

VIVACOM THIRD QUARTER RESULTS 2016

Sofia, 14 November 2016

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The information contained in this presentation is on consolidated basis as at 30 Sep 2016, unless otherwise noted.

Table of contents

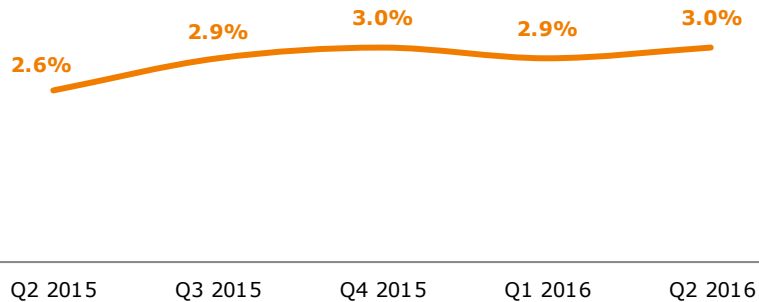
1. Overview
2. Performance highlights
3. Financial review
4. Results outlook for 2016
5. Q&A session
6. Annexes

1. OVERVIEW

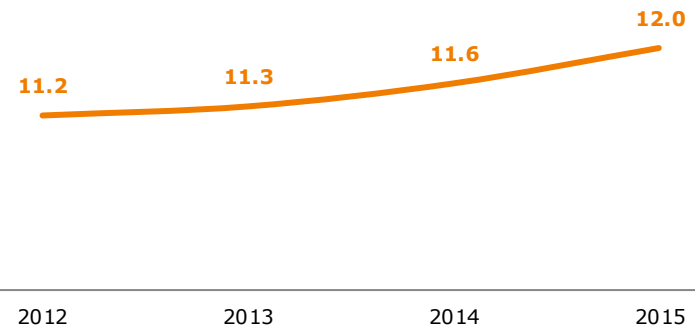
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

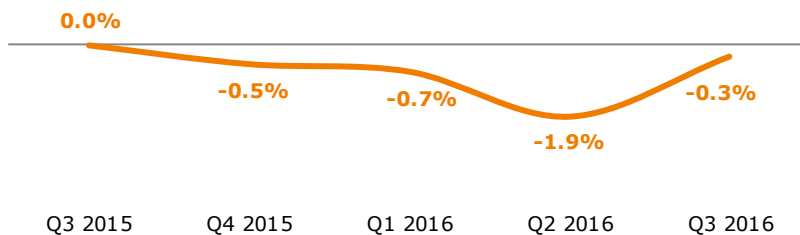
GDP recovering slowly
(%)



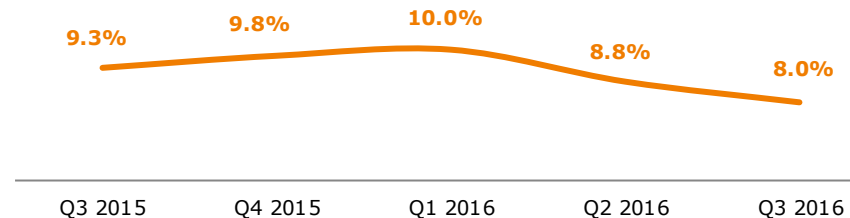
GDP per capita on the rise
(BGN 000s)



CPI still in negative territory
(%)



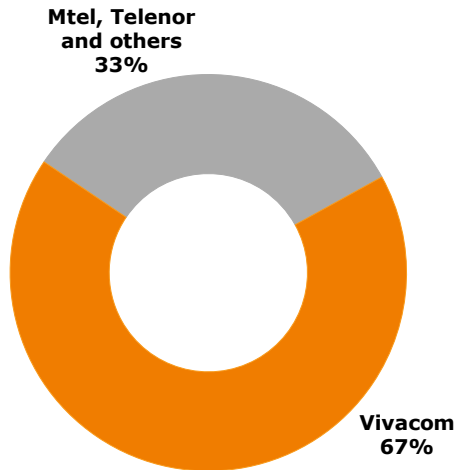
Unemployment continues to decrease
(%)



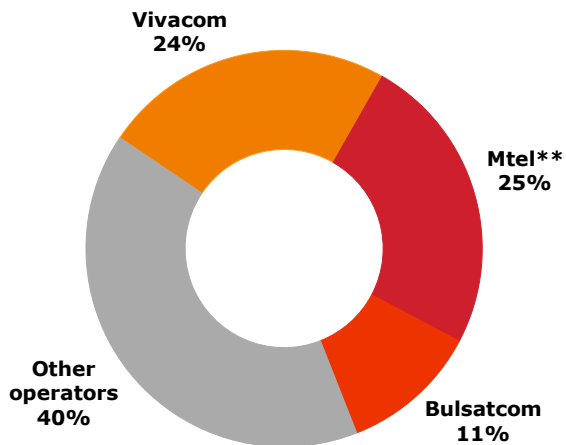
Source: BNB, Employment Agency, NSI
Unemployment (Employment Agency methodology) calculated as average of the respective monthly figures.

Company snapshot

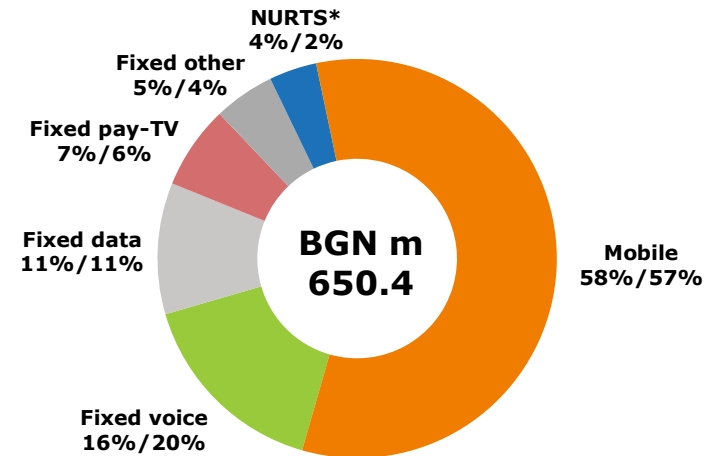
Incumbent fixed operator with high revenue share
 (% share in fixed voice revenue as of Q2 2016)



Second largest fixed broadband operator
 (% fixed broadband subscriber share as of Q2 2016)



Well diversified and resilient business model
 (% of YTD revenue, 2016 / 2015)



- Leading integrated telecom operator in Bulgaria:
 - #1 in total revenues
 - #1 in fixed voice - 67% revenue share
 - #2 in fixed broadband – 24% subscriber share
 - #1 IPTV operator and #3 pay-TV provider
 - 4G network launched in May, reaching 75% population coverage at the end of September 2016

