VIVACOM PRESENTATION TO STANDARD & POOR'S RATINGS SERVICES

2 SEPTEMBER 2013

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VIVACOM
United Communications

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Presenters

Atanas Dobrev – *Chief Executive Officer, Board Member*

Joined Vivacom in September 2008 as Chief Financial Officer. Served as CFO in the second mobile operator Globul 2001–2008

Zlatozar Sourlekov – *Chairman of the Board*

Member of the Supervisory Board of Corporate Commercial Bank as of 2000. Started his professional career in telecommunications as a Sales Director at Incoms Kapsh OOD – the first joint venture in telecommunications in Eastern Europe

Asen Velikov – *Financial Director*

Started his career at Vivacom in 1999. Since 2010 he is Controlling Director of the Company, after moving through various positions in Finance

Alexander Grancharov – *Chief Marketing Officer, Board Member*

Served 9 years as CEO of Carlsberg Bulgaria. Previous experience includes Country Manager of Coca-Cola Bulgaria

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1. TRANSACTION OVERVIEW

Introduction to Vivacom

Key facts

- Vivacom is the national telecom incumbent and leading integrated operator in Bulgaria
  - #1 in fixed telephony (1.5m subs) and #1 in fixed broadband (0.3m subs)
  - Fastest growing mobile operator with 2.5m subscribers and #1 position in mobile broadband
- Majority owned by VTB Capital ("VTBC") and its Bulgarian partner, the holding company of Corporate Commercial Bank ("CCB Group")

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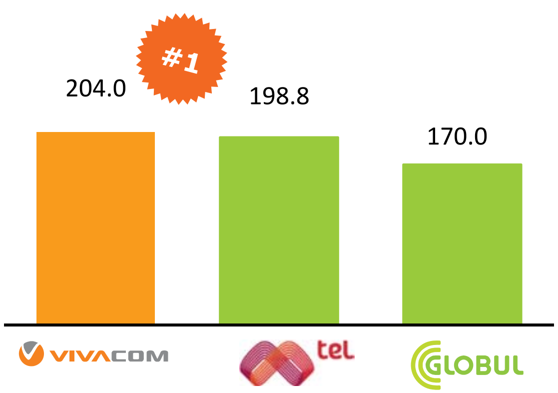
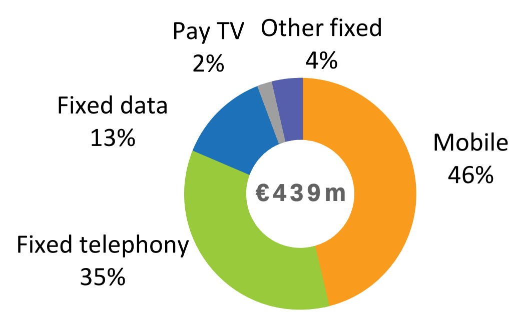
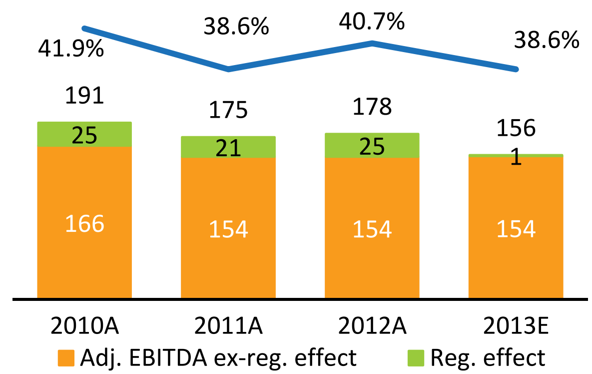
Leading telecom operator in Bulgaria… | **…with a diversified business mix…** | **…and consistent profitability over time**



H1 2013 revenues (€m)



Revenues breakdown (2012)



Adj. EBITDA (€m) and % margin

Note: Revenues and EBITDA ex-regulatory effect represent the financial metrics as they would have been had regulated rates been constant at their H2 2013 levels throughout the relevant period.

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Summary transaction overview

- **Bulgarian Telecommunications Company AD ("Vivacom" or the "Company") is the leading integrated telecom operator in Bulgaria**
  - LTM June 2013 revenue of €417m and Adjusted EBITDA(1) of €167m (40.0% margin)
  - Owned by VTB Capital and CCB Group, which together acquired a controlling stake in Vivacom during the restructuring in 2012
- **The Company intends to fully refinance its existing indebtedness with proceeds from new Senior Secured Notes**
  - €450m Senior Secured Notes
  - Net total leverage pro forma for the transaction is 2.5x
  - At the same time, HoldCo indebtedness is refinanced with a bridge to equity of €140m
- **Transaction rationale:**
  - Extends debt maturity profile and enhances liquidity and operating flexibility
  - Capitalizes on attractive capital market conditions
  - High yield financing removes maintenance based covenants to provide more flexibility in strategic decisions
- **The Company is requesting a corporate rating and issue rating on the Senior Secured Notes in the week commencing September 16th, with the objective of launching roadshow on September 25th**

Note: Bulgarian local currency Lev (BGN) is pegged to EUR at 1.95583 BGN for one EUR.
(1) Adjusted by management. Please refer to slide 93 for detailed adjustments from IFRS PBT to adj. EBITDA.

Sources & uses and pro forma debt capitalization

Sources & uses

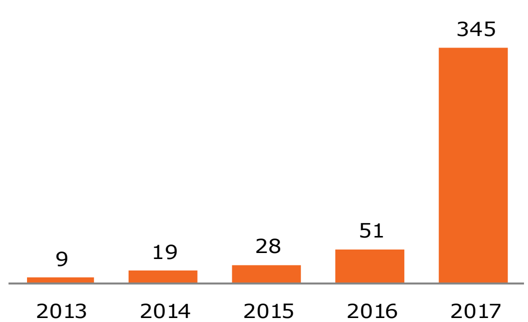
Sources	€m
Senior Secured Notes	450
Balance Sheet Cash Used	20
Total Sources	**470**

Uses	€m
Refinance Existing Debt	452
Accrued interest	4
Estimated Fees and Expenses	15 (1)
Total Uses	**470**

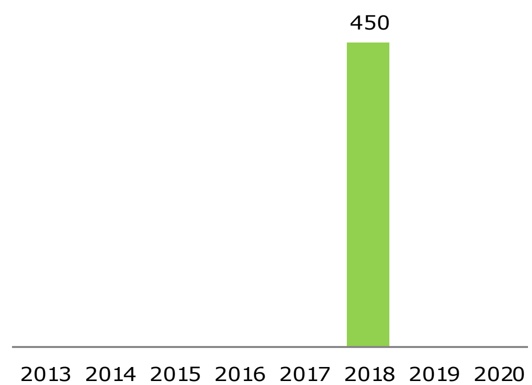
Pro forma debt capitalization (30-June-13)

	EURm	xLTM Adj. EBITDA	Tenor
Cash	(36)	(0.21x)	
Financial Leases	1	0.00x	
Senior Secured Notes	450	2.70x	5 years
Net Debt	**415**	**2.49x**	
Total Debt	**451**	**2.71x**	
Pro Forma EBITDA	**167**		

Existing OpCo loan maturity profile



Pro forma maturity profile



Comments

- Strong pro forma liquidity with cash balance of €36m
- Effectively no debt repayment till 2018
- Net leverage at 2.5x and total leverage at 2.7x

(1) All-in, including discretionary fee to underwriters.

Key terms of new Senior Secured Notes

Issuer	Bulgarian Telecommunications Company AD (Bulgaria) or its direct subsidiary [BTC] N.V. (the Netherlands)
Issue	Senior Secured Notes
Offering Type	RegS / 144A
Size	€450m
Currency	EUR
Tenor	5 years
Non-call period	NC2
Coupon	[Up to 7.00%]
Ranking	Senior secured
Security	[First ranking share security over the shares in the Issuer (1), enterprise pledge granted by Bulgarian Telecommunications Company AD (incl. security over the shares in BTC Net EOOD), enterprise pledge granted by BTC Net EOOD, the Issuer's (1) bank accounts' and insurance premium's receivables pledge] (2)
Guarantors	Senior guarantees or equivalent from wholly owned subsidiaries
Change of Control	Put to issuer at 101
Use of proceeds	Refinance existing debt and general corporate purposes
Covenants	Incurrence based covenants
Optional Redemption	Equity clawback: up to 35% within the first two years Other: up to 10% p.a. optional redemption within the first [•] years at 103
Listing	Irish Stock Exchange

Note: Offering terms to be confirmed. Bracketed items indicate terms most likely to change.
(1) And of Bulgarian Telecommunications Company AD, in case of an SPV Issuer.
(2) In case of an SPV Issuer, also a pledge over all assets of the SPV Issuer, as well as over the proceeds loan by which the Senior Secured Notes proceeds are on-lent to Bulgarian Telecommunications Company AD.

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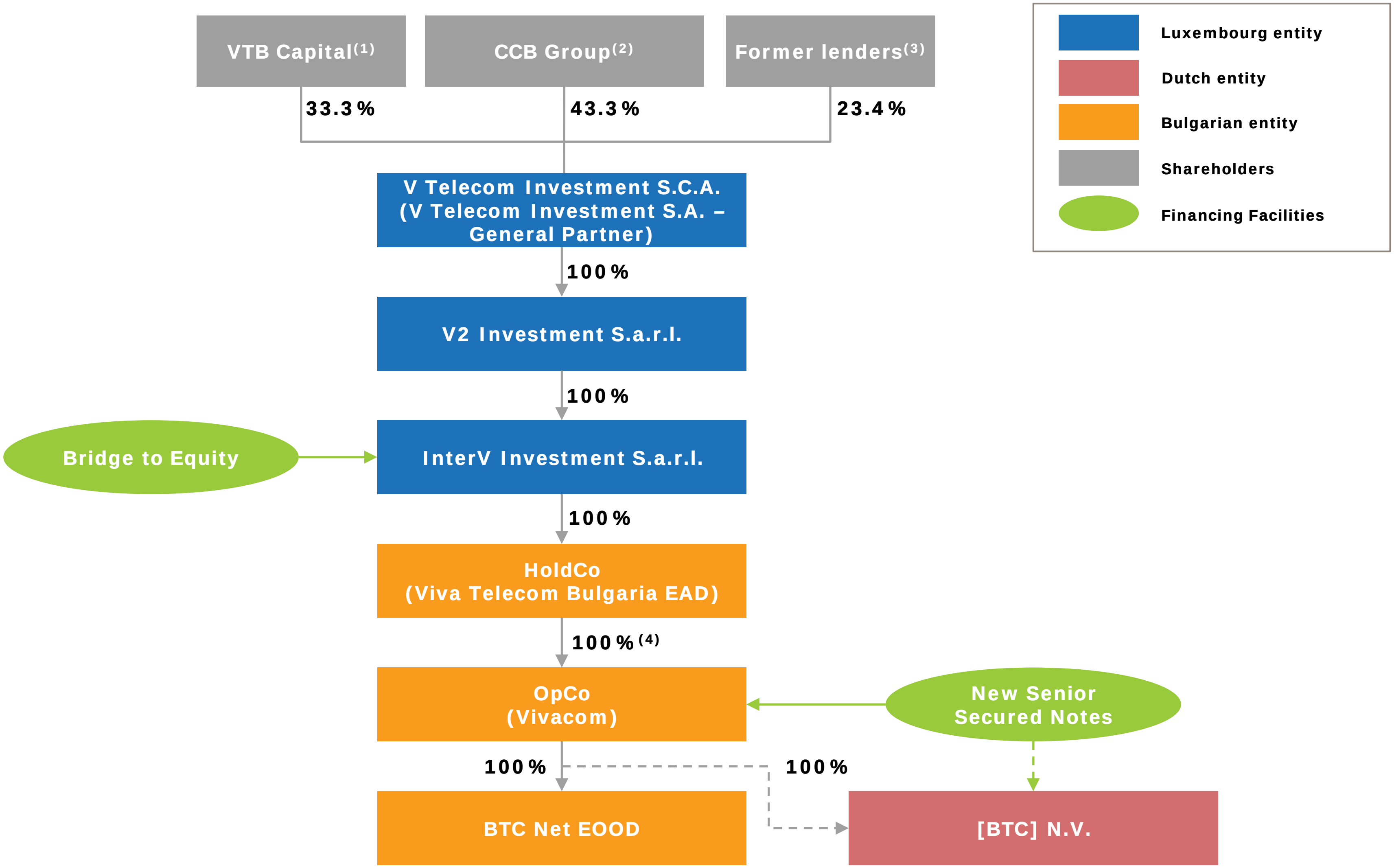
Simplified pro forma organization structure



(1) Stake held through Crusher Investments Limited and ultimately controlled by OJSC VTB Bank.
(2) Stake held through Bromak EOOD, the holding company that is a majority owner of Corporate Commercial Bank, and ultimately controlled by Mr. Tzvetan Vassilev.
(3) Former lenders, all owning less than 5% of the capital except for one shareholder with 8% (via several vehicles).
(4) Squeeze out of public free float completed in July 2013. The Bulgarian government remained owner of a single Golden Share in Vivacom after privatization in 2004 and is expected to redeem the Golden Share soon.

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Transaction timeline

September 2013

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Denotes key dates

Denotes public holidays (Bulgaria)

Date	Event
Monday, September 2nd	Meet with S&P
Wednesday, September 4th	Provision of draft OM and DoN
Week commencing September 16th	Target preliminary rating outcome
Wednesday, September 25th	Transaction launch

Overview of key shareholders

	VTB Capital	CCB Group[1]
Description	Investment arm of VTB Group, one of the largest banks in Russia, founded in 2008, also providing full range of investment banking services	CCB Group, has diversified interests in Bulgaria, including banking, insurance, financial services, shipping, defense industry
Largest ultimate shareholders	VTB is listed on MICS, RTS, and LSE[2] • Largest shareholder: Federal Agency of the State Property Management of the Russian Federation (60.9%)	• Majority beneficially owned by prominent Bulgarian businessman Mr. Tzvetan Vassilev
Geography	Focus on CIS and CEE countries	Focus on Bulgaria
Relevant investments	• Tele2 Russia (100%, acquired in March 2013) • A number of investments in CIS / CEE	• Corporate Commercial Bank • Victoria Insurance • Dunarit military manufacturer
Financial Capabilities	• Second largest bank in Russia • Growing investment banking business across CIS / CEE	• CCB is the fifth largest Bulgarian bank with assets of € 2.9bn as of 31.12.2012
Commitment to Vivacom	• Controlling stake acquired in 2012 via restructuring of company loans and cash equity investment of c. €130m (solely from VTB Capital and CCB) • Additional bridge to equity of €140m • Appointed experienced board members	

Together VTB Capital and CCB Group bring operational experience, financing expertise and local knowledge

(1) Mr. Tzvetan Vassilev, through his wholly owned subsidiary Bromak, is the majority owner of Corporate Commercial Bank and the largest shareholder in Vivacom.

(2) MICS: Moscow Interbank Currency Exchange; RTS: Russian Trading System Stock Exchange; LSE: London Stock Exchange.

2. KEY INVESTMENT HIGHLIGHTS

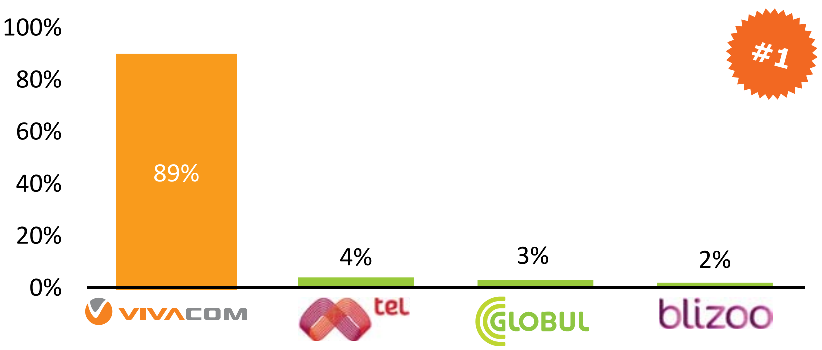
Key investment highlights

1. Leading integrated telecom operator in Bulgaria
2. Well diversified and resilient business model
3. Improving regulatory environment to underpin future market stability
4. Best-in-class mobile network
5. Targeted investments to position fixed network for future growth
6. Strong cash flow generation
7. Benign macroeconomic environment
8. Experienced management and committed shareholders

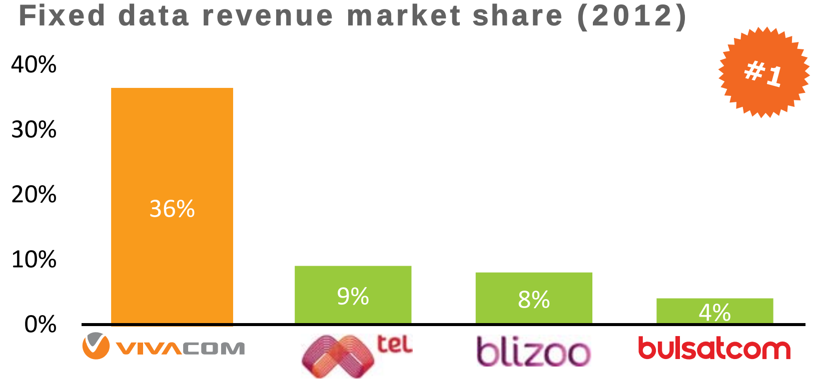
1 Leading integrated telecom operator in Bulgaria

Leading position in legacy fixed businesses…

Fixed telephony revenue market share (2012)

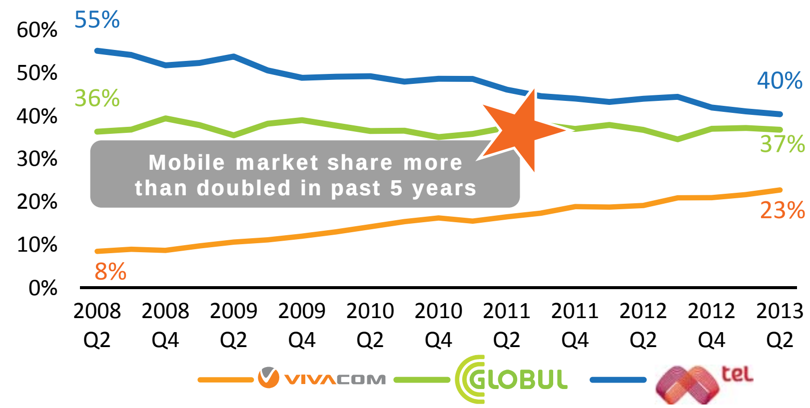


Fixed data revenue market share (2012)

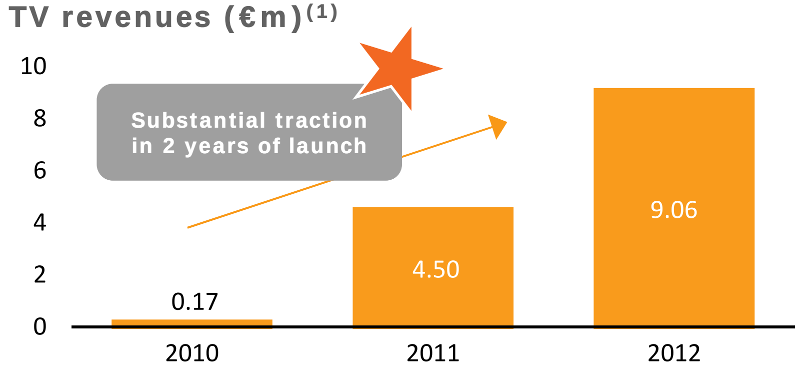


…leveraged into high growth areas

Quarterly mobile revenue share (%)



TV revenues (€m)[(1)]



Vivacom's leading position in established businesses has enabled rapid growth in new markets; Nationwide footprint across all products positions Vivacom to gain from increased multi-play demand

Source: Company data.
(1) TV revenues include DTH and IPTV.

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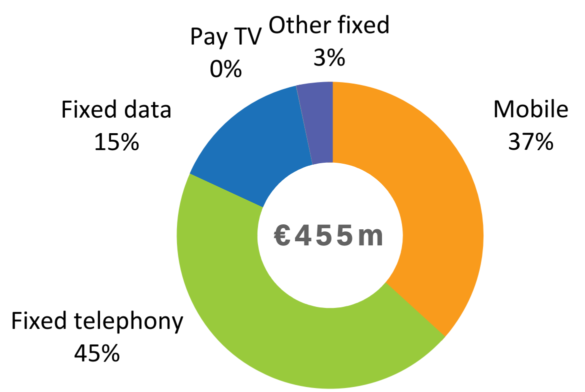
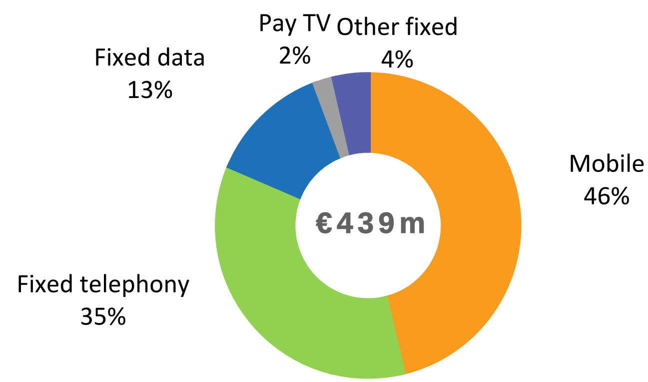
2 Well diversified and resilient business model

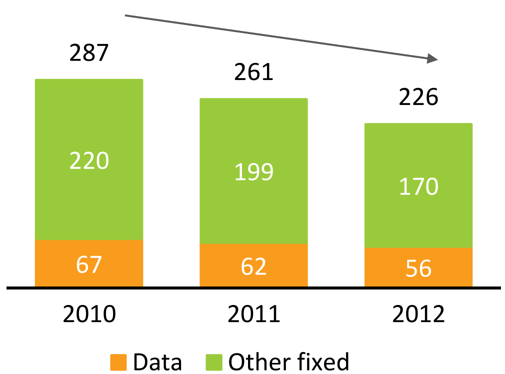
Revenue breakdown (2010)



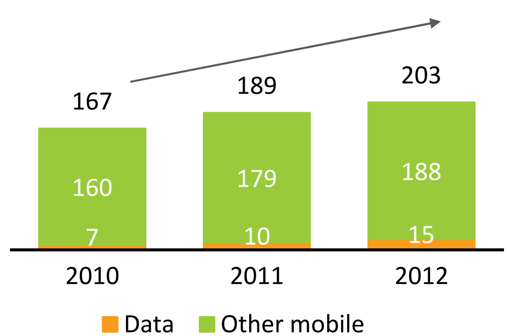
Revenue breakdown (2012)



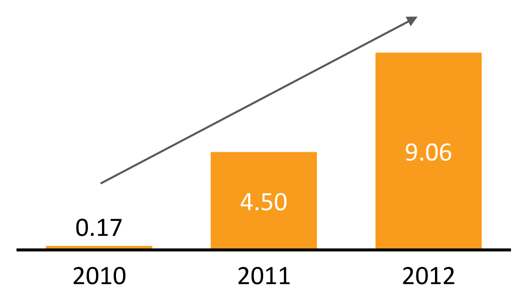
Fixed revenues (€m)[1]



Mobile revenues (€m)



TV revenues (€m)[1]



Vivacom's diversified business model has reinforced the stability of its revenues

Source: Company data.
(1) IPTV and DTH revenues presented separately from fixed revenues.

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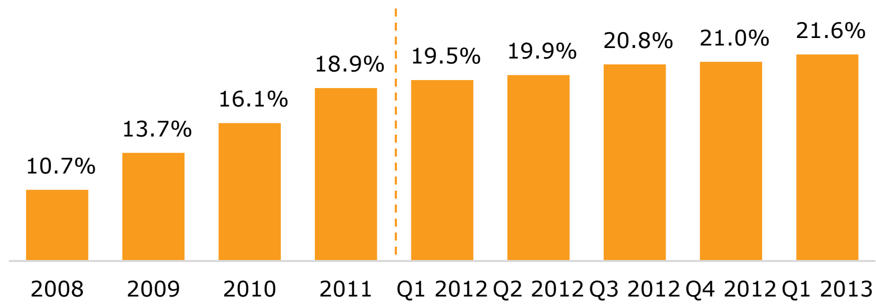
2 Well diversified and resilient business model

Proven challenger strategy in mobile

Long track record of mobile market share growth

(% subscriber market share)

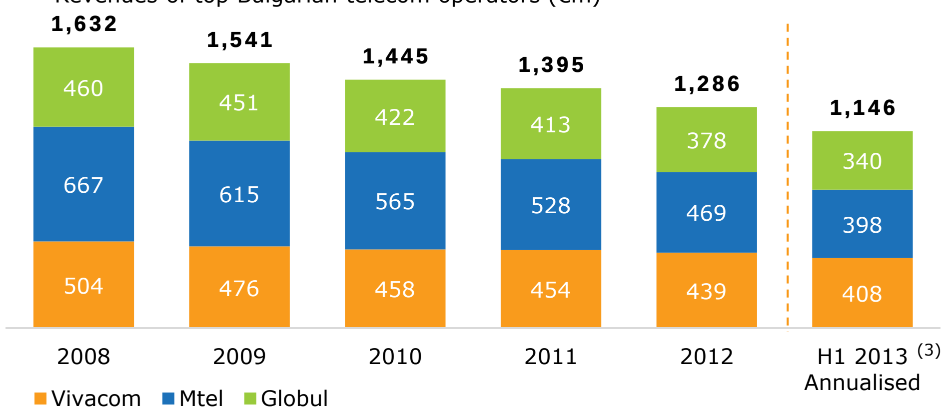


	Mobile revenue CAGR 2008-12	Mobile market share, change 2008-12
Avg. Eur. No.3 mobile player(1)	-0.8%	+0.2%
WIND (Italy)	+0.8%	+4.7%
orange (Switzerland)	-0.2%	-1.3%
Sunrise (2) (Switzerland)	+4.1%	+1.0%
VIVACOM	+17.7%	+10.3%

Stand-out No.3 mobile player

Superior overall performance

Revenues of top Bulgarian telecom operators (€m)



	CAGR 2008-12 Revenues	Share among top 3, change 2008-12 Revenues	Share among top 3, change 2008-12 EBITDA
Top 3 telecom players	-5.8%	NA	NA
GLOBUL	-4.8%	+1.2%	+1.0%
Mtel	-8.4%	-4.4%	-7.3%
VIVACOM	-3.4%	+3.3%	+6.3%

Clear outperformance vs. peers

Outperformance in challenging market conditions driven by strengths of mobile business

Source: Company data, broker research.

(1) BAML Q1 2013 Wireless Matrix. Average calculated using No.3 players in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey and Ukraine.

(2) Sunrise's market position is #2 by mobile subscribers, but its market share is very close to that of Orange CH, with a large gap to Swisscom in the three-player Swiss mobile market.

(3) Annualized as H1 2013 multiplied by two. No seasonality taken into account.

