

VIVACOM 2016 ANNUAL RESULTS

Sofia, 21 March 2017

Forward looking statements

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The information contained in this presentation is on consolidated basis as at 31 Dec 2016, unless otherwise noted.

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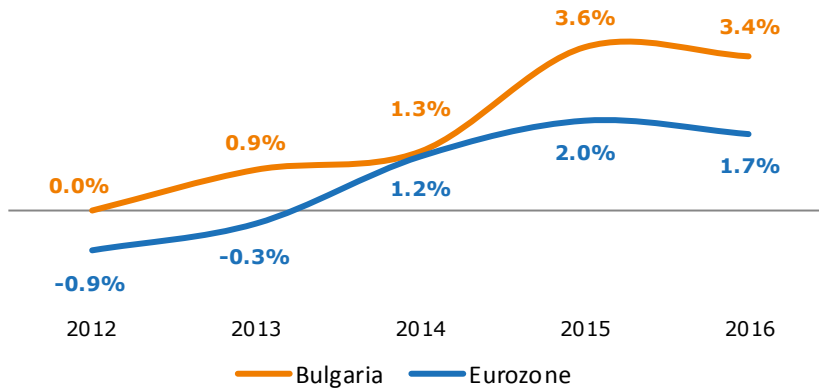
1. Overview
2. Performance highlights
3. Financial review
4. Results outlook for 2017
5. Q&A session

1. OVERVIEW

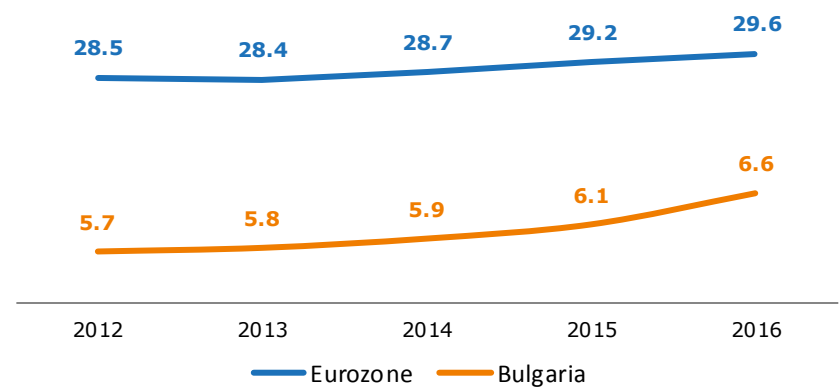
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

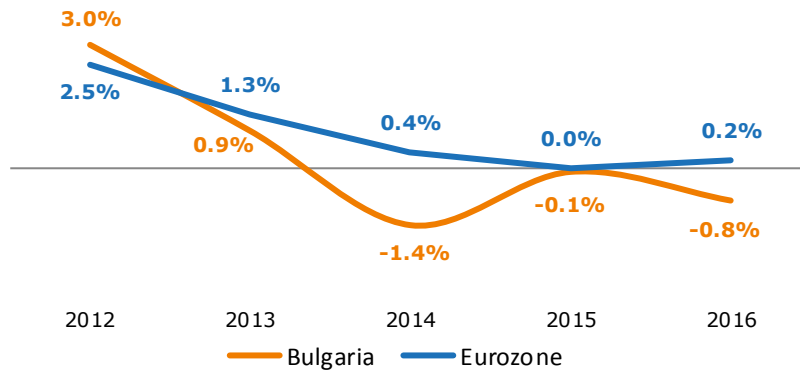
GDP with sustainable growth
(%)



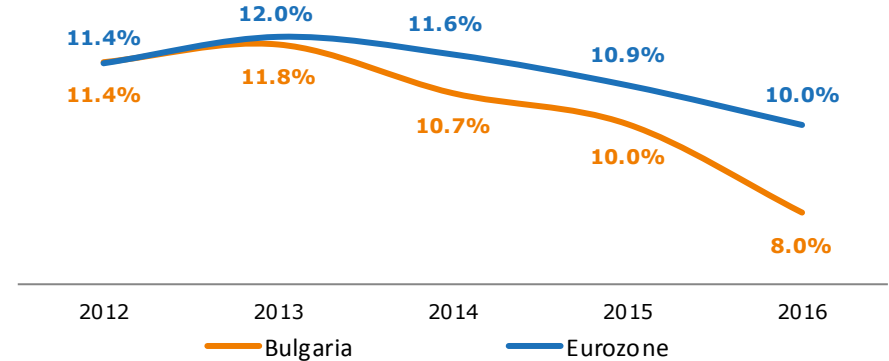
GDP per capita on the rise
(EUR 000s)



CPI still in negative territory
(%)



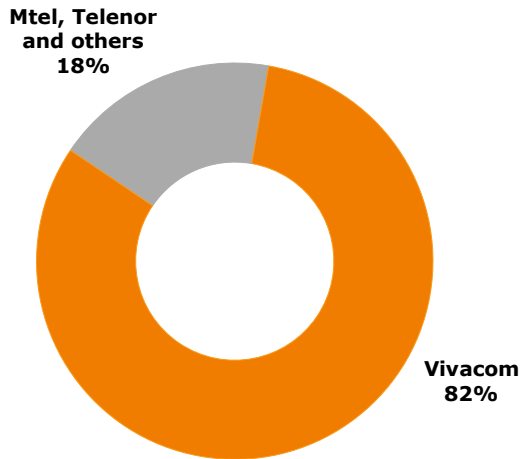
Unemployment continues to decrease
(%)



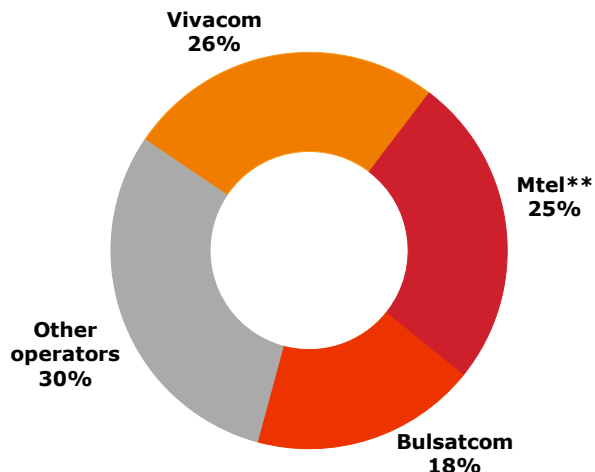
Source: BNB, Employment Agency, Eurostat, NSI
Data for unemployment in Bulgaria presented as per Employment Agency methodology.

