Multimedia Polska S.A.

2011 half-year results

31 August 2011

Disclaimer

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First Half 2011 Highlights

1

EBITDA

- Our H1 2011 EBITDA* was PLN 157.5m increased by ca. 7.6% year-on-year
- We continue to enjoy high EBITDA margin of 51.9%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,446,500; up 14.3% year-on-year
- We added ca. 43,000 broadband, ca. 39,900 voice subscribers (incl. 9,400 WLR subscribers), and ca. 54,200 DTV subscribers year-on-year
- We increased RGU/unique customer ratio to 1.99

3

Opex per RGU

- Our operating expenses per RGU per month were at PLN 16.7

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

Second Quarter 2011 Highlights

- **We added 63,600 net RGUs**
  - 41,100 video RGUs
  - 9,100 broadband RGUs
  - 13,400 telephony RGUs
- **We had 725,700 unique customers**
  - 386,900 single play subscribers
  - 238,000 double play subscribers
  - 100,800 triple play subscribers
- **RGU/subscriber rate was**
  - 1.98 in Q1 2011
  - 1.99 in Q2 2011
- **Blended ARPU per subscriber**
  - PLN 68.26 in Q1 2011
  - PLN 69.32 in Q2 2011
- **Blended ARPU per RGU**
  - PLN 33.70 in Q1 2011
  - PLN 33.80 in Q2 2011

RGU Growth Highlights

- The dynamic growth of our data segment continues (13% y-o-y)
- Owing to vibrant additions of WLR and VoIP we have recorded 17% y-o-y growth in the voice segment
- We are restoring our potential in the video segment and have recorded 14% growth y-o-y on the back of our recent acquisitions

Quarter-on-quarter ('000)	Q1 2011	Q2 2011	% change	new adds
video	754	795	5%	41
voice	258	271	5%	13
data	371	380	2%	9
Total	**1 383**	**1 447**	**5%**	**64**

Year-on-year ('000)	6M 2010	6M 2011	% change	new adds
video	698	795	14%	98
voice	232	271	17%	40
data	337	380	13%	43
Total	**1 266**	**1 447**	**14%**	**180**

business review

Our Subscriber Base – 30 June 2011

Our Market	**1,227,300 marketable homes**	**725,700 unique subscribers**	**1,446,500 total RGUs**
Our Services	**795,400 video RGUs***	**379,600 broadband RGUs**	**271,500 voice RGUs****
Multiplay	**387,000 1-play subscribers**	**238,000 2-play subscribers**	**100,800 3-play subscribers**

(*) Include 53,300 premium channel RGUs, 10,100 IPTV RGUs and 159,100 DTV RGUs

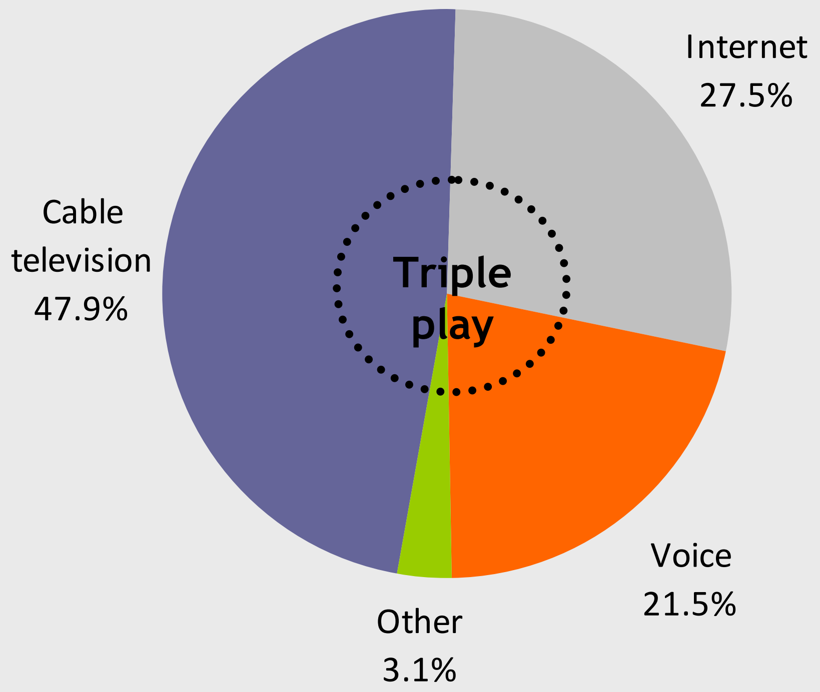
(**) Include 30,900 indirect voice RGUs and approximately 600 payphones

