

# 1Q 2013 Presentation

Amsterdam, May 15, 2013

**Jo Lunder - CEO**  
**Henk van Dalen - CFO**

# Disclaimer

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This presentation contains “forward-looking statements”, as the phrase is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to the Company's anticipated performance, refinancing plans and dividend guidelines. The forward-looking statements included in this presentation are based on management's best assessment of the Company's strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of continued volatility in the economies in our markets, unforeseen developments from competition, governmental regulation of the telecommunications industries, general political uncertainties in our markets and/or litigation with third parties. There can be no assurance that such risks and uncertainties will not have a material adverse effect on the Company. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company's Annual Report on Form 20-F for the year ended December 31, 2012 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by the Company with the SEC, which risk factors are incorporated herein by reference. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

# Continued Profitable Growth in 1Q13

## Despite Impact of Regulatory and Governmental Measures

**Revenues**  
(USD billion)

**5.6**  
(+1% organic)

**EBITDA**  
(USD billion)

**2.3**  
(+3% organic)

**EBITDA margin**  
(%)

**42.0**  
(+0.9 p.p.)

**Total mobile subscriber Base** (million)

**215**  
(+4%)

**Net income\***  
(USD million)

**408**  
(+28%)

**Net cash from operating activities** (USD billion)

**1.3**  
(-21%)

### Highlights:

- 4% YoY organic revenue growth excl. MTR cuts in Italy
- 5% YoY organic EBITDA growth excl. MTR cuts in Italy
- EBITDA margin expansion due to operational excellence initiatives
- Positive operational developments continued in Russia
- Continued market outperformance in Italy
- Solid cash flow generation, impacted by temporary working capital movements
- Net Income attributable to VimpelCom shareholders increased substantially



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# Key Developments

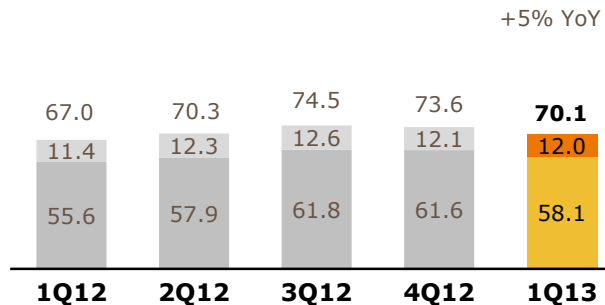
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- Final dividend 2012 and extra-ordinary dividend for a total of USD 2.0 billion or USD 1.14 per share
- Reaffirmed dividend guidelines of at least USD 0.80 per common share\*
- Sold stake in Cambodia
- Successfully issued EUR 575 million bonds through a subsidiary of Wind to refinance 2014 and 2015 senior loan maturities
- AGM re-elected all nine Supervisory Board members

# Business Units Performance

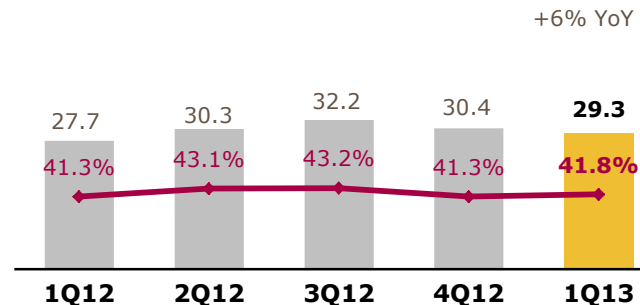
# Russia Performance 1Q13: Continued Positive Operational Development

