Multimedia Polska S.A.
2010 third quarter results

> 9 November 2010

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9M 2010 Highlights

1

EBITDA

- Our 9M 2010 EBITDA* was PLN 221.7 and increased by ca. 15% year-on-year
- We continue to enjoy high EBITDA margin of 52.7%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,314,700; up 8.8% year-on-year
- We added ca. 40,000 broadband subscribers and ca. 27,000 DTV subscribers year-on-year
- We increased RGU/unique customer ratio to 1.91

3

Opex per RGU

- We reduced operating expenses per RGU per month to PLN 16.8

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

Third Quarter 2010 Highlights

- **We added 48,600 net RGUs**
  - 20,200 video RGUs
  - 14,700 broadband RGUs
  - 13,700 telephony RGUs
- **We had 686,900 unique customers**
  - 364,600 single play subscribers
  - 225,300 double play subscribers
  - 97,000 triple play subscribers
- **RGU/subscriber rate was**
  - 1.88 in Q2 2010
  - 1.91 in Q3 2010
- **Blended ARPU per subscriber**
  - PLN 67.24 in Q2 2010
  - PLN 67.01 in Q3 2010
- **Blended ARPU per RGU**
  - PLN 34.90 in Q2 2010
  - PLN 34.18 in Q3 2010

RGU Growth Highlights

- Stable organic growth in all our segments was further boosted by the addition of a local triple play player—Internet Solutions
- The dynamic growth of our data segment continues
- Owing to vibrant additions of WLR and VoIP users—also from Internet Solutions—we have recorded 16% y-o-y growth in the voice segment
- We are restoring our potential in the video segment. After temporary fluctuations connected with price increases, we are seeing solid growth of analogue video RGUs

Quarter-on-quarter ('000)	**Q2 2010**	**Q3 2010**	**% change**	**new adds**
video	698	718	3%	20
voice	232	245	6%	14
data	337	351	4%	15
Total	**1 266**	**1 315**	**4%**	**49**

Year-on-year ('000)	**9M 2009**	**9M 2010**	**% change**	**new adds**
video	686	718	5%	32
voice	211	245	16%	35
data	311	351	13%	40
Total	**1 208**	**1 315**	**9%**	**107**

business review

Our subscriber base —30 September 2010

Our Market	**1,186,300 marketable homes**	**686,900 unique subscribers**	**1,314,700 total RGUs**
Our Services	**718,000 video RGUs***	**351,300 broadband RGUs**	**245,300 voice RGUs****
Multiplay	**364,600 1-play subscribers**	**225,300 2-play subscribers**	**97,000 3-play subscribers**

(*) Include 34,400 premium channel RGUs, 8,300 IPTV RGUs and 119,000 DTV RGUs

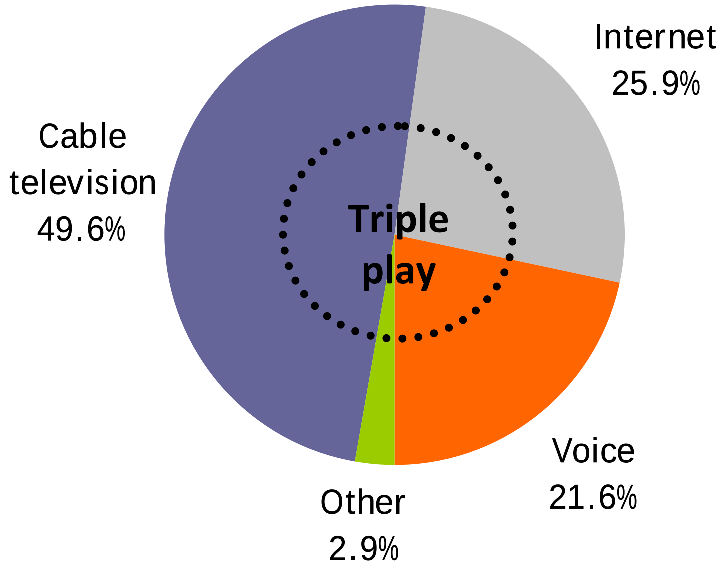
(**) Include 23,800 indirect voice RGUs and approximately 700 payphones

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 (analog TV, IPTV, DTV, premium channels, VoD)
  - 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