Company snapshot

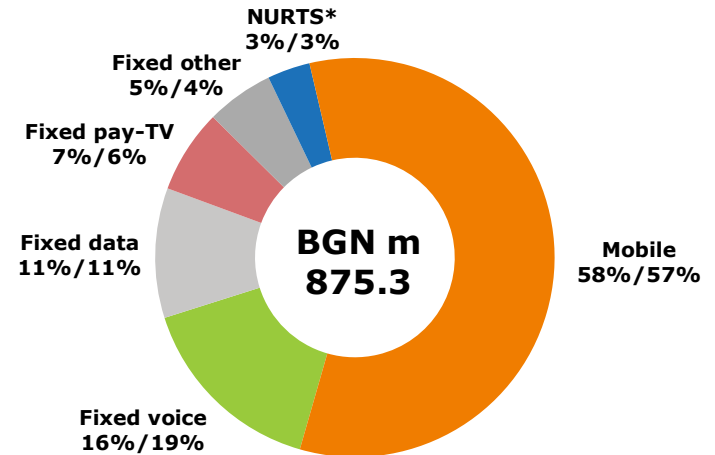
Incumbent fixed operator with high revenue share
 (% share in fixed voice revenue as of Q4 2016)



Market leader in fixed broadband
 (% fixed broadband subscriber share as of Q4 2016)



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



- Leading integrated telecom operator in Bulgaria:
 - #1 in total revenues for fourth consecutive year
 - #1 in fixed voice - 82% revenue share
 - #1 in fixed broadband – regain the leading position with 26% subscriber share as end of 2016
 - #1 IPTV operator and #3 pay-TV provider
 - Fastest 4G network in the country with 86.75% population coverage as end of 2016

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

* NURTS Group revenue with consolidation adjustments.

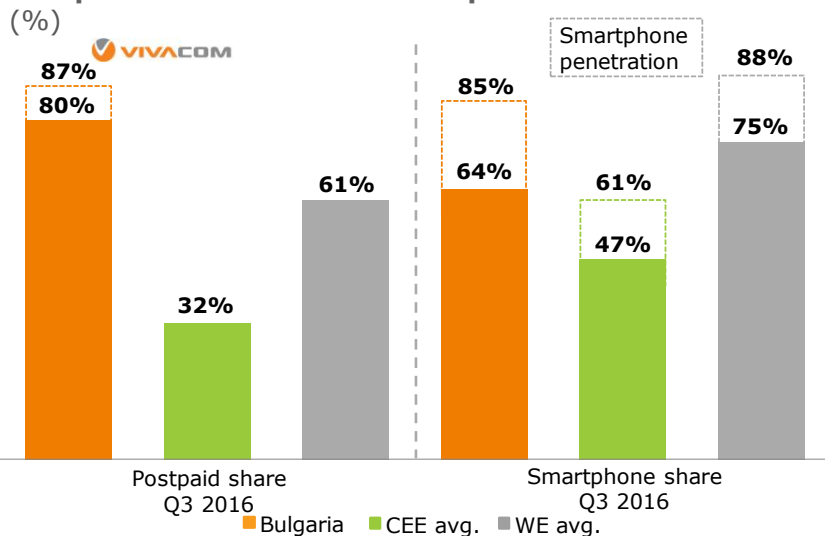
** Market positions following Mtel's acquisition of Blizoo (completed on Sep 28th, 2015). Consolidation started from Q4 2015.

VIVACOM 4G network received the highest score by Global Wireless Solutions (GWS) for speed measurement done in Sofia, Ruse, Sozopol, Kavarna and settlements on the Bulgarian Black Sea coast. The measurement was performed by GWS's methodology in the period 15.10-15.11.2016.



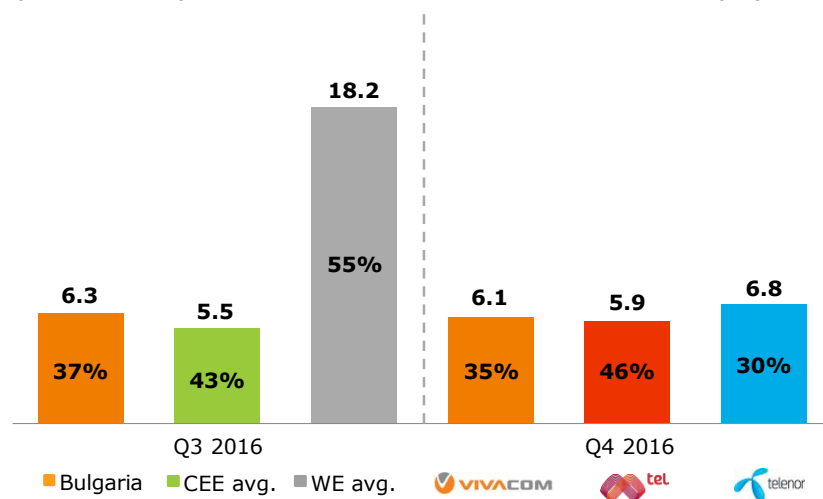
Market highlights

Postpaid mobile market with upside in data



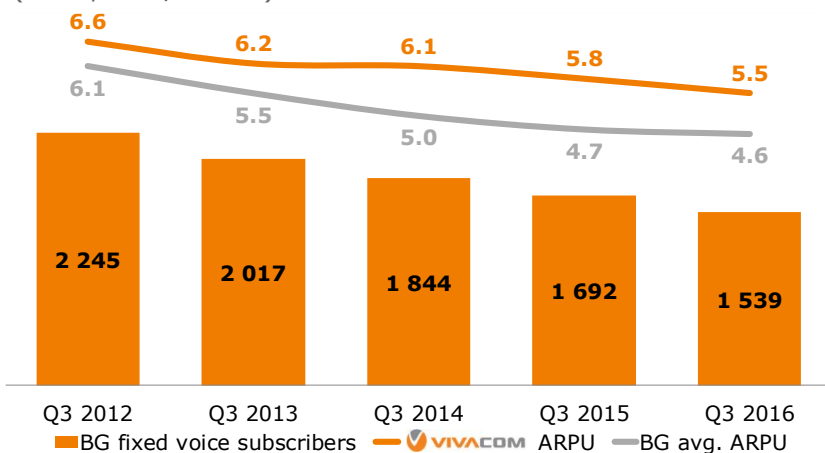
Mobile blended ARPU and growing share of data

