



## Fastest growing telecom in Poland

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*Third Avenue Management Value Conference*

*New York, October 2009*

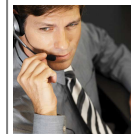
**netia**  
WOLNOŚĆ WYBORU

# Poland has gone through enormous transitional change over the past 20 years

## Yesterday



## Today



40m people craving for liberty... ... 40m consumers asking for freedom of choice

# Netia operates in an attractive, crisis resilient Polish economy and fast changing, dynamically growing telecom industry

## Poland

- Member of European Union as of May 2004
- ~38.1 million inhabitants
- ~14.2 million households with low (~34%) but fast growing broadband penetration
- GDP per capita of USD ~17.8k and growing
- Polish economy resistant to crisis – unique EU country registering GDP growth in 2009 (+1%)



## Netia

- 3x larger than second altnet
- 8% market share in broadband, 11% market share in voice
- ~10.0k km of fiber network (backbone + metropolitan rings) Poland-wide
- ~1.1 million voice customers
- ~0.5 million broadband customers
- Recently launched mobile services, IPTV starting soon
- Operations across all customers segments: Business, Carrier, Residential
- Market share in broadband from 1.5% in Q4 2006 to 8.1% in Q2 2009

## Netia is uniquely positioned as the leading alt operator on the Polish telecom market to leverage its national reach versus competitors

### Market leader among alternative operators

- Largest number of broadband and fixed voice customers among Polish altnets
- Market share in broadband and voice wholesale access of 88% and 65% respectively
- Sole active unbundler in Poland - 158 nodes with 1.65m clients coverage

### National reach

- Brand name established nationally in B2C and B2B markets
- National backbone network provides capacity and backhaul
- National maintenance and delivery outsourced through Ericsson

### Existing business supports growth

- Cash generative corporate business
- Cost optimization underway
- Fully funded business plan with substantial headroom on bank facilities

### Business partnerships

- Ongoing cooperation DTH platforms to deliver 3play soon
- Access to 500 retail sales stores
- Netia mobile and convergent products launched
- Google hosting

### Management

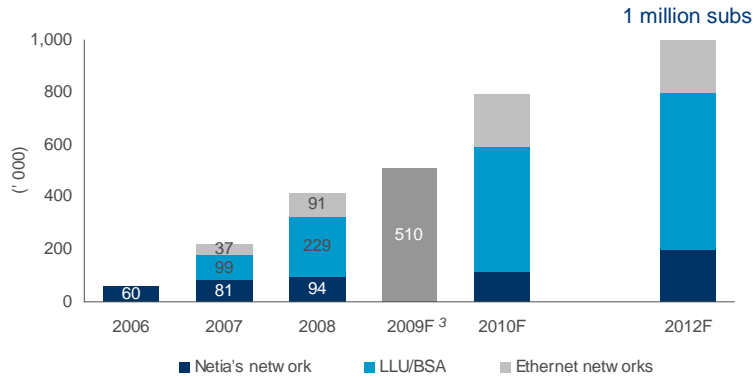
- Highly experienced management team
- Proven M&A and regulatory skills
- Shareholder value driven compensation plans



# Netia replicates similar success stories of altnet broadband providers all over Europe with particular focus on high margin 2play and 3play services

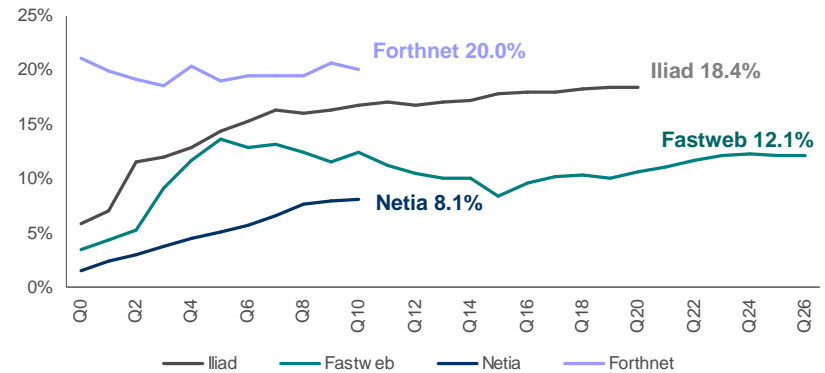
## Netia (Poland)

