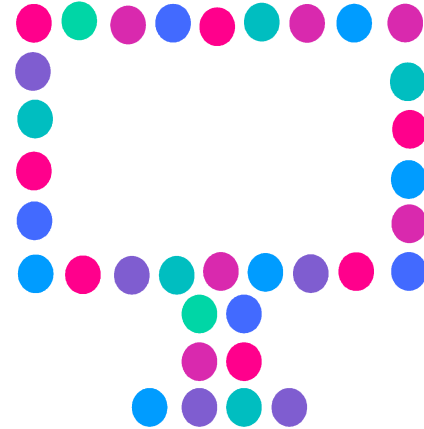


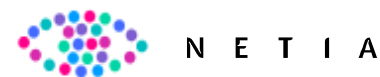
GIGA WOLNOŚĆ



## Q3 2019 Financial Results

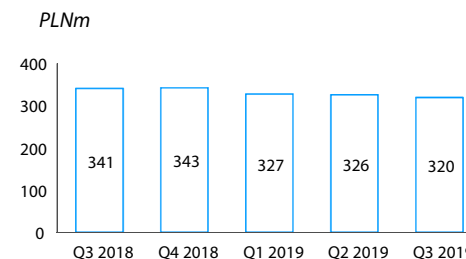
October 29, 2019

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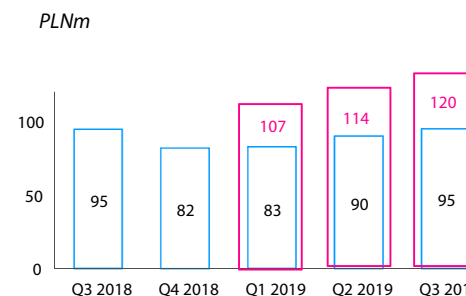


- Revenue was PLN 320m for Q3 2019 (-2% q-o-q and -6% y-o-y)
  - EBITDA<sup>1,2</sup> according to IAS 17 standard was PLN 95m for Q3 2019 (+6% q-o-q and +1% y-o-y)
  - EBITDA<sup>1,2</sup> according to IFRS 16 standard was PLN 120m for Q3 2019 (+5% q-o-q)
- Netia generated PLN +24m OpFCF<sup>3</sup> for Q3 2019
- Net debt<sup>4</sup> at PLN 224m on September 30, 2019 (+2% q-o-q and +5% y-o-y), representing 0.62x of EBITDA<sup>2</sup> for full 2018 year at PLN 362m

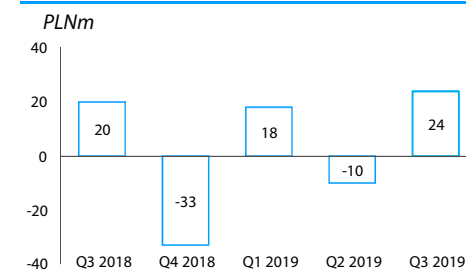
### Revenues



### EBITDA<sup>1</sup>



### OpFCF<sup>3</sup>



<sup>1</sup> EBITDA for Q3 2019 presented according IFRS16 standard (PLN 120m) and according IAS 17 standard (PLN 95m)

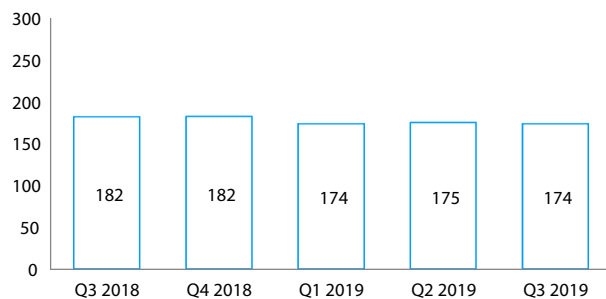
<sup>2</sup> Starting from Q1 2019 Netia defines EBITDA as profit or loss on operating activity adjusted for depreciation, liquidation and impairment of non-financial fixed assets, Interest and foreign exchange differences and Interest on installment sale. Comparatives restated.

