

## VIMPELCOM ANNOUNCES STRATEGY UPDATE AND REPORTS CONTINUED OPERATIONAL IMPROVEMENTS IN 2Q15

### KEY RESULTS AND DEVELOPMENTS IN 2Q15

- Strategy to generate sustainable annualized cash flow improvement of USD 750 million by year three
- Organic<sup>1</sup> results in line with management expectations
- On track to deliver on 2015 annual targets; Capex/revenue target improved to 18-20%
- Reported revenue and EBITDA<sup>2</sup> impacted by currency headwinds, down 26% YoY and 27% YoY respectively
- Revenue and EBITDA organically decreased 2% YoY and 3% YoY respectively
- Strengthening of the management team to deliver on the strategy

Amsterdam (August 6, 2015) – Netherlands based VimpelCom Ltd. (“VimpelCom”, “Company” or “Group”) (NASDAQ: VIP), a leading global provider of telecommunications services, today announces financial and operating results for the quarter ended June 30, 2015.

### JEAN-YVES CHARLIER, CHIEF EXECUTIVE OFFICER, COMMENTS:

“VimpelCom closed 2Q15 with an improving set of financial results which put the company on track to meet the 2015 targets. At the same time, whilst reaffirming guidance for the year, we improved our Capex to revenue guidance as result of our focus on increasing free cash flow without impacting network quality, and service. Today also marks a very important milestone in the development of VimpelCom. In addition to our Q2 results, we provided an update on the company’s new strategy framework with an objective to deliver USD 750 million cash flow increase on an annual basis by year three.”

### CONSOLIDATED FINANCIAL AND OPERATING HIGHLIGHTS

USD mln	2Q15	2Q14	Reported YoY	Organic <sup>1</sup> YoY	1H15	1H14	Reported YoY	Organic <sup>1</sup> YoY
Total revenue	3,759	5,067	(26%)	(2%)	7,274	10,091	(28%)	(2%)
Service revenue	3,610	4,861	(26%)	(2%)	6,968	9,671	(28%)	(2%)
Mobile data revenue	497	539	(8%)	22%	953	1,072	(11%)	22%
EBITDA <sup>2</sup>	1,511	2,076	(27%)	(3%)	2,907	4,164	(30%)	(4%)
EBITDA margin <sup>2</sup>	40.2%	41.0%	(0.8pp)	(0.5pp)	40.0%	41.3%	(1.3pp)	(1.1pp)
Net income attributable to VimpelCom shareholders	108	100	8%		292	139	110%	
EPS, basic (USD)	0.06	0.06	8%		0.17	0.08	110%	
Capital expenditures excl. licenses	675	1,017	(34%)		1,082	1,743	(38%)	
Operating cash flow (EBITDA less Capex)	836	1,059	(21%)		1,825	2,421	(25%)	
Net debt / LTM EBITDA <sup>4</sup>	2.6x	2.6x						
Net debt / LTM EBITDA <sup>4</sup> excl. Italy	1.3x	1.4x						
Total mobile customers (millions) <sup>3</sup>	213.4	215.2	(1%)					
Total fixed-line broadband customers (millions)	5.6	5.6	0%					

<sup>1)</sup> Revenue and EBITDA organic growth are non-GAAP 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

<sup>2)</sup> EBITDA and EBITDA margin are non-GAAP financial measures. For reconciliation see Attachment D

<sup>3)</sup> The customer numbers for 2014 have been adjusted to remove customers in operations that have been sold or held for sale and to reflect revised customer numbers in Algeria

<sup>4)</sup> Normalized LTM EBITDA excluding one-off charges related to the Algeria closing transaction  
For all definitions please see Attachment F

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## ORGANIC GROWTH REVENUE AND EBITDA

Business Units	2Q15 vs 2Q14					
	Service revenue			EBITDA		
	Organic	FX and others	Reported	Organic	FX and others	Reported
Russia	(2%)	(33%)	(35%)	(3%)	(33%)	(36%)
Italy	(4%)	(19%)	(23%)	(9%)	(17%)	(26%)
Algeria	(7%)	(18%)	(25%)	(8%)	(18%)	(26%)
Pakistan	(1%)	(4%)	(5%)	6%	(4%)	2%
Bangladesh	7%	0%	7%	18%	0%	18%
Ukraine	9%	(50%)	(41%)	12%	(51%)	(39%)
Kazakhstan	(7%)	(2%)	(9%)	(8%)	(1%)	(9%)
Eurasia	1%	(12%)	(11%)	4%	(13%)	(9%)
<b>Total</b>	<b>(2%)</b>	<b>(24%)</b>	<b>(26%)</b>	<b>(3%)</b>	<b>(24%)</b>	<b>(27%)</b>

Business Units	1H2015 vs 1H2014					
	Service revenue			EBITDA		
	Organic	FX and others	Reported	Organic	FX and others	Reported
Russia	(1%)	(38%)	(39%)	(2%)	(38%)	(40%)
Italy	(5%)	(17%)	(22%)	(7%)	(17%)	(24%)
Algeria	(9%)	(16%)	(25%)	(13%)	(16%)	(29%)
Pakistan	(3%)	0%	(3%)	0%	0%	0%
Bangladesh	9%	(1%)	8%	19%	0%	19%
Ukraine	7%	(56%)	(49%)	0%	(52%)	(52%)
Kazakhstan	(4%)	(5%)	(9%)	(3%)	(4%)	(7%)
Eurasia	3%	(12%)	(9%)	3%	(12%)	(9%)
<b>Total</b>	<b>(2%)</b>	<b>(26%)</b>	<b>(28%)</b>	<b>(4%)</b>	<b>(26%)</b>	<b>(30%)</b>

## CUSTOMERS<sup>1</sup>

million	Mobile			Fixed-line broadband		
	2Q15	2Q14	YoY	2Q15	2Q14	YoY
Russia	57.2	56.3	2%	2.2	2.2	(1%)
Italy	21.4	21.9	(2%)	2.2	2.2	1%
Algeria	17.1	17.1	0%			
Pakistan	33.4	38.8	(14%)			
Bangladesh	32.0	29.8	8%			
Ukraine	26.1	25.4	3%	0.8	0.8	3%
Kazakhstan	9.7	9.6	1%	0.2	0.2	13%
Eurasia	16.3	16.2	1%	0.2	0.2	(3%)
Laos	0.2	0.3	(35%)			
<b>Total</b>	<b>213.4</b>	<b>215.2</b>	<b>(1%)</b>	<b>5.6</b>	<b>5.6</b>	<b>0%</b>

<sup>1</sup> The mobile customer numbers for 2014 have been adjusted to remove customers in operations that have been sold or held for sale and to reflect revised customer numbers in Algeria

## PRESENTATION OF FINANCIAL RESULTS

VimpelCom results presented in this earnings release are based on IFRS 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 in tables may not be an exact arithmetic aggregation of the figures that precede or follow them.

## MAIN EVENTS

- **Strategy to generate sustainable annualized cash flow improvement of USD 750 million by year three**
- **New Group CEO and new Chief Performance Officer**
- **New CEO appointed in Algeria**
- **3G launched in Ukraine**
- **Annual General Meeting elected new Supervisory Board**
- **Annual 2015 targets confirmed with improved Capex/revenue and leverage**

### STRATEGY UPDATE

The Company shared the conclusions of its Strategy update and the six priorities that VimpelCom will operate on going forward. In creating the six priority areas, the Company has reflected the major trends facing the telecoms industry including the cost and pricing pressures, the rapid migration to data, the need to capture and monetise new revenue streams and the requirement to be flexible and agile in an increasingly digital world. As the Company delivers against these over the next three years, it expects a sustainable increase in cash flow of USD 750 million per annum.

### NEW GROUP CEO AND GROUP CPO

Jean-Yves Charlier started as the new Group CEO on April 13, succeeding Jo Lunder, who had been with the Company for 15 years. Mr Charlier has provided an update on the strategic direction of VimpelCom alongside the 2Q15 results and will update the market further on the Group's strategy and medium term objectives at the Company's annual Analyst and Investor Conference on October 8 and 9, 2015 in London.

In addition, Alexander Matuschka joined VimpelCom on July 1, 2015, as Group Chief Performance Officer. He will focus on driving the Company's new transformational operating model.

### NEW CEO APPOINTED IN ALGERIA

VimpelCom announced a new CEO of Optimum Telecom Algeria ("OTA"), a company operating under the Djezzy brand name on June 15, 2015. Ghada Gebara has joined as CEO in order to drive growth and improved performance and will work closely with Global Telecom Holding CEO and OTA Executive Chairman, Vincenzo Nesci. She was previously CEO of Iraqi mobile operator, Korek Telecom, from August 2011.

### 3G LAUNCHED IN UKRAINE

The Company successfully launched 3G in 2Q15 and is ahead of competition as it offers the widest coverage in more than 200 cities and towns including the main cities Kiev, Lviv and Odessa. Kyivstar also launched 3G services in the main holiday resorts, to serve its customers during the holiday season. Currently, more than 1 million customers are using 3G services of Kyivstar. The high 3G take up rate by Kyivstar customers has been helped by the high smartphone penetration of 24% in its customer base. The Company will continue to roll out the 3G network in 2015 and expects the strong trend in mobile data usage growth to continue throughout the year.

### AGM ELECTED NEW SUPERVISORY BOARD

VimpelCom's Annual General Meeting (AGM) was held on June 19, 2015, at which shareholders elected nine members: Mikhail Fridman, Gennady Gazin, Andrei Gusev, Gunnar Holt, Sir Julian Horn-Smith, Nils Katla, Alexey Reznikovich, Morten Karlsen Sørby and Trond Ø Westlie. The Board re-elected Mr. Reznikovich as Chairman. The AGM also resulted in the re-appointment of PricewaterhouseCoopers Accountants NV as the Company's auditor.

### ANNUAL 2015 TARGETS CONFIRMED

VimpelCom confirms its annual targets for 2015. The Capex/revenue target has been improved to 18-20% solely as a result of efficiencies from ongoing cost saving initiatives and will have no impact on VimpelCom's high-speed data network rollout plans for 2015 and customer experience. As a result of the reduced Capex the Company's net leverage target is reduced to ~3.1x.

