

# FY 2014 Results

Mar 31, 2015

## Highlights

- **All time high in Nova 3Play subscribers with a YoY increase of 27.4%**
- **All time high in Nova subscribers with a YoY increase of 12.1%**
- **Remained leader in LLU, with 0.6pp increase YoY in LLU market share, due to 6.1% increase YoY in broadband subscribers**
- **Yearly revenue remains stable in contrast with the sector that faced continued turnover contraction**
- **Reported EBITDA increased by 6.2%**

	12M 2014	12M 2013	Δ
Total Subscriptions	1,178,427	1,084,693	8.6%
Unique Households	814,878	799,378	1.9%
Households with 3play/Bundled Services	363,549	285,315	27.4%
Broadband subscribers	671,166	632,353	6.1%
Pay TV Customers in Greece	507,261	452,340	12.1%

	Q4 2014	Q4 2013	Δ	12M 2014	12M 2013	Δ
Revenue (Normalized ,000€)	96,304	97,452	-1.2%	384,496	384,827	-0.1%
Reported EBITDA (,000€)	12,096	14,527	-16.7%	59,355	55,895	6.2%
Adjusted EBITDA (,000€)	12,096	14,527	-16.7%	59,974	64,640	-7.2%

According to CEO, Mr. Panos Papadopoulos:

*Despite a difficult macroeconomic environment that resulted in turnover contraction in our sector, our strategy stabilized turnover and increased the subscription base in our key business units. Our subscribers' base increased steadily, primarily due to Nova 3play, against a backdrop of intense price competition. For the quarters to come we continue implementing our strategy on the development of innovative products and services that differentiate us from the competition and adjust further the company's cost base in order to be prepared for the continuously changing market conditions.*

## Operating Performance

### Bundling/3Play

At the end of 2014, Forthnet served more than 363,5k households with Nova 3play/bundled services – a 27.4% increase compared to 2013, enhancing its appeal to the Greek households. The share of Nova 3Play subscriptions in Forthnet's customer base is continuously increasing and this trend is improving overall ARPU and Churn.

	Q4 2014	Q4 2013	Δ
Households with 3play/Bundled Services	363,549	285,315	27.4%
Households with 3play/Bundled Services as % of Total	<b>44.6%</b>	<b>35.7%</b>	<b>+8.9pp</b>
New Households with 3play/Bundled Services	7,687	33,423	-77.0%

### Telco

By the end of 2014 the telecom services subscriber base increased by 6.1% YoY and reached 671.2k subscribers. Over the last 12 months, Forthnet's market share in LLU increased by 0.6pp confirming once again the strong appeal of Nova 3Play.

	Q4 2014	Q4 2013	Δ
Broadband subscribers <sup>1</sup>	671,166	632,353	<b>6.1%</b>
Net additions	-2,044	22,483	-109.1%
<b>Active LLU customers</b>	<b>643,414</b>	<b>596,978</b>	7.8%
Unbundling Ratio	95.9%	94.4%	1.5pp
New LLU customers	-496	25,542	-101.9%
Market share in new LLU	-1.6%	55.3%	-56.9pp
LLU market share	31.9%	31.3%	<b>0.6pp</b>

### Pay TV

The subscriber base grew by 12.1% YoY, reaching an all-time high of 507.3k households. The rollout of 3play services is expected to be the main growth driver for the Pay TV market.

	Q4 2014	Q4 2013	Δ
Pay TV customers in Greece	507,261	452,340	12.1%

<sup>1</sup> Active and pending activation customers

## Financial Highlights

Consolidated Revenue for 2014 reached €379m, a decrease against 2013 due to a decline in Fixed Termination Rates (FTR). Adjusting for the accounting treatment of business revenues for which the company act as an agent, the revenue remained almost stable. The FTR decrease affected revenues by €6.2m in 2014.

Consolidated Revenue for Q4 2014 reached €94.8m, a decrease against Q4 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 1.2%. The FTR drop affected revenues by €2.6m in Q4 2014.

<i>Revenue Analysis</i> (€ '000)	Q4 2014	Q4 2013 <sup>2</sup>	Δ	12M 2014	12M 2013 <sup>2</sup>	Δ
<b>Total Retail</b>	<b>74,017</b>	<b>74,580</b>	<b>-0.8%</b>	<b>299,549</b>	<b>298,181</b>	<b>0.5%</b>
Telco Retail	37,994	40,363	-5.9%	158,987	163,668	-2.9%
Pay TV Retail	36,023	34,217	5.3%	140,562	134,513	4.5%
Total Business	12,876	12,658	1.7%	53,414	54,470	-1.9%
<b>Total Business (Normalized)<sup>3</sup></b>	<b>14,394</b>	<b>15,101</b>	<b>-4.7%</b>	<b>59,247</b>	<b>57,976</b>	<b>2.2%</b>
Telco Business	8,597	7,868	9.3%	35,307	37,718	-6.4%
Telco Business (Normalized) <sup>3</sup>	10,115	10,311	-1.9%	41,140	41,224	-0.2%
Pay TV Business	4,279	4,790	-10.7%	18,107	16,752	8.1%
Advertising	2,228	3,057	-27.1%	10,084	10,191	-1.0%
Other	5,666	4,714	20.2%	15,616	18,479	-15.5%
Total Revenue	94,787	95,009	-0.2%	378,663	381,321	-0.7%
<b>Total Revenue (Normalized)<sup>3</sup></b>	<b>96,304</b>	<b>97,452</b>	<b>-1.2%</b>	<b>384,496</b>	<b>384,827</b>	<b>-0.1%</b>

Adjusted EBITDA of 2014 reached €60.0m versus €64.6m in 2013, mainly as a result of pricing pressure and increased customer acquisition.

<i>EBITDA Analysis</i> (€ '000)	Q4 2014	Q4 2013	Δ	12M 2014	12M 2013	Δ
Revenue (including other income)	94,787	95,009	-0.2%	378,663	381,321	-0.7%
Revenue (Normalized) <sup>3</sup>	96,304	97,452	-1.2%	384,496	384,827	-0.1%
Reported EBITDA	12,096	14,527	-16.7%	59,355	55,895	6.2%
Adjusted EBITDA <sup>4</sup>	12,096	14,527	-16.7%	59,974	64,640	-7.2%
Adjusted EBITDA margin	12.8%	15.3%	-2.5pp	15.8%	17.0%	-1.2pp

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

<sup>3</sup> Normalization relates to a reclassification in business revenue which presented in expenses due to accounting treatment

<sup>4</sup> One -off or Non- cash adjustment

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

## Recent Business Developments

- On October 2014 Forthnet acquired the TV rights of French football league, while on November 2104 the company acquired the TV rights of Portuguese Cup, further enhancing Nova's sports content.
- On February 2015 the company announced the agreement with Village Roadshow Pictures for the exclusive access to premiere blockbusters from one of Hollywood's independent movie production companies.
- Forthnet continuous to improve subscribers' experience for the award winning service Nova Go, which, in less than a year, reached 100.000 active users. Following its successful launch, Forthnet is now providing its Nova GO services to all Nova and Nova 3Play subscribers.
- In the context of the non-binding offers submitted in July 2014, the company agreed to an independent due diligence, according the Law, a process that is completed.

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