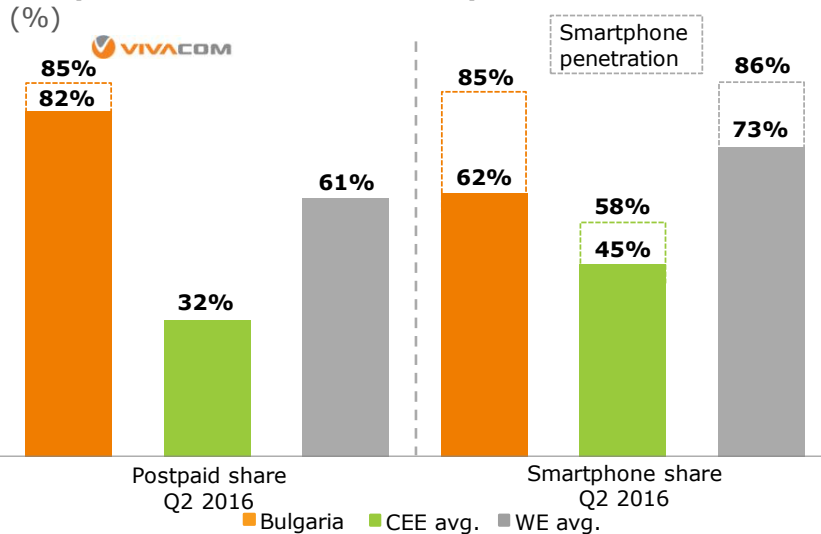
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data

* NURTS Group revenue with consolidation adjustments.

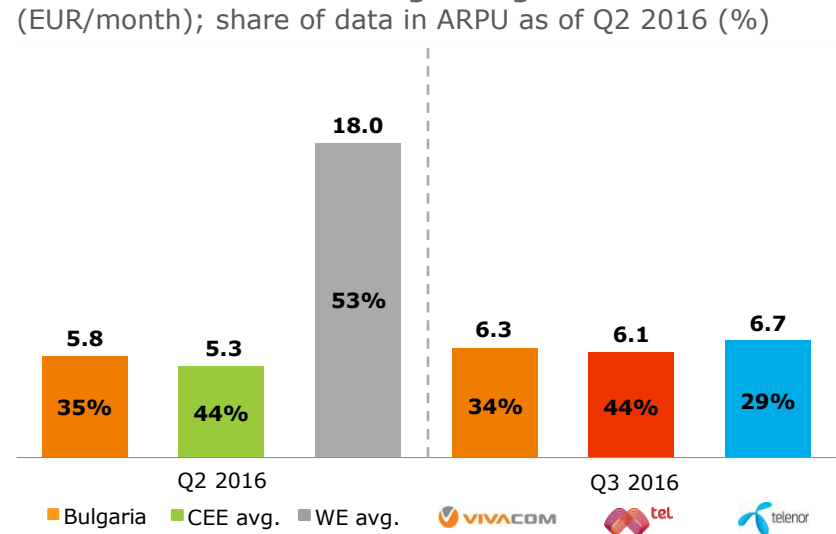
** Market positions following Mtel's acquisition of Blizoo (completed on Sep 28th, 2015). Consolidation started from Q4 2015.

Market highlights

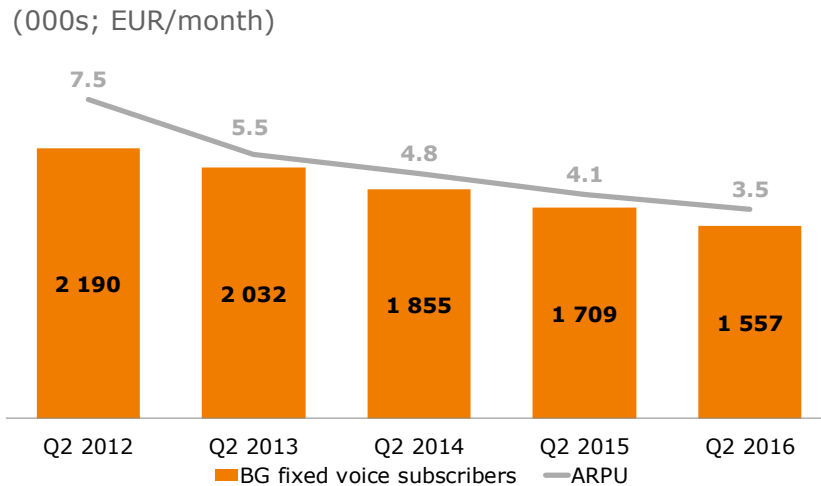
Postpaid mobile market with upside in data



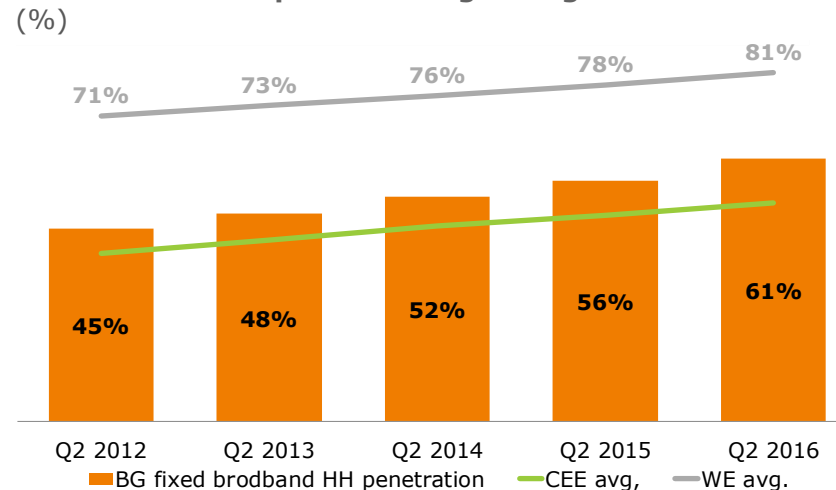
Mobile blended ARPU and growing share of data



Fixed voice business continues to decline



Fixed broadband penetration growing



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

All figures are based on active subscribers. Fixed voice subscribers include narrowband and VoBB connections.

Smartphone share is defined as number of smartphones divided by number of active mobile handset connections.

Smartphone penetration is defined as number of active smartphones divided by population.

