

April 14, 2021

Vodafone Ukraine FY'20 Results



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CONTINUED ON THE NEXT SLIDE



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CONTINUED FROM THE PREVIOUS SLIDE

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	Andrey Otroshchenko <i>Chief Marketing Officer</i>	
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	Andrey Otroshchenko <i>Chief Marketing Officer</i>	
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Vodafone is the only one European operator that brings the technologies of the future to Ukraine





Olga Ustynova
Chief Executive Officer

- COVID-19 response
- Y20 Network Development
- Fastest Mobile Network in Ukraine
- Vodafone Global brand name and expertise



Andrey Otroshchenko
Chief Marketing Officer

- Y20 Customer Base Development
- Vodafone Ukraine key digital products
- Digital Journey: Key achievements 2020

Y20 Highlights



Y20 Highlights



1

Support community & business:

Covid-19 Response with the help of more than UAH 60 M

- Health & safety of employees
- Customers & partners support
- Help for medicals and hospitals
- Telemedicine consultations without leaving home by launching the Zdorro Smart Clinic
- Direct Financial Aid to the Government



2

Network

- Growth of **4G coverage**¹ from 69% to **81% YoY**
- **LTE 900 network launch** starting mid Y20 (more than 800 base stations)
- **LTE 900 Network Sharing MoU** for joint network development
- **Ookla Speedtest Awards Winner** during Q3-Q4 2020. Vodafone achieved a Speed Score of 30.9, with DL of 29.4 Mbps and UL of 14.1 Mbps.



3

Customer base development

- **19 M Users EoP'20**
- **+17 % ARPU growth YoY**
- **Post-paid users growth** with strong development
- **IoT connections (+ 27% YoY)**
- **12.2 M Data users EoP'20**
- **+ 26% Data Usage growth Q4'20 vs Q'19 (up to 5.2 Gb/user)**



4

Digital Journey

- **7,3 M 4G users EoP'20**
- **3.5 M My Vodafone Users** ² EoP'20 with **25 % growth YoY**
- **Exclusive partnership with YouTube** & unique promo offer for YouTube Premium, YouTube Music, YouTube Kids
- Launch a NBIoT network and connect to the global IoT Vodafone platform



5

Investors & Partners relations

- Vodafone **Eurobond issue** is the largest DEBUT issue among corporate companies in Ukraine (**USD 500 M with a 6,2 % interest rate**)
- **Vodafone Partnership and Brand Agreement extension** for 5 years and access to expertise in IT transformation, IoT and 5G

**YoY growth : +14% Revenue (up to UAH 18 bn)
+18% OIBDA (up to UAH 9,8 bn)**

¹ by Country population

² 1-month active subscriber base



COVID-19 response

Employee health and safety



Strict quarantine

Adaptive quarantine

80%
employees
worked from
home

50%
employees
worked from
home

- The company adapted work process to the new conditions of quarantine restrictions, helped employees to maintain their physical and mental health
- Remote work format, medical support together with the insurance company and regular online communication with employees and online meetings with top managers were introduced.

Services for customers



**Free
calls and
access**

**100 UAH
for
roamers**

**30 mln
info SMS**

- Access to services (free unlimited access to services: Vodafone Press, Vodafone Music, Bookmate and BeFit)
- Informing customers:
- Training for business clients (a series of educational webinars : organization of electronic document management; IaaS; self-service services; work with data. About 700 companies across Ukraine took part in the webinars.

Help for medicals and hospitals



**~\$1mn
Financial
aid**

**~\$1mn
Social
support**

- Supply and Installation the number of lung ventilation devices in hospitals around the country (extremely needed medical equipment for patients with coronavirus)
- Help with buying of protective overalls for health workers
- Free access to Vodafone Services for medicals
- Support for charitable initiatives



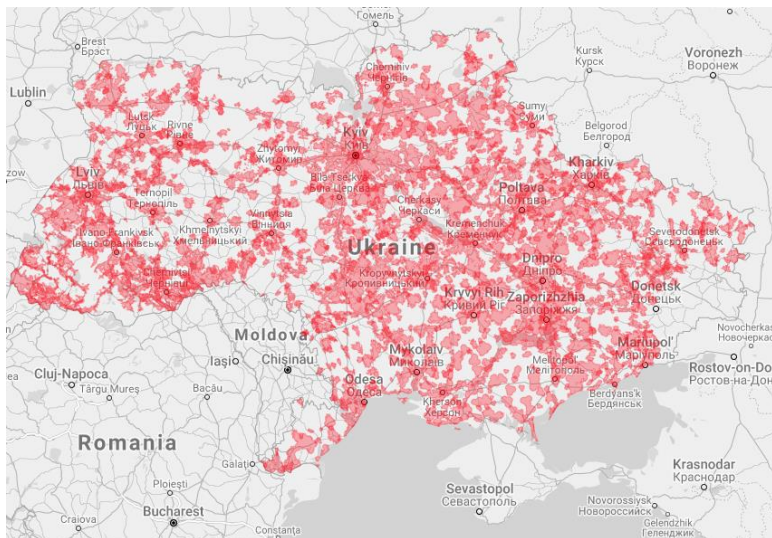
LTE coverage

Growth Y20 vs Y19

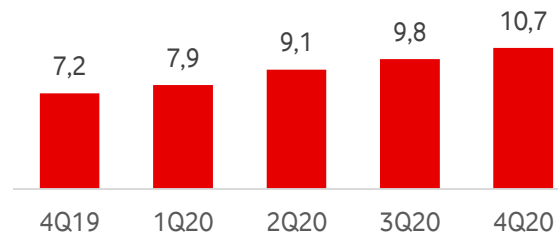
69%



81%

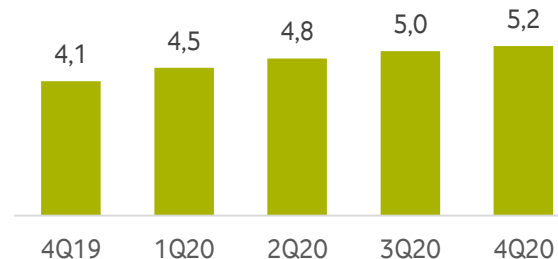


4G network deployment, thousands of base stations



1,5x
Growth YoY

Data usage, Gb/user



+26%
Growth Q4'20
vs Q4'19

In the network deployment we are focused on the meeting demand of data usage via the capacity growth as well as coverage extension for rural areas in line with LTE 900 MHz license requirement

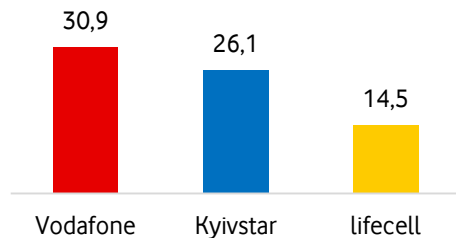


Fastest Mobile Network in Ukraine

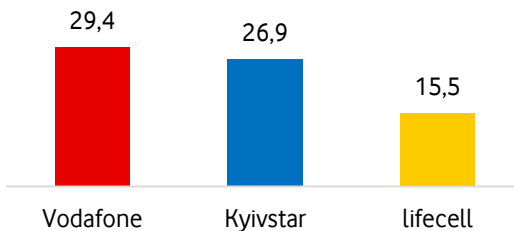
#1 According to results of an independent study by OOKLA, Vodafone Ukraine has the highest download and upload speed among Ukrainian mobile operators in Q3-Q4 2020.

