



Revised Netia guidance for FY2009 and medium-term outlook

Cost saving initiatives

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Reasons for increasing Netia's FY2009 guidance and medium-term outlook

- Further strong progress on profitability in Q1 2009
- Raised 2009FY EBITDA guidance by PLN 30m includes PLN 10m attributable to general business performance and PLN 20m from cost savings projects to be delivered during 2009
- Implementation of a comprehensive cost reduction project (Project 'Profit')
 - Target to eliminate PLN 100m of operating expenses from the FY2010 cost base
 - Savings of approximately PLN 20m expected already in FY2009
 - Associated one-off reorganization costs of up to PLN 25m expected to be recorded during FY2009 (FY2009 EBITDA excluding these costs is defined as Adjusted EBITDA)
 - Mid-term outlook already factored in the significant cost savings but the current project exceeds the initial assumptions by approximately PLN 40m on an annualized basis (positive impact on expected EBITDA margins in FY2010 and FY2012)

New FY2009 guidance reflects focus on profitability and further strong progress in this area in Q1 2009

	New	Previous
Broadband subscribers ('000)	525	525
Voice service customers (own network + WLR) ('000)	1,150	1,150
Unbundled local loop (LLU) nodes	300	300
<i>(PLN'm)</i>		
Revenues	1,520	1,520
Adjusted EBITDA (excl. restructuring costs of PLN 25m)	290	260
EBITDA (incl. restructuring costs of PLN 25m)	265	260
Capital investment (excl. M&A)	260	260



Cost optimization initiatives driving EBITDA margin improvements in mid-term by 3 percentage points

	New	Previous
Revenue growth (CAGR)	5% - 10%	5% - 10%
EBITDA margin in 2010	23%	20%
EBITDA margin in 2012	28%	25%
Net profit by	2010	2010
Free cash flow positive by	2010	2010
Capex to sales down to 15% by	2011	2011
1 million broadband subscribers	2012	2012





Project 'Profit' overview

- **Comprehensive cost review performed in Q4 2008 and Q1 2009**
- **All areas of compressible costs were reviewed**
 - Network operations and IT (internal and outsourced)
 - Customer care
 - Marketing and Sales
 - Support functions
 - Procurement (operating expenses)
- **Detailed project and time-lines prepared; already under implementation**
- **Savings from the 'Profit' project to be realized in addition to the previously announced synergies from the Tele2 Polska integration into the Netia group (estimated at over PLN 30m per annum)**



Summary

- **Broadband strategy driving profit improvements**
- **Major cost saving program launched with an aim to reduce OPEX by PLN 100m in FY2010 (with savings in FY2009 estimated at PLN 20m)**
- **New outlook for 2009:**
 - Adjusted EBITDA increase by 70% y-o-y to PLN 290m
 - EBITDA increase by 55% y-o-y to PLN 265m (when taking into account PLN 25m of one-off restructuring costs)
- **New mid-term outlook:**
 - EBITDA margin in 2010 to reach 23%
 - EBITDA margin in 2012 to reach 28%