(EUR/month); share of data in ARPU as of Q3 2016 (%)



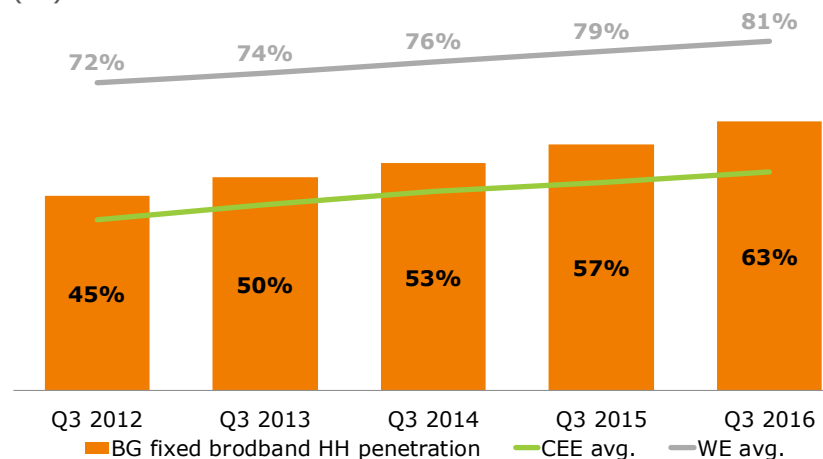
Fixed voice business continues to decline

(000s; EUR/month)



Fixed broadband penetration growing

(%)



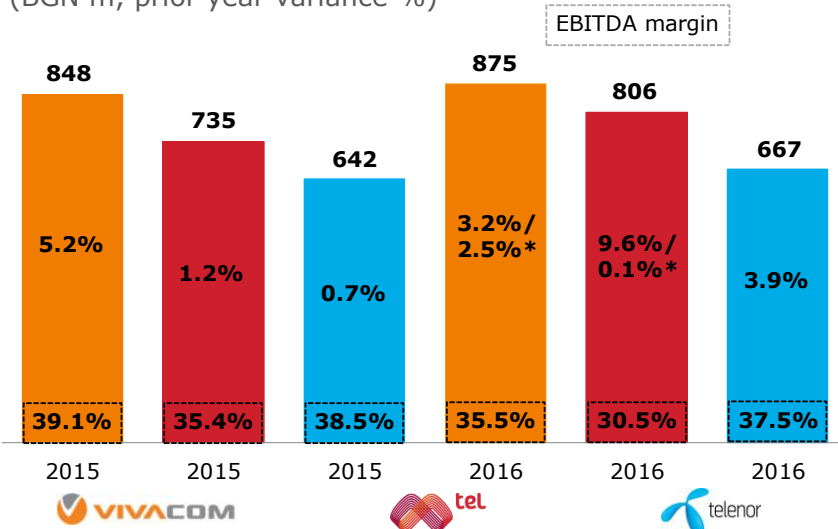
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data, TAG and Telenor reports
 All figures are based on active subscribers. Fixed voice subscribers include narrowband and VoBB connections.
 Smartphone share is defined as number of smartphones divided by number of 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 Q4 2016, excluding M2M.



Performance overview

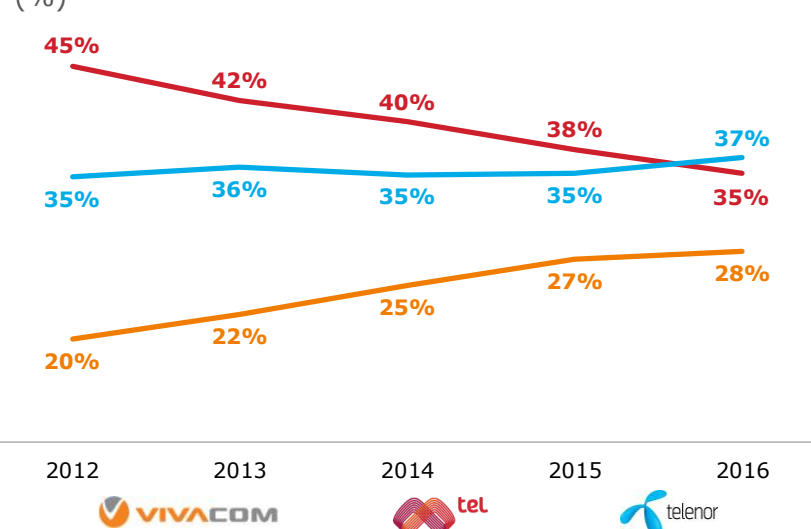
#1 Telco company on total revenues

(BGN m, prior year variance %)



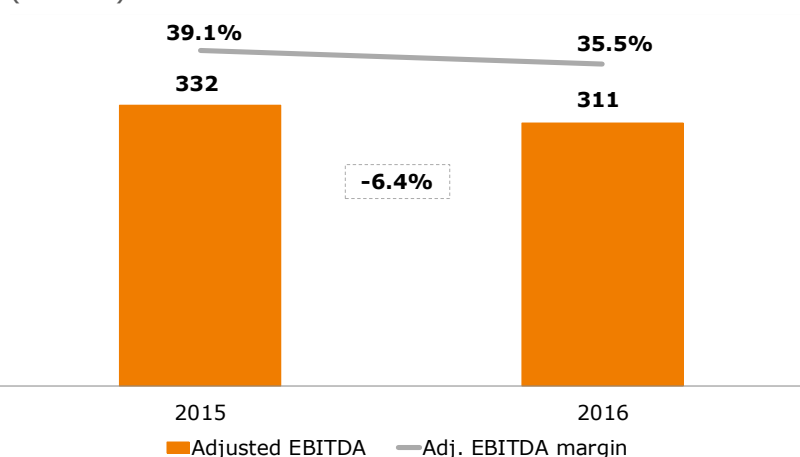
Gaining share in mobile service revenues

(%)



