



Cyfrowy Polsat IR Newsletter

April 18 – 23, 2017



Media about us	Date	Media about the TMT market in Poland
	19.04	<p>Puls Biznesu: Government offers radio spectrum for sale <i>by Marcel Zatoński</i></p> <p>The Office of Electronic Communications (UKE) started consultations regarding the terms of a tender for the reservation of spectrum from 450 MHz frequency band, which has been abandoned by Orange Polska who deemed the price for the extension of the current reservation too high.</p> <p>The regulator expects bids starting from PLN 56.35 million. Apart from the price offered, the regulator will also check whether the bidders have already acquired any LTE spectrum and if so, then whether they have paid for the acquired spectrum.</p>
	19.04	<p>Dziennik Gazeta Prawna: Main sins of telecoms <i>by Barbara Sowa</i></p> <p>Marek Niechciał, the chief of the anti-trust office (UOKiK), is preparing decisions which will finally confirm that failure to return funds to prepaid service owners may be a case of consumer rights' violation. UOKiK is currently running around 100 cases against telecoms, since it is them, along with Internet services and pay TV providers, who are notorious leaders in terms of the number of complaints against their practices.</p> <p>The office is currently looking at the marketing communication used by telecoms, which in its opinion could be misleading, e.g. as regards the data transfer rates offered and Internet access availability, or the low prices offered only for a specified period of time. Premium rate services, i.e. those for which customers have to pay extra, are among</p>

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	19.04	<p>the leading reasons of complaints. As regards this issue, the Ministry of Digitization is working on an amendment of the law – it wants to impose new information disclosure obligations on telecoms and SMS contests organizers, and it also wants to introduce four price limits for premium rate services.</p> <p>Complaints also concern additional services which are activated at the moment of concluding a contract as free-of-charge but then, after the end of the promotional period, they continue to be offered in return for an extra fee or the fees for such services are added to the bills against the will of the customers who failed to deactivate them.</p> <p>Verification of how the telecoms fulfill new obligations related to informing customers of data transfer rates for Internet access is yet another problematic issue, among others due to the fact that there is no officially certified speed test software.</p>
<p>Parkiet: PLN 1.6 bn of cash? <i>by ziu</i></p> <p>On Wednesday Cyfrowy Polsat's share price gained over 2 pp over WIG20 after Standard&Poor's upgraded the group's rating prospect from stable to positive while keeping the rating itself at BB+.</p> <p>To justify its move, the agency informed that its decision reflected the group's good performance and substantial debt reduction capacity in the years 2017-2018. Redemption of the Litenite notes, planned for April 26, 2017, has been positively assessed in this context.</p>	20.04	<p>Rzeczpospolita: Plans of Orange Polska to be updated in July <i>by ziu</i></p> <p>The Annual General Meeting of Shareholders of Orange Polska has ultimately decided that no dividend will be paid by the telecom this year. "We have decided to keep the level of capital expenditure and accelerate fiber-optic network roll out. Bearing in mind the fact that in the second half of the year we will probably have to pay a penalty of ca. PLN 600 million, charged by the European Commission, we have decided to recommend that the company will not pay dividend this year," said Jean- François Fallacher, the CEO of Orange Polska.</p> <p>The General Meeting adopted resolutions regarding the use of the</p>

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<p>S&P expects that during the next 2 years Cyfrowy Polsat Group will demonstrate stable operating results which will translate to a high and stable EBITDA. The agency assumes that the Group will be generating around PLN 1.6 bn in free cash flow every year while deleveraging will remain the priority for its board. Dividend payments will be moderate.</p>	<p>20.04</p>	<p>company's capital to cover the net loss in the amount of PLN 1.76 bn. The loss emerged as a result of a write-off on assets which would not fetch the company the future revenue that it had assumed to obtain from these assets.</p> <p>At the General Meeting Fallacher informed that he will present an updated strategy in July. The strategy focuses on the roll out of the fiber optic network, sales of service bundles and improvement of the group's cost efficiency. In the opinion of an mBank brokerage house analyst, the group is starting to experience a shortage of cash and may be planning bigger layoffs.</p>
	<p>21.04</p>	<p>Parkiet: Revenues are down but profits go up <i>by ziu</i></p> <p>Analysts surveyed by Parkiet daily expect that in Q1 2017 Netia will report PLN 363 million in revenue, i.e. 6.9% less than a year earlier, as well as lower EBITDA – PLN 96.3 million, i.e. down by around 10% YoY. Experts are of the opinion that in contrast to last year the group will post gross and net profit thanks to lower depreciation charges. Parkiet did not obtain the estimates from all the brokerage houses covering the telecom.</p> <p>In the opinion of Paweł Puchalski from DM BZ WBK brokerage house, Netia's revenues from voice services continue to decrease heavily, by some 15% YoY due to the shrinking base of voice service customers, as well as due to falling prices. In his opinion, the number of fixed lines still continues to decrease. He estimated that the telecom's revenues from data transmission and Internet access services fell by 8% YoY.</p>

