Multimedia Polska Group

2017 third quarter results

multiMedia

15 November 2017

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2017YTD Highlights

EBITDA

- Our 9M 2017 EBITDA* was PLN 252.9m and decreased slightly by 2.0% year on year
- Our 9M 2017 EBITDA margin was 49.6%

Customers and RGUs

- Our total RGUs reached 1,732,100 at the end of September 2017; up 3.8% year on year
- In the telecom business, we added 83,900 video RGUs and 700 broadband RGUs, and lost 12,900 telephony RGUs year on year
- We also lost 7,800 other RGUs (comprising insurance and home monitoring) year on year
- Our RGU/customer ratio was 2.29, up from 2.11 at the end of September 2016

Important Note

Please note that our business no longer involves the sale of energy and gas i.e. the business conducted by Multimedia Polska Energia Sp. z o.o.

Multimedia Polska Energia was sold to a company unrelated to the Multimedia Group on 21 July 2017; hence, those operations are only recognized up until that date under 'discontinued operations'.

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

Third Quarter 2017 Highlights

We gained 21,600 net RGUs*, including

telecom services

- addition of 30,200 video RGUs
- disconnection of 3,200 broadband RGUs
- disconnection of 2,200 voice RGUs

other services

- disconnection of 3,300 other RGUs

RGU*/ customer rate

- 2.23 in Q2 2017
- 2.29 in Q3 2017

Blended ARPU per customer

- PLN 69.1 in Q2 2017
- PLN 68.9 in Q3 2017

We had 757,600 customers

- 323,800 single play customers
- 315,300 double play customers
- 118,500 multi play** customers

(*) 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)	Q2 2017	Q3 2017	% change	new adds
video	901	932	3%	30
data	534	531	-1%	(3)
voice	259	257	-1%	(2)
other	16	13	-21%	(3)
Total	**1 711**	**1 732**	**1%**	**22**

Year-on-year ('000)	Q3 2016	Q3 2017	% change	new adds
video	848	932	10%	84
data	530	531	0%	1
voice	270	257	-5%	(13)
other	20	13	-38%	(8)
Total	**1 668**	**1 732**	**4%**	**64**

- 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. The energy and gas business was sold in July 2017

Multimedia Polska Group

Business Review

Our Customer Base — 30 September 2017

Our Market	1,684,000 marketable homes	757,600 customers	1,732,100 total RGUs*	
Our Services	931,600 video RGUs	531,000 broadband RGUs	256,900 voice RGUs	12,600 other RGUs
Our Customers	323,800 1-play customers	315,300 2-play customers	118,500 multi-play customers**	

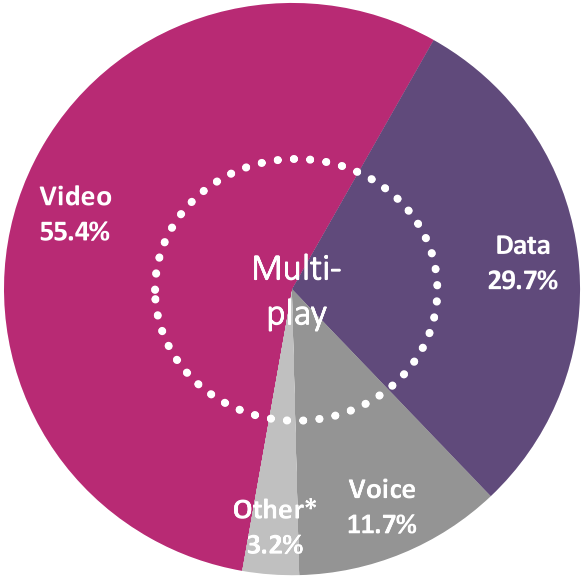
(*) Includes telecom RGUs and other RGUs
(**) Multi play customers take up three or more services
Note: Mathematical inaccuracies, if any, stem from approximation

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 home monitoring and insurance services

9M 2017 revenue breakdown

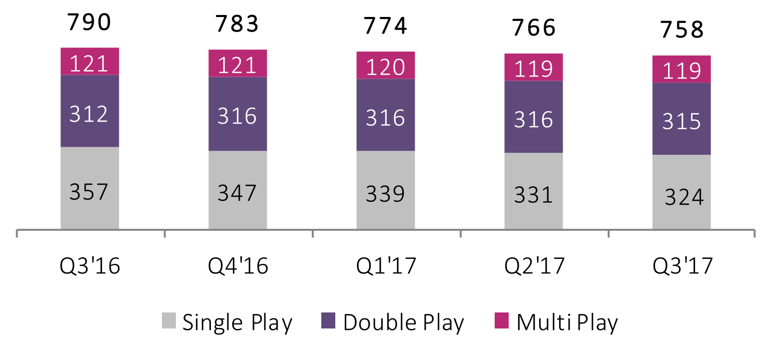


(*) Other revenues include lease income, licence fees, revenue from production of programming, other subscriber-generated and interoperator revenues, and revenues from our new services

