



# 2008 Financial Results

**Investors Conference Call and Press Conference**  
*February 24, 2009*

[www.investor.netia.pl](http://www.investor.netia.pl)

**netia**  
WOLNOŚĆ WYBORU

## Netia delivered on its revised FY2008 guidance

Amounts in PLN'M unless otherwise stated

	Actual Results	Revised Guidance	Original Guidance*
<b>Revenues</b>	1,121	> 1,100	> 950
<b>EBITDA</b>	171	160	125
<b>Capital investment (excl. M&amp;A)</b>	248	240	280
<b>Acquisitions of Ethernet networks (M&amp;A)<sup>1</sup></b>	45	45	40
<b>Broadband subscribers ('000)</b>	414	410	> 400
<b>Voice service customers (own network + WLR) ('000)</b>	1,065	1,060	> 580
<b>Unbundled local loop (LLU) nodes</b>	133	125	100

\* Guidance was updated during the course of 2008 following the announcements of H1 2008 interim results and in connection with the Tele2 Polska/Ethernet networks acquisitions

<sup>1</sup> Cash outflows made during 2008



## Key achievements in FY2008

### ■ Netia delivering strong revenue and EBITDA growth

- 34% increase in full year 2008 versus 2007 revenue base
- 75% increase in Q4 revenue base y-o-y
- 225% increase in Q4 EBITDA y-o-y

### ■ Tele2 Polska acquisition completed in September 2008

- Price: 2.8x original estimated 2008 EBITDA of PLN 40m
- Significant increase in scale of operations
- Integration in full swing with over PLN 30.0m expected synergies

### ■ Netia leads LLU roll out in Poland

- 133 nodes unbundled at December 31, 2008
- Increasing pace of new sales of 2play services
- Potential to up-sell services to single play BSA/WLR customers (to be subsequently migrated to higher-margin LLU)
- LLU migration tests with TP underway (plan to migrate over 20,000 BSA clients in 2009)

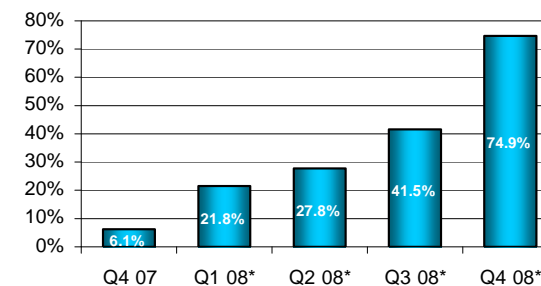
### ■ Netia's core growth strategy fully funded

- Disposal of P4 and focus on broadband-driven strategy
- Rapidly falling cash burn (FCF break-even expected in 2010)
- Seeking flexibility for larger acquisitions or share buy-backs

### ■ Recently further increased guidance for FY2009

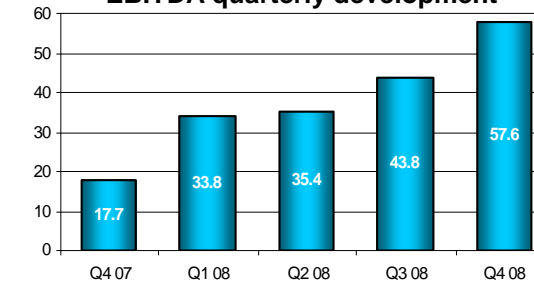
\* Revenue from continuing activities

Revenue growth y-o-y



(PLN M)

