

VIVACOM ANNUAL RESULTS 2014

London, 30 March 2015

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The information contained in this presentation is as at 31 Dec 2014, unless otherwise noted.

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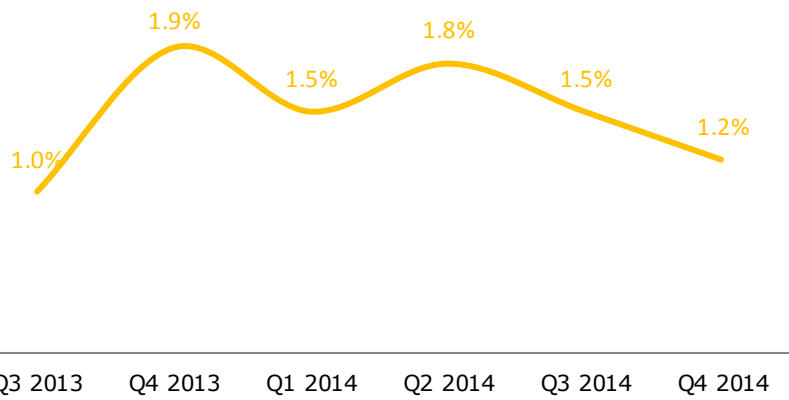
1. Overview
2. Performance highlights
3. Financial review
4. Ad-hoc information
5. Results outlook for 2015
6. Q&A session

1. OVERVIEW

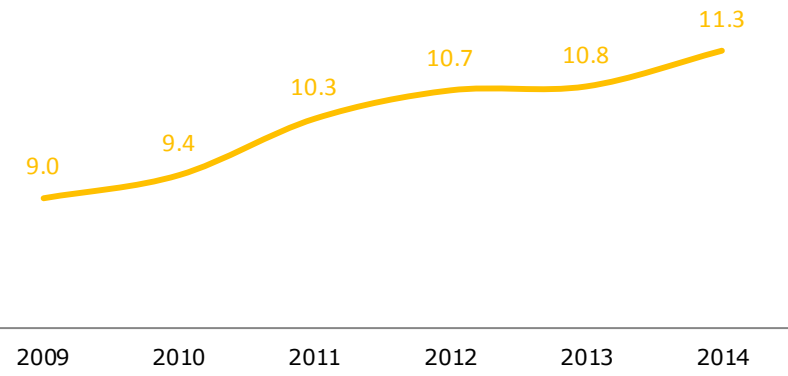
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

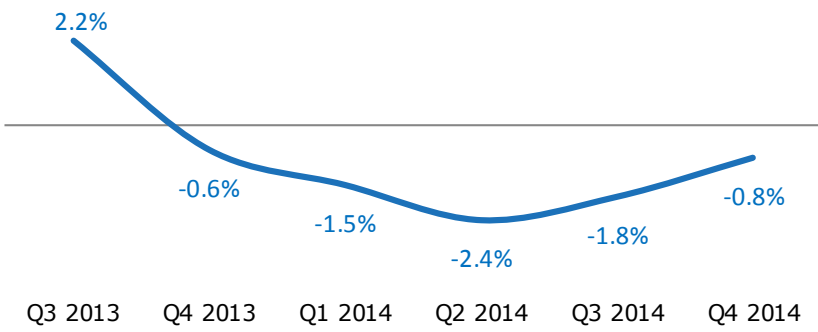
GDP growth remains low
(%)



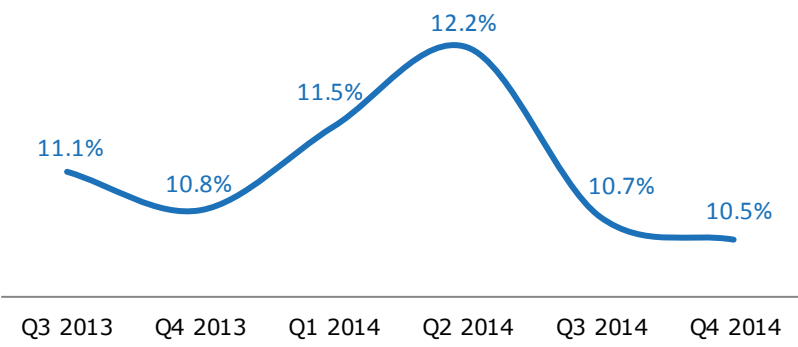
GDP per capita is on the rise, but remains low
(BGN 000)



CPI on the rise, but still in negative territory
(%)



Unemployment continues to decrease
(%)



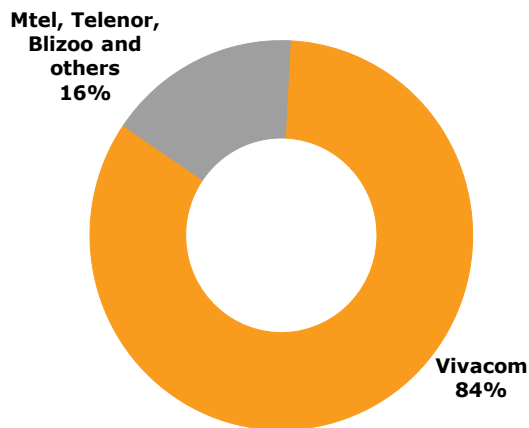
Source: BNB, NSI

GDP figures are on 2014 preliminary basis.

GDP per capita as at the end of 2014 calculated with 2014 preliminary GDP and population as at the end of 2013.

Company snapshot

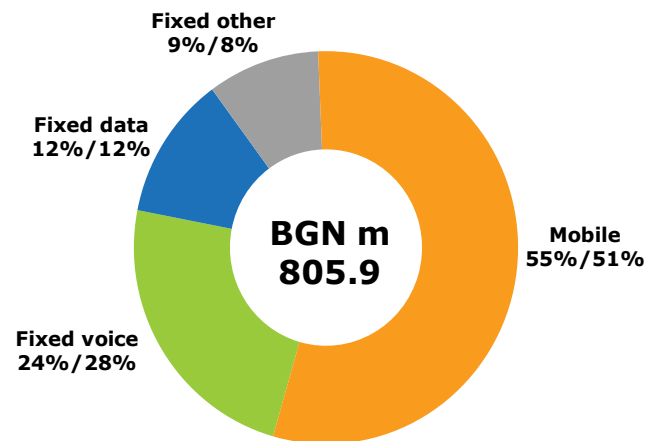
Incumbent fixed operator with high revenue share
(% share in fixed voice subscription revenue as of Q3 2014)