- Service revenue of flat to low single digit YoY organic<sup>2</sup> decline
- EBITDA margin flat to minus one percentage point organically<sup>1</sup> YoY
- EPS<sup>2</sup> of USD 0.35 - 0.40
- Capex excl. licenses/revenue of 18% to 20% (previously 20%)
- Net debt to EBITDA ratio for the Group of ~3.1x (previously 3.2x)
- Excluding Italy, the net debt to EBITDA ratio ~1.6x (previously ~1.7x)

<sup>1)</sup> Revenue and EBITDA organic growth are non-GAAP financial measures that exclude the effect of foreign currency movements and certain items such as liquidations and disposals

<sup>2)</sup> EPS at constant currency and stable fair value of derivatives, excluding exceptional charges such as impairment charges, restructuring charges, litigation and settlements, impact of M&A transactions, other one-off charges and constant number of shares

## FINANCIAL AND OPERATING RESULTS 2Q15

- Service revenue declined organically 2% YoY, in line with management expectations
- EBITDA declined organically 3% YoY, mainly due to revenue decline
- EBITDA margin of 40.2%, down 0.8 p.p. YoY; organically down 0.5 p.p. YoY, in line with guidance
- Net Income attributable to VimpelCom shareholders is USD 108 million

## OPERATING FINANCIALS BY BUSINESS UNIT

USD mln	2Q15	2Q14	Reported YoY	Organic YoY	1H15	1H14	Reported YoY	Organic YoY
<b>Service revenue</b>	<b>3,610</b>	<b>4,861</b>	<b>(26%)</b>	<b>(2%)</b>	<b>6,968</b>	<b>9,671</b>	<b>(28%)</b>	<b>(2%)</b>
Russia	1,257	1,924	(35%)	(2%)	2,292	3,772	(39%)	(1%)
Italy	1,104	1,425	(23%)	(4%)	2,212	2,844	(22%)	(5%)
Algeria	326	434	(25%)	(7%)	645	863	(25%)	(9%)
Pakistan	244	256	(5%)	(1%)	481	498	(3%)	(3%)
Bangladesh	149	139	7%	7%	294	271	8%	9%
Ukraine	153	259	(41%)	9%	304	593	(49%)	7%
Kazakhstan	169	185	(9%)	(7%)	333	365	(9%)	(4%)
Eurasia	247	277	(11%)	1%	483	532	(9%)	3%
other	(39)	(38)			(76)	(67)		
<b>EBITDA</b>	<b>1,511</b>	<b>2,076</b>	<b>(27%)</b>	<b>(3%)</b>	<b>2,907</b>	<b>4,165</b>	<b>(30%)</b>	<b>(4%)</b>
Russia	524	813	(36%)	(3%)	944	1,574	(40%)	(2%)
Italy	444	600	(26%)	(9%)	904	1,194	(24%)	(7%)
Algeria	175	238	(26%)	(8%)	344	485	(29%)	(13%)
Pakistan	106	104	2%	6%	202	203	(0%)	0%
Bangladesh	63	54	18%	18%	123	103	19%	19%
Ukraine	70	115	(39%)	12%	133	278	(52%)	0%
Kazakhstan	82	90	(9%)	(8%)	163	176	(7%)	(3%)
Eurasia	128	140	(9%)	4%	246	271	(9%)	3%
other	(81)	(78)			(152)	(119)		
<b>EBITDA margin</b>	<b>40.2%</b>	<b>41.0%</b>	<b>(0.8pp)</b>	<b>(0.5pp)</b>	<b>40.0%</b>	<b>41.3%</b>	<b>(1.3pp)</b>	<b>(1.1pp)</b>

## FINANCIAL AND OPERATING PERFORMANCE OVERVIEW

Total **service revenue** in 2Q15 declined organically 2% YoY to USD 3.6 billion, in line with management expectations, mainly due to continued market weakness in Italy and aggressive price competition in Algeria, partly offset by good service revenue growth in Bangladesh and Ukraine.

Total mobile customers decreased 1.8 million YoY to 213.4 million by the end of 2Q15, mainly due to the impact of regulation for the telecom industry in Pakistan, requiring operators to block unverified SIMs. Excluding this effect the Group customer base would have grown by 3.8 million YoY.

**EBITDA** decreased organically 3% YoY to USD 1.5 billion reflecting the decline in revenue. EBITDA margin was 40.2%, declined organically 0.5 pp YoY due to the Italian tower sale and declined 0.8 pp YoY on a reported basis.

In **Russia**, service revenue declined organically 2% YoY. Mobile service revenue was up slightly YoY, driven by growth in mobile data and interconnect revenue, partly offset by lower voice and roaming revenue driven by an

average price per minute reduction as existing customers migrated to the Company's current price plans. Beeline has achieved consistent improvements in customer perception during the last six quarters and has surpassed a main competitor. The Company is leading in customer satisfaction for spam control, website and self-service, personal account and mobile app. As a result, the Company was able to improve churn and grow its customer base YoY. However, the macro-economic slowdown and weakened ruble maintained its negative impact on revenue growth and profitability. EBITDA decreased 3% YoY to RUB 27.5 billion and EBITDA margin decreased 0.9 percentage point YoY to 40.5%. The decrease was due to the negative impact of the year-on-year depreciation of the ruble on roaming and interconnect costs. Excluding the negative impact of the weakened ruble, EBITDA would have been stable YoY and EBITDA margin would have increased 1.5 percentage points YoY to 42.9%.

In **Italy**, WIND continued to outperform in a challenging mobile market. WIND was recognized as the company with the best reputation in Italy amongst telecommunication companies, by the l'Italy RepTrack 2015 Reputation Institute. During the quarter, the market witnessed a further reduction in the overall number of customers, despite some visible signs of recovery. The Company expects that the market will continue to stabilize during the second half of the year. Mobile service revenue decreased 2% YoY, displaying a 1 percentage point sequential QoQ improvement. Mobile data grew by a strong 16% YoY, driven by a 14% YoY increase in mobile data customers to 11 million. The mobile customer base declined 2% YoY, in line with the market. Mobile ARPU grew 0.6% YoY with an 8% YoY increase in data ARPU more than offsetting a 4% YoY decline in voice ARPU. EBITDA decreased by 9% YoY due to the impact of the tower sale in 1Q15. Consequently, EBITDA margin was 36.7%, down 1.3 percentage points YoY. Excluding the tower transaction impact, EBITDA margin would have been stable YoY.

In **Algeria**, the market continued to be challenging with aggressive price competition. The transformation program started during 2Q15 and includes the appointment of a new CEO, Ghada Gebara. Djezzy is focused on continuing to invest in its 3G network and the modernization of its 2G sites. It remains the largest operator by customers and the NPS leader, with the gap versus the nearest competitor increasing during the quarter. As a result of the intense price competition, mobile service revenue decreased 7% YoY. However this was a sequential improvement of the YoY trend. EBITDA decreased 8% YoY due to the lower revenue which was partially offset by cost efficiencies. EBITDA margin remained strong at 53.4%, decreased 0.9 percentage points YoY.

In **Pakistan**, the government has put in place additional security measures, in particular biometric verifications for all mobile subscriptions, which required re-verification of all existing customers. During this re-verification, a restriction on SIM sales was enforced through retail channels. By the end of 2Q15, the Company had managed to verify 87% of customers, representing 99% of revenue, thereby outperforming the market. Mobile service revenue decreased 1% YoY mainly due to lower VAS revenue, resulting from management's decision to introduce a simplified charging regime, and SIM re-verification activities partly offset by strong mobile data revenue growth of 75% YoY driven by attractive data bundles post 3G launch. Whilst pressure on revenue remains, cost efficiency initiatives have driven underlying EBITDA margin, excluding re-verification costs and a positive one-off in utility costs, to 40.2%, while reported EBITDA margin was 41.3% in 2Q15.

In **Bangladesh**, the political environment improved in 2Q15 compared to 1Q15 with significantly fewer days of strikes. Banglalink continued to strengthen its market position in 2Q15, demonstrating strong performance with 7% YoY

growth in service revenue driven by 8% YoY growth in the customer base to 32 million.

EBITDA increased 18% YoY to BDT 4.9 billion, with EBITDA margin increasing 3.7 p.p. YoY to 41.9% driven by the revenue increase and OPEX control initiatives, in particular optimization of maintenance and utility costs.

In **Ukraine**, Kyivstar remains the clear market leader in a volatile and challenging macro-economic environment. Mobile service revenue grew 12% YoY to UAH 3.1 billion as a result of the introduction of successful commercial activities, strong growth of mobile data revenue driven by the 3G launch and increased international incoming revenue positively impacted by FOREX. Mobile data revenue grew 26% YoY in 2Q15 due to a 1% YoY increase in mobile data users and a 25% YoY increase in mobile data ARPU. Fixed-line service revenue decreased 15% YoY due to lower transit traffic and the ongoing turbulence in Ukraine, although FTTB revenue increased 18% YoY driven by FTTB re-pricing. EBITDA increased 12% YoY driven by higher service revenue and lower service cost.

In **Kazakhstan**, Beeline maintained its strong market position during the quarter, as a result of the Company's attractive value proposition, network and distribution, despite the increasing price competition in the market. The Company expects the competitive environment to remain challenging throughout 2015. Mobile service revenue decreased 8% YoY driven by a 29% YoY reduction in MTR to KZT 8.0 from KZT 11.2 and increased price competition. Beeline continued to increase its market share in mobile data during the quarter, with 34% YoY revenue growth. EBITDA decreased by 8% YoY to KZT 15.3 billion, due to the revenue decline but EBITDA margin remained broadly stable at 48.6%, -0.1 percentage point YoY, mainly due to the decrease in interconnect cost partly offset by increased taxes, technical maintenance and utilities.

In **Eurasia**, consisting of VimpelCom's operations in Uzbekistan, Kyrgyzstan, Armenia, Tajikistan and Georgia, results were substantially impacted by currency headwinds, increased competition and pressure on international interconnect revenue due to the macro-economic slowdown in Russia. Mobile service revenue increased organically 1% YoY driven by strong results in Kyrgyzstan, while reported mobile service revenue decreased by 11% YoY to USD 228 million. Mobile data revenue grew 7% YoY to USD 41 million. The mobile customer base grew 1% YoY to 16.3 million with increases in Kyrgyzstan, Georgia and Armenia, while Uzbekistan's and Tajikistan's customer base declined YoY. The Company reported improvements in annualized churn in Uzbekistan, Armenia, Kyrgyzstan and Tajikistan. EBITDA increased organically by 4% YoY while reported EBITDA decreased 9% YoY to USD 128 million. EBITDA margin was strong at 51.6%, due to cost efficiencies.

## INCOME STATEMENT ELEMENTS & CAPITAL EXPENDITURES

USD mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	3,759	5,067	(26%)	7,274	10,091	(28%)
Mobile service revenue	3,091	4,097	(25%)	5,947	8,121	(27%)
EBITDA	1,511	2,076	(27%)	2,907	4,164	(30%)
EBITDA margin	40.2%	41.0%	(0.8 pp)	40.0%	41.3%	(1.3 pp)
Depreciation and amortization	(849)	(1,121)	(24%)	(1,719)	(2,273)	(24%)
Impairment loss	(13)	(2)	n.m	(111)	(2)	n.m
Gains/(losses) on disposal of assets	(3)	(15)	(78%)	448	(26)	n.m
EBIT	646	938	(31%)	1,525	1,863	(18%)
Financial income and expenses	(363)	(533)	(31%)	(745)	(1,046)	(29%)
Net foreign exchange (loss)/gain and others	(95)	74	n.m	(149)	(92)	62%
Profit before tax	188	479	(61%)	631	725	(13%)
Income tax expense	(42)	(420)	(90%)	(312)	(594)	(47%)
Profit for the period	146	59	148%	319	131	143%
Net income attributable to VimpelCom shareholders	108	100	8%	292	139	110%

	2Q15	2Q14	YoY	1H15	1H14	YoY
Capex expenditures	804	1,331	(40%)	1,264	2,066	(39%)
Capex expenditures excl licenses	675	1,017	(34%)	1,082	1,743	(38%)
Capex excl licenses/revenue	18%	20%		15%	17%	

**EBIT** was down 31% YoY to USD 646 million in 2Q15, impacted by lower EBITDA and USD 13 million of impairments mainly related to assets in East Ukraine, partly offset by a decrease in depreciation and amortization. The decrease in depreciation was a result of depreciation in local currencies and the tower sale in Italy, while amortization costs decreased mainly due to the declining amortization applied to intangible assets associated with customer relationships in Italy.

**Profit before tax** decreased 61% YoY to USD 188 million as a result of lower EBIT, partially mitigated by significantly lower financial expenses due to refinancing in WIND Italy, recent debt repayment and the positive effect of the ruble and euro weakening against the US dollar. Net foreign exchange losses and other reflects the negative fair value adjustment on derivatives in 2Q15 compared with the 2Q14 positive one-off gains from Italian refinancing and withholding tax settlements in Italy.

