



VEON

EMPOWERING CUSTOMER AMBITIONS

CAPITAL MARKETS DAY
3 SEPTEMBER 2019

DISCLAIMER



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AGENDA



1. WHAT VEON STANDS FOR

Ursula Burns

2. STRATEGY FRAMEWORK

Alex Kazbegi

3. POSITIONED FOR GROWTH

Kjell Johnsen

4. RUSSIA: CHALLENGES & OPPORTUNITIES

Kjell Johnsen

5. EXECUTING ON GROWTH MARKETS

Kjell Johnsen

6. EXECUTING ON FRONTIER MARKETS

Kjell Johnsen

7. PORTFOLIO DEVELOPMENT

Alex Kazbegi

8. CAPITAL ALLOCATION

Alex Kazbegi

9. LOOKING FORWARD

Ursula Burns

10. Q&A











VEON'S INVESTMENT CASE



- Broad Emerging Markets footprint with scale and focus on three main operating clusters:
 - *Russia*: the cornerstone
 - *Pakistan, Ukraine, Kazakhstan and Uzbekistan*: our growth engines
 - *Algeria, Bangladesh and Others*: frontier markets
- Poised for continued strong organic growth, fuelled by investment
- Focused on cost efficiencies under a simplified organizational structure
- Creating economic value for shareholders, through maximizing returns from active portfolio development
- A balanced capital allocation policy taking into account investing for growth, maintaining modest leverage and returning money to shareholders
- Solid execution track record by a strong management team

OUR MARKETS OFFER BIG OPPORTUNITY...



CORNERSTONE	GROWTH ENGINES		FRONTIER MARKETS
<p> RUSSIA</p> <p>Population 144 million</p> <ul style="list-style-type: none"> • 74% urban • 35% under 30 <p>GDP per capita RUB 710k, CAGR 2018-22: +5.9%</p>	<p> PAKISTAN</p> <p>Population 201 million</p> <ul style="list-style-type: none"> • 36% urban • 66% under 30 <p>GDP per capita PKR 171k, CAGR 2018-22: +6.6%</p>	<p> UKRAINE</p> <p>Population 44 million</p> <ul style="list-style-type: none"> • 69% urban • 34% under 30 <p>GDP per capita UAH 81k, CAGR 2018-22: +12.9%</p>	<p>OTHER MARKETS</p> <p>    </p> <p>Population 221 million</p> <ul style="list-style-type: none"> • 54% under 30 <p>GDP per capita \$3.8k-15.4k, CAGR 2018-22: +1.8%-8.1%</p>
	<p> KAZAKHSTAN</p> <p>Population 18 million</p> <ul style="list-style-type: none"> • 57% urban • 49% under 30 <p>GDP per capita KZT 3,184k, CAGR 2018-22: +6.1%</p>	<p> UZBEKISTAN</p> <p>Population 32 million</p> <ul style="list-style-type: none"> • 51% urban • 56% under 30 <p>GDP per capita UZS 10,194k, CAGR 2018-22: +17.8%</p>	

Growing economies with young, urbanizing populations

Notes: CAGR 2018-2022; LCCY growth; Other markets – USD denominated growth
Source: IMF, World Bank, GSMA, GlobalData

VEON AT A GLANCE

a leading provider of connectivity and internet services



TOP-10 GLOBAL
TELECOM OPERATOR¹

210 million mobile
customers²

TOTAL REVENUE
FY 2018

9,086 USD million

EBITDA FY 2018

3,273 USD million

EQUITY FREE CASH
FLOW⁴ FY 2018

1,032 USD million

DATA REVENUE

2,120 USD million

DATA CUSTOMERS

128 million

Serving 10 markets

¹ GSMA

² Mobile customers at Q4 2018

³ Excluding FY 2018 HQ EBITDA

⁴ Equity free cash flow is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding M&A transactions, capex for licenses, inflow/outflow of deposits, financial assets and other one-off items

VEON AT A GLANCE

An experienced management team



Ursula Burns
Chairman and CEO



Kjell Johnsen
Group Chief
Operating Officer



Alex Kazbegi
Group Chief
Strategy Officer



Vasyl Latsanych
Russia CEO



Aamir Ibrahim
Pakistan CEO



Scott Dresser
Group General Counsel



Jacky Simmonds
Group Chief
People Officer



Trond Westlie
Group Chief
Financial Officer



Erik Aas
Bangladesh CEO



Matthieu Galvani
Algeria CEO



Joshua Drew
Group Chief Ethics and
Compliance Officer



Yogesh Malik
Group Chief
Technology Officer



Sergi Herrero
VEON Ventures Chief
Operating Officer



Aleksandr Komarov
Ukraine CEO



Sergey Afonin
Uzbekistan CEO

STRENGTHENING OUR MANAGEMENT TEAM

VEON Ventures



Sergi Herrero appointed to lead VEON Ventures to:

- drive our ambition beyond traditional connectivity to deliver growth from adjacent, digital products that are scalable, strategic and long-term
- identify and evaluate opportunities, forge global partnerships and work closely with Group and OpCo colleagues
- leverage Centers of Excellence to ensure Group-wide engagement and deployment
- fund via Group capital as opportunities arise



OUR JOURNEY SO FAR

Six quarters of considerable change



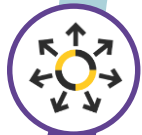
SIMPLIFY OUR STRUCTURE

- Sale of 50% stake in Italy joint venture increased our focus on emerging markets
- Successful completion of GTH MTO and started process of delisting and transferring its operating assets



ENHANCE OUR CORE

- Investments in infrastructure
- New DBSS to enable Big Data
- Improved distribution capabilities and best-in-class self-care ecosystems



TARGET COST EFFICIENCIES

- Lean operating model adopted
- Cost intensity program ongoing
- HQ costs falling, on track to halve by end-2019 from FY 2017



INVEST IN NEW SERVICES

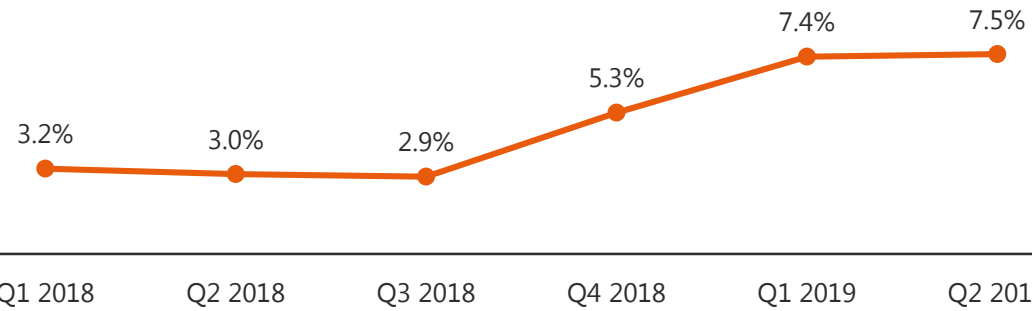
- Digitizing our core to serve and scale new services
- Big Data analytics deployed in key markets, others to follow
- Local digital product deployments accelerating
- Strengthening our team to identify and evaluate strategic assets

OUR JOURNEY SO FAR

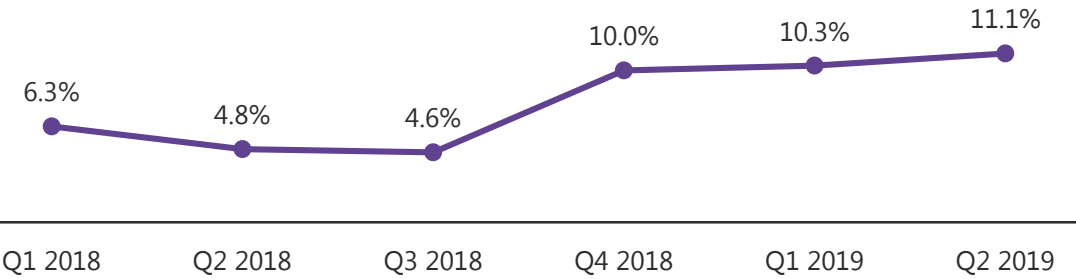
Six quarters of financial growth



TOTAL REVENUE ORGANIC GROWTH YOY

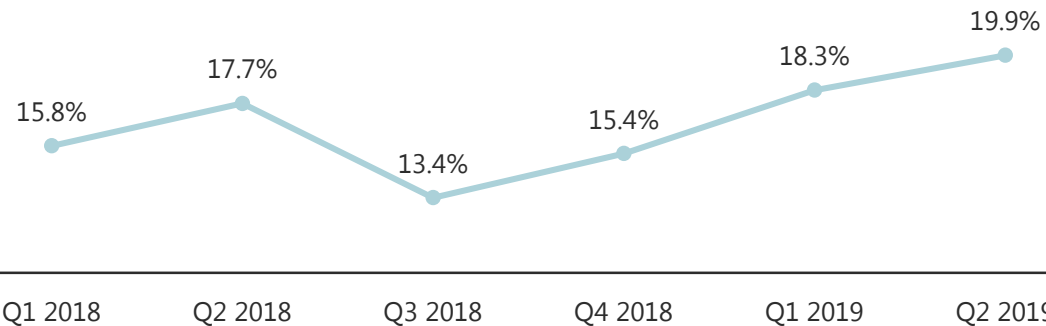


EBITDA ORGANIC GROWTH YOY



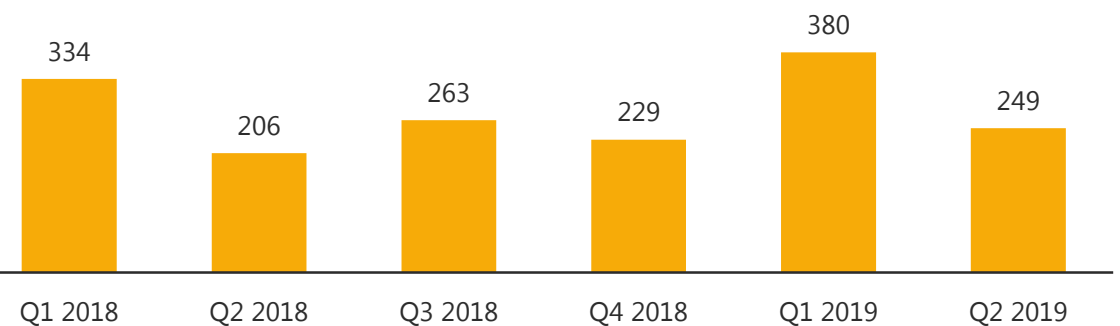
CAPEX EXCL. LICENSES/REVENUE TREND

(Pre-IFRS 16)



EQUITY FREE CASH FLOW EXCL. LICENSES

(Pre-IFRS 16), USD million



VALUES, ETHICS AND GOVERNANCE



- Guided by our strong values:
 - Customer obsessed
 - Innovative
 - Entrepreneurial
 - Collaborative
 - Truthful
- Committed to highest ethical standards
- Dedicated to achieving best Environmental, Social and Governance (ESG) standards



CREATING VALUE FOR SHAREHOLDERS



EMPOWERING CUSTOMER AMBITIONS

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STRATEGY FRAMEWORK

Our Group vision



EMPOWERING CUSTOMER AMBITIONS



- Our long-term goal is to fuse technology with human behavior in a predictive, cognitive manner to create products and services that reflect the individual needs of our customers



- Success will be enabled through smart deployment of three forms of capital:
 - *behavioral capital* which we collect through the data our customers share with us
 - *cognitive capital* which we create through applying analytics and algorithms to our behavioral capital
 - *network capital* which we possess through creation and growth of platforms that deliver individually tailored products and services



