

Multimedia Polska S.A.



2012 half-year results

3 September 2012

Disclaimer



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EBITDA

- Our H1 2012 EBITDA* was PLN 169.9m increased by ca. 7.9% year-on-year
- We continue to enjoy high EBITDA margin of 51.1%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,684,000; up 16.4% year-on-year
- We added ca. 71,000 DTV subscribers, ca. 74,000 broadband, and ca. 12,000 voice subscribers year-on-year
- Our RGU/unique customer ratio was 2.08

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Opex per RGU

- Our operating expenses per RGU per month were at PLN 16.5

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

Second Quarter 2012 Highlights



→ We added 140,700 net RGUs*

- 91,900 video RGUs
- 43,300 broadband RGUs
- 5,500 telephony RGUs

→ We had 808,000 unique customers

- 422,600 single play subscribers
- 272,100 double play subscribers
- 113,300 triple play subscribers

→ RGU/subscriber rate

- 2.11 in Q1 2012
- 2.08 in Q2 2012

→ Blended ARPU per subscriber

- PLN 71.69 in Q1 2012
- PLN 70.42 in Q2 2012

→ Blended ARPU per RGU

- PLN 32.73 in Q1 2012
- PLN 32.25 in Q2 2012

(*) Including 121,300 RGUs from Stream Communications

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
- The growth rates in those segments are c. 20% year on year

Quarter-on-quarter ('000)	Q1 2012	Q2 2012	% change	new adds
video	861	953	11%	92
voice	271	277	2%	5
data	410	454	11%	43
Total	1 543	1 684	9%	141

Year-on-year ('000)	Q2 2011	Q2 2012	% change	new adds
video	795	953	20%	158
voice	271	277	2%	5
data	380	454	19%	74
Total	1 447	1 684	16%	237

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Business Review

Our Subscriber Base — 30 June 2012



Our Market

1,443,000
marketable homes

808,000
unique subscribers

1,684,000
total RGUs

Our Services

953,200
video RGUs*

453,600
broadband RGUs

276,900
voice RGUs**

Multiplay

422,600
1-play subscribers

272,100
2-play subscribers

113,300
3-play subscribers

(*) Include 89,600 premium channel RGUs, 12,600 IPTV RGUs and 230,300 DTV RGUs

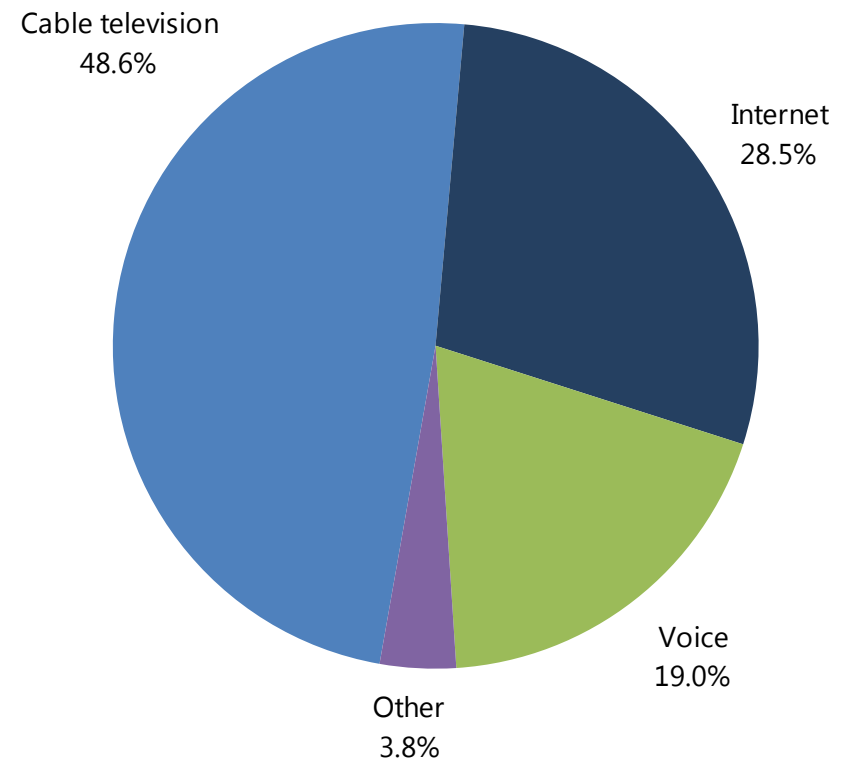
(**) Include 24,500 indirect voice RGUs and approximately 600 payphones

