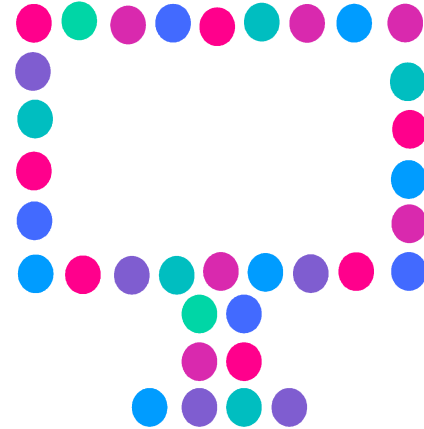


GIGA WOLNOŚĆ

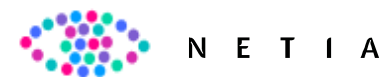


9M 2018 Financial Results

October 25, 2018

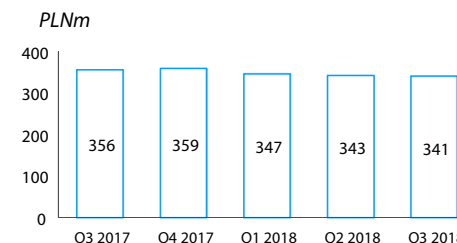
N E T I A

Total Netia | Key highlights for 9M 2018

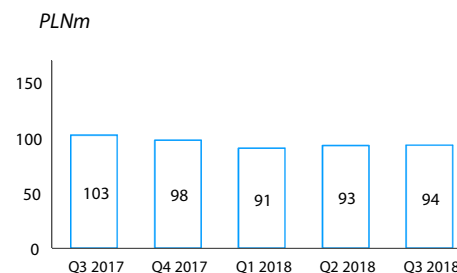


- Revenue was PLN 1,031m for 9M 2018 (-5% y-o-y) and PLN 341m for Q3 2018 (-1% q-o-q and -4% y-o-y)
 - Adjusted EBITDA¹ was PLN 277m for 9M 2018 (-6% y-o-y) and PLN 94m for Q3 2018 (+1% q-o-q and -9% y-o-y)
 - EBITDA was PLN 277m for 9M 2018 (-4% y-o-y) and PLN 93m for Q3 2018 (+1% q-o-q and -4% y-o-y)
- Netia generated PLN 94m Adjusted OpFCF² for 9M 2018 (-15% y-o-y) and PLN 19m for Q3 2018 (-36% q-o-q and -54% y-o-y)
- Net debt at PLN 213m on September 30, 2018 (-10% q-o-q and -26% y-o-y), representing 0.54x of Adjusted EBITDA for full 2017 year at PLN 393m
- On August 10, 2018 Netia's Supervisory Board appointed Mr. Andrzej Abramczuk as President of the Management Board and Chief Executive Officer valid from August 18, 2018
- On September 18, 2018 the Management Board of Netia SA decided to begin the process of merger with Telefonía Dialog Sp. z o.o. (fully owned by Netia)

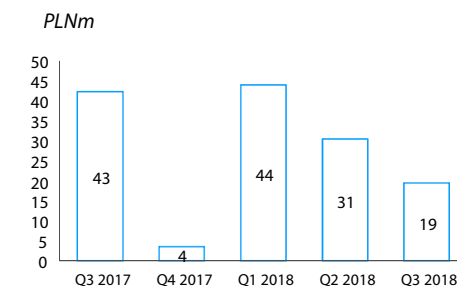
Revenues



Adjusted EBITDA¹



Adjusted OpFCF²

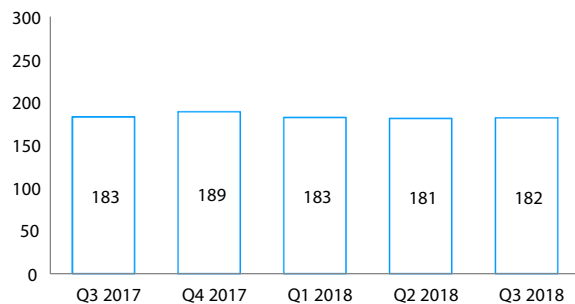


¹ Adjusted EBITDA excludes as appropriate, one-off costs related to restructuring, integration, M&A activity

² Adjusted OpFCF = Adjusted EBITDA less Capex excluding integration capex, capitalised interests from the bank loan

B2B Market¹

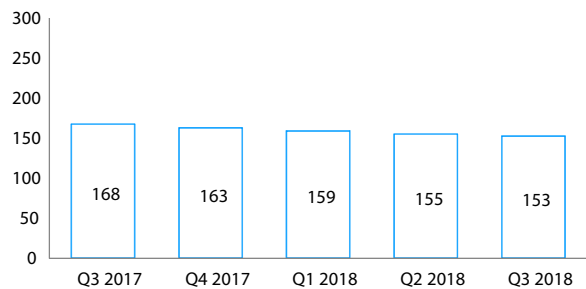
PLNm



- **Revenue** was PLN 182m in Q3 2018 (+1% q-o-q and -1% y-o-y)

B2C Market²

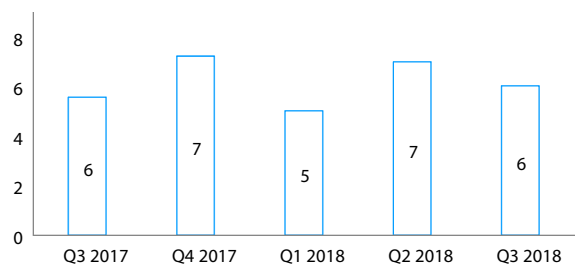
PLNm



- **Revenue** was PLN 153m in Q3 2018, down by 2% compared to Q2 2018 and down by 9% y-o-y
- **RGUs** at 1,439k (-1% q-o-q, -6% y-o-y)

