Silknet

Mobile data – growth engine for Silknet during COVID-19 pandemic

Fixed Income Research | Georgia
Silknet
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COVID-19 related lockdown and stay-at-home orders have demonstrated the extent of reliance on telecom operators globally. Demand on telecom services, both fixed broadband and mobile data is growing prompted by large numbers of people moving to work-from-home and self-isolation state. 1Q20 data confirms the trend in Georgia, with mobile data traffic almost doubling compared to the same period last year. Silknet has seen 2.6x increase in mobile data traffic in 1Q20, due to improved 4G infrastructure and low base of 2019. The competition in the mobile segment remains intense, despite decline in market share by subscribers (from 35.7% to 34.8%), Silknet managed to increase share in sector revenue by 1.7ppts to 37.0% over 1Q 2019-20, mostly due to increased ARPUs earned on retail customers. In the meantime, Veon continued adding new customers (+1.3ppts in market share by subscribers, mostly new mobile data users as a go to second-sim operator in Georgia) and maintained solid 18% market share by revenue (earning lowest ARPUs), while Magticom's market share by revenue declined by almost 2ppts in the same period. In fixed segment, by aggressively penetrating the rural markets, Magticom managed to gain 2.6ppts and 2.8ppts in fixed broadband and pay TV subscriber base, respectively over March 2019-20. Silknet generated GEL 387.2mn in revenues and GEL 203mn in EBITDA in 2019. With growing share of profitable mobile segment, Silknet's profitability improved, with EBITDA margin growing by 5ppts to 52.4% in 2019. COVID 19 related economic disruptions put pressure on different business lines of telecom operators. We forecast a low single digit decline in Silknet's revenue in 2020. Significant portion of Silknet's debt is unhedged, exposing the company to FX volatility risks. Net Debt-to-EBITDA jumped to 2.95x in 1Q20 from 2.75x by end-2019, mostly due to GEL's significant depreciation (14.5%). Further 10% depreciation of GEL would bring Silknet's Net Debt-to-EBITDA ratio to 3.3x, based on our calculations. For the first time since March 2020, Silknet's Eurobond is trading at a premium to par.

Silknet released audited FY19 results. With GEL 387.2mn revenue and GEL 203mn EBITDA, Silknet maintained a second place in Georgia's telecom industry in 2019. Commercial revenue, making up c. 90% of total, was up 4.2% y/y to GEL 346.2mn or US$ 122.8mn. The cut in interconnection rates from the regulator significantly reduced income from the category (GEL 52.3mn in 2018 vs GEL 24.3mn in 2019). As a result, revenue from carrier services (11% of total) was down 38.8% y/y to GEL 41.0mn or US$ 14.5mn in 2019. However, as interconnect fees also declined, impact on the EBITDA was marginal.

Fixed broadband, Pay TV and mobile data were the driving force behind the growth in commercial revenue in 2019. Fixed broadband, the second largest revenue category (25% of total), was up 13.3% y/y to GEL 94.3mn. Pay TV segment continued the rally, up 19.4% y/y to GEL 43.0mn in 2019, after growing 21.4% y/y in 2018. On the back of improved infrastructure, mobile data usage picked up in 2H19, with revenue up 11.8% y/y to GEL 57.9mn in 2019. Fixed voice revenues shrank 17.1% y/y to GEL 20.7mn, due to continued trend of fixed-to-mobile substitution.

Growing share of profitable mobile segment pushed Silknet's EBITDA margin up. 2019 EBITDA (excl. IFRS 16) was up 7.6% y/y to GEL 202.9mn, translating into an EBITDA margin of 52% vs. 47% a year ago. Notably, higher profitability of mobile segment explains the difference in contribution to revenue and EBITDA in 2019 (mobile accounted for 57% of EBITDA, while generating only 48% of revenue).

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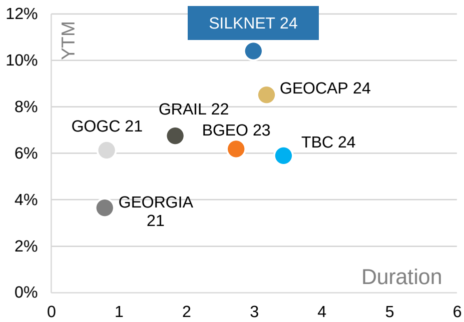
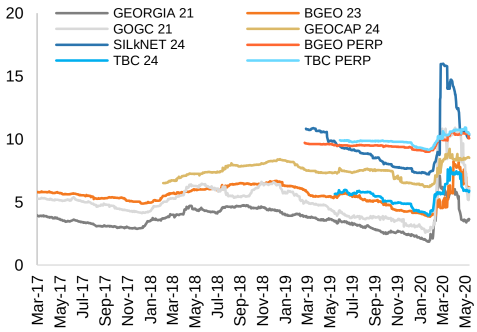
Figure 1: Georgian Eurobond universe



Source: Bloomberg, as of 12 June 2020

Figure 2: Georgian Eurobondsn



Source: Bloomberg

Table 1: Key financial highlights

GEL '000	2018	2019	Change, y/y
Revenue	399,175	387,156	*-3.0%*
of which commercial:	*332,150*	*346,155*	*+4.2%*
Adjusted EBITDA*	188,472	202,855	*+7.6%*
Adjusted EBITDA margin	*47.2%*	*52.4%*	*+518bps*
Net income	-373	-46,097	*n/a*
Net profit margin	*-0.1%*	*-11.9%*	*n/a*
Assets	697,621	837,386	*+20.0%*
Liabilities	623,117	809,538	*+29.9%*
Equity	74,504	27,843	*-62.6%*
Net Debt	471,438	559,725	*+18.7%*

