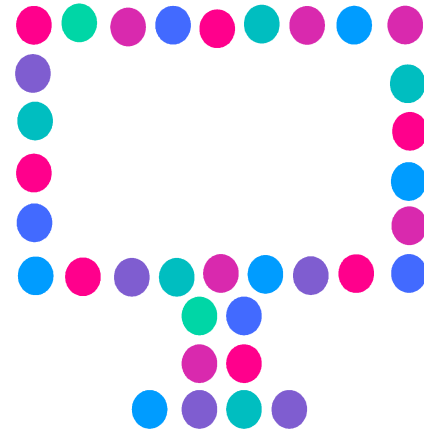


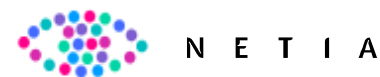
GIGA WOLNOŚĆ



## Q1 2019 Financial Results

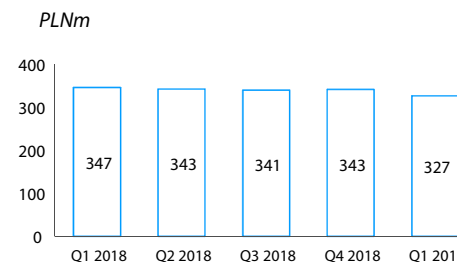
May 9, 2019

N E T I A

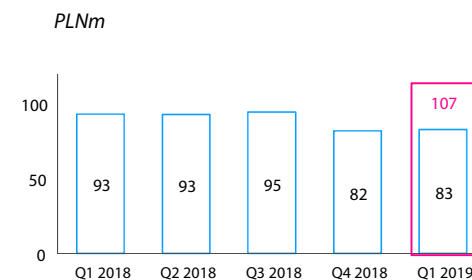


- Revenue was PLN 327m for Q1 2019 (-4% q-o-q and -6% y-o-y)
  - EBITDA<sup>1,2</sup> according to IAS 17 standard was PLN 83m for Q1 2019 (+1% q-o-q and -11% y-o-y)
  - EBITDA<sup>1,2</sup> according to IFRS 16 standard was PLN 107m for Q1 2019
- Netia generated PLN 20m Adjusted OpFCF<sup>3</sup> for Q1 2019 (+167% q-o-q and -56% y-o-y)
- Net debt at PLN 212m on March 31, 2019 (+10% q-o-q and -16% y-o-y), representing 0.58x of EBITDA<sup>2</sup> for full 2018 year at PLN 362m

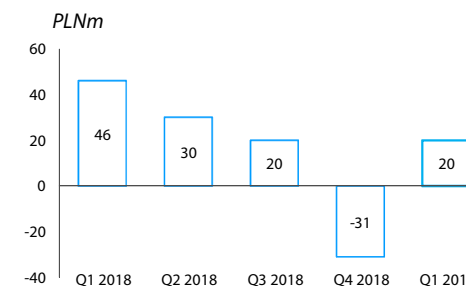
### Revenues



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



### Adjusted OpFCF<sup>2</sup>



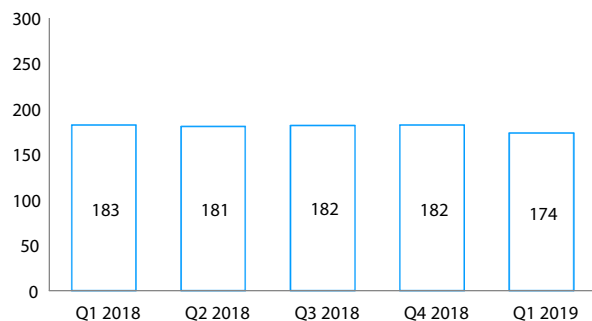
<sup>1</sup> EBITDA for Q1 2019 presented including IFRS standard (PLN 107m) and including IAS 17 standard (PLN 83m)

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

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

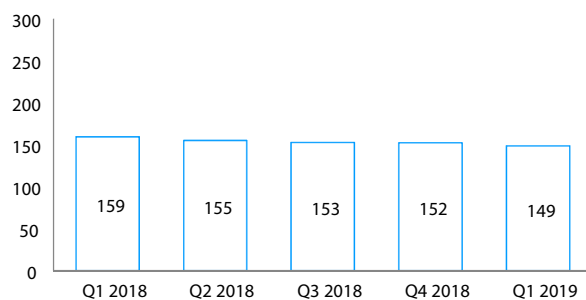
PLNm



- **Revenue** was PLN 174m in Q1 2019 (-5% q-o-q and -5% y-o-y)
- Lower B2B revenue mainly due to decrease of low margin wholesale traffic

