



## Silknet – 2024/1H25 Update

Silknet's revenue was up 6.0% y/y to GEL 297.6mn in 1H25, following an 8.5% y/y growth to GEL 582.0mn in 2024. The growth in both 2024-1H25 was primarily driven by mobile data, supported by subscriber base expansion and higher usage, while fixed broadband and pay-TV segments also contributed modestly. Silknet's EBITDA margin improved to 64.9% in 1H25 from 63.6% in 2024, supported by slower opex growth relative to revenue. Operating FCF margin remained above 50%, while liquidity stood strong at GEL 186.8mn (US\$ 68.6mn) in cash as of 1H25. The company strengthened its market position by securing 5G spectrum in Aug-25, and partnering with Orange – one of the world's leading telecom operators, while maintaining low leverage at below 1.0x net debt/EBITDA in 1H25.

### Expectations for 2025

We expect Silknet to maintain mid-single-digit revenue growth in 2025, primarily supported by rising mobile data usage. Seasonal peaks in data consumption during summer travel and leisure periods, together with continued growth in fixed broadband and pay-TV subscriptions, will further reinforce this trend.

We project Silknet to maintain strong cash flow generation underpinned by high EBITDA margins above 60% and capex plans within 18%-20% range of revenues. This is expected to yield an operating FCF margin close to 40%.

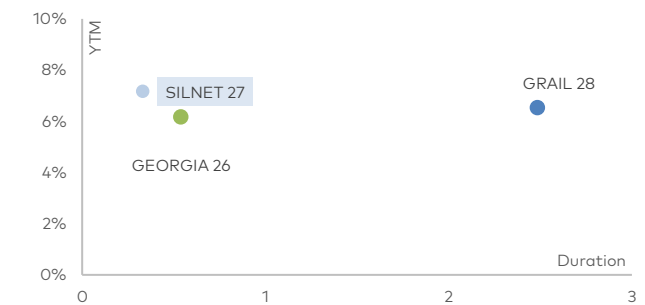
The company plans to expand 5G deployment this year and strengthen capabilities in both B2B and B2C telecom as well as the ICT sector, supported by the new Silknet-Orange partnership.

Meanwhile, in Sep-25, Silk Road Group (Silknet's parent) issued US\$ 400mn in 5-year senior unsecured guaranteed notes to refinance Silknet's existing Eurobonds and support group-level capex. In recent years, Silknet has returned most of its free cash to shareholders, and we expect dividend distributions to remain significant.

Financial highlights GEL mn	2023	2024	1H24	1H25
<b>Revenue</b>	536	582	281	298
<i>Of which:</i>				
Mobile voice, data and SMS	273	303	144	155
Fixed broadband	133	142	70	74
Pay-TV	56	58	28	31
Carrier services	49	52	25	24
Other	26	27	13	13
<b>EBITDA*</b>	338	370	181	193
<i>EBITDA margin</i>	63.0%	63.6%	64.4%	64.9%
<b>Net income</b>	154	194	75	116
<i>Net profit margin</i>	28.7%	33.3%	26.6%	39.1%
<b>Assets</b>	859	874	878	951
<b>Liabilities</b>	747	739	740	750
<b>Equity</b>	112	135	138	201
<b>Net Debt</b>	406	412	385	371

Source: Company information  
\*Incl IFRS 16

**Figure 1: Georgian Eurobond Universe, Sep-25**



Source: Bloomberg

### Favorable company credit and ESG ratings

<b>Fitch Ratings</b> <b>B+</b> Stable Affirmed Dec-2023	<b>Moody's</b> <b>B1</b> Stable Affirmed Jan-2024	<b>SUSTAINALYTICS</b> <b>21.1</b> Upgraded in Dec-24
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Source: Rating agencies

