



## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GO p.l.c. (“the Company”) pursuant to Malta Financial Services Authority Listing Rules.

### **Quote**

The Board of Directors of the Company has approved the attached Preliminary Statement of annual results for the financial year ended 31 December 2016. These preliminary statements are also available for viewing on the Company’s website at [www.go.com.mt](http://www.go.com.mt).

The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final net dividend of €0.11 net of taxation per share. The payment of this Net Dividend amounts to the sum of €11,144,154. The final dividend will be paid on the 5 May 2017 to all shareholders who are on the shareholders’ register as at Monday 3 April 2017.

The Annual General Meeting will be held on Wednesday 3 May 2017 at the Malta Hilton, St. Julians.

### **Unquote**

**Dr. Francis Galea Salomone LL.D.**  
**Company Secretary**

**21 February 2017**



## Statements of financial position

	Group		Company	
	As at 31 December		As at 31 December	
	2016 €000	2015 €000	2016 €000	2015 €000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	126,450	97,826	91,119	89,933
Intangible assets	67,684	13,199	8,770	7,462
Investments in subsidiaries	-	-	33,311	10,566
Investments in associate	18	1,917	-	1,917
Loans receivable from related party	-	16,000	-	16,000
Loans receivable from associate	-	10,494	-	10,494
Deferred tax assets	4,262	5,769	3,159	4,132
Derivative financial instruments	-	15,955	-	15,955
Trade and other receivables	1,465	1,656	1,465	1,656
Total non-current assets	199,879	162,816	137,824	158,115
<b>Current assets</b>				
Inventories	8,025	9,718	7,789	9,489
Trade and other receivables	31,865	31,353	42,377	42,429
Current tax assets	255	995	521	995
Cash and cash equivalents	9,728	2,696	8,105	1,767
Total current assets	49,873	44,762	58,792	54,680
<b>Total assets</b>	249,752	207,578	196,616	212,795

## Statements of financial position - continued

	Group		Company	
	As at 31 December		As at 31 December	
	2016 €000	2015 €000	2016 €000	2015 €000
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	58,998	58,998	58,998	58,998
Reserves	266	(543)	5,745	5,626
Retained earnings	41,839	33,642	40,541	38,739
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Total capital and reserves attributable to owners of the Company	101,103	92,097	105,284	103,363
Non-controlling interests	8,099	-	-	-
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Total equity	109,202	92,097	105,284	103,363
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<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	53,892	35,150	27,208	35,150
Deferred tax liabilities	2,943	611	324	334
Provisions for pensions	3,138	4,219	3,138	4,219
Derivative financial instruments	-	8,669	-	8,669
Trade and other payables	2,496	1,838	2,496	1,838
<hr/>				
Total non-current liabilities	62,469	50,487	33,166	50,210
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<b>Current liabilities</b>				
Borrowings	19,940	14,678	14,003	14,678
Provisions for pensions	3,205	2,465	3,205	2,465
Trade and other payables	54,936	47,633	40,958	42,079
Current tax liabilities	-	218	-	-
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Total current liabilities	78,081	64,994	58,166	59,222
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<b>Total liabilities</b>	<b>140,550</b>	<b>115,481</b>	<b>91,332</b>	<b>109,432</b>
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<b>Total equity and liabilities</b>	<b>249,752</b>	<b>207,578</b>	<b>196,616</b>	<b>212,795</b>

The financial statements were authorised for issue by the Board on 21 February 2017 and were signed on its behalf by:



Nizar Bouguila  
Chairman



Paul Testaferrata Moroni Viani  
Director

## Income statements

	Year ended 31 December			
	Group		Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Revenue	<b>156,972</b>	123,700	<b>112,166</b>	110,650
Cost of sales	<b>(94,498)</b>	(70,369)	<b>(69,186)</b>	(65,048)
<b>Gross profit</b>	<b>62,474</b>	53,331	<b>42,980</b>	45,602
Administrative and other related expenses	<b>(37,437)</b>	(27,091)	<b>(28,939)</b>	(29,709)
Other income	<b>1,339</b>	1,646	<b>987</b>	1,522
Other expenses	<b>(101)</b>	(51)	<b>(99)</b>	(47)
<b>Operating profit</b>	<b>26,275</b>	27,835	<b>14,929</b>	17,368
Analysed as follows:				
EBITDA	<b>61,633</b>	51,633	<b>38,248</b>	39,363
Depreciation and amortisation	<b>(35,358)</b>	(23,798)	<b>(23,319)</b>	(21,995)
Operating profit	<b>26,275</b>	27,835	<b>14,929</b>	17,368
Finance income	<b>821</b>	1,059	<b>8,009</b>	10,444
Finance costs	<b>(3,355)</b>	(1,880)	<b>(1,882)</b>	(1,880)
Adjustments arising on fair valuation of property	<b>(228)</b>	-	-	-
Losses attributable to investment in joint venture	<b>(1,495)</b>	-	<b>(1,495)</b>	(6,592)
Gain arising on remeasurement to fair value of the previously held equity interest upon acquisition of subsidiary	<b>6,078</b>	-	-	-
Adjustments arising on fair valuation of derivative financial instruments	-	6,952	-	6,952
Gain on spin-off effected by way of distribution	-	-	-	1,144
Share of results of associate	-	236	-	236
Profit before tax	<b>28,096</b>	34,202	<b>19,561</b>	27,672
Tax expense	<b>(7,804)</b>	(7,791)	<b>(7,512)</b>	(7,606)
<b>Profit for the year</b>	<b>20,292</b>	26,411	<b>12,049</b>	20,066
Attributable to:				
Owners of the Company	<b>18,444</b>	26,411	<b>12,049</b>	20,066
Non-controlling interests	<b>1,848</b>	-	-	-
<b>Profit for the year</b>	<b>20,292</b>	26,411	<b>12,049</b>	20,066
<b>Earnings per share (euro cents)</b>	<b>18c2</b>	26c1		

## Statements of comprehensive income

	Year ended 31 December			
	Group		Company	
	2016 €000	2015 €000	2016 €000	2015 €000
<b>Comprehensive income</b>				
Profit for the year	<b>20,292</b>	26,411	<b>12,049</b>	20,066
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit obligations	<b>4</b>	(245)	<b>4</b>	(245)
Income tax relating to components of other comprehensive income:				
- Net impact of the application of the changed tax regime on deferred tax attributable to the fair valuation of property	-	1,285	-	108
- Remeasurements of defined benefit obligations	<b>(1)</b>	86	<b>(1)</b>	86
<i>Items that may be subsequently reclassified to profit or loss</i>				
Change in fair value of derivative designated as hedging instrument in cash flow hedge	-	91	-	91
Income tax relating to components of other comprehensive income	-	(32)	-	(32)
Total other comprehensive income for the year, net of tax	<b>3</b>	1,185	<b>3</b>	8
<b>Total comprehensive income for the year</b>	<b>20,295</b>	27,596	<b>12,052</b>	20,074

## Statements of changes in equity

Group	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2015	58,998	15,640	28,787	103,425
<b>Comprehensive income</b>				
Profit for the year	-	-	26,411	26,411
Other comprehensive income:				
Surplus arising on revaluation of land and buildings	-	1,732	-	1,732
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	1,285	-	1,285
Cash flow hedge, net of deferred tax	-	59	-	59
Remeasurements of defined benefit obligations, net of deferred tax	-	(159)	-	(159)
Transfer upon realisation of revaluation reserve, through property disposal effected through spin-off	-	(19,216)	19,216	-
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	(16,183)	19,100	2,917
<b>Total comprehensive income</b>	-	(16,183)	45,511	29,328
<b>Transactions with owners in their capacity as owners</b>				
Distribution to owners:				
Dividends to equity holders	-	-	(7,092)	(7,092)
Spin-off effected by way of distribution	-	-	(33,564)	(33,564)
<b>Total transactions with owners in their capacity as owners</b>	-	-	(40,656)	(40,656)
<b>Balance at 31 December 2015</b>	58,998	(543)	33,642	92,097

## Statements of changes in equity - continued

Group - continued

	Attributable to owners of the Company					Total equity €000
	Share capital €000	Reserves €000	Retained earnings €000	Total €000	Non-Controlling Interests €000	
Balance at 1 January 2016	58,998	(543)	33,642	92,097	-	92,097
<b>Comprehensive income</b>						
Profit for the year	-	-	18,444	18,444	1,848	20,292
Other comprehensive income:						
Remeasurements of defined benefit obligations, net of deferred tax	-	3	-	3	-	3
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-	-	-
Total other comprehensive income	-	119	(116)	3	-	3
<b>Total comprehensive income</b>	-	119	18,328	18,447	1,848	20,295
<b>Transactions with owners in their capacity as owners</b>						
Distribution to owners:						
Dividends paid to equity holders	-	-	(10,131)	(10,131)	-	(10,131)
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	6,251	6,251
Reserves arising upon reorganisation of subsidiary companies	-	690	-	690	-	690
<b>Total transactions with owners in their capacity as owners</b>	-	690	(10,131)	(9,441)	6,251	(3,190)
<b>Balance at 31 December 2016</b>	<b>58,998</b>	<b>266</b>	<b>41,839</b>	<b>101,103</b>	<b>8,099</b>	<b>109,202</b>

