



## Global VimpelCom: diversifying for growth



4 October 2010

# Forward-looking statements



This presentation contains "forward-looking statements. Forward-looking statements provide VimpelCom Ltd.'s current expectations or forecasts of future events. Forward-looking statements include statements about VimpelCom Ltd.'s expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Any statement in this presentation that expresses or implies VimpelCom Ltd.'s intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "will" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to:

- risks related to the timing or ultimate completion of the transaction;
- the possibility that expected benefits may not materialise as expected;
- that, prior to the completion of the transaction, VimpelCom Ltd.'s business or the businesses of Wind or Orascom may not perform as expected;
- that the parties are unable to successfully implement integration strategies or otherwise realise any synergies that might arise from the transaction;
- future operating or financial results; and
- other risks and uncertainties that are beyond the parties' control.

Certain other risks that could cause actual results to differ materially from those discussed in any forward-looking statements include the risk factors described in the VimpelCom Ltd.'s registration statement on Form F-4 filed with the U.S. Securities and Exchange Commission (the "SEC"), OJSC VimpelCom's public filings with the SEC, including its Annual Report on Form 20-F for the year ended December 31, 2009, and other public filings made by the VimpelCom Ltd. with the SEC, which risk factors are incorporated herein by reference.

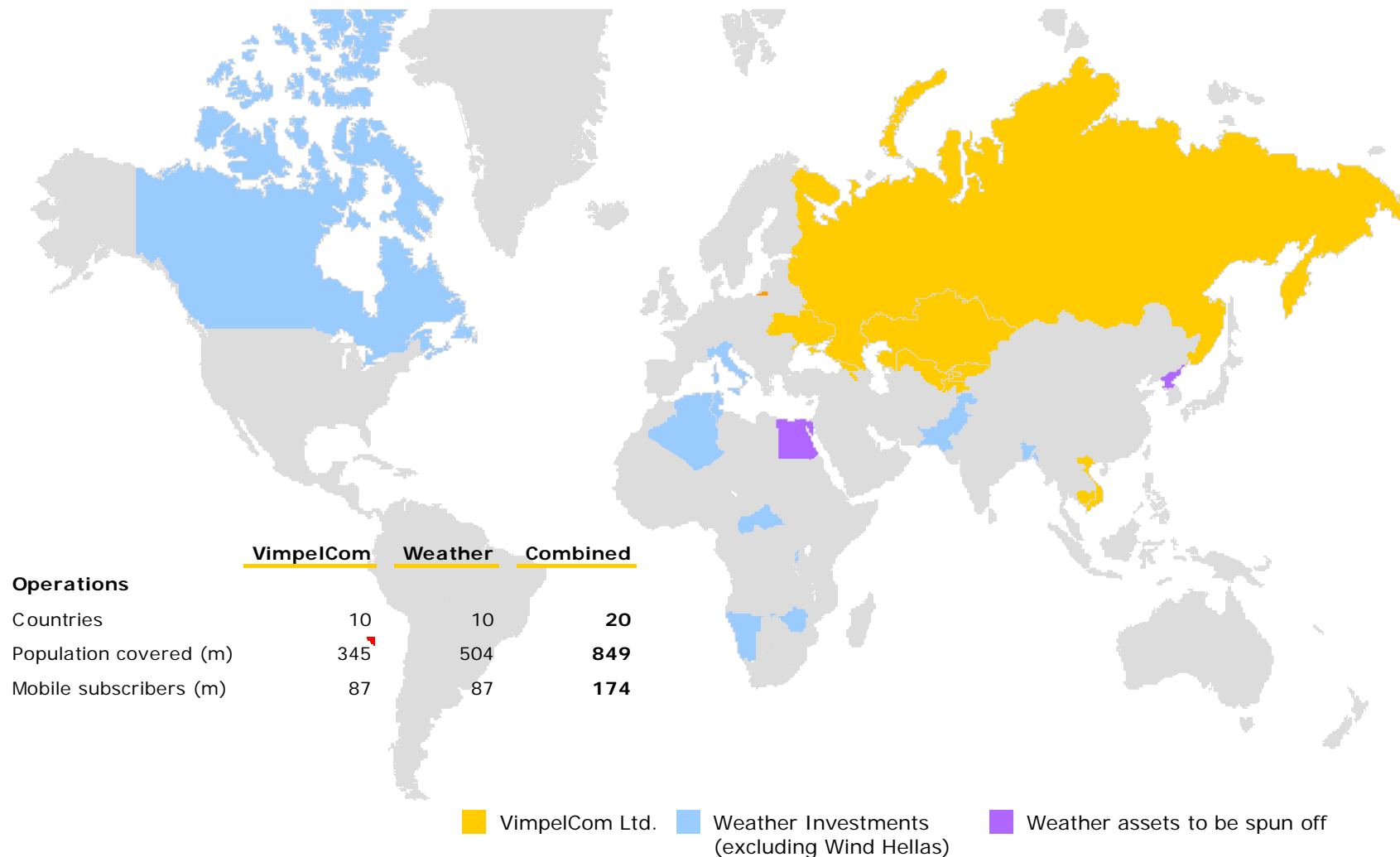
If such risks or uncertainties materialise or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements contained in this presentation are made as of the date hereof, and VimpelCom Ltd. expressly disclaims any obligation to update or correct any forward-looking statements made herein due to the occurrence of events after the date of this presentation.