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	22.04	<p>Parkiet: Owners confirm: Play may be floated on the stock exchange by Urszula Zielińska</p> <p><i>"After 10 years of developing Play into a leading Polish mobile operator, the shareholders and management of Play are reviewing the best options to set the company up for its next stage of growth. A possible option could take the form of an initial public offering,"</i> informed P4, the owner of Play network.</p> <p>It had not been disclosed when the public offering might take place, which market is contemplated, or the company whose shares would be actually floated. Konrad Książopolski, the head of analysts at Haitong Bank, points to the Warsaw Stock Exchange as the most probable choice, while stressing that the current economic outlook on the WSE favors big share offerings.</p> <p>Play's shareholders, the funds Novator and Tollerton, put the telecom up for sale in 2016 but the transaction fell through. At that time the company was valued at PLN 3.5 bn. In March 2017, Play refinanced its debt by converting bonds denominated in euro to a loan in the amount of PLN 7 bn.</p> <p>In the opinion of analysts, Play could count on a valuation similar to that of Cyfrowy Polsat whose EV/EBITDA ratio is 7.4. Thus Play's capitalization, based on its bottom line for 2016, could be as much as PLN 8 bn.</p>

Current report no. 8/2017
April 18, 2017

S&P Global Ratings revised Cyfrowy Polsat Group's rating outlook to positive

The Management Board of Cyfrowy Polsat S.A. (the “**Company**”) informs that on April 18, 2017 S&P Global Ratings (formerly Standard&Poor's Rating Services) (“**S&P**”) revised the rating outlook for Cyfrowy Polsat Group (“**Group**”) to positive from stable, affirming the BB+ corporate credit rating.

In its justification S&P stated that the upward revision of the rating outlook reflects in particular the Group's resilient performance and solid deleveraging capacity in 2017-2018, which has been demonstrated by the early redemption of high yield Litenite notes for the total amount of ca. PLN 950 million planned for April 26, 2017 (the Company informed on the details of the early redemption in its current report no. 7/2017 dated April 12, 2017).

S&P anticipates that thanks to its strong position on the telecommunication and pay TV markets the Group will demonstrate stable operating results over the next two years, which in turn will translate into a high, stable level of EBITDA. Concurrently, with capex needs not exceeding 10% of revenue and declining interest costs as a result of deleveraging, the Group will generate solid free cash flows, which S&P estimates at PLN 1.6 billion annually. S&P assumes that consistent deleveraging will remain the Group's priority, while dividend payouts will remain moderate.

S&P may raise the rating of the Group to BBB- over the next 12 months, if the Group continues to demonstrate resilient operating performance with at least stable EBITDA, while using free cash flow for further deleveraging. On the other hand, a downward revision of the outlook from positive to stable could be associated with weaker operating performance, as a result of fiercer-than-currently-anticipated competition, which would lead to slower deleveraging of the Group.

The rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Cyfrowy Polsat shares



Date	Maximum price (PLN)	Minium price (PLN)	Closing price (PLN)	Change (%)	Trade value (kPLN)
2017-04-18	24.39	23.94	24.16	0.04%	10 259
2017-04-19	24.83	24.11	24.53	1.53%	16 640
2017-04-20	24.65	24.19	24.50	-0.12%	10 516
2017-04-21	24.50	23.84	23.85	-2.65%	11 126



Investor's calendar



April 27 – May 11, 2017	Closed period prior to the publication of Q1 2017 results
May 11, 2017	Publication of the quarterly report for Q1 2017
June 27 – 29, 2017	UBS LATEMEA One-on-One Conference

