VEON 1Q25 Results Presentation

May 15, 2025

Operator:

Hello and welcome to VEON's first quarter 2025 results presentation. We ask that you please hold all questions until the completion of the formal remarks, at which time you will be given instructions for the question-and-answer session. Also, as a reminder, this conference is being recorded today. If you have any objections, please disconnect at this time. Anand Ramachandran, you may begin.

Anand Ramachandran:

Hello, good afternoon, and good morning to everyone, and thank you for joining us today for VEON's first quarter results for the period ending 31st March 2025. My name is Anand Ramachandran, Corporate Development Officer, and also heading our investor relations function. Allow me to introduce the senior management in the room today. Next to me is Mr. Kaan Terzioğlu, our CEO. Next to him is Mr. Burak Ozer, our group CFO.

Today's presentation will begin with the key highlights and business updates from Kaan, followed by a discussion of financial results by Burak. We will then open up the line for Q&A. Do note that we may make forward-looking statements during today's presentation, which involve certain risks and uncertainties. These statements relate to the company's anticipated performance guidance for 2025, future market developments, operational and network developments and investments, and the company's ability to realize its targets and initiatives.

Actual results may differ materially due to risks detailed in the company's annual report on Form 20-F and other recent public filings with the SEC. The earnings release and presentation including reconciliations of non-IFRS measures can all be downloaded from our website. With that, let me now hand it over to Kaan.

Kaan Terzioğlu:

Thank you, Anand. Good morning, good afternoon, and welcome to everyone. I appreciate you joining us today for VEON's presentation of our first quarter 2025 results. We have kicked off this year on a high note, starting with our financial performance. We have achieved strong growth this quarter in reported US dollar terms. We grew our revenues 8.9% while EBITDA rose 13.7. On a quarter-on-quarter basis, our revenues grew 2.8%, adjusting for the deconsolidation of TNS+. On a like-for-like basis, our revenue would have grown 11.7% and our EBITDA would have grown 15.5.

In underlying local currency terms, our revenue performance was even more impressive, delivering a 12.9% increase, outpacing both inflation and nominal GDP growth. This quarter also saw our revenues hit above the billion-dollar mark despite the deconsolidation of TNS+ business following its sale last year. On a second note, we continue to drive exceptional momentum in expanding our digital services portfolio. This quarter, our direct digital revenues grew by 50.2% and now represent 14.3% of our total revenues, up from 10.4% last year.

We are accelerating our evolution into a services company with a telco license underpinned by innovative enterprise architecture and accelerating integration of AI-powered features in our digital applications as we deliver innovative solutions to customers in native languages. Our Asset-Light Strategy remains a cornerstore of our value creation efforts. We are also progressing on initiatives to unlock infrastructure and tower value in all our markets. Our strategic partnership with Engro Corporation in Pakistan to pool infrastructure assets is progressing well and will unlock 563 million US dollars in value for us.

We are also progressing on initiatives to unlock infrastructure and tower value in other markets and will keep you posted as the things develop. Last but not least, we continue to deliver for our shareholders. The second phase of our share buyback program commenced on 25th of March, and we have bought back $23 million of shares, which represent around two-thirds of the total allotment of 35 million US dollars. We have repaid 472 million of our bonds in April 2025. Following this, our only remaining bond repayments prior to 2027 are the scheduled maturities due in June 2025.

We have also made a successful return to the capital markets, securing a 210 million syndicated term loan. We are making good progress on Kyivstar's listing on the Nasdaq, which we think will significantly enhance its visibility and profile. Finally, our most important asset, our people. We have strengthened our leadership capacity. The appointment of Johan Buse as CEO of Banglalink is a good example. We have also deepened our management strength, moved our HQ to Dubai, and some key appointments for key positions. Now, turning our attention to top-line performance for the quarter.

