

VIVACOM SECOND QUARTER RESULTS 2015

Sofia, 4 August 2015

Forward looking statements

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The information contained in this presentation is as at 30 Jun 2015, unless otherwise noted.

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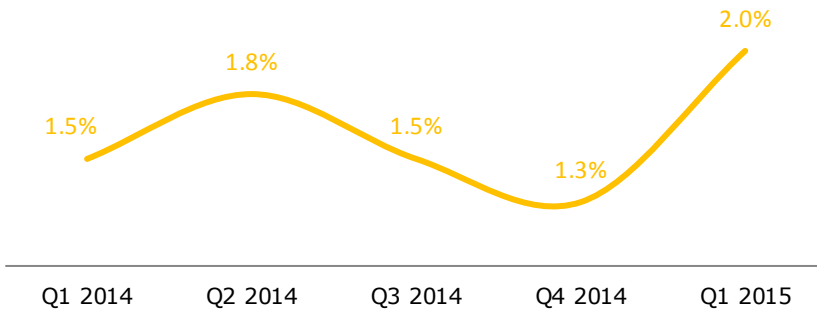
1. Overview
2. Performance highlights
3. Financial review
4. Ad-hoc information
5. Results outlook for 2015
6. Q&A session

1. OVERVIEW

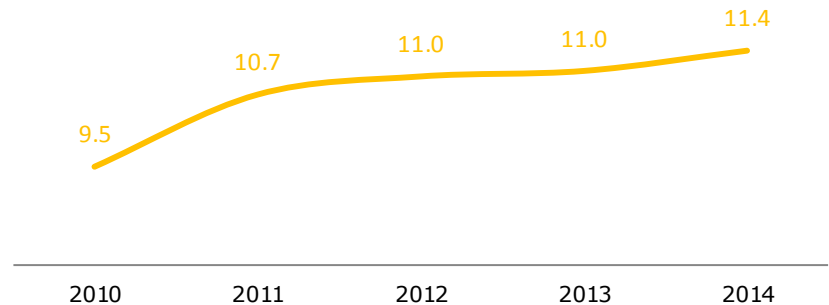
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

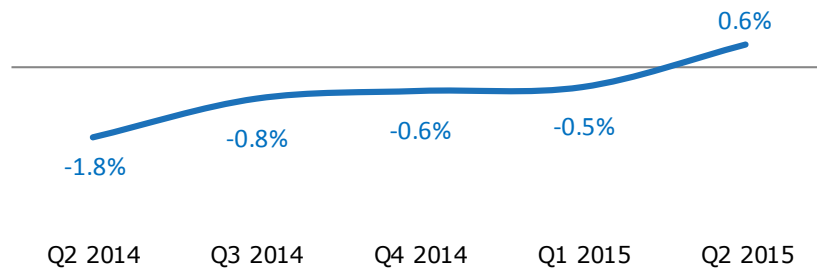
GDP recovering slowly
(%)



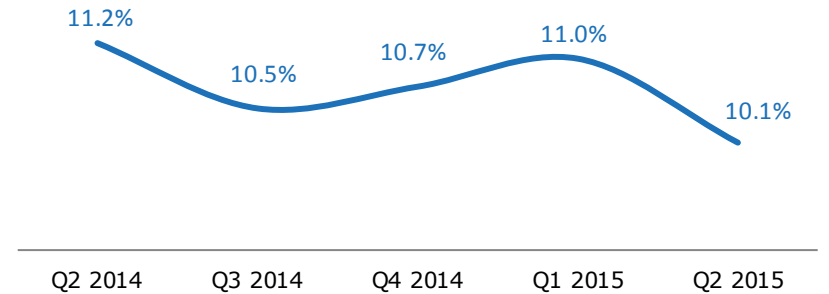
GDP per capita on the rise, but remains low
(BGN 000)



CPI returns to positive territory
(%)



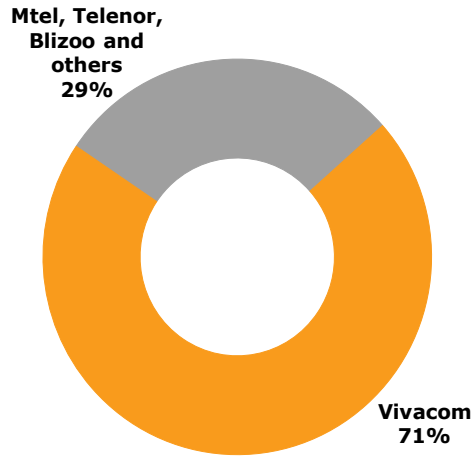
Unemployment with seasonal decrease, 3-year low in Jun
(%)



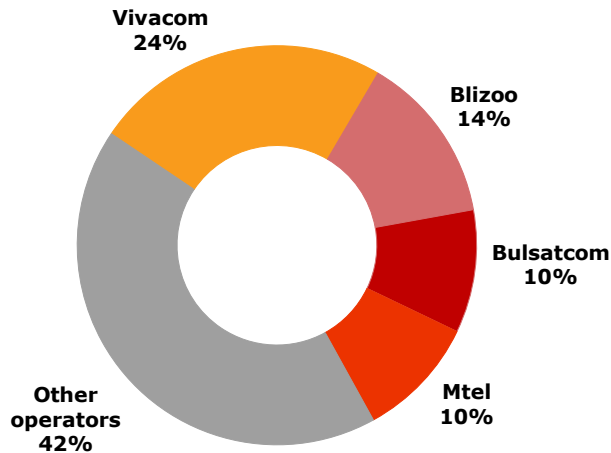
Source: BNB, NSI
Unemployment calculated as average of the respective monthly figures.

