

VIVACOM **2015 ANNUAL RESULTS**

Sofia, 12 April 2016

Forward looking statements

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The information contained in this presentation is on consolidated basis as at 31 December 2015, unless otherwise noted.

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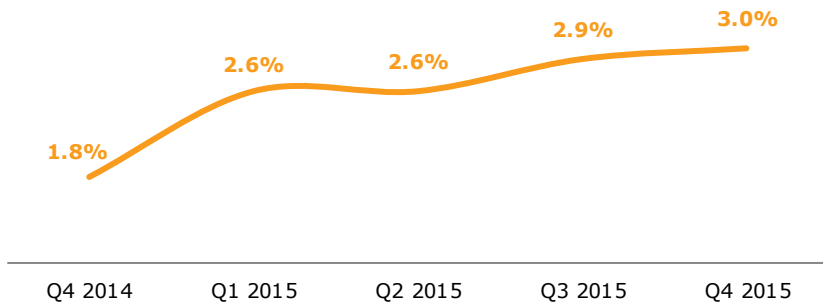
1. Overview
2. Performance highlights
3. Financial review
4. Regulatory outlook for 2016 – 2017
5. Results outlook for 2016
6. Q&A session

1. OVERVIEW

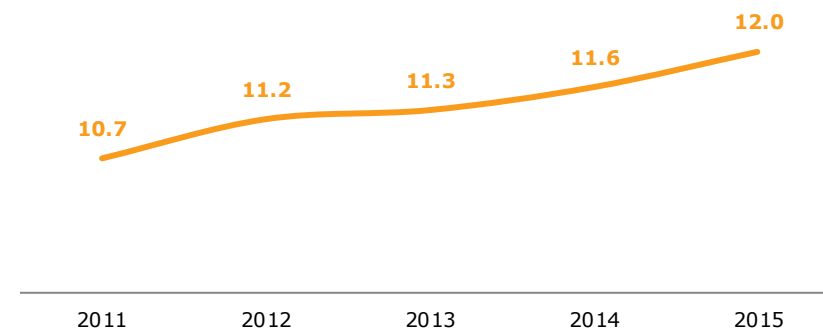
Atanas Dobrev
Chief Executive Officer

Macroeconomic environment

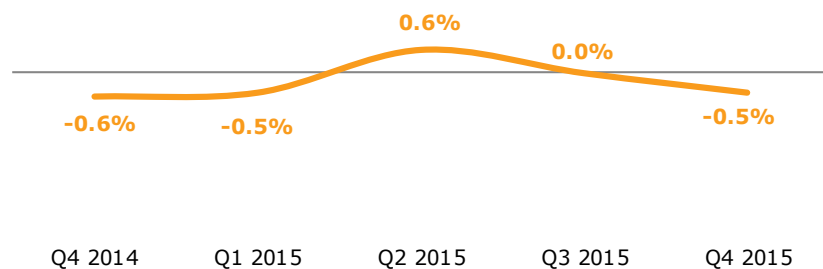
GDP recovering slowly
(%)



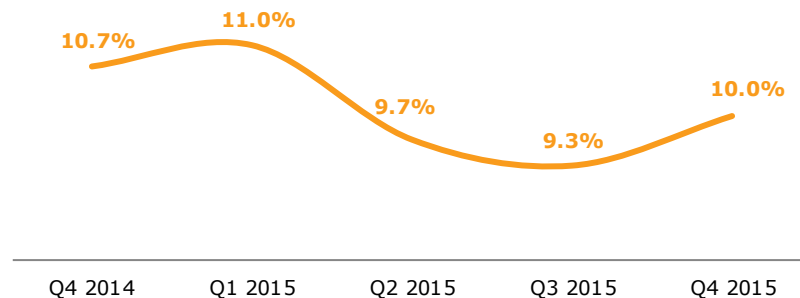
GDP per capita on the rise
(BGN 000s)



CPI in negative territory
(%)



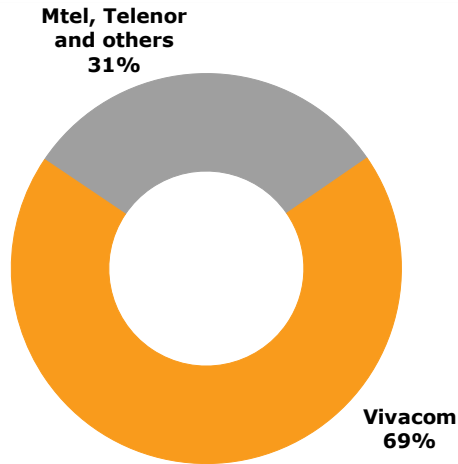
Unemployment with seasonal increase
(%)



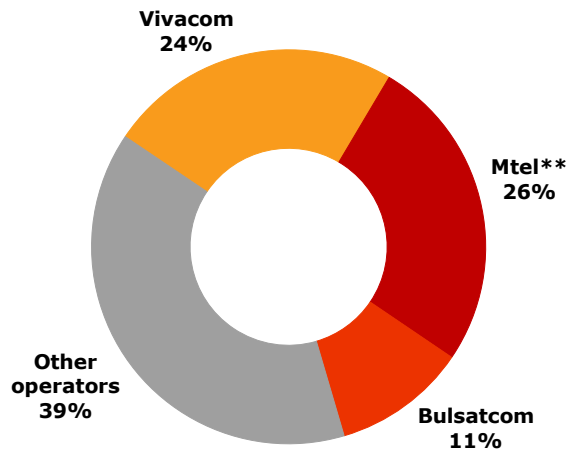
Source: BNB, NSI 2015 preliminary.
Unemployment calculated as average of the respective monthly figures.

