VEON

4 NOVEMBER 2019

SOLID 3Q19 RESULTS SUPPORTED BY GOOD OPERATIONAL PERFORMANCE AND ONGOING FOCUS ON COST EFFICIENCIES

FY 2019 GUIDANCE CONFIRMED

Amsterdam (4 November 2019) – VEON Ltd. (NASDAQ: VEON, Euronext Amsterdam: VEON), a leading global provider of connectivity and digital services, today announces results for the quarter ended 30 September 2019.

KEY POINTS

- Revenue, EBITDA and equity free cash flow (excluding licenses) tracking in line with our full year 2019 guidance
- Underperformance in Russia was offset by strong performances from our Growth Engines (Pakistan, Ukraine, Uzbekistan, Kazakhstan), while our Frontier Markets are delivering in line with our expectations
- Strong data usage continued to lead service revenue growth, underpinned by continued network investment
- Good progress against corporate cost reduction and Group cost intensity targets
- Monitor certified our compliance program; the Deferred Prosecution Agreement expired

URSULA BURNS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, COMMENTS:

"VEON reported a solid nine months and third quarter, with continuing good operational execution across the Group. Our year to date revenues increased by 4.6% with year to date EBITDA up 8.8% on an organic basis. Our service revenue growth for the Group was largely driven by the strong growth in core access data on the back of the continued investment in our data networks in the period. This will remain a key focus for VEON over the medium-term while we explore new services to drive both new incremental revenues as well as support our core connectivity business.

Our Russian operation continues to face challenges related to its network quality gap versus competitors, market pricing structure, favouring unlimited tariff plans and the effectiveness of its distribution, which together had an adverse impact on our customer base dynamics. We remain focused on the Russian market and although short-term results may continue to be pressured, continued network investments and further optimization of our distribution footprint through the balance of 2019 and into 2020 should ensure our business is strengthened and well positioned for the long term.

Our Growth Engines (Ukraine, Pakistan, Uzbekistan and Kazakhstan) continue to deliver strong organic growth in both revenue and EBITDA for the first nine months of 2019, up 14% and 21% respectively, and the medium-term outlook remains encouraging. While local and Group reported numbers were impacted by regulatory changes in Pakistan, the operational performance of the Pakistan business remains robust.

Cost improvements across the Group remain a focus area, and while we are on track to deliver on our guidance on cost savings at the headquarters level for 2019, we expect to make further progress across the broader Group in this area over the next couple of years.

Consistent with our ambition to further simplify our Group structure, we successfully concluded the mandatory tender offer (MTO) for GTH, the delisting of GTH and have transferred Jazz (Pakistan), Banglalink (Bangladesh) and Med Cable (Algeria) to VEON Holdings. The intragroup transfers for Djezzy (Algeria) and Mobilink Bank (Pakistan) are continuing.

The expiration of the Deferred Prosecution Agreement and the conclusion of the external monitorship are significant and positive milestones for VEON. We have established effective compliance and controls programs and demonstrated our continuing commitment to leading with integrity across our businesses, which both the US government and the monitor recognized. Reaching this point in our journey is a great achievement, and we are understandably pleased with the outcome. Strong ethics, compliance, and controls remain integral to how we operate and expect others to operate with us.

We recently announced the appointment of Kaan Terzioglu and Sergi Herrero as joint Chief Operating Officers and I am excited about the skills and experience they will bring to bear on the business as they look to execute on our strategy over the next few years. I would again like to thank Kjell Johnsen for his positive impact to the Group over the past few years.

Managing a complex business such as ours, with operations across 10 emerging markets, will never be without its challenges, but I am pleased with the continued progress we are making on operational execution. While Russia is operating below our expectations, we are working hard to address this and, notwithstanding this underperformance, I am pleased we remain on track to deliver on our Group FY 2019 guidance to the market."

3Q19 RESULTS[1]

- **Reported revenue:** USD 2,223 million -4.0% YoY
- **Reported EBITDA:** EBITDA USD 987 million +16.5% YoY, adjusted for IFRS16 +1.3%
- **Group Subscribers:** 212 million +0.5% YoY
- **Group capital expenditures excluding licenses:** USD 377 million, adjusted for IFRS 16 USD 324 million

- **Revenue organic[2] growth tracking in line:** total revenue decreased by 0.9% organically[2] year on year (YoY) with service revenue decreasing 0.4% organically[2], reflecting the impact of regulatory changes[3] in Pakistan. Excluding these, total revenue increased by 2.4% organically[2] in 3Q19
- **Data revenue organic[2] growth remains robust:** the momentum in mobile data revenue continued in the period growing organically[2] by 18.4% YoY, with Ukraine (+36.9%), Pakistan (+25.2%) and Bangladesh (+26.4%) delivering strong performances on the back of ongoing 4G/LTE investments
- **Strong organic[2] growth in EBITDA (pre-IFRS 16):** EBITDA (pre-IFRS 16) increased organically[2] by 5.0% YoY to USD 858 million, resulting in an EBITDA margin of 38.6%. Excluding the impact of the reversal of both the "suo moto"[3] order and the Administration Fee Reversal[3], EBITDA increased 11.0% organically YoY
- **Currency headwinds lessened:** the impact of currency movements on reported revenues in the period was limited to USD 72 million compared to the USD 179 million headwind in the second quarter of 2019
- **Cost intensity ratio[4] pre-IFRS 16 continued to improve organically[2]:** we recorded a 2.2 percentage point YoY organic[2] improvement in our cost intensity ratio[4], helped in particular by Russia and Ukraine
- **Corporate costs[8] trending lower:** corporate costs were USD 56 million in 3Q19, which resulted in a 25% YoY decline in the first nine months of 2019. This is in line with VEON's ambition to reduce corporate costs by 25% YoY in FY 2019
- **Strong equity free cash flow (excluding licenses)[5]:** adjusting for IFRS 16, the company generated USD 269 million of equity free cash flow (excluding licenses)[5] during the quarter, with YTD equity free cash flow (excluding licenses)[5] of USD 902 million
- **Cash flow impacted by non-operating items:** cash flow was impacted by a payment of USD 82.3 million related to the Global Telecom Holding S.A.E. ("GTH") tax settlement (the "GTH Tax Settlement"), the partial payment as security of USD 225 million for the license renewal in Pakistan as well as the USD 296 million interim dividend payment

KEY DEVELOPMENTS

- Kaan Terzioglu and Sergi Herrero appointed as joint Chief Operating Officers
- The Deferred Prosecution Agreement VEON entered into with the US Department of Justice expired on 31 October 2019, and the external compliance monitorship has concluded. VEON's commitment to ethics, compliance, and controls is unwavering and is reflected in our structures, procedures and daily ways of working
- VEON Holdings B.V. ("VEON Holdings") successfully concluded the mandatory tender offer ("MTO") in relation to GTH's shares not owned by the VEON Group. Following the approval by GTH shareholders, VEON has completed the intra-group transfers of Jazz, Banglalink and Med Cable to VEON Holdings
- VEON announced a new Strategy Framework at its Capital Markets Day in September, identifying new services and future assets as additional growth opportunities and introducing a flexible dividend policy to support associated investment needs
- VEON launched a large-scale 5G network trial in Shymkent, Kazakhstan, as part of its vision to empower customer ambitions through market-leading technologies and services while demonstrating our commitment to remain at the forefront of technology
- In October 2019, VEON Holdings issued USD 700 million in 4.00% senior unsecured notes due 2025
- VEON's long-term credit rating was upgraded in September 2019 from BB+ (non-investment grade) to BBB- (investment grade) by ratings agency, Fitch, reflecting the increased credit worthiness of the VEON Group

OUTLOOK

FY 2019 guidance[6] confirmed: Low single-digit organic[2] growth for revenue, at least mid-single-digit organic[2] growth for EBITDA and equity free cash flow (excluding licences) of approximately USD 1 billion. While we are tracking ahead of our guidance, we note there remains some seasonality around free cash flow generation.

[1] Key results compare to prior year results unless stated otherwise

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

[3] In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes and service/maintenance charges on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue (the "suo moto" order). On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges, which were approximately 10% of customer recharges. As a result of this clarification by the Supreme Court, the Pakistan Telecommunication Authority ("PTA") issued two letters to Jazz, dated 30 August 2019 and 19 September 2019, requesting Jazz to refund the service and maintenance charges (the "administration fees") collected by Jazz between April 2019 and July 2019. Further to the PTA's directions, on 29 September 2019, Jazz proceeded with crediting these administration fees to the balances of the affected customers; the amounts refunded could be used from 29 September 2019 for a period of 45 days. Jazz reversed these administration fees in 3Q19, and is not entitled to charge these administration fees going forward (the "Administration Fee Reversal").

[4] Cost intensity ratio is defined as service costs plus selling, general and administrative costs, less other revenue, divided by total service revenue. Based on FY 2018, in USD million (3,697+1,701-133)/8,526

[5] Equity free cash flow (excluding licenses) is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding the impact of IFRS 16, M&A transactions, capex for licenses, inflow/outflow of deposits, financial assets and other one-off items. EFCF target for FY 2019 is based on currency rates of 20 February 2019, excludes USD 136 million payment of the GTH Tax Settlement, includes the one-time cash received in connection with a revised arrangement from Ericsson of USD 350 million. See attachment C for reconciliations

[6] FY 2019 targets exclude the impact of the introduction of IFRS 16

[7] In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue. On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges

[8] Corporate costs in a non-IFRS financial measure and represents costs incurred by the holding entities in the Netherlands, Luxembourg and Egypt, primarily comprised of salary costs and consulting costs. We also present in this release 'run-rate corporate costs" in order to represent what our corporate cost performance would be if results for a given period were annualized or extrapolated into future periods

Note for 9M19 results:

In Q2 2019, both revenue and EBITDA were positively impacted by special compensation of USD 38 million related to the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") due to Kazakh telecom JSC's acquisition of 75% of Kcell's shares.

In addition, in Q2 2019, as a result of the USD 136 million GTH Tax Settlement (see below "GTH Tax Settlement''), VEON has recorded an additional provision of USD 56 million with USD 27 million in the EBITDA and USD 29 million in the income tax.

KEY RESULTS: CONSOLIDATED FINANCIAL AND OPERATING HIGHLIGHTS

USD million	3Q19	3Q19 pre-IFRS 16	3Q18	Reported YoY	Reported YoY pre-IFRS 16	Organic YoY [1]
Total revenue, of which	2,223	2,223	2,317	(4.0%)	(4.0%)	(0.9%)
mobile and fixed service revenue	2,076	2,076	2,151	(3.5%)	(3.5%)	(0.4%)
mobile data revenue	626	626	548	14.2%	14.2%	18.4%
EBITDA	987	858	848	16.5%	1.3%	5.0%
EBITDA margin (EBITDA/total revenue)	44.4%	38.6%	36.6%	7.8p.p.	2.0p.p.	2.2p.p.
Profit from continued operations	31	46	(718)	104.2%	n.m.	
Profit from discontinued operations	-	-	1,279	n.m	n.m.	
Profit for the period (before NCI)	31	46	561	n.m.	n.m.	
Equity free cash flow excl. licenses [2]	370	269	263	40.4%	2.1%	
Capital expenditures excl. licenses	377	324	311	21.0%	4.1%	
LTM capex excl. licenses/revenue	19.3%	17.0%	16.8%	2.6p.p.	0.3p.p.	
Net debt	8,252	6,275	5,736	43.9%	9.4%	
Net debt/LTM EBITDA	2.1	1.7	1.7	n.m.		
Total mobile customer (millions)	211.7	211.7	210.7	0.5%		
Total fixed-line broadband customers (millions)	4.0	4.0	3.7	8.1%		

USD million	9M19	9M19 pre-IFRS 16	9M18	Reported YoY	Reported YoY pre-IFRS 16	Organic YoY [1]
Total revenue, of which	6,609	6,609	6,837	(3.3%)	(3.3%)	4.6%
mobile and fixed service revenue	6,161	6,161	6,443	(4.4%)	(4.4%)	3.4%
mobile data revenue	1,783	1,783	1,569	13.6%	13.6%	22.4%
EBITDA	3,280	2,897	2,559	28.2%	13.2%	8.8%
EBITDA margin (EBITDA/total revenue)	49.6%	43.8%	37.4%	12.2p.p.	6.4p.p.	1.5p.p.
Profit from continued operations	635	697	(650)	197.8%	n.m.	
Profit from discontinued operations	-	-	978	n.m.		
Profit for the period (Before NCI)	635	697	329	n.m	n.m.	
Equity free cash flow excl. licenses [2]	1,165	902	804	44.9%	12.2%	
Capital expenditures excl. licenses	1,364	1,163	1,068	27.7%	8.8%	
LTM capex excl. licenses/revenue	19.3%	17.0%	16.8%	2.6p.p.	0.3p.p.	
Net debt	8,252	6,275	5,736	43.9%	9.4%	
Net debt/LTM EBITDA	2.1	1.7	1.7	n.m.		
Total mobile customer (millions)	211.7	211.7	210.7	0.5%		
Total fixed-line broadband customers (millions)	4.0	4.0	3.7	8.1%		

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

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

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PRESENTATION OF FINANCIAL RESULTS

VEON's results presented in this earnings release are based on IFRS unless otherwise stated 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, EBIT, net debt, equity free cash flow (excluding licenses), organic growth, capital expenditures excluding licenses, are reconciled to the comparable IFRS measures in Attachment C.

IMPACT OF IFRS 16 - LEASES ON FINANCIAL INFORMATION

From 1 January 2019, VEON has adopted International Financial Reporting Standards (IFRS) 16 (Leases). VEON is presenting Q3 2019 results excluding the impact of IFRS 16 for comparability purposes with prior periods, as well as presenting reported results which will reflect the new baseline for future period over period comparisons.

All forward looking targets exclude the impact of the introduction of IFRS 16 in FY 2019.

All comparisons are on a year on year (YoY) basis unless otherwise stated.

MAIN EVENTS

REVENUE AND EBITDA

Reported revenue (-4.0% YoY) and EBITDA (+16.5% YoY) were impacted by both currency movements and IFRS 16 implementation this year. On an organic[1] basis revenue decreased by 0.9% YoY with EBITDA up 5.0% YoY. While we are tracking ahead of our guidance, we note there remains some seasonality to performance.

While reported revenue was impacted by currency movements, the headwinds in Q3 2019 were limited to USD 72 million, compared to the currency headwinds of USD 179 million in the 2Q19. The performance of the Russian ruble and Pakistan rupee will be key currency variables over the remainder of this year.

During Q3 2019, both reported revenue and EBITDA were negatively impacted by the reversal of the "suo moto"[2] order, and the Administration Fee Reversal[2] in Pakistan. Adjusted for these impacts, organic revenue would have increased by 2.4% YoY and organic EBITDA would have increased by 11.0% YoY.

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

[2] In June 2018, the Supreme Court ordered ("suo moto") an interim suspension of the deduction of taxes and service/maintenance charges on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue (the "suo moto" order). On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges, which were approximately 10% of customer recharges. As a result of this clarification by the Supreme Court, the Pakistan Telecommunication Authority ("PTA") issued two letters to Jazz, dated 30 August 2019 and 19 September 2019, requesting Jazz to refund the service and maintenance charges (the "administration fees") collected by Jazz between April 2019 and July 2019. Further to the PTA's directions, on 29 September 2019, Jazz proceeded with crediting these administration fees to the balances of the affected customers; the amounts refunded could be used from 29 September 2019 for a period of 45 days. Jazz reversed these administration fees in Q3 2019, and is not entitled to charge these administration fees going forward (the "Administration Fee Reversal").

COST INTENSITY

In Q3 2019, our cost intensity ratio[1] improved by 2.2 percentage points YoY to 58.9% pre IFRS 16, mainly due to lower service costs in Russia and Ukraine. We are seeing continued progress on cost across a number of our smaller markets and expect the contribution from the other markets to become more meaningful over the coming year. In our 2018 results, VEON announced its commitment to reduce the Group's cost intensity ratio[1] by at least 1 percentage point organically per annum between 2019 and 2021, from 61.8% as reported in FY 2018. This ambition remains on track.

At the Group level, we still expect the main contributor to cost intensity improvement for 2019 to be a further reduction in VEON's corporate costs.

[1] Cost intensity ratio is defined as service costs plus selling, general and administrative costs, less other revenue, divided by total service revenue. Based on FY 2018, in USD million (3,697+1,701-133)/8,526

GTH RESTRUCTURING

On 9 September 2019, VEON announced that its offer to acquire substantially all of the operating assets of GTH has been approved by GTH's shareholders. Following that approval, VEON completed the intra-group transfers of Jazz, Banglalink and Med Cable. GTH's shares were subsequently delisted from the Egyptian Stock Exchange. The second settlement payment of USD 82.3 million relating to outstanding tax liabilities of GTH and its Egyptian subsidiaries was paid in Q3 2019 by GTH to the Egyptian Tax Authority. As a result, GTH has resolved all outstanding tax liabilities in Egypt for the tax years 2000 through 2018.

ISSUANCE OF USD 700 MILLION SENIOR NOTES

On 9 October 2019, VEON Holdings issued USD 700 million 4.00% senior unsecured notes due 2025 (the "Notes"). VEON Holdings intends to use the net proceeds of the Notes primarily to refinance drawings on the revolving credit facility used to fund the mandatory tender offer for GTH MTO and for general corporate purposes.

MONITOR CERTIFIES VEON'S COMPLIANCE PROGRAM

On 31 October 2019, the Deferred Prosecution Agreement ("DPA") that VEON entered into with the US Department of Justice on 18 February 2016 expired. This marks the conclusion of the compliance monitorship required by the DPA and VEON's settlement with the US Securities and Exchange Commission and demonstrates that VEON successfully established robust and sustainable compliance and controls program. VEON's commitment to ethics, compliance, and controls is unwavering and is reflected in our structures, procedures and daily ways of working.