# The New VimpelCom

# Creating a leading global operator

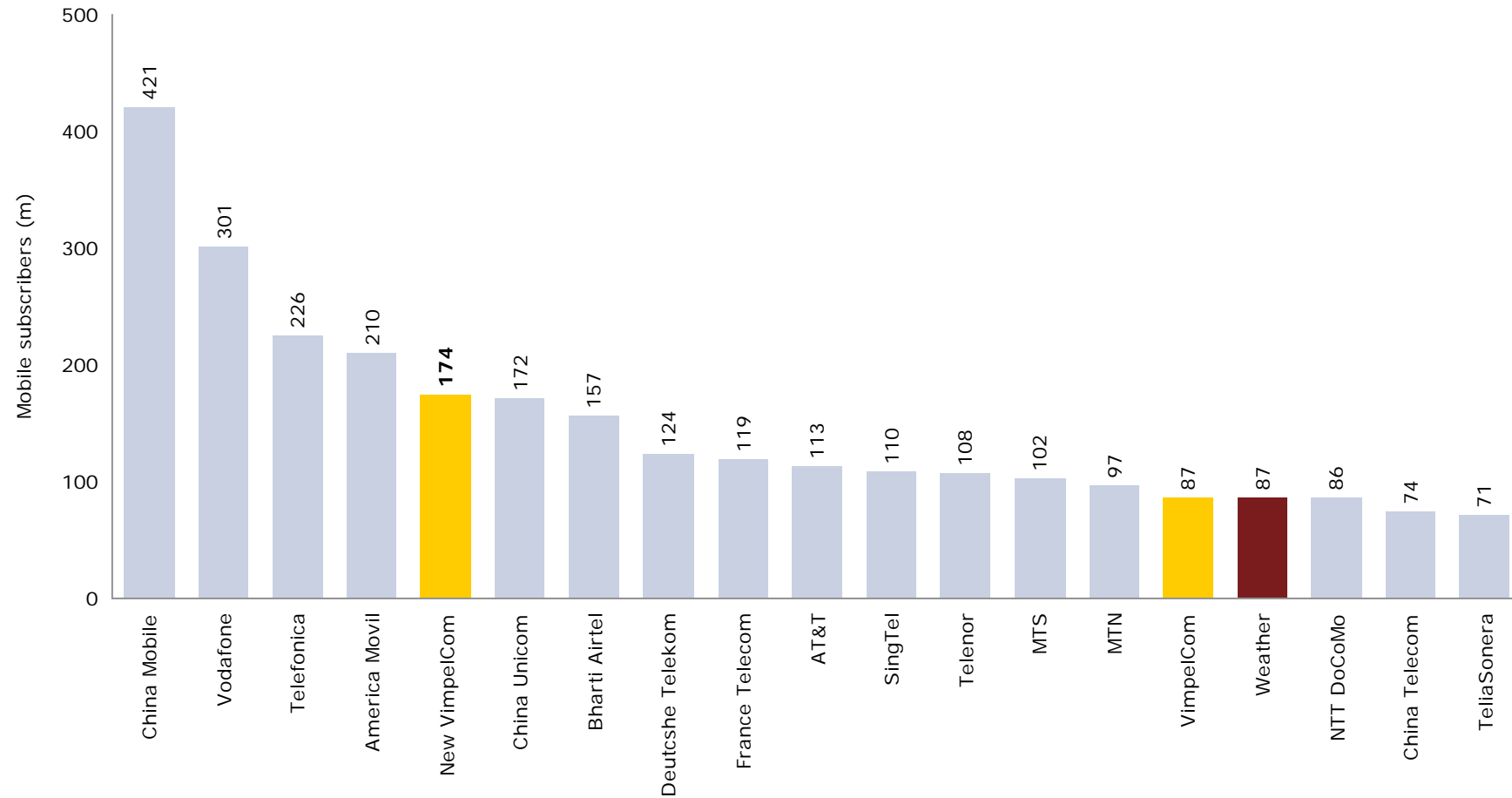


- Complementary footprints and strengths of both groups — population covered of c. 850m — to secure profitable growth



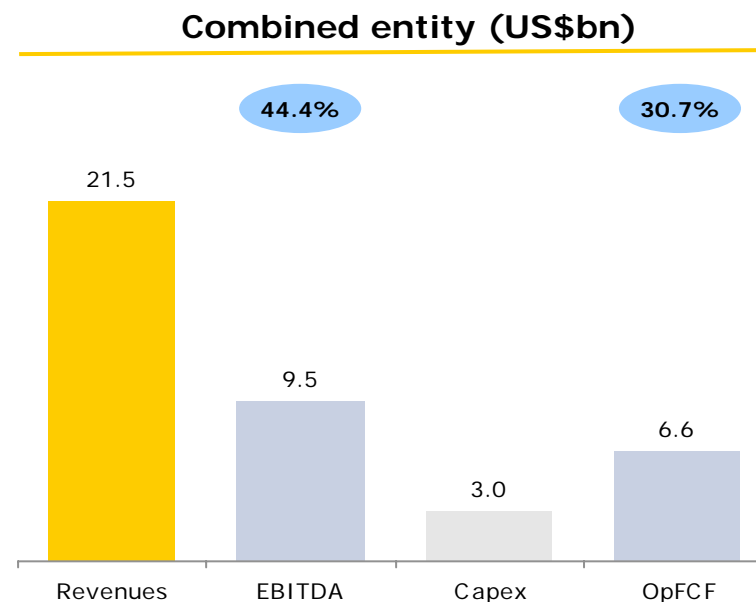
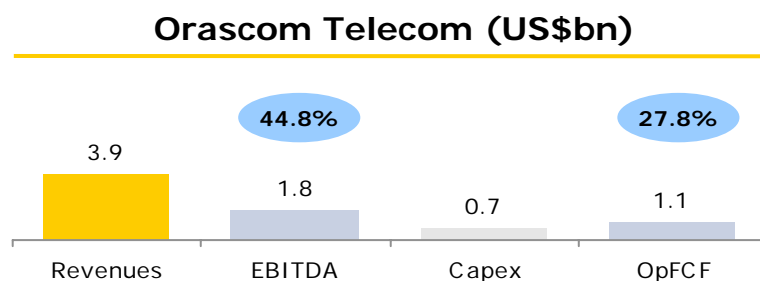
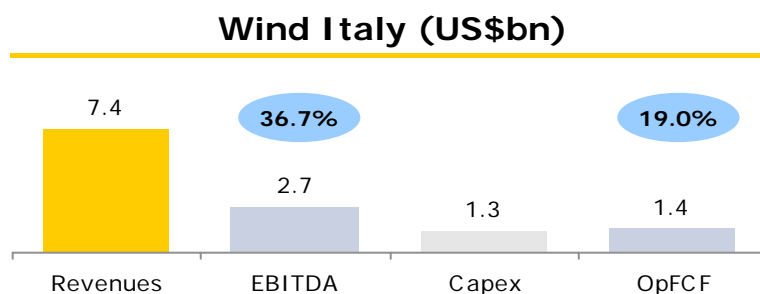
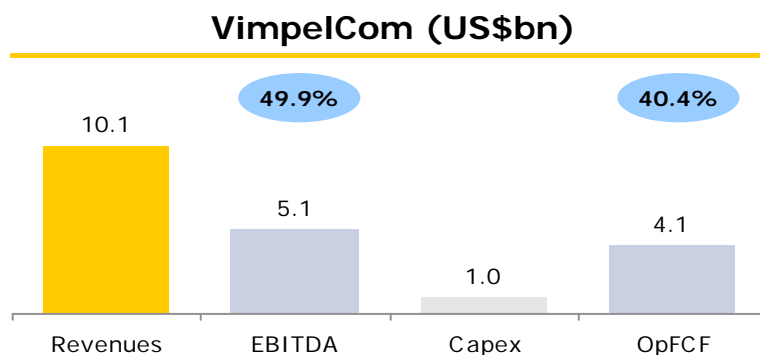
Source: World Cellular Information Service, Company information  
 Note: Figures as of June 2010 based on proportionate subscribers

# Moving into the top 5 mobile operators



Source: World Cellular Information Service  
Note: Figures as of June 2010 based on proportionate subscribers  
Orascom Telecom adjusted for spin-off assets (North Korea and Egypt)

# Key pro forma financials (2009)



**x%** EBITDA margin, OpFCF margin

Notes: Consolidated figures excluding spin-off assets  
 Orascom Telecom figures include Weather holding adjustments  
 OpFCF defined as EBITDA minus capex

## The short-term benefits

### 1 Creating value

- attractive transaction multiples
- expected to be accretive on cash EPS from year 1
- extracting significant synergies
- optimising the combined capital structure
- significant deleveraging potential

### 2 Protecting value

- diversifying the revenue base
- maintaining the dividend policy
- optimising the funding costs

## Our long-term vision

### 1 Increasing scale

- a first-tier player in a consolidating industry
- a strong platform for growth across different geographies and markets

