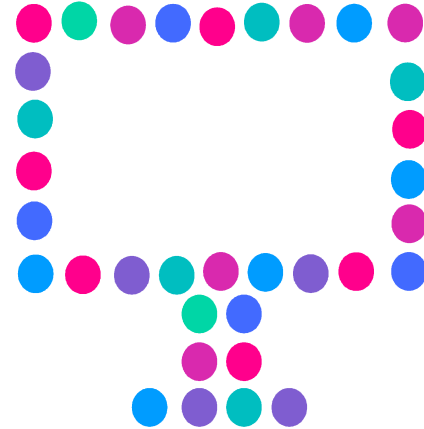


GIGA WOLNOŚĆ

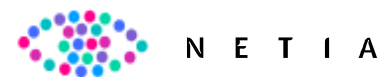


Q2 2020 Financial Results

August 13, 2020

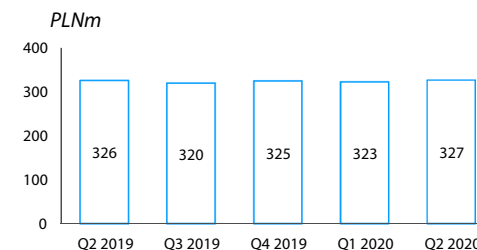
N E T I A

Total Netia | Key highlights for Q2 2020

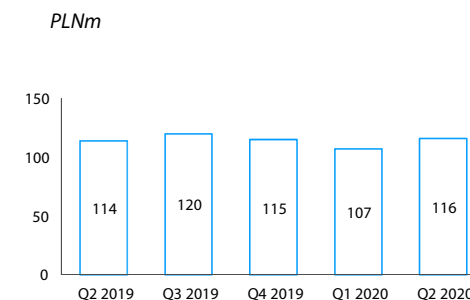


- Revenue was PLN 327m for Q2 2020 (+1% q-o-q and 0% y-o-y)
- EBITDA was PLN 116m for Q2 2020 (+8% q-o-q and +2% y-o-y)
- Netia generated PLN 2m OpFCF¹ for Q2 2020
- Net debt on June 30, 2020 at PLN 575m according to IFRS 16² standard representing 1.26x of EBITDA for full 2019 year according to IFRS 16 standard at PLN 457m
- Due to intensive development of the B2B market in Netia and related increasing demand for new colocation space, the Management Board decided to invest in the new Data Center in Jawczyce

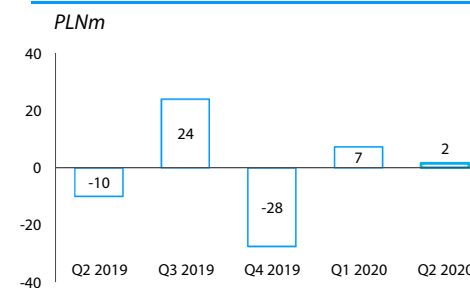
Revenues



EBITDA



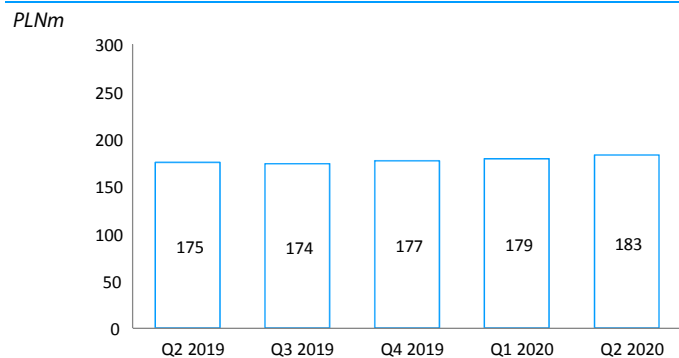
OpFCF¹



¹ OpFCF = EBITDA less capex and IFRS 16 impact

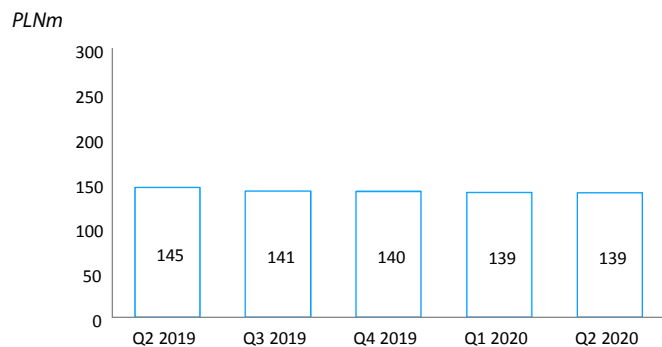
² Loans, borrowings and lease liabilities minus cash and short term deposits

