

VIVACOM FIRST QUARTER RESULTS 2015

Sofia, 12 May 2015

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The information contained in this presentation is as at 31 Mar 2015, unless otherwise noted.

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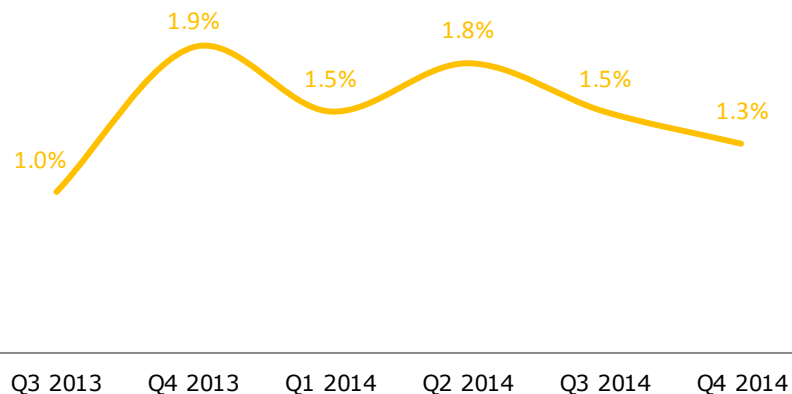
1. Overview
2. Performance highlights
3. Financial review
4. Results outlook for 2015
5. Q&A session

1. OVERVIEW

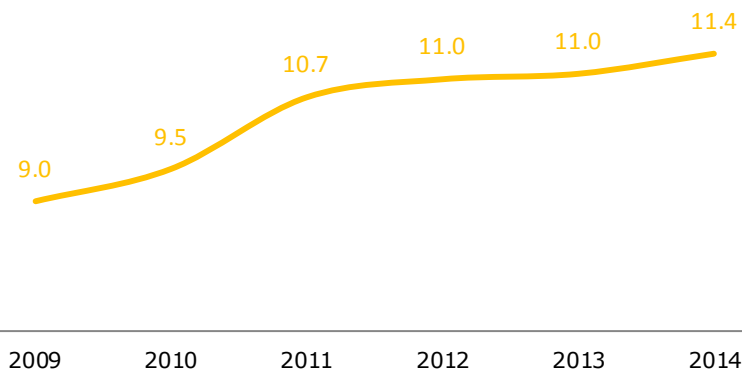
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

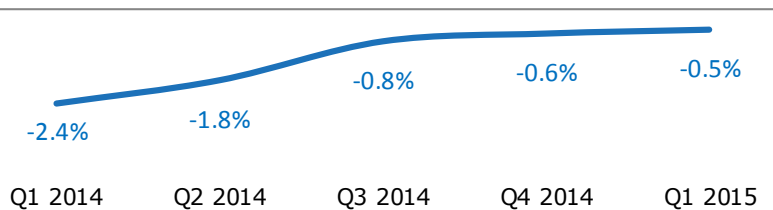
GDP growth remains low
(%)



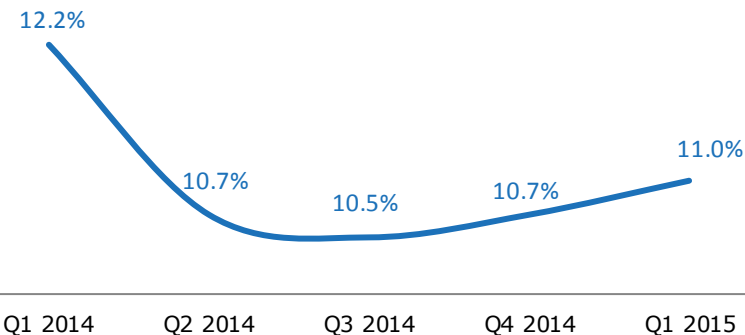
GDP per capita on the rise, but remains low
(BGN 000)



CPI on the rise
(%)



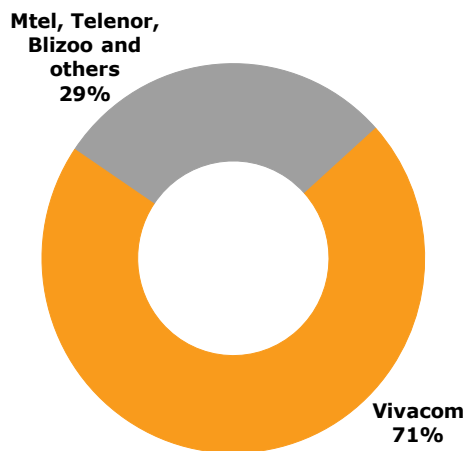
Unemployment with slight increase
(%)



Source: BNB, NSI

Company snapshot

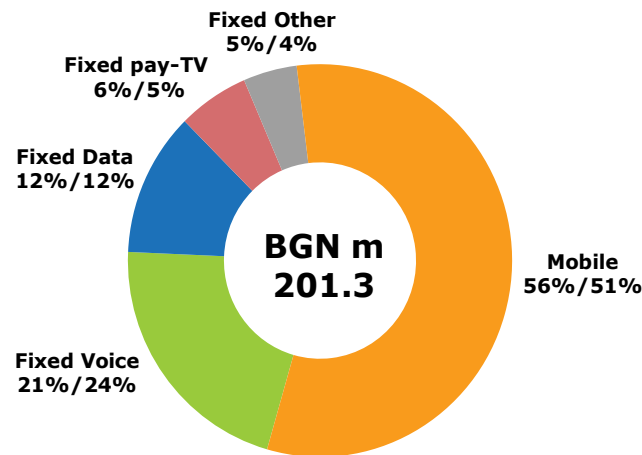
Incumbent fixed operator with high revenue share
(% share in fixed voice revenue for 2014)



