

VIVACOM

**Certain historical consolidated financial
information and operating data**

September 2014

Contents**Page**

Income statement and adjusted EBITDA	3
Balance sheet	4
Cash flow	5
Capex	6
Net debt	7
KPIs	8

Income statement

(BGN in millions)	For the three months ended				For the three months ended				For the three months ended				Year To Date		
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	2012	2013	2014
	Revenues	217.3	224.2	209.0	207.3	195.4	203.6	206.7	206.2	194.4	198.3	208.0	-	857.7	811.9
Fixed	124.5	121.5	108.7	105.8	102.5	100.2	98.3	95.1	92.5	92.5	89.3	-	460.4	396.0	274.3
Fixed-voice	85.3	82.5	68.0	65.6	61.5	58.8	55.8	53.9	50.8	48.8	46.2		301.4	230.0	145.7
Fixed-data	28.2	27.8	27.5	27.0	26.1	26.0	25.1	23.9	24.0	23.9	23.8		110.4	101.1	71.6
Fixed, other	11.1	11.2	13.1	13.2	14.9	15.3	17.4	17.3	17.8	19.8	19.3		48.7	64.9	57.0
Mobile	92.8	102.7	100.3	101.5	92.9	103.5	108.4	111.2	101.8	105.8	118.7	-	397.3	415.9	326.3
Mobile service	84.8	90.9	82.3	80.9	78.6	84.4	85.3	85.7	83.9	89.9	94.2		339.0	334.0	268.0
Pre-paid	8.2	9.3	7.3	6.0	5.2	5.8	6.7	5.5	4.8	5.4	6.7		30.9	23.1	16.8
Post-paid	76.6	81.7	75.0	74.9	73.4	78.7	78.6	80.2	79.1	84.5	87.5		308.1	310.9	251.2
Mobile, other	8.0	11.7	18.0	20.6	14.3	19.0	23.1	25.4	17.9	15.9	24.5		58.3	81.9	58.4
Operating Expenses	(133.6)	(134.8)	(126.0)	(207.0)	(117.8)	(122.8)	(127.9)	(109.4)	(110.3)	(113.0)	(143.9)	-	(601.4)	(477.9)	(367.2)
Interconnect expense	(35.6)	(38.8)	(19.2)	(19.0)	(16.1)	(17.1)	(11.3)	(11.0)	(9.1)	(9.9)	(10.1)		(112.7)	(55.4)	(29.0)
Other operating expenses	(60.5)	(53.5)	(60.5)	(135.5)	(56.9)	(56.3)	(63.7)	(35.0)	(44.5)	(46.1)	(68.6)		(310.0)	(212.0)	(159.2)
Materials and consumables	(21.1)	(25.6)	(28.8)	(33.8)	(27.6)	(32.3)	(35.5)	(41.5)	(30.3)	(29.6)	(39.3)		(109.3)	(136.9)	(99.2)
Staff costs	(16.3)	(17.0)	(17.5)	(18.7)	(17.2)	(17.2)	(17.3)	(22.0)	(26.4)	(27.4)	(26.0)		(69.5)	(73.6)	(79.8)
Depreciation and amortization	(67.8)	(67.2)	(74.3)	(68.3)	(62.9)	(65.1)	(65.4)	(65.6)	(63.7)	(64.1)	(63.8)		(277.6)	(259.0)	(191.6)
Finance expenses, net	(6.3)	(5.4)	(5.3)	(8.6)	(11.8)	(11.5)	(11.3)	(12.0)	(12.7)	(10.2)	(7.3)		(25.6)	(46.6)	(30.2)
Other Gains and Loses, net	1.8	2.7	2.4	3.3	1.4	0.0	1.2	2.1	1.3	1.3	3.0		10.2	4.7	5.6
Profit before tax	11.4	19.5	5.8	(73.3)	4.2	4.2	3.3	21.3	9.0	12.2	(4.0)	-	(36.6)	33.1	17.2
Income tax expense	(1.2)	(2.2)	(0.4)	7.1	(0.5)	(0.7)	(0.4)	(2.3)	(1.1)	(1.1)	0.9		3.3	(3.9)	(1.3)
Profit for the period	10.2	17.3	5.4	(66.2)	3.8	3.6	2.9	19.0	8.0	11.1	(3.1)	-	(33.3)	29.2	16.0
Adjustments for:															
Income tax expense	1.2	2.2	0.4	(7.1)	0.5	0.7	0.4	2.3	1.1	1.1	(0.9)		(3.3)	3.9	1.3
Finance expenses, net	6.3	5.4	5.3	8.6	11.8	11.5	11.3	12.0	12.7	10.2	7.3		25.6	46.6	30.2
Depreciation and amortization	67.8	67.2	74.3	68.3	62.9	65.1	65.4	65.6	63.7	64.1	63.8		277.6	259.0	191.6
EBITDA	85.5	92.1	85.4	3.6	79.0	80.8	80.0	98.8	85.4	86.6	67.1	-	266.5	338.7	239.1
Other gains, net	(1.8)	(2.7)	(2.4)	(3.3)	(1.4)	(0.0)	(1.2)	(2.1)	(1.3)	(1.3)	(3.0)		(10.2)	(4.7)	(5.6)
Adjustments to operating expenses:	3.4	8.0	5.2	76.3	1.9	0.9	10.4	(22.8)	1.7	2.6	26.2	-	92.9	(9.5)	30.4
Asset impairment and write off	1.1	2.3	1.9	70.4	1.2	0.9	1.6	(25.7)	0.6	1.0	25.7		75.7	(22.0)	27.3
Provisions and penalties	1.7	3.3	0.8	4.6	0.3	(0.1)	7.4	0.8	0.5	1.0	0.1		10.3	8.4	1.7
Other exceptional items	0.6	2.4	2.5	1.3	0.5	0.2	1.4	2.0	0.5	0.6	0.3		6.9	4.2	1.4
Adjusted EBITDA	87.2	97.3	88.1	76.6	79.5	81.7	89.2	74.0	85.7	87.8	90.3	-	349.2	324.5	263.9

