

Multimedia Polska S.A.



2011 third quarter results

17 November 2011

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1

EBITDA

- Our 9M 2011 EBITDA* was PLN 240.0m increased by ca. 8.3% year-on-year
- We continue to enjoy high EBITDA margin of 52.2%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,477,000; up 12.3% year-on-year
- We added ca. 55,500 DTV subscribers, ca. 35,000 broadband, and ca. 27,000 voice subscribers year-on-year
- We increased RGU/unique customer ratio to 2.04

3

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

Third Quarter 2011 Highlights



→ We added 30,400 net RGUs

- 22,500 video RGUs
- 7,000 broadband RGUs
- 900 telephony RGUs

→ We had 725,200 unique customers

- 383,300 single play subscribers
- 239,800 double play subscribers
- 102,100 triple play subscribers

→ RGU/subscriber rate was

- 1.99 in Q2 2011
- 2.04 in Q3 2011

→ Blended ARPU per subscriber

- PLN 68.67 in Q2 2011
- PLN 68.96 in Q3 2011

→ Blended ARPU per RGU

- PLN 33.80 in Q2 2011
- PLN 33.05 in Q3 2011

RGU Growth Highlights



- The dynamic growth of our data segment continues (10% y-o-y)
- Owing to vibrant additions of WLR and VoIP we have recorded 11% 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)	Q2 2011	Q3 2011	% change	new adds
video	795	818	3%	22
voice	271	272	0%	1
data	380	387	2%	7
Total	1447	1477	2%	30

Year-on-year ('000)	Q3 2010	Q3 2011	% change	new adds
video	718	818	14%	100
voice	245	272	11%	27
data	351	387	10%	35
Total	1315	1477	12%	162

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Business Review

Our Subscriber Base — 30 September 2011



Our Market	1,230,700 marketable homes	725,200 unique subscribers	1,476,900 total RGUs
Our Services	817,900 video RGUs*	386,600 broadband RGUs	272,400 voice RGUs**
Multiplay	383,300 1-play subscribers	239,800 2-play subscribers	102,100 3-play subscribers

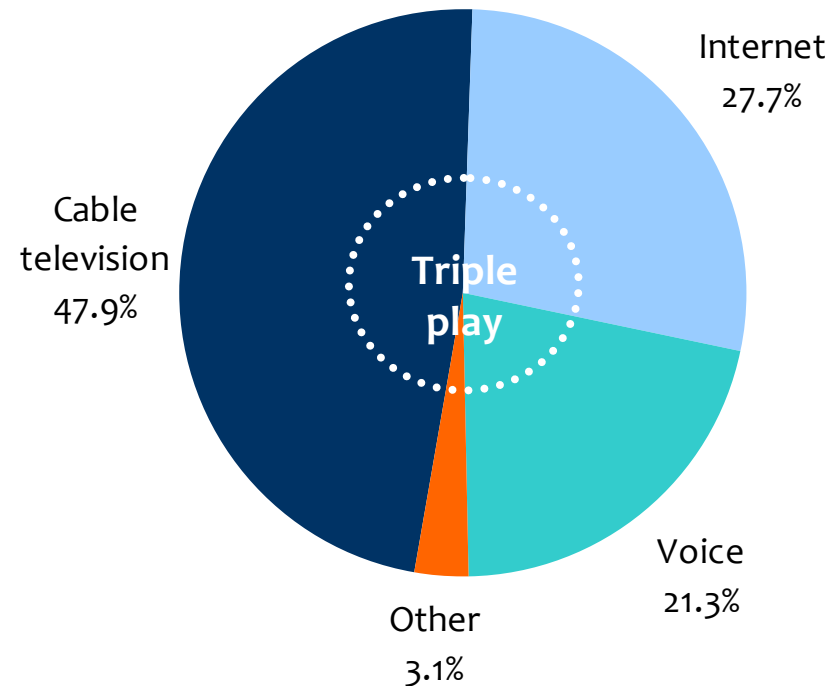
(*) Include 63,900 premium channel RGUs, 10,900 IPTV RGUs and 172,000 DTV RGUs

