

Vodafone Ukraine Group FY 2022 results

Presented by VF Ukraine Group
«07» April 2023



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Business environment

1



Macro conditions in Ukraine

Macro figures as of December 31, 2022

NBU FX rate, UAH/USD <div style="text-align: center; font-size: 24pt; font-weight: bold; color: red;">36,5686</div> <p>Fixed rate starting from 21.07.2022 Depreciated almost by 34% (27,2782 as of 31.12.2021)¹</p>	Policy rate, % <div style="text-align: center; font-size: 24pt; font-weight: bold; color: red;">25%</div> <p>Fixed rate starting from 03.06.2022 As of 31.12.2021 the level of policy rate was 9%.</p>																												
CPI, % <div style="text-align: center; font-size: 24pt; font-weight: bold; color: red;">26,6%</div>	Number² of refugees abroad <div style="text-align: center; font-size: 24pt; font-weight: bold; color: red;">~8 mln in EU (+0,2 USA)</div> <p>86% of operating companies stay in Ukraine</p>																												
GDP, % <div style="text-align: center; font-size: 24pt; font-weight: bold; color: red;">-29,2%</div>																													
Country's FX reserves, \$ bln <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: left;">01.01.2022</td><td style="text-align: right; border: 2px solid red; font-weight: bold;">30,9</td></tr> <tr><td style="text-align: left;">01.08.2022</td><td style="text-align: right; border: 2px solid red; font-weight: bold;">22,4</td></tr> <tr><td style="text-align: left;">01.09.2022</td><td style="text-align: right; border: 2px solid red; font-weight: bold;">25,4</td></tr> <tr><td style="text-align: left;">31.12.2022</td><td style="text-align: right; border: 2px solid red; font-weight: bold;">28,5</td></tr> <tr><td style="text-align: left;">01.04.2023</td><td style="text-align: right; border: 2px solid red; font-weight: bold;">31,9</td></tr> </table>	01.01.2022	30,9	01.08.2022	22,4	01.09.2022	25,4	31.12.2022	28,5	01.04.2023	31,9	Estimated Financial support for 2022/2023^{3,4}, \$ bln <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>Category</th> <th>2022</th> <th>Approved for 2023</th> </tr> </thead> <tbody> <tr><td>other</td><td>8</td><td>5</td></tr> <tr><td>IMF program</td><td>8</td><td>5</td></tr> <tr><td>EU</td><td>3</td><td>18</td></tr> <tr><td>US</td><td>13</td><td>13</td></tr> <tr><td>Total</td><td>32</td><td>40,8</td></tr> </tbody> </table>	Category	2022	Approved for 2023	other	8	5	IMF program	8	5	EU	3	18	US	13	13	Total	32	40,8
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Foreign currency restrictions

Currency restrictions by the NBU:

1. Restructuring of foreign debts:

- ✗ Ban on repaying principal and interests to non-residents
- ✓ Restructuring of loans on terms no worse than restructuring for the Government of Ukraine¹

2. As of today currency payments restrictions have been simplified and the list of critical import goods has been expanded since the introduction of the corresponding restrictive resolution in February 2022
3. A ban on the purchase of foreign currency, provided that the company has its own currency on the accounts
4. Reduction of the deadline for foreign currency payments from 365 to 180 days
5. Strict currency control of the local banks by the NBU

¹Conditions for debt restructuring of the Government:

Postponement of repayment of bonds and interest - for a period of 24 months with a possible extension for one year. % income – w/o changes according to issued bonds.¹

²data.unhcr.org, <https://bank.gov.ua/>

³ Figures for 2022 may include insignificant sums meant for military support, Financial support figures do not include debt restructuring.

⁴Total amount of new IMF Program is \$15,6 bln per 4 years with repayment during 10 years

The Macro reaction on the military conflict in Ukraine was weighed and predicted. The economy will recover according the reduction in security risks.











