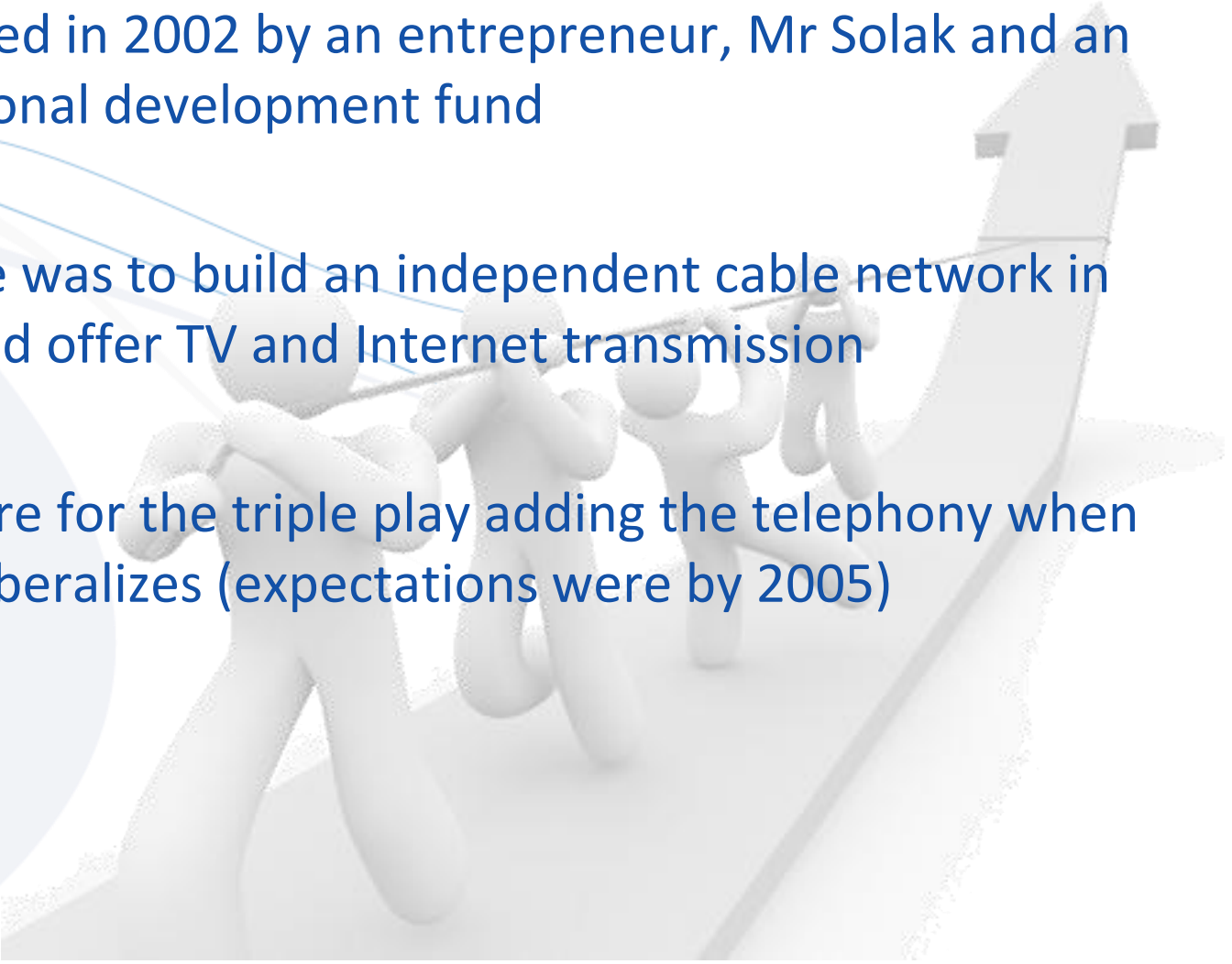


- Established in 2002 by an entrepreneur, Mr Solak and an international development fund
  - Objective was to build an independent cable network in Serbia and offer TV and Internet transmission
  - To prepare for the triple play adding the telephony when market liberalizes (expectations were by 2005)
- 
- A 3D illustration in the background shows several white, stylized human figures carrying a long pole horizontally. On the right end of the pole, a large, light gray arrow points upwards and to the right, symbolizing growth and progress. The scene is set against a light blue background with abstract, flowing lines.