(**) Include 30,000 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

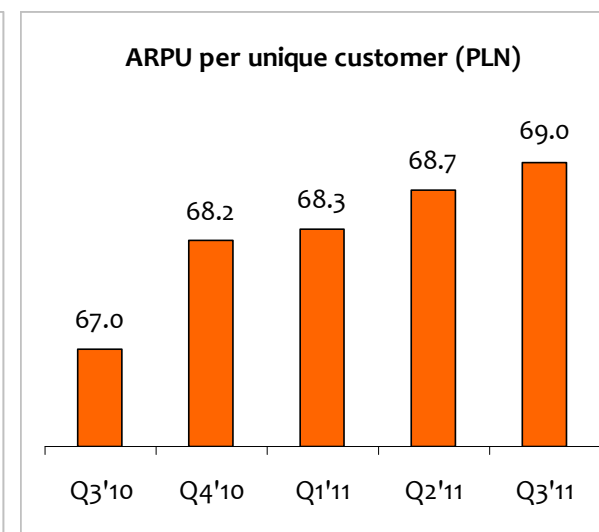
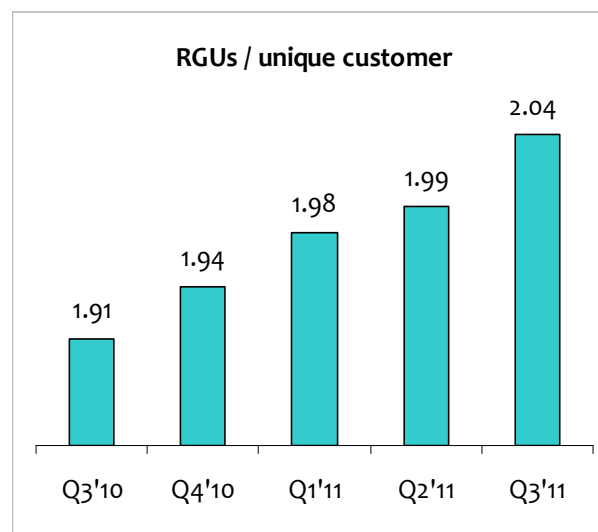
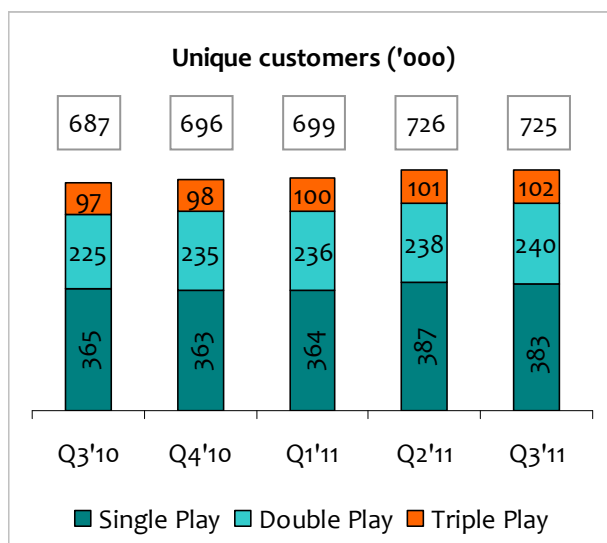
9M 2011 revenue breakdown



Subscribers and ARPU



- Due to successful bundling of services, we continue to grow our ARPU per unique customer
- RGU per unique customer increased from 1.99 in Q2 2011 to 2.04 in Q3 2011

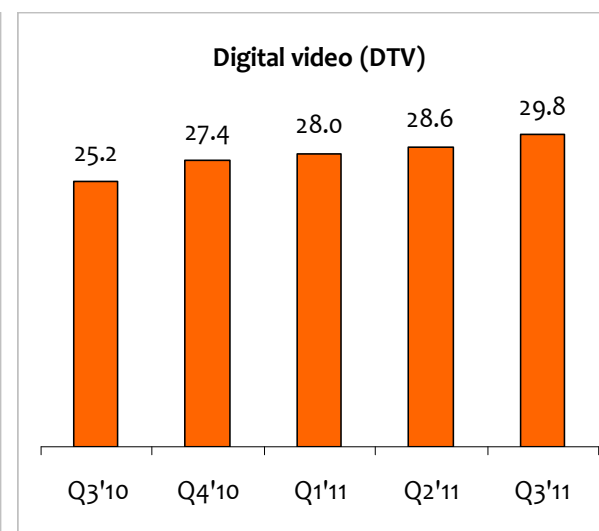
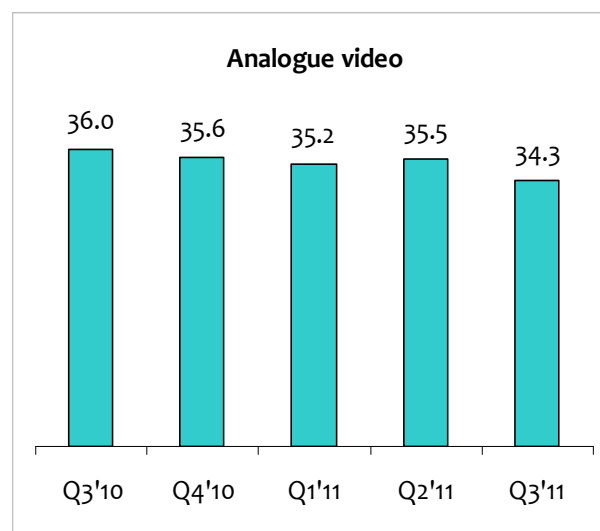
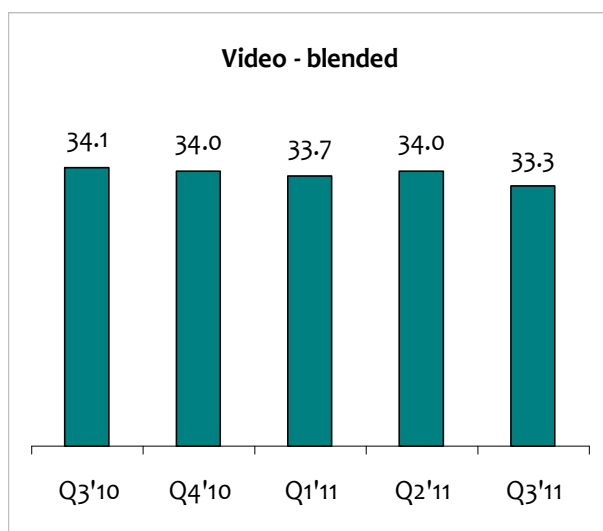


