

# **VF Ukraine Group results 1H 2022**

Presented by  
02 September 2022



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# Solid track records in 1H 2022

## Changes in key indicators

	UAH (mln)			USD (mln) <sup>1</sup>		
	1H 2021	1H 2022	↑↓	1H 2021	1H 2022	↑↓
Revenue	9,640	9,916	<b>3%</b>	347	343	<b>-1%</b>
OIBDA	5,402	5,764	<b>7%</b>	194	199	<b>2%</b>
OIBDA, %	56.0%	58.1%	<b>2.1</b>	56.0%	58.1%	<b>2.1</b>
Net profit	2,101	663	<b>-68%</b>	76	23	<b>-70%</b>
CAPEX	1,491	1,276	<b>-14%</b>	54	44	<b>-18%</b>

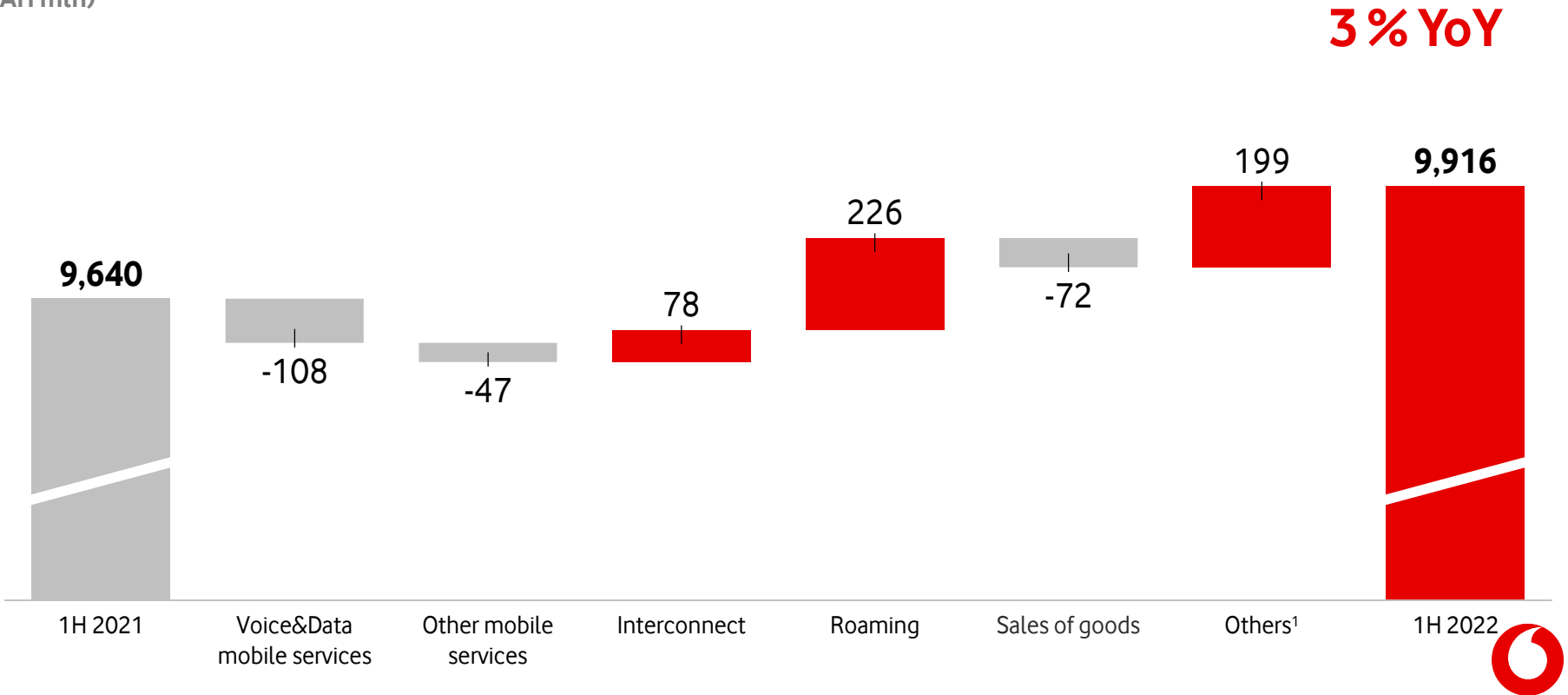
<sup>1</sup> Average rate for 1H 2022 is 28,91 UAH/USD (27.78 UAH/USD for 1H 2021)



