

# Multimedia Polska S.A.



2012 first quarter results

16 May 2012

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## **EBITDA**

- Our 3M 2012 EBITDA\* was PLN 82.0m increased by ca. 5.5% year-on-year
- We continue to enjoy high EBITDA margin of 50.3%

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## **Subscribers and RGUs**

- We increased the number of RGUs to 1,543,000; up 11.6% year-on-year
- We added ca. 45,000 DTV subscribers, ca. 40,000 broadband, and ca. 15,500 voice subscribers year-on-year
- We increased RGU/unique customer ratio to 2.11

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## **Opex per RGU**

- Our operating expenses per RGU per month were at PLN 17.5 (PLN 16.1 when adjusted for one-off events, see slide 18)

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

# First Quarter 2012 Highlights



→ **We added 30,000 net RGUs**

- 21,000 video RGUs
- 10,500 broadband RGUs
- and lost 1,500 telephony RGUs

→ **We had 730,200 unique customers**

- 378,300 single play subscribers
- 244,800 double play subscribers
- 107,100 triple play subscribers

→ **RGU/subscriber rate was**

- 2.09 in Q4 2011
- 2.11 in Q1 2012

→ **Blended ARPU per subscriber**

- PLN 70.40\* in Q4 2011
- PLN 71.69 in Q1 2012

→ **Blended ARPU per RGU**

- PLN 32.83 in Q4 2011
- PLN 32.73 in Q1 2012

(\* ) Q4 2011 has been corrected as in the FY 2011 report and presentation it erroneously included a portion of non-subscriber generated revenues.

# RGU Growth Highlights



- The dynamic growth of our data segment continues (11% y-o-y)
- Owing to solid additions of VoIP subscribers we have recorded 5% y-o-y growth in the voice segment
- We are restoring our potential in the video segment (14% growth y-o-y)

Quarter-on-quarter ('000)	Q4 2011	Q1 2012	% change	new adds
video	840	861	2%	21
voice	273	271	-1%	(1)
data	400	410	3%	10
<b>Total</b>	<b>1513</b>	<b>1543</b>	<b>2%</b>	<b>30</b>

Year-on-year ('000)	Q1 2011	Q1 2012	% change	new adds
video	754	861	14%	107
voice	258	271	5%	13
data	371	410	11%	40
<b>Total</b>	<b>1383</b>	<b>1543</b>	<b>12%</b>	<b>160</b>

# Multimedia Polska S.A.



Business Review

# Our Subscriber Base — 31 March 2012



<b>Our Market</b>	<b>1,250,400 marketable homes</b>	<b>730,200 unique subscribers</b>	<b>1,543,000 total RGUs</b>
<b>Our Services</b>	<b>861,300 video RGUs*</b>	<b>410,300 broadband RGUs</b>	<b>271,400 voice RGUs**</b>
<b>Multiplay</b>	<b>378,300 1-play subscribers</b>	<b>244,800 2-play subscribers</b>	<b>107,100 3-play subscribers</b>

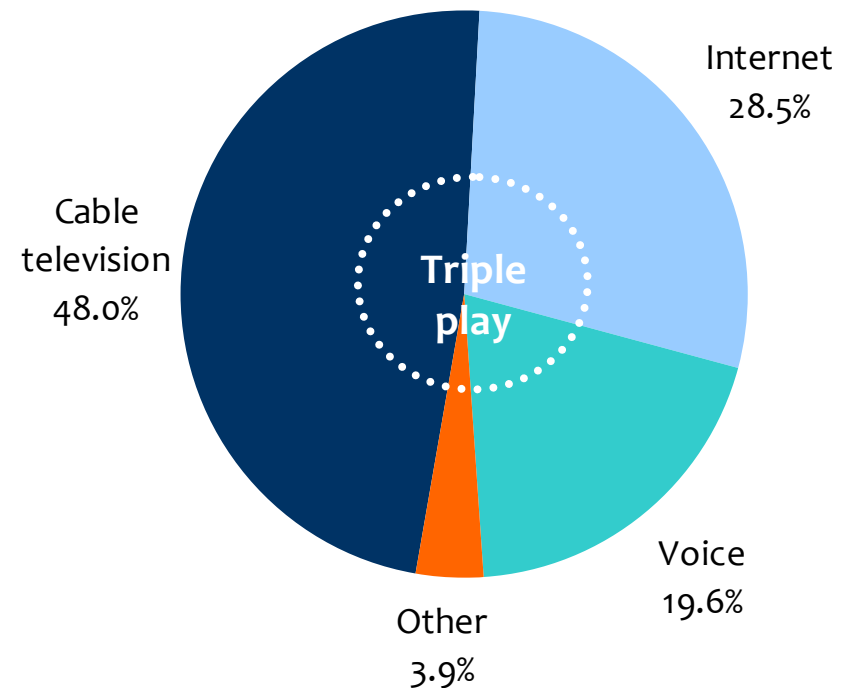
(\*) Include 80,800 premium channel RGUs, 12,200 IPTV RGUs and 190,000 DTV RGUs

