



# Silknet – 9M24 update

Telecom | Georgia  
March 28, 2025

Silknet's revenue was up 9.1% y/y to GEL 433.3mn in 9M24, mainly driven by organic growth. Over half of the revenue growth was fueled by the mobile data, driven by expansion in subscriber base and increased consumption, while fixed broadband also contributed. Profitability improved in 9M24, with EBITDA rising 9.3% y/y to GEL 280.0mn, and the EBITDA margin increasing by 0.1ppts to 64.6%.

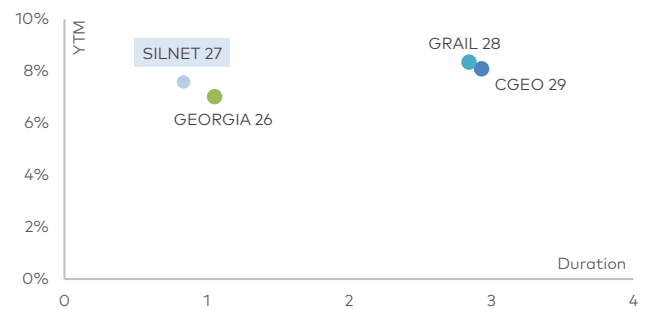
Silknet maintained a solid liquidity position in 9M24, with GEL 231.9mn (US\$ 85.6mn) in cash, almost fully held in foreign currency for hedging against FX-denominated debt. While operational FX risk is fully hedged until the end of 2025, the company remains sensitive to currency fluctuations at the net income level, due to the US\$ 200mn Eurobond outstanding as of 9M24.

## Financial highlights, GEL mn

| Category          | 9M23  | 9M24  | % Change y/y |
|-------------------|-------|-------|--------------|
| Revenue           | 397.3 | 433.3 | 9.1%         |
| <i>of which:</i>  |       |       |              |
| Mobile data       | 110.3 | 128.5 | 16.5%        |
| Fixed broadband   | 98.5  | 105.7 | 7.3%         |
| Mobile callout    | 83.9  | 87.6  | 4.4%         |
| Pay-TV            | 41.9  | 43.1  | 2.8%         |
| Carrier services  | 36.3  | 39.4  | 8.5%         |
| Other             | 26.5  | 29.1  | 9.7%         |
| EBITDA*           | 256.1 | 280.0 | 9.3%         |
| EBITDA margin     | 64.5% | 64.6% | +0.1 ppts    |
| Net income        | 126.7 | 144.0 | 13.6%        |
| Net profit margin | 31.9% | 33.2% | +1.3 ppts    |
| Assets            | 828.2 | 917.2 | 10.7%        |
| Liabilities       | 709.5 | 709.7 | 0.0%         |
| Equity            | 118.7 | 207.6 | 74.9%        |
| Net Debt          | 417.0 | 313.3 | -24.9%       |

Source: Company information  
\*Incl IFRS 16

Figure 1: Georgian Eurobond universe



Source: Bloomberg  
Note: As of Mar-25

## Favorable company credit and ESG ratings

**Fitch**  
Ratings  
**B+**  
Stable  
Affirmed Dec-2023

**MOODY'S**  
**B1**  
Stable  
Affirmed Jan-2024

**SUSTAINALYTICS**  
**21.1**  
Upgraded in Dec-24

Source: Rating agencies

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## Silknet performance in 9M24

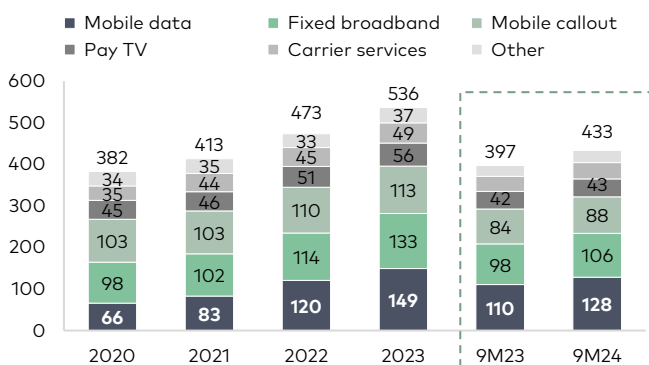
### Silknet's revenue was up 9.1% y/y to GEL 433.3mn in 9M24.