PAKISTAN LICENSE RENEWAL

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority ("PTA") issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding applicable taxes of approximately 10%). On 17 August 2019, Jazz appealed the PTA's order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On 23 August 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) pending resolution of the appeal as per the options given in the PTA's order. In September 2019, Jazz deposited 50% of the disputed license renewal fee (approximately USD 225 million) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded within non-current financial assets in the statement of financial position.

NEW STRATEGY FRAMEWORK AND DIVIDEND POLICY

In September 2019, VEON announced a new Strategy Framework, supporting a new long-term vision to empower customer ambitions through guiding choices and connecting customers with resources that match their lifestyle and business needs. VEON also announced the formation of VEON Ventures, a new division tasked with identifying future assets with the potential to scale the Group's existing products and services or offer adjacent revenue opportunities.

In order to support appropriate capital allocation, VEON announced a new dividend policy in September 2019 which will be introduced from financial year 2020, which targets paying at least 50% of prior year Equity Free Cash Flow after licenses in dividends to shareholders. Dividend payments will remain subject to a review by VEON's Board of Directors of medium-term investment opportunities and the Group's capital structure. The Group's internal target is to keep Net Debt/EBITDA at around 2.0x (2.4x post IFRS 16).

GROUP PERFORMANCE

FINANCIALS BY COUNTRY

USD million	3Q19	3Q19 Pre-IFRS16	3Q18	Reported YoY	Reported pre-IFRS 16 YoY	Organic[1] YoY	9M19	9M19 Pre-IFRS16	9M18	Reported YoY	Reported pre-IFRS 16 YoY	Organic[1] YoY
Total revenue	2,223	2,223	2,317	(4.0%)	(4.0%)	(0.9%)	6,609	6,609	6,837	(3.3%)	(3.3%)	4.6%
Russia	1,157	1,157	1,172	(1.3%)	(1.3%)	(2.7%)	3,329	3,329	3,512	(5.2%)	(5.2%)	0.4%
Pakistan	286	286	395	(27.5%)	(27.5%)	(7.0%)	996	996	1,126	(11.5%)	(11.5%)	11.3%
Algeria	197	197	207	(4.7%)	(4.7%)	(3.3%)	577	577	609	(5.4%)	(5.4%)	(2.7%)
Bangladesh	135	135	131	3.1%	3.1%	3.8%	406	406	391	3.8%	3.8%	4.6%
Ukraine	231	231	180	28.1%	28.1%	18.3%	630	630	509	23.8%	23.8%	20.9%
Uzbekistan	66	66	83	(20.5%)	(20.5%)	(8.8%)	197	197	238	(17.3%)	(17.3%)	(10.9%)
HQ	-	-	-				-	-	-			
Other and eliminations	151	151	149				474	474	452			
Service revenue	2,076	2,076	2,151	(3.5%)	(3.5%)	(0.4%)	6,161	6,161	6,443	(4.4%)	(4.4%)	3.4%
Russia	1,039	1,039	1,042	(0.2%)	(0.2%)	(1.6%)	3,013	3,013	3,228	(6.7%)	(6.7%)	(1.0%)
Pakistan	265	265	369	(28.3%)	(28.3%)	(8.0%)	926	926	1,048	(11.6%)	(11.6%)	11.2%
Algeria	197	197	206	(4.6%)	(4.6%)	(3.1%)	575	575	606	(5.1%)	(5.1%)	(2.4%)
Bangladesh	133	133	127	4.4%	4.4%	5.2%	397	397	377	5.3%	5.3%	6.1%
Ukraine	230	230	179	28.1%	28.1%	18.3%	627	627	507	23.7%	23.7%	20.8%
Uzbekistan	66	66	83	(20.6%)	(20.6%)	(8.9%)	196	196	238	(17.3%)	(17.3%)	(10.9%)
HQ	-	-	-				-	-	-			
Other and eliminations	146	146	145				427	427	439			
EBITDA	987	858	848	16.5%	1.3%	5.0%	3,280	2,897	2,559	28.2%	13.2%	8.8%
Russia	525	439	418	25.5%	5.0%	3.5%	1,491	1,239	1,303	14.5%	(4.9%)	0.9%
Pakistan	140	130	192	(26.8%)	(32.3%)	(13.2%)	509	475	541	(5.9%)	(12.3%)	10.3%
Algeria	89	81	93	(3.9%)	(12.7%)	(11.3%)	262	237	271	(3.3%)	(12.5%)	(10.0%)
Bangladesh	55	45	47	17.2%	(4.7%)	(4.0%)	170	140	139	22.4%	0.6%	1.4%
Ukraine	149	143	104	44.2%	38.3%	27.7%	405	388	287	41.1%	35.2%	32.0%
Uzbekistan	36	35	37	(3.0%)	(6.0%)	8.1%	103	99	106	(2.7%)	(6.3%)	1.3%
HQ	(56)	(56)	(92)				181	181	(224)			
Other and eliminations	49	41	49				159	138	136			
EBITDA margin	44.4%	38.6%	36.6%	7.8p.p.	2.0p.p.	2.2p.p.	49.6%	43.8%	37.4%	12.2p.p.	6.4p.p.	1.5p.p.

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

Reported total revenue decreased by 4.0% YoY in 3Q19 to USD 2.2 billion, with good operational performance being offset by the negative impact of the “suo moto” order and the Administration Fee Reversal in Pakistan as well as by currency headwinds of USD 72 million and the revenue underperformance in Russia. Organically total revenue decreased by 0.9% mainly as a result of the regulatory changes in Pakistan that offset the positive revenue performance of Ukraine and Bangladesh. Adjusted for these negative impacts, organic total revenue growth would have been 2.4% YoY.

The total revenue organic trend was supported by good organic growth in mobile data revenue, which increased by 18.4% for the quarter. Reported mobile data revenue (+14.2%) was impacted by currency headwinds of approximately USD 22 million. Mobile customers increased YoY to 212 million at the end of Q3 2019, with customer growth in Pakistan, and Bangladesh, which was partially offset by a decrease in the customer base in Russia, Uzbekistan and Algeria.

EBITDA increased organically by 5.0% to USD 858 million pre-IFRS 16 in Q3 2019, primarily due to a good performance in Russia and Ukraine supported by corporate cost reduction. Reported EBITDA increased by 16.5% YoY, positively impacted by IFRS 16, which offset the negative impact of currency headwinds of USD 31 million and the negative impact of Pakistan regulatory regime changes and reversal of Administration Fee, organic EBITDA increase would have been 11.0% YoY.

Adjusting for the positive effect of IFRS 16, the Company generated USD 269 million in equity free cash flow (excluding licenses) during Q3 2019. Cash flow was negatively impacted by the payment of USD 82.3 million related to the GTH Tax Settlement. Reported equity free cash flow (excluding licenses) was USD 370 million in Q3 2019.

VEON's HQ segment consists largely of the costs of VEON's headquarters in Amsterdam. Corporate costs were USD 56 million in Q3 2019, down 40% YoY. VEON is on track to deliver on its target to reduce corporate costs by approximately 25% in FY 2019 from USD 359 million in FY 2018 and maintains the mid-term ambition to halve the run-rate corporate costs between FY 2017 (USD 431 million) and year-end 2019.

"Other" in Q3 2019 includes the results of Kazakhstan, Kyrgyzstan, Armenia, Georgia, other global operations, services and intercompany eliminations.

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	3Q19	3Q19 Pre-IFRS16	3Q18	Reported YoY	Reported pre-IFRS 16 YoY	9M19	9M19 Pre-IFRS16	9M18	Reported YoY	Reported pre-IFRS 16 YoY
Total revenue	2,223	2,223	2,317	(4.0%)	(4.0%)	6,609	6,609	6,837	(3.3%)	(3.3%)
Service revenue	2,076	2,076	2,151	(3.5%)	(3.5%)	6,161	6,161	6,443	(4.4%)	(4.4%)
EBITDA	987	858	848	16.5%	1.3%	3,280	2,897	2,559	28.2%	13.2%
EBITDA margin	44.4%	38.6%	36.6%	7.8p.p.	2.0p.p.	49.6%	43.8%	37.4%	12.2p.p.	6.4p.p.
Depreciation, amortization, impairments and other	(603)	(499)	(1,238)	51.3%		(1,644)	(1,317)	(2,212)	25.7%	
EBIT (Operating Profit)	384	359	(391)	198.2%		1,636	1,579	346	372.6%	
Financial income and expenses	(233)	(191)	(199)	(17.3%)		(626)	(497)	(590)	(6.1%)	
Net foreign exchange (loss)/gain	(20)	(18)	(13)	n.m.		(29)	(25)	(12)	(82.6%)	
Share of (loss)/profit of joint ventures and associates	-	-	-	n.m.		-	(0)	-	0.0%	
Other non operating gains / losses	-	-	(24)	n.m.		14	14	(49)	n.m.	
(Loss)/Profit before tax	130	150	(626)	n.m.		995	1,072	(305)	n.m.	
Income tax expense	(100)	(104)	(92)	(8.7%)		(360)	(375)	(345)	n.m.	
(Loss)/Profit from continued operations	31	46	(718)	n.m.		635	697	(650)	n.m.	
Profit from discontinued operations	-	-	1,279	n.m.		-	-	978	n.m.	
Profit for the period (before NCI)	31	46	561	n.m.		635	697	329	93.1%	

	3Q19	3Q19 Pre-IFRS16	3Q18	Reported YoY	Reported pre-IFRS 16 YoY	9M19	9M19 Pre-IFRS16	9M18	Reported YoY	Reported pre-IFRS 16 YoY
Capex	397	344	319	24.7%	8.0%	1,395	1,193	1,565	(10.9%)	(23.8%)
Capex excl. licenses	377	324	311	21.0%	4.1%	1,364	1,163	1,068	27.7%	8.8%
Capex excl. licenses/revenue	16.9%	14.6%	13.4%			20.6%	17.6%	15.6%		
LTM capex excl. licenses/revenue	19.3%	17.0%	16.8%			19.3%	17.0%	16.8%		

Note: prior year comparatives are restated following the classification of Italy Joint Venture as a discontinued operation and retrospective recognition of depreciation and amortization charges in respect of Deodar

Q3 2019 ANALYSIS

Reported EBITDA increased by 16.5% YoY. EBITDA pre-IFRS 16 increased by 1.3% YoY, as the strong operational performance was partially offset by currency headwinds and the regulatory changes in Pakistan. Operating profit pre-IFRS 16 for 3Q19 was USD 359 million, compared to an operating loss in 3Q18 of USD 391 million, both affected by impairments. The Company recorded USD 782 million of impairments (including Bangladesh for USD 451 million and Algeria for USD 125 million) in 3Q18 and USD 89 of impairments in 3Q19 related to Kyrgyzstan.

In Q3 2019, financial income and expenses increased as VEON recorded a USD 41 million financial expense, related to the put option liability over the 15% non-controlling interest in Pakistan. Excluding this additional expense, the net financial income and expenses decreased YoY (on a pre-IFRS 16 basis), primarily due to lower debt levels, which more than offset the marginal increase in the cost of debt as a result of an increase in the Russian ruble-denominated debt portion. Consequently, profit before tax in Q3 2019 was USD 150 million pre-IFRS 16 and USD 130 million including the impact of IFRS 16.

The pre-IFRS 16 income tax expense was USD 104 million. In Q3 2019, the Company recorded a net profit of USD 52 million for the period attributable to VEON's shareholders.

In Q3 2018, VEON booked a gain of USD 1,279 million, presented as profit from discontinued operations, as a result of the completion of the sale of VEON's 50% stake in its Italy joint venture to CK Hutchison.

Capex excluding licenses pre-IFRS 16 increased to USD 324 million in Q3 2019 from USD 311 million in Q3 2018, mainly due to Yarovaya investments in Russia and additional network investments in Kazakhstan required as a result of the termination of a network sharing agreement with Kcell, for which VEON received compensation recorded as revenue in the previous quarter. The ratio of LTM capex excluding licenses (pre-IFRS 16) to revenue for the last twelve months was 17.0%.

FINANCIAL POSITION & CASH FLOW

USD million	3Q19	3Q19 Pre-IFRS 16	2Q19	2Q19 Pre-IFRS 16	QoQ	QoQ Pre-IFRS 16
Total assets	15,663	13,809	16,519	14,479	(5.2%)	(4.6%)
Shareholders' equity	1,240	1,240	4,000	4,000	(69.0%)	(69.0%)
Gross debt	9,571	7,594	9,513	7,419	0.6%	2.4%
Net debt	8,252	6,275	8,179	6,085	0.9%	3.1%
Net debt/LTM EBITDA	2.1	1.7	2.1	1.7		

USD million	3Q19	3Q19 Pre-IFRS 16	3Q18	YoY	YoY Pre-IFRS 16	9M19	9M19 Pre-IFRS 16	9M18	YoY	YoY Pre-IFRS 16
Net cash from/(used in) operating activities	736	635	579	157	56	2,286	2,024	1,880	406	143
Net cash from/(used in) investing activities	92	92	2,522	(2,430)	(2,430)	(1,387)	(1,387)	2,432	(3,819)	(3,819)
Net cash from/(used in) financing activities	(888)	(787)	(1,121)	233	334	(1,468)	(1,205)	(2,454)	986	1,248

Gross debt was broadly stable from Q2 2019 to Q3 2019. Over the last year, VEON significantly improved its currency mix of debt as it reduced its exposure to euro denominated debt and increased its Russian ruble debt exposure.

Net cash from operating activities increased YoY, mainly due to the improved EBITDA and positive movements in working capital, which offset the second and final payment of USD 82 million related to the GTH Tax Settlement.

Net cash flow used in investing activities in Q3 2019 was affected by the release of the GTH MTO settlement deposit of USD 668 million, offset by the payment of 50% of the disputed license renewal fee in Pakistan (approximately USD 225 million) as security (under protest) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. In 3Q18, net cash flow used in investing activities was affected by the cash received as a result of the completion of the sale of VEON's 50% stake in Italy joint venture to CK Hutchison for a total amount of EUR 2.45 billion (approximately USD 2.8 billion).

Net cash used in financing activities pre-IFRS 16 amounted to USD 787 million in 3Q19, mainly as a result of the GTH MTO settlement of USD 604 million and interim dividends payments of USD 296 million. In 3Q18, net cash used in financing activities was USD 1,121 million, primarily due to the company repaying debt at the level of HQ Amsterdam and the payment of interim dividends for 2018.

Net debt pre-IFRS 16 in Q3 2019 was USD 6,275 million and the net debt/ LTM EBITDA ratio was 1.7x. Reported net debt/LTM EBITDA ratio at the end of Q3 2019 was 2.1x.

COUNTRY PERFORMANCE

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

RUSSIA

RUB million	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	74,690	76,750	(2.7%)	216,491	215,643	0.4%
Mobile service revenue	58,320	59,471	(1.9%)	170,246	171,362	(0.7%)
Fixed-line service revenue	8,767	8,737	0.3%	25,734	26,505	(2.9%)
EBITDA	33,886	27,376	23.8%	96,993	79,823	21.5%
EBITDA margin	45.4%	35.7%	9.7p.p.	44.8%	37.0%	7.8p.p.
EBITDA pre-IFRS 16	28,347	27,376	3.5%	80,546	79,823	0.9%
EBITDA margin pre-IFRS 16	38.0%	35.7%	2.3p.p.	37.2%	37.0%	0.2p.p.
Capex excl. licenses	14,647	12,310	19.0%	51,653	34,639	49.1%
LTM Capex excl. licenses /revenue	21.8%	16.8%	5.0p.p.	21.8%	16.8%	5.0p.p.
Capex excl. licenses pre-IFRS 16	10,974	12,310	(10.9%)	41,117	34,639	18.7%
LTM Capex excl. licenses /revenue pre-IFRS 16	18.2%	16.8%	1.3p.p.	18.2%	16.8%	1.3p.p.
Mobile						
Total revenue	65,845	67,975	(3.1%)	190,599	189,004	0.8%
- of which mobile data	16,220	15,749	3.0%	46,692	46,304	0.8%
Customers (mln)	54.8	56.2	(2.5%)			
- of which data users (mln)	36.4	37.3	(2.5%)			
ARPU (RUB)	353	350	0.9%			
MOU (min)	294	315	(6.6%)			
Data usage (MB/user)	5,759	3,773	52.7%			
Fixed-line						
Total revenue	8,845	8,775	0.8%	25,891	26,639	(2.8%)
Broadband revenue	2,728	2,532	7.7%	8,100	7,639	6.0%
Broadband customers (mln)	2.5	2.3	7.7%			
Broadband ARPU (RUB)	367	366	0.2%			

In Russia, our operation continues to face challenges related to network quality, which is improving, but continues to lag versus competitors, market pricing structure and the effectiveness of its distribution. These all together resulted in a decline in our customers base YoY. Against this backdrop, Beeline continued to make steady progress on network performance, restoring price discipline through simplified, bundled offers and distribution optimization during the quarter. Beeline remains committed to appropriate network investments and further optimization of its distribution footprint through the balance of 2019 and into 2020.

Total revenue in 3Q19 was RUB 74.7 billion, reflecting a YoY decrease of 2.7%. The decline in revenue was driven by both service and device revenues. Mobile service revenue decreased by 1.9% to RUB 58.3 billion, negatively impacted by the VAT increase to 20% from 18%. The strong growth in VAS, and revenue from mobile financial services was insufficient to offset the decline in voice revenue. Data volumes continue to grow strongly. Revenue from equipment and accessory sales decreased by 10% YoY as we reduced focus on low-margin sales in the quarter.

While mobile customers decreased by 2.5% YoY to 54.8 million primarily as a result of a decline in sales through alternative distribution channels following the expansion of Beeline monobrand stores, we saw customer numbers increase sequentially by approximately 450,000 supported with stable churn and an increase of high-quality sales.