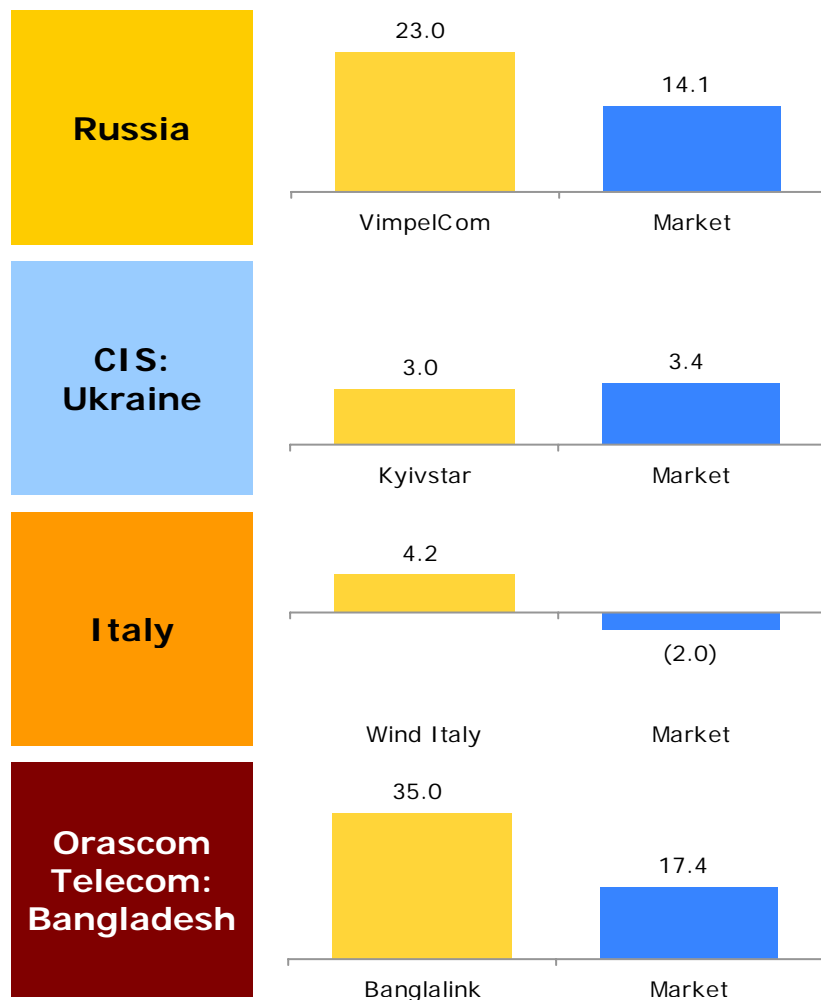
### 2 Positioning VimpelCom to capture the opportunities in mobile data services

### 3 Recognising the scarcity value of high-quality assets

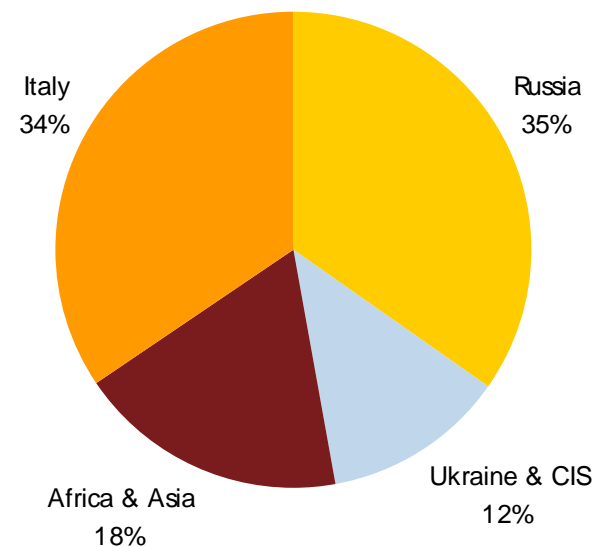
# Diversification and growth



Revenue CAGR 2007-09 (%)



Pro forma revenues



Pro forma 2009 revenues: US\$21.5bn

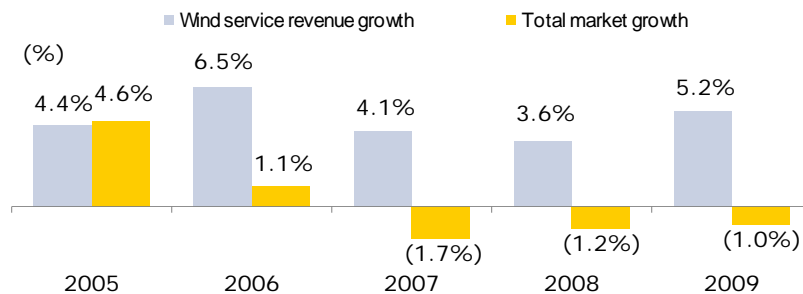
Source: Company information, World Cellular Information Service  
 Note: Wind Italy and Orascom Telecom figures excluding the spin-off assets  
 Constant perimeter 2008 and 2009 revenue growth as reported by companies in local currency



# Wind Italy - a story of profitable growth

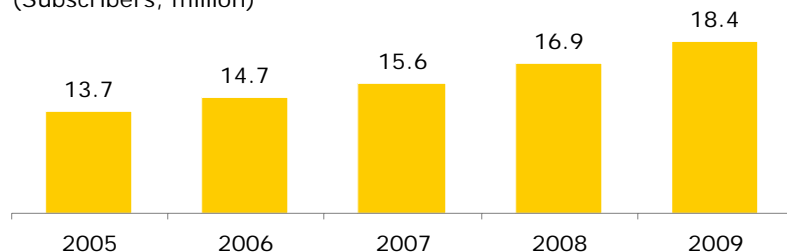


## Consistently outgrowing Italian market\*



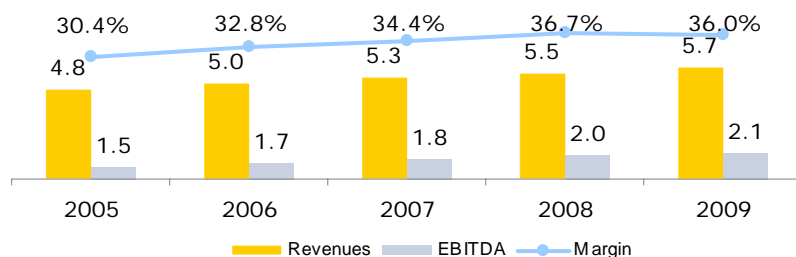
## Impressive mobile subscriber growth

(Subscribers, million)



## Strong EBITDA growth and margins

(€, billion)



Source: \*Company analysis, brokers reports

## Sustained and profitable growth

### ➤ Strong growth track record

- continuous outperformance of Italian market both in terms of value and customer growth

