VimpelCom: creating value by investing in future

Gerbrand Nijman
Group Director and Head of Investor Relations
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## Program

<table>
<thead>
<tr>
<th>Time</th>
<th>Bangladesh analyst &amp; investor site visit, Dhaka</th>
</tr>
</thead>
<tbody>
<tr>
<td>08:30-09:00</td>
<td>Registration</td>
</tr>
<tr>
<td>09:00-09:45</td>
<td>Gerbrand Nijman, Head of IR VimpelCom Group</td>
</tr>
<tr>
<td>09:45-10:30</td>
<td>Ziad Shatara, CEO Banglalink</td>
</tr>
<tr>
<td>10:30-10:45</td>
<td>Break</td>
</tr>
<tr>
<td>10:45-11:45</td>
<td>Shihab Ahmad, CCO Banglalink</td>
</tr>
<tr>
<td>11:45-12:30</td>
<td>Ahmad Haleem, CFO Banglalink</td>
</tr>
<tr>
<td>12:30-13:30</td>
<td>Lunch</td>
</tr>
<tr>
<td>13:30-14:00</td>
<td>Perihane Elhamy, CTO Banglalink</td>
</tr>
<tr>
<td>14:00-15:00</td>
<td>Q&amp;A, All presenters</td>
</tr>
<tr>
<td>15:00-15:30</td>
<td>Break</td>
</tr>
<tr>
<td>15:30</td>
<td>Departure to Banglalink sales center</td>
</tr>
<tr>
<td>15:45-16:45</td>
<td>Visit Banglalink sales center and shopping street</td>
</tr>
<tr>
<td>16:45</td>
<td>Departure to restaurant</td>
</tr>
<tr>
<td>17:00-19:30</td>
<td>Drinks and dinner</td>
</tr>
</tbody>
</table>
A well diversified leading international mobile operator
Headquartered in Amsterdam

- Mobile customers: 223 million
- Population covered: 739 million
- Countries: 14
- Number of brands: 8

Total operating revenue split (%)
- 38
- 8
- 6
- 5
- 4
- 3
- 3
- 30
- 70% from Emerging markets

EBITDA split (%)
- 36
- 11
- 6
- 4
- 4
- 2
- 28
- 72% from Emerging markets

Operating cash flow split (%)
- 27
- 14
- 9
- 6
- 7
- 36
- 64% from Emerging markets

Based on consolidated mobile customers
Mobile customers as at 3Q14; Revenue, EBITDA and OCF (excluding one-offs) are LTM 3Q14
Population figures are provided by CIA – The World Factbook
EBITDA less CAPEX excluding licenses

No 7 Mobile operator in the world

1. Based on consolidated mobile customers
2. Mobile customers as at 3Q14; Revenue, EBITDA and OCF (excluding one-offs) are LTM 3Q14
3. Population figures are provided by CIA – The World Factbook
4. EBITDA less CAPEX excluding licenses
VimpelCom simplified structure
Experienced international executive team

Rene Schuster
COO

Jo Lunder
CEO

Andrew Davies
CFO
VimpelCom has an attractive emerging markets portfolio

70% of revenue in emerging markets

Emerging market portfolio

- Solid market positions in our seven major emerging markets:
  - #1 in 4 (UKR, ALG, PAK, UZB)
  - #2 in 2 (BAN, KAZ)
  - #3 in 1 (RUS)
- Strong cash flow generation
- Low leverage

<table>
<thead>
<tr>
<th></th>
<th>LTM 3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>USD 14.4 bn</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>USD 6.2 bn</td>
</tr>
<tr>
<td>CAPEX excl. licenses</td>
<td>USD 3.3 bn</td>
</tr>
<tr>
<td>Operating Cash Flow(^1)</td>
<td>USD 2.9 bn</td>
</tr>
<tr>
<td>Leverage(^2)</td>
<td>1.3</td>
</tr>
</tbody>
</table>

\(^1\) Excluding one-off charges related to the Algeria resolution and Uzbekistan fixed assets write-offs; Operating cash flow = EBITDA - CAPEX

