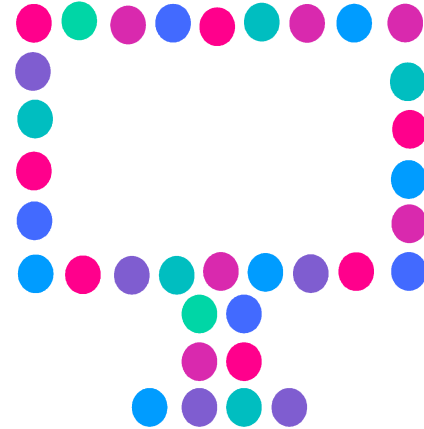


GIGA WOLNOŚĆ

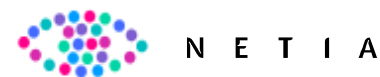


FY 2018 Financial Results

February 28, 2018

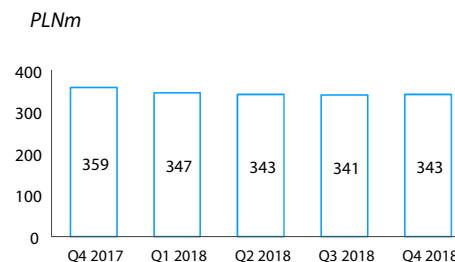
N E T I A

Total Netia | Key highlights for FY and Q4 2018

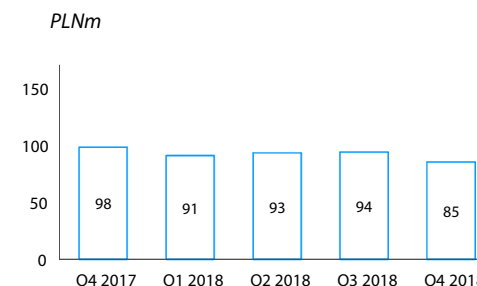


- Revenue was PLN 1,373m for FY 2018 (-5% y-o-y) and PLN 343m for Q4 2018 (0% q-o-q and -5% y-o-y)
 - Adjusted EBITDA¹ was PLN 363m for FY 2018 (-8% y-o-y) and PLN 85m for Q4 2018 (-9% q-o-q and -13% y-o-y)
 - EBITDA was PLN 356m for FY 2018 (-6% y-o-y) and PLN 79m for Q4 2018 (-15% q-o-q and -13% y-o-y). Q-o-q drop caused mainly by one-off events
- Netia generated PLN 66m Adjusted OpFCF² for FY 2018 (-42% y-o-y) and PLN -27m for Q4 2018 mainly due to increased capital expenditures related to connecting new customers, access network extension, transmission network, purchase of equipment and IT software for the purpose of ICT services and 21 Century Network project
- Net debt at PLN 192m on December 31, 2018 (-10% q-o-q and -32% y-o-y), representing 0.53x of Adjusted EBITDA for full 2018 year at PLN 363m
- On November 30, 2018 Netia merged with its subsidiary – Telefonía Dialog sp. z o.o. by transferring all assets to Netia

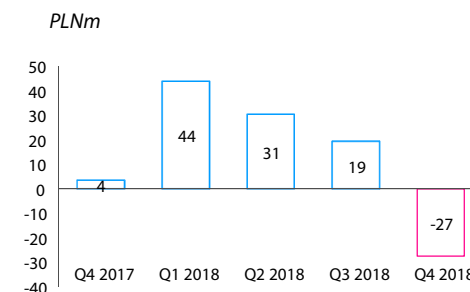
Revenues



Adjusted EBITDA¹



Adjusted OpFCF²

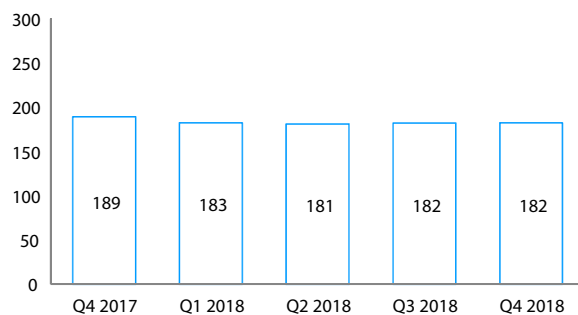


¹ Adjusted EBITDA excludes as appropriate, one-off costs related to restructuring, integration, M&A activity