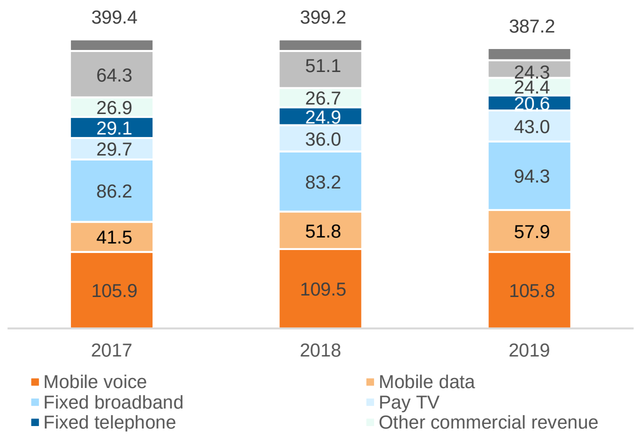
Source: Company data
** Note: Excl. IFRS 16*

Silknet credit ratings

Fitch Ratings	Moody's
B+	**B1**
Stable	Stable
Affirmed Dec-2019	Assigned Mar-2019

Figure 3: Revenue at GEL 387.2 (US$ 137.3mn) in 2019

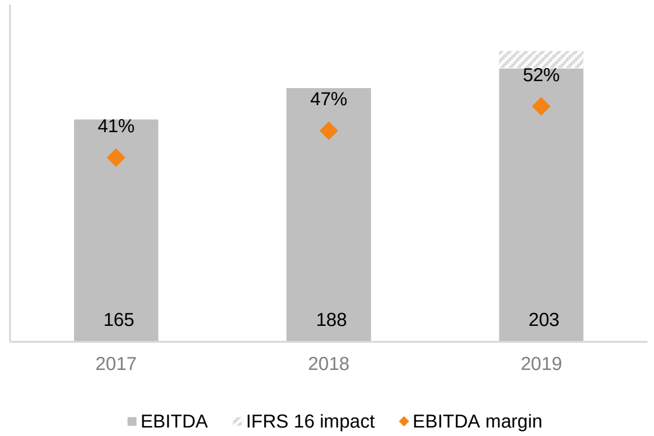
Silknet pro forma revenue composition, GEL mn



Source: GNCC

Figure 4: Mobile segment lifted EBITDA margin to 52.4%

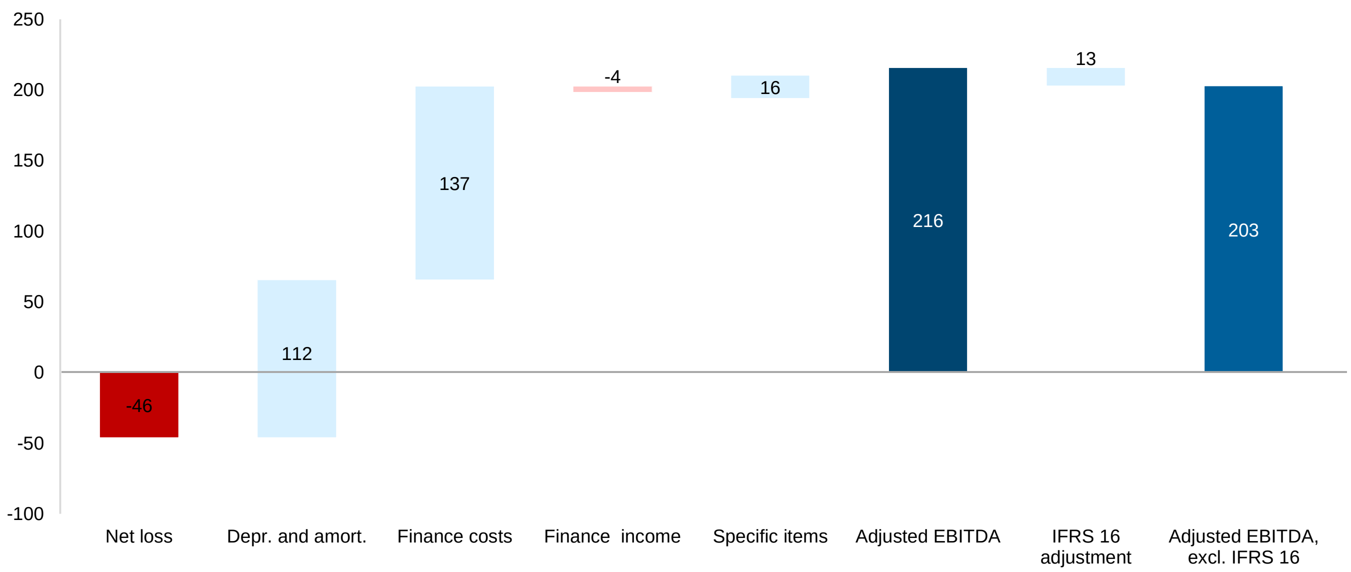
EBITDA margin



Source: GNCC
Note: EBITDA margin excludes IFRS 16 adjustments

GEL's weakness put pressure on the bottom line in 2019. 2019 was a turbulent year for GEL, mostly driven by tourism shock (Russia's flight ban) and related negative expectations. GEL's 11.2% depreciation against dollar during 2019 (vs average 2018) increased Silknet's funding costs. Higher interest expenses on USD Eurobond along with non-cash FX expenses dragged Silknet's net loss to GEL 46.1mn in 2019.