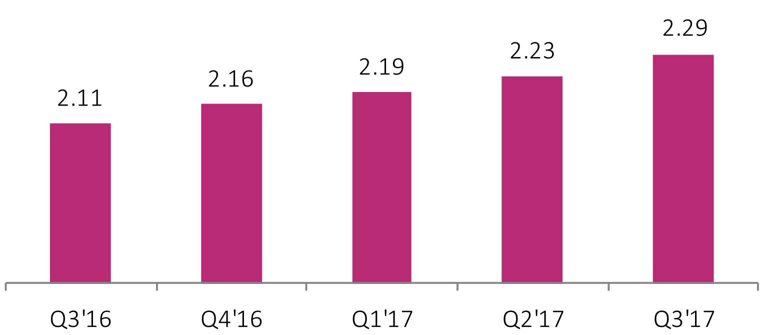
Customers and ARPU

- The decrease in customers in Q3'17 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 2.23 in Q2'17 to 2.29 in Q3'17
- ARPU per customer remains high and stable
- 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

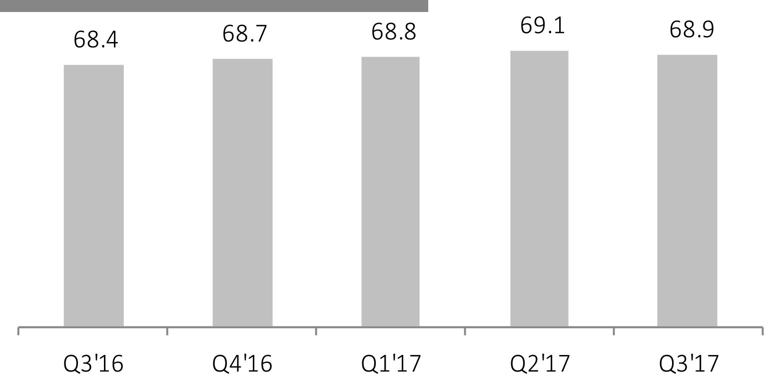
Customers ('000)



RGUs* / customer



ARPU** per customer (PLN)

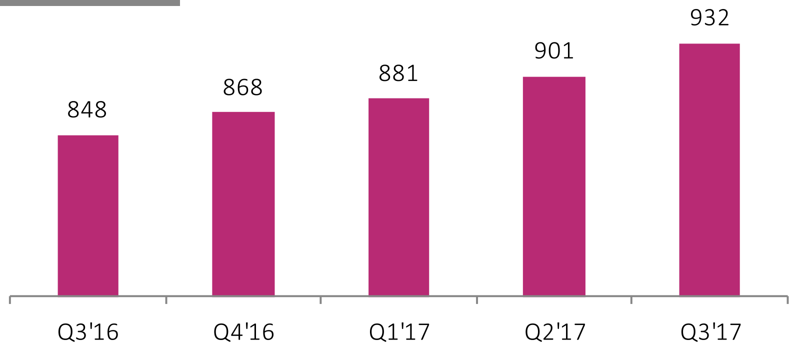


(*) Include telecom RGUs and other RGUs
(**) Calculated based on restated customer-based revenues, i.e. excluding other revenues that are not strictly customer-related

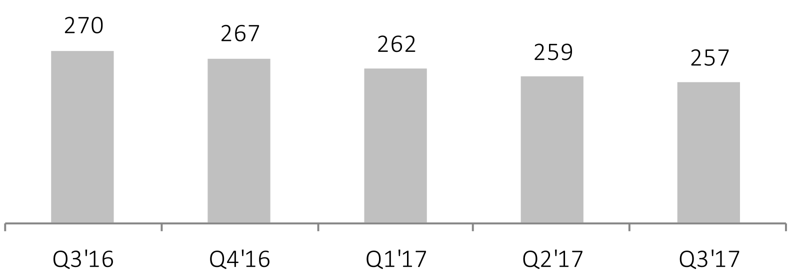
Growth of RGU Base

- Our video RGUs are back on a steady upward trend
- In the broadband segment, slight decline continues as we 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

