2 MAY 2019

VEON REPORTS GOOD Q1 2019 RESULTS

Amsterdam (2 May 2019) – VEON Ltd. (NASDAQ: VEON, Euronext Amsterdam: VEON), a leading global provider of connectivity and internet services, today announces financial and operating results for the quarter ended 31 March 2019.

KEY Q1 2019 RESULTS[1]

- **Solid organic[2] revenue growth in Q1 2019:** total revenue increased by 7.4% organically[2] year on year to USD 2,124 million, driven by strong performance in Pakistan, Ukraine, Bangladesh and Russia
- **Strong organic data revenue growth across VEON's markets:** data revenue continued to grow strongly, rising by 26.4% organically[2] year on year, with Ukraine (+83%), Pakistan (+94%) and Bangladesh (+36%) delivering large increases year on year following investment in 4G/LTE networks
- **Currency movements negatively impacted total revenue**, which decreased by 5.6% due to currency headwinds of USD 291 million
- **Adjusted for the positive effect of IFRS 16, EBITDA increased by 37.3% year on year.** On a pre-IFRS 16 basis, EBITDA increased to USD 1,172 million, boosted by exceptional income of USD 350 million in respect of a revised partnership with Ericsson, which more than offset currency headwinds of USD 119 million. Pre-IFRS 16 EBITDA margin was 55.2% and 39.0% excluding exceptional income versus 38.0% in Q1 2018. Reported EBITDA increased by 52.0%
- **Double-digit organic[2] growth in EBITDA of 10.3% year on year**, helped by good operational performance in Russia, Pakistan, Ukraine and Bangladesh
- **Cost intensity ratio[3] improved organically[2] by 1.9 percentage points year on year to 58.6%,** helped by lower service costs in Russia and Ukraine as well as the early impact of other cost reduction initiatives across the Group's operating companies
- **Corporate costs excluding exceptional income of USD 350 million fell 33% year on year to USD 54 million**, in line with VEON´s ambition to reduce corporate costs by 25% year on year in FY 2019 and to halve run-rate corporate costs from FY 2017 level by end-FY 2019
- **Reported equity free cash flow[4] of USD 457 million in 1Q19. Adjusted for the positive effect of IFRS 16, the company generated USD 380 million equity free cash flow** boosted by the first of two payments (USD 175 million) from Ericsson, the second of which is expected to be received in Q2 2019

KEY DEVELOPMENTS

- VEON submitted a mandatory tender offer in relation to Global Telecom Holding ("GTH") in a further attempt by VEON to address its strategic relationship with GTH
- A revised technology infrastructure agreement was concluded with Ericsson, resulting in exceptional income of USD 350 million, which is accounted for in EBITDA in Q1 2019. Half of this amount (USD 175 million) was received in Q1 2019, contributing to equity free cash flow, and the remaining half is expected to be received in Q2 2019
- VEON's free float increased to 34.9% following the sale by Telenor East Holding II AS of 100 million VEON shares through a public offering

OUTLOOK

- **VEON confirms FY 2019 guidance[5]** of low single-digit organic revenue growth and low to mid-single digit organic EBITDA growth, as well as around USD 1 billion of equity free cash flow excluding licenses and including exceptional income

TROND WESTLIE, CHIEF FINANCIAL OFFICER, COMMENTS:

"The first quarter of 2019 saw continued strength in our operating businesses and was a confident step towards the financial targets we set out at the start of the year. I am encouraged by signs that our commitment to organically reducing cost intensity by one percentage point annually is yielding early results, despite our guidance that the financial impact of this three-year initiative will not be realised before the second half of 2019. Currency developments continue to impact our reported numbers and the evolution of our equity free cash flow, but we remain optimistic about the long-term opportunities presented by our emerging markets, many of which remain in an early stage of digital adoption."

[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] 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
[4] 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. See attachment C for reconciliations
[5] FY 2019 targets exclude the impact of the introduction of IFRS 16

KEY RESULTS: CONSOLIDATED FINANCIAL AND OPERATING HIGHLIGHTS

USD million	1Q19	1Q19 pre-IFRS 16	1Q18	Reported YoY	Reported YoY pre-IFRS 16	Organic YoY [1]
Total revenue, of which	2,124	2,124	2,250	(5.6%)	(5.6%)	7.4%
mobile and fixed service revenue	2,005	2,005	2,156	(7.0%)	(7.0%)	5.5%
mobile data revenue	567	567	505	12.3%	12.3%	26.4%
EBITDA	1,298	1,172	854	52.0%	37.3%	10.3%
EBITDA margin (EBITDA/total revenue)	61.1%	55.2%	38.0%	23.1p.p.	17.2p.p.	1.0p.p.
(Loss)/Profit from continued operations	530	564	42	n.m.	n.m.	
Profit/(Loss) from discontinued operations	-	-	(130)	n.m.	n.m.	
Profit for the period	530	564	(88)	n.m.	n.m.	
Equity free cash flow excl. licenses [2]	457	380	334	36.8%	13.8%	
Capital expenditures excl. licenses	444	389	355	25.0%	9.5%	
LTM capex excl. licenses/revenue	16.8%	16.2%	16.4%	0.4p.p.	(0.2p.p.)	
Net debt	8,265	6,197	8,966	(7.8%)	(30.9%)	
Net debt/LTM EBITDA	2.2	1.7	2.5			
Total mobile customer (millions)	211	211	211	0.3%	0.3%	
Total fixed-line broadband customers (millions)	3.9	3.9	3.6	8.3%	8.3%	

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 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.

As a result of the termination of the agreement to sell its Pakistan tower business, the Company amended prior periods presented in the interim consolidated financial statements to retrospectively recognize the depreciation charge of USD 37 million per annum that would have been recognized had the disposal group not been classified as held for sale.

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 Q1 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 basis unless otherwise stated.

VEON

MAIN EVENTS

Q1 2019 REVENUE AND EBITDA ORGANIC[1] GROWTH IN LINE WITH FY 2019 FINANCIAL GUIDANCE; REPORTED REVENUE DECLINE IMPACTED BY CURRENCY WEAKNESS

Organic revenue growth of 7.4% and organic EBITDA growth of 10.3% year on year were mainly attributable to operational strength in Pakistan and Ukraine, and organic EBITDA margin improvement of 1.0 percentage points year on year was attributable to lower costs. Q1 2019 operational performance was consistent with FY 2019 guidance of low single-digit organic revenue growth and for low to mid-single digit organic EBITDA growth. Reported revenue continued to be impacted by currency weakness and decreased by 5.6% to USD 2,124 million due to currency headwinds of USD 291 million.

COST INTENSITY IMPROVED BY 1.9 PERCENTAGE POINTS DURING Q1 2019

Cost intensity improved by 1.9 percentage points year on year during Q1 2019, attributable to lower service costs in Russia and Ukraine and the early impact of other cost reduction initiatives across the Group's operating companies. VEON announced with its 2018 results its commitment to reduce Group's cost intensity ratio by at least 1 percentage point organically[1] per annum between 2019 and 2021, from 61.8% as reported in FY 2018. Efficiency initiatives are focused on service costs and technology, commercial, general and administrative expenses and were expected to be visible starting from the second half of 2019. At the Group level, the main contributor to cost intensity improvement for 2019 is still expected to be further reduction in VEON's corporate costs. Cost intensity is defined as service costs plus selling, general and administrative costs less other revenue divided by total service revenue.

EBITDA WAS BOOSTED BY EXCEPTIONAL INCOME OF USD 350 MILLION IN Q1 2019

VEON announced in February 2018 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. As a result of this arrangement, VEON recorded exceptional income of USD 350 million from Ericsson as EBITDA in Q1 2019. USD 175 million was received in Q1 2019 and the remaining half is expected to be received in Q2 2019.

This revised arrangement enables VEON to continue upgrading its IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. This upgrade is expected to support the creation of a more personalized, richer experience of VEON's services for customers and, over time, reduce overall operating costs.

IFRS 16 IMPACT

IFRS 16 replaced the IAS 17 Leases and became effective on 1 January 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 USD 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 1 January 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 Q1 2019 is presented throughout this document.

[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

FINAL 2018 DIVIDEND OF US 17 CENTS PER SHARE PAID ON 20 MARCH 2019

On 20 March 2019, VEON paid a final dividend in respect of the 2018 financial year of US 17 cents per share, bringing total 2018 dividends to US 29 cents per share.

VEON'S FREE FLOAT INCREASED TO 34.9% AFTER TELENOR'S SALE OF VEON SHARES

VEON's free float increased further to 34.9% after Telenor East Holding II AS ("Telenor") sold 100,000,000 common shares in the form of American Depositary Shares ("ADSs") listed on the NASDAQ Global Select Market at a public offering price of USD 2.16 (approximately Euro 1.92) per ADS. The offering, which represents 5.7% of VEON's total outstanding equity, followed prior offerings by Telenor in September 2016, April 2017 and September 2017. The transaction settled on 29 March 2019 and Telenor now holds approximately 8.9% of VEON's total outstanding shares.

VEON did not receive any proceeds from Telenor's sale of VEON shares and the sale did not result in any dilution of VEON´s issued and outstanding shares.

VEON SUBMITTED MANDATORY TENDER OFFER IN RELATION TO GLOBAL TELECOM HOLDING ("GTH")

On 10 February 2019, VEON submitted a public mandatory cash tender offer ("MTO") with the Egyptian Financial Regulatory Authority for the purchase of up to 1,997,639,608 shares, representing 42.31% of GTH's issued shares, at a price of EGP 5.30 per share. The proposed offer price represents a 45.8% premium over GTH's average three months share price and 50.5% premium over GTH's average six months share price, respectively, to 7 February 2019. As previously announced, VEON intends to take GTH private following the MTO.

GROUP PERFORMANCE

FINANCIALS BY COUNTRY

USD million	1Q19	1Q19 Pre-IFRS16	1Q18	Reported YoY	Reported pre-IFRS 16 YoY	Organic[1] YoY
Total revenue	2,124	2,124	2,250	(5.6%)	(5.6%)	7.4%
Russia	1,048	1,048	1,166	(10.2%)	(10.2%)	4.4%
Pakistan	362	362	368	(1.5%)	(1.5%)	23.6%
Algeria	192	192	203	(5.2%)	(5.2%)	(1.3%)
Bangladesh	134	134	129	3.5%	3.5%	4.5%
Ukraine	188	188	156	20.2%	20.2%	20.2%
Uzbekistan	64	64	76	(15.6%)	(15.6%)	(13.3%)
HQ	-	-	-			
Other and eliminations	136	136	152	(10.5%)		
Service revenue	2,005	2,005	2,156	(7.0%)	(7.0%)	5.5%
Russia	960	960	1,110	(13.6%)	(13.6%)	0.5%
Pakistan	337	337	341	(1.1%)	(1.1%)	24.1%
Algeria	192	192	201	(4.9%)	(4.9%)	(1.0%)
Bangladesh	131	131	125	4.4%	4.4%	5.4%
Ukraine	187	187	156	20.0%	20.0%	20.0%
Uzbekistan	64	64	76	(15.6%)	(15.6%)	(13.3%)
HQ	-	-	-		-	
Other and eliminations	135	135	148	(8.5%)	-	
EBITDA	1,298	1,172	854	52.0%	37.3%	10.3%
Russia	468	386	443	5.6%	(12.8%)	1.3%
Pakistan	183	170	175	5.0%	(2.5%)	22.3%
Algeria	89	81	91	(2.2%)	(10.9%)	(7.3%)
Bangladesh	60	50	47	28.6%	7.4%	8.4%
Ukraine	118	113	89	33.4%	27.7%	27.8%
Uzbekistan	32	31	34	(6.1%)	(9.0%)	(6.5%)
HQ	296	296	(80)	n.m.	n.m.	
Other and eliminations	52	52	55	(4.9%)	(4.9%)	
EBITDA margin	61.1%	55.2%	38.0%			

[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 5.6% year on year in Q1 2019 to USD 2.1 billion, driven by good operational performance that was more than offset by currency headwinds of USD 291 million. Organically, total revenue increased by 7.4% mainly as a result of revenue growth in Pakistan, Ukraine, Bangladesh and Russia. The total revenue organic trend was supported by good organic growth in mobile data revenue, which increased by 26.4% for the quarter. Reported mobile data revenue was impacted by currency headwinds of approximately USD 131 million and increased by 12.3%. Mobile customers slightly increased year on year to 211 million at the end of Q1 2019, with customer growth in Pakistan, Algeria and Bangladesh which was partially offset by a decrease in the customer base in Russia and Uzbekistan.

