

# Vipnet

Capital Market Day 2013,  
15 January 2013



# Key Messages

Challenging Macroeconomic Environment

Business Transformation Program

Convergence

Company Culture of Innovation

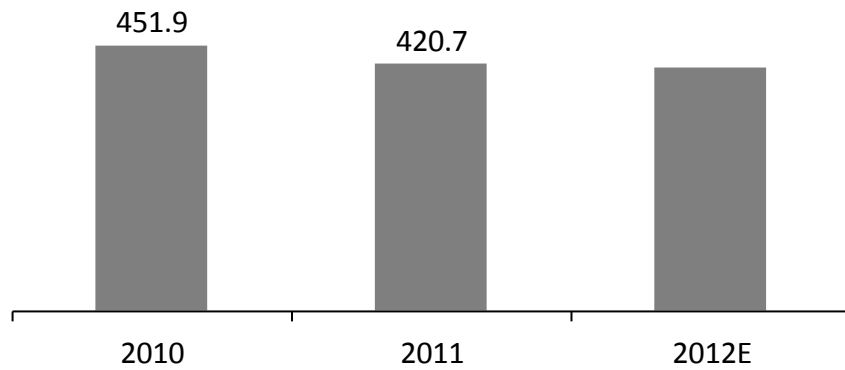
Capital Market  
Day 2013



# Key Performance Indicators

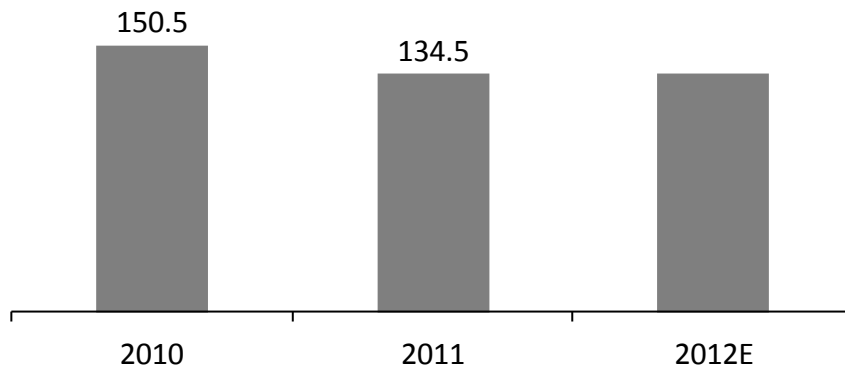
## Revenues

(in EUR mn)



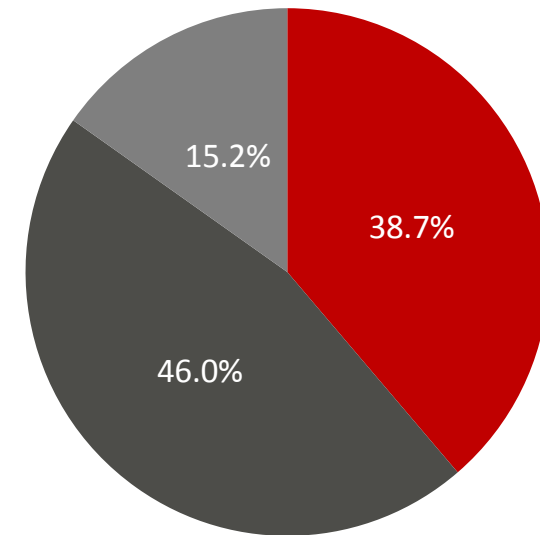
## EBITDA Comparable

(in EUR mn)



## Market Shares

(in %, as of 30 September 2012)

