



# 3Q 2011 Presentation

**Jo Lunder, CEO**

Amsterdam, November 14, 2011

# Disclaimer

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This presentation contains "forward-looking statements", as the phrase is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to the Company's strategy, development plans and anticipated performance. The forward-looking statements are based on management's best assessment of the Company's strategic and financial position, and future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of continued volatility in the economies in the markets in which the Company operates, unforeseen developments from competition, governmental regulation of the telecommunications industries and general political uncertainties in the markets in which the Company operates and/or litigation with third parties. The actual outcome may also differ materially if the Company is unable to obtain all necessary corporate approvals relating to its business, if the Company is unable to successfully integrate newly-acquired businesses and other factors. There can be no assurance that these risks and uncertainties will not have a material adverse effect on the Company, that the Company will be able to grow or that it will be successful in executing its strategy and development plans. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company's annual report on Form 20-F for the year ended December 31, 2010 filed with the U.S. Securities and Exchange Commission (the "SEC") and other public filings made by the Company with the SEC, which risk factors are incorporated herein by reference. VimpelCom disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained herein, or to make corrections to reflect future events or developments.

# Key messages

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- Strong mobile subscribers growth, surpassing 200 million mark
- Double digit top line improvements
- Organic growth in all Business Units
- EBITDA margin declined due to performance in Russia, next step is converting top line growth into EBITDA growth
- Integration of Wind Telecom on track to be completed by year-end
- Strong cash flow generation



- Announced Value Agenda for 2012-2014 focusing on
  - ▶ Profitable Growth
  - ▶ Operational Excellence
  - ▶ Capital Efficiency
- Awarded 4G spectrum in Italy
- Algeria risk and value sharing mechanism allowed to expire
- OTH demerger process ongoing
- Secured NPV USD 1.9 billion from integration of Wind Telecom
- Appointment of Deputy CEO and COO

# Key results

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- Mobile subscribers surpassed 200 million in October
- Total fixed-line subscribers of 5 million
- Revenues USD 6.1 bn, up 10% YoY\* driven by 5% organic growth and favorable forex
- EBITDA up 4% YoY\* to USD 2.5 bn
- Net income decreased to USD 104 million mostly driven by non-cash forex related items
- Net cash from operating activities up 69% YoY to USD 1.9 bn
- Net debt / LTM EBITDA improved to 2.4x\*

# Financial Highlights

**Henk van Dalen, CFO**

# 3Q11 Financial Highlights

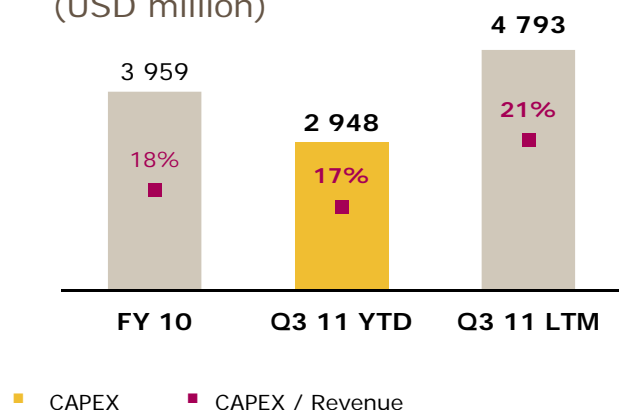


## Consolidated financial highlights (Actual)

(USD million)

	Actual		
	3Q 11	3Q 10	YoY
Net operating revenues	6,093	2,824	116%
<b>EBITDA</b>	<b>2,535</b>	<b>1,358</b>	<b>87%</b>
EBITDA margin	41.6%	48.1%	
<b>EBIT</b>	<b>1,266</b>	<b>812</b>	<b>56%</b>
<b>Net income to VimpelCom Ltd.</b>	<b>104</b>	<b>496</b>	<b>-79%</b>
EPS, basic (USD)	0.07	0.39	-82%
Capital expenditures	1,193	520	129%
Net cash from operating activities (NCOA)	1,857	1,097	69%
<b>NCOA per share (USD)</b>	<b>1.1</b>	<b>0.8</b>	<b>38%</b>

### CAPEX (Pro forma)\* (USD million)



- Revenues more than doubled YoY
- EBITDA increased by 87% YoY
- Net cash from operating activities up 69%
- Capex of USD 1.2 billion in 3Q11
- Capex of USD 2.9 billion YtD, 17% of revenues YtD

\* Excluding license payments

# 3Q11 Pro Forma Financial Performance



<i>(USD million)</i>	Pro forma	
	Q3 11	Q3 10
<b>Revenues</b>	6,093	5,519
<b>EBITDA</b>	2,535	2,435
Depreciation/ Amortization/ Other	(1,269)	(1,138)
<b>EBIT</b>	1,266	1,297
Tax	(250)	(316)
Financial income / expenses	(481)	(493)
<b>FX and Other</b>	(444)	(24)
<b>Net income</b>	104	460

Business Units	Revenue		EBITDA	
	Organic	FX	Organic	FX
Russia	8%	6%	-8%	5%
Ukraine	4%	-1%	-1%	-1%
Europe & NA	2%	9%	1%	8%
CIS	19%	-	24%	-
Africa & Asia	5%	-	13%	-
<b>Total</b>	5%	5%	-1%	5%

- Net Income came in at USD 104 million, being 77% lower than 3Q 2010 on a pro forma basis. The main drivers of this USD 356 million decline were:
  - ▶ Unrealized forex losses of approximately USD 110 million attributable to the intercompany loan to Wind Mobile in Canada denominated in CAD due to negative movements in exchange rate of EGP towards CAD and of approximately USD 180 million due to movements in EUR towards USD rate as opposite to positive movements in 3Q 2010;
  - ▶ Non-cash loss of around USD 110 million related to the fair value adjustment of the embedded derivatives in Wind Italy;
  - ▶ Offset by other positive movements.



