



Q1 2009 Financial Results

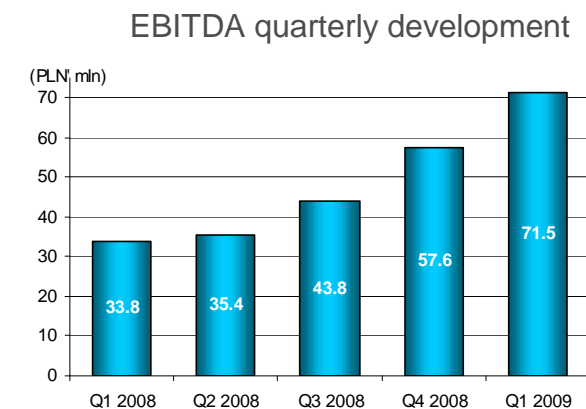
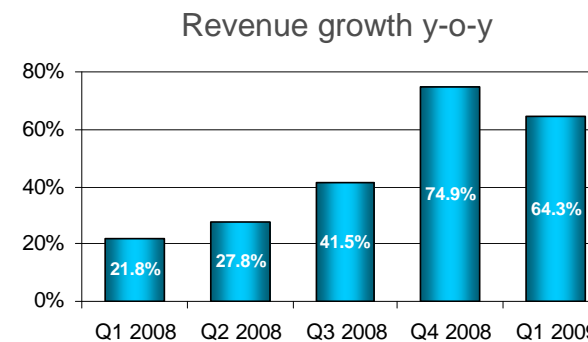
Investors Conference Call and Press Conference
May 7, 2009

www.investor.netia.pl

netia
WOLNOŚĆ WYBORU

Key achievements in Q1 2009

- **Netia delivers strong revenue and EBITDA growth**
 - Revenue was PLN 375.7m (+64% y-o-y, +2% q-o-q)
 - EBITDA was PLN 69.9m (+107% y-o-y, +21% q-o-q)
 - Adjusted EBITDA¹ was PLN 71.5m (+112% y-o-y, +24% q-o-q)
- **Subscribers base continues to grow at anticipated pace**
 - 441k broadband services (+72% y-o-y, +7% q-o-q)
 - 1,105k voice services (+145% y-o-y, +4% q-o-q)
- **Netia leads the LLU roll out in Poland**
 - 137 nodes unbundled; 3.8k clients acquired organically and sales per node continued to accelerate
 - Migration from BSA and BSA+WLR to higher margin LLU to start in Q2 2009 (plan to migrate over 20k clients in 2009)
 - Next phase of roll out in execution (plan to unbundle 300 nodes by 2009 year-end)
- **Comprehensive cost reduction program „Profit” launched**
 - Target to eliminate PLN 100m of operating expenses from the FY2010 cost base and onwards
 - 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
- **Significant shareholder changes in Netia’s ownership**
 - Novator’s 30.33% stake purchased by institutional investors, incl. ING OFE and Pioneer Pekao IM
 - Changes to Netia’s supervisory board
- **Guidance for FY2009 confirmed**
 - Revenue of approx. PLN 1,520m
 - Adjusted EBITDA of PLN 290m, EBITDA of PLN 265m
 - Capex of PLN 260m (excl. M&A spend)

