

Multimedia Polska S.A.



2011 fourth quarter and FY results

29 February 2012

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1

EBITDA

- Our FY 2011 EBITDA* was PLN 327.0 increased by ca. 8.7% year-on-year
- We continue to enjoy high EBITDA margin of 52.6%

2

Subscribers and RGUs

- We increased the number of RGUs to 1,513,000; up 11.8% year-on-year
- We added ca. 50,200 DTV subscribers, ca. 37,100 broadband, and ca. 18,700 voice subscribers year-on-year
- We increased RGU/unique customer ratio to 2.09

3

Opex per RGU

- Our operating expenses per RGU per month were at PLN 16.3

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

Fourth Quarter 2011 Highlights



→ **We added 36,200 net RGUs**

- 22,400 video RGUs
- 13,200 broadband RGUs
- 500 telephony RGUs

→ **We had 723,500 unique customers**

- 374,900 single play subscribers
- 242,500 double play subscribers
- 106,100 triple play subscribers

→ **RGU/subscriber rate was**

- 2.04 in Q3 2011
- 2.09 in Q4 2011

→ **Blended ARPU per subscriber**

- PLN 68.96 in Q3 2011
- PLN 71.87 in Q4 2011

→ **Blended ARPU per RGU**

- PLN 33.05 in Q3 2011
- PLN 32.83 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 9% 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)	Q3 2011	Q4 2011	% change	new adds
video	818	840	3%	22
voice	272	273	0%	1
data	387	400	3%	13
Total	1 477	1 513	2%	36

Year-on-year ('000)	Q4 2010	Q4 2011	% change	new adds
video	740	840	14%	100
voice	250	273	9%	23
data	363	400	10%	37
Total	1 353	1 513	12%	160

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Business Review

Our Subscriber Base — 31 December 2011



Our Market	1,237,500 marketable homes	723,500 unique subscribers	1,513,100 total RGUs
Our Services	840,300 video RGUs*	399,800 broadband RGUs	272,900 voice RGUs**
Multiplay	374,900 1-play subscribers	242,500 2-play subscribers	106,100 3-play subscribers

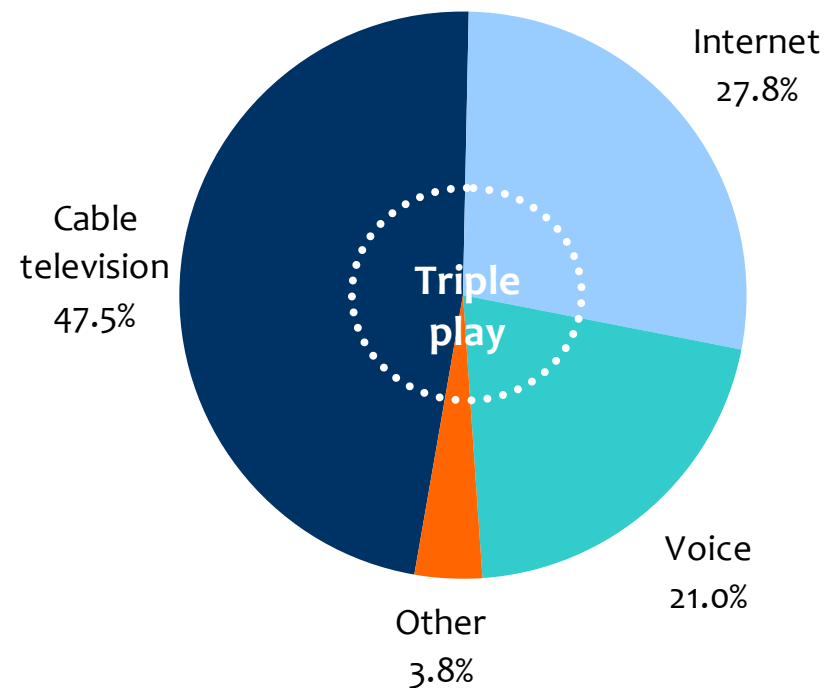
(*) Include 74,900 premium channel RGUs, 11,800 IPTV RGUs and 183,000 DTV RGUs