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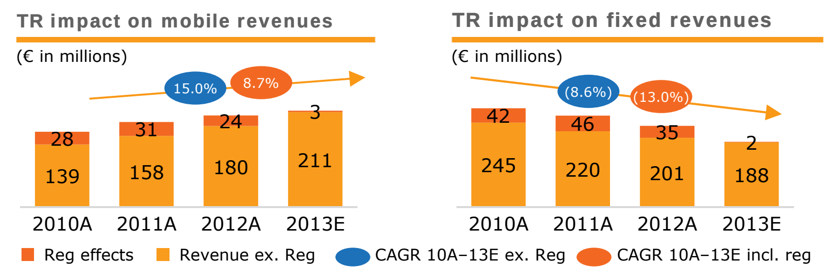
3 Improving regulatory environment to underpin future market stability

End of termination rate glide path

- Significant impact of declining MTR / FTR over past several years
- Current rates lower than CEE & EU averages
- Going forward, minimal impact, providing stability to topline



Reduced regulatory scrutiny on Vivacom

Two key regulatory changes to the benefit of Vivacom:

- Since March 2013, price at which Vivacom fixed customers call mobile networks no longer regulated
  - Previously price had to move downward proportionately with every MTR decrease
- Lifting of pre-approval requirement on bundled offers, allowing more flexibility

Ample spectrum historically shared on as needed basis

- Bulgaria has abundant spectrum available, which has been historically distributed operators relatively equally
- In 2012 Vivacom has doubled its 3G spectrum position in 2100MHz, to match the holdings of its competitors
- Auction triggered for additional spectrum in 1800MHz due to multiple requests from interested parties

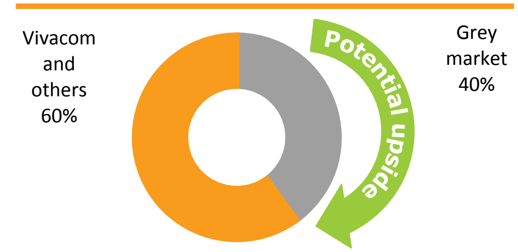
Regulations favourable to new investments

- No wholesale access obligation for fiber network
  - No reported active ULL providers despite wholesale access obligation to ADSL network since 2008
- No obligation to provide MVNO access via national roaming agreement
  - Limited MVNO presence in market

Grey market under increasing pressure…

- Grey market in fixed data and Pay-TV estimated at c.40%
  - Grey market LAN operators illegally use Vivacom ducts and / or aerial cables to connect customers and / or pay no taxes or license fees
- Vivacom has taken steps against illegal LAN operators in its duct network by working actively with municipalities (including Sofia Municipality)

Residential broadband market



Source: Company data,

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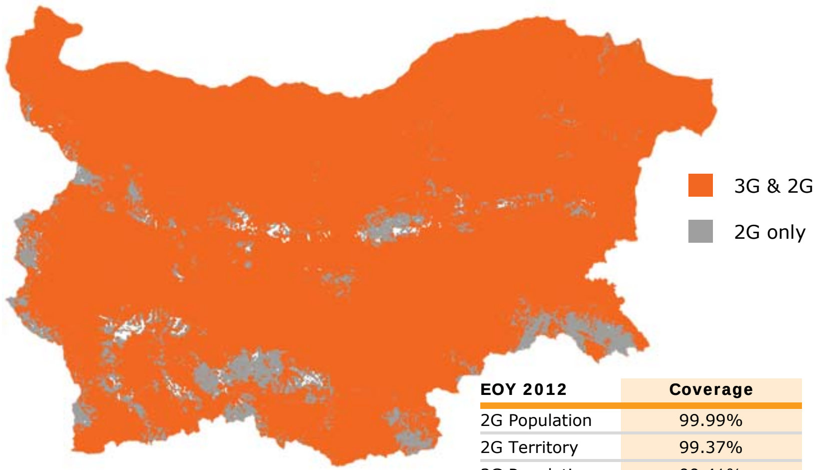
4 Best-in-class mobile network

- Mobile network already best in class
  - Best-performing network across quality indicators
  - No.1 in mobile broadband due to clear advantage in 3G
  - Ample capacity for traffic growth
  - 3G network provides download speeds of up to 42 Mbps to 22% of Bulgaria's population
- 3G network largely built out already
- Plan for efficient LTE roll-out
  - LTE launch not expected before 2015, when 800MHz spectrum will become available
  - Plan to co-locate / upgrade existing 2G & 3G sites to minimize construction charges
  - Possible network sharing
  - Re-use connectivity (backhaul)

Nationwide coverage footprint



EOY 2012	Coverage
2G Population	99.99%
2G Territory	99.37%
3G Population	99.41%
3G Territory	95.95%

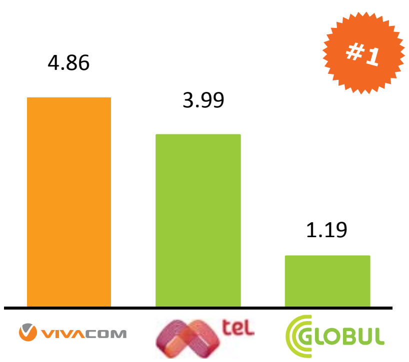
Ample capacity to meet data growth

- Vivacom has the most spectrum per subscriber of the 3 operators, providing capacity for traffic expansion

	VIVACOM	tel	GLOBUL
Paired spectrum (MHz)	31.2	31.2	31.2
Mobile subscribers (2012)	2.5m	5.2m	4.4m
MHz per million subscribers	12.3	6.0	7.3

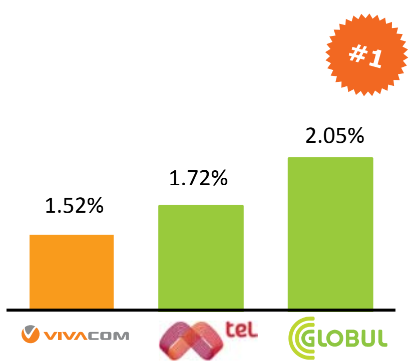
Fastest speeds…

(average FTP DL speeds, Mbps)



…and lowest dropped calls

(dropped call rate, UMTS preferred)



Source: Company data, Communications Regulation Commission (CRC).
Note: Territorial and population coverage from CRC 2012 annual report. Network quality information based on all locations surveyed in nationwide data benchmark study as of November 2012.

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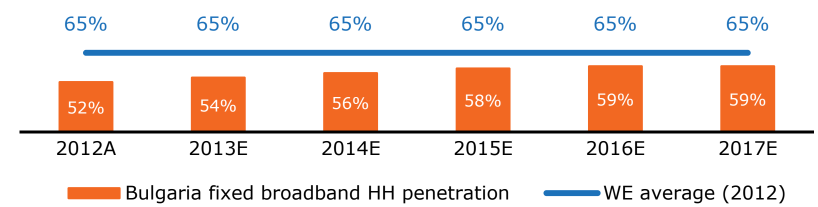
5 Targeted investments to position fixed network for future growth

Broadband penetration upside

- Broadband penetration below current levels in Western Europe
- Structural upside as penetration increases



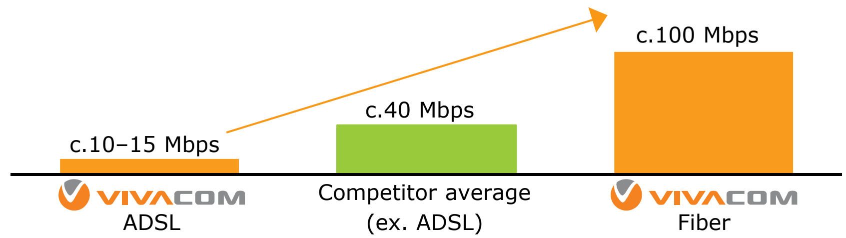
Extensive existing network

- Copper infrastructure of over 100,000 km passes c.78% of households in Bulgaria
  - Most extensive fixed broadband network in Bulgaria
  - Fully digitalized fixed telephony network
- Fully owned fiber backbone network
- Vivacom's FTTx penetration is in line with other European incumbents

Incumbent	Country	Fiber penetration[1]
VIVACOM	Bulgaria	17%
kpn	Netherlands	19%
Telefonica	Spain	16%
orange	France	8%

Targeted new investment

- Selected fiber deployment strategy to meet customer demand for increased speeds
- FTTx product delivers superior speed



Clear payback / ROI prospects

- Demand-led strategy, targeting the most affluent cities, with clear payback / ROI prospects
  - 2/3 of fiber roll-out investment complete, ahead of budget
  - Take up of service and anticipated ARPU and costs are in line with budget
- Ownership of extensive duct infrastructure, combined with cheap labor, results in low FTTP roll-out costs
- Large pool of existing subscribers to be upsold to new products

Source: Company data, Analysys Mason, public filings.
(1) Incumbent's fiber homes passed over total households in the respective country.

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6 Strong cash flow generation

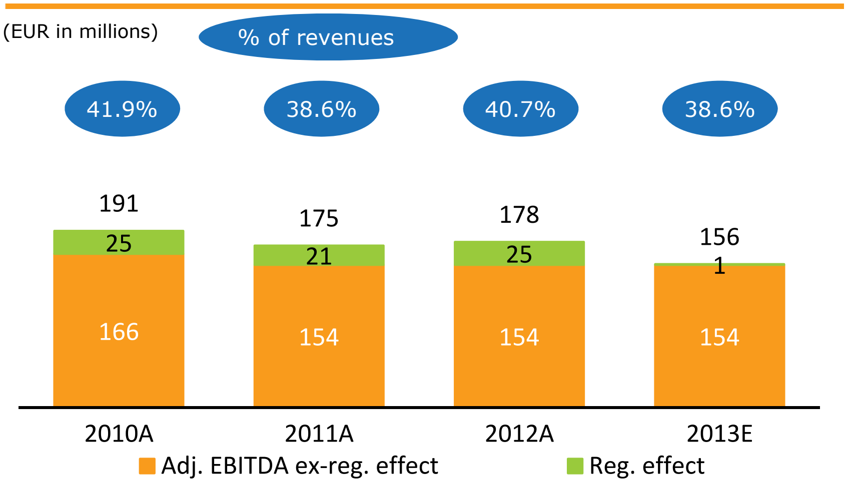
Profit margin optimization

- History of successful cost reductions
  - Headcount reduced from c.7,000 in 2008 to c.3,100 as of end 2012
  - Integration of CRM, billing, IT and brand
- Continuing cost reduction initiatives
  - Lower upgrade expenses via swap to MPLS network
  - Increased use of e-invoicing

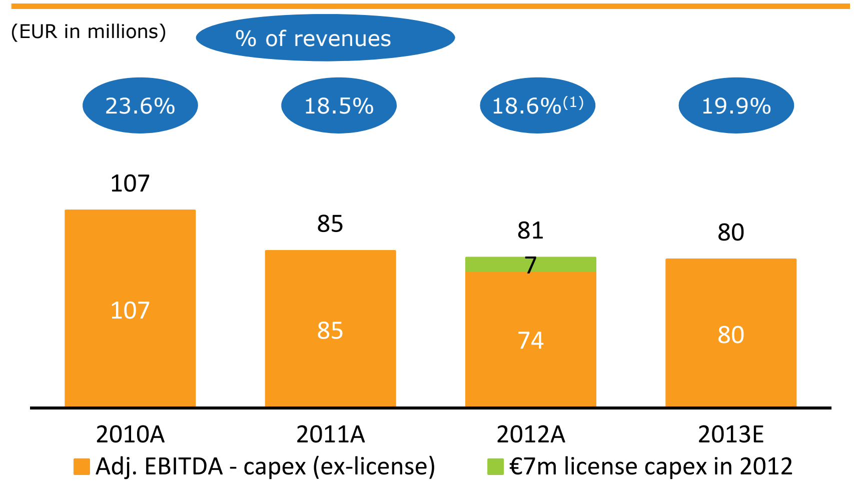
Targeted investment policy for future growth

- Current infrastructure the result of historical sustained investment policy
  - Improving the mobile network: 2G infill, completing and improving the capacity of the 3G network
  - Building a fiber network in the largest cities
- New shareholders focused on targeting capex costs
  - Significant cost savings already achieved vs. old business plan

High and stable adj. EBITDA margins



Consistent cash flow generation



Source: Company data.
Note: Revenues and EBITDA ex-regulatory effect represent the financial metrics as they would have been had regulated rates been constant at their H2 2013 levels throughout the relevant period.
(1) Excludes one-off €7m license capex in 2012.

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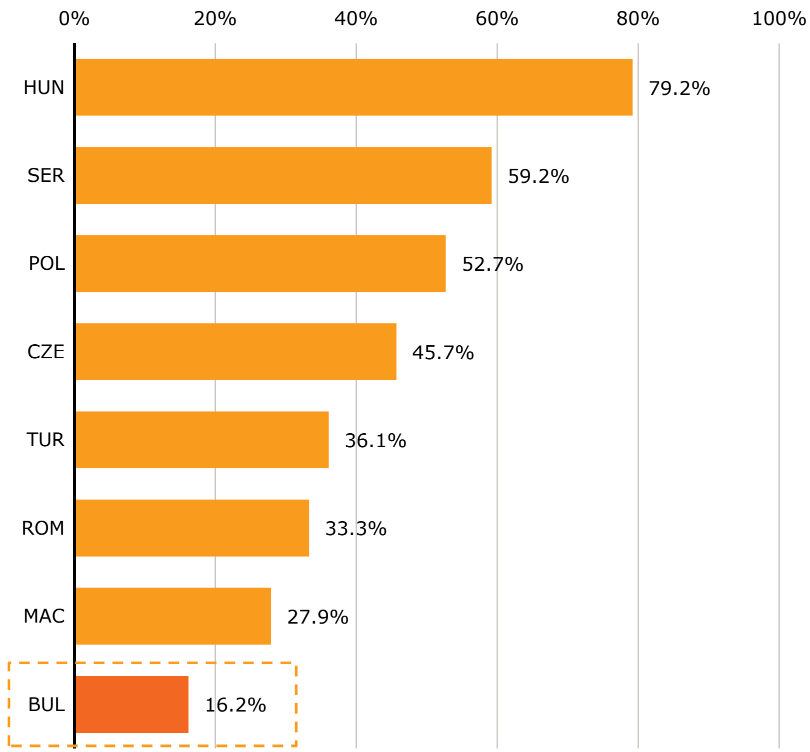
7 Benign macroeconomic environment

- EU member with currency pegged to EUR
- Low public debt as a % of GDP and strong track record of macroeconomic policy
- Favorable fiscal environment with corporate tax rate of 10%, among the lowest in Europe
- However, typical challenges associated with a developing European market

Regional context for 2012

	Bulgaria	Serbia	Hungary	Romania
Population	7.3	7.1	10.0	21.4
GDP per capita (nom. $'000)	7.0	5.2	12.6	7.9
Real GDP growth (%)	0.8	(1.7)	(1.7)	0.7
Public debt (GDP %)	16.2	59.2	79.2	33.3
Current account (GDP %)	(1.2)	(10.7)	1.6	(4.0)
Unemployment (%)	11.1	25.9	10.9	5.6
CPI (%)	3.0	7.3	5.7	3.3
Credit rating (S&P)	BBB	BB-	BB	BB+
Outlook	Stable	Negative	Negative	Stable

Public debt as a % of GDP (2012)



Source: EIU, Bloomberg, World Bank.

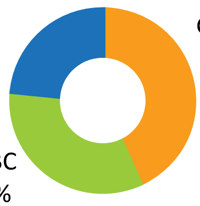
VIVACOM United Communications

8 Experienced management and committed shareholders

Highly experienced management team

- Extensive experience in the management of CEE telecommunications operators
- Has transformed the company from a slow moving incumbent into a modern, agile and commercially astute telecom operator
- Skill demonstrated by track record of resilient profitability and mobile growth in challenging market conditions

Current shareholding structure(1)



VTBC and CCB Group: supportive shareholders

- Vivacom's two majority shareholders are dedicated to supporting its long-term strategy
- VTBC and CCB Group offer:
  - Strong local presence
  - TMT expertise
  - On-the-ground support
  - Excellent working relationship with the Bulgarian government and the telecom regulator

Key members of management team

Zlatozar Sourlekov
- Chairman of the board
- Member of the Supervisory Board of Corporate Commercial Bank since 2000

Atanas Dobrev
- Appointed CEO in 2013
- CFO of Vivacom, 2008–2013
- Previously CFO of Globul

Asen Velikov
- Appointed Finance director in 2013
- Controlling director, 2010–2013
- Vivacom Finance department, 1999–2010

Alexander Dimitrov
- CCO of Vivacom, 2008–present
- CEO of Germanos Telecom Bulgaria, 2006–2008
- CCO of Germanos Telecom Bulgaria, 2003–2006

Alexander Grancharov
- Served 9 years as CEO of Carlsberg Bulgaria
- Previous experience includes Country Manager of Coca-Cola Bulgaria

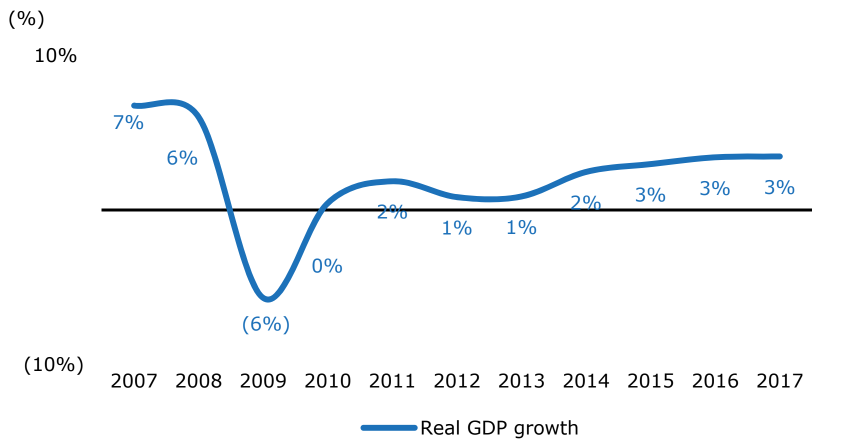
Source: Company data.
(1) Shareholder structure of V Telecom Investment S.C.A., which indirectly owns 100% of Vivacom's operating company apart from the Golden Share held by the Bulgarian government.

VIVACOM United Communications

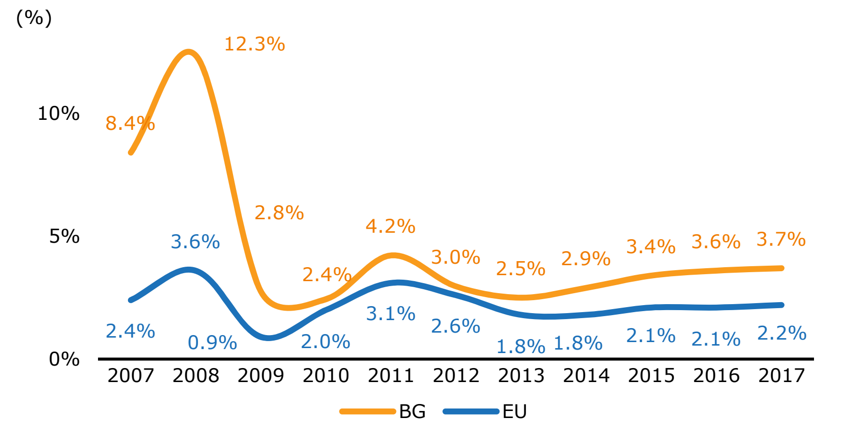
3. MACROECONOMIC & MARKET OVERVIEW

Solid macroeconomic fundamentals

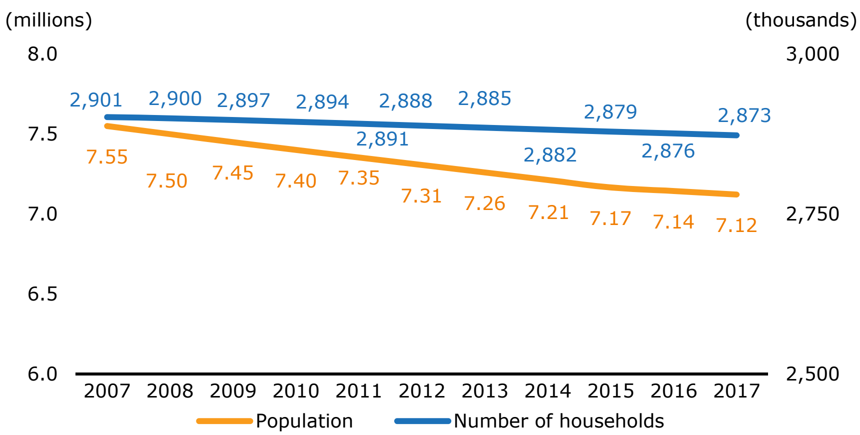
GDP expected to grow post 2010 turnaround



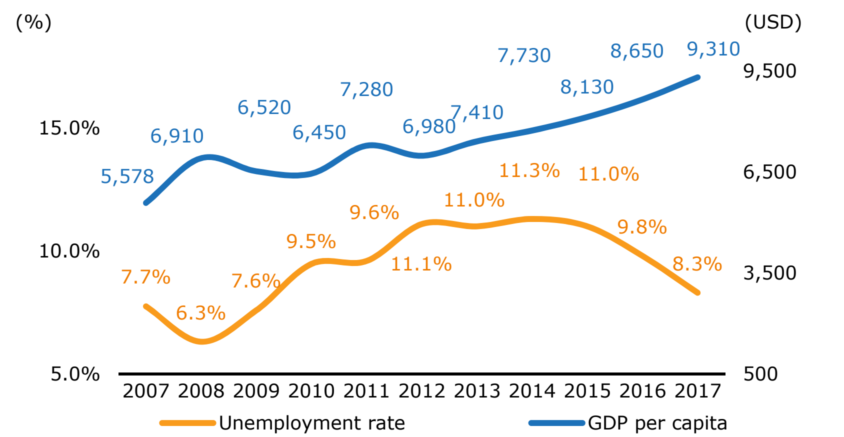
Inflation to remain stable



Population to continue declining but number of households to remain flat



Declining unemployment and increasing GDP per capita to boost consumer spending

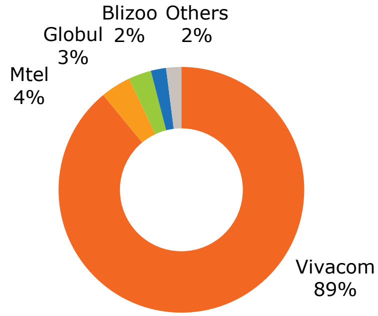


Source: EIU.

VIVACOM United Communications

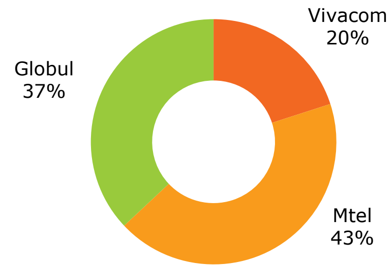
Highly competitive telecom market

Concentrated fixed telephony market



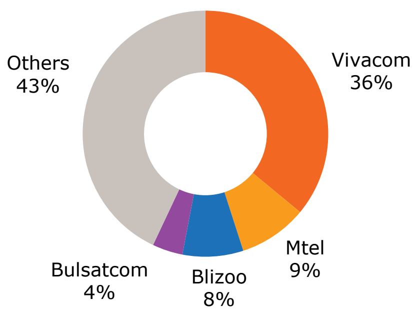
- Market decline is driven by accelerated fixed-to-mobile substitution and switch to VoIP

Highly competitive 3-player mobile market



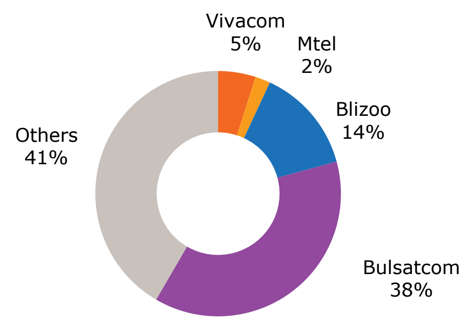
- Significant price competition in recent years
- Mobile number portability caused Mtel to lose market share
- Uncertainty about entry of Bulsatcom and Max Telecom as 4th and 5th operators in the market

Highly fragmented fixed data market



- Widespread illegal network deployments have been a significant obstacle for operators to gain market share in certain areas

Infrastructure based competition to drive change in TV



- CATV's role in the market to continue declining
- IPTV is the fastest growing segment in TV with a ~3.4x increase in subscriber base since 2011

Bulgaria's telecom market is highly competitive across sub-sectors

Source: Company data.
Note: Market shares based on 2012 revenue.

Competitive landscape

		Key facts	Considerations
Integrated	VIVACOM	• The leading integrated telecom operator: • #1 in fixed voice and fixed broadband • #1 in mobile broadband	• Best 3G network • Fiber roll-out coverage in major cities to support high quality, broadband access, IPTV and bundled services
Mobile centric	tel	• First GSM mobile operator in the market • Presence in fixed telephony via GSM-based fixed voice (FWA) • Acquired broadband operators Megalan and SpectrumNet in 2010	• Recent billing issues in mobile resulted in customer dissatisfaction and market share losses
Mobile centric	GLOBUL	• Entered the mobile market in 2001 • Presence in fixed telephony via GSM-based fixed voice	• Recently acquired by Telenor • No presence in broadband or Pay TV markets
Fixed centric	blizoo	• Largest cable operator in the country • Operating analog / digital cable TV platform passing c.1.3m homes • Network fully digitized	• Infrastructure is the result of aggressive acquisition strategy and integration is proving challenging
Fixed centric	bulsatcom	• Leading DTH platform operator with exclusive content including ATP tour, La Liga, NBA, F1 etc. • Acquisition of 20 LAN operators across the country in 2011 to enable broadband services	• DTH enables national TV coverage • Limited ability to offer broadband or telephony • Potential launch of mobile
Fixed centric	**LAN Operators (c. 300)**	• Circa 300 operators offering Ethernet based broadband products • Substantial grey market presence; utilization of illegal aerial cables or Vivacom ducts to connect buildings, avoidance of tax and license payments	• Limited ability to offer TV or fixed telephony services given non-professional billing systems • Lack capital to continue investing in infrastructure
Fixed centric	**Cable Operators (c. 500)**	• There are c. 500 operators, many of which still operate analogue TV platforms	• Unable to offer broadband and fixed telephony services to complement their basic TV offering • Weak quality of service, compete primarily on price • Lack capital to continue investing in infrastructure

VIVACOM United Communications

Side-by-side analysis of key players

2012 metrics	Integrated: VIVACOM	Mobile centric: Mtel	Mobile centric: GLOBUL	Fixed centric: blizoo	Fixed centric: bulsatcom
Mobile subscribers total (excl. fixed)	2.5	5.3	4.3	NA	NA
% post-paid	*75.4%*	*67.2%*	*54.8%*	*NA*	*NA*
Mobile market share (subs)	*21.0%*	*43.5%*	*35.5%*	*NA*	*NA*
ARPU (€/month)	6.1	5.9	6.0	NA	NA
Spectrum	900 MHz 1,800 MHz 2,100 MHz	900 MHz 1,800 MHz 2,100 MHz	900 MHz 1,800 MHz 2,100 MHz	NA	1,800 MHz
Fixed voice subs (m)	1.46	0.32	0.22	0.11	NA
Fixed data customers (m)	0.32	0.16	NA	0.22	0.11
Fixed technology	ADSL FTTx ADSL2+	FTTx LAN	NA	DOCSIS 2 / DOCSIS 3 FTTx	FTTx LAN
Pay TV subs (m)	0.19	0.16	NA	0.37	1.10
Revenue (€m)	439	469	378	58 (1)	NA
% telecom market revenue share	*27.6%*	*29.5%*	*23.8%*	*3.0%*	*5.3%*
EBITDA (€m)	178	207	135	19 (1)	NA
% margin	*40.7%*	*44.0%*	*36.0%*	*32.8%*	*NA*

In Q1 2013 Vivacom became the #1 telecoms company in Bulgaria by revenues, overtaking Mtel

Source: Company data, TeleGeography and press. Data for 2012, unless otherwise stated.
(1) Represents 2011 figures.

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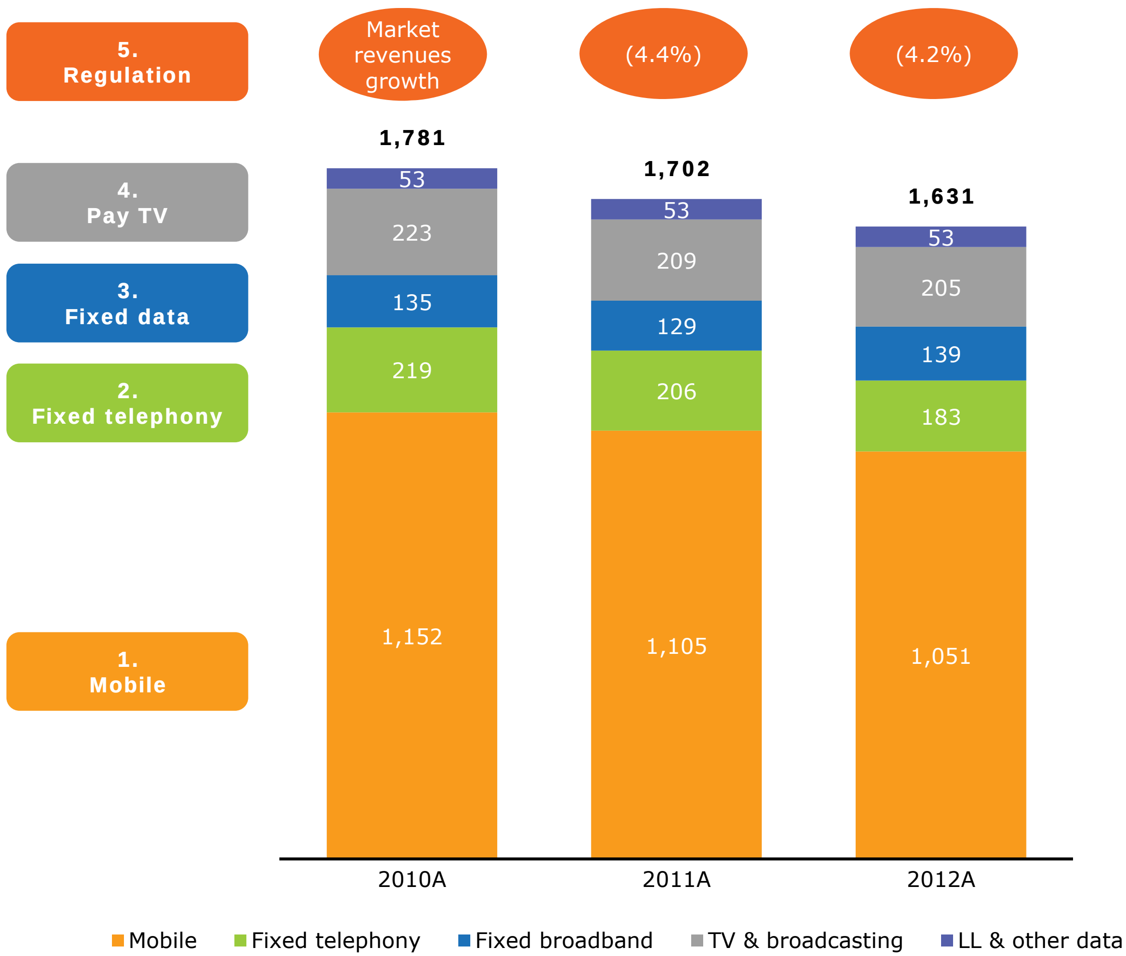
Future market stability driven by improved regulatory environment and increased data take-up

Historical revenue decline driven by regulation

(€ in millions)



Historical context

- The Bulgarian telecom market experienced an annual contraction of 4.3% between 2010 and 2012 driven by
  - ▼ Reduction in termination rates
  - ▼ Switch from fixed telephony to VoIP
  - ▼ Ongoing price competition and bundling discount offers
  - ▼ Pre-paid SIM registration enforcement scheme

Future stabilization

- The market is expect to stabilize due to
  - ▲ Reduced regulatory pressures
  - ▲ Increased data consumption
    - – Fiber roll-out
    - – Investment in 3G and planned LTE roll-out post 2015

Source: Company data.

