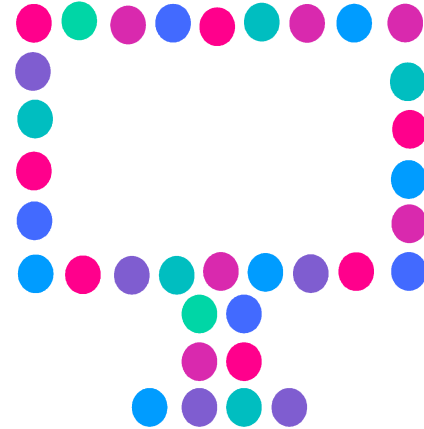


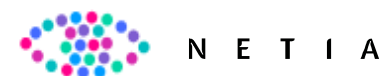
GIGA WOLNOŚĆ



Q4 and FY 2019 Financial Results

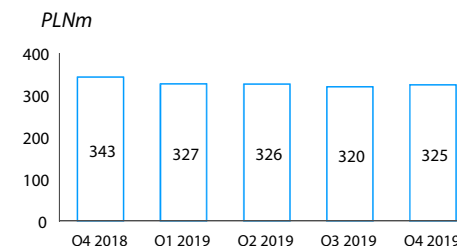
February 27, 2020

N E T I A

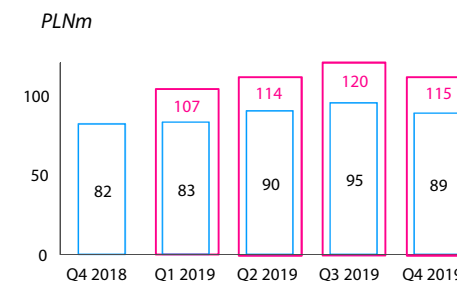


- Revenue was PLN 1,297m for FY 2019 (-6% y-o-y) and PLN 325m for Q4 2019 (+1% q-o-q and -5% y-o-y)
 - EBITDA^{1,2} according to IAS 17 standard was PLN 357m for FY 2019 (-2% y-o-y) and PLN 89m for Q4 2019 (-7% q-o-q and +8% y-o-y)
 - EBITDA^{1,2} according to IFRS 16 standard was PLN 457m for FY 2019 and PLN 115m for Q4 2019 (-4% q-o-q)
- Netia generated PLN +5m OpFCF³ for Q4 2019 (-92% y-o-y). Y-o-y drop mainly due to higher capital investments related to connecting new customers and „21 Century Network” Project
- Net debt⁴ at PLN 240m on December 31, 2019 (+7% q-o-q and +25% y-o-y), representing 0.67x of EBITDA² for full 2019 year at PLN 357m
- At the turn of 2019 and 2020 Netia acquired local service providers in Krakow (ISTS) and Łomża (IST) and the RASP Data Center, one of the most modern data centers facilities in Poland

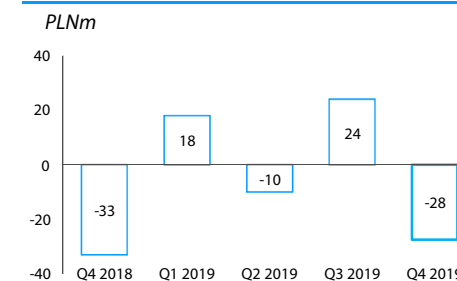
Revenues



EBITDA^{1,2}



OpFCF³



¹ EBITDA for Q4 2019 presented according IFRS16 standard (PLN 115m) and according IAS 17 standard (PLN 89m)

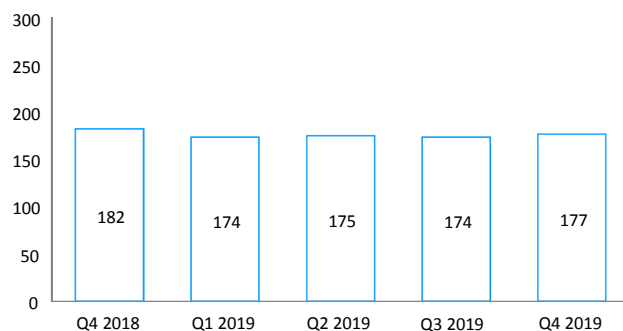
² Starting from Q1 2019 Netia defines EBITDA as profit or loss on operating activity adjusted for depreciation, liquidation and impairment of non-financial fixed assets, Interest and foreign exchange differences and Interest on installment sale. Comparatives restated.