Our revenues grew by 8.9% in reported US dollar terms, adjusting for the impact of identified items in first quarter of 2024, which I will detail on the next slide. Underlying local currency growth was 12.9% year-on-year. This growth comes in an environment where inflationary pressures across our markets have eased further to 7.6% on a weighted average basis in the first quarter. This demonstrates our ability to drive fair pricing and yet capture higher consumer wallet share. Moving to profitability, we reported EBITDA growth of 13.7% in US dollar terms, with a 10.4% growth in underlying local currency terms that adjusted for the identified items. Our revenue and EBITDA performance are in line with our expectations, and we are confident delivering our full-year's guidance. Let me now walk you through the identified items. As you can see from this slide, there are no adjustments to our performance for this quarter. The underlying year-on-year growth rates, however, are adjusted for the impact of two identified items from Q1 last year. The first one is the Ukraine cyber attack, and the second one is the sale of our TNS+ business, which led to the business being deconsolidated from our accounts effective fourth quarter last year.

Consequently, while our total revenue and EBITDA for the quarter rose 15.7 and 22.1% respectively in local currency terms, the underlying figures, which account for these impacts, reflect 12.9 growth in revenue and 10.4 in EBITDA. Putting it all together, I am pleased to share a summary of our first quarter performance that highlights our continuing progress and strong growth. Our telecom and infrastructure segment contributed $880 million and grew 4.2% year-on-year and 11.2% year-on-year in local currency terms. This showcases the capability to implement fair value pricing and unique differentiation of our digital products to keeping our customers engaged.

If you would consider that TNS+ as part of our telecoms business, adjusting for that like-for-like growth for our telecom and infrastructure business would've been 7.1%, which is at least twice of our peers in the region. Our direct digital revenues continue to demonstrate the success of our digital operator strategy, growing 50.2% year-on-year to $147 million. On profitability I'm pleased to note that our

EBITDA margins grew by 1.8 percentage points to 42.8 for the quarter, reflecting pricing controls and disciplined cost management. Our CapEx intensity for the quarter was 13. 1%.

On a last 12-month basis, it is at 20.4, but excluding Ukraine last 12-month CapEx intensity stands at 17.9 and is in line with our guidance. Last 12-month equity-free cash flow is $387 million. We remain confident in our ability to improve this over the coming quarters as we optimize our investment phasing and drive operational efficiencies. Our balance sheet continues to strengthen. Net debt, excluding leases, has decreased to $1.8 billion, and our net debt-to-EBITDA ratio, excluding leases, improving to 1.2 times.

Our cash position also improved. As of 31st of March, we hold $1.8 billion in cash, which includes $662 million at headquarters level. Multiplay, which counts customers that use at least one digital service in addition to voice and data services is a key feature of our digital operator 1040 minutes growth strategy. Increased 4G adoption remains the key driver of growth as well. Our 4G users grew 3.3% year-on-year, and 4G penetration increased by 4.3 percentage points.

Multiplay segment drives growth with stronger customer engagement, higher data consumption, more frequent usage of voice services, improved retention, and ARPU expansion. Our Multiplay customers continue to generate 3.7 times the ARPU of a voice-only subscriber. We are encouraged that this ratio continues to increase even as Multiplay adoption expands and becomes a larger share of our overall subscriber base. In the first quarter, 54% of our consumer revenues were generated by Multiplay customers, and this is a 15% year-on-year growth.

Let me now delve deeper into our digital services. These revenues are generated through our core digital services, including financial services, healthcare, education, entertainment, and enterprise services such as AdTech, cloud, and software development. I'm pleased to highlight our robust direct digital revenue growth, which rose 50.2% year-on-year in reported currency and by 54.3% year-on-year growth in local currency this quarter. Direct digital revenues are now 14.3% of total revenues, up from 10.4 a year ago.

We expect this trend to continue as we expand our digital portfolio and capture customer demand across our markets. Moving on to our operating markets, let me provide you with an overview of our revenue and EBITDA growth in local currency terms across the markets. Our Pakistan business builds on its strong performance from last year, revenue growth at 20.3% and EBITDA growing at 13.2. Our operations in Ukraine have begun the year with remarkable strength. Even after adjusting for the cyber attack from last year, the business achieved 20.2% revenue growth and 10.2% EBITDA uplift.