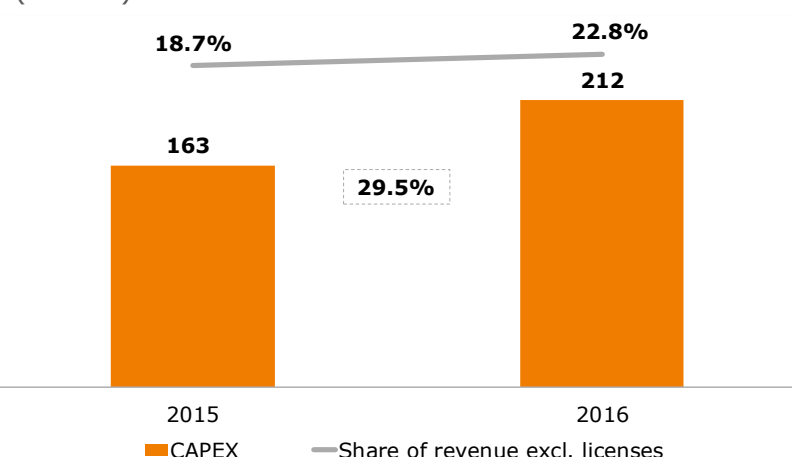
Adjusted EBITDA with margin pressures and one-off effects

(BGN m)



Capex with focus on SRAN and LTE roll-out

(BGN m)



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.

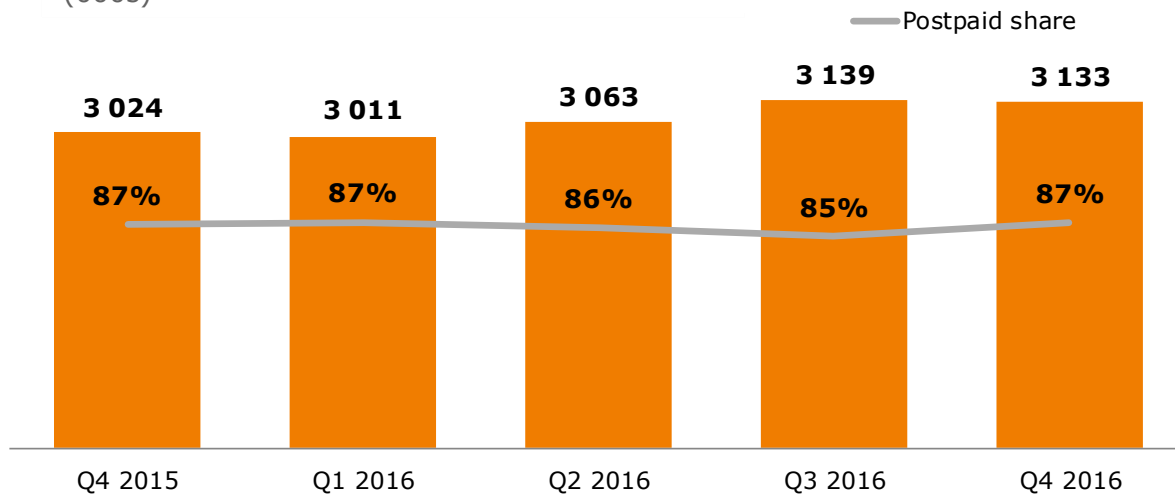


2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

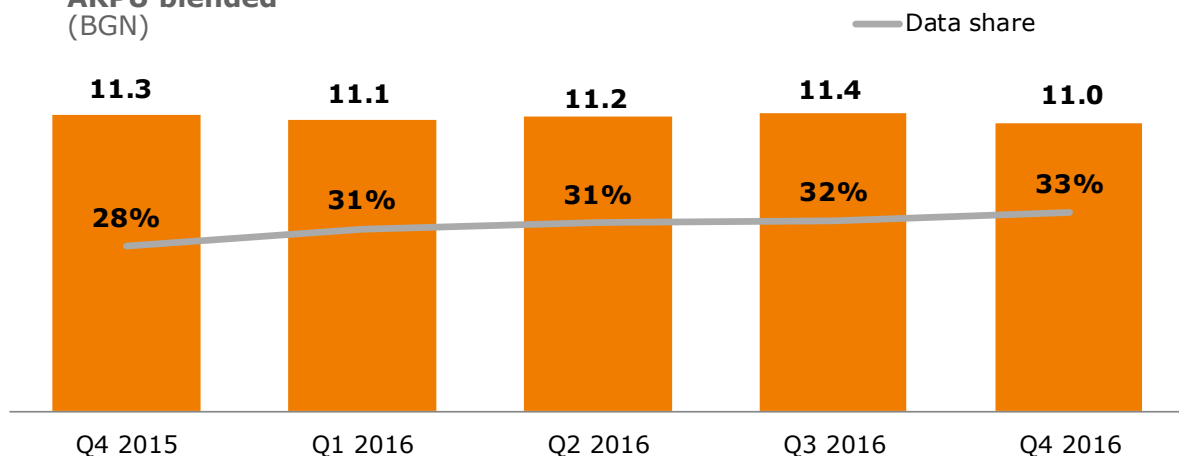
Subscribers (000s)



Highlights

- Mobile subscriber base with slight decrease due to seasonal dynamics in prepaid
- High quality profile with sound growth in postpaid and best MNP balance in 2016 (+ 219 k)

ARPU blended (BGN)



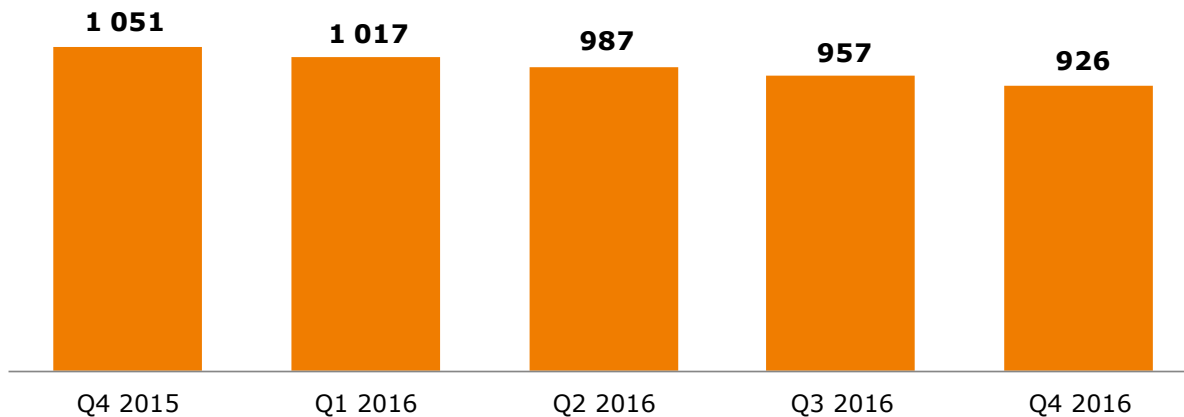
- Blended ARPU – growing data demand could not offset the price pressure mostly in corporate segment