Note: The dip in Q3'10 is attributable to the acquisition of Internet Solutions

ARPU per RGU — video services



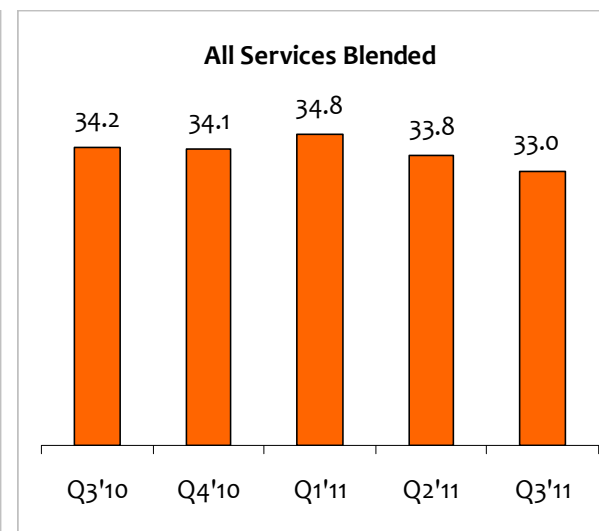
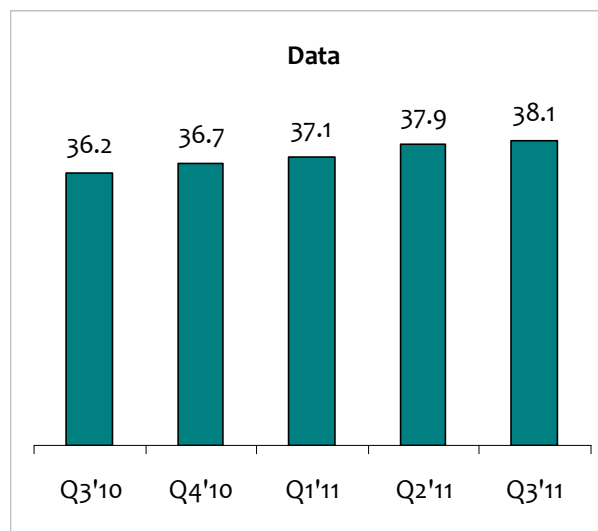
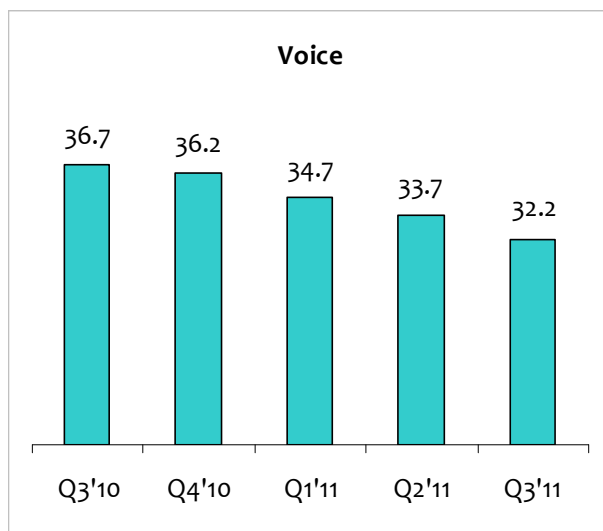
- As previously mentioned, we have modified our approach to promoting the DTV product; hence, the former downward trend in DTV ARPU is now reversed
- Our video segment still fails to satisfy. We continue to adjust our pricing strategy and offer promotions in new markets, which translates into a slight decline in ARPU
- Please note that our ARPU figures are affected by recent acquisitions