Balance sheet

(BGN in millions)	As at the month ended				As at the month ended				As at the month ended			
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Cash and Cash Equivalents	151.6	187.7	88.9	63.9	105.3	109.7	133.7	87.3	117.9	41.1	42.8	
Trade receivables	95.1	106.4	88.9	79.3	68.7	71.6	71.0	72.8	75.6	223.4	101.3	
Current income tax receivables	-	-	-	0.4	0.4	0.4			-	-	-	
Inventories	28.0	26.9	27.6	32.0	28.4	39.5	41.3	37.3	41.8	44.4	35.2	
Investments	0.1	0.3	-	-	0.1	0.1		0.1	0.8	0.0	9.2	
Other current assets	24.9	21.0	18.1	14.7	14.7	20.5	15.5	11.1	20.9	16.9	13.2	
Assets classified as held for sale	1.9	1.9	1.9	2.1	2.1	1.8	1.8	1.5	1.5	1.5	1.5	
Total current assets	301.7	344.2	225.3	192.4	219.8	243.6	263.4	210.2	258.5	327.3	203.1	-
Goodwill	3.7	3.7	3.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Property, Plant and Equipment	976.2	954.6	949.6	884.6	866.6	847.9	830.3	853.4	826.9	802.1	785.8	
Intangible Assets	292.7	285.6	278.7	285.0	274.5	261.9	246.8	252.2	240.5	227.3	215.5	
Investments	0.3	0.3	0.3	0.3	0.3	7.5	8.0	45.0	45.7	6.2	19.1	
Trade receivables - non-current	2.5	2.7	3.5	5.1	5.4	6.8	8.3	10.1	11.0	11.1	104.0	
Other non-current assets	1.7	1.7	1.7	1.1	1.4	1.4	1.4	1.6	1.7	1.7	1.8	
Deferred tax assets	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
Total non-current assets, net	1 277.3	1 248.8	1 237.6	1 178.2	1 150.3	1 127.5	1 096.8	1 164.4	1 127.7	1 050.5	1 128.1	-
TOTAL ASSETS	1 578.9	1 593.0	1 462.9	1 370.6	1 370.1	1 371.2	1 360.2	1 374.5	1 386.2	1 377.8	1 331.2	-
Dividends Payable	90.0	90.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Trade payables	69.6	77.0	62.6	90.0	83.1	78.1	68.4	92.7	74.2	61.2	69.5	
Other payables	26.3	24.8	23.6	24.6	28.7	24.7	26.3	25.5	34.6	42.4	33.5	
Deferred income/revenue	18.2	19.1	19.4	18.1	18.4	18.6	19.3	18.9	19.1	19.6	20.1	
Current income tax liabilities	0.0	0.2	0.8	0.2	0.4	0.5	1.3	0.0	2.0	2.9	4.5	
Provisions for other liabilities and charges	16.1	5.2	5.7	7.5	7.0	5.6	7.0	10.2	8.8	7.2	5.8	
Borrowings	967.2	967.2	937.4	31.7	42.5	53.9	44.0	11.0	23.5	11.8	24.9	
Total current liabilities	1 187.5	1 183.5	1 049.5	172.0	180.0	181.5	166.2	158.3	162.2	145.2	158.3	-
Borrowings	1.7	1.7	1.3	862.6	849.7	838.2	839.7	841.6	841.6	841.6	792.7	
Deferred Tax Liability, Net	26.9	27.3	25.2	17.2	17.5	17.8	17.3	18.7	17.8	17.9	15.4	
Retirement benefit obligations	1.0	1.0	1.0	0.9	1.0	1.0	1.0	2.0	2.0	2.1	2.1	
Provisions for other liabilities and charges	7.5	7.7	7.9	8.7	8.8	9.0	9.1	8.7	8.8	8.9	9.1	
Trade payables	4.8	4.7	4.6	4.5	4.4	4.3	4.2	4.1	4.0	3.9	3.8	
Deferred income/revenue	-	-	1.3	1.2	1.2	1.2	1.2	1.4	1.4	1.3	1.3	
Total non-current liabilities	41.9	42.5	41.3	895.1	882.7	871.6	872.6	876.4	875.5	875.7	824.5	-
Share Capital	288.8	288.8	288.8	288.8	288.8	288.8	288.8	288.8	288.8	288.8	288.8	
Reserves	40.0	40.1	39.8	37.3	37.4	44.4	44.7	44.3	45.0	42.4	37.0	
Retained earnings/(Accumulated loss)	20.8	38.2	43.5	(22.5)	(18.8)	(15.1)	(12.1)	6.8	14.7	25.8	22.8	
Total equity	349.6	367.0	372.1	303.5	307.4	318.1	321.4	339.8	348.5	357.0	348.5	-
TOTAL LIABILITIES AND EQUITY	1 578.9	1 593.0	1 462.9	1 370.6	1 370.1	1 371.2	1 360.2	1 374.5	1 386.2	1 377.8	1 331.2	-

