

# Multimedia Polska S.A. 2010 first quarter results

> 6 May 2010



# Disclaimer



This presentation may contain ‘forward-looking statements’ with respect to the business, financial results, and/or results of operations of 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 Issue Prospectus filed with the Polish Securities and Exchange Commission, 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.

# First Quarter 2010 Highlights



1

## EBITDA

- Our Q1 2010 EBITDA\* was PLN 72.9m and increased by ca. 19% year-on-year
- We continue to enjoy high EBITDA margin of 52.8%

2

## Subscribers and RGUs

- We increased the number of RGUs to 1,249,500; up 7% year-on-year
- We added ca. 20,000 DTV subscribers year-on-year
- We increased RGU/unique customer ratio to 1.86

3

## Opex per RGU

- We are back on track reducing operating expenses per RGU per month to PLN 17.5

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

# First Quarter 2010 Highlights



- > **We added 14,400 net RGUs**
  - adding 7,700 broadband RGUs
  - adding 9,100 telephony RGUs
  - losing 2,400 video RGUs (mostly single play) as a result of price increases
- > **We had 672,500 unique customers**
  - 365,500 single play subscribers
  - 216,000 double play subscribers
  - 91,000 triple play subscribers
- > **RGU/subscriber rate was**
  - 1.83 in Q4 2009
  - 1.86 in Q1 2010
- > **Blended ARPU per subscriber**
  - PLN 65.93 in Q4 2009
  - PLN 66.07 in Q1 2010
- > **Blended ARPU per RGU**
  - PLN 34.98 in Q4 2009
  - PLN 34.80 in Q1 2010

## RGU Growth Highlights



- > The dynamic growth of our data segment continues (13% y-o-y)
- > We have been able to sustain double-digit growth in the voice segment (12% y-o-y)
- > As regards our video segment, we lost 2 thsnd RGUs in Q1 2010, mostly single play, as a result of price increases. However, the overall effect of the price increase on revenues was positive and confirms our more offensive pricing strategy.

Quarter-on-quarter ('000)	Q4 2009	Q1 2010	% change	new adds
video	696	694	0%	(2)
voice	216	225	4%	9
data	323	331	2%	8
<b>Total</b>	<b>1 235</b>	<b>1 249</b>	<b>1%</b>	<b>14</b>

Year-on-year ('000)	Q1 2009	Q1 2010	% change	new adds
video	670	694	4%	24
voice	200	225	12%	25
data	293	331	13%	38
<b>Total</b>	<b>1 162</b>	<b>1 249</b>	<b>7%</b>	<b>87</b>

business review



# Our subscriber base —31 March 2010



<b>Our Market</b>	<b>1,148,900 marketable homes</b>	<b>672,500 unique subscribers</b>	<b>1,249,500 total RGUs</b>
<b>Our Services</b>	<b>693,900 video RGUs*</b>	<b>330,900 broadband RGUs</b>	<b>224,700 voice RGUs**</b>
<b>Multiplay</b>	<b>365,500 1-play subscribers</b>	<b>216,000 2-play subscribers</b>	<b>91,000 3-play subscribers</b>

