

## 12M 2016 Financial Results

Apr 27, 2017

### Highlights

- **EBITDA increased by 8.6%, despite the decline in revenues that reached € 325 million**
- **The Convertible Bond issued by the company fulfilled the requirements for the refinancing of existing bank debt**
- **The subscriber base declined as a result of the cautious commercial policy, the imposition of a 10% tax on Pay-TV and the underperformance of Superleague**
- **Advertising revenue increased by 11.4%**
- **Following an auction by NRA, Forthnet was awarded the tender to become the universal service provider for fixed telephony services in Greece**

	12M 2016	12M 2015	Δ
Total Subscriptions	1,021,143	1,135,332	-10.1%
Unique Households	719,591	789,010	-8.8%
Households with 3play/Bundled Services	301,552	346,322	-12.9%
Broadband subscribers	581,739	640,689	-9.2%
Pay TV Customers in Greece	439,404	494,643	-11.2%

(.000€)	12M 2016	12M 2015	Δ
Revenue (including other income)	324,710	352,049	-7.8%
Revenue (normalized)	325,115	352,488	-7.8%
Reported EBITDA	54,836	48,225	13.7%
Adjusted EBITDA	54,836	50,475	8.6%

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

*"The continuing recession has decreased the purchasing power of Greek consumers in 2016, while the imposition of a new 10% tax on pay-TV and Superleague's underperformance have affected our subscriber base. In this adverse macroeconomic environment, we maintained a cautious commercial policy and focused on improving the company's cost base. As a result, the company achieved an improvement in EBITDA, in spite of the decline in total revenues. Following the Convertible Bond issuance that fulfilled the requirements for the refinancing of existing bank debt, the company is focusing on its operating plans and on innovative services that improve the customer experience."*

## Operating Performance

### Bundling/3Play

At the end of December 2016, Forthnet served 301.6K households with Nova 3play/bundled services. The share of Nova 3Play subscriptions in Forthnet's customer base is over 41.9%.

	12M 2016	12M 2015	Δ
Households with 3play/Bundled Services	301,552	346,322	-12.9%
Households with 3play/Bundled Services as % of Total	41.91%	43.89%	-1.99pp

### Telco

Mostly due to the conservative commercial approach in 2016, LLU customers decreased to 565.1K.

	12M 2016	12M 2015	Δ
Broadband subscribers <sup>1</sup>	581,739	640,689	-9.2%
Active LLU customers	565,051	620,494	-8.9%
Unbundling Ratio	97.1%	96.8%	0.28pp
LLU market share	27.1%	30.2%	-3.10pp

### Pay TV

The Pay TV subscriber base reached 439.4 households as a result of our conservative commercial approach. Pay TV market continues to be dominated by bundled/3play services.

	12M 2016	12M 2015	Δ
Pay TV customers in Greece	439,404	494,643	-11.2%

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

## Financial Highlights

Consolidated normalized Revenue for 2016 reached €325.1M, decreased compared to 2015, due to a decline in consumer spending and a more conservative commercial approach by the company. The advertising revenue increased by 11.4% as a result of constantly upgraded content.

<b>Revenue Analysis</b> (€ '000)	<b>12M 2016</b>	<b>12M 2015</b>	<b>Δ</b>
<b>Total Retail</b>	<b>248,422</b>	<b>277,151</b>	<b>-10.4%</b>
Telco Retail	131,003	142,673	-8.2%
Pay TV Retail	117,419	134,478	-12.7%
Total Business	53,451	54,698	-2.3%
<b>Total Business (Normalized)<sup>2</sup></b>	<b>53,855</b>	<b>55,137</b>	<b>-2.3%</b>
Telco Business	35,568	35,647	-0.2%
Telco Business (Normalized) <sup>2</sup>	35,973	36,086	-0.3%
Pay TV Business	17,882	19,051	-6.1%
Advertising	7,179	6,442	11.4%
Other	15,659	13,758	13.8%
Total Revenue	324,710	352,049	-7.8%
Revenue (normalized) <sup>2</sup>	<b>325,115</b>	<b>352,489</b>	<b>-7.8%</b>

The cost optimization efforts increased EBITDA margin from 14.3% to 16.9%. Adjusted EBITDA of 2016 reached €54.8M versus €50.5M in 2015.

<b>Ανάλυση EBITDA</b> (€ '000)	<b>12M 2016</b>	<b>12M 2015</b>	<b>Δ</b>
Revenue (including other income)	324,710	352,049	-7.8%
Revenue (normalized) <sup>2</sup>	325,115	352,488	-7.8%
Reported EBITDA	54,836	48,225	13.7%
Adjusted EBITDA <sup>3</sup>	54,836	50,475	8.6%
Adjusted EBITDA margin	16.9%	14.3%	2.55pp

Total bank debt in Dec 2016 stood at €255m.

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

<sup>3</sup> One-off and Non cash adjustments. In 12M 2015 there was a provision of 2.25M for a legal case.

## Recent Business Developments

- On October 11<sup>th</sup>, Forthnet announced that the issuance of the CBL of € 99,087,466.50 was covered by 70.65% and therefore the requirement for the completion of the refinancing of its bank debt obligations was fulfilled.
- Forthnet acquired the exclusive broadcasting rights of the top European basketball competition for the three-year period 2017-2020, extending its long-term cooperation with EuroLeague. The new format of Euroleague and the guaranteed participation of the two leading Greek teams is expected to increase viewership.
- At the same time, Forthnet also obtained the broadcasting rights for a three-year period (2016-2019) of the newly created Basketball Champions League with the participation of other popular Greek teams.
- Since October, the Pay-TV bouquet has been enriched with NovasportsstoriesHD, a new sports channel dedicated to legendary teams, athletic moments and memorable athletes.
- Forthnet has renewed its longstanding partnership with Warner Bros., one of Hollywood's major studios, which each year produces films and series that stand out at the American and Greek Box Office. With this agreement, Novacinema will provide exclusive Warner Bros. first run movies and series to its customers.
- Following an auction by NRA, Forthnet was awarded the tender to become the universal service provider for fixed telephony services in Greece. Forthnet's satellite broadband solution proved more competitive than the alternatives, driving the cost to be subsidized by the market significantly lower.

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