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

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

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

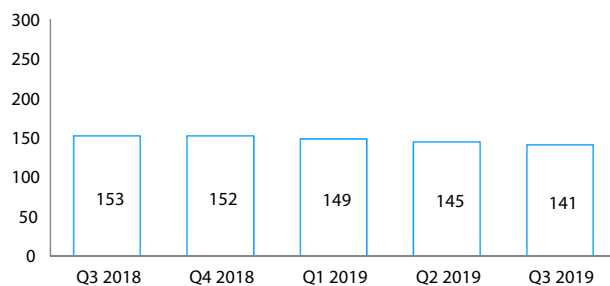
PLNm



- **Revenue** was PLN 174m in Q3 2019 (-1% q-o-q and -5% y-o-y)

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

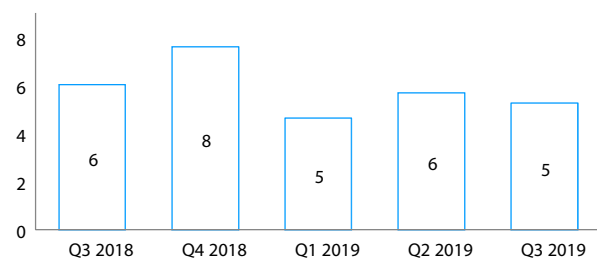
PLNm



- **Revenue** was PLN 141m in Q3 2019, down by 3% compared to Q2 2019 and down by 8% y-o-y
- **RGUs** at 1,369k (-1% q-o-q, -5% y-o-y)

### Petrotel

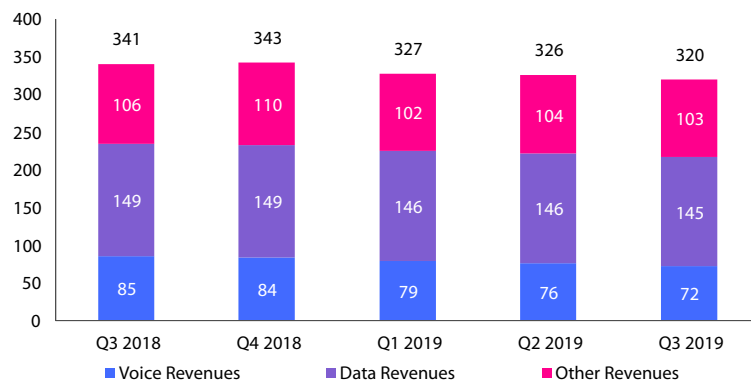
PLNm



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

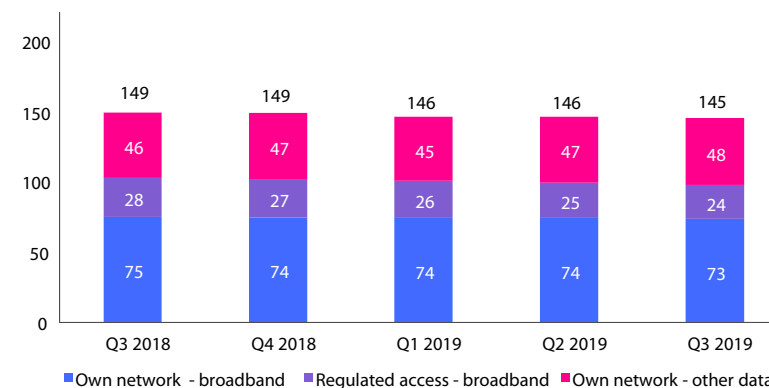
### Revenue breakdown by service

PLNm



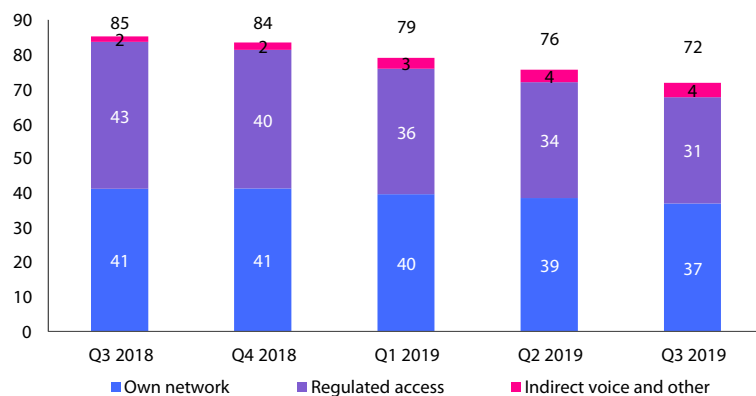
### Data revenue breakdown by access<sup>1</sup>

