



2007 Financial Results

Press Conference - February 28, 2008

netia 

Netia delivered on its 2007 guidance

NETIA <i>(PLN'M unless otherwise stated)</i>	Original Guidance	Most recent Guidance	2007 Actual
Broadband subscribers ('000)	> 200	> 210	218
Voice service customers (own network + WLR) ('000)	> 420	415 - 420	422
Revenues	830 - 865	835 - 850	838
EBITDA	130	165	171
<i>including BSA, WLR, LLU access start-up losses</i>	80	60	66
Capital investment	300	230 - 240	244
PLAY mobile customers ('000)	> 500	> 750	850



Key Achievements

- > **Netia revenues return to growth** – Q4 2007 revenues of PLN 223m represent 8% sequential growth and 6% year-on-year growth
- > Netia has clearly established itself as the **leading telco altnet provider of broadband services in Poland:**
 - Netia acquired 19% of all broadband net additions during 2007
 - Netia's share of total broadband market subscribers tripled to 4.6% during 2007
- > Netia was the first altnet **to unbundle the incumbent's local loop**
- > Netia signed **an agreement to sell its 23.4% interest in the mobile operator P4 for EUR 130m**
 - The price represents a 63% premium over the EUR 80m of equity contributed by Netia to P4
 - The anticipated transaction, along with the previously arranged credit facility of PLN 300m, provides Netia with the funding Netia expects to be sufficient to fund its broadband expansion strategy through to cash flow break-even
 - Co-operation with P4 continues based on the existing commercial agreements (mobile service provider agreement, provision of backhaul transmission services to P4, use of the Play Germanos distribution for Netia products)



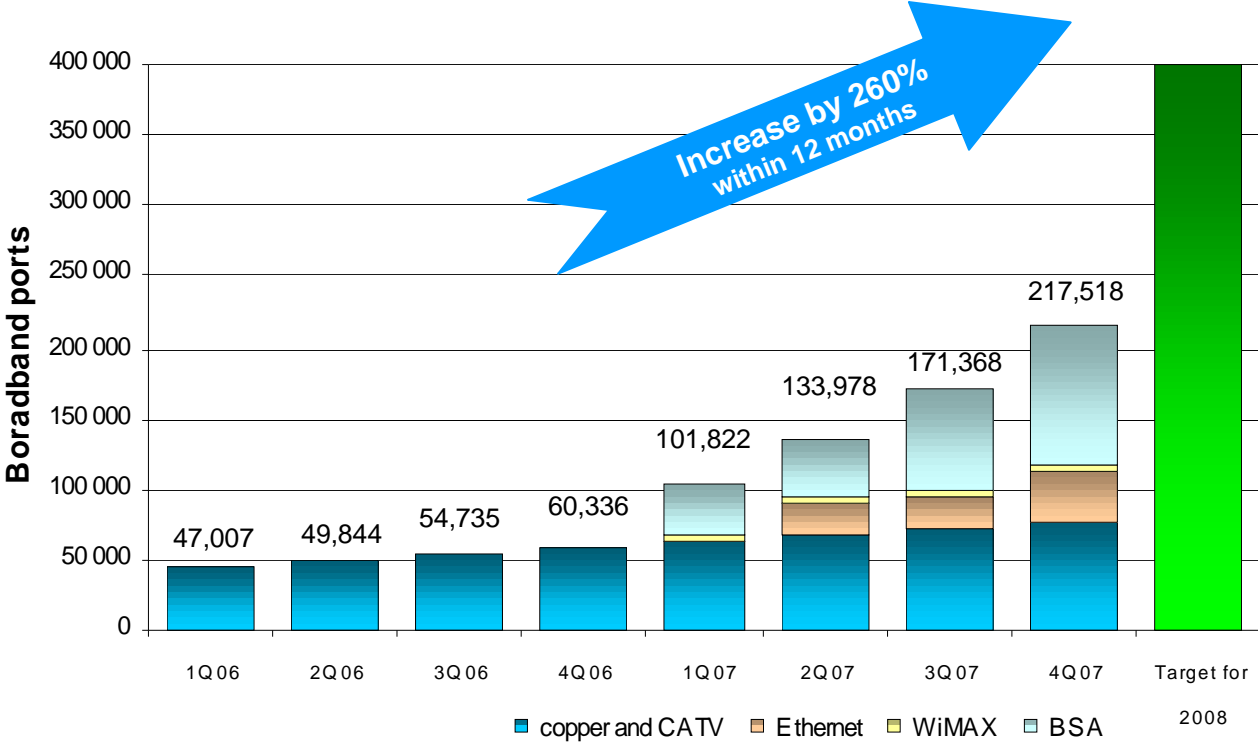
Netia's broadband customer base expands dynamically