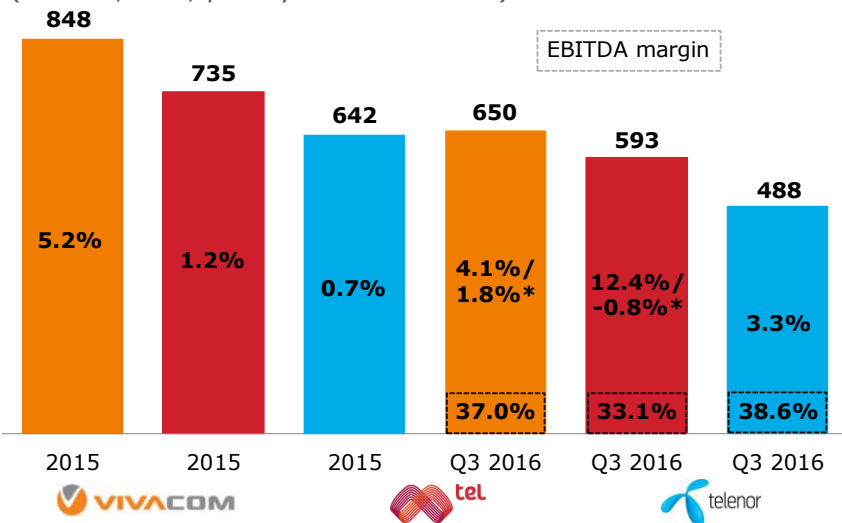
Company postpaid market share and blended ARPUs by operators are as of Q3 2016, excluding M2M.



Performance overview

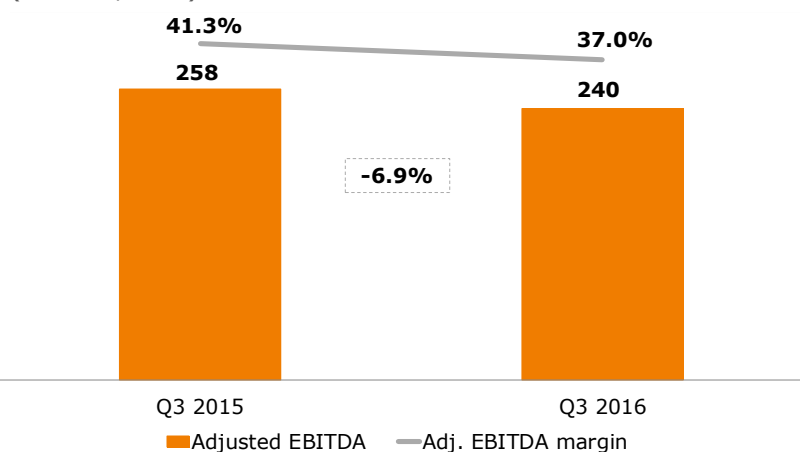
#1 Telco company on total revenues

(BGN m, YTD, prior year variance %)



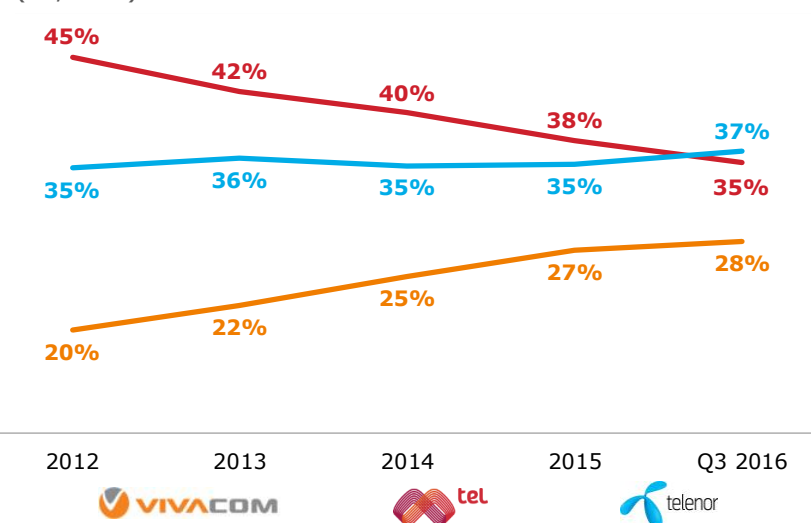
Adjusted EBITDA with pressures in voice margins

(BGN m, YTD)



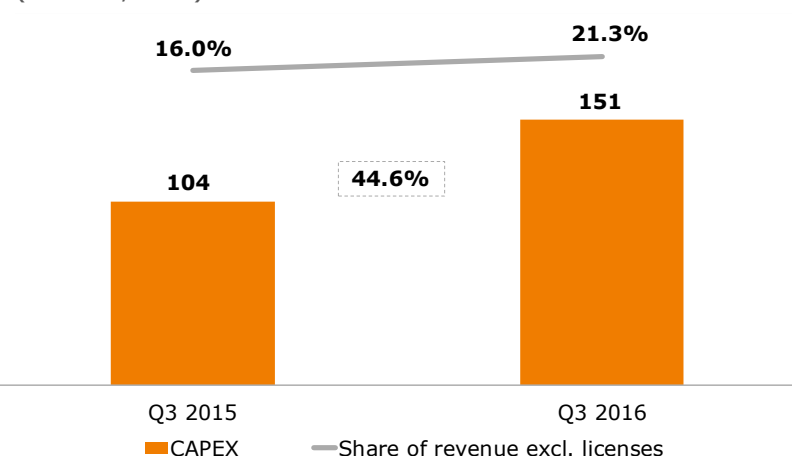
Gaining share in mobile service revenues

(%, YTD)



Focus on SRAN and LTE roll-out Capex

(BGN m, YTD)



Source: Company data, TAG reports, Telenor reports

* Excluding acquisitions of NURTS by Vivacom and Blizoo by Mtel.

Mobile service revenues exclude visitor roaming and M2M revenues.

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



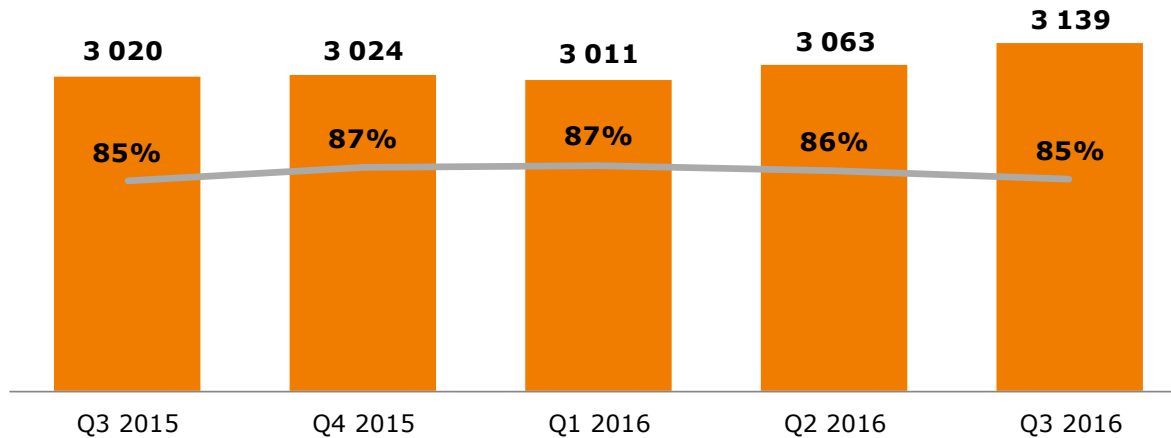
2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

