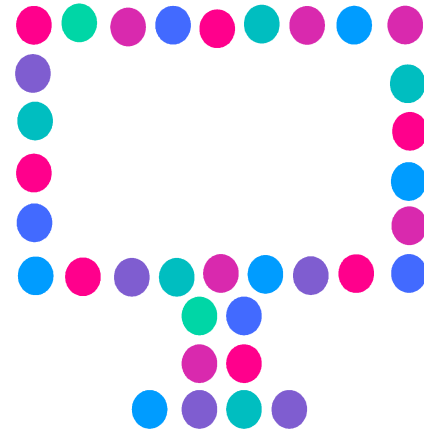


GIGA WOLNOŚĆ

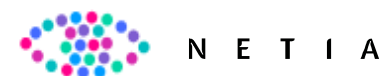


Q1 2020 Financial Results

May 7, 2020

N E T I A

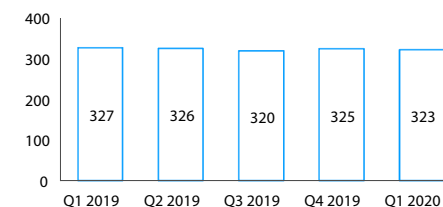
Total Netia | Key highlights for Q1 2020



- Revenue was PLN 323m for Q1 2020 (0% q-o-q and -1% y-o-y)
- EBITDA was PLN 107m for Q1 2020 (-7% q-o-q and 0% y-o-y)
- Netia generated PLN 7m OpFCF¹ for Q1 2020 (-60% y-o-y). Y-o-y drop mainly due to higher capital investments related to B2C access network bandwidth extension to 1Gb/s, new customers equipment and IT
- Net debt on March 31, 2020:
 - at PLN 303m calculated according to IAS 17² standard representing 0.85x of EBITDA for full 2019 year according to IAS 17 standard at PLN 357m
 - at PLN 570m according to IFRS 16³ standard representing 1.25x of EBITDA for full 2019 year according to IFRS 16 standard at PLN 457m
- In Q1 2020 Netia Group exceeded 250k TV services
- As at the date of publication the Management Board of Netia S.A. assesses the impact of SARS-CoV-2 pandemic on the Capital Group's operations as moderate. All basic revenue streams and current cash flow are stable

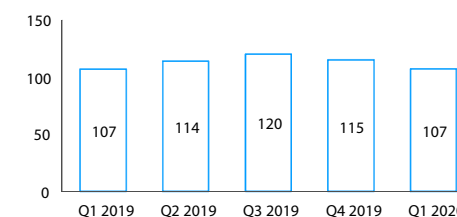
Revenues

PLNm



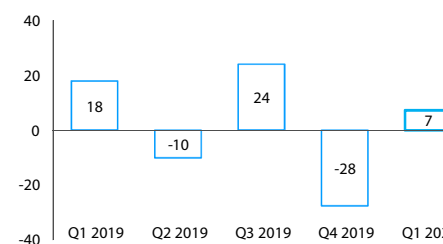
EBITDA

PLNm



OpFCF³

PLNm

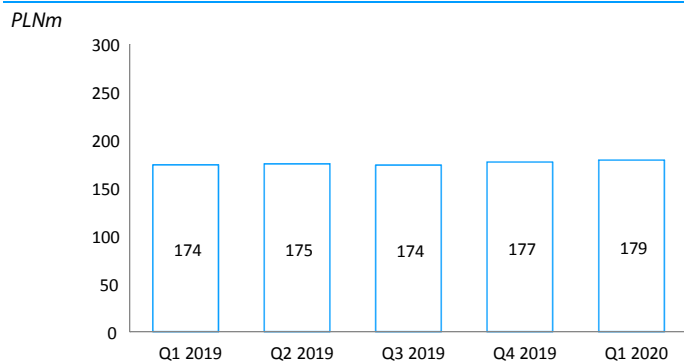


¹ OpFCF = EBITDA less capex and IFRS 16 impact

² Loans and borrowings minus cash and short-term deposits

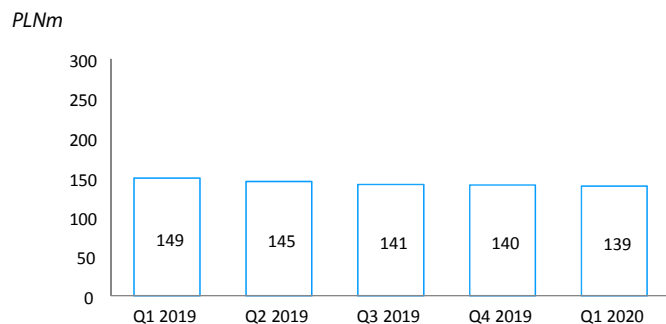
³ Loans, borrowings and lease liabilities minus cash and short term deposits