ARPU per RGU —voice and data



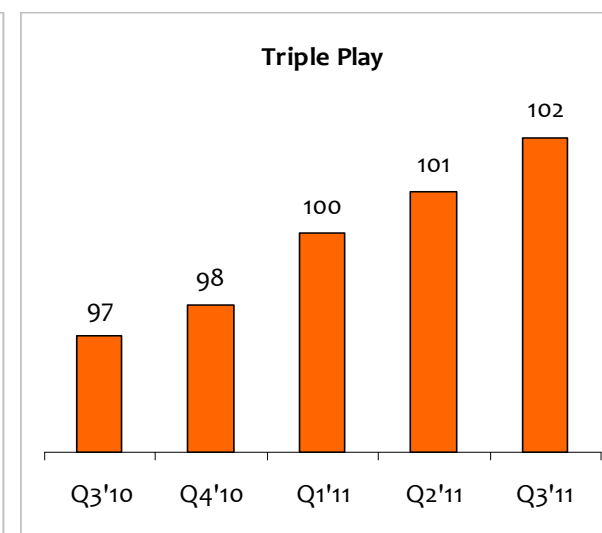
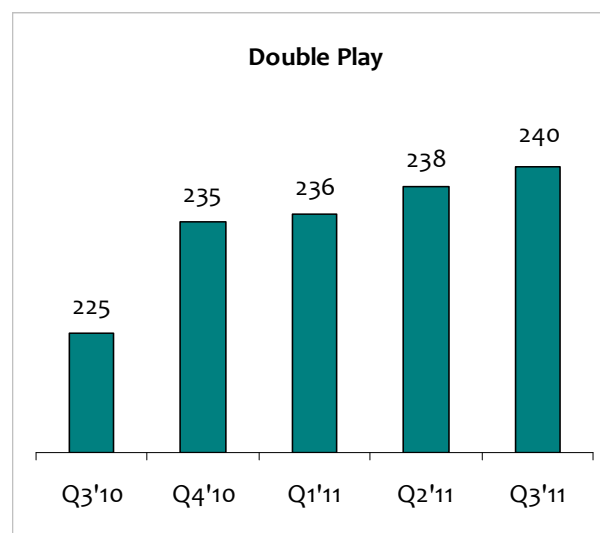
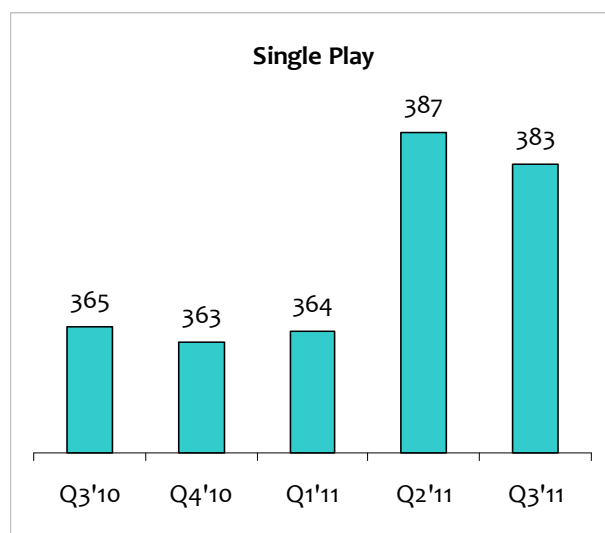
- **VoIP:** Although ARPU on the service decreased further in Q3 2011, positive net additions of VoIP users produced higher VoIP revenues. We strongly push VoIP sales through bundled offerings.
- **PSTN:** In a long-term perspective like other market players we are seeing a decline in PSTN customers 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 Q2 2011 is exclusively attributable to the acquisition of Media Operator's networks and the addition of WLR subscribers



