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Vodafone extended coverage and the number of 4G users in the 1st quarter

Vodafone improved the key financials according to the Q1 2020 results. The company's revenue in January-March 2020 amounted to UAH 4.39 billion, 28% more than for the same period last year. Vodafone demonstrates the highest revenue growth dynamics on the market due to the increased consumption of data services and boost in income from trading activities of own Vodafone retail.

According to the results of the first quarter, the Vodafone data customer used by an average 4.6 GB of traffic per month. The growth in consumption is possible thanks to the active expansion of high-speed Internet networks coverage. Today, Vodafone 4G network is available to 71% of Ukrainians, 86% of the population can use 3G coverage. The number of 4G base stations doubled during the year and the number of settlements with 4G available increases three times. Vodafone invested more than UAH 1.2 billion in the network in Q1 2020, including UAH265 mil license cost in the 900 MHz spectrum band. The Company's total investment in the broadband mobile Internet networks amounted to UAH 26.6 billion.

In addition, the number of data customers has increased – the number of 4G USIM cards users has grown 3 times within two years. The number of Vodafone data clients exceeded 12 million.

Another factor in revenue growth was increase in trade activities of retail chain. Today, Vodafone Retail is one of the largest retailers in the country. Vodafone stores offer only certified products: smartphones, various gadgets, portable electronics, routers, accessories. The customer can activate any Vodafone services and get advice from the company's experts in the stores.

The operating efficiency indicators show the growth: OIBDA increased by 30% compared to Q1 2019 and reached UAH 2.3 billion. OIBDA margin increased to 53.3%. In the first quarter, the net loss of Vodafone Ukraine amounted to UAH 744 million, which is due to the exchange rate difference on the revaluation of Eurobonds in the amount of USD 500 million issued by the company in February 2020 – the hryvnia devaluation at the quarter-end amounted to 15% as compared to the exchange rate at the date of the loan. ARPU increased in the first quarter to UAH 68.9.

In view of the Q12020 results, the company's subscriber base remains stable and amounts to 19.5 million, the annual fluctuations are 0.1%, there is an increase in the contract adds segment.

The key events that affected the Company's operations in Q1 2020 were as follows:

- 1) Signing of the agreement between Vodafone Ukraine and Vodafone Group on cooperation extension for 5 years under the strategic partnership agreement. As part of the new agreement, the Ukrainian Company will continue to operate under the Vodafone brand over the next five years. As a full member of the global Vodafone Partner Markets program, Vodafone Ukraine may take advantage of special conditions for cooperation with global suppliers and telecommunications operators around the world. It will open up new opportunities for the Ukrainian market and allow Ukrainian customers to take full advantage of the Vodafone service available in many countries of the world. Vodafone Group will share its international expertise in network operation and optimization, as well as implementation of high-quality 4G services. Ukrainian companies will be able to take advantage of Vodafone's unique developments, such as the IoT ecosystem, big data analytics and cloud services.
- 2) On 5 February 2020 the Group has raised funding in the form of a Eurobond issue for the period of five years with amount of USD 500 million (UAH 12,426 mil as of the date of issue) with a coupon rate of 6.2%. This is the first experience for the Ukrainian telecom market. Vodafone managed to achieve the lowest price for the issue of Eurobonds among corporate issuers from Ukraine, which demonstrates the



Company's strong financial position, and is also a major achievement not only for Vodafone Ukraine, but also for the entire Ukrainian market.

- 3) As planned, in March 2020 the Group obtained licenses for 2G and 4G communications in the 900 MHz band (with the total cost UAH 265 million).
- 4) Given the difficult situation caused by the Covid-19 epidemic, Vodafone has provided and continues to support the country. Vodafone Ukraine jointly with its shareholder, NEQSOL Holding Group of Companies, provided UAH 33 million of direct financial aid. The funds were used to purchase equipment, testing systems and protective equipment for doctors. In addition, Vodafone provides free access to several online services and communication to support Ukrainians during quarantine. This contribution is estimated at about UAH 30 million. Thus, the total amount of assistance is UAH 63 million as of today.

On May 26, 2020, the Vodafone UA management will be holding a conference call to discuss its 1Q 2020 results. Please find more details for [joining the conference](#).

For additional information, please contact:

Vodafone

Investor Relations

IR@vodafone.ua

About Vodafone

Vodafone is one of the world's largest telecommunications companies and provides a range of services including mobile voice, data, messaging, fixed broadband and cable television. The operator has mobile operations in 22 countries, partners with mobile networks in 42 countries, and fixed broadband operations in 17 markets. As of 31 December 2019, Vodafone had approximately 625 million mobile customers, 27 million fixed broadband customers. For more information, please visit www.vodafone.com.

Vodafone Ukraine is a leading mobile operator in Ukraine that provides high-speed 3G and 4G Internet services. Vodafone's investments during the active construction of high-speed Internet networks in 2015-2019 exceeded UAH 26.6 bil (approx. USD 1 billion). Currently, Vodafone provides 3G coverage for 86% of Ukraine's residents and 4G for more than 71% of Ukraine's residents.

Record investments allowed to provide technological leadership and to develop new technological services – Internet of Things (IoT), technologies and solutions for Smart City, big data analytics, Mobile ID, Fintech services, cloud services. Vodafone has 19,5 million customers in Ukraine. See our website www.vodafone.ua for more details.