

CHAIRMAN'S STATEMENT

A year of considerable change



Ursula Burns
Chairman

As Chairman, I am pleased to present the Integrated Annual Report for VEON Limited (“VEON” or “the Group”) for the financial year ended December 31, 2019.

2019 was a watershed year for the Group. Geographically, it was a year in which we continued our pivot towards emerging markets, which began with our exit from Italy in the summer of 2018 and culminated 12 months later with the consolidation of our businesses in Pakistan and Bangladesh through our successful tender offer for Global Telecom Holding S.A.E. (“GTH”). Strategically, the year saw VEON unveil a new framework that focused our business on ambitions to grow market presence in a host of innovative services with the potential to transform our product capabilities. Operationally, 2019 was another year of solid growth for the Group and our financial achievements came alongside important milestones in compliance, governance and social responsibility.

A period of considerable change

The Group entered 2019 in a stronger position financially following the successful sale of our Italian business, Wind Tre, to our joint-venture partner CK Hutchison Holdings Ltd. The proceeds of this transaction allowed us to strengthen our balance sheet and helped fund a series of transactions that would eventually see us substantially consolidate ownership of VEON's businesses in Pakistan and Bangladesh through a successful tender offer to the minority shareholders of GTH, which was completed in August 2019.

Both transactions sharpened VEON's emerging markets focus, providing our shareholders with a greater exposure to the exciting demographics and growth prospects of our businesses there. The Italy transaction also dampened the cyclicity of our portfolio with respect to the pricing pressures that remain a feature of more mature markets, in turn helping us to deliver strong organic EBITDA growth at the Group level throughout the year despite recent weakness in our largest market, Russia.

Simplifying our corporate structure has for some time been a priority for VEON. Here, both the Wind Tre and GTH transactions were milestones, particularly through the subsequent transfer of GTH assets following our tender offer, which has helped us achieve our goal of consolidating VEON's businesses in Pakistan, Bangladesh and Algeria within our Group structure; a process that is now substantially complete.

As well as reducing complexity, 2019 saw us reduce costs across our business. This initiative started with our Headquarters function and a pledge to halve the run-rate in our corporate costs from their FY 2017 levels by the end of 2019. I am pleased to report we have achieved this goal alongside success in reducing the cost intensity of our operations.

Elsewhere, 2019 was a watershed year for our corporate strategy. In February, I was pleased to announce the appointment of Alex Kazbegi as Chief Strategy Officer for our Group,

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a new role that acknowledged the need for a unifying framework to harness and direct the variety of exciting product initiatives we have underway across the Group. Alex delivered this at our Capital Markets Day in September, unveiling a new strategy framework that aligns our business with our services in three complementary verticals – connectivity, new services and future assets – stretching our ambitions beyond our core voice and data connectivity services in the process.

This framework built upon our considerable investment in IT infrastructure in a process we have referred to as digitising our core. This has involved installing the very latest Digital Business Support Systems in a growing number of markets, which are in turn enabling us to deploy a new range of self-care applications and other digitally enabled products with the potential to transform the customer experience of our services.

2019 also saw VEON invest in the people and technologies that will allow us to develop and grow new revenue opportunities. Here, we are investing in adjacent services and markets that we refer to as future assets – products and businesses that offer VEON scale and advantage in the products and services of tomorrow.

The creation in July 2019 of VEON Ventures, a new division tasked with utilising VEON's brands and customer base to develop these future products and services, was given leadership with the hiring of Sergi Herrero, formerly Facebook's Global Director of Payments and Commerce Partnerships, as the division's Chief Operations Officer. Sergi's expertise in digital payments, which included overseeing the launch of payment platforms for Messenger, WhatsApp and Instagram, is a perfect match for Ventures given its early focus on mobile financial services and our leading franchise in that field, JazzCash in Pakistan.

October saw another significant addition to VEON's management team when I welcomed Kaan Terzioğlu as Joint Chief Operating Officer to work alongside Sergi in a new joint leadership role from November 1. For industry observers, Kaan needs little introduction. His considerable experience and track record at the helm of Turkcell, where he served as Chief Executive for four years, bring a wealth of resources to VEON and are fantastic complements to the skills and experience of Sergi.

Both Kaan and Sergi's appointments were made alongside a number of changes to our management structure to ensure our operating companies are empowered to pursue the growth opportunities they identify. These included enhancements made to local Boards, which draw on the considerable talent pools of our operating companies and include independent directors to increase local expertise and ensure effective governance. Crowning this process was the appointment of Kaan and Sergi as co-CEOs from March 1, 2020 alongside me as Group Chairman. With this change at the top of our organisation, we have two outstanding individuals who I have no doubt will define the next growth phase for our businesses.