(\*\*) Include 26,200 indirect voice RGUs and approximately 600 payphones

## 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

## 3M 2012 revenue breakdown

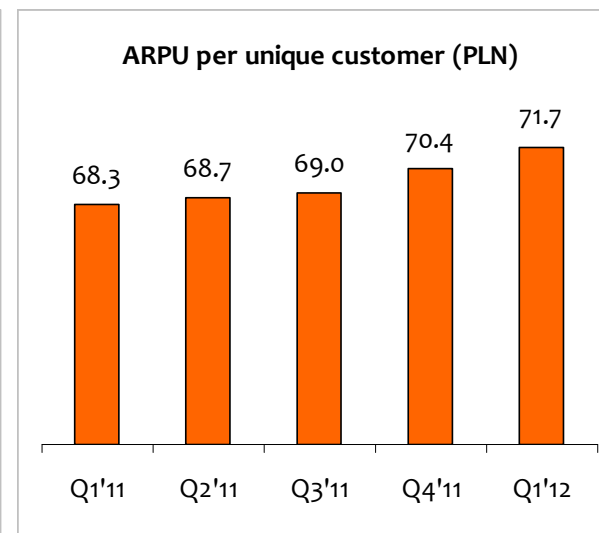
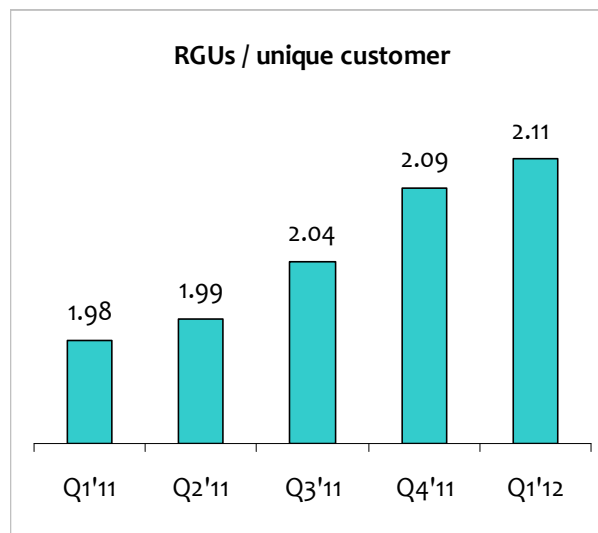
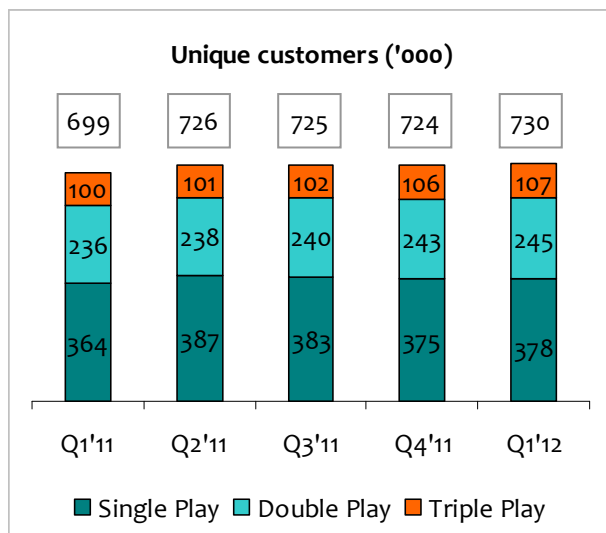