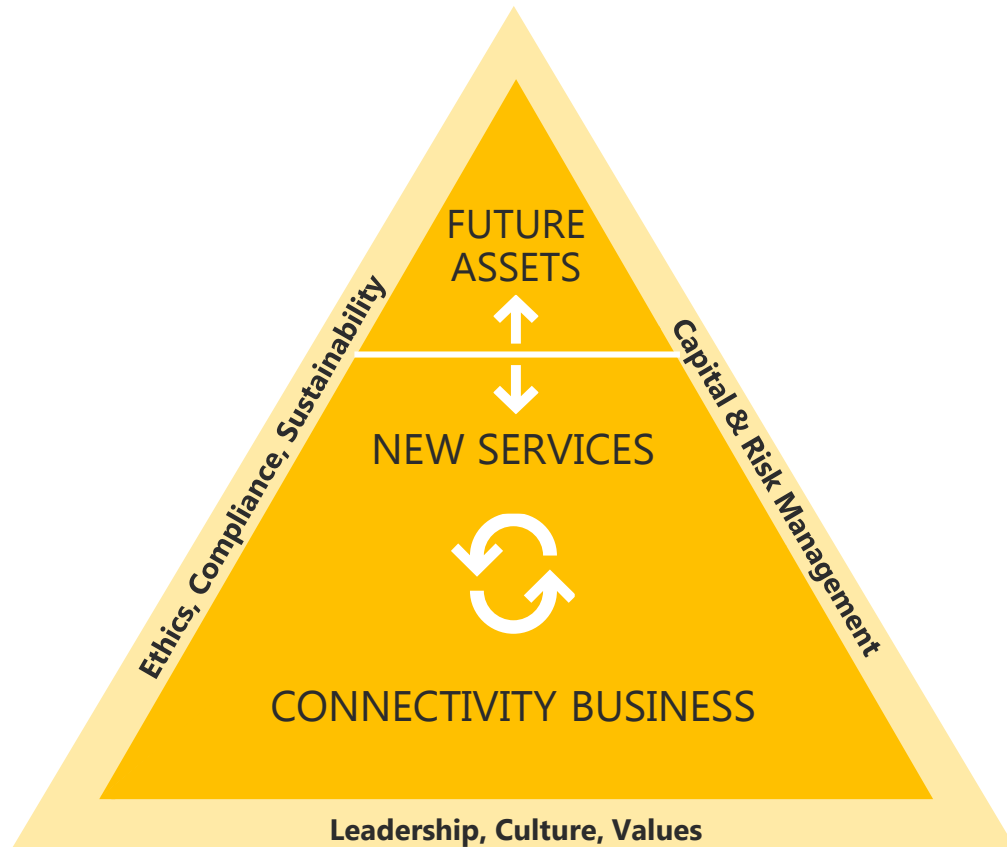
- We seek competitive advantage through creating clear value propositions for our customers, allowing us to forge and own lasting relationships with them



- Our vision is to **empower customer ambitions** becoming their digital concierge who helps, suggests and guides them in making choices and business decisions

STRATEGY FRAMEWORK

Three interlocking sources of value



Future Assets: Imagining Tomorrow's Possibilities

Harnessing new ideas and emerging technologies to develop the products and services of tomorrow

New Services: Transforming Customer Experiences

Fusing advanced technologies with customer insights to provide new, digitally-enabled experiences, tailored individually to the needs and aspirations of our customers

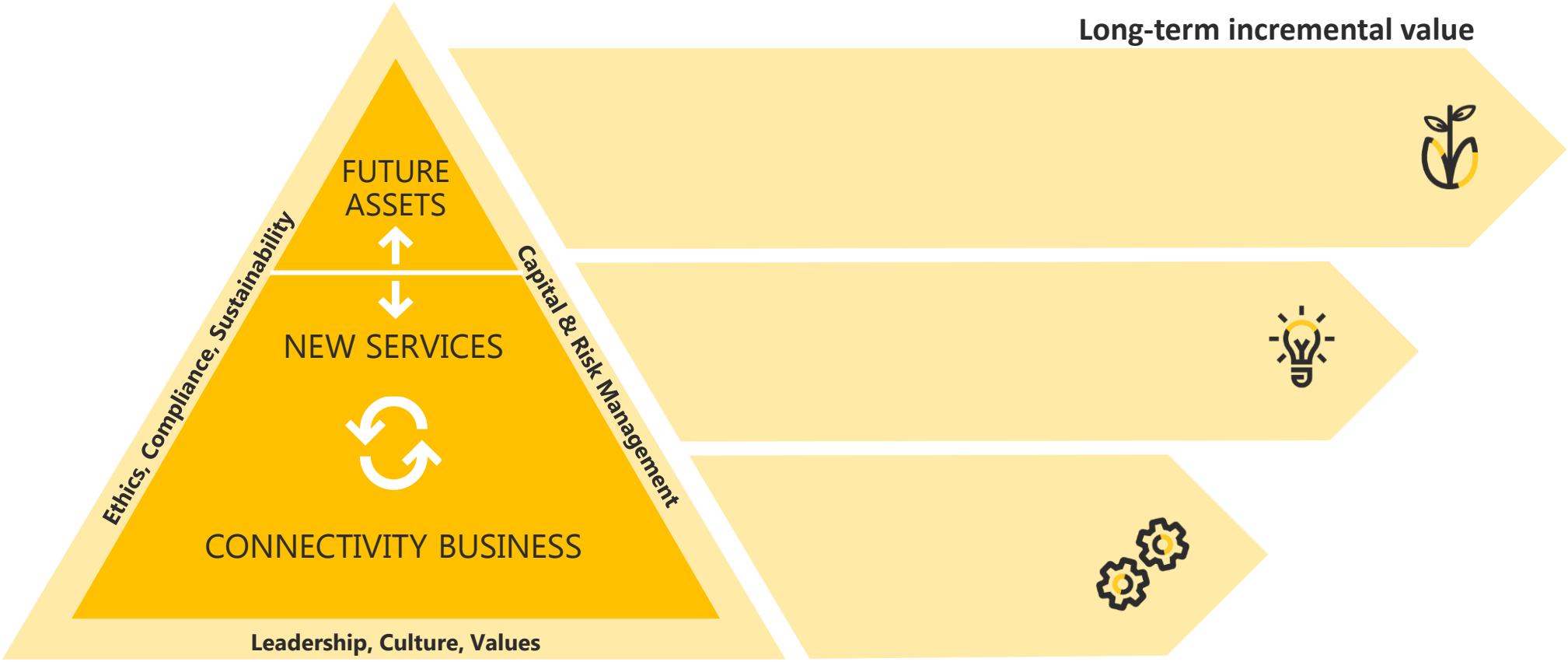
Connectivity: Mobilising a Connected World

Investing in networks and best-in-class technology to provide mobile and fixed connectivity services for our customers and the communities we serve

A framework that safeguards underlying commitments to all our stakeholders

STRATEGY FRAMEWORK

Re-thinking incremental value



Drive long-term value by inverting how we think about incremental returns

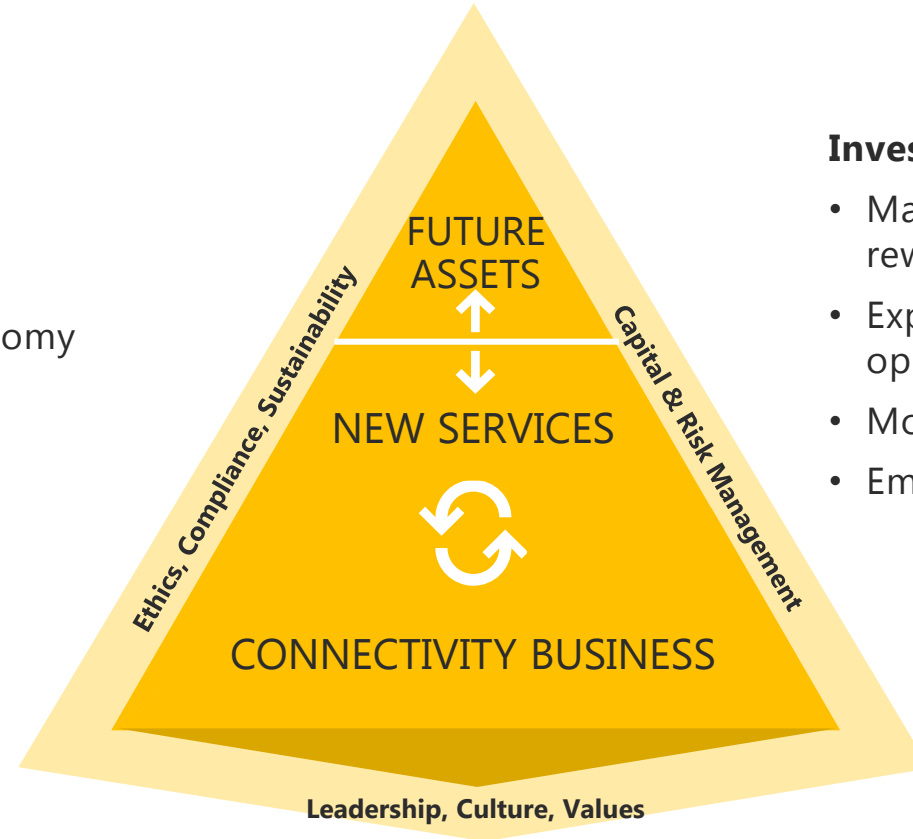
STRATEGY FRAMEWORK

A clear value proposition for all core stakeholders



Customers, Regulators, Societies

- Provide fundamental connectivity
- Empower customer ambitions
- Foster digital literacy and new economy entrepreneurship
- Uphold ethical, compliant business activities



Investors

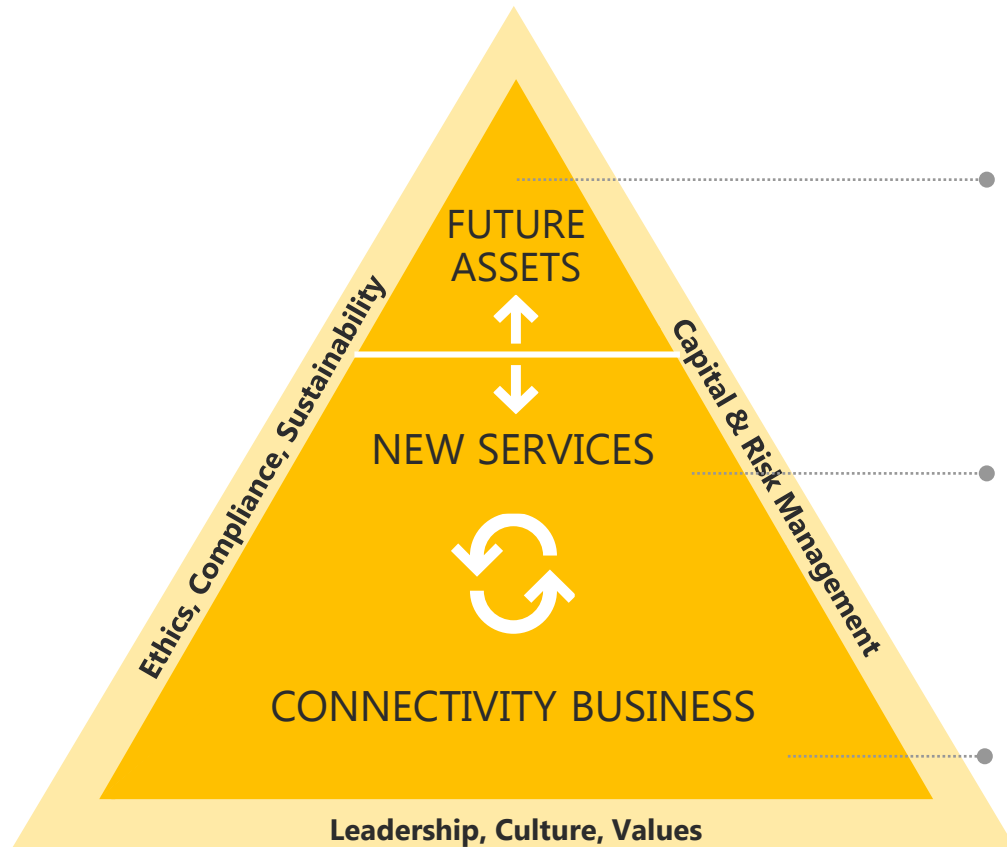
- Maximize present investment returns and reward patient capital
- Explore medium-term revenue opportunities
- Monetize digital investment
- Embed long-term value optionality

Our People

- Deliver fundamental services to societies to broaden social values and choices
- Incubate and promote new ideas to curate tomorrow's IP and talent
- Encourage long-term thinking to stretch skills and individual ambitions

STRATEGY FRAMEWORK

Illustrating our strategy



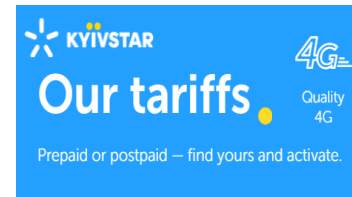
DFS Pakistan with 6 mln customers

First asset in VEON Ventures
Potential to scale up as a stand-alone business and to be utilized in different markets



Beeline TV Russia, 1.5 mln monthly users

Unique product enabled by Big Data
Works on any mobile network
Now launched in Kazakhstan and Uzbekistan

