

# Multimedia Polska S.A.

## 2008 fourth quarter results

> 25 February 2009

## Disclaimer

This presentation contains 'forward-looking statements' including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'pro forma', and 'intend' or future or conditional verbs such as 'will', 'would', or 'may'. 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, American 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.

# FY 2008 Highlights

1

## EBITDA

- Our 2008 EBITDA\* was PLN 237.3m increased by ca. 14% year-on-year
- We continue to enjoy high EBITDA margin of 50%

2

## Subscribers and RGUs

- We increased the number of RGUs to 1,129,000; up 17.2% year-on-year
- We added ca. 51,000 DTV subscribers year-on-year
- We increased RGU/unique customer ratio to 1.70

3

## Opex per RGU

- We continue to reduce operating expenses per RGU to PLN 17.6

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

## Fourth Quarter 2008 Highlights

- > **We added 47,300 net RGUs**
  - 24,400 video RGUs
  - 18,400 broadband RGUs
  - 4,500 telephony RGUs
- > **We had 662,300 unique customers**
  - 401,100 single play subscribers
  - 191,200 double play subscribers
  - 70,000 triple play subscribers
- > **RGU/subscriber rate was**
  - 1.67 in Q3 2008
  - 1.70 in Q4 2008
- > **Blended ARPU per subscriber**
  - PLN 59.35 in Q3 2008
  - PLN 61.49 in Q4 2008
- > **Blended ARPU per RGU**
  - PLN 35.38 in Q3 2008
  - PLN 35.40 in Q4 2008

## RGU Growth Highlights

- > Y-o-y we increased the number of 2-play users by 10% and 3-play users by 57%

Quarter-on-quarter ('000)	Q3 2008	Q4 2008	% change	new adds
video	630	655	4%	24
voice	192	196	2%	4
data	260	279	7%	18
<b>Total</b>	<b>1 082</b>	<b>1 129</b>	<b>4%</b>	<b>47</b>

Year-on-year ('000)	FY 2007	FY 2008	% change	new adds
video	576	655	14%	79
voice	176	196	11%	20
data	212	279	32%	67
<b>Total</b>	<b>964</b>	<b>1 129</b>	<b>17%</b>	<b>166</b>

# business review

## Our subscriber base—31 December 2008

<b>Our Market</b>	1,080,600 marketable homes	662,300 unique subscribers	1,129,000 total RGUs
<b>Our Services</b>	655,000 video RGUs*	279,000 broadband RGUs	196,000 voice RGUs**
<b>Multiplay</b>	401,000 1-play subscribers	191,300 2-play subscribers	70,000 3-play subscribers

(\*) Include 30,300 premium channel RGUs, 5,000 IPTV RGUs and 70,700 DTV RGUs

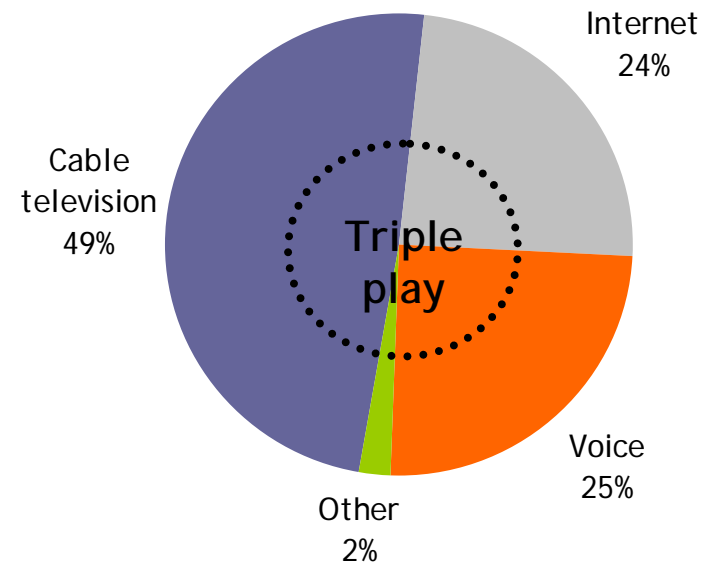
(\*\*) Include 13,000 indirect voice RGUs and approximately 700 payphones

# 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)
  - Telephony (VoIP, PSTN - also digital, NDS/CPS, value-added services)
- > We have already achieved our target revenue structure and continue to expand each segment

