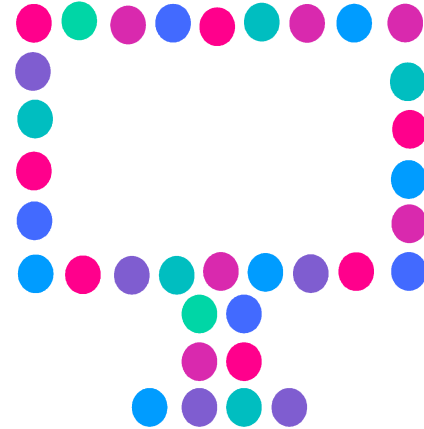


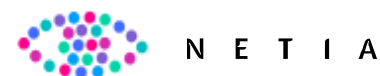
GIGA WOLNOŚĆ



## Q2 2019 Financial Results

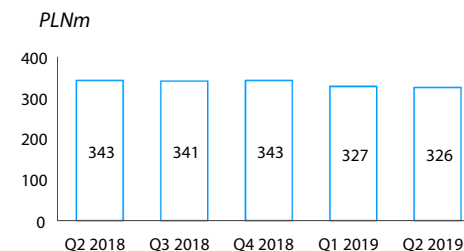
August 19, 2019

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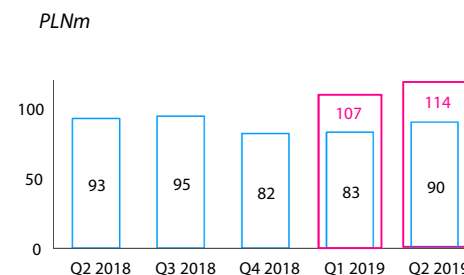


- Revenue was PLN 326m for Q2 2019 (-1% q-o-q and -5% y-o-y)
  - EBITDA<sup>1,2</sup> according to IAS 17 standard was PLN 90m for Q2 2019 (+9% q-o-q and -3% y-o-y)
  - EBITDA<sup>1,2</sup> according to IFRS 16 standard was PLN 114m for Q2 2019 (+7% q-o-q)
- Netia generated PLN -10m OpFCF<sup>3</sup> for Q2 2019 mainly due to increased capital expenditures related to connecting new B2B customers, „21 Century Network” Project and IT
- Net debt<sup>4</sup> at PLN 220m on June 30, 2019 (+4% q-o-q and -7% y-o-y), representing 0.61x of EBITDA<sup>2</sup> for full 2018 year at PLN 362m

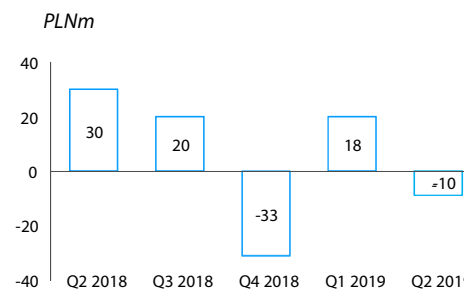
## Revenues



## EBITDA<sup>1</sup>



## OpFCF<sup>3</sup>



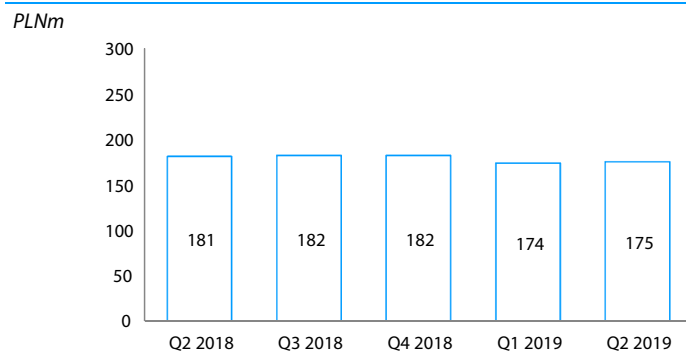
<sup>1</sup> EBITDA for Q2 2019 presented according IFRS16 standard (PLN 114m) and according IAS 17 standard (PLN 90m)

<sup>2</sup> Starting from Q1 2019 Netia defines EBITDA as profit or loss on operating activity adjusted for depreciation, liquidation and impairment of non-financial fixed assets, Interest and foreign exchange differences and Interest on installment sale. Comparatives restated.

