

VIVACOM THIRD QUARTER RESULTS 2017

Sofia, 14 November 2017



SPEEDTEST
by OOKLA
**AWARDS
WINNER**

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The information contained in this presentation is on consolidated basis as at 30 Sep 2017, unless otherwise noted.

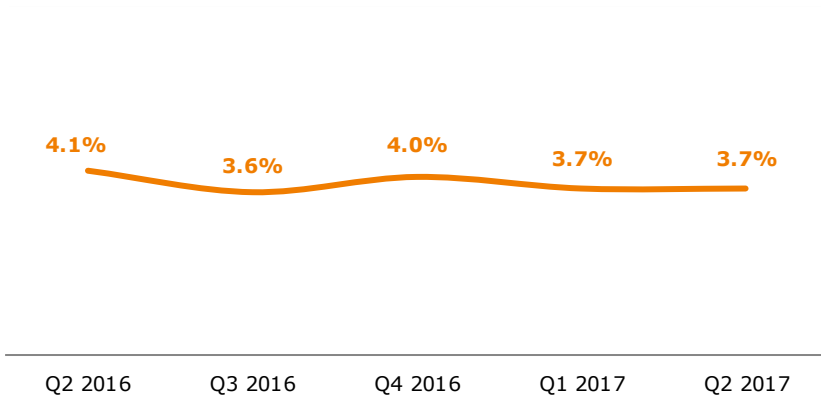
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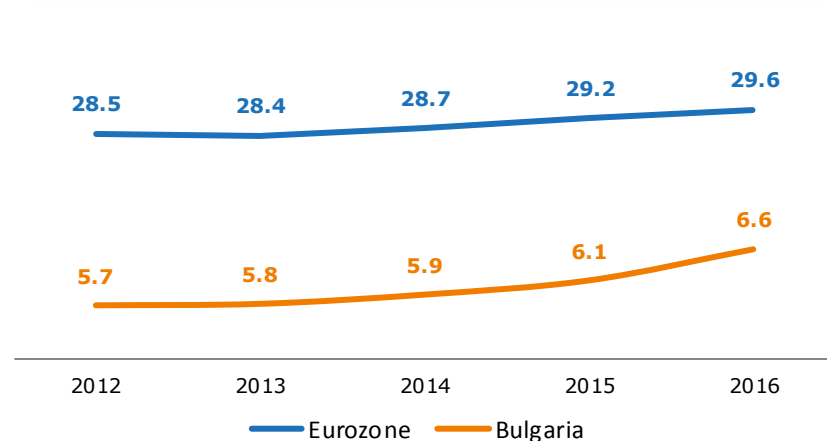
1. OVERVIEW

Macroeconomic environment

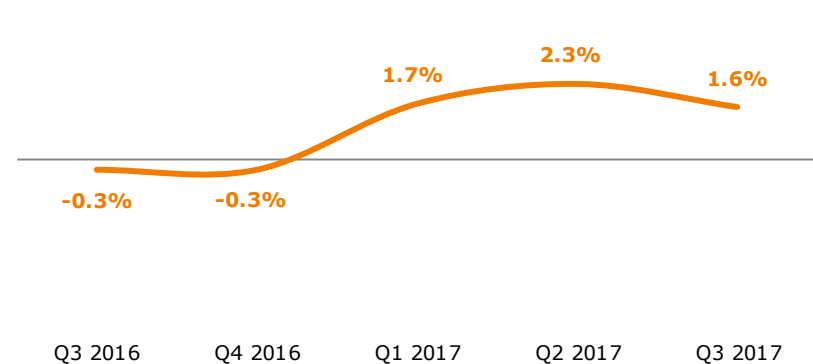
GDP with sustainable growth
(%)



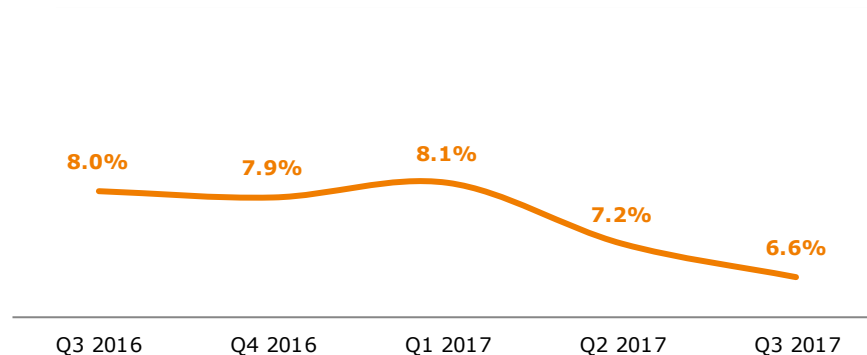
GDP per capita on the rise
(EUR 000s)



CPI in positive territory
(%)



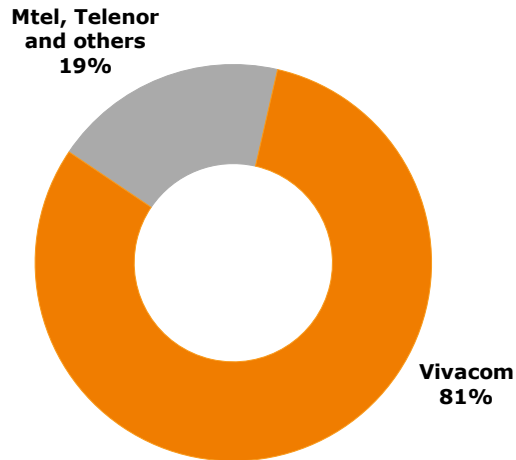
Unemployment with continuous decrease
(%)



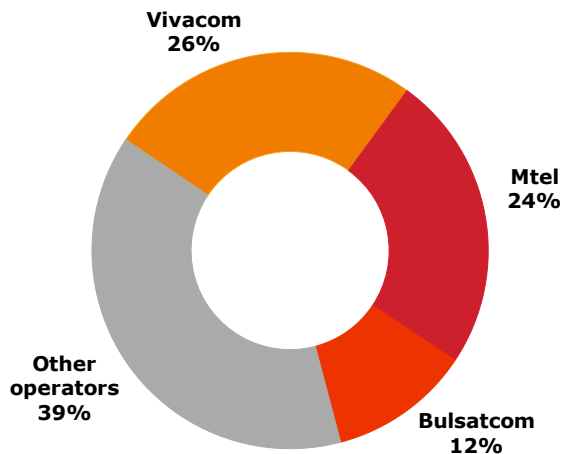
Source: BNB, Employment Agency, Eurostat, NSI
Data for unemployment in Bulgaria presented as per Employment Agency methodology.
GDP growth for 2016 as per official restated figures by NSI.