B2B Market¹



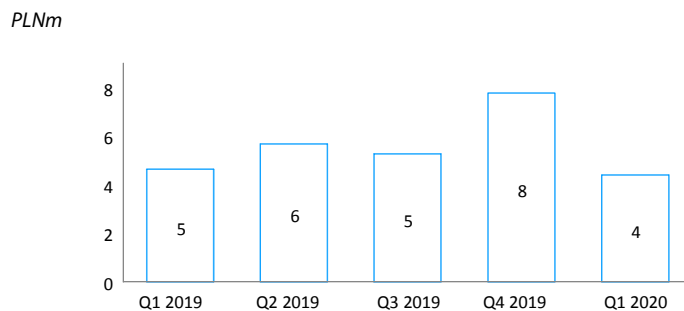
- **Revenue** was PLN 179m in Q1 2020 (+2% q-o-q and +3% y-o-y)

B2C Market²



- **Revenue** was PLN 139m in Q1 2020, down by 1% compared to Q4 2019 and down by 6% y-o-y
- **RGUs** at 1,375k (+1% q-o-q, -2% y-o-y)

Petrotel



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



As at the date of publication the Management Board of Netia S.A. assesses the impact of SARS-CoV-2 pandemic on the Capital Group's operations as moderate. All basic revenue streams and current cash flow are stable

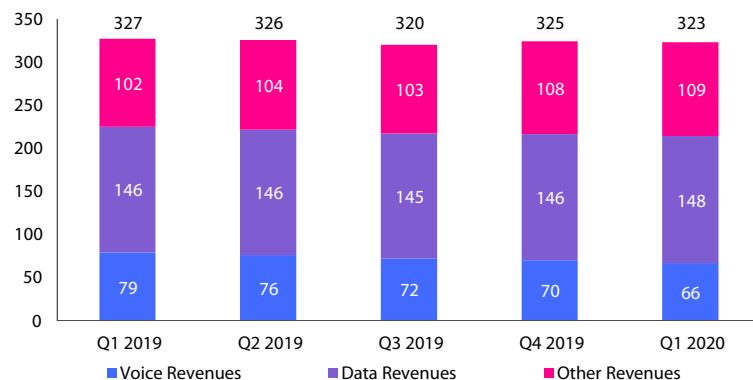
In particular:

1. all important processes existing in the Group before pandemic are maintained by the transition of most employees to home office mode
2. employees working in the field and customer locations have been equipped with personal protective equipment (masks, protective gloves, disinfectants)
3. a slightly lower number of new connections amortized by the reduced number of contract cancellations
4. increased level of internet and voice traffic is handled without interruptions by Netia's infrastructure. Maximum saturation is far from the alarm levels
5. The key transformation project aimed at upgrading the B2C access infrastructure is being continued
6. Netia's debt is entirely based on the variable WIBOR rate which means that the decisions of the Monetary Policy Council regarding the reduction of the reference rate will have a positive impact on the financial costs

It should be remembered that the situation in Poland and in the world is changing dynamically therefore in the long run the impact of the epidemic situation is difficult to estimate