Broadband Subscribers

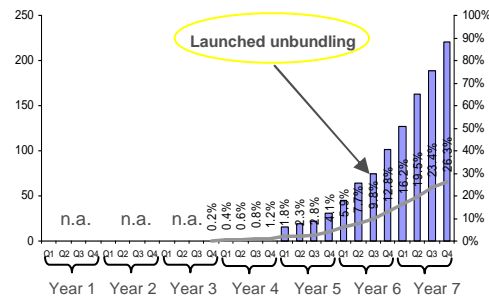


## Market share development of altnet peers

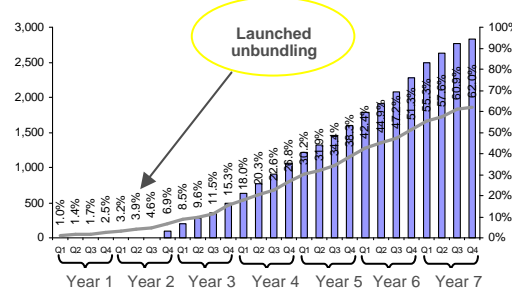
Market Shares



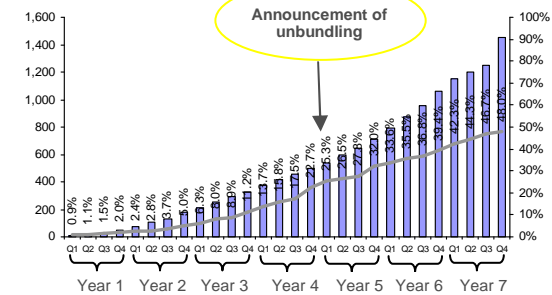
## Forthnet (Greece)



## 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 Jan '05

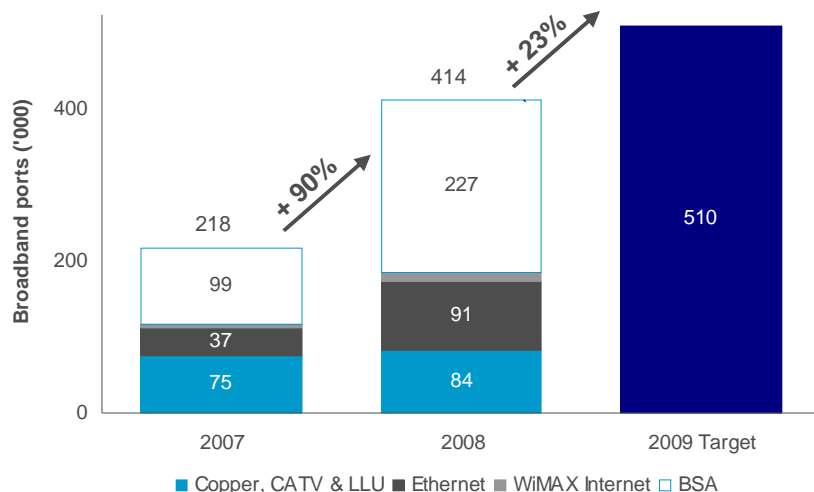
2 Actuals through 3Q 2007, 4Q 2007 forecast per Merrill Lynch December 2007 Broadband Matrix

3 2009 forecast is 510k broadband clients via organic growth only, excluding potential Ethernet networks acquisitions

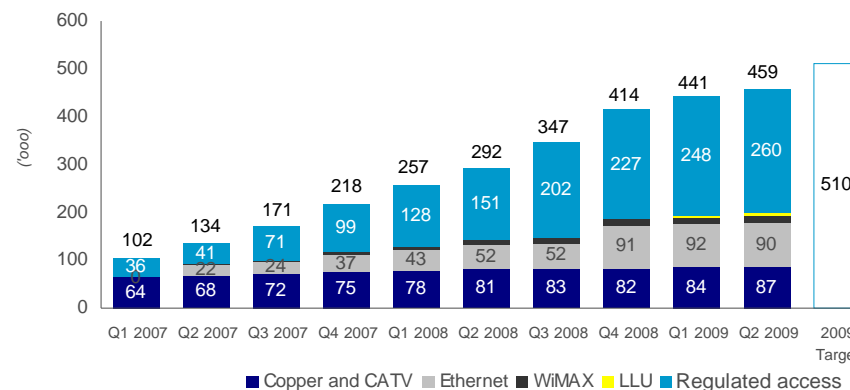
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# Netia occupies undisputed no.1 position among Polish alternative telecom operators in terms of fixed broadband services