Company snapshot

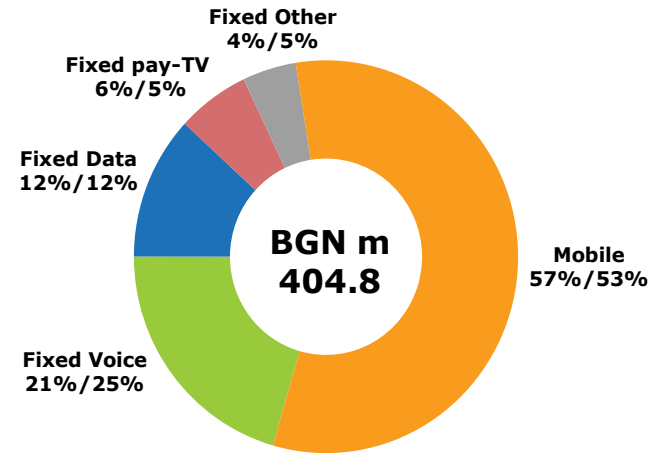
Incumbent fixed operator with high revenue share
 (% share in fixed voice revenue as of Q1 2015)



Market leader in the fixed broadband
 (% fixed broadband subscriber share as of Q1 2015)



Well diversified and resilient business model
 (% of H1 revenue, 2015 / 2014)

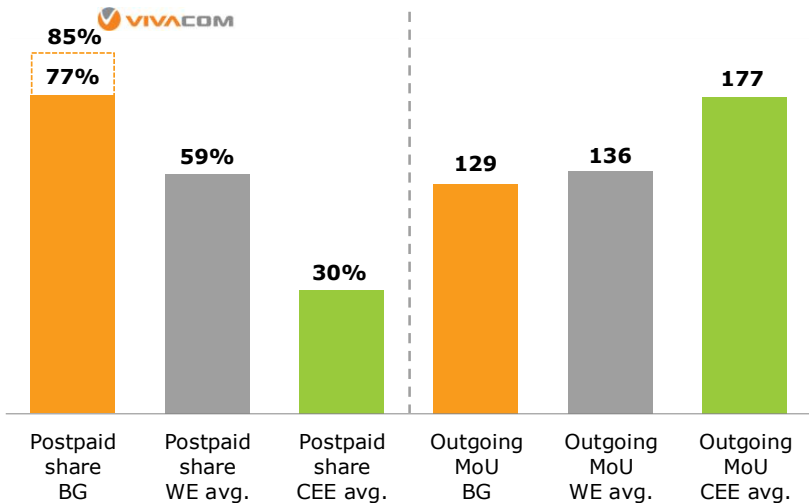


- Leading integrated telecom operator in Bulgaria
 - #1 in total revenue share;
 - #1 in fixed voice - 71% subscriber share;
 - #1 in fixed data* - 24% fixed broadband subscriber share;
 - #1 IPTV operator and #2 pay-TV provider*;
 - Best in class 3G mobile network - 99.92% by population of which 65.03% with download speed up to 42.2 Mbit/s.

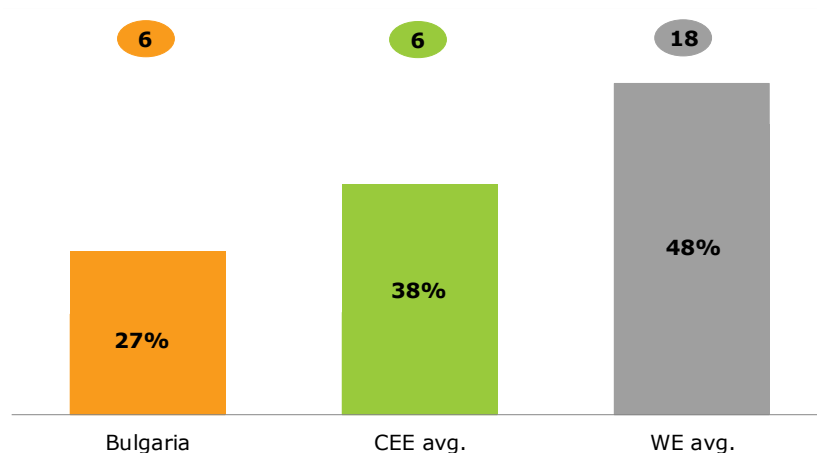
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data
 * Market positions prior to Mtel's acquisition of Blizoo

Market highlights

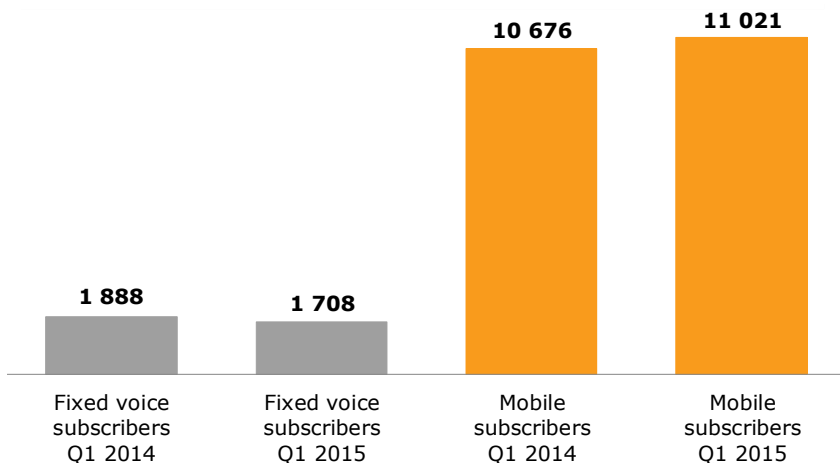
Postpaid mobile market with lower minutes of use
(%), minutes



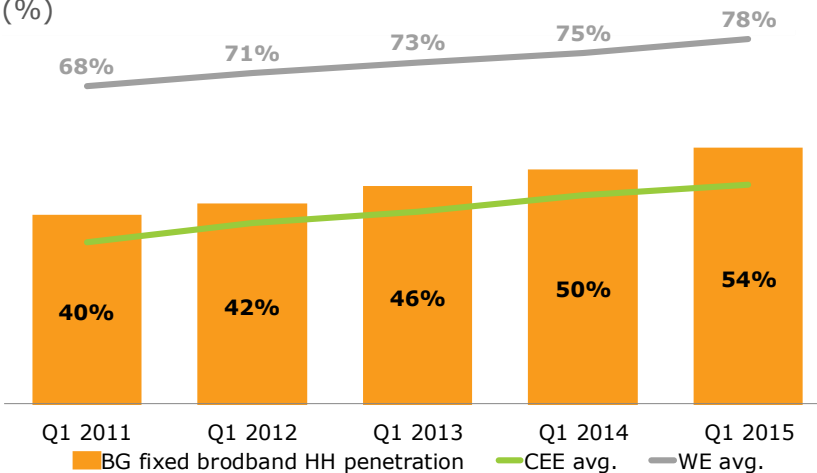
Lower mobile blended ARPU and data share
(EUR/month), Data share (%)



Fixed voice with substitution to mobile
(000s)



Fixed broadband penetration growing
(%)



