

Press release

Date: 11.08.2018

Tele2 reports FY2018 results: company gets RUB2.6 mn in net income

Moscow – Tele2, an alternative mobile operator, has reported consolidated financial and operating results over 2018.

In 2018 the company exhibited the following financial results:

- operating revenue gained 16.4% compared to 2017 and reached RUB143 bn;
- EBITDA increased 43.2% compared to the same period last year and totaled RUB43.7 bn;
- EBITDA margin reached 30.5%, having added 5.7 pps compared to 2017;
- investment into IT infrastructure and technology totaled RUB25.5 bn having increased 99.6% compared to 2017. CAPEX to revenues totaled 18%;
- Net income totaled RUB2.7 bn;
- Net Debt-to-EBITDA dropped 30% down to 2.8.

| Indicator (bn rubles) | 2017 | 2018 | Change |
|-----------------------|-------|-------|---------|
| Operating revenue | 123.0 | 143.2 | 16.4% |
| EBITDA | 30.5 | 43.7 | 43.2% |
| EBITDA margin, % | 24.8% | 30.5% | 5.7 pps |
| CAPEX | 12.8 | 25.5 | 99.6% |
| Net income | (5.5) | 2.7 | ▲ |

In 2018, the company showed following operating results:

- the company's subscriber base totaled 42.3 mn having increased by 1.7 mn people over the year;
- average revenue per user (ARPU) gained 11.5% and totaled RUB281;
- churn decreased 0.8 pps down to 37.5%;
- a number of active wireless Internet users increased 26% over the year.

| Indicator | 2017 | 2018 | Change |
|---------------------|-------|-------|-----------|
| Subscriber base, mn | 40.6 | 42.3 | 4.2% |
| ARPU (RUB) | 252 | 281 | 11.5% |
| Churn (%) | 38.3% | 37.5% | (0.8 pps) |

- number of MVNO clients on the Tele2 network totaled 1.75 mn, having increased 75% over the year (not accounted for in the company's subscriber base).

| Indicator | 2017 | 2018 | Change |
|--------------------------|------|------|--------|
| MVNO subscriber base, mn | 1 | 1.75 | 75% |

Sergey Emdin, CEO at Tele2:

“Successful financial and operating results confirm effectiveness of our business strategy and the “Other rules” communications platform. We regularly launched innovative products over the year, thereby strengthening our stance as telecom trendsetter. Last year Tele2 was rolling out the LTE networks twice faster than its competitors. Our clients appreciated the quality of our 4G network, an average traffic per one data user increased almost 45% on a yearly basis. The milestone event of 2018 was the fact that the company reached net income, this year we will continue building up our bottom line. We will also focus on data as the main driver of revenues and decrease in Net Debt-to-EBITDA ratio.”