³ OpFCF = EBITDA less Capex

⁴ According to IAS 17 standard

B2B Market¹

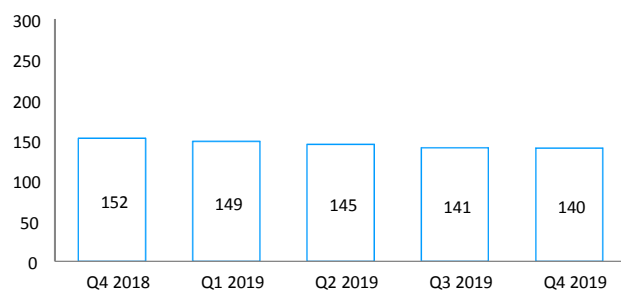
PLNm



- **Revenue** was PLN 177m in Q4 2019 (+2% q-o-q and -3% y-o-y)

B2C Market^{2,3}

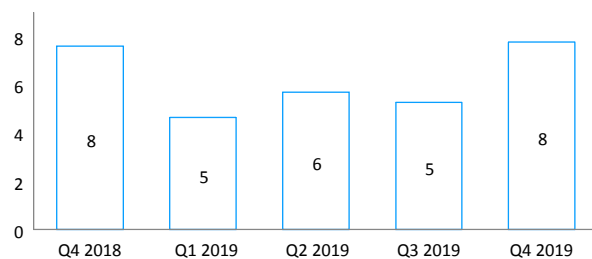
PLNm



- **Revenue** was PLN 140m in Q4 2019, down by 0% compared to Q3 2019 and down by 8% y-o-y
- **RGUs** at 1,362k (-1% q-o-q, -5% y-o-y)

Petrotel

PLNm



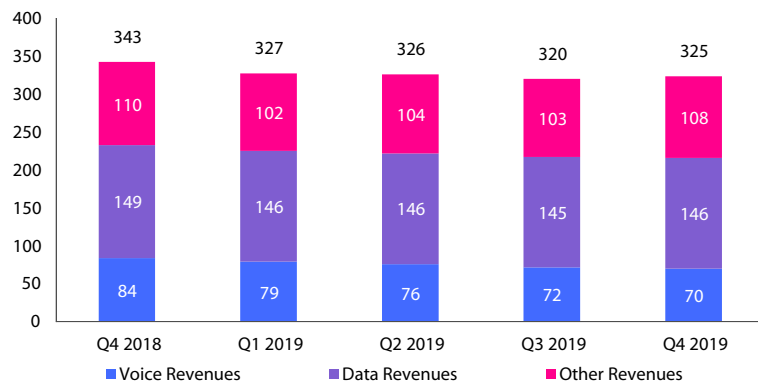
- One-off revenue related to the projects executed by the Company result in q-o-q fluctuations

¹ B2B comprises Business, Carrier customers and TK Telekom. ² B2C comprises Residential and SOHO customers