**Income tax expenses** decreased significantly in 2Q15 to USD 42 million due to lower profits before tax and the positive effect of USD 75 million on deferred taxes as a result of legal entity restructuring. In addition, in 2Q14

there were higher non-deductible interest expenses in Italy.

**Net income** attributable to VimpelCom shareholders increased to USD 108 million YoY due to the higher profit for the period partly offset by higher non-controlling interest as a result of an increase in OTA's minority share, due to the sale of 51% in OTA in Algeria and lower losses in GTH.

**CAPEX** decreased 40% YoY to USD 804 million in 2Q15 mainly due to the depreciation of the RUB, EUR and UAH against the USD as well as organic Capex savings. The Company will to maintain its strategy to invest in high-speed data networks to capture mobile data growth, including the continued rollout of 4G/LTE networks in Russia, Italy and Georgia, as well as 3G networks in Algeria, Pakistan, Bangladesh and Ukraine. The Capex/revenue target 2015 has been improved to 18-20% solely as a result of efficiencies from ongoing cost saving initiatives and the reduced spend has no impact on VimpelCom's high-speed data network rollout plans for 2015 and customer experience.

## STATEMENT OF FINANCIAL POSITION & CASH FLOW

USD mln	2Q15	1Q15	QoQ
Total assets	36,687	38,393	(4%)
Shareholders' equity	5,899	5,494	7%
Gross debt	22,349	24,225	(8%)
Net debt	17,904	17,608	2%
Gross debt / LTM EBITDA <sup>1</sup>	3.3x	3.3x	
Net debt / LTM EBITDA <sup>1</sup>	2.6x	2.4x	
Net debt / LTM EBITDA <sup>1</sup> excl. Italy	1.3x	1.2x	

USD mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Net cash from operating activities	801	1,102	(27%)	37	2,270	(98%)
Net cash from / (used in) investing activities	(808)	(1,060)	(24%)	(757)	(2,271)	(67%)
Net cash from / (used in) financing activities	(2,276)	960	n.m	(1,140)	1,160	n.m

<sup>1</sup> Normalized LTM EBITDA excluding one-off charges related to the Algeria closing transaction

**Total assets** decreased 4% QoQ in 2Q15 to USD 37 billion primarily as a result of the decrease in cash due to the settlement of the tender offer for PJSC VimpelCom and PJSC VimpelCom guaranteed US dollar bonds of USD 1.8 billion in April 2015.

**Shareholder's equity** increased 7% QoQ due to recorded net income in 2Q15 and termination of put option over non-controlling interest that was accounted for directly in equity.

**Gross debt** decreased 8% QoQ due to the completion of the tender offer for PJSC VimpelCom and PJSC VimpelCom guaranteed US dollar bonds of USD 1.8 billion. In addition, during 2Q15 the Company repaid the Government loan in Italy of USD 0.2 billion and the Sberbank loan of USD 0.2 billion, which offsets the impact of QoQ RUB and EUR appreciation against USD on remaining debt. For a detailed debt composition at the end of June 2015, please see Appendix B "Debt Overview".

**Net debt** increased 2% QoQ to USD 17.9 billion, mainly as a result of QoQ RUB and EUR appreciation against USD which affected gross debt. LTM EBITDA decreased by 8% QoQ, leading to a QoQ increase in the net debt to EBITDA ratio to 2.6x at the end of the second quarter. Excluding WIND Italy, the net debt to EBITDA ratio at the end of the second quarter was 1.3x.

**Net cash from operating activities** decreased YoY in 2Q15 due to the decline in EBITDA and lower changes in working capital which was only partially offset by the positive effect of significantly lower interest and tax payments.

**Net cash used in investing activities** decreased YoY in 2Q15 mainly due to the depreciation of the RUB, EUR and UAH against the USD, modernization projects completed in 2014. The Company plans to maintain its strategy to invest in high-speed data networks to capture mobile data growth, including the continued rollout of 4G/LTE networks in Russia, Italy and Georgia and 3G networks in Algeria, Pakistan, Bangladesh and Ukraine.

**Net cash used in financing activities** significantly increased YoY in 2Q15 due to the completion of the tender settlement mentioned above of USD 1.8 billion, the repayment of the Italian Government loan of USD 0.2 billion and the repayment of the Sberbank loan of USD 0.2 billion. In 2Q14 the increase in net cash from financing activities was primarily caused by the drawdowns under credit facilities.

## BUSINESS UNIT PERFORMANCE IN 2Q15

- Russia
- Italy
- Algeria
- Pakistan
- Bangladesh
- Ukraine
- Kazakhstan
- Eurasia

## RUSSIA – 2Q15

- **Continued operational improvements, gap closed in NPS and five year low churn**
- **Mobile service revenue stable YoY, mobile data revenue increased 19% YoY to RUB 10.6 billion**
- **Mobile customer base expanded 2% YoY to 57.2 million**
- **EBITDA excluding FOREX stable YoY; reported EBITDA decreased 3% YoY to RUB 27.5 billion, mainly driven by currency headwinds**
- **EBITDA margin at 40.5%; excluding FOREX is 42.9%**

Russia continued to execute on its plan in 2Q15, focusing on driving customer excellence and implementing a cultural shift to a customer-centric organization. As a result, the Company has reported continued operational improvements during the last several quarters in NPS and churn, leading to a growing customer base, although the macro-economic slowdown and weakened ruble continued to display a negative impact on revenue growth and profitability.

Total service revenue declined 2% YoY to RUB 66.2 billion, as a result of a 10% YoY decline in fixed-line service revenue, while mobile service revenue was slightly up YoY.

Beeline's mobile customer base expanded by 0.9 million YoY, marking the third consecutive quarter of YoY growth, as churn continued its positive trend, improving 2 percentage points YoY to an annualized rate of 51%, the lowest level in five years.

Mobile service revenue was up slightly YoY to RUB 54.9 billion, driven by growth in mobile data and interconnect revenue, partly offset by lower voice and roaming revenue driven by an average price per minute reduction as existing customers migrated to the Company's current price plans. Migrating customers to the all-inclusive bundled tariff plans remains the Company's focus as it increases customer loyalty and supports ARPU. At the end of 2Q15, 22% of customers were on a bundled tariff plan. The decline in mobile voice revenue was partially offset by a 19% YoY increase in mobile data revenue to RUB 10.6 billion, which was driven by a growing mobile data customer base and a strong increase in mobile data traffic.

Fixed-line service revenue decreased by 10% YoY to RUB 11.2 billion as a result of a reduction in low margin traffic. The fixed-line broadband customer base declined

1% YoY to 2.2 million, while fixed-line broadband ARPU decreased 5% YoY to RUB 451.

EBITDA decreased 3% YoY to RUB 27.5 billion and EBITDA margin decreased 0.9 percentage point YoY to 40.5%. The decrease was primarily due to the negative impact of the depreciation of the ruble on roaming and interconnect costs. Excluding the negative impact of the weakened ruble, EBITDA would have been stable YoY and EBITDA margin would have increased 1.5 percentage points YoY to 42.9%.

Beeline has achieved consistent improvements in customer perception during the last six quarters and has surpassed a main competitor. The company is leading in customer satisfaction for spam control, website and self-service, personal account and mobile app. As a result, the Company was able to improve churn and grow its customer base YoY.

The Company is continuing its efforts to continuously improve the quality of its distribution channels. It is increasing the number of owned monobrand stores every month which enables it to better serve its customers, increase smartphone penetration, enhance the level of service and reduce churn. The Company is also expanding its distribution channels through the use of consumer electronic chains and the Russian Post office, while it has reduced the number of points of sales using low quality alternative retail.

The Company continued to invest in high-speed data networks during the quarter and is on track with its plans for the accelerated roll out of 4G/LTE, supported by the agreement with MTS for joint development and operation of 4G/LTE networks.

## RUSSIA KEY INDICATORS

RUB mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	68,035	68,722	(1%)	134,311	134,870	0%
Mobile service revenue	54,926	54,883	0%	107,075	107,268	0%
Fixed-line service revenue	11,235	12,444	(10%)	23,435	24,619	(5%)
EBITDA	27,536	28,468	(3%)	53,666	55,015	(2%)
EBITDA margin	40.5%	41.4%	(0.9 pp)	40.0%	40.8%	(0.8 pp)
Capex	11,396	13,706	(17%)	16,822	25,193	(33%)
Capex /revenue	17%	20%		13%	19%	
<b>Mobile</b>						
Total revenue	56,758	56,133	1%	110,781	109,938	1%
- of which mobile data	10,634	8,957	19%	20,996	17,712	19%
Customers (mln)	57.2	56.3	2%			
- of which data users (mln)	33.8	30.0	13%			
ARPU (RUB)	321	326	(2%)			
MOU (min)	320	310	3%			
MBOU	1,384	966	43%			
<b>Fixed-line</b>						
Total revenue	11,278	12,589	(10%)	23,530	24,932	(6%)
Broadband revenue	3,060	3,251	(6%)	6,228	6,438	(3%)
Broadband customers (mln)	2.2	2.2	(1%)			
Broadband ARPU (RUB)	451	474	(5%)			

## ITALY – 2Q15

- **Continued outperformance in mobile market**
- **Mobile ARPU growth in the quarter**
- **Double digit mobile data growth confirmed: revenue up 16% YoY and customers up 14% YoY**
- **Total revenue of EUR 1.1 billion; mobile service revenue down 2% YoY with trend improving versus previous quarters**
- **EBITDA at EUR 397 million, EBITDA margin net of towers transaction stable YoY**

In 2Q15 WIND posted another solid performance in what remains a slightly shrinking market in terms of overall number of customers and revenue, but confirming signs of recovery. WIND expects the market will continue to stabilize during the second half of the year.

Total revenue in 2Q15 decreased 6% YoY to EUR 1.1 billion mainly due to a 53% decrease in other revenue related to certain one-off items recorded in 2Q14. Service revenue declined 4%, confirming the improvement in trend versus previous quarters, driven by the better performance in the mobile segment. The service revenue decrease was mainly driven by the fixed-line business due to the decline in voice usage coupled with the reduction in the indirect customer base.

Mobile service revenue decreased 2% YoY in 2Q15 to EUR 720 million, confirming a further sequential QoQ improvement. WIND's mobile data revenue saw double digit growth, up 16% YoY to EUR 159 million, driven by a 14% YoY growth in mobile data users to 11 million, outperforming its main competitors.

In 2Q15, mobile ARPU increased 0.6% YoY to EUR 11.2, following more than 5 years of decline. Data ARPU, now accounting 41% of total mobile ARPU, increased 8% more than offsetting the 4% decline in voice ARPU. This increase in ARPU confirms our expectation of a weak market recovery.

In 2Q15, WIND posted a solid commercial performance with a mobile customer base of 21.4 million, a 2% decline YoY, that enabled it to maintain a stable market share.

In fixed-line, service revenue decreased 8% YoY to EUR 277 million mostly due to the decline in voice volumes, resulting from fixed to mobile substitution, coupled with the decrease in its indirect customer base as a result of its focus on the LLU segment. In 2Q15 the trend of customers increasingly choosing fixed bundles with unlimited DSL connection and pay per use voice, continued. Fixed broadband revenue remained stable YoY at EUR 141 million with LLU component increasing 1%. Broadband customers increased 1% with dual-play customers up 4% YoY.