<sup>3</sup> OpFCF = EBITDA less Capex

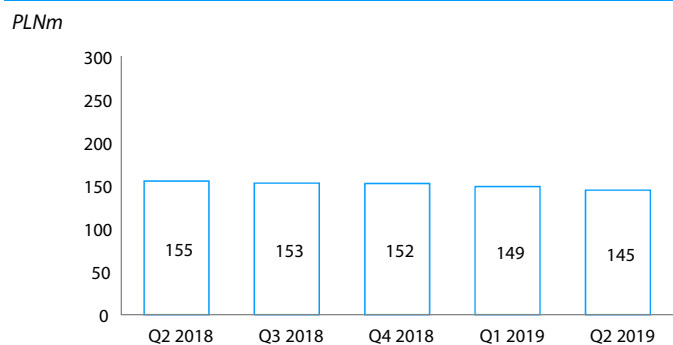
<sup>4</sup> According to IAS 17 standard

### B2B Market<sup>1</sup>



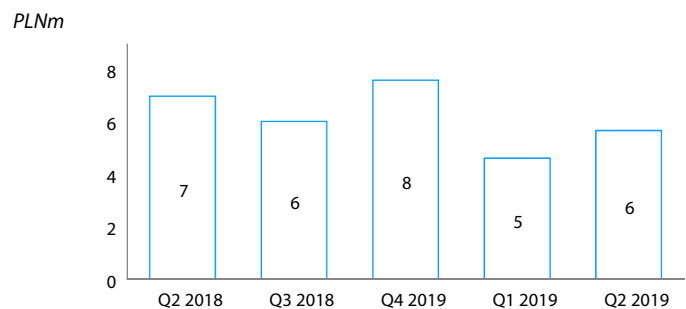
- **Revenue** was PLN 175m in Q2 2019 (+1% q-o-q and -3% y-o-y)

### B2C Market<sup>2</sup>



- **Revenue** was PLN 145m in Q2 2019, down by 3% compared to Q1 2019 and down by 7% y-o-y
- **RGUs** at 1,384k (-2% q-o-q, -5% y-o-y)

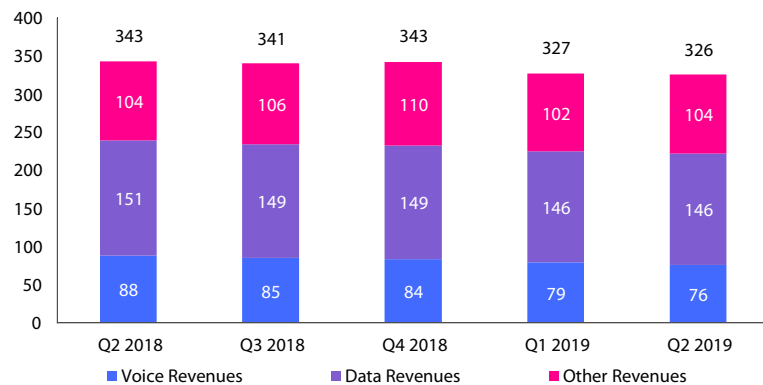
### Petrotel



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

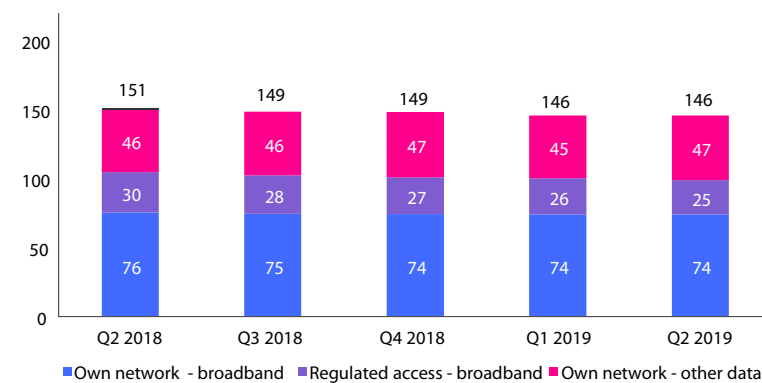
### Revenue breakdown by service

PLNm



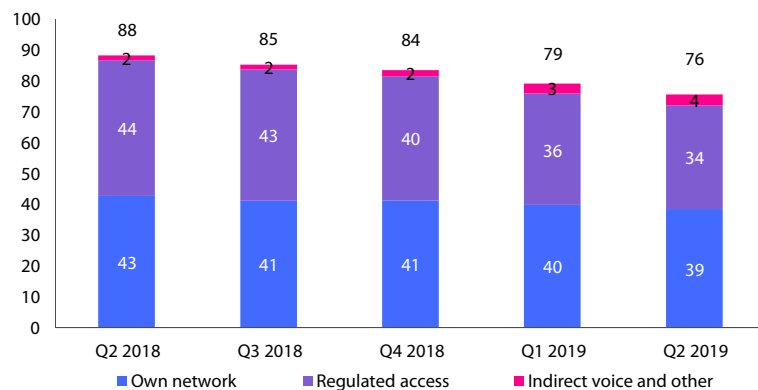
### Data revenue breakdown by access<sup>1</sup>

