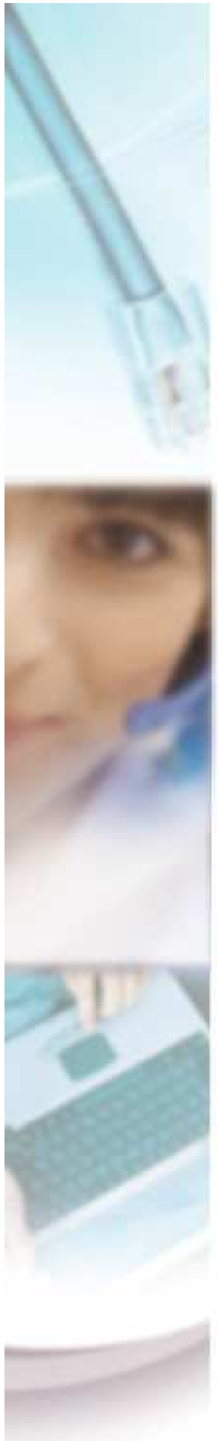
Netia SA

The Broadband Opportunity in Poland

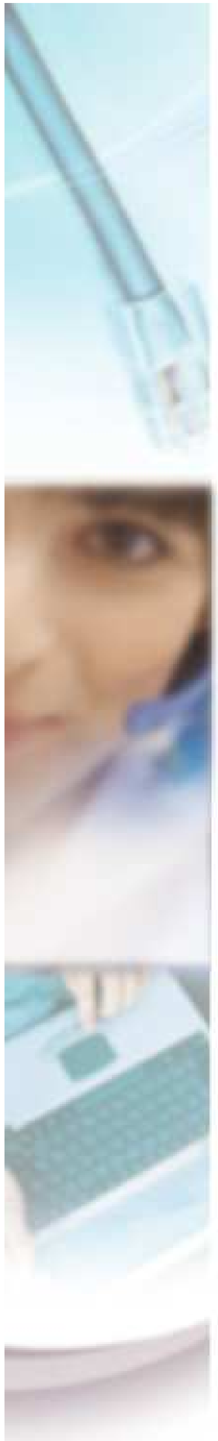
UBS Conference May 2007

www.investor.netia.pl



Some of the information contained in this material contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. For a more detailed description of these risks and factors, please see Netia's annual financial report and press release announced on March 1, 2007. Netia undertakes no obligation to publicly update or revise any forward-looking statements.

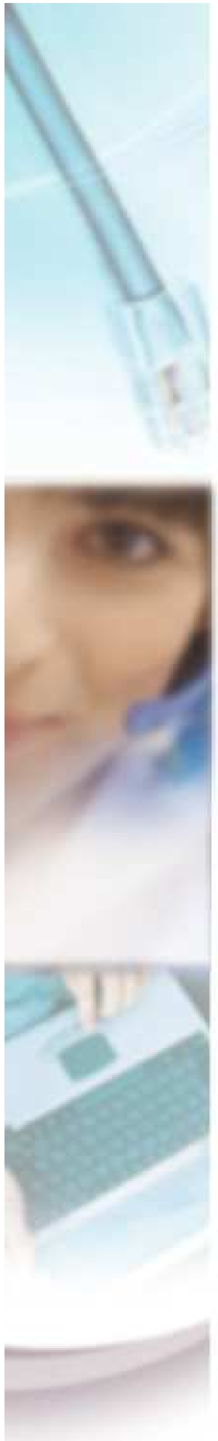
netia



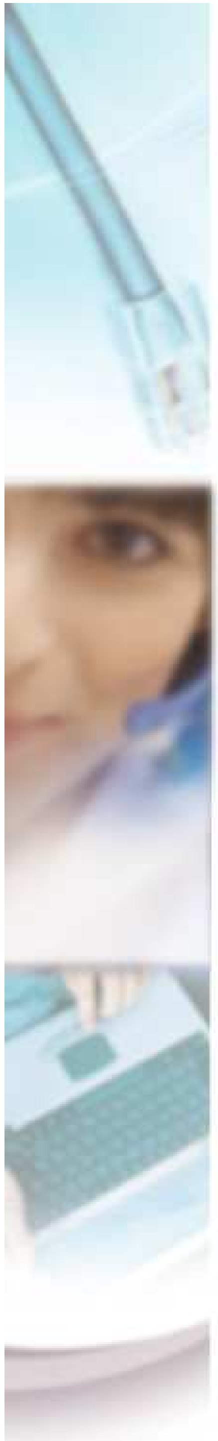
The Netia value proposition

- **Poland**:
  - large and fast growing economy
  - recently deregulated its local loop
- **Netia**, has the right profile:
  - 100K broadband customers
  - strong management team incentivized to grow shareholder value
  - committed to best use of existing assets
- **Value creation proposition** based on 1 mln broadband customers benefiting from a comprehensive product portfolio including the PLAY mobile offer
- **Execution** of a clear plan with measurable targets, strengthening credibility and in line with the transparency policy of Netia and its people

netia



Contents



Poland is a fast growing and attractive economy

Key factors:

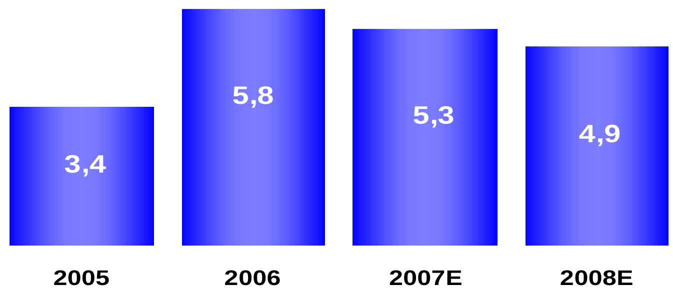
Politics:
- Committed to fast telecoms access liberalization
- EU accession fosters stability

Economics:
- Low inflation
- Fast growth of the economy
- Low interest rates

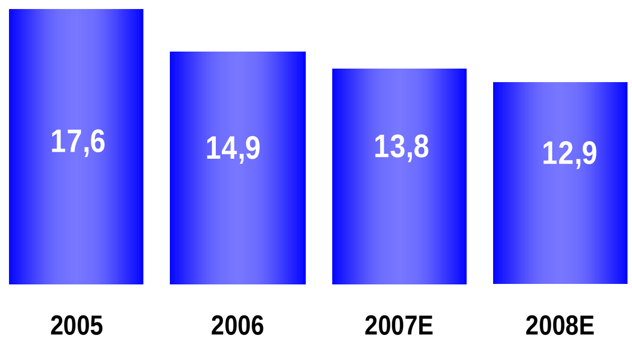
Society:
- Migration to large cities and EU countries
- Growing middle class and elderly population

Technology:
- Mass use of Internet and mobile telephony
- Fast acceptance of new technologies

