

Multimedia Polska S.A.



2012 fourth quarter and FY results

4 March 2013

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1

EBITDA

- Our FY2012 EBITDA* was PLN 351.4m increased by ca. 7.4% year-on-year
- We continue to enjoy high EBITDA margin of 51.3%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,763,400; up 16.5% year-on-year
- We added ca. 75,400 DTV subscribers, ca. 77,800 broadband, and ca. 17,300 voice subscribers year-on-year
- Our RGU/unique customer ratio was 2.13

3

Opex per RGU

- Our operating expenses per RGU per month were at PLN 16.6

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

Fourth Quarter 2012 Highlights



→ We added 34,300 net RGUs*

- 22,800 video RGUs
- 10,200 broadband RGUs
- 1,300 telephony RGUs

→ We had 826,900 unique customers

- 423,700 single play subscribers
- 284,200 double play subscribers
- 119,000 triple play subscribers

→ RGU/subscriber rate

- 2.13 in Q4 2012
- 2.11 in Q3 2012

→ Blended ARPU per subscriber

- PLN 69.28 in Q4 2012
- PLN 68.83 in Q3 2012

→ Blended ARPU per RGU

- PLN 31.37 in Q4 2012
- PLN 31.55 in Q3 2012

RGU Growth Highlights

- Growth in our core segments of video and broadband comes from both organic growth and the acquisition of Stream Communications (consolidated from May 2012), Diana (consolidated from August 2012), and Transmitel (consolidated from November 2012)
- The growth rates in the video and broadband segments are c. 20% year on year

| Quarter-on-quarter ('000) | Q3 2012 | Q4 2012 | % change | new adds |
|---------------------------|--------------|--------------|-----------|-----------|
| video | 978 | 1 001 | 2% | 23 |
| voice | 283 | 285 | 0% | 1 |
| data | 467 | 478 | 2% | 10 |
| Total | 1 729 | 1 763 | 2% | 34 |

| Year-on-year ('000) | Q4 2011 | Q4 2012 | % change | new adds |
|---------------------|--------------|--------------|------------|------------|
| video | 840 | 1 001 | 19% | 161 |
| voice | 273 | 285 | 4% | 12 |
| data | 400 | 478 | 19% | 78 |
| Total | 1 513 | 1 763 | 17% | 250 |

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Business Review

Our Subscriber Base — 31 December 2012



Our Market

1,491,200
marketable homes

826,900
unique subscribers

1,763,400
total RGUs

Our Services

1,001,000
video RGUs*

477,600
broadband RGUs

284,700
voice RGUs**

Multiplay

423,700
1-play subscribers

284,200
2-play subscribers

119,000
3-play subscribers

(*) Include 102,300 premium channel RGUs, 13,700 IPTV RGUs and 258,300 DTV RGUs

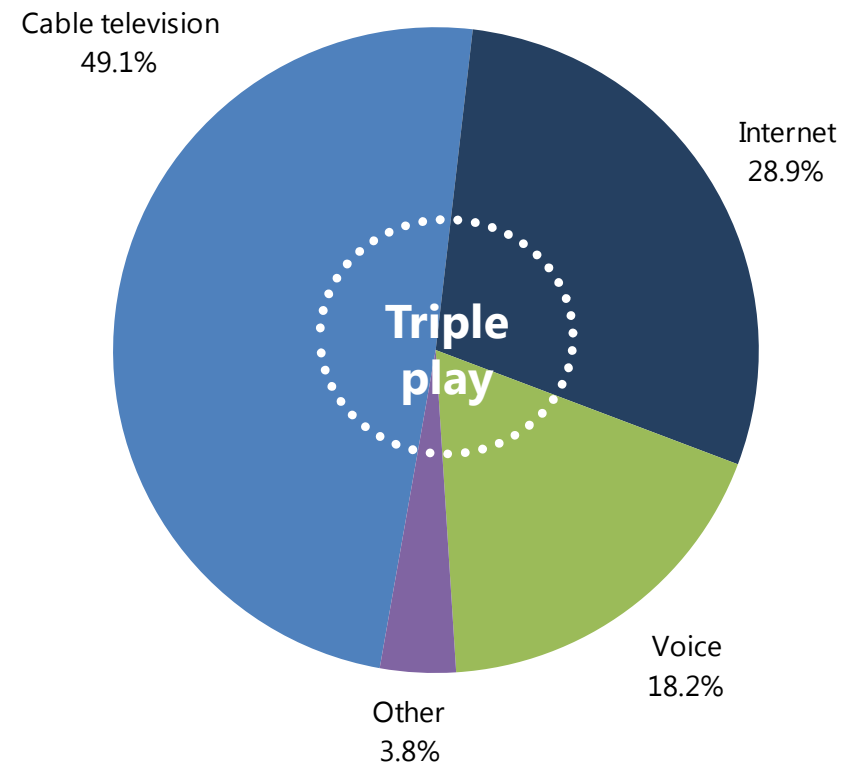
(**) Include 23,200 indirect voice RGUs and approximately 600 payphones

