

# Third Quarter 2007

Results Presentation

November 8, 2007

## Disclaimer

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This presentation contains 'forward-looking statements' including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma', and 'intend' or future or conditional verbs such as 'will', 'would', or 'may'. Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Issue Prospectus filed with the Polish Securities and Exchange Commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish, American and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward looking statements.

# 9M 2007 Highlights

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Our **9M EBITDA\*** was PLN 153.6m increased by ca. 14% year-on-year

We increased the number of **RGUs** by 45,000 (26,000 organic growth; 19,000 acquisitions) to 918,500, growth of 19.4% year-on-year

We rolled out **DTV** in May 2007 and we had gained over **9,000 subscribers** by the end of Q3

We launched value-added services **HDTV** and **video on demand**

We increased **RGU/unique customer** ratio to 1.47

We continue to reduce **operating expenses per RGU**

We continue to enjoy **high EBITDA margin** of over 50%

\* Adjusted: operating profit plus depreciation and amortisation less one-off non-cash items

# Third Quarter 2007 Highlights

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- **We added 45,000 net RGUs**
  - 28,400 video RGUs
  - 14,700 broadband RGUs
  - 1,900 telephony RGUs
- **We had 626,300 unique customers**
  - 433,500 single play subscribers
  - 153,700 double play subscribers
  - 39,100 triple play subscribers
- **RGU/subscriber rate was**
  - 1.45 in Q2 2007
  - 1.47 in Q3 2007
- **Blended ARPU per subscriber**
  - PLN 55.54 in Q2 2007
  - PLN 55.09 in Q3 2007
- **Blended ARPU per RGU**
  - PLN 37.36 in Q2 2007
  - PLN 36.79 in Q3 2007

# Third Quarter 2007 Highlights Contd.

## RGU growth...

Quarter-on-quarter ('000)	Q2 2007	Q3 2007	% change
video	533	561	5%
voice	166	168	1%
data	175	190	8%
<b>Total</b>	<b>874</b>	<b>919</b>	<b>5%</b>

Year-on-year ('000)	9M 2006	9M 2007	% change
video	487	561	15%
voice	155	168	8%
data	127	190	49%
<b>Total</b>	<b>769</b>	<b>919</b>	<b>19%</b>

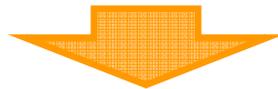
# Acceleration of Sales Rates

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In H1 2007 we encountered **major problems with external sales forces** rapidly losing highly-qualified sales representatives due to their emigration to other EU member states to pursue gainful employment



We decided to **build our own sales forces** in April  
We recruited and educated efficient sales teams who delivered very good net additions in Q3



We recorded **net organic addition of 26,100 RGUs** in Q3 vs. only 11,800 RGUs in Q2 and we fully expect to see similar run rates in the next quarter