# Subscribers and ARPU



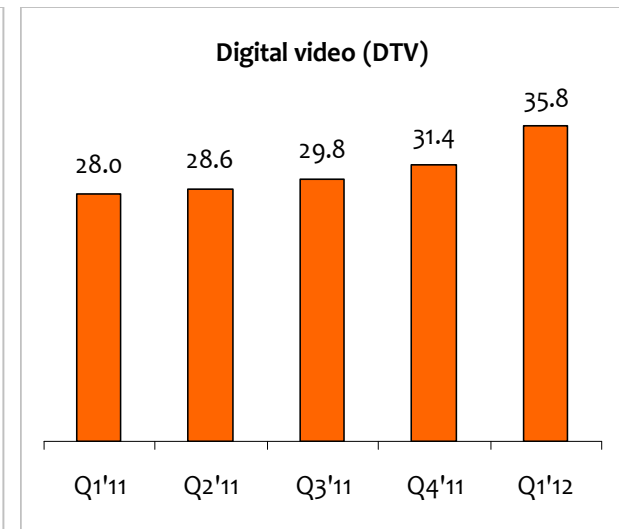
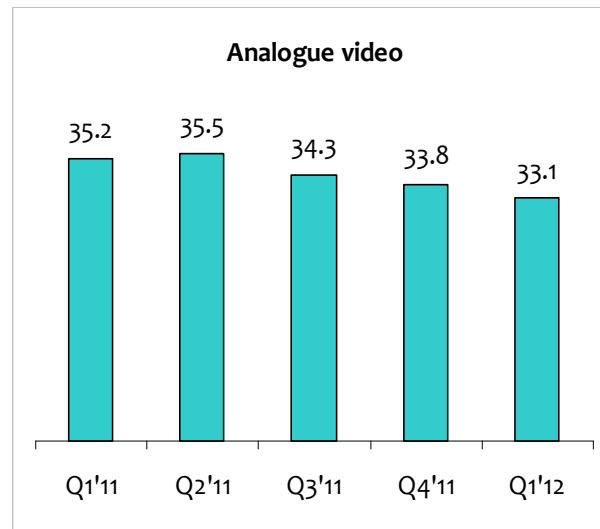
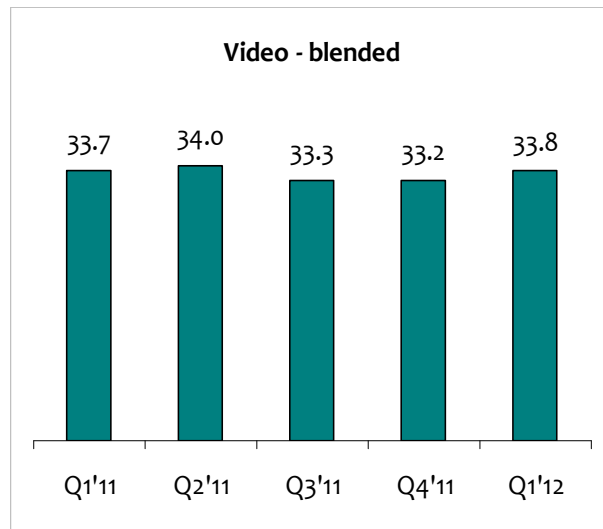
- Due to successful bundling of services, we continue to grow our ARPU per unique customer
- RGU per unique customer increased from 2.09 in Q4 2011 to 2.11 in Q1 2012



# ARPU per RGU — video services



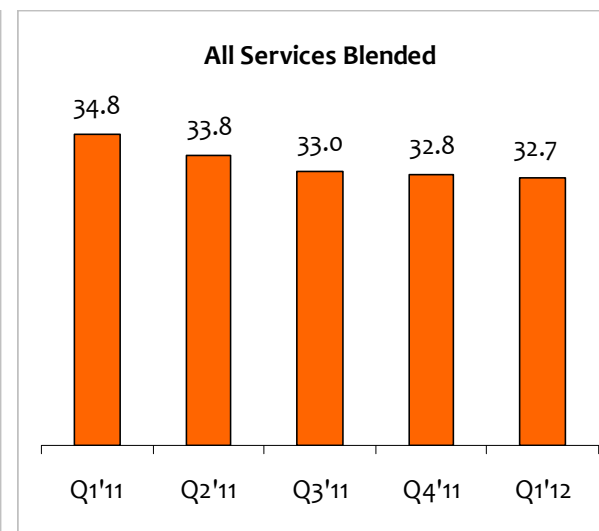
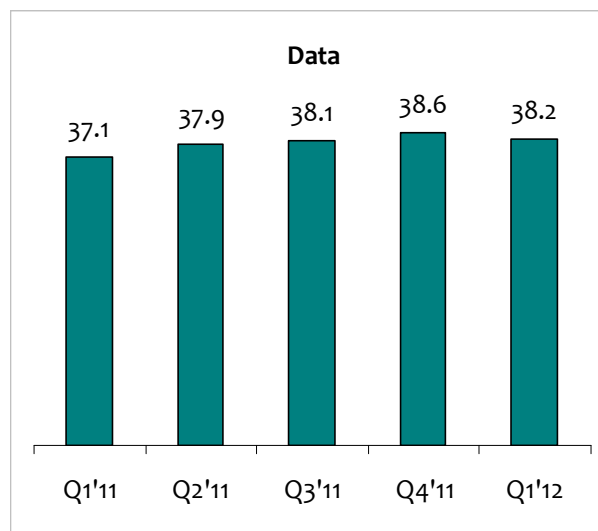
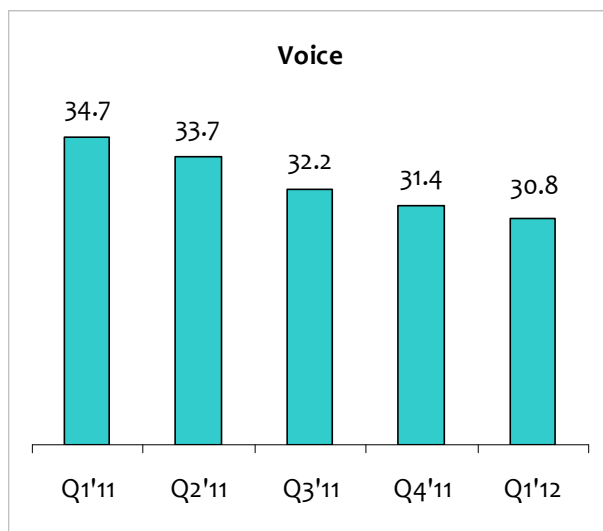
- As previously mentioned, we have modified our approach to promoting the DTV product; hence, the former downward trend in DTV ARPU is successfully reversed
- Our analogue video customers are beginning to migrate to DTV
- Please note that our ARPU figures are affected by recent acquisitions (Media Operator in Q2 2011)