Traditionally, mobile data was the primary driver of growth, largely fueled by organic expansion in both user base and consumption. Other segments, particularly fixed broadband, also contributed to the overall growth in 9M24:

- **Mobile data** revenue (29.6% of total) rose 16.5% y/y to GEL 128.5mn in 9M24. This growth was driven by an 18.7% increase in average monthly data usage per user, reaching 13.8 GB, and a 6.6% rise in mobile data subscribers, totaling 1.4mn in 9M24.
- **Fixed broadband** revenue (24.4% of total) increased by 7.4% y/y reaching GEL 105.7mn in 9M24. The growth was driven by a higher subscriber base, with a 5.3% y/y increase observed in the number of subscribers.
- **Mobile callout** revenue (20.2% of total) experienced a modest 4.4% y/y increase to GEL 87.6mn in 9M24. This growth likely reflects a shift in user behavior towards data-driven messaging apps, limiting the potential for higher growth in traditional voice call revenue.
- **Pay-TV** revenue (9.9% of total) increased by 2.9% y/y to GEL 43.1mn in 9M24.
- **Other** revenue (15.8% of total) was up 9.0% y/y to GEL 68.4mn in 9M24.

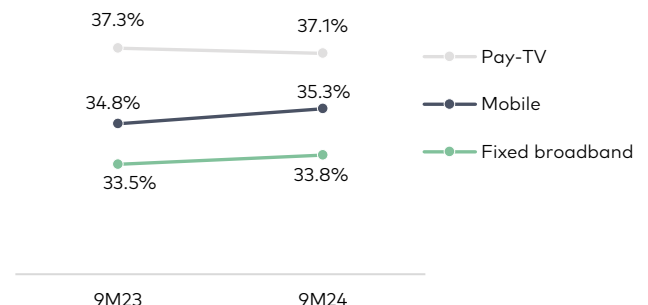
**Silknet's market shares slightly improved in key segments.** In mobile segment shares increased both in terms of revenue (35.3% in 9M24 vs 34.8% in 9M23) and subscriber base (34.5% in 9M24 vs 33.6% in 9M23). Notably, c. 70% of new mobile subscribers opted for Silknet. The company also saw a slight increase in its fixed broadband market share, while its position in the pay-TV segment remained stable.

Figure 2: Silknet's revenue breakdown, GEL mn



Source: Silknet

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



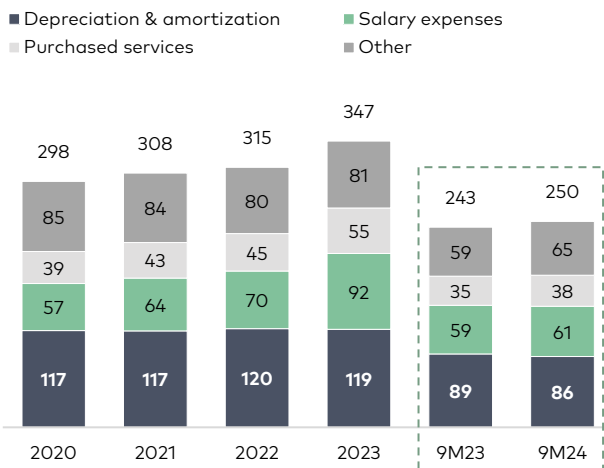
Source: GNCC



**Silknet's EBITDA margin remained stable at 64.6% in 9M24.**

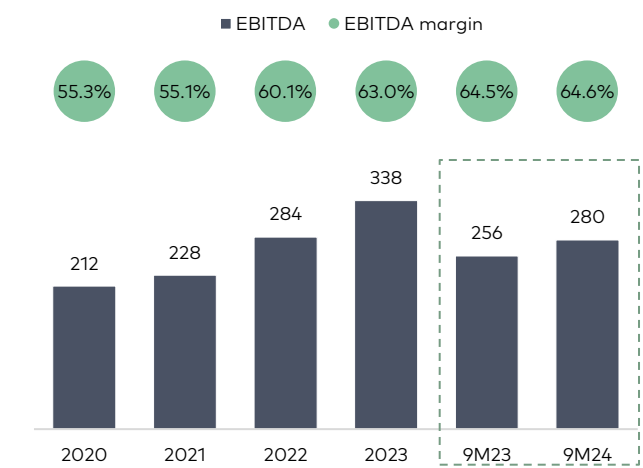
Excluding D&A and non-recurring items, operating expenses rose 8.6% y/y to GEL 153.4mn, slightly lagging revenue growth. This increase was attributed to higher HR costs and other inflation-driven expenses, maintaining a stable EBITDA margin of 64.6%, or GEL 280.0mn in 9M24.