Fixed-line revenues increased by 0.8% YoY, despite the decrease of approximately RUB 0.2 billion in VWS transit traffic and multinational data service revenue. Beeline's Fixed Mobile Convergence ("FMC") proposition continues to play an important role in the turnaround of the fixed-line business for Beeline. The FMC customer base grew by 17% YoY in Q3 2019 to more than 1.2 million, which represents a 47% FMC penetration of the broadband customer base.

Beeline continues to focus on the B2B segment, improving its proposition with new digital offers and solutions to both small and large enterprises. In 3Q19 B2B service mobile revenue increased by 4.9%.

EBITDA (pre-IFRS 16) increased by 3.5% YoY supporting an EBITDA margin of 38.0%. The improved EBITDA performance was supported by lower commercial expenses, primarily as a result of closing approximately 120 own stores. Lower spectrum costs in 2019 and the reversal of certain provisions supported EBITDA in the period.

Capex excluding licenses (pre-IFRS 16) decreased by 10.9% as a result of phasing versus higher capital expenditures during the first half of the year. During 3Q19, we increased 4G base stations by 43%. Beeline continues to invest in network development with strong separate focus on Moscow and St. Petersburg to ensure it has high quality infrastructure which is ready to integrate new technologies. The LTM capex (excluding licenses) to revenue ratio (pre-IFRS 16) was 18.2% in Q3 2019. Reported capex excluding licenses increased by 19% YoY during the quarter. The Yarovaya Law-related investment plans are progressing in alignment with legal requirements. By the end of FY19 Beeline expects to have an LTM capex/revenue ratio pre-IFRS 16 of approximately 22%.

UKRAINE

UAH million	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	5,828	4,925	18.3%	16,577	13,710	20.9%
Mobile service revenue	5,466	4,602	18.8%	15,486	12,750	21.5%
Fixed-line service revenue	333	302	10.3%	995	895	11.2%
EBITDA	3,772	2,833	33.1%	10,652	7,736	37.7%
EBITDA margin	64.7%	57.5%	7.2p.p.	64.3%	56.4%	7.8p.p.
EBITDA pre-IFRS 16	3,619	2,833	27.7%	10,210	7,736	32.0%
EBITDA margin pre-IFRS-16	62.1%	57.5%	4.6p.p.	61.6%	56.4%	5.2p.p.
Capex excl. licenses	1,370	737	85.8%	3,505	2,351	49.1%
LTM capex excl. licenses/revenue	19.7%	16.0%	3.7p.p.	19.7%	16.0%	3.7p.p.
Capex excl. licenses pre-IFRS 16	1,193	737	61.8%	2,979	2,351	26.7%
LTM capex excl. licenses/revenue pre-IFRS 16	17.3%	16.0%	1.2p.p.	17.3%	16.0%	1.2p.p.
Mobile						
Total operating revenue	5,466	4,624	18.2%	15,486	12,815	20.8%
- of which mobile data	2,799	2,045	36.9%	8,037	4,960	62.0%
Customers (mln)	26.4	26.6	(0.8%)			
- of which data customers (mln)	16.3	14.5	12.1%			
ARPU (UAH)	69	57	19.9%			
MOU (min)	566	565	0.3%			
Data usage (MB/user)	3,969	2,347	69.1%			
Fixed-line						
Total operating revenue	333	302	10.3%	995	895	11.2%
Broadband revenue	216	186	16.0%	640	551	16.0%
Broadband customers (mln)	1.0	0.9	11.0%			
Broadband ARPU (UAH)	74	71	4.3%			

In Ukraine, Kyivstar delivered another quarter of solid results in a highly competitive market, supported by our marketing activities and strong growth in data consumption enabled by ongoing investment in Kyivstar's network.

Kyivstar had a strong performance in 3Q19, with total revenue growing by 18.3% YoY to UAH 5.8 billion. The revenue growth was supported by data revenue growth, CVM (Customer Value Management) activities, FTTB and FMC subscriber base growth. Mobile service revenue grew by 18.8% to UAH 5.5 billion, driven by strong data revenue growth and by the continued monetization of our 4G network through new customer offers. Growth in data customers and data usage supported an ARPU increase of 19.9% YoY to UAH 69. Overall, Kyivstar's mobile customer base decreased by 0.8% to 26.4 million, due to the reduction in multi SIM users on the market. Despite this, data penetration continued to increase and data customers grew by

12.1% YoY.

Fixed-line service revenue grew by 10.3% YoY to UAH 333 million, driven by an increase in the fixed broadband customer base of 11.0% YoY, while fixed broadband ARPU increased by 4.3% YoY to UAH 74.

EBITDA (pre-IFRS 16) increased by 27.7% YoY, driving an EBITDA margin of 62.1%. The strong EBITDA growth was supported by revenue growth, while good cost control in the period further supported margin expansion. Reported EBITDA increased by 33.1% YoY to UAH 3.8 billion.

Capex excluding licenses (pre-IFRS 16) increased by 61.8% YoY as a result of a strategic focus on further 4G/LTE roll-out during the quarter. Reported capex excluding licenses increased by 85.8% to UAH 1.4 billion.

In July 2019, the National Bank of Ukraine abolished limits on the repatriation of dividends. VEON believes that this is a meaningful step forward in supporting Group cashflows. In 3Q19 Kyivstar upstreamed UAH 4.5 billion in dividends.

PAKISTAN

PKR billion	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	45.4	48.9	(7.0%)	147.2	132.2	11.3%
Mobile service revenue	42.0	45.7	(8.0%)	136.8	123.0	11.2%
of which mobile data	14.3	11.4	25.2%	40.4	26.3	53.6%
EBITDA	22.3	23.7	(6.1%)	75.2	63.6	18.3%
EBITDA margin	49.0%	48.5%	0.5p.p.	51.1%	48.1%	3.0p.p.
EBITDA pre-IFRS 16	20.6	23.7	(13.2%)	70.1	63.6	10.3%
EBITDA margin pre-IFRS 16	45.3%	48.5%	(3.2p.p.)	47.6%	48.1%	(0.4p.p.)
Capex excl. licenses	4.8	4.0	20.0%	21.9	18.0	21.3%
LTM Capex excl. licenses /revenue	14.1%	14.3%	(0.2p.p.)	14.1%	14.3%	(0.2p.p.)
Capex excl. licenses pre-IFRS 16	5.0	4.0	24.2%	22.0	18.0	22.1%
LTM Capex excl. licenses /revenue pre-IFRS 16	14.2%	14.3%	(0.1p.p.)	14.2%	14.3%	(0.1p.p.)
Mobile						
Customers (mln)	59.2	56.1	5.6%			
- of which data users (mln)	38.3	33.3	15.0%			
ARPU (PKR)	234.1	272.3	(14.0%)			
MOU (min)	489	531	(7.9%)			
Data usage (MB/user)	2119	1227	72.7%			

Jazz continued to perform well despite the ongoing competitive nature of the Pakistani market, particularly in data and social network offers.

In June 2018, the Supreme Court ordered (“suo moto”) an interim suspension of the deduction of taxes and service/maintenance charges on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue (the “suo moto” order). On 3 July 2019, the Supreme Court issued its detailed reasons and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges, which were approximately 10% of customer recharges. As a result of this clarification by the Supreme Court, the Pakistan Telecommunication Authority (“PTA”) issued two letters to Jazz, dated 30 August 2019 and 19 September 2019, requesting Jazz to refund the service and maintenance charges (the “administration fees”) collected by Jazz between April 2019 and July 2019. Further to the PTA’s directions, on 29 September 2019, Jazz proceeded with crediting these administration fees to the balances of the affected customers; the amounts refunded could be used from 29 September 2019 for a period of 45 days. Jazz reversed these administration fees in 3Q19 and is not entitled to charge these administration fees going forward (the “Administration Fee Reversal”).

In 3Q19, the total revenue declined by 7.0% YoY. This YoY decline was caused by the reversal of the ”suo moto” order on 24 April 2019, as well as the Administration Fee Reversal. Excluding these impacts, the total revenue growth would have been ~14.3%. Reported service revenue declined by 8.0%, predominantly driven by the changes from the reversal of the “suo moto” order. Excluding these impacts, service revenue would have increased by 14.9%. The data revenue growth was driven by an increase in data customers, doubling of data usage through higher bundle penetration and continued data network expansion. Financial services revenue grew as well during this quarter by 43.0% YoY as Jazz Cash increased its 30-day active wallet subscriber base to 6.2 million with revenue in the quarter of PKR 3 billion, approximately 7% of total revenue.

The customer base increased by 5.6% YoY, supported by higher data customers on the back of the continued expansion of the data network. The YoY customer trend reflects our commercial strategy to focus on high value customers in order to further improve new sale customer mix, leveraging on network quality of service. The growth in the customer base was negatively impacted by the regulatory requirement of handset blocking system of unregistered handsets (DIRBS- Device Identification Registration and Blocking System).

EBITDA (pre-IFRS 16) decreased YoY by 13.2%, primarily as a result of the reversal of the “suo moto” order on 24 April 2019, as well as the Administration Fee Reversal resulting in an EBITDA margin (pre-IFRS 16) of 45.3%. Excluding these impacts, the YoY EBITDA growth pre-IFRS 16 would have been ~14.0%. Reported EBITDA in Q3 2019 decreased by 6.1% YoY to PKR 22.3 billion.

In Q3 2019, capex excluding licenses pre-IFRS16 increased to PKR 5.0 billion, mainly due to the adverse impact of FX. Reported capex excluding licenses increased YoY to PKR 4.8 billion. At the end of Q3 2019, the population coverage of Jazz’s data network was more than 56%.

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority (“PTA”) issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding applicable taxes of approximately 10%). On 17 August 2019, Jazz appealed the PTA’s order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On 23 August 2019, the Islamabad High Court suspended the PTA’s order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) pending resolution of the appeal as per the options given in the PTA’s order. In September 2019, Jazz deposited 50% of the disputed license renewal fee (approximately USD 225 million) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded within non-current financial assets in the statement of financial position.

UZBEKISTAN

UZS billion	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	594	651	(8.8%)	1,696	1,903	(10.9%)
Mobile service revenue	589	645	(8.8%)	1,683	1,887	(10.8%)
- of which mobile data	271	225	20.3%	762	625	21.9%
Fixed-line service revenue	3.1	4.3	(28.3%)	10	14	(25.8%)
EBITDA	325	291	11.6%	887	844	5.1%
EBITDA margin	54.7%	44.7%	10.0p.p.	52.3%	44.3%	7.9p.p.
EBITDA pre-IFRS 16	315	291	8.1%	855	844	1.3%
EBITDA margin pre-IFRS 16	53.0%	44.7%	8.3p.p.	50.4%	44.3%	6.1p.p.
Capex excl. licenses	32	71	(54.9%)	404	278	45.5%
LTM Capex excl. licenses/revenue	19.0%	15.7%	3.2p.p.	19.0%	15.7%	3.2p.p.
Capex excl. licenses pre-IFRS 16	23	71	(66.7%)	350	278	26.1%
LTM Capex excl. licenses/revenue pre-IFRS 16	16.6%	15.7%	0.9p.p.	16.6%	15.7%	0.9p.p.
Mobile						
Customers (mln)	8.4	9.1	(7.9%)			
- of which mobile data customers (mln)	5.3	5.2	1.7%			
ARPU (UZS)	22,463	23,257	(3.4%)			
MOU (min)	627	596	5.2%			
Data usage (MB/user)	2,276	1,254	81.4%			

Increasing mobile data penetration remains the key driver in the Uzbekistan market. Beeline Uzbekistan continued to focus on attracting quality customers and benefited from its position as a market leader. Going forward, Beeline Uzbekistan will focus on reducing churn and maintaining its leadership position.

The business delivered a 4.6% sequential improvement in revenue while YoY total revenue decreased by 8.8% YoY to UZS 594 billion, primarily driven by the negative impact of the reduction in mobile termination rates (UZS 17 billion) and the introduction of the 15% excise tax (UZS 80 billion), which were partially offset by repricing activities. Adjusted for these negative effects, the growth would have been approximately 7.1% YoY. Mobile data traffic more than doubled, supported by the continued roll-out of high-speed data networks, increased smartphone penetration and the increased penetration of bundled offerings in the customer base. Beeline Uzbekistan saw its customer base decline to 8.4 million, down 7.9% YoY as a result of its strategic focus on high value customers.

EBITDA pre-IFRS 16 increased by 8.1% to UZS 315 billion, driven by good organic revenue growth notwithstanding a slightly negative impact as a result of changes in the tax regime. Reported EBITDA increased by 11.6% to UZS 325 billion.

Capex excluding licenses pre-IFRS 16 decreased to UZS 23 billion, mainly as a result of better phasing of capex, with a larger part of the network investment during H1 2019. LTM 3Q19 capex to revenue ratio was 16.6%. Beeline Uzbekistan continued to invest in high-speed data networks, improving 4G/LTE coverage to 26% and increasing the number of nationwide 3G sites YoY. Improvements to our high-speed data networks will continue to be a priority for Uzbekistan in 2020.

From January 2019, new tax reforms were introduced, which aim to simplify taxation in Uzbekistan. The tax authorities introduced a flat 20% corporate tax rate for mobile operators (prior to this the corporate tax rate depended on the profitability of mobile operators), cancelled the revenue tax of 3.2% and introduced an excise tax of 15% over customer charges. Furthermore, the customer tax was reduced to UZS 2,000 in FY 2019 from UZS 4,000 in FY 2018. Tax reforms introduced from January 2019 are expected to have an approximately 15% negative effect on revenue in FY 2019, while free cash flow impact is expected to be slightly negative due to utilization of deferred tax assets. Going forward, there will be a positive impact on equity free cash flow (excluding licenses). From 1 October 2019, the excise tax has been increased from 15% to 20% to cover VAT reduction from 20% to 15%. The overall impact of this change in excise tax is expected to be minimal.

ALGERIA

DZD billion	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	23.6	24.4	(3.3%)	68.8	70.7	(2.7%)
Mobile service revenue	23.6	24.3	(3.1%)	68.6	70.2	(2.4%)
of which mobile data	7.2	5.7	27.8%	19.9	16.5	20.7%
EBITDA	10.7	11.0	(2.5%)	31.2	31.4	(0.5%)
EBITDA margin	45.2%	44.9%	0.4p.p.	45.4%	44.4%	1.0p.p.
EBITDA pre-IFRS 16	9.7	11.0	(11.3%)	28.2	31.4	(10.0%)
EBITDA margin pre-IFRS 16	41.1%	44.9%	(3.8p.p.)	41.0%	44.4%	(3.4p.p.)
Capex excl. licenses	2.6	1.9	40.2%	8.7	6.8	27.9%
LTM capex excl. licenses/revenue	15.6%	11.3%	4.3p.p.	15.6%	11.3%	4.3p.p.
Capex excl. licenses pre-IFRS 16	2.5	1.9	34.6%	8.3	6.8	22.4%
LTM capex excl. licenses/revenue pre-IFRS 16	15.2%	11.3%	3.9p.p.	15.2%	11.3%	3.9p.p.
Mobile						
Customers (mln)	15.0	15.6	(4.3%)			
- of which mobile data customers (mln)	9.4	9.0	5.0%			
ARPU (DZD)	512	518	(1.2%)			
MOU (min)	421	448	(6.0%)			
Data usage (MB/user)	3,444	1,823	88.9%			

In Algeria, macro challenges persisted during the quarter, and political uncertainty remains following the former President's resignation. The market remains challenging with high levels of competition in both pricing as well as channel-related incentives. Against this backdrop, Djezzy continued with its segmented approach, improving its share in its high value segment while at the same time preserving its share in the mass market segment, resulting in an improvement in its relative performance in a declining market.

Djezzy's 3Q19 service revenue was DZD 23.6 billion, reflecting a YoY decline of 3.3%, while showing a sequential improvement of 5.8% quarter on quarter. Data revenue increased by 27.8% YoY, due to higher usage and an increase in data penetration mostly on 4G/LTE. Price competition in both voice and data drove a continued reduction in ARPU, which declined by 1.2% YoY. During Q3 2019, Djezzy introduced a modernized and an updated tariff portfolio which supported ARPU sequential growth of 9.2%. During the quarter Djezzy recorded the highest NPS since 2015 primarily due to positive network reputation and brand awareness.

EBITDA (pre-IFRS 16) decreased YoY by 11.3%, resulting in a margin of 41.1%. The decline in revenue remains a challenge for EBITDA performance, alongside increased HR costs and bad debt recognition. Reported EBITDA decreased by 2.5% YoY to DZD 10.7 billion.

At the end of 3Q19, Djezzy's 4G/LTE services covered 28 wilayas and close to 35% of Algeria's population, while its 3G network covered all 48 wilayas and approximately 74% of Algeria's population. In Q3 2019, capex excluding licenses pre-IFRS 16 was DZD 2.5 billion, representing a 34.6% increase YoY following continuous investments in network rollout.

BANGLADESH

BDT billion	3Q19	3Q18	YoY	9M19	9M18	YoY
Total revenue	11.4	11.0	3.8%	34.2	32.7	4.6%
Mobile service revenue	11.2	10.7	5.2%	33.4	31.5	6.1%
of which mobile data	2.3	1.9	26.4%	6.8	5.3	29.9%
EBITDA	4.7	4.0	18.1%	14.3	11.6	23.3%
EBITDA margin	40.9%	35.9%	4.9p.p.	41.8%	35.5%	6.4p.p.
EBITDA pre-IFRS 16	3.8	4.0	(4.0%)	11.7	11.6	1.4%
EBITDA margin pre-IFRS 16	33.2%	35.9%	(2.7p.p.)	34.4%	35.5%	(1.1p.p.)
Capex excl. licenses	2.3	0.8	186.8%	5.4	7.1	(23.7%)
LTM capex excl. licenses/revenue	13.5%	25.0%	(11.5p.p.)	13.5%	25.0%	(11.5p.p.)
Capex excl. licenses pre-IFRS 16	2.1	0.8	162.9%	5.2	7.1	(27.0%)
LTM capex excl. licenses/revenue pre-IFRS 16	13.0%	25.0%	(12.0p.p.)	13.0%	25.0%	(12.0p.p.)
Mobile						
Customers (mln)	33.1	32.3	2.4%			
- of which mobile data customers (mln)	21.6	19.7	9.7%			
ARPU (BDT)	113	110	2.4%			
MOU (min)	232	255	(8.8%)			
Data usage (MB/user)	1,344	734	83.1%			

The mobile industry in Bangladesh during 3Q19 continued to be characterized by intense competition. Notwithstanding this market backdrop and challenging regulatory environment, Banglalink reported good results and delivered year on year service revenue growth for the fourth consecutive quarter.

