

Multimedia Polska Group

2017 first quarter results



15 May 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.

2017 Q1 Highlights

EBITDA

- Our Q1 2017 EBITDA* was PLN 88.2m and decreased slightly by 0.9% year on year
- Our Q1 2017 EBITDA margin was 51.0%

Customers and RGUs

- Our total RGUs reached 1,696,900 at the end of March 2017; up 2.5% year on year
- In the telecom business, we added 53,700 video RGUs and 3,300 broadband RGUs, and lost 13,300 telephony RGUs year on year
- We also lost 2,500 other RGUs (comprising insurance and home monitoring) year on year
- Our RGU/customer ratio was 2.19, up from 2.06 at the end of March 2016

Important Note

Please note that all data given in this presentation and our annual report is based on the audited 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.

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

First Quarter 2017 Highlights

We gained 4,900 net RGUs*, including

telecom services

- addition of 12,900 video RGUs
- disconnection of 1,000 broadband RGUs
- disconnection of 4,300 voice RGUs

other services

- disconnection of 2,600 other RGUs

We had 774,400 customers

- 338,700 single play customers
- 316,200 double play customers
- 119,500 multi play** customers

RGU*/ customer rate

- 2.16 in Q4 2016
- 2.19 in Q1 2017

Blended ARPU per customer

- PLN 68.7 in Q4 2016
- PLN 68.8 in Q1 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)	Q4 2016	Q1 2017	% change	new adds
video	868	881	1%	13
data	537	536	-0.2%	(1)
voice	267	262	-2%	(4)
other	20	17	-13%	(3)
Total	1 692	1 697	0.3%	5

Year-on-year ('000)	Q1 2016	Q1 2017	% change	new adds
video	827	881	6%	54
data	533	536	1%	3
voice	276	262	-5%	(13)
other	20	17	-13%	(2)
Total	1 656	1 697	2%	41

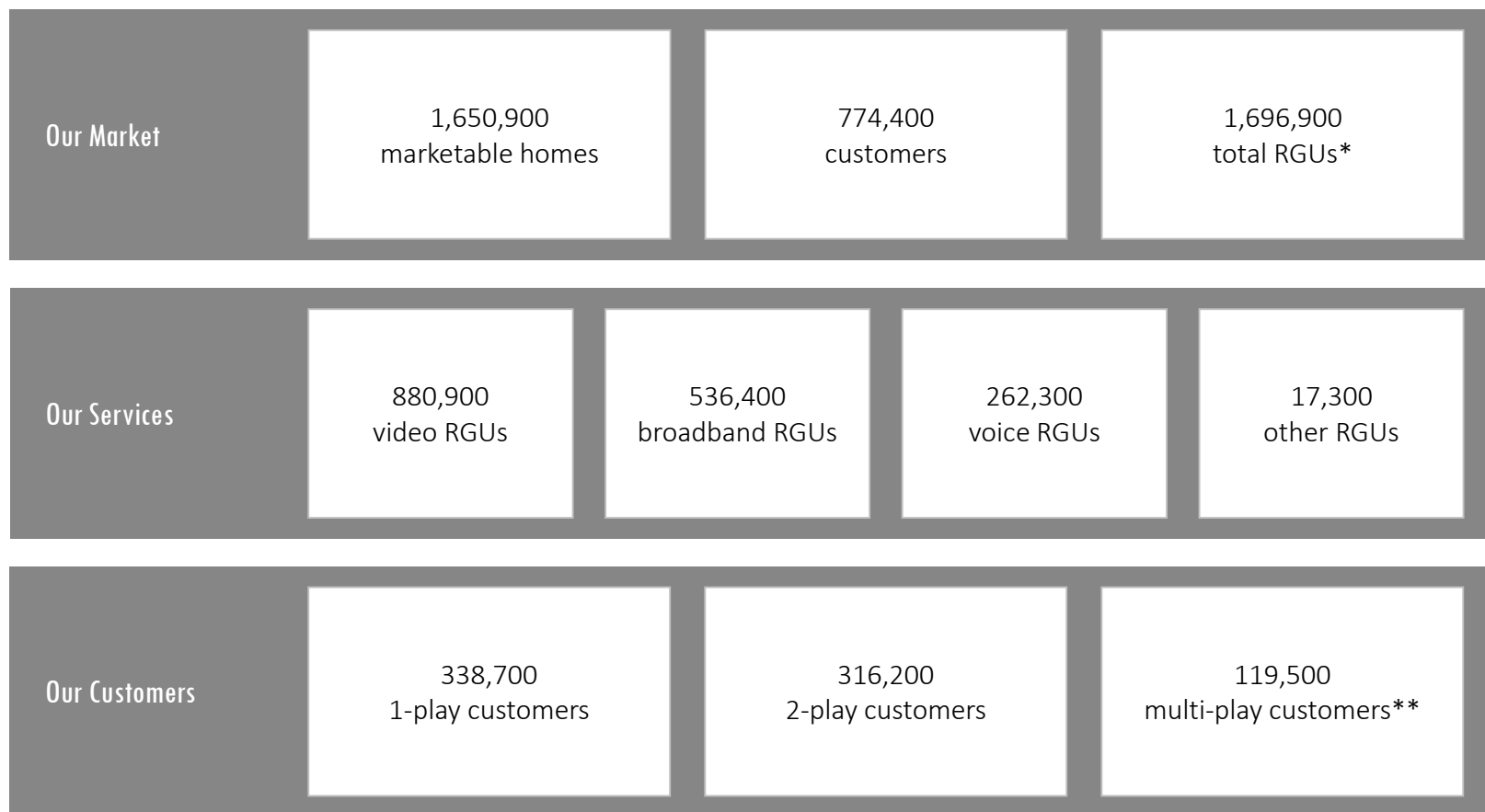
- We continue to post total RGU growth both year on year and quarter on quarter
- The growth in total RGUs year on year was attributable to growth in the video and broadband segments. In the voice segment, the business continues to shrink
- Please note that other RGUs no longer involve energy and gas services—due to exclusion of those services from our core business and preparing the energy and gas business for sale

