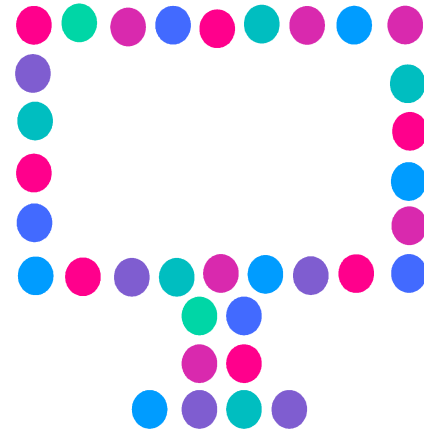


GIGA WOLNOŚĆ

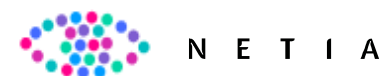


H1 2018 Financial Results

August 9, 2018

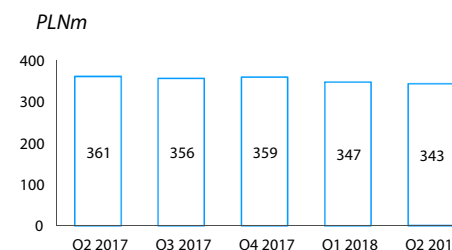
N E T I A

Total Netia | Key highlights for H1 2018³

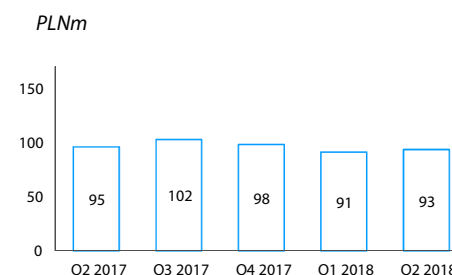


- Revenue was PLN 343m for Q2 2018 (-1% q-o-q and -5% y-o-y)
 - Adjusted EBITDA¹ was PLN 93m for Q2 2018 (+3% q-o-q and -2% y-o-y)
 - EBITDA was PLN 92m for Q2 2018 (+1% q-o-q and -5% y-o-y)
- Netia generated PLN 31m OpFCF² for Q2 2018 (-30% q-o-q and +63% y-o-y)
- Net debt at PLN 236m on June 30, 2018 (-6% q-o-q and +27% y-o-y), representing 0.60x of Adjusted EBITDA for full 2017 year at PLN 392m
- On May 18, 2018 Mrs. Katarzyna Iwuć – the President and the member of the Company's Management Board and Mr. Stefan Radzimiński, Chief Technical Officer and the member of the Management Board resigned from their positions
- On May 18, 2018 Mr. Wojciech Pytel, Member of Supervisory Board, was delegated to temporarily perform duties of the President and member of the Management Board (till August 18, 2018)
- On May 18, 2018 Mr. Grzegorz Bartler was appointed as Chief Technical Officer and the Management Board Member of the Company
- On June 13, 2018 the Management Board mad a decision to terminate the loan agreement with the European Investment Bank and to join as additional borrower and guarantor a loan agreement concluded by Cyfrowy Polsat S.A.

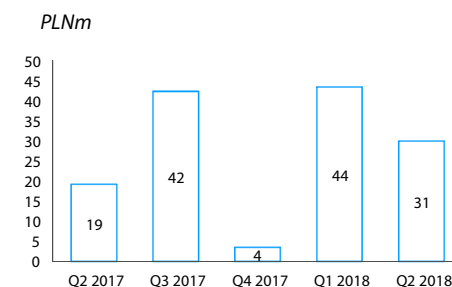
Revenues³



Adjusted EBITDA^{1,3}



Adjusted OpFCF^{2,3}



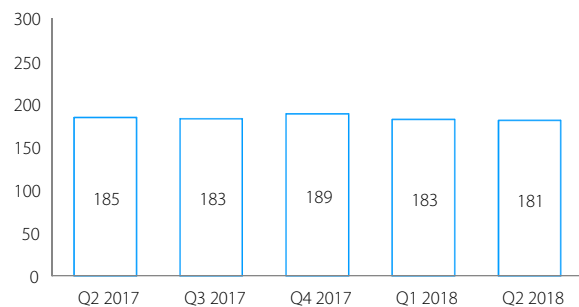
¹ Adjusted EBITDA excludes as appropriate, one-off costs related to restructuring, integration, M&A activity

² Adjusted OpFCF = Adjusted EBITDA less Capex excluding integration capex, capitalised interests from the bank loan

³ Financial data recalculated in accordance with IFRS 15 standard

B2B Market^{1,3}

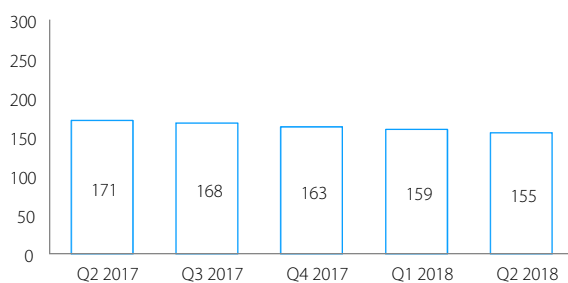
PLNm



- **Revenue** was PLN 181m in Q2 2018 (-1% q-o-q and -2% y-o-y)