PLNm



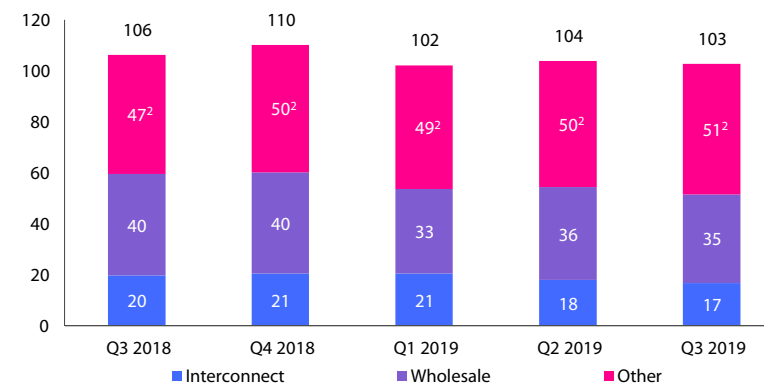
### Voice revenue breakdown by access

PLNm



### Other revenue

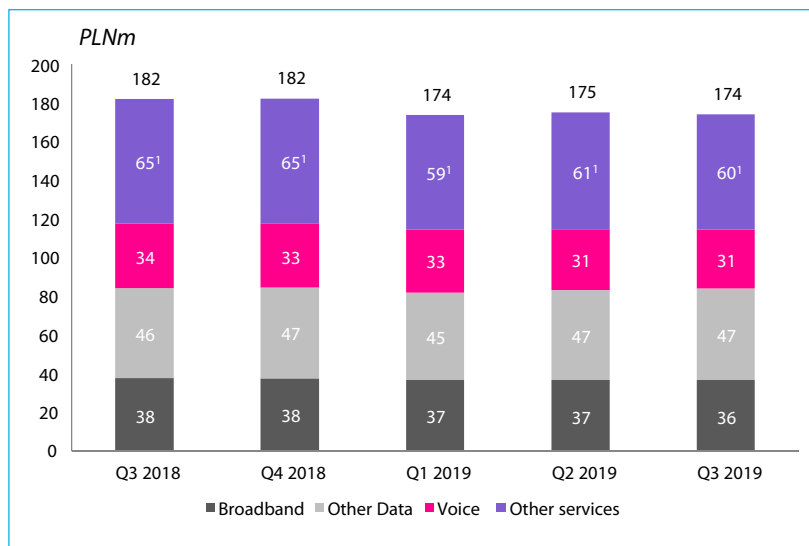
PLNm



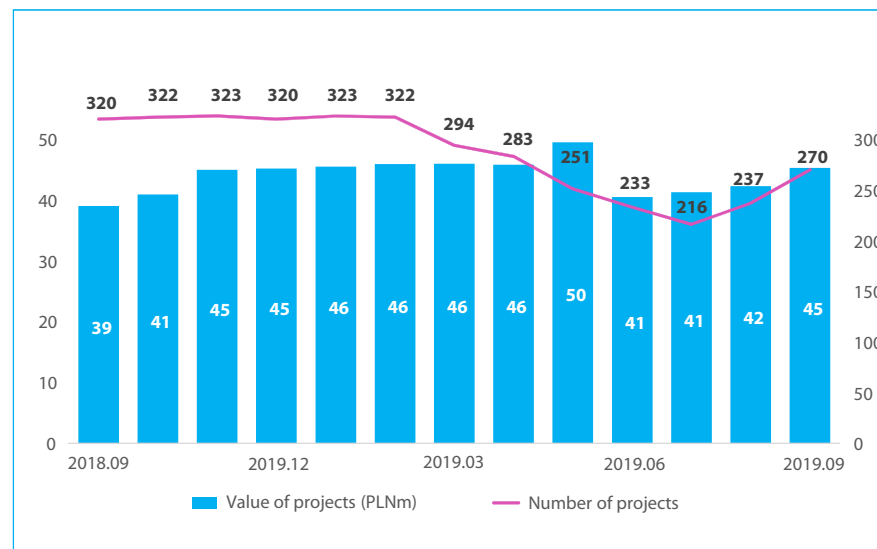
<sup>1</sup> Including revenues from VAS, elsewhere reported as Other Telecommunication revenue