\(^2\) Net Debt / LTM 3Q14 EBITDA

Note: Our Emerging Markets portfolio = BU's Russia, Africa & Asia, Ukraine and CIS
## Strong EBITDA margin versus our global peers

| EBITDA Margin (FY13)¹ | 43% | 20% | 30% | 34% | 35% | 31% | 37% | 44% | 44% | 45% | 34% |

### VIP
- Telia
- vodafone
- Telenor
- MTS
- MIC
- Turkcell
- MTN
- Megafon

### WE Telcos with CIS / CEE Exposure

### Emerging Market

### Others²

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¹ VIP EBITDA Margin, excluding write-off related to favorable Algeria resolution and write-off of fixed assets to operating expenses in Uzbekistan

² Others include a sample of more than 80 listed telecom operators in Developed, Emerging and Mixed Markets
Growth drivers

External growth drivers

► Customer growth from increase in mobile penetration
► Mobile data usage growth
► Continued emerging markets growth

VimpelCom’s positioning

► Leading player in growth markets with high quality networks
► Significant upsides in penetration and usage in key markets
► Best customer experience through simple and convenient service offerings
► Leading service propositions from a digital distribution platform
► Global partnership agreements in the new eco system

Well positioned to convert these drivers into value creation
Significant upside in terms of mobile penetration & data usage

**Notes**
1. Mobile penetration is for the market, based on sim cards number
2. Based on Company estimates June’14, where mobile data penetration = data users (number of sims with data subscribed tariff plans) / mobile customers

Source: Company Data, WCIS
Continued sequential improvements in 3Q14

- **Sequential improvements:**
  - Revenue and EBITDA growth
  - Higher EBITDA margin
  - Strong customer growth

- Service revenue organic\(^3\) decline of 5% YoY, due to YoY performance, macro-economic slowdown in some markets and continued market weakness in Italy

- EBITDA organic decline of 4% YoY, mainly due to lower revenue

- Resilient operating cash flow\(^4\) of USD 1.2 billion

- Net income\(^5\) declined due to one-off costs related to recent refinancing of WIND and unfavorable FOREX movements

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1. Following the sale of the interest in Wind Canada in September 2014 the numbers exclude Wind Canada customers
2. EBITDA margin is EBITDA divided by total revenue; EBITDA and EBITDA margin are non-GAAP financial measures – reconciliations are included in the Appendix
3. 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
4. Operating cash flow = EBITDA minus CAPEX (excl. licenses)
5. Net income attributable to VimpelCom shareholders
Improved debt maturity profile in 3Q14

As at 30 September 2014, in USD billion

Group debt maturity schedule by unit

Debt composition by unit

Group debt maturity schedule by currency

1. Other includes the effect of cross currency swaps. Gross debt excluding effect of cross currency swaps is USD 27.7bn (USD 27.3bn including swaps)
Lower leverage and average cost of debt in 3Q14

<table>
<thead>
<tr>
<th></th>
<th>Net Debt/ EBITDA&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Gross Debt/ EBITDA&lt;sup&gt;1&lt;/sup&gt;</th>
<th>EBITDA&lt;sup&gt;1&lt;/sup&gt; / Financial income and expenses</th>
<th>Average Cost of Debt 3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.5</td>
<td>3.2</td>
<td>4.2</td>
<td>6.3%</td>
</tr>
<tr>
<td>Change QoQ</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.8 p.p. QoQ</td>
</tr>
</tbody>
</table>

With a cash position of USD 6 billion, additional financial facilities, no major refinancing obligation until 2020 and solid cash flow generation, VimpelCom is well funded.

1. Normalized LTM EBITDA excluding one-off charges related to the Algeria resolution
Key recent developments in 3Q14

- Macro-economic slow down and material currency devaluation in Russia and Ukraine, due to geopolitical unrest
- Resolution in Algeria is on track for closing by end of 2014
- Successful commercial 3G launch in Algeria and Pakistan
- Streamlined portfolio with sale of Canada, CAR and Burundi
- Dividend of 3.5 US cents per ADS
- 2014 targets confirmed
BU Africa & Asia: market leadership in fast growing emerging markets