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



Source: Silknet

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



Source: Silknet

**The company generated GEL 220.8mn<sup>1</sup> in operating free cash flow**, with OFCF margin slightly down to 50.9% in 9M24 from 51.9% in 9M23, primarily due to higher CAPEX in 9M24. Importantly, the OFCF margin has steadily improved from 22.0% in 2020 to 45.7% in 2023, driven by the strong cash flow generation and stabilized Capex post-Geocell acquisition.

**GEL 48mn dividends distributed in 9M24.** Starting from 3Q24, the company updated its dividend policy, with two key constraints governing distributions: a leverage threshold of 1.75x and a legal limit under Georgian law that restricts dividends to positive retained earnings. Previously, dividends were capped at 50% of consolidated net income, but the revised policy enabled the company to distribute its full net income as dividends, if leverage remains below 1.75x (currently at 0.9x). For the full year 2024, the company distributed a total of GEL 171mn in dividends.

**Solid liquidity position maintained in 9M24, with GEL 231.9mn (US\$ 85.6mn) in cash & cash equivalents.** Of this amount, GEL 54mn was held in GEL for dividend distribution due in October, with the remainder (GEL 160mn or US\$ 59mn) almost fully

<sup>1</sup> EBITDA (excl. IFRS 16) less capital expenditures



invested in foreign currency instruments. This investment primarily serves as a natural hedge against the company's significant FX exposure from its FX-denominated debt (US\$ 200mn in outstanding Eurobonds as of 9M24). Notably, the company has fully hedged its operational FX risks (Opex, Capex and coupon payments) through agreements with local banks until end of 2025.

**In Dec-2024, Sustainalytics improved Silknet's ESG risk rating** from 25.8 to 21.1, while its credit ratings remained unchanged at B1/stable with Moody's and B+/stable with Fitch.

### Snapshot of telecom market in Georgia

In Oct-24, the GNCC held a second auction for the implementation of 5G spectrum. The regulator modified the approach used to determine the value of the frequency bands, resulting in an increased license prices. Consequently, Silknet opted not to engage in the auction, while Magticom participated. Under the terms, Magticom must expand 5G coverage over the next seven years, focusing on cities, tourist areas, ports, airports, railway stations, and major highways in Georgia.

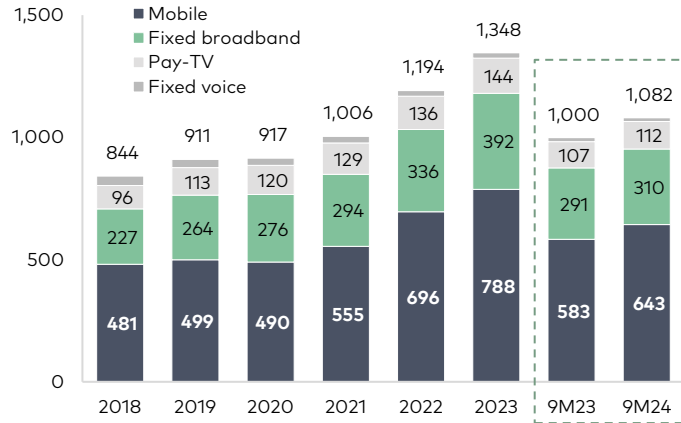
In the previous auction in Aug-23, both Magticom and Silknet found the conditions unattractive and did not participate, leaving Cellfie as the only bidder. Cellfie has since implemented 5G mostly in regional areas such as Zugdidi, Bakuriani, Gudauri, Batumi, Kobuleti, Shekvetili, Gonio and Kvariati, and continues expanding coverage.