## **Business Review**

# Our subscriber base—30 Sept 2007

## Our Market

964,000 total marketable homes

918,500 total RGUs

626,300 unique subscribers

## Our Services

561,000 video RGUs\*

190,000 broadband RGUs

167,600 voice RGUs\*\*

## Multiplay

153,700 2-play subscribers

39,100 3-play subscribers

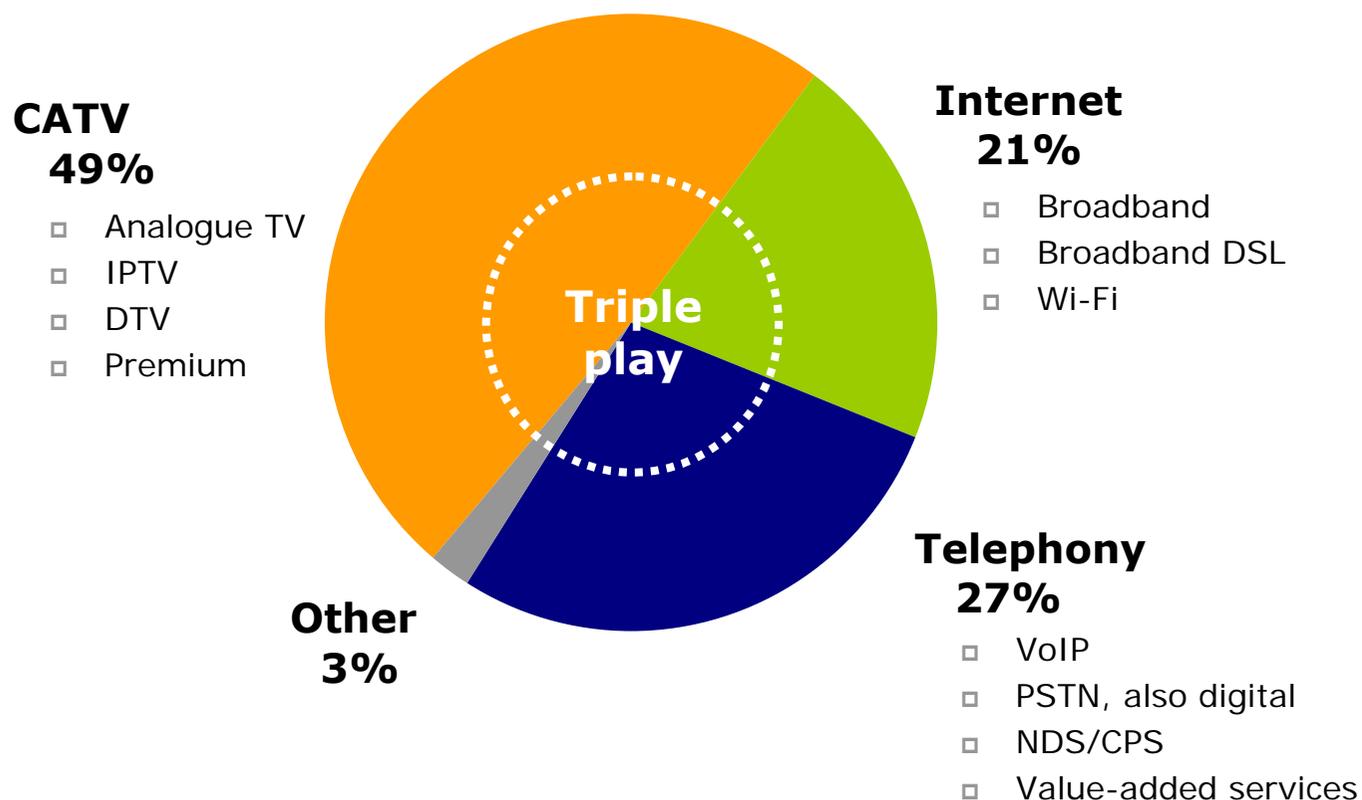
(\*) Include 23,200 premium channel RGUs, 3,000 IPTV RGUs and 9,200 DTV RGUs

(\*\*) Include 8,300 indirect voice RGUs and approximately 700 payphones

# Our products today

We have fully diversified revenue streams...

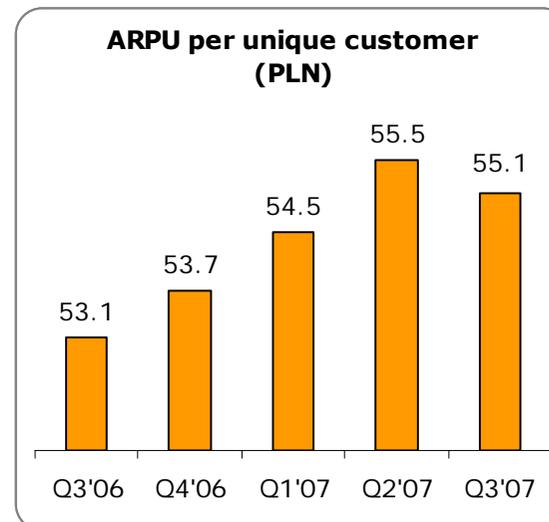
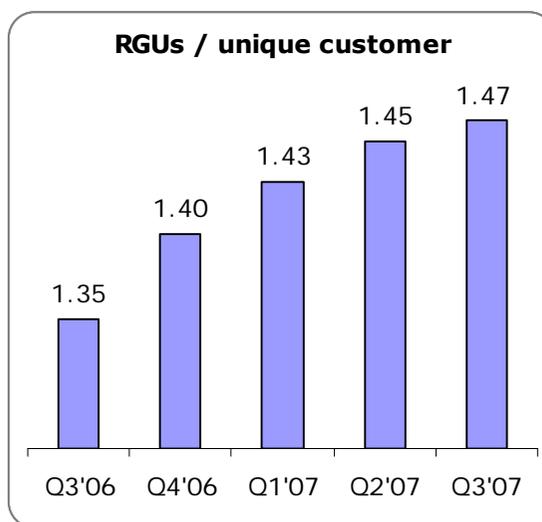
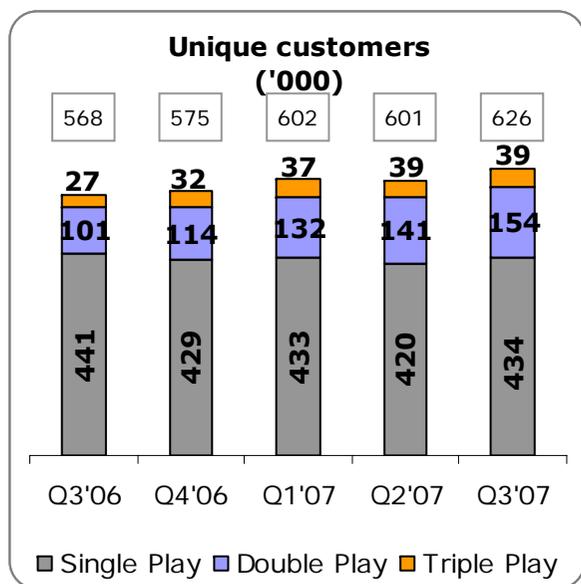
## Revenue breakdown



