N E T I A

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Netia reports 2015 half year and second quarter results

WARSAW, Poland – August 6, 2015 – Netia SA ("Netia" or the "Company") (WSE: NET), Poland's largest alternative provider of fixed-line telecommunications services, today announced its unaudited consolidated results for the six months ended June 30, 2015.

1 Key financial highlights

- *Revenue* was PLN 769.1m in H1 2015 (-10% YoY) and PLN 380.4m in Q2 2015 (-2% QoQ). The decline in revenues was driven mainly by a sequential decline in the number of services (RGUs) (-7% YoY, -1% QoQ), in particular in the regulated access fixed line telephony (WLR) in B2C, and the continued pricing pressure and relatively lower voice traffic volumes in B2B.
- *Adjusted EBITDA* was PLN 223.1m for H1 2015 (-14% YoY) and PLN 109.8m in Q2 2015 (-3% QoQ). Adjusted EBITDA margin was 29.0% for H1 2015 and 28.9% in Q2 2015.
- *EBITDA* was PLN 224.1m for H1 2015 (-9% YoY) and PLN 112.6m in Q2 2015 (+1% QoQ). EBITDA margin was 29.1% for H1 2015 and 29.6% in Q2 2015.The unusual items totalled PLN 1.0m of net profits for H1 2015 and PLN 2.8m PLN of net profits in Q2 2015, mainly due to refund of a court deposit which was established in connection with Netia's financial restructuring which had taken place in 2002 (see EBITDA Reconciliation to Profit on page 10).
- *EBIT* was PLN 16.3m in H1 2015 (-53% YoY) and PLN 10.2m in Q2 2015 (+70% QoQ).
- *Net profit* was PLN 7.8m for H1 2015 (-59% YoY) and PLN 6.6m in Q2 2015 (+421% QoQ).
- *Netia was operating free cash flow positive in both H1 2015 and Q2 2015*. Operating free cash flow, measured as Adjusted EBITDA less capital investment excluding integration related capex, Netia Lite project and capitalised interests, was PLN 120.4m for H1 2015 (-23% YoY) and PLN 52.6m in Q2 2015 (-23% QoQ).
- *Netia's cash and short term deposits* at June 30, 2015 totalled PLN 61.7m, with *total debt* at PLN 249.5m. *Net debt* therefore stood at PLN 187.8m at June 30, 2015 (down by PLN 177.6m YoY and up by 149.3m QoQ) and represented 0.38x Adjusted EBITDA for 2014 of PLN 493m.

2 Key events

- *Netia's AGM held on June 2, 2015* adopted resolutions concerning, among others, *dividend payment of PLN 0.60 per share*, which was paid on June 26, 2015 to shareholders of record on June 12, 2015. In addition, the AGM repealed the continuation of Netia's Performance Stock Option Plan for the years 2010 – 2020 starting from 2015 and approved the merger of Netia with its wholly-owned subsidiary Netia Brand Management Sp. z o.o.

  Moreover, the AGM adopted resolutions on complementation of the Supervisory Board and Mr. Andrzej Radzimiński exercised his right to appoint and dismiss one member of Netia's Supervisory Board that results from the ownership of 1,000 preferred registered series A1 shares of the Company (see par. 5, par 6.3. and par. 15.2. of Netia's statute).

  As a result of the above, *Netia's Supervisory Board* currently consists of the following seven members: Mr. Zbigniew Jakubas (Chairman), Mr. Przemysław Głębocki, Mr. Mirosław Godlewski Ms. Bogusława Matuszewska, Mr. Stefan Radzimiński and Mr. Grzegorz Zambrzycki.

- *Changes to Netia's Management Board.*

  Ms.Katarzyna Iwuć, resigned from her position of Netia Supervisory Board member on May 19, 2015 and was appointed by Netia Supervisory Board as member of the Management Board and Chief Financial Officer with an immediate effect.

  Mr. Paweł Szymański, former CEO of Netia was dismissed by Netia Supervisory Board effective June 22, 2015.

  Ms. Bogusława Matuszewska, member of Netia Supervisory Board, was delegated by the Company's Supervisory Board to temporarily perform the duties of the President of the Management Board of Netia (CEO). The delegation is effective from July 6, 2015 until further recall, however no longer than for a three month period, i.e. until October 6, 2015.

Post balance sheet date events

- *Acquisition of TK Telekom Sp. z o.o.* On May 8, 2015 Netia signed a preliminary agreement to acquire 100% of shares in TK Telekom Sp. z o.o. from the Polish railway, PKP Group. The transaction was finalised on July 21, 2015 for a total value of just below PLN 222m. The acquisition was financed partly from the available credit facility (in the amount of PLN 150m) and partly from Netia's own resources (in the amount of approximately PLN 72m). The transaction scales up Netia operations, extends Netia's own infrastructure footprint and will bring additional balance sheet flexibility to the Group.

  Immediately after closing the deal Netia has begun a detailed analysis to determine the final shape of integrating TK Telekom into the Netia Group. Currently, there are intensive works ongoing with an aim to assess the full potential of cost savings, optimise capital investments and align accounting policies in the acquired company. More detailed plan will be presented by the end of 2015. The acquisition is expected to bring a visible impact on Netia Group's results, including synergies, during 2016. The transaction is in line with the Netia Group's strategy to play an active role in consolidation of the Polish telecommunications market.

