

Multimedia Polska Group

2017 half-year results



31 August 2017

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.

First Half 2017 Highlights

EBITDA

- Our H1 2017 EBITDA* was PLN 173.6m and increased slightly by 0.1% year on year
- Our H1 2017 EBITDA margin was 50.6%

Customers and RGUs

- Our total RGUs reached 1,710,500 at the end of June 2017; up 3.0% year on year
- In the telecom business, we added 61,900 video RGUs and 5,300 broadband RGUs, and lost 12,900 telephony RGUs year on year
- We also lost 5,100 other RGUs (comprising insurance and home monitoring) year on year
- Our RGU/customer ratio was 2.23, up from 2.08 at the end of June 2016

Important Note

Please note that all data given in this presentation and our annual report is based on auditor-reviewed consolidated financial statements that exclude the energy and gas business (i.e. the business conducted by Multimedia Polska Energia Sp. z o.o.) from the operations of the Group and present those operations as discontinued. Hence, the data presented herein is not comparable with the data published up until Q3 2016 in that respect.

Multimedia Polska Energia was sold to a company unrelated to the Multimedia Group on 21 July 2017.

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

Second Quarter 2017 Highlights

We gained 13,600 net RGUs*, including

telecom services

- addition of 20,500 video RGUs
- disconnection of 2,200 broadband RGUs
- disconnection of 3,200 voice RGUs

other services

- disconnection of 1,500 other RGUs

RGU*/ customer rate

2.19 in Q1 2017

2.23 in Q2 2017

We had 766,100 customers

- 331,000 single play customers
- 316,400 double play customers
- 118,700 multi play** customers

Blended ARPU per customer

PLN 68.8 in Q1 2017

PLN 69.1 in Q2 2017

(*) RGUs comprise telecom RGUs and other RGUs (including 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)	Q1 2017	Q2 2017	% change	new adds
video	881	901	2%	21
data	536	534	-0.4%	(2)
voice	262	259	-1%	(3)
other	17	16	-9%	(1)
Total	1 697	1 711	0.8%	14

Year-on-year ('000)	Q2 2016	Q2 2017	% change	new adds
video	839	901	7%	62
data	529	534	1%	5
voice	272	259	-5%	(13)
other	21	16	-24%	(5)
Total	1 661	1 711	3%	49