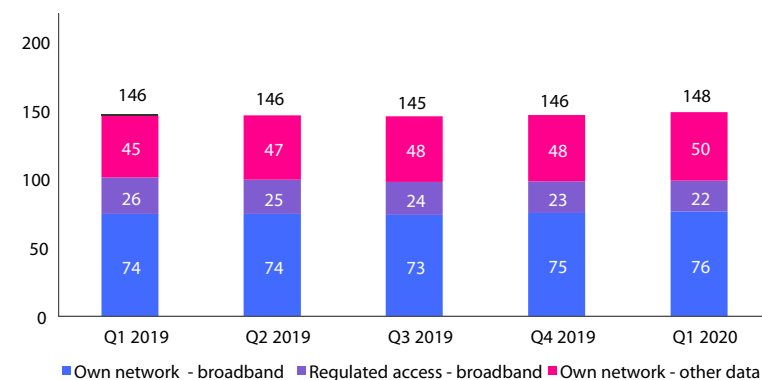
Revenue breakdown by service

PLNm



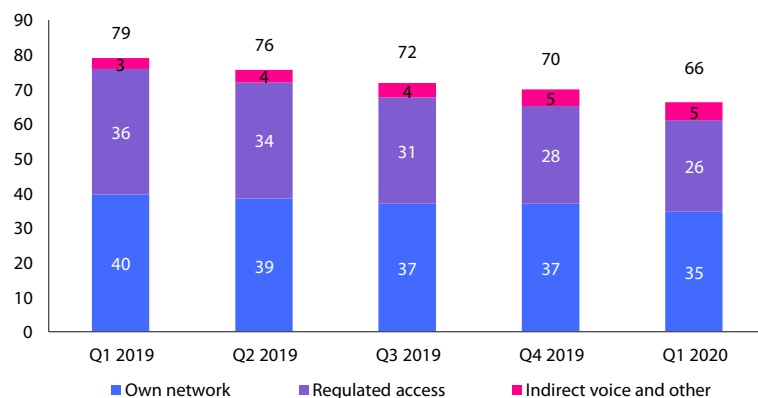
Data revenue breakdown by access

PLNm



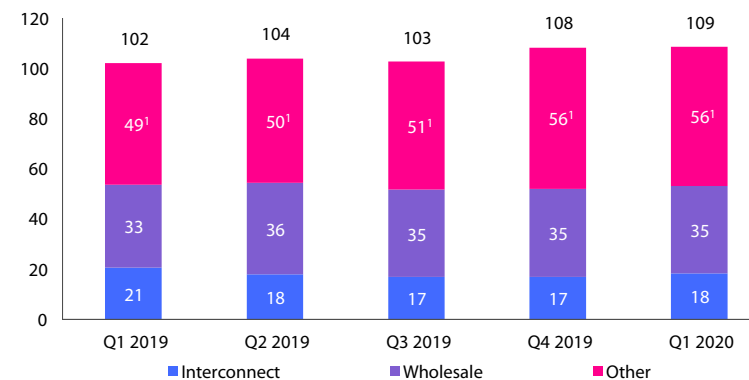
Voice revenue breakdown by access

PLNm

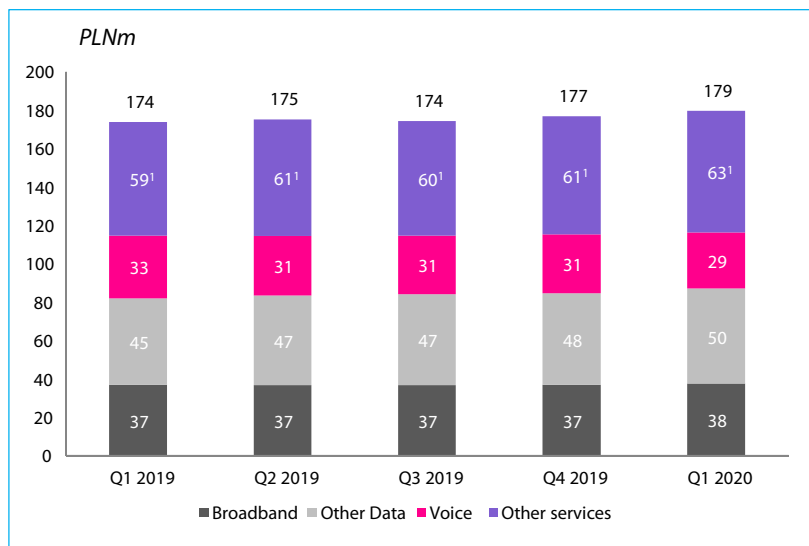


Other revenue

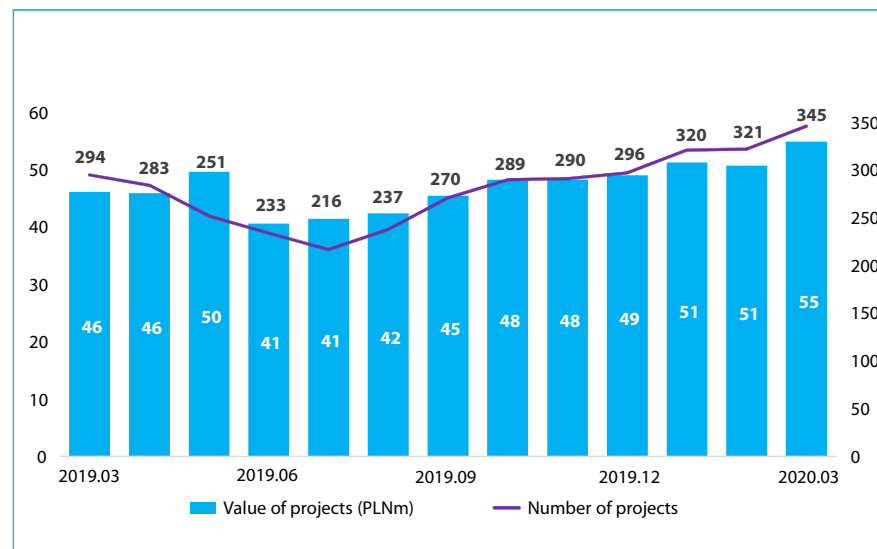
PLNm



Revenue by service



Number of new NetiaNext projects

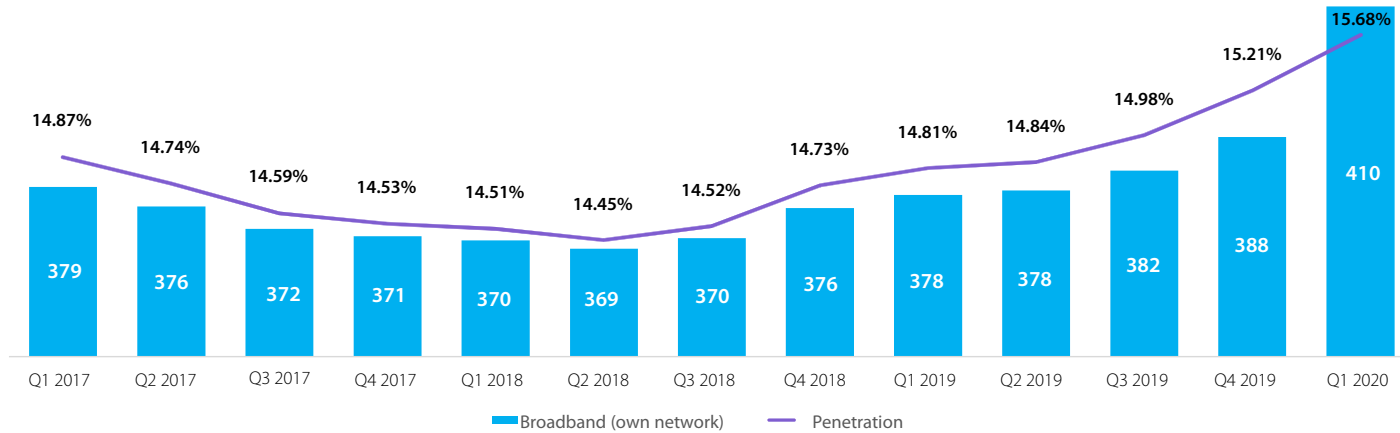


Comments

- Visible B2B revenue increase q-o-q and y-o-y