Source: Company data



Fixed voice key metrics

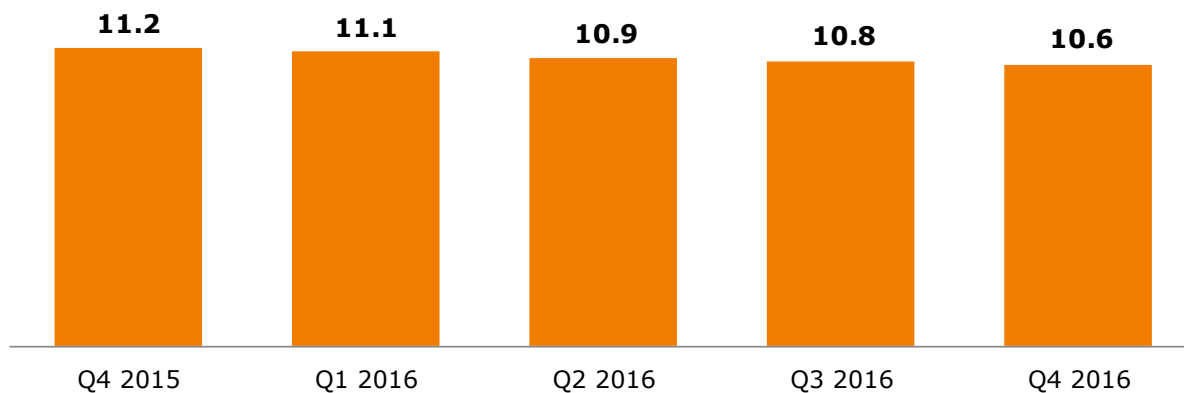
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



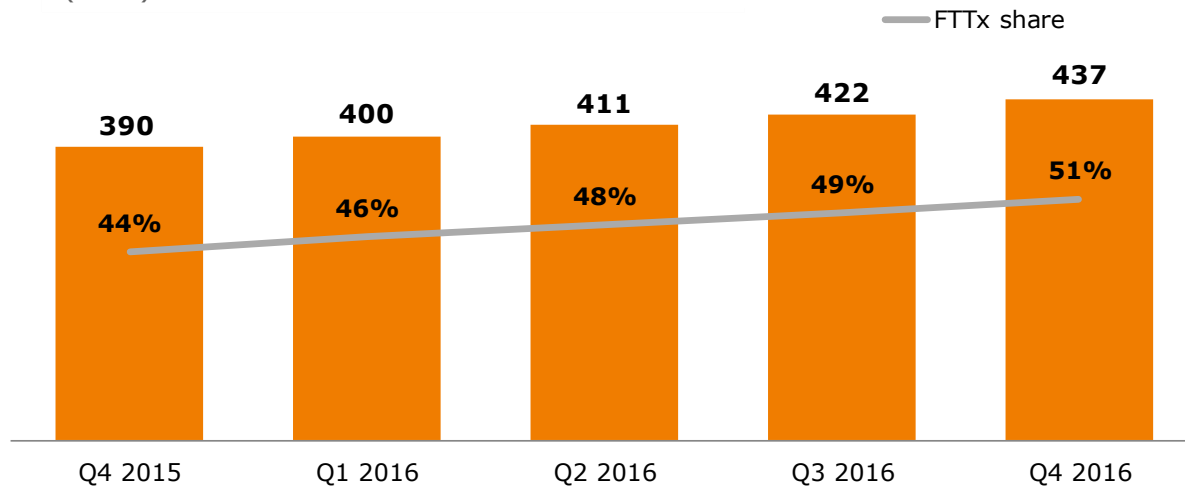
- ARPU with slow decrease due to competitive pressure and bundling

Source: Company data



Fixed broadband key metrics

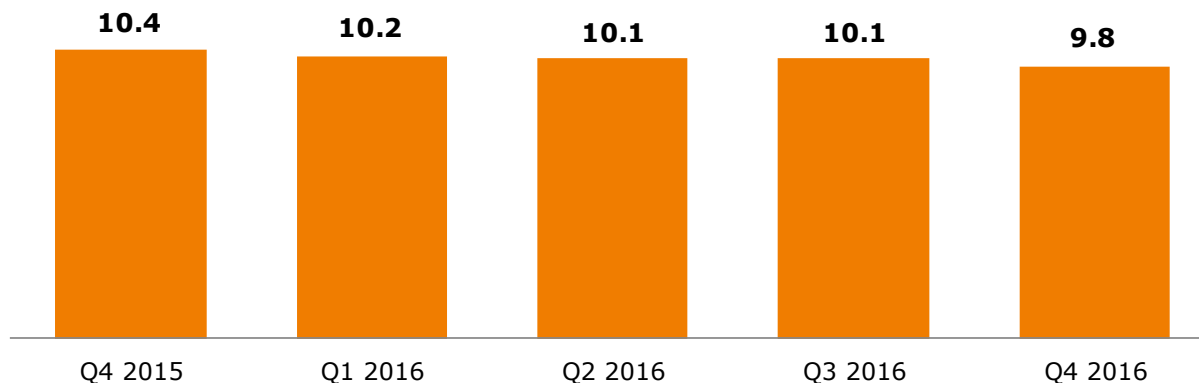
Subscribers (000s)



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)