EBITDA pre-IFRS 16 increased by 37.3% to USD 1,172 million in Q1 2019, primarily due to the exceptional income of USD 350 million related to the revised arrangement with Ericsson, while currency headwinds of USD 119 million negatively impacted EBITDA performance. EBITDA pre-IFRS 16, adjusted for the exceptional income, grew organically by 10.3% mainly driven by strength in Russia, Pakistan, Bangladesh and Ukraine. Reported EBITDA increased by 52% year on year.

Adjusted for the positive effect of IFRS 16, the company generated USD 380 million in equity free cash flow during Q1 2019, an increase of 13.8% year on year. This includes USD 175 million received from Ericsson, with the remaining half expected to be received in Q2 2019. In Q1 2018, equity free cash flow excluding licenses was positively impacted by USD 40 million, related to a one-off adjustment to a vendor arrangement. Reported equity free cash flow was USD 457 million in Q1 2019

VEON's HQ segment consists largely of the costs of VEON's headquarters in Amsterdam and reported positive EBITDA of USD 296 million, driven by exceptional income of USD 350 million. Adjusted for this positive impact, corporate costs were USD 54 million in Q1 2019, down 33% year on year, as a result of lower year on year severance costs, a reduction in costs for variable remuneration plans, lower headcount and lower costs for external services. 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 of its corporate costs between FY 2017 (USD 431 million) and year-end 2019.

"Other" in Q1 2019 includes the results of Kazakhstan, Kyrgyzstan, Armenia, Georgia, other global operations and services and intercompany eliminations.

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	1Q19	1Q19 Pre-IFRS16	1Q18	Reported YoY	Reported pre-IFRS 16 YoY
Total revenue	2,124	2,124	2,250	(5.6%)	(5.6%)
Service revenue	2,005	2,005	2,156	(7.0%)	(7.0%)
EBITDA	1,298	1,172	854	52.0%	37.2%
EBITDA margin	61.1%	55.2%	38.0%	23.1p.p.	17.2p.p.
Depreciation, amortization, impairments and other	(510)	(401)	(500)		
EBIT (Operating Profit)	788	772	354		
Financial income and expenses	(197)	(151)	(198)		
Net foreign exchange (loss)/gain and others	14	14	12		
Share of (loss)/profit of joint ventures and associates	-	-	(0)		
Other non operating gains / losses	4	4	(9)		
(Loss)/Profit before tax	609	638	159		
Income tax expense	(79)	(75)	(117)		
(Loss)/Profit from continued operations	530	564	42		
(Loss)/Profit from discontinued operations	-	-	(130)		
(Loss)/Profit for the period attributable to VEON shareholders	530	564	(88)		

	1Q19	1Q19 Pre-IFRS16	1Q18	Reported YoY	Reported pre-IFRS 16 YoY
Capex	448	393	754	(40.6%)	(47.9%)
Capex excl. licenses	444	389	355	25.0%	9.5%
Capex excl. licenses/revenue	21.5%	18.3%	15.8%	5.7p.p.	2.5p.p.
LTM capex excl. licenses/revenue	16.8%	16.2%	16.4%	0.4p.p.	(0.2p.p.)

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

Q1 2019 ANALYSIS

EBITDA pre-IFRS 16 increased by 37.2% year on year, boosted by exceptional income of USD 350 million in respect of a revised arrangement with Ericsson which more than offset currency headwinds of USD 119 million. Reported EBITDA increased by 52.0%. Operating profit pre-IFRS 16 for the quarter increased by USD 418 million to USD 772 million, mainly due to increase in EBITDA and lower depreciation and amortization charges during the quarter.

Profit before tax pre-IFRS 16 was USD 638 million in Q1 2019, compared to a profit before tax of USD 159 million in Q1 2018. Reported profit before tax increased to USD 609 million in Q1 2019. The year on year decrease in finance income and expenses pre-IFRS 16 was mostly due to the lower debt level during the quarter, which was more than offset by the slight increase in cost of debt as a result of an increase in the Russian ruble debt portion. Net foreign exchange gain and other was stable year on year.

Pre-IFRS 16 income tax expenses decreased to USD 75 million in Q1 2019 from USD 117 million in Q1 2018, driven by a decrease in corporate income tax rate in Uzbekistan in addition to lower tax expenses in Russia, which were driven by one-off deductible expenses.

In Q1 2019, the company recorded a net profit for the period attributable to VEON´s shareholders of USD 530 million, driven by one-off exceptional income of USD 350 million, partially offset by the impact of the introduction of IFRS 16.

Capex excluding licenses increased to USD 389 million in Q1 2019, due to a more equal quarterly distribution of expenditures compared to last year in addition to Yarovaya investments in Russia. The ratio of LTM capex excluding licenses pre-IFRS 16 to revenue for the last twelve months was 16.2%, broadly stable year on year.

FINANCIAL POSITION & CASH FLOW

USD million	1Q19	1Q19 Pre-IFRS 16	4Q18	QoQ	QoQ Pre-IFRS 16
Total assets	16,676	14,638	14,102	18.2%	3.8%
Shareholders' equity	3,933	3,933	3,670	7.2%	7.2%
Gross debt	9,533	7,465	7,298	30.6%	2.3%
Net debt	8,265	6,197	5,469	51.1%	13.3%
Net debt/LTM EBITDA	2.2	1.7	1.7		

USD million	1Q19	1Q19 Pre-IFRS 16	1Q18	YoY	YoY Pre-IFRS 16
Net cash from/(used in) operating activities	805	728	702	103	26
Net cash from/(used in) investing activities	(1,026)	(1,026)	368	(1,394)	(1,394)
Net cash from/(used in) financing activities	(389)	(312)	(1,001)	612	689

Total assets pre-IFRS 16 slightly increased during Q1 2019, mainly due to improved working capital related to a one-off receivable of USD 175 million in respect of the revised partnership with Ericsson.

Gross debt increased during Q1 2019 mainly due to the impact of the introduction of IFRS 16 and a drawdown under the Revolving Credit Facility in HQ Amsterdam to fund the collateral for the MTO, partially offset by bond repayments in February 2019 of approximately USD 600 million. Driven by debt repayments and currency swaps in Q3 and Q4 2018, VEON significantly improved its currency mix of debt as it reduced its exposure to euro denominated debt and increased its Russian ruble debt exposure. The Group's net debt/LTM EBITDA pre-IFRS 16 ratio was 1.7x at the end of Q1 2019.

Net cash from operating activities increased year on year, mainly due to exceptional income described above in addition to lower interest expenses and lower income tax paid.

Net cash flow used in investing activities decreased as a result of the outflow in deposits of USD 640 million in HQ Amsterdam driven by the amounts pledged as collateral for the MTO, and 1Q18 cancellation of the Mandatory Tender Offer in relation to GTH that was submitted in November 2017 that resulted in the release of cash that had been pledged as collateral.

Net cash used in financing activities decreased in Q1 2019 compared to Q1 2018, primarily as a result of debt repayments. In Q1 2019 net cash used in financing activities was also impacted by USD 315 million of final dividend payments in March 2019 to VEON equity holders of which USD 30 million paid to non-controlling interests.

Net debt includes cash balances of USD 645 million pledged as collateral for the MTO. Excluding this net debt would have been USD 7,620 million and the net debt/ LTM EBITDA ratio would have been approximately 2.1x.

COUNTRY PERFORMANCE

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

RUSSIA

RUB million	1Q19	1Q18	YoY
Total revenue	69,247	66,351	4.4%
Mobile service revenue	54,933	54,282	1.2%
Fixed-line service revenue	8,502	8,867	(4.1%)
EBITDA	30,934	25,204	22.7%
EBITDA margin	44.7%	38.0%	6.7p.p.
EBITDA pre-IFRS 16	25,530	25,204	1.3%
EBITDA margin pre-IFRS 16	36.9%	38.0%	(1.1p.p.)
Capex excl. licenses	17,465	9,007	93.9%
LTM Capex excl. licenses /revenue	18.7%	14.8%	3.9p.p.
Capex excl. licenses pre-IFRS 16	14,962	9,007	66.1%
LTM Capex excl. licenses /revenue pre-IFRS 16	17.9%	14.8%	3.1p.p.
Mobile			
Total revenue	60,708	57,452	5.7%
- of which mobile data	15,021	15,138	(0.8%)
Customers (mln)	54.2	56.3	(3.6%)
- of which data users (mln)	35.1	36.7	(4.2%)
ARPU (RUB)	333	315	5.7%
MOU (min)	297	307	(3.3%)
Data usage (MB/user)	4,697	3,234	45.3%
Fixed-line			
Total revenue	8,539	8,899	(4.0%)
Broadband revenue	2,661	2,560	4.0%
Broadband customers (mln)	2.4	2.3	7.2%
Broadband ARPU (RUB)	369	379	(3.0%)

In Russia, the market continued to grow during Q1 2019 and Beeline reported solid total revenue growth year on year, mainly as a result of the strong increase in sales of equipment and accessories and positive ARPU dynamics. EBITDA continued its growth trajectory, driven by the increase in revenue. From January 2019, VAT increased to 20% from 18% in Russia.

Total revenue in Q1 2019 increased by 4.4% year on year to RUB 69.2 billion, driven by an increase in mobile service revenue and strong growth in sales of equipment and accessories of 88% to RUB 5.6 billion, which were attributable to the expansion in monobrand stores. Mobile service revenue increased by 1.2% to RUB 54.9 billion, mainly driven by growth in VAS, content and revenue from mobile financial services. Mobile customers decreased by 3.6% to 54.2 million as a result of a reduction in gross sales through alternative distribution channels after the expansion of Beeline monobrand stores during FY 2018, while churn continued to improve, declining by 4.8 percentage points year on year. The negative effect of the strategic shift in the distribution channel mix on the customer base is expected to disappear during H2 2019, since the integration of the Euroset stores was finalized in August 2018. Mobile ARPU increased by 5.7% year on year, but the growth slowed down sequentially, due to the high comparison base and intensifying competition in the market.

Fixed-line revenue, adjusted for the centralization of transit services revenue in VEON Wholesale Services, grew in Q1 2019, driven by continued improvements in the B2C and B2B segments. VEON Wholesale Services is a Group division based in Amsterdam centrally managing arrangements of VEON Group companies with international carriers and reported in revenue of the Group's segment as "other". Reported fixed-line service revenue declined by 4.1%, due to a decrease of approximately RUB 0.4 billion in transit traffic service revenue, excluding which fixed-line revenue would have increased by 0.9%. The 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 19.7% year on year in Q1 2019 to more than 1.1 million, which represents a 46% FMC customer penetration in the broadband customer base, supporting improvements in broadband customer churn.

EBITDA pre-IFRS 16 continued to grow, raising by 1.3% year on year driven by the revenue increase, leading to an EBITDA margin of 36.9%. The year on year decrease in EBITDA margin pre-IFRS 16, was driven by the change in revenue mix as a result of the strong growth in sales of equipment and accessories, which are characterized by lower margins. The impact of the change in revenue mix on EBITDA margin in Q1 2019 was approximately 1.6 percentage points. Spectrum fees were reduced to previous levels from January 2019 after they were temporarily increased during Q3 and Q4 2018. Reported EBITDA increased by 22.7% to RUB 30.9 billion in Q1 2019.

Capex excluding licenses pre-IFRS 16 increased by 66.1%, as a result of increased network investments and investments related to the Yarovaya law. Beeline continues to invest in network development to ensure it has the best quality infrastructure that is ready to integrate new technologies. The LTM capex (excluding licenses) to revenue ratio pre-IFRS 16 was 17.9% in Q1 2019. The reported capex excluding licenses more than doubled year on year during the quarter.

Yarovaya Law-related investment plans are progressing in alignment with legal requirements.

PAKISTAN

PKR billion	1Q19	1Q18	YoY
Total revenue	50,595	40,943	23.6%
Mobile service revenue	47,118	37,960	24.1%
of which mobile data	13,599	7,003	94.2%
EBITDA	25,609	19,442	31.7%
EBITDA margin	50.6%	47.5%	3.1p.p.
EBITDA pre-IFRS 16	23,781	19,442	22.3%
EBITDA margin pre-IFRS 16	47.0%	47.5%	(0.5p.p.)
Capex excl. licenses	7,216	7,334	(1.6%)
LTM Capex excl. licenses /revenue	12.4%	17.8%	(5.3p.p.)
Capex excl. licenses pre-IFRS 16	7,059	7,334	(3.7%)
LTM Capex excl. licenses /revenue pre-IFRS 16	12.4%	17.8%	(5.3p.p.)
Mobile			
Customers (mln)	58.3	55.1	5.8%
- of which data users (mln)	34.8	30.5	14.4%
ARPU (PKR)	272.4	232.2	17.4%
MOU (min)	549	538	1.9%
Data usage (MB/user)	1669	821	103.4%

The Pakistan market remained competitive in Q1 2019, particularly in data and social network offers aimed at offering new services to drive growth. However, Jazz maintained its price premium positioning by making several price monetization moves in the quarter.