Impact of the war

2



Impact of the war

		 Network	 Users base	 Retail	 Digital	
December 2021		12 327	18,9 mln	502 stores: 122 (VF Retail) and 380 franchised	47% 4G penetration My Vodafone	
					64% Data users 5,9 Gb Data usage per user	
December 2022	War impact	1 517 sites are down (or 12,2%) 566 sites are partially destroyed ¹ (losses UAH 80 mln)	3,5 mln lost 2,21 mln located abroad	Temporary closed: 68 (11 and 57) or ~14% Fully destroyed: 21 (7 and 14) or ~4%	4G indicators were influenced by the active development of LTE network and increased consumption	
	Fact as of 31.12.2022	Sites ² on air: 10 926	15,4 mln 1,17 mln still abroad	406 stores: 96 (VF Retail) and 310 franchised	59% 4G penetration My Vodafone users	+10%
	Business Availability (% of operating)	 88% of sites are operating	 81% of 3M base has generated revenue	 82% of stores are opened	 ~110-140% positive impact of digital instruments	71% Data users 8,4 Gb Data usage per user

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



Downward dynamic



Upward dynamic



¹ only in the territories controlled by Ukraine. There is no reliable information on the number of destroyed sites in the uncontrolled territories.

Impact on the Network, Employees and assets



Recovery and
Capacity extension

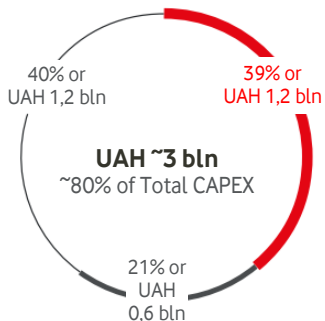
The scheme of
geographical impact:



Assets out of control

UAH ~662 mln

Estimated amount of assets losses on the occupied territories. The amount of loss may change after complete deoccupation.



Infrastructure investments in 2022

- Infrastructure construction and recovery¹
- Network capacity extension and development
- Infrastructure maintenance

¹ – the amount for infrastructure recovery only in 2022 was approx. UAH 400 mln

Network status and the team safety



Network

Vodafone Ukraine team is actively working to restore the damaged areas of the network

- Around 88% of sites are on air
- Major infrastructure destructions are in places of active military actions
- Carrying amount of destroyed infrastructure facilities, that have been disposed, is equal to UAH 80 mln

As of today we actively analyze and restore the assets on the de-occupied territories

All critical elements of technical and IT infrastructure have been already diversified within Ukraine



VF team

Vodafone Ukraine teams are in safe places. All major offices were equipped with bomb shelters with necessary facilities

- Remote type of work is being kept to
- Offices were equipped with stationary generators and Internet connection (in case of unstable electricity supply - blackout influence)

Technical team operates in the de-occupied territory, only where access and protection are ensured



Blackout challenges for the Group

Measures for Network keeping



To keep the Mobile Network the following was ensured

>1 000	670 Generators (stationary and mobile) (+ 400 ordered)
>24 ths. AGM type	Batteries (AGM and LiFe) (new or additional)
>500 t. for 3 months	Fuel volume (general consumption is about 150 tons per year)
225 people	Involved in maintaining the network (170 of them are employees of the Company)

Expenses as of 31.12.2022:

UAH ~140 mln

(UAH 122 mln – capex;

UAH >20 mln – maintenance costs)

To keep the Fixed Network the following was ensured

>40	Generators to support the network
Approx. 2 000	Batteries (additional) are installed
11 t.	Fuel
25 teams	Involved in maintaining the network

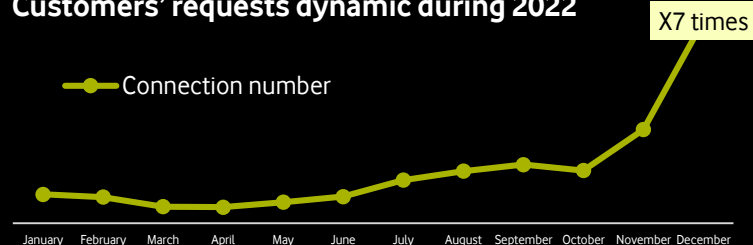
In order to provide the Company's employees with electricity all the offices were equipped with stationary generators and Internet connection.