Our Products Today

Product offering

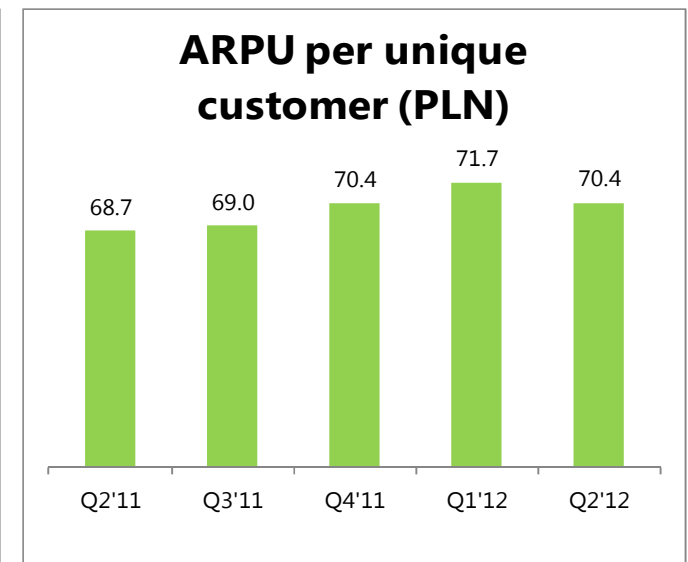
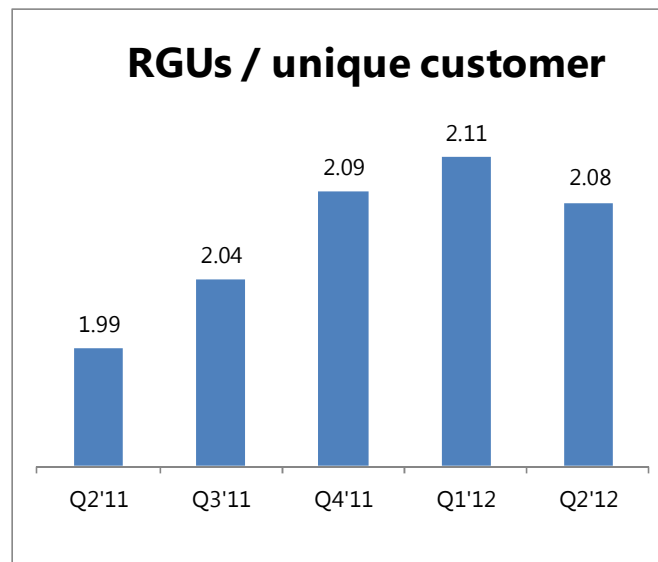
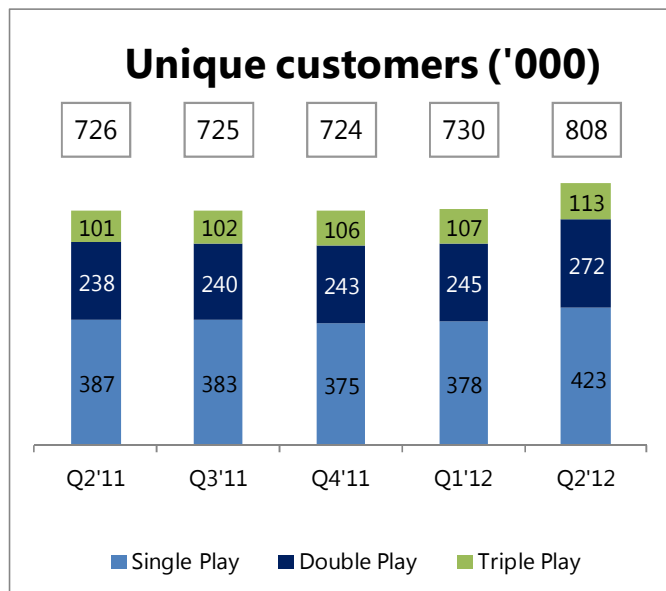
- We have a fully-developed up-to-date and innovative product offering which continues to be expanded in line with technological advance
- Our products comprise primarily:
 - CATV (analogue TV, IPTV, DTV, premium channels, VoD, PC streaming)
 - Internet (broadband, broadband DSL, Wi-Fi, Wi-Max, mobile)
 - 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