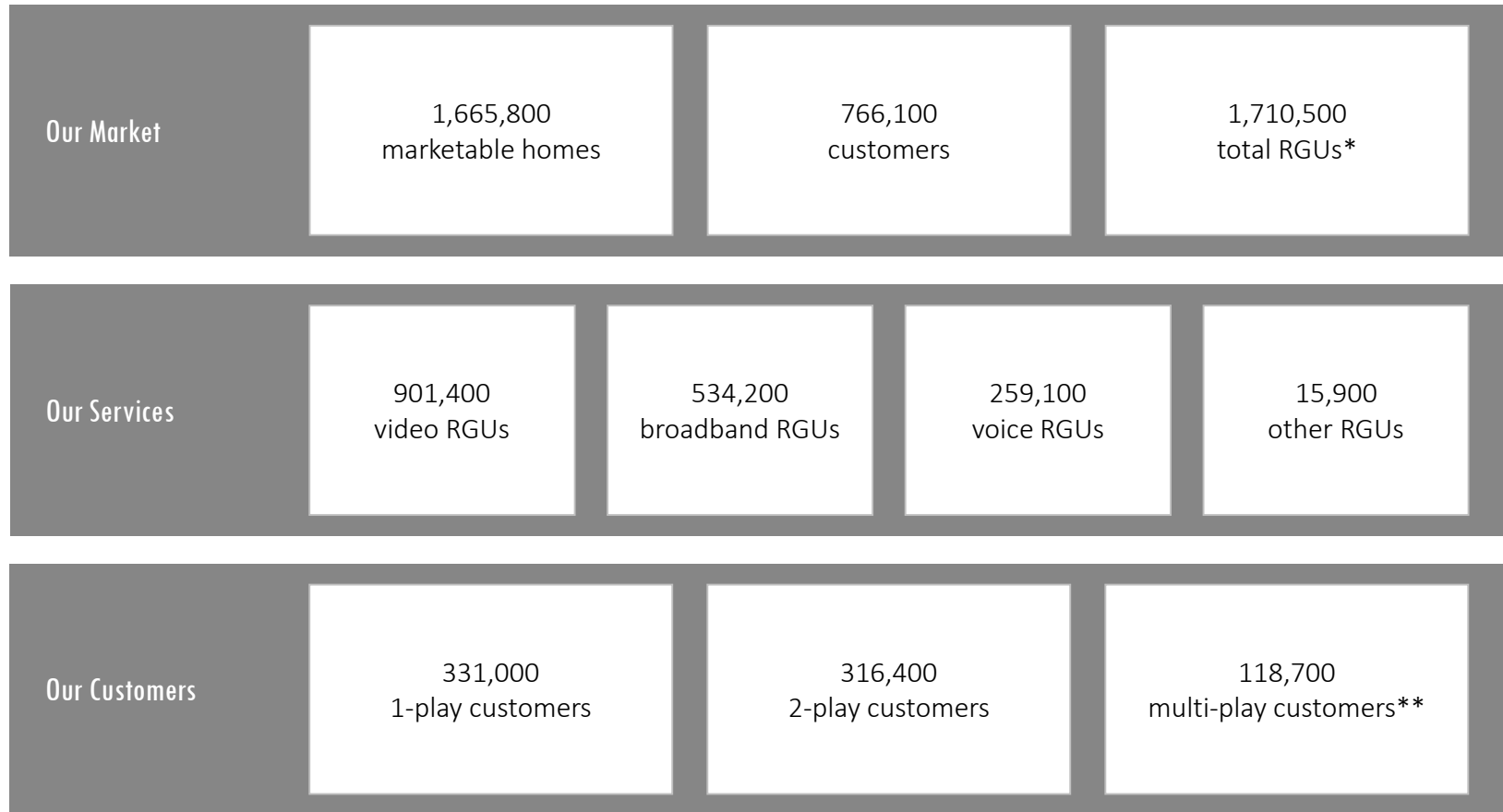
- We continue to post total RGU growth both year on year and quarter on quarter
- The growth in total RGUs year on year was attributable to growth in the video and broadband segments. In the voice segment, the business continues to shrink. The pressure on our broadband segment from LTE providers is strong and growing as evidenced by the quarter on quarter results in that segment
- Please note that other RGUs no longer involve energy and gas services—due to exclusion of those services from our core business and preparing the energy and gas business for sale in H1 2017. The business was sold in July 2017

Multimedia Polska Group



Business Review

Our Customer Base — 30 June 2017



(*) Includes telecom RGUs and other RGUs

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

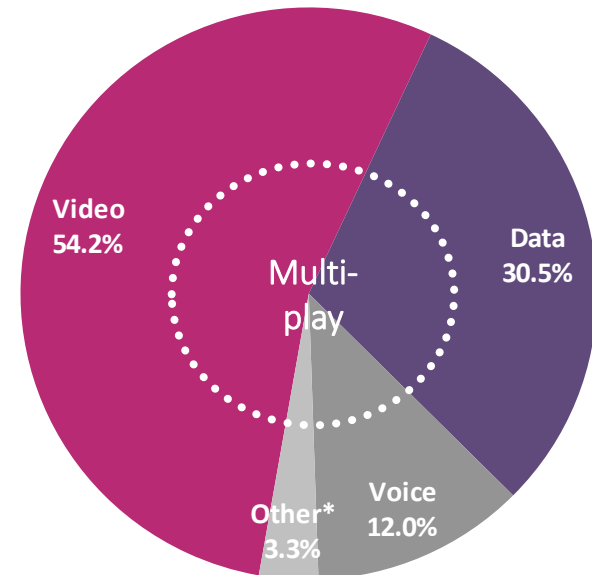
Note: Mathematical inaccuracies, if any, stem from approximation

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 home monitoring and insurance services