Blackout as an opportunity

Fixed Network, Vega Telecom

Gigabit technology (GPON) demonstrates a relative energy autonomy at the connection points, energy supply is required at the level of core network. GPON has gained huge popularity and interest among subscribers in a matter of days starting from first blackout.

Customers' requests dynamic during 2022



- ❑ Vega Telecom sales in 4Q2022 covered 63% of the Company's total sales for the year.
- ❑ Number of installation workers was increased x4 times. They are independent partners in most cases.

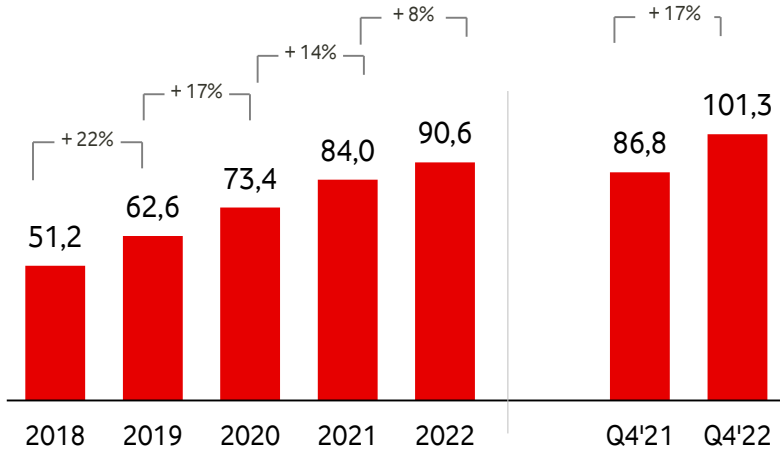
GPON technology has gained high priority from customers without sufficient market response (a limited number of FBB operators offer GPON). Such uncovered demand brought the Vega trademark and its market position to the TOP.

Despite such extreme emergency conditions caused by infrastructure attacks by Russia, Vodafone Ukraine Group has been staying stable and keeping connection available for customers.

Mobile Business Operational Performance (ARPU & Customer base)

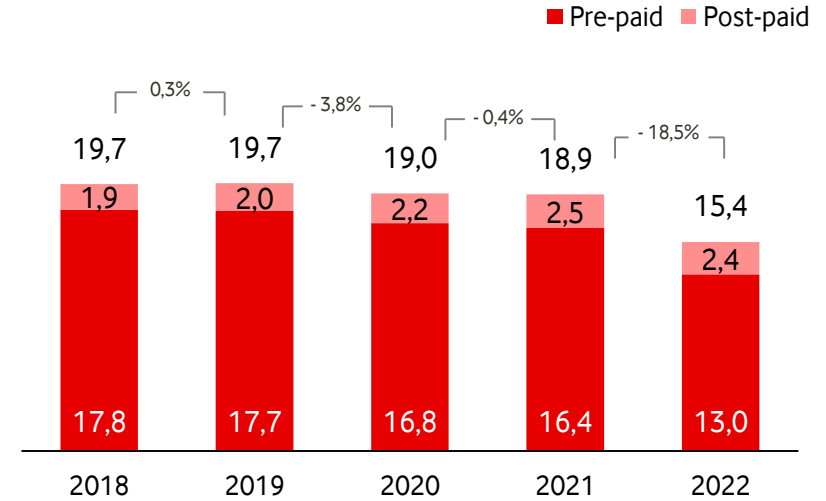
ARPU evolution (UAH)

Q4'22 vs Q4'21 **↑ 16,8% / UAH 14,6**



Customer base, EoP (mln)

Q4'22 vs Q4'21 **↓ -18,5% / (3,5) mln**



The Russia-Ukraine conflict caused mass migration of the Ukrainians abroad, which significantly influenced the customer base. The main War Factors were: customer migration abroad; lost customers in the hostilities zone and Vodafone network outage in the occupied territories.