Best in class 3G mobile network



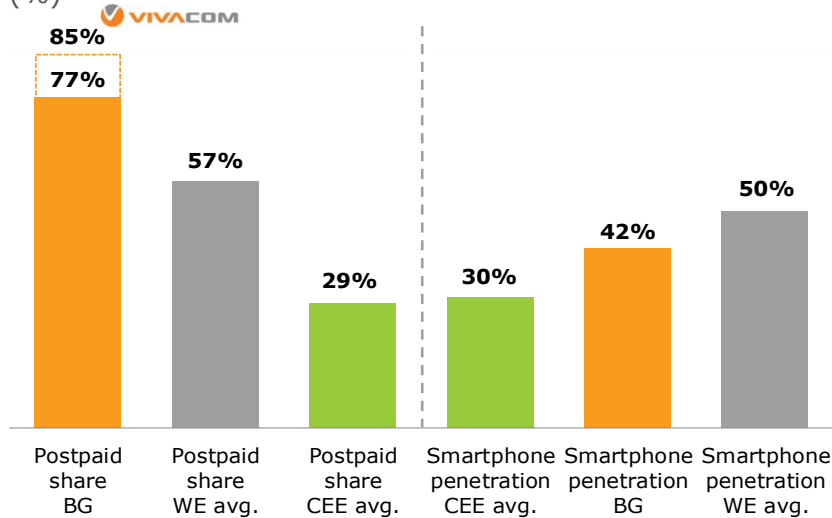
Well diversified and resilient business model
(%, 2014 / 2013)



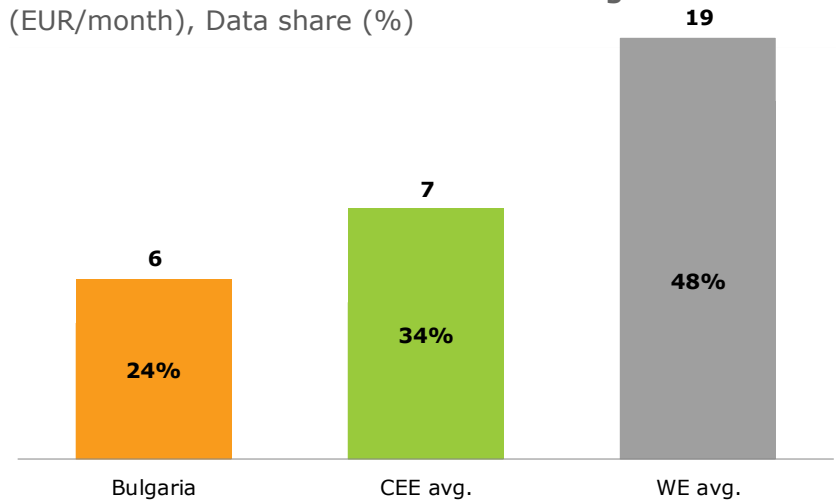
- Leading integrated telecom operator in Bulgaria
 - Number 1 telecom brand in Bulgaria for 2014;
 - Number 1 in revenue share;
 - Number 1 in fixed voice - 84% subscription revenue share, 68% subscriber share;
 - Number 1 in fixed data - 24% fixed broadband subscriber share;
 - Best coverage in the 3G network - 99.85% by population of which 63.35% with download speed up to 42.2 Mbit/s

Market highlights

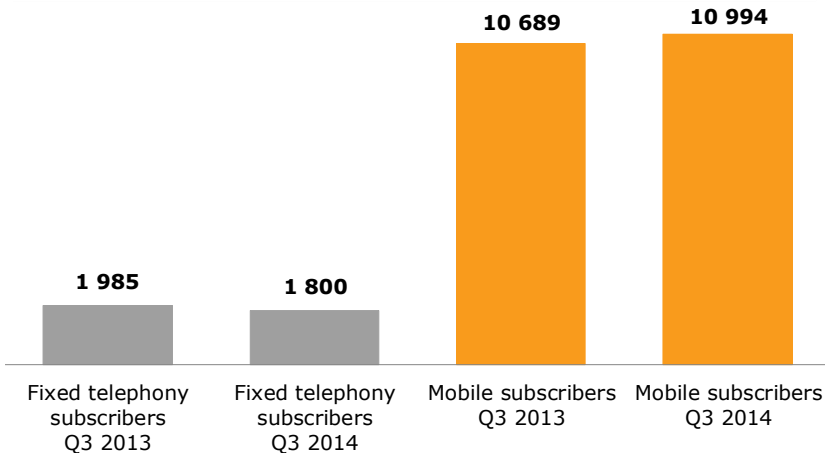
Postpaid mobile market with upside in data
(%)



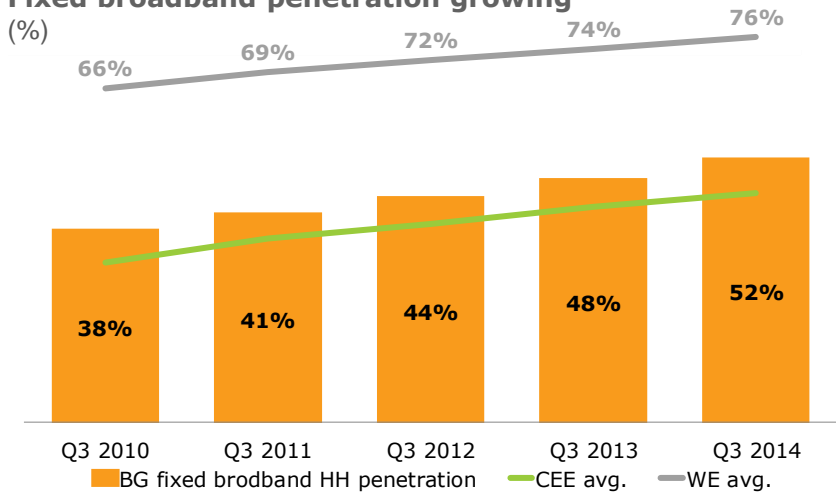
Mobile blended ARPU is lower in the Bulgarian market
(EUR/month), Data share (%)



Fixed voice with substitution to mobile
(000s)



Fixed broadband penetration growing
(%)