as at 3Q14

Average mobile penetration (%)
74

Population covered (million)
415

Mobile customers (million)
91.6
+4 million YoY

Revenue (USD million)
845
-4% organic YoY

EBITDA (USD million)
368
-12% organic YoY

EBITDA margin (%)
43.5
-4.2 p.p. YoY
Attractive markets and market positions

**Algeria**
- Population\(^1\): 38.8 million
- GDP/capita\(^1\): USD 7,500
- Penetration: 85%

**Market shares\(^2\)**
- 49% Djezzy
- 27% Mobilis
- 23% Ooredoo

**Pakistan**
- Population\(^1\): 196.2 million
- GDP/capita\(^1\): USD 3,100
- Penetration: 53%

**Market shares\(^2\)**
- 28% Mobilink
- 26% Telenor
- 19% Ufone
- 18% Zong
- 9% Warid

**Bangladesh**
- Population\(^1\): 166.3 million
- GDP/capita\(^1\): USD 2,100
- Penetration\(^2\): 71%

**Market shares\(^2\)**
- 42% Banglalink
- 25% Grameenphone
- 21% Robi
- 12% Other (3)

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1. CIA Factbook; GDP per capital (PPP)
2. Market share as provided by the regulator as of May 31, 2014
Launch of 3G services driving customer growth

**Algeria Revenue & Customers**

- Mobile customer base grew 7% YoY to 18.2 million
- Stabilized its market-leading position in 3Q14, following the launch of 3G services

**Pakistan Revenue & Customers**

- Mobile customer base grew 4% YoY to 38.7 million
- Focus on subscriber engagement with aggressive bundle offers

**Bangladesh Revenue & Customers**

- Mobile customer base grew 8% YoY to 30.2 million
- Supported by 3G services, attractive tariff plans and other service offerings
Launch of 3G services driving customer growth

- **Algeria**
  - EBITDA & EBITDA Margin
  - EBITDA decreased 13% YoY
  - Negatively impacted by higher network cost due to the 3G rollout and higher HR cost

- **Pakistan**
  - EBITDA & EBITDA Margin
  - EBITDA decreased 30% YoY
  - Negatively impacted by lower service revenue YoY, alongside higher customer associated cost, network and HR costs

- **Bangladesh**
  - EBITDA & EBITDA Margin
  - EBITDA increased 20% YoY
  - Driven by the growth in revenue, and lower customer acquisition costs, partially offset by higher network costs

1Q13  2Q13  3Q13  4Q13  1Q14  2Q14  3Q14

- **Revenue (DZD billion)**
  - 1Q13: 11.5
  - 2Q13: 12.3
  - 3Q13: 11.5
  - 4Q13: 9.6
  - 1Q14: 10.0
  - 2Q14: 10.2
  - 3Q14: 8.5

- **Customers (millions)**
  - 1Q13: 42.3%
  - 2Q13: 43.0%
  - 3Q13: 43.1%
  - 4Q13: 37.2%
  - 1Q14: 39.5%
  - 2Q14: 38.9%
  - 3Q14: 34.9%

- **Revenue (PKR billion)**
  - 1Q13: 3.8
  - 2Q13: 3.7
  - 3Q13: 3.6
  - 4Q13: 3.4
  - 1Q14: 4.0
  - 2Q14: 4.2
  - 3Q14: 4.4

- **Customers (million)**
  - 1Q13: 41.3%
  - 2Q13: 37.2%
  - 3Q13: 36.3%
  - 4Q13: 33.7%
  - 1Q14: 37.4%
  - 2Q14: 38.2%
  - 3Q14: 39.7%
Algeria: Focus on commercial 3G launch

Data revenue

<table>
<thead>
<tr>
<th>2Q14</th>
<th>3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>x4 times</td>
</tr>
</tbody>
</table>

Successful 3G launch
- 3G services currently in 14 main provinces, including Algiers and main cities
- EoY14: 19 provinces coverage

Data & handsets promotion
- Smartphone and dongle promotions with data bonus
- Routers promotion for B2B
- Postpaid pack promotion with voice & data bonus
- Handset migration promotion

New special 3G value added services
- Facebook zero
- Djezzy store
- Djezzy App
- Be Djezzy
- Opera Mini
- Lifestyle (Facebook, Twitter, WhatsApp)
- M2M
Pakistan: Improving network and increased usage

