

Creating value by investing in the future

Gerbrand Nijman

Group Director & Head of Investor Relations



VimpelCom

A&I Site Visit

**Georgia
Kazakhstan**

Disclaimer

This presentation contains “forward-looking statements”, as the phrase is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to, among other things, VimpelCom Ltd.’s and its relevant subsidiaries’ anticipated performance, strategic initiatives and directions, operational and network developments, including the timing and anticipated benefits from the roll-out of 4G in Georgia, and anticipated regulatory and market developments. The forward-looking statements included in this presentation are based on management’s best assessment of VimpelCom Ltd.’s and its subsidiaries’ strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of continued volatility in the economies in our markets, unforeseen developments from competition, governmental regulation of the telecommunications industries, general political uncertainties in our markets and/or litigation with third parties. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the VimpelCom Ltd.’s Annual Report on Form 20-F for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by VimpelCom Ltd. with the SEC, which risk factors are incorporated herein by reference. VimpelCom Ltd. and its subsidiaries’ disclaim any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.



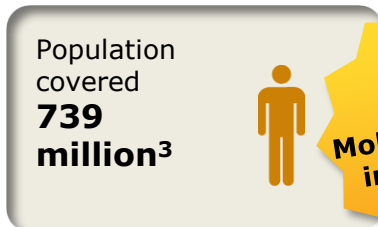
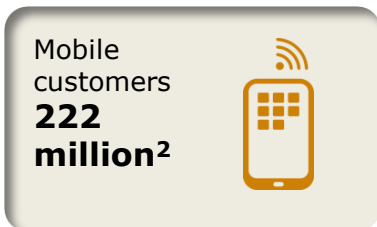
Program March 31, 2015

Time	Georgia analyst & investor site visit – Tbilisi	
08:15-08:30	Registration	
08:30-08:55	Gerbrand Nijman	Head of IR VimpelCom
08:55-09:25	Andrey Patoka	Head of Business Unit CIS
09:25-09:55	Giorgi Tkeshelashvili	CEO Georgia
09:55-10:15	Break	
10:15-10:55	Lasha Tabidze	CCO Georgia
10:55-11:25	Alexander Gorodilov	CFO Georgia
11:25-11:55	George Shamanadze	CTO Georgia
11:55-13:00	Q&A with lunch	With all presenters
13:00-13:30	Visit call center	
13:30-15:30	Visit Beeline monobrand stores	
15:30-17:00	Informal drinks and early dinner with management	All presenters
17:00	Departure to airport and flight to Almaty	

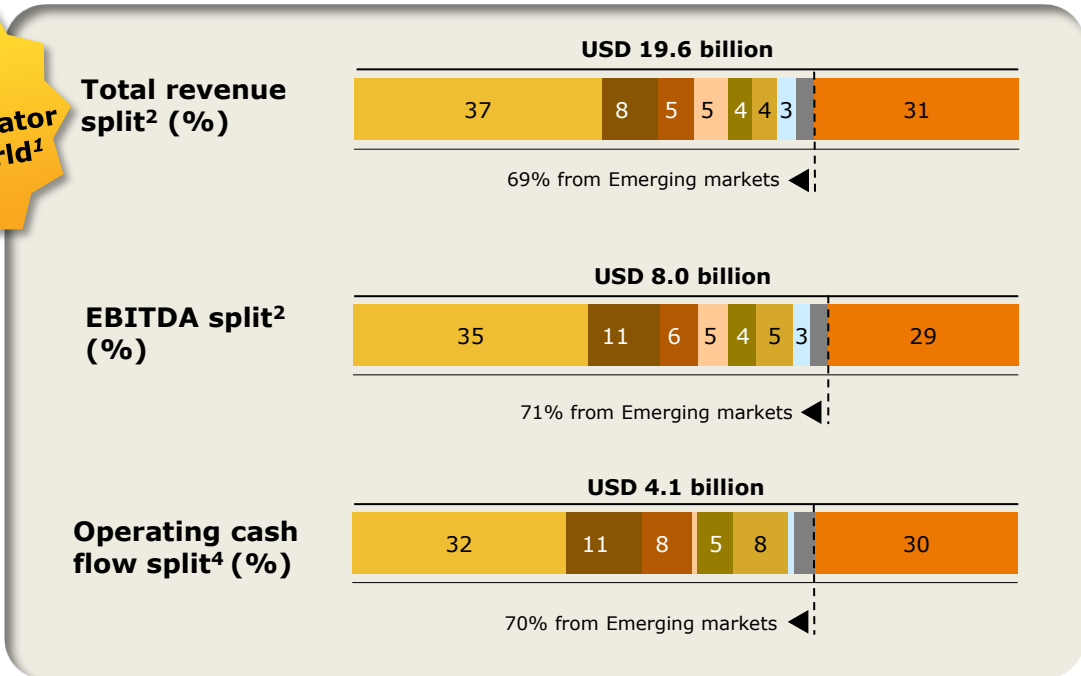
Program April 1, 2015

Time	Kazakhstan analyst & investor site visit – Almaty	
10:00-10:05	Gerband Nijman	Head of IR VimpelCom
10:05-10:30	Taras Parkhomenko	CEO Kazakhstan
10:30-11:10	Alexander Komarov	CCO Kazakhstan
11:10-11:30	Break	
11:30-12:00	Gulnar Kulybekova	CFO Kazakhstan
12:00-12:20	Oleg Snimshikov	Deputy COO Kazakhstan
12:20-13:20	Q&A	With all presenters
13:20-14:20	Lunch	All presenters
14:20-15:00	Departure to monobrand store	
15:00-16:30	Visit monobrand store	
16:30-17:00	Departure to hotel	
18:00-20:30	Informal dinner and drinks with management	All presenters

A well diversified leading international mobile operator Headquartered in Amsterdam

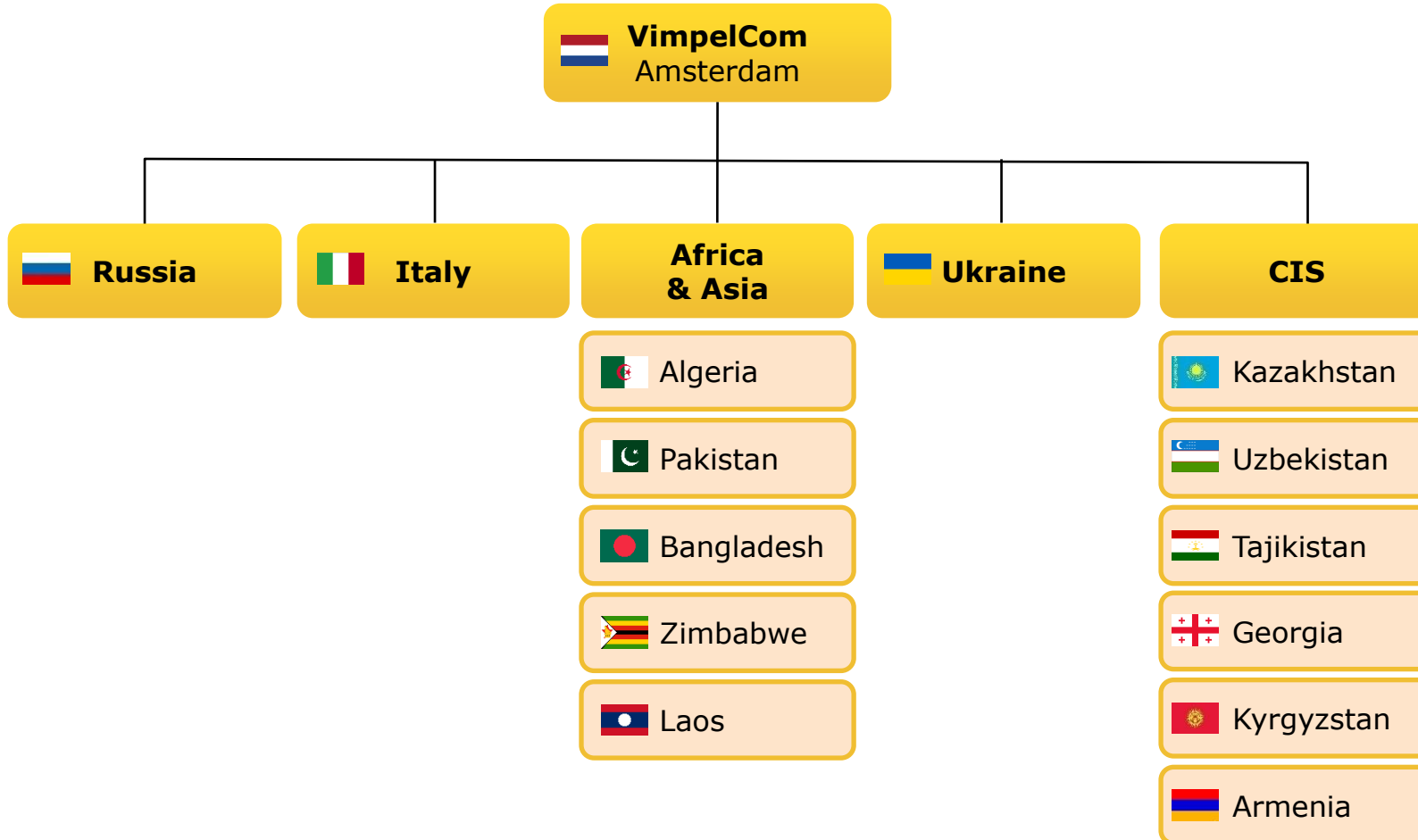


No 7 Mobile operator in the world¹



¹ Based on consolidated mobile customers
² Mobile customers as at FY14; Total revenue and EBITDA for the FY14
³ Population figures are provided by CIA – The World Factbook
⁴ EBITDA less CAPEX excluding licenses for the FY14

VimpelCom simplified structure



VimpelCom has an attractive emerging markets portfolio

~70% of revenue in emerging markets

Emerging market portfolio

	FY14
Revenues	USD 13.5 bn
EBITDA ¹	USD 5.6 bn
CAPEX excl. licenses	USD 2.9 bn
Operating Cash Flow ¹	USD 2.7 bn
Leverage ²	1.2

- ▶ Solid market positions in our seven major emerging markets:
 - #1 in 4 (UKR, ALG, PAK, UZB)
 - #2 in 2 (BAN, KAZ)
 - #3 in 1 (RUS)
- ▶ Strong cash flow generation
- ▶ Low leverage

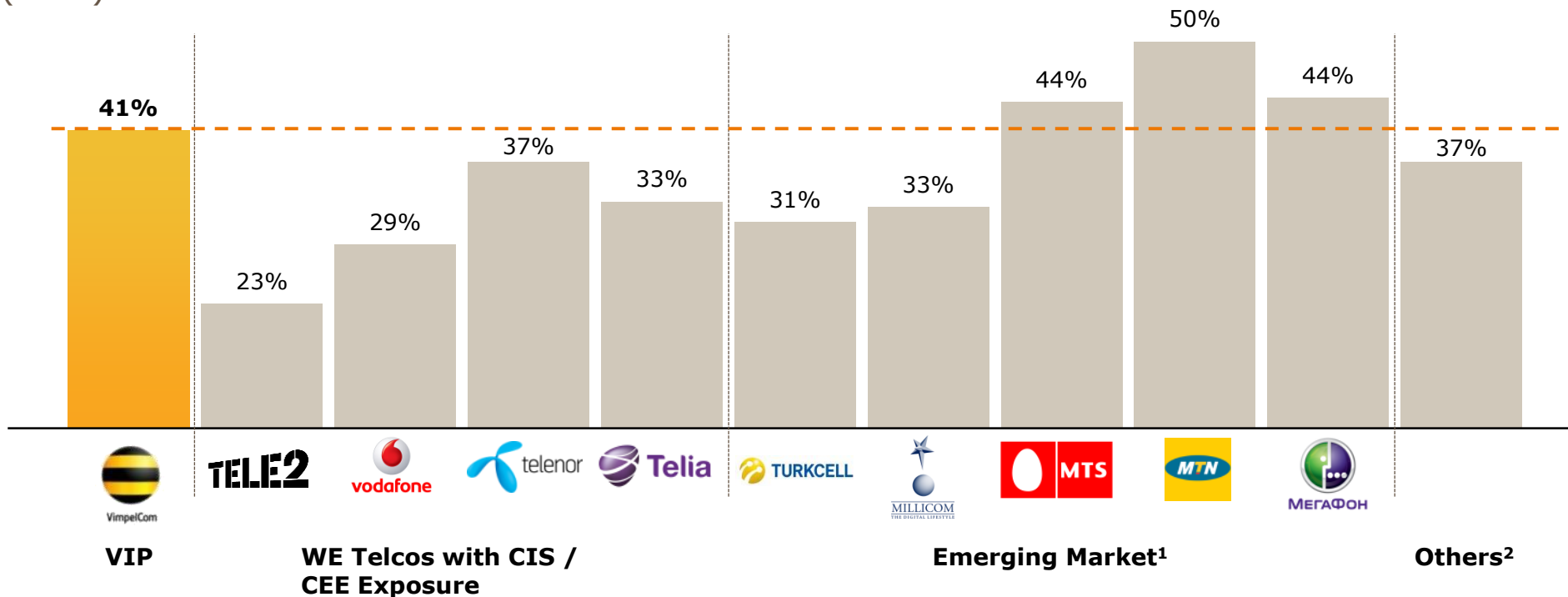
¹ Excluding one-off charges related to the Algeria resolution and Uzbekistan fixed assets write-offs; Operating cash flow = EBITDA - CAPEX

² Net Debt / FY14 EBITDA

Note: Our Emerging Markets portfolio = BU's Russia, Africa & Asia, Ukraine and CIS

Strong EBITDA margin versus our global peers

EBITDA Margin (FY14)



¹ 3Q14 LTM EBITDA Margin for MTS

² Others include a sample of more than 80 listed telecom operators in Developed, Emerging and Mixed Markets

Growth drivers

External growth drivers

- ▶ Customer growth from increase in mobile penetration
- ▶ Mobile data usage growth
- ▶ Continued emerging markets growth

VimpelCom's positioning

- ▶ Leading player in growth markets with high quality networks
- ▶ Significant upsides in penetration and usage in key markets
- ▶ Best customer experience through simple and convenient service offerings
- ▶ Leading service propositions from a digital distribution platform
- ▶ Global partnership agreements in the new eco system