Kazakhstan's revenue performance has been robust, growing 11.5% year-on-year, adjusting for the de consolidation of TNS+ business. EBITDA this quarter was impacted by the absence of regulatory tax benefits for the quarter. Adjusting for this, EBITDA would have been flat year-over-year.

In Bangladesh, steady quarter-on-quarter trends are encouraging and indicate that the worst of the macroeconomic headwinds may be behind us. Looking ahead, we remain hopeful that the actions of the interim government will support a sustainable recovery. Lastly, Uzbekistan delivered strong results, with a revenue and EBITDA growth of 13.1% and 16.5% respectively.

Let us update you on each country's individual performance. In Pakistan, one driver to Jazz's impressive performance was the 12% growth in telecom and infrastructure revenues. This was supported by a 16% increase in 4G users, and 14% rise in mobile ARPU, and reflects the strength of Jazz's network and innovative digital services. This performance is even more impressive given the macro backdrop of 2.3% GDP growth and inflation lowering to 2.2%.

Direct digital revenues surged 49.5%, and now contribute 27.7% of total revenues in Pakistan. Jazz cash revenues continues to grow strongly, where the year-on-year growth level is 66% and mobiling microfinance bank grew revenues by 26%. Jazz's digital brands continue to scale strongly. Tamasha, SIMOSA, and FikrFree all posted significant increases in their monthly active users, which I will just refer to here as users.

EBITDA growth was healthy at 13.2% even as EBITDA margins declined slightly to 42%. Jazz's EBITDA margin profile reflects a blend of high telecom margins and strong yet comparatively low digital margins.

Last but not least, the strategic partnership with Engro Corporation on infrastructure sharing is progressing well. Once completed, Engro will pay Jazz $188 million and guarantee the repayment of Deodar's intercompany debt of $375 million.

Moving on to Ukraine. Kyivstar has delivered a strong quarter to kick off the year. Total revenues in Ukraine grew 49.5% year-on-year. Adjusting the cyber attack impact, revenue growth like-for-like was 20.2%. This was driven by price adjustments, a stable 4G user base, and growing adoption of Kyivstar's data and digital services, which is leading to higher mobile data consumption. Direct digital revenues grew by 141% year-on-year, propelled by the success of Kyivstar TV and our healthcare platform, Healthsy.

EBITDA growth was 64% year-on-year after adjusting for the cyber attack impact. EBITDA growth was 10.2% taking into consideration of the EBITDA impact of the cyber attack. Normalized EBITDA margin declined to 55.6% for the quarter from 6.6 last year. This was primarily due to one off corporate restructuring costs associated with the proposed listing.

The acquisition of Uklon closed on 2nd of April 2025 and marks Kyivstar's expansion into a new era of digital consumer services in line with our digital operator strategy.

Last but not least, we continue to make good progress on Kyivstar's proposed NASDAQ listing through the business combination agreement with Kohan Circle at a valuation of $2.3 billion US. This will position Kyivstar as the first pure-play Ukrainian investment opportunity to be publicly listed in United States.

Moving on to Kazakhstan, the headline year-on-year growth rates reflect the de consolidation of TNS+ business. Excluding, this telecom and infrastructure revenues grew 9.4% year-on-year, reflecting a 3.5% increase in mobile subscribers and 1% growth in mobile ARPU.

Beeline's 4.9G rollout and performance continues to resonate well with our consumers versus its 5G competitors in the market. Underlying EBITDA declined 4% year-on-year when adjusted for the TNS+'s de consolidation. This was primarily driven by the absence of regulatory tax benefits for the quarter, and we expect this to come back in the following quarters. Looking ahead, we expect operational leverage and disciplined cost controls to provide the margin support.