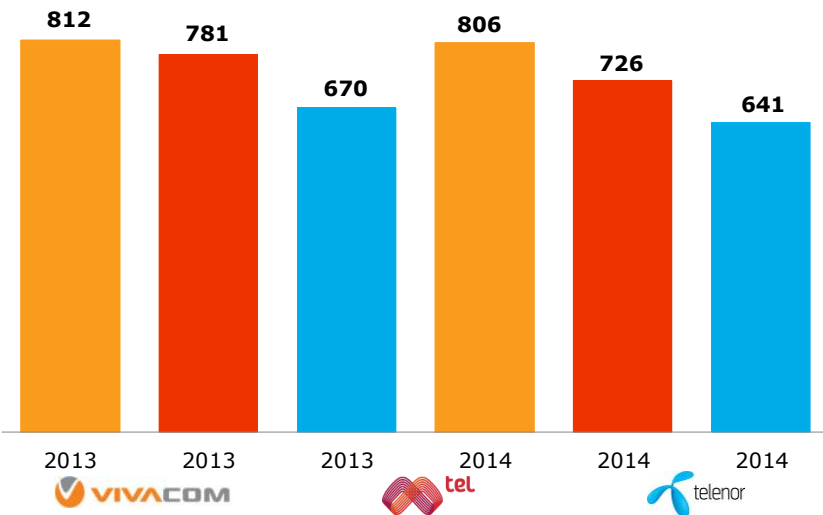


Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data

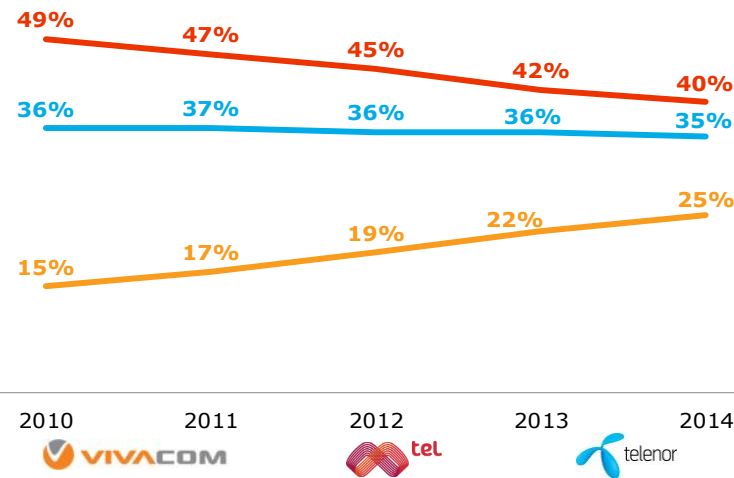
All figures are based on active subscribers. Postpaid mobile market share (company postpaid market share as of Q4 2014), mobile blended ARPU and data share are as of Q3 2014. Fixed telephony subscribers include narrowband and VoBB connections. Smartphone penetration is as of 2013 (updated), defined as smartphone share of mobile handset connections.

Performance overview

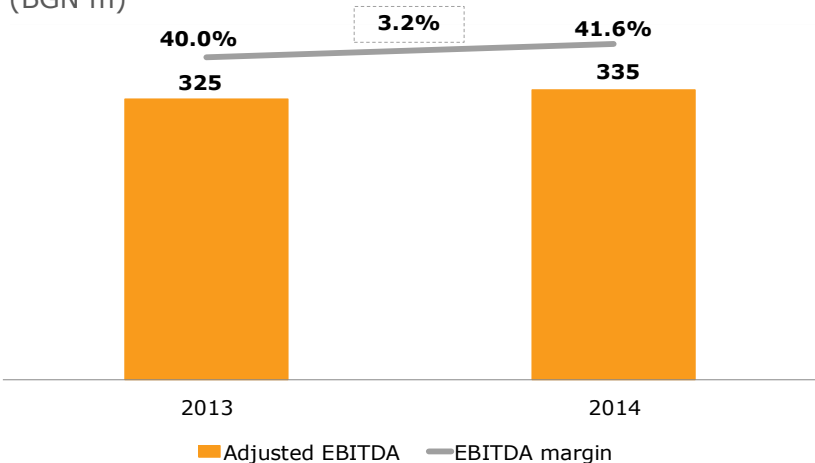
#1 Telco company on total revenues - 2013 and 2014 (BGN m)



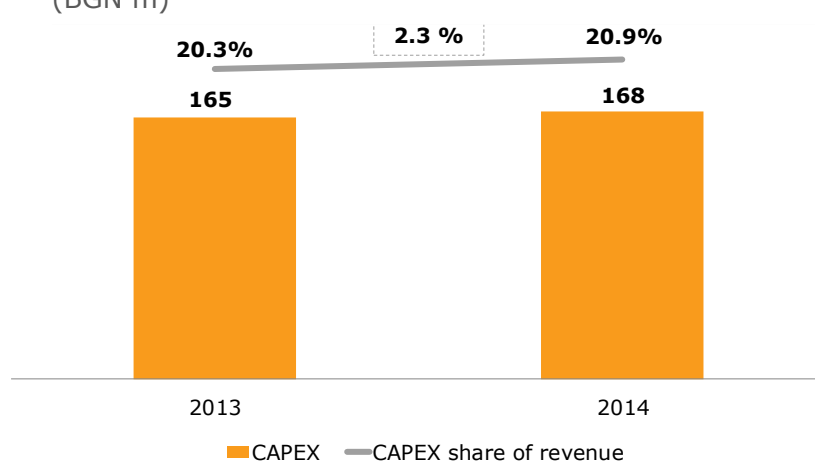
Gaining share in mobile revenues (%)



Adjusted EBITDA and margins growing (BGN m)



Capex supporting 3G and fiber roll-out (BGN m)