PLNm



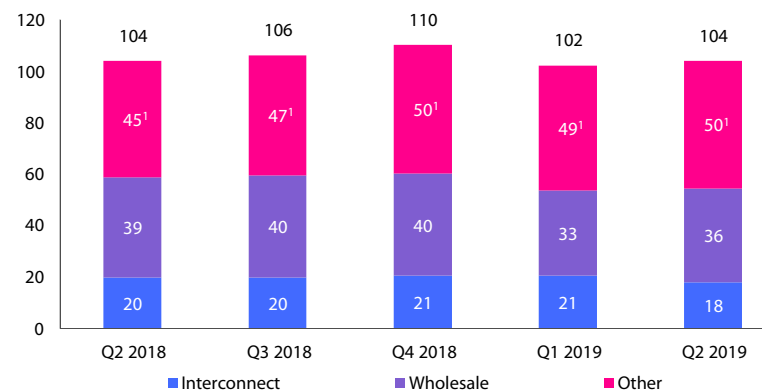
### Voice revenue breakdown by access

PLNm



### Other revenue

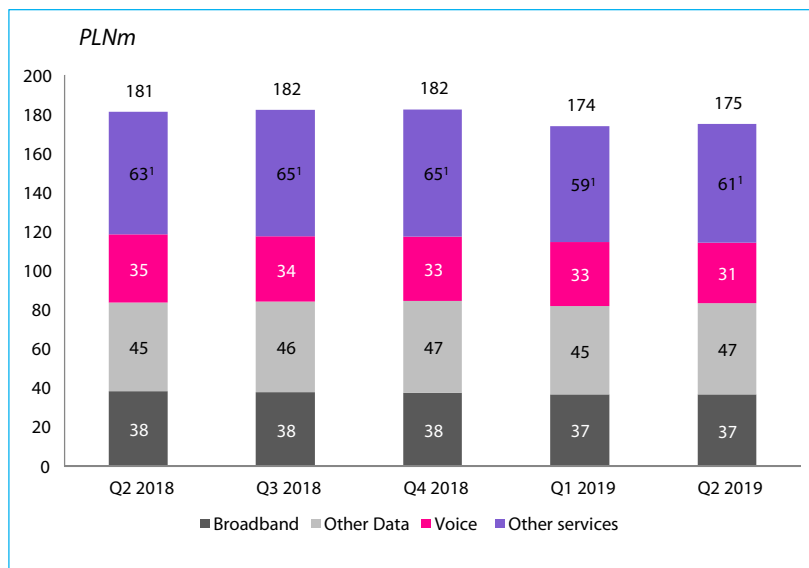
PLNm



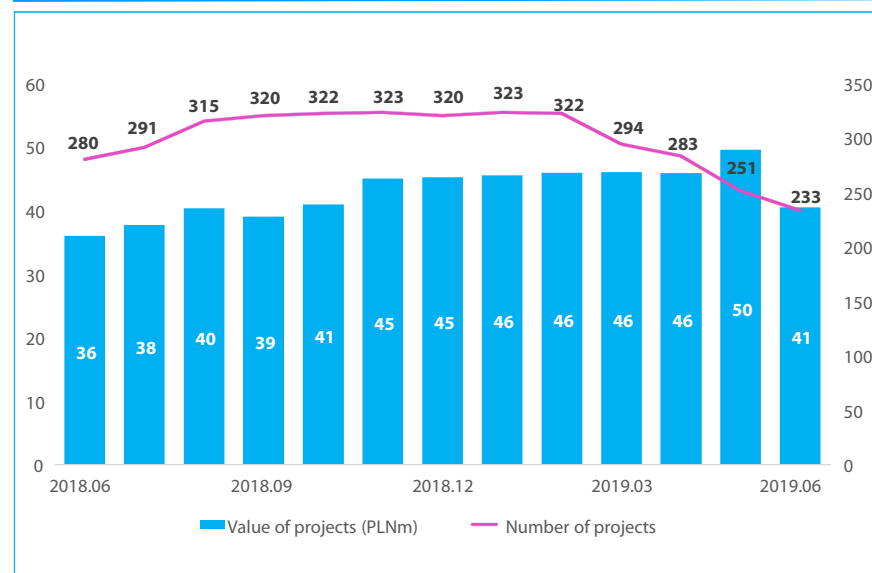
<sup>1</sup> Including revenues from VAS, elsewhere reported as Other Telecommunication revenue

<sup>2</sup> Includes revenue from TV, mobile, ICT services, equipment, one-off contracts

**Revenue by service**



**Number of new NetiaNext projects**



**Comments**

- Higher B2B total revenue q-o-q mainly due to increase of wholesale traffic and other data revenue
- Significant value of ICT project as a consequence of the B2B market transformation

