

Vodafone Ukraine Group FY 2023 results

Annual results materials
(for investors and other stakeholders)

April 29, 2024

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FY2023 results and changes in key indicators

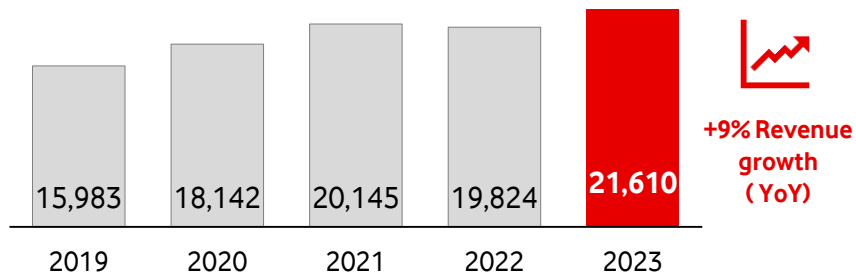
Changes in key indicators

	UAH			USD		
	2022	2023	↑↓	2022	2023	↑↓
Revenue, mln	19,824	21,610	+9%	612	591	-4%
OIBDA, mln	11,277	12,689	+13%	348	347	-1%
OIBDA, %	56.9%	58.7%	+1.8	56.9%	58.7%	+1.8
Net profit, mln	1,100	5,073	X4.6	34	139	X4.1
CAPEX, mln	3,588	5,659	+58%	111	155	+40%
ExRate UAH/USD, average				32.37	36.58	+13%

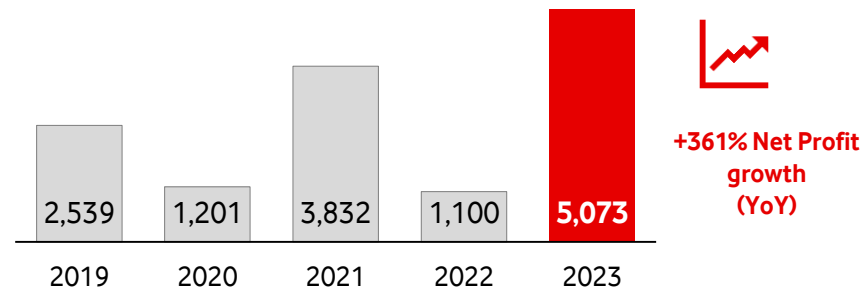


Financial highlights

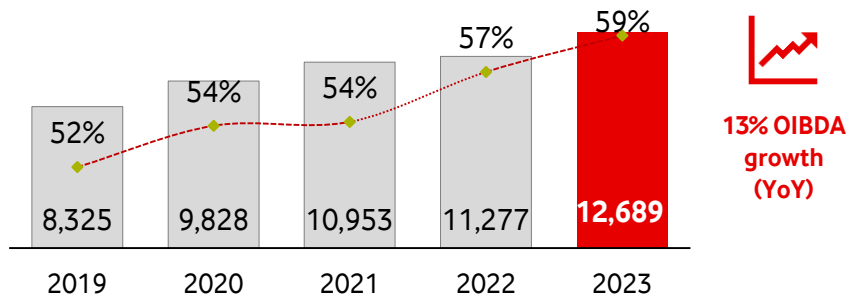
Revenues (UAH, mln)



Net profit (UAH, mln)



OIBDA (UAH, mln) and OIBDA margin¹ (%)



- Revenue: 9% growth supported by 17% growth in Voice & Data revenue due to increased data consumption, smart products and tariff policy implementation, partially offset by negative effect due to Interconnect revenue decrease;
- OIBDA: 13% growth mainly caused by Voice&Data revenue;
- Net Profit: 361% growth due to national currency stabilisation, OIBDA growth and less impairment and losses resulting from the war impact in comparison with Y2022

