



**euNetworks**  
bandwidth. from the ground up.

## **euNetworks Performance Update for First Quarter 2017**

**London, UNITED KINGDOM – 4 May 2017** – euNetworks, as a European bandwidth infrastructure provider, is focused on delivering scalable, fibre based products and solutions. We operate in a market where the key drivers of bandwidth growth are data centre to data centre connectivity and cloud connectivity and we continue to shape our network development to serve this.

euNetworks invested €14.2m of capital in Q1 2017, with almost half of this allocated to customer projects. As with prior quarters, capital for network development initiatives continued, with 35% of capital funding such projects. Q1 2017 network development included:

- Building a new high density fibre network from Slough to Central London. This project commenced on 10 January, with this unique, secure and diverse route going live on 28 April. We now own and operate the shortest route between Slough and London, diverse to other operators in the market. We have installed a network with high fibre cable count and increased duct capacity. The route includes 180 access chambers, giving us the ability to break out at any location along the route for our customers. Slough has emerged as a key data centre hub, and the investment we have made in our network this quarter serves our customers as their bandwidth requirements continue to grow. It also supports our market leading euTrade ultra low latency proposition.
- Investment in our German long haul network. We have developed more diverse route options for our customers across our Pan German long haul network, effectively adding more network rings to our infrastructure. With 7 fibre based city networks in Germany, this is an important market for the business. This long haul development is in line with our approach of delivering highly differentiated, unique and multi-route long haul options for our customers to connect between our metro cities.

Our performance in Q1 2017 was solid. Sales grew 4% from Q1 2016 and service installations were up 26%. This underpins revenue growth in the coming months. In Q1 2017, the percentage of sales that were new versus replacement sales – for example when customers upgrade their bandwidth requirements with us, were 69%, up from 67% in Q1 2016. Average churn was 0.6% in Q1 2017, improving from 0.7% in Q1 2016. Average debtor days reached an average 34 days outstanding in Q1 2017, slightly up from an average 32 days at 2016 exit.

Revenue grew 7% from Q1 2016, reaching €32.6m. Normalised adjusted EBITDA for Q1 2017 was €11.3, growing 14% from Q1 2016. Normalised adjusted EBITDA declined 3% from Q4 2016. Following high capital investment in Q4 2016, euNetworks grew the sales team by 14% in Q1 2017, contributing to this decline. The added resource will drive incremental adjusted EBITDA growth in 2H 2017.

“Q1 2017 was a solid quarter for the business, with some great new sales wins and a new benchmark in service installations performance,” said Brady Rafuse, Chief Executive Officer of euNetworks. “We continue to focus on three products – Fibre, Wavelengths and Ethernet – and we combine these into bandwidth solutions to meet specific customer needs, the most recent example of this being Private Connect. This new solution, developed in the quarter, offers a dedicated private network to customers, with fibre and DWDM equipment for their sole use. We have had strong customer success with Private Connect already and expect further success with this in the coming quarters. Overall we saw good growth across all of our segments in the quarter, with sales from both existing customers and new customers. In particular we saw good growth in connectivity sales to data centre operators and cloud platform providers.”

“Our network development projects continue to strengthen our points of differentiation in the market, both in the long haul and the metro,” said Rafuse. “We had some significant projects underway in the quarter, most notably the recently completed fibre build between London and Slough. This new network route is both diverse and unique, offering euNetworks a clear differentiation in the market with the shortest path. The rapid project delivery was impressive and



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we now own and operate a secure and scalable infrastructure that underpins the growth of commerce in the UK. Our German long haul network developments add further strength to our position in that market, with more route options available for our customers to get to various cities and data centres. We will continue with similar long haul and metro based projects through 2017, as we work closely with our customers to ensure we shape our network to what they need.”

“As I mentioned last quarter, in March we successfully upsized and simplified our debt facilities, increasing our debt capacity to €175m. The incremental available funding allows us flexibility to pursue incremental growth projects. The team are actively assessing opportunities and we will provide more details on these as appropriate in the coming quarters.”

€m	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017		12 mths - 31/3/2016	12 mths - 31/3/2017	%
Total Revenue	30.6	30.6	32.2	31.8	32.3	32.6		120.0	128.9	7.4
Recurring Revenue	30.6	30.6	32.2	31.8	32.3	32.6		120.0	128.9	7.4
Adjusted EBITDA	9.9	9.8	10.7	10.8	10.6	10.7		36.0	42.8	19.0
Normalised Adjusted EBITDA	9.8	9.9	11.1	11.0	11.7	11.3		37.4	45.1	20.6
LQA Normalised Adjusted EBITDA exit	39.3	39.5	44.2	44.2	46.7	45.2		39.5	45.2	14.3
Capital Expenditure	10.9	11.5	16.1	11.9	16.5	14.2		43.5	58.6	34.9
Proxy Cash flow	(1.0)	(1.7)	(5.6)	(1.1)	(5.9)	(3.5)		(7.5)	(15.8)	n/a

## About euNetworks

euNetworks is a bandwidth infrastructure provider, owning and operating 14 fibre based metropolitan networks across Europe connected with a high capacity intercity backbone covering 48 cities in 13 countries. The company leads the market in data centre connectivity, directly connecting over 300 in Europe today. euNetworks is also a leading cloud connectivity provider, directly connecting 13 cloud platforms with access to a further 7. The company offers a portfolio of metropolitan and long haul services including Dark Fibre, Wavelengths, and Ethernet. Wholesale, finance, content, media, data centre and enterprise customers benefit from euNetworks’ unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs.

euNetworks Group Limited is headquartered in London. For further information please visit [www.eunetworks.com](http://www.eunetworks.com).

To view the euNetworks map go to <http://map.eunetworks.com/>.

## euNetworks Investor and Press Contact:

**Hannah Fox** | Senior Director Marketing | **euNetworks**  
 15 Worship Street | London EC2A 2DT  
[hannah.fox@eunetworks.com](mailto:hannah.fox@eunetworks.com) email | hannah\_britt skype  
 +44 20 7952 1338 office | +44 7717 896 446 mobile