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Vodafone Group in 2023: growth of investments, subscriber base and income

In 2023, Vodafone Ukraine showcased resilience and positive momentum across all key operational and financial indicators. Despite the impact of the ongoing war, the company not only preserved but also increased its investments in the development and support of Ukraine's telecommunications infrastructure. Compared to the previous year, Vodafone's investments surged by an impressive 58%, reflecting a commitment to enhancing business efficiency.

Financial and Operational Highlights

Revenue Growth: Vodafone's revenue grew by 9% to reach UAH 21.6 billion in 2023. Key drivers included a focus on expanding fixed-line services, increased data usage, and growth in both mobile and fixed-line service revenues.

OIBDA Increase: The company achieved a 13% increase in OIBDA, which reached UAH 12.7 billion. The OIBDA margin also improved to 58.7%, representing a 1.8 percentage point increase.

Net Profit Surge: Vodafone's net profit soared to UAH billion, a remarkable fivefold growth compared to 2022. Factors contributing to this substantial increase included currency stabilization (due to NBU's managed exchange rate regime), reduced losses and impairment related to assets located on non-controlled territories, partner discounts, and overall business efficiency gains.

Investment Milestone: The generated profit allowed Vodafone to reinvest in network coverage and maintain network stability. Notably, the company achieved record-breaking investment levels, surpassing even pre-war figures from 2021.

Vodafone's commitment to Ukraine's telecommunications infrastructure underscores its resilience and determination to thrive despite challenging circumstances.

Investments

In 2023, Vodafone's investment in Ukraine's infrastructure amounted to UAH 5.7 billion. Throughout the two years of full-scale war, Vodafone invested a total of UAH 9.3 billion in the country.

Despite continuous network damage and the need for equipment restoration, the operator continued to expand. During the active phase of the war, Vodafone successfully brought 5,500 base stations online, enhancing coverage and network capacity. Over these two years, data traffic increased by 1.5 times. On average, a Vodafone data customer uses approximately 9 GB of mobile internet per month. This surge in usage contributed to an increase in the ARPU, reaching UAH 107.2 per month in 2023.

Expanding the network by 40% allowed Vodafone customers across Ukraine to consume more content while maintaining high-quality mobile internet. In the third and fourth quarters of 2023, Vodafone emerged as the leader in mobile internet speed in Ukraine, as confirmed by user tests using Ookla's Speedtest®.

Subscriber Base

Systematic investments in network development and restoration, coupled with attractive tariff initiatives, positively impacted the subscriber base. In 2023, Vodafone managed to increase its customer count. As of the end of the year, 15.9 million people in Ukraine use Vodafone services, representing a 3.2% growth compared to 2022.

Additionally, more than 2 million Vodafone customers remain abroad and continue to use Vodafone services with Ukrainian tariffs. Since the onset of the full-scale invasion, Vodafone has supported Ukrainians seeking refuge in European countries. Most tariffs include free access to the "Affordable Roaming" service in 30



countries. This service provides 10 GB of mobile internet and 100 minutes for calls to Ukrainian and destination-country subscribers, subject to payment of the Ukrainian service package.

Fixed Internet

Vodafone Ukraine has made significant strides in its fixed business segment. In 2023, Vodafone continued its development of fixed business by increasing investments in the expansion of new fibre optic lines based on Vega, a company within the Vodafone Ukraine group. Additionally, Vodafone acquired a new asset, purchasing 90.6% shares of LLC "Freenet".

During the past year, the company actively expanded its coverage in the cities of its presence and started the construction of the GPON network in Mykolaiv and Ivano-Frankivsk. In 2023, a network was built in 3,125 apartment buildings with the possibility of access to high-speed Internet for 411,426 households. In total, access to the Vodafone Gigabit Net service is already available in more than 6,000 homes in Ukraine.

Vodafone tripled its fixed internet user base using GPON technology, which has proven to be the most reliable and energy-independent access technology for home and office internet. Thanks to the development of its own network and the acquisition of a new provider, Vodafone has now entered the top 5 fixed internet providers in terms of user count.

Vodafone Retail

Retail revenue increased by 16%, reaching UAH 773 million in 2023, contributing to 3.6% of the entire Vodafone Ukraine group's revenue. Vodafone Retail improved the efficiency of its retail points, nearly doubling the number of available brands in Vodafone stores. The company received industry recognition, winning the "Retailer of the Year in the Portable Electronics Segment" award from the Association of Retailers of Ukraine (RAU), as chosen by Ukrainian consumers. Throughout the year, Vodafone opened 5 new stores, bringing the total number of retail outlets to 430: 92 company-owned stores and 338 dealer stores.

Vodafone's Commitment to Ukraine

Vodafone Ukraine has made substantial investments in supporting the country and its citizens. Since the onset of the full-scale invasion, Vodafone has been dedicated to ensuring millions of citizens remain connected with their loved ones and have access to information during these challenging times, regardless of their mobile account status.

Vodafone has launched a series of social and charitable initiatives, including humanitarian and Financial Assistance:

- Providing direct financial aid and humanitarian support.
- Procuring emergency vehicles and medical equipment.
- Initiating the "League of Warmth" charity challenge, aimed at insulating maternity hospitals.
- Supporting children who have lost parents due to the war.

In total, Vodafone's social investments during 2022-2023 amounted to UAH 1.7 billion

Million UAH	2023	2022	Dynamics
Income	21,610	19,824	+9%
OIBDA	12,689	11,277	+13%
OIBDA, %	58.7%	56.9%	1.8 p.p.

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<i>Net income/loss</i>	<i>5,073</i>	<i>1,100</i>	<i>+361%</i>
<i>Investment</i>	<i>5,659</i>	<i>3,588</i>	<i>+58%</i>
<i>ARPU (UAH)</i>	<i>107.2</i>	<i>90.6</i>	<i>+18</i>
<i>Customer base</i>	<i>15.9</i>	<i>15.4</i>	<i>+3.2</i>

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About Vodafone

Vodafone is one of the world's largest telecommunications companies, providing a wide range of services including mobile voice, data transfer, messaging, fixed broadband and cable television. The Company operates across 17 countries and partners with mobile networks in 43 countries. As of 31 March 2024, Vodafone provides services to over 340m mobile customers and 28m fixed broadband customers, 20m TV customers and connects more than 162m IoT devices. For more information, please visit www.vodafone.com.

Vodafone Ukraine is a leading telecommunications company that provides high-speed 3G and 4G Internet services and fixed broadband services. The Vodafone's investments during the active construction of high-speed Internet networks in 2015 –2023 exceeded 42 billion UAH. The record investments have ensured the technological leadership and the development of new technological services – Internet of Things (IoT), technologies and solutions for Smart City, big data analytics, fintech services, cloud services. Vodafone has 15.9 m customers in Ukraine. Since December 2019, Vodafone Ukraine is part of NEQSOL Holding.

About NEQSOL Holding

NEQSOL Holding is a diversified group of companies operating across the energy, telecommunications, hi-tech, and construction industries.

The group of companies operates in the Netherlands, the UK, the USA, Turkey, Azerbaijan, Ukraine, Georgia, Kazakhstan and the UAE.

Along with its plans for further business development in Ukraine, the Holding opened its representation office in Ukraine at the end of 2020.