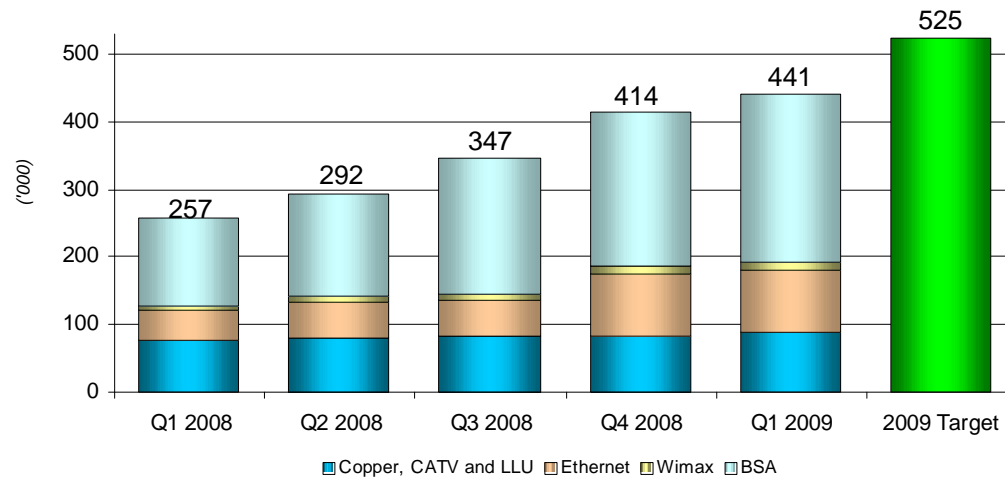


Revenue from continuing activities

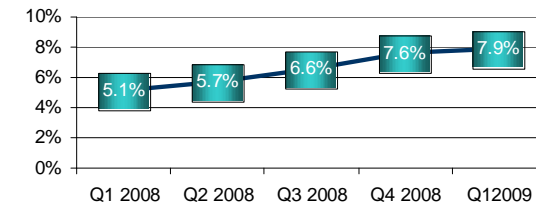
¹ EBITDA for Q1 2009 excl. one-off restructuring costs related to the „Profit” project

Continuous progress on Netia's broadband customer base

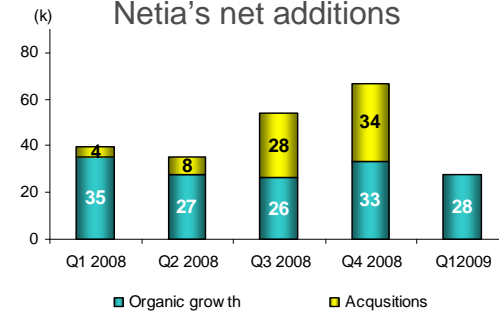
Broadband ports



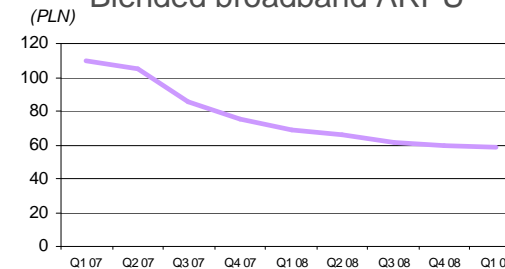
Market share broadband*



Netia's net additions



Blended broadband ARPU



441k broadband customers as of Q1 2009

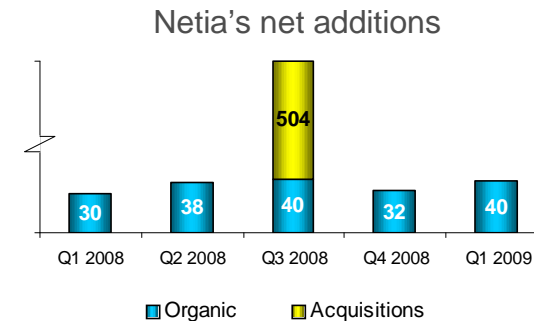
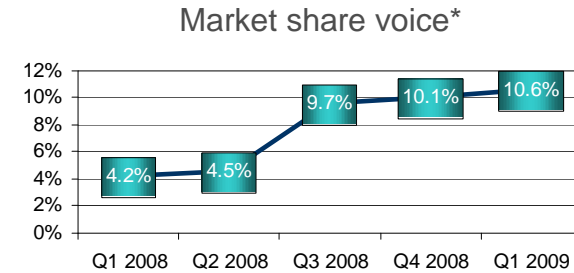
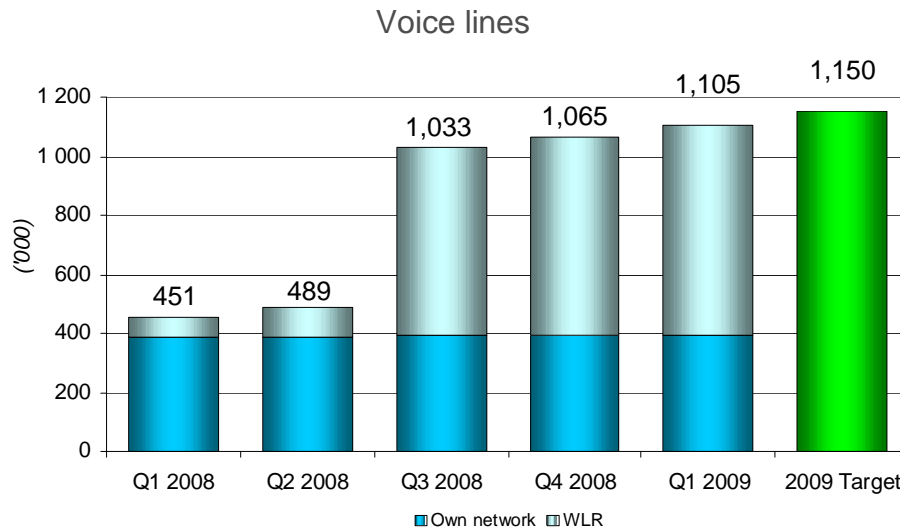
- 43% of customers served directly via Netia's own network
- All 28k net additions in Q1 2009 were acquired organically
- The Company's guidance for FY2009 is 525k+ broadband customers, implying outstanding 84k+ net additions in the coming 9 months of 2009
 - The above target factors in possible slower market growth due to macroeconomic conditions and increasing sales focus on 2play sales