# ARPU per RGU — voice and data



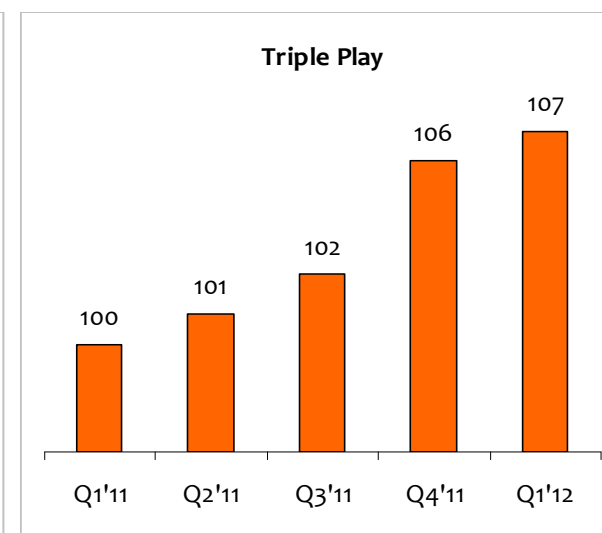
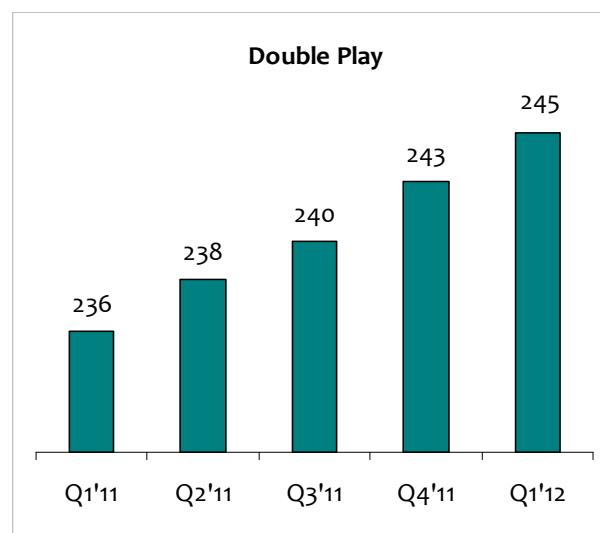
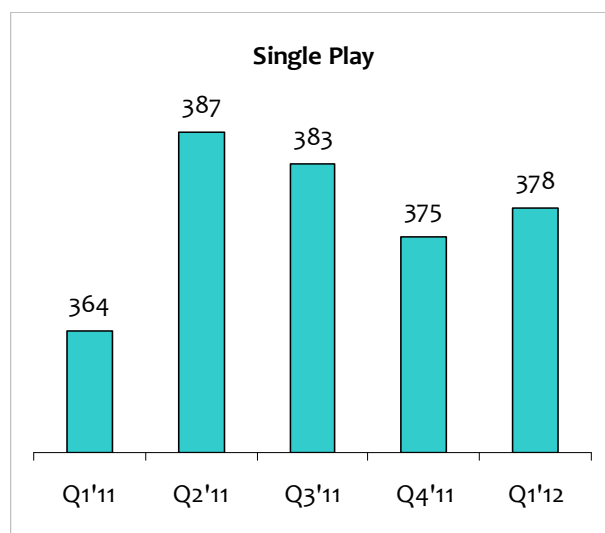
- **VoIP:** Although ARPU on the service decreased further in Q1 2012, positive net additions of VoIP users produced higher VoIP revenues. We strongly push VoIP sales through bundled offerings.
- **PSTN:** In a long-term perspective like other market players we are seeing a decline in PSTN customers and ARPU.
- **Broadband:** ARPU continues to be stable and vibrant additions of broadband users translate into solid revenue growth.



