Multimedia Polska Group
2016 third quarter results

15 November 2016

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 most recent 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.

2016YTD Highlights

EBITDA

- Our 9M 2016 EBITDA* was PLN 253.8m and decreased 3.5% year on year
- Our 9M 2016 EBITDA margin was 46.1%

Customers and RGUs

- Our total RGUs reached 1,736,200 at the end of September 2016; up 5.2% year on year
- In the telecom business, we added 45,400 video RGUs, and lost 4,600 broadband RGUs and 15,700 telephony RGUs year on year
- We also added 60,000 other RGUs (comprising all our new services**) year on year
- Our RGU/customer ratio was 2.08, up from 2.02 at the end of September 2015

(*) Adjusted: operating profit plus depreciation and amortisation less one-off non-cash items
(**) New services comprise energy, gas, home monitoring and insurance services

Third Quarter 2016 Highlights

We gained 23,800 net RGUs*, including

telecom services

- addition of 8,200 video RGUs
- addition of 1,400 broadband RGUs
- disconnection of 2,200 voice RGUs

other services

- addition of 16,300 other RGUs

RGU*/ customer rate

2.06 in Q2 2016

2.08 in Q3 2016

We had 835,400 customers

396,800 single play customers

310,200 double play customers

128,300 multi play** customers

Blended ARPU per customer

PLN 69.9 in Q2 2016

PLN 70.0 in Q3 2016

(*) RGUs comprise telecom RGUs and other RGUs (including energy, gas, home monitoring and insurance services)

(**) Multi play customers take up three or more services

Note: Mathematical inaccuracies, if any, stem from approximation

RGU Growth Highlights

Quarter-on-quarter ('000)	Q2 2016	Q3 2016	% change	new adds
video	839	848	1%	8
data	529	530	0.3%	1
voice	272	270	-1%	(2)
other	72	88	23%	16
Total	**1 712**	**1 736**	**1%**	**24**

Year-on-year ('000)	Q3 2015	Q3 2016	% change	new adds
video	802	848	6%	45
data	535	530	-1%	(5)
voice	285	270	-5%	(16)
other	28	88	211%	60
Total	**1 651**	**1 736**	**5%**	**85**

- We continue to post total RGU growth both year on year and quarter on quarter
- The growth in total RGUs year on year was attributable to the development of new services and growth in the video segment. In the broadband segment, we continue to operate under strong pressure from LTE providers
- Quarter on quarter, the growth in total RGUs was driven by additions in the video segment, broadband segment and other RGUs thanks to successful sales of our new non-telco products

Multimedia Polska Group

Business Review

Our Customer Base — 30 September 2016

Our Market	1,638,100 marketable homes	835,400 customers	1,736,200 total RGUs*	
Our Services	847,700 video RGUs	530,300 broadband RGUs	269,800 voice RGUs	88,400 other RGUs
Our Customers	396,800 1-play customers	310,200 2-play customers	128,300 multi-play customers**	

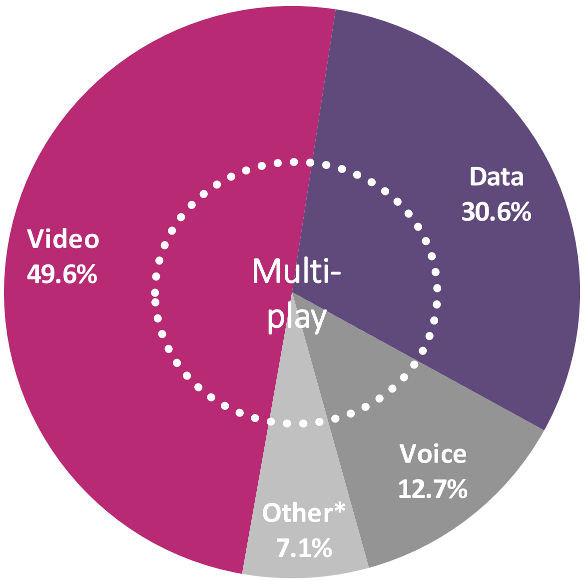
(*) Includes telecom RGUs and other RGUs
(**) Multi play customers take up three or more services
Note: Mathematical inaccuracies, if any, stem from approximation