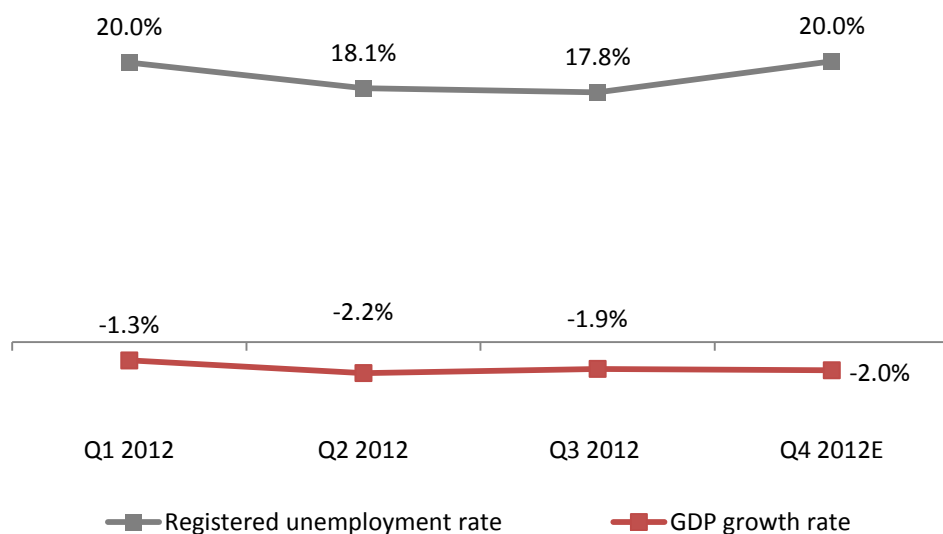


■ Vipnet ■ T-Mobile ■ Tele 2

# Economic Environment Remains Challenging

## Real GDP Growth Rate and Unemployment\*

(in %)



## Economic Environment

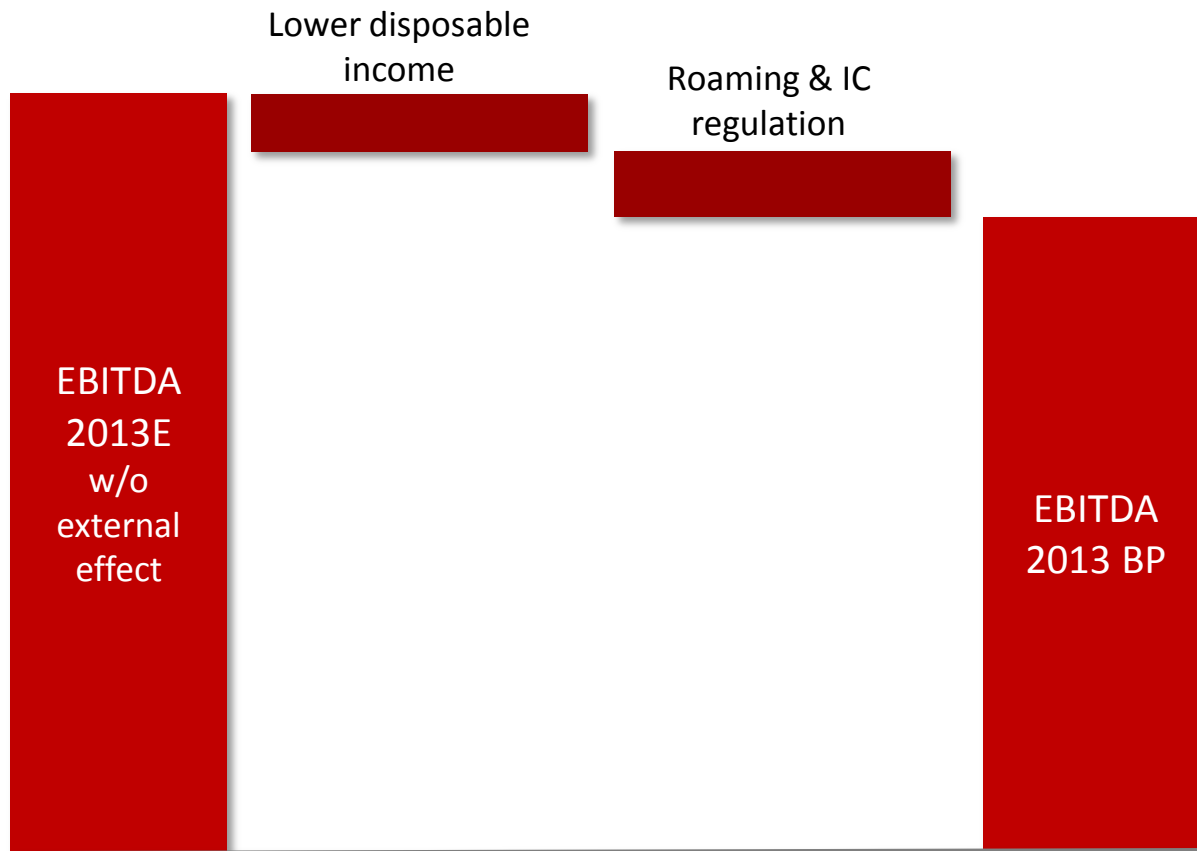
- > GDP decrease of 1.8% in 2012 with slight recovery expected from 2014
- > Unemployment rate expected to decrease in 2013 and 2014
- > Inflation rate of 3% in 2012 and expected to grow mainly due to constant administrative price increases, increase of PPI and increase in gas prices
- > Negative private consumption (-1.4% expected in 2012). Further decrease of real income due to further increase of CPI and unemployment