Our Products Today

Product offering

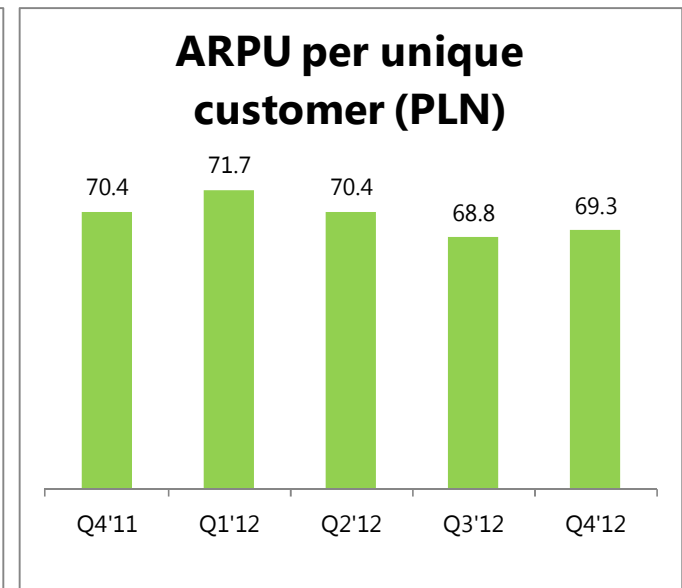
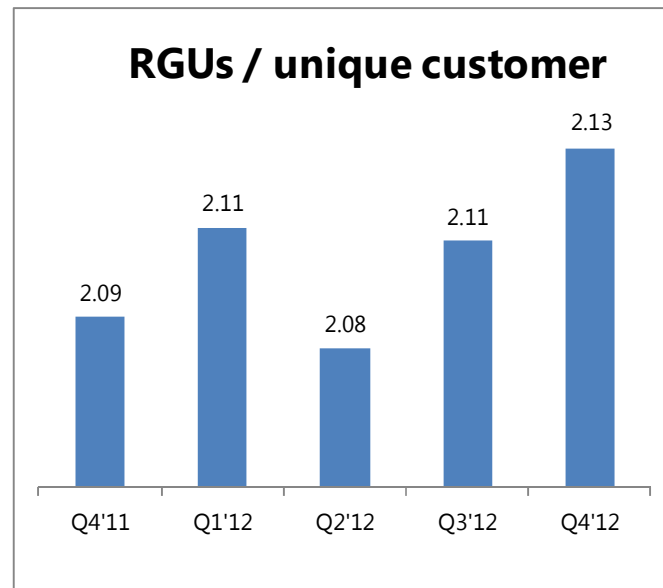
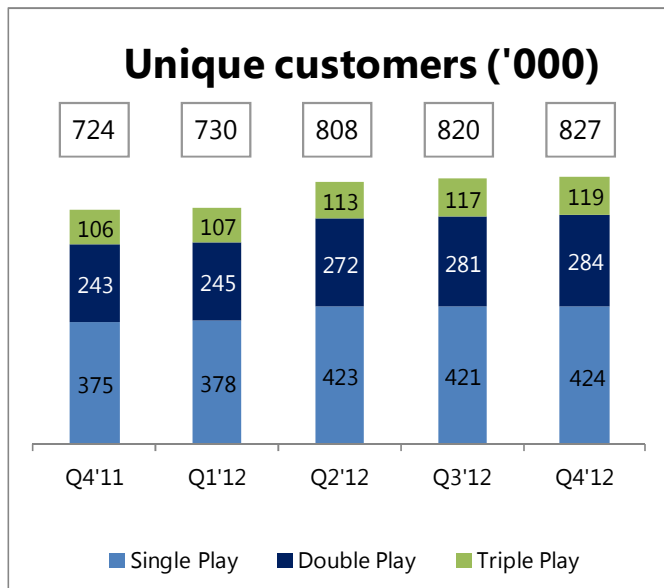
- We have a fully-developed up-to-date and innovative product offering which continues to be expanded in line with technological advance
- Our products comprise primarily:
 - CATV (analogue TV, IPTV, DTV, premium channels, VoD, PC streaming)
 - Internet (broadband, broadband DSL, Wi-Fi, Wi-Max, mobile)
 - Telephony (VoIP, PSTN – also digital, new hybrid WiFi/GSM mobile service, NDS/CPS, value-added services)
- We have already achieved our target revenue structure and continue to expand each segment

FY2012 revenue breakdown



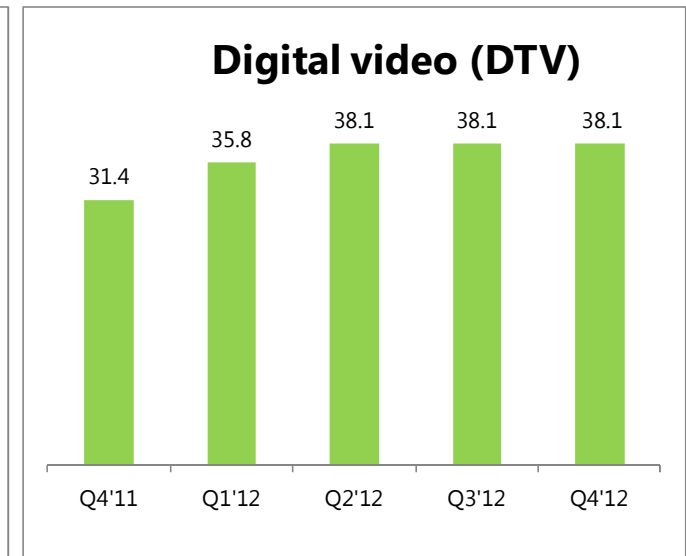
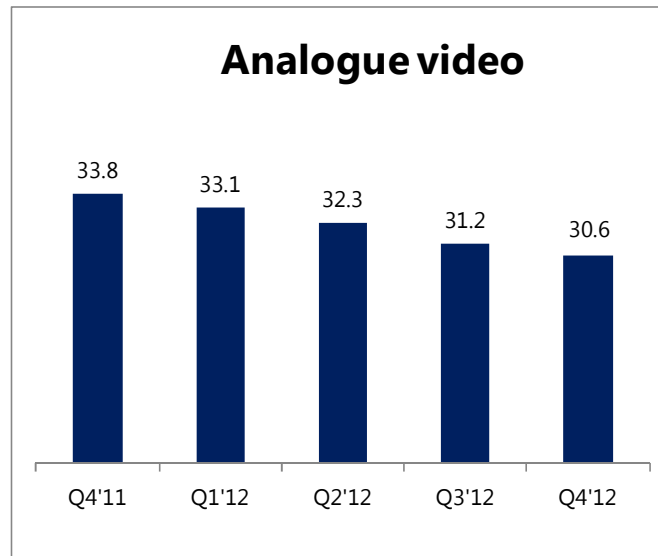
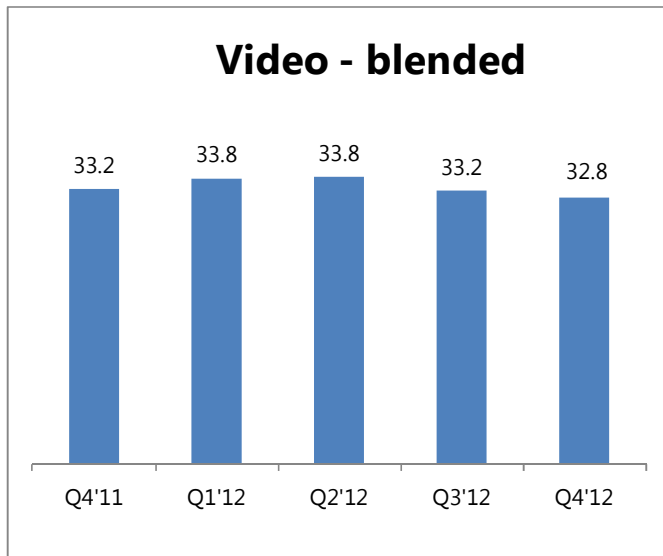
Subscribers and ARPU