- EBRD provides first long term loan and capital increase
  - Further expansion by consolidation
  - Unification of the acquired networks and network expansion
  - Introduction of DTH
  - Issues faced: building permits, unclear regulative framework, difficult operating environment with the very expensive international connection and other services provided by the Serbian Telecom
  - No sign of expected liberalisation
- 

## Stage III – 2007 to present

- Change of ownership from development funds to large experienced commercialy orientated investment fund
  - Mid Europa Investment fund raised capital with support of major banking syndicate in order to aquire the company with the first leveraged byout in Serbia
  - EBRD remained one of the owners
  - Objectives were introduction of new services and growth of already introduced offers such as DTH regional expansion
- 

- Subsidiaries offering DTH services under “Total TV” brand

- Montenegro 2008 greenfield
- Slovenia 2008 greenfield
- BiH 2008 greenfield
- Macedonia 2009 greenfield
- Bulgaria 2009 aquisition



- Mid Europa starts Totalna Televizija in Croatia, gives SBB Group the responsibility of transferring the know how

- Mid Europa acquires Telemach, company offering Cable TV, Internet, telephony and DTH, in Slovenia
- Mid Europa appoints Mr Solak as the head of the group asking him to turn around newly acquired companies and develop synergies for future consolidation.



**telemach**

- Operates in 7 countries
- Provides Cable TV, DTH, Internet, telephony and infrastructure rental
- Has 900,000 subscribers and employs 700 staff
- Diversified revenues by currency, geography and products
- Knowledge and management transfer from Serbia to other companies

## SBB services



CABLE TV

analogue TV,  
digital TV, HDTV, PVR



INTERNET

broadband Internet,  
DOCSIS 3.0 (up to 60 Mb/s)



