

Closing price:

NETC4: R\$ 29.30/share (BM&FBOVESPA)

NETC: US\$ 13.04/ADR (Nasdaq)

Total number of shares: 342.963.601

Market Value: R\$ 10.05 billion

## FINANCIAL PERFORMANCE AND LIQUIDITY – CONSOLIDATED 3Q13

São Paulo, October 24, 2013 – Net Serviços de Comunicação S.A. (BM&FBOVESPA: NETC3 and NETC4; Nasdaq: NETC; and Latibex: XNET), cable operator in Brazil, offering integrated services that include Pay TV (“NET”), Digital Video (“NET Digital”), High Definition Digital Video (“NET Digital HD”), bidirectional broadband internet access (“NET Virtua”), Voice, in association with Embratel (“NET Fone via Embratel”), mobile phone, in association with Claro (“Combo Multi”) and Video on Demand services (“Now”), announces today its results for the third quarter ended September 30, 2013 (“3Q13”).

Net Serviços de Comunicação S.A. Consolidated income Statements (R\$ thousands)	3Q13	3Q12	△ %	9M13	9M12	△ %
Net revenues	2,471,408	2,029,153	21.8	7,082,359	5,794,932	22.2
Operating costs	(1,224,228)	(998,453)	22.6	(3,583,897)	(2,856,344)	25.5
Selling, general and administrative expenses	(569,784)	(471,872)	20.7	(1,578,868)	(1,350,505)	16.9
<b>EBITDA</b> (a)	<b>677,396</b>	<b>558,828</b>	<b>21.2</b>	<b>1,919,594</b>	<b>1,588,083</b>	<b>20.9</b>
<b>EBITDA margin</b>	<b>27.4%</b>	<b>27.5%</b>		<b>27.1%</b>	<b>27.4%</b>	
Depreciation and amortization	(501,853)	(326,946)	53.5	(1,240,522)	(942,587)	31.6
Net exchange and monetary variation	(19,699)	(18,218)	8.1	(144,522)	(104,932)	37.7
Finance expenses	(110,245)	(68,540)	60.8	(277,474)	(239,820)	15.7
Finance income	26,242	19,425	35.1	62,583	83,419	25.0
<b>Income before tax</b>	<b>71,841</b>	<b>164,549</b>	<b>(56.3)</b>	<b>319,659</b>	<b>384,163</b>	<b>16.8</b>
Income Tax	(26,367)	(56,531)	(53.4)	(117,323)	(131,980)	(11.1)
<b>Net income</b>	<b>45,474</b>	<b>108,018</b>	<b>(57.9)</b>	<b>202,336</b>	<b>252,183</b>	<b>(19.8)</b>

(a) EBITDA does not represent an accounting item or generation of cash flow for the periods in question, and should not be considered an isolated indicator of operating performance. Besides, companies can do specific interpretations and, the definition of EBITDA may not be comparable with the calculation of EBITDA by other companies. O EBITDA disclosed by Net was calculated in accordance with CVM Instruction 527/12.

**Net Revenue** increased **21.8%**, totaling **R\$2,471,408** thousand in the **3Q13** compared to R\$2,029,153 thousand in the 3Q12, mainly driven by the expansion of the subscriber base.

**EBITDA** (earnings before interest, income taxes including Social Contribution on net income, depreciation and amortization) totaled **R\$677,396** thousand in the **3Q13** compared to R\$558,828 thousand in the 3Q12, therefore an increase of **21.2%**.

The Company recorded in the **3Q13 Net Income** of **R\$45,474** thousand.

Net Serviços de Comunicação S.A. Consolidated Balance sheet (R\$ thousands)	3Q13	3Q12		3Q13	3Q12
<b>Assets</b>			<b>Liabilities</b>		
Total current assets	<b>1,490,948</b>	1,232,070	Total current liabilities	<b>4,196,420</b>	2,212,387
Total non-current assets	<b>10,906,686</b>	8,367,263	Total non-current liabilities	<b>2,442,314</b>	2,946,924
			Stockholders' equity	<b>5,758,900</b>	4,440,022
<b>Total Assets</b>	<b>12,397,634</b>	<b>9,599,333</b>	<b>Total Liabilities and Stockholders' Equity</b>	<b>12,397,634</b>	<b>9,599,333</b>

## **Business Development**

In September 2013, the Company launched the Combo Multi, a complete and convergent telecommunications services, including cable TV in high definition, broadband, fixed telephony and mobile telephony. The plans have attractive prices and bring numerous benefits to customers, especially the offering of unlimited calls of Net Fone to fixed lines of any other operator, between Claro's mobile terminals as well as between NET Fone and Claro's mobiles.

## **Corporate Restructuring**

On August 30, 2013, the Company merged GB Empreendimentos e Participações S.A. ("GB"), a company formerly controlled by Embrapar and until then, the parent company of the Company, in order to simplify the organizational structure of its investments, leverage synergies, reduce operating costs and other benefits.

Considering that the equity of GB consisted exclusively of investment in the Company, the merger of GB by the Company did not result in a capital increase. Consequently the participation that Embrapar and its subsidiary Embratel held indirectly in the Company through the GB, now is directly held, simplifying the structure of the corporate group.

As the result of the merger, has been recorded in the Company's equity, a special goodwill reserve of R\$975,023 thousand, representing a tax credit to be used in the coming years.

## **Unified offer to purchase shares of the Company**

On October 15, 2013, the Management of the Company voted in favor of acceptance of the Unified Public Offering for the acquisition of common and preferred shares issued by the Company, including the shares underlying the American Depositary Shares ("ADS") and shares traded on LATIBEX, to be launched by its controlling shareholders, Embrapar and Embratel (together, the "Offerors"), for transfer of control and discontinuity, by NET, of the differentiated corporate governance practices of Level 2 ("IPO" or "Offering" .)

The Notice of the IPO released by the Bidders in October 17, 2013, establishes the acquisition price of R\$29.02 ("Purchase Price"), corresponding to the price per share of the Company of R\$26.64, as disclosed by Embrapar by Material Fact on June 7, 2012 (the "Base Purchase Price"), adjusted by the variation in the Interbank Deposit Certificate rate ("CDI") between June 8, 2012 and August 19, 2013. The Purchase Price to be paid for each share shall be adjusted by the CDI between August 19, 2013 and the date of the auction, which will take place on November 27, 2013, in the trading system of the Bovespa Segment of the BM&FBOVESPA.