

VIVACOM THIRD QUARTER RESULTS 2015

Sofia, 3 November 2015

Forward looking statements

This presentation includes information and statements which are or may constitute forward-looking statements.

These forward-looking statements include all matters that are not historical facts, statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Company operates. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks, uncertainties and assumptions. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, implied or projected by, the forward-looking statements contained in this presentation. The Company does not undertake any obligation, and does not expect, to review or confirm analyst expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation.

This presentation does not constitute or form part of, and should not be construed as, an offer or invitation to purchase, sell or issue, or a solicitation of any offer to purchase, sell or subscribe for any securities of the Company or any of its subsidiaries or parent companies nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, or act as any inducement to enter into, any contract or commitment or investment decision whatsoever.

The information contained in this presentation is on consolidated basis as at 30 September 2015, unless otherwise noted.

Table of contents

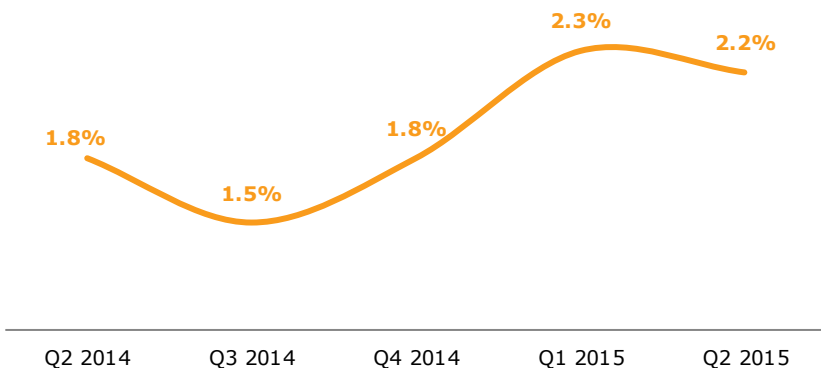
1. Overview
2. Performance highlights
3. Financial review
4. Ad-hoc information
5. Results outlook for 2015
6. Q&A session

1. OVERVIEW

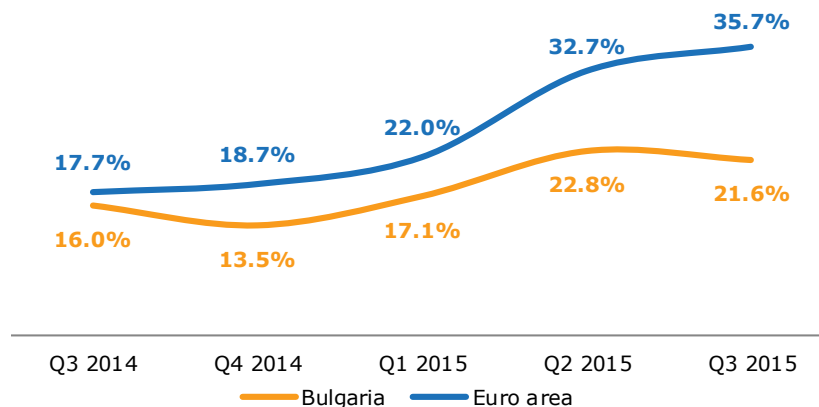
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

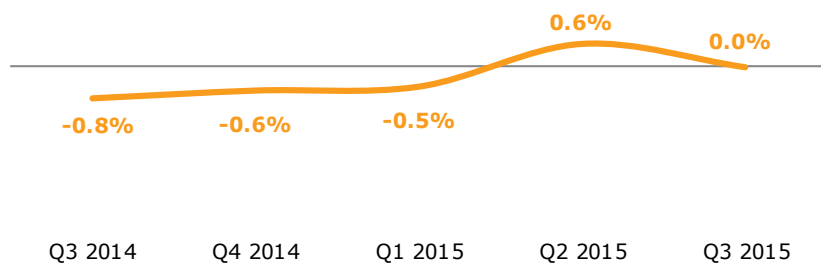
GDP recovering slowly
(%)



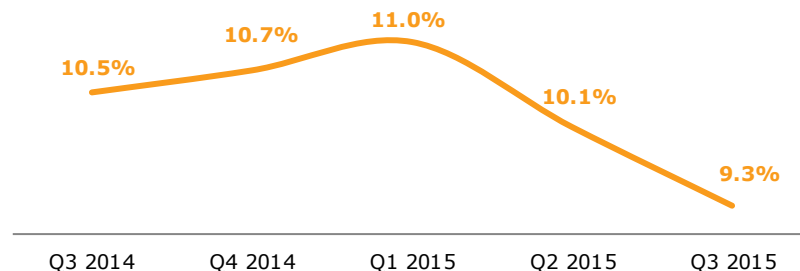
Business climate indicator
(%)



CPI still below healthy levels
(%)



Unemployment continues to decrease, 4-year low in Sep
(%)



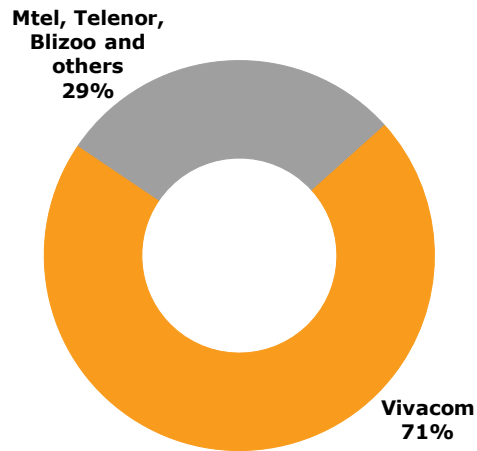
Source: BNB, EC, NSI

The business climate indicator (BCI) is a survey of the business conditions, as per the balance of opinions of the present and expected business situation over the next 6 months. Data for Bulgaria is a weighted average of four branch business climate indicators in: industry, construction, retail trade and service sector.

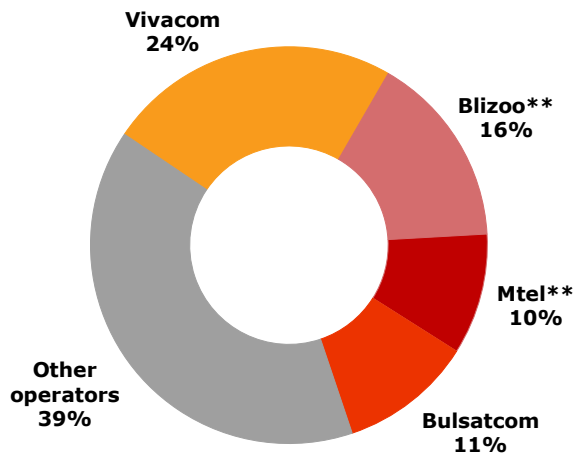
Unemployment calculated as average of the respective monthly figures.