(**) Include 28,600 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

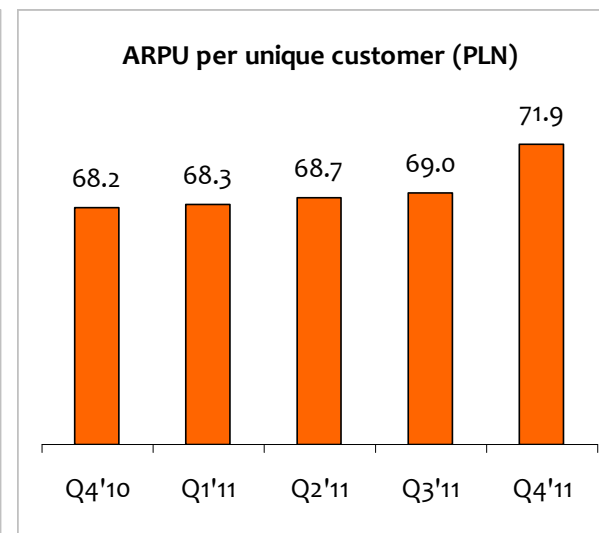
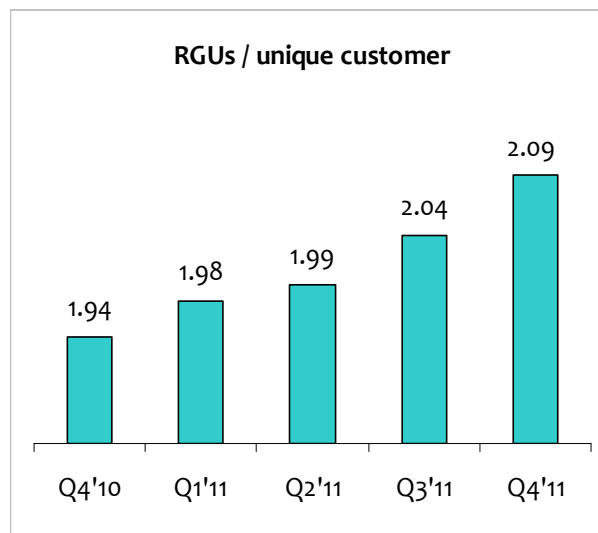
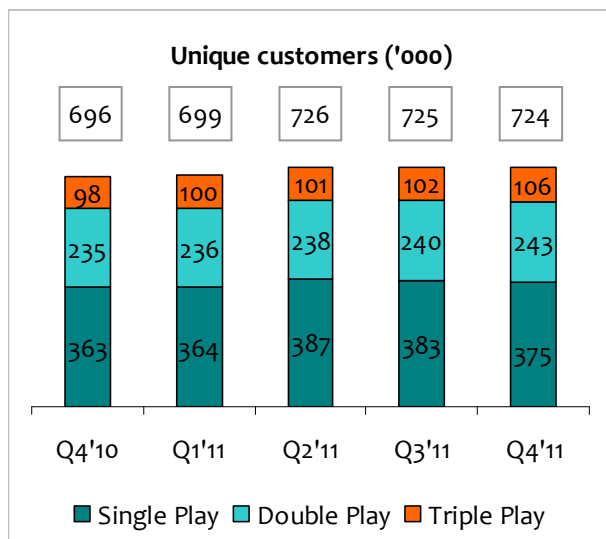
FY 2011 revenue breakdown