B2C Market^{2,3}

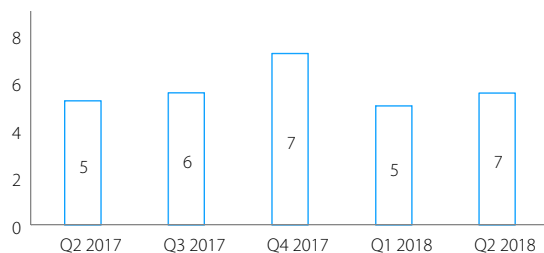
PLNm



- **Revenue** was PLN 155m in Q2 2018, down by 3% compared to Q1 2018 and down by 9% y-o-y
- **RGUs** at 1,453k (-1% q-o-q, -6% y-o-y)

Petrotel³

PLNm



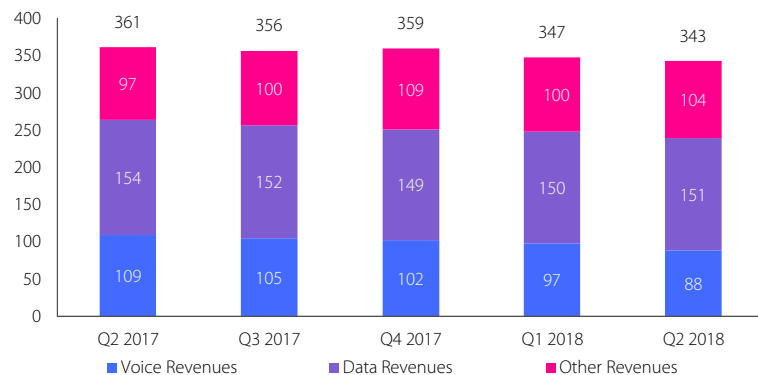
- One-off revenue related to the projects executed by the Company result in q-o-q fluctuations