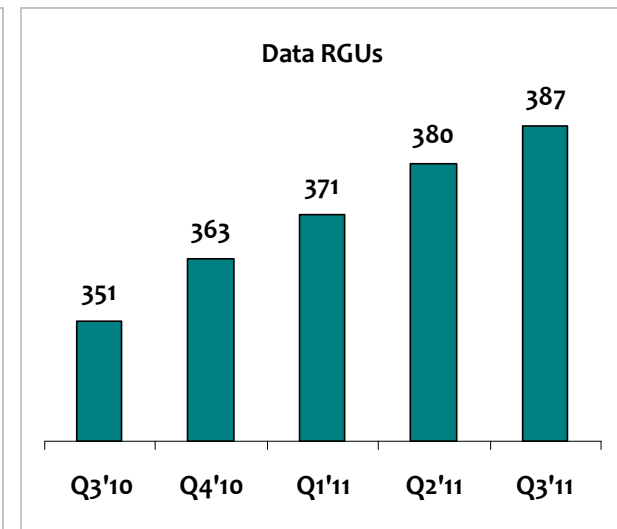
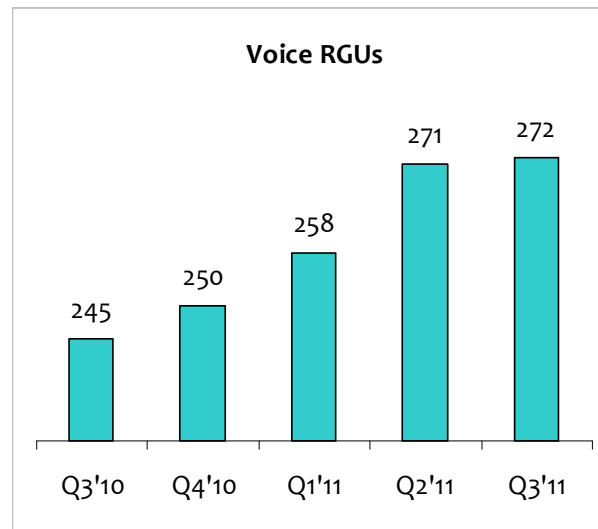
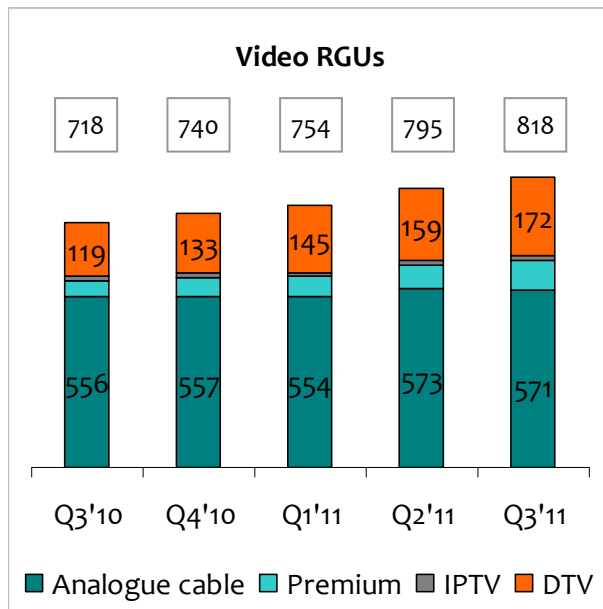
Note: The rise in Q2'11 is attributable to the acquisition of Media Operator