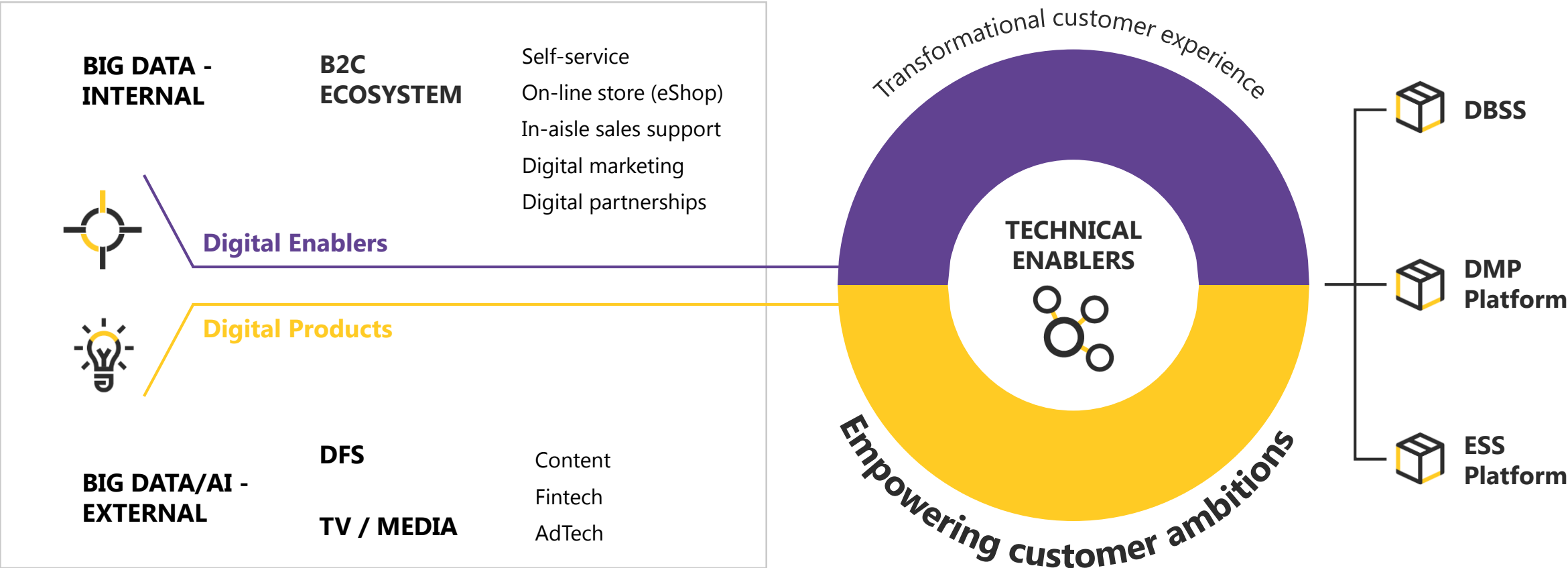


Data revenue +80% YoY in Ukraine, due to:

Focus on 4G network rollout
Increasing smartphone and data users
Successful re-pricing of simple tariff plans backed up with superior CVM engine

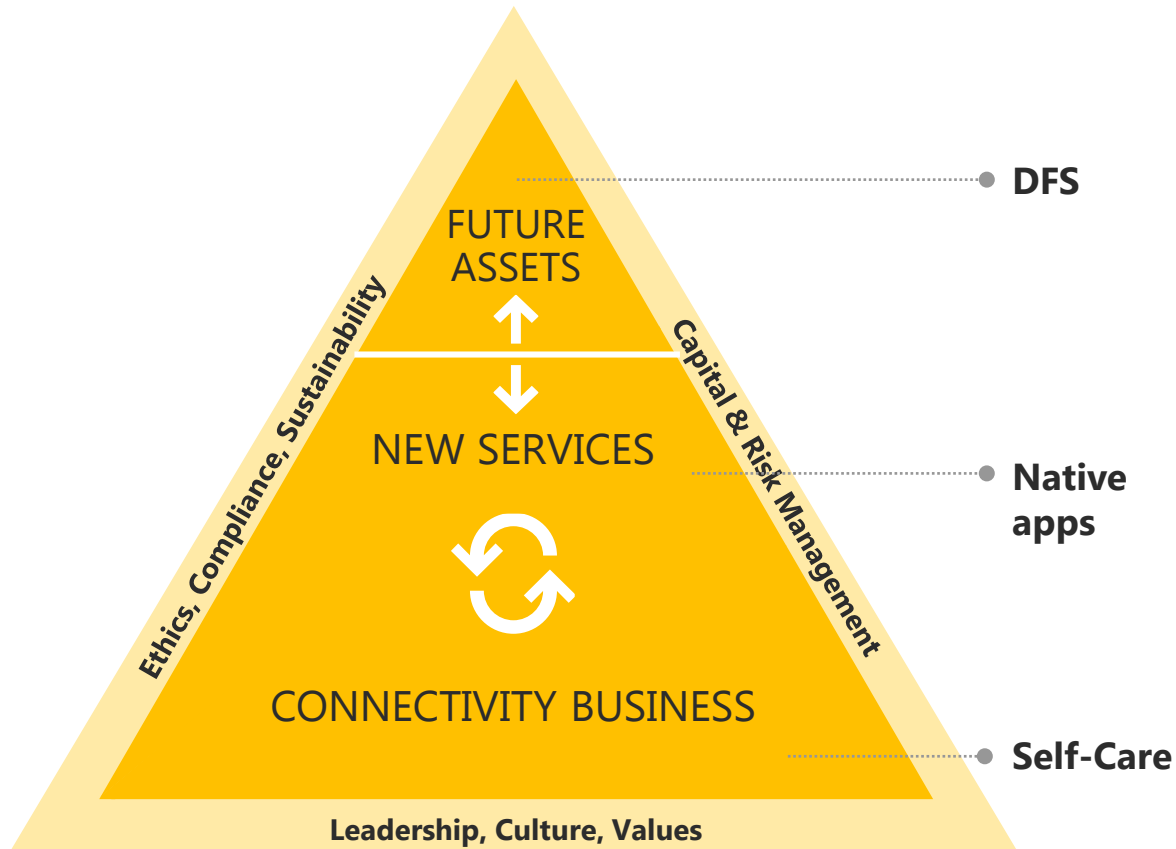
STRATEGY FRAMEWORK

Digital services already deployed



STRATEGY FRAMEWORK

Key Performance Indicators



ADOPTION	USAGE	SUCCESS
<ul style="list-style-type: none"> • Downloads • Number of wallets 	<ul style="list-style-type: none"> • DAUs, WAUs, MAUs • Wallet values • Cash in ecosystem • Transactions per month 	<ul style="list-style-type: none"> • Value of total transactions • Revenue growth
<ul style="list-style-type: none"> • Downloads 	<ul style="list-style-type: none"> • DAUs, WAUs, MAUs 	<ul style="list-style-type: none"> • % of total Revenues • Incremental ARPU contribution
<ul style="list-style-type: none"> • Downloads • User base penetration • Sessions/time per day 	<ul style="list-style-type: none"> • # of activations • # daily top-ups 	<ul style="list-style-type: none"> • ARPU impact • Upsell metrics • Cost intensity impact

DIFFERENT LOCAL OPPORTUNITIES AND STRATEGIES...



... based on market maturity, while VEON explores options to execute on all three pillars of our **Group Strategy** in every market

 PAKISTAN 	 UKRAINE 
 RUSSIA 	 KAZAKHSTAN 
 UZBEKISTAN 	 ALGERIA 
 BANGLADESH 	

Well positioned to capture long-term growth potential of our early-stage data markets

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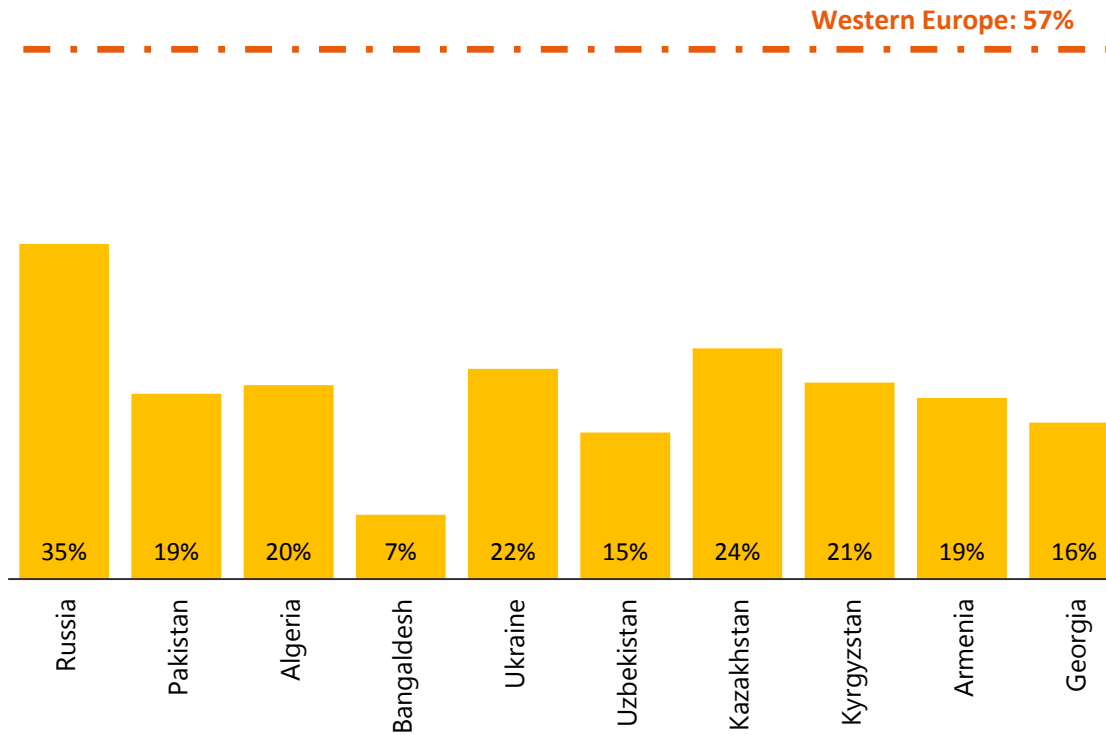
POSITIONED FOR GROWTH