# Group performance

## Group revenue: factor analysis

(UAH mln)



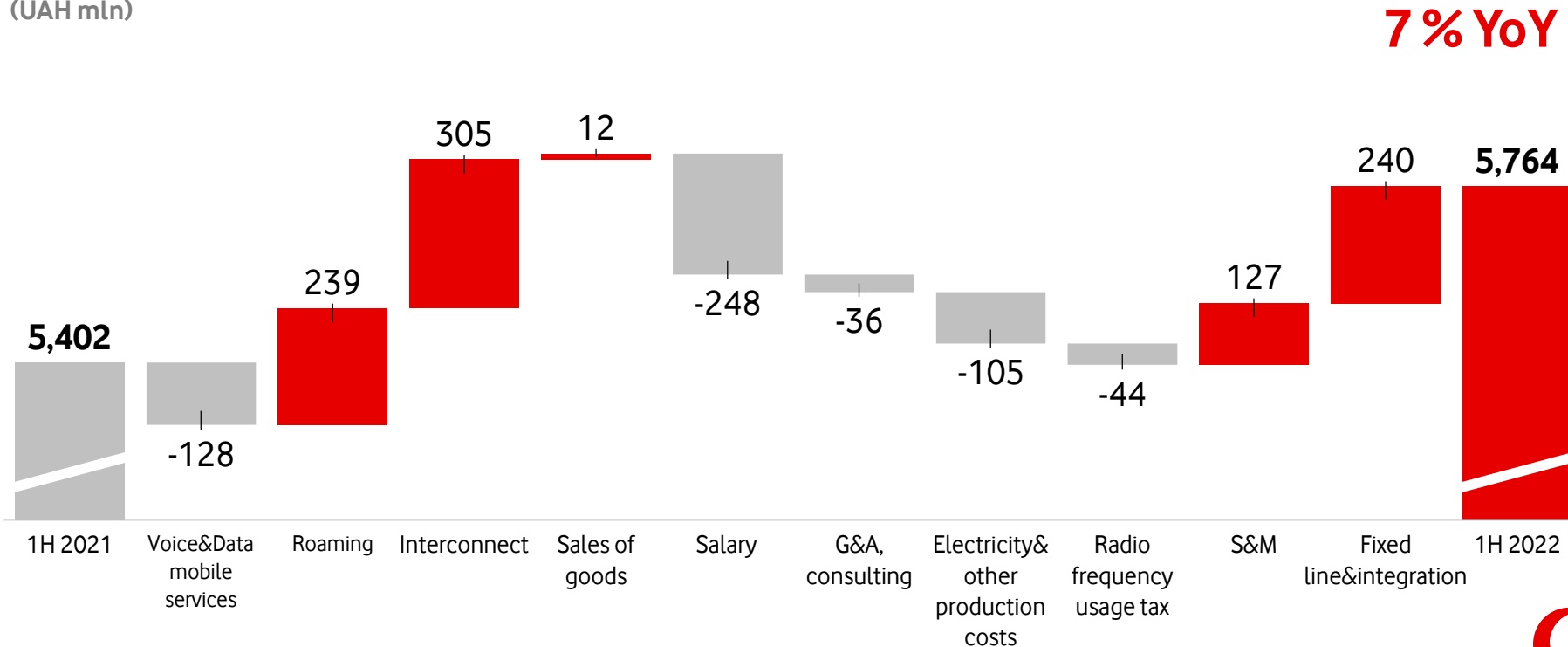
<sup>1</sup> Others includes Fixed business revenue (growth due to the Vega acquisition) and Revenue from integration services