Company snapshot

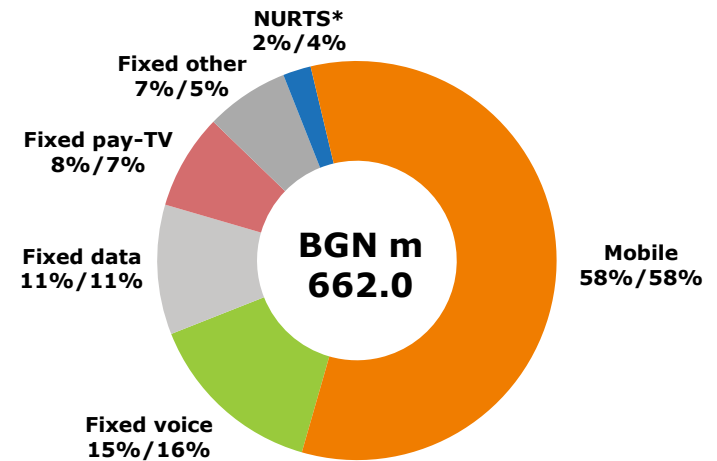
Incumbent fixed operator with high revenue share
(% share in fixed voice revenue as of Q2 2017)



Market leader in fixed broadband
(%, fixed broadband subscriber share as of Q2 2017)



Well diversified and resilient business model
(% of YTD revenue, 2017 / 2016)



- Leading integrated telecom operator in Bulgaria:
 - #1 in total revenues
 - #1 in fixed voice - 81% revenue share
 - #1 in fixed broadband – 26% subscriber share
 - #1 IPTV operator and #3 pay-TV provider overall
 - Fastest 4G network in the country with 94% population coverage
 - Bulgaria’s fastest mobile network as measured by Ookla for 2017

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

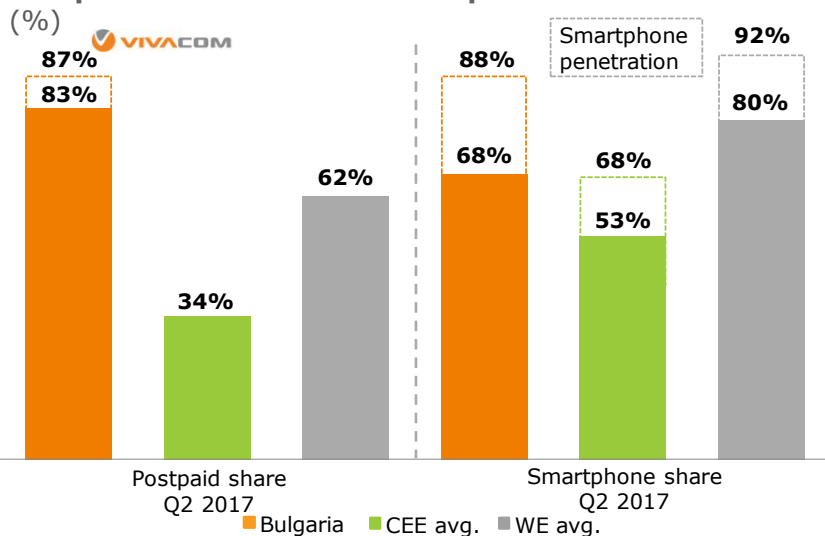
* NURTS Group revenue with consolidation adjustments.

VIVACOM with 2017 award for Bulgaria’s fastest mobile network by Ookla.

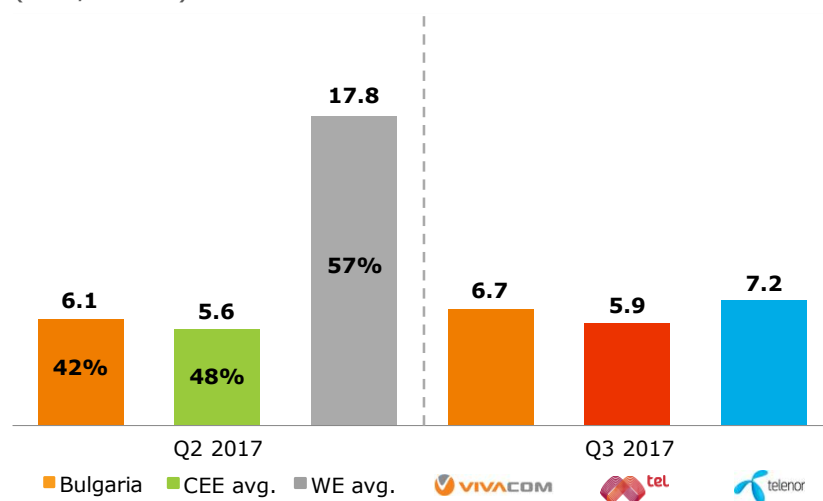


Market highlights

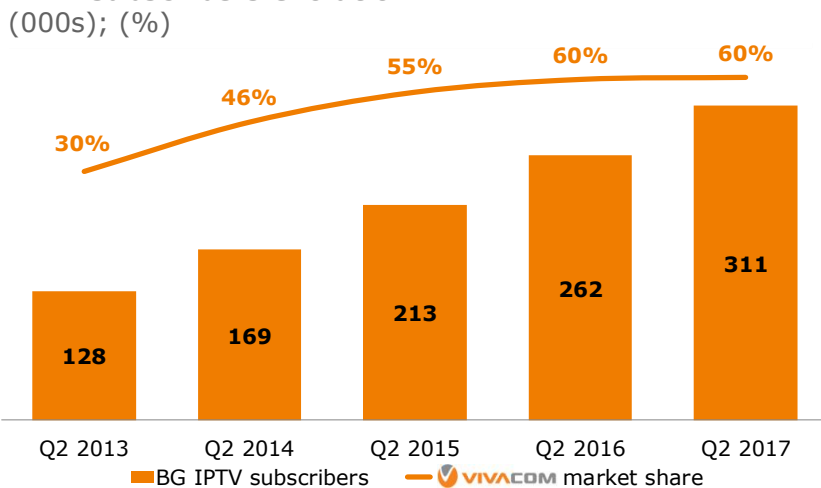
Postpaid mobile market with upside in data