Subscribers and ARPU



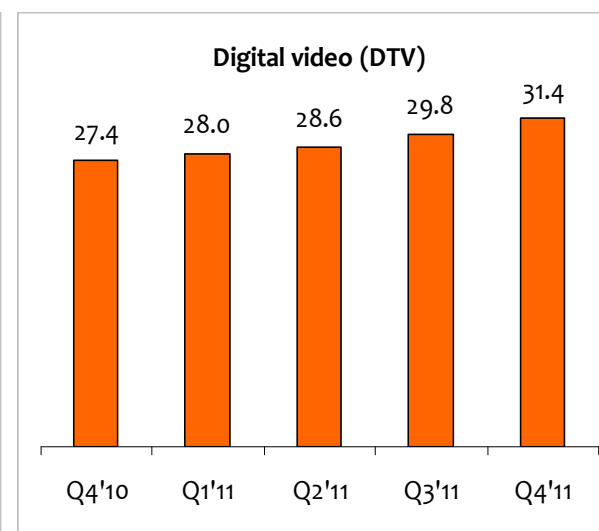
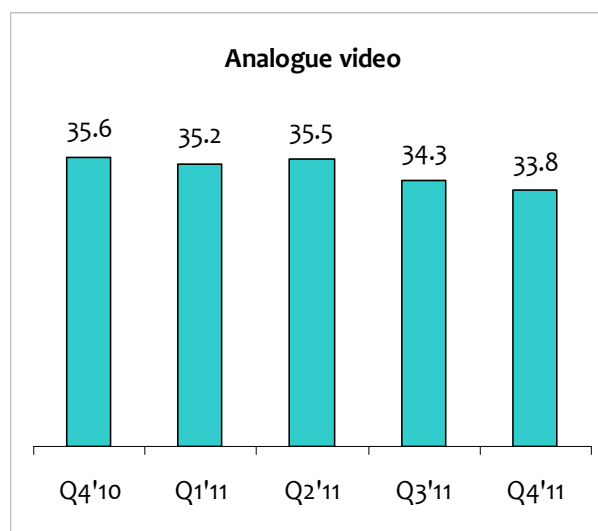
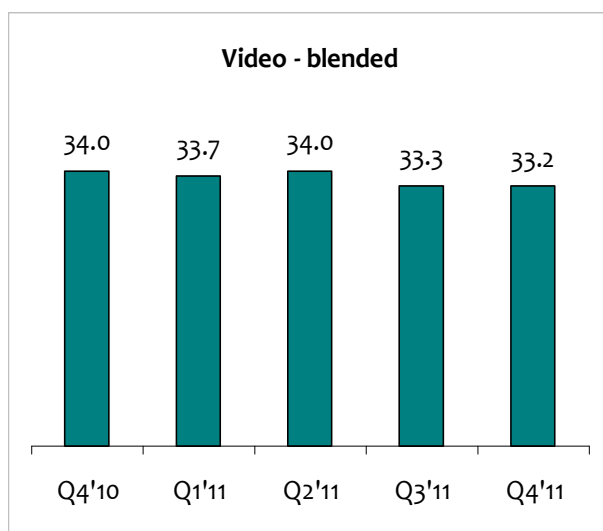
- Due to successful bundling of services, we continue to grow our ARPU per unique customer
- RGU per unique customer increased from 2.04 in Q3 2011 to 2.09 in Q4 2011



ARPU per RGU — video services



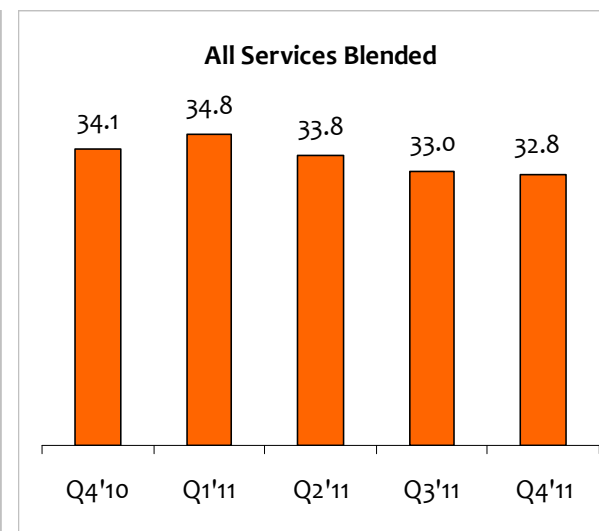
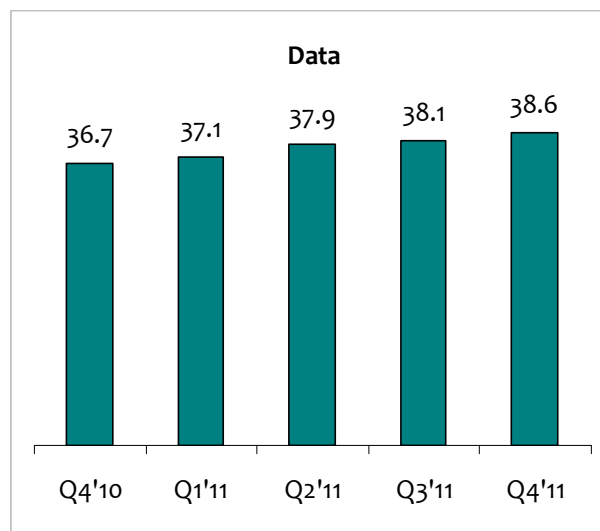
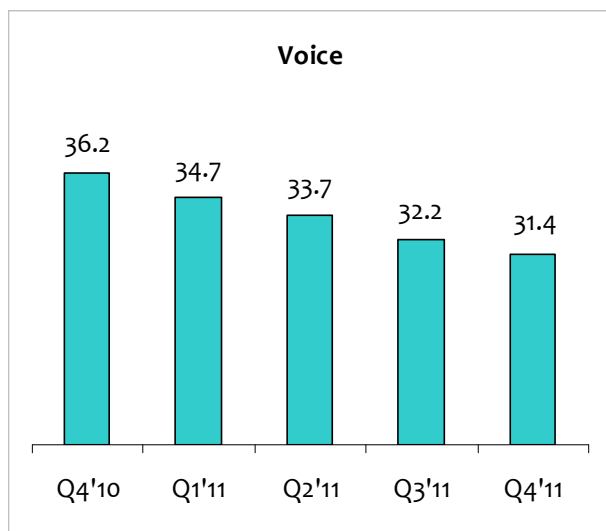
- As previously mentioned, we have modified our approach to promoting the DTV product; hence, the former downward trend in DTV ARPU is now reversed
- Our video segment still fails to satisfy. We continue to adjust our pricing strategy and offer promotions in new markets, which translates into a slight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