Petrotel

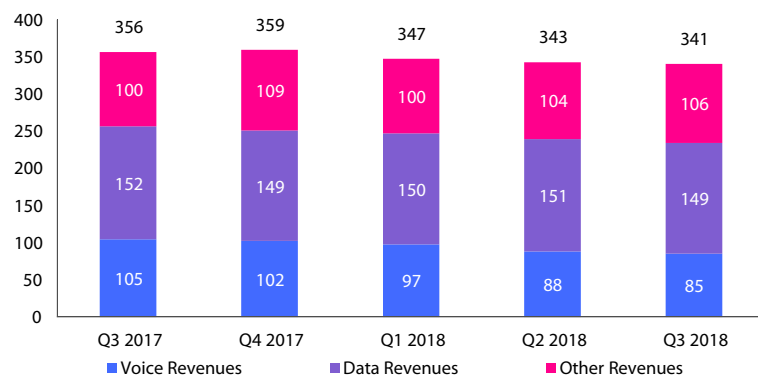
PLNm



- One-off revenue related to the projects executed by the Company result in q-o-q fluctuations

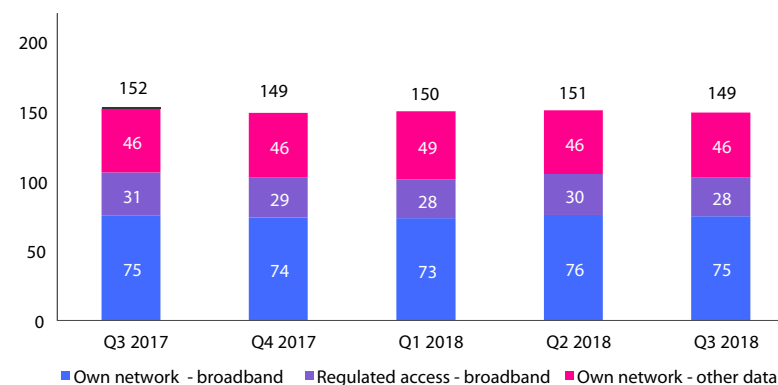
Revenue breakdown by service

PLNm



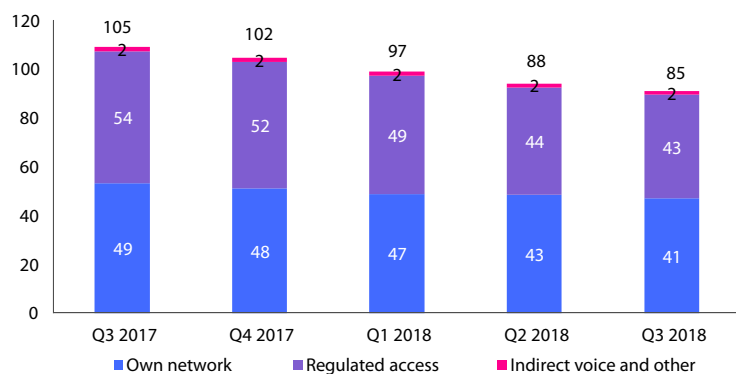
Data revenue breakdown by access¹

PLNm



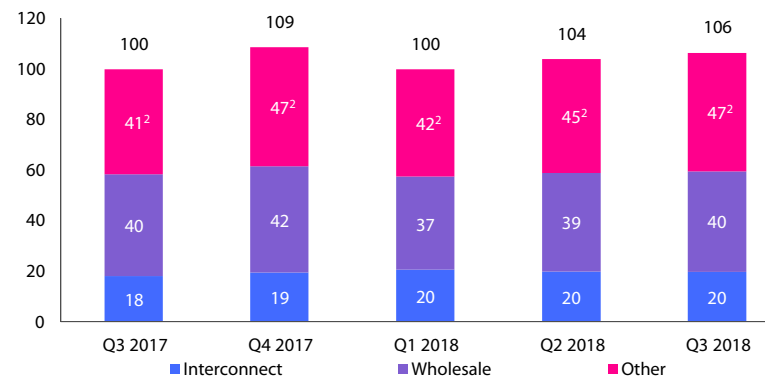
Voice revenue breakdown by access

PLNm



Other revenue

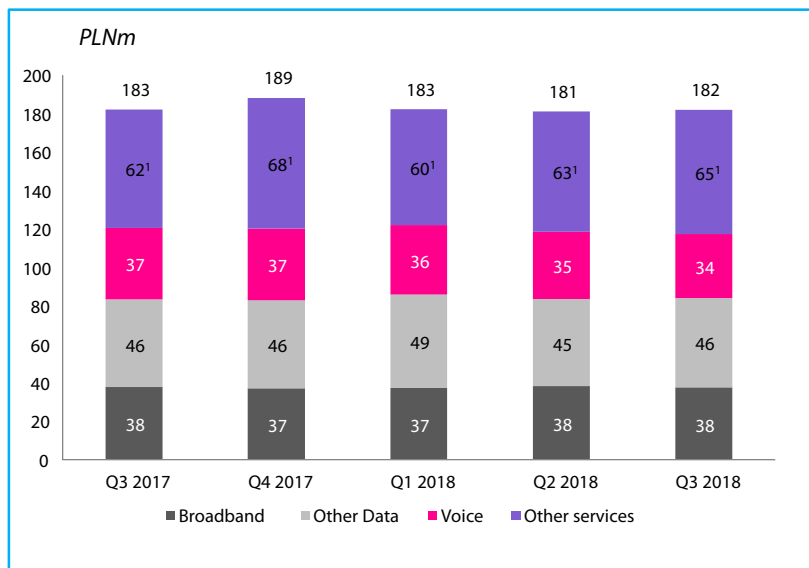
PLNm