## Revenues (RUB billion)



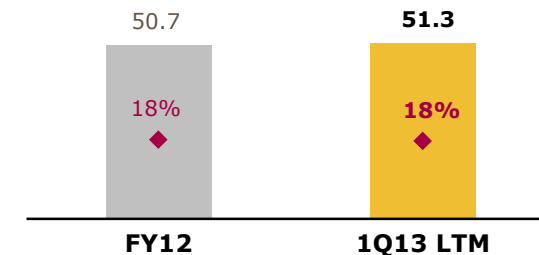
■ Mobile ■ Fixed-line

## EBITDA and EBITDA Margin (RUB billion)



■ EBITDA ■ EBITDA Margin

## CAPEX\* (RUB billion)



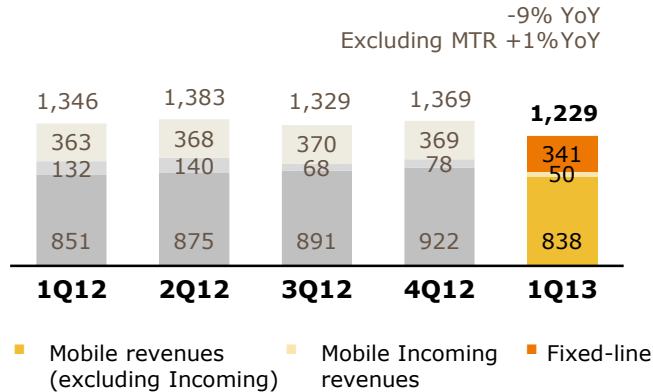
■ CAPEX ■ CAPEX / Revenue

### Highlights:

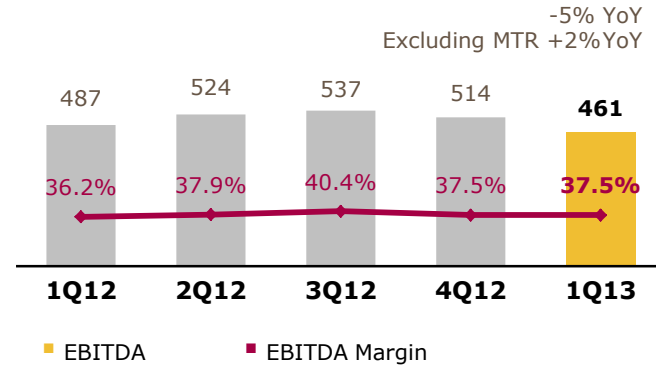
- Revenue increased 5% YoY, with 5% growth in both mobile revenues and fixed-line revenues
- Mobile data revenue grew 31% YoY, with 44% YoY improvement in small screen data revenue
- EBITDA increased 6% YoY leading to EBITDA margin growth of 0.5 p.p. YoY to 41.8%,
- Continued to execute on the Operational Excellence program
  - All distributors on a full revenue share model
- Quarterly churn decreased by two percentage points to 15%; still a focus area for further improvement

# Italy Performance 1Q13: Continued Market Outperformance

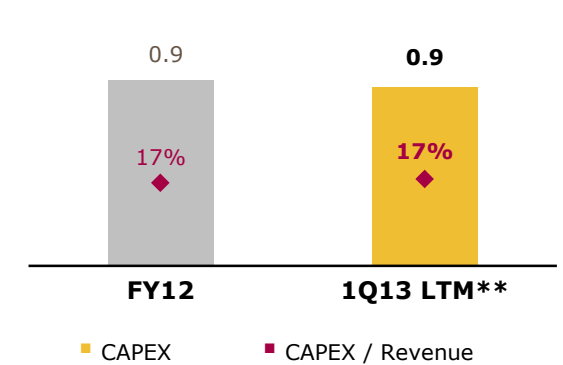
## Total Revenues (EUR million)



## EBITDA and EBITDA Margin (EUR million)



## CAPEX\* (EUR billion)



### Highlights:

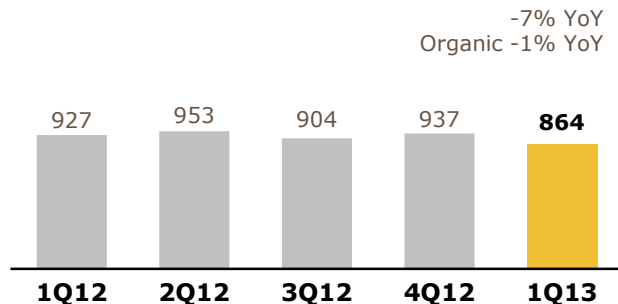
- Revenues increased 1% YoY, excluding MTR impact, with stable underlying service revenues
- EBITDA up 2% YoY, excluding MTR impact, supported by cost efficiency
- Strong data revenue growth: mobile Internet up 29%, messaging up 5%, fixed broadband up 9%
- Mobile subscribers exceeded 22 million; 100% of all net additions in the market
- OPEX and CAPEX savings initiatives being implemented to protect cash flows

\* CAPEX excluding licenses

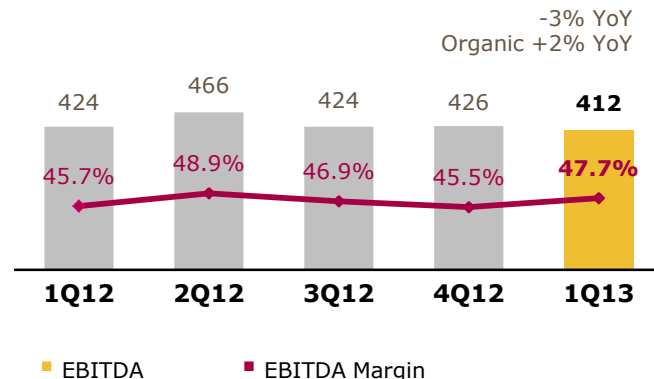
\*\* CAPEX excludes EUR 136 million of non-cash increase in Intangible Assets related to the contract with Terna in relation to the Right of Way of WIND's backbone

# Africa & Asia\* Performance 1Q13: Subscriber Growth Despite Regulatory and Governmental Measures

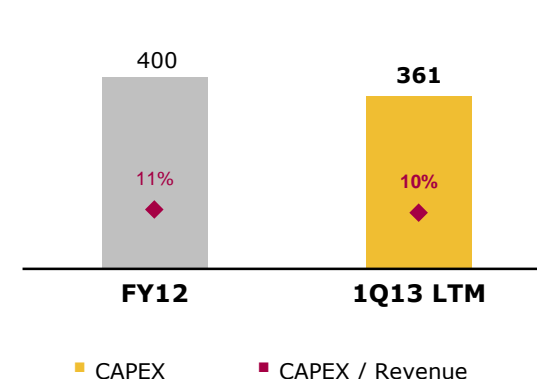
## Revenues (USD million)



## EBITDA and EBITDA Margin (USD million)



## CAPEX\*\* (USD million)



### Highlights:

- Revenues decreased by 1% YoY organically to USD 864 million, impacted by regulatory and governmental actions
- EBITDA grew organically 2% YoY to USD 412 million, with an EBITDA margin of 47.7%
- Subscriber base increased by 2% to more than 85 million
- Algeria maintained its market leadership despite on-going bans
- In Pakistan performance was strong despite the political challenges in the market
- New regulation in Bangladesh regarding VoIP usage impacted 1Q13 results and is expected to persist throughout 2013