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

³ Financial data recalculated in accordance with IFRS 15 standard

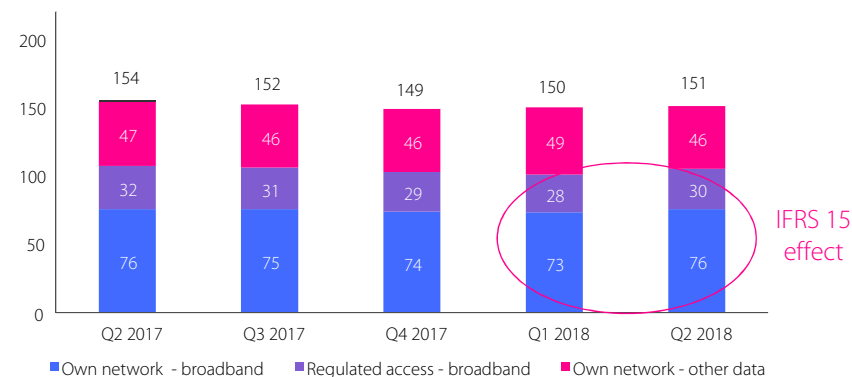
Revenue breakdown by service

PLNm



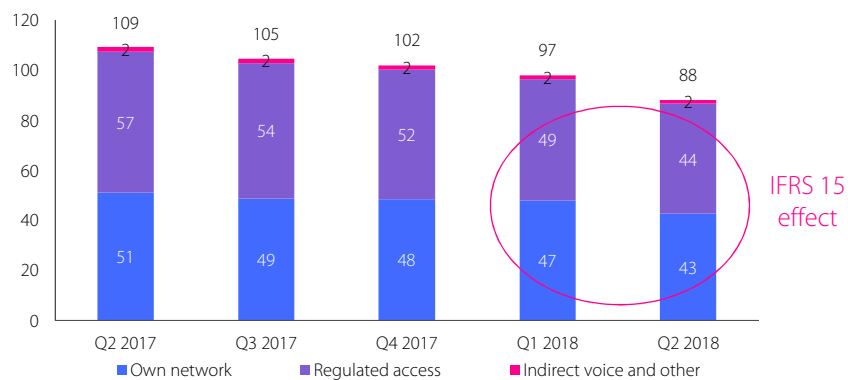
Data revenue breakdown by access^{1,4}

PLNm



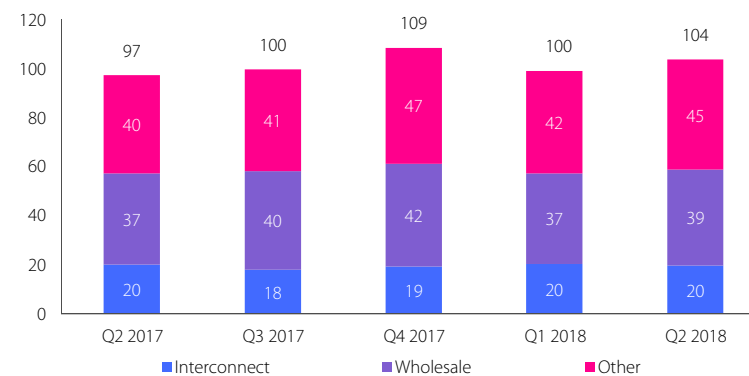
Voice revenue breakdown by access⁴

PLNm



Other revenue

PLNm



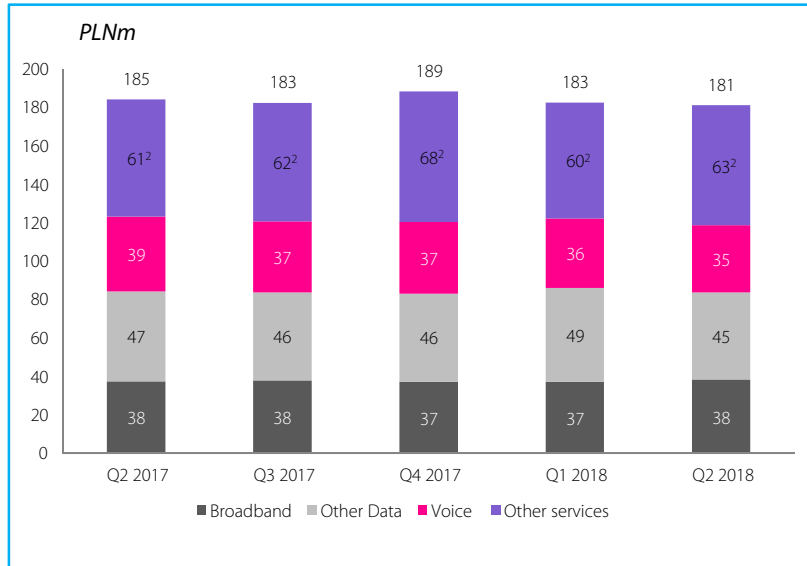
¹ Including revenues from VAS, elsewhere reported as Other Telecommunication revenue

² Financial data recalculated in accordance with IFRS 15 standard

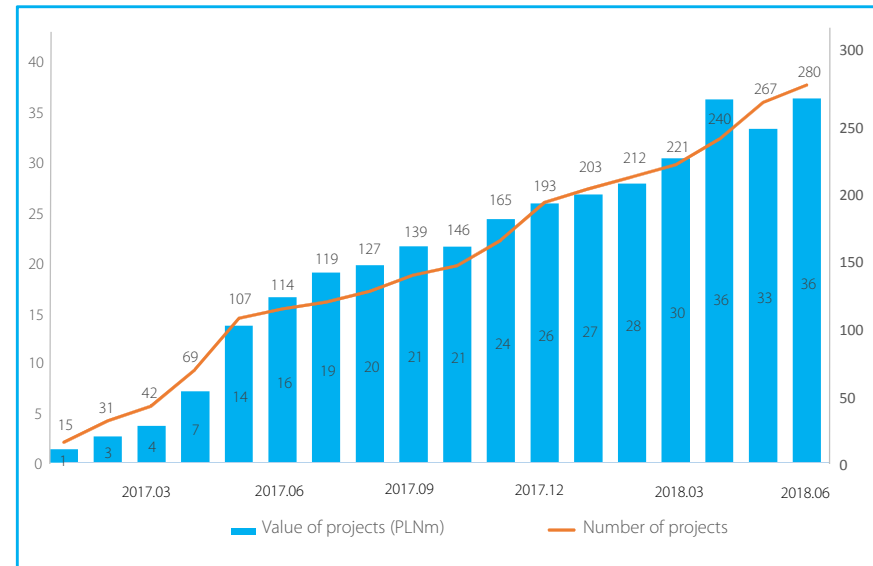
³ Includes revenue from TV, mobile, ICT services, equipment, one-off contracts. Q-o-q increase mainly due to higher revenue from mobile services and one-off contracts

⁴ Voice and data revenue reclassification in accordance to IFRS standard

Revenue by service¹



Dynamic increase in the number of new Netianext projects



Comments

- Stable top-line trends despite a competitive market environment
- Continuous increase in ICT project as a consequence of the B2B market transformation

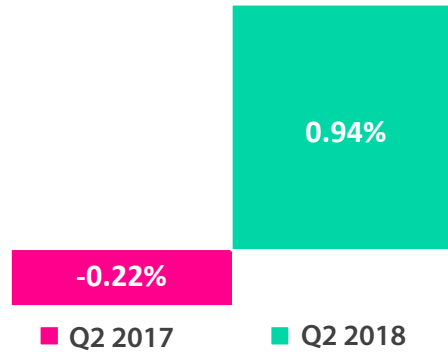
¹ Financial data recalculated in accordance with IFRS 15 standard

² Includes revenue from wholesale, ICT, equipment, one-off contracts. Q-o-q increase mainly due to a higher wholesale revenue from in Q2 2018



Access network upgrade program

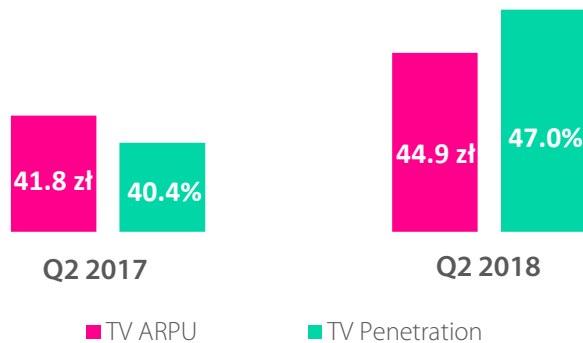
Increased penetration after 12 months from network upgrade to PON standard (y-o-y before and after upgrade)



