

Valuation & Research Specialists (VRS)  
Equity Research Team  
info@valueinvest.gr

## Key Information

Development started in 2012  
Successful beta test in H1 2013  
Scheduled general availability in Q1 2014  
Partners' channel network under development

## Targeted Market in Geographic Regions

EUROPE
AMERICAS
ASIA - PACIFIC
MIDDLE EAST and AFRICA

### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

## MyCELL

Real-Time Customer-Centric Mobile Networks Performance Monitoring & Optimization Solution

Business Sector: Mobile Network Optimization

### Market Need / Business Challenge

- **Operating expenses (OPEX)** management and **network performance** are, and will continue to be, the major challenge mobile networks operators (MNOs) face in all global markets. Multi-vendor, multi-generation and multi-layer network management presents MNOs with major operating challenges. As MNOs add customers and services, network evolution will intensify these challenges.
- **Customer loyalty** is the essential element of MNO profitability. Primary market research revealed that mobile customer satisfaction is relatively low, resulting in high **customer churn rates, increased cost** and **reduced profitability**. Today's subscribers demonstrate little loyalty and change operators in search for **better network performance** and **greater value**.
- MNO market research conclusively demonstrates **network performance** is the key factor promoting **customer loyalty** to mobile carriers.
- Mobile traffic is projected to reach 127 Exabytes in 2020, representing an **x33 increase** compared to the 2010 figure. This rapid growth will exacerbate network management challenges.
- The Company's solution enables MNOs to manage **operating expenses**, and introduce **high-margin value-added services** in a timely and cost-effective manner. The Company's management believes that its solution will promote improved MNOs **profitability**.

### Service Definition

- MyCELL is an **Operations Support System (OSS)** for Mobile Network Operators. It empowers **Smart Mobility** utilizing an innovative and proprietary **Geo-analytics** platform.
- The solution is based on a **real-time closed-loop communication channel** between the operator and its subscribers.
- It provides **real-time performance monitoring** of the entire network with **visualization tools** and **agile optimization** capabilities.

### Solution Features

- **Infrastructure agnostic**; support for multi-vendor, multi-generation mobile networks;
- Sophisticated monitoring of **Key Performance Indicators (KPIs)** to facilitate rapid network improvement actions;
- **Modular framework**; allows integration of additional modules to increase functionality. Solution roadmap includes marketing and customer care modules.
- **Real-time customer experience insight** with location-based subscriber and network performance information;
- **Competitor network performance** information and insight;
- **Stable solution platform** enabling introduction of new revenue-generating services.

### Target Market

- Infonetics Research projects the optimization software market will exceed \$4.5 billion by 2016. The majority of sales are bundled together with network infrastructure. The independent market for OSS will grow over the next five years driven by the increasing network complexity. OSS software provided by major OEMs will increasingly be replaced by independent software, which can adapt more quickly and flexibly to the unique aspects of each network's vendor base and architecture.

## MyCELL

Real-Time Customer-Centric Mobile Networks Performance Monitoring & Optimization Solution

**Business Sector:** Mobile Network Optimization

### Financial Assumptions & Projections

- Global expansion will provide balanced income across different regions.
- The majority of cost of sales represents sales commissions.
- R&D expenses include the employment of external and internal technological resources.
- Revenue per customer is projected to remain steady for FY1 and FY2, to double in FY3 and increase on a 70% basis in FY4 and 45% in FY5. The higher average revenue per customer per year is attributed to the following factors:
  - ❖ Higher usage rate from existing customers (increased number of cells processed);
  - ❖ Higher usage rate from new customers;
  - ❖ Lower discounts as the Company's products offer increased functionality and receive broader market awareness.

### Pricing Model

- The business model is "software as a service", based on multi-year service contracts. Pricing is based on the actual size of the operator's network.

