

## Q2 2015 Financial Results

Aug 11, 2015

### Highlights

- **Subscriber base increased, despite the adverse macroeconomic environment.**
  - **Total subscriptions increased by 2% YoY**
  - **3play subscriptions increased by 5.9% YoY**
  - **PayTV subscriptions increased by 5.5% YoY**
  - **LLU subscriptions increased by 0.3% YoY**
- **H1 revenue stood at €182.7m**
- **Focus on optimizing the company's cost structure**

	06M 2015	06M 2014	Δ
Total Subscriptions	1,173,314	1,150,391	2.0%
Unique Households	808,587	805,972	0.3%
Households with 3play/Bundled Services	364,727	344,419	5.9%
Broadband subscribers	664,226	667,819	-0.5%
Pay TV Customers in Greece	509,088	482,572	5.5%

	Q2 2015	Q2 2014	Δ	06M 2015	06M 2014	Δ
Revenue (Normalized ,000€)	90,830	98,881	-8.1%	182,826	196,326	-6.9%
Reported EBITDA (,000€)	12,367	16,318	-24.2%	26,922	32,290	-16.6%
Adjusted EBITDA (,000€)	14,617	16,318	-10.4%	29,172	32,290	-9.7%

According to **CEO, Mr. Panos Papadopoulos:**

*In the second quarter of 2015 the company's key figures exhibited similar to the first quarter trends. Our subscription base continues to grow on a YoY basis, despite the macroeconomic environment. Under the current conditions we remain conservative and we focus on the quality of the services we provide and the improvement of our cost structure.*

## Operating Performance

### Bundling/3Play

At the end of Jun 2015, Forthnet served more than 364.7k households with Nova 3play/bundled services – a 5.9% increase compared to 2014, 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.

	Q2 2015	Q2 2014	Δ
Households with 3play/Bundled Services	364,727	344,419	5.9%
Households with 3play/Bundled Services as % of Total	<b>45.1%</b>	<b>42.7%</b>	<b>2.4pp</b>
New Households with 3play/Bundled Services	-4,354	20,873	-120.9%

### Telco

During H1 2015 Forthnet remained the leading Greek unbundler, while the active LLU customer base increased by 0.3% YoY and reached 641.9k subscribers.

	Q2 2015	Q2 2014	Δ
Broadband subscribers <sup>1</sup>	664,226	667,819	-0.5%
Net additions	-16,319	4,304	-479.2%
<b>Active LLU customers</b>	<b>641,970</b>	<b>640,193</b>	<b>0.3%</b>
Unbundling Ratio	96.6%	95.9%	0.7pp
New LLU customers	-3,863	13,023	-130%
Market share in new LLU	n/a	49.5%	n/a
LLU market share	31.4%	32.5%	-1.1pp

### Pay TV

The subscriber base grew by 5.5% YoY, reaching an all-time high of 509.1k households. The rollout of 3play services is expected to be the main growth driver for the Pay TV market.

	Q2 2015	Q2 2014	Δ
Pay TV customers in Greece	509,088	482,572	5.5%

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

## Financial Highlights

Consolidated Revenue for H1 2015 reached €182.7m, a decrease against 2014, due to a decline in Fixed Termination Rates (FTR) and conservative consumer spending. Adjusting for the accounting treatment of business revenues for which the company acts as an agent, the revenue decreased by 6.9%. The FTR decrease affected revenues by €3.1m in H1 2015.

Consolidated Revenue for Q2 2015 reached €90.8m, a decrease against Q2 2014, due to Fixed Termination Rates (FTR) and conservative consumer spending. Adjusting for the accounting treatment of business revenues for which the company acts as an agent, the revenue decreased by 8.1%. The FTR drop affected revenues by €1.2m in Q2 2015.

