



Netia SA

The Broadband Opportunity in Poland

November 2007

netia

PLAYO

G GERMANOS

www.investor.netia.pl

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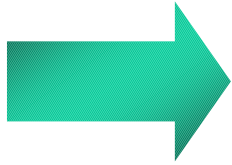




Key recent developments at Netia

- Highly favourable regulatory opportunities available from January 2007 – in particular for LLU and Bitstream access
- Strategy refocused on the consumer broadband opportunity in Poland – broadband customer base of 192K growing by over 200% over last 12 months
- New management team highly incentivised to maximise shareholder value
- 23% stake in #4 Polish mobile player expected to create considerable value and provide key operational synergies – over 600K mobile customers and a target of more than 750K clients by 2007 year-end

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2007 performance

Summary

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

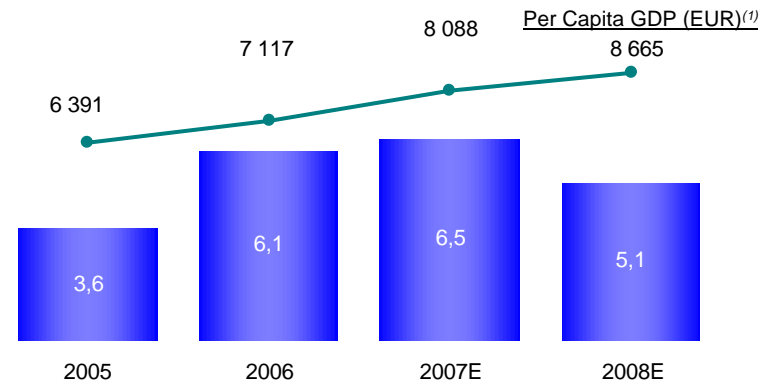
Society:

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

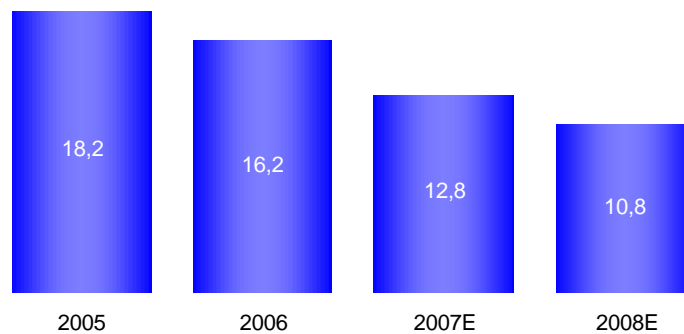
Technology:

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

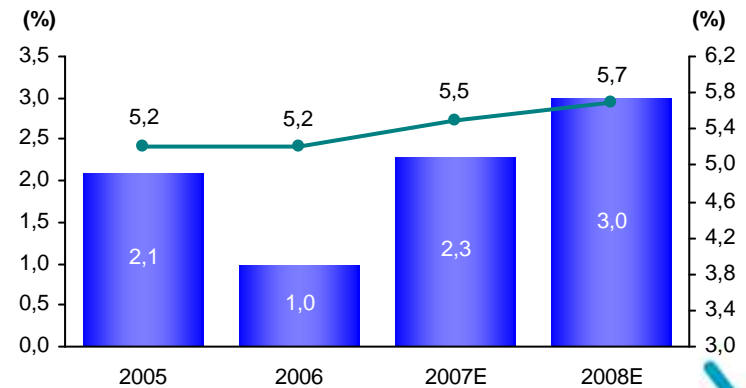
GDP growth (%)⁽¹⁾



Unemployment rate (%)⁽¹⁾



Inflation / interest rate⁽²⁾



(1) Source: Central Statistical Office

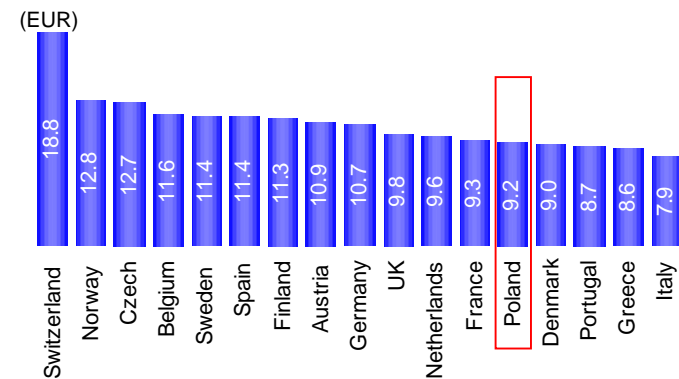
(2) Interest rate represented by 10-year government bond yield

Rapidly liberalising regulatory environment

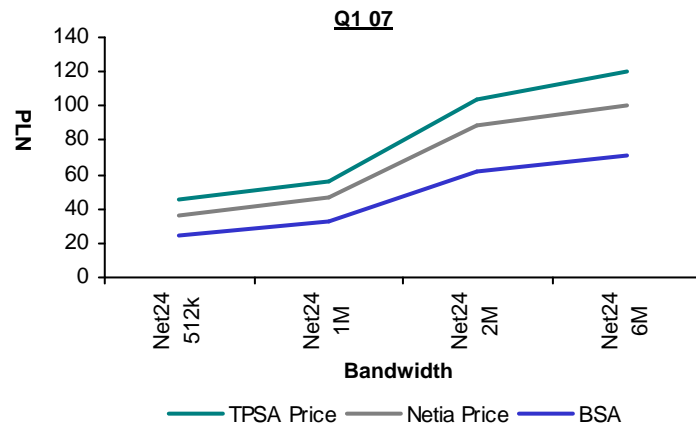
Regulations

- Bitstream with 51% discount
- Wholesale Line Rental with 47% discount
- LLU with full access at 36 PLN / month
- Almost PLN 0.5 bn of fines imposed on TP with many upheld by courts
- Netia demanded over PLN 4 m contractual penalties from TP due under the bitstream agreement