Subscribers (000s)

— Postpaid share

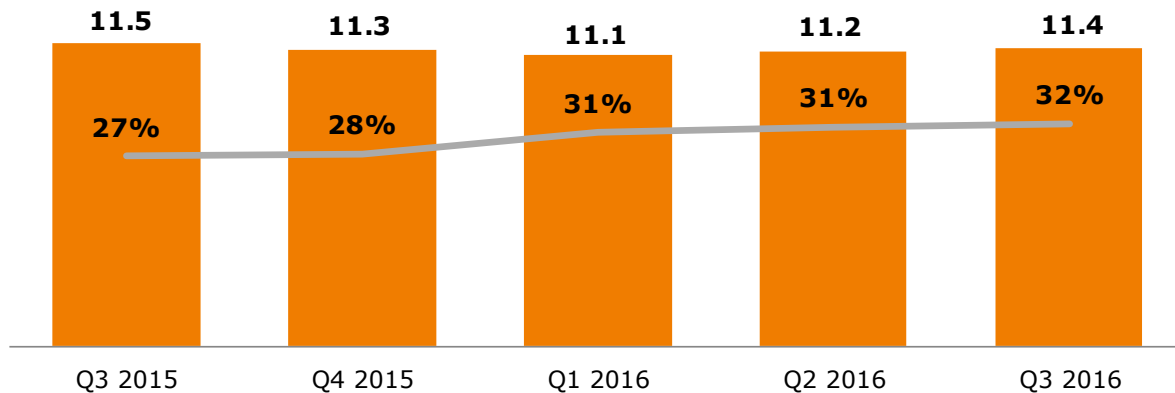


Highlights

- Growing mobile subscriber base with seasonal increase in prepaid

ARPU blended (BGN)

— Data share



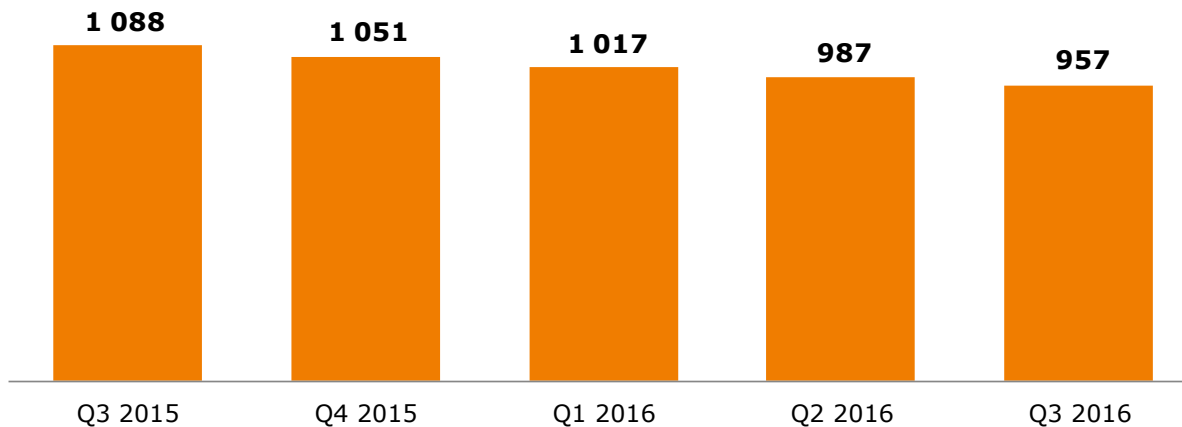
- Stabilized blended ARPU with growing data demand after launch of LTE offerings but with pressure in corporate segment

Source: Company data



Fixed voice key metrics

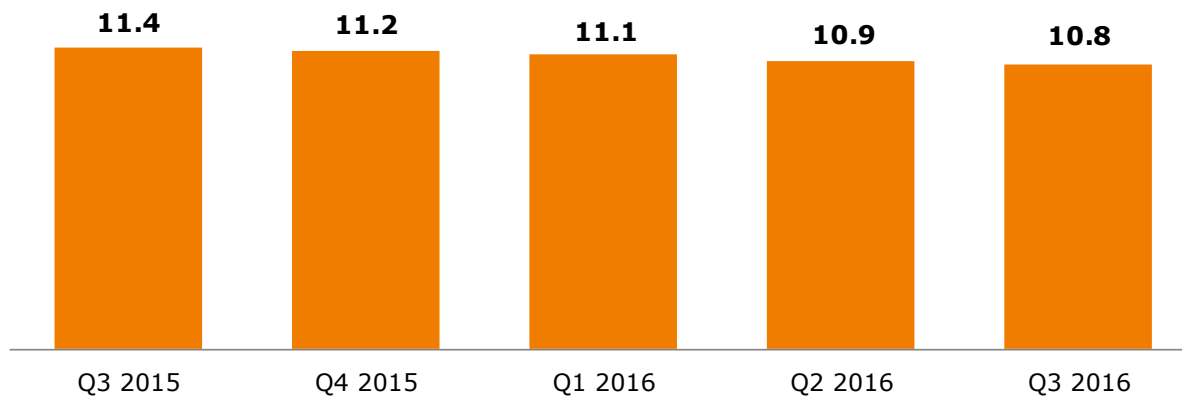
Subscribers (000s)



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 and bundling

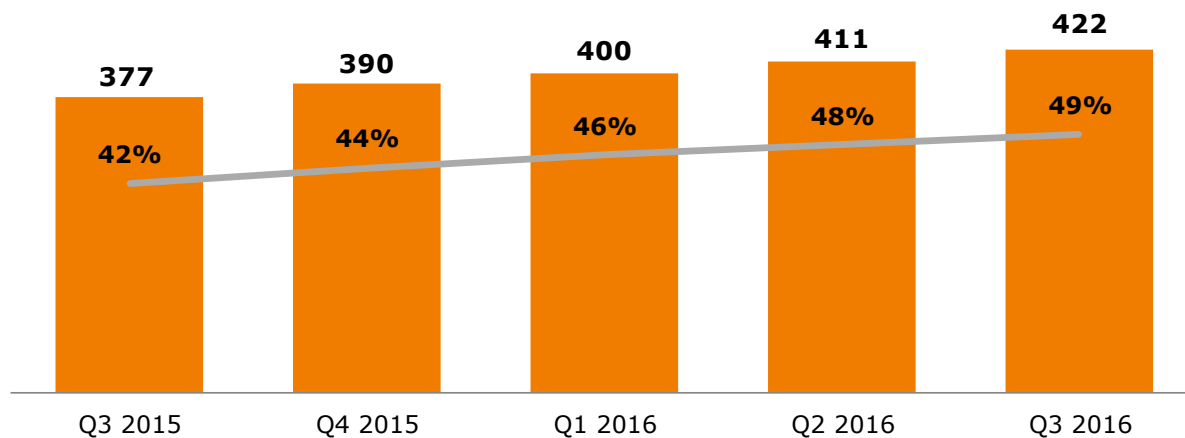
Source: Company data



Fixed broadband key metrics

Subscribers (000s)