(\*) Include 31,300 premium channel RGUs, 7,400 IPTV RGUs and 100,800 DTV RGUs

(\*\*) Include 18,600 indirect voice RGUs and approximately 700 payphones

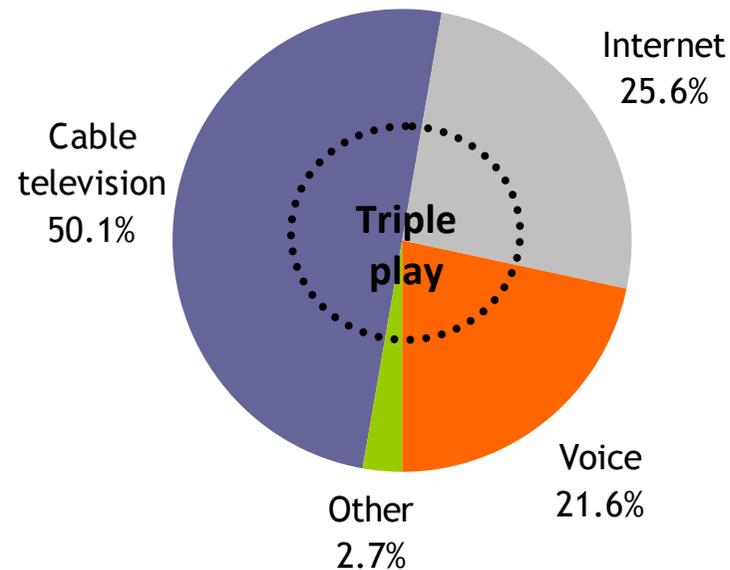
# Our products today



## 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

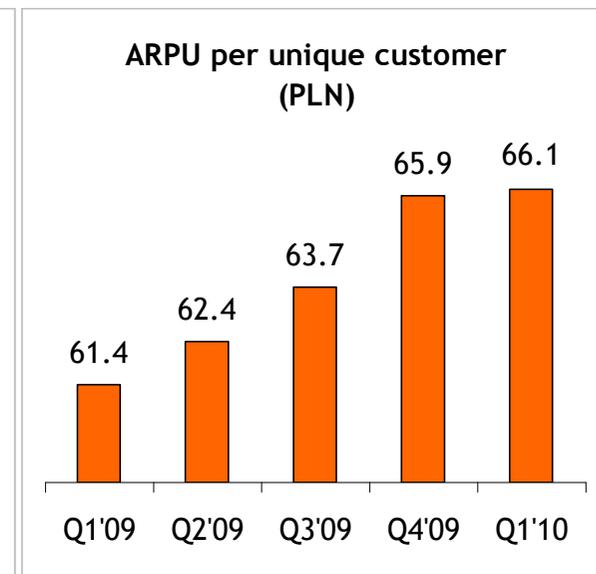
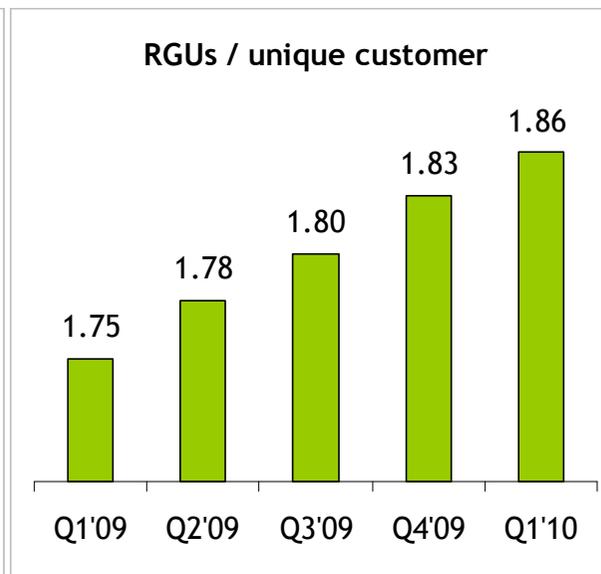
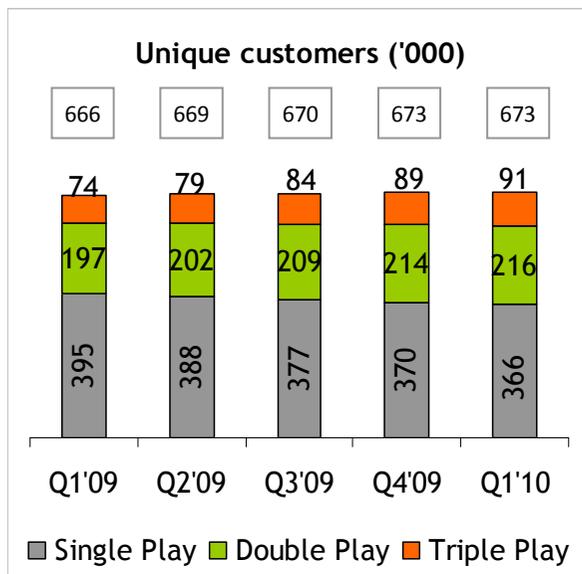
## 2010 Q1 revenue breakdown