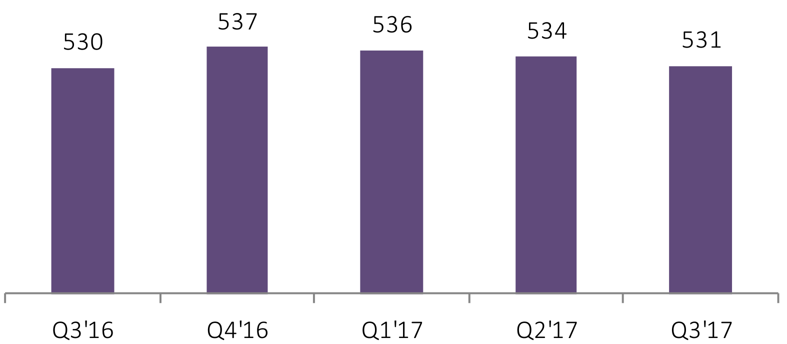
Video RGUs



Voice RGUs



Data RGUs

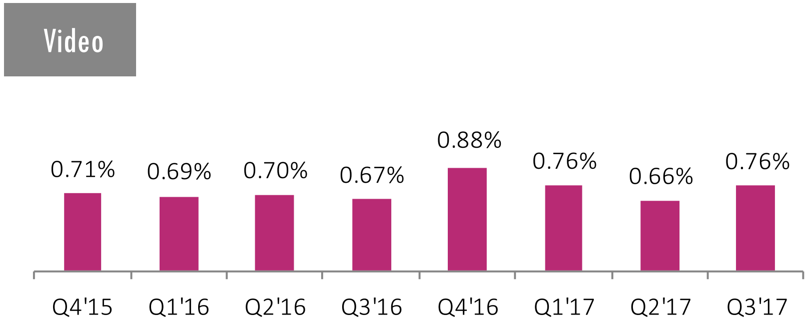


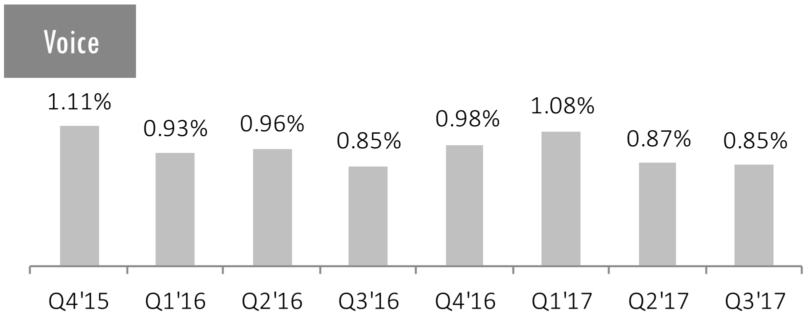
All data in thousands

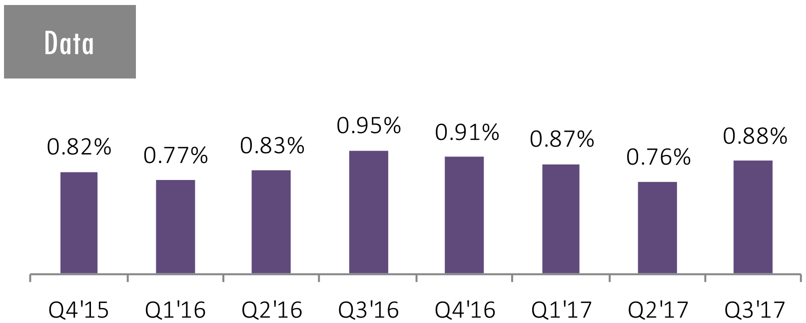
Churn

- 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







Monthly average in a given quarter

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Financial Review

Revenue Structure Quarterly

Revenues (PLN '000)	Q3 2016	Q2 2017	Q3 2017	y-o-y % change	q-o-q % change
video	90 477	94 743	96 680	7%	2%
internet	55 565	50 467	46 802	-16%	-7%
telephony	22 463	19 777	18 561	-17%	-6%
other revenues	3 931	5 433	4 856	24%	-11%
Total Revenues	**172 436**	**170 420**	**166 899**	**-3%**	**-2%**

- 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)	Q3 2016	Q2 2017	Q3 2017	y-o-y % change	q-o-q % change
cost of services sold	40 291	42 089	42 537	6%	1%
network maintenance	15 148	14 427	14 409	-5%	0%
subscriber costs	1 803	2 347	2 262	25%	-4%
sales and marketing	2 725	1 806	1 716	-37%	-5%
personnel costs	17 603	15 702	19 983	14%	27%
general management	11 763	11 393	15 913	35%	40%
Total Expenses	**89 333**	**87 763**	**96 821**	**8%**	**10%**

- Most cost categories were stable or decreased slightly quarter on quarter
- The largest increases both year on year and quarter on quarter were in personnel costs and general management
- General management costs rose by PLN4.5m q/q primarily on the back of costs attributable to the sale of the energy and gas business (advisory services)
- The rise in personnel costs (PLN4.3m q/q) was mainly connected with bonuses and overtime paid out to our employees