Source: Netia, TP, public domain

* Based on Netia's internal estimates of the total market volume as of 2008YE and Q1 2009

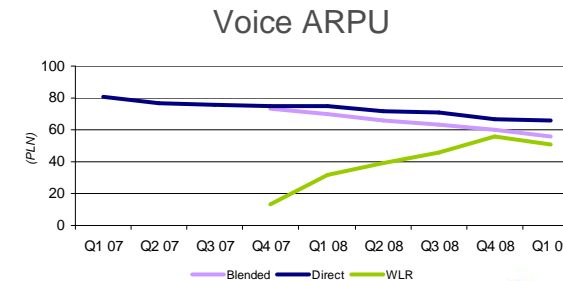


Paralleled with progress on Netia's voice customer base



1,105k voice customers served at Q1 2009

- 36% of customers served directly via Netia's own network
- Netia has approximately 69% of WLR market share (WLR customers amongst altnets)
- The Company's guidance for FY2009 is 1,150k+ voice customers, implying outstanding 45k+ net additions in the coming 9 months of 2009
 - The above target factors in possible slower market growth due to macroeconomic conditions and increasing sales focus on 2play sales



Source: Netia, TP, public domain

* Based on Netia's internal estimates of the total market volume as of 2008YE and Q1 2009

Netia's financial performance in Q1 2009 and in FY 2008

(PLN' 000)

Revenues from continuing activities
y-o-y % change

Revenues

Gross profit

EBITDA / Adjusted EBITDA¹

Margin

y-o-y % change

EBIT

Share of P4 start-up losses

Profit on sale of P4

PAT

Total assets

Net (debt)/cash and treasury bonds³

Available credit lines

| | 2008 | | | | 2009 |
|---|-----------|----------------------|----------------------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Revenues from continuing activities | 228,696 | 243,483 | 271,159 | 369,056 | 375,665 |
| y-o-y % change | 21.8% | 27.8% | 41.5% | 79.4% | 64.3% |
| Revenues | 237,470 | 243,483 | 271,159 | 369,056 | 375,665 |
| Gross profit | 55,676 | 51,926 | 73,720 | 116,333 | 123,847 |
| EBITDA / Adjusted EBITDA ¹ | 33,800 | 35,436 | 43,829 | 57,576 | 71,530 |
| Margin | 14.2% | 14.6% | 16.2% | 15.6% | 19.0% |
| y-o-y % change | (38.1%) | (43.1%) | 21.2% | 225.7% | 111.6% |
| EBIT | (29,079) | (33,230) | (22,714) | (14,683) | (3,051) |
| Share of P4 start-up losses | (22,625) | -- | -- | -- | -- |
| Profit on sale of P4 | -- | 353,427 | (46) | -- | -- |
| PAT | (55,294) | 314,581 | (18,586) | (10,096) | (6,401) |
| Total assets | 2,062,256 | 2,169,214 | 2,260,204 | 2,283,479 | 2,282,486 |
| Net (debt)/cash and treasury bonds ³ | (105,264) | 324,017 | 232,736 | 192,685 | 190,796 |
| Available credit lines | 120,000 | 375,000 ² | 375,000 ² | 375,000 | 375,000 |