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

B2B Market¹

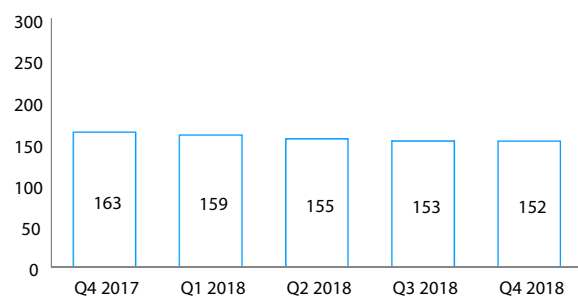
PLNm



- **Revenue** was PLN 182m in Q4 2018 (0% q-o-q and -4% y-o-y)
- **Stabilization** of all major revenue generating product lines

B2C Market²

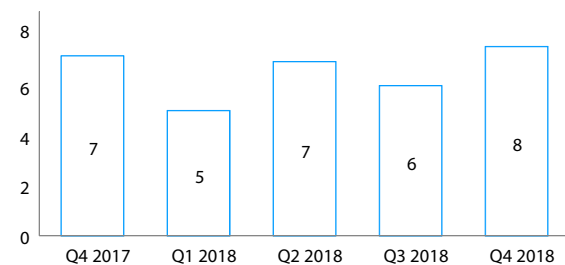
PLNm



- **Revenue** was PLN 152m in Q4 2018, down by 0% compared to Q3 2018 and down by 6% y-o-y
- **RGUs** at 1,428k (-1% q-o-q, -5% y-o-y)
- **Stabilization** of B2C revenue q-o-q (drop below PLN 0.2m)