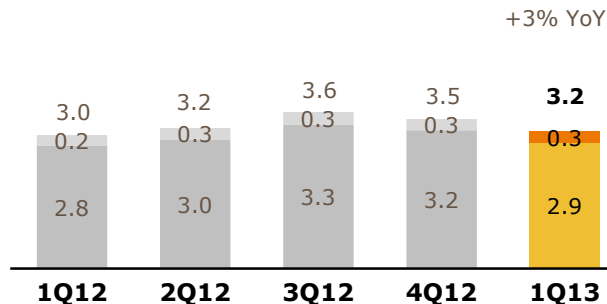
\* This segment includes our operations in Algeria, Pakistan, Bangladesh, Sub-Saharan Africa and South East Asia

\*\* CAPEX excluding licenses

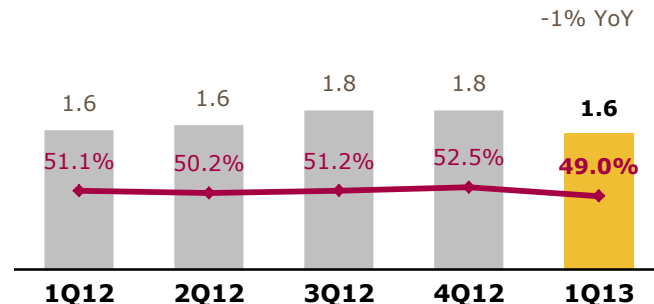


# Ukraine Performance 1Q13: Migration to Bundled Offerings Completed

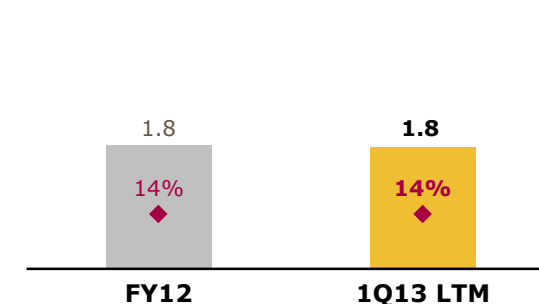
## Revenues (UAH billion)



## EBITDA and EBITDA Margin (UAH billion)



## CAPEX\* (UAH billion)



■ Mobile ■ Fixed-line

■ EBITDA ■ EBITDA Margin

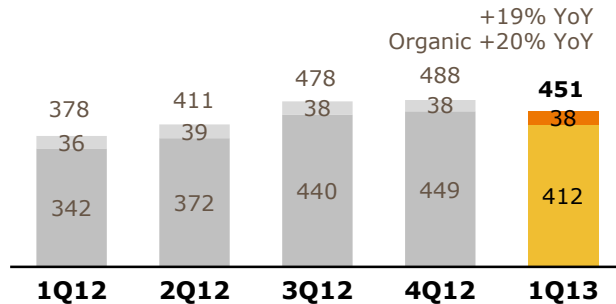
■ CAPEX ■ CAPEX / Revenue

### Highlights:

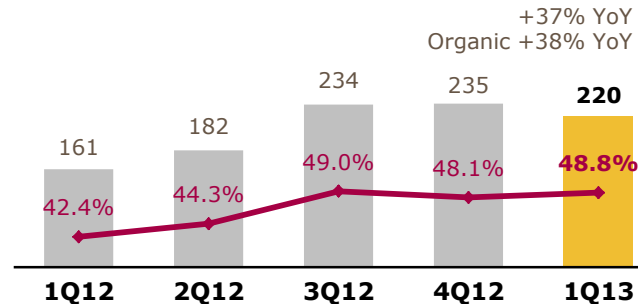
- Revenues increased 3% YoY to UAH 3.2 billion, supported by growth of fixed broadband
- Mobile data revenues up 8% YoY
- EBITDA declined 1% YoY to UAH 1.6 billion; EBITDA margin of 49.0%, primarily due to higher customer acquisition costs resulting from strong mobile subscriber growth
- Mobile subscriber base grew 11% YoY to 27.5 million

# CIS\* Performance 1Q13: Profitable Growth

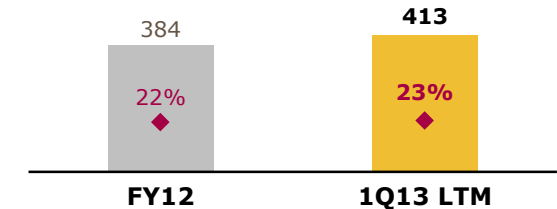
## Revenues (USD million)



## EBITDA and EBITDA Margin (USD million)



## CAPEX\*\* (USD million)



■ Mobile ■ Fixed-line

■ EBITDA ■ EBITDA Margin

■ CAPEX ■ CAPEX / Revenue

### Highlights:

- Revenues organic growth of 20% YoY, with strong positive impact from Uzbekistan
- EBITDA reached USD 220 million, with organic growth of 38% YoY
- EBITDA margin expanded 6.4 p.p. to 48.8%
- Mobile subscribers increased 16% YoY to 24 million
- Mobile data subscriber base grew 28% YoY to 12.6 million
- Organic growth of revenues and EBITDA would have been respectively 7% and 6% YoY normalizing Uzbekistan to the growth level of 1H12

\* This segment includes our operations in Kazakhstan, Uzbekistan, Armenia, Kyrgyzstan, Tajikistan and Georgia