³ Q4 2019 B2C revenue include PLN 688k of ISTS sp. z o.o. revenue

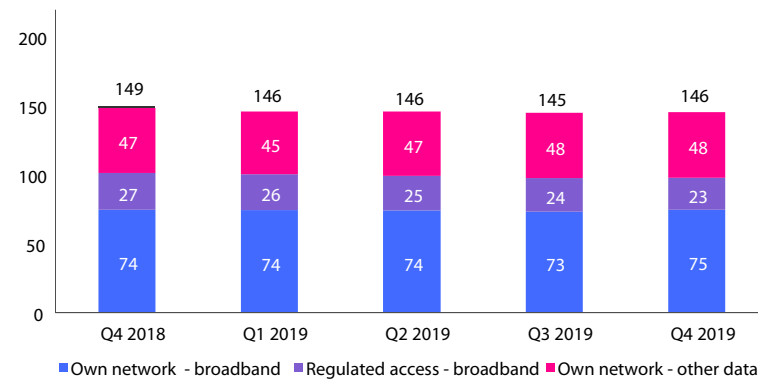
Revenue breakdown by service

PLNm



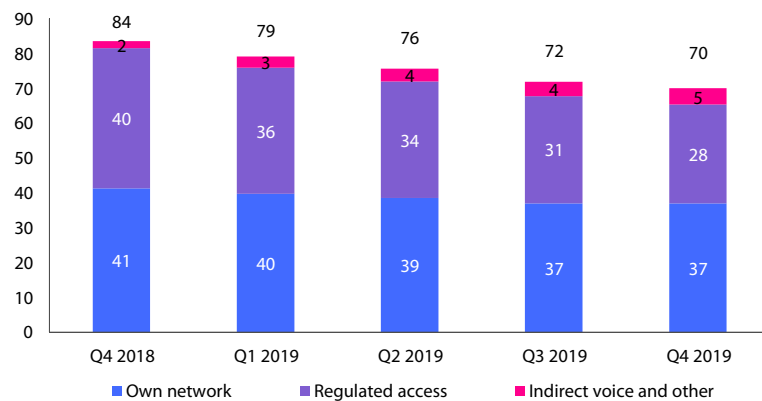
Data revenue breakdown by access

PLNm



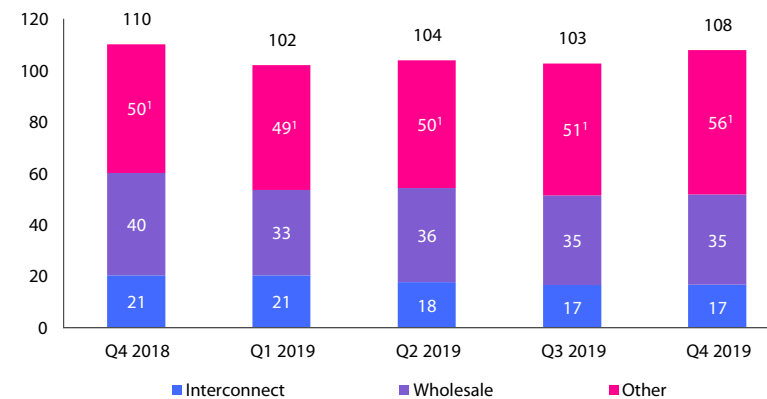
Voice revenue breakdown by access

PLNm

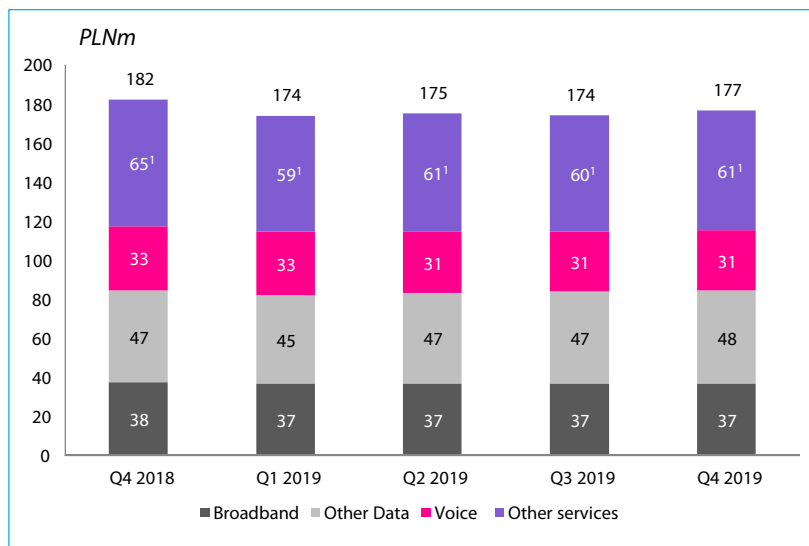


Other revenue

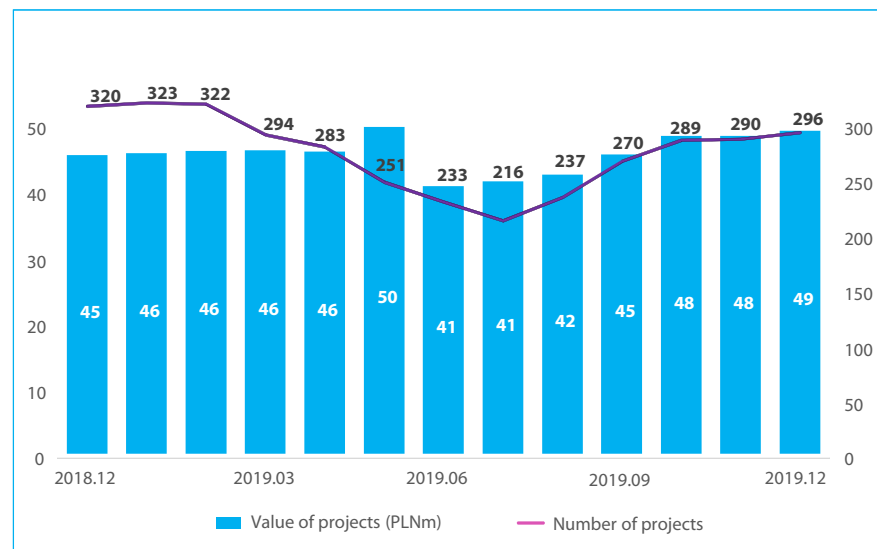
PLNm



