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Haitong Bank in a report from September 2 (08:00) downgrades Cyfrowy Polsat to NEUTRAL (FV PLN 36.7).

Valuation Methodology

We value Cyfrowy Polsat using a DCF and peer multiples. Using a DCF we arrive at PLN 36.3/sh while our peer valuation yields PLN 37.1/sh. Our final fair value is PLN 36.7/sh, implying 0% potential upside.

Risks to Fair Value

Downside risks:

- Weaker than expected delivery on capex and EBITDA synergies on Netia and Interia.pl acquisition.
- Higher than expected increase in costs to Cellnex
- Value dilutive acquisitions
- Weaker than expected monetization of UEFA TV content.
- Weaker than expected performance of SmartDOM offer.
- Weaker than expected net adds due to increasing market competition
- ARPU and margin dilution from bundling offer and price pressure on the market.
- Weaker than expected performance of the TV ad market.
- Erosion of Polsat TV audience share.
- Weaker than expected macro situation that could cut TV ad budgets.

Upside risks:

- Higher than expected growth of CPS client base and ARPU.
- Higher than expected growth of TV ad market.
- Unexpected value accretive M&As.

IMPORTANT DISCLOSURES

Please find updated IMPORTANT DISCLOSURES at: <http://www.haitongib.com/en/what-we-do/research>