Google play

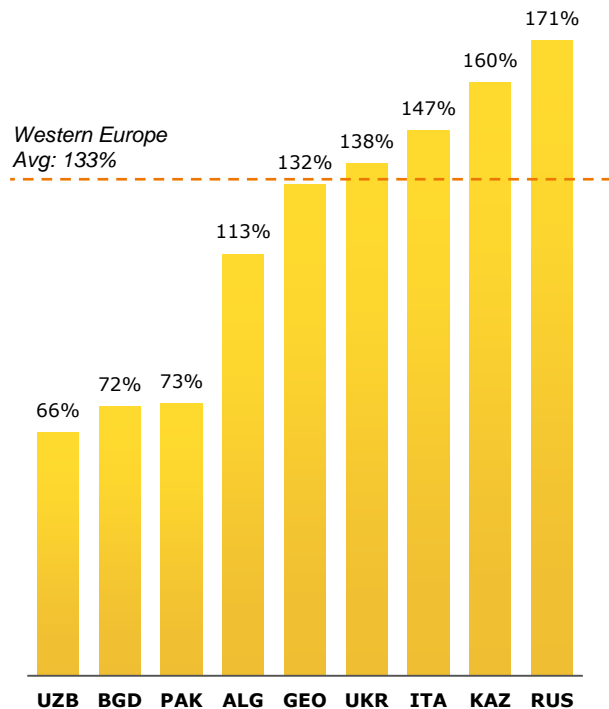


Well positioned to convert these drivers into value creation

Significant upside in terms of mobile penetration & data usage

Mobile penetration¹

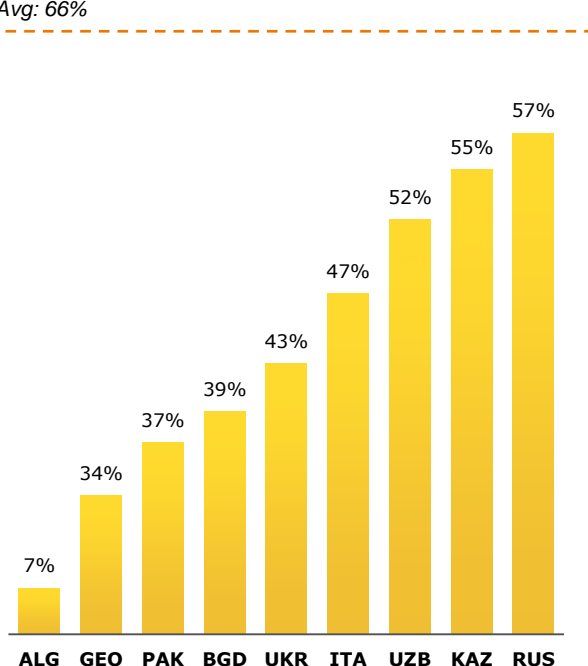
(%)



Mobile data penetration²

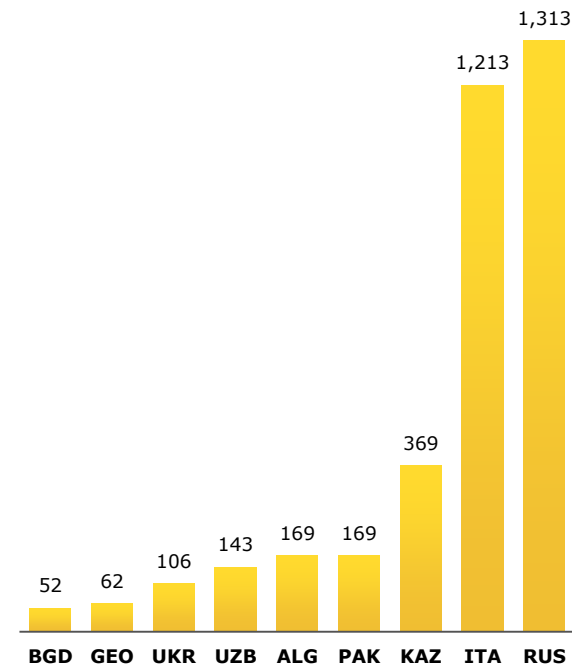
(%)

Western Europe
Avg: 66%



Data usage²

(MB / User)



Notes

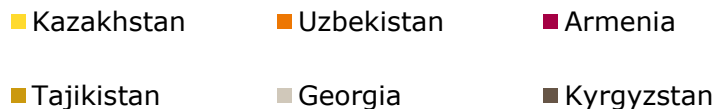
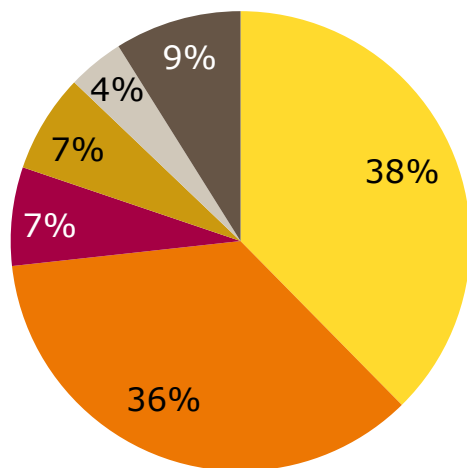
¹ Mobile penetration is for the market, based on sim cards number. Sources: Analysys Mason Research, Pakistan Telecommunications Authority, Bangladesh Telecommunications Authority

² Based on Company estimates 4Q'14, where mobile data penetration = data users (number of sims with data subscribed tariff plans) / mobile customers

BU CIS: Attractive markets and market positions

Revenue split

(Percentage, %)



#1

- Tajikistan
- Uzbekistan
- Kyrgyzstan

#2

- Kazakhstan
- Armenia

#3

- Georgia

Recent strategic highlights

- Algeria transaction signed and closed
- Portfolio clean up almost complete
- Improved capital structure with USD 21 billion in financing activities in 2014
- USD 0.5 billion annualized net income enhancement from refinancing of Italy and use of proceeds from Algeria
- Tower sale in Italy completed
- Russia performance improving during 2014
- Successful investments in high-speed data networks and a more customer centric organization, leading to improving trends in most OpCo's



Financial calendar 2015 – accelerating reporting

	2015¹
1Q15 results	May 13
A&I site visit Russia	July 8
2Q15 results (analyst meeting in London)	August 6
A&I Conference (London)	October 8 - 9
3Q15 results	November 6

1. The final confirmation of the date and invitation will be issued separately prior to each event

BU CIS excluding Kazakhstan

Andrey Patoka

Group Executive Vice President and Head of CIS



VimpelCom

A&I Site Visit

**Georgia
Kazakhstan**

Attractive markets



Leading positions in growing markets



Uzbekistan

- ▶ #1 (out of 3 operators)
- ▶ SIM penetration 66%
- ▶ 3G and 4G/LTE
- ▶ Population: 30.0 mln
- ▶ GDP per capita 2013: 3.8 kUSD
- ▶ GDP growth 2014: 7%



Tajikistan

- ▶ #1 (out of 4)
- ▶ SIM penetration 122%
- ▶ First 3G launch in CIS
- ▶ Population: 8.2 mln
- ▶ GDP per capita 2013: 2.3 kUSD
- ▶ GDP growth 2014: 6%



Kyrgyzstan

- ▶ #1 (out of 3 operators)
- ▶ SIM-penetration 125%
- ▶ 3G
- ▶ Population: 5.7 mln
- ▶ GDP per capita 2013: 2.5 kUSD
- ▶ GDP growth 2014: 4%



Armenia

- ▶ #2 (out of 3 operators)
- ▶ SIM penetration 121%
- ▶ Beeline fixed-line monopoly
- ▶ 3G, 4G/LTE license
- ▶ Population: 2.8 mln
- ▶ GDP per capita 2013: 6.3 kUSD
- ▶ GDP growth 2014: 3%

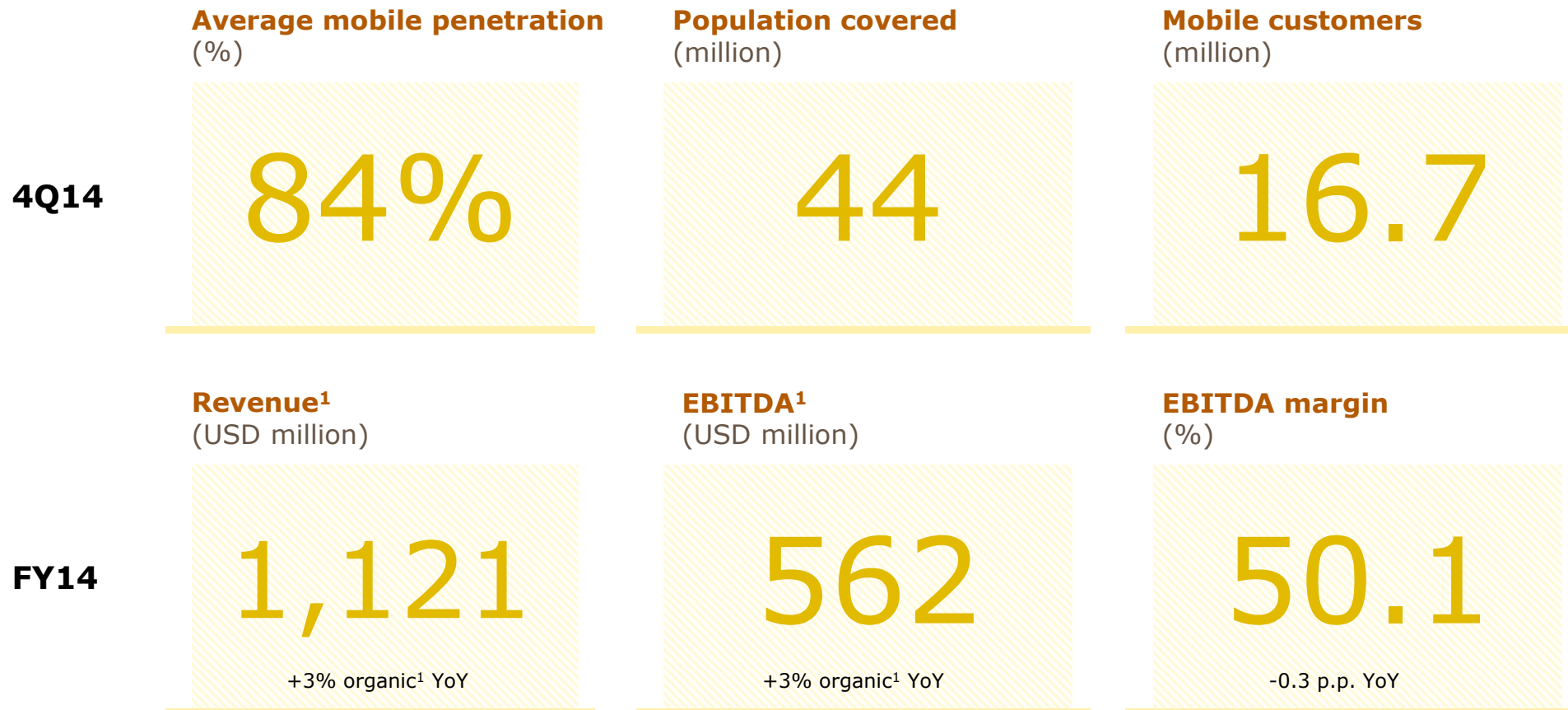


Georgia

- ▶ #3 (out of 3 operators)
- ▶ SIM penetration 132%
- ▶ 4G/LTE launched
- ▶ Population: 4.4 mln
- ▶ GDP per capita 2013: 6.1 kUSD
- ▶ GDP growth 2014: 5%

* GDP per capita 2013 and GDP growth 2014 are estimated

Strong performance in 2014

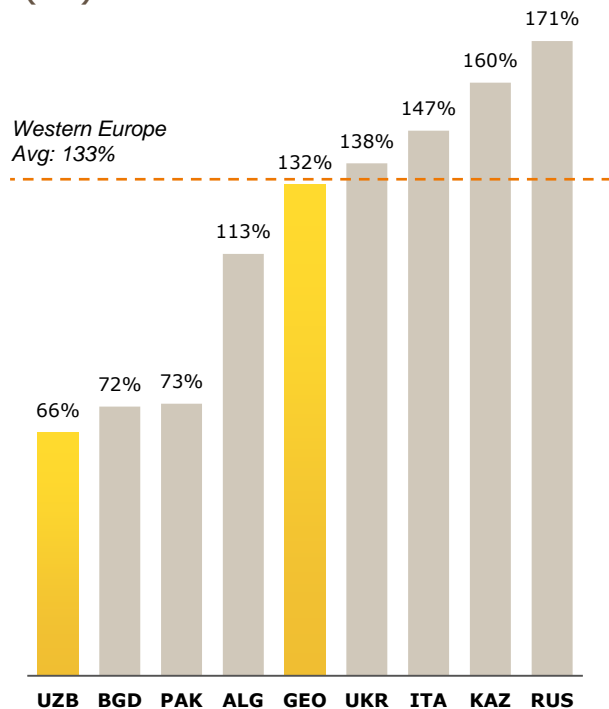


¹ Organic at constant currency and excluding 4Q13 one-off adjustment of USD 93 million in EBITDA and USD 2 million in revenue

Significant upside in terms of mobile penetration & data usage

Mobile penetration¹

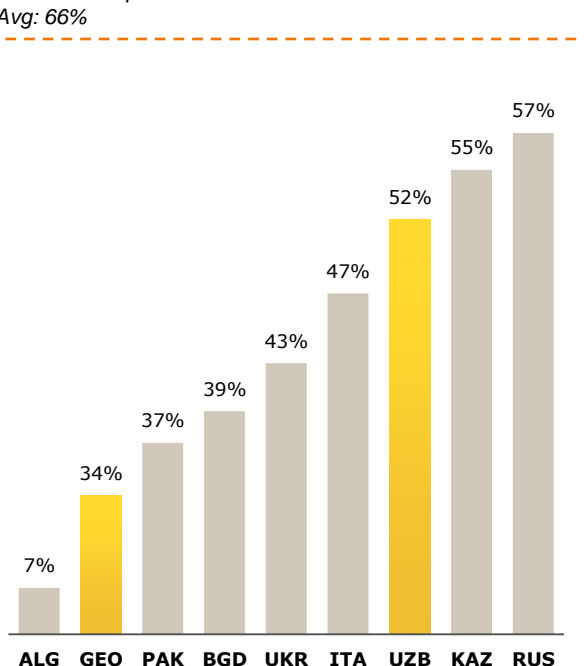
(%)



Mobile data penetration²

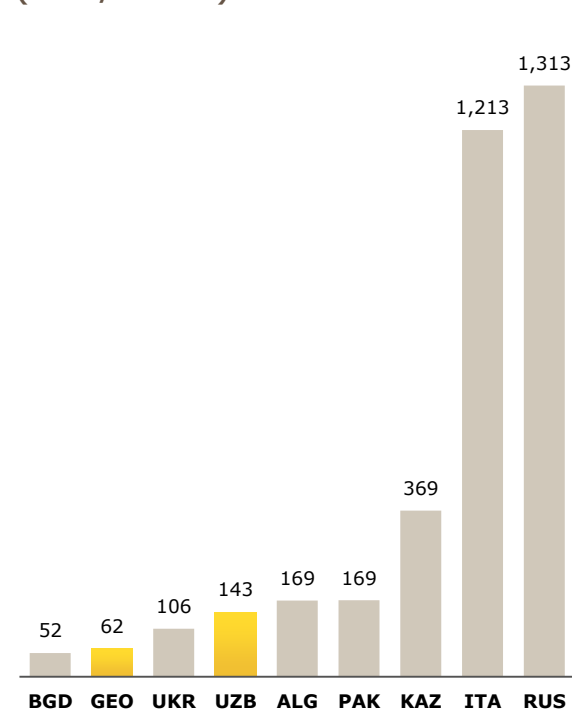
(%)

Western Europe
Avg: 66%



Data usage²

(MB / User)



Notes

¹ Mobile penetration is for the market, based on sim cards number. Sources: Analysys Mason Research, Pakistan Telecommunications Authority, Bangladesh Telecommunications Authority

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Leadership positions in most BU CIS markets