- > During 2007 Netia grew its broadband customer base by 260% to 218K:
 - 'Internet – A Year for Free' promotion
 - Promotion of bundled Internet & voice packages 'Surf and Talk'
 - Christmas promotion 'PLN 600 cash-back'

- > Key drivers behind increasing momentum in growth
 - Netia's bitstream reach over TP network is 100% since September 2007
 - Increase of spontaneous Netia brand awareness thanks to national advertising campaigns in 2007 from 36% in December 2006 to 39% in December 2007 (TNS Telecoms Index - TNS OBOP)
 - Improving the conversion rate of signed BSA contracts into activated services
 - Significant share of e-sales in the sale of Netia services
 - Acquisition of 12 Ethernet companies adding 37K broadband customers



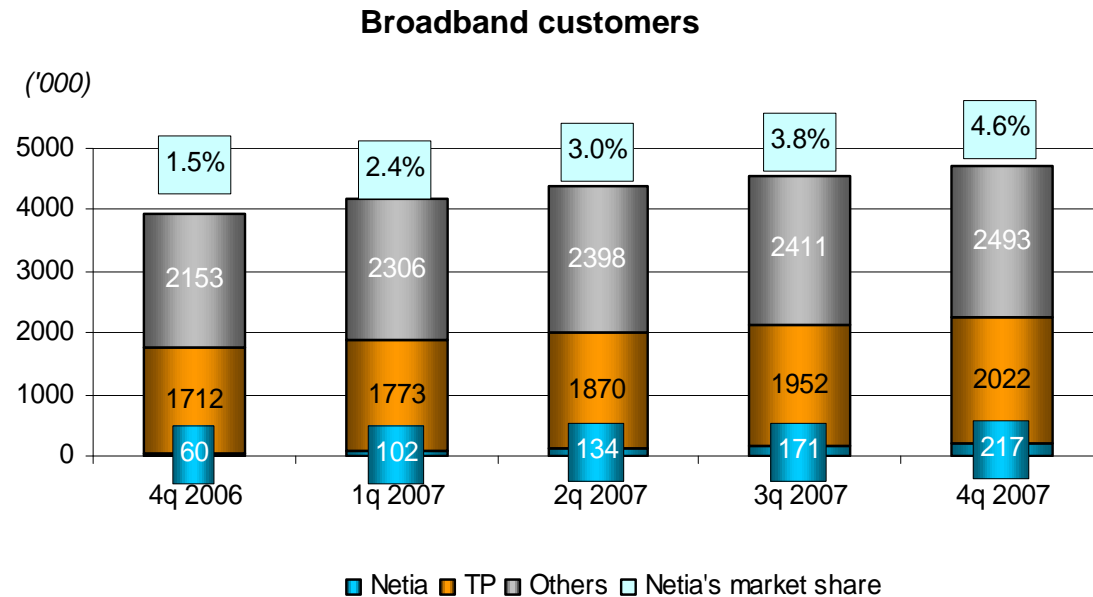
Netia builds momentum in its broadband expansion