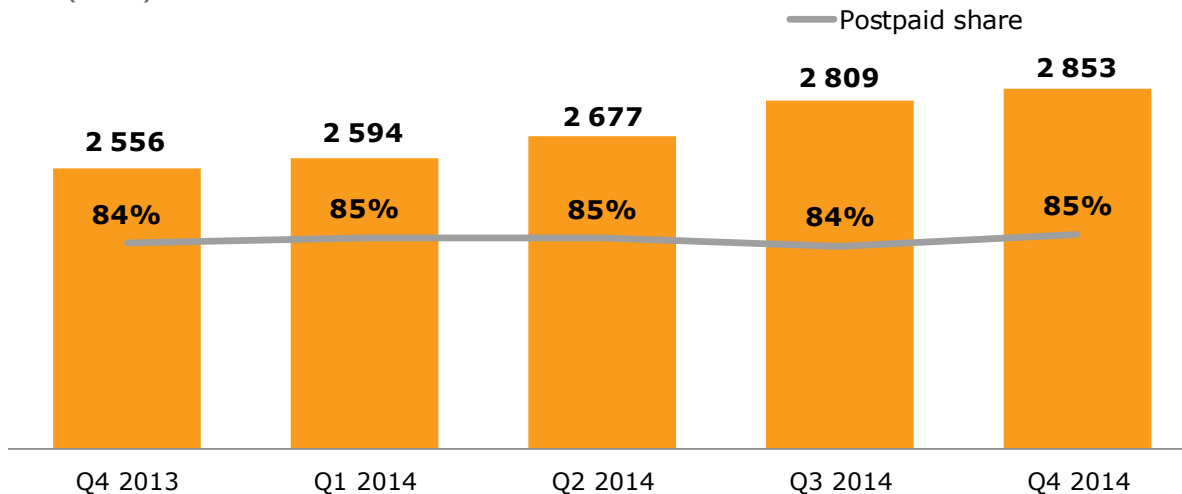
Source: Company data, Telekom Austria reports, Telenor reports

2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

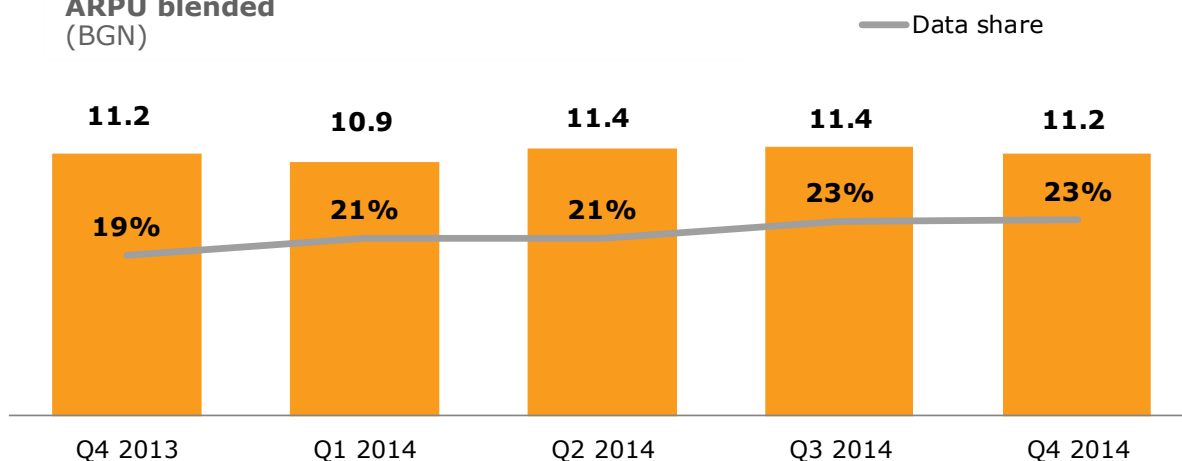
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



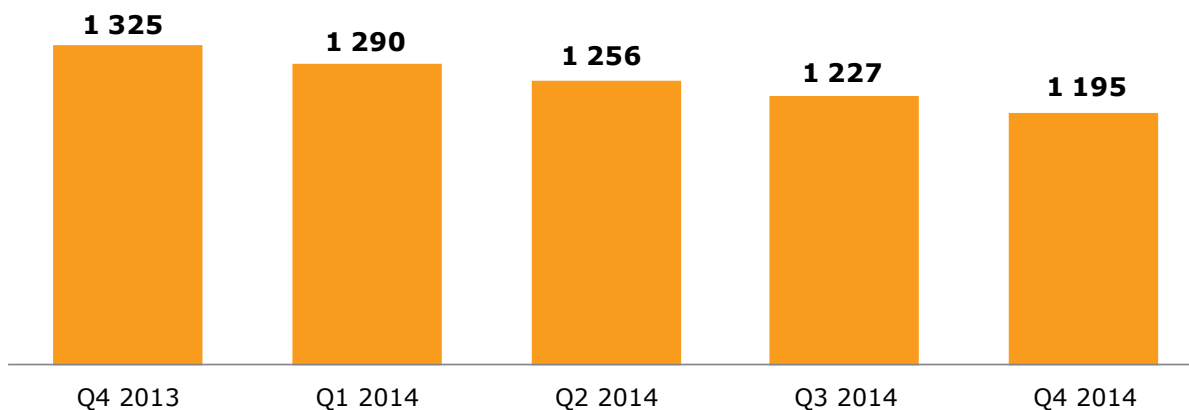
- Blended ARPU stabilizing with data and MRC growth offsetting MTR reductions effect
- Increased demand for smartphones and tablets supports data growth

Source: Company data



Fixed voice key metrics

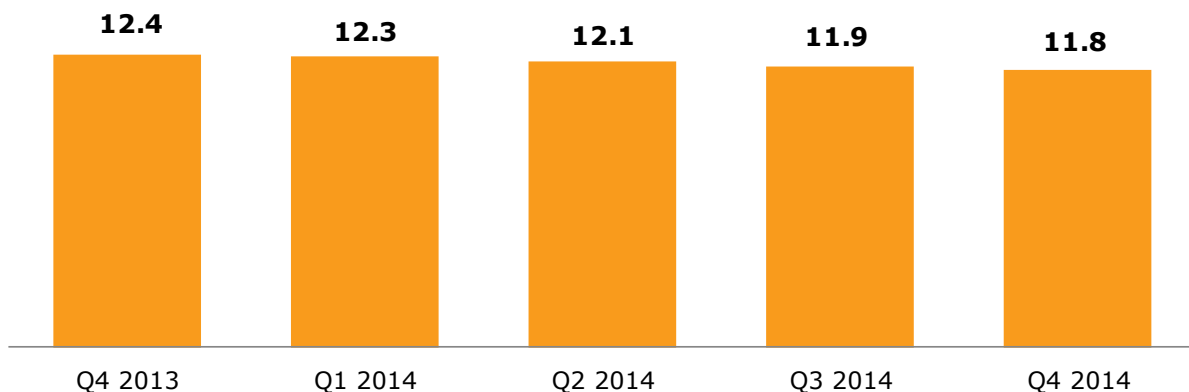
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