- *Credit agreement*. On July 9, 2015 Netia executed a credit agreement with mBank S.A. (Facility Agent and Security Agent) and DNB Bank Polska S.A. and DNB Bank ASA, under which the lenders agreed to extend to Netia a three year credit facility with a total amount of up to PLN 400m, designated for: (i) repayment of the Company's debt resulting from the previous credit agreement dated November 3, 2014 – up to the total amount of PLN 250m and (ii) investment related to the acquisition of shares of TK Telekom – up to the total amount of PLN 150m. Following a TK Telekom acquisition the Netia Group's financial standing remains very strong with a leverage at a convenient level below 1.0x of the 2014 Adjusted EBITDA at PLN 493m.

3 Key operational highlights

3.1 Services by access type

Total services (RGUs) were 2,253k at June 30, 2015 (-7% YoY, -1% QoQ), representing a sequential decrease by 13.3k services. *On-net RGUs* increased to 1,200k (+1% YoY, +1% QoQ) and *off-net RGUs* decreased to 1,053k (-15% YoY, -2% QoQ).

Total services (RGUs) by access type ('000)	*Q2 2015*	*Q1 2015*	*Q4 2014*[1]	*Q3 2014*	*Q2 2014*
On-net services	1,200.4	1,190.4	1,184.4	1,180.1	1,183.6
% of total services	*53%*	*53%*	*51%*	*50%*	*49%*
Net change in on-net services	*10.0*	*6.0*	*4.3*	*(3.5)*	*7.9*
Off-net services	1,052.8	1,076.2	1,120.2	1,181.4	1,240.1
Net change in off-net services	*(23.4)*	*(44.0)*	*(61.2)*	*(58.7)*	*(61.7)*
Total	**2,253.2**	**2,266.5**	**2,304.6**	**2,361.5**	**2,423.7**
Net change in total services	***(13.3)***	***(38.0)***	***(56.9)***	***(62.2)***	***(53.8)***

[1] *In Q4 2014 Netia modified the method of presenting the 'Multiroom' TV services, which resulted in a decrease of total TV services and total RGUs in the quarter by approximately 7 thousand.*

3.2 BROADBAND, TV & MOBILE SERVICES

3.2.1 TV and content services

Netia's TV services reached 152k at June 30, 2015 (+18% YoY, +5% QoQ), representing a sequential increase by 6.8k services.

Netia offers its customers TV services branded as 'Telewizja Osobista' (Personal Television). The offering includes a proprietary set-top box – the 'Netia Player', which provides access to paid digital TV content provided over IP based protocols in multicast and unicast, quick and easy access to popular internet services or personal multimedia over the TV screen as well as video-on-demand (VOD) content libraries such as Ipla, Kinoplex, TVN Player and HBO GO. TV penetration has now reached a satisfactory 37% of the on-net broadband base and the key objective for 2015 is to increase TV sales to completely new customers for Netia, both over upgraded NGA networks and over the former Aster cable TV network acquired by Netia.

Number of TV services (k)	*Q2 2015*	*Q1 2015*	*Q4 2014*	*Q3 2014*	*Q2 2014*
Total	**152.1**	**145.3**	**137.3**	**133.9**	**128.9**

3.2.2 *Broadband services*

Broadband services totalled 771k at June 30, 2015 (-7% YoY, -1% QoQ), representing a sequential decrease by 9.1k services. Netia is focusing on its own network and bundled services rather than regulated access or total services sold in order to defend gross margins. In H1 2015 the Company recorded growth in on-net broadband services while regulated access services (BSA, LLU) decreased. Of the total broadband customers served at June 30, 2015, 54% received service over Netia's own access infrastructure as compared to 49% at June 30, 2014.

Number of broadband ports (k)	*Q2 2015*	*Q1 2015*	*Q4 2014*	*Q3 2014*	*Q2 2014*
Own network	414.3	412.1	406.6	402.9	405.4
% of total broadband services	*54%*	*53%*	*51%*	*50%*	*49%*
incl. NGA	*131.6*	*118.9*	*102.4*	*85.1*	*73.0*
incl. non-NGA	*282.7*	*293.2*	*304.3*	*317.8*	*332.4*
LLU	137.6	142.7	149.1	156.4	162.5
Bitstream access	218.7	224.9	234.1	246.9	258.4
Total	**770.6**	**779.6**	**789.9**	**806.3**	**826.3**

3.2.3 Mobile services

Netia's *mobile voice services* totalled 38k at June 30, 2015 (+19% YoY, +33% QoQ). A sequential increase by 9.4k services was due to the sales of the *SIM only* product to the B2C customer base. *Mobile broadband services* at June 30, 2015 were 18k (-18% YoY, -5% QoQ), representing a sequential decrease by 0.9k.

In January 2015 Netia signed *a new co-operation agreement with P4 Sp. z o.o.*, an operator of the Play mobile network, which facilitates provisioning of a wider range of mobile services and multiplay packages to Netia customers. From April 2015 Netia has been offering the mobile voice service in a package as a *SIM only* option.

Number of mobile services (k)	*Q2 2015*	*Q1 2015*	*Q4 2014*	*Q3 2014*	*Q2 2014*
Mobile data	38.1	28.7	26.1	27.7	32.1
Mobile voice	17.7	18.6	19.8	21.1	21.5
Total	**55.8**	**47.3**	**45.9**	**48.8**	**53.7**

3.3 VOICE

3.3.1 Own network, WLR & LLU

Voice lines totalled 1,275k at June 30, 2015 (-10% YoY, -2% QoQ), representing a sequential decrease by 19.6k services.