Jazz continued to show growth in both revenue and customers despite these competitive market conditions. In Q1 2019, total revenue growth (+23.6% year on year) accelerated sequentially; 10.9% of this growth came from business performance and 12.7% was driven by higher usage by customers, mainly due to suspension of taxes collected ("suo moto"[1] order) from customers by mobile operators, which continued in Q1 2019 and provided the whole market with additional revenue growth. Mobile data revenue growth accelerated sequentially to 94.2% year on year, driven by an increase in data customers and a doubling of data usage through higher bundle penetration and continued data network expansion.

The customer base increased quarter on quarter by 3.8% and by 5.8% year on year, driven by data network expansion and growth in data customers, which increased by 14.4% year on year. The quarter on quarter customer trend reflects our commercial strategy to focus on high quality customers in order to further improve new sale customer mix, leveraging on network quality of service.

EBITDA pre-IFRS 16 grew year on year by 22.3% driven by revenue growth, resulting in an EBITDA margin of 47.0%.

Excluding tax-related factors EBITDA year on year growth pre-IFRS 16 would have been 9.8%. From Q1 2019, EBITDA also absorbs the negative accounting impact of minimum tax on revenue (~PKR 0.6 billion in Q1), booked above EBITDA, which diluted EBITDA margin by 1.3 percentage points. Reported EBITDA in Q1 2019 increased by 31.7% year on year to PKR 25.6 billion.

In Q1 2019, capex excluding licenses pre-IFRS16 slightly decreased to PKR 7.1 billion. Reported capex excluding licenses slightly decreased year on year to PKR 7.2 billion.

At the end of Q1 2019, 3G was offered in more than 368 cities while 4G/LTE was offered in 184 cities (defined as cities with at least three base stations). At the end of Q1 2019, population coverage of Jazz's 3G and 4G/LTE networks was 52% and 39% respectively.

The Supreme Court of Pakistan has revoked the previous "suo moto" order[1]. From Q3 2018 till Q1 2019, revenue was positively impacted by ~PKR 5.2 billion and EBITDA by ~PKR 2.4 billion on average per quarter.

Spectrum renewal (Ex-Warid) for 15 years has not yet taken place and we are exploring all options given certain challenges in the renewal process.

[1] 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 revenues

ALGERIA

DZD billion	1Q19	1Q18	YoY
Total revenue	22.8	23.1	(1.3%)
Mobile service revenue	22.7	23.0	(1.0%)
of which mobile data	6.3	5.0	26.2%
EBITDA	10.6	10.4	1.8%
EBITDA margin	46.3%	44.9%	1.4p.p.
EBITDA pre-IFRS 16	9.6	10.4	(7.3%)
EBITDA margin pre-IFRS 16	42.1%	44.9%	(2.7p.p.)
Capex excl. licenses	2.3	1.6	44.3%
LTM capex excl. licenses/revenue	14.1%	13.5%	0.6p.p.
Capex excl. licenses pre-IFRS 16	2.1	1.6	30.0%
LTM capex excl. licenses/revenue pre-IFRS 16	13.9%	13.5%	0.4p.p.
Mobile			
Customers (mln)	16.0	15.3	4.5%
- of which mobile data customers (mln)	9.5	8.0	18.3%
ARPU (DZD)	474	504	(5.8%)
MOU (min)	420	437	(4.0%)
Data usage (MB/user)	2,244	1,065	110.8%

In Algeria, operating trends further stabilized during Q1 2019, with the customer base growing quarter on quarter. The market remains challenging with intense competition in prices as well as channel related incentives, and a regulatory and macro-economic environment which remains characterized by inflationary pressures and import restrictions on certain goods. In addition, a complementary law to the Finance Law introduced on 15 July 2018 further increased the tax on recharge transfer between operators and distributors from 0.5% to 1.5%, with financial impact in H1 2018 and Q1 2019.

Against an overall context of economic slowdown and growing inflation, market competition on both voice and data, evident during 2018, continued, putting strong pressure on prices and ARPU. Djezzy kept its focus on both prepaid and post-paid with a segmented approach, aiming to drive up value while protecting and sequentially improving its customer base with competitive offers on data.

Total revenue decreased by 1.3% year on year, a significantly lower pace of decline compared to Q4 2018 (-4.5% year on year excluding favourable adjustments), as a result of operational stabilization with sequential customer growth.

Price competition, in both voice and data, caused a continued reduction in ARPU, which declined by 5.8% year on year. Djezzy's Q1 2019 service revenue was DZD 22.7 billion, a 1.0% year on year decline, while data revenue growth was 26.2% year on year, due to higher usage and an increase in data customers as a result of 3G and 4G/LTE network roll-out. This data revenue growth is still supported by the change towards a more aggressive data pricing strategy that has been in place since the beginning of 2018. The net customer additions trend, which was still positive during Q1 2019, led to customer growth of 1.3% quarter on quarter and 4.5% year on year. The quarter on quarter growth was mainly driven by the continued positive uptake of new offers launched earlier in the year.

In June 2018, Djezzy migrated to its new DBSS platform, resulting in a slight increase in technology opex. This new platform offers Djezzy simplification, agility and a faster time to market for new services, coupled with improved customer service. Going forward, DBSS, as a cornerstone of Djezzy's digitization, will allow the development of bespoke offers to customers via automatized customer value management tools.

EBITDA pre-IFRS 16 decreased year on year by 7.3%, resulting in a margin of 42.1%. The decline in revenues, coupled with increased taxation and an increase of technology and commercial costs such as additional channel incentives were only partly offset by media spending optimization. Reported EBITDA increased by 1.8% year on year to DZD 10.6 billion.

The new Finance Law, effective from January 2018, and further tax increases from mid-July continue to impact year on year performance. As a result of this new taxation, Djezzy's EBITDA was negatively impacted in Q1 2019 by approximately DZD 197 million. The impact on EBITDA from taxation and the increase in technology and commercial costs was only partially offset by the positive impact of full symmetry in mobile termination rates (partial symmetry since 31 October 2017, full symmetry achieved in November 2018).

At the end of Q1 2019, the company's 4G/LTE services covered 28 wilayas and close to 27% of Algeria's population, while its 3G network covered all 48 wilayas and approximately 74% of Algeria´s population. In Q1 2019, capex excluding licenses pre-IFRS 16 was DZD 2.1 billion, representing a 30.8% increase year on year due to an acceleration of 4G/LTE roll-out activity (visible also in Q4 2018), with a capex (excluding licenses) pre-IFRS 16 to LTM revenue ratio of 13.9%.

BANGLADESH

BDT billion	1Q19	1Q18	YoY
Total revenue	11.2	10.7	4.5%
Mobile service revenue	11.0	10.4	5.4%
of which mobile data	2.2	1.6	36.0%
EBITDA	5.0	3.9	29.8%
EBITDA margin	44.8%	36.1%	8.7p.p.
EBITDA pre-IFRS 16	4.2	3.9	8.4%
EBITDA margin pre-IFRS 16	37.4%	36.1%	1.4p.p.
Capex excl. licenses	1.3	4.6	(70.8%)
LTM capex excl. licenses/revenue	10.3%	26.5%	(16.2p.p.)
Capex excl. licenses pre-IFRS 16	1.2	4.6	(74.4%)
LTM capex excl. licenses/revenue pre-IFRS 16	9.9%	26.5%	(16.7p.p.)
Mobile			
Customers (mln)	33.0	32.2	2.4%
- of which mobile data customers (mln)	20.4	18.1	12.4%
ARPU (BDT)	112	109	2.6%
MOU (min)	232	272	(14.7%)
Data usage (MB/user)	1,200	600	99.8%

The market in Bangladesh during Q1 2019 was still characterized by price pressure led by competition, mostly in data offers.

The regulatory environment remains challenging and limits customer growth in the market. For example, the restriction on sale of subsequent SIM card within 3-hours of purchase of the preceding SIM using the same national identity card has impacted gross additions across the mobile industry in Bangladesh since Q2 2018.
Against this backdrop, Banglalink continued to focus on acquiring customers in Q1 2019, with improved network availability and managed to deliver year on year revenue growth for the second quarter in a row, alongside EBITDA growth after seven consecutive declining quarters.

Total revenue in Q1 2019 grew by 4.5% year on year, driven by an acceleration of service revenue, which increased by 5.4% year on year to BDT 11.0 billion. The increase represents a continuation of the positive trend seen in Q4 2018, despite Banglalink's 3G network coverage gap compared to competitors. Service revenue increased by 2.5% quarter on quarter in Q1 2019, an improvement compared to last year when Q1 2018 was flat versus Q4 2017. The revenue increase was mainly driven by an acceleration of data revenue growth resulting from network improvements, following spectrum acquisition in Q1 2018 and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint. The customer base grew by 2.4% year on year and by 2.0% quarter on quarter, supported by improved distribution and network availability, notwithstanding the intense pricing pressure in the market. ARPU increased by 2.6% year on year driven by higher voice and data, supported by the introduction of flat tariffs. Data revenue increased by 36.0% year on year, a sequential acceleration (+25.2% in Q4 2018) driven by increased smartphone penetration and doubled data usage year on year to 1,200 MB, along with 12.4% year on year growth in active data users.

EBITDA pre-IFRS16 grew year on year by 8.4%, driven by the revenue increase. EBITDA margin pre-IFRS 16 increased by 1.4 percentage points to 37.4%. Reported EBITDA in Q1 2019 increased by 29.8% year on year to BDT 5.0 billion.

In Q1 2019, capex excluding licenses pre-IFRS 16 significantly decreased year on year to BDT 1.2 billion (-74.4% year on year) reflecting an exceptionally high capex level in Q1 2018 aimed at improving network resilience and by a temporary slowdown of sites rollout in Q1 2019 triggered by the new telecommunication infrastructure regulation. 3G network population coverage was approximately 72% at the end of Q1 2019. The roll-out of 4G/LTE is in progress and the service, which was launched in February 2018, covered a population of over 18% at the end of Q1 2019.

UKRAINE

UAH million	1Q19	1Q18	YoY
Total revenue	5,125	4,263	20.2%
Mobile service revenue	4,763	3,949	20.6%
Fixed-line service revenue	329	295	11.4%
EBITDA	3,223	2,412	33.6%
EBITDA margin	62.9%	56.6%	6.3p.p.
EBITDA pre-IFRS 16	3,083	2,412	27.8%
EBITDA margin pre-IFRS-16	60.2%	56.6%	3.6p.p.
Capex excl. licenses	983	687	43.1%
LTM capex excl. licenses/revenue	17.3%	15.2%	2.2p.p.
Capex excl. licenses pre-IFRS 16	795	687	15.7%
LTM capex excl. licenses/revenue pre-IFRS 16	16.4%	15.2%	1.2p.p.
Mobile			
Total operating revenue	4,772	3,968	20.3%
- of which mobile data	2,454	1,341	83.0%
Customers (mln)	26.3	26.5	(0.7%)
- of which data customers (mln)	15.4	12.9	19.3%
ARPU (UAH)	60	49	22.8%
MOU (min)	585	586	(0.2%)
Data usage (MB/user)	3,059	1,543	98.3%
Fixed-line			
Total operating revenue	329	295	11.4%
Broadband revenue	209	181	15.5%
Broadband customers (mln)	0.9	0.8	11.9%
Broadband ARPU (UAH)	75	71	5.9%

In Ukraine, Kyivstar continued to deliver good results in a growing market, driven by successful marketing activities and high data growth, offering a high-quality network and focusing on high value customers.

Kyivstar continued its strong performance in Q1 2019, with total revenue increasing by 20.2% year on year to UAH 5.1 billion. Mobile service revenue grew by 20.6% to UAH 4.8 billion, driven by strong data revenue growth. Strong data customer and data usage growth led to an ARPU increase of 22.8% year on year to UAH 60. Kyivstar´s mobile customer base slightly decreased by 0.7% to 26.3 million following Ukrainian demographical trends. Within this, data penetration continued to increase and data customers grew 19% year on year against a market backdrop of low 4G/LTE user penetration.

Fixed-line service revenue grew by 11.4% year on year to UAH 329 million, driven by an increase in the fixed broadband customer base of 11.9% year on year, while fixed broadband ARPU increased by 5.9% year on year to UAH 75.