VFU country supporting initiatives



Help During War Time

as of 31.12.2022



Users

13,9 mln

unique subscribers received discounts voice & data services in Ukraine

Discounts provided

~UAH 1 bln

(in Ukraine and roaming)
A major part of discounts for services and emergency alert messaging were granted at beginning of the war



Available Roaming

32 countries

support "Available Roaming"

>2 mln subsc.

(or >87% of all roamers)



Available roaming

10
ГБ

300
ХВИЛИН

100
SMS

Charity Sponsorship Donations

Social contribution

~UAH 114 mln Including:

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

Charitable projects

10 ambulances

(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.

Open services

e-education, e-government, e-medicine:

- ✓ Free access for schoolchildren to the lessons, communication services and messaging.
- ✓ 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. The Company's contribution is significant in all spheres.



Financials Performance

3



Solid track records under extreme conditions

Changes in key indicators

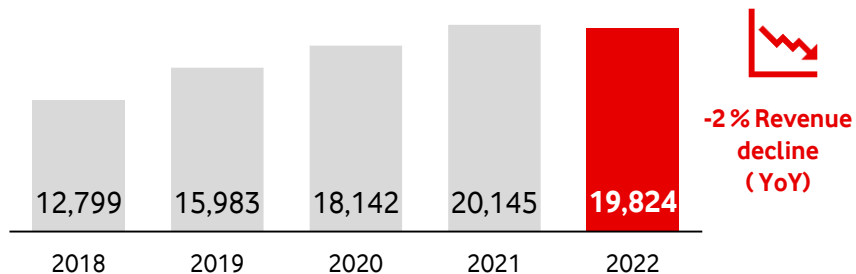
	UAH, mln			USD, mln ¹		
	2021	2022	↑↓	2021	2022	↑↓
Revenue	20,145	19,824	-2%	738	612	-17%
OIBDA	10,953	11,277	+3%	401	348	-13%
OIBDA, %	54,4%	56,9%	+2.5	54,4%	56,9%	+2.5
Net profit	3,832	1,100	-71%	140	34	-76%
CAPEX	3,502	3,588	+2%	128	111	-14%

¹Average UAH/USD exchange rate for 2022 is 32.37 (UAH/USD 27.28 for 2021)

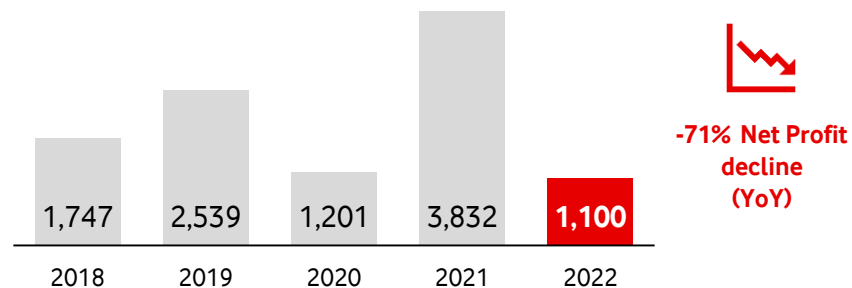


Financial highlights

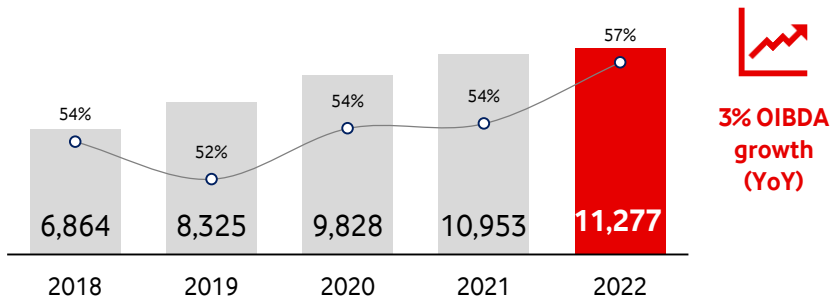
Revenues (UAH, mln)