## EU Accession

- > Roaming III regulation applicable from 1 July 2013 including wholesale & retail price caps and transparency and wholesale access obligations

\* Source: Croatian National Bank, Central Bureau of Statistics, Ministry of Finance

# Regulation and Stagnating Economy Impact Results



- > Starting from 1 July 2013: new roaming regulation will reduce revenues in summer months, when visitor roaming traffic is highest
- > National regulation on termination rates with cuts from approximately April 2013
- > Further decrease of real income and increase of administrative prices will lead to lower disposable income also for telecommunication segment

# Business Transformation Program Performed in 18 Months



## Personnel Restructuring

- > Restructuring program in May 2011
- > Overall FTE reduction by 12%



## Acquisition and Full Integration of B.net

- > 8 August 2011: Vipnet acquired 100% of B.net, the largest Croatian cable operator
- > September 2012: organizational integration completed
- > B.net as highly recognized brand for triple play HFC network based offering



## Entering New Markets

- > With acquisition of B.net, Vipnet has established a strong foothold in the fixed and TV services market
- > As result of this the first Croatian quint play was launched under Vip brand in May 2012
- > Regulatory framework also allowed Vip brand based quint play offering nationally on wholesale basis

# Increasing Perception of Vipnet as Total Telco Provider after Acquisition of B.net



„Best Buy Award – a medal that only products and services of superior quality and excellent prices can wear”

## Vipnet Takes 1st Position in Two Categories



**Products and services offer best value for money**  
(company in general)



**The favorite mobile operator**  
(best reputation)

> Driven by positive perception, Vipnet managed to significantly increase total telecom market revenue share in the medium and large company segment, resulting in a 37% market share

*GfK Croatia, May-June 2012*

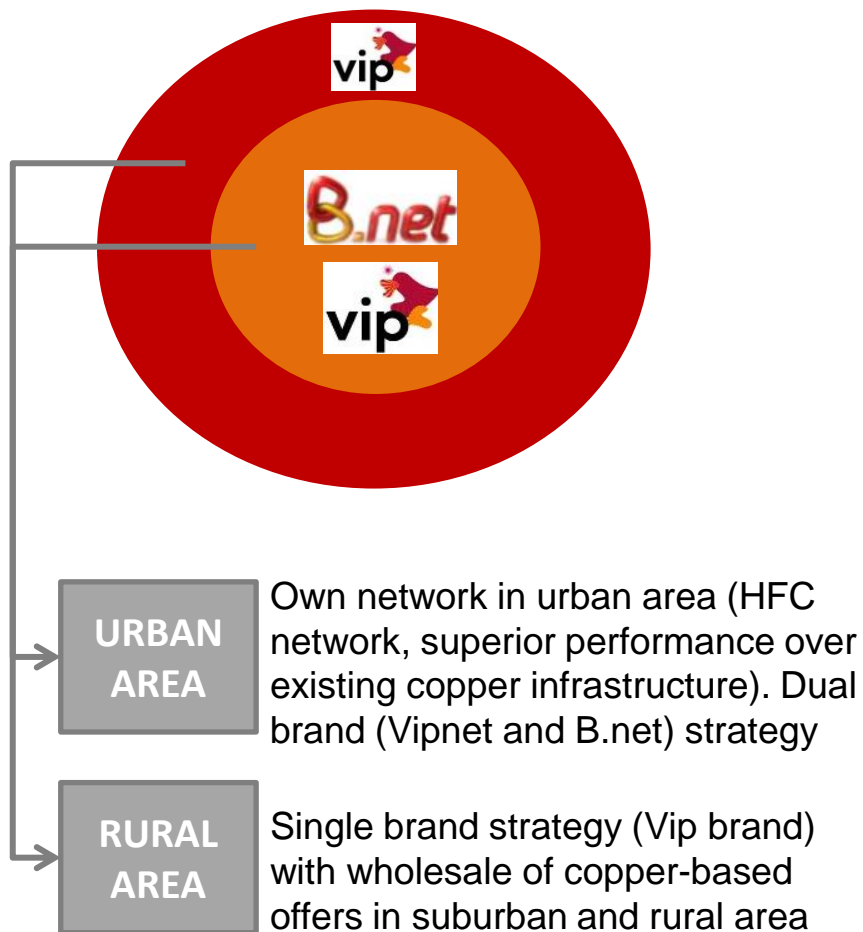
*Research done by ICERTIAS - International Certification Association, 4 - 20 September 2012, N=1.228, Business customers*