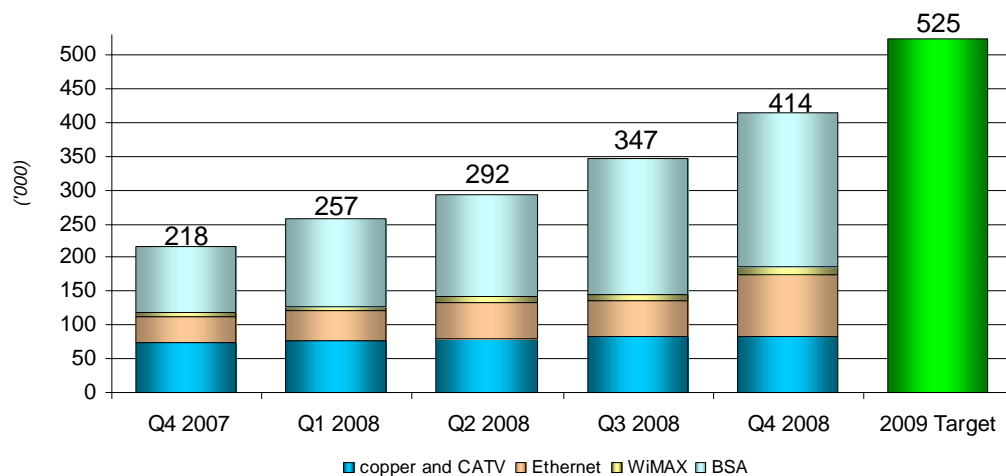
EBITDA quarterly development



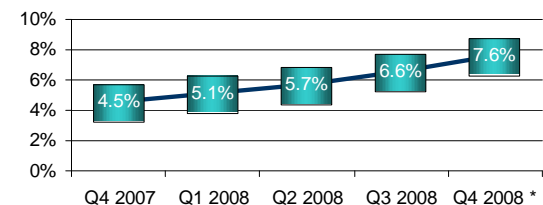
netia

# Excellent progress on Netia's broadband customer base

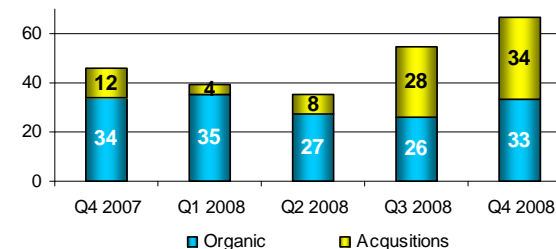
### Broadband ports



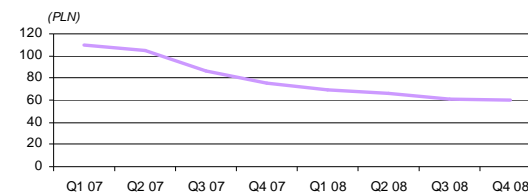
### Market share broadband



### Netia's net additions



### Blended broadband ARPU



## 414k broadband customers as of 2008YE

- 44% of customers served directly via Netia's own network
- 91k Ethernet customers as of 2008YE
  - 46k new broadband clients acquired in 2008 through Ethernets
- 28k new broadband customers acquired in 2008 through Tele2 Polska acquisition