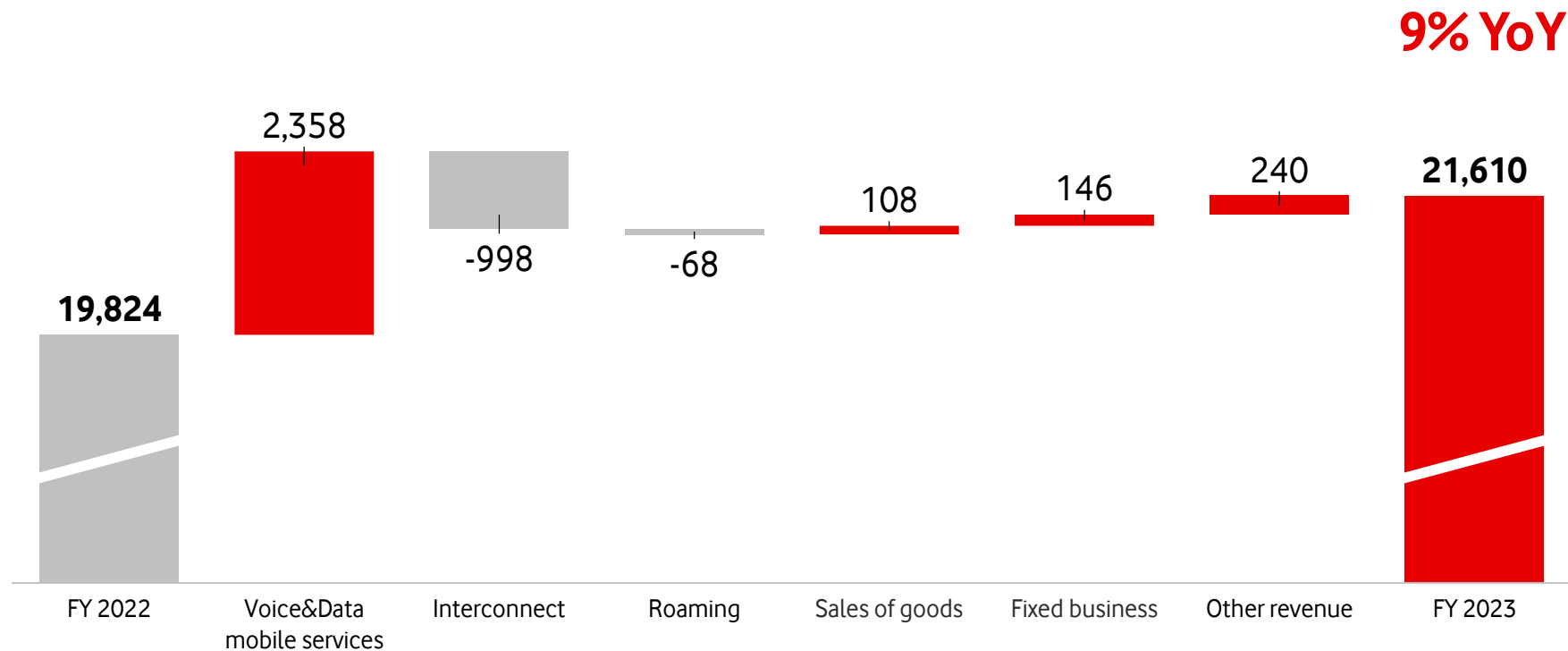


¹ OIBDA Margin = OIBDA/Revenues

Group performance

Group revenue: factor analysis