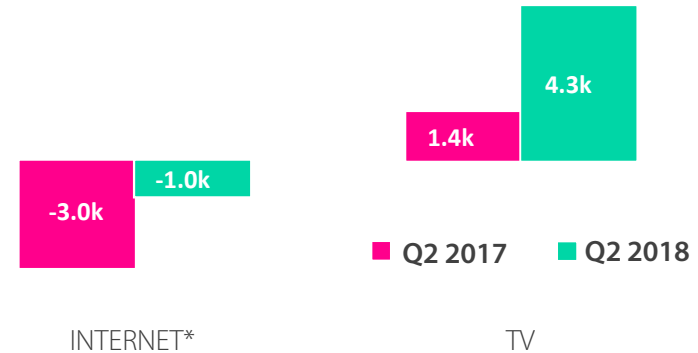
- Increased penetration on modernized areas (1.1 pp Q2 2018 vs Q2 2017) as a reflection of B2C access network upgrade project
- Higher penetration on upgraded network goes together with TV services cross-sell which results in growth of APRU y-o-y coming from regular up-sell of thematic TV packages

TV product development

TV ARPU increase by +7,4% with simultaneous penetration increase by **+6,6pp**



3 x increase in TV services dynamics as an effect of bundling with internet for new customers and up-sell

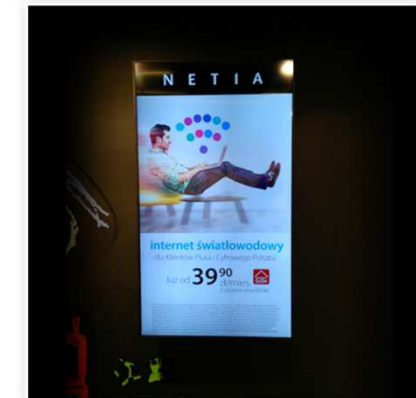
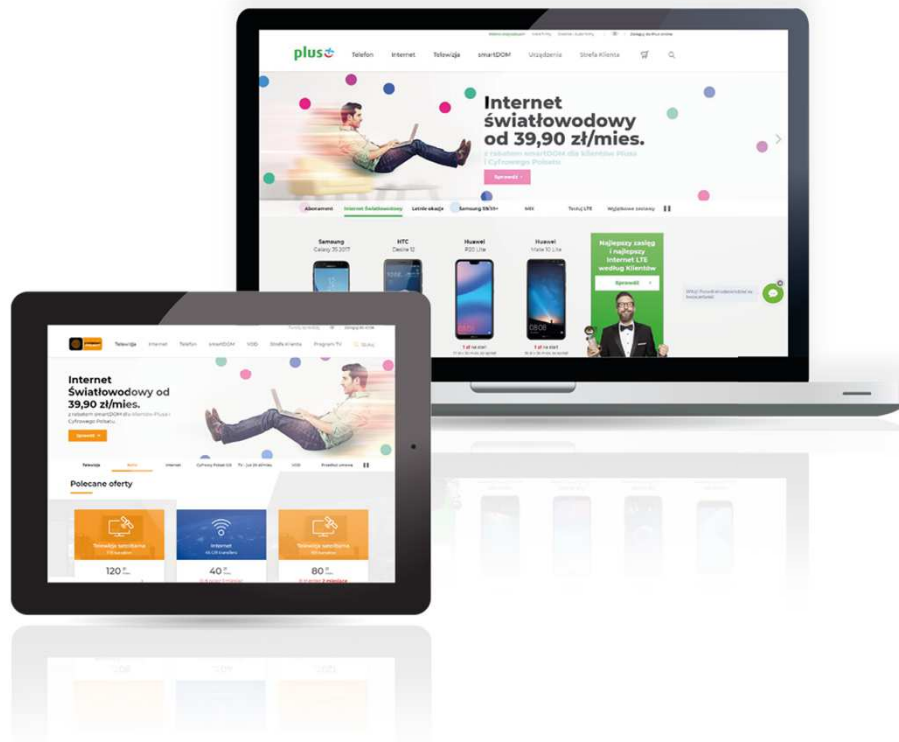