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, premium channels, VoD, PC streaming, interactive TV)
  - Internet (broadband, broadband DSL, Wi-Max, mobile)
  - Telephony (VoIP, PSTN, mobile, WLR, value-added services)
- Our new services involve: retail sale of electricity and gas, home monitoring, and insurance services

9M 2016 revenue breakdown

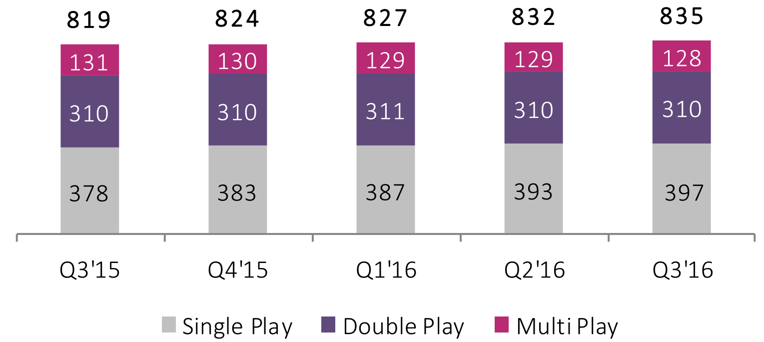


(*) Other revenues include lease income, licence fees, revenue from production of programming, other subscriber-generated and interoperator revenues, and revenues from our new services

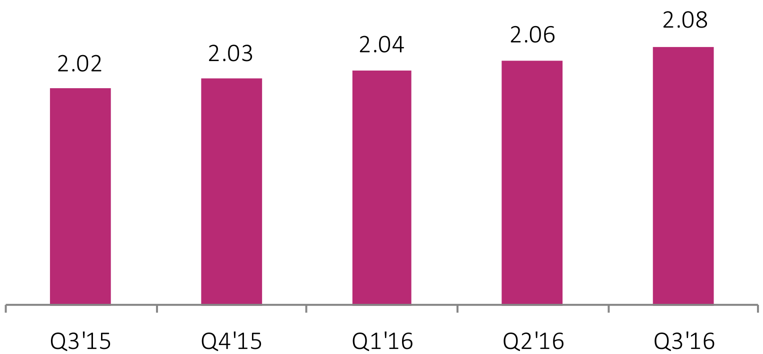
Customers and ARPU

- The increase in customers in Q3’16 is attributable to successful sales of video and new services; the rise in single play customers is connected primarily with new sales outside our physical network presence
- RGU* per customer ratio was up from 2.06 in Q2’16 to 2.08 in Q3’16
- ARPU per customer is on the rise thanks to digitalization of our subscriber base, expansion of our non-core product portfolio and upsell of new services to our customers

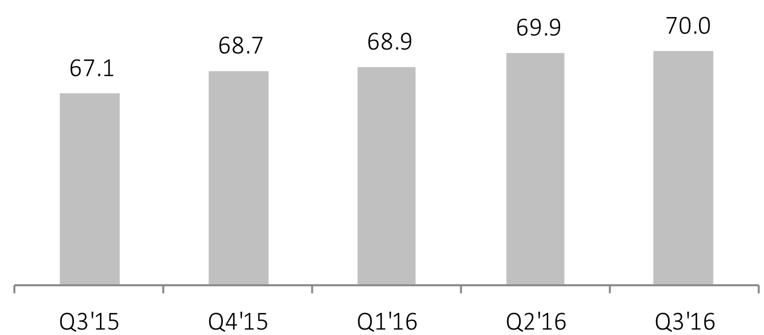
Customers (’000)



RGUs* / customer



ARPU** per customer (PLN)