Income Statement Quarterly

Income Statement (PLN '000)	Q3 2016	Q2 2017	Q3 2017	y-o-y % change	q-o-q % change
Revenues	172 436	170 420	166 899	-3%	-2%
Expenses (excl. D&A)	89 333	87 763	96 821	8%	10%
Adjusted EBITDA	84 571	85 433	79 294	-6%	-7%
margin	*49.0%*	*50.1%*	*47.5%*	-	-
Operating profit	31 072	30 093	14 271	-54%	-53%
Net interest	(15 763)	(15 966)	(15 480)	-2%	-3%
Profit (loss) before tax	15 308	14 126	(1 209)	-108%	-109%
Income tax	5 007	10 255	697	-86%	-93%
Profit (loss) from cont'd operations	10 301	3 872	(1 906)	-119%	149%

- Our Adjusted EBITDA decreased quarter on quarter (by PLN6.1m) and year on year (by PLN5.3m), which was connected with a decline in revenues and concurrent increase in expenses
- There is a loss from continued operations (excluding operations connected with energy and gas) due to the fact that discontinued operations connected with the energy and gas branch of our business are fully excluded from our financial result while the cost of the sale of the energy and gas business, including in particular the cost of transaction advisory services, still burdens the financial result of continued operations

Revenue Structure and Operating Expenses Year-on-Year

Revenues (PLN '000)	9M 2016	9M 2017	% change
video	273 034	282 660	4%
internet	168 358	151 523	-10%
telephony	69 679	59 766	-14%
other revenues	11 812	16 234	37%
Total Revenues	522 882	510 183	-2%

- Our video revenues increased by PLN9.6m year on year thanks to organic growth and continued migration of analogue customers to digital TV
- The broadband segment dropped by PLN16.8m primarily due to very strong pressure from LTE offerings
- There was also a major decline in telephony revenues as expected in the current market environment

Expenses (PLN '000)	9M 2016	9M 2017	% change
cost of services sold	121 505	126 828	4%
network maintenance	45 697	43 870	-4%
subscriber costs	5 282	6 943	31%
sales and marketing	8 151	4 965	-39%
personnel costs	55 873	52 273	-6%
general management	36 155	40 577	12%
Total Expenses	272 663	275 456	1%

- 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
- Network maintenance declined on the back of link lease cost optimisations
- Subscriber costs increased due to higher number of paper customer invoices and higher costs of postal services
- S&M expenses declined due to much lower spend on marketing campaigns in 9M'17
- Personnel costs dropped considerably due to lower Supervisory Board costs
- GM costs were up mainly due to the sale of our energy & gas business (advisory services)

Income Statement Year-on-Year

Income Statement (PLN '000)	9M 2016	9M 2017	% change
Revenues	522 882	510 183	-2%
Expenses (excl. D&A)	272 663	275 456	1%
Adjusted EBITDA	257 958	252 882	-2%
margin	*49.3%*	*49.6%*	-
Operating profit	94 322	74 028	-22%
Net interest	(48 924)	(48 122)	-2%
Profit before tax	45 397	25 906	-43%
Income tax	19 636	16 980	-14%
Profit from continued operations	25 762	8 926	-65%

- Our Adjusted EBITDA declined by 2% year on year while our Adjusted EBITDA margin improved by 2pp
- 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, disposals of business entities, and recalculation of the tax asset
- At the same time, our profit for the period that includes discontinued operations was PLN20.8m, down PLN1.1m from 9M'16

CAPEX & Balance Sheet

CAPEX (PLN '000)	Q1 2017	Q2 2017	Q3 2017	9M 2017
growth	20 500	39 600	34 200	94 300
maintenance	15 100	19 800	18 100	53 000
other*	9 100	3 700	3 800	16 600
acquisitions				
Total CAPEX	**44 700**	**63 100**	**56 100**	**163 900**

Balance Sheet (PLN '000)	31-12-16	30-09-17	% change
Assets			
non-current	1 312 187	1 283 410	-2%
current	351 549	211 929	-40%
incl. cash & equivalents	166 414	104 431	-37%
Assets—discontinued operations	46 069	-	-100%
Total assets	**1 709 805**	**1 495 339**	**-13%**
Equity	200 856	207 174	3%
Liabilities			
non-current	998 677	778 090	-22%
current	490 412	510 075	4%
Liabilites—discontinued operations	19 860	-	-100%
Total equity & liabilities	**1 709 805**	**1 495 339**	**-13%**

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

- We spent c. PLN 163.9m on capital expenditure in 9M’17
- Our 9M’17 growth CAPEX accounted for c. 58% of total organic CAPEX

- On the balance sheet, our current assets include c. PLN104.4m 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.

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). On 18 October 2017 UPC received a Statement of Objections from UOKiK.

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 recognised in the books up until the sale of the business, which 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 results release timetable for 2018	January 2018

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