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

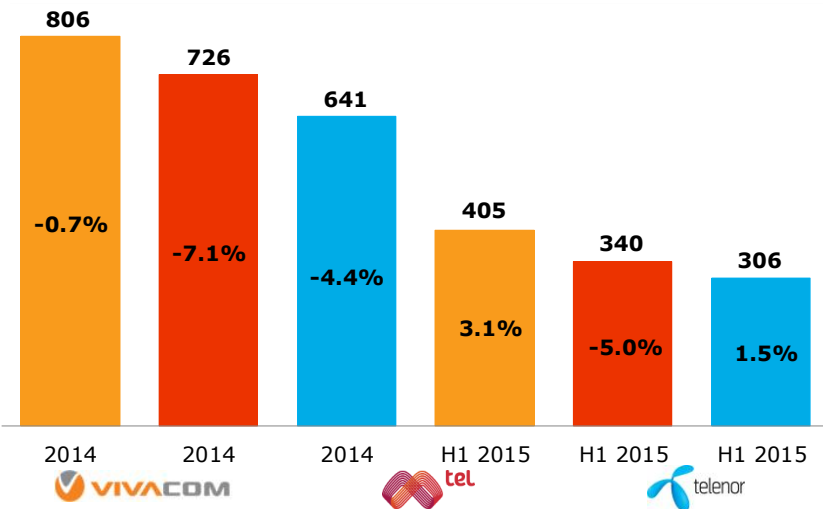
All figures are based on active subscribers. Postpaid mobile market share (company postpaid market share as of Q2 2015), mobile blended ARPU and data share are as of Q1 2015. Fixed voice subscribers include narrowband and VoBB connections. Outgoing MoU presents the average number of mobile minutes originated per month per active subscriber.



Performance overview

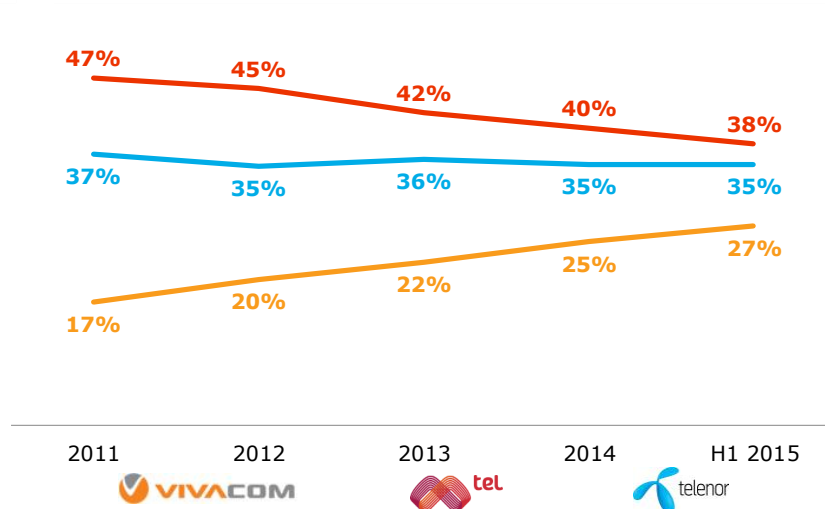
#1 Telco company on total revenues

(BGN m, prior year var. %)



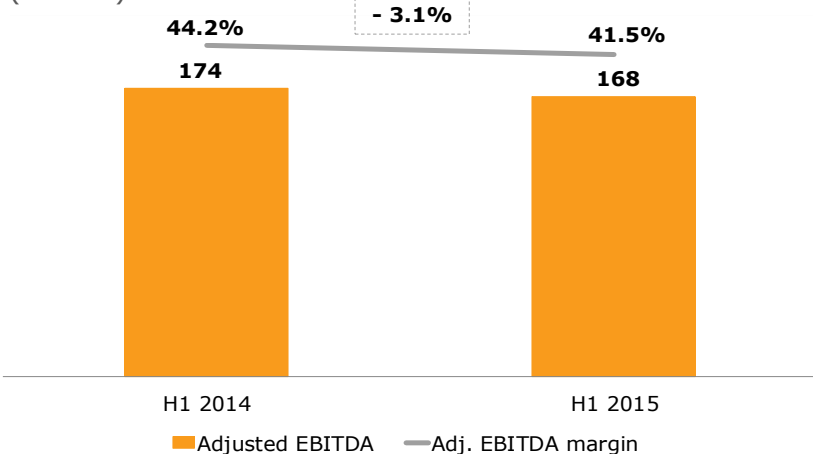
Gaining share in mobile service revenues

(%)



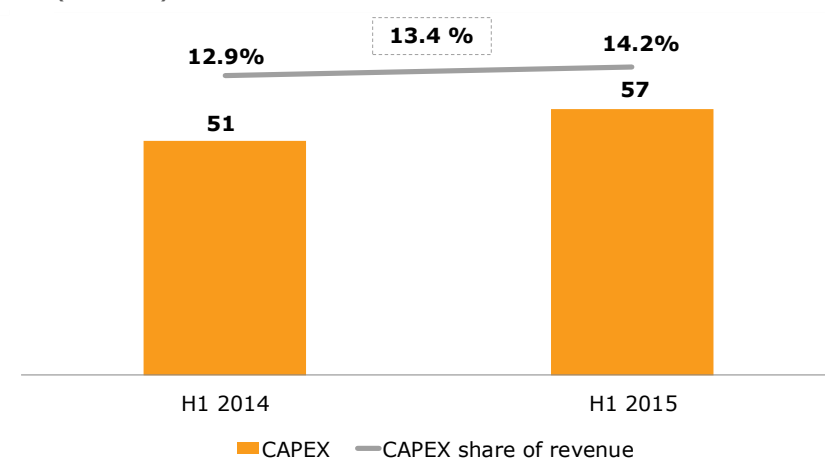
Adjusted EBITDA led by higher costs in growth areas

(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 ARPUs.
 Mtel and Telenor mobile service revenues include fixed-wireless voice revenues.