ARPU per RGU —voice and data



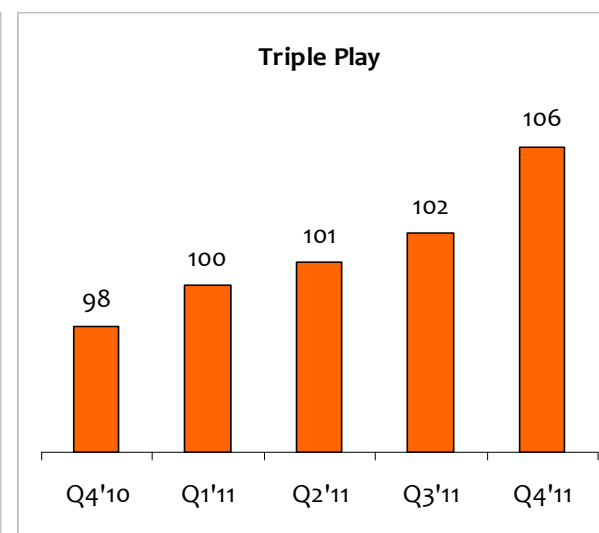
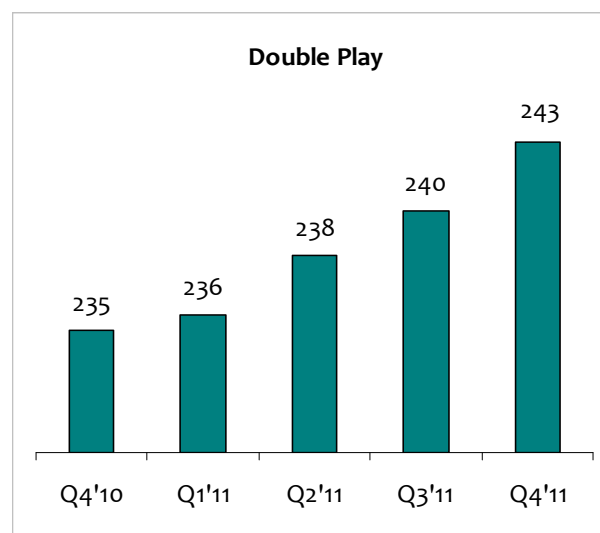
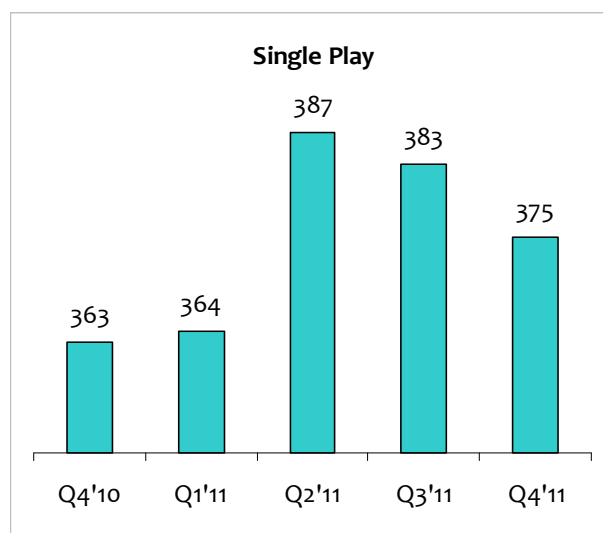
- **VoIP:** Although ARPU on the service decreased further in Q4 2011, positive net additions of VoIP users produced higher VoIP revenues. We strongly push VoIP sales through bundled offerings.
- **PSTN:** In a long-term perspective like other market players we are seeing a decline in PSTN customers 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