*On-net broadband

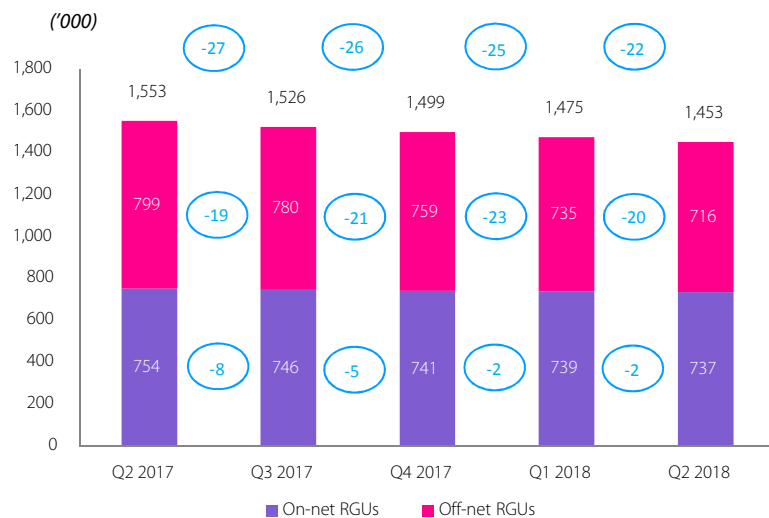


Netia offer on plus.pl i cyfrowypolsat.pl websides

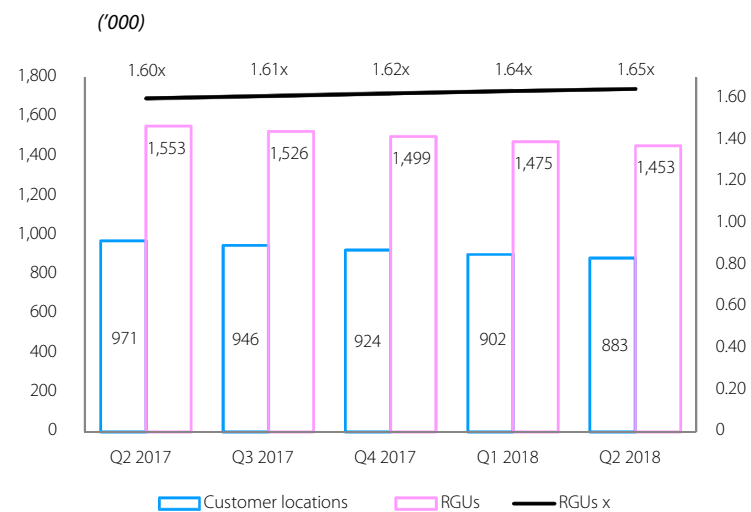
Sale of Netia services in 181 points of sale of Plus i Cyfrowy Polsat



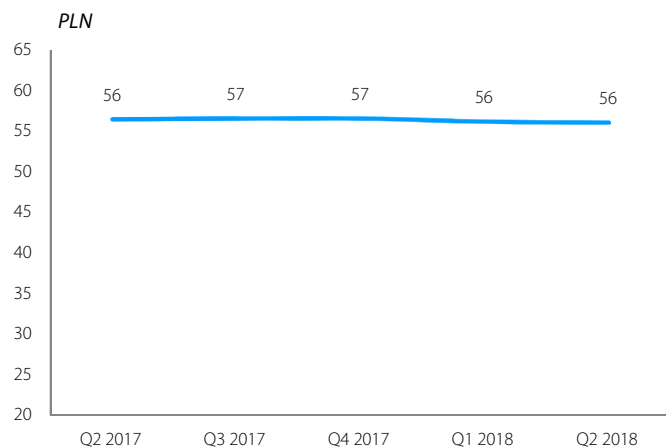
RGUs by access type



Customers and RGUs



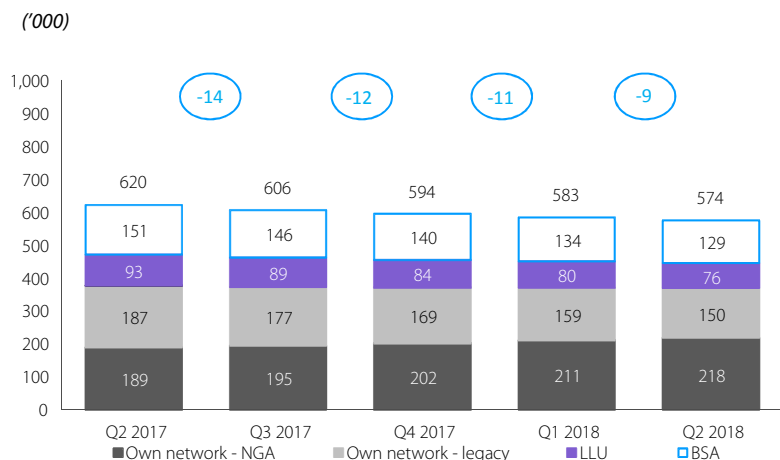
Average ARPU per Customer¹



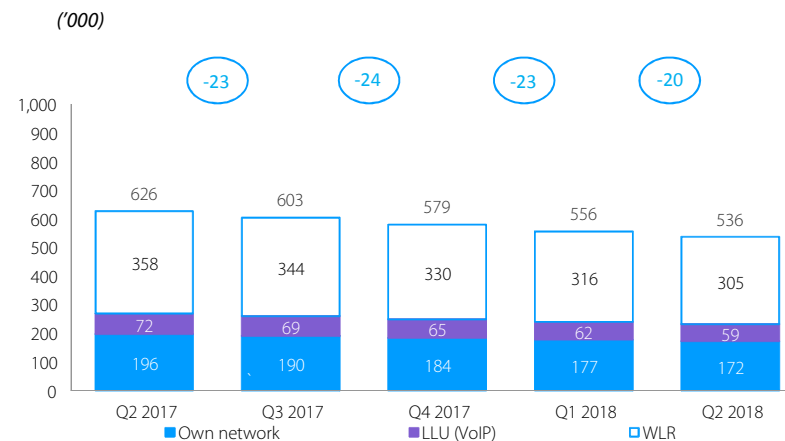
Comments

- Share of on-net RGUs up by 2 pp y-o-y to 51%
- 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
- Fluctuations of average ARPU recalculated in accordance with IFRS 15 standard result among others from different calculation of revenue for selected products