# Group performance

## Group OIBDA: factor analysis

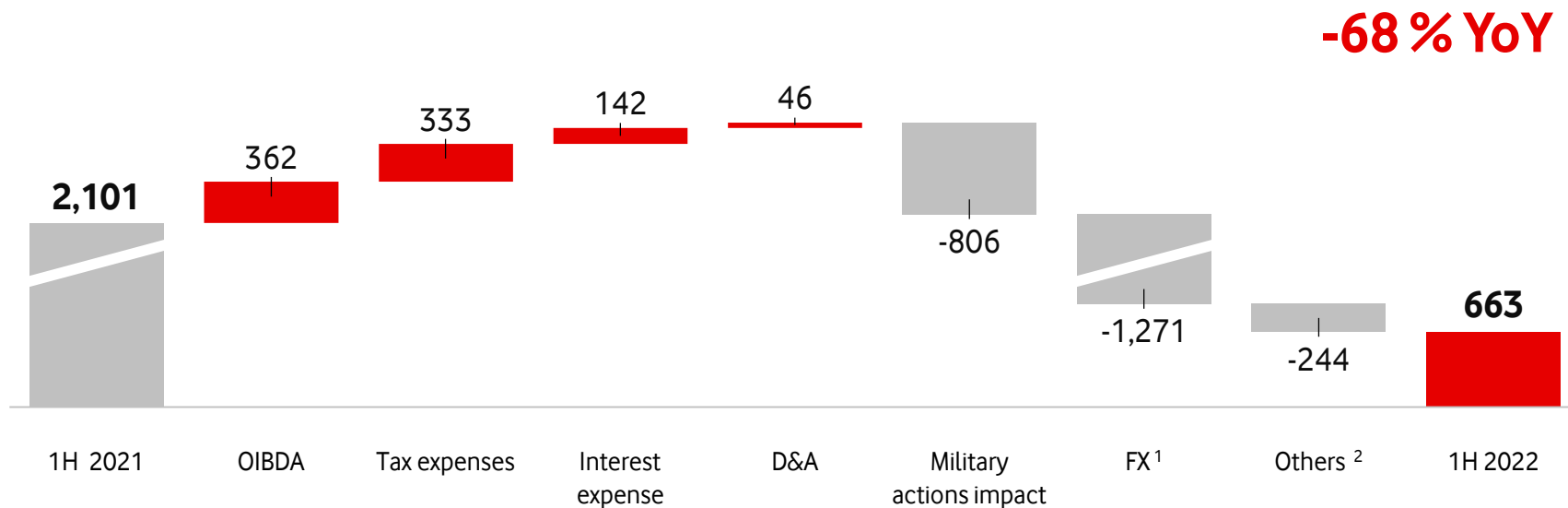
(UAH mln)



# Group performance

## Group net profit: factor analysis

(UAH mln)

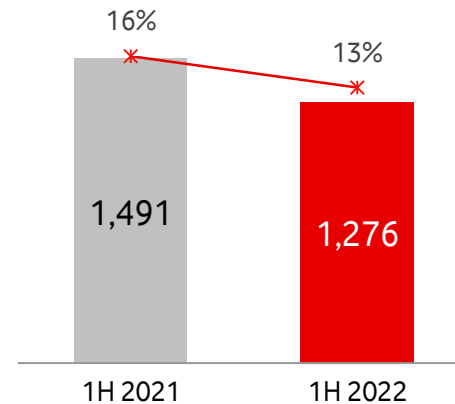
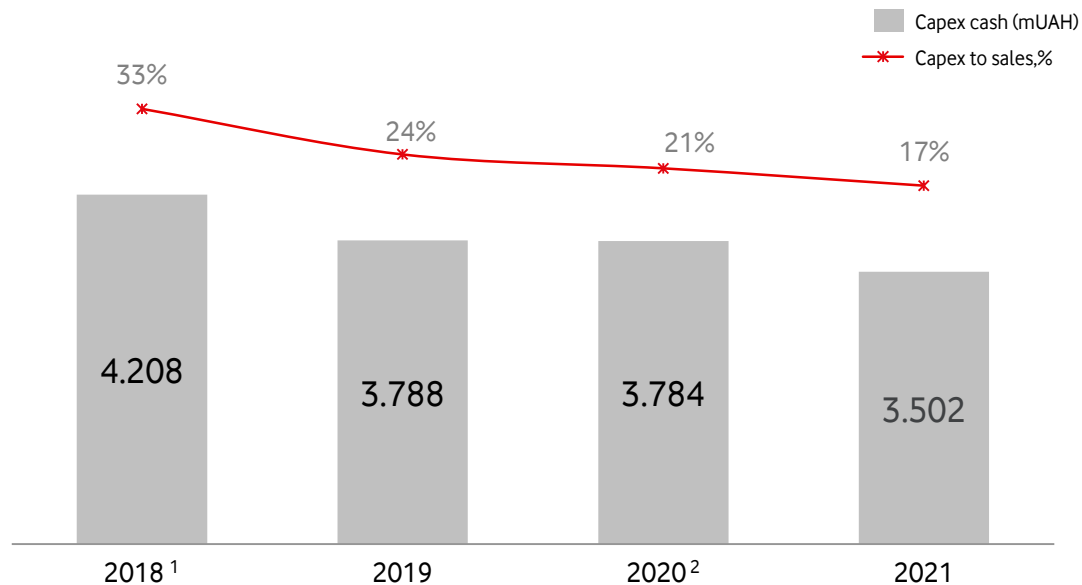