- 2G coverage/capacity rollout on track
- 3G rollout progressing according to plan
- Launch of off-peak offers
- 4% QoQ traffic increase
- Network modernization is on track to be finalized by the end of 2014

Transparency in value added services
- Notifications with unsubscribe information
- Daily usage report
- Self service menu for managing subscription
- Transparency complaints reduced by 80% YTD’14

MFS promotion is in focus, +30% QoQ
- Channel engagement campaigns to incentivize retailers
- > 42,000 agents
- Presence on ATL to increase brand awareness

Fastest growing 3G service
1 million 3G customers within 90 days of commercial launch
Ziad Shatara
Chief Executive Officer
1. Overview of Bangladesh telecom market

2. Banglalink: A successful turnaround
Bangladesh population distribution

Dhaka: 54.7
Sylhet: 11.4
Chittagong: 32.8
Rajshahi: 21.3
Khulna: 18.1
Barisal: 9.6

Population in millions
## Bangladesh at a glance

### Key Facts
- Population: 166 million
- Area: 143,998 sq km
- GDP (PPP): USD 324.6 bn
- GDP (PPP) per Capita: USD 2,100
- Real GDP growth: 6.2%

### Key indicators
- Consistent economic growth (6% on average since 1996)
- Stable currency (since June 2013)
- Growing foreign currency reserve (USD 22bn in Sept'14, a 38% rise within a year)
- 71% mobile penetration
- 25% internet penetration
- 99% people in mobile coverage
- 51% people aged below 25 years

### Sound investment climate
induced by resilient economic growth with stable sovereign rating

- Steady sovereign credit rating
  - Moody’s: Ba3 (Stable)
  - S&P: BB (Stable)
- Continuous poverty alleviation (poverty ratio declined to 32% in 2010 from 57% in 1992)
- Improving social indicators
- Female empowerment

Bangladesh: One of the fastest growing economies in Asia

3-year average real GDP growth (%)

Real GDP growth (%)

Bangladesh 5-Year average GDP growth: 6.3%

Source: Bangladesh Bureau of Statistics, Economist Intelligence Unit.
(1) CAGR 2011-2014E.
Growth potential supported by sustained economic growth in low ARPU and underpenetrated market

High growth in underpenetrated wireless market

ARPU* (USD/month)

<table>
<thead>
<tr>
<th>Country</th>
<th>ARPU*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>$14.3</td>
</tr>
<tr>
<td>China</td>
<td>$9.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>$6.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$3.3</td>
</tr>
<tr>
<td>Philippines</td>
<td>$3.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$2.9</td>
</tr>
<tr>
<td>India</td>
<td>$2.7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>$2.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>$1.9</td>
</tr>
<tr>
<td>Pakistan</td>
<td>$1.7</td>
</tr>
</tbody>
</table>

One of the lowest ARPUs in the region presenting significant upside potential with 3G/data service rollout

*Source: Informa Telecoms & Media
Penetration: Number of total wireless customers divided by population
ARPU: 2Q14
Attractive mobile market dynamics

• Bangladesh is mainly a prepaid and 2G market. However, 3G usage is increasing steadily following launch of 3G service in October 2013

• ARPU levels are one of the lowest in the world, 3G will adjust this upwards

• Key opportunity in data revenue as data speed increase use of internet content

• Significant untapped audience in urban centers

Growth opportunities led by increasing customer base & penetration in world’s 9th most populous nation

Growing coverage of mobile networks

<table>
<thead>
<tr>
<th>Year</th>
<th>Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>3/64 Districts</td>
</tr>
<tr>
<td>2000</td>
<td>30/64 Districts</td>
</tr>
<tr>
<td>2002</td>
<td>50/64 Districts</td>
</tr>
<tr>
<td>2004</td>
<td>61/64 Districts</td>
</tr>
<tr>
<td>At present</td>
<td>64/64 Districts</td>
</tr>
</tbody>
</table>

- Nearly entire population (99.2%) is within mobile network
- 90% land area covered by mobile networks
- All 64 district headquarters inside 3G coverage