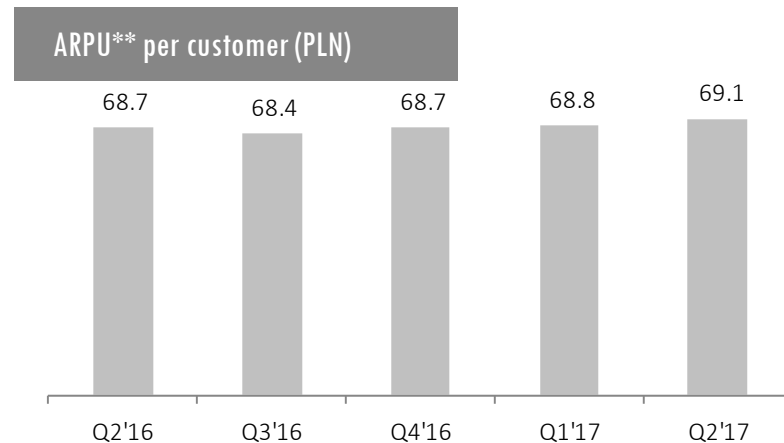
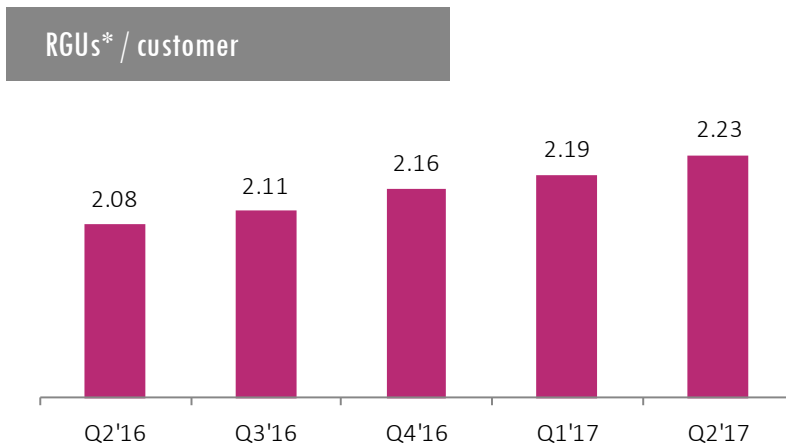
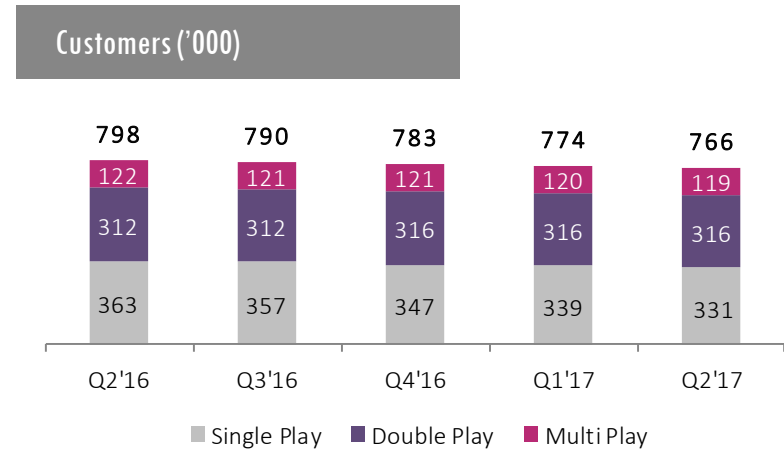
H1 2017 revenue breakdown



(*) 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 decrease in customers in Q2'17 is attributable to a steep decline in single play customers, primarily fixed-line voice subscribers and single play video subscribers
- RGU* per customer ratio was up from 2.19 in Q1'17 to 2.23 in Q2'17
- ARPU per customer increased considerably on Q1'17 due to the fact that we lose primarily lower tier customers who generate lower ARPU
- Please note that due to exclusion of energy and gas services from our customer base, the data presented on this slide is not comparable to data provided in our presentations up until Q3'16