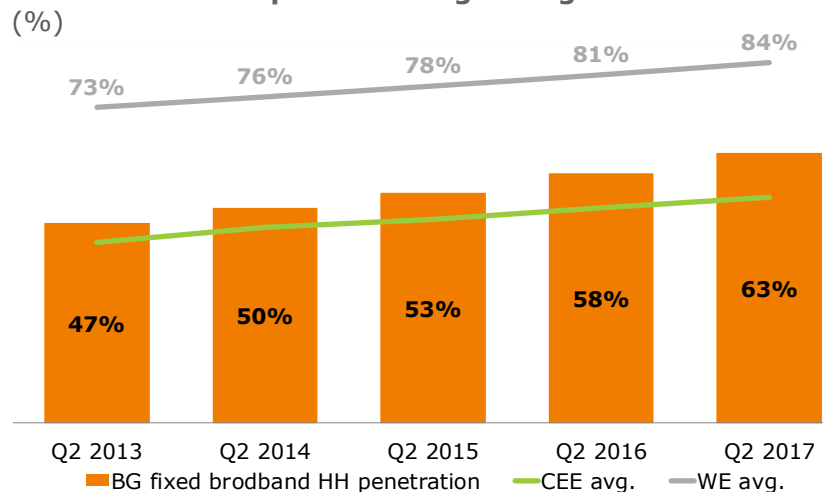
Mobile blended ARPU and growing share of data



IPTV subscribers evolution



Fixed broadband penetration growing



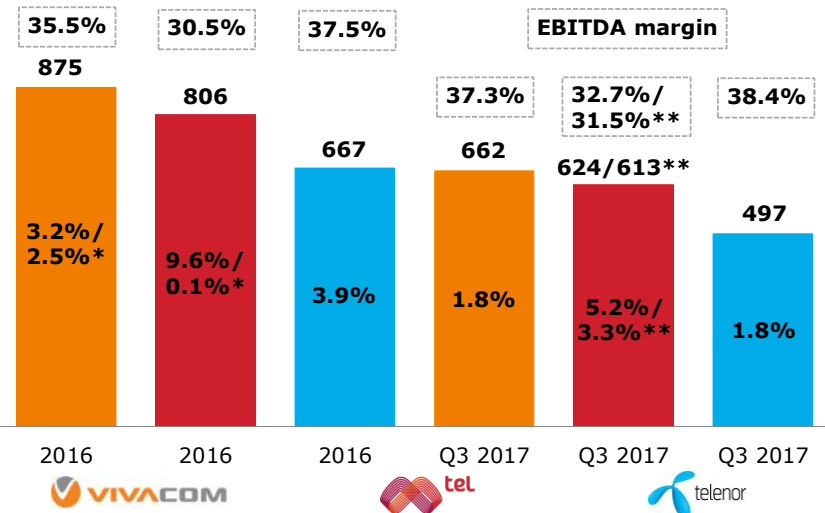
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data, TAG and Telenor reports
 All figures are based on active subscribers. IPTV defined as pay-TV service delivered over a managed IP network.
 Smartphone share is defined as number of smartphones divided by number 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 (excluding M2M) are as of Q3 2017.



Performance overview

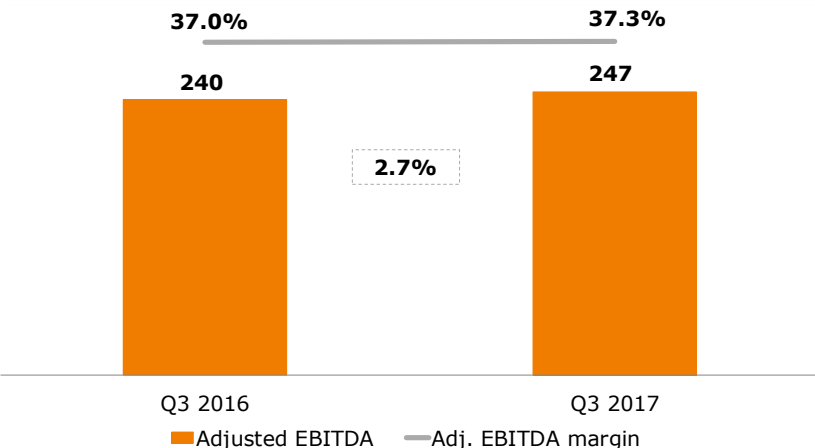
#1 Telco company on total revenues

(BGN m, YTD, prior year variance %)



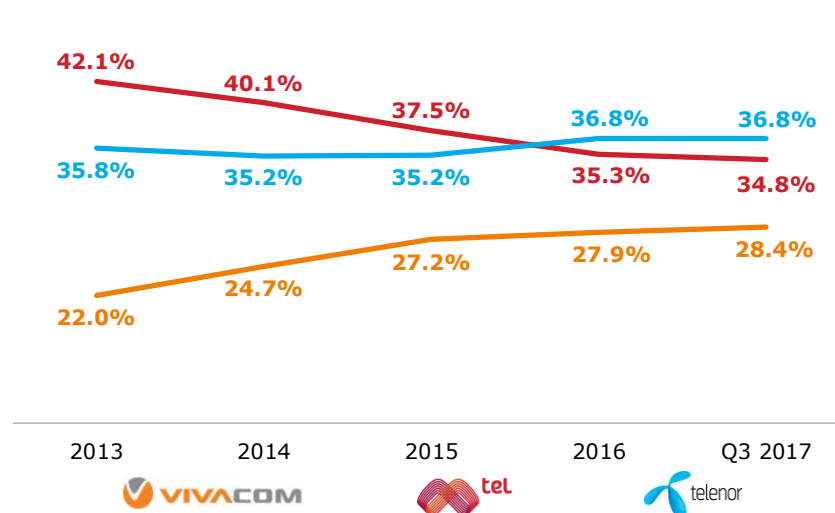
EBITDA supported by improved margins and collection

(BGN m, YTD)



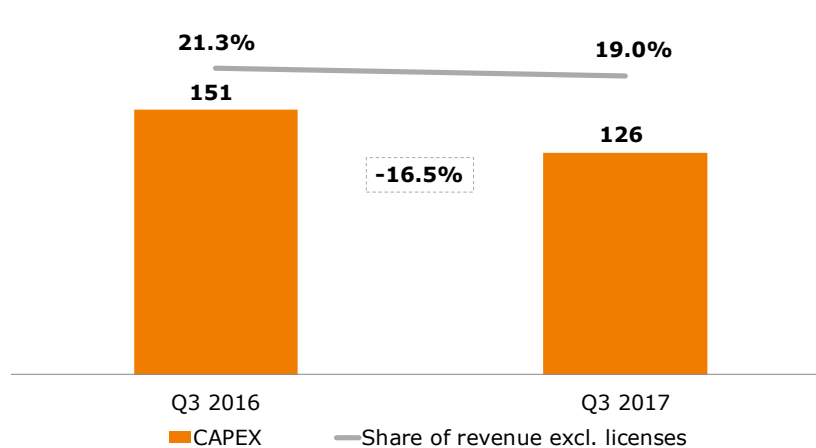
Gaining share in mobile service revenues

(%, YTD)



Capex decreasing with SRAN completion

(BGN m, YTD)



Source: Company data, TAG reports, Telenor reports

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

** Excluding EUR 5.8 million one-off effect resulting from a legal settlement.

Mobile service revenues exclude visitor roaming and M2M revenues.

