



Cyfrowy Polsat IR Newsletter

July 17 – 23, 2017



Parkiet

July 18, 2017

What results will Orange show in Q2?

by Urszula Zielińska

Analysts expect better trends in the telecom's profit and loss account compared to the previous year. A year ago Orange announced a 3.5% decrease of revenue, more than a 5% decrease of EBITDA and much stronger losses on operating results. According to the forecasts of brokerage houses, in Q2 2017 the operator recorded a slightly slower decrease of revenue (by 2.8%), a comparable loss on EBITDA, but managed to achieve better operating results, while net profit increased by 153% YoY. The average figures from brokerage houses indicate that Orange had PLN 2.822bn of revenue, PLN 775m of EBITDA, PLN 135m of operating profit and PLN 43m of net profit.

Specialists expect that the telecom will update information on the acquired EU funds for the construction of broadband Internet access. Under the Digital Poland Operational Program, Orange may receive PLN 744m of investment support in 18 areas, where it should build or upgrade the links reaching out to at least 237K households and 3,750 schools. The estimated cost of the projects is PLN 1.2bn and Orange estimates its own cost of investment at PLN 300m. Experts do not expect that one-off events should affect the telecom's results, they also do not expect any information on dividend.

Dziennik Gazeta Prawna

July 19, 2017

Someone has to pay for eliminating roaming

by Elżbieta Rutkowska

According to unofficial sources the telecommunication sector has observed a significant increase in the use of Internet access and voice connections abroad following the elimination of roaming charges. This is not good news for the operators, because after implementation of the RLAH (roam like at home) rule, which guarantees the use of mobile phones in other EU countries according to identical terms as in Poland without additional fees, such services generate losses. The wholesale price for 1 GB is several times higher than the retail price.

"The effects of the elimination of roaming fees will be visible in the results for Q3 and Q4 this year," says Maciej Bobrowski, head of the Analysis and Information Department of the Brokerage House BDM. *"But I believe that such a loss will not have a fundamental impact on the future results of telecoms,"* he adds. *"Roaming has never been a substantial item in the EBITDA structure in this sector,"* agrees Konrad Książopolski, head of equity research at Haitong Bank. *"Companies will definitely lose in the first months of the new regulations being in force, but now we may only assume how much,"* adds Książopolski.

In June, EY warned in its report that “someone will have to pay for free roaming in the end, and it will be both telecoms and their customers.” An increase in domestic telecommunication services charges might compensate the costs of RLAH for operators. None of the telecoms from the big *four* is announcing transferring costs to customers. According to telecommunication experts, an increase of domestic prices is unlikely due to the risk of losing customers.

Puls Biznesu
July 20, 2017

T-Mobile ends the rule of Excel

by Marcel Zatoński

“(...) To improve the results, you need to acquire customers, and that is impossible without improving customer service and the operating activities of the company. We are already in the process of hiring employees at our call center, a few hundred people will also join the sales network which is currently being expanded,” announced Andreas Maierhofer, an Austrian heading the T-Mobile network since three months.

Maierhofer announced that by the end of Q1 2018, the telecom intends to open ca. 150 points of sale, which is related with hiring ca. 700 employees. He wants 75% of all points of sale to belong to T-Mobile.

In recent months, the telecom has modified its offer and marketing strategy, while resigning from the marketing campaign involving celebrities. T-Mobile is changing the brand positioning, trying to reach millennials, is simplifying its tariffs. The telecom’s CEO emphasized that the contract segment was the priority and so far the results have been optimistic, which is confirmed by number portability statistics.

In order to help rebuild its former position, the company is expanding its offer, details will be presented in autumn. Maierhofer declares that the telecom does not intend to sell energy or gas, whereas it will focus on expanding services addressed to business and the ICT segment. He informed that in autumn, T-Mobile would take over T-Systems Poland, currently handling this part of the business. He firmly denied that any analyses of the sale of the Polish business of T-Mobile were made. *“Since 2011 we have invested ca. PLN 12bn into the infrastructure in Poland. Deutsche Telekom is a strategic and long-term investor, there are no plans of the sale of Polish company,”* assured the CEO.