Strong prospect for data traffic as 3G coverage expands beyond large towns

Source: Association of Mobile Telecom Operators of Bangladesh
High growth potential for mobile internet

Mobile usage captures 96% of internet usage

Growth in data from existing and new customers

Potential for higher internet penetration in the growing economy with a large youth population

Source: GSMA Country Overview – Bangladesh 2014, Association of Mobile Telecom Operators of Bangladesh, BTRC monthly publication
Fast growing 3G penetration

10 fastest smartphone growth markets globally in 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>16%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>15%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>13%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>13%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>11%</td>
</tr>
<tr>
<td>Egypt</td>
<td>8%</td>
</tr>
<tr>
<td>Philippines</td>
<td>6%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3%</td>
</tr>
<tr>
<td>China</td>
<td>1%</td>
</tr>
<tr>
<td>Brazil</td>
<td>1%</td>
</tr>
</tbody>
</table>

Faster 3G penetration anticipated as smartphones become increasingly affordable. Sale of low priced locally branded smartphones are quickly picking up.

Source: The Telegraph, UK
A tigers trail

2005
• Banglalink launched
• Achieved 1 million customers

2007
• Banglalink became the 2nd largest operator

2008
• Achieved 10 million customer base

2012
• Exceeded 25 million customers

2013
• Launched 3G service

2014
• Exceeded 30 million customers

The tiger moves on

Environment
• Under penetrated fast growing market
• Strong potentials for mobile data growth
• Low ARPU in growing economy

Banglalink
• Solid growth in 2014
• 3G coverage in all 64 districts
• Notable trend in data growth since 3G launched in 4Q13
• Cost efficiency drive

Shareholders
• Strong commitment from shareholders
A successful turnaround

- Cleaned up revenue base, in compliance with regulation
- Successful 3G launch: fastest 3G network* and strong mobile data revenue growth
- Market leader in customer satisfaction with highest NPS
- Continued customer growth with stable ARPU
- Attractive pricing and growing MOU and MBOU
- Operational excellence leading to improving EBITDA margin

* Source: BTRC Report November 2014
Shihab Ahmad

Chief Commercial Officer
1. Market share development
2. Value proposition
3. Churn
4. Customer excellence
5. Mobile financial services
6. CSR and awards
Mobile market share

Customer market share

Bangladesh’s growing revenue market share

3 major operators have around 90% market share

Operators focusing on 3G network expansion

Banglalink consolidates market position in 2014

Source: BTRC, Informa Telecoms & Media.
Banglalink regains growth momentum

Customers and revenue

- Sustained recovery in growth of subscribers and revenue
- 3G data is expected to drive revenue growth in 2015
Both voice and data revenue growing

Voice revenue*
9M13 vs 9M14

Data revenue
9M13 vs 9M14

• Launch of 3G instigated significantly higher growth in data revenue
• Voice revenue is also on steady growth

* Voice revenue includes voice outgoing and interconnect revenue.
Banglalink value proposition

- Aspired state
- Current state
- Hygiene
- Below market

Connectivity
Service
Product
Price

Superiority
- Improved network experience in voice and internet, especially in urban & sub-urban areas
- Efficient digital distribution network
- Best digital service points/touch points
- Superior customer experience

Parity
- Remain competitive in pricing
- Adoption of commitment based/bundle packages with ensured ARPU

Price
- Continuous innovation in product offering ahead of market leader
- Focus on bundles & data products including OTT services
- Products (voice and data) competitive, affordable, gives more value compared to competition, customers spending the same amount of money

- Improved network coverage & quality to close the gap with market leader
- Best experience in data (application specific speed, ease of use & transparent charging)
Banglalink’s fast growing data revenue

- Accelerated growth in data revenue since launch of 3G in 4Q13
- 3G coverage in all 64 district headquarters and expanding further
- Fast growing smartphone penetration as handsets becoming affordable
- Increased commercial activity fueled by socio-economic advancement
- Large youth segment in population
Mobile data strategy

- **Give the best customer experience**
  Optimum coverage - optimum speed - “peace of mind” charging

- **Increase handset penetration**
  Co-branding partnership - consignment projects - reverse bundling