<sup>2</sup> Others includes ECL, interest income



# Group CAPEX

## CAPEX dynamic (UAH, mln)



<sup>1</sup> Excluding the costs of UAH 2,433 million related to the purchase of 4G licenses in 2018

<sup>2</sup> Excluding the costs of UAH 267 million related to the purchase of spectrum licenses in 2020





# Capitalization

## Debt profile

- On 5 February 2020 the Group successfully issued debut Eurobonds: a 5-years tranche in amount of USD 500 million with a coupon rate of 6.2%
- Maximum consolidated leverage ratio for the period ending prior to (and including) 11 February 2022 had to be 2,75 and 2,5 for any other period. On 3 September 2021 the Group entered into covenant change agreement allowing to pay out dividends and other restricted payments providing no Event of Default and no excess in the Consolidated leverage ratio 2x as a result of such payments
- As of 30.06.2022 the total face amount of Eurobonds pay off is USD 100,1 million
- On 10 August 2022 the Group made interest payment under the terms of Loan Agreement

## CREDIT RATINGS as of 30.06.2022

<b>Fitch</b>	<b>CCC</b>
<b>S&amp;P</b>	<b>CCC+</b>

## As of 30 June 2022

Cash, cash equivalents and deposits <sup>1</sup> (incl. government bonds)		
<b>Total debt</b>		
Notes payable (Eurobond issue, principal)		
Notes payable (Eurobond issue, %)		
Other debt (Lease obligations (under IFRS 16))		
<b>Net debt</b>		
OIBDA <sup>2</sup>		
<b>Net Debt/OIBDA<sup>3</sup></b>		

USD, mln	UAH, mln
	29,25
<b>162</b>	<b>4,753</b>
<b>545</b>	<b>15,934</b>
392	11,476
10	281
143	4,177
<b>383</b>	<b>11,181</b>
391	11,315
<b>1.0x</b>	<b>1.0x</b>



## Sensitivity to a possible change in USD exchange rates

UAH, mln	
+25%	+40%
36,57	40,96
<b>5,487</b>	<b>5,927</b>
<b>19,199</b>	<b>21,159</b>
14,344	16,066
350	392
4,505	4,701
<b>13,712</b>	<b>15,235</b>
11,247	11,208
<b>1.2x</b>	<b>1.4x</b>

<sup>1</sup> Structure: 38 % UAH; 17 % USD; 45 % EUR

<sup>2</sup> OIBDA = EBITDA (average NBU exchange rate for 1H2022 was 28.91 UAH/USD)

