

Successful Resolution in Algeria

A&I conference call
April 22, 2014

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A Value Accretive Transaction for GTH and VimpelCom

Total cash proceeds of USD 4.0 billion net of taxes and fines

- Sale of 51% in Djezzy to Algerian National Investment Fund, FNI, for USD 2.6 billion
⇔ 5.6X EV/EBITDA multiple
- Approx. USD 1.9 billion dividend paid by Djezzy to GTH (pre-closing)
- GTH to use USD 4.0 billion to pay down shareholder loans from VimpelCom
- GTH and VimpelCom maintain operational control and full consolidation of Djezzy
- Algeria is a very attractive market, where Djezzy is clear #1 operator
- Strong local partner, the Algerian National Investment Fund, FNI
- Secured an attractive exit via put option

VimpelCom to use USD 4.0 billion proceeds to pay down gross debt
Annual interest savings of ~ USD 280 million

Attractive Algerian Telecom Market – Djezzy is Market Leader



Population¹: 38 million
GDP/capita PPP¹: USD 7,600

Macro environment

- GDP growth of ~3%
- Government, trade and agricultural sectors account for over 60% of GDP
- 28% of the population is under 15 years old

Regulatory environment

- Government plans to list 10 public companies on ASE, including Mobilis

Market size²: 33.4 million
Penetration²: 88%

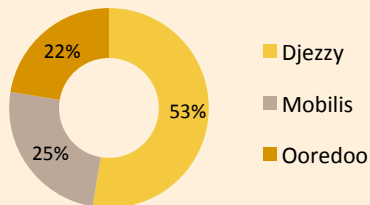
Market players (subs):

- Djezzy (17.6 million)
- Mobilis (8.4 million)
- Ooredoo (7.4 million)

Competitive landscape

- **Djezzy:** high brand perception with solid market leadership with high control over distribution
- **Mobilis:** incumbent operator maintained by the government
- **Ooredoo:** seen as a multimedia operator that offers lower prices, more promotions, subsidies and higher incentives to the retail channel

Market shares³



Strategic direction

- Invest in existing network and in high-speed, 3G network
- Launch 3G services targeting high value data users
- Maintain leadership in customer experience and NPS
- Emphasize Djezzy as the preferred Algerian mobile brand while launching 3G

¹ CIA Factbook

² Penetration figures are provided based on OTA closing base and our data warehouse (DWH) figures for competitors

³ DWH market share

Shareholders Agreement

- VimpelCom/GTH to retain operational control over OTA
- VimpelCom/GTH to continue to consolidate the results of OTA
- OTA dividend policy
 - ▶ Target pay-out ratio of not less than 42.5% of consolidated net income
- Boards composition
 - ▶ OTA: 4 by GTH (incl. Chairman with casting vote), 4 by FNI
 - ▶ Optimum Telecom: 6 by GTH (incl. Chairman with casting vote), 4 by FNI and 2 employee representatives
- No shareholding transfers permitted during first 7 years
- Put option by GTH and call option by FNI on 7th anniversary of Closing at fair market value

Settlement of Disputes at Closing

- Payment of the Bank of Algeria fine of USD 1.3 billion
 - ▶ Charge of USD 1.3 billion in the 2013 Financial Statements
- Discontinuation of tax disputes
 - ▶ Write-off of related tax receivables of USD 0.7 billion in the 2013 Financial Statements
- Bank of Algeria ban on international payments to be lifted
- International arbitration suspended at signing and settled at Closing

Conditions Precedent to Closing

- USD 1.9 billion dividend payment by OTA to GTH
- Up to DZD 82 billion (~USD 1.0bn) of external financing
- Transfer of all operations from OTA to Optimum Telecom
- Regulatory approvals in Algeria
- Necessary approvals from GTH shareholders

Closing expected by the end of 2014

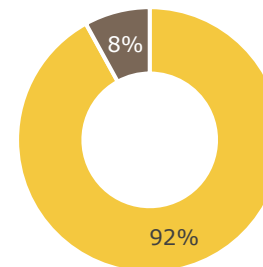
Orascom Telecom Algérie – Overview

OTA key metrics

	Unit	2011A	2012A	2013A
Customers	million	16.2	16.7	17.6
Customer market share	%	56	54	53
Blended ARPU	USD per month	9.7	9.3	8.7
Total revenue	USD million	1,861	1,841	1,796
EBITDA	USD million	1,104	1,094	1,054
EBITDA margin	%	59.3	59.4	58.7
Capex	USD million	40	47	122
Operating cash flow¹	USD million	1,064	1,047	932
Net cash balance	USD million	1,043	1,876	2,651