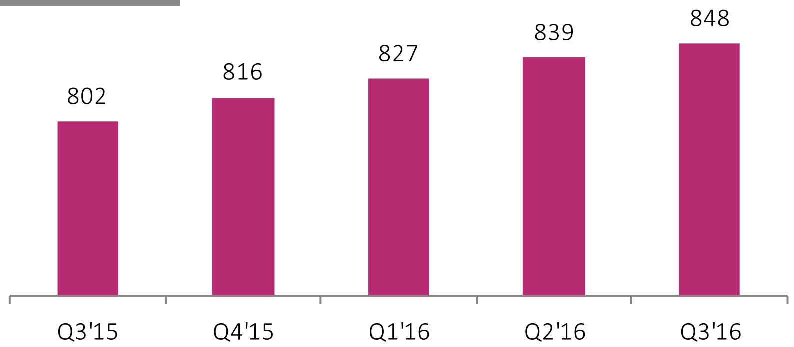
(*) Include telecom RGUs and other RGUs

(**) Calculated based on restated customer-based revenues, i.e. excluding other revenues that are not strictly customer-related. Please note that Q3 2015 data has been adjusted according to the newest methodology

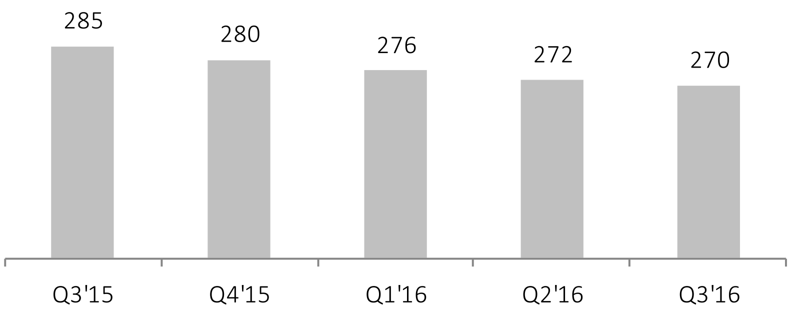
Growth of RGU Base

- Our video RGUs are back on a steady upward trend
- In the broadband segment, there is a slight increase, but we continue to face strong pressure from LTE offerings
- Fixed-line voice RGUs decline quarter on quarter. We capture some of the churning customers with our MVNO offering
- Our other services are not illustrated here as the services are still in the initial stage of development

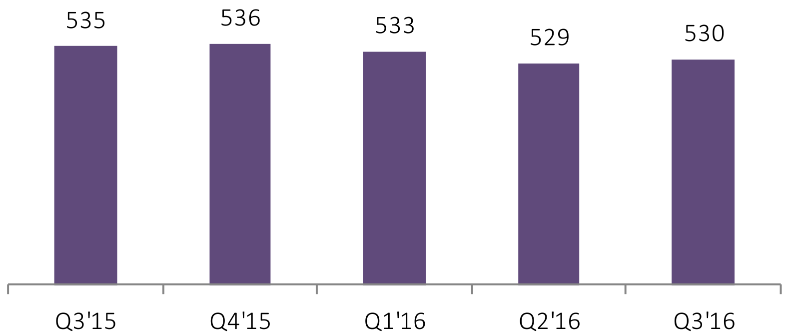
Video RGUs



Voice RGUs



Data RGUs



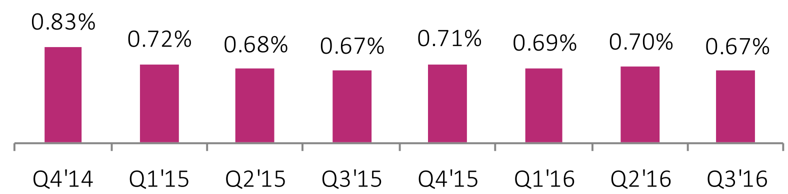
All data in thousands

Churn

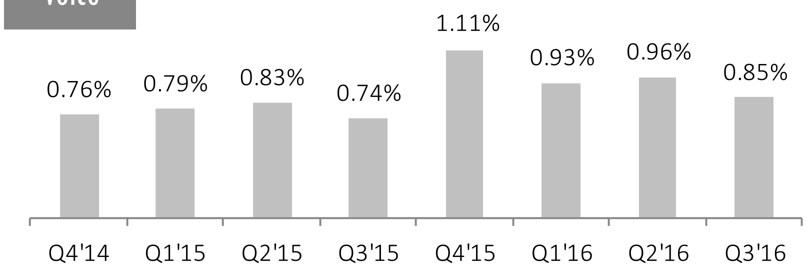
- Reducing churn continues to be one of our strategic objectives. We believe attractive products and pricing are the key to success alongside high quality of both services and customer care. We also believe that promoting multi-play will allow us to continue to keep the churn rates under control
- Please note that data and voice churn rates illustrated here exclude mobile services. We manage to capture some customers churning from fixed-line services with our own mobile offering