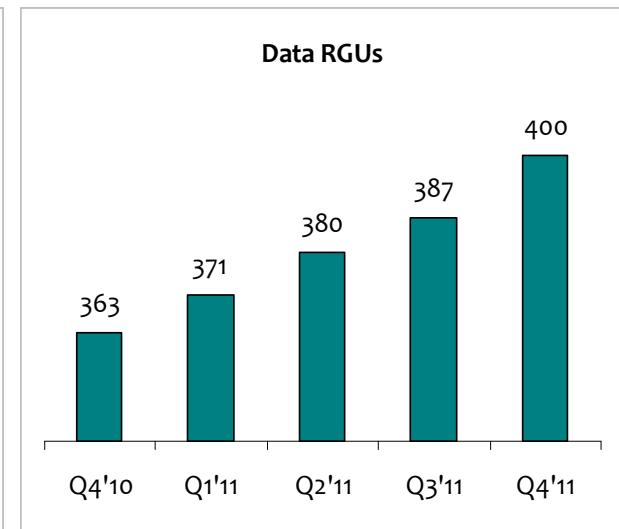
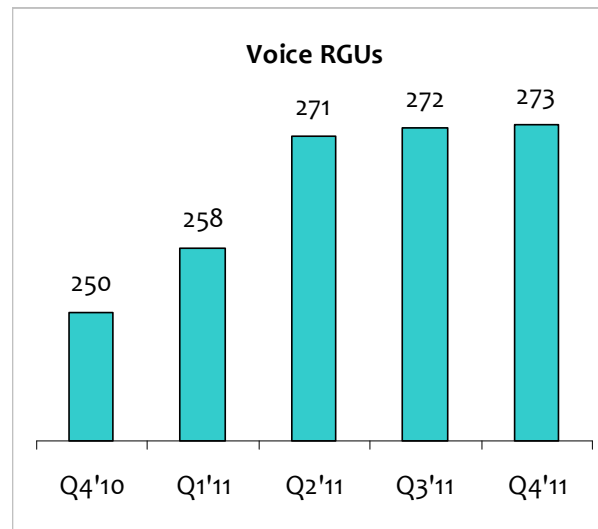
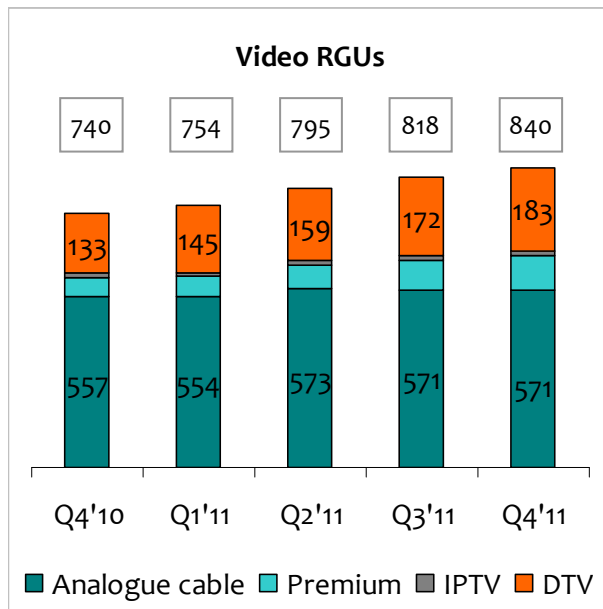
Note: The rise in Q2'11 is attributable to the acquisition of Media Operator