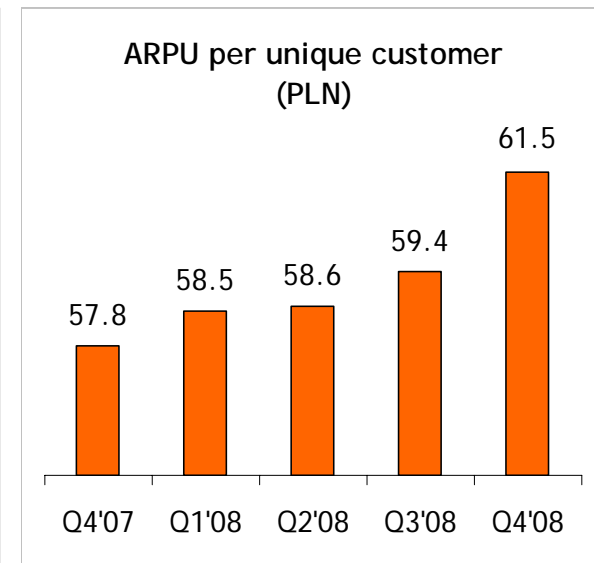
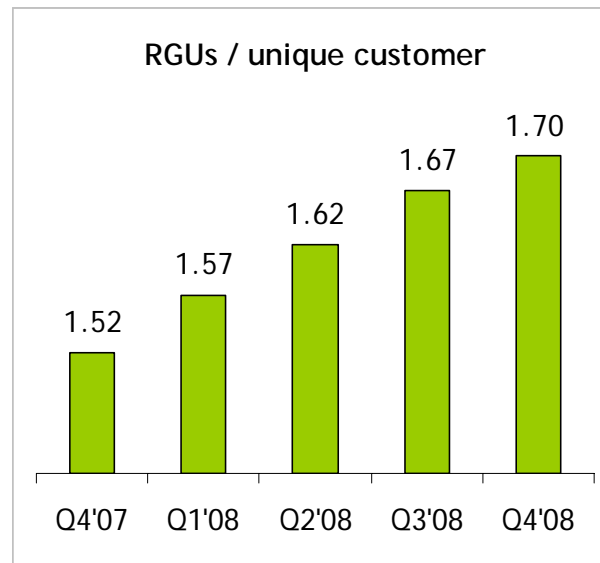
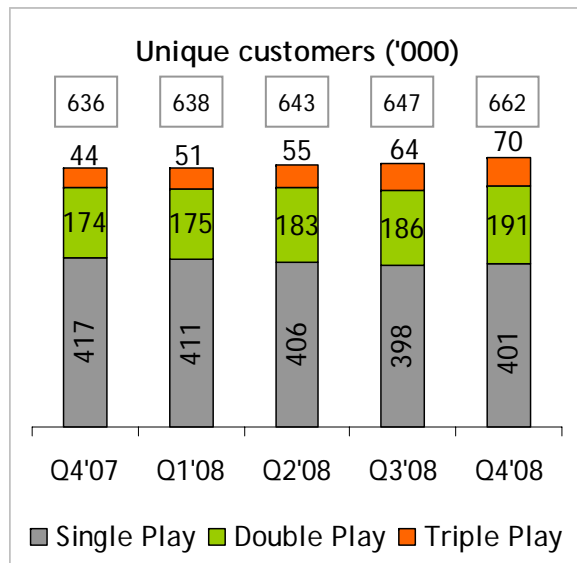
## 2008 FY revenue breakdown





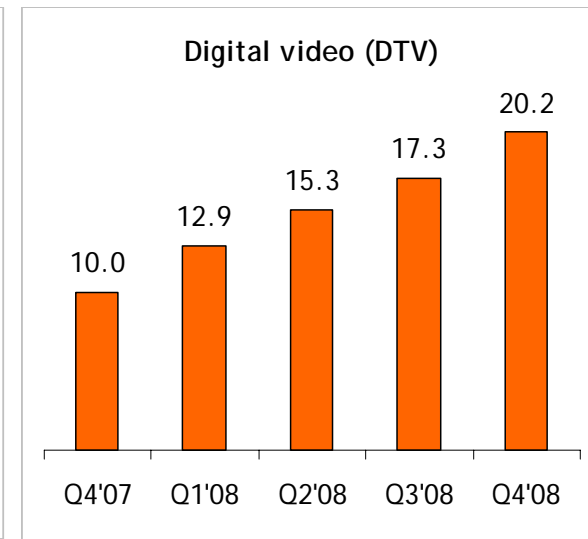
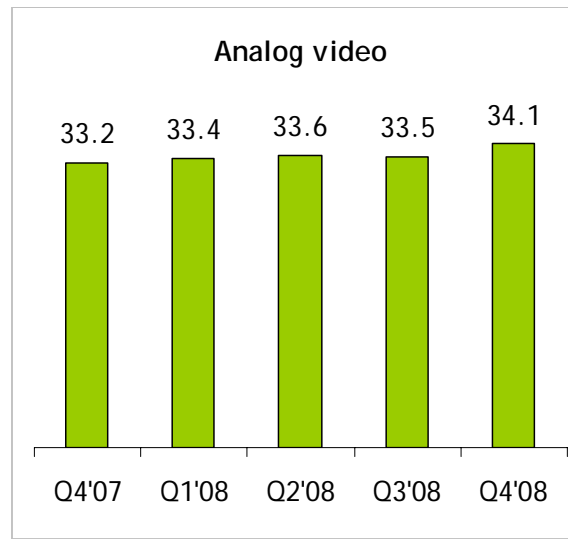
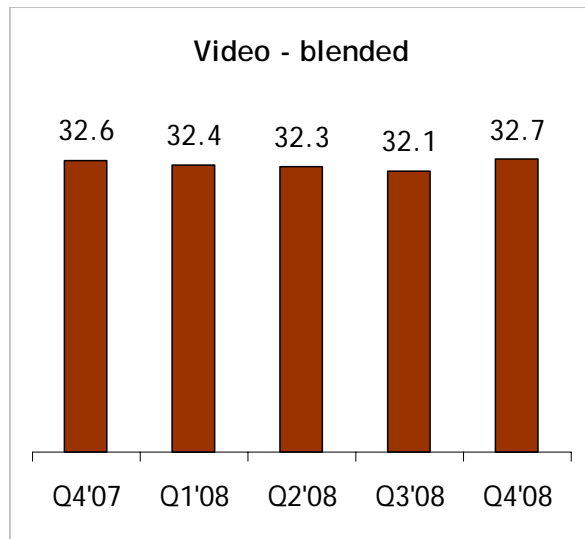
# Subscribers and ARPU