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

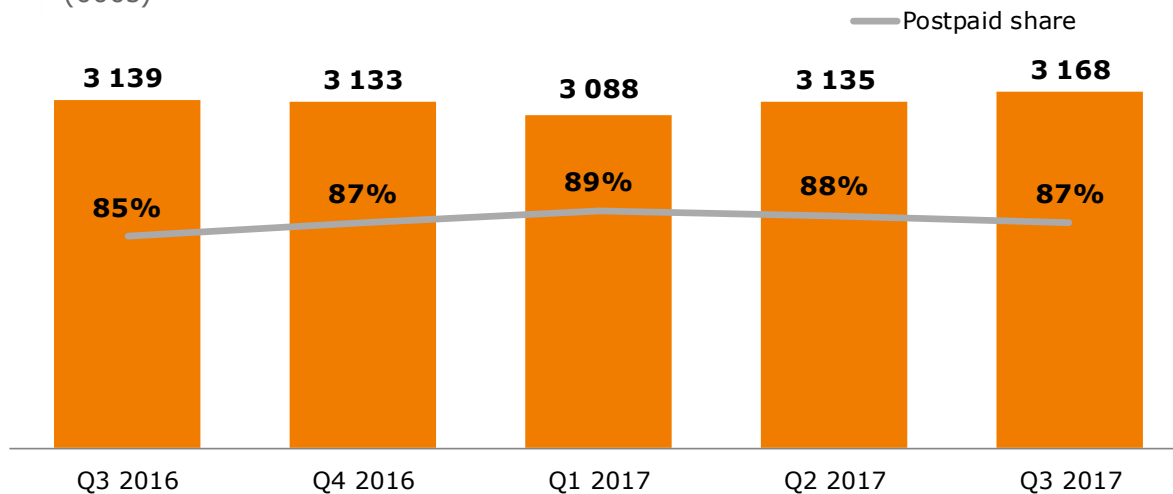


2. PERFORMANCE HIGHLIGHTS

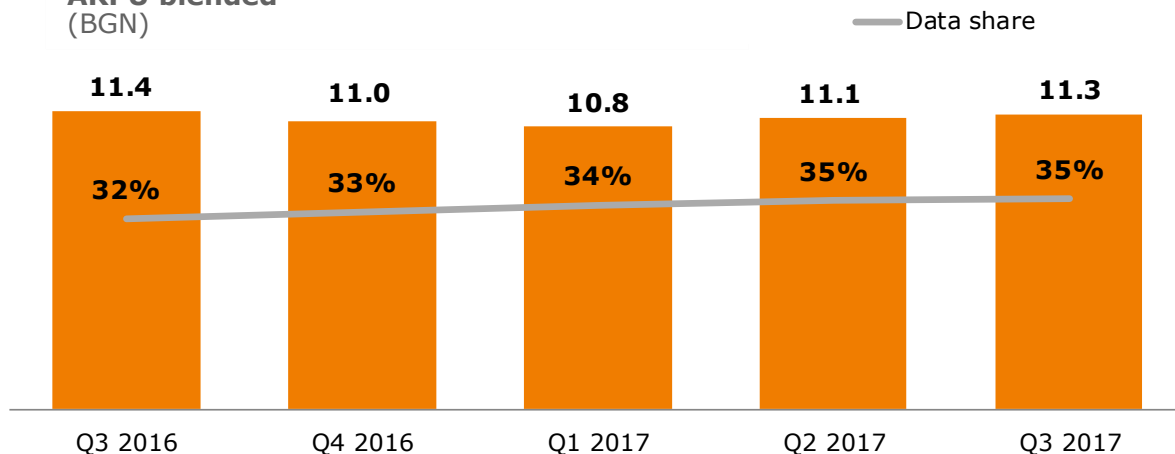


Mobile key metrics

Subscribers (000s)



ARPU blended (BGN)



Source: Company data

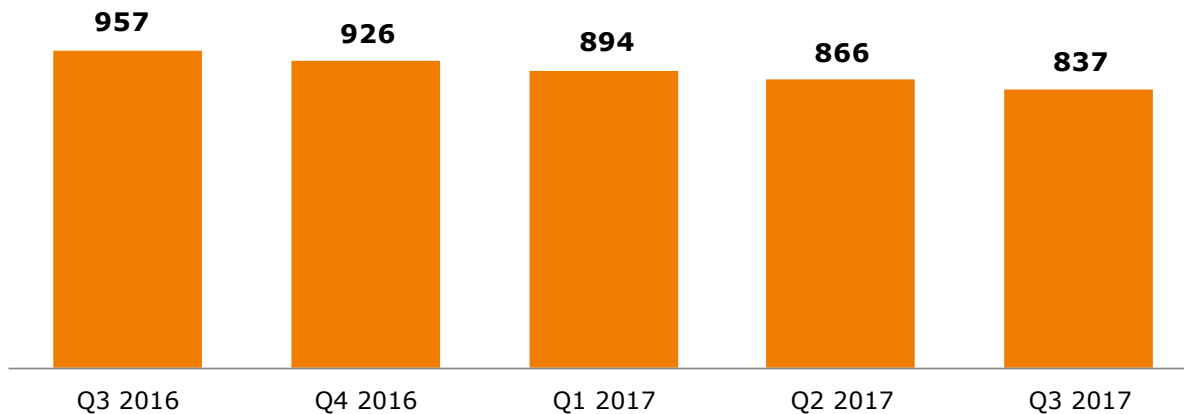
Highlights

- Growing mobile subscribers with focus on postpaid and best MNP balance in 2017
- Seasonal dynamics in prepaid with net increase, despite subscribers cleanup following the mandatory registration of prepaid base
- Blended ARPU stable and recovering from price pressures on the back of growing data demand