Best in class 3G mobile network



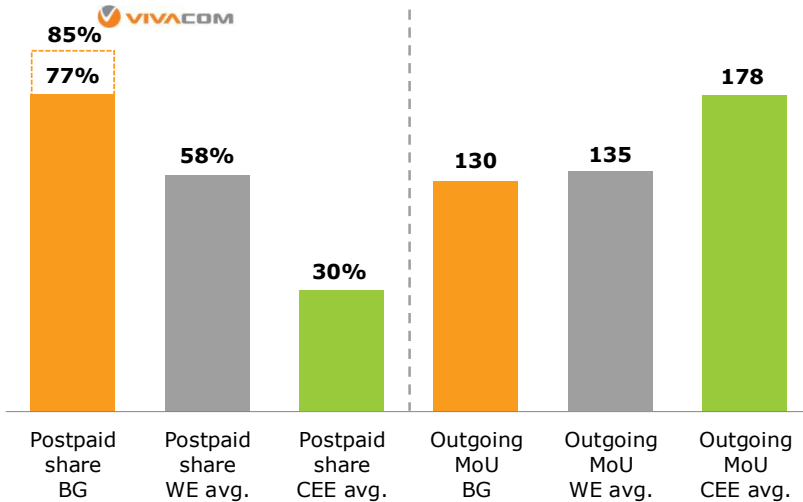
Well diversified and resilient business model
(% of Q1 revenue, 2015 / 2014)



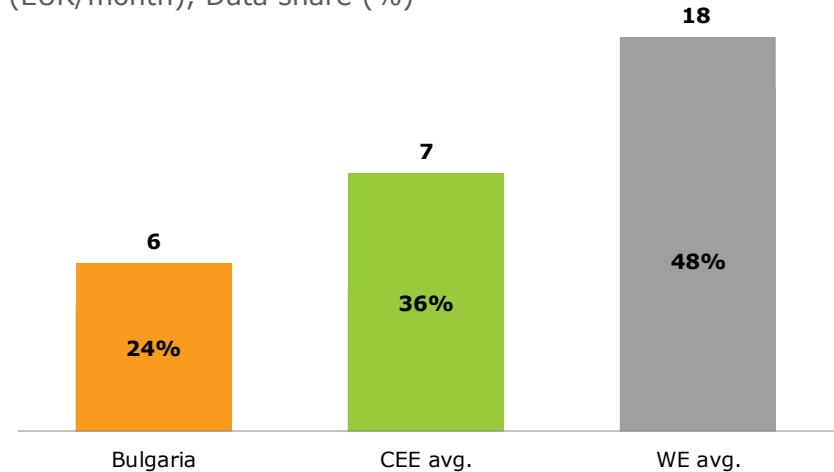
- Leading integrated telecom operator in Bulgaria
 - #1 telecom brand in Bulgaria for 2014;
 - #1 in revenue share;
 - #1 in fixed voice - 71% revenue share;
 - #1 in fixed data - 24% fixed broadband subscriber share;
 - #1 IPTV operator and #2 pay-TV provider;
 - Best coverage in the 3G network - 99.85% by population of which 64.63% with download speed up to 42.2 Mbit/s

Market highlights

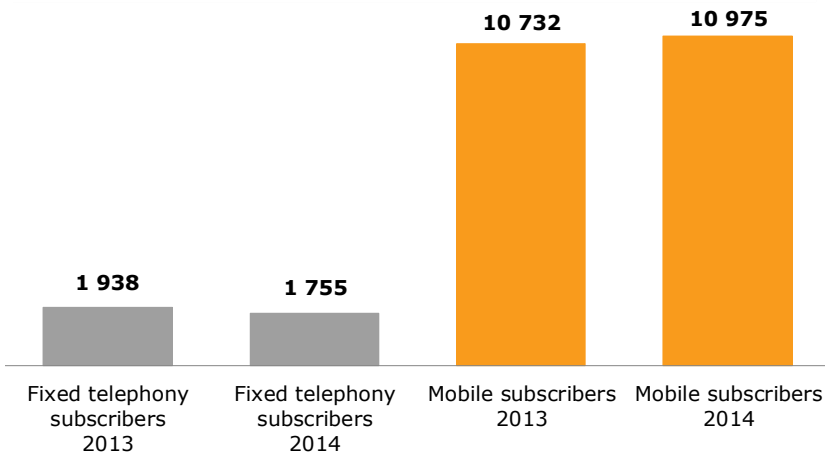
Postpaid mobile market with lower minutes of use
(%), minutes



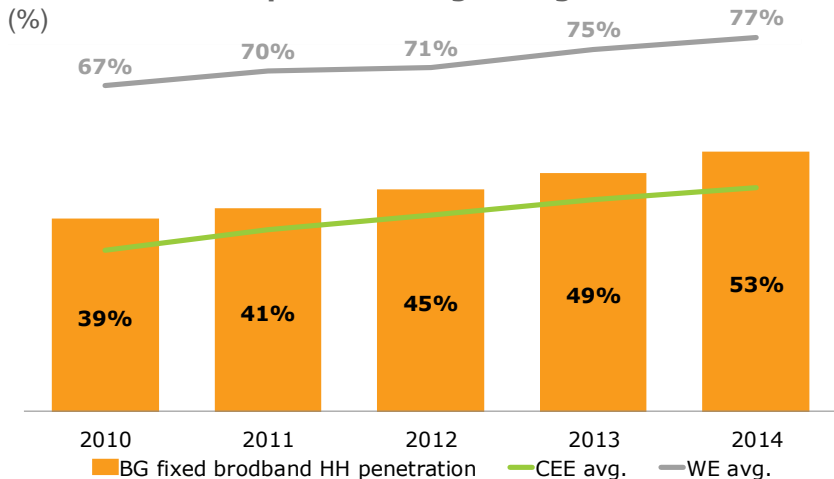
Lower mobile blended ARPU and data share
(EUR/month), Data share (%)



Fixed voice with substitution to mobile
(000s)



Fixed broadband penetration growing
(%)