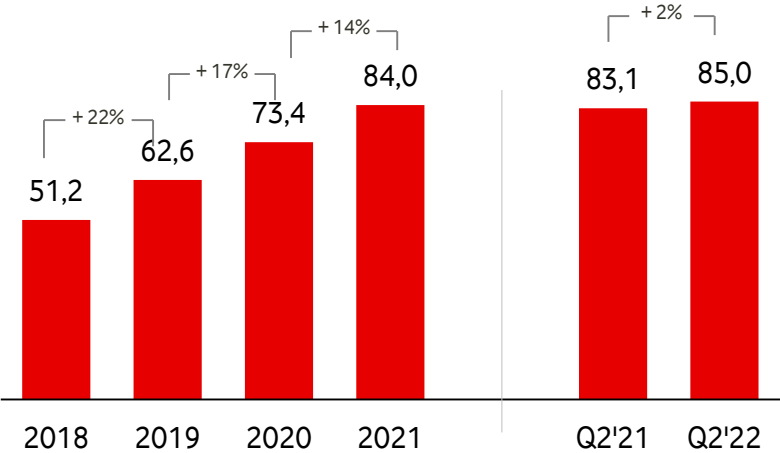
<sup>3</sup> Ratio Net debt/OIBDA will be equal to 1,1 if include net loss from military action impact



# Mobile Business Operational Performance (ARPU & Customer base)

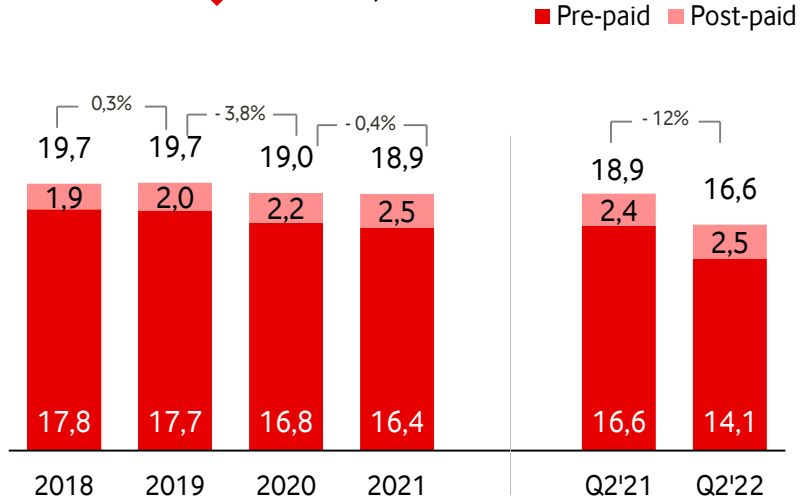
ARPU evolution (UAH)

Q2'22 vs Q2'21 ↑ 2,3% / UAH 2



Customer base, EoP (mln)









Q2'22 vs Q2'21 ↓ -12% / (2,3) mln



The Russia-Ukraine caused mass migration of Ukrainian people abroad, which significantly influenced Q2 2022 customer base. The main War Factors were: customer migration abroad; customer internal migration; customers in the military zone; economic factors; Vodafone network outage at the occupied territories.



# Impact of war

		 Network	 Users base	 Retail	 Digital				
<b>June 2021</b>		12 000	18,9 mln	<b>508 stores:</b> 129 (VF Retail) and 379 franchised	<table border="1"> <tr> <td>39% 4G penetration</td> <td>3,3 mln My Vodafone users</td> </tr> <tr> <td>61% Data users</td> <td>3,9 Gb Data usage per user</td> </tr> </table>	39% 4G penetration	3,3 mln My Vodafone users	61% Data users	3,9 Gb Data usage per user
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61% Data users	3,9 Gb Data usage per user								
<b>June 2022</b>	War impact	1 773 sites have down (or 14,4%) 241 sites of them are fully destroyed (or 2%) <sup>1</sup>	2,3 mln lost 1,76 mln located abroad	Temporary closed: 90 (28 and 62) or ~18% Fully destroyed: 25 (8 and 17) or ~5%	Due to active development of LTE network and raised consumptions of users for keeping connection				
	Fact as of 30.06.2022	Sites on air: <b>10 561</b>	<b>16,6 mln</b>	<b>387 stores:</b> 88 (VF Retail) and 299 franchised	<table border="1"> <tr> <td>44% 4G penetration</td> <td>3,8 mln My Vodafone users</td> </tr> <tr> <td>62% Data users</td> <td>5,1 Gb Data usage per user</td> </tr> </table>	44% 4G penetration	3,8 mln My Vodafone users	62% Data users	5,1 Gb Data usage per user
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62% Data users	5,1 Gb Data usage per user								
Business Availability (% of operating)	 <b>85,6%</b> of sites are operating (87% as of today)	 <b>88%</b> of 3M base is generated revenue	 <b>77%</b> of stores are opened	 <b>115-130%</b> positive impact of digital instruments					

**Despite the losses caused by russian military aggression, the Company continues operating its network and servicing its customers.**



Downward dynamic



Upward dynamic



<sup>1</sup> – only on controlled territory of Ukraine. There is no reliable information on the number of destroyed sites in the uncontrolled territory.