# Debt, Cash and Ratios



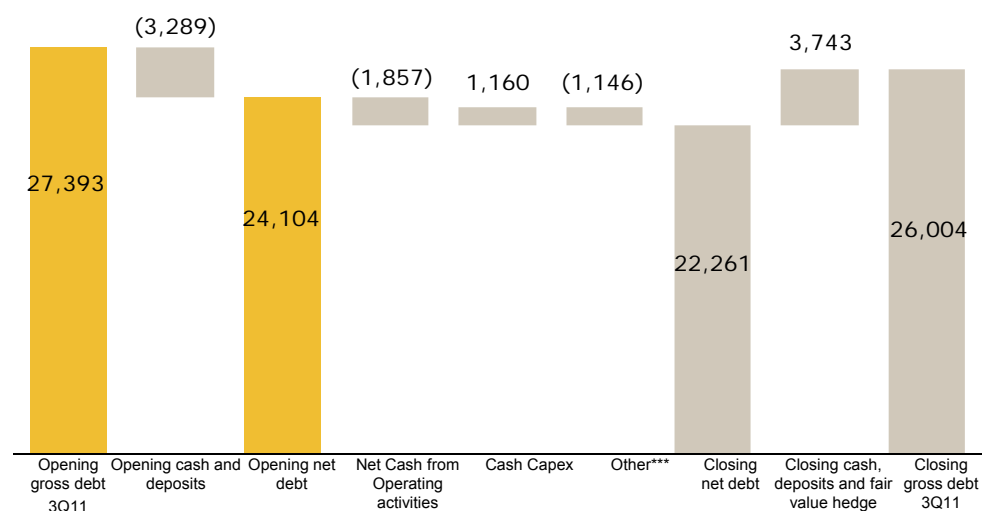
## Key Components

(USD million)	September 30, 2011
<b>Cash and Cash Equivalents</b>	<b>3,443</b>
<b>Total Assets</b>	<b>55,999</b>
<b>Gross Debt</b>	<b>26,004</b>
-Short-term	1,600
-Long-term	24,404
<b>Shareholders' equity</b>	<b>15,226</b>
<b>Gross Debt/Assets</b>	<b>0.5</b>
<b>Net Debt**</b>	<b>22,261</b>
<b>Pro forma LTM EBITDA*</b>	<b>9,429</b>
- Pro forma LTM Operating income	4,376
<b>Pro forma LTM Financial Income and Expenses</b>	<b>1,921</b>

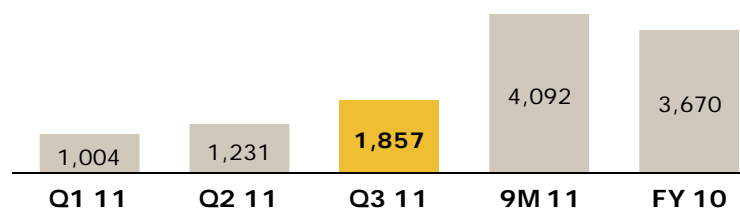
Pro forma ratios LTM 3Q 11	September 30, 2011
<b>Net Debt/ EBITDA</b>	<b>2.4</b>
<b>EBITDA/ Financial Income and Expenses</b>	<b>4.9</b>
<b>Gross Debt/ EBITDA</b>	<b>2.8</b>

## Consolidated Cash and Net Debt Development

Actual 3Q 2011 (USD million)



## Net Cashflow From Operating Activities, Actual (USD million)



\* See definition of EBITDA in earnings release. LTM stands for "last twelve months" to reporting date.

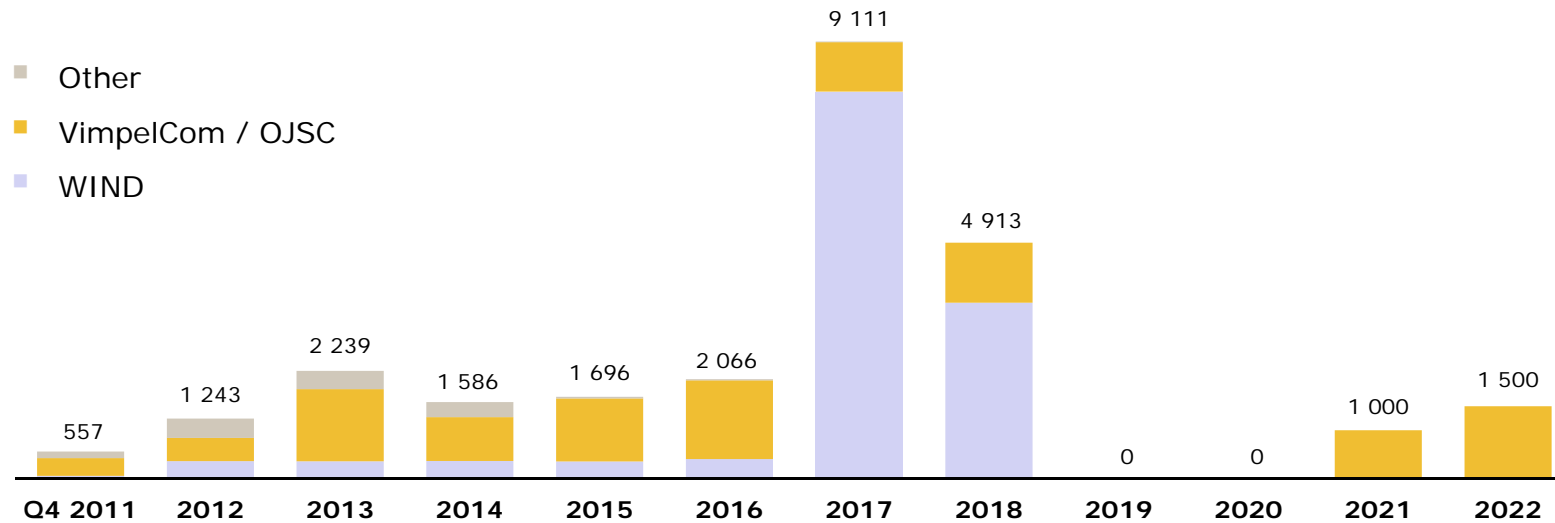
\*\* See definition of net debt in earnings release

