

TVN Group Financial Results for the fourth quarter and full year 2011

Markus Tellenbach, CEO TVN Group, CEO 'n'
Piotr Walter, VP Television
Robert Bednarski, Board Member, CEO Onet
John Driscoll, Board Member, CFO

Warsaw, February 15th, 2012

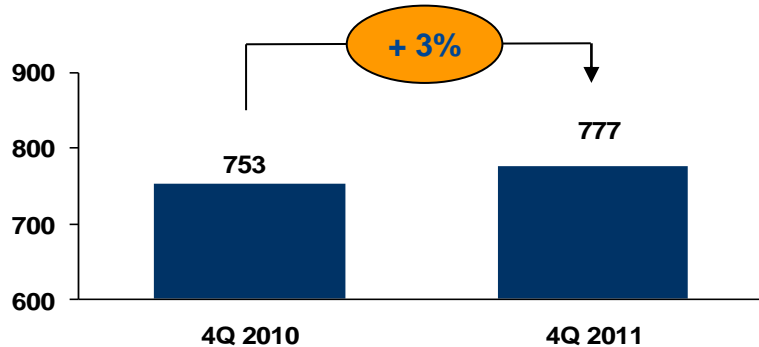
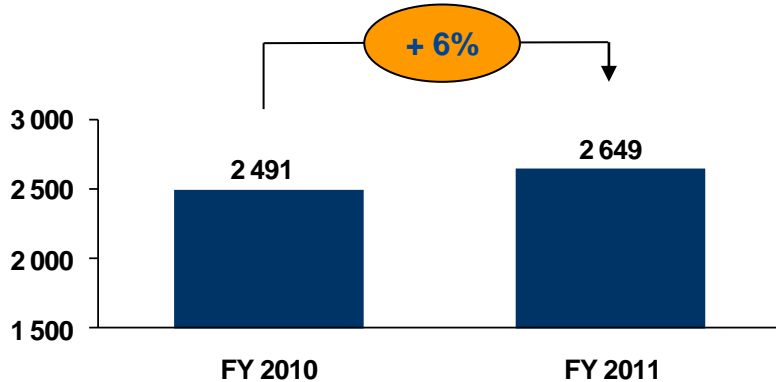
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1. Introduction
2. TV segment
3. 'n' platform
4. Online segment
5. Financial review
6. Conclusions
7. Outlook for 2012
8. Q&A session

- ✓ The Group results in 4Q were driven by continued strong performance of Pay TV and Online segments, partially offset by impact of weak advertising market on TV segment
 - ✓ 'n' platform achieved its targets significantly exceeding 900 thousand subscribers and reaching full year positive EBITDA result
 - ✓ Onet further expands its revenue and increases profitability despite a soft display advertising market
 - ✓ TV segment results were driven by decline in TV advertising market and focus on preserving margins
- ✓ Conclusion of agreement with Group Canal+ impacts reported results through reclassification of 'n' platform to „Discontinued operations”

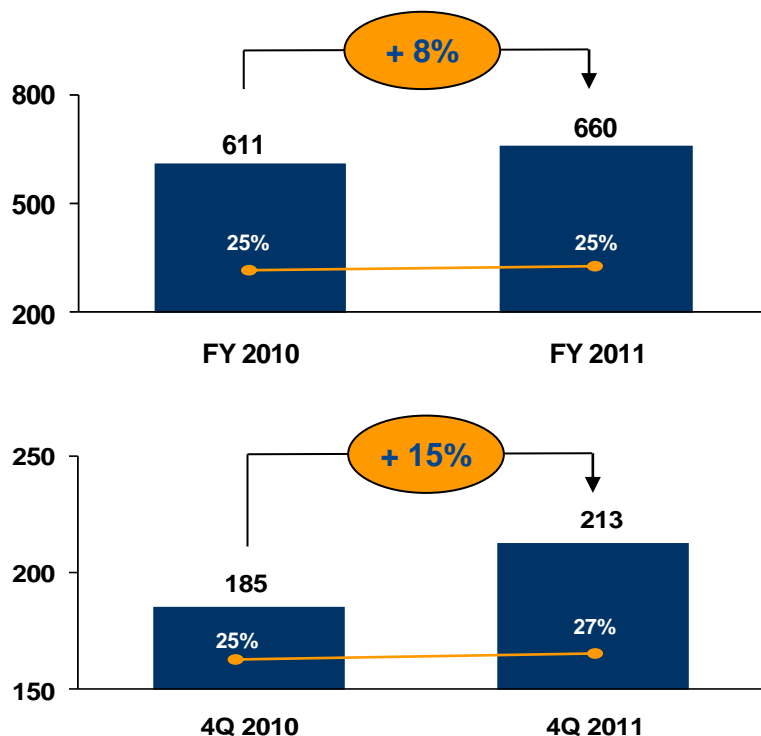
Full year comparable top line growth despite softer fourth quarter

TVN Group comparable revenue



- ✓ Non-advertising TV revenues helped to offset impact of weak advertising market in both 4Q and FY
- ✓ Pay TV top line growth further driven by successful customer base increase with maintained focus on ARPU development
- ✓ Double-digit full year Online revenue increase despite softer display advertising market growth in 4Q

TVN Group comparable EBITDA



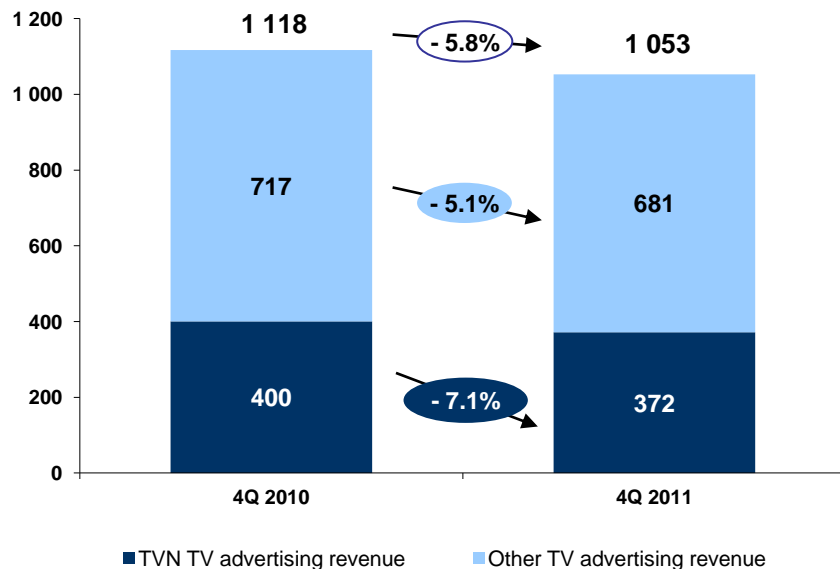
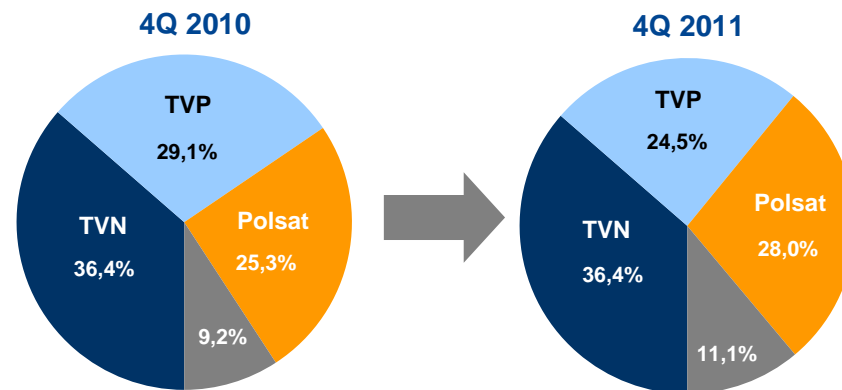
- ✓ Online segment further improved its EBITDA performance in 4Q supporting full year profitability growth at the Group level
- ✓ Pay TV full year EBITDA reached targeted positive level despite seasonally increased sales and marketing activity at year end
- ✓ Decline in TV advertising market in 4Q has reflected in TV segment profitability despite strict cost control

TV segment

- ✓ Revenue evolution in 4Q driven by the impact of weak advertising market, partially offset by other revenue sources
 - ✓ TVN advertising revenue down by 7% vs. TV advertising market decline of 6%
 - ✓ Carriage fees up by 22% thanks to increased subscriber base of thematic channels combined with positive FX impact on their prices
 - ✓ Additional revenue flow from excellent box office results of theatrical romantic comedy „Listy do M.”¹ produced by TVN
- ✓ Solid EBITDA profitability despite soft advertising
 - ✓ TV segment EBITDA margin of 42% in 4Q supported by tight cost control
- ✓ TVN maintained overall audience share of its channels in 4Q
 - ✓ However, macroeconomic uncertainty drove the TV advertising market down and despite robust audience share results prices were under pressure

¹ English: „Letters to S(anta)”

✓ TVN advertising revenues declined on the backdrop of weak TV advertising market in the fourth quarter

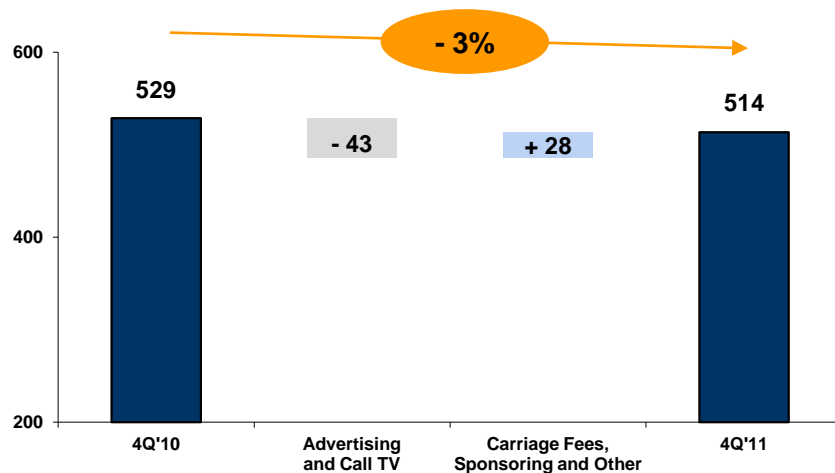
TVN on TV advertising market ¹TV advertising market shares ²

¹ Source: TVN for own data and Starlink for other TVs, airtime only, in PLN millions

