VEON

22 FEBRUARY 2018

VEON REPORTS FULL YEAR 2017 RESULTS WITH ROBUST FREE CASH FLOW GENERATION OF OVER USD 1 BILLION AND ANNOUNCES US 17 CENTS FINAL DIVIDEND

VEON

Amsterdam (22 February 2018) – VEON Ltd. (NASDAQ: VEON, Euronext Amsterdam: VEON) a leading global provider of connectivity and internet services headquartered in Amsterdam and serving more than 240 million customers, today announces financial and operating results for the quarter and year ended 31 December 2017.

KEY DEVELOPMENTS

- Supervisory Board approved final dividend of US 17 cents, totalling 2017 dividend to US 28 cents per share, representing approximately 22% year-on-year increase
- Delivered on FY2017 targets for organic[1] revenue growth and underlying free cash flow
- Underlying EBITDA margin[2] below target due to margin pressure in Russia, Algeria and Bangladesh
- Generated strong underlying equity free cash flow[3] of USD 1.1 billion, significantly ahead of guidance, up 31.4% year-on-year
- Successfully repatriated USD 200 million from Uzbekistan enhancing the Group's cash upstreaming capability
- Strengthened spectrum portfolio through acquisition of 4G/LTE licenses in Ukraine and Bangladesh

Q4 2017 KEY RESULTS

- Total reported revenue decreased 1.4% to USD 2,320 million, mainly due to the significant devaluation of the Uzbek som
- Organic[1] revenue grew 1.2%, driven by Russia, Pakistan, Ukraine and Uzbekistan, partially offset by continued pressure in Algeria and Bangladesh
- Reported EBITDA decreased 3.8% to USD 753 million, mainly due to the significant devaluation of the Uzbek som, partially offset by lower exceptional costs
- Underlying EBITDA[2], which excludes exceptional costs, decreased organically[1] by 6.9% due to a decrease in EBITDA in Russia, Algeria and Bangladesh and increased corporate costs
- Underlying EBITDA margin of 35.1%, down 3.1 percentage points year-on-year
- Underlying equity free cash flow[3] excluding licenses totalled USD 101 million in Q4 2017

JEAN-YVES CHARLIER, CHIEF EXECUTIVE OFFICER, COMMENTS:

"Looking back on 2017, I am pleased to report another good year. Our total revenue grew by over 6 percent and EBITDA by 11 percent, supported by organic growth and the strengthening of the currencies in our portfolio. On the back of this solid performance, our underlying equity free cashflow increased significantly to over USD 1 billion. This is a clear testament that the strategy we launched in August 2015 is transforming our business. In the last three months, we successfully repatriated - for the first time - USD 200 million from Uzbekistan and acquired new 4G/LTE spectrum in key markets: Ukraine and Bangladesh. We also delivered on our full year 2017 targets for organic growth in revenue and underlying equity free cash flow, which came far ahead of our original guidance, thus allowing the Board to announce a final dividend of US 17 cents, a total of US 28 cents per share for the full year.

During the fourth quarter of 2017, reported EBITDA declined by 4 percent, mainly due to the Uzbekistan currency liberalization and resetting of the official exchange rate in September 2017, which had a negative impact of more than 6 percent on the Group results. On an underlying basis, the largest contributors to the year-on-year organic decrease in EBITDA were Algeria, Bangladesh and Russia, which, along with an increase in corporate costs, more than offset the positive contribution from Pakistan and Ukraine.

We also delivered on a number of strategic objectives in 2017. This included an agreement to dispose of our tower business in Pakistan; the split of the Euroset joint venture to strengthen our mono-brand strategy in Russia, and the successful refinancing of our WIND Tre joint venture in Italy. The GTH Mandatory Tender Offer, which we submitted in November 2017, remains subject to approval by the Egyptian Authorities. VEON has taken all actions required for such approval and the matter is currently held up in connection with disputed GTH taxes. Our desire is to find a path forward with the Egyptian Authorities and we are considering all options.

Looking ahead to 2018, our financial performance will be impacted by Uzbekistan's currency liberalization and a number of strategic transactions including the Pakistan tower transaction closing and the integration of the Euroset business in Russia. As such, we expect flat-to-low single digit organic growth for both Group revenue and EBITDA. In addition, we forecast a strengthening of equity free cash flow, which we expect to be approximately USD 1 billion compared to USD 804 million in 2017 under the new definition for 2018 targets."

1) Organic change reflects changes in revenue and EBITDA excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. See Attachment E for reconciliations

2) Underlying EBITDA excludes exceptional items in Q4 2016 consisting of performance transformation costs of USD 66 million and other exceptional items of USD 61 million, totalling USD 127 million. Exceptional items in Q4 2017 consists of performance transformation costs of USD 58 million and other exceptionals of USD 3 million, totalling USD 61 million. See Attachment E for reconciliations

3) Underlying equity free cash flow excluding licenses is defined as free cash flow from operating activities less free cash flow used in investing activities, excluding M&A transactions, transformation costs, inflow/outflow of deposits, financial assets and other one-off items

VEON

KEY RESULTS: CONSOLIDATED FINANCIAL AND OPERATING HIGHLIGHTS

USD million	4Q17	4Q16	Reported YoY	Organic YoY [1]
Total revenue, of which	2,320	2,354	(1.4%)	1.2%
mobile and fixed service revenue	2,214	2,244	(1.3%)	1.5%
of which mobile data revenue	473	412	14.8%	19.0%
EBITDA	753	783	(3.8%)	0.4%
Underlying EBITDA[2]	814	910	(10.5%)	(6.9%)
Underlying EBITDA margin[2] (Underlying EBITDA/total revenue)	35.1%	38.7%	(3.6p.p.)	(3.1p.p.)
Profit from continued operations	(378)	(358)	n.m.	
Profit from discontinued operations	-	1,904	n.m.	
(Loss)/Profit for the period attributable to VEON shareholders	(325)	1,557	n.m.	
Underlying equity free cash flow excl. licenses [3]	101	(50)	n.m.	
Capital expenditures excl. licenses	466	754	(38.3%)	
LTM capex excl. licenses/revenue	15.4%	17.9%	(2.5p.p.)	
Net debt	8,741	7,162	22.0%	
Net debt/LTM underlying EBITDA[4]	2.4	2.0		
Total mobile customer (millions, excluding Italy)	211	208	1.4%	
Total fixed-line broadband customers (millions)	3.1	3.0	2.3%	

USD million	FY17	FY16 pro-forma Warid[4]	FY16 reported	Reported YoY	Organic YoY [1]
Total revenue, of which	9,474	9,040	8,885	6.6%	1.9%
mobile and fixed service revenue	9,105	8,700	8,553	6.5%	1.9%
of which mobile data revenue	1,856	1,438	1,426	30.2%	25.7%
EBITDA	3,587	3,268	3,232	11.0%	7.5%
Underlying EBITDA[2]	3,675	3,617	3,582	2.6%	(0.4%)
Underlying EBITDA margin[2] (Underlying EBITDA/total revenue)	38.8%	40.0%	40.3%	(1.5p.p.)	(0.9p.p.)
(Loss)/Profit from continued operations	(496)	(323)	(288)	n.m	
Profit from discontinued operations	-	2,708	2,708	n.m	
Profit/(loss) for the period attributable to VEON shareholders	(483)	2,294	2,328	n.m	
Underlying equity free cash flow excl. licenses [3]	1,067	812	812	31.4%	
Capital expenditures excl. licenses	1,459	1,623	1,593	(8.4%)	
LTM capex excl. licenses/revenue	15.4%	18.0%	17.9%		

1) Organic change reflects changes in revenue and EBITDA excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. See Attachment E for reconciliations

2) Underlying EBITDA excludes exceptional items in FY 2016 consisting of transformation costs of USD 349 million and exceptional items in FY 2017 of USD 88 million. See Attachment E for reconciliations. Underlying EBITDA excludes exceptional items in Q4 2016 consisting of performance transformation costs of USD 66 million and other exceptional items of USD 61 million, totalling USD 127 million. Exceptional items in Q4 2017 consists of performance transformation costs of USD 58 million and other exceptionals of USD 3 million, totalling USD 61 million. See Attachment E for reconciliations

3) Underlying equity free cash flow excluding licenses is defined as free cash flow from operating activities less free cash flow used in investing activities (excluding capex for licenses and withholding tax related to Pakistan spectrum of USD 29.5 million), excluding M&A transactions, transformation costs, inflow/outflow of deposits, financial assets and other one-off items

4) Pro-forma assuming that the results of Warid have been consolidated (including intercompany eliminations) within VEON's results with effect from 1 January 2016, this also applies for the calculation of LTM underlying EBITDA for the net leverage ratio at FY 2016

VEON

CONTENTS

PRESENTATION OF FINANCIAL RESULTS

VEON's results presented in this earnings release are based on IFRS and have not been audited.

Certain amounts and percentages that appear in this earnings release have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including those in tables, may not be an exact arithmetic aggregation of the figures that precede or follow them.

All non-IFRS measures disclosed in the document, i.e. EBITDA, EBITDA margin, underlying EBITDA, underlying EBITDA margin, EBIT, net debt, equity free cash flow, organic growth, capital expenditures excluding licenses, last twelve months (LTM) Capex excluding licenses/Revenue, are reconciled to the comparable IFRS measures in Attachment E.

As at 7 November 2016, VEON Ltd. owns a 50% share of the Wind Tre Joint Venture (with CK Hutchison owning the other 50%) and we account for this joint venture using the equity method as we do not have control. All information related to the Wind Tre Joint Venture is the sole responsibility of the Wind Tre Joint Venture's management, and no information contained herein, including, but not limited to, the Wind Tre Joint Venture's financial and industry data, has been prepared by or on behalf of, or approved by, our management. For further information on the Wind Tre Joint Venture and its accounting treatment, see Note 6 to our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended 31 December 2016.

All comparisons are on a year-on-year basis unless otherwise stated.

IFRS 15 'Revenue from contracts with customers' — The Group assessed the impact of IFRS 15. The scope of IFRS 15 includes the timing of revenue recognition and costs of obtaining contracts with customers. Under this standard, contract costs are required to be capitalized and amortized over the average customer life. VEON will apply IFRS 15 for the first time in the 2018 financial statements, using the modified retrospective approach. Based on the analysis performed, the Company expects no material impact on revenue recognition, due to currently existing product offering (i.e. prevailing pre-paid service offering). VEON estimates the additional asset stemming from capitalization of contract costs to amount to USD 95 million pre-tax as at 1 January 2018 (i.e. one-off gain to retained earnings in 2018).

IFRS 9 'Financial instruments' — The Group assessed the impact of IFRS 9. The scope of IFRS 9 includes new guidance to classify financial instruments on the balance sheet. VEON will need to introduce the concept of Expected Credit Loss ("ECL"), where an allowance for doubtful debt is required for all debt-like instruments including unbilled receivables. VEON estimates the additional provision for bad debt to amount to USD 20 million pre-tax as at January 2018 (i.e. one-off charge to retained earnings in 2018)

The Group has yet to assess the impact of IFRS 16 "Leases", which may be material. The standard will be adopted in 2019.

MAIN EVENTS

SUCCESSFULLY REPATRIATED USD 200 MILLION FROM UZBEKISTAN

In December 2017, VEON's subsidiary PJSC VimpelCom, successfully repatriated a net amount of approximately USD 200 million from Unitel, its wholly-owned Uzbekistan subsidiary. The repatriation of cash from Uzbekistan for the first time is an important milestone for VEON, further enhancing the cash upstreaming capability of the Group and allowing Unitel to honor its global payment obligations necessary for ongoing operations.

KYIVSTAR SECURED 4G/LTE LICENSE

In January 2018, VEON's subsidiary in Ukraine, Kyivstar, secured one of three licenses to provide nationwide 4G/LTE services, subject to final regulatory approvals. Kyivstar will pay UAH 0.9 billion (approximately USD 32.2 million) for 2x15 MHz of contiguous frequency in the 2600 MHz band. The Company looks forward to the upcoming 4G/LTE license tender in 1800 MHz band in Ukraine.

BANGLALINK ACQUIRES ADDITIONAL SPECTRUM AND 4G/LTE LICENSE

On 13 February 2018, Banglalink was awarded technology neutral spectrum in the 1800 and 2100 MHz bands. As a result of the auction conducted by the Bangladesh Telecommunication Regulatory Commission, Banglalink has been awarded 5.6 MHz paired spectrum in the 1800 MHz band and 5 MHz paired spectrum in the 2100 MHz band. The spectrum is technology neutral and allows Banglalink to double its 3G network capacity. Moreover, Banglalink has also acquired a 4G/LTE license in parallel, allowing the company to launch a high-speed data network. The total investment amounts to USD 308.6 million for the spectrum, excluding VAT. An upfront payment of 60% for the spectrum is payable in approximately 30 days with the remaining 40% payable over four years. In addition, the company paid USD 35 million excluding VAT to convert its existing spectrum holding in 900 MHz and 1800 MHz into technology neutral spectrum and USD 1.2 million excluding VAT to acquire the 4G/LTE license. The investment is expected to be funded through locally available cash and local banking facilities.