H1 2012 revenue breakdown



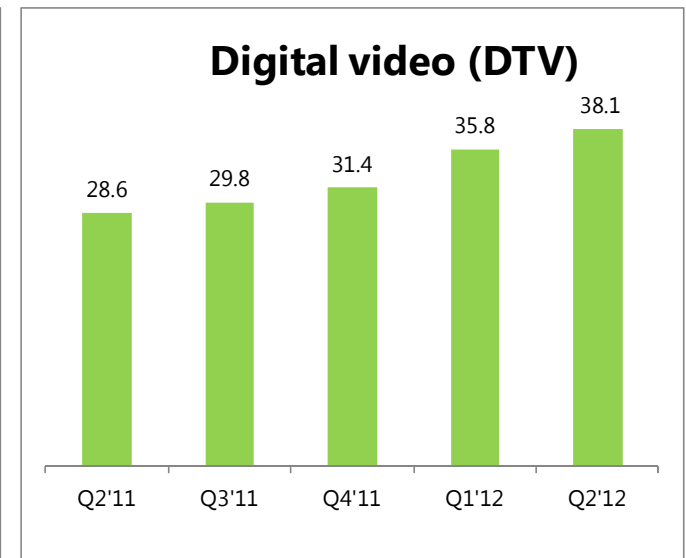
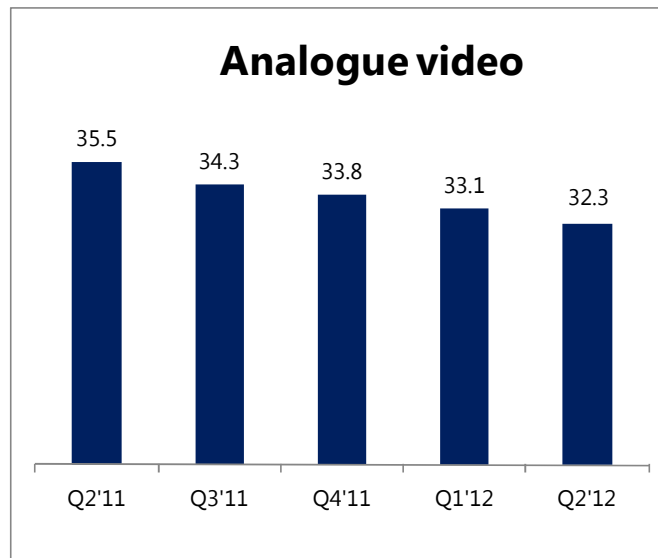
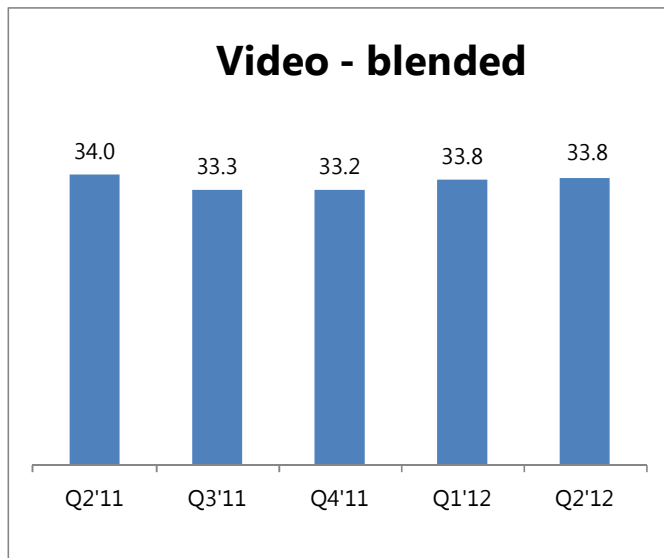
Subscribers and ARPU

- Due to successful bundling of services, we continue to grow our ARPU per unique customer. The drop in Q2 2012 is attributable exclusively to the acquisition of Stream Communications
- RGU per unique customer was 2.11 in Q1 2012 and 2.08 in Q2 2012 (due to consolidation with Stream)



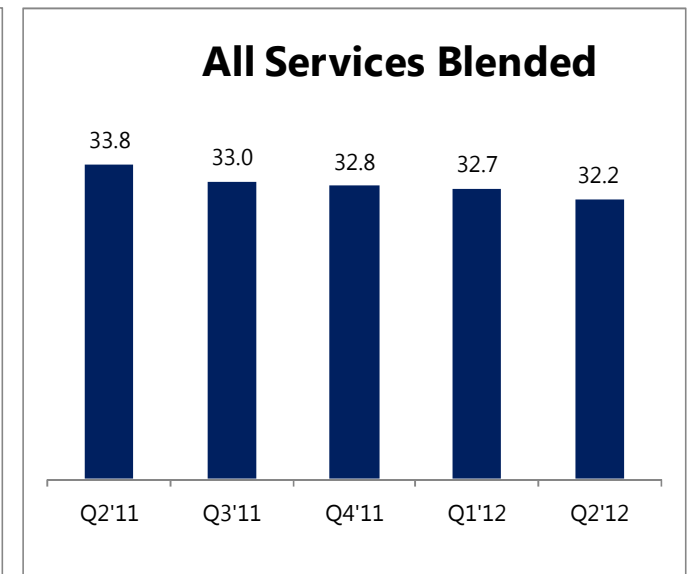
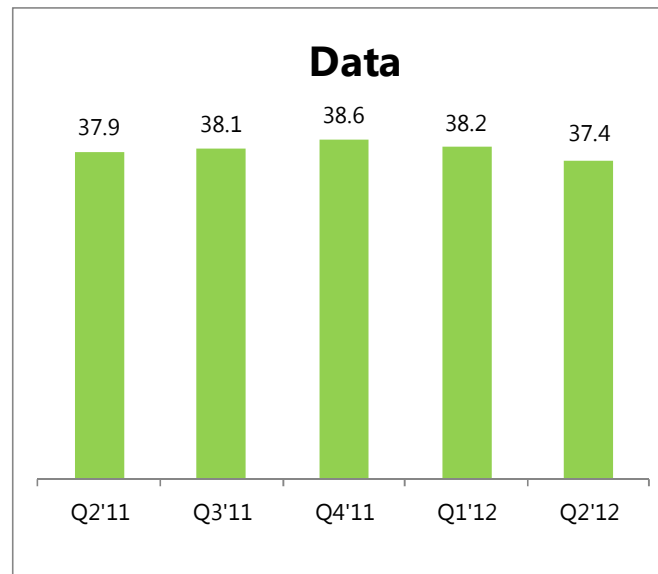
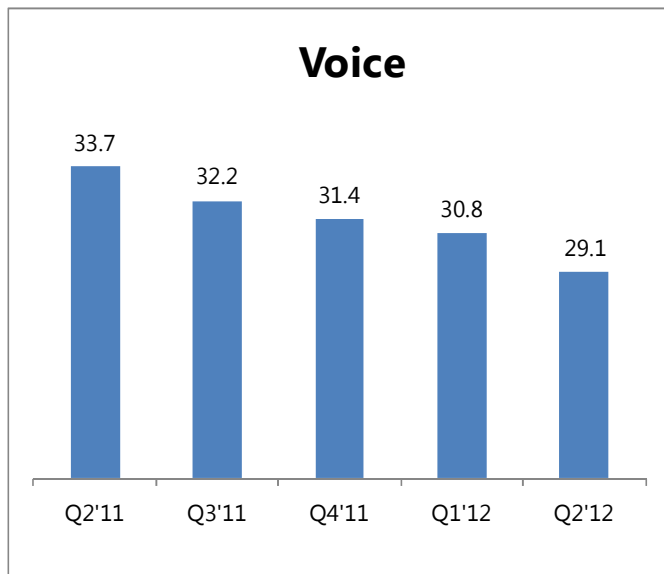
ARPU per RGU —video services