November saw our company receive another accolade that I am particularly proud of. VEON is now recognised as one of the most transparent companies in the Netherlands by the Dutch Transparency Benchmark. Ranked 32 out of over 480 companies assessed by the Dutch Ministry of Economic Affairs and Climate Policy, the result underscored the progress VEON has made in its ongoing commitment to transparency, compliance and responsible business.

Key strategic milestones



“ As I look ahead to a new decade for our business, I see a wealth of opportunities and a company that is better equipped than ever to serve the diversity of its stakeholders. ”

FY 2019 ACHIEVEMENTS

1. POSITIONED FOR GROWTH

- Increased 4G penetration
- Accelerated capex roll out
- Further strengthened corporate governance
- World class leadership team

4. PORTFOLIO DEVELOPMENT

- Successful conclusion of the GTH MTO
- Telenor sell-down completed
- Free float increased to 43.8%

2. OPERATIONAL EXECUTION

- Strong organic EBITDA growth
- Solid equity free cash flow generation
- Corporate cost reduction
- Monitor certified compliance programme
- Deferred prosecution agreement concluded

3. CAPITAL ALLOCATION

- Issued USD 700 million senior unsecured notes
- Group gearing at 1.7x (pre-IFRS 16)*
- FY 2019 dividend of US 28 cents

* 1.9x excluding a one-off USD 350million payment from Ericsson: see page 58 for details.

27%
Return on equity

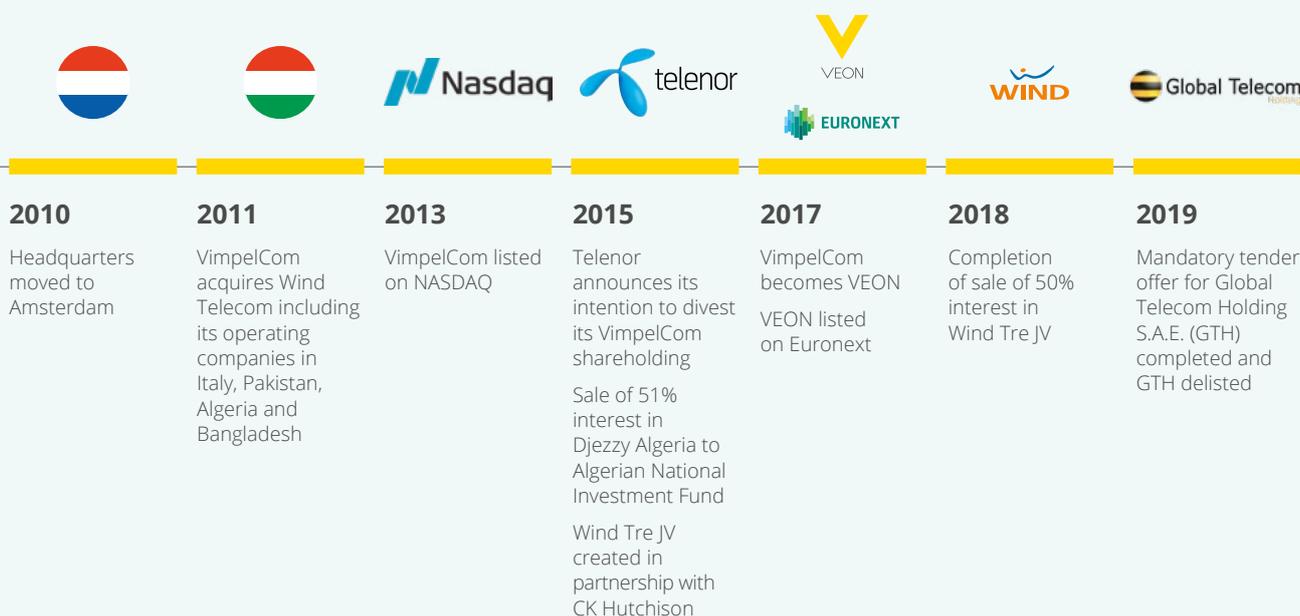
EMPOWERING CUSTOMER AMBITIONS

November also saw Telenor complete the sale of its shareholding in VEON Group, in line with its previously announced intention of fully divesting. The sale resulted in VEON Group's free float increasing to 43.8% and saw us welcome a number of new shareholders to our register.

Financial performance

2019 was another solid year for the Group operationally. We delivered consistent financial performance, fulfilling our guidance commitments on organic revenue and EBITDA growth while progressively reinvesting in our future. And at the Group level, we generated a return on equity of 27% for the year – a considerable achievement in the context of an industry which some view as being characterised by low returns.