- > Due to successful bundling of services, we continue to grow our ARPU per unique customer
- > RGU per unique customer increased from 1.67 in Q3 2008 to 1.70 in Q4 2008



## ARPU per RGU—video services

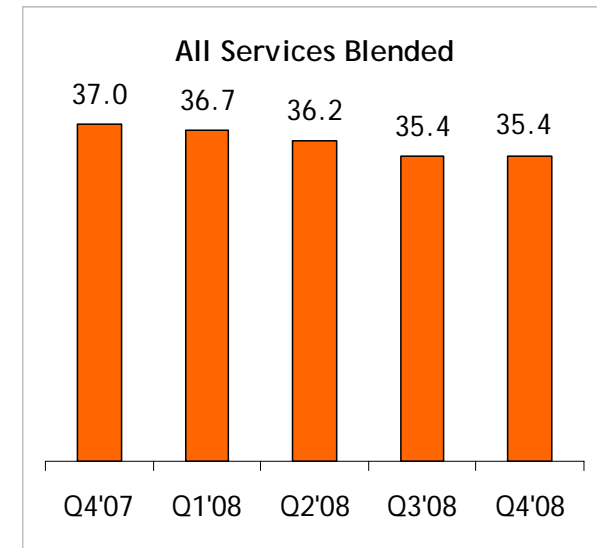
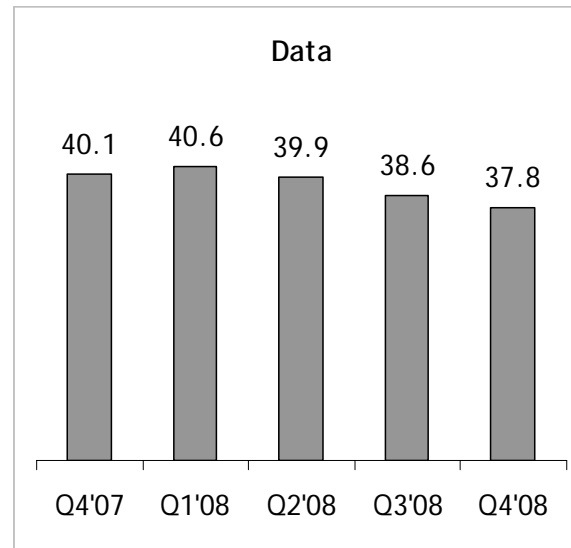
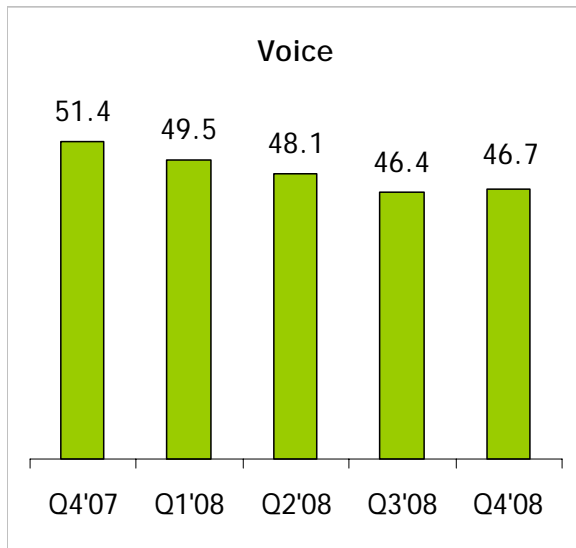
- > Digital cable TV is quickly becoming an established and growing element of our business
- > In the DTV segment, we grow both the number of RGUs and our ARPU on the service



Note: In 2007 significant discounts were offered to promote DTV

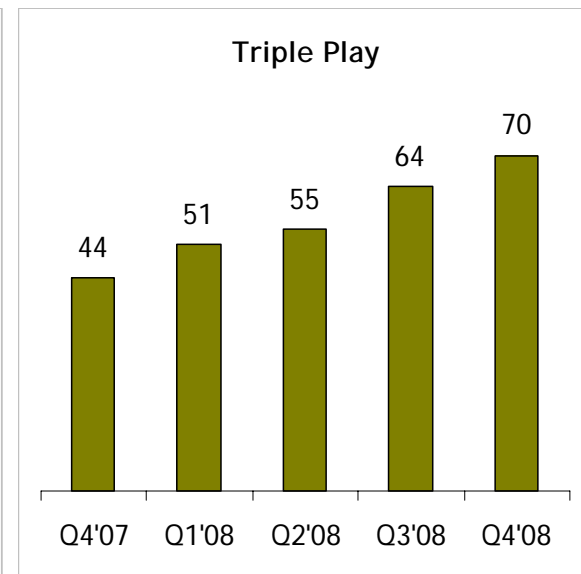
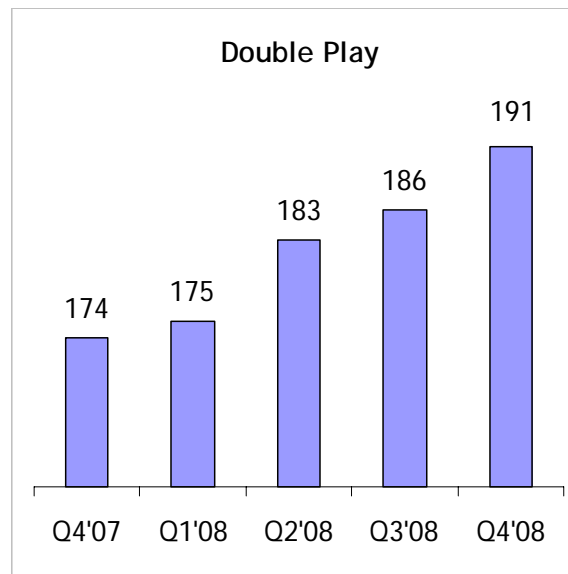
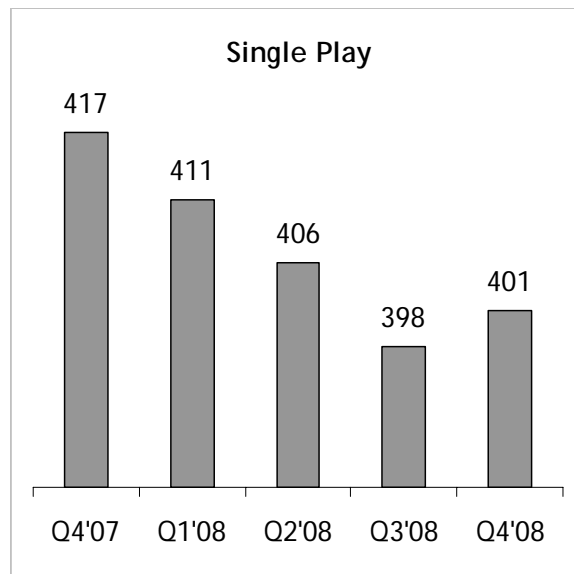
## ARPU per RGU—voice and data services