Company snapshot

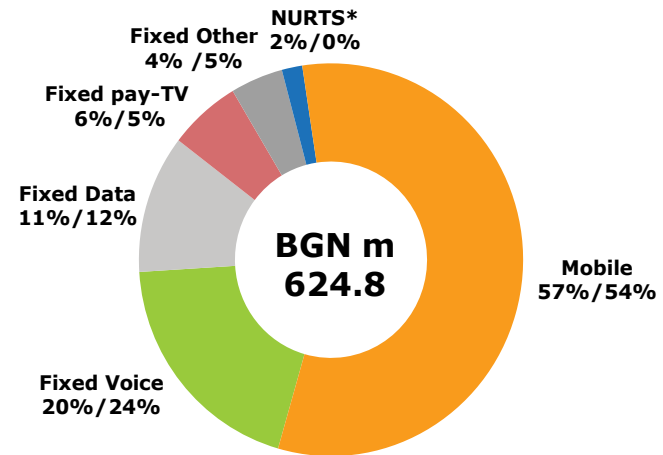
Incumbent fixed operator with high revenue share (% share in fixed voice revenue as of Q2 2015)



Market leader in the fixed broadband (%, fixed broadband subscriber share as of Q2 2015)



Well diversified and resilient business model (% of YTD revenue, 2015 / 2014)



- Leading integrated telecom operator in Bulgaria
 - #1 in total revenue share;
 - #1 in fixed voice - 71% revenue share;
 - #2 in fixed data – 24% fixed broadband subscriber share;
 - #1 IPTV operator and #3 pay-TV provider;
 - Best in class 3G mobile network - 99.92% by population of which 69.08% with download speed up to 42.2 Mbit/s.

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

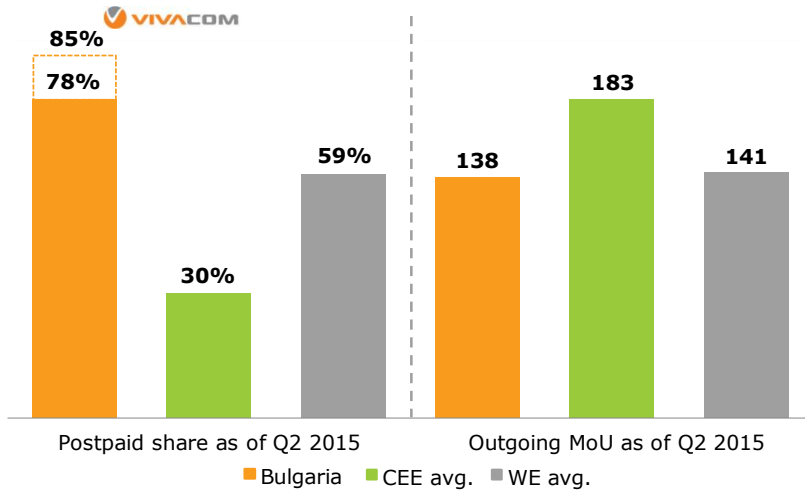
* NURTS Group revenue, net of eliminations.

** Market positions prior to Mtel's acquisition of Blizoo (completed on Sep, 28th). Consolidation will start from Q4 2015.

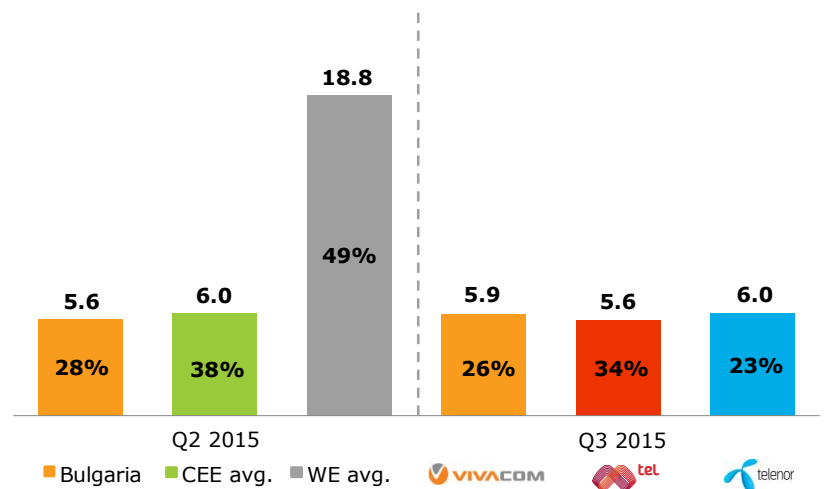


Market highlights

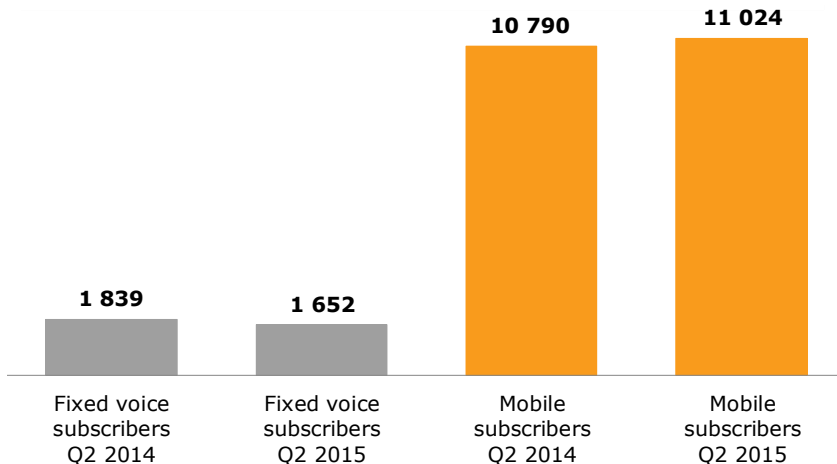
Postpaid mobile market, lower minutes of use
(%), minutes