In Jul-24, the GNCC has designated Magticom as having significant market power in both mobile and fixed wholesale network access, requiring Magticom to grant access to its fixed infrastructure and offer network services to virtual mobile operators (MVNOs). Following its regulatory obligation, Magticom published MVNO [offer](#) terms in Dec-24, but considers them unlawful. Currently, Magticom and the regulator are engaged in an ongoing dispute over GNCC's decision, tariffs, and related matters.



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

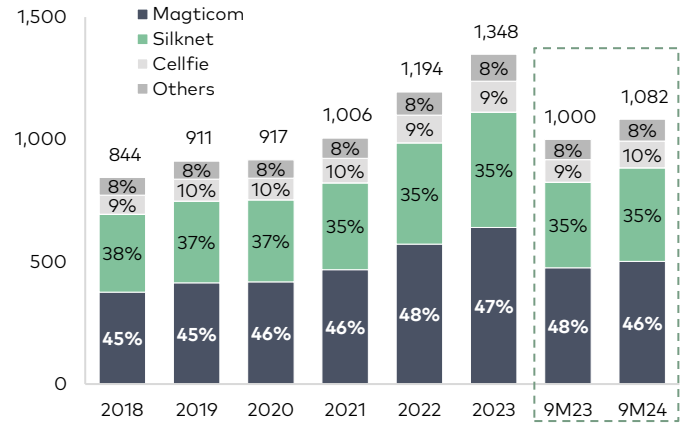
Telecom sector revenue was up 8.2% y/y to GEL 1,082mn in 9M24, primarily driven by mobile segment.



Source: GNCC

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

Silknet has slightly improved its revenue market share from 34.9% in 9M23 to 35.2% in 9M24.

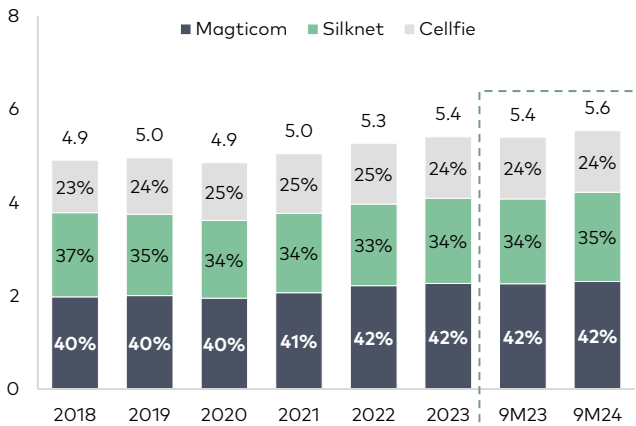


Source: GNCC

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

**Figure 8: Mobile subscribers, mn**

The number of mobile subscribers were up 2.6% y/y to a 5.6mn in 9M24. Growth in mobile subscribers is limited, due to the already high mobile penetration in Georgia.

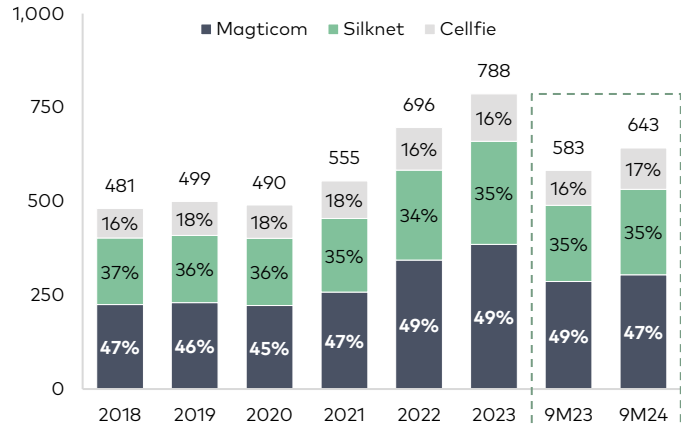


Source: GNCC

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

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

Mobile revenues are expected to rise supported by growing mobile data usage. Mobile revenues were up 10.3% y/y to GEL 643.4mn in 9M24.