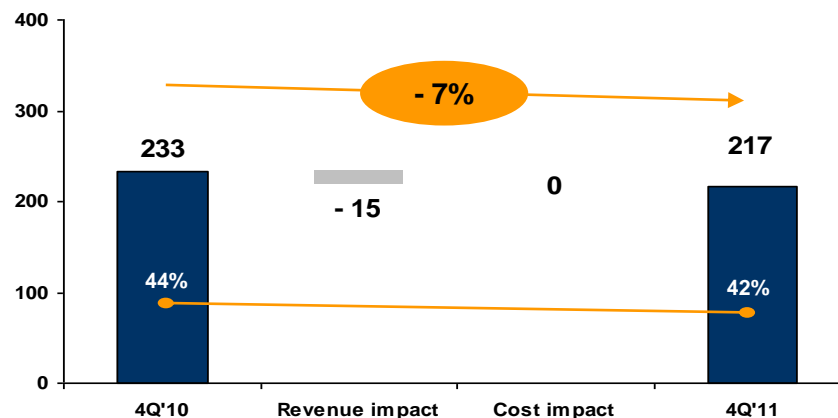
² Source: TVN for own data and Starlink for other TVs, airtime and sponsoring

- ✓ TV segment revenue reflects mainly decline in the advertising market
- ✓ EBITDA profitability driven by lower revenue and focus on cost control

TV segment revenue



TV segment EBITDA and margin



in PLN millions

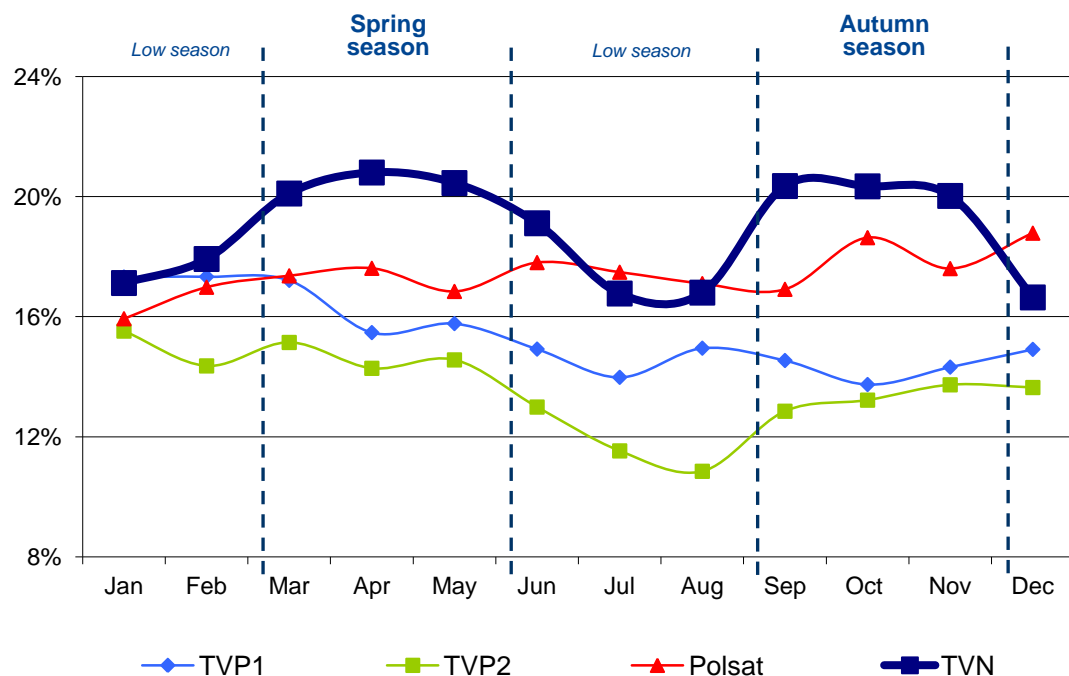
X%

change vs. 4Q 2010 Revenue / EBITDA



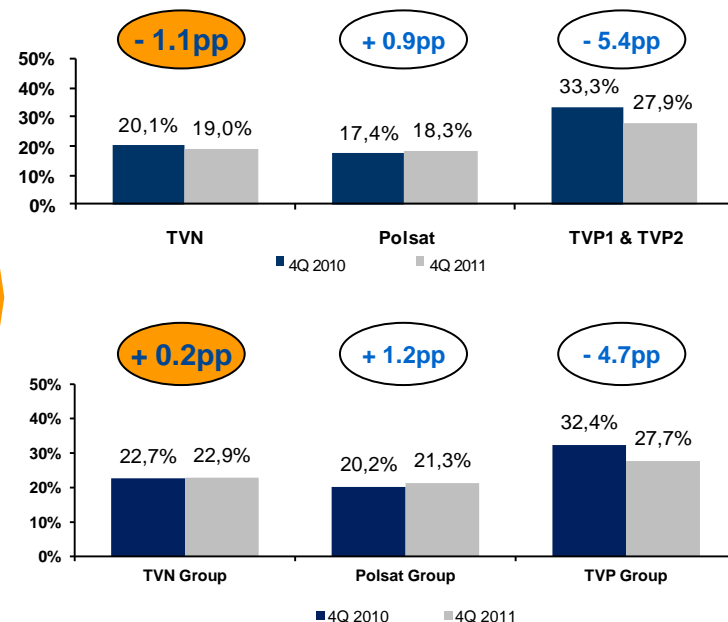
EBITDA margin

✓ TVN successfully maintained overall audience share of its channels in 4Q



Source: Nielsen Audience Measurement

Jan – Dec 2011, Peak time, 16-49

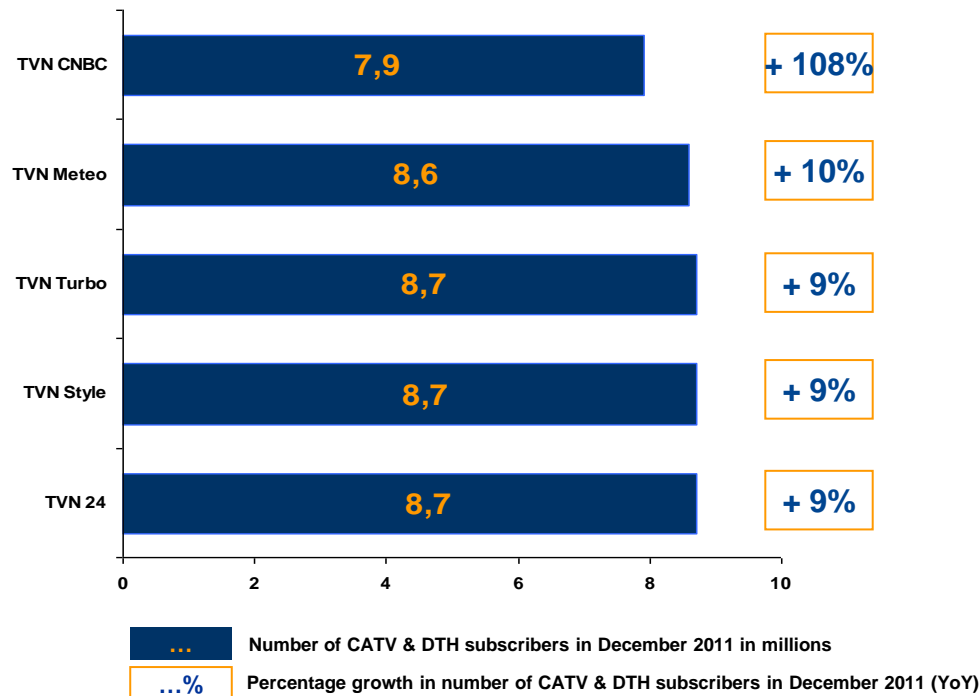


Source: Nielsen Audience Measurement

For the main channels: Oct – Dec 2011, Peak time, 16-49

For the Groups: Oct – Dec 2011, All Day, 16-49

Average increase in subscriber base of 20%



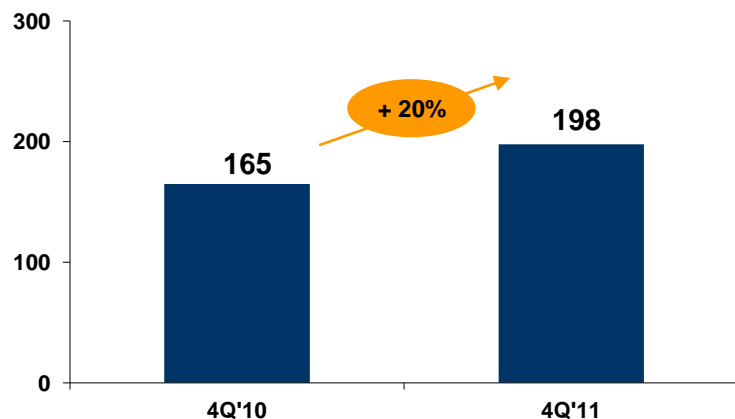
- ✓ Carriage fees from thematic channels up 22% in 4Q driven mainly by increased subscriber base and close to 11% year-on-year depreciation of PLN vs. EUR

‘n’ platform

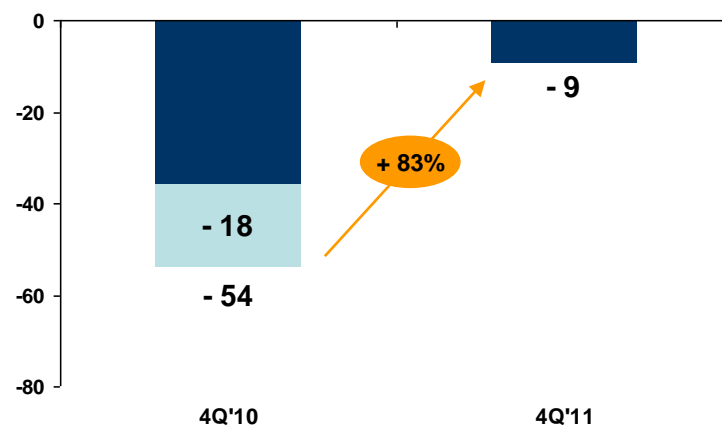
- ✓ Revenue growth in 4Q reflects very strong net increase of subscriber base with maintained high ARPU
 - ✓ Year-on-year growth of over 15% drove subscriber base to 929 thousand significantly exceeding year-end target
 - ✓ 71 thousand net additions in 4Q alone vs. 66 thousand a year ago
 - ✓ Close to 25% of net additions acquired through partnership with TP Group
- ✓ Full year guidance for positive EBITDA successfully achieved despite an impact of seasonally higher sales and marketing expenses in 4Q

- ✓ Strong increase in subscriber base combined with high ARPU resulted in 20% top line growth
- ✓ Three quarters of revenue improvement was translated into effective EBITDA growth

Pay TV segment revenue



Pay TV segment EBITDA



in PLN millions

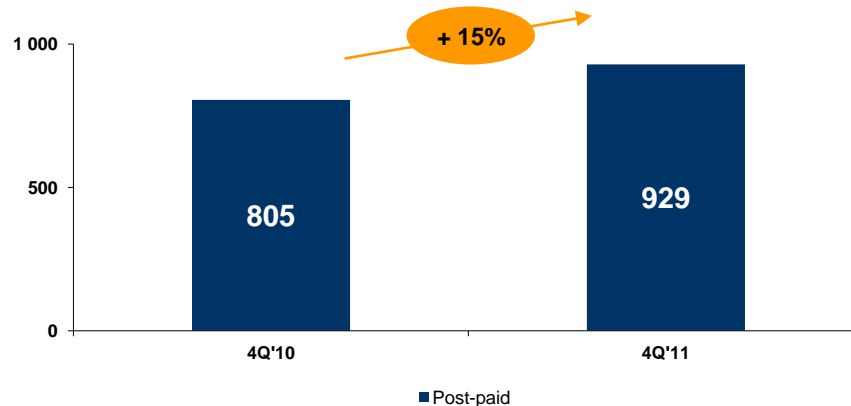
X%

change vs. 4Q 2010 Revenue / EBITDA

4Q'10 EBITDA included PLN 18m of one-off VoD restructuring cost.