Due to competitive market conditions and focus on higher-value services on its own networks, Netia is concentrating on defending voice revenues and margins through retention activities as opposed to subscriber numbers. Moreover, Netia is steadily growing its base of relatively low cost VoIP customers, principally in the business segments. During Q2 2015 the customer base of VoIP customers in Netia's own network grew by 9k. Of the total voice customers served at June 30, 2015, 50% received service over Netia's own access infrastructure as compared to 46% at June 30, 2014.

Number of fixed voice lines (k)	*Q2 2015*	*Q1 2015*	*Q4 2014*	*Q3 2014*	*Q2 2014*
Own network voice lines	634.0	633.0	640.4	643.2	649.3
% of total voice services	*50%*	*49%*	*48%*	*47%*	*46%*
WLR	540.3	557.7	583.8	618.2	651.9
LLU voice over IP	100.4	103.6	107.2	111.0	113.6
Total	**1,274.7**	**1,294.3**	**1,331.5**	**1,372.4**	**1,414.8**

3.4 OTHER

Active headcount was 1,340 at June 30, 2015 versus 1,788 at June 30, 2014 and 1,373 at March 31, 2015. Headcount was 1,451 at June 30, 2015, compared to 1,933 at June 30, 2014 and 1,525 at December 31, 2014. The headcount reduction was resulting from the two restructuring projects: split of Netia's operations into B2B/B2C Business Units (N^2 Project) and an efficiency program called 'Netia Lite'.

4 Consolidated Financial Information

Please also refer to our financial statements for the six-month period ended June 30, 2015.

H1 2015 vs. H1 2014 (YoY)

Revenue totaled PLN 769.1m (-10% YoY). The B2C operating segment decreased by 15% or PLN 77.9m and the B2B segment by 3% or PLN 9.5m. The decline in revenues was driven by a 7% YoY decline in services provided (RGUs), which continued to be concentrated in the B2C (Home) sub-segment and in fixed voice services and lower margin WLR services in particular and a visible pricing pressure combined with lower traffic volumes in voice services in the B2B segment. The proportion of RGUs delivered on-network has increased from 49% to 53% in the twelve months to June 30, 2015.

Telecommunications revenue was PLN 767.7m (-10% YoY). Data revenue as a share of total telecommunications revenue increased YoY from 41% to 42% and direct voice revenue declined over the same period from 41% to 37%. Other telecommunications revenue, which includes TV and mobile services, increased between the compared periods by 11% or PLN 7.0m to PLN 71.4m in H1 2015 and represented 9% of total revenue versus 8% in the prior year period. Revenues from interconnect and carrier services combined were up by 3% or PLN 2.7m to PLN 87.1m. Data revenue decreased by 7% or PLN 24.9m to PLN 323.1m, mainly due to the lower number of BSA and LLU services. Direct voice revenue decreased by 20% and PLN 70.5m to PLN 281.4m, driven by a decrease in the voice subscriber base and the drop in the number of WLR services in particular and a continued on-net ARPU decrease. Indirect voice services (CPS) revenue decreased by 32% or PLN 2.2m as a result of decreasing customer numbers and falling ARPUs.

Cost of sales was PLN 547.3m (-6% YoY) and represented 71% of total revenue as compared to 68% in H1 2014. A decrease was recorded in majority of cost categories, driven mainly by lower cost of network operations and maintenance on fewer off-net RGUs. Moreover, salaries and benefits related to cost of sales decreased by 22% or PLN 3.6m following the headcount restructuring (the Netia Lite program). The cost of goods sold increased by 110% and PLN 4.8m on more contracts for reselling the telecommunications equipment to business clients.

Gross profit for H1 2015 was PLN 221.8m as compared to PLN 272.3m for H1 2014. Gross profit margin was 28.8% for H1 2015 as compared to 31.8% for H1 2014.

Selling and distribution costs were PLN 148.2m (-3% YoY) and represented 19% of total revenues as compared to 18% in H1 2014. Lower cost of salaries and benefits related to selling and distribution (a decrease by 10% and PLN 6.3m YoY) and lower billing, mailing and logistics costs due to increased use of electronic solutions and renegotiations of postal service agreement (a decrease by 47% and PLN 4.9m) were the main drivers of the decreasing costs. Advertising and promotion cost increased by 79% YoY and PLN 5.6m on more intense promotional campaigns and higher costs of both broadcasting and production of new TV commercials.

General and administration costs were PLN 68.3m (-25% YoY) and represented 9% of total revenue as compared to 11% in H1 2014. Salaries and benefits cost related to general administration was lower by 38% or PLN 14.5m following the headcount restructuring (the Netia Lite program).

Other operating income, net of other operating expenses was a gain of PLN 9.5m versus a gain in the prior year period of PLN 6.2m.

Other gains/(losses),net were a gain of PLN 1.5m from a gain of PLN 0.3m in H1 2014, mainly on a difference on foreign exchange changes.

Adjusted EBITDA was PLN 223.1m (-14% YoY). Adjusted EB/TDA margin was 29.0% as compared to 30.3% in H1 2014.

Unusual items excluded from the Adjusted EBITDA were PLN 1.0m of net gains in H1 2015 and PLN 13.8m of net expenses in H1 2014 (see "EBITDA Reconciliation to Profit" on page 10). Including unusual items, *EBITDA* was PLN 224.1m (-9% YoY). EBITDA margin was 29.1% as compared to 28.7% for H1 2014.

Depreciation and amortization was PLN 207.8m versus PLN 210.9m in H1 2014.

Operating profit (EBIT) was PLN 16.3m as compared to an operating profit of PLN 34.9m for H1 2014. Excluding unusual items of PLN 1.0m of net gains in H1 2015 and PLN 13.8m of costs in H1 2014, Adjusted EBIT was PLN 15.3m profit for H1 2015 versus PLN 48.7m profit for H1 2014.