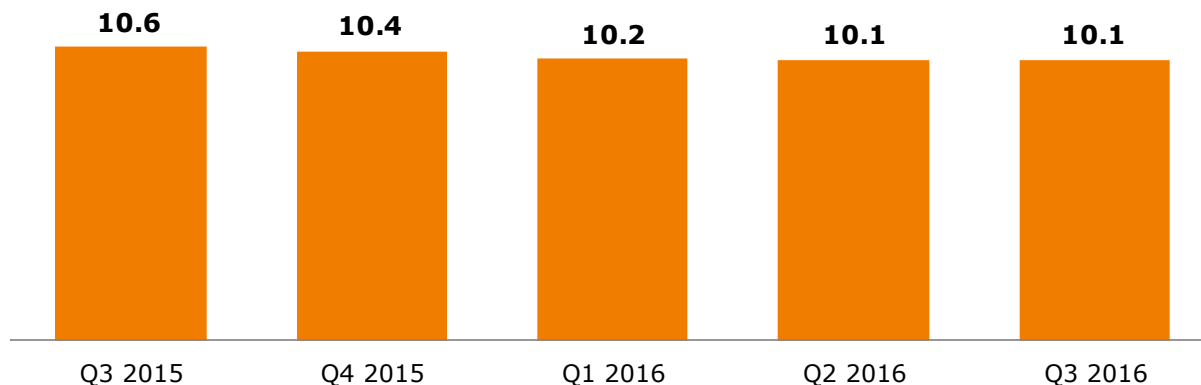
— FTTx share



Highlights

- Growing FTTx penetration and take-up rate
- Highly competitive market with many local operators and cheap bundled offers from bigger players

ARPU blended (BGN)



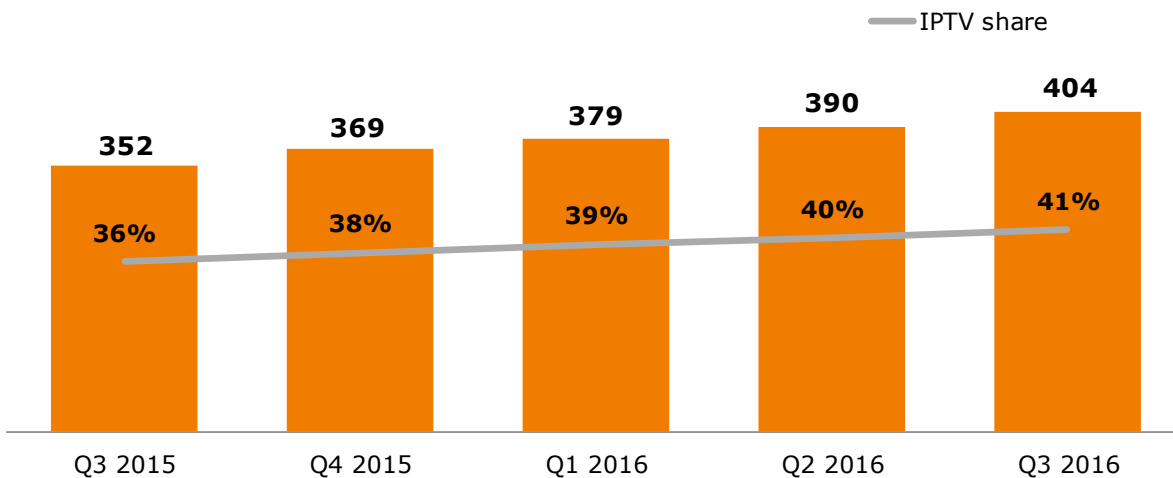
- ARPU pressure from fragmented competition and increased bundling

Source: Company data



Fixed pay-TV key metrics

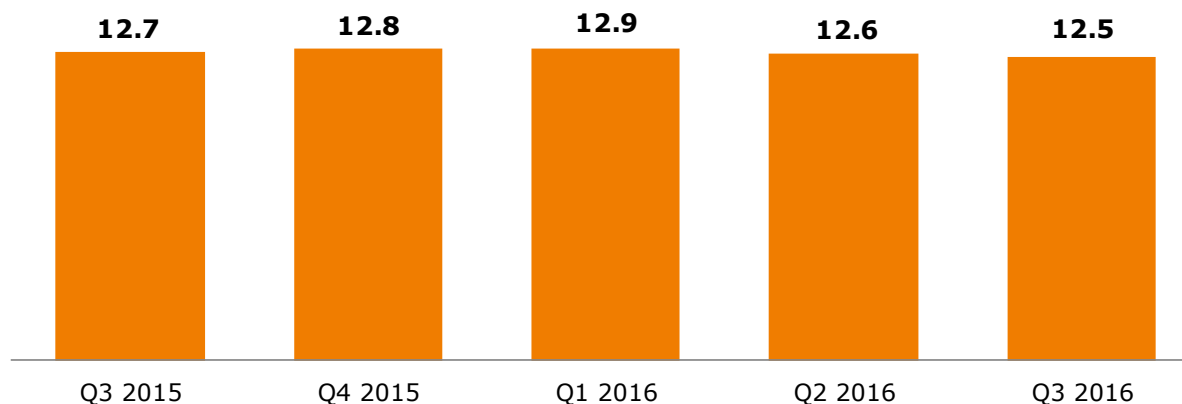
Subscribers (000s)



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)



- Slight decline in ARPU due to competitive price pressure and increased bundling