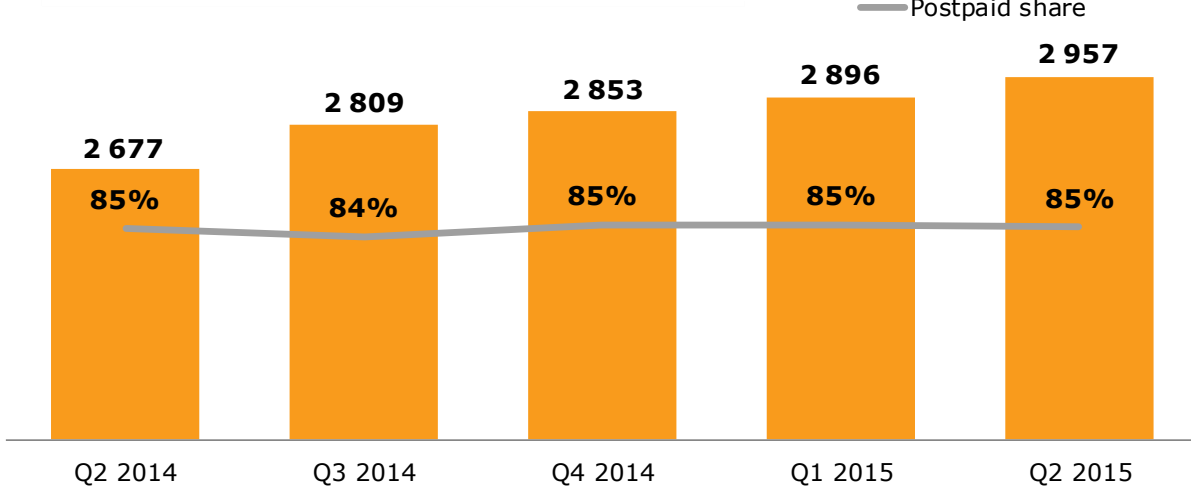
2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

Subscribers (000s)

— Postpaid share

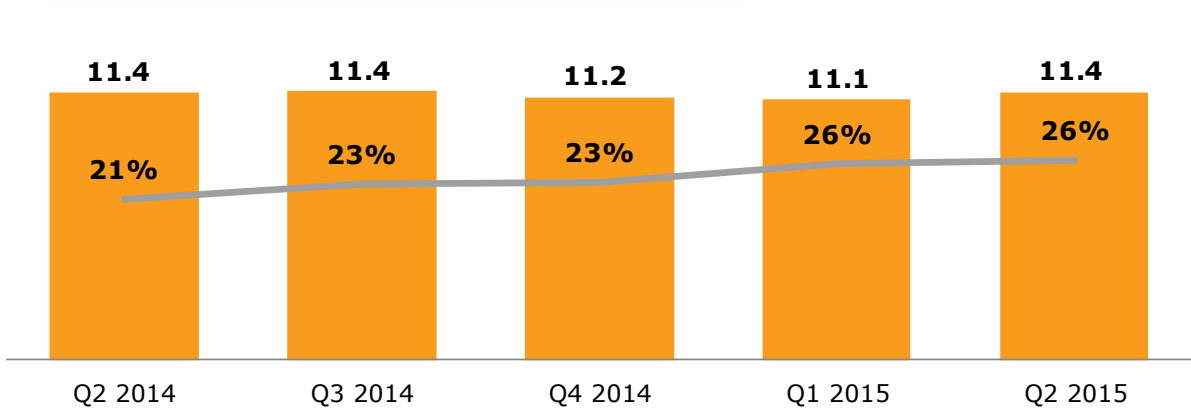


Highlights

- Subscriber acquisition growing, despite increasing competition, with strong postpaid and focus on long-term contracts

ARPU blended (BGN)

— Data share



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

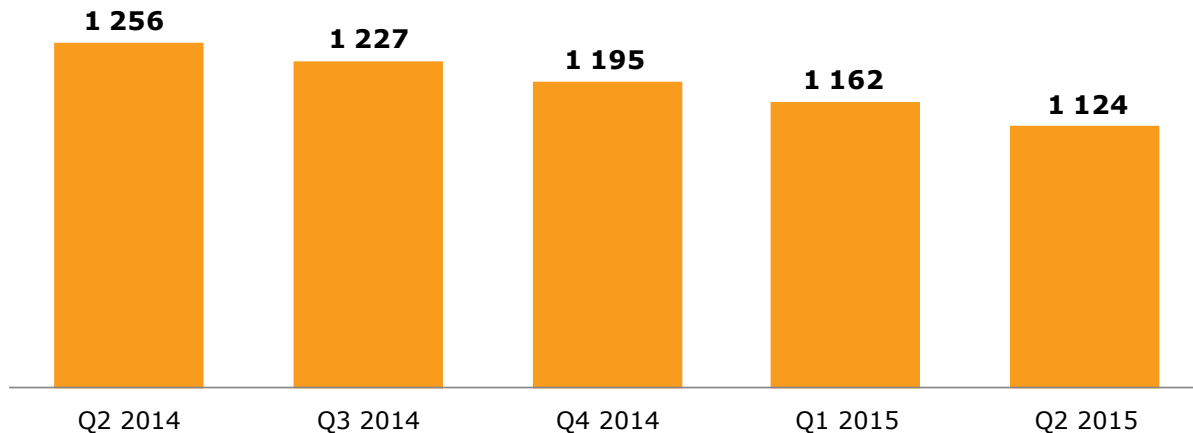
Source: Company data





Fixed voice key metrics

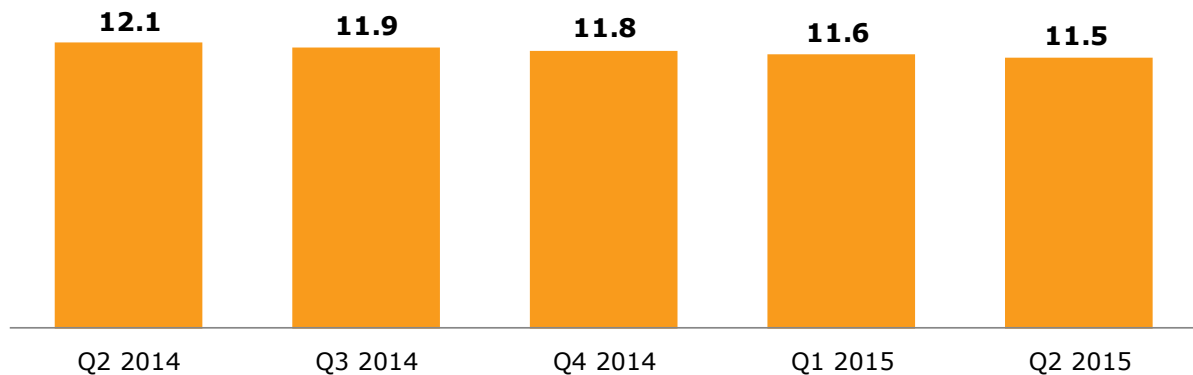
Subscribers (000s)



Highlights

- Ongoing fixed to mobile substitution trend
- Pressure from alternative providers with low ARPUs, particularly mobile operators

ARPU blended (BGN)