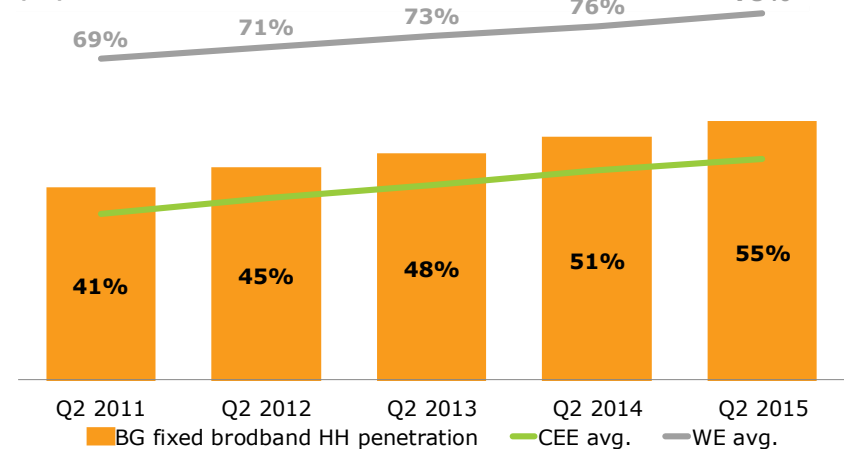
Mobile blended ARPU and data share
(EUR/month), Data share (%) as of Q2 2015



Fixed voice with substitution to mobile
(000s)



Fixed broadband penetration growing
(%)



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

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

Outgoing MoU presents the average number of mobile minutes originated per month per active subscriber.

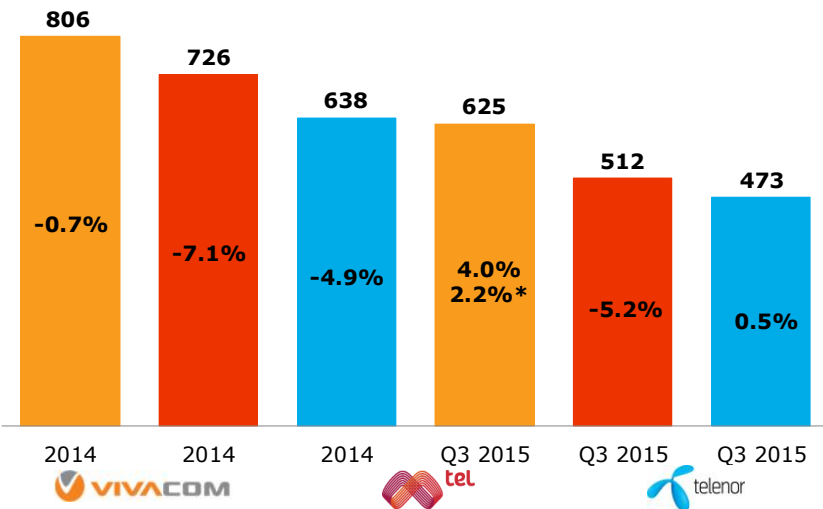
Company postpaid market share and blended ARPUs by operators are as of Q3 2015, as per official reports.



Performance overview

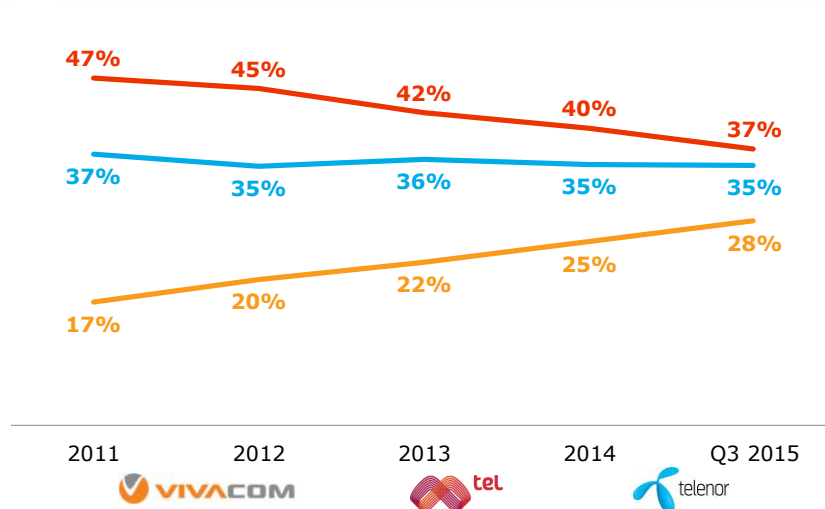
#1 Telco company on total revenues

(BGN m, YTD, prior year variance %)



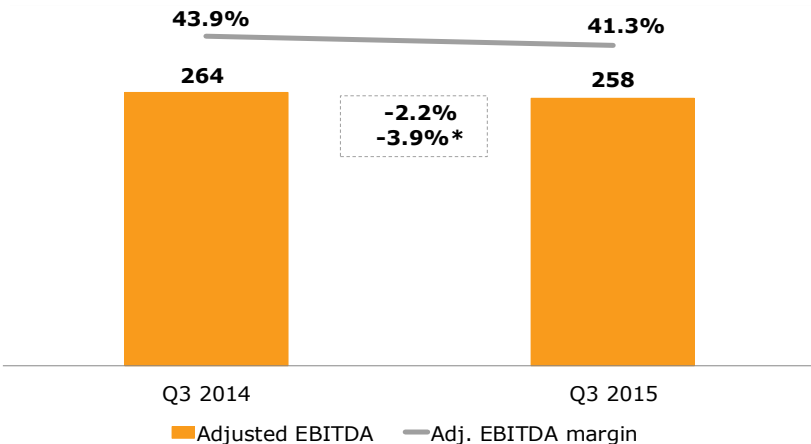
Gaining share in mobile service revenues

(%)



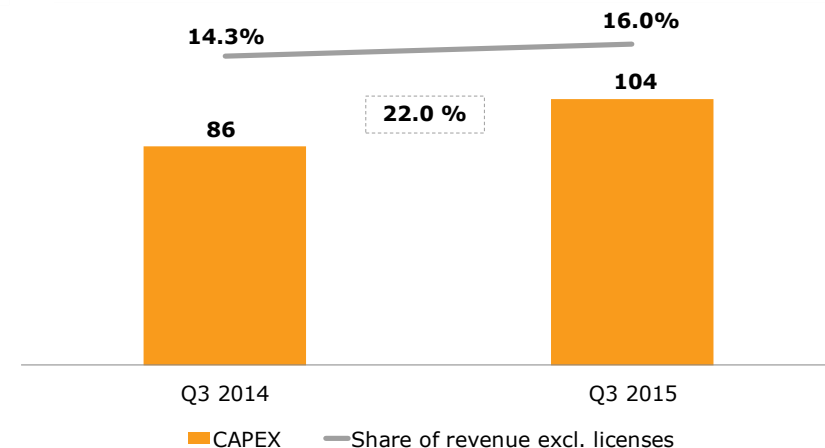
Adjusted EBITDA led by higher costs in growth areas

(BGN m, YTD)



Capex supporting 3G and fiber

(BGN m, YTD)



Source: Company data, Telekom Austria reports, Telenor reports

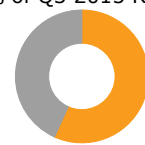
* Excluding NURTS Group and eliminations

Mobile service revenues calculated as average subscribers multiplied by ARPUs.

