

Q3 2014 Financial Results

Nov 28, 2014

Highlights

- **All time high in total subscriptions, in 3play, pay TV and broadband subscribers**
- **41.3% increase in 3play subscriptions**
- **20.2% increase in pay TV subscriptions**
- **10.4% increase in broadband subscribers and 1.7pp increase in LLU market share**

| | Q3 2014 | Q3 2013 | Δ |
|--|-----------|-----------|-------|
| Total Subscriptions | 1,177,651 | 1,029,709 | 14.4% |
| Unique Households | 821,789 | 777,817 | 5.7% |
| Households with 3play/Bundled Services | 355,862 | 251,892 | 41.3% |
| Broadband subscribers | 673,210 | 609,870 | 10.4% |
| Pay TV Customers in Greece | 504,441 | 419,839 | 20.2% |

| | Q3 2014 | Q3 2013 | Δ | 9M 2014 | 9M 2013 | Δ |
|----------------------------|---------|---------|-------|---------|---------|-------|
| Revenue (Normalized ,000€) | 91,865 | 94,254 | -2.5% | 288,191 | 287,376 | 0.3% |
| Reported EBITDA (,000€) | 14,968 | 14,063 | 6.4% | 47,259 | 41,368 | 14.2% |
| Adjusted EBITDA (,000€) | 15,587 | 15,939 | -2.2% | 47,877 | 50,114 | -4.5% |

According to CEO, Mr, Panos Papadopoulos:

"Forthnet is proving its resilience to the negative trends the domestic telecommunication sector faces and it continues to outperform the market. Our differentiated strategy allows us to stabilize our financial performance and improve our subscribers' base".

Operating Performance

Bundling/3Play

At the end of September 2014, Forthnet served more than 355k households with 3play/bundled services – a 41.3% increase compared to September 2013, enhancing its appeal to the Greek households. The share of 3play in Forthnet's customer base is continuously increasing and this trend is improving overall ARPU and Churn.

| | Q3 2014 | Q3 2013 | Δ |
|--|--------------|--------------|----------------|
| Households with 3play/Bundled Services | 355,862 | 251,892 | 41.3% |
| Households with 3play/Bundled Services as % of Total | 43.3% | 32.4% | +10.9pp |
| New Households with 3play/Bundled Services | 11,443 | 47,342 | -75.8% |

Telco

By the end of September 2014 the telecom services subscriber base increased by 10.4% y-o-y and reached 673.2k subscribers. Over the last 12 months, Forthnet's market share in LLU increased by 1.7pp confirming once again the strong appeal of Nova 3Play.

| | Q3 2014 | Q3 2013 | Δ |
|------------------------------------|----------------|----------------|--------------|
| Broadband subscribers ¹ | 673,210 | 609,870 | 10.4% |
| Net additions | 5,391 | 12,162 | -55.7% |
| Active LLU customers | 643,910 | 571,436 | 12.7% |
| Unbundling Ratio | 95.6% | 93.7% | +1.9pp |
| New LLU customers | 3,717 | 22,204 | -83.3% |
| Market share in new LLU | 25.3% | 183.0% | -157.7pp |
| LLU market share | 32.4% | 30.7% | +1.7pp |

Pay TV

The subscriber base grew by 20.2% y-o-y, reaching an all time high of 504.5k households. The rollout of 3play services is expected to be the main growth driver for the Pay TV market.

| | Q3 2014 | Q3 2013 | Δ |
|----------------------------|---------|---------|-------|
| Pay TV customers in Greece | 504,441 | 419,839 | 20.2% |

¹ Active and pending activation customers

Financial Highlights

Consolidated Revenue for 9M 2014 reached €283.9m, a decrease against 9M 2013 due to Fixed Termination Rates (FTR). Adjusting for the accounting treatment of business revenues for which the company act as an agent, the revenue increased by 0.3%. The FTR drop affected revenues by €3.7m in 9M 2014.