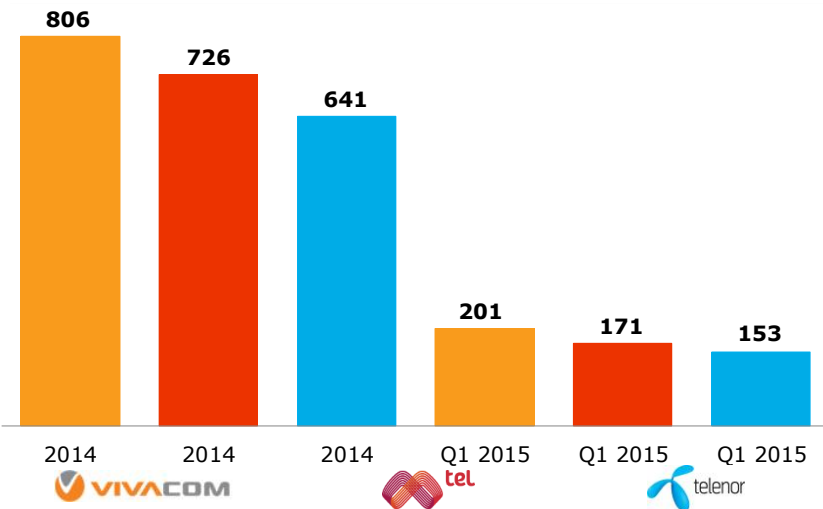
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data

All figures are based on active subscribers. Postpaid mobile market share (company postpaid market share as of Q1 2015), mobile blended ARPU and data share are as of 2014. Fixed telephony subscribers include narrowband and VoBB connections. Outgoing MoU presents the average number of mobile minutes originated per month per active subscriber.

Performance overview

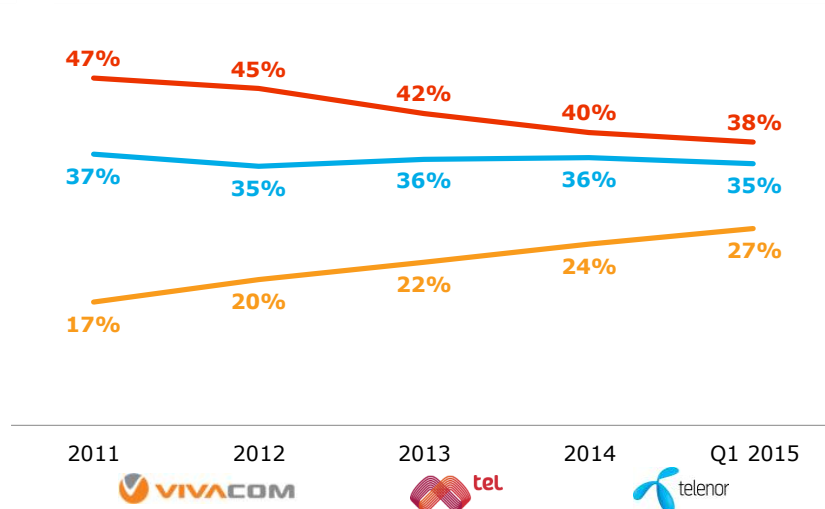
#1 Telco company on total revenues

(BGN m)



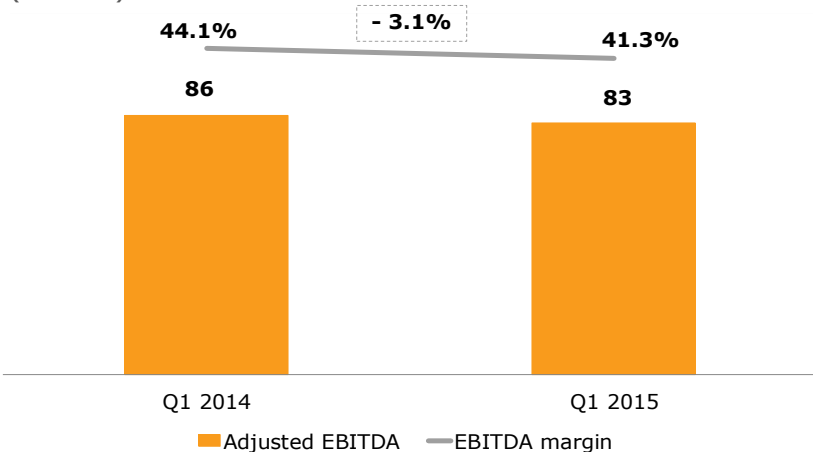
Gaining share in mobile service revenues

(%)



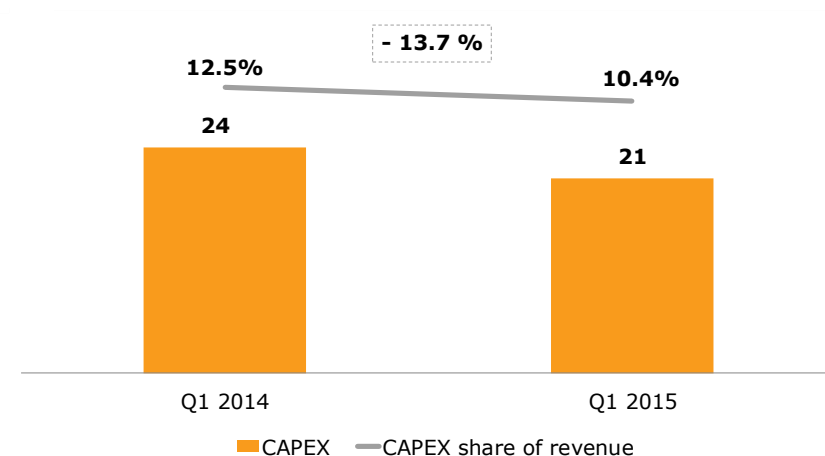
Adjusted EBITDA led by higher costs in growth areas

(BGN m)



Capex supporting 3G and fiber roll-out

(BGN m)