- **Channel focus to ensure higher penetration**
  Retailer upselling - online interface - scratch card

- **Price according to network utilization**
  Sachet/OTT bundles (Affordable) - Economy bundles (Moderate) - Volume Based “All-in” Bundles (Premium)

- **Stimulate data adoption**
  Content portfolio - OTT Partnerships (Facebook, WhatsApp, Viber etc.)
Driving data growth

Focus from voice centric approach towards data centric approach

**Acquisition**
- Convert non-data users through trial data offers/ sachet bundle/gratification
- Leverage retailers to convert non-data customers to data customers
- Give non-data customers a reason to use data

**Enablers**
- Synergistic approach to utilize all available customer touch points for bundle purchase
  - Online
  - App
  - Retailer
  - Portal
- Increasing data enabled handsets in network

**ARPU Enhancement**
- Bracketing the customers to higher bundles
- Add content on a regular basis to increase usage (Freemiums)
- Introduce lucrative OTT offers to engage them in data usage
Improving churn strengthening growth potential for Banglalink

Churn (annualized)

- 2Q13: 15.6%
- 3Q13: 20.4%
- 4Q13: 27.6%
- 1Q14: 25.3%
- 2Q14: 21.0%
- 3Q14: 21.4%
Banglalink is the clear leader in customer experience with an improving trend

Source: NPS Report by a market survey agency
Mobile Financial Services

• It is a bank-led model regulated by the Central Bank
  » Banks offer end-to-end services to the customers
  » Mobile operators provide only network and distribution channels
• Central Bank approved limited telecom-led services
  » Utility bill payment
  » Train ticketing
  » International remittance
Bangladesh MFS model

- Customer maintains mobile banking account with bank
- Agent maintains virtual balance with bank

Managed by bank or mobile operator

Network connectivity → Physical money
Banglalink CSR: a passionate social commitment

Cox’s bazar sea beach cleaning project

- Banglalink in collaboration with an internal agency participated in projects since 2005 helping to clean beaches in Bangladesh

Banglalink’s free schoolbags

- Distributed 7,000 bags among primary school children
- Bags produced from recycled plastics
Banglalink CSR: a passionate social commitment

M-Agriculture

- Banglalink launched a mobile based agriculture information services which helps to get the market price and works as a virtual market place

Grandmaster an idea generation contest season 3

- A contest for the youth to identify the best ideas based on mobile application
- Showcase to “start something new”
Key awards won by Banglalink

MFS award 2010
Mobile Cash Remittance

Innovative service award 2009
Jigyasha 7676

Communication award 2013
Banglalink Network Campaign

HR award 2011
Excellence In Training

Innovative service award 2014
Banglalink M-Agriservices

Brand award 2013
Banglalink Network Campaign
Bangladesh Site Visit 2014

Bangladesh, December 2nd 2014 © VimpelCom Ltd. 2014

Bangalalink

...poised for growth...
1. Financial overview
2. Cash flows
3. Bond and debt position
4. Operational excellence
YTD Financial overview: improvements in 2014

<table>
<thead>
<tr>
<th></th>
<th>9M13</th>
<th>9M14</th>
<th>Change</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>29.4</td>
<td>32.1</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>11.1</td>
<td>12.5</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>38.2%</td>
<td>38.3%</td>
<td>0.1 p.p.</td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>11.8</td>
<td>9.2</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>CAPEX to Revenue (%)</td>
<td>40%</td>
<td>29%</td>
<td>-11 p.p.</td>
<td></td>
</tr>
<tr>
<td>Data Revenue</td>
<td>0.7</td>
<td>1.2</td>
<td>67%</td>
<td></td>
</tr>
</tbody>
</table>

- Favorable
Operational excellence contributing to a successful turnaround

<table>
<thead>
<tr>
<th></th>
<th>EBITDA (BDT billions)</th>
<th>EBITDA margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q13</td>
<td>3.8</td>
<td>41.3%</td>
</tr>
<tr>
<td>2Q13</td>
<td>3.7</td>
<td>37.2%</td>
</tr>
<tr>
<td>3Q13</td>
<td>3.6</td>
<td>36.3%</td>
</tr>
<tr>
<td>4Q13</td>
<td>3.4</td>
<td>33.7%</td>
</tr>
<tr>
<td>1Q14</td>
<td>4.0</td>
<td>37.4%</td>
</tr>
<tr>
<td>2Q14</td>
<td>4.2</td>
<td>38.2%</td>
</tr>
<tr>
<td>3Q14</td>
<td>4.4</td>
<td>39.7%</td>
</tr>
</tbody>
</table>