... and have achieved our target revenue structure

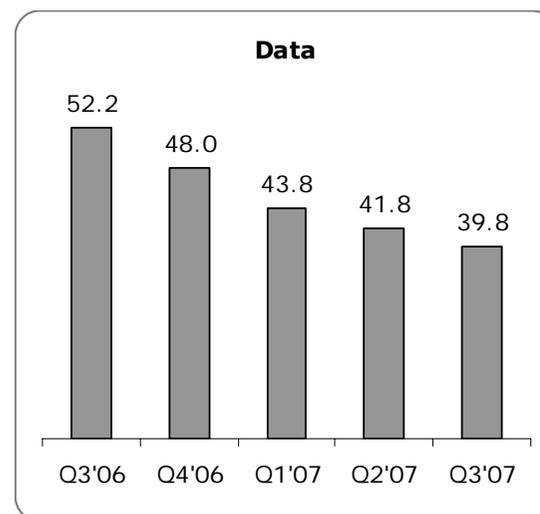
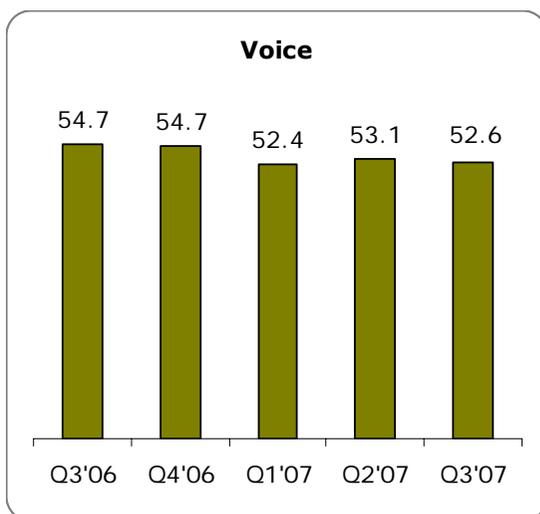
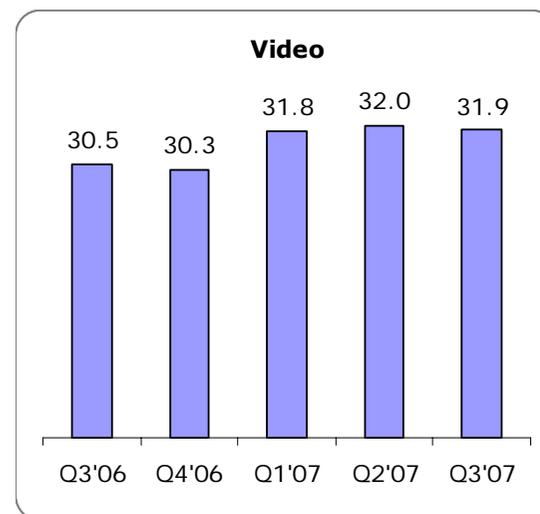
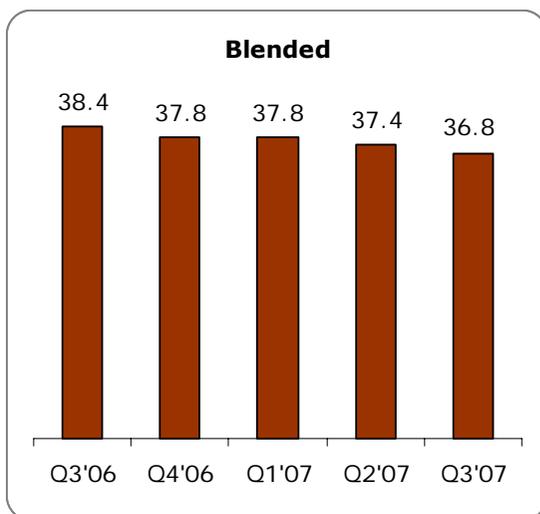
# Subscribers and ARPU

There was a temporary dip in ARPU per unique customer in Q3 due to acquisitions. ARPU generated by the acquired subscribers was significantly lower...