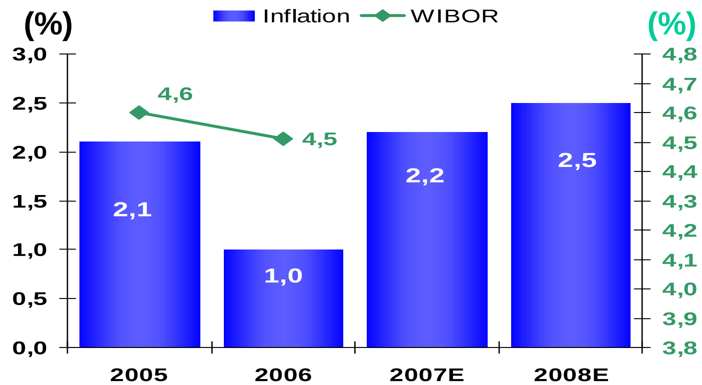
Gross Domestic Product (%)

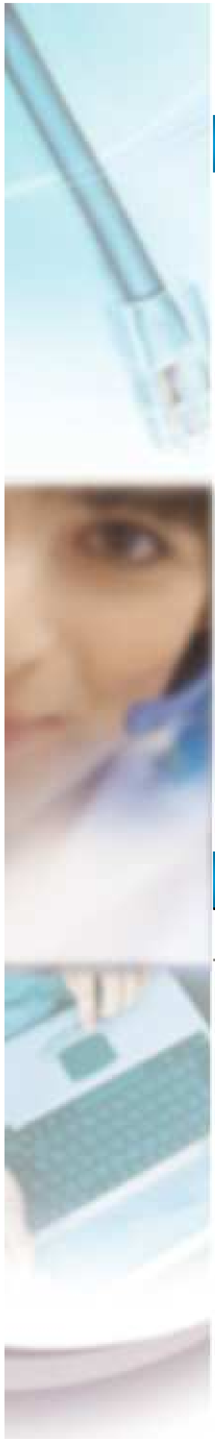


Unemployment Rate (%)



Inflation / Interest rate



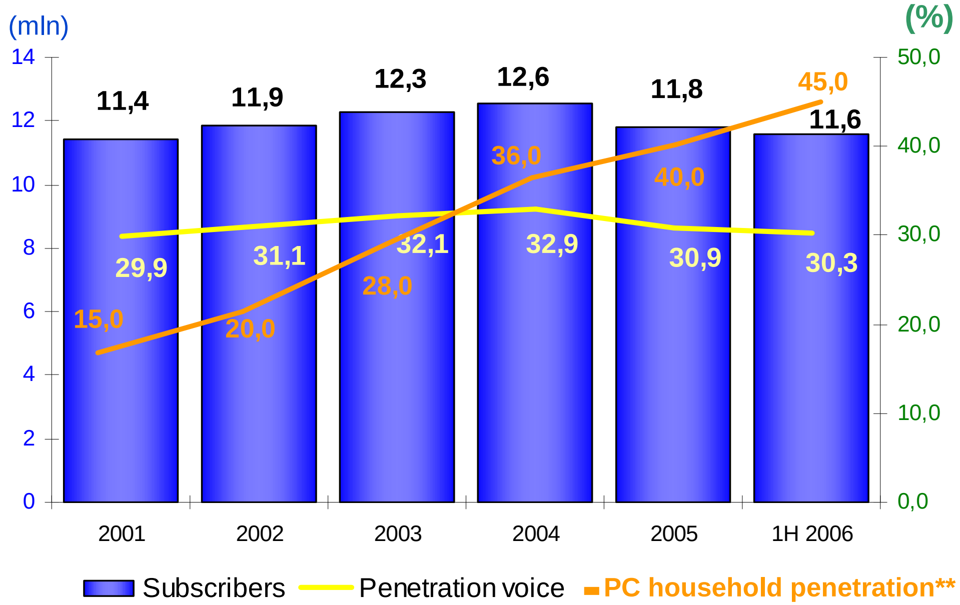


Polish telecom market is changing rapidly

Key market data

	2006
Population	38,7 mln
Number of households	12 mln
Fixed telephone lines in service	11,32 mln
Incumbent operator	Telekomunikacja Polska (TPSA)
Internet users	11,5 mln
Broadband subscribers	4 mln
Mobile subscribers	36,75 mln
PC household penetration	45%
Cable TV coverage	40%*
Cable internet subs	2,5%*

Fixed line subscribers



Key market trends

Market	Consumers	Regulations	Technology
▪ Rapid decline of traditional voice ▪ Strong competition for business customers putting pressure on margins ▪ Fast growth of Internet ▪ Bundled offers of Internet and voice and triple play (also from CaTV)	▪ Quick Fixed Mobile Substitution ▪ Strong price pressure, especially from large business	▪ Bitstream with 51% discount from full retail price ▪ Wholesale Line Rental with 47% discount ▪ LLU with full access at 36 PLN/month ▪ New RIO with 35% fixed termination decline in 2006 ▪ Mobile Termination Rate decline by 22% in 2006	▪ Poland #3 market for Skype world-wide ▪ IPTv and VoD offer from TP ▪ Wireless broadband through HSDPA, CDMA and WiMax

**data for 2005*
Source: GUS,PMR, CBOS, TNS OBOP
*** data for 2001-2003 estimated*

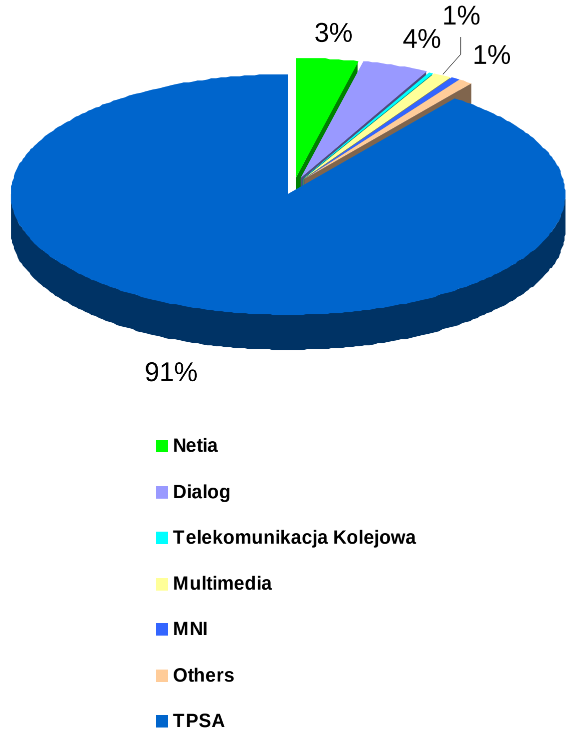
netia

Netia is best placed to exploit the liberalising Polish telecom market

Key market players

Player	Key focus	Market position	Revenues'06 (EUR mln)
TP	Fixed line, internet, data	10.1mn fixed line, 1.7mln broadband subscribes	2,872
PTK Centertel (Orange)	Mobile	12.5mln mobile subscribers	1,950
Polkomtel (Plus)	Mobile	12mln mobile subscribers	1,905
PTC (Era)	Mobile	12.2mln mobile subscribers	1,838
Netia	Fixed line, data,internet	398k fixed line 55k broadband subscribers	223
Exatel	Fixed line	1.2% share of Polish telcom market in terms of value	137
Telefonia Dialog	Fixed line, data, internet	438k fixed line, 96k broadband subcribers	129
GTS Energis	Fixed line	7k business clients, approx 1% of the telecoms market by value	103
UPC Polska	Cable TV	2mln homes passed 994k cable TV subscribers	97.4*
Tele2	Fixed line,reseller	1mln fixed line subscribers	61,9*
Multimedia	Cable TV	130k fixed line subscribers	60,9*
Vectra	Cable TV	630k cable TV subscribers	53,0*