All data in thousands

Growth of Customer Base

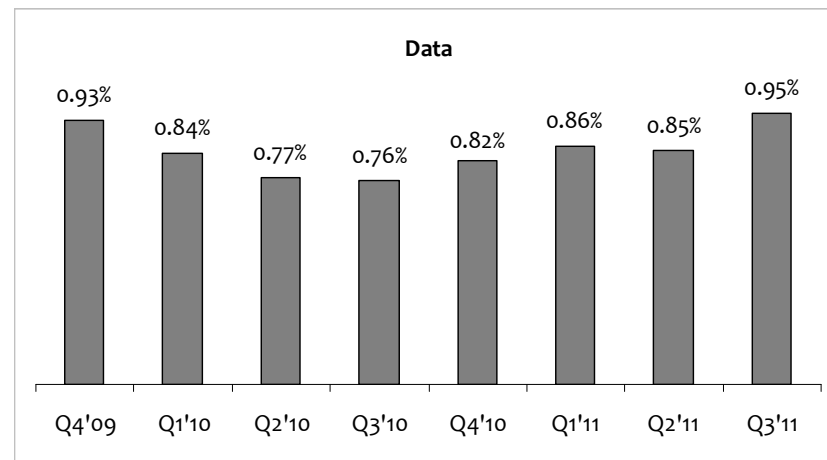
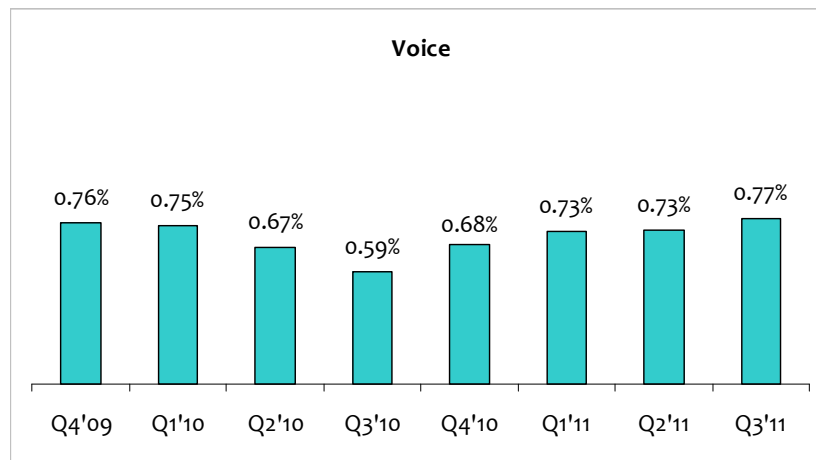
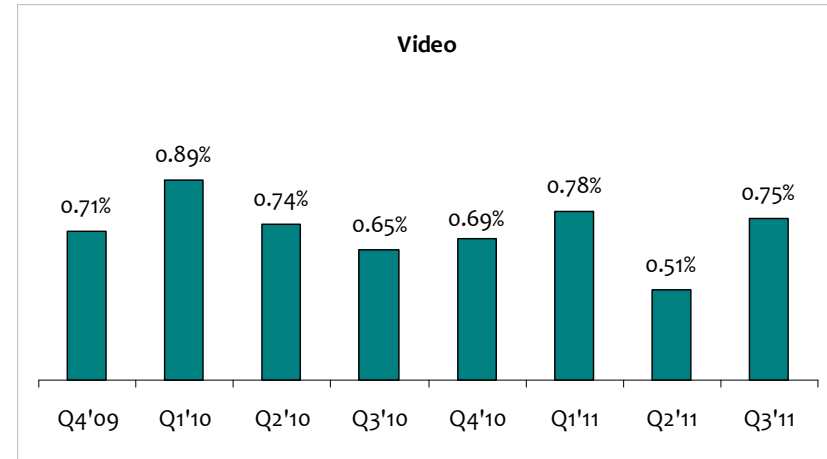


- Stable growth of Revenue Generating Units quarter on quarter in all service groups
- As regards analogue video, the decline in analogue cable RGUs is primarily attributable to price rises implemented recently in order to maximize revenues from that segment. In Q2 2011, we added video RGUs thanks to acquisitions 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

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Financial Review

Revenue Structure Quarterly



- Regarding premium CATV revenues, this line has been absorbed by DTV & IPTV from Q1 2011, as previously stated, owing to migrations of premium customers to digital television. DTV revenues continue to grow in line with RGU additions
- Internet revenues grow thanks to dynamic additions of broadband subscribers
- The voice segment is on a rise y-o-y due to dynamic WLR sales and higher wholesale revenues

Revenues (PLN '000)	Q3 2010	Q2 2011	Q3 2011	y-o-y % change	q-o-q % change
basic CATV	59 837	59 947	58 812	-2%	-2%
premium CATV	177	-	-	-	-
DTV & IPTV	9 252	14 037	15 870	72%	13%
internet	37 319	42 674	43 790	17%	3%
telephony	30 563	33 139	32 741	7%	-1%
other revenues	4 471	4 727	5 144	15%	9%
Total Revenues	141 618	154 526	156 358	10%	1%