- As previously mentioned, we have modified our approach to promoting the DTV product; hence, DTV ARPU is now on a steep rise
- Our analogue video customers are eagerly migrating to DTV
- Please note that our ARPU figures are affected by recent acquisitions (Media Operator in Q2 2011 and Stream in Q2 2012)



ARPU per RGU —voice and data

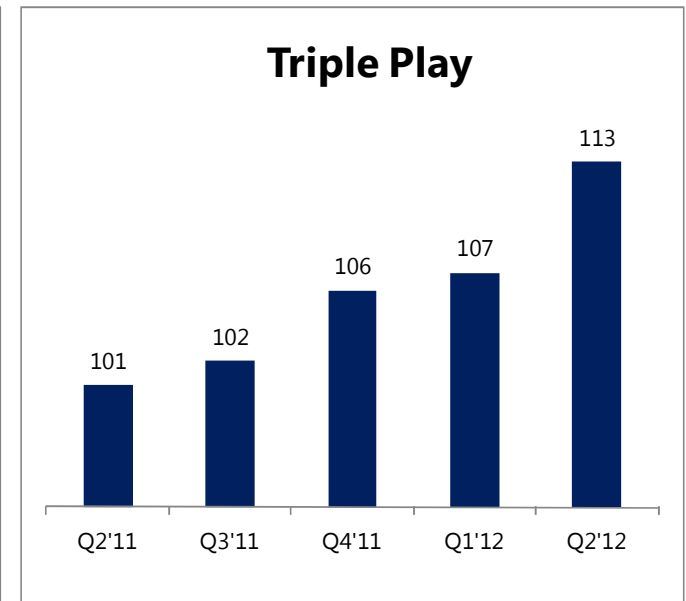
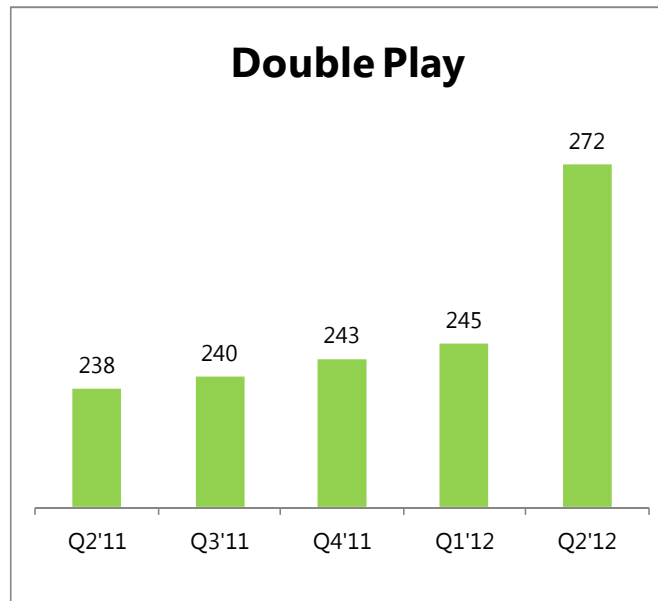
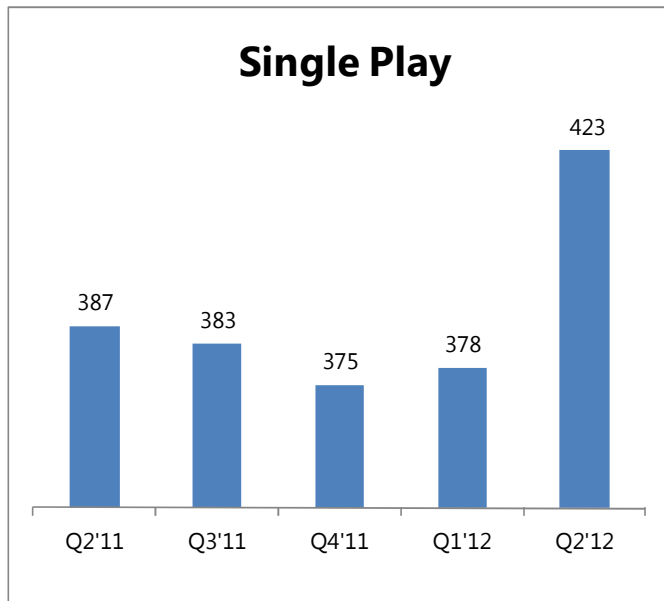
- **VoIP:** Although ARPU on the service decreased further in Q2 2012, positive net additions of VoIP users nearly offset the impact of declining VoIP ARPU on VoIP revenues. We strongly push VoIP sales through bundled offerings.
- **PSTN:** In a long-term perspective like other market players we are seeing a decline in PSTN customers and ARPU.
- **Broadband:** ARPU dips slightly; however, stable and vibrant additions of broadband users translate into solid revenue growth.