Financial income / (cost), net was PLN 0.9m of net financial cost as compared to net financial cost of PLN 9.5m for H1 2014. The change was driven mainly by the falls in interest rates and the average net debt between the periods, refinancing of credit facility in Q4 2014 and interest from the court deposit refund received in Q2 2015.

Income tax charge of PLN 7.6m was recorded in H1 2015 as compared to income tax charge of PLN 6.2m in H1 2014 (+23% YoY).

Net profit was PLN 7.8m in H1 2015 versus net profit of PLN 19.2m in H1 2014 (-59% YoY).

Cash outlays on purchase of fixed assets and computer software were 120.0m (-13% YoY).

Cash and short term deposits at June 30, 2015 totalled PLN 61.7m versus PLN 48.2m at June 30, 2014 (+28% YoY).

Debt and accrued interest at June 30, 2015 was PLN 249.6m as compared to PLN 413.7m at June 30, 2015 (-40% YoY).

Net debt at June 30, 2015 was PLN 187.8m as compared to PLN 365.5m at June 30, 2014 (-49% YoY).

Q2 2015 vs. Q1 2015 (QoQ)

Revenue was PLN 380.3m (-2% QoQ). The decline in revenues was driven by a 1% sequential decline in services provided (RGUs), which continued to be concentrated in fixed voice services in the B2C segment, while lower APRU from on-net voice services and lower volumes of voice traffic impacted the B2B segment.

Telecommunications revenue was PLN 379.5m (-2% QoQ). Carrier segment revenue decreased by 1% to PLN 43.7m. Other telecommunications revenue, which includes TV and mobile services, increased between the compared periods by 6% or PLN 36.8m. Data revenue decreased by 2% to PLN 160.1m following sequentially higher disconnections among off-net broadband services. Direct voice revenue fell by 5% QoQ to PLN 137.2m mainly on lower customer base.

Cost of sales was PLN 268.6m (-4% QoQ), representing 71% of total revenue in Q2 2015 as compared to 72% in Q1 2015. Cost of network operations and maintenance decreased by 4% and PLN 5.5m on less regulated access service and was the main driver of a decrease. Moreover, the cost of goods sold was higher by 41% and PLN 1.6m on more contracts for reselling the telecommunications equipment.

Gross profit was PLN 111.7m (+2% QoQ), with gross profit margin at 29.4% versus 28.3% in Q1 2015.

Selling and distribution costs was PLN 77.7m (+10% QoQ), representing 20% of total revenue as compared to 18% in Q1 2015. Advertising and promotion cost was up by 81% and PLN 3.6m due to a new TV campaign. Other expenses related to selling and distribution were higher by 13% and PLN 2.2m mainly on increased cost of TV content for a higher base of TV customers.

General and administrative expenses were PLN 31.3m (-15% QoQ), and represented 8% of total revenue in Q2 2015 as compared to 10% in Q1 2015.

Adjusted EBITDA was PLN 109.8m (-3% QoQ) and Adjusted EBITDA margin was 28.9% in Q2 2015 versus 29.1% in Q1 2015.

EBITDA was PLN 112.6m (+1% QoQ). Unusual items for Q2 2015 totalled PLN 2.8m of net gains as compared to PLN 1.8m of net costs in Q1 2015 (see "EBITDA reconciliation to net profit" on page 11).

Operating profit (EBIT) was PLN 10.2m (+70% kdk). Excluding unusual items, EBIT for Q2 2015 would have been PLN 7.4m profit as compared to PLN 7.8m profit for Q1 2015.

Net financial income was PLN 0.4m as compared to net financial cost of PLN 1.3m in Q1 2015. In Q2 2015 Netia recorded PLN 0.6m of income on interests from the court deposit refund.

Income tax charge of PLN 4.1m was recorded in Q2 2015 versus income tax charge of PLN 3.5m in Q1 2015 (+18%).

Net profit for Q2 2015 was PLN 6.6m versus net profit of PLN 1.3m for Q1 2015.

Key Figures

PLN'000	1H 2015	1H 2014	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenues	769,058	856,532	380,340	388,718	404,100	413,407	422,161
y-o-y % change	*(10.2%)*	*(11.5%)*	*(9.9%)*	*(10.5%)*	*(10.4%)*	*(9.6%)*	*(11.6%)*
Adjusted EBITDA	223,112	259,546	109,817	113,295	113,352	120,253	125,106
Margin %	*29.0%*	*30.3%*	*28.9%*	*29.1%*	*28.1%*	*29.1%*	*29.6%*
y-o-y change %	*(14.0%)*	*(8.1%)*	*(12.2%)*	*(15.7%)*	*(8.7%)*	*(16.6%)*	*(11.0%)*
EBITDA	224,111	245,779	112,622	111,489	226,090	109,490	119,801
Margin %	*29.1%*	*28.7%*	*29.6%*	*28.7%*	*55.9%*	*26.5%*	*28.4%*
Adjusted EBIT	15,285	48,675	7,439	7,846	6,610	13,875	19,529
Margin %	*2.0%*	*5.7%*	*2.0%*	*2.0%*	*1.6%*	*3.4%*	*4.6%*
EBIT	16,283	34,908	10,244	6,039	119,347	3,112	14,224
Margin %	*2.1%*	*4.1%*	*2.7%*	*1.6%*	*29.5%*	*0.8%*	*3.4%*
Adjusted Profit of the Netia Group (consolidated)	9,951	30,399	7,226	2,725	25,844	4,302	12,592
Margin %	*1.3%*	*3.5%*	*1.9%*	*0.7%*	*6.4%*	*1.0%*	*3.0%*
Profit/(Loss) of the Netia Group (consolidated)	7,825	19,248	6,564	1,261	160,001	(4,416)	8,295
Margin %	*1.0%*	*2.2%*	*1.7%*	*0.3%*	*39.6%*	*(1.1%)*	*2.0%*
Profit/(Loss) of Netia SA (stand alone)[1]	23,320	(19,214)	36,840	(13,520)	316,276	(21,416)	(12,387)
Cash and short term deposits	61,727	48,251	61,727	262,123	207,305	86,324	48,251
Cash, restricted cash and short term deposits	61,727	48,251	61,727	262,123	207,305	86,324	48,251
Debt	249,576	413,708	249,576	300,670	300,538	370,455	413,708
Capex related payments	120,039	138,623	55,966	64,073	57,020	50,076	54,072
Investments in tangible and intangible fixed assets and investment property	104,589	111,116	57,976	46,613	65,563	55,204	56,560