Dziennik Gazeta Prawna
July 20, 2017

We will improve the safety of subscribers

Barbara Sowa talked to the UKE President, Marcin Cichy

“It makes no sense to punish entities which have problems with profitability. We are looking for solutions which reconcile the interest of consumers and telecoms’ capabilities,” says Marcin Cichy, President of the Office of Electronic Communications (UKE) in an interview with Dziennik Gazeta Prawna.

In the opinion of Cichy, the profitability of big telecoms is not threatened, but the problem exists. Operators have already applied for surcharges. The UKE President emphasized that both French telecom Orange and German T-Mobile may subsidize costs within their own capital groups, whereas Polkomtel (Plus) and P4 (Play) have no such possibility. Cichy said that the impact of new regulations on operators’ budgets would depend on the behavior of customers during temporary trips to EU and the scale of abusive and illegal use. *“However, we take into account the possibility that this impact will be visible in the removal of roaming services from some offers or increasing domestic prices,”* he added.

According to Cichy, customers complain to UKE mainly about unfair practices of sales representatives and encouraging people to conclude an agreement which is not consistent with agreed facts. Premium Rate services are a recurring topic. Frauds with the use of expensive SMSs are now perpetrated not only by specialized companies but also individual fraudsters. The UKE President announced that a draft of an amendment of the Telecommunication Law will be sent to the Parliament soon. The amendment should further improve the protection of subscribers, as the regulator will have a chance to tighten the monitoring of this service segment.

Puls Biznesu
July 21, 2017

Demand for Play had to be curbed

by Kamil Zatoński

Play has allocated shares under the IPO. Due to the high demand of individual investors, exceeding three times the supply, a reduction of subscriptions had to be introduced. Subscriptions for the offered shares submitted in the period from July 4th to 7th were reduced by 63.2% on average, whereas for those submitted in the period from July 8th to 12th – by 81.6%. In total, 5.98m of shares have been allocated in the tranche for individual investors. On top of that, 157 thousand shares have been allocated to entitled employees. 115m shares were purchased by institutional investors. The value of the offer reached PLN 4.3bn.

The anticipated first day of trading on WSE is July 27th.

Current report no. 19 July 17, 2017

Information on the change in the share of the total number of votes at the general meeting of Cyfrowy Polsat S.A.

The Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby announces that on July 17, 2017, the Company received from EVO Foundation, seated in Vadus, Liechtenstein ("**EVO Foundation**") and its subsidiaries, EVO Holding Ltd., seated in Road Town, Tortola, British Virgin Islands ("**EVO Holding**") and Sensor Overseas Limited, seated in Nicosia, Cyprus ("**Sensor**"), notifications provided under article 69 of the Act dated July 29, 2005 on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Journal of Law no. 185 of 2009, item 1439 with subsequent amendments) regarding the direct acquisition by Sensor and indirect acquisition by EVO Foundation and EVO Holding of shares in the Company on July 12, 2017.

On July 12, 2017 Sensor, a direct subsidiary of EVO Holding and indirect subsidiary of EVO Foundation, acquired via a transaction of sale 171,250 privileged registered shares of the Company ("**Transaction**"), of which the Company had informed in its current report no. 18/2017 dated July 13, 2017. As a result of the Transaction Sensor currently holds directly 55,092,796 shares in the Company, constituting 8.61% of the Company's share capital, which represents 82,005,421 votes at the general meeting of the Company constituting 10.01% of the total number of votes in the Company. The abovementioned shares include:

- a) 26,912,625 privileged registered shares constituting 4.21% of the Company's share capital, representing 53,825,250 votes at the general meeting of the Company, which constitutes 6.57% of the total number of votes in the Company, and
- b) 28,180,171 bearer shares constituting 4.41% of the Company's share capital, representing 28,180,171 votes at the general meeting of the Company, which constitutes 3.44% of the total number of votes in the Company.