SBB MIX

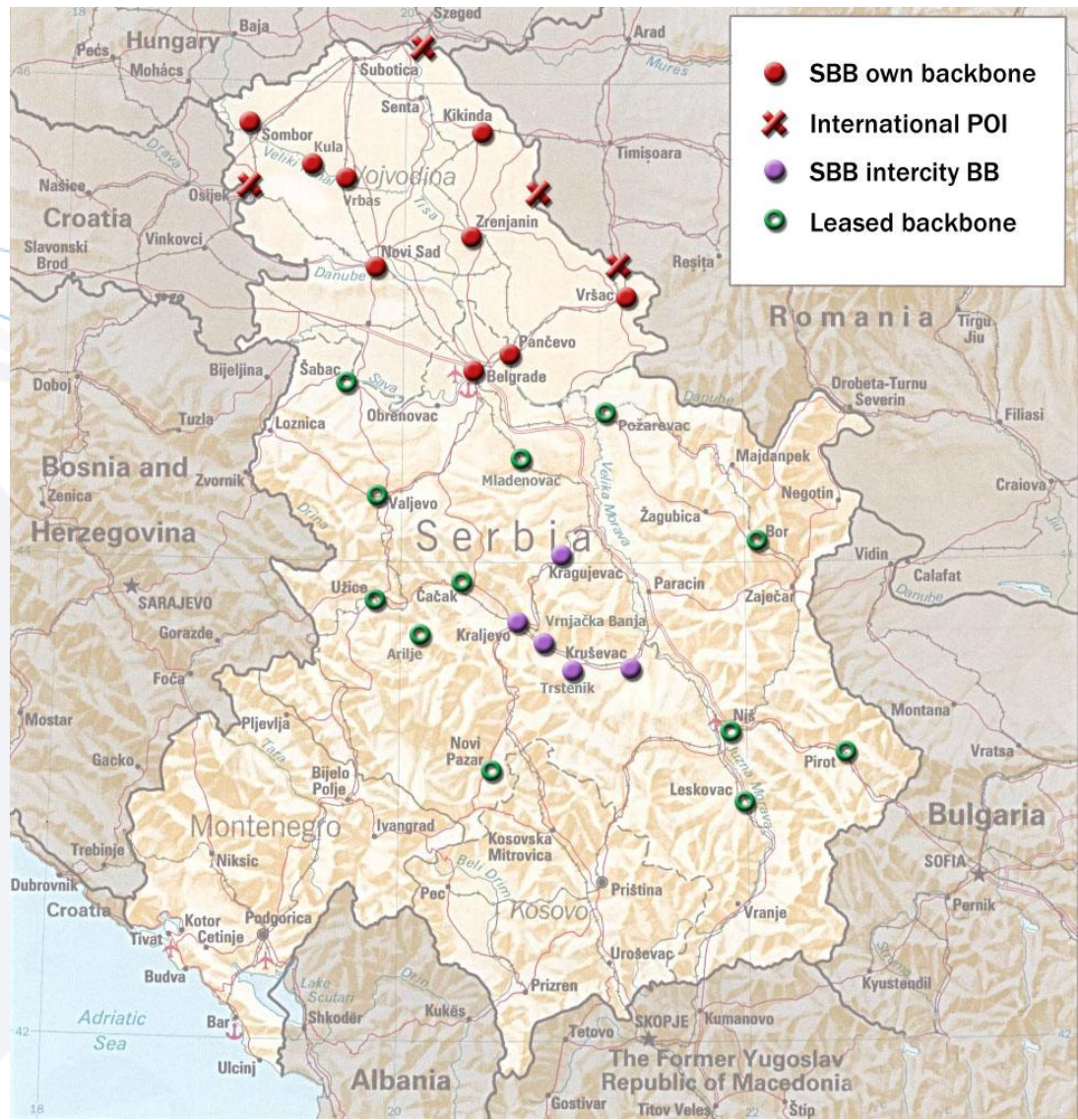
digital TV + Internet



Total TV

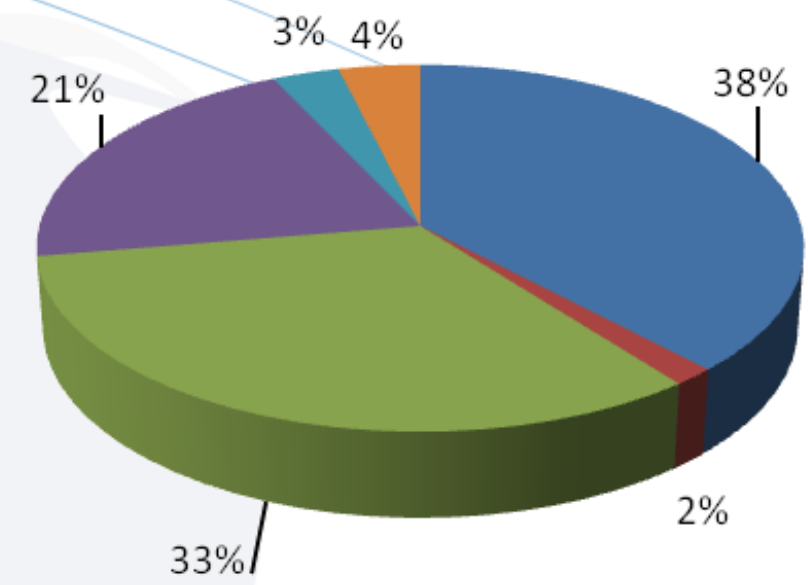
DTH (HDTV, PVR)