Banglalink continued to focus on acquiring customers in 3Q19. Customer grew by 2.4% YoY while data customers increased by 9.7% as a result of simplified and product offers and improved network availability.

Total revenue in 3Q19 grew by 3.8% YoY, driven by an acceleration of mobile service revenue, which increased by 5.2% YoY to BDT 11.2 billion. The revenue increase was mainly driven by a continued improvement in data revenue following enhanced network availability, as well as the continued expansion of Banglalink's distribution footprint. ARPU increased by 2.4% YoY driven by higher voice and data revenue, following the introduction of the new bundle portfolio with revised prices during the quarter. Data revenue increased by 26.4% YoY, driven by increased smartphone penetration and data usage grew by 83% YoY to 1,344 MB per user.

EBITDA (pre-IFRS16) decreased by 4.0% YoY, as higher revenue was largely offset by the increase in the minimum tax rate. Excluding the negative impact as a result of changes in the tax regime EBITDA would have increased by an additional 7.1%. EBITDA margin (pre-IFRS 16) decreased to 33.2%. Reported EBITDA in 3Q19 increased by 18.1% YoY to BDT 4.7 billion.

In 3Q19, capex excluding licenses pre-IFRS 16 increased YoY to BDT 2.1 billion. 3G network population coverage was approximately 72% at the end of the period. The roll-out of 4G/LTE is in progress, following the introduction of this service in February 2018.

In Q2 2019, the tax authority in Bangladesh introduced several changes to the tax regime: Supplementary Duty increased from 5% to 10% from subscription revenue; SIM tax increased from BDT 100 to 200; minimum tax rate increased from 0.75% to 2% of revenue and custom duties on smartphones increased from 10% to 25%. Banglalink expects these tax changes to have a negative impact of approximately 5.7% on EBITDA for FY 2019.

CONFERENCE CALL INFORMATION

On 4 November 2019, VEON will host a conference call by senior management at 9.30 CET (8.30 GMT), which will be made available through following dial-in numbers. The call and slide presentation may be accessed at http://www.veon.com

9:30 CET investor and analyst conference call
US call-in number: +1 631 51 07 495
Confirmation Code: 2163649

International call-in number: +44 (0) 2071 928000
Confirmation Code: 2163649

The conference call replay and the slide presentation webcast will be available until 12 November 2019.
The slide presentation will also be available for download from VEON's website.

Investor and analyst call replay
US Replay Number: +1 (917) 677 7532
Confirmation Code: 2163649

UK Replay Number: +44 (0) 333 3009785
Confirmation Code: 2163649

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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 operating model and development plans, among others; anticipated performance and guidance for 2019, 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; spectrum acquisitions and renewals; the effect of the acquisition of additional spectrum on customer experience; VEON’s ability to realize the acquisition and disposition of any of its businesses and assets and to execute its strategic transactions (including the GTH mandatory tender offer) in the timeframes anticipated, or at all; VEON’s ability to realize financial improvements, including an expected reduction of net pro-forma leverage ratio following the successful completion of certain dispositions and acquisitions; our dividends; and VEON’s ability to realize its targets and commercial initiatives in its various countries of operation. The forward-looking statements included in this press 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; our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries; 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; litigation or disputes with third parties or other negative developments regarding such parties; the impact of export controls and laws affecting trade and investments on our and important third-party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers; 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, 2018 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 press 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. Furthermore, elements of this press release contain or may contain, “inside information” as defined under the Market Abuse Regulation (EU) No. 596/2014.

All non-IFRS measures disclosed further in this press release (including, without limitation, EBITDA, EBITDA margin, EBT, net debt, equity free cash flow (excluding licenses), organic growth, capital expenditures excluding licenses and LTM (last twelve months) capex excluding licenses/revenue) are reconciled to comparable IFRS measures in Attachment C to this earnings release. In addition, we present certain information on a forward-looking basis. 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 digital services, headquartered in Amsterdam. Our vision is to empower customer ambitions through technology, acting as a digital concierge to guide their choices and connect them with resources that match their needs.

For more information visit: 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 Factbook3Q2019.xls on VEON's website at http://veon.com/Investor-relations/Reports--results/Results/.

ATTACHMENT A: CUSTOMERS

million	Mobile 3Q19	Mobile 3Q18	Mobile YoY	Fixed-line broadband 3Q19	Fixed-line broadband 3Q18	Fixed-line broadband YoY
Russia	54.8	56.2	(2.5%)	2.5	2.3	7.7%
Pakistan	59.2	56.1	5.6%			
Algeria	15.0	15.6	(4.3%)			
Bangladesh	33.1	32.3	2.4%			
Ukraine	26.4	26.6	(0.8%)	1.0	0.9	11.0%
Uzbekistan	8.4	9.1	(7.9%)			
Other	14.8	14.8	0.9%	0.5	0.5	4.9%
Total	**211.7**	**210.7**	**0.5%**	**4.0**	**3.7**	**8.1%**

ATTACHMENT B: 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.

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.

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) exc. 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 interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates 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 C below.

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

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

Equity free cash flow (excluding licenses) is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding M&A transactions, capex for licenses, inflow/outflow of deposits, financial assets and other one-off items. Reconciliation to the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

An FMC customer is a customer on a 1 month Active Broadband Connection subscribing to a converged bundle consisting of at least fixed internet subscription and at least 1 mobile SIM.

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.

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.

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”).

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.

Total revenue in this section is fully comparable with Total Operating revenue in MD&A section below.

ATTACHMENT C: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	3Q19	3Q18	9M19	9M18
Unaudited				
EBITDA	**987**	**848**	**3,280**	**2,559**
Depreciation	(406)	(324)	(1,218)	(1,015)
Amortization	(94)	(124)	(299)	(380)
Impairment loss	(90)	(782)	(100)	(791)
Loss on disposals of non-current assets	(13)	(9)	(27)	(26)
Operating profit	**384**	**(391)**	**1,636**	**346**
Financial Income and Expenses	(233)	(199)	(626)	(590)
- including finance income	16	12	44	43
- including finance costs	(249)	(211)	(670)	(633)
Net foreign exchange (loss)/gain and others	(20)	(37)	(15)	(61)
- including Other non-operating (losses)/gains	0	(23)	14	(49)
- including Shares of loss of associates and joint ventures accounted for using the equity method, including impairments of JV and associates	-	(0)	-	(0)
- including Net foreign exchange gain	(20)	(13)	(29)	(12)
Profit before tax	**131**	**(626)**	**995**	**(305)**
Income tax expense	(100)	(92)	(360)	(345)
(Loss)/Profit from continue operations	31	(718)	635	(650)
(Loss)/Profit for discontinued operations	-	1,279	-	978
(Loss)/Profit for the period	**31**	**561**	**635**	**329**
Profit/(loss) attributable to non-controlling interest	4	294	(36)	272
Profit/(Loss) for the year attributable to VEON shareholders	35	855	599	601

RECONCILIATION OF CAPEX

USD mln unaudited	3Q19	3Q18	9M19	9M18
Cash paid for purchase of property, plant and equipment and intangible assets	**372**	**327**	**1,197**	**1,504**
Net difference between timing of recognition and payments for purchase of property, plant and equipment and intangible assets	25	(9)	199	60
Capital expenditures	**397**	**319**	**1,395**	**1,565**
Less capital expenditures in licenses and other	(20)	(8)	(33)	(497)
Capital expenditures excl. licenses	**377**	**311**	**1,364**	**1,068**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

	3Q19 vs 3Q18						
	Total Revenue			EBITDA			
	Organic	Forex	Reported	Organic	Forex	Reported Pre-IFRS 16	Reported
Russia	(2.7%)	1.4%	(1.3%)	3.5%	1.5%	5.0%	25.5%
Pakistan	(7.0%)	(20.5%)	(27.5%)	(13.2%)	(19.2%)	(32.3%)	(26.8%)
Algeria	(3.3%)	(1.4%)	(4.7%)	(11.3%)	(1.3%)	(12.7%)	(3.9%)
Bangladesh	3.8%	(0.8%)	3.1%	(4.0%)	(0.7%)	(4.7%)	17.2%
Ukraine	18.3%	9.8%	28.1%	27.7%	10.6%	38.3%	44.2%
Uzbekistan	(8.8%)	(11.7%)	(20.5%)	8.1%	(14.1%)	(6.0%)	(3.0%)
Total	**(0.9%)**	**(3.1%)**	**(4.0%)**	**5.0%**	**(3.7%)**	**1.3%**	**16.5%**

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	30 September 2019	30 June 2019	31 March 2019
Net debt	**8,252**	**8,179**	**8,265**
Cash and cash equivalents	1,317	1,331	1,265
Long - term and short-term deposits	1	3	3
Gross debt	**9,571**	**9,513**	**9,533**
Interest accrued related to financial liabilities	95	72	100
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(10)	(11)	(14)
Derivatives not designated as hedges	391	323	374
Derivatives designated as hedges	86	92	45
Other financial liabilities	115	84	90
Total other financial liabilities	10,249	10,073	10,128

RECONCILIATION OF EQUITY FREE CASH FLOW (EXCLUDING LICENSES)

USD million	3Q19	3Q18	YoY
EBITDA	**987**	**848**	**16.5%**
Changes in working capital	16	6	156.4%
Movements in provision	6	(12)	147.5%
Net interest paid	(142)	(152)	6.7%
Income tax paid	(131)	(112)	(17.0%)
Cash flow from operating activities (excl.discontinued operations)	**736**	**579**	**27.2%**
Capex excl.licenses	(377)	(311)	(21.0%)
Working capital related to Capex excl. license	8	(9)	(188.2%)
Proceeds from sale of PPE	2	5	(52.2%)
Equity Free Cash Flow excl.licenses	**370**	**263**	**40.4%**

EBITDA RECONCILIATION FOR COUNTRY

Q3 2019

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	525	140	89	55	149	36	(56)	49	**987**
Less									
Depreciation	(248)	(39)	(35)	(26)	(22)	(8)	(1)	(27)	**(406)**
Amortization	(34)	(17)	(10)	(10)	(13)	(1)	(1)	(8)	**(94)**
Impairment loss	(1)	-	-	(0.2)	(0)	-	-	(89)	**(90)**
Loss on disposals of non-current assets	(11)	0.1	0.3	(0.2)	(1)	(0.5)	-	(0.1)	**(13)**
Gain on sale of investments in subsidiaries	-	-	-	-	-	-	-	0	**0**
Operating profit	231	85	44	18	113	27	(58)	(76)	**384**

Q3 2018

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	418	192	93	47	104	37	(92)	49	**848**
Less	-	-	-	-	-	-	-	-	**-**
Depreciation	(178)	(38)	(25)	(31)	(14)	(10)	(1)	(27)	**(324)**
Amortization	(36)	(30)	(19)	(16)	(11)	(1)	(3)	(9)	**(124)**
Impairment loss	1	-	(125)	(451)	(2)	-	-	(205)	**(782)**
Loss on disposals of non-current assets	(8)	0	0	(0)	(0)	(1)	-	0	**(9)**
Gain on sale of investments in subsidiaries	-	-	-	-	-	-	-	0	**0**
	-	-	-	-	-	-	-	-	**-**
Operating profit	196	124	(76)	(451)	77	26	(96)	(191)	**(391)**

9M 2019

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	1,491	509	262	170	405	103	181	159	**3,280**
Less									
Depreciation	(745)	(124)	(103)	(79)	(60)	(25)	(3)	(79)	**(1,218)**
Amortization	(97)	(52)	(52)	(31)	(39)	(2)	(3)	(22)	**(299)**
Impairment loss	(7)	-	-	(0)	(2)	-	(1)	(90)	**(100)**
Loss on disposals of non-current	(23)	0	1	(1)	(3)	(1)	-	0	**(28)**
Gain on sale of investments in subsidiaries	0	-	-	-	-	-	-	0	**1**
Operating profit	619	333	107	58	302	74	174	(31)	**1,636**

9M 2018

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	1,303	541	271	139	287	106	(224)	136	**2,559**
Less									
Depreciation	(577)	(117)	(77)	(92)	(42)	(26)	(2)	(83)	**(1,015)**
Amortization	(112)	(95)	(60)	(43)	(32)	(2)	(9)	(27)	**(380)**
Impairment loss	(5)	-	(126)	(452)	(3)	-	-	(206)	**(791)**
Loss on disposals of non-current assets	(20)	(0)	0	(19)	(5)	(1)	-	(1)	**(46)**
Gain on sale of investments in subsidiaries	(0)	-	-	-	-	-	(5)	25	**20**
Operating profit	589	329	8	(466)	206	76	(240)	(156)	**346**

RATES OF FUNCTIONAL CURRENCIES TO USD

	Guidance rates	Average rates			Closing rates		
	2019	**3Q19**	**3Q18**	**YoY**	**3Q19**	**3Q18**	**YoY**
Russian Ruble	66	64.57	65.53	-1.5%	64.42	65.59	-1.8%
Algerian Dinar	119	119.78	118.01	1.5%	120.66	118.22	2.1%
Pakistan Rupee	139	158.57	123.69	28.2%	156.75	123.18	27.3%
Bangladeshi Taka	84	84.52	83.89	0.8%	84.53	83.97	0.7%
Ukrainian Hryvnia	27	25.26	27.35	-7.6%	24.08	28.30	-14.9%
Kazakh Tenge	377	385.84	355.90	8.4%	387.63	363.07	6.8%
Uzbekistan Som	8,522	9,004.27	7,848.13	14.7%	9,424.54	8,079.28	16.7%
Armenian Dram	488	476.25	482.53	-1.3%	475.97	482.71	-1.4%
Kyrgyz Som	70	69.75	68.70	1.5%	69.70	69.28	0.6%
Georgian Lari	2.7	2.92	2.53	15.4%	2.96	2.62	12.8%

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with, our unaudited interim condensed consolidated financial statements as of and for the nine-month period ended September 30, 2019 and 2018, and the related notes, attached hereto.

References to “VEON” as well as references to “our company,” “the company,” “our group,” “the group,” “we,” “us,” “our” and similar pronouns, are references to VEON Ltd. an exempted company limited by shares registered in Bermuda, and its consolidated subsidiaries. References to VEON Ltd. are to VEON Ltd. alone. The unaudited interim condensed consolidated financial statements as of September 30, 2019 and for the nine-month period ended September 30, 2019 and 2018 attached hereto have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and presented in U.S. dollars. VEON Ltd. adopted IFRS as of January 1, 2009.

The discussion of our business and the telecommunications industry included herein contains references to certain terms specific to our business, including numerous technical and industry terms. Such terms are defined in Exhibit 99.1 to our Annual Report on Form 20-F for the year ended December 31, 2018 (our “2018 Annual Report”). For a comprehensive discussion of our critical accounting estimates and assumptions, please refer to Note 3 to our audited consolidated financial statements included in our 2018 Annual Report.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains estimates and forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” and similar words are intended to identify estimates and forward-looking statements. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this document, may adversely affect our results as indicated in forward-looking statements. You should read this document completely and with the understanding that our actual future results may be materially different and worse from what we expect.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation:

- our ability to implement and execute our strategic priorities successfully and to achieve the expected benefits from our existing and future transactions;
- our targets and strategic initiatives in the various countries in which we operate;
- our ability to develop new revenue streams and achieve portfolio and asset optimizations, improve customer experience and optimize our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;

- our expectations regarding our capital and operational expenditures in and after 2019;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;
- our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the expansion or roll-out and benefits of 3G, 4G/LTE and 5G networks or other networks, broadband services and integrated products and services, such as fixed-mobile convergence;
- our expectations as to pricing for our products and services in the future, improving our ARPU and our future costs and operating results;
- our ability to meet license requirements, to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and to obtain related regulatory approvals;
- our plans regarding marketing and distribution of our products and services, including customer loyalty programs;
- our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate;
- our expectations regarding management changes;
- possible adverse consequences resulting from our agreements announced on February 18, 2016 with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Department of Justice ("DOJ"), and the Dutch Public Prosecution Service (Openbaar Ministerie) ("OM"), as well as any litigation or additional investigations related to or resulting from the agreements; and
- other statements regarding matters that are not historical facts.