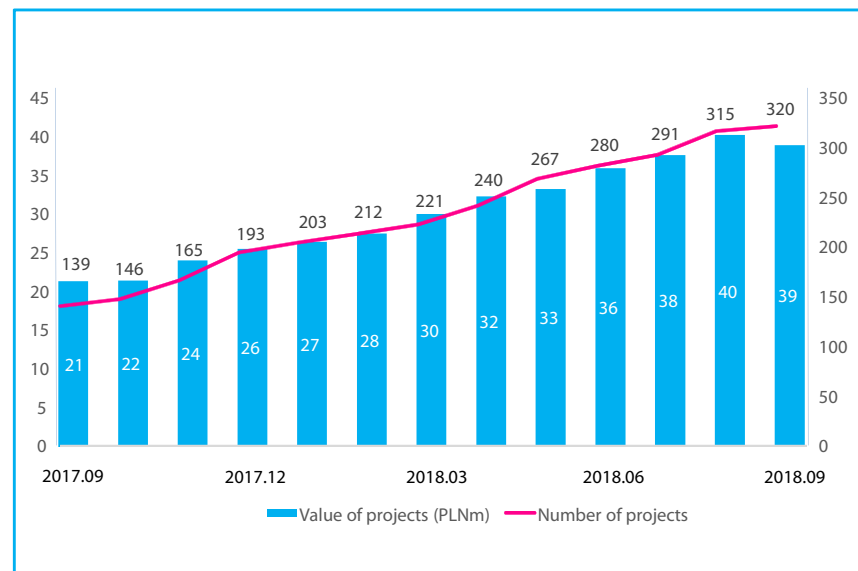
¹ Including revenues from VAS, elsewhere reported as Other Telecommunication revenue

² Includes revenue from TV, mobile, ICT services, equipment, one-off contracts

Revenue by service



Dynamic increase in the number of new Netianext projects

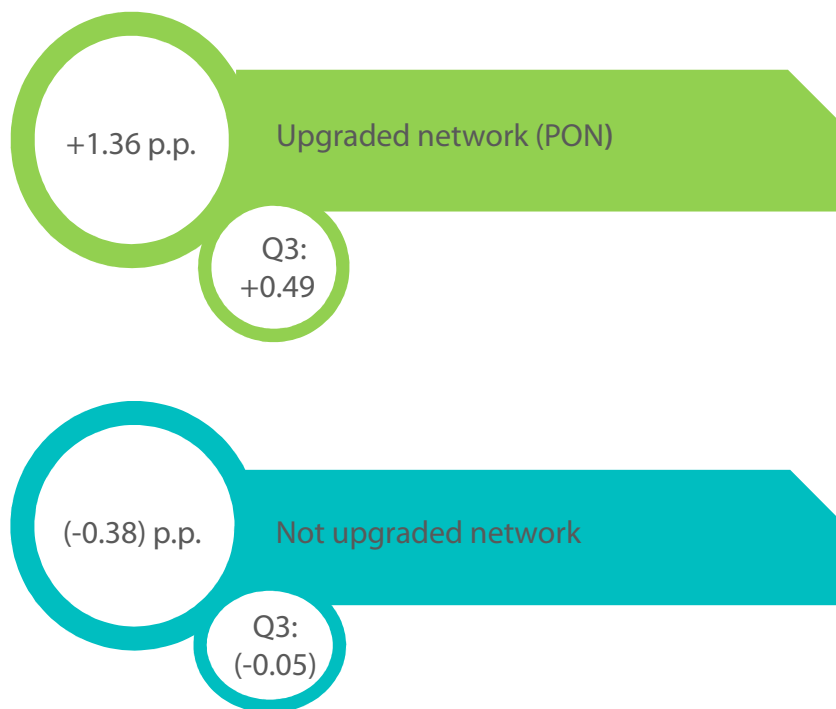


Comments

- Stable top-line trends despite a competitive market environment
- Continuous increase in ICT project as a consequence of the B2B market transformation