## Statements of changes in equity - continued

### Company

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2015	58,998	5,766	59,181	123,945
<b>Comprehensive income</b>				
Profit for the year	-	-	20,066	20,066
Other comprehensive income:				
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	108	-	108
Cash flow hedge, net of deferred tax	-	59	-	59
Remeasurements of defined benefit obligations, net of deferred tax	-	(159)	-	(159)
Transfer upon realisation of revaluation reserve, through property disposal effected through spin-off	-	(264)	264	-
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	(140)	148	8
<b>Total comprehensive income</b>	-	(140)	20,214	20,074
<b>Transactions with owners in their capacity as owners</b>				
Distribution to owners:				
Dividends paid to equity holders	-	-	(7,092)	(7,092)
Spin-off effected by way of distribution	-	-	(33,564)	(33,564)
<b>Total transactions with owners in their capacity of owners</b>	-	-	(40,656)	(40,656)
<b>Balance at 31 December 2015</b>	<b>58,998</b>	<b>5,626</b>	<b>38,739</b>	<b>103,363</b>



## Statements of changes in equity - continued

### Company - continued

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2016	58,998	5,626	38,739	103,363
<b>Comprehensive income</b>				
Profit for the year	-	-	12,049	12,049
Other comprehensive income:				
Remeasurements of defined benefit obligations, net of deferred tax	-	3	-	3
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	119	(116)	3
<b>Total comprehensive income</b>	-	119	11,933	12,052
<b>Transactions with owners in their capacity as owners</b>				
Distribution to owners:				
Dividends paid to equity holders	-	-	(10,131)	(10,131)
<b>Total transactions with owners in their capacity as owners</b>	-	-	(10,131)	(10,131)
<b>Balance at 31 December 2016</b>	<b>58,998</b>	<b>5,745</b>	<b>40,541</b>	<b>105,284</b>

## Statements of cash flow

	Year ended 31 December			
	Group		Company	
	2016 €000	2015 €000	2016 €000	2015 €000
<b>Cash flows from operating activities</b>				
Cash generated from operations	<b>72,232</b>	43,678	<b>52,178</b>	36,522
Interest received	<b>235</b>	15	<b>227</b>	15
Interest paid on bank overdrafts	<b>(676)</b>	(139)	<b>(133)</b>	(139)
Tax paid	<b>(6,379)</b>	(5,914)	<b>(4,150)</b>	(3,715)
Tax refund received	<b>160</b>	53	-	-
Payments under voluntary retirement scheme	<b>(1,408)</b>	(686)	<b>(1,408)</b>	(686)
Payments in relation to pension obligations	<b>(349)</b>	(230)	<b>(349)</b>	(230)
Net cash from operating activities	<b>63,815</b>	36,777	<b>46,365</b>	31,767
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment and intangible assets	<b>(45,574)</b>	(25,901)	<b>(30,322)</b>	(20,597)
Payment for acquisition of subsidiaries, net of cash acquired	<b>(4,375)</b>	-	<b>(3,050)</b>	-
Repayment of loans by related parties	<b>16,000</b>	-	<b>16,000</b>	-
Acquisition of investment in associate	<b>(18)</b>	-	-	-
Payments to acquire investment in joint venture	<b>(1,495)</b>	-	<b>(1,495)</b>	-
Loans advanced to subsidiary	-	-	<b>(1,000)</b>	-
Loans advanced to associate	-	(7,500)	-	(7,500)
Net cash used in investing activities	<b>(35,462)</b>	(33,401)	<b>(19,867)</b>	(28,097)
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	<b>10,000</b>	-	<b>10,000</b>	-
Repayment of bank loans	<b>(19,061)</b>	(9,586)	<b>(17,564)</b>	(9,586)
Repayment of other loans	<b>(184)</b>	-	-	-
Dividends paid	<b>(10,016)</b>	(7,092)	<b>(10,016)</b>	(7,092)
Loan interest paid	<b>(2,857)</b>	(1,637)	<b>(1,460)</b>	(1,637)
Net cash used in financing activities	<b>(22,118)</b>	(18,315)	<b>(19,040)</b>	(18,315)
<b>Net movements in cash and cash equivalents</b>	<b>6,235</b>	(14,939)	<b>7,458</b>	(14,645)
<b>Cash and cash equivalents at beginning of year</b>	<b>(3,593)</b>	11,604	<b>(4,522)</b>	10,388
Exchange differences on cash and cash equivalents	<b>(8)</b>	(71)	<b>(8)</b>	(78)
Movement in cash pledged as guarantees	<b>828</b>	(187)	<b>828</b>	(187)
<b>Cash and cash equivalents at end of year</b>	<b>3,462</b>	(3,593)	<b>3,756</b>	(4,522)

## Review of Group operations

The Board of Directors is recommending that the Annual General Meeting approves the payment of a final net dividend of €0.11 per share. The payment of this net dividend amounts to the sum of €11,144,154. The final dividend will be paid on the 5 May 2017 to all shareholders who are on the shareholders' register as at Monday 3 April 2017.