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

**Revenue by service**



**Number of new NetiaNext projects**

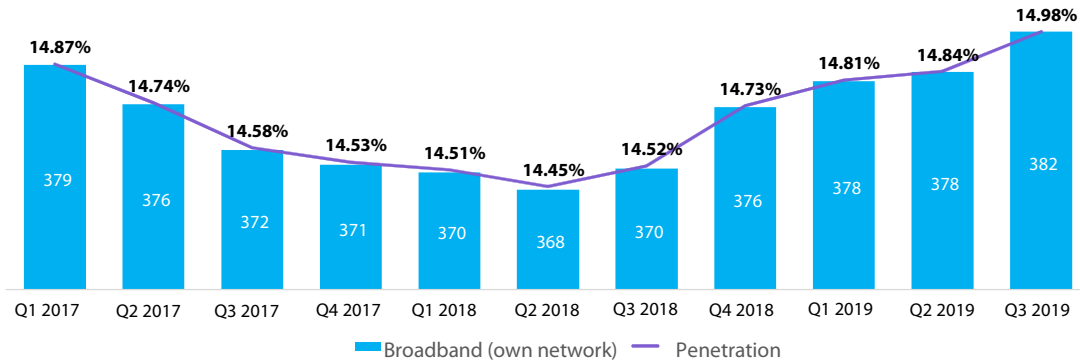


**Comments**

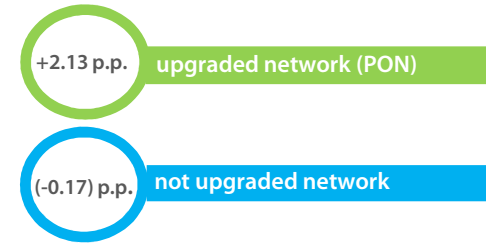
- Stable B2B revenue q-o-q on all major product lines
- Significant increase in number of ICT project as a consequence of the B2B market transformation



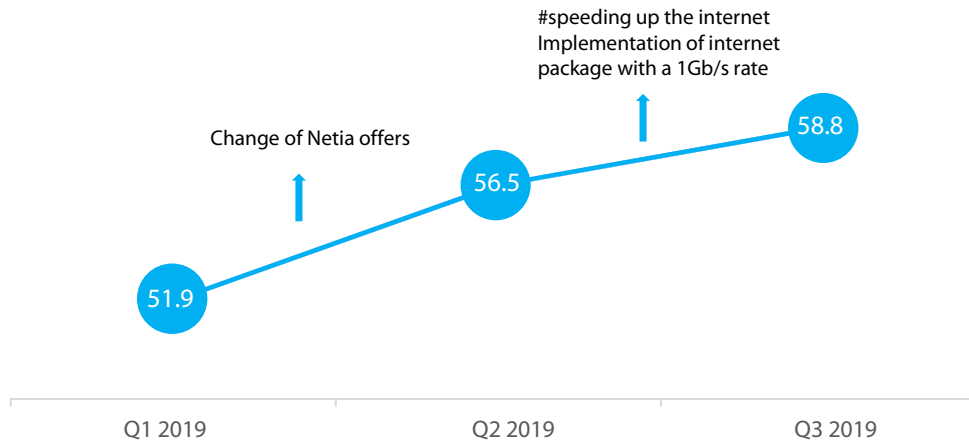
**On-net broadband penetration change<sup>1</sup>**



