

# Results for the 2011, Trading Update and Operating Performance

8<sup>th</sup> March 2012

## 2011 HIGHLIGHTS

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- **Emphasis on revenue preservation with consolidated turnover growing by 1.4% vs. 2010 to €415.6M**
- **Increased operational profitability, with adjusted EBITDA at €80.3M (up from €65M or +23.5% vs. 2010) and adjusted EBITDA margin at 19.3% (+3.5pp vs. 2010)**
- **Improved cash generation with operating cashflow at €83.2M (+39.6% vs. 2010)**
- **The results were impacted by a €128.5M goodwill impairment - a non-cash adjustment driven by an increase in the discount rates from 12.1% to 14.8%, due to the macroeconomic environment.**

In the context of deteriorating macroeconomic conditions in 2011, the Group preserved and increased the revenue base, increased operational profitability through operational streamlining and cost-cutting and improved cash generation. At the same time, Management continued the functional integration of the telco and payTV businesses and increased the number of households that take bundled payTV and broadband services.

Thus, at the end of 2011 the Company reported:

- 134.5k Households that have chosen bundles of telecom and payTV services
- 785k unique households in Greece
- 528k broadband subscribers
- 391k active PayTV subs in Greece with digital subs increasing Y-o-Y by 22.9k

## Bundled Services

In Q4 2011 the Group continued to attract customers that bundle telecom and payTV services. At the end of December 2011 the Group served 785k unique households in Greece, of which, 134.5k have chosen bundled services.

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Households with Bundled Services	134,505	126,488	121,582	111,613	99,932
Households with Bundled Services as % of Total	<b>17.1%</b>	<b>16.7%</b>	<b>16.7%</b>	<b>14.6%</b>	<b>13.1%</b>
New Households with Bundled Services	8,017	4,906	9,969	11,681	23,235

The majority of the customers that chose bundled services in 2010 already had a billing relationship with the Group. In 2011 the majority of the new bundled customers were newcomers to the Group.

## Telecom Services

Forthnet continues to extend its telecom customer base. The number of Broadband subscribers at the end of December 2011 stood at 528,3k, with 17,707 net additions in Q4 2011. ULL is the key growth driver, while demand for these services is expected to remain strong.

Broadband Customers	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
<b>Broadband subscribers<sup>1</sup></b>	<b>528,350</b>	<b>510,643</b>	<b>501,705</b>	<b>496,304</b>	<b>483,163</b>
Quarterly net additions	17,707	8,938	5,401	13,141	21,820
<b>Active LLU customers</b>	<b>500,275</b>	<b>477,566</b>	<b>472,142</b>	<b>459,626</b>	<b>445,343</b>
Unbundling Ratio	95%	94%	94%	93%	92%
New LLU customers	22,709	5,424	12,516	14,283	29,681
Market share in new LLU customers	20.0%	11.7%	18.0%	18.5%	30.4%
LLU market share	30.0%	30.6%	31.3%	31.9%	32.6%

Forthnet is the leading unbundler in Greece with an estimated market share of 30.0% at the end of December 2011 and 22.7k net additions in Q4. It is estimated that Forthnet's market share in ULL net additions in Q4 was 20.0%.

<sup>1</sup> Active & pending activation wholesale ADSL and 2Play customers, plus active & pending activation unbundled Customers.

## PayTV Services

Satellite PayTV subscribers in Greece reached 386,616 at the end of December 2011, an all times Q4 high. The analogue subscriber base in Greece declined.

<b>PayTV Customers in Greece</b>	<b>Q4 2011</b>	<b>Q4 2010</b>	<b>Δ</b>
Digital Platform	386,616	363,679	22,937
Analogue Platform	4,636	16,362	-11,726
<b>Total</b>	<b>391,252</b>	<b>380,041</b>	<b>11,211</b>

By the end of December 2011 payTV subscribers in Greece reached 391,252 customers, a y-o-y increase of 11,211.

## Consolidated 2011 financial results

Management focused on three areas in the course of 2011:

- a) Preserve the revenue base – particularly in terms of core retail services to Greek households (broadband & digital payTV)
- b) Increase profitability through operational streamlining and cost-cutting
- c) Improve cash generation

The Group reported total revenues of €415.6M, an increase of 1.4% compared with 2010. Revenue from ULL services grew by 11.8% driven by an increase in subs. The decrease in payTV revenue is attributed mostly to analogue services, advertising and Cyprus digital services.