WIND's EBITDA in 2Q15 decreased 9% YoY to EUR 397 million, with margin down 1.3 p.p. at 36.7%. The EBITDA margin decline was due to the towers transaction impact on the full quarter net of which it would have been stable YoY. EBITDA on an underlying basis, excluding the towers transaction impact, declined 6% with a trend in line with 1Q 2015 and with total revenue decline.

In 2Q15, WIND invested EUR 186 million continuing to deploy 4G/LTE network, now covering 43% of the population, as well as in increasing the capacity and coverage of the existing HSPA+ network.

On April 29, WIND prepaid the final two instalments of the 4G/LTE debt to the Italian State for a total amount of EUR 162 million from existing cash resources, delivering a further reduction in interest cost in 2015.

In the second quarter of 2015, WIND signed a letter of intent with Metroweb in order to utilize its network in the cities where Metroweb is enlarging its fiber infrastructure. The project is open to other operators and investors sharing the same purpose of building a national fiber infrastructure based on the NGN development plans approved by the Italian Government.

## ITALY KEY INDICATORS

EUR mln	<b>2Q15</b>	<b>2Q14</b>	<b>YoY</b>	<b>1H15</b>	<b>IH14</b>	<b>YoY</b>
Total revenue	1,082	1,147	(6%)	<b>2,160</b>	<b>2,290</b>	<b>(6%)</b>
Mobile service revenue	720	737	(2%)	1,425	1,465	(3%)
Fixed-line service revenue	277	303	(8%)	556	609	(9%)
EBITDA	397	435	(9%)	804	865	(7%)
EBITDA margin	36.7%	38.0%	(1.3 pp)	37.2%	37.8%	(0.6 pp)
Capex excl licenses	186	173	7%	358	309	16%
Capex excl licenses/revenue	17%	15%		17%	14%	
<b>Mobile</b>						
Total revenue	800	832	(4%)	1,580	1,660	(5%)
Customers (mln)	21.4	21.9	(2%)			
- of which data (mln)	11.0	9.7	14%			
ARPU (EUR)	11.2	11.1	1%			
MOU (min)	268	261	3%			
MBOU	1,436	1,195	20%			
<b>Fixed-line</b>						
Total revenue	283	314	(10%)	580	631	(8%)
Total voice customers (mln)	2.8	2.9	(3%)			
ARPU (EUR)	27.9	29.9	(6%)			
Broadband customers (mln)	2.2	2.2	1%			
Broadband ARPU (EUR)	21.2	21.3	(1%)			
Dual-play customers (mln)	2.0	1.9	4%			

## ALGERIA – 2Q15

- **Service revenue and EBITDA decreased by 7% and 8% YoY respectively, due to gap in 3G rollout and strong price competition. However, YoY trend shows improvement**
- **Continued NPS leadership**
- **Strong EBITDA margin of 53.4% and operating cash flow margin of 39.3%**

Djezzy remains the market leader in Algeria. The Company believes that the partnership with the FNI strengthened Djezzy's position with enhanced opportunities to build and improve its operations. In 2Q15, as anticipated, the Company has started a 12 to 18 month transformation.

With a new leadership team on board, including CEO Ghada Gebara, the initial step in the transformation has been restructuring to create a lean and more efficient company.

The market continues to be challenging in 2Q15 with aggressive price competition and device promotions. As a result of price competition and a gap to the competition in terms of scope of 3G rollout, both total revenue and mobile service revenue declined 7% YoY to DZD 32 billion and DZD 32 billion respectively. However, the YoY trend in 2Q15 has improved sequentially compared to 1Q15.

Customer base in 2Q15 was stable YoY at 17.1 million. As part of the transformation program, the 2Q14 customer base was revised down to 17.1 million in order to ensure compliance with the three month active definition. Djezzy maintained NPS leadership as a result of 3G rollout

supported by marketing campaigns and the rebranding of Djezzy.

Mobile ARPU decreased 4% YoY due to the churn of high-value customers as a result of the delayed 3G services and migration of customers to the new and more attractive Djezzy offers and bundles. In 2Q15, Djezzy launched Ramadan promotions on "Go" and "Good" offers. In order to stimulate data consumption, Djezzy introduced a "Double 3G data" promotion and continues with handset promotions, such as sale of the Samsung Galaxy S6 and the Galaxy S6 EDGE. In addition, Djezzy 3G services are now available in the Algiers metro. As a result of the new initiatives, mobile data revenue grew 50% QoQ and increased six times YoY.

EBITDA decreased 8% YoY to DZD 17 billion due to the revenue decline, which was partially offset by savings in structural OPEX. The EBITDA margin remained strong at 53.4%.

Djezzy continued its investments in high-speed 3G network and 2G network modernization. In 2Q15, Capex was DZD 4.5 billion and Capex to revenue ratio was 14%.

## ALGERIA KEY INDICATORS

DZD bln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	32.2	34.6	(7%)	62.2	68.1	(9%)
Mobile service revenue	32.0	34.3	(7%)	61.8	67.7	(9%)
EBITDA	17.2	18.8	(8%)	32.9	38.0	(13%)
EBITDA margin	53.4%	54.3%	(0.9 pp)	52.9%	55.8%	(2.9 pp)
Capex excl licenses	4.5	12.8	(65%)	8.8	17.5	(50%)
Capex excl licenses/revenue	14%	37%		14%	26%	
<b>Mobile</b>						
Customers (mln)	17.1	17.1	0%			
- of which mobile data customers (mln) <sup>1</sup>	1.9	0.4	n.m			
ARPU (DZD)	620	657	(4%)			
MOU (min)	200	205	(2%)			
MBOU	398	10	n.m			

<sup>1</sup> 3G customers include customers that have performed at least one mobile data event on 3G network in the previous four months

## PAKISTAN – 2Q15

- **Customer and revenue market shares QoQ gain in 2Q15**
- **Service revenue decreased 1% YoY due to simplified charging regime of VAS and SIM re-verification activities**
- **Notable increase in data revenue of 75% YoY and significant increase in MFS revenue**
- **Underlying EBITDA margin improved 1.3pp to 40.2%, excluding SIM re-verification and one-off utility costs**

Mobilink's revenue decreased 0.4% YoY and mobile service revenue decreased 1.3% YoY mainly due to lower VAS revenue, resulting from management's decision to introduce a simplified charging regime, and SIM re-verification activities. Mobile data revenue increased by 75% YoY due to attractive data bundles post 3G launch, although the YoY trend is lower than in 1Q15 due to two weeks of Ramadan falling in the quarter. MFS revenue doubled due to successful retail promotions along with increased active agent base and footprint, and now represents 3% of service revenue.

As mentioned in the 1Q15 results announcement, SIM re-verification remained the main priority in 2Q15 for all operators. During this re-verification, a restriction on SIM sales was enforced through retail channels. The Company expects that the SIM verification activity will continue to have negative effect on Mobilink's customer base for the rest of the year. However, by the end of 2Q15, the Company had managed to verify 87% of customers and secure 99% of revenue, the best result in the market. As a result, QoQ Mobilink gained both customer and revenue market shares during the quarter.

The customer base decreased 14% YoY to 33.4 million, due to blocking of unverified SIMs as a result of the SIM re-verification. Excluding the SIM re-verification impact of 5.6 million the customer base would have increased 1%.

Whilst pressure on revenue remains, cost efficiency initiatives have driven underlying EBITDA margin, excluding re-verification costs and a positive one-off in utility costs, to 40.2%, while reported EBITDA margin was 41.3% in 2Q15.

The new management team is now complete with the new CTO and CCO appointed and they continue to focus the Company on demand-driven investment in high-speed networks, greater customer centricity and improved transparency to deliver new data services, to grow MFS and to improve customer experience, which have all contributed to a continued improvement in NPS results.

Capex in 2Q15 decreased to PKR 8.1 billion as the 2G network modernization completed in 2014. However, the Company continues to invest in its high-speed 3G network rollout and is the first operator in Pakistan to launch the 3G network to 200 cities.

## PAKISTAN KEY INDICATORS

PKR bln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	26.2	26.3	(0%)	51	52	(2%)
Mobile service revenue	24.9	25.2	(1%)	49	50	(3%)
EBITDA	10.8	10.2	6%	21	20	0%
EBITDA margin	41.3%	38.9%	2.4 pp	39.9%	39.2%	0.7 pp
Capex excl licenses	8.1	9.9	(19%)	11	15	(31%)
Capex excl licenses/revenue	31%	38%		21%	30%	
<b>Mobile</b>						
Customers (mln)	33.4	38.8	(14%)			
- of which mobile data customers (mln)	14.8	12.6	17%			
ARPU (PKR)	225	214	5%			
MOU (min)	355	230	55%			
MBOU	298	68	n.m			

## BANGLADESH – 2Q15

- **Continued strong growth in service revenue of 7% YoY, despite intense competition**
- **Strong growth in EBITDA of 18% YoY**
- **Customer base expanded 8% YoY to 32 million due to strong NPS leadership**
- **Mobile data revenue growth of 86% YoY**

The political environment in the country improved in 2Q15 compared to 1Q15 with significantly fewer days of strikes. There were several regulatory changes in the quarter. The SIM tax was reduced from BDT 300 to BDT 100 in June 2015 and a 3% supplementary duty on mobile usage was introduced, also in June.

Banglalink continues to successfully execute on its strategy. Firstly, the Company focused on customer acquisition through attractive simple offers that enhanced price perception. Secondly, Banglalink focused on customer re-activation promotions that stimulated data usage.

In 2Q15, Banglalink's total revenue increased 7% YoY to BDT 11.8 billion and mobile service revenue also increased 7% YoY driven by 8% YoY growth in customer base which reached 32 million. ARPU slightly decreased by 0.5% YoY as a result of aggressive price competition and impact of Ramadan, offset by higher data usage, which was 134% higher YoY.

Banglalink maintained its leading position in NPS in the market. The superior customer experience is a result of the strengthened network and attractive data offers.

In 2Q15, the Company's EBITDA increased 18% YoY to BDT 4.9 billion, with EBITDA margin increasing 3.7 p.p. YoY to 41.9% driven by the revenue increase and OPEX control initiatives, in particular optimization of maintenance and utility costs.

Capex was down to BDT 2.5 billion in 2Q15 and Capex to revenue ratio stood at 21%, as the 2G coverage and modernization projects were completed in 2014. The Company continued to actively invest in high-speed data networks during the quarter after the 3G rollout was delayed by the 48 days of national strikes in 1Q15.

## BANGLADESH KEY INDICATORS

BDT bln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	11.8	10.9	7%	23.2	21.3	9%
Mobile service revenue	11.6	10.8	7%	22.9	21.1	9%
EBITDA	4.9	4.2	18%	9.6	8.0	19%
EBITDA margin	41.9%	38.2%	3.7 pp	41.2%	37.6%	3.6 pp
Capex excl licenses	2.5	3.3	(25%)	3.4	5.3	(36%)
Capex excl licenses/revenue	21%	30%		15%	25%	
<b>Mobile</b>						
Customers (mln)	32.0	29.8	8%			
- of which mobile data customers (mln)	13.7	11.1	24%			
ARPU (BDT)	120	121	(0%)			
MOU (min)	203	201	1%			
MBOU	60	26	134%			

## UKRAINE – 2Q15

- **Successful 3G launch with the widest coverage**
- **Kyivstar is the clear market leader in a challenging and volatile environment**
- **Mobile service revenue increased 12% YoY; mobile data revenue grew 26% YoY**
- **Annualized churn improved 5pp YoY to 20%; mobile customer base increased 3% YoY to 26.1 million**
- **EBITDA increased 12% YoY to UAH 1.5 billion, with an EBITDA margin of 45.6%**

Kyivstar remains the clear market leader in a volatile and challenging macro-economic environment. The Company successfully launched 3G in 2Q15 and is ahead of competition as it offers the widest coverage in more than 200 cities and towns including the main cities Kiev, Lviv and Odessa. Kyivstar also launched 3G services in the main holiday resorts, to serve its customers during the holiday season. Currently, more than 1 million customers are using Kyivstar's 3G services. The strong 3G take up rate by Kyivstar customers has been helped by the high smartphone penetration in the customer base at 24%. The Company will continue to roll out its 3G network in 2015 and expects the strong trend in mobile data usage growth to continue throughout the year.