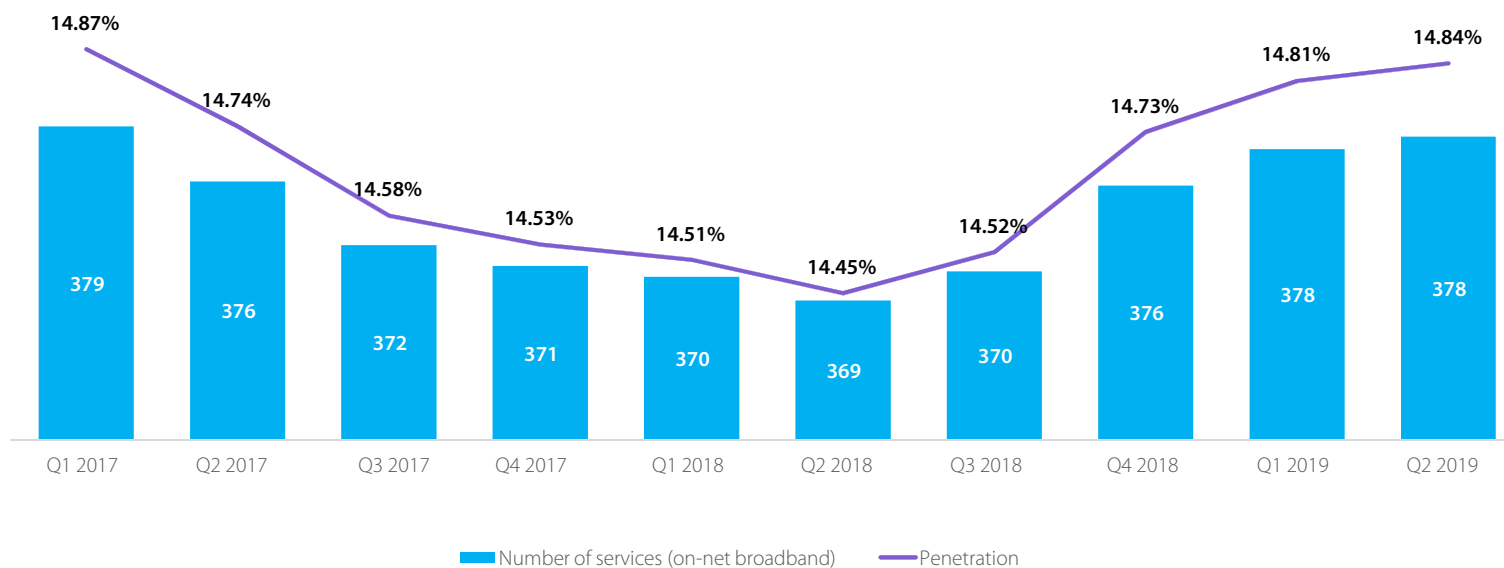


B2C access network at the end of Q2 2019:

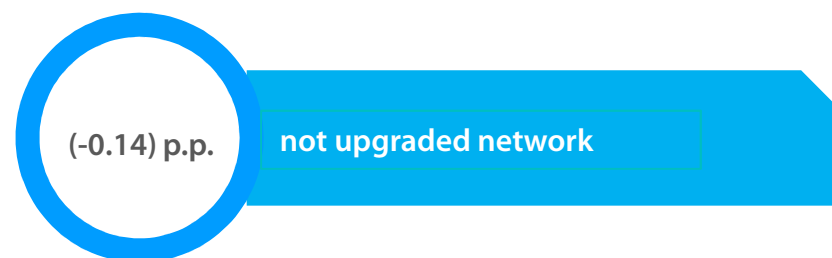
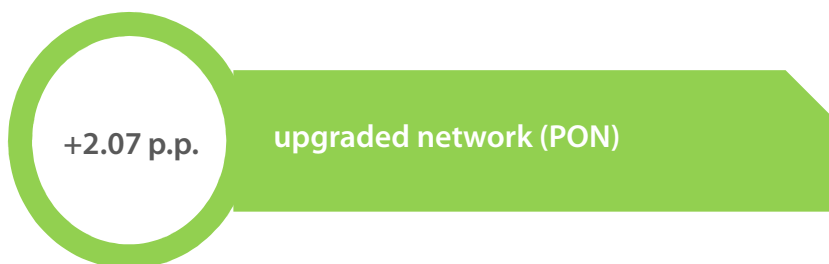
- **Almost 1.2m households** in range of Netia's broadband with bandwidth **1 Gb/s** at the end of **Q2 2019**
- **About 960k households** upgraded or undergoing upgrade as a part of „21 Century Network” project
- **About PLN 217m** capital expenditures allocated for the modernization of the access network and a significant part of backbone and transmission network (related to upgraded network customers) within „21 Century Network” Project