Revenue by service



Number of new NetiaNext projects

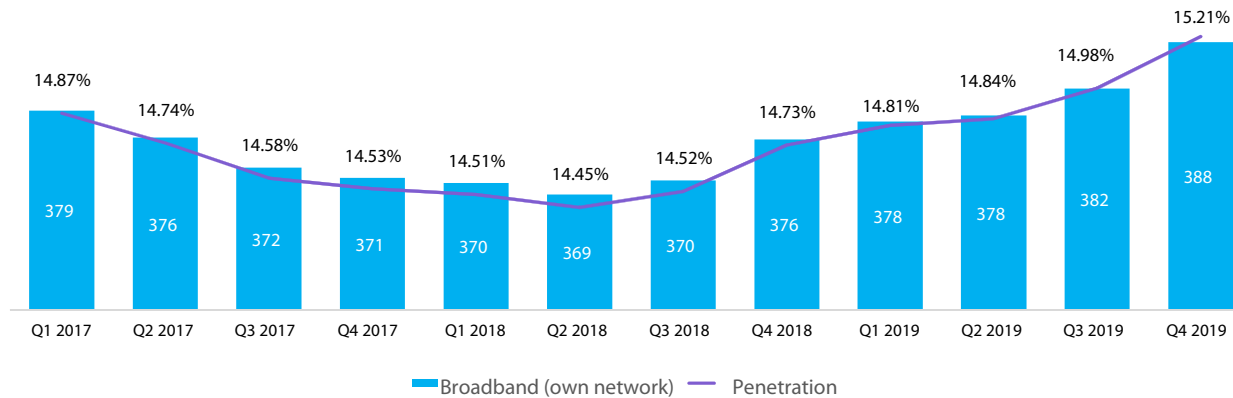


Comments

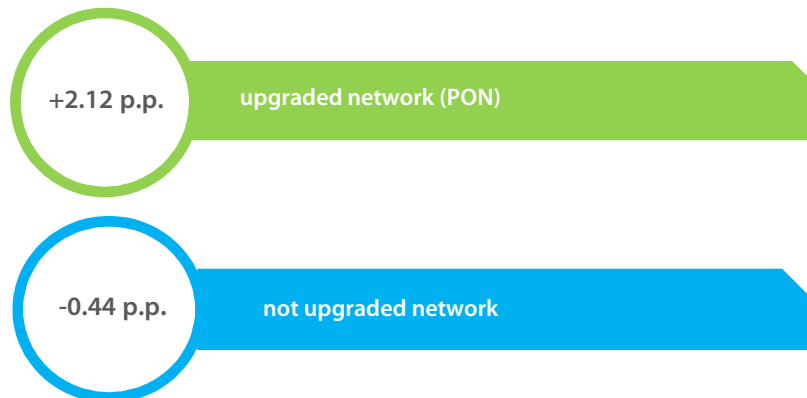
- Consistent development of ICT competences and services combined with the new contracts in corporate segment and stabilization of voice revenue result in a visible revenue increase q-o-q
- Stable increase in number of ICT project as a consequence of the B2B market transformation