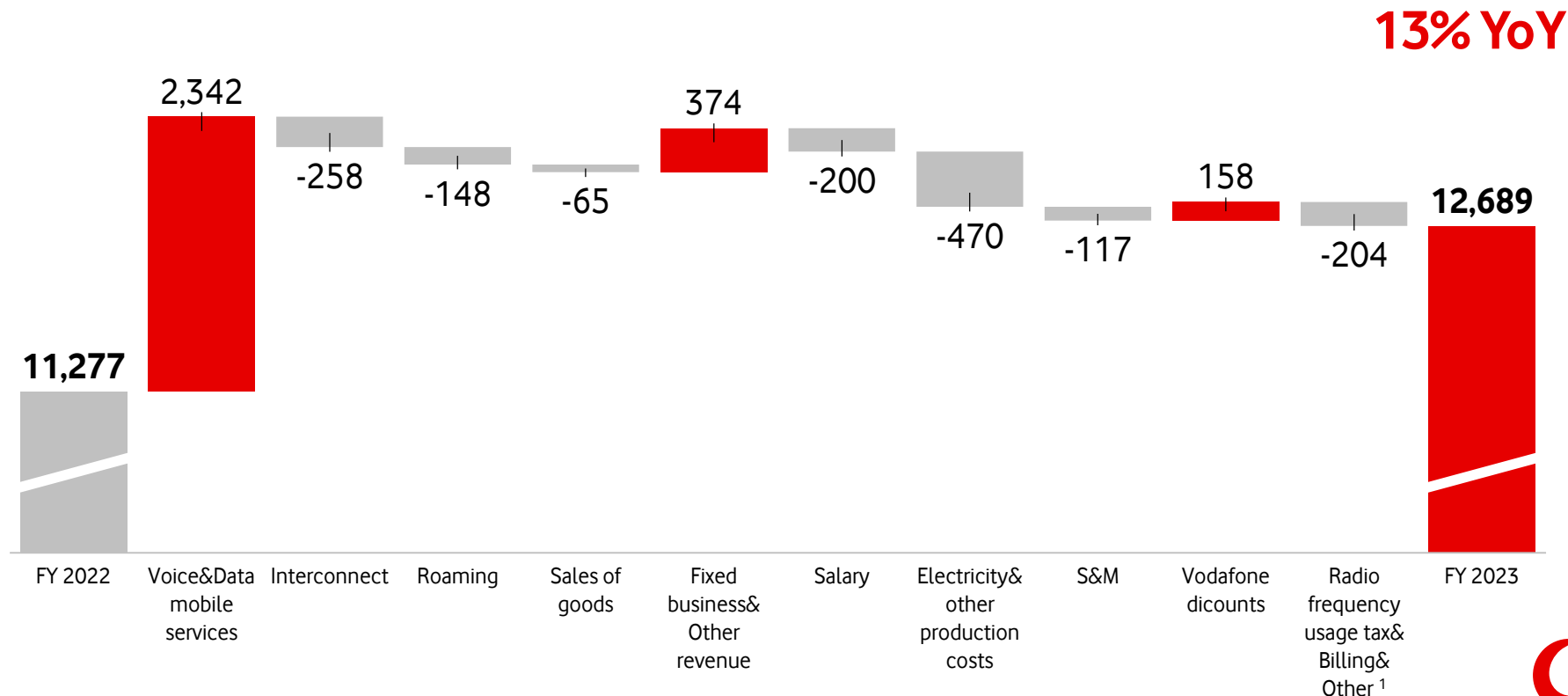
(UAH mln)



Group performance

Group OIBDA: factor analysis

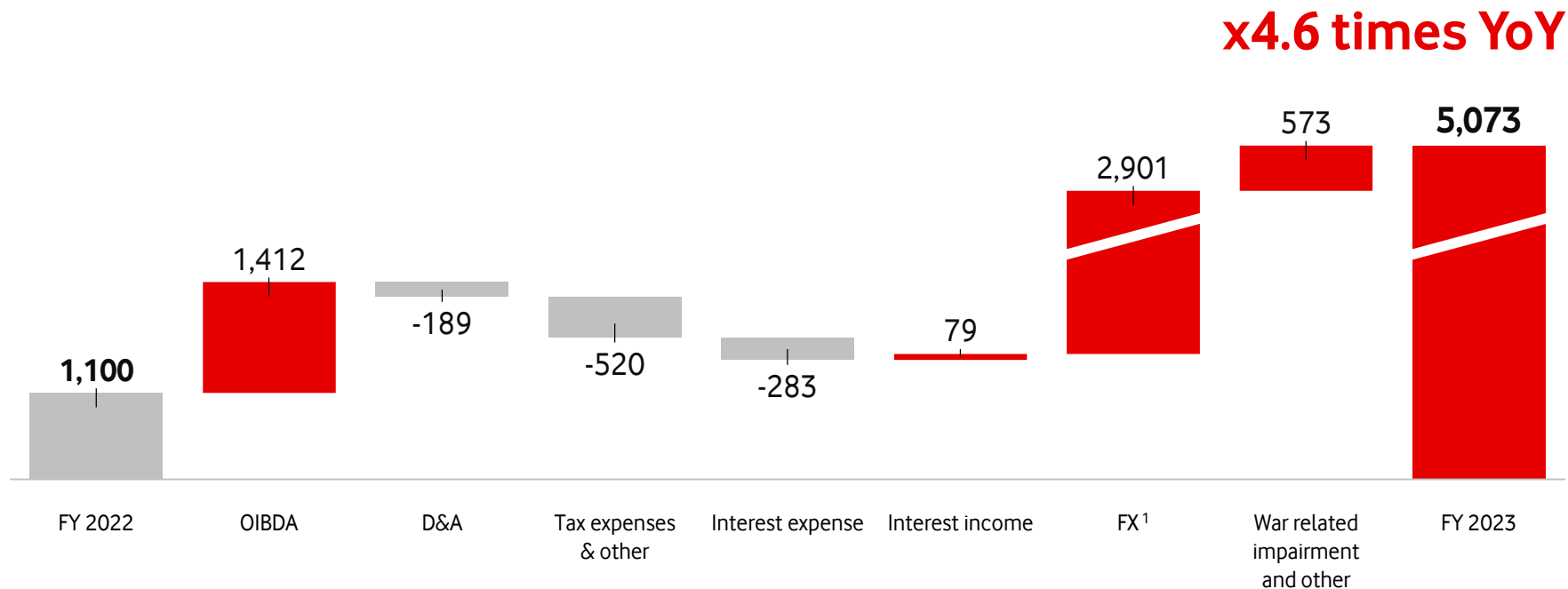
(UAH mln)