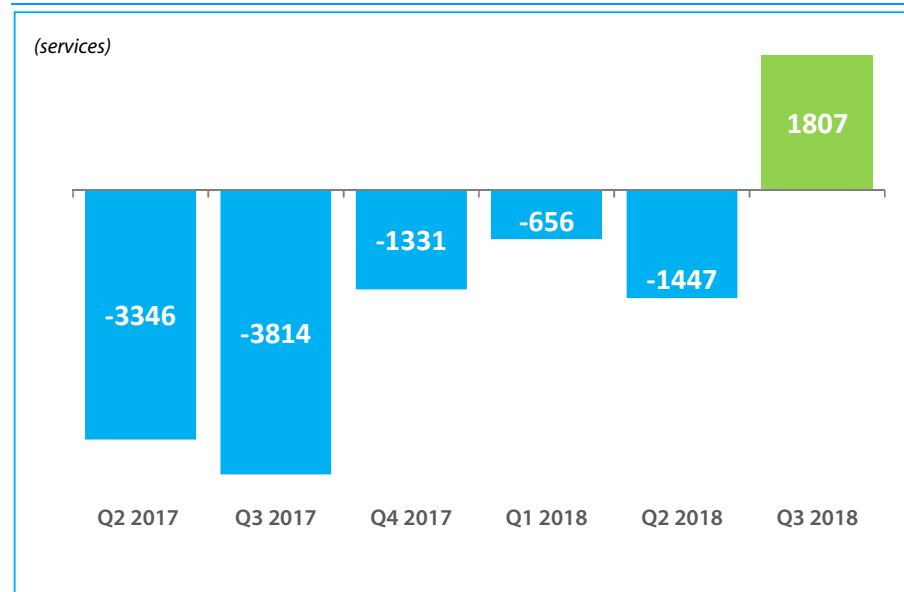


Access network upgrade and connecting of new buildings



Annual change of penetration
10.2017 – 09.2018

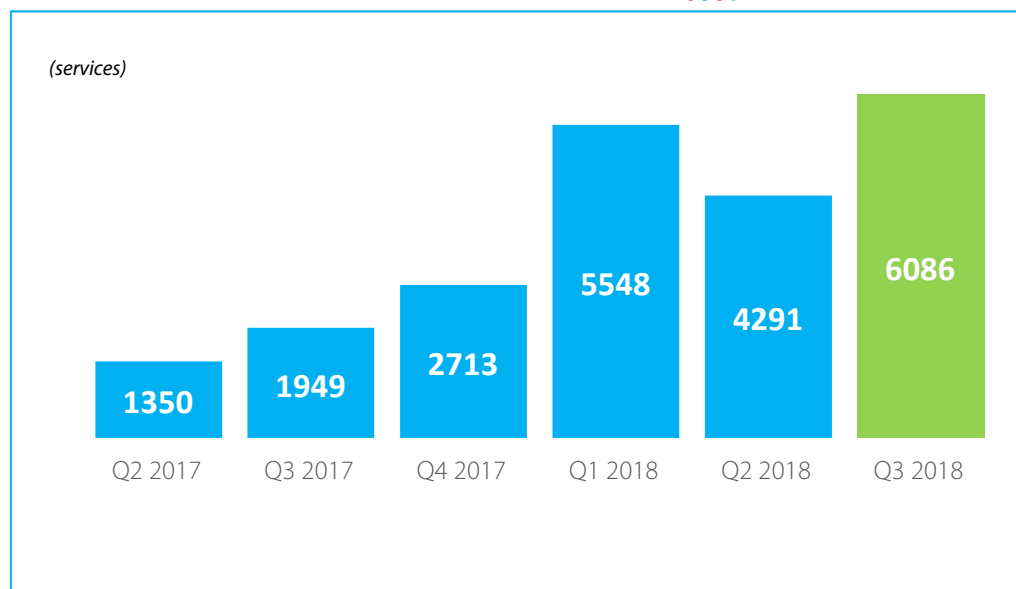
Consistent increase in number of own network broadband



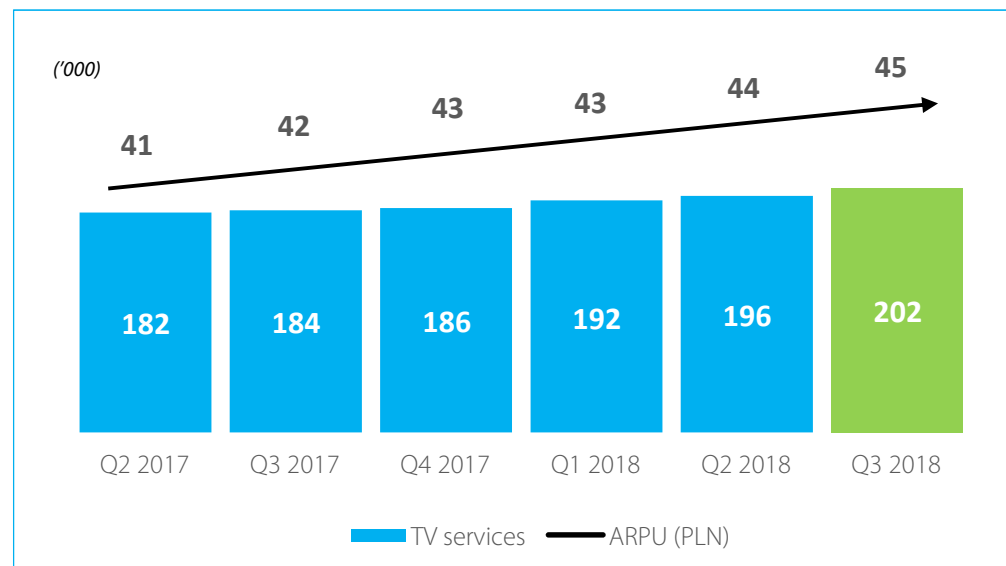
Own network services in Q3 2018



Consistent growth of TV services in 3 quarters of 2018 (+16k)



Increase of ARPU by 7% in Q3 2018 comparing to Q3 2017 combined with higher TV services (+10%)





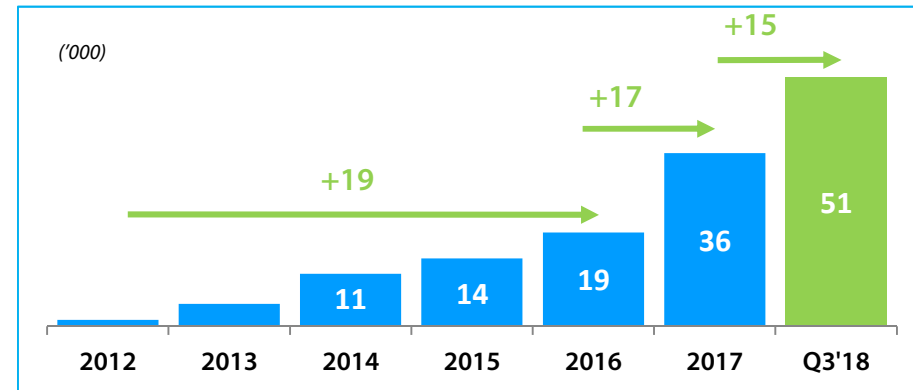
Marketing campaign: internet and TV services bundle:



- Using very attractive content: UEFA Champions League
- To strengthen brand awareness

Commercial activities in new buildings

New HP in Netia range:



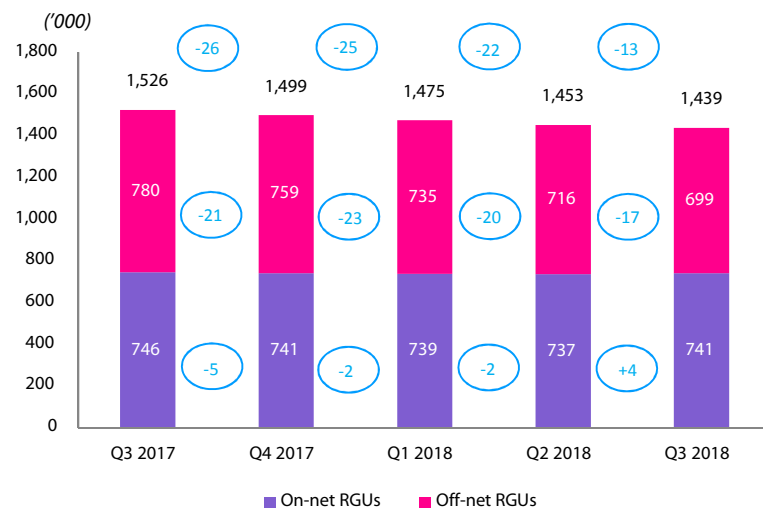
Internet for trial:

- Up to 3 months testing free of charge

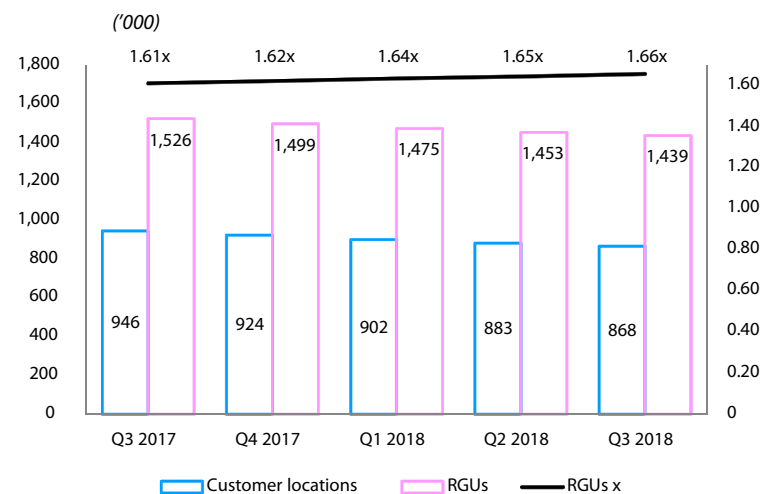
Sales of Netia services in POS of Plus and Cyfrowy Polsat



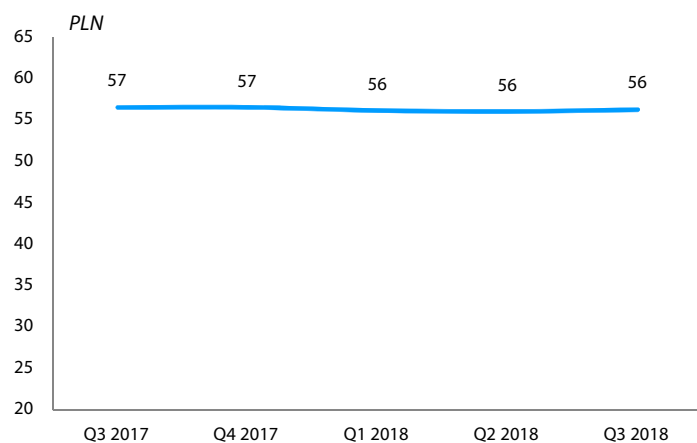
RGUs by access type



Customers and RGUs



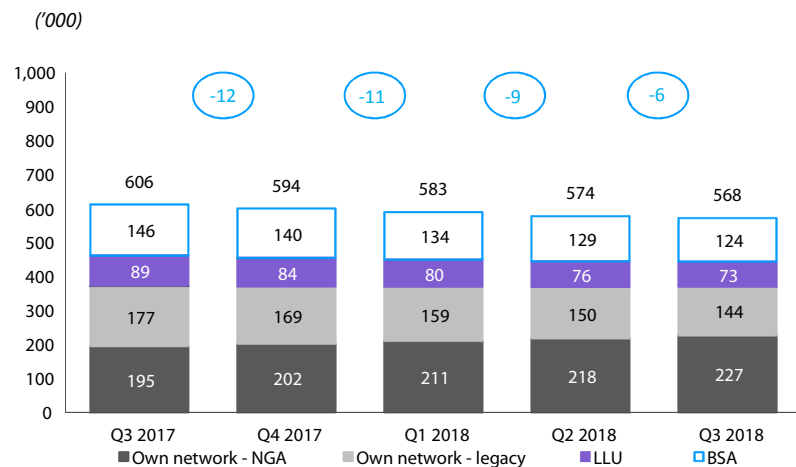
Average ARPU per Customer



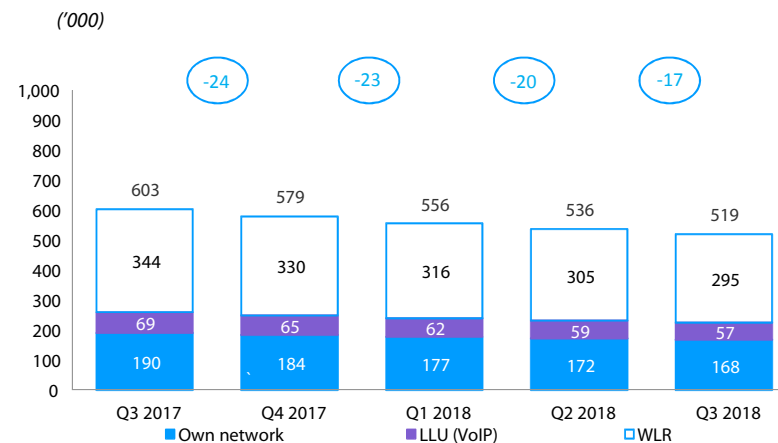
Comments

- Share of on-net RGUs up by 2 pp y-o-y to 51%
- TV cross-sell, higher broadband speeds offered and unlimited voice keep ARPU per customer at a relatively stable level
- On-net bundling increases number of RGUs per customer
- Fluctuations of average ARPU recalculated in accordance with IFRS 15 standard result among others from different calculation of revenue for selected products