Broadband services by type of technology as of YE2008

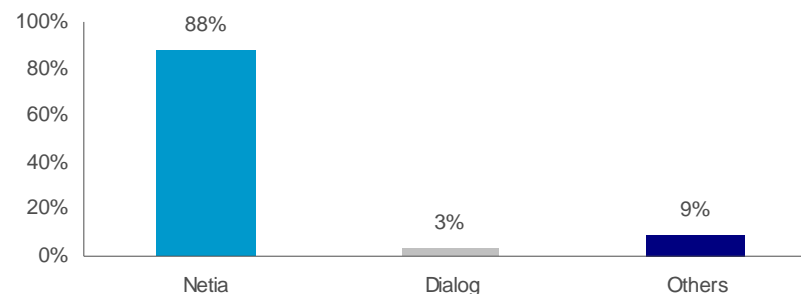


Broadband ports as of Q2 2009



- Outstanding dynamics in broadband subscribers growth driven by residential
- First mover advantage in broadband wholesale with already accumulated 88% market share
- Scale advantages more visible every day

Altnets' market shares in wholesale broadband (as of Q2 2009)

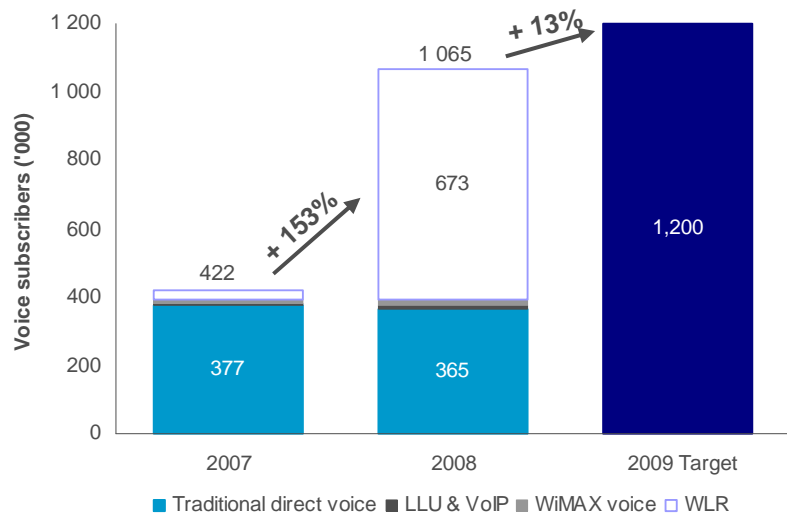


Source: Company, public information

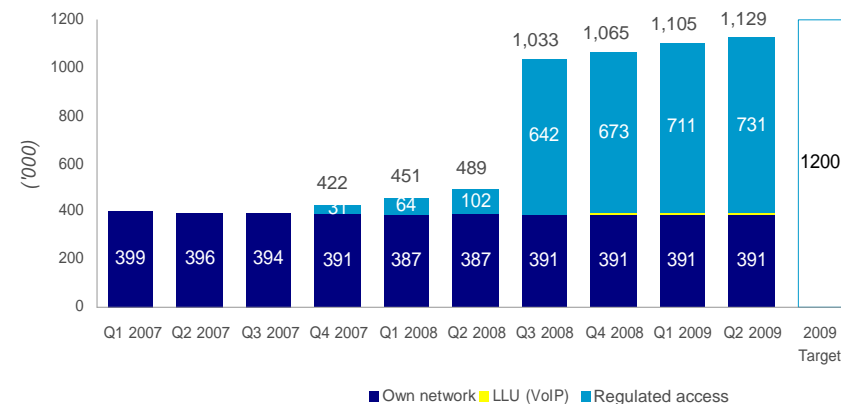
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## Netia also holds no.1 position in terms of fixed voice services provided by altnets to business and residential customers country-wide

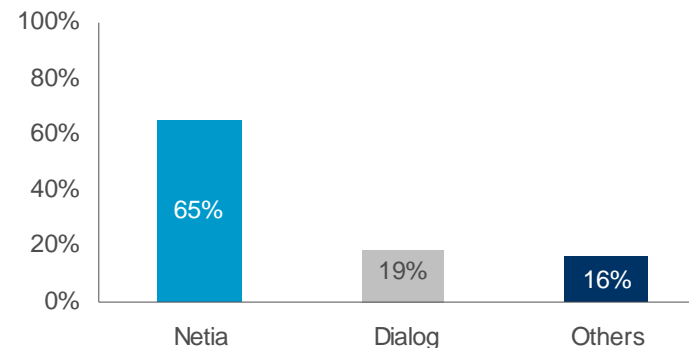
Voice customers by type of technology as of YE2008