Fixed line market (number of lines)

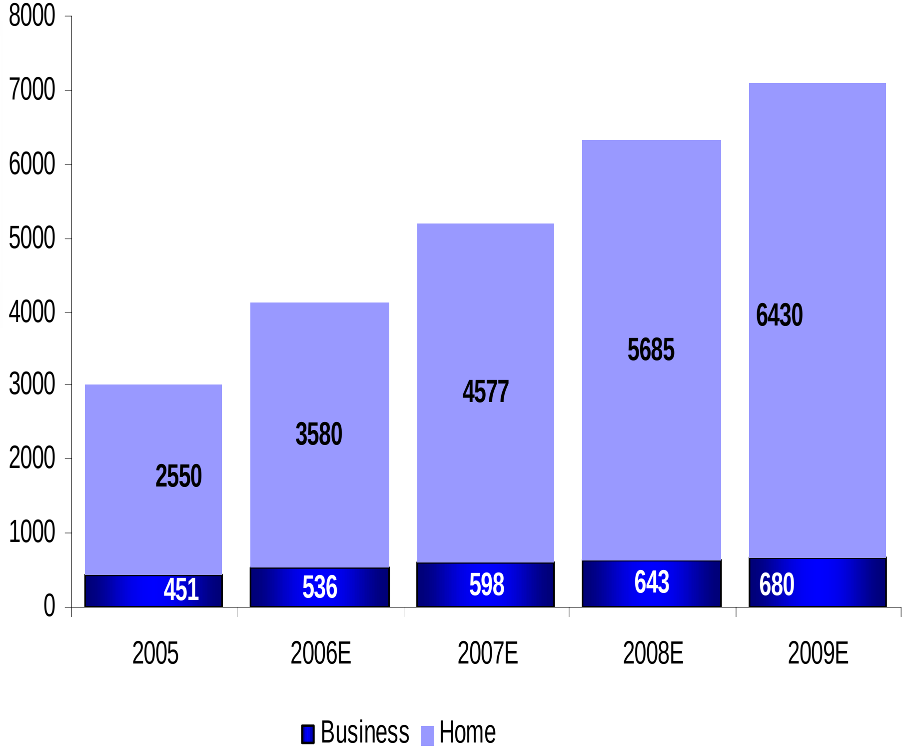


** data for 2005*
Source: GUS, CBOS, TNS OBOP,PMR, company data, financial statements of operators,

netia

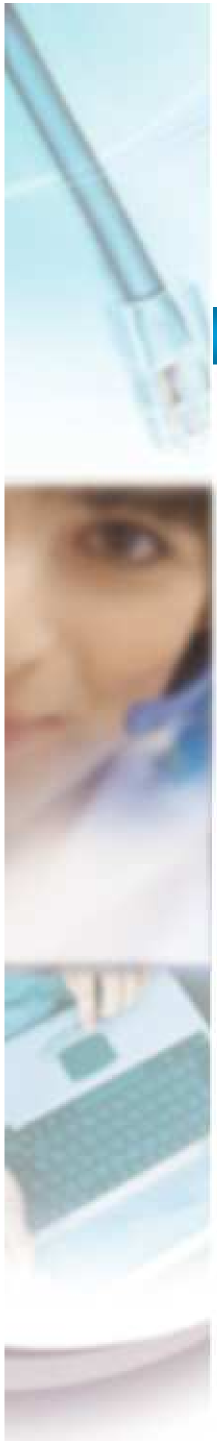
Polish broadband market is growing quickly

Number of broadband subscribers in Poland (in '000)



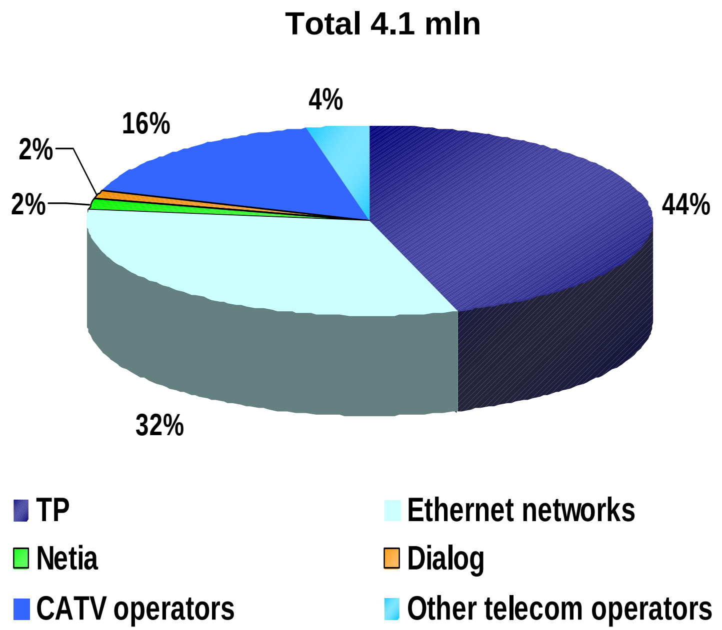
Broadband Penetration rate (2006)

Source: PMR, OECD



Broadband market is extremely fragmented

Broadband Suppliers	Opportunity for Netia



Netia Copper/ Fibre Network

- Continue to expand penetration of ADSL to existing 250K home customers and 50K business customers

TP – Regulatory Access

- Bitstream Internet Access
- Upsell voice – VoIP and wholesale line rental (WRL)
- Move to LLU when scale justifies
- Up-sell IPTV and cross-sell mobile services

Ethernet Networks

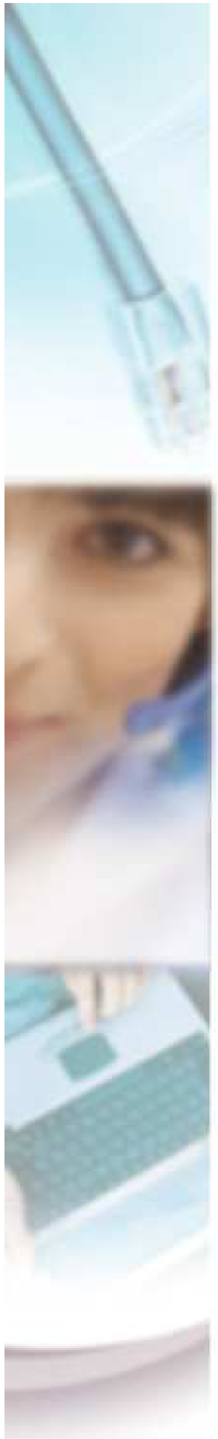
- High capacity local networks
- No scale to offer content or meet regulatory requirements
- Potential for bolt-on acquisitions