# Subscribers and ARPU



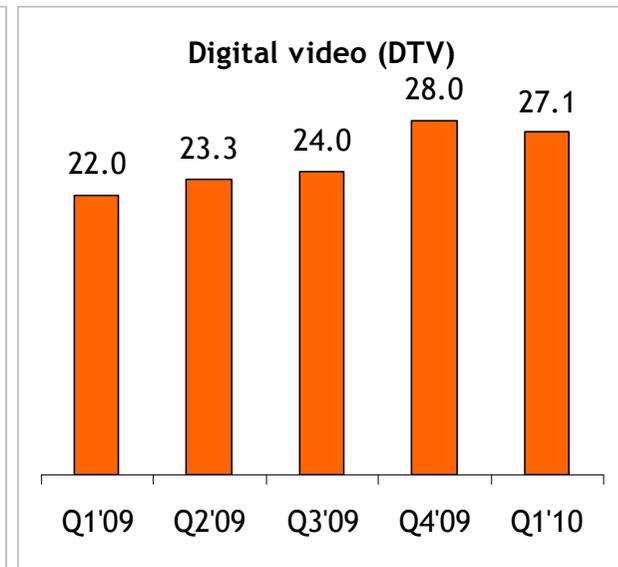
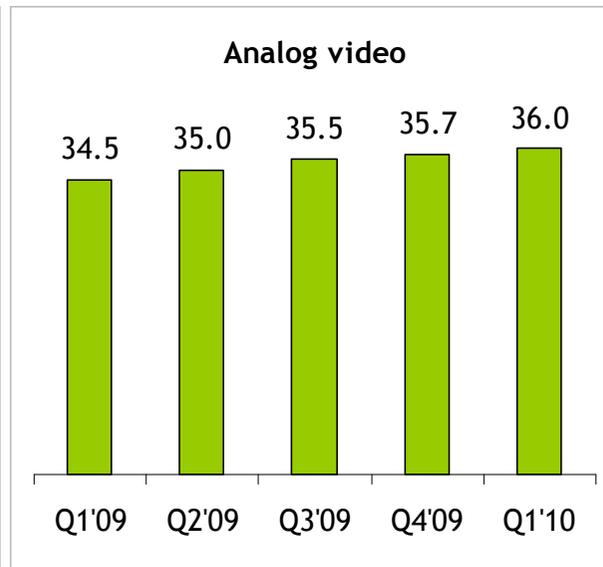
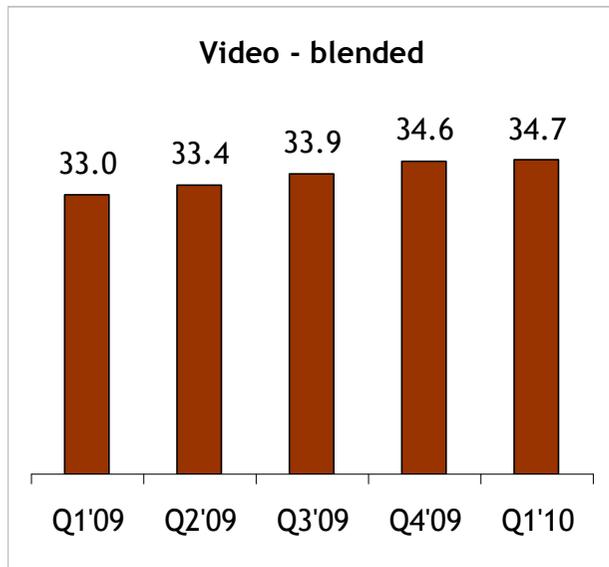
- > Due to successful bundling of services, we continue to grow our ARPU per unique customer
- > RGU per unique customer increased from 1.83 in Q4 2009 to 1.86 in Q1 2010



# ARPU per RGU —video services



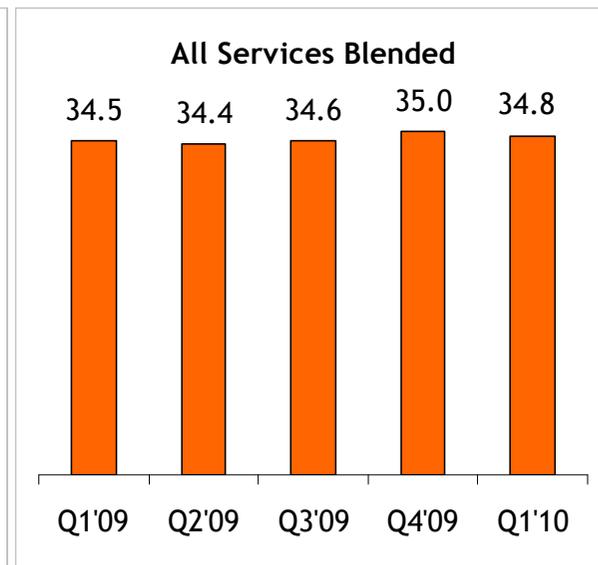
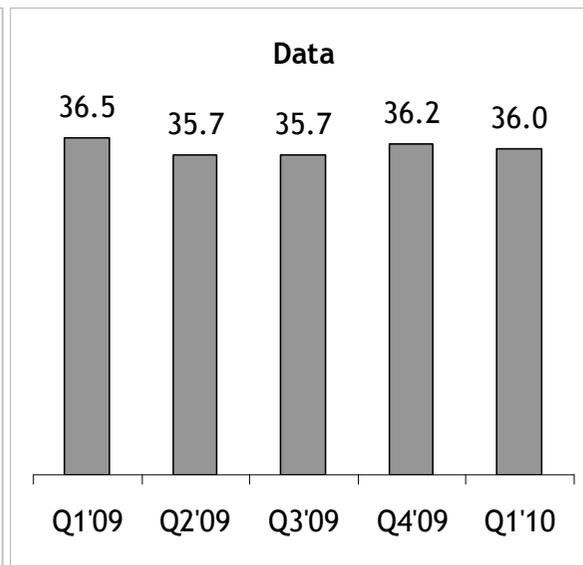
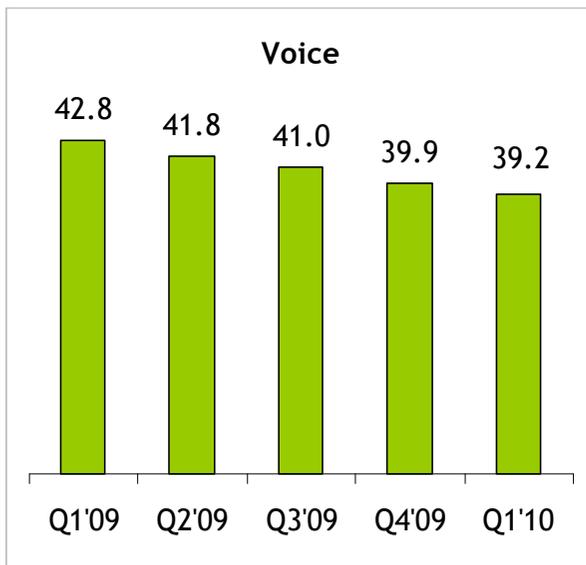
- > Digital cable TV is quickly becoming an established and growing element of our business
- > In the DTV segment, we grow both the number of RGUs and revenue