Our Products Today

Product offering

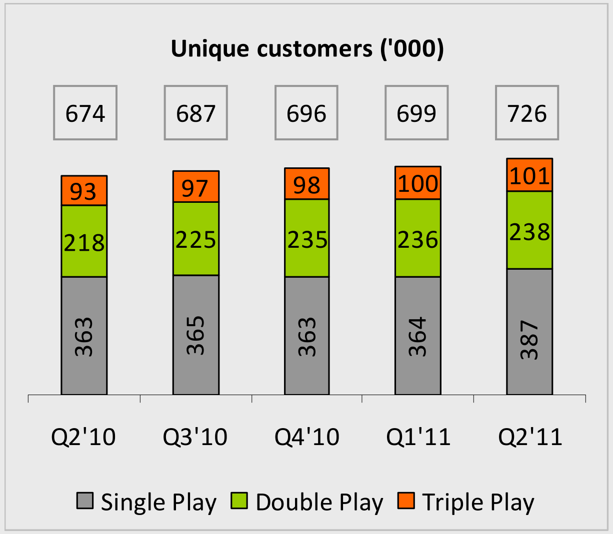
- We have a fully-developed up-to-date and innovative product offering which continues to be expanded in line with technological advance
- Our products comprise primarily:
  - CATV (analogue TV, IPTV, DTV, premium channels, VoD, PC streaming)
  - Internet (broadband, broadband DSL, Wi-Fi, Wi-Max, mobile)
  - 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

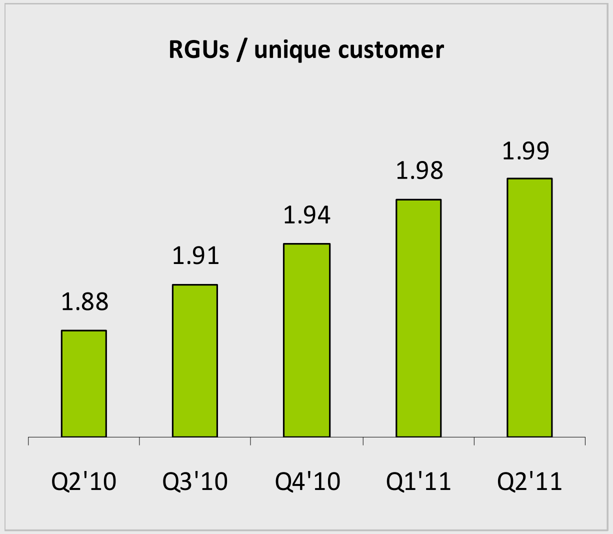
H1 2011 revenue breakdown

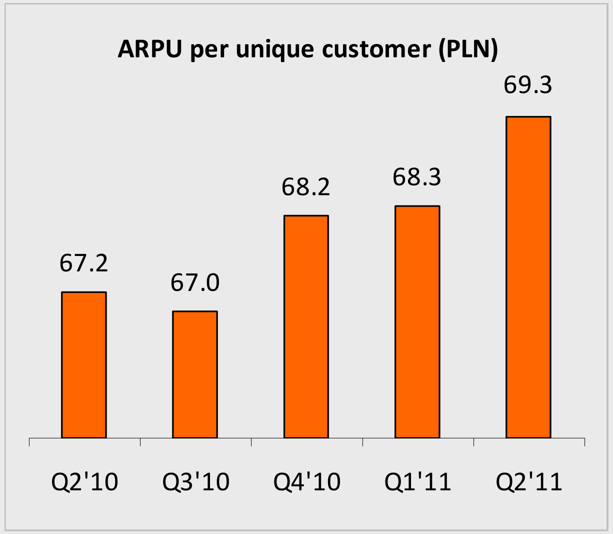


Subscribers and ARPU

- Due to successful bundling of services, we continue to grow our ARPU per unique customer
- RGU per unique customer increased from 1.98 in Q1 2011 to 1.99 in Q2 2011