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

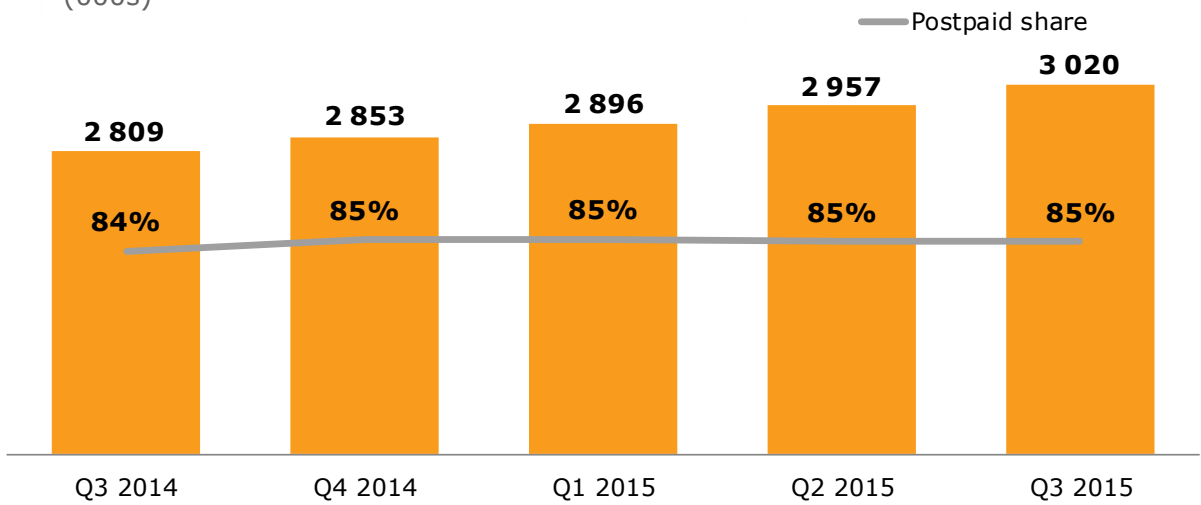


2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

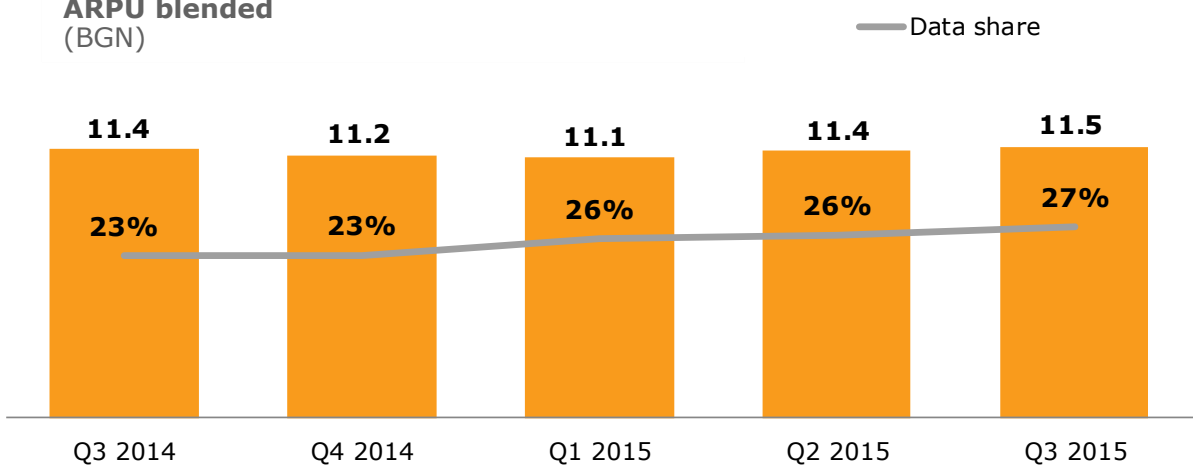
Subscribers (000s)



Highlights

- Subscriber acquisition growing, despite increasing competition, with strong postpaid and focus on long-term contracts

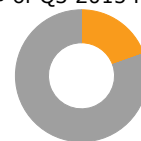
ARPU blended (BGN)



- Blended ARPU stable, boosted by data usage
- Increased demand for smartphones and tablets supports data growth