332 thousand
unique devices used for measurements
in OOKLA application in Q3-Q4 2020

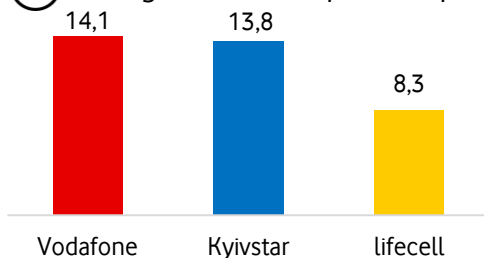
🏆 OOKLA Speed Score, Mbps



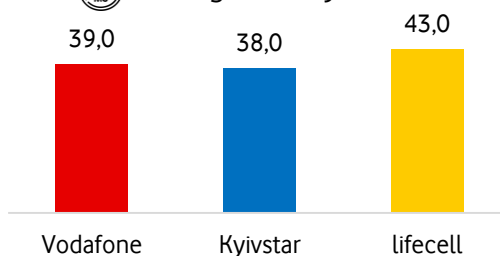
⬇️ Average (mean) DL speed, Mbps



⬆️ Average (mean) UL speed, Mbps



🕒 Average latency, ms.

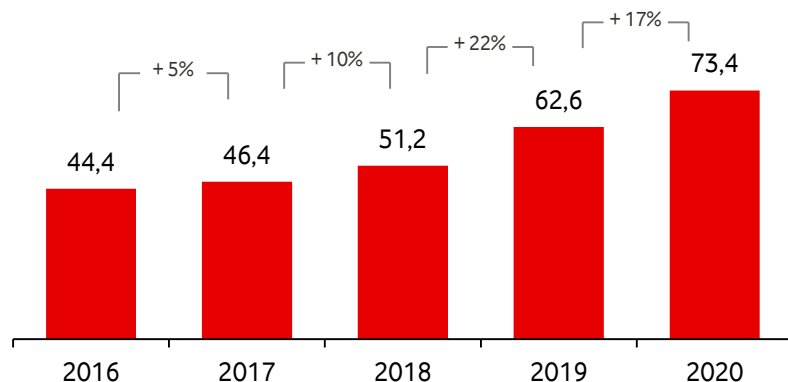


For the past two years, Kyivstar was the leader in terms of mobile internet speed, but as a result of LTE network development, bandwidth transition to 15 or 20 MHz and usage of Dynamic Spectrum Sharing tools, we managed to overcome main competitor.

Y20 Customer Base Development

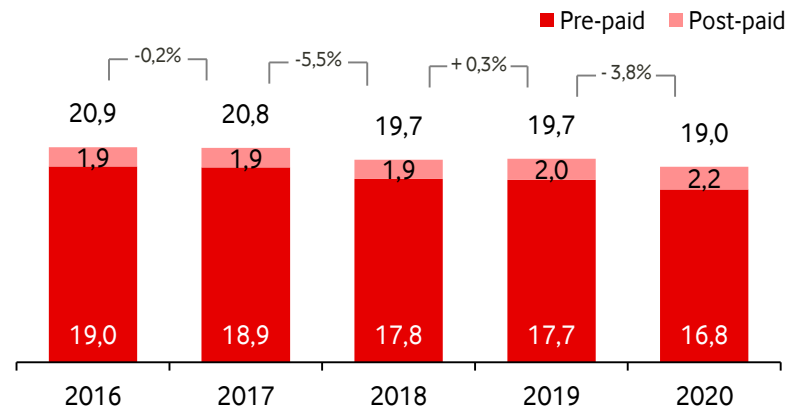
ARPU evolution (UAH)

Y20 vs Y19 ↑ 17 % / UAH 10,8



Customer base, EoP (mln)

Y20 vs Y19 ↓ (3,8) % / (0,7) mln



The focus on 4G network and digital users development was reflected in data usage and ARPU (17% YoY).

Pre-paid users decrease by 5 % was caused by quarantine measures and organic multi-SIM reduction. At the same time the Post-paid base has tendency to grow (+ 8%) with higher level of IoT connections .



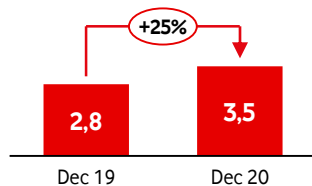
Key achievements 2020



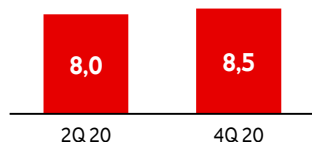
12,2 M Data users

7,3 M 4G users

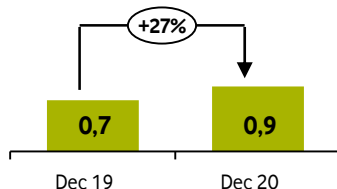
My Vodafone, 1M users, M



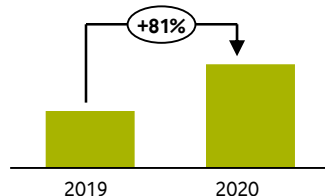
YouTube MAU in 1M Subs base, M, %



IoT users, M



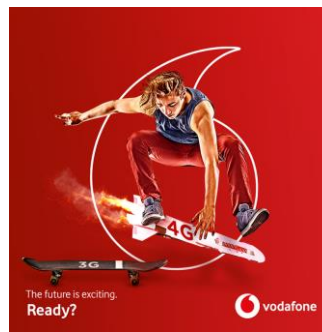
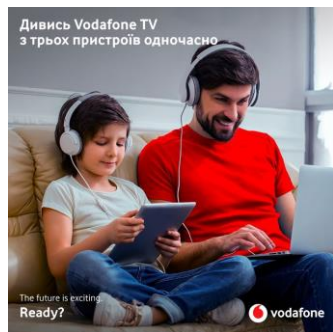
Bid Data revenue growth, MUAH



- Fast network development and Covid-19 challenges were reflected in usage patterns. The customers were able to study and work online, enjoy digital government services and other benefits of the digital world.
- As a result our digital products have become even more popular and data users grew up to 12,2 mln EoP'20.
- In 2020, Vodafone Ukraine launched a network for the Internet of Things based on NB-IoT technology. This network uses the global IoT platform of Vodafone Global.
- Vodafone Ukraine IoT-clients increased by 73% during 2018-20. Key solutions: tracking vehicles and equipment to monitor work, routes monitor, etc. Business areas: security - 25%, transport and logistics - 20%, trade - 15%, agriculture - 12%, payment terminals - 9%, energy - 9%, etc.