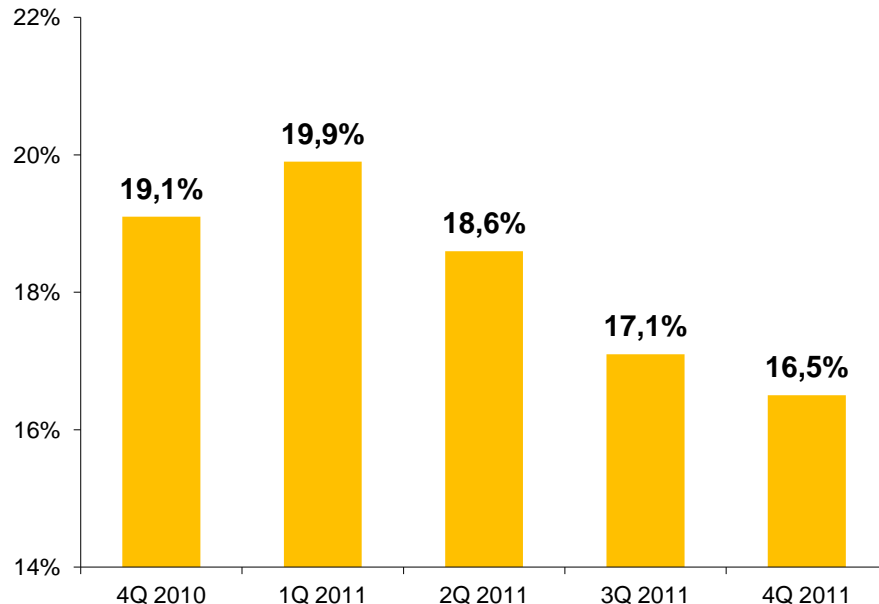
- ✓ Active post-paid subscriber base up 15% year-on-year
- ✓ 60% estimated share of 'n' in net DTH market additions in 4Q

Quarter-end subscriber base



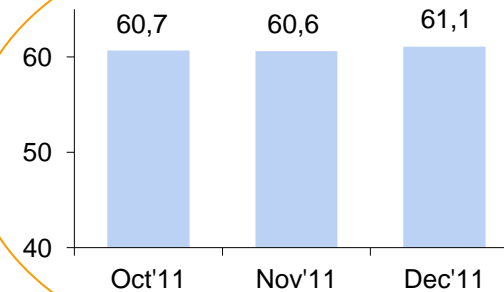
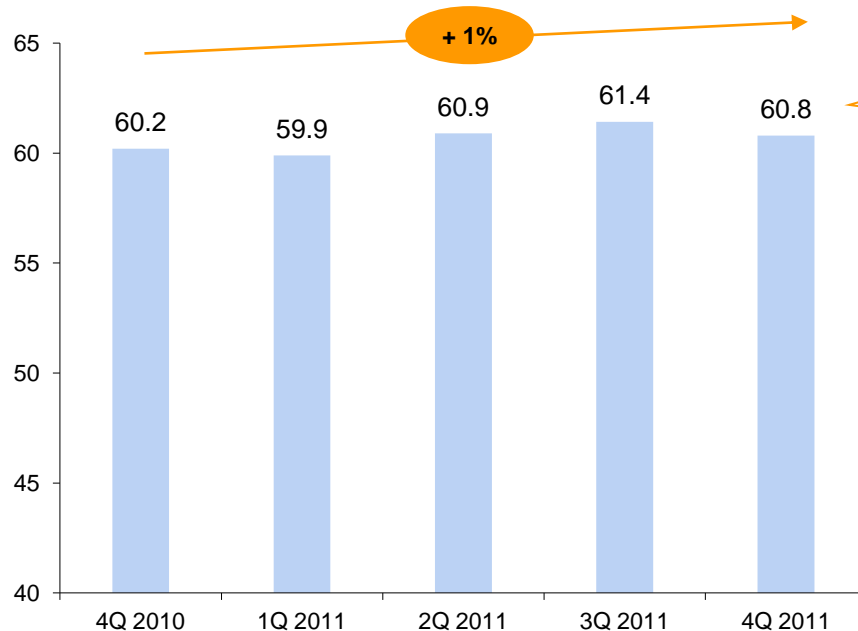
- ✓ Active subscriber base up by 125 thousand year-on-year with 71 thousand net increase quarter-on-quarter and improved churn rate
- ✓ Almost 25% of net additions in 4Q delivered through partnership with TP Group

LTM churn evolution



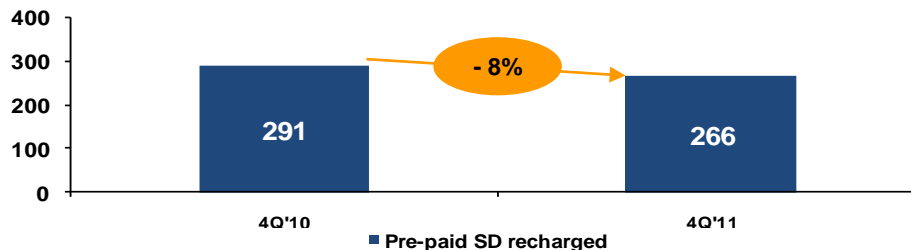
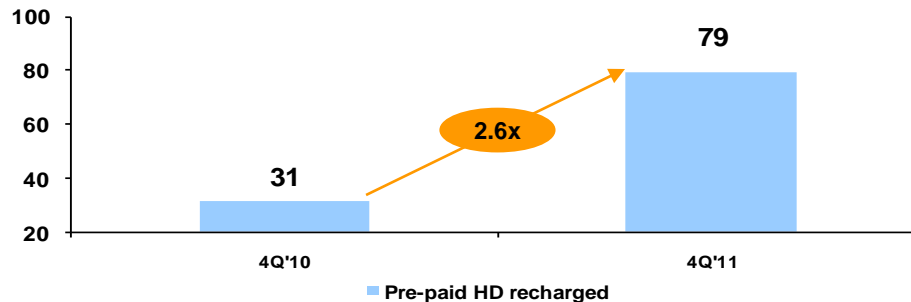
- ✓ Retention activities improve since implementation of new CRM system
- ✓ LTM (12-month rolling) churn rate was reduced by close to 25% during 2011
- ✓ Continuous improvement in churn management further supports subscriber base growth

Quarterly post-paid ARPU evolution (in PLN)



- ✓ Quarterly ARPU at PLN 60.8
- ✓ ARPU growth of 1% year-on-year
- ✓ Quarter-on-quarter ARPU evolution reflects introduction of Start HD package priced at PLN 39 per month

Quarter-end active customer bases



Customer numbers in thousands

- ✓ HD offering continues to be the key sales driver in pre-paid
 - 31 thousand of new cards activated in 4Q
- ✓ Pre-paid HD ARPU in 4Q at PLN 21.9
- ✓ ARPU of pre-paid SD offer in 4Q at PLN 12.6

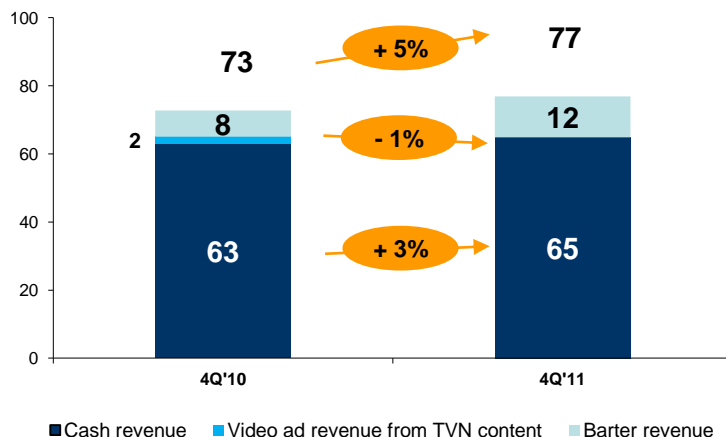
Online segment

Online segment highlights: Onet's growth reflects macro concerns impacting the market

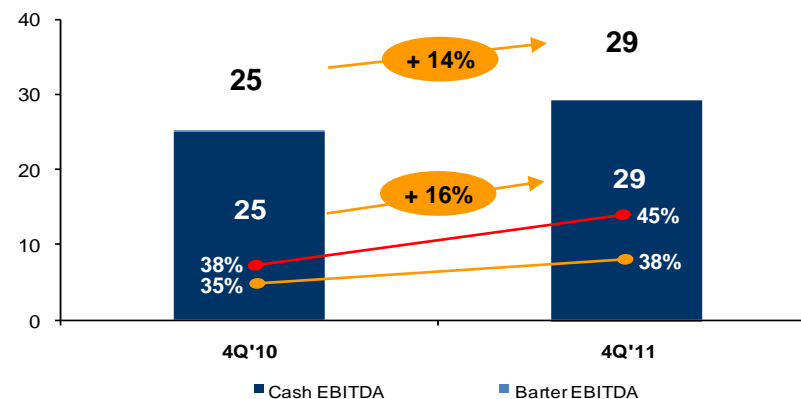
- ✓ Online segment revenue growth at single-digit in 4Q
 - ✓ Total revenue up 5% on the backdrop of softer display advertising market growth
 - ✓ Top line slowdown reflects also shift of TVN branded content and related revenue from Onet VOD to TVN Player – comparable Online cash revenue was up 3%
- ✓ EBITDA continues to show high operating leverage with close to whole top line increase translated to EBITDA
 - ✓ EBITDA up 14% with margin increasing by 3 percentage points to 38%
 - ✓ Cash EBITDA increased by PLN 4 million, improving its margin by close to 7 percentage points and reaching 45%
- ✓ Onet main services were the key performance driver in 4Q with more than 10% top line growth and strong profitability increase reflected in EBITDA margins exceeding 40% for reported figure and 50% for cash

- ✓ Evolution of cash revenue driven mainly by softening of online advertising market and transfer of TVN content based revenue from Onet.VOD to TVN Player...
- ✓ ... but it does not impact further EBITDA improvement and increasing margins