In line with group's digital operator strategy, the company's digital offerings continue to scale strongly with a 25.7% rise in users. Beeline introduced [inaudible 00:19:08] super app that offers customers a range of solutions like financial services, entertainment, gaming, and a seamless integrated one-stop shop. It is seeing very good traction with consumers and its launch has significantly broadened our reach, resulting in substantial growth for Simpli with its user base increasing 140%.

QazCode continues to enhance its capabilities in deploying generative augmented intelligent applications and developing agentic AI solutions through large language model training. Last but not least, I am pleased to note that Beeline Kazakhstan has rolled out our VEON ad tech capabilities across some of its products and is now serving ads to customers using these technologies.

Turning to Bangladesh. Quarter-on-quarter revenue stability suggests that the negative impact of macro challenges has been stabilized. Banglalink has strategically optimized its distribution and customer acquisition model resulting in a lower subscriber count, but a significantly higher quality. Importantly, this has had virtually no impact on revenues or market share, while also beginning to deliver structural cost efficiencies. Even in this challenging backdrop, direct digital revenues are growing strongly and highlight the potential for digital services in the market. Banglalink's ability to leverage this potential to drive growth will continue in the following quarters. Banglalink will maintain its focus on operational agility and digital growth, continuously adapting to navigate evolving market landscape. Looking ahead, we are optimistic that the worst of macroeconomic impact is in the past, and Banglalink is well positioned to drive sustainable long-term growth.

Moving on to Uzbekistan. Beeline Uzbekistan has started off strongly to build on last year's efforts to strengthen its market position. Revenues rose 13.1% year-on-year, supported by a targeted shift toward higher value subscribers resulting in improved ARPU. EBITDA grew by 16.5% year-on-year and reflects the benefits of fair value pricing. Margins expanded by 1.1 percentage points to 37.9%.

The launch of our super app Hambi, which has 4.3 million monthly active users is powering usage of all digital platforms, including BeePul, our financial services arm, and Kinom and BeeTV, our entertainment platforms. This is driving strong growth in direct digital revenues and highlights the strategic importance of digital innovation in fueling Beeline's long-term growth ambitions.

CapEx declined 78% year-on-year with a CapEx intensity of 12.2% as the aggressive 4G rollout program from last year has been completed. Beeline will now focus on leveraging this investment into higher and sustainable revenue growth and profitability.

Let's take a closer look at the continued momentum of our digital ecosystem. We are seeing strong, broad-based growth across our platforms, with total digital users reaching 125.1 million, a 26% year-on-year increase, notably our digital-only user base. Basically customers only using our digital service with no telecom services attached has expanded even faster surging 58% to 32.4 million. This accelerating adoption highlights the growing appeal of our digital products and world-class competitiveness. These are fast-becoming go-to solutions for consumers across the markets. I'm pleased to report that our super apps see higher levels of engagement fueled by this expanding and increasingly active user base.

Taking a more detailed look at our digital portfolio, our financial services customer base increased by 33.5% this quarter, reaching 40 million users across all stated platforms on the slide. In Pakistan, JazzCash continues to scale rapidly with users rising to 20.6 million. We are issuing 141,000 digital loans every single day, and this number is up 74% year-on-year.

Gross transaction value for the quarter rose by 60% year-on-year over an inflation of 2.2% represents an impressive 10.7% of GDP of Pakistan. This was driven by a 48% increase in total transactions and 23% uplift in transaction volumes and pricing per user. JazzCash's retail network continues to expand with over 340 active merchants and 120,000 active agents.

Simply, Kazakhstan's second-largest digital financial services operator registered a 140% rise in its user base to 3.3 million. In Uzbekistan, BeePul continued to build on its strong momentum as its customer base grew 150% to over 2.3 million users.