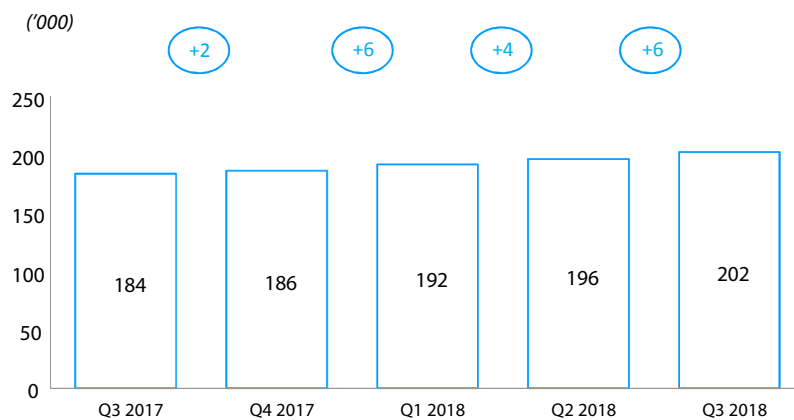
Broadband ports



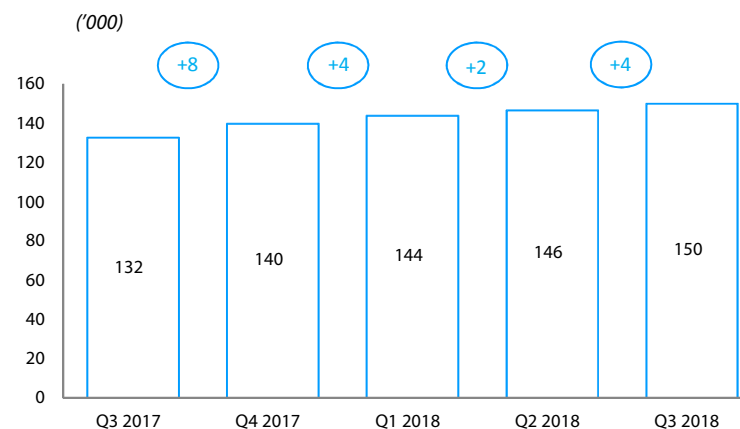
Voice lines



TV services



Mobile services

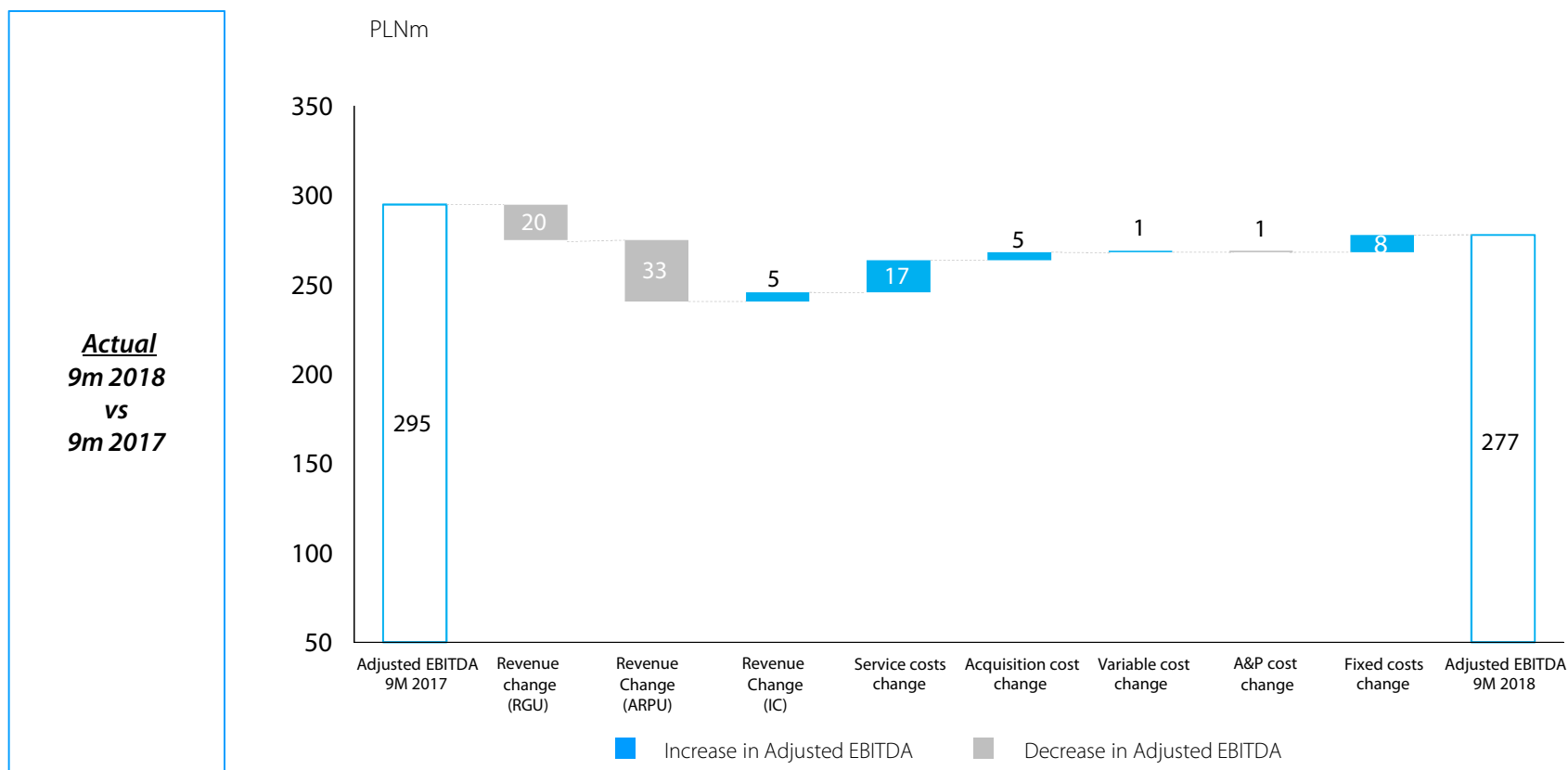


- 65% of broadband customers served directly via Netia’s own network (+1 pp q-o-q and +4 pp y-o-y)
- 16% increase of broadband services y-o-y on on-net NGA networks
- 13% increase of mobile services y-o-y



N E T I A

Netia Group Financial Overview



Comments

- Revenue decline related to lower RGUs mainly due to decrease in off-net RGUs (WLR, BSA, LLU)
- ARPU decline related to a visible price pressure in voice and data services
- Interconnect revenue increase in 9M 2018 related to higher wholesale revenue in B2B market
- Lower service cost reflects mainly lower off-net rental payments to incumbent
- Lower fixed costs reflect a number of initiatives introduced by the Company



	2017				2018			2017 vs 2018	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	9M 2017	9M 2018
(PLN' 000)									
Revenues	365,010	361,110	356,461	359,426	346,903	342,869	340,834	1,082,581	1,030,606