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

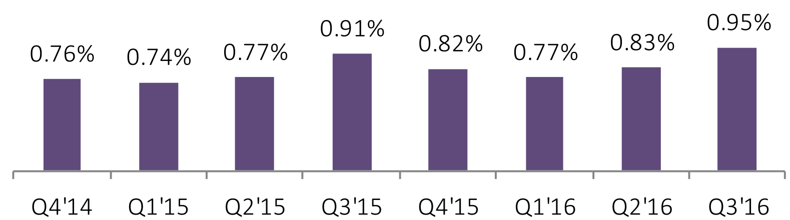
Video



Voice



Data



Monthly average in a given quarter

Multimedia Polska Group

Financial Review

Revenue Structure Quarterly

Revenues (PLN '000)	Q3 2015	Q2 2016	Q3 2016	y-o-y % change	q-o-q % change
video	87 531	92 332	90 477	3%	-2%
internet	55 665	56 113	55 565	0%	-1%
telephony	25 497	23 160	22 463	-12%	-3%
other revenues	7 943	12 780	16 114	103%	26%
Total Revenues	**176 636**	**184 385**	**184 619**	**5%**	**0.1%**

- Our revenues increased year on year and quarter on quarter primarily thanks to growth in revenues generated on our new services
- We strongly believe our revenues will increase in the coming quarters, particularly on the back of continued development of a more comprehensive integrated offering for our customers, both residential and small and medium-sized businesses
- In Q2’16 we recorded our first revenues from gas sales (disclosed under other revenues together with all our other non-telco services). Those revenues grew in Q3’16 as expected

Operating Expenses Quarterly

Expenses (PLN '000)	Q3 2015	Q2 2016	Q3 2016	y-o-y % change	q-o-q % change
cost of services sold	41 398	50 954	52 695	27%	3%
network maintenance	14 655	14 756	14 421	-2%	-2%
subscriber costs	1 899	1 808	1 809	-5%	0%
sales and marketing	2 657	8 166	2 889	9%	-65%
personnel costs	15 991	20 085	17 603	10%	-12%
general management	13 426	12 290	11 995	-11%	-2%
Total Expenses	**90 025**	**108 058**	**101 411**	**13%**	**-6%**

- The increase in the cost of services sold, both year on year and quarter on quarter, was connected primarily with higher variable costs associated with new services
- Some growth in that cost category year on year was also attributable to higher programming and copyright expenses on the back of digitalization of our subscriber base and adverse impact of FX fluctuations (euro and US dollar)
- Our sales and marketing costs are back at the usual level after the increase in Q2’16 attributable to our nationwide ATL campaign
- Personnel costs increased year on year due to expansion of our sales and marketing structures in connection with the development of our product portfolio

Income Statement Quarterly

Income Statement (PLN '000)	Q3 2015	Q2 2016	Q3 2016	y-o-y % change	q-o-q % change
Revenues	176 636	184 385	184 619	5%	0%
Expenses (excl. D&A)	90 025	108 058	101 411	13%	-6%
Adjusted EBITDA	87 088	79 852	84 688	-3%	6%
margin	*49.3%*	*43.3%*	*45.9%*	-	-
Operating profit	33 714	25 828	30 452	-10%	18%
Net interest	(15 046)	(17 098)	(15 759)	5%	-8%
Profit before tax	18 669	8 730	14 693	-21%	68%
Income tax	4 818	7 965	4 449	-8%	-44%
Profit for the period	13 851	765	10 244	-26%	1238%

- Our Adjusted EBITDA increased quarter on quarter due to a considerable decline in expenses, primarily on the back of lower sales and marketing costs and personnel costs. The rise in Adjusted EBITDA was further attributable to a slight increase in revenues, mainly from non-telco services
- Our profit for the period increased considerably quarter on quarter on the back of the factors described above and particularly due to non-recognition of the adjustment of the current value of previous years' taxes that was recognized in Q2'16

