

H1 2016 Financial Results

Aug 29, 2016

Highlights

- **Total (normalized) revenues stood at €165.5m and adjusted EBITDA at €26.8m**
- **Total subscriptions stood at 1.1m**
- **3Play/bundled subscribers at 328k**
- **Broadband subscribers at 613k**
- **Pay TV subscribers at 460k**
- **Refinancing term sheet agreed with the lending banks**
- **Launch of a €99M convertible bond loan approved by BoD**

	H1 2016	H1 2015	Δ
Total Subscriptions	1,073,067	1,173,314	-8.5%
Unique Households	744,606	808,587	-7.9%
Households with 3play/Bundled Services	328,461	364,727	-9.9%
Broadband subscribers	612,815	664,226	-7.7%
Pay TV Customers in Greece	460,252	509,088	-9.6%

(€ '000)	H1 2016	H1 2015	Δ
Revenue (normalized)	165,510	182,826	-9.5%
Reported EBITDA	26,815	26,922	-0.4 %
Adjusted EBITDA	26,815	29,172	-8.1%

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

In a prolonged recessionary environment, that decreases disposable income, we continue to focus on optimizing our cost base and on improving the quality of our services. By entering into new agreements we are enriching our content and available channels. We are also continuing to improve the experience of our subscribers, under the Nova brand for all services, by offering to all of our customers high definition image quality and new ways of experiencing on demand content. The refinancing agreement reached with the banks and the upcoming issuance of the convertible bond are important developments towards improving the company's balance sheet.

Operating Performance

Bundling/3Play

At the end of June 2016, Forthnet served more than 328.4k households with Nova 3play/bundled services. The share of Nova 3Play subscriptions in Forthnet's customer base is over 44.1%.

	H1 2016	H1 2015	Δ
Households with 3play/Bundled Services	328,461	364,727	-9.9%
Households with 3play/Bundled Services as % of Total	44.11%	45.09%	-0.98pp

Telco

Mostly due to the conservative commercial approach for the first six months of 2016, LLU customers decreased to 596.7K

	H1 2016	H1 2015	Δ
Broadband subscribers ¹	612,815	664,226	-7,7%
Active LLU customers	596,743	641,970	-7,0%
Unbundling Ratio	97.4%	96.6%	0.8pp
LLU market share	29.0%	31.4%	-2.4pp

Pay TV

The Pay TV subscriber base reached 460.2 households as a result of our conservative commercial approach. Pay TV market continues to be dominated by bundled/3play services.

	H1 2016	H1 2015	Δ
Pay TV customers in Greece	460,252	509,088	-9.6%

¹Active and pending activation customers

Financial Highlights

Consolidated normalized Revenue for H1 2016 reached €165.5m, decreased compared to 2015, due to a decline in consumer spending and the more conservative commercial approach by the company. The advertising revenue increased by 12% as a result of constantly upgraded content of TV program of Nova.

<i>Revenue Analysis</i> (€ '000)	H1 2016	H1 2015	Δ
Total Retail	128,880	142,509	-9.6%
Telco Retail	66,849	72,856	-8.2%
Pay TV Retail	62,031	69,653	-10.9%
Total Business	26,373	28,761	-8.3%
Total Business (Normalized)²	26,590	28,914	-8.0%
Telco Business	17,180	18,727	-8.3%
Telco Business (Normalized) ²	17,396	18,880	-7.9%
Pay TV Business	9,193	10,033	-8.4%
Advertising	4,140	3,711	11.6%
Other	5,901	7,693	-23.3%
Total Revenue	165,294	182,674	-9.5%
Total Revenue (Normalized)	165,510	182,826	-9.5%

The cost optimization efforts increased EBITDA margin from 16.0% to 16.2%. Adjusted EBITDA of H1 2016 reached €26.8m versus €29.2m in 2015, mainly as a result of pricing pressure and the unfavorable macroeconomic environment.

<i>EBITDA Analysis</i> (€ '000)	H1 2016	H1 2015	Δ
Revenue (including other income)	165,294	182,674	-9.5%
Revenue (normalized) ²	165,510	182,826	-9.5%
Reported EBITDA	26,815	26,922	-0.4 %
Adjusted EBITDA ³	26,815	29,172	-8.1%
Adjusted EBITDA margin	16.2%	16.0%	0.2pp

Total bank debt in Jun 2016 stood at €325m.

² Normalization relates to a reclassification in business revenues which presented in expenses, based on accounting policy.

³ One-off and Non cash adjustments

Recent Business Developments

- During the meeting of 21.06.2016, the Board of Directors approved term sheets for the refinancing of existing loan obligations of Forthnet and Forthnet Media S.A..
- Following the agreement achieved on the main Refinancing terms, the Board of Directors, approved the issue by the Company of a convertible bond loan of a total amount of up to €99.087.466,50.
- Forthnet and ZTE signed a Cooperation Agreement, to develop a business plan and to jointly fund and deploy a next-generation-access network (NGA) in Greece.
- The Nova On Demand service was launched. The new service provides to subscribers access to major blockbusters, first run series, as well as, a variety of entertaining content, documentaries, kids, etc., on their big screen.
- All Nova channels are now transmitting in HD. Since August 1st, all Novacinema, Novasports and Novalife are in HD with Dolby Digital Surround 5.1, while viewing HD channels is now offered to all Nova subs with no extra cost.
- Forthnet unified all services for households and SMEs, under the brand name "Nova", offering an improved and unified customer experience to its subscribers.
- Nova and Sony Pictures Television agreed to renew their long term cooperation, providing Nova subscribers access to movies and series that are placed at the top of US and Greek Box Office.
- The French Football Championship, "Championnat", will be exclusively on Novasports channels until 2018.
- Nova bouquet was enriched with 4 new channels. Novasummer, MTV Live HD, MTV Hits and Redlight HD.

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