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

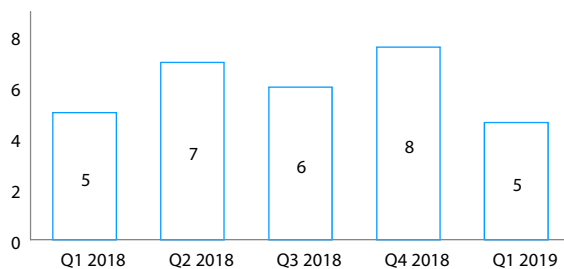
PLNm



- **Revenue** was PLN 149m in Q1 2019, down by 2% compared to Q4 2018 and down by 7% y-o-y
- **RGUs** at 1,408k (-1% q-o-q, -4% y-o-y)

### Petrotel

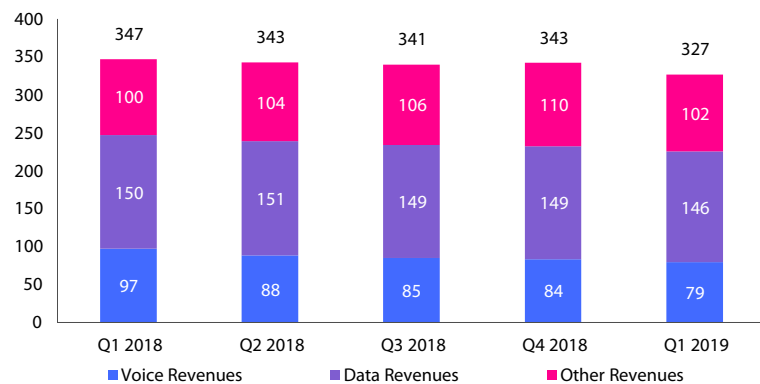
PLNm



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

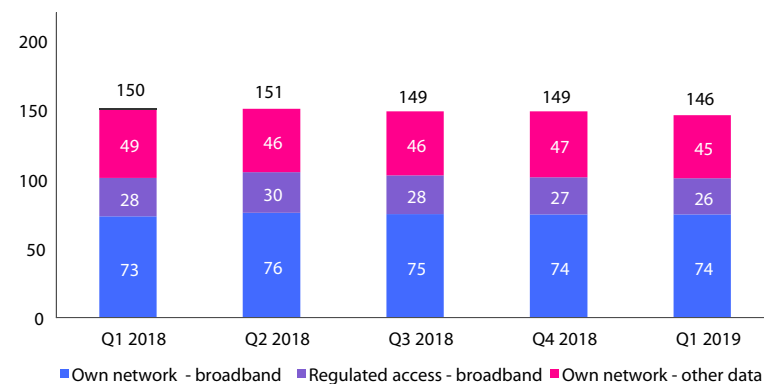
### Revenue breakdown by service

PLNm



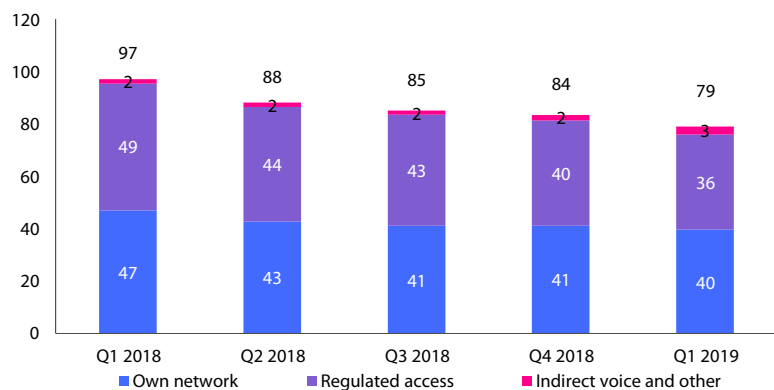
### Data revenue breakdown by access<sup>1</sup>