On-net broadband penetration change¹

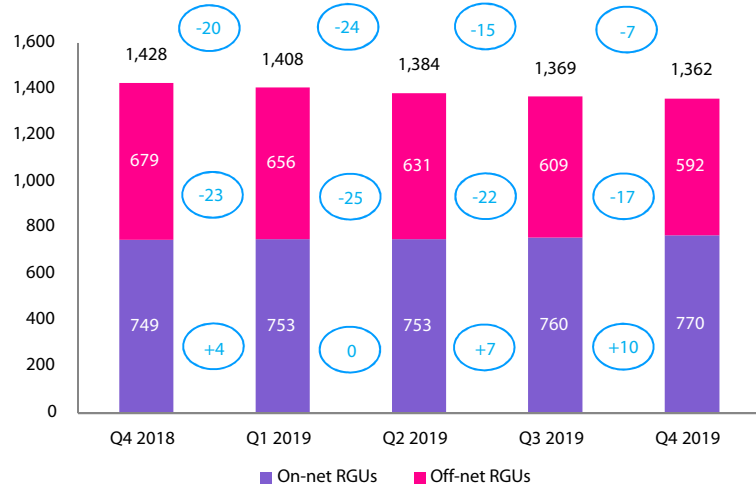


Annual change of penetration 2019.01 – 2019.12

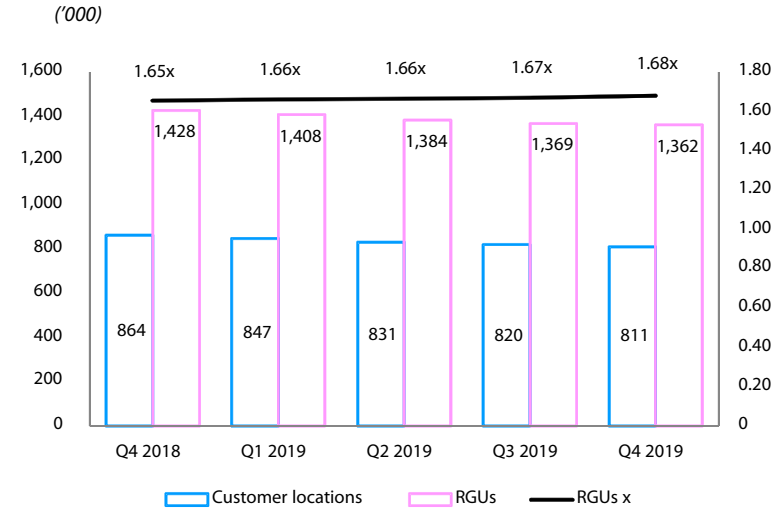


Over 1.4m households in range of Netia's broadband with bandwidth **1 Gb/s** at the end of **Q4 2019**

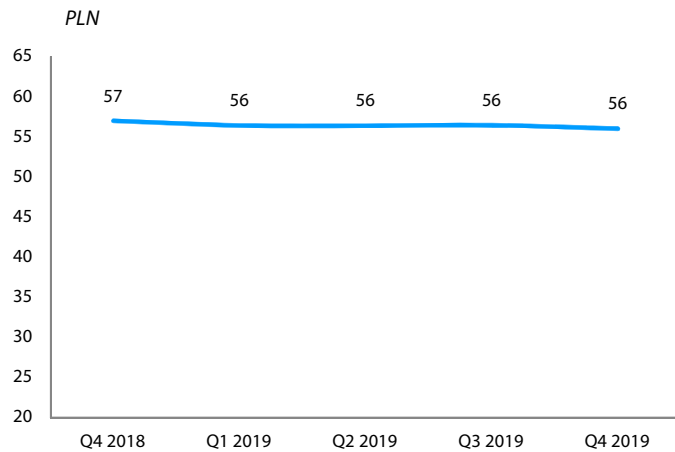
RGUs by access type



Customer locations and RGUs¹



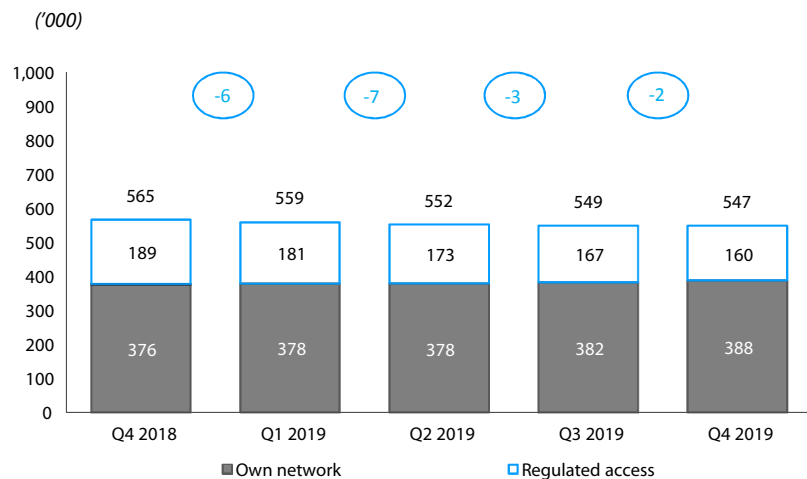
Average ARPU per Customer



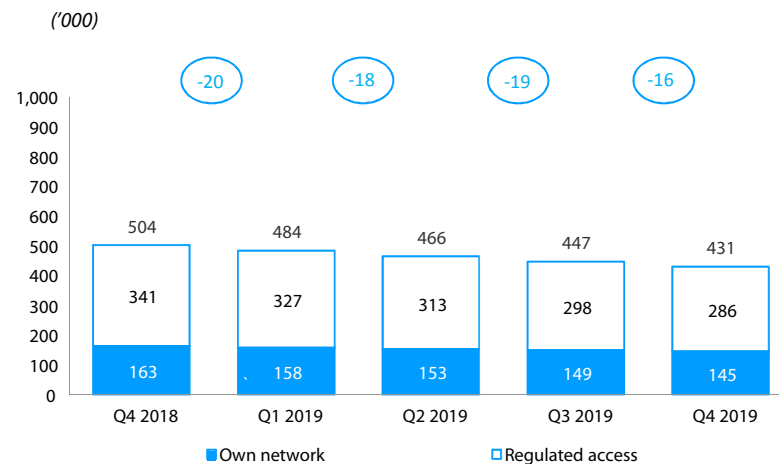
Comments

- Share of on-net RGUs up by 5 pp y-o-y to 57%
- 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

