



New Netia

Business Update

One month after the acquisition of Tele2 Polska

*Investors' Briefing
October 14, 2008*

www.investor.netia.pl



New Netia – Poland's leading altnet

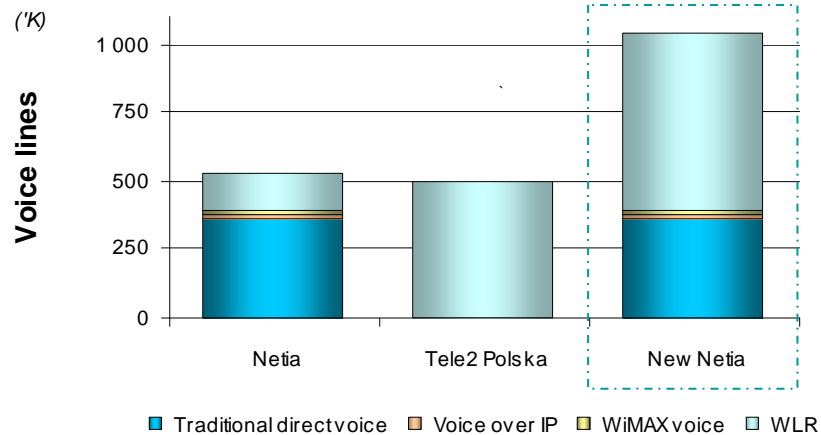
- Now almost three times larger by revenue than the second largest altnet
- Leading altnet market in both broadband and voice services
- Raising short- and medium-term guidance
 - Increasing 2008 EBITDA guidance from PLN 125m to PLN 145m
 - Targeting 2009 EBITDA growth of 55% to PLN 225m
- Accelerating net profitability objective to 2010 from 2011



Overview of New Netia

Clear number one altnet in voice services

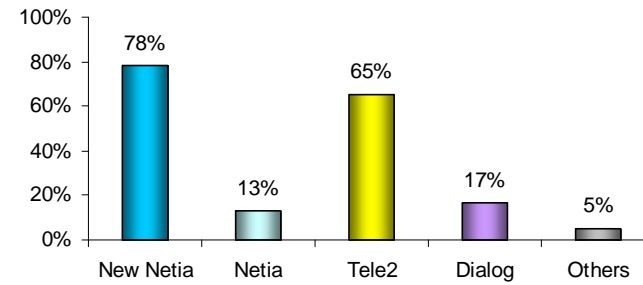
Voice customers by type of technology, Sept. 30, 2008



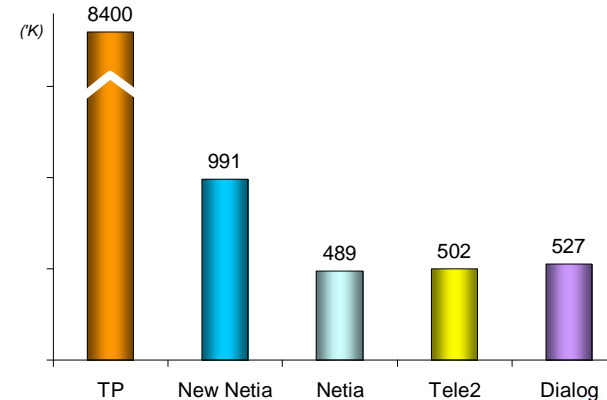
- Over 1,050k voice customers served at September 30, 2008
- 38% of voice customers served directly by Netia's own local networks

Proforma market share as at June 30, 2008

WLR (wholesale line rental)



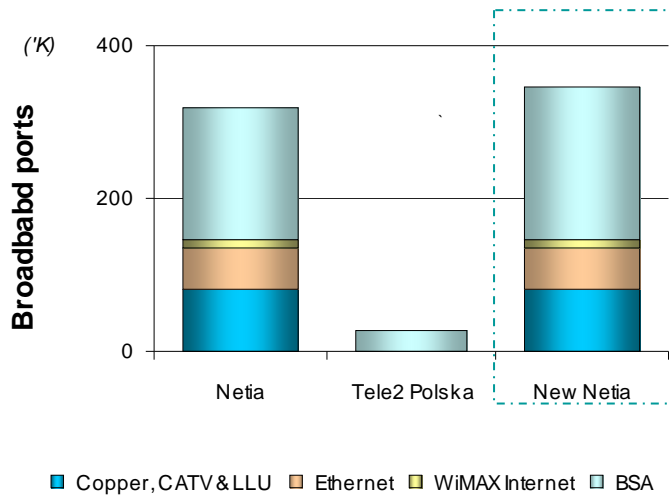
Total voice subscriber lines



Overview of New Netia

Clear number one altnet in broadband services

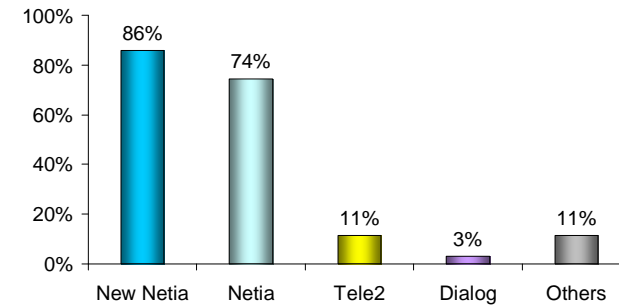
Broadband customers by type of technology, Sept. 30, 2008