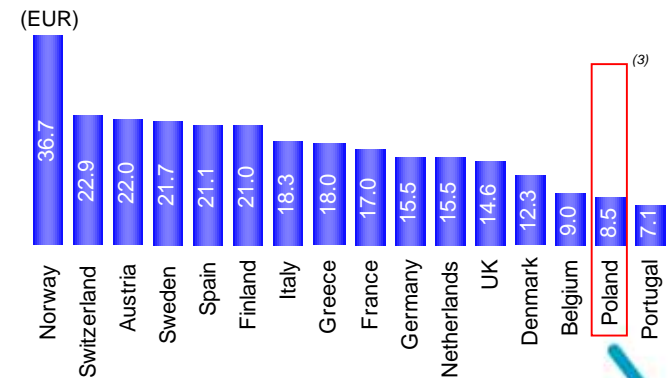
LLU wholesale pricing⁽¹⁾



Attractive bitstream economics



Bitstream wholesale pricing⁽²⁾

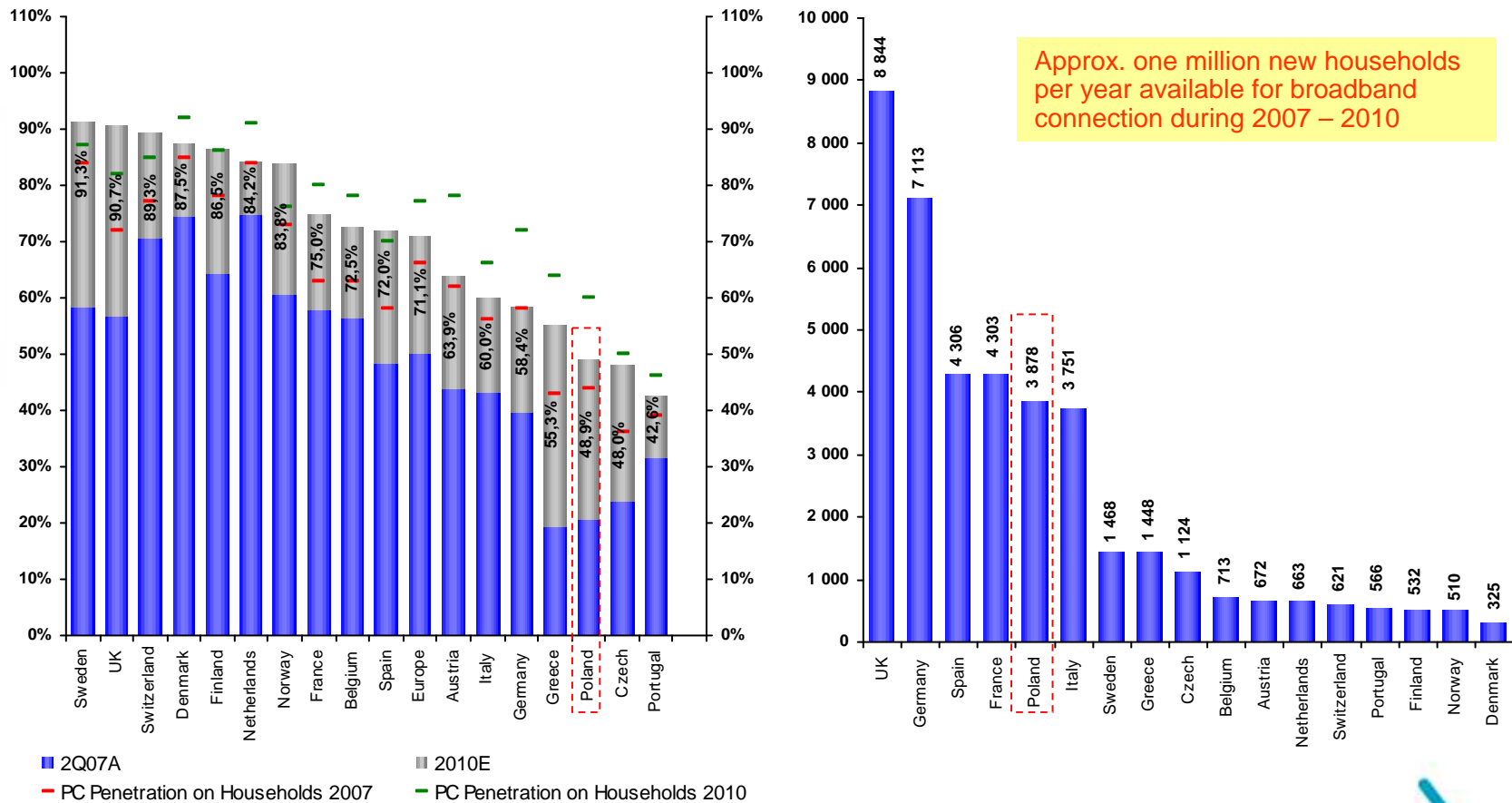


(1) Merrill Lynch Research
 (2) Resale ADSL is shown for Finland, Germany, Greece, Sweden and Switzerland
 (3) Calculated as 51% discount to TPSA's ADSL ARPU in 2006

Polish broadband market upside

Broadband penetration⁽¹⁾

2010E BB penetration upside (households)⁽¹⁾⁽²⁾



Source: Merrill Lynch Broadband Matrix, Merrill Lynch CE3 Matrix

Note: Western European Countries forecasts formulated post Q2 07 results, Poland and Czech Republic forecasts formulated post Q1 06 results; 2006 year end figures for Poland and Czech republic estimated as at Q1 06

(1) Always excludes Ethernet Networks

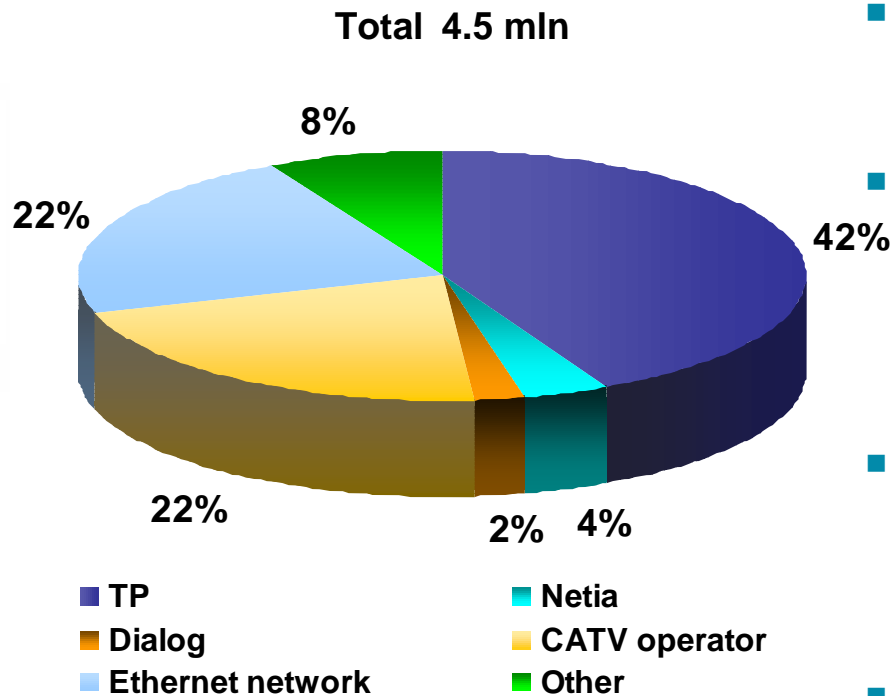
(2) Represents Households with Broadband Penetration in 2010E minus Households with Broadband Penetration in 2Q 2007A



Broadband market is fragmented

Broadband subscribers – Q3 2007

Growth opportunity for Netia



- Netia Copper / Fibre Network
 - Continue to expand penetration of ADSL to existing 250K residential customer lines and 150K business customer lines
- TP – Regulatory Access
 - Bitstream Internet Access
 - Upsell voice – VoIP and wholesale line rental (WLR)
 - 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



Netia is best placed altnet to exploit the liberalising Polish telecom market

Key market players

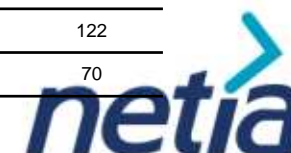
Player	Key focus	Market position	Revenues '06 (EUR mln)	Market Cap (EUR mln)	National backbone	Customer focus	LLU BSA/WLR strategy	Broadband clients (K)
TP	Fixed line, internet, data	10.1mn fixed lines	2,872	8,189				1,952
PTK Centertel (Orange)	Mobile	13.5mn mobile subscribers	1,950					200^
Polkomtel (Plus)	Mobile	13.3mn mobile subscribers	1,905	Not Listed				200^
PTC (Era)	Mobile	12.7mn mobile subscribers	1,838	Not Listed				150^
Netia	Fixed line, data, internet	394 K fixed lines	223	410	Yes	Bus/Res	WLR, BSA, LLU	192 ⁽¹⁾
Exatel	Fixed line	1.2% share of Polish telcom market in terms of value	137	Not Listed	Yes	Business	WLR, BSA	<10
Telefonia Dialog	Fixed line, data, internet	416k fixed lines	129	Not Listed	No	Res/Bus	WLR, BSA, LLU	101
GTS Energis	Fixed line	7k business clients, approx 1% of the telecoms market by value	103	Not Listed	Yes	Business	WLR, BSA, LLU	<10
UPC Polska	Cable TV	2mln homes passed 1mln cable TV subscribers	140	Not Listed	No	Residential		263
Tele2	Fixed line, reseller	1mln fixed line subscribers	101	Not Listed	No	Residential	WLR, BSA, LLU	<10
Multimedia	Cable TV	626k cable TV subscribers 160k fixed lines	97.5	414	No	Residential	WLR, BSA, LLU	190
Vectra	Cable TV	645k cable TV subscribers	64.2	Not Listed	No	Residential		122
Hyperion	Broadband	N/A	5.1	25	No	Residential		70

market cap as of 26/11/2007

^ mobile broadband

(1) data as of November 26, 2007

Source: GUS, CBOS, TNS OBOP, PMR, company data, financial statements of operators, Netia estimates