B2B Market¹



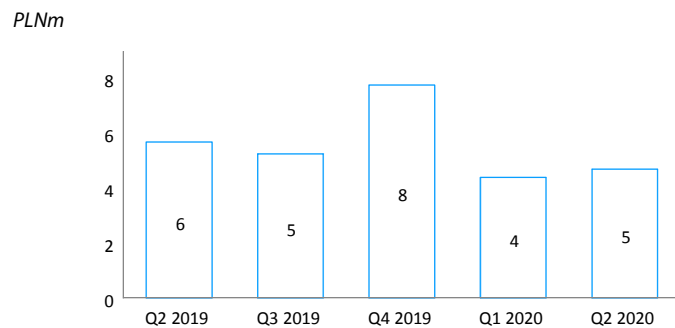
- **Revenue** was PLN 183m in Q2 2020 (+2% q-o-q and +5% y-o-y)

B2C Market²



- **Revenue** was PLN 139m in Q2 2020, 0% compared to Q1 2020 and down by 4% y-o-y
- **RGUs** at 1,377k (+0% q-o-q, 0% 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

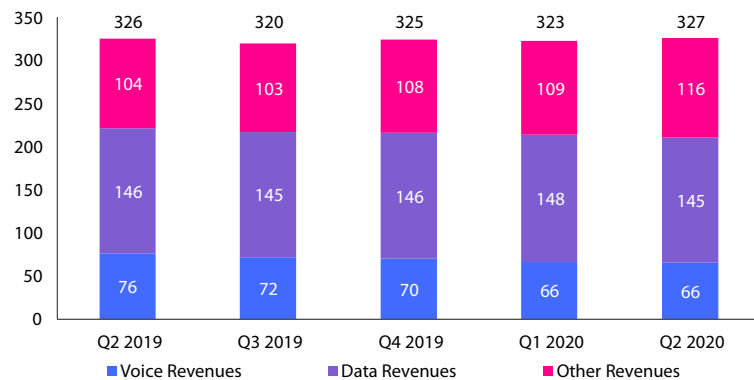
In particular:

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. higher percent of new sales on the B2C market is carried out via remote channels (e-commerce, telesales)
4. despite COVID-19 pandemic the Group recorded in Q2 an increase of revenue and EBITDA profit q-o-q and y-o-y
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