Multimedia Polska Group



Business Review

Our Customer Base — 31 March 2017



(*) Includes telecom RGUs and other RGUs

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

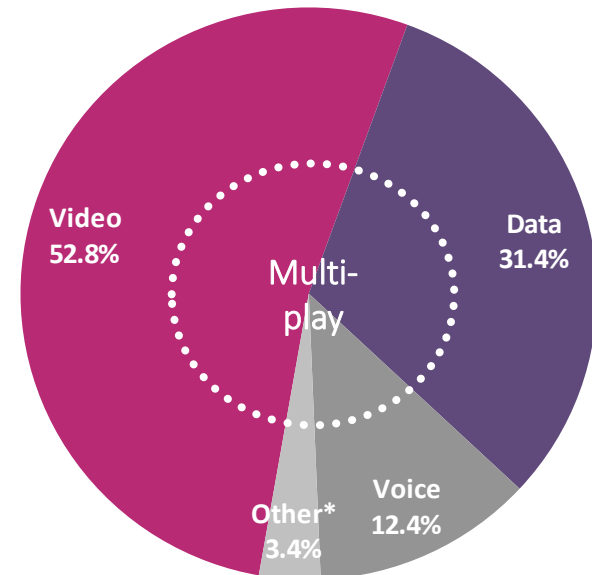
Note: Mathematical inaccuracies, if any, stem from approximation