**On-net broadband penetration change<sup>1</sup>**

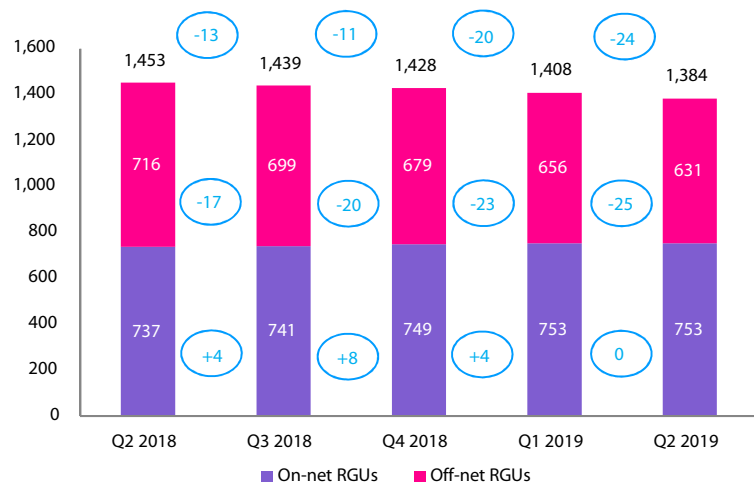


Annual change of penetration – 07.2018 – 06.2019

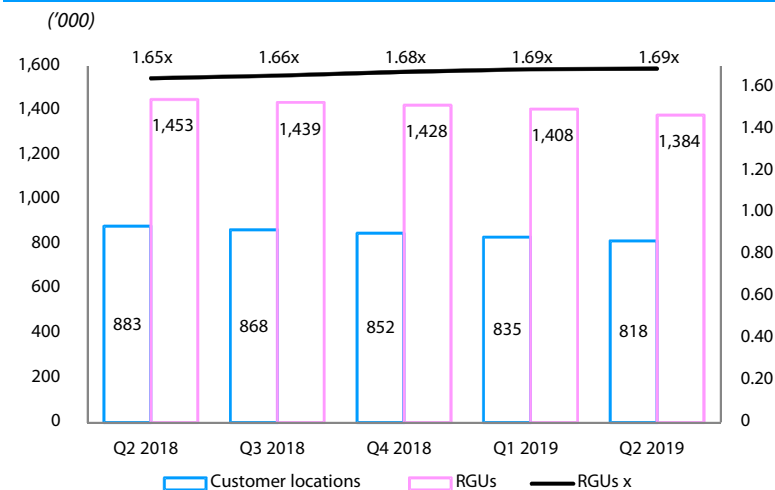


inwestor.netia.pl <sup>1</sup> Based on 2.55m HP in range announced at the moment of „21 Century Network Project” start