Source: Company data

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

(BGN m)	YTD 2016	YTD 2015	change %	Q3 2016	Q3 2015	change %
Revenue	650.4	624.8	4.1%	220.8	220.0	0.4%
Vivacom	625.4	614.0	1.8%	214.6	209.3	2.6%
NURTS	33.2	13.7		10.6	13.7	
Eliminations	(8.2)	(3.0)		(4.4)	(3.0)	
EBITDA	235.9	219.5	7.5%	81.8	80.4	1.7%
Other gains, net	(3.5)	(16.2)		(1.2)	(9.6)	
EBITDA adjustments	8.0	54.8		2.6	19.2	
Adjusted EBITDA	240.4	258.1	(6.9%)	83.2	90.0	(7.6%)
<i>% of revenues</i>	<i>37.0%</i>	<i>41.3%</i>		<i>37.7%</i>	<i>40.9%</i>	
Vivacom	229.0	253.7	(9.7%)	80.5	85.5	(5.9%)
NURTS	11.7	1.7		2.7	1.7	
Eliminations	(0.4)	2.8		(0.1)	2.8	
Capex	150.7	104.2	(44.6%)	39.6	46.7	15.2%
<i>% of revenues, excl. licenses</i>	<i>21.3%</i>	<i>16.0%</i>		<i>18.0%</i>	<i>19.2%</i>	
Vivacom	150.4	104.2	(44.4%)	39.6	46.7	15.2%
NURTS	0.8	-		0.6	-	
Eliminations	(0.6)	-		(0.6)	-	
Adjusted EBITDA - Capex	89.7	154.0	(41.7%)	43.5	43.2	0.6%

Source: Company data



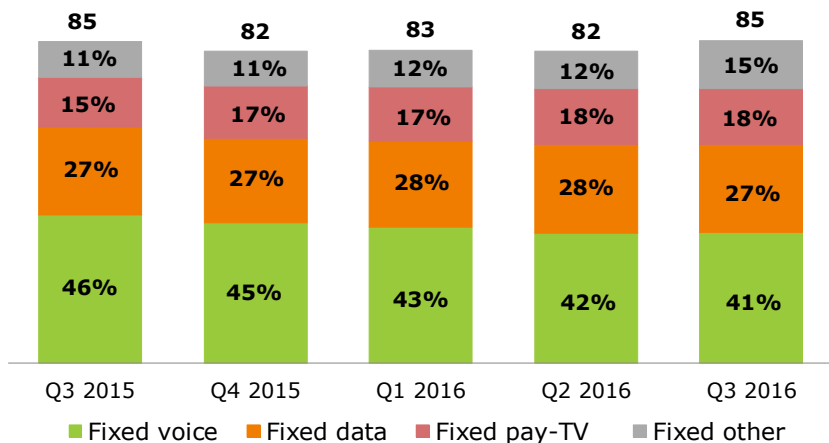
NURTS Group financial performance

(BGN m)	YTD 2016	Q3 2016
Revenue	33.2	10.6
EBITDA	11.6	2.7
Other gains, net	(0.4)	(0.2)
EBITDA adjustments	0.5	0.3
Adjusted EBITDA	11.7	2.7
<i>% of revenues</i>	<i>35.3%</i>	<i>25.8%</i>
Capex	0.8	0.6
<i>% of revenues, excl. licenses</i>	<i>2.4%</i>	<i>5.6%</i>
Adjusted EBITDA - Capex	10.9	2.1

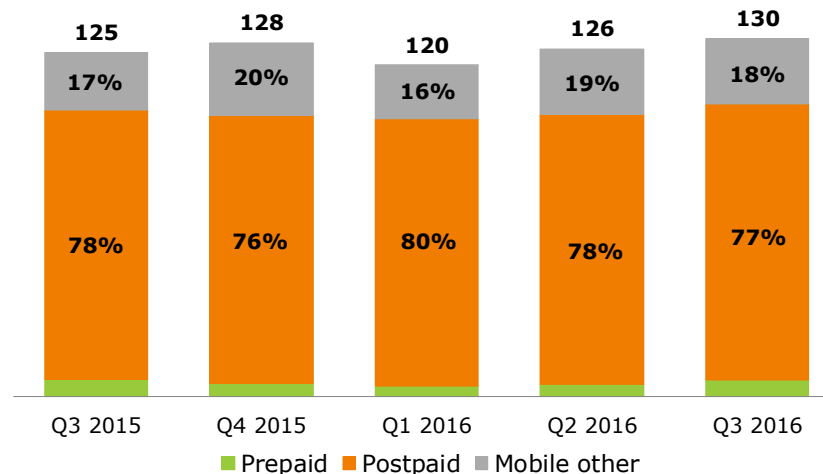
Source: Company data

Revenues

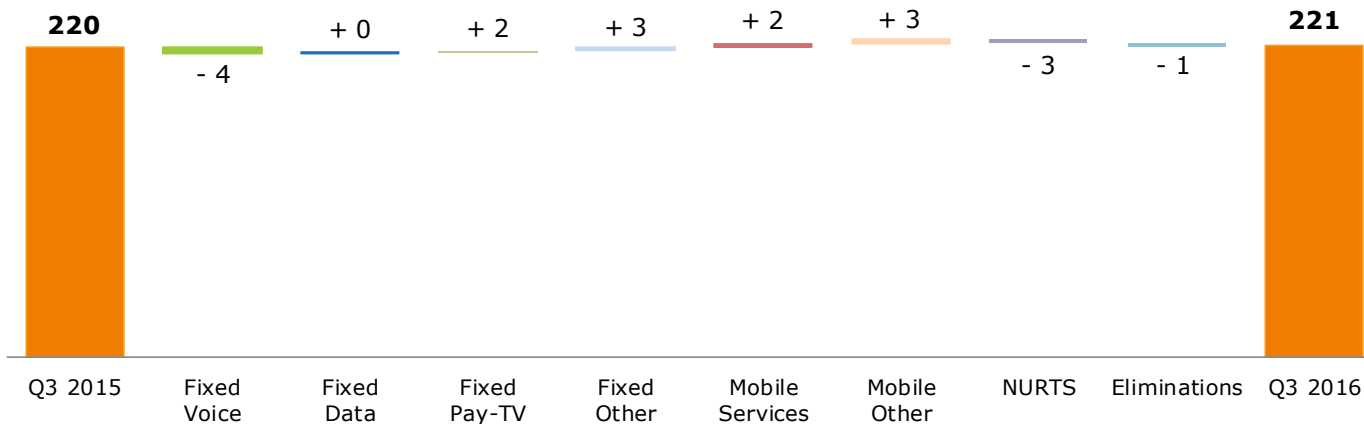
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



Revenue bridge Q3 2015 – Q3 2016 (BGN m)