# ARPU per RGU —voice and data



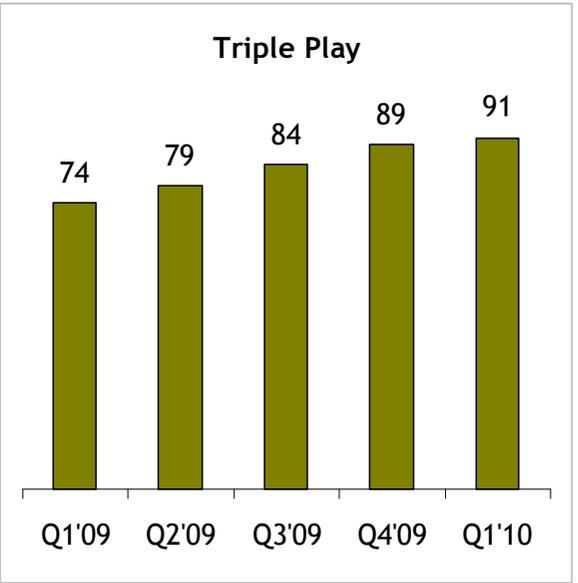
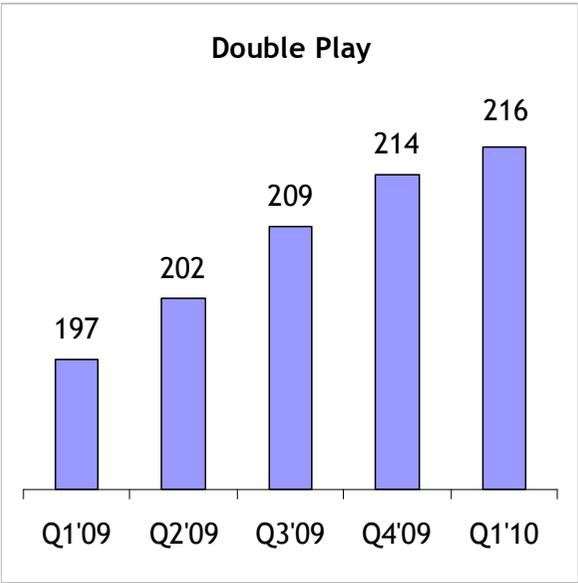
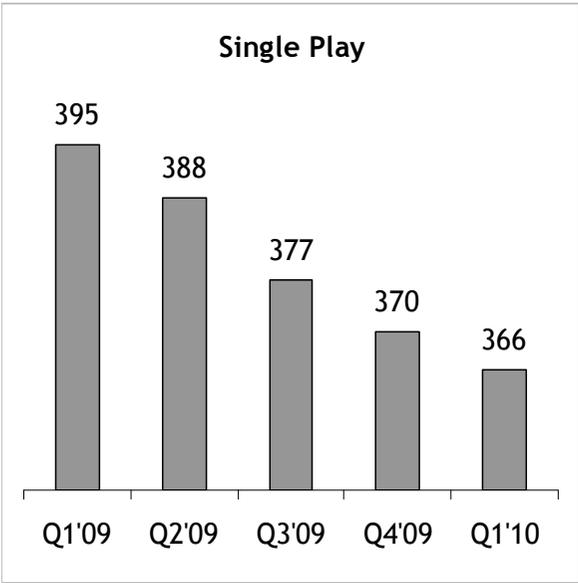
- > **VoIP:** ARPU on the service increased in Q1 2010, which together with positive net additions of VoIP users produced higher VoIP revenues
- > **PSTN:** like other market players we are seeing a decline in PSTN customers and ARPU
- > **Broadband:** ARPU is currently stable and vibrant additions of 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