- Due to successful bundling of services, we continue to grow our ARPU per unique customer. The drop in Q2 and Q3 2012 is attributable exclusively to the acquisition of Stream Communications and Diana. We fully expect the figure to get back on the upward trend in the following quarters
- RGU per unique customer was up from 2.11 in Q3 2012 to 2.13 in Q4 2012



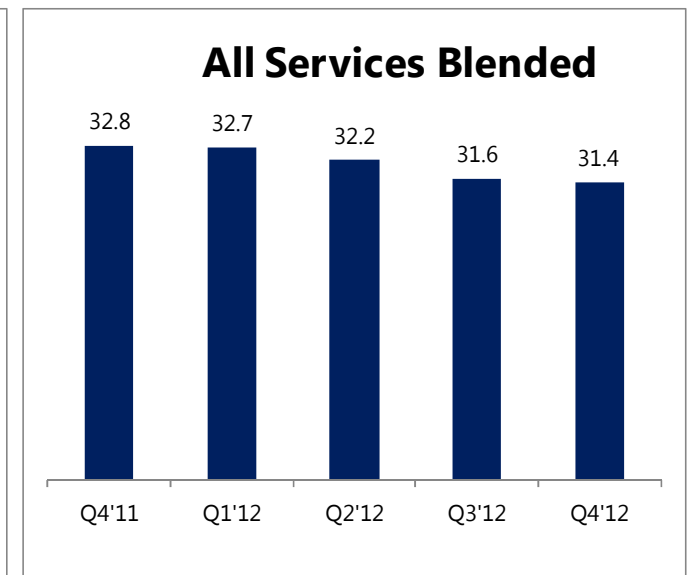
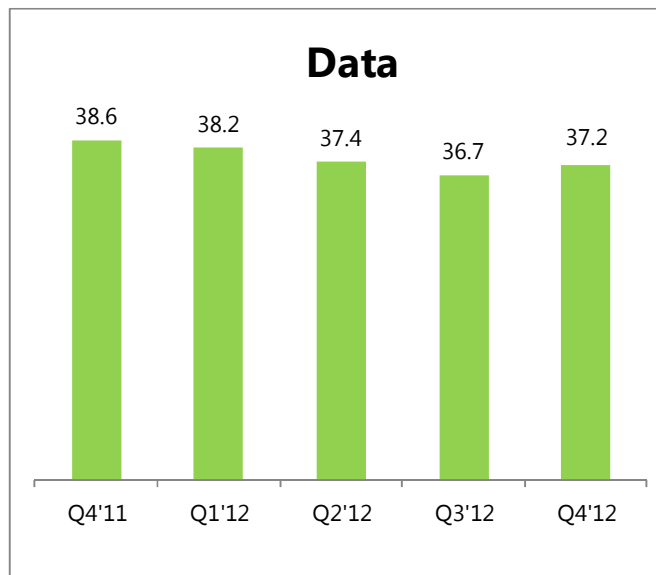
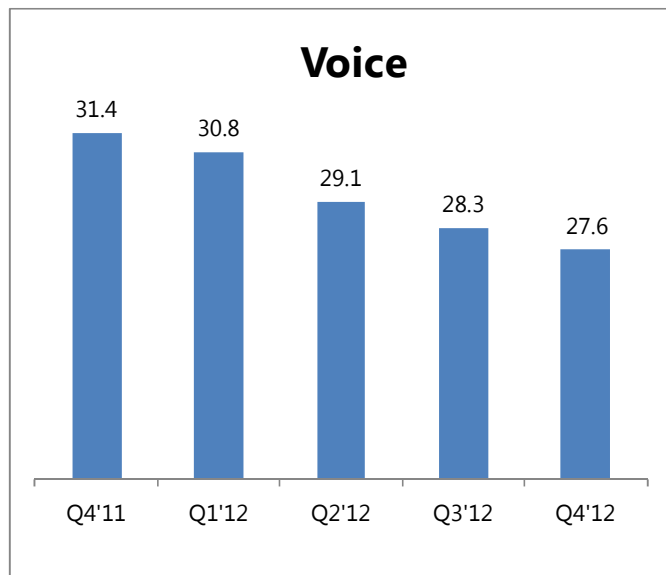
ARPU per RGU —video services