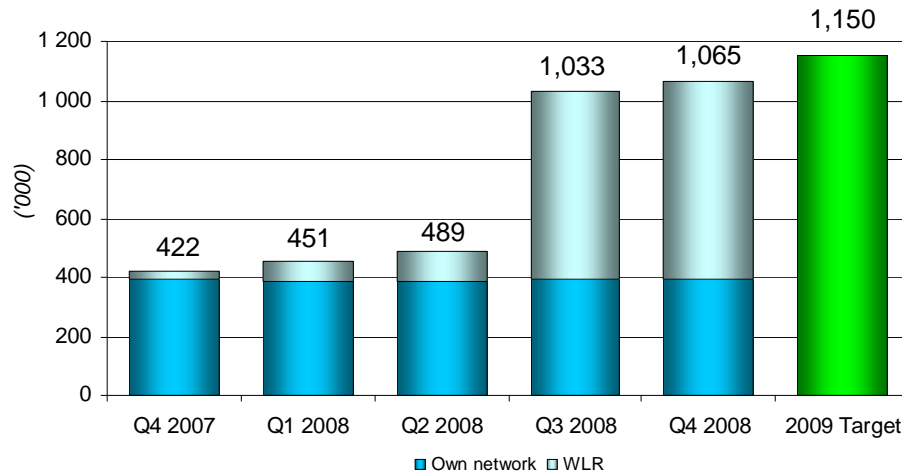
Source: Netia, TP, public domain

\* Based on Netia's internal estimates of the total market volume as of 2008YE

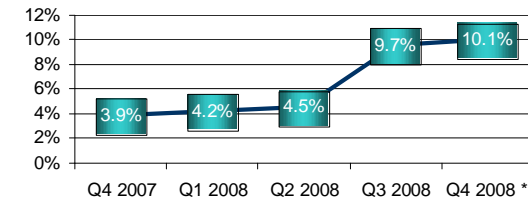


# Complemented by significant boost in Netia's voice customer base

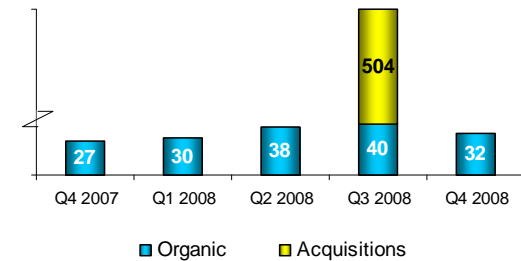
Voice lines



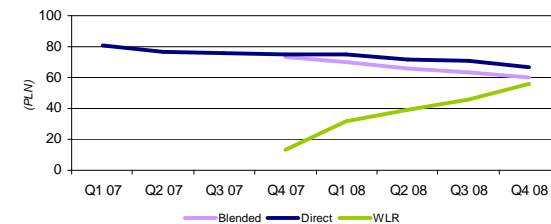
Market share voice



Netia's net additions



Blended voice ARPU



## 1,065k voice customers served at 2008YE

- Representing an increase of 153% in voice customer base
- Over 500k customers acquired via Tele2 Polska acquisition
- 37% of customers served directly via Netia's own network
- Netia has approximately 71% of WLR market share (WLR customers amongst altnets)