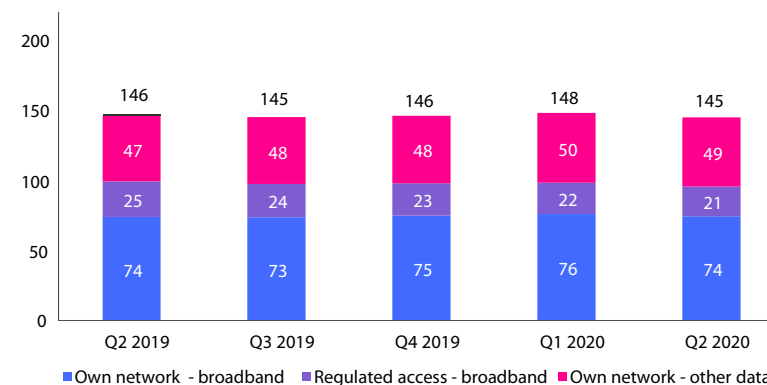
Revenue breakdown by service

PLNm



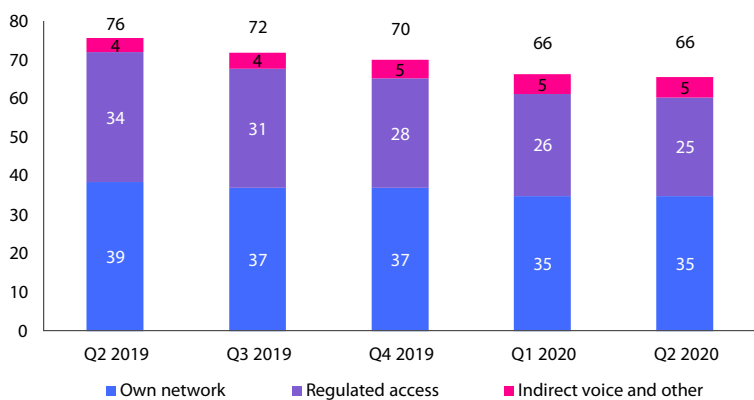
Data revenue breakdown by access

PLNm



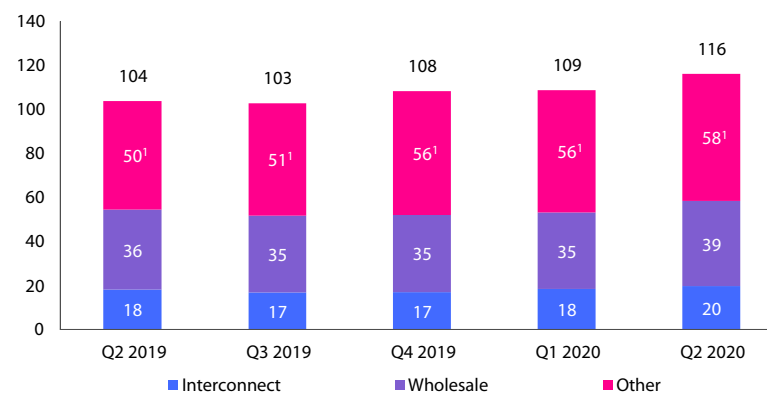
Voice revenue breakdown by access

PLNm

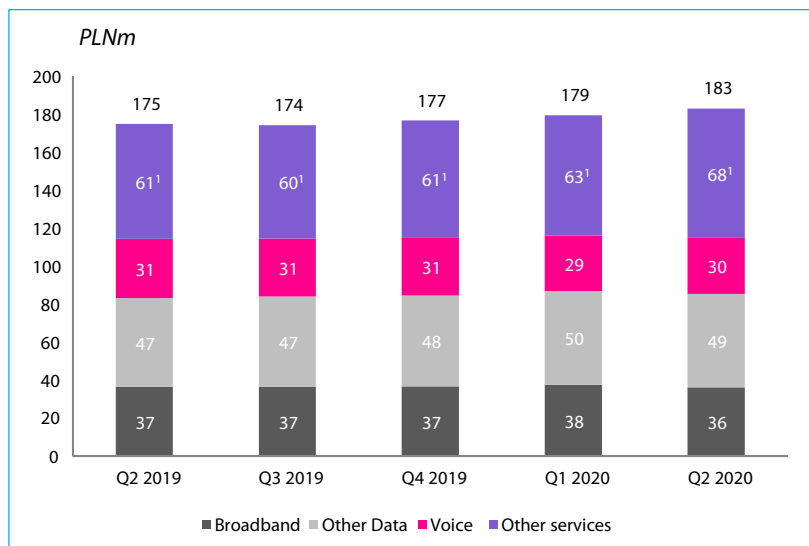


Other revenue

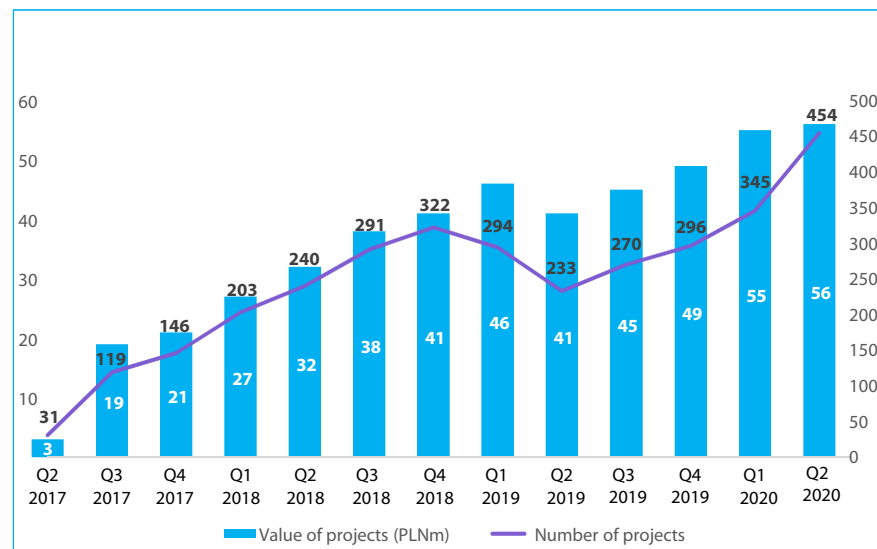
PLNm



Revenue by service



Number of new NetiaNext projects

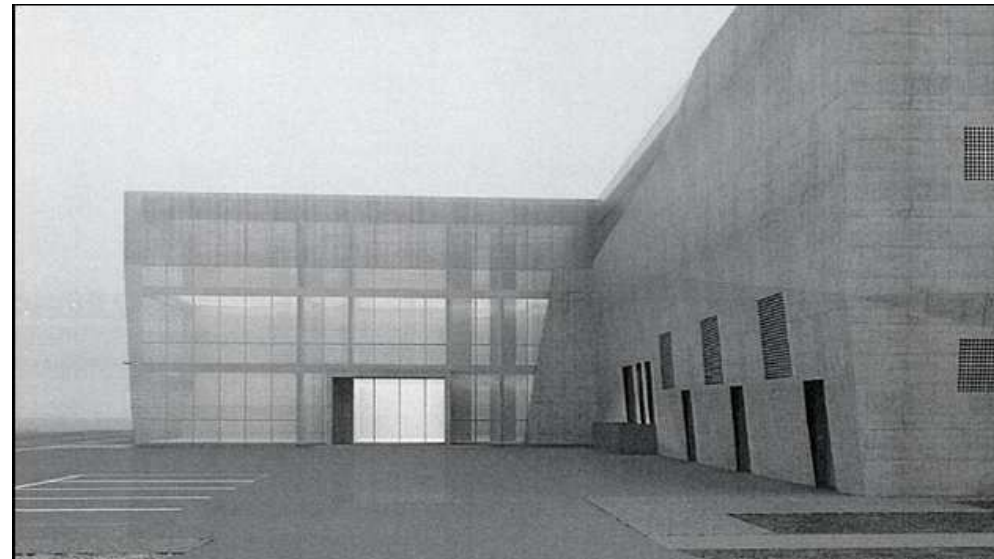


Comments

- 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 traditional services revenue drop