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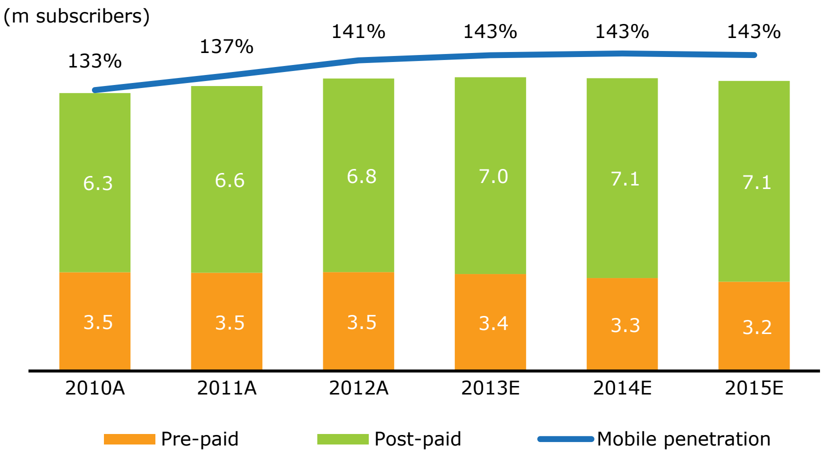
Post-paid mobile market with potential for data growth from current low levels

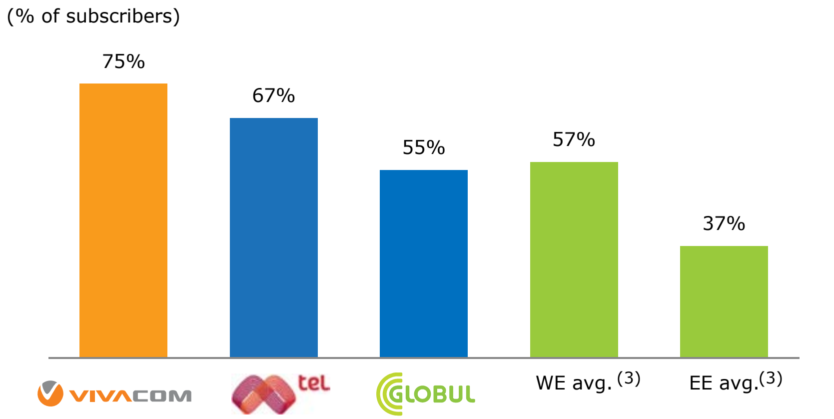
1. Mobile

Mobile penetration[1] to stabilize

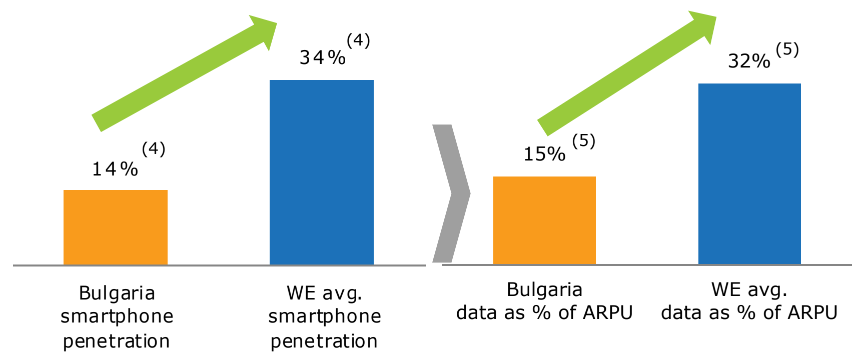


- Penetration stable, with decline in multiple SIM ownership (due to steep MTR cuts) offset growth of data subs
  - Human penetration in Bulgaria of c.80%–85%
  - Reported penetration inflated by subscriber definitions, with penetration of c.125% after adjustments[2]
- Bulgaria post-paid % subscriber base is relatively high versus Western European and Eastern European markets
- Strong potential for growth in data revenues
  - Relatively low smartphone penetration in Bulgaria, with data revenues now derived primarily from dongles
  - Very robust demand for tablets in recent quarters

Bulgaria is primarily a post-paid market



Data revenues to increase as smartphone penetration converges to European level



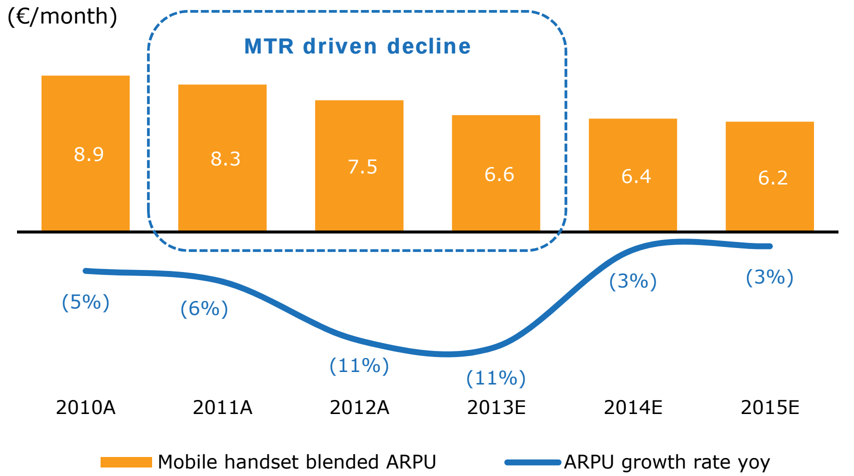
Source: Analysys Mason, Telegeography, broker research, company estimates.
(1) Data as per Analysis Mason, excluding M2M connections.
(2) Adjusted penetration excludes estimates of fixed wireless subscribers in Mtel and Globul customer base and pre-paid subscribers who have had no activity in more than 3 months (market standard definition in Bulgaria is 12 months).
(3) Western Europe and Eastern Europe average computed as simple average of individual operators in the respective regions.
(4) Based on end 2011 estimates for Bulgaria (Telegeography) and Western Europe (broker research).
(5) Based on 2012 estimates for Bulgaria (Analysys Mason) and Western Europe (BAML Q1 2013 Wireless Matrix).

Low prices reduce new entrant risk, while end of MTR cycle will stabilise market

Mobile ARPU to stabilize

- With MTR cuts largely done, mobile ARPU decline expected to decelerate
- Smartphone / tablet penetration and data growth to help stabilize ARPU
- Mobile payments and monetization of media content may provide additional revenue opportunities

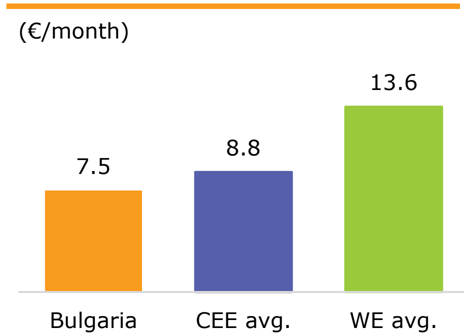
Mobile ARPU decline is expected to decelerate post–2013



New mobile player unlikely in near term

- Bulsatcom and Max Telecom awarded 1,800 MHz licenses in January 2013
  - Funding to develop network unclear
  - Max Telecom has limited distribution capability and required more than 1 year to pay for awarded spectrum
- Prevailing mobile market prices already low, reducing new entrant risk
- No regulatory obligation to enter into MVNO agreements

ARPU is low in Bulgarian market, reducing new entrant risk(1)



Key hurdles for new entrant
✗ Low ARPU
✗ No wholesale obligation
✗ No site access obligation
✗ No retail presence

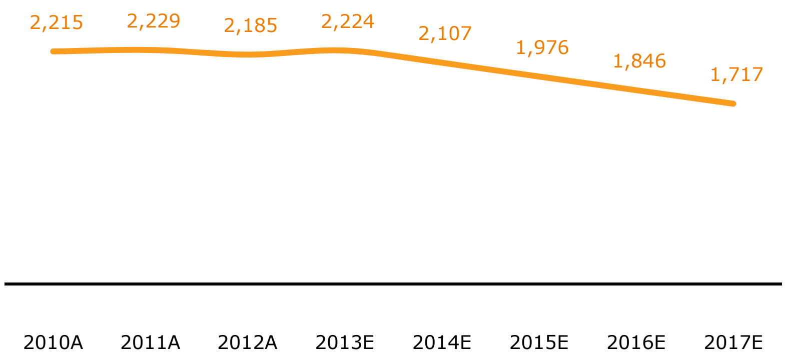
Source: Analysys Mason, press.
Note: Analysys Mason mobile handset ARPU calculated excluding M2M, tablets, PC's and other similar devices.
(1) Q4 2012 telephony ARPU per Analysys Mason. CEE includes Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. WE includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and the UK.

Declining, albeit meaningful fixed telephony market

2. Fixed telephony

Fixed voice connections projected to decline

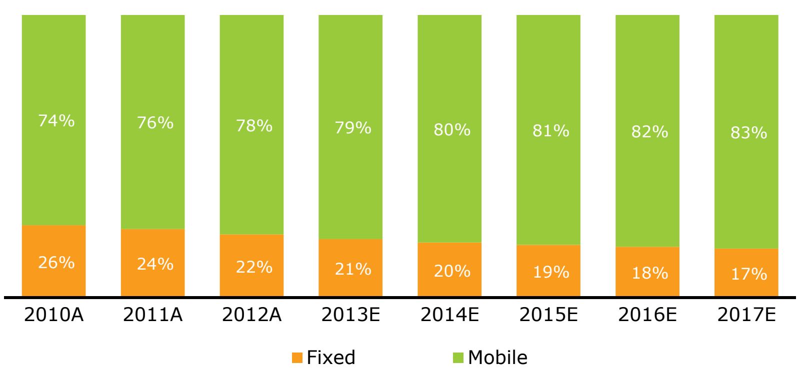
(000s of narrowband fixed voice connections)



- Copper line loss (PSTN) projected
  - Decline in PSTN lines since 2002 temporarily reversed in 2011–12 due to increase of bundled services
- Traffic continues to shift from fixed to mobile
- Mobile operators to gain fixed voice subscribers via fixed wireless access
  - Fixed wireless facilitated by FNP since 2009

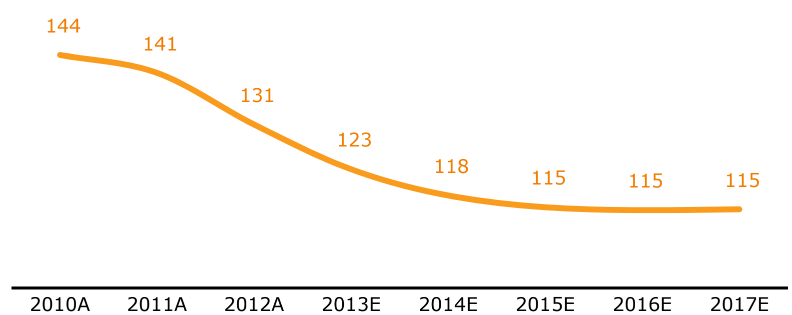
Fixed mobile substitution continues

(% of voice outgoing minutes)



Fixed voice minutes decline to decelerate

(Outgoing MOU per active fixed voice connection)



Source: Analysys Mason.

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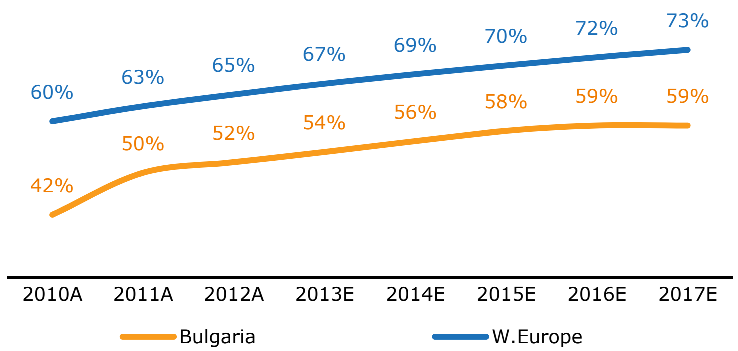
Ongoing shifts in fixed infrastructure

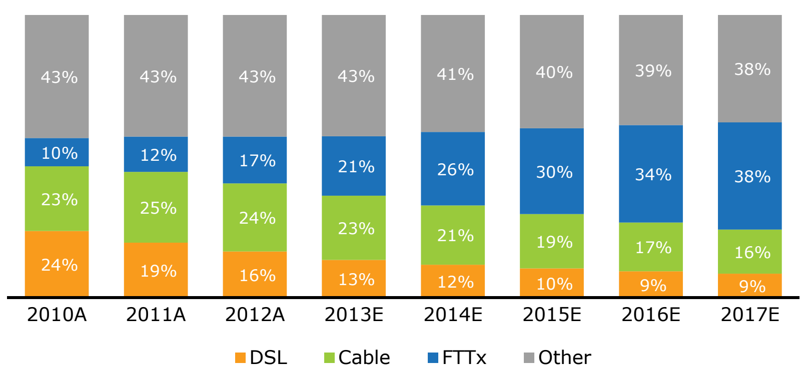
Fixed broadband penetration to increase

(% residential penetration)



Fixed broadband shift to higher speed technologies

(% of broadband connections)



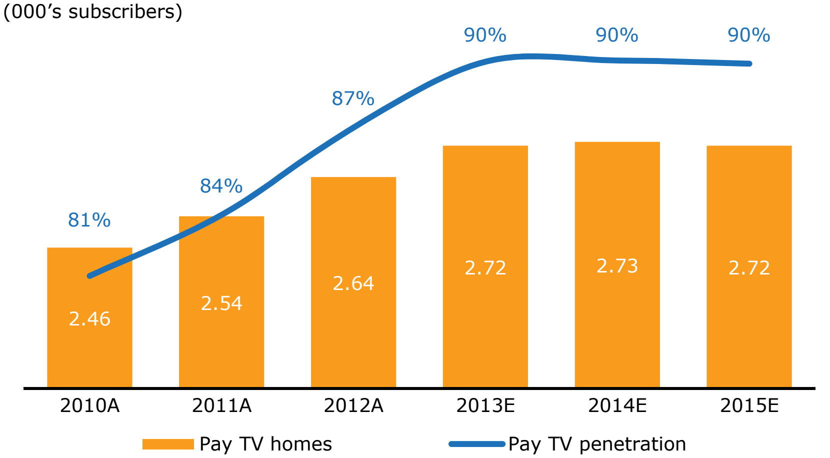
- Fixed broadband penetration in Bulgaria is lagging behind the Western Europe average, providing future upside
- On-going shift in underlying broadband technologies as customers demand higher speeds
  - Customers shifting to FTTx
  - Cable, DSL and LAN Ethernet are losing share
- Overbuild intensifies market competition
- Grey market LAN operators currently serve ~40% of the broadband market

Source: Company data, Analysys Mason.

IPTV expected to be an important technology for pay TV in the future

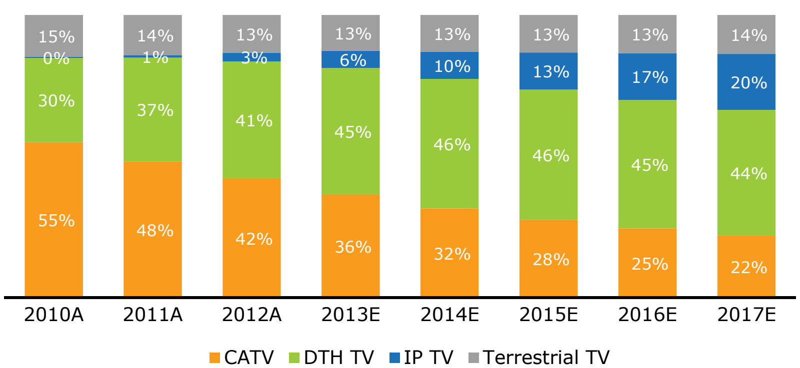
TV market penetration to remain above EU average[1]

(000's subscribers)



TV market migrating to DTH and IPTV

(% of TV subscribers)



- Pay TV penetration higher than the EU average of 63%[1]
- CATV currently the main TV technology, however declining
- DTH has been gaining share from declining CATV, and is expected to stabilise at ~45% share of the market
  - DTH market is dominated by Bulsatcom
- Recently launched IPTV expected to gain share rapidly as fiber penetration and demand for quality increase
  - Main players in the IPTV market are M-Tel and Vivacom
- Analogue switch-off and launch of DVBT in H2 2013
  - Not expected to have large impact on pay TV market, as top broadcasting channels rely on advertising
  - Possible favorable impact on pay TV due to one-off STB cost required for digital signal

Source: Company data.
(1) Pay TV refers to television services for a fee. According to the CRC, Pay TV penetration in 2011 was 51%. The gap is due to underreporting by some Pay TV operators.

VIVACOM United Communications

Regulatory landscape in Bulgaria

Regulatory framework

- Communications Regulation Commission ("CRC") is the primary regulator for the telecom sector
- Regulatory approach is broadly determined by common EU approach

Benign fixed line regulation

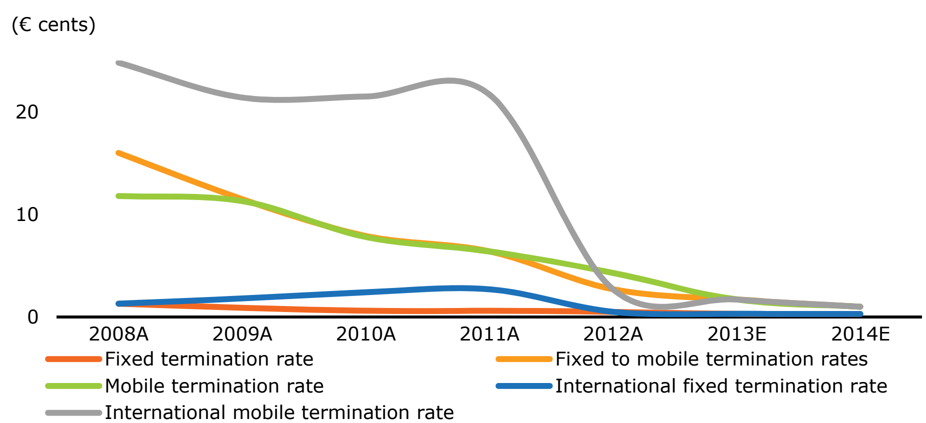
- No wholesale access obligation for fiber network
- No reported active ULL providers despite wholesale access to ADSL network since 2008
- Recent elimination of price regulation on bundled products and fixed to mobile rates
- Continuing efforts to limit grey market for broadband and TV
  - Grey market LAN operators, currently serving c.40% of residential broadband market, pay no taxes or illegally use Vivacom ducts or aerial cables to connect customers
  - Grey market pay-TV operators underreport subscribers, paying less for content
  - Vivacom has taken legal action against grey market LAN operators in its duct network and removal of illegal cables in some areas is expected

Good visibility on mobile regulation

- Visibility on spectrum
  - On-going auction for 2.6 GHz spectrum unlikely to be successful due to high reservation price
  - 800 MHz spectrum unlikely to be available before 2015
  - Bulsatcom and Max Telecom gained 1,800 MHz licenses, however business case is challenging
- No obligation to provide MVNO access via national roaming agreement

Termination rates have converged to EU levels

- Historical termination rates considerably above EU average
- In recent years CRC has aggressively pushed the rates to levels compatible with EU framework
- FTRs and MTRs now significantly below EU and regional averages
- Termination rates will be BULRIC driven going forward



Source: CRC and company data.

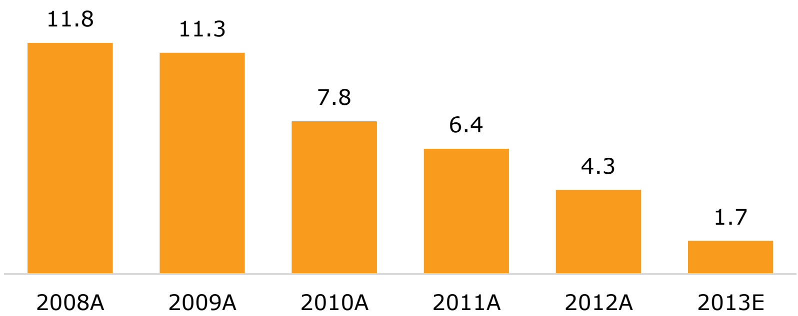
Improving regulatory environment to underpins future stability

5. Regulation

- Regulatory impact on top-line has been the single biggest driver of declines in revenue over the past few years
  - Subsiding given significant MTR and FTR reductions over the past four years
  - MTRs and FTRs now below European average, and therefore limited impact expected going forward

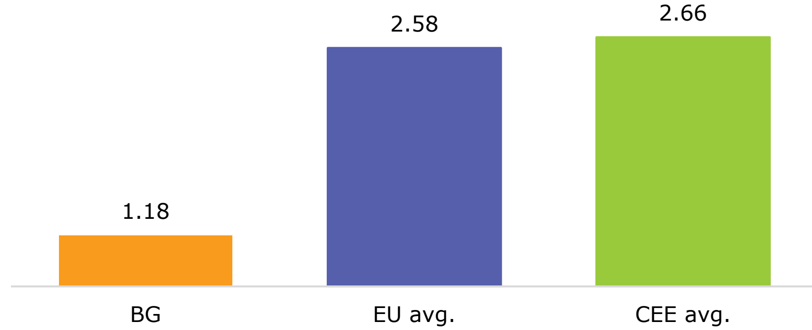
Evolution of mobile termination rates

(€ in cents)



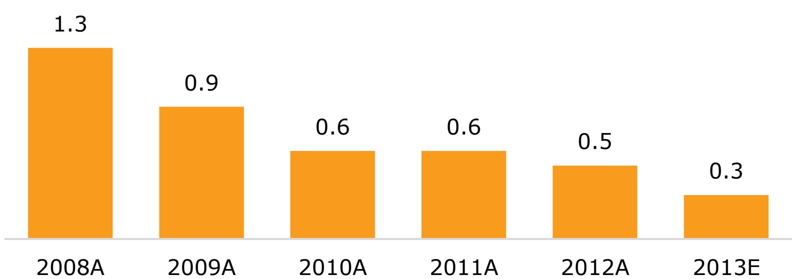
Bulgaria’s MTR vs. EU markets(1)

(€ in cents)



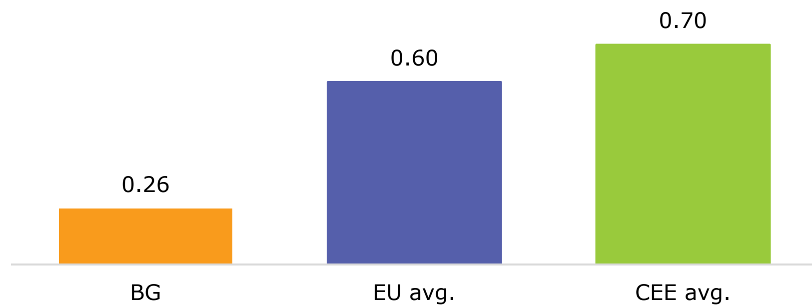
Evolution of fixed termination rates

(€ in cents)



Bulgaria’s FTR vs. EU markets(2)

(€ in cents)



Source: Company data, BEREC.

(1) Bulgaria MTR as of H2 2013. EU and CEE averages based on BEREC Termination Rates Snapshot as of January 2013. CEE includes Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

(2) Bulgaria FTR as of H2 2013. EU and CEE averages based on BEREC Termination Rates Snapshot as of January 2013. FTR’s for Layer 2 (single transit interconnection service) given where available. CEE includes Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Ample spectrum available for the three MNOs in Bulgaria

5. Regulation

Spectrum band (MHz) / Standard

	A 700	A 800	B 900	C 1800	D 2100	E 2600
	LTE	LTE	GSM-900 W-CDMA	GSM-1800 LTE	W-CDMA	LTE
VIVACOM	Currently used for analogue TV and military purposes. Upon completion of the digital switchover, opportunities for use of spectrum in 700 MHz will be reviewed	Spectrum auction expected in 2015. Harmonised frequency arrangement is 2x30 MHz with a duplex of 11 MHz	2 X 11.2 MHz ✓	2 X 10 MHz ✓	2 x 10 MHz 1 x 5 MHz ✓	FDD: five 2 x 5 MHz blocks. TDD: Three 2 x 5 MHz blocks
Mtel			2 X 11.2 MHz ✓	2 X 10 MHz ✓	2 x 10 MHz 1 x 5 MHz ✓	
GLOBUL			2 X 11.2 MHz ✓	2 X 10 MHz ✓	2 x 10 MHz 1 x 5 MHz ✓	
bulsatcom			–	2 x 5 MHz ✓	–	
MAX TELECOM			–	2 x 8 MHz ✓	–	
4G COM			–	2 x 8 MHz ✓	–	
Available spectrum			–	2x20 MHz 2x1 MHz	2x5 MHz 2x25 MHz	

A **700 / 800 MHz bands:** currently used for broadcasting and military purposes

B **Licenses for 900 MHz band spectrum:** originally GSM licenses. CRC allowed 900 MHz band re-farming for 3G services in 2011. Fully allocated to existing operators

C **Licenses for 1800 MHz band spectrum:** CRC allowed re-farming of the previously GSM-only band for LTE mobile broadband services. Bulsatcom and Max Telecom intend to use their nationwide concessions to develop 4G services, while Vivacom, Mtel and Globul LTE networks are in deployment

D **Licenses for 2100 MHz band spectrum:** issued in 2005. Capacity to absorb additional traffic

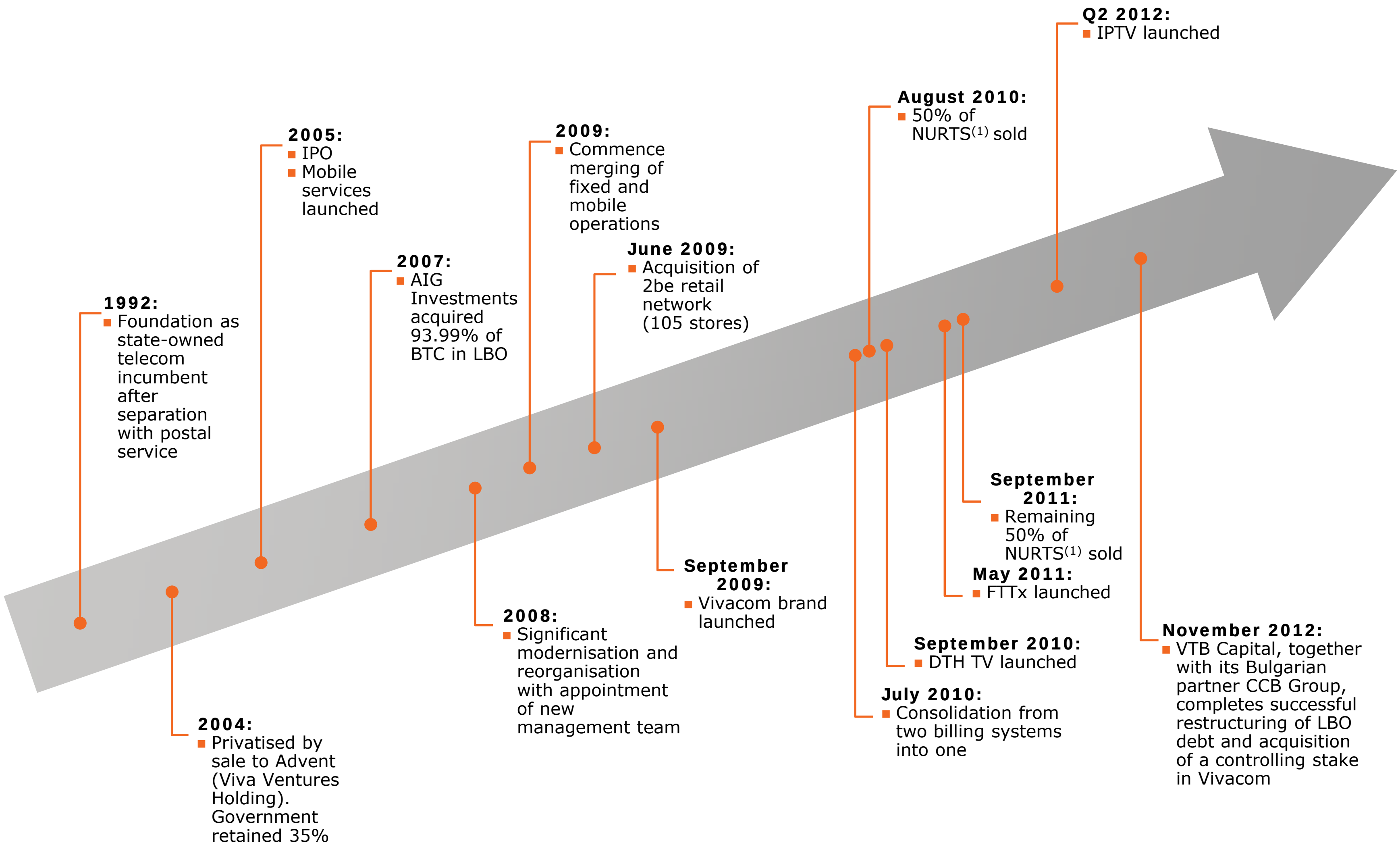
E **Licenses for 2600 MHz band spectrum:** August 2013 auction to release these frequencies currently occupied by the military. Difficult to use spectrum for wide LTE build-out

Source: Companies filings, TeleGeography and press.

VIVACOM United Communications

4. COMPANY OVERVIEW

Key milestones in Vivacom’s history



Source: Company data, press releases.
(1) NURTS is the national TV and radio broadcast infrastructure business.