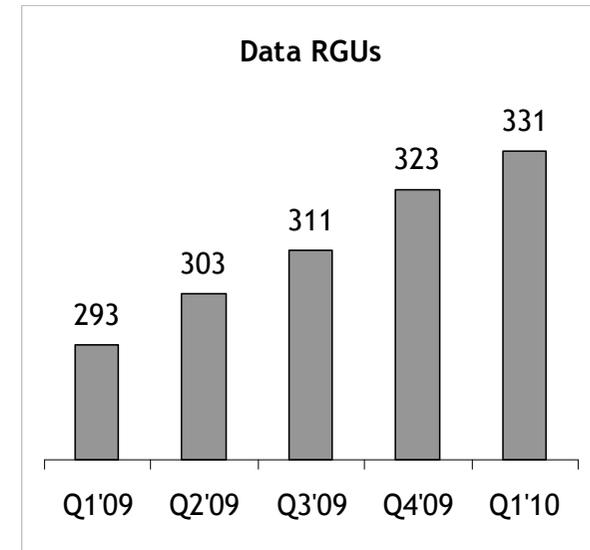
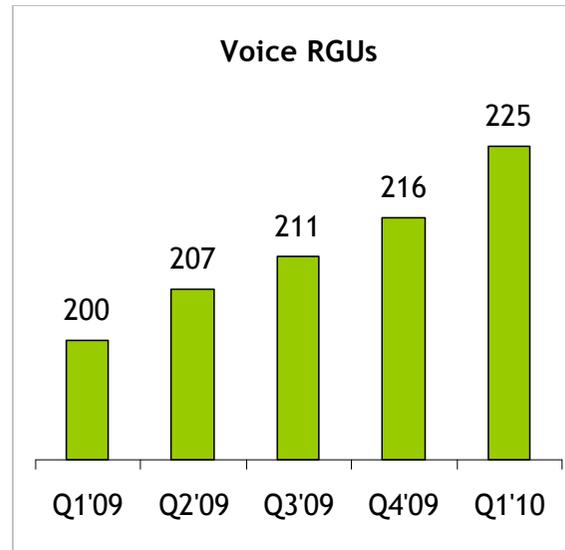
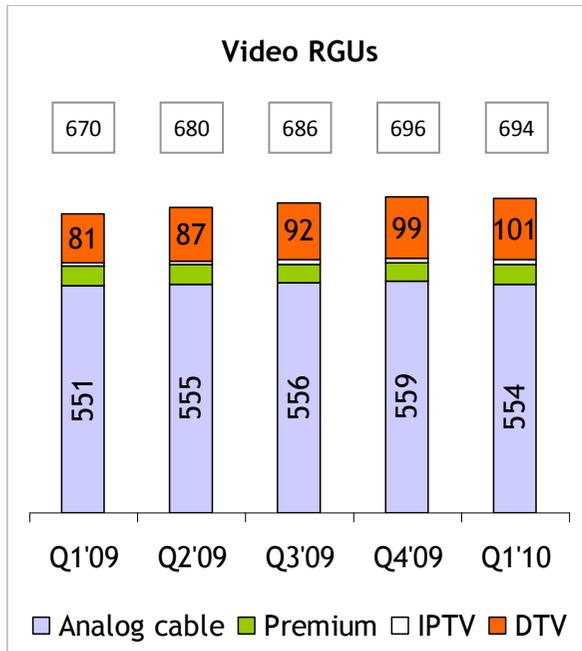