- Stable increase in number of ICT project as a consequence of the B2B market transformation

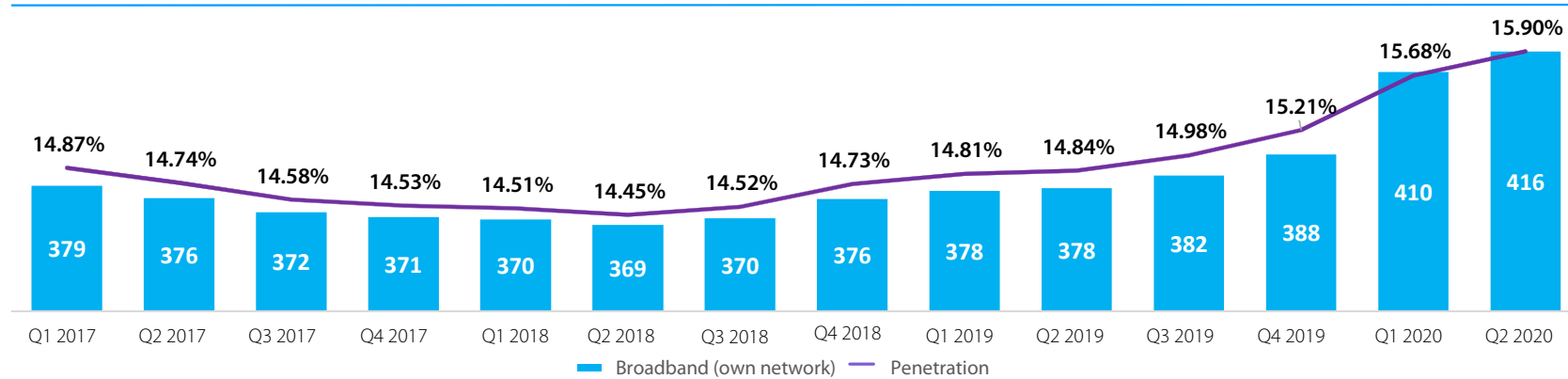
Due to intensive development of the B2B market in Netia and related increasing demand for new colocation space, the Management Board decided to invest in the new Data Center in Jawczyce

- Location – **Jawczyce (10 km from the center of Warsaw)**
- Building: **3.9k** square meters gross
- Server rooms: **4 server rooms**, with **over 500 racks**
- Expected delivery date : **end of Q1 2021**
- Total investment cost: **ca PLN 79m** to be paid till the end of 2021