PLNm



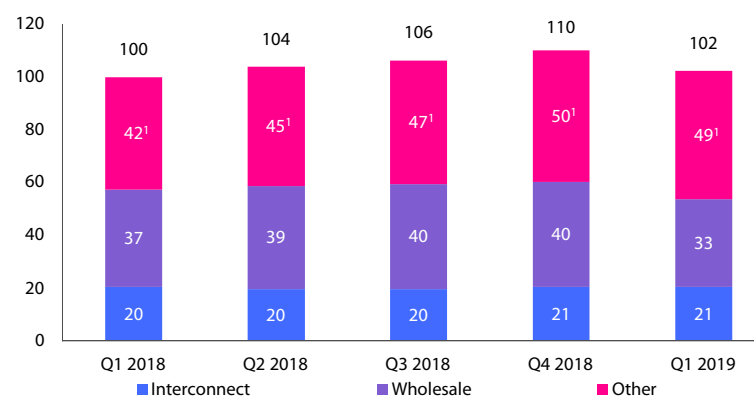
### Voice revenue breakdown by access

PLNm



### Other revenue

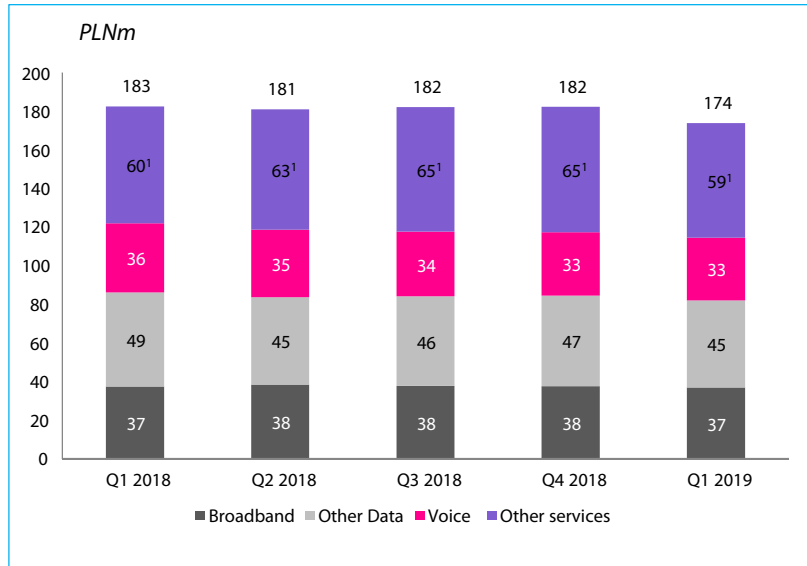
PLNm



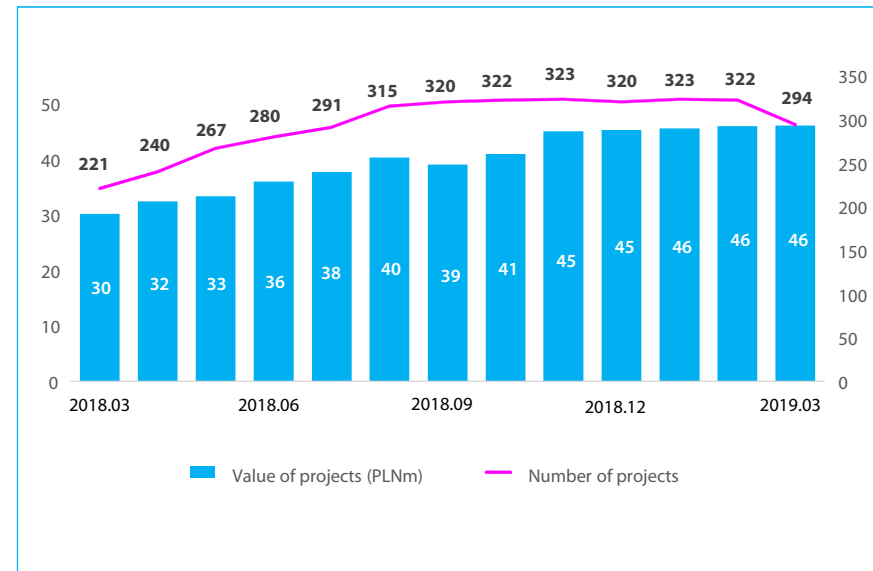
<sup>1</sup> Including revenues from VAS, elsewhere reported as Other Telecommunication revenue