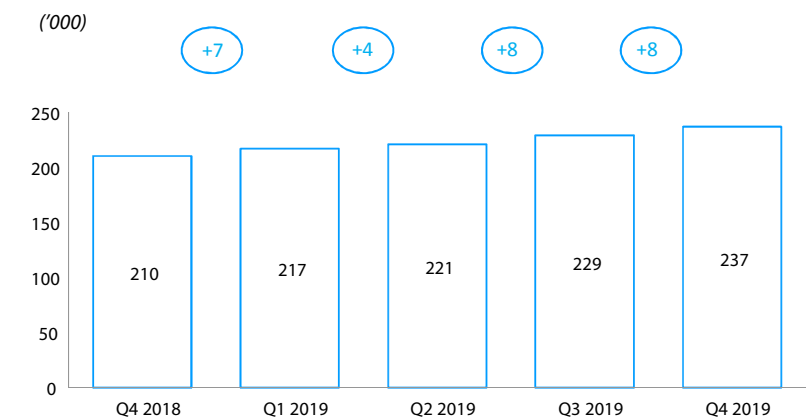
Broadband ports



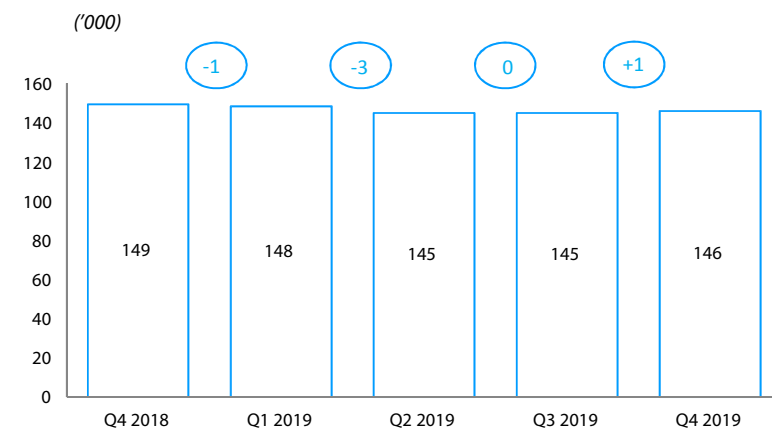
Voice lines



TV services



Mobile services



- 71% 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
- Return of upward trend in mobile RGU’s q-o-q



