

Multimedia Polska S.A.

2014 first quarter and FY results

Disclaimer

This presentation may contain 'forward-looking statements' with respect to the business, financial results, and/or results of operations of the Multimedia Polska Group. Those statements do not provide any guarantee of future results and any expectations that may arise on the basis of this presentation are subject to known and unknown risks, uncertainties and other important factors. Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our annual report, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish 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.

1

EBITDA

- Our Q1 2014 EBITDA* was PLN 91.4m and increased by ca. 0.3% year-on-year
- We continue to enjoy high EBITDA margin of 52.0%

2

Subscribers and RGUs

- Our RGUs reached 1,559,300 at the end of March 2014; up 1.3% year-on-year
- We added ca. 55,700 digital TV subscribers (incl. IPTV), ca. 30,900 broadband subscribers (incl. mobile), and ca. 8,200 telephony subscribers (incl. mobile telephony and excl. indirect voice and payphones) year-on-year
- Our RGU/unique customer ratio was 1.88

3

Important change of methodology

- Please note all data in this presentation is based on single counting of video RGUs and is, therefore, not comparable to the data published until Q3 2013. For more information and reconciliation of historical data, please refer to our Directors' Report for FY2013

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

First Quarter 2014 Highlights

□ **We added 23,500 net RGUs, including**

- 6,900 video RGUs
- 12,800 broadband RGUs, and
- 3,800 voice RGUs

□ **We had 827,500 unique customers**

- 400,600 single play subscribers
- 298,400 double play subscribers
- 128,500 triple play subscribers

□ **RGU/subscriber rate**

- 1.86 in Q4 2013
- 1.88 in Q1 2014

□ **Blended ARPU per subscriber**

- PLN 68.12 in Q4 2013
- PLN 68.30 in Q1 2014

□ **Blended ARPU per RGU**

- PLN 35.20 in Q4 2013
- PLN 34.96 in Q1 2014

RGU Growth Highlights

Quarter-on-quarter ('000)	Q4 2013	Q1 2014	% change	new adds
video	751	758	1%	7
voice	285	288	1%	4
data	500	513	3%	13
Total	1 536	1 559	2%	24

Year-on-year ('000)	Q1 2013	Q1 2014	% change	new adds
video	771	758	-2%	(13)
voice	285	288	1%	3
data	482	513	6%	31
Total	1 539	1 559	1%	21

- Our Q1 2014 additions were impacted by the recent acquisition of Teletronik. However, our results year-on-year were also impacted by the factors described in the FY2013 results presentation, such as the introduction of free digital terrestrial television (DTT) in Poland and our amended up- and cross-sell policies. As expected, the latter resulted in a drop in premium channels RGUs (down 24,300 y/y), which produced a drop in total video RGUs despite growth in cable television RGUs of 10,900 y/y. As a result of migration of our subscribers from analogue to digital services, we reported a decrease in analogue TV RGUs of 44,800 y/y, offset by an increase in digital TV RGUs of 55,700 y/y.
- Please note that we are presenting data according to new methodology (single counting of video RGUs). We used to report users of DTV (our first digital packages offered as an add-on to analogue TV) as 2 RGUs as there were two revenue streams on subscriber invoices. Later on, with gradual migration of subscribers to digital TV, we introduced a new digital TV offer (nDTV) that no longer involved analogue TV. As we now report DTV using the single counting approach, there is virtually no difference from the perspective of our operating results between DTV and nDTV. We expect the migration from DTV to nDTV to be finalized by the end of 2015. For details of RGU development under the new methodology please see Schedule no. 1 to our Directors' Report for FY2013.
- Data presented above is fully comparable and presented according to the single-counting methodology

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Business Review

Our Subscriber Base — 31 March 2014

7

Our Market	1,538,500 marketable homes	827,500 unique subscribers	1,559,300 total RGUs
Our Services	757,800 video RGUs*	513,000 broadband RGUs**	288,500 voice RGUs***
Multiplay	400,600 1-play subscribers	298,400 2-play subscribers	128,500 3-play subscribers

(*) Include 76,800 premium channel RGUs, 16,200 IPTV RGUs and 325,400 DTV RGUs (incl. nDTV)