Company snapshot

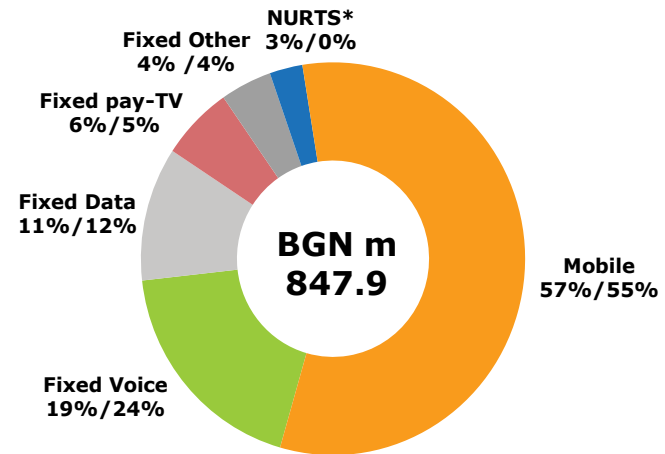
Incumbent fixed operator with high revenue share (% share in fixed voice revenue as of Q4 2015)



Second largest fixed broadband operator (%, fixed broadband subscriber share as of Q4 2015)



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



- Leading integrated telecom operator in Bulgaria:
 - #1 in total revenue share
 - #1 in fixed voice - 69% revenue share
 - #2 fixed broadband – 24% subscriber share
 - #1 IPTV operator and #3 pay-TV provider
 - Quality 3G mobile network - 99.92% by population, of which 71.56% with download speed up to 42.2 Mbit/s
 - SRAN deployment and LTE upgrade in progress

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

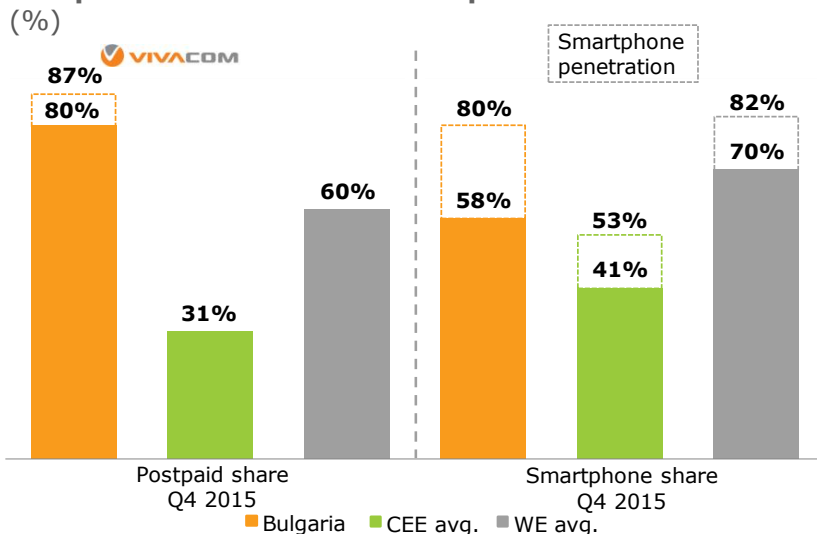
* NURTS Group revenue with consolidation adjustments – for H2 2015.

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

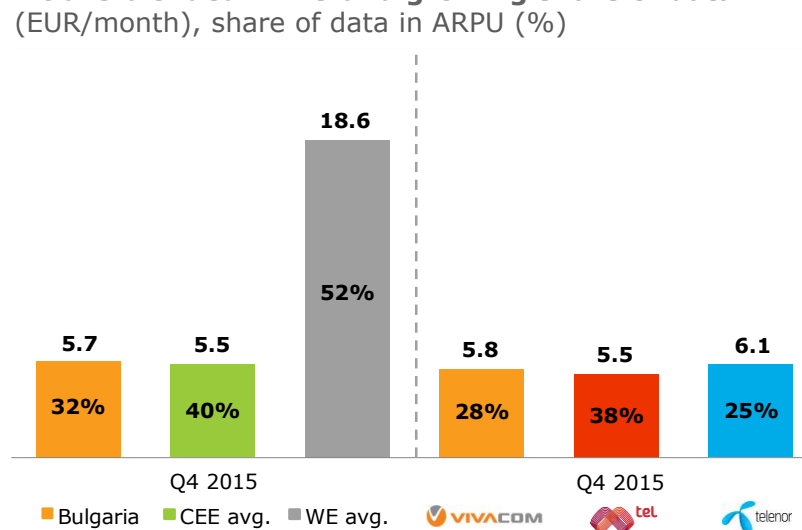


Market highlights

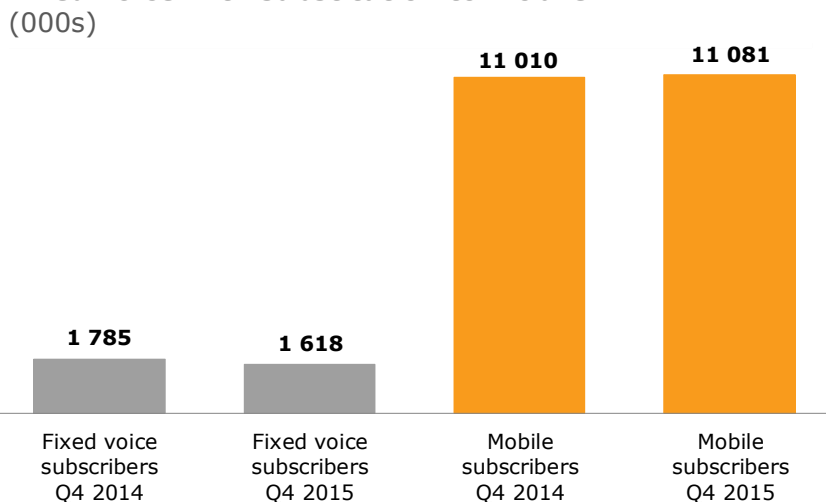
Postpaid mobile market with upside in data



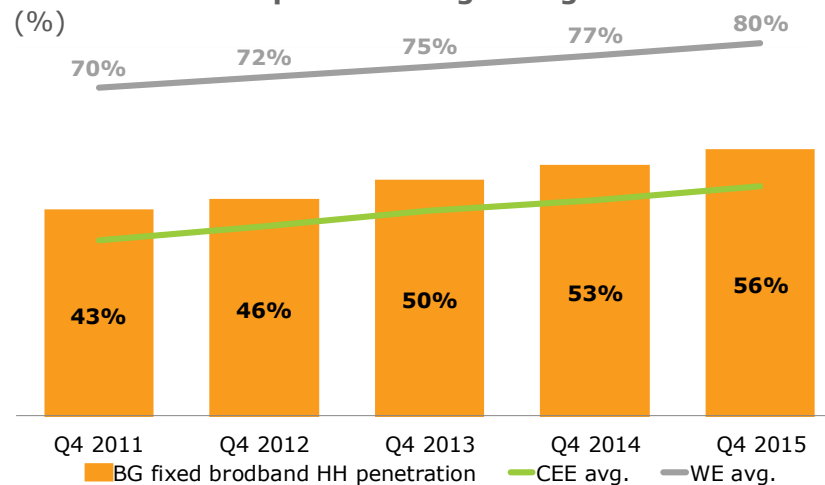
Mobile blended ARPU and growing share of data