Net profit (UAH, mln)



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



- Revenue: 2% decline due to decrease in active base and activations caused by military actions in the territory of Ukraine;
- OIBDA: 3% growth due to cost optimization;
- Net Profit: -71% decline due to FX loss

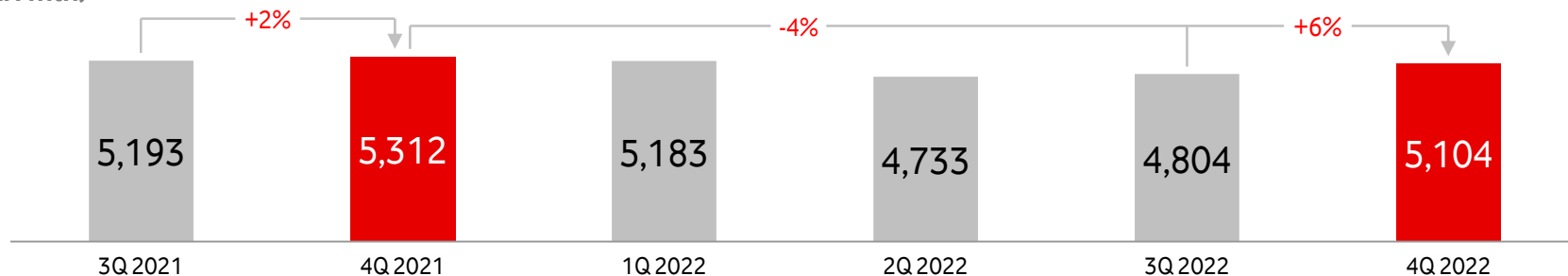
¹ OIBDA Margin = OIBDA/Revenues



Group performance

Group revenue

(UAH mln)



Group revenue: factor analysis

(UAH mln)



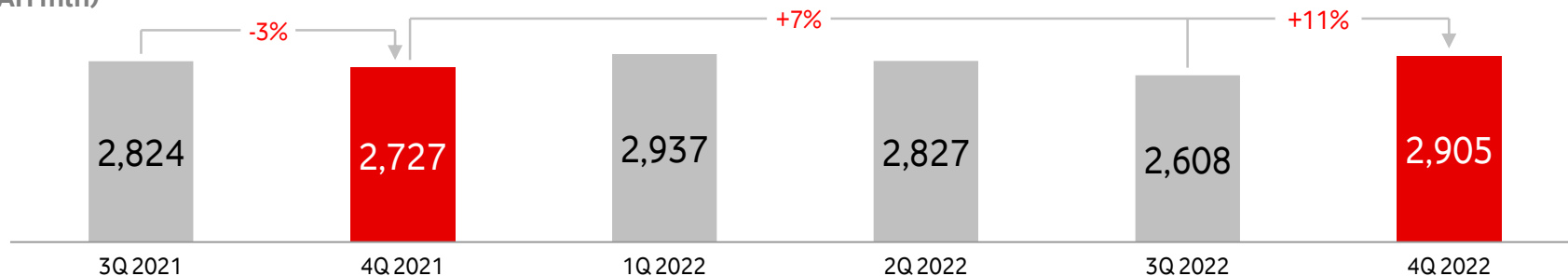
¹ Other include Fixed business revenue (growth due to Vega acquisition effect) and Revenue from integration services