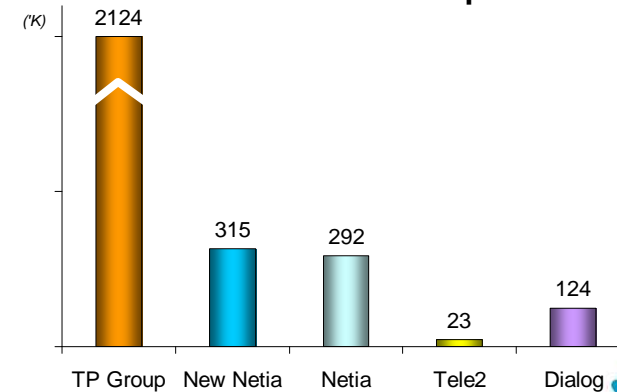
- Over 345k broadband customers served at September 30, 2008
- 42% of broadband customers served directly by Netia's own local networks

Proforma market share as at June 30, 2008

BSA (bitstream)



Total broadband ports



Tele2 Polska integration and synergies

Overview of stand-alone Tele2 Polska acquired by Netia

(PLN'M)	H1 2008	H1 2007
Revenue	230.4	180.8
EBITDA	27.5	1.1
Net profit	17.7	(9.7)
Operating assets	15.7	51.2
<i>Customers</i>		
CPS <i>(carrier pre-selection)</i>	205k	450k
WLR <i>(wholesale line rental)</i>	502k	337k
Broadband	23k	0
Headcount	52	38

- Rapidly improving EBITDA behind WLR and flat rate interconnection regulatory solutions
- Lean business model with many services provided cross-border by the Tele2 group





Tele2 Polska integration and synergies

- **Guidance on key synergies to deliver within 12 months confirmed:**
 - Network synergies from moving traffic to Netia's network: PLN 20m *per annum*
 - Advertising and marketing savings: PLN 10m *per annum*

- **Integration process proceeding according to plan:**
 - Integration team identified and working
 - WLR offer aligned during October 2008
 - Brand transition planning completed
 - Sales, customer care and back office integration in process
 - Identification of customers to transfer from WLR to Netia copper or LLU in process
 - Tele2 Polska move to Netia's office completed



Updated guidance for 2008

Amounts in PLN'M unless otherwise stated

	Netia stand-alone PREVIOUS	New Netia with Tele2 Polska from Sept. 15, 2008
Broadband subscribers ('000)	> 400	> 400
Voice service customers (own network + WLR) ('000)	> 580	> 1,080
Unbundled local loop (LLU) nodes (pcs)	125	125
Revenues	960 - 975	1,100
EBITDA	125	145
Capital investment	240	240
Acquisitions of Ethernet operators	60	30

- Netia is raising EBITDA guidance to PLN 145m
- Due to the lack of visibility on chances to close several large Ethernet acquisitions by year-end, management is holding the broadband subscriber guidance at above 400k



Key strategic implications of Tele2 Polska acquisition

- Netia is now the dominant altnet in the market for customers connected over TP lines and in the roll-out of LLU
- With significantly increased scale already achieved, more room to focus on cost reduction and processes optimisation
- Netia is highly liquid and able to consider further acquisitions should opportunities occur
 - Net cash of over PLN 200m
 - Undrawn bank facilities of up to PLN 375m



Preliminary 2009 outlook

Amounts in PLN'M

	2007 Actual	2008 Guidance	2009 Outlook
Revenues	838	1,100	1,500
EBITDA	171	145	225
Capital investments	244	240	280
Ethernet networks acquisitions	39	30	75



Medium-term outlook update

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

- Netia is accelerating its net profitability objective by one year to 2010
- Netia is increasing its long-term EBITDA margin objective to 25%





Summary

- **Netia to be a PLN 1.5 billion revenue company in 2009**
- **Netia is targeting a 55% EBITDA increase to PLN 225m in 2009**
- **Netia is moving up its net profitability objective from 2011 to 2010**
- **Netia is fully funded**
 - flexibility to consider acquisition opportunities
 - considering options to accelerate remitting cash to shareholders





Thank you for your attention