Petrotel

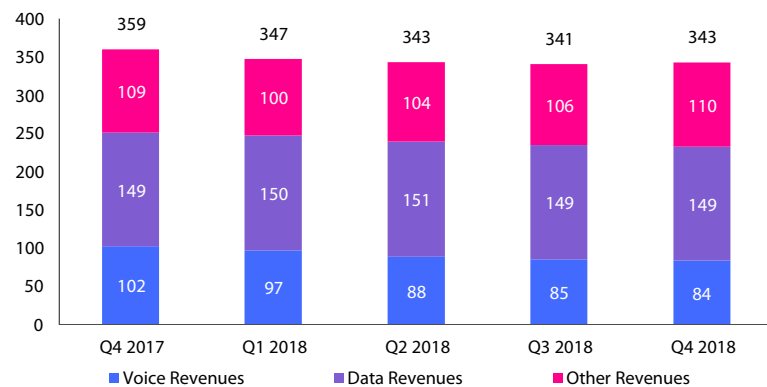
PLNm



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

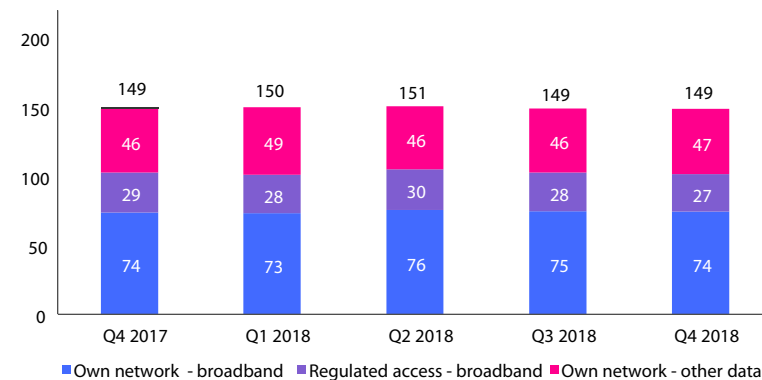
Revenue breakdown by service

PLNm



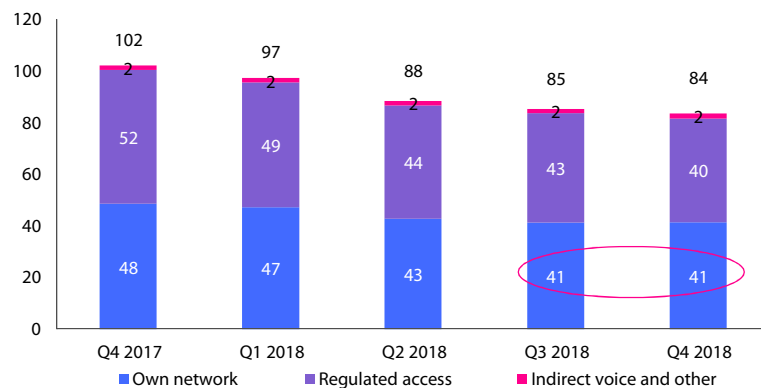
Data revenue breakdown by access¹

PLNm



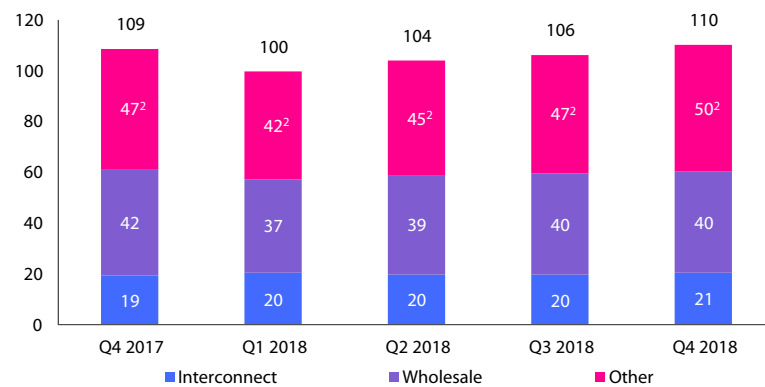
Voice revenue breakdown by access

PLNm



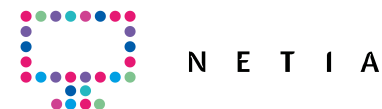
Other revenue

PLNm



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

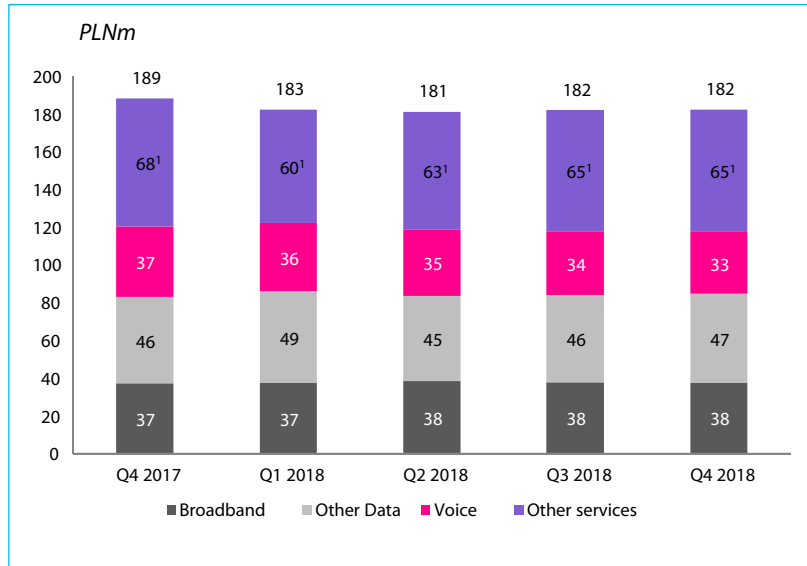
² Includes revenue from TV, mobile, ICT services, equipment, one-off contracts



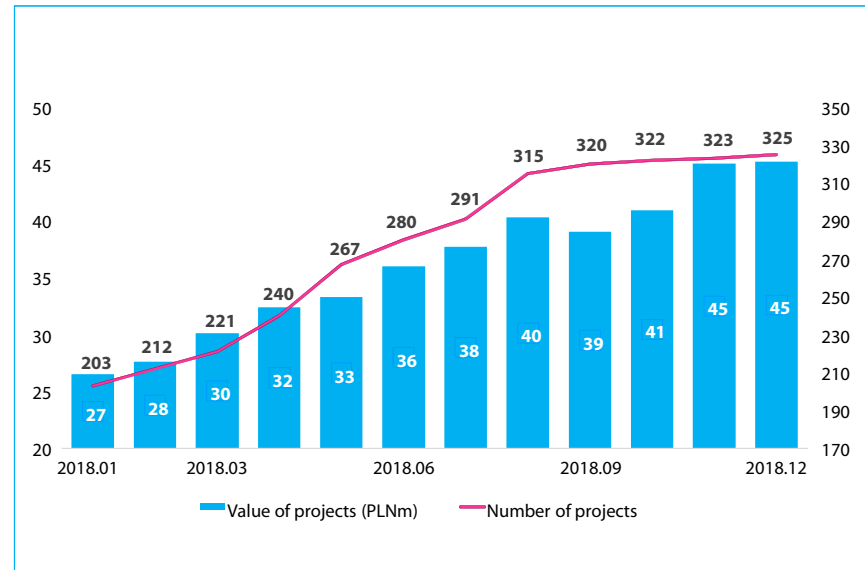
In May, 2018 Netia gained a majority strategic investor, Cyfrowy Polsat Group. For Netia Group it means, in medium and long term perspective, opening new development opportunities, including better utilization of own fixed infrastructure. As part of cooperation Netia obtained:

- 1) access to significantly larger and more flexible financing which may be important in both potential acquisitions and organic growth
- 2) possibility of using a uniform mobile infrastructure that allows improving quality of MVNO services provided to Netia's customers as well as reduction of unit cost of off-net voice services
- 3) access to a significant number of new points of sale which allows both to increase new customer acquisitions and reduce a single service cost of sales
- 4) very attractive TV content „UEFA Champions League” supporting sales of TV services
- 5) opportunity to sell fixed services to a new large base of customers
- 6) additional revenue related to services provided to Cyfrowy Polsat Group

Revenue by service



Dynamic increase in the number of new NetiaNext projects

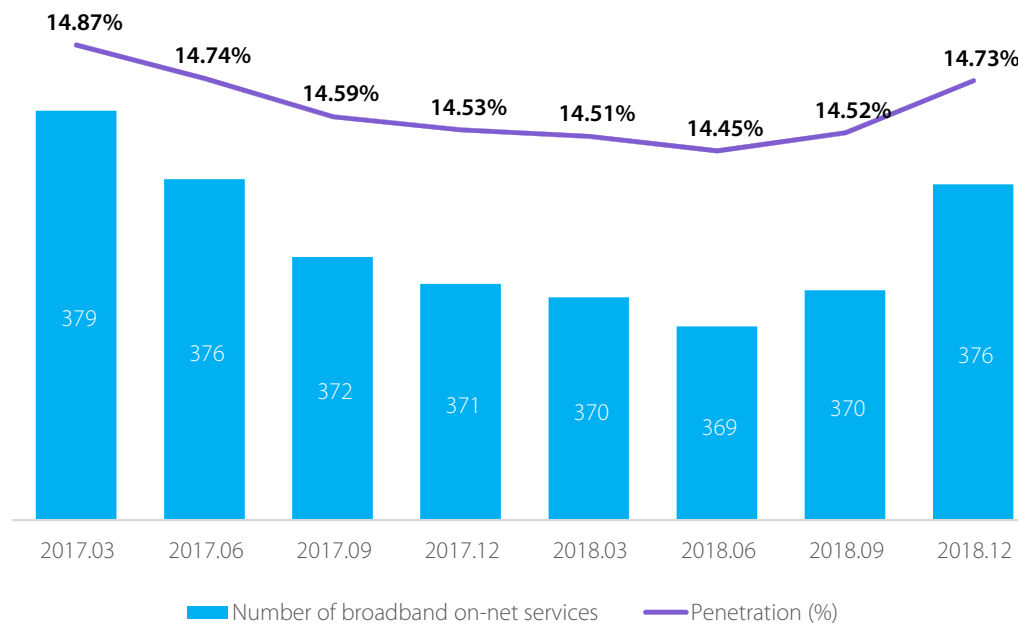


Comments

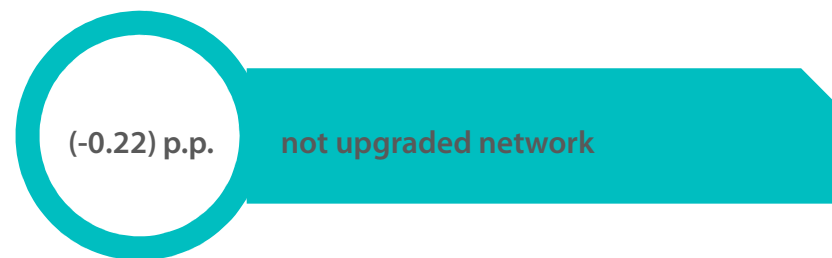
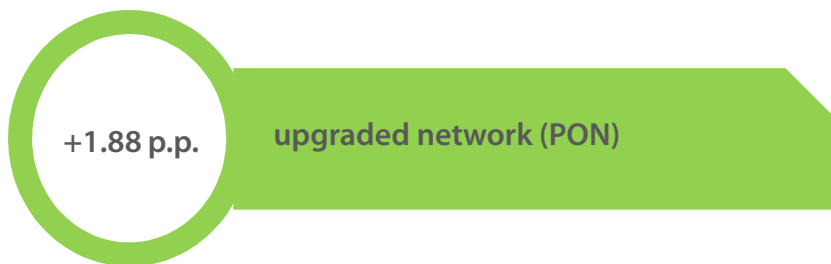
- Stable top-line trends q-o-q in all major revenue generating product lines despite a visible market competition
- Continuous increase in ICT project as a consequence of the B2B market transformation