Cash flow

	For the three months ended				For the three months ended*				For the three months ended				Year To Date		
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	2012	2013	2014
(BGN in millions)															
Operating Activities:															
Profit before tax from continuing activities	11.4	19.5	5.8	(73.3)	4.2	4.2	3.3	21.3	9.0	12.2	(4.0)		(36.6)	33.1	17.2
Adjustments for:															
Depreciation and amortization	67.8	67.2	74.3	68.3	62.9	65.1	65.4	65.6	63.7	64.1	63.8		277.6	259.0	191.6
Gain on sale of non-current assets	(1.8)	(2.7)	(2.4)	(3.3)	(1.4)	(0.0)	(1.1)	(2.1)	(1.3)	(1.3)	(3.0)		(10.2)	(4.7)	(5.6)
Impairment loss and write off of non-current asset	1.0	2.1	1.8	69.7	1.0	0.7	1.5	(26.5)	0.5	0.9	0.9		74.7	(23.3)	2.3
Interest expense, net	6.1	5.3	5.2	8.8	11.7	11.5	11.3	12.1	12.6	12.6	13.1		25.5	46.6	38.3
Impairment loss on trade receivables	4.5	3.8	6.4	4.6	3.3	2.5	2.1	0.6	2.2	2.1	24.1		19.4	8.6	28.3
Impairment loss and write off of current asset	0.1	0.1	0.2	3.2	0.2	0.2	0.1	1.5	0.4	0.1	0.2		3.6	2.0	0.6
Income from investment operations	-	-	-	(0.3)	-	(0.0)	-	(0.3)	-	(2.6)	(6.0)		(0.3)	(0.3)	(8.5)
Loss/(gain) from operations with cash flow hedges	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	0.0		(0.0)	0.0	(0.0)
Loss/(gain) from provisions	4.9	(10.2)	0.2	2.2	0.7	(0.2)	1.1	5.0	1.3	1.7	(1.4)		(3.0)	6.7	1.7
Changes in:															
- inventories	(2.3)	1.1	(0.7)	(7.3)	3.6	(11.3)	(1.8)	2.5	(4.9)	(2.6)	9.1		(9.2)	(7.0)	1.6
- trade and other receivables	(4.2)	(6.6)	7.3	2.5	(2.9)	(15.1)	0.9	(0.9)	(17.0)	(147.1)	9.0		(1.1)	(17.9)	(155.1)
- trade and other payables	7.4	2.8	(9.7)	16.8	6.8	(5.7)	(6.7)	5.7	5.4	(4.9)	(3.2)		17.3	0.0	(2.8)
- provisions and employee benefits	(0.8)	(0.5)	(0.2)	(0.4)	(0.8)	(0.9)	(0.7)	0.1	(1.9)	(3.0)	(1.1)		(1.9)	(2.2)	(6.0)
- deferred income/revenue	1.1	0.9	1.6	(1.4)	0.3	0.3	0.6	(0.2)	0.2	0.5	0.4		2.2	1.0	1.1
Cash generated from operations	95.2	82.8	89.8	90.1	89.7	51.3	76.1	84.4	70.1	(67.3)	101.9	-	357.8	301.5	104.7
Interest received	2.2	3.3	1.0	1.4	0.1	1.2	1.3	1.4	1.0	1.3	1.2		7.9	4.0	3.6