Netia is uniquely positioned to capitalize on the broadband opportunity

<p>Early mover</p>	<ul style="list-style-type: none"> ▪ <u>Over 192K broadband customers makes Netia number 1 among Polish altnets</u> ▪ First mover advantage on deregulation - approx. 84% market share in bitstream access ▪ First local loop unbundled by Netia
<p>PLAY operational synergies</p>	<ul style="list-style-type: none"> ▪ Netia Broadband available through the 400 Germanos stores ▪ Ongoing works on launching mobile products to Netia business clients under Netia brand and introducing a joint convergent offering with PLAY
<p>National reach</p>	<ul style="list-style-type: none"> ▪ Brand name established nationally ▪ National marketing and distribution ▪ National backbone network provides capacity and backhaul from interconnection points ▪ National maintenance and delivery capability through Ericsson outsourcing agreement
<p>Existing business supports growth</p>	<ul style="list-style-type: none"> ▪ Cash generative legacy business ▪ Significant potential for further optimisation ▪ Debt free balance sheet to finance Broadband push
<p>Management</p>	<ul style="list-style-type: none"> ▪ Highly experienced management team with Polish telco market know-how ▪ Proven M&A skills ▪ Shareholder value driven compensation plans



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Netia's objectives to drive shareholder value

- Broadband leadership amongst altnets – target to acquire one million broadband customers within next three years
- Optimize strong position in Business customer segment
- Leverage PLAY investments

While

- Changing organizational culture to support value growth-focused strategy
- Focusing on a scalable investment strategy to drive value growth



Growth strategy

Increase customer value

- Increased penetration of LLU and migration of Bitstream / WLR customers
- Further acquisitions of local Ethernet networks
- Introduce and up-sell of triple-play
- Up-sell of mobile and convergent services to business customers
- Further optimization of network capacity utilization

Broaden portfolio of services

- Early entry into LLU and quick roll-out in most attractive areas
- Evaluation of market potential, technology and business model for IPTV and VoD, followed by roll-out in 2008
- Preparation, business and technology assessment and initial entry into mobile and convergent services

Increase number of customers

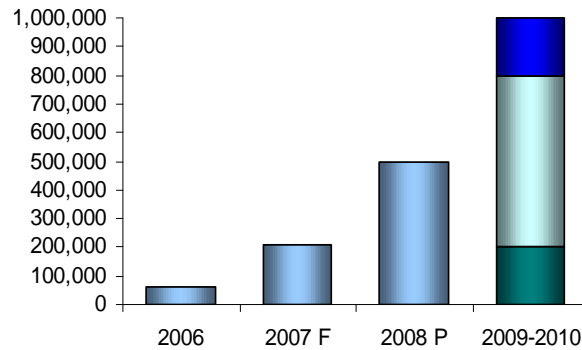
- Expand distribution and back-office capacity to serve Home market nationally
- Aggressive acquisition of broadband customers based on geo-marketing
 - Leading position in Bitstream
 - Better utilization of own copper
 - Optimization of existing WiMax investments
 - Selective acquisition of high quality Ethernet access networks
- Up-sell of WLR to Bitstream and CPS customers



Netia's broadband customer base growing fast

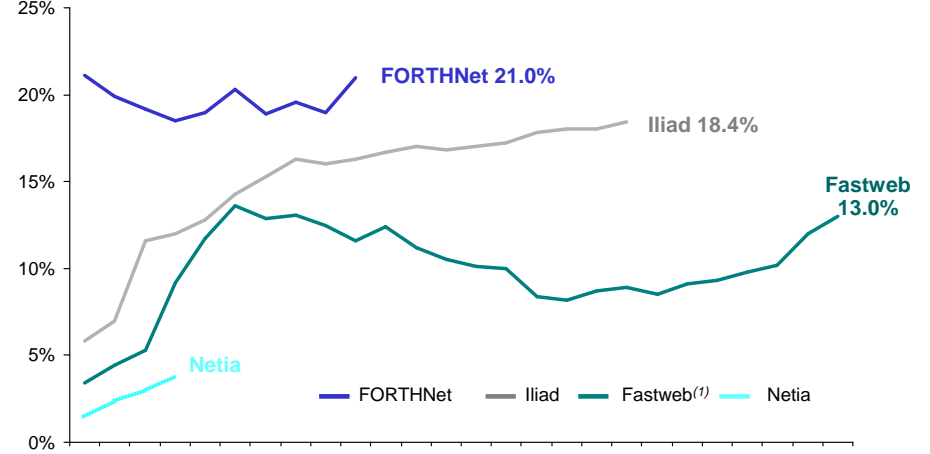
Netia - Poland

BB subscribers



■ Netia's network □ TP's network ■ Ethernet networks

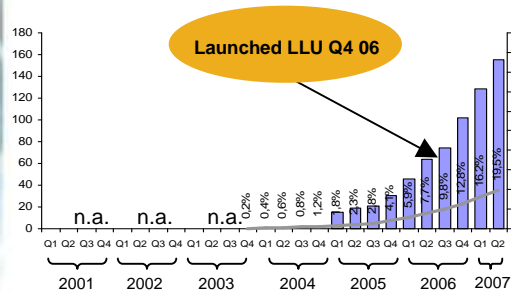
Market Shares



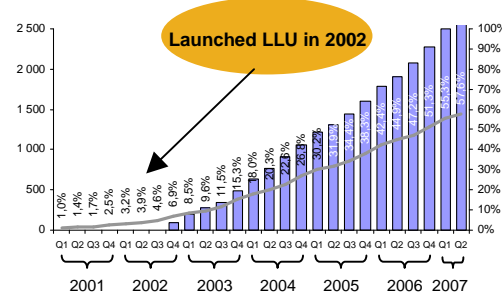
Company	Start Date	Start Subs	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25	Q26
FORTHNet	Q1 05	15.2	21.1%	19.9%	19.2%	18.5%	19.0%	20.3%	18.9%	19.6%	19.0%	21.0%																
Iliad	Q4 02	99.1	5.8%	n.a.	11.8%	n.a.	12.8%	14.3%	15.3%	16.3%	16.0%	16.3%	16.7%	17.0%	16.8%	17.0%	17.2%	17.8%	18.0%	18.0%	18.4%							
Fastweb	Q1 01	6.4	3.4%	4.4%	5.3%	9.2%	11.7%	13.6%	12.9%	13.1%	12.5%	11.6%	12.4%	11.2%	10.5%	10.1%	10.0%	8.4%	8.2%	8.7%	8.9%	8.5%	9.1%	9.3%	9.8%	10.2%	12.0%	13.0%
NETIA	Q4 06	60.4	1.5%	2.4%	3.0%	3.8%																						

Comparable markets and altnets

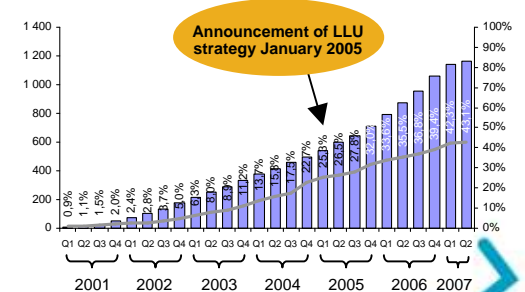
Forthnet - Greece



Iliad - France



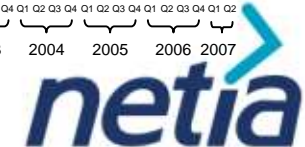
Fastweb - Italy



■ Number of Company's Subscribers ('000) ■ BB Penetration of Households [%]

Source: Merrill Lynch Research, Informa, Company Financials

(1) Nationwide market share. Fastweb Fibre to the home network covered only ca. 4mm homes until nationwide LLU roll out commenced in January 2005



