



## **Statement by VIEO BV, 30 April 2018** (for website publication)

Dear Bondholders,

We want to take this opportunity to update you and employees on matters of interest to VIEO and Lebara Group.

This statement sets out what has happened so far, updates on the current situation and explains future objectives that we are working hard to deliver. We believe it's important to maintain a positive, transparent dialogue with our bondholders, especially given several factually incorrect media reports, which we understand have been briefed out by those who do not have a financial interest in seeing Lebara Group succeed.

Firstly, several articles have cast aspersions against VIEO BV and its owners, Palmarium AG. We are a Swiss family office. Unlike some of our competitors, our ethos is not short-term market speculation but long-term investment, delivering consistent and sustainable returns across a range of sectors including private capital, real estate and infrastructure in established and emerging markets. We are a small team of experts with decades of experience, and we have a track record of success.

As the unrest caused by biased media reports fuelled by hedge funds shorting the bond does not allow for a productive success-oriented environment, VIEO wishes to convene a bondholder meeting within the next few months. At this meeting we will aim to come to an agreement on the conditions for an early redemption of the EUR 350 million Bond.

### **Acquisition of Lebara**

In September 2017, VIEO acquired Lebara Group BV and its IP companies because it represented – and still represents – an attractive, long-term investment opportunity. The group is formed of four core companies – Yokara Trademarks and Yokara Global Trademarks (together YT), Lebara Mobile (LM), Lebara Digital (LDG) and Lebara Service Centre (LSC).

Originally, the intention was to acquire only LM. However, Group acquisition was more attractive because it avoided the dilution of the Lebara brand and mitigated against potential operational risks associated with the complexity of any transitional service arrangements with external entities. At the time of purchase, it was made clear that LDG and LSC represented additional cost centres and the benefits of their acquisition outweighed the risks.

With regard to the two cost centres, we can confirm the sale of Lebara Play and the partnership between Lebara and World Remit will offset costs associated with LSC and LDG. VIEO is in the process of carving out the LDG business and winding down the entities at its own cost. We are also exploring whether this restructuring may reduce fiscal costs by taking advantage of substantial tax losses which can be utilized for other VIEO entities.

Furthermore, as per the bond terms and following a number of media queries, VIEO can confirm that it has secured a revolving credit facility from its parent company of EUR 15 million, at favourable market conditions of EURIBOR + 4.25 % on a floating rate basis. To this day it remains entirely undrawn.

We would like to recognise the hard work of all VIEO and Lebara employees who have been instrumental in delivering these strategic objectives.

### **Current situation**

Our strategy, as communicated to bondholders in 2017, is working. In addition to the above, we are on track to successfully improve profitability over the short and medium term by delivering growth and targeted cost savings.

Growth is being delivered by increasing our customer base and through strategic partnerships, such as between Lebara and World Remit. Meanwhile, restructuring measures have successfully delivered a range of benefits including a leaner organisational structure and higher revenue quality through less churn and increased profitability. As such, although we have a little under one month before the



unaudited Q1 numbers will be released, we are delighted to confirm that Q1 2018 will deliver a strong start to the year and provide a good platform for further growth.

However, there will be a short and finite delay in finalizing the 2017 audited accounts for VIEO. This delay is driven entirely by a timing constraint caused by the following factors:

- In Q3 2017, VIEO published only the figures for LM. At the time we were not informed of the need to publish at the level of Lebara Group, including LDG and LSC. This was, as has been reported, a genuine mistake and we apologise for this. It was therefore not until Q4 that we were advised of the need to publish at a group level. Since then we have worked tirelessly to put this right. Arguments that figures for LDG and LSC were deliberately omitted for manipulative purposes are completely erroneous.
- There has been a need to restructure the reporting processes across the company, so that financial information is aggregated efficiently and correctly to reduce the time VIEO and its subsidiaries require to finalize their accounts. Whilst the organization of the process management has been successfully pushed forward for the core companies of the group, it is now mandatory that this process is also implemented for all other group companies. This has taken more time than expected.
- A CFO who joined Lebara Group in September 2017 left in March 2018. (NB: To overcome the resulting capacity shortage, external resources were engaged by VIEO to prepare and finalise the standalone financial statements of the respective group companies.)
- The materiality threshold for audited accounts was originally established based on full year revenue. As the audited accounts were being prepared for VIEO, which only has a 3.5 month audit period, the materiality threshold had to be significantly lowered for the 2017 audit. In the short term, this significantly increases the scope and level of detail of reporting and therefore requires more time and resource. But, going forward, it is in the best interest of bondholders by significantly increasing the level of disclosure.
- We are committed to disclosure in line with the highest standards and have instructed the 2017 accounts to be prepared in line with new, more rigorous IFRS guidelines introduced in 2018. Again, this increases the complexity and therefore time required, but is in the best interest of bondholders once published.

We have been working around the clock to overcome the time and capacity constraint, and will continue to direct all necessary resources to deliver the outstanding requirements. We have put in place a range of additional measures to expedite the process as much as possible, including:

- Seconding additional staff from external specialists;
- Additional investment in a number of external auditing firms, including evenings and weekends. KPMG are auditing VIEO and Lebara Group, BDO are providing account support for VIEO; and
- Reallocating existing resources to strengthen teams as necessary.

Because of the hard work of our staff, we expect to publish full audited accounts for VIEO in the coming weeks. There is a grace period of 20 business days in the terms of the bond. We are in discussions with the bond trustee to communicate and agree timings.

Again, we want to stress this delay has been driven entirely by the timing and capacity constraints listed above, born of a combination of exceptional circumstances. We wish to emphasise that this will be a one-off delay and apologise to bondholders for any uncertainty.

Going forward, VIEO's priority is and remains to work in the interest of all its employees and all stakeholders. We are putting in place the team, processes and resource to ensure this does not happen again. We are delighted to announce today the appointment of a new CFO, Olivier Sage, who joins the group from mid-May. He brings a wealth of financial, strategic and operational experience to the role and has held CFO positions across the TMT sector. In discussions with the leadership team, he has made



it clear that he sees VIEO as a strong and sustainable business and emphasised his determination to have high reporting standards. He commented: “I am delighted to join Lebara at this exciting time, and I look very much forward to working with the team led by Graeme to deliver our ambitious plans for our customers, staff and investors.”

Our plan for Lebara Group is working and, with the right leadership team in place, it continues to go from strength to strength. Our goal is for VIEO to be a market leader in the TMT sector and we will be making further positive announcements in due course.

We are conscious of the number of requests for visits that have been received over the last few months, and apologise for not having been able to accept all of these at the time. We are grateful for the patience of all bondholders, whom we hope will appreciate our overriding focus on delivering our strategy of making a good business better and completing the audited accounts. We would like to extend an invitation for bondholders to meet the VIEO management at our offices in Zurich should they wish to discuss any of the issues raised in this statement.

Finally, everyone in the management team wishes to put on record our gratitude to all employees at VIEO, Lebara and our partners who are working tirelessly to deliver growth.

Kind regards,

VIEO BV Management