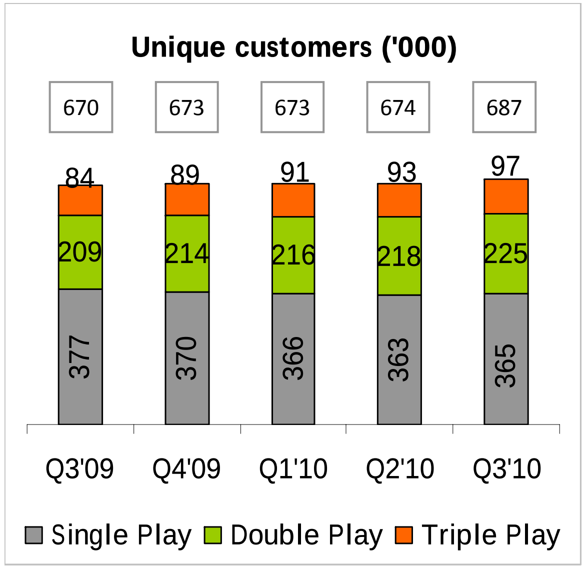
2010 H1 revenue breakdown

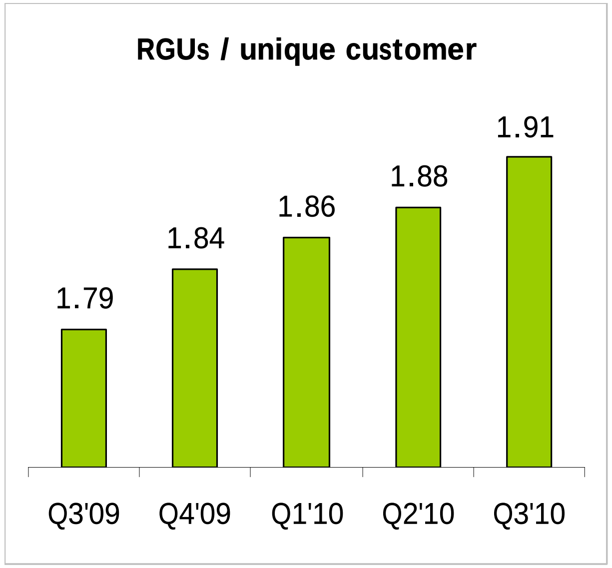


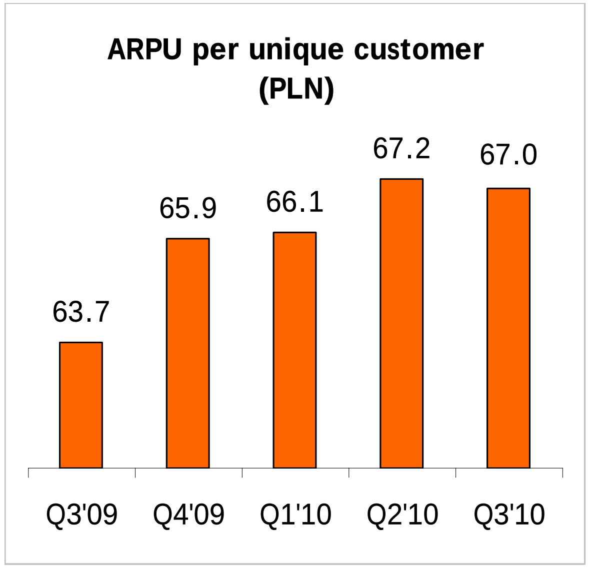
Subscribers and ARPU

> The stable upward trend in ARPU/HC was disrupted in Q3 2010 by the acquisition of Internet Solutions. If the acquisition were eliminated as one-off, our ARPU/HC would have been at ca. PLN 67.5. We are fully expecting the ratio to continue to rise in the future