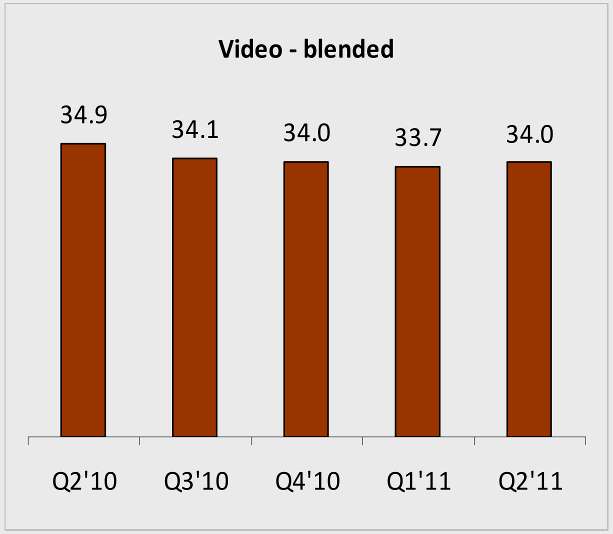


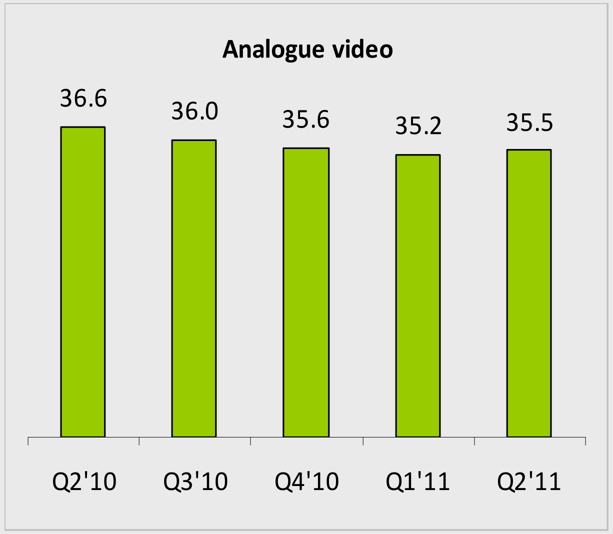


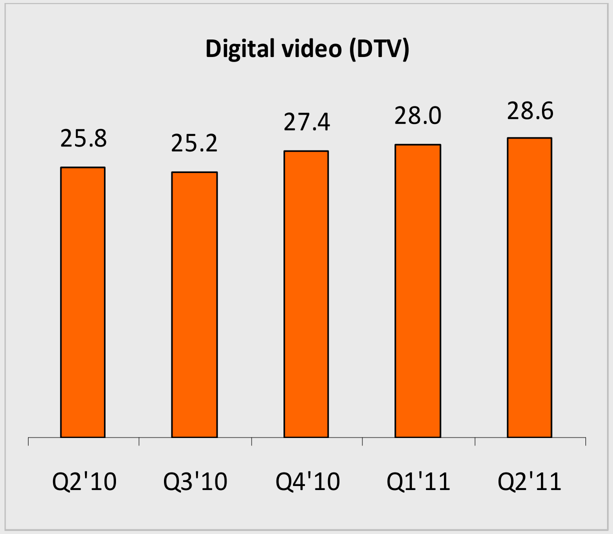
Note: The dip in Q3'10 is attributable to the acquisition of Internet Solutions

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. However, we have introduced price rises on our existing customer base in Q1 2011, which has already brought the desired results in Q2 2011
- Please note that our ARPU figures are affected by recent acquisitions