Total revenue increased 9% YoY to UAH 3.3 billion, despite the negative impact from switching off the network in Crimea in August 2014 and the ongoing turbulence in East Ukraine. Mobile service revenue grew 12% YoY to UAH 3.1 billion as a result of increased international incoming revenue positively impacted by FOREX, strong growth of mobile data revenue driven by the 3G launch, and the introduction of successful commercial activities. Mobile data revenue grew 26% YoY in 2Q15 due to a 1% YoY increase in mobile data users and a 25% YoY increase in mobile data ARPU. Mobile voice revenue declined due to more conservative customer spending behavior.

Kyivstar's mobile customer base increased 3% YoY to 26.1 million, driven by YoY churn improvement and good customer acquisition primarily due to the successful 3G launch and the Company's high quality and stable mobile network. The Company has now reported 5 consecutive quarters of churn improvement, showing a decline of 5 percentage points YoY to a healthy annualized level of 20%. Mobile ARPU increased 8% YoY to UAH 39.

Fixed-line service revenue decreased 15% YoY to UAH 238 million due to a decline in termination transit traffic and the ongoing turbulence in East Ukraine, partly offset by the growth in fixed residential broadband (FTTB) revenue, which continued to outgrow the market, increasing 18% YoY to UAH 132 million, driven by FTTB re-pricing. The fixed broadband customer base grew 3% YoY to 817 thousand and fixed broadband ARPU increased 13% YoY to UAH 53.

EBITDA increased 12% YoY to UAH 1.5 billion and EBITDA margin increased 1.1 percentage points YoY to 45.6%, driven by higher revenue and lower service costs, partly offset by the negative FOREX effect, higher frequency fees related to the 3G license and higher utility and rental costs.

2Q15 Capex more than tripled YoY to UAH 1.2 billion, mainly due to investments in the 3G network and 2Q15 LTM Capex to revenue ratio stood at 23%.

## UKRAINE KEY INDICATORS

UAH mln	2Q15	2Q14	YoY	1H15	1H14	YoY
<b>Total revenue</b>	<b>3,315</b>	<b>3,034</b>	<b>9%</b>	<b>6,407</b>	<b>5,976</b>	<b>7%</b>
Mobile service revenue	3,069	2,750	12%	5,921	5,427	9%
Fixed-line service revenue	238	279	(15%)	471	538	(12%)
EBITDA	1,512	1,349	12%	2,790	2,779	0%
EBITDA margin	45.6%	44.5%	1.1 pp	43.5%	46.5%	(3.0 pp)
Capex excl licenses	1,176	354	232%	1,919	659	191%
Capex excl licenses/revenue	35%	12%		30%	11%	
<b>Mobile</b>						
Total operating revenue	3,077	2,754	12%	5,936	5,436	9%
Customers (mln)	26.1	25.4	3%			
ARPU (UAH)	39	36	8%			
MOU (min)	530	506	5%			
<b>Fixed-line</b>						
Total operating revenue	238	280	(15%)	471	540	(13%)
Broadband revenue	132	111	18%	249	226	11%
Broadband customers (mln)	0.8	0.8	3%			
Broadband ARPU (UAH)	53	47	13%			

## KAZAKHSTAN – 2Q15

- **Mobile service revenue declined 8% YoY, mainly driven by the MTR reduction and increased competition; Excluding MTR reduction mobile service revenue decreased 3% YoY**
- **Fixed-line service revenue grew 1% YoY to KZT 3.8 billion**
- **Mobile data revenue grew 34% YoY to KZT 5.3 billion**
- **Customer base expanded 1% YoY to 9.7 million**
- **EBITDA decreased 8% YoY to KZT 15.3 billion; EBITDA margin stable YoY at 48.6%**

Beeline maintained its strong market position during the quarter, as a result of the Company's attractive value proposition, network and distribution, despite the increasing price competition in the market. The Company expects the competitive environment to remain challenging in 2015.

Total revenue decreased 7% YoY to KZT 31.4 billion, due to an 8% YoY decline in mobile service revenue, partly offset by a 1% YoY growth in fixed-line service revenue.

The decrease in mobile service revenue to KZT 27.6 billion was driven by a 29% YoY reduction in MTR to KZT 8.0 from KZT 11.2 and increased competition. Excluding this MTR reduction, mobile service revenue would have decreased 3% YoY. The mobile customer base grew 1% YoY to 9.7 million whilst the bundle penetration in the customer base was 52%, helping stimulate mobile data usage. Beeline continued to increase its market share in mobile data during the quarter, with 34% YoY revenue growth to KZT 5.3 billion which was supported by strong small screen mobile data revenue growth of 42%.

Additional initiatives to stimulate mobile data usage are centered around the attractive offerings of 3G devices and OTT partnerships.

ARPU decreased 12% YoY to KZT 934, mainly due to the MTR reduction and declining voice revenue reflecting the competitive market particularly in bundled tariff plans. This was partly compensated by 31% YoY growth in mobile data ARPU. Annualized churn stood at 48%, up 4 percentage points YoY, as a result of high gross additions in previous quarters.

The growth in fixed-line service revenue was due to the 9% YoY growth in FTTB revenue, mainly driven by the strong growth in the customer base.

EBITDA decreased by 8% YoY to KZT 15.3 billion, due to the revenue decline but EBITDA margin remained stable at 48.6%, mainly due to the decrease in interconnect cost partly offset by increased taxes, technical maintenance and utilities.

Capex was KZT 4.1 billion in 2Q15, and 2Q15 LTM Capex to revenue ratio stood at 15%.

## KAZAKHSTAN KEY INDICATORS

KZT mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	31,408	33,920	(7%)	61,692	64,374	(4%)
Mobile service revenue	27,571	30,131	(8%)	54,108	57,108	(5%)
Fixed-line service revenue	3,779	3,748	1%	7,486	7,160	5%
EBITDA	15,265	16,530	(8%)	30,246	31,087	(3%)
EBITDA margin	48.6%	48.7%	(0.1 pp)	49.0%	48.3%	0.7 pp
Capex excl licenses	4,066	3,170	28%	5,305	4,807	10%
Capex excl licenses/revenue	13%	9%		9%	7%	
<b>Mobile</b>						
Total revenue	27,617	30,168	(8%)	54,181	57,177	(5%)
Mobile customers (mln)	9.7	9.6	1%			
- of which mobile data customers (mln)	5.1	5.3	(3%)			
Mobile ARPU (KZT)	934	1,058	(12%)			
MOU (min)	292	326	(10%)			
MBOU	416	231	80%			
<b>Fixed-line</b>						
Total revenue	3,791	3,753	1%	7,511	7,197	4%
Broadband revenues	1,638	1,502	9%	3,826	3,016	27%
Broadband customers (mln)	0.2	0.2	11%			
Broadband ARPU (KZT)	2,597	2,632	(1%)			

## EURASIA<sup>1</sup> – 2Q15

- **Mobile service revenue increased organically by 1% YoY**
- **Mobile data revenue organic growth of 7% YoY**
- **EBITDA reached USD 128 million, an organic increase of 4% YoY; Strong EBITDA margin of 51.6%**
- **Continued strong cash flow generation**
- **Mobile customer base expanded 1% YoY to 16.3 million**

The Company's results in Eurasia are substantially impacted by currency headwinds, increasing competition and pressure on international interconnect revenue due to the macro-economic slowdown in Russia. However, revenue and EBITDA still grew organically in 2Q15, while EBITDA margins and cash flows were also robust as a result of efficiencies achieved through the Company's operational excellence and capital efficiency programs.

Total revenue increased organically 1% YoY, while total reported revenue declined 11% YoY to USD 248 million, due to currency devaluation in all countries. Mobile service revenue increased organically 1% YoY driven by strong results in Kyrgyzstan, while reported mobile service revenue decreased by 11% YoY to USD 228 million. Mobile data revenue grew 7% YoY to USD 41 million. The mobile customer base grew 1% YoY to 16.3 million with increases in Kyrgyzstan, Georgia and Armenia, while Uzbekistan's and Tajikistan's customer base declined YoY.

The Company reported improvements in annualized churn in Uzbekistan, Armenia, Kyrgyzstan and Tajikistan.

EBITDA increased organically by 4% YoY while reported EBITDA decreased 9% YoY to USD 128 million. EBITDA margin was strong at 51.6%, due to cost efficiencies.

The following analysis of the performance in the operating units is in local currencies except when stated otherwise.

### UZBEKISTAN

The Company's market position remained strong, despite the entrance of a third operator in December 2014 and a fourth operator in April 2015, due to its attractive value proposition. Mobile service revenue increased by 9% YoY to UZS 439 billion as a result of a 10% YoY increase in ARPU, driven by 19% YoY growth in mobile data revenue.

The Company is increasing smartphone penetration through attractive offerings to stimulate mobile data revenue growth. Annualized churn improved 2 percentage points YoY to 44%, supported by the Company's customer retention program. EBITDA in 2Q15 grew 8% YoY to UZS 284 billion, resulting in a strong EBITDA margin of 64.3%. Although competition is still rational, 2H15 results are expected to be impacted by the entrance of the third and fourth mobile operator in the market. Beeline aims to maintain its leading market position in Uzbekistan by focusing on customer retention and high value customers.

### KYRGYZSTAN

Mobile service revenue in Kyrgyzstan increased 10% YoY to KGS 2.6 billion driven by strong growth in mobile data revenue of 28% YoY and 6% YoY growth in customer base to 2.8 million, due to Beeline's attractive on-net and data offerings. Annualized churn improved 6 percentage points YoY as a result of the leading position in NPS, supported by the high quality network and attractive pricing. Mobile service revenue was further supported by increasing interconnect revenue as a result of increased traffic and currency fluctuations. However, this was partially offset by declining voice revenue due to the competitive environment and the migration of customers to the Company's current price plans, as the macro-economic slowdown is impacting consumer behavior. EBITDA increased 17% and EBITDA margin increased by 3.1 percentage points to 56.1% due to the growth in interconnect revenue, continuing effective OPEX and commercial cost control, decreased interconnect costs due to reduced outbound traffic and optimized international interconnect costs.

<sup>1)</sup> Eurasia consists of VimpelCom's operations in Uzbekistan, Kyrgyzstan, Armenia, Tajikistan and Georgia

## ARMENIA

Mobile service revenue in Armenia decreased 2% YoY to AMD 5.9 billion in 2Q15 as a result of declining mobile voice revenue, impacted by the challenging macro-economic situation. Mobile data revenue grew 15% YoY, while the Company's mobile customer base increased 13% YoY to 0.8 million, driven by 11 percentage points YoY improvement in annualized churn to 34%. Fixed-line service revenue decreased 11% YoY, mainly due to a decline in voice revenue and the reduction in the fixed-line customer base, as a result of increasing competition. EBITDA increased 3% YoY and EBITDA margin increased by 3.4 percentage points to 40.5%, due to efficiencies in structural OPEX.

