



euNetworks
bandwidth. from the ground up.

euNetworks Performance Update for Second Quarter 2017

London, UNITED KINGDOM – 3 August 2017 – euNetworks is a European facilities based horizontally integrated bandwidth infrastructure provider that sells focus products to target customers. Our key drivers of bandwidth growth are data centre and cloud connectivity.

In the second quarter euNetworks continued its strong growth trajectory. Total revenue grew 5% from Q2 2016 reaching €33.8m, with recurring revenue from the focus products of Fibre, Wavelengths and Ethernet up 11% from Q2 2016, despite adverse currency impact. Adjusted EBITDA grew 17% from Q2 2016.

Capital investment in Q2 2017 was €16.9m, up 5% from Q2 2016. The majority of capital invested in the quarter was allocated to specific customer projects. We commenced a number of new investment initiatives to expand our addressable market, with these metro and long haul projects due to be available for service in Q3 and Q4 2017. We also completed some key investment projects:

- The new build of a high fibre count network from Slough to Central London went live on the 28 April. This unique route is the shortest route between Slough and London, offering the lowest latency access to key exchanges via our euTrade service. It is also fully diverse from traditional routes available in the market. Slough is an important data centre hub for our customers in addition to being a key trading location for financial services organisations.
- Investment in our German long haul network, delivering highly differentiated, unique and multi-route 100G long haul options for our customers to connect between our metro cities. Additional development phases to our Pan German footprint are currently underway following the completion of work in 1H 2017.
- Manchester fibre metro build and the roll out of DC Connect in Manchester is near completion. This brings our operating metro count to 14 across Europe, with 7 of these cities enabled with [DC Connect](#).

euNetworks delivered solid sales performance in 1H 2017 and Q2 2017. The new network service capabilities along with the additional sales resource added in Q1 2017, offers further sales growth opportunity in 2H 2017. Following high service installations in Q1 2017, service installations increased 9% quarter on quarter and 7% from Q2 2016. Disconnections were higher in the quarter due to a known and long time planned move by a customer, transitioning services out of our Amsterdam data centre and into their own. Average churn was subsequently 1.4% in Q2 2017, higher than 1.1% in Q2 2016 and up from last quarter.

Normalised adjusted EBITDA was up 9% from Q2 2016 and up 7% from Q1 2017, reaching €12.1m. Normalised adjusted EBITDA in the quarter was €0.4m lower than adjusted EBITDA due to some debt recovery activity in the business.

“The performance of the business remained strong through Q2 2017, with the completion of important network development projects and solid growth in revenue and adjusted EBITDA,” said Brady Rafuse, Chief Executive Officer of euNetworks. “Our core business focus is on three products for our customers – Fibre, Wavelengths and Ethernet – and we combine these into bandwidth solutions to meet specific customer needs. These focus products account for a high proportion of our new sales each month and recurring revenue growth across these products was 11% from Q2 2016.”

“We continue to focus on making sure we have the leanest production system possible, driving for zero defects. That enables us to offer fast and flexible service delivery and provisioning, being agile for our customers. We’re delivering on-net services to our customers in less than 30 days, unless they prefer to have a longer set delivery date. We’re focused on consistently over-delivering for our customers as we strive to be the category owner for bandwidth infrastructure services in Western Europe.”



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“Customers are looking for bandwidth providers who can offer high capacity routes, delivering them the resiliency that they need. This may require as many as 5 fully diverse routes between two points in order to achieve that,” said Rafuse. “The network development projects we have undertaken to date are delivering that level of diversity, right across our European footprint. euNetworks has demonstrated an ability to respond quickly and creatively, both commercially and technically, to meet customers’ needs. With additional network development projects underway for specific customers, that will continue in 2H 2017. We also have some opportunistic network developments where we have a high degree of confidence we will gain good return from the investment. We remain focused on our product set, maintaining our lean production system, developing our network in ways that create value for our business and our customers, and continuing to grow the business.”

€m	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017		12 mths - 30/6/2016	12 mths - 30/6/2017	%
Total Revenue	30.6	32.2	31.8	32.3	32.6	33.8		123.1	130.5	6.1
Recurring Revenue	30.6	32.2	31.8	32.3	32.6	33.8		123.1	130.5	6.1
Adjusted EBITDA	9.8	10.7	10.8	10.6	10.7	12.5		38.5	44.6	15.9
Normalised Adjusted EBITDA	9.9	11.1	11.0	11.7	11.3	12.1		39.7	46.1	16.3
LQA Normalised Adjusted EBITDA exit	39.5	44.2	44.2	46.7	45.2	48.4		44.2	48.4	9.5
Capital Expenditure	11.5	16.1	11.9	16.5	14.2	16.9		49.7	59.5	19.8
Proxy Cash flow	(1.7)	(5.6)	(1.1)	(5.9)	(3.5)	(4.4)		(11.2)	(14.9)	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.

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

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