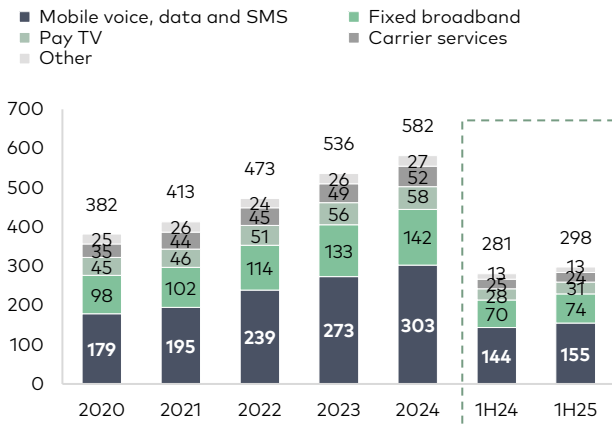
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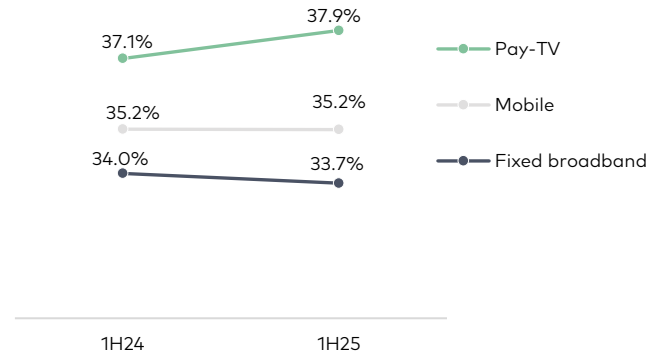
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**Figure 2: Silknet's revenue breakdown, GEL mn**