<i>Change (y-o-y%)</i>	(6.5%)	(6.7%)	(4.4%)	(3.3%)	(5.0%)	(5.1%)	(4.4%)	(5.9%)	(4.8%)
Adjusted EBITDA	96,622	95,349	102,783	98,008	90,696	93,153	93,625	294,754	277,474
Margin (%)	26.5%	26.4%	28.8%	27.3%	26.1%	27.2%	27.5%	27.2%	26.9%
<i>Change (y-o-y%)</i>	(12.9%)	(17.2%)	(4.0%)	(14.2%)	(6.1%)	(2.3%)	(8.9%)	(11.5%)	(5.9%)
EBITDA	94,941	97,204	97,664	90,385	91,653	92,116	93,315	289,809	277,084
Margin (%)	26.0%	26.9%	27.4%	25.1%	26.4%	26.9%	27.4%	26.8%	26.9%
<i>Change (y-o-y%)</i>	(11.3%)	(15.3%)	(5.1%)	(11.0%)	(3.5%)	(5.2%)	(4.5%)	(10.8%)	(4.4%)
Depreciation	79,103	78,565	76,976	76,953	69,717	71,780	70,185	234,644	211,682
Adjusted EBIT	17,519	16,784	25,807	21,055	20,979	21,373	23,440	60,110	65,792
Margin (%)	4.8%	4.6%	7.2%	5.9%	6.0%	6.2%	6.9%	5.6%	6.4%
EBIT	15,838	18,639	20,688	13,432	21,936	20,336	23,130	55,165	65,402
Margin (%)	4.3%	5.2%	5.8%	3.7%	6.3%	5.9%	6.8%	5.1%	6.3%

Comments

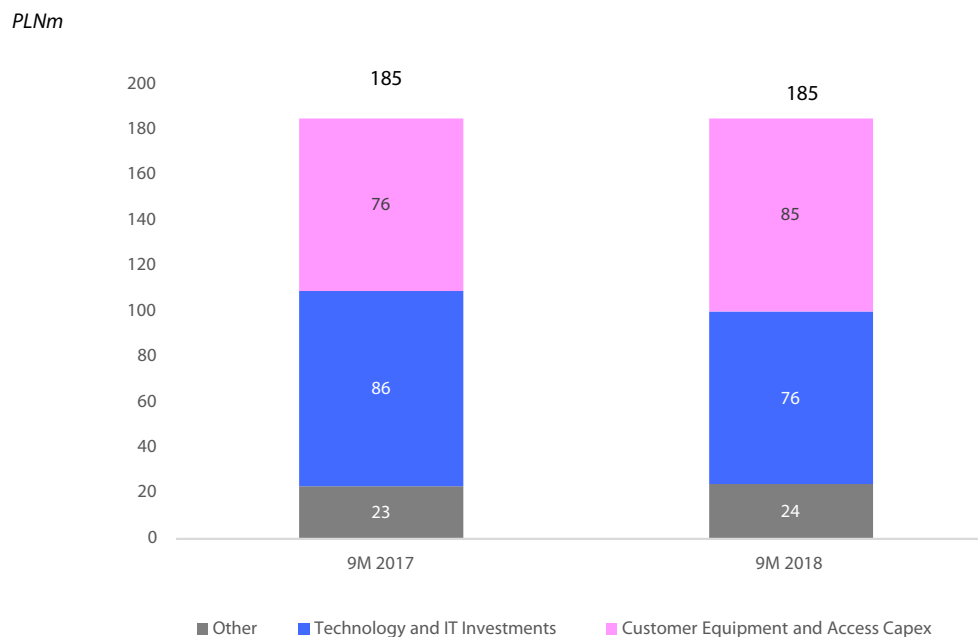
- Adjusted EBITDA Margin relatively stable despite continuous price pressure in both commercial segments