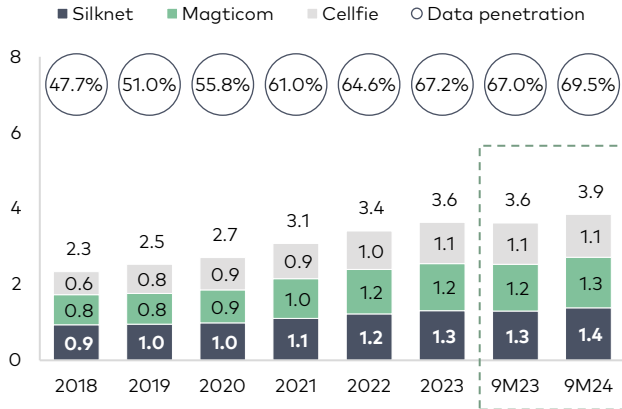


Source: GNCC



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

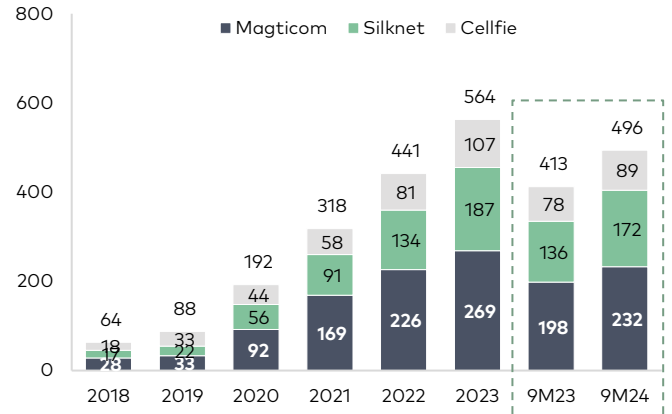
Mobile data is the primary catalyst for mobile segment growth, with subscribers up 6.4% y/y to 3.9mn in 9M24. Mobile data penetration reached a record 69.5% of total mobile subscribers.



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

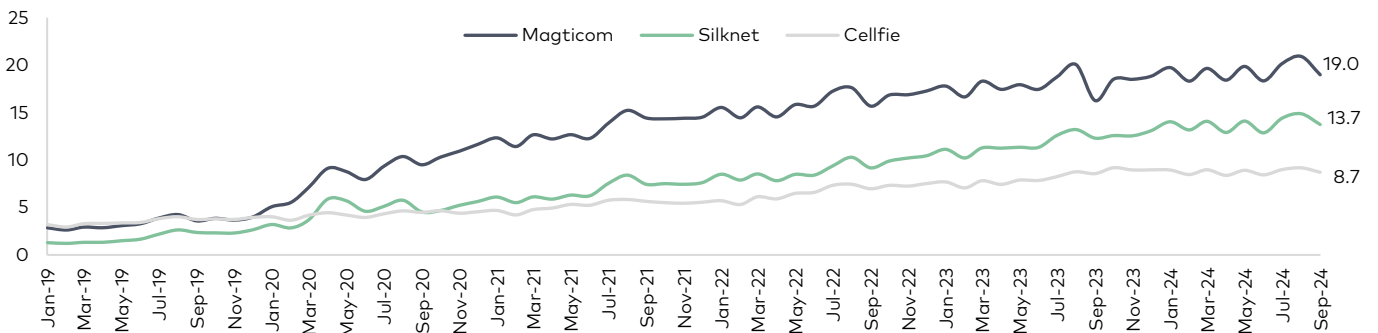
**Figure 11: Mobile data traffic, TB ('000)**

Mobile data traffic was up 20.1% y/y to 495.8K TBs in 9M24, fueled by the subscriber growth and increased usage per user.



Source: GNCC

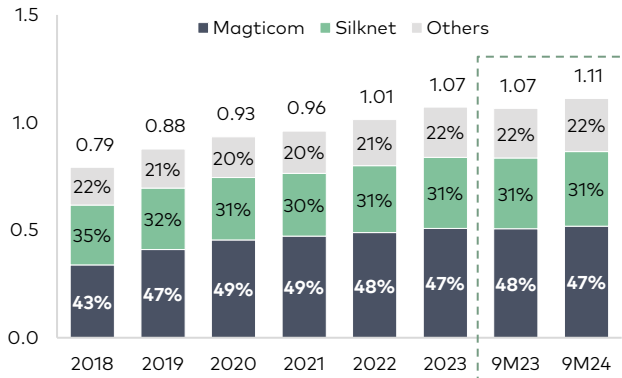
**Figure 12: Monthly mobile data usage per user, GB/month**