Our entertainment platforms capitalize on the rising demand for locally relevant content by offering digital entertainment apps that deliver enhanced user experience. These platforms not only support local content creators, but also offer compelling opportunities for advertisers to engage youth and digitally savvy audiences. Tamasha in Pakistan and Toffee in Bangladesh saw a notable increase in customer engagement fueled by strong viewership during the ICC cricket championship. Kyivstar TV in Ukraine delivered strong growth and its user base rising 35% year-on-year to reach 2 million. This momentum was driven by an enhanced content lineup, including the launch of a refreshed sports section within the application. BeeTV and Kinom, our digital platforms in Kazakhstan, have maintained steady growth as well. Our super apps continue to gain strong traction across our markets with users up 21.7% year-on-year to 45.1 million. Positioned as one-stop digital hub, these platforms are becoming to go to destination for our customers seamlessly integrating essential services from healthcare to entertainment to e-commerce, and driving deeper engagement across our ecosystem. Meanwhile, our premium digital brands are becoming increasingly central to our digital strategy, expanding their reach and relevance across markets, reaching 1.8 million users. These platforms are designed to meet evolving customer needs with curated high value experiences, underscoring their growing role in driving engagement, monetization, and digital leadership. Consider these premium digital brands as MVNOs on our own network. I will now hand over to Burak, who will take you through the financials in more detail. Burak?

Burak Ozer:

Thanks, Kaan. In first quarter '25, we achieved robust revenue growth with total revenue passing the $1 billion mark again, an 8.9% increase year-over-year, or 15.7% in local currency. As Kaan has explained earlier, after adjusting for the impact of the cyber attack in Ukraine and the deconsolidation of TNS plus in Kazakhstan, our underlying revenue grew by 12.9%. Direct digital revenues continued their strong growth trajectory rising 50.2% year-over-year to $147 million, and now compromise 14.3% of our total revenues. This highlights the growing importance of our digital platforms in driving future value and diversification across our portfolio.

Turning to profitability, EBITDA rose 13.7% year-on-year, reaching $439 million. Adjusting for the one-off impacts in the prior year, underlying EBITDA growth stood at a solid 10.4% EBITDA margin expanded by 1.8 percentage points reflecting a combination of strong top-line growth, disciplined cost control, and increased operating leverage. With digital at 14.3% of our revenues now, our margin profile is starting to reflect the combination of higher telco margins coupled with strong but comparatively lower digital margins. We are comfortable with this margin profile as we expect the combination to continue to drive better absolute EBITDA growth. We also note digital businesses have much lower CapEx intensity relative to telco. Hence, we would expect cash generation for both telco and digital to be very comparable as a proportion of revenues. Now, shifting our focus to key balance sheet figures. We finished March with $1.8 billion in cash, a 5% increase quarter-on-quarter, of which $662 million sits at the HQ level. We upstreamed $127 million of net dividends from our operating companies in the quarter. Net debt, excluding leases declined to $1.8 billion and helped our net debt to EBITDA ratio, excluding leases improved to 1.23 times. As Kaan mentioned earlier, subsequent to 31st March, we have repaid the USD $472 million of April 2025 bonds. Our 2025 notes will also be repaid at maturity in June. There will be no additional maturities until 2027. The US dollar $210 million syndicated loan has also been drawn down in early April for general corporate purposes. I will now hand it back to Kaan.

Kaan Terzioğlu:

Thank you, Burak. Our Q1 performance leaves us with strong momentum in 2025. Despite the turbulence in the global markets, we are confident that a combination of potentially lower oil prices and softer dollar will be accretive to business in frontier markets. At the same time, inflation rates of our footprint are also trending lower and present a headwind. Amidst all this, I am pleased to reaffirm our full year outlook, which is based on a projected weighted average inflation rate of 8.2%. We are on track to deliver 12 to 14% underlying local currency revenue growth for the full year. We expect underlying EBITDA to grow by a higher 13 to 15% assisted by operating leverage and effective cost control. We continue to see CapEx intensity in the 17 to 19% range for the year.

As I mentioned earlier, inflation has trended down further since we originally set our guidance down to 7.6% as of Q1. This is a trend we are watching carefully. In closing, the first quarter has set the tone for what promises to be a defining year for VEON, and I'm excited about our future prospects. We look forward to continuing to deliver on our strategy and creating sustainable value for our stakeholders. Thank you for your continued support and trust in our company. We can open the line for Q&A on it now.