RGU per unique customer increased materially from 1.35 in Q3 2006 to 1.47 in Q3 2007

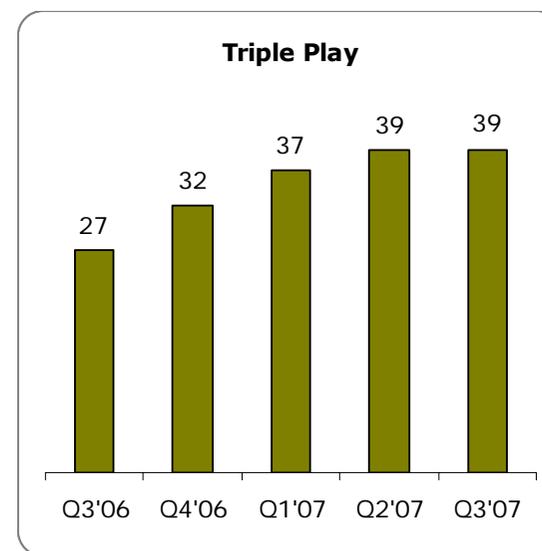
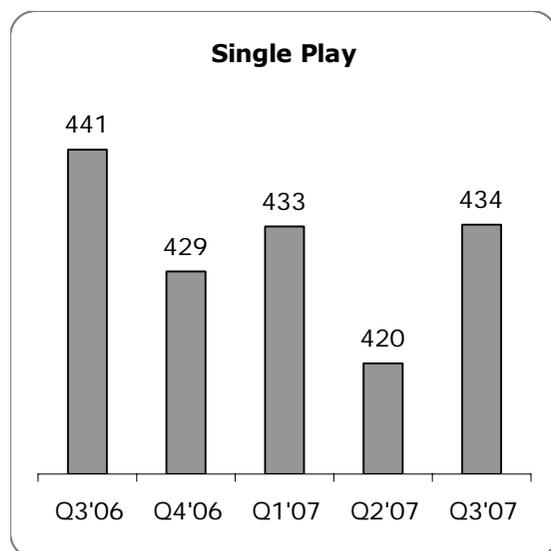
# ARPU per RGU



All data in PLN

# Customer Base Structure

In line with our strategy, we have been moving away from single play and towards double and triple play...



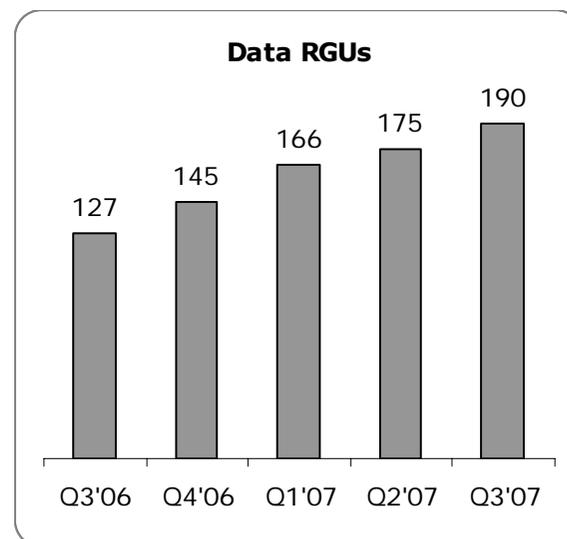
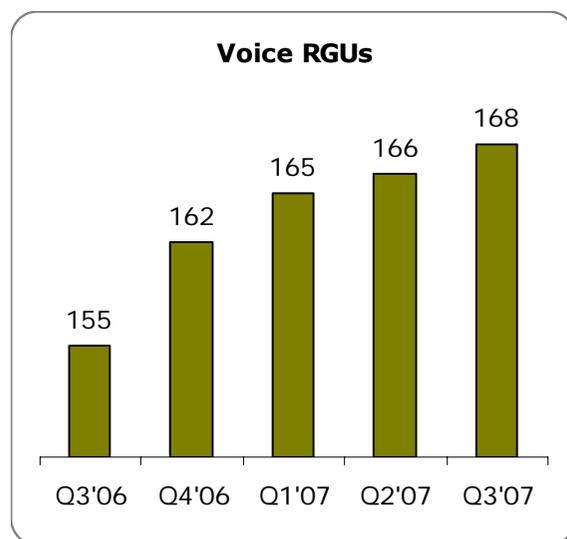
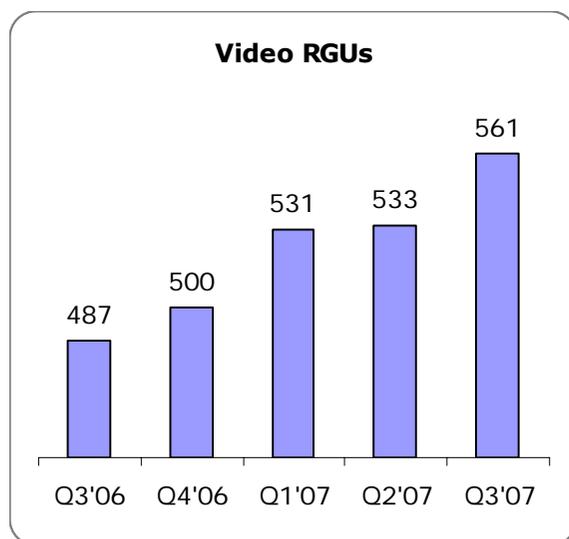
**Note:** In Q1'07 and Q3'07 the number of single play RGUs increased due to acquisitions