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

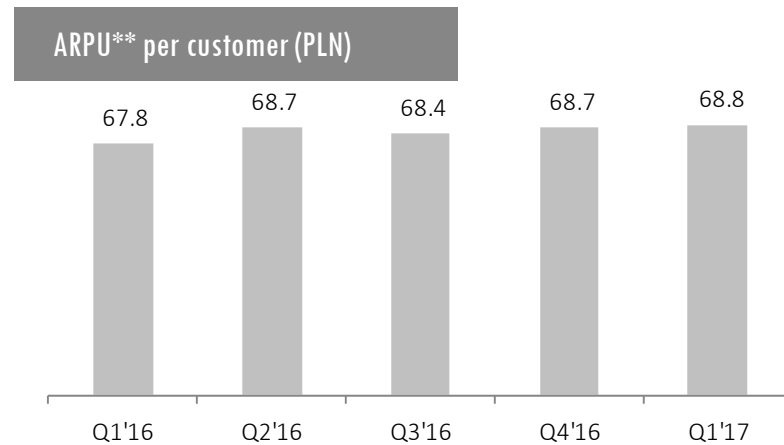
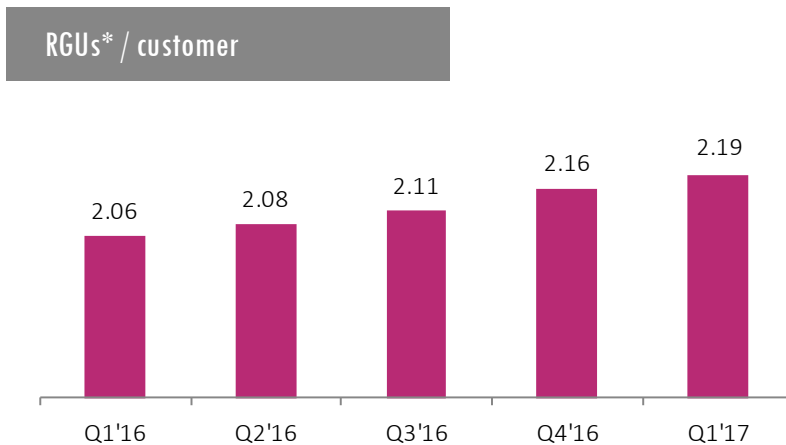
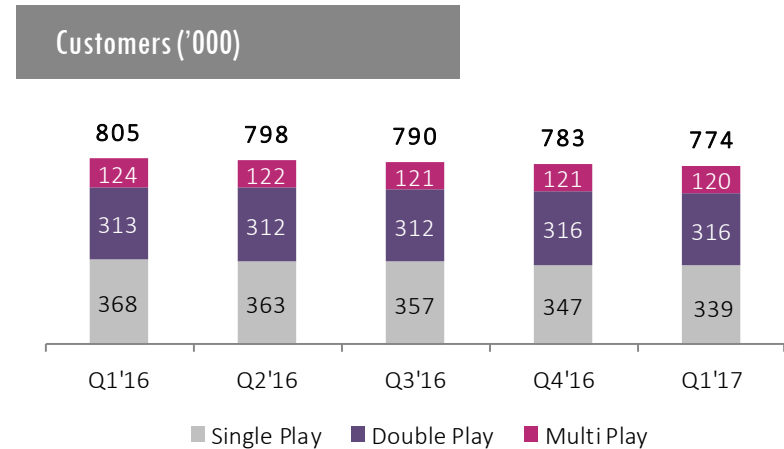
Q1 2017 revenue breakdown



(*) 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 Q1'17 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 2.16 in Q4'16 to 2.19 in Q1'17
- ARPU per customer increased slightly on Q4'16
- 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

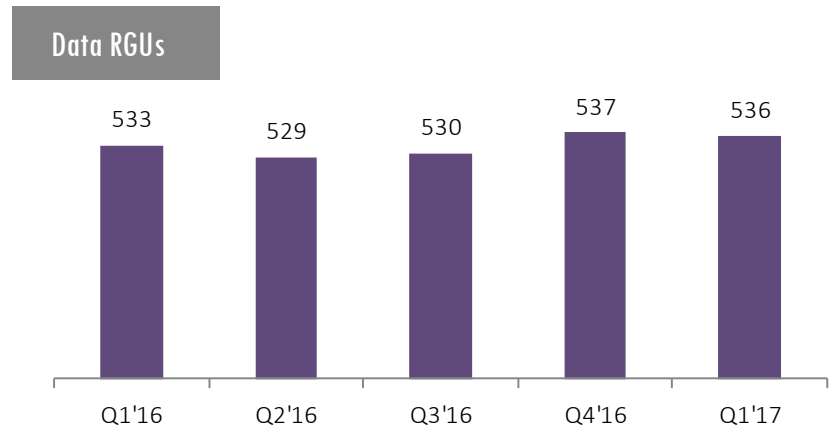
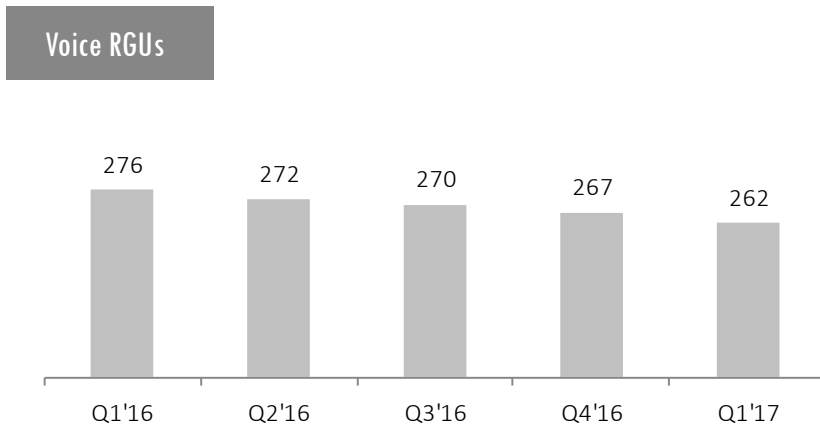
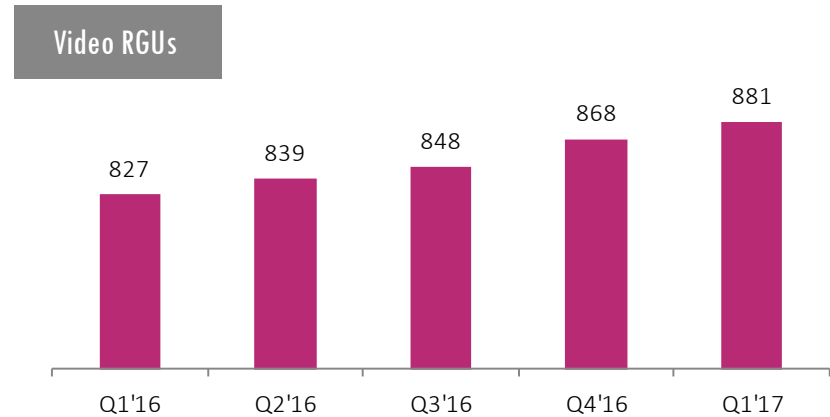