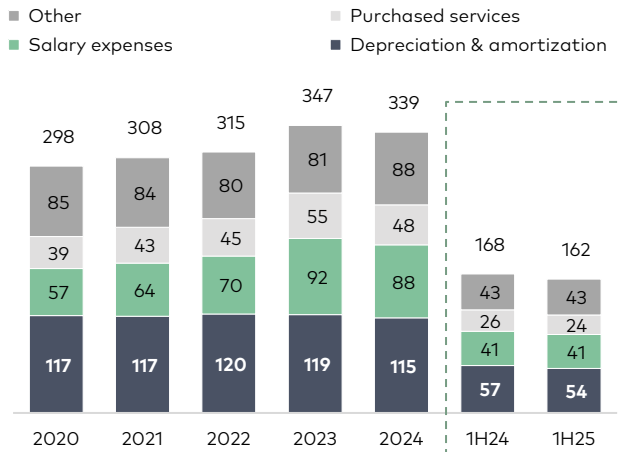
Source: Silknet

**Figure 3: Silknet's revenue market shares in key segments**



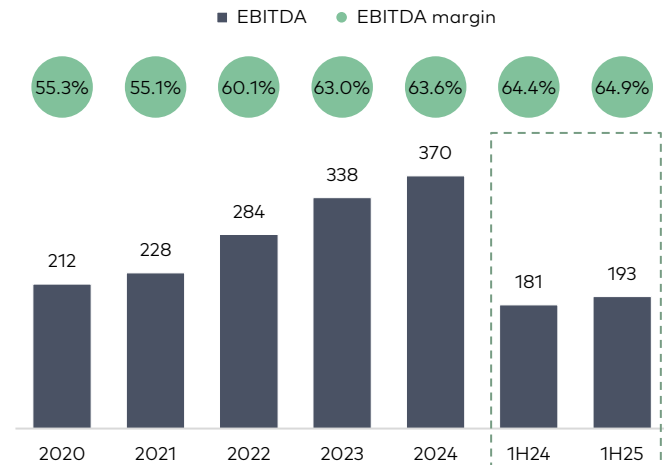
Source: GNCC

**Figure 4: Silknet's operating expense breakdown, GEL mn**



Source: Silknet

**Figure 5: Silknet's EBITDA and EBITDA margin, GEL mn**



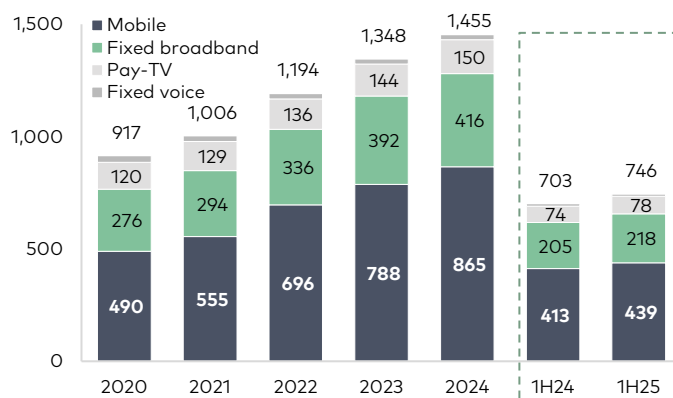
Source: Silknet

## Snapshot of telecom market in Georgia

Georgia finalizes 5G licensing - With Silknet securing the latest spectrum auction in Aug-25, all three operators now hold 5G licenses. This ensures that next-generation mobile internet will be available to virtually all subscribers. Operators are required to gradually extend coverage across densely populated cities, key transport corridors, ports, airports, railways, and major tourist destinations, in compliance with EU-defined technical standards. The rollout is expected to significantly enhance network speed, reliability, and security, providing a strong foundation for Georgia's digital transformation.

**Figure 6: Telecom sector revenue by segment, GEL mn**

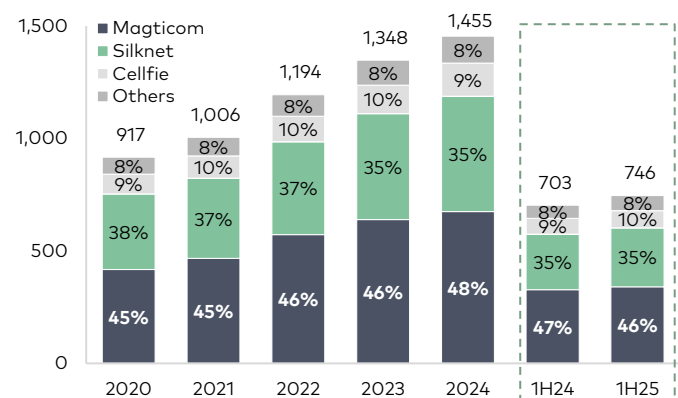
Telecom sector revenue was up 6.1% y/y to GEL 745.9mn in 1H25, mostly fueled by mobile segment.



Source: GNCC

**Figure 7: Telecom sector revenue by company, GEL mn**

Silknet has maintained a stable telecom market share of 35.1% in 1H25.

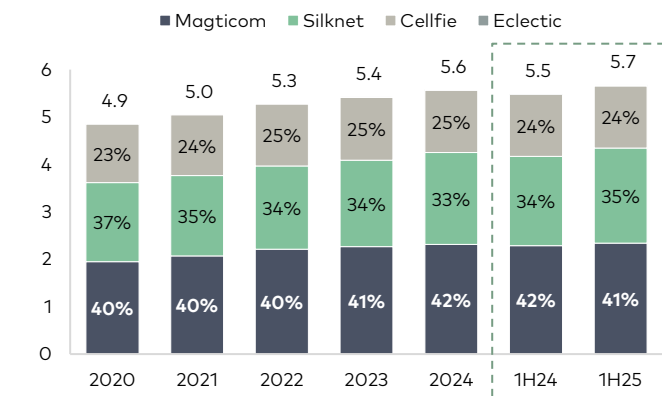


Source: GNCC

Note: GNCC doesn't include carrier service revenues in telecom market

**Figure 8: Mobile subscribers, mn**

The number of mobile subscribers were up 3.3% y/y to 5.7mn in 1H25.