- Over 2012 we decided to incentivise some analogue customer groups to migrate to DTV to free up bandwidth capacities for high speed broadband (up to 250 Mb/s) hence the temporary stabilization of DTV ARPU. We expect to see a steady upward trend again in 2013
- Our analogue video customers are eagerly migrating to DTV
- Please note that our ARPU figures are affected by recent acquisitions (Stream in Q2 2012, Diana in Q3 2012, and Transmitel in Q4 2012)



ARPU per RGU —voice and data

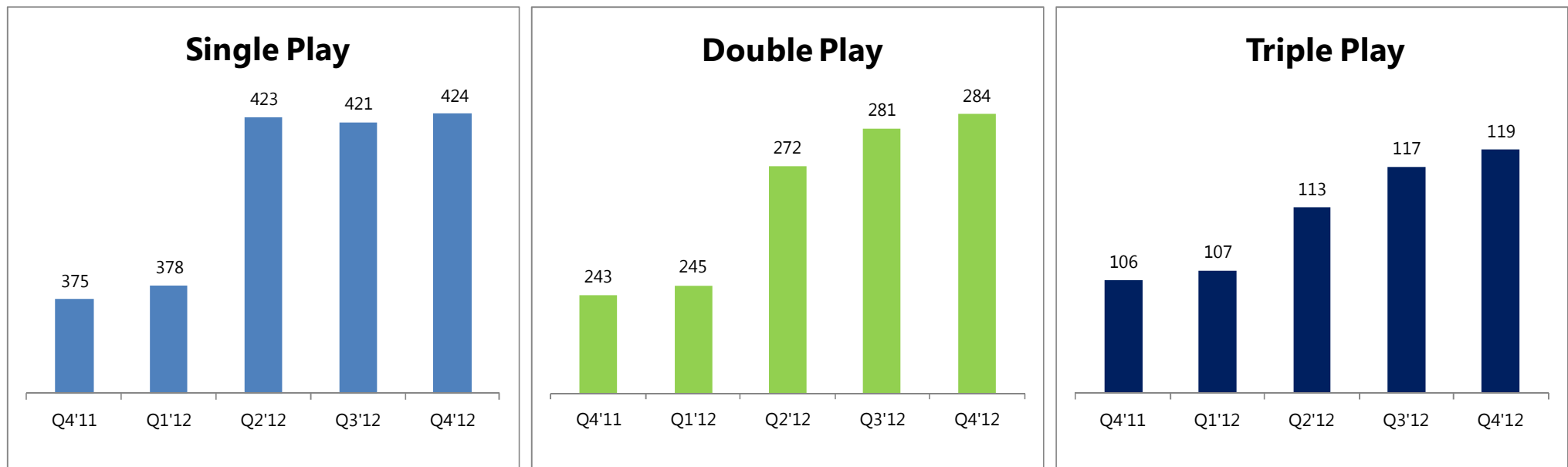
- **VoIP:** Although ARPU on the service decreased further in Q4 2012, positive net additions of VoIP users nearly offset the impact of declining VoIP ARPU on VoIP revenues. We strongly push VoIP sales through bundled offerings.
- **PSTN:** In a long-term perspective like other market players we are seeing a decline in PSTN customers and ARPU.
- **Broadband:** ARPU dips slightly because of the acquisitions; however, stable and vibrant additions of broadband users translate into solid revenue growth. Our new offer of high speed broadband has been welcomed by our customers and allows us to further grow ARPU.



Customer Base Structure



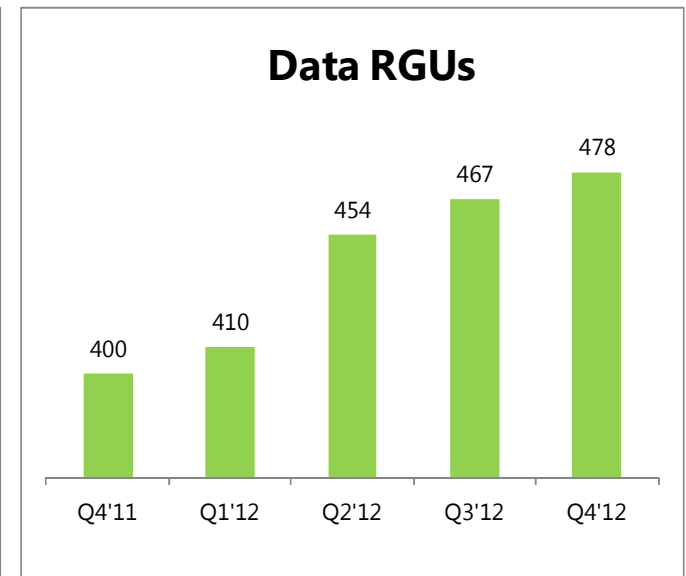
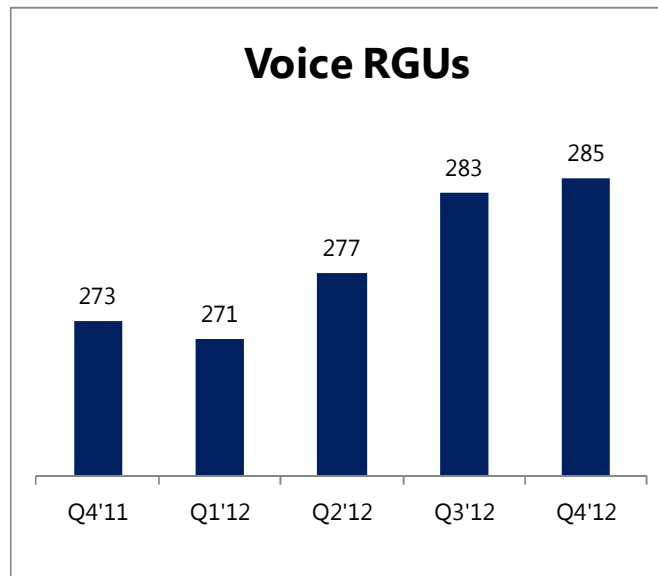
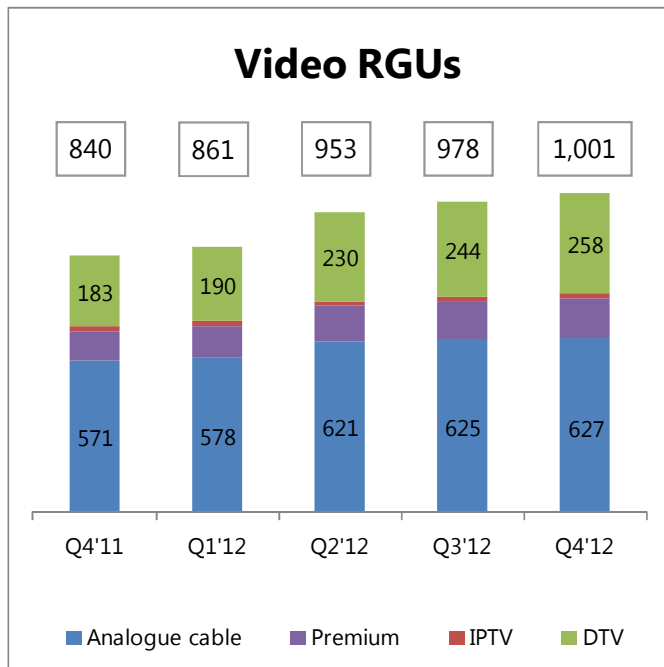
- In line with our strategy, we have been moving away from single play and towards double and triple play and we fully expect this trend to continue going forward
- The steep rises in all customer categories in Q2 2012 are attributable to the consolidation of Stream effective as of May 2012; we believe that 1- and 2-play customers can soon be upgraded to higher service multiples, which has already been evidenced in Q4 2012 when our dynamic upsell of services took our RGU/subscriber ratio back up to 2.13
- There would have been a drop in 1-play customer base in Q3-Q4 2012 had it not been for the impact of the Diana and Transmitel acquisitions