Cable TV

- Netia has opportunity to compete with multi-play offers

Source: OECD June 2006, UKE, Netia

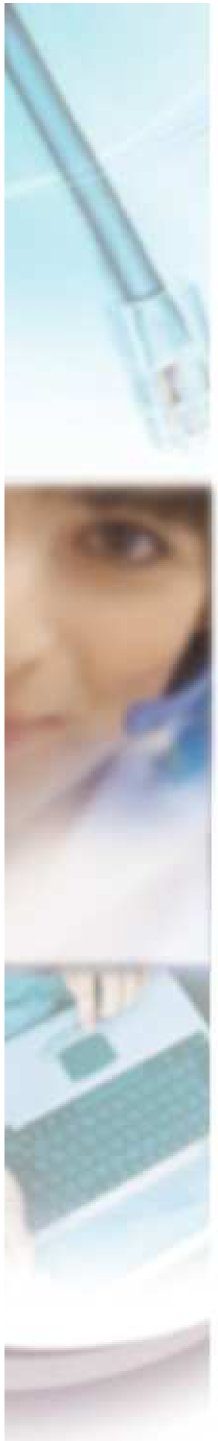
netia



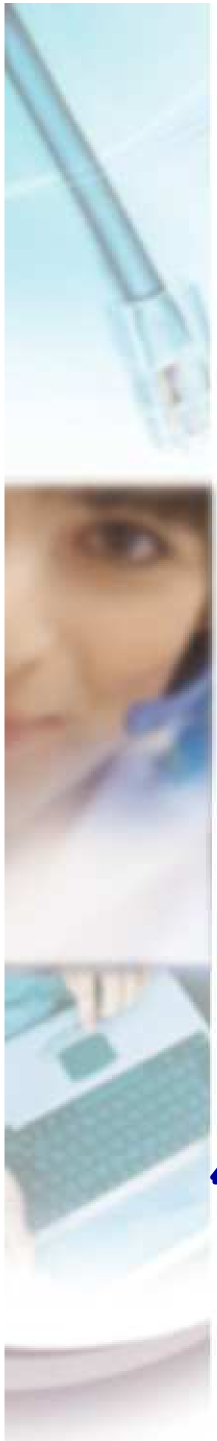
Netia is uniquely positioned to capitalize on the broadband opportunity

Broadband leader	• 100 K broadband customers makes Netia number 1 among Polish altnets • First mover advantage on deregulation - 38K bitstream subs in Q1/ 2007 – first LLU agreement
PLAY participation	• Investment in Play already derisked through successful launch in March • Netia Broadband to be available through the Germanos sales network
Management	• Highly experienced management team with Polish telco market know-how • Shareholder value driven compensation plans
National reach	• Brand name established nationally with dispersed sales and engineering resources • National backbone network provides capacity and backhaul from interconnection points • National maintenance and delivery capability through Ericsson outsourcing agreement
Cash generative existing business	• Cash generative hitherto business focused altnet • Significant potential for further optimisation • Debt free balance sheet to finance Broadband push

netia



Contents



Mission / Vision / Value Creation Plan

Mission:

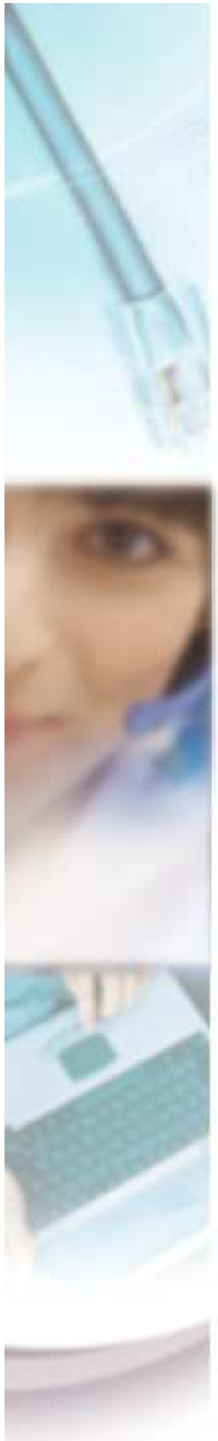
Preferred choice for broadband services

Vision:

Be the fastest growing communication service provider in Poland by:

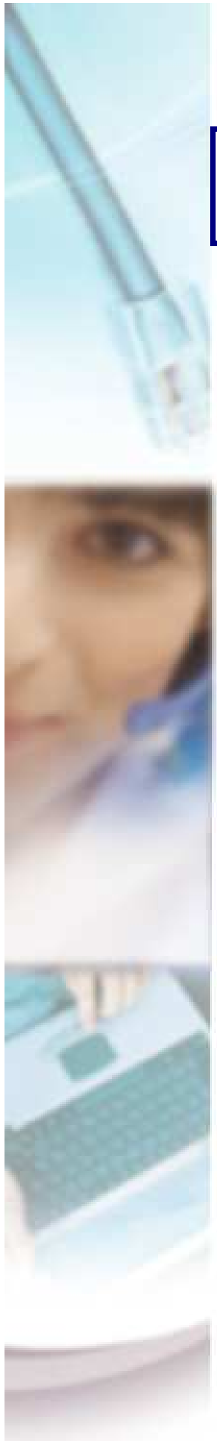
- **Satisfying our customers' needs for fully featured, high quality broadband services**
- **Creating value through dynamic growth of our customer base**
- **Providing an inspiring, performance driven and entrepreneurial work environment**

Value creation plan ....on next pages



Netia's objectives to drive shareholder value

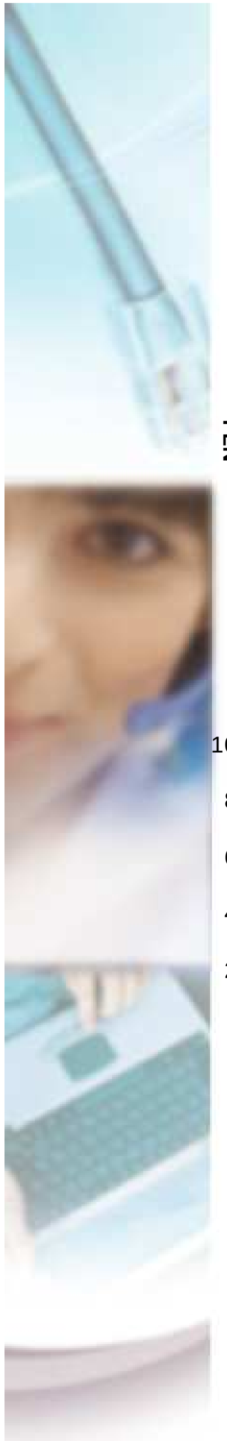
Broadband leadership	Reach 1 million broadband customers
Leverage PLAY investments	Grow investment value of Poland's 4th mobile operator Build a broad convergent product portfolio Capture revenue, cost and capex synergies
Optimize strong position in Business	Grow number of SOHO & SME customers to increase margins Increase profitability of large business with minimization of capex
Change organizational culture to support value growth-focused strategy	Visible customer-centric, performance-driven, entrepreneurial and trusting behaviour of employees
Scalable investments to drive value growth	Industry leading revenue CAGR 2007- 09 Maximize utilization of existing assets



Objectives to drive shareholder value :