EBITDA pre-IFRS 16 increased by 27.8% year on year, resulting in an EBITDA margin of 60.2%. Strong EBITDA growth was driven by revenue growth and lower service costs. Margin investment in customer acquisition was more than offset by realized cost efficiencies and higher revenues. Reported EBITDA increased by 33.6% year on year to UAH 3.2 billion.

Capex excluding licenses pre-IFRS 16 increased by 15.7% to UAH 795 million. Kyivstar continued to focus on 3G network improvement and further 4G/LTE roll-out during the quarter. Reported capex excluding licenses increased by 43.1% and stood at UAH 983 million.

UZBEKISTAN

UZS mln	1Q19	1Q18	YoY
Total revenue	534,673	616,683	(13.3%)
Mobile service revenue	530,825	611,822	(13.2%)
- of which mobile data	235,544	186,305	26.4%
Fixed-line service revenue	3,537.8	4,215.8	(16.1%)
EBITDA	266,429	276,075	(3.5%)
EBITDA margin	49.8%	44.8%	5.1p.p.
EBITDA pre-IFRS 16	258,126	276,075	(6.5%)
EBITDA margin pre-IFRS 16	48.3%	44.8%	3.5p.p.
Capex excl. licenses	230,187	75,249.4	205.9%
LTM Capex excl. licenses/revenue	19.0%	11.4%	6.7p.p.
Capex excl. licenses pre-IFRS 16	207,019	75,249	175.1%
LTM Capex excl. licenses/revenue pre-IFRS 16	18.1%	11.4%	6.7p.p.
Mobile			
Customers (mln)	9.0	9.6	(6.2%)
- of which mobile data customers (mln)	5.6	5.2	8.2%
ARPU (UZS)	19,446	21,152	(8.1%)
MOU (min)	576	546	5.5%
Data usage (MB/user)	1,791	754	137.4%

Total revenue for the quarter decreased by 13.3% year on year to UZS 534.7 billion driven by the negative impact of the reduction in mobile termination rates (UZS 37 billion), the introduction of the 15% excise tax (UZS 76 billion) and a one-off revenue adjustment (UZS 16 billion), partially offset by repricing activities. Adjusted for these negative effects, the growth would have been 7.7% year on year. Mobile data traffic more than doubled and mobile data revenue, adjusted for the negative impact from the introduction of the 15% excise tax, increased by 44% year on year, supported by the continued roll-out of high-speed data networks, increased smartphone penetration and the increased penetration of bundled offerings in Unitel´s customer base to 52.7% in Q1 2019.

EBITDA pre-IFRS 16 decreased by 6.5% to UZS 258 billion, driven by external factors such as the reduction in mobile termination rates (UZS 11 billion), a one-off revenue adjustment (UZS 16 billion) and a bad debt recognition (UZS 12 billion), partially offset by the net impact of tax reforms on EBITDA (UZS 6 billion). Reported EBITDA decreased by 3.5% to UZS 266 billion.

Capex excluding licenses pre-IFRS 16 raised to UZS 207 billion, mainly as a result of better phasing of capex, with a larger part of network investments during Q1 2019 and accelerated network roll out. LTM Q1 2019 capex to revenue ratio was 18.1%. The company continued to invest in its high-speed data networks, improving 4G/LTE coverage to 24.5% and increasing the number of nationwide 3G sites by 11.0% year on year. Improvements to our high-speed data networks will continue to be a priority for Unitel in 2019 and the authorities in Uzbekistan have stated that connectivity of the domestic internet channel should be liberalized from January 2020.

From January 2019, new tax reforms were introduced, with the aim to simplify taxation in Uzbekistan. The tax authorities reduced the corporate tax, cancelled the revenue tax of 3.2%, while an excise tax of 15% over customer charges was introduced. Furthermore, the customer tax was reduced to UZS 2,000 in FY 2019 from UZS 4,000 in FY 2018. Overall, as a result of these changes, revenue is expected to be negatively impacted by approximately 13%, EBITDA is expected to be negatively impacted by approximately 6%, while free cash flow impact is expected to be slightly positive in FY 2019.

CONFERENCE CALL INFORMATION

On 2 May 2019, VEON will host a conference call by senior management at 9.30 CEST (8.30 BST), 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 CEST investor and analyst conference call
US call-in number: +1 (917) 720 0178
Confirmation Code: 7574014

International call-in number: +44 (0) 203 009 5710
Confirmation Code: 7574014

The conference call replay and the slide presentation webcast will be available until 9 May 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: 7574014

UK Replay Number: +44 (0) 333 300 9785
Confirmation Code: 7574014

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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; 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; 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; and VEON's ability to realize its targets and strategic initiatives in its various countries of operation. The forward-looking statements included in this presentation are based on management's best assessment of VEON's strategic and financial position and of future market conditions, trends and other potential developments. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of demand for and market acceptance of VEON's products and services; continued volatility in the economies in VEON's markets; unforeseen developments from competition; governmental regulation of the telecommunications industries; general political uncertainties in VEON's markets; government investigations or other regulatory actions; litigation or disputes with third parties or other negative developments regarding such parties; 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 presentation be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date hereof. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made, or to reflect the occurrence of unanticipated events. Non-IFRS measures are reconciled to comparable IFRS measures in VEON Ltd.'s earnings release published on its website on the date hereof.

All non-IFRS measures disclosed further in this presentation (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 VEON Ltd.'s earnings release published on its website on the date hereof. In addition, we present certain information on a forward-looking basis (including, without limitation, the expected impact on revenue, EBITDA and equity free cash flow from the consolidation of the Euroset stores after completing the transaction ending the Euroset joint venture). We are not able to, without unreasonable efforts, provide a full reconciliation to IFRS due to potentially high variability, complexity and low visibility as to the items that would be excluded from the comparable IFRS measure in the relevant future period, including, but not limited to, depreciation and amortization, impairment loss, loss on disposal of non-current assets, financial income and expenses, foreign currency exchange losses and gains, income tax expense and performance transformation costs, cash and cash equivalents, long - term and short-term deposits, interest accrued related to financial liabilities, other unamortized adjustments to financial liabilities, derivatives, and other financial liabilities.

VEON

ABOUT VEON

VEON is a NASDAQ and Euronext Amsterdam-listed global provider of connectivity and internet services.

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CONTENT OF THE ATTACHMENTS

For more information on financial and operating data for specific countries, please refer to the supplementary file Factbook1Q2019.xls on VEON's website at http://veon.com/Investor-relations/Reports--results/Results/.

VEON

ATTACHMENT A: CUSTOMERS

million	Mobile 1Q19	Mobile 1Q18	Mobile YoY	Fixed-line broadband 1Q19	Fixed-line broadband 1Q18	Fixed-line broadband YoY
Russia	54.2	56.3	(3.7%)	2.4	2.3	7.2%
Pakistan	58.3	55.1	5.8%			
Algeria	16.0	15.3	4.4%			
Bangladesh	33.0	32.2	2.5%			
Ukraine	26.3	26.5	(0.8%)	0.9	0.8	11.9%
Uzbekistan	9.0	9.6	(6.1%)			
Other	14.3	15.5	(7.8%)	0.6	0.5	8.4%
Total	**211.2**	**210.5**	**0.3%**	**3.9**	**3.6**	**8.3%**

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

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

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

Additionally, a limitation of EBITDA's use as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue or the need to replace capital equipment over time. Reconciliation of EBITDA to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment 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 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	1Q19	1Q18
Unaudited		
EBITDA	**1,298**	**854**
Depreciation	(403)	(354)
Amortization	(94)	(126)
Impairment loss	(6)	(3)
Loss on disposals of non-current assets	(7)	(17)
Operating profit	**788**	**354**
Financial Income and Expenses	(197)	(198)
- including finance income	14	19
- including finance costs	(211)	(217)
Net foreign exchange (loss)/gain and others	18	3
- including Other non-operating (losses)/gains	4	(9)
- 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	14	12
Profit before tax	**609**	**159**
Income tax expense	(79)	(117)
(Loss)/Profit from continue operations	530	42
(Loss)/Profit for discontinued operations	-	130
(Loss)/Profit for the period	**530**	**(88)**
Less profit attributable to non-controlling interest	(35)	(24)
Profit/(Loss) for the year attributable to the owners of the parent	495	(112)

RECONCILIATION OF CAPEX

USD mln unaudited	1Q19	1Q18
Cash paid for purchase of property, plant and equipment and intangible assets	**389**	**676**
Net difference between timing of recognition and payments for purchase of property, plant and equipment and intangible assets	59	99
Capital expenditures	**448**	**774**
Less capital expenditures in licenses and other	(4)	(419)
Capital expenditures excl. licenses	**444**	**355**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

	Total Revenue			EBITDA			
	Organic	Forex	Reported	Organic	Forex	Reported Pre-IFRS 16	Reported
Russia	4.4%	(14.6%)	(10.2%)	1.3%	(14.1%)	(12.8%)	5.6%
Pakistan	23.6%	(25.1%)	(1.5%)	22.3%	(24.8%)	(2.5%)	5.0%
Algeria	(1.3%)	(3.9%)	(5.2%)	(7.3%)	(3.6%)	(10.9%)	(2.2%)
Bangladesh	4.5%	(1.0%)	3.5%	8.4%	(1.0%)	7.4%	28.6%
Ukraine	20.2%	-	20.2%	27.8%	(0.1%)	27.7%	33.4%
Uzbekistan	(13.3%)	(2.3%)	(15.6%)	(6.5%)	(2.5%)	(9.0%)	(6.1%)
Total	**7.4%**	**(13.0%)**	**(5.6%)**	**10.3%**	**27.0%**	**37.3%**	**52.0%**

VEON

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	31 March 2019	31 December 2018	30 September 2018
Net debt	**8,265**	**5,469**	**5,736**
Cash and cash equivalents	1,265	1,808	3,370
Long - term and short-term deposits	3	22	2
Gross debt	**9,533**	**7,298**	**9,108**
Interest accrued related to financial liabilities	100	81	118
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(14)	(13)	(12)
Derivatives not designated as hedges	374	371	384
Derivatives designated as hedges	45	-	-
Other financial liabilities	90	119	132
Total other financial liabilities	10,128	7,856	9,730

RECONCILIATION OF EQUITY FREE CASH FLOW

USD million	1Q19	1Q18	YoY
EBITDA	**1,298**	**854**	**52.0%**
Changes in working capital	(282)	98	n.m.
Movements in provision	15	32	(52.1%)
Net interest paid received	(131)	(176)	(25.3%)
Income tax paid	(95)	(104)	(8.6%)
Cash flow from operating activities (excl.discontinued operations)	**805**	**702**	**14.7%**
Capex excl.licenses	(444)	(355)	25.1%
Working capital related to Capex excl. license	93	(17)	n.m.
Proceeds from sale of PPE	3	4	(30.6%)
Equity Free Cash Flow excl.licenses	**457**	**334**	**36.8%**

VEON

EBITDA RECONCILIATION FOR COUNTRY

Q1 2019

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	468	183	89	60	118	32	296	52	**1,298**
Less									
Depreciation	(244)	(44)	(34)	(28)	(18)	(9)	(1)	(26)	**(403)**
Amortization	(33)	(17)	(11)	(11)	(13)	(1)	(1)	(7)	**(94)**
Impairment loss	(5)		-	-	(1)			(1)	**(6)**
Loss on disposals of non-current assets	(6)		(1)	(1)	(1)	(1)		-	**(7)**
Operating profit	180	123	44	20	86	22	294	18	**788**

Q1 2018

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Uzbekistan	HQ	Other	VEON Consolidated
EBITDA	443	175	91	47	89	34	(80)	55	**854**
Less									
Depreciation	(209)	(31)	(27)	(30)	(13)	(7)	(1)	(29)	**(355)**
Amortization	(37)	(34)	(21)	(12)	(10)	(0)	(3)	(10)	**(126)**
Impairment loss	(1)	20	(0)	(0)	(0)	-		(20)	**(3)**
Loss on disposals of non-current assets	(2)	(1)	0	(14)	0	(0)		-	**(17)**
Operating profit	195	129	43	(9)	65	26	(84)	16	**354**