These statements are management's best assessment of our strategic and financial position and of future market conditions, trends and other potential developments. While they are based on sources believed to be reliable and on our management's current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this document include:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate and where laws are applicable to us (including as a result of armed conflict) such as any harm, reputational or otherwise, that may arise due to changing social norms, our business involvement in a particular jurisdiction or an otherwise unforeseen development in science or technology;
- in each of the countries in which we operate and where laws are applicable to us, risks relating to legislation, regulation, taxation and currency, including costs of compliance, currency and exchange controls, currency fluctuations, and abrupt changes to laws, regulations, decrees and decisions governing the telecommunications industry and the taxation thereof, laws on foreign investment, anti-corruption and anti-terror laws, economic sanctions and their official interpretation by governmental and other regulatory bodies and courts;
- risks related to the impact of export controls on our and important third-party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers, particularly on the production and delivery of supplies, support services, software, and equipment that we source from these suppliers - for example, in April 2018, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") issued an Export Administration Regulation ("**EAR**") Denial Order to ZTE Corporation ("ZTE") which prohibited, among other things, exports, re-exports and in-country transfers of goods, software and technology (collectively, "**Items**") subject to the EAR to and from ZTE, each of which could have led to service degradation and disruptions in certain markets, and in May and August 2019, BIS added Huawei Technologies Company Ltd. and 114 of its affiliates (collectively, "**Huawei**") to its "Entity List", prohibiting companies globally from directly or indirectly exporting, re-exporting or in-country transferring all Items subject to the EAR to Huawei and procuring Items from Huawei when they have reason to know that the Items were originally procured by Huawei in violation of U.S. law;

- risks relating to a failure to meet expectations regarding various strategic initiatives, including, but not limited to, changes to our portfolio;
- risks related to solvency and other cash flow issues, including our ability to raise the necessary additional capital and incur additional indebtedness, the ability of our subsidiaries to make dividend payments, our ability to develop additional sources of revenue and unforeseen disruptions in our revenue streams;
- risks that the adjudications by the various regulatory agencies or other parties with whom we are involved in legal challenges, tax disputes or appeals may not result in a final resolution in our favor or that we are unsuccessful in our defense of material litigation claims or are unable to settle such claims;
- risks relating to our company and its operations in each of the countries in which we operate and where laws are applicable to us, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses, frequency allocations and numbering capacity, constraints on our spectrum capacity, availability of line capacity, intellectual property rights protection, labor issues, interconnection agreements, equipment failures and competitive product and pricing pressures;
- risks related to developments from competition, unforeseen or otherwise, in each of the countries in which we operate and where laws are applicable to us including our ability to keep pace with technological change and evolving industry standards;
- risks associated with developments in the investigations by, and the agreements with, the DOJ, SEC and OM and any additional investigations or litigation that may be initiated relating to or arising out of any of the foregoing, and the costs associated therewith;
- risks related to the activities of our strategic shareholders, lenders, employees, joint venture partners, representatives, agents, suppliers, customers and other third parties;
- risks associated with our existing and future transactions, including with respect to realizing the expected synergies of closed transactions, satisfying closing conditions for new transactions, obtaining regulatory approvals and implementing remedies;
- risks associated with data protection, cyber-attacks or systems and network disruptions, or the perception of such attacks or failures in each of the countries in which we operate, including the costs associated with such events and the reputational harm that could arise therefrom;
- risks related to the ownership of our American Depositary Receipts, including those associated with VEON Ltd.'s status as a Bermuda company and a foreign private issuer; and
- other risks and uncertainties, including those set forth in Item 3—Key Information—D. Risk Factors in our 2018 Annual Report.

These factors and the other risk factors described in our 2018 Annual Report are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. 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 document 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 included in this document are made only as of the date of the filing of this document. 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. You should refer to our periodic and current reports filed or furnished, as applicable, with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

OVERVIEW

VEON is a leading global provider of connectivity and internet services. Present in some of the world's most dynamic markets, VEON provides more than 210 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 10 countries: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Kyrgyzstan, Armenia and Georgia. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands.

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Our unaudited interim condensed consolidated financial statements attached hereto have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2018.

REPORTABLE SEGMENTS

VEON Ltd. is the holding company for a number of operating subsidiaries and holding companies in various jurisdictions. We currently operate and manage VEON on a geographical basis. These segments are based on the different economic environments and varied stages of development across the geographical markets we serve, each of which requires different investment and marketing strategies. Our reportable segments currently consist of the following seven segments: Russia; Pakistan; Algeria; Bangladesh; Ukraine; Uzbekistan; and HQ (transactions related to management activities within the group in Amsterdam and London). "Others" represents our operations in Kazakhstan, Kyrgyzstan, Armenia, and Georgia as well as intercompany eliminations and costs relating to centrally managed operations monitored outside of VEON's headquarters.

For further details please see Note 2 to our unaudited interim condensed consolidated financial statements attached hereto.

KEY DEVELOPMENTS DURING THE THIRD QUARTER OF 2019

MONITOR CERTIFIES VEON'S COMPLIANCE PROGRAM

On October 31, 2019, the Deferred Prosecution Agreement ("DPA") that VEON entered into with the US Department of Justice on February 18, 2016 expired. This marks the conclusion of the compliance monitorship required by the DPA and VEON's settlement with the US Securities and Exchange Commission and demonstrates that VEON successfully established robust and sustainable compliance and controls program. VEON's commitment to ethics, compliance, and controls is unwavering and is reflected in our structures, procedures and daily ways of working.

PAKISTAN LICENSE RENEWAL

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority ("**PTA**") issued a license renewal decision on July 22, 2019 requiring payment of US$40 per MHz for 900 MHz spectrum and US$30 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On August 23, 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) pending resolution of the appeal as per the options given in the PTA's order. In September 2019, Jazz deposited 50% of the disputed license renewal fee (approximately US$225) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit.

VEON

NEW STRATEGY FRAMEWORK AND DIVIDEND POLICY

In September 2019, VEON announced a new Strategy Framework, supporting a new long-term vision to empower customer ambitions through guiding choices and connecting customers with resources that match their lifestyle and business needs. VEON also announced the formation of VEON Ventures, a new division tasked with identifying future assets with the potential to scale the Group's existing products and services or offer adjacent revenue opportunities.

In order to support appropriate capital allocation, VEON announced a new dividend policy in September 2019 which will be introduced from financial year 2020, which targets paying at least 50% of prior year Equity Free Cash Flow after licenses in dividends to shareholders. Dividend payments will remain subject to a review by VEON's Board of Directors of medium-term investment opportunities and the Group's capital structure. The Group's internal target is to keep Net Debt/EBITDA at around 2.0x (2.4x post IFRS 16).

MANDATORY TENDER OFFER FOR SHARES OF GTH

On August 13, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with its Mandatory Tender Offer ("**MTO**") which commenced on July 2, 2019. The total price for the purchase of such shares was EGP 9,725 million (approximately US$587), reflecting the offer price per share of EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of September 30, 2019, VEON and GTH hold approximately 98.94% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities (refer to Note 7 for further details).

The transactions represent a purchase of non-controlling interests without a change of control. Consequently, the difference between the book value of non-controlling interests acquired and cash paid were recorded directly within 'Other capital reserves' in the Consolidated Statement of Equity.

RESTRUCTURING OF GTH

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included the successful delisting of GTH's shares from the Egyptian Exchange and the approval of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The intragroup transfers for the remainder of GTH's operating assets, including Djezzy and Mobilink are continuing. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

ISSUANCE OF USD 700 MILLION SENIOR NOTES

On 9 October 2019, VEON Holdings issued USD 700 million 4.00% senior unsecured notes due 2025 (the "Notes"). VEON Holdings has used the net proceeds of the Notes primarily to refinance drawings on the revolving credit facility used to fund the mandatory tender offer for GTH and for general corporate purposes.

IFRS 16 IMPACT

IFRS 16 replaced the IAS 17 Leases and became effective on January 1, 2019. The new lease standard requires assets leased by the Company to be recognized on the statement of financial position of the Company with a corresponding lease liability. The opening balance of the lease asset and lease liability amounted to US$1.9 billion with no material impact on opening equity (i.e. an equal increase in assets and liabilities). The amount was recorded in January 2019. As a rule, lease expenses are no longer recorded in the income statement from January 1, 2019. Instead, new depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities.

The IFRS 16 impact in 2019 is presented throughout this document.

RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE FOR NINE MONTHS ENDED SEPTEMBER 30, 2019

	Nine-month period	
	2019	2018
(In millions of U.S. dollars, except per share amounts)		
Service revenues	6,161	6,443
Sale of equipment and accessories	322	295
Other revenues / other income	125	99
Total operating revenues	**6,608**	**6,837**
Service costs	(1,154)	(1,292)
Cost of equipment and accessories	(323)	(283)
Selling, general and administrative expenses	(2,201)	(2,703)
Other operating gains / (losses)	350	—
Depreciation	(1,218)	(1,015)
Amortization	(299)	(380)
Impairment (loss) / reversal	(100)	(791)
Gain / (loss) on disposal of non-current assets	(28)	(47)
Gain / (loss) on disposal of subsidiaries	1	20
Operating profit	**1,636**	**346**
Finance costs	(670)	(633)
Finance income	44	43
Other non-operating gain / (loss)	14	(49)
Net foreign exchange gain / (loss)	(29)	(12)
Profit / (loss) before tax	**995**	**(305)**
Income tax expense	(360)	(345)
Profit / (loss) from continuing operations	**635**	**(650)**
Profit / (loss) after tax from discontinued operations	—	(300)
Gain / (loss) on disposal of discontinued operations	—	1,279
Profit / (loss) for the period	**635**	**329**
Attributable to:		
The owners of the parent (continuing operations)	599	(378)
The owners of the parent (discontinued operations)	—	979
Non-controlling interest	36	(272)
	635	**329**

TOTAL OPERATING REVENUE

In millions of U.S. dollars	Nine-month period ended September 30,	
	2019	2018
Russia	3,329	3,512
Pakistan	996	1,126
Algeria	577	609
Bangladesh	406	391
Ukraine	631	509
Uzbekistan	196	238
Others	473	452
Total operating revenue	**6,608**	**6,837**

Our consolidated total operating revenue decreased by 3% year-on-year, primarily due to a decrease of total operating revenue in Russia and Pakistan due to the devaluation of the Russian ruble and Pakistani Rupee.

ADJUSTED EBITDA

In millions of U.S. dollars	Nine-month period ended September 30,	
	2019	2018
Russia	1,491	1,303
Pakistan	509	541
Algeria	262	271
Bangladesh	170	139
Ukraine	405	287
Uzbekistan	103	106
HQ	181	(224)
Others	159	136
Total Adjusted EBITDA	**3,280**	**2,559**

Our consolidated Adjusted EBITDA increased by 28% year-on-year, primarily due to the recognition of a one-off gain of US$350 million in our HQ segment, relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies and US$255 million associated with the adoption of IFRS 16 as described in Notes 1, 2 and 14 to our interim condensed consolidated financial statements attached hereto.

OPERATING PROFIT

Our consolidated operating profit increased to US$1,636 million in the nine months ended September 30, 2019 compared to US$346 million in the nine months ended September 30, 2018, primarily due to the recognition of a one-off gain of US$350 million relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies and low levels of impairment losses on year-on-year (US$100 vs US$791 in 2018 for the same period)

NON-OPERATING PROFITS AND LOSSES

Finance costs

Our finance costs increased to US$670 million during the nine-month period ended September 30, 2019 compared to US$633 million during the nine-month period ended September 30, 2018 mainly due to the higher fair value revaluation of the Warid put option liability (US$41 million) while the effect of the reduction in overall debt levels on finance costs was offset by adoption of IFRS 16.

Finance income

Year-on-year there were no material changes in our consolidated finance income.

Other non-operating (gains) / losses

During the nine-month period ended September 30, 2019 we recognized Other non operating gains of US$14 million compared to a loss of US$49 million during the nine-month period ended September 30, 2018. The improvement related primarily to non-recurring losses incurred during the third quarter of 2018 as a result of FX hedging undertaken in anticipation of the sale of Italy Joint Venture.

Net foreign exchange gain / (loss)

Year-on-year there were no material changes of net foreign exchange gain / (loss).

INCOME TAX EXPENSE

Our consolidated income tax expense increased by 4.3% to US$360 million in the nine months ended September 30, 2019 compared to US$345 million in the nine months ended September 30, 2018.

For more information regarding income tax expenses, please refer to Note 3 of our unaudited interim condensed consolidated financial statements attached hereto.

PROFIT / (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS

During the nine months ended September 30, 2018, we recorded a loss of US$300 million, which was attributable to the operations of the Italy Joint Venture. We exited the Italy Joint Venture in September 2018.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT FROM CONTINUING OPERATIONS

The year-on-year change of our profit / (loss) for the period attributable to the owners of the parent from continuing operations was mainly due to increased operating profit as discussed above.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTEREST

The year-on-year change of profit / (loss) for the period attributable to non-controlling interest was mainly driven by higher net profit recognized by GTH during the nine months ended September 30, 2019.

VEON

RESULT OF REPORTABLE SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**3,329**	**3,512**	**-5%**
Mobile service revenue	2,617	2,795	-6%
- of which mobile data	722	756	-5%
Fixed-line service revenue	396	433	-11%
Sales of equipment, accessories and other	316	284	11%
Adjusted EBITDA	**1,491**	**1,303**	**15%**
Adjusted EBITDA margin	**44.8%**	**37.1%**	**7.7pp**

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**216,491**	**215,643**	**0%**
Mobile service revenue	170,246	171,362	-1%
- of which mobile data	46,692	46,304	1%
Fixed-line service revenue	25,734	26,505	-3%
Sales of equipment, accessories and other	20,511	17,776	15%
Adjusted EBITDA	**96,993**	**79,823**	**22%**
Adjusted EBITDA margin	**44.8%**	**37.0%**	**7.8pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30, 2019	2018	2019-2018 change %
Mobile			
Customers in millions	54.8	56.2	-3%
Mobile data customers in millions	36.4	37.3	-3%
ARPU in US$	5	5	-2%
ARPU in RUB	343.0	331.0	4%

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 5% year-on-year, primarily due to the devaluation of the Russian ruble. In functional currency terms, total operating revenue increased by 0.4% year-on-year.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA increased by 15% year-on-year to US$1,491 million, primarily due to the capitalization of lease costs upon adoption of IFRS 16 on January 1, 2019 and savings in structural operating expenses, including savings in commercial costs, lower spectrum costs and reversal of certain provisions, which was partially offset by the devaluation of the Russian ruble.

In functional currency terms, our Russia Adjusted EBITDA increased by 22%.

SELECTED PERFORMANCE INDICATORS

The number of mobile customers and the number of mobile data customers in Russia decreased year-on-year in each case driven by a reduction in sales through the alternative distribution channels following the expansion of Beeline monobrand stores.

Our mobile ARPU in Russia decreased by 2% year-on-year to US$5.0, mainly due to the devaluation of the Russian ruble. In functional currency terms, mobile ARPU in Russia increased by 4% year-on-year to RUB 343, mainly driven by increased ARPU of voice and data services.

PAKISTAN

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**2019-2018 change %**
Total operating revenue	**996**	**1,126**	**-12%**
Mobile service revenue	926	1,048	-12%
- of which mobile data	273	223	23%
Sales of equipment, accessories and other	70	78	-11%
Adjusted EBITDA	509	541	-6%
Adjusted EBITDA margin	**51.1%**	**48.0%**	**3.0pp**

RESULTS OF OPERATIONS IN PKR

	Nine months ended September 30,		
In millions of PKR (except as indicated)	**2019**	**2018**	**2019-2018 change %**
Total operating revenue	**147,153**	**132,224**	**11%**
Mobile service revenue	136,816	123,028	11%
- of which mobile data	40,423	26,310	54%
Sales of equipment, accessories and other	10,338	9,197	12%
Adjusted EBITDA	**75,168**	**63,566**	**18%**
Adjusted EBITDA margin	**51.1%**	**48.1%**	**3.0pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2019	**2018**	**2019-2018 change %**
Mobile			
Customers in millions	59.2	56.1	6%
Mobile data customers in millions	38.3	33.3	15%
ARPU in US$	1.8	2.1	-16%
ARPU in PKR	262	249	5%

TOTAL OPERATING REVENUE

In the nine months ended September 30, 2019, our Pakistan total operating revenue decreased by 12% year-on-year to US$996 million as a result of the devaluation of the local currency. In functional currency terms, our Pakistan total operating revenue increased by 11% as a result of by good operational performance in data, value added and financial services revenue streams as well as higher usage by customers following the suspension of taxes collected from customers by mobile operators. The suspension was reversed on April 24, 2019 by the Supreme Court of Pakistan, negatively impacting performance during Q2 and Q3 of this year.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA decreased by 6% year-on-year to US$509 million in the nine months ended September 30, 2019, primarily driven by the devaluation of the local currency. In functional currency terms, our Pakistan Adjusted EBITDA increased by 18% year-on-year due to a reduction in structural operating expenses and data mobile revenue growth.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2019, we had 59.2million customers in Pakistan, representing an increase of 6% year-on-year driven by higher data customers on the back of the continued expansion of the data network. The number of mobile data customers increased by 15% year-on-year due to the factors discussed above for the number of customers.

In the nine months ended September 30, 2019, our mobile ARPU in Pakistan decreased by 16% year-on-year to US $1.8, driven by a devaluation of the local currency. In functional currency terms, mobile ARPU in Pakistan increased by 5% year-on-year to PKR 262, driven mainly by a one-off tax impact, an increase in usage and several price monetization initiatives.

ALGERIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**577**	**609**	**-5%**
Mobile service revenue	575	606	-5%
- of which mobile data	167	142	17%
Sales of equipment, accessories and other	2	4	-56%
Adjusted EBITDA	**262**	**271**	**-3%**
Adjusted EBITDA margin	**45.4%**	**44.4%**	**1.0pp**

RESULTS OF OPERATIONS IN DZD

In millions of DZD (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**68,769**	**70,655**	**-3%**
Mobile service revenue	68,581	70,239	-2%
- of which mobile data	19,890	16,476	21%
Sales of equipment, accessories and other	189	416	-55%
Adjusted EBITDA	**31,212**	**31,369**	**-1%**
Adjusted EBITDA margin	**45.4%**	**44.4%**	**1.0pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30, 2019	2018	2019-2018 change %
Mobile			
Customers in millions	15.0	15.6	-4%
Mobile data customers in millions	9.4	9.0	5%
ARPU in US$	4.1	4.4	-6%
ARPU in DZD	493	508	-3%

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased by 5% year-on-year, primarily due to decreased mobile ARPU as a result of price competition in both voice and data service and the devaluation of the local currency. Data revenue growth remained strong due to higher usage and an increase in data customers as a result of the rollout of the 4G/LTE network. In functional currency terms, total operating revenue in Algeria decreased by 3% year-on-year.