## Performance

2016 marked a major milestone for the Group, following the acquisition of a controlling interest in Cablenet Communications System Limited (Cablenet) based in Cyprus. Whilst GO remains the leading telecommunications service provider in Malta, the Group now also has a significant presence in another larger market. During the year the Group also acquired a controlling interest in Kinetix IT Solutions Limited (Kinetix) to augment the range of ICT services it offers to its corporate clients. The results for the year under review include full year operations of Cablenet and Kinetix and are also the first full year following the spin-off of Malta Properties Company p.l.c., previously the Group's property arm, now separately listed on the Malta Stock Exchange since 2015.

The financial year has been positive for the Group as it delivered growth in its operations, both in Malta as well as in Cyprus in spite of an intense competitive environment. Customer behaviour remains in a state of transition, driven by the growing convergence of telecommunications, information technology, media and entertainment. Furthermore, domestic operators not only compete against each other, but also against competing services available free of charge, through applications over the Internet which are provided by organisations with a global reach. Within such a scenario, data services are fast becoming the primary telecommunications service sought by customers, as people seek to access the Internet from anywhere and at any time of the day, using a multitude of devices. Innovation and a positive customer experience are crucial to succeed in such an environment and it is therefore encouraging that the Group retains healthy levels of revenue from a number of services besides revenue from Internet access.

GO is pleased to report continued growth in its broadband client base and in the use of mobile data which are the main contributors to growth in retail revenues. This performance is being achieved as a result of the continued investment in the rollout of Fibre-to-the-Home and 4G. Both investment programmes demonstrate the Group's strategic resolve to anticipate market needs and concurrently GO is also undertaking changes to various systems and processes. The ultimate objective of this strategy is to deliver an unparalleled and seamless telecommunications experience across fixed and mobile networks. The nationwide deployment of 4G was completed during 2016 and more investments are planned on an ongoing basis to ensure that GO continues to lead in the provision of mobile data. GO's fibre network now covers 40,000 households with thousands more envisaged, as part of an extensive investment programme that will eventually cover the Maltese Islands. In Cyprus, Cablenet's network currently covers approximately 45% of households. Coverage is being extended as part of a multi-year programme which also includes ongoing improvements in systems and processes to retain the leading edge in the provision of quality broadband and TV in this market. During the year under review Cablenet's broadband client base has increased by more than 4,000 subscribers to circa 22% of the market.

The strategies being adopted in both Malta and Cyprus are delivering growth as more customers opt for the services being offered by the Group especially through bundled products. This performance is also delivering strong financial results.

## Review of Group operations - continued

### Performance - continued

The Group generated revenue of €157.0 million, an increase of €33.3 million over the comparative year. This is the first year that the Group is consolidating revenue generated by Cablenet which represents €29.1 million of the growth in Group's revenue. On a standalone basis, Cablenet results show revenue growth of 11.9%. Revenue generated in Malta remained robust, growing by 3.4% to €127.9 million. This was the result of the Group consolidating new revenue streams, following the acquisition of a controlling interest in Kinetix, and 1.9% growth in GO's retail and wholesale activities. Whilst retail revenue from legacy fixed voice service continued to decline, GO experienced growth in all other retail sectors, particularly mobile and cloud-based services. Attractive bundling propositions continue to drive the strong performance at the retail level, whilst business customers continue to respond positively to the Group's innovative data services and cloud-based solutions.

Cost of sales, administrative and related costs amounted to €131.9 million (2015: €97.5 million). The main increase of €29.7 million is the result of the consolidation of the results of Cablenet and amortisation charges that result from the intangible assets created as a result of the acquisition of both Cablenet and Kinetix.

The acquisitions concluded during the year had a positive effect on Group Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) which grew by 19.4% to €61.6 million, an increase of €10.0 million over the comparative year. Operating profit amounted to €26.3 million (2015: €27.8 million) representing underlying growth in operating performance of the Group if one takes into consideration the impact of amortisation of intangible assets created upon the acquisition of Cablenet and Kinetix.