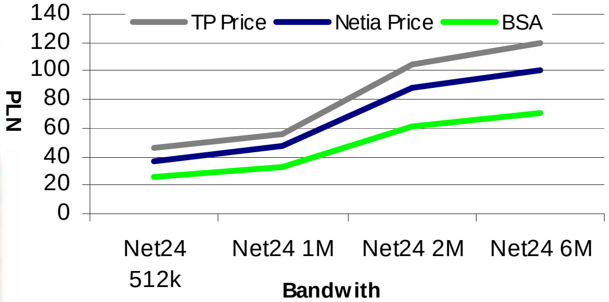
Broadband leadership

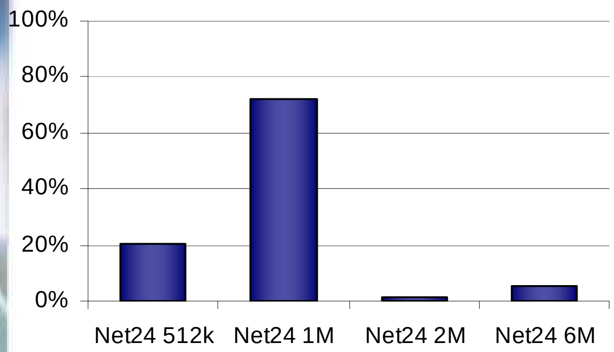
- Customer acquisition is top priority with 1 million broadband subscribers medium term objective
- First & commercially aggressive in bitstream customer acquisition
  - Retail focussed marketing strategy
  - Valued Added Services as differentiating factor
  - High quality customer service
- Emphasis on low cost distribution and acquisition channels
- High street presence secured through Play’s Germanos stores
- Targeted build-out of LLU infrastructure to increase customer profitability
- Increase in utilization of existing own copper with selective extensions
- Use of WiMax investment in under-served towns and suburbs of large cities
- Further increase customer value by up-selling VoIP, WRL and content based on IPTv and VoD



Bitstream and WRL/ VoiP Economic

Q1 2007

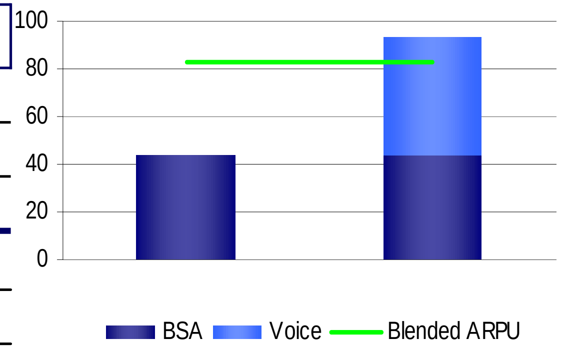


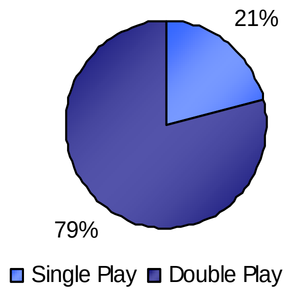


Blended per subs.

ARPU	**83**
TP Fee	38
Other Costs	23
Margin	22
Margin %	27%
Investment	
Capex	101
CPE	160
Opex SAC	246
Total	**507**
Payback	**23**

2008



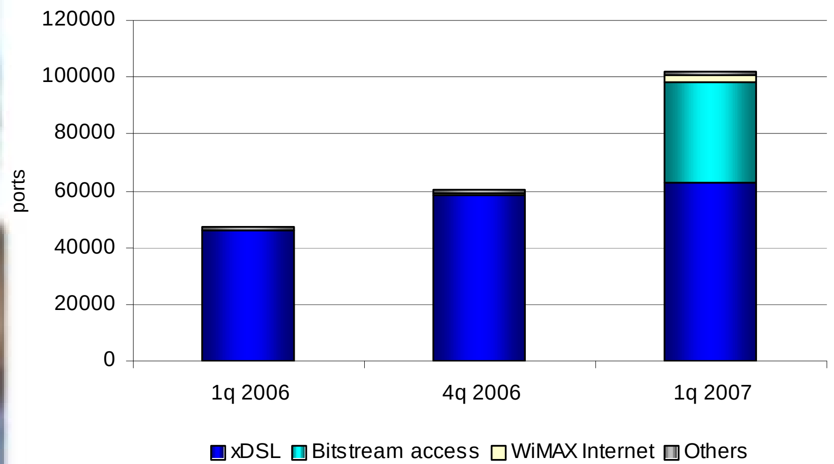


- **36k activated in Q1,**
- **BSA Contract**
  - TP lease Cost equivalent retail offer - 51%
  - Activation Fee 81 PLN
- **Response time – 7 days**
  Change over < 12 hours

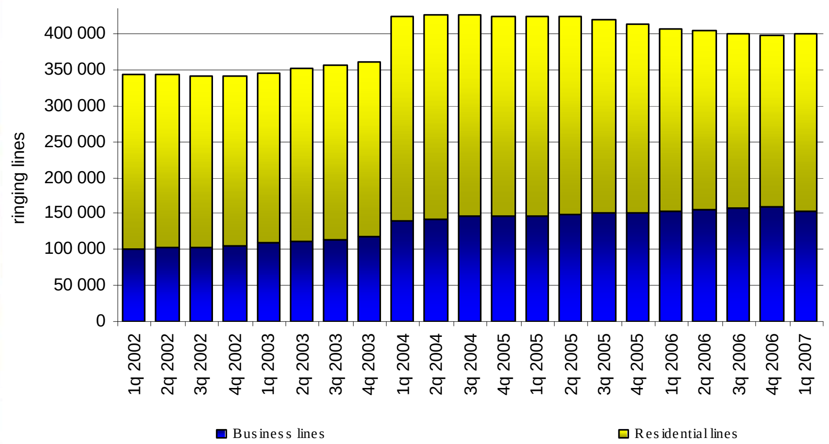
netia

Netia's broadband customer base expected to grow

Broadband ports

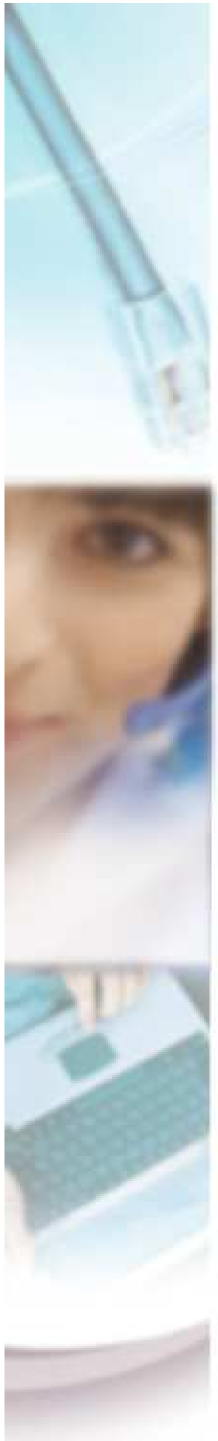


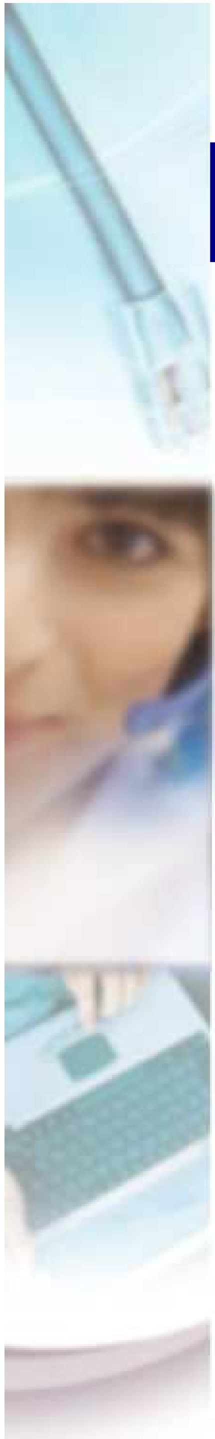
Direct voice subscriber lines



- Over 100,000 broadband customers at end Q1 2007
- Over 200,000 broadband customers to be served by 2007 year-end
- Strategic target to acquire 1 million broadband customers within next three years