# SBB broadband network in Serbia



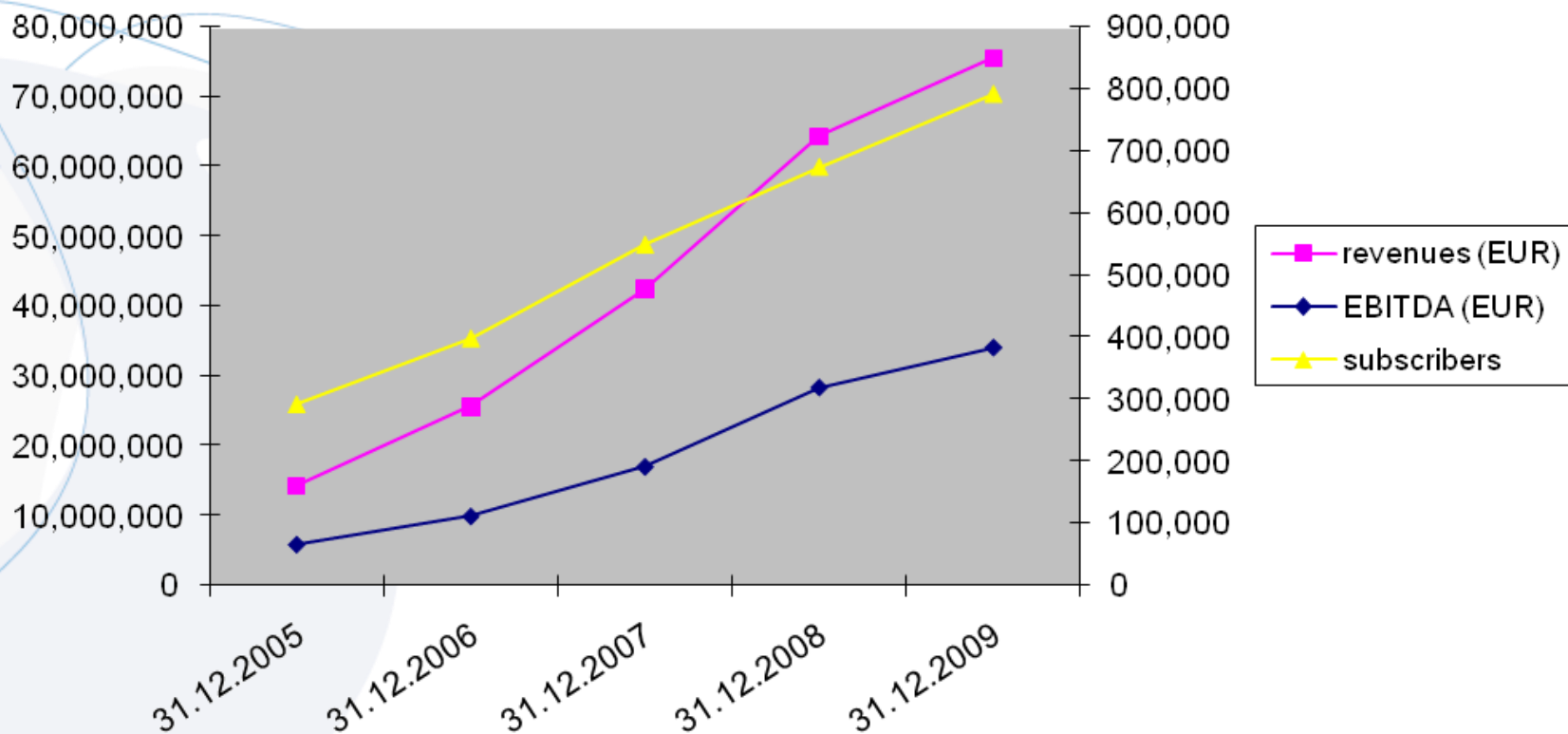
# Revenues 2009

- CATV
- PAY TV (D3)
- DTH
- Internet
- Business Internet (VPN,Fiber)
- Other revenues (rental of infrastructure, etc.)



## Revenues & EBITDA

## Subscribers



### Serbia:

- Cable TV price controlled by the state, as far as we know the only country in Europe having such control
- Slow market liberalization, no triple play. SBB, the only serious potential competitor which could start totally independent service in a very short time period, has been discriminated by the state in the criteria for the second telephony license
- Antimonopoly Commission does not allow further consolidation due to the lack of understanding Cable TV business
- Very serious currency risk
- Controlled prices put a cap on the potential earnings and foreign investors prefer to invest in other markets discouraging significant new investments locally

### Slovenia:

- No major regulatory issues however competition is seriously distorting the market as some of the major competitors are owned by the institutions which are not commercially orientated, for example the Church and the State
- Although this seems beneficial to the consumers in the short run it is unsustainable in the long term as the investments will not be done which could introduce new technology and products

### Montenegro:

- No major regulatory issues
- State Agency increased the price for the DTH license which now makes it very high comparing to other markets. At the same time it has decreased annual fee and that way compensates for the high upfront cost.
- Higher percent of customers late or non-payment that in any other market



### Bosnia and Herzegovina:

- After some early and prolonged problems in obtaining the DTH license mainly orchestrated by the local cable providers we do not have any regulatory issues
- BiH is a market where consumers are very price sensitive and better technology or better programming offers are less important than the bottom line. The price of Cable TV has not been increased in several years
- This is impairing further consolidation of the industry and better technological and production offer
- Market is very diverse where different parts of the country expect and prefer very different product (programming wise) and the synergies are difficult to achieve

### Croatia:

- No major regulatory issues
- Totalna Televizija is not able to get FTA public Croatian stations into its line up. All other competitors have them. All our efforts so far have been unsuccessful.
- We are looking for technological solution in order to offer local programs in addition to our excellent regional and foreign programs

### Macedonia:

- This is the most recent acquisition which was completed in December 2009 and our experience is very limited
- We have not experienced any major regulatory issues in obtaining the license, registering the acquisition or any other aspect of operations or market issues so far



### Bulgaria:

- ITV, a company acquired by ABB is DTH provider with 200 employees and 70,000 subscribers
- Very poor corporate governance and financial results
- Unsatisfactory line up of programmers, serious competition etc.
- Regulatory environment satisfactory
- Customers expectations increasing
- Cash transactions and lack of transparency, great majority still pays bills in the designated utility offices rather than through the banks and post office

Contact:

Dragica Pilipović Chaffey  
CEO

[dragica.pilipovic@sbb.co.rs](mailto:dragica.pilipovic@sbb.co.rs)

[www.sbb.rs](http://www.sbb.rs)