Figure 5: 2019 EBITDA calculation, GEL mn



Source: Company data, Galt & Taggart
Note: Specific items include one-off costs, including Geocell acquisition expenses

Market position

Fixed voice
1
55.5%
250,742 subscribers

Mobile
2
34.8%
c. 1.7mn subscribers

Mobile data
2
34.1%
806,758 subscribers

Fixed broadband
2
31.1%
289,122 subscribers

Pay TV
2
34.8%
224,348 subscribers

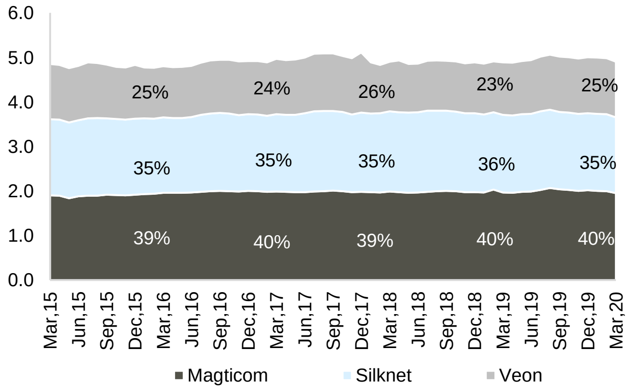
Silknet is the largest fixed voice operator and second largest fixed broadband, Pay-TV and mobile operator in Georgia. As of Mar-20 Silknet had 1.7mn mobile subscribers, of which c. 806,000 were mobile data users, 290,000 fixed broadband and 225,000 pay-TV subscribers.

***Mobile:* Competition in the mobile market has remained intense in 1Q20.** Magticom remains the market leader by number of subscribers with 39.8% market share as of Mar-20. Silknet with c.1.7mn subscribers maintains second position in the mobile segment, accounting for 34.8% of total market and loosing 1ppts market share to Veon (gaining 1.3ppts to 25.4%) in 1Q20 vs same period last year.

Notably, by mobile revenues Silknet has managed to increase its market share from 35.3% to 37.0% over March 2019-20, while Magticom's share declined by 2.0ppts over the same period. The growth in revenues was achived by a significant increase in ARPUs for Silknet particularly in retail sector, where ARPU increased from GEL 8.40 in 1Q19 to GEL 9.0 in 1Q20. Notably, in retail segment Silknet has managed to earn higher ARPUs compared to Magticom since Aug-19.

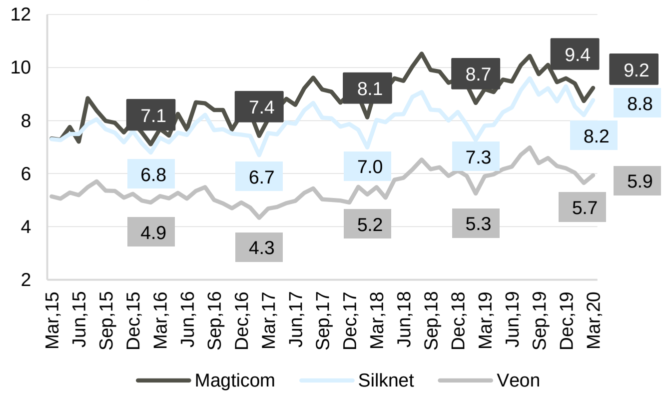
Magticom still grabs 45% of the sector's revenue, with having only 40% of the subscribers. This is mostly due to corporate segment (30% of Magticom's mobile revenues), where ARPUs are significantly higher (1.5x higher than for Silknet in 1Q20). Notably, Magticom accounts for the largest share in Government entities, with large employee pools and intense data users.

Figure 6: Number of mobile subscribers stable
Mobile subscribers in Georgia, mn



Source: GNCC

Figure 7: Magticom earns higher ARPU due to corporate segment
Mobile ARPUs, GEL



Source: GNCC

Mobile data traffic in Georgia skyrocketed in 1Q20 on the back of the COVID 19 related lockdowns. Monthly mobile data traffic reached 4,500 terabytes in March-20, 1.5x higher than the same period last year and 11x higher than 2015 levels. Notably, more than 80% of the growth in data traffic came from Magticom and Silknet. Silknet achieved the highest growth in data traffic in 1Q20 (up 2.6x vs 2.1x for Magticom) due to improved network infrastructure and the low base of 1Q19 data. Furthermore, based on the quality assurance conducted in one of the regions of Georgia during Feb-March 2020 by GNCC the **quality of 4G internet was found to be highest for Silknet among the mobile operators.**

The uplift in mobile data traffic was partially driven by growing number of Smartphones in Georgia. From Apr-19 to Mar-20 the number of Samsung phones increased by 8% or 143,000 phones, while number of iPhones increased 3.3% or by 22,500 based on the data provided by GNCC. Based on company information, smarphone penetration for Silknet has not changed.

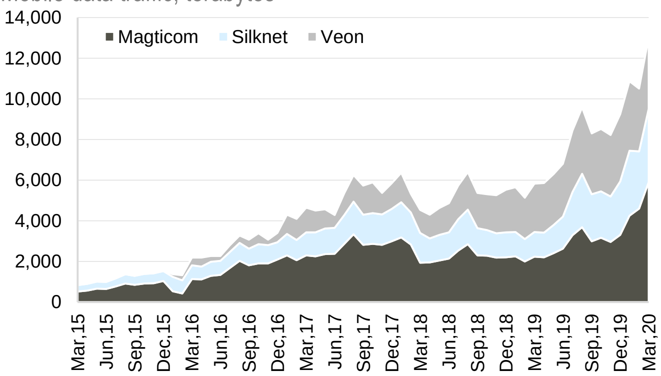
Veon managed to add c. 124,000 mobile internet users over March 2019-2020 as a go-to second-sim operator. Silknet's mobile subscriber base increased by c. 21,000 new users while Magticom added new c. 55,000 data users over March 2019-20. Veon became the market leader by mobile data users (excluding M2M users) from Nov-19 as a go-to second-sim operator in Georgia and holds 35.6% of the market as of March 2020, closely followed by Silknet with 34.1% market share (excluding M2M users). Magticom accounts for the smallest share of mobile data users, standing at 30.3% as of March 2020.