- Customer mix to be shifted from large corporates to SME & SOHO
- Profitability from large corporate clients to be increased while minimizing cash burn
- Voice services to be upsold to bitstream customers in future





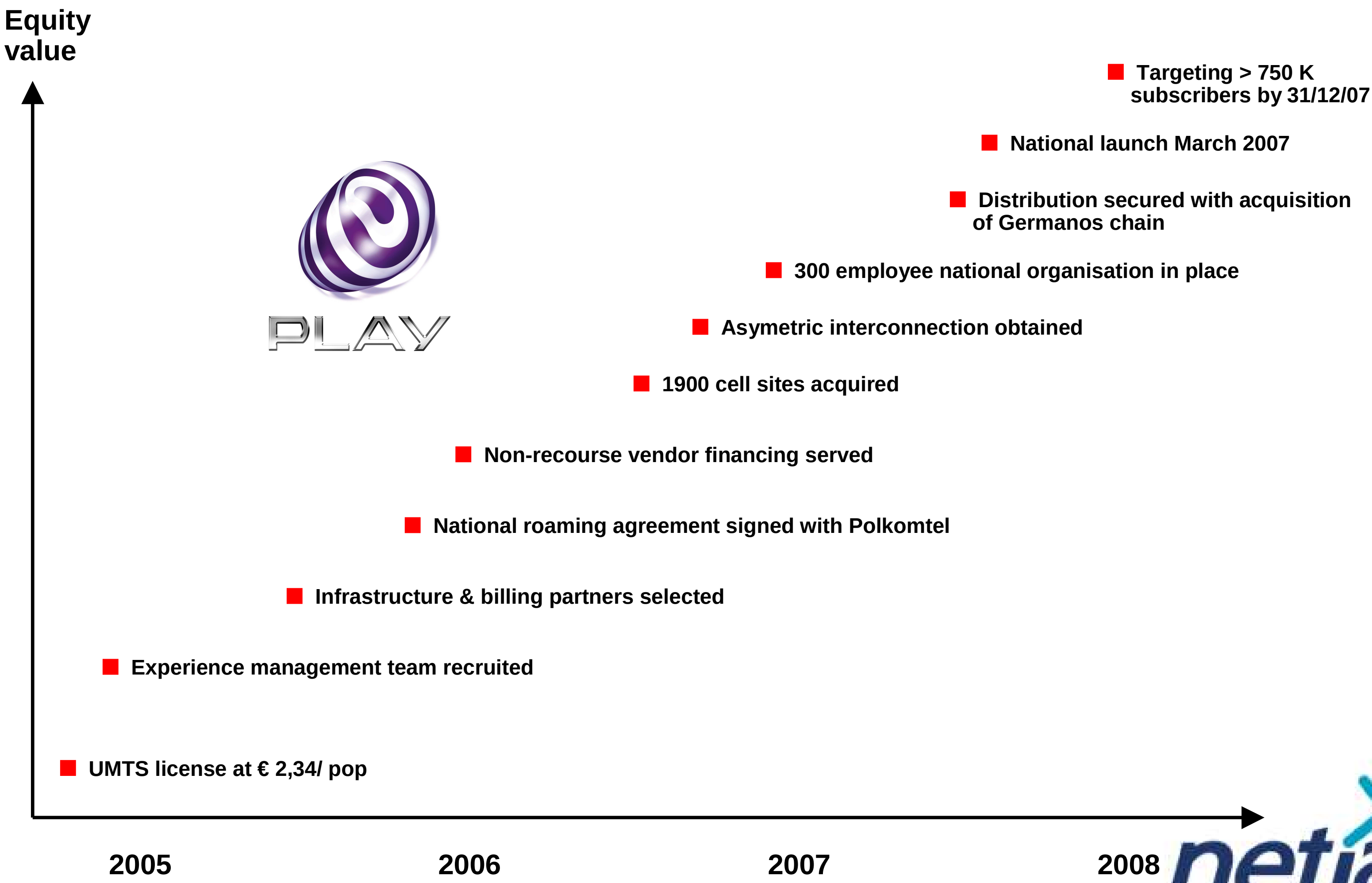
Leverage PLAY investments

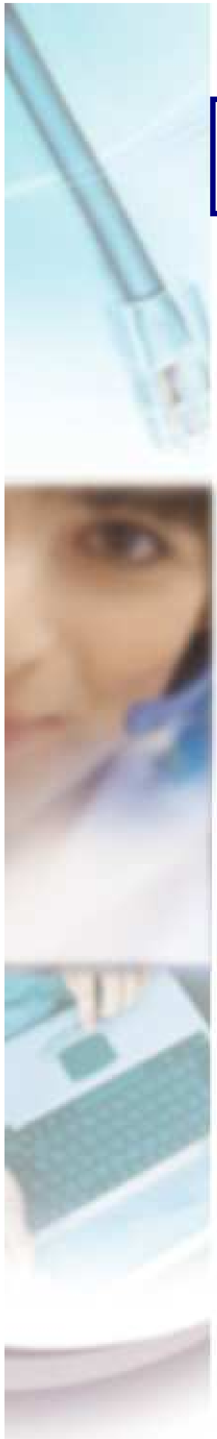
- **Broaden product portfolio:**
  - **Resell mobile products for business customers under Netia brand**
  - **Develop convergent products with PLAY**
- **Provide backhaul solutions for Play's network**
  - **5 year contract ramping up to 50 mln PLN annual revenue**
  - **Capital investment to PLN 100 mln 2007 - 2008**
- **Capture cost synergies:**
  - **Back-office**
  - **Distribution network**
  - **Procurement**
- **Potential merger:**
  - **Not before 2009 and only if value accretive for Netia**
  - **Short term both companies focused on customer acquisition**

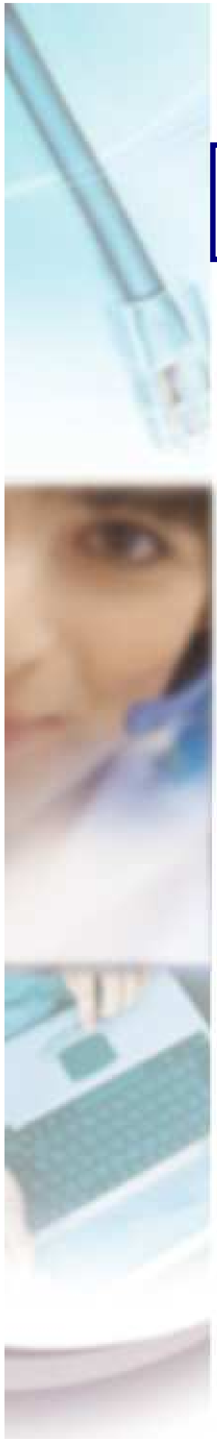
Objectives to drive shareholder value :