(**) Include 38,300 mobile broadband RGUs

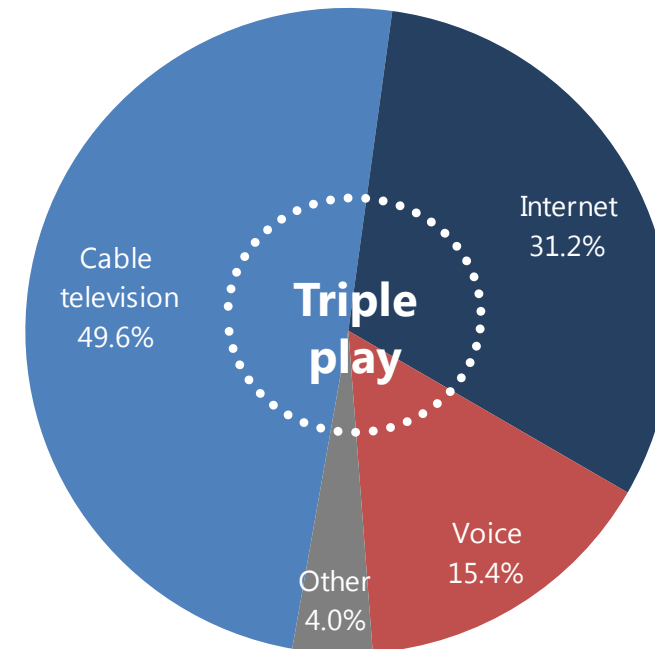
(***) Include 17,300 indirect voice RGUs, 400 payphones, and 4,400 mobile voice RGUs

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:
 - ▣ TV (analogue TV, IPTV, DTV and nDTV, premium channels, VoD, PC streaming, interactive TV)
 - ▣ Internet (broadband, broadband DSL, Wi-Max, mobile)
 - ▣ Telephony (VoIP, PSTN, mobile, WLR, value-added services)
- We have already achieved our target revenue structure and continue to expand each segment

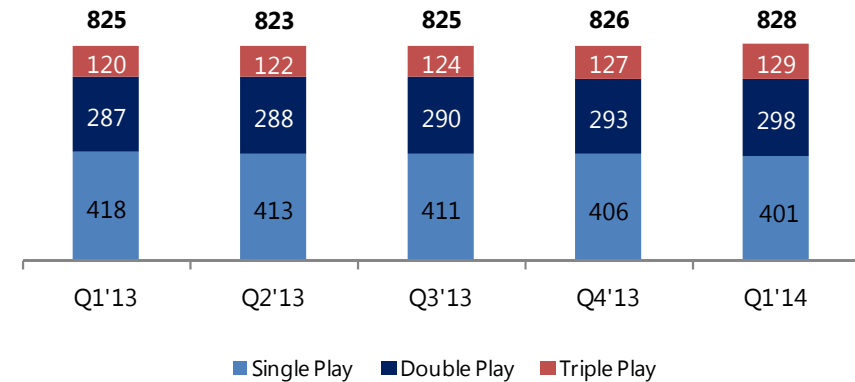
Q1 2014 revenue breakdown



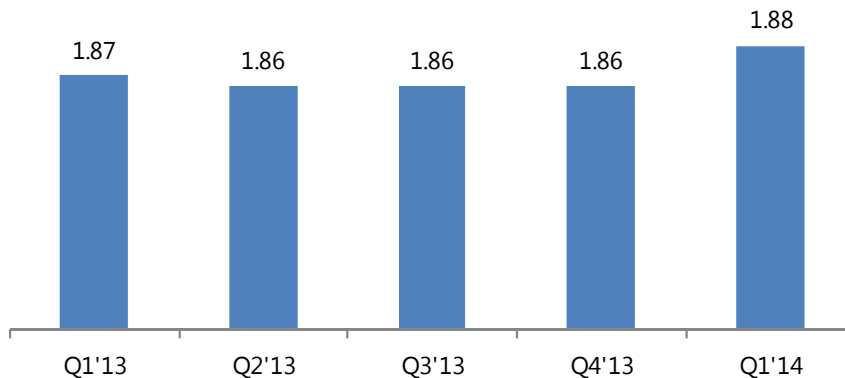
Subscribers and ARPU

- The rise in unique customers in Q1'14 was connected with the acquisition of Teletronik and some customers migrating back from DTT to cable services as expected
- The rise in ARPU per unique customer in Q1'14 is related to the success of our amended up-sell and cross-sell policy that we introduced in 2013 and the gradual migration of subscribers from analogue to digital TV
- RGU per unique customer ratio was up from 1.86 in Q4'13 to 1.88 in Q1'14