### ➤ Highly profitable

- best performing No. 3 mobile operator in Europe in terms of EBITDA margin

### ➤ Significant upside potential

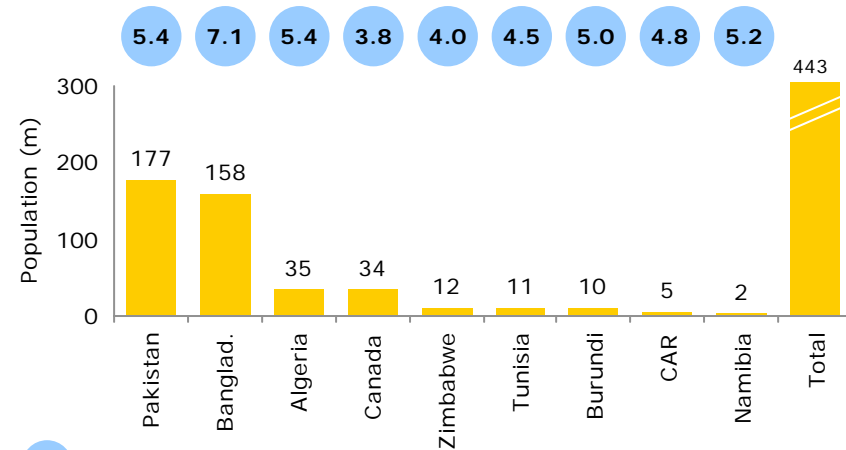
- growing share of data revenues
- investing heavily in future growth and customer service
- consistently prized with the highest satisfaction index


# Asia, Africa and Canada - growth markets VimpelCom

## Attractive markets...

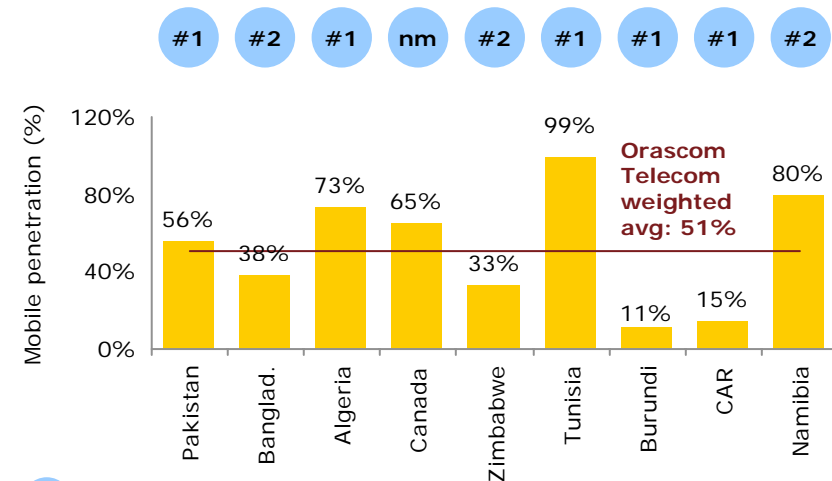
- **Large markets with huge potential**
  - Orascom Telecom covers more than 440 million people
  - relatively low penetration overall with significant data upside
  
- **Strong competitive positions**
  - no. 1 in Tunisia, Algeria, Pakistan, Central African Republic and Burundi
  - no. 2 in Bangladesh, Zimbabwe and Namibia

## ...with large populations, strong GDP growth...



 GDP growth 2010E (Nominal US\$ at PPP)

## ...leading positions and penetration upside



 Market position

Source: Global Insight, EIU, The Mobile World, Company information

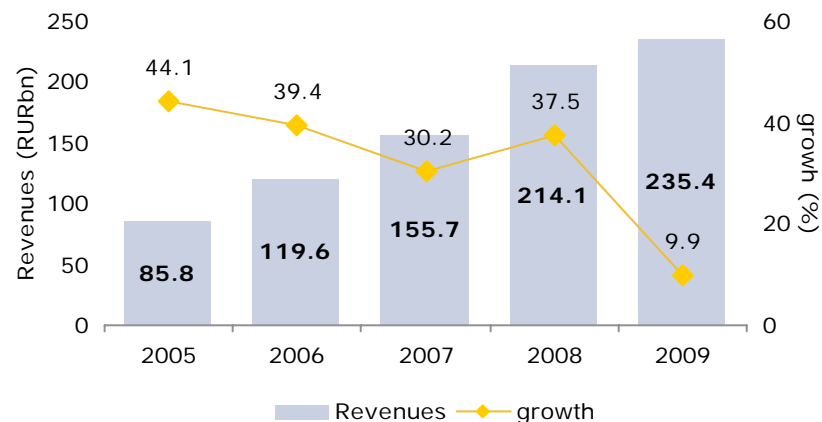
# Russia – strong growth and profitability



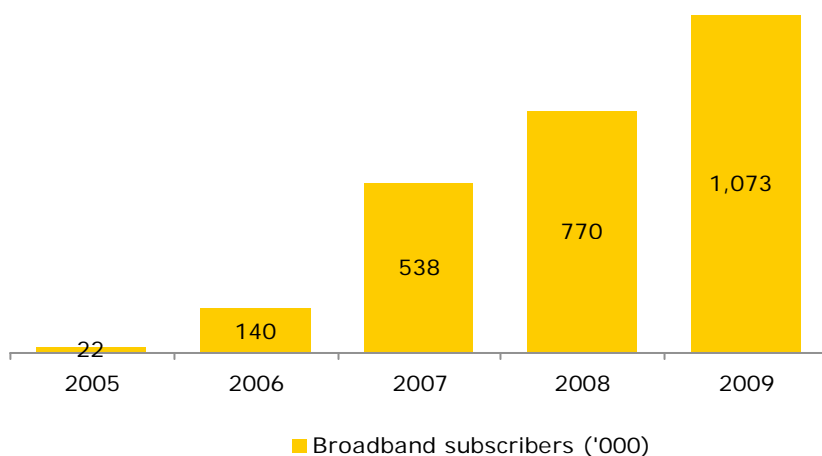
## Operational excellence

- 51 million subscribers as at 30 June 2010
- Track record of growth and turnaround
- No. 1 most valuable brand in Russia since 2005 (Interbrand)
- First Russian operator to pursue an integrated platform strategy
- Highly profitable
  - 47% EBITDA margin in 2Q 2010
  - 33% ROIC in 2Q 2010

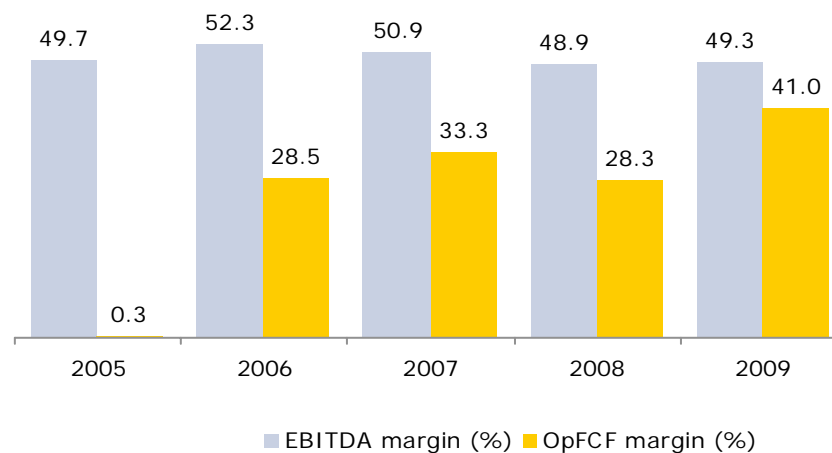
## Revenue growth



## Growth in broadband subscribers



## Excellent margins and cash flow



Source: Company information

Source: Company information

# CIS, SE Asia - an attractive portfolio



## Ukraine - market leadership

- 24 million subscribers as at 30 June 2010
- 40% market share with LTM revenues of US\$1.6bn
- No. 1 by revenues and subscribers
- No. 1 in mobile broadband
- No. 1 in new media
- Track record of strong profitability