\*\* CAPEX excluding licenses

# Financial Highlights 1Q 2013

**Henk van Dalen**  
CFO

# Financial Performance: Delivering Profitable Growth

GROUP			
(USD million)	1Q13	1Q12	YoY
<b>Revenues</b>	<b>5,591</b>	<b>5,619</b>	<b>0%</b>
<b>EBITDA</b>	<b>2,348</b>	<b>2,311</b>	<b>2%</b>
D&A/Other	(1,241)	(1,296)	-4%
<b>EBIT</b>	<b>1,107</b>	<b>1,015</b>	<b>9%</b>
Financial income / expenses	(501)	(443)	13%
FX and Other	(63)	21	n.m.
<b>Profit before tax</b>	<b>543</b>	<b>593</b>	<b>-8%</b>
Tax	(213)	(239)	-11%
Non-controlling interest	78	(36)	n.m.
<b>Net income*</b>	<b>408</b>	<b>318</b>	<b>28%</b>

BUSINESS UNITS						
	Revenue			EBITDA		
	Organic	FX and others	Reported	Organic	FX and others	Reported
Russia	5%	-1%	4%	6%	-1%	5%
Italy	-9%	1%	-8%	-5%	0%	-5%
Africa & Asia	-1%	-6%	-7%	2%	-5%	-3%
Ukraine	3%	0%	3%	-1%	0%	-1%
CIS	20%	-1%	19%	38%	-1%	37%
<b>Total</b>	<b>1%</b>	<b>-1%</b>	<b>0%</b>	<b>3%</b>	<b>-1%</b>	<b>2%</b>

- Overall **revenue** growth on an organic basis was 1% YoY (excl. MTR cuts in Italy it would have been 4% YoY)
- Reported revenues were flat YoY, mainly due to depreciation of local currencies against the USD
- **EBITDA** increased 3% YoY organically; reported EBITDA increased by 2% YoY supported by operational excellence initiatives (excl. MTR cuts in Italy it would have been 5% YoY)
- **EBIT** up 9% YoY reflecting the better operational performance and the positive impact of a declining amortization of intangible assets
- **Profit before tax** decreased 8% YoY due to lower foreign exchange gain in 1Q13 (USD 28 million) versus 1Q12 (USD 63 million) and higher financial income and expenses
- **Net income** attributable to VimpelCom shareholders increased 28% YoY as a result of higher EBIT, higher financial expenses and the favorable impact attributable to non-controlling interest

# Debt, Cash and Ratios: Solid Financial Position

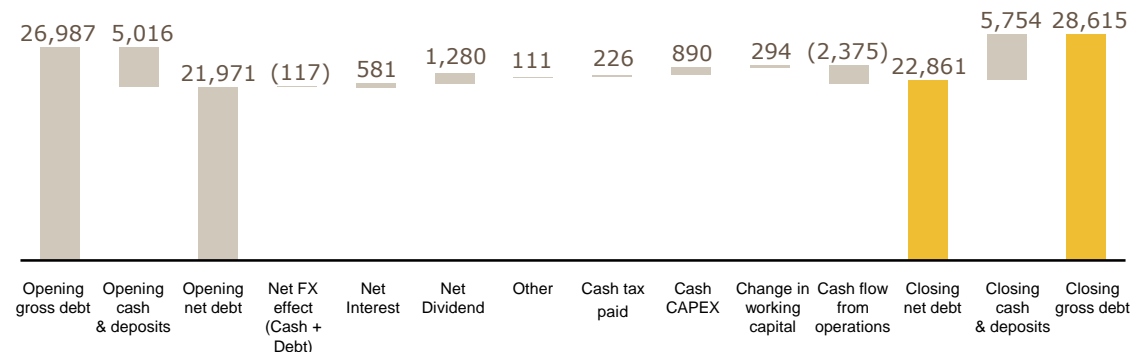
## Key Components

	Mar 31, 2013
<i>(USD million)</i>	
Cash, Cash Equivalents and deposits	5,754
<b>Total Assets</b>	<b>54,291</b>
<b>Gross Debt</b>	<b>28,615</b>
-Short-term	2,529
-Long-term	26,086
<b>Shareholders' equity</b>	<b>14,410</b>
<b>Gross Debt/Assets</b>	<b>0.5</b>
<b>Net Debt</b>	<b>22,861</b>
<b>1Q13 LTM EBITDA</b>	<b>9,805</b>

Pro-forma ratios LTM 1Q13*	Mar 31, 2012
Net Debt/ EBITDA	2.3
EBITDA/ Financial Income and Expenses	5.1
Gross Debt/ EBITDA	2.9

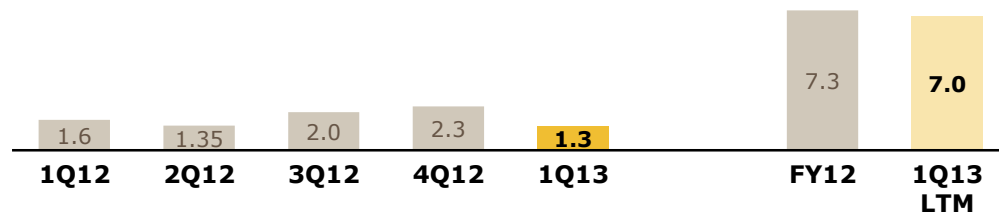
## Consolidated Cash and Net Debt Development

Actual 1Q 2013 (USD million)