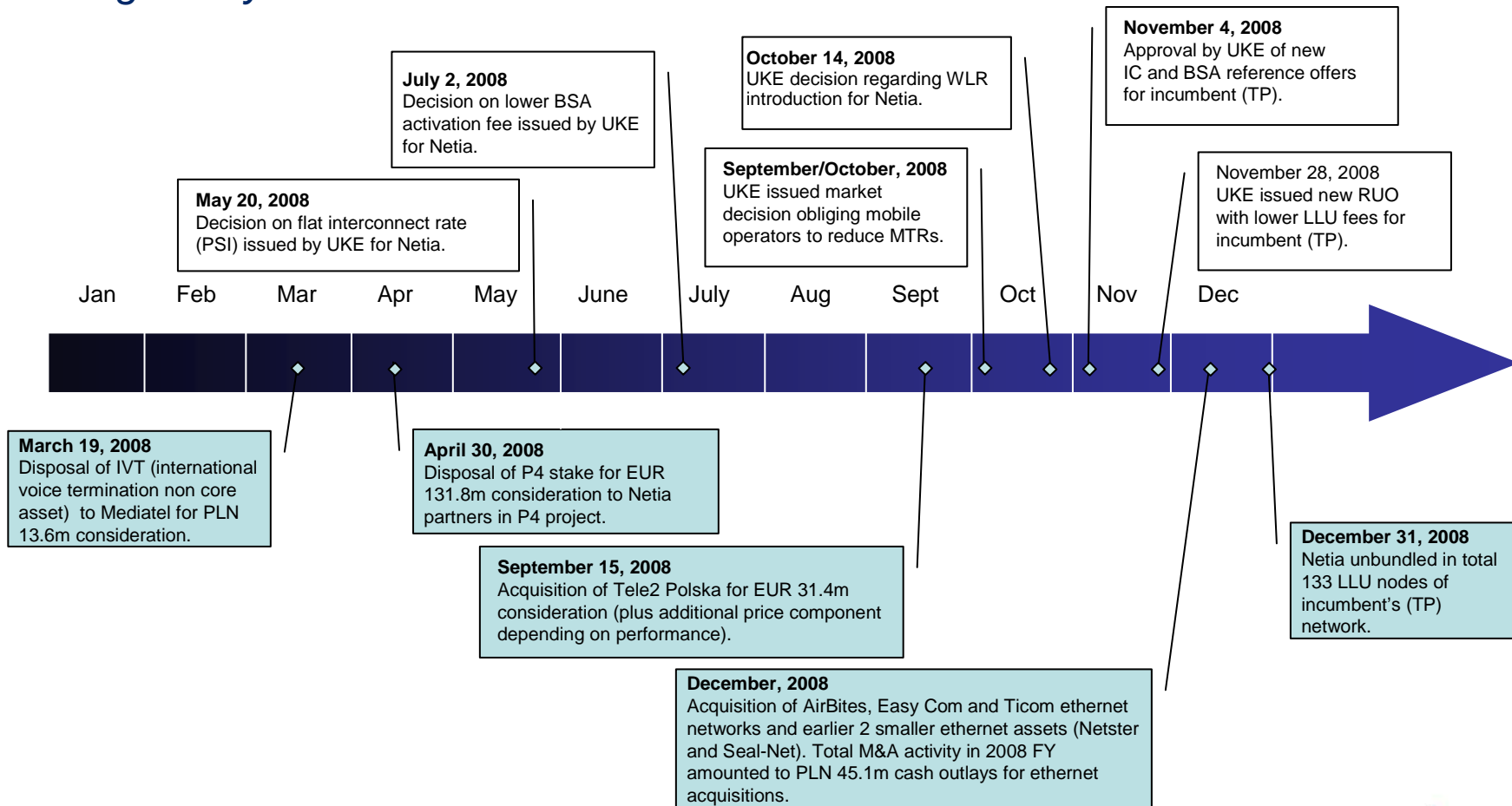
Source: Netia, TP, public domain

\* Based on Netia's internal estimates of the total market volume as of 2008YE



# Key events for Netia in FY2008

## Regulatory environment



## Netia key milestones



## Netia's financial performance in Q4 2008 and FY 2008

(PLN' 000)

Revenues from continuing activities  
y-o-y % change

Revenues

Gross profit

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

Margin

y-o-y % change

EBIT

Share of P4 start-up losses

Profit on sale of P4

PAT

Total assets

Net (debt)/cash

Available credit lines

	2008				2008	2007	2006
	4Q	3Q	2Q	1Q			
Revenues from continuing activities	369,056	271,159	243,483	228,696	1,112,394	780,884	nm
y-o-y % change	79.4%	41.5%	27.8%	21.8%	42.5%	na	nm
Revenues	369,056	271,159	243,483	237,470	1,121,168	838,025	862,057
Gross profit	116,333	73,720	51,926	55,676	297,655	200,473	232,182
EBITDA / Adjusted EBITDA <sup>1</sup>	57,576	43,829	35,436	33,800	170,641	170,682	221,284 <sup>1</sup>
Margin	15.6%	16.2%	14.6%	14.2%	15.2%	20.4%	25.7%
y-o-y % change	225.7%	21.2%	(43.1%)	(38.1%)	0.0%	(22.9%)	(34.7)
EBIT	(14,683)	(22,714)	(33,230)	(29,079)	(99,706)	(103,840)	(341,384)
Share of P4 start-up losses	--	--	--	(22,625)	(22,625)	(165,237)	(30,724)
Profit on sale of P4	--	(46)	353,427	--	353,381	--	--
PAT	(10,096)	(18,586)	314,581	(55,294)	230,605	(268,881)	(378,355)
Total assets	2,283,479	2,260,204	2,169,214	2,062,256	2,283,479	2,070,651	2,155,359
Net (debt)/cash	192,685	232,736	324,017	(105,264)	192,685	(37,300)	143,586
Available credit lines	375,000	375,000 <sup>2</sup>	375,000 <sup>2</sup>	120,000	375,000	205,000	200,000