All data in thousands

Growth of Customer Base

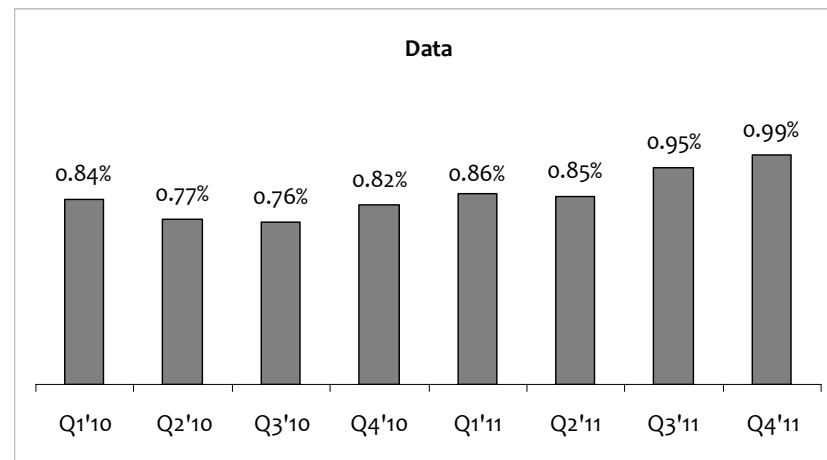
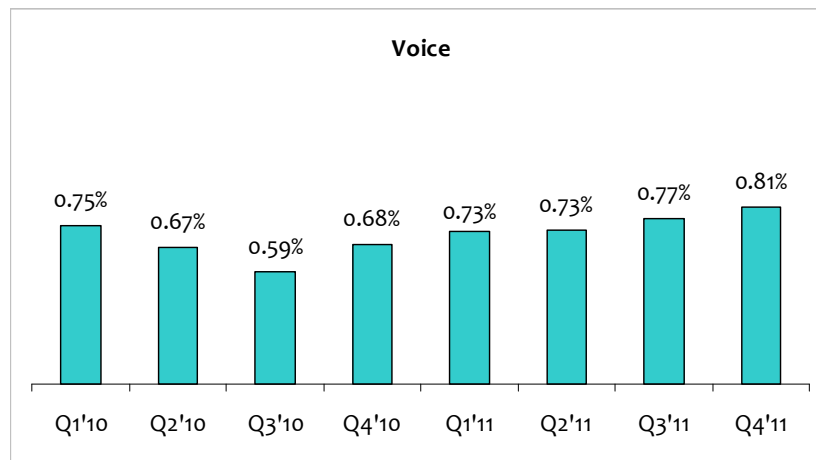
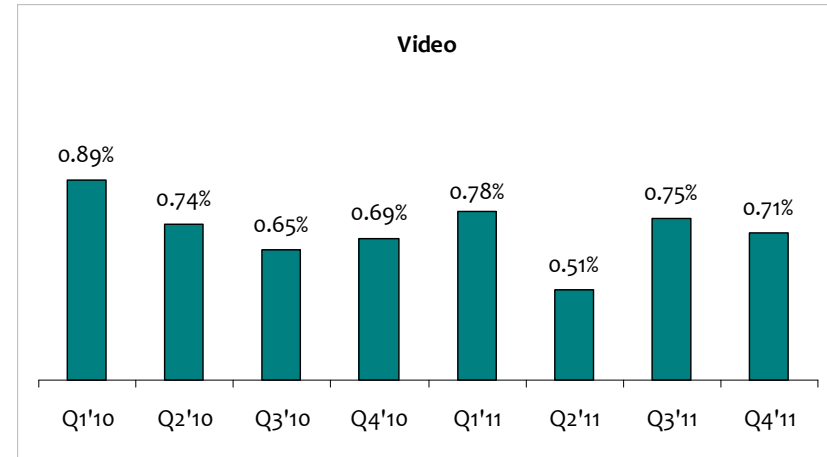


- Stable growth of Revenue Generating Units quarter on quarter in all service groups
- As regards analogue video, the decline in analogue cable RGUs is primarily attributable to price rises implemented recently in order to maximize revenues from that segment. In Q2 2011, we added video RGUs thanks to 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 the rise y-o-y due to dynamic WLR sales and higher wholesale revenues

Revenues (PLN '000)	Q4 2010	Q3 2011	Q4 2011	y-o-y % change	q-o-q % change
basic CATV	59 420	58 812	57 815	-3%	-2%
premium CATV	158			-	-
DTV & IPTV	11 164	15 870	17 962	61%	13%
internet	39 358	43 790	45 517	16%	4%
telephony	32 056	32 741	32 543	2%	-1%
other revenues	4 794	5 144	8 937	86%	74%
Total Revenues	146 950	156 358	162 774	11%	4%

Operating Expenses Quarterly



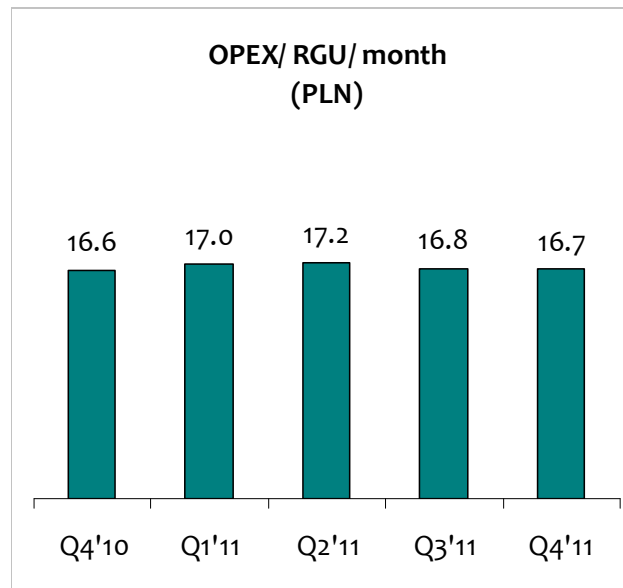
- The structure of our quarterly expenses fluctuates considerably as a result of significant one-off events. It is our strategic goal, however, to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	Q4 2010	Q3 2011	Q4 2011	y-o-y % change	q-o-q % change
programming and copyrights	15 927	20 438	22 403	41%	10%
bandwidth	1 171	1 116	1 353	15%	21%
interconnect	4 199	4 704	4 576	9%	-3%
network costs	11 767	11 863	11 344	-4%	-4%
sales and marketing	4 367	3 544	2 063	-53%	-42%
payroll and benefits	16 484	16 976	17 942	9%	6%
taxes and charges	2 889	3 105	3 093	7%	0%
professional services	1 439	2 526	2 603	81%	3%
energy and materials	5 328	4 396	4 652	-13%	6%
other expenses	3 943	5 626	5 946	51%	6%
Total Expenses	67 514	74 295	75 976	13%	2%
OPEX/ RGU /month	16.6	16.8	16.7	1%	0%

