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Cyfrowy Polsat: hold (downgraded)

Paweł Szpigiel, Equity Analyst, Expert, +48 509 603 258

Weaker Outlook for Energy, Higher Costs in 2026, and Weak Q3 2025

Cyfrowy Polsat is set to complete its green investment program aimed at building 1,000 MW of clean, low- and zero-emission energy capacity from solar, wind, and biomass sources, by 2026. Notably, 2025 is expected to be the final year of elevated CAPEX in this area (ca. PLN 650m vs. PLN 100m forecast for 2026). With interest rates expected to decline, this should enable a return to strong FCFE generation – we expect ca. PLN 1.0bn, implying a yield of over 11%.

On the other hand, we expect Cyfrowy Polsat to report weak results for Q3'25, with adjusted EBITDA down 15% y/y. We also do not anticipate a significant reduction in net debt during 2026, due to the expected renewal of 900 MHz spectrum licenses, which we estimate will cost approximately PLN 700m. Furthermore, we believe the company's target of PLN 500m EBITDA from green energy in 2026 is unlikely to be met, given current market energy prices – we project closer to PLN 400m.

Group results will also be impacted by higher-than-previously-expected content costs. While we had anticipated a decline following the withdrawal from UEFA Champions League broadcasting, this has been partially offset by increased in-house production expenses, driven by efforts to deliver attractive spring and autumn programming. Additionally, technical and interconnect costs continue to rise, reflecting both network expansion and maintenance requirements.

Having taken this into consideration, we have updated our financial forecasts for Cyfrowy Polsat. Our current 2025 and 2026 EBITDA estimates at PLN 3,181m and PLN 3,329m, respectively, both stand 4% below Bloomberg consensus.

We have also updated our valuation model to reflect a revised risk-free rate trajectory, resulting in a new 12-month target price of PLN 15.30. This supports a Hold recommendation. CPS shares are currently trading at 6.9x 2026E EV/EBITDA, slightly above the peer group average. We do find the valuation compelling – particularly given the low probability of dividend resumption in mid term.

Current Price*	14.15 PLN	**Upside**
12M Target Price	15.30 PLN	+8.1%

* Price as of October 22, 2025, 5:00 PM

	rating	target price	issued
new	**hold**	**15.30 PLN**	**2025-10-23**
old	buy	16.40 PLN	2024-11-26

Key Metrics				**CPS PW**	**vs. WIG**
Ticker	CPS PW	1M Price Chng		+5.1%	-0.2%
ISIN	PLCFRPT00013	YTD Price Chng		+0.1%	-39.3%
Outst. Stock (m)	639.5	ADTV 1M			PLN 9.2m
MC (PLN m)	9,049.6	ADTV 6M			PLN 9.9m
EV (PLN m)	22,044.0	EV/EBITDA 12M fwd		6.4	-3.9%
Free Float	31.6%	EV/EBITDA 5Y avg		6.7	discount

Earnings Projections

(PLN m)	2023	2024	2025E	2026E	2027E
Revenue	13,626	14,266	14,397	14,949	15,296
EBITDA	3,231	3,438	3,181	3,329	3,372
EBITDA margin	23.7%	24.1%	22.1%	22.3%	22.0%
EBIT	1,312	1,766	1,500	1,684	1,764
Net income	279	711	385	722	819
P/E	32.5	12.7	23.5	12.5	11.0
P/B	0.6	0.5	0.5	0.5	0.5
EV/EBITDA	6.9	6.5	6.9	6.6	6.2
DPS	0.00	0.00	0.00	0.00	0.00
DYield	0.0%	0.0%	0.0%	0.0%	0.0%

Forecast Update (% change)	2025E	2026E	2027E
Revenue	-1.5%	-1.9%	-1.2%
EBITDA	-8.8%	-11.3%	-11.8%
EBIT	-20.9%	-20.2%	-18.3%
PBT	-40.0%	-14.6%	-12.3%
Net income	-45.7%	-17.9%	-15.2%

List of abbreviations and ratios used by mBank:
EV (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

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NEUTRAL (N) – a rating which indicates that we expect the stock to perform in line with the broad market
UNDERWEIGHT (UW) – a rating which indicates that we expect the stock to underperform the broad market

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mBank issued the following recommendations for Cyfrowy Polsat in the 12 months prior to this publication:

Cyfrowy Polsat (Paweł Szpigiel)

Rating	**buy**
Rating date	2024-11-26
Target price (PLN)	16.40
Price on rating day	14.09

mBank S.A.
Prosta 18
00-850 Warszawa
http://www.mbank.pl/

Research Department

Beata Szparaga-Waśniewska, CFA
director
+48 510 929 021
beata.szparaga-wasniewska@mbank.pl
biotechnology, healthcare

Mateusz Krupa, CFA
deputy director
+48 571 608 973
mateusz.krupa@mbank.pl
strategy

Paweł Szpigiel
+48 509 603 258
pawel.szpigiel@mbank.pl
media, IT, telco, e-commerce

Michał Konarski
+48 515 025 640
michal.konarski@mbank.pl
banks, financials

Mikołaj Lemańczyk, CFA
+48 501 663 511
mikolaj.lemanczyk@mbank.pl
banks, financials, property developers

Piotr Poniatowski
+48 509 603 046
piotr.poniatowski@mbank.pl
gaming, leisure

Janusz Pięta
+48 506 065 659
janusz.pieta@mbank.pl
retail, e-commerce

Jakub Sargsyan
+48 519 419 895
marlen.sargsyan@mbank.pl
industrials, mining

Sales and Trading

Traders

Piotr Gawron
director
+48 698 832 853 | +48 22 697 48 95
piotr.gawron@mbank.pl

Paweł Cylkowski
deputy director
+48 503 684 130 | +48 22 697 47 31
pawel.cylkowski@mbank.pl

Piotr Brożyna
+48 512 756 702 | +48 22 697 48 47
piotr.brozyna@mbank.pl

Andrzej Kowalczyk
+48 789 868 634 | +48 22 697 47 44
andrzej.kowalczyk@mbank.pl

Karol Kułaj
+48 509 602 984 | +48 22 697 49 85
karol.kulaj@mbank.pl

Patryk Gniadek
tel. +48 505 116 638 | +48 22 697 48 82
patryk.gniadek@mbank.pl

Andrzej Sychowski
+48 605 848 003 | +48 22 697 48 46
andrzej.sychowski@mbank.pl

Łukasz Płaska
+48 784 449 962 | +48 22 697 47 90
lukasz.plaska@mbank.pl

Sales, Foreign Markets

Marzena Łempicka-Wilim
deputy director
+48 696 427 249
marzena.lempicka-wilim@mbank.pl

Private Client Sales

Maciej Sokołowski
director
maciej.sokolowski@mbank.pl

Jarosław Banasiak
deputy director
jaroslaw.banasiak@mbank.pl