¹ EBITDA for 2009 excluding the one-off expenses related to the cost optimization program (the „Profit“ project)

² Including PLN 100m available at the Company's option

³ Treasury bonds at nominal value

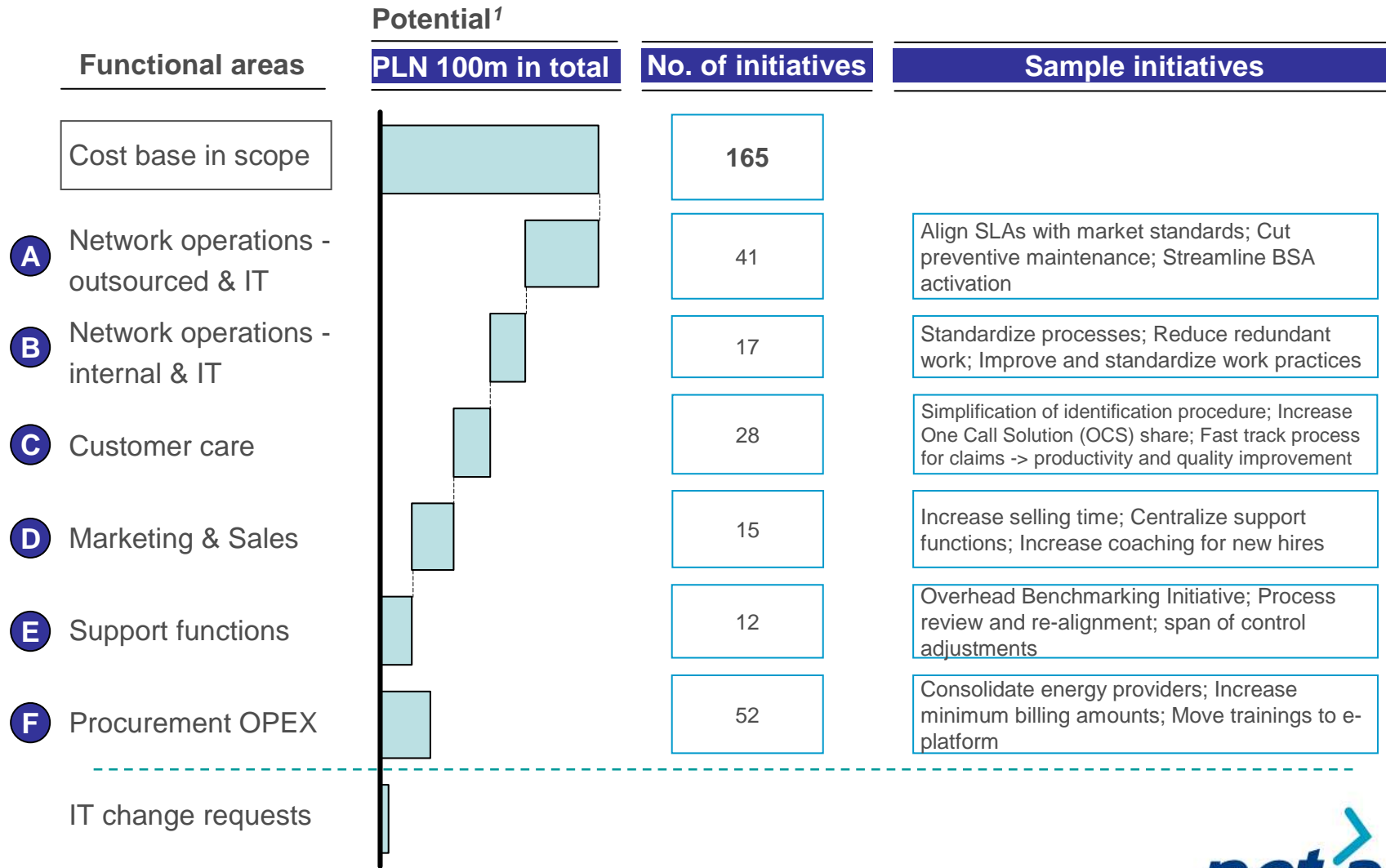




„Profit” Project general overview

- **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**
- **Target to reduce PLN 100m of annual opex from Netia’s cost base starting 2010**
 - Approximately PLN 20m of savings already in 2009
 - Around PLN 25m of one-off expenses related to Profit project in 2009
 - Both effects reflected in recent 2009 guidance revision
- **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)**

„Profit” Project allocates savings across all operations



¹ For illustrative purposes only, size of blocks does not necessarily correspond to envisaged savings by the Company in particular area





„Profit” Project headcount initiatives

- **Headcount optimization is one of Project Profit initiatives to increase operating efficiency within all Company areas**
 - Overall reduction in Netia’s headcount in Q1 2009 was 64 FTEs
 - On April 20, 2009 Netia SA informed trade unions and labor authority regarding planned mass reduction in headcount of approx. 130 FTEs
 - The initiative is envisaged to take place in June 2009
 - Additional 40 FTEs may change their job positions
 - Netia SA FTEs made redundant will be subject to supporting outplacement program
- Ongoing hiring freeze in place - further productivity gains possible once process improvement projects completed in 2009

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

**Guidance
2009**

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



Guidance as published on April 6, 2009

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

Guidance
2010-2012

Revenue growth (CAGR)

