the convergent services market with an offer combining mobile services, fixed-line services and entertainment.

Rzeczpospolita
8 August 2019

Tax authorities are tightening the screws on telecoms (but not only)

by Urszula Zielińska

Cyfrowy Polsat and Play received unfavorable decisions from tax authorities. However, as pointed out by market analysts the problems of this type are also faced by other companies.

Last week Cyfrowy Polsat informed of the tax office's decision according to which the company is expected to pay PLN 25.1 million of tax for 2013. Play, in turn, informed at the end of July 2019 that according to a decision received from the tax office it was to pay PLN 12 million on account of the income tax for the year 2013.

According to a Raiffeisen International Bank analyst, the telecoms are not the target of any special attention of the tax authorities. Other parties who employed complicated financial schemes, involving offshore subsidiaries, are the subject of the control with their VAT tax deductions also being questioned often.

The analyst has noted that Polish telecoms have so far not been affected by the concepts developed in other European countries to impose additional levies on the telecom industry.

Many listed companies from various industries informed of adverse decisions issued by tax authorities against them. Such other companies, against whom customs-and-tax authorities have made claims this year, include chemical firms, e.g. the soda manufacturer Ciech or Krakchemia.

Rp.pl
9 August 2019

T-Mobile Polska plans layoffs

By Urszula Zielińska

According to the information published by Spidersweb.pl technology portal, last week the CEO of T-Mobile Polska informed the company's employees of the plans to cut headcount and introduce changes the company's operating model.

The size and the scope of the layoffs will be presented in September.

The planned changes in the telecom's operating model are intended to make the company more flexible.

Current report 24/2019
31 July 2019

Information regarding estimated consolidated financial results for the second quarter of 2019

Pursuant to the internal reporting standards, adopted at the level of Cyfrowy Polsat S.A. (the “Company”) and the Company’s capital group (“Cyfrowy Polsat Group”, the “Capital Group”), and in order to ensure complete and fair communication with the participants of the capital market, the Management Board of the Company hereby publishes information regarding an event that will have a one-off negative impact on the consolidated financial results of Cyfrowy Polsat Group in the second quarter of 2019.

In connection with a possibility resulting from the regulations introduced by the Journal of Laws No. 2018.2193 dated November 23, 2018 and binding since January 1, 2019, introducing amendments to the Personal Income Tax Act, the Corporate Income Tax Act, the Tax Ordinance Act and certain other acts (the “Amended Tax Acts”), the Company’s Management Board informs that it resolved to choose and pay within the statutory deadline a flat-rate tax on the interest and discount due on:

- bonds issued by the Company on May 20, 2011 and repurchased in 2014 with a total nominal value of EUR 350.0 million.

At the same time, the Management Board of the Company hereby informs that on July 31, 2019 it obtained information about a decision made by the Management Board of Polkomtel Sp. z o.o. (“Polkomtel”), a subsidiary of the Company, which resolved to choose and pay within the statutory deadline a flat-rate tax on the interest and discount due on:

- bonds issued by Spartan Capital Holding sp. z o.o. („Spartan”), a company whose legal successor, following the merger conducted in 2013, is Polkomtel, on January 26, 2012 and repurchased in 2016 with a total nominal value of EUR 542.5 million;
- bonds issued by Spartan on January 26, 2012 and repurchased in 2016 with a total nominal value of USD 500.0 million;
- bonds issued by Spartan on January 26, 2012 and repurchased in 2016 with a total nominal value of USD 201.0 million.

The choice of a flat rate taxation in the amount of 3% of the tax base shall apply to the relevant interest periods of the above mentioned bonds and shall be charged as a one-off item to the “Finance costs, net” line of the consolidated income statement of the Cyfrowy Polsat Group in the total amount of PLN 70.1 million, thus decreasing the consolidated net profit for the second quarter of 2019. Simultaneously, in accordance with the requirements of the Amended Tax Acts, the Company and Polkomtel intend to effect payments making up the above mentioned total amount to the benefit of the Second Mazovian Tax Office in Warsaw by July 31, 2019.

Current report 25/2019
6 August 2019

Information regarding the decision of the Head of the Małopolska Tax Office in Cracow

With reference to information provided in the current report No. 11/2018 dated March 5, 2018, the Management Board of Cyfrowy Polsat (the “Company”) hereby informs that it has received and analyzed the information received from the Company’s proxy relating to a decision of Head of the Małopolska Tax Office in Cracow (the “Tax Authority”) dated July 19, 2019. The decision assessed the Company’s tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 million increased by interest on tax arrears.

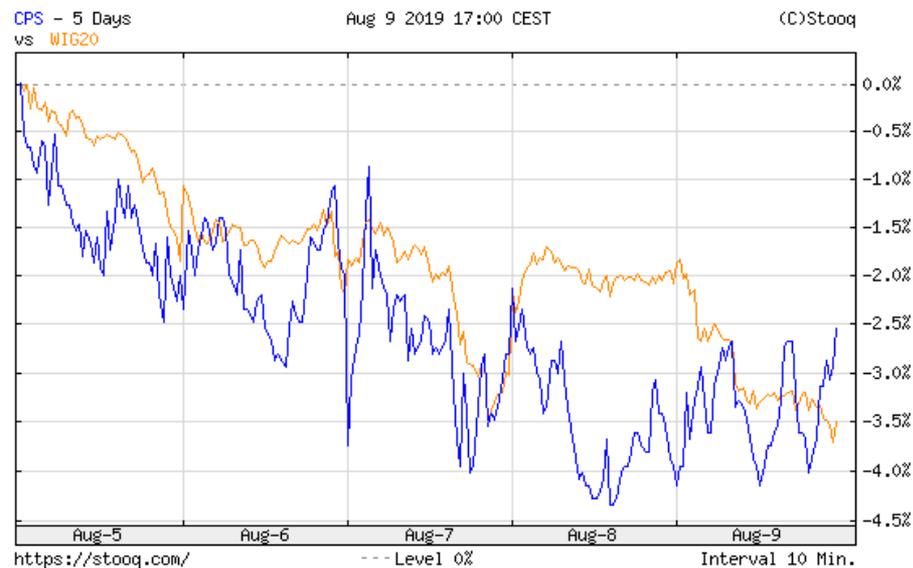
In the issued decision, the Tax Authority challenged the Company’s right to an exemption from the obligation to withhold income tax on certain payments effected in 2013.

The decision at issue is neither final nor enforceable. The Company shall appeal against the decision of the Tax Authority and does not intent to establish at the moment any provisions encumbering its financial result.

Cyfrowy Polsat shares



Data	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Turnover (mPLN)
2019-08-05	30.00	28.98	29.24	- 1.22	10.74
2019-08-06	29.70	28.94	29.24	0.00	12.42
2019-08-07	29.58	28.50	29.00	- 0.82	17.65
2019-08-08	29.42	28.52	28.66	- 1.17	13.30
2019-08-09	29.08	28.54	29.08	1.47	15.34



Investor's calendar



15 – 29 August 2019	Closed period prior to the publication of H1 2019 results
29 August 2019	Consolidated semi-annual report for the 1st half of 2019
1 October 2019	Dividend payout - 2nd tranche
24 October – 7 November 2019	Closed period prior to the publication of Q3 2019 results
7 November 2019	Quarterly report for Q3 2019