On-net broadband penetration change¹

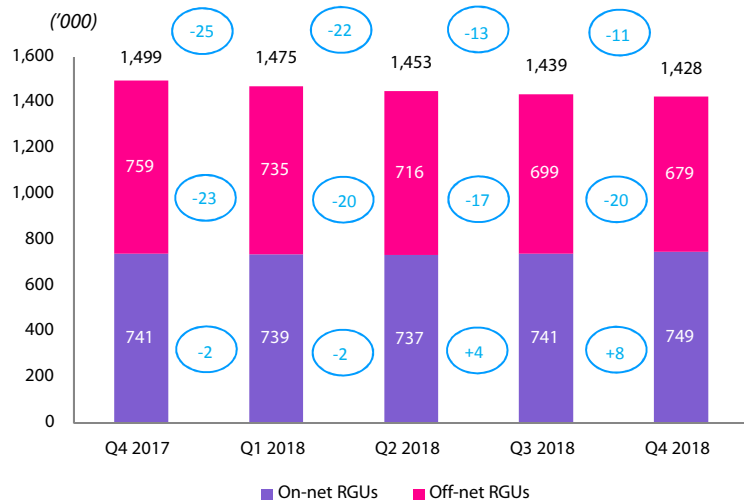


Annual change of penetration - 01.2018 – 12.2018

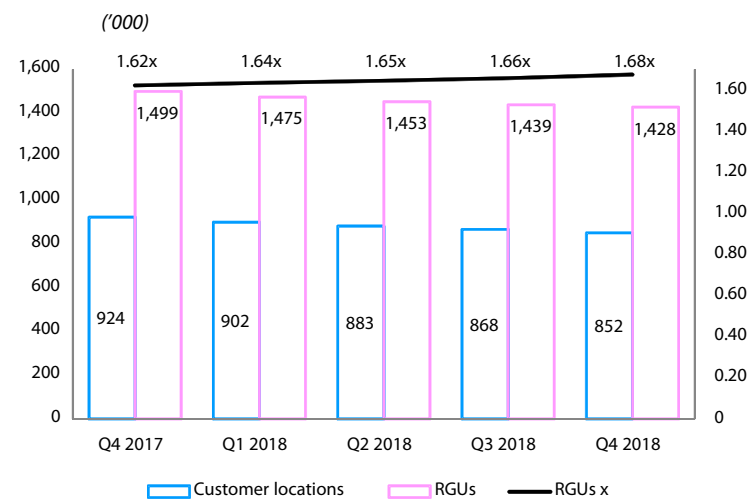


investor.netia.pl ¹ Based on 2.55m HP in range announced at the moment of „21 Century Network Project“ start