- Consistent development of ICT competences and services combined with the new contracts in corporate segment effectively cushions voice revenue drop
- Stable increase in number of ICT project as a consequence of the B2B market transformation

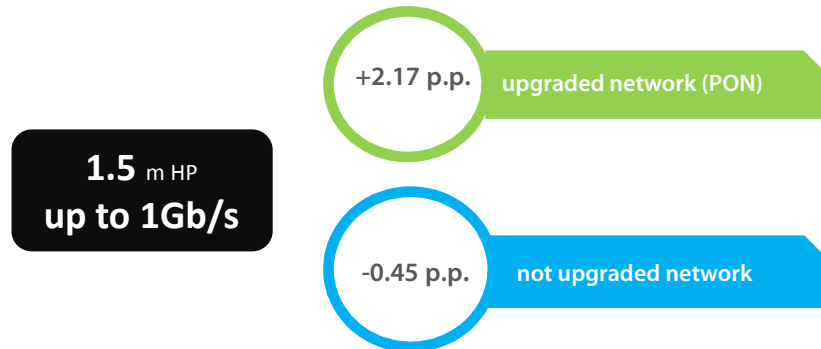


On-net broadband penetration change¹



Annual change of penetration 2019.03 – 2020.03

Over **1.5m households** in range of Netia's broadband with bandwidth **1 Gb/s** at the end of **Q1 2020**