One-stop shop – Four lines of business

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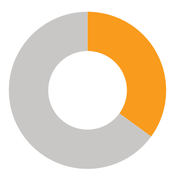
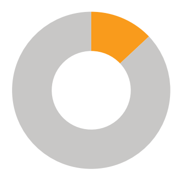
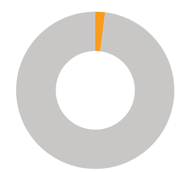
Mobile	Fixed telephony	Fixed data	Pay TV
			
46 % of 2012 revenues	35 % of 2012 revenues	13 % of 2012 revenues	2 % of 2012 revenues
			

Source: Company data.
Note: Segment breakdown excludes "other fixed" businesses, which generated €16m (c.4%) of revenues in 2012. Ducts accounted for more than half of other fixed revenues in 2012.

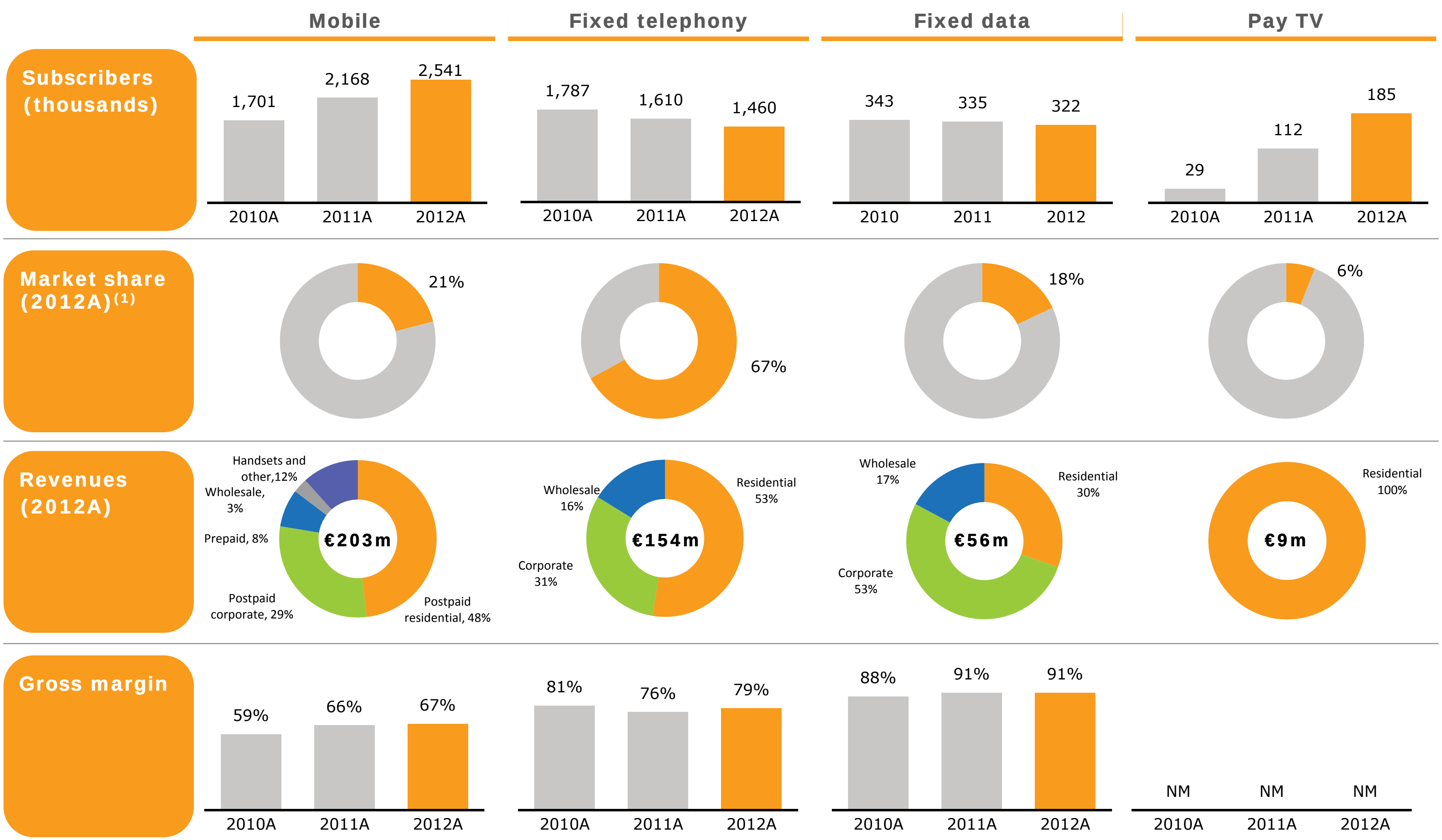
Strategy – Retain, maintain and grow further

Group initiatives	Mobile strategy / Fixed telephony strategy / Fixed data strategy / TV strategy
1 **Build on strength in each product**	• Continue to offer **superior products attractive to consumers** across mobile, fixed and TV • Build out **new products** to meet consumer demand and **transition legacy products profitably** • Keep product offerings and solutions well diversified to enhance **top-line stability**
2 **Capitalise on integrated offering**	• Exploit **superior bundling capabilities** to benefit from strong market growth and reduce churn (increasing population of customers moving into 3-play and quad play) • Utilise **nationwide footprint** and distribution network to promote further cross-selling opportunities on a larger scale
3 **Strengthen proposition for corporates**	• Position as **one-stop shop** for high-value **corporate customers** in Bulgarian market • Increase **customer retention** and **maximize ARPU** by offering customized services and subscription based packages incl. dedicated customer support
4 **Control costs to maximise profit margin**	• Extract **synergies and cost savings** by unifying operational platforms, controlling SAC / SRCs, reducing upgrade / maintenance expenses and improving collection function • Review of operating processes to increase automation and accountability. Provide market-level services with **above market-level efficiency**
5 **Invest in network quality**	• Maintain **superior mobile network quality** and make **targeted investments** to expand capacity in cost efficient manner (e.g. by leveraging existing infrastructure) • Build **fiber network in large cities** to meet demand for services with increased capacity and quality requirements and facilitate converged product offerings

Segment initiatives (on following pages)

VIVACOM United Communications

Diversified array of fixed and mobile businesses



Source: Company data.
Note: Segment breakdown excludes "other fixed" businesses, which generated €16m of revenues in 2012. Ducts accounted for more than half of other fixed revenues in 2012.
(1) Market share based on subscribers.

VIVACOM
United Communications

Mobile – Overview

46% of 2012 revenues

VIVACOM United Communications

Mobile	Fixed telephony	Fixed data	Pay TV

Revenue contribution: 46 %

Services and products offered

Postpaid

- Various plans to match usage intensity
- Option to include device into plan (e.g. Blackberry plan)
- Unlimited traffic, SMS / MMS bundles
- Special roaming deals for Balkan / EU available
- Monthly fees for regular plans start at c.€3 (MaxiCall XS)
- Most popular plans have between 100 and 200 outgoing minutes

Prepaid

- Pay as you go option
- Plans vary in minutes, texts and data
- International packages available
- Bonus incentive programs
- Recharge friends' prepaid card
- Prices for calls c.€0.174 per minute to all Bulgarian operators

Mobile internet

- Additional specified data amount / unlimited traffic packages offered
- 3G USB data devices available
- Prices start at c.€3 per month for 1500 MB at entry level

Mobile devices

- Handsets and other mobile devices (subsidized for purchases with contract)

Competitive landscape

Subscriber market share

	Overall	Res. postpaid	Res. prepaid	Corporate
VIVACOM	21%	23%	15%	27%
tel	43%	45%	40%	45%
GLOBUL	36%	31%	45%	28%

VIVACOM United Communications

Mobile – Segment strategy

46% of 2012 revenues

Main strategic initiatives

1 Grow mobile subscriber base

- Leverage superior 3G network (coverage & speed) to attract new customers
- Expand and cement leadership in mobile data by providing superior user experience
- Focus on residential postpaid and corporate
- Boost mobile market share via port-in
- Invest SACs only if justified by expected ARPU

2 Differentiate branding and customer perception

- Focus on integrated brand to maximise awareness and perception
- Set market trends with innovative tariff and service launches
- Promote higher MRC tariffs with more add-ons
- Enhance customer support and care
- Develop ecosystem of content and services for smartphone and tablet users

3 Smart network investments

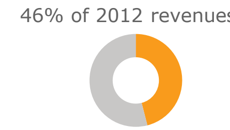
- Maintain highest quality mobile network through demand-led targeted investments
- Leverage superior 3G network to extend leadership in mobile broadband
- Capitalize on explosive growth of mobile data
- Ensure long-term competitiveness by planning for cost efficient LTE build-out

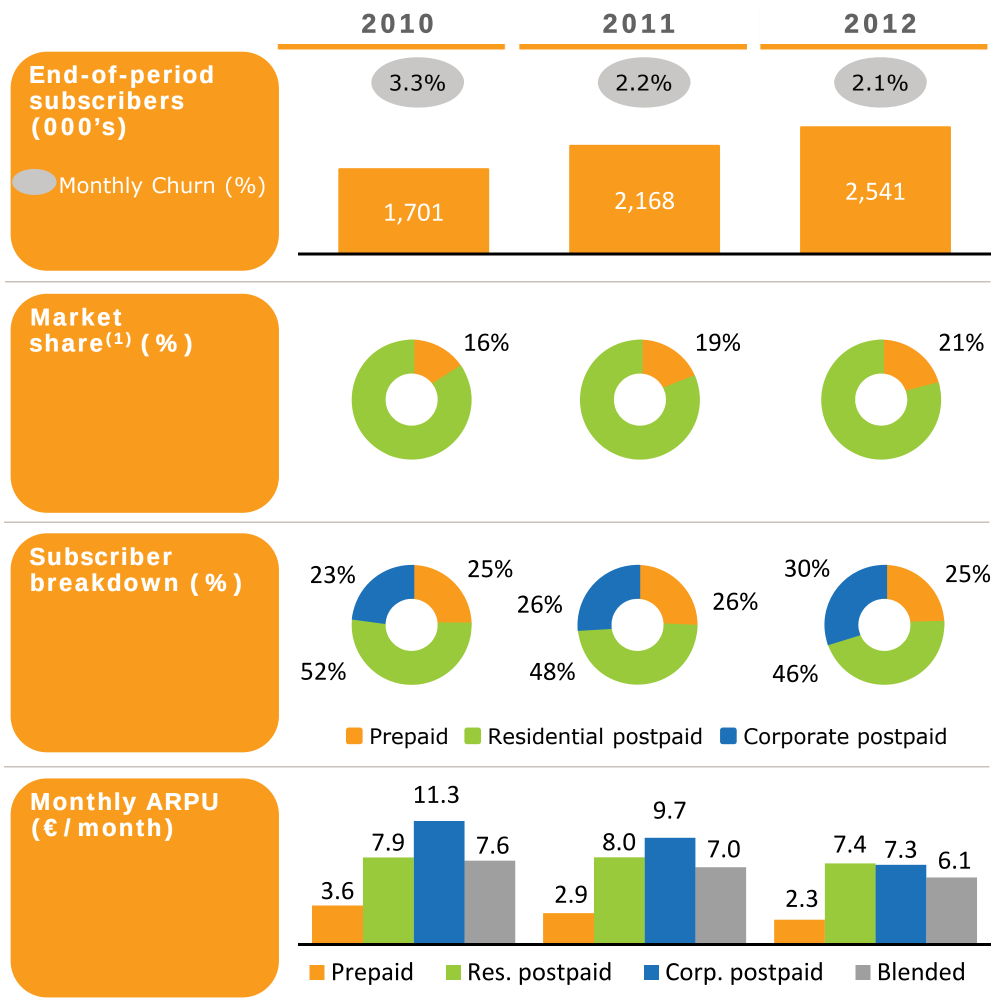
Positioning

- **Best network** in the country ensures highest **quality of service and customer experience**
- **Comprehensive product offering** at competitive market price points
- **No.1 position** in mobile broadband (40% share)
- Strong and improving **position in post-paid**

VIVACOM United Communications

Mobile – Key metrics





Key highlights

- Subscriptions increased significantly at CAGR of c.22%; monthly churn decreased from 3.3% to 2.1% (2010 to 2012)
- Postpaid subscribers c.75% of mobile customer base in 2012, corporate subscriptions c.30% of mobile business
  - Corporate share up by c.7 p.p. (residential share down by c.7 p.p.)
  - High quality customer base (mostly postpaid) provides better recurring revenues visibility and better margins
- Residential and corporate ARPUs converged between 2010 and 2012
  - Blended ARPU fell from €7.6/month (2010) to €6.1/month (2012)
  - Data and SMS combined contribute c.€0.8/month of €6.1/month blended ARPU

Source: Company data.
(1) Market share based on subscribers.

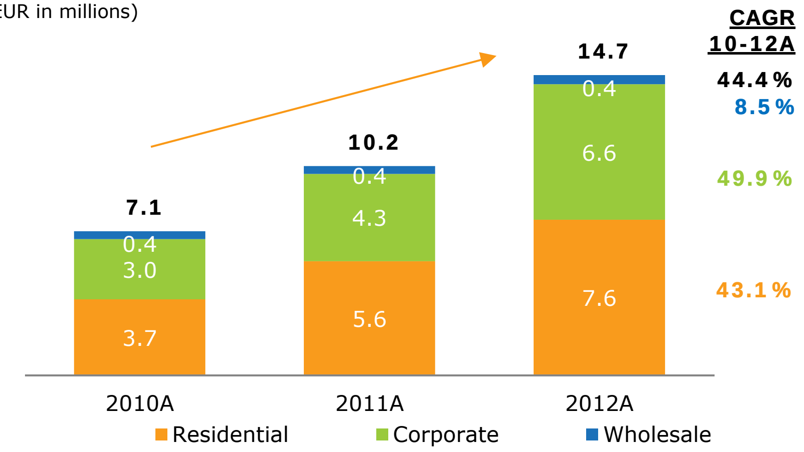
VIVACOM United Communications

Mobile data – positioned for strong growth

- Rapid growth in data revenues in recent years driven by increasing speeds and smartphone / tablet penetration
  - In 2012, mobile data accounted for €14.7m, or 7.2% of overall mobile revenues
- High growth in both corporate and residential data
- Revenues from monthly rental fees accounted for the largest portion, c.60% in 2012
  - Rental fees driven by dedicated mobile data subscriptions, which increased at a CAGR of 127.9% between 2010 and 2012, with the highest growth in residential

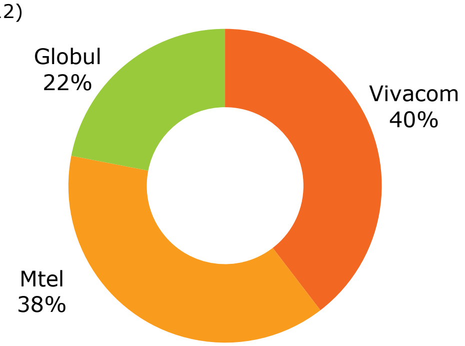
Rapid growth in mobile data over the past 3 years

(EUR in millions)



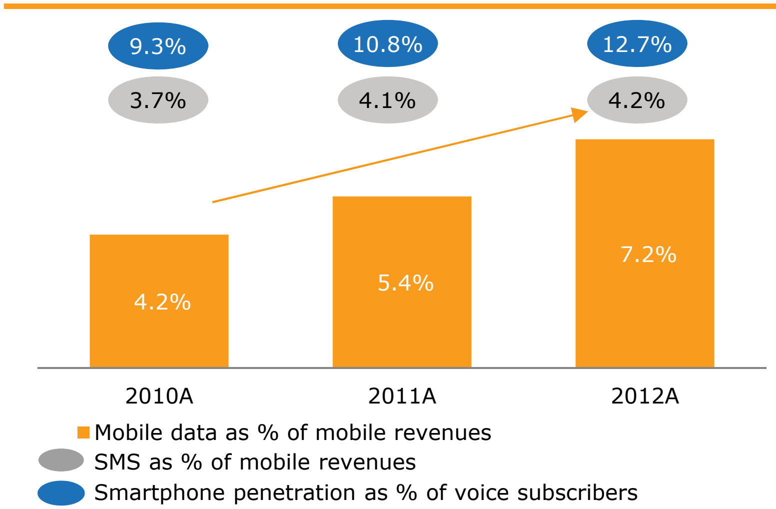
Vivacom is the leading provider of mobile data in Bulgaria

(% market share, 2012)



- Vivacom's best 3G network in Bulgaria allowed it to capture the top spot in the mobile data market, strategically positioning it to capture future growth potential

Data is an increasingly important part of mobile revenues



Source: Company data.
Note: Mobile data excludes SMS revenues unless otherwise stated.

Fixed telephony – Overview

35% of 2012 revenues

VIVACOM
United Communications

Mobile	Fixed telephony	Fixed data	Pay TV
	 Revenue contribution: 35%		

Services offered

Standalone plans

- Various plans to match usage intensity, needs and budget
- Main plan options:
  – "Minimum" for lower usage and cost conscious customers, priced at c.€4 per month
  – "Super Fix" for heavy usage, extensive plan incl. free on-net minutes etc., priced at c.€7 per month
- Option to pay per minute, on- and off-net fixed calls and also solutions tailored to handicapped customers

Additional services

- Additional packages increase value for money
- More flexibility
- Options include e.g.
  – Cheap rates within Europe
  – Free on-net calls
  – Call forwarding, call barring and caller ID

Competitive landscape

	Revenue market share
VIVACOM	89%
Mtel	4%
GLOBUL	3%
blizoo	2%

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United Communications

Fixed telephony– Segment strategy

35% of 2012 revenues

Main strategic initiatives

1 Compete on value rather than price

- Increase value for money further, e.g. by offering more add-ons such as international calls, free minutes to mobiles, unlimited on-net minutes etc.
- Promote flat fee voice plans with high number of included minutes

2 Retain existing customer base

- Incentivise long-term contracts and bundled services to decrease churn
- Offer remote and local customer service and support and (temporary) promotions

3 Leverage customer base for cross-selling

- Utilize existing customer relationships and high customer trust to market additional products
- Offer converged pay TV, mobile and fixed data products to reduce churn and increase RGUs

Positioning

- **Market leading position** with largest fixed telephony customer base
- Expansive network with **nationwide reach** allows to offer best **value for money**
- **Profitable** (albeit declining) revenue stream with potential to **cross-sell new products** and services into existing relationships

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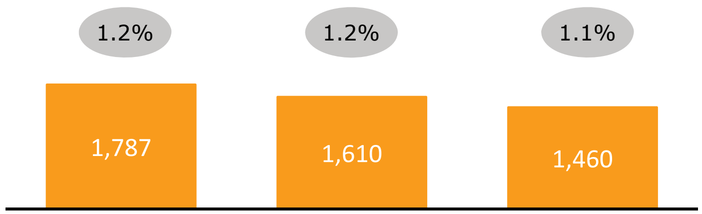
Fixed telephony – Key metrics

35% of 2012 revenues

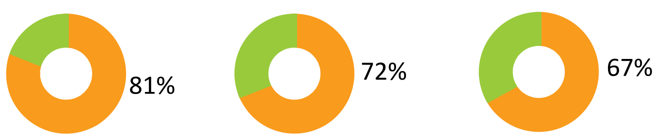
	2010	2011	2012

End-of-period subscribers (000's)

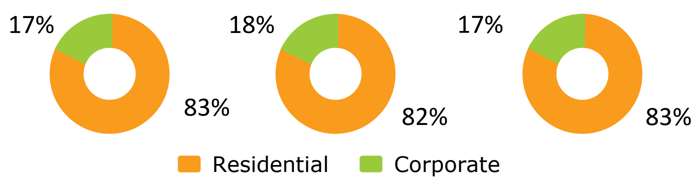
Monthly Churn (%)



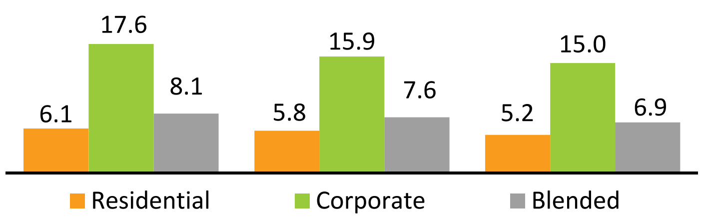
Market share(1) (%)



Subscriber breakdown (%)



Monthly ARPU (€ / month)



Key highlights

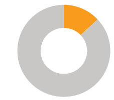
- Fixed-to-mobile substitution led to a decrease of subscriptions from 1.8m (2010) to 1.5m (2012); monthly churn rates remained stable, with gradual improvement YoY
- Split of subscriptions between corporate and residential remained stable, with residential segment making up more than 80% of all fixed telephony customers
- Declining number of subscriptions paired with a decrease in traffic volume put further downward pressure on fixed service revenues, which reached €170m in 2012
- Monthly ARPUs decreased slightly, reaching a blended level of €6.9/month in 2012, down from €8.1/month in 2010

Source: Company data.
(1) Market share based on subscribers.

VIVACOM United Communications

Fixed data – Overview

13% of 2012 revenues



VIVACOM United Communications

Mobile	Fixed telephony	Fixed data	Pay TV
		 Revenue contribution: 13 %	

Services offered

Vivacom Fibernet

- Various high speed optic Internet plans with up to 100 Mbps download speed
- Includes free additional services such as antivirus software and static IP address
- Prices start at c.€7.6 per month for entry package incl. unlimited data traffic
- Special offers available on a regular basis, e.g. one month free-trial for new customers

Internet Vivacom Net

- 2 packages with either 15 or 20 Mbps download speed
- Includes free additional services such as antivirus and IP camera
- Prices start at c.€7.6 per month with a 12/24 months contract
- Special offers to attract new customers, e.g. 14 days free-trial

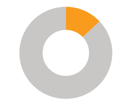
Competitive landscape

	Revenue market share
VIVACOM	36%
tel	9%
blizoo	8%
bulsatcom	4%

VIVACOM United Communications

Fixed data – Segment strategy

13% of 2012 revenues



Main strategic initiatives

1 Build out fiber network in targeted areas

- Provide FTTx solutions in larger cities to satisfy demand for high broadband speeds and facilitate offering of converged products
- Deploy cost efficient solutions to rural and underserved communities, including wireless broadband and fiber co-builds

2 Migrate ADSL customers to fiber

- Promote fiber where available to capitalize on lower churn, meet demand for higher speeds and facilitate bundling (e.g. IPTV)
- Maintain similar pricing for ADSL and higher speed fiber products
- Outside of FTTx areas, retain ADSL customers with DTH TV bundles

3 Maintain leadership in corporate data

- Expand leadership in corporate broadband
- Meet demand for converged solutions, which are becoming the norm in corporate segment

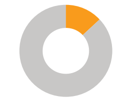
Positioning

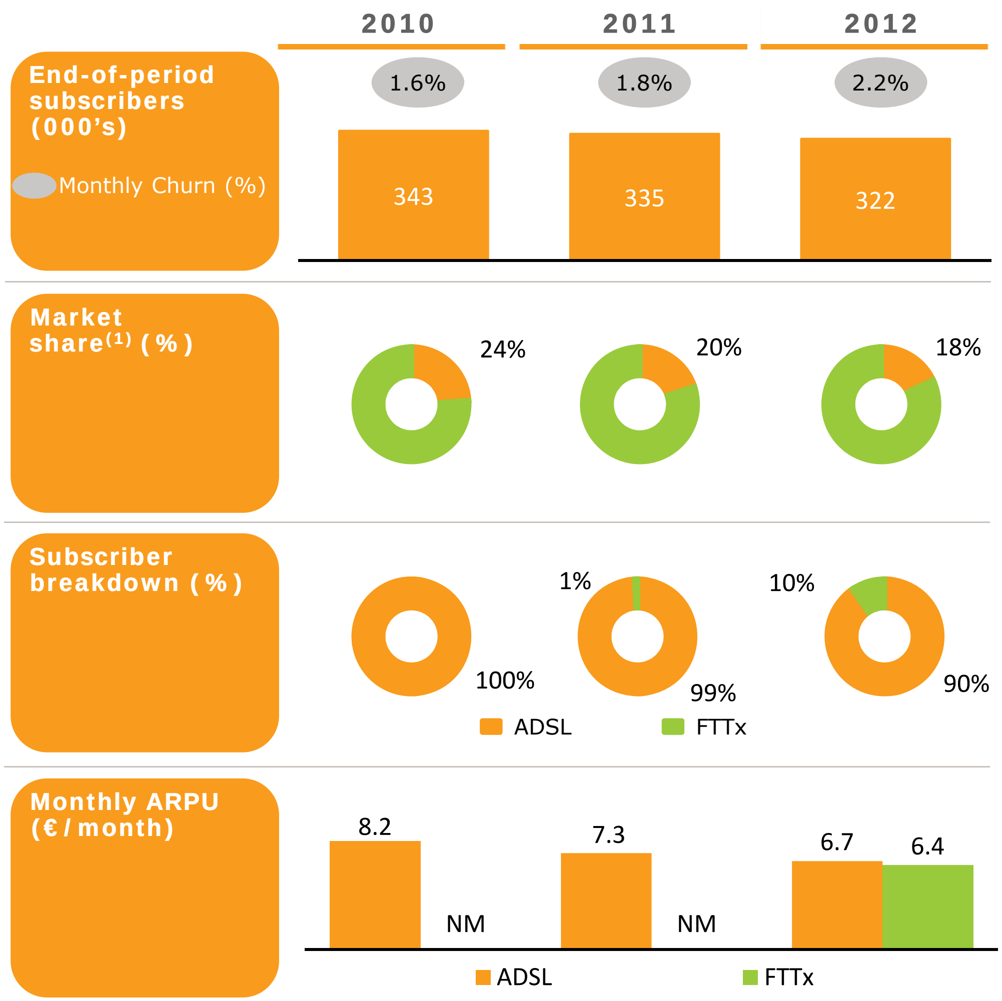
- Solidified **market leading position** as largest provider of fixed data services
- Trusted partner in **corporate data** segment
- Extensive duct infrastructure in place allows **cost-effective roll-out** of fibre network

VIVACOM United Communications

Fixed data – Key metrics

13% of 2012 revenues





Key highlights

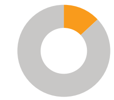
- Overall fixed data subscription numbers decreased by 2.4% in 2011 and 3.9% in 2012
  - FTTx investments softened negative effect of ADSL subscription decline
  - FTTx expected to have significant positive effect going forward
- Vivacom market position particularly strong in corporate segment, which is source of over half of Vivacom's fixed data revenues
- Overall fixed data revenues decreased over the last years to €56m in 2012
  - Mainly due to decline in ADSL ARPU from €8.2/month in 2010 to €6.7/month in 2012
  - FTTx ARPU slightly lower than ADSL as company priced it competitively to capture market share

Source: Company data.
(1) Market share based on subscribers.

VIVACOM United Communications

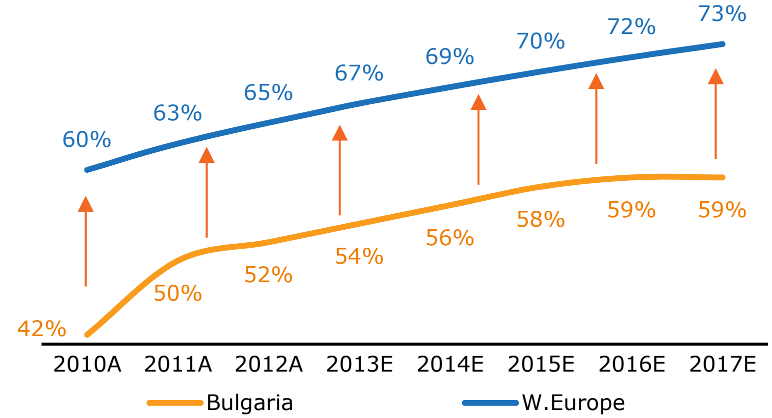
Fixed data – an important growth driver in fixed line

13% of 2012 revenues



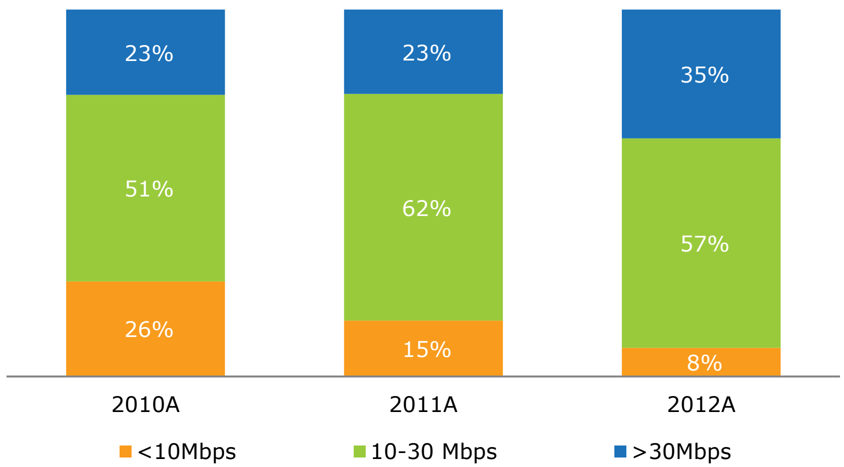
- Fixed broadband represents an important growth driver in Bulgaria, with significant catch up potential versus W. Europe
- Vivacom's ongoing FTTx network roll-out positions it well to benefit from potential future
  - Over 35% of total market subscribers are currently on speeds 30Mbps and above, versus only 23% on 2010, indicating consumer preference towards higher speeds
  - Rational market pricing allows Vivacom to monetize its investments in network upgrade, with higher speeds priced at a premium in the market

Significant broadband penetration upside vs. W. Europe

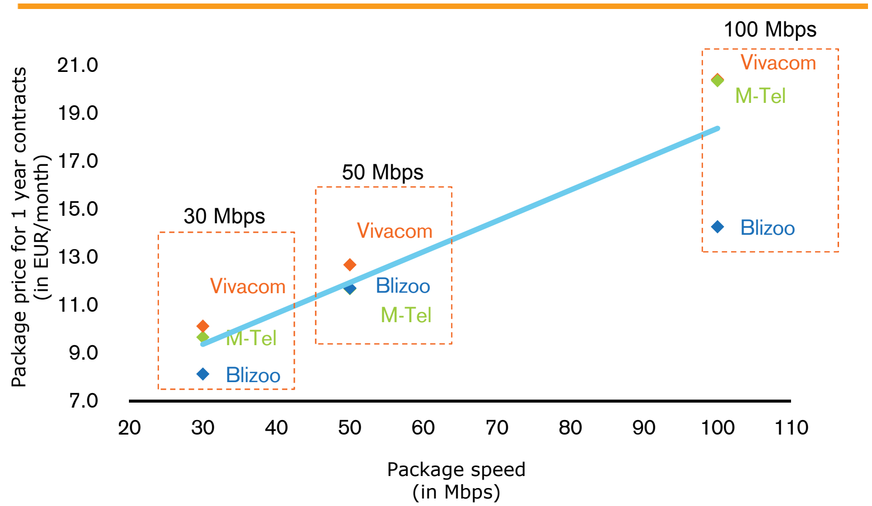


Broadband subscribers are continuously migrating to higher speed offerings

(% of fixed broadband lines in Bulgaria)



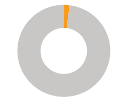
Higher speeds priced at a premium, providing monetization potential for investments in network upgrade



Source: Company data, Analysys Mason, EU Digital Agenda Scorecard.