Vodafone Ukraine key digital products development



2016

- **Vodafone Music** – music service
- **Vodafone TV** – TV channels, movies and football for smartphones and tablets

2017

- **My Vodafone** customer's application. «My Vodafone» - your mobile independence

2018

- **4G 1800&2600 MHz Launch** – Data Network based on LTE
- **Vodafone Press** - popular magazines in smartphone and tablet
- **Children club Vodafone**

2019

- **Cloud IaaS** – for access to virtual computing resources vCPU, vRAM, vHDD
- **MNP** is a service for transferring a mobile number from one operator to another

2020

- **4G 900 MHz Launch**
- **Vodafone NB-IoT** – for uninterrupted communication between devices
- **Vodafone IoT Monitor** – IoT-connectivity solution for batch SIM card management in IoT devices
- **eSim**
- **OMNI-Bulk messaging** is a platform for multichannel targeted mailings
- **YouTube Premium**



Vodafone launched joint advertisement promo with YouTube

BACKGROUND:

- YouTube is the biggest video service in the World
- YouTube is the main App by penetration and traffic consumption for data-users in Ukraine
- Vodafone Ukraine and YouTube agreed for exclusive partnership and launched unique promo offer

Promo period

01.06.20 - 31.12.20

Special offer

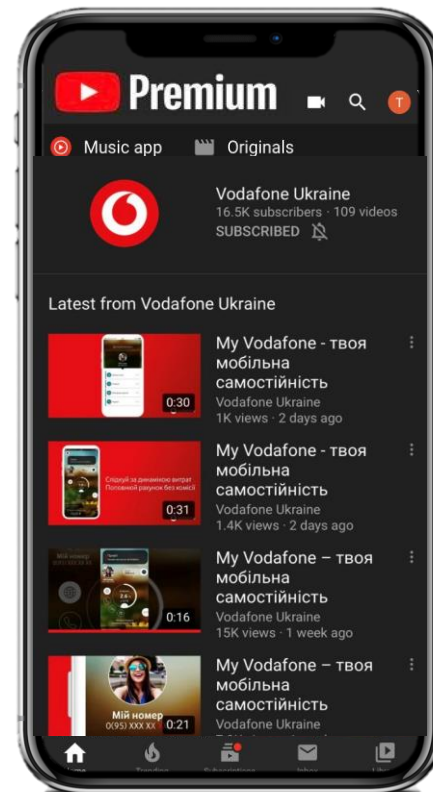
4 month trial period
for YouTube Premium & Video PASS

Special offer
eligibility

All Vodafone subscribers
(base + activations)

Activation

USSD/ My Vodafone/ Vodafone Website / App YouTube



Vodafone Global brand name and expertise

Vodafone Ukraine has extended its branding and access partnership with Vodafone Group for next 5 years with extension option for one year. A new strategic partnership gives an access to Vodafone's international expertise



High Priority Projects & Initiatives

- 1 **Exclusive** non transferable Brand License in Ukraine
 - 2 Ongoing **support of strategic decisions** and new products rollout
 - 3 **Access** to the products and services portfolio
 - 4 **Vodafone** assistance, benchmarks, and best practices
 - 5 Flexible development and roll-out of **proprietary digital products**
 - 6 Vodafone's **global digital products**
- > Access to Global Procurement Center, support for IT transformation and Billing Swap, ongoing assistance for IoT, 5G initiatives development**



Nataliya Shevchenko
Chief Financial Director

- Group performance:
 - Revenue
 - OIBDA
 - Net profit
- Group CAPEX
- Capitalization
- FX Position

FY 20 Financials Performance



Solid track records in 2020

Changes in key indicators

	UAH (mln)			USD (mln) ¹		
	2019	2020	↑↓	2019	2020	↑↓
Revenue	15 983	18 142	14%	619	673	9%
OIBDA	8 325	9 828	18%	322	365	13%
OIBDA, %	52,1%	54,2%	2,1%	52,1%	54,2%	2,1%
Net profit	2 539	1 201	-53%	98	45	-54%
CAPEX ²	3 788	3 784	-0,1%	147	140	-5%

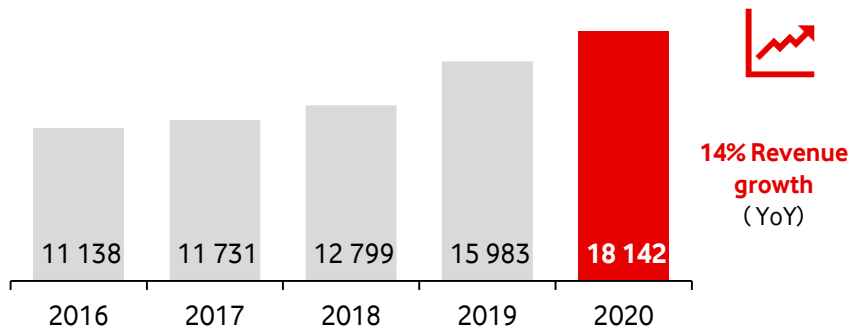
¹Average rate for year (25,84 UAH/USD for 2019, 26,96 UAH/USD for 2020)

²excluding costs UAH 267 million related to purchase of spectrum licenses in 2020