Group performance

Group net profit: factor analysis

(UAH mln)



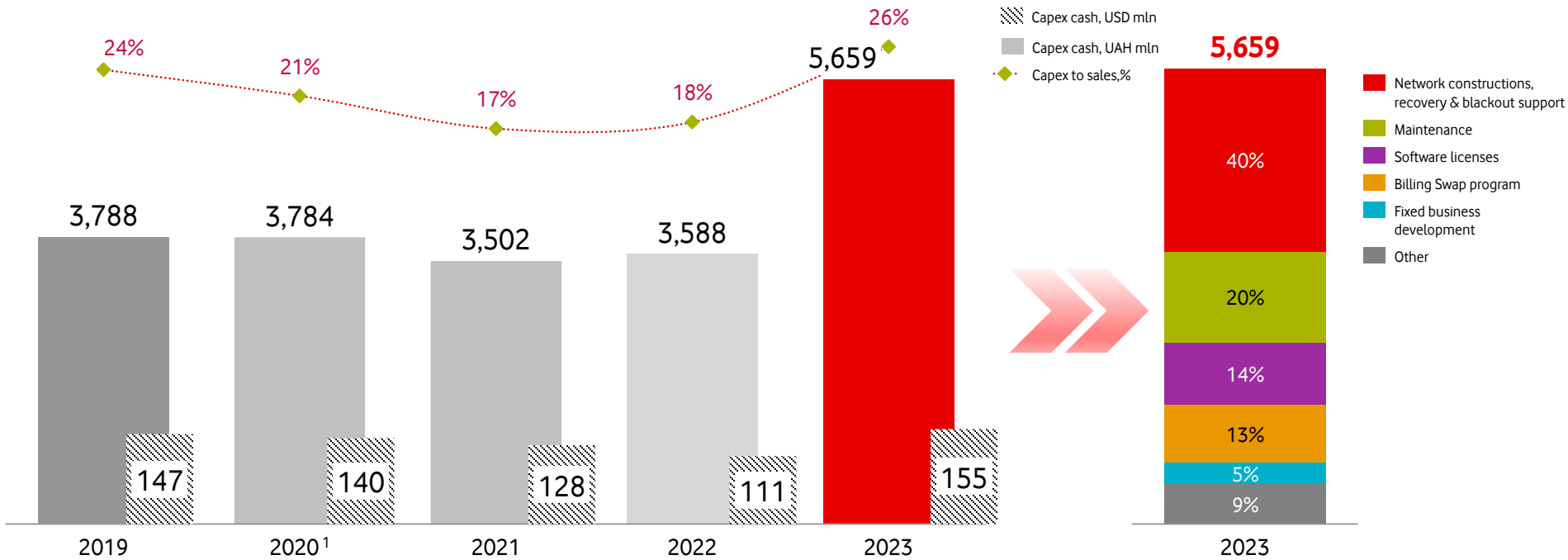
¹FX Exchange rate UAH/USD

	BoP	EoP	↑
12M 2022	27.28	36.57	9.29 (34%)
12M 2023	36.57	37.98	1.41 (4%) 8



Group CAPEX

CAPEX dynamic



Capitalization

Debt profile

- On February 5, 2020 the Group successfully issued debut Eurobonds: a 5-year tranche in the amount of USD 500 million with a coupon rate of 6.2%
- Maximum consolidated leverage ratio for the period ending before (and including) February 11, 2022 had to be 2,75 and 2,5 for any other period. On September 3, 2021 the Group entered into the covenant change agreement, allowing to pay out dividends and other restricted payments, ensuring that there is no Event of Default and the Consolidated leverage ratio is not 2x exceeded as a result of such payments
- As of December 31, 2023 the total face amount of Eurobonds pay off was USD 100,1 million
- In February 2024 the Group made interest payment under the terms of the Loan Agreement.

Credit ratings as of April 12, 2024

Fitch	CCC-
S&P	CCC

As of December 31, 2023

	USD, mln	UAH, mln	Sensitivity to a possible change in USD exchange rates	
			UAH, mln	
			+20%	+30%
Cash, cash equivalents and deposits ¹ (incl. government bonds)	226	8,593	10,103	10,858
Total debt	522	19,829	23,118	24,764
Notes payable ² (Eurobond issue, principal)	396	15,058	18,069	19,575