All data in thousands

# Growth of Customer Base

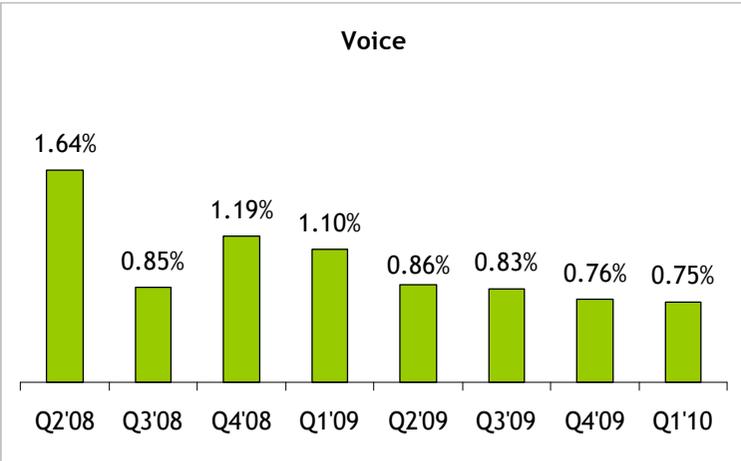
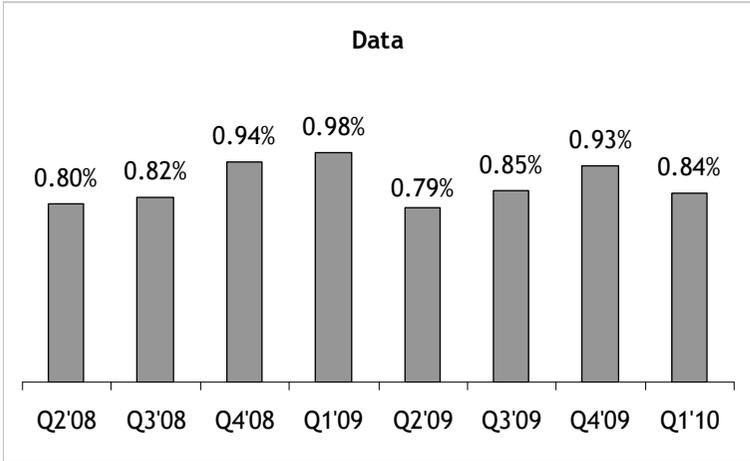
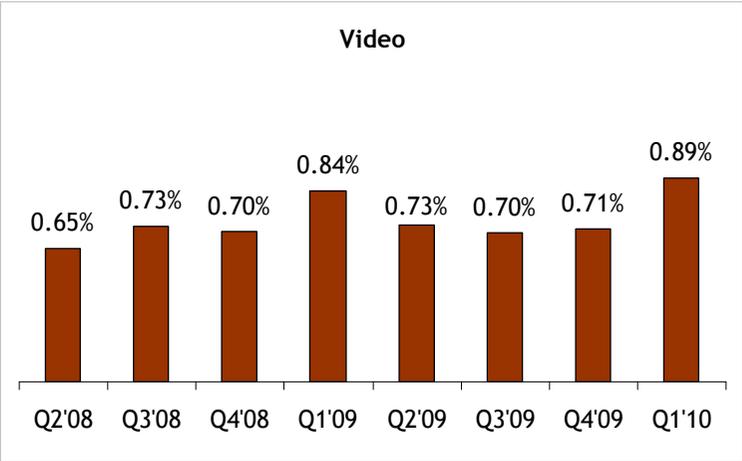


- > Stable and solid growth of Revenue Generating Units quarter on quarter in data and voice segments
- > We adjusted our pricing policy for analogue video, which translated into a drop in analogue RGUs; however, we are seeing a positive trend in analogue video revenues thanks to higher ARPU



All data in thousands

# Churn – under control due to service bundling



Monthly average in a given quarter

financial review



## Revenue Structure Quarterly



- > CATV revenues increased due to price increases
- > The decline in premium CATV revenues is connected with migrations of premium customers to digital television
- > Growth of our DTV revenues continues
- > The impact of dynamic growth of Internet RGUs on revenues is partly offset by price discounts

Revenues (PLN '000)	Q1 2009	Q4 2009	Q1 2010	y-o-y % change	q-o-q % change
basic CATV	56 837	59 769	60 163	6%	1%
premium CATV	579	345	232	-60%	-33%
DTV & IPTV	5 531	8 703	8 854	60%	2%
internet	31 298	34 491	35 307	13%	2%
telephony	28 851	29 965	29 904	4%	0%
other revenues	3 488	4 646	3 671	5%	-21%
<b>Total Revenues</b>	<b>126 585</b>	<b>137 918</b>	<b>138 131</b>	<b>9%</b>	<b>0%</b>