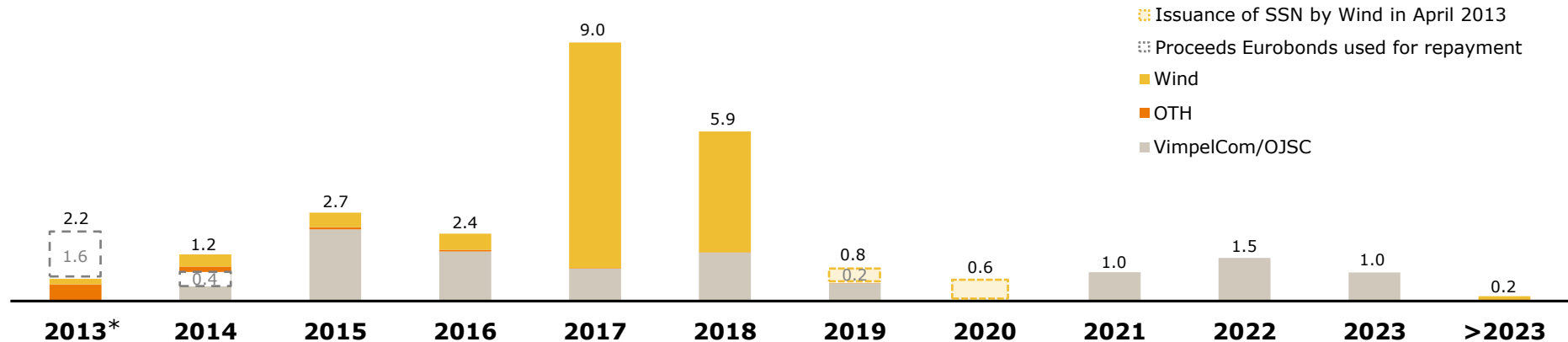
## Net Cash Flow From Operating Activities

(USD billion)



# Well Balanced Debt Composition and Maturity Profile

## Group Debt Maturity Schedule per 31 March 2013 (adjusted for recent transactions after 1Q13)



### Other information

#### During 1Q13

- Issuance of USD 2 billion Eurobonds to refinance 2013/2014 maturities of OJSC "VimpelCom" and general corporate purposes
- EKN supported Credit facility with HSBC for up to USD 0.5 billion (undrawn)

#### Available headroom under committed revolving credit facilities per March 2013:

- EUR 300 million (USD 385 million) for Wind
- RUB 15 billion (USD 483 million) for Russia
- EUR 205 million (USD 262 million) and USD 225 million for VIP HQ

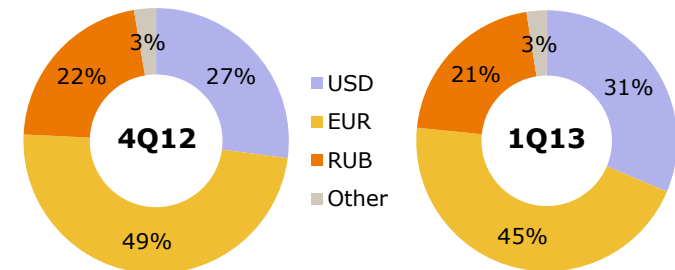
#### 2Q13

- Prepayment on the WIND Senior bank loan 2014 and 2015 maturities for EUR 575 million through issuance of Senior Secured Notes by Wind Acquisition Finance

\* 2Q13 - 4Q13

\*\* After effect of cross currency swaps

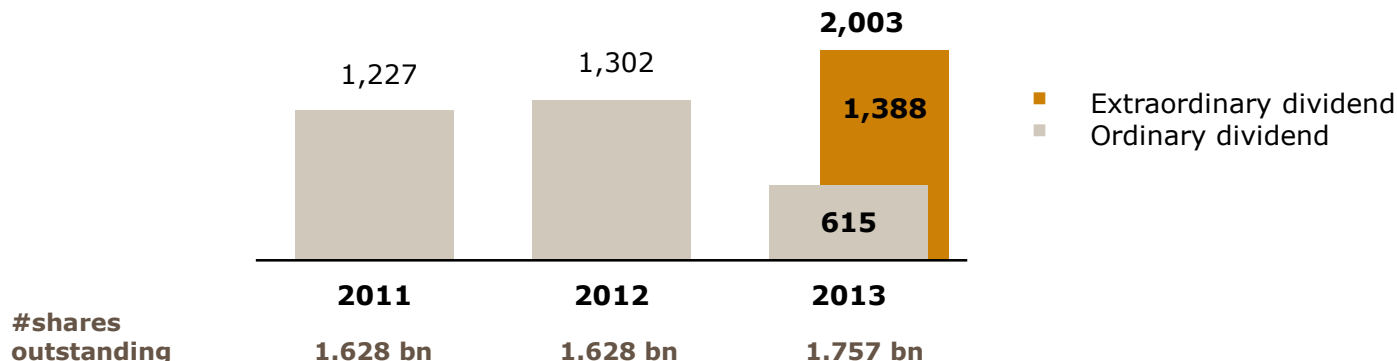
### Debt Composition by Currency\*\*



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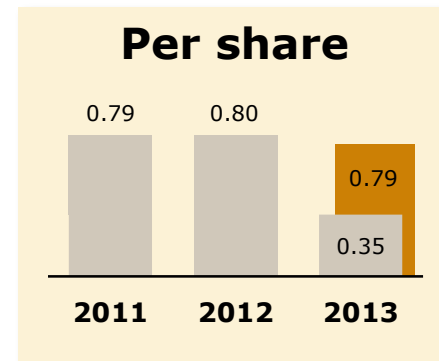
# Cash Returns to Shareholders Objectives

