

OUR GROWTH ENGINES

Comprising the four growth markets of Pakistan, Ukraine, Uzbekistan and Kazakhstan, our Growth Engines are markets in the sweet spot of rapid services adoption. Collectively contributing 37% of Group EBITDA¹ in 2019, these markets are typified by strong demand for data and relatively low levels of smartphone adoption, suggesting significant scope for future growth.

Once again, our Growth Engine markets enjoyed levels of revenue growth well above the Group's average in 2019, although in two instances (Pakistan and Uzbekistan) underlying growth was masked by the accounting treatment of tax regime changes.

Pakistan

With over 60 million subscribers, Pakistan is the largest of our Growth Engines. Here, our operating company, Jazz, enjoys market leadership and the fastest 4G network. Jazz's growth is being propelled by strong subscriber demand for data, revenues for which grew by 45% year-on-year in 2019 on an organic basis. Jazz continues to match this growth opportunity with 4G network expansion, which helped support a 7.6% year-on-year growth in our customer base in 2019.

Our ambition for Jazz is to strengthen our market leadership through growing an ecosystem of services matched to the particular needs and preferences of the local market. These start with self-care and include a range of e-commerce and content platforms like Jazz TV, extending to the nation's largest mobile health initiative BIMA and our market-leading digital financial services application, JazzCash.

To help accelerate the adoption of our new services, we have launched an affordable phone, Jazz Digit, that converts a traditional feature 4G phone into a smartphone by using the KaiOS operating system, allowing commonly used applications like Facebook, WhatsApp and YouTube

to be used. Given that more than 90m handsets in Pakistan are still 2G, an operating system like KaiOS and affordable handsets like Jazz Digit have a huge adoption opportunity.

This goes hand-in-hand with stronger engagement of our digital wallet users through the launch of key remittance services for freelance workers, as well as the linking of bank cards as a funding mechanism and the overall enrichment of our growing USSD and app-based financial services.

2019 Performance

Total operating revenue decreased by 12% year-on-year to US\$1,321 million as a result of a devaluation of the local currency. In local currency terms, total operating revenue increased by 8.7% as a result of continuing mobile data revenue growth of 45% year-on-year. The growth in data revenue was driven by the growth in data customers and increased data usage due to higher bundle penetration and continued data network expansion.

Adjusted EBITDA decreased by 6% year-on-year, driven by devaluation of the Pakistani rupee and partially offset by the impact of the introduction of IFRS 16. In local currency terms, Pakistan Adjusted EBITDA growth was 15% mainly due to the positive development in total revenues as well as savings in structural operating expenses on year-on-year basis. On a pre-IFRS 16 basis, Adjusted EBITDA increased by 7.3% in local currency terms.

Key economic indicators²

216m Population
10.2% Inflation rate

1.9% Population growth
3.3% Real GDP growth

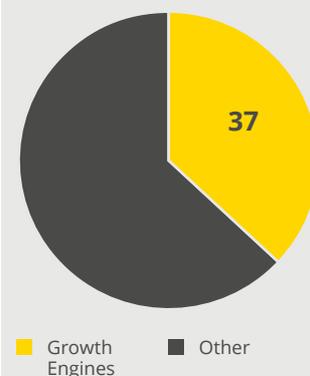
Market characteristics

77% Market penetration
37% 4G market share

97% Prepaid share
27% 4G smartphone penetration

FY-2019 EBITDA contribution¹

(Percentages)



1. EBITDA excluding corporate costs
2. Key economic indicators sourced from IMF database

As of December 31, 2019, we had 60.5 million customers in Pakistan, representing an increase of 7.6% year-on-year driven primarily by a continued growth in mobile data customers, which grew 17.6% year-on-year due to bundled tariff plans and 4G expansion coupled with increase in customer acquisition, lower churn as a result of simplifying prices and more efficient distribution channel management.

Our mobile ARPU in Pakistan decreased by 16.6% year-on-year to US\$1.7 driven by devaluation of the local currency. In local currency terms, mobile ARPU in Pakistan increased by 3% year-on-year to PKR 261 driven by a one-off tax impact, an increase in usage and several price monetisation initiatives.



4.0M+

Downloads



1.0M+

MAUs



80.6%

Q4 19 YoY growth



Jazz TV

In Jazz TV, we own the leading paid-for streaming app in Pakistan. Jazz TV offers 65-plus channels that provide our customers with interactive access to over 5,000 hours of on-demand content, including live sports, entertainment channels and major cricketing events. Jazz TV has seen encouraging traction within our subscriber base, with over 4 million downloads, a current monthly active user base of over 1 million and growing levels of engagement.