# Vipnet Strategy Supports Vision to Be Customers' First Choice in Communication

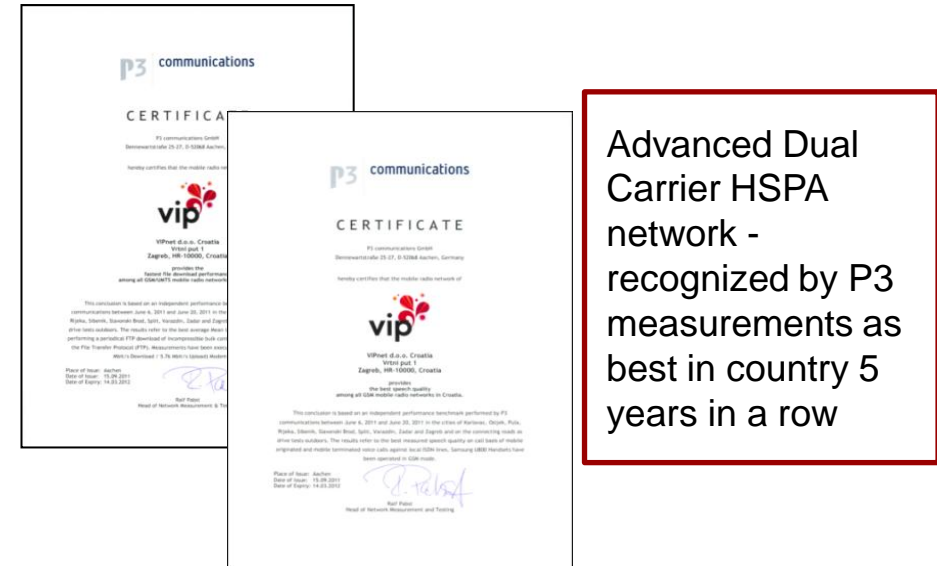


# Complete Portfolio of All Telecommunication Services Offered Nationwide through Effective Multiple Access Strategy

## Fixed Network



## Mobile Network



- > Consumer experience driven wireless broadband development:
  - a) Urban and suburban:
    1. Dual carrier HSPA
    2. LTE 1800
  - b) Rural:
    1. UMTS 900
    2. LTE 800: dependent on interference cancellation negotiations with other countries

# Target: Revenue Market Share Growth in Both Fixed and Mobile Segments

Expanding wireline and wireless broadband network footprint



Utilizing broadband and TV market growth



Enhancing current customer base with bundled offers



Delivering superior communication and multi-screen customer experience



# Recognition of Company Culture of Innovation

## Global Telecom Business Innovation Awards 2011

> Vip boat surveillance



## Global Telecom Business Innovation Awards 2012

> Implementation of hybrid base stations project in cooperation with KONČAR



## World Communication Award 2012

> Implementation of hybrid base stations project in cooperation with KONČAR



Thank you!