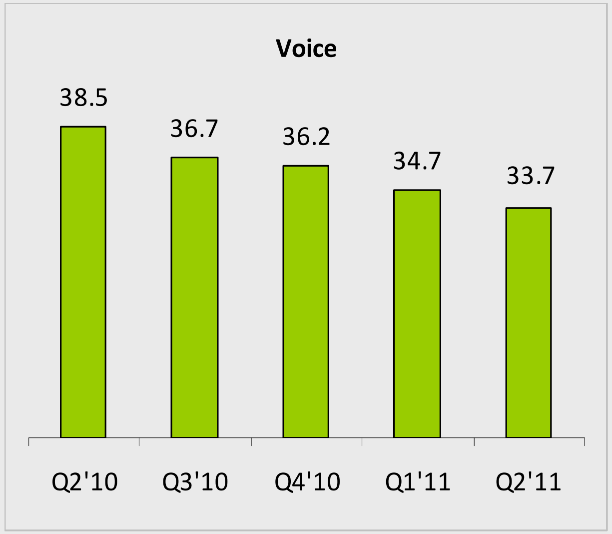


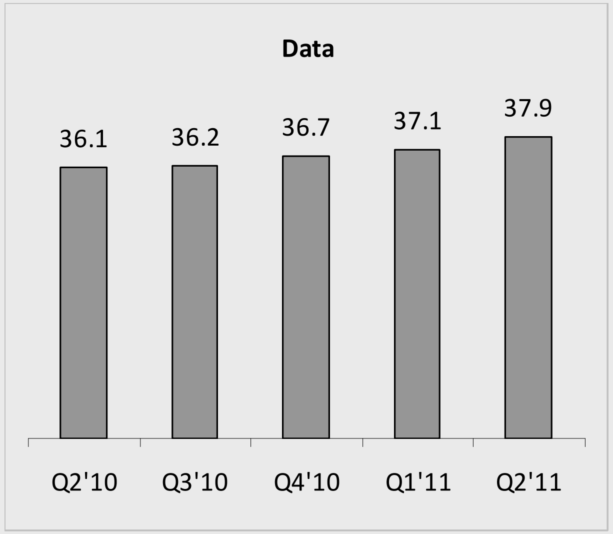


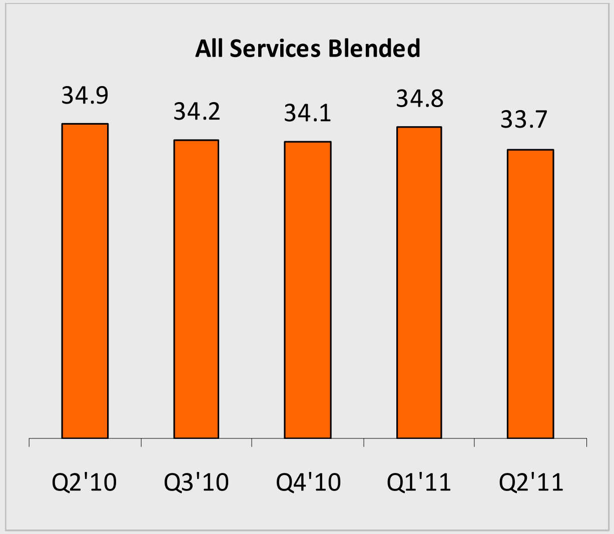
All data in PLN

ARPU per RGU – voice and data

- **VoIP:** Although ARPU on the service decreased further in Q2 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.



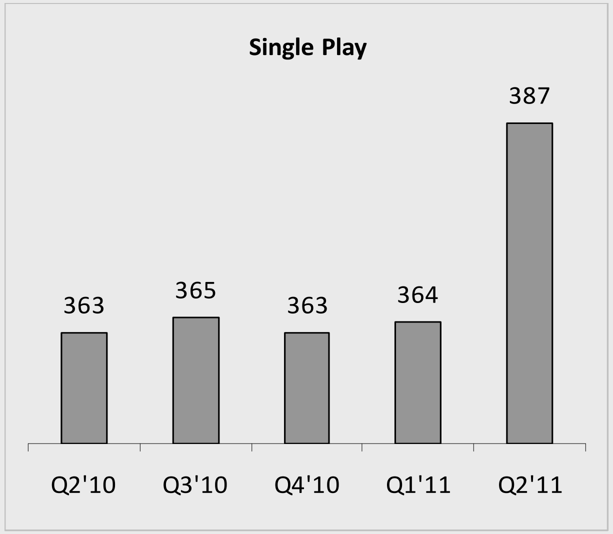


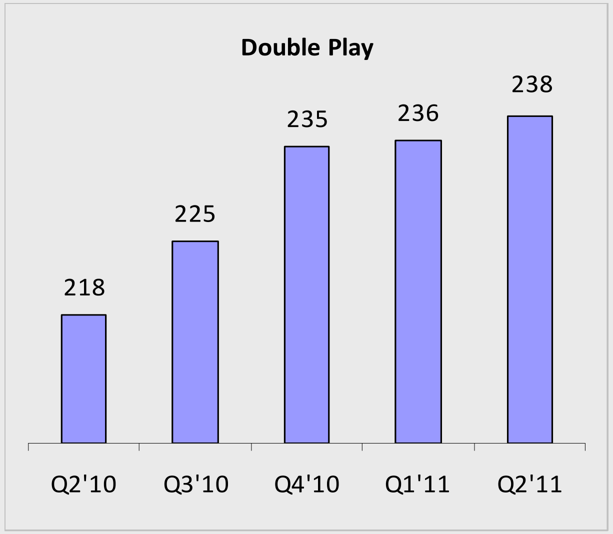


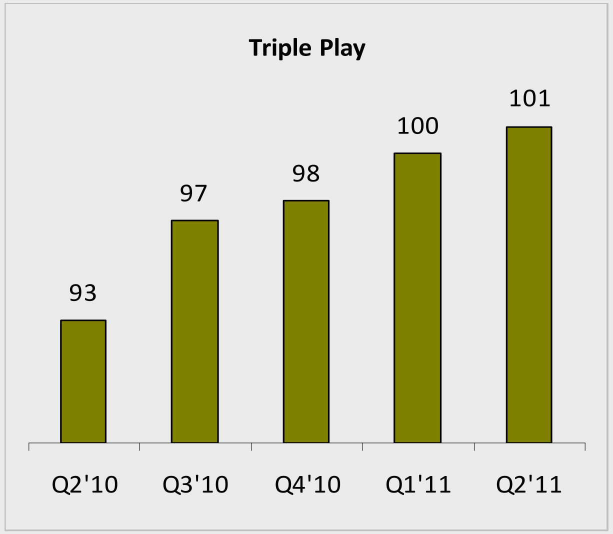
All data in PLN

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 Q2 2011 is exclusively attributable to the acquisition of Media Operator’s networks and the addition of WLR subscribers