A successful cost efficiency program

- Network infrastructure sharing
- Utilities and maintenance cost optimization
- Relocation of facilities (data center, call center, MSC)
- Outsourcing of non-core activities
- Alternative distribution channel (online MFS recharging)
A successful growth company

Customers (in million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>25.9</td>
<td>27.1</td>
<td>28.1</td>
<td>28.8</td>
<td>29.4</td>
<td>29.8</td>
<td><strong>30.2</strong></td>
</tr>
</tbody>
</table>

ARPU (BDT)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARPU</td>
<td>119</td>
<td>126</td>
<td>121</td>
<td>110</td>
<td>117</td>
<td>121</td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

MOU (min)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOU</td>
<td>175</td>
<td>198</td>
<td>189</td>
<td>183</td>
<td>188</td>
<td>201</td>
<td><strong>200</strong></td>
</tr>
</tbody>
</table>
## Solid cashflows

<table>
<thead>
<tr>
<th></th>
<th>9M13 (BDT billion)</th>
<th>9M14 (BDT billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Activities</td>
<td>3,910</td>
<td>11,079</td>
</tr>
<tr>
<td>Investing Activities</td>
<td>(14,593)</td>
<td>(12,418)</td>
</tr>
<tr>
<td>Net Financing Activities</td>
<td>11,575</td>
<td>1,823</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>892</strong></td>
<td><strong>484</strong></td>
</tr>
</tbody>
</table>

### Operating Activities

- 2012: 12,612
- 2013: 8,203
- LTM 3Q14: 15,371
Bangladesh bond: 
First ever international bond offering from Bangladesh

<table>
<thead>
<tr>
<th>Bond summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>USD 300 million</td>
</tr>
<tr>
<td>Interest rate</td>
<td>8.625%</td>
</tr>
<tr>
<td>Issue price</td>
<td>99.008%</td>
</tr>
<tr>
<td>5 year - no call 3 years</td>
<td></td>
</tr>
</tbody>
</table>
| Credit rating         | Moody’s: B1  
                         | S&P: B+          |

- A landmark deal marking first ever international bond offering from Bangladesh, even prior to sovereign bond
- Bond proceeds were utilized for repaying existing debt and financing capital expenditures
- A key milestone for Banglalink that diversifies our sources of funding in international capital markets
## Debt position

<table>
<thead>
<tr>
<th>As at September 30, 2014</th>
<th>BDT billion</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond</td>
<td>23.2</td>
<td>300</td>
</tr>
<tr>
<td>Shareholder loan (subordinated)</td>
<td>28.7</td>
<td>371</td>
</tr>
<tr>
<td>Term loan</td>
<td>1.1</td>
<td>14</td>
</tr>
<tr>
<td>Vendor loan</td>
<td>0.3</td>
<td>4</td>
</tr>
<tr>
<td>Short term loan facilities</td>
<td>10.7</td>
<td>138</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>64.0</strong></td>
<td><strong>827</strong></td>
</tr>
</tbody>
</table>
Leverage

Debt / LTM EBITDA

3Q13 3Q14
2.3 2.2

Strong shareholder commitment with continued financial, operational and technical support
To become the number 1 digital telecom operator

Increased revenue

- Incremental customer acquisitions
  - Improve online sales – increase market share
  - Improved customer targeting
  - Individual customer offerings
- Incremental ARPU
  - Up and cross sale
- Reduced churn
  - Strengthen brand and improve customer experience

Reduced OPEX

- Rationalize service operation costs
  - Reduce costs of customer servicing through self-care
- Reduce cost of top up commission
  - Lowering expenses for distributors' commissions through MFS
- Minimize distribution costs
  - Online sale of SIM cards
Perihane Elhamy
Chief Technical Officer
1. Network update
2. Mobile data strategy
3. Operational excellence
Near complete nationwide network coverage

With more than 99% population coverage, Banglalink’s network coverage now spans across most parts of the nation enabling higher quality of service and customer satisfaction.