[1] The profit of Netia SA (stand alone) is used for purpose of calculation of the amounts available for potential cash distribution to shareholders through dividends or share buy-backs.

Adjusted EBITDA, Adjusted EBIT and Adjusted Profit for 2014 exclude the following items as appropriate: restructuring expenses of PLN 34.6m, New Netia (Dialog Group & Crowley) integration costs of PLN 7.9m, impairment charges totaling PLN 9.9m, costs of the Netia Lite and N^2 savings programs totalling PLN 6.0m, net gains related to the settlement with Orange Polska of PLN 146.7m, costs of M&A projects of PLN 0.1m and impact from these one-offs on the income tax charge of PLN 15.9m.

Items excluded for H1 2015 are as follows: a gain related to the court deposit refund of PLN 4.0m, costs of M&A projects of PLN 1.1m, non-staff related costs of the Netia Lite and N^2 savings programs totalling PLN 2.2m, Dialog Group & Crowley integration costs of PLN 0.2m, a gain related to restructuring under the Netia Lite program of PLN 0.5m, and impact from these one-offs on the income tax charge of PLN 0.3m.

Netia Group's Key Operational Indicators	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Total services (RGUs)						
Broadband data services (end of period)	**770,581**	**779,632**	**789,876**	**806,273**	**826,345**	**837,413**
Change % (QoQ)	***-1%***	***-1%***	***-2%***	***-2%***	***-1%***	***-1%***
Own infrastructure-based services	414,298	412,097	406,631	402,929	405,412	402,703
NGA network services	131,581	*118,913*	*102,370*	*85,139*	*73,025*	*64,724*
Other network services	*282,717*	*293,184*	*304,261*	*317,790*	*332,387*	*337,979*
Bitstream access	218,688	224,865	234,153	246,939	258,367	268,089
LLU	137,595	142,670	149,092	156,405	162,566	166,621
TV services[1] (end of period)	**152,095**	**145,261**	**137,322**	**133,940**	**128,866**	**127,247**
Change % (QoQ)	***5%***	***6%***	***3%***	***4%***	***1%***	***6%***
Mobile Voice services (end of period)	**38,086**	**28,734**	**26,111**	**27,735**	**32,129**	**37,223**
Change % (QoQ)	***33%***	***10%***	***-6%***	***-14%***	***-14%***	***-12%***
Mobile Data services (end of period)	**17,689**	**18,582**	**19,758**	**21,092**	**21,541**	**24,763**
Change % (QoQ)	***-5%***	***-6%***	***-6%***	***-2%***	***-13%***	***-6%***
Voice services (end of period)	**1,274,726**	**1,294,302**	**1,331,486**	**1,372,417**	**1,414,812**	**1,450,817**
Change % (QoQ)	***-2%***	***-3%***	***-3%***	***-3%***	***-2%***	***-3%***
Own network subscriber voice services	633,985	632,995	640,401	643,197	649,317	645,722
Voice over IP (excl. LLU)[1]	*149,078*	*139,689*	*133,554*	*124,682*	*120,032*	*107,678*
Traditional direct voice (incl. WiMAX)	*484,907*	*493,306*	*506,847*	*518,515*	*529,285*	*538,044*
WLR	540,321	557,716	583,836	618,164	651,916	689,988
LLU voice over IP	100,420	103,591	107,249	111,056	113,579	115,107
Total services (RGUs)	**2,253,177**	**2,266,511**	***2,304,553***	***2,361,457***	***2,423,693***	***2,477,463***
Change % (QoQ)	***-1%***	***-2%***	***-2%***	***-3%***	***-2%***	***-2%***
Other						
Total on-net services	1,200,378	1,190,353	1,184,354	1,180,066	1,183,595	1,175,672
Total off-net services	1,052,799	1,076,158	1,120,199	1,181,391	1,240,098	1,301,791
Total net change in on-net services	10,025	5,999	4,288	(3,529)	7,923	9,756
Total net change in off-net services	(23,359)	(44,041)	(61,192)	(58,707)	(61,693)	(58,650)
Total net change in Broadband data services	(9,051)	(10,244)	(16,397)	(20,072)	(11,068)	(11,496)
Total net change in Voice services	(19,576)	(37,184)	(40,931)	(42,395)	(36,005)	(37,793)
Monthly Broadband ARPU (PLN)	55	55	56	56	56	55
Monthly TV ARPU blended (PLN)	39	39	38	37	37	36
Monthly Mobile Voice ARPU blended (PLN)	27	28	30	30	27	27
Monthly Mobile Data ARPU blended (PLN)	27	27	28	29	29	27
Monthly Voice ARPU in own network (PLN)	31	32	34	35	36	38
Monthly Voice ARPU for WLR (PLN)	42	42	43	44	44	44
Monthly Voice ARPU blended (PLN)	36	37	38	39	40	41
CPS lines (cumulative)	49,839	50,413	51,151	51,788	52,435	54,521
Monthly Voice ARPU for CPS	15	16	17	19	20	22
Headcount	1,451	1,525	1,722	1,851	1,933	1,986
Active headcount	1,340	1,373	1,594	1,707	1,788	1,897