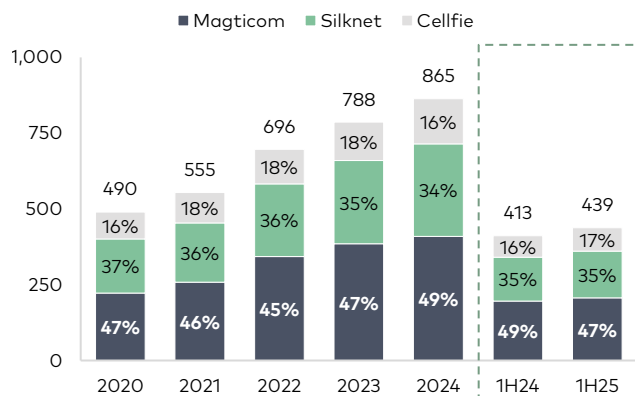


Source: GNCC

Note: Annual figures represent the average of monthly data in respective years

**Figure 9: Mobile revenues, GEL mn**

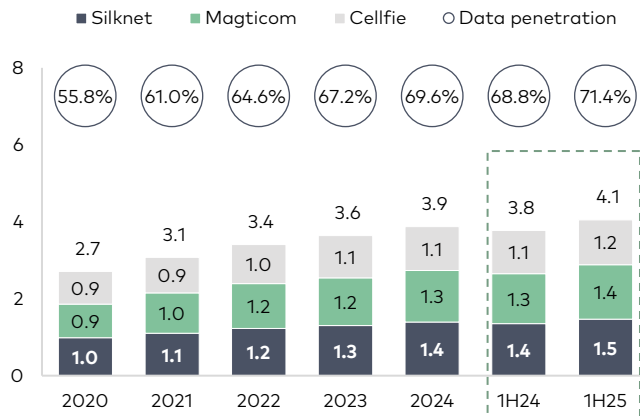
Growth in mobile subscribers and higher data consumption drove mobile revenues up 6.3% y/y to GEL 438.6mn in 1H25.



Source: GNCC

**Figure 10: Mobile data subscribers, mn**

Mobile data is the primary catalyst for mobile segment growth, with subscribers up 7.2% y/y to 4.1mn in 1H25. Mobile data penetration reached a record 71.4% of total mobile subscribers.



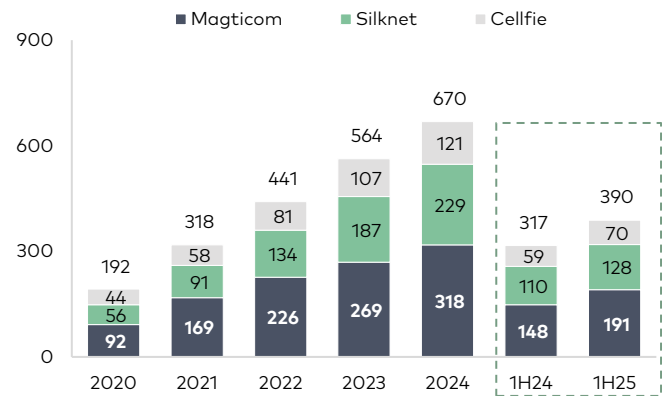
Source: GNCC

Note 1: Annual figures represent the average of monthly data in respective years.

Note 2: Data penetration shows share of mobile data users in mobile subscribers.

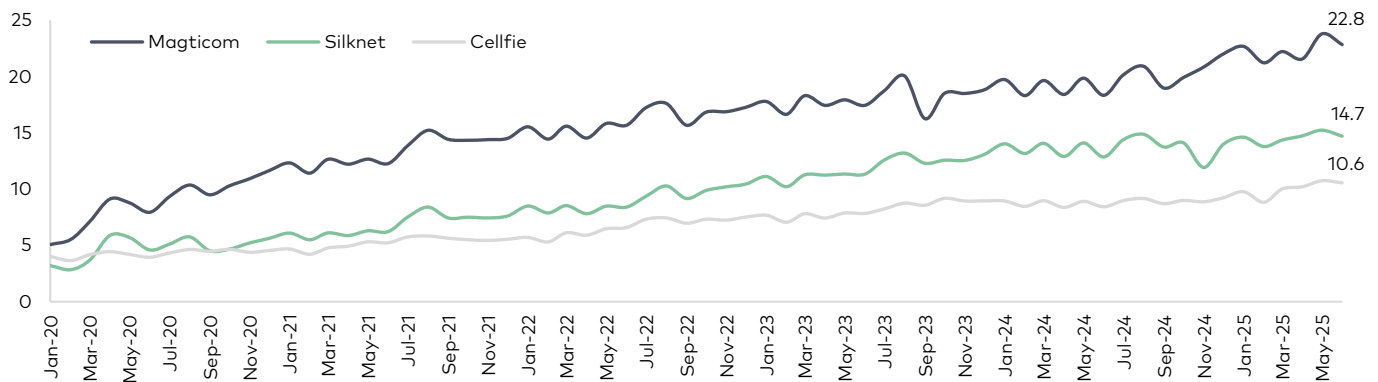
**Figure 11: Mobile data traffic, TB ('000)**

Mobile data traffic was up 22.7% y/y to 389.7K TBs in 1H25, fueled by the subscriber growth and increased usage per user.



