



Netia's Year 2006 Financial Results

Press Conference

www.investor.netia.pl

Agenda

- Introductory remarks
Mirosław Godlewski, Chief Executive Officer
- Operational achievements in 2006
Paweł Karłowski, Chief Commercial Officer
- Financial results for 2006
Jon Eastick, Chief Financial Officer



Introducing new CEO Mirosław Godlewski

- Netia's CEO as of February 15, 2007
- Public company experience with Opoczno S.A.
- Heavy-regulated environment experience with GATX Poland (railways)
- Strong commercial and FMCG experience after 10 years with Pepsico in Poland
- Industrial management and engineering education from Warsaw Technical University and MBA from Ashridge Management College, UK

Polish telecommunications market is changing rapidly



Market

- Fast decline of traditional voice
- Growth mainly in Internet access and data transmission
- Mass market becoming more attractive than business
- Strong competition especially in business



Regulations

- Significant reduction of IC rates
- New opportunities for alternative players: bitstream, WLR, LLU

Netia



Customers

- Continued price pressure
- Progressing fixed mobile substitution
- Interest in triple play



Technology

- Fast acceptance of VoIP
- Emerging offers of IPTv and VoD
- Wireless access technologies: WiFi, WiMax



Operational achievements in 2006

Operational achievements in 2006

- ⇒ **Growth in data revenues (34%)**
 - ✓ Broadband and MPLS services grew strongly
- ⇒ **Growth in wholesale revenues (54%)**
- ⇒ **Acquisition and integration of Pro Futuro**
- ⇒ **Commercial launch of WiMax services**
- ⇒ **P4 ready to launch its Play mobile services in Q1 2007**
 - ✓ Staff hired
 - ✓ Technology chosen
 - ✓ Roaming agreement in place
 - ✓ Financing obtained
 - ✓ Distribution secured
 - ✓ Brand name announced
- ⇒ **Service provider agreements with P4 – allowing Netia to offer mobile services**
- ⇒ **Settlement of interconnection disputes with TP SA**
- ⇒ **First to market with bitstream access services**