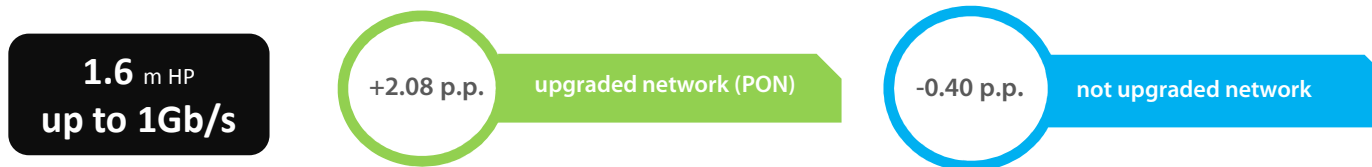


On-net broadband penetration change¹



Annual change of penetration 2019.06 – 2020.06

Over 1.6m households in range of Netia’s broadband with bandwidth 1 Gb/s at the end of Q2 2020



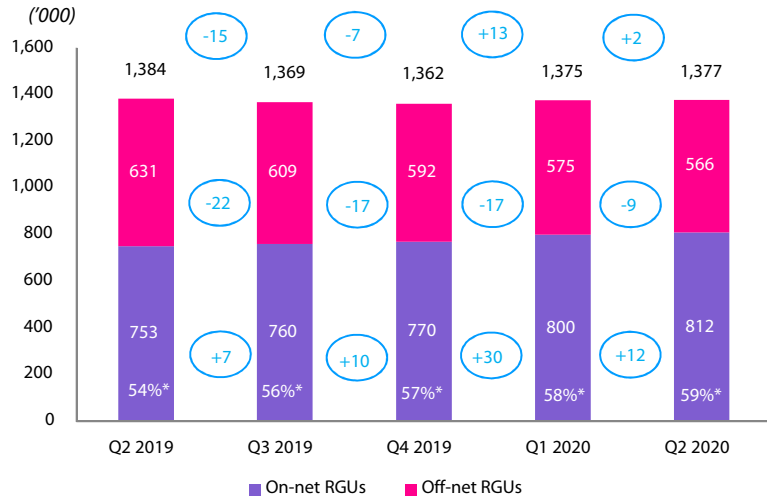
Product and offer

Netia in cooperation with Cyfrowy Polsat Group launched a **new Netia EVOBOX decoder**. At the same time we presented a new approach to the TV offer based on delivering **3 main packages** enhanced by a wide selection of premium packages and value added services (incl. Multiroom and GigaRecorder)



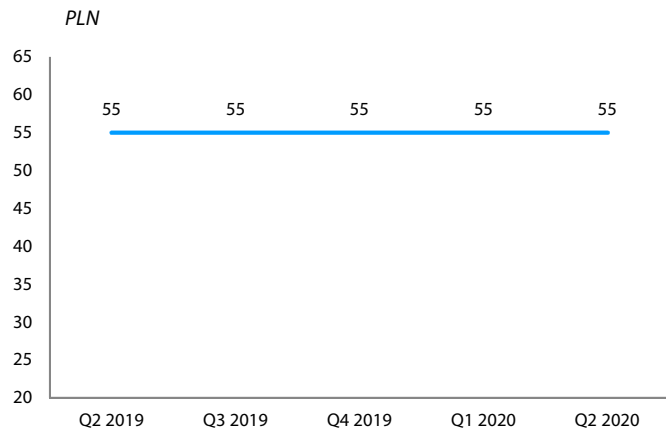
¹ Based on 2.55m HP in range announced at the moment of „21 Century Network Project” launch and 2.615 in Q1 and Q2 2020 (local providers acquisitions)