\*\*\* Forex effect on cash, non-cash changes debt, Wind deposits and finance raising costs

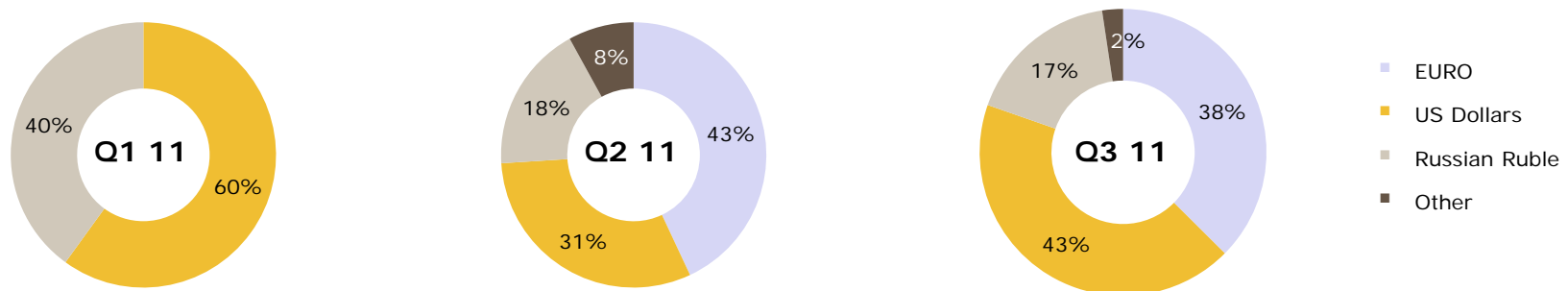
# Debt Composition and Maturity Profile



**Group Debt Maturity Schedule as of September 30, 2011 Actual**  
(USD million)



**Debt Composition by Currency Actual**



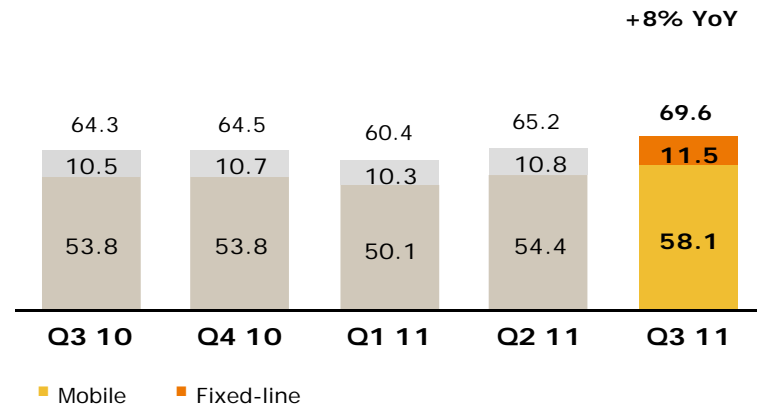
# Business Units Performance

**Khaled Bichara, President and COO**

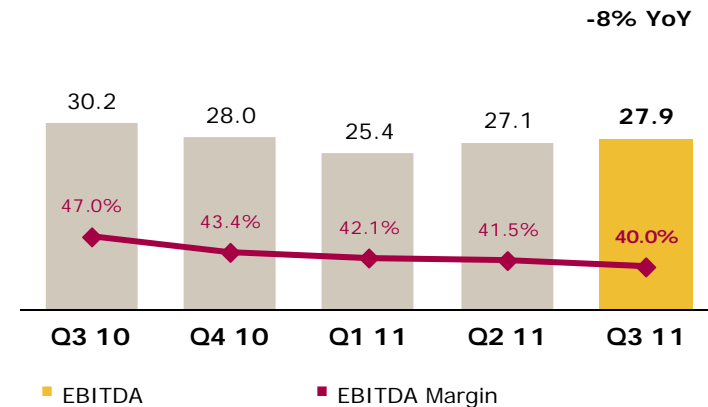
# BU Russia: Financial Highlights



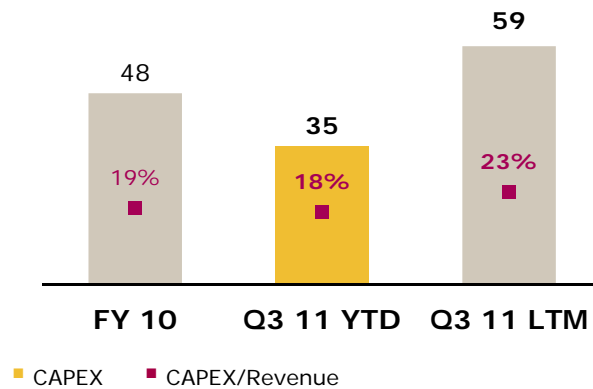
## Revenues (RUR billion)



## EBITDA and EBITDA Margin (RUR billion)



## CAPEX (RUR billion)



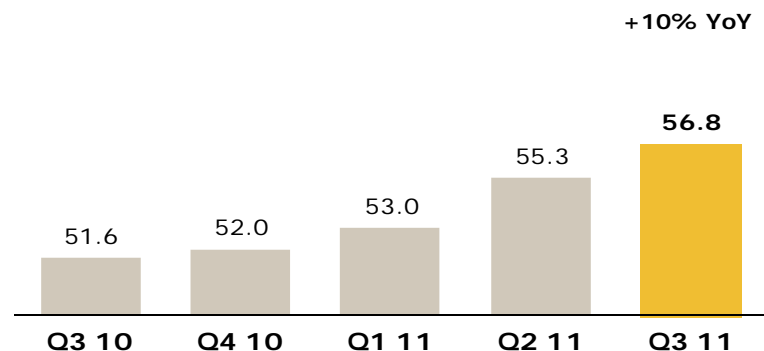
### Highlights:

- Mobile subscribers 56.8 million, up 10% YoY
- Revenues RUR 69.6 million, up 8% YoY
- EBITDA margin declined to 40%
- More than 1.6 million mobile net adds
- Solid growth mobile data and increased data ARPU
- Mobile BB subscribers 2.4 million, up 59% YoY
- Strong growth of fixed broadband; continued expansion of IPTV
- Fixed BB revenues RUR 2.2 billion, up 55% YoY
- In line with announced strategy, drive sustainable profitable growth going forward

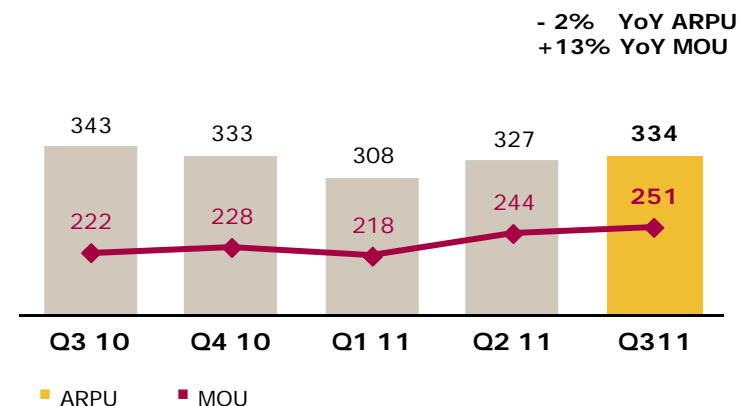
# BU Russia: Operating Highlights



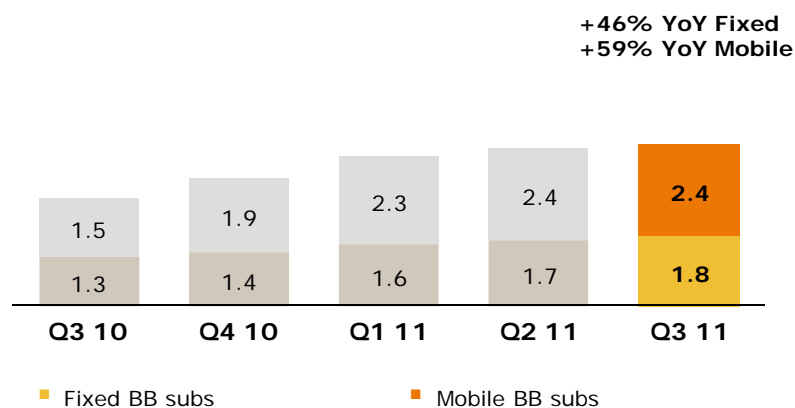
**Mobile subscribers**  
(million)



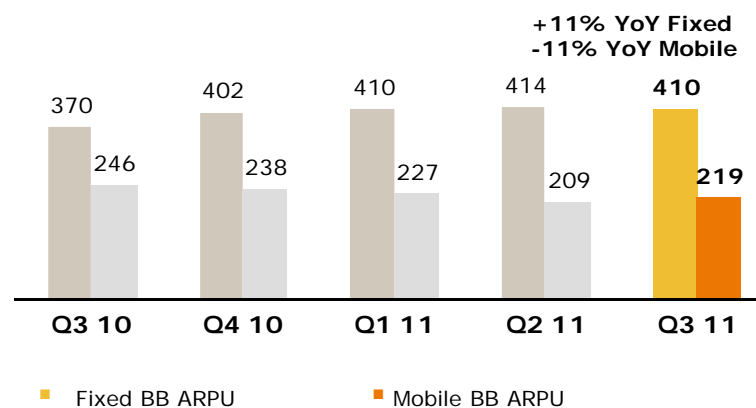
**Mobile ARPU and MOU**  
(RUR) (min)



**Broadband subscribers**  
(million)



**Broadband ARPU**  
(RUR)



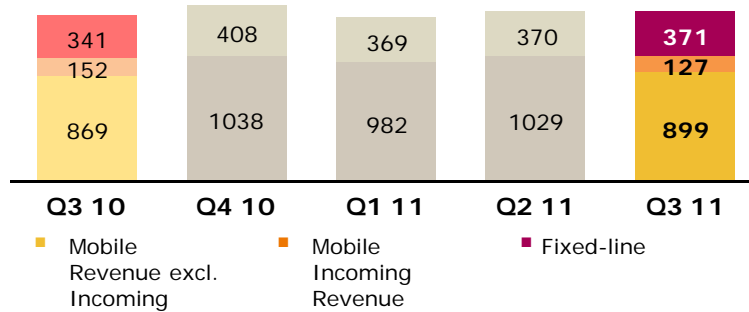
	Current situation	Actions
<p><b>Revenues</b></p> <p>↓</p> <p><b>Gross Margin</b></p> <p>↓</p> <p><b>Opex</b></p> <p>Technical</p> <p>Commercial</p> <p>Other</p> <p>↓</p> <p><b>EBITDA</b></p>	<ul style="list-style-type: none"> <li>• At the beginning of 2011 VIP was premium priced vs competitors</li> <li>• This caused VIP to reposition its focus on closing the price gap in 2011 accelerating revenue growth and improved market share</li> <li>• However, resulting APPM decline caused gross margin to fall</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Acceleration in network construction drove higher maintenance costs</li> <li>• High sales volumes ensure increase in active base</li> <li>• However, total cost of sales SAC is growing faster than revenue</li> <li>• Changing tax legislation brought additional expenses in S&amp;B</li> </ul>	<ul style="list-style-type: none"> <li>• On net traffic stimulation</li> <li>• Active promotions in small screen data segment</li> <li>• Improve customer loyalty and actively manage churn</li> <li>• Optimized sales mix to improve contribution margin in sales</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Operational excellence program aimed at driving cost savings of at least RUR 5 billion in 2012, including following projects:             <ul style="list-style-type: none"> <li>▶ Network sharing and outsourcing initiatives to decrease network maintenance costs</li> <li>▶ Optimized structure of dealer commissions</li> <li>▶ Optimized cash collection</li> </ul> </li> </ul>