The investment in Cablenet continues to perform well, whilst the Cypriot economy continues to show positive signs of recovery. As a result, in January 2016 GO exercised the options to convert its loan of €12.0 million to Cablenet into equity and to further acquire majority control of the company. In exercising these options GO recognised income of €6.1 million in 2016, in addition to €7.0 million recognised in 2015, as a result of the re-measurement of the fair value of this asset.

As part of the process through which Emirates International Telecommunications (Malta) Limited sold its 60% shareholding in GO during 2016, GO acquired direct control over its investment in Forthnet S.A (Forthnet). through a process which will also lead to the liquidation of Forgoing Limited and Giradena Limited, the Cyprus based entities through which this investment was held. As part of this process a further €1.5 million were incurred and written off. No further investments in Forthnet are envisaged as the value of this investment is completely impaired.

Profit before tax amounted to €28.1 million (2015: €34.2 million) resulting in an earnings per share of €0.182 (2015: €0.261).

Cash generated from operations amounted to €63.8 million, an increase of €27.0 million over 2015, as a result of improved cash generation from Malta operations as well as the consolidation of Cablenet. In 2016 the Group's investments in property, plant, equipment and intangible assets amounted to a cash outflow of €45.6 million, an increase of €19.7 million over 2015 of which €9.0 million relate to capital expenditure made by Cablenet. The main investments done by GO were in extending 4G coverage nationwide and in Fibre-to-the-Home. Investments by GO in the acquisition of subsidiaries amounted to €7.5 million in 2015 and €4.4 million in 2016. During 2016 GO also received in full a loan of €16.0 million which it had extended to Malta Properties Company p.l.c.

## **Review of Group operations - continued**

### **Performance - continued**

During the year, GO reduced its borrowings by €9.3 million and paid dividends amounting to €10.0 million. The Group's cash and cash equivalents as at year end improved from a negative €3.6 million as at end 2015 to a positive €3.5 million as at the end of 2016. GO has adequate facilities in place, enabling it to maintain its investment programme and honour loan repayment obligations.

GO's business model is delivering results, as GO continues to maintain a robust operating performance in Malta and now also pursues growth opportunities available to Cablenet as a quality challenger operator in the Cypriot market. With more than 500,000 customer connections, GO's customer base remains the largest of any operator in Malta. In Cyprus, Cablenet serves more than 145,000 customer connections. The Group also continues to enjoy year-on-year growth in customer connections in both markets across broadband and TV and is also growing its mobile base in the Maltese market. It is encouraging to note that this sustained growth is being driven by an ever increasing number of customers adopting bundles of services. Thanks to the loyalty shown by customers to GO's and Cablenet's product portfolios, the Group continues to deliver robust levels of revenues, profitability and cash generation from its core operations.

Within a highly competitive environment, these results continue to augur well, as the Group seeks to retain a strong presence in its domestic market as well as grow its presence in Cyprus across all product lines, striving to remain the leading telecommunications services provider and operator of choice.

### **Financial position**

Following another year of robust operating performance, shareholders' funds as at year end amounted to €101.1 million, an increase of €9.0 million over the prior year in spite of a dividend distribution of €10.1 million during the year. The Group's net asset value per share stands at €1.08 (2015: €0.91). The Group's equity position, including the non-controlling interest, stands at 1.70x (2015: 1.95x) the Group's net debt position.

The Group's total asset base stands at €249.8 million, an increase of €42.2 million over the prior year as a result of the acquisition of Cablenet. The Group's total asset base is 43.7% (2015: 44.4%) funded through equity.

In September 2014 GO concluded the acquisition of 25% shareholding in Cablenet in return for a loan of €12.0 million which, upon conversion into equity, would increase GO's shareholding in Cablenet to 45.0%. In addition, GO also had the option of acquiring a further 6.0% shareholding, bringing its total stake in Cablenet up to 51.0%. GO exercised both these options in January 2016.

The Group's current assets amounted to €49.9 million (2015: €44.8 million) and are mainly represented by trade and other receivables of €31.9 million (2015: €31.4 million), inventories of €8.0 million (2015: €9.7 million) and cash of €9.7 million (2015: €2.7 million). Total liabilities increased from €115.5 million as at December 2015 to €140.6 million as at December 2016. The increase is due to borrowings amounting to €30.7 million recognised following the consolidation of Cablenet.

A strong and sustained operational performance, and appropriate funding arrangements in place will allow the Group to continue to fund its investments in technology, honour its obligations with its bankers and pursue new investment initiatives aimed at increasing shareholder value.