RATES OF FUNCTIONAL CURRENCIES TO USD

	Guidance rates	**Average rates**			**Closing rates**		
	2019	**1Q19**	**1Q18**	**YoY**	**1Q19**	**1Q18**	**YoY**
Russian Ruble	66	66.13	56.88	-16.3%	64.73	57.26	-13.0%
Algerian Dinar	119	118.66	114.08	-4.0%	119.42	114.14	-4.6%
Pakistan Rupee	139	139.69	111.41	-25.4%	140.79	115.71	-21.7%
Bangladeshi Taka	84	83.86	83.08	-0.9%	83.92	83.22	-0.8%
Ukrainian Hryvnia	27	27.31	27.32	0.0%	27.25	26.54	-2.7%
Kazakh Tenge	377	378.09	323.31	-16.9%	380.04	318.31	-19.4%
Uzbekistan Som	8,522	8,378.32	8,156.68	-2.7%	8,389.97	8,114.86	-3.4%
Armenian Dram	488	487.03	481.52	-1.1%	486.44	480.06	-1.3%
Kyrgyz Som	70	69.79	68.50	-1.9%	69.85	68.43	-2.1%
Georgian Lari	2.7	2.67	2.49	-7.3%	2.69	2.41	-11.5%

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 three months ended March 31, 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 March 31, 2019 and for the three months ended March 31, 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, any changes in company policy or procedure resulting from the review by the independent compliance monitor, the duration of the independent compliance monitor's review, and VEON Ltd.'s compliance with the terms of its resolutions with the DOJ, SEC, and OM; 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 and re-export restrictions on our and our suppliers' ability to procure products, technology, or software necessary for the service, production and satisfactory delivery of supplies, support services, software, and equipment that we source from them - for example, in April 2018, the U.S. Department of Commerce issued, under the Export Administration Regulations, a Denial Order to ZTE Corporation ("ZTE"), an important third-party supplier, which prohibited, among other things, exports and re-exports of U.S. products, technology and software to and from ZTE and restricted our ability to receive certain services from ZTE, each of which could have led to service degradation and disruptions in certain markets, and in January 2019, the U.S. Department of Justice brought criminal charges against Huawei, another third-party supplier, alleging theft of trade secrets, violations of U.S. sanctions on Iran, and related bank and wire fraud;
- 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, including relating to remediation efforts and enhancements to our compliance programs, and the review by the independent compliance monitor;
- 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, Uzbekistan, Ukraine, Bangladesh, 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.

VEON

KEY DEVELOPMENTS DURING THE FIRST QUARTER OF 2019

Q1 2019 REVENUE AND EBITDA ORGANIC[1] GROWTH IN LINE WITH FY 2019 FINANCIAL GUIDANCE; REPORTED REVENUE DECLINE IMPACTED BY CURRENCY WEAKNESS

Organic revenue growth of 7.4% and organic EBITDA growth of 10.3% year on year were mainly attributable to operational strength in Pakistan and Ukraine, and organic EBITDA margin improvement of 1.0 percentage points year on year was attributable to lower costs. Q1 2019 operational performance was consistent with FY 2019 guidance of low single-digit organic revenue growth and for low to mid-single digit organic EBITDA growth. Reported revenue continued to be impacted by currency weakness and decreased by 5.6% to US$2,124 million due to currency headwinds of US$291 million.

COST INTENSITY IMPROVED BY 1.9 PERCENTAGE POINTS DURING Q1 2019

Cost intensity improved by 1.9 percentage points year on year during Q1 2019, attributable to lower service costs in Russia and Ukraine and the early impact of other cost reduction initiatives across the Group's operating companies. VEON announced with its 2018 results its commitment to reduce the cost intensity ratio by at least 1 percentage point organically[1] per annum between 2019 and 2021, from 61.8% as reported in FY 2018. Efficiency initiatives are focused on service costs and technology, commercial, general and administrative expenses and are expected to be visible starting from the second half of 2019. At the Group level, the main contributor to cost intensity improvement for 2019 is still expected to be further reduction in VEON's corporate costs. Cost intensity is defined as service costs plus selling, general and administrative costs less other revenue divided by total service revenue.

EBITDA WAS BOOSTED BY EXCEPTIONAL INCOME OF US$350 MILLION IN Q1 2019

VEON announced in February 2018 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. As a result of this arrangement, VEON recorded exceptional income of US$350 million from Ericsson as EBITDA in Q1 2019. US$175 million was received in Q1 2019 and the remaining half is expected to be received in Q2 2019.

This revised arrangement enables VEON to continue upgrading its IT infrastructure with new digital business support systems (DBSS) using existing software from Ericsson which is already deployed in certain operating companies within VEON. This upgrade is expected to support the creation of a more personalized, richer experience of VEON's services for customers and, over time, reduce overall operating costs.

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 Q1 2019 is presented throughout this document.

FINAL 2018 DIVIDEND OF US 17 CENTS PER SHARE PAID ON MARCH 20, 2019

On March 20, 2019, VEON paid a final dividend in respect of the 2018 financial year of US 17 cents per share, bringing total 2018 dividends to US 29 cents per share.

VEON'S FREE FLOAT INCREASED TO 34.9% AFTER TELENOR'S SALE OF VEON SHARES

VEON's free float increased further to 34.9% after Telenor East Holding II AS ("Telenor") sold 100,000,000 common shares in the form of American Depositary Shares ("ADSs") listed on the NASDAQ Global Select Market at a public offering price of US$2.16 (approximately Euro 1.92) per ADS. The offering, which represents 5.7% of VEON's total outstanding equity, followed prior offerings by Telenor in September 2016, April 2017 and September 2017. The transaction settled on March 29, 2019 and Telenor now holds approximately 8.9% of VEON's total outstanding equity.

VEON did not receive any proceeds from Telenor's sale of VEON shares and the sale did not result in any dilution of VEON´s issued and outstanding shares.

[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

VEON

VEON SUBMITTED MANDATORY TENDER OFFER IN RELATION TO GLOBAL TELECOM HOLDING ("GTH")

On February 10, 2019, VEON submitted a public mandatory cash tender offer ("MTO") with the Egyptian Financial Regulatory Authority for the purchase of up to 1,997,639,608 shares, representing 42.31% of GTH's issued shares, at a price of EGP 5.30 per share. The proposed offer price represents a 45.8% premium over GTH's average three months share price and 50.5% premium over GTH's average six months share price, respectively, to February 7, 2019. As previously announced, VEON intends to take GTH private following the MTO.

THREE MONTHS ENDED MARCH 31, 2019 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2018

	Three months ended March 31,	
In millions of U.S. dollars	**2019**	**2018***
Consolidated income statements data:		
Service revenue	2,005	2,156
Sale of equipment and accessories	89	61
Other revenue	30	33
Total operating revenue	2,124	2,250
Service costs	(368)	(438)
Cost of equipment and accessories	(90)	(59)
Selling, general and administrative expenses	(718)	(899)
Other operating gains / (losses)	350	—
Depreciation	(403)	(354)
Amortization	(94)	(126)
Impairment (loss) / reversal	(6)	(3)
Gain / (loss) on disposals of non-current assets	(7)	(17)
Operating profit	788	354
Finance costs	(211)	(217)
Finance income	14	19
Other non-operating losses	4	(9)
Net foreign exchange gain	14	12
Profit / (loss) before tax	609	159
Income tax expense	(79)	(117)
Profit / (loss) from continuing operations	530	42
Profit / (loss) after tax from discontinued operations	—	(130)
Profit / (loss) for the period	530	(88)
Attributable to:		
The owners of the parent (continuing operations)	495	18
The owners of the parent (discontinued operations)	—	(130)
Non-controlling interest	35	24
	530	(88)

* ** Prior year comparatives are restated following the disposal of Italy Joint Venture and retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation and amortization charges in respect of Deodar in.*

The tables below show for the periods indicated selected information about the results of operations in each of our reportable segments. For more information regarding our segments, see Note 2 to our unaudited interim condensed consolidated financial statements attached hereto.

TOTAL OPERATING REVENUE

In millions of U.S. dollars, includes intersegment revenue	Three months ended March 31, 2019	2018
Russia	1,048	1,166
Pakistan	362	368
Algeria	192	203
Bangladesh	134	129
Ukraine	188	156
Uzbekistan	64	76
Other	136	152
Total operating revenue	**2,124**	**2,250**

Our consolidated total operating revenue decreased by 6% year-on-year, primarily due to a decrease of total operating revenue in Russia due to the devaluation of the Russian ruble.

ADJUSTED EBITDA

In millions of U.S. dollars	Three months ended March 31, 2018	2017
Russia	468	443
Pakistan	183	175
Algeria	89	91
Bangladesh	60	47
Ukraine	118	89
Uzbekistan	32	34
HQ	292	(80)
Others	56	55
Total Adjusted EBITDA	**1,298**	**854**

Our consolidated Adjusted EBITDA increased by 52% year-on-year, primarily due to the recognition of a one-off gain from vendor of US$350 million and US$126 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$788 million in the three months ended March 31, 2019 compared to US$354 million in the three months ended March 31, 2018, primarily due to the recognition of a one-off gain from a vendor of US$350 million and US$126 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. The increase was partially offset by an increased depreciation charge of right-of-use assets associated with the adoption of IFRS 16.

NON-OPERATING PROFITS AND LOSSES

FINANCE COSTS

Our consolidated finance costs decreased by 3% year-on-year, primarily due to significantly lower average debt levels, which was partially offset by the impact of the introduction of IFRS16 and higher average interest rates on our debt resulting from an increased share of Russian ruble in our debt currency mix.

FINANCE INCOME

Our consolidated finance income decreased primarily due to lower interest rates on our deposits and, on average, a lower amount of deposits.

VEON

OTHER NON-OPERATING LOSSES

Year-on year there were no material changes of other non-operating losses.

NET FOREIGN EXCHANGE GAIN/(LOSS)

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

INCOME TAX EXPENSE AND PROFIT / (LOSS)

INCOME TAX EXPENSE

Our consolidated income tax expense decreased by 32% to US$79 million in the three months ended March 31, 2019 compared to US$117 million in the three months ended March 31, 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 three months ended March 31,2018, we recorded a loss of US$130 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 three months ended March 31, 2019.

RUSSIA

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**‘18-19 % change**
Total operating revenue	**1,048**	**1,166**	*-10%*
Mobile service revenue	831	954	*-13%*
- of which fixed-mobile convergence (“FMC”)	34	30	*12%*
- of which mobile data	227	266	*-15%*
Fixed-line service revenue	129	156	*-17%*
Sales of equipment, accessories and other	88	56	*56%*
Operating expenses	**580**	**723**	*-20%*
Adjusted EBITDA	**468**	**443**	*6%*
Adjusted EBITDA margin	44.7%	38.0%	*6.7pp*

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Three months ended March 31, 2019	2018	'18-19 % change
Total operating revenue	**69,247**	**66,351**	*4%*
Mobile service revenue	54,933	54,282	*1%*
- of which FMC	2,223	1,709	*30%*
- of which mobile data	15,021	15,138	*-1%*
Fixed-line service revenue	8,502	8,867	*-4%*
Sales of equipment, accessories and other	5,812	3,202	*82%*
Operating expenses	**38,313**	**41,147**	*-7%*
Adjusted EBITDA	**30,934**	**25,204**	*23%*
Adjusted EBITDA margin	**44.7%**	**38.0%**	*6.7pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2019	2018	'18-19 % change
Mobile			
Customers in millions	54.2	56.3	*-4%*
Mobile data customers in millions	35.1	36.7	*-4%*
ARPU in US$	5.0	5.5	*-9%*
ARPU in RUB	333	315	*6%*

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 10% year-on-year, primarily due to the devaluation of the Russian ruble. In functional currency terms, total operating revenue increased by 4% year-on-year due to the strong growth in sales of equipment and accessories, positive ARPU dynamics and increase in value added service revenue.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA increased by 6% year-on-year to US$468 million, primarily due to the capitalization of lease costs upon adoption of IFRS 16 on January 1, 2019, which was partially offset by the devaluation of the Russian ruble.

In functional currency terms, our Russia Adjusted EBITDA increased by 23%.

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 gross sales through alternative distribution channels after the expansion of Beeline monobrand stores during FY 2018.

Our mobile ARPU in Russia decreased by 9% 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 6% year-on-year to RUB 333, mainly driven by increased ARPU of voice and data services.