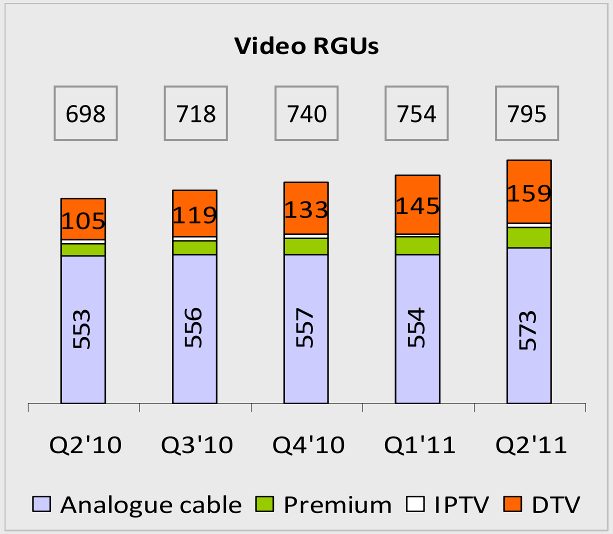


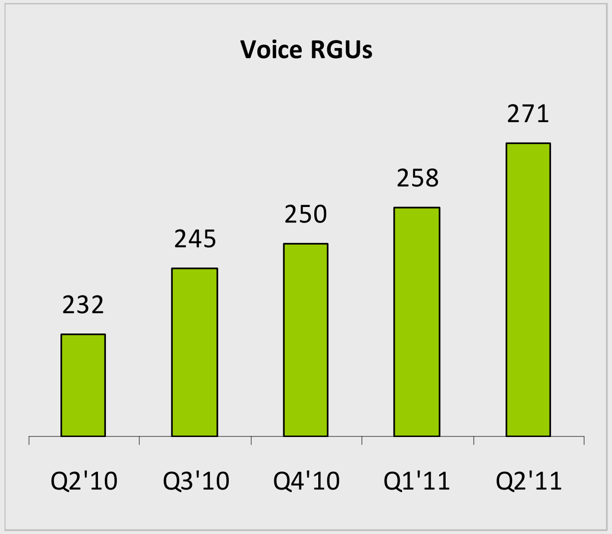
Note: The rise in Q2’11 is attributable to the acquisition of Media Operator

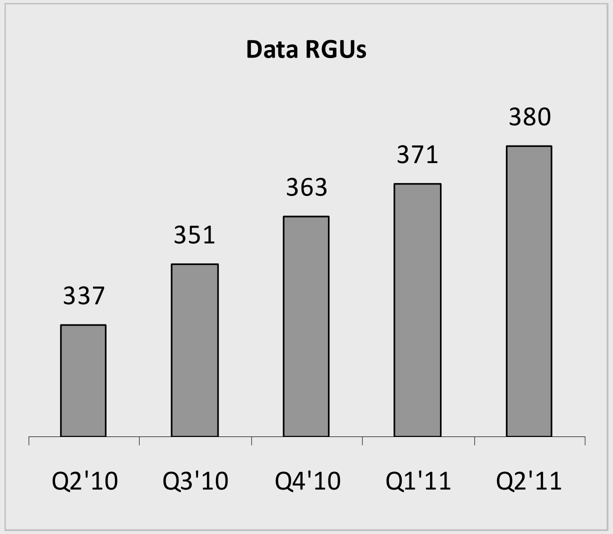
All data in thousands

Growth of Customer Base

- Stable and solid growth of Revenue Generating Units quarter on quarter in all service groups
- As regards analogue video, the decline in analogue cable RGUs in Q1 2011 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