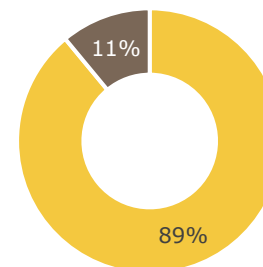
Note: (1) EBITDA-CAPEX

VimpelCom 2013 revenue of USD 22.5 billion

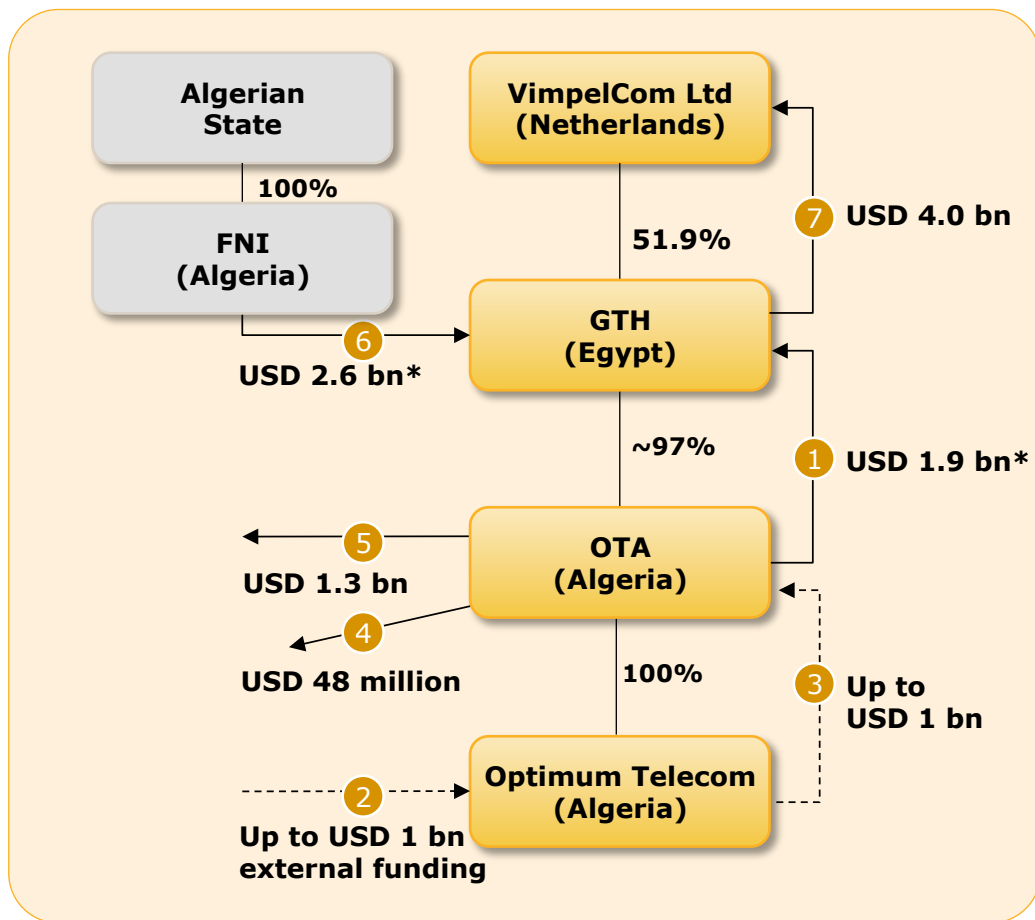


■ VimpelCom (excl. OTA) ■ OTA

VimpelCom 2013 EBITDA of USD 9.6 billion



Cash Flow Structure

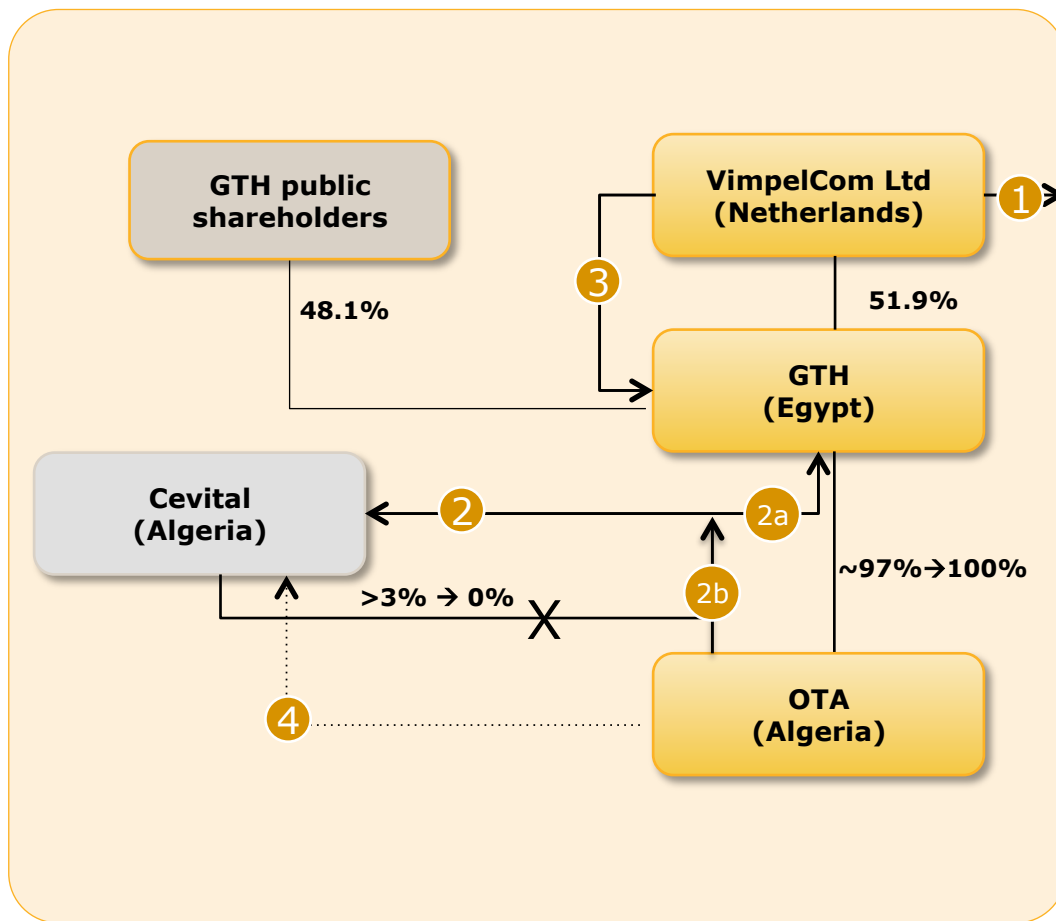


- 1 Pre-closing dividend of **USD 1.9 billion** paid to GTH
- 2 External funding of up to **DZD 82 billion** (~ **USD 1 billion**) from Algerian banking consortium
- 3 Up to **USD 1 billion** upstreamed to OTA
- 4 Repayment of external loan of **USD 48 million**
- 5 Payment of Bank of Algeria fine of **DZD 99 billion** (~ **USD 1.3 billion**)
- 6 Sale by GTH of a 51% interest in OTA to FNI for **USD 2.6 billion**
- 7 GTH to pay down ~ **USD 4.0 billion** of outstanding shareholder loans from VimpelCom

Gross debt reduction: USD 4.0 billion
 ⇒ Pro forma Gross debt / EBTDA from ~3.0x to ~2.6x