**Annual change of penetration 2018.10 – 2019.09**

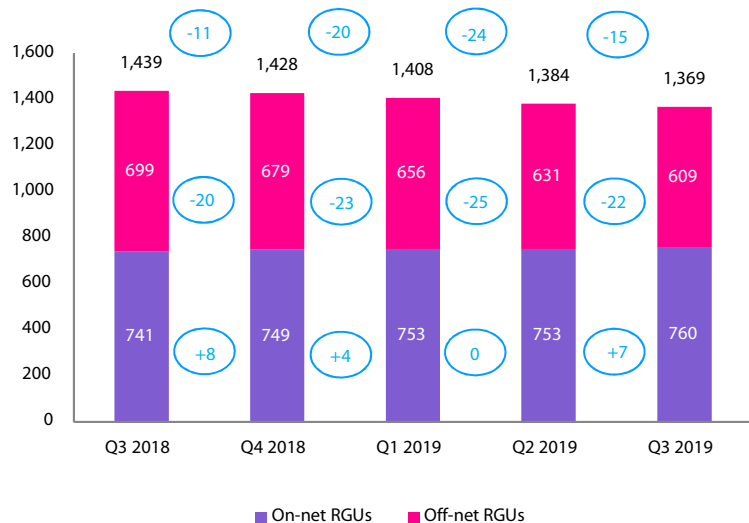


**ARPU for new customers**

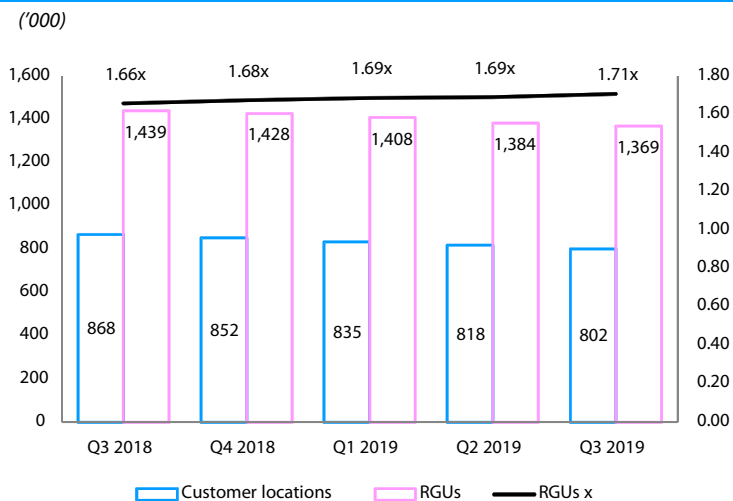


investor.netia.pl <sup>1</sup> Based on 2.55m HP in range announced at the moment of „21 Century Network Project” start