# Impact on Network and assets

## The scheme of geographical impact



% in black - out of control

## Current status

- As of today, all elements of the Core Network operate in ordinary way, but Vodafone Ukraine made all necessary steps for the quick switch to the Back up Scenario
- Vodafone Ukraine team is actively working to restore the damaged areas of the network
  - Around **87%** of sites are operating (the number is growing)
  - ~**2%** of sites are destroyed
  - Major infrastructure destruction is in places of active military actions
- All critical elements of technical and IT infrastructure are already diversified within Ukraine
- Estimated amount of assets losses is approx. UAH 806 mln.



# Country support initiatives



Help During War Time  
as of 30.06.2022

**Users**

**13 mln**

unique subscribers received free voice & data services in Ukraine

**for free**

**>UAH 270 mln**

A major part of free services and emergency alert messaging were granted at beginning of the war



**Available Roaming**

**32 countries**

support "Available Roaming"

**1,5 mln subsc.**

(or >80% of all roamers)

**~UAH 596 mln**



Available roaming

**10**  
ГБ

**300**  
ХВИЛИН

**100**  
SMS

**Charity Sponsorship Donations**

**Social contribution**

**~UAH 250 mln**

food, medical equipment, free gadgets for medical staff & volunteers, restoration of destroyed kindergartens & providing heating pumps for maternity hospitals

Including:

**Charitable projects**

**10 emergency medical cars**

(with all necessary equipment, total amount of UAH 23 mln)

Assistance of the "Come Back Alive" Fund

**Sponsorship**

Support of charity marathon **'Embrace Ukraine'** (Amsterdam)  
Broadcast of the event was free in Vodafone TV application.

**Opened services**

- ✓ **e-education, e-government, e-medicine:** Free access for schoolchildren to the lessons, communication services and messaging.
- ✓ AI solution for remote mine detection (Ukrainian Emergency Service)
- ✓ Data base of destroyed cultural heritage objects (Ministry of Culture)
- ✓ Digital transformation (Ministry of Digital Transformation)

**We do not stop supporting our people and country. Contribution of Vodafone Ukraine is closed to UAH 1 bln**



# #BeBrave like Vega Telecom



FBB network, subscribers base:

	31.12.2021	30.06.2022	%
Internet	51,9 K	52,8 K	+2%
Telephony	135 K	128 K	-5%

**UAH 236 mln**

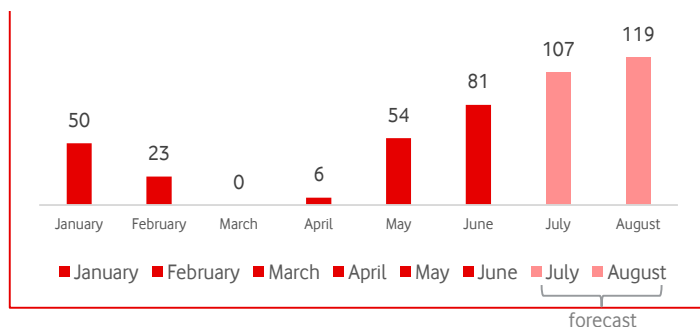
Almost reached the Budget expectation

Revenue IH22

	Renewed connections	Fully destroyed or occupied	Bomb shelters coverage
Subscribers	<b>1 264</b> (Chernihiv, Kyiv region, Kharkiv, etc.)	<b>2 200</b>	<b>70 buildings</b>



## New MultiApartment Buildings (MDU) GPON



The Company continues the stable activity and development of the GPON network.