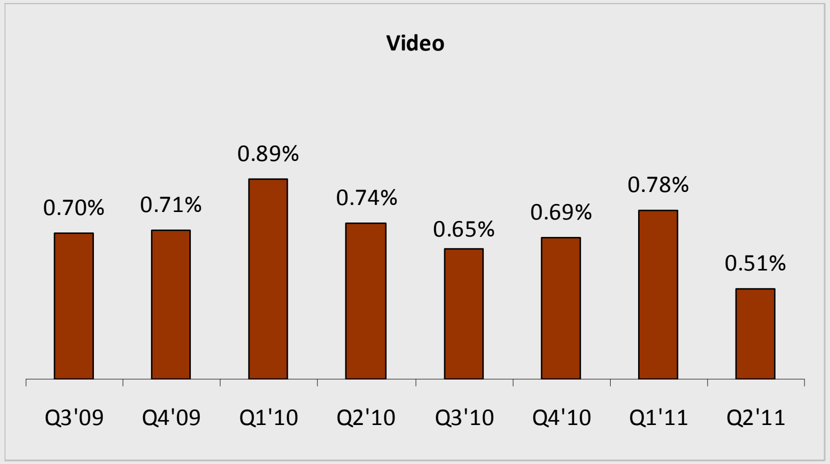


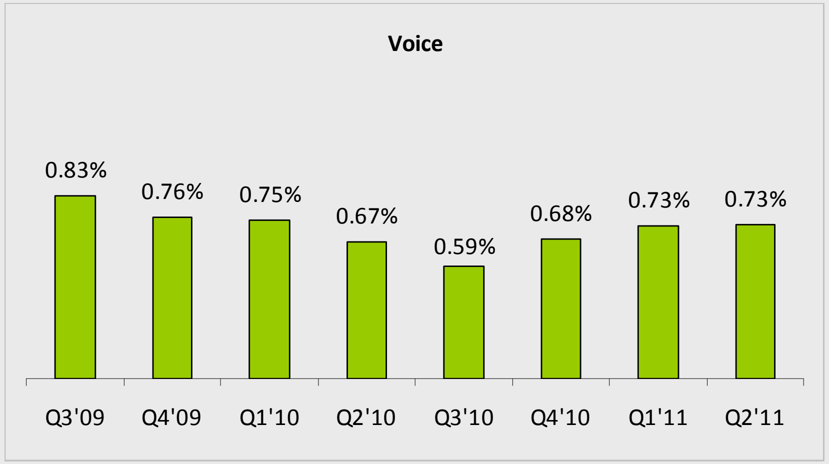


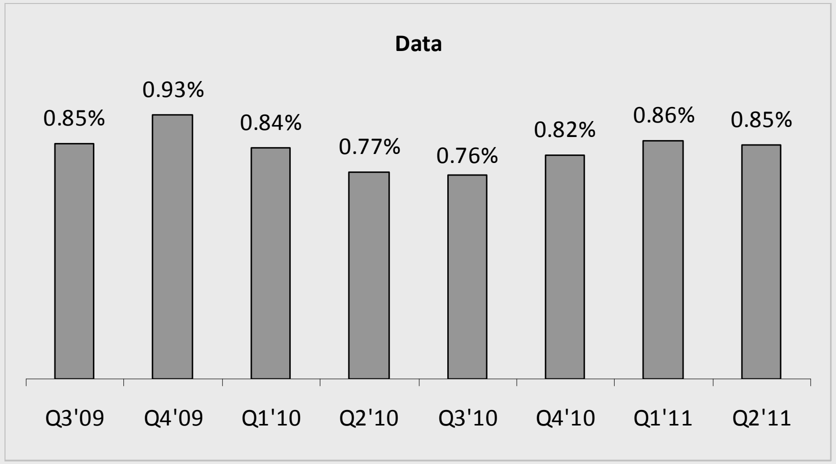
All data in thousands

Churn – under control due to service bundling

- Reducing churn continues to be one of our strategic objectives for 2011. We believe attractive products and pricing are the key to success alongside high quality of both services and customer care
- The surge in churn in Q1 2011 was fuelled by price rises, in Q2 2011 the ratio declined as expected







Monthly average in a given quarter

financial review

Revenue Structure Quarterly

- As previously mentioned, our basic CATV revenues fell slightly in Q4’10-Q1’11 due to a change in our pricing strategy necessitated by the need to rebuild our customer base. However, the price rises introduced in Q1 2011 have produced the expected rise in revenues from basic CATV in Q2 2011.
- 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)	Q2 2010	Q1 2011	Q2 2011	y-o-y % change	q-o-q % change
basic CATV	60 878	58 692	59 947	-2%	2%
premium CATV	197	-	-	-	-
DTV & IPTV	8 711	12 562	14 037	61%	12%
internet	36 145	40 828	42 674	18%	5%
telephony	30 489	32 035	33 139	9%	3%
other revenues	4 097	4 540	4 727	15%	4%
Total Revenues	**140 517**	**148 658**	**154 526**	**10%**	**4%**