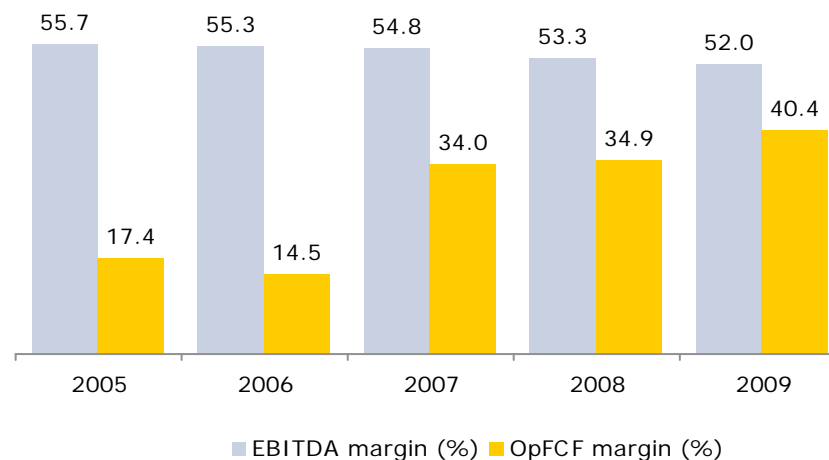
## CIS – penetration growth

- VimpelCom total coverage - 64 million population
- Most of the markets lag Russia by 4-5 years in terms of penetration
- Kazakhstan contributes c. 50% to the CIS revenues
- VimpelCom has a 40.7% market share and superior EBITDA margins of c 56.5% in Kazakhstan

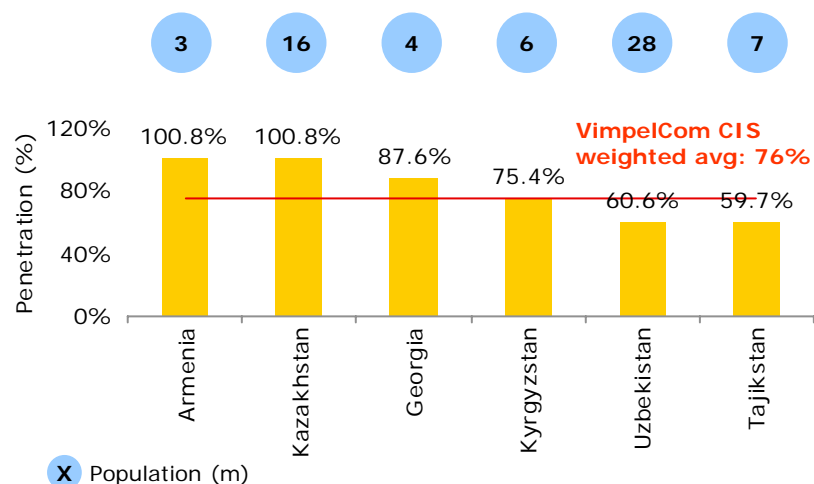
## Southeast Asia – potential for growth

- Vietnam: one of the largest markets in the region
- Cambodia: strongly growing market, 32% penetration, VimpelCom achieved no. 3 position after one year

## Ukraine – significant cash flow generation



## CIS – 64 million population



Source: Global Insight, The Mobile World

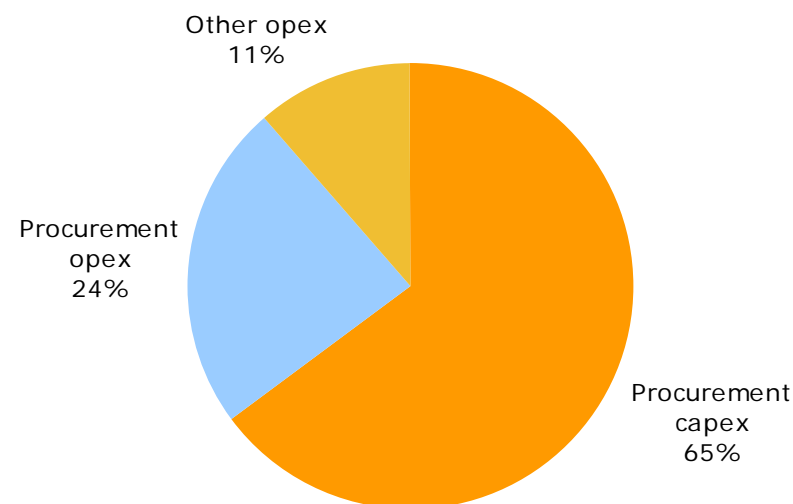
# Significant synergies identified



## Key assumptions

- Estimated synergies based on preliminary bottom-up analysis
- Procurement includes
  - network
  - IT
  - value-added services
  - handsets and devices
  - SIMs and scratch cards
- Integration plan will be developed to implement and crystallize synergies
- Additional financing benefits from lower cost of debt not included
- Reference capex of US\$4.0-4.5bn per annum (c.15-20% of revenues)
- OpFCF contribution per year approx. US\$370m (5% of OpFCF) from 2013 onwards

## Estimated opex and capex synergies



Approx. NPV of US\$2.5bn

# A well-balanced portfolio of growth



Sources of growth	Italy	Russia, Ukraine	Other CIS, SE Asia	Orascom Telecom
Short-term growth	<ul style="list-style-type: none"> <li>➤ Market share</li> <li>➤ Profitability</li> <li>➤ Cash flow</li> </ul>	<ul style="list-style-type: none"> <li>➤ GDP</li> <li>➤ Usage</li> <li>➤ Cash flow</li> </ul>	<ul style="list-style-type: none"> <li>➤ GDP</li> <li>➤ Penetration</li> <li>➤ Usage</li> <li>➤ Profitability</li> </ul>	<ul style="list-style-type: none"> <li>➤ GDP</li> <li>➤ Penetration</li> <li>➤ Usage</li> <li>➤ Profitability</li> </ul>
Additional long-term growth	<ul style="list-style-type: none"> <li>➤ Data</li> </ul>	<ul style="list-style-type: none"> <li>➤ Data</li> </ul>	<ul style="list-style-type: none"> <li>➤ Cash flow</li> <li>➤ Data</li> </ul>	<ul style="list-style-type: none"> <li>➤ Cash flow</li> <li>➤ Data</li> </ul>

# The transaction

# Key transaction parameters



- 1** Combination of VimpelCom and Weather Investments, the parent company of
  - Wind Italy
  - Orascom Telecom
  
- 2** Consideration comprising:
  - 325.6 million newly-issued VimpelCom common shares representing 20% economic stake (18.5% voting) in enlarged VimpelCom group
  - US\$1.8 billion cash
  - rights related to Wind Italy and Orascom Telecom spin-off assets
  - total consideration US\$6.6 billion (excluding value of spin-off assets)
  
- 3** Implied pro forma LTM 2010 EV/EBITDA multiple of 6.2x (proportionate basis)
  