[1] *In Q4 2014 Netia modified the method of presenting the 'Multiroom' TV services, which resulted in a decrease of total TV services and total RGUs in the quarter by approximately 7 thousand.*

B2B Business Unit's Key Data	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
B2B's Revenue (PLN'k)						
Broadband data services	**36,573**	**36,168**	**35,972**	**35,894**	**35,860**	**35,784**
Change % (QoQ)	*1%*	*1%*	*0%*	*0%*	*0%*	*-4%*
Other data services	**36,449**	**36,937**	**38,017**	**38,936**	**38,847**	**38,713**
Change %(QoQ)	*-1%*	*-3%*	*-2%*	*0%*	*0%*	*-4%*
Voice services	**44,593**	**46,826**	**48,947**	**50,440**	**52,009**	**54,672**
Change % (QoQ)	*-5%*	*-4%*	*-3%*	*-3%*	*-5%*	*-8%*
Other services	**46,013**	**44,386**	**45,495**	**41,733**	**40,902**	**40,663**
Change %(QoQ)	*4%*	*-2%*	*9%*	*2%*	*1%*	*-2%*
Total	**163,629**	***164,317***	**168,430**	**167,004**	**167,618**	**169,832**
Change % (QoQ)	***0%***	***-2%***	***1%***	***0%***	***-1%***	***-5%***

B2C Business Unit's Key Data	Q2 2015	Q1 2015[1]	Q4 2014	Q3 2014	Q2 2014	Q1 2014
B2C's services (RGUs)						
Broadband data services (end of period)	**718,812**	**727,157**	**737,241**	**753,580**	**773,716**	**784,530**
Change % (QoQ)	***-1%***	***-1%***	***-2%***	***-3%***	***-1%***	***-1%***
Own infrastructure-based services	375,435	372,821	367,256	363,738	366,347	363,507
NGA network services	*124,971*	*112,593*	*96,480*	*80,225*	*68,510*	*60,459*
Other network services	*250,464*	*260,228*	*270,776*	*283,513*	*297,837*	*303,048*
Bitstream access	209,996	216,027	225,219	237,859	249,289	258,908
LLU	133,381	138,309	144,766	151,983	158,080	162,115
TV services (end of period)	**148,967**	**142,364**	**134,747**	**131,704**	**126,882**	**125,564**
Change % (QoQ)	***5%***	***6%***	***2%***	***4%***	***1%***	***6%***
Mobile Voice services (end of period)	**35,655**	**26,186**	**23,402**	**24,778**	**28,877**	**33,793**
Change % (QoQ)	***36%***	***12%***	***-6%***	***-14%***	***-15%***	***-12%***
Mobile Data services (end of period)	**15,696**	**16,568**	**17,725**	**19,006**	**19,534**	**22,741**
Change % (QoQ)	***-5%***	***-7%***	***-7%***	***-3%***	***-14%***	***-7%***
Voice services (end of period)	**832,209**	**857,494**	**890,113**	**932,187**	**976,253**	**1,020,476**
Change % (QoQ)	***-3%***	***-4%***	***-5%***	***-5%***	***-4%***	***-4%***
Netia network subscriber voice services	240,895	247,126	251,557	257,221	265,367	271,934
WLR	493,081	509,020	533,589	566,268	599,745	635,910
LLU voice over IP	98,233	101,348	104,967	108,698	111,141	112,632
Total services (RGUs)	**1,751,339**	**1,769,769**	***1,803,228***	***1,861,255***	***1,925,262***	***1,987,104***
Change % (QoQ)	***-1%***	***-2%***	***-3%***	***-3%***	***-3%***	***-3%***
Other						
Average monthly ARPU per customer (PLN)	57	57	58	58	59	58
RGUs per customer[2]	1,46	1,45	1,43	1,42	1,41	1,40

1 In Q1 2015 Netia reclassified certain RGUs between operating segments by transferring approx..12k RGUs from B2B to B2C. Figures for comparative periods were adjusted accordingly and therefore vary from the numbers presented previously.
2 A customer is defined as a customer location

Income Statement

(PLN in thousands unless otherwise stated)