#### PROFIT & LOSS ACCOUNT

(in euro ,000)	Y_1	Y_2	Y_3	Y_4	Y_5
Turnover	150	563	2,350	6,375	11,875
Cost of Sales	33.0	74.3	253.5	706.4	1,258.1
% of turnover	0.0%	13.2%	10.8%	11.1%	10.6%
Operating Expense	309.2	319.2	487.7	716.0	728.8
% of turnover	0.0%	56.7%	20.8%	11.2%	6.1%
R&D Expenses	250.0	250.0	326.5	334.4	342.5
% of turnover	0.0%	44.4%	13.9%	5.2%	2.9%
<b>EBITDA</b>	<b>-442.2</b>	<b>-81.0</b>	<b>1,282.4</b>	<b>4,618.2</b>	<b>9,545.6</b>
<b>EBITDA Margin</b>	<b>0.0%</b>	<b>-14.4%</b>	<b>54.6%</b>	<b>72.4%</b>	<b>80.4%</b>
Depreciation	6.0	6.0	6.0	6.0	6.0
Financial Results	0.5	0.6	1.2	4.0	9.3
<b>Profit Before Tax</b>	<b>-447.7</b>	<b>-86.4</b>	<b>1,277.6</b>	<b>4,616.2</b>	<b>9,548.8</b>
PBT margin	0.0%	-15.4%	54.4%	72.4%	80.4%
Taxes	0.0	0.0	319.4	1,154.0	2,387.2
<b>Profit After Tax</b>	<b>-447.7</b>	<b>-86.4</b>	<b>958.2</b>	<b>3,462.1</b>	<b>7,161.6</b>
<b>PAT margin</b>	<b>0.0%</b>	<b>-15.4%</b>	<b>40.8%</b>	<b>54.3%</b>	<b>60.3%</b>

Source: The Company & VRS Assumptions.

### Requested Capital

- Capital needs for the Company to execute its strategy are projected at EUR 600,000. Capital needs are estimated on the basis of the following assumptions:
  - ❖ There will be additional cash flow generation to finance the Company's expansion;
  - ❖ No bank debt is to be utilized for the considered period.

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr) Investment Research & Analysis Journal – [www.iraj.gr](http://www.iraj.gr)

---

---

## DISCLOSURE STATEMENT (1)

VALUATION & RESEARCH SPECIALISTS (VRS) is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

**VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.**

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

## DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Year	Disclosure
MyCELL	Non Listed	Non Listed	2013	2, 3, 4, 6

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

---

Please contact **VALUATION & RESEARCH SPECIALISTS** for further information on Equity Research Related Fees.

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

Value Invest - [www.valueinvest.gr](http://www.valueinvest.gr) Investment Research & Analysis Journal – [www.iraj.gr](http://www.iraj.gr)

---

---

## DISCLOSURE STATEMENT (2)

The current research report as well as other statements that VRS may proceed with may include future statements, regarding the future financial performance of a company or another entity or product, as well as strategies and expectations. Statements about the future may typically include expressions such as “trend”, “prospect”, “opportunity”, “course”, “believe”, “possibly”, “expect”, “current”, “intention”, “estimate”, “forecast”, continuation, “remain”, “maintain”, “target” and other similar expressions or future or hypothetical verbs such as “will”, “must”, “could”, “may be” and other expressions.

VALUATION & RESEARCH SPECIALISTS (VRS) caution that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

## COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts. VRS analysts are certified by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

## ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this research report.

---

### VRS Equity Research Contributors

Nicholas Georgiadis, [ngeorgiadis@valueinvest.gr](mailto:ngeorgiadis@valueinvest.gr)  
Christophoros Makrias, [cmakrias@valueinvest.gr](mailto:cmakrias@valueinvest.gr)  
Georgios A. Savvakis, [gsavvakis@valueinvest.gr](mailto:gsavvakis@valueinvest.gr)  
Maria Papadopoulou, [mpapadopoulou@valueinvest.gr](mailto:mpapadopoulou@valueinvest.gr)  
Constantina Bourelia, [cbourelia@valueinvest.gr](mailto:cbourelia@valueinvest.gr)  
Michail Rizos, [mrizos@valueinvest.gr](mailto:mrizos@valueinvest.gr)

---

### Investment Research & Analysis Journal

Dr. Efstratios Livanis  
Assistant Editor

---

Please contact **VALUATION & RESEARCH SPECIALISTS** for further information on Equity Research Related Fees.