Fixed voice with substitution to mobile



Fixed broadband penetration growing



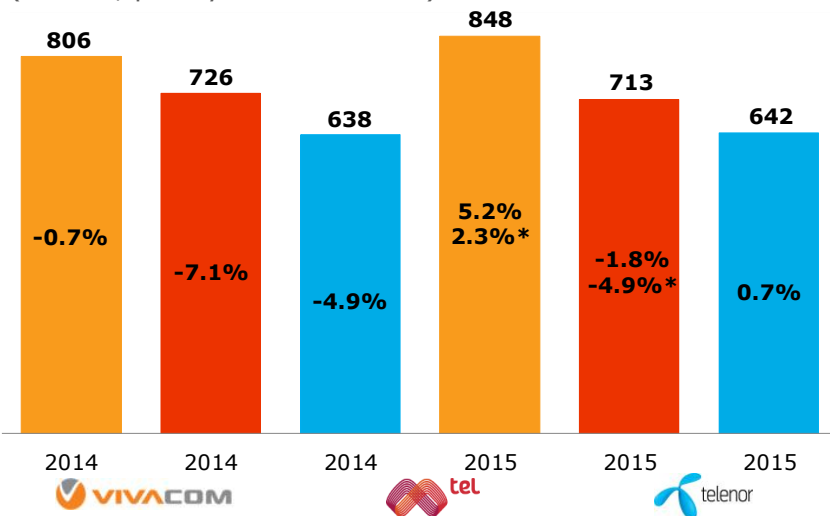
Source: Analysys Mason's Telecoms Market Matrix and European Core Forecasts, Company data, TA reports, Telenor reports
 All figures are based on active subscribers. Fixed voice subscribers include narrowband and VoBB connections.
 Smartphone share is defined as number of smartphone divided by number 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 2015, as per official reports.



Performance overview

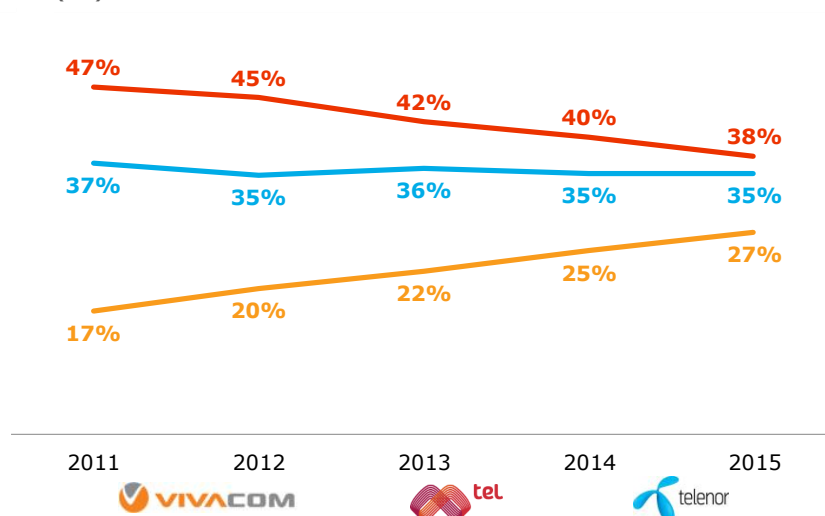
#1 Telco company on total revenues

(BGN m, prior year variance %)



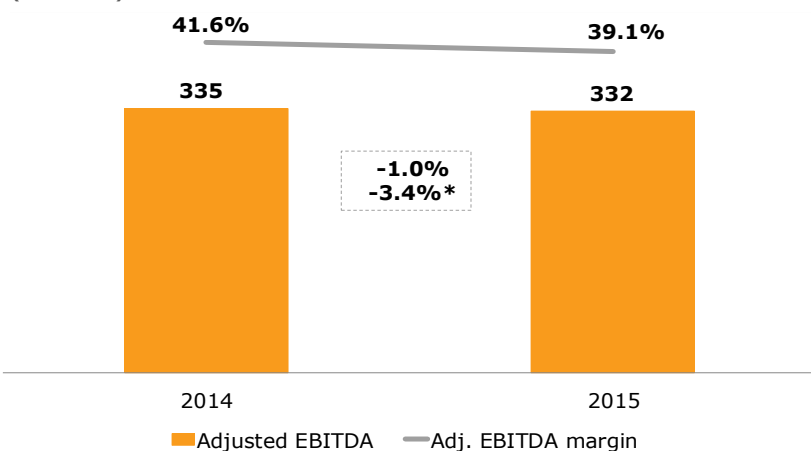
Gaining share in mobile service revenues

(%)



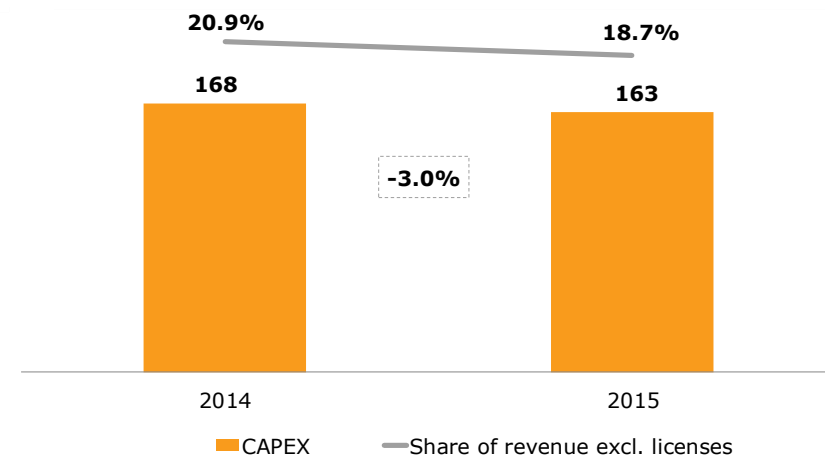
Adjusted EBITDA led by higher costs in growth areas

(BGN m)



Capex supporting 3G and preparation for 4G

(BGN m)



Source: Company data, Telekom Austria reports, Telenor reports

* Excluding NURTS Group contribution (BGN 23.5 million) for VIVACOM and Blizoo contribution (BGN 22.9 million) for Mtel

Mobile service revenues calculated as average subscribers multiplied by ARPUs.