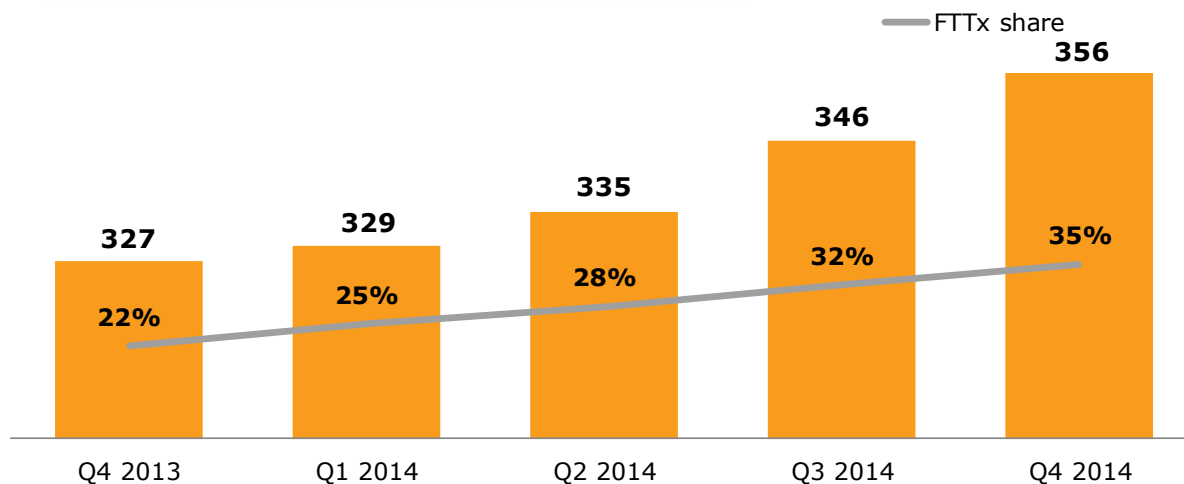
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

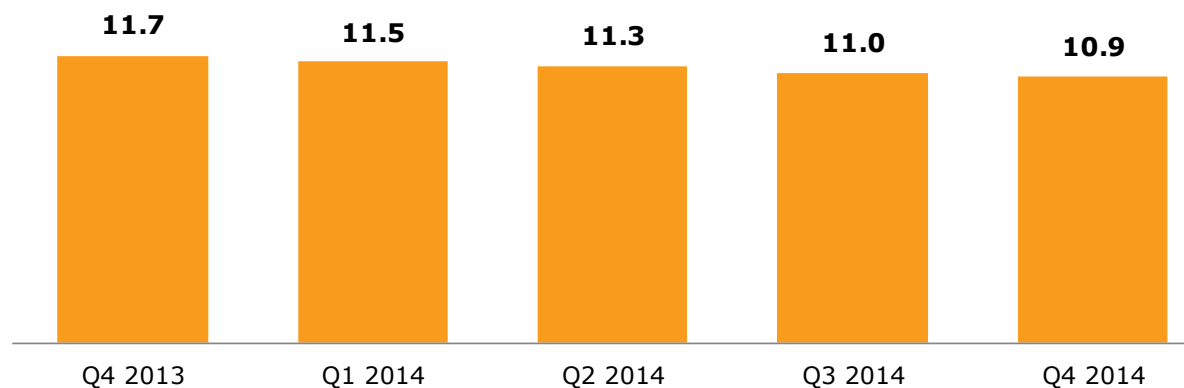
Subscribers (000s)



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

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

(BGN m)	2014	2013	Q4 2014	Q4 2013
Revenue	806	812	205	206
<i>% growth</i>	<i>(0.7%)</i>		<i>(0.5%)</i>	
Net income	26[*]	29	10	19
EBITDA	320	339	81	99
Other gains, net	(10)	(5)	(4)	(2)
EBITDA adjustments	25	(9)	(5)	(23)
Adjusted EBITDA	335	325	71	74
<i>% of revenues</i>	<i>41.6%</i>	<i>40.0%</i>	<i>34.6%</i>	<i>35.9%</i>
Capex	168	165	83	67
<i>% of revenues, excl. licenses</i>	<i>20.9%</i>	<i>20.3%</i>	<i>40.3%</i>	<i>32.3%</i>
Adjusted EBITDA - Capex	167	160	(12)	7
Change in net working capital	(140) ^{**}	(26)	21	7
Other CF items	56	(7)	42	(2)
Pre-tax FCF	83	127	52	12

Source: Company data

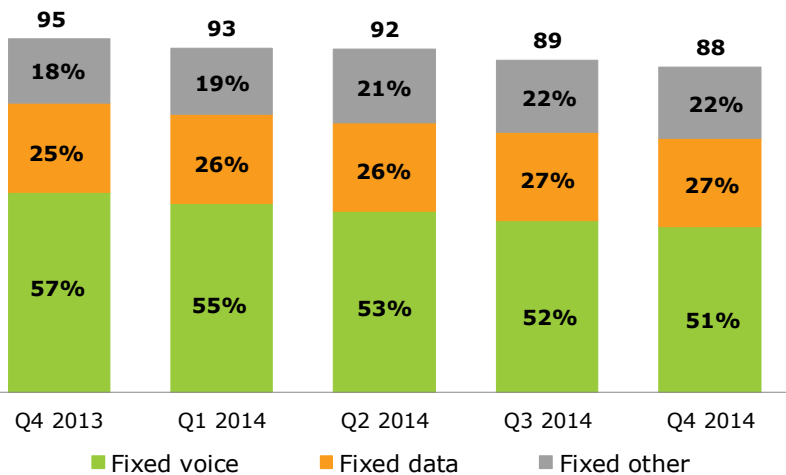
FCF excludes net cash used in financing activities, interest received/paid, corporate income tax paid and cash deposits

* BGN 25.0 m impairment of CCB receivables included in net income

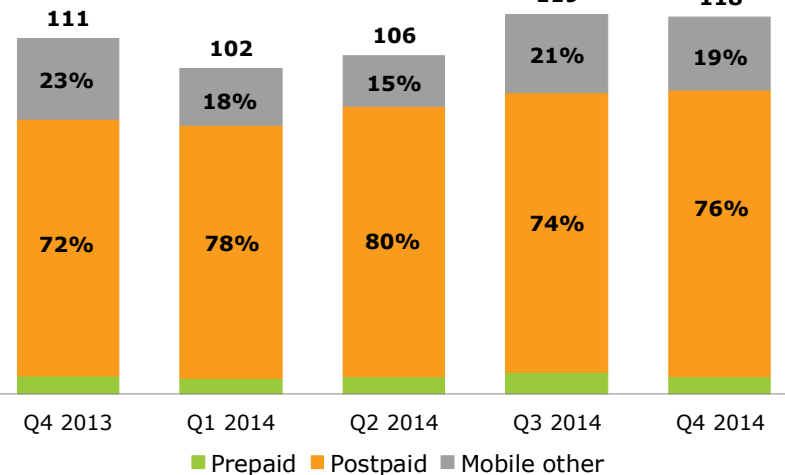
** BGN 130.0 m cash and cash equivalents in CCB reclassified as receivables