> RGU per unique customer increased from 1.88 in Q2 2010 to 1.91 in Q3 2010

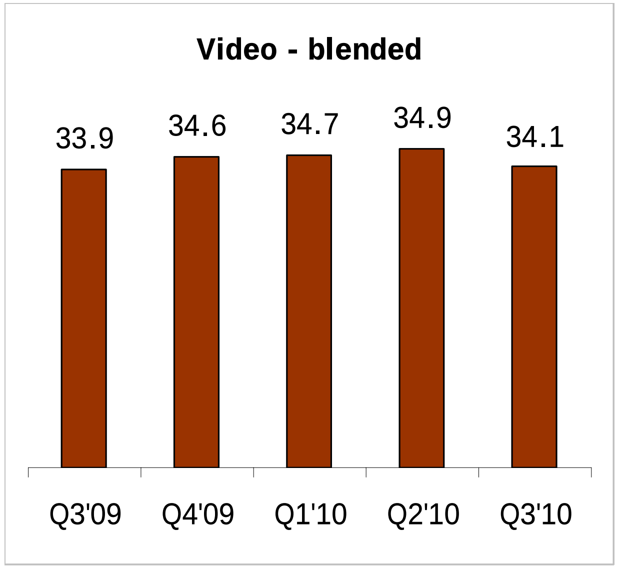


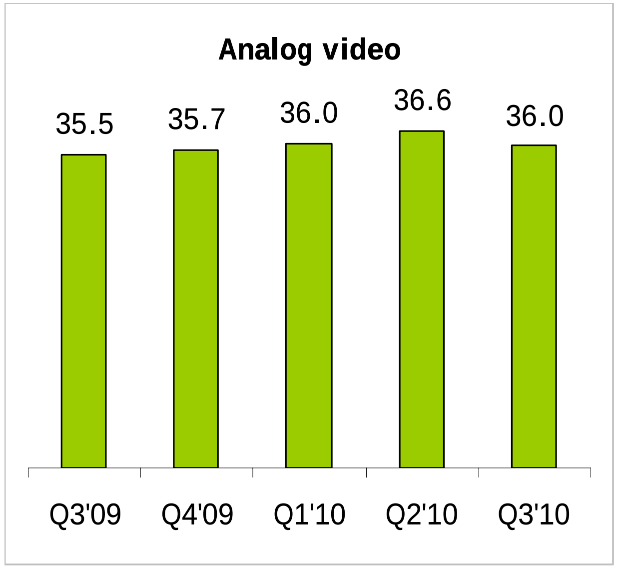


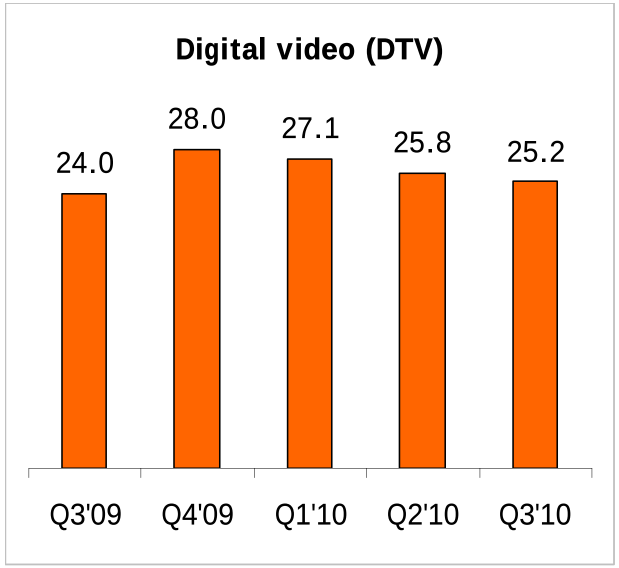


ARPU per RGU —video services

- We put a strong emphasis on promoting our DTV product; hence, the number of DTV RGUs is on the rise while DTV ARPU declines slightly
- Our sales rates in H1 2010 in the video segment failed to satisfy. We promptly modified our pricing strategy and offered deeper promotions, which translated into a slight dip in ARPU
- Our ARPU figures are also affected by the acquisition of Internet Solutions. Their CATV pricing was much lower than ours