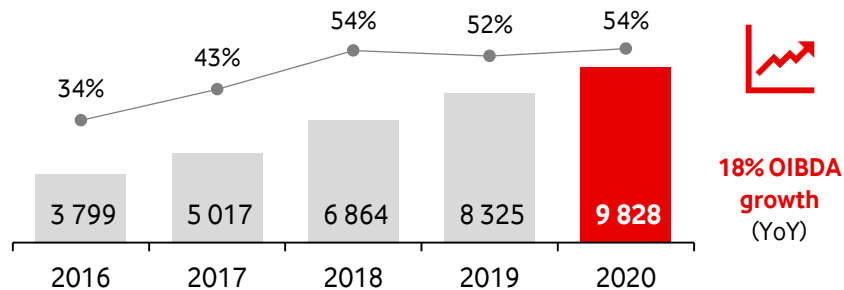


Financial highlights

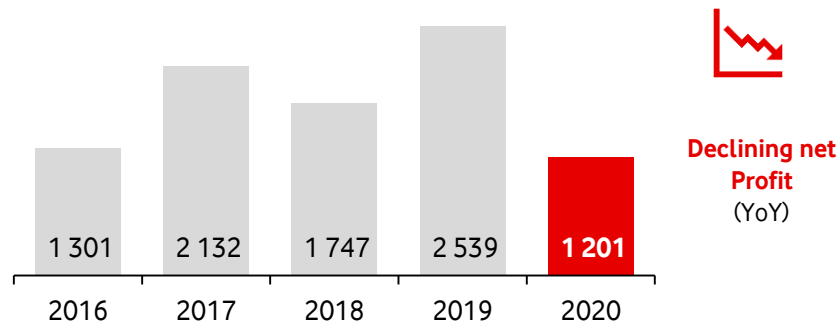
Revenues (UAH, mln)



OIBDA (UAH, mln) and OIBDA margin ¹(%)



Net profit (UAH, mln)



- Revenue: 14% growth due to increase in ARPU and digital services usage
- OIBDA: 18% growth due to increase in subscriber revenue
- Decrease in Net Profit due to FX losses

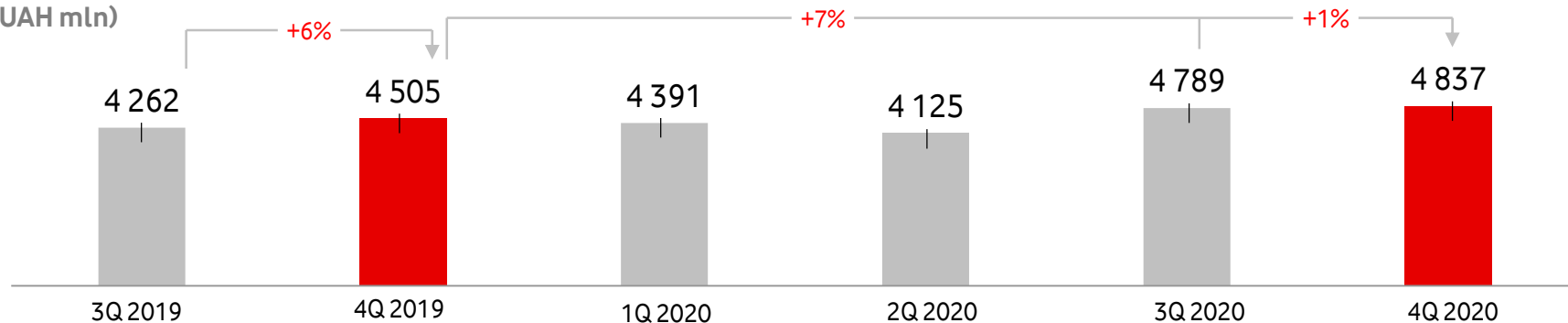
¹OIBDA Margin = OIBDA/Revenues



Group performance

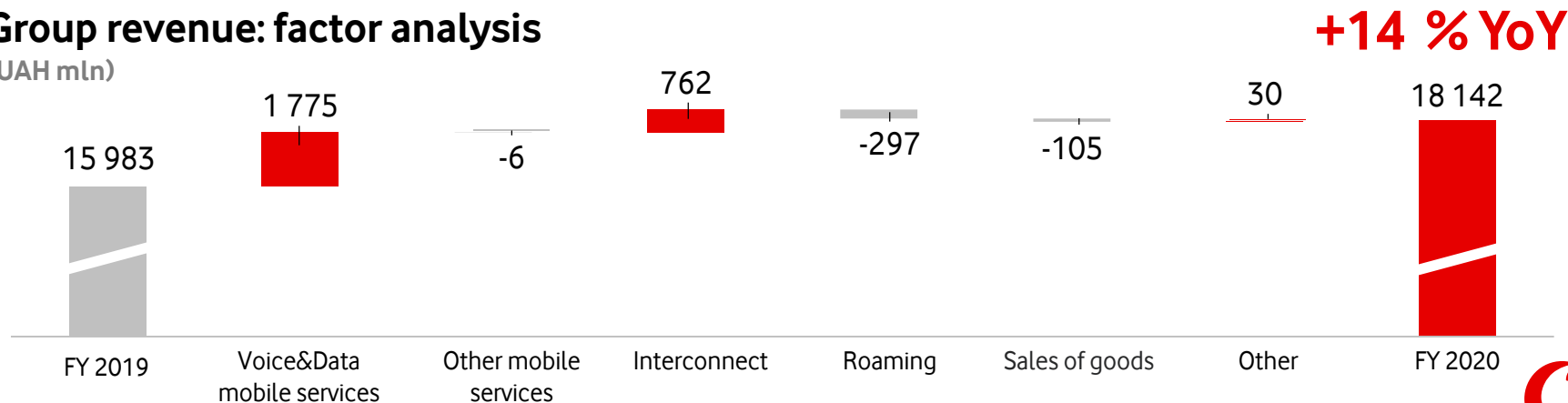
Group revenue

(UAH mln)



Group revenue: factor analysis

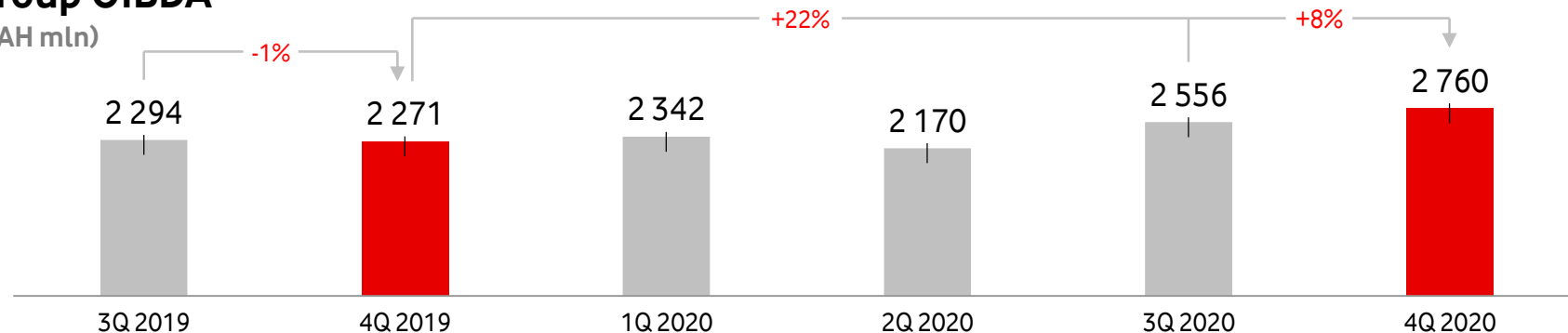
(UAH mln)