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 and Q4 2011



Income Statement Quarterly



Income Statement (PLN '000)	Q4 2010	Q3 2011	Q4 2011	y-o-y % change	q-o-q % change
Revenues	146 950	156 358	162 774	11%	4%
Expenses (excl. D&A)	67 514	74 295	75 976	13%	2%
Adjusted EBITDA	79 180	82 486	87 035	10%	6%
margin	53.9%	52.8%	53.5%	-	-
Operating profit	35 240	38 304	40 868	16%	7%
Net interest	(10 398)	(12 544)	(14 201)	37%	13%
Pretax profit	24 842	25 761	26 667	7%	4%
Tax	(392)	4 790	(19 119)	-	-
Net income	25 233	20 971	45 786	81%	118%

Revenue Structure Year-on-Year



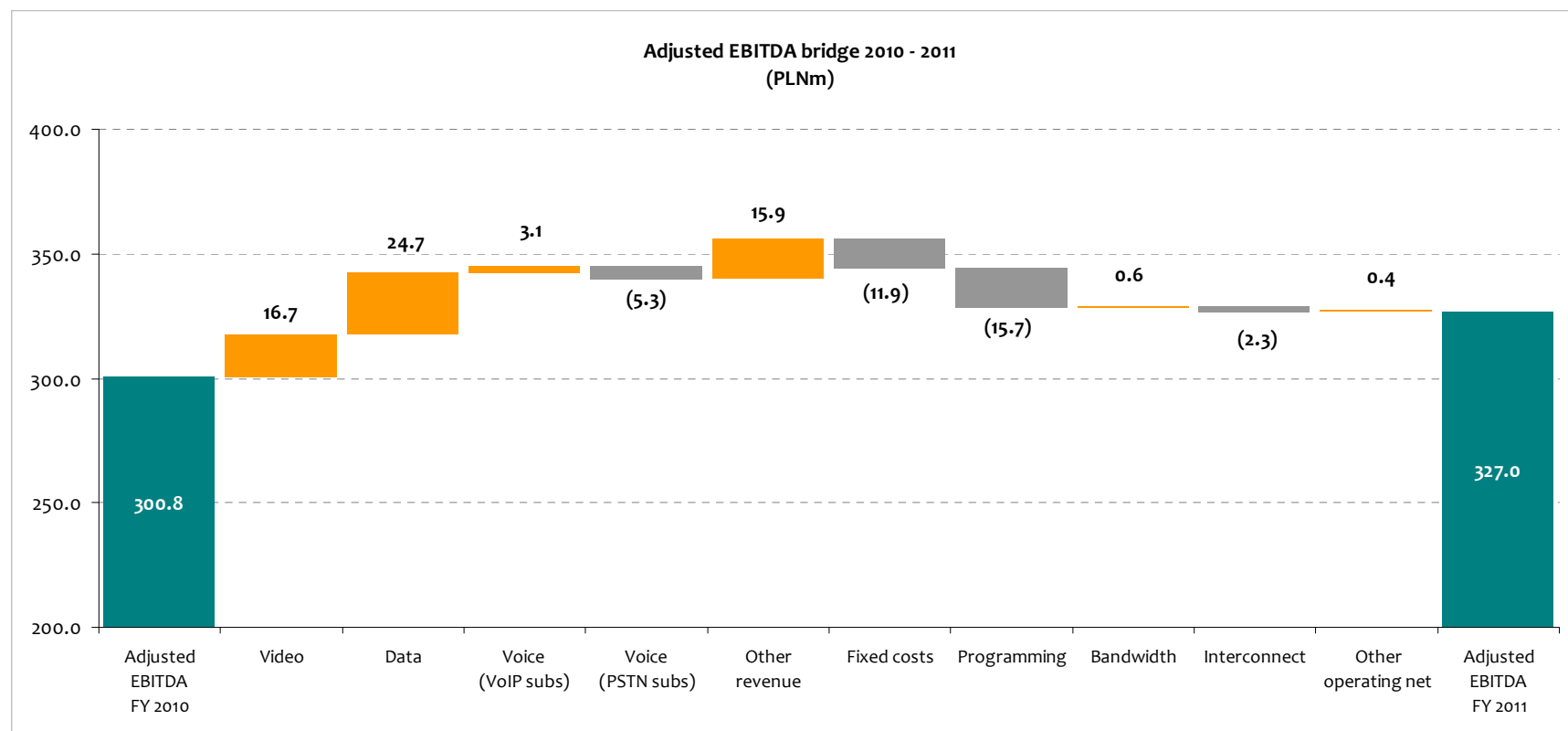
Revenues (PLN '000)	FY 2010	FY 2011	% change
basic CATV	240 298	235 266	-2%
premium CATV	764	-	-
DTV & IPTV	37 981	60 432	59%
internet	148 129	172 810	17%
telephony	123 012	130 459	6%
other revenues	17 033	23 349	37%
Total Revenues	567 216	622 315	10%