Pay TV – Overview

2% of 2012 revenues



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Mobile

Fixed telephony

Fixed data

Pay TV

Revenue contribution: 2%

Services offered

DTH TV

- Three plans with 40+, 60+ and 70+ channels
  - Free installation in combination with another service
  - Free equipment in combination with contract
- Entry-level package starting from c.€6/month
- Extras to add include:
  - Movie channel exclusively for Vivacom TV customers (Vivacom Arena)
  - Library of movies (Maxi)
  - HD packages
  - HBO + HBO Comedy

IPTV

- Different packages with up to 150+ channels
  - "Start", "Standard" or "Extra" option
  - Include HD channels and equipment
- Platform recently launched
  - Promotions offered to attract new customers
  - E.g. until end of September, 50% lower prices and HD light package free
- Interactive features and high quality targeted at sophisticated consumers

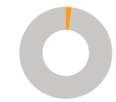
Competitive landscape

	Revenue market share
VIVACOM	5%
bulsatcom	38%
blizoo	14%
tel	2%

VIVACOM
United Communications

Pay TV – Segment strategy

2% of 2012 revenues



Main strategic initiatives

1 Build on traction in TV business

- Build out customer base by marketing and promotion campaigns
- Leverage FTTx build-out to provide IPTV services, and DTH in non fibre footprint areas
- Leverage exclusive Vivacom Arena movie channel as affordable alternative to HBO
- Maintain similar pricing across DTH and IPTV to encourage IPTV take-up where available

2 Tailor flexible packages for customers

- Offer more flexible packages and add-ons along spending tiers to capture more customers with different demand profiles
- Provide better choice of channels and more interactive functions
- Focus on IPTV offering for sophisticated consumers

3 Leverage footprint in other segments

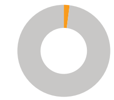
- Reach more households on the back of largest nationwide fixed line network
- Bundle with services such as broadband to capture more value and retain customers
- Utilise strong brand image and highlight quality of product (superior picture and sound)

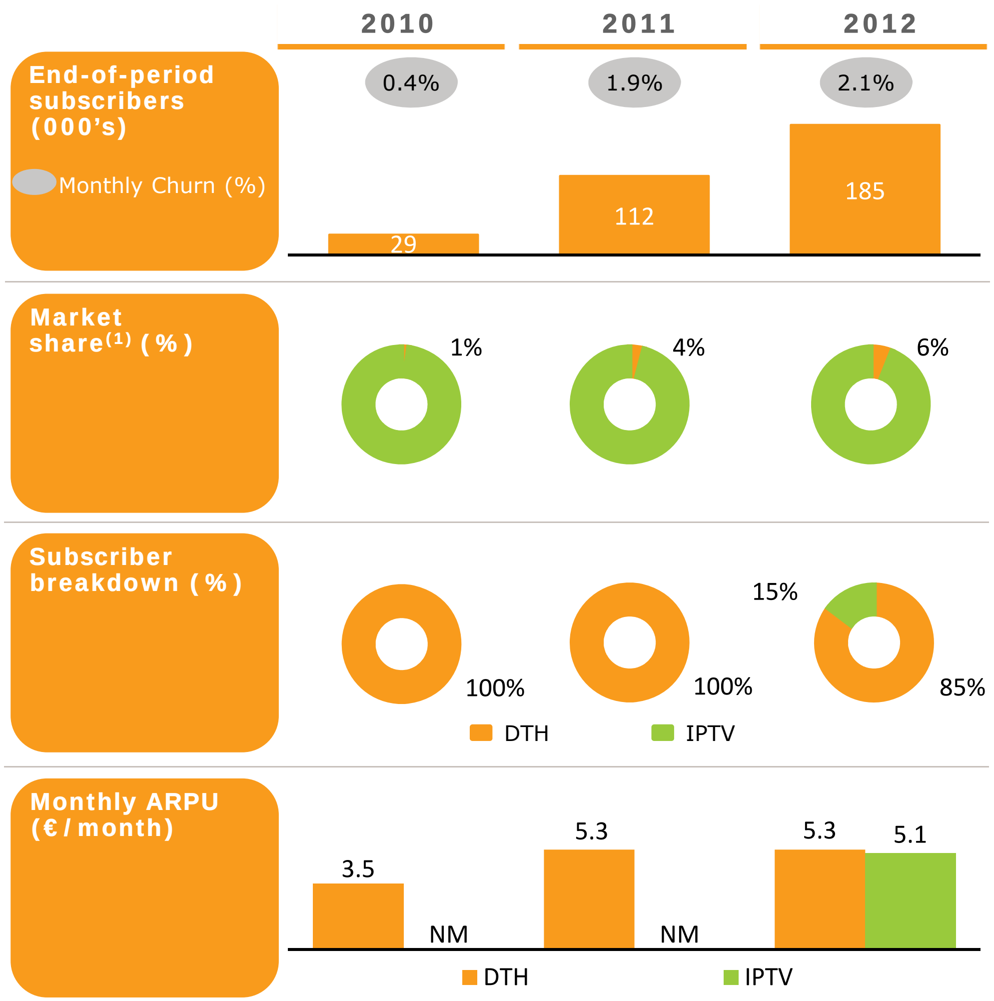
Positioning

- **One-stop shop, full-service operator** with **strong TV product** to complete converged offering
- **Most competitive TV service** on the market
- **High quality solutions,** very comprehensive product offering with **great customer service**

VIVACOM United Communications

Pay TV – Key metrics





Key highlights

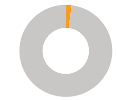
- Vivacom launched DTH business in 2010 and more recently its IPTV business in 2012
- Strong growth of Pay TV subscriptions supported business segment revenues
  - Revenues of €9.1m in 2012 c.46 times revenue from two years before
  - Market share reached 6% in 2012, up from 1% in 2010
- ARPUs for DTH increased from €3.5/month in 2010 to €5.3/month in 2012, further supporting segment revenue increase
- IPTV introduced in 2012 with monthly ARPU of €5.1
  - IPTV segment making up c.15% of all subscriptions already in 2012
  - Expected to gain further traction in coming years

Source: Company data.
(1) Market share based on subscribers.

VIVACOM United Communications

Vivacom's TV offerings driving attractive bundling proposition

2% of 2012 revenues



Customers preference shifting towards higher quality services, including HDTV and interactive TV

- Customers are seeking TV with interactive functions and exclusive content
- Variety of SD channels to suit different tastes and included HD channels in the main package
- Shift to digital and HD TV broadcasting

Vivacom's competitive TV offerings addresses customer needs

		Goals	Customer positioning
HD DTH Service		• Retain TV service customers • Retain DSL Broadband customers • Leverage existing service portfolio • Attract new customers to Vivacom TV	• High quality TV service • Exclusive content in Vivacom Arena TV channel – sports, movies, etc. • National coverage
IPTV Service		• Increase FTTx subscriber acquisition and retention • Enhance brand image of the company	• Interactive TV service, that introduces new way of watching TV • Exclusive content in Vivacom Arena TV channel – sports, movies, etc.

	VIVACOM				bulsatcom			blizoo		
Subscription plan	**Start**	**Standard**	**Extra**	**Extra+ Smart+ Smart HD**	**Economy**	**Standard**	**Premium**	**ATV Start**	**DTV 60**	**Premium**
Monthly fee (EUR)	6.0	7.6	9.1	19.1	3.5	6.5	7.6	6.1	7.1	16.8
Marketed TV channels(1)	40+	60+	70+	130+	25	53	87	50+	60	150
Actual TV channels(2)	49	76	95	158	25	53	87	50+	70	163

Source: Company data.

(1) Marketing communication – conservative channel count to prevent contract cancellation in case number of channels change (as per new regulation).

(2) Actual count of offered channels.

Positioned to gain from converged services growth

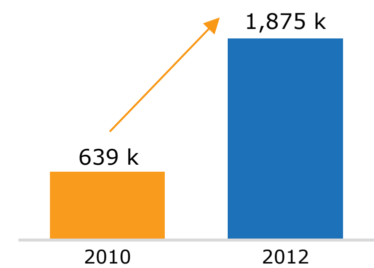
Nationwide coverage footprint across all product categories…

Product	VIVACOM	tel	GLOBUL	blizoo	bulsatcom	LAN OPERATORS	CABLE OPERATORS
	✓	✓	✓	✓	×	(✓)	(✓)
	✓	✓	×	✓	✓	✓	✓
	✓	(✓)	×	✓	✓	✓	✓
	✓	✓	✓	×	×	×	×

× No presence in the product ✓ Meaningful presence in the product (✓) Marginal presence in the product

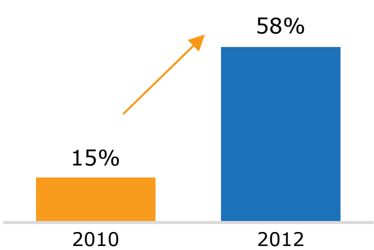
…in a market with increased bundling…

Total bundle subscriptions in Bulgaria

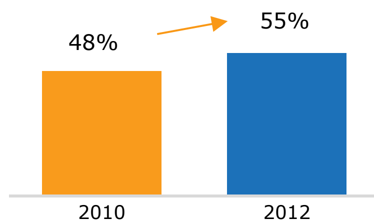


…positions Vivacom to gain new subscribers and retain existing customers

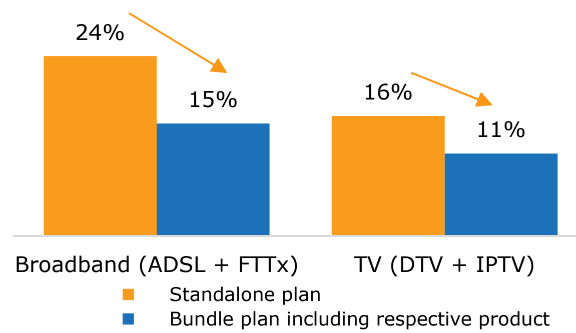
Vivacom pay TV: bundle subscriptions as % of gross adds



Vivacom broadband: bundle subscriptions as % of gross adds



Vivacom annualized Q1 2013 churn rate %



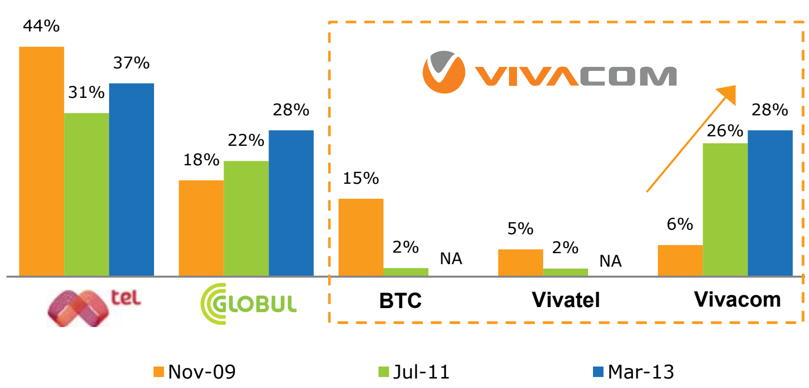
Source: Company data, Communications Regulation Commission (CRC).
Note: Churn data is for residential plans.

VIVACOM United Communications

Strong branding and customer satisfaction

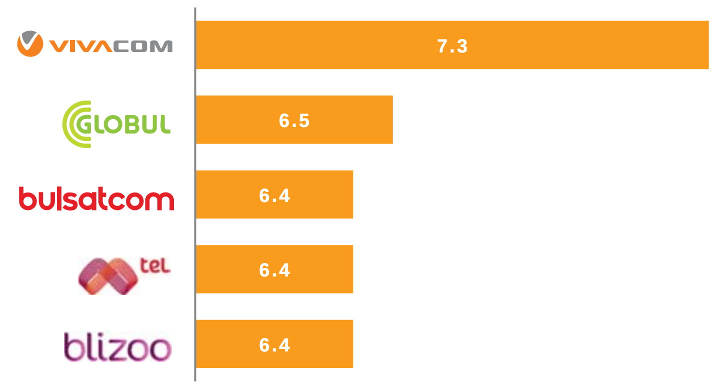
Strong integrated brand…

(brand awareness, % of respondents[1])



…trusted by the most consumers

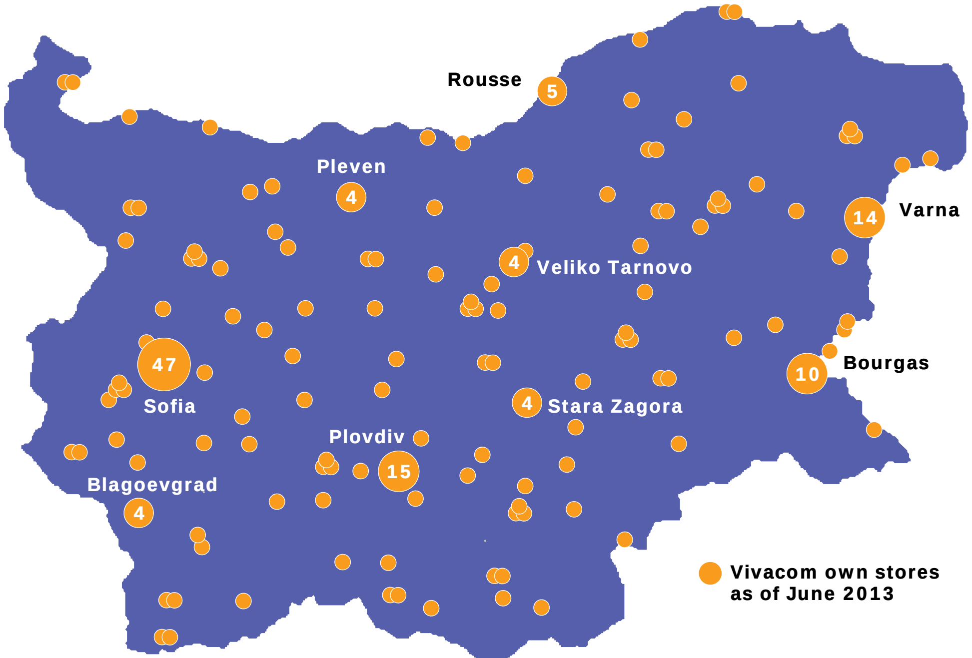
(willingness to recommend, 10=very likely, 1=very unlikely[2])



- From the launch of common brand "Vivacom", brand awareness improved significantly
  - Before end of 2007, four different brands incl. BTC and Vivatel
  - Integrated brand reflects converged service offering, unified distribution channel and convergent optimized IT/billing
- Vivacom's nationwide reach across products makes advertisements more efficient and successful
  - Vivacom's advertising spend c.25-30% lower compared to Mtel or Globul
  - Single brand vs. 4 brands for Mtel, for example
  - Majority of advertising on TV in line with market
- Strong brand resonates with consumers
  - In recent survey, Vivacom is the telecom company most respondents claim they would recommend
  - Perceived as modernizing company that uses new technologies and offers services for everyone in the family
- Attractive brand for mobile
  - In recent survey, Vivacom is the most popular brand among consumers considering switching their mobile provider[2]

Source: Company data.
(1) First answer to question: Which telecommunication operators that have advertisements come to your mind? Sample size of approximately 1,000.
(2) March 2013 survey. Sample size of approximately 1,000.

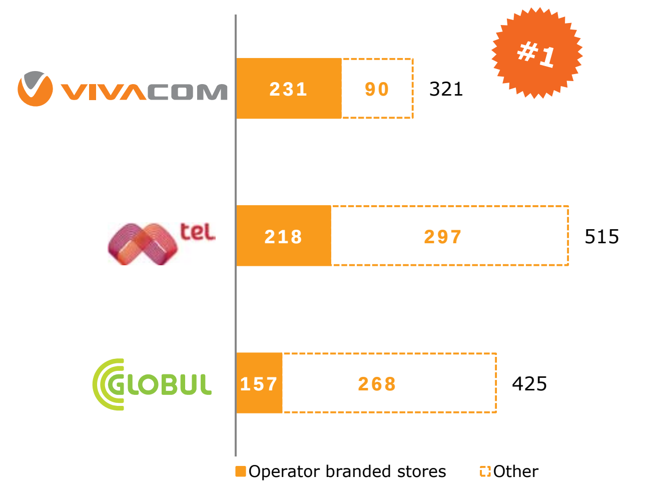
Effective distribution across Bulgaria



Labels denote cities with 4 or more stores.

Largest network of operator branded stores

(Points of sale as of June 2013)



- Shop network of 321 stores: 231 own stores and 90 stores provided by a growing distribution network
  - Smaller overall footprint than Mtel or Globul, however No.1 network of own branded stores
  - Focus on own stores due to strategic and economic importance, with planned expansion to 250 stores
- Distribution channels for all 3 mobile operators are exclusive, which helps control distribution costs
- Vivacom sales force better trained, more effective and better incentivised compared to competitors
  - 50% of staff remuneration is based on performance from highly flexible bonus scheme
  - Focused on pro-active selling and cross-selling in stores (where many customers pay their bills)

Source: Company data.
Note: Globul own stores exclude Germanos.

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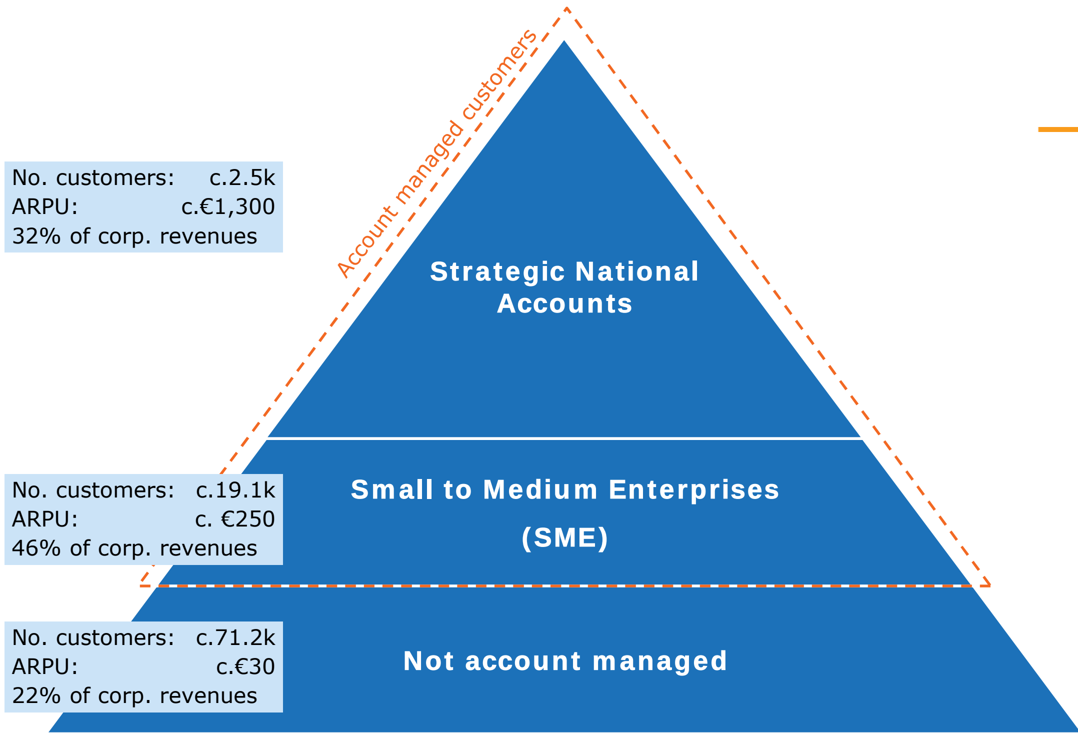
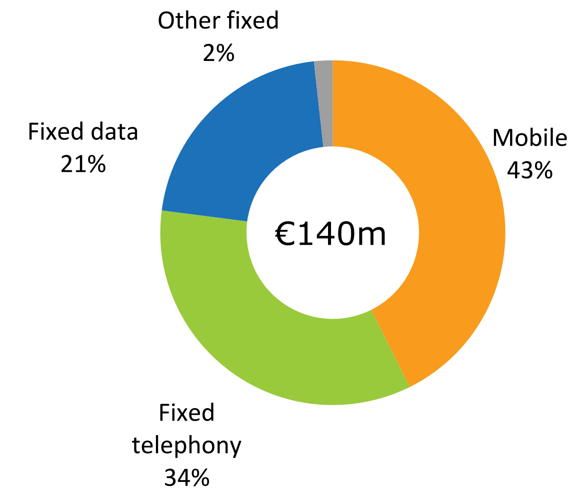
Targeted distribution to corporate clients



Corporate revenue by product (2012)



Unrivaled corporate distribution

- Among the 3 top telecom operators, Vivacom has the biggest direct sales force in corporate segment (244 employees)
- Pre-sales department for complex customer-specific solutions (23 employees)
- VIP helpdesk and dedicated support
- Strategic national accounts and SMEs – account managed customers
  - 5 industry managers and 34 key account managers for Strategic national accounts
  - 17 regional managers and 188 account managers for SMEs

Integrated IT and customer care

Customer care

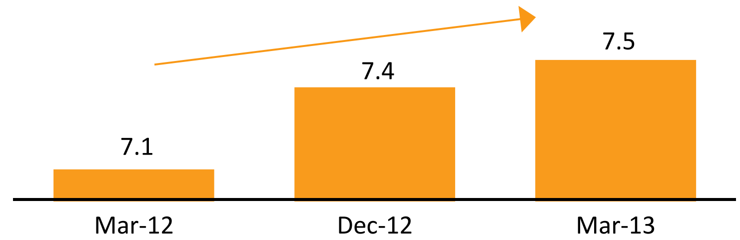
- Growing customer satisfaction with call centers, which are a major tool for retaining existing clients
  - One in-house call center employing c.400 people as of March 2013
  - In-house customer care focused on inbound customers (c.7–10 seconds wait time)
  - Five to seven 3rd party call centers focused on customer retention and accounting for c.30% of total customers retained

IT, billing and CRM

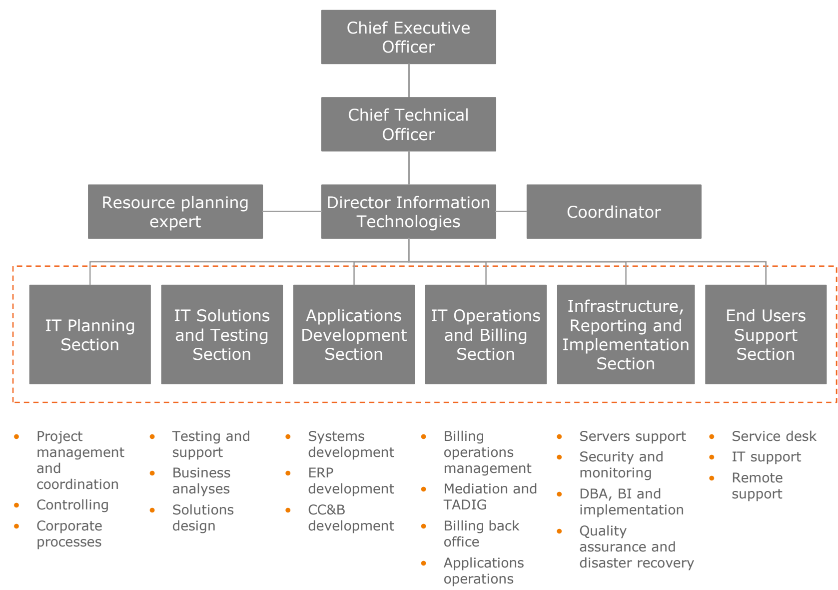
- IT department consists of c.300 employees and is organized per established models in the industry
  - Major simplification in IT systems in recent years, resulting in significant cost savings
- Integrated billing and CRM system
  - Capability to send single bill for all products
  - Single core CRM software application covers customer management, product management and promotions management
  - Access to detailed, accurate customer information from a single database
  - Enhanced visibility enables management to better monitor operational and financials performance

High performance call centers

(satisfaction with call centres, 1=not satisfied at all, 10=completely satisfied[1])



Unified IT organisational structure



Source: Company data.
(1) Base: Respondents who have contacted Vivacom call center during the last 3 months.

Targeted SAC/SRC and CPE strategy

SAC / SRC

- Targeted subsidies only with contracts
  - SAC generally low relative to ARPU
  - Depends on contract length and MRC
  - Current SAC levels considered sufficient to expand the customer base
- Shift in focus to services rather than devices to control SAC/SRC
- SRC in check due to increased proportion of 2-year contracts and bundled products
- Installations free of charge, but activation fees can be charged
- Largest vendors of devices are Samsung, Nokia, Huawei, LG and HTC

CPE

- For Pay TV, first STB provided
  - Customers pay monthly fee for each additional STB
- Additional investments in CPEs to support Pay TV segment growth

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Network overview (1/3) – Mobile

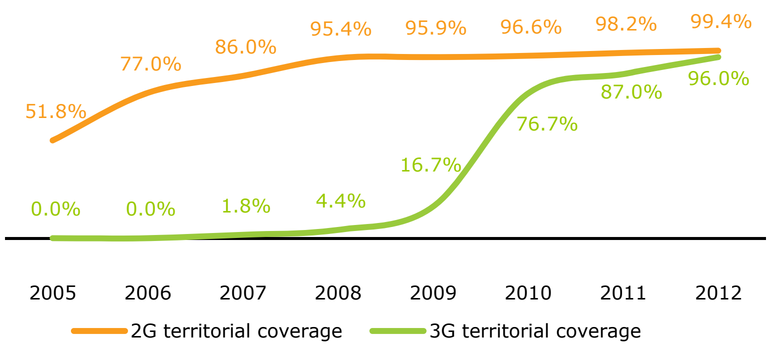
Nationwide coverage footprint

EOY 2012	Coverage
2G Population	99.99%
2G Territory	99.37%
3G Population	99.41%
3G Territory	95.95%

- Mobile network already best in class: 99% 3G population coverage and highest performance across quality indicators
  - 3G (UMTS) network uses 2,100 MHz in top 5 cities and 900 MHz standards elsewhere
  - 2G (GSM) network has capacity to meet excess demand
  - 2G license and 3G license expire in 2024 and 2025, respectively
- Efficiency gains resulting from the use of IP RAN to aggregate 2G and 3G backhaul onto main network
  - Dense urban area backhauling with fiber, rural backhauling through high capacity IP microwave network
- Some sharing of sites with other operators, however very limited so far
- Plan for efficient LTE roll-out
  - LTE launch not expected before 2015, when 800MHz spectrum will become available
  - Plan to co-locate / upgrade existing 2G & 3G sites to minimize construction charges, with network sharing possible
  - LTE trials already underway, with possibility to re-farm existing spectrum for LTE if necessary

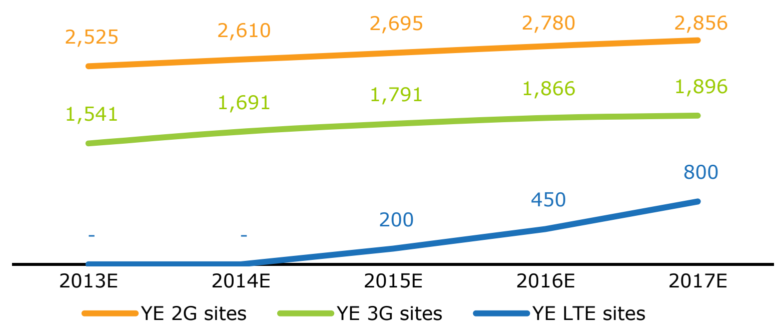
2G and 3G coverage expansion

(% territorial coverage)



Planned build-out of 2G, 3G, 4G in next 5 years

(number of sites)

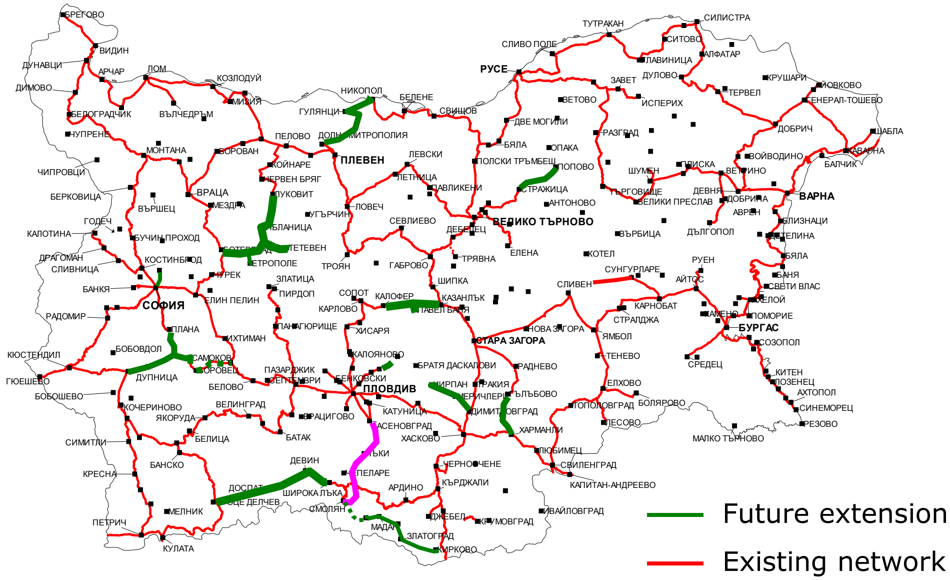


- 2G site: new sites
- 3G site: upgrade of 2G site
- 4G site: upgrade of 2G+3G site

Source: Company data, Communications Regulation Commission (CRC).