Group performance

Group OIBDA

(UAH mln)



Group OIBDA : factor analysis

(UAH mln)



+18% YoY

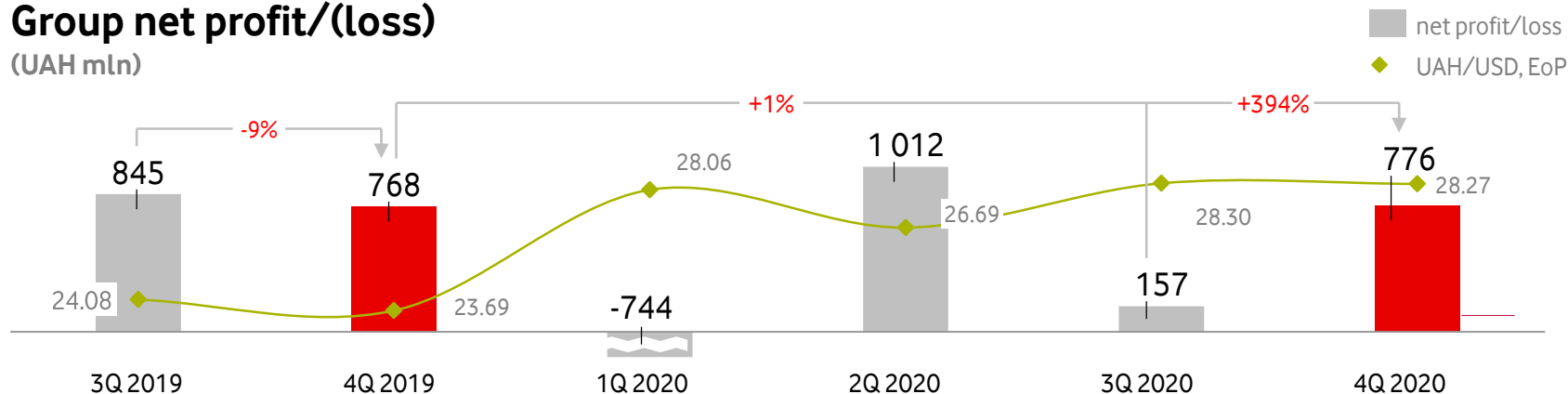
¹other includes gain from disposal of payables and non-current assets



Group performance

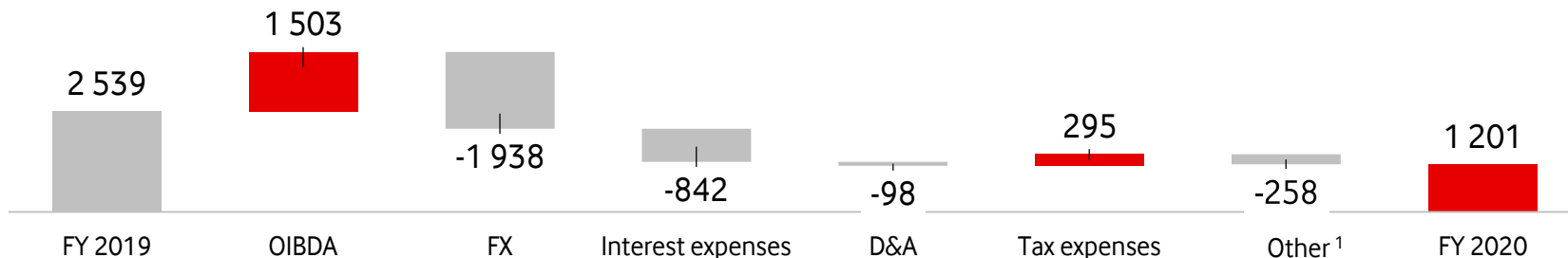
Group net profit/(loss)

(UAH mln)



Group net profit: factor analysis

(UAH mln)

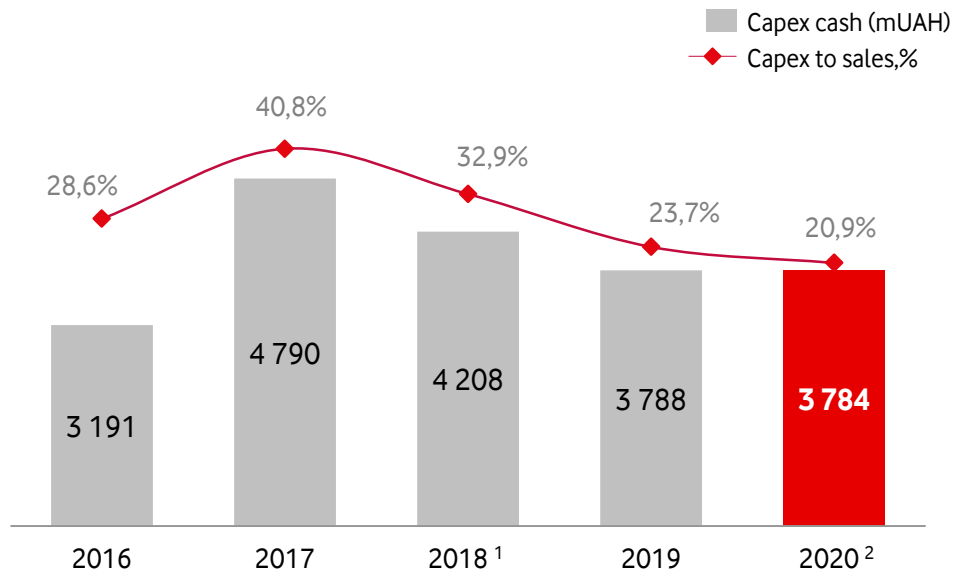


¹ other includes interest income, ECL of financial assets, non-operating expenses