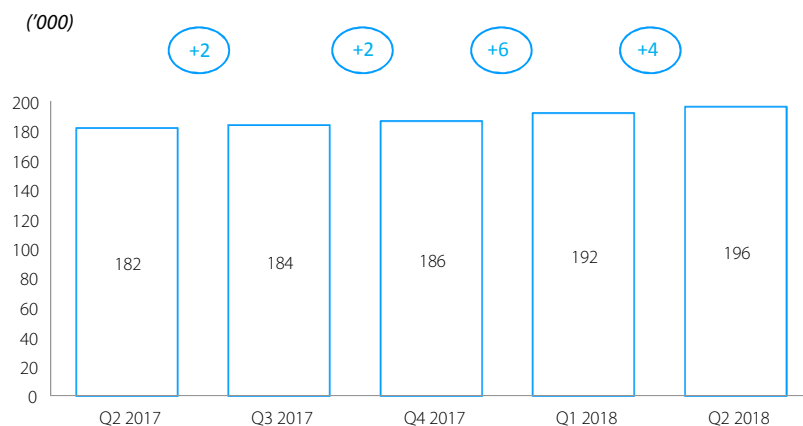
Broadband ports



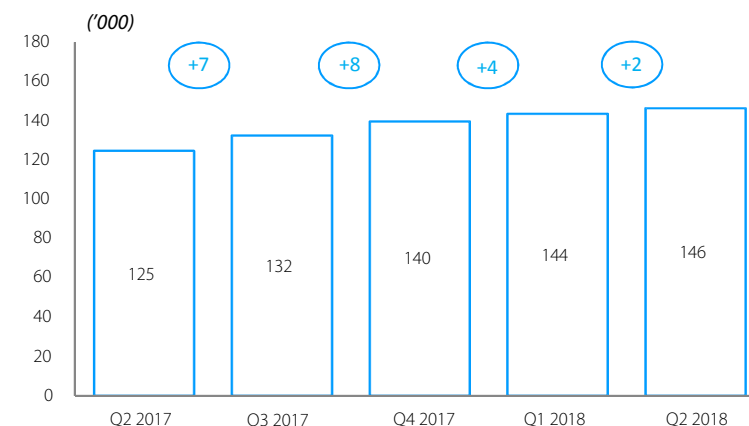
Voice lines



TV services



Mobile services



- 64% of broadband customers served directly via Netia’s own network (+3 pp y-o-y)
- 53% of on-net broadband customers now take TV services from Netia
- 17% increase on mobile services y-o-y