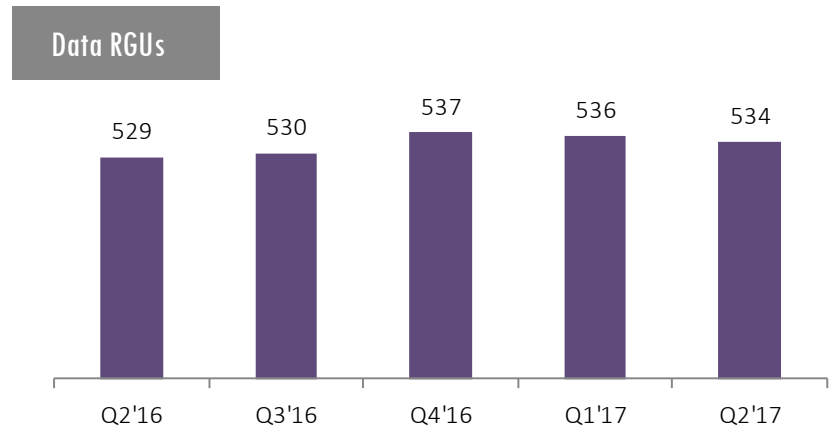
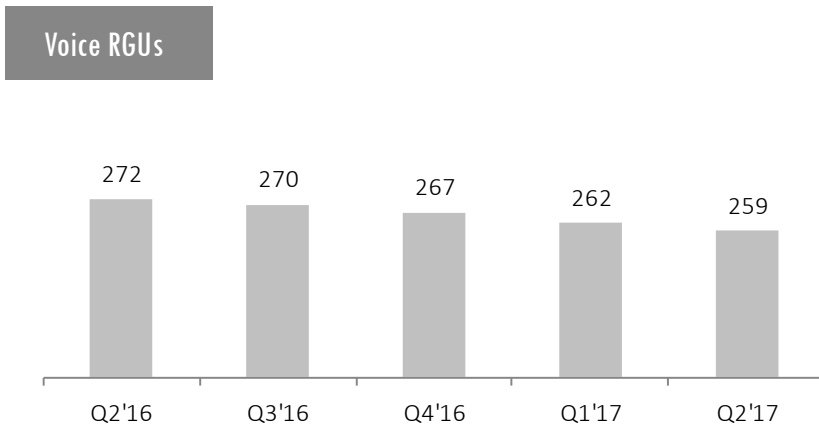
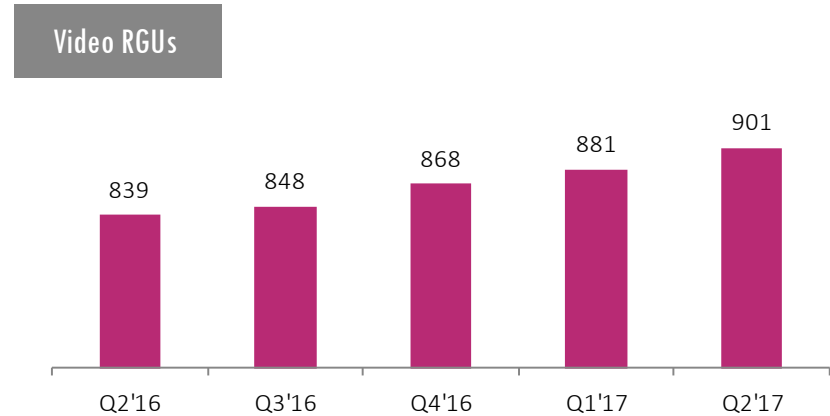


(*) Include telecom RGUs and other RGUs

(**) Calculated based on restated customer-based revenues, i.e. excluding other revenues that are not strictly customer-related

Growth of RGU Base

- Our video RGUs are back on a steady upward trend
- In the broadband segment, there is a slight decline again as 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 (home monitoring and insurance services) are not illustrated here as their numbers are insignificant