ADJUSTED EBITDA

Our Algeria Adjusted EBITDA decreased by 3% year-on-year, primarily due to the decrease in total revenues, as discussed above, coupled with an increase in technology and commercial costs offset by capitalization of leasing expenses upon the adoption of IFRS 16. In functional currency terms, our Algeria Adjusted EBITDA decreased by 1% year-on-year.

SELECTED PERFORMANCE INDICATORS

The customer base in our Algeria segment decreased by 4% year-on-year driven by a higher churn rate. Our mobile data customers in Algeria increased by 5% year-on-year mainly due to the acceleration of 4G/LTE network deployment and increased smartphone penetration.

In the nine months ended September 30, 2019, our mobile ARPU in Algeria decreased by 6% year-on-year to US$4.1, mainly due to continued price competition in both voice and data services and local currency devaluation. In functional currency terms, our mobile ARPU in Algeria decreased by 3% year-on-year.

BANGLADESH

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	2019	2018	2019-2018 change %
Total operating revenue	**406**	**391**	**4%**
Mobile service revenue	397	377	5%
- of which mobile data	81	63	29%
Sales of equipment, accessories and other	9	14	-37%
Adjusted EBITDA	**170**	**139**	**22%**
Adjusted EBITDA margin	**41.8%**	**35.5%**	**6.4pp**

RESULTS OF OPERATIONS IN BDT

	Nine months ended September 30,		
In millions of BDT (except as indicated)	2019	2018	2019-2018 change %
Total operating revenue	**34,185**	**32,688**	**5%**
Mobile service revenue	33,448	31,525	6%
- of which mobile data	6,846	5,270	30%
Sales of equipment, accessories and other	737	1,163	-37%
Adjusted EBITDA	**14,290**	**11,588**	**23%**
Adjusted EBITDA margin	**41.8%**	**35.5%**	**6.4pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2019	2018	2019-2018 change %
Mobile			
Customers in millions	33.1	32.3	2%
Mobile data customers in millions	21.6	19.7	10%
ARPU in US$	1.3	1.3	2%
ARPU in BDT	113	110	3%

TOTAL OPERATING REVENUE

Our Bangladesh total operating revenue increased by 4% year-on-year primarily due to an acceleration of service revenue growth following spectrum acquisition in Q1 2018 and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint. In functional currency terms, total operating revenue in Bangladesh increased by 5% year-on-year.

ADJUSTED EBITDA

Our Bangladesh Adjusted EBITDA increased by 22% year-on-year due to higher revenue and the impact of IFRS 16 adoption as of January 1, 2019. In functional currency terms, our Bangladesh Adjusted EBITDA increased by 23% year-on-year.

SELECTED PERFORMANCE INDICATORS

Customers in our Bangladesh segment increased by 2% year-on-year to 33.1 million. The increase was mainly due to improved distribution and network availability. The number of mobile data customers increased by 10% year-on-year due to increased efforts to attract new customers, successful targeting of voice-only customers and network expansion with the acquisition of additional spectrum and a 4G/LTE license in the first quarter of 2018.

Our mobile ARPU in Bangladesh increased by 2% year-on-year to US$1.3 mainly due to the increase of data ARPU. In functional currency terms, mobile ARPU in Bangladesh increased by 3% year-on-year to BDT 113.

UKRAINE

RESULTS OF OPERATIONS IN US$

	Nine months ended September 30,		
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**2019-2018 change %**
Total operating revenue	**630**	**509**	**24%**
Mobile service revenue	589	473	24%
- of which mobile data	306	184	66%
Fixed-line service revenue	38	33	14%
Sales of equipment, accessories and other	4	2	50%
Adjusted EBITDA	**405**	**287**	**41%**
Adjusted EBITDA margin	**64.3%**	**56.4%**	**7.9pp**

RESULTS OF OPERATIONS IN UAH

	Nine months ended September 30,		
In millions of UAH (except as indicated)	**2019**	**2018**	**2019-2018 change %**
Total operating revenue	**16,577**	**13,710**	**21%**
Mobile service revenue	15,486	12,750	22%
- of which mobile data	8,037	4,960	62%
Fixed-line service revenue	995	895	11%
Sales of equipment, accessories and other	96	65	47%
Adjusted EBITDA	**10,652**	**7,736**	**38%**
Adjusted EBITDA margin	**64.3%**	**56.4%**	**7.8pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30,		
	2019	2018	2019-2018 change %
Mobile			
Customers in millions	26.4	26.6	(1)%
Mobile data customers in millions	16.3	14.5	12%
ARPU in US$	2.5	2.0	26%
ARPU in UAH	65	53	23%

TOTAL OPERATING REVENUE

Our Ukraine total operating revenue increased by 24% year-on-year to US$630 million in the nine months ended September 30, 2019. The increase was primarily due to our marketing activities and strong growth in data consumption.

In functional currency terms, our Ukraine total operating revenue increased by 21% year-on-year.

ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 41% year-on-year to US$405 million in the nine months ended September 30, 2019, primarily due to higher revenues, as discussed above, and lower service costs and capitalization of leasing costs upon the adoption of IFRS 16. In functional currency terms, our Ukraine Adjusted EBITDA increased by 38% year-on-year.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2019, we had 26.4 million mobile customers in Ukraine, representing a decrease of 1% year-on-year. The decrease was a result of demographic trends in Ukraine and the reduction in multi SIM users. The number of our mobile data customers in Ukraine increased by 12% year-on-year, mainly due to an increased 4G/ LTE user penetration.

In the nine months ended September 30, 2019, our mobile ARPU in Ukraine increased by 26% year-on-year to US $2.5 due to data usage growth. In functional currency terms, mobile ARPU in Ukraine increased by 23% to UAH 65.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**197**	**238**	**-17%**
Mobile service revenue	195	236	-17%
- of which mobile data	88	78	13%
Fixed-line service revenue	1	2	-31%
Sales of equipment, accessories and other	—	—	29%
Adjusted EBITDA	**103**	**106**	**-3%**
Adjusted EBITDA margin	**52.2%**	**44.4%**	**7.8pp**

RESULTS OF OPERATIONS IN UZS

In billions of UZS (except as indicated)	Nine months ended September 30, 2019	2018	2019-2018 change %
Total operating revenue	**1,696**	**1,903**	**-11%**
Mobile service revenue	1,683	1,887	-11%
- of which mobile data	762	625	22%
Fixed-line service revenue	10	14	-26%
Sales of equipment, accessories and other	3	2	42%
Adjusted EBITDA	**887**	**844**	**5%**
Adjusted EBITDA margin	**52.3%**	**44.3%**	**7.9pp**

SELECTED PERFORMANCE INDICATORS

	Nine months ended September 30, 2019	2018	2019-2018 change %
Mobile			
Customers in millions	8.4	9.1	-8%
ARPU in US$	2.4	2.8	-12%
ARPU in UZS	21,033	22,188	-5%
Mobile data customers in millions	5.3	5.2	2%

TOTAL OPERATING REVENUE

Our Uzbekistan total operating revenue decreased by 17% year-on-year to US$197 million as a result of the negative impact from the reduction in mobile termination rates and the introduction of the 15% excise tax. In functional currency terms, our Uzbekistan total operating revenue decreased by 11% year-on-year.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 3% year-on-year to US$103 million in the nine months ended September 30, 2019, primarily due to the devaluation of the local currency. In functional currency terms, in the nine months ended September 30, 2019, our Uzbekistan Adjusted EBITDA increased by 5% year-on-year as a result of IFRS 16 adoption and lower structural operating expenses.

SELECTED PERFORMANCE INDICATORS

As of September 30, 2019, we had 8.4 million mobile customers in our Uzbekistan segment representing a decrease of 8% year-on-year. The decrease was the result of our strategic focus on high value customers. As of September 30, 2019, the number of our mobile data customers in Uzbekistan increased by 2% year-on-year to 5.3million, primarily due to a strengthening of the data network which resulted in increased usage of smartphones and bundled offerings.

In the nine months ended September 30, 2019, our mobile ARPU in Uzbekistan was US$2.4, representing a decrease of 12% year-on-year due to decreased voice ARPU partially offset by increased data ARPU. In functional currency terms, mobile ARPU in Uzbekistan decreased by 5% year-on-year.

HQ

Our HQ Adjusted EBITDA was US$181 million for the nine months ended September 30, 2019, compared to negative US$224 million for the nine months ended September 30, 2018, primarily attributable to a gain of US$350 million relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies and lower operating expenses in HQ units driven by lower FTE and consulting costs when compared with last year. For further details on the revised arrangement with Ericsson refer to Note 4 of the interim condensed consolidated financial statements attached hereto.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

Working capital is defined as current assets less current liabilities.

As of September 30, 2019, we had negative working capital of US$3,271 million, compared to negative working capital of US$1,303 million as of December 31, 2018. The change was primarily due to increased financial liabilities upon adoption of IFRS 16, and reclassifications of bank loans, bonds and the Warid put option from long term to short term financial liabilities that were partially offset by increased trade and other receivables primarily relating to a gain of US $350 million as also discussed above.

Our working capital is monitored on a regular basis by our management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Although we have a negative working capital, our management believes that our cash balances and available credit facilities are sufficient to meet our short term and foreseeable long-term cash requirements.

CONSOLIDATED CASH FLOW SUMMARY

OPERATING ACTIVITIES

During the nine months ended September 30, 2019, net cash flows from operating activities increased to US$2,285 million from US$1,880 million during the nine months ended September 30, 2018. The increase was mainly due to lower interest paid during Q3 2019 compared to Q3 2018 and payment received from the revised arrangement with Ericsson.

INVESTING ACTIVITIES

During the nine months ended September 30, 2019, our total payments for the purchase of property, equipment and intangible assets amounted to US$1,197 million compared to US$1,504 million during the nine months ended September 30, 2018. The decrease was primarily connected to different phasing in acquisitions of network equipment.

During the nine months ended September 30, 2019, we paid US$668 million and we received US$987 million during the nine months ended September 30, 2018, both primarily relating to amounts pledged as collateral for the Mandatory Tender Offer ("MTO") with respect to the acquisition of the non-controlling interest of GTH.

Acquisitions and Dispositions

For information regarding our acquisitions and dispositions, see Notes 5 and 6 to our unaudited interim condensed consolidated financial statements attached hereto.

FINANCING ACTIVITIES

During the nine months ended September 30, 2019, net cash outflow for financing activities was US$1,468 million compared to net cash outflow of US$2,454 million during the nine months ended September 30, 2018. The change in net cash flows from financing activities was mainly driven by a lower net repayment of borrowings during the nine months ended September 30, 2019.

During the nine months ended September 30, 2019, we repaid US$1,852 million under various debt facilities including intra-period repayments of facilities drawn as part of short-term liquidity management as well as scheduled debt maturities. The most notable maturities were the VEON Holdings B.V. bonds that had a notional amount of US$571 million and the Banglalink bonds that had a notional amount of US$300 million. Over the same period we raised US

$1,910 million net of fees paid for borrowings, which, apart from the above-mentioned intra-period drawings and repayments, related mostly to short-term drawings under the VEON Holdings B.V. Revolving Credit Facility, the Syndicated Term Facility utilized by Banglalink to refinance maturing bonds and the utilization of both existing and new credit facilities in Pakistan.

During the nine months ended September 30, 2019, we paid US$604 million to acquire the non-controlling interest of GTH. For further details please refer to Note 4 of the interim condensed consolidated financial statements attached hereto.

BORROWINGS

As of September 30, 2019, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to US$7,548 million, compared to US$7,298 million as of December 31, 2018. As of September 30, 2019, our debt includes overdrawn bank accounts related to a cash-pooling program of US$119 million (December 31, 2018: US$17 million).

As of September 30, 2019, VEON had the following principal amounts outstanding for interest-bearing loans and bonds as well as cash-pool overdrawn bank accounts:

Entity	Type of debt/ original lenders	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (USD mln)	Maturity date
VEON Holdings B.V.	Loan from Sberbank	10.0000%	RUB	95,000	1,474	19.05.2022
VEON Holdings B.V.	Loan from Alfa Bank	8.8000%	RUB	17,500	272	30.08.2022
VEON Holdings B.V.	Loan from VTB	8.7500%	RUB	30,000	466	30.08.2022
VEON Holdings B.V.	Notes	3.9500%	USD	600	600	16.06.2021
VEON Holdings B.V.	Notes	7.5043%	USD	417	417	01.03.2022
VEON Holdings B.V.	Notes	5.9500%	USD	529	529	13.02.2023
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	17.06.2024
VEON Holdings B.V.	RCF utilization	4.0470%	USD	310	310	04.10.2019
VEON Holdings B.V.	RCF utilization	3.9601%	USD	300	300	04.10.2019
VEON Holdings B.V.	Cash-pool overdrawn accounts*				66	
TOTAL VEON Holdings B.V.					**4,967**	
GTH Finance B.V.	Notes	6.2500%	USD	500	500	26.04.2020
GTH Finance B.V.	Notes	7.2500%	USD	700	700	26.04.2023
TOTAL GTH Finance B.V.					**1,200**	
PJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.7480%	USD	262	262	02.02.2021
PJSC VimpelCom	Other				17	
TOTAL PJSC VimpelCom					**279**	
Pakistan Mobile Communications Limited	Sukuk Certificates	3 months KIBOR + 0.88%	PKR	575	4	20.12.2019
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.90%	PKR	2,000	13	23.12.2020
Pakistan Mobile Communications Limited	Loan from ING Bank N.V.	6 months LIBOR + 1.9%	USD	106	106	31.12.2020
Pakistan Mobile Communications Limited	Loan from MCB Bank Limited	6 months KIBOR + 0.8%	PKR	8,000	51	23.12.2020
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.35%	PKR	10,000	64	29.06.2022
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR	PKR	4,364	28	31.12.2023
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR	PKR	2,892	18	31.12.2023

Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR + 0.35%	PKR	25,675	164	29.06.2022
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR + 0.75%	PKR	15,885	101	02.09.2026
Pakistan Mobile Communications Limited	Bilateral term facility	6 months KIBOR + 0.75%	PKR	2,963	19	02.09.2026
Pakistan Mobile Communications Limited	Other				26	
TOTAL Pakistan Mobile Communications Limited					**594**	
Banglalink Digital Communications Ltd.	Syndicated credit facility	3 months LIBOR + 2%	USD	300	300	25.4.2020
Banglalink Digital Communications Ltd.	Syndicated credit facility	Average bank deposit rate + 4.25%	BDT	8,374	99	24.12.2022
Banglalink Digital Communications Ltd.	Syndicated credit facility	Average bank deposit rate + 3.0%	BDT	2,093	25	24.12.2020
TOTAL Banglalink Digital Communications Ltd.					**424**	
Optimum Telecom Algérie S.p.A.	Syndicated credit facility	Bank of Algeria Re-Discount Rate + 2.0% (floor 5.5%)	DZD	3,750	31	30.12.2019
TOTAL Optimum Telecom Algérie S.p.A.					**31**	
Other entities	Cash-pool overdrawn accounts*				53	
Total VEON consolidated					**7,548**	

** As of September 30, 2019, some bank accounts forming part of a cash pooling program and being an integral part of VEON's cash management remained overdrawn by US$119 million. Even though the total balance of the cash pool remained positive, VEON has no legally enforceable right to set-off and therefore the overdrawn accounts are presented as financial liabilities and form part of our debt.*

For additional information on our outstanding indebtedness, please refer to Note 7 of our unaudited interim condensed consolidated financial statements attached hereto.

FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

During the nine months ended September 30, 2019, our capital expenditures excluding licenses and excluding right-of-use assets were US$1,163 million compared to US$1,068 million in the nine months ended September 30, 2018. The increase in capital expenditures excluding licenses and excluding right-of-use assets was primarily due to continued investments in network development in Russia.

We expect that our capital expenditures excluding licenses and excluding right-of-use assets in 2019 will mainly consist of investing in high-speed data networks to capture mobile data growth, including the continued roll-out of 4G/LTE networks in Russia, Algeria, Bangladesh, Pakistan and Ukraine. We expect that these expenditures will continue to be significant throughout the remainder of 2019.

Management anticipates that the funds necessary to meet our current and expected capital requirements in the foreseeable future (including with respect to any possible acquisitions) will come from:

- Cash we currently hold;
- Operating cash flows;
- Borrowings under bank financings, including credit lines currently available to us;
- Syndicated loan facilities; and
- Issuances of debt securities on local and international capital markets.

As of September 30, 2019, we had an undrawn amount of US$1,343 million under existing credit facilities.

Management expects that positive cash flows from our current operations will continue to provide us with internal sources of funds. The availability of external financing depends on many factors, including the success of our operations, contractual restrictions, availability of guarantees from export credit agencies, the financial position of international and local banks, the willingness of international banks to lend to our companies and the liquidity of international and local capital markets.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on our obligations.

As of September 30, 2019, the largest currency exposure risks for our group were in relation to the Russian ruble, the Pakistani rupee, the Algerian dinar, the Bangladeshi taka, the Ukrainian hryvnia and the Uzbek som, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine and Uzbekistan are denominated in each of these functional currencies, respectively, while our debt, if not incurred in or hedged to the aforementioned currencies, is primarily denominated in U.S. dollars.

As of September 30, 2019, we held approximately 48% of our readily available cash and bank deposits in U.S. dollars in order to hedge against the risk of functional currency devaluation. We also hold part of our debt in Russian rubles and other currencies and we enter into foreign currency derivatives to manage this risk. Nonetheless, if the U.S. dollar value of the Russian ruble, Algerian dinar, Pakistani rupee, Bangladeshi taka, Ukrainian hryvnia or Uzbek som were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk.

For more information on risks associated with currency exchange rates, see the section of our 2018 Annual Report entitled "Item 3—Key Information—D. Risk Factors— Market Risks —We are exposed to foreign currency exchange loss and currency fluctuation and translation risks."