Consolidated Revenue for Q3 2014 reached €89.5m, a decrease against Q3 2013 due to Fixed Termination Rates (FTR). Adjusting for the accounting treatment of business revenues for which the company act as an agent, the revenue decreased by 2.5%. The FTR drop affected revenues by €2.0m in Q3 2014.

| Revenue Analysis (€ '000) | Q3 2014 | Q3 2013² | Δ | 9M 2014 | 9M 2013² | Δ |
|--|----------------|----------------------------|--------------|----------------|----------------------------|-------------|
| Total Retail | 74,444 | 74,876 | -0.6% | 225,532 | 223,601 | 0.9% |
| Telco Retail | 39,252 | 41,347 | -5.1% | 120,992 | 123,305 | -1.9% |
| Pay TV Retail | 35,192 | 33,528 | 5.0% | 104,540 | 100,296 | 4.2% |
| Total Business | 10,627 | 12,793 | -16.9% | 40,538 | 39,980 | 1.4% |
| Total Business (Normalized)³ | 12,961 | 12,793 | 1.3% | 44,853 | 42,875 | 4.6% |
| Telco Business | 6,645 | 9,095 | -26.9% | 26,709 | 28,019 | -4.7% |
| Telco Business (Normalized) ³ | 8,978 | 9,095 | -1.3% | 31,025 | 30,914 | 0.4% |
| Pay TV Business | 3,982 | 3,698 | 7.7% | 13,828 | 11,961 | 15.6% |
| Advertising | 1,006 | 1,558 | -35.4% | 7,856 | 7,134 | 10.1% |
| Other | 3,454 | 5,027 | -31.3% | 9,950 | 13,765 | -27.7% |
| Total Revenue | 89,532 | 94,254 | -5.0% | 283,875 | 284,480 | -0.2% |
| Total Revenue (Normalized)³ | 91,865 | 94,254 | -2.5% | 288,191 | 287,375 | 0.3% |

Adjusted EBITDA of 9M 2014 reached €47.9m versus €50.1m in 9M 2013, mainly as a result of pricing pressure and increased customer acquisition.

| EBITDA Analysis (€ '000) | Q3 2014 | Q3 2013 | Δ | 9M 2014 | 9M 2013 | Δ |
|-----------------------------------|----------------|----------------|----------|----------------|----------------|----------|
| Revenue (including other income) | 89,532 | 94,254 | -5.0% | 283,875 | 284,480 | -0.2% |
| Revenue (Normalized) ³ | 91,865 | 94,254 | -2.5% | 288,191 | 287,376 | 0.3% |
| Reported EBITDA | 14,968 | 14,063 | 6.4% | 47,259 | 41,368 | 14.2% |
| Adjusted EBITDA ⁴ | 15,587 | 15,939 | -2.2% | 47,877 | 50,114 | -4.5% |
| Adjusted EBITDA margin | 17.4% | 16.9% | 0.5pp | 16.9% | 17.6% | -0.7pp |

Total bank debt in September 2014 stood at €325m.

² Certain line items of the previous period were reclassified in order to conform to the current period's presentation

³ Normalization relates to a change in the accounting treatment in a specific type of business revenue

⁴ One -off or Non- cash adjustment

Recent Business Developments

- An improved revised refinancing proposal for the company was submitted to the lending banks on October 31, 2014. In this context, the company also commenced the preparatory work to raise funds through the issuance of convertible bonds, pursuant to the relevant authority already granted to its Board of Directors. The company's Board of Directors is expected to take a decision on this matter by year's end, depending on the outcome of the two non binding proposals already announced and other relevant factors that may affect such decision.
- The company announced the renewal of its exclusive Pay TV Agreement with Disney, covering a selection of movies from one of the top Hollywood Studios.
- Forthnet, aiming at continuously improving customer experience and efficiency, introduced its redesigned e-bill service and its brand new e-shop.

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