Interest paid	(8.3)	(7.3)	(6.8)	(2.3)	(12.8)	(12.2)	(11.9)	(33.5)	(1.0)	(25.6)	(0.6)		(24.7)	(70.4)	(27.2)
Income tax paid	(1.9)	(1.5)	(1.9)	(1.7)	-	(0.2)	0.4	(2.2)	(0.0)	(0.1)	(0.0)		(7.0)	(2.1)	(0.1)
Net cash from operating activities	87.2	77.3	82.1	87.5	77.0	40.2	65.8	50.1	70.1	(91.6)	102.5	-	334.1	233.1	81.0
Cash flows from investing activities:															
Proceeds from sales of property, plant and equipment	2.2	3.9	2.4	3.1	9.5	1.2	0.4	1.6	1.8	1.7	2.5		11.6	12.6	5.9
Acquisition of property, plant, equipment and intangible assets	(36.2)	(37.7)	(68.2)	(66.5)	(43.9)	(36.5)	(33.3)	(36.9)	(40.0)	(26.9)	(31.1)		(208.6)	(150.6)	(98.0)
Acquisition of investments	-	-	-	-	-	0.0	-	(37.2)	0.0	0.0	(28.1)		-	(37.2)	(28.1)
Cash deposits with maturity greater than three months	54.5	(7.5)	5.3	2.1	0.0	(0.0)	(0.1)	-	(0.1)	(0.0)	(0.3)		54.4	(0.1)	(0.4)
Dividends received	0.0	-	-	0.2	-	0.1	-	0.3	-	0.1	-		0.3	0.4	0.1
Sale of investments	-	-	-	-	-	0.0	-	-	-	40.5	6.0		-	0.0	46.4
Net cash (used in) investing activities	20.4	(41.3)	(60.5)	(61.0)	(34.4)	(35.3)	(33.0)	(72.1)	(38.3)	15.4	(51.1)	-	(142.3)	(174.9)	(74.1)
Cash flows from financing activities:															
Proceeds from new borrowings	-	-	-	(0.0)	-	-	-	850.8	-	78.2	9.8		(0.0)	850.8	88.0
Repayment of borrowings	(29.6)	-	(29.6)	(51.5)	-	(0.3)	(8.8)	(875.0)	-	(78.2)	(58.7)		(110.7)	(884.2)	(136.9)
Dividends paid	(68.1)	-	(90.0)	-	-	(0.0)	-	-	-	-	-		(158.1)	(0.0)	-
Payment of finance lease liabilities	(0.0)	(0.0)	(0.7)	(0.0)	(1.2)	(0.0)	(0.0)	(0.0)	(1.2)	(0.6)	(0.8)		(0.8)	(1.3)	(2.6)
Net cash used in financing activities	(97.6)	(0.0)	(120.3)	(51.5)	(1.2)	(0.4)	(8.8)	(24.3)	(1.2)	(0.6)	(49.7)	-	(269.5)	(34.7)	(51.5)
Net increase/(decrease) in cash	10.0	36.0	(98.7)	(25.0)	41	4	24	(46)	31	(77)	1.6	-	(77.8)	23.5	(44.6)
Effect of exchange rate fluctuations on cash held	(0.0)	0.0	0.0	(0.0)	0.0	(0.0)	(0.1)	(0.0)	(0.0)	0.0	0.1		0.0	(0.1)	0.1
Cash and cash equivalents at beginning of period	141.7	151.6	187.7	88.9	63.9	105.3	109.7	133.7	87.3	117.9	41.1		141.7	63.9	87.3
Cash and cash equivalents at end of period	151.6	187.7	88.9	63.9	105.3	109.7	133.7	87.3	117.9	41.1	42.8	-	63.9	87.3	42.8