Revenues

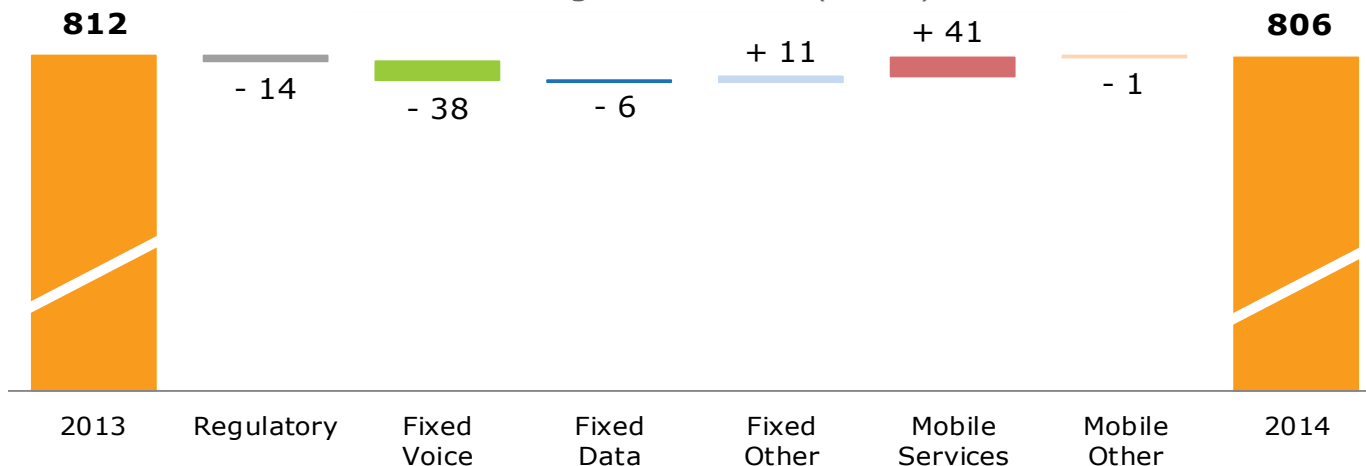
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



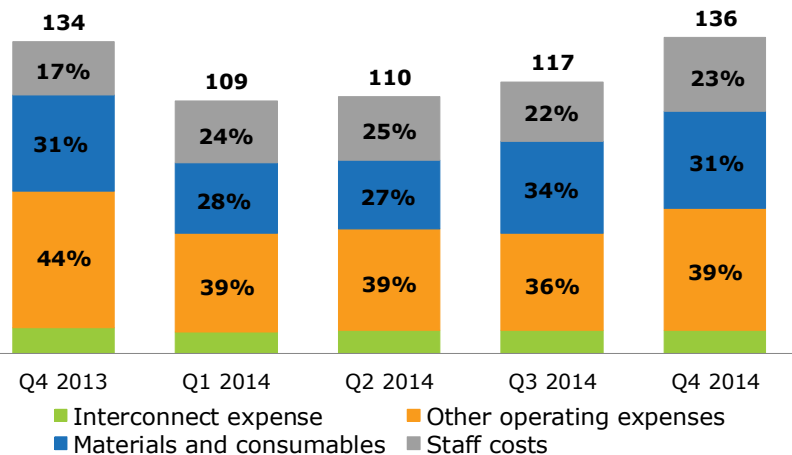
Revenue bridge 2013 – 2014 (BGN m)