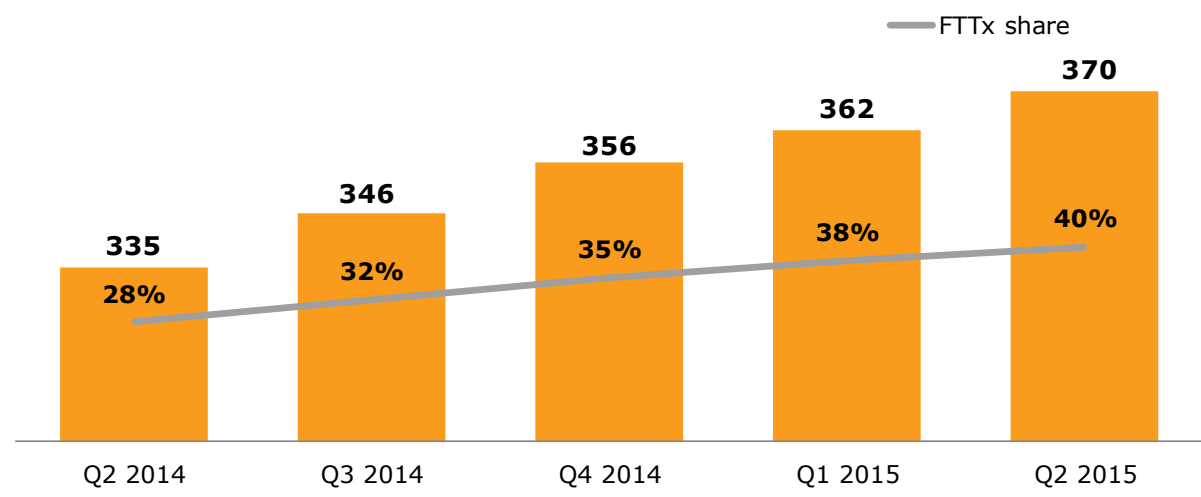
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

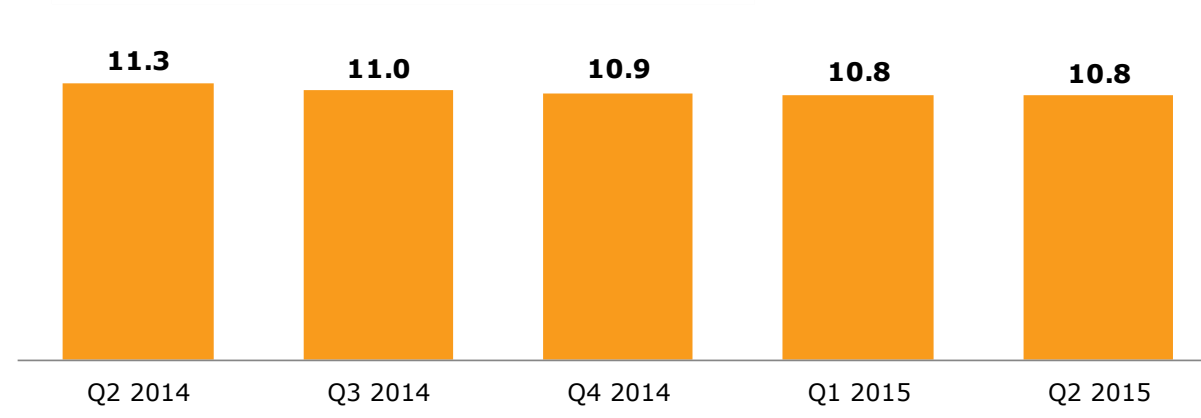
Subscribers (000s)



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

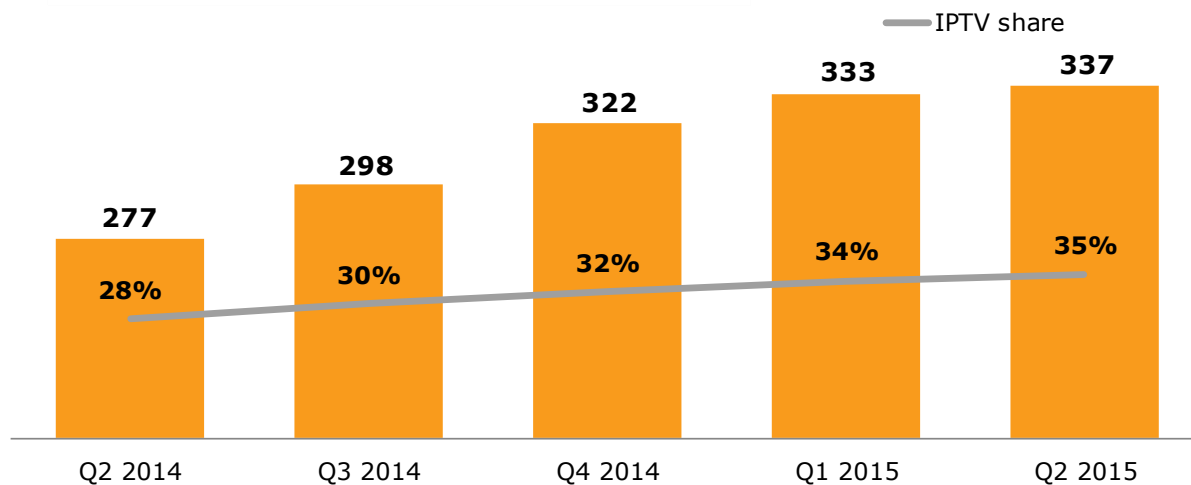
Source: Company data





Fixed pay-TV

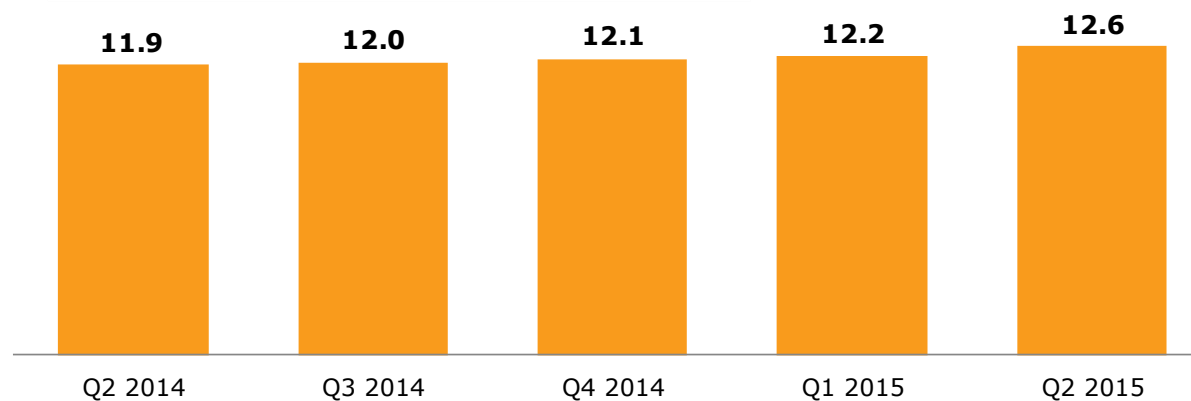
Subscribers (000s)