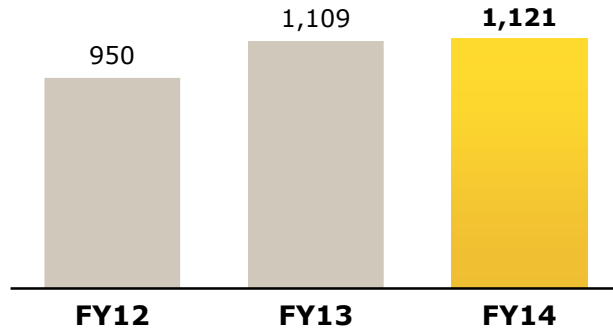
- Improving market positions in 4 out of 5 BU CIS markets
- Growing markets with strong mobile data revenue growth
- High EBITDA margins
- Healthy cash flows
- Growing and young population
- Improving Net Promoter Scores in most BU CIS markets



Strong financial performance

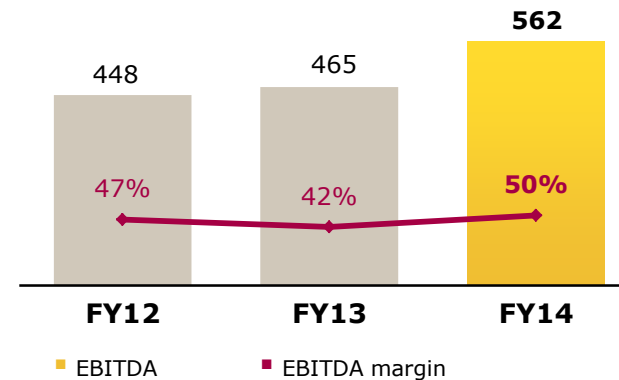
Total revenue

(USD million)



EBITDA & EBITDA margin

(USD million)



- FY13 EBITDA negatively impacted by one-off adjustment of USD 93 million
- FY14 reported revenue and EBITDA impacted by currency weakness in Kyrgyzstan
- Underlying results supported by strong performance in Uzbekistan

Strong customer experience evidenced by leading NPS positions

#1

- Uzbekistan
- Kyrgyzstan



#2

- Georgia



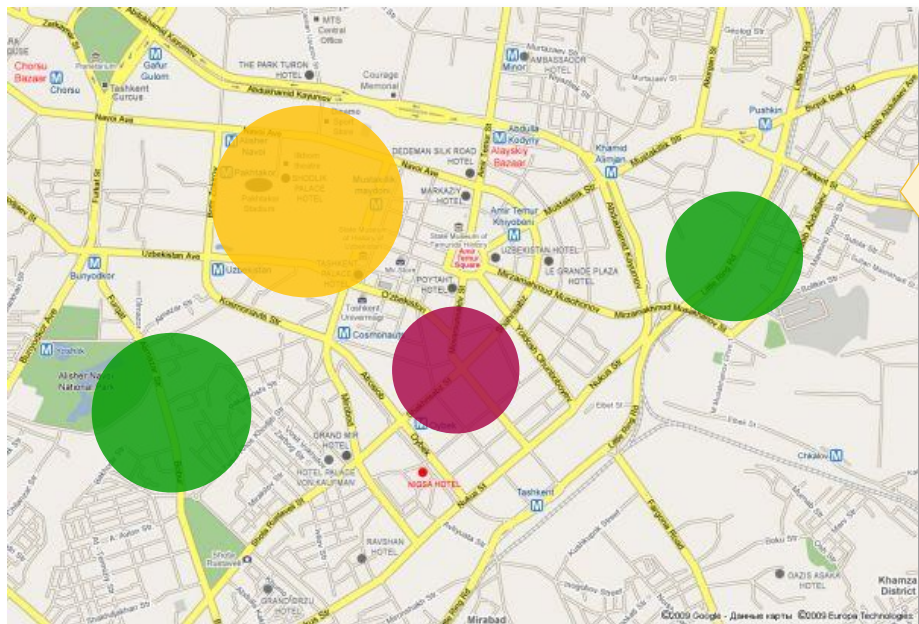
Improving

- Armenia



Permanent improvements in networks

Data network quality in right places is a key success factor to improve mobile data customer experience



- Minimal data throughput
- Medium data throughput
- Maximum data throughput

- Target congested sites in top revenue-generating cities and prioritize traffic
- Achieve parity in 3G data network perception
- Optimize coverage by population in KYR, TAJ and GEO
- Improve reliability of external Internet service providers

- Mobile Quality Agents
- Analytic Based Management (Uzbekistan)
- Implementation of Internet traffic management systems (Kyrgyzstan, Armenia, Uzbekistan)

Upgrading distribution to meet customer demands

Monobrand stores



- New design concept for Monobrand stores in BU CIS is developed with implementation planned for 2015
- Georgia is the 1st BU CIS OpCo that launched new design store

Optimize distribution

- Monobrand channel share is 44% in 2014 with a target to increase to 68% by 2016
- Digital sales share in 2015 will be over 5% after new website launch in 3Q15

Moving to digital distribution



- Digital initiatives – New websites under common design will be launched in 3Q15
- E-commerce functionality will be available
- Mobile data penetration is still below 50% for BU CIS
- Smartphone penetration is about 20% for BU CIS

Differentiated pricing, focusing on mobile data

Achieving superior pricing capabilities

- Regional based pricing approach
 - ▶ Specific parameters of countrywide tariff portfolio based on regional situation and needs of customers (international offers)
- Beeline footprint roaming offers
- Best value for money on the market
- Integrated bundles pricing model for advanced customers
- Wide data add-ons portfolio for each usage segment
 - ▶ Data packages for youth and mass
 - ▶ Unlimited options

Offering best value for money, benefiting from VimpelCom's footprint

Mobile / Services

Service «International calls»

CALL ABROAD AT BEST PRICE!

ACTIVATE SERVICE
"INTERNATIONAL CALLS"
FROM ANY TARIFF

ACTIVATION *110*231#



USA AND CANADA →	20	tetrai
ARMENIA →	20	tetrai
UKRAINE →	20	tetrai
RUSSIA →	30	tetrai
AZERBAIJAN →	30	tetrai
TURKEY →	30	tetrai
EUROPE AND ASIA →	5	tetrai

Armenia, Ukraine, Russia, Kazakhstan,

- Uzbekistan 20 tetrai

and other CIS countries*

- Azerbaijan, Turkey and Iran 30 tetrai

- Europe, Asia 30 tetrai

- USA, Canada 5 tetrai

- Europe, Asia 30 tetrai

- Fee connection 10 tetrai

- Activation cost 1lari

Activation

*110*231#OK or

BUY →

To check validation period dial

*180*01#OK

To deactivate code dial

*110*64#OK

After 30 days, if you have enough amount on your account, service fee will be charged and service will be automatically prolonged.

If you do not want to use the Automatically prolongable service, dial service deactivation code of the service.

In case of insufficient funds on your balance, you have 5 days balance refill period. As soon as you refill balance with appropriate amount, service fee will be deducted and service will be prolonged automatically. During these 5 days you will be charged according to standard prices of your current tariff plan.

* Other countries of CIS: Tajikistan, Kirgistan, Belorussia, Turkmenistan
Tariffs are indicated with VAT

Mobile / Services

International Calls



Rusastanyan 35 and Rusastanyan 20

Calls to Russia only for 20 AMD/min

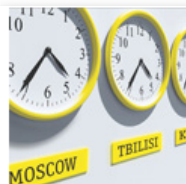
Armenians' World

You can make international calls in reasonable prices using the «Armenians' World» service



Beeline World

Call to Beeline mobile networks of Russia and to fixed network of Russia, starting from 20 AMD/minute.



International Calls

Do you want to call your friends and relatives in other countries? Beeline creates really comfortable conditions for making international calls.



Partnership with OTT – key element to drive user adoption

Two major focuses in driving user adoption for CIS

Leverage global scale

- Use Group scale to partner with top and upcoming OTT – benefit on centralize technology to enable CIS small OpCos to benefit from group power (Group OTT Hub)

Drive local partnerships

- Strong local players that helps to drive data adoption – necessity to partner with significant players in Russia and CIS

Global partnership

				
Uzbekistan / Beeline	▲	▲	●	●
Kyrgyzstan / Beeline	▲	▲	●	●
Tajikistan / Beeline	▲	▲	●	●
Georgia / Beeline	▲	▲	●	●
Armenia / Beeline	▲	▲	●	●

BU CIS

▲ Launched ● Planned

Local partnership



Operational and Capital Efficiency: Value adding programs

Capital efficiency initiatives

- Active RAN sharing – 28 sites in Tajikistan
- Passive RAN sharing 36 sites with other operators over Georgia, Armenia and Kyrgyzstan
- Implementation of new technologies allowing to increase capacity using existing network resources (DPI, direct tunneling, virtualization, etc.)
- Re-use of equipment released by VimpelCom entities

Operational efficiency initiatives

- Procurement & logistics optimization
- Receivables collection improvements
- Dealers commission reduction
- Optimization of advertising spend



Strengthening leadership position

- Improving or maintaining market position in highly competitive markets
- Enhancing customer experience, focusing on NPS
- Develop additional revenue streams and explore new growth capabilities
- True focus on cost optimization through Operational Excellence and Capital Efficiency program

Thank you

Questions please!

Georgia Analyst & Investor Site Visit

Giorgi Tkeshelashvili

Chief Executive Officer



VimpelCom

A&I Site Visit

Georgia



Georgia at a glance



- Member of the Council of Europe
- Association agreement with the European Union

Georgia at a glance



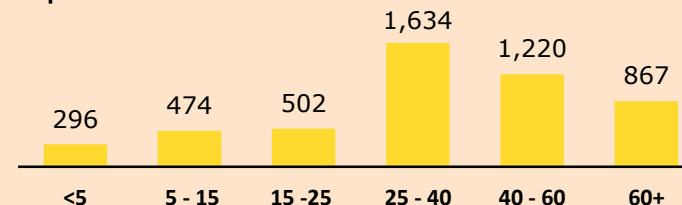
Key facts



- Currency: GEL (Georgian Lari)
- Capital city: Tbilisi with population of 1.175 mln
- Strong GDP growth
- GDP per capita : USD 3,835
- Inflation rate: 3.4%
- FDI Inflow: USD 1.0 billion

Population

- Population: 4.5 mln



- More than 80% of population are Georgians
- Ethnic groups
 - ▶ Azerbaijani 6.5%
 - ▶ Armenian 5.7%
 - ▶ Russian 1.5%

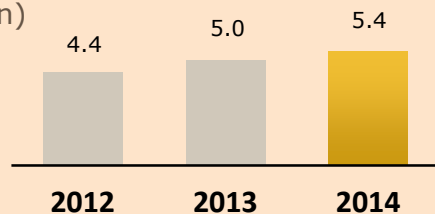
Georgia at a glance



Tourism

- Majority of visitors come from:
 - Turkey: 30%
 - Armenia: 24%
 - Russia: 15%
 - Number of EU tourists increased by 26%

Tourism growth trend (million)



Ski resorts

- Gudauri
- Bakuriani
- Mestia

Sea resorts

- Batumi
- Anaklia
- Kobuleti
- Ureki

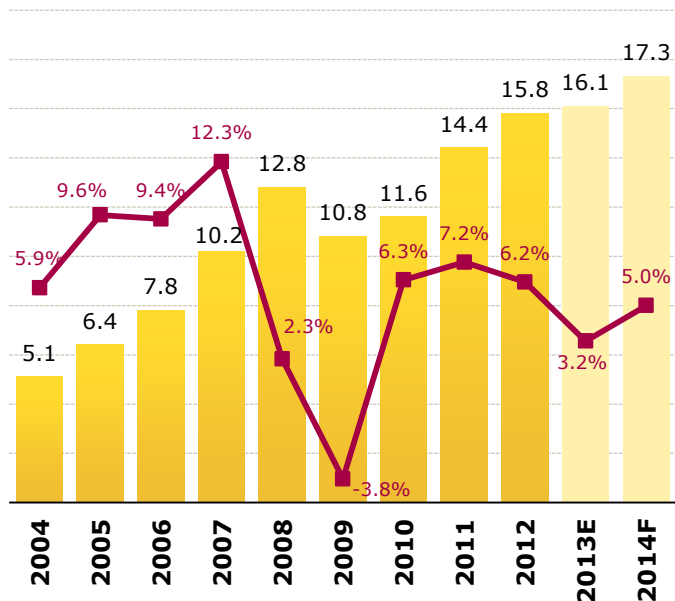
Sightseeing resorts

- Kazbegi
- Telavi
- Varzdia

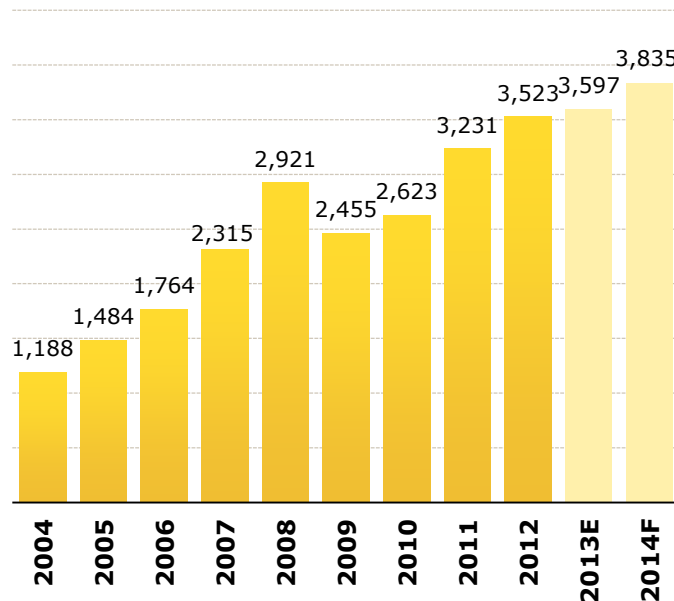


Strong economic growth

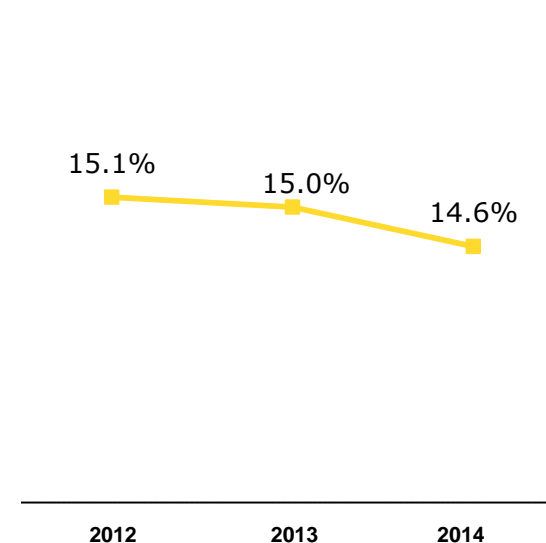
GDP and real GDP growth YoY
(USD billion) (%)



GDP per capita
(USD)



Unemployment rate
(%)