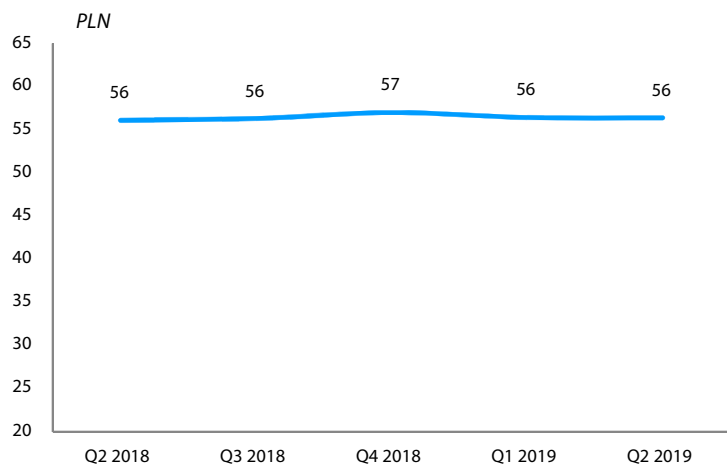
### RGUs by access type



### Customer locations and RGUs



### Average ARPU per Customer

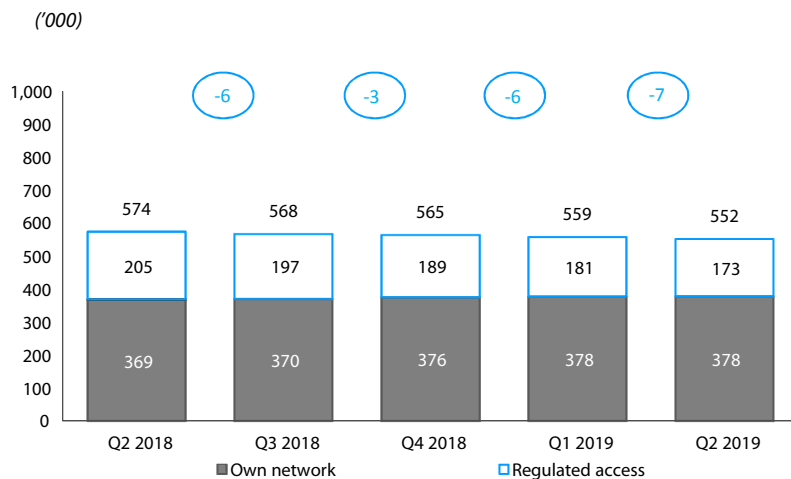


### Comments

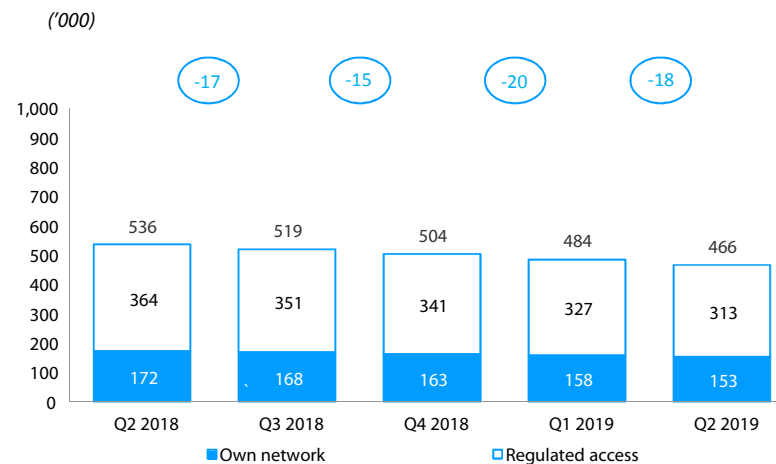
- Share of on-net RGUs up by 3 pp y-o-y to 54%
- TV cross-sell, higher broadband speeds offered and unlimited voice keep ARPU per customer at a relatively stable level
- On-net bundling increases number of RGUs per customer y-o-y
- Access network upgrade program results in on-net services increase y-o-y



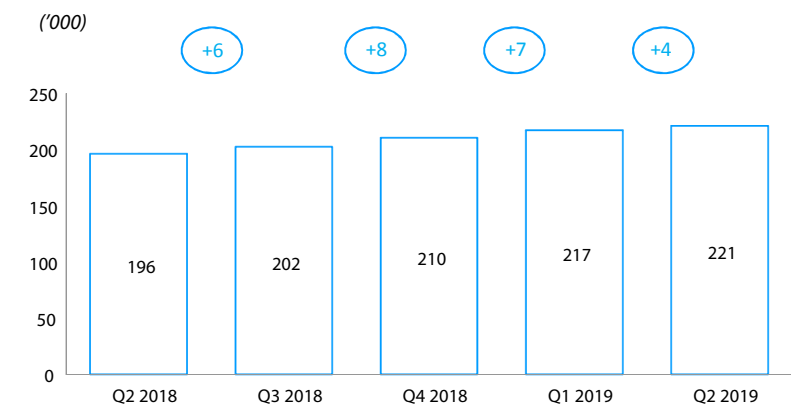
### Broadband ports



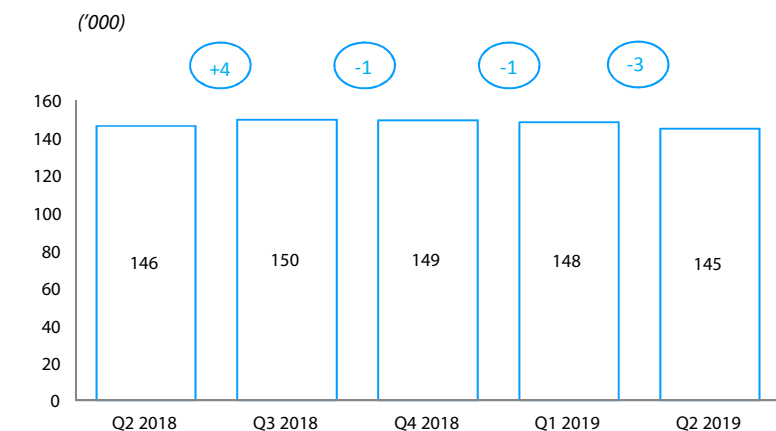
### Voice lines



### TV services



### Mobile services



- 69% of broadband customers served directly via Netia’s own network (+1 pp q-o-q and +5 pp y-o-y)
- 13% increase of TV services y-o-y
- 2% increase of own network services y-o-y