Group CAPEX

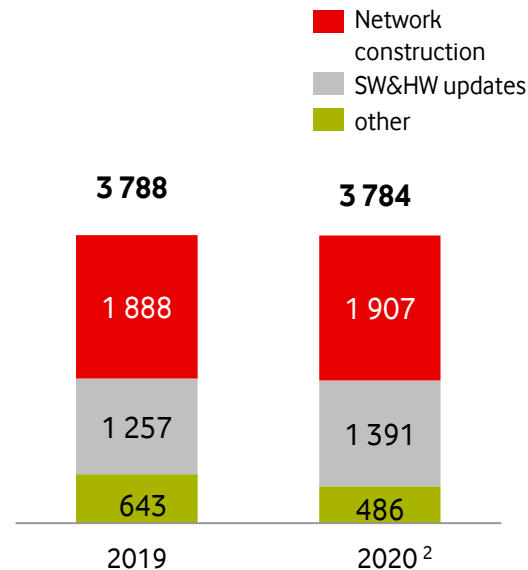
CAPEX dynamic (UAH, mln)



¹ excluding costs UAH 2,433 million related to the purchase of 4G licenses in 2018

² excluding costs UAH 267 million related to the purchase of spectrum licenses in 2020

CAPEX breakdown (UAH, mln)



CAPITALIZATION

Debt profile

- On 5-th February 2020 the Group successfully issued debut Eurobonds a 5- years tranches in amount of USD 500 million with a coupon rate of 6.2%
- As of 31.12.2020 the total face amount of pay off Eurobonds is USD 34,3million
- VF Ukraine has entered into FX Forward contracts to hedge the interest payments due in 2021.
- Other debt in main part is Lease obligation (related to right-of-use assets recorded as a result of the application of IFRS 'Leases' standard).

CREDIT RATINGS as of 31.12.2020:

Fitch **B / Stable**

S&P **B / Stable**

As of 31 December 2020

	USD, mln	UAH, mln	Sensitivity to a possible change in USD exchange rates	
		28,27 UAH/USD	-10%	+10%
			25,45 UAH/USD	31,10 UAH/USD
Cash, cash equivalents and deposits	123	3 484	3 233	3 734
Total debt	633	17 907	16 404	19 410
Notes payable ¹ (Eurobond issue, principal)	452	12 793	11 514	14 072
Notes payable (Eurobond issue, %)	11	315	284	347
Other debt (Lease obligations (under IFRS 16))	170	4 799	4 606	4 991
Net debt	510	14 423	13 171	15 676
OIBDA ²	365	9 828	9 847	9 809
Net Debt/OIBDA	1,4x	1,5x	1,3x	1,6x

¹Fair value (according to the FS under IFRS used by 9 standard "Financial instruments") was initially recognized as face amount less transaction costs that were directly attributable to the issue (*USD16mln).

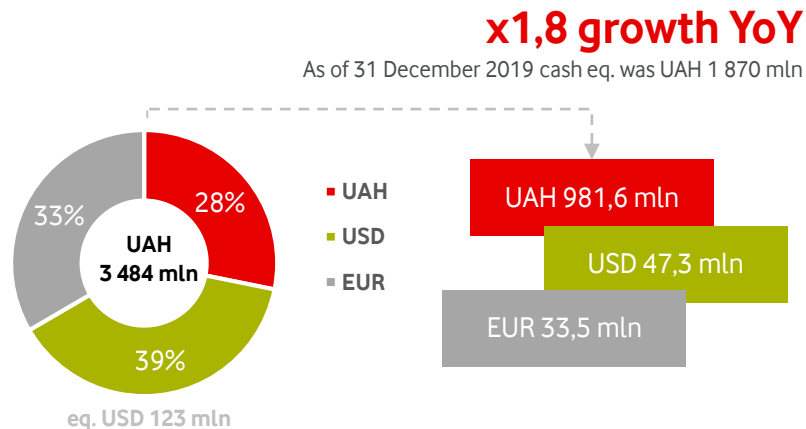
² OIBDA = EBITDA (av. NBU exch. rate for 2020 was 26,96 UAH/USD)



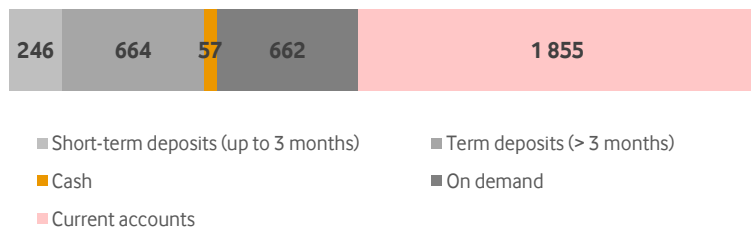
Liquidity overview

(as of 31 December 2020)

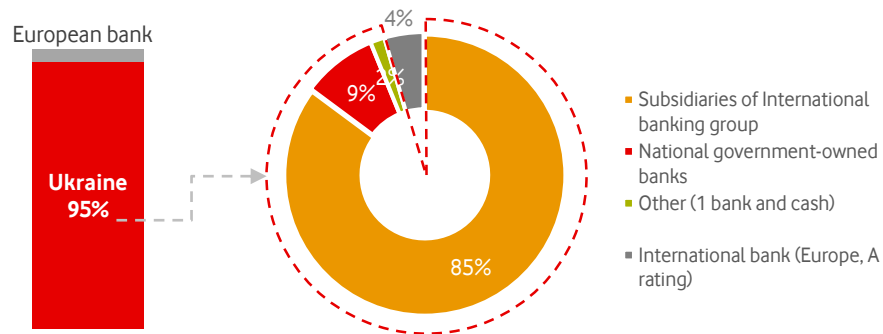
Group cash breakdown by currencies



Type of accounts



Split of cash and equivalents between accounts and banks



- Cash and cash eq. on the current accounts are held mainly in large banks located in Ukraine that have a reliable reputation. 92% of them were held in four banks – subsidiaries of the large international banking groups.
- Term deposits (with term more than 3 months) are held with subsidiary of large international bank (55%) and national government-owned bank.
- Currencies split secures FX position of the Group. Share of USD and EUR currencies is more than 70%.