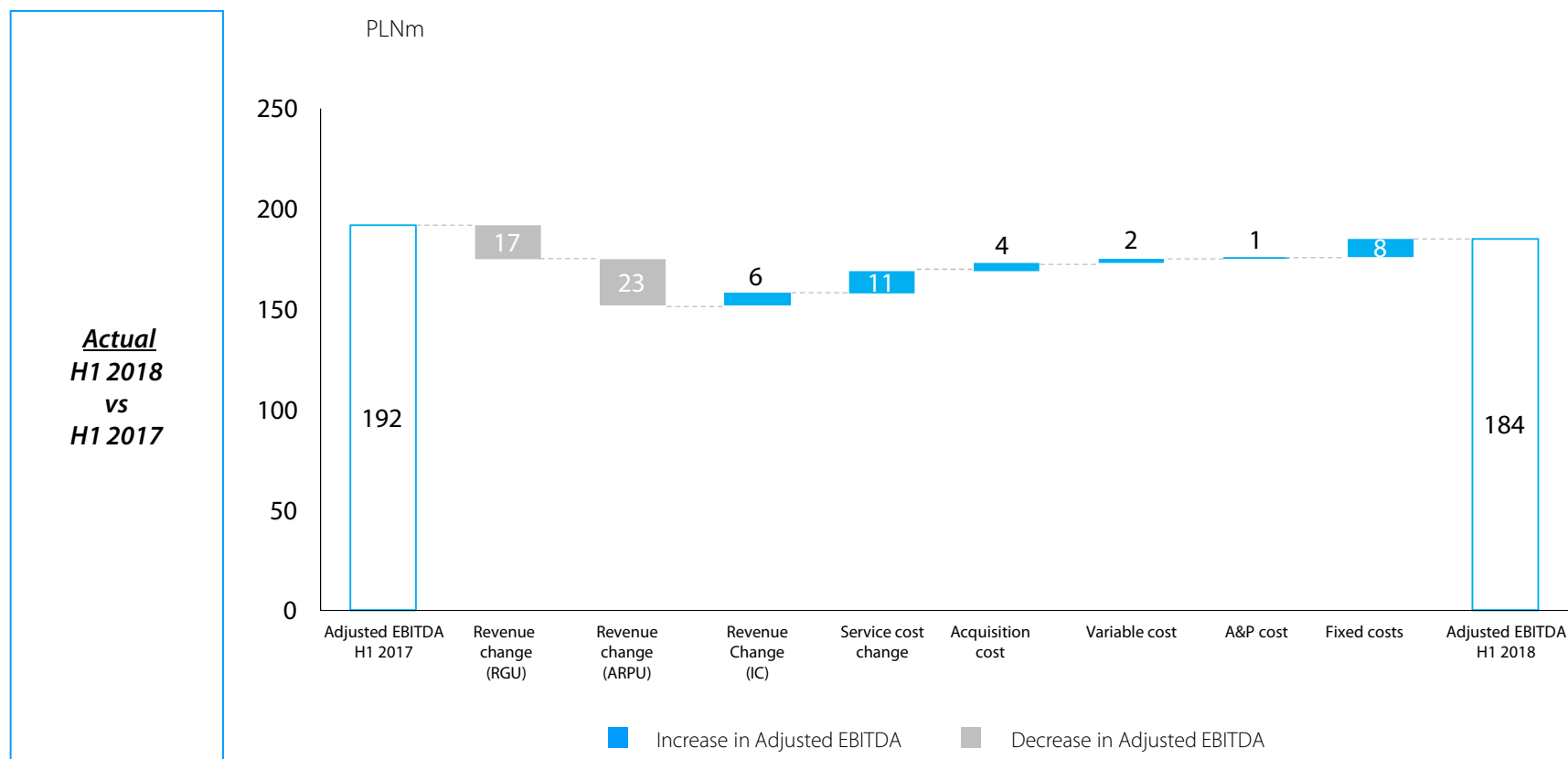
N E T I A

Netia Group Financial Overview

Financial performance | Adjusted EBITDA bridge for H1 2018¹



NETIA



Comments

- Revenue decline related to lower RGUs mainly due to decrease in off-net RGUs (WLR, BSA, LLU)
- ARPU decline related to a visible price pressure in voice and data services
- Interconnect revenue increase in H1 2018 related to higher wholesale revenue in B2B market
- Service costs increase related mainly to a higher wholesale revenue
- Lower fixed costs reflect a number of initiatives introduced by the Company



	2017				2018		2017 vs 2018	
	Q1	Q2	Q3	Q4	Q1	Q2	H1 2017	H1 2018
(PLN' 000)								
Revenues	365,010	361,110	356,461	359,426	346,903	342,869	726,120	689,772
<i>Change (y-o-y%)</i>	(6.5%)	(6.7%)	(4.4%)	(3.3%)	(5.0%)	(5.1%)	(6.6%)	(5.0%)
Adjusted EBITDA	96,622	95,349	102,453	98,008	90,696	93,153	191,971	183,849
Margin (%)	26.5%	26.4%	28.7%	27.3%	26.1%	27.2%	26.4%	26.7%
<i>Change (y-o-y%)</i>	(12.9%)	(17.2%)	(4.3%)	(14.2%)	(6.1%)	(2.3%)	(15.1%)	(4.2%)
EBITDA	94,941	97,204	97,664	90,385	91,653	92,116	192,145	183,769
Margin (%)	26.0%	26.9%	27.4%	25.1%	26.4%	26.9%	26.5%	26.6%
<i>Change (y-o-y%)</i>	(11.3%)	(15.3%)	(5.1%)	(11.0%)	(3.5%)	(5.2%)	(13.4%)	(4.4%)
Depreciation	79,103	78,565	76,976	76,953	69,717	71,780	157,668	141,497
Adjusted EBIT	17,519	16,784	25,477	21,055	20,979	21,373	34,303	42,352
Margin (%)	4.8%	4.6%	7.1%	5.9%	6.0%	6.2%	4.7%	6.1%
EBIT	15,838	18,639	20,688	13,432	21,936	20,336	34,477	42,272
Margin (%)	4.3%	5.2%	5.8%	3.7%	6.3%	5.9%	4.7%	6.1%

Comments

- Adjusted EBITDA Margin relatively stable despite continuous price pressure in both commercial segments

¹ Financial data recalculated in accordance with IFRS 15 standard

Financial Performance | Adjusted EBITDA reconciliation to Net Results¹

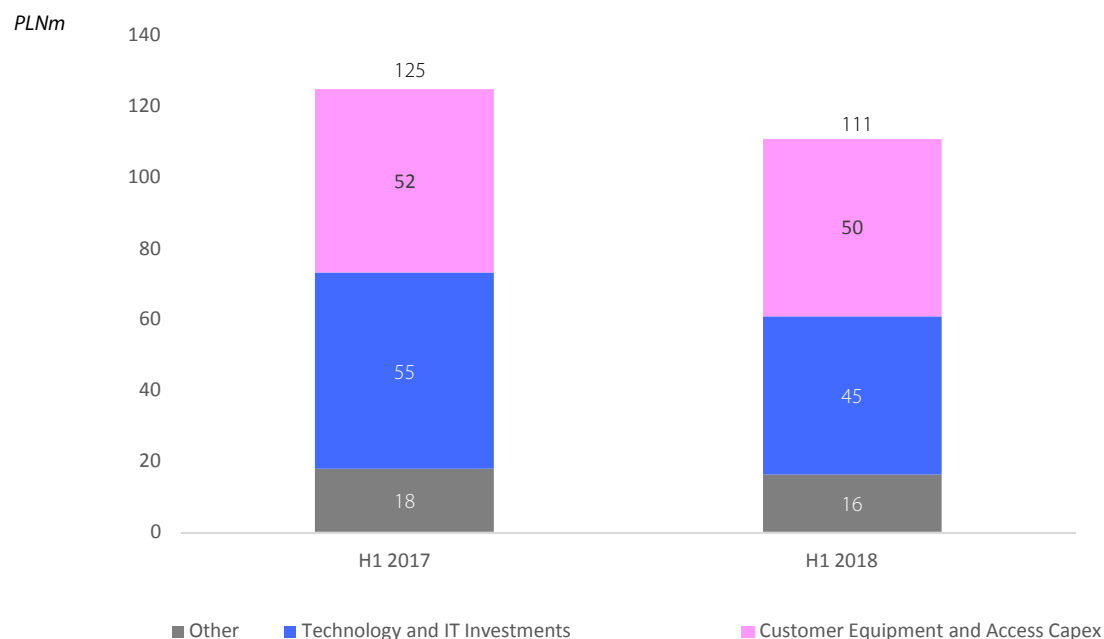


N E T I A

<i>PLN'000</i>	<i>H1 2017</i>	<i>Q1 2018</i>	<i>Change</i>
Adjusted EBITDA	191,971	183,849	-4%
<i>Unusual Items:</i>			
Integration costs	(299)	-	na
Restructuring costs	(3,539)	(635) 1	-82%
Other one-off events	4,077	(1,279) 2	-131%
Transformation projects	(85)	-	na
Reorganization costs	20	1,834 3	+9070%
EBITDA	192,145	183,769	-4%
Depreciation and amortization	(157,668)	(141,497) 4	-10%
EBIT	34,477	42,272	+23%
Net financial expenses	(3,271)	625	+119%
Profit/(Loss) before tax	31,206	42,897	+37%
Current tax and deferred income tax	(4,964)	(10,002)	+101%
Net Profit	26,242	32,895	+25%
Average number of outstanding shares (basic)	336,226,725	335,480,600	
EPS (in PLN, basic)	0.08	0.10	