Highlights

- Subscriber acquisition driven by increased demand for high quality services with superior user experience, rich content and HD channels
- Alternative and mass-market players with low cost offers

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)	H1 2015	H1 2014	Q2 2015	Q2 2014
Revenue	405	393	204	198
<i>% growth</i>	<i>3.1%</i>		<i>2.6%</i>	
Net income	(7)	19	(20)	11
EBITDA	139	172	55	87
Other gains, net	(7)	(3)	(3)	(1)
EBITDA adjustments	36	4	33	3
Adjusted EBITDA	168	174	85	88
<i>% of revenues</i>	<i>41.5%</i>	<i>44.2%</i>	<i>41.8%</i>	<i>44.3%</i>
Capex	57	51	36	26
<i>% of revenues, excl. licenses</i>	<i>14.2%</i>	<i>12.9%</i>	<i>17.9%</i>	<i>13.3%</i>
Adjusted EBITDA - Capex	111	123	49	62
Change in net working capital	(44)	(175)	(23)	(157)
Other CF items	(21)	32	8	44
Pre-tax FCF	45	(20)	34	(52)

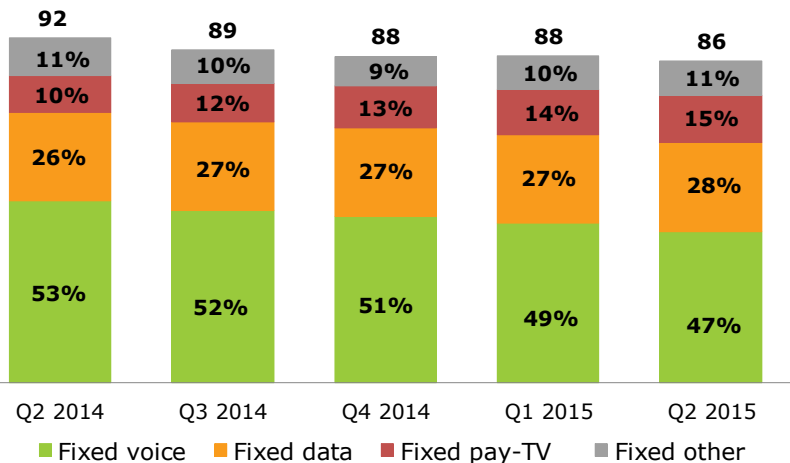
Source: Company data

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

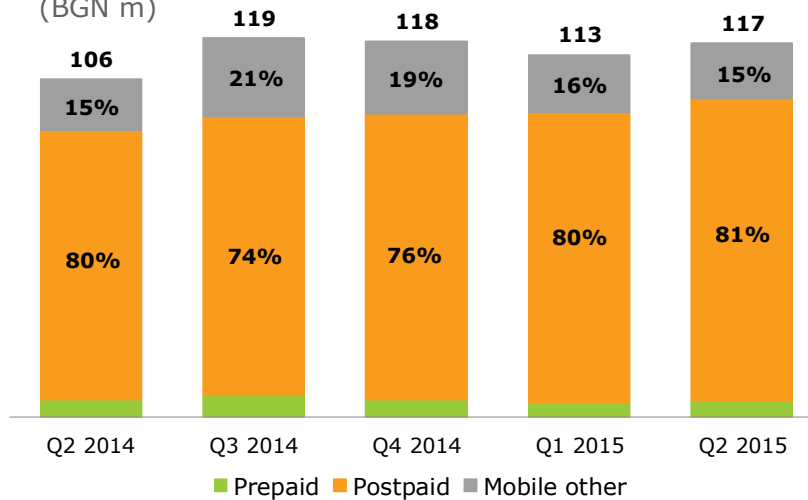


Revenues

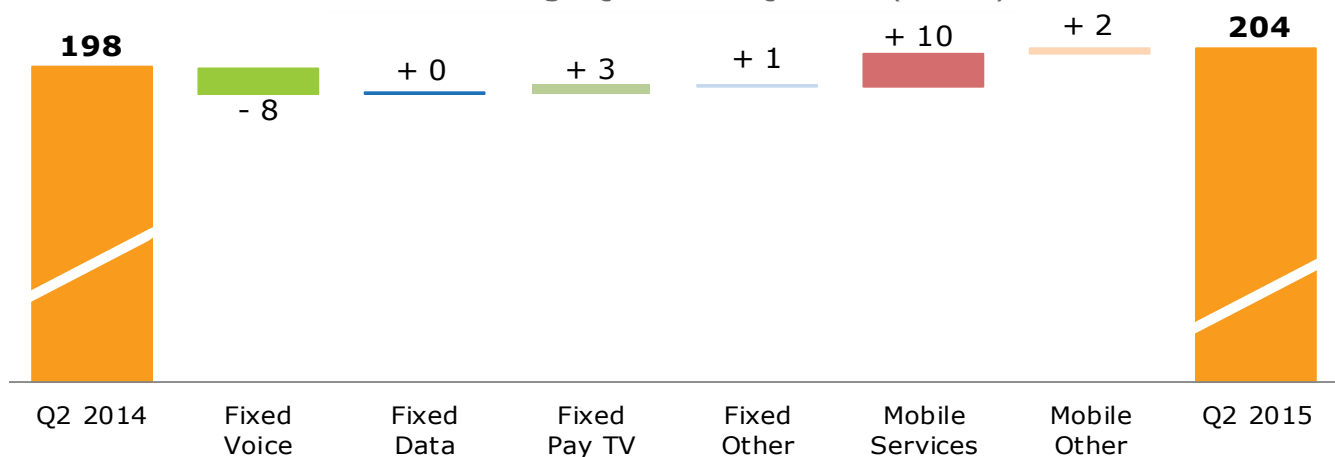
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