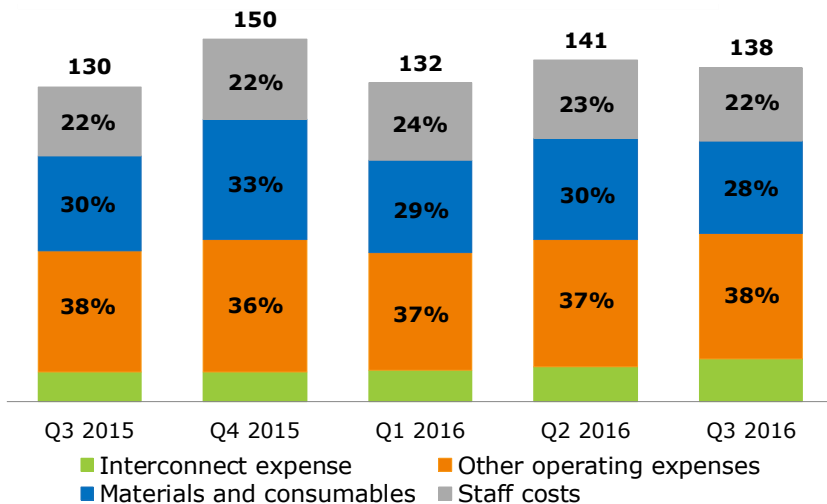


Source: Company data

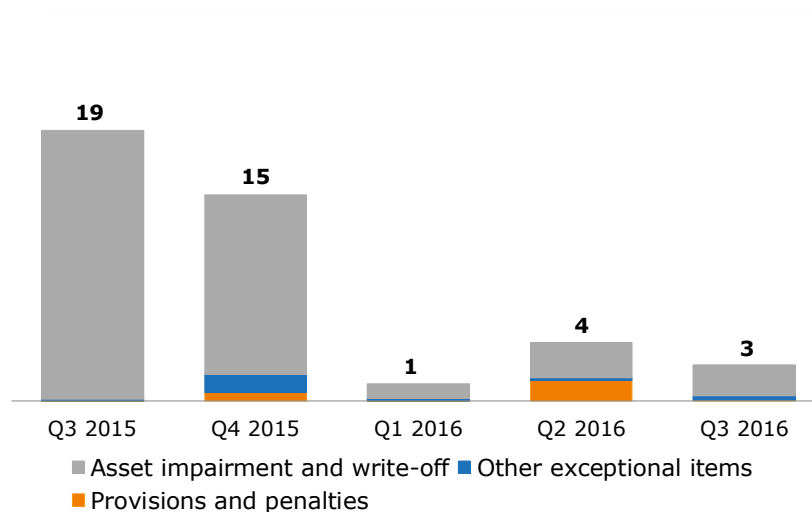


Operating expenses and adjusted EBITDA

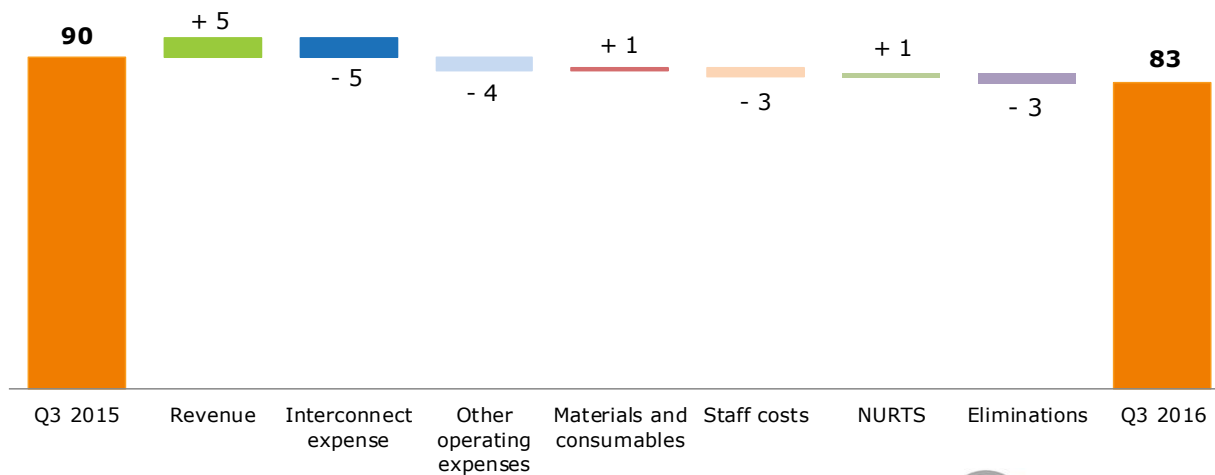
CoS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



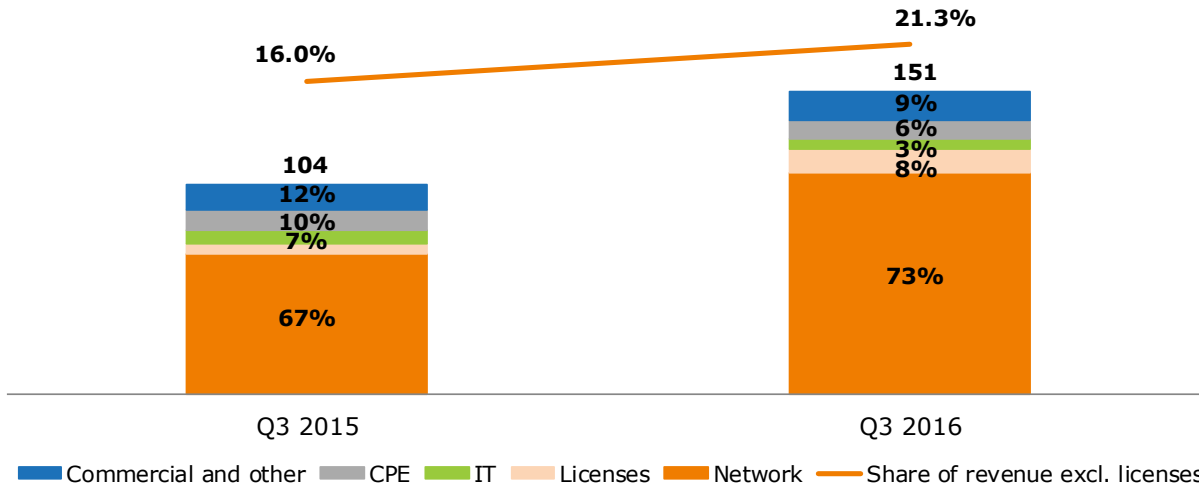
Adjusted EBITDA bridge Q3 2015 – Q3 2016 (BGN m)