- > **Voice:** Q4 brought revenue increases in both VoIP and PSTN telephony. We successfully defended our quarterly ARPU.
- > **Broadband:** the drop in ARPU was more than offset by vibrant additions of broadband users. The impact on broadband revenues on the whole was positive.



# Customer Base Structure

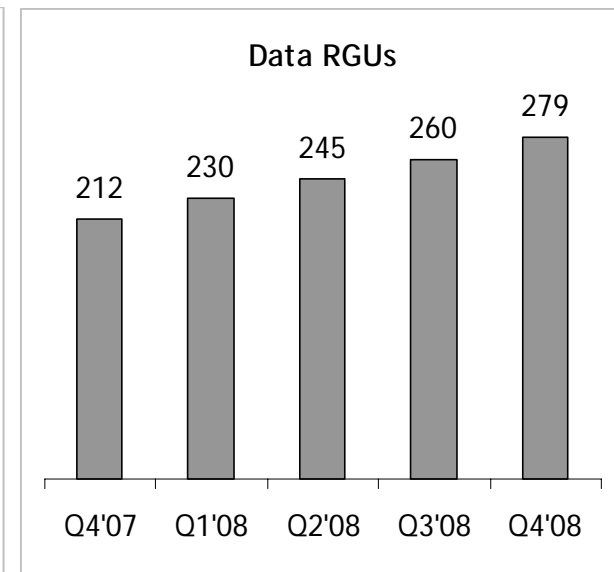
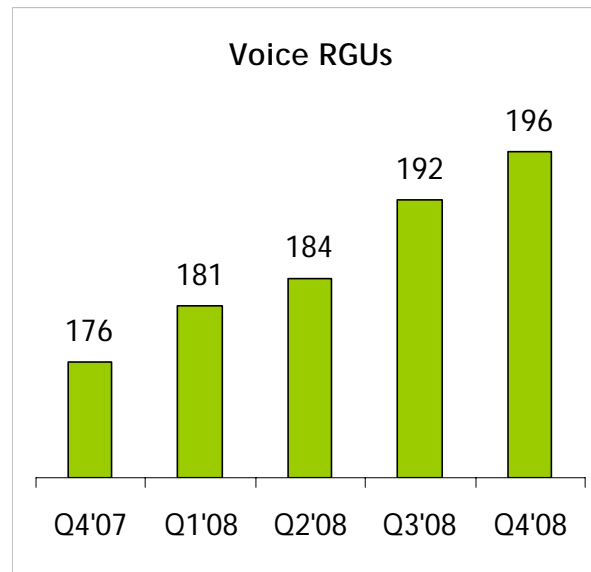
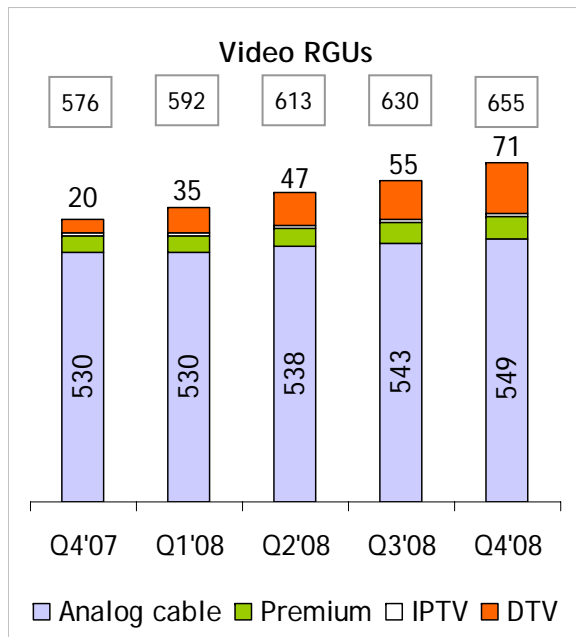
- > In line with our strategy, we have been moving away from single play and towards double and triple play and we fully expect this trend to continue going forward