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

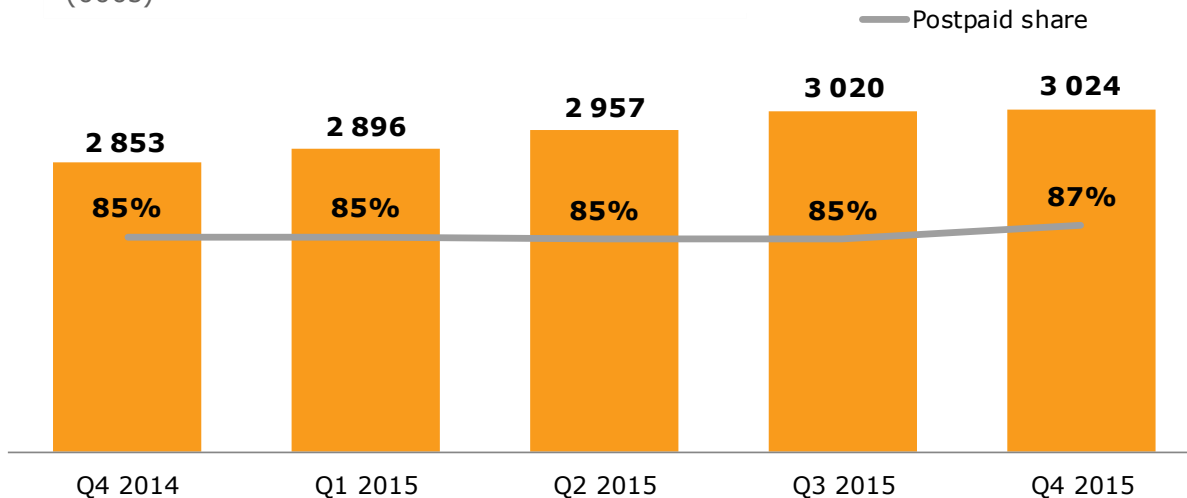


2. PERFORMANCE HIGHLIGHTS



Mobile key metrics

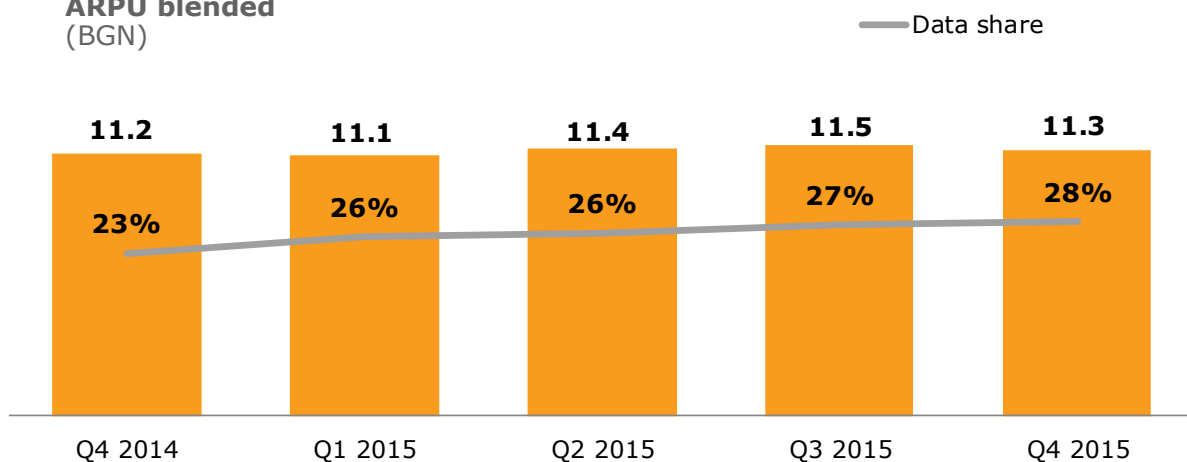
Subscribers (000s)



Highlights

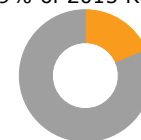
- Mobile subscribers with slower growth due to market dynamics
- Better quality profile with smaller prepaid base and focus on long-term contracts

ARPU blended (BGN)



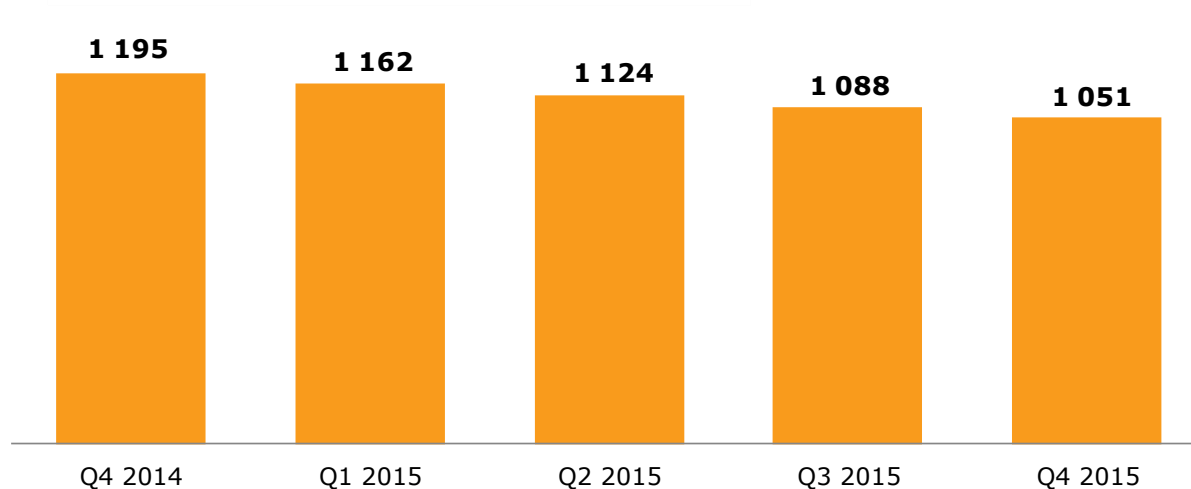
- Improved blended ARPU, boosted by data usage