Source: Company data

Capex

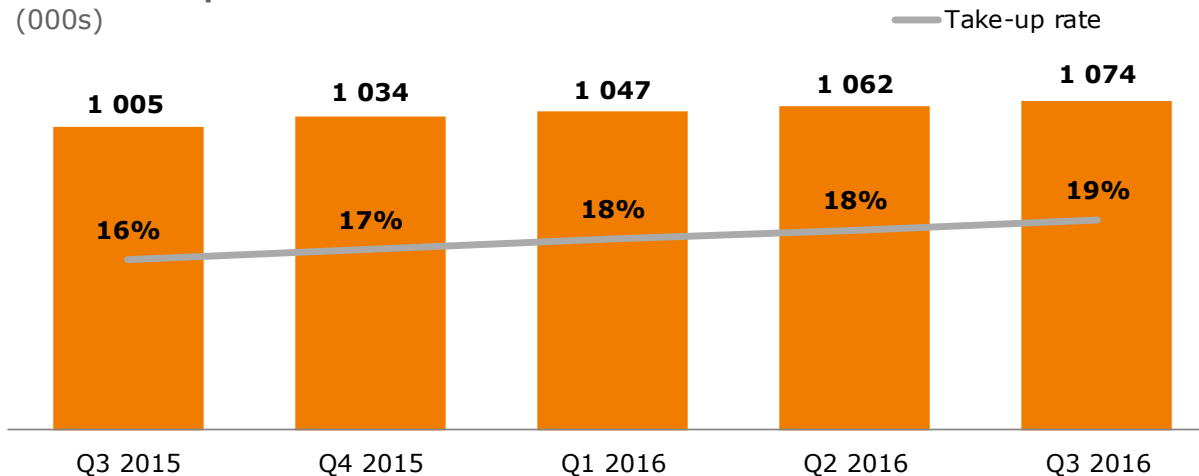
Capex structure and share of revenue
(BGN m, YTD)



Highlights

- Focus on network to improve coverage, capacity, resilience and long-running efficiencies
- 53% of Network Capex (~BGN 59 million) for SRAN and LTE roll-out project
- 8% of Capex (BGN 12 million) for new spectrum in 1800 MHz

FTTx homes passed
(000s)



- FTTx roll-out in carefully selected areas based on return of investment criteria
- Increase in subscribers take-up rate

Source: Company data



Net debt

(BGN m)	Q3 2016	Q3 2015
Bonds	792.8	789.0
Revolving credit	0.0	9.8
Trade credits	4.3	7.6
Financial lease	0.4	2.3
Total borrowings	797.5	808.7
Total cash and cash equivalents	(91.9)	(104.3)
Net debt	705.7	704.4
<i>Net Leverage Ratio</i>	<i>2.25</i>	<i>2.14</i>

Source: Company data
Net leverage ratio calculated as ratio of Net debt and LTM Adjusted EBITDA.

Results outlook - confirms Q2 2016 update

	2015 actual	2016 guidance
Adjusted EBITDA	BGN 332 m	BGN 315 - 325 m
Capex	BGN 163 m	BGN 200 - 210 m

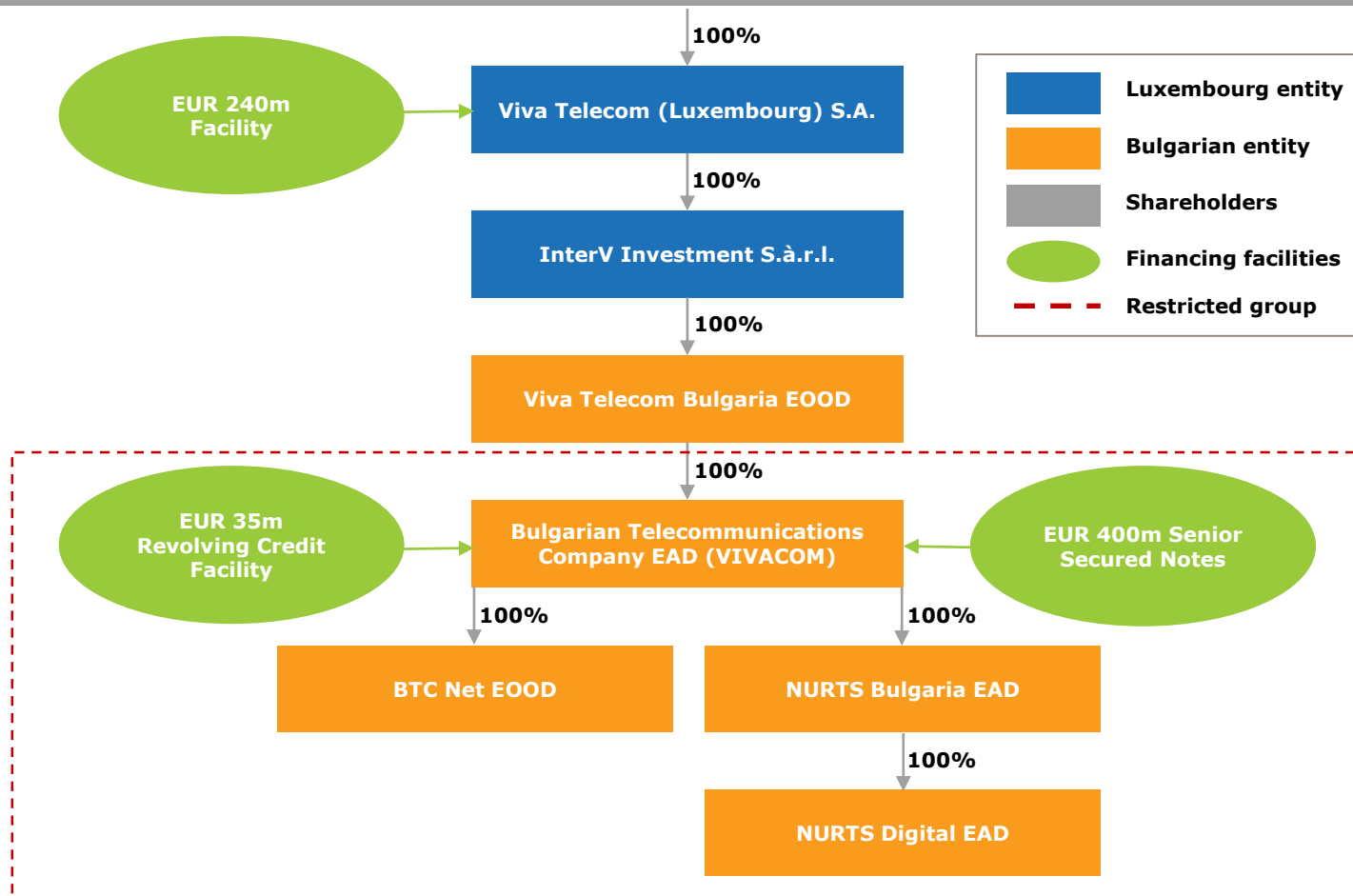
Source: Company data

5. Q&A

6. ANNEXES

Ownership structure

Ownership of the parent is shared between Mr. Spas Roussev (46%), JSC VTB Bank (20% less one share), Delta Capital Investments OOD (19%) and the family trust of Mr. Michael Tennenbaum and Mezzanine Management Central Europe II Limited (15% plus one share)



On August 30, 2016 Viva Telecom (Luxembourg) S.A. acquired 100% of the capital of InterV Investment S.à.r.l.

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