(*) Include telecom RGUs and other RGUs

(**) Calculated based on restated customer-based revenues, i.e. excluding other revenues that are not strictly customer-related. Please note that Q3 2015 data has been adjusted according to the newest methodology

Growth of RGU Base

- Our video RGUs are back on a steady upward trend
- In the broadband segment, there is a slight decline and 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 the services are still in the initial stage of development

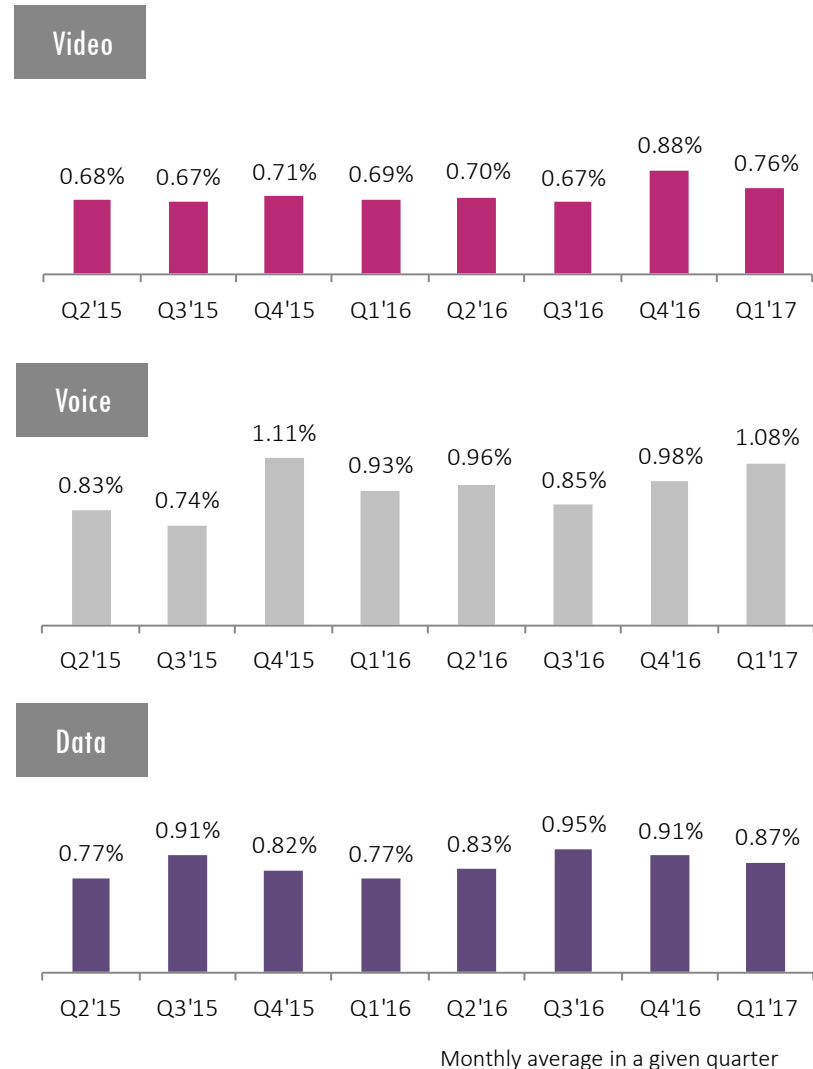


All data in thousands

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



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Financial Review

Revenue Structure Quarterly

Revenues (PLN '000)	Q1 2016	Q4 2016	Q1 2017	y-o-y % change	q-o-q % change
video	90 225	90 454	91 236	1%	1%
internet	56 680	55 399	54 254	-4%	-2%
telephony	24 056	22 073	21 428	-11%	-3%
other revenues	3 796	8 419	5 946	57%	-29%
Total Revenues	174 756	176 346	172 864	-1%	-2%

- Our revenues year on year and quarter on quarter have been impacted by the sale process that started back in November 2015, and the subsequent due diligence of the Group that engaged our organization internally
- 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)	Q1 2016	Q4 2016	Q1 2017	y-o-y % change	q-o-q % change
cost of services sold	39 591	56 900	42 202	7%	-26%
network maintenance	15 113	16 947	15 034	-1%	-11%
subscriber costs	1 675	1 936	2 334	39%	21%
sales and marketing	1 499	1 914	1 443	-4%	-25%
personnel costs	18 187	17 328	16 588	-9%	-4%
general management	12 308	12 300	13 270	8%	8%
Total Expenses	88 372	107 324	90 872	3%	-15%

- There were decreases in almost all cost categories quarter on quarter and any increases were minor in absolute terms – subscriber costs were up PLN0.4m and GM costs were up PLN1.0m primarily due to higher costs of advisory services for the Group
- The largest increase year on year was in the cost of services sold (up PLN 2.6m), which was connected primarily with higher variable costs associated with programming and copyrights on the back of digitalization of our subscriber base