Network overview (2/3) – Fixed line

Fully owned optical intercity network



- Fully owned fiber backbone network
  - DWDM fiber optic network allowing easy capacity extension
  - Installed equipment can support up to 64 lambdas with capacity of up to 40 Gbps each

Extensive existing network

- Copper infrastructure of over 100,000 km passes c.78% of households in Bulgaria
  - Fully digitalized fixed telephony network
  - ADSL2+ capability across nearly entire network, with 98% of active DSLAMs and 95% of installed CPEs
  - 89% of copper lines capable of providing broadband service of over 10Mbps
- The company has been investing in its core fixed line network, including Metropolitan Area Networks and Broadband Remote Area Server

Source: Company data.

Network overview (3/3) – Fiber roll-out

Strong take-up of FTTx so far…

	H1 2011	H2 2011	H1 2012	H2 2012	H1 2013
Homes passed (k)	**68**	**135**	**263**	**391**	**505**
HH penetration %	*2%*	*4%*	*9%*	*13%*	*17%*
FTTx subscribers (k)	**0**	**3**	**11**	**31**	**48**
% take-up	*0%*	*2%*	*4%*	*8%*	*10%*
% of fixed data subs	*0%*	*1%*	*3%*	*10%*	*15%*
FTTx capex (€m)	**4**	**4**	**7**	**11**	**7**
% of total 2011-2017	*6%*	*13%*	*24%*	*42%*	*53%*

- FTTx roll-out started in 2011 in Sofia and Varna
- Significant progress achieved so far, with build-out proceeding ahead of budget
  - 505k households passed as of June 2013, with possible 650k by end 2013
  - 2/3 of fiber roll-out investment complete, and over 50% of the total estimated capex already behind
- Strong take up over the 2 years of fiber roll-out, with ~10% take-up in the homes passed by fiber and ~15% of fixed data subscribers currently on FTTx

…with accelerating migration to FTTx going forward

	2013	2014	2015	2016	2017
Homes passed (k)	**650**	**750**	**775**	**775**	**775**
HH penetration %	*21%*	*25%*	*26%*	*26%*	*26%*
FTTx subscribers (k)	**70**	**127**	**180**	**229**	**272**
% take-up	*11%*	*17%*	*23%*	*30%*	*35%*
% of fixed data subs	*22%*	*36%*	*47%*	*55%*	*61%*
FTTx capex (€m)	**13**	**8**	**7**	**3**	**3**
% of total 2011-2017	*64%*	*78%*	*89%*	*95%*	*100%*

- Plan to continue FTTx build-out in largest cities in Bulgaria
  - Target of 775k homes passed by 2016 with c.30% take-up

- Comparatively low build-out costs allowing high ROI investments in fiber
  - c.€200/home connected (c.€60/home passed) at targeted 30% HH penetration
  - Ownership of ducts and relatively low cost of labor in Bulgaria
  - Investment only where justified by returns
  - Fiber co-build trials outside largest cities

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5. HISTORICAL FINANCIAL PERFORMANCE

Historical financial performance summary

(€m unless otherwise stated, FYE 31 Dec)	2010A	2011A	2012A	LTM Jun '13	CAGR 10A-12A
Total Revenue	**455**	**454**	**439**	**417**	*(1.8%)*
% growth		*(0.1%)*	*(3.4%)*		
Gross Margin	**339**	**334**	**324**	**315**	*(2.3%)*
% of Revenues	*74.5%*	*73.5%*	*73.8%*	*75.6%*	
Adj. EBITDA	**191**	**175**	**178**	**167**	*(3.2%)*
% of Revenues	*41.9%*	*38.6%*	*40.7%*	*40.0%*	
Capex	**83**	**91**	**104**	**105**	
% of Revenues	*18.3%*	*20.1%*	*23.7%*	*25.2%*	
Adj. EBITDA - Capex	**107**	**84**	**74**	**61**	
% of Adj. EBITDA	*56.3%*	*48.0%*	*41.7%*	*36.9%*	
Other Items (1)	**50**	**47**	**5**	**12**	
Change in Working Capital	**(33)**	**(4)**	**4**	**(11)**	
Pre-tax Operating Free Cash Flow (2)	**125**	**127**	**82**	**62**	
% of Adj. EBITDA	*65.5%*	*72.4%*	*46.2%*	*37.5%*	

- In the past 3 years, revenues have declined at a CAGR of 1.8%, driven by declines in the fixed business and various external factors such as regulation, competitive pressures and changes in technology
  - Significant revenue growth in mobile business and new services
- High and resilient profitability with an average gross margin of 73.9% and an average Adj. EBITDA margin of 40.4%
  - Some topline decrease driven by TR was offset by higher gross margin (particularly in mobile where Vivacom is a net buyer of minutes)
- Strong cash flow generation

Financial profile characterized by (i) topline negatively affected by fixed line business offset by mobile and new services (ii) high and resilient margins and (iii) strong cash flow generation

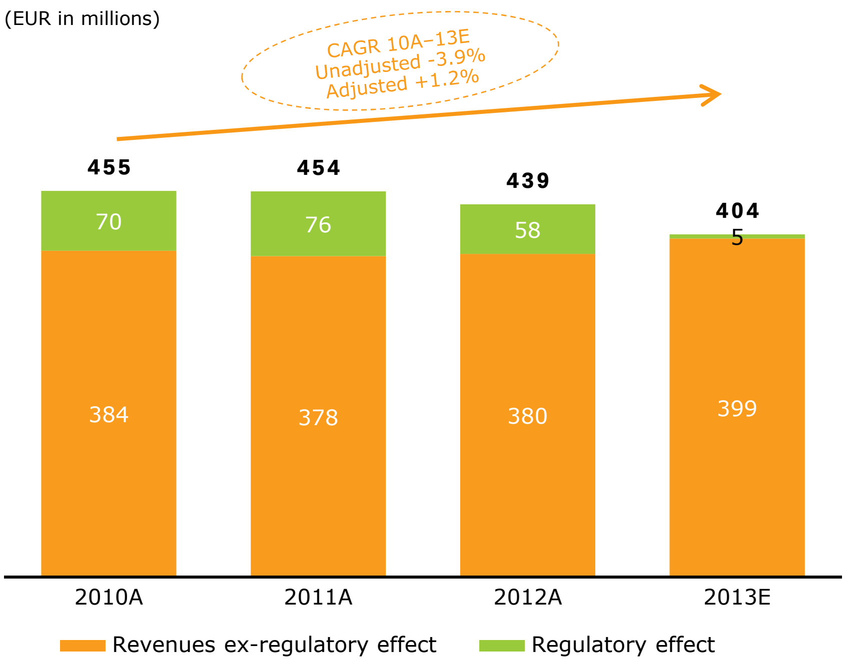
Source: Company data.
(1) A list of other items detail is outlined in appendix
(2) Pre-tax cashflow available for debt services (excluding any dividends and other payments to shareholders).

VIVACOM United Communications

Overview of historical financials

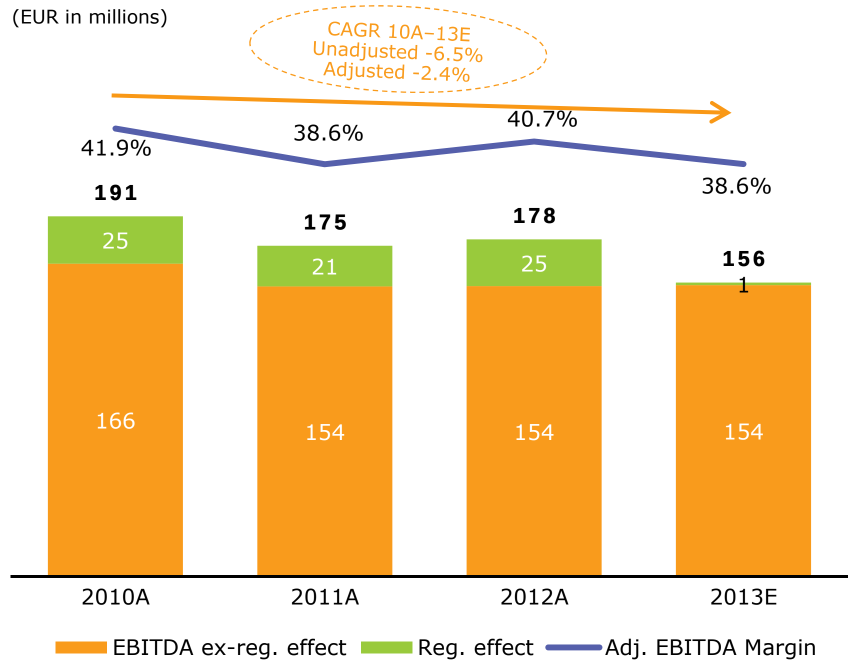
Revenue with H2 '13 Regulation Impact

(EUR in millions)



Adj. EBITDA with H2 '13 Regulation Impact

(EUR in millions)



- Revenues and EBITDA adjusted for changes in regulation have been stable historically
  - TRs have decreased by almost 300% over the 2010-2013 period
- Adj. EBITDA margins have remained relatively stable at c.40%
  - Opex savings and mobile revenues growth have offset losses in the fixed line segment

Adjusting for termination rates, revenues have been stable historically; Adj. EBITDA margins demonstrate resilient profitability of operations

Source: Company data.
Note: Revenues and EBITDA ex-regulatory effect represent the financial metrics as they would have been had regulated rates been constant at their H2 2013 levels throughout the relevant period.

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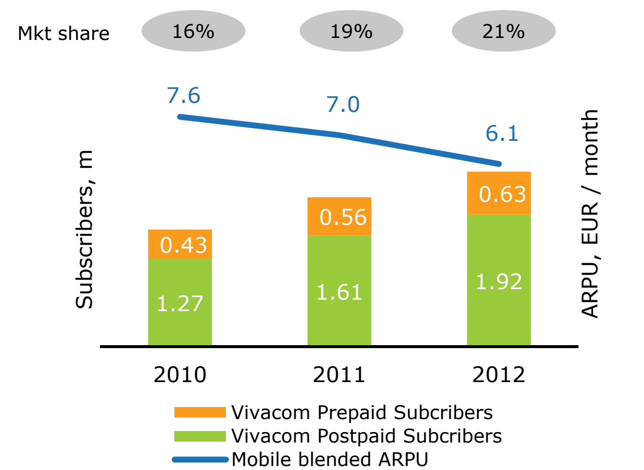
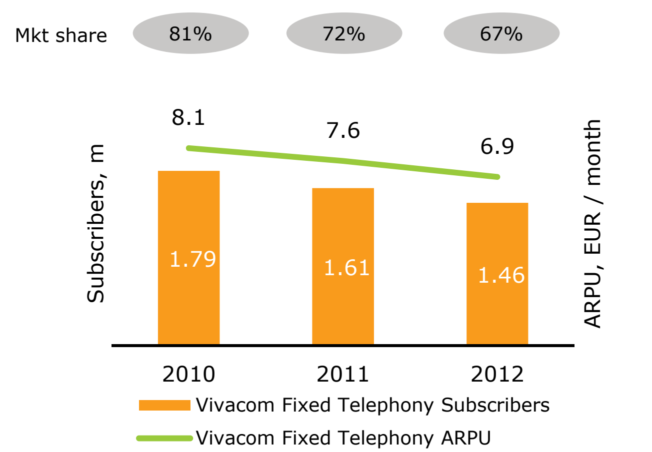
Key historical revenue drivers

- **Mobile:**
  - Rapid increase in subscribers driven by market share gains
- **Fixed telephony:**
  - Shrinking subscriber base and lower traffic volume driven by fixed to mobile substitution
- **Fixed data:**
  - Declining ADSL base partly offset by increasing FTTx subscribers
- **Pay TV:**
  - Substantial traction since launch of DTH in Q3 2010 and IPTV in Q2 2012

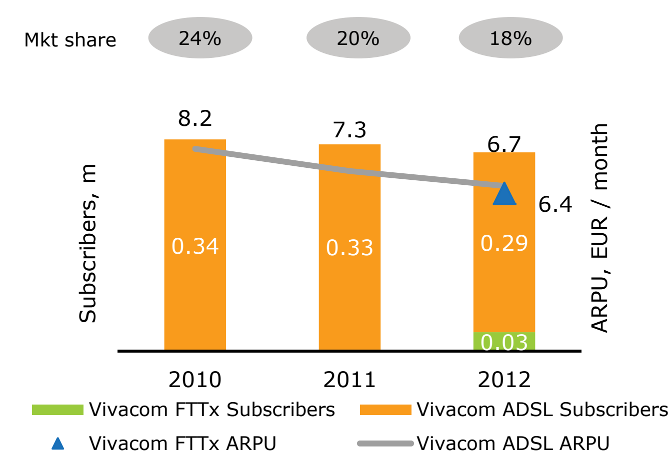
Mobile (46% of 2012 revenues)



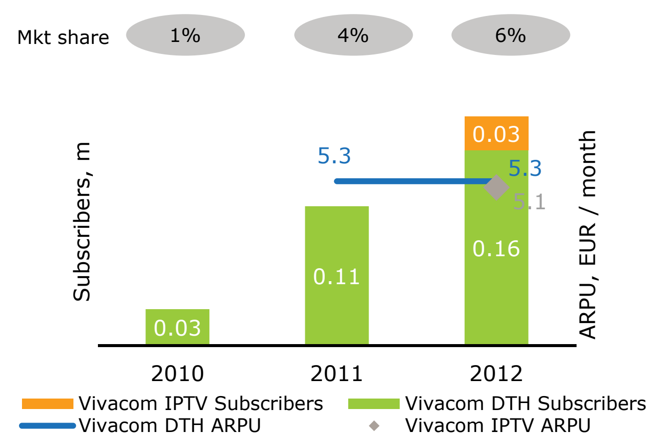
Fixed telephony (35% of 2012 revenues)



Fixed data (13% of 2012 revenues)



Pay TV (2% of 2012 revenues)



Source: Company data.
Note: Segment breakdown excludes "other fixed", which accounted for c.4% of revenues in 2012. Market share based on subscribers.

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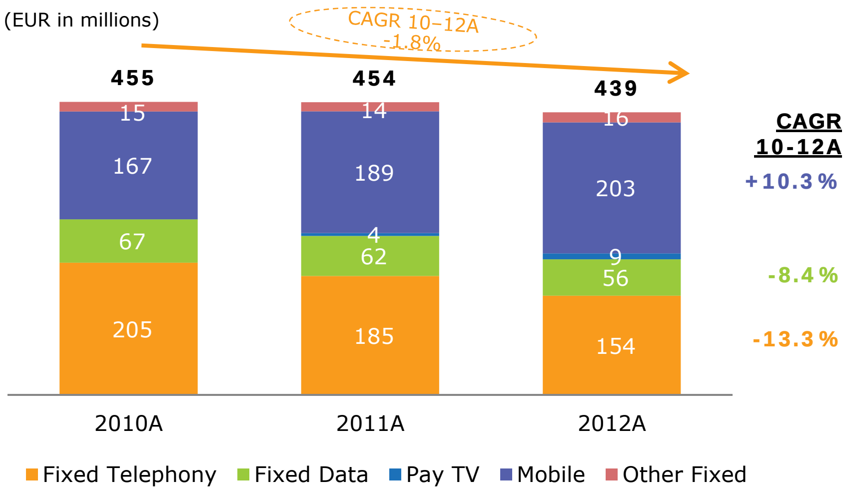
Historical revenue and gross margin by segment

Revenue breakdown by segment

(EUR in millions)



Gross Margin by segment

	2010A	2011A	2012A	LTM Jun '13
Fixed Telephony	**167**	**141**	**121**	**112**
Margin %	*81%*	*76%*	*79%*	*87%*
Fixed Data	**59**	**57**	**52**	**50**
Margin %	*88%*	*91%*	*91%*	*92%*
Pay TV	**(0)**	**(1)**	**(1)**	**1**
Margin %	*NM*	*NM*	*(7%)*	*8%*
Other Fixed	**14**	**14**	**15**	**16**
Margin %	*97%*	*95%*	*96%*	*96%*
Mobile	**98**	**124**	**136**	**136**
Margin %	*59%*	*66%*	*67%*	*67%*
Total Gross Margin	**339**	**334**	**324**	**315**
Margin %	*75%*	*74%*	*74%*	*76%*

Commentary

- Revenue decreased at a CAGR of 1.8% between 2010-2012
  - Revenue decline driven by decrease in the fixed telephony segment, which has outpaced the increase in the mobile
- Gross margins for each segment remained relatively high and stable in 2011 and 2012
  - Higher margins for data services due to absence of interconnect costs
  - Improvement of gross margin in the TV segment as new business gains traction, with growing subscriber base and ARPU
  - Pay TV segment became profitable at gross margin level in LTM to June 2013

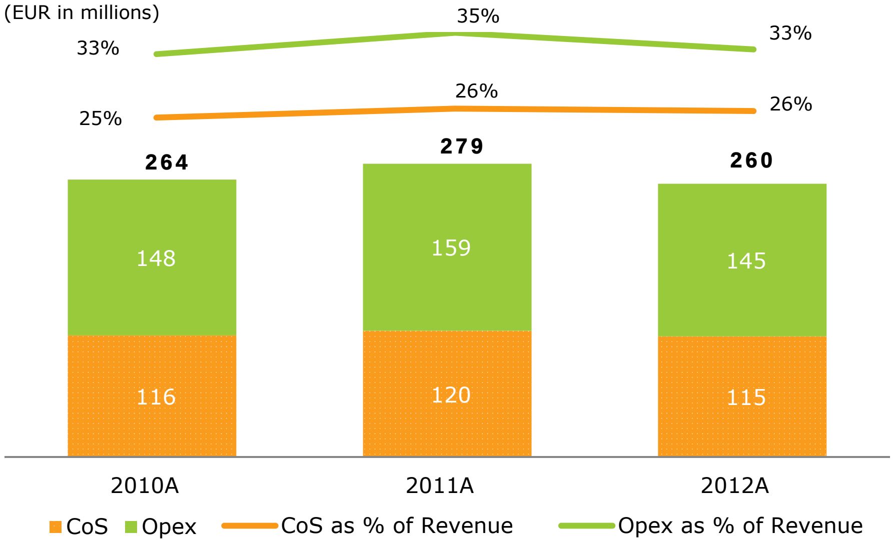
Source: Company data.

VIVACOM United Communications

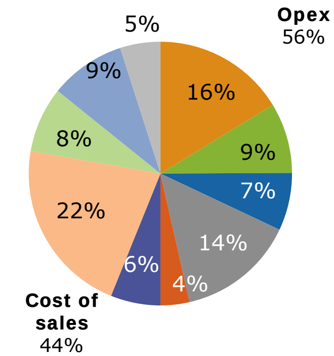
Historical cost breakdown

Total cost evolution

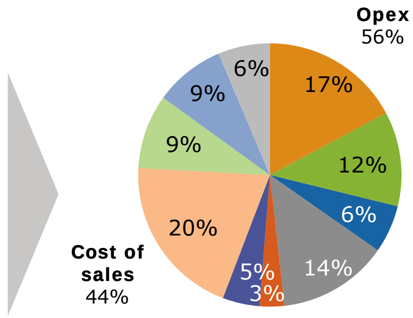
(EUR in millions)



Cost breakdown 2010A



Cost breakdown 2012A



Comments – Historical performance

- Stable cost of sales at c.26% of revenues
  - Cost of sales represent c.45% of total costs and mainly consists of (i) interconnection costs, (ii) SACs, SRCs and (iii) handset costs
  - COS have decreased in line with revenues as a result of the combined effect of the decrease in termination rates and of the increase in outbound off-net traffic
- Overall Opex maintained at consistent level, ranging from 32%-35% of revenues. The increase of €10m in 2010-2011 attributed to:
  - Facilities: €4.9m from growth in rents (NURTS colocation after sale in Aug. 2010, shops/mobile footprint, new HQ building from mid-2010) and electricity (footprint and pricing)
  - Admin: €3.5m driven by regulatory provision in 2011 (reversed in 2012) for expected early application of the IMTR regulation

Comments – Cost-cutting highlights

- The Company went through operational transformation in 2008-2010:
  - Headcount declined from c. 10,000 in 2008 to c. 3,100 at the end of 2012
- Operational efficiency improved after completion of a number of cost-cutting and re-organization measures:
  - Combination of the fixed and mobile operations into a single business using common systems and under a common brand, Vivacom
  - Optimization of network management functions
  - Sale of the non-core broadcasting towers subsidiary, NURTS
  - Renegotiating leases to remove inflation clauses, etc.

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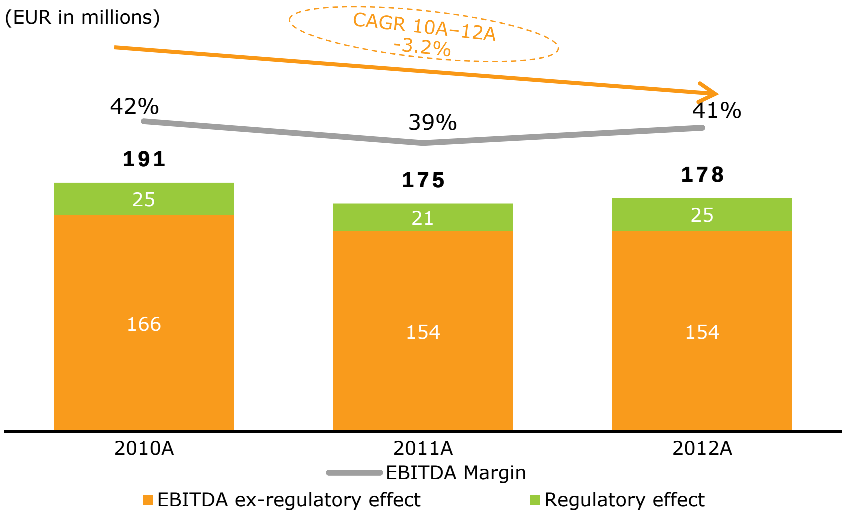
Historical Adj. EBITDA performance

Adj. EBITDA performance

(EUR in millions)

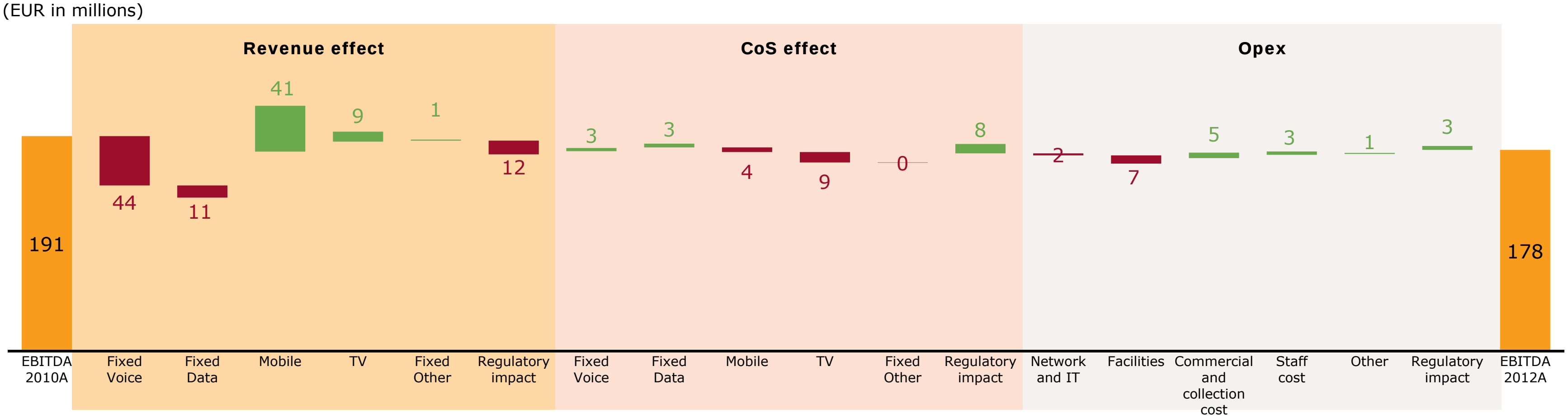


Commentary

- During 2010-2012, the Adj. EBITDA decline was driven by declining revenues in high margin fixed products
- In 2010-2011, Adj. EBITDA adjusted for regulation decreased by €12m, mainly attributed to:
  - Decline in fixed gross margin (not completely offset by increase in mobile gross margin)
  - €4.9m growth in facilities opex (driven by rent and electricity from expanded shops footprint and new HQ building)
- Adj. EBITDA margins have been largely stable
  - In 2012, Adj. EBITDA margin increased 2% due to reduced termination rates

Adj. EBITDA Bridge 2010-2012

(EUR in millions)

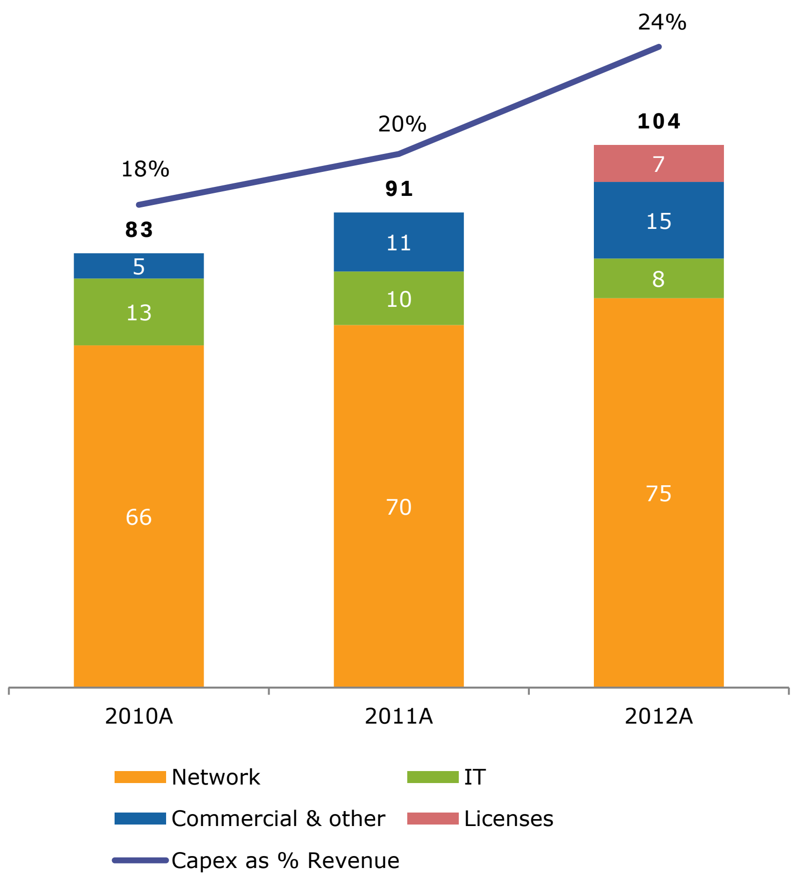


Source: Company data.
Note: Revenues and EBITDA ex-regulatory effect represent the financial metrics as they would have been had regulated rates been constant at their H2 2013 levels throughout the relevant period.

Historical capex

Capex breakdown

(EUR in millions)



Commentary

Capex driven by targeted investments in infrastructure and mobile licenses

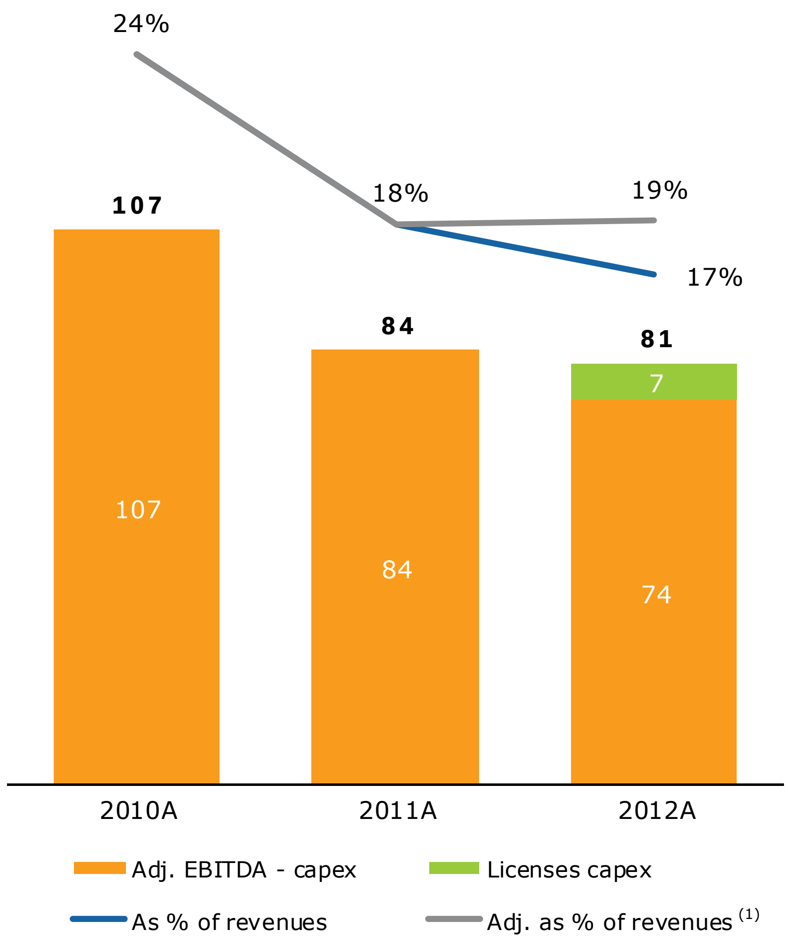
- Capex as % of revenue increased by 6% from 2010-2012
- Network Capex was 19% greater with FTTx investments, 900 MHz coverage in Sofia and €7m license acquisition
- Commercial & Other Capex increased by €10m from 2010-2012 mainly due to Customer Premises Equipment investment
- Upgrade of Metropolitan Access Networks in progress

Source: Company data.