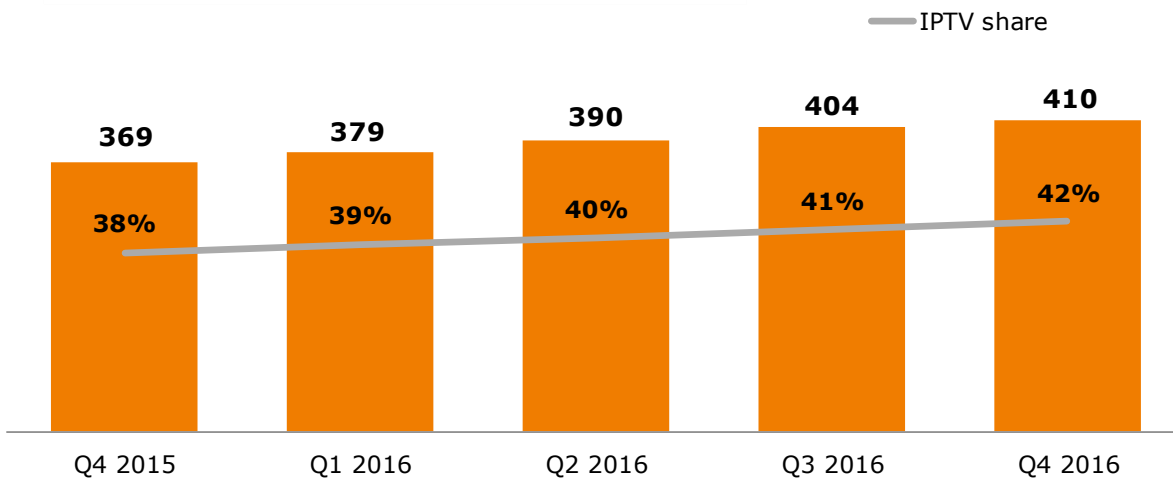
- ARPU pressure from fragmented competition and increased bundling

Source: Company data



Fixed pay-TV key metrics

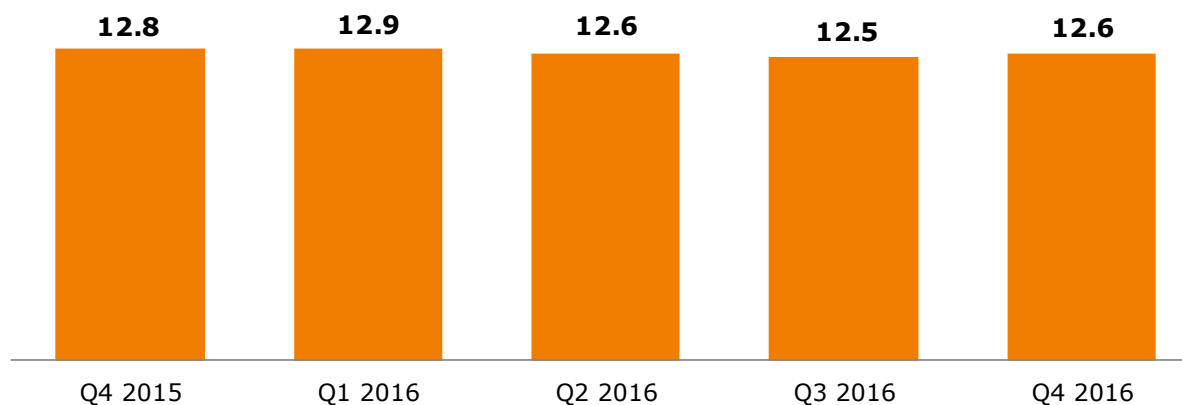
Subscribers (000s)



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)



- Stable blended ARPU with growing share of higher MRC and content tariffs

Source: Company data

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

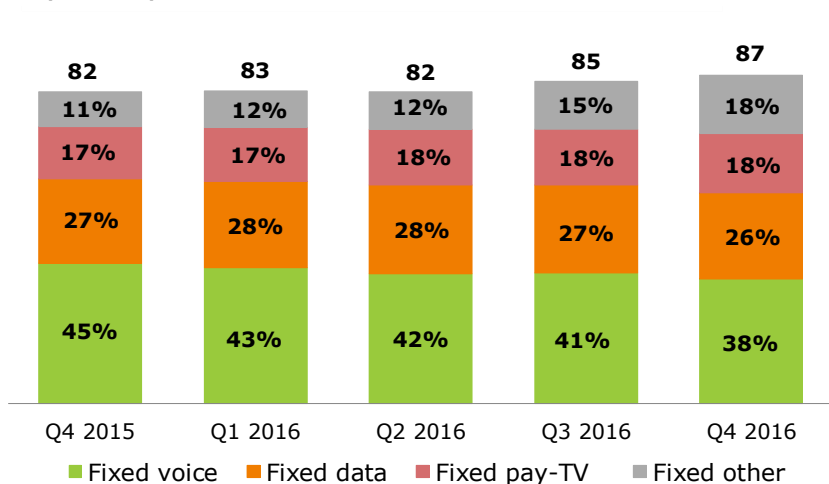
(BGN m)	2016	2015	change %	Q4 2016	Q4 2015	change %
Revenue	875.3	847.9	3.2%	224.8	223.1	0.8%
Vivacom	845.0	824.4	2.5%	219.6	210.4	4.4%
NURTS	43.5	28.2		10.2	14.5	
Eliminations	(13.2)	(4.7)		(5.0)	(1.7)	
EBITDA	281.9	280.8	0.4%	46.0	61.2	(24.9%)
Other gains, net	(5.0)	(18.5)		(1.5)	(2.3)	
EBITDA adjustments	33.8	69.4		25.8	14.6	
Adjusted EBITDA	310.6	331.7	(6.4%)	70.3	73.6	(4.5%)
<i>% of revenues</i>	<i>35.5%</i>	<i>39.1%</i>		<i>31.3%</i>	<i>33.0%</i>	
Vivacom	299.0	323.6	(7.6%)	70.0	69.9	0.2%
NURTS	12.0	5.3		0.3	3.6	
Eliminations	(0.4)	2.8		0.0	0.1	
Capex	211.6	163.4	(29.5%)	60.9	58.9	(3.3%)
<i>% of revenues, excl. licenses</i>	<i>22.8%</i>	<i>18.7%</i>		<i>27.1%</i>	<i>26.4%</i>	
Vivacom	210.4	162.9	(29.2%)	60.0	58.7	(2.1%)
NURTS	1.6	0.4		0.8	0.2	
Eliminations	(0.5)	-		0.1	-	
Adjusted EBITDA - Capex	99.1	168.4	(41.1%)	9.4	14.6	(35.9%)