GTH MANDATORY TENDER OFFER

The GTH Mandatory Tender Offer remains subject to approval by the Egyptian Authorities. VEON has taken all actions required for such approval and the matter is currently held up in connection with disputed GTH taxes. Our desire is to find a path forward with the Egyptian Authorities and we are considering all options.

SUPERVISORY BOARD APPROVED A FINAL 2017 DIVIDEND OF US 17 CENTS PER SHARE

The VEON Supervisory Board approved a final dividend of US 17 cents per share, bringing total 2017 dividend to US 28 cents per share. The record date for the Company's shareholders entitled to receive the final dividend payment has been set for 5 March 2018. It is expected that the final dividend will be paid on 13 March 2018. The Company will make appropriate tax withholdings of up to 15% when the dividend is paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, the final dividend of US 17 cents will be paid in euro. VEON is committed to paying a sustainable and progressive dividend based on the evolution of the Company's equity free cash flow.

FY 2018 TARGETS

The Company has formulated targets for FY 2018. Guidance for total revenue and EBITDA is flat to low single digit organic growth. Organic growth reflects changes in revenue and EBITDA excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions and other exceptional items. Major exceptional items currently known are the impact from the Uzbekistan currency liberalization, the Pakistan tower transaction (Deodar), the Euroset transaction and the one-off adjustment to a vendor agreement.

The target for equity free cash flow is approximately USD 1 billion. Equity free cash flow is defined as free cash flow from operating activities less cash flow for net capex, excluding capex for licenses. FY 2018 equity free cash flow target is calculated at 2018 target currency rates. For the FY 2018 target currency rates, see attachment E.

GROUP PERFORMANCE

FY2017

- Total reported revenue increased 6.6% year-on-year with organic[1] growth of 1.9%
- Strong mobile data organic[1] revenue growth of 26%
- Reported EBITDA increased 11.0% year-on-year; underlying EBITDA[2], which is excluding exceptional costs of USD 88 million, decreased organically by 0.4%, resulting in an underlying EBITDA margin of 38.8%, an organic decrease of 0.9 percentage points
- Underlying equity free cash flow[3] excluding licenses totalled USD 1,067 million, an increase of USD 255 million or 31% year-on-year

Q4 2017

- Total reported revenue decreased 1.4% to USD 2,320 million
- Organic[1] revenue growth of 1.2% driven by Russia, Pakistan, Ukraine and Uzbekistan, partially offset by continued pressure in Algeria and Bangladesh
- Reported EBITDA decreased 3.8% to USD 753 million
- Underlying EBITDA[2], excluding exceptional costs of USD 61 million, decreased by 10.5% and organically[1] by 6.9% mainly due to a decrease in EBITDA in Russia, Algeria and Bangladesh
- Underlying EBITDA margin of 35.1%, down organically 3.1 percentage points year-on-year
- Underlying equity free cash flow[3] excluding licenses totalled USD 101 million in Q4 2017

[1] Organic change reflects changes in revenue and EBITDA excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. See Attachment E for reconciliations

[2] Underlying EBITDA excludes exceptional items in FY 2016 consisting of transformation costs of USD 349 million and exceptional items in FY 2017 of USD 88 million. See Attachment E for reconciliations. Underlying EBITDA excludes exceptional items in Q4 2016 consisting of performance transformation costs of USD 66 million and other exceptional items of USD 61 million, totalling USD 127 million. Exceptional items in Q4 2017 consists of performance transformation costs of USD 58 million and other exceptionals of USD 3 million, totalling USD 61 million. See Attachment E for reconciliations

[3] Underlying equity free cash flow excluding licenses is defined as free cash flow from operating activities less free cash flow used in investing activities (excluding capex for licenses and withholding tax related to Pakistan spectrum of USD 29.5 million for FY 2017), excluding M&A transactions, transformation costs, inflow/outflow of deposits, financial assets and other one-off items

FINANCIALS BY COUNTRY

USD million	4Q17	4Q16	Reported YoY	Organic[1] YoY	FY17	FY16 pro-forma Warid	FY16 reported	Reported YoY	Organic[1] YoY
Total revenue	2,320	2,354	(1.4%)	1.2%	9,474	9,040	8,885	6.6%	1.9%
Russia	1,206	1,112	8.4%	0.4%	4,729	4,097	4,097	15.4%	1.1%
Pakistan	379	369	2.6%	4.2%	1,525	1,450	1,295	17.8%	5.9%
Algeria	214	246	(13.1%)	(9.9%)	915	1,040	1,040	(12.0%)	(10.8%)
Bangladesh	131	152	(13.6%)	(9.5%)	574	621	621	(7.5%)	(4.6%)
Ukraine	159	150	6.3%	10.7%	622	586	586	6.2%	10.6%
Uzbekistan	78	165	(52.9%)	21.3%	513	663	663	(22.6%)	19.1%
HQ	0	10			0	10	10		
Other and eliminations	153	150	2.3%		596	573	573	3.7%	
Service revenue	2,214	2,244	(1.3%)	1.5%	9,105	8,700	8,553	6.6%	1.9%
Russia	1,140	1,058	7.8%	(0.1%)	4,516	3,941	3,941	14.6%	0.3%
Pakistan	350	346	1.3%	2.9%	1,418	1,364	1,217	16.5%	4.6%
Algeria	210	244	(13.9%)	(10.7%)	898	1,031	1,031	(12.8%)	(11.6%)
Bangladesh	127	147	(14.0%)	(10.0%)	557	606	606	(8.0%)	(5.1%)
Ukraine	158	150	6.0%	10.3%	620	584	584	6.2%	10.5%
Uzbekistan	77	165	(53.2%)	20.9%	513	663	663	(22.7%)	18.9%
HQ									
Other and eliminations	151	134	11.7%		583	511	511	13.8%	
EBITDA	753	783	(3.8%)	0.4%	3,587	3,268	3,232	11.0%	7.5%
Russia	430	419	2.6%	(4.9%)	1,789	1,574	1,574	13.6%	(0.4%)
Pakistan	173	129	34.5%	36.5%	703	542	507	38.8%	30.5%
Algeria	92	125	(26.8%)	(24.1%)	426	547	547	(22.7%)	(21.1%)
Bangladesh	47	55	(14.5%)	(10.5%)	233	267	267	(12.8%)	(10.1%)
Ukraine	92	69	33.2%	39.1%	347	306	306	13.2%	18.1%
Uzbekistan	33	105	(68.4%)	(18.8%)	261	395	395	(33.9%)	(1.1%)
HQ	(125)	(92)	(35.0%)		(325)	(422)	(422)	(23.0%)	
Other and eliminations	11	(27)	138.0%		154	57	57	165.0%	
EBITDA margin	32.4%	33.3%	-0.8p.p.		37.9%	36.1%	36.4%	1.5p.p	
Underlying EBITDA[2]	814	910	(10.5%)	(6.9%)	3,675	3,617	3,582	2.6%	(0.4%)
Russia	440	420	4.7%	(3.0%)	1,801	1,585	1,585	13.7%	(0.4%)
Pakistan	182	149	22.7%	24.5%	730	588	552	32.4%	25.1%
Algeria	100	127	(21.5%)	(18.4%)	435	562	562	(22.2%)	(21.6%)
Bangladesh	47	65	(27.9%)	(24.4%)	234	288	288	(18.6%)	(16.1%)
Ukraine	85	78	7.9%	12.2%	340	315	315	8.2%	12.6%
Uzbekistan	36	92	(61.5%)	(0.5%)	266	379	379	(30.0%)	5.6%
HQ	(93)	(71)	(31.0%)		(314)	(278)	(278)	13.1%	
Other and eliminations	17	50	(64.5%)		182	179	179	2.4%	
Underlying EBITDA margin	35.1%	38.7%	(3.6p.p.)	(3.1p.p.)	38.8%	40.0%	40.3%	(1.5p.p.)	(0.9p.p.)

[1] Organic change reflects changes in revenue and EBITDA excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions. See Attachment E for reconciliations.

[2] Underlying EBITDA excludes exceptional items in FY 2016 consisting of transformation costs of USD 349 million and exceptional items in FY 2017 of USD 88 million. See Attachment E for reconciliations. Underlying EBITDA excludes exceptional items in Q4 2016 consisting of performance transformation costs of USD 66 million and other exceptional items of USD 61 million, totalling USD 127 million. Exceptional items in Q4 2017 consists of performance transformation costs of USD 58 million and other exceptionals of USD 3 million, totalling USD 61 million. See Attachment E for reconciliations.

Group revenue for Q4 2017 decreased 1.4% year-on-year to USD 2.3 billion but increased by 1.2% organically, driven by revenue growth in Russia, Pakistan, Ukraine and Uzbekistan, but with continued pressure on revenue in Algeria and Bangladesh. Mobile data revenue showed good organic growth increasing 19.0% for the quarter, with total mobile customers increasing 1.5% to 211 million at the end of Q4 2017, primarily driven by growth in Pakistan, Bangladesh and Ukraine. Reported mobile data revenue increased by 14.8%.

Group revenue for FY 2017 increased 6.6% to USD 9.5 billion, partially driven by the consolidation of Warid and the positive effect from the RUB appreciation against the USD. Group revenue increased 1.9% organically, delivering on the FY 2017 target of low single digit growth, as a result of strong performances in Russia, Pakistan, Ukraine and Uzbekistan, partially offset by decreased performance in Algeria and Bangladesh. Mobile data revenue for the year showed strong organic growth of 26%.

Group EBITDA decreased 3.8% to USD 753 million in Q4 2017, compared to USD 783 million in Q4 2016. Underlying EBITDA totalled USD 814 million, reflecting an organic decline of 6.9% year-on-year of USD 119 million, excluding the impact of currency depreciation. The largest contributors to the year-on-year decrease in organic terms were Algeria, Bangladesh, Russia. These negative impacts from country performance, along with an increase in "Other" and HQ costs, more than offset the positive operational contribution from Pakistan and Ukraine. A more detailed explanation for these trends is provided in the following paragraphs. The reported underlying EBITDA decreased by 10.5%.

The underlying EBITDA margin was 35.1%, an organic decrease of 3.1 percentage points year-on-year. Exceptional items amounted to USD 61 million in Q4 2017 and mainly included USD 58 million of costs for the Group wide performance transformation program. In Q4 2016, the Group recognized exceptional items totalling USD 127 million, mainly related to the costs for Group wide performance transformation program of USD 61 million and a provision for the Iraqna litigation of USD 66 million.

Reported EBITDA for FY 2017 increased 11% to USD 3,587 million, while underlying EBITDA decreased 0.4% organically to USD 3,675 million. The FY 2017 underlying EBITDA margin was 38.8%, a decrease of 0.9 percentage points year-on-year, missing the FY 2017 target of flat to low single digit accretion, due to margin pressure in Russia, Algeria and Bangladesh. In FY 2016, the Group recognized exceptional items totalling USD 349 million, while in FY 2017 exceptional items totalled USD 88 million.

The FY 2017 underlying equity free cash flow excluding licenses increased 31.4% year-on-year to USD 1,067 million, well above the FY 2017 target of USD 850-950 million.

The reconciliation table for reported EBITDA and underlying EBITDA is set forth in Attachment E.
For the discussion of each country's individual performances below, all trends are expressed in local currency.

In Russia, total revenue in Q4 2017 increased 0.4%, driven by an increase in mobile service revenue and sales of equipment and accessories. Mobile service revenue increased by 2.1%, driven by growth in mobile data, value added services and mobile financial services, offsetting the decrease in voice revenue. Mobile ARPU continued its growth trajectory in 2017, increasing by 2.0% during Q4 2017. Fixed-line service revenue decreased by 11.4%, mainly due to the competitive environment, a decrease in transit traffic, growing penetration of FMC in the customer base and the effect of the strengthened ruble on foreign currency contracts. EBITDA decreased 4.9% in Q4 2017. Underlying EBITDA, which is adjusted for exceptional costs related to the performance transformation program, costs related to rebranding and integration of approximately 200 Euroset stores and the impact of the change in definition for EBITDA, to align with the definition applied by the Group, decreased by 3.0%. The underlying EBITDA margin, which is excluding the exceptional costs mentioned above, was 36.5% in Q4 2017, representing a year-on-year decrease of 1.3 percentage points, mainly as a result of the associated costs related the commercial launch of VEON's personal internet platform (~0.5 p.p. impact) and increased G&A and HR costs.