Operator:

Thank you. At this time, if you would like to ask a question, please click on the raise hand button, which can be found on the black bar at the bottom of your screen. When it is your turn, you will hear your name called and receive a message on your screen asking to be promoted to a panelist. Please accept, wait a moment, and once you've been promoted, you may unmute your video and audio and ask your question. As a reminder, we are allowing analysts one question and one related follow-up question today. Written questions can be submitted on the webcast by using the ask a question tab at the top right of your screen. We will wait one moment to allow the queue to form. Thank you. Our first question comes from Matthew Harrigan. Matthew, please unmute your line, unmute your video, and ask your question.

Matthew Harrigan:

Thank you. I assume you can hear me. You've got a really nice kind of embedded growth mechanism with the multiplay customers. I think it was 3.4 x, the revenue of voice only, and clearly you've got a lot of penetration headroom. I'm curious, what percentage of that is due to their use using the multiplay apps versus actually generating also higher telecom revenues? And then secondly, your entertainment apps, I mean, it feels like they're great as far as adaptation to the specific markets. I mean the one US or global player that really it does a very good job in local content clearly is Netflix. I know they're somewhat active in Pakistan, and could you talk about Tamasha versus Netflix in terms of the local programming capabilities? I realize the business isn't going to be a monopoly tech type characteristic in terms of having the entire entertainment market, but just your positioning relative to Netflix and Pakistan and maybe where else you have entertainment apps. And congratulations on the results. They were outstanding again. Thank you.

Kaan Terzioğlu:

Matthew, thank you very much and thanks a lot for your quick note on the results. I really appreciate that. Now you're right, the multiplay customers, which we define as customers who use our voice and practically connectivity service on data, but on top of that, consume at least one of our digital services. These customers generate 3.7 times more ARPU compared to customers who only use voice services or who only use data services. So this multiplay concept allows us actually to serve the customer with multiple different services. What we experience in this type of an environment, the data consumption of these customers are three times higher, and even we see a significant positive impact on the times voice services are utilized. And needless to say, these customers tend to have a much less churn rate compared to the single play customers. So we are actually, at least one out of two of our customers are in multiplay format, actually around 45%, and they generate much higher revenues for us. And we do expect as we deploy our digital services and this penetration increases, the revenue harvesting capability we have will also increase.

Now, coming to the question about Netflix, most people in Pakistan have heard about Netflix, but the ability to pay a subscription through a credit card is not that common. There are very few people with a credit card and the ones they have, if Central Bank allows payments, they can continue watching Netflix. I do not necessarily see Netflix as a competitor. We love our customers who are subscribers to Netflix. They are generating lots of revenues for us as well. But clearly for a population of 240 million, our content with linear TV and cricket games is much more interesting and relevant. So I do not see a substitution impact with Netflix, but a strong complementary positioning. And of course, our customer base of 20.2 million in the Tamasha platform is not comparable with their numbers. So I see actually a fantastic market where we don't only compete, but we coexist and we drive the revenue potential for the entertainment industry in the country.

Matthew Harrigan:

Thank you, Kaan.

Operator:

Thank you. Our next question comes from Bilal Yan at Mashreq. Bilal, please unmute your line, unmute your video, and ask your question.

Kaan Terzioğlu:

Bilal, we can't hear you still.

Anand Ramachandran:

Why don't we move on to the next question?

Bilal Yan:

Good afternoon. Am I audible now?

Kaan Terzioğlu:

Yes. Yes, we can hear you now, Bilal.

Bilal Yan:

First of all, congratulations, Kaan, on Q1 '25 numbers and very impressive to see the growth rate. My question would be slightly on the data centers or the infrastructure. While I understand VEON is an asset light quality network provider, but if you look at the current investors interest or the geographical trend, and specifically speaking in Middle Eastern countries, data center is the name that most of the digital providers are looking ahead. Would you like to comment a bit on your strategy around this particular asset?