All data in thousands

# Growth of Customer Base

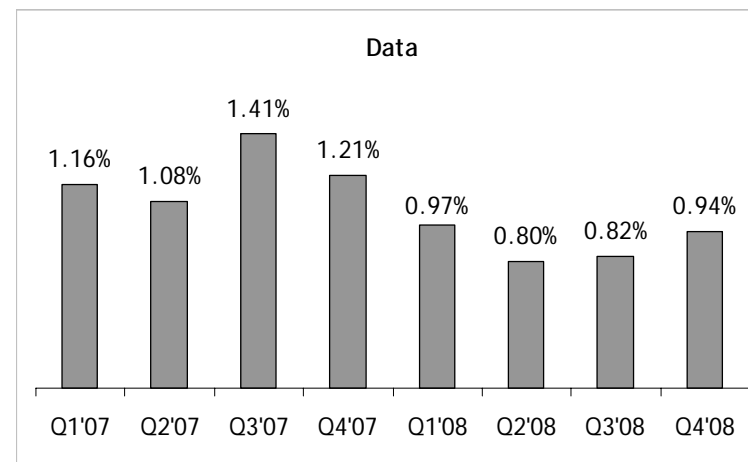
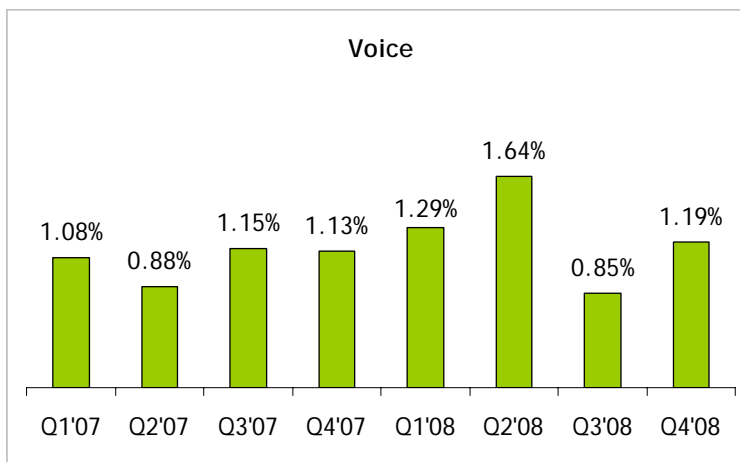
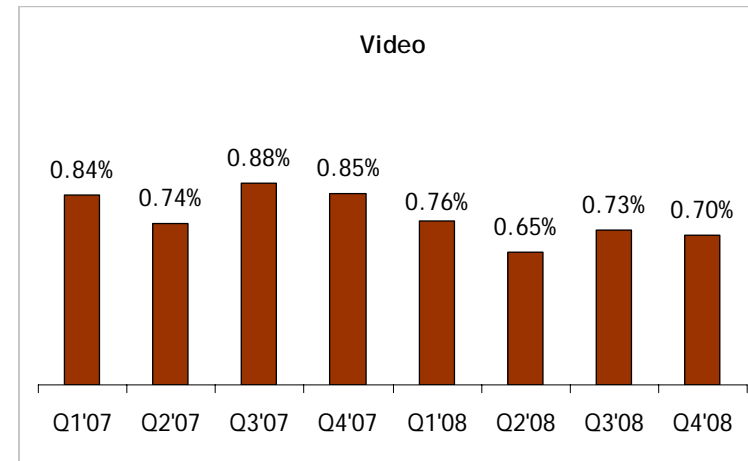
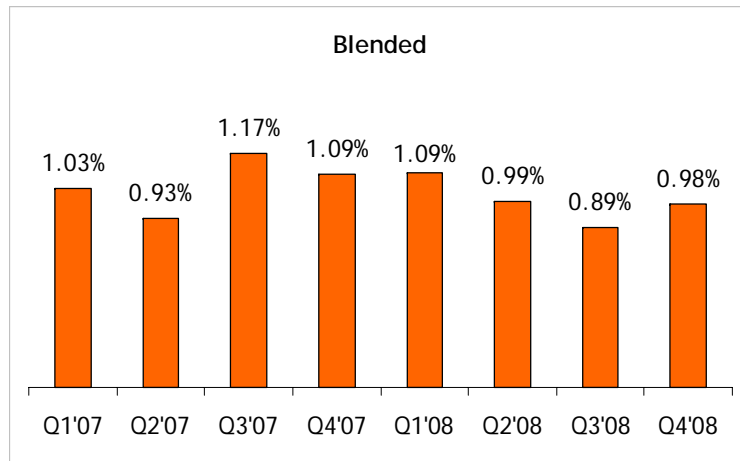
- > Stable and solid growth of Revenue Generating Units quarter on quarter in all service groups