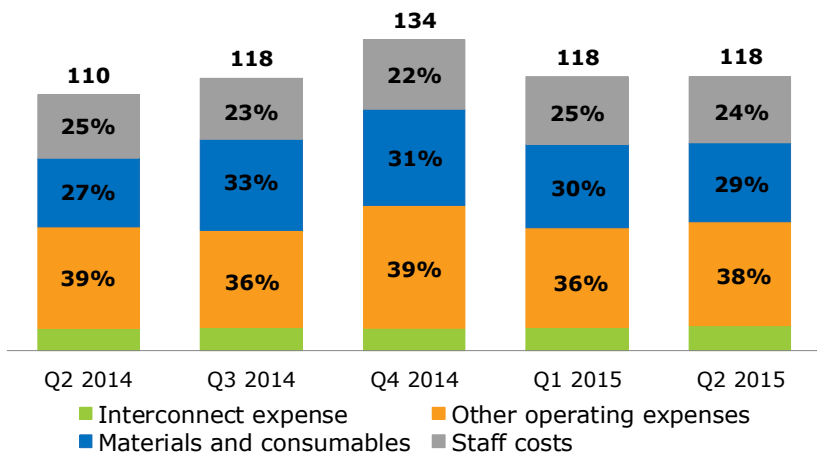
Revenue bridge Q2 2014 – Q2 2015 (BGN m)



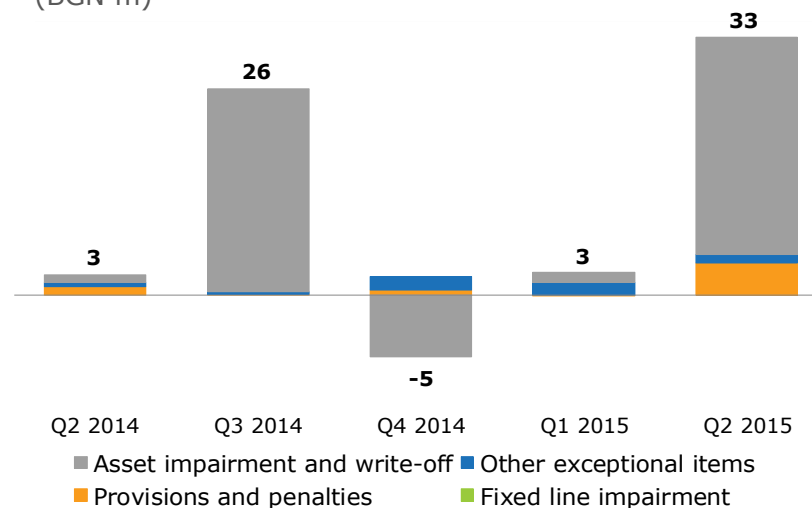
Source: Company data

Operating expenses and adjusted EBITDA

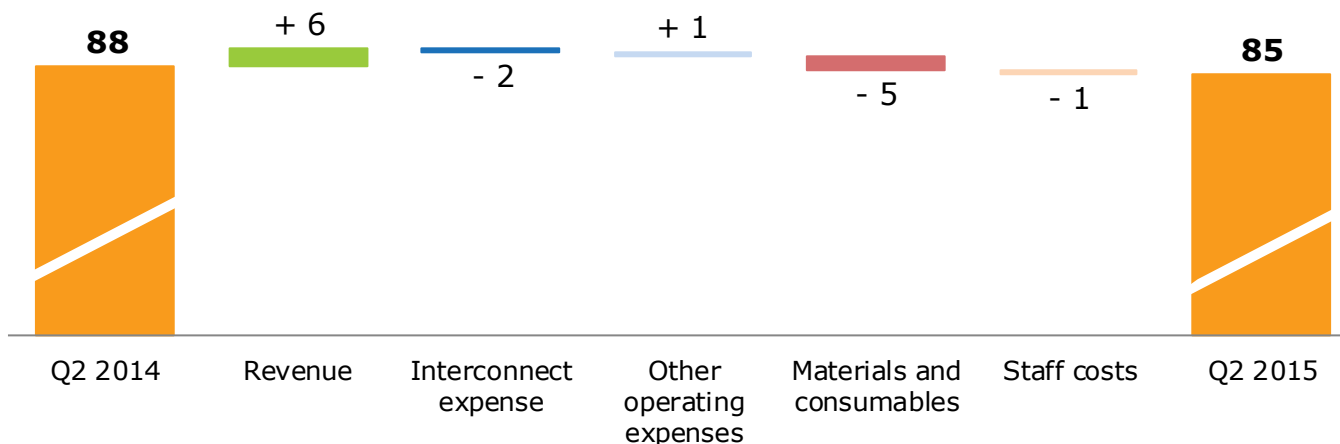
COS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



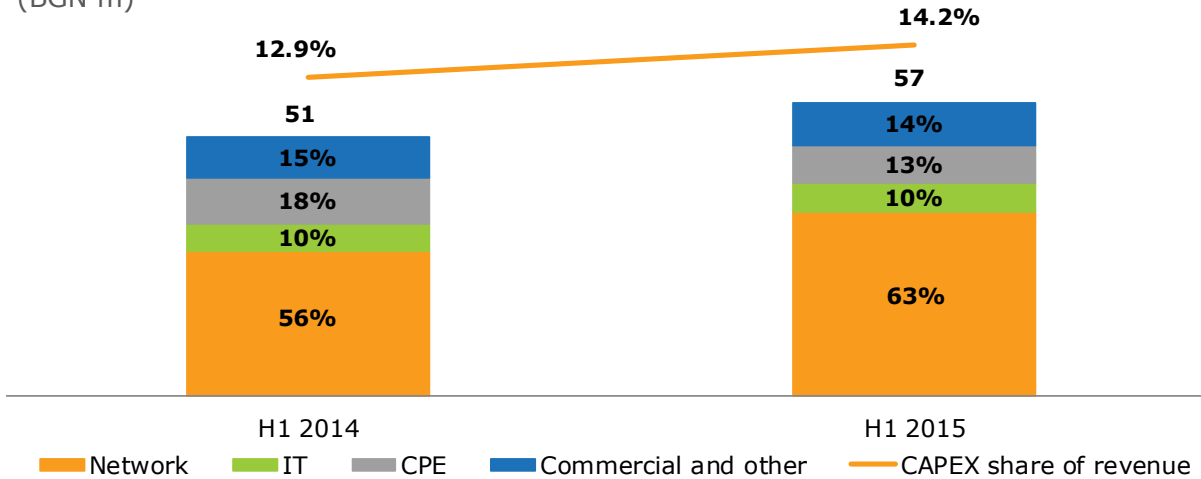
Adjusted EBITDA bridge Q2 2014 – Q2 2015 (BGN m)