## Operating Expenses Quarterly

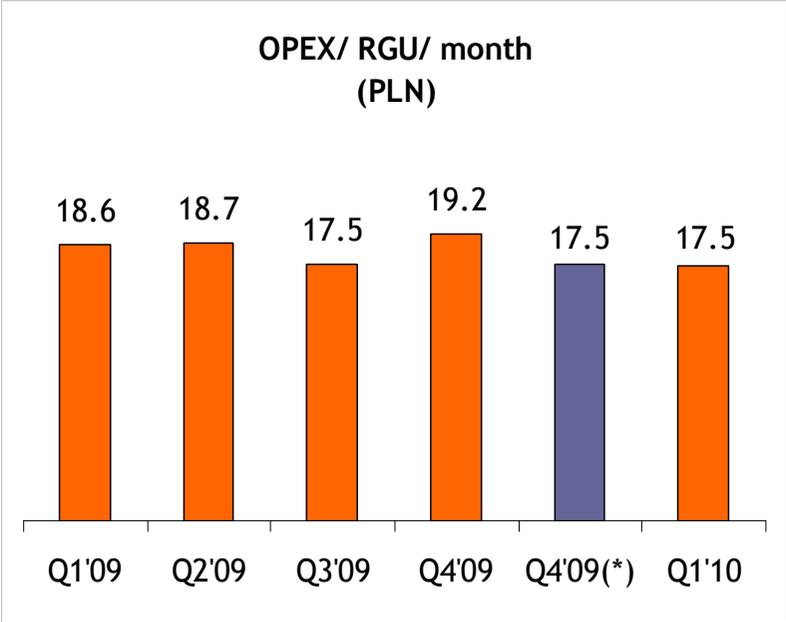


Expenses (PLN '000)	Q1 2009	Q4 2009	Q1 2010	y-o-y % change	q-o-q % change
programming and copyrights	17 380	15 489	13 856	-20%	-11%
bandwidth	2 502	1 874	1 549	-38%	-17%
interconnect	4 719	5 307	4 013	-15%	-24%
network costs	10 436	11 368	11 177	7%	-2%
sales and marketing	3 085	4 671	2 956	-4%	-37%
payroll and benefits	16 651	21 197	19 091	15%	-10%
taxes and charges	2 837	2 884	3 141	11%	9%
professional services	798	980	1 234	55%	26%
energy and materials	3 519	5 101	3 540	1%	-31%
other expenses	2 994	2 374	4 899	64%	106%
<b>Total Expenses</b>	<b>64 921</b>	<b>71 244</b>	<b>65 456</b>	<b>1%</b>	<b>-8%</b>
OPEX/ RGU /month	18.6	19.2	17.5	-6%	-9%

# Operating Expenses Quarterly



- > Our operating expenses in Q4 2009 were impacted by one-off events: tranche II of our Share Option Plan and creation of an employee benefits allowance
- > Without the one-offs, our Q4 2009 OPEX/ RGU/ month would have been at PLN 17.5 instead of PLN 19.2 and would have remained unchanged from Q3 2009
- > In Q1 2010 the ratio remained stable