All data in thousands

# Churn

- under control due to service bundling

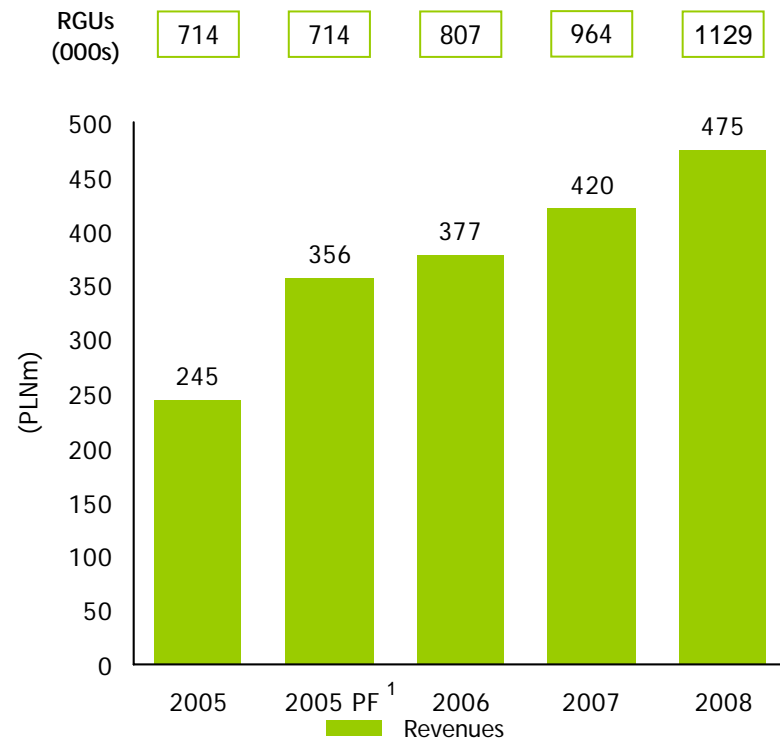


Monthly average in a given quarter

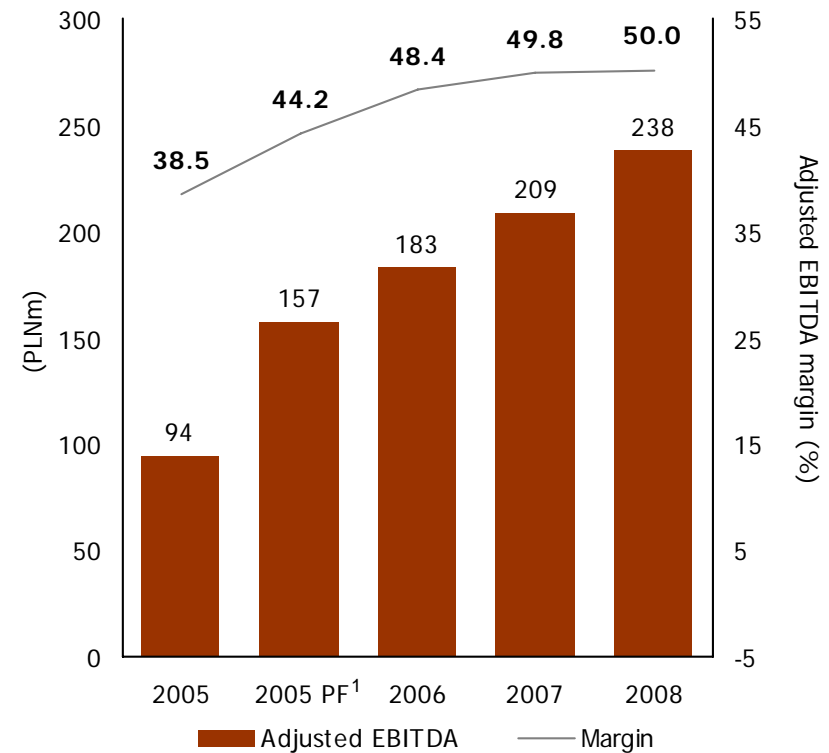
# financial review

# Track record of growth

## Revenues, RGUs



## Adjusted EBITDA and margin



Source: Audited IFRS statements for 2003, 2004, 2005 and 2005 pro forma; unaudited IFRS statements for Q4 2008

Note: (1) TeleNet consolidation started on 29 November 2005



## Revenue Structure Quarterly

- > CATV revenues increased due to RGU additions
- > Vibrant 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)	Q4 2007	Q3 2008	Q4 2008	y-o-y % change	q-o-q % change
basic CATV	52 619	54 350	55 817	9%	3%
premium CATV	1 398	975	787	-34%	-19%
DTV & IPTV	754	3 029	4 290	708%	42%
internet	24 132	29 231	30 536	34%	4%
telephony	28 669	29 500	30 450	3%	3%
other revenues	4 309	2 151	3 343	-34%	55%
<b>Total Revenues</b>	<b>111 881</b>	<b>119 236</b>	<b>125 222</b>	<b>13%</b>	<b>5%</b>

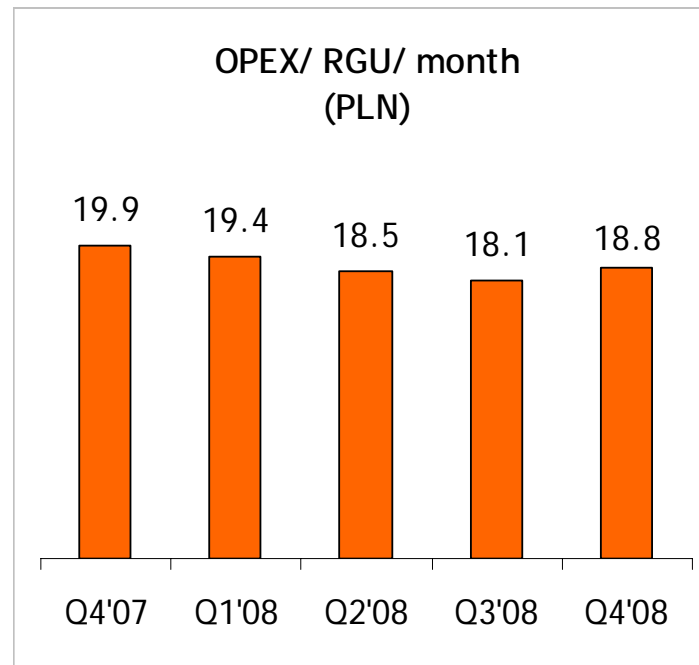
## Operating Expenses Quarterly

- > Despite operating a larger customer base we have managed to keep operating expenses under control