In July 2016, VEON acquired Warid, strengthening its leading market position in Pakistan, and as a result, Warid's financial results have been consolidated into VEON´s financial statements with effect from 1 July 2016. Consequently, this is the second consecutive quarter in which the 2017 results of Pakistan are fully comparable year-on-year. Total revenue grew 4.2%, supported by continued growth in mobile data revenue which grew 27.8% year-on-year, driven by an increase in data customers through higher bundle engagement and the continued data network expansion. The reported EBITDA margin increased to 45.7% (+10.8 percentage points year-on-year), due to strong revenue growth, opex synergies and benefitting for the positive impact of PKR 1.1 billion from the release of historic SIM tax accruals. The margin reduction quarter-on-quarter is the result of a lower positive impact from the release of historic SIM tax accruals when compared to Q3 2017. Underlying EBITDA margin, which is excluding the negative impact of PKR 1.0 billion for performance transformation and integration costs, was 48.1% in Q4 2017, improving by 7.8 percentage points year-on-year while the margin, excluding the above-mentioned release of historic SIM tax accruals, would have been 45.4%.

In Algeria, total revenue decreased by 9.9% year-on-year with a trend in line with Q3 2017. Price competition, in both voice and data, caused a continued reduction of ARPU and a year-on-year increase in churn. Data revenue growth was 36.0%, due to higher usage and a substantial increase in data customers as a result of the 3G and 4G/LTE network roll-out. This positive data revenue trend is also supported by the simplified data-centric pricing architecture. In Q4 2017, EBITDA decreased by 24.1% while underlying EBITDA, which in Q4 2016 was adjusted for exceptional costs of DZD 0.9 billion related to performance transformation, decreased 18.4% to DZD 11.5 billion primarily due to the decline in revenue. Underlying EBITDA margin was 46.7% and excluding the impact of the changes to indirect taxes with effect from 1 January 2017, the underlying EBITDA margin would have been 49.1%.

In Bangladesh, total revenue in Q4 2017 decreased by 9.5%, mainly attributable to the gap in 3G network coverage compared to the market leader and to network availability issues caused by the extreme weather conditions in the country. In addition, the market remains characterized by intense price competition especially on data, which accelerated following the SIM re-verification process and which more than offset the increase in data revenue of 14.6%. Underlying EBITDA in Q4 2017 decreased by 24.4%, which was mainly caused by the revenue decline together with additional technical expenses to improve network availability. As a result, the underlying EBITDA margin was 35.8%, which represents a year-on-year reduction of 7.1 percentage points.

In Ukraine, total revenue increased by 10.7%, mainly driven by continued strong growth of mobile data revenue, which increased by 64.5% as a result of growing number of data customers, and successful marketing activities driven by the continued 3G network roll-out and data-centric tariffs. Fixed-line service revenue increased by 5.4%, supported by broadband revenue which increased by 9.3% and which was driven primarily by the FMC launch. EBITDA increased by 39.1%, representing an EBITDA margin of 58.0%. Underlying EBITDA grew by 12.2% year-on-year, driven by higher revenue and cost efficiencies. Underlying EBITDA margin increased by 0.7 percentage points year on year to 53.1%.

Uzbekistan continued to report strong revenue growth, as the company´s tariffs were fixed at the foreign exchange rate of UZS 4,210 to the USD after the liberalization of the Uzbek som on 4 September 2017, which is a higher level compared to the prior year. Total revenue increased 21.3%, supported by successful marketing activities, increased revenues from interconnect services, value added services and mobile data revenue growth of 28.6%. Underlying EBITDA, adjusted for a reversal of a provision related to a court case of UZS 39.9 billion in Q4 2016, slightly decreased in local currency compared to the prior year and the underlying EBITDA margin was 45.7% in Q4 2017. The revenue growth was mainly offset by an increase in non-controllable costs, such as customer tax, interconnect costs, content costs, frequency fees and the negative impact from the currency liberalization.

The HQ segment includes the costs of VEON's headquarters in Amsterdam and London, costs for digital, external costs for services and projects (e.g. M&A, legal costs, Enterprise Support System, global procurement). In Q4 2017, the amount increased by USD 22 million year-on-year largely due to increased HR costs related to variable remuneration plans, a significant increase in costs (mainly headcount) related to the digital strategy and external costs for services, more than offsetting a positive impact from a tax reversal for prior periods.

“Other” mainly includes the results of Kazakhstan, Kyrgyzstan, Armenia, Georgia, Tajikistan and intercompany eliminations.

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	4Q17	4Q16	Reported YoY	FY17	FY16 pro-forma Warid	FY16 reported	Reported YoY
Total revenue	2,320	2,354	(1.4%)	9,474	9,040	8,885	6.6%
Service revenue	2,214	2,244	(1.3%)	9,105	8,700	8,553	6.5%
EBITDA	753	783	(3.8%)	3,587	3,268	3,232	11.0%
EBITDA margin	32.4%	33.3%	(0.8p.p.)	37.9%	36.1%	36.4%	1.5p.p.
Depreciation, amortization, impairments and other	(542)	(692)	(21.7%)	(2,081)	(2,204)	(2,148)	(3.1%)
EBIT (Operating Profit)	211	91	130.9%	1,506	1,063	1,084	38.9%
Financial income and expenses	(237)	(196)	20.7%	(840)	(776)	(761)	10.4%
Net foreign exchange (loss)/gain and others	(103)	38	n.m	(168)	80	75	n.m
Share of (loss)/profit of joint ventures and associates	(156)	77	n.m.	(412)	(51)	48	n.m
Impairment of JV and associates	-	(99)	n.m.	(110)	-	(99)	n.m
Profit before tax	(285)	(89)	220.7%	(24)	316	347	(107.0%)
Income tax expense	(93)	(269)	(65.7%)	(472)	(639)	(635)	(25.7%)
(Loss)/Profit from continued operations	(378)	(358)	n.m	(496)	(323)	(288)	n.m
Profit from discontinued operations	-	1,904	n.m	-	2,708	2,708	n.m
(Loss)/Profit for the period attributable to VEON shareholders	(325)	1,557	(121%)	(483)	2,294	2,328	n.m

	4Q17	4Q16	Reported YoY	FY17	FY16 pro-forma Warid	FY16 reported	Reported YoY
Capex	473	770	(38.5%)	1,791	1,741	1,741	2.8%
Capex excl. licenses	466	754	(38.3%)	1,459	1,623	1,593	(8.4%)
LTM capex excl. licenses/revenue	15.4%	17.9%	(2.5p.p.)				

Q4 2017 ANALYSIS

EBIT increased by 131% to USD 211 million in Q4 2017, as Q4 2017 was impacted by a lower level of impairments at USD 64 million, mainly related to Armenia and Kyrgyzstan due to revised business plans, compared to USD 177 million recorded in Q4 2016, mainly related to impairments for Georgia, Tajikistan and Kyrgyzstan.

The increase in losses before tax to USD 285 million was driven by an increase in net financial expenses of USD 41 million, higher year-on-year foreign exchange losses and other of USD 141 million and an increase in the loss in joint venture and associates of USD 134 million. The increase in financial expenses in Q4 2017 is the result of the revaluation of the put option liability for Warid in Pakistan of USD 38 million. Net foreign exchange losses and other gains of USD 103 million are driven by foreign exchange losses in HQ related to new non-USD debt, foreign exchange losses in Russia and a loss of USD 49 million related to the currency conversion of USD 200 million repatriated from Uzbekistan, which was recorded as a finance cost. The decrease in the share of loss of joint ventures and associates was driven by VEON's 50% share of loss of the Wind Tre joint venture impacted by accelerated depreciation in respect of network modernization, amounting to USD 68 million, and loss of USD 70 million arising on early redemption of the Wind Tre group's senior and junior secured third-party debt as part of the Italy joint venture´s refinancing of its debt.

Prior to the Wind Tre joint venture closing in November 2016, WIND had been accounted for as a discontinued operation and classified as held for sale under IFRS rules since Q3 2015. As a result, the Q4 2016 results were positively affected by the elimination of depreciation and amortization charges from the results of WIND. The "discontinued operations" accounting treatment was not applied in 2017 following the closing of the Wind Tre joint venture transaction.

Income tax expense decreased to USD 93 million in Q4 2017 mainly due to the utilization of tax assets and the loss caused by the foreign exchange devaluation in Uzbekistan, as well as lower taxable profit in Russia, Algeria and Bangladesh.

In Q4 2017, the company recorded a net loss for the period attributable to VEON´s shareholders of USD 325 million, while the net profit reported in Q4 2016 was attributable to a non-cash gain driven by the completion of the Wind Tre joint venture transaction.

Capex excluding licenses decreased to USD 466 million in Q4 2017 primarily due to improved capex planning with capex more evenly spread over the quarters, compared to end of year loaded capex in FY 2016.
The ratio of capex excluding licenses to revenue was 15.4% in FY 2017, reflecting improved capex efficiencies during 2017.

FINANCIAL POSITION & CASH FLOW

USD million	4Q17	3Q17	QoQ
Total assets	19,521	20,280	(3.7%)
Shareholders' equity	4,352	4,809	(9.5%)
Gross debt	11,102	11,437	(2.9%)
Net debt	8,741	8,672	0.8%
Net debt/underlying LTM EBITDA	2.4	2.3	

USD million	4Q17	4Q16	YoY	FY17	FY16	YoY
Net cash from/(used in) operating activities	479	445	34	2,475	1,875	600
from continued operations	479	384	95	2,475	1,192	1,283
from discontinued operations	-	61	(61)	-	683	(683)
Net cash from/(used in) investing activities	(1,326)	(1,001)	(325)	(3,016)	(2,671)	(345)
from continued operations	(1,326)	(931)	(395)	(3,016)	(2,022)	(994)
from discontinued operations	-	(70)	70	-	(649)	649
Net cash from/(used in) financing activities	(377)	(475)	98	(733)	(126)	(607)
from continued operations	(377)	(475)	98	(733)	(106)	(627)
from discontinued operations	-	-	-	-	(20)	20

Total assets decreased compared to Q3 2017 mainly driven by a decrease in the cash position, used for debt repayments in Russia, Algeria and GTH, partially offset by debt drawdowns at HQ, including a drawdown under the revolving credit facility in relation to the application for the GTH MTO.

Net cash from operating activities increased by USD 34 million year-on-year in Q4 2017, driven by USD 96 million higher cash flow from continued operations as a result of significant improvements in working capital, partially offset by the year-on-year decrease in net cash from discontinued operations as a result of the closing of the Wind Tre joint venture transaction in November 2016, which resulted in Italy no longer being accounted for as a discontinued operation.

Net cash flow used in investing activities increased year-on-year by USD 325 million, mainly due to outflow in deposits of USD 898 million in HQ Amsterdam driven by the GTH Mandatory Tender Offer collateral, partially offset by the decrease in net cash used in investing activities in discontinued operations.

Net cash used in financing activities decreased by USD 98 million year-on-year in Q4 2017, mainly due to debt repayments and capital restructuring activities that led to interest cost savings.

Net debt includes cash balances of USD 987 million pledged as collateral for the Mandatory Tender Offer. Excluding this net debt would have been USD 9,728 million and the net debt/underlying LTM EBITDA ratio would have been 2.6x.

COUNTRY PERFORMANCE

- Russia
- Pakistan
- Algeria
- Bangladesh
- Ukraine
- Uzbekistan
- Italy

RUSSIA

RUB million	4Q17	4Q16	YoY	FY17	FY16	YoY
Total revenue	70,415	70,130	0.4%	275,887	273,003	1.1%
Mobile service revenue	57,001	55,844	2.1%	224,186	218,192	2.7%
Fixed-line service revenue	9,608	10,840	(11.4%)	39,271	44,418	(11.6%)
EBITDA	25,108	26,401	(4.9%)	104,342	104,790	(0.4%)
Underlying EBITDA	25,698	26,487	(3.0%)	105,098	105,486	(0.4%)
EBITDA margin	35.7%	37.6%	(2.0p.p.)	37.8%	38.4%	(0.6p.p.)
Underlying EBITDA margin	36.5%	37.8%	(1.3p.p.)	38.1%	38.6%	(0.5p.p.)
Capex excl. licenses	13,435	21,615	(37.8%)	38,918	41,432	(6.1%)
LTM Capex excl. licenses /revenue	14.1%	15.2%	(1.1p.p.)	14.1%	15.2%	(1.1p.p.)
Mobile						
Total revenue	60,771	59,276	2.5%	236,501	228,443	3.5%
- of which mobile data	15,344	14,088	8.9%	59,041	51,773	14.0%
Customers (mln)	58.2	58.3	(0.3%)	-	-	-
- of which data users (mln)	38.4	36.6	5.0%	-	-	-
ARPU (RUB)	324	317	2.0%	-	-	-
MOU (min)	323	335	(3.6%)	-	-	-
Data usage (MB/user)	3,047	2,308	32.0%	-	-	-
Fixed-line[1]						
Total revenue	9,644	10,854	(11.1%)	39,386	44,560	(11.6%)
Broadband revenue	2,508	2,807	(10.7%)	10,269	11,615	(11.6%)
Broadband customers (mln)	2.2	2.2	2.8%			
Broadband ARPU (RUB)	376	433	(13.0%)			

The market conditions remained challenging in Russia, but Beeline continued to grow its mobile revenue during the fourth quarter.