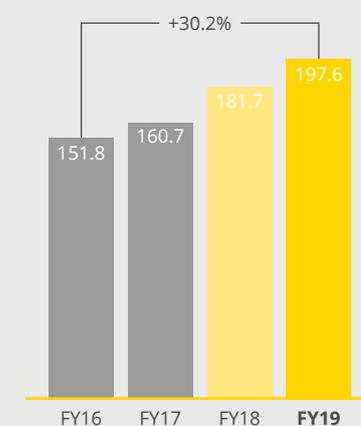
BIMA Health & Life Insurance

Jazz dominates the market for mobile-based healthcare through its partnership with BIMA, one of Pakistan's leading insurance providers. Our BIMA service offers Jazz's customers access to a wealth of healthcare services, including a 24-hour teledoctor consultation service, home delivery of medicines at discounted prices and sample test collection from home at discounted prices. Customer uptake has been positive since its launch in late-2018. As at the end of 2019, the service had over 1.7 million active users and over 2.6 million monthly active policies.

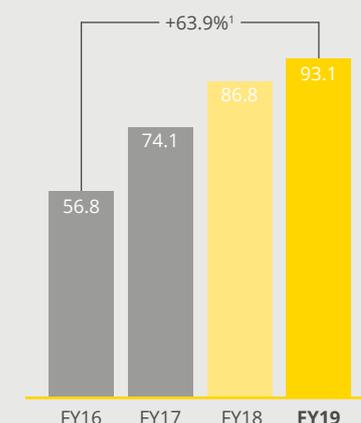
JazzCash

JazzCash is Pakistan's leading digital financial services platform, with 7.3 million digital wallets as of Q4 2019. JazzCash provides access to a host of financial services to customers, many of whom lack basic access to banking in what, according to World Bank data, is one of the world's most unbanked nations. JazzCash has grown rapidly and now comprises around 6% of Jazz's total revenues.

Revenue (PKR billion)



EBITDA Pre-IFRS 16 (PKR billion)



1. Growth excludes IFRS 16 impact in FY 2019

Ukraine

Ukraine is another growth market in which we enjoy a leadership position. Here, our Kyivstar franchise has been one of our fastest-growing businesses in recent years, with revenues rising close to 50% between 2016 and 2019.

In Kyivstar we have scope to grow both our connectivity and new services in tandem and progressively modernise our tariff plans to match growing demand for data. This is enabling double-digit growth in Kyivstar's fixed line business as we expand our FTTB and FMC subscriber bases. At the same time, our focus on 4G network investment is driving strong growth in our 4G subscriber base – up 121% year-on-year – with nearly three-quarters of the population under our 4G coverage by the end of 2019. Here, the strategic opportunity to expand our product offering is considerable as we leverage our big data capabilities to a host of new services, from mobile and fixed line TV through to our strategic partnership with Microsoft, announced in December 2019, to leverage the power of IoT, big data, AI and Cloud Computing to our business customers.

The combination of strong revenue growth and prudent cost control has driven impressive margin expansion at Kyivstar, which at 65.6% in 2019 is the highest in our Group.

2019 Performance

Total operating revenue increased by 26% year-on-year to US\$870 million in 2019. The increase was primarily due to continued strong growth in mobile service revenue, driven by successful commercial activities stimulated by the continued 4G roll-out and increased penetration of data-centric tariffs. In local currency terms, our total operating revenue in Ukraine increased by 20% year-on-year.

Adjusted EBITDA increased by 48% year-on-year to US\$572 million, primarily due to higher revenues and lower service costs and the impact of IFRS 16 adoption. In local currency terms, adjusted EBITDA increased by 39% year-on-year and by 34% on a pre-IFRS 16 basis.

As of December 31, 2019, we had 26.2 million mobile customers in Ukraine representing a decrease of 1% year-on-year. The decrease was a result of demographic trends in Ukraine and the reduction in multi SIM users. The number of our mobile data customers increased by 15% year-on-year mainly due to increased 4G user penetration.

In 2019, our mobile ARPU in Ukraine increased by 28% to US\$2.6 compared to 2018. In local currency terms, mobile ARPU in Ukraine increased in the year by 21% to UAH 66 compared to UAH 54 in 2018, driven by increased 4G penetration.