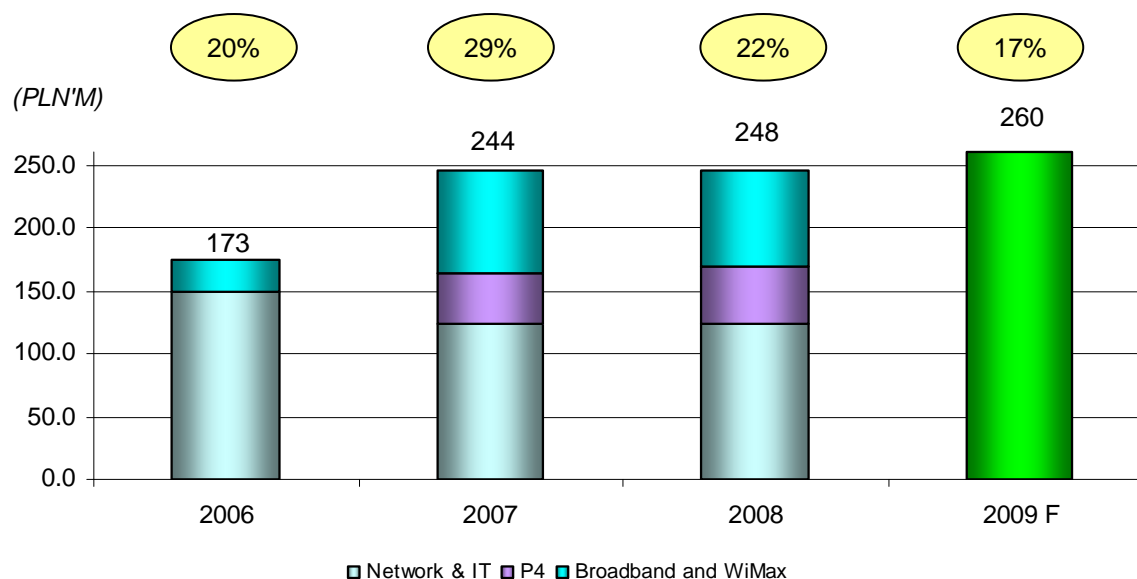
<sup>1</sup> EBITDA for 2006 excluding the impact of an impairment charge on non-current assets and cancellation of EI-Net's license fee liabilities

<sup>2</sup> Including PLN 100m available at the Company's option





## Netia continues to invest now for future growth



- Capital investment spending overall was broadly flat in 2008 versus 2007
- Higher IT spending in support of new services has resulted in stable overall spending on the existing network and IT
- The stable broadband spending reflects lower spending on WiMAX and increasing utilization of previously rolled out capacity to carry data traffic, offset by the first year of LLU roll-out
- P4 project roll-out is nearing completion

 % of Revenue



## New 2009 guidance reflects attained scale and focus on profitability

	New	Previous
<b>Broadband subscribers ('000)</b>	525	--
<b>Voice service customers (own network + WLR) ('000)</b>	1,150	--
<b>Unbundled local loop (LLU) nodes</b>	300	--
<b>Revenues (PLN'm)</b>	1,520	1,500
<b>EBITDA (PLN'm)</b>	260	225
<b>Capital investment (excl. M&amp;A) (PLN'm)</b>	260	280



## Medium term outlook for Netia remains unchanged with 25% EBITDA margin the target

2010 - 2012

Revenue growth (CAGR)