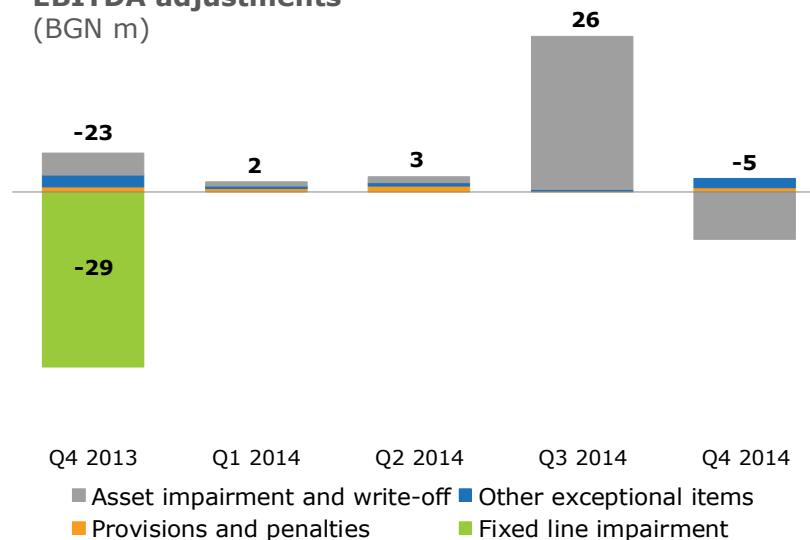
Source: Company data

Operating expenses and adjusted EBITDA

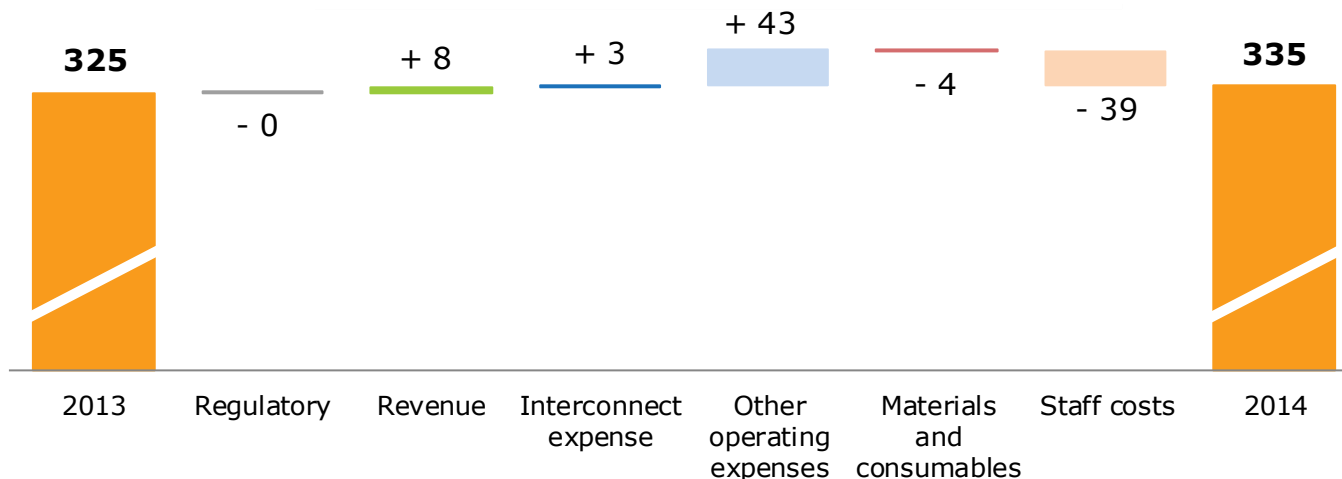
COS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



Adjusted EBITDA bridge 2013 – 2014 (BGN m)

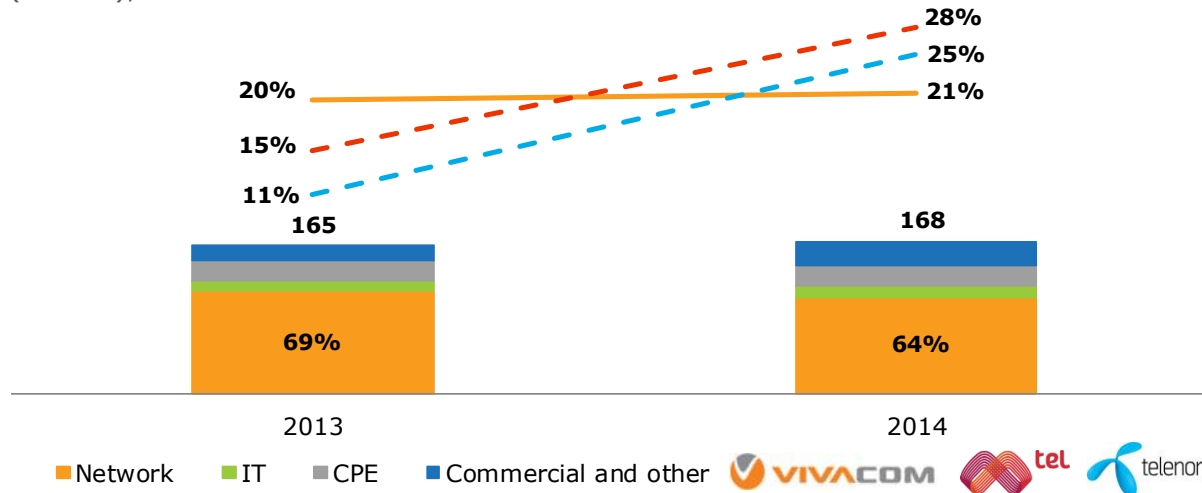


Source: Company data

Capex

Capex structure and Capex share of revenue

(BGN m), share of revenue in %

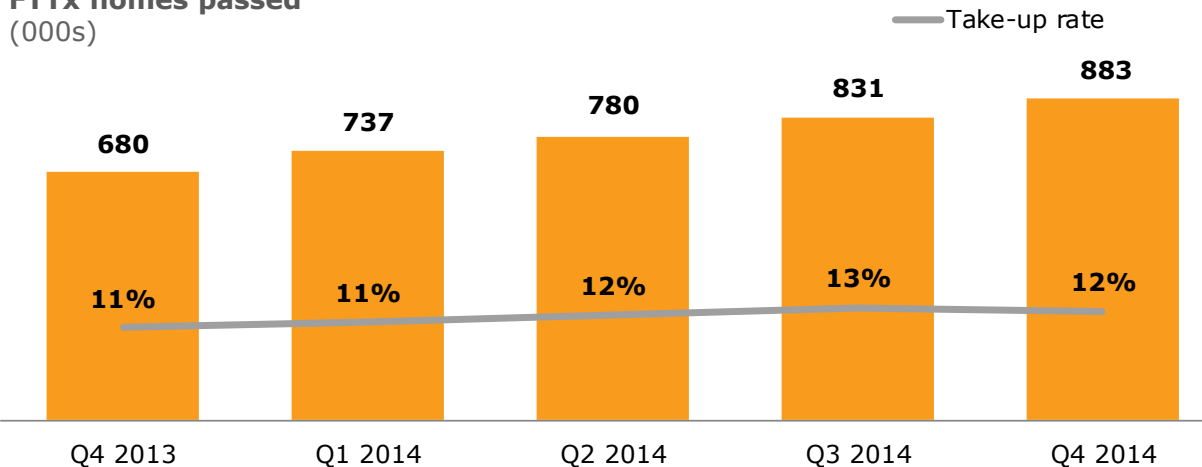


Highlights

- Mobile network capex catching up timing differences in roll-outs projects
- Higher commercial capex with capitalized commissions on 2-year contracts

FTTx homes passed

(000s)



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

Source: Company data, Telekom Austria reports, Telenor reports

Net debt

(BGN m)	Q4 2014	Q3 2014
Bonds	773	785
Revolving credit	20	20
Trade credits	10	9
Financial lease	2	3
Total borrowings	805	818
Total cash and cash equivalents	(60)	(43)
Net debt	745	775
<i>Net Leverage Ratio</i>	2.22	2.29