Total revenue in Q4 2017 increased by 0.4% to RUB 70.4 billion, driven by an increase in mobile service revenue and sales of equipment and accessories. Mobile service revenue increased by 2.1% to RUB 57.0 billion, driven by growth in mobile data, value added services and mobile financial services, offsetting the decrease in voice revenue. Mobile ARPU continued its growth trajectory in 2017, increasing by 2.0% during the quarter.

Beeline has increased its focus on the B2B segment, improving its proposition with more customized offers and solutions to both small and large enterprises. As a result, mobile service revenue in the B2B segment showed growth in a stagnating market, growing by 5.8% year-on-year, driven by a growth of 9.5% in Beeline's B2B customer base. Overall, B2B revenue contributed RUB 16.2 billion to revenue.

Mobile data revenue continued to grow, increasing by 8.9% to RUB 15.3 billion, as a result of an increased penetration of integrated bundles and smartphones, together with data traffic growth. Mobile ARPU showed continued improvement, growing by 2.0%, driven by successful upselling activities and continued efforts to simplify tariff plans, while being supported by increased penetration of bundled propositions in the customer base. Beeline's mobile customer base was broadly stable year-on-year with 58.2 million customers.

Fixed-line service revenue decreased by 11.4% to RUB 9.6 billion, mainly due to increased competition, a decrease in transit traffic, growing penetration of FMC in the customer base to more than 877 thousand customers, and the effect of a strengthening ruble on foreign currency contracts.

Reported EBITDA decreased by 4.9% to RUB 25.1 billion, with a reported EBITDA margin of 35.7%. Underlying EBITDA, which is adjusted for exceptional costs related to the performance transformation program in both Q4 2016 (RUB 86 million) and Q4 2017 (RUB 158 million), costs related to rebranding and integration of approximately 200 Euroset stores (RUB 266 million), and the impact of change in definition for EBITDA (RUB 165 million), to align with the definition applied by the Group, decreased by 3.0%. The underlying EBITDA margin was 36.5% in Q4 2017, representing a year-on-year decrease of 1.3 percentage points, mainly as a result of the associated costs of the commercial launch of VEON's personal internet platform (impact of 0.5 p.p.) and increased G&A and HR costs.

Beeline expects continued negative impact on EBITDA of approximately RUB 3.0 billion in FY 2018 due to the integration and rebranding costs for the Euroset stores into Beeline monobrand stores. Additionally, Beeline expects EBITDA margin pressure driven by the changing revenue mix, following the integration and rebranding of the Euroset stores. After the rebranding and integration of the Euroset stores, Beeline expects a positive effect on revenue going forward and, from 2019, on EBITDA driven by device sales acceleration and channel-mix improvement.

Capex excluding licenses decreased by 37.8% year-on-year during the quarter as a result of improved capex planning with capex more evenly spread over the quarters, in comparison to capex in FY 2016, which was weighted towards the the end of the year. The LTM capex excluding licenses to revenue ratio for FY 2017 was 14.1%.

From January 2018, the international interconnect and transit services revenues will be fully centralized in VEON Wholesale Services, a Group division centrally managing arrangements of VEON Group companies with international carriers, currently reported at the HQ level. The FY 2018 expected maximum impact on revenue for Russia is USD 53 million, while the expected maximum impact on EBITDA is USD 7 million.

PAKISTAN

PKR billion	4Q17	4Q16	YoY	FY17	FY16 pro-forma Warid	YoY
Total revenue	40.3	38.7	4.2%	160.7	151.8	5.9%
Mobile service revenue	37.3	36.2	2.9%	149.4	142.8	4.6%
of which mobile data	6.4	5.0	27.8%	23.7	17.6	35.1%
EBITDA	18.4	13.5	36.5%	74.1	56.8	30.5%
Underlying EBITDA	19.4	15.6	24.5%	76.9	61.5	25.1%
EBITDA margin	45.7%	34.9%	10.8p.p.	46.1%	37.4%	8.7p.p.
Underlying EBITDA margin	48.1%	40.3%	7.8p.p.	47.9%	40.5%	7.4p.p.
Capex excl. licenses	6.6	10.1	(34.2%)	25.3	25.7	(1.9%)
LTM capex excl. licenses/revenue	15.7%	17.0%	(1.2p.p.)	15.7%	17.0%	(1.2p.p.)
Mobile						
Customers (mln)	53.6	51.6	4.0%			
- of which data users (mln)	28.5	25.1	13.3%			
ARPU (PKR)	232	244	(4.6%)			
MOU (min)[1]	515	540	(4.6%)			
Data usage (MB/user)	672	464	45.0%			

[1] MoU and ARPU have been adjusted in 2016 due to a change of components in the definition of traffic

In July 2016, VEON acquired Warid, strengthening its leading market position in Pakistan and, as a result, Warid's financial results have been consolidated into VEON´s financial statements with effect from 1 July 2016. Consequently, this is the second consecutive quarter in which the 2017 results of Pakistan are fully comparable year-on-year.

Jazz continued to show growth of both revenue and customers despite competitive market conditions. Revenue growth of 4.2% year-on-year was supported by continued growth in mobile data revenue which grew 27.8% year-on-year, driven by an increase in data customers through higher bundle penetration and continued data network expansion.

The customer base increased by 4.0% year-on-year driven by continued customer satisfaction as a result of a price simplicity and efficient distribution channel management. Jazz sees data and voice monetization among its key priorities, underpinned by the ambition to offer the best network in terms of both quality of service and coverage.

Reported EBITDA margin increased to 45.7% (+10.8 percentage points year-on-year), due to strong revenue growth, opex synergies and benefitting for the positive impact of PKR 1.1 billion from the release of historic SIM tax accruals. The margin reduction quarter-on-quarter is the result of a lower impact from the release of historic SIM tax accruals when compared to Q3 2017. Underlying EBITDA margin, which is excluding the negative impact of PKR 1.0 billion for performance transformation and integration costs, was 48.1% in Q4 2017, improving by 7.8 percentage points year-on-year while the margin, excluding the release of historic SIM tax accruals, would have been 45.4%.

Capex excluding licenses decreased to PKR 6.6 billion in Q4 2017 while the LTM capex excluding licenses to revenue ratio was 15.7% in Q4 2017 (12.3% excluding integration capex). At the end of the Q4 2017, 3G was offered in more than 350 cities while 4G/LTE was offered in over 50 cities (defined as cities with at least three base stations).

In Q3 2017, Jazz achieved the target annual run-rate of synergies announced alongside the transaction to merge Mobilink with Warid, and it completed the network integration by the end of 2017.

Finally, on 30 August 2017 VEON announced that Jazz had signed an agreement for the sale of its tower business (“Deodar”) to Tanzanite, a tower operating company owned by edotco and Dawood, for PKR 98.7 billion subject to adjustments. Following the classification of Deodar as a disposal group held-for-sale on 30 June 2017, VEON is no longer accounting for depreciation and amortization charges on these assets. Completion of the transaction is subject to the satisfaction or waiver of certain conditions including receipt of customary regulatory approvals. The approval process remains ongoing.

ALGERIA

DZD billion	4Q17	4Q16	YoY	FY17	FY16	YoY
Total revenue	24.5	27.2	(9.9%)	101.5	113.7	(10.8%)
Mobile service revenue	24.1	26.9	(10.7%)	99.6	112.7	(11.6%)
of which mobile data	3.3	2.4	36.0%	12.6	8.0	57.2%
EBITDA	10.5	13.9	(24.1%)	47.2	59.8	(21.1%)
Underlying EBITDA	11.5	14.0	(18.4%)	48.1	61.4	(21.6%)
EBITDA margin	42.9%	50.9%	(8.0p.p.)	46.5%	52.6%	(6.1p.p.)
Underlying EBITDA margin	46.7%	51.6%	(4.9p.p.)	47.5%	54.0%	(6.6p.p.)
Capex excl. licenses	4.0	6.2	(35.7%)	14.6	18.1	(19.4%)
LTM capex excl. licenses/revenue	14.4%	16.0%	(1.5p.p.)	14.4%	16.0%	(1.5p.p.)
Mobile						
Customers (mln)	15.0	16.3	(8.0%)			
- of which mobile data customers (mln)	7.2	7.0	3.1%			
ARPU (DZD)	528	555	(4.8%)			
MOU (min)[1]	430	323	33.1%			
Data usage (MB/user)	561	447	25.4%			

[1] MoU and ARPU have been adjusted in 2016 due to a change of components in the definition of traffic

Djezzy’s operational turnaround continued in Q4 2017, despite a challenging regulatory and macro-economic environment which remains characterized by strong competition and inflationary pressures. As previously stated, the new Finance Law (effective from January 2017), resulted in an increase in VAT from 7% to 19% on data services and an increase from 17%

to 19% on voice services. Taxes on recharges also increased from 5% to 7% as a result. The higher indirect taxes affected Djezzy's performance in relation to both revenue and EBITDA as taxes could not be passed on to customers.

Revenue decreased by 9.9% year-on-year, in line with Q3 2017 trends. Price competition, in both voice and data, caused a continued reduction in ARPU and a year-on-year increase in churn. Djezzy's Q4 2017 service revenue was DZD 24.1 billion, a 10.7% reduction, while data revenue growth was 36.0%, due to higher usage and a substantial increase in data customers as a result of the 3G and 4G/LTE network roll-out. This positive data revenue trend is also supported by the simplified data-centric pricing architecture.

The customer base in Algeria decreased by 8.0% to 15.0 million, due to competitive pressures in the market. ARPU declined by 4.8%, a lower decrease compared to Q3 2017, primarily caused by the intense price competition.

In Q4 2017, EBITDA decreased by 24.1% year-on-year while underlying EBITDA, which is adjusted for exceptional costs of DZD 0.9 billion related to performance transformation in Q4 2016, decreased by 18.4% to DZD 11.5 billion primarily due to the decline in revenues. Underlying EBITDA margin was 46.7% and excluding the impact of the changes to indirect taxes with effect from 1 January 2017, the underlying EBITDA margin would have been 49.1%.

At the end of Q4 2017, the company's 4G/LTE services covered 28 wilayas and more than 24.6% of the country's population, while the 3G network covers all 48 wilayas. In Q4 2017 capex excluding licenses was DZD 4.0 billion, a 35.7% year-on-year reduction, with a LTM capex excluding licenses to revenue ratio of 14.4%.

The mobile termination rate ("MTR") symmetry in place from 31 October 2017, which has marked a further improvement of the regulatory environment in the country. Djezzy currently has symmetric MTRs with only one of the two major competitors in the market.

BANGLADESH

BDT billion	4Q17	4Q16	YoY	FY17	FY16	YoY
Total revenue	10.8	12.0	(9.5%)	46.5	48.7	(4.6%)
Mobile service revenue	10.4	11.6	(10.0%)	45.1	47.5	(5.1%)
of which mobile data	1.6	1.4	14.6%	6.3	4.9	28.5%
EBITDA	3.9	4.4	(10.5%)	18.8	21.0	(10.1%)
Underlying EBITDA	3.9	5.1	(24.4%)	18.9	22.5	(16.1%)
EBITDA margin	36.1%	36.4%	(0.4p.p.)	40.5%	43.1%	(2.5p.p.)
Underlying EBITDA margin	35.8%	42.9%	(7.1p.p.)	40.7%	46.3%	(5.6p.p.)
Capex excl. licenses	3.7	5.1	(26.6%)	8.2	10.7	(23.6%)
LTM capex excl. licenses/revenue	17.7%	22.1%	(4.4p.p.)	17.7%	22.1%	(4.4p.p.)
Mobile						
Customers (mln)	31.3	30.4	3.2%			
- of which mobile data customers (mln)	16.9	14.9	13.4%			
ARPU (BDT)	111	130	(14.7%)			
MOU (min)	274	322	(14.7%)			
Data usage (MB/user)	580	391	48.2%			

In Bangladesh, Q4 2017 results continue to be affected by technical costs, required to restore network availability following flooding caused by severe monsoons earlier in the year, and the market continues to see intense competition, particularly focused around customer acquisition. During the quarter, Banglalink continued to focus on acquiring customers in a competitive market and restoring network availability.

The customer base grew by 3.2% year-on-year, and this increase was fuelled by competitive customer acquisition campaigns in the market by all operators.

Revenue in Q4 2017 decreased by 9.5% year-on-year, while Banglalink's service revenue decreased by 10.0% year-on-year to BDT 10.4 billion. The decline in service revenue was mainly attributable to the gap in 3G network coverage compared to the market leader, in addition to network availability issues caused by the extreme weather conditions in the country. The market remains characterized by intense price competition especially in relation to data, which accelerated following the SIM re-verification process. Notwithstanding the competitive environment, data revenue increased by 14.6%, driven by increased smartphone penetration. Data revenue growth was driven by data usage growth of 48.2% along with 13.4% growth in active data users. ARPU decreased year-on-year by 14.7%, as a result of in market pricing pressure.