5% - 10%

EBITDA margins

at 20%

2010

at 25%

2012

Net profit by

2010

Free cash flow positive by

2010

Capex to sales down to 15% by

2011

1 million broadband subscribers

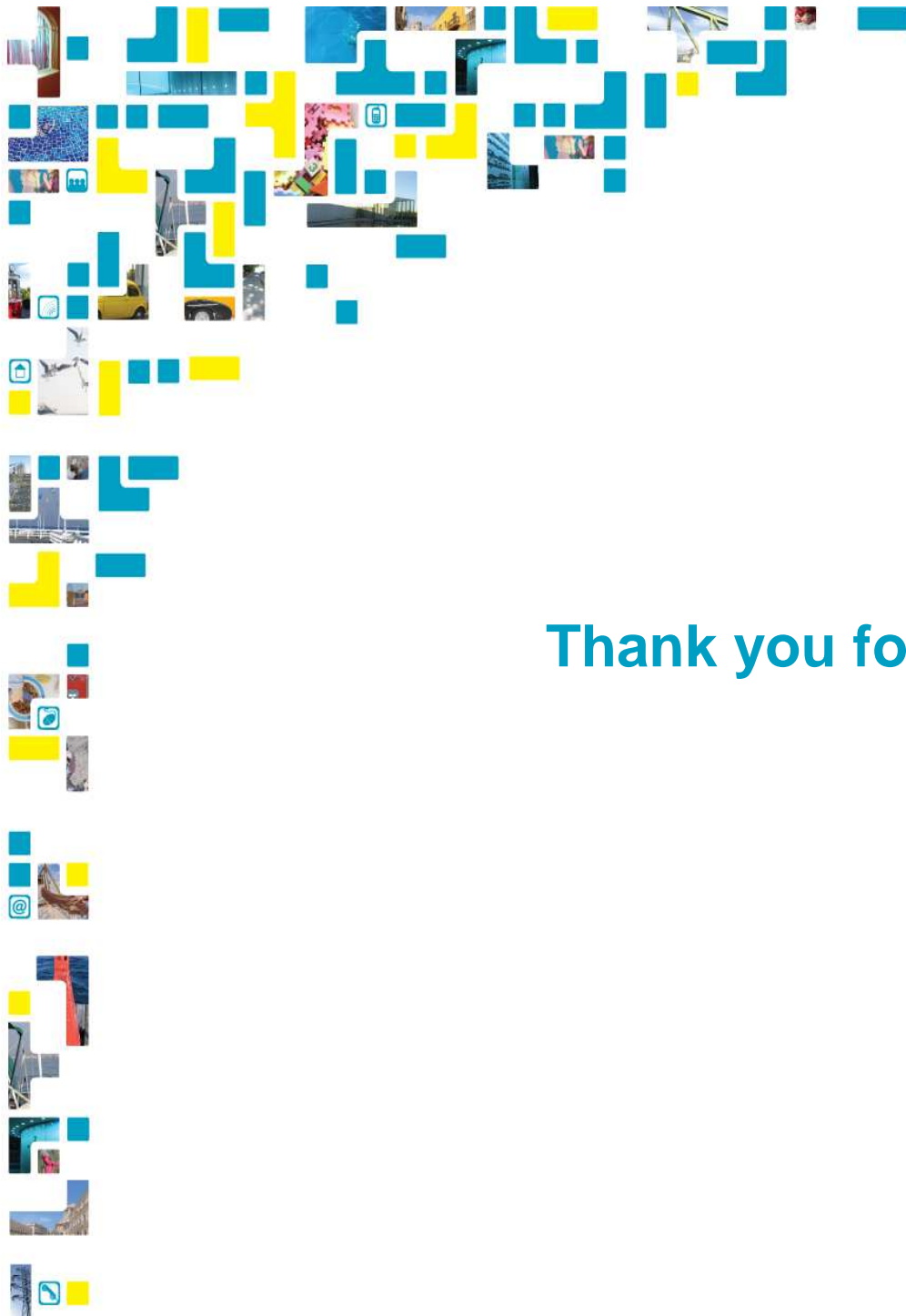
2012





## Summary

- **Broadband strategy driving revenue and profit improvements**
- **2009 focus on driving double play services, LLU roll-out, Tele2 Polska integration and cost reductions**
- **New outlook for 2009:**
  - Revenue exceeding PLN 1.5 billion
  - EBITDA increase to PLN 260m
  - Netia to be net profitable in 2010
- **Netia is fully funded**
  - flexibility to consider acquisition opportunities
  - exploring options to accelerate remitting cash to shareholders



Thank you for your attention