Customer Base Structure



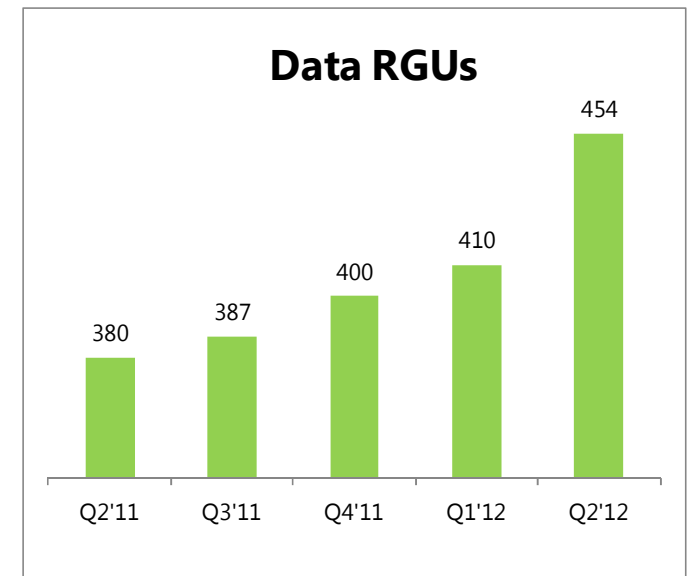
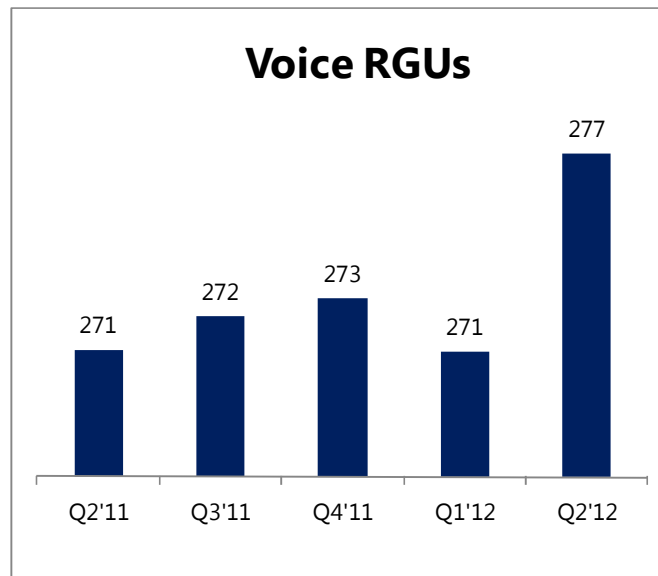
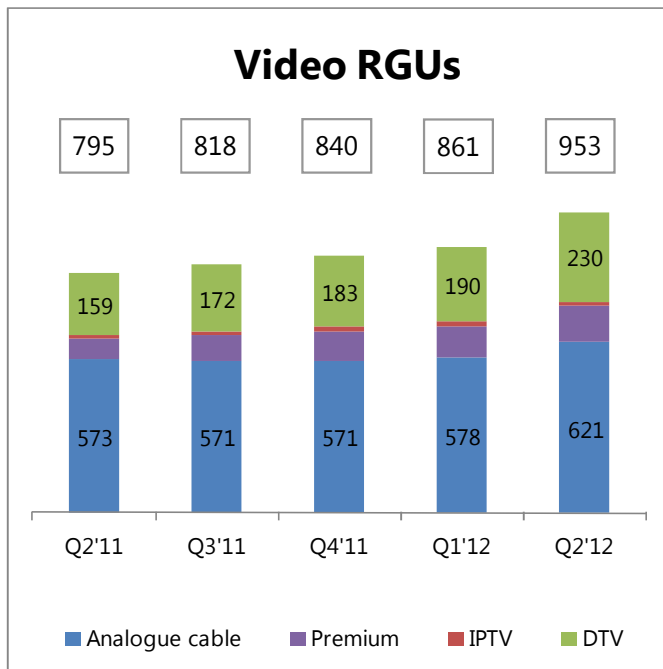
- In line with our strategy, we have been moving away from single play and towards double and triple play and we fully expect this trend to continue going forward
- The steep rises in all customer categories in Q2 2012 are attributable to the consolidation of Stream effective as of May 2012; we believe that 1- and 2-play customers can soon be upgraded to higher service multiples