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

**Revenue by service**



**Number of new NetiaNext projects**

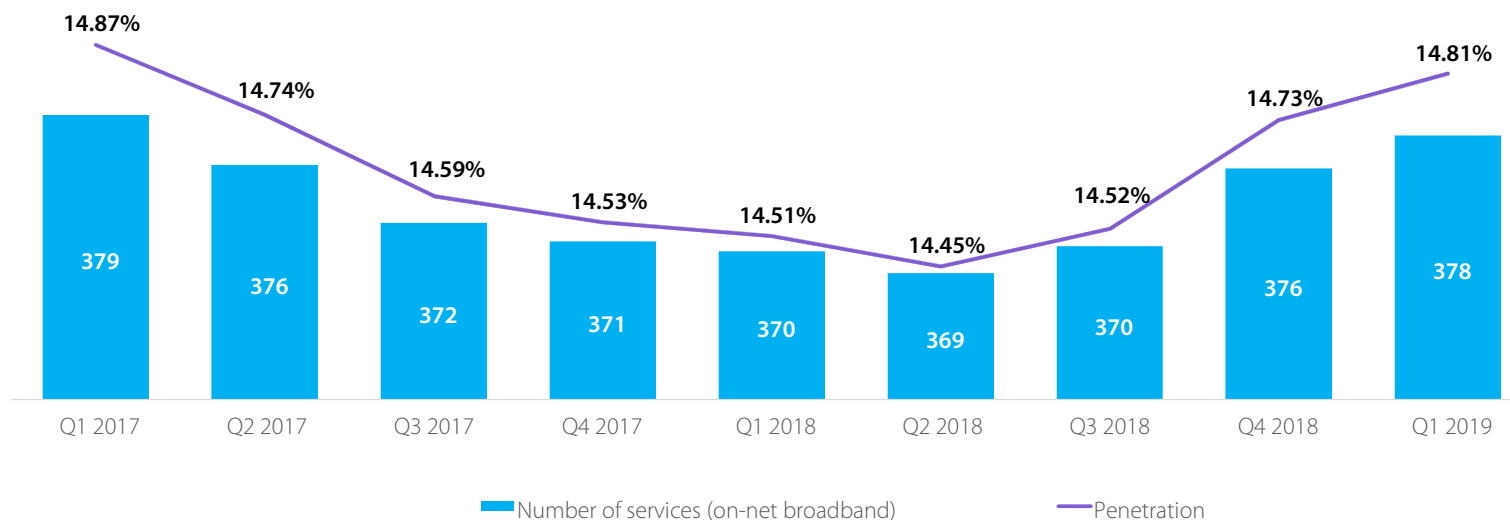


**Comments**

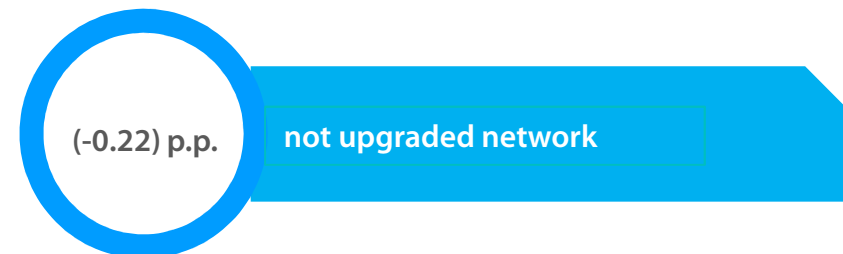
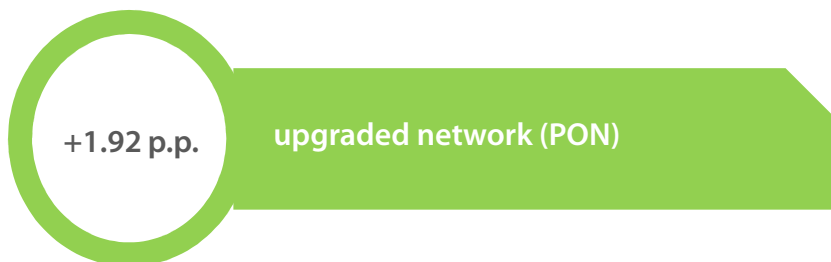
- Relatively stable top-line trends in all major revenue generating product lines despite a visible market competition
- Lower B2B total revenue mainly due to decrease of low margin wholesale traffic
- Significant value of ICT project as a consequence of the B2B market transformation