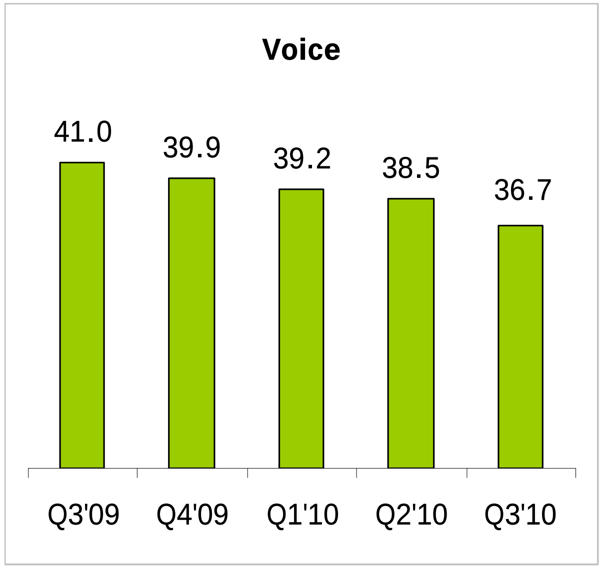


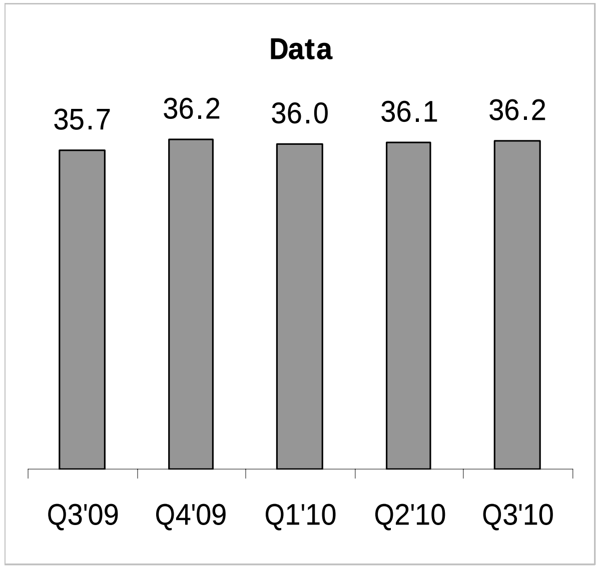


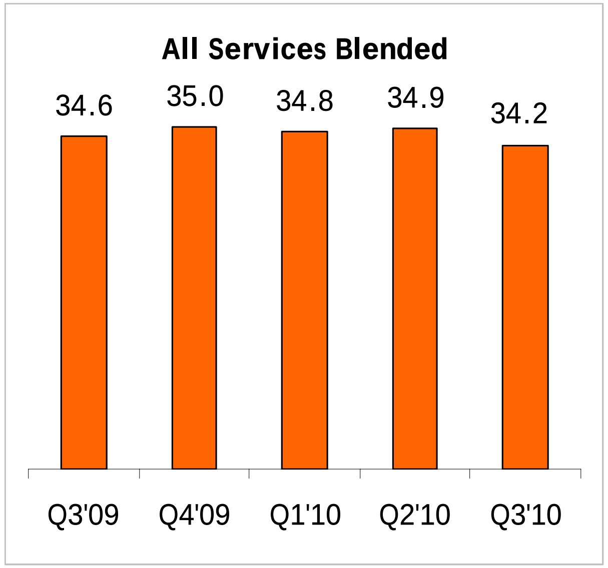
All data in PLN

ARPU per RGU —voice and data

- **VoIP:** Although ARPU on the service decreased in Q3 2010, 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. In Q3 2010 we managed to add voice RGUs as a result of organic growth and the acquisition of Internet Solutions. Still, ARPU on the service continues to fall, thus reducing the chances of boosting subscriber-generated revenues.
- **Broadband:** ARPU continues to be stable and vibrant additions of broadband users translate into solid revenue growth.



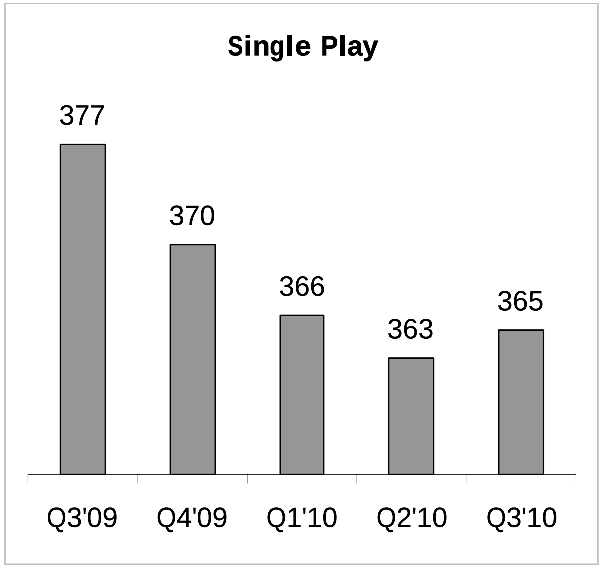


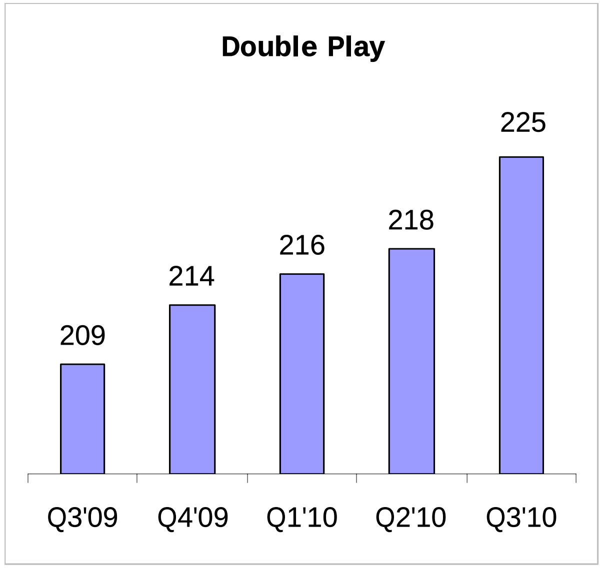


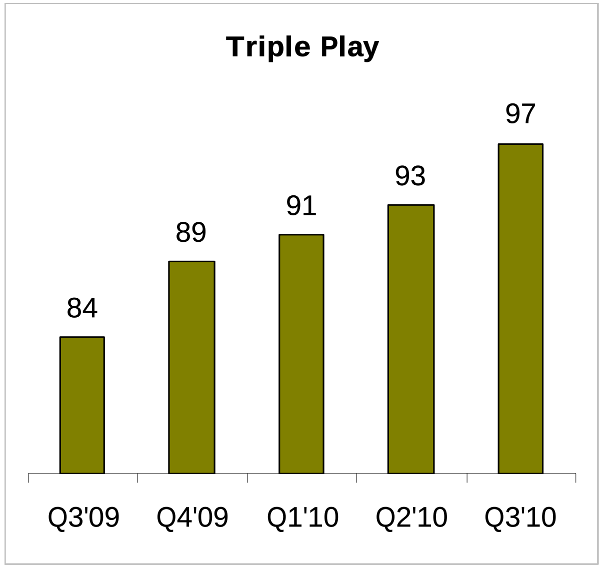
All data in PLN

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 Q3 2010 is exclusively attributable to the acquisition of Internet Solutions