Online segment revenue



Online segment EBITDA and margin



in PLN millions

X%

change vs. 4Q 2010 Revenue / EBITDA



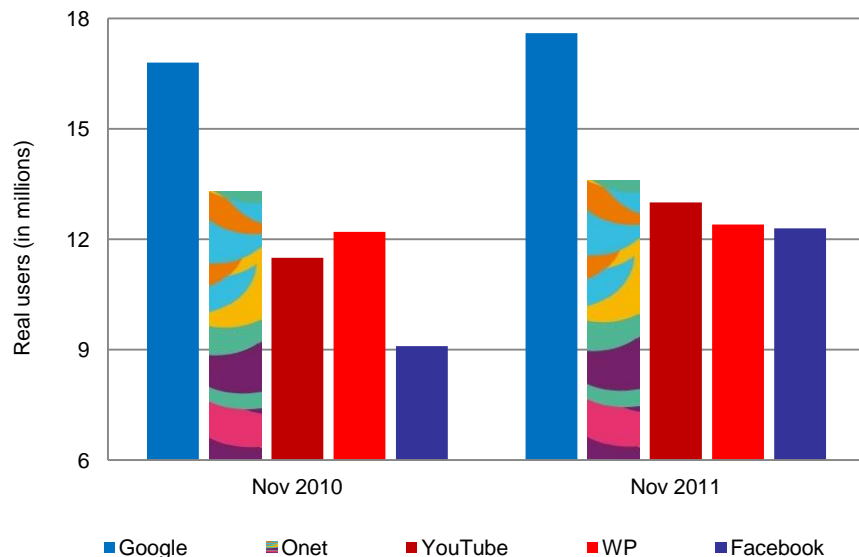
Reported EBITDA margin



Cash EBITDA margin

- ✓ Based on premium content proposition Onet Group maintains growth profile despite continuous increase in presence of search, online video and social network services

Usage of key online services in Poland

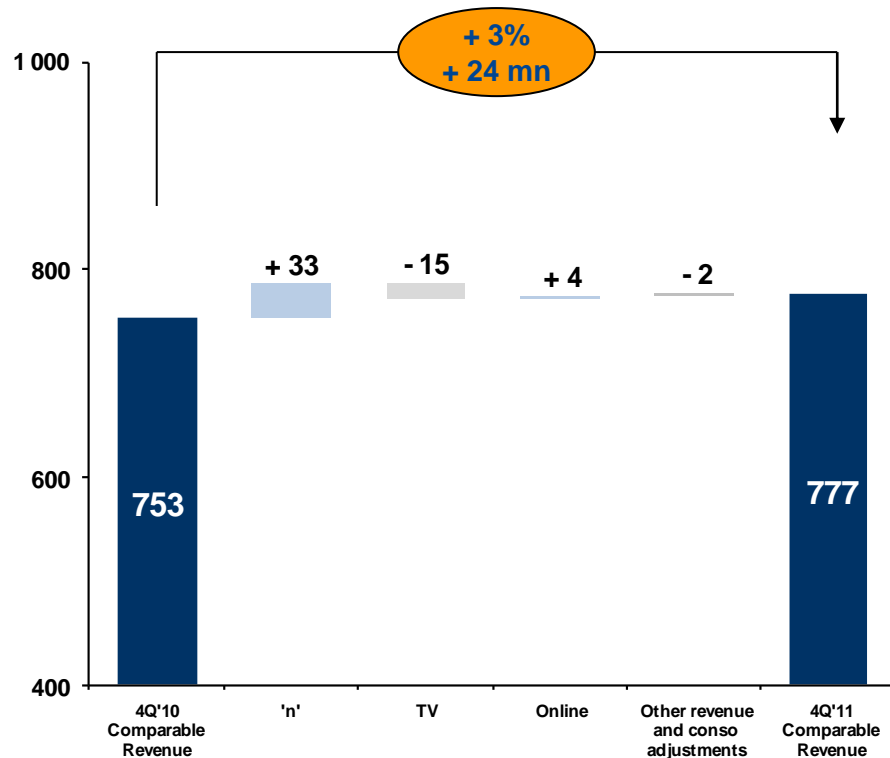


- ✓ Onet Group remains the leader in premium Internet content proposition in the Polish market
 - Growth in usage of search, online video and social networks does not impact Onet's leading position

Financial review 4Q & FY 2011

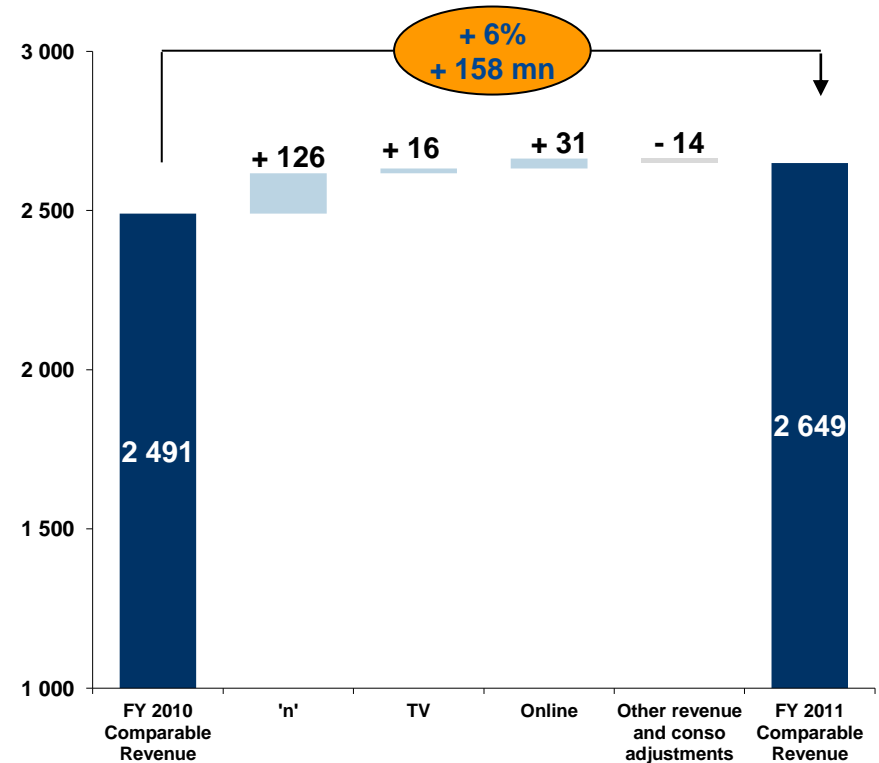
- ✓ Reported revenue reflects reclassification of 'n' platform as „Discontinued operation”, comparable figures assume continuity of reporting fully consolidated results
- ✓ All segments contributed to comparable FY revenue growth of 6%, with TV segment showing softer results in 4Q on the backdrop of weaker advertising market
- ✓ Full year EBITDA up 8% with 4Q growth of 15% fuelled mainly by high operating leverage of 'n' platform
- ✓ Net finance result reflects impact of 12% depreciation of PLN vs. EUR on valuation of debt and interest payments in 2011
- ✓ Full year net loss attributable to the owners of TVN S.A. amounted to PLN 317 million
- ✓ Weakening of PLN vs. EUR also increased Net Debt to EBITDA ratio up to 4.1x