PAKISTAN

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2019	2018	'18-19 % change
Total operating revenue	**362**	**368**	*-2%*
Mobile service revenue	337	341	*-1%*
- of which mobile data	97	63	*55%*
Sales of equipment, accessories and other	25	27	*-7%*
Operating expenses	**179**	**193**	*-7%*
Adjusted EBITDA	**183**	**175**	*5%*
Adjusted EBITDA margin	**50.6%**	**47.5%**	*3.1pp*

RESULTS OF OPERATIONS IN PKR

In millions of PKR (except as indicated)	Three months ended March 31, 2019	2018	'18-19 % change
Total operating revenue	**50,595**	**40,943**	*24%*
Mobile service revenue	47,118	37,960	*24%*
- of which mobile data	13,599	7,003	*94%*
Sales of equipment, accessories and other	3,476	2,982	*17%*
Operating expenses	**24,986**	**21,500**	*16%*
Adjusted EBITDA	**25,609**	**19,442**	*32%*
Adjusted EBITDA margin	**50.6%**	**47.5%**	*3.1pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2019	2018	'18-19 % change
Mobile			
Customers in millions	58.3	55.1	*6%*
Mobile data customers in millions	34.8	30.5	*14%*
ARPU in US$	2.0	2.1	*-6%*
ARPU in PKR	272	232	*17%*

TOTAL OPERATING REVENUE

In the three months ended March 31, 2019, our Pakistan total operating revenue decreased by 2% year-on-year to US$362 million as a result of the devaluation of the local currency. In functional currency terms, our Pakistan total operating revenue increased by 24% as a result of strong underlying performance in data and financial services driven by higher customer base and higher usage along with suspension of taxes collected from customers by mobile operators, which continued in Q1 2019 and provided the whole market with additional revenue growth.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA increased by 5% year-on-year to US$183 million in the three months ended March 31, 2019, primarily driven by revenue growth in functional currency terms, one-off tax related costs and capitalization of lease costs upon adoption of IFRS 16 on January 1, 2019, partially offset by devaluation of the local currency. In functional currency terms, our Pakistan Adjusted EBITDA increased by 32% year-on-year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2019, we had 58.3 million customers in Pakistan, representing an increase of 6% year-on-year driven by data network expansion and growth in data subscribers. The number of mobile data customers increased by 14% year-on-year due to the factors discussed above for the number of customers.

In the three months ended March 31, 2019, our mobile ARPU in Pakistan decreased by 6% year-on-year to US$2.0 driven by a devaluation of the local currency. In functional currency terms, mobile ARPU in Pakistan increased by 17% year-on-year to PKR 272 driven mainly by one-off tax impact, increase in usage and several price monetization initiatives.

ALGERIA

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	2019	2018	‘18-19 % change
Total operating revenue	**192**	**203**	*-5%*
Mobile service revenue	192	201	*-5%*
- of which mobile data	53	43	*21%*
Sales of equipment, accessories and other	0	1	*-59%*
Operating expenses	**103**	**112**	*-8%*
Adjusted EBITDA	**89**	**91**	*-2%*
Adjusted EBITDA margin	**46.3%**	**44.9%**	*1.4pp*

RESULTS OF OPERATIONS IN DZD

	Three months ended March 31,		
In millions of DZD (except as indicated)	2019	2018	‘18-19 % change
Total operating revenue	**22,803**	**23,115**	*-1%*
Mobile service revenue	22,747	22,983	*-1%*
- of which mobile data	6,262	4,960	*26%*
Sales of equipment, accessories and other	56	132	*-57%*
Operating expenses	**12,250**	**12,744**	*-4%*
Adjusted EBITDA	**10,553**	**10,371**	*2%*
Adjusted EBITDA margin	**46.3%**	**44.9%**	*1.4pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2019	**2018**	**'18-19 % change**
Mobile			
Customers in millions	16.0	15.3	*4%*
Mobile data customers in millions	9.5	8.0	*18%*
ARPU in US$	4.0	4.4	*-9%*
ARPU in DZD	474	504	*-6%*

TOTAL OPERATING REVENUE

Our Algeria total operating revenue decreased by 5% year-on-year primarily due to decreased mobile ARPU as a result of competitive pressure in the market 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 3G and 4G/LTE networks. In functional currency terms, total operating revenue in Algeria decreased by 1% year-on-year.

ADJUSTED EBITDA

Our Algeria Adjusted EBITDA decreased by 2% year-on-year primarily due to the decrease in total revenues, as discussed above, coupled with an increase of technology and commercial costs. In functional currency terms, our Algeria Adjusted EBITDA increased by 2% year-on-year.

SELECTED PERFORMANCE INDICATORS

Customer base in our Algeria segment increased by 4% year-on-year driven by the success of their new prepaid proposition. Our mobile data customers in Algeria increased by 18% year-on-year mainly due to the acceleration of 3G and 4G/LTE network deployment and increased smartphone penetration.

In the three months ended March 31, 2019, our mobile ARPU in Algeria decreased by 9% year-on-year to US$4.0 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 6% year-on-year.

BANGLADESH

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	2019	2018	'18-19 % change
Total operating revenue	**134**	**129**	*4%*
Mobile service revenue	131	125	*4%*
- of which mobile data	27	20	*35%*
Sales of equipment, accessories and other	3	4	*-23%*
Operating expenses	**74**	**83**	*-11%*
Adjusted EBITDA	**60**	**47**	*29%*
Adjusted EBITDA margin	**44.8%**	**36.1%**	*8.7pp*

RESULTS OF OPERATIONS IN BDT

	Three months ended March 31,		
In millions of BDT (except as indicated)	2019	2018	'18-19 % change
Total operating revenue	**11,213**	**10,730**	*4%*
Mobile service revenue	10,951	10,392	*5%*
- of which mobile data	2,242	1,649	*36%*
Sales of equipment, accessories and other	262	338	*-22%*
Operating expenses	**6,191**	**6,860**	*-10%*
Adjusted EBITDA	**5,022**	**3,870**	*30%*
Adjusted EBITDA margin	**44.8%**	**36.1%**	*8.7pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2019	2018	'18-19 % change
Mobile			
Customers in millions	33.0	32.2	*2%*
Mobile data customers in millions	20.4	18.1	*12%*
ARPU in US$	1.3	1.3	*2%*
ARPU in BDT	112	109	*3%*

TOTAL OPERATING REVENUE

Our Bangladesh total operating revenue increased by 4% year-on-year primarily due to an acceleration of data revenue growth resulting from network improvements during the quarter, 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 4% year-on-year.

ADJUSTED EBITDA

Our Bangladesh Adjusted EBITDA increased by 29% year-on-year due to higher revenue, lower service costs impact of IFRS 16 adoption as of January 1, 2019 and lower commercial costs. In functional currency terms, our Bangladesh Adjusted EBITDA increased by 30% year-on-year.

SELECTED PERFORMANCE INDICATORS

Customers in our Bangladesh segment increased by 2% year-on-year to 33.0 million. The increase was mainly due to improved distribution and network availability. The number of mobile data customers increased by 12% 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 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 increase data ARPU. In functional currency terms, mobile ARPU in Bangladesh increased by 3% year-on-year to BDT 112.

UKRAINE

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	2019	2018	'18-19 % change
Total operating revenue	**188**	**156**	*20%*
Mobile service revenue	175	145	*21%*
- of which mobile data	90	49	*83%*
Fixed-line service revenue	12	11	*11%*
Sales of equipment, accessories and other	1	1	*75%*
Operating expenses	**70**	**68**	*3%*
Adjusted EBITDA	**118**	**89**	*33%*
Adjusted EBITDA margin	**62.9%**	**56.7%**	*6.3pp*

RESULTS OF OPERATIONS IN UAH

	Three months ended March 31,		
In millions of UAH (except as indicated)	2019	2018	'18-19 % change
Total operating revenue	**5,125**	**4,263**	*20%*
Mobile service revenue	4,763	3,949	*21%*
- of which mobile data	2,454	1,341	*83%*
Fixed-line service revenue	329	295	*11%*
Sales of equipment, accessories and other	33	19	*74%*
Operating expenses	**1,902**	**1,851**	*3%*
Adjusted EBITDA	**3,223**	**2,412**	*34%*
Adjusted EBITDA margin	**62.9%**	**56.6%**	*6.3pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2019	2018	'18-19 % change
Mobile			
Customers in millions	26.3	26.5	*-1%*
Mobile data customers in millions	15.4	12.9	*19%*
ARPU in US$	2.2	1.8	*23%*
ARPU in UAH	60	49	*23%*

TOTAL OPERATING REVENUE

Our Ukraine total operating revenue increased by 20% year-on-year to US$188 million in the three months ended March 31, 2019. The increase was primarily due to strong data revenue growth.

In functional currency terms, our Ukraine total operating revenue increased by 20% year-on-year.

ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 33% year-on-year to US$118 million in the three months ended March 31, 2019, primarily due to higher revenues, as discussed above and lower service costs. In functional currency terms, our Ukraine Adjusted EBITDA increased by 34% year-on-year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2019, we had 26.3 million mobile customers in Ukraine representing a decrease of 1% year-on-year. The decrease was a result of underperformance of new tariff portfolio. The number of our mobile data customers in Ukraine increased by 19% year-on-year mainly due to an increased sales focus on new and voice-only customers.

In the three months ended March 31, 2019, our mobile ARPU in Ukraine increased by 23% year-on-year to US$2.2 due to the introduction of a new tariff portfolio. In functional currency terms, mobile ARPU in Ukraine increased by 23% to UAH 60.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	**2019**	**2018**	**'18-19 % change**
Total operating revenue	**64**	**76**	*-16%*
Mobile service revenue	63	75	*-16%*
- of which mobile data	28	23	*23%*
Fixed-line service revenue	0	1	*-18%*
Sales of equipment, accessories and other	0	0	*-53%*
Operating expenses	**32**	**42**	*-23%*
Adjusted EBITDA	**32**	**34**	*-6%*
Adjusted EBITDA margin	**49.8%**	**44.8%**	*5.0pp*

RESULTS OF OPERATIONS IN UZS

	Three months ended March 31,		
In millions of UZS (except as indicated)	**2019**	**2018**	**'18-19 % change**
Total operating revenue	**534,673**	**616,683**	*-13%*
Mobile service revenue	530,825	611,822	*-13%*
- of which mobile data	235,544	186,305	*26%*
Fixed-line service revenue	3,538	4,216	*-16%*
Sales of equipment, accessories and other	310	645	*-52%*
Operating expenses	**268,244**	**340,609**	*-21%*
Adjusted EBITDA	**266,429**	**276,075**	*-3%*
Adjusted EBITDA margin	**49.8%**	**44.8%**	*5.1pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2019	2018	‘18-19 % change
Mobile			
Customers in millions	9.0	9.6	*-6%*
Mobile data customers in millions	5.6	5.2	*8%*
ARPU in US$	2.3	2.6	*-11%*
ARPU in UZS	19,446	21,152	*-8%*

TOTAL OPERATING REVENUE

Our Uzbekistan total operating revenue decreased by 16% year-on-year to US$64 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 13% year-on-year.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 6% year-on-year to US$32 million in the three months ended March 31, 2019, primarily due to decreased total operating revenue discussed above partially offset by decreased lease costs upon adoption of IFRS 16 as of January 1, 2019. In functional currency terms, in the three months ended March 31, 2019, our Uzbekistan Adjusted EBITDA decreased by 3% year-on-year.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2019, we had 9.0 million mobile customers in our Uzbekistan segment representing a decrease of 6% year-on-year. The decrease was mainly driven by scaled down acquisition activities. As of March 31, 2019, the number of our mobile data customers in Uzbekistan increased by 8% year-on-year to 5.6 million, primarily due to a strengthening of the data network which allowed increased penetration of smartphones and bundled offerings.

In the three months ended March 31, 2019, our mobile ARPU in Uzbekistan was US$2.3, representing a decrease of 11% year-on-year due to decreased voice ARPU partially offset by increased data ARPU. In functional currency terms, mobile ARPU in Uzbekistan decreased by 8% year-on-year.

HQ

Our HQ Adjusted EBITDA was US$292 million for the three months ended March 31, 2019, compared to negative US$80 million for the three months ended March 31, 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. 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 March 31, 2019, we had negative working capital of US$1,505 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 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 three months ended March 31, 2019, net cash flows from operating activities increased to US$805 million from US$702 million during the three months ended March 31, 2018. The increase was mainly due to lower interest and tax paid during Q1 2019 compared to Q1 2018.

INVESTING ACTIVITIES

During the three months ended March 31, 2019, our total payments for the purchase of property, equipment and intangible assets amounted to US$389 million compared to US$676 million during the three months ended March 31, 2018. The decrease was primarily connected to different phasing in acquisitions of network equipment.

During the three months ended March 31, 2019, we paid US$640 million and we received US$1,011 million during the three months ended March 31,2018, 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 three months ended March 31, 2019, net cash outflow for financing activities were US$389 million compared to net cash outflow of US$1,001 million during the three months ended March 31, 2018. The change of net cash flows from financing activities was mainly driven by the net repayment of borrowings during the three months ended March 31, 2018.