Dmytro Ponomarenko
Chief Strategy Officer

- Strategy update
- RETAIL revamp



Andrey Otroshchenko
Chief Marketing Officer

- Brand Re-positioning

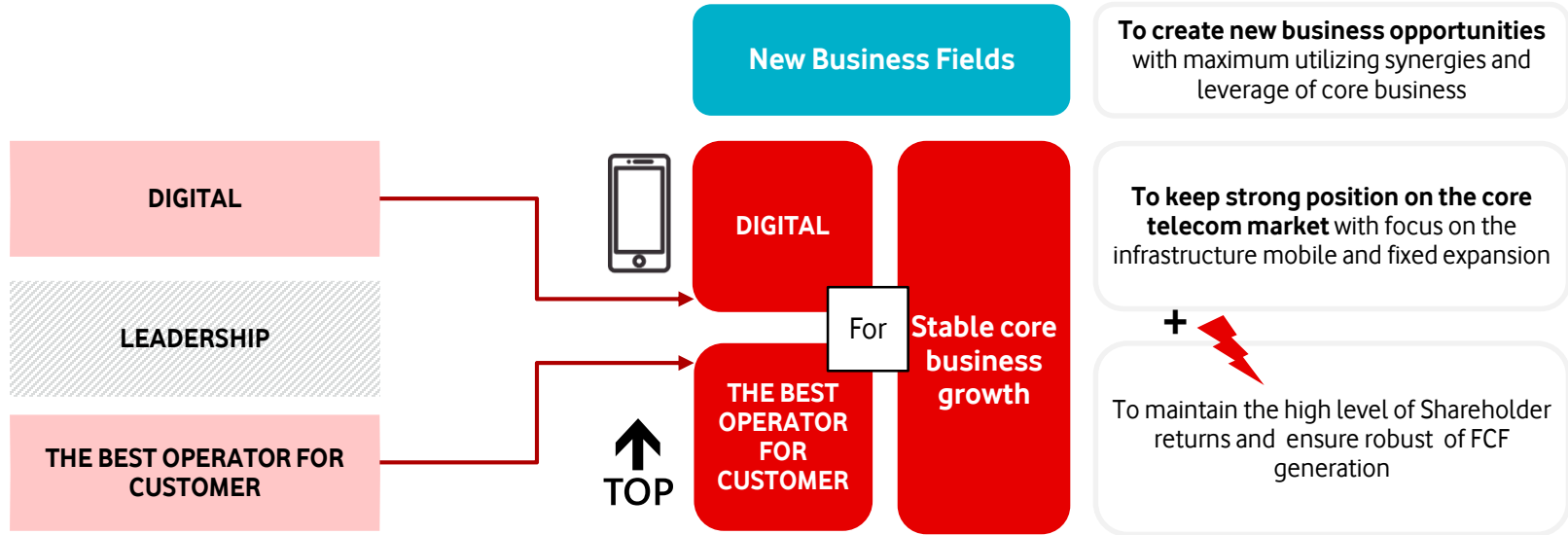
Strategy



Strategy Update

Strategy 2018-20

Strategy 2021-22



Our strategic priorities are challenged by new reality.
We understand that the role of **DIGITAL and CUSTOMER CENTRICITY** in the company's strategy has to be maintained and even increased for **CORE BUSINESS**.



Strategy vectors

THE BEST OPERATOR FOR CUSTOMER



- **The best network for a digital customer**
 - ✓ Coverage 90% LTE & Network Leadership
 - ✓ Digital users growth in Subs Base
 - ✓ 5G initiatives development
- **Brand strength**
 - ✓ Growth of NPS and NW Perception, TOM growth
 - ✓ Youth Brand N°1
- **Customer service transformation**

DIGITAL



- **Digital products for mass market**
 - ✓ My Vodafone
 - ✓ TV Platform
- **The best partner for business**
 - ✓ Leadership in IoT & Solutions
 - ✓ Smart City
- **Advanced Data & Analytic solutions**
 - ✓ Big data
 - ✓ CVM and RTM automation
 - ✓ Ad Tech & Programmatic

Y 2021 HIGH PRIORITY PROJECTS & INITIATIVES

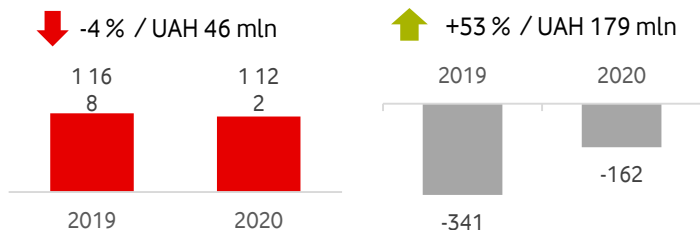


- **Retail revamp**
 - ✓ network optimization and shifting to the digital channels
- **Convergence development**
 - ✓ discovering business opportunities by organic network development or M&A activity



RETAIL revamp

Revenue & OIBDA, UAH mln (Y20 vs Y19 dynamic)



Number of stores



251
EoP'19



182
EoP'20

Covid-19 quick response with moving into online store and digital service channels

Revamp project for 2021-2023

- 1 **Store network transformation**
 - 1.1 Network footprint optimization (incl. reformatting)
 - 1.2 In-store personnel headcount optimization
- 2 **VF Retail HQ optimization**
 - 2.1 HQ operating model and headcount rightsizing
- 3 **In-store sales operations improvement**
 - 3.1 Store sales excellence implementation
 - 3.2 Closer integration into VFU CVM
 - 3.3 Phone as a long-term subscription product
- 4 **Customer service digitization**
 - 4.1 Customer service migration to remote channels and optimization of service-anchor stores
- 5 **Other initiatives**
 - 5.1 Online store (part of VFR) performance improvement


We are sure that our Retail chain couldn't be the same format as before Covid-19 times.

Our core target is the maximum effectiveness of the channel in the new reality. The key instrument is even more **focused on Digital products for sales and services.**



Brand Re-positioning | The relationship between Purpose-led Vodafone & brand positioning

Purpose-led Vodafone and the new brand positioning are two parts of the same Vodafone story. Our purpose is a long-term commitment which drives everything we do to **create a better future** by building a **Digital Society**, ensuring **Inclusion For All** whilst minimising our impact on the **Planet**. Our new **brand positioning** is rooted in creating a better future through a combination of our technology and **the irrepressible drive of the human spirit** brought to life by our new tagline **Together we can**.

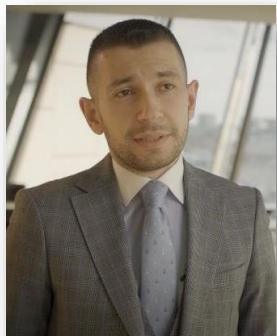
Vodafone Purpose	We connect for a better future
Purpose led-brand	Technology + The Human Spirit = A better future (Our technology serves the irrepressible human drive for better)
New brand positioning	 Together We Can







Olga Ustynova
Chief Executive Officer



Rishad Aliyev
Deputy of CFO
Head of Investors relations

- Creating sustainable value for all stakeholders
- Dividend Policy

Sustainability report



Creating sustainable value for all stakeholders

- This year Vodafone Ukraine has issued the Sustainability report with overview and results for 2020 for the first time.
- The report covers ESG (Environmental, Social, and Governance) and other nonfinancial information on PrJSC “VF Ukraine” and its subsidiaries: LLC “VF Retail”, LLC “ITSF” from 01.01.2020 to 31.12.2020.