Kaan Terzioğlu:

Sure. Actually, I'm very happy to see such a robust investment climate for data centers because clearly these are exactly the type of partners we need to run our asset light business. Now, if you look to the type investments we do, we have a 900 people strong technology company called Cascode in Kazakhstan, and we employ the best linguistic experts, data analysts, scientists, and software development teams. And this team's objective is really to create services for enterprise customers. Of course, the cloud offers we have and the software is a service offer we have and augmented intelligent offers will need a data center to host. We, today, have our backbone data centers, but in the future we expect to partner with the investors of next generation data centers, as well, sticking to our asset light strategy.

Bilal Yan:

Thank you so much.

Kaan Terzioğlu:

Thank you, Bilal.

Operator:

Thank you. Our next question comes from Nicholas Patan from Edison Group. Nicholas, please unmute your line, unmute your video, and ask your question.

Anand Ramachandran:

Nicholas, we can't hear you.

Operator:

Okay, we'll move on to the next question. Our next question comes from David Lopez from New Street Research. David, please unmute your line, unmute your video, and ask your question. If you could just unmute your line, David, just because you're muted at the moment.

David Lopez:

Yes, I was muted.

Katie:

Thank you.

Kaan Terzioğlu:

Hi, David.

David Lopez:

Hi, thank you. My question. Hi. Couple of questions on Ukraine. I think you had an impressive ARPU growth there this quarter and a very good data growth. I was wondering what are the other drivers behind that? And still in Ukraine, I was wondering what's the plan with the towers there?

Kaan Terzioğlu:

Thank you. Sure. So David, thanks for the question. As you have seen, the nominal revenue growth in Ukraine was 49.5% and of course the ARPU calculations reflect that. But if you adjust for the cyber attack that happened in Q1 last year, actually the real growth is around 20% plus. So the impact of this could be a little bit higher on the ARPU calculations that you see. But needless to say, still there is a 20% growth over a stable customer base, which actually reflects our capabilities to do fair value pricing and increase our prices thanks to the digital assets we have which can keep the churn rates under control. So that's really an important observation and thanks you for raising that.

With regard to our tower assets, as you know, we have separated our tower assets almost a year ago in Ukraine and they are directly owned by VEON and our Ukraine Tower Corporation, which is today, the owner of almost 8,000 towers, is separate from our operating company. And thank you also for allowing me to highlight this because this tower company is not part of the listing process that we have today for our operating company in Ukraine. And the operating company results should be interpreted in a way that the tower results should be separated because we report them consolidated in this report. And for that, we will follow up and make sure that information is available as we publish separate standalone results for Kyivstar.

David Lopez:

Thank you.

Kaan Terzioğlu:

Thank you.

Operator:

I think Nicholas is back online.

Kaan Terzioğlu:

Hi Nicholas, you are still-

Nicholas Patan:

Yes, my apologies. I dropped off there for a second. Can you hear me now?

Kaan Terzioğlu:

Yes, we can hear you.

Nicholas Patan:

Excellent. I've got one question split into three parts all on Ukraine. Apologies if you, I didn't catch all of the last answer. But firstly on CapEx, obviously that's one area of your CapEx, which has gone up quite a lot over the last year. What's the guidance going forward for CapEx in Ukraine and how does that affect your group CapEx? That's question 1 I. II is on digital revenues. It's difficult not to be impressed with your 50% growth. Can I just check that that doesn't include Ookla, I'm assuming it doesn't as you consolidated that from the, I think it was the 2nd of April, but is that an organic increase in digital revenues, let's say? And question 1 III is on the listing timing. Do you have any more detailed guidance on exactly when you expect to do the IPO? Thanks.