Fixed voice key metrics

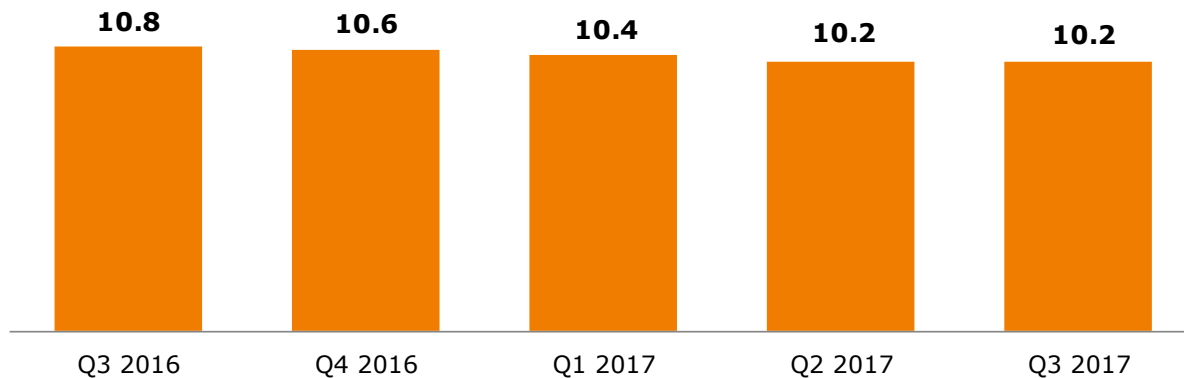
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



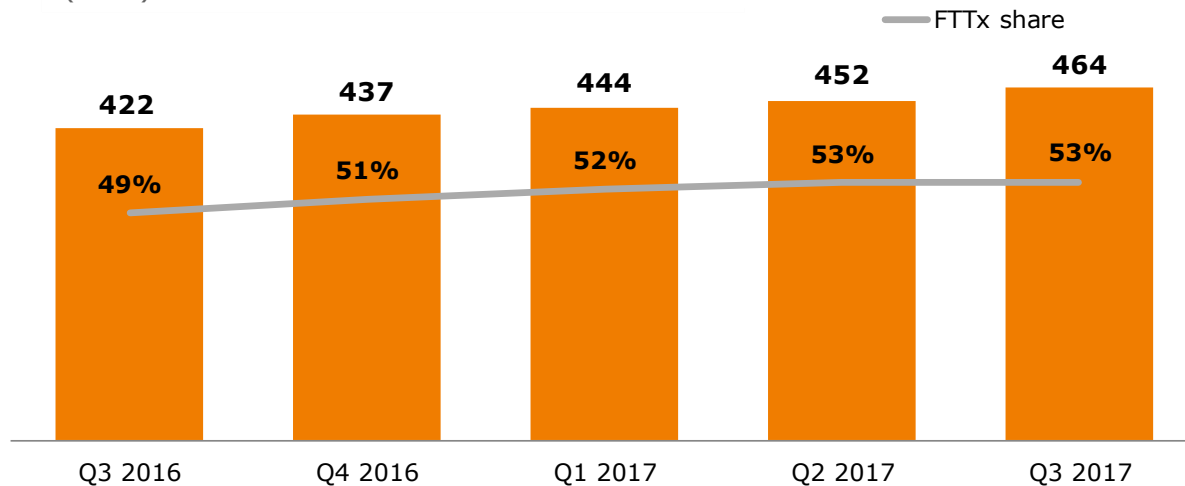
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

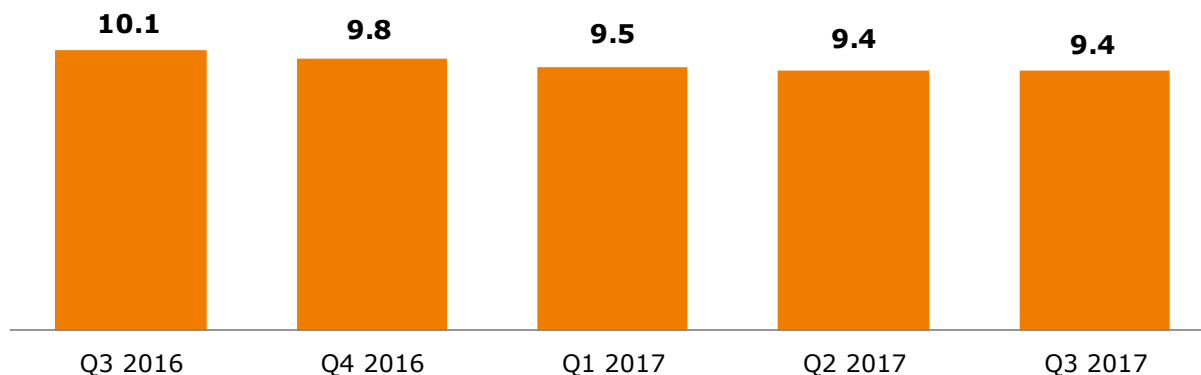
Subscribers (000s)



Highlights

- Highly competitive market with many local operators and low price bundled offers from bigger players
- Ongoing shift to high quality and high speed FTTx services supports broadband growth

ARPU blended (BGN)



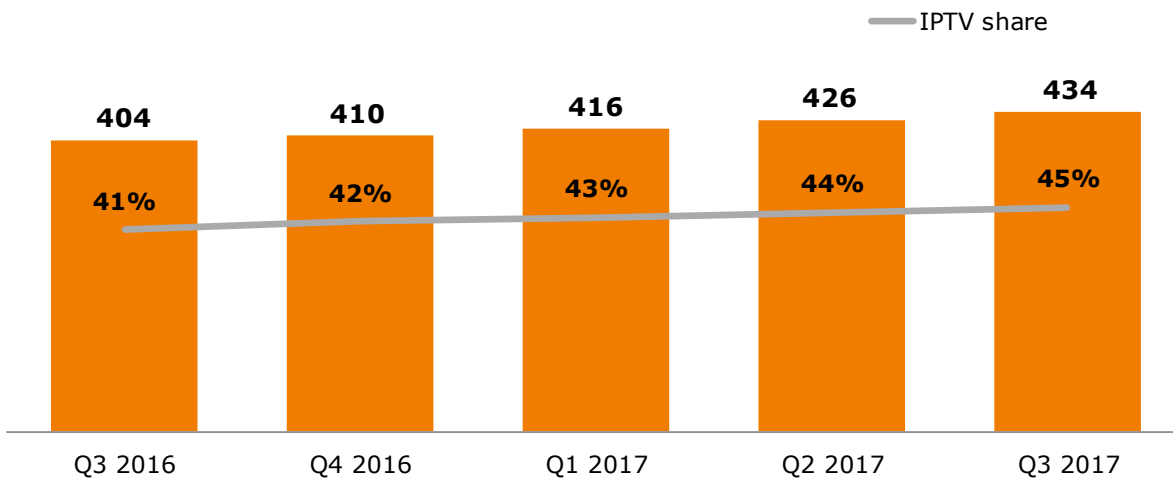
- ARPU pressure from fragmented competition and increased bundling