Source: Company data

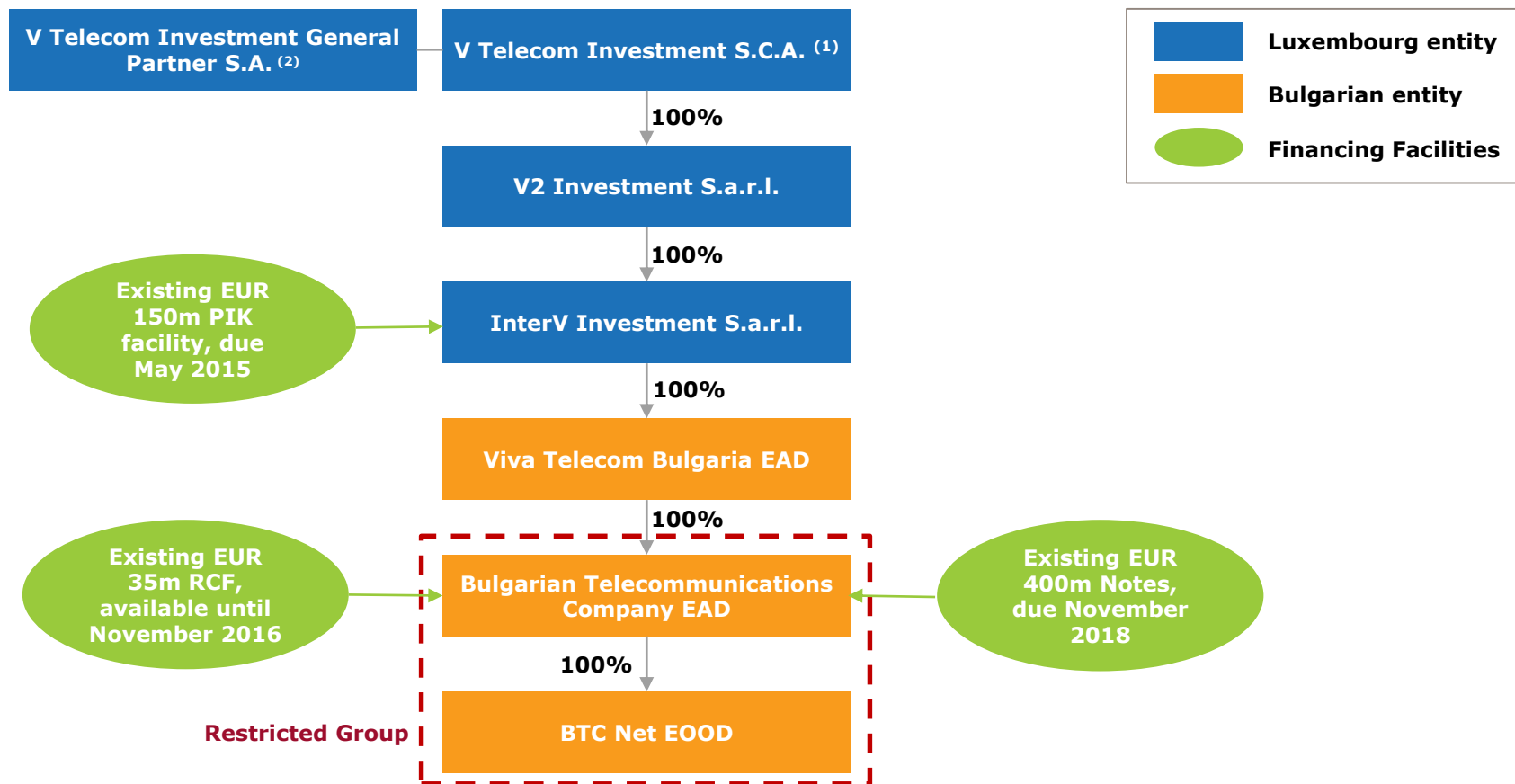
Net leverage ratio calculated as ratio of Net debt and Adj. EBITDA for the last 12 months

4. AD-HOC INFORMATION

Atanas Dobrev
Chief Executive Officer

Asen Velikov
Finance Director

Ownership structure



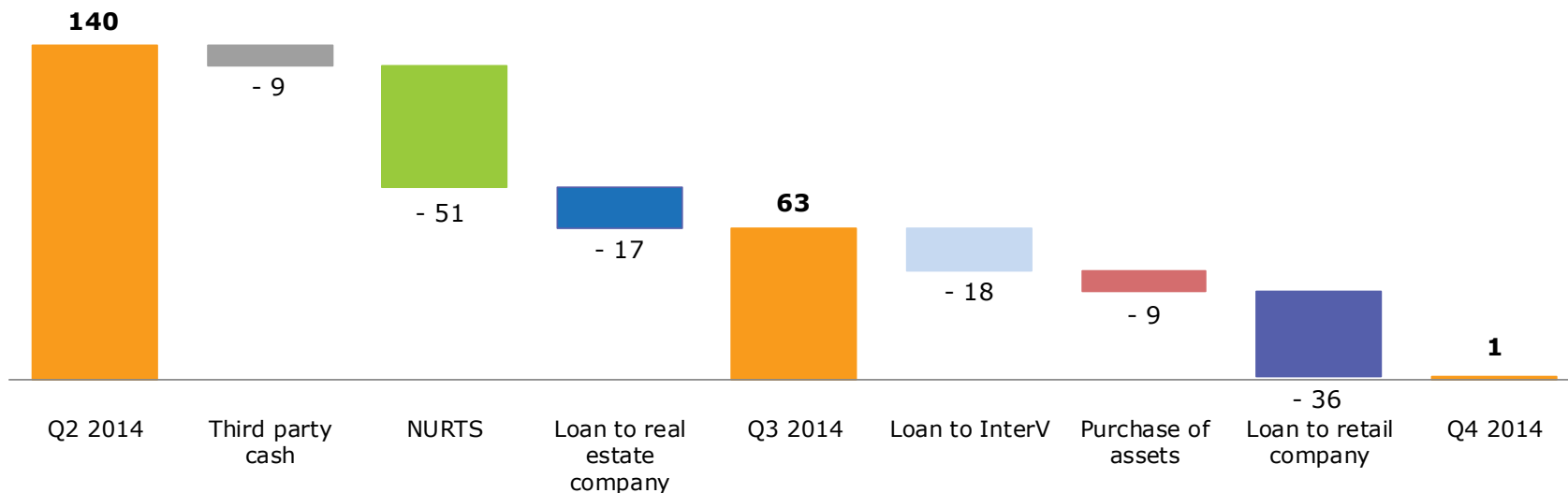
(1) After the balance sheet date, LIC33, a Luxembourg company owned by Mr. Louvrier, has entered into irrevocable agreement to buy the economic stake of Mr. Vassilev in BTC EAD.

The transaction is subject to approval by the relevant regulatory bodies.

(2) V Telecom Investment S.C.A. is managed by its general partner V Telecom Investment General Partner S.A.

CCB receivables development

(BGN m)



- Transactions with CCB cash were done via assignment of receivables;
- The assignment to the retail company was made at a discount and is still not reflected in the books of CCB. The retail company has initiated a court action against CCB.

Source: Company data

Results Outlook for 2015

	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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