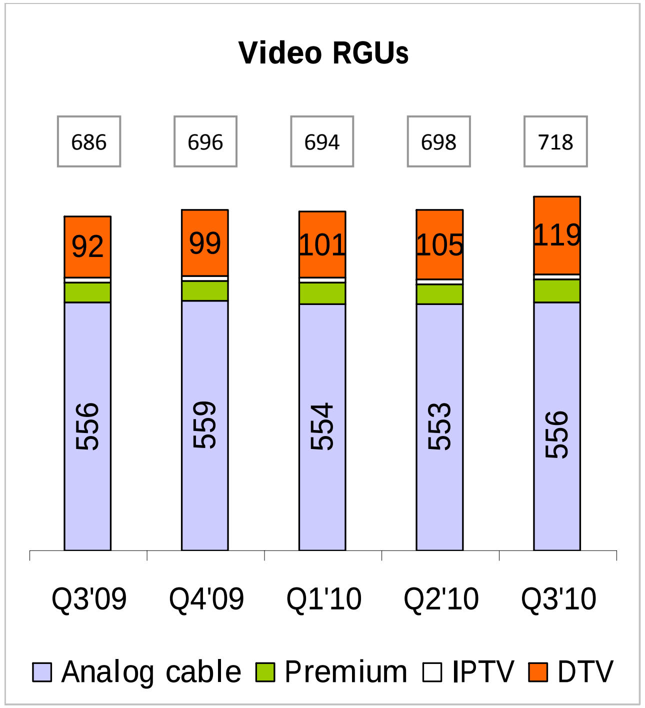


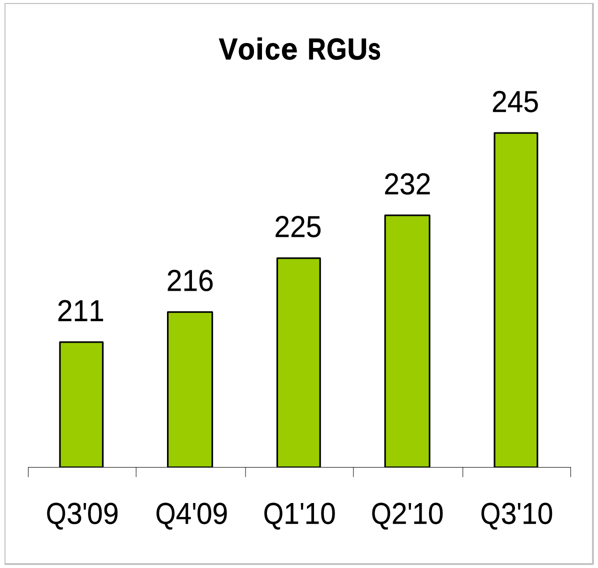
All data in thousands

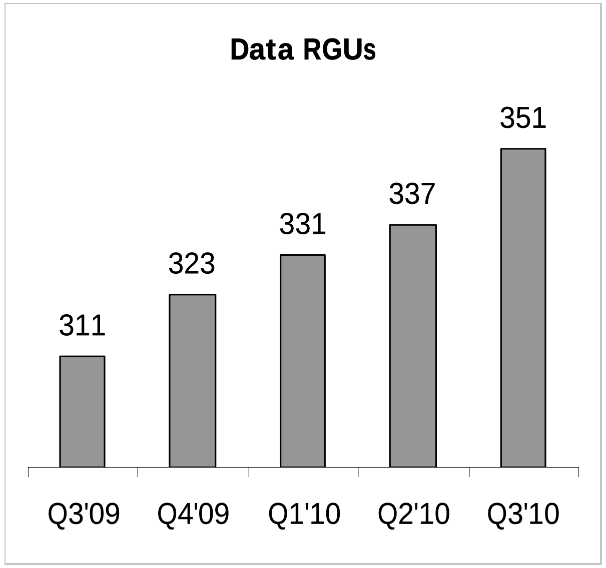
Growth of Customer Base

> Stable and solid growth of Revenue Generating Units quarter on quarter in all service groups

> As regards analogue video, in Q1 and Q2 2010 we had a more conservative promotional policy in place that brought about a slight decrease in analogue video RGUs. In Q3 2010 we decided to comply with market expectations by offering deeper promotions. We were able to rebuild our analogue customer base to a large extent as a result