Historical adj. EBITDA - Capex

Adj. EBITDA – Capex

(EUR in millions)



Commentary

Adj. EBITDA – Capex adversely affected in 2010–2012 and declined at a CAGR of 16.8%

- 2010–2011 decrease primarily attributable to:
  - €3.5m of regulatory impact
  - €7.8m of capex increase (FTTx launch, CPEs for TV growth)
  - €5.8m gross margin decline ex-regulation
  - Opex increase (driven by facilities expense increase of €4.9m)
- 2011–2012 decrease primarily driven by capex (after removing regulatory effects and €7m license capex) due to further growth in FTTx and CPE’s

Source: Company data.
(1) Adj. EBITDA – Capex as % of revenues reflects capex adjusted for one-off license expense of €7m in 2012.

VIVACOM United Communications

H1 2013 current trading update

Selected financials

EUR in millions	H1 2012A	H2 2012A	H1 2013A	Growth vs. H1 2012A	H1 2013B	Act. vs. Bgt
Revenues	**226**	**213**	**204**	**(9.6%)**	**198**	**3.2%**
Gross Margin	**164**	**160**	**155**	**(5.2%)**	**155**	**0.2%**
% of Revenues	*73%*	*75%*	*76%*		*78%*	
Adj. EBITDA	**94**	**84**	**82**	**(12.6%)**	**78**	**6.3%**
% of Revenues	*42%*	*40%*	*40%*		*39%*	
Capex	**33**	**72**	**34**	**3.3%**	**36**	**(7.5%)**
% of Revenues	*14%*	*34%*	*16%*		*18%*	
Adj. EBITDA - Capex	**62**	**13**	**49**	**(21.0%)**	**41**	**18.5%**
% of Revenues	*27%*	*6%*	*24%*		*21%*	
% of Cash Conversion(1)	*65%*	*15%*	*59%*		*53%*	

Commentary

Actual H1 2013 revenues outperforming budget despite TR cuts due to higher subscribers (both fixed and mobile) and better than expected performance in the fixed segment (especially pay TV)

- Higher EBITDA than budgeted due to better fixed margins and OPEX savings (incl. lower network costs and higher collection rates)
- Significantly higher free cash flow due to the improved operational cash flow, better mix in trading payment terms and timing in international discount agreement settlements
- Lower capex than budgeted due to scheduling effects

Source: Company data.
(1) Cash Conversion = (Adj. EBITDA – capex) / Adj. EBITDA.

VIVACOM United Communications

6. PROJECTED FINANCIAL PERFORMANCE

Financial policy considerations

	Policies
Governance and controls	• High standards of corporate governance • Culture of transparent, rigorous financial controls – Strong focus on working capital and cash management
Hedging	• Minimal FX risk – Geography of operations limited to Bulgaria and local currency is pegged to EUR – Minor exposure to USD
Financial targets	• Target EBITDA level of 38-40% • Net working capital target of 2-4% of sales • Medium-term net leverage goal of up to 2.0x, with focus on deleveraging in near term (possibility to prepay portion of debt)
Dividend policy	• Dividend policy allows up to 50% of net income to be paid out as dividends, subject to – Existing liquidity buffer – Financing needs for new projects – Net leverage targets
M&A strategy	• The company does not exclude option of growth via acquisitions but has no immediate targets in mind • Any acquisition considered would need to further strengthen Vivacom's position in the Bulgarian telecommunications market

VIVACOM United Communications

Strategic plan highlights

	Key drivers
Improving Bulgarian telecom market	• **Consumer spending** boosted by falling unemployment rate and rising GDP per capita • **Regulatory environment** to improve with a slowdown in MTR and FTR reductions, and upside from illegal LAN and cable networks cleaning • **Mobile penetration** expected to remain stable: **decline in multi-SIM users** offset by M2M and mobile broadband growth, which is fueled by **rising smartphone / tablet penetration and 3.5 / 4G network development** • Rising **mobile data** as % of ARPU to partially offset competitive pressure on voice tariffs • **Low fixed data penetration**
Moderate and achievable revenue growth	• **Continued mobile revenue gains** due to (i) subscriber base increase as a result of competitive positioning (30% market share target), (ii) higher ARPU with more included services attracting customers to higher MRC tariffs, (iii) data growth due to increase in smartphones / tablets , superior network quality and dedicated services / content • **Fiber drives** fixed segment, limiting line loss and facilitating take-up of converged services • **Pay TV segment expansion** through (i) aggressive growth in subscriber base for both DTH (via bundling with DSL broadband) and IPTV (driven by cross-selling with fiber broadband), (ii) moderately higher ARPU, (iii) enhanced service portfolio with added exclusive content and web/ mobile TV launch • **Integrated offering of mobile, fixed and TV services** provides clear competitive advantage
Significant efficiency gains	• **Control of mobile unitary SAC and SRC** through more promotions with services instead of devices; SAC levels sufficient to support continued expansion of subscriber base; exclusive distribution channels limit growth of commissions; SRC in check due to increased proportion of 2-year contracts and bundled products • **Reduced fixed telephony unitary SAC and SRC** to reflect overall contracting market for fixed voice services • **Decline in interconnection costs** resulting from TR glide path (both fixed and mobile) • **Reduction in bad debt** as a result of collection function effort • **Network upgrade and continued IT optimization** over 2013-2015 resulting in efficiencies • **Limited increase** in staff costs (new shops and customer care) and TV to support growing business
Targeted investment plan	• **Targeted network investment plan over 2012-2016 period,** primarily aimed at maintaining superior network quality and improving the customer experience: – **LTE license and efficient LTE rollout** envisaged for FY2015 – **FTTx roll-out** in selected cities and regions to enhance national position in the fixed broadband arena – **MAN(1) resiliency**, 3-5 year plan to swap current MAN network with MPLS network, aimed at decreasing network outages and significantly reducing upgrade and maintenance costs • **IT investments** in marketing, customer ordering and collection management area to improve efficiency and flexibility • **CPE investments** increase to support growth of Pay TV segment • **New shops** planned to increase moderately

(1) Metropolitan Area Network.

Projected financial performance summary

(€m unless otherwise stated, FYE 31 Dec)	2012A	2013E	2014E	2015E	2016E	CAGR 12A-16E
Total Revenue	**439**	**404**	**409**	**428**	**447**	0.5%
% growth	*(3.4%)*	*(8.0%)*	*1.3%*	*4.7%*	*4.4%*	
Gross Margin	**324**	**313**	**323**	**339**	**356**	2.4%
% of Revenues	*73.8%*	*77.7%*	*79.1%*	*79.1%*	*79.6%*	
Adj. EBITDA	**178**	**156**	**159**	**168**	**178**	(0.0%)
% of Revenues	*40.7%*	*38.6%*	*38.8%*	*39.2%*	*39.8%*	
Capex	**104**	**75**	**72**	**103**	**72**	
% of Revenues	*23.7%*	*18.7%*	*17.7%*	*24.0%*	*16.0%*	
Adj. EBITDA - Capex	**74**	**80**	**87**	**65**	**107**	9.7%
% of EBITDA	*41.7%*	*51.5%*	*54.5%*	*38.8%*	*59.9%*	
Other Items [1]	5	8	5	5	5	
Change in Working Capital	4	(33)	(13)	(8)	(12)	
Pre-tax Operating Free Cash Flow	**82**	**55**	**79**	**62**	**100**	5.0%
% of Adj. EBITDA	*46.1%*	*35.3%*	*49.4%*	*37.2%*	*56.1%*	

Commentary

Strong operating cash flow generation expected to continue in an environment of industry-wide challenges for revenue growth

- **Revenue** is projected to remain relatively flat due to mixed topline prospects for different segments:
  - Fixed Telephony: expected to decline due to fixed-to-mobile substitution and lower ARPU resulting from increased competition
  - Mobile & Pay TV: forecasted to compensate the drop in Fixed Telephony revenue with increasing subscriber base and slight improvement in ARPUs
- **Gross margin** is expected to improve at a CAGR of 2.4% as a result of lower termination rates
- **Adj. EBITDA level and margin** decreases in 2013 due to regulation. Regulatory losses to be offset in the longer run as fixed segment is stabilized going forward on the back of growing fiber, pay TV and mobile segments
- **Pre-tax Free Operating cash flow** is expected to increase to €100m in 2016 at a CAGR of 5% given targeted capital expenditures
  - Decrease in 2015 due to one-off capex increase related to LTE licence and rollout costs

Source: Company data.
(1) Detailed list of Other Items are included in the appendix.
(2) Pre-tax cashflow available for debt services (excluding any dividends and other payments to shareholders).

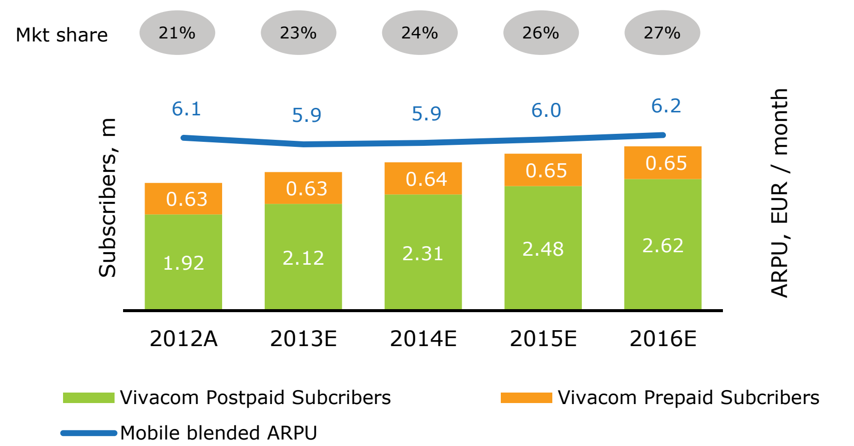
VIVACOM United Communications

Key projected revenue drivers
Mobile and Pay TV

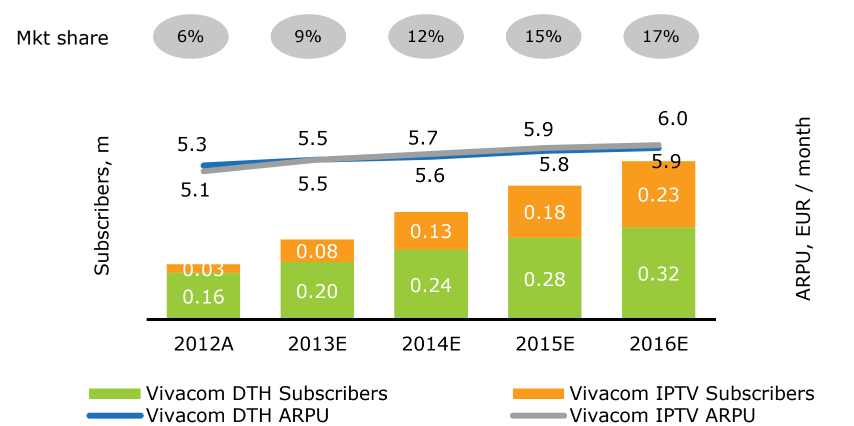
Mobile
- Continued subscriber growth (target of 30% market share)
- Increased penetration of mobile broadband and smartphones
- Higher ARPU driven by:
  - Decrease in multiple SIM subscriptions, with more people choosing Vivacom as their only mobile services provider (driven by low MTRs)
  - Growing share of post-paid
  - Increased data usage
  - Increased penetration of bolt-ons (additional usage added to existing customers for a higher MRC)

Pay TV
- Bundled offers continue to drive subscriber base growth
- Enhanced offering to attract new customers
  - More additional services on an interactive IPTV platform
  - Additional content: sport channels and more films to enrich Vivacom Arena channel
- Moderate ARPU growth

Mobile (60% of 2016E revenues)



Pay TV (8% of 2016E revenues)



Source: Company data.
Note: Market share based on subscribers.

Key projected revenue drivers (cont'd)
Fixed telephony and data

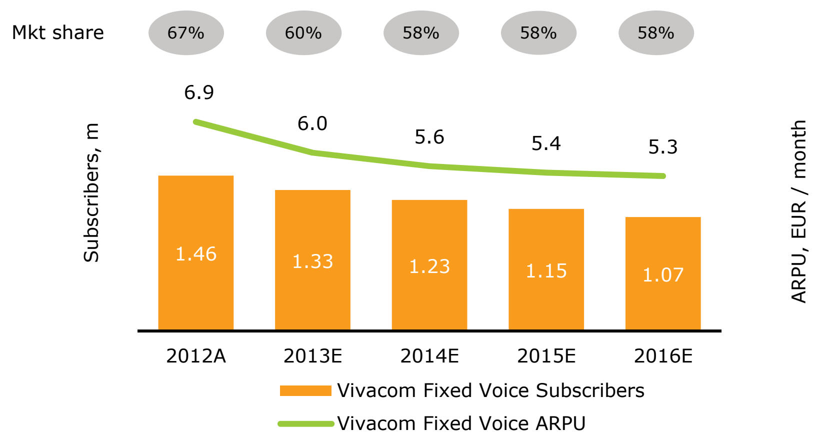
Fixed telephony

- Subscriber base continues to decline as a result of fixed-to-mobile substitution
- ARPU decrease to decelerate in line with FTR glide path
- Customer demand for lower MRC (limited service usage and practically flat tariffs) drives continuing ARPU decline

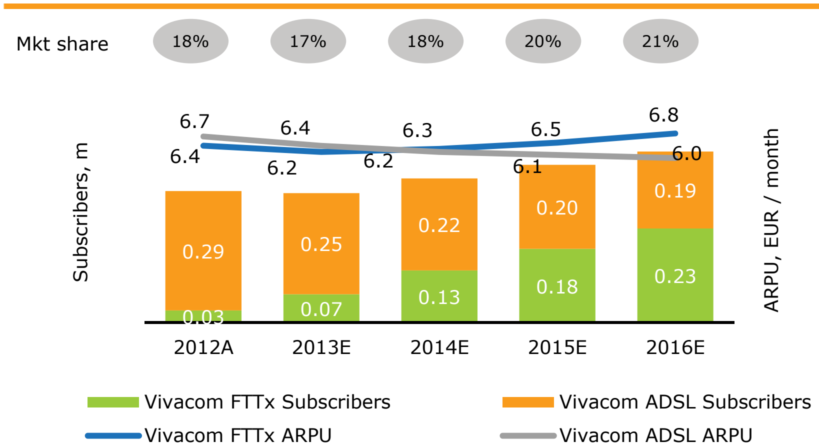
Fixed data

- Continued FTTx network development supports growth in total subscribers
- Lower FTTx ARPU in near term due to focus on ADSL transition to FTTx (initial promotions)
- Divergent ARPU in longer term:
  - ADSL ARPU is lower due to customer demand for higher speeds
  - FTTx ARPU increases due to additional services and up-sale to higher speed packages.

Fixed telephony (17% of 2016E revenues)



Fixed data (12% of 2016E revenues)

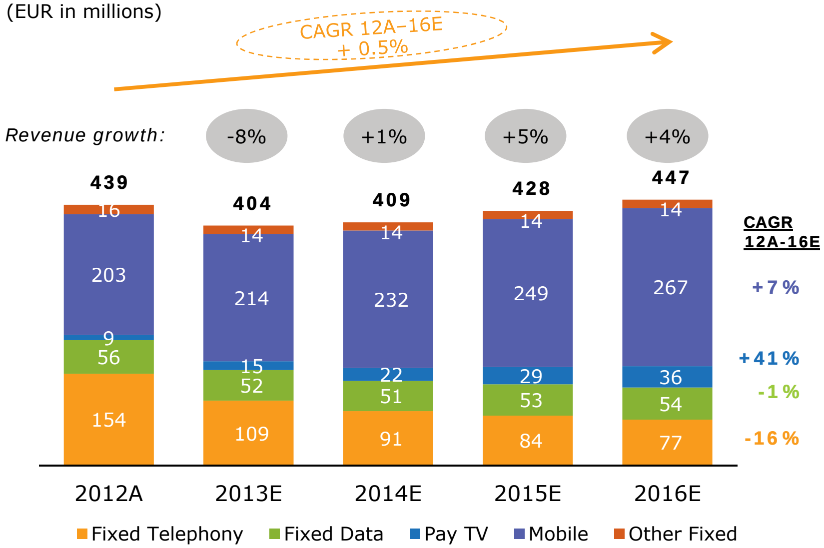


Source: Company data.
Note: Market share based on subscribers.

Projected revenue and gross margin by segment

Revenue breakdown by segment

(EUR in millions)



Gross margin by segment

	2012A	2013E	2014E	2015E	2016E
Fixed Telephony	**121**	**95**	**82**	**75**	**69**
Margin %	*79%*	*87%*	*90%*	*90%*	*90%*
Fixed Data	**52**	**46**	**46**	**47**	**49**
Margin %	*91%*	*90%*	*90%*	*90%*	*92%*
Pay TV	**(1)**	**1**	**5**	**10**	**15**
Margin %	*(7%)*	*10%*	*24%*	*34%*	*42%*
Other Fixed	**15**	**14**	**13**	**14**	**14**
Margin %	*96%*	*99%*	*99%*	*99%*	*99%*
Mobile	**136**	**157**	**177**	**193**	**209**
Margin %	*67%*	*73%*	*76%*	*77%*	*78%*
Total Gross Margin	**324**	**313**	**323**	**339**	**356**
Margin %	*74%*	*78%*	*79%*	*79%*	*80%*

Commentary

Revenue is expected to grow at a CAGR of 0.5% over 2012A-2016E period with further improvements in product mix

- **Mobile** segment drives the increase of total revenue at a CAGR of 7% in 2012A-2016E
- **Fixed Telephony** continues to decrease to €77m in 2016, due to shrinking subscriber base and reduced ARPU. However, churn rate is expected to decrease due to bundling as well as remote and local customer support
- **Pay TV** is projected to experience the highest growth among the four segments at a CAGR of 41%
- **Fixed Data** revenue is forecasted to stay at current level with moderate growth promoted by FTTx expansion

Commentary

Further moderate improvements in gross margins

- **Mobile** margins projected to rise by 5% by 2016 as a result of declining MTR and improving unitary ARPU
- **Fixed Telephony** margins expected to improve by 3% in 2014 due to lower wholesale share
- **Pay TV** margins expected to turn positive in 2013 and increase to 42% in 2016, driven by growing subscriber scale and increasing ARPUs
- **Fixed Data** margins forecasted to remain at 90% for 2013-2015 and expected to increase in 2016 due to growing fibre

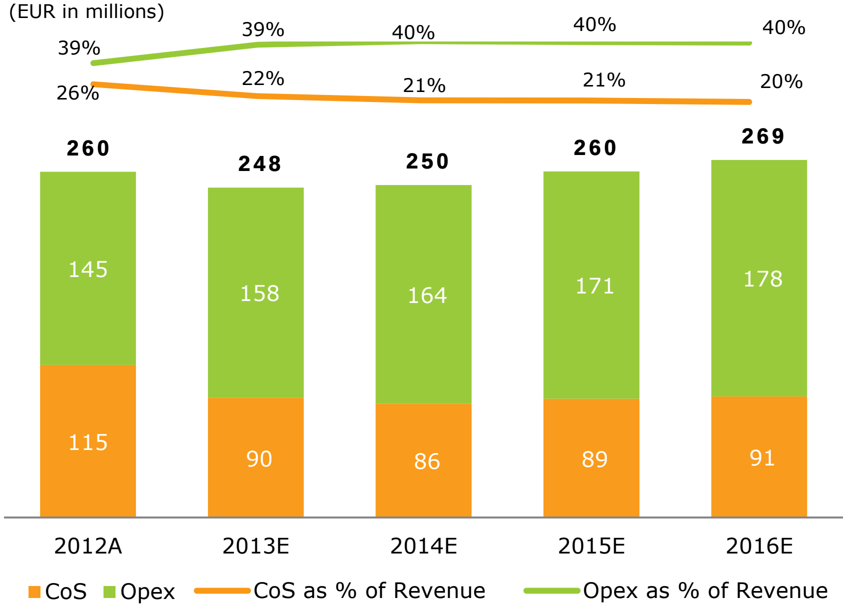
Source: Company data.

VIVACOM United Communications

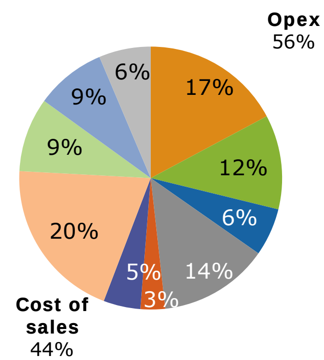
Projected cost evolution

Total cost evolution

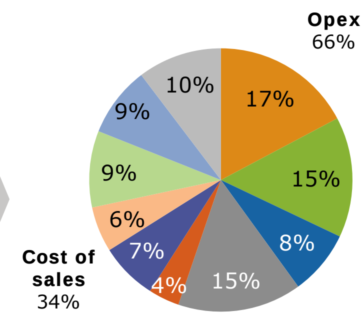
(EUR in millions)



Cost breakdown 2012A



Cost breakdown 2016E



CoS: Interconnect, SRC & SAC, COGS, Other CoS

Opex: Network and IT, Facilities, Commercial, Staff, Collection, Other Opex

Comments

Total costs are projected to reach €269m in 2016

- **CoS projected to remain stable** in absolute terms and decline as a percentage of revenue to 20% in 2016
- **Opex** as a % of revenues to remain stable, reaching 40% in 2016
- **CoS** as % of total costs is expected to drop to 36% in 2013 (vs. 44% in 2012) driven by TR decline

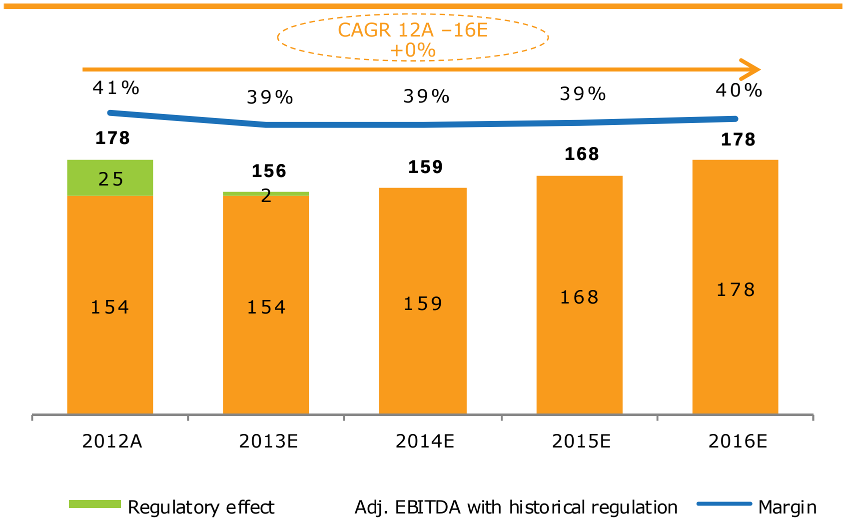
Comments

- **CoS** decrease through 2014 driven by TR reduction in mobile and fixed telephony segments
  - **SRC controlled** through promotions with services instead of devices
  - Increase in CoS in 2015-2016 mainly due to growing **TV and SRC** (in all growing services, especially mobile)
- **Opex** projected to increase primarily driven by:
  - **Facilities costs** as a result of store / network expansion and inflation
  - **Advertising costs** to increase slightly to c.3% of revenues but remain lower than competitors (Globul 3.7% and Telekom Austria 4.9% in 2011) due to Vivacom's focused advertising strategy
  - **Staff costs** as headcount expands (mainly in customer care and new shops) and average wage level increases in Bulgaria

Source: Company data.

Projected adj. EBITDA performance

Adj. EBITDA performance

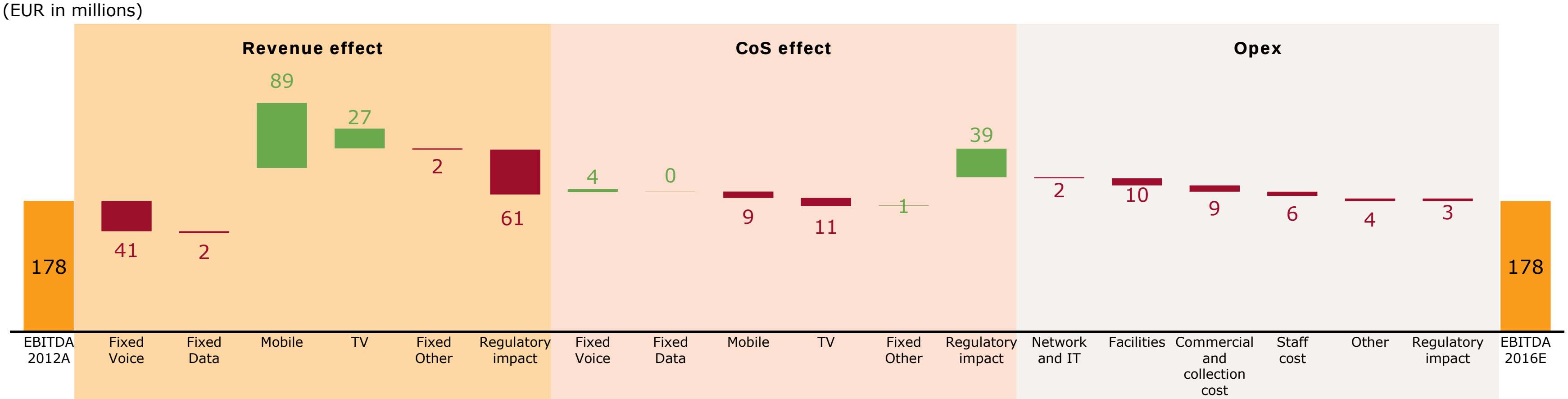


Comments

Adj. EBITDA is expected to fall to €156 in 2013 and gradually recover to 2012 level by 2016

- **EBITDA** projected to decrease by 12.4% in 2012-2013 driven by regulation
- However, growth in mobile segment is expected to fully compensate the drop by 2016
- **Adj. EBITDA and adj. EBTIDA margin is forecasted to rise to €178m and 39.8% in 2016 as a result of:**
  - Increasing mobile and Pay TV revenue
  - Declining costs due to lower TRs

(EUR in millions)

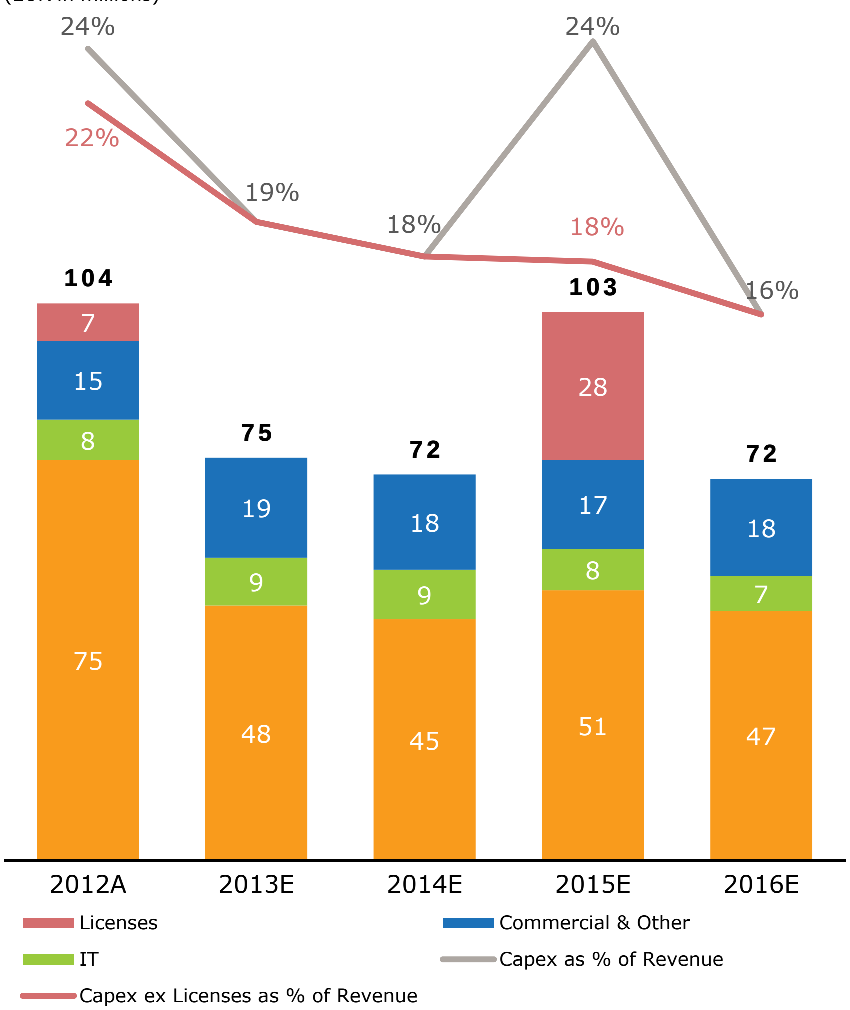


Source: Company data.