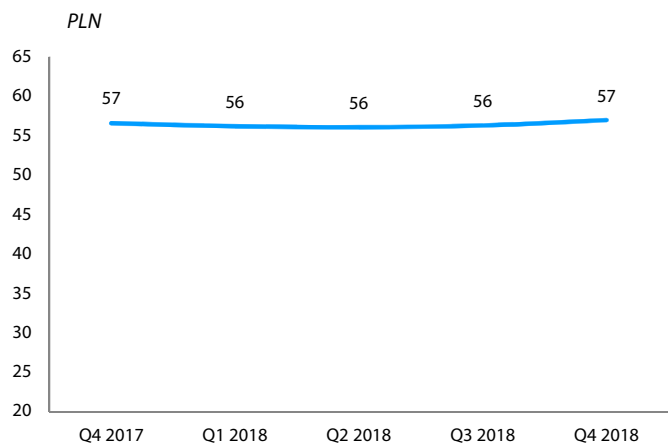
RGUs by access type



Customer locations and RGUs



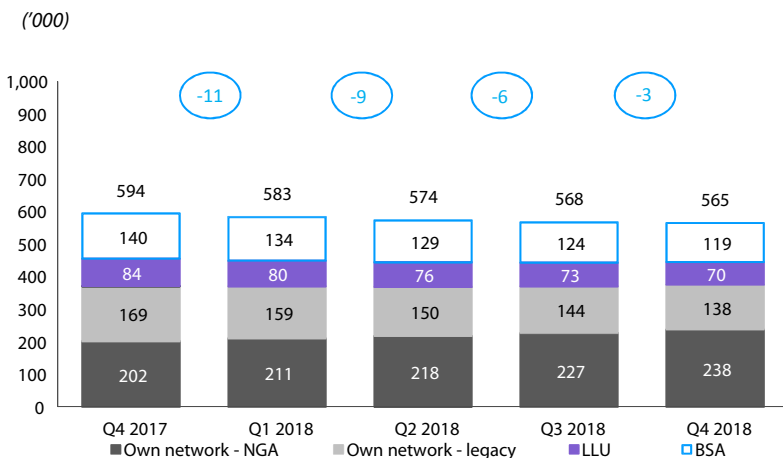
Average ARPU per Customer



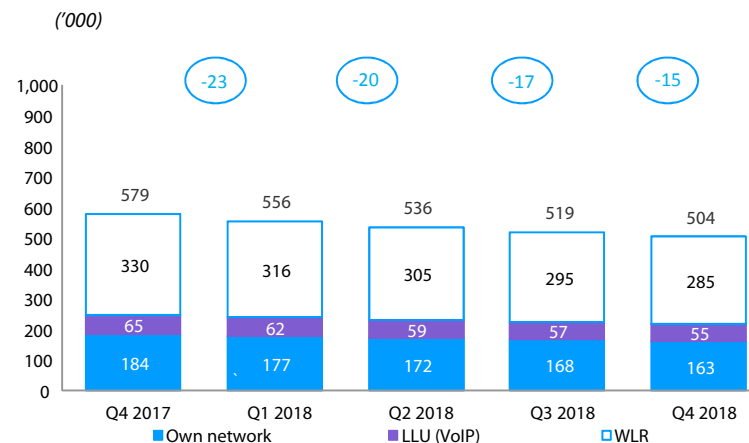
Comments

- Share of on-net RGUs up by 3 pp y-o-y to 52%
- 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
- Access network upgrade program results in on-net services increase q-o-q

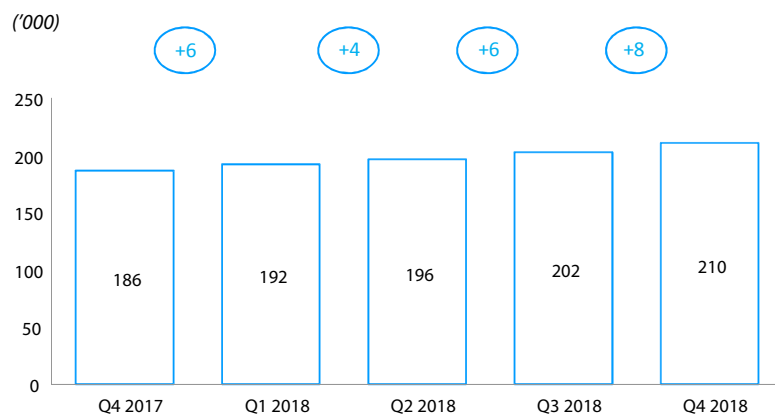
Broadband ports



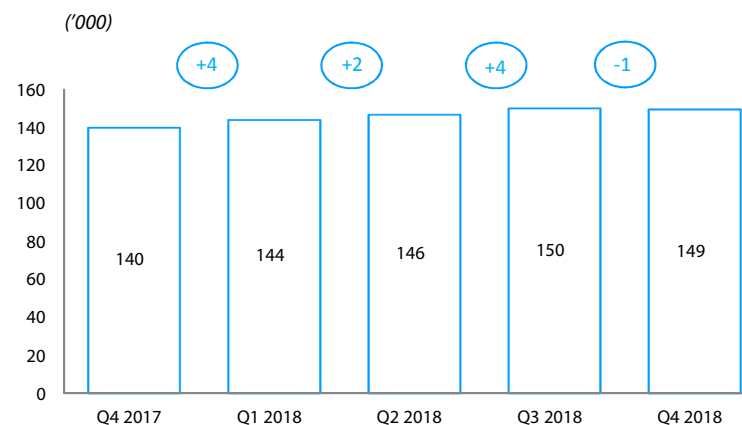
Voice lines



TV services



Mobile services



- 66% of broadband customers served directly via Netia’s own network (+1 pp q-o-q and +4 pp y-o-y)
- 18% increase of broadband services y-o-y on on-net NGA networks
- 13% increase of TV services y-o-y
- 7% increase of mobile services y-o-y