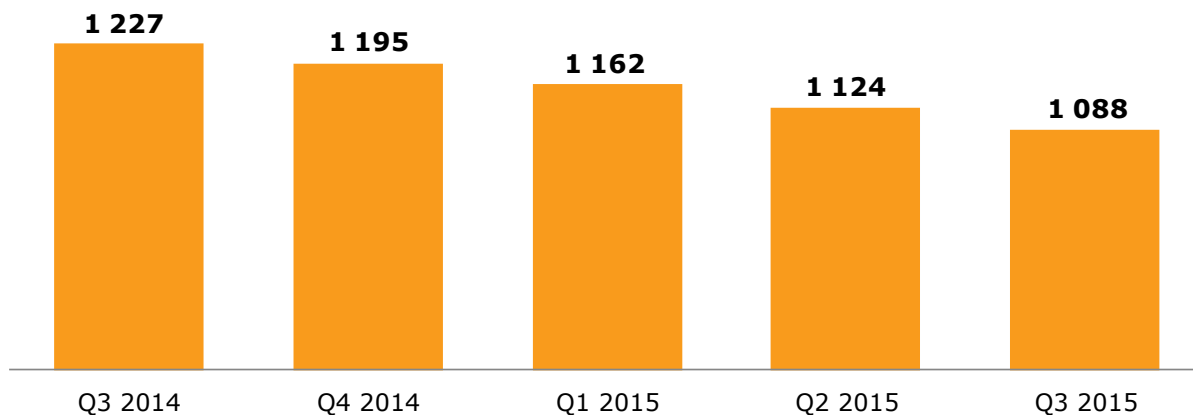
Source: Company data





Fixed voice key metrics

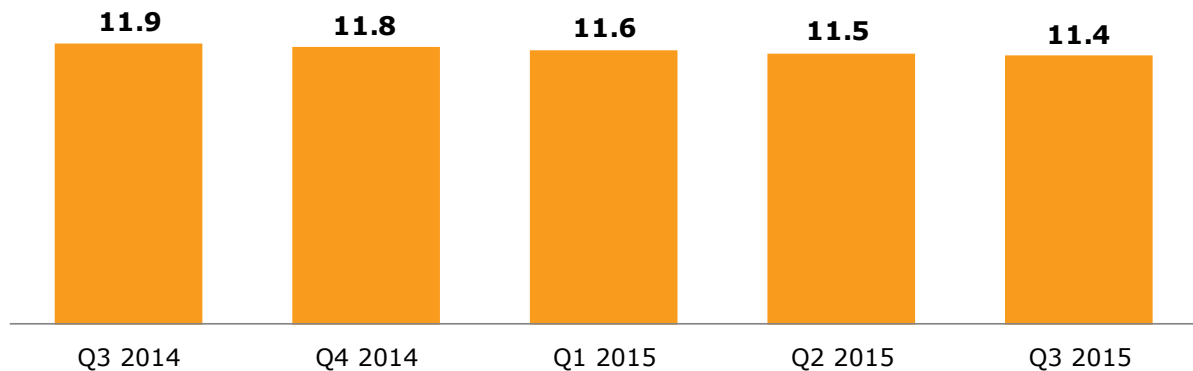
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



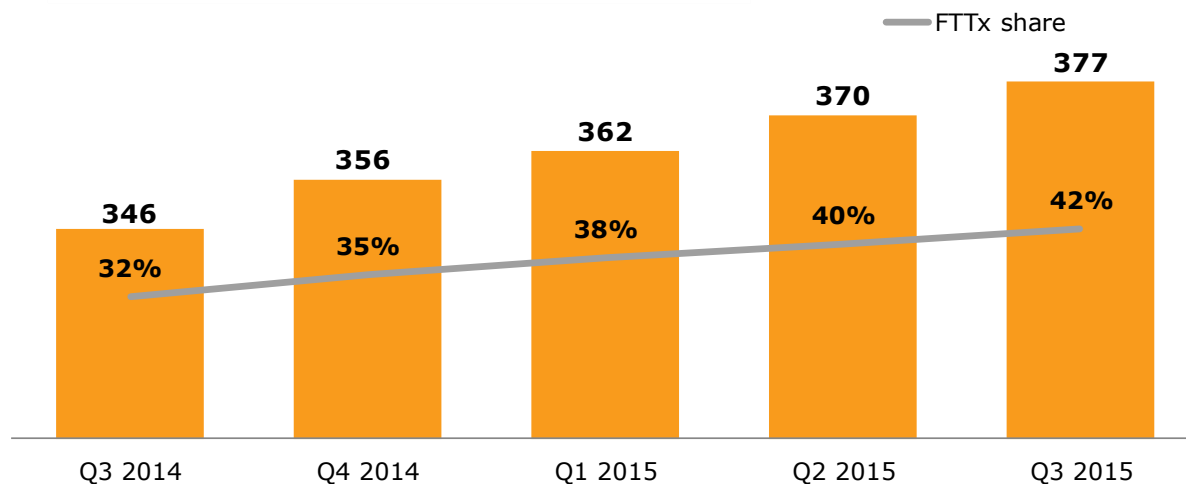
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

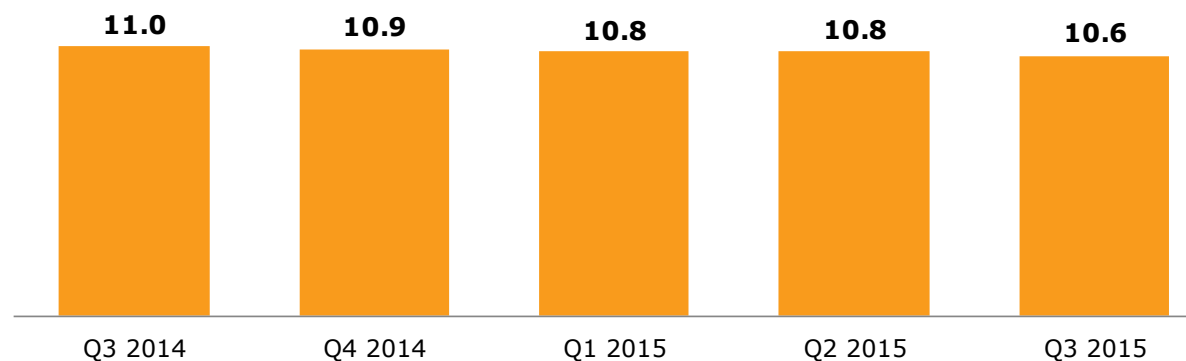
Subscribers (000s)



Highlights

- 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)



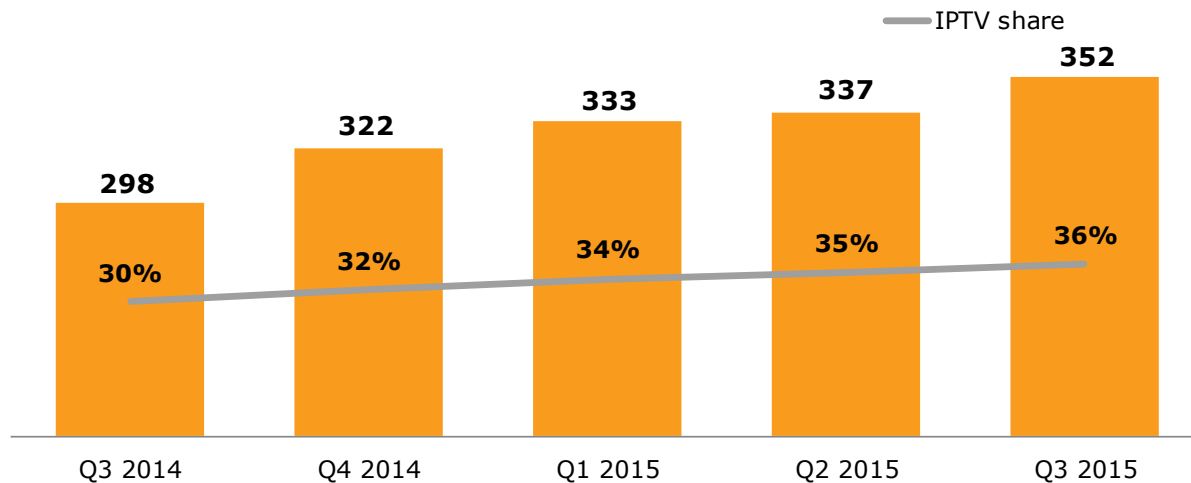
- ARPU pressure from fragmented competition and increased bundling