Significant upside in mobile penetration and usage



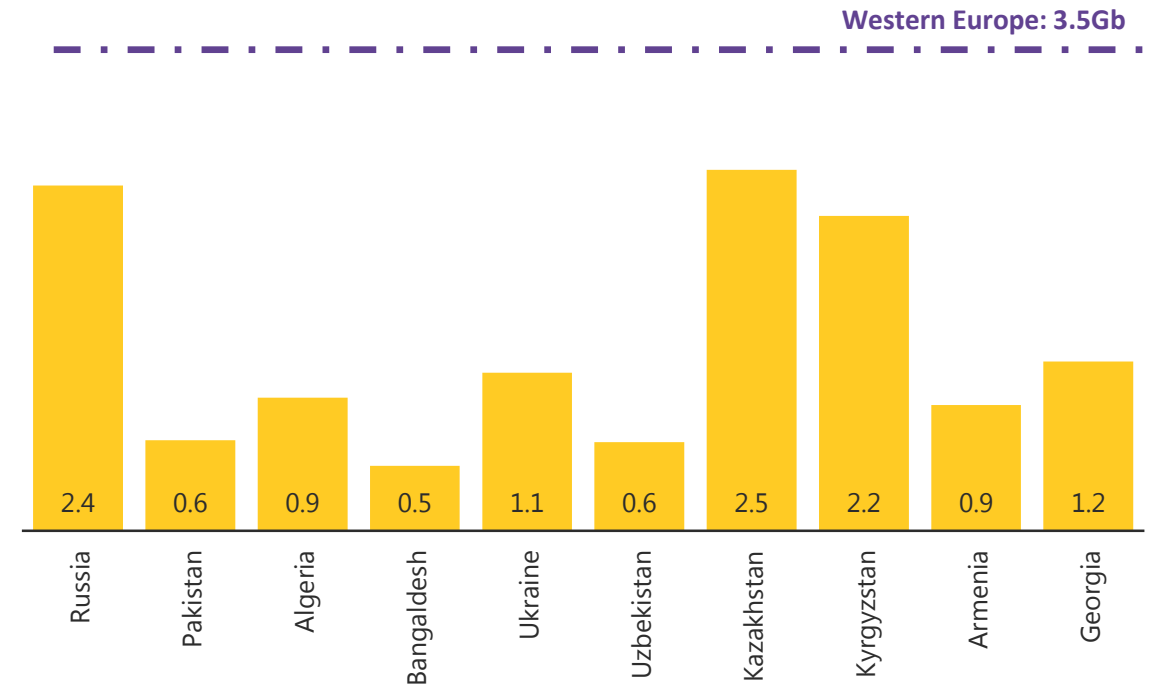
4G SMARTPHONE PENETRATION

Percentages of total subscriber base, %



DATA USAGE

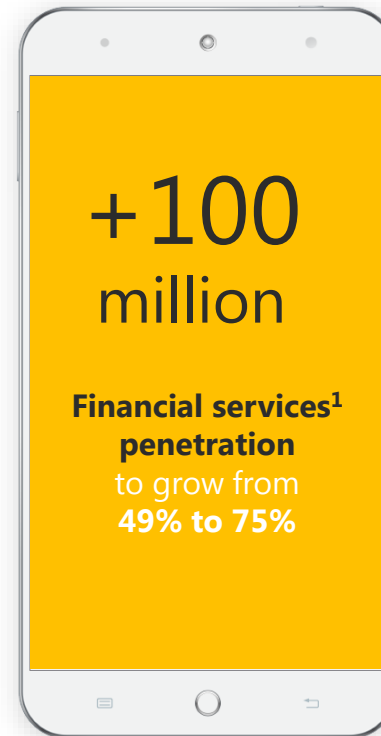
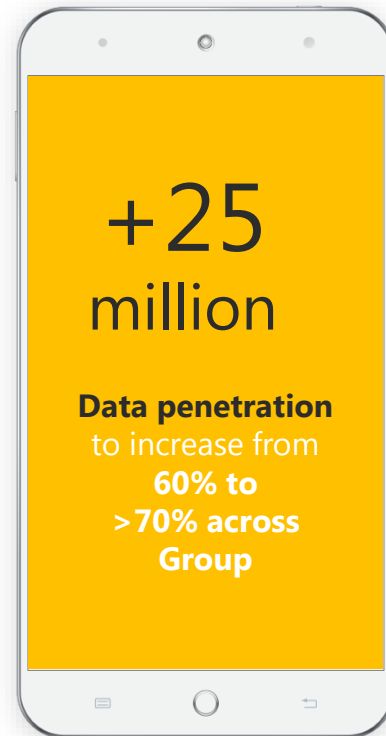
GBOU per subscriber



Sources: Analysis Mason, Company estimates

POSITIONED FOR GROWTH

Strong demographic-led medium term opportunities



Notes: 1 – based on individuals older than 15 years owning a financial account; 2 – based on % of population using internet
Sources: IMF, World Bank, Company estimates

POSITIONED FOR GROWTH



EXTERNAL GROWTH DRIVERS

- General economic development
- Low and rising smartphone penetration
- Mobile data usage
- Young, growing populations with strong appetite for digital services

OUR MARKET POSITIONING

- Strong market positions in high growth markets
- Significant headroom for customer penetration and data usage
- High quality networks and affordable service offerings
- New digital services to accelerate growth and monetize data opportunity
- Investing in best-in-class technologies to future proof networks

Well positioned to capture long-term growth potential of our early-stage data markets

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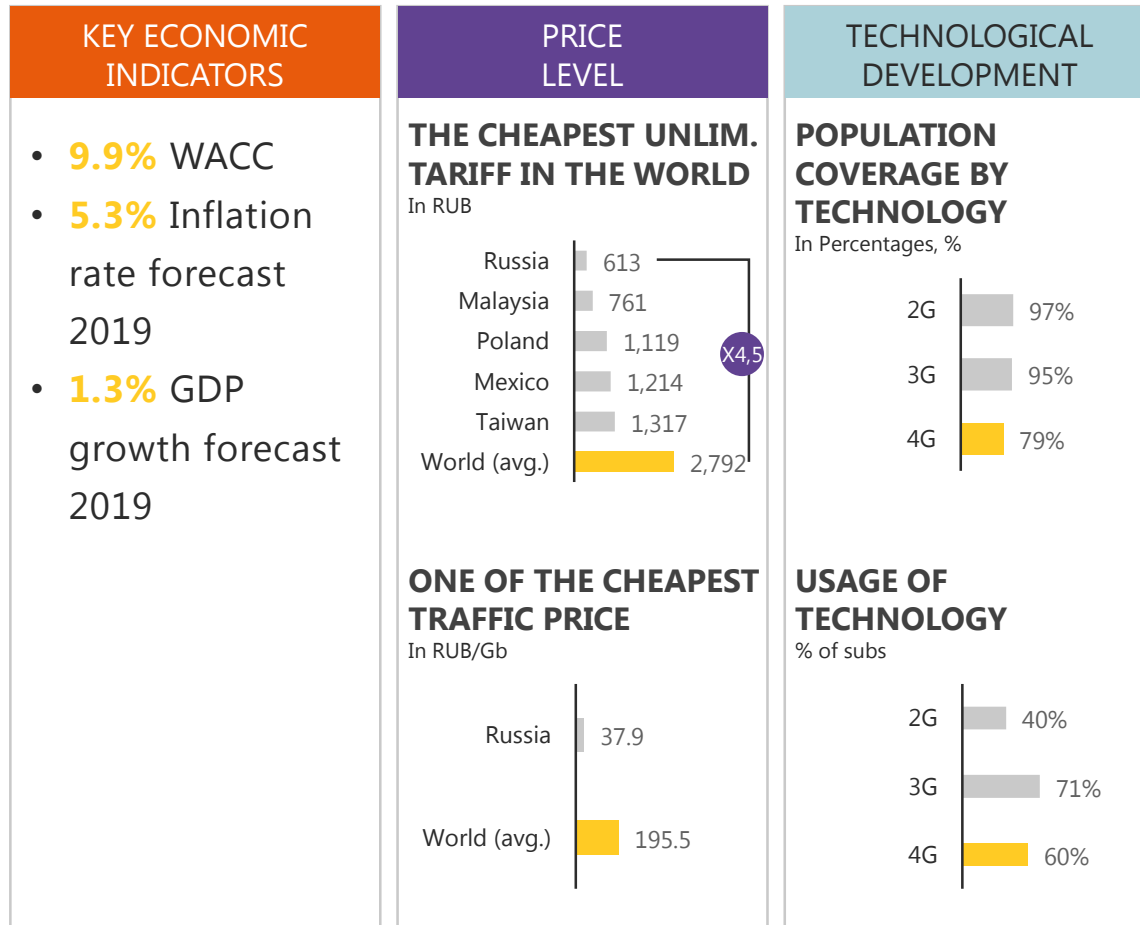
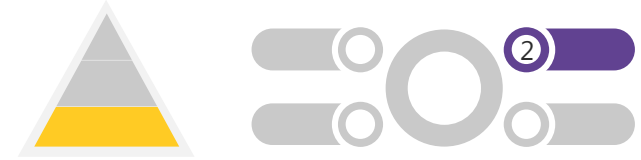
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Ursula Burns

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RUSSIA

Challenging market conditions



- 4-player saturated prepaid market with high SIM penetration
- All players are trying to diversify beyond core connectivity
- Migrants segment reduction started in 2018 as a response to economic and political situation, and the result of VOIP liberalization in CIS countries
- Government regulation intensified: Yarovaya law, VAT increase, national roaming cancellation

Sources: Central Bank of Russia annual forecast as of July 2019, Russian Ministry of Economic Development forecast, Content review 2019, GSMA Intelligence

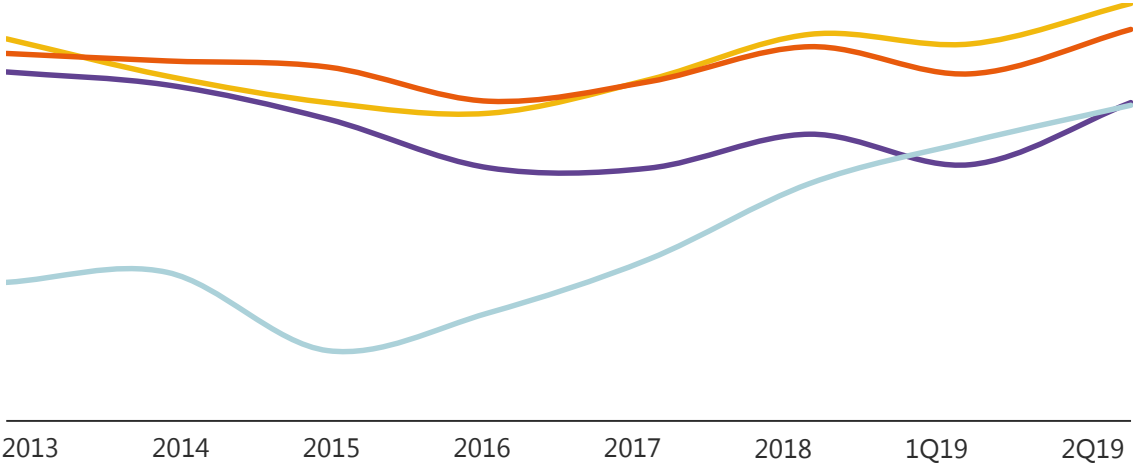
RUSSIA

Focus on market value



ARPU DEVELOPMENT IN CHALLENGING MARKET CONDITIONS

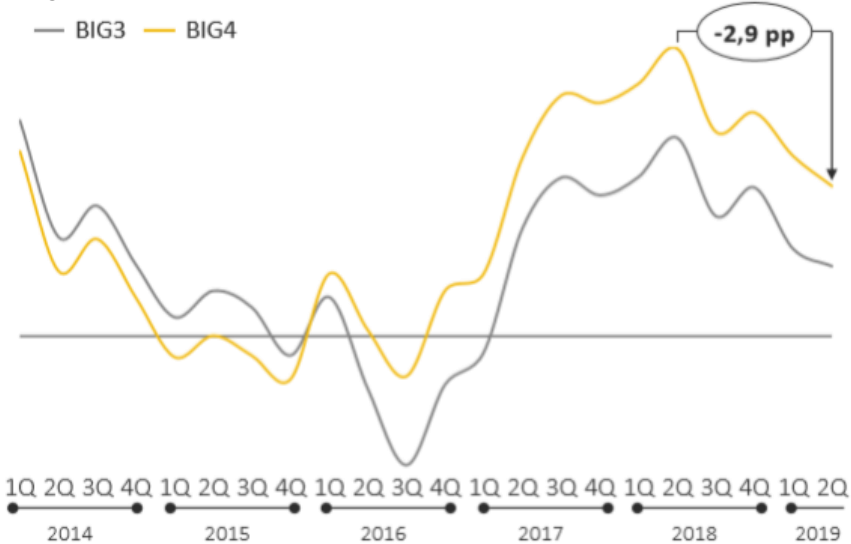
Percentages of total subscriber base, %



— Beeline — Competitor 1
— Competitor 2 — Competitor 3

MARKET GROWTH SLOWS DOWN

Mobile market YoY growth



Beeline demonstrates the highest ARPU, which is growing

Sources: public disclosures of telecom operators in Russia

RUSSIA

Beeline strikes back



SHORT-TERM PROMOTIONS WITH CLEAR PRICE COMMUNICATION

**ПЕРЕХОДИ В «БИЛАЙН»
НА БЕЗЛИМИТ
МЕЧТЫ**

99 руб/1-й месяц
безлимитный интернет
Тариф «Анлим» | beeline.ru



APR-MAY 2019

**UNLIMITED
FOR 99 RUB
IN FIRST
MONTH:**



ONLY
FOR 1
tariff



ONLY FOR
1 MONTH



REQUIRE
MANUAL
ACCEPTANCE

**БЕЗЛИМИТНЫЙ ИНТЕРНЕТ
3 МЕСЯЦА БЕСПЛАТНО
ВО ВСЕХ ТАРИФАХ**

beeline.ru



AUG-SEP 2019

**3 MONTHS
OF FREE
UNLIMITED
DATA:**



TIME
BOUNDED



WORKS
FOR 2
PRICE
PLANS'S



FOR NEWCOMERS
PROVIDES FREE
UNLIM OPTION FOR
3 MONTHS,
LEAVING MAIN FEE
AS IS

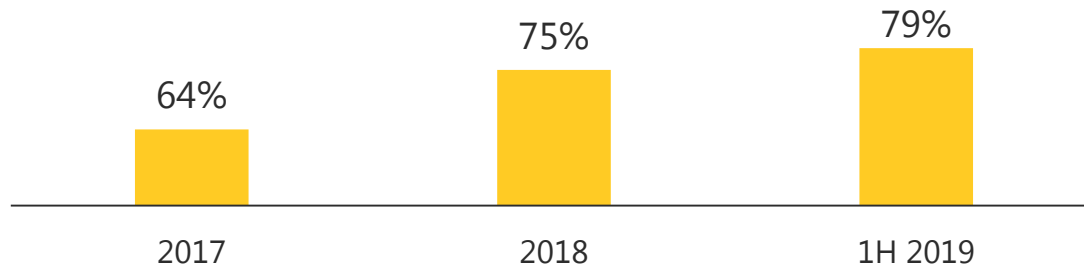
RUSSIA

Improvements in network with focus on LTE



LTE POPULATION COVERAGE

Percentage

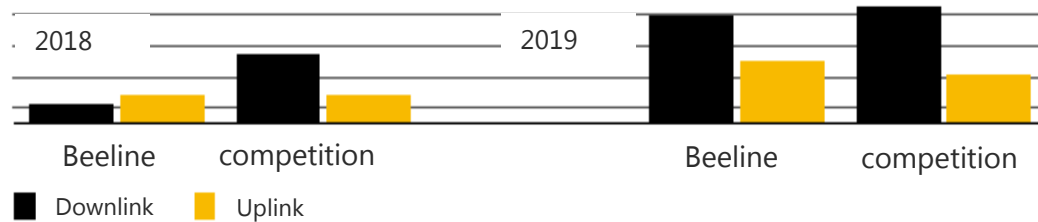


Progress made:

- +20% growth in number of LTE base stations in H1 2019, almost two times more than largest competitors
- >80% LTE traffic in total traffic in H1 2019

MOSCOW, AVERAGE DATA SPEED

MB/sec



More work to be done:

- Improve relative quality
- Targeting improvements in NPS

Continued network investments narrow the gap versus competition

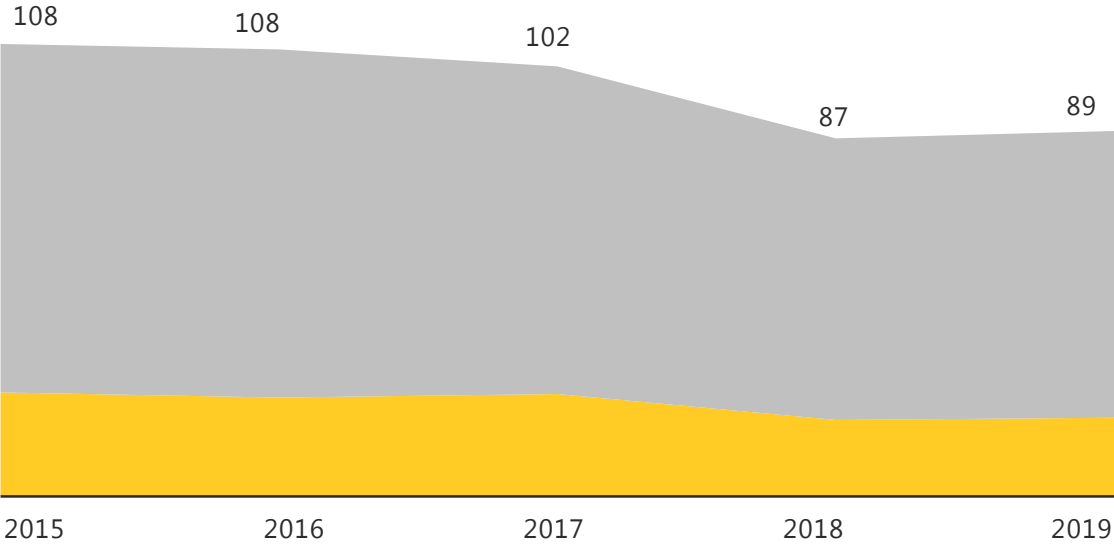
RUSSIA

Distribution development



ACTIVE SALES

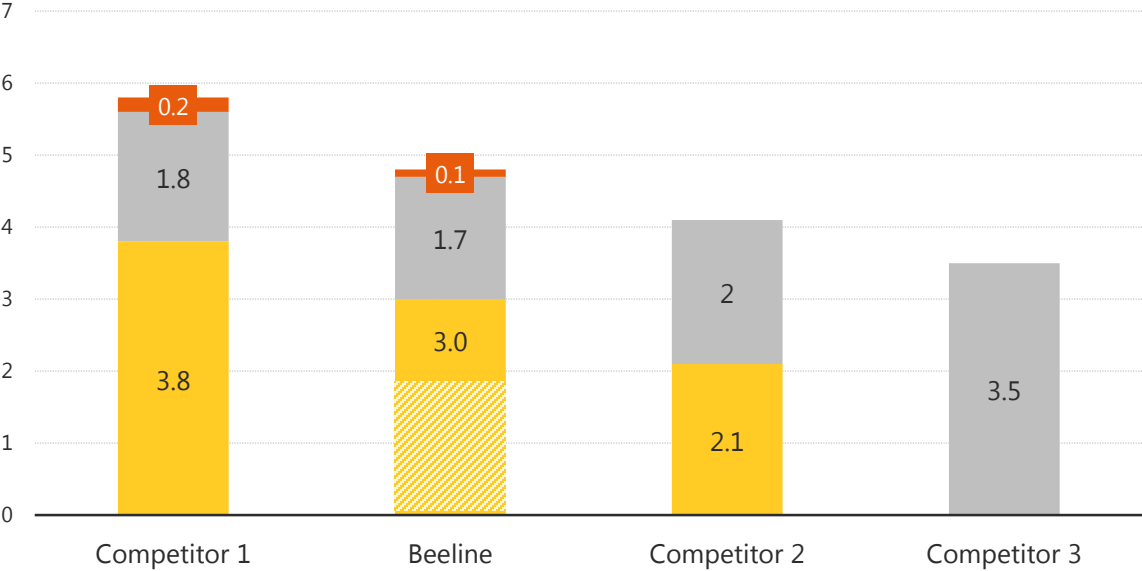
In million SIM cards (B2C)



Big 4 Beeline

NUMBER OF MONOBRAND STORES

Thousands



Own stores Franchised Euroset stores Co-branded stores

Solid position in distribution following successful integration of Euroset

RUSSIA

Addressing core connectivity



3B (bundle, brand, best seller)

KEY ACHIEVEMENTS

- +2.9%** ARPU growth YoY
- +46%** MBOU growth YoY (highest growth in the market)
- #2** in perception of leader in "Devices" brand attribute
- 7%** of total revenue coming from CVM

DISTRIBUTION

KEY ACHIEVEMENTS

- > 50%** of sales through monobrand channel
- 9.5%** of total market smartphone sales
- 10%** of online revenue in device sales

NETWORK

KEY ACHIEVEMENTS

- #2** in LTE base stations growth in 1H19
- +30%** growth of LTE users with HD speed in H1 2019

Note: all figures relate to June 2019 reporting period

RUSSIA

Expanding digital routes and deploying new services



MYBEELINE ECOSYSTEM

- Daily **customer engagement** and the cross-selling of partner offers and captive content
- **Active outreach** at critical points in customer journey to *Get, Grow* and *Keep* subscribers via CVM activities

MAU JUN'19

8.4 Million

BEELINE TV

- Personalized, targeted featuring Live TV and VoD
- On any device on any network
- Key enabler for FTTB offering
- Potential asset for VEON Ventures

MAU JUN'19

SUBSCRIPTION REVENUE 1H19

1.5 Million **25.1** USD Million

FINANCIAL SERVICES

- Commercialized as an integral part of Beeline's app ecosystem
- Marketplace of financial services and wide range of insurance products

FINTECH REVENUE 1H19

26.3 USD Million

BIG DATA ADTECH

- 2016** Marketing and AdTech
- 2017** Financial ecosystem
- 2018** Geo-analytics
- 2019** Big Data APIs and in IoT

DIRECT BIG DATA REVENUE 1H19

5.2 USD Million

Digital investment increasing sales penetration of **connectivity** and **new services**

RUSSIA

Strengthening our position



NETWORK: ENHANCE QUALITY AND BECOME THE MOST RELIABLE PROVIDER

- Continue to focus on mobile network optimization and densification
- Continue with FTTB expansion
- Prepare transport network for current and future needs
- Focusing investments on key cities

RETAIL: REALISE BENEFITS OF MONOBRAND AND HANDSETS STRATEGY, ACCELERATE DIGITAL CHANNELS

- Increase quality of sales both in monobrand and in independent channels through big data-driven customer quality control and operational transformation
- Persistent campaigns with devices bundled with long-term contracts
- Acceleration of on-line sales boosting digital onboarding experience through introduction of remote self identification technology

PRICING: LEAD WITH SIMPLE, CONVERGED OFFERS TO INSULATE AGAINST MARKET COMPETITION

- Focus customer offers on transparency and price perception
- Secure leadership in FMC and become the provider of choice for households, drawing on active CVM to support
- Promote and broaden offers enhanced by digital products (including Beeline TV)

Customer base stabilization through focus on improving pricing and network perception

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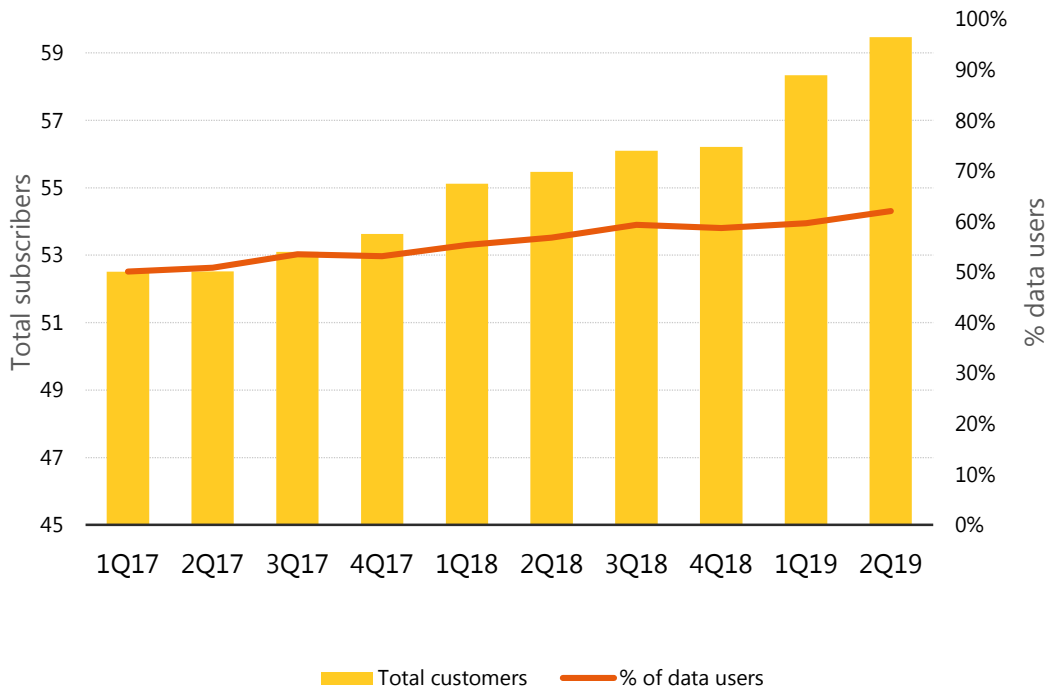
PAKISTAN