(\*) Excluding one-off events

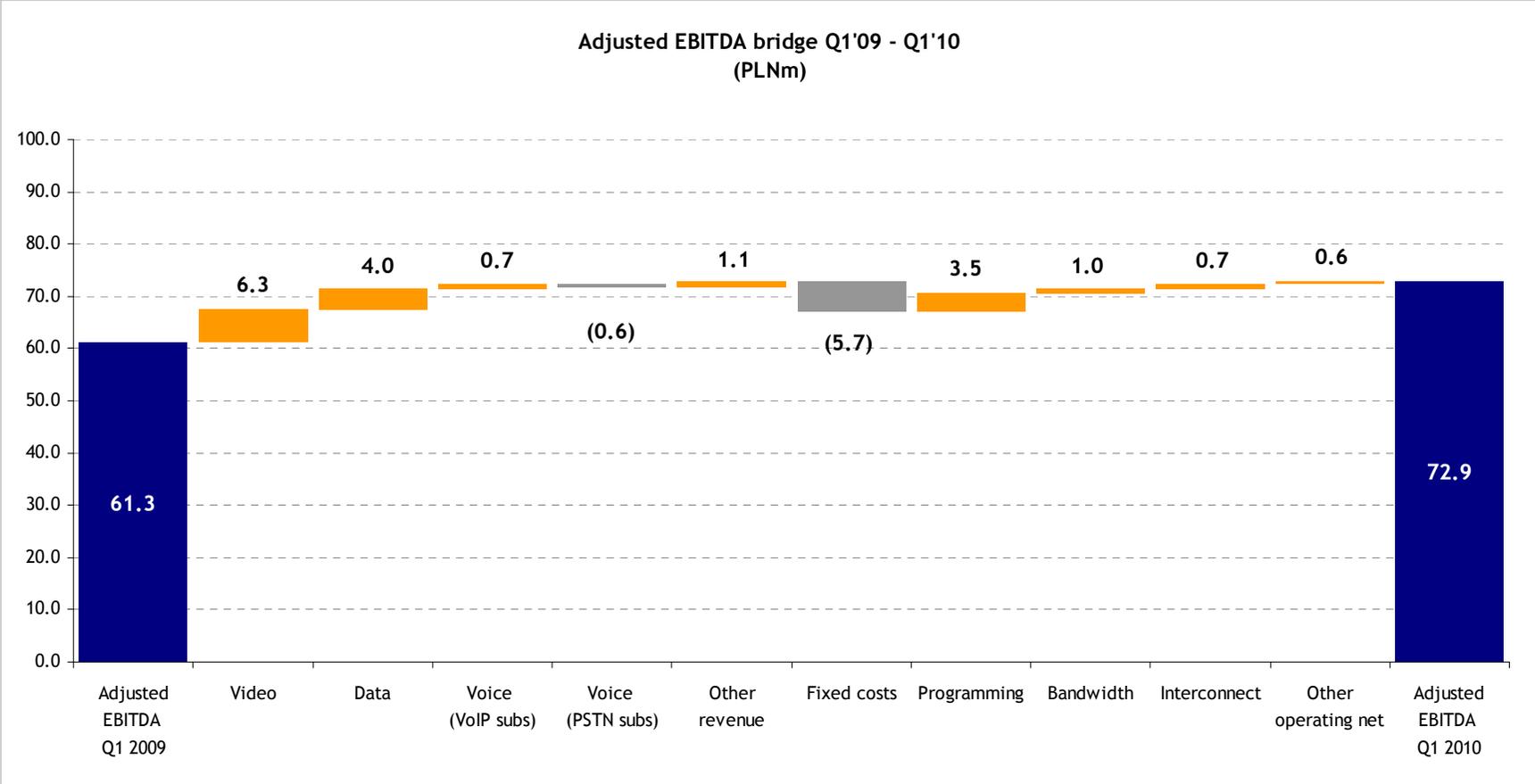
# Income Statement Quarterly



Income Statement (PLN '000)	Q1 2009	Q4 2009	Q1 2010	y-o-y % change	q-o-q % change
Revenues	126 585	137 918	138 131	9%	0%
Expenses (excl. D&A)	64 921	71 244	65 456	1%	-8%
Adjusted EBITDA	61 278	72 164	72 903	19%	1%
<i>margin</i>	48.4%	52.3%	52.8%	-	-
Operating profit	22 420	29 883	31 570	41%	6%
Net interest	(7 221)	(5 633)	(5 187)	-28%	-8%
Pretax profit	15 199	24 250	26 384	74%	9%
Tax	2 746	1 980	4 930	-	-
Net income	12 453	22 270	21 454	72%	-4%

(\*) Please note that Q4 2009 is compliant with the restated data presented in the audited consolidated financial statements for the year ended 31 December 2009. For details of the restatement see the consolidated annual financial statements.

# EBITDA Bridge\*



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

# Balance Sheet



Balance Sheet (PLN '000)	31-12-09	31-03-10	% change
<b>Assets</b>			
non-current	1 101 619	1 082 414	-2%
current	65 209	82 438	26%
incl. cash & equivalents	4 802	20 194	321%
<b>Total assets</b>	<b>1 166 828</b>	<b>1 164 852</b>	<b>0%</b>
<b>Equity</b>			
	633 945	656 434	4%
<b>Liabilities</b>			
non-current	364 851	347 237	-5%
current	168 032	161 181	-4%
<b>Total equity &amp; liabilities</b>	<b>1 166 828</b>	<b>1 164 852</b>	<b>0%</b>

# Capital Expenditures



- > We spent ca. PLN 45m on capital expenditure in Q1 2010
- > Our Q1 2010 growth CAPEX accounted for 87% of total organic CAPEX

CAPEX (PLN '000)	Q1 2009	Q4 2009	Q1 2010
growth	53 100	56 000	39 100
other	7 300	5 600	5 600
acquisitions	-	-	-
<b>Total CAPEX</b>	<b>60 400</b>	<b>61 600</b>	<b>44 700</b>

recent events & outlook



## Recent Events & Outlook



---

We signed an engagement letter with Bank Polska Kasa Opieki S.A. to carry out our **bond issue programme** on 13 April 2010

---

**Annual General Meeting** has been convened for 10 May 2010 with bond issue and share buy-back resolutions on the agenda

---

We are looking to obtain consent from our AGM for **share buy-back** and are planning to allocate PLN 330m to it

---

We are successfully selling **regulated services (WLR)** and obtaining very good sales results as well as considerable revenues reported under indirect voice revenues

## Contact us



> Investor Relations Office  
tel. +48 22 553 86 00  
fax. +48 22 553 86 03  
[ir@multimedia.pl](mailto:ir@multimedia.pl)

> Stefan Kossecki  
Head of Investor Relations  
tel. +48 22 553 86 10  
fax. +48 22 553 86 03  
[s.kossecki@multimedia.pl](mailto:s.kossecki@multimedia.pl)

Or visit our Investor Relations website

[www.multimedia.pl/investor](http://www.multimedia.pl/investor)

Publication of H1 2010 results:

31 August 2010

Publication of Q3 2010 results:

12 November 2010