<b>Revenue Analysis (in €'000)</b>	<b>2011</b>	<b>2010</b>	<b>Δ</b>
Residential LLU services	168,327	150,553	11.8%
Residential Wholesale Services	4,836	8,209	-41.1%
Business Services and Applications	46,365	43,510	6.6%
PayTV Revenue	182,527	192,696	-5.3%
Equipment and Other	13,530	14,884	-9.1%
<b>Total Revenue (incl. other income)</b>	<b>415,584</b>	<b>409,852</b>	<b>1.4%</b>

Operational integration, streamlining and cost-cutting initiatives throughout 2011 boosted adjusted EBITDA by €15.2M, up 23.4% on a y-o-y basis. The adjusted EBITDA margin for the year stood at 19.3%, an increase of 3.5pp over 2010. Such operating gains notwithstanding, reported EBITDA was impacted by a €128.5M write-off in the

consolidated goodwill. This non-cash charge was driven by a y-o-y increase in the discount rates from 12.1% to 14.8% - a result (direct as well as indirect) of the deterioration in the credit rating of the Greek sovereign debt.

<i>(in € '000)</i>	<b>2011</b>	<b>2010</b>	<b>Δ</b>
Revenue (including other income)	415,584	409,852	1.4%
Reported EBITDA	- 52,774	45,662	-N/A
Adjusted EBITDA <sup>2</sup>	80,287	65,039	23.4%
Adjusted EBITDA margin	19.3%	15.9%	3.5pp

Cashflow generation improved in 2011 thanks to increased profitability and tighter working capital management. Operating cashflow stood at €83.2M, up 39.6% over 2010. This level of cash generation was sufficient to cover this year's capex and incremental financial obligations with minimal depletion of cash reserves.

<i>(in € '000)</i>	<b>2011</b>	<b>2010</b>	<b>Δ</b>
Operating Profit	82,334	72,834	13.0%
Net Cash from Operating Activities	83,179	59,573	39.6%
Net decrease in cash (*)	2,387	21,022	88.6%

(\*) Adjusted for restricted cash and principal repayments in 2010

<sup>2</sup> Adjustments for Non –Cash and other exceptional items

## Consolidated Q4 2011 financial results

Q4 revenue decreased by 1.7% compared with Q4 2010. The result of cost-cutting initiatives boosted Q4 2011 adjusted EBITDA to €17.4M, up 20.2% on a y-o-y basis. The adjusted EBITDA margin for the quarter was 16.6%, an increase of 3.0pp over Q4 2010.

<i>(in € '000)</i>	<b>Q4 2011</b>	<b>Q4 2010</b>	<b>Δ</b>
Revenue (including other income)	104,846	106,622	-1.7%
Reported EBITDA	-73,397	-4,696	N/A
Adjusted EBITDA <sup>3</sup>	17,431	14,501	20.2%
Adjusted EBITDA margin	16.6%	13.6%	3.0pp

## Recent Developments

The analogue service was terminated in January 2012 and a pilot DTT PayTV service was launched in Athens and Thessaloniki.

In November 2011 the group offered the first pilot 3D broadcasting in Greece. Over time more 3D content will become available to the payTV subscriber base.

In December 2011 Forthnet came to a commercial agreement with CYTA for content wholesale in Cyprus. As a result the CYTA IPTV subscribers in Cyprus have access to 10 of the Group's Sport and Movies channels

In January 2012 the company received a Statement of Objections from the Hellenic Competition Commission regarding the agreements executed between the affiliated company Multichoice Hellas SA and free to air channels. Forthnet opposes the content of the SO, has submitted its views and will defend its positions before the Hellenic Competition Commission.

In January 2012 the Forthnet shareholders' EGM did not approve a rights issue proposal to raise approximately €30M in cash.

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<sup>3</sup> Non –Cash adjustments

## Liquidity and Debt

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As of December 30th 2011, Forthnet's consolidated cash position was €35.9M, compared to €38.4M at December 2010. Total net bank debt for the Group at the end of December 2011 stood at €296.5 vs. €294.7M in December 2010.

The Group's long term debt has been reclassified as current. Management is in discussions with its lending banks to obtain the necessary waivers and remains optimistic that this reclassification will impact neither its liquidity nor its trading prospects.

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