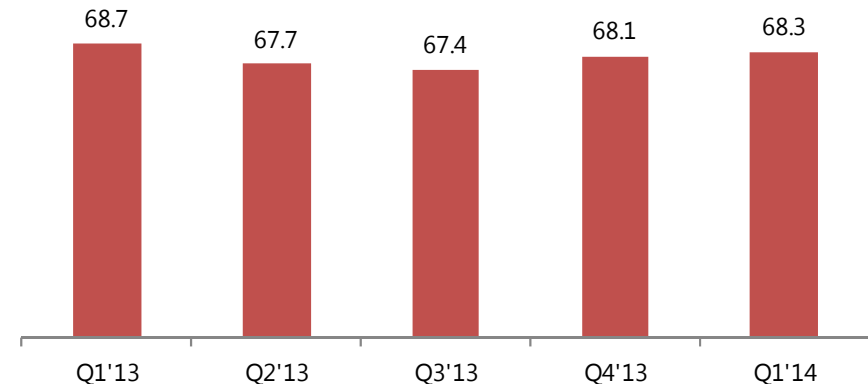
Unique customers ('000)



RGUs / unique customer



ARPU per unique customer (PLN)



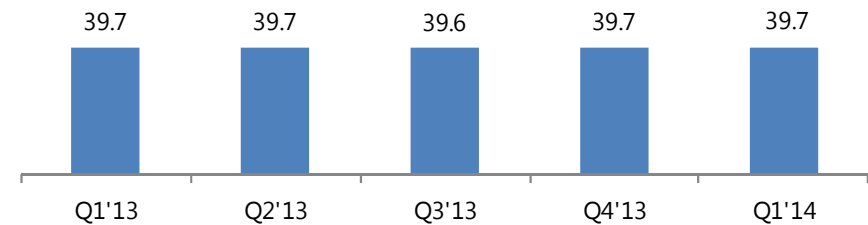
ARPU per RGU—video services

- As announced previously, we adjusted our RGU reporting as from Q4'13. We provided comparable statistics according to our previous and current methodology in Schedule no. 1 to our Directors' Report for FY2013. This change to some extent affected ARPU on analogue and digital TV
- Another factor impacting ARPU in Q1'14 and throughout 2013 are the interim rates that we introduced in January 2013. We believe that after some immediate negative impact, this policy has allowed us to post stable ARPU (blended video) even despite unfavourable changes in our market environment (roll-out of free DTT)
- Our ARPUs are also to some extent adversely impacted by the recent acquisition of Teletronik where customers generated lower ARPU
- After our inevitable response to the introduction of free DTT, our ARPU from digital TV is seeing some decline
- We expect blended video ARPU to increase slightly going forward on the back of migration of analogue TV subscribers to digital TV

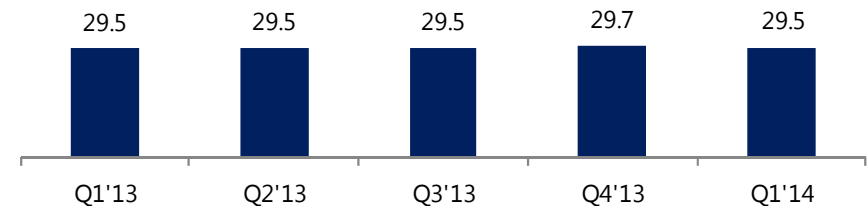
Note: ARPU figures are affected by the recent acquisition of Teletronik (in Q1'14) and Poland's nationwide analogue switch-off (2013 and Q1'14)