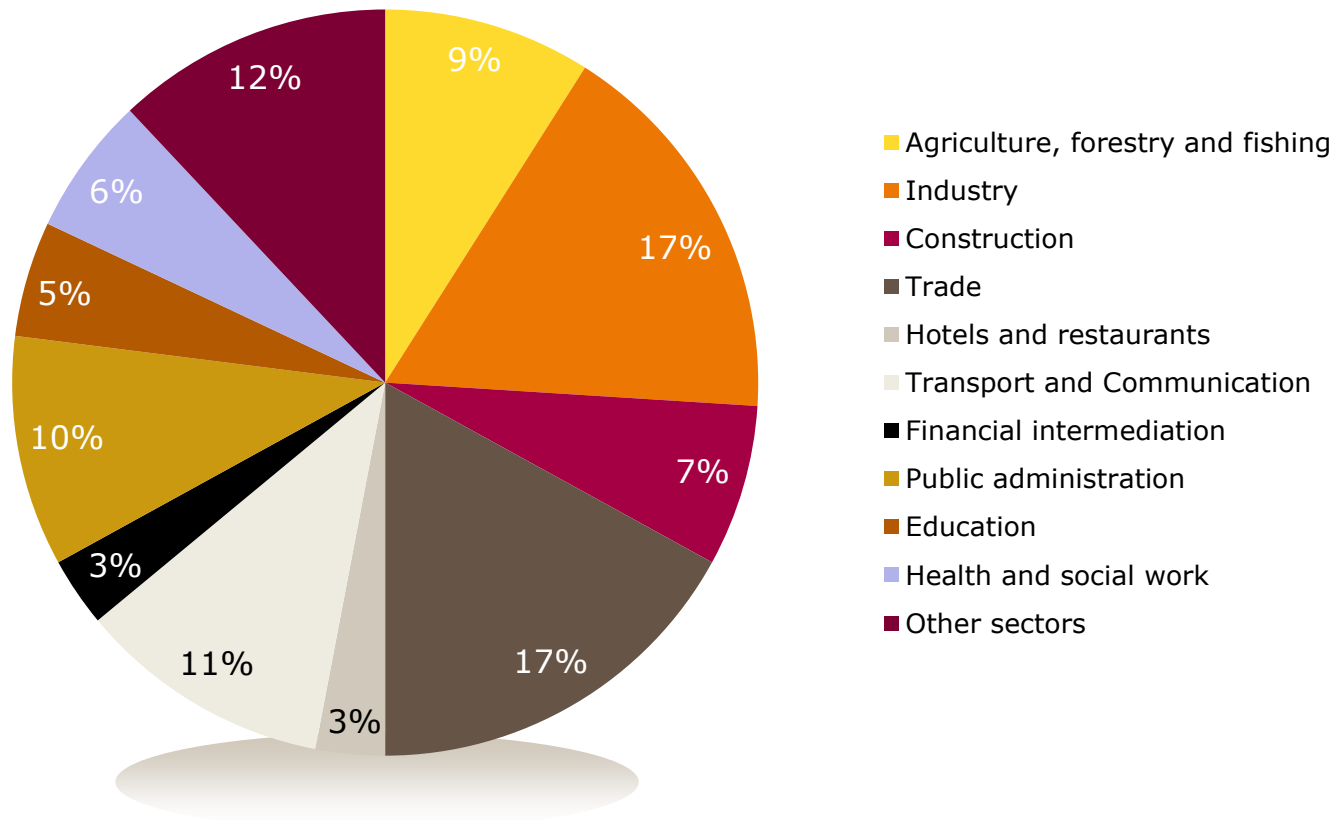


Source: National statistic office of Georgia, MOF

Well diversified economy

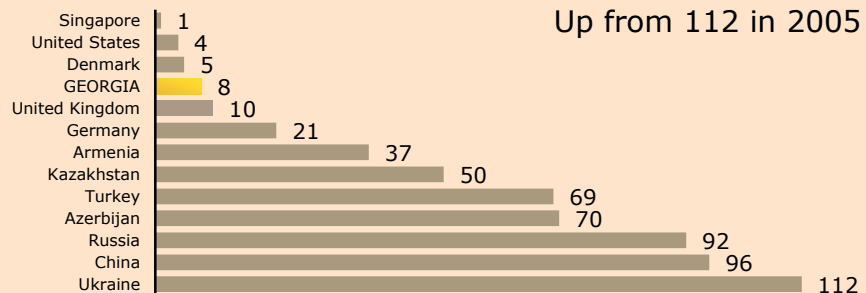
Components of national GDP

(%)

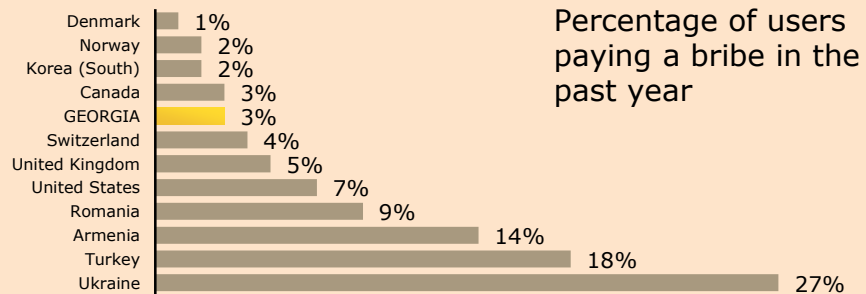


Very liberal market

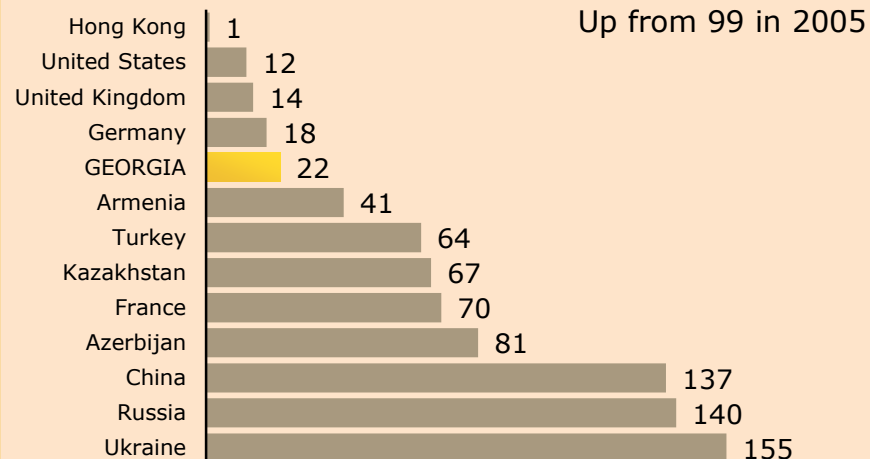
Ease of doing business



Global corruption barometer



Economic freedom ranking



STANDARD
& POOR'S

FitchRatings

MOODY'S
INVESTORS SERVICE

BB- Stable

BB- Stable

Ba3 Positive

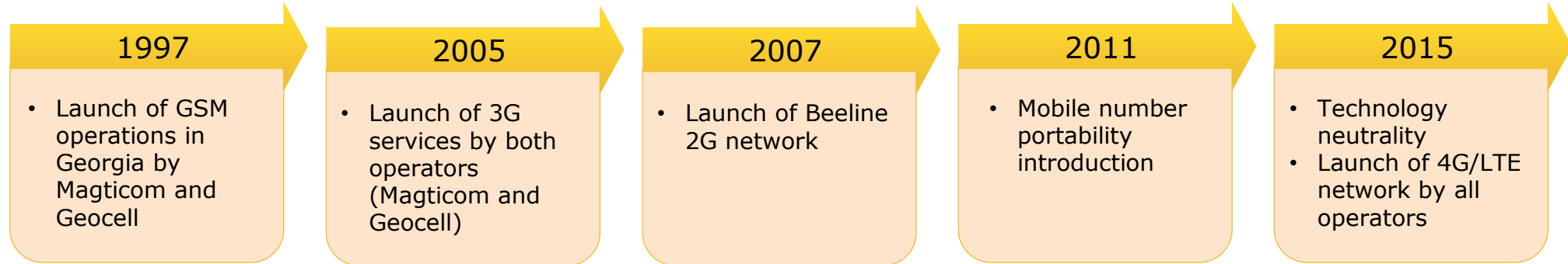
Company at a glance



At a glance

- Total number of employees - 480
- Active customer base 2014 - 1.25 million
- Total number of shops - 39

Telecom market development

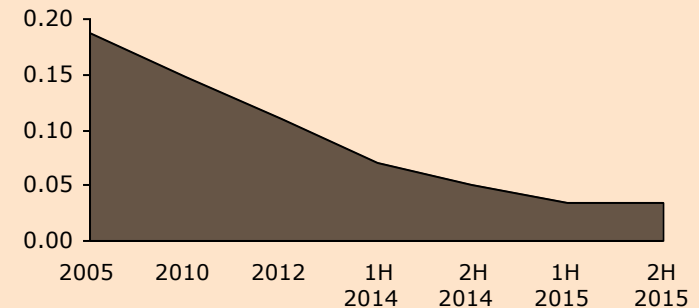


Regulatory impact

- Asymmetrical decrease in local MTR for Beeline in 2014 and 2015
- Excise tax on mobile service revenues at 8% rate
- Excise tax on international interconnect revenues in amount of 0.15 GEL (0.08 USD) per min
- Mandatory obligations on coverage under 4G/LTE license

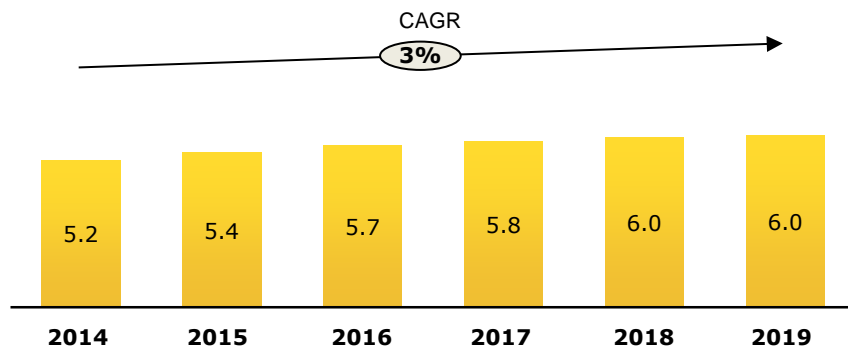


MTR trend, GEL



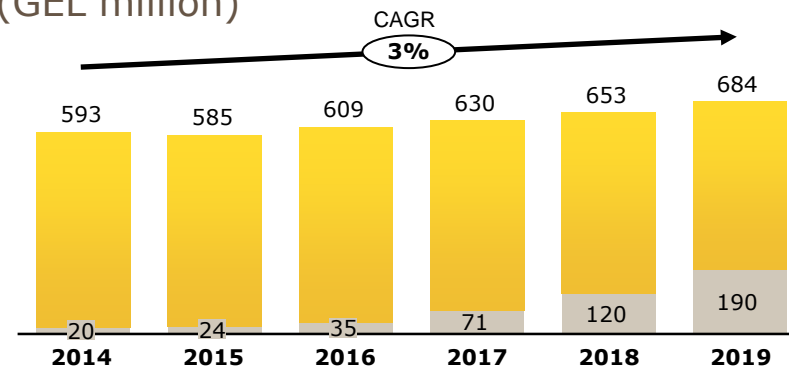
Telecom market development

Total mobile active market customers



■ Total mobile market customers 3months active

Total market revenue (GEL million)



■ Total Service Revenue ■ Data Revenue

34%



**Mobile data penetration
Beeline in 4Q14**

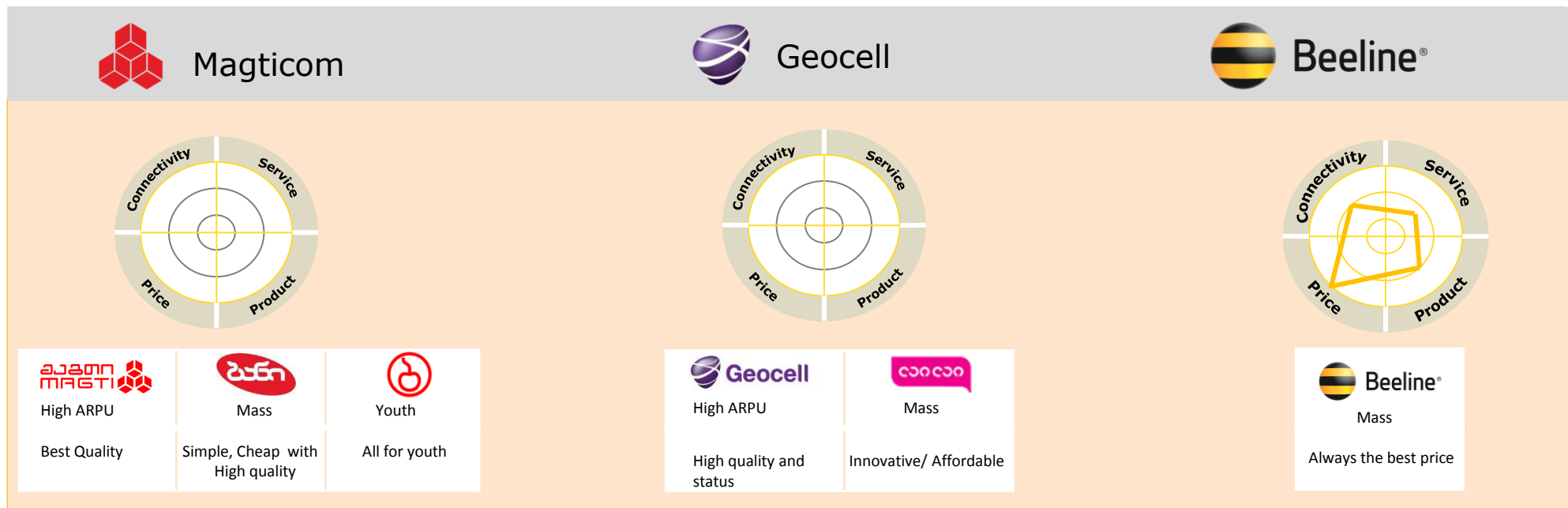
30%



**Smartphone penetration
Beeline in 4Q14**

Source: Georgian National Communications Commission and company estimate

Competitive overview



Source: Company estimate

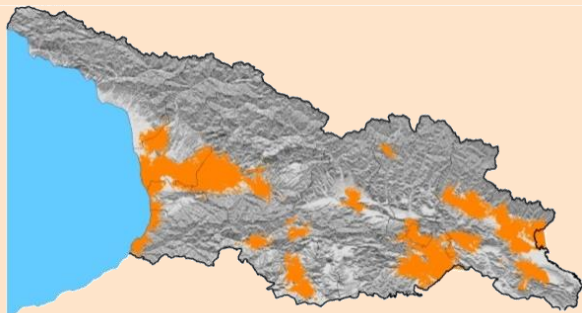
Customer market share



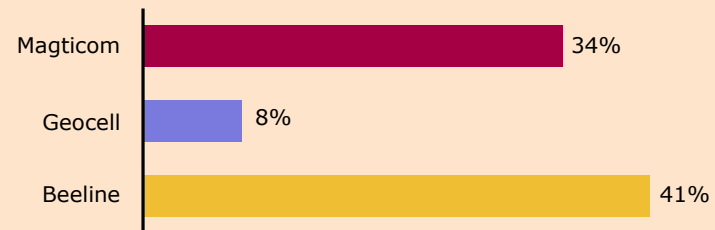
Source: Georgian National Communications Commission and company estimate

Beeline - The best 4G coverage




4G coverage map



4G coverage



Technology distribution

	2G	CDMA	3G	4G/LTE
 Magticom	✓	✓	✓	✓
 Geocell	✓		✓	✓
 Beeline®	✓			✓

Company transformation strategy



Commercial

- Improve image of Beeline – “New Beeline” with the fastest data
- Value proposition – “The Best Price on all products”
- Create seamless digital-channel experience
- Increase 4G/LTE smartphone penetration



Technology

- IT development to support digital direction
- IT solutions and products implementation for 4G/LTE data monetization
- 4G/LTE network development in 30 main cities and settlements up to 90% by 2020
- Sharing and OPEX/CAPEX efficiency projects

Customer



HR

- Cultural transformation to support industry challenges



Finance

- Profitable growth
- Operational Excellence
- CAPEX efficiency
- Free cash flow maximization

Thank you

Questions please!