Total voice subscriber lines as of Q2 2009



Wholesale voice market shares among altnets (as of Q2 2009)



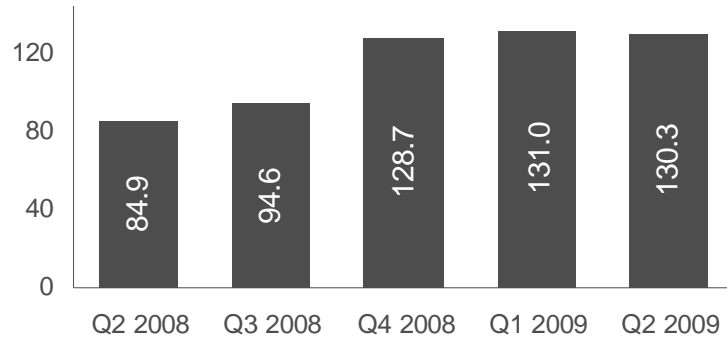
- Scale in fixed voice attained by acquisition of Tele2 Poland in late 2008
- Voice subscriber base supports up-sell of broadband and in future IPTV
- Leading position in voice wholesale with already accumulated 65% market share

Source: Company, public information 1 Wholesale line rental

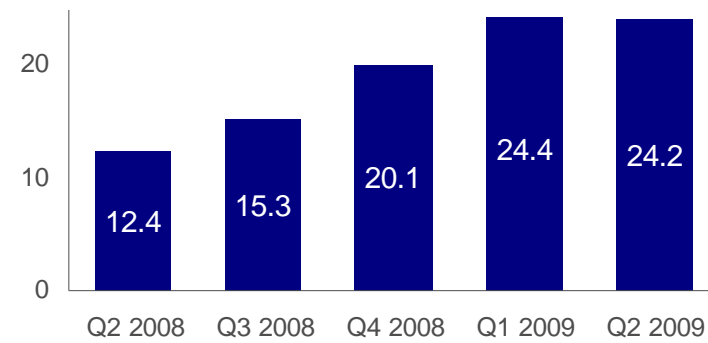
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# Netia's strategic focus is on expanding products and services while generating FCF and profits in the next few quarters

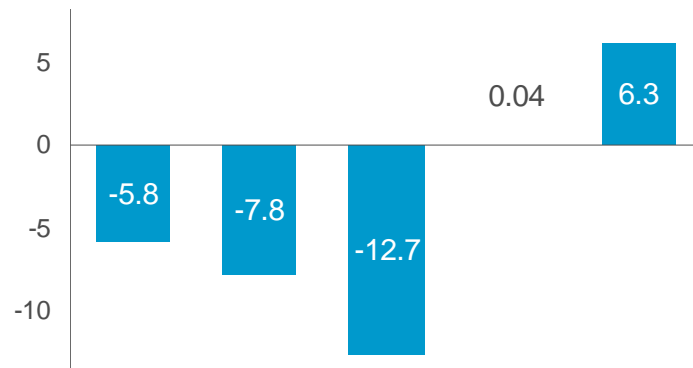
Revenues (USDm)



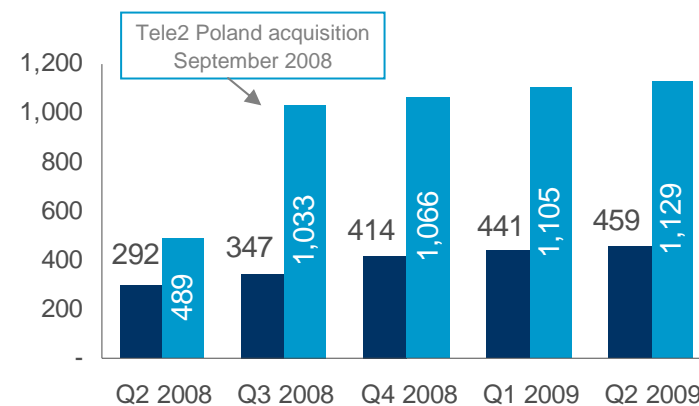
EBITDA (USDm)



Operating FCF (USDm)



Subscribers ('000)