# BU Europe & NA: Financial Highlights Italy



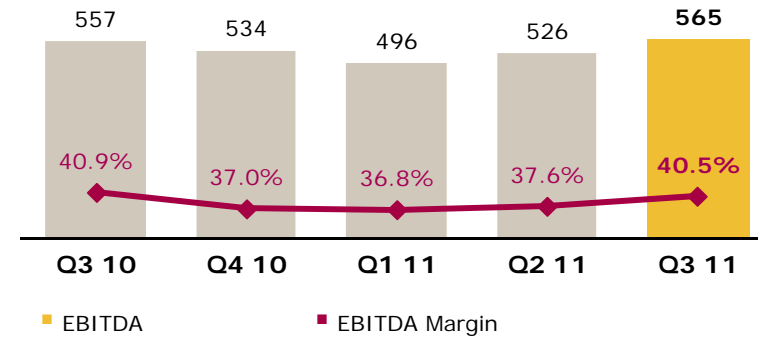
## Revenues\* (EUR million)

Total Revenues +2% YoY  
Revenue excl. Mobile incoming + 5% YoY

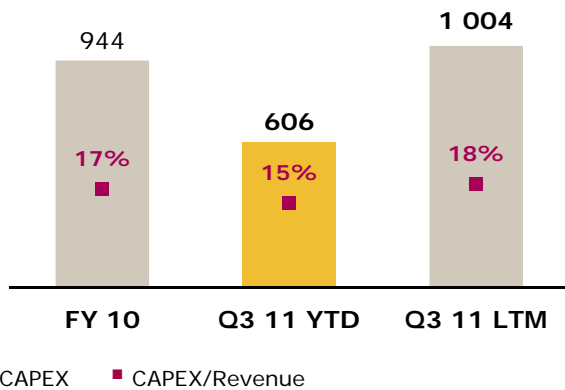


## EBITDA\* and EBITDA Margin (EUR million)

+1.4% YoY



## CAPEX\* (EUR million)



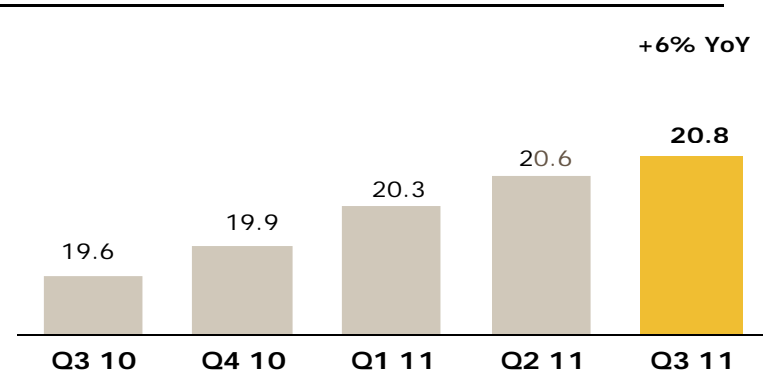
## Highlights:

- Continued outperformance of the market
- Mobile subscribers grow 6% YoY to 20.8 million
- Revenues up 2% YoY to EUR 1.4 billion driven by service revenues up 1% and certain settlements in the quarter: Total revenues excluding mobile incoming increase 5% YoY
- Solid growth of fixed broadband revenues (+23%) coupled with an increase in ARPU
- Strong growth in mobile Internet revenues, up 34%
- EBITDA growth of 1.4% to EUR 565 million, margin of 40.5%
- Fixed broadband subscribers increased 15%

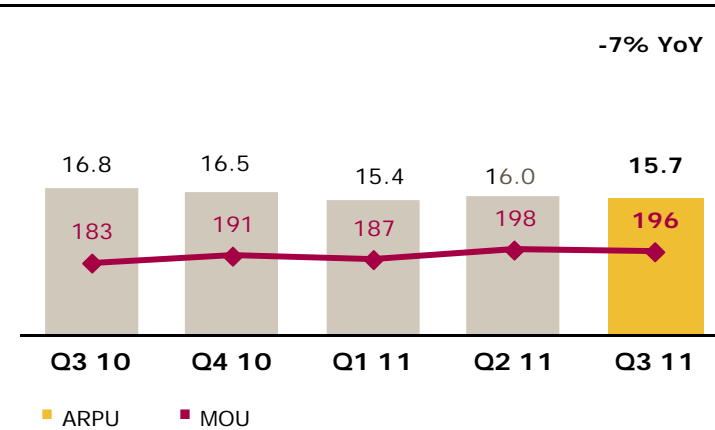
# BU Europe & NA: Operating Highlights Italy