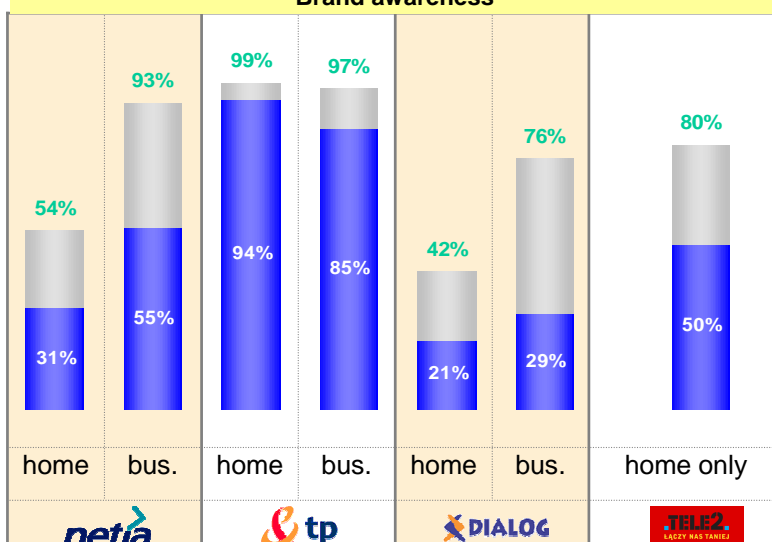
Marketing strategy

- First and commercially aggressive in broadband customer acquisition
- Value-added services as differentiating factors
- High quality customer service
- Emphasis on low cost distribution and acquisition channels
- High street presence secured

Marketing infrastructure in place

- State of the art e-sales system
- 200+ Telesales (113 internal and 91 outsourced)
- 530 door-to-door sales commission only
- 400 Play / Germanos high-street stores available with the exclusivity on broadband

Brand awareness



Data for consumer: September 2007 (N=1000)
Data for business: October 2007 (N=300)

Transitioning to mass market

- Brand well established with business customer base
- New consumer logo design
- Launch of mass market advertising campaign (TV, print, megaboard, direct mail, etc.)
- Advertising efficiencies given nation-wide footprint

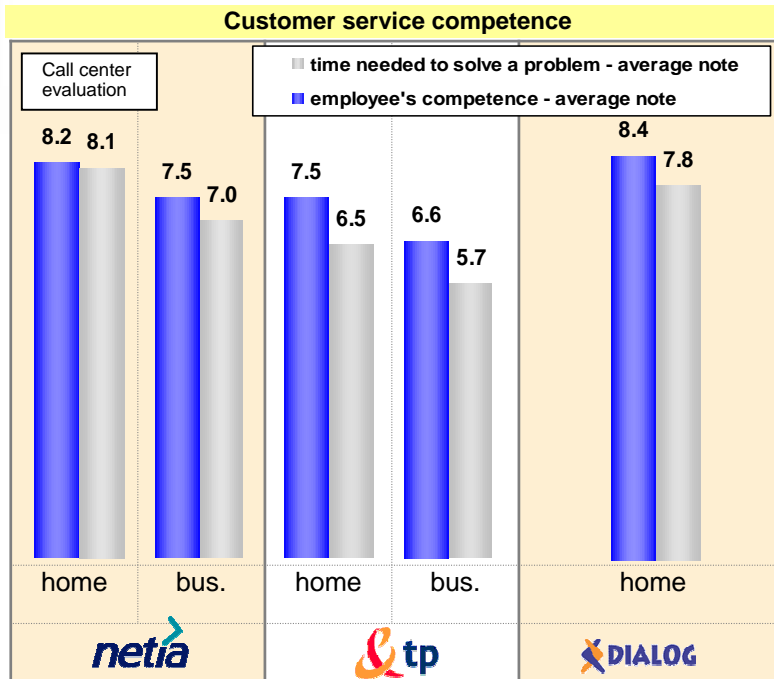


Customer service

- Netia's customer service ranked high by its clients
- Focus on high quality customer service
- Adequate resources provisioning to ensure performance

Customer operations resources

- 3 Call centres, two of which are outsourced (capability to handle 10,000 calls per day)
- Geneva billing / Clarify CRM more than sufficient
- Technical support outsourced to Ericsson
 - 300 professionals
 - National coverage
- 300+ customer service staff
- 150 flexible external capacity added in past 9 months
- 200+ telesales force for CRM and upselling
- Installations
 - Plug&Play CPE
 - Installation advice outsourced



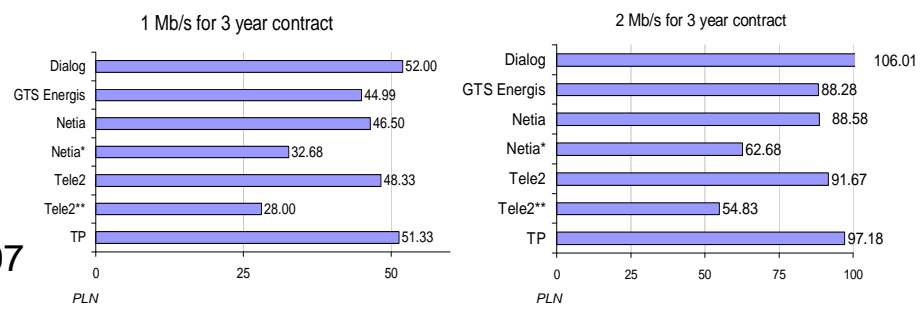
Data for consumer: February 2007 (Netia=44, TP S.A.=82 Dialog=74)
Data for business: February 2007 (Netia=190, TP S.A.=444), weighted



Comparison of Netia products / pricing

- H1 2007 focus on broadband access and attractive prices
- H2 2007 focus on voice (WLR) + Internet (BSA) bundles - offered since Aug. 20, 2007

Comparison of prices for broadband Internet provided over BSA ~



~ Comparison of average monthly fees, all prices gross.
 * Netia's promotion „Internet free of charge for a year” (July 9-Aug.10, 2007)
 ** Tele2's summer promotion (until Aug. 31, 2007)



SZYBKI INTERNET ZA DARMO
 Nowe pakiety Internetu z linii TP SA, w których stało się szybki Internet bliżej do darmo przez obniżkę cen. Za pierwsze 12 miesięcy korzystania z Internetu w promocyjnej cenie 19 zł/mc. Po 12 miesiącach nastąpi zwykła cena. Cena za pozostałe 12 miesięcy to tylko 49 zł brutto w zależności od Internetu i BSA.
 Jest to oferta skierowana do klientów z abonamentem i dostępem do Internetu w ramach pakietu z abonamentem.
 Mówi o nas tylko do 10.11.2007 r.
 0 801 88 11 00 www.netia.pl sklepy Play Germanos



Examples of Netia's bitstream promotion campaign „Fast Internet” of May 2007

An example of Netia's bitstream promotion „Internet free of charge for a year” of July 2007





Works on local loop unbundling in line with initial schedule

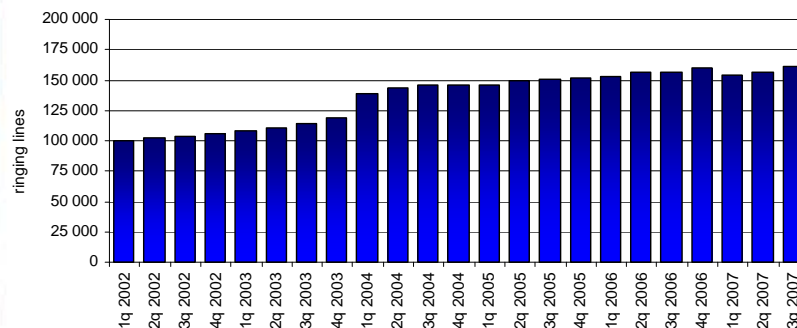
- Netia was the first Polish telnet to reach a local loop unbundling (LLU) agreement with TP
- The first node was unbundled on November 13, 2007 (Kaliska street, Warsaw) – access to 15,500 TP customers
- Selection of TP's nodes targeted by Netia for unbundling made based on geo-marketing surveys
 - Over 500 TP nodes targeted for unbundling
 - 50% coverage of TP's network
- Significant number of orders for unbundling selected nodes sent to TP
- Procurement of DSLAM equipment to be installed by Netia in TP locations ongoing
- First LLU clients will be activated in 2007, commercially the service to be launched in Q1 2008
- Future migration of BSA/WLR clients to LLU profile
 - further increase in customer value (up-selling of content and convergent products)