Revenue Structure and Operating Expenses Year-on-Year

Revenues (PLN '000)	9M 2015	9M 2016	% change
video	261 200	273 034	5%
internet	166 541	168 358	1%
telephony	78 100	69 679	-11%
other revenues	21 173	38 936	84%
Total Revenues	**527 014**	**550 007**	**4%**

- Our video revenues increased by PLN 11.8m year on year thanks to organic growth and continued migration of analogue customers to digital TV
- The broadband segment remains on a slight rise (PLN 1.8m) year on year although growth is limited due to ongoing pressure from LTE offerings
- The rise in other revenues of PLN 17.8m was driven by dynamic sales of our non-telco services, primarily energy and gas

Expenses (PLN '000)	9M 2015	9M 2016	% change
cost of services sold	121 044	149 859	24%
network maintenance	43 972	43 490	-1%
subscriber costs	5 582	5 293	-5%
sales and marketing	8 557	12 724	49%
personnel costs	52 570	55 874	6%
general management	38 183	36 755	-4%
Total Expenses	**269 910**	**303 996**	**13%**

- The cost of services sold increased primarily on the back of new services, programming and copyright expenses, and adverse FX fluctuations
- Overall our expenses were impacted by the appreciation of foreign currencies against the Polish zloty. If the rates were stable from 9M’15, our operating expenses in 9M’16 would have been c. PLN 4.1m lower than actually incurred
- The rise in S&M costs was connected with our nationwide advertising campaign run in Q2’16
- Personnel costs increased on the back of expansion of our S&M structures in connection with the development of our product portfolio

Income Statement Year-on-Year

Income Statement (PLN '000)	9M 2015	9M 2016	% change
Revenues	527 014	550 007	4%
Expenses (excl. D&A)	269 910	303 996	13%
Adjusted EBITDA	263 016	253 822	-3%
margin	*49.9%*	*46.1%*	-
Operating profit	98 671	88 277	-11%
Net interest	(46 012)	(48 915)	6%
Profit before tax	52 659	39 362	-25%
Income tax	14 815	17 421	18%
Profit for the period	37 843	21 941	-42%

- Our Adjusted EBITDA declined year on year because of the increase in expenses driven primarily by the increase in variable costs, higher sales and marketing spend and higher personnel costs. It was partially offset by the increase in revenues, primarily from video and non-telco services
- Our profit for the period decreased considerably year on year on the back of the factors described above and also due to the adjustment of the current value of previous years' taxes recognized in Q2'16

CAPEX & Balance Sheet

CAPEX (PLN '000)	Q1 2016	Q2 2016	Q3 2016	9M 2016
growth	15 700	30 400	26 600	72 600
maintenance	15 700	18 600	18 400	52 800
other*	53 800	(10 000)	(200)	43 600
acquisitions				
Total CAPEX	85 200	39 000	44 800	169 000

Balance Sheet (PLN '000)	31-12-15	30-09-16	% change
Assets			
non-current	1 325 204	1 317 330	-1%
current	395 634	388 795	-2%
incl. cash & equivalents	117 395	123 206	5%
Total assets	**1 720 839**	**1 706 125**	**-1%**
Equity	239 937	213 345	-11%
Liabilities			
non-current	1 282 355	1 029 763	-20%
current	198 548	463 017	133%
Total equity & liabilities	**1 720 839**	**1 706 125**	**-1%**

- We spent c. PLN 169m on capital expenditure in 9M'16
- Our 9M'16 growth CAPEX accounted for c. 43% of total organic CAPEX
- The negative amount of other CAPEX in Q2'16 and Q3'16 was connected with changes in investment liabilities and reconciliation of investment expenditures and fixed assets
- On the balance sheet, our current assets include c. PLN 156.7m in bank deposits and 123.2m in cash and equivalents

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

Multimedia Polska Group

multiMedia

Outlook

Upcoming Events

Publication of reporting schedule for 2017	January 2017

Contact us

Investor Relations Office
tel. +48 22 553 86 00
fax. +48 22 553 86 03

ir@multimedia.pl

Or visit our Investor Relations website www.multimedia.pl/investor