All television ARPU figures exclude premium channels

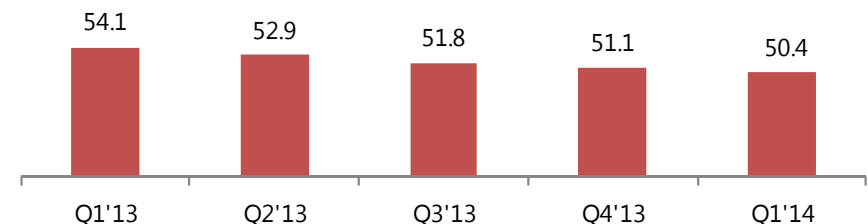
Video - blended



Analogue TV



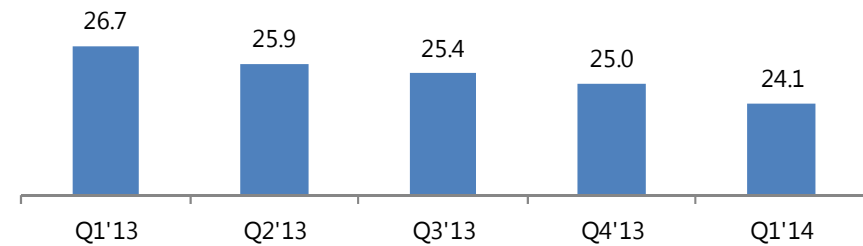
Digital TV



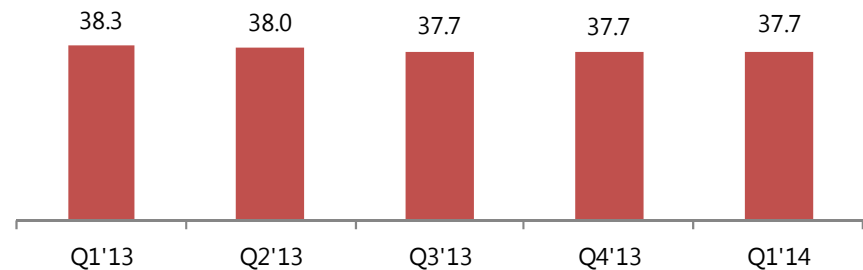
ARPU per RGU—voice and data

- **VoIP:** Although ARPU on the service decreased further in Q1'14, 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 follows a steady trend. Our offer of high speed broadband has been welcomed by our customers and is currently expected to allow us to grow ARPU in the mid-term perspective
- Another factor impacting ARPU in Q1'14 and throughout 2013 are the interim rates that we introduced in January 2013. We believe that after some immediate negative impact, this policy has allowed us to post stable ARPU (blended) even despite unfavourable changes in our market environment (roll-out of free DTT)
- Our all-services blended ARPU was adversely impacted by the introduction of mobile telephony in Q1'14 that generates much lower ARPU than other core services

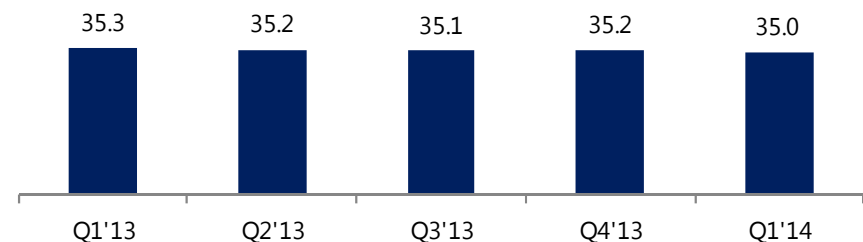
Voice *



Data **



All Services Blended



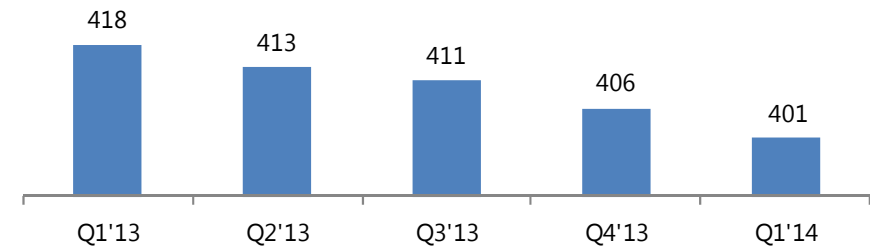
(*) Voice ARPU excludes indirect voice, payphones and mobile telephony

(**) Data ARPU excludes mobile broadband

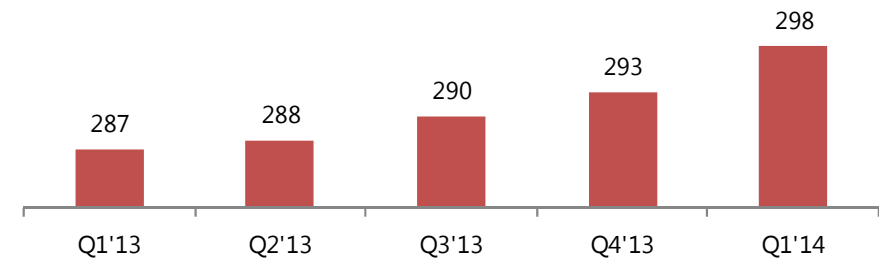
Customer Base Structure

- 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
- As evidenced in 2013 we were able to upgrade many customers acquired in 2012 to higher service multiples, so there is a drop in 1-play customer base in favour of 2- and 3-play, as expected
- Q1 2014 numbers are to some extent affected by the recent acquisition of Teletronik