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

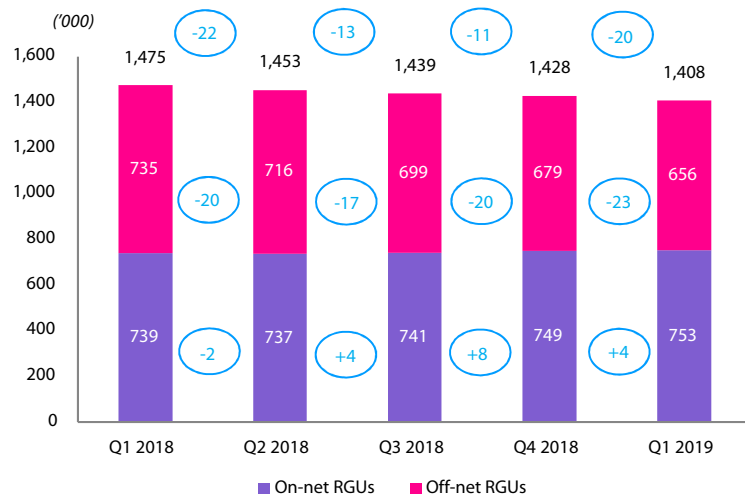


Annual change of penetration – 2018.04 – 03.2019

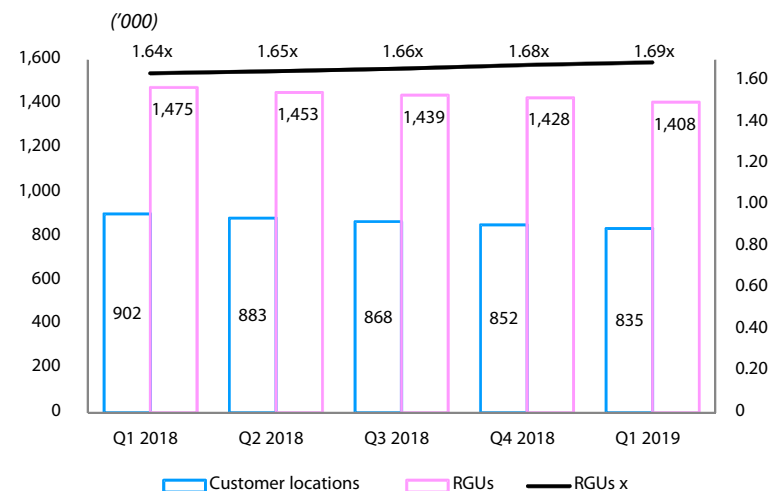


inwestor.netia.pl <sup>1</sup> Based on 2.55m HP in range announced at the moment of „21 Century Network Project” start

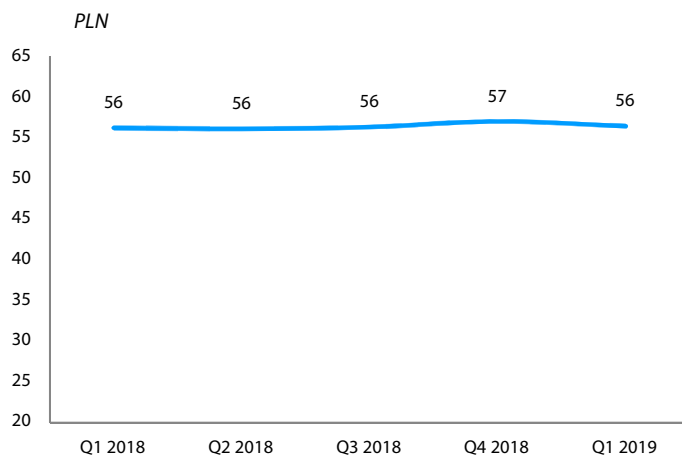
### RGUs by access type



### Customer locations and RGUs



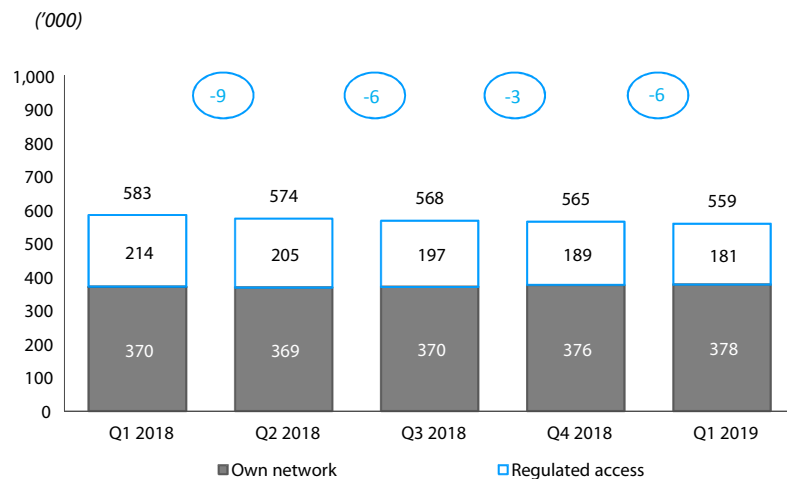
### Average ARPU per Customer



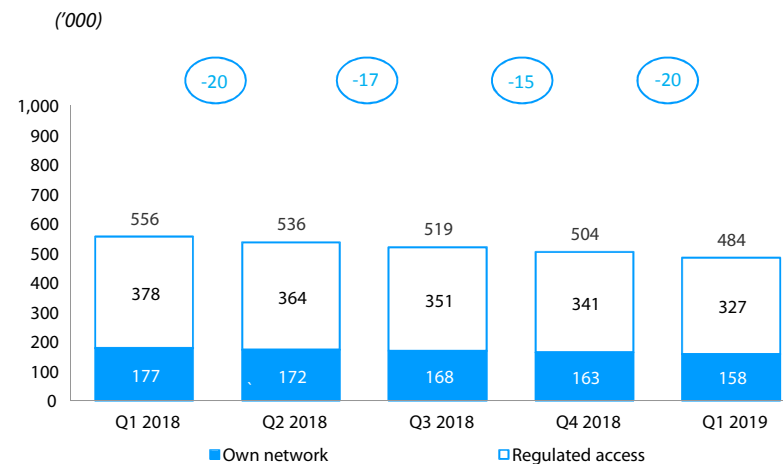
### Comments

- Share of on-net RGUs up by 3 pp y-o-y to 53%
- 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 results in on-net services increase q-o-q