Georgia Analyst & Investor Site Visit

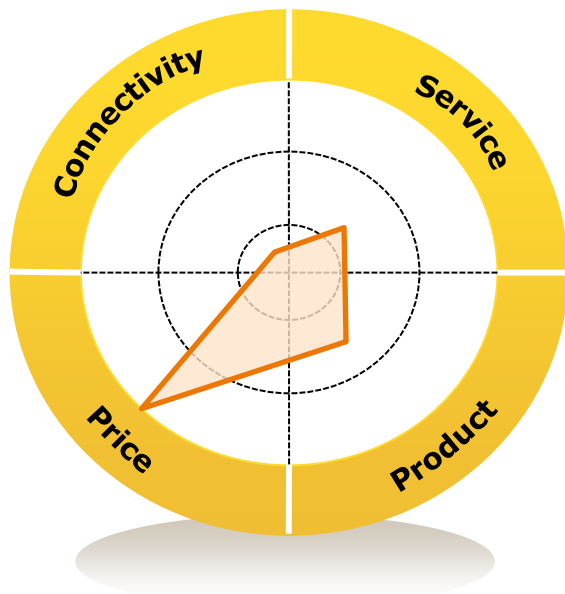
Lasha Tabidze

Chief Commercial Officer



2G value proposition

Best value for money



Price

- **Best value for money**

Product

- Simplicity of products
- Focus on **bundle offers**

Service

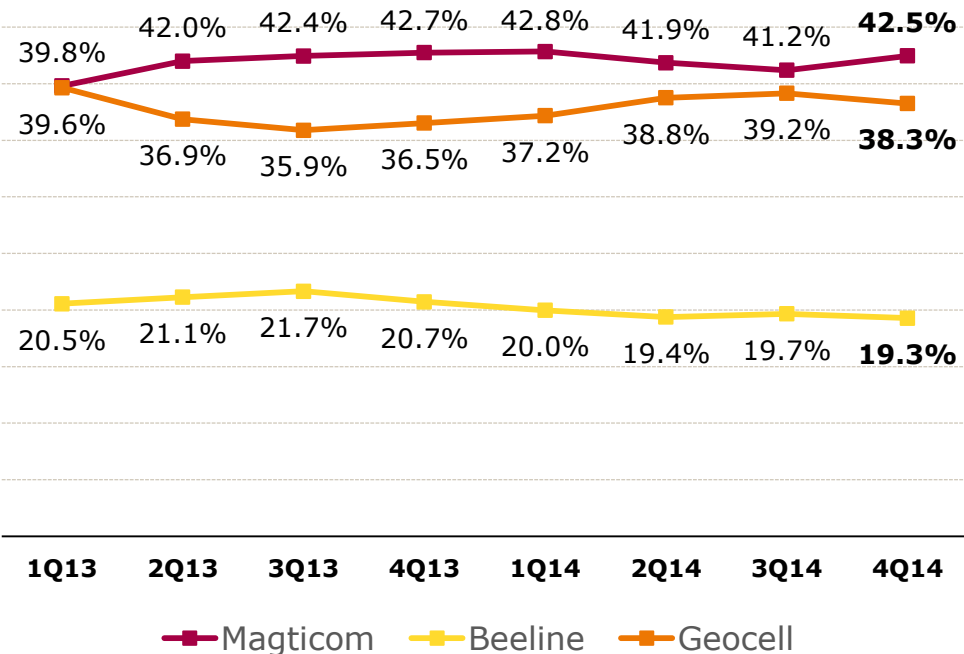
- **Fast** and **friendly** customer service

Connectivity

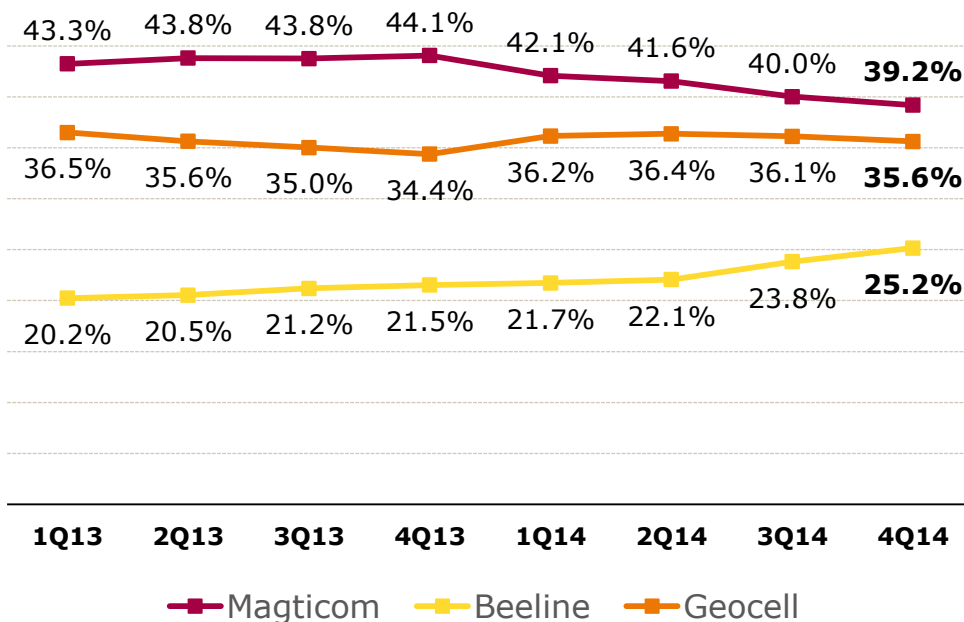
- **Network** coverage below competition
- Gap in data technology: 2G vs 3G

Growing customer market share

Retail revenue market share (%)

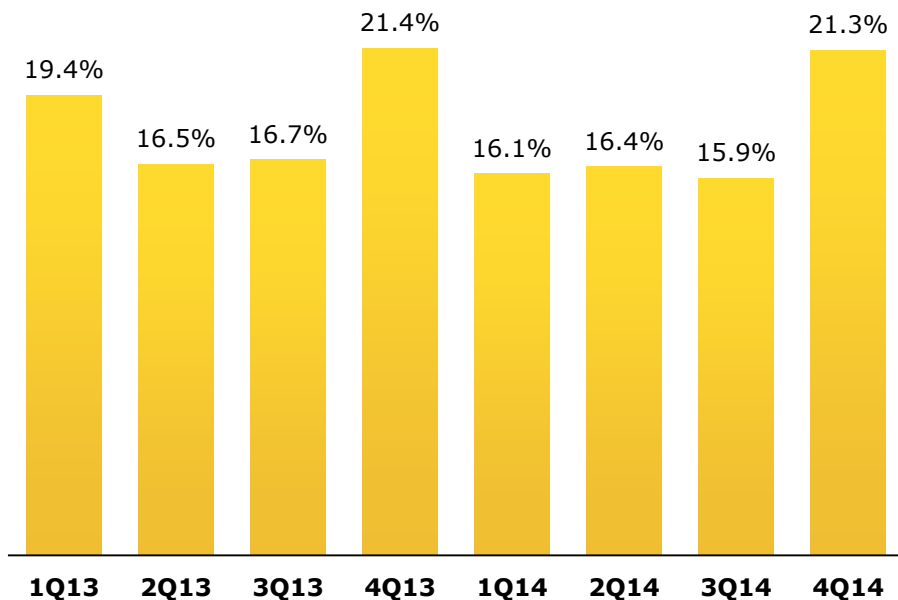


Customer market share (1 month)



Churn development

Average 3 months active base churn



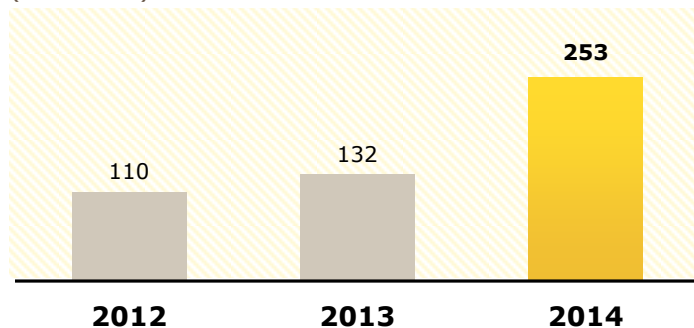
Main reasons for churn

- Network coverage below the competition
- Absence of data speed
- Tourist's impact - seasonally high in 4Q
- Visitors in Georgia: 5.4 mln in 2014

Strong growth in 2G mobile data

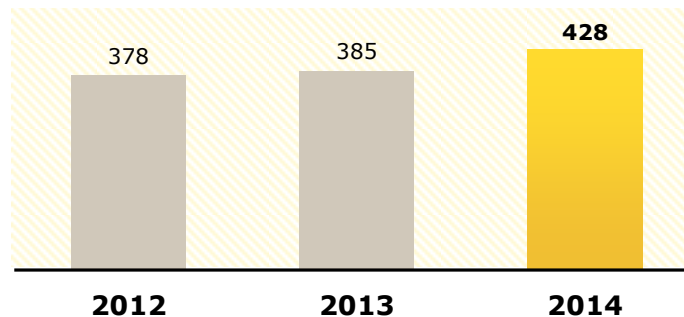
Data traffic

(TB million)



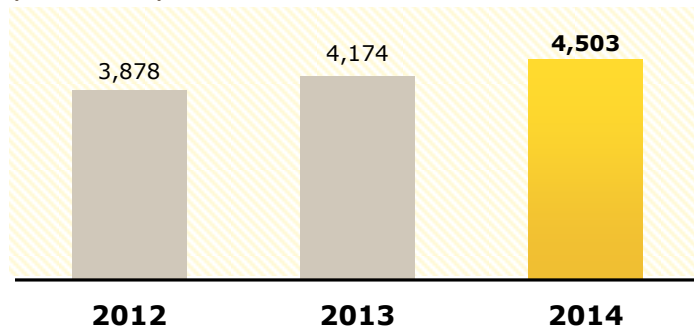
Data users

(thousands)



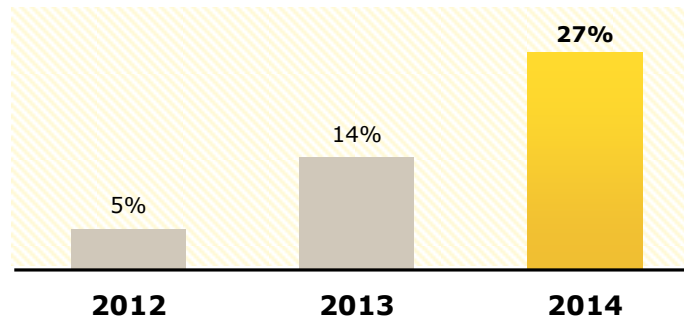
Data revenue

(GEL million)

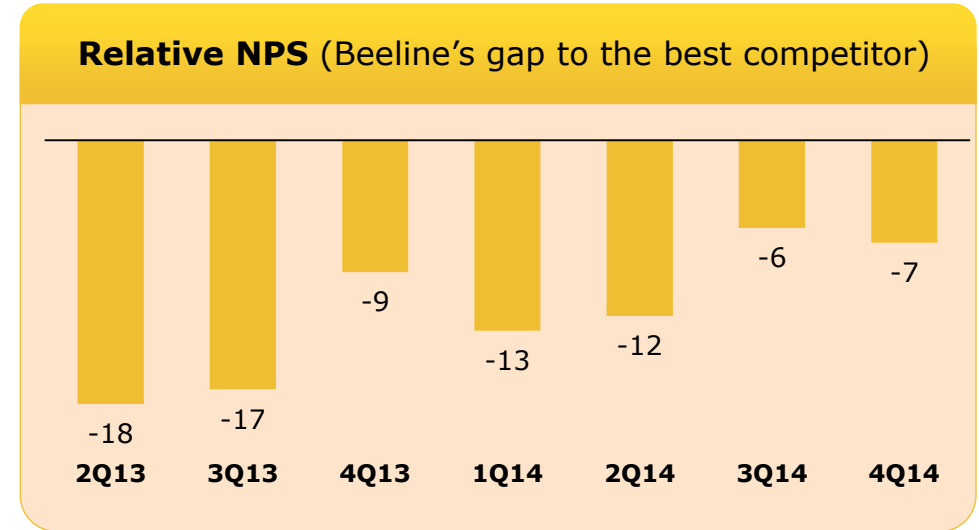
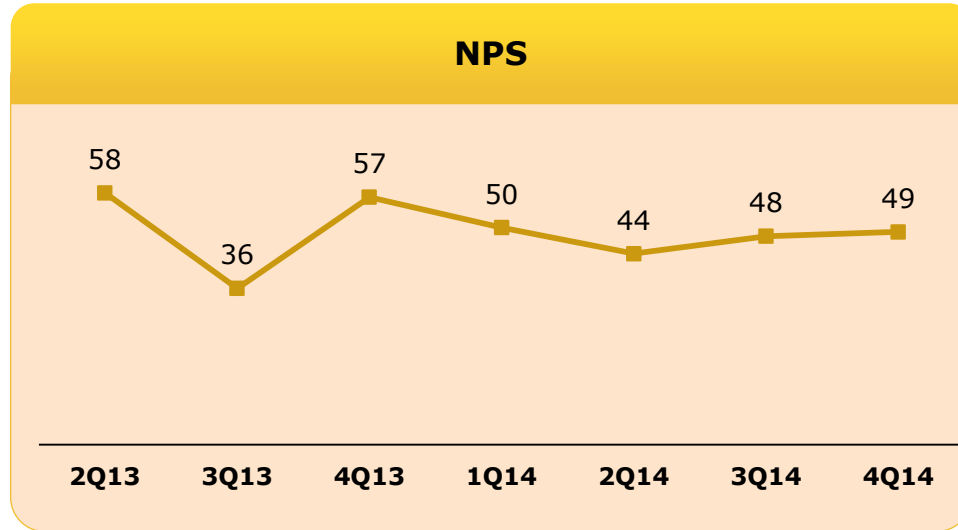


Smartphone penetration

(%)



Net Promoter Score improving versus competition



- 2nd in NPS in Georgia
- Network coverage and data speed was the main detractor due to the technology gap
- Price the main promoter as a result of intensive communication and execution of strategic value proposition "Best Price"

Launch of **4G** LTE

**We have changed – New Beeline
Fastest 4G/LTE Data at the Best Price
1.02.2015**



4G/LTE Launch

4G/LTE products launched



- 4G/LTE data bundles



- 4G/LTE integrated bundles (voice, sms, data)