PLAY: Derisked and ready to build value

Drive value creation at Poland's 4th mobile operator



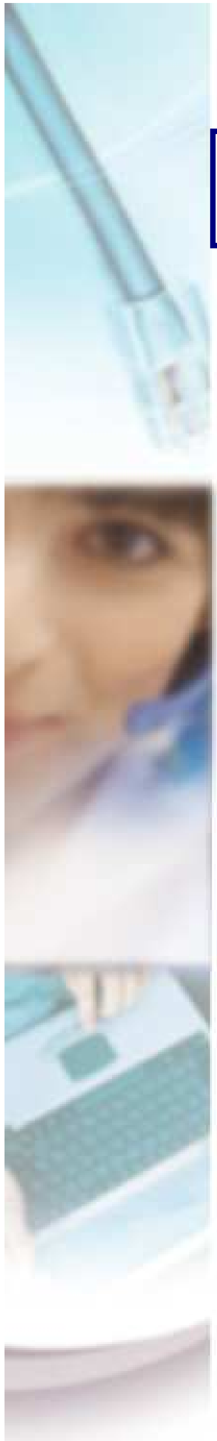




Objectives to drive shareholder value :

PLAY first results six weeks after launch

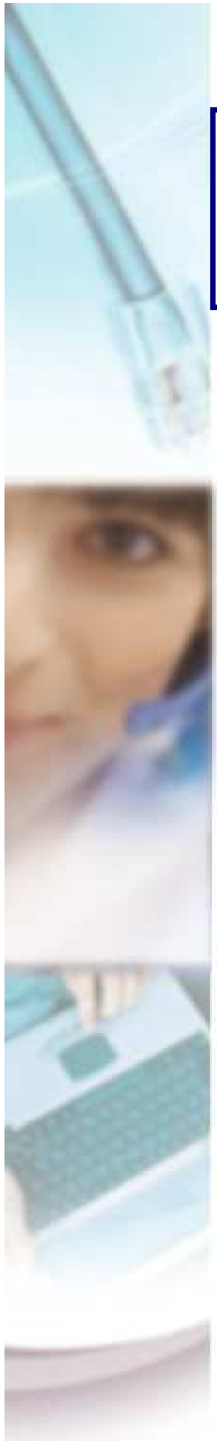
- 100 K subscribers
  - 39% postpaid
- Initial ARPUs indicate offer is reaching target segments of young, internet savy customers
  - Play postpaid 189,6 PLN vs market 90 PLN
  - Play prepaid 87 PLN vs market 21,9 PLN
- Distribution capacity building from May 1 through Germanos stores
  - 300 + postpaid outlets
  - 20 000 + prepaid outlets
- Brand successfully established as recognisable and different from the crowd



Optimize strong position in Business

- Target higher margin corporate business
- Shift customer mix from large corporate to SOHO and SME
  - Standardize products for SOHO and SME
  - Simplify offering to eliminate costs of bespoke complexity
- Focus sales force on margin as the key KPI for business segment
- Reduce cost and capex to sale requirements

netia

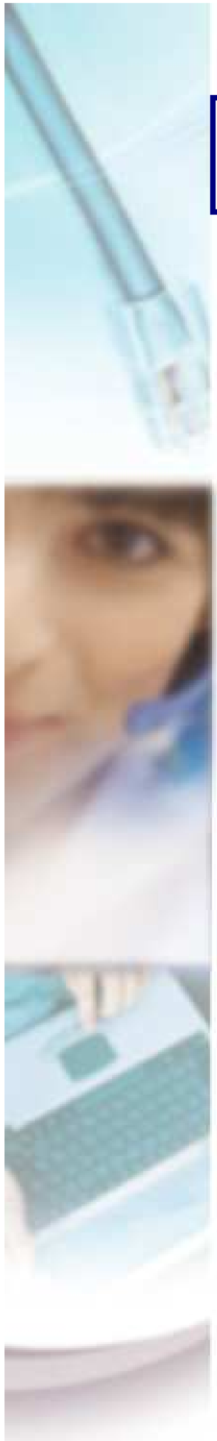


Objectives to drive shareholder value :

Change organization and company culture to support shareholder value focused strategy

- Change from incumbent/ survivor to challenger culture
- Install vision, values and strategy through entire organization
- Improve internal communication to foster cooperation and react faster to market changes
- Align incentives of employees with shareholders' interests (SOP for Management Board and top managers, new performance management system) and promote ownership culture

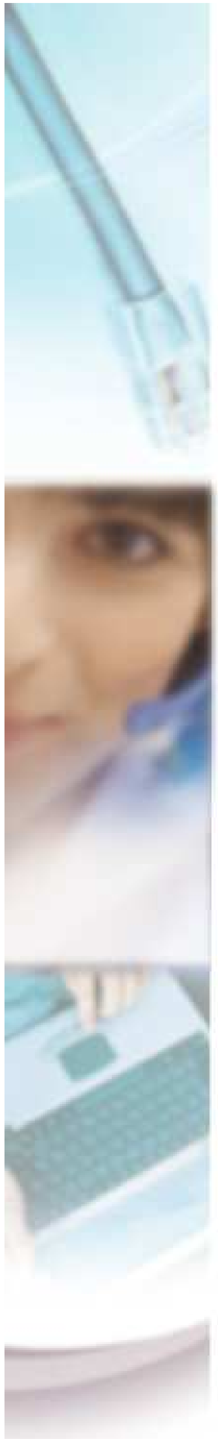
netia



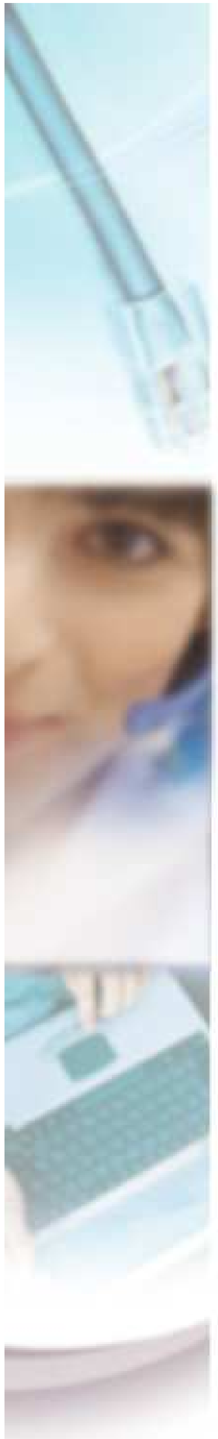
Objectives to drive shareholder value :

Scalable investments to achieve value growth

- **Return to revenue growth by Q4 2007**
- **Industry leading revenues CAGR 2007-09**
  - **Target growth comparable to Western Europe broadband players (Illiad, Forthnet, FastWeb etc.)**
  - **Up to PLN 500mln to invest in broadband expansion over 3 years for 1 mln broadband subscribers**
  - **Up to PLN 200 mln in acquisition cost, marketing and customer service 2007- 2009**
  - **Target of strong EBITDA growth by 2009 and FCF positive by 2010**
- **Maximize utilisation of existing assets**
  - **Decrease capex for traditional business**
  - **Increase copper line utilization**
  - **Leverage backbone and interconnection infrastructure for wholesale and regulated access**
  - **Extend Netia brand perception from Business to Home**
  - **Reduce unit costs to serve customers**
  - **Generate value from real estate**
- **EBITDA positive throughout strong growth phase**