RGUs by access type¹

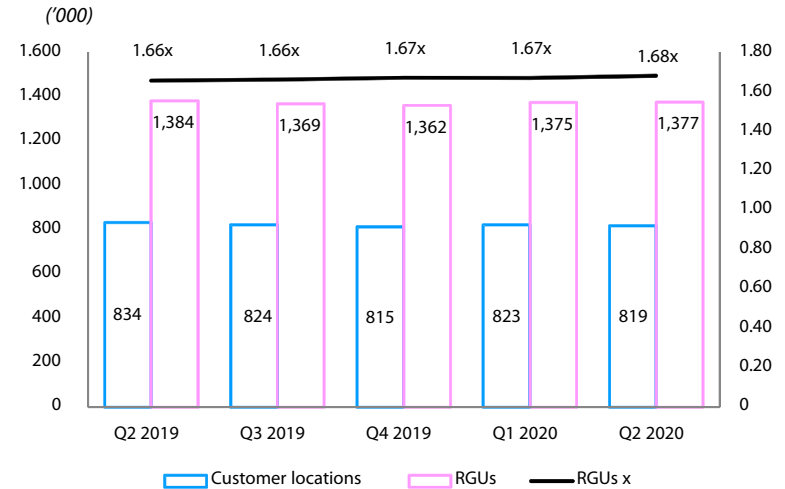


*Share of on-net broadband

Average ARPU per Customer



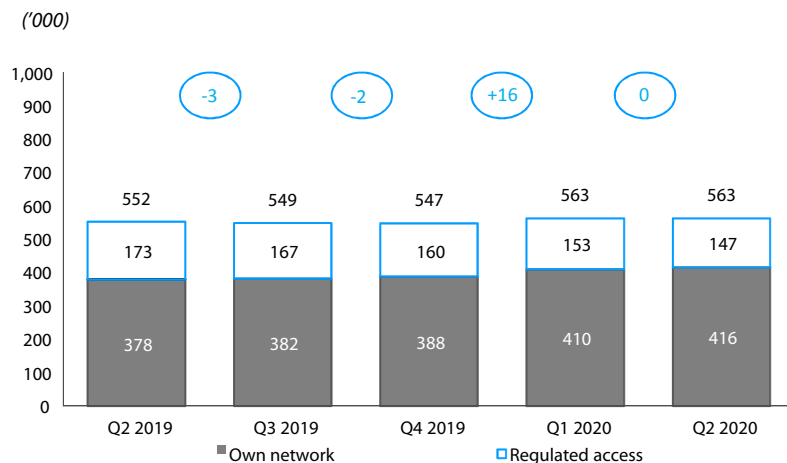
Customer locations and RGUs



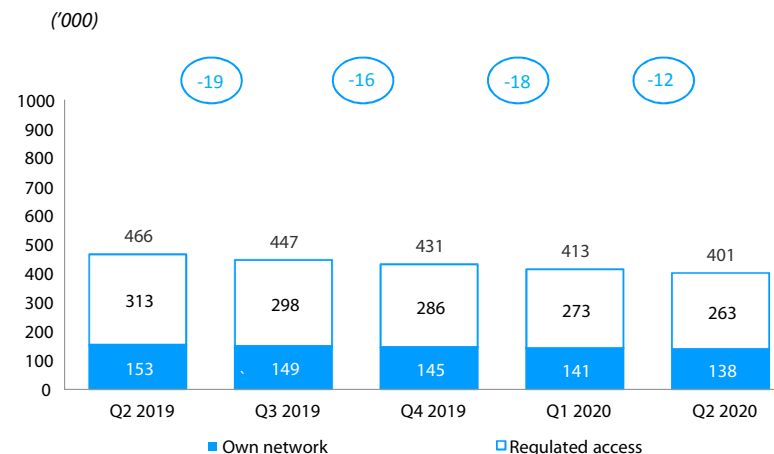
Comments

- Share of on-net RGUs up by 5 pp y-o-y to 59%
- 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