4Q Comparable Revenue Bridge

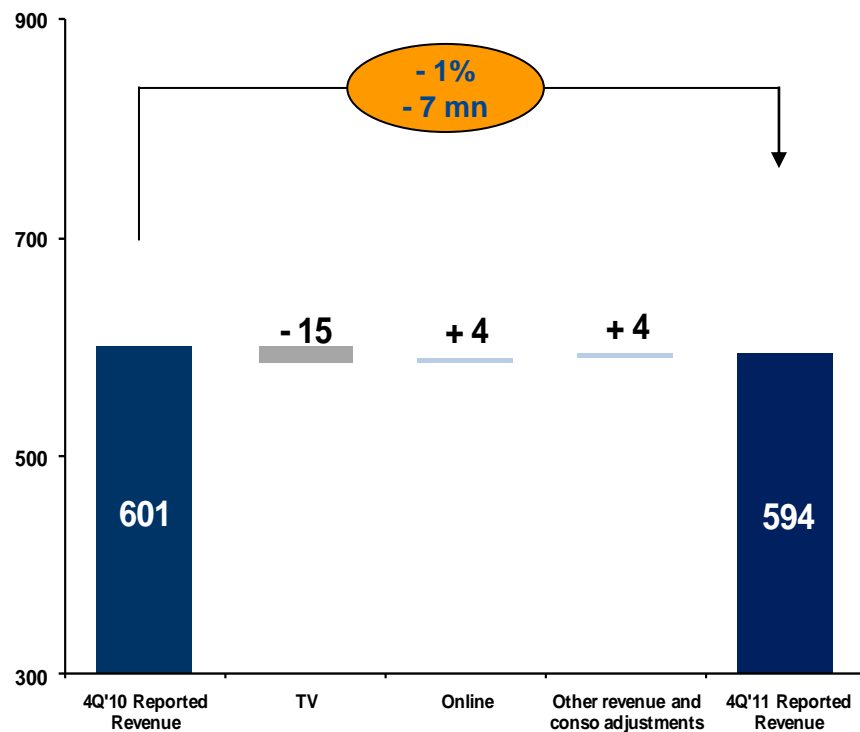


in PLN millions

FY 2011 Comparable Revenue Bridge

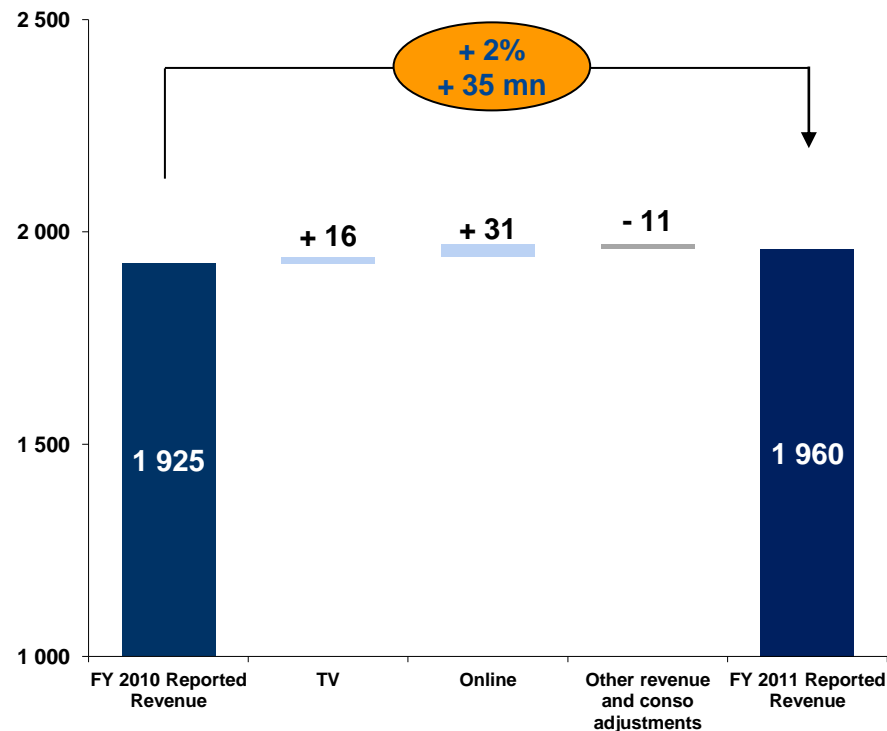


4Q Reported Revenue Bridge

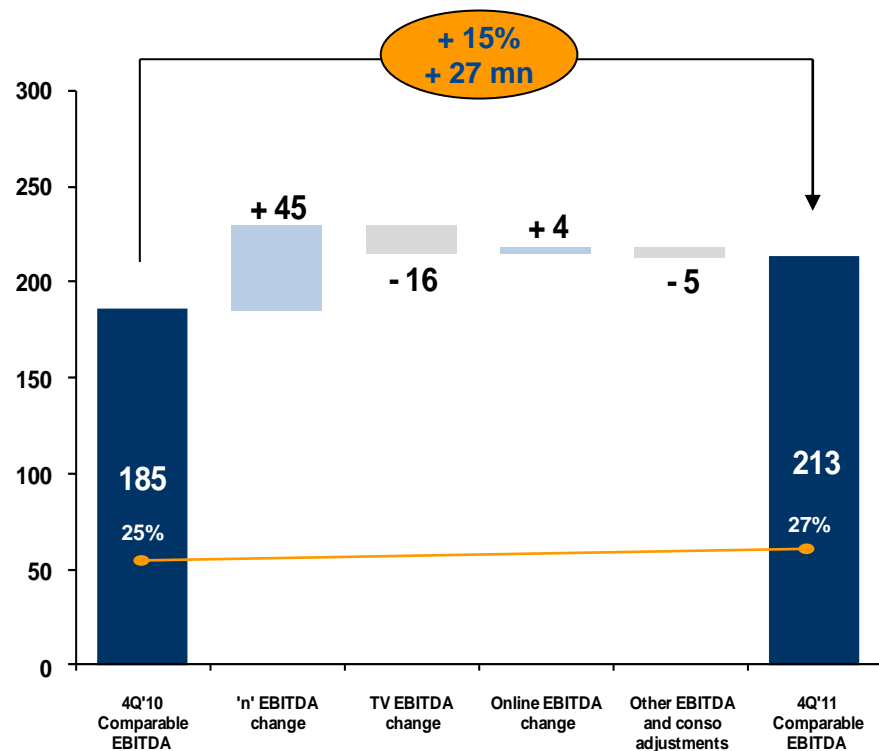


in PLN millions

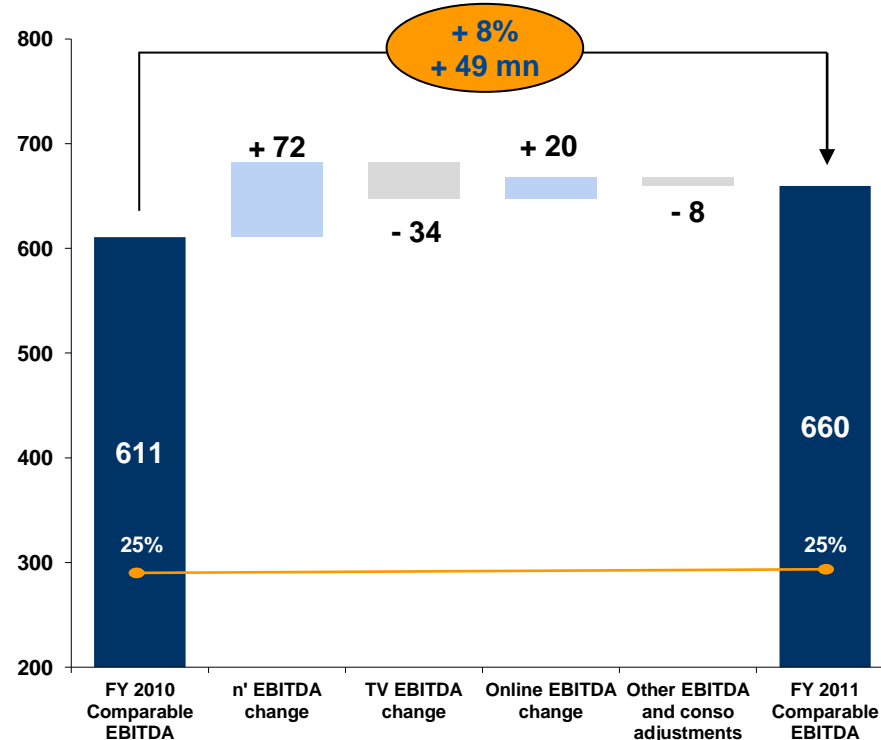
FY 2011 Reported Revenue Bridge



4Q Comparable EBITDA Bridge



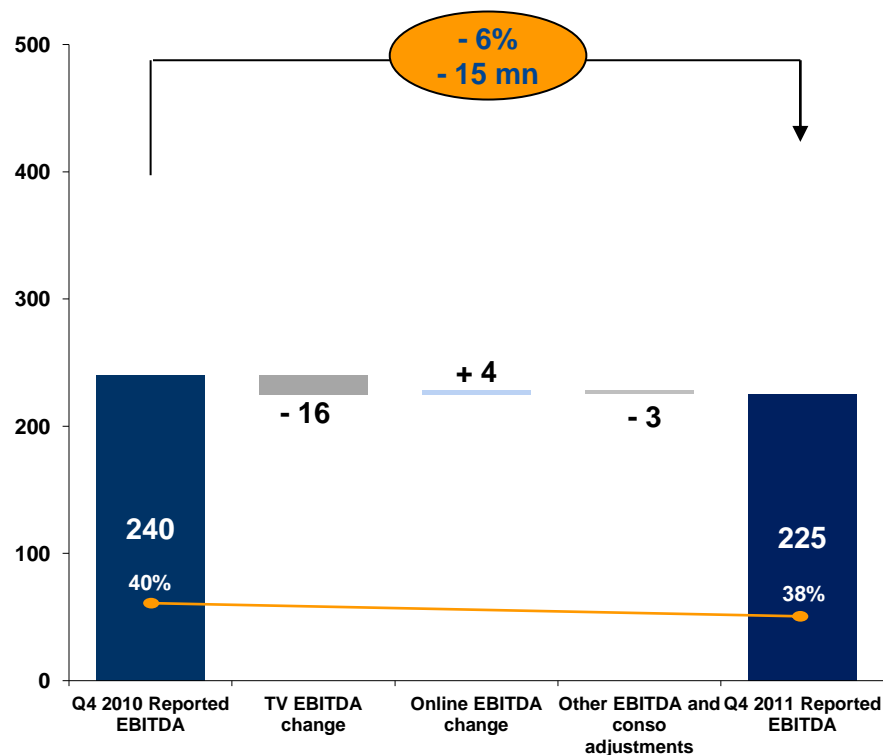
FY 2011 Comparable EBITDA Bridge



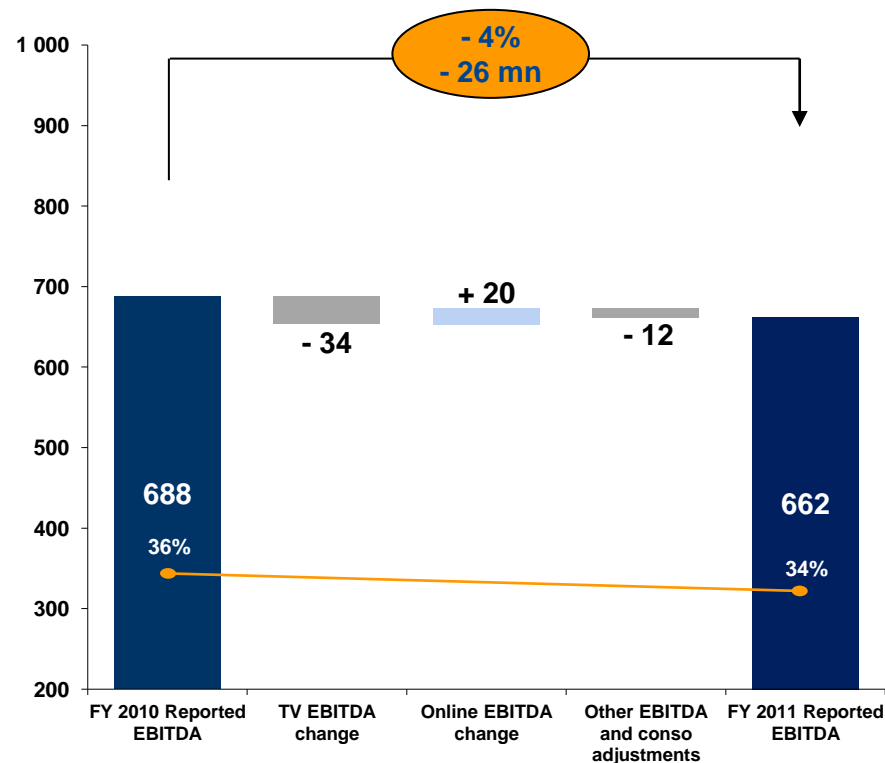
in PLN millions

Comparable EBITDA margin

4Q Reported EBITDA Bridge



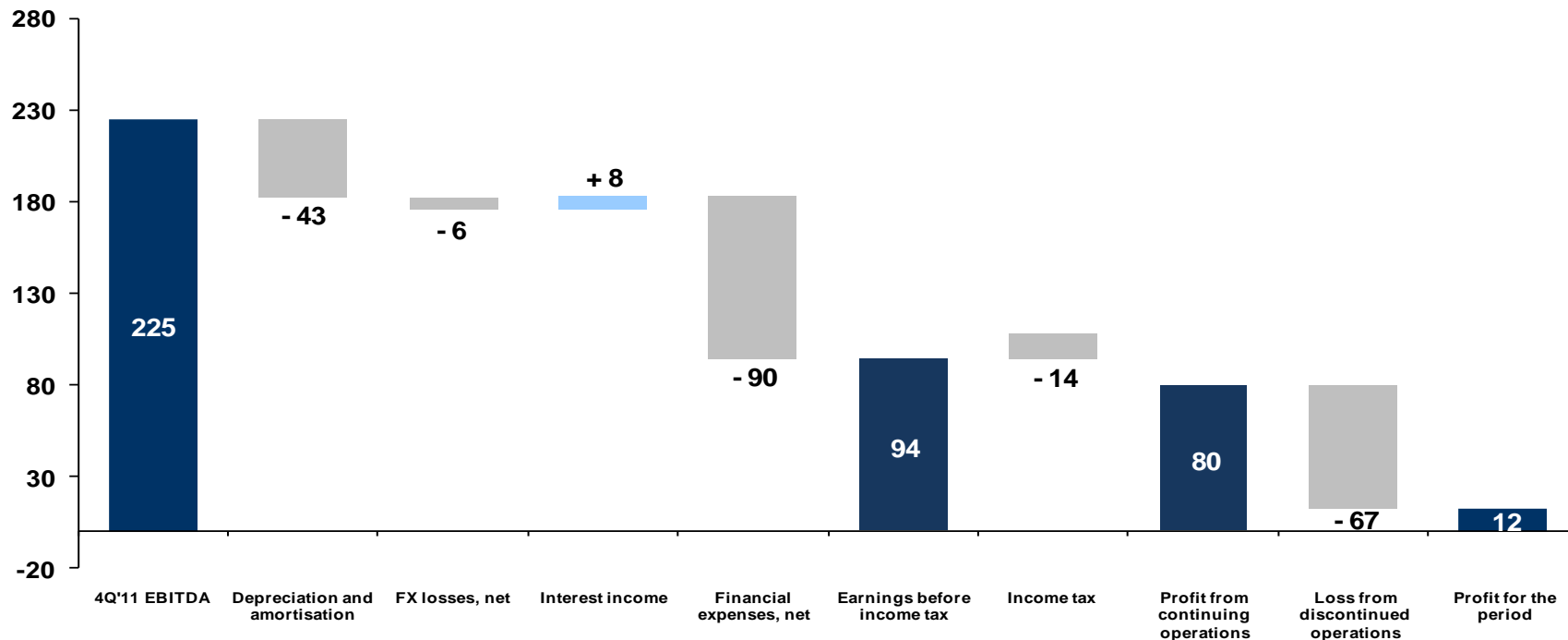
FY 2011 Reported EBITDA Bridge



in PLN millions

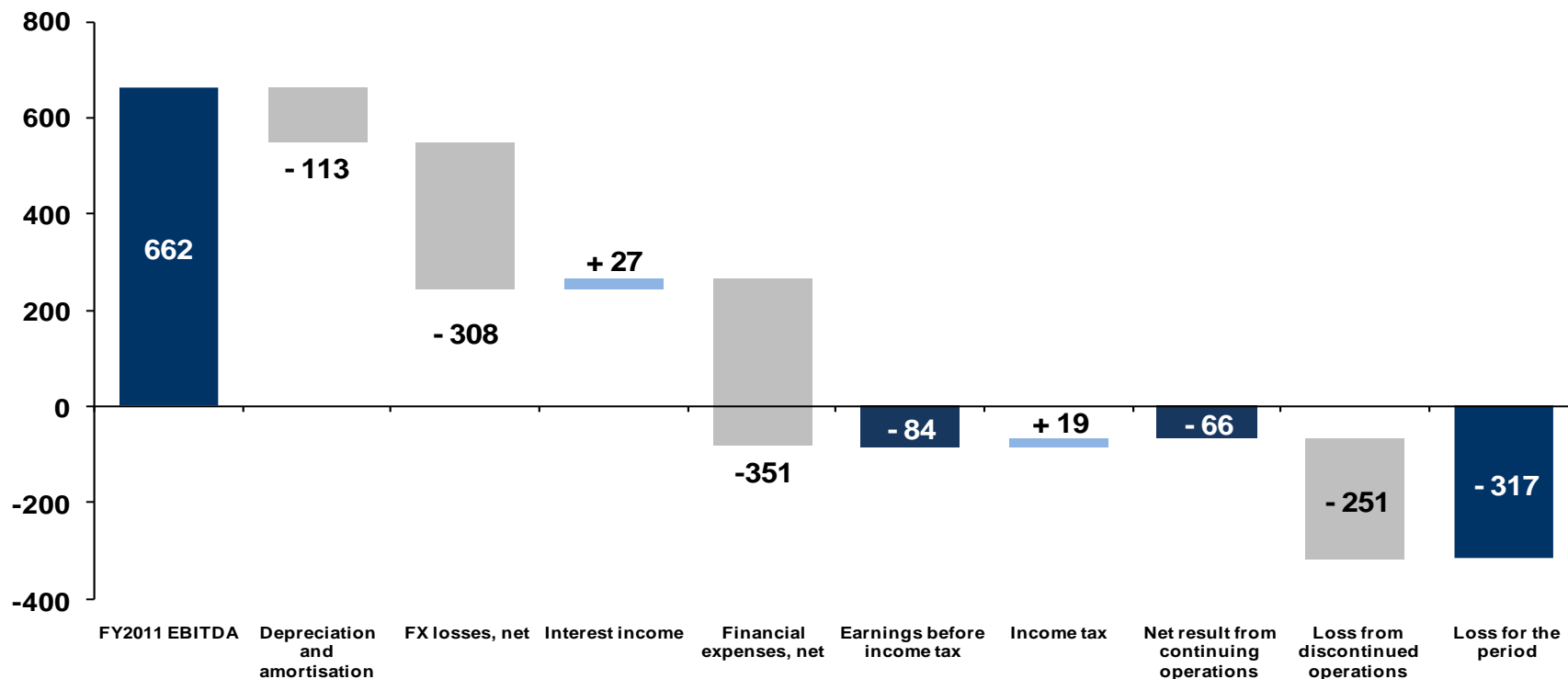
Reported EBITDA margin

PLN millions	4Q 2011	FY 2011	4Q 2010	FY 2010
Interest income	+ 8	+ 27	+ 4	+ 14
Interest expense	- 89	- 344	- 80	- 287
- including interest on foreign exchange forward contracts	0	- 11	0	0
Foreign exchange gains (losses) net, of which:	- 6	- 308	+ 9	+ 29
- unrealized foreign exchange gains (losses)	+ 5	- 350	+ 11	+ 43
- other foreign exchange gains (losses) & fair value hedge impact	- 11	+ 42	- 3	- 14