During the three months ended March 31, 2019, we repaid US$787 million relating mostly to the maturity of VEON Holdings BV bonds with a notional of US$571 million, and raised US$794 million net of fees paid for borrowings which related mostly to short-term drawings under the VEON Holdings BV Revolving Credit Facility.

INDEBTEDNESS

As of March 31, 2019, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to US $7,465 million, compared to US$7,298 million as of December 31, 2018. As of March 31, 2019, our debt includes overdrawn bank accounts related to cash-pooling program of US$73 million.

As of March 31, 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	1,468	05.19.2022
VEON Holdings B.V.	Loan from Alfa Bank	8.8000%	RUB	17,500	270	08.30.2022
VEON Holdings B.V.	Loan from VTB	8.7500%	RUB	30,000	463	08.30.2022
VEON Holdings B.V.	Notes	3.9500%	USD	600	600	06.16.2021
VEON Holdings B.V.	Notes	7.5043%	USD	417	417	01.03.2022
VEON Holdings B.V.	Notes	5.9500%	USD	529	529	02.13.2023
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	06.17.2024
VEON Holdings B.V.	RCF utilisation	4.4928%	USD	310	310	11.04.2019
VEON Holdings B.V.	RCF utilisation	4.4818%	USD	300	300	04.18.2019
VEON Holdings B.V.	Cash-pool overdrawn accounts*				26	
TOTAL VEON Holdings B.V.					**4,916**	
GTH Finance B.V.	Notes	6.2500%	USD	500	500	04.26.2020
GTH Finance B.V.	Notes	7.2500%	USD	700	700	04.26.2023
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 PJSC VimpelCom				17	

TOTAL PJSC VimpelCom					**279**	
Pakistan Mobile Communications Limited	Sukuk Certificates	3 months KIBOR + 0.88%	PKR	1,725	12	12.20.2019
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.90%	PKR	2,667	19	12.23.2020
Pakistan Mobile Communications Limited	Loan from ING Bank N.V.	6 month LIBOR plus 1.9%	USD	137	137	12.31.2020
Pakistan Mobile Communications Limited	Loan from MCB Bank Limited	6 months KIBOR + 0.8%	PKR	10,667	76	12.23.2020
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.35%	PKR	5,463	39	06.29.2022
Pakistan Mobile Communications Limited	Syndicated loan facility	6 months KIBOR	PKR	4,848	34	12.31.2023
Pakistan Mobile Communications Limited	Syndicated loan facility	6 months KIBOR	PKR	3,213	23	12.31.2023
Pakistan Mobile Communications Limited	Syndicated loan via MCB Bank Limited	6 months KIBOR + 0.35%	PKR	17,000	121	06.29.2022
Pakistan Mobile Communications Limited	Other Pakistan Mobile Communications Limited				60	
TOTAL Pakistan Mobile Communications Limited					**521**	
Banglalink Digital Communications Ltd.	Senior Notes	8.6250%	USD	300	300	06.05.2019
Banglalink Digital Communications Ltd.	Syndicated Loan Facility	Average bank deposit rate + 4.25%	BDT	8,853	106	12.24.2022
Banglalink Digital Communications Ltd.	Syndicated Loan Facility	Average bank deposit rate + 3.0%	BDT	2,791	33	12.24.2020
TOTAL Banglalink Digital Communications Ltd.					**439**	
Optimum Telecom Algérie S.p.A.	Syndicated Loan Facility	Bank of Algeria Re-Discount Rate + 2.0% (floor 5.5%)	DZD	7,500	63	12.30.2019
TOTAL Optimum Telecom Algérie S.p.A.					**63**	
Other entities	Cash-pool overdrawn accounts*				47	
Total VEON consolidated					**7,465**	

** As of March 31, 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$73 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 three months ended March 31, 2019, our capital expenditures excluding licenses and excluding right-of-use assets were US$444 million compared to US$355 million in the three months ended March 31, 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 rest 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;
- Export credit agency guaranteed financing;
- 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 March 31, 2019, we had an undrawn amount of US$1,179 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 March 31, 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.

We hold approximately 31% 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 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 March 31, 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 three-month period ended March 31, 2019

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

(In millions of U.S. dollars, except per share amounts)	Note	2019	2018*
Service revenues		2,005	2,156
Sale of equipment and accessories		89	61
Other revenues / other income		30	33
Total operating revenues	2	**2,124**	**2,250**
Service costs		(368)	(438)
Cost of equipment and accessories		(90)	(59)
Selling, general and administrative expenses		(718)	(899)
Other operating gains / (losses)	4	350	—
Depreciation		(403)	(354)
Amortization		(94)	(126)
Impairment (loss) / reversal		(6)	(3)
Gain / (loss) on disposal of non-current assets		(7)	(17)
Operating profit		**788**	**354**
Finance costs		(211)	(217)
Finance income		14	19
Other non-operating gain / (loss), net		4	(9)
Net foreign exchange gain / (loss)		14	12
Profit / (loss) before tax from continuing operations		**609**	**159**
Income tax expense	3	(79)	(117)
Profit / (loss) for the period from continuing operations		**530**	**42**
Profit / (loss) after tax from discontinued operations		—	(130)
Profit / (loss) for the period from discontinued operations		—	**(130)**
Profit / (loss) for the period		**530**	**(88)**
Attributable to:			
The owners of the parent (continuing operations)		495	18
The owners of the parent (discontinued operations)		—	(130)
Non-controlling interest		35	24
		530	**(88)**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:			
From continuing operations		$0.28	$0.01
From discontinued operations		$0.00	($0.07)
Total		**$0.28**	**($0.06)**

** Prior year comparatives are restated following the disposal of Italy Joint Venture and retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation and amortization charges in respect of Deodar in 2018*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	2019	2018*
Profit / (loss) for the period		**530**	**(88)**
Items that may be reclassified to profit or loss			
Net movement on cash flow hedges		—	(3)
Share of other comprehensive income / (loss) of joint ventures		—	(12)
Foreign currency translation		56	33
Other comprehensive income / (loss) for the period, net of tax		**56**	**18**
Total comprehensive income / (loss) for the period, net of tax		**586**	**(70)**
Attributable to:			
The owners of the parent		564	(84)
Non-controlling interests		22	14
		586	**(70)**

** Prior year comparatives are restated following the disposal of Italy Joint Venture and retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation and amortization charges in respect of Deodar in 2018*

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**	**March 31, 2019**	**December 31, 2018**
Assets			
Non-current assets			
Property and equipment	5	7,110	4,932
Intangible assets	6	1,820	1,854
Goodwill	6	3,951	3,816
Deferred tax assets		190	197
Other assets		151	193
Total non-current assets		**13,222**	**10,992**
Current assets			
Inventories		166	141
Trade and other receivables		845	577
Other financial assets	7	729	88
Current income tax assets		114	112
Other assets		314	367
Cash and cash equivalents	8	1,265	1,808
Assets classified as held for sale		21	17
Total current assets		**3,454**	**3,110**
Total assets		**16,676**	**14,102**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		3,933	3,670
Non-controlling interests		(898)	(891)
Total equity		**3,035**	**2,779**
Non-current liabilities			
Other financial liabilities	7	8,346	6,567
Provisions		123	110
Deferred tax liabilities		174	180
Other liabilities		39	53
Total non-current liabilities		**8,682**	**6,910**
Current liabilities			
Trade and other payables		1,478	1,432
Other financial liabilities	7	1,782	1,289
Provisions		205	234
Current income tax payables		201	196
Other liabilities		1,284	1,258
Liabilities associated with assets held for sale		9	4
Total current liabilities		**4,959**	**4,413**
Total equity and liabilities		**16,676**	**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 three-month period ended March 31, 2019

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2018*		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	495	—	495	35	530
Other comprehensive income / (loss)		—	—	—	—	2	67	69	(13)	56
Total comprehensive income / (loss)		**—**	**—**	**—**	**—**	**497**	**67**	**564**	**22**	**586**
Dividends declared	10	—	—	—	—	(297)	—	(297)	(24)	(321)
Other		—	—	—	1	(2)	—	(1)	(4)	(5)
As of March 31, 2019		**1,749,127,404**	**2**	**12,753**	**744**	**(1,217)**	**(8,349)**	**3,933**	**(898)**	**3,035**

for the three-month period ended March 31, 2018

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
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		—	—	—	—	(112)	—	(112)	24	(88)
Other comprehensive income / (loss)		—	—	—	(17)	—	45	28	(10)	18
Total comprehensive income / (loss)		—	—	—	(17)	(112)	45	(84)	14	(70)
Dividends declared	10	—	—	—	—	(299)	—	(299)	—	(299)
Legal reserves			—	—	1	(1)	—	—	—	—
As of March 31, 2018		**1,749,127,404**	**2**	**12,753**	**713**	**(1,852)**	**(7,622)**	**3,994**	**(416)**	**3,578**

** Opening balance 2018 are restated following the adoption of IFRS 16 (see Note 14)*
*** Prior year comparatives are restated following retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation and amortization charges in respect of Deodar in 2018.*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of U.S. dollars)	Note	2019	2018*
Operating activities			
Profit / (loss) before tax from continuing operations		609	159
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		503	483
Gain / (loss) on disposal of non-current assets		7	17
Finance income		(14)	(19)
Finance costs		211	217
Other non-operating losses		(4)	9
Net foreign exchange gain		(14)	(12)
Changes in trade and other receivables and prepayments		(289)	45
Changes in inventories		(20)	(50)
Changes in trade and other payables		27	101
Changes in provisions and pensions		15	32
Interest paid		(147)	(194)
Interest received		16	18
Income tax paid		(95)	(104)
Net cash flows from operating activities		805	702
Investing activities			
Purchase of property, plant and equipment and intangible assets		(389)	(676)
Receipts from / (payment on) deposits		(640)	1,011
Receipts from / (investment in) financial assets		—	21
Other proceeds from investing activities, net		3	12
Net cash flows from / (used in) investing activities		(1,026)	368
Financing activities			
Acquisition of non-controlling interest		(5)	—
Proceeds from borrowings, net of fees paid **	7	794	390
Repayment of borrowings		(787)	(1,105)
Repayment of lease liabilities (principal element of lease payments)		(77)	—
Dividends paid to owners of the parent		(284)	(286)
Dividends paid to non-controlling interests		(30)	—
Net cash flows from / (used in) financing activities		(389)	(1,001)
Net (decrease) / increase in cash and cash equivalents		(610)	69
Net foreign exchange difference		11	10
Cash and cash equivalents at beginning of period		1,791	1,314
Cash and cash equivalents at end of period, net of overdraft * **	8	1,192	1,393

** Prior year comparatives are restated following the disposal of Italy Joint Venture and retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation and amortization charges in 2018.*
*** Fees paid for borrowings were US$6 (2018: US$5)*
**** Overdrawn amount was US$73 (2018: US$ nil)*

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

GENERAL INFORMATION ABOUT THE GROUP

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.

VEON earns revenues by providing voice and data telecommunication services through a range of mobile and fixed-line technologies. As of March 31, 2019, the Company operated telecommunications services in Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Armenia, Georgia and Kyrgyzstan.

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**").

In the notes to these interim condensed consolidated financial statements, prior year comparatives are restated following the retrospective reversal of reclassification of Deodar assets and liabilities as held for sale and retrospective recognition of depreciation charges in respect of Deodar assets. In addition, the Italy Joint Venture was classified as a discontinued operation during 2018, resulting in the reclassification of share of profit / (loss) of the Italy Joint Venture to 'Profit / (loss) after tax from discontinued operations' for the comparative periods (for more details, please refer to Note 10 of the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2018).

Major developments in Q1 2019

On January 1, 2019, the Company has 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 that comparatives were not restated. For more details please refer to Note 14.

On February 10, 2019, VEON submitted an application to the Egyptian Financial Regulatory Authority (the "**FRA**") to approve a mandatory tender offer ("**MTO**") by VEON Holdings B.V. for any and all of the outstanding shares of Global Telecom Holding S.A.E. ("**GTH**") which are not owned by VEON. For more details please refer to Note 4.

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 will receive US$350 during the first half of 2019. Please see Note 4 for more details.

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

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

Management analyzes the Company's operating segments separately because of 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 and other non-operating gains / losses (**"Adjusted EBITDA"**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses (**"Capital expenditures"**).

As of January 1, 2019, the Company adopted a new accounting standard IFRS 16 Leases. Accordingly, operating lease expenses are no longer recorded in the income statement but instead are considered in recording a lease liability in the statement of financial position. The Company applied a modified retrospective approach, which means that the 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 three-month period ended March 31 is presented in the following tables.