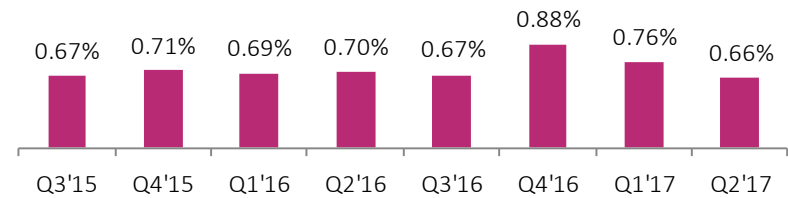


All data in thousands

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

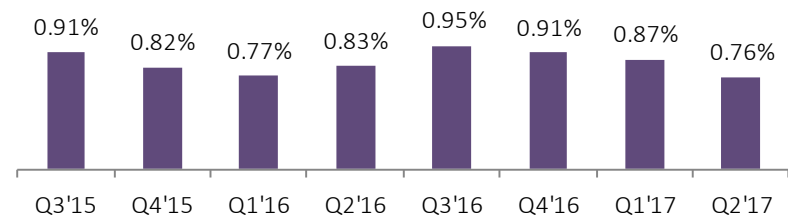
Video



Voice



Data



Monthly average in a given quarter

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

Multimedia Polska Group



Financial Review

Revenue Structure Quarterly

Revenues (PLN '000)	Q2 2016	Q1 2017	Q2 2017	y-o-y % change	q-o-q % change
video	92 332	91 236	94 743	3%	4%
internet	56 113	54 254	50 467	-10%	-7%
telephony	23 160	21 428	19 777	-15%	-8%
other revenues	4 085	5 946	5 433	33%	-9%
Total Revenues	175 690	172 864	170 420	-3%	-1%

- Our revenues year on year and quarter on quarter have been impacted by the sale process that started back in November 2015 and was announced in October 2016
- We will continue to strive to post growth in the coming quarters as we are obliged and committed to selling a growing business insomuch as possible in our current market position
- Please note that our other revenues, and as a result total revenues, no longer include revenues from energy and gas sales

Operating Expenses Quarterly

Expenses (PLN '000)	Q2 2016	Q1 2017	Q2 2017	y-o-y % change	q-o-q % change
cost of services sold	41 623	42 202	42 089	1%	0%
network maintenance	15 436	15 034	14 427	-7%	-4%
subscriber costs	1 804	2 334	2 347	30%	1%
sales and marketing	3 928	1 443	1 806	-54%	25%
personnel costs	20 084	16 588	15 702	-22%	-5%
general management	12 083	13 270	11 393	-6%	-14%
Total Expenses	94 957	90 872	87 763	-8%	-3%

- There were decreases in most cost categories quarter on quarter and year on year; any increases were minor in absolute terms
- The largest decreases quarter on quarter were in general management costs (PLN1.9m) as well as personnel costs (PLN0.9m)
- Year on year the decreases were primarily in personnel costs (PLN4.4m)—due to high level of those costs in Q2'16 (restructuring bonuses)—and sales and marketing expenses (PLN 2.1m) due to much lower spend on marketing campaigns in 2017

Income Statement Quarterly

Income Statement (PLN '000)	Q2 2016	Q1 2017	Q2 2017	y-o-y % change	q-o-q % change
Revenues	175 690	172 864	170 420	-3%	-1%
Expenses (excl. D&A)	94 957	90 872	87 763	-8%	-3%
Adjusted EBITDA	84 395	88 154	85 433	1%	-3%
<i>margin</i>	<i>48.0%</i>	<i>51.0%</i>	<i>50.1%</i>	-	-
Operating profit	30 951	29 663	30 093	-3%	1%
Net interest	(17 101)	(16 675)	(15 966)	-7%	-4%
Profit before tax	13 850	12 988	14 126	2%	9%
Income tax	9 676	6 028	10 255	6%	70%
Profit from continued operations	4 175	6 960	3 872	-7%	44%

- Our Adjusted EBITDA decreased quarter on quarter (by PLN2.7m), which was connected with a decline in revenues and considerable improvement in costs quarter on quarter
- There was a slight increase in Adjusted EBITDA (PLN1.0m) year on year
- Our profit for the period from continued operations (excluding operations connected with energy and gas) increased considerably quarter on quarter on the back of the factors described above and lower net interest, despite a considerably higher level of income tax. The level of income tax was connected with recognition of costs that are not deductible for tax purposes on a permanent basis, i.e. primarily fees and interest on debt incurred to carry out our share buy-back programme and intragroup transactions

Revenue Structure and Operating Expenses Year-on-Year

Revenues (PLN '000)	6M 2016	6M 2017	% change
video	182 557	185 979	2%
internet	112 793	104 721	-7%
telephony	47 215	41 205	-13%
other revenues	7 881	11 378	44%
Total Revenues	350 446	343 284	-2%

- Our video revenues increased by PLN3.4m year on year thanks to organic growth and continued migration of analogue customers to digital TV
- The broadband segment dropped by PLN8.1m due to ongoing pressure from LTE offerings
- There was also a major decline in telephony revenues as expected in the current market environment