Source: Netia, TP



... and continuously increases its share in broadband services market

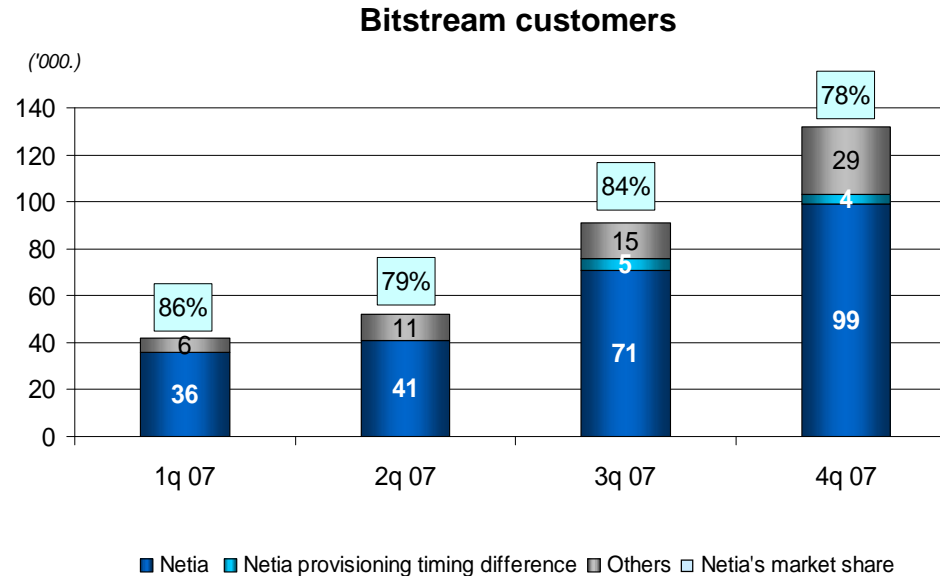


- Netia's share of broadband net adds amounted to 19% for 2007
- Netia's share in the total number of broadband customers increased to 4.6% in Q4 2007 from 1.5% in Q4 2006