- The largest decrease year on year was in personnel costs (down PLN1.6m)

Income Statement Quarterly

Income Statement (PLN '000)	Q1 2016	Q4 2016	Q1 2017	y-o-y % change	q-o-q % change
Revenues	174 756	176 346	172 864	-1%	-2%
Expenses (excl. D&A)	88 372	107 324	90 872	3%	-15%
Adjusted EBITDA	88 993	83 310	88 154	-1%	6%
<i>margin</i>	<i>50.9%</i>	<i>47.2%</i>	<i>51.0%</i>	-	-
Operating profit	32 299	15 831	29 663	-8%	87%
Net interest	(16 060)	(18 532)	(16 675)	4%	-10%
Profit before tax	16 239	(2 701)	12 988	-20%	-581%
Income tax	4 952	1 567	6 028	22%	285%
Profit from continued operations	11 286	(4 268)	6 960	-38%	263%

- Our Adjusted EBITDA increased quarter on quarter (by PLN4.8m), which was connected with a slight dip in revenues and considerable improvement in costs quarter on quarter
- There was a slight decline in Adjusted EBITDA (PLN0.9m) 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

CAPEX & Balance Sheet

CAPEX (PLN '000)	Q1 2016	Q4 2016	Q1 2017
growth	15 700	68 700	20 500
maintenance	15 700	26 800	15 100
other*	53 800	(40 100)	9 100
acquisitions			
Total CAPEX	85 200	55 400	44 700

Balance Sheet (PLN '000)	31-12-16	31-03-17	% change
Assets			
non-current	1 312 187	1 298 966	-1%
current	351 549	466 690	33%
incl. cash & equivalents	166 414	373 299	124%
Assets—discontinued operations	46 069	44 775	-3%
Total assets	1 709 805	1 810 431	6%
Equity	200 856	198 346	-1%
Liabilities			
non-current	998 677	1 071 532	7%
current	490 412	523 799	7%
Liabilities—discontinued operations	19 860	16 755	-16%
Total equity & liabilities	1 709 805	1 810 431	6%

- We spent c. PLN 44.7m on capital expenditure in Q1'17
- Our Q1'17 growth CAPEX accounted for c. 46% of total organic CAPEX
- On the balance sheet, our current assets include c. PLN 0.5m in bank deposits and PLN 373.3m in cash and equivalents (cash accumulated prior to repayment of the 1st bond instalment)
- 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 are being prepared for sale to a third party. The sale must be effected prior to closing of the main transaction.

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 extended H1 2017 report

30 August 2017

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