Other finance expense, net	- 1	- 8	- 10	- 24
Net finance result	- 88	- 633	- 78	- 266

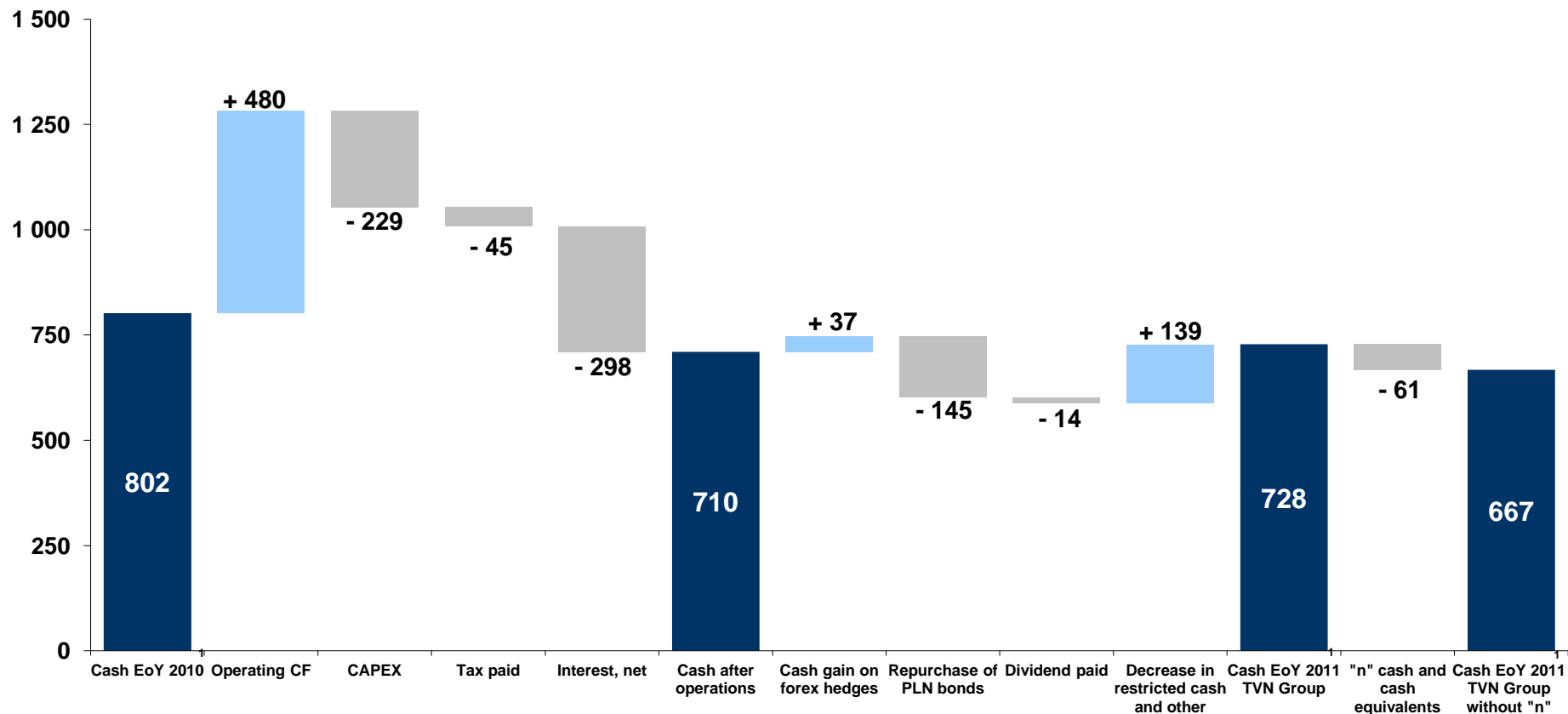


in PLN millions

YTD 2011 Reported EBITDA to Net Result Bridge



in PLN millions



in PLN millions

¹ Cash, cash equivalents, liquid financial assets available for sale and bank deposits above 3 months.

PLN millions	December 31, 2011	Maturity
10.75% Senior Notes ¹	2 619	2017
7.875% Senior Notes ¹	773	2018
Accrued interest ²	43	-
Cash and liquid assets ³	- 728	-
Net Debt	2 707	-
EBITDA (12-month rolling)	660	-
Net Debt / EBITDA	4.1	-

✓ Distant maturity of gross debt

- 2017 and beyond

✓ Gross Debt and leverage
inflated by 12% depreciation
of PLN vs. EUR in 2011

✓ High liquidity

- PLN 728 million in cash
and bank deposits

¹ Nominal value.

² Please note that according to our revised definition of Gross Debt bank guarantees are excluded from its calculation.

³ Cash, its equivalents, liquid financial assets available for sale and bank deposits above 3 months, excluding restricted cash.