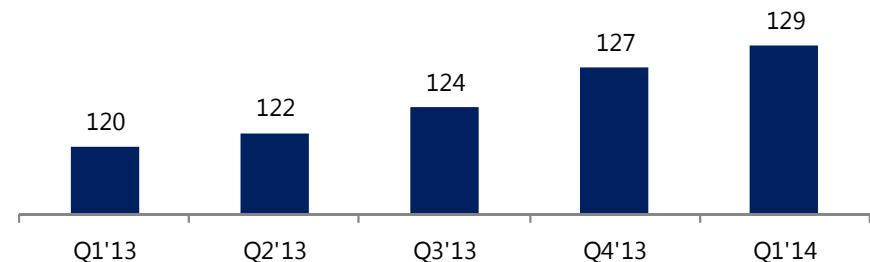
Single Play



Double Play



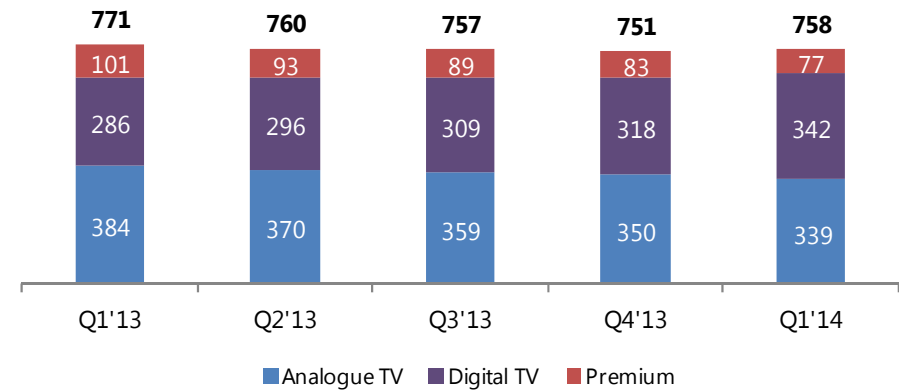
Triple Play



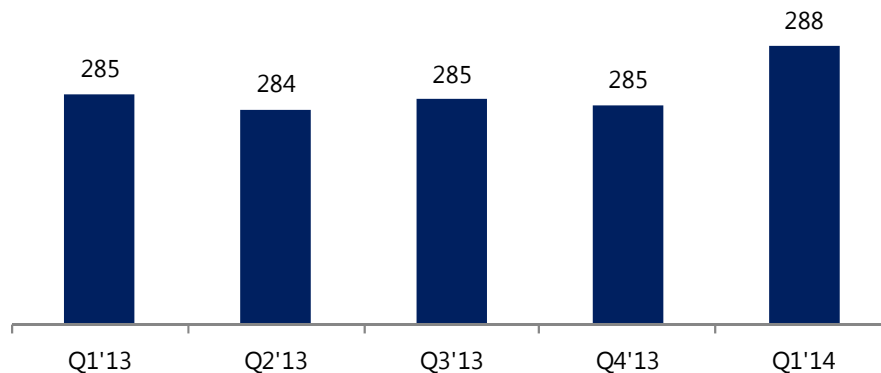
Growth of Customer Base

- The decrease in video RGUs in 2013 was connected with some migrations of customers to Digital Terrestrial Television (DTT). We are seeing some come-backs from DTT to cable services
- The 2013 decrease was further attributable to the change of our up-sell and cross-sell policies that translated into a drop in premium channel RGUs, which continued into Q1'14
- Our RGU numbers are also impacted by our recent acquisition of Teletronik (consolidated from 1 January 2014)