## Dividends (USD million)



### Dividend guideline\*

- Intention to pay a dividend that develops substantially in line with the development of operational performance
- Barring unforeseen circumstances, the Company aims to pay out a significant part of its annual operating free cash flow\*\* to its shareholders in the form of dividends
- Precise amount and timing of dividends for a particular year will be approved by the Supervisory Board, subject to certain constraints and guidelines
- **Assuming not more than 1,757 million common shares issued and outstanding**



**Aim to pay  
at least  
USD 0.80  
per common  
share**

\* For a full dividend guideline please refer to [www.vimpelcom.com](http://www.vimpelcom.com)

\*\* Operating free cash flow = net cash from operating activities minus capital expenditures

# Conclusion

**Jo Lunder**  
CEO



# On track to deliver on the Value Agenda 2013-2015

- Continued profitable growth

	1Q13	Group Objectives 2013-2015	Assumptions
Revenues	+1%	Mid single digit CAGR	<ul style="list-style-type: none"> <li>Constant currency basis 2012</li> <li>No major regulatory changes</li> <li>Stable macro economic environment</li> </ul>
<i>Revenues (excl. MTR cut in Italy)</i>	+4%		
EBITDA	+3%	Mid single digit CAGR	
<i>EBITDA (excl. MTR cut in Italy)</i>	+5%		

- Solid operational performance in businesses
- EBITDA margin expanded to 42.0%
- Top-line growth under regulatory and price pressure
- Continued focus on operational excellence and cost control to grow cash flows

# Q&A

Thank you!

# For further information please contact Investor Relations

Claude Debussylaan 88  
1082 MD Amsterdam  
The Netherlands

T: +31 20 797 7200

E: [Investor\\_Relations@vimpelcom.com](mailto:Investor_Relations@vimpelcom.com)

[www.vimpelcom.com](http://www.vimpelcom.com)

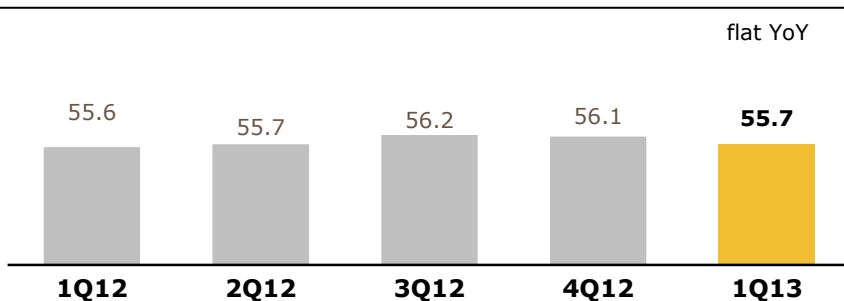


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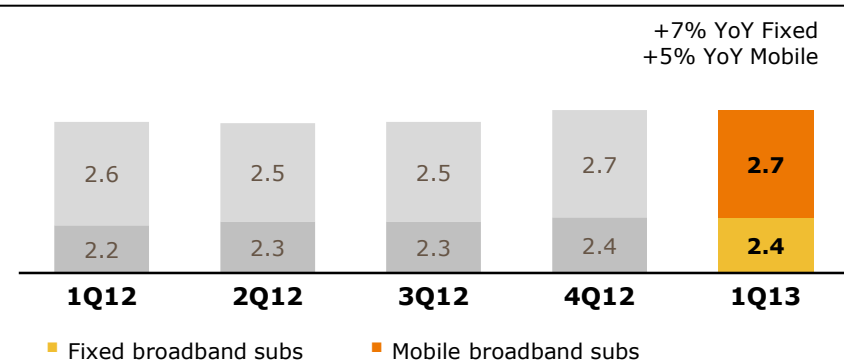
# Appendices

# Operating Highlights Russia

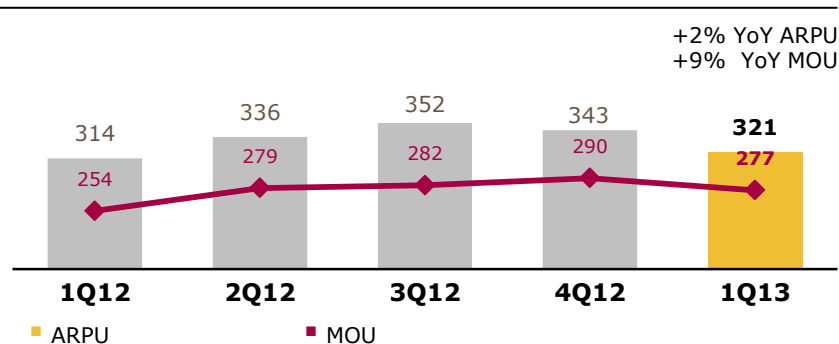
## Mobile subscribers (million)



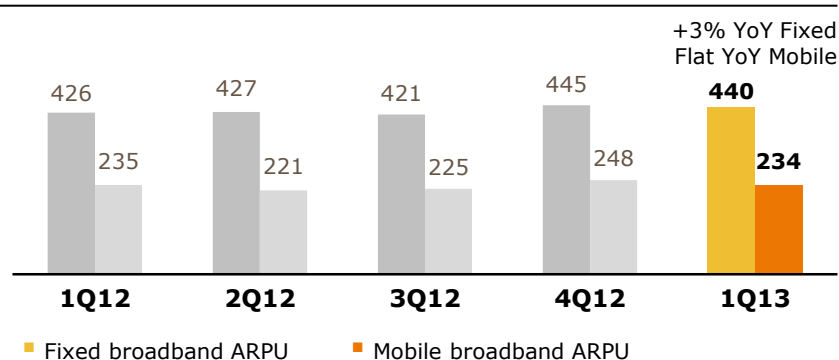
## Broadband subscribers (million)