Notes payable (Eurobond issue, %)	10	364	436	472
Other debt (Lease obligations (under IFRS 16))	116	4,407	4,613	4,717
Net Debt	296	11,236	13,015	13,906
OIBDA ³	347	12,689	12,549	12,479
Net debt/OIBDA	0.9	0.9	1.0	1.1

¹ Structure: UAH 12 %; USD 75 %; EUR 13 %

² Fair value (according to the Financial Statement under IFRS used by standard 9 "Financial instruments") was initially recognized as face amount less transaction costs that were directly attributable to the issue (~ USD 16 mln)

³ OIBDA = EBITDA (average last twelve months NBU exchange rate for 2023 was 36.58 UAH/USD)



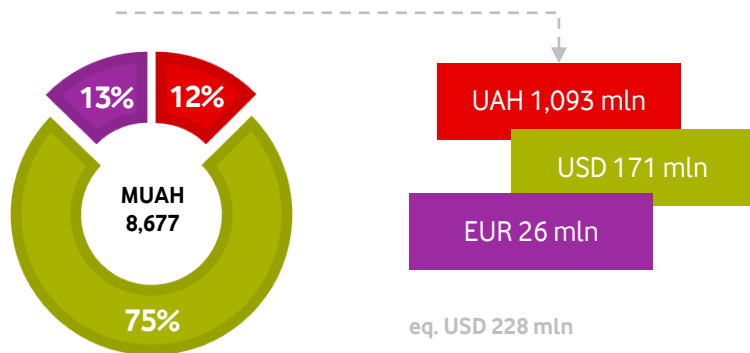
Liquidity overview

(as of December 31, 2023)

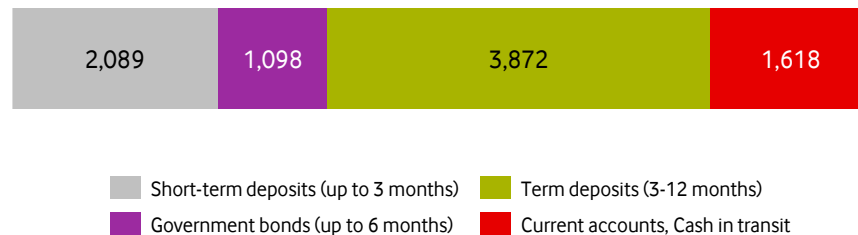
Group cash breakdown by currencies

X1.3 YoY growth

As of 31 December 2022 cash eq. was UAH 6,676 mln



Type of accounts



- Cash and cash eq. on the current accounts are held mainly in major reliable Ukrainian and European banks.
- Term deposits (with the term of more than 3 months, but less than 12 months) are held with subsidiaries of large international banking groups.
- Ukrainian government bonds issued by the Ministry of Finance of Ukraine have original maturities of less than six months.
- The currency split secures FX position of the Group. The share of USD and EUR currencies is 88%.