- 4G/LTE smartphone's with installment



- 4G/LTE: modems, wingles and routers with installment

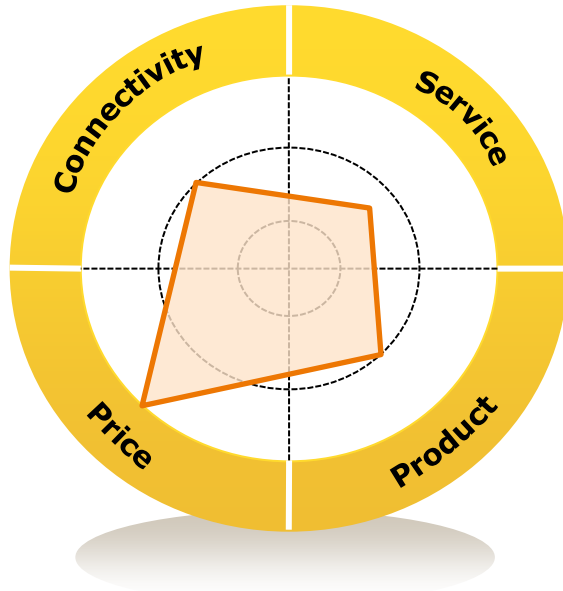


- Special price plan for heavy data users



Transforming value proposition – New Beeline

Always the Best Price



Price

- **Best** price on **local & international** calls
- **Best** price on **data** offers
- **Best** price on **devices & smartphones**
- **Personalized & targeted** offers

Product

- **Simple** products - **easy** to **connect, convenient** to **use**
- **Focus** on **integrated** bundles
- **Bundles** including **OTT**

Service

- **Fast** and **friendly** digital customer service
- Create seamless **omni-channel** experience
- **Digital** services

Connectivity

- **Advantage** in **4G/LTE** network
- **Parity in** network coverage



Key strategic directions



Acquisition of LTE Customers



Stimulate LTE usage and monetize



Increase 4G/LTE smartphone penetration
Handset line – installment scheme- reverse bundling



Increase 4G/LTE users
Freemium/try&buy offers for non users



Price
Focus on bundled offers



Shared bundle
Multi device bundle



Stimulate data adoption
OTT partnerships (Facebook, WhatsApp, etc)



Retail channels
Digital approach in monobrand shops

Stimulating 4G/LTE devices in monobrand shops

Smartphones line



Alcatel POP S3 Alcatel POP S7 Alcatel POP S9 Alcatel POP 2

WiFi modems & routers



4G/LTE modem

4G/LTE router

4G/LTE wingle

Integrated bundles

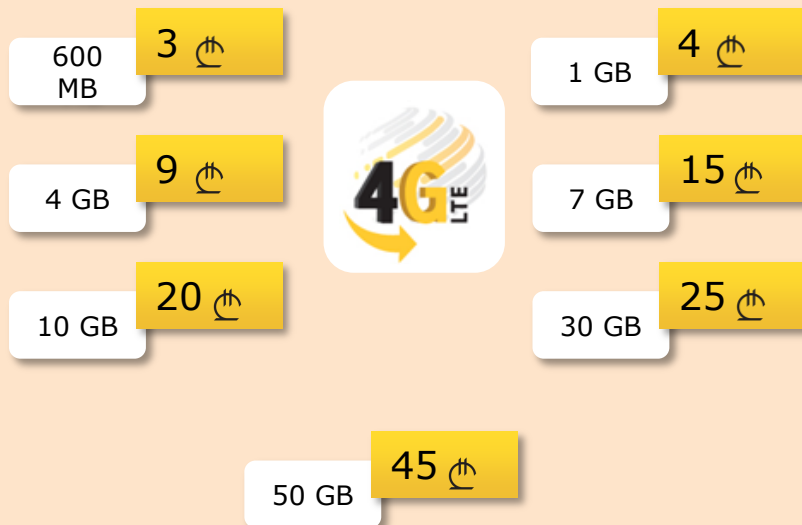


Alcatel POP S7

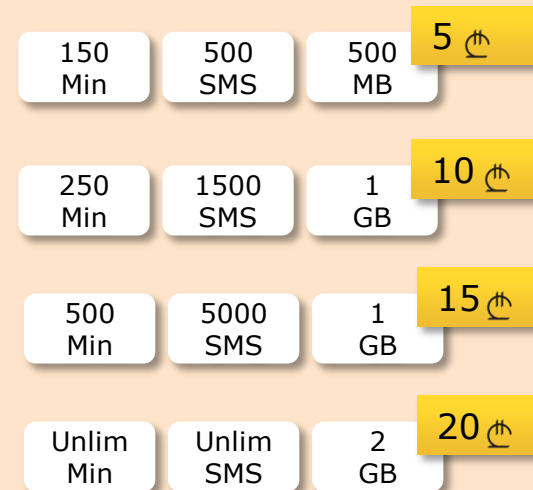
- Handset line – installment scheme - reverse bundling
- Devices bundles with GSM services
- Focus on most affordable 4G/LTE devices

Wide diversity of data and integrated bundles

Data bundles



Integrated bundles



Upgrading monobrand stores

Re – branding of monobrand stores

- **New store concept**

- ▶ Modern
- ▶ Innovative
- ▶ Stylish
- ▶ High tech
- ▶ Focused on self care
- ▶ Digital service

Current store



New concept



New concept



Stimulating digital sales

Pay Box

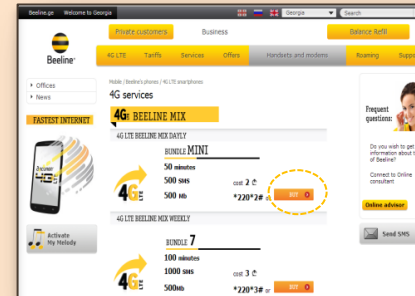
- **Pay Box** – used for paying different types of bills in just 2 minutes. Easy to reach as they are located everywhere (streets, markets, cinemas, etc)
- **Pay Box** – is used to top up mobile operators balance

We decided to use Pay Box as digital sales channel for VAS

- Pay Box share over 90% in mobile top up
- 2.7 million transactions per month
- Pay Box generates huge traffic of customers ready to pay

Web page

- **Web page/M web page** – possibility to buy/activate any service of Beeline Georgia

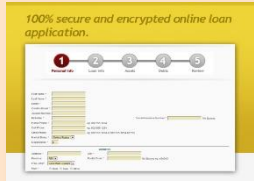


The screenshot shows a 'PACKAGE ACTIVATION WITH PLASTIC CARD' form. It includes the Beeline logo and the following fields: 'PHONE NUMBER:' with an input field, 'SERVICE PRICE (GEL):' with an input field containing the number '2', and a yellow 'CONTINUE' button at the bottom.

Introducing digital services

Device installment through web page

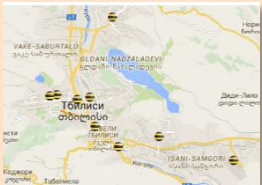
Process



- Customer fills online application



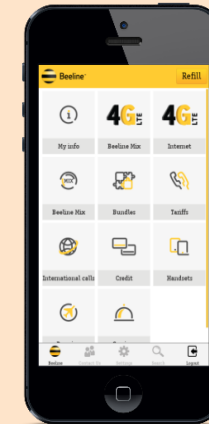
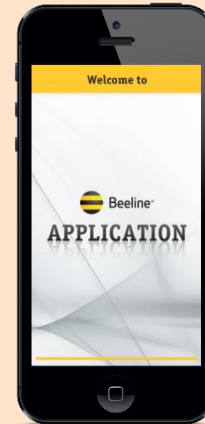
- Gets confirmation via email/sms



- Device pick up in the store

Beeline self-care App

- Application enables customer to
 - ▶ Check and manage personal account
 - ▶ Airtime time top up
 - ▶ Purchase services through mobile balance
 - ▶ Purchase services with credit card



Thank you

Questions please!

Georgia Analyst & Investor Site Visit

Alexander Gorodilov

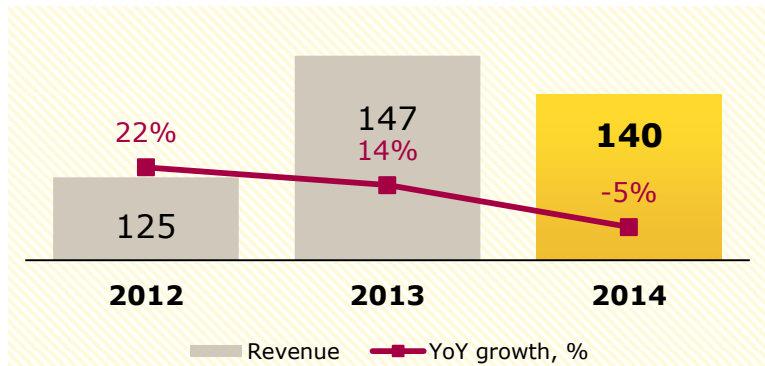
Chief Financial Officer



Double-digit growth in revenue and EBITDA prior to 2014 despite technology gap

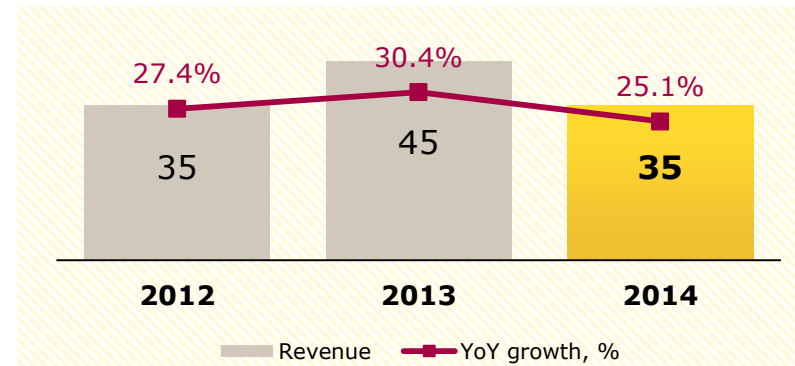
Revenue

(GEL million)



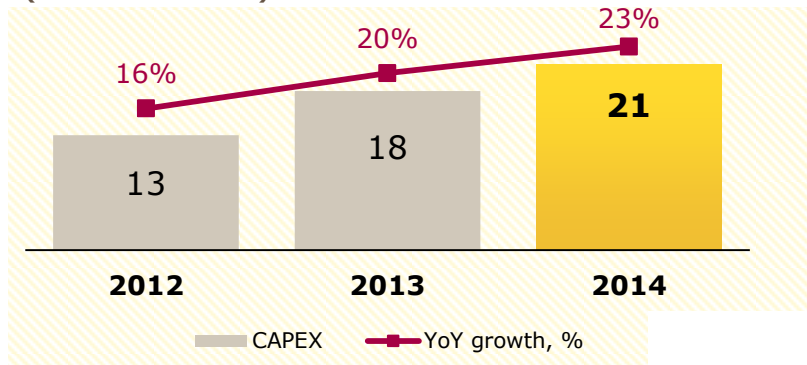
EBITDA and EBITDA margin

(GEL million and %)



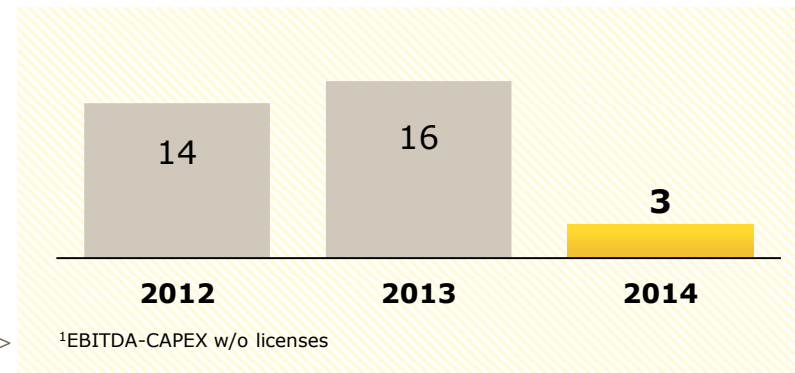
CAPEX w/o licenses

(USD million)



Free cash flow¹

(GEL million)



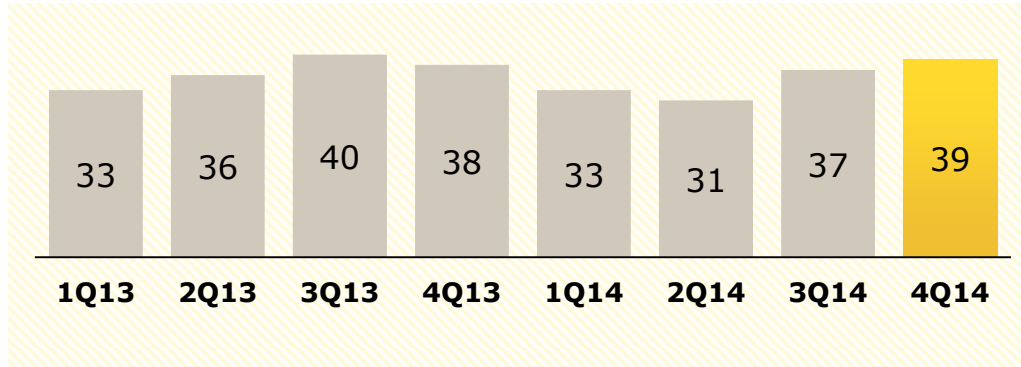
< 65 >

¹EBITDA-CAPEX w/o licenses

Challenging 2014 due to technology gap

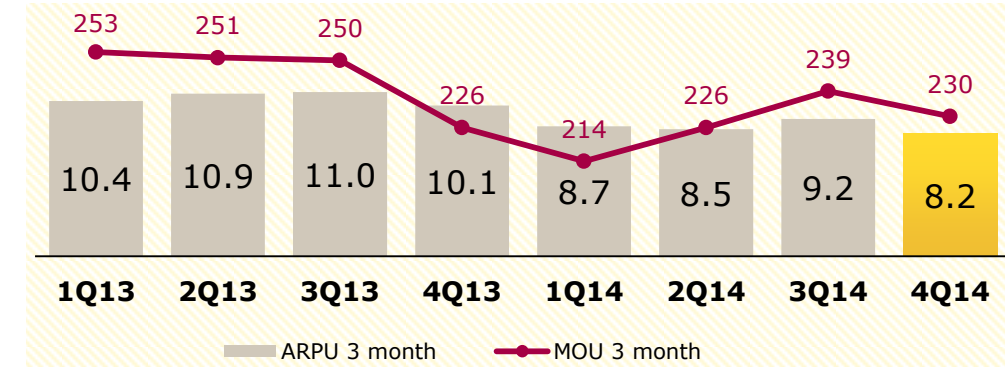
Revenue

(GEL million)



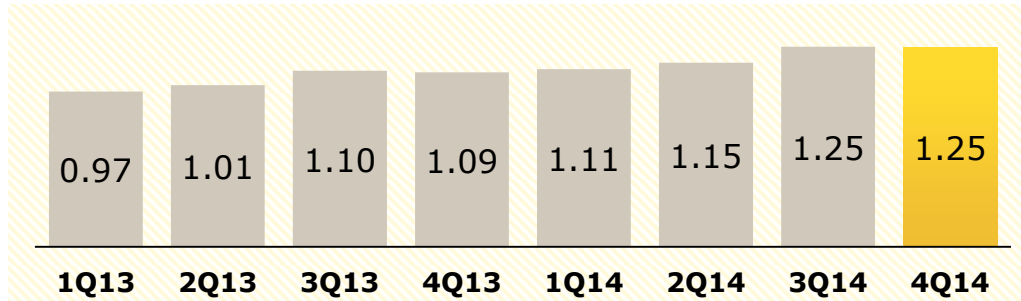
ARPU and MOU

(GEL and minutes)



Active customers 3 months

(million)