Note: The rise in Q2'11 is attributable to consolidation of Stream Communications

Growth of Customer Base

- Stable growth of Revenue Generating Units quarter on quarter in all segments owing to the consolidation of Stream, Diana, and Transmitel, as well as organic growth
- We have passed the threshold of having one million video RGUs



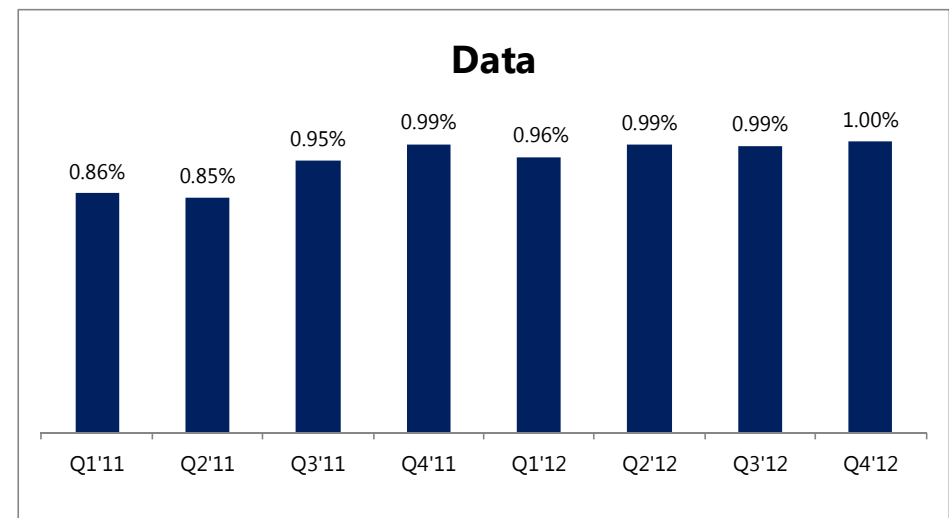
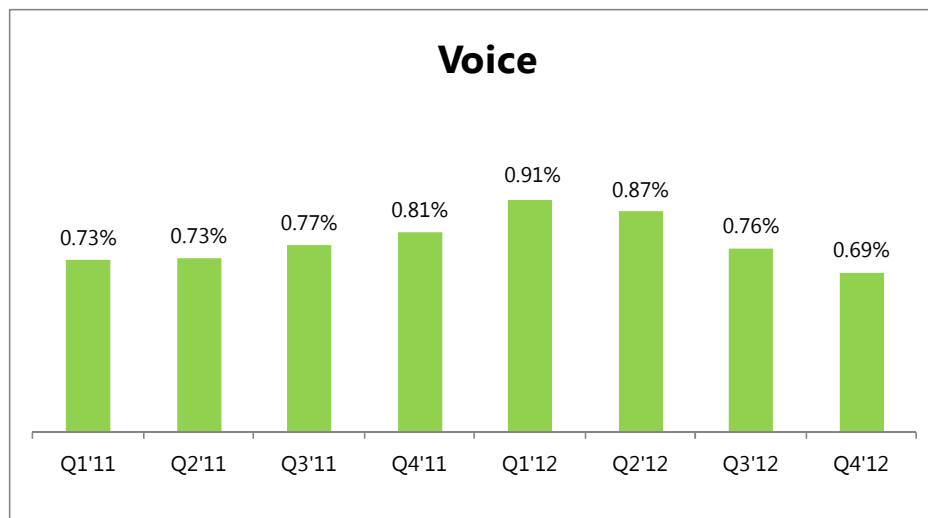
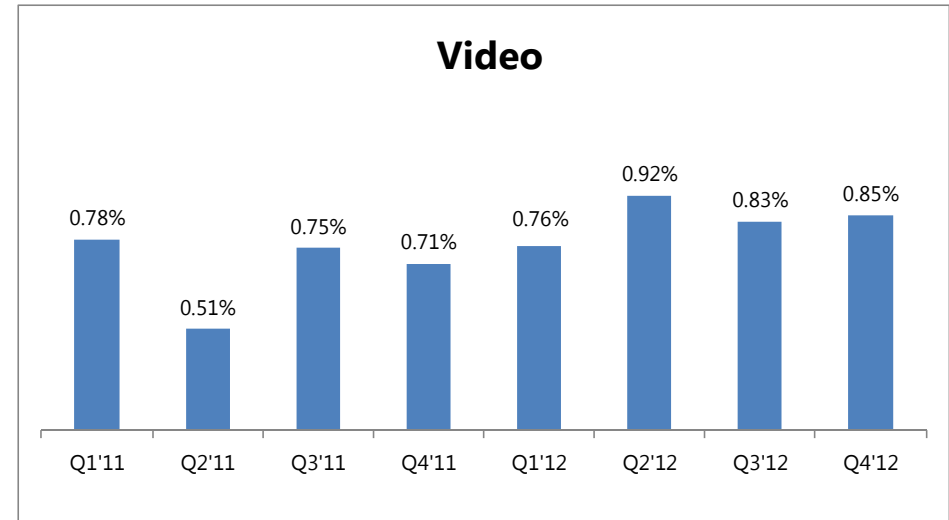
All data in thousands