Source: Netia, TP



Netia is the clear leader on the Polish bitstream market

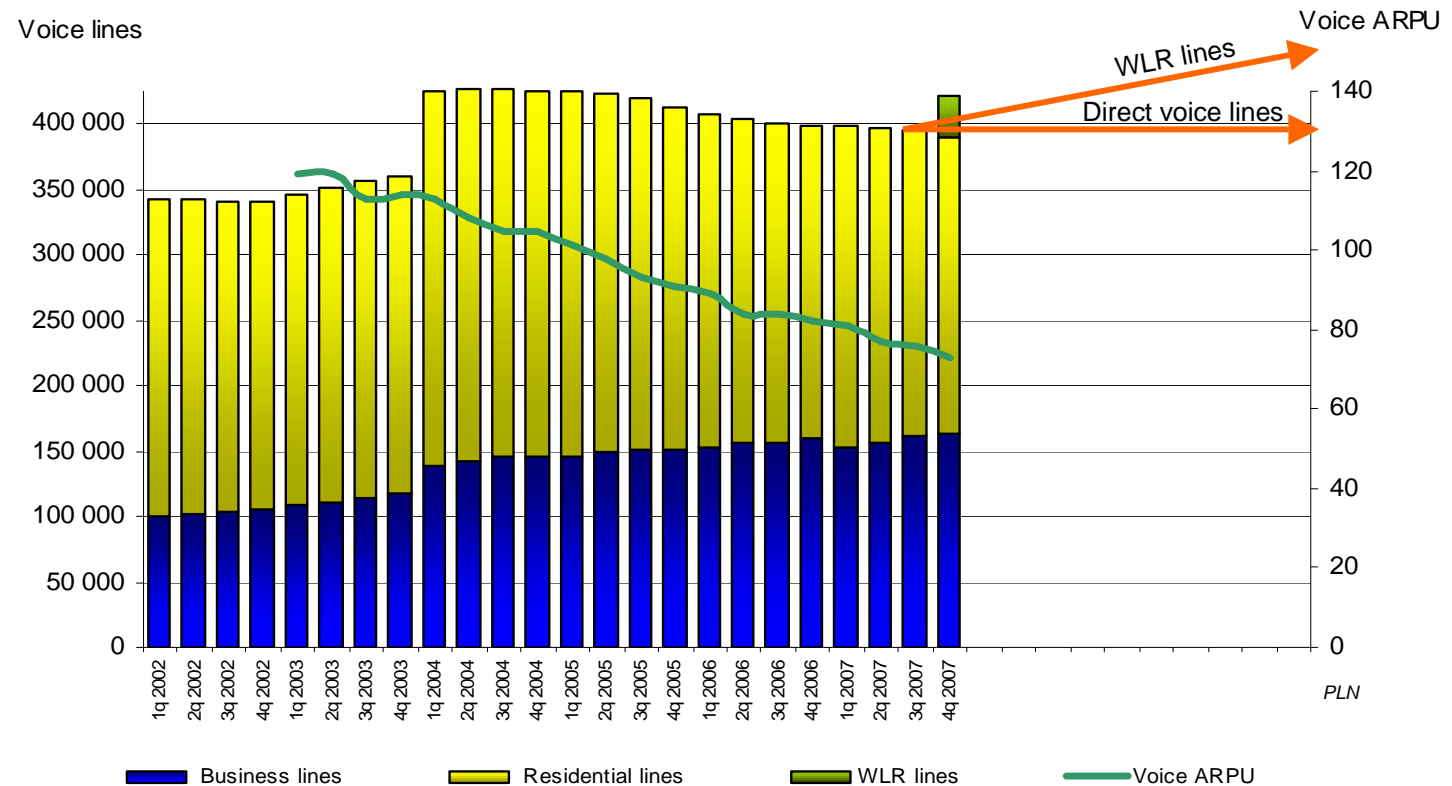


- Netia serves 78% of all bitstream customers
- Significant improvement in customer care standards since the first bitstream offer launch in January 2007 (current average activation time is 20 days)

Source: Netia, TP



Double play expected to help stabilise voice revenues



- > The number of total voice lines (within Netia's own network and WLR) reached 422K at 2007 year end
- > For 2008, Netia expects the number of voice lines (own network and WLR) to reach over 580K



Netia was the first altnet to offer services based on TP's unbundled local loop

- The first node was unbundled in December 2007 under a pilot project run in Warsaw
- LLU-based services were launched commercially in Q1 2008
- Selection of TP's nodes targeted by Netia for unbundling made based on geo-marketing surveys
 - Over 500 TP nodes targeted for unbundling of which 100 nodes targeted for unbundling during 2008
 - 50% coverage of TP's network
- Currently, Netia's LLU product offers bundled voice and data services priced identically to WLR and BSA
- Future migration of BSA/WLR clients to LLU profile
 - further increase in customer value (up-selling of content and convergent products as well as voice services)



Netia perceived as the best operator on the market

<u>Operator:</u>	TP's clients	Netia's clients	Tele2's clients
Telekomunikacja Polska S.A.	7,30	5,54	6,36
Netia	8,00	8,22	7,96
Tele2	4,82	4,49	8,15

Netia is perceived as the best operator by its clients and by clients of TP

*Poll conducted by 4P research mix in November 2007, using the method of individual telephone interviews, on random client samples of chosen telecom operators. Scale 1-10.

Services of which operator would you chose?