There exist no subsidiaries of Sensor, which hold shares in the Company, either indirectly or directly.

Prior to the Transaction Sensor held directly 54,921,546 shares in the Company, constituting 8.59% of the Company's share capital, which represented 81,662,921 votes at the general meeting of the Company constituting 9.97% of the total number of votes in the Company. The abovementioned shares included:

- a) 26,741,375 privileged registered shares constituting 4.18% of the Company's share capital, representing 53,482,750 votes at the general meeting of the Company, which constituted 6.53% of the total number of votes in the Company, and

Current report no. 19
July 17, 2017

- b) 28,180,171 bearer shares constituting 4.41% of the Company's share capital, representing 28,180,171 votes at the general meeting of the Company, which constituted 3.44% of the total number of votes in the Company.

Concurrently, as a result of the Transaction EVO Foundation and its subsidiary EVO Holding currently hold indirectly, through Sensor, 55,092,796 shares in the Company, constituting 8.61% of the Company's share capital, which represents 82,005,421 votes at the general meeting of the Company constituting 10.01% of the total number of votes in the Company. The abovementioned shares include:

- a) 26,912,625 privileged registered shares constituting 4.21% of the Company's share capital, representing 53,825,250 votes at the general meeting of the Company, which constitutes 6.57% of the total number of votes in the Company, and
- b) 28,180,171 bearer shares constituting 4.41% of the Company's share capital, representing 28,180,171 votes at the general meeting of the Company, which constitutes 3.44% of the total number of votes in the Company.

There exist no subsidiaries of EVO Foundation, other than EVO Holding and Sensor, which hold shares in the Company, either indirectly or directly.

Prior to the Transaction EVO Foundation and EVO Holding held indirectly, through Sensor, 54,921,546 shares in the Company, constituting 8.59% of the Company's share capital, which represented 81,662,921 votes at the general meeting of the Company constituting 9.97% of the total number of votes in the Company. The abovementioned shares included:

- a) 26,741,375 privileged registered shares constituting 4.18% of the Company's share capital, representing 53,482,750 votes at the general meeting of the Company, which constituted 6.53% of the total number of votes in the Company, and
- b) 28,180,171 bearer shares constituting 4.41% of the Company's share capital, representing 28,180,171 votes at the general meeting of the Company, which constituted 3.44% of the total number of votes in the Company.

Recent events



Press release
July 17, 2017

The World Games 2017 on Polsat Group channels

The 10th World Games of Non-Olympic Disciplines (World Games 2017) will start on July 20th in Wrocław. During the 10th edition of this international sport event for sport disciplines which are not present at Olympic Games, over 3500 sportsmen will fight for medals in more than 30 disciplines.

Polsat Group's channels will show over 300 hours of live broadcast from the events held in Wrocław. Broadcasts will be aired on Polsat, Super Polsat, Polsat Sport HD, Polsat Sport Extra HD, Polsat Sport News HD and Polsat Sport Fight HD.

During the World Games 2017 the sportsmen will compete in such disciplines as: orienteering run, billiard, boules, rhythmic gymnastics, polo kayak, korfbal or lacross. Polsat Sport Fight HD will show competitions, among others, in jujutsu, karate, kick-boxing or Muay Thai (Thai boxing).

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2017-07-17	26.28	25.70	25.85	-0.58%	17 069
2017-07-18	25.91	25.52	25.60	-0.97%	7 132
2017-07-19	25.94	25.44	25.80	2.06%	13 792
2017-07-20	26.38	25.79	26.38	2.25%	16 267
2017-07-21	26.37	26.03	26.07	-1.18%	8 740



Investor's calendar



July 20, 2017	Dividend day
August 3, 2017	Dividend payment day
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