Conclusions

- ✓ Full year guidance for revenue growth and EBITDA profitability successfully achieved despite softening of advertising market in the fourth quarter
 - ✓ Non-advertising revenue sources supported top line while high operating leverage in Pay TV and Online with strict cost control in TV segment preserved the Group profitability
- ✓ Agreements for co-operation with TP Group and merger of Pay TV operations with Group Canal+ set foundations for achieving strategic objectives of further consolidating Polish DTH market whilst securing distribution of TVN content

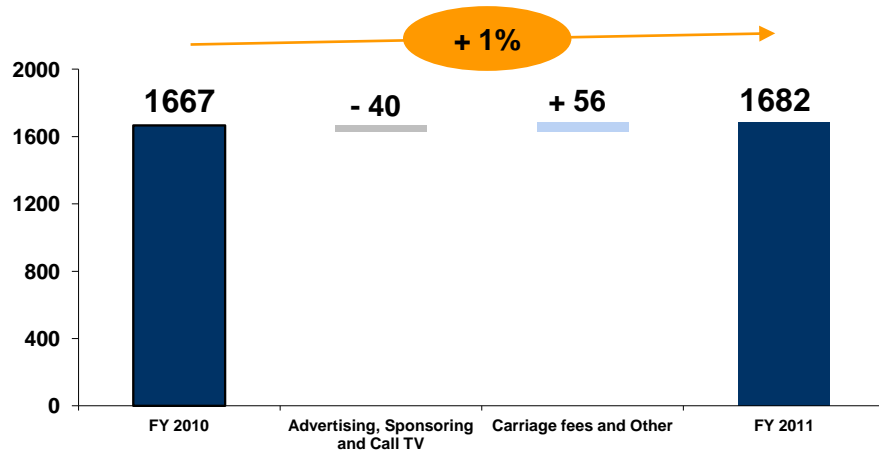
- ✓ The Management recommends PLN 0.1 per share of special dividend from retained earnings
 - ✓ Subject to approval by Annual General Meeting
- ✓ This proposal is based on the fact that 'n' platform achieved the guidance for full year positive EBITDA
- ✓ The Management fully recognizes shareholders' loyalty during the acquisition and development of 'n' platform and would like to reward their support in such form of shareholder remuneration
- ✓ Overall dividend policy remains unchanged
 - ✓ 30-50% of consolidated net profit, to be distributed taking into consideration safety of TVN Group's leverage and liquidity position in a continuously volatile and uncertain market environment

Outlook for 2012

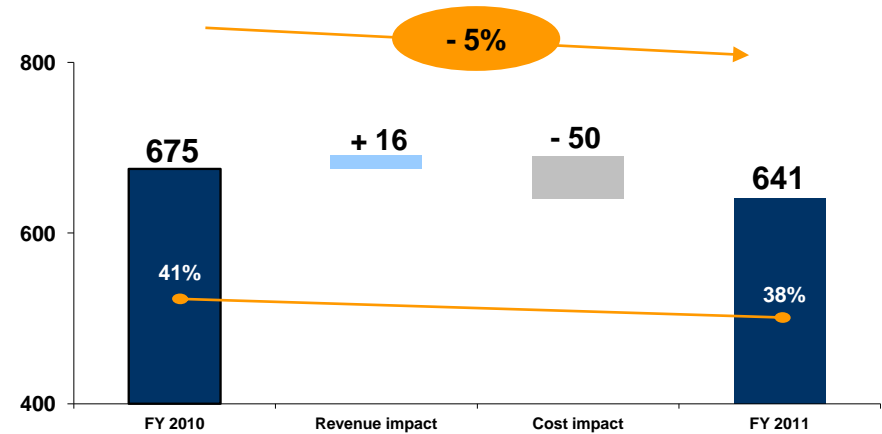
- ✓ 2011 targets fully delivered while previously given guidance for 2012 requires significant revision due to change in macroeconomic environment impacting advertising market and expected change in TVN Group structure
- ✓ Current outlook for 2012:
 - ✓ TV advertising market value will maintain the level observed in 2011 with limited visibility and potential high volatility expected to continue
 - ✓ Online advertising market to grow at ca. 10% with its display segment developing at high single digit
 - ✓ TV and Online segments of TVN Group to maintain their value market shares and defend profitability margins
 - ✓ Pay TV to maintain its momentum from 2011 while preparations for merger are pending regulatory approval

Additional financial slides

Revenue



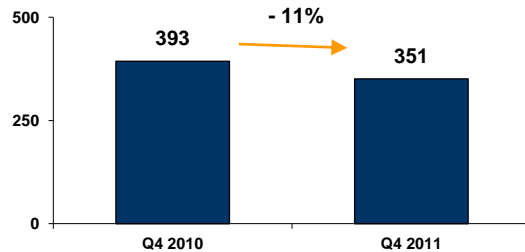
EBITDA and margin



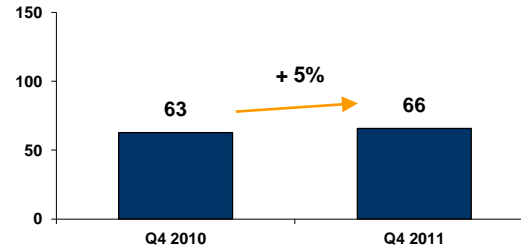
in PLN millions

EBITDA margin

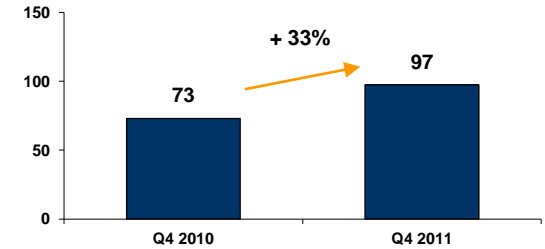
TVN channel revenue



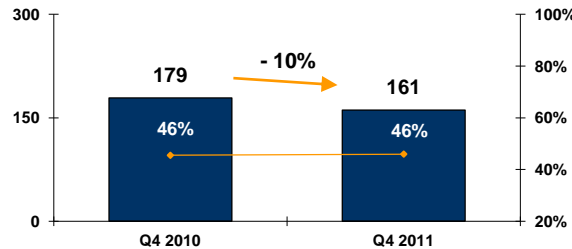
TVN24 channel revenue



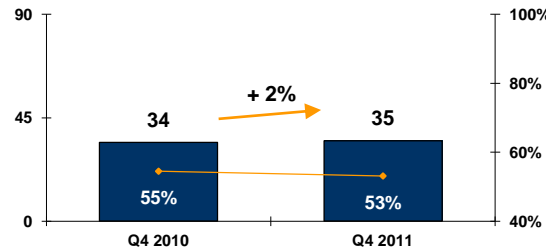
Other thematic channels revenue



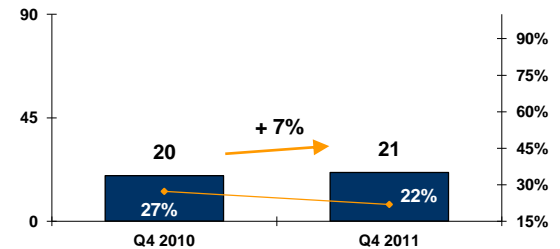
TVN channel EBITDA and margin



TVN24 channel EBITDA and margin



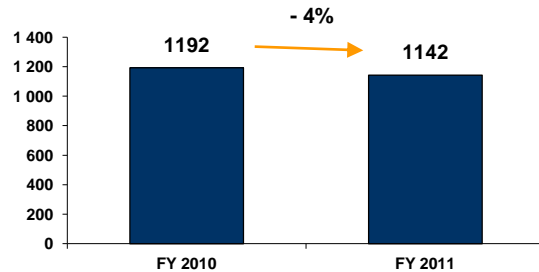
Other thematic channels EBITDA and margin



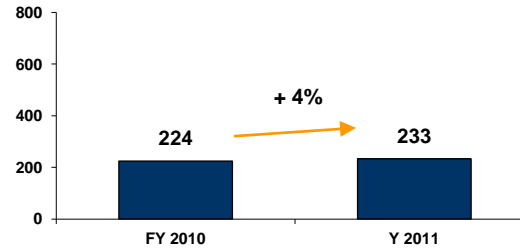
in PLN millions

EBITDA margin

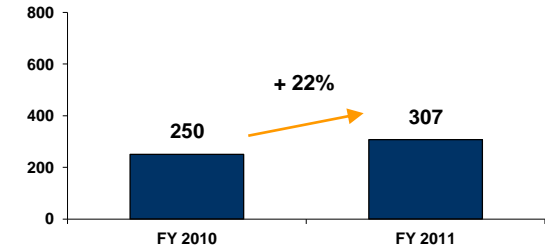
TVN channel revenue



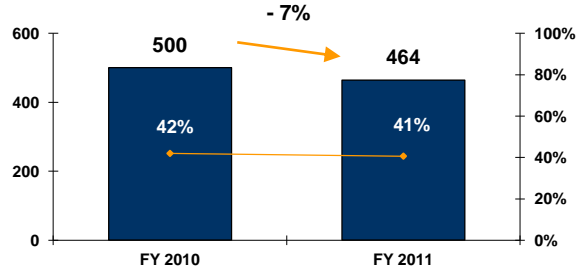
TVN24 channel revenue



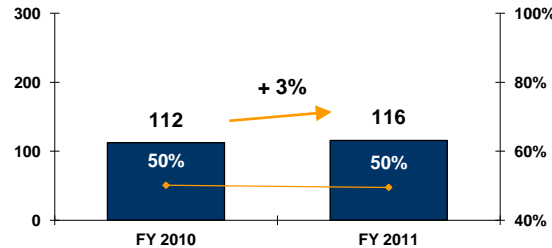
Other thematic channels revenue



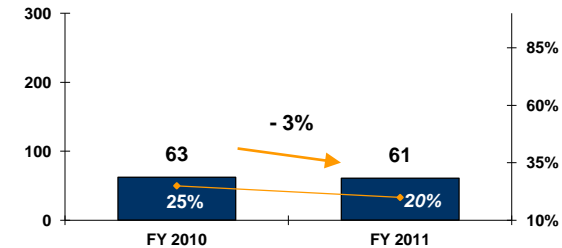
TVN channel EBITDA and margin



TVN24 channel EBITDA and margin



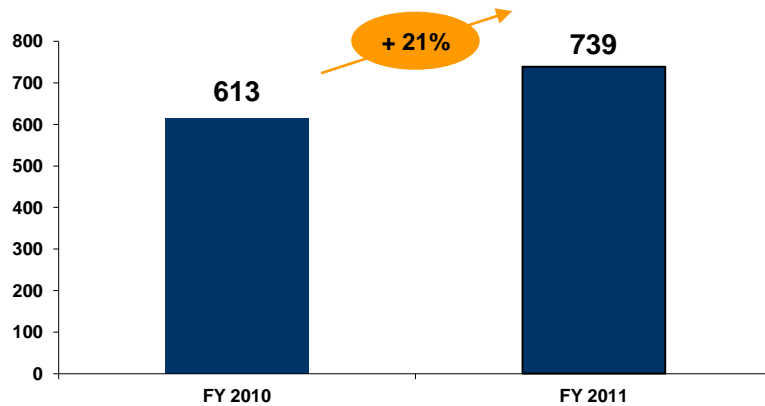
Other thematic channels EBITDA and margin