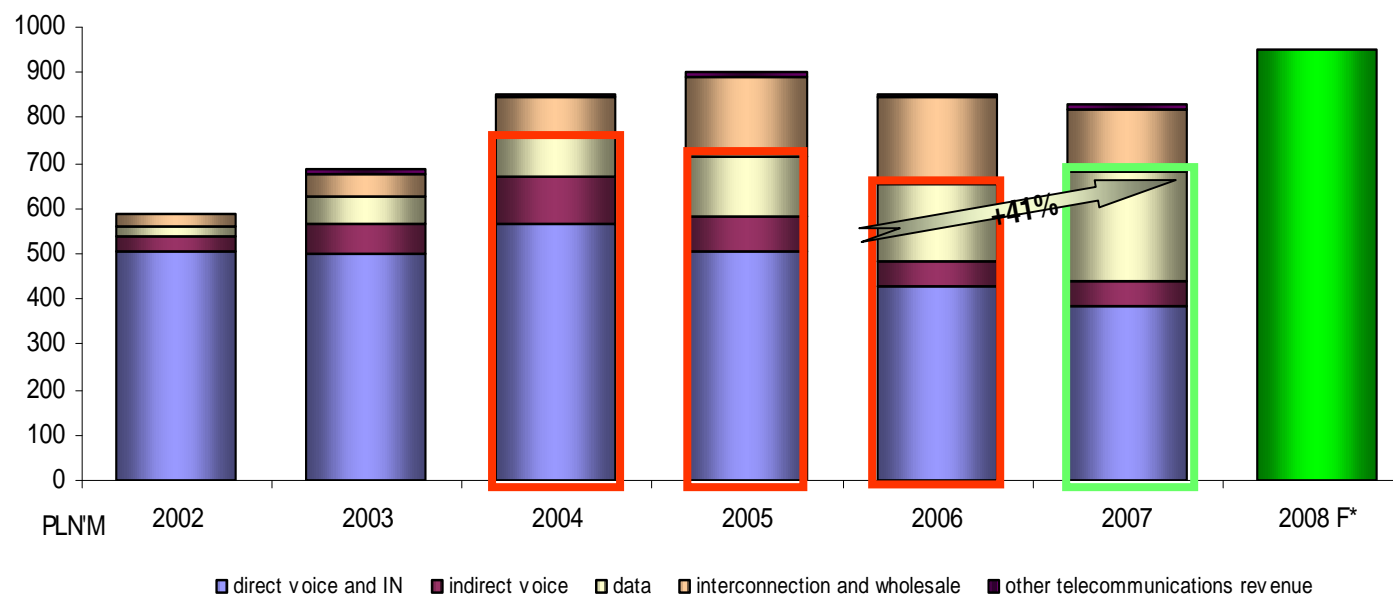
(Question asked exclusively to users of fixed line phones considering the change of operator)

The following operators were most frequently indicated as alternative operators: Netia (22,0%) and Telefony Dialog (17,3%). Less than every tenth person questioned mentioned Tele2 (8,7%) and Telekomunikacja Polska (5,5%).

*CBM INDICATOR for UKE (National Regulator)



Top-line development by product



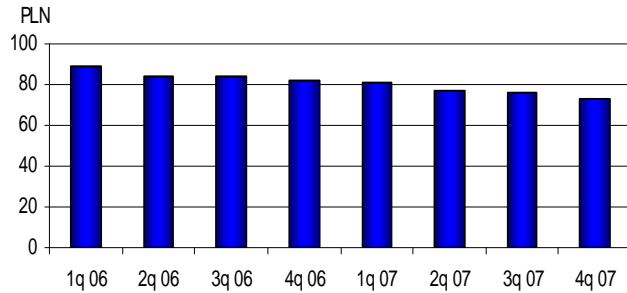
- > Netia recorded 6% revenue growth in Q4 2007 vs the prior year quarter and 8% sequentially
- > Data revenues for 2007 grew to PLN 242.2m for a 41% year-on-year increase and a 12% sequential increase, more than offsetting the year-on-year decline in voice revenues
- > Data, direct voice and indirect voice combined revenues for 2007 grew by 5% over 2006 to PLN 665.9m
- > Overall revenue performance negatively impacted by declining wholesale and interconnection revenues (revenues for 2007 decreased by 3% year-on-year to PLN 838.0m)
- > Continued expansion of the broadband base, the addition of WLR services and commencement of meaningful revenues from P4 transmission services contract are expected to accelerate Netia's revenue growth over coming quarters