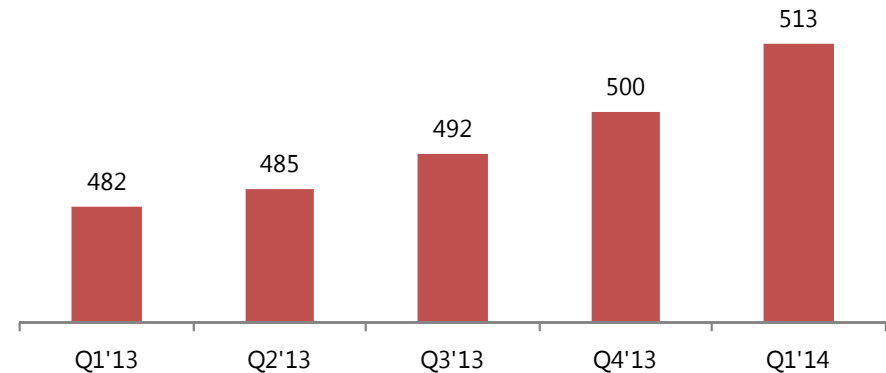
Video RGUs



Voice RGUs



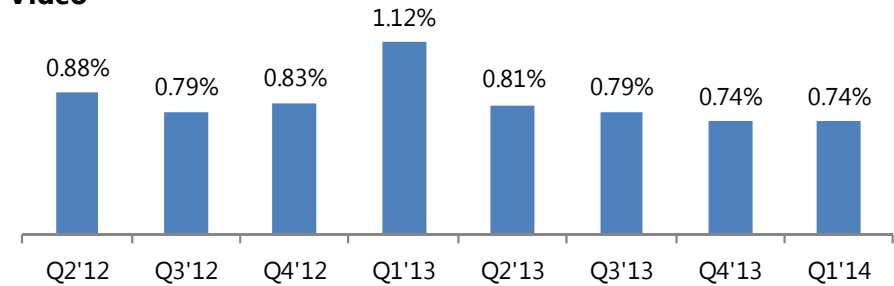
Data RGUs



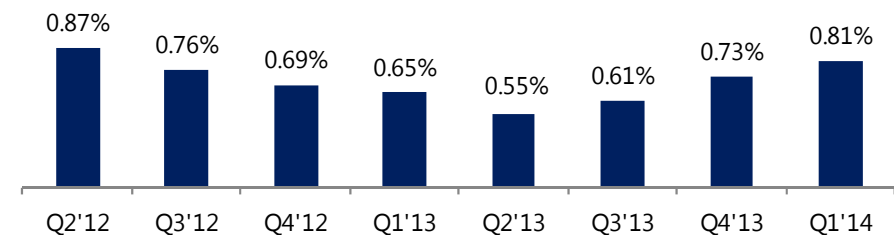
Churn – under control due to service bundling

- 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
- The key change in strategy introduced at the start of 2013 are our interim rates offered to customers with expiring promotional offerings to stop them from churning; this strategy is bringing the expected results as evidenced in Q1'14 for our video and data services
- A new churn-control measure in place from Q1'14 is the bundling of our mobile voice offering (MVNO) with fixed-line voice services. We expect to see some positive impact of this offering on our churn rates in the future

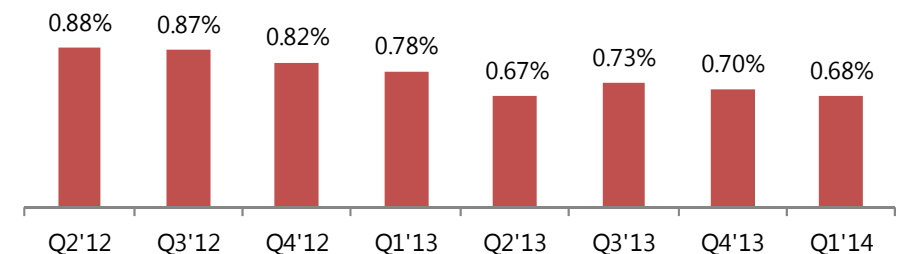
Video



Voice



Data



Note: All churn rates are provided for our core services, i.e. video excluding premium channels; voice excluding indirect voice services, payphones and mobile telephony; and data excluding mobile broadband

Monthly average in a given quarter

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Financial Review

Revenue Structure Quarterly

Revenues (PLN '000)	Q1 2013	Q4 2013	Q1 2014	y-o-y % change	q-o-q % change
analogue TV	34 823	31 607	30 546	-12%	-3%
digital TV	45 255	47 998	49 854	10%	4%
premium channels	7 192	6 556	6 334	-12%	-3%
interactive TV	10	568	81	681%	-86%
internet	52 782	53 806	54 776	4%	2%
telephony	29 894	28 344	27 122	-9%	-4%
other revenues	6 972	6 625	7 012	1%	6%
Total Revenues	176 928	175 504	175 724	-1%	0%

- The year-on-year drop in total revenues is related to the long-term impact of the nationwide switch-over to digital terrestrial television (DTT) in Poland, while the quarter-on-quarter stabilization in total revenues is the result of the consolidation of Teletronik and some come-backs from users of DTT to cable services
- Digital TV revenues continue to grow in line with customer migrations from analogue to digital TV as well as new RGU additions (also from Teletronik)
- The drop in premium channels revenue is attributable to the change in our up-sell and cross-sell policies
- Broadband revenue growth was slightly slower quarter-on-quarter due to our interim pricing strategy and less push to sell mobile broadband services that generate lower margins
- Other revenues increased quarter-on-quarter on the back of higher proceeds from advertising and marketing and lease of telco infrastructure