Optimize strong position in Business customer segment

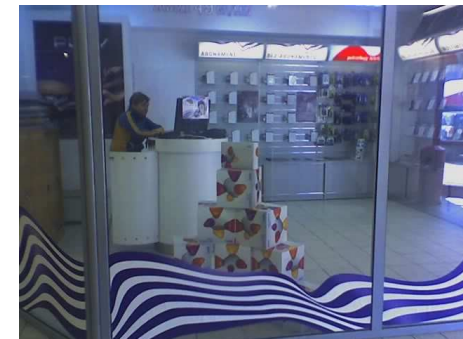
- Target higher margin corporate business while minimizing cash burn
- Shift customer mix from large corporate to SOHO and SME
 - Standardize products for SOHO and SME
 - Simplify offering to eliminate costs of bespoke complexity
- Focus sales force on margin as the key KPI for business segment
- Voice services to be upsold to bitstream customers
Bitstream services to be upsold to voice customers
- Reduce cost and capex to sales requirements

Business voice subscriber lines



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 PLN 50 mln annual revenue
 - ❑ Capital investment to PLN 100 mln in 2007 - 2008
- Capture cost synergies:
 - ❑ Back-office
 - ❑ Distribution network
 - ❑ Procurement



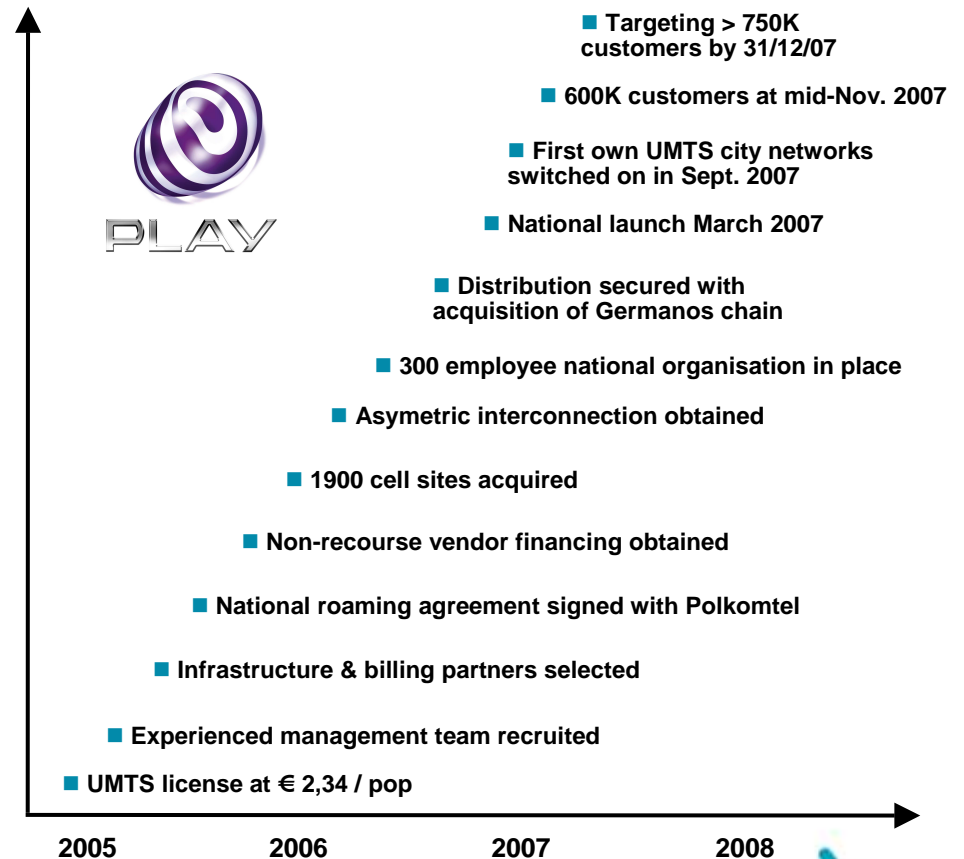
Up to 10% of Netia's bitstream sales is coming now through Germanos stores

PLAY: Derisked and ready to build value

Drive value creation at Poland's 4th mobile operator

- 600K customers
- 232 Node Bs in operation in 6 cities at Sept. 2007
- Revenues for 3Q YTD 2007 were PLN 147.9m (approx. 1% market share)
- Initial above-market-average ARPUs indicate offer is reaching target segments of young, internet savvy customers
- Distribution capacity building from May 1 through Germanos stores
 - 400 postpaid outlets
 - 40 000 + prepaid outlets
- Brand successfully established as recognisable and different from the crowd
- Good results from initial customer satisfaction and loyalty surveys
- Switching traffic away from the national roaming partner expected to improve margins

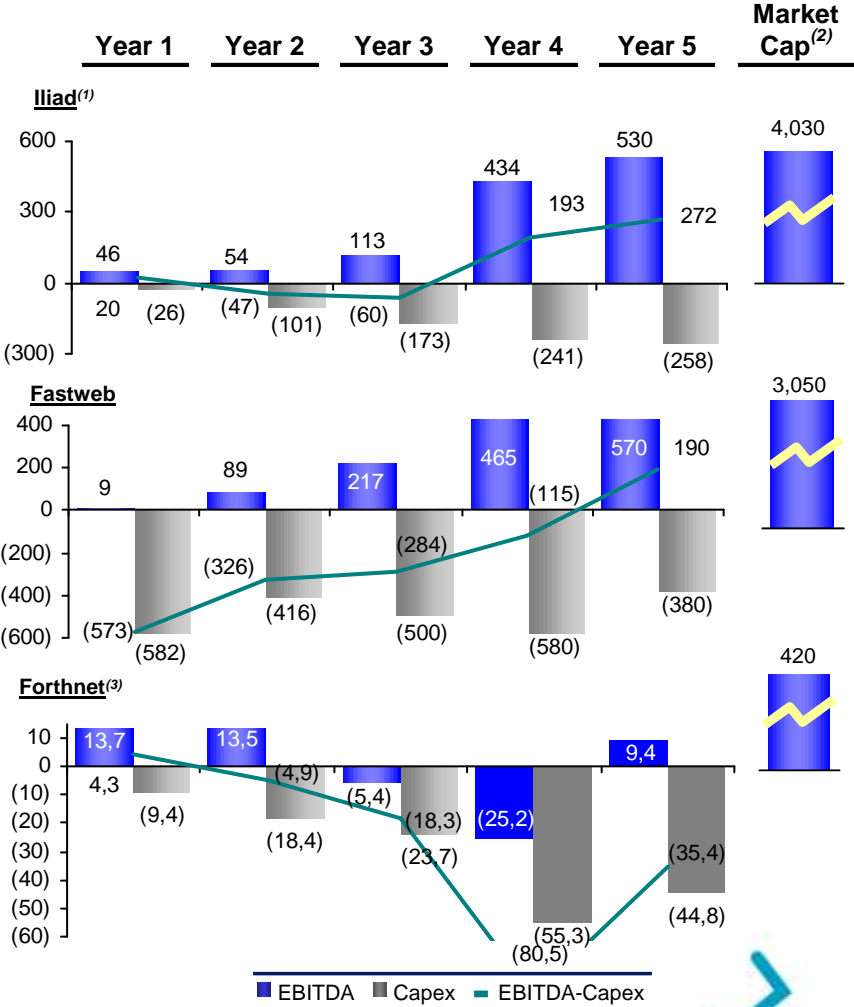
Equity value



netia

Scalable investments to achieve value growth

- Netia targets to become cash flow positive by 2010, i.e. sooner than its broadband peers
- Cash flow impact considerably mitigated by:
 - Legacy cash flows
 - Utilisation of existing assets
 - Optimisation of real estate / other non-core assets
- Netia expects to stay EBITDA positive throughout the growth phase