- 4** Cash earnings expected to be accretive from year 1

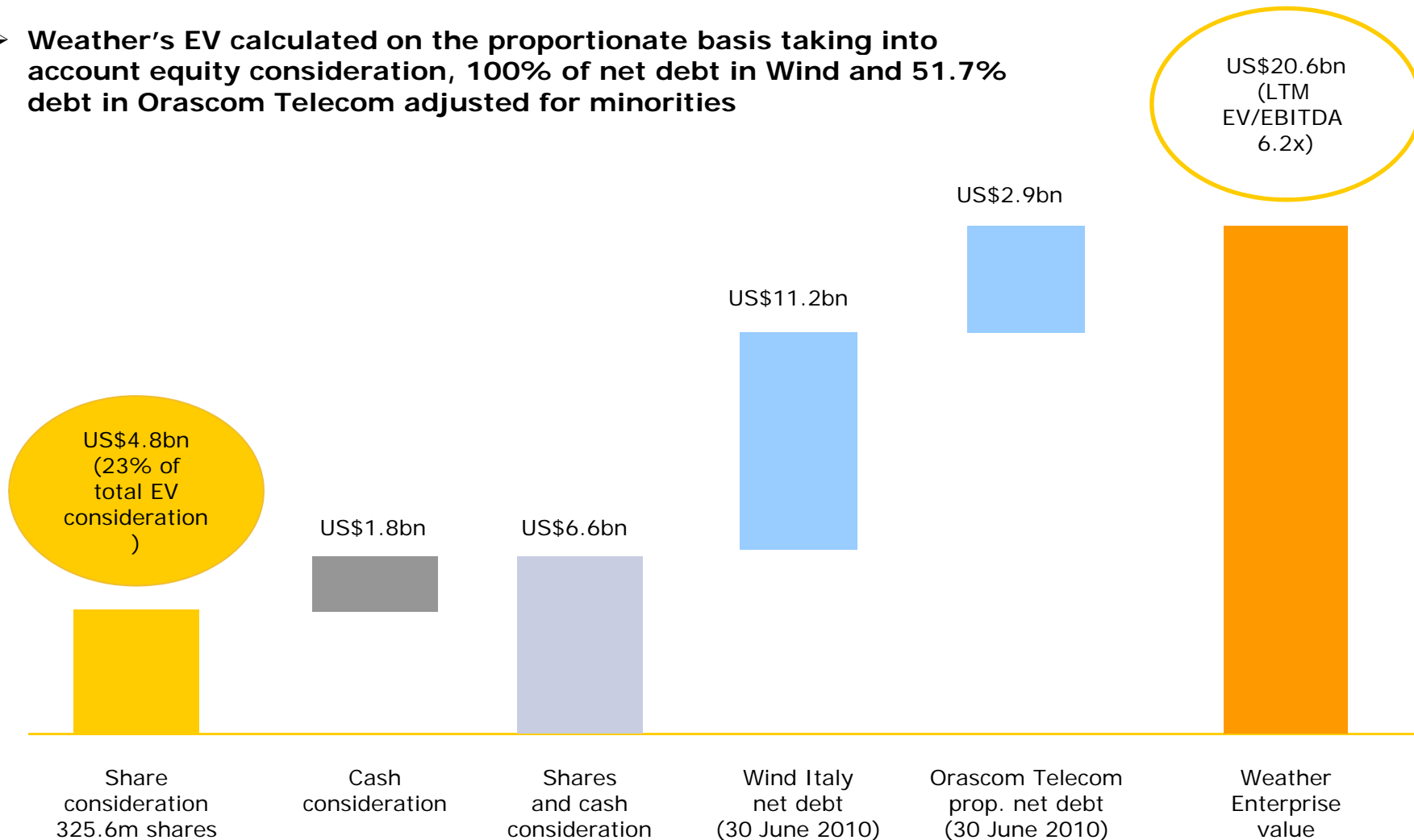
Note: Cash earnings defined as EBITDA minus interests and tax  
LTM 2010 EV/EBITDA multiple and total consideration based on VimpelCom Ltd share price as at 1 October 2010



# Transaction enterprise value (EV)



- Weather's EV calculated on the proportionate basis taking into account equity consideration, 100% of net debt in Wind and 51.7% debt in Orascom Telecom adjusted for minorities

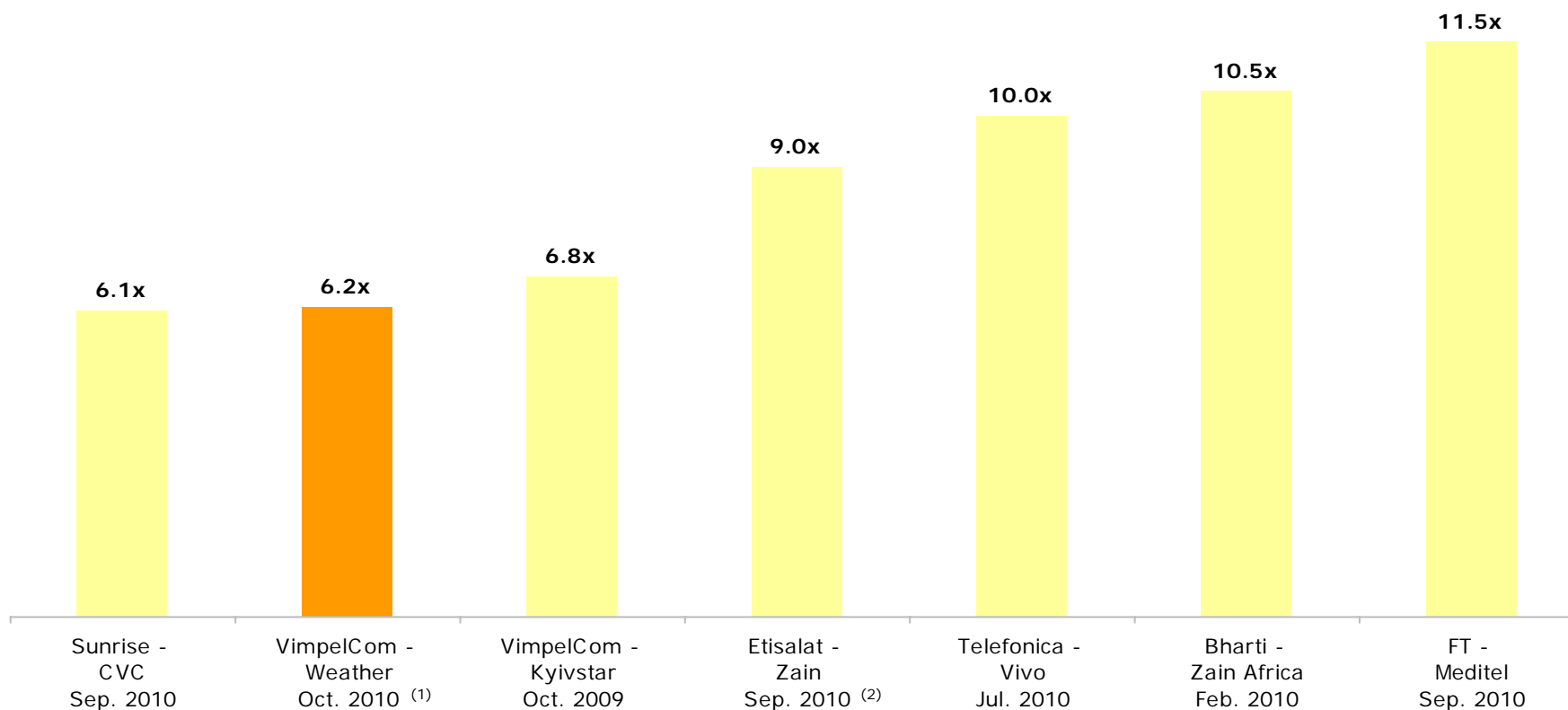


# Attractive multiple



- Only 23% of Weather EV paid for in VimpelCom shares – the balance is cash and assumed debt