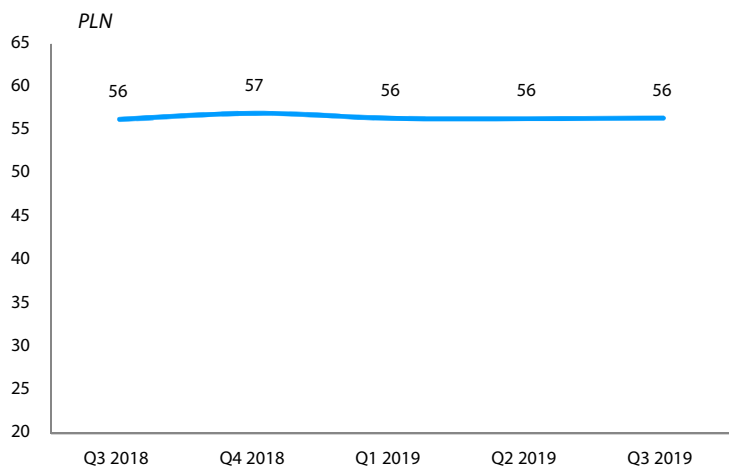
### RGUs by access type



### Customer locations and RGUs



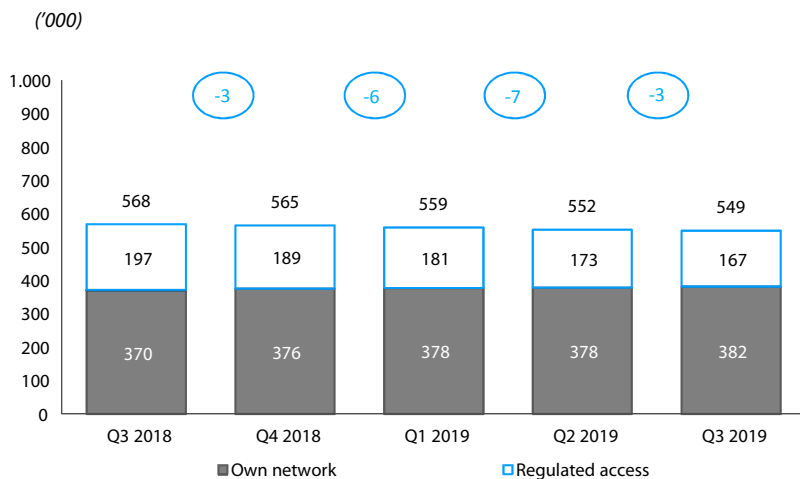
### Average ARPU per Customer



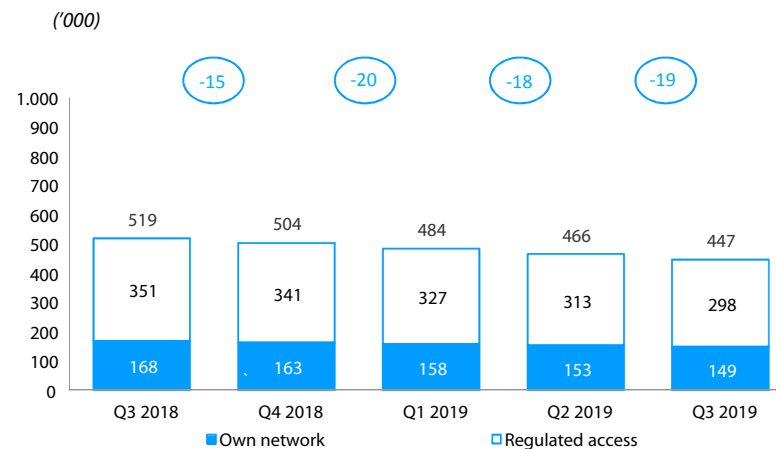
### Comments

- Share of on-net RGUs up by 5 pp y-o-y to 56%
- 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 combined with an offer tailored to the customer needs result in on-net services increase