Sources: Company financials, equity research reports
 (1) LLU launch in Year 2
 (2) Share price as at 11 Oct. 2007
 (3) Last two years are Merrill Lynch Forecast



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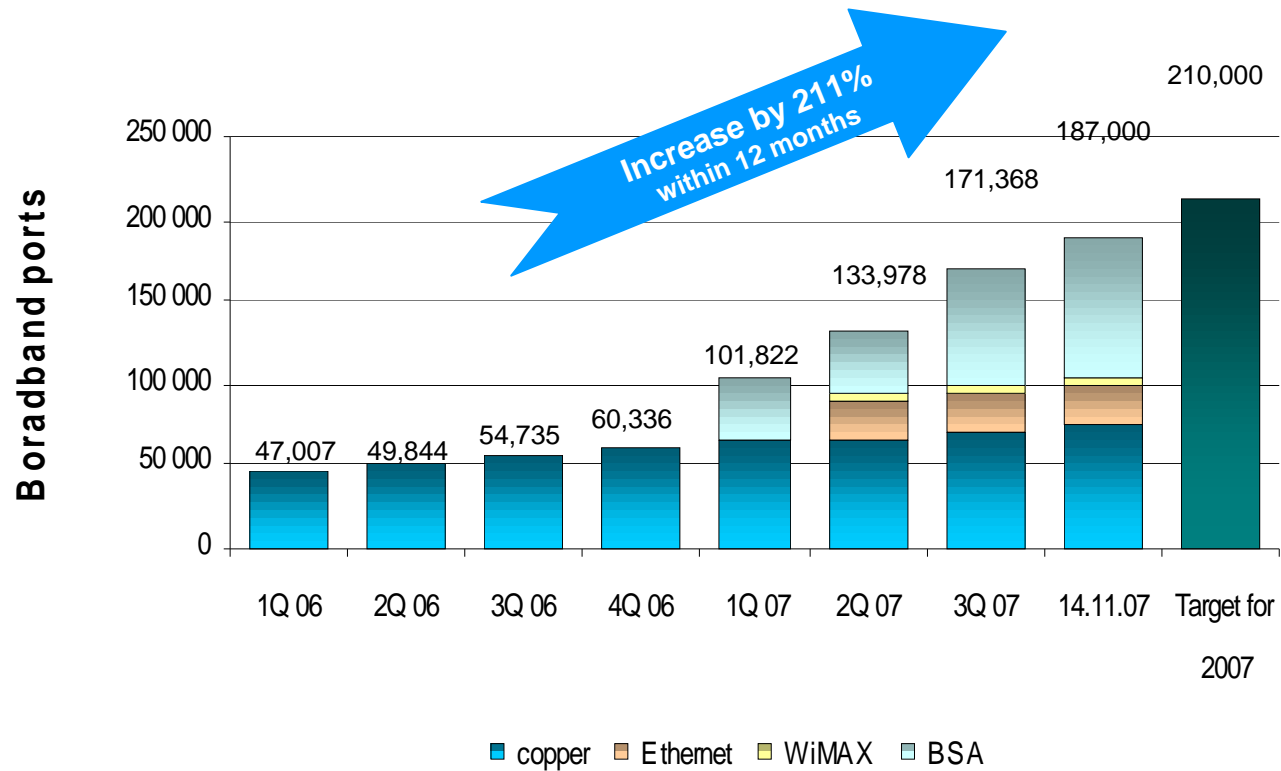
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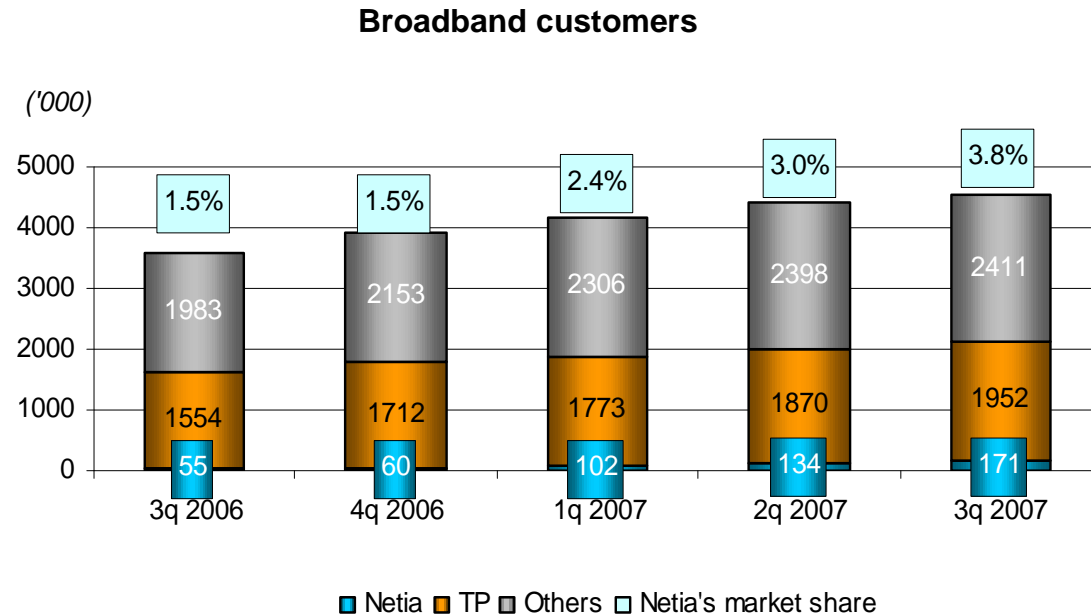
Netia builds momentum in its broadband expansion



Source: Netia, TP



... and continuously increases its share in broadband services market



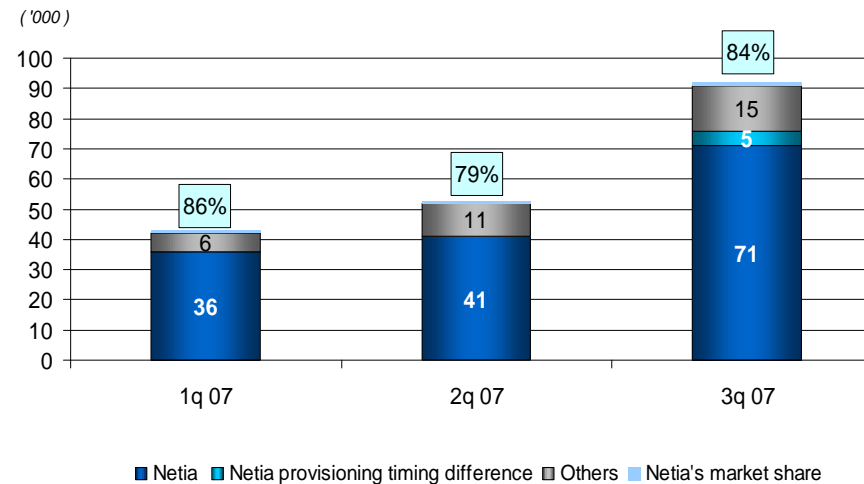
- Netia's share of broadband net adds amounted to 18% for 3QYTD 2007
- Netia's share in bitstream market amounted to 84% for 3QYTD 2007
- Netia's share in the total number of broadband customers increased to 3.8% in Q3 2007 from 1.5% in Q3 2006