Operating Expenses Quarterly

Expenses (PLN '000)	Q1 2013	Q4 2013	Q1 2014	y-o-y % change	q-o-q % change
programming and copyrights	26 686	25 855	27 576	3%	7%
variable costs of Internet services (incl. bandwidth)	2 951	2 381	2 319	-21%	-3%
interconnect and WLR fees	4 689	4 322	4 126	-12%	-5%
network maintenance	15 591	14 694	15 111	-3%	3%
subscriber costs	2 134	1 840	1 880	-12%	2%
sales and marketing	8 501	10 017	9 436	11%	-6%
personnel costs	18 063	16 217	16 107	-11%	-1%
general management	11 750	10 979	14 842	26%	35%
Total Expenses	90 365	86 304	91 396	1%	6%

- Quarter on quarter, our overall costs went up 6% primarily on the back of higher general management expenses (PLN 3.9m) and programming and copyrights expenses (PLN 1.7m)
- General management expenses increased quarter-on-quarter primarily as a result of advisory services expenses incurred in Q1 2014 in connection with our IPO totalling c. PLN 2m.
- Quarter on quarter, programming and copyright expenses increased as a result of the acquisition of subscribers from Teletronik and a change of settlement arrangements with providers of Polsat and Discovery channels
- Please note we have introduced a new structure of expenses as of Q4'13, which in our opinion allows for better understanding of our business. This layout is also used for management reporting. We provided comparable statistics according to our previous and current methodology in Schedule no. 2 to our Directors' Report for FY2013.