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 as well as organic growth

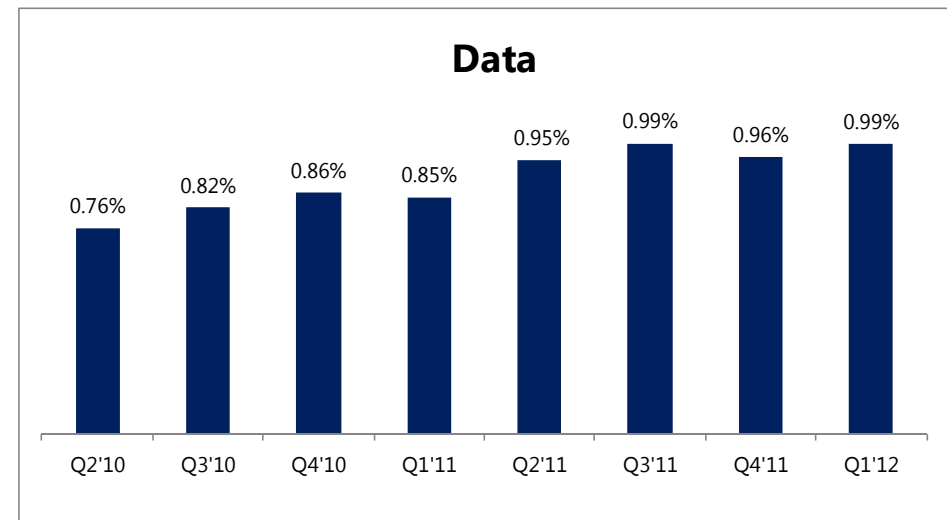
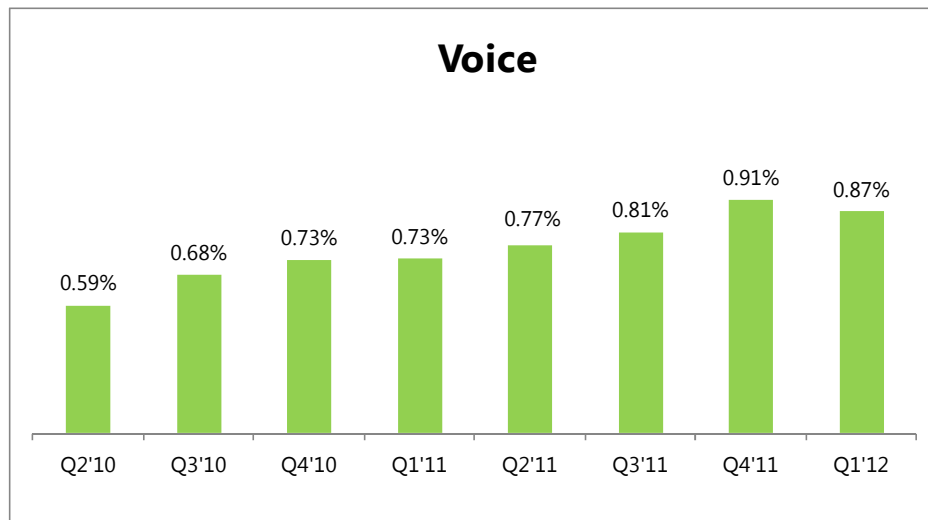
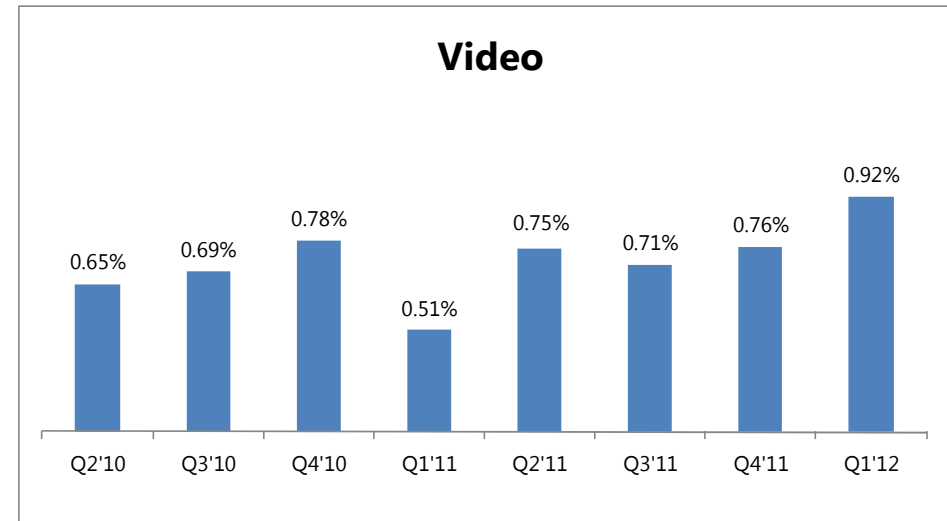


Churn

– 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
- Internet revenues grow thanks to dynamic additions of broadband subscribers (incl. Stream)
- The impact of vibrant additions of VoIP subscribers on our voice revenues to some extent offsets the decline in WLR and indirect voice subscribers and revenues; however, ARPU on cable telephony is seeing steep erosion due to aggressive promotion of bundled services

Revenues (PLN '000)	Q2 2011	Q1 2012	Q2 2012	y-o-y % change	q-o-q % change
basic CATV	59 947	57 005	58 103	-3%	2%
DTV & IPTV	14 037	21 277	25 321	80%	19%
internet	42 674	46 391	48 427	13%	4%
telephony	33 139	32 003	31 303	-6%	-2%
other revenues	4 727	6 277	6 382	35%	2%
Total Revenues	154 526	162 953	169 536	10%	4%

