

Frontier Communications

DCF Valuation

(All figures in USD millions, unless stated otherwise)

FYE Dec 31	Annual									
	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Revenue	4,762.0	4,772.0	5,576.0	8,896.0	9,128.0	7,960.3	7,277.0	6,661.3	6,110.3	5,599.4
EBITDA	2,282.9	2,085.0	2,313.0	3,574.0	3,684.0	3,422.9	2,619.7	2,131.6	1,772.0	1,539.8
-D&A	(1,170.0)	(1,139.0)	(1,320.0)	(2,031.0)	(2,184.0)	(1,910.5)	(1,746.5)	(1,598.7)	(1,588.7)	(1,511.8)
EBIT	1,112.9	946.0	993.0	1,543.0	1,500.0	1,512.5	873.2	532.9	183.3	28.0
Tax affected EBIT	40.0%					907.5	523.9	319.7	110.0	16.8
+D&A						1,910.5	1,746.5	1,598.7	1,588.7	1,511.8
EBITDA						2,818.0	2,270.4	1,918.5	1,698.7	1,528.6
-Capex						(1,353.3)	(1,091.5)	(999.2)	(916.5)	(839.9)
+Change in W/C						1.8	71.9	40.2	3.2	1.3
Unlevered FCF						1,466.5	1,250.7	959.5	785.3	690.0
WACC						5.1%	5.1%	5.1%	5.1%	5.1%
Discounting period						0.6	1.6	2.6	3.6	4.6
PV of FCF	4,286.5					835.8	1,192.0	899.4	727.0	632.4
Terminal growth	1.0%									
Terminal value	13,650.2									
EV	17,936.8									
-Net debt	(17,264.0)									
Market Cap	672.8									
Shares o/s	77.416									
Implied Share Price	\$8.69									
Current Share Price	\$9.31									
% Upside/Downside	(6.7%)									