# 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 increase in single play subscribers in Q1 2012 was still attributable to some final migrations of subscribers from Media Operator



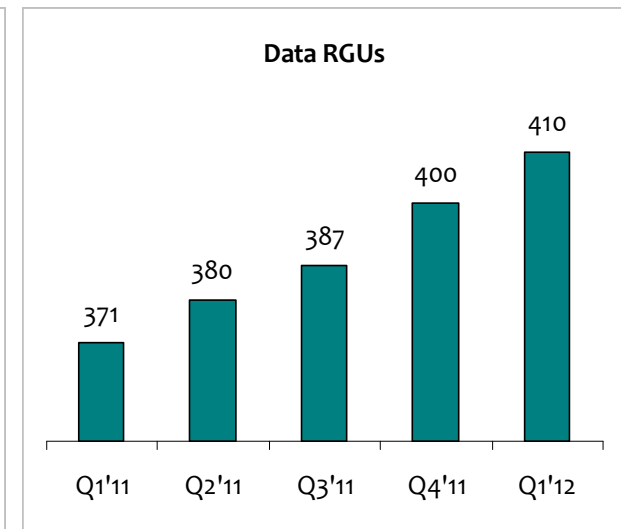
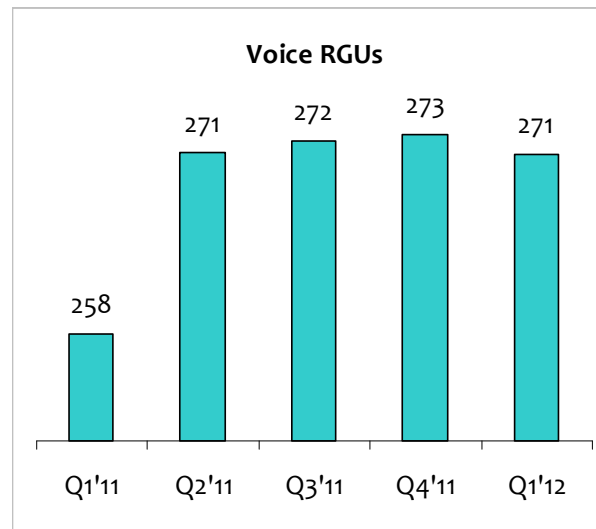
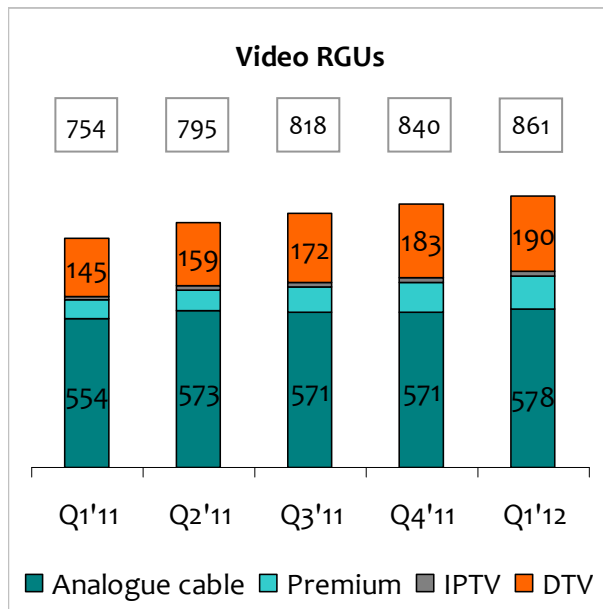
**Note:** The rise in Q2'11 is attributable to the acquisition of Media Operator and the addition of WLR subscribers