With improved infrastructure and increased 4G coverage Silknet managed to substantially increase its per user mobile data traffic in 1Q20, reaching 4.5GB/month in March 2020. Nevertheless, it remains still below that for Magticom, which gained the most during the lockdown, with per user mobile data reaching historical maximum of 8.2 GB/month in March 2020. The hike might be associated with the launch of new 'unlimited data' packages from Magticom in March 2020 (Silknet launched this campaign from April 2020 reflected in significant hike in Silknet's data usage to c. 5.500 terabytes from 3,600 in March 2020, according to company data)

Silknet's per user mobile data traffic increased 2.6x over 2019-20.

Figure 8: Mobile data traffic skyrocketed in 1Q20

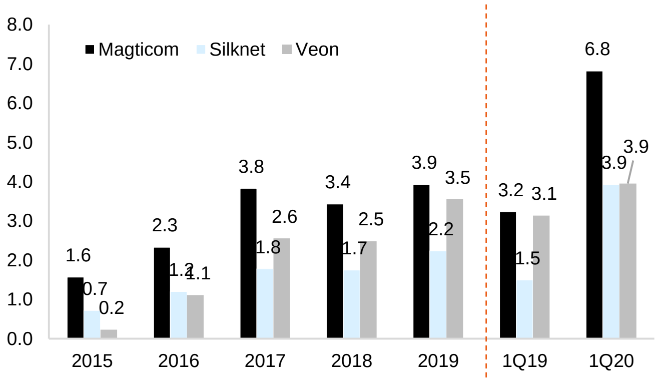
Mobile data traffic, terabytes



Source: GNCC

Figure 9: Mobile data usage reached record high levels in 1Q20

Mobile data traffic per user, GB/month



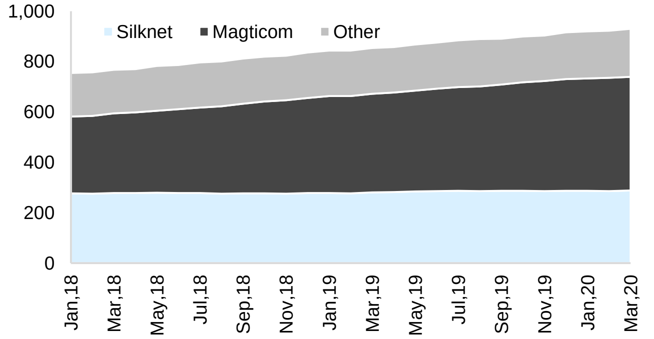
Source: GNCC
Note: M2M data users are excluded

Fixed broadband: Magticom continued to grow its subscriber base in 2019 and 1Q20, adding c. 58,000 customers and gaining 2.6% market share, bringing total to 48.4% by Mar-20. Despite adding c. 8,000 customers, Silknet's market share shrank to 31.1% in Mar-20 from 32.8% a year before. Notably, this development is in line with the strategic difference between the two companies. Magticom targets penetration in rural areas and growing retail customers, while Silknet is selective in its target markets. Notably, Silknet maintains leadership position in, significantly more profitable, corporate segment.

Magticom lost c. 1.7ppts over March-19-20 to Silknet and other mobile operators by fixed broadband revenues. Silknet's market share by revenue increased from 34.2% in Mar-19 to 34.8% in Mar-20. Silknet's growth in fixed broadband revenues almost equally stemmed from retail and corporate segments, while Magticom lost share in corporate segment as ARPUs declined.

Figure 10: Fixed broadband subscribers up 8.8% y/y to 930,000 as of Mar-20

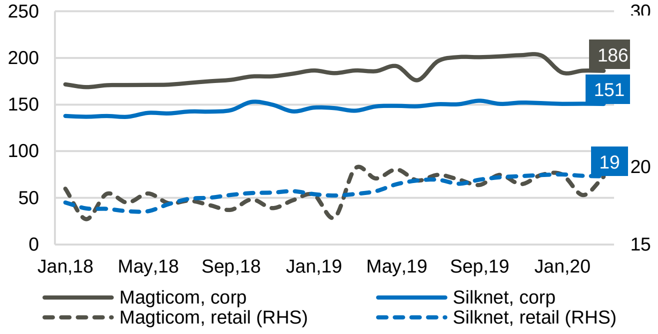
Number of fixed broadband subscribers, '000



Source: GNCC

Figure 11: In corporate segment Magticom earns higher ARPUs while in retail ARPUs are mostly similar

Fixed broadband ARPUs, GEL



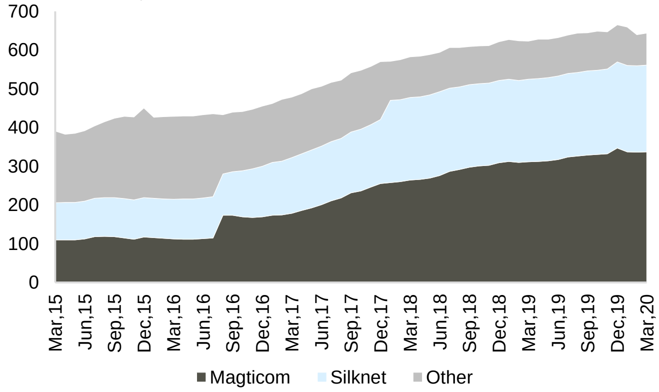
Source: GNCC

Pay TV: Magticom strengthened market position in Pay TV segment, adding c. 25,000 subscribers and gaining additional 2.3% market share over Mar-19/20, while Silknet's subscriber base increased by c. 11,000 customers over the same period. As of Mar-20 Magticom accounted for more than half of the total pay TV market (52.3% market share) while Silknet held 34.8% market share. Notably, significant portion of the Magticom's growth stems from the spread in the rural areas of Georgia, where Silknet is not present.