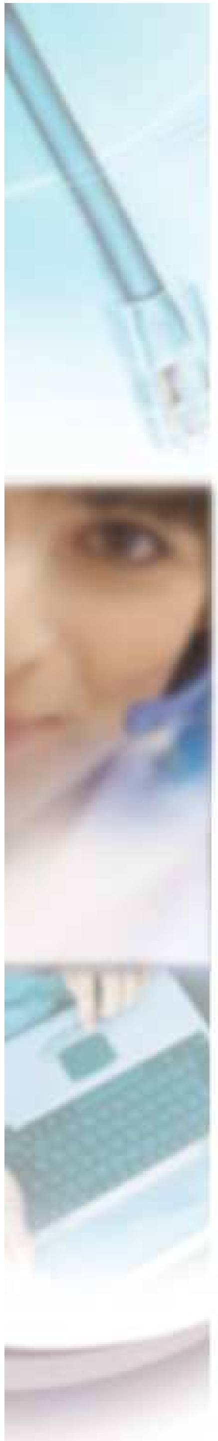
Contents



EBITDA stabilised, debt free

PLN' K	2007	2006			
	1Q	1Q	2Q	3Q	4Q
REVENUES	**204 392**	**218 380**	**203 422**	**230 537**	**209 718**
% change on prior year quarter	***(6.4%)***	***0.8%***	***(9.2%)***	***(0.1%)***	***(11.7%)***
EBITDA ADJUSTED	**54 609**	**58 751**	**48 009**	**53 994**	**60 552**
EBITDA adjusted margin	***26.7%***	***26.9%***	***23.6%***	***23.4%***	***28.9%***
Pro Forma EBIT	**(14 910)**	**(5 843)**	**(19 928)**	**(15 583)**	**(9 827)**
Share of losses of investments in associates	(25 613)	(3 007)	(4 650)	(7 262)	(15 735)
Pro Forma PAT	**(37 797)**	**(10 638)**	**(23 101)**	**(22 919)**	**(31 494)**
Total assets	**2 093 132**	**2 588 619**	**2 527 046**	**2 528 943**	**2 155 359**
Debt	**0**	**0**	**0**	**0**	**0**

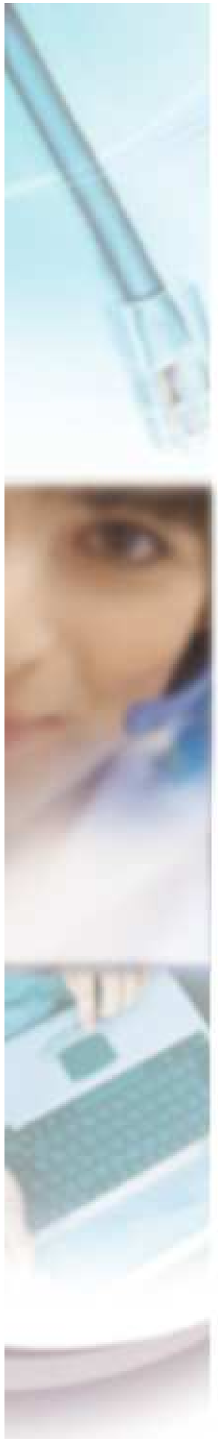
netia



Guidance for 2007

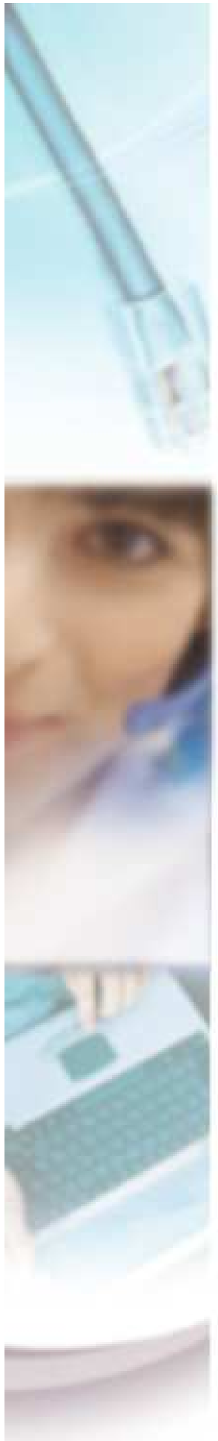
NETIA *(PLN'M unless otherwise stated)*	**2007**	**2006**
Broadband subscribers ('000)	**> 200**	**57**
Revenues	**830 – 865**	**862**
EBITDA like-for-like	210	221
-BSA, WLR, LLU access start-up losses for 153 K Broadband net additions	60	-
Adjusted EBITDA	**150**	**221**
PLAY mobile customers ('000)	**> 750**	

netia



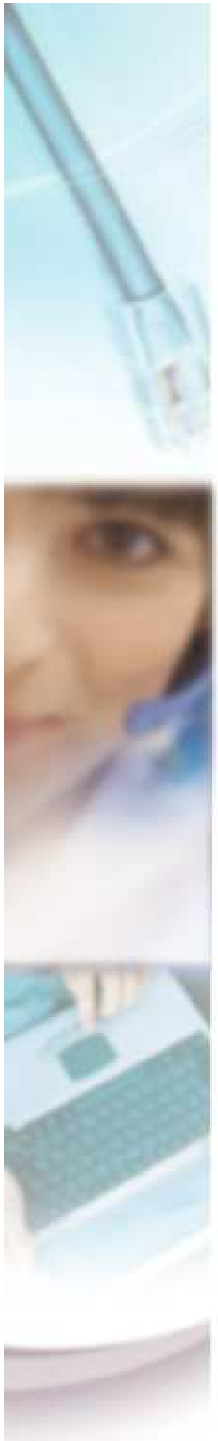
Capital investments 2007 vs 2006

PLN' M	2007	2006
Existing network	**112**	**135**
Information technology	**32**	**15**
P4 Transmission	**65**	**-**
Broadband	**76 - 91**	**24**
- Including WiMax	*27*	*21*
- 2007 active customers	*40 - 52*	
- Future growth of broadband customer base	*9 - 12*	
Total	**285 - 300**	**174**
Q1 2007 Capital investments	**38**	



Summary

- Attractive growth of the Home market and regulated access offers new opportunities to leverage Netia's existing core competencies and assets
- Rapid acquisition of broadband customers and further increase in customer value by migration from bitstream to LLU and up-sell of content and convergent services will be the main source of growth
- A close partnership with PLAY will allow Netia to offer mobile and convergent products and achieve economies of scale in distribution and back-office
- Netia will optimize its strong position in the Business market by focusing on most attractive segments and minimizing cash-out
- Customer-centric organization will support Netia's growth strategy
- Three years of investment in broadband should lead to strong EBITDA growth by 2009 and positive cash flow by 2010



Thank you for your attention