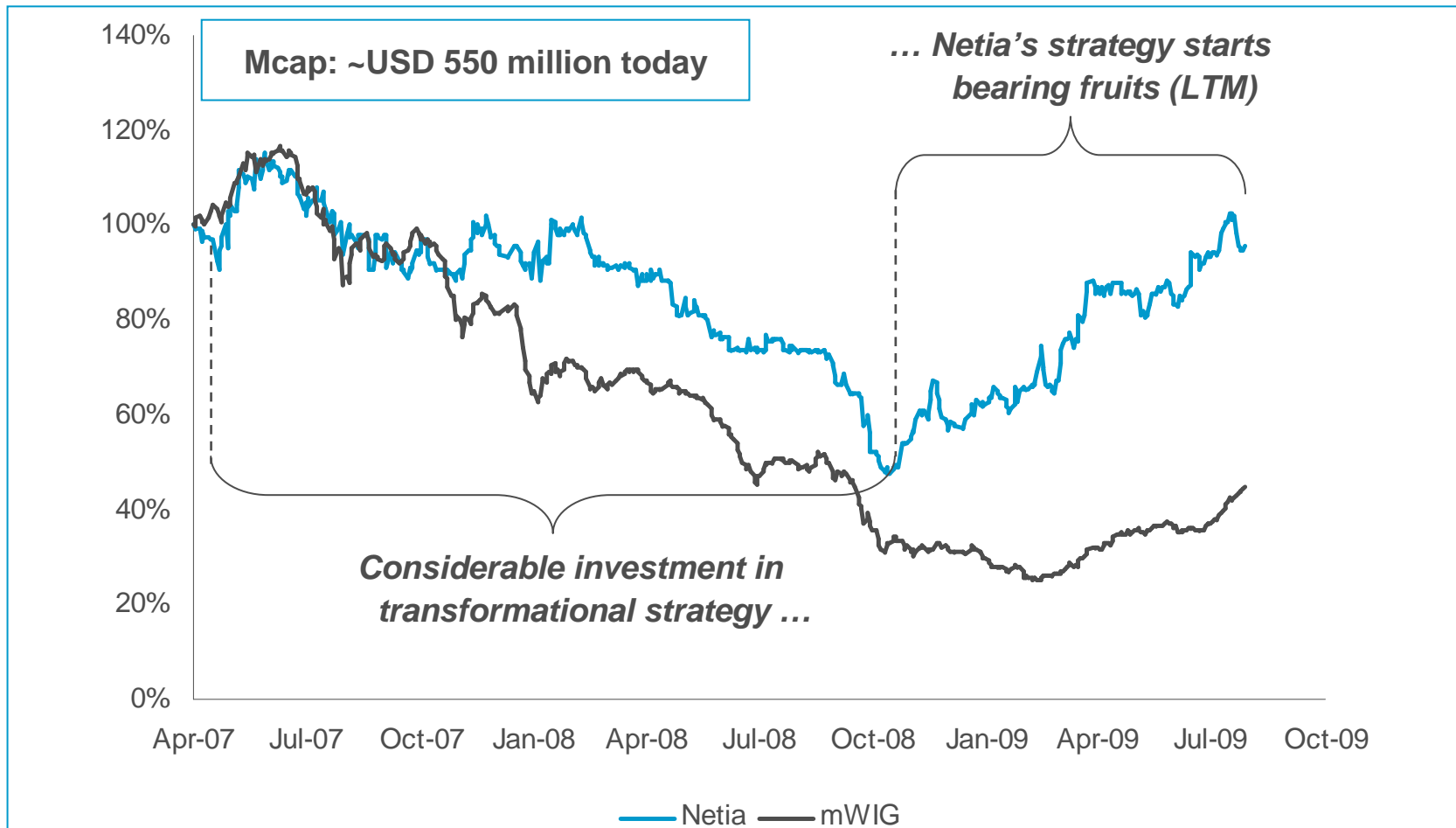


- Unlevered assets of more than USD 770 million
- Around USD 57 million in net cash at Q2 2009<sup>1</sup>
- Undrawn credit facility of circa USD 100 million

<sup>1</sup> Net cash plus treasury bonds at market value



Equity markets have begun to endorse Netia's value creation potential as successful implementation of Netia's 'profitable growth' strategy, driven by broadband services, is delivered quarter after quarter



- Netia's successful execution of announced strategy started turning skeptics into believers
- Growth in scale of operations with focus on efficiency gains and migration of customers to higher margin services continues to drive value accretion



## Drivers for further value growth at Netia

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- Targeting 1 million broadband customers by 2012
- EBITDA margin expansion from 20% to 28% by 2012 through:
  - Volume
  - Multi-play penetration
  - Migration to higher margin local loop unbundling
  - Company-wide cost reductions
- Capex set to fall from 2011 once unbundling roll-out completed
- Potential for further in-market consolidations in the telecommunications sector
- Transition to FCF and net profit positive in 2010 likely to widen investor base