Operating Expenses Quarterly



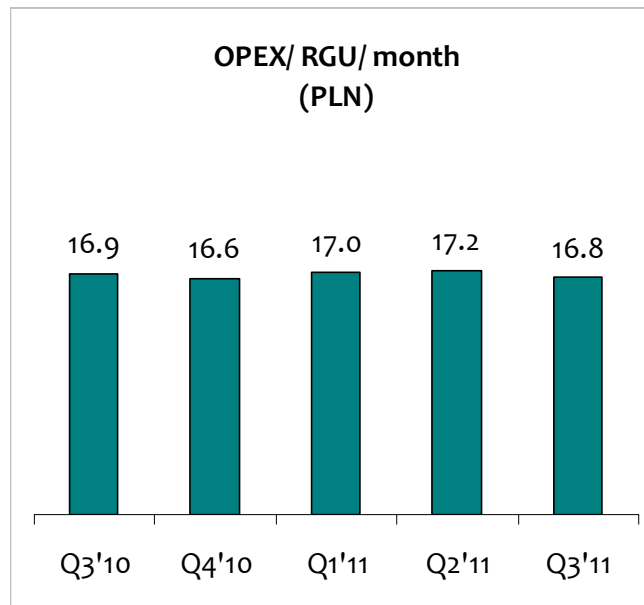
- The structure of our quarterly expenses fluctuates considerably as a result of significant one-off events. It is our strategic goal, however, to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	Q3 2010	Q2 2011	Q3 2011	y-o-y % change	q-o-q % change
programming and copyrights	16 080	18 086	20 438	27%	13%
bandwidth	1 263	1 124	1 116	-12%	-1%
interconnect	4 111	4 892	4 704	14%	-4%
network costs	11 493	12 037	11 863	3%	-1%
sales and marketing	3 516	3 906	3 544	1%	-9%
payroll and benefits	16 558	18 142	16 976	3%	-6%
taxes and charges	2 965	3 117	3 105	5%	0%
professional services	1 608	2 785	2 526	57%	-9%
energy and materials	4 033	4 587	4 396	9%	-4%
other expenses	5 090	5 792	5 626	11%	-3%
Total Expenses	66 716	74 469	74 295	11%	0%
OPEX/ RGU /month	16.9	17.2	16.8	-1%	-2%

Operating Expenses Quarterly



- The slight rise in OPEX/RGU/month in Q2 2011 was related to the increase in programming expenses that went up 7% q/q as we continued to make our programming content more attractive to our customers
- We fully expect the ratio to get back on track in the coming quarters as already evidenced in Q3 2011



Income Statement Quarterly



Income Statement (PLN '000)	Q3 2010	Q2 2011	Q3 2011	y-o-y % change	q-o-q % change
Revenues	141 618	154 526	156 358	10%	1%
Expenses (excl. D&A)	66 716	74 469	74 295	11%	0%
Adjusted EBITDA	75 255	79 693	82 534	10%	4%
margin	53.1%	51.6%	52.8%	-	-
Operating profit	33 159	36 263	38 304	16%	6%
Net interest	(10 152)	(18 194)	(12 544)	24%	-31%
Pretax profit	23 007	18 069	25 761	12%	43%
Tax	4 009	3 071	4 790	-	-
Net income	18 998	14 998	20 971	10%	40%

Revenue Structure Year-on-Year



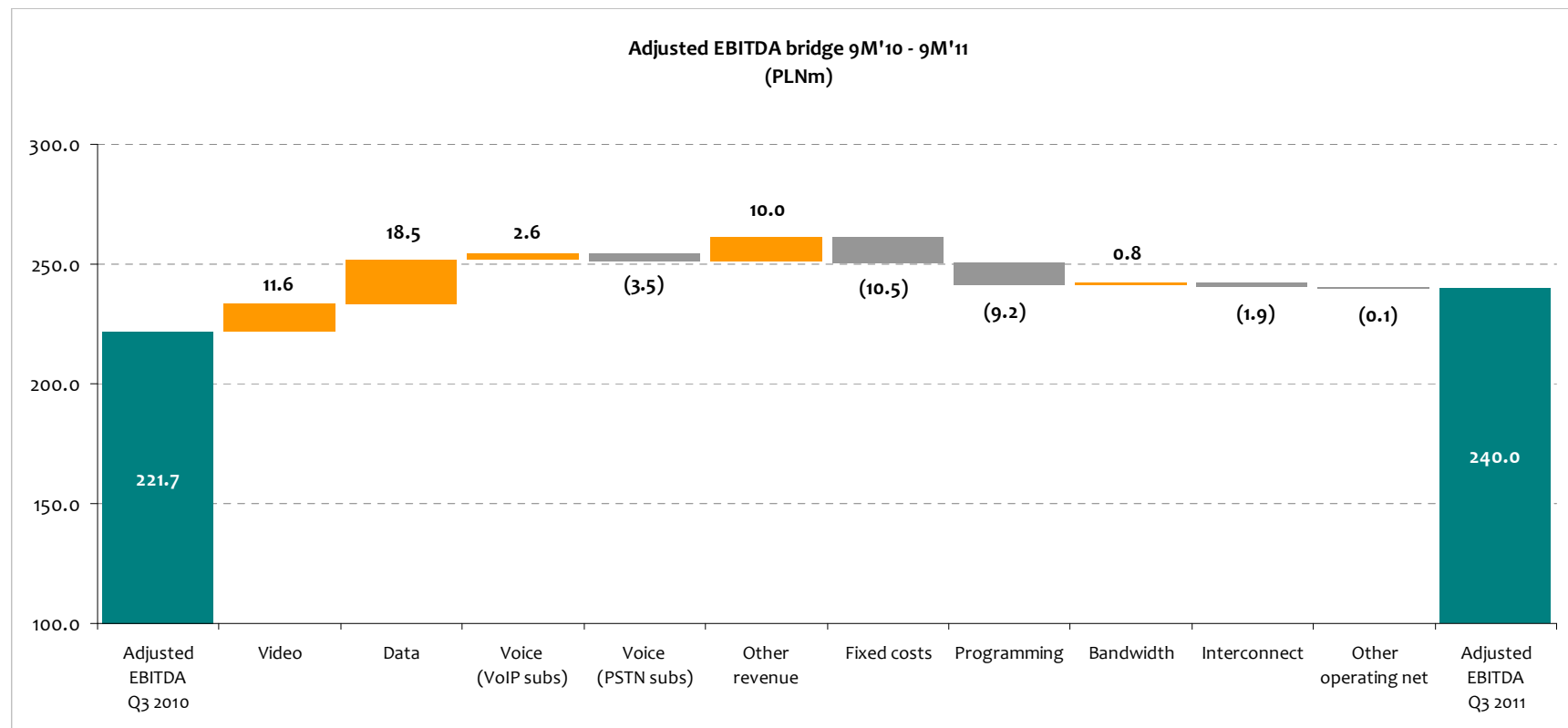
Revenues (PLN '000)	9M 2010	9M 2011	% change
basic CATV	180 878	177 451	-2%
premium CATV	606	-	-
DTV & IPTV	26 817	42 470	58%
internet	108 770	127 293	17%
telephony	90 956	97 916	8%
other revenues	12 239	14 411	18%
Total Revenues	420 266	459 541	9%