Operating Expenses Year-on-Year



- Our programming costs went up on the back of changes to programming content, increase of customer base (incl. customers acquired from other operators) and negative F/X impact (PLN 3.4m) while interconnect rose due to fast expansion of WLR
- The surge in professional services costs was related to debt refinancing
- In H2 2011, we continued our conservative cost control policy to keep the overall change in operating expenses in line with our revenues

Expenses (PLN '000)	FY 2010	FY 2011	% change
programming and copyrights	62 232	77 906	25%
bandwidth	5 564	4 985	-10%
interconnect	16 640	18 918	14%
network costs	45 807	46 335	1%
sales and marketing	14 499	13 104	-10%
payroll and benefits	69 794	71 605	3%
taxes and charges	11 865	12 712	7%
professional services	5 522	10 229	85%
energy and materials	17 578	17 746	1%
other expenses	16 672	21 896	31%
Total Expenses	266 174	295 435	11%
OPEX/ RGU /month	16.4	16.3	-1%



(*): 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 higher programming expenses (up PLN 15.7m from 2010) – attributable to larger subscriber base, changes to programming content and negative F/X impact (PLN 3.4m) – and high finance costs of PLN 69m (up PLN 14.7m from 2010) directly attributable to greater indebtedness of the Multimedia Group

Income Statement (PLN '000)	FY 2010	FY 2011	% change
Revenues	567 216	622 315	10%
Expenses (excl. D&A)	266 174	295 435	11%
Adjusted EBITDA	300 838	327 027	9%
<i>margin</i>	53.0%	52.6%	-
Operating profit	134 529	151 101	12%
Net interest	(40 692)	(54 767)	35%
Pretax profit	93 837	96 334	3%
Tax	12 319	(5 832)	-
Net income	81 518	102 165	25%

Balance Sheet



Balance Sheet (PLN '000)	31-12-10	31-12-11	% change
Assets			
non-current	1 100 270	1 174 235	7%
current	82 869	86 317	4%
incl. cash & equivalents	16 404	3 105	-81%
Total assets	1 183 139	1 260 552	7%
Equity	354 094	275 359	-22%
Liabilities			
non-current	606 368	713 915	18%
current	222 677	271 278	22%
Total equity & liabilities	1 183 139	1 260 552	7%

Capital Expenditures



- We spent ca. PLN 181.6m on capital expenditure in 2011
- Our 2011 growth CAPEX accounted for 85% of total organic CAPEX

CAPEX (PLN '000)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	FY 2011
growth	26 800	39 100	32 500	31 900	130 300
other	4 600	7 100	6 400	5 800	23 900
acquisitions	-	8 500	-	18 900	27 400
Total CAPEX	31 400	54 700	38 900	56 600	181 600

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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; our bonds are still listed on **Catalyst**

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

In December 2011, we signed an annex to our facility agreement **increasing the loan to PLN 413m**

In November 2011, we signed an agreement to acquire shares of **Stream Communications**
We are now waiting for a decision from the Antimonopoly Office

Upcoming Events



→ Publication of half year 2012 report: 26 September 2012

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