Source: GNCC

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

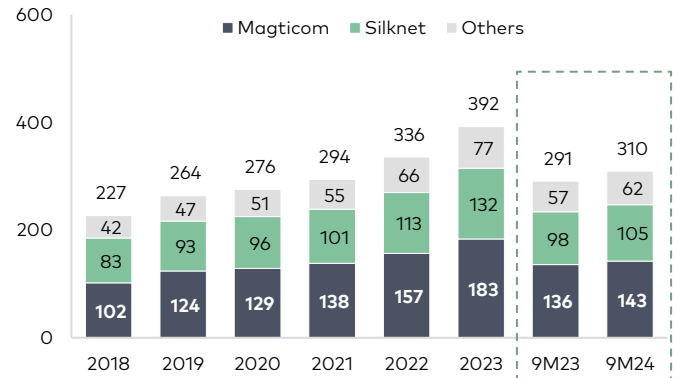
In 9M24, the number of fixed broadband subscribers was up 4.3% y/y to 1.1mn, with Magticom and Silknet contributing 1.2ppts and 1.6ppts to this growth, respectively.



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 309.5mn in 9M24, with Magticom and Silknet contributing 2.2ppts and 2.4ppts to this growth, respectively.

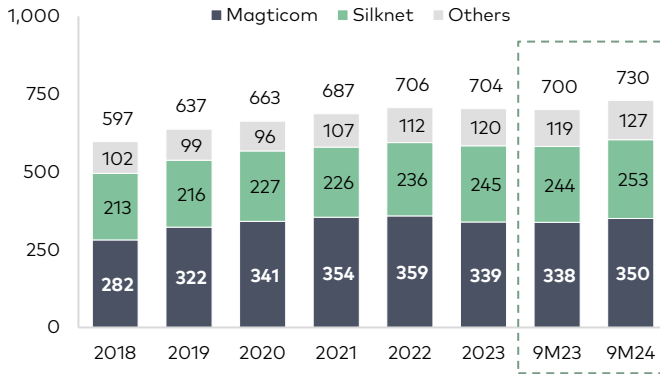


Source: GNCC



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

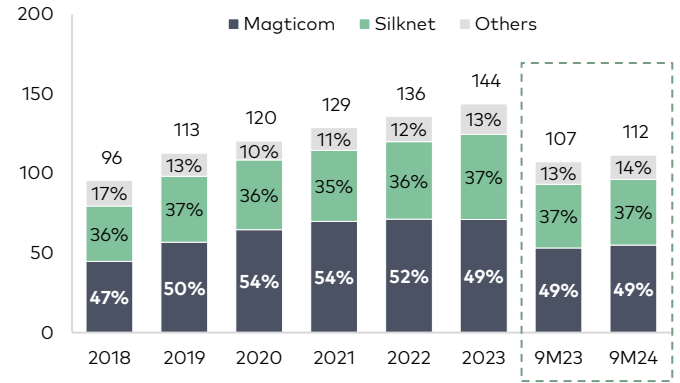
In 9M24, the number of Pay-TV subscribers was up 4.2% y/y to 729.8K, with Magticom and Silknet contributing 1.8ppts and 1.3ppts to this growth, respectively.