Source: Company data



Fixed pay-TV key metrics

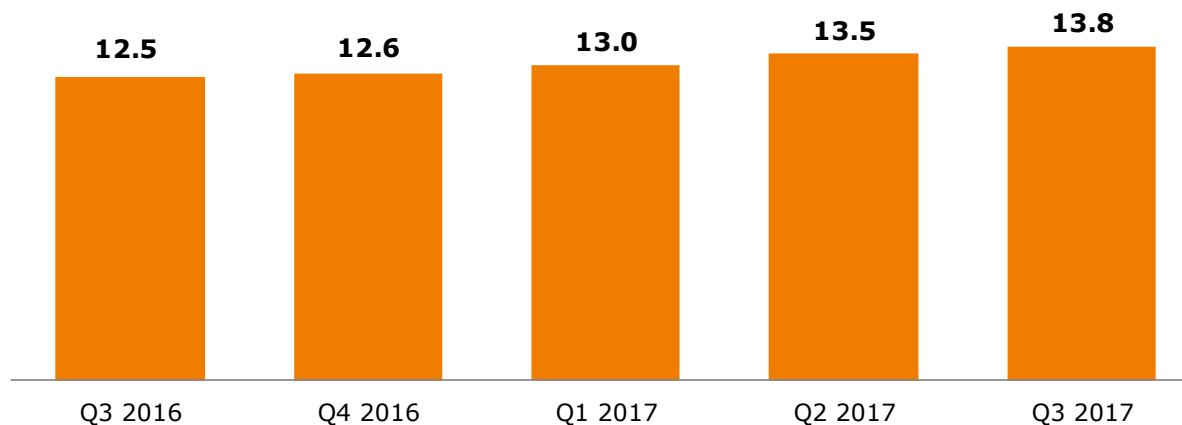
Subscribers (000s)



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
- Increase in blended ARPU with growing share of higher MRC and exclusive content tariffs

ARPU blended (BGN)



Source: Company data

3. FINANCIAL REVIEW

Financial performance summary

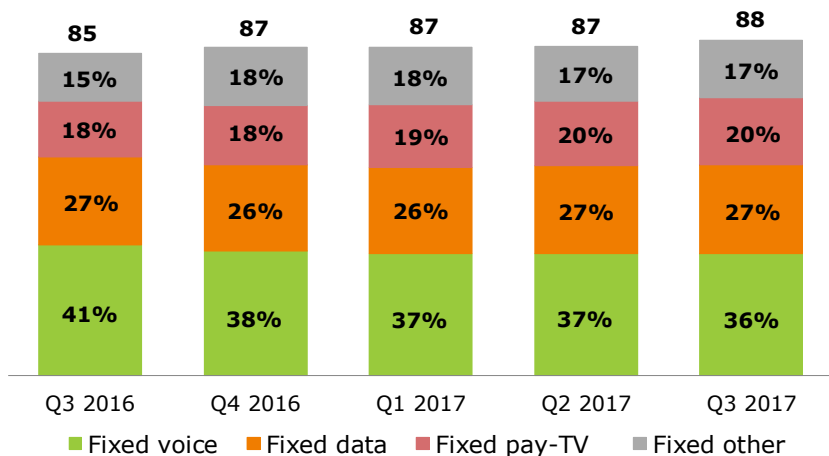
(BGN m)	YTD 2017	YTD 2016	change %	Q3 2017	Q3 2016	change %
Revenue	662.0	650.4	1.8%	229.9	220.8	4.1%
Vivacom	647.0	625.4	3.5%	226.0	214.6	5.3%
NURTS	32.0	33.2	(3.7%)	9.5	10.6	(10.3%)
Eliminations	(17.0)	(8.2)		(5.6)	(4.4)	
EBITDA	256.7	235.9	8.8%	93.8	81.8	14.7%
Other gains, net	(16.8)	(3.5)		(9.0)	(1.2)	
EBITDA adjustments	7.0	8.0		0.8	2.6	
Adjusted EBITDA	246.8	240.4	2.7%	85.7	83.2	3.0%
<i>% of revenues</i>	<i>37.3%</i>	<i>37.0%</i>		<i>37.2%</i>	<i>37.7%</i>	
Vivacom	232.7	229.0	1.6%	81.8	80.5	1.6%
NURTS	14.5	11.7	23.9%	3.9	2.7	41.3%
Eliminations	(0.4)	(0.4)		(0.0)	(0.1)	
Capex	125.8	150.7	16.5%	42.0	39.6	(5.9%)
<i>% of revenues, excl. licenses</i>	<i>19.0%</i>	<i>21.3%</i>		<i>18.3%</i>	<i>18.0%</i>	
Vivacom	125.0	150.4	16.9%	41.4	39.6	(4.5%)
NURTS	0.8	0.8	(0.4%)	0.6	0.6	5.4%
Eliminations	-	(0.6)		-	(0.6)	
Adjusted EBITDA - Capex	121.0	89.7	34.9%	43.7	43.5	0.4%