## TAJIKISTAN

The environment in Tajikistan remains challenging with increasing competition and currency headwinds. Mobile service revenue decreased 19% YoY to USD 30 million in 2Q15 as a result of lower incoming international traffic due to less migrants living abroad as a result of the economic slowdown in the region. Although the customer base declined by 4% YoY to 1.2 million, the Company outperformed the market. EBITDA margin was negatively impacted by an increase in excise tax to 5% from 3% in 2Q15, but stood at a healthy 61.0% as a result of cost efficiencies and a significant reduction in interconnect costs.

## GEORGIA

The Company's total service revenue increased 10% YoY, driven by strong growth in fixed-line service revenue, partly offset by YoY declining mobile service revenue. Mobile service revenue decreased by 6% YoY to GEL 28 million mainly as a result of increased competition and the cancellation of the asymmetrical MTR from GEL 0.08 to GEL 0.035, reducing interconnect revenue. However, the Company grew its mobile customer base 13% YoY to 1.3 million due to its attractive customer value proposition. Mobile data revenue grew 12% YoY driven by the 4G/LTE launch in February 2015. EBITDA decreased 6% YoY to GEL 7 million and EBITDA margin decreased 3.6 percentage points YoY to 21.6%, mainly due to the cancellation of the asymmetrical MTR.

## EURASIA KEY INDICATORS

USD mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	248	279	(11%)	<b>486</b>	<b>536</b>	<b>(9%)</b>
Mobile service revenue	228	256	(11%)	447	491	(9%)
Fixed-line service revenue	19	21	(12%)	36	41	(13%)
EBITDA	128	140	(9%)	246	271	(9%)
EBITDA margin	51.6%	50.4%	1.2 pp	50.7%	50.6%	0.1 pp
Capex excl licenses	17	25	(32%)	62	53	17%
Capex excl licenses/revenue	7%	9%		13%	10%	
<b>Mobile</b>						
Customers (mln)	16.3	16.2	1%			
- of which mobile data customers (mln)	7.8	8.1	(4%)			
<b>Fixed-line</b>						
Broadband customers (mln)	0.2	0.2	(3%)			
Broadband revenue	4	6	(20%)	9	11	(21%)

## CONFERENCE CALL INFORMATION

On August 6, 2015, the Company will host an analyst & investor presentation in London on its 2Q15 results at 2:00 pm CEST (1:00 pm BST), which can be followed via Internet or conference call.

The call and slide presentation may be accessed at <http://www.vimpelcom.com>

### **2:00 pm CEST investor and analyst conference call**

US call-in number: +1 (877) 616-4476

Confirmation Code: 89992101

International call-in number: + 1 (402) 875-4763

Confirmation Code: 89992101

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The conference call replay and the slide presentations webcast will be available until August 13, 2015.

The slide presentation will also be available for download on the Company's website.

### **Investor and analyst call replay**

US Replay Number: +1 (855) 859-2056

Confirmation Code: 89992101

International Replay Number: +1 (404) 537-3406

Confirmation Code: 89992101

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## CONTACT INFORMATION

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## DISCLAIMER

This release contains “forward-looking statements”, as the phrase is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to, among other things, the Company’s anticipated performance, future market developments and trends, the Company’s strategy to generate sustainable annualized cash flow improvement over the next three years, anticipated interest cost savings, the execution of proposed amendments to the Sberbank Facilities, operational and network development and network investment, expectations regarding its 4G/LTE agreement with MTS, anticipated benefits from 3G services in Ukraine and 4G/LTE services in Georgia, and the Company’s ability to realize its targets and strategic initiatives in the various countries of operation. The forward-looking statements included in this presentation are based on management’s best assessment of the Company’s strategic and financial position and of future market conditions and trends. These discussions involve risks and uncertainties. The actual outcome may differ materially from these statements as a result of continued volatility in the economies in our markets, unforeseen developments from competition, governmental regulation of the telecommunications industries, general political uncertainties in our markets, government investigations and/or litigation with third parties. Certain factors that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the Company’s Annual Report on Form 20-F for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by the Company with the SEC, which risk factors are incorporated herein by reference. Among these risks described in our prior filings are the potential results of the pending investigations principally related to operations in Uzbekistan. In regard to those investigations, on June 29, 2015 the U.S. Department of Justice (the “DoJ”) filed a civil complaint in the Southern District Court of New York, seeking the forfeiture of property, currently held by others, located in Belgium, Ireland and Luxembourg that it claims was derived in violation of U.S. law. The Company is not a defendant in this action. Such a forfeiture action indicates, however, the DOJ’s position that certain conduct by the Company in or relating to Uzbekistan constituted a violation of the U.S. Foreign Corrupt Practices Act. On July 10, 2015, a federal judge signed warrant orders allowing the DOJ to proceed with forfeiture actions as described in the complaint. The Company will continue to monitor this proceeding. The forward- looking statements speak only as of the date hereof, and the Company disclaims any obligation to update them or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

## ABOUT VIMPELCOM LTD

VimpelCom, headquartered in Amsterdam, is one of the world’s largest integrated telecommunications services operators providing voice and data services through a range of traditional and broadband mobile and fixed technologies in Russia, Italy, Ukraine, Kazakhstan, Uzbekistan, Tajikistan, Armenia, Georgia, Kyrgyzstan, Laos, Algeria, Bangladesh, Pakistan and Zimbabwe. VimpelCom’s operations around the globe cover territory with a total population of approximately 740 million people. VimpelCom provides services under the “Beeline”, “Kyivstar”, “WIND”, “Infostrada” “Mobilink”, “banglalink”, “Telecel”, and “Djezzy” brands. As of June 30, 2015 VimpelCom had 213 million mobile customers and 6 million fixed-line broadband customers on a combined basis. VimpelCom is traded on the NASDAQ Global Select Market under the symbol (VIP). For more information visit: <http://www.vimpelcom.com>.

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For more information on financial and operating data for specific countries, please refer to the supplementary file **Factbook2Q2015.xls** on VimpelCom's website at <http://vimpelcom.com/ir/financials/results.wbp>

## ATTACHMENT A: VIMPELCOM LTD INTERIM FINANCIAL SCHEDULES

### VIMPELCOM LTD UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

USD mln	2Q15	2Q14	1H15	1H14
<b>Total operating revenue</b>	3,759	5,067	7,274	10,091
of which other revenue	40	74	99	179
<b>Operating expenses</b>				
Service costs, equipment and accessories	909	1,286	1,760	2,514
Selling, general and administrative expenses	1,339	1,705	2,607	3,413
Depreciation	559	742	1,143	1,500
Amortization	290	379	576	773
Impairment loss	13	2	111	2
Loss on disposals of non-current assets	3	15	18	26
Gain from sale of towers in Italy	-	-	(466)	-
<b>Total operating expenses</b>	<b>3,113</b>	<b>4,129</b>	<b>5,749</b>	<b>8,228</b>
<b>Operating profit</b>	<b>646</b>	<b>938</b>	<b>1,525</b>	<b>1,863</b>
Finance costs	375	554	769	1,081
Finance income	(12)	(21)	(24)	(35)
Other non-operating losses/(gains)	139	(59)	67	(22)
Shares of loss of associates and joint ventures accounted for using the equity method	6	6	9	43
Net foreign exchange (gain)/ loss	(50)	(21)	73	71
<b>Profit before tax</b>	<b>188</b>	<b>479</b>	<b>631</b>	<b>725</b>
Income tax expense	42	421	312	594
<b>Profit for the period</b>	<b>146</b>	<b>58</b>	<b>319</b>	<b>131</b>
Non-controlling interest	38	(42)	27	(8)
<b>Net income attributable to VimpelCom shareholders</b>	<b>108</b>	<b>100</b>	<b>292</b>	<b>139</b>

## ATTACHMENT A: VIMPELCOM LTD INTERIM FINANCIAL SCHEDULES

### VIMPELCOM LTD UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD mln	30 June 2015	31 March 2015
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	10,785	10,461
Intangible assets	7,007	6,786
Goodwill	9,573	9,307
Investments in associates and joint ventures	344	333
Deferred tax asset	492	462
Income Tax advances, non-current	69	75
Financial assets	1,108	1,350
Other non-financial assets	23	26
<b>Total non-current assets</b>	<b>29,401</b>	<b>28,800</b>
<b>Current assets</b>		
Inventories	141	129
Trade and other receivables	1,850	1,778
Other non-financial assets	622	635
Current income tax asset	242	248
Other financial assets	208	301
Cash and cash equivalents	4,220	6,499
<b>Total current assets</b>	<b>7,283</b>	<b>9,590</b>
Assets classified as held for sale	3	3
<b>Total assets</b>	<b>36,687</b>	<b>38,393</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity attributable to equity owners of the parent	5,899	5,494
Non-controlling interests	406	243
<b>Total equity</b>	<b>6,305</b>	<b>5,737</b>
<b>Non-current liabilities</b>		
Debt	19,548	20,673
Other financial liabilities	46	335
Provisions	654	627
Other non-financial liabilities	364	362
Deferred tax liability	1,050	1,196
<b>Total non-current liabilities</b>	<b>21,662</b>	<b>23,193</b>
<b>Current liabilities</b>		
Trade and other payables	3,435	3,451
Debt	2,801	3,552
Other financial liabilities	409	389
Other non-financial liabilities	1,699	1,759
Current income tax payable	152	103
Provisions	224	209
<b>Total current liabilities</b>	<b>8,720</b>	<b>9,463</b>
Liabilities associated with assets held for sale	-	-
<b>Total equity and liabilities</b>	<b>36,687</b>	<b>38,393</b>

## ATTACHMENT A: VIMPELCOM LTD INTERIM FINANCIAL SCHEDULES

### VIMPELCOM LTD UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

USD mln	2Q15	2Q14	1H15	1H14
<b>Operating activities</b>				
Profit after tax	146	58	319	131
Income tax expenses	42	421	312	594
<b>Profit before tax</b>	<b>188</b>	<b>479</b>	<b>631</b>	<b>725</b>
Non-cash adjustment to reconcile profit before tax to net operating cash flows:				
Depreciation	559	742	1,143	1,500
Amortization	290	379	576	773
Impairment loss	13	2	111	2
Loss/(Gain) From disposal of non current assets	3	15	(447)	26
Finance income	(12)	(21)	(25)	(35)
Finance cost	375	554	769	1,081
Other non operating losses / (Gains)	139	(58)	67	(22)
Net foreign exchange loss / (gain)	(50)	(21)	73	71
Share of loss of associates and joint ventures	6	6	9	43
Movements in provisions and pensions	36	10	(1,101)	39
Changes in working capital	(281)	(171)	(532)	(233)
Net interest paid	(368)	(560)	(807)	(1,227)
Net interest received	12	11	23	26
Income tax paid	(109)	(265)	(453)	(499)
<b>Net cash from operating activities</b>	<b>801</b>	<b>1,102</b>	<b>37</b>	<b>2,270</b>
Proceeds from sale of property and equipment	2	6	731	6
Proceeds from sale of intangible assets	-	(2)	1	-
Purchase of property, plant and equipment	(540)	(759)	(1,040)	(1,782)
Purchase of licenses	(135)	(366)	(163)	(381)
Purchase of other intangible assets	(136)	(92)	(249)	(228)
Outflow for loan granted	-	17	(101)	(22)
Inflow from loan granted	100	-	102	-
Inflows/(outflows) from financial assets	13	2	74	-
Inflows/(outflows) from deposits	(112)	134	(112)	134
Receipt of dividends	-	-	-	2
<b>Net cash used in investing activities</b>	<b>(808)</b>	<b>(1,060)</b>	<b>(757)</b>	<b>(2,271)</b>
Gross proceeds from borrowings	349	8,613	2,219	9,608
Fees paid for the borrowings	(5)	(423)	(21)	(434)
Repayment of borrowings	(2,605)	(7,230)	(5,591)	(8,004)
Dividends paid to equity holders	-	-	-	(10)
Dividends paid to non-controlling interests	-	-	(57)	-
Proceeds from sale of non-controlling interests	(18)	-	2,307	-
Other	3	-	3	-
<b>Net cash from/(used in) financing activities</b>	<b>(2,276)</b>	<b>960</b>	<b>(1,140)</b>	<b>1,160</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,283)</b>	<b>1,002</b>	<b>(1,860)</b>	<b>1,159</b>
Cash and cash equivalent at beginning of period	6,499	4,540	6,342	4,454
Net foreign exchange difference	4	(37)	(262)	(108)
Cash and cash equivalent at end of period	4,220	5,505	4,220	5,505