## LTM EBITDA multiples

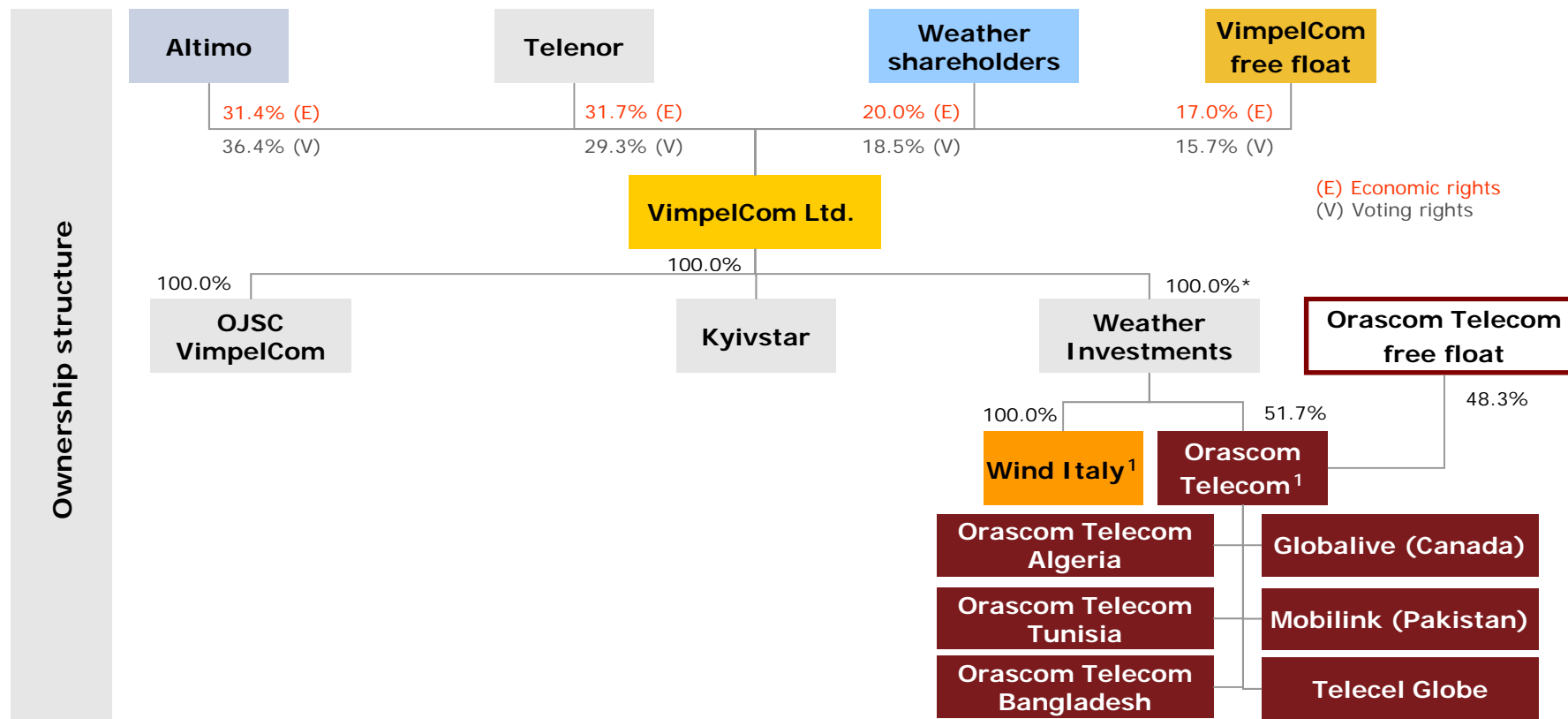


Notes: (1) LTM 2010 EV/EBITDA multiple based on VimpelCom Ltd share price as of 1 October 2010  
(2) As reported in the press

# Shareholder structure and governance



## Post-transaction



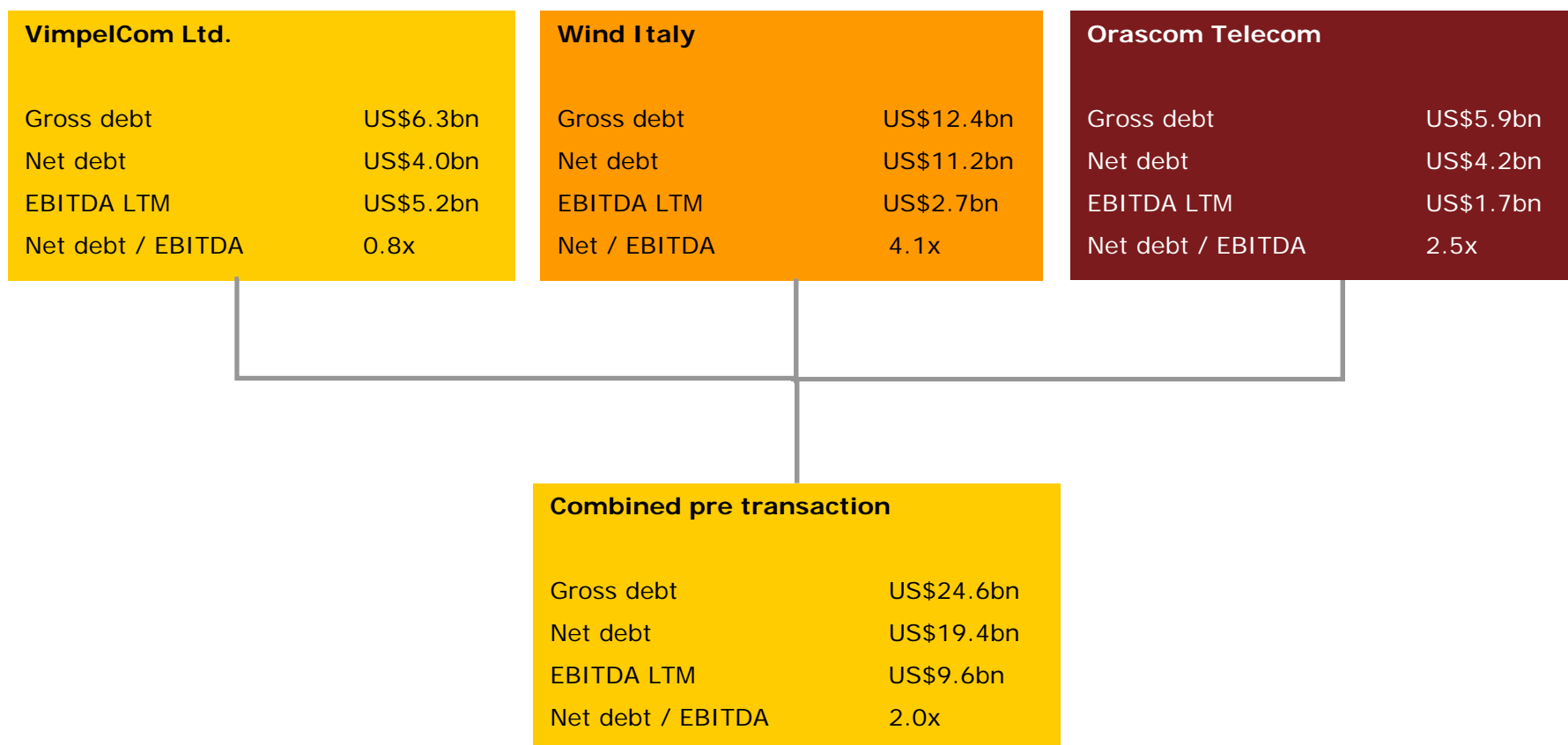
➤ New VimpelCom Board of Directors will be composed of 11 board members