Source: Company data



Fixed pay-TV

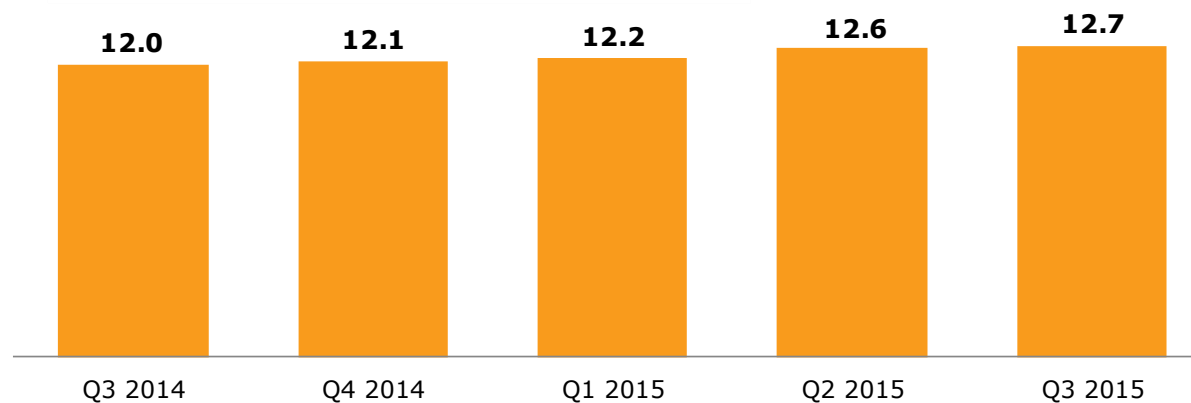
Subscribers (000s)



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)



- Blended ARPU increase with growing share of tariffs with higher MRC, despite high competition and increased bundling

Source: Company data

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

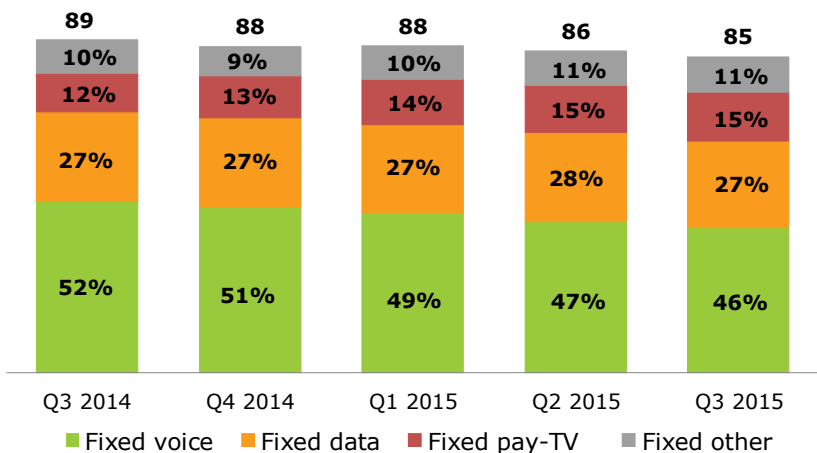
(BGN m)	YTD 2014	YTD 2015	change %	Q3 2014	Q3 2015	change %
Revenue	601	625	4.0%	208	220	5.8%
Vivacom	601	614	2.2%	208	209	0.6%
NURTS	-	14		-	14	
Eliminations	-	(3)		-	(3)	
EBITDA	239	220	(8.2%)	67	80	19.8%
Other gains, net	(6)	(16)		(3)	(10)	
EBITDA adjustments	30	55		26	19	
Adjusted EBITDA	264	258	(2.2%)	90	90	(0.4%)
<i>% of revenues</i>	43.9%	41.3%		43.4%	40.9%	
Vivacom	264	254	(3.9%)	90	86	(5.3%)
NURTS	-	2		-	2	
Eliminations	-	3		-	3	
Capex	86	104	22.0%	35	47	34.5%
<i>% of revenues, excl. licenses</i>	14.3%	16.0%		16.8%	19.2%	
Vivacom	86	104	21.7%	35	47	33.8%
NURTS	-	0		-	0	
Adjusted EBITDA - Capex	178	154	(13.8%)	55	43	(22.4%)

Source: Company data

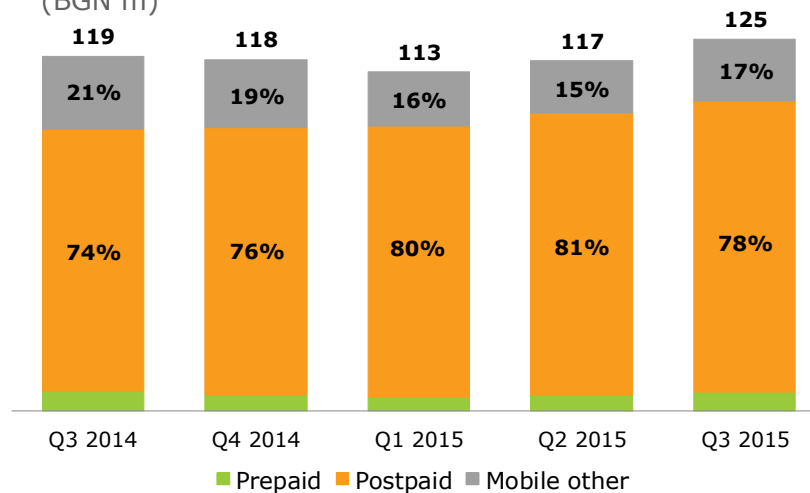


Revenues

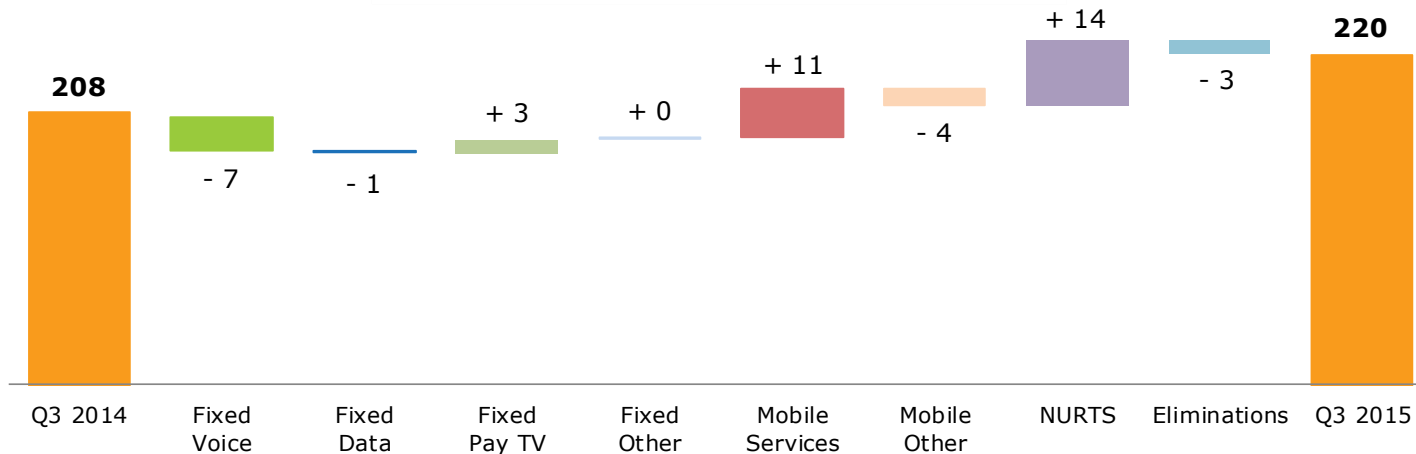
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