Projected capex by type

Capex breakdown

(EUR in millions)



Comments

Capex to average 18% of revenue in 2013-2016

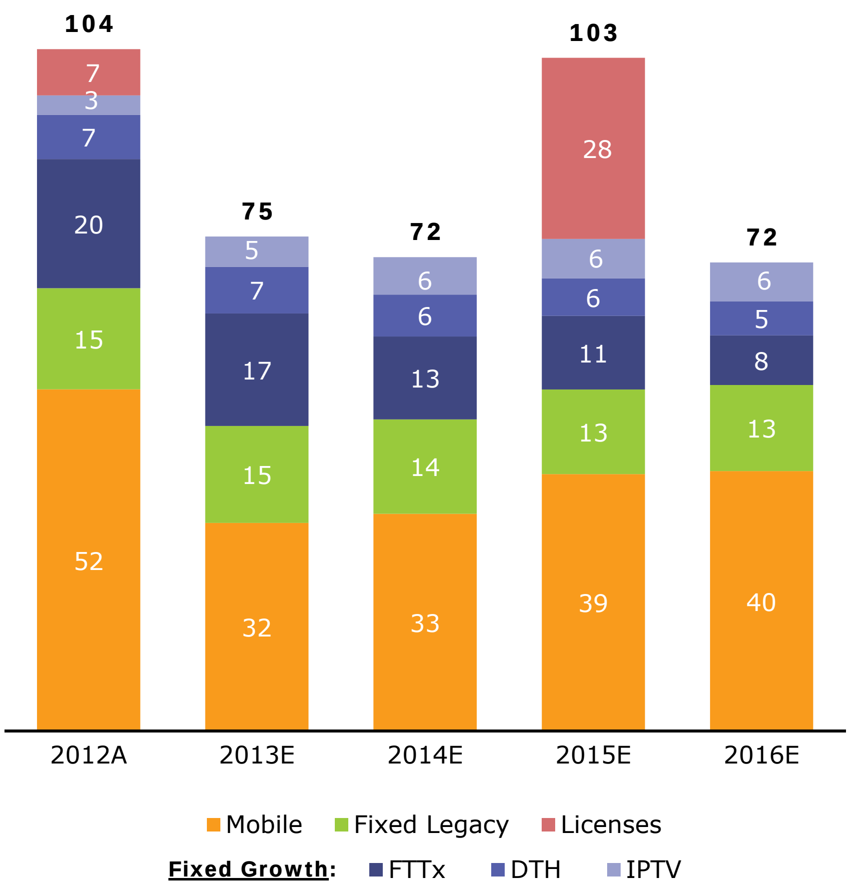
- **Capex materially lower in 2013**
  - Completion of 3G build-out and lower site acquisition costs (near complete 3G territorial coverage)
  - No one-off license expense
- **Major network capex in 2013-2016 includes:**
  - **LTE license** (projected outflow of €27.6m in 2015) with plan for **efficient LTE roll-out** (using existing base stations and antennas where possible)
  - **FTTx roll-out** in selected cities and regions to enhance national position in the fixed broadband arena
  - **MAN resiliency**, 3-5 year plan to swap current MAN network with MPLS network, aimed at decreasing network outages and significantly reduce cost
  - **Continued ADSL decommissioning**
- Projections to not account for possibility of **network sharing**, which could significantly reduce capex
- **IT investments** in marketing, customer ordering and collection management area to improve efficiency and flexibility
- **CPE investments** to support growth of Pay TV segment
- **New shops** planned to reach 250 by 2016

Source: Company data.

Projected capex by segment

Capex breakdown

(EUR in millions)

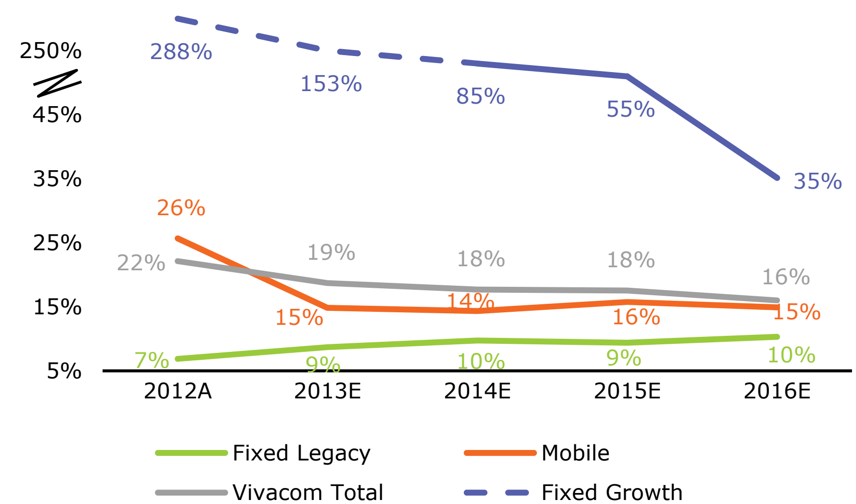


Comments

Capex targeted at growth segments

- Higher capex to revenues ratio in fixed growth businesses (including FTTx and TV)
- Mobile remains largest portion of capex, however to stabilize at c.15% of revenues from 2013 onwards
- Overall, maintenance capex to account for c.30% of capex vs. expansion capex of c.70%
- In 2012, capex as % of revenues was 15% and 12% for mobile-focused peers Mtel and Globul, respectively

Capex as % of revenues[1]

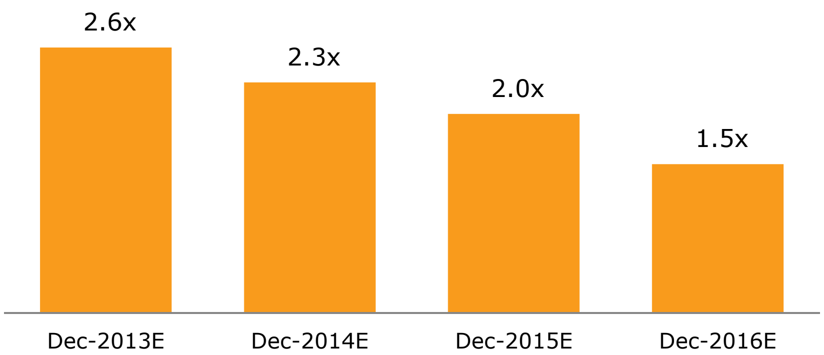


Source: Company data.
(1) Excluding licenses capex.

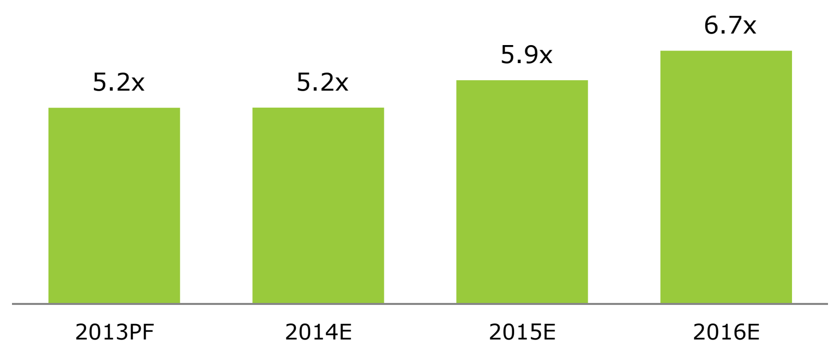
VIVACOM United Communications

Projected credit metrics

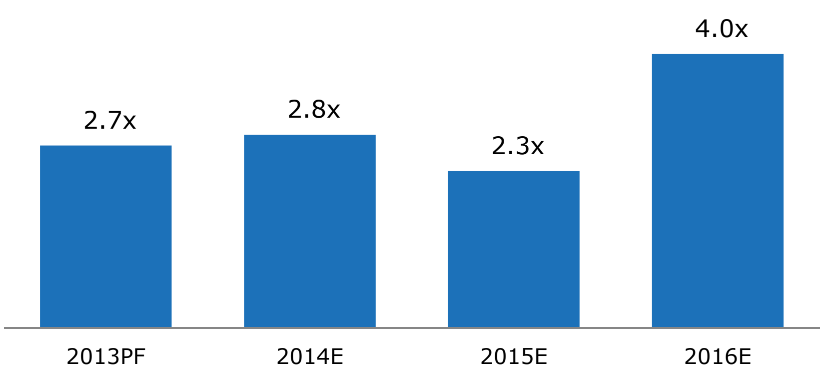
Net debt / Adj. EBITDA



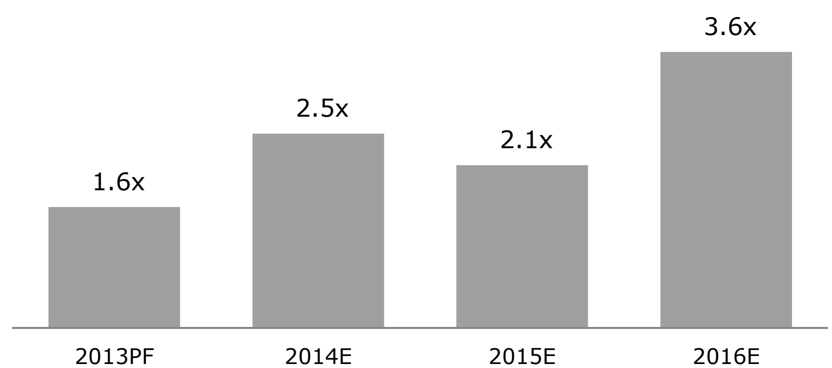
Adj. EBITDA / Net Interest Expense



(Adj. EBITDA – Capex) / Net Interest Expense



Fixed Charge Cover



Note: 2013E ratios are based on full-year figures, PF for the new capital structure.

VIVACOM
United Communications

Deleveraging profile

- H2 2013E forecasts based on the budget for full year 2013 less actual figures for H1. Better performance than budgeted in H1 results in relatively low cash generation shown for H2 2013E

(EUR million)		LTM Jun 2013PF	H2 2013E	FYE 2014E	FYE 2015E	FYE 2016E
Years from Closing (30-Jun-13)			0.50Y	1.50Y	2.50Y	3.50Y
Revenues & Cashflow Statement						
Sales		**417**	**200**	**409**	**428**	**447**
Depreciation		138	73	133	121	111
Adj. EBITDA		**167**	**73**	**159**	**168**	**178**
Capex		(105)	(42)	(72)	(103)	(72)
Change in Net Working Capital		(11)	(14)	(13)	(8)	(12)
Other items		11	1	5	5	5
Pre-Tax Operating Free Cash Flow		**62**	**18**	**79**	**62**	**100**
Assumed Cash Taxes Paid		–	–	(1)	(2)	(4)
Cashflow Available Before Debt Service		**62**	**18**	**77**	**60**	**96**
Net Cash Interest Expense (1)		(30)	(15)	(31)	(28)	(27)
Cashflow Available for Debt Amortisation		**32**	**3**	**47**	**32**	**69**
Amortisation (2)		–	–	(23)	(23)	(23)
Change in Finance Leases		0	(0)	(1)	1	(0)
Cashflow Available for Dividends		**33**	**3**	**24**	**10**	**46**
Dividends		–	–	–	–	–
Excess Cash Flow		**33**	**3**	**24**	**10**	**46**
Operating Metrics						
Revenue Growth			*(8.0%)*	*2.4%*	*4.7%*	*4.4%*
EBITDA Margin		*40.0%*	*38.6%*	*38.8%*	*39.2%*	*39.8%*
EBITDA Growth			*(12.8%)*	*8.4%*	*5.8%*	*6.1%*
Capex as a % of Sales		*25.2%*	*18.7%*	*17.7%*	*24.0%*	*16.0%*
Pre-Tax Operating FCF as % of EBITDA			*30.3%*	*49.4%*	*37.2%*	*56.1%*
Balance Sheet						
Cash	2.50%	**36**	**39**	**63**	**73**	**119**
Finance Leases	6.00%	1	1	–	1	1
Senior Secured Notes	7.00%	450	450	428	405	383
Total Debt		**451**	**451**	**428**	**406**	**383**
Total Net Debt		**415**	**412**	**365**	**333**	**264**
Credit Ratios (3)						
Leverage						
Total Net Debt / EBITDA		**2.49x**	2.64x	2.30x	1.98x	1.48x
Coverage						
EBITDA / Net Cash Interest		**5.56x**	5.20x	5.20x	5.93x	6.71x
(EBITDA - Capex) / Net Cash Interest		**2.05x**	2.68x	2.83x	2.30x	4.02x
Excess Cash Flow to Net Debt		**7.9%**	4.2%	6.5%	3.0%	17.6%
Fixed Charge Cover (4)		**2.08x**	1.58x	2.53x	2.12x	3.60x

(1) Includes assumed interest income from handset leases of €0.7m. p.a. and premium for voluntary early debt redemption.
(2) Assumed voluntary early repayments of 5% p.a. at a redemption price of 103% in 2014E-16E.
(3) LTM June 2013 and FYE 2013E ratios based on full-year figures, PF for the new capital structure.
(4) Fixed charge cover is calculated as Cashflow Available Before Debt Service divided by the sum of Net Cash Interest Expense and Mandatory Amortization.

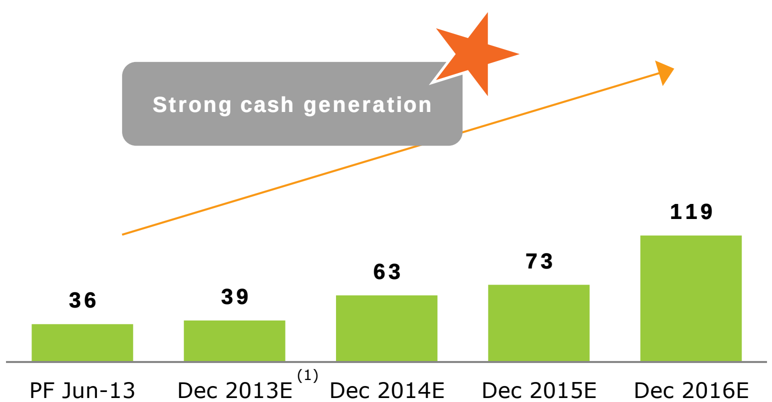
Liquidity considerations

Key highlights

- **Strong cash generation and low working capital swings**
  - Annual working capital swings are up to €20m (from peak to trough)
- **Existing revolving credit facilities are not used and will be repaid as part of the refinancing**
  - Documentation to allow for a new revolving credit facility to be issued, but management does not foresee a need for revolving credit facilities in near-to-medium term

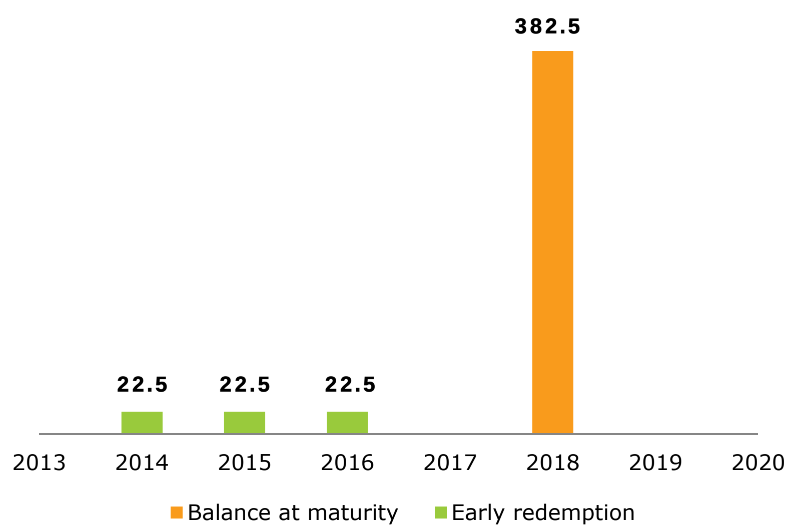
Cash position

(EUR in millions)



Assumed debt repayment schedule

(EUR in millions)



(1) H2 2013E forecasts based on the budget for full year less actual figures for H1. Better performance than budgeted in H1 results in relatively low cash generation shown for H2 2013.

VIVACOM United Communications

APPENDIX

Mobile market share reconciliation

Mobile subscribers as reported	Subscribers ('000s)			Market share		
	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2010	Dec. 2011	Dec. 2012
Mtel	5,249	5,501	5,574	48.3%	46.1%	44.1%
Globul	3,920	4,265	4,518	36.1%	35.7%	35.8%
Vivacom	1,701	2,168	2,541	15.6%	18.2%	20.1%
Total	**10,869**	**11,934**	**12,633**	**100%**	**100%**	**100%**

Fixed wireless subscribers	Subscribers ('000s)		
	Dec. 2010	Dec. 2011	Dec. 2012
Mtel	160	252	318
Globul	135	210	220
Vivacom	–	–	–
Total	**295**	**462**	**538**

- Mtel and Globul figures adjusted to remove fixed wireless subscribers, which are included in reported figures
- Adjustments based on BTC network interconnect activity and press releases of competitors
- No further adjustments for reporting policies identical across all operators (M2M subscribers still included and prepaid subscribers still on 13 month activity basis)

Adjusted mobile subscribers	Subscribers ('000s)			Market share		
	Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2010	Dec. 2011	Dec. 2012
Mtel	5,089	5,249	5,257	48.1%	45.8%	43.5%
Globul	3,785	4,055	4,298	35.8%	35.3%	35.5%
Vivacom	1,701	2,168	2,541	16.1%	18.9%	21.0%
Total	**10,574**	**11,472**	**12,095**	**100%**	**100%**	**100%**

Source: Company data, public filings.

VIVACOM United Communications

Provisions and operating leases

Operating leases

EUR in thousands	31-Dec-11	31-Dec-12	30-Jun-13
Within one year	4,873	4,688	4,546
In the second to fifth years inclusive	15,096	15,161	15,188
Later than five years	46,400	44,250	43,561
Total Commitments	**66,369**	**64,099**	**63,294**

Retirement benefit obligations

EUR in thousands	31-Dec-11	31-Dec-12	30-Jun-13
Liability at the beginning of the period	980	823	856
Past service cost	(49)	(49)	–
Current service cost	(78)	59	30
Interest cost	38	28	14
Total cost recognized in the comprehensive income	(89)	38	43
Payments to retirees	(67)	(6)	(4)
Liability at the end of the period	**823**	**856**	**896**

Source: Company data.

VIVACOM United Communications

Historical EBITDA reconciliation

EUR in millions	2010	2011	2012	LTM Jun '13
IFRS PBT	**44.2**	**4.1**	**(18.7)**	**(30.2)**
Finance costs	17.1	21.1	17.3	22.0
Finance income	(4.9)	(4.7)	(4.2)	(3.0)
Depreciation and amortization	133.7	141.4	141.9	138.4
Other gains, net	(19.1)	(4.2)	(5.2)	(3.7)
Share of profit of joint ventures	(1.0)	(1.2)	–	–
"IFRS EBITDA"	**169.9**	**156.6**	**131.1**	**123.6**
(1) Asset impairment and write-off	8.0	13.8	38.7	38.0
(2) Cable extraction costs	–	0.5	2.0	1.6
(3) Duct network legalization costs	–	2.3	–	–
(4) ALU severance costs	0.8	1.0	0.7	0.2
(5) Steering Committee fees to OpCo	1.5	0.5	0.5	0.2
(6) Other (provisions, penalties)	0.7	0.3	5.3	2.8
(7) Termination costs	0.0	0.2	0.3	0.3
(8) Opex, bank charges	(0.1)	(0.1)	(0.1)	(0.1)
(9) MSA and TSA	9.8	–	–	–
Management Adj. EBITDA	**190.6**	**175.1**	**178.5**	**166.6**

Comments on reconciliation items

(1) Mainly impairment and write-off of old network equipment (decommissioned fixed network and exchanges, swapped equipment, etc.)

(2) Both costs and revenue from sale of extracted copper cables are omitted from EBITDA

(3) One-off expense for procuring all building documentation for duct network, where such was missing

(4) The amount of the compensation for unused annual paid leaves of Alcatel employees in case of termination of labor contracts, as per outsourcing contract

(5) Banks steering committee fees related to old loan restructuring due to breached covenants

(6) Mainly litigation provisions related to regulatory claims

(7) The amount of the compensations of Vivacom employees in case of termination of labor contracts

(8) Bank account management charges, shown as Opex in the management accounts and finance cost in IFRS

(9) Management and technical services agreements fees (% of revenue) payable to the holding company as per the contract for privatization. Discontinued from 2010

VIVACOM United Communications

Historical revenue and capex reconciliation

EUR in millions	2010	2011	2012	LTM Jun '13
IFRS revenue	**458.3**	**458.1**	**438.5**	**416.8**
VAS revenue presented net of VAS COS	(3.7)	(3.9)	–	–
Management revenue	**454.7**	**454.2**	**438.5**	**416.8**

EUR in millions	2010	2011	2012	LTM Jun '13
Purchase of PP&E	63.5	60.6	73.2	76.6
Purchase of other non-current assets	21.6	28.0	33.5	33.4
"IFRS cash capex"	**85.2**	**88.6**	**106.7**	**110.0**
Change in capex payables & other investing WC	(1.9)	2.5	(2.6)	(4.8)
Management capex	**83.3**	**91.1**	**104.1**	**105.2**

Source: Company data.
Note: From 2012, Value Added Services revenue is presented net of cost. Management revenue is restated for consistency.

Other items included in pre-tax operating FCF

EUR in millions	2010A	2011A	2012A	2013E	2014E	2015E	2016E	Comments
Adj. for non-cash charges within EBITDA	14.1	18.6	4.5	9.3	9.2	9.8	10.1	Sum of 3 items below
Impairment of receivables and handsets	12.5	13.2	8.1	8.4	8.4	8.9	9.2	
Staff provisions (retirement and unused vacations)	1.5	0.6	0.6	0.9	0.8	0.9	0.9	
Other provisions for liabilities and charges	0.0	4.9	(4.1)	–	–	–	–	Regulatory provision in 2011 for expected early application of the IMTR regulation, reversed in 2012
Reversal of SxC commissions capitalized	(5.4)	(3.9)	(4.2)	(4.8)	(4.9)	(5.3)	(5.5)	Not in EBITDA: Contract acquisition/retention commissions paid to staff or third parties
Reversal of CPE deferred	(6.1)	(5.3)	(4.0)	(4.8)	(5.1)	(4.5)	(4.0)	Net result in EBITDA: ADSL modems, DTH antennas and LNBs, TV installation fees, FTTx routers
Reversal of CPE recognized	6.4	7.2	5.6	4.7	5.2	4.8	4.3	Net result in EBITDA: ADSL modems, DTH antennas and LNBs, TV installation fees, FTTx routers
Exceptional items(1)	(3.7)	(4.6)	(3.6)	(3.1)	(0.8)	(0.7)	(0.6)	Items below EBITDA with cash effects(1)
Proceeds from sales of PP&E	45.0	34.6	6.0	6.3	1.6	1.2	1.0	Sale of real estate in 2010 (€24m). NURTS sale in 2010 (€19m) and 2011 (€30m). Mainly sales of extracted cables in next years
Dividends received	0.1	0.2	0.1	0.1	0.1	0.1	0.1	
Total other cash flow items	**50.4**	**46.7**	**4.5**	**7.7**	**5.2**	**5.4**	**5.3**	

Source: Company data.
(1) Key exceptional items include: legalization costs for duct network in 2011, cable extraction costs (principally from 2012 onwards) and ALU severance costs (for all historical years).

VIVACOM United Communications

Real estate upside

Strategy: Discern and target value properties

- Top properties were expected to garner €150-160m at peak market levels
- Discern top 50-80 value driving properties based on:
  - Operationally easy to sell: no or small effect on operations, economically reasonable equipment removal costs
  - Marketability, location, clear buyer
  - Buyer pool: "blue chip" companies, retailers in large cities vs. local owners and businesses in smaller locations
- Individualized monetization strategy for each asset:
  - Sale vs. sale-and-leaseback
  - Process spanning 4+ years to allow for optimal execution and realized price
- Industry experts indicate €40-60m potential value of real estate to be realize
- Current business plan does not include upside from real estate disposals

Conservative estimate calls for indicative EUR 50mm proceeds from real estate within the next 3-5 years

VIVACOM United Communications

Legal claims and Golden Share

Legal Claims

- Vivacom was involved indirectly in 3 legal claims:
  - Employment claim for €30m for alleged breaches of the Privatization Agreement against the previous owners of the Company (Viva Ventures Holding and NEF Telecom Bulgaria)
  - Claim from the Ministry of Defence for €9m against Viva Ventures Holding and NEF Telecom Bulgaria, related to commitments and payment obligations under the Privatization Agreement
  - Clawback claim from the Privatization Agency ("PA") for €80m against Viva Ventures Holding. Vivacom was never party to this claim but the PA had the right to secure it with the Company's assets
- **With the support of the new shareholders all three claims have been favourably resolved for Vivacom. As of July 2013, the claims have been withdrawn**

Mortgages

- The Privatization Agency had imposed mortgages on certain real estate assets owned by Vivacom to secure its claims
- Following the resolution of all claims, the PA is in the process of lifting all mortgages from Vivacom's assets

Golden Share

- Following Vivacom' privatization in 2004 the Bulgarian Government remained the owner of one Golden Share in the Company with a right to veto certain decisions until the post-privatization obligations of the buyer were met
- The post-privatization program has been officially completed and following the resolving of the legal disputes, the Government is expected to redeem the Golden Share soon

Bridge to equity

Bridge to be converted into common equity

- Ahead of launch, key shareholders will have provided a bridge to equity facility of €140m
  - This facility will take out the €135m term loan that was at the holding company level
- Bridge to equity is not at the operating company level and shall have no effect on the cash flows
  - All PIK interest
  - No repayment expected
- However, this facility has a second lien pledge on the shares of Bulgarian Telecommunications Company AD
- It is intended that the bridge facility will be converted into common equity in the short term
  - Shareholders of the Company are in the process of finding a new equity partner to invest in Vivacom

Glossary of terms

ADSL	Asymmetric Digital Subscriber Line
ADSL2+	ADSL standard that extends the capability of basic ADSL to as high as 24 Mbit/s downstream and up to 1.4 Mbit/s upstream depending on the distance from DSLAM to customer's premises
ALU	Alcatel-Lucent
ARPU	Average Revenue per User
BGN	Bulgarian Lev (1€ = 1.95583 BGN)
Bn	Billion
BULRIC	Bottom up long run incremental costs
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CATV	Cable Television
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Churn rate	For any given period of time, number of participants who discontinue their use of a service divided by the average number of total participants
CIS	Commonwealth of Independent States
COO	Chief Operating Officer
CPE	Customer Premises Equipment
CRC	Communications Regulation Commission
CRM	Customer Relationship Management
Digital cable	Any type of cable television distribution using digital video compression or distribution
DSL	Digital Subscriber Line
DSLAM	Digital Subscriber Line Access Multiplexer. Network device located in the telephone exchanges of the telecommunication operators and connecting multiple customer DSL interfaces to a high-speed digital communications channel
DTH	Direct to Home Television
DVBT	Digital Video Broadcasting Television, a suite of internationally accepted open standards for digital television
DWDM	Dense Wavelength-Division Multiplexer
Ethernet	Family of computer networking technologies for LAN
EUR	Euro
Fixed GSM	Offering of fixed voice telephony services based on GSM technology
FMC	Fixed Mobile Convergence
FTR	Fixed Termination Rate
FTTH	Fiber To The Home
FTTx	Fiber To The [Home, Premises or Building]
FY	Financial Year
GDP	Gross Domestic Product
GHz	Gigahertz
Grey market	Also known as parallel market
GSM	Global System for Mobile Communications, 2G generation mobile cellular technology
IPTV	Internet Protocol Television
LAN	Local Area Network
LLU	Local Loop Unbundling. Regulatory process of allowing multiple telecommunications operators to use connections from telephone exchange to customer's premises

Glossary of terms (cont'd)

LTE	Long-Term Evolution. Standard for wireless communication based upon GSM/EDGE and UMTS/HSPA network technologies. Goal is to increase capacity and speed of wireless data networks with cutting-edge hardware and Digital Signal Processing techniques
LTM	Last Twelve Months
MAN	Metropolitan Area Network
MHz	Megahertz
Mobile broadband	Wireless internet access through portable modem or mobile phone
MPLS	Multiprotocol Label Switching
MRC	Monthly Recurring Charge
MSA	Master Service Agreement
MTR	Mobile Termination Rate
MVNO	Mobile Virtual Network Operator, company that provides mobile phone services but does not have its own licensed frequency allocation of radio spectrum, nor all of the infrastructure to provide mobile telephone service
M2M	Machine-to-Machine
Net adds (net additions)	Gross additions – Churn
NURTS	National Unit Radio and TV Systems
Off-net calls	Calls originating and terminating outside group's network
On-net calls	Calls originating and terminating within group's network
PSTN	Public Switched Telephone Network
Q1,2,3,4	Quarter 1,2,3,4
RCF	Revolving Credit Facility
RGU	Revenue Generating Unit
SAC	Subscriber Acquisition Cost
SIM	Subscriber Identity Module
SME	Small and Medium Enterprises
SRC	Subscriber Retention Cost
STB	Set-top box
UMTS	Universal Mobile Telecommunication System, 3rd generation mobile cellular technology for networks based on the GSM standard
VoIP	Voice over Internet Protocol