Banglalink's underlying EBITDA in Q4 2017 decreased by 24.4% to BDT 3.9 billion, which was mainly caused by a decline in revenue and technical expenses to improve network availability. As a result, the underlying EBITDA margin was 35.8% in Q4 2017, which represents a year-on-year reduction of 7.1 percentage points.

In Q4 2017, capex excluding licenses decreased by 26.6% year-on-year to BDT 3.7 billion, with a LTM capex excluding licenses to revenue ratio of 17.7%. Banglalink continues to invest in efficient, high-speed data networks aiming to substantially improve its 3G network coverage and availability. The 3G network covered approximately 70% of the population at the end of Q4 2017.

The Ministry of Post, Telecommunications and Information Technology issued a public consultation on draft Regulatory and Licensing Guidelines for Tower Sharing. The industry has provided comments on these guidelines to the Government of Bangladesh and Guidelines have not been issued following the consultation.

On 24 December 2017, Banglalink entered into a new floating rate term facilities agreement of BDT 29.3 billion (approx. USD 353 million), divided into two tranches. The first tranche amounting to BDT 10.7 billion (approx. USD 129 million) has a three-year tenor and the second tranche amounting to BDT 18.6 billion (approx. USD 224 million) has a five-year tenor. The facilities agreement includes an option to increase the amount of the facilities up to a total amount of BDT 40 billion.

On 13 February 2018, Banglalink was awarded technology neutral spectrum in the 1800 and 2100 MHz bands. As a result of the auction conducted by the Bangladesh Telecommunication Regulatory Commission, Banglalink has been awarded 5.6 MHz paired spectrum in the 1800 MHz band and 5 MHz paired spectrum in the 2100 MHz band. The spectrum is technology neutral and allows Banglalink to double its 3G network capacity. Moreover, Banglalink has also acquired a 4G/LTE license in parallel allowing the company to launch a high-speed data network. The total investment amounts to USD 308.6 million for the spectrum, excluding VAT. An upfront payment of 60% for the spectrum is payable in approximately 30 days with the remaining 40% payable over four years. In addition, the company paid USD 35 million excluding VAT to convert its existing spectrum holding in 900 MHz and 1800 MHz into technology neutral spectrum and USD 1.2 million excluding VAT to acquire the 4G/LTE license. The investment is expected to be funded through locally available cash and local banking facilities.

UKRAINE

UAH million	4Q17	4Q16	YoY	FY17	FY16	YoY
Total revenue	4,297	3,881	10.7%	16,542	14,960	10.6%
Mobile service revenue	3,986	3,601	10.7%	15,338	13,851	10.7%
Fixed-line service revenue	285	270	5.4%	1,132	1,052	7.6%
EBITDA	2,494	1,793	39.1%	9,221	7,811	18.1%
Underlying EBITDA	2,281	2,033	12.2%	9,043	8,031	12.6%
EBITDA margin	58.0%	46.2%	11.8p.p.	55.7%	52.2%	3.5p.p.
Underlying EBITDA margin	53.1%	52.4%	0.7p.p.	54.7%	53.7%	1.0p.p.
Capex excl. licenses	534	836	(36.2%)	2,618	2,672	(2.0%)
LTM capex excl. licenses/revenue	15.8%	17.9%	(2.0p.p.)	15.8%	17.9%	(2.0p.p.)
Mobile						
Total operating revenue	4,012	3,611	11.1%	15,411	13,908	10.8%
- of which mobile data	1,202	731	64.5%	4,103	2,429	68.9%
Customers (mln)	26.5	26.1	1.7%	-	-	-
- of which data customers (mln)	12.5	11.2	11.5%			-
ARPU (UAH)	49	45	9.1%	-	-	-
MOU (min)	589	565	4.3%	-	-	-
Data usage (MB/user)	1,091	553	97.2%	-	-	-
Fixed-line						
Total operating revenue	285	270	5.4%	1,132	1,052	7.6%
Broadband revenue	170	156	9.3%	678	604	12.2%
Broadband customers (mln)	0.8	0.8	0.8%			
Broadband ARPU (UAH)	70	64	8.6%			

Kyivstar continued to deliver robust results in Q4 2017 and, in an increasingly competitive environment, the company remains the clear leader in both customer market share and NPS.

Total revenue increased by 10.7% year-on-year to UAH 4.3 billion in Q4 2017 while mobile service revenue grew by 10.7% to UAH 4.0 billion. This was driven by continued strong growth of mobile data revenue, which increased by 64.5% as a result of growing data usage, and successful marketing activities driven by the continued 3G network roll-out and data-centric tariffs. As a result, data consumption per user more than doubled in Q4 2017 compared to the same quarter in the previous year.

Kyivstar´s mobile customer base increased by 1.7% to 26.5 million in Q4 2017, while mobile ARPU continued to increase by 9.1% year-on-year to UAH 49.

Fixed-line service revenue increased by 5.4% to UAH 285 million, supported by broadband revenue which increased by 9.3% and which was driven primarily by the FMC launch. The fixed broadband customer base is stable year-on-year at 0.8 million and fixed broadband ARPU increased by 8.6% year-on-year to UAH 70.

EBITDA increased by 39.1% to UAH 2.5 billion in Q4 2017, representing an EBITDA margin of 58.0%. Underlying EBITDA, adjusted for regulatory provisions grew by 12.2% year-on-year, driven by higher revenue and cost efficiencies. Underlying EBITDA margin increased by 0.7 percentage points year on year to 53.1%.

Q4 2017 capex excluding licenses was UAH 534 million with an LTM capex excluding licenses to revenue ratio of 15.8% as Kyivstar continued to roll out its 3G network, reaching a population coverage of 74% up from 61% in the same quarter last year.

On 31 January 2018 Kyivstar secured one of three licenses to provide nationwide 4G/LTE services, subject to final regulatory approvals. Kyivstar will pay UAH 0.9 billion (approximately USD 32.2 million) for 2x15MHz in the 2600 MHz band.

UZBEKISTAN

UZS bln	4Q17	4Q16	YoY	FY17	FY16	YoY
Total revenue	628	518	21.3%	2,342	1,967	19.1%
Mobile service revenue	621	514	20.8%	2,323	1,953	18.9%
- of which mobile data	162	126	28.6%	585	452	29.4%
Fixed-line service revenue	4	3	26.3%	15	13	13.6%
EBITDA	267	328	(18.8%)	1,160	1,173	(1.1%)
Underlying EBITDA	287	289	(0.5%)	1,187	1,124	5.6%
EBITDA margin	42.5%	63.5%	(21.0p.p.)	49.5%	59.6%	(10.1p.p.)
Underlying EBITDA margin	45.7%	55.8%	(10.0p.p.)	50.7%	57.2%	(6.5p.p.)
Capex excl. licenses	120	289	(58.5%)	304	533	(42.9%)
LTM Capex excl. licenses/revenue	13.0%	27.1%	(14.1p.p.)	13.0%	27.1%	(14.1p.p.)
Mobile						
Customers (mln)	9.7	9.5	1.9%			
- of which mobile data customers (mln)	5.0	4.6	10.1%			
ARPU (UZS)	21,672	17,925	20.9%			
MOU (min)	574	568	1.1%			
Data usage (MB/user)	649	330	96.3%			

Unitel continued to report strong revenue growth, as the company´s tariffs were fixed at the foreign exchange rate of UZS 4,210 to the USD after the liberalization of the Uzbek som on 4 September 2017, which is a higher level compared to the prior year. Total revenue increased by 21.3% and mobile service revenue increased by 20.8% to UZS 621 billion, supported by successful marketing activities, increased revenues from interconnect services, value added services and mobile data. Mobile data traffic more than doubled and mobile data revenue increased by 28.6% year on year during the fourth quarter, driven by the continued high-speed data network roll-out, increased smartphone penetration and the launch of new bundled offerings. The overall customer base increased by 1.9% to 9.7 million during the fourth quarter.

Underlying EBITDA, which is adjusted for a reversal of a provision related to a court case of UZS 39.9 billion in Q4 2016, slightly decreased compared to the prior year and the underlying EBITDA margin was 45.7% in Q4 2017. The revenue growth was mainly offset by an increase in non-controllable costs, such as customer tax, interconnect costs, content costs, frequency fees and the negative impact from the currency liberalization. Customer costs increased as a result of an 83.3% growth in customer tax to UZS 2,750 per customer per month during Q4 2017. The customer tax increased further to UZS 4,000 per customer starting from January 2018. Adjusting for this negative effect, underlying EBITDA growth would have been 12.9% and underlying EBITDA margin for Q4 2017 would have been 5.9 percentage points higher at 51.6%.

Capex excluding licenses totalled UZS 120.1 billion and the capex excluding licenses to revenue ratio was 13.0% in 2017. The company continued to invest in its high-speed data networks, improving the 4G/LTE coverage in Tashkent and increasing the number of nationwide 3G sites by 60% year-on-year. Further improvements to the high-speed data networks will continue to be a priority for Unitel in 2018.

The Republican Radiofrequencies Council in Uzbekistan delayed the implementation of the decision to redistribute radio frequencies in Uzbekistan to April 2018. This will result in a reallocation of Unitel's radio frequencies to other cellular communications providers in the market. The Company prepared the network for this conversion and is analyzing the effect of this measure, which might lead to increased investments in network capacity.

In December 2017, PJSC VimpelCom successfully repatriated a net amount of approximately USD 200 million from Unitel, its wholly owned subsidiary. The remaining cash and deposits balances as per year end 2017 in Uzbekistan are USD 147 million in Uzbek som.

ITALY JOINT VENTURE[1]

EUR million	4Q17	4Q16	YoY	2017	2016	YoY
Total revenue	1,556	1,749	(11.1%)	6,182	6,475	(4.5%)
Mobile service revenue	1,014	1,103	(8.1%)	4,179	4,367	(4.3%)
Fixed-line service revenue	272	279	(2.5%)	1,085	1,082	0.2%
EBITDA	526	551	(4.5%)	1,945	2,124	(8.4%)
EBITDA underlying[2]	592	611	(3.1%)	2,211	2,184	1.2%
EBITDA margin	33.8%	31.5%	2.3p.p.	31.5%	32.8%	(1.3p.p.)
EBITDA underlying[2] margin	38.1%	34.9%	3.2p.p.	35.8%	33.7%	2.1p.p.
Capex excl. licenses	515	404	27.6%	1,257	1,172	7.3%
LTM capex excl. licenses/revenue	20.3%	18.1%	2.2p.p.	20.3%	18.1%	2.2p.p.
Mobile						
Total revenue	1,248	1,440	(13.3%)	4,996	5,338	(6.4%)
- of which mobile data	398	341	16.8%	1,508	1,329	13.4%
Customers (mln)	29.5	31.3	(5.8%)	29.5	31.3	(5.8%)
- of which data customers (mln)	19.3	19.5	(0.8%)	19.3	19.5	(0.8%)
ARPU (EUR)	11.2	11.4	(1.8%)	11.3	11.4	0.9%
MOU (min)	284	288	(1.4%)	272	280	(3.1%)
Fixed-line						
Total revenue	307	309	(0.6%)	1,185	1,137	4.2%
Total voice customers (mln)	2.68	2.69	(0.4%)	2.68	2.69	(0.4%)
ARPU (EUR)	27.6	28.8	(4.3%)	27.9	27.6	1.3%
Broadband customers (mln)	2.36	2.31	2.3%	2.36	2.31	2.3%
Broadband ARPU (EUR)	21.1	22.3	(5.4%)	21.7	21.2	1.9%

[1] The "combined data" for Q4 2016 as well as 2016 FY, consists of the sum of the WIND Telecomunicazioni s.p.a. and H3G s.p.a. businesses results, respectively, for the three months ended 31 December 2016, prior to the merger of the two businesses. The Q4 2016 data related to H3G s.p.a. was obtained through due diligence performed as part of the merger process. The Company has included this "combined data" because it believes that financial information on the Wind Tre joint venture is relevant to its business and results for the financial quarter. Going forward, the Company expects to include financial information related to the Wind Tre joint venture in the publication of its financial results. It should be noted that the Company owns 50% of the Wind Tre joint venture, while the results above reflect the entire business

[2] Q4 2017 underlying EBITDA before integration costs of ~EUR 66 million

[3] 2017 EBITDA before approx. EUR 266 million of integration costs

Wind Tre's total revenue in Q4 2017 decreased by 11.1% to EUR 1.6 billion, driven by a 8.1% decline in mobile service revenue and lower mobile CPE (consumer premises equipment) revenue. The mobile service revenue decline was primarily due to continuing aggressive competition in the market, which resulted in a customer base decline of 5.8% to 29.5 million, together with impact from the new EU roaming regulation. The mobile CPE revenue decline was primarily due to lower volume of gross additions and a more selective mobile customer scoring, aimed at reducing bad debt, in line with the company' shift of focus from volume to value.