## ATTACHMENT B: DEBT OVERVIEW AS AT JUNE 30, 2015

Type of debt	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (USD mln)	Maturity date	Guarantor
<b>VimpelCom Holdings B.V.</b>						
Notes	6.2546%	USD	349	349	01.03.2017	PJSC VimpelCom
Notes	7.5043%	USD	1,280	1,280	01.03.2022	PJSC VimpelCom
Notes	9.0000%	RUB	12,000	216	13.02.2018	PJSC VimpelCom
Notes	5.2000%	USD	571	571	13.02.2019	PJSC VimpelCom
Notes	5.9500%	USD	983	983	13.02.2023	PJSC VimpelCom
<b>VimpelCom Amsterdam B.V.</b>						
Loan from OJSC Alfa Bank	1 month LIBOR plus 3.25%	USD	500	500	17.04.2017	None
Loan from OJSC Alfa Bank	1 month LIBOR plus 3.25%	USD	500	500	03.05.2017	None
Loan from China Development Bank Corporation	6 month LIBOR plus 3.3%	USD	457	457	21.12.2020	PJSC VimpelCom
Loan from HSBC Bank plc	1.7200%	USD	238	238	31.07.2022	EKN, PJSC VimpelCom
<b>PJSC VimpelCom</b>						
Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	9.1250%	USD	499	499	30.04.2018	None
Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	6.4930%	USD	264	264	02.02.2016	None
Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.7480%	USD	651	651	02.02.2021	None
Loan from UBS (Luxembourg) S.A. (funded by the issuance of loan participation notes by UBS (Luxembourg) S.A.)	8.2500%	USD	266	266	23.05.2016	None
Loan from VC-Invest (funded by the RUB denominated bonds by VC-Invest)	8.3000%	RUB	20,000	360	13.10.2015	PJSC VimpelCom
Loan from Sberbank	14.5000%	RUB	2,560	46	16.12.2015	None
Loan from Sberbank	14.5000%	RUB	52,714	949	11.04.2018 <sup>(1)</sup>	None
Loan from Sberbank	14.5000%	RUB	22,222	400	29.05.2017 <sup>(1)</sup>	None
Loan from HSBC Bank plc	3 month MOSPRIME plus 1.05%	RUB	2,062	37	30.11.2017	EKN
Loans from Unicredit Bank AG	AB SEK Rate plus 0.75%	USD	19	19	15.06.2016	EKN
Loan from HSBC Bank PLC and Nordea Bank AB (publ)	3 month MOSPRIME plus 1.0%	RUB	3,645	66	30.04.2019	EKN
<b>Wind Telecomunicazioni S.p.A.</b>						
Senior facilities Deutsche Bank A.G., Credit Suisse A.G., Banca IMI S.p.A, BNP Paribas, the Royal Bank of Scotland, Citigroup, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, J.P. Morgan plc, Morgan Stanley Bank International Limited, Natixis, S.A. and UniCredit S.p.A. With Banca Nazionale del Lavoro S.p.A., Gruppo BNP Paribas, Crédit Agricole Corporate and Investment Bank, Milan Branch, and The Royal Bank of Scotland plc, Milan Branch, as Original Lenders	6 month EURIBOR + 4.25% <sup>(2)</sup>	EUR	700	780	26.11.2019	All tranches: Wind Telecomunicazioni S.p.A.
Terna debt	10.0516%	EUR	130	145	31.12.2035	[None]

## ATTACHMENT B: DEBT OVERVIEW (CONTINUED)

### AS AT JUNE 30, 2015

Type of debt	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (USD mln)	Maturity date	Guarantor
<b>Wind Acquisition Finance S.A.</b>						
Senior Secured Notes	6.5000%	USD	550	550	30.04.2020	Wind Telecomunicazioni S.p.A.
Senior Secured Notes	3m EURIBOR + 5.25%	EUR	150	167	30.04.2019	Wind Telecomunicazioni S.p.A.
Senior Notes	7.0000%	EUR	1,750	1,949	23.04.2021	Wind Telecomunicazioni S.p.A.
Senior Notes	7.3750%	USD	2,800	2,800	23.04.2021	Wind Telecomunicazioni S.p.A.
Senior Secured Notes	4.0000%	EUR	2,475	2,756	15.07.2020	Wind Telecomunicazioni S.p.A.
Senior Secured Notes	4.7500%	USD	1,900	1,900	15.07.2020	Wind Telecomunicazioni S.p.A.
Senior Secured Notes	3m EURIBOR + 4.00%	EUR	575	640	15.07.2020	Wind Telecomunicazioni S.p.A.
Senior Secured Notes	3m EURIBOR + 4.13%	EUR	400	445	15.07.2020	Wind Telecomunicazioni S.p.A.
<b>Pakistan Mobile Communications Limited ("PMCL")</b>						
Loan from Habib Bank Limited	6 months KIBOR + 1.15%	PKR	4,500	44	16.05.2019	None
Syndicated loan via MCB Bank Limited	6 months KIBOR + 1.25%	PKR	5,000	49	28.11.2017	None
Syndicated loan via MCB Bank Limited	6 months KIBOR + 1.25%	PKR	7,000	69	16.05.2019	None
Loan from United Bank Limited	6 months KIBOR + 1.10%	PKR	4,000	39	16.05.2021	None
<b>Banglalink Digital Communications Ltd. ("BDC")</b>						
Senior Notes	8.6250%	USD	300	300	06.05.2019	None
Facility Standard Chartered Bank	7.95%-8.25%	BDT	3,600	46	28.07.2016	None
<b>Omnium Telecom Algeria SpA</b>						
Loan from Credit Agricole and Investment Bank Algerie	6.0000%	DZD	2,200	22	30.09.2016	None
Loan from BNP Paribas and Natixis	6.0000%	DZD	2,800	28	29.09.2016	None
Syndicated Loan Facility	Bank of Algeria Re-Discount Rate + 2.0%	DZD	50,000	504	30.09.2019	None
Other loans, equipment financing and capital lease obligations				462		

- (1) USD 833 million portion of the amounts outstanding under the Sberbank Facilities has been re-classified as short-term liabilities in the Balance Sheet as of 30 June 2015, as a preliminary calculation of the total assets covenant in accordance with IFRS resulted in the minimum total asset threshold not being met as of 30 June 2015. It is expected that the amendments to the Sberbank Facilities will be signed in 3Q 2015 and that any potential breach of the total assets covenant as of 30 June 2015 will be avoided by the signing of such amendments.
- (2) Interest on the all tranches of the senior facility is based on EURIBOR for loans in Euros and LIBOR for loans in any other currency. Also interest rate margins may be reduced based on specified improvement in leverage ratios.

## ATTACHMENT C: EURASIA COUNTRY UNITS KEY INDICATORS

### UZBEKISTAN

UZS bln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	442	409	8%	851	771	10%
Mobile service revenue	439	404	9%	844	762	11%
Fixed-line service revenue	3	4	(12%)	7	8	(14%)
EBITDA	284	262	8%	541	496	9%
EBITDA margin	64.3%	64.2%	0.1 pp	63.5%	64.3%	(0.8 pp)
Capex excl licenses	3	23	(87%)	3	69	(96%)
Capex excl licenses/revenue	1%	6%		0%	9%	
Mobile						
Customers (mln)	10.3	10.4	(2%)			
ARPU (UZS)	14,092	12,805	10%			
MOU (min)	553	531	4%			

### ARMENIA

AMD mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	13,307	14,136	(6%)	25,835	27,808	(7%)
Mobile service revenue	5,918	6,033	(2%)	11,272	11,551	(2%)
Fixed-line service revenue	6,988	7,811	(11%)	13,931	15,577	(11%)
EBITDA	5,388	5,239	3%	9,803	10,236	(4%)
EBITDA margin	40.5%	37.1%	3.4 pp	37.9%	36.8%	1.1 pp
Capex excl licenses	1183	1025	15%	2158	1527	41%
Capex excl licenses/revenue	9%	7%		8%	5%	
Mobile						
Customers (mln)	0.8	0.7	13%			
ARPU (AMD)	2,404	2,752	(13%)			
MOU (min)	366	382	(4%)			

### TAJKISTAN

USD mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	30	37	(20%)	56	68	(17%)
Mobile service revenue	30	37	(19%)	56	68	(17%)
EBITDA	18	14	27%	32	29	12%
EBITDA margin	61.0%	38.5%	22.5 pp	57.1%	42.2%	14.9 pp
Capex excl licenses	4	3	15%	4	5	(11%)
Capex excl licenses/revenue	13%	9%		8%	7%	
Mobile						
Customers (mln)	1.2	1.3	(4%)			
ARPU (USD)	8	10	(17%)			
MOU (min)	289	283	2%			

### GEORGIA

GEL mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	34	31	10%	65	64	1%
Mobile service revenue	28	30	(6%)	54	59	(8%)
Fixed-line service revenue	6	1	744%	9	2	301%
EBITDA	7	8	(6%)	12	16	(29%)
EBITDA margin	21.6%	25.2%	(3.6 pp)	18.2%	25.7%	(7.5 pp)
Capex excl licenses	12	5	149%	95	8	n.m.
Capex excl licenses/revenue	36%	16%		147%	13%	
Mobile						
Customers (mln)	1.3	1.1	13%			
ARPU (GEL)	7	9	(19%)			
MOU (min)	241	226	6%			

## KYRGYZSTAN

KGZ mln	2Q15	2Q14	YoY	1H15	1H14	YoY
Total revenue	2,577	2,330	11%	4,917	4,318	14%
Mobile service revenue	2,556	2,322	10%	4,874	4,297	13%
EBITDA	1,445	1,234	17%	2,698	2,134	26%
EBITDA margin	56.1%	53.0%	3.1 pp	54.9%	49.4%	5.5 pp
Capex excl licenses	194	305	(37%)	362	464	(22%)
Capex excl licenses/revenue	8%	13%		7%	11%	
Mobile						
Customers (mln)	2.8	2.6	6%			
ARPU (KGZ)	309	297	4%			
MOU (min)	294	294	(0%)			