## ARPU and MOU (RUB) (min)

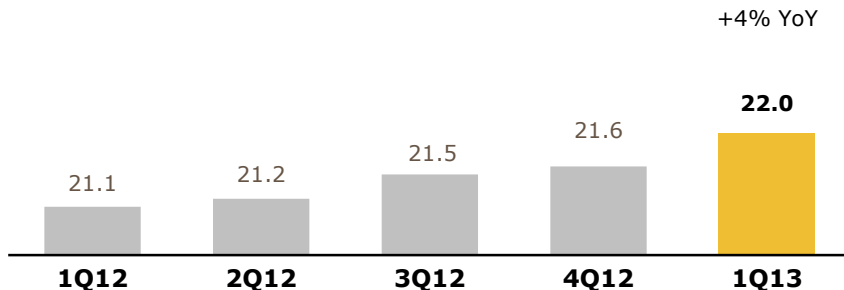


## Broadband ARPU (RUB)

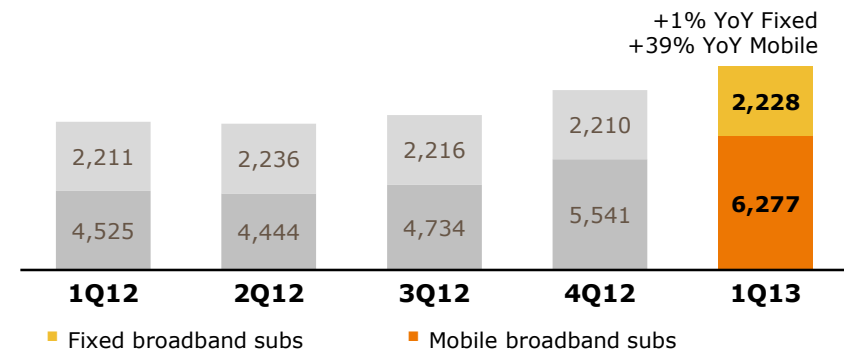


# Operating Highlights Italy

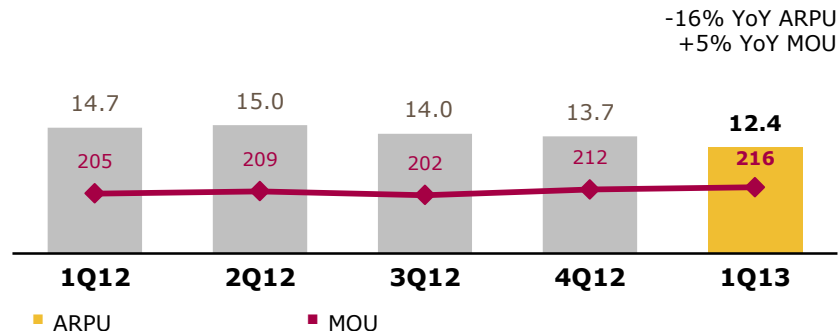
## Mobile subscribers (million)



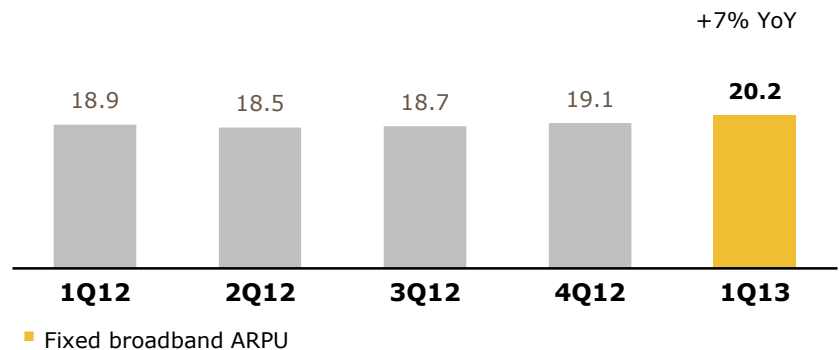
## Broadband subscribers\* (thousands)