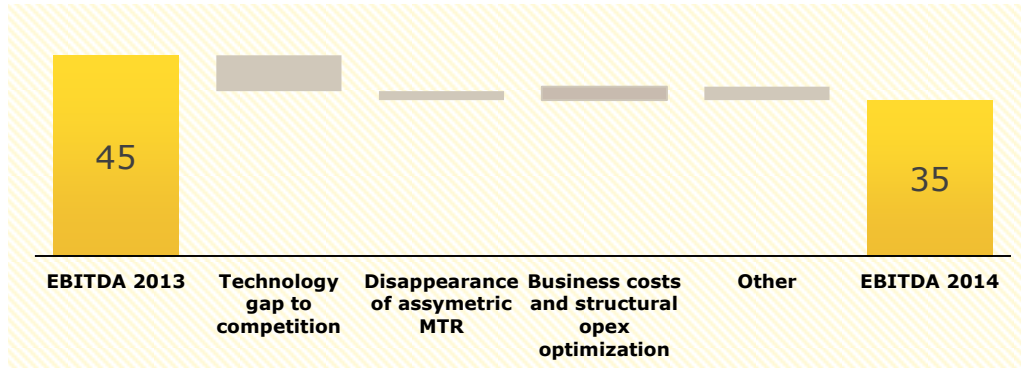
Comments

- Technology gap to competition – data services became crucial factor for subscribers in 2014
- Disappearance of asymmetrical MTR regulation
- MOU and ARPU impacted by higher share of low-quality subs and migration of traditional services to OTTs with positive YoY trend in 4Q14

Challenging 2014 due to technology gap

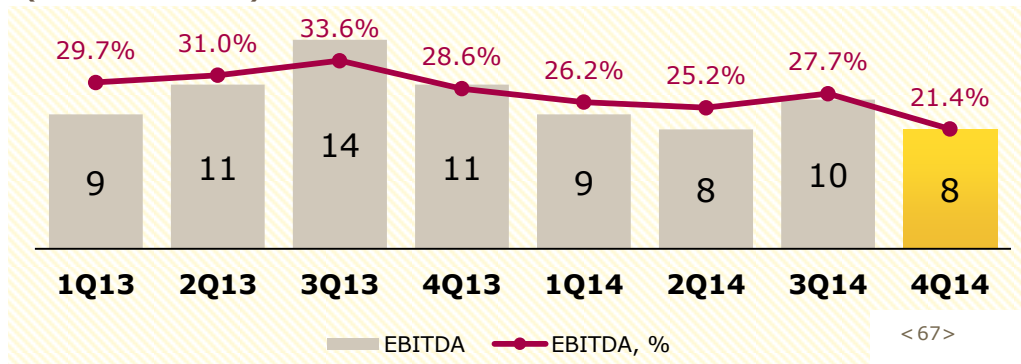
EBITDA 2014 vs 2013

(GEL million)



Quarterly EBITDA

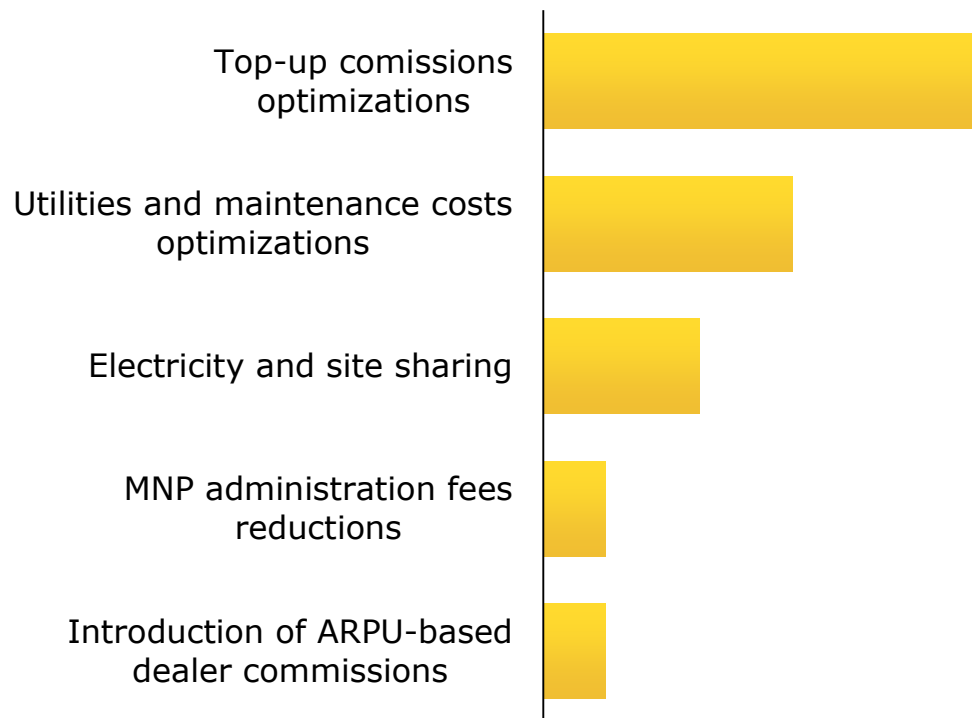
(GEL million)



Comments

- EBITDA 2014 impacted by technology gap and disappearance of asymmetrical MTR
- Strong positive impact from Operational Excellence program that partially offsets pressure from the decline in revenue

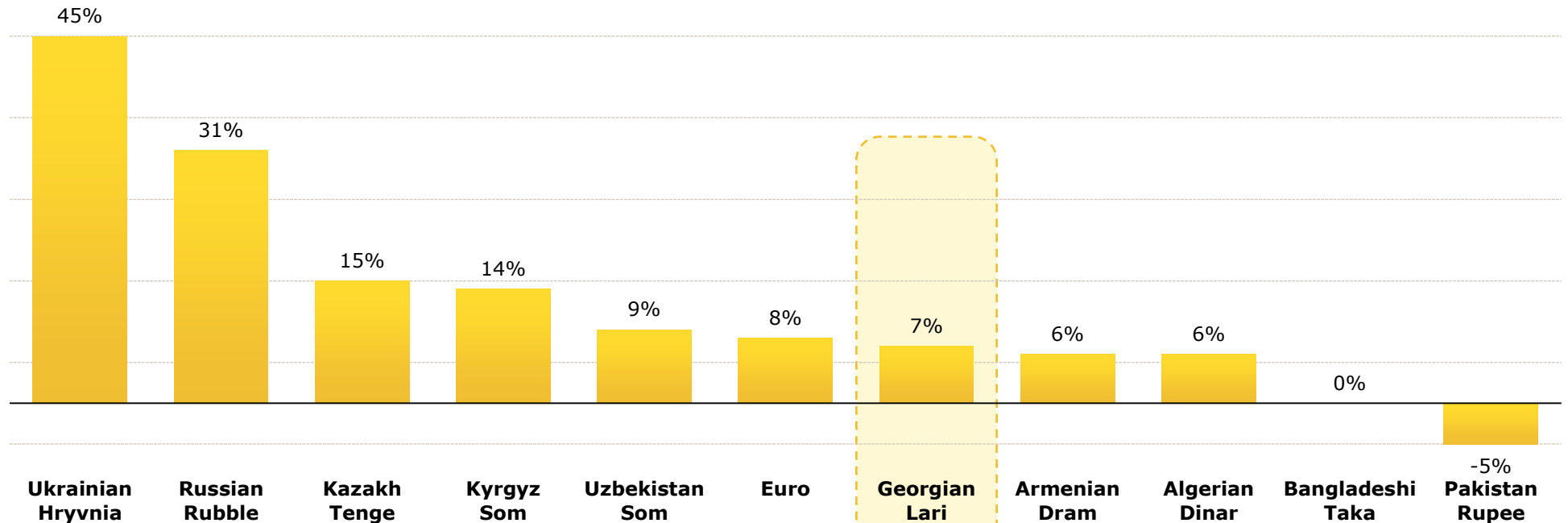
Operational Excellence supporting profitability



- Continuous Operational Excellence program delivering strong results in 2014

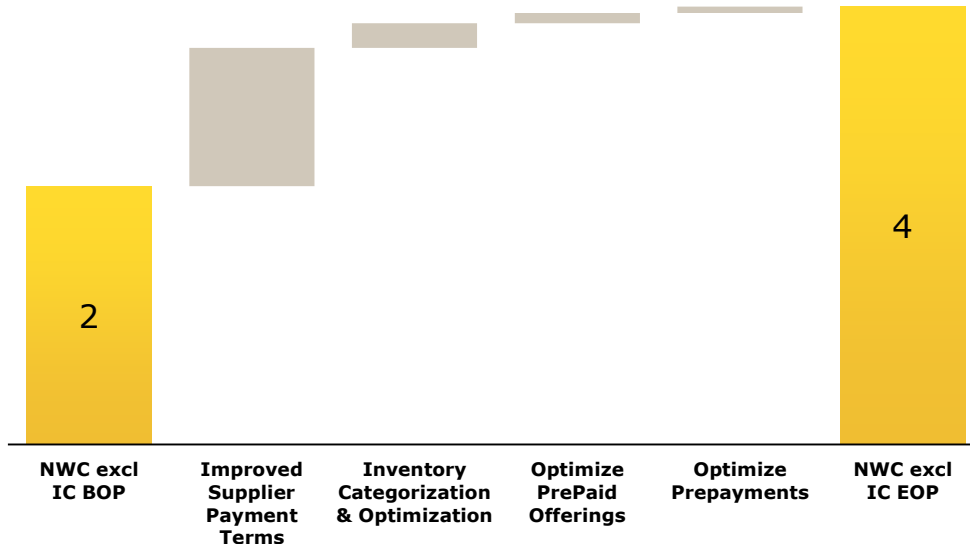
Relatively stable Georgian Lari performance

Currency devaluation LCY vs USD, 4Q14 vs 4Q13 (%)



Improving working capital in 2014

Working capital development (GEL million)



- Negotiations with suppliers to improve payment terms
- Commercial actions to stimulate prepaid balances - Beeline lottery, customer equipment with prepaid balances, etc.
- Optimization of customer equipment stock and fuel levels on base stations

Conclusion

- 2014 results impacted significantly by:
 - ▶ Technology gap
 - ▶ Disappearance of local MTR asymmetry
- Revenue, EBITDA and FCF growth opportunities post 4G/LTE launch supported by:
 - ▶ Market share growth opportunities
 - ▶ Data monetization
 - ▶ Continuous Operational Excellence measures



Thank you

Questions please!

Georgia Analyst & Investor Site Visit

George Shamanadze
Chief Technological Officer



Introduction

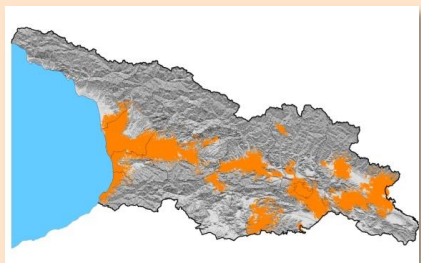
- Overview of current network: 2G network, KPI's, backbone, backhauling and 4G/LTE network roll out. License specifications (frequencies)
- 4G/LTE network roll out strategy, CAPEX strategy
- Download/upload speed of the current network, ambitions. Comparison vs mobile data network of competition
- Sharing initiatives
- Other initiatives



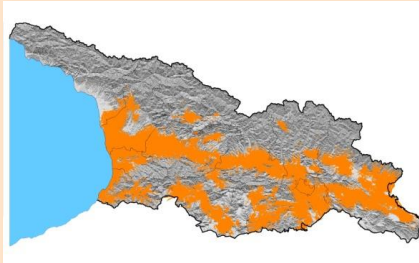
Growing network

2G

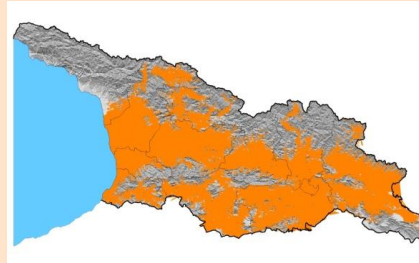
2007



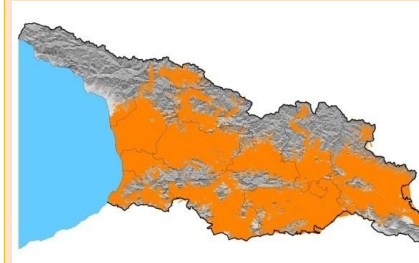
2009



2011

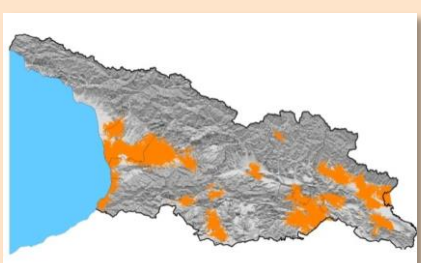


2014

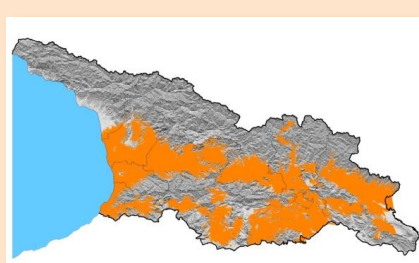


4G/
LTE

2015






2016



Key Facts:

- Population - 4,490mln
- Area - 69,700 km²
- Population coverage 2G – 85%
- Widest pop. coverage 4G/LTE – 41%

Spectrum distribution

	2G	CDMA	3G	4G/LTE
 Magticom	✓	✓	✓	✓
 Geocell	✓		✓	✓
 Beeline®	✓			✓

4G/LTE	Beeline	Geocell	Magticom
800 (2xMhz)	10	0	0
900 (2xMhz)	0	0	0
1800 (2xMhz)	0	20	10
2100 (2xMhz)	0	0	0
2600 (2xMhz)	0	0	0

- Beeline had no opportunity to re-farm spectrum, due to narrow frequencies
- 800Mhz spectrum is most optimal, in terms of investments/coverage
- Most popular band for coverage in EU for 4G/LTE is 800Mhz

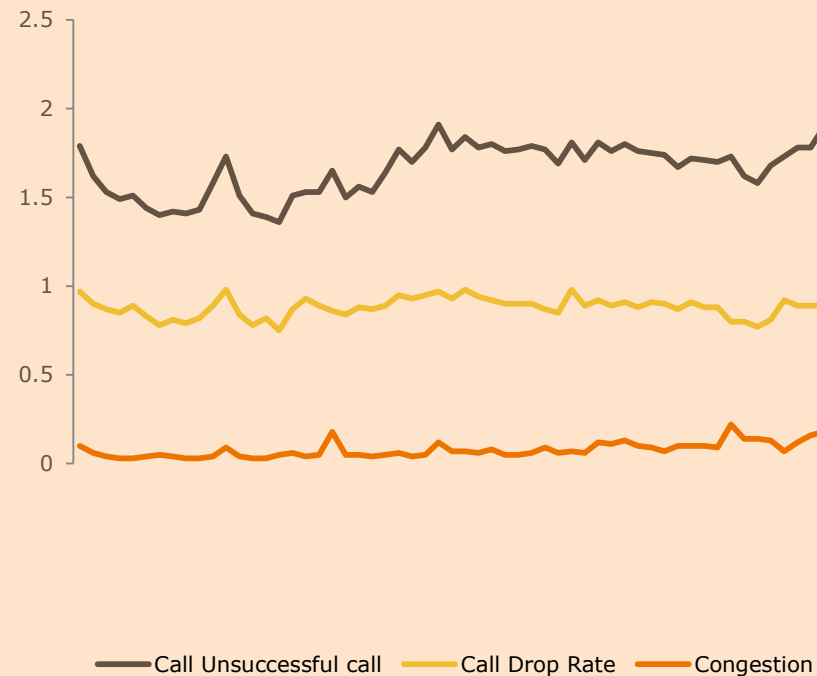
High quality 2G network

- Main KPI dynamics & targets:
 - ▶ Call unsuccessful rate < 1.8%
 - ▶ Call drop rate < 0.8%
 - ▶ Congestion < 1%



Best quality
network

Network quality in 2014



4G/LTE coverage obligation

- Provide 4G/LTE services in all municipalities with population <5,000 under the terms as follows:

Ensure accessibility to the service in the minimum:

- | | | |
|----|---------------------------|-----------------------|
| 1. | 30% of the municipalities | Till February 1, 2016 |
| 2. | 50% of the municipalities | Till February 1, 2017 |
| 3. | 70% of the municipalities | Till February 1, 2018 |
| 4. | 90% of the municipalities | Till February 1, 2020 |

GEORGIAN NATIONAL COMMUNICATIONS COMMISSION

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Home > News > Press Releases

AGENDA

THE LICENSE TO ENSURE IMPLEMENTATION OF FOURTH-GENERATION (4G) BROADBAND SERVICES WAS SOLD FOR 50 782 605 GEL

DECEMBER 29, 2014 18:34

Today, on December 29, at GNCC, the license for radio frequency spectrum usage in order to implement the fourth-generation (4G) broadband services was sold for 50 782 605 GEL. "Mobitel" Ltd was announced as a winner in the auction.