- 3 designated by Altimo
- 3 designated by Telenor
- 2 designated by Weather
- 3 independent directors

Notes: (1) Excluding spin-off assets

(\*) A de minimis minority shareholding may remain post-transaction

# Funding structure as at 30 June 2010



Source: Company information

# Financing considerations



## Financing principles

- Financing plan will limit overall market risk and will focus on execution certainty and deliverability
- Ring-fenced financing at Wind Italy and VimpelCom
- Capital structure of Orascom Telecom will be addressed and will depend on spin-offs with refinancing of certain debt instruments via inter-company loan from VimpelCom
- All Orascom Telecom subsidiary debt remains in place
- VimpelCom dividend policy maintained: at least 50% of the combined free cash flow from Kyivstar and OJSC VimpelCom's Russian operations
- No materially limiting covenants expected at OJSC VimpelCom or VimpelCom Ltd.

## Transaction financing assumptions

- Raise US\$2.0-2.5bn of additional debt for
  - transaction cash consideration
  - costs associated with financing and refinancing
- Total net debt post-transaction approximately US\$22-24 billion
- Total net debt/LTM EBITDA 2.3-2.5x (June 2010, pro forma post transaction)

## Debt deleveraging

- EBITDA growth
- US\$1.5-3.0bn redemption capacity per year free cash flow (after capex, dividends, tax and interest) possible per year

## Next steps

- Highly confident letters received from European banks and from Sberbank
- Detailed financing plan to be put in place over next six weeks
- Credit rating being sought for bond issuance

## Other key considerations

# Potential concerns and mitigants



## Italy

- Emerging markets growth converging towards mature markets
- Further growth opportunities with substantial increase in mobile data services
- Strong euro denominated cash flows providing more FX balance
- Strong management

## VimpelCom shares as acquisition currency

- Overall LTM EV/EBITDA multiple of 6.2x
- Proportionate EV of US\$20.6 billion of which only 23% "paid" in VimpelCom shares

## Leverage

- Acceptable group leverage, potential to reducing quickly
- Wind Italy debt wholly ring-fenced
- Total net debt/LTM EBITDA 2.3-2.5x (June 2010, pro forma post transaction)

## Algeria

- Risk appropriately priced in
- Algerian EBITDA 10% of new VimpelCom EBITDA (LTM, 30 June 2010)
- Constructive engagement will continue at business and government-to-government level

Note: Free cash flow defined as EBITDA minus capex and taxes paid (normalised)

# Key execution considerations



## Regulatory approvals

- Regulatory authorities in Italy, Ukraine and Pakistan

## Financing

- Highly confident letters received from European and Russian banks
- Comprehensive financing plan to be disclosed

## Spin-off Assets

- Transaction structure for transfer of assets to be communicated to the market at a later stage
- Transaction completion is not conditional on the transfer

## Orascom Telecom minorities

- Orascom Telecom remains listed in Cairo and quoted in London
- Benefit from de-risking of Orascom Telecom debt
- Benefits from transaction synergies

## VimpelCom EGM approval

- Upon finalisation of transaction documentation, financing plan and spin-off plan, the Board will call an EGM to approve issuance of shares



# Preliminary timetable and key milestones VimpelCom

	2010			2011	
	October	November	December	January	February
Signing of SPA & announcement	● 4 October				
Final agreements to be signed		● End of November or earlier			
VimpelCom EGM				●	
Confirmation re. closing conditions				■	
Closing					● Early February
Demerger of selected assets					➔

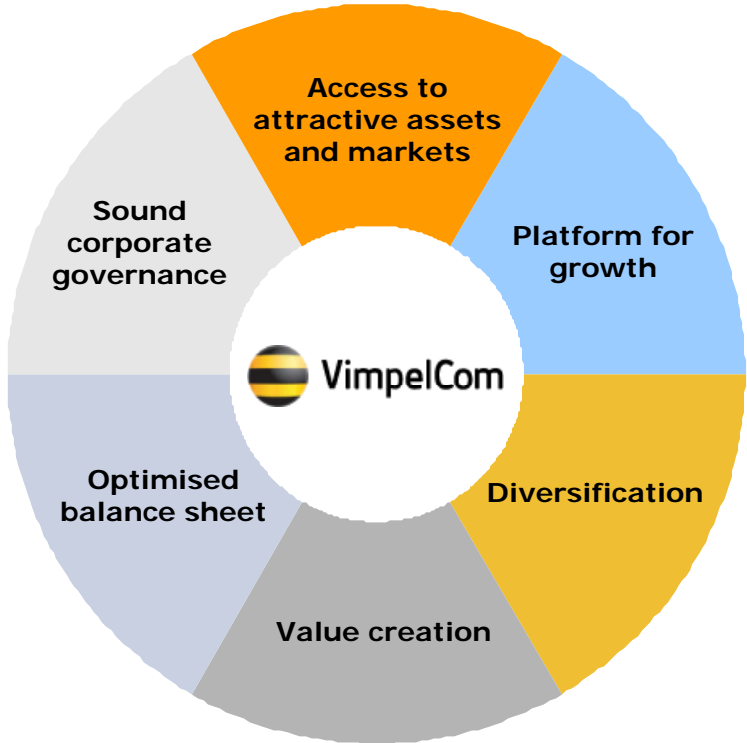
# Conclusion



- 849 million population coverage
- 174 million subscribers – top 5 globally
- Footprint in attractive emerging markets
- Solid European growth asset

- High standards of corporate governance
- Listed on the NYSE
- Balance shareholder structure retained
- Dividend policy retained

- Combined revenues of US\$21.5bn
- Significantly enhances managerial bandwidth
- Low cost model knowledge from Wind Italy



- Sound pro forma financials
- Robust de-leveraging profile supported by strong operating free cash flows
- Ability to support dividend payments going forward

- Diversified revenue base
  - Russia drops from 74% to 35% of group revenues
- Attractive mix of developed and emerging markets assets

- Acceptable transaction multiple
- US\$2.5 billion value creation through opex and capex synergies
- Large under-penetrated markets
- Global scale to capture data upside