Source: Netia, TP



Netia is the clear leader on the Polish bitstream market

Bitstream customers



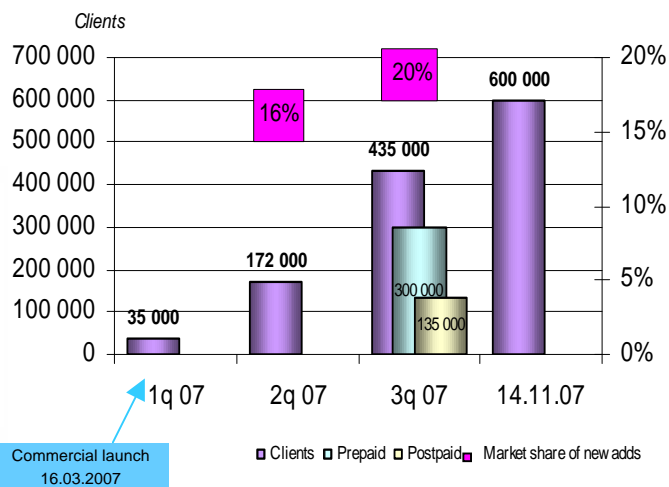
- Netia serves 84% of all bitstream customers
- Significant improvement in customer care standards since the first bitstream offer launch in January 2007 (current average activation time is 20 days)
- Demand for payment from TP for contractual penalties for delays in BSA customer activation totalling PLN 4.4 mln

Source: Netia, TP

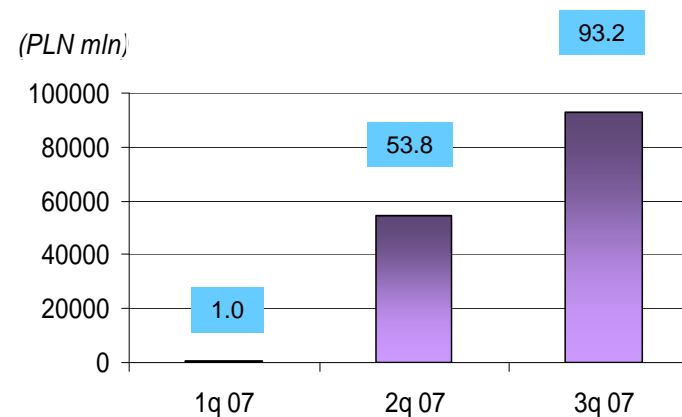


Accelerating development of PLAY, first urban UMTS networks active

Customers

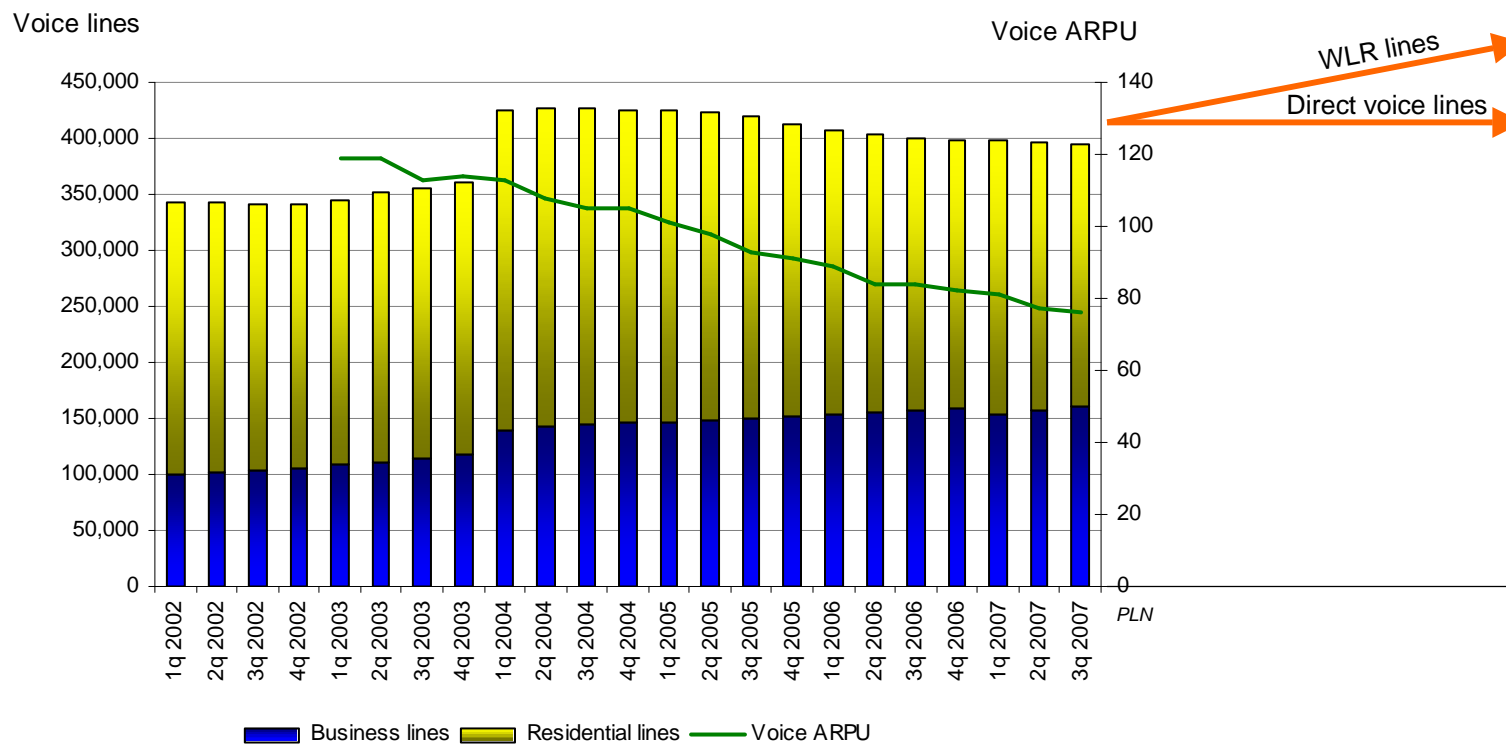


Revenues



- 232 base stations operational in 6 cities at Sept. 30, 2007
- ARPUs above market average
- 400 postpaid points of sale and 40,000 prepaid distribution points
- Play Germanos stores also selling Netia's residential offer

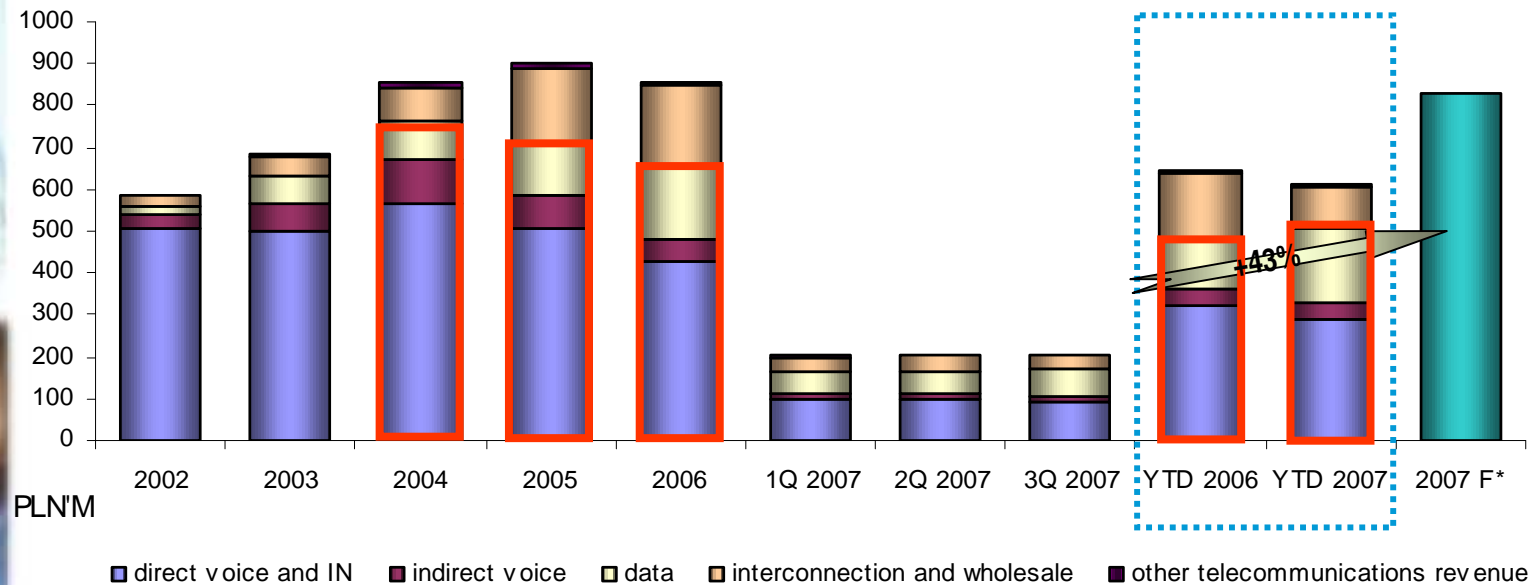
Double play expected to help stabilise voice revenues