All data in thousands

# Growth of Customer Base

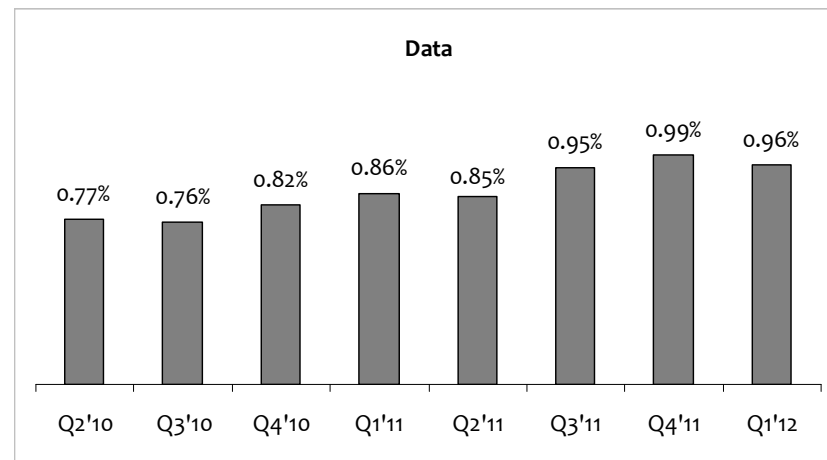
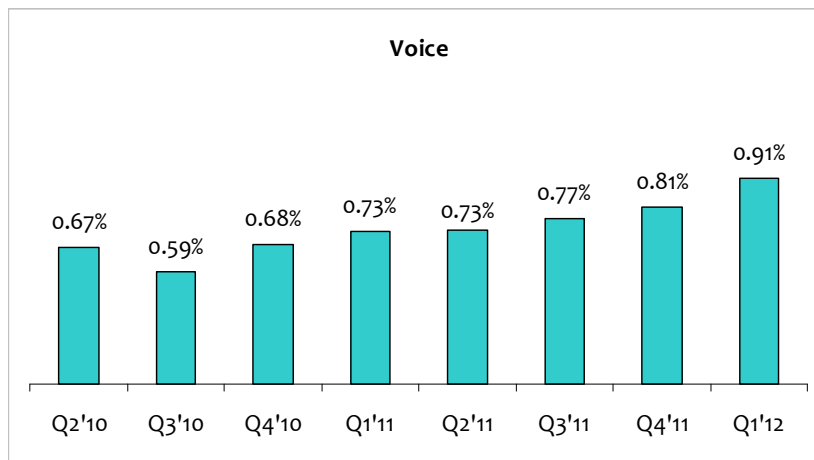
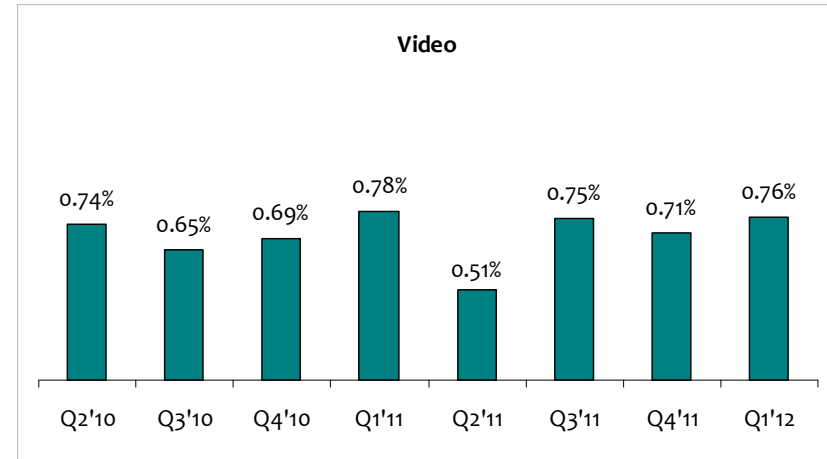


- Stable growth of Revenue Generating Units quarter on quarter in video and data segments; the decline in voice RGUs is attributable to disconnections of WLR customers
- In Q2 2011 and Q1 2012, we added video RGUs thanks to customer migrations from Media Operator as well as organic growth



All data in thousands

- 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

# Multimedia Polska S.A.



Financial Review

# Revenue Structure Quarterly



- DTV revenues continue to grow in line with RGU additions
- Internet revenues grow thanks to dynamic additions of broadband subscribers
- The impact of vibrant additions of VoIP subscribers on our voice revenues virtually offsets the decline in WLR and indirect voice subscribers and revenues

Revenues (PLN '000)	Q1 2011	Q4 2011	Q1 2012	y-o-y % change	q-o-q % change
basic CATV	58 692	57 815	57 005	-3%	-1%
DTV & IPTV	12 562	17 962	21 277	69%	18%
internet	40 828	45 517	46 391	14%	2%
telephony	32 035	32 543	32 003	0%	-2%
other revenues	4 540	8 937	6 277	38%	-30%
<b>Total Revenues</b>	<b>148 658</b>	<b>162 774</b>	<b>162 953</b>	<b>10%</b>	<b>0%</b>