Churn

– under control due to service bundling



- Reducing churn continues to be one of our strategic objectives
- We believe attractive products and pricing are the key to success alongside high quality of both services and customer care



Monthly average in a given quarter

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Financial Review

Revenue Structure Quarterly

- DTV revenues continue to grow in line with RGU additions, also coming from the acquisition of Stream, Diana, and Transmitel
- Internet revenues grow thanks to dynamic additions of broadband subscribers (incl. Stream, Diana and Transmitel)
- The impact of vibrant additions of VoIP subscribers on our voice revenues to some extent offsets the decline in PSTN telephony; however, ARPU on cable telephony is seeing steep erosion due to aggressive promotion of bundled services

| Revenues (PLN '000) | Q4 2011 | Q3 2012 | Q4 2012 | y-o-y % change | q-o-q % change |
|-----------------------|----------------|----------------|----------------|-------------------|-------------------|
| basic CATV | 57 815 | 58 299 | 57 500 | -1% | -1% |
| DTV & IPTV | 17 962 | 28 517 | 30 235 | 68% | 6% |
| internet | 45 517 | 50 683 | 52 741 | 16% | 4% |
| telephony | 32 543 | 30 866 | 30 924 | -5% | 0% |
| other revenues | 8 937 | 6 503 | 6 763 | -24% | 4% |
| Total Revenues | 162 774 | 174 868 | 178 163 | 9% | 2% |

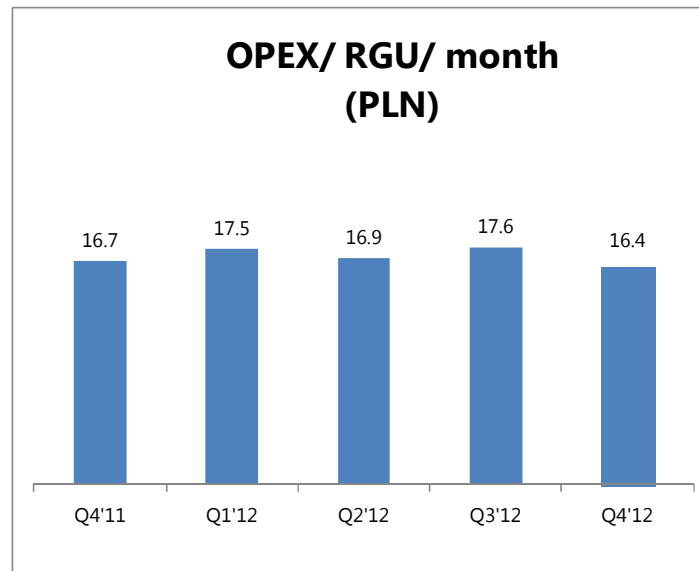
Operating Expenses Quarterly

- The structure of our quarterly expenses fluctuates considerably as a result of significant one-off events. It is our strategic goal, however, to keep the overall change in operating expenses in line with our revenues (excl. one-offs)
- Significant non-recurring costs of FY2012 (c. PLN 16.8m) involved the cost of our strategic audit (c. PLN 12.7m). Most of those costs were incurred in Q3 2012 (c. PLN 12m) and were disclosed under 'professional services,' 'other expenses' as well as 'payroll and benefits'
- Programming and copyrights, S&M, network costs, and payroll and benefits went up y-o-y partly as a result of the acquisition of Stream, Diana and Transmitel; however, in Q4 2012 we posted declines in all categories of our expenses compared to Q3 2012 as following the acquisitions and strategic audit, we have reverted back to our strict cost control policy

| Expenses (PLN '000) | Q4 2011 | Q3 2012 | Q4 2012 | y-o-y % change | q-o-q % change |
|----------------------------|----------------|----------------|----------------|---------------------------|---------------------------|
| programming and copyrights | 22 403 | 26 896 | 26 845 | 20% | 0% |
| bandwidth | 1 353 | 845 | 682 | -50% | -19% |
| interconnect | 4 576 | 4 960 | 4 765 | 4% | -4% |
| network costs | 11 344 | 13 908 | 13 795 | 22% | -1% |
| sales and marketing | 2 063 | 4 583 | 3 448 | 67% | -25% |
| payroll and benefits | 17 942 | 24 900 | 21 754 | 21% | -13% |
| taxes and charges | 3 093 | 3 284 | 3 293 | 6% | 0% |
| professional services | 2 603 | 6 435 | 1 317 | -49% | -80% |
| energy and materials | 4 652 | 5 731 | 4 598 | -1% | -20% |
| other expenses | 5 946 | 6 901 | 6 074 | 2% | -12% |
| Total Expenses | 75 976 | 98 442 | 86 571 | 14% | -12% |
| OPEX/ RGU /month | 16.7 | 19.0 | 16.4 | -2% | -14% |