- > For 2007, Netia expects the number of voice lines (own network and WLR) to reach 415K – 420K
- > As of November 14, 2007, Netia signed over 13K contracts for WLR voice lines
- > First Netia WLR voice lines became active on November 1, 2007



Top-line development by product



- Data revenues for 3QYTD 2007 grew to PLN 172.2m for a 43% year-on-year increase and an 8% sequential increase, more than offsetting the decline in voice revenues
- Data, direct voice and indirect voice combined revenues for 3QYTD 2007 grew by 4% over the comparable period of 2006 to PLN 496.2m
- Overall revenue performance negatively impacted by declining wholesale and interconnection revenues (revenues for 3QYTD 2007 decreased by 6% year-on-year to PLN 615.5m)
- Continued expansion of the broadband base, the addition of WLR services and commencement of meaningful revenues from P4 transmission services contract are expected to accelerate Netia's revenue growth over coming quarters

* Guidance for 2007: PLN835-850 mln

Financial Performance

Stabilised revenues

(PLN'M)

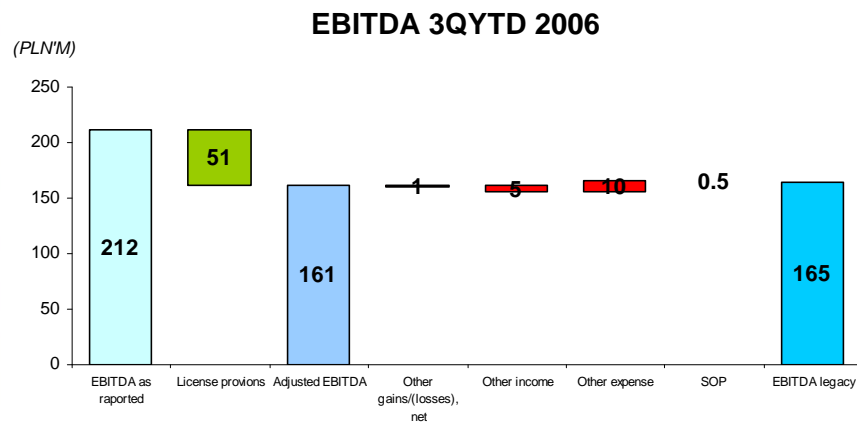
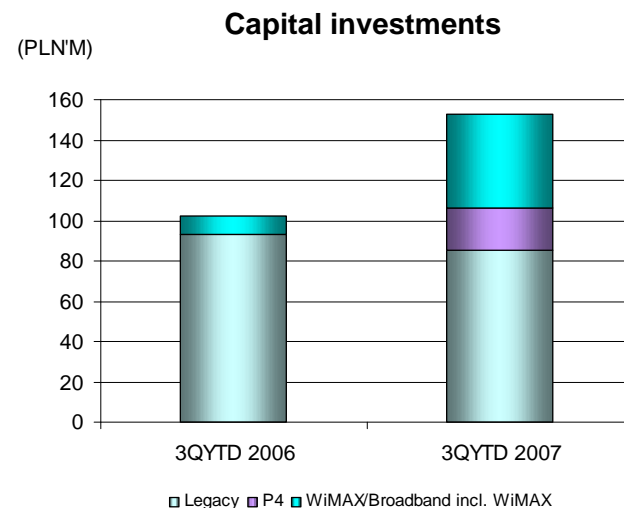
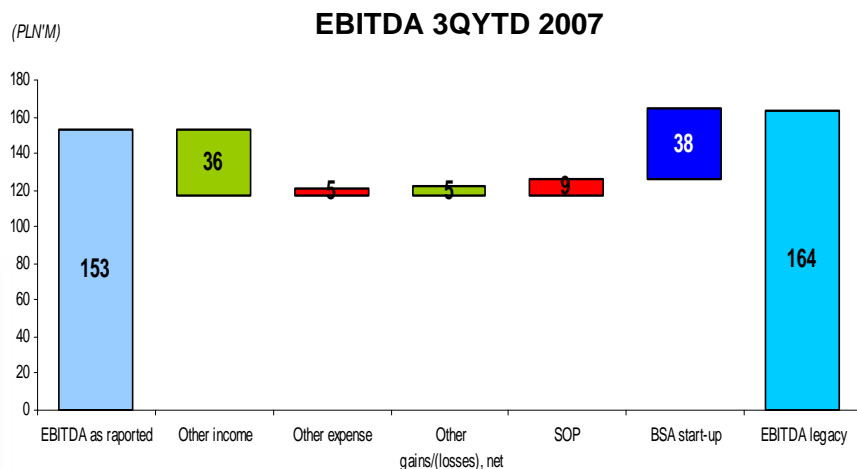
	2007			2006			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Revenues	205,559	205,580	204,392	209.718	230.537	203.422	218.380
% change (y-o-y)	(10.8%)	1.1%	(6.4%)	(11.7%)	(0.1%)	(9.2%)	0.8%
EBITDA / Adjusted EBITDA* Margin	36,160 17.6%	62,236 30.3%	54,609 26.7%	60,552* 28.9%*	53,994* 23.4%*	48,009* 23.6%*	58,759 26.9%
EBIT/Pro Forma EBIT*	(35,714)	(8,249)	(14,910)	(9,827)*	(15,583)*	(19,928)*	(5,843)
Share of P4 start-up losses	(43,733)	(42,994)	(25,618)	(15,735)	(7,262)	(4,650)	(3,007)
PAT/Pro Forma PAT *	(80,543)	(51,010)	(37,802)	(31,494)*	(22,919)*	(23,101)*	(10,638)
Total assets	2,016,734	2,092,063	2,093,132	2,155,359	2,528,943	2,527,046	2,588,619
Net cash	43,416	98,861	152,129	143,586	107,783	136,008	228,957
Available credit lines	295,000	295,000	100,000	200,000	--	--	--



Capital investments 2007 vs 2006

PLN'M	3Q YTD 2006	3Q YTD 2007	2006	2007 guidance
Existing network and IT	93	85	150	125-130
P4 Transmission	-	21	-	35
Broadband	9	47	24	70-75
- Including WiMax	9	22	21	27
Total	102	153	174	230-240

Stable cash flows from legacy products and services



- > EBITDA from legacy products and services stable
- > Capex investment on legacy services falling year-to-date

Rising guidance for 2007

NETIA (PLN'M unless otherwise stated)	3QYTD 2007 <i>Actual</i>	2007 Guidance <i>previous</i>	2007 Guidance <i>updated</i>
Broadband subscribers ('000)	171	>> 200	> 210
Voice service customers (own network + WLR)	394	> 420	415 - 420
Revenues	616	835 – 850	835 – 850
EBITDA/Adjusted EBITDA	153	160	165
<i>including</i>			
BSA, WLR, LLU access start-up losses	38	60	60
Investment outlays	153	up to 275	230-240
PLAY mobile customers ('000)	435	> 750	> 750



Summary

- Attractive growth of the **Home market** and regulated access offers new opportunities to leverage Netia's existing core competencies and assets

through

- 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
- Customer-centric organization will support Netia's growth strategy
- Netia will optimize its strong position in the **Business market** by focusing on the most attractive segments and minimizing cash-out
- A close partnership with PLAY will allow Netia to offer **mobile and convergent products** and achieve economies of scale in distribution and back-office
- 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