Vodafone Ukraine brings hope and faith in a better future for people

Current Ukrainians context:

- 80% of Ukrainians are optimistic and believe in Victory
- 45% of Ukrainians consider that brand messaging should be related to military contexts, and 92% prefer patriotic ideas
- The main expectations of Ukrainians are **optimism, faith, support and hope for the best**



Vodafone Ukraine adopted a global formula to Ukrainian reality. Our strategic vectors for 2024-26:

RECOVERY AND BUILD

Our goals:



- **Sustainable network operation**
 - ✓ Quicker recovery
 - ✓ Fast adoption to new challenges (office relocation, power outages, cyber security attacks, etc.)
- **Digital leadership**
 - ✓ LTE coverage and capacity growth
 - ✓ 5G initiatives development
 - ✓ FBB business running: GPON coverage and penetration growth
- Western regions expansion
- Available roaming and support of people

INNOVATION AT SCALE

Our goals:

- **Advanced technology**
 - ✓ Billing transformation program
 - ✓ Other IT programs launch
- **Best partner for business**
 - ✓ Digital and innovation product development
 - ✓ Leadership in IoT & Solutions, Big Data and digitalization, etc.
- **Best operator for customers**
 - ✓ Brand strength, best offers
 - ✓ Growth of digital-users, digital society support and creation of equal opportunities for everyone

CUSTOMER CENTRICITY

Our goals:

- Best quality for customers
- Wide coverage and digital equality
- Best Brand communication
- Triple-play offer development
- Opened retail stores for customers
- Feel abroad like at home

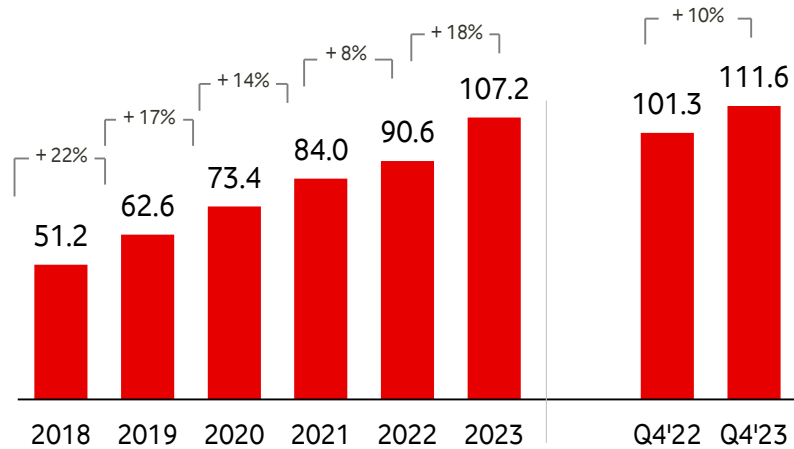
**To create stable business opportunities in the uncertainty conditions with focus on the networks development and fixed business expansion.
To rebuild Ukraine and create a better future for Ukraine.**



Mobile business operational performance (ARPU & Customer base)

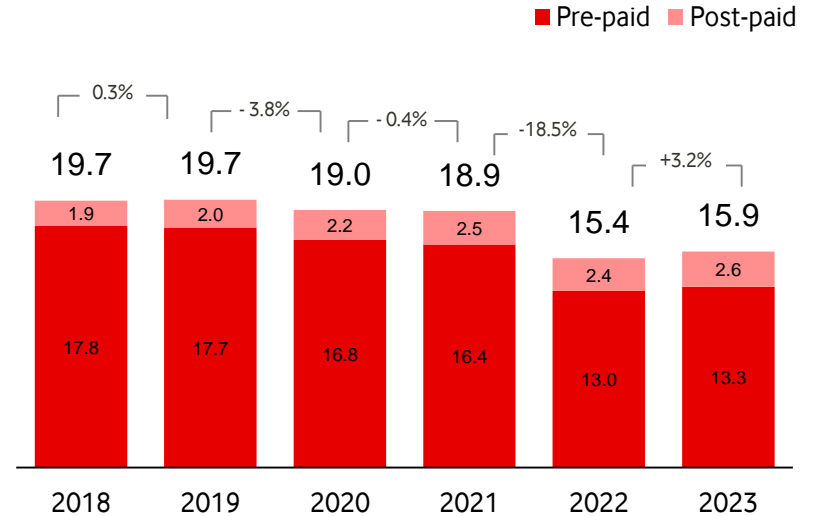
ARPU evolution (UAH)