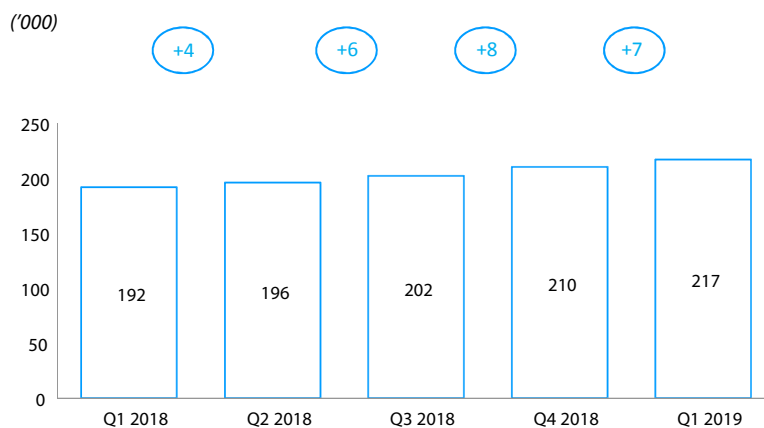
### Broadband ports



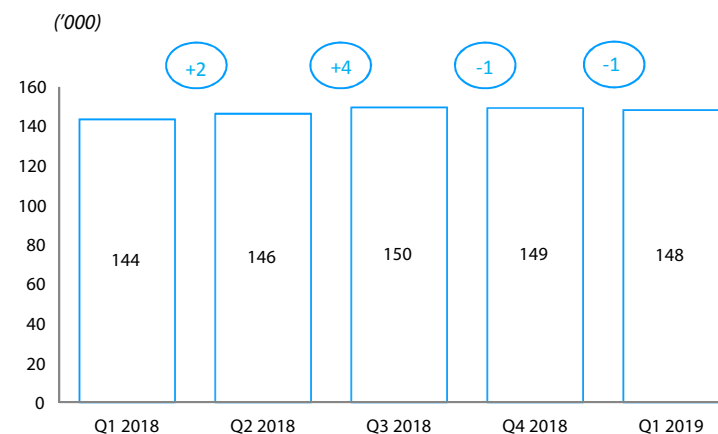
### Voice lines



### TV services



### Mobile services



- 68% of broadband customers served directly via Netia’s own network (+2 pp q-o-q and +5 pp y-o-y)
- 13% increase of TV services y-o-y
- 3% increase of mobile services y-o-y