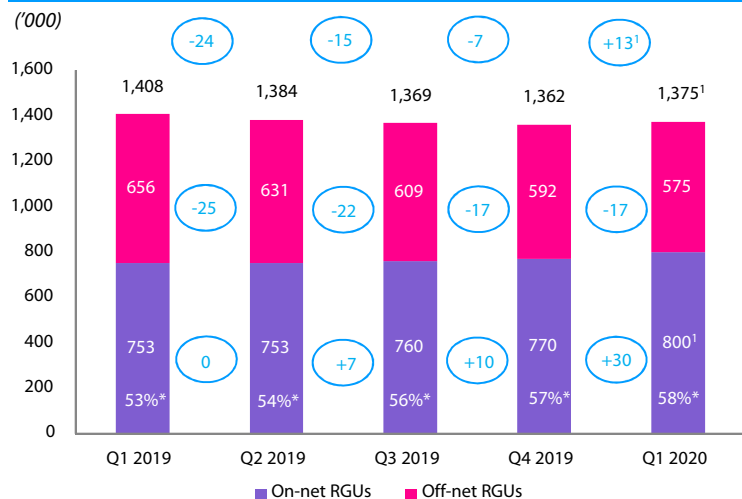
TV services development in Netia Group

In **Q1 2020** TV services in Netia Group² exceeded **250k**. We offer 229 channels, Gigarecorder and set of premium content



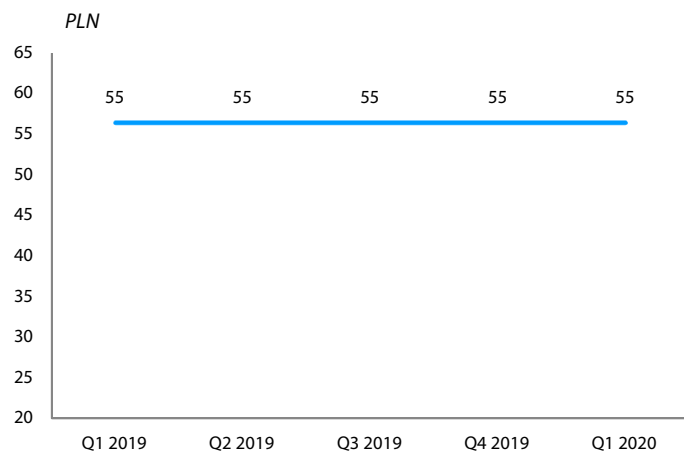
¹ Based on 2.55m HP in range announced at the moment of „21 Century Network Project“ launch and 2.615 in Q1 2020 (local providers acquisitions)
² Including B2B customers and Petrotel company

RGUs by access type¹



*Share of on-net broadband

Average ARPU per Customer³

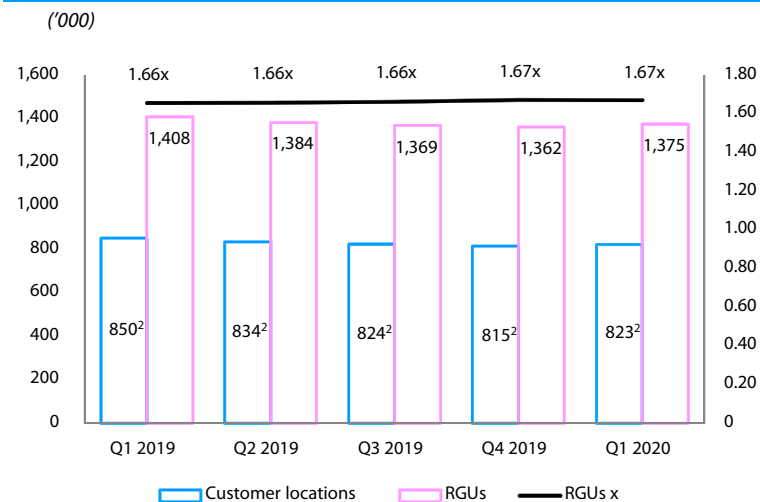


¹ including 19.4k services of ISTS and IST

² The increase in number of locations caused by additional locations of the acquired companies (visible in Q1 2020) as well as a partial redefinition and backward revaluation of other B2C locations