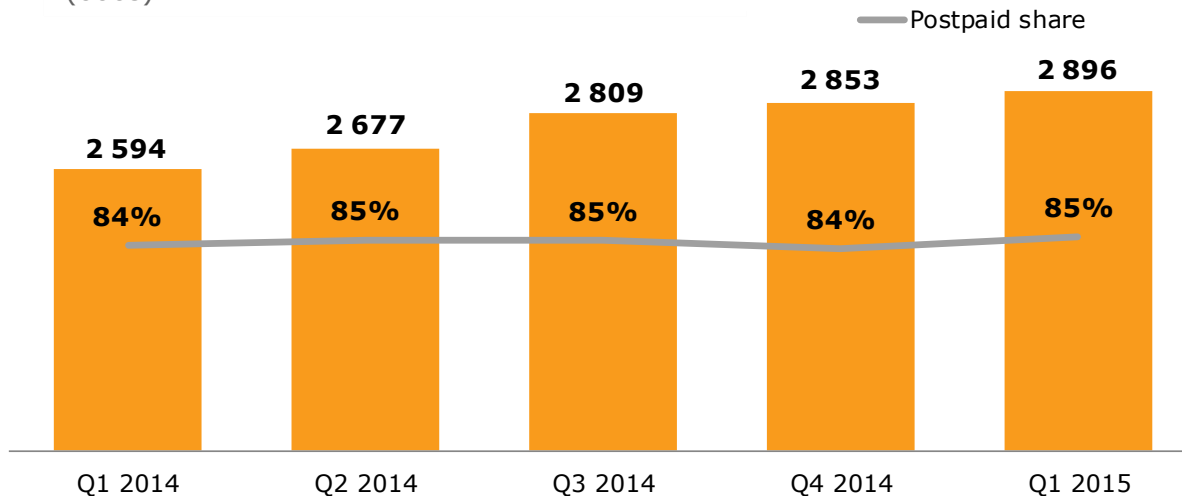
Source: Company data, Telekom Austria reports, Telenor reports
 Mobile service revenues calculated as average subscribers multiplied by ARPU.
 Mtel and Telenor mobile service revenues include fixed-wireless voice revenues.

2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

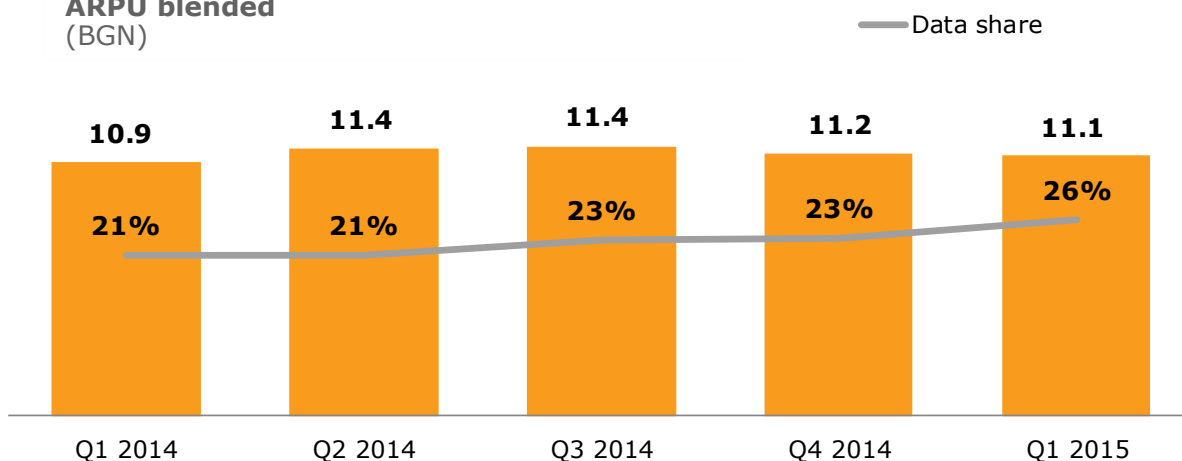
Subscribers (000s)



Highlights

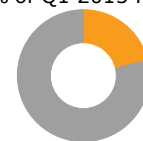
- Subscriber acquisition continues with strong postpaid and focus on long-term contracts

ARPU blended (BGN)



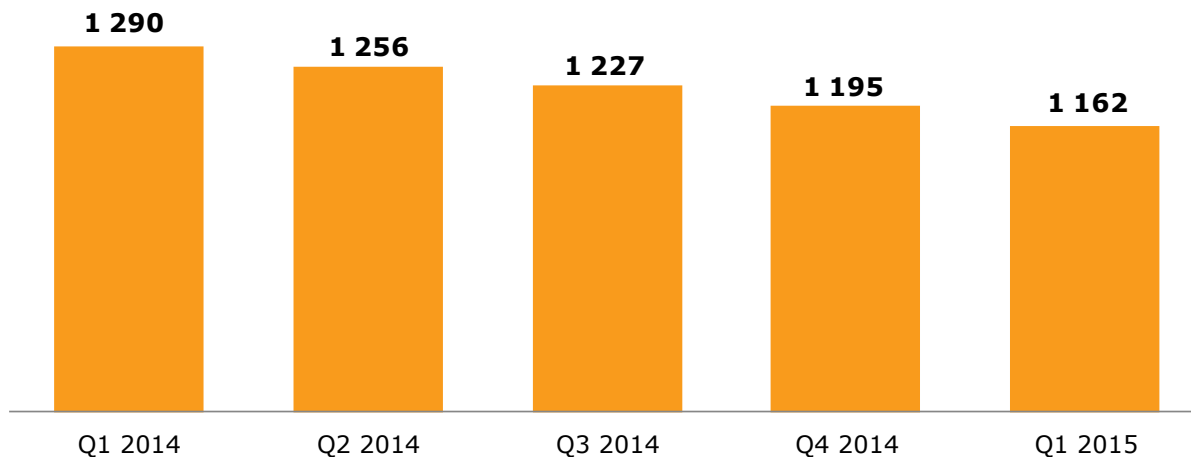
- Blended ARPU relatively stable with increase in data usage
- Increased demand for smartphones and tablets supports data growth