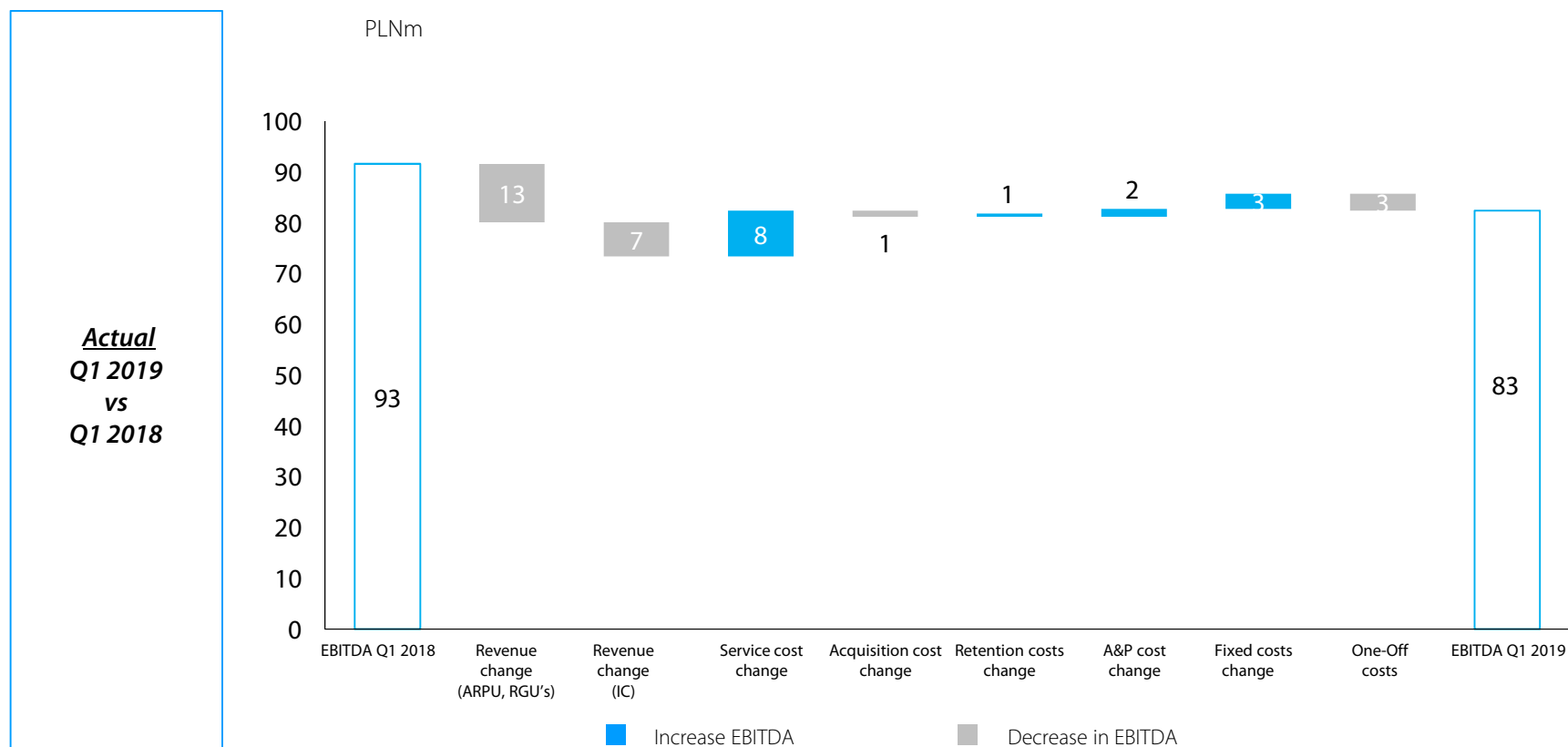
N E T I A

## *Netia Group Financial Overview*

## Financial performance | EBITDA bridge for Q1 2019



NETIA



### Comments

- ARPU decline related to a visible price pressure in voice and data services mainly in 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
- One-offs reflect mainly costs of new projects commenced by Netia and release of provision related to onerous contract



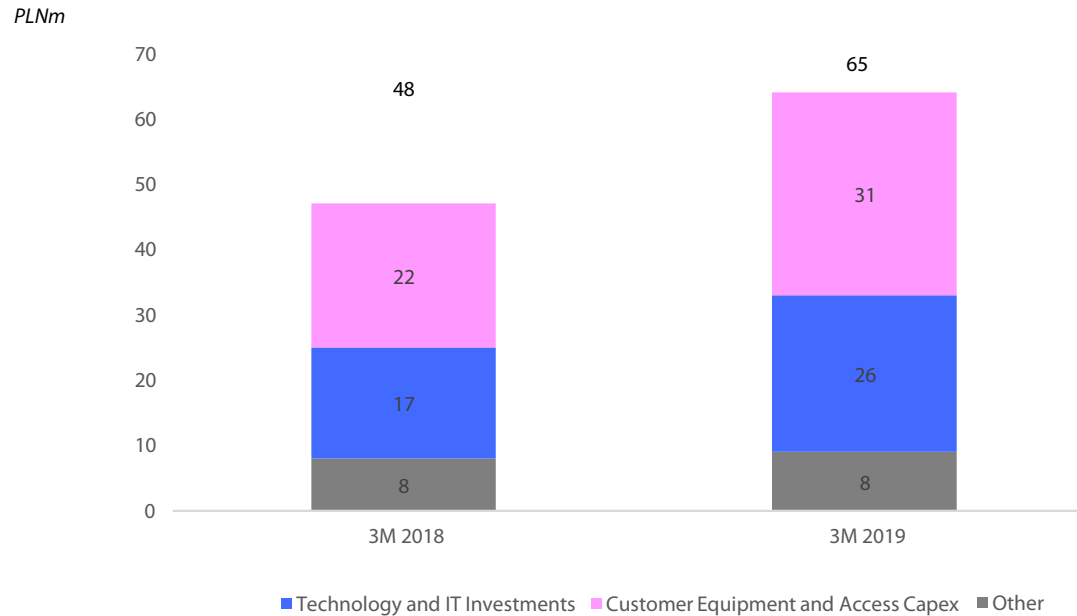
	2018				2019	
	Q1 IAS17	Q2 IAS17	Q3 IAS17	Q4 IAS17	Q1 IAS17	Q1 IFRS16
(PLN' 000)						
<b>Revenues</b>	<b>346,903</b>	<b>342,869</b>	<b>340,834</b>	<b>342,500</b>	<b>327,323</b>	<b>327,323</b>
<i>Change (y-o-y%)</i>	(5.0%)	(5.1%)	(4.4%)	(4.7%)	(5.6%)	(5.6%)
<b>EBITDA<sup>1</sup></b>	<b>93,221</b>	<b>92,875</b>	<b>94,531</b>	<b>81,872</b>	<b>82,842</b>	<b>107,221</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>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>
Liquidation of non-financial fixed assets	1,547	765	776	2,510	842	842
Interest and foreign exchange differences	(5)	(33)	367	375	(116)	(116)
Interest on installment sale (financial income)	26	27	73	125	173	173
<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>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>