Our Pakistan and Ukraine businesses, Jazz and Kyivstar, were particularly strong and each demonstrate the range of growth opportunities we enjoy. For Jazz, our immediate growth opportunity is in digital financial services given a large unmet need in that society for access to retail banking. Addressing this opportunity, our JazzCash franchise now leads the market in providing mobile wallets to over seven million users and now contributes around 6% of our local revenues.





“ COVID-19 has resulted in profound changes in the way we organise our daily lives. We see our services as part of the solution as home becomes the new workplace and communities adapt to new ways of interacting with trusted information, essential resources and each other. ”

For Kyivstar, the growth opportunity is similarly in data and new digital services. These include mobile and fixed line TV and extend to our developing capabilities in cloud, IoT and AI-enabled business services. We are matching demand here with investments in our 4G infrastructure and an approach to retail pricing that ensures we can provide value for our customers while we grow with them. Kyivstar underscores the considerable growth we can achieve as we harness a growing connectivity business to an expanding ecosystem of new services delivered alongside a migration from 3G to 4G networks. This is a strong foundation from which to expand our market opportunity in Ukraine further as we develop from a traditional telecoms business to a provider of technology-driven experiences.

As ever in a diverse portfolio of markets, 2019 was not without its challenges. Chief amongst these was Russia, where we faced headwinds in relation to pricing, network quality and the efficiency of our distribution. We have since taken measures to address these through the introduction of simplified tariff plans while stepping up investment in our networks to ensure the customer experience of Beeline's services is consistently strong. At the same time, we are optimising our retail channels by closing branches while boosting investment in online channels in order to reduce costs. Taken together, we are confident that these measures will enable our Russian business to return to growth, which is a key priority for our leadership team.

More broadly, our Board recognises the importance of total shareholder return to our investors. We were pleased to distribute dividends amounting to 28 cents per share for the financial year, which as we discuss on page 59 was above the value guided to by our new dividend policy. In addition, the increase in our free float following Telenor's divestment was a

positive development with respect to liquidity and the broadening of our shareholder register. That said, 2019 was a volatile year for holders of our shares and the relationship between the Group's financial performance and VEON's market valuation remains an ongoing focus of our Board.

Compliance and sustainability

This is the first year we have adopted an integrated approach to presenting both our financial and sustainability credentials in a single report. It coincides with an important milestone for VEON – the end of our compliance monitorship, which I announced in October. This brought to a close a three-year period of consultation and review through which we transformed our approach to ethics, compliance and risk management.

The monitorship process required us to reflect deeply on our purpose and the impact our business has on the communities in the ten markets we serve. It also illustrated how deeply rooted our services are in the daily lives of our customers, from facilitating social interaction to providing access to financial services and meeting a variety of vocational and professional needs. For me personally, it underscored the fundamental importance of building and nurturing sustainable businesses in which customers can place their trust, from the simple availability of our networks to our ability to act as a resource for individual empowerment.

This report is a snapshot of that interdependence. It catalogues a year in the life of our business alongside VEON in the lives of our customers and their communities. It is a review of our operational performance as well as a record of how we have performed through the voices of some of our 212 million customers. It is our acknowledgement that all responsible businesses need to measure themselves against a variety of benchmarks that extend beyond financial reporting to address the

individual, social and environment imprints they leave behind. And it summarises our commitment to forging sustainable businesses that enrich the communities we serve.

Outlook

As I look ahead to a new decade for our business, I see a wealth of opportunities and a company that is better equipped than ever to serve the diversity of its stakeholders.

More immediately, the world is facing an unprecedented challenge. The COVID-19 pandemic has resulted in profound changes in the way we organise our daily lives. Our industry has a social responsibility to ensure that communities everywhere stay connected, whatever the circumstances. At VEON, we see our services as part of the solution as home becomes the new workplace for many millions and communities adapt to new ways of interacting with trusted information, essential resources and each other.

Throughout, we will stand ready to help societies in whatever way we can to manage and recover stronger from this pandemic, using connectivity and technology to support and strengthen the communities we serve. This extends most immediately to a number of measures to help our customers, details of which may be found on page 79.

Our technology journey is on an exciting new tangent and is only beginning to identify the possibilities that fusing big data with artificial intelligence can deliver through our services. Financially we are strong and we serve markets with growth opportunities in abundance. And never before has our awareness of the fundamental importance of compliance, ethics and governance to building sustainable businesses been so deeply engrained in our culture. That is an enduring legacy of our monitorship and one I am proud to have helped secure as we equip VEON for the challenges and opportunities to come.



Ursula Burns
Chairman

April 2020