## ARPU and MOU (EUR) (min)

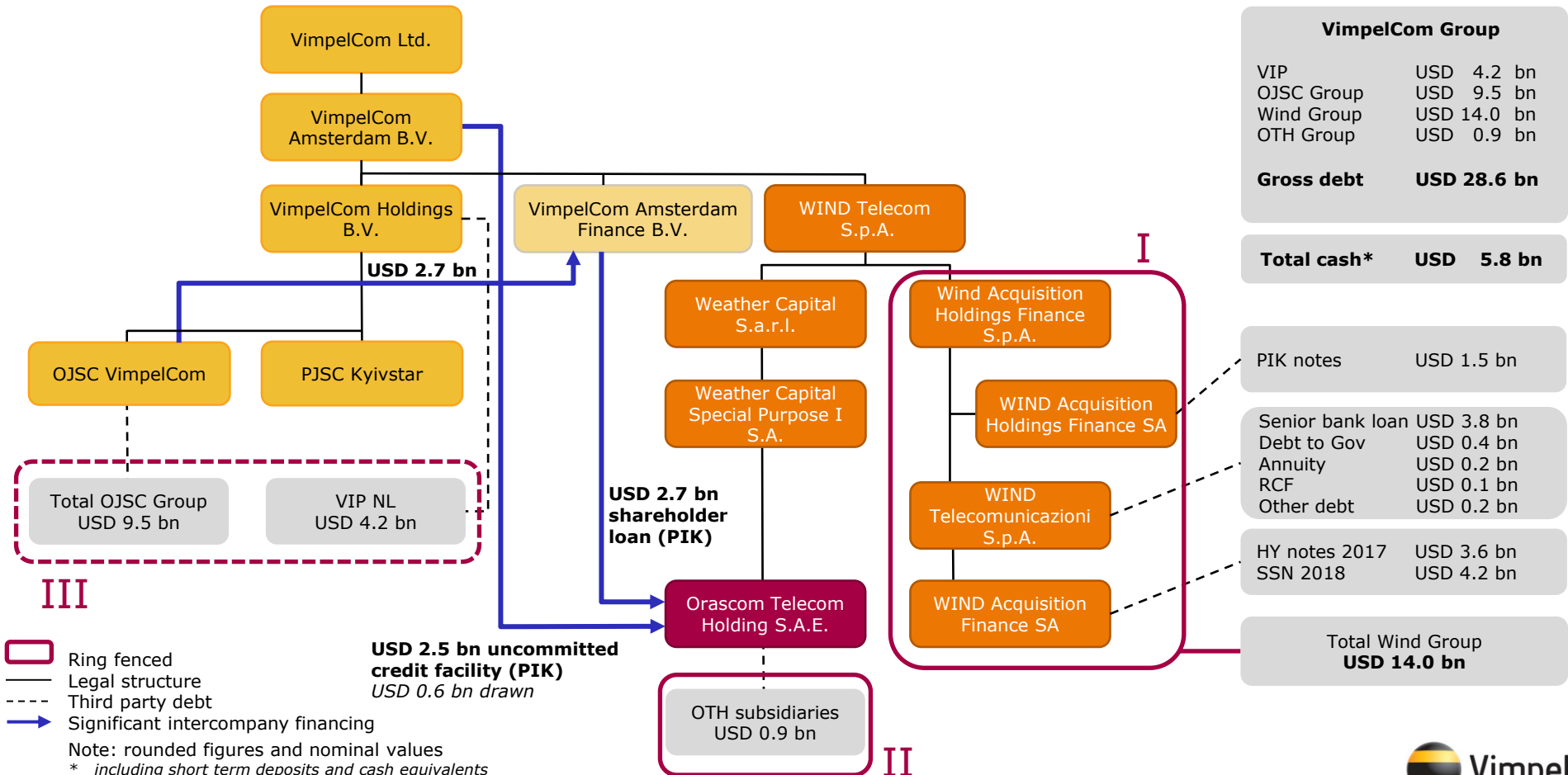


## Broadband ARPU (EUR)



\* Mobile broadband includes consumer customers that have performed at least one mobile Internet event in the previous month on 2.5G/3G/3.5G network technology

# Simplified legal / financing structure per 31-Mar-13





# FOREX Development

	Average rates			Closing rates		
	1Q13	1Q12	YoY	1Q13	FY12	Delta
Russian Ruble	30.41	30.03	-1.2%	31.08	30.37	-2.3%
Euro	0.76	0.76	0.6%	0.78	0.76	-2.8%
Algerian Dinar	78.65	75.13	-4.5%	79.50	78.94	-0.7%
Pakistan Rupee	97.89	90.61	-7.4%	98.43	97.14	-1.3%
Bangladeshi Taka	79.06	82.78	4.7%	78.08	79.78	2.2%
Ukrainian Hryvnia	7.99	7.99	0.0%	7.99	7.99	0.0%
Kazakh Tenge	150.67	148.14	-1.7%	150.84	150.74	-0.1%
Armenian Dram	409.15	388.47	-5.1%	418.58	403.58	-3.6%
Kyrgyz Som	47.71	46.71	-2.1%	47.96	47.40	-1.2%

Source: National Banks of the respective countries, Company calculations

# Reconciliation Tables

## Reconciliation of consolidated EBITDA of VimpelCom

USD mln	1Q13	1Q12*
<b>Unaudited</b>		
EBITDA	2,348	2,311
Depreciation	(766)	(721)
Amortization	(454)	(532)
Impairment loss	(18)	-
Loss on disposals of non-current assets	(3)	(43)
EBIT	1,107	1,015
Financial Income and Expenses	(501)	(443)
- including finance income	22	41
- including finance costs	(523)	(484)
Net foreign exchange (loss)/gain and others	(63)	21
- including Other non-operating losses	(26)	(26)
- including Shares of loss of associates and joint ventures accounted for using the equity method	(65)	(16)
- including Net foreign exchange gain	28	63
EBT	543	593
Income tax expense	(213)	(239)
Profit for the period	330	354
Profit/(loss) for the period attributable to non-controlling interest	(78)	36
Profit for the period attributable to the owners of the parent	408	318

\* Income statement 1Q12 has been amended to reflect classification of certain operating costs at the Group level without any impact on net income and performance of the business unit

# Reconciliation Tables

## Reconciliation of consolidated net debt of VimpelCom

USD mln

	1Q13	4Q12	1Q12
Net debt	22,861	21,971	24,339
Cash and cash equivalents	5,564	4,949	4,033
Long - term and short-term deposits	190	67	219
Gross debt	28,615	26,987	28,591
Interest accrued related to financial liabilities	448	536	450
Fair value adjustment	-	-	148
Unamortised fair value adjustment under acquisition method of accounting	62	794	909
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	749	73	(103)
Derivatives not designated as hedges	466	453	403
Derivatives designated as hedges	131	237	173
Total other financial liabilities	30,471	29,080	30,570