Operating Expenses Quarterly

- In 2012, our operating expenses were heavily impacted by non-recurring events, which had a major impact on our OPEX/RGU/month ratio
- If those non-recurring events were excluded, the ratio would have followed the regular historical downward trend



Income Statement Quarterly



| Income Statement (PLN '000) | Q4 2011 | Q3 2012 | Q4 2012 | y-o-y % change | q-o-q % change |
|-----------------------------|----------|----------|----------|-------------------|-------------------|
| Revenues | 162 774 | 174 868 | 178 163 | 9% | 2% |
| Expenses (excl. D&A) | 75 976 | 98 442 | 86 571 | 14% | -12% |
| Adjusted EBITDA | 87 035 | 88 927 | 92 515 | 6% | 4% |
| <i>margin</i> | 53.5% | 50.9% | 51.9% | - | - |
| Operating profit | 40 868 | 28 311 | 33 021 | -19% | 17% |
| Net interest | (14 201) | (16 357) | (16 710) | 18% | 2% |
| Pretax profit | 26 667 | 11 953 | 16 311 | -39% | 36% |
| Tax | (19 119) | 5 009 | 3 868 | - | - |
| Net income | 45 786 | 6 945 | 12 444 | -73% | 79% |

Revenue Structure Year-on-Year



- Our video revenues went up PLN 40.6m primarily due to acquisitions, additions of DTV subscribers and increases in pricing of DTV
- Broadband revenues rose PLN 25.4m on the back of a higher number of users (also thanks to acquisitions)
- Revenues from cable telephony (VoIP) dropped PLN 0.7m due to our strong push to sell bundled services while PSTN telephony revenues fell PLN 5.4m on the back of price declines and churn; other voice revenues (indirect, payphones etc.) also declined by PLN 1.7m; the overall drop was offset to some extent by interconnect revenues that went up PLN 2.4m
- Other revenues (infrastructure leases etc.) went up PLN 2.6m

| Revenues (PLN '000) | FY 2011 | FY 2012 | % change |
|-----------------------|----------------|----------------|------------|
| basic CATV | 235 266 | 230 907 | -2% |
| DTV & IPTV | 60 432 | 105 350 | 74% |
| internet | 172 810 | 198 242 | 15% |
| telephony | 130 459 | 125 095 | -4% |
| other revenues | 23 349 | 25 926 | 11% |
| Total Revenues | 622 315 | 685 520 | 10% |