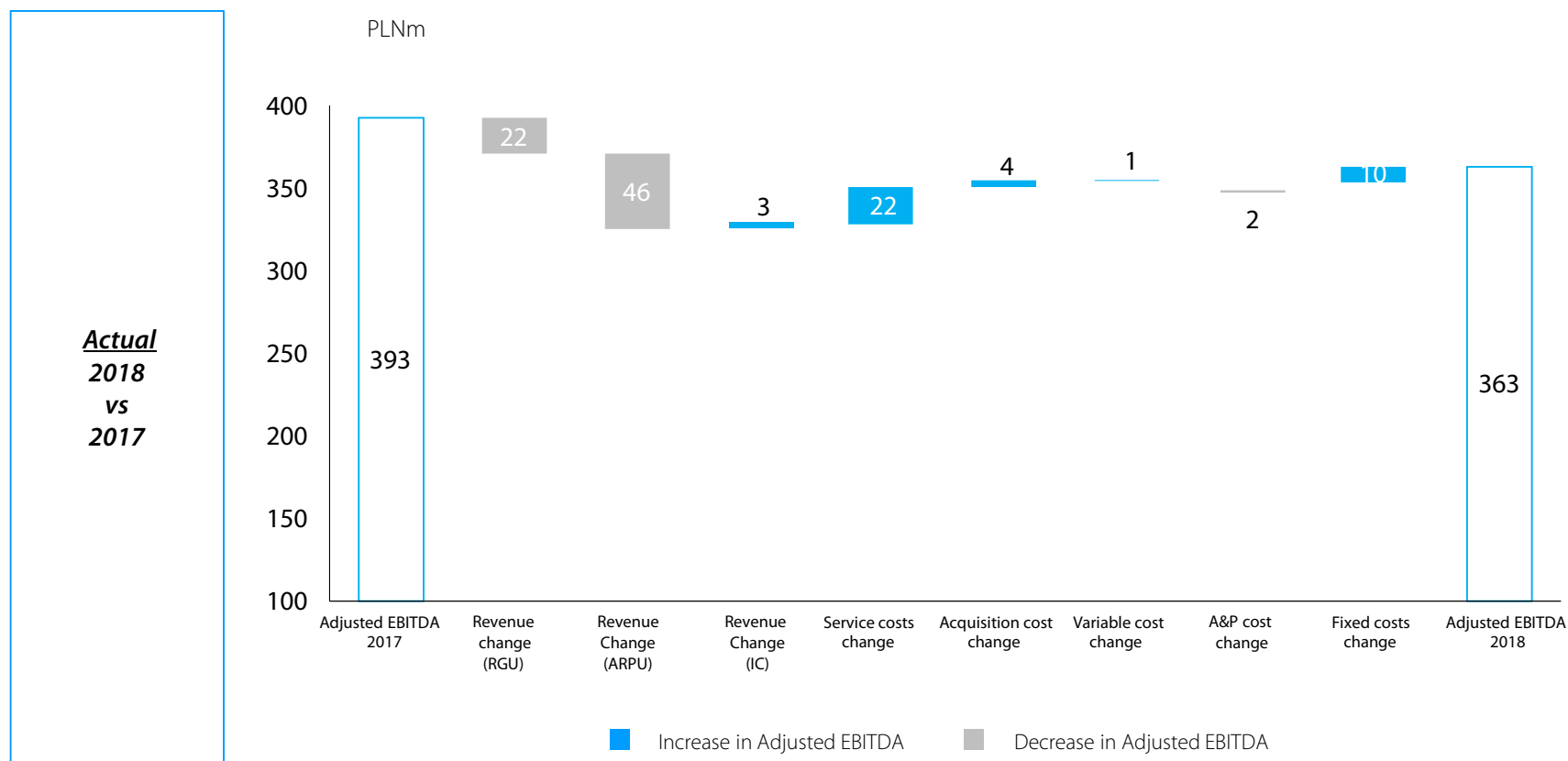
N E T I A

Netia Group Financial Overview

Financial performance | Adjusted EBITDA bridge for FY 2018



NETIA



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
- 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	Q4	12M 2017	12M 2018
(PLN' 000)										
Revenues	365,010	361,110	356,461	359,426	346,903	342,869	340,834	342,500	1,442,007	1,373,106
<i>Change (y-o-y%)</i>	(6.5%)	(6.7%)	(4.4%)	(3.3%)	(5.0%)	(5.1%)	(4.4%)	(4.7%)	(5.3%)	(4.8%)
Adjusted EBITDA	96,622	95,349	102,783	98,008	90,696	93,153	93,625	85,101	392,762	362,575
Margin (%)	26.5%	26.4%	28.8%	27.3%	26.1%	27.2%	27.5%	24.8%	27.2%	26.4%
<i>Change (y-o-y%)</i>	(12.9%)	(17.2%)	(4.0%)	(14.2%)	(6.1%)	(2.3%)	(8.9%)	(13.2%)	(12.2%)	(7.7%)
EBITDA	94,941	97,204	97,664	90,385	91,653	92,116	93,315	78,862	380,194	355,946
Margin (%)	26.0%	26.9%	27.4%	25.1%	26.4%	26.9%	27.4%	23.0%	26.4%	25.9%
<i>Change (y-o-y%)</i>	(11.3%)	(15.3%)	(5.1%)	(11.0%)	(3.5%)	(5.2%)	(4.5%)	(12.7%)	(10.8%)	(6.4%)
Depreciation	79,103	78,565	76,976	76,953	69,717	71,780	70,185	68,243	311,597	279,925
Adjusted EBIT	17,519	16,784	25,807	21,055	20,979	21,373	23,440	16,858	81,165	82,650
Margin (%)	4.8%	4.6%	7.2%	5.9%	6.0%	6.2%	6.9%	4.9%	5.6%	6.0%
EBIT	15,838	18,639	20,688	13,432	21,936	20,336	23,130	10,619	68,597	76,021
Margin (%)	4.3%	5.2%	5.8%	3.7%	6.3%	5.9%	6.8%	3.1%	4.8%	5.5%

