

12M 2018 Financial Results

Apr 25, 2019

Highlights

- **Strict adherence to the company's operational restructuring plan leads to positive operating results – EBITDA reaches €42.3 million, increasing by 5.3% compared to 12M 2017.**
- **Forthnet ends 2018 with 927 thousand retail subscriptions and serves 669 thousand unique households, 550 thousand broadband subscribers and 478 thousand retail and wholesale Pay TV subscribers in Greece and Cyprus.**
- **Demand and subscriber base in Pay TV continue to be affected by the over-taxation of the consumers and the industry, as well as the unfair competition from multinational companies, which provide comparable services without being subject to the same tax burdens.**
- **Forthnet is in the process of entering the mobile telephony market as a virtual provider (MVNO), following regulatory decisions that after many years, have finally aligned the Greek mobile telephony market framework with that of the rest EU countries.**

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

"In 2018 we recorded EBITDA growth of 5.3% on an annual basis, despite the over-taxation of the Greek Pay TV sector and the unfair competition we face from multinational companies operating in the Greek Pay TV market.

Our positive results are due to the successful implementation of the company's operational restructuring plan, which has reduced fixed costs and improved our operating performance. Our strategic decision for the wholesale distribution of our premium sports and cinematic content to final customers through more Pay TV providers in Greece and Cyprus, continues to bear fruit and strengthens our strategic positioning in the Pay TV sector in Greece and Cyprus.

Recent decisions by the Greek Regulatory Authority and the European Commission, that support our views regarding the wholesale price framework for Mobile Virtual Network Operators (MVNOs), constitute a Game Changer development for our company. For the first time, the necessary conditions exist enabling us to develop a viable business by offering to consumers mobile services under competitive terms, and covering thus in an integrated manner the needs of Greek households for communication services and home entertainment.

Commercial Performance

At the end of December 2018, the Total subscriptions reached 927K, the unique households 669K while LLU customers counted 536K. Pay TV subscriber base reached 478K customers including the Pay TV retail and wholesale customers in Greece and Cyprus.

	12M 2018	12M 2017	Δ
Total Subscriptions	927,481	981,678	-5.5%
Unique Households	668,503	691,792	-3.4%
Broadband subscribers ¹	550,135	562,361	-2.2%
<i>Active LLU customers</i>	<i>536,364</i>	<i>547,691</i>	<i>-2.1%</i>
<i>Unbundling Ratio</i>	<i>97.5%</i>	<i>97.4%</i>	<i>+0.1pp</i>
<i>LLU market share</i>	<i>25.3%</i>	<i>25.9%</i>	<i>-0.6pp</i>
Total Pay TV (Retail & Wholesale) ²	477,641	478,324	-0.1%

Financial Performance

Total revenues for 2018 amounted to €285,2 million, decreased compared to 2017 by -4.0%. Revenue from advertising improved by 14.0% as a result of the continuously upgraded content of Nova's TV program. Revenue from Corporate customers increased by 5.9%.

Revenue Analysis (€ '000)	12M 2018	12M 2017	Δ
Total Retail	196,746	215,613	-8.7%
Telco Retail	108,624	116,032	-6.4%
Pay TV Retail	88,122	99,581	-11.5%
Total Business	59,136	55,843	5.9%
Telco Business	34,548	36,877	-6.3%
Pay TV Business	24,588	18,966	29.6%
Advertising	9,317	8,173	14.0%
Other	20,044	17,433	15.0%
Total Revenue	285,244	297,062	-4.0%

¹ Active and pending activation subscribers

² Pay TV Retail customers in Greece and Cyprus and Pay TV wholesale customer in Greece and Cyprus ((Vodafone, Wind, Cyta Cyprus, Cablenet, MTN and Primetel)

EBITDA for 2018 increased by 5.3% reached €42.3 million versus €40.2 million in 2017.

EBITDA Analysis (€ '000)	12M 2018	12M 2017	Δ
Revenue (including other income)	285,244	297,062	-4.9%
EBITDA	42,346	40,217	+5.3%
EBITDA margin	14.8%	13.5%	+1.3pp

Total bank debt as of December 31, 2018 stood at €256.3m³

Recent Business Developments

With the decision of the Greek NRA, which has also the approval of the European Union, the company is preparing to enter the mobile telephony market as a Mobile Virtual Network Operator (MVNO). The company's appeal on July 2016 was fully adopted by the Greek NRA and the European Commission, since the maximum prices set by both of them allowed - for the first time in Greece - the existence of a viable MVNO model.

The Company entered into partnership with MGM (Metro Goldwyn Mayer) securing movies and first window premium content. The partnerships with some of the major studios of Hollywood secure exclusive access to award winning movies and popular TV series not only through Novacinema channels but also through OTT services.

By utilizing its extensive telecom infrastructure and its high expertise, the Company has signed significant agreements to provide telecommunication services to leading companies. Following the agreements with Hellenic Petroleum, FAGE, Natural Gas Distribution Company and Pet City, the company has also signed agreements with Praktiker, Masoutis, Melissa, Marks & Spencer and Brink's Hellas.

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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.

³ *Excluding the convertible bond loan*