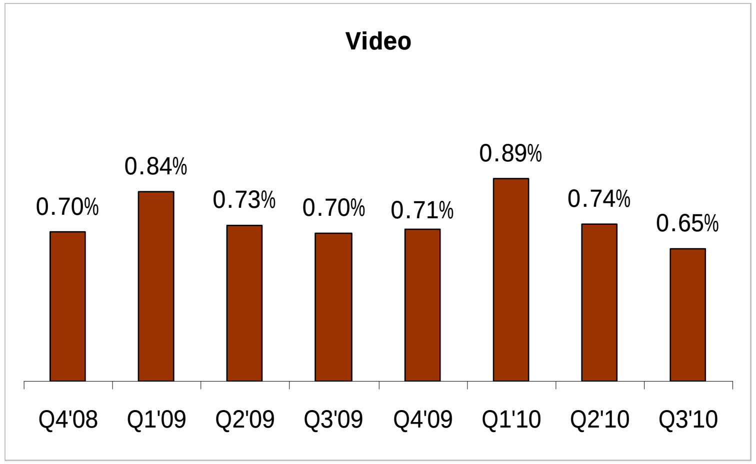


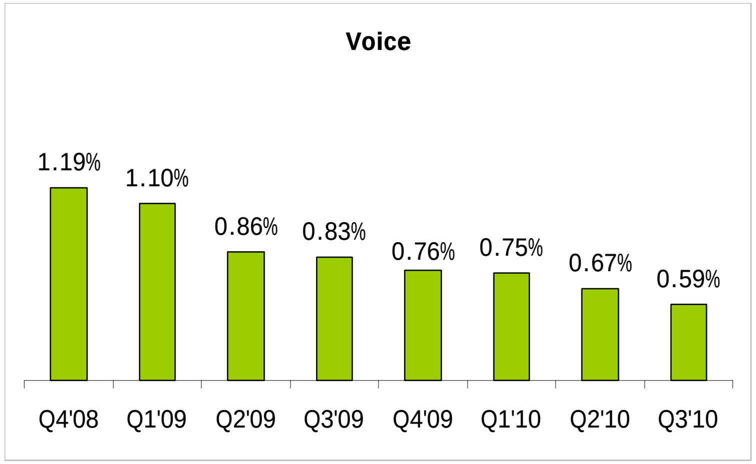


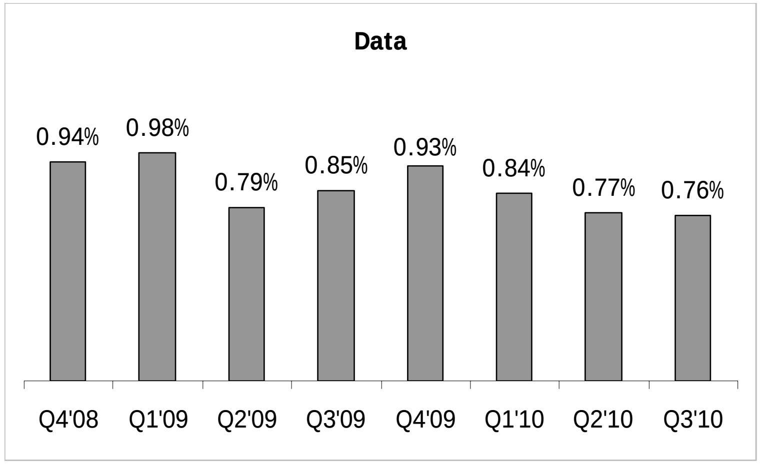
All data in thousands

Churn – under control due to service bundling

- Reducing churn is one of our strategic objectives for 2010. We believe attractive products and pricing are the key to success alongside high quality of both services and customer care
- We manage to reduce churn effectively in all our core segments







Monthly average in a given quarter

financial review

Revenue Structure Quarterly

- Basic CATV revenues have fallen due to a change in our pricing strategy necessitated by the need to rebuild our customer base. We believe the fall is under no circumstances an indication of a permanent reverse trend
- The decline in premium CATV revenues was connected with migrations of premium customers to digital television. DTV revenues continue to grow in line with RGU additions
- The impact of dynamic growth of Internet RGUs on revenues was partly offset by price discounts
- The voice segment is on a slight rise y-o-y due to dynamic WLR sales and higher wholesale revenues

Revenues (PLN '000)	**Q3 2009**	**Q2 2010**	**Q3 2010**	**y-o-y % change**	**q-o-q % change**
basic CATV	59 184	60 878	59 837	1%	-2%
premium CATV	413	197	177	-57%	-10%
DTV & IPTV	7 057	8 711	9 252	31%	6%
internet	32 905	36 145	37 319	13%	3%
telephony	29 567	30 489	30 563	3%	0%
other revenues	3 521	4 097	4 471	27%	9%
Total Revenues	**132 647**	**140 517**	**141 618**	**7%**	**1%**

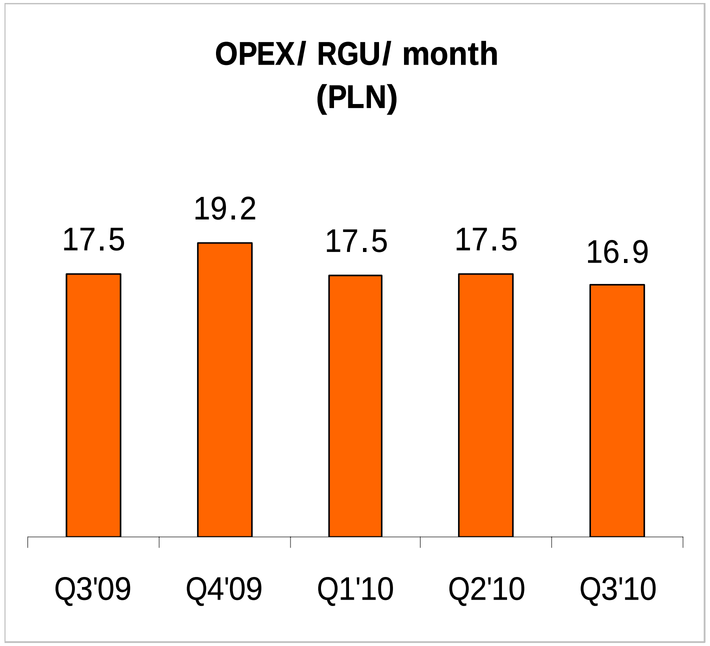
Operating Expenses Quarterly

> 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 below that of our revenues