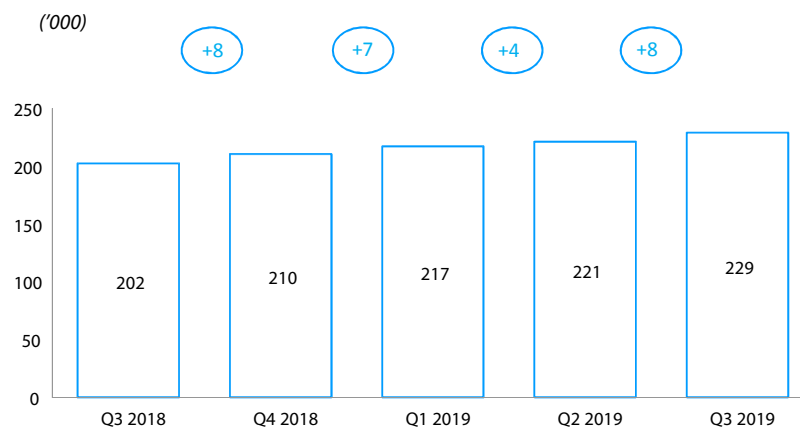
**Broadband ports**



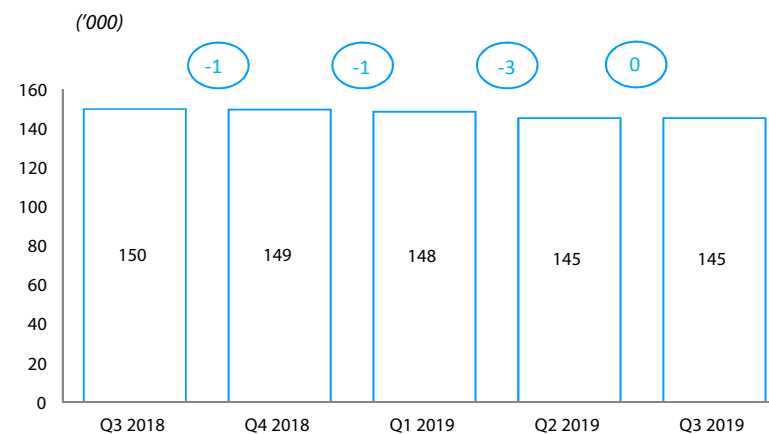
**Voice lines**



**TV services**



**Mobile services**



- 70% 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
- Stable mobile RGU’s q-o-q