Mobile data revenue continued to show solid growth year-on-year with a 16.8% increase, driven by stable data customer base, data ARPU growth of 7.9% and data usage which grew by 50% to approximately 4.1 GB per customer per month. In Q4 2017, mobile ARPU slightly declined to EUR 11.2, a 1.8% year-on-year erosion, all attributable to voice component. Fixed-line service revenue slightly declined by 2.5% year on year, as the increases in direct and broadband customers of 2.0% and 2.3% respectively driven by the increased demand for ultra-broadband connections, were more than offset by the unfavourable comparison with Q4 2016, when some commercial initiatives were undertaken. In Q4 2017, the fixed-line direct customer base and the broadband customer base reached 2.5 million and 2.4 million respectively. Fixed and broadband ARPU slightly declined as a consequence of the abovementioned unfavourable YoY comparison.

Underlying EBITDA declined by 3.1% year-on-year in Q4 2017 to EUR 592 million, mainly due to service revenue erosion, partially offset by opex synergies of EUR 69 million, which led to an increase in the underlying EBITDA margin of 3.2 percentage points to 38.1%.

Capex in the quarter totalled EUR 515 million and was primarily focused on expanding capacity and coverage of the 4G/LTE network, as well as modernizing and merging the former WIND and Tre networks. To be noted that in the cities, Trieste and Agrigento, where the network modernization has been performed, network performances recorded are at the top.

The net leverage ratio (net debt/underlying EBITDA) was 4.4x at the end Q4 2017, primarily due to the payment of call premia and one-off costs related to the refinancing of the entire capital structure of Wind Tre. This refinancing not only improved the maturity profile of the company but is expected to substantially reduce future interest costs by an annual amount of approximately EUR 270 million.

During the year 2017, Wind Tre generated opex synergies of approximately EUR 167 million, on track with the targets disclosed at the time of the announcement of the Wind Tre joint venture.

CONFERENCE CALL INFORMATION

On 22 February 2018, VEON will also host a live presentation by senior management in London at 14.00 CET (13.00 GMT), which will simultaneously be made available through video webcast on its website and through the following dial-in numbers. The call and slide presentation may be accessed at http://www.veon.com

2.00pm CET investor and analyst conference call
US call-in number: +1 (646) 828 8143
Confirmation Code: 8795299

International call-in number: +44 (0) 330 336 9411
Confirmation Code: 8795299

The conference call replay and the slide presentation webcast will be available until 1 March 2018.
The slide presentation will also be available for download on VEON's website.

Investor and analyst call replay
US Replay Number: +1 719 457 0820
Confirmation Code: 8795299

UK Replay Number: 0800 101 1153
Confirmation Code: 8795299

CONTACT INFORMATION

INVESTOR RELATIONS
Richard James
ir@veon.com

MEDIA AND PUBLIC RELATIONS
Maria Piskunenko
pr@veon.com

DISCLAIMER

This press release contains “forward-looking statements”, as the phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by words such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” and other similar words. Forward-looking statements include statements relating to, among other things, VEON’s plans to implement its strategic priorities, including with respect to its transformation plan, among others; anticipated performance and guidance for 2018, including VEON’s ability to generate sufficient cash flow; future market developments and trends; operational and network development and network investment, including expectations regarding the roll-out and benefits of 3G/4G/LTE networks, as applicable; the effect of the acquisition of additional spectrum on customer experience; and VEON’s ability to realize its targets and strategic initiatives in its various countries of operation. The forward-looking statements included in this release are based on management’s best assessment of VEON’s strategic and financial position and of future market conditions, trends and other potential developments. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of demand for and market acceptance of VEON’s products and services; continued volatility in the economies in VEON’s markets; unforeseen developments from competition; governmental regulation of the telecommunications industries; general political uncertainties in VEON’s markets; government investigations or other regulatory actions and/or litigation with third parties; failure to realize the expected benefits of the Italy Joint Venture or the Warid transaction as expected or at all due to, among other things, the parties’ inability to successfully implement integration strategies or otherwise realize the anticipated synergies; risks associated with data protection or cyber security, other risks beyond the parties’ control or a failure to meet expectations regarding various strategic priorities, the effect of foreign currency fluctuations, increased competition in the markets in which VEON operates and the effect of consumer taxes on the purchasing activities of consumers of VEON´s services. Certain other factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in VEON’s Annual Report on Form 20-F for the year ended December 31, 2016 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by VEON with the SEC. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this release be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date hereof. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made, or to reflect the occurrence of unanticipated events. Non-IFRS measures are reconciled to comparable IFRS measures in VEON Ltd.’s earnings release published on its website on the date hereof. Furthermore, elements of this release contain or may contain, “inside information” as defined under the Market Abuse Regulation (EU) No. 596/2014.

As of 7 November 2016, VEON Ltd. owns a 50% share of the Italy Joint Venture (with CK Hutchison owning the other 50%) and we account for this JV using the equity method as we do not have control. All information related to the Italy Joint Venture is the sole responsibility of the Italy Joint Venture’s management, and no information contained herein, including, but not limited to, the Italy Joint Venture’s financial and industry data, has been prepared by or on behalf of, or approved by, our management. As a result of this, we do not provide any reconciliations for non-IFRS measures for the Wind Tre Joint Venture. For further information on the Italy Joint Venture and its accounting treatment, see “Item 5—Operating and Financial Review and Prospects—Key Developments and Trends—Italy Joint Venture” “Explanatory Note—Accounting Treatment of our Historical WIND Business and the new Italy Joint Venture” and Note 6 to our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended 31 December 2016.

All non-IFRS measures disclosed further in this release (including, without limitation, EBITDA, EBITDA margin, underlying EBITDA, underlying EBITDA margin, EBIT, EBT, net debt, equity free cash flow, organic growth, capital expenditures excluding licenses and LTM (last twelve months) capex excluding licenses/revenue) are reconciled to comparable IFRS measures in VEON Ltd.’s earnings release published on its website on the date hereof. In addition, we present certain information on a forward-looking basis (including, without limitation, the expected impact on revenue, EBITDA and equity free cash flow from the currency liberalization in Uzbekistan, the sale of the tower business in Pakistan (the “Deodar” transaction), the consolidation of the Euroset stores after completing the transaction ending the Euroset joint venture).

We are not able to, without unreasonable efforts, provide a full reconciliation to IFRS due to potentially high variability, complexity and low visibility as to the items that would be excluded from the comparable IFRS measure in the relevant future period, including, but not limited to, depreciation and amortization, impairment loss, loss on disposal of non-current assets, financial income and expenses, foreign currency exchange losses and gains, income tax expense and performance transformation costs, cash and cash equivalents, long - term and short-term deposits, interest accrued related to financial liabilities, other unamortized adjustments to financial liabilities, derivatives, and other financial liabilities.

ABOUT VEON

VEON is a NASDAQ and Euronext Amsterdam-listed global provider of connectivity and internet services, with the ambition to lead the personal internet revolution for over 240 million customers it currently serves, and many others in the years to come.

Follow us:

on Twitter @veondigital

visit our blog @ blog.veon.com

go to our website @ http://www.veon.com

CONTENT OF THE ATTACHMENTS

For more information on financial and operating data for specific countries, please refer to the supplementary file Factbook4Q2017.xls on VEON's website at http://veon.com/Investor-relations/Reports--results/Results/.

ATTACHMENT A: VEON LTD FINANCIAL SCHEDULES

VEON LTD UNAUDITED CONSOLIDATED STATEMENT OF INCOME

USD million	4Q17	4Q16	FY17	FY16
Total operating revenues	**2,320**	**2,354**	**9,474**	**8,885**
of which other revenues	35	48	125	148
Operating expenses				
Service costs, equipment and accessories	(543)	(527)	(2,139)	(1,985)
Selling, general and administrative expenses	(1,024)	(1,044)	(3,748)	(3,668)
Depreciation	(337)	(367)	(1,454)	(1,439)
Amortization	(133)	(142)	(537)	(497)
Impairment loss	(64)	(177)	(66)	(192)
Loss on disposals of non-current assets	(8)	(6)	(24)	(20)
Total operating expenses	**(2,109)**	**(2,263)**	**(7,968)**	**(7,801)**
Operating profit/(loss)	**211**	**91**	**1,506**	**1,084**
Finance costs	(262)	(219)	(935)	(830)
Finance income	25	23	95	69
Other non-operating (losses)/gains	15	(15)	(97)	(82)
Shares of (loss)/profit of associates and joint ventures	(156)	(22)	(522)	(51)
Net foreign exchange gain/ (loss)	(118)	53	71	(157)
(Loss)/profit before tax	**(285)**	**(89)**	**(24)**	**347**
Income tax expense	(93)	(269)	(472)	(635)
(Loss)/ profit from continued operations	(378)	(358)	(496)	(288)
Profit from discontinued operations	-	1,905	-	2,708
Profit/(loss) for the period	**(378)**	**1,546**	**(496)**	**2,420**
Non-controlling interest	(53)	(11)	(13)	92
The owners of the parent	(325)	1,557	(483)	2,328

VEON

VEON LTD UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	31 December 2017	30 September 2017	31 December 2016
Assets			
Non-current assets			
Property and equipment	6,097	6,115	6,719
Intangible assets	2,168	2,289	2,257
Goodwill	4,394	4,457	4,696
Investments in associates and joint ventures	1,921	2,059	2,179
Deferred tax asset	272	273	343
Income Tax advances, non-current	28	25	25
Financial assets	34	126	306
Other assets	199	192	118
Total non-current assets	**15,113**	**15,536**	**16,643**
Current assets			
Inventories	72	93	125
Trade and other receivables	745	745	685
Other assets	394	390	439
Current income tax asset	230	161	169
Other financial assets	1,130	245	190
Cash and cash equivalents	1,304	2,565	2,942
Total current assets	**3,875**	**4,199**	**4,550**
Assets classified as held for sale	533	545	-
Total assets	**19,521**	**20,280**	**21,193**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent	4,352	4,809	5,960
Non-controlling interests	- 425	- 329	83
Total equity	**3,927**	**4,480**	**6,043**
Non-current liabilities			
Debt	9,951	9,911	7,632
Other financial liabilities	411	356	438
Provisions	116	134	148
Other liabilities	83	94	44
Deferred tax liability	376	259	331
Total non-current liabilities	**10,937**	**10,754**	**8,593**
Current liabilities			
Trade and other payables	1,497	1,522	1,737
Dividends payable	26	22	7
Debt	1,151	1,525	2,856
Other financial liabilities	117	179	190
Other liabilities	1,346	1,276	1,236
Current income tax payable	48	54	57
Provisions	422	410	474
Total current liabilities	**4,607**	**4,988**	**6,557**
Liabilities associated with assets held for sale	50	58	-
Total equity and liabilities	**19,521**	**20,280**	**21,193**

VEON LTD UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW

USD million	4Q17	4Q16	FY17	FY16
Operating activities				
Profit after tax	(378)	(359)	(496)	(288)
Income tax expenses	93	270	472	635
Profit/(loss) before tax	**(285)**	**(89)**	**(24)**	**347**
Non-cash adjustment to reconcile profit before tax to net operating cash flows:				
Depreciation	337	367	1,454	1,439
Amortization	133	142	537	497
Impairment loss	64	177	66	192
Loss from disposal of non current assets	8	6	24	20
Finance income	(25)	(23)	(95)	(69)
Finance cost	262	219	935	830
Other non operating losses/(gains)	(15)	15	97	82
Net foreign exchange loss/(gain)	118	(53)	71	(157)
Share of loss of associates and joint ventures	156	(77)	412	(48)
Impairment of associates and joint ventures	-	99	110	99
Movements in provisions and pensions	(39)	122	(119)	(645)
Changes in working capital	122	(208)	197	(249)
Net interest paid	(264)	(222)	(834)	(789)
Net interest received	32	19	89	63
Income tax paid	(125)	(110)	(445)	(420)
Changes due to discontinued operations from operating activity	-	61	-	683
Net cash from/(used in) operating activities	**479**	**445**	**2,475**	**1,875**
Proceeds from sale of property and equipment	(6)	2	8	16
Proceeds from sale of intangible assets	-	(1)	-	(1)
Purchase of property, plant and equipment	(406)	(467)	(1,481)	(1,310)
Purchase of licenses	(19)	(47)	(359)	(165)
Purchase of other intangible assets	(53)	(35)	(197)	(176)
Outflow for loan granted	-	-	(2)	-
Inflow from loan granted	-	1	-	1
Inflows/(outflows) from financial assets	8	(19)	(99)	(87)
Inflows/(outflows) from deposits	(861)	(40)	(898)	19
Acquisition of a subsidiary, net of cash acquired	-	-	-	7
Proceeds from sales of share in subsidiaries, net of cash	12	(325)	12	(325)
Receipt of dividends	-	-	-	-
Discontinued operations in investing activity	-	(70)	-	(649)
Net cash from/(used in) investing activities	**(1,326)**	**(1,001)**	**(3,016)**	**(2,671)**
Net proceeds from exercise of share options	-	-	-	-
Acquisition of non-controlling interest	-	(7)	(259)	(5)
Gross proceeds from borrowings	949	16	6,249	1,913
Fees paid for the borrowings	(4)	-	(56)	(31)
Repayment of borrowings	(1,289)	(423)	(5,948)	(1,816)
Dividends paid to equity holders	-	(60)	(518)	(61)
Proceeds from sale of treasury stock	-	-	-	-
Dividends paid to non-controlling interests	(33)	-	(202)	(106)
Proceeds from sale of non-controlling interests	-	-	1	-
Discontinued operations in financing activity	-	-	-	(20)
Net cash from/(used in) financing activities	**(377)**	**(474)**	**(733)**	**(126)**
Net increase/(decrease) in cash and cash equivalents	**(1,225)**	**(1,030)**	**(1,274)**	**(922)**
Cash and cash equivalent at beginning of period	2,565	3,684	2,942	3,614
Net foreign exchange difference related to continued operations	(28)	(45)	(353)	(61)
Net foreign exchange difference related to discontinued operations	-	(6)	-	(3)
Cash and cash equivalent reclassified as Held for Sale at the beginning of the period	-	-	-	314
Cash and cash equivalent reclassified as Held for Sale at the end of the period	(9)	340	(11)	-