In accordance with our policies, we do not enter into any treasury transactions of a speculative nature.

As of September 30, 2019, the interest rate risk on the financing of our group was limited as 82% of our group's total debt was fixed rate debt.

Unaudited interim condensed consolidated financial statements

VEON Ltd.

As of and for the nine and three-month periods ended September 30, 2019

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the nine and three-month periods ended September 30

		Nine-month period		Three-month period	
(In millions of U.S. dollars, except per share amounts)	**Note**	**2019**	**2018**	**2019**	**2018**
Service revenues		6,161	6,443	2,076	2,151
Sale of equipment and accessories		322	295	121	134
Other revenues / other income		125	99	27	32
Total operating revenues	2	**6,608**	**6,837**	**2,224**	**2,317**
Service costs		(1,154)	(1,292)	(397)	(419)
Cost of equipment and accessories		(323)	(283)	(117)	(128)
Selling, general and administrative expenses		(2,201)	(2,703)	(723)	(922)
Other operating gains / (losses)	4	350	—	—	—
Depreciation		(1,218)	(1,015)	(406)	(324)
Amortization		(299)	(380)	(94)	(124)
Impairment (loss) / reversal		(100)	(791)	(90)	(781)
Gain / (loss) on disposal of non-current assets		(28)	(47)	(13)	(10)
Gain / (loss) on disposal of subsidiaries		1	20	—	—
Operating profit		**1,636**	**346**	**384**	**(391)**
Finance costs		(670)	(633)	(249)	(210)
Finance income		44	43	16	12
Other non-operating gain / (loss)		14	(49)	—	(24)
Net foreign exchange gain / (loss)		(29)	(12)	(20)	(13)
Profit / (loss) before tax		**995**	**(305)**	**131**	**(626)**
Income tax expense	3	(360)	(345)	(100)	(92)
Profit / (loss) from continuing operations		**635**	**(650)**	**31**	**(718)**
Profit / (loss) after tax from discontinued operations		—	(300)	—	—
Gain / (loss) on disposal of discontinued operations		—	1,279	—	1,279
Profit / (loss) for the period		**635**	**329**	**31**	**561**
Attributable to:					
The owners of the parent (continuing operations)		599	(378)	35	(424)
The owners of the parent (discontinued operations)		—	979	—	1,279
Non-controlling interest		36	(272)	(4)	(294)
		635	**329**	**31**	**561**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:					
from continuing operations		$0.34	($0.22)	$0.02	($0.24)
from discontinued operations		$0.00	$0.56	$0.00	$0.73
		$0.34	**$0.34**	**$0.02**	**$0.49**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the nine and three-month periods ended September 30

		Nine-month period		Three-month period	
(In millions of U.S. dollars)	**Note**	**2019**	**2018**	**2019**	**2018**
Profit / (loss)		**635**	**329**	**31**	**561**
Items that may be reclassified to profit or loss					
Net movement on cash flow hedges		—	(2)	—	—
Share of other comprehensive income / (loss) of Italy Joint Venture		—	(18)	—	—
Foreign currency translation		(9)	(563)	(31)	(216)
Other		10	—	10	—
Items reclassified to profit or loss					
Reclassification of accumulated foreign currency translation reserve to profit or loss		—	(79)	—	(79)
Reclassification of accumulated share of other comprehensive income / (loss) of Italy Joint Venture to profit and loss		—	31	—	31
Other comprehensive income / (loss), net of tax		**1**	**(631)**	**(21)**	**(264)**
Total comprehensive income / (loss), net of tax		**636**	**(302)**	**10**	**297**
Attributable to:					
The owners of the parent		668	71	29	605
Non-controlling interests		(32)	(373)	(19)	(308)
		636	**(302)**	**10**	**297**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

(In millions of U.S. dollars)	Note	September 30, 2019	December 31, 2018
Assets			
Non-current assets			
Property and equipment	5	7,001	4,932
Intangible assets	6	1,730	1,854
Goodwill	6	3,850	3,816
Deferred tax assets		135	197
Other assets		394	193
Total non-current assets		**13,110**	**10,992**
Current assets			
Inventories		167	141
Trade and other receivables		621	577
Financial assets	7	70	88
Current income tax assets		40	112
Other assets		320	367
Assets held for sale		18	17
Cash and cash equivalents	8	1,317	1,808
Total current assets		**2,553**	**3,110**
Total assets		**15,663**	**14,102**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		1,239	3,670
Non-controlling interests		934	(891)
Total equity		**2,173**	**2,779**
Non-current liabilities			
Financial liabilities	7	7,361	6,567
Provisions		119	110
Deferred tax liabilities		144	180
Other liabilities		42	53
Total non-current liabilities		**7,666**	**6,910**
Current liabilities			
Trade and other payables		1,371	1,432
Financial liabilities	7	2,889	1,289
Provisions		155	234
Current income tax payables		118	196
Other liabilities		1,286	1,258
Liabilities held for sale		5	4
Total current liabilities		**5,824**	**4,413**
Total equity and liabilities		**15,663**	**14,102**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended September 30, 2019

(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
			Attributable to equity owners of the parent							
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**
Adjustments arising due to IFRS 16	14	—	—	—	—	(3)	—	(3)	(1)	(4)
As of January 1, 2019		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	599	—	599	36	635
Other comprehensive income / (loss)					9	1	59	69	(68)	1
Total comprehensive income / (loss)		—	—	—	9	600	59	668	(32)	636
Dividends declared	10	—	—	—	—	(525)	—	(525)	(108)	(633)
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(2,563)	—	—	(2,563)	1,965	(598)
Other		—	—	—	2	(9)	(1)	(8)	1	(7)
As of September 30, 2019		**1,749,127,404**	**2**	**12,753**	**(1,809)**	**(1,349)**	**(8,358)**	**1,239**	**934**	**2,173**

for the nine-month period ended September 30, 2018

(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
			Attributable to equity owners of the parent							
As of December 31, 2017		**1,749,127,404**	**2**	**12,753**	**729**	**(1,486)**	**(7,667)**	**4,331**	**(441)**	**3,890**
Adjustments arising due to IFRS 9 and IFRS 15		—	—	—	—	46	—	46	11	57
As of January 1, 2018		**1,749,127,404**	**2**	**12,753**	**729**	**(1,440)**	**(7,667)**	**4,377**	**(430)**	**3,947**
Profit / (loss) for the period		—	—	—	—	601	—	601	(272)	329
Other comprehensive income / (loss)		—	—	—	10	(1)	(539)	(530)	(101)	(631)
Total comprehensive income / (loss)		—	—	—	10	600	(539)	71	(373)	(302)
Dividends declared		—	—	—	—	(509)	—	(509)	(93)	(602)
Other		—	—	—	3	(16)	(11)	(24)	11	(13)
As of September 30, 2018		**1,749,127,404**	**2**	**12,753**	**742**	**(1,365)**	**(8,217)**	**3,915**	**(885)**	**3,030**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month period September 30, 2019

		Attributable to equity owners of the parent								
(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of June 30, 2019		**1,749,127,404**	**2**	**12,753**	**744**	**(1,157)**	**(8,342)**	**4,000**	**(1,010)**	**2,990**
Profit / (loss) for the period		—	—	—	—	35	—	35	(4)	31
Other comprehensive income / (loss)		—	—	—	9	—	(15)	(6)	(15)	(21)
Total comprehensive income / (loss)		—	—	—	9	35	(15)	29	(19)	10
Dividends declared	10	—	—	—	—	(228)	—	(228)	—	(228)
Changes in ownership interest in a subsidiary that do not result in a loss of control		—	—	—	(2,563)	—	—	(2,563)	1,965	(598)
Other		—	—	—	1	1	(1)	1	(2)	(1)
As of September 30, 2019		**1,749,127,404**	**2**	**12,753**	**(1,809)**	**(1,349)**	**(8,358)**	**1,239**	**934**	**2,173**

for the three-month period September 30, 2018

		Attributable to equity owners of the parent								
(In millions of U.S. dollars)	Note	Number of shares outstanding	Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of June 30, 2018		**1,749,127,404**	**2**	**12,753**	**714**	**(2,012)**	**(7,935)**	**3,522**	**(576)**	**2,946**
Profit / (loss) for the period		—	—	—	—	855	—	855	(294)	561
Other comprehensive income / (loss)		—	—	—	28	2	(280)	(250)	(14)	(264)
Total comprehensive income / (loss)		—	—	—	28	857	(280)	605	(308)	297
Dividends declared		—	—	—	—	(210)	—	(210)	(1)	(211)
Other		—	—	—	—	—	(2)	(2)	—	(2)
As of September 30, 2018		**1,749,127,404**	**2**	**12,753**	**742**	**(1,365)**	**(8,217)**	**3,915**	**(885)**	**3,030**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-month period ended September 30

(In millions of U.S. dollars)	Note	2019	2018
Operating activities			
Profit / (loss) before tax from continuing operations		995	(305)
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		1,617	2,186
Gain / (loss) on disposal of non-current assets		28	47
Gain / (loss) on disposal of subsidiaries		(1)	(20)
Finance costs		670	633
Finance income		(44)	(43)
Other non-operating losses		(14)	49
Net foreign exchange gain		29	12
Changes in trade and other receivables and prepayments		(181)	123
Changes in inventories		(19)	(125)
Changes in trade and other payables		(6)	168
Changes in provisions, pensions and other		51	(5)
Interest paid		(517)	(559)
Interest received		49	43
Income tax paid		(372)	(324)
Net cash flows from operating activities		**2,285**	**1,880**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(1,197)	(1,504)
Payments on deposits		(913)	(30)
Receipts from deposits		693	1,072
Proceed from sale of Italy joint venture		—	2,830
Receipts from / (investment in) financial assets		4	50
Other proceeds from investing activities, net		26	14
Net cash flows from / (used in) investing activities		**(1,387)**	**2,432**
Financing activities			
Proceeds from borrowings, net of fees paid *	7	1,910	837
Repayment of borrowings		(1,852)	(2,712)
Repayment of lease liabilities (principal element of lease payments)		(268)	—
Acquisition of non-controlling interest		(604)	—
Dividends paid to owners of the parent		(520)	(487)
Dividends paid to non-controlling interests		(134)	(92)
Net cash flows from / (used in) financing activities		**(1,468)**	**(2,454)**
Net (decrease) / increase in cash and cash equivalents		(570)	1,858
Net foreign exchange difference		(23)	(65)
Cash and cash equivalents at beginning of period		1,791	1,315
Cash and cash equivalents at end of period, net of overdrafts **	**8**	**1,198**	**3,108**

* *Fees paid for borrowings were US$19 (2018: US$6).*

** *Overdrawn amount was US$119 (2018: US$ 262)*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

1 GENERAL INFORMATION

VEON Ltd. (**"VEON"**, the **"Company"** and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business is located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

The interim condensed consolidated financial statements are presented in United States dollars (**"U.S. dollar"** or **"US $"**). In these notes, U.S. dollar amounts are presented in millions, except for share and per share (or American Depository Shares (**"ADS"**)) amounts and as otherwise indicated.

VEON's ADSs are listed on the NASDAQ Global Select Market (**"NASDAQ"**) and VEON's common shares are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**").

Major developments during the nine-month period ended September 30, 2019

On January 1, 2019, the Company adopted a new accounting standard – IFRS 16 *Leases* – using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and comparatives were not restated. For further details please refer to Note 14.

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years. The parties have signed binding terms to vary the existing agreements and as a result, VEON received US$350 during the first half of 2019. For further details please refer to Note 4.

On August 13, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of issued shares of Global Telecom Holding S.A.E. ("**GTH**"). For further details please refer to Note 4.

2 SEGMENT INFORMATION

Management analyzes the Company's operating segments separately due to different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Management does not analyze assets or liabilities by reportable segments.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates (**"Adjusted EBITDA"**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses and right-of-use assets (**"Capital expenditures exc. licenses & ROU"**).

As of January 1, 2019, the Company adopted the new accounting standard IFRS 16 *Leases*. Accordingly, operating lease expenses are no longer recorded in the income statement but are instead considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that prior period comparatives were not restated. Refer to Note 14 for more details. As a result, Adjusted EBITDA in 2019 is not comparable to Adjusted EBITDA 2018. The impact on Adjusted EBITDA 2019 stemming from IFRS 16 is set out in the table below.

Financial information by reportable segment for the nine and three-month periods ended September 30, is presented in the following tables.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

	Nine-month period ended September 30									
	External customers		Inter-segment		Total revenue		Of which: Mobile		Fixed	
Revenue	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Russia	3,312	3,495	17	17	3,329	3,512	2,931	3,077	398	435
Pakistan	969	1,119	27	7	996	1,126	996	1,126	—	0
Algeria	576	607	1	2	577	609	577	609	—	0
Bangladesh	406	391	—	0	406	391	406	391	—	0
Ukraine	608	492	23	17	631	509	591	476	40	33
Uzbekistan	196	238	—	—	196	238	196	236	—	2
All others	541	495	(68)	(43)	473	452	368	381	105	71
Total segments	**6,608**	**6,837**	**—**	**—**	**6,608**	**6,837**	**6,065**	**6,296**	**543**	**541**

	Three-month period ended September 30									
	External customers		Inter-segment		Total revenue		Of which: Mobile		Fixed	
Revenue	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Russia	1,152	1,165	5	7	1,157	1,172	1,020	1,038	137	134
Pakistan	279	390	7	5	286	395	286	395	—	—
Algeria	197	207	—	—	197	207	197	207	—	—
Bangladesh	135	131	—	—	135	131	135	131	—	—
Ukraine	225	174	6	6	231	180	218	170	13	10
Uzbekistan	66	83	—	—	66	83	66	82	—	1
All others	170	167	(18)	(18)	152	149	123	122	29	27
Total segments	**2,224**	**2,317**	**—**	**—**	**2,224**	**2,317**	**2,045**	**2,145**	**179**	**172**

	Nine-month period ended September 30				Three-month period ended September 30			
	Adjusted EBITDA		Capital expenditures exc. licenses & ROU		Adjusted EBITDA		Capital expenditures exc. licenses & ROU	
Other disclosures	2019	2018 *	2019	2018	2019	2018 *	2019	2018
Russia	1,491	1,303	631	561	525	419	169	188
Pakistan	509	541	150	156	140	192	32	33
Algeria	262	271	69	58	89	93	21	16
Bangladesh	170	139	62	85	55	48	25	9
Ukraine	405	287	114	88	149	103	47	27
Uzbekistan	103	106	42	35	36	38	3	9
HQ	181	(224)	2	9	(55)	(92)	1	2
Other	159	136	93	76	48	47	27	27
Total segments	**3,280**	**2,559**	**1,163**	**1,068**	**987**	**848**	**325**	**311**

** Impact from IFRS 16 is not included in the 2018 comparative numbers following a modified retrospective approach.*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

The following table provides the reconciliation of consolidated Adjusted EBITDA to Profit / (loss) before tax for the nine and three-month periods ended September 30:

	Nine-month period		Three-month period	
	2019	2018	2019	2018
Total Segments Adjusted EBITDA	**3,280**	**2,559**	**987**	**848**
Depreciation	(1,218)	(1,015)	(406)	(324)
Amortization	(299)	(380)	(94)	(124)
Impairment (loss) / reversal	(100)	(791)	(90)	(781)
Gain / (loss) on disposal of non-current assets	(28)	(47)	(13)	(10)
Gain / (loss) on disposal of subsidiaries	1	20	—	—
Finance costs	(670)	(633)	(249)	(210)
Finance income	44	43	16	12
Other non-operating gain / (loss)	14	(49)	—	(24)
Net foreign exchange gain / (loss)	(29)	(12)	(20)	(13)
Profit / (loss) before tax	**995**	**(305)**	**131**	**(626)**

The following table provides the details that the adoption of IFRS 16 had on Adjusted EBITDA for the nine and three-month periods ended September 30 for each operating segment:

	Nine-month period			Three-month period		
	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16
Russia	1,238	253	1,491	439	86	525
Pakistan	475	34	509	129	11	140
Algeria	237	25	262	81	8	89
Bangladesh	140	30	170	45	10	55
Ukraine	388	17	405	143	6	149
Uzbekistan	99	4	103	35	1	36
HQ	181	—	181	(55)	—	(55)
Other	139	20	159	41	7	48
Total segments	**2,897**	**383**	**3,280**	**858**	**129**	**987**

3 INCOME TAXES

Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Income tax expense consisted of the following for the nine and three-month periods ended September 30:

	Nine-month period		Three-month period	
	2019	2018	2019	2018
Current income taxes	356	423	105	124
Deferred income taxes	4	(78)	(5)	(32)
Income tax expense	**360**	**345**	**100**	**92**
Effective tax rate	36.2%	(113.1)%	76.3%	(14.7)%

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the nine and three-month periods ending September 30, 2019 (36.2% and 76.3%, respectively) was primarily driven by a number of non-deductible expenses in various countries recorded in our consolidated income statement, impairment charge for Kyrgyzstan and withholding taxes paid on dividends received from the operating countries. The same drivers contributed to the deviation between the effective tax rate in the nine and three-month periods ending September 30, 2018 (-113.1% and -14.7%, respectively).

4 SIGNIFICANT TRANSACTIONS

Mandatory tender offer for shares of GTH

On August 13, 2019, VEON completed the purchase of 1,914,322,110 shares, representing approximately 40.55% of GTH's issued shares, in connection with its Mandatory Tender Offer ("**MTO**") which commenced on July 2, 2019. The total price for the purchase of such shares was EGP 9,725 million (approximately US$587), reflecting the offer price per share of EGP 5.08. Following the completion of the MTO and as a result of further purchases by GTH, as of September 30, 2019, VEON and GTH hold approximately 98.94% of GTH's total outstanding equity. The MTO was funded by a combination of cash on hand and utilization of undrawn credit facilities (refer to Note 7 for further details).