All data in thousands

... and we fully expect this trend to continue going forward

# Growth of Customer Base

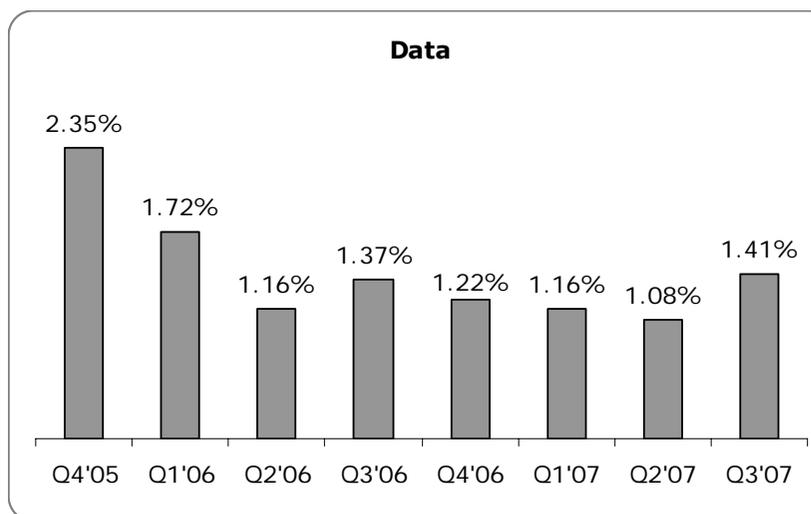
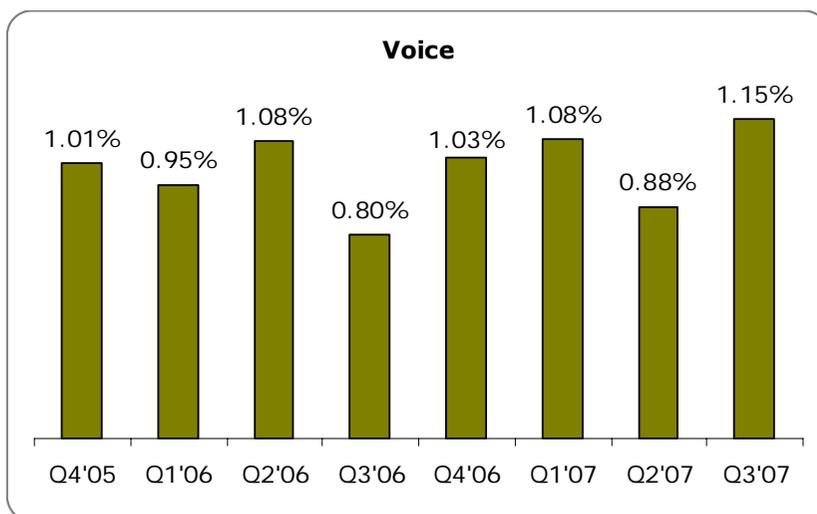
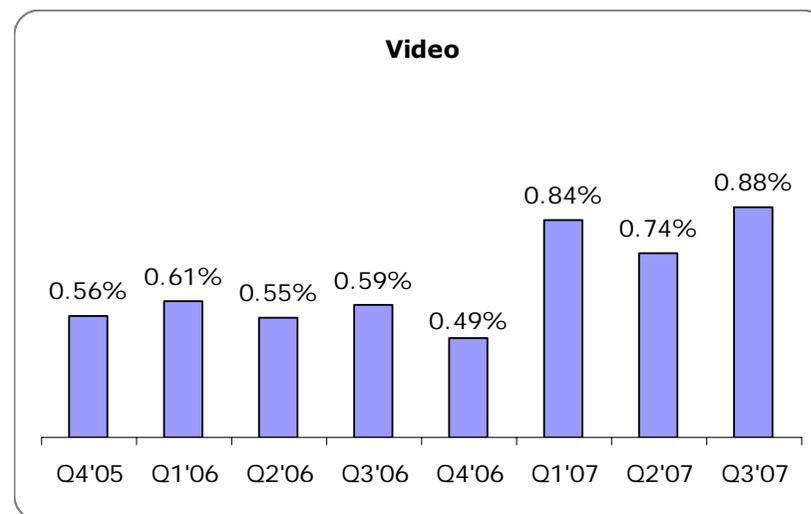
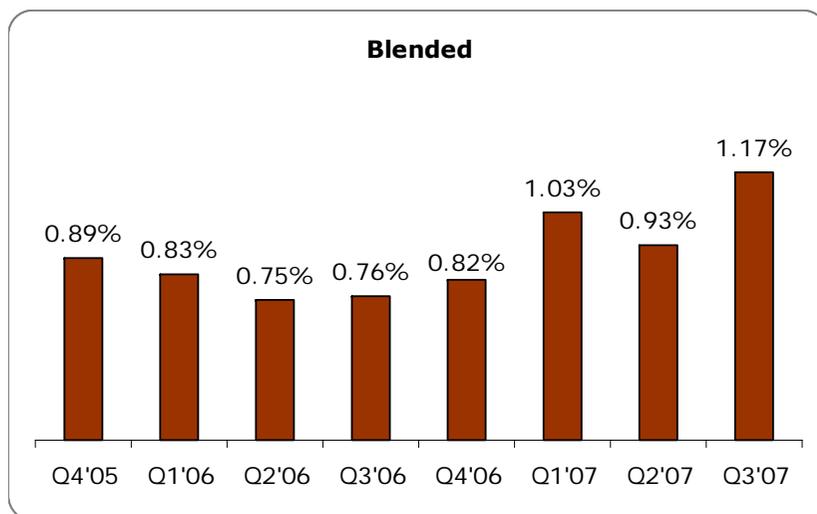
Solid growth of Revenue Generating Units quarter on quarter in all service groups...