Key economic indicators¹

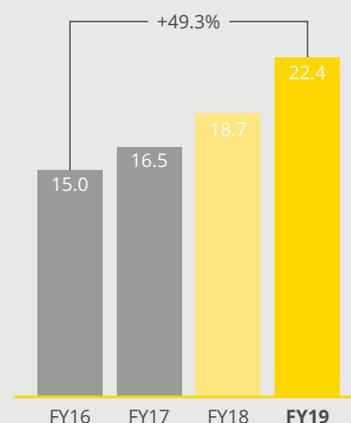
44m Population	7.9% Inflation rate
-0.4% Population growth	3.2% Real GDP growth

Market characteristics

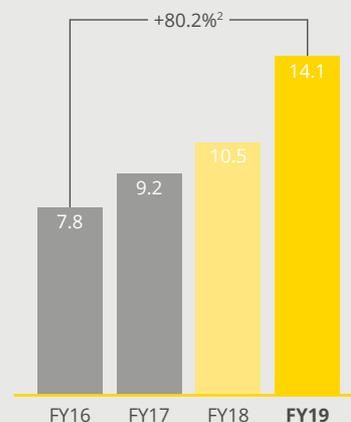
133% Market penetration	29% 4G market share
87% Prepaid share	27% 4G smartphone penetration

1. Key economic indicators sourced from IMF database

Revenue (UAH billion)



EBITDA Pre-IFRS 16 (UAH billion)



2. Growth excludes IFRS 16 impact in FY 2019

Uzbekistan

Increasing mobile data penetration remains the key growth driver of our business in Uzbekistan, where VEON operates under the Beeline brand. Beeline enjoys a leading market position here and has secured success through a focus on securing the loyalty of quality customers where ARPU opportunities are greater.

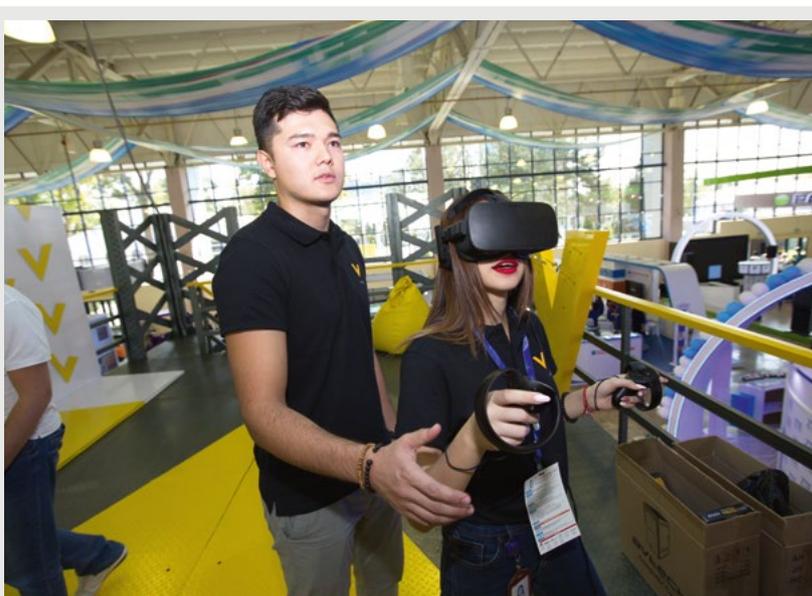
Uzbekistan is a market where 4G penetration remains in its infancy, with less than a quarter of total mobile users owning a smartphone. This offers Beeline considerable opportunity to grow data and pioneer new digital services, which it is pursuing through similar content and mobile financial services-related offers as Beeline Russia, including BeelineTV which is showing encouraging signs of early adoption amongst our 5.2 million data subscribers in the local market. Enabling this is a concerted investment programme to broaden our 4G network across Uzbekistan, which led to a 182% increase in 4G base stations in 2019 following a 44% increase in network capex.

2019 Performance

Total revenue decreased by 18% year-on-year in 2019, and by 10% in local currency terms, primarily as a result of the negative impact from the reduction in mobile termination rates and the introduction of the 15% excise tax. Adjusted EBITDA was broadly stable with 2018. In local currency terms, adjusted EBITDA increased by 10%, primarily due to IFRS 16 impact and structurally lower operating expenditures. On a pre-IFRS 16 basis, Adjusted EBITDA rose by 6% in local currency terms.

As of December 31, 2019, the number of mobile customers in our Uzbekistan segment decreased by 11% to 8.1 million. The decrease was the result of our strategic focus on profitable customers.

In 2019, our mobile ARPU in Uzbekistan was US\$2.4 compared to US\$2.8 in 2018, a decrease year-on-year due to the impact of excise duty and decreased voice ARPU, partially offset by increased data ARPU. In local currency terms, mobile ARPU in Uzbekistan decreased by 4% year-on-year.