Group performance

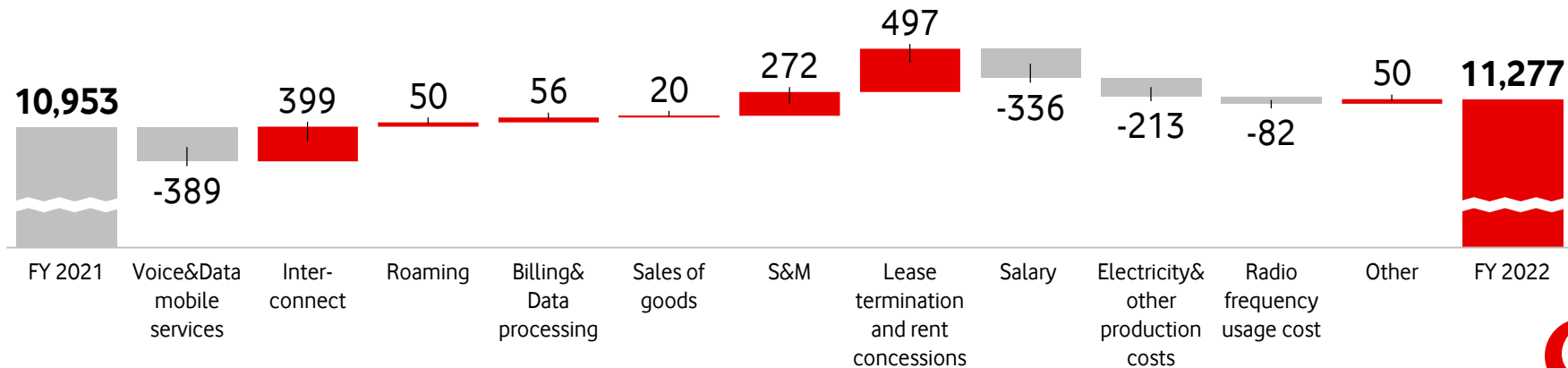
Group OIBDA

(UAH mln)



Group OIBDA : factor analysis

(UAH mln)