# Operating Expenses Quarterly



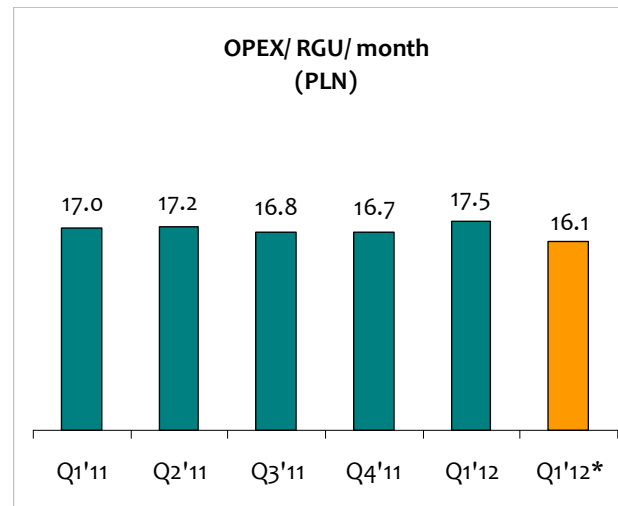
- The structure of our quarterly expenses fluctuates considerably as a result of significant one-off events. It is our strategic goal, however, to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	Q1 2011	Q4 2011	Q1 2012	y-o-y % change	q-o-q % change
programming and copyrights	16 978	22 403	21 757	28%	-3%
bandwidth	1 393	1 353	1 138	-18%	-16%
interconnect	4 745	4 576	4 661	-2%	2%
network costs	11 091	11 344	12 973	17%	14%
sales and marketing	3 590	2 063	3 829	7%	86%
payroll and benefits	18 544	17 942	19 348	4%	8%
taxes and charges	3 396	3 093	3 569	5%	15%
professional services	2 315	2 603	3 096	34%	19%
energy and materials	4 111	4 652	4 708	15%	1%
other expenses	4 532	5 946	5 921	31%	0%
<b>Total Expenses</b>	<b>70 695</b>	<b>75 976</b>	<b>81 001</b>	<b>15%</b>	<b>7%</b>
OPEX/ RGU /month	17.0	16.7	17.5	3%	5%

# Operating Expenses Quarterly



- In Q1 2012, the ratio should be adjusted to exclude non-recurring events (2011 cost adjustment) and should be PLN 16.1 instead of PLN 17.5
- We fully expect the ratio to get back on track in the coming quarters