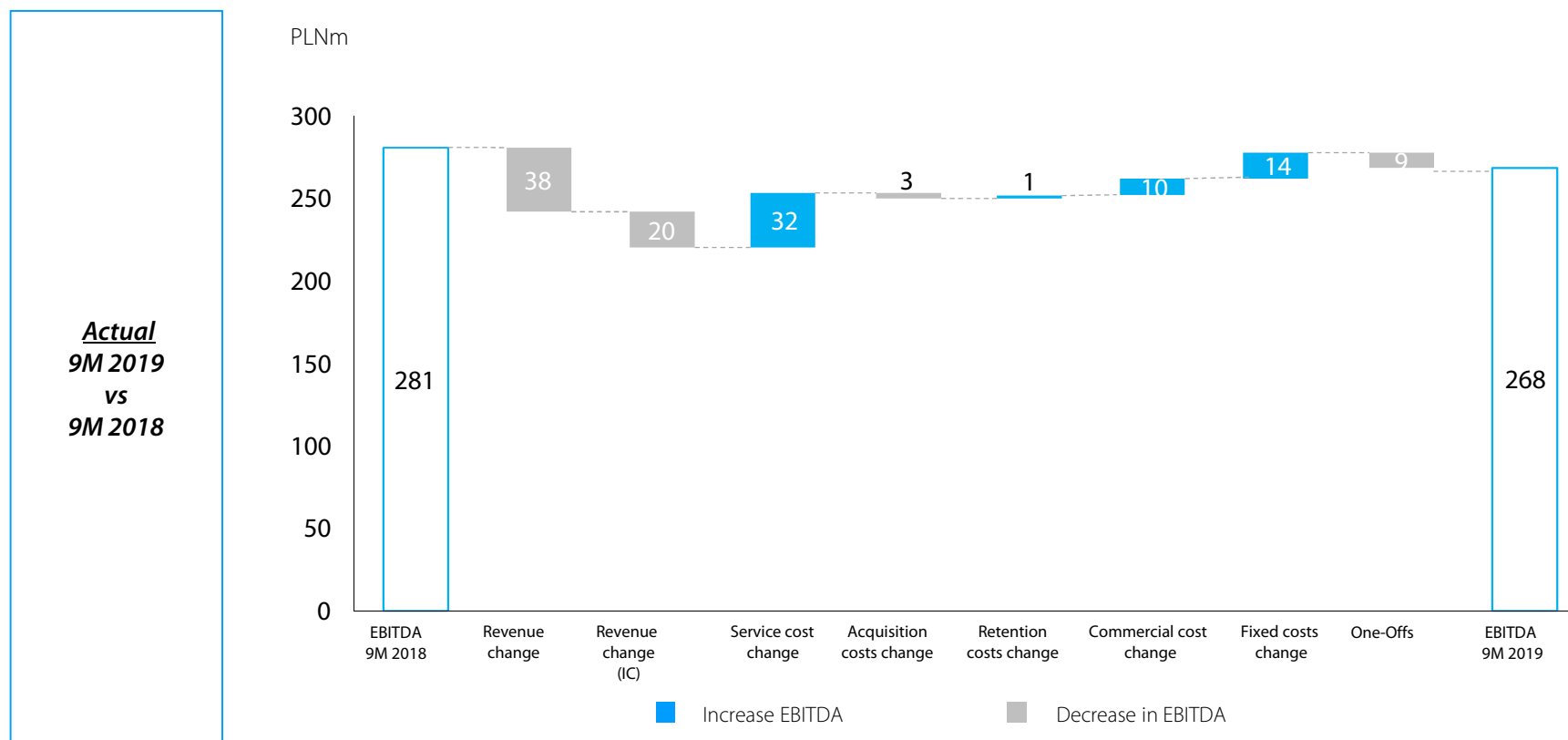
N E T I A

## *Netia Group Financial Overview*

## Financial performance | EBITDA<sup>1</sup> bridge for 9M 2019 (IAS 17)



NETIA



### Comments

- Revenue drop mainly due to a lower B2C off-net RGUs (regulated access) and price pressure on 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



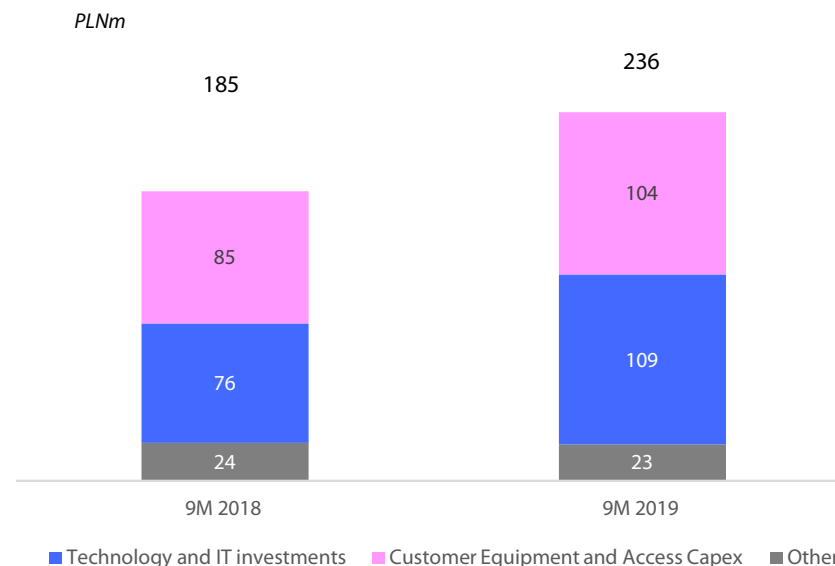
	2018				2019					
	Q1 IAS17	Q2 IAS17	Q3 IAS17	Q4 IAS17	Q1 IAS17	Q1 IFRS16	Q2 IAS17	Q2 IFRS16	Q3 IAS17	Q3 IFRS16
(PLN' 000)										
<b>Revenues</b>	<b>346,903</b>	<b>342,869</b>	<b>340,834</b>	<b>342,500</b>	<b>327,323</b>	<b>327,323</b>	<b>325,646</b>	<b>325,646</b>	<b>319,845</b>	<b>319,845</b>
<i>Change (y-o-y%)</i>	(5.0%)	(5.1%)	(4.4%)	(4.7%)	(5.6%)	(5.6%)	(5.0%)	(5.0%)	(6.2%)	(6.2%)
<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>95,098</b>	<b>120,146</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>29.7%</b>	<b>37.6%</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>	<b>69,136</b>	<b>91,700</b>
Liquidation of non-financial fixed assets	1,547	765	776	2,510	842	842	1,446	1,225	1,335	1,303
Interest and foreign exchange differences	(5)	(33)	367	375	(116)	(116)	261	261	364	364
Interest on installment sale (financial income)	26	27	73	125	173	173	213	213	238	238
<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>24,025</b>	<b>26,541</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>	<b>7.5%</b>	<b>8.3%</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**



**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 1 Gb/s standard. 21 Century Network project expenditures at PLN 22m in Q3 2019. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 112m on September 30, 2019 and PLN 67m on December 31, 2018



- Netia published Q3 2019 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.62x of the 2018 EBITDA at PLN 362m
- In Q3 2019 Netia achieved significantly higher EBITDA Margin q-o-q despite a continuous price pressure
- Visible increase in ICT projects in Q3 2019 as a consequence of B2B market transformation
- Higher B2C on net RGU's and average number of RGU's per customer location q-o-q

# 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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