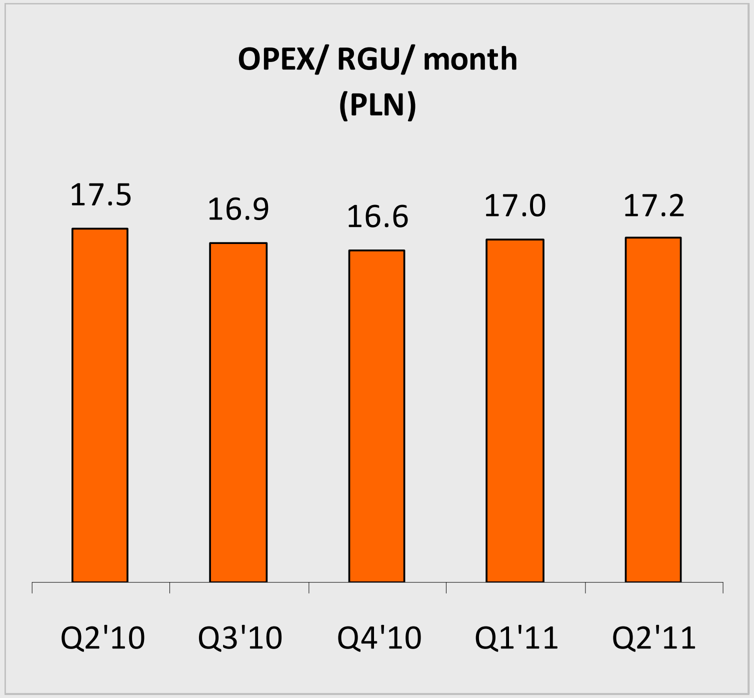
Operating Expenses Quarterly

- 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)	**Q2 2010**	**Q1 2011**	**Q2 2011**	**y-o-y % change**	**q-o-q % change**
programming and copyrights	16 370	16 978	18 086	10%	7%
bandwidth	1 581	1 393	1 124	-29%	-19%
interconnect	4 317	4 745	4 892	13%	3%
network costs	11 504	11 091	12 037	5%	9%
sales and marketing	3 526	3 590	3 906	11%	9%
payroll and benefits	17 660	18 544	18 142	3%	-2%
taxes and charges	2 871	3 396	3 117	9%	-8%
professional services	1 241	2 315	2 785	124%	20%
energy and materials	4 677	4 111	4 587	-2%	12%
other expenses	2 740	4 532	5 792	111%	28%
Total Expenses	**66 487**	**70 695**	**74 469**	**12%**	**5%**
OPEX/ RGU /month	17.5	17.0	17.2	-2%	1%

Operating Expenses Quarterly

- The further 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 continue to make our programming content more attractive to our customers
- We fully expect the ratio to get back on track in the coming quarters



Income Statement Quarterly

Income Statement (PLN '000)	Q2 2010	Q1 2011	Q2 2011	y-o-y % change	q-o-q % change
Revenues	140 517	148 658	154 526	10%	4%
Expenses (excl. D&A)	66 487	70 695	74 469	12%	5%
Adjusted EBITDA	73 501	77 765	79 688	8%	2%
margin	*52.3%*	*52.3%*	*51.6%*	-	-
Operating profit	34 560	35 665	36 263	5%	2%
Net interest	(14 956)	(9 828)	(18 194)	22%	85%
Pretax profit	19 605	25 837	18 069	-8%	-30%
Tax	3 772	5 426	3 071	-	-
Net income	15 833	20 411	14 998	-5%	-27%

Revenue Structure Year-on-Year

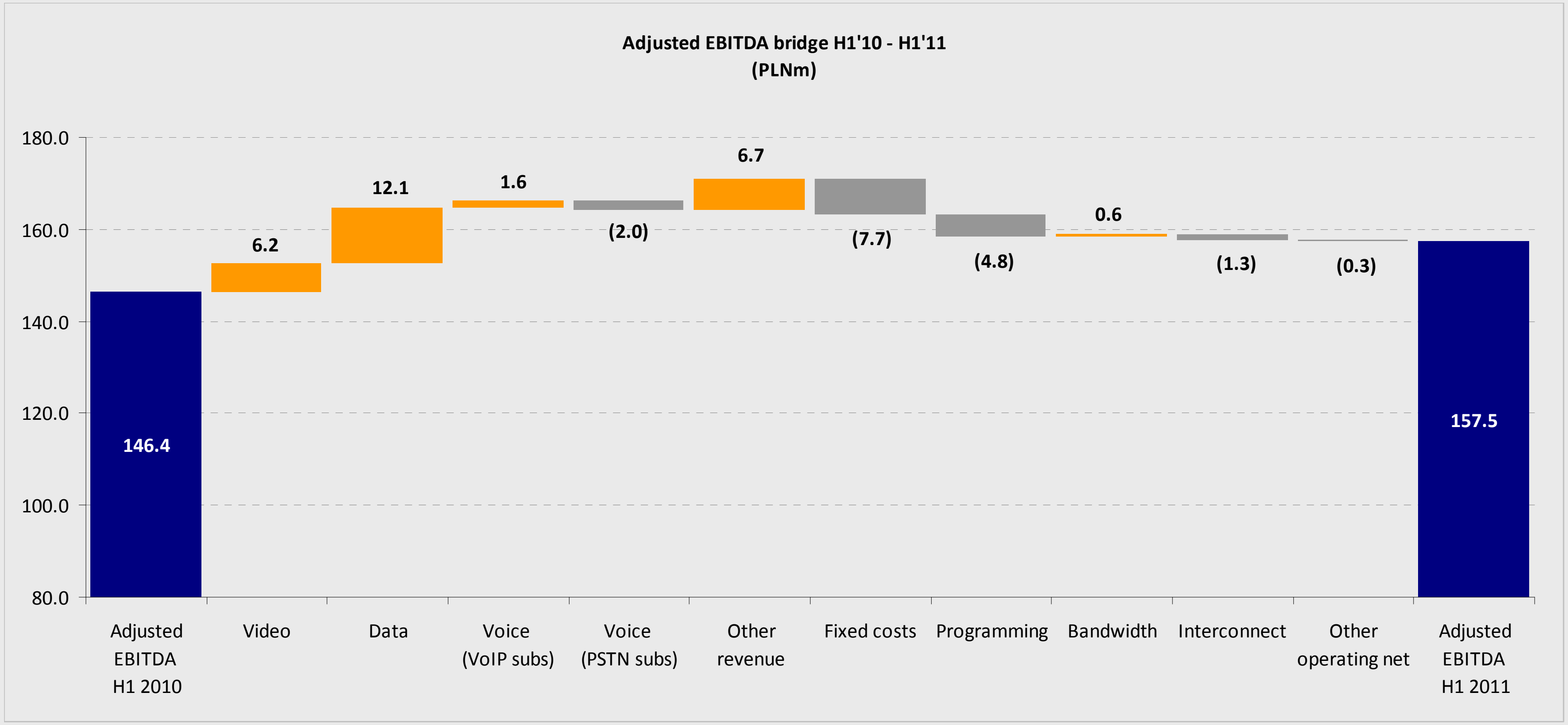
Revenues (PLN '000)	6M 2010	6M 2011	% change
basic CATV	121 041	118 639	-2%
premium CATV	429		-
DTV & IPTV	17 565	26 599	51%
internet	71 452	83 503	17%
telephony	60 393	65 175	8%
other revenues	7 768	9 267	19%
Total Revenues	**278 648**	**303 183**	**9%**