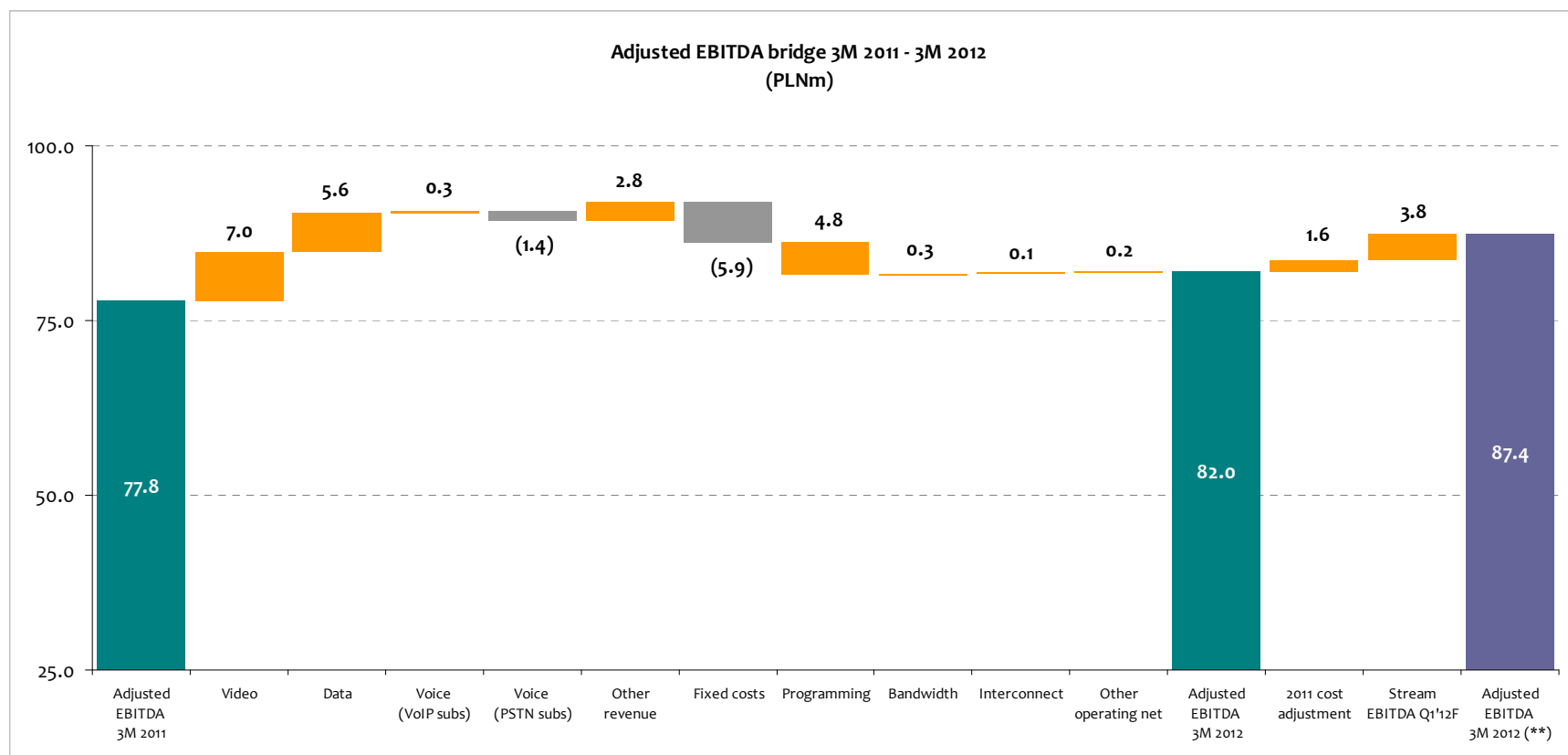


(\* ) Q1 2012 adjusted to exclude one-off events

# Income Statement Quarterly



Income Statement (PLN '000)	Q1 2011	Q4 2011	Q1 2012	y-o-y % change	q-o-q % change
Revenues	148 658	162 774	162 953	10%	0%
Expenses (excl. D&A)	70 695	75 976	81 001	15%	7%
Adjusted EBITDA	77 769	86 973	82 008	5%	-6%
margin	52.3%	53.4%	50.3%	-	-
Operating profit	35 665	40 868	36 033	1%	-12%
Net interest	(9 828)	(14 201)	(12 293)	25%	-13%
Pretax profit	25 837	26 667	23 739	-8%	-11%
Tax	5 426	(19 119)	5 346	-	-
Net income	20 411	45 786	18 394	-10%	-60%



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

(\*\*) Adjusted 3M 2012 EBITDA: excluding the impact of 2011 cost adjustment and adding Stream's Q1 2012 forecasted EBITDA (12.6% growth y/y)

# Balance Sheet



<b>Balance Sheet (PLN '000)</b>	<b>31-12-11</b>	<b>31-03-12</b>	<b>% change</b>
Assets			
non-current	1 174 235	1 215 610	4%
current	86 317	96 950	12%
incl. cash & equivalents	3 105	4 260	37%
<b>Total assets</b>	<b>1 260 552</b>	<b>1 312 560</b>	<b>4%</b>
Equity	275 359	244 937	-11%
Liabilities			
non-current	713 915	692 700	-3%
current	271 278	374 923	38%
<b>Total equity &amp; liabilities</b>	<b>1 260 552</b>	<b>1 312 560</b>	<b>4%</b>

# Capital Expenditures



- We spent ca. PLN 67.9m on capital expenditure in Q1 2012
- Our Q1 2012 growth CAPEX accounted for 84% of total organic CAPEX

<b>CAPEX (PLN '000)</b>	<b>Q1 2011</b>	<b>Q4 2011</b>	<b>Q1 2012</b>
growth	26 800	31 900	42 600
other	4 600	5 800	8 300
acquisitions	-	18 900	17 000
<b>Total CAPEX</b>	<b>31 400</b>	<b>56 600</b>	<b>67 900</b>

# Multimedia Polska S.A.



Recent Events and Outlook

In January 2012, we bought a **30% stake in Stream Communications Sp. z o.o.**  
and accepted MNI's offer for the remaining 70%

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We **bought back 4.32% of our shares** outside the regulated market in February 2012

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In April 2012, the President of the Antimonopoly Office gave us the green light  
**to buy 100% shares of Stream Communications Sp. z o.o.**



# Upcoming Events



→ Publication of half year 2012 report: 26 September 2012

## Contact us

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