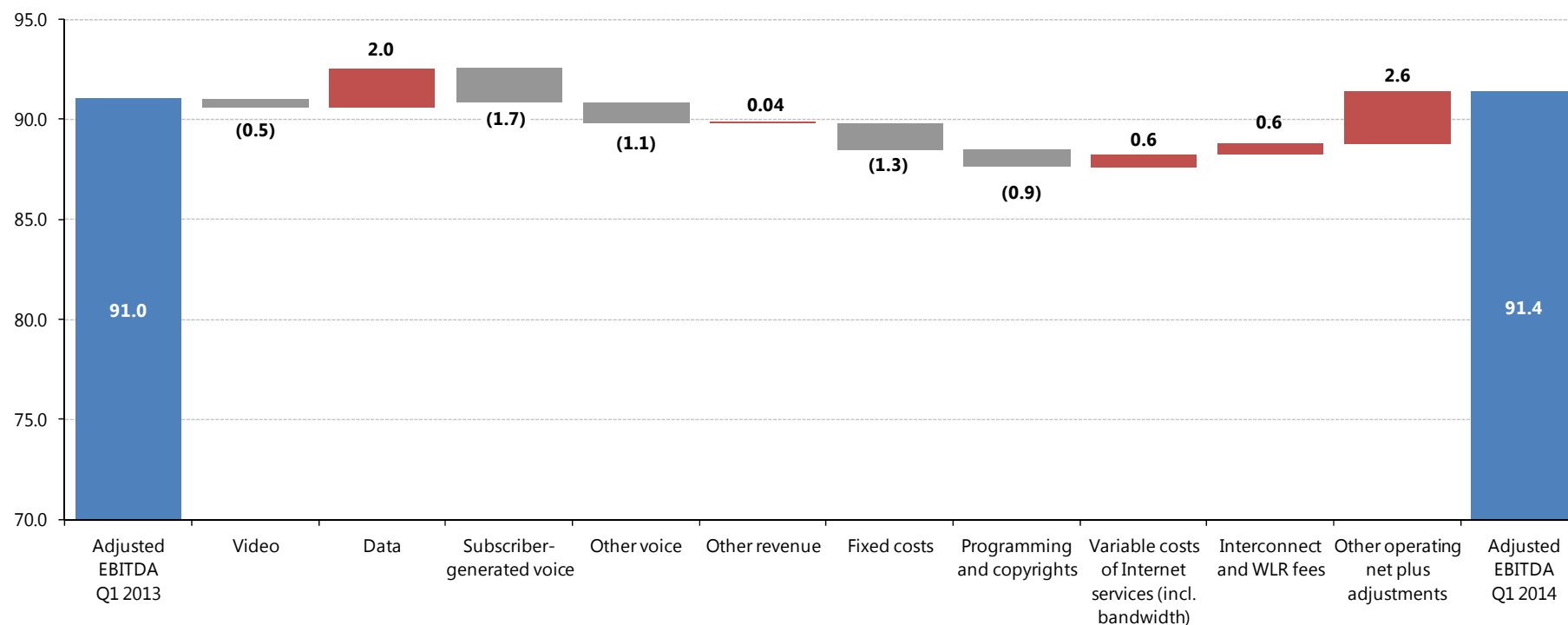
Income Statement Quarterly

Income Statement (PLN '000)	Q1 2013	Q4 2013	Q1 2014	y-o-y % change	q-o-q % change
Revenues	176 928	175 504	175 724	-1%	0%
Expenses (excl. D&A)	90 365	86 304	91 396	1%	6%
Adjusted EBITDA	91 043	89 402	91 361	0%	2%
<i>margin</i>	<i>51.5%</i>	<i>50.9%</i>	<i>52.0%</i>	-	-
Operating profit	34 234	44 936	34 044	-1%	-24%
Net interest	(16 446)	(17 809)	(14 895)	-9%	-16%
Profit before tax	17 788	27 127	19 149	8%	-29%
Income tax	3 414	(20 837)	6 520	-	-
Profit for the year	14 373	47 964	12 628	-12%	-74%

- Quarter-on-quarter, our sales revenue increased by 0.1%. Consequently, Q1'14 was the second consecutive quarter after Q4'13 in which we posted growth. Management believes that two consecutive growing quarters confirm the reversal of adverse trends observed in our results over the first nine months of 2013, when we posted declines in total revenues on the back of negative developments in our market environment (launch of free DTT services). Taking into account the seasonality of our sales (usually revenue growth posted for the first quarter is slightly lower than revenue growth posted for the fourth quarter), Management considers the results of the Group, including the level of sales revenue in Q1'14, to be satisfactory, particularly in light of the current market environment
- Quarter on quarter, our overall costs went up 6% primarily on the back of higher general management expenses (incl. IPO-related) and programming and copyrights expenses
- Our adjusted EBITDA was stable year-on-year and went up 2% quarter-on-quarter due to a PLN 6m adjustment for one-off events
- Our operating profit was stable year-on-year. It declined quarter-on-quarter due to the high level of operating profit posted in Q4'13 as a result of transactions on fixed assets and reorganization of our Group, which also translated into negative income tax

EBITDA Bridge*

Adjusted EBITDA bridge Q1'13 - Q1'14
(PLNm)



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

Balance Sheet & CAPEX

CAPEX (PLN '000)	Q1 2013	Q4 2013	Q1 2014
growth	29 200	24 200	34 000
maintenance	10 700	8 400	11 400
other*	5 400	2 400	(4 400)
acquisitions	1 000	900	22 900
Total CAPEX	46 300	35 900	63 900

- We spent ca. PLN 63.9m on capital expenditure in Q1 2014
- Our Q1 2014 growth CAPEX accounted for 83% of total organic CAPEX
- Our acquisition CAPEX in Q1 2014 was attributable to the acquisition of Teletronik
- Please note we have amended our presentation of CAPEX as from Q4'13

Balance Sheet (PLN '000)	31-12-13	31-03-14	% change
Assets			
non-current	1 408 629	1 397 820	-1%
current	226 081	226 146	0%
incl. cash & equivalents	102 403	91 458	-
Total assets	1 634 710	1 623 965	-1%
Equity	213 322	225 951	6%
Liabilities			
non-current	1 188 072	1 203 028	1%
current	233 315	194 987	-16%
Total equity & liabilities	1 634 710	1 623 965	-1%

(*) Other capex involves reconciliation of investment expenditures and fixed assets, and change in investment liabilities

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Recent Events and Outlook

On 26 March 2014, we announced that the Company's shareholders intended to undertake a **public offering at the WSE**. The offering is expected to consist of a secondary offering by the current shareholders of up to 49.2% of the Company's shares. It is planned to be completed in Q2 2014, subject to market conditions.

As announced in March 2014, we intend to **repurchase the 146 series MMP0617 bonds** that are still outstanding, with the total nominal value of PLN 1,460,000. The early repurchase of the bonds will be made on 6 June 2014 with funds deposited on an escrow account.

In January 2014, we launched our MVNO service and added **5,500 mobile telephony RGUs** as at the end of April 2014. In subsequent stages, we plan to extend our offering by selling the MVNO service with subscriber terminals (mobile phones).

In April 2014, we launched **test sales of electricity** in selected locations

In January 2014, we launched our **online home monitoring** services (DomoWizja). We want to expand this service in May 2014 by adding an additional feature allowing our subscribers to record video content on external servers.

Upcoming Events

- Publication of extended consolidated report for H1 2014 27 August 2014
- Publication of financial statements for Q3 2014 26 November 2014

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