<i>Revenue Analysis</i> (€ '000)	Q2 2015	Q2 2014 <sup>2</sup>	Δ	06M 2015	06M 2014 <sup>2</sup>	Δ
<b>Total Retail</b>	<b>70,451</b>	<b>75,092</b>	<b>-6.2%</b>	<b>142,509</b>	<b>151,090</b>	<b>-5.7%</b>
Telco Retail	36,054	40,125	-10.1%	72,856	81,740	-10.9%
Pay TV Retail	34,397	34,967	-1.6%	69,653	69,350	0.4%
Total Business	14,747	15,419	-4.4%	28,761	29,910	-3.8%
<b>Total Business (Normalized)<sup>3</sup></b>	<b>14,817</b>	<b>16,759</b>	<b>-11.6%</b>	<b>28,914</b>	<b>31,893</b>	<b>-9.3%</b>
Telco Business	9,851	10,640	-7.4%	18,727	20,065	-6.7%
Telco Business (Normalized) <sup>3</sup>	9,921	11,980	-17.2%	18,880	22,047	-14.4%
Pay TV Business	4,896	4,779	2.4%	10,033	9,846	1.9%
Advertising	2,086	3,211	-35.0%	3,711	6,850	-45.8%
Other	3,476	3,818	-9.0%	7,693	6,493	18.5%
Total Revenue	90,760	97,540	-7.0%	182,674	194,344	-6.0%
<b>Total Revenue (Normalized)<sup>3</sup></b>	<b>90,830</b>	<b>98,881</b>	<b>-8.1%</b>	<b>182,826</b>	<b>196,326</b>	<b>-6.9%</b>

Adjusted EBITDA of H1 2015 reached €29.2m versus €32.3m in H1 2014, mainly as a result of pricing pressure.

<i>EBITDA Analysis</i> (€ '000)	Q2 2015	Q2 2014	Δ	06M 2015	06M 2014	Δ
Revenue (including other income)	90,760	97,540	-7.0%	182,674	194,344	-6.0%
Revenue (Normalized) <sup>3</sup>	90,830	98,881	-8.1%	182,826	196,326	-6.9%
Reported EBITDA	12,367	16,318	-24.2%	26,922	32,290	-16.6%
Adjusted EBITDA <sup>4</sup>	14,617	16,318	-10.4%	29,172	32,290	-9.7%
Adjusted EBITDA margin	16.1%	16.7%	-0.62pp	16.0%	16.6%	-0.65pp

Total bank debt in June 2015 stood at €325m.

<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 of business expenses deducted in business revenues due to accounting treatment

<sup>4</sup> In Q2 2015 there was a provision of 2.25M for a legal case

## Recent Business Developments

- In Q2 2015 Forthnet extended for two more seasons (until and including the season 2016-2017) its cooperation with the organizing authority of the domestic Men's 1st Division Basketball championship [ESAKE], through which it will continue to broadcast, on an exclusive basis, all home matches of 12 out of 14 teams, which participate in this Championship, including Panathinaikos BC.
- Forthnet's high quality customer support services were awarded by the annual, internationally recognized, Teleperformance Hellas CRM Grand Prix 2014 competition, with the Silver Award in the "Telephone Response over 50 agents" category. The distinction proves that the company is client oriented and focused on constantly improving customer support services.
- Nova, consistent with its strategy of providing innovative services and a whole new viewing experience, presented the STAR WARS HD channel for the first time in Greece. In cooperation with Disney and Fox studios, broadcasted the popular sci-fi movies Star Wars, including documentaries, tributes, and interviews.

---

*For more information please contact:*

*Tel, +30211 9552868, fax +30211 9559055, email: **ir@forthnet.gr***

*Tel, +30211 9559104, fax +30210 6658680, email: **pressoffice@forthnet.gr***

### **IMPORTANT NOTE**

This document may contain forward looking statements, which are based on estimates and assumptions pertaining to expected developments and other factors that affect the Company. These forward looking statements do not constitute neither historical events, nor warranty for future performance of the Company. These forward looking statements contain risks and uncertainties due to the existence of factors that may lead to considerable deviation of the Company's future results from these estimates.

Forward looking statements speak only as of the date of this document, and we undertake no obligation to publicly update or revise any forward looking statements in this document to reflect any change in expectations or any change in events, conditions or circumstances on which these forward looking statements are based.