5% - 10%

EBITDA margin in 2010

23%

EBITDA margin in 2012

28%

Net profit by

2010

Free cash flow positive by

2010

Capex to sales down to 15% by

2011

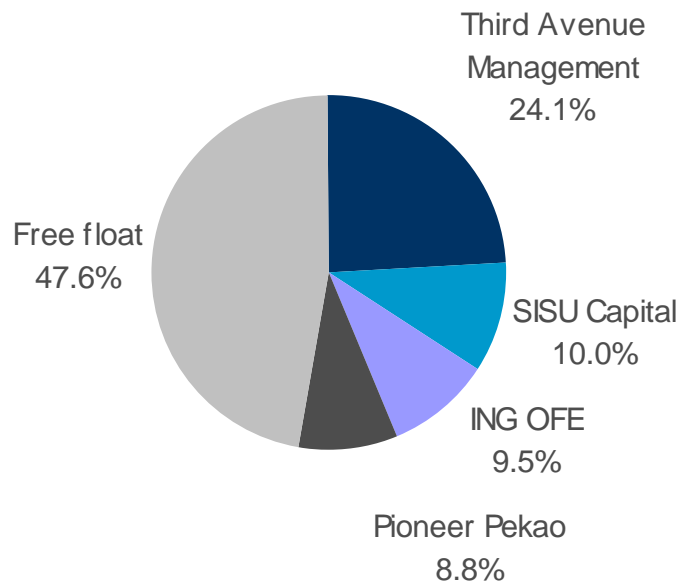
1 million broadband subscribers

2012



Significant changes to Netia's shareholder structure and Supervisory Board

Shareholder structure



As of March 31, 2009

Supervisory Board

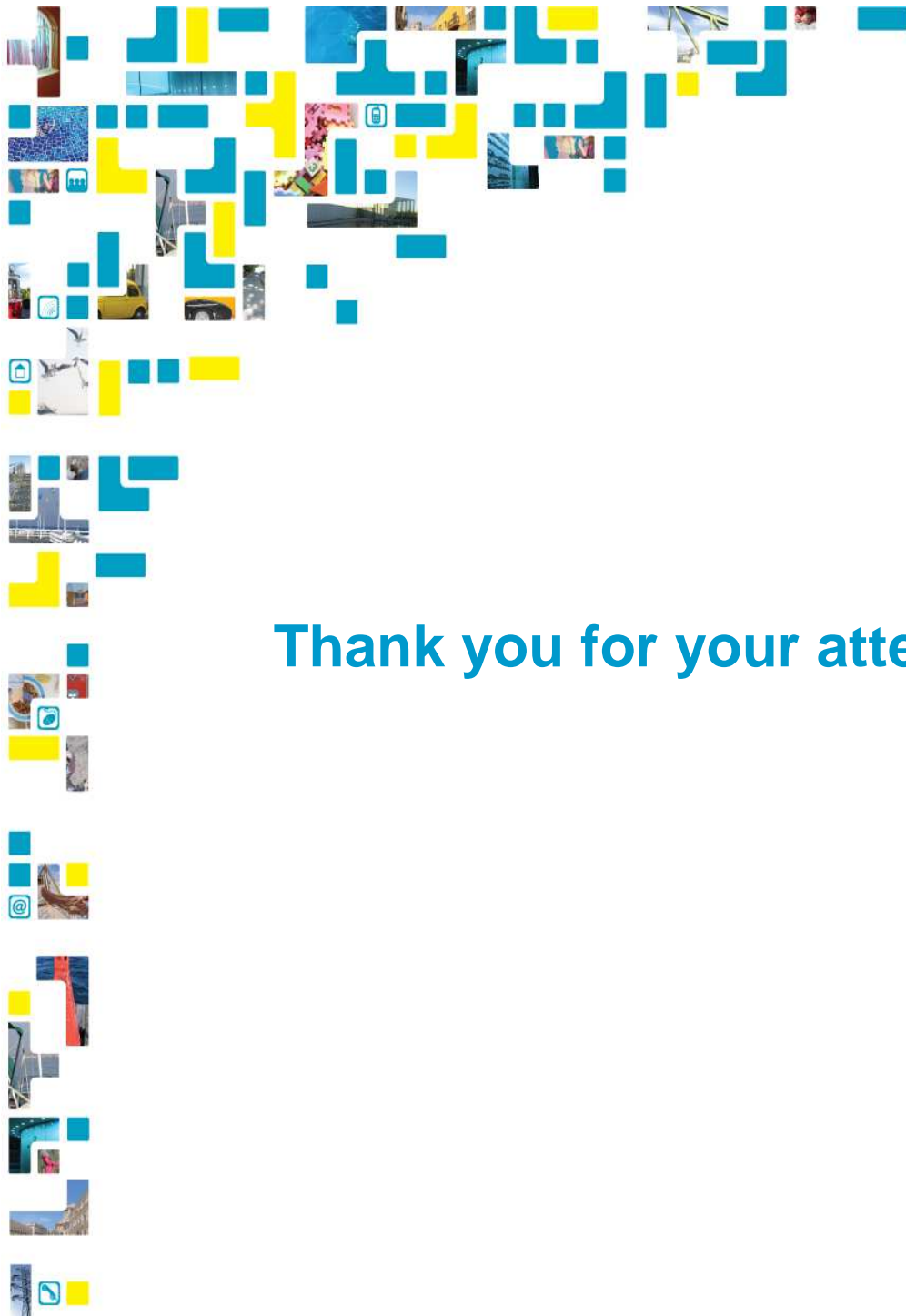
- As of April 9, 2009 Netia's Supervisory Board comprises the following 9 members all of whom possess rich international experience in, among others, telecom industry, advisory and investment banking as well as finance sectors:
 - Ben Duster - *Chairman*
 - George Karaplis – *Deputy Chairman*
 - Stan Abbeloos
 - Raimondo Eggink
 - Nicolas Maguin
 - Ewa Pawluczuk
 - Tadeusz Radzimiński
 - Jerome de Vitry
 - Piotr Żochowski





Summary

- **Broadband strategy driving profit improvements**
- **Short-term focus on LLU migration launch and further progress on 2play sales**
- **Major cost saving program launched with an aim to reduce OPEX by PLN 100m in FY2010 (with savings in FY2009 estimated at PLN 20m)**
- **Confirmed 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)
- **Confirmed mid-term outlook:**
 - EBITDA margin in 2010 to reach 23%
 - EBITDA margin in 2012 to reach 28%



Thank you for your attention