Operating Expenses Year-on-Year



- Our programming costs went up on the back of changes to programming content and increase of customer base (incl. customers acquired from other operators) while interconnect rose due to fast expansion of WLR
- The surge in professional services costs was related to debt refinancing
- In H2 2011, we continue our conservative cost control policy to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	9M 2010	9M 2011	% change
programming and copyrights	46 305	55 503	20%
bandwidth	4 393	3 632	-17%
interconnect	12 440	14 341	15%
network costs	34 040	34 991	3%
sales and marketing	10 132	11 040	9%
payroll and benefits	53 310	53 662	1%
taxes and charges	8 976	9 619	7%
professional services	4 083	7 625	87%
energy and materials	12 250	13 094	7%
other expenses	12 729	15 950	25%
Total Expenses	198 660	219 459	10%
OPEX/ RGU /month	16.8	16.5	-2%



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

Income Statement Year-on-Year



- The net income was adversely impacted by high finance costs of PLN 51m (up PLN 10.3m from 9M 2010) directly attributable to greater indebtedness of the Multimedia Group

Income Statement (PLN '000)	9M 2010	9M 2011	% change
Revenues	420 266	459 541	9%
Expenses (excl. D&A)	198 660	219 459	10%
Adjusted EBITDA	221 659	239 992	8%
margin	52.7%	52.2%	-
Operating profit	99 289	110 233	11%
Net interest	(30 294)	(40 566)	34%
Pretax profit	68 996	69 667	1%
Tax	12 711	13 287	-
Net income	56 285	56 380	0%

Balance Sheet



Balance Sheet (PLN '000)	31-12-10	30-09-11	% change
Assets			
non-current	1 099 325	1 134 714	3%
current	82 869	130 507	57%
incl. cash & equivalents	16 404	5 335	-67%
Total assets	1 182 194	1 265 221	7%
Equity	354 574	327 474	-8%
Liabilities			
non-current	604 662	571 658	-5%
current	222 958	366 089	64%
Total equity & liabilities	1 182 194	1 265 221	7%

Capital Expenditures



- We spent ca. PLN 125m on capital expenditure in 9M 2011
- Our 9M 2011 growth CAPEX accounted for 84% of total organic CAPEX

CAPEX (PLN '000)	Q1 2011	Q2 2011	Q3 2011	9M 2011
growth	26 800	39 100	32 500	98 400
other	4 600	7 100	6 400	18 100
acquisitions	-	8 500	-	8 500
Total CAPEX	31 400	54 700	38 900	125 000

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Recent Events and Outlook

As of 8 November 2011 our **shares have been excluded from exchange trading**
on the WSE Main List

We **bought back 5.96% of our shares** outside the regulated market in September 2011

Also in September we signed an annex to our facility agreement
increasing the loan to PLN 400m

As of October, we had **20,000 WLR** customers and **100,000 triple play** customers

Upcoming Events



→ Publication of full year 2011 report: TBA

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