Comments

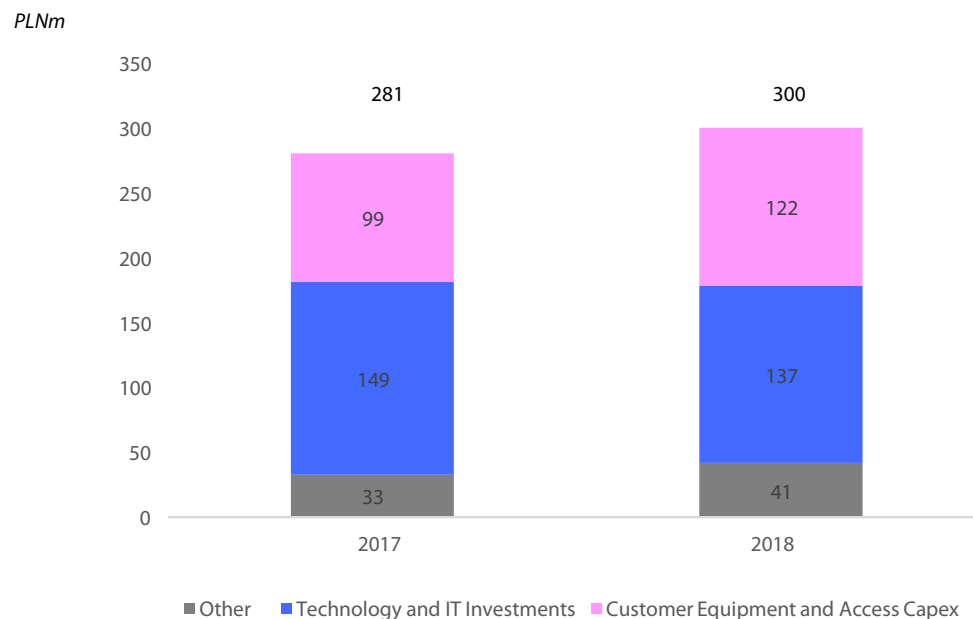
- Top-line increase q-o-q combined with stabilization of all major product lines
- Adjusted EBITDA Margin relatively stable despite continuous price pressure in both commercial segments



<i>PLN'000</i>	2017	2018	Change
Adjusted EBITDA	392,762	362,575	-8%
<i>Unusual Items:</i>			
Integration costs	(1,008)	(698)	-31%
Restructuring costs	(4,669)	(659) 1	-86%
Other one-off events	1,649	(7,106) 2	+531%
Transformation projects	(85)	-	na
Reorganization costs	(733)	1,834 3	-350%
USO provision	(7,722)	-	na
EBITDA	380,194	355,946	-6%
Depreciation and amortization	(311,597)	(279,925)	-10%
EBIT	68,597	76,021	+11%
Net financial expenses	(7,438)	(616)	-92%
Profit/(Loss) before tax	61,159	75,405	+23%
Current tax and deferred income tax	(28,287)	(10,568)	-63%
Net Profit	32,872	64,837	+129%
Average number of outstanding shares (basic)	336,226,725	335,529,874	
EPS (in PLN, basic)	0.10	0.19	

- 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 and installation process
- 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 72m. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 67m on December 31, 2018 and PLN 60m on December 31, 2017



- Netia published Q4 2018 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.53x of the 2018 Adjusted EBITDA at PLN 363m
- In Q4 2018 Netia maintained a positive balance of B2C on-net services due to consistent modernization of the existing access network
- Stable B2B revenue in all major revenue generating product lines q-o-q
- On November 30, 2018 Netia merged with its subsidiary – Telefonía Dialog sp. z o.o. by transferring all assets to Netia

Disclaimer



N E T I A

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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