### Comments

- Comparison of financial results between periods including both IAS 17 and IFRS 16 standards
- 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 21 Century Network project at PLN 17m in Q1 2019. IT capex related to licenses and IT systems development
- Investment payables not included in financial statement at PLN 116m on March 31, 2019 and PLN 67m on December 31, 2018



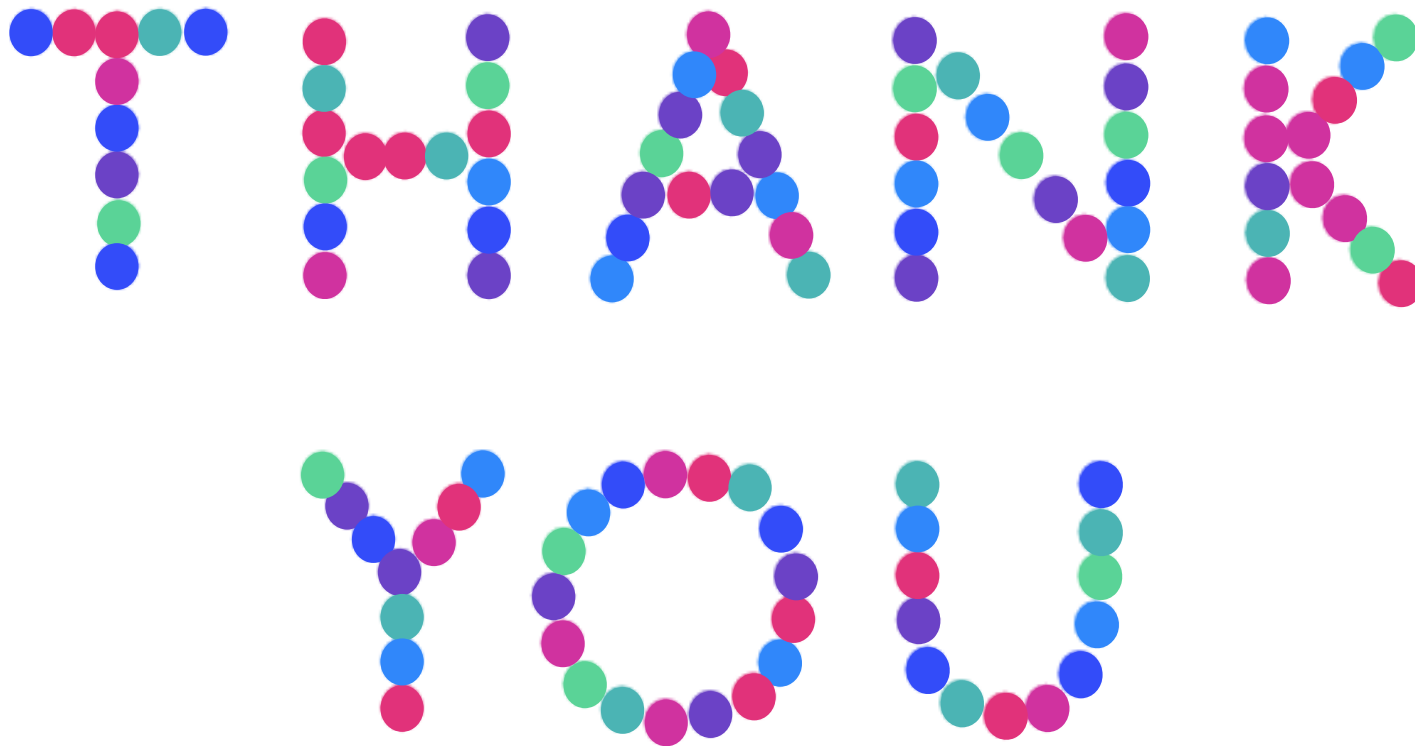
- Netia published Q1 2019 financial results
- The Group's financial standing remains strong with a leverage at a convenient level 0.58x of the 2018 Adjusted EBITDA at PLN 362m
- In Q1 2019 Netia maintained a positive balance of B2C on-net services due to consistent modernization of the existing access network
- In Q1 2019 Netia achieved higher EBITDA Margin q-o-q despite continuous price pressure in both commercial segments

# 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