Consolidating our market leadership



DATA SUBSCRIBERS GROWTH

Total subscribers / % of data users in total subscribers

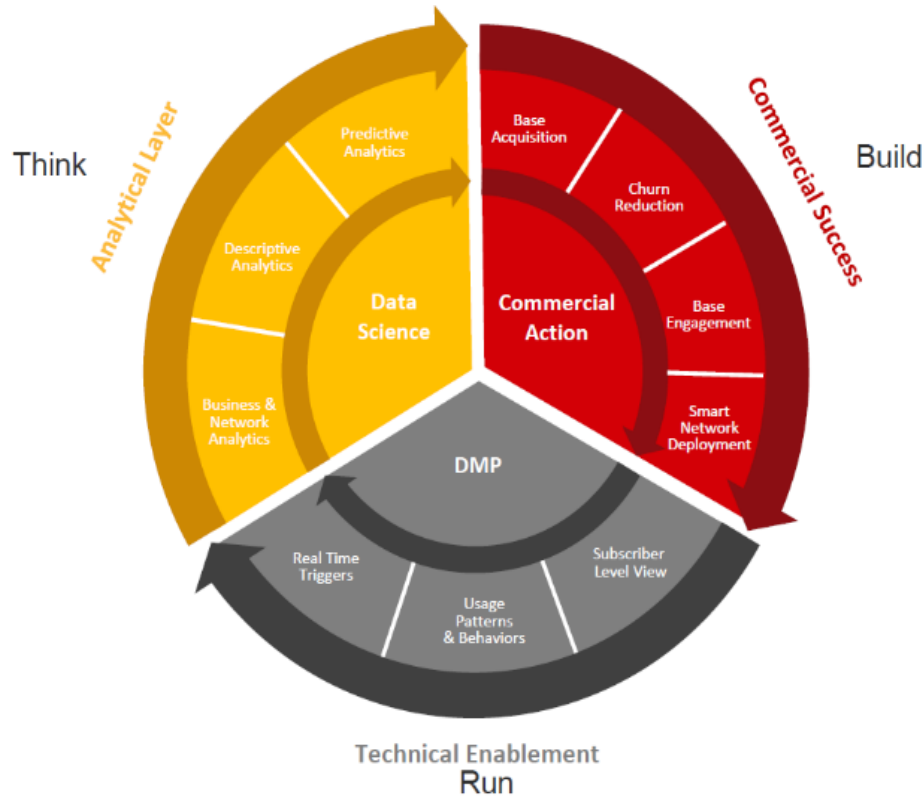
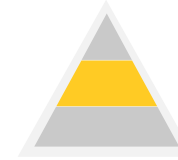


- Strong performance continues in the first half: 22.0% YoY organic growth in revenue and 24.2% YoY organic growth in EBITDA
- Customer based increased by 7.2% YoY to 59.5 million
- Jazz's data network coverage reached more than 50% as of June 2019
- Data subscriber growth driven by continuous investments in new site rollouts and existing site upgrades
- Low smartphone penetration (~37%) implies headroom for further growth


Data penetration driving **core connectivity**

PAKISTAN


Big data accelerating commercial success




JAZZ TV




- Identification for comparative profile matching
- Increased propensity to subscribe
- Optimized marketing push



2.7M+
Downloads



424K
MAUs

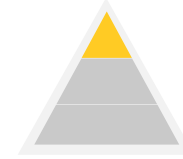


609%
YoY Growth

Result: higher customer engagement, lowest industry churn, upselling **new services**

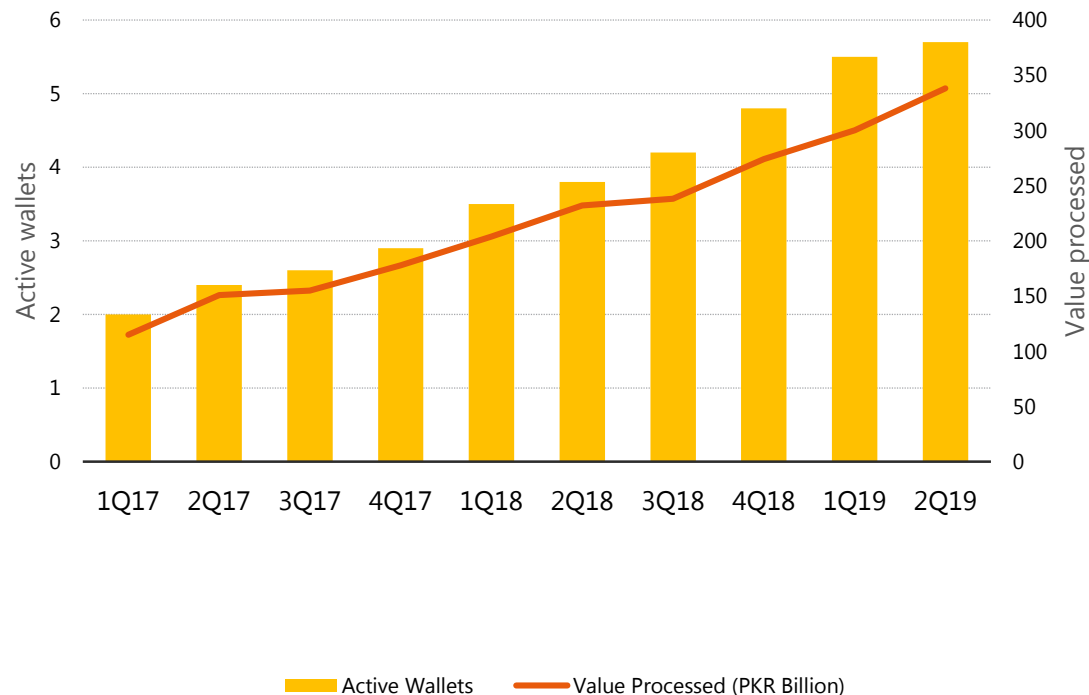
PAKISTAN

Future Asset opportunity in DFS



DIGITAL FINANCIAL SERVICES

of Active Wallets (millions) / Total Value Processed (PKR billions)



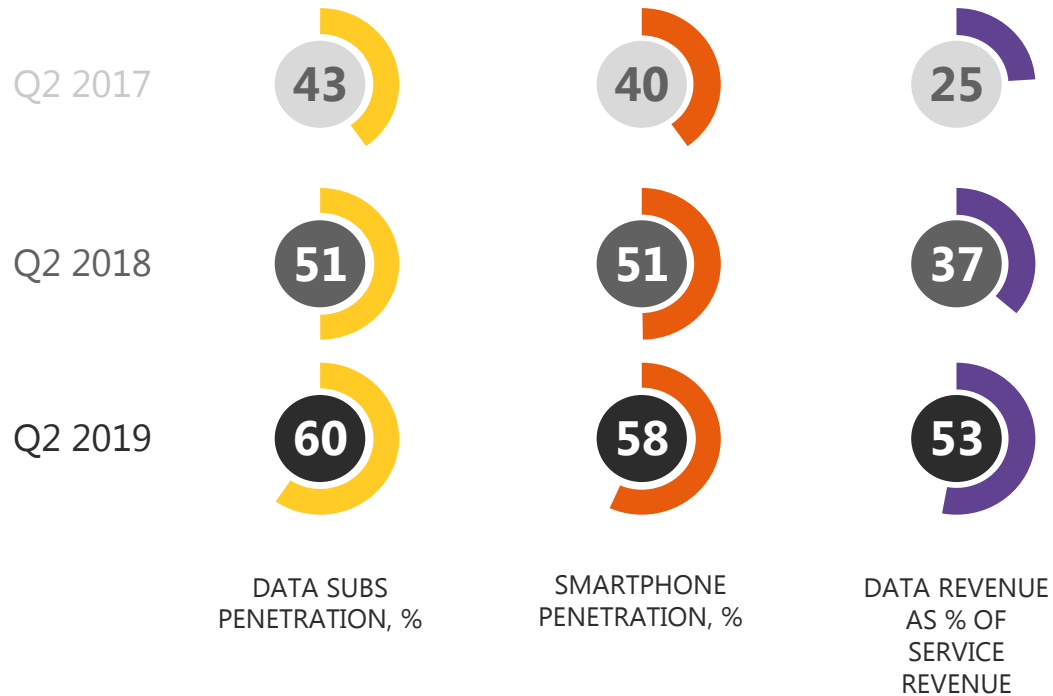
- A transformative lifestyle product given the nation's significant unbanked population (~50%)
- Nearly 16% of all accounts in Pakistan are JazzCash accounts
- More than half the industry's cash-in value moves through JazzCash accounts (~60%)
- Nearly 2.5% of Pakistan's GDP by value is processed via JazzCash

JazzCash is the DFS leader in Pakistan with ~6 million active mobile accounts

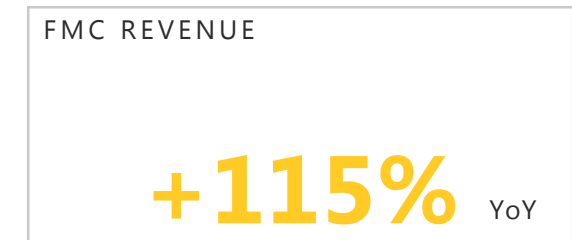
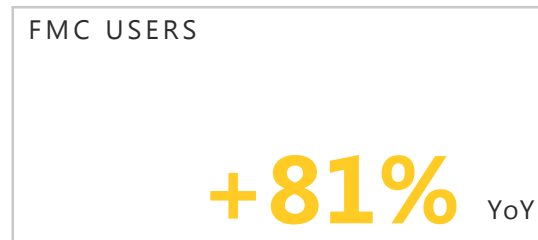
Sources: Global Findex / World Bank 2017

UKRAINE

Monetizing strong data growth



- Technological leadership cementing our market position (#1 customer choice)
- Successful 4G/LTE launch and subscriber base migration
- LTE ARPU now twice as high as non-LTE ARPU
- FMC propositions support fixed-line growth and reduced churn
- Low smartphone and FMC penetration imply continued headroom for growth



Simplified, clear tariff structure boosts **connectivity** growth

UKRAINE

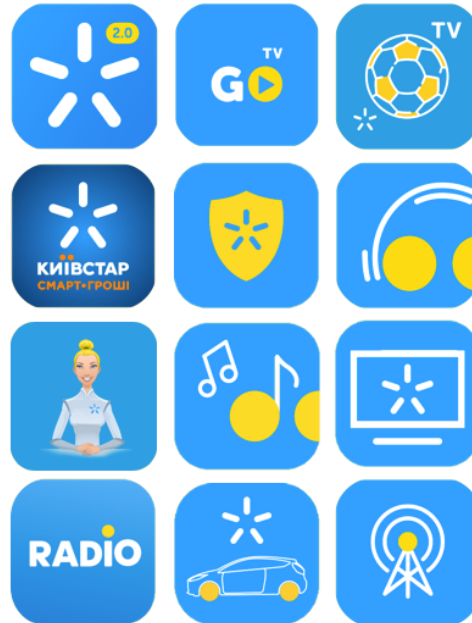
Empowering digital choices



SHARE OF DIGITAL CHANNELS IN TARIFF MIGRATIONS

15% +6pp YoY

EXPANDING ECOSYSTEM OF DIGITAL SERVICES



- Transforming into a digital operator:
 - External digital ecosystem
 - Core business services
 - Internal processes
- Evolving digital ecosystem of consumer services:
 - Content (TV, radio, music, sport)
 - Self-care (My Kyivstar, chat-bot)
 - Mobile wallet

ICT SERVICES

IoT & M2M

1.5M
connections
+18% YoY

CLOUDS

+111%
YoY in
revenue

Deploying **new services** to maximize value and cash flow generation

UZBEKISTAN

Best network quality and clear customer focus



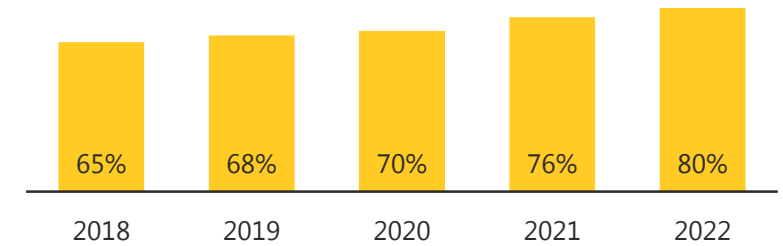
UZBEKISTAN MARKET:

- Growing mobile telecom market
- Economic liberalization and openness to foreign investment
- Tax reforms impact to end by year end
- Long-term potential in infrastructure development and fixed-line business

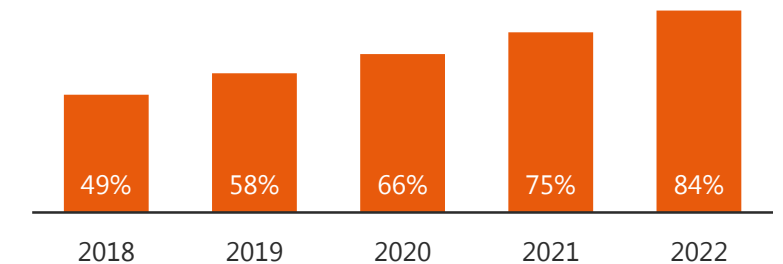
BEELINE UZBEKISTAN STRATEGY:

- Invest in 4G network coverage
- Customer retention activities to reduce churn
- Smart pricing with data monetization
- B2B potential to double its contribution in three years
- Exploring FMC opportunity

