

Press release

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Tele2 increases net profit: net income reaches 1 bn rubles in 2Q18

Moscow – Tele2, an alternative mobile operator, has reported consolidated financial and operating results over 2Q18.

In 2Q18 the company exhibited the following financial results:

- operating revenue gained 18.2% compared to 2Q17 and reached RUB35.2 bn;
- EBITDA increased 44.7% compared to the same period last year and totaled RUB11 bn;
- EBITDA margin reached 31.3%, having added 5.7 pps compared to 2Q17;
- Net Debt-to-EBITDA dropped 38% down to 3.3;
- Net income totaled RUB1 bn.

Indicator (bn rubles)	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
Operating revenue	29.8	35.2	18.2%	57.4	68.0	18.41%
EBITDA	7.6	11.0	44.7%	14.2	20.4	43.7%
EBITDA margin, %	25,5%	31.3%	5.7 pps	24.7	30.0	5.3 pps
Net Debt/EBITDA	5.4	3.3	(38.0%)	5.4	3.3	(38.0%)
Net income	(1.5)	1.0	▲	(3.6)	1.0	▲

In 2Q18, the company continued improving the subscriber base quality:

- The company's subscriber base added 4% compared to the same period last year;
- average revenue per user (ARPU) gained 13.3% and totaled RUB282;
- a number of active wireless Internet users increased 31% in 2Q18;
- churn totaled 9%, having remained flat compared to the same period last year.

Indicator	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
ARPU (rubles)	249	282	13.3%	239	272	13.8%
Churn (%)	9.0%	9.0%	0.0 pps	18.8%	18.7%	(0.1 pps)

Sergey Emdin, CEO at Tele2:

“Fast growth of financial and operating results in 2Q18 once again confirm that we chose right our business strategy. The company's revenue continues growing in two-digit numbers, at the same time, just as planned, we have achieved net income. It is important that these results have been entailed by improvement of subscriber base quality – increase in a share of active Internet users on fast LTE rollout and profitable bundle tariffs of the upgraded My Tele2 range. “Other rules” used on highly competitive market provide the clients' loyalty and consistently low churn.”