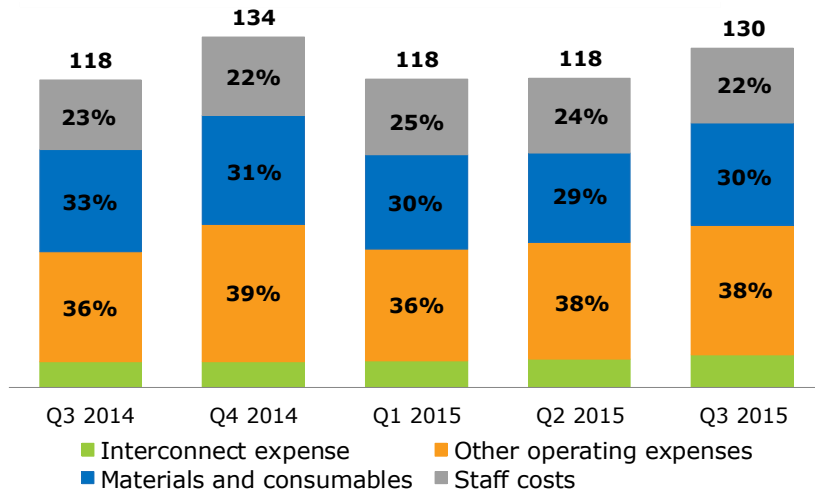
Revenue bridge Q3 2014 – Q3 2015 (BGN m)



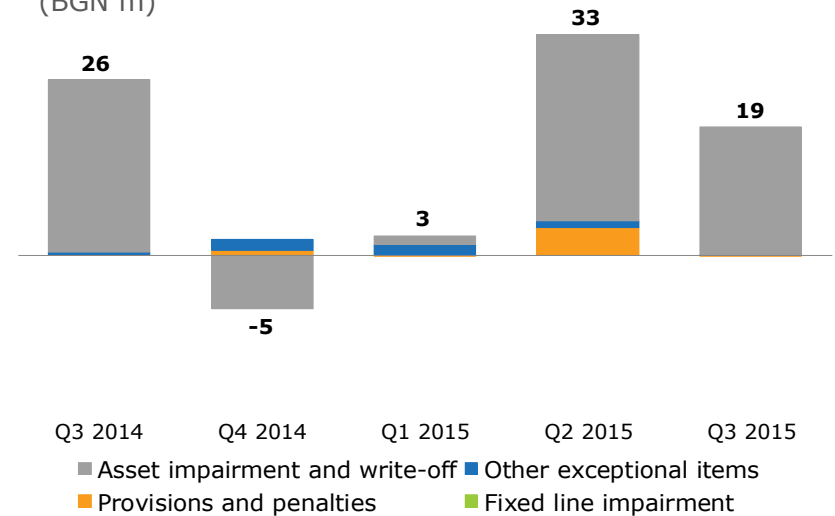
Source: Company data

Operating expenses and adjusted EBITDA

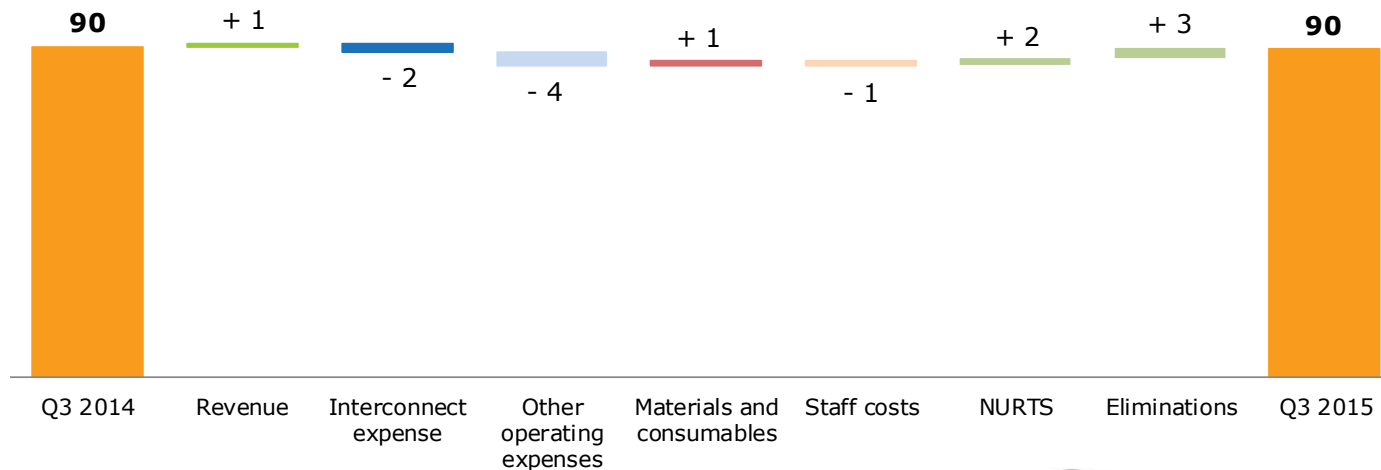
COS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