VEON

ATTACHMENT B: DEBT OVERVIEW

Type of debt/original lenders	Interest rate	Debt currency	Outstanding debt (million)	Outstanding debt (USD million)	Maturity date	Guarantor	Security
VEON Amsterdam B.V.							
Loan from ING Bank N.V.	6 month LIBOR + 1.08%	USD	67	67	16.10.2023	EKN, VEON Holdings B.V.	None
Loan from China Development Bank Corporation	6 month LIBOR + 3.3%	USD	249	249	21.12.2020	PJSC VimpelCom	None
Loan from HSBC Bank plc	1.7200%	USD	159	159	31.07.2022	EKN, PJSC VimpelCom	None
VEON Holdings B.V.							
Loan from CDB	5.7100%	CNY	424	65	23.09.2021	VEON Amsterdam B.V.	None
Loan from SberBank	10.0000%	RUB	95,000	1,649	19.05.2022	None	None
Loan from Alfa Bank	8.8000%	RUB	17,500	304	30.08.2022	None	None
Loan from VTB	8.7500%	RUB	30,000	521	30.08.2022	None	None
Loan from CCB	3 m EURIBOR +1.9%	EUR	100	120	10.11.2022	None	None
Syndicated Loan Facility (Term Loan)*	3m EURIBOR + 2.75%	EUR	527	632	16.02.2022	None	None
Syndicated Loan Facility (RCF)**	1m LIBOR +2.25%	USD	250	250	8.1.2018	None	None
Notes	9.0000%	RUB	12,000	208	13.02.2018	None	None
Notes	5.2000%	USD	571	571	13.02.2019	None	None
Notes	3.9500%	USD	600	600	16.06.2021	None	None
Notes	7.5043%	USD	628	628	01.03.2022	PJSC VimpelCom	None
Notes	5.9500%	USD	983	983	13.02.2023	None	None
Notes	4.9500%	USD	900	900	17.06.2024	None	None
PJSC VimpelCom							
Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	9.1250%	USD	166	166	30.04.2018	None	None
Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.7480%	USD	377	377	02.02.2021	None	None
Other PJSC VimpelCom			81				
GTH Finance B.V.							
Notes	6.2500%	USD	500	500	26.04.2020	VEON Holdings B.V.	None
Notes	7.2500%	USD	700	700	26.04.2023	VEON Holdings B.V.	None
GTH SAE							
Term Loan	1m LIBOR + 4.00%	USD	98	98	15.06.2018 ***	International Wireless Communications Pakistan Ltd, Telecom Ventures Ltd	None
Pakistan Mobile Communications Limited ("PMCL")							
Sukuk Certificates	3 months KIBOR + 0.88%	PKR	4,600	42	20.12.2019	None	Certain assets of the
Loan from Habib Bank Limited	6 months KIBOR + 0.90%	PKR	4,000	36	23.12.2020	None	Certain assets of the
Loan from ING Bank N.V.	6 month LIBOR plus 1.9%	USD	212	212	31.12.2020	EKN	Certain assets of the
Loan from MCB Bank Limited	6 months KIBOR + 0.8%	PKR	16,000	145	23.12.2020	None	Certain assets of the
Loan from Habib Bank Limited	6 months KIBOR + 0.35%	PKR	5,000	45	29.06.2022	None	Certain assets of the
Loan from Habib Bank Limited	6.0000%	PKR	5,818	53	31.12.2023	None	Certain assets of the
Loan from Habib Bank Limited	6.0000%	PKR	3,856	35	31.12.2023	None	Certain assets of the
Syndicated loan via MCB Bank Limited	6 months KIBOR + 0.35%	PKR	17,000	154	29.06.2022	None	Certain assets of the
Other Pakistan Mobile Communications Limited ("PMCL")				111			
Banglalink Digital Communications Ltd. ("BDC")							
Senior Notes	8.63%	USD	300	300	06.05.2019	None	None
Optimum Telecom Algeria SpA							
Syndicated Loan Facility	Bank of Algeria Re-Discount Rate + 2.0%	DZD	15,000	131	16.12.2019	Omnium Telecom Algérie S.p.A.	Certain assets of the borrower
Other loans, equipment financing and capital lease obligations				11			

***This facility was extended to 15 June 2018 on 8 December 2017.

ATTACHMENT C: CUSTOMERS

million	Mobile			Fixed-line broadband		
	4Q17	4Q16	YoY	4Q17	4Q16	YoY
Russia	58.2	58.3	(0.3%)	2.2	2.2	2.8%
Pakistan	53.6	51.6	4.0%			
Algeria	15.0	16.3	(8.0%)			
Bangladesh	31.3	30.4	3.2%			
Ukraine	26.5	26.1	1.7%	0.8	0.8	0.8%
Uzbekistan	9.7	9.5	1.9%			
Other	16.2	15.3	5.9%			
Total consolidated	**210.5**	**207.5**	**1.4%**	**3.4**	**3.3**	**3.7%**
Italy	29.5	31.3	(5.8%)	2.4	2.3	2.2%
Total	**240.0**	**238.8**	**0.5%**	**5.8**	**5.6**	**2.7%**

Note: In Russia Fixed line and mobile customers have been restated in 2016 to align them with Group accounting policies

ATTACHMENT D: DEFINITIONS

ARPU (Average Revenue per User) measures the monthly average revenue per mobile user. We generally calculate mobile ARPU by dividing our mobile service revenue during the relevant period, including data revenue, roaming revenue, MFS and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile customers during the period and dividing by the number of months in that period. Wind Tre defines mobile ARPU as the measure of the sum of the mobile revenue in the period divided by the average number of mobile customers in the period (the average of each month's average number of mobile customers (calculated as the average of the total number of mobile customers at the beginning of the month and the total number of mobile customers at the end of the month) divided by the number of months in that period.

Mobile data customers are mobile customers who have engaged in revenue generating activity during the three months prior to the measurement date as a result of activities including USB modem Internet access using 2.5G/3G/4G/HSPA+ technologies. Wind Tre measures mobile data customers based on the number of active contracts signed and includes customers who have performed at least one mobile Internet event during the previous month. For Algeria, mobile data customers are 3G customers who have performed at least one mobile data event on the 3G network during the previous four months.

Capital expenditures (capex) are purchases of new equipment, new construction, upgrades, licenses, software, other long-lived assets and related reasonable costs incurred prior to intended use of the non-current asset, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations are not included in capital expenditures.

Capital expenditures (capex) excluding licenses is calculated as capex, excluding purchases of new spectrum licenses.

EBIT or Operating Profit is calculated as EBITDA plus depreciation, amortization and impairment loss. Our management uses EBIT as a supplemental performance measure and believes that it provides useful information of earnings of the Company before making accruals for financial income and expenses and net foreign exchange (loss)/gain and others. Reconciliation of EBIT to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

Adjusted EBITDA (called EBITDA in this document) is a non-IFRS financial measure. VEON calculates Adjusted EBITDA as (loss)/profit before tax before depreciation, amortization, loss from disposal of non-current assets and impairment loss and includes certain non-operating losses and gains mainly represented by litigation provisions for all of its segments except for Russia. Our Adjusted EBITDA may be used to evaluate our performance against other telecommunications companies that provide EBITDA.

Additionally, a limitation of EBITDA's use as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue or the need to replace capital equipment over time. Reconciliation of EBITDA to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

EBITDA margin is calculated as EBITDA divided by total revenue, expressed as a percentage.

Underlying EBITDA is calculated as EBITDA excluding exceptional items consisting of transformation costs and other one-off items.

Gross Debt is calculated as the sum of long term notional debt and short-term notional debt.

Equity Free Cash Flow is derived from consolidated statements of cash flows and is cash flow before financing activities; net cash from operating activities less net cash used in investing activities. Reconciliation to the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

Households passed are households located within buildings, in which indoor installation of all the FTTB equipment necessary to install terminal residential equipment has been completed.

MBOU (Megabyte of use) is calculated by dividing the total data traffic by the average mobile data customers during the period.

MFS (Mobile financial services) is a variety of innovative services, such as mobile commerce or m-commerce, that use a mobile phone as the primary payment user interface and allow mobile customers to conduct money transfers to pay for items such as goods at an online store, utility payments, fines and state fees, loan repayments, domestic and international remittances, mobile insurance and tickets for air and rail travel, all via their mobile phone.

MNP (Mobile number portability) is a facility provided by telecommunications operators, which enables customers to keep their telephone numbers when they change operators.

Mobile customers are generally customers in the registered customer base as at a given measurement date who engaged in a revenue generating activity at any time during the three months prior to such measurement date. Such activity includes any outgoing calls, customer fee accruals, debits related to service, outgoing SMS and MMS, data transmission and receipt sessions, but does not include incoming calls, SMS and MMS or abandoned calls. Our total number of mobile customers also includes customers using mobile internet service via USB modems and fixed-mobile convergence (“FMC”)

MOU (Monthly Average Minutes of Use per User) measures the monthly average minutes of voice service use per mobile customer. We generally calculate mobile MOU by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile customers during the period and dividing by the number of months in that period. For our business in Italy, we calculate mobile MOU as the sum of the total traffic (in minutes) in a certain period divided by the average number of customers for the period (the average of each month’s average number of customers (calculated as the average of the total number of customers at the beginning of the month and the total number of customers at the end of the month)) divided by the number of months in that period.

Net debt is a non-IFRS financial measure and is calculated as the sum of interest bearing long-term notional debt and short-term notional debt minus cash and cash equivalents, long-term and short-term deposits. The Company believes that net debt provides useful information to investors because it shows the amount of notional debt outstanding to be paid after using available cash and cash equivalents and long-term and short-term deposits. Net debt should not be considered in isolation as an alternative to long-term debt and short-term debt, or any other measure of the Company financial position.

Net foreign exchange (loss)/gain and others represents the sum of Net foreign exchange (loss)/gain, VEON’s share in net (loss)/gain of associates and Other (expense)/income (primarily (losses)/gains from derivative instruments) and is adjusted for certain non-operating losses and gains mainly represented by litigation provisions.

NPS (Net Promoter Score) is the methodology VEON uses to measure customer satisfaction.

Organic growth in revenue and EBITDA are non-IFRS financial measures that reflect changes in Revenue and EBITDA, excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions.