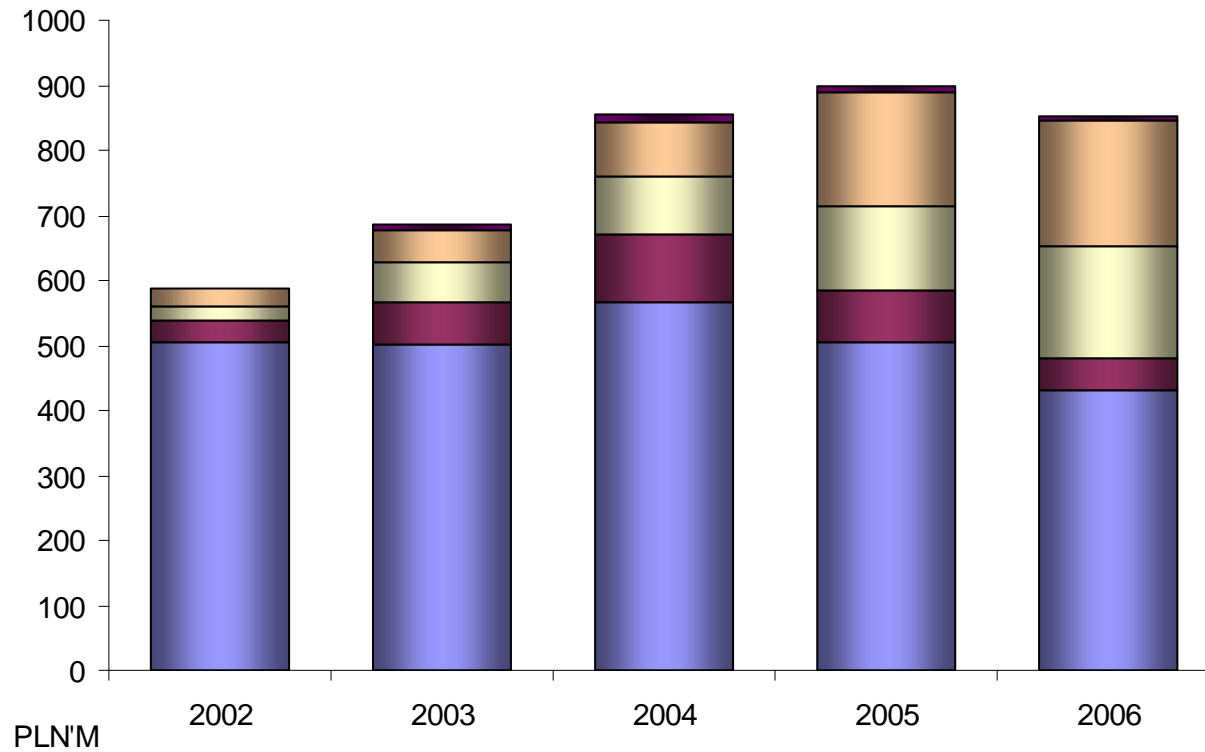




Financial results



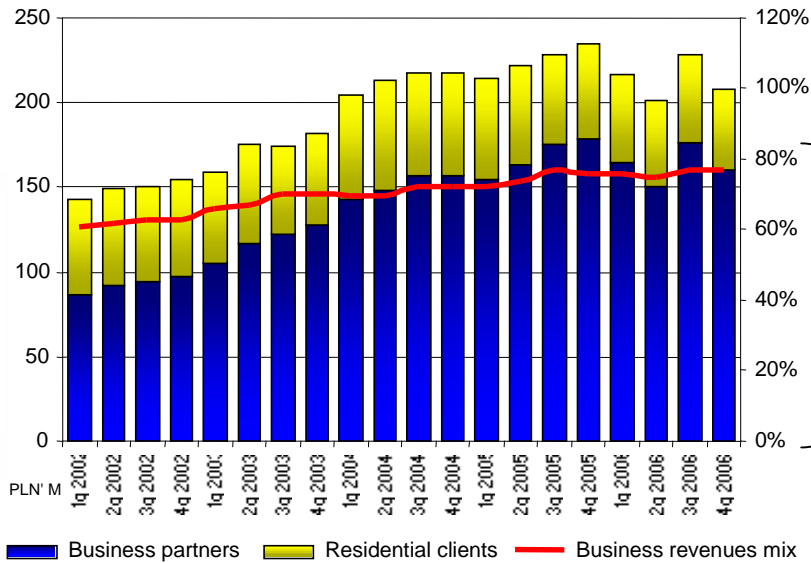
Top line development by product



■ direct voice and IN ■ indirect voice ■ data ■ interconnection and wholesale ■ other telecommunications revenue

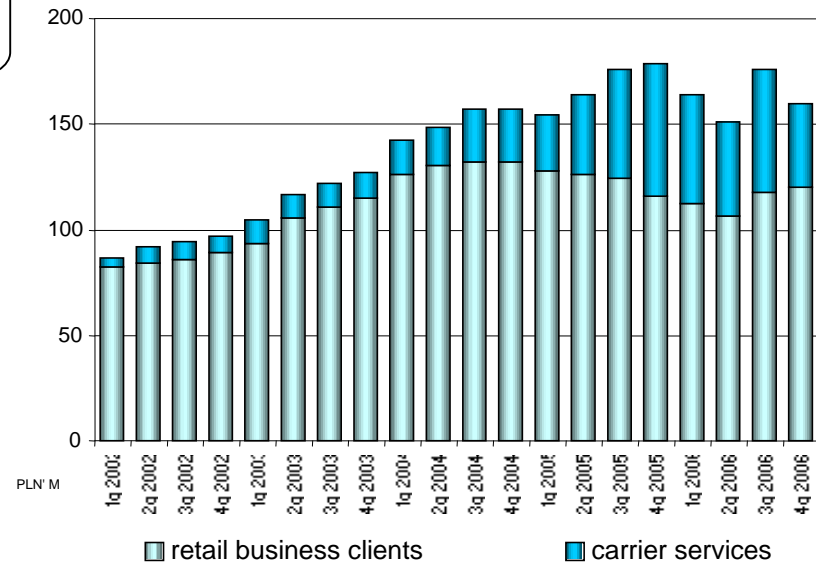
Top line – business vs residential clients