Source: Company data



Fixed voice key metrics

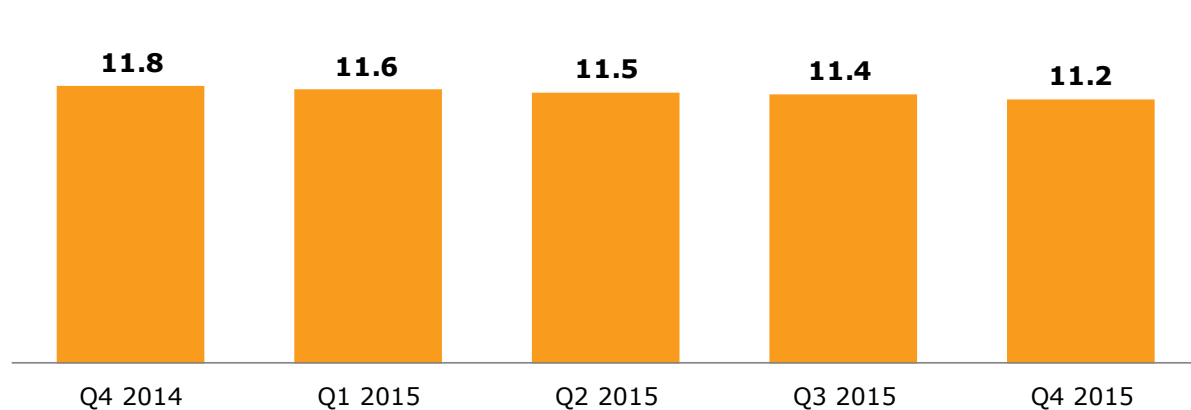
Subscribers (000s)



Highlights

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

ARPU blended (BGN)



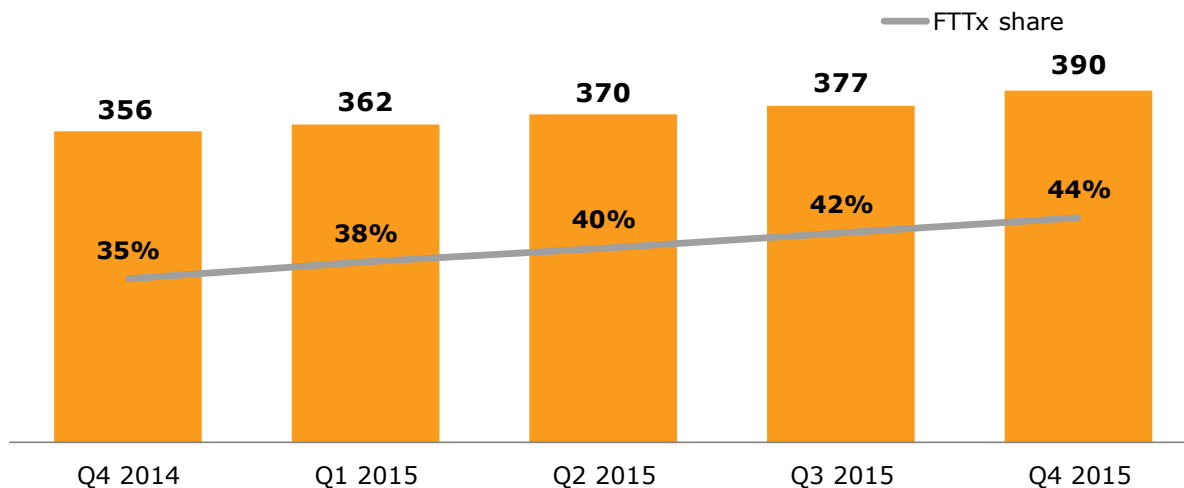
- ARPU with slow decrease due to competitive pressure

Source: Company data



Fixed broadband key metrics

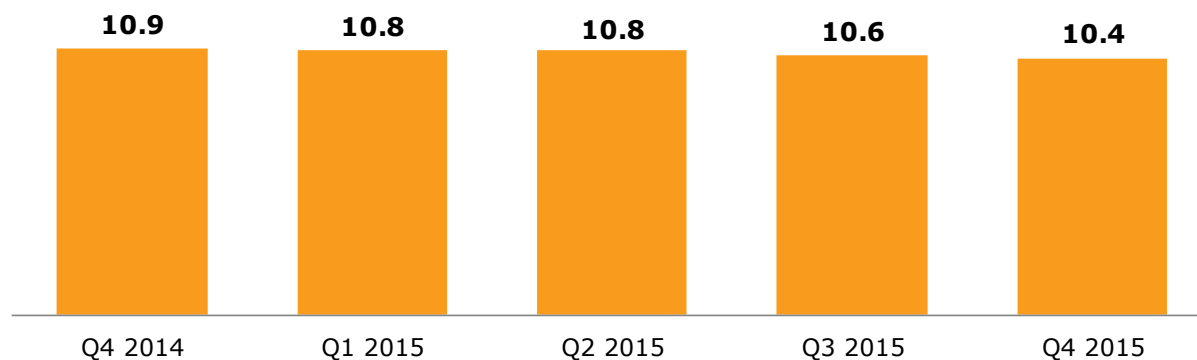
Subscribers (000s)