All data in thousands

# Churn

– under control due to service bundling



Monthly average in a given quarter



## **Financial Review**

# Revenue Structure Quarterly

CATV revenues increased due to RGU additions and price increases introduced in 2007. Our DTV revenues were not yet significant this quarter...

Revenues (PLN'000)	Q3 2006	Q2 2007	Q3 2007	Q3'07/Q3'06 % change	Q3'07/Q2'07 % change
basic CATV	42 103	48 524	49 667	18%	2%
premium CATV	1 411	1 500	1 488	5%	-1%
DTV & IPTV	59	223	375	537%	68%
internet	19 241	21 424	21 800	13%	2%
telephony	29 501	28 638	28 560	-3%	0%
other revenues	2 456	2 180	3 275	33%	50%
<b>Total Revenues</b>	<b>94 771</b>	<b>102 489</b>	<b>105 164</b>	<b>11%</b>	<b>3%</b>

The impact of dynamic growth of Internet RGUs on revenues is partly offset by price discounts.

While traditional telephony revenues are shrinking the new VoIP telephony is rapidly gaining popularity.

# Operating Expenses Quarterly

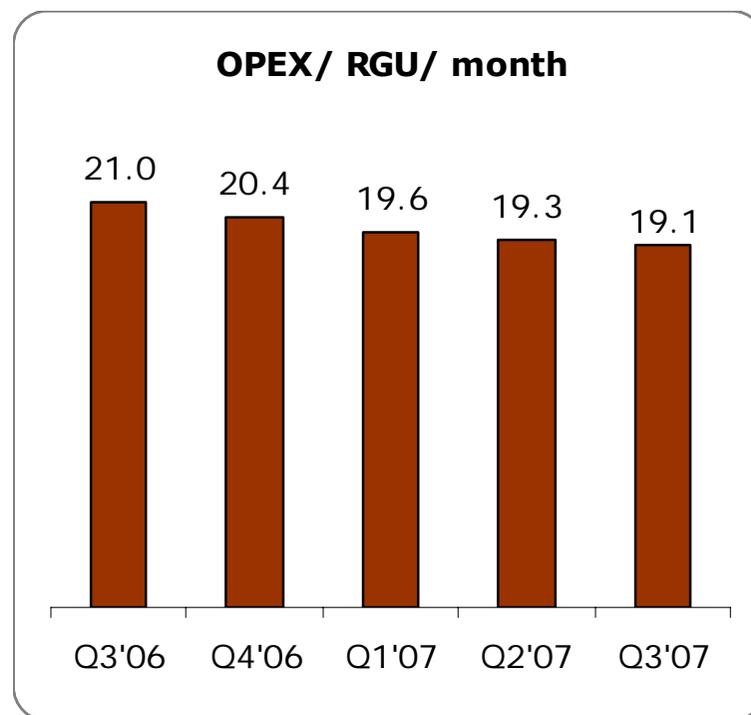
Despite operating a larger customer base...

Expenses (PLN '000)	Q3 2006	Q2 2007	Q3 2007	Q3'07/Q3'06 % change	Q3'07/Q2'07 % change
programming and copyrights	8 729	11 157	11 383	30%	2%
bandwidth	2 703	2 112	2 325	-14%	10%
interconnect	5 581	4 726	5 852	5%	24%
network costs	7 129	7 139	9 784	37%	37%
sales and marketing	4 546	5 599	3 082	-32%	-45%
payroll and benefits	11 635	11 368	10 844	-7%	-5%
taxes and charges	2 310	2 632	2 650	15%	1%
professional services	168	801	743	341%	-7%
energy and materials	2 766	2 644	2 682	-3%	1%
other expenses	2 809	2 445	3 181	13%	30%
<b>Total Expenses</b>	<b>48 378</b>	<b>50 622</b>	<b>52 525</b>	<b>9%</b>	<b>4%</b>
OPEX/ RGU /month	21.0	19.3	19.1	-9%	-1%

... we continue to keep operating expenses under control.

# Operating Expenses Quarterly

Our OPEX/ RGU/ month ratio continues to decrease...