MOBILE PENETRATION



DATA USERS PENETRATION



Attractive market with double-digit growth potential in **connectivity**

AGENDA



1. WHAT VEON STANDS FOR

Ursula Burns

2. STRATEGY FRAMEWORK

Alex Kazbegi

3. POSITIONED FOR GROWTH

Kjell Johnsen

4. RUSSIA: CHALLENGES & OPPORTUNITIES

Kjell Johnsen

5. EXECUTING ON GROWTH MARKETS

Kjell Johnsen

6. EXECUTING ON FRONTIER MARKETS

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7. PORTFOLIO DEVELOPMENT

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9. LOOKING FORWARD

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10. Q&A

BANGLADESH

Turnaround story, region-focused strategy



BANGLADESH MARKET:

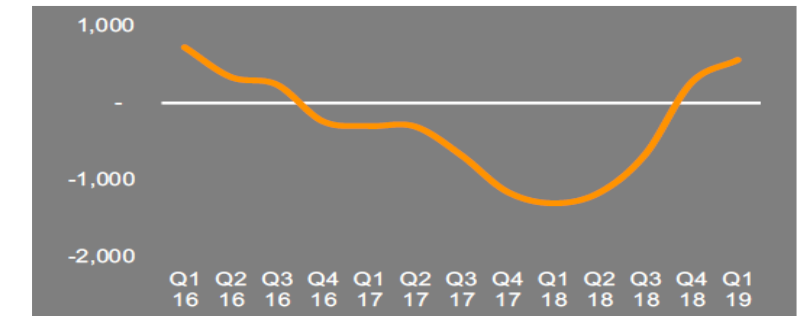
- Data-driven industry growth
- Future growth underpinned by affordable handsets and low adoption:
 - **37%** smartphone penetration
 - **19%** 4G devices
- Regulatory regime in flux and fiscal burden high

BANGLALINK'S STRATEGY:

- Grow high-value customers
- Capture double-digit data revenue growth
- Focus on data networks rollout
- Equity FCF growth supported by cost efficiency initiatives

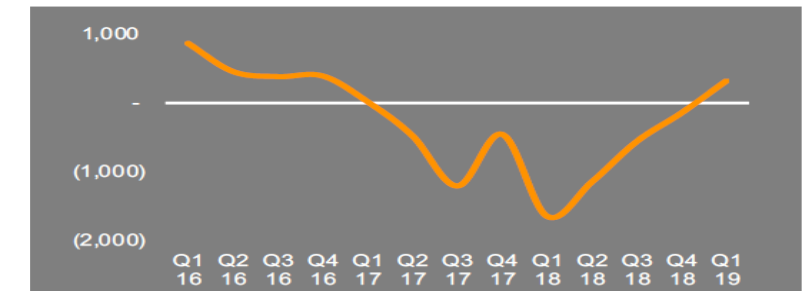
YOY QUARTERLY SERVICE REVENUE GROWTH

BDT million



YOY QUARTERLY EBITDA GROWTH

BDT million



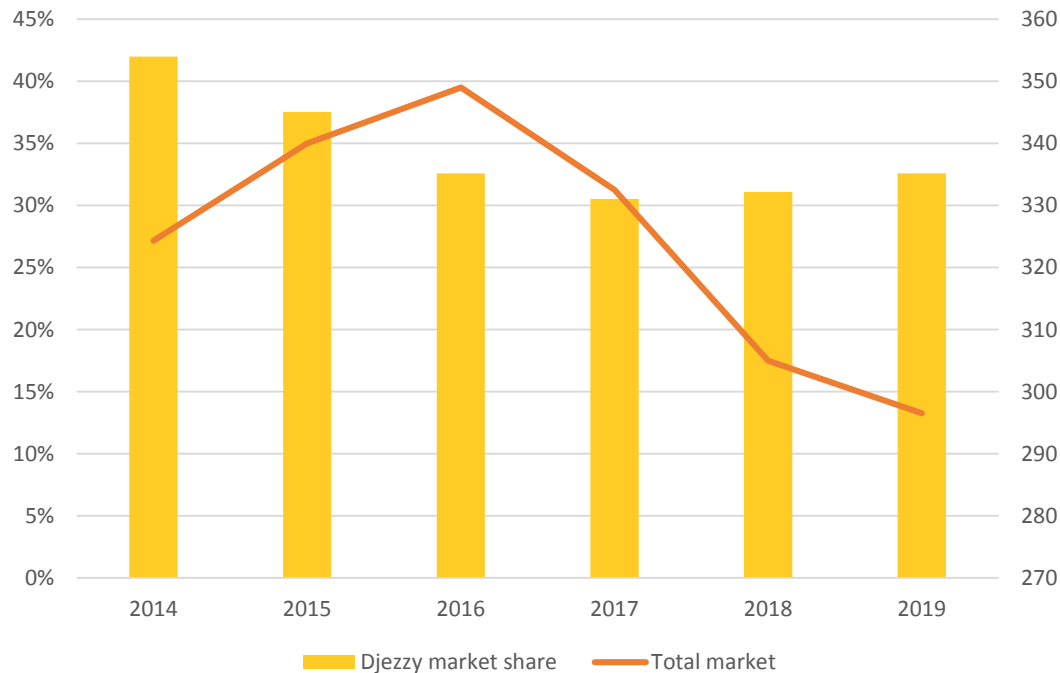
Maximizing value of our **connectivity** business

ALGERIA

Focus on value in an unstable macro environment



MARKET VALUE AND SHARE



MARKET SHARE GROWTH THROUGH:

- #1 Network
 - Largest 4G Network
 - Best data experience
- #1 Digital Company
 - New DBSS deployed
 - Selfcare digitally-enabled and enhanced
 - Data-centric offers
- Best customer service
 - Regional model
 - Customer obsessed

Driving **connectivity** value upwards through segmented market investment

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PORTFOLIO APPROACH

Our investment philosophy



- Constantly evaluate the Group structure and our existing portfolio of assets to assess fit and incremental **contribution to value creation** for our shareholders
- We rank operating companies through a grid of metrics evaluating **market attractiveness**, our **competitive position** and the ability to deliver **positive ROICs** above local hurdle rates
- We are focused on simplification, optimization, efficiency and **maximization of returns**
- We will evaluate **new investment opportunities** based on their fit with our three pillar pyramid strategy and their ability to generate superior returns

PORTFOLIO DEVELOPMENT

A balanced portfolio of three operating clusters



COUNTRY		REVENUE MARKETSHARE	MARKET REGULATION	PRICING TRENDS	
	Russia	3 rd	●	●	<ul style="list-style-type: none"> • Largest, most mature market with strong cash generation and revenue opportunities across all three pillars • ROIC above WACC <ul style="list-style-type: none"> - Grow modestly with moderate additional investment in network and new services
	Ukraine	1 st	●	●	<ul style="list-style-type: none"> • Growth leaders, each in a market sweet-spot of rapid services' adoption and growth • ROICs consistently and considerably above respective WACCs <ul style="list-style-type: none"> - Consolidate market leadership, invest into new and high return areas
	Pakistan	1 st	●	●	
	Kazakhstan	1 st	●	●	
	Uzbekistan	1 st	●	●	
	Algeria	1 st	●	●	<ul style="list-style-type: none"> • Frontier markets with changing development opportunities and significant long-term growth optionality • ROICs in line or below WACCs <ul style="list-style-type: none"> - Stabilize returns and focus investments to capture market opportunities as they arise - Other smaller, non-strategic assets: explore monetization options
	Bangladesh	3 rd	●	●	
	Others	2 nd or 3 rd	●	●	

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4. RUSSIA: CHALLENGES & OPPORTUNITIES

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5. EXECUTING ON GROWTH MARKETS

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6. EXECUTING ON FRONTIER MARKETS

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9. LOOKING FORWARD

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10. Q&A

CAPITAL ALLOCATION

Capital allocation principles integral to our strategy

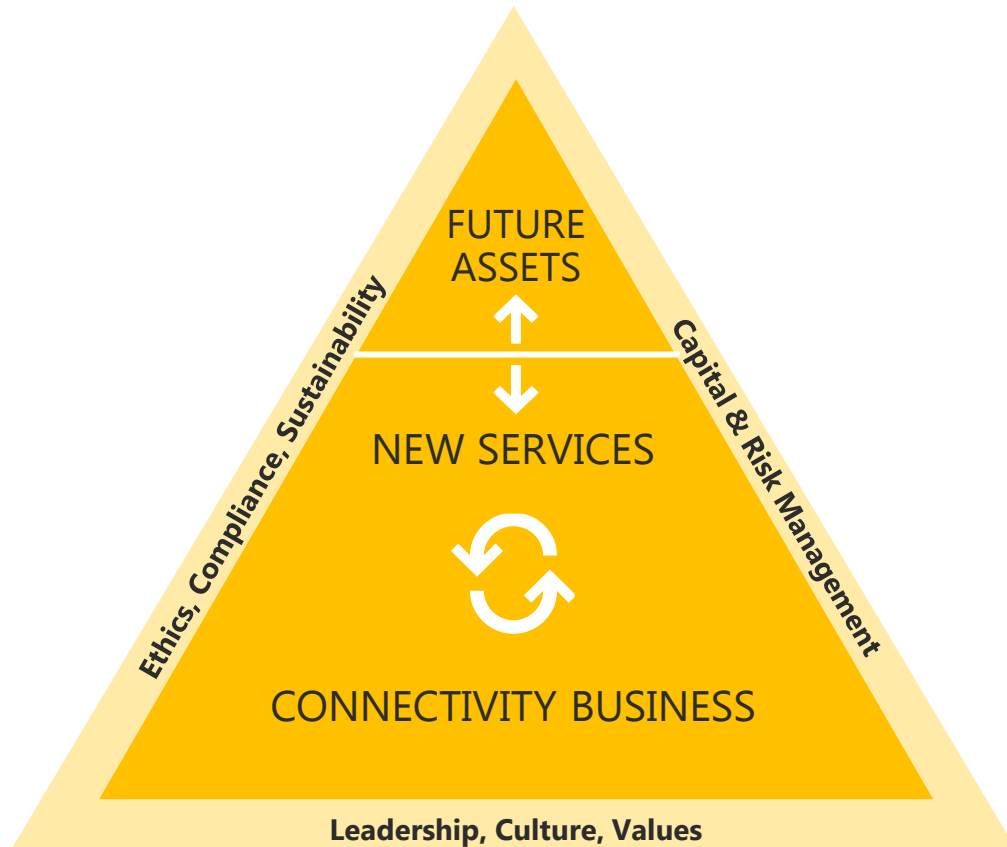


- Our capital allocation objectives are to:
 - match the size of investments with the attractiveness of markets and products on a ROIC / Payback basis
 - invest in supporting and enhancing our core connectivity business
 - invest in new services to spur growth
 - invest in value creating opportunities by identifying future assets
 - return money to our shareholders
 - maintain appropriate gearing levels
- Our goals are to achieve real growth in Group EBITDA, returns above hurdle rates, return money to shareholders and target leverage below 2.4x (after IFRS-16)¹

¹ IFRS 16 impact on leverage target is based on projections at the beginning of FY 2019

CAPITAL ALLOCATION

Stretching our ambition, measuring our success










Objective:	Enhance firm-wide intrinsic value
Capital allocation:	Balance sheet investment, Scalability test
Financial KPI:	Return on Assets (ROA) Stand-alone market valuations
Objective:	Grow revenues & profitability
Capital allocation:	ROIC-based strategic CAPEX
Financial KPIs:	Equity valuation (EV/EBITDA)
Objective:	Maximize cashflow
Capital allocation:	Baseline capex
Financial KPIs:	Revenue, EBITDA & EFCF guidance Asset intensity Returning cash to shareholders

Broaden financial goals of our business streams through KPIs that reflect their ability to drive long-term value

CAPITAL ALLOCATION



Investing for the future



COUNTRY	INVESTMENT PRIORITIES
 Russia	Extend LTE coverage and capacity, targeted fixed line roll-out, data storage in line with local regulation
 Ukraine	Ensure technological leadership through targeted LTE roll-out, capacity upgrades and new products development,
 Pakistan	
 Kazakhstan	
 Uzbekistan	
 Algeria	Consider measured investments by focusing on critical capabilities and projects with short- to medium-term payback
 Bangladesh	
Others	