The 2x10 MHz section in 800 MHz range has been displayed in the auction and initial price of the license for the usage of the resource totaled 48 364 386 GEL. 1 bid during the auction equaled to 2 418 219 GEL - an initial value of 0.5% rounded to the whole number.

The Director of the company "Mobitel" Ltd Giorgi Tkeshelashvili confirmed to the Commission the readiness to pay

ANALYTICAL PORTAL

PRESS RELEASES

PUBLIC INFORMATION

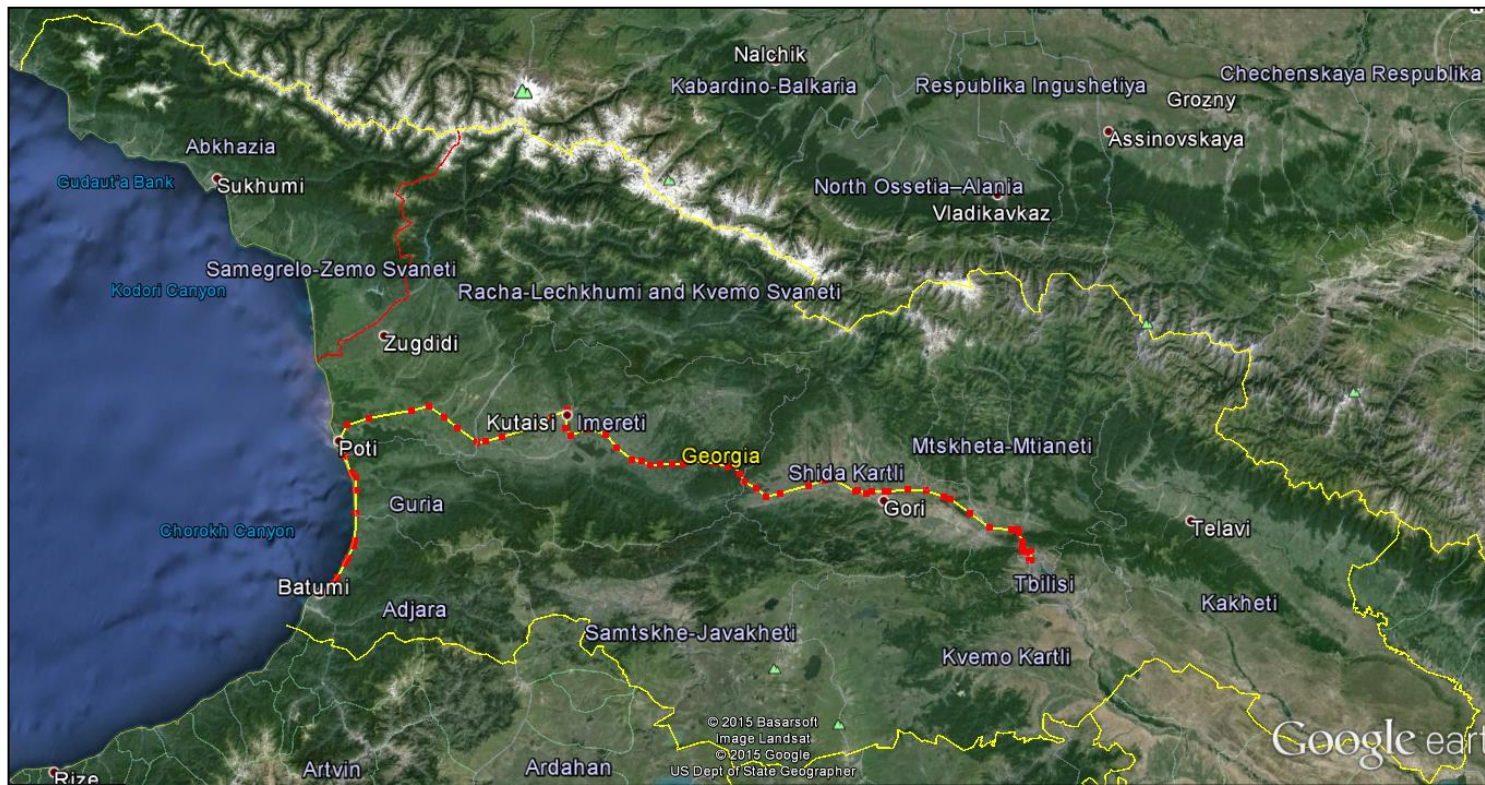
	2014	2015	2016	2017	2018	2019
Municipalities covered	34	1,100	1,834	2,567	2,567	3,301
Population coverage	41%	56%	65%	86%	86%	90%

Current 4G/LTE coverage

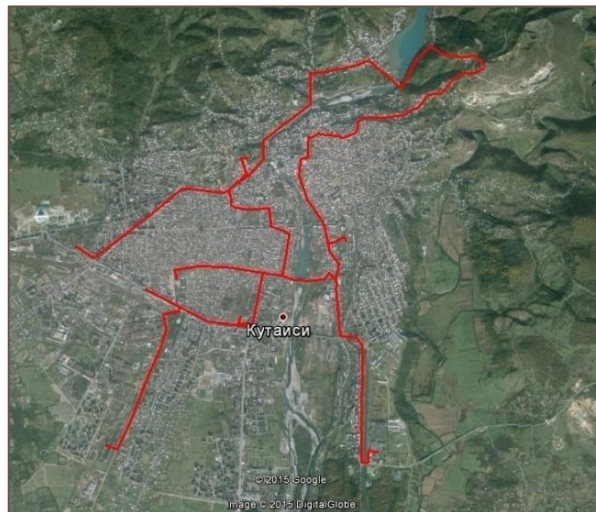
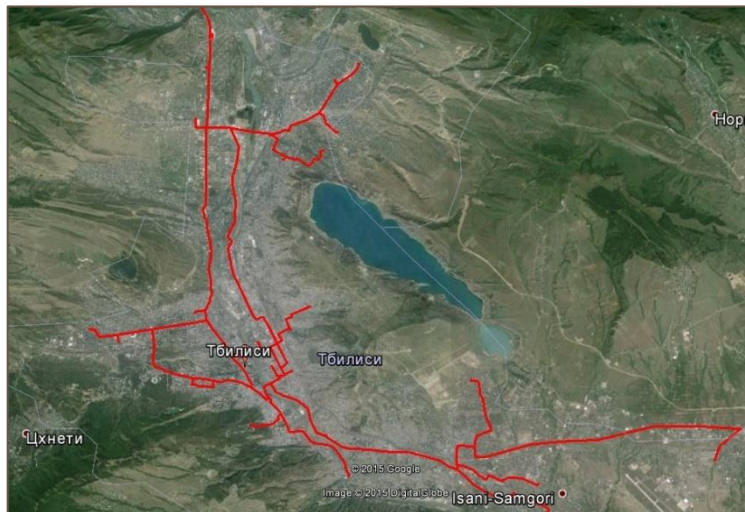
- >30 cities all over Georgia
- Coverage >92% of population in each city
- 41% of population covered, 1.78 million people
- Minimum 512 Kb/s cell edge uplink
- 211 sites total launched in 3 days after license acquired



Only operator with fiber optic backbone



Only operator with 4G/LTE fiber optic backhaul

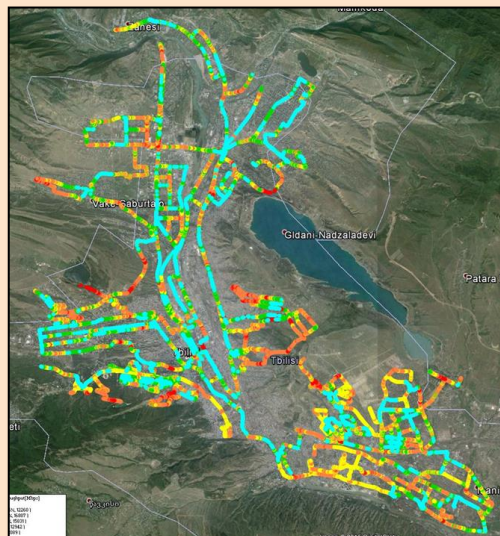


- 3 biggest Cities, Tbilisi, Kutaisi and Batumi covered by fiber optic backhaul
- Total:
 - ▶ Tbilisi - 188km
 - ▶ Kutaisi - 35km
 - ▶ Batumi - 42km

Beeline offers best coverage and speed in 4G/LTE in Tbilisi

Beeline

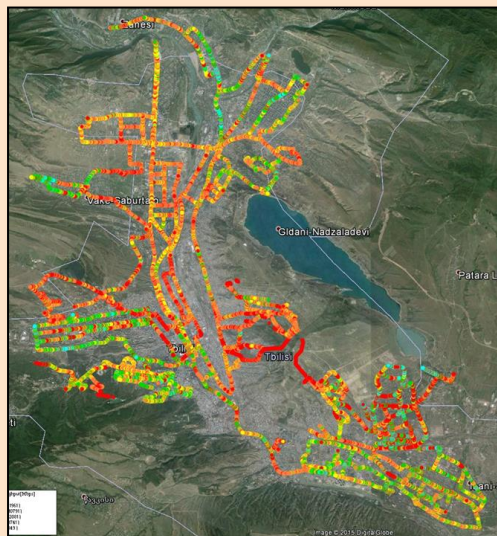
Avg speed – 19.2Mb/s



Best coverage & speed by
10Mhz spectrum

Operator 1

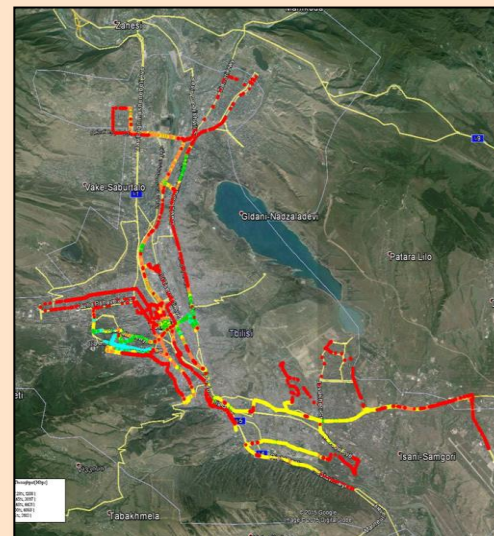
Avg speed - 10.3Mb/s



Poor coverage by
10Mhz Spectrum

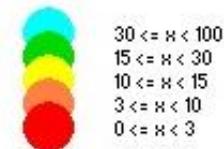
Operator 2

Avg speed - 12.6Mb/s



Poorest coverage by
20Mhz spectrum

LTE KPI MAC DL Throughput[Mbps]



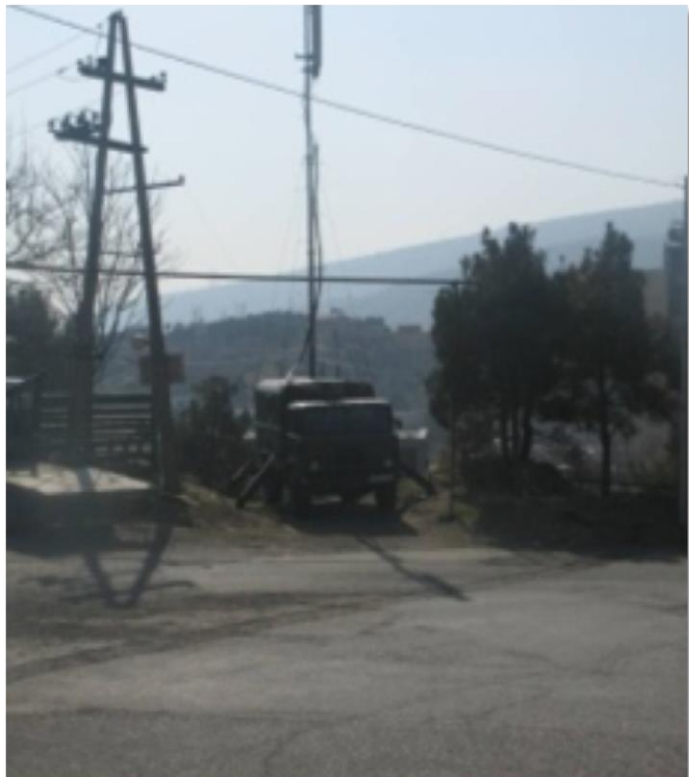
Electricity and site sharing

- Beeline Georgia initiated electricity sharing in 2008, the first in BU CIS and Georgia with Magticom (7 sites) and Geocell (20 sites). Approximately USD 360K savings per annum in OPEX and USD 550K in CAPEX
- Beeline Georgia initiated site sharing in 2006, the first in BU CIS and Georgia with Silknet and Geocell. Approximately USD 180K savings per annum in OPEX

Name of Area/city	Geocell		Silknet	
	No of VIP leased towers On air	No of Towers leased from VIP On air	No of VIP leased towers On air	No of Towers leased from VIP On air
Tbilisi			7	4
Adjara	2			2
Guria	1		1	
Imereti	1	4	5	
Kakheti			2	6
Mtskheta-Mtianeti			1	
Racha		2		
Samegrelo	2	4	1	
Samtskhe-Javakheti	1	1		3
Kvemo Kartli		1	1	3
Shida Kartli			2	1
Total in the network	7	12	20	19

Beeline mobile base stations

- In 2008, Beeline launched as the first in Georgia mobile base stations (vehicle based) for resorts, congested and touristic areas



Alternative energy systems

- In 2010, Beeline Georgia was the first in BU CIS and Georgia who deployed solar systems, approximately USD 11K per site savings on fuel per annum
- 30 solar systems to be deployed in 2015
- ~10% savings per annum

CAPEX, USD million	1.2
Fuel savings site p.a. USD million	0.01
Savings p.a. USD million	0.3



Thank you

Questions please!