* Guidance for 2008: > PLN 950 mln

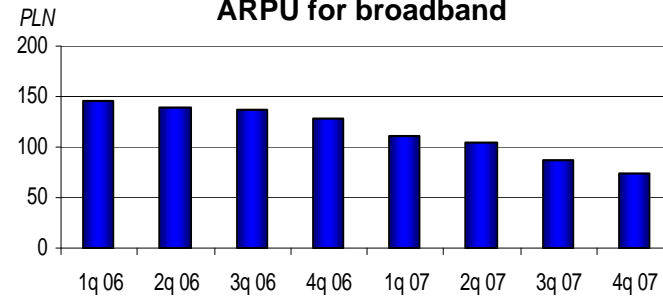


Key Performance Indicators

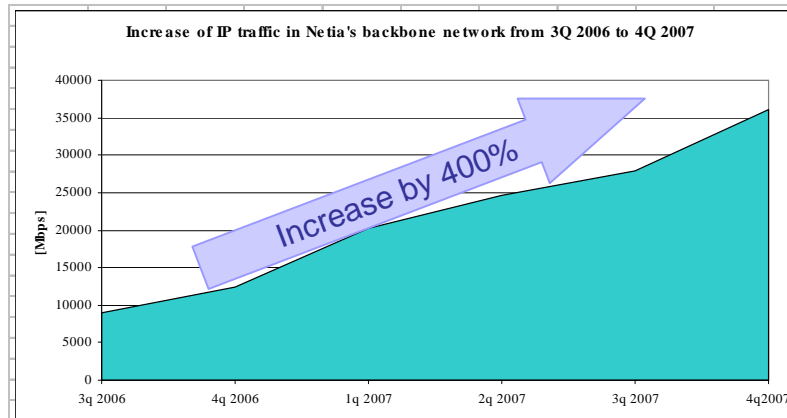
ARPU for direct voice services



ARPU for broadband



Increase of IP traffic in Netia's backbone network from 3Q 2006 to 4Q 2007



- > Broadband ARPU falling as residential customers added
- > New broadband orders in Q4 2007 at 20% higher rates than during Q3 2007

Financial Performance

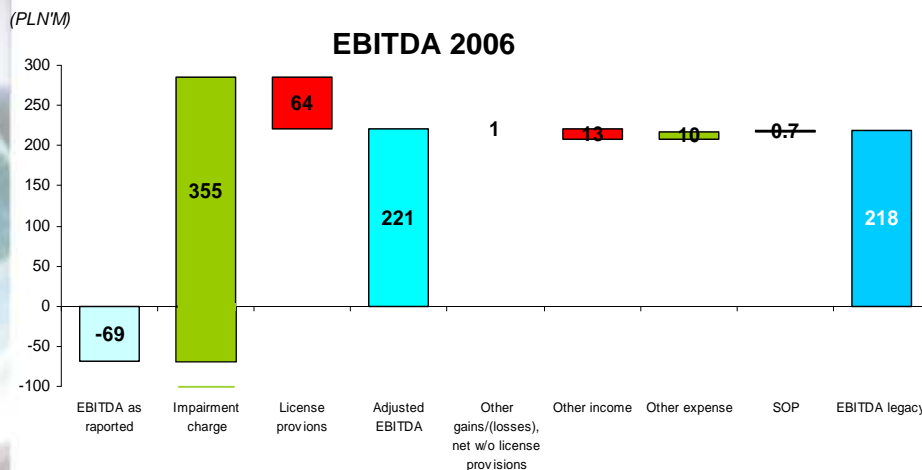
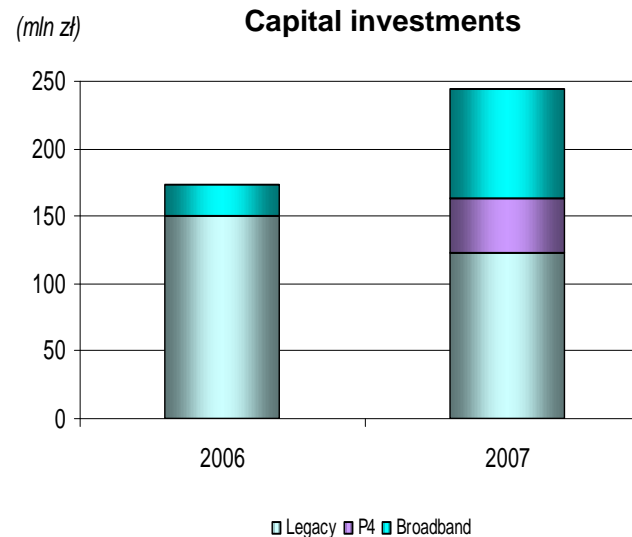
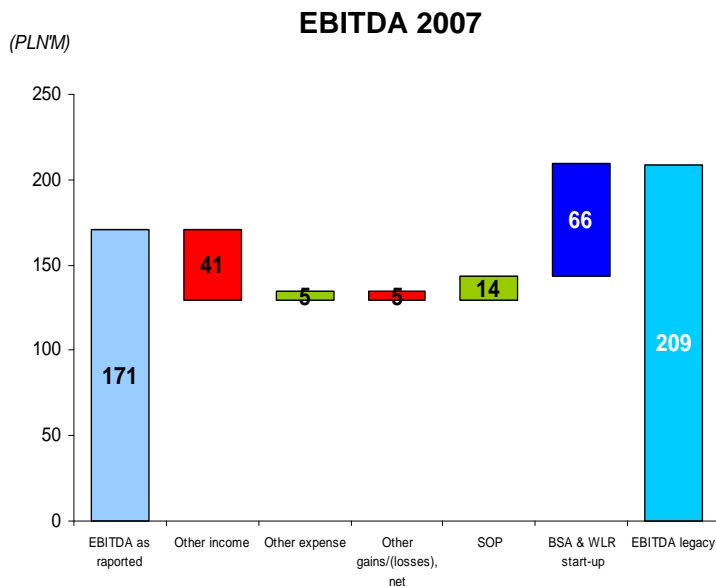
Revenues return to growth