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**

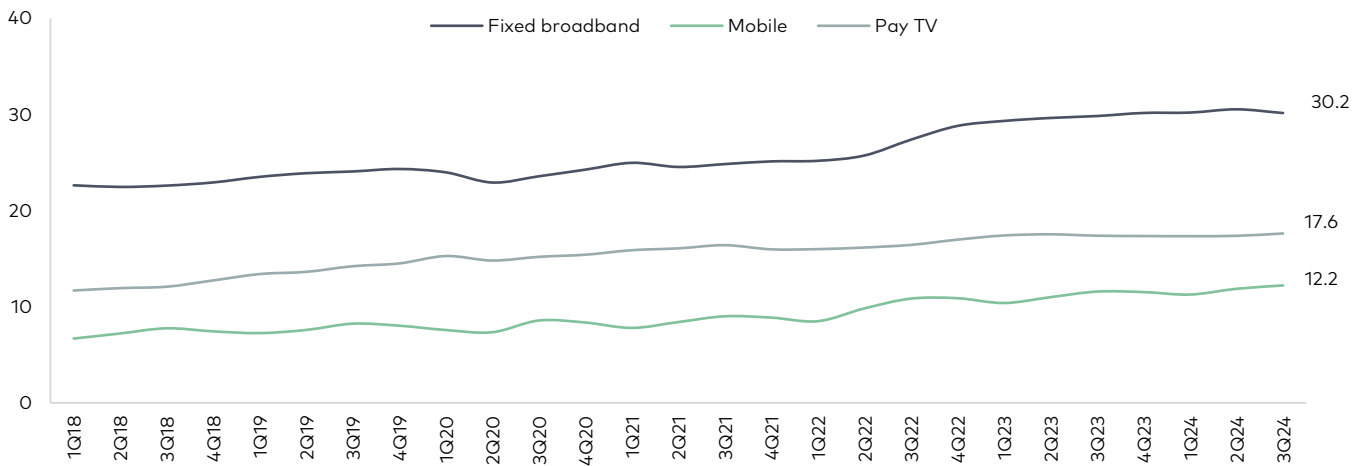
Pay-TV revenue was up 3.9% y/y to GEL 111.6mn, with Magticom and Silknet contributing 1.7ppts and 1.3ppts to this growth, respectively.



Source: GNCC  
\* excl. mobile streaming application subscribers

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

The average revenue per user (ARPU) increased across all segments in 9M24, with the mobile segment experiencing the highest growth mostly due to the rise in mobile data usage.



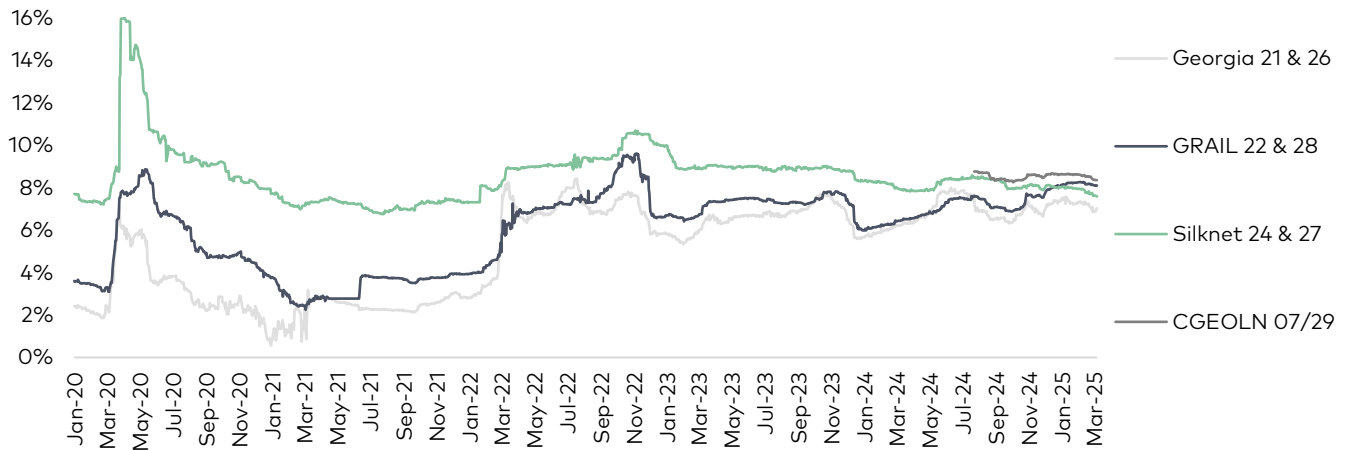
Source: GNCC, Galt & Taggart



## Eurobond performance

**US\$ 200mn Silknet Eurobonds outstanding as of 9M24.** Initially, the company issued US\$ 300mn Eurobonds at 8.375% in Jan-22 to refinance all existing debt instruments. Later, Silknet repurchased US\$ 100mn in the open market, leaving the outstanding amount at US\$ 200mn. The repurchased bonds have not been cancelled and are still held by Silknet. Silknet's Eurobond yield averaged 8.2% in 2024, however has been on a declining trajectory in 2025, standing at 7.6% as of Mar-25.

Figure 18: YTM on selected Georgian Eurobonds



Source: Bloomberg





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