³ A backward change in average ARPU per customer, comparing to previously reported data is associated with the redefinition (increase in number) of customer locations

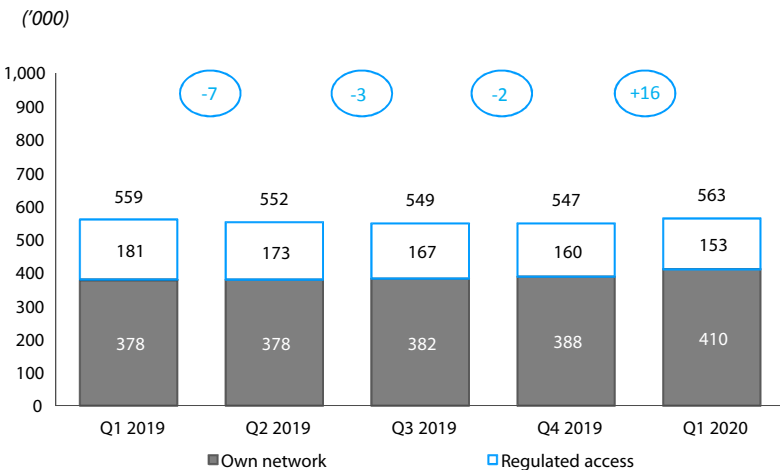
Customer locations and RGUs²



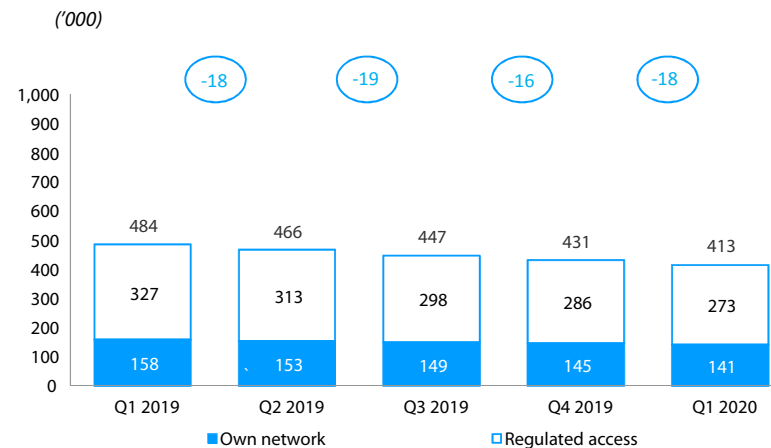
Comments

- Share of on-net RGUs up by 5 pp y-o-y to 58%
- 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