Source: Company data

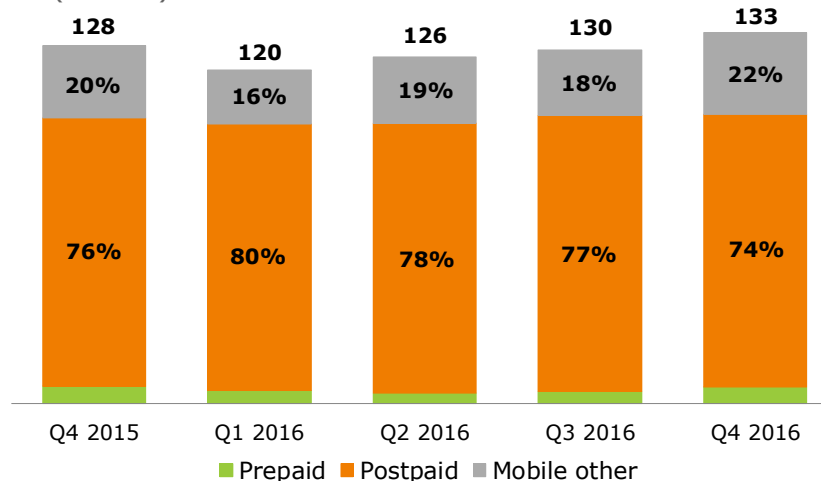


Revenues

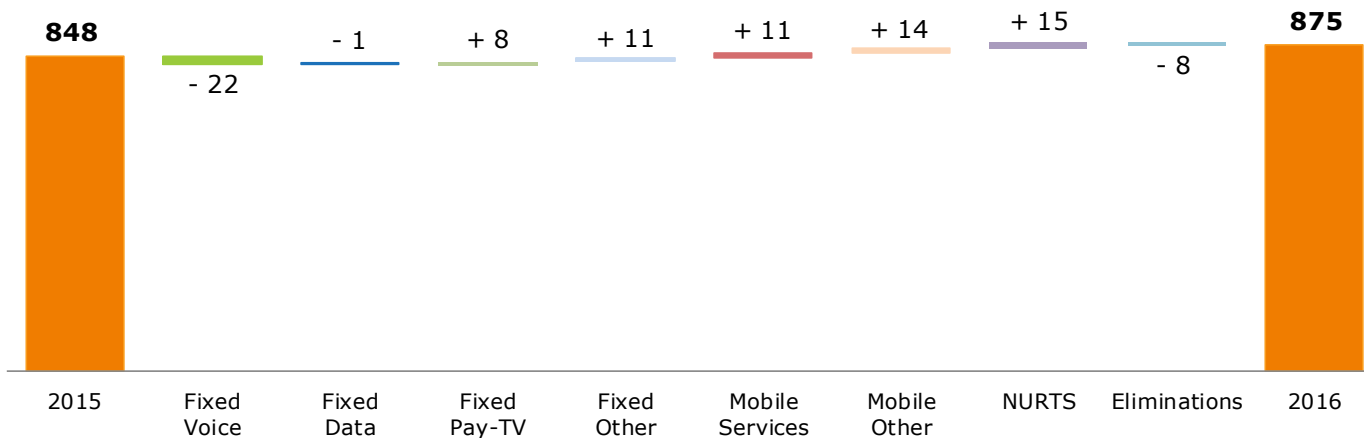
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



Revenue bridge 2015 – 2016 (BGN m)

