



euNetworks Performance Update for Third Quarter 2017

London, UNITED KINGDOM – 1 November 2017 – euNetworks is a European facilities based bandwidth infrastructure provider that sells focus products to target customers. Our key drivers of bandwidth growth are data centre and cloud connectivity.

We delivered a strong performance in the third quarter. Total revenue grew 10% from Q3 2016 reaching €34.9m, with recurring revenue up 9% and recurring revenue from the focus products up 15% from Q3 2016, despite adverse currency impact. Adjusted EBITDA grew 18% from Q3 2016.

Capital investment in Q3 2017 was €17.1m, up 43% from Q3 2016. The majority of capital invested in the quarter was driven by customer projects, as it was in Q2 2017. Some of these metro and long haul developments included:

- [Manchester](#) fibre metro build and roll out of DC Connect in Manchester. We now have 14 operational metro networks, with 7 of these enabled with DC Connect.
- Scandinavian long haul development, extending from Stockholm on fully diverse paths to Helsinki. The south route is a new system, completely diverse from most existing routes, and due to go live in November. The north route was developed on an existing route into key data centres in Helsinki.
- Further 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.
- Lighting our first fibre-based route to Madrid, primarily in support of our financial services customers. This will go live in Q4 2017.
- Extending our fibre based long haul network reach east, with a diverse fibre ring from Munich via Vienna and Prague to Dresden, going live in Q4 2017.

Sales performance was strong in Q3 2017, delivering 20% growth quarter on quarter and 25% growth from Q3 2016. This followed new network service capabilities going live in 1H 2017 and the benefit from additional sales resource that was added in Q1 2017. euNetworks' service installations remained high after a good 1H 2017 performance, up 46% from Q3 2016 and in line with Q2 2017. Average churn in the quarter was 0.9%, with disconnections and churn in line with Q3 2016.

Normalised adjusted EBITDA was up 19% from Q3 2016 and up 8% from Q2 2017, reaching €13.1m. Normalised adjusted EBITDA in the quarter was €0.3m higher than adjusted EBITDA due to some professional fee normalisations in the business.

"The performance of the business was solid through Q3 2017, with strong growth in revenue and adjusted EBITDA while we continued to invest capital into the network for our customers," said Brady Rafuse, Chief Executive Officer of euNetworks. "We had a great sales quarter and service installations remained high. We've also maintained our focus on quickly responding to our customers bandwidth needs, with the fibre expansion in Scandinavia, further phases of our German long haul network development, and more projects underway in both existing and new markets going live in Q4 2017 and early in 2018."

"We remained focused on delivering scalable, fibre based products and solutions to a customer base that is at the centre of the technology transformation," said Rafuse. "Our ability to operate a growing business while also delivering significant network development projects remains our focus today and in the future."

€m	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017		12 mths - 30/9/2016	12 mths - 30/9/2017	%
Total Revenue	32.2	31.8	32.3	32.6	33.8	34.9		125.2	133.6	6.7
Recurring Revenue	32.2	31.8	32.3	32.6	33.8	34.5		125.2	133.2	6.4
Adjusted EBITDA	10.7	10.8	10.6	10.7	12.5	12.8		41.2	46.6	13.1
Normalised Adjusted EBITDA	11.1	11.0	11.7	11.3	12.1	13.1		41.8	48.2	15.2
LQA Normalised Adjusted EBITDA exit	44.2	44.2	46.7	45.2	48.4	52.5		44.2	52.5	18.8
Capital Expenditure	16.1	11.9	16.5	14.2	16.9	17.1		50.4	64.7	28.5
Proxy Cash flow	(5.6)	(1.1)	(5.9)	(3.5)	(4.4)	(4.3)		(9.2)	(18.1)	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 49 cities in 14 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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