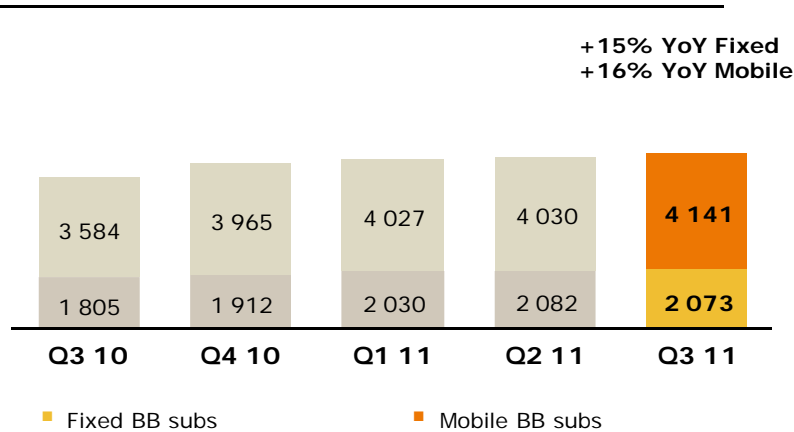
**Mobile subscribers**  
(million)



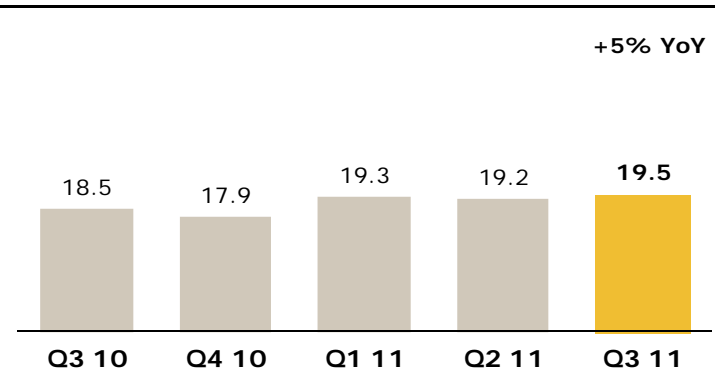
**ARPU and MOU**  
(EUR) (min)



**Broadband subscribers\***  
(thousands)



**Fixed Broadband ARPU**  
(EUR)



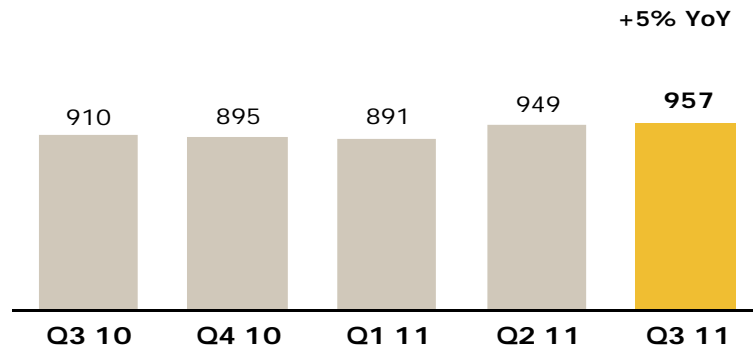
\* Mobile broadband includes consumer customers that have performed at least one mobile Internet event in the previous month on 2.5G/3G/3.5G network technology



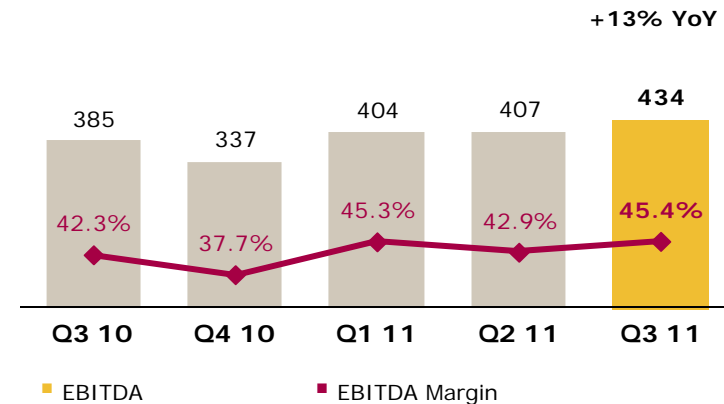
# BU Africa & Asia: Financial and Operating Highlights



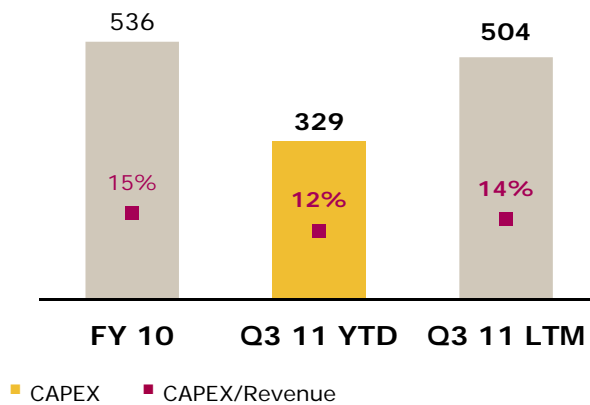
## Revenues (USD million)



## EBITDA and EBITDA Margin (USD million)



## CAPEX (USD million)



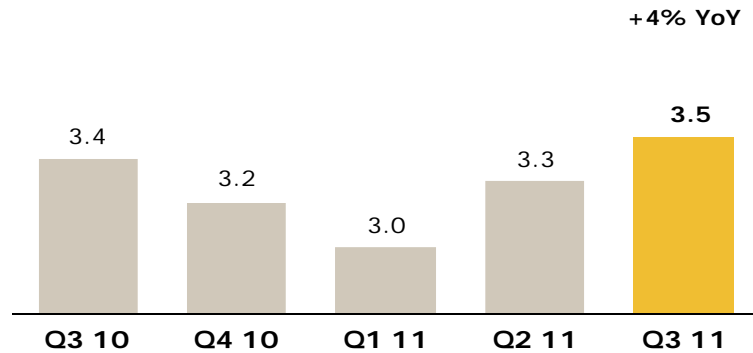
## Highlights:

- Subscriber base approached the 78 million mark
- Net operating revenues increased 5% YoY, resulting from growth in all operating units
- EBITDA grew 13% YoY, reflecting revenue growth and focus on cost optimization
- Strong EBITDA margin of 45.4%
- Algeria:** Revenue increased 6% in local currency despite challenging regulatory environment.
- Pakistan:** 6.5% revenue growth in local currency and 11% EBITDA growth ; EBITDA margin 41%
- Bangladesh:** EBITDA increased ~100% in local currency driven by revenue growth and reduced SIM card costs

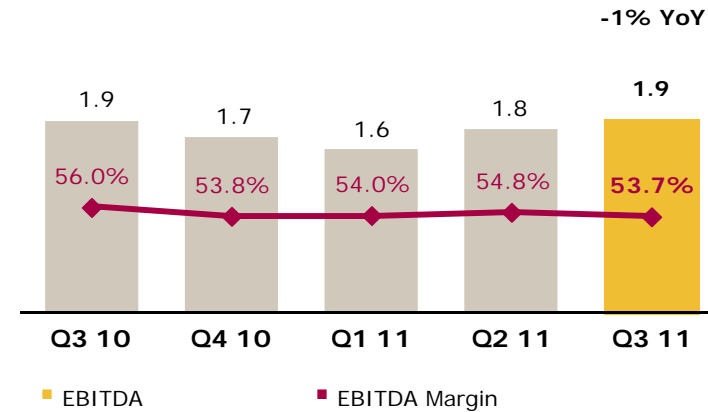
# BU Ukraine: Financial and Operating Highlights



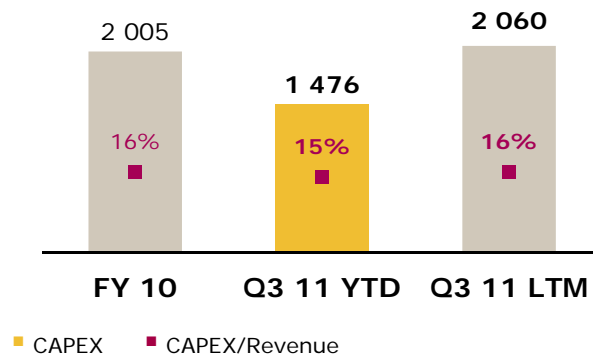
## Revenues (UAH billion)



## EBITDA and EBITDA Margin (UAH billion)



## CAPEX (UAH million)



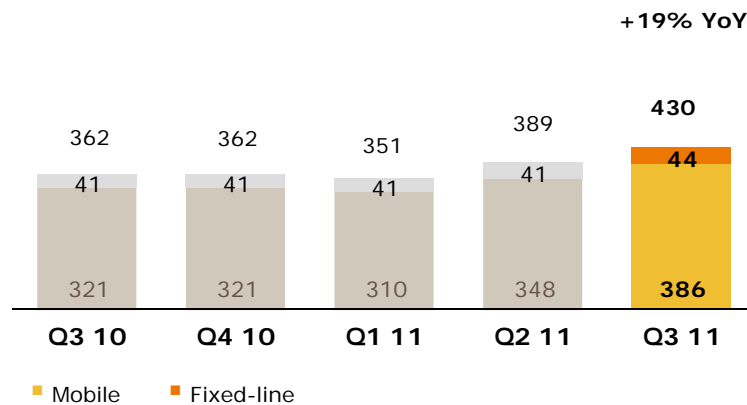
### Highlights:

- Continued healthy top line growth and maintained leading market position
- Revenue UAH 3.5 million, up 4% YoY, driven by growth in both mobile and fixed segments
- Strong growth in mobile data revenue, up 27% YoY to UAH 212 million
- Fixed-line revenue up 35% YoY, reflecting 94% increase in fixed broadband revenue YoY and 53% in wholesale
- EBITDA down 1% YoY

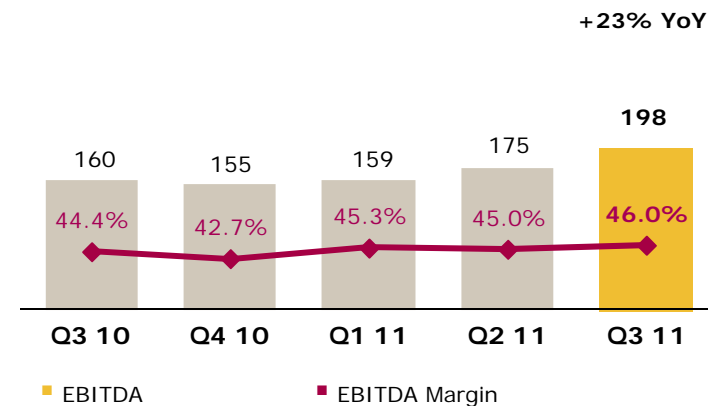
# BU CIS\*: Financial and Operating Highlights



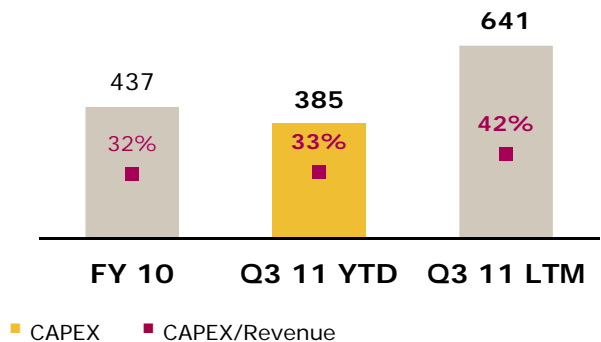
## Revenues (USD million)