Silknet maintained stable market share by pay TV revenue over March 2019-20. Silknet accounted for 36.5% of sector's revenues in March 2020. In addition to new subscribers, Magticom has also managed to increase ARPUs over March 2019-20, resulting in growth in market share by revenue. Namely, Magticom's share in revenue increased from 49.8% in Mar-19 to 54.7% in Mar-20.

Figure 12: Number of pay TV subscribers growing, mostly due to increase penetration in the rural areas

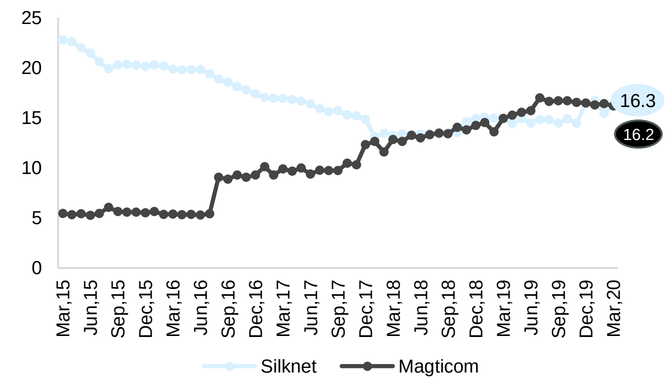
Number of Pay TV subscribers, '000



Source: GNCC

Figure 13: Pay TV ARPUs of Silknet and Magticom on the upward trajectory …

Pay TV ARPUs, GEL

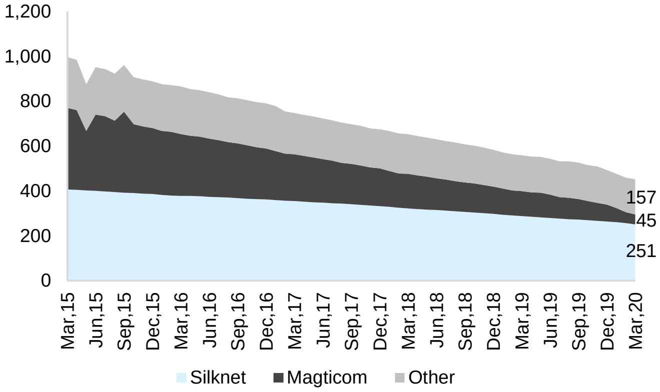


Source: GNCC

Fixed Voice: Silknet maintains leadership position in the shrinking fixed telephone segment. Silknet had 250,742 fixed telephone subscribers, yielding 55.5% market share as of Mar-20 up by 4.0ppts compared to the same period last year. Despite the gain in market share, Silknet lost c. 36,300 customers, due to the prevalent fixed-to-mobile substitution trend.

Figure 14: Fixed voice subscribers down 19.0% y/y to 452,000 by Mar-20

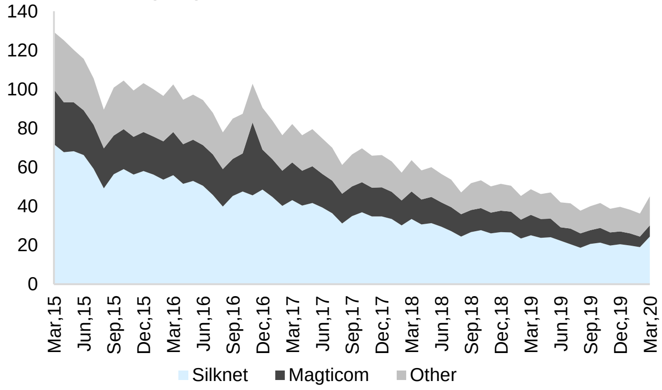
Number of Fixed voice subscribers, '000



Source: GNCC

Figure 15: Fixed voice traffic up in March 2020, on the back of increased PSTN traffic of Silknet

Fixed voice outgoing traffic, mn minutes



Source: GNCC

Capital structure and leverage

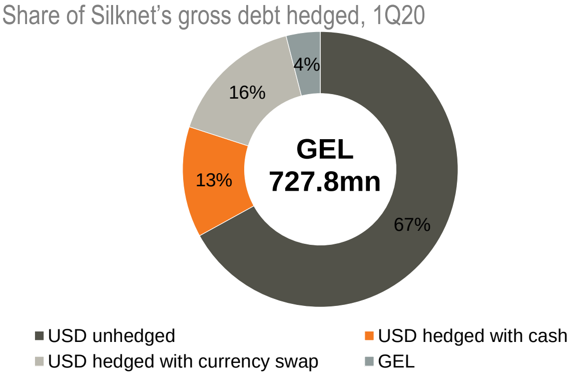
Silknet's FX exposure remains high, mostly due to the USD denominated Eurobond. As of end-2019, 94% or GEL 596.7mn of Silknet's debt is in USD. Notably, to hedge against the FX exposure, in June 2019 the company entered into 5-year cross currency swap with TBC Bank. Under the agreement, Silknet deposited US$ 35mn against a GEL 99.0mn loan. Another GEL 53.3mn or US$ 18.6mn of cash is kept in USD, creating a natural hedge against the FX exposure. Nevertheless, 70% of Silknet's liabilities remain unhedged, exposing the company to currency risk, particularly in the current volatile market.