The transactions represent a purchase of non-controlling interests without a change of control. Consequently, the difference between the book value of non-controlling interests acquired and cash paid were recorded directly within 'Other capital reserves' in the Consolidated Statement of Equity.

Restructuring of GTH

Following the successful completion of the MTO, VEON continued with the restructuring of GTH, which included successful delisting of GTH's shares from the Egyptian Exchange and the approval by GTH shareholders of VEON's offer to acquire substantially all of the operating assets of GTH, both of which occurred on September 9, 2019.

Following that approval, VEON completed the intragroup transfers of Jazz, Banglalink and Med Cable. The intragroup transfer for Djezzy and Mobilink Bank are continuing. The operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, and as such, there is no material impact on these consolidated financial statements stemming from these asset transfers.

Settlement of GTH Taxes

On June 26, 2019, GTH reached agreement with the Egyptian Tax Authority (**"ETA"**) to settle all outstanding tax liabilities of GTH and its Egyptian subsidiaries for a total amount of US$136 (the **"GTH Tax Settlement"**). The GTH Tax Settlement is in respect of tax liabilities of GTH and its Egyptian subsidiaries for the tax years 2000 through 2018. Effective June 26, 2019, following the first settlement payment of US$54 by GTH to the ETA, GTH is released in relation to tax years from 2006 through 2007 and 2010 through 2018. Effective 9 September 2019, following the second settlement payment of US$82, GTH has resolved all outstanding tax liabilities in Egypt for the tax years 2000 through 2018.

Revised technology infrastructure partnership with Ericsson

On February 25, 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. This revised arrangement enables VEON to continue upgrading IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. The parties signed binding terms to vary the existing agreements and as a result VEON received US$350 during the first half of 2019. The settlement amount was recorded in the income statement within 'Other operating gains'.

Termination of joint operation in Kazakhstan

In April 2019, the Group received a settlement amount of US$38 from Kcell Joint Stock Company ("Kcell"), related to the termination of the network sharing agreement between Kcell and our subsidiary in Kazakhstan.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

5 PROPERTY AND EQUIPMENT

The movement in property and equipment for the nine and three-month periods ended September 30 included the following:

	Nine-month period		Three-month period	
	2019	2018	2019	2018
Right-of-use assets upon adoption of IFRS 16 (Note 14)	2,023	—	—	—
Cost of acquired right-of-use assets	199	—	46	—
Cost of other acquired assets (excluding right-of-use assets)	1,036	947	290	301
Net book value of assets disposed	53	56	24	13

Right-of-use assets arising from lease contracts primarily relate to land for network sites, network infrastructure and equipment and buildings. During the third quarter of 2019, an impairment loss of US$33 was recognized in respect of property and equipment within Kyrgyzstan, refer to Note 6 for further details.

6 INTANGIBLE ASSETS

There were no material changes to intangible assets during the nine and three-month periods ended September 30.

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority ("**PTA**") issued a license renewal decision on July 22, 2019 requiring payment of US$40 per MHz for 900 MHz spectrum and US$30 per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately US$450 (excluding applicable taxes of approximately 13%). On August 17, 2019, Jazz appealed the PTA's order to the Islamabad High Court and is now awaiting a date to be scheduled for the hearing. On August 23, 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) pending resolution of the appeal as per the options given in the PTA's order. In September 2019, Jazz deposited 50% of the disputed license renewal fee (approximately US$225) in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded within non-current financial assets in the statement of financial position.

GOODWILL

The movement in goodwill for the Group, per cash generating unit (**"CGU"**), consisted of the following for the nine-month period ended September 30, 2019:

CGU	September 30, 2019	Impairment	Currency translation	December 31, 2018
Russia	2,176	—	158	2,018
Algeria	1,152	—	(24)	1,176
Pakistan	331	—	(40)	371
Kazakhstan	152	—	(1)	153
Kyrgyzstan	—	(54)	—	54
Uzbekistan	39	—	(5)	44
Total	**3,850**	**(54)**	**88**	**3,816**

Impairment

Goodwill is tested for impairment annually (at October 1) or when circumstances indicate the carrying value may be impaired. The Company's impairment test for goodwill is primarily based on fair value less cost of disposal calculations that use a discounted cash flow model. The Company considers the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating unit ("**CGU**") when reviewing for indicators of impairment in interim periods.

(in millions of U.S. dollars unless otherwise stated)

During the third quarter of 2019, due to operational underperformance of its operations in Kyrgyzstan, the Company has revised its previous estimates and assumptions regarding the future cash flows of the CGUs. As a result, the Company recorded an impairment of US$90 against the carrying values of Kyrgyzstan CGU during the three-month period ended September 30, 2019. The impairment loss for Kyrgyzstan was allocated first to the existing carrying value of goodwill (US$54) and then subsequently to property and equipment (US$33) and intangible assets (US$3), based on relative carrying values.

Key assumptions

The recoverable amounts of CGUs have been determined using fair value less costs of disposal. The recoverable amounts of CGUs have been determined based on fair value less costs of disposal calculations, using cash flow projections from business plans prepared by management.

Key assumptions	Kyrgyzstan
Discount rate	14.1%
Average annual revenue growth rate *	4.4%
Long-term growth rate	5.0%
Average operating margin *	32.1%
Average capital expenditure as a percentage of revenue *	25.5%

** During the explicit forecast period of five years*

Sensitivity to changes in assumptions

The following table illustrates the CGU with limited headroom and potential impairment that would need to be recorded if certain key parameters would adversely change by one percentage point within both the explicit forecast and terminal periods. Any additional adverse changes in the key parameters by more than one percentage point would increase the amount of impairment exposure approximately proportionally.

CGU	Headroom	Discount rate	Average growth rate	Average operating margin	Average CAPEX / revenue	Terminal growth rate
Algeria	102	(45)	(80)	—	—	(5)

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

7 FINANCIAL ASSETS AND LIABILITIES

	September 30, 2019	December 31, 2018
Financial assets		
Financial assets at fair value		
Derivatives not designated as hedges	17	14
Derivatives designated as net investment hedges	—	45
Investments in debt instruments *	25	36
Other	2	3
	44	**98**
Financial assets at amortized cost		
Security deposits and cash collateral	251	31
Other investments	24	17
	275	**48**
Total financial assets	**319**	**146**
Non-current	249	58
Current	70	88

** Investments in debt instruments relate primarily to government bonds and are measured at fair value through other comprehensive income (with recycling).*

	September 30, 2019	December 31, 2018
Financial Liabilities		
Financial liabilities at fair value		
Derivatives not designated as hedges	63	65
Derivatives designated as net investment hedges	86	—
Contingent consideration	40	40
Other	—	2
	189	**107**
Financial liabilities at amortized cost		
Bank loans and bonds - principal	7,548	7,298
Bank loans and bonds - accrued interest and unamortized fees	82	68
Lease liabilities	2,027	—
Put-option liability over non-controlling interest	328	306
Other financial liabilities	76	77
	10,061	**7,749**
Total financial liabilities	**10,250**	**7,856**
Non-current	7,361	6,567
Current	2,889	1,289

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

Significant changes in financial assets and liabilities

There were no significant changes in financial assets and liabilities in the nine-month period ended September 30, 2019, except for the scheduled repayments of debt, adoption of IFRS 16 *Leases*, or as described below. Furthermore, there were no changes in risks and risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

Security deposits and cash collateral

During the third quarter of 2019, PMCL deposited approximately US$225 as collateral, which is recorded as a financial asset. See Note 6 for further details.

Banglalink Digital Communications Limited new syndicated term facility agreement

On April 25, 2019, the Company announced that its subsidiary, Banglalink Digital Communications Limited (**"Banglalink"**), entered into a new US$300 syndicated term facility agreement with several international banks. The facility is guaranteed by VEON Holdings B.V. for nil consideration. The facility has a tenor of 12 months with extension options for another 24 months upon agreement with the lenders, and was used to refinance the principal amount of Banglalink's US$300 bond that matured on May 6, 2019.

VEON Holdings B.V. new term facility agreement

On June 26, 2019, VEON Holdings B.V. ("**VEON Holdings**") entered into a new US$600 short-term credit facility agreement with an international bank, which was utilized to settle the MTO and subsequently fully and finally repaid. As of September 30, 2019, the facility is expired.

Pakistan Mobile Communications Limited new bilateral term facility

On June 19, 2019, PMCL entered into a bilateral secured PKR 14,369 million term facility with a local bank. The facility has a tenor of 7 years and bears interest at 6-month KIBOR increased by a margin of 0.75% per annum. The security is on comparable terms to PMCL's existing debt.

Pakistan Mobile Communications Limited new syndicated term facility and Islamic facility

In June 2019, PMCL entered into a secured syndicated term facility and an Islamic financing facility for a joint amount of up to PKR 45,000 million and a period of up to 7 years. The cost of both facilities corresponds to 6-month KIBOR increased by a margin of 0.75% per annum. The security is on comparable terms to PMCL's existing debt.

Fair values

The carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table above, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$7,942 at September 30, 2019 (December 31, 2018: US$7,430); and
- 'Lease liabilities', for which fair value has not been determined.

Fair values were estimated based on quoted market prices (for bonds), derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile.

As of September 30, 2019 and December 31, 2018, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs, except for Contingent consideration, for which fair value is classified as Level 3. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the nine-month period ended September 30, 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

A reconciliation of movements relating to Contingent consideration is shown below:

Level 3 fair value movements	Contingent consideration
As of December 31, 2018	**40**
Fair value changes recognized in the income statement	—
As of September 30, 2019	**40**

All impairment losses and changes in fair values of financial instruments are unrealized and are recorded in “Other non-operating losses” in the consolidated income statement.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	September 30, 2019	December 31, 2018
Cash at banks and on hand	859	756
Short-term deposits with original maturity of less than three months	458	1,052
Cash and cash equivalents	**1,317**	**1,808**
Less overdrafts	(119)	(17)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**1,198**	**1,791**

As of September 30, 2019 and December 31, 2018, there were no restricted cash and cash equivalent balances. Cash balances as of September 30, 2019 include investments in money market funds of US$192 (December 31, 2018: US $349).

As of September 30, 2019, some bank accounts forming part of a cash pooling program and being an integral part of the Company’s cash management remained overdrawn by US$119 (2018: US$17). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company’s cash management, they were included as cash and cash equivalents within the statement of cash flows.

9 ISSUED CAPITAL

As of September 30, 2019, the Company’s largest shareholders and remaining free float are as follows:

Shareholder	Common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. (“LetterOne”)	840,625,001	47.9%
Telenor East Holding II AS (“Telenor”)	156,703,840	8.9%
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3%
Free Float, including 7,603,731 shares held by a subsidiary of the Company	613,454,732	34.9%
Total outstanding common shares	**1,756,731,135**	**100.0%**

** LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion.*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

10 DIVIDENDS PAID AND PROPOSED

On March 20, 2019, the Company paid a final dividend of US 17 cents per share, bringing total 2018 dividends to US 29 cents per share. On August 22, 2019, the Company paid an interim gross dividend of US 13 cents per share for 2019.

The Company makes appropriate tax withholdings of up to 15% when dividends are paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

11 RELATED PARTIES

For the nine and three-month periods ended September 30, there were no material transactions and there were no material balances recognized with related parties as of this date.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The carrying value of obligations under the Value-growth cash based long-term incentive plan (the **"LTI Plan"**) as of September 30, 2019 and December 31, 2018, respectively, was equal to US$27 and US$35. Included within 'Selling, general and administrative expenses' for the nine and three-month periods ended September 30, 2019, respectively, is a gain of US$7 (2018: gain of US$24) and a gain of US$2 (2018: US$18 expense) relating to share-based payment expense under the LTI Plan.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material risks, commitments, contingencies and uncertainties that occurred during the nine-month period ended September 30, 2019, and there were no material changes during the same period to the risks, commitments, contingencies and uncertainties as disclosed in the Note 8 and Note 9 in the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

As a result of the adoption of IFRS 16 all lease commitments were included into lease liabilities recognized in the interim condensed consolidated statement of financial position as of January 1, 2019. For reconciliation of the Company's operating lease commitments as of December 31, 2018, to the lease liabilities recognized on January 1, 2019 please refer to Note 14.

13 EVENTS AFTER THE REPORTING PERIOD

Deferred Prosecution Agreement expired

On October 31, 2019, the Deferred Prosecution Agreement ("**DPA**") that VEON entered into with the US Department of Justice on February 18, 2016 expired. This marks the conclusion of the compliance monitorship required by the DPA and VEON's settlement with the US Securities and Exchange Commission.

Issuance of new notes

On October 9, 2019, VEON Holdings issued US$700 4.00% senior unsecured notes due 2025 (the "**Notes**"). The net proceeds of the Notes have been used primarily to refinance drawings on the revolving credit facility used to fund the MTO for GTH, and for general corporate purposes.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

The interim condensed consolidated financial statements for the nine and three-month periods ended September 30, 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2018.

The preparation of these interim condensed consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgments, estimates and assumptions affects the amounts reported in the statement of financial position, income statement, statement of cash flows, statement of changes in equity, as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2018.

A number of new and amended standards became effective as of January 1, 2019, the impact of which is described below. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

IFRIC 23 'Uncertainty over income tax treatments'

The interpretation clarifies the application of recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. The Group has assessed the impact of IFRIC 23, which was not material to the financial statements of the Group upon adoption in 2019.

IFRS 16 'Leases'

IFRS 16 replaced IAS 17 *Leases*, the former lease accounting standard and became effective on January 1, 2019. Under the new lease standard, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability.

In 2018, the Group has performed a detailed impact assessment of IFRS 16 and the impact on its adoption was as follows:

	December 31, 2018	Impact of IFRS 16	January 1, 2019
Assets			
Non-current assets			
Property and equipment			
Property and equipment	4,932	(71)	4,861
Right-of-use assets	—	2,023	2,023
Intangible assets	1,854	(15)	1,839
Goodwill	3,816	—	3,816
Deferred tax assets	197	—	197
Other financial assets	193	(1)	192
Total non-current assets	**10,992**	**1,936**	**12,928**
Current assets			

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

Trade and other receivables	577	—	577
Other current assets	2,516	(61)	2,455
Total current assets	**3,093**	**(61)**	**3,032**
Assets classified as held for sale	17	4	21
Total assets	**14,102**	**1,879**	**15,981**
Equity			
Equity attributable to equity owners of the parent	3,670	(3)	3,667
Non-controlling interests	(891)	(1)	(892)
Total equity	**2,779**	**(4)**	**2,775**
Non-current liabilities			
Financial liabilities	6,567	(45)	6,522
Provisions	110	—	110
Lease liabilities	—	1,638	1,638
Deferred tax liabilities	180	—	180
Other liabilities	53	(9)	44
Total non-current liabilities	**6,910**	**1,584**	**8,494**
Current liabilities			
Trade and other payables	1,432	(54)	1,378
Other financial liabilities	1,289	(6)	1,283
Lease liabilities	—	361	361
Provisions	398	(3)	395
Other liabilities	1,290	(3)	1,287
	4,409	**295**	**4,704**
Liabilities associated with assets held for sale	4	4	8
Total equity and liabilities	**14,102**	**1,879**	**15,981**

The Company, as a lessee, recognizes a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right-of-use asset is measured as the amount equal to the initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right-of-use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the country specific incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Right-of-use assets and lease liabilities will be remeasured subsequently if one of the following events occurs:

- Change in lease price due to indexation or rate which has become effective in reporting period
- Modifications to the lease contract
- Reassessment of the lease term

Leases of non-core assets and not related to the main operating activities of the Group, which are short-term in nature (less than 12 months including extension options) and leases of low-value items are expensed in the income statement as incurred.

Transition

The Company adopted IFRS 16 on the date the standard became effective, January 1, 2019. The Group adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption was recognized in retained earnings as of January 1, 2019 and that comparatives were not restated.

The Group used the following practical expedients when adopting IFRS 16 on its effective date:

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS standards (IAS 17 *Leases* and IFRIC 4 *Determining whether and Arrangement contains a Lease*);
- a single discount rate applied to a portfolio of leases with reasonably similar characteristics as permitted by IFRS 16;
- initial direct cost was excluded from the measurement of the right-of-use asset as at January 1, 2019;
- the Group's onerous contract provision process used as the impairment assessment of right-of-use assets upon transition.

The weighted-average incremental rate applied to lease liabilities recognized on January 1, 2019 was 9.62%.

Carrying values of property and equipment and financial liabilities related to finance leases as of December 31, 2018 were reclassified to right-of-use assets and lease liabilities, respectively on January 1, 2019. These carrying values related to finance leases were not remeasured at the transition date.

Significant judgments upon adoption IFRS 16

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between VEON and the lessor or lease contracts which are cancelable by the Company on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that these cancelable future lease periods should be included within the lease term, which represents an increase to the future lease payments used in determining the lease liability upon initial recognition. The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts.

(in millions of U.S. dollars unless otherwise stated)

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The following table reconciles the Company's operating lease commitments as of December 31, 2018, to the lease liabilities recognized upon initial application of IFRS 16 on January 1, 2019.

	US$
Operating lease commitments as of December 31, 2018	632
Increase in lease commitments of cancelable leases included in reasonably certain lease term	1,846
Use of IFRS 16 practical expedients (old lease accounting continues for exceptions)	(4)
Leases commencing subsequent to transition date committed to as of December 31, 2018	(47)
Accruals included in the lease liability calculation	59
Other	22
Total undiscounted lease payments which are reasonably certain	**2,508**
Discounting effect using incremental borrowing rate	(559)
IAS 17 finance lease liabilities recognized on balance sheet as of December 31, 2018 (discounted)	54
IFRS 16 Lease liability recognized on balance sheet as of January 1, 2019	**2,003**
IFRS 16 lease liability presented as:	
Non-current	1,638
Current	361
Liabilities associated with assets held for sale	4
	2,003

Amsterdam, November 4, 2019

VEON Ltd.