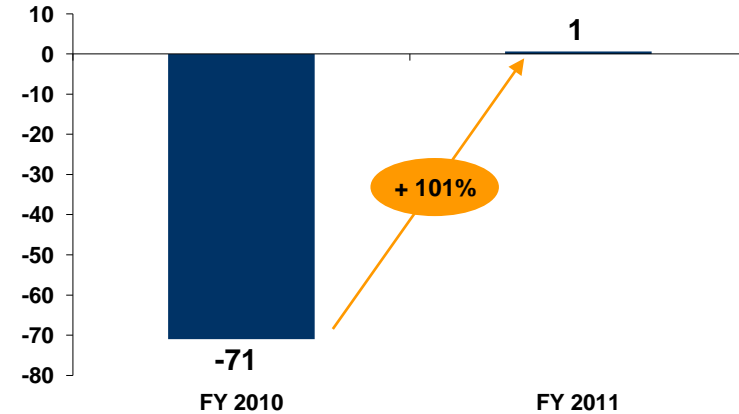
in PLN millions

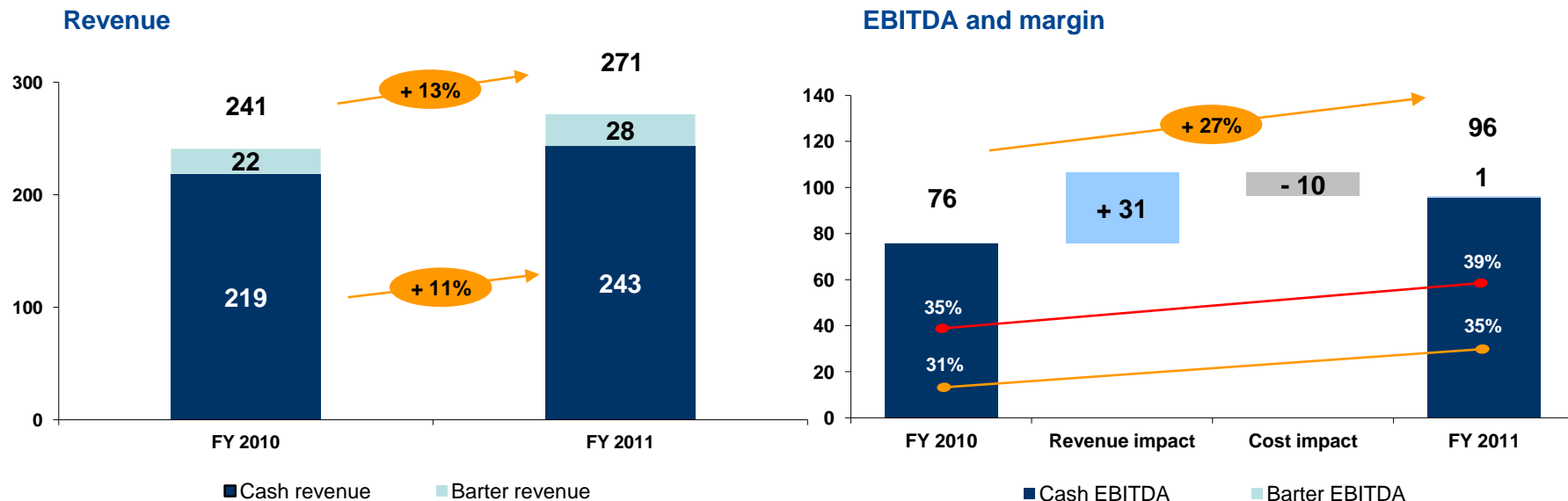
●—● EBITDA margin

Revenue



EBITDA





in PLN millions

Reported EBITDA margin
Cash EBITDA margin

Comparable revenue breakdown (by source)

PLN millions	4Q 2011	4Q 2010	% change	FY 2011	FY 2010	% change
Ad revenue (including online and 'n')	438	458	- 4%	1 450	1 424	2%
TV ad revenue (incl. 'n')	373	394	-5%	1 226	1 226	0%
Online ad revenue	65	64	1%	224	197	14%
Sponsoring	48	47	4%	139	142	- 2%
Audiotele, Teleshopping	5	19	- 75%	25	48	- 49
Internet subscription fees	5	2	201%	20	17	18%
Carriage fees (incl. 'n')	50	42	19%	184	165	12%
'n' subscription revenue	177	152	17%	681	573	19%
Other	53	34	57	150	121	24%
TOTAL REVENUE	777	753	3%	2 649	2 491	6%

Comparable revenue breakdown (by segments)

PLN million	4Q 2011	4Q 2010	% change	FY 2011	FY 2010	% change
TV Broadcasting & Production	514	529	- 3%	1 682	1 667	1%
TVN channel	351	393	- 11%	1 142	1 192	- 4%
Ad revenue	304	335	- 9%	1 000	1 023	- 2%
Sponsoring	41	38	7%	114	117	- 3%
Others	5	20	- 74%	29	52	- 45%
TVN 24 channel	66	63	5%	233	224	4%
Subscription fees	35	29	19%	129	116	11%
Ad revenue	27	28	- 4%	93	92	1%
Sponsoring	3	5	23%	11	13	- 17%
Others	0	1	- 61%	1	2	- 66%
Thematic channels & others	97	73	33%	307	250	22%
Subscription fees	20	16	26%	72	63	14%
Ad revenue	40	36	10%	131	122	8%
Sponsoring	4	4	2%	15	13	15%
Others	33	16	101%	87	52	68%
Online	77	73	5%	271	241	13%
Onet	69	62	12%	237	208	14%
Ad revenue	60	57	6%	201	176	14%
User generated	6	3	83%	25	23	5%
Others	3	2	54%	11	8	35%
Other	7	11	- 32%	34	33	5%
ZUMI	7	9	- 25%	29	29	- 1%
Other	1	2	- 67%	6	4	41%
'n' Platform	198	165	20%	739	613	21%
Subscription fees	177	152	17%	681	573	19%
Other	20	13	57%	58	40	46%
Other revenue	14	16	- 14%	48	68	- 29%
Other reconciling items	- 25	- 30	15%	- 92	- 98	6%
Total revenue	777	753	3%	2 649	2 491	6%

Income Statement summary

PLN million	4Q 2011 Comparable	4Q 2010 Comparable	% change	4Q 2011 Reported	4Q 2010 Reported	% change
Revenue	777	753	3%	594	601	-1%
Cost of revenue	- 474	-493	- 4%	- 298	- 321	- 7%
Other operating expenses, net	- 178	- 143	- 24%	- 114	- 71	- 60%
Operating profit	125	117	7%	182	209	- 13%
Interest income	8	4	123%	8	4	122%
FX gains/ (losses), net	- 8	10	- 180%	-6	9	174%
Finance expense	- 90	- 90	0%	- 90	- 90	0%
Share of profit/ (loss) of associate	- 1	0	-	0	0	-
Profit/ (loss) before tax	35	40	- 14%	94	131	-28%
Income tax credit / (charge)	- 22	- 26	- 43%	- 14	- 25	43%
Profit/ (loss) for the period from continuing operations	12	16	- 21%	80	106	- 25%
Loss for the period from discontinued operations	-	-	n/a	- 67	- 90	- 25%
Profit/ (loss) attributable to owners of TVN SA	12	16	- 21%	12	16	- 21%
	FY 2011 Comparable	FY 2010 Comparable	% change	FY 2011 Reported	FY 2010 Reported	% change
Revenue	2 649	2 491	6%	1 960	1 925	2%
Cost of revenue	- 1 692	- 1 616	1%	- 1 043	- 1 031	1%
Other operating expenses, net	- 581	- 511	14%	- 367	- 308	-19%
Operating profit	376	364	3%	549	585	-6%
Interest income	27	15	85%	27	14	86%
FX gains/ (losses), net	- 314	63	- 598%	- 308	29	-
Finance expense	- 354	- 323	9%	- 351	- 310	13%
Share of profit/ (loss) of associate	- 1	0	- 571%	0	0	-
Profit/ (loss) before tax	- 266	118	- 325%	- 84	319	- 126%
Income tax credit / (charge)	- 52	-72	29%	19	- 60	131%
Profit/ (loss) for the period from continuing operations	- 317	46	-792%	- 66	259	- 125%
Loss for the period from discontinued operations	-	-	n/a	- 251	- 213	18%
Profit/ (loss) for the period	- 317	46	- 792%	- 317	46	- 792%

Balance Sheet summary

PLN million	As at December 31, 2011 Comparable	As at December 31, 2010 Comparable	As at December 31, 2011 Reported	As at December 31, 2010 Reported
ASSETS				
Non-current assets	3 543	3 632	2 291	3 632
Property, plant and equipment	702	763	340	763
Goodwill	1 678	1 678	953	1 678
Brands	768	779	694	779
Non-current programming rights	179	155	179	155
Other non-current assets	216	258	125	258
Current assets	1 569	1 559	1 358	1 559
Current programming rights	262	247	241	247
Cash and cash equivalents	728	802	667	802
Other current assets	580	510	449	510
Assets of disposal group classifies as held for sale	-	-	1 463	-
TOTAL ASSETS	5 112	5 191	5 112	5 191
EQUITY				
Shareholders' equity	923	1 239	923	1 239
Share capital	69	68	69	68
Share premium	673	643	673	643
Accumulated profit	611	942	611	942
Other equity	- 429	- 415	- 429	- 415
LIBILITIES				
Non-current liabilities	3 501	3 261	3 478	3 261
10,75% Senior notes due 2017	2 542	2 263	2 542	2 263
7,875% Senior notes due 2018	752	671	752	671
Other non-current liabilities	207	327	184	327
Current liabilities	688	692	456	692
Current trade payables	254	240	164	240
Other current liabilities	434	452	293	452
Liabilities of disposal group classified as held for sale	-	-	254	-
Total liabilities	4 188	3 953	4 188	3 953
TOTAL EQUITY AND LIABILITIES	5112	5 191	5 112	5 191

Cash Flow summary (*comparable = reported*)

PLN millions	FY 2011	FY 2010
Cash generated from operations	+ 480	+ 579
Tax paid	- 45	- 75
CAPEX	- 229	- 283
Interest received	+ 28	+13
Interest paid	- 324	- 265
Cash gain on forex hedges	+ 37	-
Repurchase of PLN Bonds due 2013	- 145	- 366
Dividend paid	- 14	- 106
Issue of 7.875% Senior Notes	-	+ 689
Decrease in restricted cash and other	+ 139	- 143
Cash and cash equivalents at the end of period ¹ (TVN Group)	728	802
Transferred to disposal group classified as held for sale	- 61	-
Cash and cash equivalents at the end of period ¹ (TVN Group without „n”)	667	802

¹ Cash, cash equivalents, liquid financial assets available for sale and bank deposits above 3 months.

Thank you