*Restated

Capex

(BGN in millions)	For the three months ended				For the three months ended				For the three months ended				Year To Date		
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	2012	2013	2014
Network	17.9	30.4	48.8	48.9	21.8	23.3	20.7	47.9	13.2	15.3	22.5		146.1	65.8	50.9
IT	1.9	2.6	6.3	4.1	0.7	1.9	1.8	6.9	2.8	2.5	2.0		14.9	4.5	7.4
Commercial and other	4.1	6.9	7.0	10.8	10.6	7.4	9.6	11.8	8.4	8.6	10.4		28.8	27.7	27.3
<i>incl. CPE</i>	2.3	4.0	4.6	5.7	7.1	3.7	5.2	6.7	4.9	4.2	5.9		16.6	15.9	14.9
Licenses	-	-	-	13.8	-	-	-	-	-	-	-		13.8	-	-
Total capital expenditure	23.9	39.8	62.1	77.7	33.2	32.7	32.1	66.7	24.4	26.3	34.9	-	203.6	97.9	85.6
<i>% of Revenue, excl. licenses</i>	<i>11.0%</i>	<i>17.8%</i>	<i>29.7%</i>	<i>30.8%</i>	<i>17.0%</i>	<i>16.0%</i>	<i>15.5%</i>	<i>32.3%</i>	<i>12.5%</i>	<i>13.3%</i>	<i>16.8%</i>	<i>-</i>	<i>22.1%</i>	<i>12.1%</i>	<i>14.3%</i>

Net debt

(BGN in millions)	As at the month ended				As at the month ended				As at the month ended			
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Syndicated loan	965.5	965.5	935.9	891.5	890.8	890.7	882.3	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	769.0	782.8	771.7	785.5	-
Revolving credit	-	-	-	-	-	-	-	68.6	68.5	68.5	19.6	-
Trade credits	0.7	0.7	-	-	-	-	-	11.8	10.8	10.2	9.5	-
Financial lease	2.7	2.7	2.8	2.8	1.4	1.4	1.4	3.2	3.0	3.0	3.1	-
Total borrowings	968.9	968.9	938.7	894.3	892.2	892.1	883.7	852.6	865.0	853.4	817.6	-
Total cash and cash equivalents	(151.6)	(187.7)	(88.9)	(63.9)	(105.3)	(109.7)	(133.7)	(87.3)	(117.9)	(41.1)	(42.8)	-
Net debt	817.3	781.3	849.8	830.4	786.9	782.4	750.0	765.2	747.2	812.3	774.8	-

KPIs

	For the three months ended				For the three months ended				For the three months ended				For the year ended		
	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	2012	2013	2014
Fixed voice															
Subscribers at period end (in thousands)	1 572	1 536	1 500	1 460	1 423	1 392	1 358	1 325	1 290	1 256	1 227		1 460	1 325	1 227
ARPU (BGN)	14.4	14.0	13.0	12.9	12.6	12.4	12.0	12.4	12.3	12.1	11.9		13.6	12.4	12.1
AMOU (minutes)	125	112	105	116	118	108	102	112	113	106	99		115	110	106
Fixed broadband															
Subscribers at period end (in thousands)	326	323	322	322	323	321	323	327	329	335	346		322	327	346
% FTTx at period end	1	3	6	10	13	15	18	22	25	28	32		10	22	32
ARPU (BGN)	13.3	13.2	13.0	12.7	12.3	12.0	11.8	11.7	11.5	11.3	11.0		12.9	11.9	11.3
FTTx homes passed (in thousands)	173	251	334	402	455	512	570	680	737	780	831		402	680	831
Mobile															
Subscribers at period end (in thousands)	2 106	2 193	2 342	2 319	2 355	2 429	2 524	2 556	2 594	2 677	2 809		2 319	2 556	2 809
% post paid at period end	82	82	79	83	83	82	82	84	85	85	84		83	84	84
Blended ARPU (BGN)	14.0	14.1	12.2	11.5	11.2	11.8	11.5	11.2	10.9	11.4	11.4		12.9	11.4	11.2
Post-paid ARPU (BGN)	15.3	15.4	13.7	13.3	12.6	13.3	12.9	12.8	12.1	12.6	12.7		14.4	12.9	12.5
Pre-paid ARPU (BGN)	7.7	8.0	5.7	4.4	4.3	4.7	5.1	4.0	3.9	4.5	5.1		6.3	4.5	4.5
% Mobile data revenue*	13	13	15	16	17	17	18	19	21	21	23		16	19	23
AMOU (minutes)	134	133	133	132	133	138	139	137	136	143	143		133	137	141

* % Mobile data revenue represents revenue from messaging and data vs. mobile service revenue