Sustainable development strategic priorities:

Transparency

- Regular public reporting of the audited consolidated financial statements prepared in accordance with IFRS
- Quarterly financial and operational reporting

Digital society

- Achieving digital equality for all residents of Ukraine
- Creating infrastructure and a fundamental technological basis for sustainable development social sphere, business, economy as a whole

Compliance

- Complying with Ukrainian and international law
- Developing and implementing the compliance system
- Aligning with the Anti - Corruption and Anti-Bribery policies



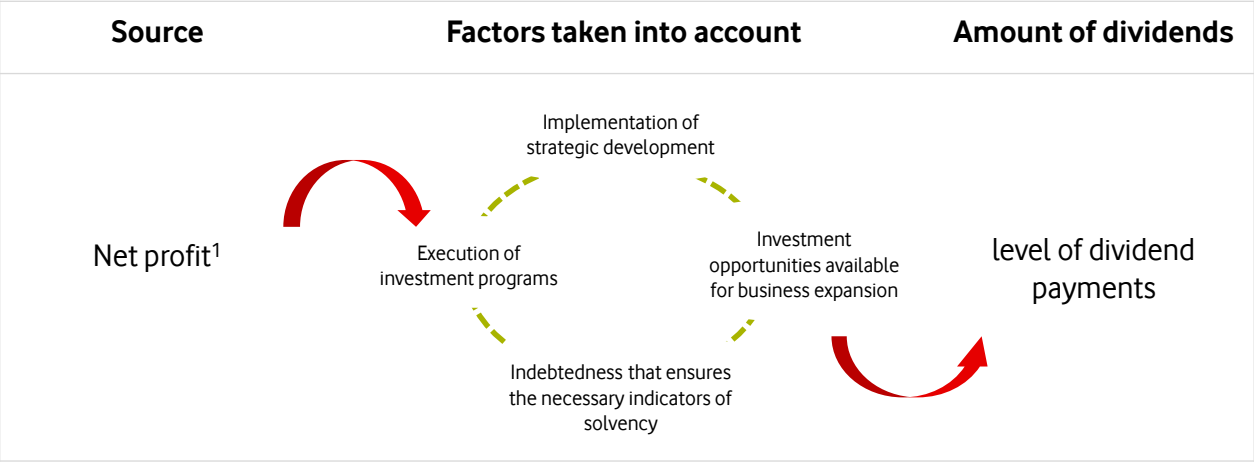
For the next years we are planning to receive assuring of the report by the independent audit company. Also ESG rating and GRI standards application are our goals with future strategy of sustainability development.



Dividend Policy

The Regulation of dividend policy is to provide recommendations for paying dividends which are transparent and clear to the Company's Shareholders, as well as to ensure a balance between the interests of the Shareholders and the Company's needs for further development and investments.

Calculation of dividends:

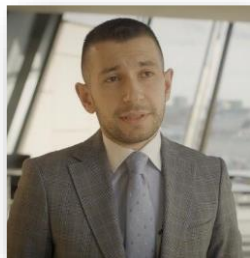


¹presented in the audited consolidated financial statements of the Company prepared in accordance with IFRS

- In 2021, 2022, 2023 and 2024 financial years the target level of dividend payments shall amount **up to 50 per cent** of the Company's annual Net Profit
- The amount of dividend payments may exceed the target level with the condition of compliance with the covenants applicable to the Company.



Thank you



For future information and questions, please, contact:
Investor Relations or Rishad Aliyev (Head of Investors relations, Deputy of CFO),
ir@vodafone.ua



Balance sheet statement

(UAH millions)

As of 31 December 2020

As of 31 December 2019

Property and equipment	10,058	10,110
Intangible assets	6,969	6,671
Right-of-use assets	3,966	4,347
Cost to obtain contracts and Deferred tax assets	574	767
Total non-current assets	21,567	21,895
Trade and other receivables	12,205	635
Cash and cash equivalents	2,820	1,434
Short-term investments	664	436
Inventories	159	255
Advances paid and prepaid expenses	156	92
Current income tax assets, Other non-current assets,	219	243
Total current assets	16,223	3,095
Total assets	37,790	24,990
Common stock	8	8
Other components of equity	2	2
Retained earnings	15,576	14,375
Total equity	15,586	14,385
Non-controlling interests	2	-
Equity attributable	15,588	14,385
Borrowing	12,793	-
Lease obligation	3,687	3,610
Provisions, and Contract liabilities	505	291
Total non-current liabilities	16,985	3,901
Trade and other payables	1,441	3,747
Contract liabilities	1,446	1,377
Lease obligation	1,112	1,031
Provisions	559	277
Borrowings	315	4
Other financial liabilities	39	25
Other non-financial liabilities and Income tax liabilities	305	243
Total current liabilities	5,217	6,704
Total equity and liabilities	37,790	24,990



Profit and loss statement

(UAH millions)

For the year ended 31 December

	2020	2019
Service revenue	17,202	14,938
Sales of goods	940	1,045
Revenue	18,142	15,983
Cost of services	(4,595)	(3,983)
Cost of goods	(849)	(999)
Selling, general and administrative expenses	(3,161)	(2,774)
Depreciation and amortization	(4,801)	(4,703)
Other operating income, net	291	98
Operating profit	5,027	3,622
Net charge for ECL of financial assets	(110)	-
Finance income	70	186
Finance costs	(1,492)	(650)
Currency exchange gain or (loss)	(1,867)	71
Other expenses	(32)	-
Profit before tax	1,596	3,229
Income tax expense	(395)	(690)
Profit for the period	1,201	2,539



Cashflow statement

(UAH millions)

For the year ended 31 December

	2020	2019
Profit before tax	1,596	3,229
Depreciation and amortization	4,801	4,703
Other adjustments	1,916	(928)
Net cash provided by operating activities	8,313	7,004
Purchases of property and equipment	(2,309)	(2,754)
Purchases of other intangible assets	(1,475)	(1,034)
Purchase of 4G licenses	(267)	-
Financial aid and loan provided to related parties	(11,618)	-
Other proceeds and proceeds/(placement) of short-term investments	41	(116)
Net cash used in investing activities	(15,628)	(3,904)
Proceeds from borrowings	11,844	-
Repayment of borrowings	(963)	(2,774)
Repayment of other payables	(1,776)	-
Lease obligation principal paid	(524)	(512)
Dividends paid	-	(920)
Net cash (used in)/provided by financing activities	8,581	(4,206)
Net (decrease)/increase in cash and cash eq.	1,266	(1,106)
Cash and cash eq., beginning of the period	1,434	2,629
Effect of exchange rate changes on cash and cash eq.	120	(89)
Cash and cash eq., end of the period	2,820	1,434