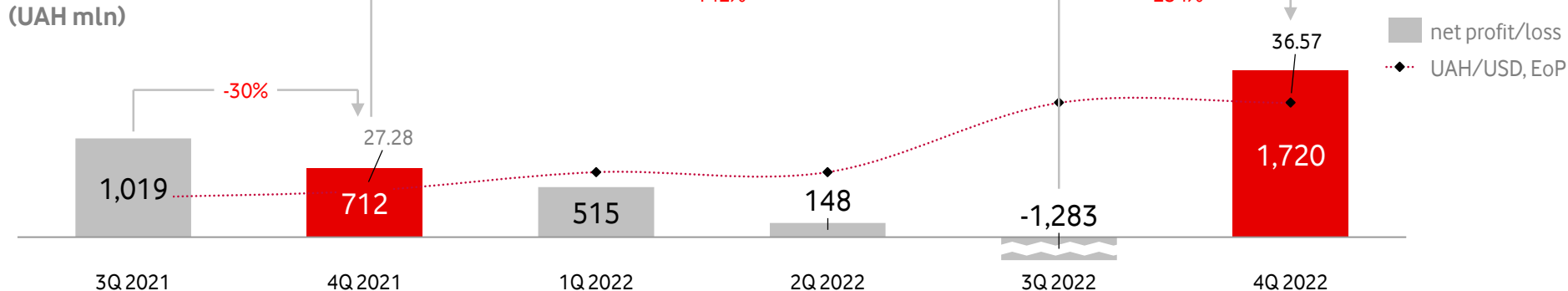


+3 % YoY

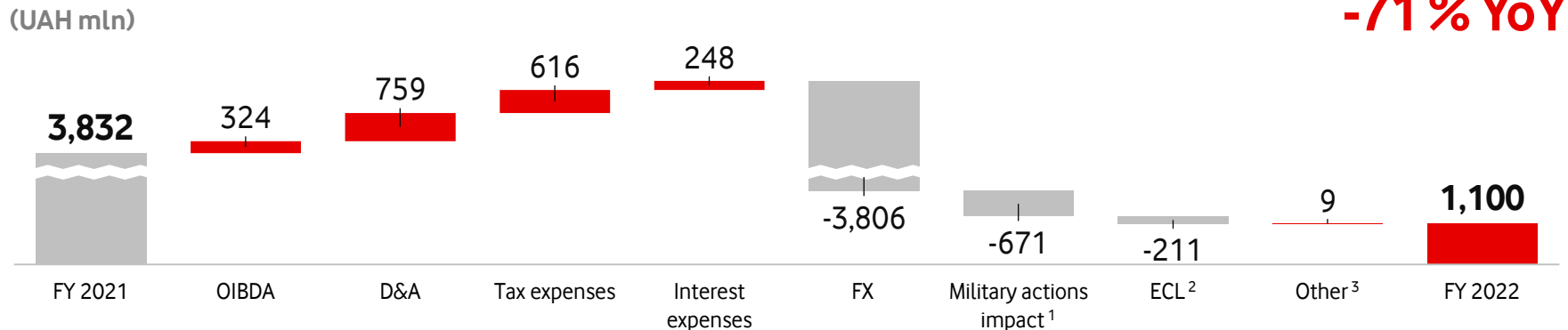


Group performance

Group net profit/loss



Group net profit: factor analysis



¹ Military actions impact:

- impairment and disposal of property and equipment = 662
- disposal of damaged and destroyed property and equipment = 80
- impairment loss on inventories = 14
- modification of leases = (51)

- changes in estimates in provision for decommissioning and restoration = (45)
- net settlements to aggressor countries (payables write-off & receivables impairment) = 11;

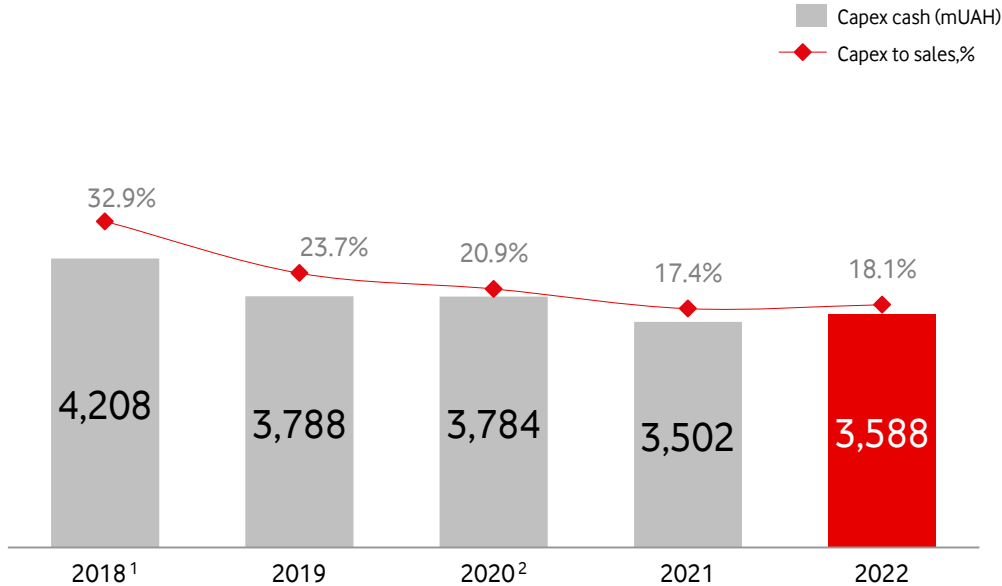
² ECL - reserve for cash transferred to SPV for bridge repayment;

