

Q2 2014 Financial Results

Aug 8, 2014

Highlights

- **Company's performance continues to improve**
- **Retail revenues increased for the second consecutive quarter**
- **Total revenues increased in Q2 2014 for the first time after 9 quarters**
- **Strong 3play demand led to an all time high in total subscriptions and in PayTV and Broadband subscribers**
- **Marginal increase in reported EBITDA**

	Q2 2014	Q2 2013	Δ
Total Subscriptions	1,150,391	970,757	18.5%
Unique Households	805,972	766,207	5.2%
Households with 3play/Bundled Services	344,419	204,550	68.4%
Broadband subscribers	667,819	597,708	11.7%
Pay TV Customers in Greece	482,572	373,049	29.4%
Total Revenue	97,540	93,628	4.2%
Adjusted EBITDA (,000€)	16,318	12,172	34.1%
Reported EBITDA (,000€)	16,318	16,273	0.3%

According to CEO, Mr. Panos Papadopoulos:

"One year after Nova 3Play launch, the company keeps strengthening its position. Our strategy to differentiate from competition is starting to reflect on our financial results. In Q2 retail revenues continued to increase, while there was growth both in total revenue and EBITDA. The strong demand continues unabated and it drives higher the penetration of payTV and broadband in Greece. As a result, the company's subscriber base reached a new all time high, increasing its market share".

Operating Performance

Bundling/3Play

At the end of June 2014, Forthnet served more than 344k bundled/3Play households – a 68.4% increase compared to June 2013, enhancing its appeal to the Greek Households. For Q2 2014, Nova 3Play net additions were 20.1k, an increase +9.5% compared to the same period last year. The share of 3play in Forthnet's customer base is continuously increasing and this trend is improving overall ARPU and Churn.

	Q2 2014	Q2 2013	Δ
Households with 3play/Bundled Services	344,419	204,550	68.4%
Households with 3play/Bundled Services as %	42.7%	26.7%	+16.0pp
New Households with 3play/Bundled Services	20,873	19,070	9.5%

Telco

By the end of Q2 the telecom services subscriber base increased by 11.7% y-o-y and reached 667.8k subscribers. The overall LLU market grew by 26.3k lines, while Forthnet LLU customer base grew by 13k. As a result Forthnet's market share in LLU net additions is 49.5%, confirming once again the strong appeal of Nova 3Play.

	Q2 2014	Q2 2013	Δ
Broadband subscribers ¹	667,819	597,708	11.7%
Net additions	4,304	24,459	-82.4%
Active LLU customers	640,193	549,232	16.6%
Unbundling Ratio	95.9%	91.9%	+4.0pp
New LLU customers	13,023	7,856	65.8%
Market share in new LLU customers	49.5%	36.8%	12.7pp
LLU market share	32.5%	29.7%	+2.8pp

Over the last 12 months, Forthnet's market share in ULL increased by 2.8pp.

Pay TV

The subscriber base grew by 29.4% y-o-y, reaching 482.5k households, which is an all time high- in spite of the seasonality that adversely affects the number of customers at the end of June. The acceptance of Nova 3Play offer continued in Q2 2013. The rollout of 3play services is expected to be the main growth driver for the Pay TV market.

	Q2 2014	Q2 2013	Δ
Pay TV customers in Greece	482,572	373,049	29.4%

¹Active and pending activation customers

Financial Highlights

Consolidated Revenue for Q2 2014 reached €97,5M, up 4.2% against Q2 2013, for the first time after 9 quarters, despite the decrease in Fixed Termination Rates (FTR). The FTR drop affected revenues by €1.1M in Q2 2014.

Revenue Analysis (€ '000)	Q2 2014	Q2 2013	Δ
Total Retail	75,092	73,133	2.7%
Telco Retail	40,125	40,514	-1.0%
Pay TV Retail	34,967	32,619	7.2%
Total Business (Normalized)	15,419	13,178	17.0%
Telco Business	10,640	9,302	14.4%
Pay TV Business	4,779	3,876	23.3%
Advertising	3,211	2,846	12.8%
Other	3,818	4,471	-14.6%
Total Revenue	97,540	93,628	4.2%

This improvement is also visible in Retail Revenues, due to the commercial success of Nova 3Play. The increased customer base is starting to impact Retail Revenue with Q2 showing increased revenue for the second consecutive quarter.

The effect of new customers joining in Q2, is not fully reflected in the company's financials.

Retail Revenue trend	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Total Retail revenue y-o-y	+2.7%	+0.5%	-0.4%	-3.6%	-7.3%

Adjusted EBITDA of Q2 2014 reached €16.32 million versus €16.27 million in Q2 2013.

EBITDA Analysis(€ '000)	Q2 2014	Q2 2013	Δ
Revenue (including other income)	97,540	93,628	4.2%
Reported EBITDA	16,318	12,172	34.1%
Adjusted EBITDA ²	16,318	16,273	0.3%
Adjusted EBITDA margin	16.7%	17.4%	-0.7pp

Total bank debt in June 2014 stood at €325 million.

²One -off or Non- cash adjustment

Recent Business Developments

- In the beginning of June the company participated in an International Open Tender, issued by the Information Society SA, in order to sign a Frame Agreement for the project "Syzefxis II – Telecommunications Services". The company submitted offer files for the zones 1, 6, 7, 8 with a budget of €254,634,639.17
- Also at the end of June the company launched of the new service "Nova Exochiko", addressing existing Nova 3Play subscribers, who are now able to watch Nova TV content also in their holiday homes.

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