Expenses (PLN '000)	Q4 2007	Q3 2008	Q4 2008	y-o-y % change	q-o-q % change
programming and copyrights	11 212	11 933	13 687	22%	15%
bandwidth	2 787	2 600	2 571	-8%	-1%
interconnect	5 918	4 979	5 206	-12%	5%
network costs	9 144	9 403	10 606	16%	13%
sales and marketing	2 940	4 157	4 676	59%	13%
payroll and benefits	15 764	15 766	15 945	1%	1%
taxes and charges	2 759	2 811	3 244	18%	15%
professional services	929	866	990	6%	14%
energy and materials	3 690	3 409	4 009	9%	18%
other expenses	2 428	2 788	2 640	9%	-5%
<b>Total Expenses</b>	<b>57 572</b>	<b>58 714</b>	<b>63 575</b>	<b>10%</b>	<b>8%</b>
OPEX/ RGU /month	19.9	18.1	18.8	-6%	4%

# Operating Expenses Quarterly

- > In Q4 2008, just as in the previous year, our OPEX/ RGU/ month ratio was impacted by one-off items
- > We believe that 2009 will continue the downward trend recorded during each financial year



# Income Statement Quarterly

Income Statement (PLN '000)	Q4 2007	Q3 2008	Q4 2008	y-o-y % change	q-o-q % change
Revenues	111 881	119 236	125 222	12%	5%
Expenses (excl. D&A)	57 572	58 714	63 575	10%	8%
Adjusted EBITDA	54 943	60 725	62 648	14%	3%
<i>margin</i>	<i>49.1%</i>	<i>50.9%</i>	<i>50.0%</i>	-	-
Operating profit	26 470	24 933	25 191	-5%	1%
Net interest	(2 749)	(6 240)	(6 631)	141%	6%
Pretax profit	23 722	18 693	18 561	-22%	-1%
Tax	(5 282)	2 045	7 994	-	-
Net income	29 004	16 648	10 566	-64%	-37%