Source: GNCC

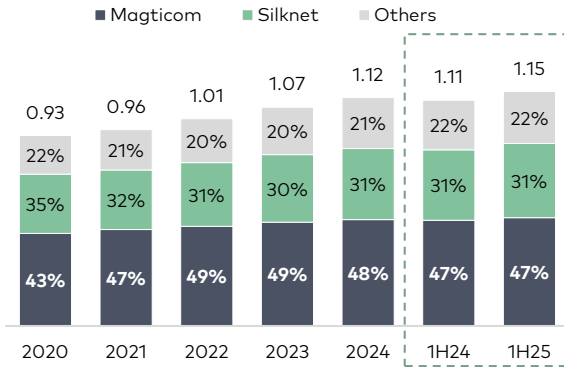
**Figure 12: Monthly mobile data usage per user, GB/month**



Source: GNCC

**Figure 13: Fixed broadband subscribers, mn**

In 1H25, the number of fixed broadband subscribers was up 3.8% y/y to 1.15mn, with Magticom and Silknet contributing 1.0ppts and 1.8ppts to this growth, respectively.

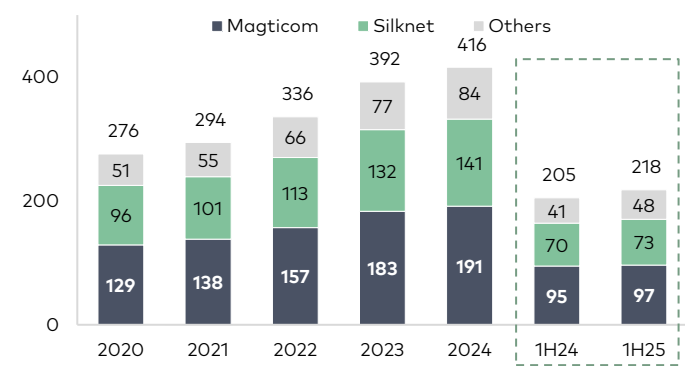


Source: GNCC

Note: Annual figures represent the average of monthly data in respective years

**Figure 14: Fixed broadband revenues, GEL mn**

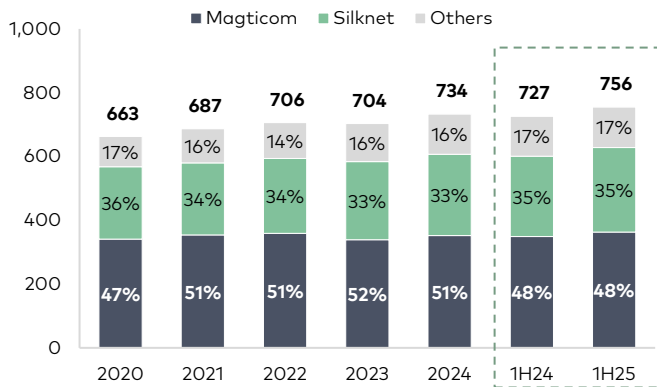
Conversely, fixed broadband revenue was up 6.3% y/y to GEL 217.9mn in 1H25, with Magticom and Silknet contributing 1.0ppts and 1.9ppts to this growth, respectively.



Source: GNCC

**Figure 15: Pay-TV subscribers\*, '000**

In 1H25, the number of Pay-TV subscribers was up 4.0% y/y to 755.8K, with Magticom and Silknet each contributing 1.9ppts to this growth.



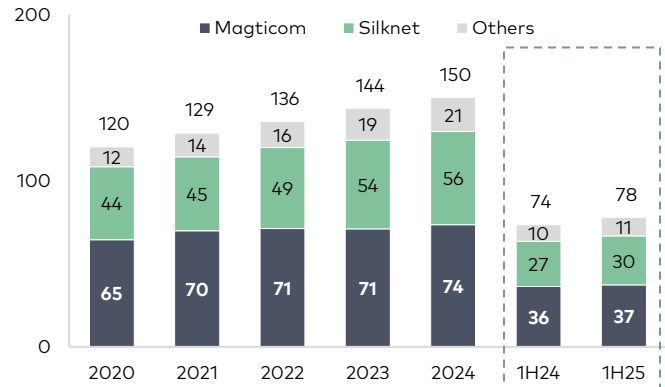
Source: GNCC

\* excl. mobile streaming application subscribers

Note: Annual figures represent the average of monthly data in respective years

**Figure 16: Pay-TV revenues\*, GEL mn**

Pay-TV revenue was up 6.0% y/y to GEL 78.0mn in 1H25, with Magticom and Silknet contributing 1.4ppts and 3.1ppts to this growth, respectively.