During 2019 Silknet repurchased US$ 3.0mn worth of Eurobonds at 103.5% to the par, while later in 3Q19 US$ 0.4mn worth of Eurobonds were sold at 108.76% to par. The company maintains US$ 2.6mn of Eurobonds repurchased.

Net-debt-to-EBITDA hiked in 1Q20. According to the unaudted financial statements, net-debt-to-EBITDA ratio jumped to 2.95x in 1Q20 from 2.75x by end-2019. The surge in the ratio was associated with the GEL's almost 15% depreciation against dollar during 1Q20. According to our calculations, if GEL depreciates further by 10% to 3.6/$, it will result in net-debt-to-EBITDA ratio to jump to 3.3x from a current 2.95x, still below the Eurobond incurrance covenant of 3.5x. Notably, from the beginning of June 2020 GEL has been strengthening reaching GEL 3.00/$ by 10 June 2020, the level last seen in early March 2020.

Figure 16: Silknet remains exposued to FX risks

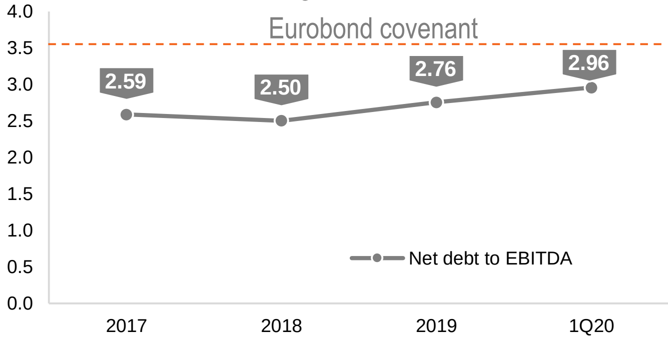
Share of Silknet's gross debt hedged, 1Q20



Source: Company data

Figure 17: Despite significant growth, the leverage ratio remains below the Eurobond incurrance covenant

Silknet net consolidated leverage ratio



Source: Company data

2019 saw large volume of capital expenditures from the company, mostly related to the 4G technology rollout. As a result of infrastructure improvement, Silknet managed to improve 4G coverage from below 75% in 2018 to c. 96% of population by end-2019. Improved infrastructure, along with the COVID-19 related stay-at-home orders have helped Silknet's data usage to soar in 1Q20 (per user data up 2.6x over 1Q 19-20).

In addition to large Capex, Silknet acquired land plot of 20,397 sq.m for headquarter purposes in 2019. US$ 10mn or GEL 29.6mn was paid to the related party, with additional US$ 10mn payment expected if the company receives the right to build 60,000 sq.m gross buildable area from Tbilisi municipality. The liability of GEL 32.7mn was recognized in 1Q20 (see below).

Silknet's liquidity position was strong in 2019. Despite the large cash outflows related to capex, HQ land plot acquisition and disbursement of US$ 15mn of dividend in 2019, the company's liquidity position improved in 2019 as operating cash inflows were more than enough to offset investing cash outflows.

Liquidity position deteriorated in 1Q20. The company's current assets increased in 1Q20 on the back of higher cash balance, helped by positive effect of GEL's depreciation on the one hand and strong operating cash flows on the other. Nevertheless, the company's current liabilities increased at a higher pace in 1Q20. Namely, Silknet recognized GEL 32.7mn of liability associated to the second tranche of HQ land acquisition in 1Q20. In addition, trade and other paybles balance hiked in 1Q20 (+ 40% y/y).

1Q20 and future outlook

In the beginning of May-20, SIlknet published unaudited 1Q20 financial statements, along with selected information from April 20. **Revenue was up 6.5% y/y to GEL 95.7mn in 1Q20,** driven by higher commercial revenues (up 8.2% y/y to GEL 87.2mn), while revenue from carrier services continued the decline, down 8.2% y/y. Notably, mobile data revenues saw the highest growth, up 27.5% y/y to GEL 15.5mn. Revenue from fixed broadband and pay-TV services were also up, 14.8% y/y to GEL 25.5mn and 14.0% y/y to GEL 11.4mn, respectively.

EBITDA margin has strengthened, reaching 51.3% in 1Q20 vs 50.3% in the same period a year ago (excl. IFRS 16). Along with other EM currencies, GEL experienced sharp depreciation in 1Q20 amid COVID-19 pandemic. Silknet recognized GEL 78.4mn net FX loss (non-cash) in 1Q20, driven by 14.5% depreciation of GEL against dollar. As a result, bottom line came in at GEL -82.2mn in 1Q20.

Along with 1Q20 data the company published fresh information about the Silknet's performance during the strict country-wide lockdown orders in April 2020. Notably, statistics on other market players is not available yet. In March-April, the two major telecom operators in Georgia, Magticom and Silknet launched a new – unlimited mobile data packages – for the customers. The product turned out to be very popular and according to Silknet, mobile data traffic tripled in April. Despite the growth in mobile data traffic, Silknet's mobile revenue was down by c. GEL 2.8mn vs. March-20 revenue (-GEL 1.4mn vs Apr 19) as other mobile revenues shrank. Fixed broadband revenue was down GEL 0.4mn compared to March-20 data, while pay TV revenue remained mostly flat (-GEL 0.1mn) in April 2020.