Expenses (PLN '000)	6M 2016	6M 2017	% change
cost of services sold	81 214	84 291	4%
network maintenance	30 549	29 461	-4%
subscriber costs	3 478	4 681	35%
sales and marketing	5 426	3 249	-40%
personnel costs	38 270	32 290	-16%
general management	24 391	24 664	1%
Total Expenses	183 330	178 635	-3%

- The cost of services sold increased primarily on the back of programming and copyright expenses and arrangements with organizations for collective management of copyrights made towards the end of 2016
- Subscriber costs increased due to higher number of paper customer invoices and higher costs of postal services
- Personnel costs dropped considerably as H1'16 costs were high due to payment of restructuring bonuses in H1'16
- S&M expenses declined due to much lower spend on marketing campaigns in H1'17

Income Statement Year-on-Year

Income Statement (PLN '000)	6M 2016	6M 2017	% change
Revenues	350 446	343 284	-2%
Expenses (excl. D&A)	183 330	178 635	-3%
Adjusted EBITDA	173 387	173 587	0.1%
<i>margin</i>	49.5%	50.6%	-
Operating profit	63 250	59 756	-6%
Net interest	(33 161)	(32 642)	-2%
Profit before tax	30 089	27 115	-10%
Income tax	14 628	16 282	11%
Profit from continued operations	15 461	10 832	-30%

- Our Adjusted EBITDA was stable year on year while our Adjusted EBITDA margin improved by 1pp
- Our profit for the period from continued operations decreased year on year on the back of the factors described above and due to a higher level of income tax. The level of income tax was connected with recognition of costs that are not deductible for tax purposes on a permanent basis, i.e. primarily fees and interest on debt incurred to carry out our share buy-back programme and intragroup transactions, and recalculation of the tax asset
- At the same time, our profit for the period (after elimination of the energy and gas business) was PLN11.0m, down PLN0.7m from H1'16

CAPEX & Balance Sheet

CAPEX (PLN '000)	Q1 2017	Q2 2017	6M 2017
growth	20 500	39 600	60 100
maintenance	15 100	19 800	34 900
other*	9 100	3 700	12 800
acquisitions			
Total CAPEX	44 700	63 100	107 800

Balance Sheet (PLN '000)	31-12-16	30-06-17	% change
Assets			
non-current	1 312 187	1 287 219	-2%
current	351 549	164 195	-53%
incl. cash & equivalents	166 414	65 891	-60%
Assets—discontinued operations	44 186	42 248	-4%
Total assets	1 707 922	1 493 663	-13%
Equity	200 856	202 349	1%
Liabilities			
non-current	998 677	792 046	-21%
current	490 412	484 512	-1%
Liabilities—discontinued operations	17 977	14 756	-18%
Total equity & liabilities	1 707 922	1 493 663	-13%

- We spent c. PLN 107.8m on capital expenditure in H1'17
- Our H1'17 growth CAPEX accounted for c. 56% of total organic CAPEX
- On the balance sheet, our current assets include c. PLN65.9m in cash and equivalents
- The assets and liabilities connected with discontinued operations are attributable to the energy and gas business of Multimedia Polska Energia Sp. z o.o.

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

Multimedia Polska Group



Recent Events and Outlook

Recent Events

On 18 October 2016, our shareholders entered into a preliminary Share Purchase Agreement with UPC Polska Sp. z o.o. to sell 100% shares in the Company. The agreement is conditional upon concentration consent from UOKiK (Polish antimonopoly authority). The proceedings at UOKiK commenced on 25 November 2016 and were prolonged to 5 months on 3 January 2017 (plus any time required to respond to the Regulator's requests for information).

As the transaction does not envisage the sale of the energy and gas business, those operations run by Multimedia Polska Sp. z o.o. have been presented in the financial statements as discontinued operations and were prepared for sale to a third party in H1 2017. The sale was finalized on 21 July 2017.

Depending on the UOKiK's decision (non-conditional consent, conditional consent or no consent), the integration of Multimedia Polska with UPC Polska will begin immediately following the decision, after the conditions stipulated by the Regulator are met, or will not proceed at all if the decision is negative.

On 10 May 2017, we repaid the first instalment of our Bonds (25% original nominal value) as per the repayment schedule. Following the repayment, the nominal value of each Bond is PLN 75.000. All other rights attached to the Bonds remain unchanged.

Upcoming Events

Publication of Q3 2017 report

15 November 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