## EBITDA and EBITDA Margin (USD million)



## CAPEX (USD million)



### Highlights:

- Double digit revenue growth in almost all markets
- Revenues USD 430 million, up 19% YoY
- Fixed revenues USD 44 million, up 7% YoY
- Record data services revenue growth of 108% YoY
- EBITDA of USD 198 million, up 23%
- EBITDA margin 46%
- Continued investments in network roll out to support data and voice traffic
- **Kazakhstan** revenue grew 12%, EBITDA remained strong
- **Uzbekistan** improved market position with strong growth of revenue and EBITDA due to 3G roll out

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

# Conclusion



- Strong mobile subscribers growth, surpassing 200 million mark
- Double digit top line improvements
- Organic growth in all Business Units
- Data growth across all subsidiaries
- Integration of Wind Telecom on track to be completed by year-end
- EBITDA declined due to performance in Russia, next step is converting top line growth into EBITDA growth
- Strong cash flow generation

**Analyst and Investor Day tomorrow provides details of our strategy**





Q&A

Amsterdam, November 14, 2011



Thank you

Amsterdam, November 14, 2011

# Contact Information

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Please find herewith all contact details of VimpelCom's Investor Relations team:

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# Appendices

Amsterdam, November 14, 2011



# FOREX Development



Currency	Average rates			Closing rates		
	YTD11	YTD10	YoY	YTD11	FY2010	Delta
RUR	28.77	30.25	5.1%	31.88	30.48	-4.4%
EUR	1.41	1.32	-6.4%	1.35	1.34	-1.0%
DZD	72.55	74.52	2.7%	74.17	74.29	0.2%
PKR	85.88	85.18	-0.8%	87.48	85.67	-2.1%
BDT	73.10	69.75	-4.6%	75.17	70.60	-6.1%
VND	20,631	-	n/a	20,628	-	n/a
LAK	8,009	-	n/a	8,003	-	n/a
UAH	7.96	7.94	-0.3%	7.97	7.96	-0.1%
KZT	146.19	147.30	0.8%	147.87	147.40	-0.3%
AMD	369.68	378.06	2.3%	372.05	363.44	-2.3%
GEL	1.69	1.79	5.9%	1.66	1.77	6.6%
KGS	46.17	45.72	-1.0%	45.00	47.10	4.7%

# Reconciliation Tables



## Reconciliation of consolidated EBITDA of VimpelCom

USD mln	Pro forma			
	3Q11	3Q 10	YTD 2011	YTD 2010
<b>Unaudited pro forma</b>				
EBITDA	2,535	2,435	7,163	7,018
Adjustment for certain non-operating items	5	19	15	25
Depreciation	(930)	(742)	(2,636)	(2,216)
Amortization	(339)	(387)	(1,039)	(1,152)
Impairment loss	-	(9)	(2)	(24)
Operating income	1,271	1,316	3,501	3,650
Adjustment for certain non-operating items	(5)	(19)	(15)	(25)
EBIT	1,266	1,297	3,486	3,626
Financial income and expenses	(481)	(493)	(1,451)	(1,522)
- including interest income	37	22	111	117
- including interest expense	(518)	(516)	(1,563)	(1,639)
Net foreign exchange (loss)/gain and others	(444)	(24)	(367)	(441)
- including net foreign exchange (loss)/gain	(200)	121	10	(78)
- including equity in net (loss)/gain of associates	(16)	(16)	(4)	(76)
- including other (expense)/income, net	(232)	(149)	(388)	(311)
- Including adjustment for certain non-operating items	5	19	15	25
EBT	341	779	1,668	1,664
Income tax expense	(250)	(316)	(668)	(741)
Profit (loss) from discontinued operations	12	-	12	-
Net income	104	463	1,013	921
Net (loss)/income attributable to the noncontrolling interest	(1)	3	33	(39)
Net Income attributable to VimpelCom Ltd.	104	460	980	961

# Reconciliation Tables



## Reconciliation of consolidated EBITDA of VimpelCom (Continued)

USD mln	Actual			
	3Q11	3Q 10	YTD 2011	YTD 2010
<b>Unaudited</b>				
EBITDA	2,535	1,358	5,926	3,659
Adjustment for certain non-operating items	5	19	15	22
Depreciation	(930)	(408)	(2,235)	(1,137)
Amortization	(339)	(138)	(731)	(321)
Impairment loss	-	-	(0)	-
Operating income	1,271	832	2,974	2,222
Adjustment for certain non-operating items	(5)	(19)	(15)	(22)
EBIT	1,266	812	2,960	2,200
Financial income and expenses	(481)	(111)	(1,050)	(357)
- including interest income	37	15	72	42
- including interest expense	(518)	(126)	(1,122)	(400)
Net foreign exchange (loss)/gain and others	(444)	39	(386)	(31)
- including net foreign exchange (loss)/gain	(200)	27	(87)	6
- including equity in net (loss)/gain of associates	(16)	19	30	27
- including other (expense)/income, net	(232)	(27)	(344)	(85)
- Including adjustment for certain non-operating items	5	19	15	22
EBT	341	740	1,524	1,812
Income tax expense	(250)	(230)	(551)	(561)
Profit (loss) from discontinued operations	12	-	16	-
Net income	104	510	989	1,251
Net (loss)/income attributable to the noncontrolling interest	(1)	14	55	39
Net Income attributable to VimpelCom Ltd.	104	496	933	1,212

## Reconciliation of consolidated net debt of VimpelCom

<b>USD mln</b>	<b>3Q 10</b>	<b>4Q 10</b>	<b>1Q 11</b>	<b>2Q 11</b>	<b>3Q 11</b>
Net debt	3,970	4,740	4,840	24,104	22,261
Cash and cash equivalents	2,467	885	1,858	3,190	3,443
Long - term and short-term deposits	56	36	592	99	153
Fair value hedge	-	-	-	-	147
Total debt,	6,493	5,661	7,290	27,393	26,004
incl. Long - term debt	4,367	4,499	6,047	25,756	24,404
incl. Short-term debt	2,126	1,162	1,243	1,637	1,600