Net debt reduction: ~ USD 0.5 billion
 ⇒ Pro forma Net debt / EBITDA ~ 2.3x

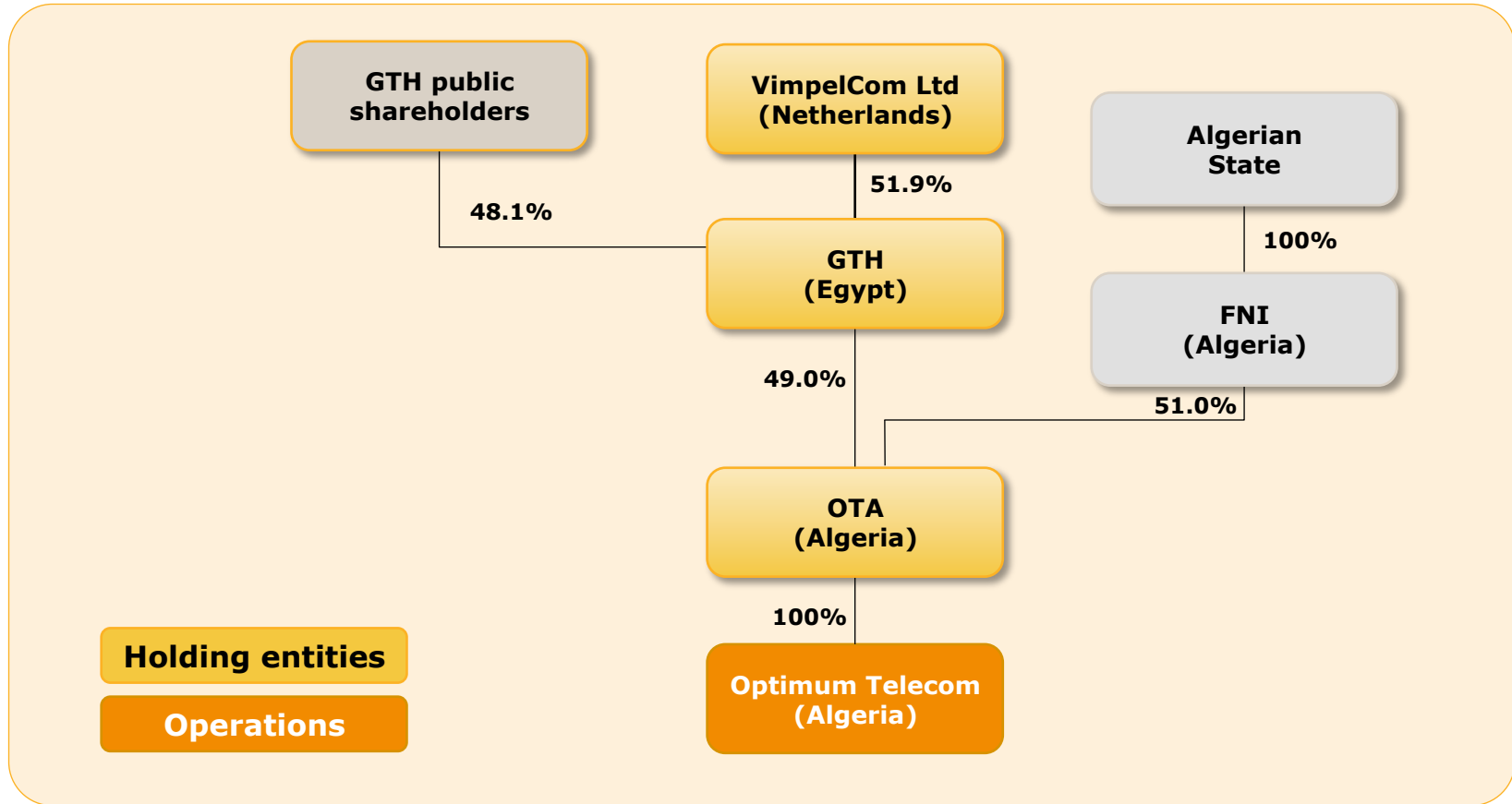
Buy Out Structure of Minority Shareholder Cevital



- 1 Prior to closing, VimpelCom issues convertible bond (USD 234 million)
- 2 GTH's transfers wholly owned subsidiary, which owns the convertible bond, to Cevital in exchange for:
 - a Cevital's OTA shares (USD 178 million, equivalent to the implied price at which the FNI is acquiring its 51% stake), and
 - b USD 56 million (Cevital's share of pre-closing dividend)
- 3 GTH will drawdown USD 234 million under the existing shareholder loan from VimpelCom

- 4 As part of the Cevital transaction, GTH will grant Cevital a right to purchase 3.43% of OTA shares for a fixed amount of USD 178 million. Such right may be exercised at any time between the 5th and 7th anniversaries of Closing

New Ownership Structure After Closing



Delivering Successful Results for All Stakeholders

- USD 4.0 billion cash proceeds used for deleverage
- Group earnings profile enhanced by ~ USD 0.5 billion by recent transactions
- Retain operational control and ability to consolidate Djezzy
- Future partnership and co-operation with Algerian Government
- Develop Algerian business capitalizing on market leading position to generate sustainable profitable growth

Value Accretive Transaction

Q&A

Further information

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