Source: Company data

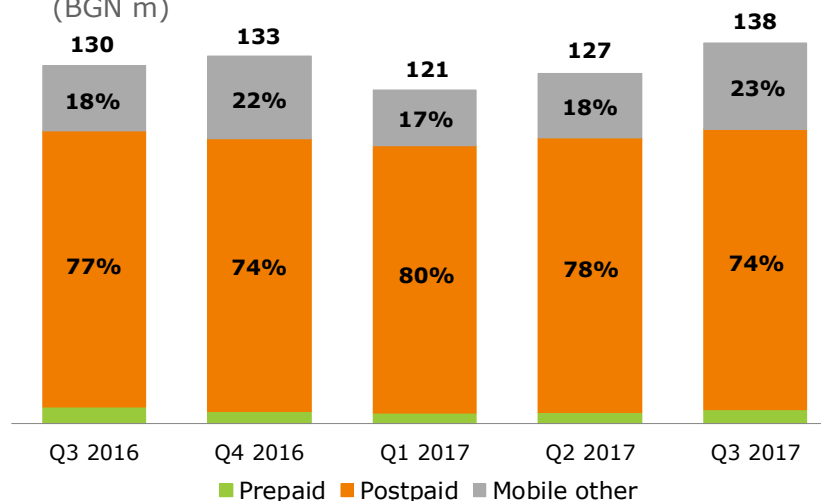


Revenues

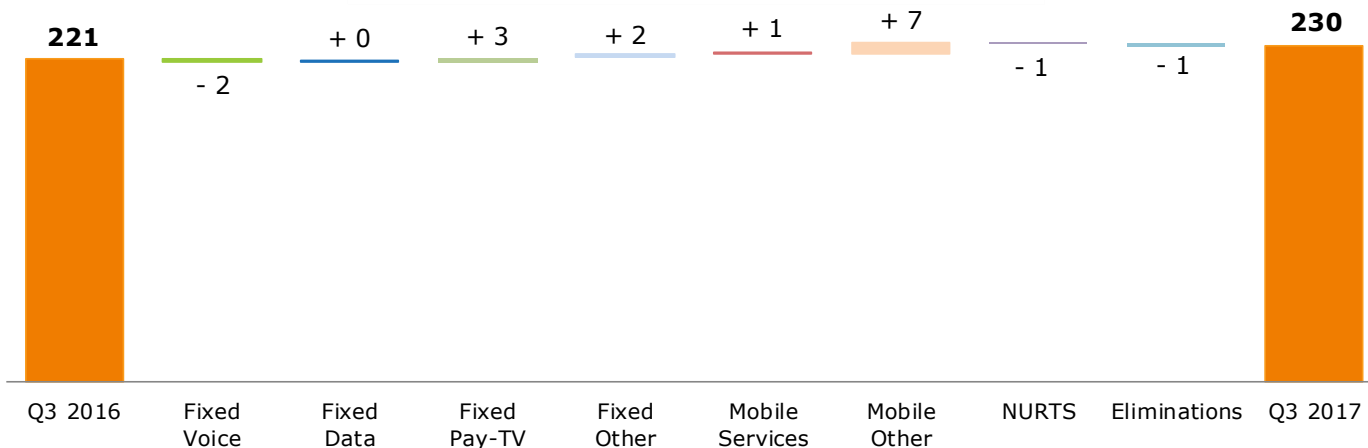
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



Revenue bridge Q3 2016 – Q3 2017 (BGN m)