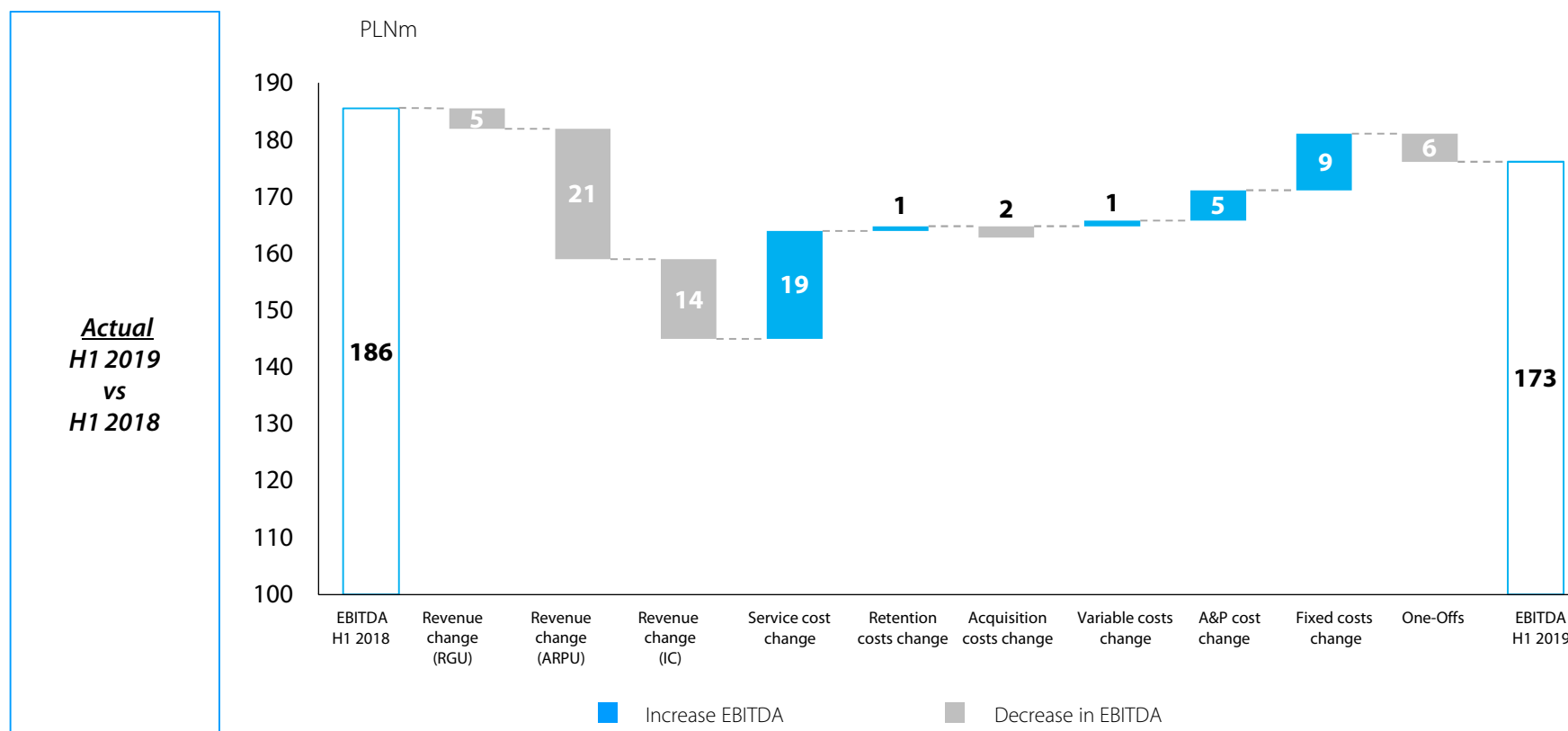
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## *Netia Group Financial Overview*

## Financial performance | EBITDA bridge for H1 2019 (IAS 17)



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**Actual  
H1 2019  
vs  
H1 2018**

### Comments

- Lower RGUs mainly due to decrease in number on B2C services based on regulated access
- ARPU decline related to a visible price pressure in voice and data services mainly in B2B market
- IC revenue drop related to erosion of voice services as well as lower wholesale traffic
- Lower service costs reflect mainly:
  - lower off-net rental payments to incumbent
  - lower IC costs related to voice and wholesale revenue drop
- Lower fixed costs reflect a number of initiatives introduced by the Company and co-operation with Cyfrowy Polsat Group
- One-offs reflect mainly costs of new projects commenced by Netia in 2019