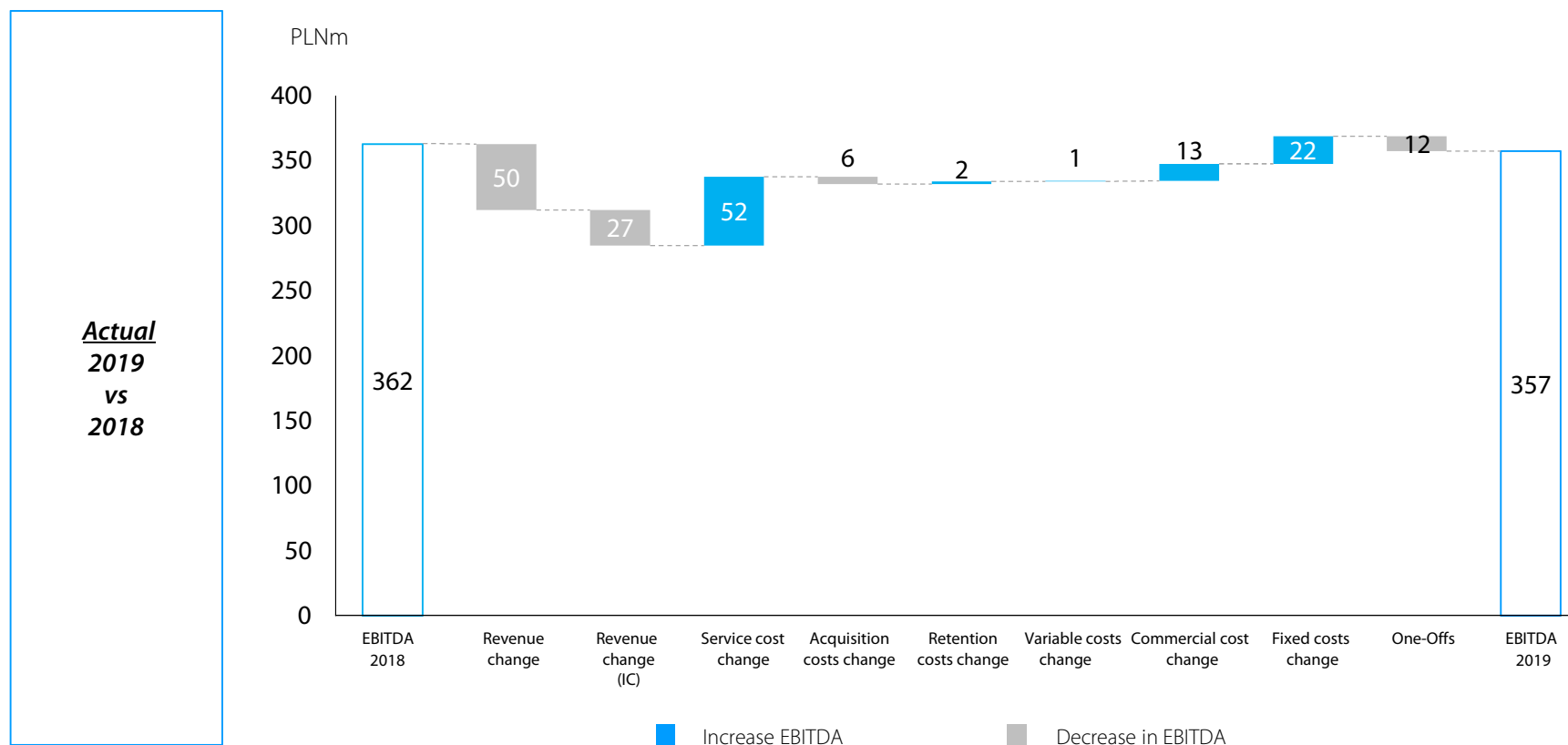
N E T I A

Netia Group Financial Overview

Financial performance | EBITDA¹ bridge for FY 2019 (IAS 17)



N E T I A



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



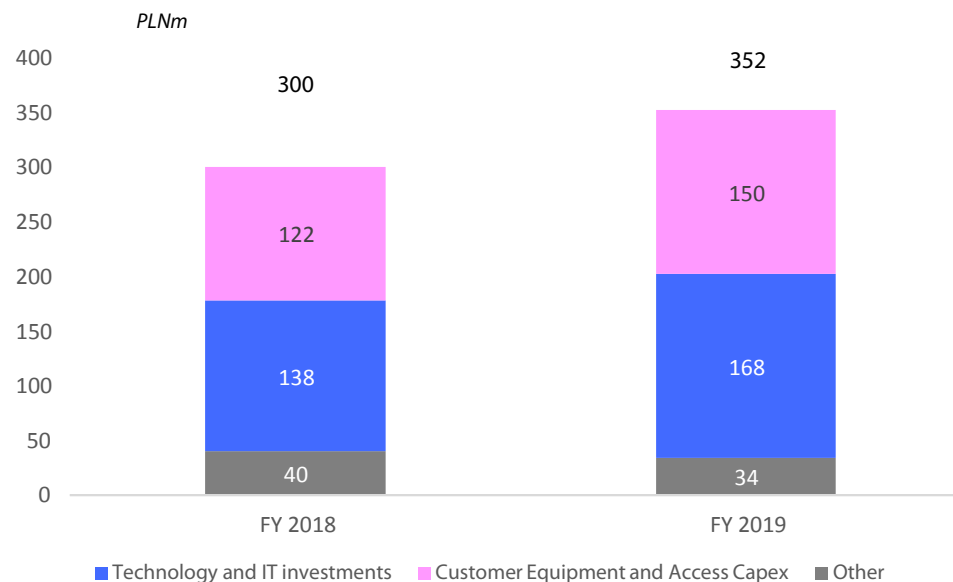
	2018				2019							
	Q1 IAS17	Q2 IAS17	Q3 IAS17	Q4 IAS17	Q1 IAS17	Q1 IFRS16	Q2 IAS17	Q2 IFRS16	Q3 IAS17	Q3 IFRS16	Q4 IAS17	Q4 IFRS16
(PLN' 000)												
Revenues	346,903	342,869	340,834	342,500	327,323	327,323	325,646	325,646	319,845	319,845	324,583	324,583
Change (y-o-y%)	(5.0%)	(5.1%)	(4.4%)	(4.7%)	(5.6%)	(5.6%)	(5.0%)	(5.0%)	(6.2%)	(6.2%)	(5.2%)	(5.2%)
EBITDA¹	93,221	92,875	94,531	81,872	82,841	107,221	90,121	114,258	95,098	120,146	88,632	115,050
Margin (%)	26.9%	27.1%	27.7%	23.9%	25.3%	32.8%	27.7%	35.1%	29.7%	37.6%	27.3%	35.4%
Depreciation	69,717	71,780	70,185	68,243	69,010	92,197	68,857	91,815	69,136	91,700	70,695	95,558
Liquidation of non-financial fixed assets	1,547	765	776	2,510	842	842	1,446	1,225	1,335	1,303	2,036	1,761
Interest and foreign exchange differences	(5)	(33)	367	375	(116)	(116)	261	261	364	364	699	699
Interest on installment sale (financial income)	26	27	73	125	173	173	213	213	238	238	248	248
EBIT	21,936	20,336	23,130	10,619	12,932	14,125	19,344	20,744	24,025	26,541	14,954	16,784
Margin (%)	6.3%	5.9%	6.8%	3.1%	4.0%	4.3%	5.9%	6.4%	7.5%	8.3%	4.6%	5.2%