<i>PLN'000</i>	<i>9M 2017</i>	<i>9M 2018</i>	<i>Change</i>
Adjusted EBITDA	294,754	277,474	-6%
<i>Unusual Items:</i>			
Integration costs	(442)	-	na
Restructuring costs	(4,241)	(659) 1	-84%
Other one-off events	5,321	(1,565) 2	-129%
Transformation projects	(85)	-	na
Reorganization costs	(738)	1,834 3	-349%
USO provision	(4,760)	-	na
EBITDA	289,809	277,084	-4%
Depreciation and amortization	(234,644)	(211,682)	-10%
EBIT	55,165	65,402	+19%
Net financial expenses	(4,580)	(593)	-87%
Profit/(Loss) before tax	50,585	64,809	+28%
Current tax and deferred income tax	(10,545)	(13,089)	+24%
Net Profit	40,040	51,720	+29%
Average number of outstanding shares (basic)	337,047,972	335,513,540	
EPS (in PLN, basic)	0.12	0.15	

- 1** Mainly Staff redundancies related to employment restructuring
- 2** Mainly equipment utilization costs and release of provision for claims and litigation
- 3** Mainly release of provision related to onerous contract

Capital investments by Operating Segments



Comments

- Customer Equipment and Access Capex refers to equipment necessary to connect new residential and business customers
- Technology capex includes mainly extension of the transmission network, colocation, switching B2B customers from radio access to fiber and investments in access network upgrade related to 21 Century Network project at PLN 48m. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 99m on September 30, 2018 and PLN 83m on September 30, 2017



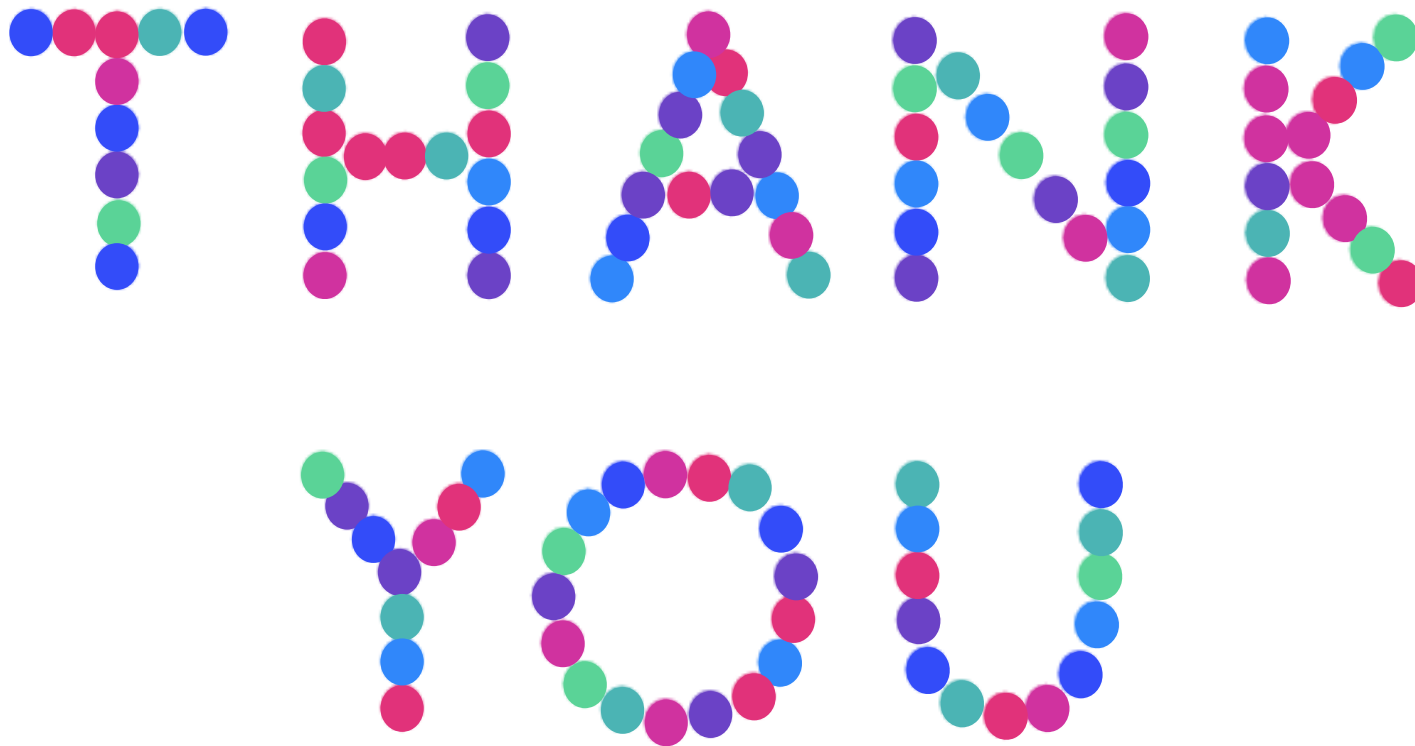
- Netia published Q3 2018 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.54x of the 2017 Adjusted EBITDA at PLN 393m
- In Q3 2018 Netia achieved a positive balance of B2C on-net services due to consistent modernization of the existing access network
- On August 10, 2018 Netia's Supervisory Board appointed Mr. Andrzej Abramczuk as President of the Management Board and Chief Executive Officer
- On September 18, 2018 the Management Board of Netia SA decided to begin the process of merger with Telefonía Dialog Sp. z o.o. (fully owned by Netia)

Disclaimer



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Some of the information included 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 most recent financial report and press release. Netia undertakes no obligation to publicly update or revise any forward-looking statements.



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