**Near 100% coverage as of 3Q14**

- **99.2%** Population coverage
- **86.2%** Area coverage

**Resulting in superior quality of service**

<table>
<thead>
<tr>
<th></th>
<th>Q1'14</th>
<th>Q2'14</th>
<th>Q3'14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call retainability*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>99.2%</td>
<td>99.3%</td>
<td>99.4%</td>
</tr>
<tr>
<td>Call accessibility**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>98.6%</td>
<td>98.2%</td>
<td>98.7%</td>
</tr>
</tbody>
</table>

* Retainability: Percentage of calls without call drop
**Accessibility: Call setup success rate
Broadly distributed tower network

More than 9,000 towers distributed across the nation with 84% directly owned and 16% leased from 3rd parties

>9,000 Nationwide tower network

Multiple tower formats

- 44% Green Field
- 35% Roof Top
- 21% Micro

- 84% Owned Towers
- 16% Shared Towers

Broadly distributed tower network across the major regions and key cities
Extensive optical fiber / backbone network

Banglalink has established a comprehensive nationwide transmission network with more than 3,000km of optical fiber and SDH backbone / access rings that has been designed with multiple protection schemes.

**Nationwide optical network**

**Comprehensive backbone network**

3,200km Optical fiber ring

8.3km Submarine cable
Network modernization

Old 2G equipment and 3G preparation triggered network modernization

2G modernization

- 3G ready equipment for access/transmission
- More sites IP-connected
- Better network quality

Dhaka

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic</td>
<td>100%</td>
<td>116%</td>
</tr>
<tr>
<td>Accessibility</td>
<td>98.3</td>
<td>99.6</td>
</tr>
<tr>
<td>Retainability</td>
<td>99.4</td>
<td>99.6</td>
</tr>
</tbody>
</table>
Growth in data mainly driven by 3G

Since commercial launch of 3G in October 2013 there has been significant growth in data traffic.

Fastest 3G network of Bangladesh
Continued strong data traffic growth expected
Main areas of operational excellence

Operational excellence targeting maximal cost efficiency

- CAPEX efficiency
- OPEX efficiency

Optimize resources utilization

Continuous monitoring

Major initiatives across functions

- Site sharing
  Per site civil works savings
  * Own site vs. sharing site
  \(~70\%\)

- Outdoor sites
  Per site CAPEX savings
  * Outdoor vs. indoor
  \(~10\%\)

- Transmission modernization
  Transition micro wave link reduction
  \(~25\%\)

- Utility consumption reduction
  Overall utility expense savings
  \(~5\%\)
Operational excellence initiatives resulted in direct reduction in operational cost

Through the operational excellence initiatives significant improvement in maintenance and utility cost KPIs achieved

**Overall OPEX trend**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX/customer</td>
<td>100%</td>
<td>80%</td>
<td>77%</td>
</tr>
<tr>
<td>OPEX/equivalent traffic</td>
<td>100%</td>
<td>88%</td>
<td>63%</td>
</tr>
<tr>
<td>OPEX/network element</td>
<td>100%</td>
<td>81%</td>
<td>72%</td>
</tr>
</tbody>
</table>

**Maintenance and utility trend**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance/ equivalent traffic</td>
<td>100%</td>
<td>73%</td>
<td>37%</td>
</tr>
<tr>
<td>Maintenance/ network element</td>
<td>100%</td>
<td>67%</td>
<td>46%</td>
</tr>
<tr>
<td>Utility/equivalent traffic</td>
<td>100%</td>
<td>90%</td>
<td>67%</td>
</tr>
<tr>
<td>Utility/network element</td>
<td>100%</td>
<td>83%</td>
<td>76%</td>
</tr>
</tbody>
</table>
Thank you
Further information

Investor Relations

Claude Debussylaan 88
1082 MD Amsterdam
The Netherlands
T: +31 20 79 77 234
E: ir@vimpelcom.com

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