Kaan Terzioğlu:

Thank you, Nicholas. Let me start with the CapEx. Of course, the CapEx numbers in Ukraine heavily reflect our extraordinary out of normal investments on battery and generators due to the sustainability of the energy grid. So this has been driving our excessive CapEx spend in Ukraine. But as you can imagine in a war environment, this is quite normal, and it did increase our overall CapEx to revenue ratio over 20% last year above our guidance if you exclude that actually we are well within our guidance and we expect to continue to do so. The digital revenues have increased. But again, keep in mind that the nominal overall revenue growth in Ukraine was 49%, so actually the digital revenues grew in line with that. Clearly, the numbers that you look does not reflect the cyber attack impact, which has a major impact in Ukraine last quarter.

And finally, on the listing side, we are in line with the process. As you can see, our agreement with Cohen Circle, which involves CCIRA stock that is already active in Nasdaq, has had a good appreciation to almost 30%. And I do expect that this process to complete itself in Q3 and the trading should start by that time. I do not see any problems so far.

Burak Ozer:

Just to answer your Ookla question, yes, they are not included as of yet in Q1 results.

Kaan Terzioğlu:

Starting with Q2, we'll start.

Burak Ozer:

Right.

Nicholas Patan:

That's great. Thank you guys.

Kaan Terzioğlu:

Thank you.

Nicholas Patan:

Makes sense. Thank you.

Operator:

Thank you. Our next question comes from Ali Zaldi from Inam. Ali, please unmute your audio and video and ask your question.

Ali Zaldi:

Hi guys. Thank you for this opportunity and also congratulations on your results. I have a question. Given the success of JazzCash in Pakistan, does it make sense to make aggressively roll out a FinTech product in other markets? And if yes, what kind of challenges do you think you guys can encounter in that?

Kaan Terzioğlu:

Ali, thanks a lot for the question. As you can imagine, financial services is one of our key focus areas. I think Pakistan has demonstrated how effective we can be in this particular area, and we do actually have already financial services products in Kazakhstan and Uzbekistan, people in Uzbekistan and simply in Kazakhstan. The two markets that I'm very excited to introduce financial services is Bangladesh and Ukraine, and we are focusing on regulatory issues there to be able to be providing the services our customers deserve, and we will not give up on that and we will continue exploring those opportunities. Thank you, Ali.

Ali Zaldi:

Okay, thank you.

Operator:

Thank you. Our next question comes from Ahmed Mostafa from Inam. Ahmed, please unmute your audio and video and ask your questions.

Ahmed Mostafa:

Hello?

Kaan Terzioğlu:

We can hear you, Ahmed.

Ahmed Mostafa:

Yeah, congratulations on the results and thanks for the presentations. I'd like to ask two questions if you may. First is, can you give us a rough split if you would direct digital revenue by product vertical like FinTech, entertainment, and healthcare, et cetera, and where do you see those direct digital revenue as a share of total revenue by year-end? Thank you.

Kaan Terzioğlu:

Ahmed, thank you very much. Based on the request that we have received from our investors and analysts, we have given the overall numbers for revenues, for direct digital revenues. Give us a couple of more quarters for us to detail that on disclosure so that we can not only break down those in terms of different service lines, but also give an indication on the marginality, as well. But I will pass on that part of the question for the time being considering that anything below 10% you started to give, it may be up and down too much. I want to give you very, very solid and sustainable figures and we will need a couple of more quarters for that.

Now, looking to my expectation about how direct digital revenues will evolve, I would expect every quarter we would improve by one percentage point in terms of our penetration in the total revenues. That's what we have been experiencing and I'm very happy with that progress.

Ahmed Mostafa:

Thank you so much.

Kaan Terzioğlu:

Thank you, Ahmed.

Operator:

Thank you. We have no further questions at this time. I'll hand it back to Anand Ramachandran for closing remarks.

Anand Ramachandran:

Great, thank you Katie. Well guys, thank you so much for taking the time to participate in this first quarter 2025 earnings call. As always, any questions, do keep them coming. Myself, the team here is ready to answer that, and we look forward to your continued support and trust in VEON. Thank you again for your time.

Kaan Terzioğlu:

Thank you.