Reportable segments: the Company identified Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan and HQ based on the business activities in different geographical areas

ATTACHMENT E: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	4Q17	4Q16	FY17	FY16 reported
Unaudited				
EBITDA	**753**	**783**	**3,587**	**3,232**
Depreciation	(337)	(367)	(1,454)	(1,439)
Amortization	(133)	(142)	(537)	(497)
Impairment loss	(64)	(177)	(66)	(192)
Loss on disposals of non-current assets	(8)	(6)	(24)	(20)
Operating profit	**211**	**91**	**1,506**	**1,084**
Financial Income and Expenses	(237)	(196)	(840)	(761)
- including finance income	25	23	95	69
- including finance costs	(262)	(219)	(935)	(830)
Net foreign exchange (loss)/gain and others	(259)	16	(690)	24
- including Other non-operating (losses)/gains	15	(15)	(97)	(82)
- including Shares of loss of associates and joint ventures accounted for using the equity method, including impairments of JV and associates	(156)	(22)	(522)	(51)
- including Net foreign exchange gain	(118)	53	(71)	157
Profit before tax	**(285)**	**(89)**	**(24)**	**347**
Income tax expense	(93)	(270)	(472)	(635)
Profit from discontinued operations	-	1,905	-	2,708
Profit/(loss) for the period	**(378)**	**1,546**	**(496)**	**2,420**
Profit/(Loss) for the period attributable to non-controlling interest	52	11	13	(92)
Profit/(loss) for the year attributable to the owners of the parent	(325)	1,557	(483)	2,328

RECONCILIATION OF CONSOLIDATED REPORTED AND UNDERLYING EBITDA

USD mln, unaudited	4Q17	4Q16	FY17	FY16 pro-forma Warid
EBITDA	**753**	**783**	**3,587**	**3,268**
One off vendor adjustment	**-**	**-**	**(106)**	**-**
Performance transformation and other costs, of which	**58**	**66**	**184**	**245**
HQ and Other	38	29	142	156
Russia	3	1	5	11
Emerging Markets	17	36	37	78
Other exceptionals	**3**	**61**	**9**	**104**
Underlying EBITDA	**814**	**910**	**3,675**	**3,617**

Note: Q2 2016 one-offs have changed to USD 118 million from USD 116 million after reclassification of Opex expenses in 2016

RECONCILIATION OF CAPEX

USD mln unaudited	4Q17	4Q16	FY17	FY16
Cash paid for purchase of property, plant and equipment and intangible assets	**478**	**548**	**2,037**	**1,651**
Net difference between timing of recognition and payments for purchase of property, plant and equipment and intangible assets	(5)	221	(246)	90
Capital expenditures	**473**	**770**	**1,791**	**1,741**
Less capital expenditures in licenses	(8)	(16)	(332)	(148)
Capital expenditures excl. licenses	**466**	**754**	**1,459**	**1,593**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

	4Q17 vs 4Q16					
	Total Revenue			EBITDA		
	Organic	Forex & other	Reported	Organic	Forex & other	Reported
Russia	0.4%	8.0%	8.4%	(4.9%)	7.5%	2.6%
Pakistan	4.2%	(1.6%)	2.6%	36.5%	(2.0%)	34.5%
Algeria	(9.9%)	(3.3%)	13.1%	(24.1%)	(2.8%)	(26.8%)
Bangladesh	(9.5%)	(4.1%)	(13.6%)	(10.5%)	(4.1%)	(14.5%)
Ukraine	10.7%	(4.4%)	6.3%	39.1%	(5.9%)	33.2%
Uzbekistan	21.3%	(74.3%)	(52.9%)	(18.8%)	(49.7%)	(68.4%)
Total	**1.2%**	**(2.6%)**	**(1.4%)**	**0.4%**	**(4.2%)**	**(3.8%)**

	FY17 vs FY16					
	Total Revenue			EBITDA		
	Organic	Forex & other	Reported	Organic	Forex & other	Reported
Russia	1.1%	14.4%	15.4%	(0.4%)	14.1%	13.6%
Pakistan	5.9%	11.9%	17.8%	30.5%	8.3%	38.8%
Algeria	(10.8%)	(1.2%)	(12.0%)	(21.1%)	(1.0%)	(22.7%)
Bangladesh	(4.6%)	(2.9%)	(7.5%)	(10.1%)	(2.7%)	(12.8%)
Ukraine	10.6%	(4.3%)	6.2%	18.1%	(4.8%)	13.2%
Uzbekistan	19.1%	(41.7%)	(22.6%)	(1.1%)	(32.8%)	(33.9%)
Total	**1.9%**	**4.7%**	**6.6%**	**7.5%**	**3.5%**	**11.0%**

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	31 December 2017	30 September 2017	30 June 2017
Net debt	**8,741**	**8,672**	**8,403**
Cash and cash equivalents	1,304	2,565	2,873
Long - term and short-term deposits	70	199	348
Cash pledged as collateral for the Mandatory Tender Offer	987	-	-
Gross debt	**11,102**	**11,437**	**11,624**
Interest accrued related to financial liabilities	130	179	146
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(34)	(34)	(36)
Derivatives not designated as hedges	310	311	309
Derivatives designated as hedges	60	40	33
Other financial liabilities	62	38	76
Total other financial liabilities	11,630	11,971	12,153

RECONCILIATION OF REPORTED CASH FLOW FROM CONTINUED OPERATIONS AND UNDERLYING EQUITY FREE CASH FLOW EXCLUDING LICENSES

USD million	4Q17	4Q16	FY17	FY16
Net cash from operating activities from continued operations	**479**	**384**	**2,475**	**1,192**
Exceptional items:				
One off vendor adjustment	-	-	(66)	-
PT costs	58	66	179	255
Settlement with DOJ/SEC/OM Investigation	-	-	-	795
IRAQNA provision	-	-	69	-
WHT on licence in Pakistan	-	-	30	
Proceeds from sale of shares in subsdiaries		325		325
Other	19	-	41	33
Underlying net cash flow from operating activities	**555**	**775**	**2,728**	**2,601**
Net cash used in investing activities from continued operations	**(1,325)**	**(931)**	**(3,016)**	**(2,021)**
Adjustments:				
Deposits & Financial assets	(853)	(59)	(997)	(68)
Purchase of license and other	(19)	(47)	(359)	(165)
Underlying net cash flow used in investing activities	**(453)**	**(825)**	**(1,660)**	**(1,788)**
Underlying Equity Free Cash Flow excluding licenses	**101**	**(50)**	**1,067**	**812**

RECONCILIATION OF EQUITY FREE CASH FLOW (NEW DEFINITION FOR GUIDANCE 2018) TO UNDERLYING EQUITY FREE CASH FLOW EXCLUDING LICENSES

USD million	FY17	FY16	YoY
EBITDA	**3,587**	**3,232**	**11.0%**
Changes in working capital	197	(249)	(179.1%)
Movements in provision	(119)	(645)	(81.6%)
Net interest paid received	(745)	(726)	2.6%
Income tax paid	(445)	(420)	6.0%
Cash flow from operating activities (excl.discontinued operations	**2,475**	**1,192**	**107.6%**
Capex excl.licenses	(1,460)	(1,593)	(8.4%)
Working capital related to Capex excl. license	(218)	107	(304.1%)
Proceeds from sale of PPE	8	15	(46.7%)
Equity Free Cash Flow	**804**	**(278)**	**n.m.**
Purchase of licenses	(359)	(165)	n.m.
Other investing activities	(987)	(386)	155.7%
Cash Flow before financing	**(542)**	**(830)**	**(34.7%)**
Exceptional cash flow items	263	1,091	(75.9%)
Underlying Equity Free Cash Flow	**1,067**	**813**	**31.2%**

RECONCILIATION OF REPORTED AND PRO-FORMA WARID INCOME STATEMENT FOR FY 2016

USD million	FY16 reported	Warid incl. intercompany eliminations	FY16 pro-forma
Total revenue	8,885	155	9,040
Service revenue	8,553	147	8,700
EBITDA	3,232	36	3,268
EBITDA margin	36.4%	-0.2%	36.1%
Depreciation, amortization, impairments and other	(2,148)	(56)	(2,204)
Operating profit	1,084	(21)	1,063
Financial income and expenses	(761)	(15)	(776)
Net foreign exchange (loss)/gain and others	75	5	80
Share of profit/(loss) of joint ventures and associates	48	(99)	(51)
Impairment of JV and associates	(99)	99	-
Profit/(loss) before tax	347	(31)	316
Income tax expense	(635)	(4)	(639)
Profit/(loss) from continued operations	(288)	(35)	(323)
Profit/(loss) from discontinued operations	2,708	-	2,708
Profit for the period attributable to VEON shareholders	2,328	(34)	2,294

RECONCILIATION OF WIND TRE JOINT VENTURE REPORTED NET RESULT TO VEON'S SHARE OF PROFIT/(LOSS) FROM JV AND ASSOCIATES

USD mln	4Q17	FY17
Italy JV reported net result	1,278	(3,054)
50% of Italy JV reported net result	(639)	(1,527)
D&A - PPA adjustment	213	850
Financing - PPA adjustment	287	287
Other PPA adjustmnet	(17)	-
Total PPA adjustment	**483**	**1,137**
VEON share of profit/(loss) from JV and associates	**(156)**	**(390)**

EBITDA RECONCILIATION FOR COUNTRY

Q4 2017

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
Underlying EBITDA	440	182	100	47	85	36	(93)	17	**814**
Execptional costs	10	9	8	(0)	(8)	2	32	6	**61**
EBITDA	430	173	92	47	92	33	(125)	11	**753**
Less									
Depreciation	(206)	(33)	(22)	(27)	(13)	(7)	(1)	(28)	**(337)**
Amortization	(39)	(35)	(27)	(10)	(10)	(0)	(3)	(9)	**(133)**
Impairment loss	(14)	(23)	3	(1)	1	-	-	(30)	**(64)**
Loss on disposals of non-current assets	(5)	(1)	0	(1)	1	(0)	-	(1)	**(7)**
Operating profit	165	82	46	8	70	26	(128)	(58)	**211**

Q4 2016

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
Underlying EBITDA	420	149	127	65	78	92	(71)	48	**910**
Execptional costs	1	20	2	10	9	(12)	21	77	**127**
EBITDA	419	129	125	55	69	105	(92)	(27)	**783**
Less									
Depreciation	(183)	(37)	(33)	(46)	(20)	(15)	(1)	(31)	**(367)**
Amortization	(39)	(22)	(32)	(10)	(27)	(2)	(1)	(9)	**(142)**
Impairment loss	(17)	(4)	(2)	(3)	4	-	-	(155)	**(177)**
Loss on disposals of non-current assets	(7)	1	0	(0)	(0)	1	-	(1)	**(6)**
Operating profit	173	67	58	(4)	25	89	(94)	(224)	**91**

FY 2017

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
Underlying EBITDA	1,801	730	435	234	340	266	(314)	182	**3,675**
Execptional costs	13	27	9	1	(6)	4	10	30	**88**
EBITDA	1,788	703	426	233	347	261	(325)	154	**3,587**
Less									
Depreciation	(813)	(186)	(104)	(128)	(55)	(49)	(2)	(118)	**(1,454)**
Amortization	(157)	(134)	(113)	(40)	(45)	(4)	(8)	(35)	**(537)**
Impairment loss	(18)	(23)	3	(1)	1	-	-	(28)	**(66)**
Loss on disposals of non-current assets	(23)	2	0	(9)	4	5	-	(4)	**(24)**
Operating profit	778	362	212	56	252	214	(335)	(32)	**1,506**

FY 2016

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated pro-forma Warid
Underlying EBITDA	1,585	588	562	288	315	379	(278)	179	**3,617**
Execptional costs	11	45	15	20	8	(16)	144	122	**349**
EBITDA	1,574	542	547	267	306	395	(422)	58	**3,268**
Less									
Depreciation	(688)	(253)	(107)	(139)	(106)	(59)	(3)	(134)	**(1,491)**
Amortization	(129)	(79)	(151)	(40)	(60)	(11)	(4)	(27)	**(502)**
Impairment loss	(20)	(4)	(2)	(6)	2	0	-	(163)	**(192)**
Loss on disposals of non-current assets	(18)	4	(0)	(0)	(1)	(1)	-	(4)	**(20)**
Operating profit	719	210	287	81	142	324	(428)	(271)	**1,064**

RATES OF FUNCTIONAL CURRENCIES TO USD[1]

	Target rates	Average rates			Average rates			Closing rates		
	2018	4Q17	4Q16	YoY	FY17	FY16	YoY	4Q17	4Q16	YoY
Russian Ruble	60	58.41	63.07	(7.4%)	58.35	67.03	(13.0%)	57.60	60.66	(5.0%)
Euro	0.8	0.85	0.93	(8.5%)	0.89	0.90	(1.9%)	0.83	0.95	(12.4%)
Algerian Dinar	110	114.77	110.58	3.8%	110.92	109.43	1.4%	114.76	110.40	4.0%
Pakistan Rupee	105	106.42	104.78	1.6%	105.35	104.72	0.6%	110.70	104.37	6.1%
Bangladeshi Taka	79	82.32	78.62	4.7%	80.88	78.44	3.1%	82.69	78.92	4.8%
Ukrainian Hryvnia	27	26.96	25.89	4.1%	26.59	25.55	4.1%	28.07	27.19	3.2%
Kazakh Tenge	340	334.40	335.07	(0.2%)	326.08	341.76	(4.6%)	332.33	333.29	(0.3%)
Uzbekistan Som	8,748	8,079.91	3,129.4	158.2%	5,121.14	2,965.66	72.7%	8,120.07	3,231.5	151.3%
Armenian Dram	480	483.10	478.84	0.9%	482.68	480.45	0.5%	484.10	483.94	0.0%
Kyrgyz Som	70	69.22	68.83	0.6%	68.87	69.90	(1.5%)	68.84	69.23	(0.6%)
Georgian Lari	2.4	2.59	2.50	3.9%	2.51	2.37	6.0%	2.59	2.65	(2.1%)

[1] Functional currency in Tajikistan is USD