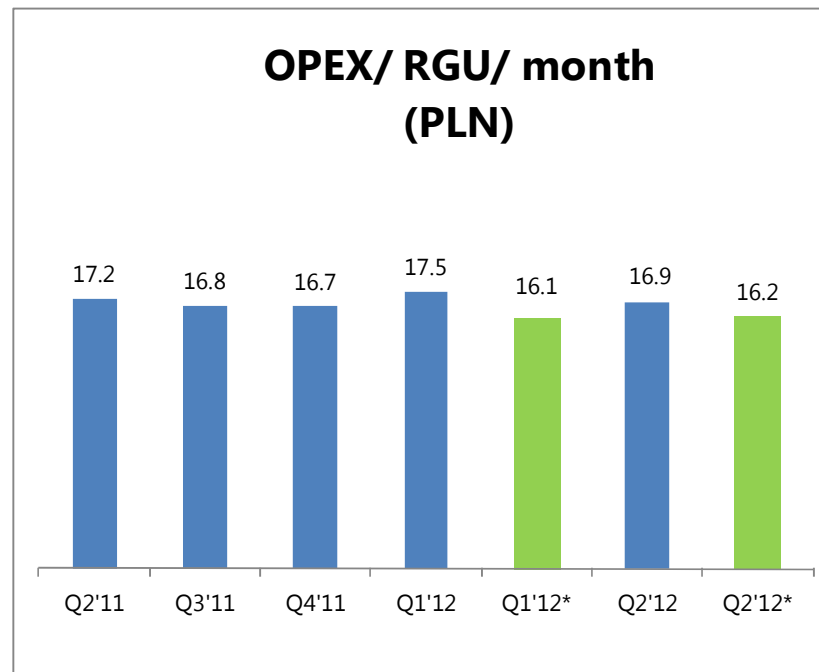
Operating Expenses Quarterly

- 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 H1 2012 (c. PLN 4m) involved the cost of our strategic audit (c. PLN 3m). Those costs are disclosed under 'professional services' as well as 'other expenses'
- Programming and copyrights, S&M, and network costs went up partly as a result of the acquisition of Stream

Expenses (PLN '000)	Q2 2011	Q1 2012	Q2 2012	y-o-y % change	q-o-q % change
programming and copyrights	18 086	21 757	24 699	37%	14%
bandwidth	1 124	1 138	993	-12%	-13%
interconnect	4 892	4 661	5 174	6%	11%
network costs	12 037	12 973	13 178	9%	2%
sales and marketing	3 906	3 829	4 490	15%	17%
payroll and benefits	18 142	19 348	17 578	-3%	-9%
taxes and charges	3 117	3 569	3 261	5%	-9%
professional services	2 785	3 096	3 800	36%	23%
energy and materials	4 587	4 708	4 563	-1%	-3%
other expenses	5 792	5 921	7 726	33%	30%
Total Expenses	74 469	81 001	85 461	15%	6%
OPEX/ RGU /month	17.2	17.5	16.9	-1%	-3%

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
- Also in Q2 2012, the ratio should be again adjusted for one-off events (strategic audit, settlement etc.) and should be PLN 16.2 instead of PLN 16.9



(*) Adjusted to exclude one-off events

Income Statement Quarterly



Income Statement (PLN '000)	Q2 2011	Q1 2012	Q2 2012	y-o-y % change	q-o-q % change
Revenues	154 526	162 953	169 536	10%	4%
Expenses (excl. D&A)	74 469	81 001	85 461	15%	6%
Adjusted EBITDA	79 688	82 008	87 925	10%	7%
<i>margin</i>	<i>51.6%</i>	<i>50.3%</i>	<i>51.9%</i>	-	-
Operating profit	36 263	36 033	35 880	-1%	0%
Net interest	(18 194)	(12 293)	(17 472)	-4%	42%
Pretax profit	18 069	24 052	18 148	0%	-25%
Tax	3 071	5 346	7 209	-	-
Net income	14 998	18 707	10 939	-27%	-42%

Revenue Structure Year-on-Year



Revenues (PLN '000)	6M 2011	6M 2012	% change
basic CATV	118 639	115 108	-3%
DTV & IPTV	26 599	46 598	75%
internet	83 503	94 818	14%
telephony	65 175	63 306	-3%
other revenues	9 267	12 659	37%
Total Revenues	303 183	332 489	10%