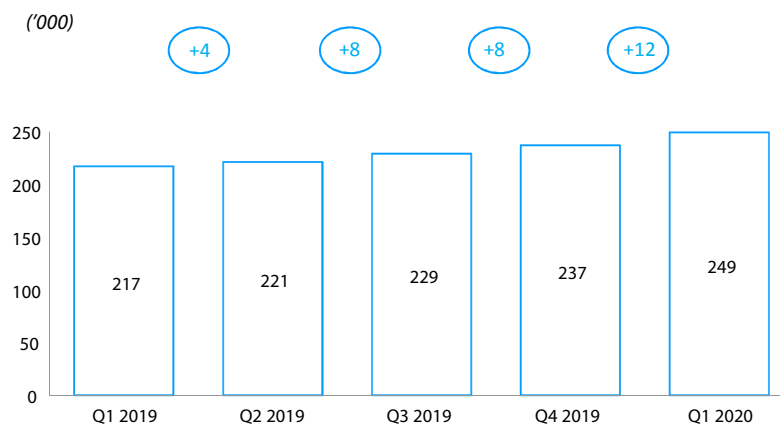
Broadband ports



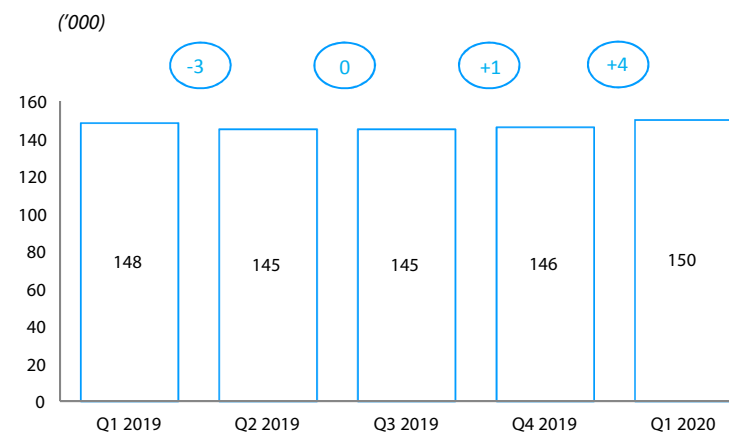
Voice lines



TV services



Mobile services



- 73% of broadband customers served directly via Netia’s own network (+2 pp q-o-q and +5 pp y-o-y)
- 15% increase of TV services y-o-y
- Strengthening of the upward trend for mobile services