Expenses (PLN '000)	**Q3 2009**	**Q2 2010**	**Q3 2010**	**y-o-y % change**	**q-o-q % change**
programming and copyrights	15 924	16 370	16 080	1%	-2%
bandwidth	1 835	1 581	1 263	-31%	-20%
interconnect	4 301	4 317	4 111	-4%	-5%
network costs	11 181	12 170	12 008	7%	-1%
sales and marketing	3 245	2 860	3 002	-7%	5%
payroll and benefits	14 882	17 660	16 558	11%	-6%
taxes and charges	2 859	2 871	2 965	4%	3%
professional services	730	1 241	1 608	120%	30%
energy and materials	4 477	4 677	4 033	-10%	-14%
other expenses	4 084	2 740	5 090	25%	86%
Total Expenses	**63 519**	**66 487**	**66 716**	**5%**	**0%**
OPEX/ RGU /month	17.5	17.5	16.9	-3%	-3%

Operating Expenses Quarterly

- In Q3 2010 the ratio declined again from Q1 and Q2 2010. With our restrictive cost control approach we have been able to increase our RGU base by 3.8% while keeping our operating costs fully under control (no q/q change)
- Please note that without one-offs (described in Q1 2010), our Q4 2009 OPEX/ RGU/ month would have been at PLN 17.5 and so the ratio would have been stable for four quarters in a row prior to Q3 2010



Income Statement Quarterly

Income Statement (PLN '000)	Q3 2009	Q2 2010	Q3 2010	y-o-y % change	q-o-q % change
Revenues	132 647	140 517	141 618	7%	1%
Expenses (excl. D&A)	63 519	66 487	66 716	5%	0%
Adjusted EBITDA	68 700	73 501	75 255	10%	2%
margin	*51.8%*	*52.3%*	*53.1%*	-	-
Operating profit	26 380	34 560	33 159	26%	-4%
Net interest	(3 551)	(14 956)	(10 152)	186%	-32%
Pretax profit	22 829	19 605	23 007	1%	17%
Tax	7 077	3 772	4 009	-	-
Net income	15 752	15 833	18 998	21%	20%

Revenue Structure Year-on-Year

Revenues (PLN '000)	9M 2009	9M 2010	% change
basic CATV	173 983	180 878	4%
premium CATV	1 479	606	-59%
DTV & IPTV	19 022	26 817	41%
internet	96 051	108 770	13%
telephony	87 330	90 956	4%
other revenues	10 534	12 239	16%
Total Revenues	**388 399**	**420 266**	**8%**

Operating Expenses Year-on-Year

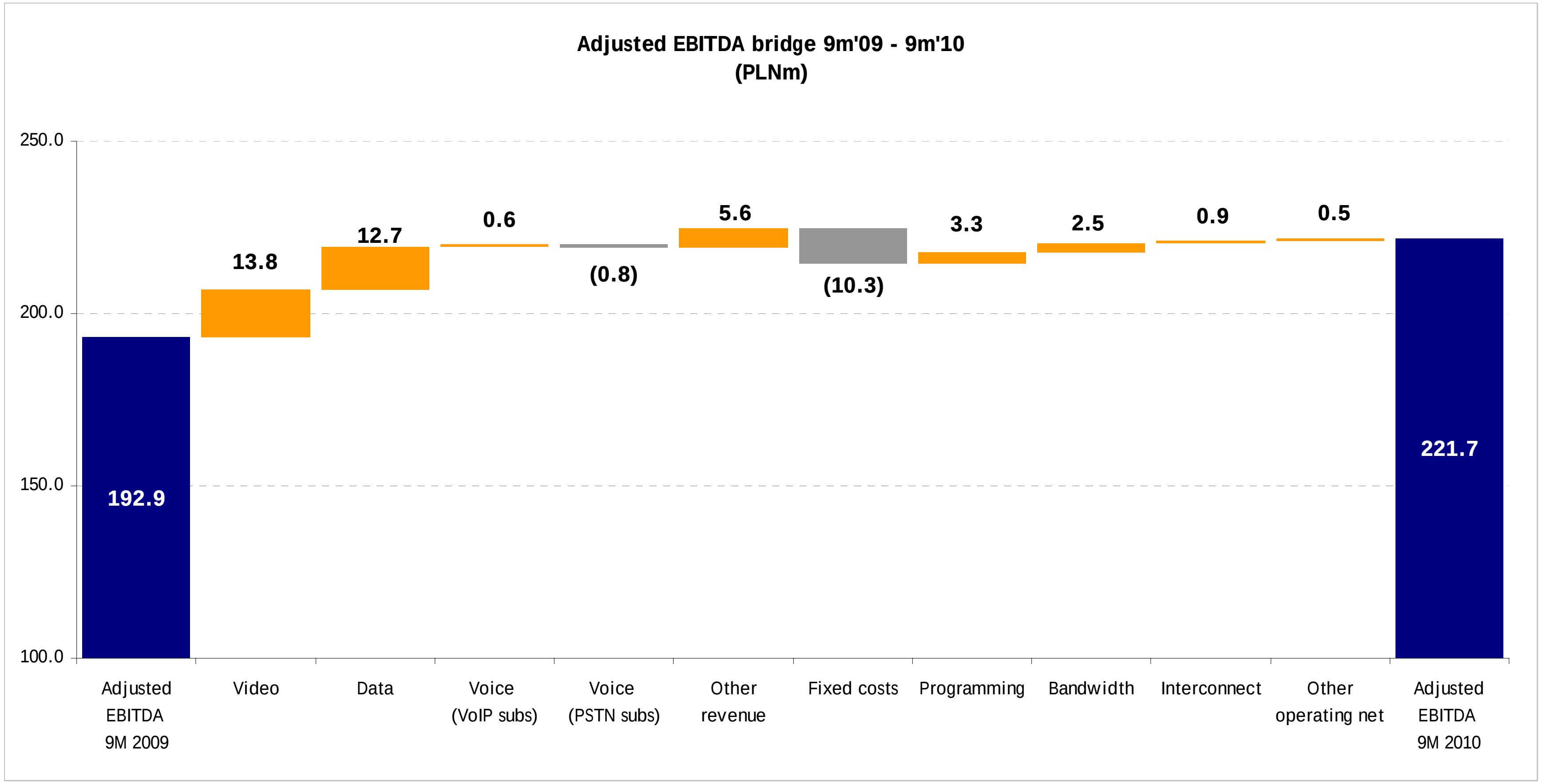
> We have a fairly conservative cost control policy. With revenues up 8% y-o-y our operating expenses increased by a mere 2%