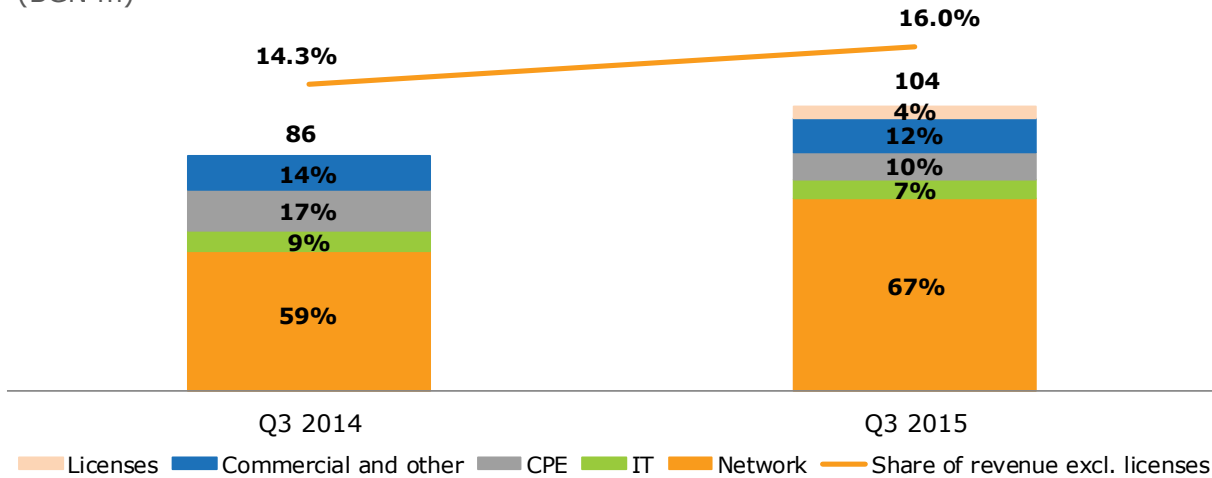
Adjusted EBITDA bridge Q3 2014 – Q3 2015 (BGN m)



Source: Company data

Capex

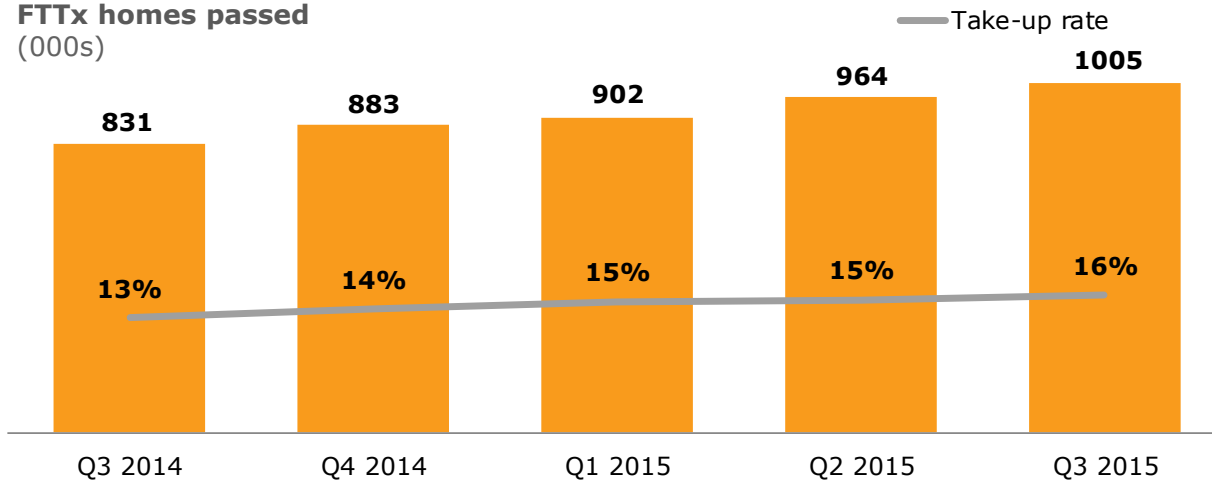
Capex structure and share of revenue
(BGN m)



Highlights

- Capex catch-up on plans to improve network roll out, resilience and capacity, including acquisition of licenses (2x5MHz in 2100 MHz)

FTTx homes passed
(000s)



- Current FTTx roll out plans near completion
- Stable fiber take-up rate

Source: Company data

Net debt

(BGN m)	Q3 2015	Q2 2015
Bonds	789	775
Revolving credit	10	10
Trade credits	8	9
Financial lease	2	2
Total borrowings	809	796
Total cash and cash equivalents	(104)	(59)
Net debt	704	737
<hr/>		
<i>Net Leverage Ratio</i>	<i>2.14</i>	<i>2.24</i>
<i>excl. NURTS</i>	<i>2.16</i>	<i>2.24</i>

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

NURTS acquisition - transaction summary

- Scope
 - Acquisition of 100% of the shares of NURTS Bulgaria EAD (NURTS)
 - Repayments of materially all debts of the company

- Purchase price
 - Fair value of the Consideration paid - BGN 39.9m
 - Fair value of Net Assets acquired – BGN 47.7m
 - Gain on bargain purchase – BGN 7.8m

- Others
 - NURTS is restricted subsidiary and all used baskets are recovered on closing

NURTS Group financial performance

(BGN m)

Q3 2015

Revenue	13.7
EBITDA	1.4
Other gains, net	(0.2)
EBITDA adjustments	0.1
Adjusted EBITDA	1.7
<i>% of revenues</i>	<i>12.4%</i>
Capex	0.2
<i>% of revenues, excl. licenses</i>	<i>1.8%</i>
Adjusted EBITDA - Capex	1.5

Source: Company data

Results Outlook for 2015 - updated

BGN m	2014 Actual	2015 YTD Actual	2015 Outlook
Adjusted EBITDA <i>incl. NURTS</i>	335 -	255 2	325 – 335 4 – 5
Capex <i>incl. NURTS</i>	168 -	104 0	160 – 170 1 - 1

Source: Company data

Q&A

Analysys Mason Disclaimer

Figures, projections and market analysis from Analysys Mason which are contained in this document are based on publicly available information only and are produced and published by the Research Division of Analysys Mason Limited independently of any client-specific work within Analysys Mason Limited. The opinions expressed in the Analysys Mason material cited herein are those of the relevant Analysys Mason report authors only. Analysys Mason Limited maintains that all reasonable care and skill have been used in the compilation of the publications and figures provided by Analysys Mason's Research Division and cited in this document. However, Analysys Mason Limited shall not be under any liability for loss or damage (including consequential loss) whatsoever or howsoever arising as a result of the use of Analysys Mason publications, figures, projections or market analysis in this document, by Vivacom, its servants, agents, or any recipient of this document or any other third party. The Analysys Mason figures and projections cited in this report are provided for information purposes only and are not a complete analysis of every material fact respecting any company, industry, security or investment. Analysys Mason figures and projections in this document are not to be relied upon in substitution for the exercise of independent judgment. Analysys Mason may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the Analysys Mason material cited in this document. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and Analysys Mason is under no obligation to ensure that such other communications are brought to the attention of any recipient of this document. The Analysys Mason material presented in this document may not be reproduced, distributed or published by any recipient for any purpose without the written permission of Analysys Mason Ltd.