Source: Company data



Fixed voice key metrics

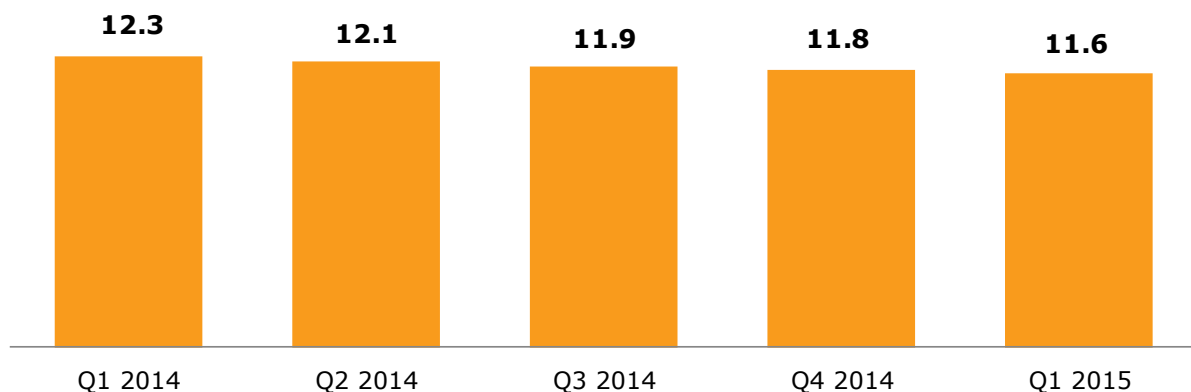
Subscribers (000s)



Highlights

- Ongoing fixed to mobile substitution trend
- Competitive pressure from alternative providers with low ARPUs

ARPU blended (BGN)



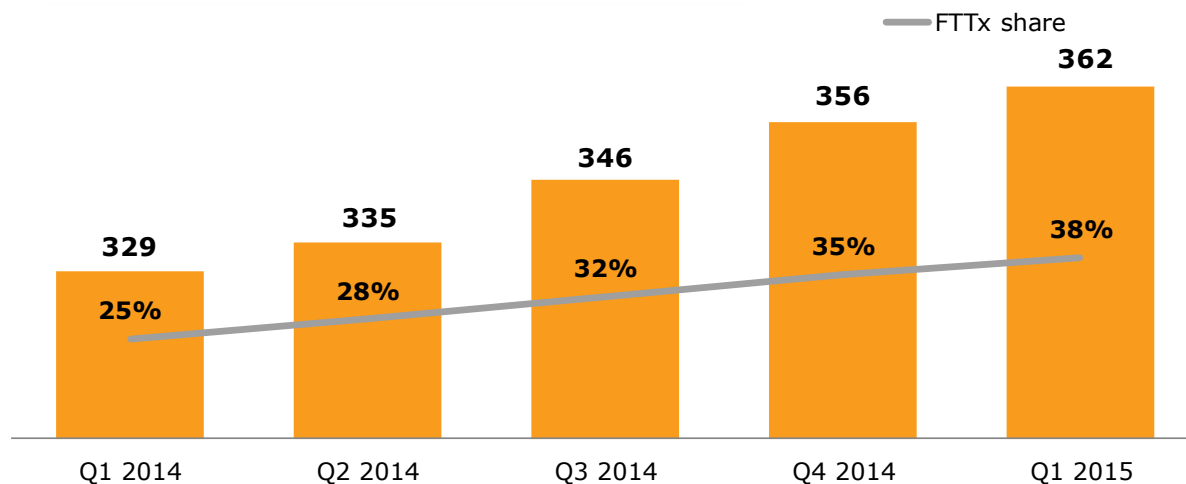
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

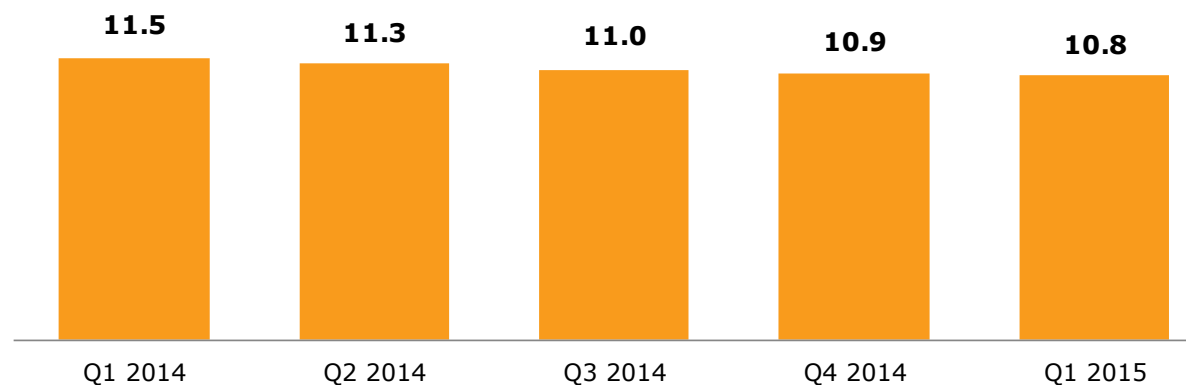
Subscribers (000s)



Highlights

- Ongoing shift to high quality and high speed FTTx services supports broadband growth
- Highly competitive market with many local operators and cheap bundled offers from bigger players

ARPU blended (BGN)