All data in PLN

# Income Statement Quarterly

Income Statement (PLN '000)	Q3 2006	Q2 2007	Q3 2007	Q3'07/Q3'06 % change	Q3'07/Q2'07 % change
Revenues	94 771	102 489	105 164	11%	3%
Expenses (excl. D&A)	48 378	50 622	52 525	9%	4%
Adjusted EBITDA	46 094	51 126	53 020	15%	4%
<i>margin</i>	<i>48.6%</i>	<i>49.9%</i>	<i>50.4%</i>	4%	-
Operating profit*	33 674	21 493	23 210	-31%	8%
Net interest	(7 563)	(3 155)	(3 812)	-50%	21%
Pretax profit	26 112	18 338	19 398	-26%	6%
Tax	6 100	6 948	3 892	-36%	-44%
Net income	20 012	11 390	15 506	-23%	36%

\* Operating profit in 9M 2006 was impacted by a one-off compensation received of PLN 12m

# Revenue Structure YTD

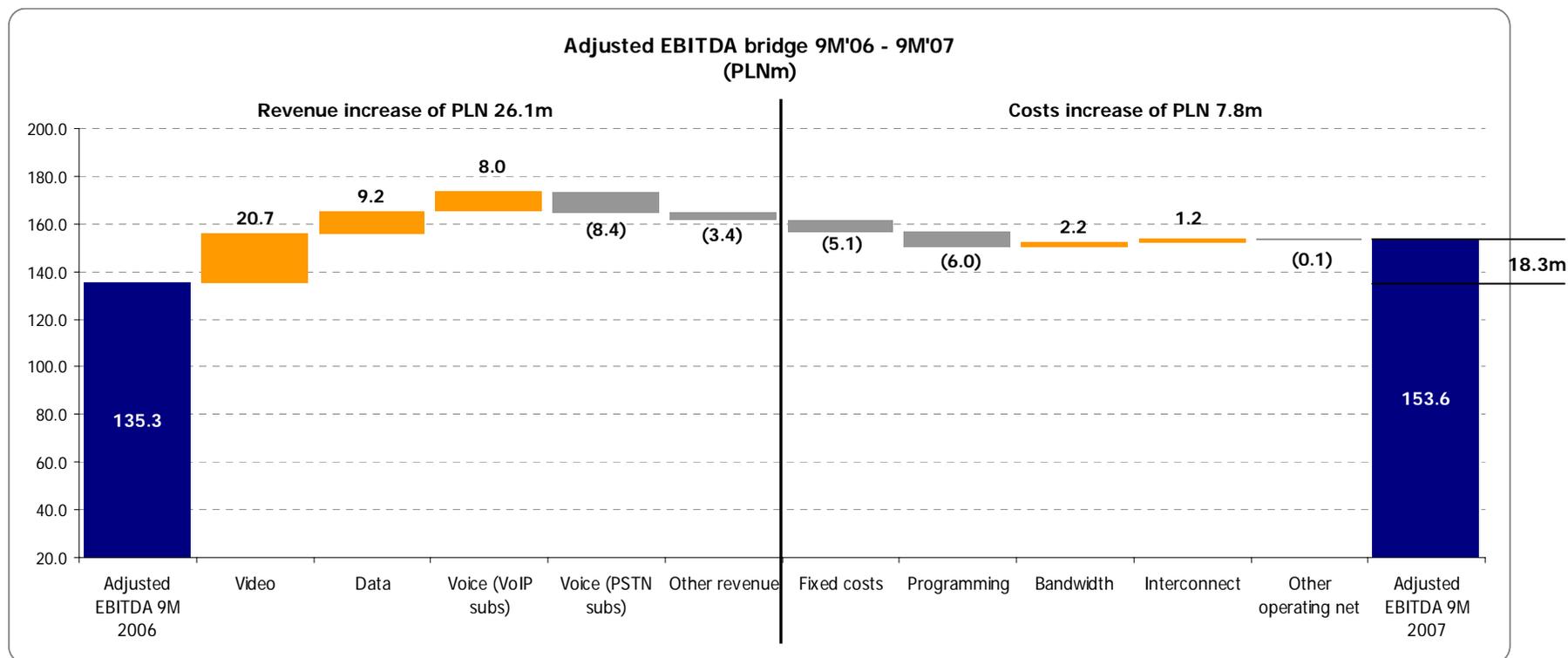
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Revenues (PLN '000)	9M 2006	9M 2007	% change
basic CATV	125 196	144 898	16%
premium CATV	4 148	4 464	8%
DTV & IPTV	64	780	-
internet	54 471	63 696	17%
telephony	91 318	85 854	-6%
other revenues	6 285	7 924	26%
<b>Total Revenues</b>	<b>281 482</b>	<b>307 616</b>	<b>9%</b>