	2018				2019			
	Q1 IAS17	Q2 IAS17	Q3 IAS17	Q4 IAS17	Q1 IAS17	Q1 IFRS16	Q2 IAS17	Q2 IFRS16
(PLN' 000)								
<b>Revenues</b>	<b>346,903</b>	<b>342,869</b>	<b>340,834</b>	<b>342,500</b>	<b>327,323</b>	<b>327,323</b>	<b>325,646</b>	<b>325,646</b>
<i>Change (y-o-y%)</i>	(5.0%)	(5.1%)	(4.4%)	(4.7%)	(5.6%)	(5.6%)	(5.0%)	(5.0%)
<b>EBITDA<sup>1</sup></b>	<b>93,221</b>	<b>92,875</b>	<b>94,531</b>	<b>81,872</b>	<b>82,841</b>	<b>107,221</b>	<b>90,121</b>	<b>114,258</b>
<b>Margin (%)</b>	<b>26.9%</b>	<b>27.1%</b>	<b>27.7%</b>	<b>23.9%</b>	<b>25.3%</b>	<b>32.8%</b>	<b>27.7%</b>	<b>35.1%</b>
<b>Depreciation</b>	<b>69,717</b>	<b>71,780</b>	<b>70,185</b>	<b>68,243</b>	<b>69,010</b>	<b>92,197</b>	<b>68,857</b>	<b>91,815</b>
Liquidation of non-financial fixed assets	1,547	765	776	2,510	842	842	1,446	1,225
Interest and foreign exchange differences	(5)	(33)	367	375	(116)	(116)	261	261
Interest on installment sale (financial income)	26	27	73	125	173	173	213	213
<b>EBIT</b>	<b>21,936</b>	<b>20,336</b>	<b>23,130</b>	<b>10,619</b>	<b>12,932</b>	<b>14,125</b>	<b>19,344</b>	<b>20,744</b>
<b>Margin (%)</b>	<b>6.3%</b>	<b>5.9%</b>	<b>6.8%</b>	<b>3.1%</b>	<b>4.0%</b>	<b>4.3%</b>	<b>5.9%</b>	<b>6.4%</b>

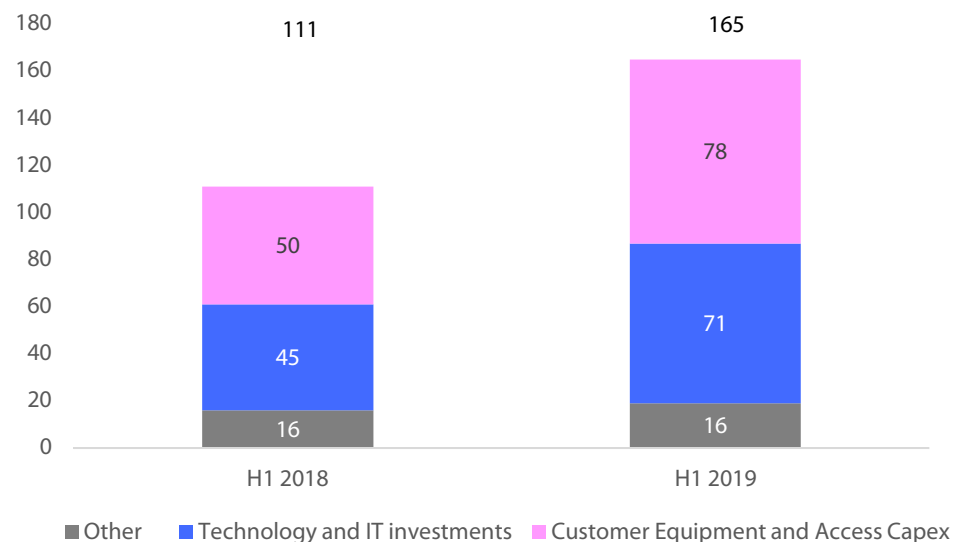
### Comments

- Comparison of financial results between periods including both IAS 17 and IFRS 16 standards
- Significantly higher EBITDA Margin q-o-q despite continuous price pressure in both commercial segments

<sup>1</sup> Starting from Q1 2019 Netia defines EBITDA as profit or loss on operating activity adjusted for depreciation, liquidation and impairment of non-financial fixed assets, Interest and foreign exchange differences and Interest on installment sale. Comparatives restated

**Capital investments by Operating Segments**

PLNm



**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 26m in Q2 2019. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 107m on June 30, 2019 and PLN 67m on December 31, 2018



- Netia published Q2 2019 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.61x of the 2018 Adjusted EBITDA at PLN 362m
- In Q2 2019 Netia achieved significantly higher EBITDA Margin q-o-q despite continuous price pressure
- Almost 1.2m households in range of Netia's broadband with bandwidth 1 Gb/s at the end of Q2 2019

# 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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