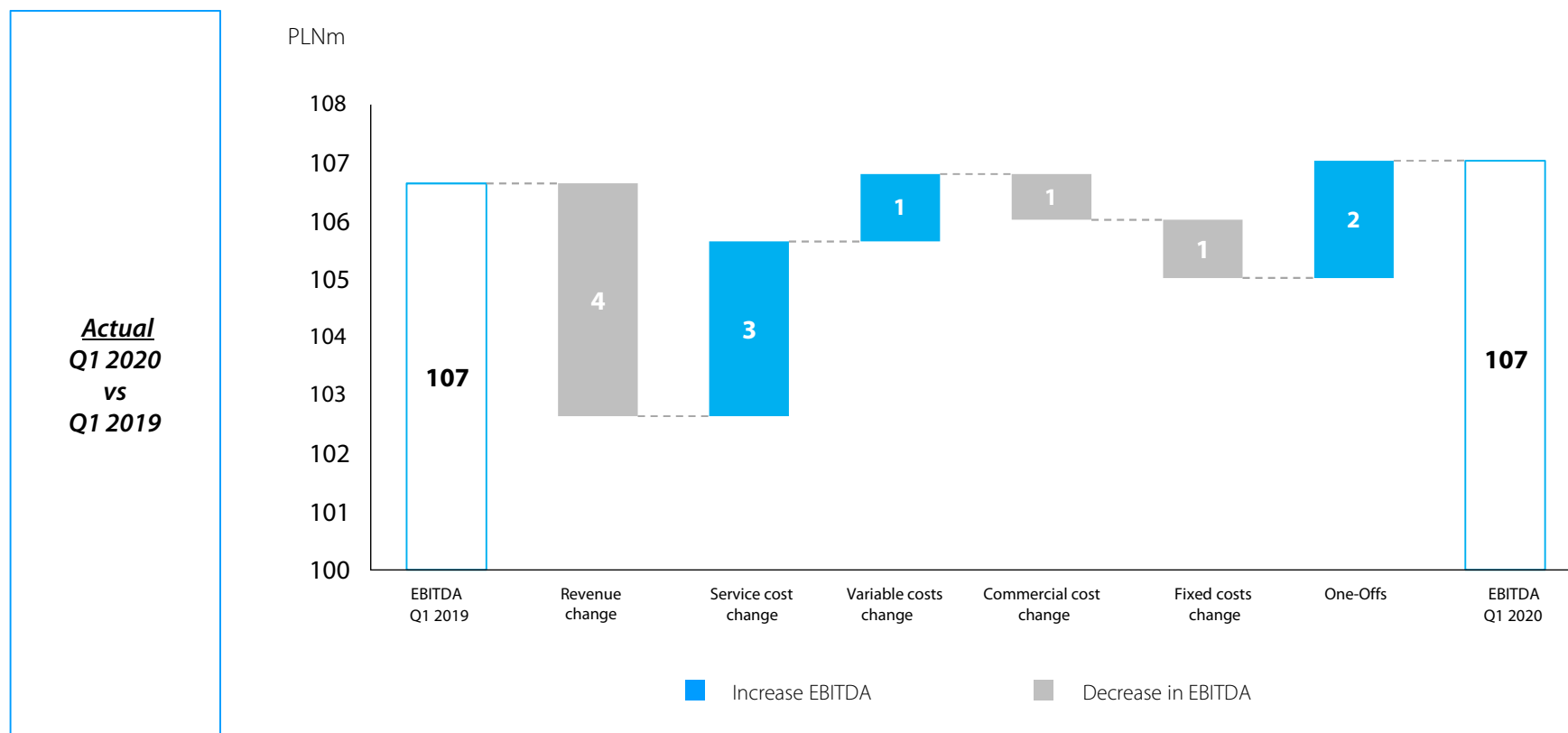
N E T I A

Netia Group Financial Overview

Financial performance | EBITDA bridge for Q1 2020



N E T I A



Comments

- Revenue drop mainly due to a lower B2C off-net RGUs (regulated access) partially cushioned by increasing on net services
- Lower service costs reflect mainly lower off-net rental payments to incumbent related to off-net revenue loss
- Higher fixed costs reflect B2B transformation process (Netianext) and are combined with B2B revenue increase. Includes also transaction costs of data center acquired in Krakow in Q1 2020
- One-offs reflect mainly costs of new projects commenced by Netia in 2019

Financial Performance | Key figures for Q1 2020



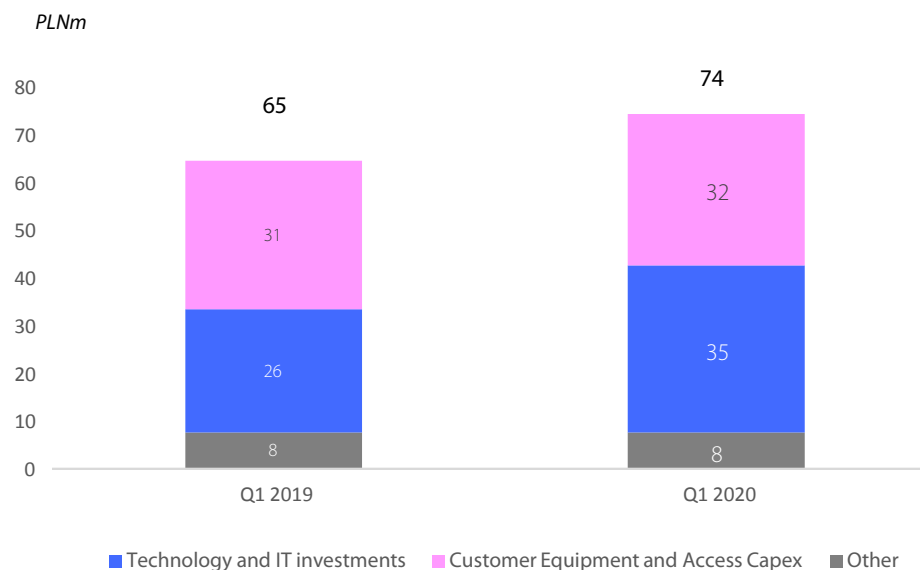
NETIA

	2019				2020
	Q1	Q2	Q3	Q4	Q1
<i>(PLN' 000)</i>					
Revenues	327,323	325,646	319,845	324,583	323,117
<i>Change (y-o-y%)</i>	<i>(5.6%)</i>	<i>(5.0%)</i>	<i>(6.2%)</i>	<i>(5.2%)</i>	<i>(1.3%)</i>
EBITDA	107,221	114,258	120,146	115,050	107,170
Margin (%)	32.8%	35.1%	37.6%	35.4%	33.2%
Depreciation	92,197	91,815	91,700	95,558	89,765
Liquidation of non-financial fixed assets	842	1,225	1,303	1,761	755
Interest and foreign exchange differences	(116)	261	364	699	(239)
Interest on installment sale (financial income)	173	213	238	248	249
EBIT	14,125	20,744	26,541	16,784	16,640
Margin (%)	4.3%	6.4%	8.3%	5.2%	5.1%

Comments

- Stable EBITDA profit and higher EBIT profit y-o-y

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 20m in Q1 2020. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 115m on March 31, 2020 and PLN 69m on December 31, 2019



- Netianext transformation combined with the new contracts in corporate segment result in B2B revenue increase q-o-q and y-o-y
- Continuation of upward trend in on-net RGUs in B2C area strengthened by acquisitions of local operators at the turn of the year
- Over 1.5m households in range of Netia's broadband with bandwidth 1 Gb/s at the end of Q1 2020
- In Q1 2020 Netia Group exceeded 250k TV services
- As at the date of publication the Management Board of Netia S.A. assesses the impact of SARS-CoV-2 pandemic on the Capital Group's operations as moderate. All basic revenue streams and current cash flow are stable

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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.

THANK
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NETIA