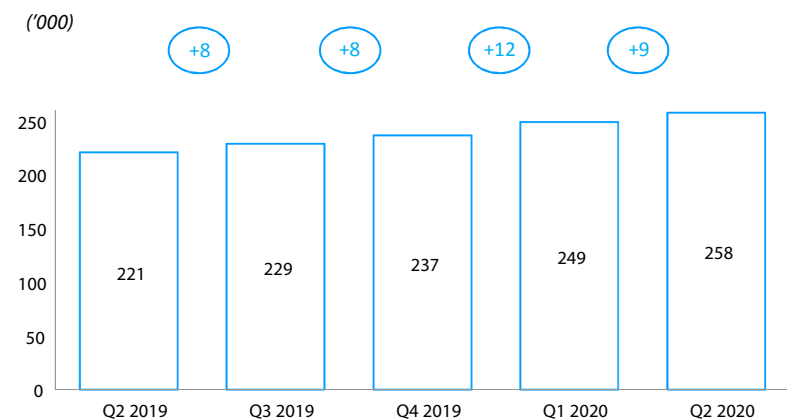
Broadband ports



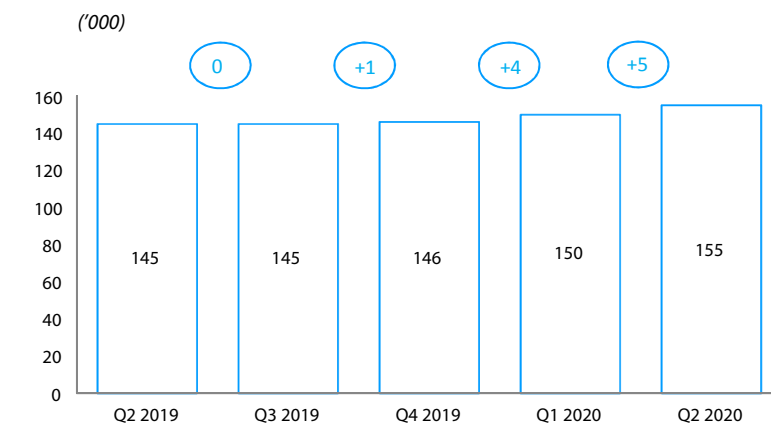
Voice lines



TV services



Mobile services

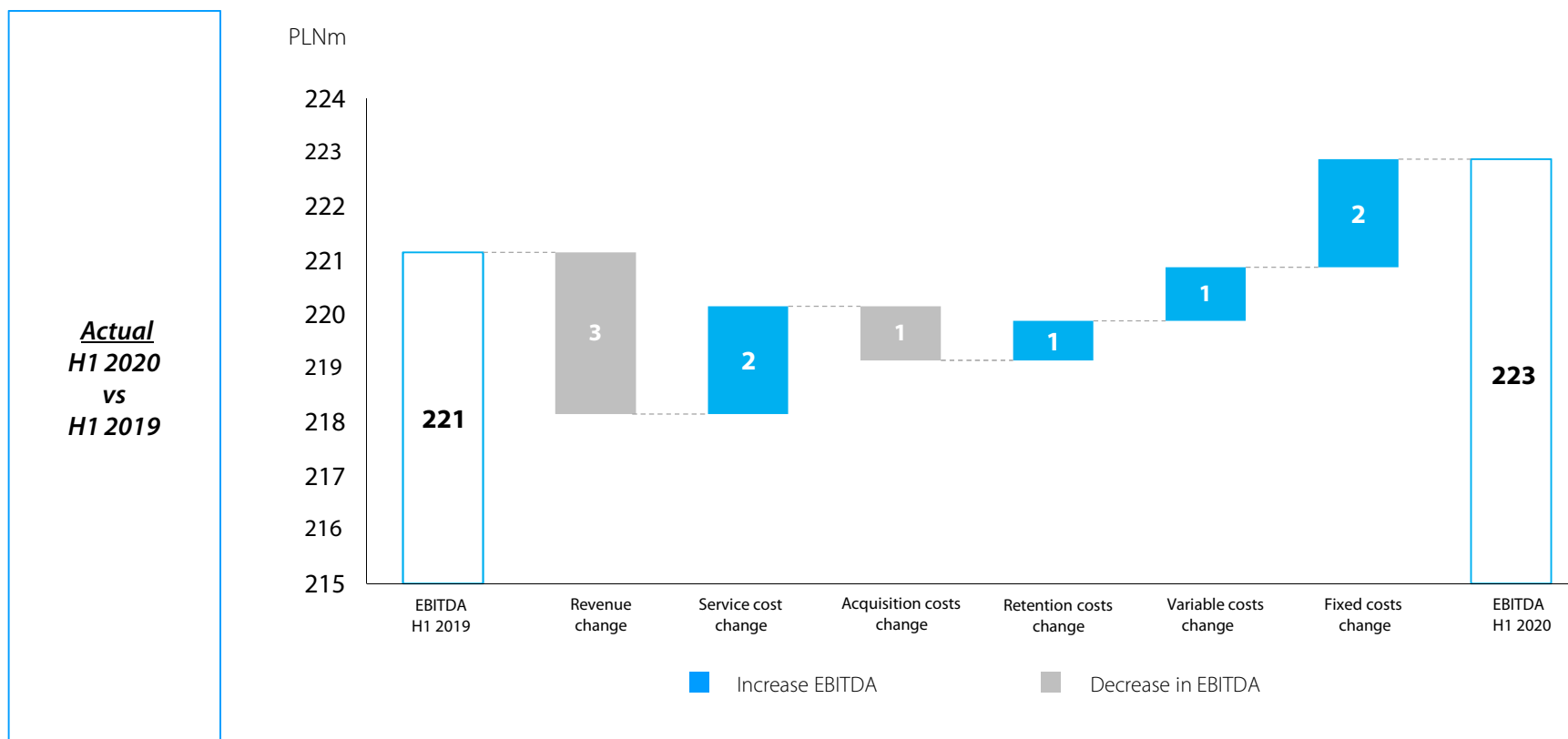


- Stable broadband services between quarters
- 74% of broadband customers served directly via Netia’s own network (+1 pp q-o-q and +5 pp y-o-y)
- 17% increase of TV services y-o-y
- 7% increase of mobile services y-o-y