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

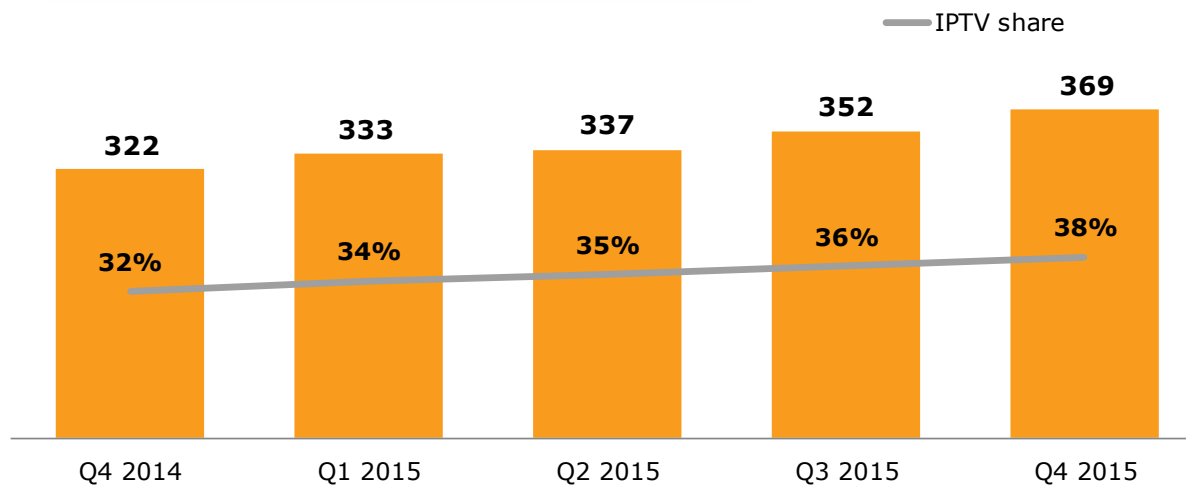
Source: Company data



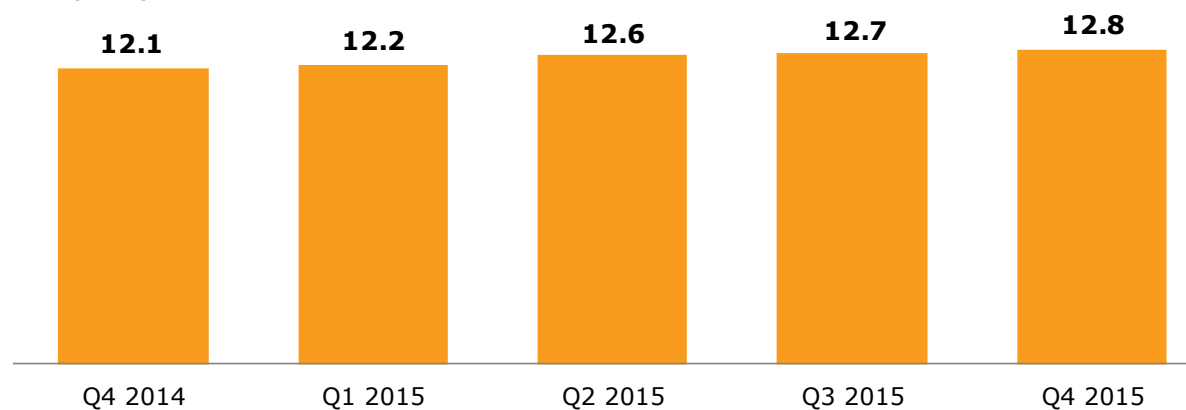


Fixed pay-TV

Subscribers (000s)



ARPU blended (BGN)



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

Source: Company data

3. FINANCIAL REVIEW

Asen Velikov
Finance Director

Financial performance summary

(BGN m)	2015	2014	change %	Q4 2015	Q4 2014	change %
Revenue	847.9	805.9	5.2%	223.1	205.3	8.7%
Vivacom	824.4	805.9	2.3%	210.4	205.3	2.5%
NURTS	28.2	-		14.5	-	
Eliminations	(4.7)	-		(1.7)	-	
EBITDA	280.8	319.6	(12.1%)	61.2	80.5	(23.9%)
Other gains, net	(18.5)	(9.6)		(2.3)	(4.0)	
EBITDA adjustments	69.4	25.0		14.6	(5.5)	
Adjusted EBITDA	331.7	334.9	(1.0%)	73.6	71.0	3.6%
<i>% of revenues</i>	<i>39.1%</i>	<i>41.6%</i>		<i>33.0%</i>	<i>34.6%</i>	
Vivacom	323.6	334.9	(3.4%)	69.9	71.0	(1.6%)
NURTS	5.3	-		3.6	-	
Eliminations	2.8	-		0.1	-	
Capex	163.4	168.4	3.0%	58.9	82.7	28.8%
<i>% of revenues, excl. licenses</i>	<i>18.7%</i>	<i>20.9%</i>		<i>26.3%</i>	<i>40.3%</i>	
Vivacom	162.9	168.4	3.2%	58.7	82.7	29.0%
NURTS	0.4	-		0.2	-	
Adjusted EBITDA - Capex	168.4	166.5	1.1%	14.6	(11.7)	(224.7%)

Source: Company data



NURTS Group financial performance

(BGN m)

H2 2015

Revenue	28.2
EBITDA	(40.4)*
Other gains, net	0.4
EBITDA adjustments	45.3*
Adjusted EBITDA	5.3
<i>% of revenues</i>	<i>18.7%</i>
Capex	0.4
<i>% of revenues, excl. licenses</i>	<i>1.5%</i>
Adjusted EBITDA - Capex	4.9

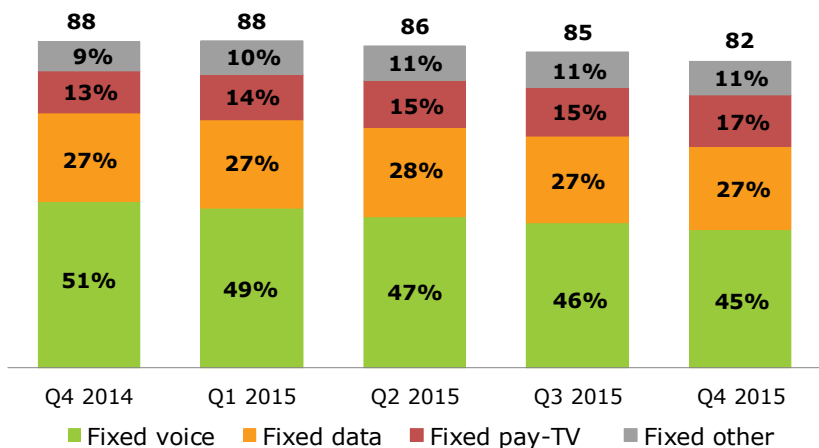
Source: Company data

* Impairment loss of BGN 45 m was recognized in NURTS Group as a result of impairment testing of its assets