Q4'23 vs Q4'22 **↑ 10.2% / UAH 10.3** 4Q23 ARPU USD¹ 3.05
 2023 vs 2022 **↑ 18.3% / UAH 16.6** 2023 ARPU USD¹ 2.93



Customer base, EoP (mln)

2023 vs 2022 **↑ +3.2% / 0.5 mln**



- ARPU growth by 18% in 2023 vs 2022 is supported by increase in Voice & Data revenue, as a result of rise in data consumption, smart products and tariff policy.
- The churn rate normalized in 2023 to 20.90% from 39.97% for the year ended December 31, 2022 (the churn rate for the year ended December 31, 2021, was 22.66%). The main War Factors significantly impacting the churn rate were: customer migration abroad; internal customer migration; customers in the hostilities areas; economic factors.
- The Company continued its network restoration and development throughout 2023. Its key priorities remained unchanged: quick restoration of the damaged part of the network; network resistance to power outages (there weren't large-scale outages during the autumn and winter of 2023 due to air defense systems); expansion of network coverage and capacity and provision of high-quality data and voice services using 2G/3G/4G technologies to the population of Ukraine.



War impact on Vodafone Ukraine during 2023

Impact of the war on the Network during 2023 was notably lower in comparison with 2022. The Company focused on the Network development and sustainable activity.



Network

Mobile Network status

Macrosites on air	11,554 as of 31.12.2023	
Recovered macrosites	257 (during 2023)	
New constructed BS	>1K	

› During 2023 the main network priority for Vodafone - **to build the best network for the clients via:**

- quick network restoration
- network sustainability (resistance to power outages)
- expansion of network coverage and capacity

Vodafone Ukraine – #1 mobile speed

by Ookla Speedtest, 3-4Q23

33.33
Vodafone

28.39
Kyivstar

26.55
Lifecell



As of 31.12.2023: **430**

Mono-brand Retail outlets

Opened stores	92 (owned) and 338 (franchised) as of 31.12.2023	
Restored	5 (during 2022) 2 (during 2023)	

› The Group's total retail revenues **more than doubled** from **UAH 268 mln** in 2018 to **UAH 665 mln** in 2022 and **UAH 773 mln** for 2023, reaching 3.6% of the Group's revenue

Vodafone Ukraine team and social contribution



- Vodafone Ukraine teams are in safe places. All major offices were equipped with bomb shelters with necessary facilities
- Technical team operates in the de-occupied territory, only where access and protection are ensured

Supporting people

Network development and recovery (connectivity ensuring), social projects (Liga Tepla, etc.), Geo-search project development, other activities

“Available Roaming”

30 countries
support the product

87% of roamers or **~2 mln people** during 2023 used the service



Other additional events during 2023



FBB Business development:

GPON (own construction)
and Freetnet acquisition



On June 23, 2023 the Group launched a fixed Internet with a gigabit speed under the **Vodafone brand name**.



On August 23, 2023 PrJSC “VF Ukraine” entered into the SPA: purchase of 90.6% in the charter capital of **LLC “FREETNET”**.

Freetnet is a medium-sized FBB provider in Ukraine with leading position in Central and Western regions of Ukraine.



Tower Business carve-out:

LLC UNS set up



Ukrainian
Network
Solutions

On November 09, 2023, PrJSC “VF Ukraine” established a new subsidiary, Limited Liability Company “Ukrainian Network Solutions” (LLC “UNS”) with 100% ownership participation.

The main purpose is to carve out and service the Company’s passive tower infrastructure (antenna-mast structures) for mobile operators and other tenants.

The operational activity of the new Company is scheduled to begin in 2Q24.



Internal corporate reorganisation:

Telco Solutions and Investments LLC merge

On September 26, 2023, the General Meeting of Shareholders of PrJSC “VF Ukraine” and the Sole participant of Telco Solutions and Investments LLC made a resolution on approval of the certificate of ownership and merger into the Company’s shares.

The conversion procedure took place between 17 and 30 November 2023, resulting in a new share issuance credited to the share account of the new shareholder of Telco Investments B.V.