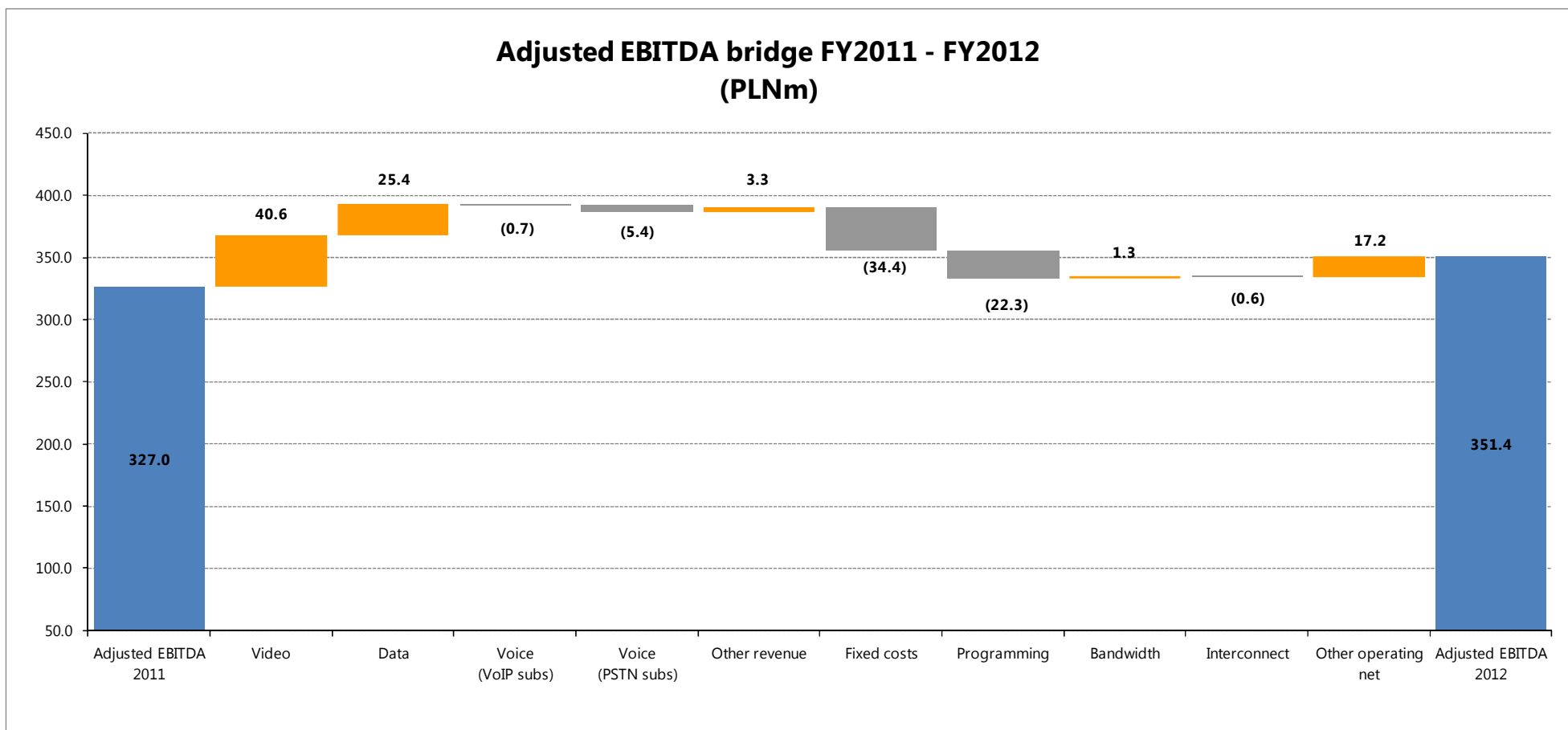
Operating Expenses Year-on-Year



- Our programming costs went up on the back of vibrant additions of digital subscribers, also from Stream Communications, Diana, and Transmitel, and changes to programming content
- The rise in network costs was connected with higher cost of service of backbone equipment and energy for our networks
- The surge in professional services, other expenses, and payroll and benefits was related to our strategic audit
- We continue our conservative cost control policy to keep the overall change in operating expenses in line with our revenues; however, in FY2012 significant one-off events added c. PLN 16.8m to our usual operating expenses

| Expenses (PLN '000) | FY 2011 | FY 2012 | % change |
|----------------------------|----------------|----------------|------------|
| programming and copyrights | 77 906 | 100 196 | 29% |
| bandwidth | 4 985 | 3 658 | -27% |
| interconnect | 18 918 | 19 560 | 3% |
| network costs | 46 335 | 53 854 | 16% |
| sales and marketing | 13 104 | 16 349 | 25% |
| payroll and benefits | 71 605 | 83 580 | 17% |
| taxes and charges | 12 712 | 13 407 | 5% |
| professional services | 10 229 | 14 648 | 43% |
| energy and materials | 17 746 | 19 600 | 10% |
| other expenses | 21 896 | 26 623 | 22% |
| Total Expenses | 295 435 | 351 475 | 19% |
| OPEX/ RGU /month | 16.3 | 16.6 | 2% |

EBITDA Bridge*



(*) Adjusted: operating profit plus depreciation and amortization less one-off non-cash items

Income Statement Year-on-Year

- The net income was adversely impacted by higher programming expenses (up PLN 22.3m) connected with our acquisitions and high finance costs (up PLN 11.5m) due to higher level of leverage to deliver those acquisitions
- It was further impacted by one-off costs connected with our strategic audit and a settlement pertaining to some networks acquired by us. Those two cost items totalled PLN 16.8m
- We also had a higher effective tax rate on our gross profit due to changes in deferred tax between 2011 and 2012

| Income Statement (PLN '000) | FY 2011 | FY 2012 | % change |
|------------------------------------|----------------|----------------|-----------------|
| Revenues | 622 315 | 685 520 | 10% |
| Expenses (excl. D&A) | 295 435 | 351 475 | 19% |
| Adjusted EBITDA | 327 027 | 351 375 | 7% |
| <i>margin</i> | 52.6% | 51.3% | - |
| Operating profit | 151 101 | 133 244 | -12% |
| Net interest | (54 767) | (62 833) | 15% |
| Pretax profit | 96 334 | 70 465 | -27% |
| Tax | (5 832) | 21 431 | - |
| Net income | 102 165 | 49 034 | -52% |

Balance Sheet

| Balance Sheet (PLN '000) | 31-12-11 | 31-12-12 | % change |
|---------------------------------------|------------------|------------------|-----------------|
| Assets | | | |
| non-current | 1 174 235 | 1 366 669 | 16% |
| current | 86 317 | 113 327 | 31% |
| incl. cash & equivalents | 3 105 | 4 876 | 57% |
| Total assets | 1 260 552 | 1 479 995 | 17% |
| Equity | 275 359 | 275 264 | 0% |
| Liabilities | | | |
| non-current | 713 915 | 824 819 | 16% |
| current | 271 278 | 379 912 | 40% |
| Total equity & liabilities | 1 260 552 | 1 479 995 | 17% |

Capital Expenditures

- We spent ca. PLN 374.8m on capital expenditure in 2012
- Our FY2012 growth CAPEX accounted for 74% of total organic CAPEX
- Our acquisition CAPEX was attributable to Stream Communications, Diana, and Transmitel

| CAPEX (PLN '000) | Q1 2012 | Q2 2012 | Q3 2012 | Q4 2012 | FY 2012 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| growth | 39 500 | 21 100 | 51 000 | 24 200 | 135 800 |
| other | 11 500 | 12 000 | 10 500 | 14 100 | 48 100 |
| acquisitions | 17 000 | 104 300 | 45 100 | 24 500 | 190 900 |
| Total CAPEX | 68 000 | 137 400 | 106 600 | 62 800 | 374 800 |

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Recent Events and Outlook

Recent Events



We concluded the **strategic audit** by JP Morgan in September

Our **shareholders** have opted to **keep their interest** in the company as the best option from the perspective of value creation and company development in a few years' horizon

In July 2012, we acquired a cable, broadband and telephony provider
Diana Telewizja Kablowa Sp. z o.o. operating in **Stalowa Wola**

In November 2012, we acquired a cable, broadband and telephony provider
Transmitel Sp. z o.o. operating in **Rzeszów and vicinity**

Upcoming Events

- Publication of Q1 2013 report: 14 May 2013
- Publication of H1 2013 report: 28 August 2013
- Publication of Q3 2013 report: 13 November 2013

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