## ATTACHMENT D: RECONCILIATION TABLES

### RECONCILIATION OF CONSOLIDATED EBITDA OF VIMPELCOM

USD mln	2Q15	2Q14	1H15	1H14
Unaudited				
<b>EBITDA</b>	<b>1,511</b>	<b>2,076</b>	<b>2,907</b>	<b>4,164</b>
Depreciation	(559)	(742)	(1,143)	(1,450)
Amortization	(290)	(379)	(576)	(773)
Impairment loss	(13)	(2)	(111)	-
Loss on disposals of non-current assets	(3)	(15)	(18)	(26)
Gain from sale of towers in Italy	-	-	466	-
<b>EBIT</b>	<b>646</b>	<b>938</b>	<b>1,525</b>	<b>1,863</b>
Financial Income and Expenses	(363)	(533)	(745)	(1,046)
- including finance income	12	21	24	35
- including finance costs	(375)	(554)	(769)	(1,081)
Net foreign exchange gain / (loss) and others	(95)	74	(149)	(92)
- including Other non-operating gains / (losses)	(139)	59	(67)	22
- including Shares of loss of associates and joint ventures accounted for using the equity method	(6)	(6)	(9)	(43)
- including Net foreign exchange gain / (losses)	50	21	(73)	(71)
<b>EBT</b>	<b>188</b>	<b>479</b>	<b>631</b>	<b>725</b>
Income tax expense	42	421	312	594
<b>Profit for the year</b>	<b>146</b>	<b>58</b>	<b>319</b>	<b>131</b>
Profit/(loss) for the year attributable to non-controlling interest	38	(42)	27	(8)
<b>Profit for the year attributable to the owners of the parent</b>	<b>108</b>	<b>100</b>	<b>292</b>	<b>139</b>

## RECONCILIATION OF VIMPELCOM CONSOLIDATED NET DEBT

USD mln	2Q15	1Q15	4Q14
Net debt	17,904	17,608	19,992
Cash and cash equivalents	4,220	6,499	6,342
Long-term and short-term deposits	225	118	109
Gross debt	22,349	24,225	26,443
Interest accrued related to financial liabilities	346	371	410
Fair Value adjustment	31	49	29
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(78)	(75)	(106)
Other liabilities at amortized costs	-	271	259
Derivatives	156	108	89
<b>Total debt and other financial liabilities</b>	<b>22,804</b>	<b>24,949</b>	<b>27,124</b>

## RECONCILIATION OF CONSOLIDATED LTM EBITDA ADJUSTED

USD mln	2Q15 LTM	2Q14 LTM
Unaudited		
<b>EBITDA</b>	<b>6,712</b>	<b>7,651</b>
Add back provisions related to the 51% sale in Algeria	50	1,266
<b>LTM EBITDA adjusted</b>	<b>6,762</b>	<b>8,917</b>

## OPERATING CASH FLOW (EBITDA - CAPEX EXCL. LICENSES) RECONCILIATION

USD mln	2Q15	2Q14	1H15	1H14
Unaudited				
<b>Operating cash flow (EBITDA - CAPEX)</b>	<b>836</b>	<b>1,059</b>	<b>1,825</b>	<b>2,421</b>
CAPEX excl licenses	675	1,017	1,082	1,743
<b>EBITDA</b>	<b>1,511</b>	<b>2,076</b>	<b>2,907</b>	<b>4,164</b>
Changes in working capital and other	(245)	(160)	(1,633)	(194)
Net interest paid	(356)	(549)	(784)	(1,201)
Income tax paid	(109)	(265)	(453)	(499)
<b>Net cash from operating activities</b>	<b>801</b>	<b>1,102</b>	<b>37</b>	<b>2,270</b>

## RATES OF FUNCTIONAL CURRENCIES TO USD<sup>1</sup>

	Average rates			Closing rates		
	2Q15	2Q14	YoY	2Q15	1Q15	QoQ
Russian Ruble	52.65	35.00	50.4%	55.52	58.46	(5.0%)
Euro	0.90	0.73	24.0%	0.90	0.93	(3.6%)
Algerian Dinar	98.27	78.95	24.5%	99.13	97.70	1.5%
Pakistan Rupee	101.83	98.29	3.6%	101.78	101.93	(0.2%)
Bangladeshi Taka	77.79	77.57	0.3%	77.78	77.81	(0.0%)
Ukrainian Hryvnia	21.61	11.70	84.8%	21.02	23.44	(10.4%)
Kazakh Tenge	185.86	182.63	1.8%	186.20	185.65	0.3%
Uzbekistan Som	2,522.6	2,288.2	10.2%	2,555.6	2,490.2	2.6%
Armenian Dram	476.32	412.87	15.4%	472.53	471.13	0.3%
Kyrgyz Som	60.52	53.07	14.0%	62.08	63.87	(2.8%)
Georgian Lari	2.28	1.76	29.5%	2.25	2.23	0.9%

<sup>1)</sup> Functional currency in Tajikistan is USD

## ATTACHMENT E: WIND TELECOMUNICAZIONI GROUP CONDENSED STATEMENTS OF INCOME

EUR mln	<b>1H15</b>	<b>1H14</b>	<b>YoY</b>
Total Revenue	2,103	2,186	(4%)
EBITDA	804	865	(7%)
D&A	(104)	(612)	n.m.
EBIT	700	253	n.m.
Financial Income and expenses	(276)	(695)	n.m.
EBT	424	(442)	n.m.
Income Tax	(57)	39	n.m.
Net profit/(loss)	367	(403)	n.m.

## ATTACHMENT F: DEFINITIONS

**ARPU (Average Revenue per User)** is calculated by dividing service revenue for the relevant period, including revenue from voice-, roaming-, interconnect-, and value added services (including mobile data, SMS, MMS), but excluding revenue from visitors roaming, connection fees, sales of handsets and accessories and other non-service revenue, by the average number of customers during the period and dividing by the number of months in that period. For Business Unit Italy visitors roaming revenue is included into service revenue for ARPU calculation.

**Data customers** are the customer contracts that served as a basis for revenue generating activity in the three months prior to the measurement date, as a result of activities including monthly Internet access using FTTB and xDSL technologies as well as mobile Internet access via WiFi and USB modems using 2.5G/3G/4G/HSPA+ technologies. Italian Business Unit measure fixed data customers based on the number of active contracts signed, mobile data include customers that have performed at least one mobile Internet event in the previous month. Russian Business Unit includes IPTV activities. For Kazakhstan and Eurasia subsidiaries mobile data customers are those who have performed at least one mobile Internet event in the three-month period prior to the measurement date. For Algeria data customers are 3G customers who have performed at least one mobile data event on 3G network in the previous four months.

**Capital expenditures (Capex)**, purchases of new equipment, new construction, upgrades, 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.

**EBIT** is a non-GAAP measure and 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 VimpelCom Ltd., the most directly comparable IFRS financial measure, is presented above.

**EBITDA** is a non-GAAP financial measure. EBITDA is defined as earnings before interest, tax, depreciation and amortization. VimpelCom calculates EBITDA as operating income 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 Business Units except for its Russia Business Unit. The Russia Business Unit's EBITDA is calculated as operating income before depreciation, amortization, loss from disposal of non-current assets and impairment loss. EBITDA should not be considered in isolation or as a substitute for analyses of the results as reported under IFRS. Our management uses EBITDA and EBITDA margin as supplemental performance measures and believes that EBITDA and EBITDA margin provide useful information to investors because they are indicators of the strength and performance of the Company's business operations, including its ability to fund discretionary spending, such as capital expenditures, acquisitions and other investments, as well as indicating its ability to incur and service debt. In addition, the components of EBITDA include the key revenue and expense items for which the Company's operating managers are responsible and upon which their performance is evaluated. EBITDA also assists management and investors by increasing the comparability of the Company's performance against the performance of other telecommunications companies that provide EBITDA information. This increased comparability is achieved by excluding the potentially inconsistent effects between periods or companies of depreciation, amortization and impairment losses, which items may significantly affect operating income between periods. However, our EBITDA results may not be directly comparable to other companies' reported EBITDA results due to variances and adjustments in the components of EBITDA (including our calculation of EBITDA) or calculation measures. 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 VimpelCom Ltd., the most directly comparable IFRS financial measure, is presented above.

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

**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.

**LLU (local loop unbundling)**, in Italy, this is the regulatory process of allowing multiple telecommunications operators to use connections from Telecom Italia's local exchanges to the customer's premises.

**MBOU (Megabyte of use)** is calculated by dividing the total data traffic by the average mobile data customers during the period

**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 goods at an online store, make utility payments, pay fines and state fees, loan repayments, domestic and international remittances, pay mobile insurance and purchase tickets for air and rail travel, all via their mobile phone.

**MNP (Mobile number portability)** is a facility provided by telecommunications operators, which enables customers to keep their telephone numbers when they change operators.

**Mobile customers** are SIM-cards registered in the system as of a measurement date, users of which generated revenue at any time during the three months prior to the measurement date. This includes revenue coming from any incoming and outgoing calls, subscription fee accruals, debits related to service, outgoing SMS, Multimedia Messaging Service (referred to as MMS), data transmission and receipt sessions, but does not include incoming SMS and MMS sent by VimpelCom or abandoned calls. VimpelCom's total number of mobile customers also includes SIM-cards for use of mobile Internet service via USB modems and customers for WiFi. The number for Italy is based on SIM-cards, users of which generated revenue at any time during the twelve months prior to the measurement date.

**MOU (Monthly Average Minutes of Use per User)** is generally calculated by dividing the total number of minutes of usage for incoming and outgoing calls during the relevant period (excluding guest roamers) by the average number of mobile customers during the period and dividing by the number of months in that period. Algeria, Pakistan and Bangladesh units measure MOU based on billed minutes

**Net debt** is a non-GAAP financial measure and is calculated as the sum of interest bearing long-term debt and short-term debt minus cash and cash equivalents, long-term and short-term deposits and fair value hedges. The Company believes that net debt provides useful information to investors because it shows the amount of debt outstanding to be paid after using available cash and cash equivalent 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. Reconciliation of net debt to long-term debt and short-term debt, the most directly comparable IFRS financial measures, is presented above in the reconciliation tables section.

**Net foreign exchange (loss)/gain and others** represents the sum of Net foreign exchange (loss)/gain, Equity in net (loss)/gain of associates and Other (expense)/income, net (primarily losses from derivative instruments), and is adjusted for certain non-operating losses and gains mainly represented by litigation provisions. Our management uses Net foreign exchange (loss)/gain and others as a supplemental performance measure and believes that it provides useful information about the impact of our debt denominated in foreign currencies on our results of operations due to fluctuations in exchange rates, the performance of our equity investees and other losses and gains the Company needs to manage to run the business.

**NPS (Net Promoter Score)** is the methodology VimpelCom uses to measure customer satisfaction.

**OPEX**, operational expenses, represents service costs and selling, general and administrative expenses.

**Organic growth in revenue and EBITDA** are non-GAAP 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.

**Underlying growth Revenue and EBITDA** also excludes MTR reductions and one-offs. We believe investors should consider these measures as they are more indicative of our ongoing performance and management uses these measures to evaluate the Company's operational results and trends.

**Reportable segments:** the Company identified Russia, Italy, Algeria, Pakistan, Bangladesh, Ukraine and Eurasia based on the business activities in different geographical areas. Intersegment revenue is eliminated in consolidation.

**Service costs** represent costs directly associated with revenue generating activity such as traffic related expenses, cost of content and sim-cards as well as cost of handsets, telephone equipment and accessories sold.

**Selling, general and administrative expenses** represent expenses associated with customer acquisition and retention activities, network and IT maintenance, regular frequency payment, professional and consulting support, rent of premises, utilities, personnel and outsourcing as well as other general and administrative expenses. These expenses do not include personnel costs that have been capitalized as part of long-lived assets.