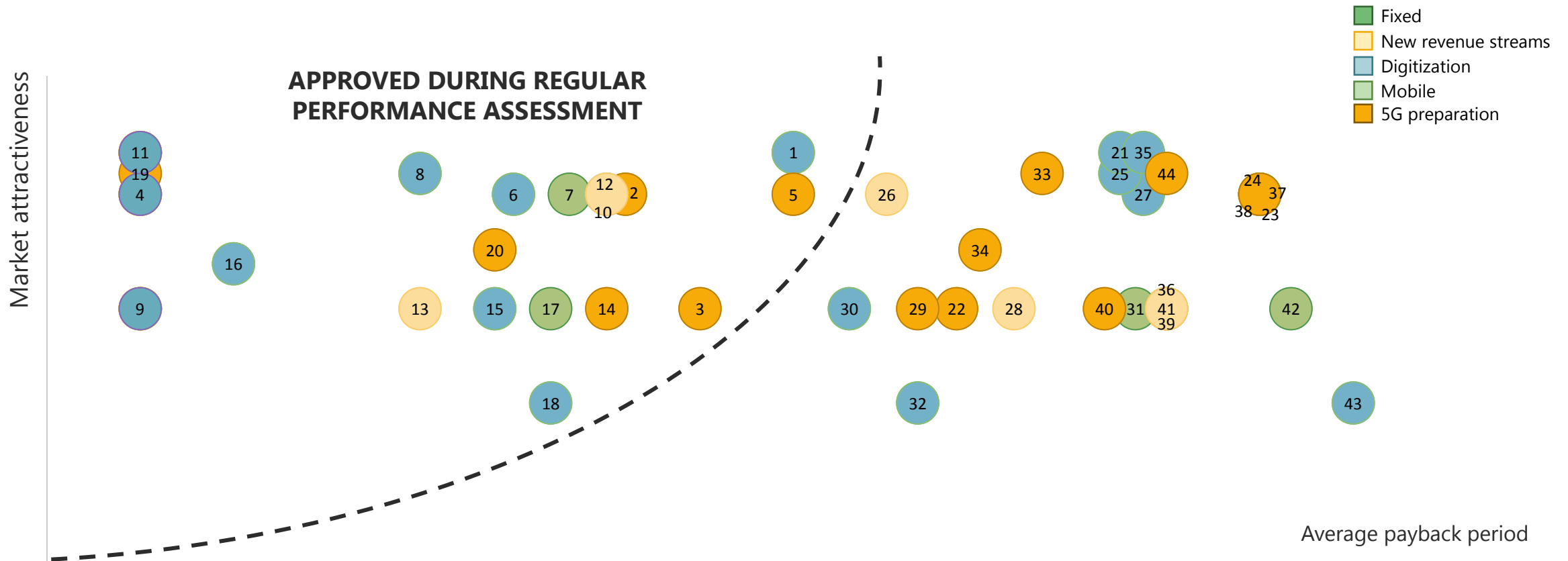
INVESTMENT PRIORITIES

Evaluate investment opportunities for each market and each product based on strategic priorities, market attractiveness and return measures:

-  License obligations, maintenance, capacity and upgrade
-  LTE and fixed line roll out
-  5G preparation
-  Digitalization of core connectivity, back and front ends – network virtualisation, DBSS, ESS
-  New revenue streams

CAPITAL ALLOCATION

Payback period and market assessments deployed to identify our investment priorities



Notes: Market attractiveness based on combination of regulatory and competitive assessment, actual and forecasted performance

CAPITAL ALLOCATION

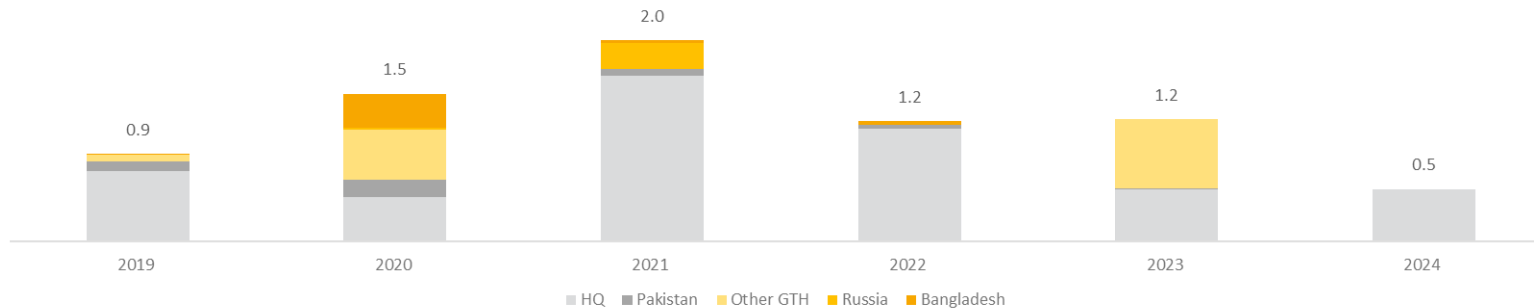
Debt and balance sheet leverage



Our target leverage ratio is driven by a number of factors, including:

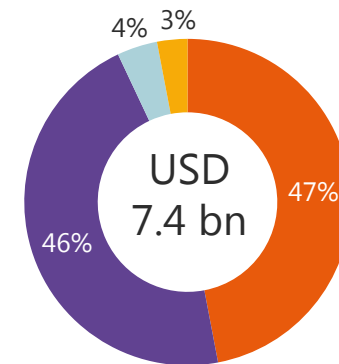
- FX mix: **improving**
- Capex requirements: **rising**
- Managing debt maturity and cost of debt

GROUP DEBT MATURITY SCHEDULE



Q2 2019 GROUP DEBT CURRENCY MIX

including effect of FX derivatives



- Average maturity: 2.5 years
- Average cost of debt: 7.3%

■ RUB ■ USD ■ PKR ■ Other

Current leverage ratio of 1.7x (pre-IFRS 16), consistent with our ~2x target

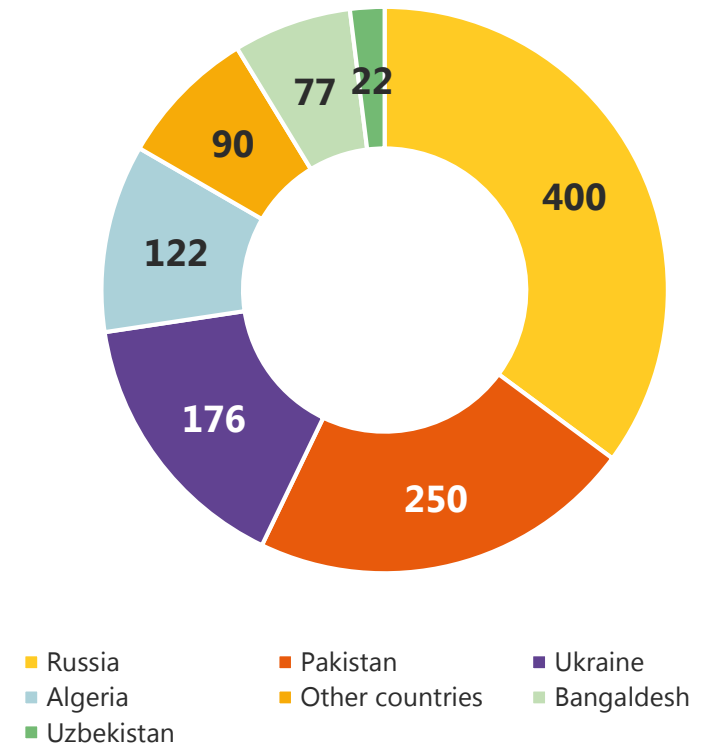
CAPITAL ALLOCATION

Cash upstreaming improving



- Uzbekistan’s cash upstreaming capability was unlocked in December 2017
- The cap on upstreaming from Ukraine cash was fully removed in July 2019
- GTH restructuring is underway:
 - Following the MTO, VEON owns c.98% of GTH
 - We plan to delist GTH by the end of 2019, and transfer Pakistan, Algeria and Bangladesh operations directly under VEON
- Russia and Kazakhstan successfully upstream cash through various instruments, improving Group cashflow

1H 2019 OPCF (EBITDA-CAPEX) of VEON markets
USD million



CAPITAL ALLOCATION

Short-term outlook



We see a number of **value creative opportunities over the next 18 months**:

- improve market position in our core Russian business, targeting capex to match our new products and service quality with the technology required for the best customer experience
- consolidate 100% ownership in our telecom business in Pakistan
- step up our investment in Digital Financial Services in Pakistan - a part of newly-established VEON Ventures - to take advantage of the meaningful opportunity of building a leading mobile financial services company in that market
- invest in new products and services in other markets to strengthen connectivity franchises and develop adjacent service revenues
- invest in 5G licenses (when these materialize over medium term) which offer the Group new avenues for growth

These investment opportunities coupled with maintaining a robust balance sheet call for greater financial flexibility to allow the Group to position for growth

CAPITAL ALLOCATION

Dividend policy



- **Our current policy** of paying progressive US dollar-denominated dividends does not provide VEON with the financial flexibility we require to pursue the investment opportunities we identify
- It also links payment to a non-revenue currency and fails to accommodate FX moves between our functional currencies and the US dollar
- VEON's Board has reviewed the current policy alongside our medium-term investment opportunities and has determined a change in policy to enable the financial flexibility required to maximize long-term returns

CAPITAL ALLOCATION

Dividend policy



VEON's Management has recommended, and our Group Board of Directors has approved:

VEON's revised dividend policy, which will be introduced from financial year 2020, targets paying at least 50% of prior year Equity Free Cash Flow after licenses. For financial year 2019, the total dividend amount, and phasing of payments, will be announced with VEON's full year results in early 2020.

Dividend payments remain subject to a review by VEON's Board of Directors of medium-term investment opportunities and the Group's capital structure. The Group's internal target is to keep Net Debt/EBITDA at around 2.0x (2.4x post IFRS 16¹).

¹ IFRS 16 impact on leverage target is based on projections at the beginning of FY 2019

CAPITAL ALLOCATION

Dividend policy



We believe our revised policy clearly states:

- our commitment to invest in high-growth, high-return opportunities rather than forgoing these for lack of cash
- our commitment to maintaining a healthy balance sheet and strong financial discipline
- our goal to achieve the highest returns for our shareholders, balancing their need for cash returns with their desire for long-term growth and value creation

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10. Q&A

CREATING VALUE FOR SHAREHOLDERS



EMPOWERING CUSTOMER AMBITIONS

LOOKING FORWARD



- We are excited about multiple opportunities our markets present us over the next few years
- Our priorities are to deliver growth through targeted investments following a rigorous capital allocation process
- Our three pillar strategy enables us to better identify value creating opportunities while our revised dividend policy allows us the financial flexibility to pursue these
- Our goal is to maximize returns to shareholders
- We are today raising our guidance for FY19 with regards to EBITDA target which we see growing organically at least mid single digits (up from low to mid-single digits); all other targets remain unchanged

EMPOWERING CUSTOMER AMBITIONS

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VEON

Q&A



2019 guidance revised



	FY 2019 GUIDANCE	REVISED FY 2019 GUIDANCE
Total revenue	Low single-digit organic ¹ growth	Low single-digit organic ¹ growth
EBITDA	Low to mid-, single-digit organic ¹ growth	At least mid-, single-digit organic ¹ growth
Equity free cash flow ²	~USD 1 billion	~USD 1 billion

- ▶ EFCF target is based on currency rates of 20 February 2019 and excludes USD 136 million payment of the GTH Tax Settlement. As previously disclosed, this includes the one-time cash received in connection with a revised arrangement from Ericsson of USD 350 million

¹ Organic change is a non-IFRS measure and reflects changes in revenue, EBITDA and cost intensity ratio, that excludes the effect of foreign currency movements, the impact of the introduction of IFRS 16, exceptional income of USD 350 million in respect of revised partnership with Ericsson and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. See attachment in the earnings release for reconciliations

² Equity free cash flow excluding licenses is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding M&A transactions, capex for licenses, inflow/outflow of deposits, financial assets, other one-off items and the impact of the introduction of IFRS 16 in FY 2019

³ FY 2019 revenue and EBITDA targets calculated on organic basis. Organic growth reflects changes in revenue and EBITDA. Organic change excludes the effect of foreign currency movements, the impact of the introduction of IFRS 16, exceptional income of USD 350 million from a one-off vendor agreement, and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. FY 2019 equity free cash flow target is calculated at 2019 guidance currency rates of 20 February 2019 and excludes tax settlement of Global Telecom Holding tax liabilities of USD 136 million. For FY 2019 guidance currency rates, see appendix