Source: Company data

Capex

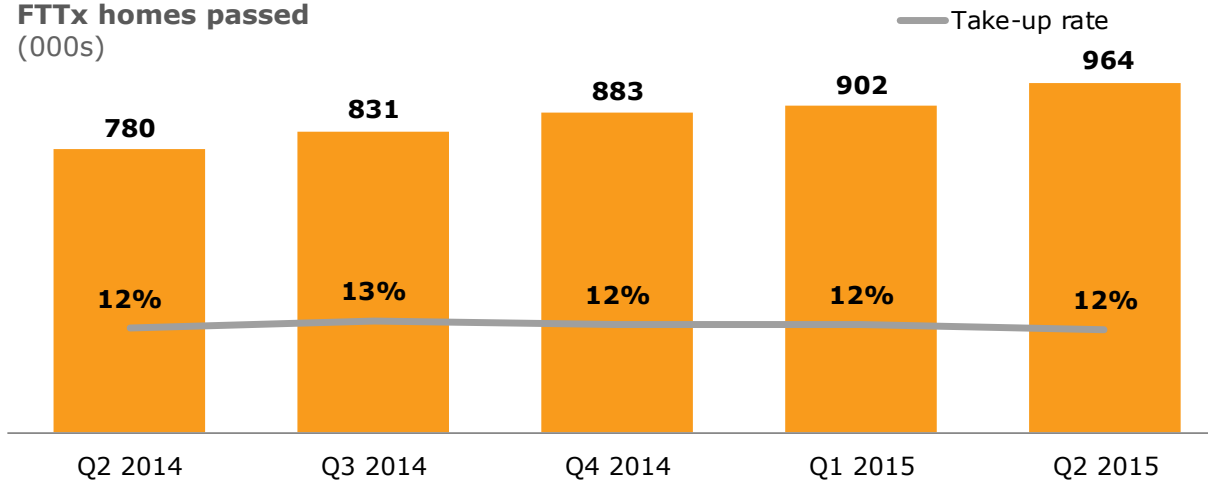
Capex structure and share of revenue
(BGN m)



Highlights

- Higher capex to catch-up on plans to improve network roll out and increase capacity

FTTx homes passed
(000s)



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

Source: Company data



Net debt

(BGN m)	Q2 2015	Q1 2015
Bonds	775	787
Revolving credit	10	10
Trade credits	9	10
Financial lease	2	2
Total borrowings	796	808
Total cash and cash equivalents	(59)	(60)
Net debt	737	748
<i>Net Leverage Ratio</i>	2.24	2.25

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

4. AD-HOC INFORMATION

Atanas Dobrev
Chief Executive Officer

Asen Velikov
Finance Director

Equity Bridge loan

➤ Maturity and repayment

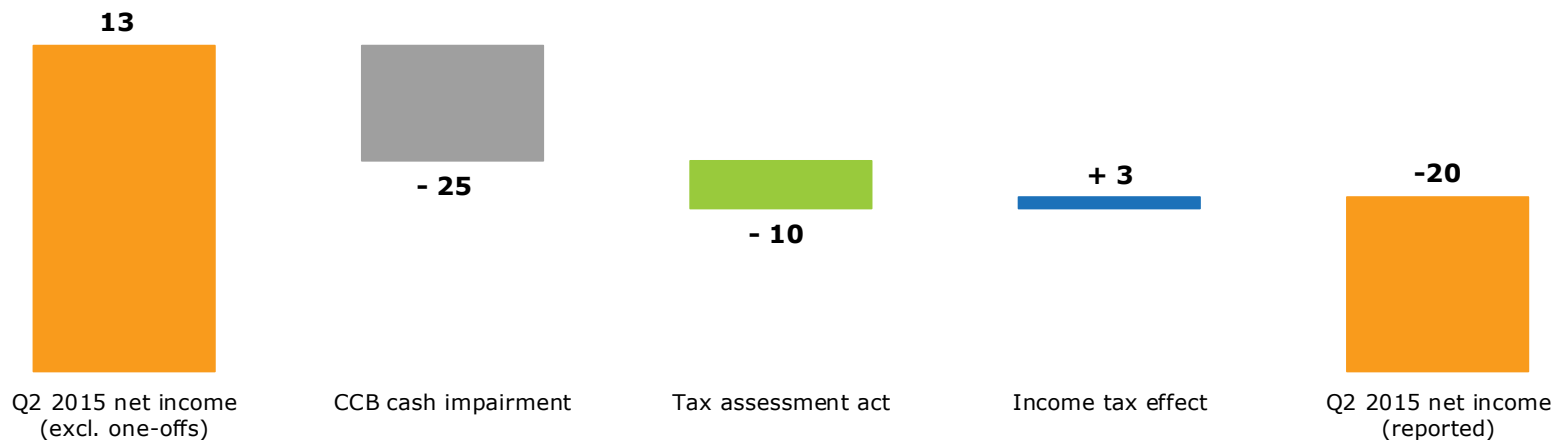
- The original maturity date of the Equity Bridge was May 22, 2015;
- The Equity Bridge loan is currently not refinanced and a temporary standstill agreement is in place to allow for an orderly solution to be implemented;
- The lenders have the ability during or after the standstill to appoint a financial advisor to advise them on alternative debt recovery solutions;
- Any lender action could only occur following termination of the standstill agreement;
- The stated intention of the borrower and lenders is this process to not interfere with the normal operations of Vivacom.

➤ Ranking

- The Equity Bridge resides outside of the Restricted Group, as defined in the Indenture and its pledges rank second to the bond;
- Vivacom will not be affected, as it is not a party to the Equity Bridge and its debt does not have cross-default clauses with the Bridge facility.

One-off effects in net income

(BGN m)



- CCB cash impairment driven by:
 - Review of collectability of receivables related to the assigned cash in CCB;
 - Settlement with MECMA consortium regarding cash blocked in CCB.
- Tax assessment act issued from the 2007-2009 tax audit for BGN 10m. Amount was paid in accordance with Vivacom's policies, but is appealed and the decision is pending.

Source: Company data

Results Outlook for 2015 - maintained

	2014 Actual	2015 YTD Actual	2015 Outlook
Adjusted EBITDA (BGN m)	335	168	320 - 335
Capex (BGN m)	168	57	165 - 175

Source: Company data
All figures exclude NURTS.

Q&A

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