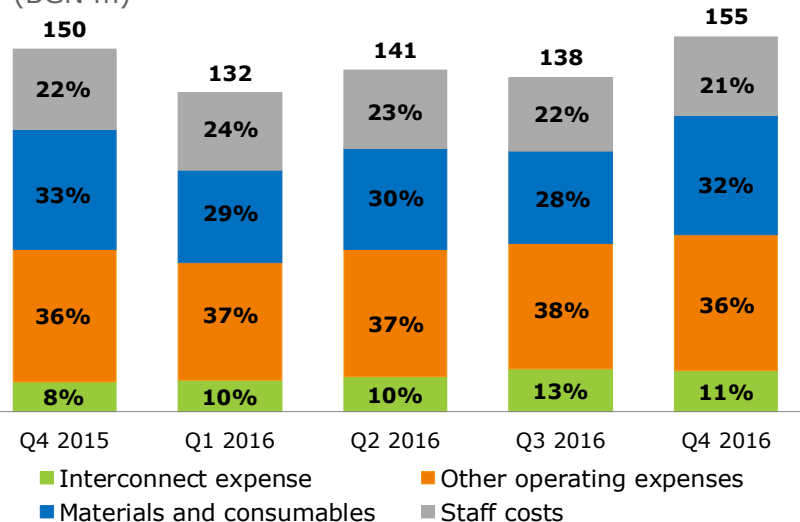


Source: Company data

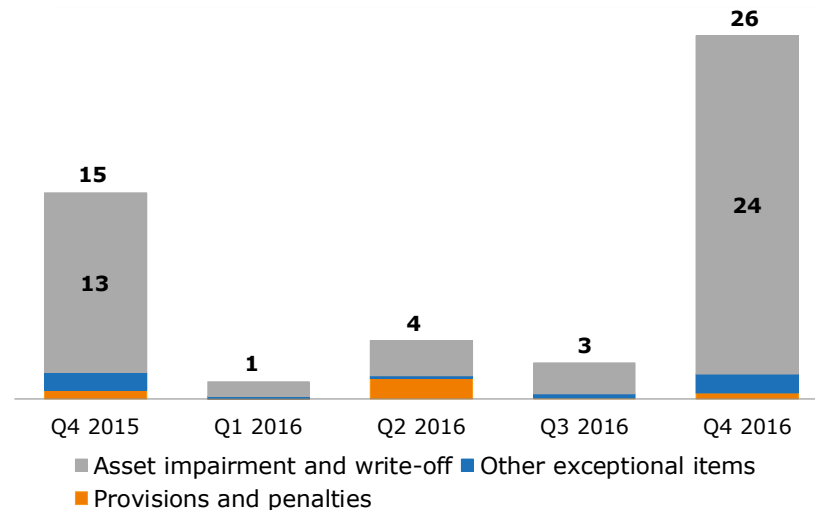


Operating expenses and adjusted EBITDA

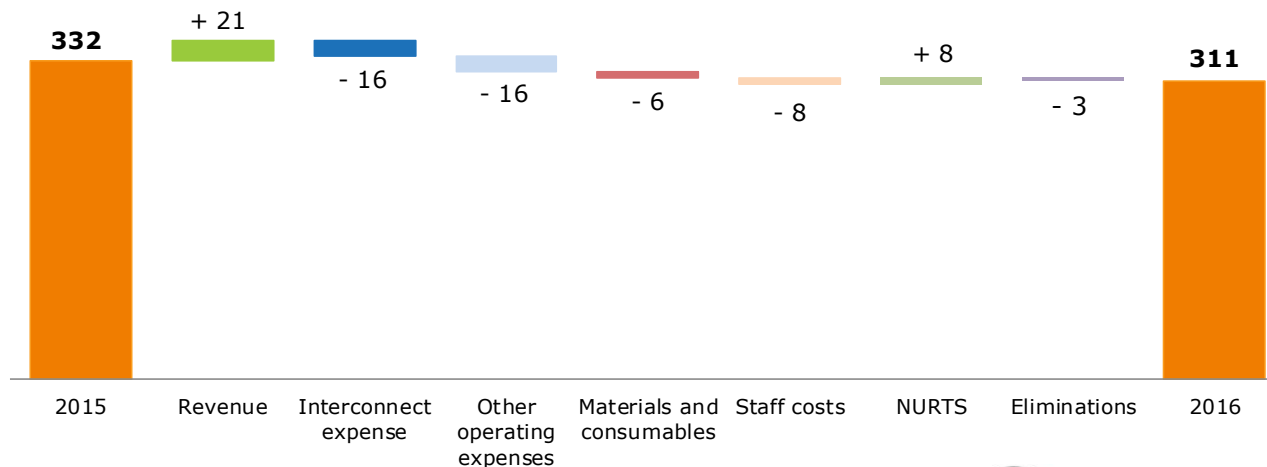
CoS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



Adjusted EBITDA bridge 2015 – 2016 (BGN m)

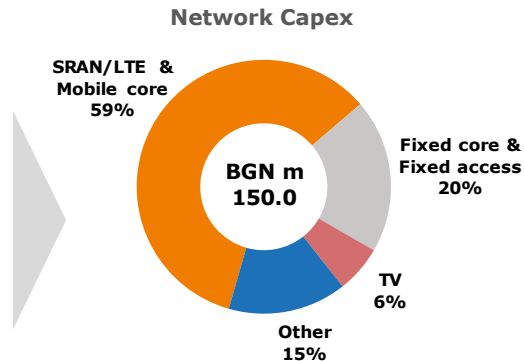
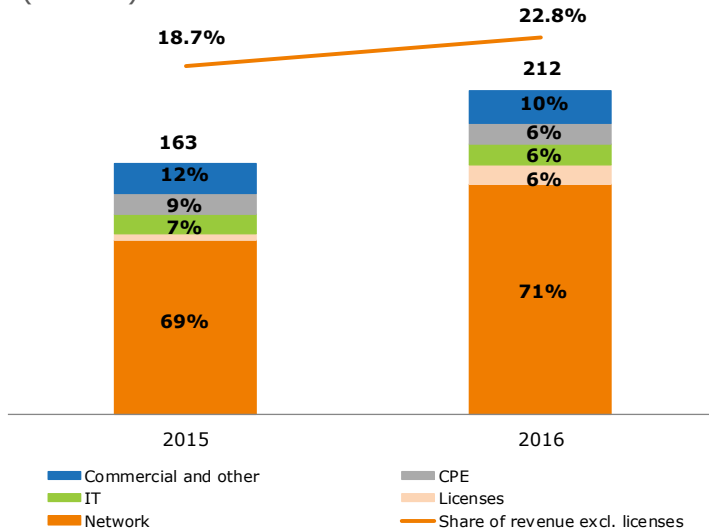


Source: Company data

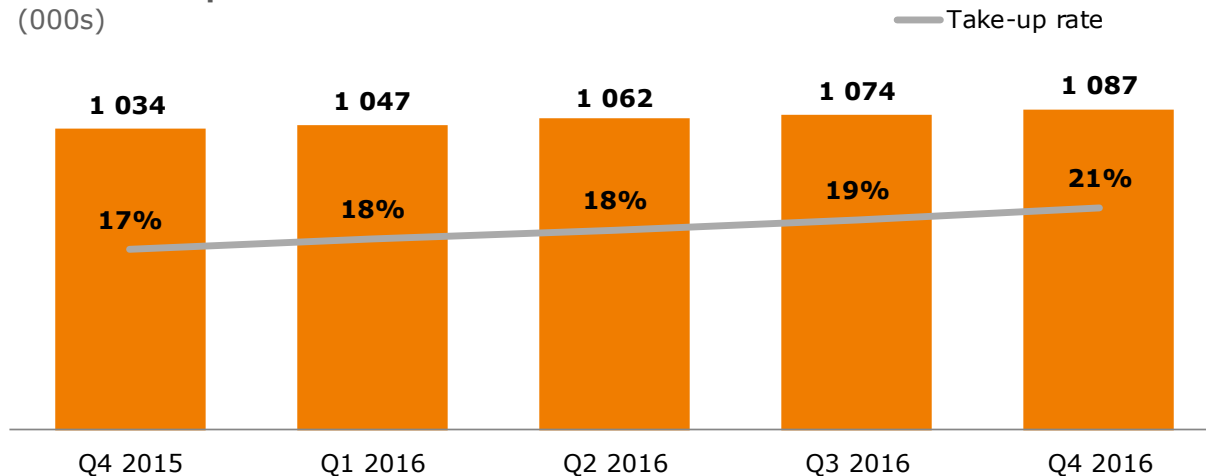


Capex

Capex structure and share of revenue (BGN m)



FTTx homes passed (000s)



Source: Company data

Highlights

- Focus on network to improve coverage, capacity, resilience and long-running efficiencies:
 - LTE: 86.75% coverage of the population in more than 650 settlements since May 2016;
 - SRAN: replacement of 70% of the mobile network's components;
 - Spectrum: new frequencies acquired in 1800 MHz (BGN 12 million)
 - TV: new headend with increased capacity;
 - Fixed broadband: expansion of coverage and capacity with speeds up to 900 Mbps;
- Increase in subscriber FTTx take-up rate

Net debt

(BGN m)	Q4 2016	Q4 2015
Bonds	780.8	777.0
Revolving credit	0.0	9.8
Trade credits	3.5	6.6
Financial lease	4.5	0.7
Total borrowings	788.8	794.1
Total cash and cash equivalents	(72.3)	(89.6)
Net debt	716.5	704.6
<i>Net Leverage Ratio</i>	<i>2.31</i>	<i>2.12</i>

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

Results outlook for 2017

	2016 actual	2017 guidance
Adjusted EBITDA	BGN 311 m	BGN 310 - 320 m
Capex	BGN 212 m	BGN 180 - 190 m

Source: Company data

5. Q&A

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