³ Other include charity expenses, interest income



Group CAPEX

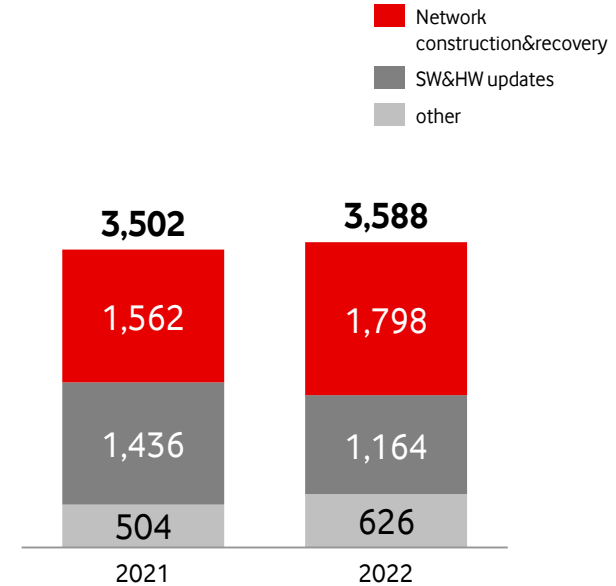
CAPEX dynamic



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

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

CAPEX breakdown (UAH, mln)



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, 2022 the total face amount of Eurobonds pay off was USD 100,1 million
- In February 2023 the Group made interest payment under the terms of the Loan Agreement

CREDIT RATINGS as of December 31, 2022

Fitch	CCC
S&P	CCC+

As of December 31, 2022

	USD, mln	UAH, mln	UAH, mln	
			+10%	+20%
Cash, cash equivalents, deposits and government bonds	183	36.57	40.23	43.88
Total debt	523	6,676	7,125	7,576
Notes payable ¹ (Eurobond issue, principal)	394	14,394	15,833	17,272
Notes payable (Eurobond issue, %)	10	351	385	420
Other debt (Lease obligations (under IFRS 16))	119	4,359	4,507	4,655
Net debt	340	12,428	13,600	14,771
OIBDA ²	348	11,277	11,221	11,164
Net Debt/OIBDA	1.0x	1.1x	1.2x	1.3x

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

² OIBDA = EBITDA (average NBU exchange rate for 2022 was 32.37 UAH/USD)

Sensitivity to a possible change in USD exchange rates



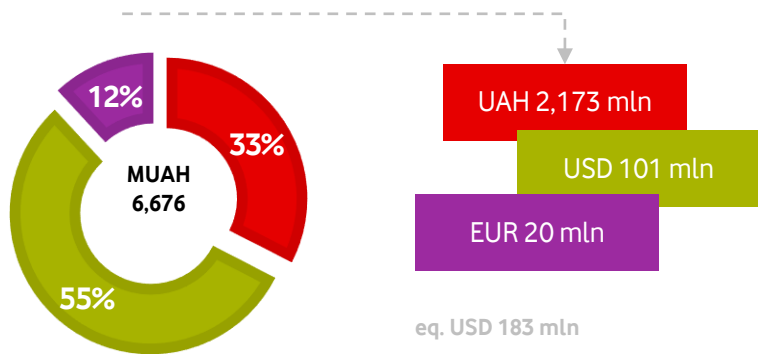
Liquidity overview

(as of December 31, 2022)

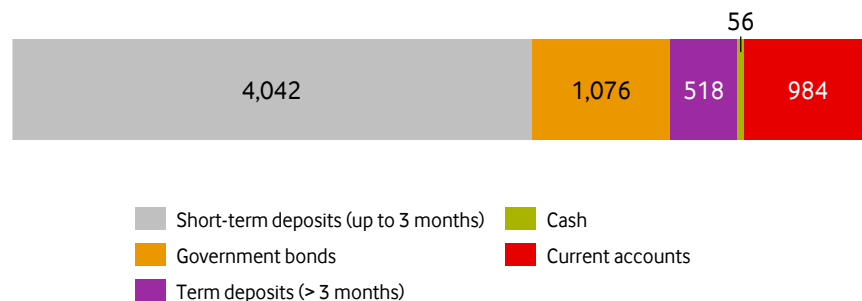
Group cash breakdown by currencies

X2.2 YoY growth

As of 31 December 2021 cash eq. was UAH 3,026 mln



Type of accounts



- Cash and cash eq. on the current accounts are held mainly in large banks located in Ukraine that have a reliable reputation.
- Term deposits (with the term of more than 3 months) are held with subsidiary of large international bank.
- Currencies split secures FX position of the Group. The share of USD and EUR currencies is 67 %.





Together we can