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 will continue our conservative cost control policy to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	6M 2010	6M 2011	% change
programming and copyrights	30 226	35 064	16%
bandwidth	3 130	2 517	-20%
interconnect	8 330	9 637	16%
network costs	22 547	23 128	3%
sales and marketing	6 616	7 497	13%
payroll and benefits	36 752	36 686	0%
taxes and charges	6 012	6 513	8%
professional services	2 475	5 100	106%
energy and materials	8 217	8 698	6%
other expenses	7 639	10 324	35%
Total Expenses	**131 943**	**145 164**	**10%**
OPEX/ RGU /month	17.4	16.7	-4%

EBITDA Bridge*



(*) 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 35m (up PLN 9m from H1 2010) directly attributable to greater indebtedness of the Multimedia Group

Income Statement (PLN '000)	**6M 2010**	**6M 2011**	**% change**
Revenues	278 648	303 183	9%
Expenses (excl. D&A)	131 943	145 164	10%
Adjusted EBITDA	146 404	157 458	8%
margin	*52.5%*	*51.9%*	-
Operating profit	66 130	71 928	9%
Net interest	(20 142)	(28 022)	39%
Pretax profit	45 988	43 906	-5%
Tax	8 702	8 496	-
Net income	37 287	35 409	-5%

Balance Sheet

Balance Sheet (PLN '000)	31-12-10	30-06-11	% change
Assets			
non-current	1 100 270	1 130 817	3%
current	82 869	83 405	1%
incl. cash & equivalents	16 404	21 325	30%
Total assets	**1 183 139**	**1 214 222**	**3%**
Equity	354 094	306 504	-13%
Liabilities			
non-current	606 368	573 357	-5%
current	222 677	334 361	50%
Total equity & liabilities	**1 183 139**	**1 214 222**	**3%**

Capital Expenditures

- We spent ca. PLN 86.1m on capital expenditure in H1 2011
- Our H1 2011 growth CAPEX accounted for 85% of total organic CAPEX

CAPEX (PLN '000)	**Q1 2011**	**Q2 2011**	**6M 2011**
growth	26 800	39 100	65 900
other	4 600	7 100	11 700
acquisitions		8 500	8 500
Total CAPEX	**31 400**	**54 700**	**86 100**

Recent & upcoming events

Recent Events

We have repurchased and retired 46,894,637 own shares and **reduced** our **share capital** to PLN 106,295,046

Our 10,700 **registered bonds** with the par value of PLN 10,000 maturing on 29 April 2016 were first traded in July 2011

Our shareholders acting as parties to the arrangement concluded in July 2011 on **mandatory squeeze out** repurchased the remaining outstanding shares on 29 August 2011 and now hold **100% of all Multimedia shares**

An Extraordinary General Meeting was held on 31 August 2011 with 100% votes present and resolved to **delist the shares of Multimedia Polska S.A.**

Upcoming Events

- Publication of Q3 2011 report: 14 November 2011

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