- 1** Mainly Staff redundancies related to employment restructuring in TK Telekom
- 2** Mainly equipment utilization costs and release of provision for claims and litigation
- 3** Mainly release of provision related to onerous contract
- 4** Lower depreciation caused mainly by extended depreciation period for selected fixed and intangible assets and end of depreciation of selected fixed and intangible assets.

Capital investments by Operating Segments



Comments

- Customer Equipment and Access Capex refers to equipment necessary to connect new residential and business customers
- Technology capex includes mainly extension of the transmission network, colocation, connecting new customers, switching B2B customers from radio access to fiber and investments in access network upgrade related to 21 Century Network project at PLN 28m. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 101m on June 30, 2018 and PLN 86m on June 30, 2017



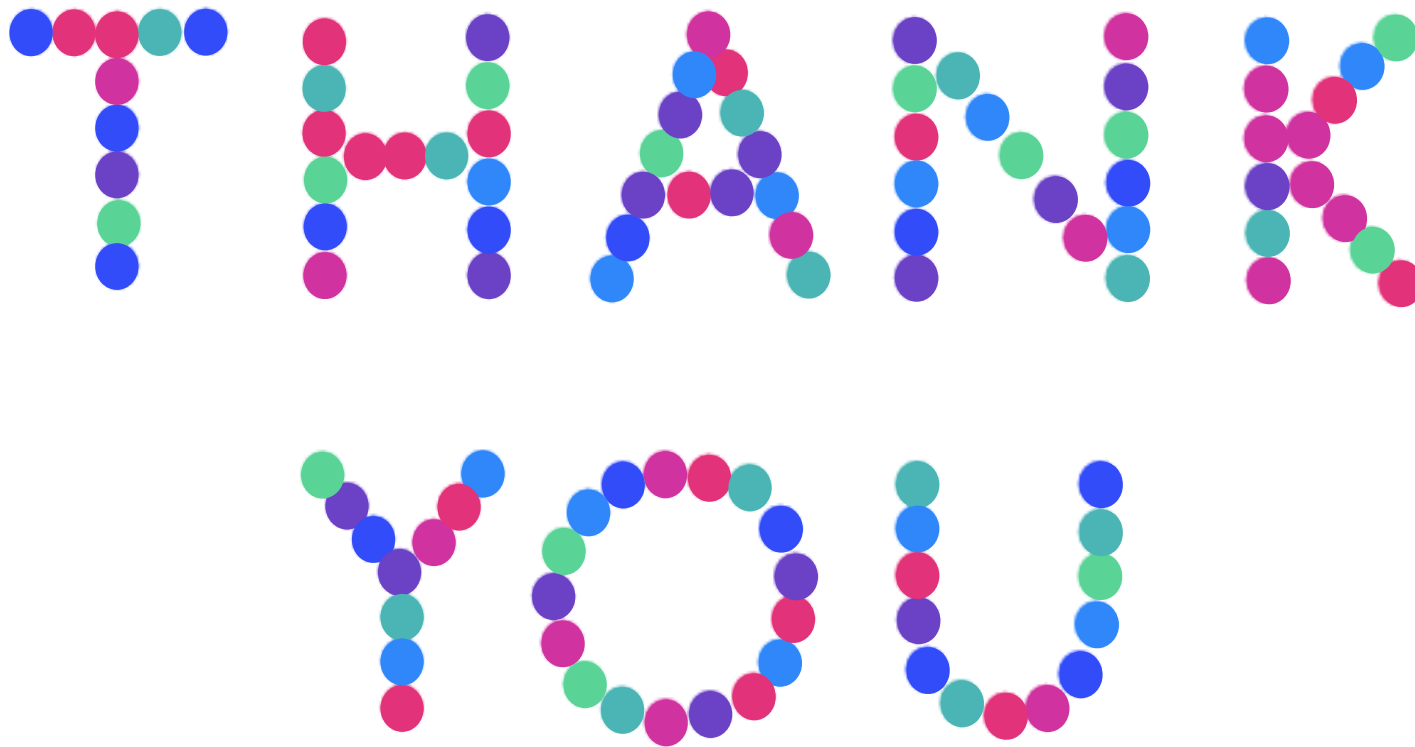
- Netia published Q2 2018 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.60x of the 2017 Adjusted EBITDA at PLN 392m
- On May 18, 2018 Mrs. Katarzyna Iwuć – the President and the member of the Company's Management Board and Mr. Stefan Radzimiński, Chief Technical Officer and the member of the Management Board resigned from their positions
- On May 18, 2018 Mr. Wojciech Pytel, Member of Supervisory Board, was delegated to temporarily perform duties of the President and member of the Management Board (till August 18, 2018)
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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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