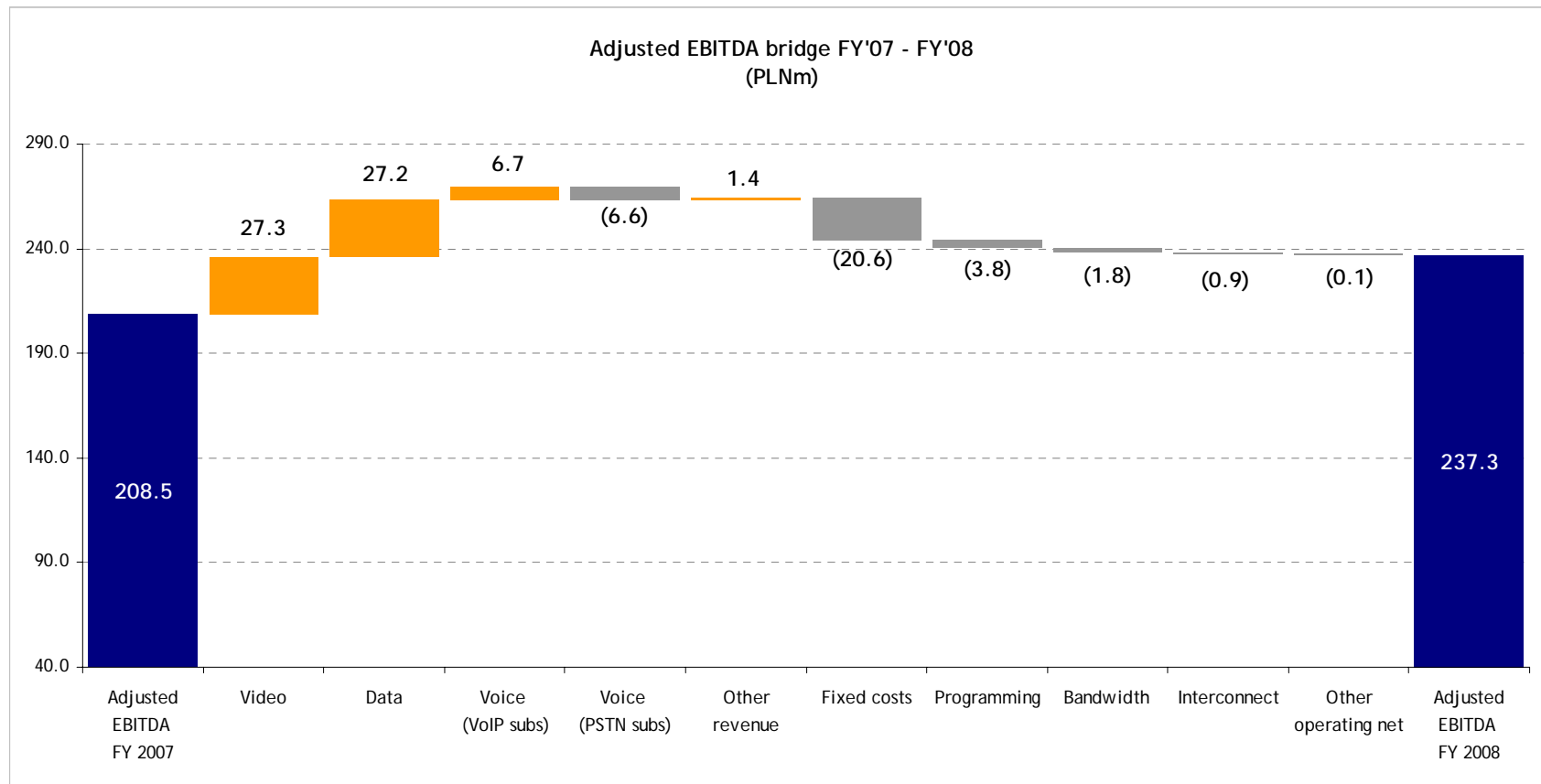
## Revenue Structure Year-on-Year

Revenues (PLN '000)	FY 2007	FY 2008	% change
basic CATV	197 517	217 084	10%
premium CATV	5 862	4 156	-29%
DTV & IPTV	1 534	10 964	-
internet	87 827	115 034	31%
telephony	114 523	118 217	3%
other revenues	12 233	9 988	-18%
<b>Total Revenues</b>	<b>419 497</b>	<b>475 442</b>	<b>13%</b>

## Operating Expenses Year-on-Year

Expenses (PLN '000)	FY 2007	FY 2008	% change
programming and copyrights	45 255	49 044	8%
bandwidth	9 395	11 186	19%
interconnect	20 645	21 540	4%
network costs	34 116	38 684	13%
sales and marketing	15 702	15 064	-4%
payroll and benefits	49 536	63 108	27%
taxes and charges	10 752	11 518	7%
professional services	3 518	3 371	-4%
energy and materials	11 870	13 780	16%
other expenses	10 569	11 136	5%
<b>Total Expenses</b>	<b>211 359</b>	<b>238 431</b>	<b>13%</b>
OPEX/ RGU /month	18.3	17.6	-4%

# EBITDA Bridge\*



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

## Income Statement Year-on-Year

Income Statement (PLN '000)	FY 2007	FY 2008	% change
Revenues	419 497	475 442	13%
Expenses (excl. D&A)	211 359	238 431	13%
Adjusted EBITDA	208 550	237 323	14%
<i>margin</i>	<i>49.7%</i>	<i>49.9%</i>	-
Operating profit	95 006	95 374	0%
Net interest	(15 909)	(22 318)	-
Pretax profit	79 097	73 056	-8%
Tax	6 732	19 165	-
Net income	72 365	53 891	-26%



# Balance Sheet

Balance Sheet (PLN '000)	31-12-07	31-12-08	% change
<b>Assets</b>			
non-current	847 250	942 870	11%
current	84 888	68 944	-19%
cash & equivalents	184 080	24 862	-86%
<b>Total assets</b>	<b>1 116 217</b>	<b>1 036 676</b>	<b>-7%</b>
<b>Equity</b>			
	591 014	576 763	-2%
<b>Liabilities</b>			
non-current	321 033	242 818	-24%
current	204 170	217 095	6%
<b>Total equity &amp; liabilities</b>	<b>1 116 217</b>	<b>1 036 676</b>	<b>-7%</b>

## Free Cash Flow

Free Cash Flow (PLN '000)	Q4 2008
Adjusted EBITDA	62 648
Changes in working capital	12 597
Investment expenditure	(50 200)
Tax paid	(7 994)
<b>Free Cash Flow</b>	<b>17 051</b>

## Capital Expenditures

- > We spent ca. PLN 55.4m on capital expenditure in Q4 2008
- > Our growth CAPEX accounted for 88% of total organic CAPEX

CAPEX (PLN '000)	Q1 2008	Q2 2008	Q3 2008	Q4 2008	FY 2008
growth	44 200	54 300	49 200	44 300	192 000
other	8 000	6 100	8 000	5 900	28 000
acquisitions	5 900	-	900	5 200	12 000
<b>Total CAPEX</b>	<b>58 100</b>	<b>60 400</b>	<b>58 100</b>	<b>55 400</b>	<b>232 000</b>

# recent events & outlook

## Recent Events

**DTV and Video-on-Demand** currently available to ca. **680,000 HP**  
very good response to the service in **Warsaw**

Implementing active acquisitions strategy overbuilding existing operators,  
ca. **36,000 homes** passed already built

**HollyVOD: VOD advertising campaign** in 22 biggest MMP locations  
launched in February 2009

**Share buy-back programme** ended in Q4 2008  
4,510,317 shares acquired in the programme between 13 Dec 2007 and 14 Nov 2008,  
representing **2.86% of the share capital**  
Total spending on the programme - **PLN 39.2 million**

**Repurchase of own shares** effected in January 2009  
861,000 shares acquired at PLN 7.35 per share, total spend PLN 6,328,350  
Purpose: **share option plan** for max. 35 top management

# Warsaw Project

Construction of 26,000 HP in North West districts in progress  
(20,000 HP completed)

Construction of 15,000 HP in North East districts in progress  
(10,000 HP completed)

**9,000 HP ready in southern suburbs**  
the southern footprint is being expanded into new districts (Ursynów)

Construction of **metropolitan backbone** network integrating  
all districts of Warsaw  
in progress (45 km completed)

Soaring demand for our services among Warsaw housing co-operatives

## Future Developments

Planning to reach coverage of 120,000 homes passed in Warsaw  
Warsaw investments currently estimated at PLN 85m

Continue active acquisitions strategy in attractive locations to encourage sell-off

Introducing new services based on digital standards, such as interactive TV,  
time-shift TV, T-commerce etc.

Continue the roll out of WiMax to provide wireless voice and broadband internet  
services

## 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 full year results:

8 April 2009

Publication of Q1 2009 results:

13 May 2009