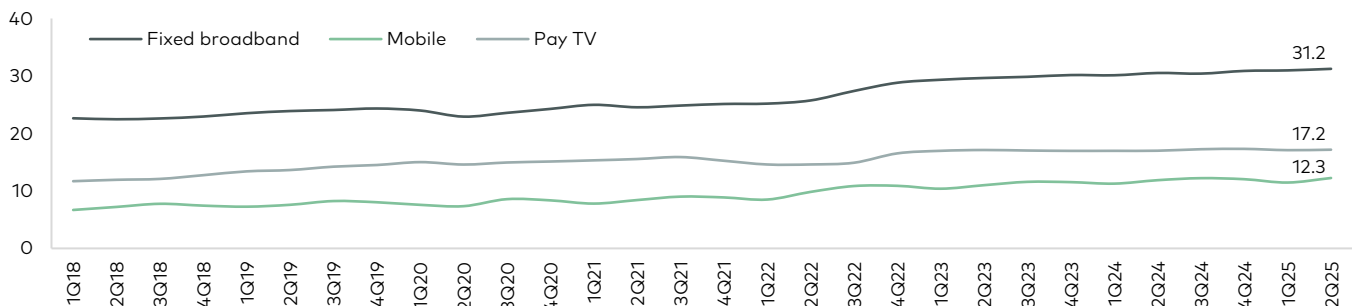


Source: GNCC

\* excl. mobile streaming application subscribers

**Figure 17: ARPU by segment, GEL**

The average revenue per user (ARPU) increased across all segments in 1H25.

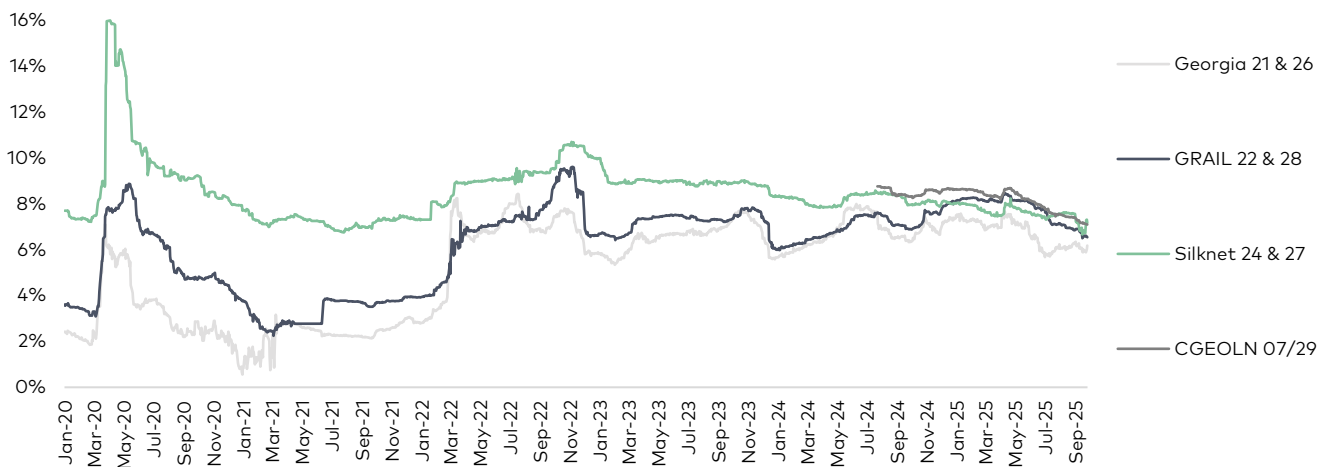


Source: GNCC, Galt & Taggart

## Eurobond performance

US\$ 200mn Silknet Eurobonds remained outstanding as of Sept-25, with the yield at 7.2%. Notably, Silk Road Group, the parent company of Silknet, issued USD 400mn in 5-year senior unsecured guaranteed notes in September 2025, intended to refinance Silknet's existing Eurobonds and support capital expenditure in telecom and real estate projects.

**Figure 18: YTM on selected Georgian Eurobonds**



Source: Bloomberg

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