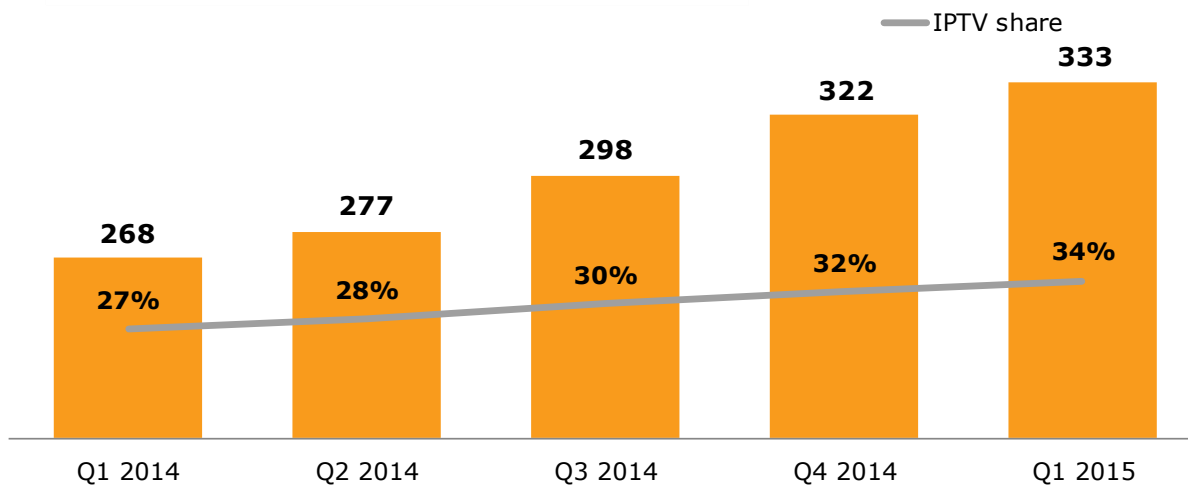
- ARPU pressure from fragmented competition and increased bundling

Source: Company data



Fixed pay-TV

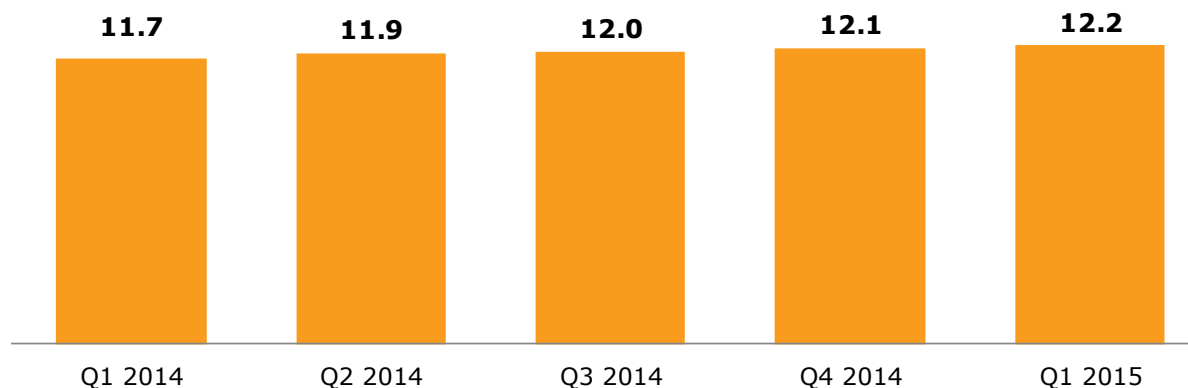
Subscribers (000s)



Highlights

- Subscriber acquisition driven by increased demand for high quality services with superior user experience, rich content and HD channels

ARPU blended (BGN)



- ARPU increase with growing share of tariffs with higher MRC, despite high competition and increased bundling

Source: Company data

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

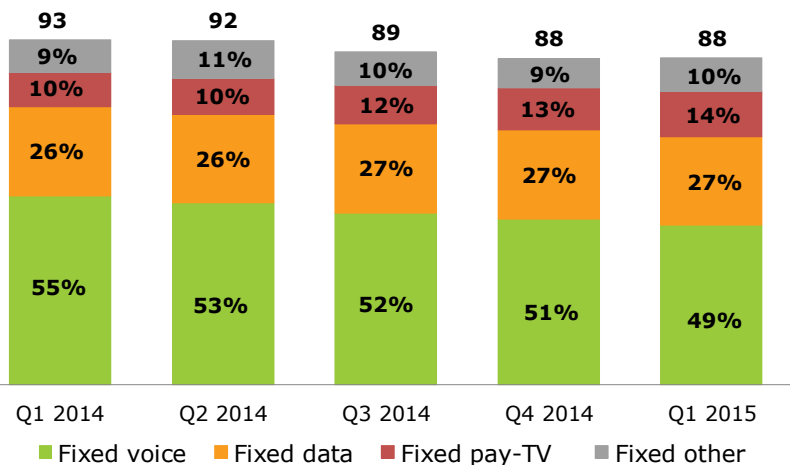
(BGN m)	Q1 2015	Q1 2014
Revenue	201	194
<i>% growth</i>	<i>3.6%</i>	
Net income	14	8
EBITDA	84	85
Other gains, net	(4)	(1)
EBITDA adjustments	3	2
Adjusted EBITDA	83	86
<i>% of revenues</i>	<i>41.3%</i>	<i>44.1%</i>
Capex	21	24
<i>% of revenues, excl. licenses</i>	<i>10.4%</i>	<i>12.5%</i>
Adjusted EBITDA - Capex	62	61
Change in net working capital	(22)	(18)
Other CF items	(29)	(11)
Pre-tax FCF	11	32

Source: Company data

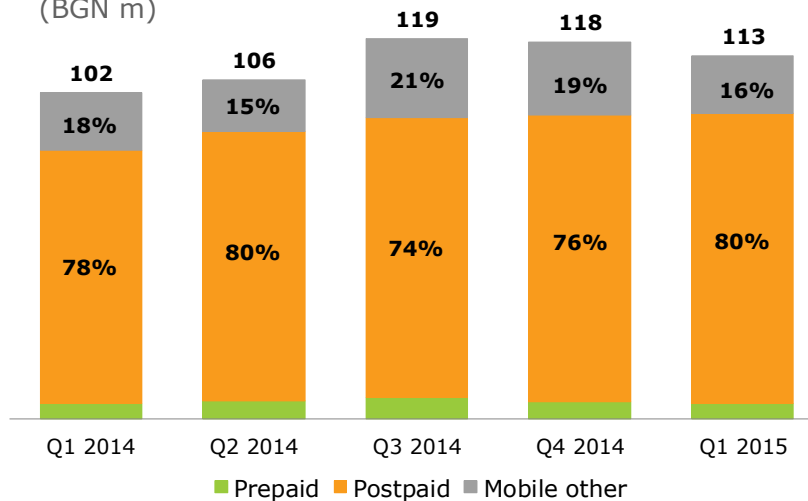
FCF excludes net cash used in financing activities, interest received/paid, corporate income tax paid and cash deposits