Time periods:	H1 2015 *unaudited*	H1 2014 *unaudited*	Q2 2015 *unaudited*	Q1 2015 *unaudited*
Direct Voice	281,392	351,873	137,156	144,236
Incl. monthly fees	*217,519*	*263,921*	*106,617*	*110,902*
Incl. calling charges	*63,756*	*87,875*	*30,460*	*33,296*
Indirect Voice	4,682	6,909	2,196	2,486
Data	323,133	348,048	160,076	163,057
Interconnection revenues	34,092	34,751	16,365	17,727
Wholesale services	52,980	49,603	26,974	26,006
Other telecommunications revenues	71,441	64,449	36,763	34,678
Total telecommunications revenue	**767,720**	**855,633**	**379,530**	**388,190**
Radio communications and other revenue	1,338	899	810	528
Total revenue	**769,058**	**856,532**	**380,340**	**388,718**
Cost of sales	**(547,302)**	**(584,207)**	**(268,649)**	**(278,653)**
Interconnection charges	(81,044)	(84,934)	(39,722)	(41,322)
Network operations and maintenance	(244,153)	(273,601)	(119,313)	(124,840)
Costs of goods sold	(9,132)	(4,357)	(5,344)	(3,788)
Depreciation and amortization	(172,733)	(173,815)	(85,025)	(87,708)
Salaries and benefits	(13,226)	(16,825)	(5,921)	(7,305)
Restructuring	95	(996)	-	95
Taxes, frequency fees and other expenses	(27,109)	(29,679)	(13,324)	(13,785)
Gross profit	**221,756**	**272,325**	**111,691**	**110,065**
Margin (%)	***28.8%***	***31.8%***	***29.4%***	***28.3%***
Selling and distribution costs	**(148,221)**	**(153,178)**	**(77,658)**	**(70,563)**
Advertising and promotion	(12,605)	(7,025)	(8,125)	(4,480)
Third party commissions	(9,378)	(8,196)	(4,912)	(4,466)
Billing, mailing and logistics	(5,637)	(10,534)	(3,075)	(2,562)
Outsourced customer service	(5,269)	(6,223)	(2,582)	(2,687)
Impairment of receivables	(3,883)	(3,572)	(3,186)	(697)
Depreciation and amortization	(18,636)	(19,756)	(9,317)	(9,319)
Salaries and benefits	(56,670)	(62,938)	(27,304)	(29,366)
Restructuring	(12)	(1,365)	23	(35)
Other costs	(36,131)	(33,569)	(19,180)	(16,951)
General and administration costs	**(68,283)**	**(90,769)**	**(31,329)**	**(36,954)**
Professional services	(3,574)	(3,642)	(1,894)	(1,680)
Electronic data processing	(6,395)	(9,831)	(3,113)	(3,282)
Office and car maintenance	(7,884)	(5,479)	(3,762)	(4,122)
Depreciation and amortization	(16,459)	(17,300)	(8,036)	(8,423)
Salaries and benefits	(23,927)	(38,384)	(10,488)	(13,439)
Restructuring	391	(3,318)	365	26
Other costs	(10,435)	(12,815)	(4,401)	(6,034)
Other operating income	10,383	9,628	6,885	3,498
Other operating expense	(838)	(3,439)	(396)	(442)
Other gains/ (losses), net	1,486	341	1,051	435
EBIT	**16,283**	**34,908**	**10,244**	**6,039**
Margin (%)	***2.1%***	***4.1%***	***2.7%***	***1.6%***
Finance income	3,046	1,950	2,097	949
Finance cost	(3,898)	(11,405)	(1,655)	(2,243)
Profit before tax	**15,431**	**25,453**	**10,686**	**4,745**
Tax benefit / (charge)	(7,606)	(6,205)	(4,122)	(3,484)
Profit / (Loss)	**7,825**	**19,248**	**6,564**	**1,261**

EBITDA Reconciliation to Profit (PLN in thousands unless otherwise stated)				
Time periods:	H1 2015 *unaudited*	H1 2014 *unaudited*	Q2 2015 *unaudited*	Q1 2015 *unaudited*
Operating Profit	**16,283**	**34,908**	**10,244**	**6,039**
Add back:				
Depreciation and amortization	207,828	210,871	102,378	105,450
EBITDA	**224,111**	**245,779**	**112,622**	**111,489**
Add back:				
Impairment charge for non-current assets	-	2,503	-	-
Restructuring costs	(474)	5,679	(388)	(86)
M&A related costs	1,072	40	404	668
New Netia integration costs	201	4,413	18	183
Savings program costs (Netia Lite and N^2)	2,202	1,132	1,161	1,041
Court deposit refund	(4,000)	-	(4,000)	-
Adjusted EBITDA	**223,112**	**259,546**	**109,817**	**113,295**
Margin (%)	***29.0%***	***30.3%***	***28.9%***	***29.1%***

Definitions	
Active headcount	• full-time employment equivalent with regard to employees who are not during maternity leaves, non-paid leaves nor long-term sick leaves (above 33 days during calendar year), who are not at military service or who were relieved from the obligation to perform work
Backbone	• a telecommunications network designed to carry the telecommunications traffic between the main junctions of the network;
Bitstream access	• a type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by the incumbent. The altnet connects to the incumbent's data network and may only offer services identical to those of the incumbent, paying it on a retail minus basis for use of its network.
Broadband SAC	• a cost per unit related to the acquisition of new customers through broadband access (i.e., Bitstream, LLU, WiMAX, xDSL), including a one-time payment to the incumbent, sales commissions, postal services and the cost of modems sold;
Broadband ARPU	• average monthly revenue per broadband port during the period; Broadband ARPU is obtained by dividing the amount of monthly revenues from data services related to provisioning fixed Internet access by the average number of broadband ports, in each case for the referenced three-month period; Where significant promotional discounts are given at the beginning of contracts, revenues are averaged over the life of the contract.
Broadband port	• a broadband port which is active at the end of a given period;
B2B (Business to Business)	• Netia's business unit responsible for all operations to the business customers and one of two main reporting segments, including B2B (Business) and B2B (Carrier) sub-segments.
B2C (Business to Consumer)	• Netia's business unit responsible for all operations to the residential customers and one of two main reporting segments, including B2C (Home) and B2C (SOHO) sub-segments.
Cash	• cash and cash equivalents at the end of period;
Cost of network operations and maintenance	• cost of rentals of lines and telecommunications equipment, as well as maintenance, services and related expenses necessary to operate our network;
Data revenues	• revenues from provisioning Frame Relay (including IP VPN-virtual private network services), lease of lines (including leased lines for carriers), Internet fixed-access services (provided, among others, through bitsteam and WiMAX types of access) and IP Transit;
Direct voice revenues	• telecommunications revenues from voice services offered by Netia to its subscribers (through various types of access, including, among others, WiMAX). Direct voice services include the following traffic fractions: local calls, domestic long-distance (DLD) calls, international long distance (ILD) calls, fixed-to-mobile calls and other services (incl. Internet dial-in, emergency calls and 0-80x/0-70x -type calls originated by Netia's subscribers);
DSLAM	• technical infrastructure that splits data from voice traffic over a copper line and is deployed in the local network of a telecommunications operator to provide ADSL services to customers connected to a given local network node.