Comments

- Comparison of financial results between periods including both IAS 17 and IFRS 16 standards

¹ 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 91m in 2019. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 69m on December 31, 2019 and PLN 67m on December 31, 2018



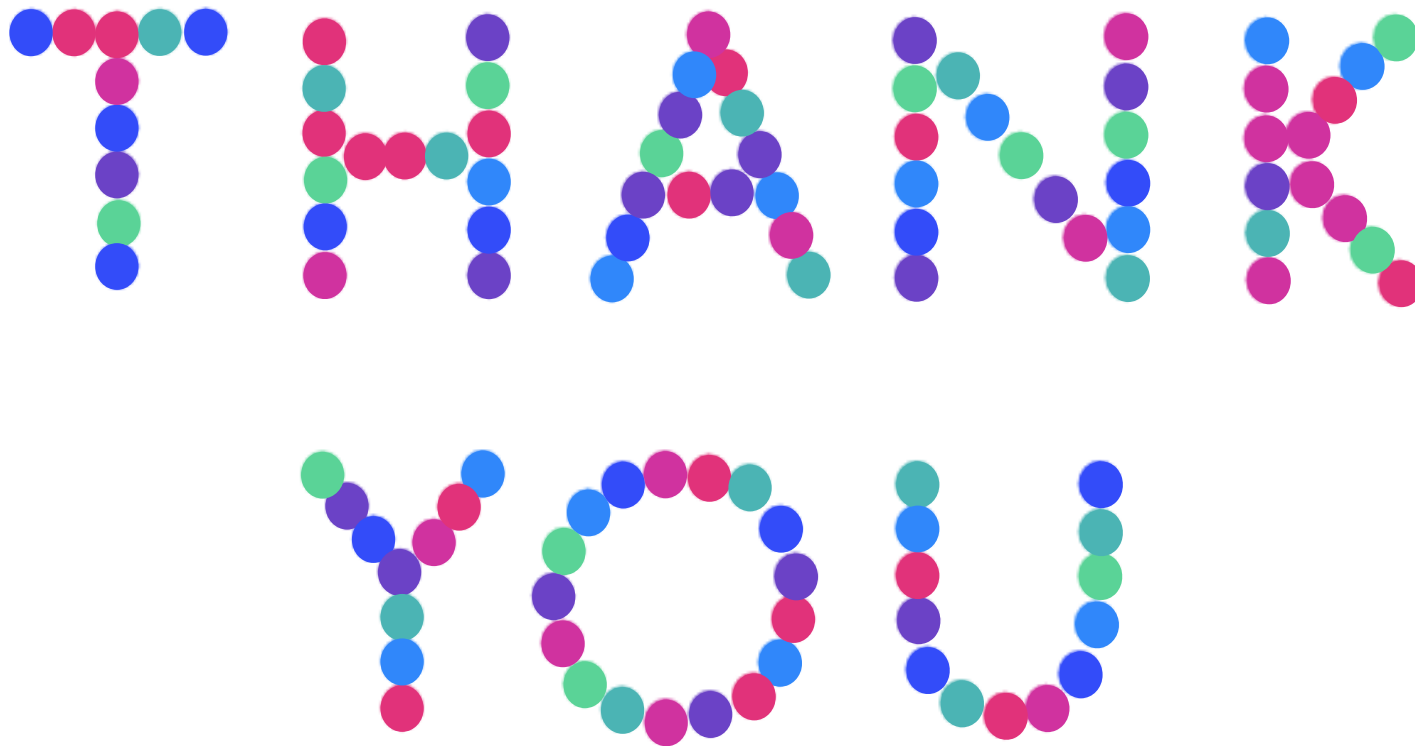
- The Group's financial standing remains strong with a leverage at a convenient level 0.67x of the 2019 EBITDA at PLN 357m
- Consistent development of ICT competences and services combined with the new contracts in corporate segment result in a visible revenue increase q-o-q
- Higher B2C on net RGU's and average number of RGU's per customer location q-o-q
- At the turn of 2019 and 2020 Netia acquired local service providers in Krakow (ISTS) and Łomża (IST) and the RASP Data Center, one of the most modern data centers facilities in Poland
- Over 1.4m households in range of Netia's broadband with bandwidth 1 Gb/s at the end of Q4 2019

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.



N E T I A