Revenues

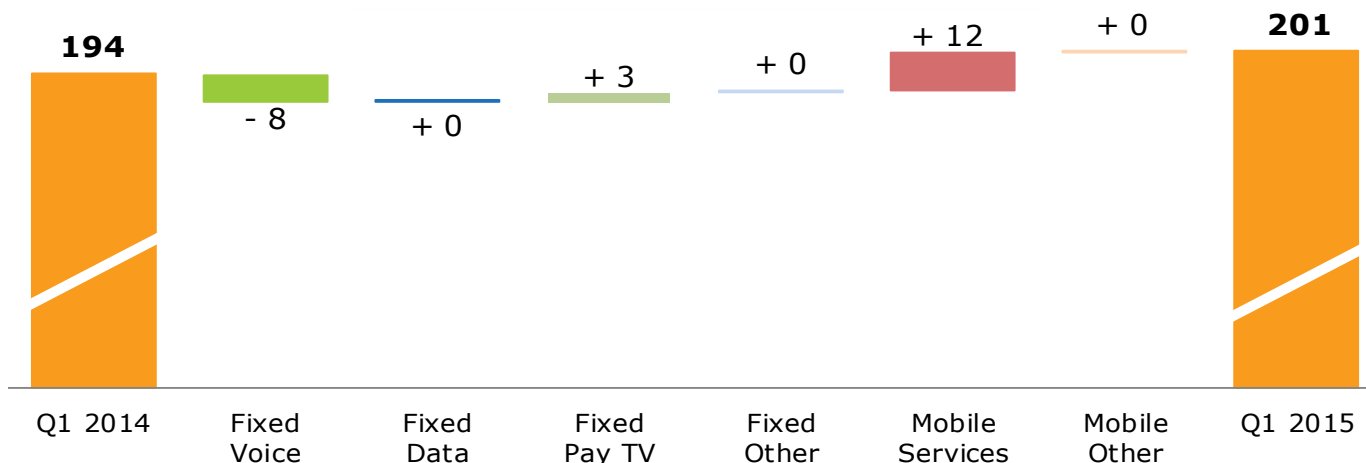
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



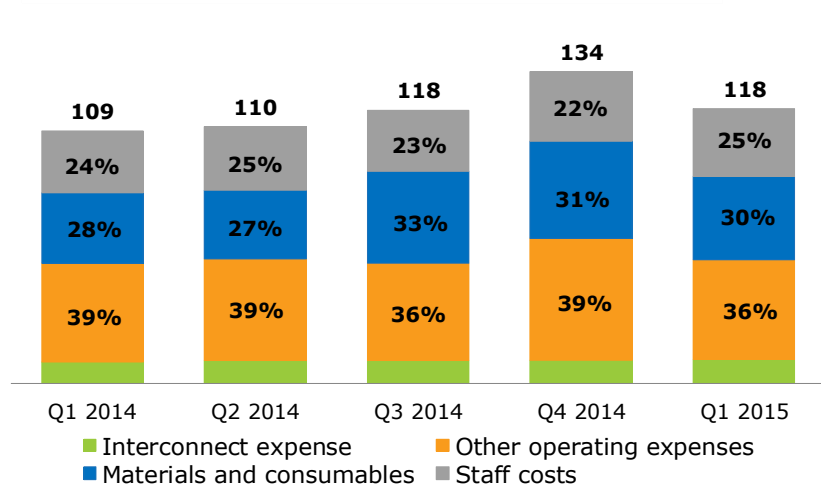
Revenue bridge Q1 2014 – Q1 2015 (BGN m)