EBITDA / Adjusted EBITDA	• to supplement the reporting of our consolidated financial information under IFRS, we will continue to present certain financial measures, including EBITDA. We define EBITDA as profit/(loss) as measured by IFRS, adjusted for depreciation and amortization, financial income and expense and income taxes. EBITDA has been further adjusted for non-cash impairment charges for non-current assets, one-off restructuring expenses related to the cost reduction program, M&A expenses, New Netia integration expenses, B2B/B2C split costs (Project N^2), impairment charge on market valuation of Netia's investment property and a decrease in provision for universal service obligation payment and is therefore defined as Adjusted EBITDA. We believe EBITDA and related measures of cash flow from operating activities serve as useful supplementary financial indicators in measuring the operating performance of telecommunication companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of profit/(loss) or as an indicator of operating performance or as a measure of cash flows from operations under IFRS or as an indicator of liquidity. The presentation of EBITDA, however, enables investors to focus on period-over-period operating performance, without the impact of non-operational or non-recurring items. It is also among the primary indicators we use in planning and operating the business. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself provides no grounds for comparison with other companies;
Headcount	• full time employment equivalents;
HFC networks	• Hybrid fiber-coax cable TV networks of former Aster cable operator in Warsaw and Cracow, which were acquired by Netia from UPC Polska in May 2013. Netia connected these cable networks to its backbone network with a view to provide NGA-based services, including high speed Internet access and TV services.
Indirect voice revenues	• telecommunications revenues from the services offered through Netia's prefix (1055) or Tele2 Polska's prefix (1061) to customers being subscribers of other operators. Indirect access services include the following traffic fractions: domestic long-distance (DLD) calls, international long distance (ILD) calls and fixed-to-mobile calls;
Interconnection charges	• payments made by Netia to other operators for origination, termination or transfer of traffic using other operators' networks;
Interconnection revenues	• payments made by other operators to Netia for origination, termination or transfer of traffic using Netia's network, netted against the cost of traffic termination;
Local Loop Unbundling (LLU)	• a type of regulatory broadband access enabling provision of broadband service by an altnet to customers connected by a copper line owned by the incumbent. The altnet installs DSLAM equipment at the incumbent's local network node and connects it to its own backbone network. The altnet may offer broadband and voice service to any customer connected by the incumbent's copper line to the given node. The altnet can offer an unrestricted range of services and pays the incumbent space rental and monthly fees per customer line used.
Next Generation Access (NGA) networks	• Fixed-line access networks which consist wholly or in part of optical elements and which are capable of delivering broadband access services with enhanced characteristics (such as higher throughput) as compared to those provided over already existing not upgraded to VDSL copper networks. • Netia deploys NGA services over such technologies as VDSL, ETTH, PON, HFC, which allow for high speed Internet access (25 Mbps or higher)
Professional services	• costs of legal, financial and other services (excluding insurance and taxes and fees, which are presented separately) provided to Netia by third parties;
Other telecommunications services revenues	• revenues from TV, mobile voice and mobile data services, revenues from provisioning Internet dial-in services for Netia's indirect customers (based on a call-back principle and an access number (0-20)); revenues from provisioning free-phone, split-charge and premium rate services (i.e., 0-800, 0-801 and 0-70x type services), netted against the cost of revenue sharing; as well as other non-core revenues;
Radiocommunications revenue	• revenues from radio-trunking services provided by Netia's subsidiary, UNI-Net Poland Sp. z o.o.;
Subscriber line	• a connected line which became activated and generated revenue at the end of the period;
Voice ARPU	• average monthly revenue per direct voice line during the period; ARPU is obtained by dividing the amount of monthly revenues from direct voice services (excluding installation fees) by the average number of subscriber lines, in each case for the referenced three-month period;

Wholesale Line Rental (WLR)	• a type of regulatory voice access enabling provision of voice service by an altnet to customers connected by a copper line owned by the incumbent. The altnet connects to the incumbent's voice network and charges the customer for both line rental and calls made. The incumbent receives a payment for line rental plus call origination fees and keeps all interconnection revenues from incoming calls.
Wholesale services	• revenues from providing commercial network services such as voice termination, incoming Voice over Internet Protocol (VoIP), telehousing and collocation as well as backbone-based services.

Conference call on the H1 2015 results

Netia management will hold a conference call to review the results on August 6, 2015 at 09:00 AM (UK) / 10:00 AM (Continent) / 04:00 AM (Eastern).

Dial in numbers:
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Replay number:
(UK) +44 20 8196 1998
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A link to an audio recording of the conference call for replay on a later date will be posted on Netia's investor website (www.investor.netia.pl)

For further information, please contact Anna Kuchnio at +48 22 352 2061, email: anna_kuchnio@netia.pl.

Some of the information contained in this news release 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.