Several reasons contributed to the decline in revenue in Apr 2020. Firstly, B2B segment, which makes up c. 25% of total commercial revenue was under pressure during April 2020. As most of the businesses were closed down - hotels, casinos as well as education sector - fixed broadband subscriptions were temporarily cancelled. Secondly, extensive use of wi-fi also curbed the mobile segment growth (both voice and data). Another reason for the decline was barriers of payment - in Georgia most of the customers use top-up machines for utility payments rather than online banking. Due to strict lockdown measures and stay at home orders, customers restrained from leaving houses and making fixed broadband payments. Accordind to the company data, the situation improved in May as the number of new COVID 19 cases in Georgia started to decline and eventually state of emergency was lifted (23 May).

We forecast Silknet's revenue to decline at a low single digit in 2020. The COVID 19 puts pressure on various business lines of the company. We forecast that B2B segment will remain stressed during the year, particularly hospitality, education and transportation segments. Other corporate clients might also face difficullties due to economic slowdown and might go out of business or cut operating costs, including fixed broadband subscription, hurting Silknet's fixed broadband income. Furthermore, with deteriorated economic conditions in Georgia new customer acquisitions will likely slowdown, in both fixed broadband as well as pay TV segments. **Mobile is expected to be the most resilient segment for Silknet**, helped by higher mobile data revenues, however the growth will be curbed by lower mobile voice revenues, reduced income from tourism - estimated at c. GEL 3.0mn by the company - as well as lower revenue from sale of mobile accessories etc.. Overall, **commercial revenue is forecasted to decline by 1.3% y/y to GEL 341.8mn in 2020**. Carrier service revenue is also expected to drop (-17.5% y/y to GEL 33.8mn), mostly due to lower interconnect service revenues, however its effect on EBITDA will be marginal as interconnect fees will also decline.

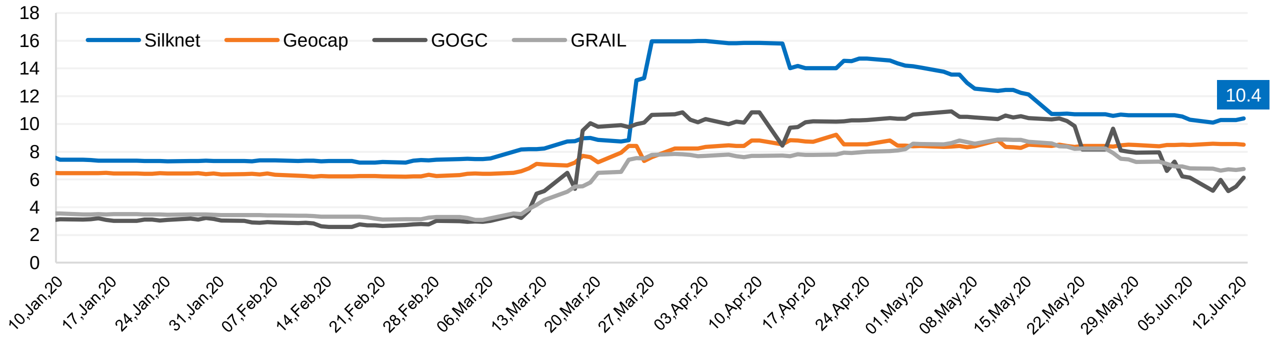
We forecast 2020 EBITDA retreat to GEL 212.0mn, translating into a solid 56.4% EBITDA margin including IFRS 16 adjustments, without IFRS 16 the margin is expected to hover around 53% in 2020, slightly above that of 2019.

In March-April 2020 Fitch and Mooody's both published insights about the 2019 results of Silknet. Silknet's B+/B1 rating has been maintained with stable outlook. Notably, the major credit rating agencies have updated their outlooks on Georgian corporates as well as sovereign and assigned negative outlook to many of them. Namely, among Georgian corporates negative outlook has been assigned to GOGC and Georgian Railway as well as 5 Georgian banks (from Fitch) durind March-April 2020.

Eurobond performance

Since the issuance in Apr-19, Silknet's Eurobond enjoyed strong performance. By end-19, the yield dropped to 7.7% with the bond selling at a 111.8% premium to par. The rally continued in the first two months of 2020, with the yield further decreasing to 7.2%. However, since the COVID 19 outbreak Silknet's yield increased the most among the Georgan Eurobonds, with the yield jumping to 16% (price of 86) by end-March. During April-May 2020 yield on SILKNET 24 started to slowly decline as improved market sentiments helped regional securities. Silknet's eurobond yield dropped by 342.9bps to 10.6% by end-May (101.1 - price). Notably, SILKNET 24 is trading at a premium to par for the first time since early March.