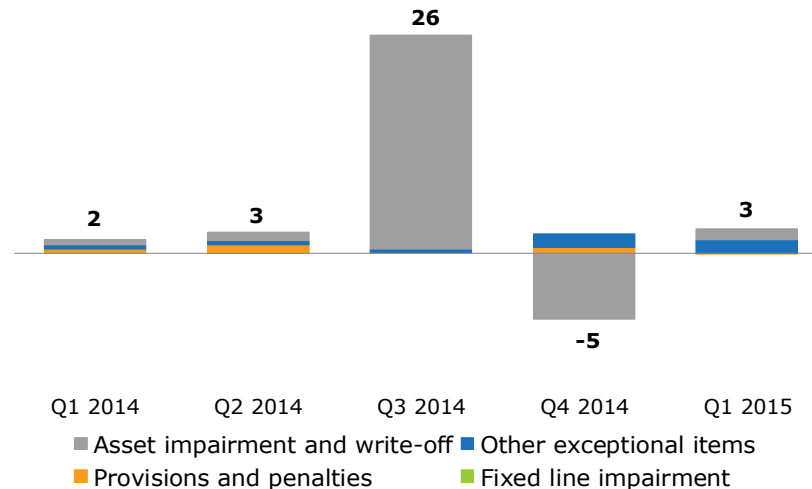
Source: Company data

Operating expenses and adjusted EBITDA

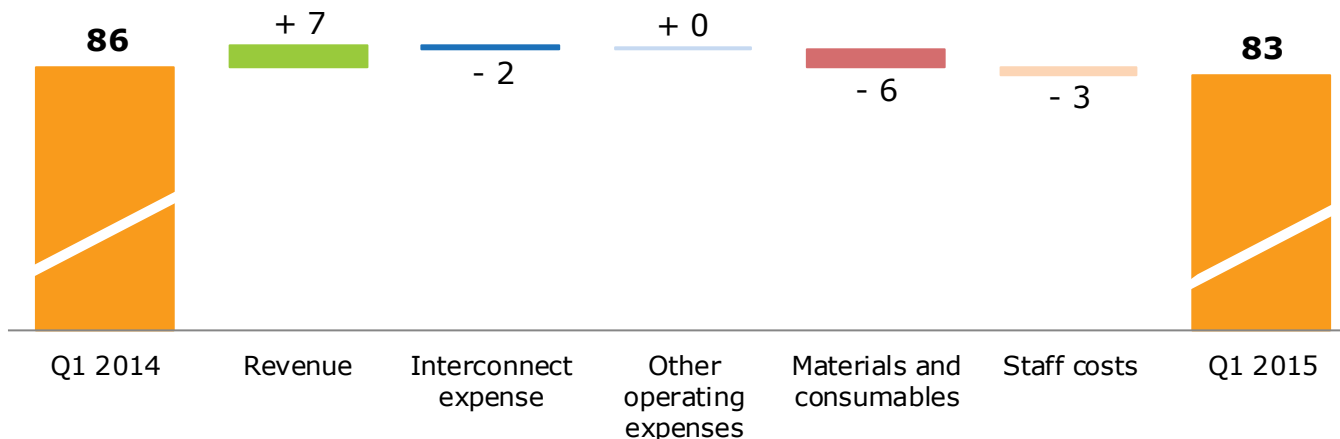
COS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



Adjusted EBITDA bridge Q1 2014 – Q1 2015 (BGN m)

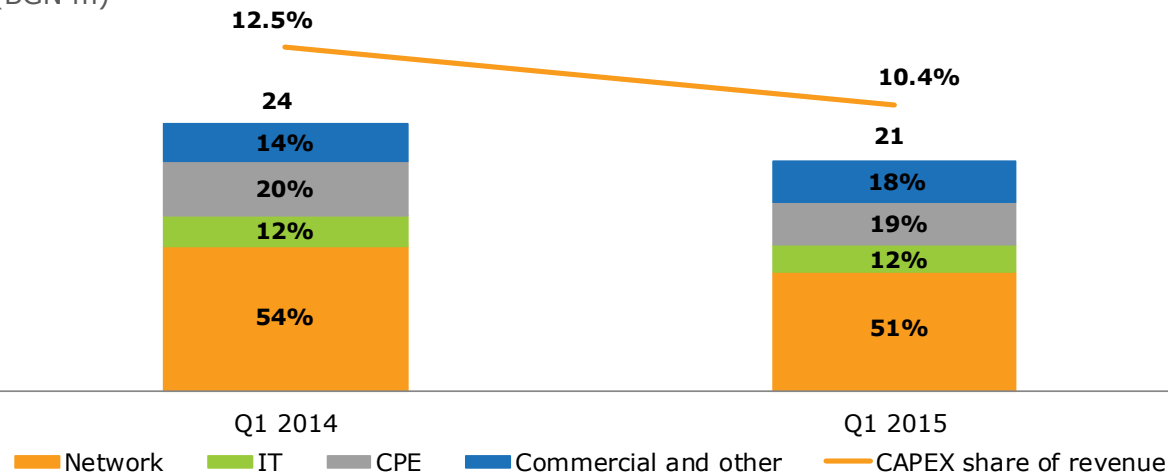


Source: Company data

Capex

Capex structure and share of revenue

(BGN m)



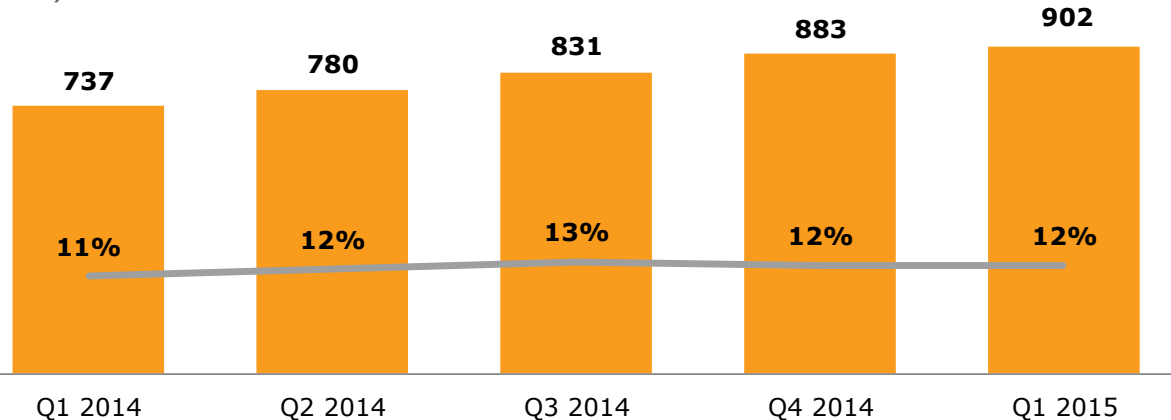
Highlights

- Higher commercial capex with capitalized commissions on 2-year contracts

FTTx homes passed

(000s)

— Take-up rate



- FTTx roll out continues with controlled cost per household passed
- Stable fiber take-up rate

Source: Company data

Net debt

(BGN m)	Q1 2015	Q4 2014
Bonds	787	773
Revolving credit	10	20
Trade credits	10	10
Financial lease	2	2
Total borrowings	808	805
Total cash and cash equivalents	(60)	(60)
Net debt	748	745
<i>Net Leverage Ratio</i>	2.25	2.22

Source: Company data

Net leverage ratio calculated as ratio of Net debt and Adj. EBITDA for the last 12 months

Results Outlook for 2015 - unchanged

	2014 actual	2015 guidance
Adjusted EBITDA	BGN 335 m	BGN 320 - 335 m
Capex	BGN 168 m	BGN 165 - 175 m

Q&A

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