(PLN' 000M)

	2007				2006			
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Revenues	222,494	205,559	205,580	204,392	209,718	230,537	203,422	218,380
% change (y-o-y)	6.1%	(10.8%)	1.1%	(6.4%)	(11.7%)	(0.1%)	(9.2%)	0.8%
EBITDA / Adjusted EBITDA* Margin	17,677 7.9%	36,160 17.6%	62,236 30.3%	54,609 26.7%	60,552* 28.9%*	53,994* 23.4%*	48,009* 23.6%*	58,759 26.9%
EBIT/Pro Forma EBIT*	(44,967)	(35,714)	(8,249)	(14,910)	(9,827)*	(15,583)*	(19,928)*	(5,843)
Share of P4 start-up losses	(52,892)	(43,733)	(42,994)	(25,618)	(15,735)	(7,262)	(4,650)	(3,007)
PAT/Pro Forma PAT *	(99,902)	(80,543)	(51,010)	(37,802)	(31,494)*	(22,919)*	(23,101)*	(10,638)
Total assets	2,070,651	2,016,734	2,092,063	2,093,132	2,155,359	2,528,943	2,527,046	2,588,619
Net cash	(37,300)	43,416	98,861	152,129	143,586	107,783	136,008	228,957
Available credit lines	205,000	295,000	295,000	100,000	200,000	--	--	--



Improved cash flows from Netia's own network



- EBITDA margin on own network rose slightly to 25,6%
- EBITDA from own network products and services fell only 4%
- Capex investment on legacy services fell year-on-year
- Cash generated by Netia's services on its own network rose from PLN 68 mln to PLN 86 mln



Key objectives for 2008

- Accelerate further broadband customer acquisitions
- Up-selling double-play services
- Increasing sales efficiency
- Extensive LLU roll-out – at least 100 TP nodes targeted for unbundling during 2008
- Introducing Netia-branded mobile services - planned for H2 2008
- Further consolidation of local ethernet networks – up to PLN 40m dedicated to M&A activities

2008 guidance

NETIA <i>(PLN'M unless otherwise stated)</i>	2007 Actual	2008 Guidance
Broadband subscribers ('000)	218	> 400
Voice service customers (own network + WLR) ('000)	422	> 580
Unbundled local loop (LLU) nodes (pcs)	4	100
Revenues	838	> 950
EBITDA <i>including</i> <i>BSA, WLR, LLU access start-up losses</i>	171	125
Capital investment	244	280
M&A investment in Ethernet networks	39	40



Capital investments guidance

<i>PLN'M</i>	2007	2008 <i>guidance</i>
Existing network and IT	123	109
P4 Transmission	40	47
Broadband	81	124
- <i>Including WiMax</i>	30	18
Total	244	280



Thank you for your attention