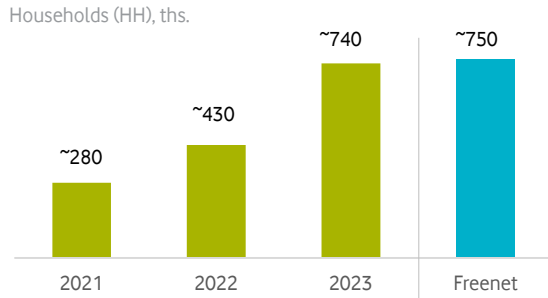
The main objective of the organic and other types of VF Ukraine Group development is to achieve operational and competitive effectiveness



Fixed business operational performance

Coverage increase: GPON (own construction) and Freenet impact

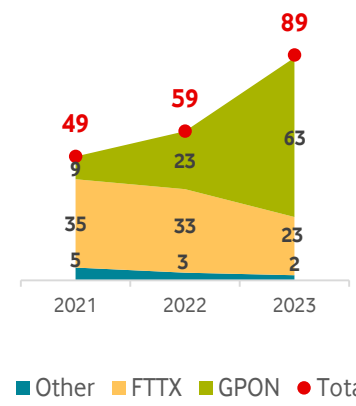
Record GPON construction +309 HH or +70%



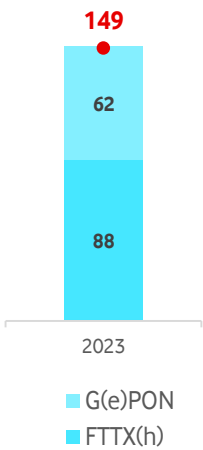
Increased market presence ~x2 due to the Deal

User base growth: GPON and Freenet impact

almost x3 GPON base organic growth, K



Freenet base, K



VF Group impact

- On June 23, 2023 the Group launched a fixed Internet with a gigabit speed under the **Vodafone brand name**.
- On August 23, 2023 PrJSC "VF Ukraine" entered into the SPA: purchase of 90.6% in the charter capital of **LLC "FREENET"**.

Freenet is a medium-sized FBB provider in Ukraine with leading position in Central and Western regions of Ukraine.

Joint FBB base (incl. Freenet) is >230 Subs placing Vodafone Ukraine in TOP 5 providers by number of subs.



Progress of Telco Sustainability key indicators during 2023

mobile and FBB business

Digital equality

The Group provides access to high-speed Internet throughout Ukraine:

85.4% nationwide coverage with 4G LTE

18 regions of FBB presence (out of 22 available)

Increased connectivity access by 1.6% YoY

Record GPON construction by 70% YoY

Inclusive access, digital society

15.9 mln people

60% - 4G users

Highest Internet speed for both mobile and fixed BB

Decrease in digital usage gap by 5% YoY

(56% share of 4G users in 2022, 61% in 2023)

Equal opportunities within the Group

Gender parity with 41% women and 36% of women in TOP team.

20.9 hours of training increase per employee or by 31%

Despite the Wartime **we continue keeping high eNPS level at around 71%**

Network Resilience

The Group continues its recovery and construction process:

Number of sites destroyed: 235

Number of sites recovered: 257

Number of BS constructed on new sites: 1,130

Number of BS upgraded or modernized: – 1,781

LTE network increased by 40%

(2023 vs pre war 2021)

Power outage response during 2Y of the War:

- >9 000 batteries were renewed
- 1,535 sites were equipped with generators

Network autonomy increased by **686 000 A-hours of reserve capacity**

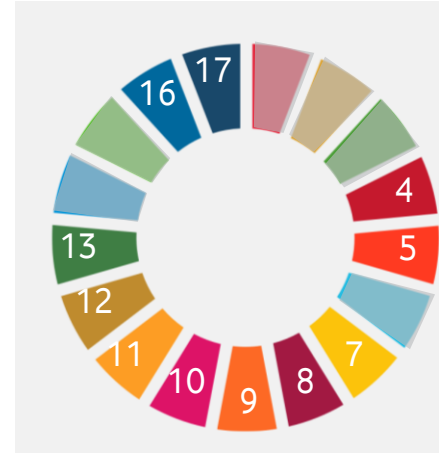
Energy efficiency

Energy consumption increased by only 5.07%, despite a 12% growth in data traffic per user.

The energy management tools resulted in saving of MUAH 33.3 in energy costs

(MUAH 112 over the course of 5Ys starting from the implementation of energy management).

Key SDGs impacted:





Разом ми зможемо