Revenue mix (all telecom products)



In the future Netia will seek to achieve more balance across its business and residential customer bases

Business revenue mix

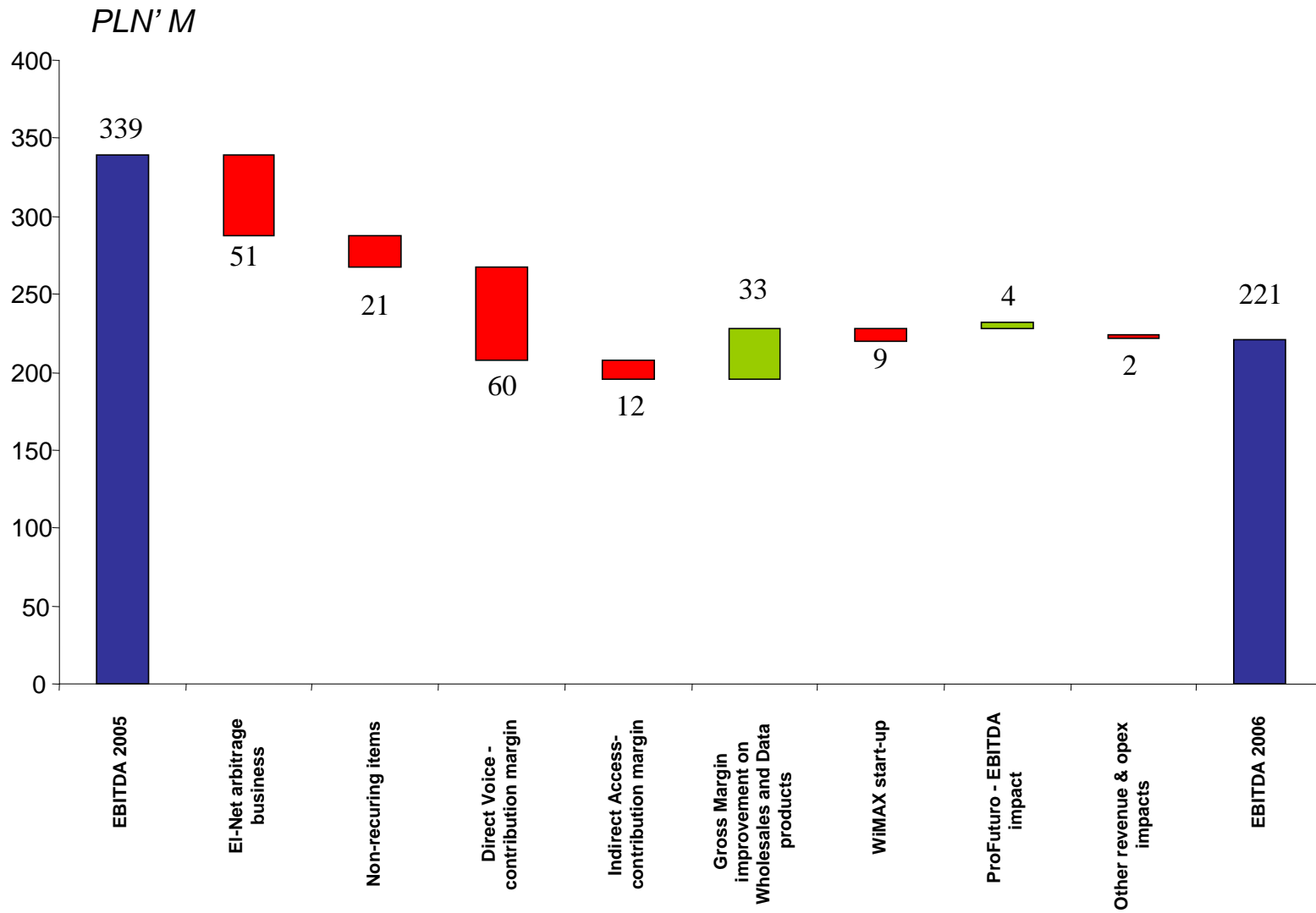


Historical financial performance

<i>PLN millions</i>	2002	2003	2004	2005	2006
Revenue	613.0	697.0	865.0	909.1	862.1
Adjusted EBITDA	155.2	201.3	321.6	338.8	221.3
Adjusted EBITDA margin %	25.3%	28.9%	37.2%	37.3%	25.7%
Net result	(682.3)	(727.6)	159.0	60.2	(378.4)
Capex cash outflow	270.5	147.7	191.4	146.1	180.6
Cash	86.9	158.1	235.9	197.4	143.6
Money market funds deposits	45.6	69.9	66.0	63.0	14.8
Total Assets	3,492.8	2,239.6	2,532.6	2,627.0	2,155.4
Total Equity	2,819.8	2,075.7	2,290.6	2,360.0	1,951.9
Total Debt	166.9	<u>none</u>	<u>none</u>	<u>none</u>	<u>none</u>

All numbers conformed to 2006 presentation, except for the reclassification of certain financial costs/income in 2002 and 2003. EBITDA in 2002 and 2003 was adjusted for one-off items. Additionally, EBITDA for 2006 was adjusted by an impairment charge on non-current assets of PLN 354.7m and a non-cash exceptional gain on cancellation of EI-Net's license fee liabilities of PLN 64.5m.

Reported Adjusted EBITDA 2005 vs 2006



Performance stabilising

Netia results excluding the impact of an impairment charge on non-current assets and license liability forgiveness

PLN' K

	2006			
	1Q	2Q	3Q	4Q
REVENUES	218 380	203 422	230 537	209 718
% change on prior year quarter	0.8%	(9.2%)	(0.1%)	(11.7%)
EBITDA ADJUSTED	58 751	48 009	53 994	60 552