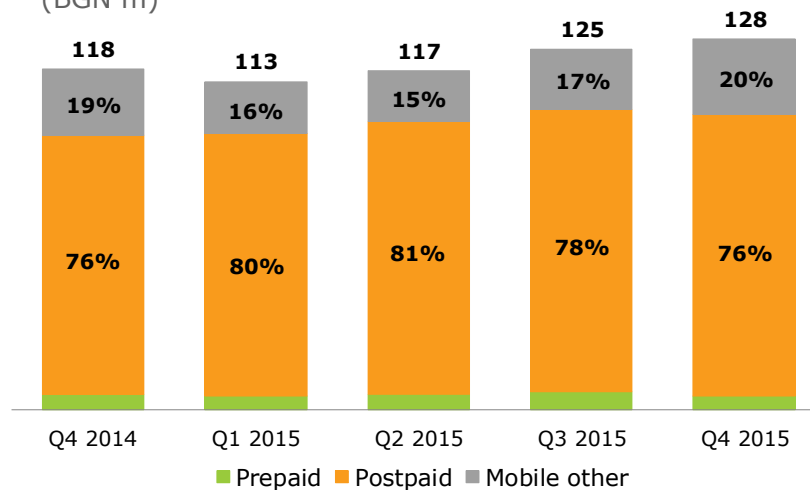


Revenues

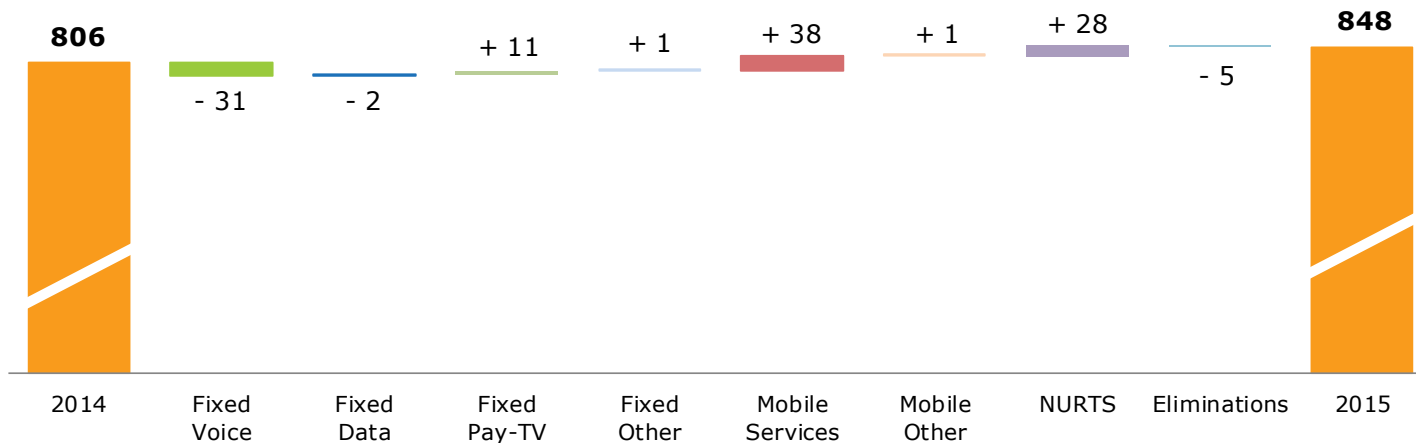
Revenues Fixed
(BGN m)



Revenues Mobile
(BGN m)



Revenue bridge 2014 – 2015 (BGN m)

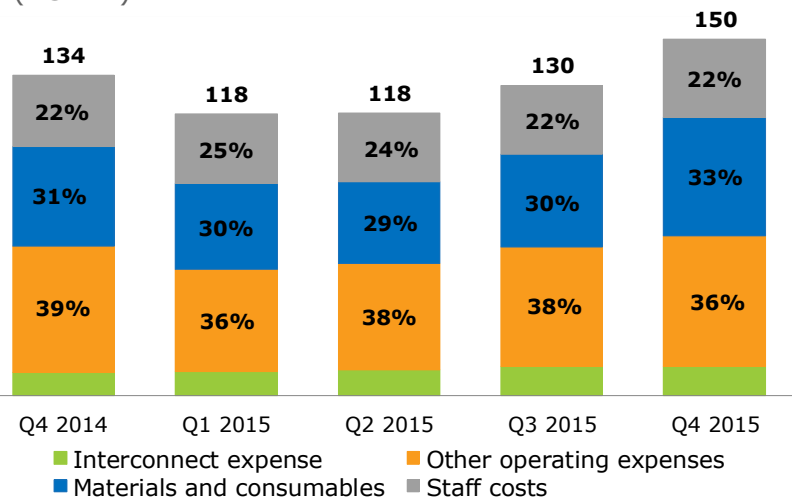


Source: Company data

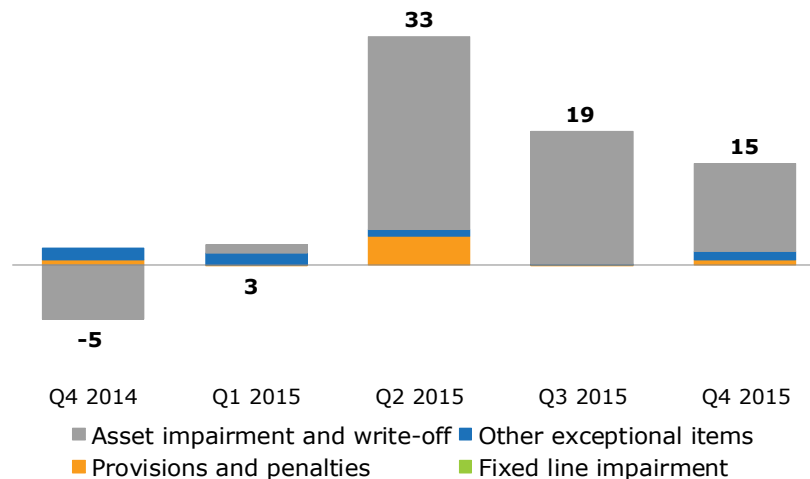


Operating expenses and adjusted EBITDA

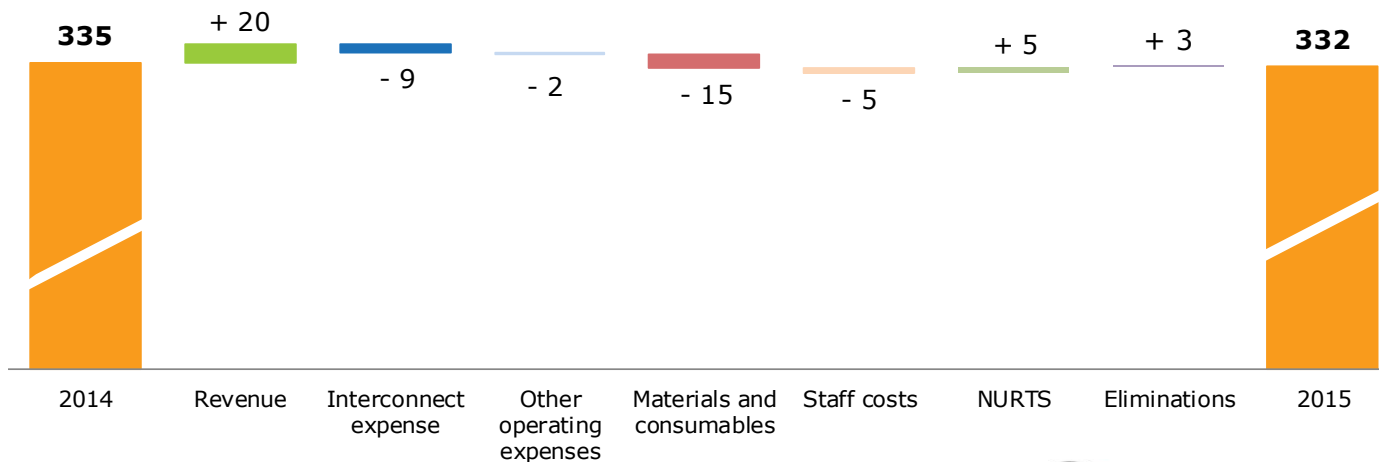
CoS and Opex
(BGN m)