### The Network roll-out principles:

- Safety for team and support of deoccupied regions
- Suspension of construction in regions with active military actions (Kharkiv, Zaporizhzhia, etc)
- Target area for new buildings is concentration of Newest and neighboring buildings with HH>100
- Maximum closeness to Vodafone base customers

### Integration progress:

- ✓ Already developed a Customer Journey, financial and legal models of further FBB service and Product Catalog for FBB Vodafone
- ✓ Forecasted launch of White Label 2P (Vega and Vodafone) is in 4Q 2022
- ✓ 3P launch is planned in early 2023
- ✓ Full Convergent product – up to 2024.

**Despite losses and active military actions we continue developing the network and keeping people connected**



# #BeBrave like Vodafone Retail



**387 or 77% of all** (as of 30.06.2022)

Opened Mono-brand Retail outlets

	VF Retail	Franchised
Total	124	378
Temporary closed	28	62
Fully destroyed	8	17
<b>Opened</b>	<b>88</b> 92 (as of today) <b>71% of all</b>	<b>299</b> <b>79% of all</b>



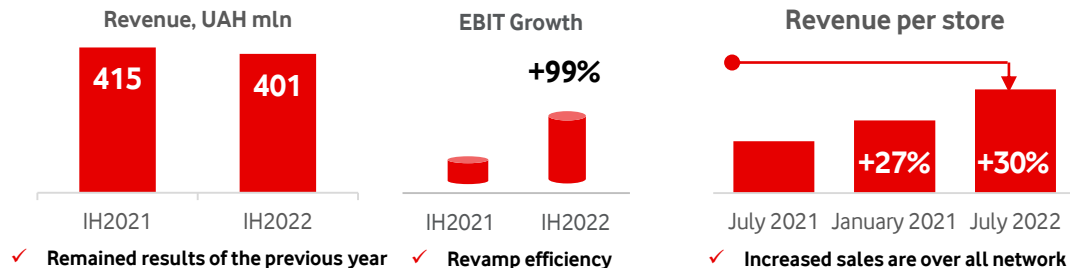
## Geographical coverage



Numbers of stores are as of today

- Key doors were opened during the War time while maintaining security measures.
- We keep presence in almost all regions on controlled territory.
- Only a quarter of stores is temporary closed, but opened stores number growths.

## Efficiency revamp



✓ Remained results of the previous year

✓ Revamp efficiency

✓ Increased sales are over all network

**Business model enhancement and efficiency growth made it possible to compensate losses and not to lose a market share.**



# #BraveEnough to be IT SmartFlex



## Financial progress

**UAH 174 mln**  
+30% YoY  
**Revenue 2021**

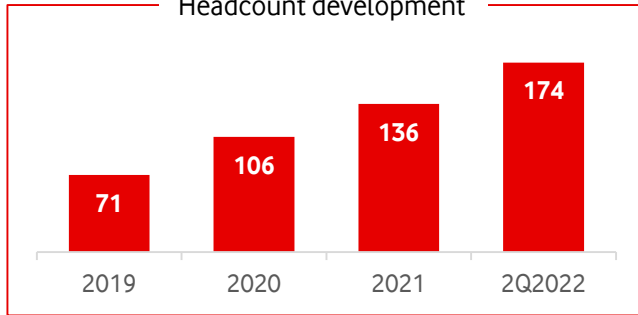
**UAH 243 mln**  
+39% YoY  
**Forecasted Revenue 2022**



## Team safety

The Company develops 'People & culture' principles. During war time the Company hasn't stopped activity and guaranteed safety of IT team.

## Headcount development



As of today:

- 98% of staff are working, 2% are mobilized to Army and Territorial Defense
- Focus on competence (4 new business models influence the Product teams culture)



## Technologies and products

- IT SmartFlex Tech Radar
- Architecture Advisory Forum
- Technical Chapters Implemented



- **Developed Products :**
  - Mass omni-channel communication system
  - Payment Platform
  - Double Data Sim
  - Middleware
  - KPI Tool
  - Kind race donation platform for Charity
  - Genesis Call Center and others
  - My Vodafone
  - Be kind
  - CRM and sales
  - Vodafone Analytics
  - Others



- **Other Products and Projects in progress**

- **Significant growth of efficiency and Customer's satisfaction**

**The people team and progress in the product implementation effectively support the stability of Telco core business**





# Q&A





Together we can