<i>EBITDA adjusted margin</i>	26.9%	23.6%	23.4%	28.9%
Pro Forma EBIT	(5 843)	(19 928)	(15 583)	(9 827)
Share of Losses of Investments in associates	(3 007)	(4 650)	(7 262)	(15 735)
Pro Forma PAT	(10 638)	(23 101)	(22 919)	(31 494)

Actual results vs. financial guidance for 2006

Guidance	Actual
Revenues [PLN m]	
870 – 895	862 after weak Q4 quarter for interconnection and wholesale revenues
Adjusted EBITDA margin [%]	
24 - 25	25.7 for 2006 28.9 for Q4 2006
Consolidated loss [PLN m]	
Expected	378 <ul style="list-style-type: none"> • 354 - impairment charge • 31 - Netia's share of losses in P4
Impairment test in Q4 2006	
Expected	PLN 354m impairment charge



Strategy publishing underway

- Strategy announcement and guidance for 2007 by the end of Q2 2007
- Continued development of Netia's long-term commitment to the business segment
- Growth through expansion of Netia's market share in the residential fixed-line market
 - Building on new opportunities presented by regulated access over TP's network:
 - Bitstream access (operational, over 38,000 contracts signed as at March 1, 2007)
 - Wholesale line rental
 - Local loop unbundling
- Leveraging synergies with P4
 - convergent service offering
 - Distribution

Thank you

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Lepsza perspektywa





Some of the information contained in the materials 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. Netia undertakes no obligation to publicly update or revise any forward-looking statements.