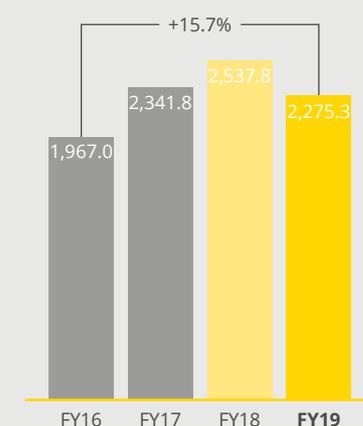
Key economic indicators¹

33m Population	14.5% Inflation rate
1.4% Population growth	5.6% Real GDP growth

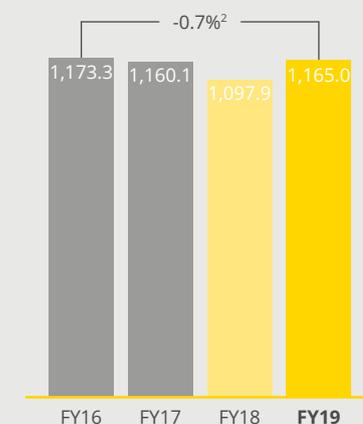
Market characteristics

69% Market penetration	20% 4G market share
97% Prepaid share	24% 4G smartphone penetration

Revenue (UZS billion)



EBITDA Pre-IFRS 16 (UZS billion)



1. Key economic indicators sourced from IMF database

2. Growth excludes IFRS 16 impact in FY 2019

Kazakhstan

Until recently one of our smaller markets, Kazakhstan has grown rapidly in recent years and in 2019 accounted for 6.3% of Group reported EBITDA compared with 4.9% in 2016. Our business here, also operated under the Beeline brand, has been one of the Group's most successful in growing its data subscriber base, which as at the end of 2019 comprised over two-thirds of our total subscribers, helped by a year-on-year expansion in our 4G subscriber base of 49%.

Beyond 4G, Beeline Kazakhstan has been a pioneer in 5G, having conducted one of the largest 5G trials in Central Asia to date in early Q4 over an area of 13 square kilometres, which demonstrated data downlink speeds of up to 1.0G per second. Kazakhstan is also a leading market for the Group in the pace of adoption of new services. These include stand-alone products such as mobile financial services, where our revenues grew 31% year-on-year in 2019, and on a converged basis, where our bundled fixed and mobile offers grew 76% in 2019, helping us to raise our ARPU in the process.

2019 Performance

Total operating revenue increased by 10% year-on-year to US\$486 million in 2019, primarily due to growth in mobile data revenue and higher ARPU during the year, partially offset by a devaluation of the local currency. In local currency terms, our total operating revenue in Kazakhstan increased by 23%.

Adjusted EBITDA increased by 31% year-on-year to US\$270 million, primarily due to higher revenues and the impact of IFRS 16 adoption. In local currency terms, adjusted EBITDA increased by 46% year-on-year and by 36% on a pre-IFRS 16 basis.

As of December 31, 2019, we had 10.2 million mobile customers in Kazakhstan representing an increase of 3% year-on-year. The increase was a result of the improvements in the quality of sales and Beeline Kazakhstan's value proposition in the market. The number of our mobile data customers in Kazakhstan increased by 10% year-on-year mainly due to an increase in 4G user penetration.

In 2019, our mobile ARPU in Kazakhstan increased by 2% year-on-year to US\$3.1. In local currency terms, mobile ARPU in Kazakhstan increased by 14% to KZT 1,192 driven by an increase in 4G user penetration.



Key economic indicators¹

19m
Population

5.2%
Inflation rate

1.3%
Population growth

4.5%
Real GDP growth

Market characteristics

127%
Market penetration

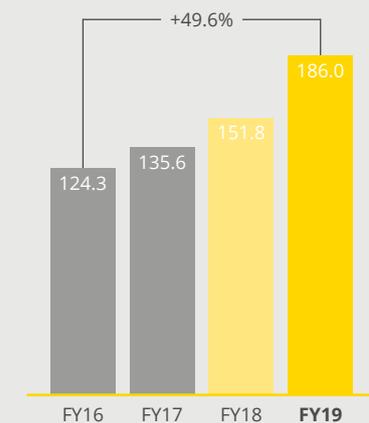
35%
4G market share

90%
Prepaid share

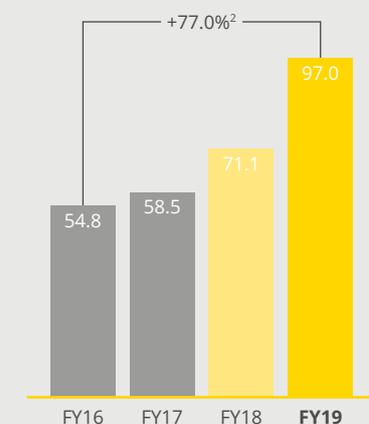
55%
4G smartphone penetration

1. Key economic indicators sourced from IMF database

Revenue (KZT billion)



EBITDA Pre-IFRS 16 (KZT billion)



2. Growth excludes IFRS 16 impact in FY 2019



Introducing our 5G trial in Shymkent, Kazakhstan, in October 2019