EBITDA adjustments
(BGN m)



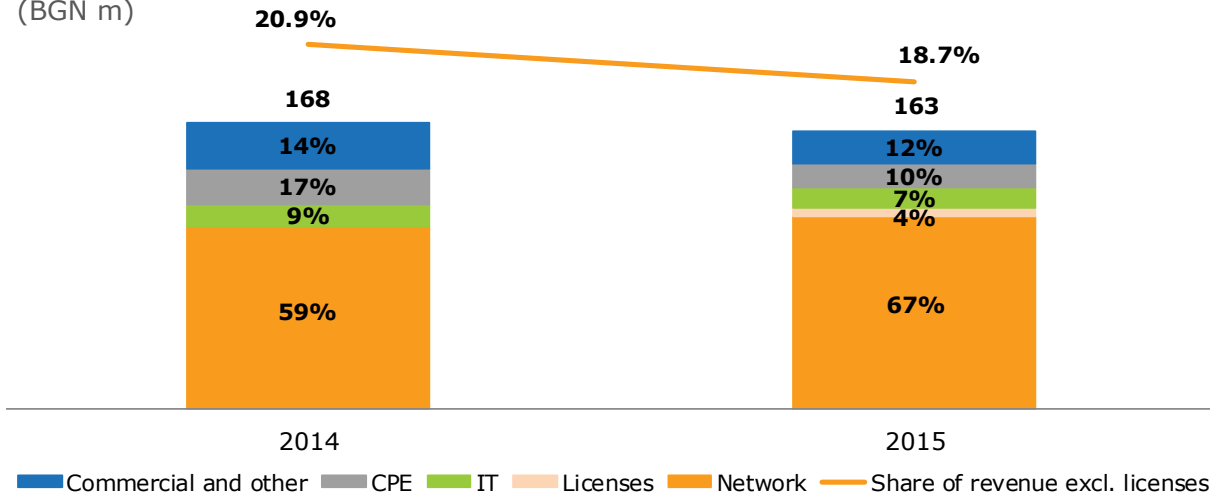
Adjusted EBITDA bridge 2014 – 2015 (BGN m)



Source: Company data

Capex

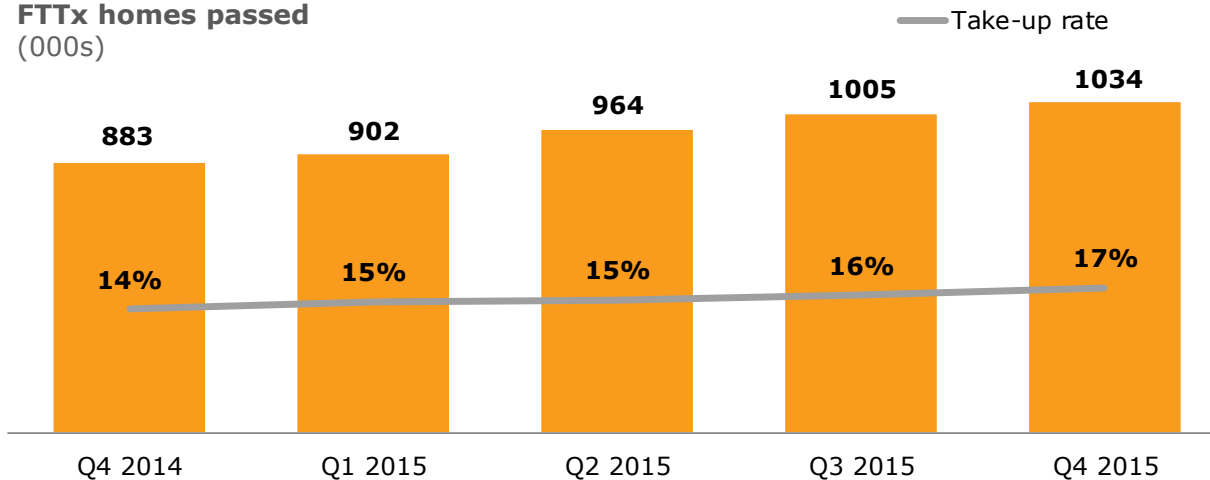
Capex structure and share of revenue
(BGN m)



Highlights

- Focus on network to improve coverage capacity and resilience, including acquisition of licenses (5 MHz in 2100 MHz)
- Launching LTE and SRAN upgrades

FTTx homes passed
(000s)



- Further evolution of our FTTx roll out in carefully selected areas based on return of investment criteria
- Stable fiber take-up rate

Source: Company data



Net debt

(BGN m)	Q4 2015	Q4 2014
Bonds	777.0	773.4
Revolving credit	9.8	19.6
Trade credits	6.6	10.5
Financial lease	0.7	1.5
Total borrowings	794.1	805.0
Total cash and cash equivalents	(89.6)	(60.1)
Net debt	704.6	744.9
<i>Net Leverage Ratio</i>	<i>2.12</i>	<i>2.22</i>
<i>excl. NURTS</i>	<i>2.17</i>	<i>2.22</i>

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

Regulatory outlook for 2016 - 2017

- **EU Roaming - roam like home**
 - as of April 30, 2016: operators may apply a maximum surcharge to domestic retail prices of €0.05 per minute of voice call made, €0.02 for SMS sent, and €0.05 per MB data (excl. VAT)
 - as of June 15, 2017: no extra charges for calls, texts and mobile data
- **Net neutrality** - additional requirements in terms of provision of Internet access to end-users, irrespective of the network technology and terminal equipment, without discrimination, restriction or interference
- **Termination rates**
 - Further reduction of the termination rates at the beginning of Q3 2016 once the CRC adapts the respective regulatory models (BULRIC)
 - Deregulation of Non EU international TRs from Q3 2016
- **LTE Spectrum**
 - 1800 MHz: currently expected to be available in Q2 2016
 - 800 MHz: currently expected to be available from 2017 or 2018

Results outlook for 2016

	2015 actual	2016 guidance
Adjusted EBITDA	BGN 332 m	BGN 325 - 335 m
Capex	BGN 163 m	BGN 210 – 220 m

Source: Company data

Q&A

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