	External customers		Inter-segment		Total revenue		Of which: Mobile		Of which: Fixed	
Revenue	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Russia	1,042	1,162	6	4	1,048	1,166	919	1,010	129	156
Pakistan	352	367	10	1	362	368	362	368	—	—
Algeria	192	201	—	2	192	203	192	203	—	—
Bangladesh	134	129	—	—	134	129	134	129	—	—
Ukraine	180	151	8	5	188	156	175	145	13	11
Uzbekistan	64	76	—	—	64	76	63	75	1	1
HQ	—	—	—	—	—	—	—	—	—	—
Other	160	164	(24)	(12)	136	152	99	132	37	20
Total segments	**2,124**	**2,250**	**—**	**—**	**2,124**	**2,250**	**1,944**	**2,062**	**180**	**188**

	Adjusted EBITDA		Capital expenditures excluding licenses*	
Other disclosures	**2019**	**2018****	**2019**	**2018*****
Russia	468	443	226	158
Pakistan	183	175	51	66
Algeria	89	91	18	14
Bangladesh	60	47	14	55
Ukraine	118	89	29	26
Uzbekistan	32	34	25	9
HQ	296	(80)	—	3
Other	52	55	26	24
Total segments	**1,298**	**854**	**389**	**355**

** Excluding right-of-use assets recognized upon adoption of IFRS 16*

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

**** Prior period comparatives have been restated to exclude certain costs, such as cost to acquire telecommunication licenses.*

(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 three-month period ended March 31:

	2019	2018
Total Segments Adjusted EBITDA	1,298	854
Depreciation	(403)	(354)
Amortization	(94)	(126)
Impairment (loss) / reversal	(6)	(3)
Gain / (loss) on disposal of non-current assets	(7)	(17)
Finance costs	(211)	(217)
Finance income	14	19
Other non-operating gain / (loss), net	4	(9)
Net foreign exchange gain	14	12
Profit / (loss) before tax	609	159

The following table provides the details that the adoption of IFRS 16 had on Adjusted EBITDA for the three-month period ended March 31, 2019 for each operating segment:

	Adjusted EBITDA pre-IFRS 16	Impact of IFRS 16	Adjusted EBITDA post-IFRS 16
Russia	386	82	468
Pakistan	170	13	183
Algeria	81	8	89
Bangladesh	50	10	60
Ukraine	113	5	118
Uzbekistan	31	1	32
HQ	292	—	292
Other	49	7	56
Total segments	**1,172**	126	**1,298**

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

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 reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Income tax expense consisted of the following for the three-month period ended March 31:

	2019	2018*
Current income taxes	87	132
Deferred income taxes	(8)	(15)
Income tax expense	79	117
Effective tax rate	12.9%	73.6%

** Effective tax rate for prior year has been recalculated based on restated profit / (loss) before tax from continuing operations, arising from classification of the Italy Joint Venture as a disposal group held for sale and its subsequent sale in 2018.*

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ended March 31, 2019 (12.9%) was mainly driven by income within holding entities in the Netherlands offset by previous years unrecognized losses.

In the first quarter of 2018, the difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group (73.6%) was mainly driven by profitability in countries with a higher nominal rate and income tax losses, primarily within holding entities in the Netherlands, for which no deferred tax-asset has been recognized.

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT TRANSACTIONS

Mandatory tender offer application in relation to Global Telecom Holding S.A.E.

On February 10, 2019, VEON submitted an application to the Egyptian Financial Regulatory Authority (the "**FRA**") to approve a mandatory tender offer ("**MTO**") by VEON Holdings B.V. for any and all of the outstanding shares of GTH which are not owned by VEON (up to 1,997,639,608 shares, representing approximately 42.31% of GTH's issued shares). The MTO will be funded by cash on hand and/or the utilization of undrawn credit facilities. The proposed offer price under the MTO is EGP 5.30 per share. The MTO is currently being reviewed by the FRA and will commence when FRA approval is granted. Any increase of the Company's interest in GTH will be accounted for directly in equity upon closing of the transaction. Following the submission of the MTO application, the Company deposited US$645, which is recorded as other financial asset on the statement of financial position and represents a cash outflow from investing activities in the statement of cash flows.

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 have signed binding terms to vary the existing agreements and as a result VEON will receive US$350 during the first half of 2019. The settlement amount was recorded in the income statement within 'Other operating gains / (losses)'.

In March 2019, the Company collected US$175, shown as an operating cash flow within the statement of cash flows, with a remaining balance to be received in June 2019.

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

5 PROPERTY AND EQUIPMENT

The movement in property and equipment for the three-month period ended March 31 included the following:

	2019	2018
Right-of-use assets upon adoption of IFRS 16 (Note 14)	2,023	—
Cost of acquired assets	392	314
Net book value of assets disposed	19	24

Right-of-use assets arising from lease contract primarily relate to land for network sites, network infrastructure and equipment and buildings.

6 INTANGIBLE ASSETS

There were no material changes to intangible assets during the three-month period ended March 31, 2019.

GOODWILL

The movement in goodwill for the Group, per cash generating unit (**"CGU"**), consisted of the following for the three-month period ended March 31, 2019:

CGU	March 31, 2019	Currency translation	December 31, 2018
Russia	2,166	148	2,018
Algeria	1,163	(13)	1,176
Pakistan	369	(2)	371
Kazakhstan	155	2	153
Kyrgyzstan	54	—	54
Uzbekistan	44	—	44
Total	**3,951**	**135**	**3,816**

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 key assumptions used to determine the recoverable amount for the different CGU's were disclosed in the annual consolidated financial statements as of and for the year ended December 31, 2018.

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 CGU when reviewing for indicators of impairment in interim periods.

There was no goodwill impairment recorded in the first quarter of 2019 or 2018.

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

FINANCING ACTIVITIES OF THE GROUP

7 OTHER FINANCIAL ASSETS AND LIABILITIES

The other financial assets and financial liabilities consisted of the following as of each reporting date:

Financial assets	**March 31, 2019**	**December 31, 2018**
Financial assets at fair value through profit or loss		
Derivatives not designated as hedges	7	14
Derivatives designated as net investment hedges	—	45
Investments in debt instruments *	34	36
Other	5	3
	46	**98**
Financial assets at amortized cost		
Cash pledged as collateral (see Note 4)	664	31
Other investments	30	17
	694	**48**
Total financial assets	**740**	**146**
Non-current	10	58
Current	730	88

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

Financial Liabilities	**2019**	**2018**
Financial liabilities at fair value through profit or loss		
Derivatives not designated as hedges	57	65
Derivatives designated as net investment hedges	45	—
Contingent consideration	40	40
Other	—	2
	142	**107**
Financial liabilities at amortized cost		
Bank loans and bonds, including interest accrued	7,553	7,366
Lease liabilities	2,066	—
Put-option liability over non-controlling interest	317	306
Other financial liabilities	50	77
	9,986	**7,749**
Total financial liabilities	**10,128**	**7,856**
Non-current	8,346	6,567
Current	1,782	1,289

There were no significant changes in financial assets and liabilities in the three-month period ended March 31, 2019, except for the scheduled repayments of debt, new borrowing related to MTO (see Note 4) and adoption of IFRS 16

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

Leases. 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.

As mentioned in Note 2 of these interim condensed consolidated financial statements, upon transition to IFRS 16, the Company has recognized the lease liability 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. See also Note 14 for more details.

The fair value of financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The fair values were estimated based on quoted market prices for our 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 March 31, 2019, the fair values of all financial assets and liabilities are equal to or approximate their respective carrying amounts 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$7,714 (2018: US$7,430) and lease liabilities, for which fair value has not been determined.

The fair value of derivative financial instruments is determined using the discounted cash flows technique. Observable inputs (Level 2) used in the valuation techniques include LIBOR, EURIBOR, swap curves, basis swap spreads, foreign exchange rates and credit default spreads.

Fair value hierarchy

As of March 31, 2019, and December 31, 2018, the Group recognized financial instruments at fair value in the statement of financial position.

The fair value hierarchy ranks fair value measurements based on the type of inputs used in the valuation; it does not depend on the type of valuation techniques used:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs are used for the asset or liability

As of March 31, 2019, and December 31, 2018, all financial assets or financial liabilities carried at fair value were measured based on Level 2 inputs, except for Contingent consideration, for which fair value is classified as Level 3.

Transfers into and out of fair value hierarchy levels are recognized at the end of the reporting period (or the date of the event or change in circumstances that caused the transfer). On a quarterly basis, the Company reviews if there are any indicators for a possible transfer between Level 2 and Level 3. This depends on how the Company is able to obtain the underlying input parameters when assessing the fair valuations.

During the three-month period ended March 31, 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The reconciliation of movements relating to financial instruments classified in Level 3 of the fair value hierarchy:

Financial liabilities at fair value through profit or loss	Contingent consideration
As of December 31, 2018	**40**
As of March 31, 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.

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

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2019	December 31, 2018
Cash and cash equivalents at banks and on hand	843	756
Short-term deposits with original maturity of less than three months	422	1,052
Cash and cash equivalents	**1,265**	**1,808**
Less overdrafts	(73)	(17)
Cash and cash equivalents, net of overdrafts, as presented in the consolidated statement of cash flows	**1,192**	**1,791**

As of March 31, 2019, and December 31, 2018, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2019 include investments in money market funds of US$169 (December 31, 2018: US$349).

As of March 31, 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$73 (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.

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

9 ISSUED CAPITAL

As of March 31, 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.*

10 DIVIDENDS PAID AND PROPOSED

On February 25, 2019, the Company announced that the VEON's Board of Directors approved a final dividend of US 17 cents per share, bringing total 2018 dividends to US 29 cents per share. The record date for the Company's shareholders entitled to receive the final dividend payment has been set for March 8, 2019. The final dividend was paid on March 20, 2019. The Company made appropriate tax withholdings of up to 15% when the dividend is paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders via Euronext Amsterdam, the final dividend of US 17 cents was paid in euro.

ADDITIONAL INFORMATION

11 RELATED PARTIES

For the three-month period ended March 31, 2019, there were no material transactions and there were no material balances recognized with related parties as of this date.

COMPENSATION TO DIRECTORS AND SENIOR MANAGERS OF THE COMPANY

Value growth cash-based long-term incentive plans

The carrying value of obligations under the Value-growth cash based long-term incentive plan (the **"LTI Plan"**) as of March 31, 2019 and December 31, 2018, respectively, was equal to US$27 and US$35. Included within 'Selling, general and administrative expenses' for the three-month periods ended March 31, 2019 is a gain of US$8 (2018: gain of US $47) relating to share-based payment expense under the LTI Plan.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

There were no material risks, commitments, contingencies and uncertainties that occurred during the three-month period ended March 31, 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

Banglalink Digital Communications Limited announced new syndicated term facility agreement

On April 25, 2019, the Company announced that its subsidiary, Banglalink Digital Communications Limited ("Banglalink"), has 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 option for another 24 months upon agreement with the lenders, and will be used to refinance the principal amount of Banglalink's US$300 bond that matures on May 6, 2019. The Ordinary General Assembly meeting that is scheduled for June 26, 2019 related to the rights issue remains unchanged.

Dispute concerning sale of Telecel Globe Limited

GTH and Niel Natural Resources Investments S.A. ("Niel") entered into a Share Purchase Agreement on 28 March 2013, as amended from time to time (the "SPA") in relation to the proposed purchase by Niel of GTH's majority stake in Telecel Globe Limited ("Telecel") and telecommunications operations in the Central African Republic and Burundi. The parties subsequently entered into three amendments to the original SPA between April and August 2013 due to Niel's failure to timely close the intended transaction. Pursuant to the terms of the amendments, the parties extended the Longstop Date each time in exchange for payments of deposits by Niel. As Niel ultimately failed to close the intended transaction, the deposits paid to GTH were not refunded (US$50), which was in accordance with the terms of the SPA which is no longer in force. GTH completed the sale of Telecel in October 2014 to another purchaser for consideration less than had been agreed with Niel. In 2019, Niel commenced an LCIA arbitration in relation to the deposit monies retained by GTH and, in the Dutch courts, obtained an ex parte order freezing GTH's bank accounts in The Netherlands and other pre-award security. GTH plans to vigorously contest Niel's arbitration claims and otherwise defend against all proceedings and actions.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three-month period ended March 31, 2019 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.

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 judgements, 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 millions of U.S. dollars unless otherwise stated)

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			
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 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 judgements 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)

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, May 2, 2019

VEON Ltd.