N E T I A

Netia Group Financial Overview



Comments

- Revenue drop mainly due to a lower B2C off-net RGUs (regulated access) and voice services. Partially cushioned by increasing on net services and B2B revenue
- Lower service costs reflect mainly lower off-net rental payments to incumbent related to off-net revenue loss
- Lower fixed costs reflect number of initiatives commenced by the Company

Financial Performance | Key figures for Q2 2020



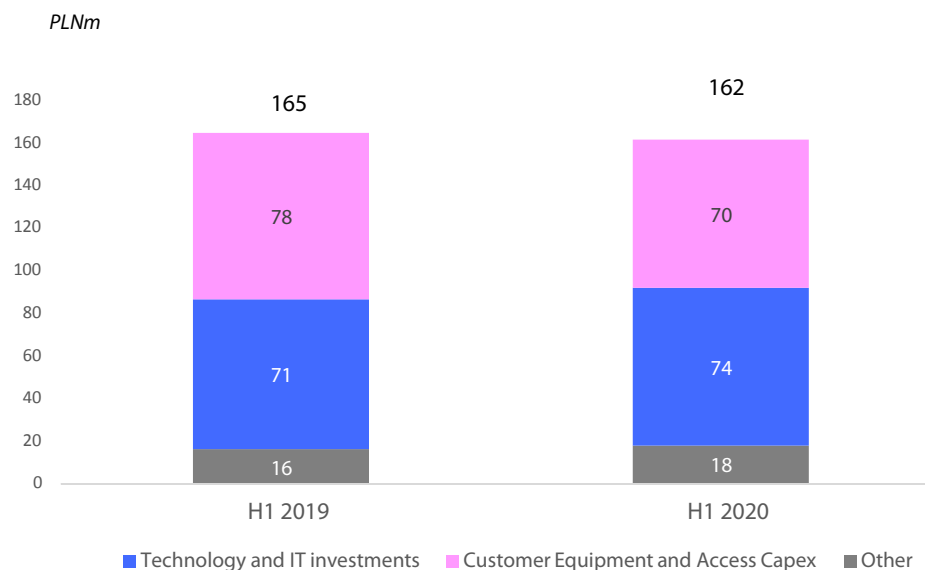
N E T I A

	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
(PLN' 000)						
Revenues	327,323	325,646	319,845	324,583	323,117	326,690
Change (y-o-y%)	(5.6%)	(5.0%)	(6.2%)	(5.2%)	(1.3%)	0.3%
EBITDA	107,221	114,258	120,146	115,050	107,170	116,009
Margin (%)	32.8%	35.1%	37.6%	35.4%	33.2%	35.5%
Depreciation	92,197	91,815	91,700	95,558	89,765	91,492
Liquidation of non-financial fixed assets	842	1,225	1,303	1,761	755	1,912
Interest and foreign exchange differences	(116)	261	364	699	(239)	122
Interest on installment sale (financial income)	173	213	238	248	249	242
EBIT	14,125	20,744	26,541	16,784	16,640	22,331
Margin (%)	4.3%	6.4%	8.3%	5.2%	5.1%	6.8%

Comments

- Stable EBITDA profit and higher EBIT profit y-o-y and visible increase q-o-q as consequence of higher sales level in both B2C and B2B market (NetiaNext and B2C fiber optic network effect), number of optimization activities undertaken by the Company and synergies generated within Cyfrowy Polsat Group

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 17m in Q2 2020. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 89m on June 30, 2020 and PLN 69m on December 31, 2019



- NetiaNext transformation combined with the new contracts in corporate segment and higher wholesale volumes result in B2B revenue increase q-o-q and y-o-y
- Continuity of upward trend in on-net RGUs and revenue stabilization q-o-q in B2C market
- Over 1.6m households in range of Netia's broadband with bandwidth 1 Gb/s at the end of Q2 2020
- Due to intensive development of the B2B market in Netia and related increasing demand for new colocation space, the Management Board decided to invest in the new Data Center in Jawczyce

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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