# Operating Expenses YTD

Expenses (PLN'000)	9M 2006	9M 2007	% change
programming and copyrights	28 031	34 043	21%
bandwidth	8 761	6 609	-25%
interconnect	15 946	14 727	-8%
network costs	21 619	24 972	16%
sales and marketing	12 281	12 762	4%
payroll and benefits	32 420	33 772	4%
taxes and charges	6 855	7 993	17%
professional services	3 391	2 589	-24%
energy and materials	7 064	8 180	16%
other expenses	9 716	8 141	-16%
<b>Total Expenses</b>	<b>146 084</b>	<b>153 787</b>	<b>5%</b>
OPEX/ RGU /month	21.1	18.6	-12%

# EBITDA Bridge\*



Source: Unaudited Q3 2007 IFRS financial statements

\* Adjusted: operating profit plus depreciation and amortisation less one-off non-cash items

# Income Statement YTD

Income Statement (PLN '000)	9M 2006	9M 2007	% change
Revenues	281 482	307 616	9%
Expenses (excl. D&A)	146 084	153 787	5%
Adjusted EBITDA	135 294	153 607	14%
<i>margin</i>	<i>48.1%</i>	<i>49.9%</i>	-
Operating profit*	73 658	68 536	-7%
Net interest	(17 521)	(13 160)	-25%
Pretax profit	56 137	55 376	-1%
Tax	10 516	12 014	14%
Net income	45 621	43 361	-5%

\* Operating profit in 9M 2006 was impacted by a one-off compensation received of PLN 12m

# Balance Sheet

Balance Sheet (PLN '000)	31-12-06	30-09-07	% change
Assets			
non-current	703 150	794 666	13%
current	58 105	75 720	30%
cash & equivalents	346 805	192 167	-45%
<b>Total assets</b>	<b>1 108 060</b>	<b>1 062 552</b>	<b>-4%</b>
Equity	522 604	565 980	8%
Liabilities			
non-current	509 526	414 311	-19%
current	75 931	82 261	8%
<b>Total equity &amp; liabilities</b>	<b>1 108 060</b>	<b>1 062 552</b>	<b>-4%</b>

# Capital Expenditures

We spent approx. PLN 60.2m on capital expenditure in Q3 2007...

CAPEX (PLN '000)	Q1 2007	Q2 2007	Q3 2007	9M 2007
growth	34 200	33 500	24 700	92 400
other	3 800	1 400	5 000	10 200
acquisitions	54 500	700	30 500	85 700
<b>Total CAPEX</b>	<b>92 500</b>	<b>35 600</b>	<b>60 200</b>	<b>188 300</b>

... our growth CAPEX accounted for 83% of total organic CAPEX (w/o acquisitions)



## **Recent Events & Outlook**

# Entering New Markets

23 October 2007:

Acquisition of 208 (100%) shares in **SOTEL**

Provider of **cable television and internet** services for some 3,700 RGUs

Networks located in **Pruszcz Gdański**, Northern Poland

Strong **build-out potential** thanks to excellent relations with local developers

Purchase price **PLN 5.5m** subject to final settlement

31 October 2007:

Acquisition of 8,110 (100%) shares in **INTERTEL**

Provider of **fixed-line telephony and internet** services for some 3,500 RGUs, including 10 large corporate customers

Expansion into **Upper Silesia** – an area of great growth potential and little competition

The company has its own telecom infrastructure, including **own metro backbone**

Purchase price **PLN 5.5m** subject to final settlement

## Recent Events

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Implementing **active acquisitions strategy** overbuilding existing operators, ca. 3,000 homes passed already built

Entered the **Warsaw market** with ca. 1,000 homes passed  
Building a team to expand **Warsaw operations**

Launch of **video on demand (VoD)** in September 2007  
Service currently available in **6 cities**.  
By the end of the year, the service will be made available to entire digital cable TV market of **450,000 homes passed**

**Flat interconnection rates** granted by the Regulator in August 2007  
UKE's decision introduces flat-rate model for interconnection charging.  
It will allow Multimedia to reduce the cost of carrying domestic voice traffic over TP S.A.'s networks.

# Future Developments

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Continue **active acquisitions strategy** in attractive locations to encourage sell-off

Introducing new services based on **digital standards**, such as interactive TV, time-shift TV, T-commerce etc.

Close to finalising negotiations with a mobile operator to offer mobile services as a  
**Mobile Virtual Network Operator (MVNO)**

Preparing to benefit from **Wholesale Line Rental (WLR)** and **Local Loop Unbundling (LLU)**

Continue the roll out of **WiMax** to provide wireless voice and broadband internet services

## Contact us

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- Investor Relations Office  
tel. +48 22 553 86 00  
fax. +48 22 553 86 03  
[ir@multimedia.pl](mailto:ir@multimedia.pl)

- Stefan Kossecki  
Head of Investor Relations  
tel. +48 22 553 86 10  
fax. +48 22 553 86 03  
[s.kossecki@multimedia.pl](mailto:s.kossecki@multimedia.pl)

Or visit our Investor Relations website  
[www.multimedia.pl/investor](http://www.multimedia.pl/investor)

Publication of Q4 2007 results:

TBA