Figure 18: SILKNET 24 trimmed recent losses and is trading at a premium to par for the first time since early March 2020
YTM on selected Georgian Eurobonds



Source: Bloomberg, as of 12 June 2020

Annex 1: Financials

Income Statement, GEL mn

	2017	2018	2019	2020F	2021F	2022F
Total revenue	399.4	399.2	387.2	375.6	417.7	461.0
Commercial revenue	319.2	332.2	346.2	341.8	383.2	426.8
Carrier services	80.1	67.0	41.0	33.8	34.5	34.2
Bargain gain from acquisition	14.0	41.8	-	-	-	-
EBITDA, incl. IFRS 16	165.2	188.5	215.9	212.0	237.1	270.9
EBITDA margin	41.4%	47.2%	55.8%	56.4%	56.8%	58.8%
EBITDA, excl. IFRS 16	165.2	188.5	203.2	n/a	n/a	n/a
EBITDA margin	41.4%	47.2%	52.5%	n/a	n/a	n/a
D&A	-92.0	-111.7	-111.7	-111.0	-106.3	-104.8
Financial costs (income), net	-43.0	-75.8	-134.1	-156.0	-66.9	-68.1
PBT	31.3	0.5	-44.9	-47.8	72.0	109.8
Tax expense	-0.6	-0.9	-1.2	0.0	0.0	0.0
Net income	30.7	-0.4	-46.1	-47.8	72.0	109.8
Net margin	7.7%	n/a	n/a	n/a	17.2%	23.8%

Income Statement, US$ mn

	2017	2018	2019	2020F	2021F	2022F
Total revenue	159.2	157.5	137.3	118.1	137.0	156.3
Commercial revenue	127.3	131.0	122.8	107.5	125.6	144.7
Carrier services	31.9	26.4	14.5	10.6	11.3	11.6
Bargain gain from acquisition	5.6	16.5	-	-	-	-
EBITDA, incl. IFRS 16	65.9	74.4	76.6	66.7	77.7	91.8
EBITDA margin	41.4%	47.2%	55.8%	56.4%	56.8%	58.8%
EBITDA, excl. IFRS 16	65.9	74.4	72.1	n/a	n/a	n/a
EBITDA margin	41.4%	47.2%	52.5%	n/a	n/a	n/a
D&A	-36.7	-44.1	-39.6	-34.9	-34.9	-35.5
Financial costs (income), net	-17.2	-29.9	-47.6	-46.8	-19.0	-18.8
PBT	12.5	0.2	-15.9	-15.0	23.6	37.2
Tax expense	-0.2	-0.4	-0.4	0.0	0.0	0.0
Net income	12.3	-0.1	-16.4	-15.0	23.6	37.2
Net margin	7.7%	n/a	n/a	n/a	17.2%	23.8%

Note: EBITDA forecast excludes IFRS 16, 2019 EBIDTA is excluding IFRS 16 adjustments
FX rates used in forecast: GEL 3.18/US$ in 2020, GEL 3.05/US$ in 2021, GEL 2.95/US$ in 2022

Balance Sheet, GEL mn

	2017	2018	2019	2020F	2021F	2022F
Non-current assets	224.6	626.0	711.9	748.2	760.6	785.9
Net PP&E	194.5	370.2	377.7	394.8	416.2	445.7
Intangible assets and contract costs	16.5	212.3	199.7	180.5	166.0	156.8
Other	13.6	43.5	134.5	172.9	178.4	183.5
Current assets	32.7	71.6	125.5	151.0	169.5	221.9
Cash & equivalents	2.5	9.3	74.9	101.7	114.9	161.8
Receivables & prepayments	20.3	37.9	37.5	36.4	40.5	44.7
Other	9.9	24.5	13.2	12.8	14.0	15.3
Total assets	**257.4**	**697.6**	**837.4**	**899.1**	**929.8**	**1,007.3**
Shareholders' equity	**100.9**	**74.5**	**27.8**	**-35.6**	**27.0**	**128.7**
Non-current liabilities	110.3	476.3	691.0	772.4	744.0	723.2
LT interest bearing debt	71.5	406.3	617.8	700.1	672.9	652.0
Other	38.8	69.9	73.2	72.2	71.0	71.2
Current liabilities	46.2	146.8	118.5	162.3	158.8	155.4
ST loans	5.0	37.1	17.0	0.0	0.0	0.0
Trade payables & prepayments	31.5	87.2	67.2	94.8	91.9	89.2
Other	9.6	22.6	34.3	67.5	66.9	66.2
Total liabilities & equity	**257.4**	**697.6**	**837.4**	**899.1**	**929.8**	**1,007.3**

Balance Sheet, US$ mn

	2017	2018	2019	2020F	2021F	2022F
Non-current assets	86.7	233.9	248.2	235.3	249.4	266.4
Net PP&E	75.0	138.3	131.7	124.1	136.5	151.1
Intangible assets and contract costs	6.4	79.3	69.6	56.7	54.4	53.1
Other	5.2	16.2	46.9	54.4	58.5	62.2
Current assets	12.6	26.7	43.8	47.5	55.6	75.2
Cash & equivalents	1.0	3.5	26.1	32.0	37.7	54.8
Receivables & prepayments	7.8	14.2	13.1	11.4	13.3	15.1
Other	3.8	9.1	4.6	4.0	4.6	5.1
Total assets	**99.3**	**260.6**	**292.0**	**282.7**	**304.8**	**341.5**
Shareholders' equity	**38.9**	**27.8**	**9.7**	**-11.1**	**8.8**	**43.6**
Non-current liabilities	42.5	177.9	241.0	242.9	243.9	245.1
LT interest bearing debt	27.6	151.8	215.4	220.2	220.6	221.0
Other	15.0	26.1	25.5	22.7	23.3	24.1
Current liabilities	17.8	54.9	41.3	51.0	52.1	52.7
ST loans	1.9	13.8	-	-	-	-
Trade payables & prepayments	12.1	32.6	23.4	21.1	21.4	21.4
Other	3.7	8.4	0.9	29.8	30.1	30.2
Total liabilities & equity	**99.3**	**260.6**	**292.0**	**282.7**	**304.8**	**341.5**

Note: FX rates used in forecast: GEL 3.18/US$ in 2020, GEL 3.05/US$ in 2021, GEL 2.95/US$ in 2022

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