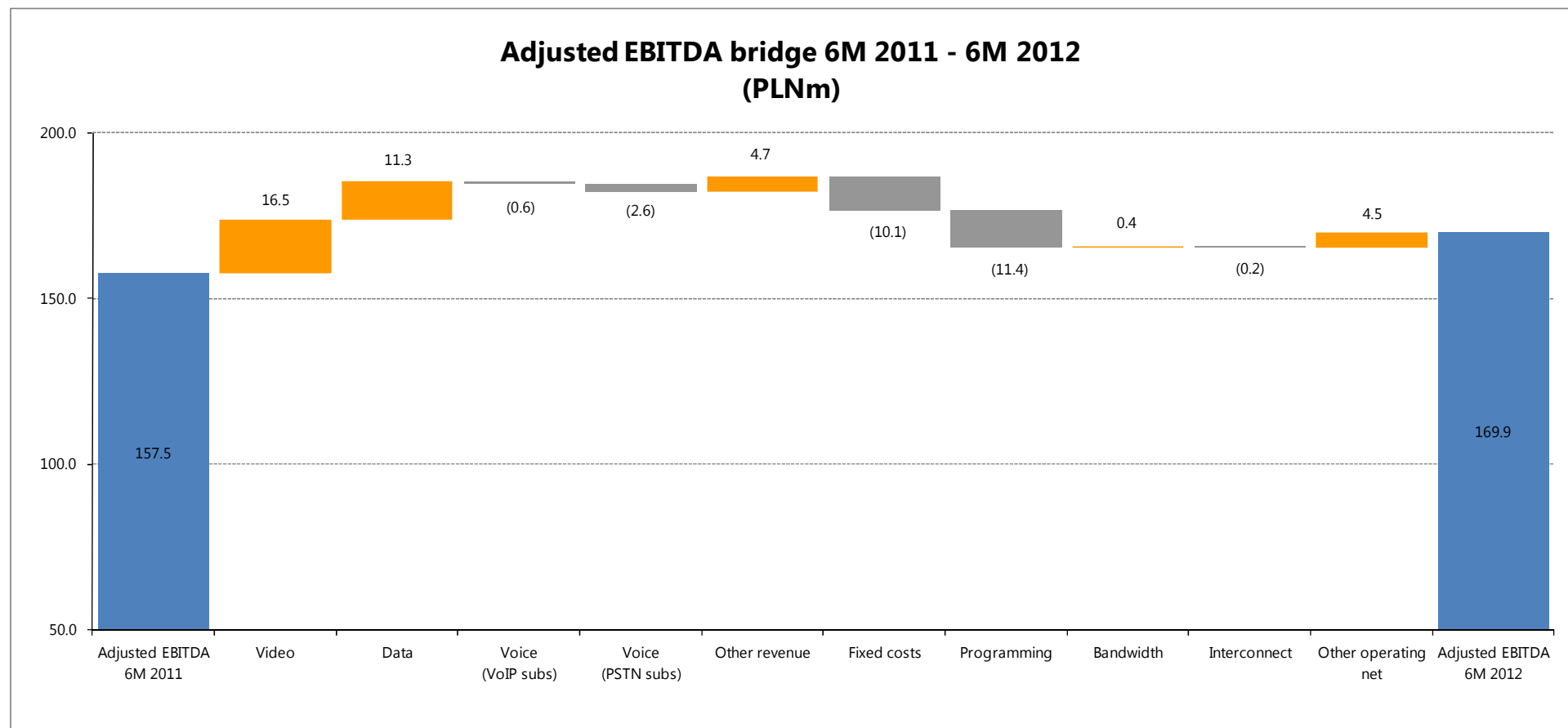
Operating Expenses Year-on-Year



- Our programming costs went up on the back of vibrant additions of digital subscribers, also from Stream Communications, 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 and other expenses was related to our strategic audit
- In H2 2011, we will continue our conservative cost control policy to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	6M 2011	6M 2012	% change
programming and copyrights	35 064	46 456	32%
bandwidth	2 517	2 131	-15%
interconnect	9 637	9 835	2%
network costs	23 128	26 151	13%
sales and marketing	7 497	8 319	11%
payroll and benefits	36 686	36 926	1%
taxes and charges	6 513	6 829	5%
professional services	5 100	6 897	35%
energy and materials	8 698	9 271	7%
other expenses	10 324	13 647	32%
Total Expenses	145 164	166 462	15%
OPEX/ RGU /month	16.7	16.5	-1%

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 high finance costs
- 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 PLN4m
- We also had a higher effective tax rate on our gross profit due to changes in deferred tax that were connected with some differences between the carrying value and the tax value of our non-current assets, loans and borrowings and debt securities issued by us

Income Statement (PLN '000)	6M 2011	6M 2012	% change
Revenues	303 183	332 489	10%
Expenses (excl. D&A)	145 164	166 462	15%
Adjusted EBITDA	157 458	169 933	8%
<i>margin</i>	<i>51.9%</i>	<i>51.1%</i>	-
Operating profit	71 928	71 912	0%
Net interest	(28 022)	(29 765)	6%
Pretax profit	43 906	42 200	-4%
Tax	8 496	12 555	-
Net income	35 409	29 645	-16%

Balance Sheet

Balance Sheet (PLN '000)	31-12-11	30-06-12	% change
Assets			
non-current	1 174 235	1 344 486	14%
current	86 317	106 177	23%
incl. cash & equivalents	3 105	9 763	214%
Total assets	1 260 552	1 450 663	15%
Equity	275 359	255 876	-7%
Liabilities			
non-current	713 915	824 564	15%
current	271 278	370 223	36%
Total equity & liabilities	1 260 552	1 450 663	15%

Capital Expenditures

- We spent ca. PLN 205.4m on capital expenditure in H1 2012
- Our H1 2012 growth CAPEX accounted for 72% of total organic CAPEX
- Our acquisition CAPEX was attributable to Stream Communications

CAPEX (PLN '000)	Q1 2012	Q2 2012	6M 2012
growth	39 500	21 100	60 600
other	11 500	12 000	23 500
acquisitions	17 000	104 300	121 300
Total CAPEX	68 000	137 400	205 400

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Recent Events and Outlook

Recent Events



We have been **consolidating Stream** results in our accounts starting **from May 2012**; therefore, the H1 2012 results **do not reflect the full impact on our results**

In June 2012, we issued **five-year bonds totalling PLN250m**

Also in June 2012, we voluntarily **redeemed 14.684.276 treasury shares** and reduced our share capital accordingly to PLN 91,610,770

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

Upcoming Events

→ Publication of full year 2012 report: TBA

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