> Renegotiations of commercial fees alongside F/X gains enabled us to reduce variable expenses considerably

> Our OPEX/RGU/month has fallen noticeably by 6% as a result of our costs being kept low and RGUs growing by 9% y-o-y

Expenses (PLN '000)	9M 2009	9M 2010	% change
programming and copyrights	49 604	46 305	-7%
bandwidth	6 931	4 393	-37%
interconnect	13 297	12 440	-6%
network costs	33 102	35 354	7%
sales and marketing	10 191	8 818	-13%
payroll and benefits	48 768	53 310	9%
taxes and charges	8 628	8 976	4%
professional services	2 280	4 083	79%
energy and materials	12 006	12 250	2%
other expenses	10 253	12 729	24%
Total Expenses	**195 061**	**198 660**	**2%**
OPEX/ RGU /month	17.9	16.8	-6%

EBITDA Bridge*



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

Income Statement Year-on-Year

- Net income grew by PLN 14.4m over Q3 2009 primarily on the back of variable cost reductions (all items incl. programming, bandwidth and interconnect) and PLN 31.9m growth of revenues
- At the same time, the net income was adversely impacted by high finance costs (net interest up PLN 15m from Q3 2009) directly attributable to greater indebtedness of Multimedia Group connected with share buy back

Income Statement (PLN '000)	9M 2009	9M 2010	% change
Revenues	388 399	420 266	8%
Expenses (excl. D&A)	195 061	198 660	2%
Adjusted EBITDA	192 932	221 659	15%
margin	*49.7%*	*52.7%*	-
Operating profit	72 589	99 289	37%
Net interest	(15 036)	(30 294)	101%
Pretax profit	57 553	68 996	20%
Tax	15 695	12 711	-
Net income	41 857	56 285	34%

Balance Sheet

Balance Sheet (PLN '000)	31-12-09	30-09-10	% change
Assets			
non-current	1 101 619	1 099 115	0%
current	65 209	67 048	3%
incl. cash & equivalents	4 802	3 364	-30%
Total assets	**1 166 828**	**1 166 162**	**0%**
Equity	633 945	330 510	-48%
Liabilities			
non-current	364 851	632 873	73%
current	168 032	202 779	21%
Total equity & liabilities	**1 166 828**	**1 166 162**	**0%**

Capital Expenditures

- We spent ca. PLN 53.5m on capital expenditure in Q3 2010, including PLN 16.6m on acquisitions (Internet Solutions)
- Our Q3 2010 growth CAPEX accounted for 79% of total organic CAPEX

CAPEX (PLN '000)	**Q1 2010**	**Q2 2010**	**Q3 2010**	**9M 2010**
growth	39 100	27 000	29 200	95 300
other	5 600	1 400	7 800	14 800
acquisitions	-	-	16 600	16 600
Total CAPEX	**44 700**	**28 400**	**53 500**	**126 600**

recent events & outlook

Recent Events & Outlook

Our bonds are listed on the **BondSpot market** organized by the Warsaw Stock Exchange

We have completed buy-back of **25% of our shares** listed on the WSE, spending **ca. PLN 360m** on buy-back in total

We have acquired **Internet Solutions** in Tarnów to strengthen our position in town. Internet Solutions is a triple play provider with a strong, recognized brand, modern networks and good financial standing

Our network in **Warsaw** now reaches some **92,000 homes**. We currently have over **45,000 RGUs**

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Publication of FY 2010 results:	TBA in January 2011
Publication of Q1 2011 results:	TBA in January 2011