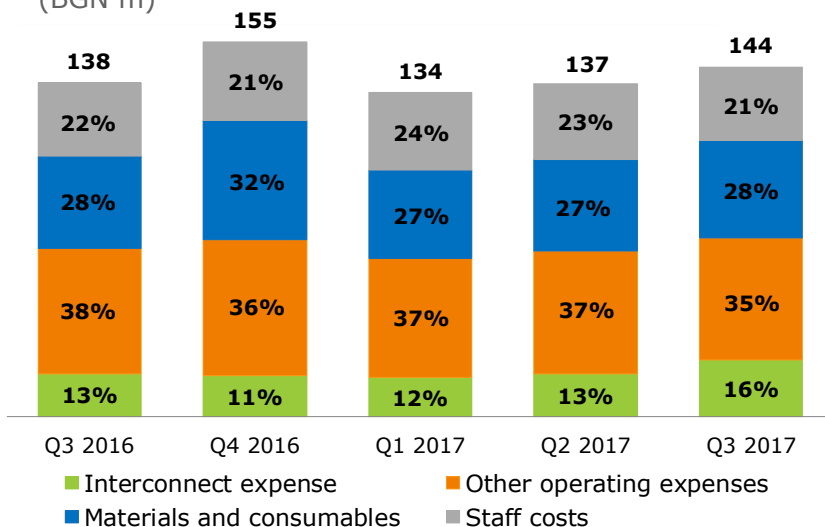


Source: Company data

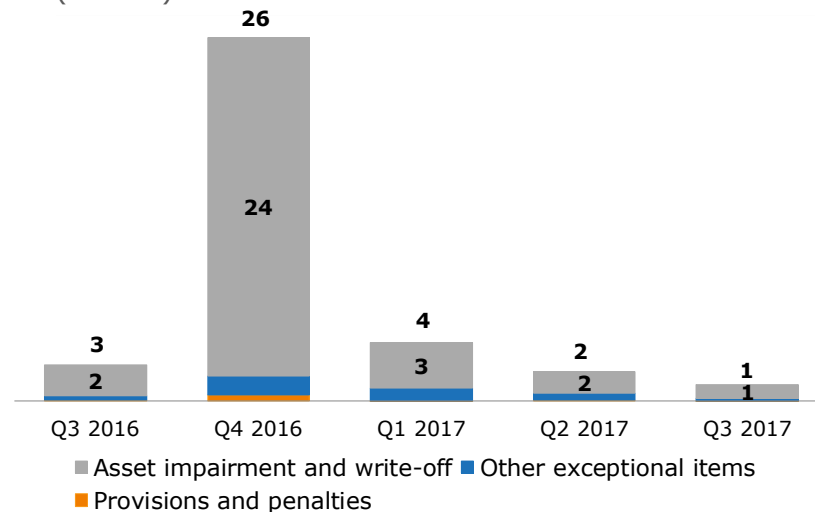


Operating expenses and adjusted EBITDA

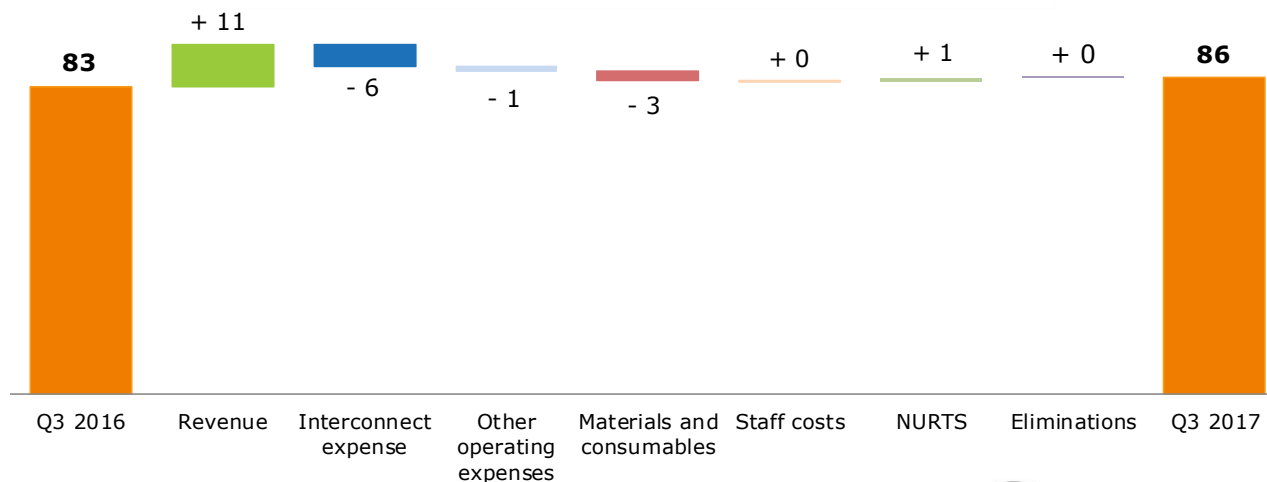
CoS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



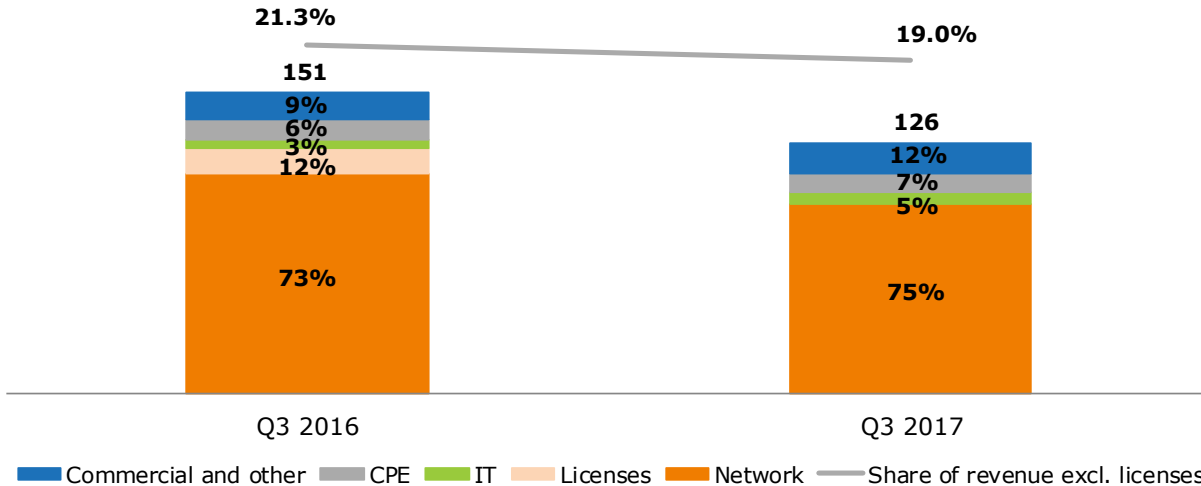
Adjusted EBITDA bridge Q3 2016 – Q3 2017 (BGN m)



Source: Company data

Capex

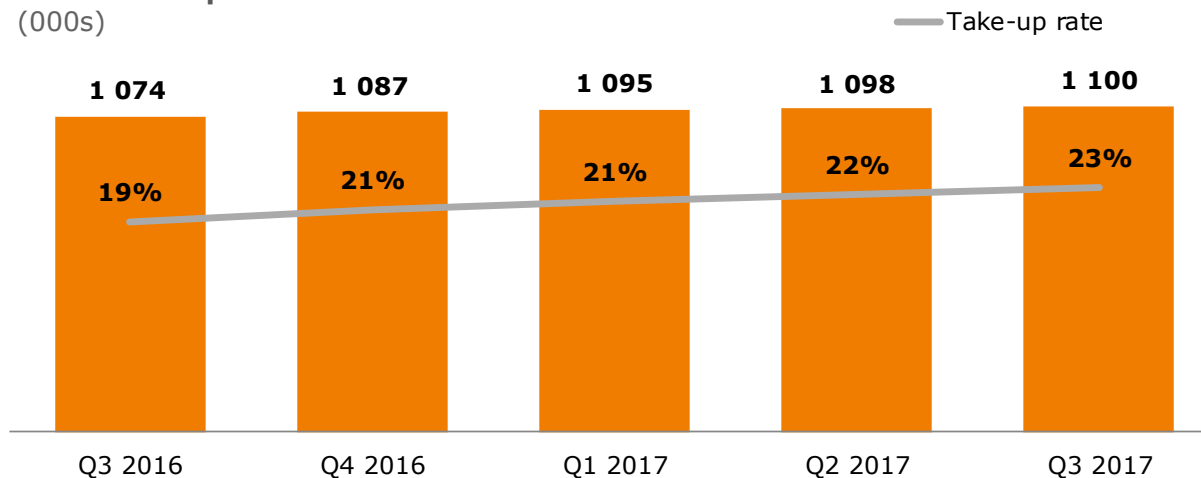
Capex structure and share of revenue (BGN m, YTD)



Highlights

- Focus on network to improve coverage, capacity, resilience and long-running efficiencies
- Vivacom's LTE network received the highest score by GWS for speed measurement in 2016 and by Ookla in 2017

FTTx homes passed (000s)



- FTTx roll-out in carefully selected areas based on return of investment criteria
- Increase in subscriber FTTx take-up rate
- VDSL launch as part of copper-based network optimization

Source: Company data



Net debt

(BGN m)	Q3 2017	Q3 2016
Bonds	796.8	792.8
Revolving credit	0.0	0.0
Trade credits	0.9	4.3
Financial lease	5.3	0.4
Total borrowings	803.1	797.5
Total cash and cash equivalents	(144.9)	(91.9)
Net debt	658.2	705.7
<i>Net Leverage Ratio</i>	<i>2.08</i>	<i>2.25</i>

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

Results outlook for 2017 - updated

	2016 actual	2017 guidance
Adjusted EBITDA	BGN 311 m	BGN 315 - 325 m
Capex	BGN 212 m	BGN 180 - 190 m

Source: Company data

5. Q&A

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