

WIND and 3 Italia merger: transformative transaction approved by EC

Amsterdam – 2 September 2016

Jean-Yves Charlier – Chief Executive Officer

Kjell Morten Johnsen – Head of Major Markets

Andrew Davies – Chief Financial Officer

Disclaimer

This presentation contains “forward-looking statements”, as the phrase is defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are not historical facts, and include statements relating to, among other things, the transaction described herein, the expected timing, benefits and completion of such transaction and the board’s consideration of a meaningful dividend policy. 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, trends and other potential developments. 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 or other regulatory actions and/or litigation with third parties; failure to meet all relevant conditions in order for the board to consider adopting a meaningful dividend policy; failure to satisfy or waive the conditions to completion of the Italy joint venture; failure to obtain the requisite regulatory approvals or receipt of approvals on terms not acceptable to the parties to the Italy joint venture; and failure of the expected benefits of the Italy joint venture to materialize as expected or at all due to, among other things, the parties’ inability to successfully implement integration strategies or otherwise realize the anticipated synergies, and other risks beyond the parties’ control. Certain other 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, 2015 filed with the U.S. Securities and Exchange Commission (the “SEC”) and other public filings made by the Company with the SEC. 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 presentation, or to make corrections to reflect future events or developments.

Wind and 3 Italia merger – agenda

Jean-Yves Charlier – Chief Executive Officer

- **A transformative transaction**
- **Beneficial transaction for all stakeholders**
- **Strategic fit and benefits for VimpelCom shareholders**
- **Joint venture corporate governance**

Kjell Morten Johnsen – Head of Major Markets

- **Building a new leading operator in Italian telecoms**

Andrew Davies – Chief Financial Officer

- **JV improves VimpelCom's financial profile significantly**
- **A financially stronger asset**
- **Value accretion, profitability and cash flow**
- **Accounting treatment and JV debt profile**

Q&A session

Wind and 3 Italia merger – agenda

Jean-Yves Charlier – Chief Executive Officer

- **A transformative transaction**
- **Beneficial transaction for all stakeholders**
- **Strategic fit and benefits for VimpelCom shareholders**
- **Joint venture corporate governance**

Kjell Morten Johnsen – Head of Major Markets

- **Building a new leading operator in Italian telecoms**

Andrew Davies – Chief Financial Officer

- **JV improves VimpelCom's financial profile significantly**
- **A financially stronger asset**
- **Value accretion, profitability and cash flow**
- **Accounting treatment and JV debt profile**

Q&A session

Transformative transaction for VimpelCom and the Italian market

- European Commission clearance obtained on 1 September 2016

- Creates a leading convergent operator in Europe's fourth largest telecom market, serving more than 31 million mobile customers and more than 2.8 million fixed line customers

- Material proceeds and cost savings from long-term agreement with Iliad covering spectrum transfer, site disposal, wholesale roaming and potential for network sharing

- Substantial value accretion for shareholders from opex & capex synergies

- Significantly stronger balance sheet for VimpelCom, reducing net debt by EUR 9.8 billion

Completion expected in Q4 2016

Beneficial transaction for all stakeholders...

Consumers and businesses



- Provides a compelling alternative vis-à-vis other operators
- Accelerated 4G/LTE mobile broadband roll-out

Italian economy and government goals



- Supporting Digital Italy Plan
- EUR 7 billion investment in Italy's digital infrastructure

Shareholders and debt-holders



- Unlocking value through the combination of #3 (WIND) and #4 (3 Italia) in the market
- EUR 5 billion NPV in synergies

...creating the leading mobile operator in Europe's 4th largest economy

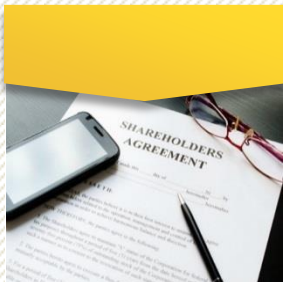
Strategic fit and benefits for VimpelCom shareholders



- A leading world-class player able to compete in the same league with other operators
- Major portfolio and in-market consolidation milestone for VimpelCom, following the July 2016 closing of the Warid transaction in Pakistan
- Future cash flow growth through significant synergies expected to lead to distributions to parent shareholders
- Structural improvements, through a substantial deleveraging of VimpelCom's balance sheet

The completion of the transaction will represent a strategic milestone, allowing the VimpelCom Board to consider adoption of a meaningful dividend policy for its shareholders no later than early 2017

Solid joint venture corporate governance



- Detailed shareholder agreement to ensure successful JV governance



- Strong empowered and independent management team led by Maximo Ibarra (CEO of WIND)



- Board consisting of 6 directors (3 by VIP, 3 by CKHH)



- Chairman rotating every 18 months, with casting vote to ensure no "gridlock"



- "One company" approach with clear decision-making matrix



- After three years post-completion, each shareholder can invoke a buy-sell mechanism

Wind and 3 Italia merger – agenda

Jean-Yves Charlier – Chief Executive Officer

- A transformative transaction
- Beneficial transaction for all stakeholders
- Strategic fit and benefits for VimpelCom shareholders
- Joint venture corporate governance

Kjell Morten Johnsen – Head of Major Markets

- **Building a new leading operator in Italian telecoms**

Andrew Davies – Chief Financial Officer

- IV improves VimpelCom's financial profile significantly
- A financially stronger asset
- Value accretion, profitability and cash flow
- Accounting treatment and IV debt profile

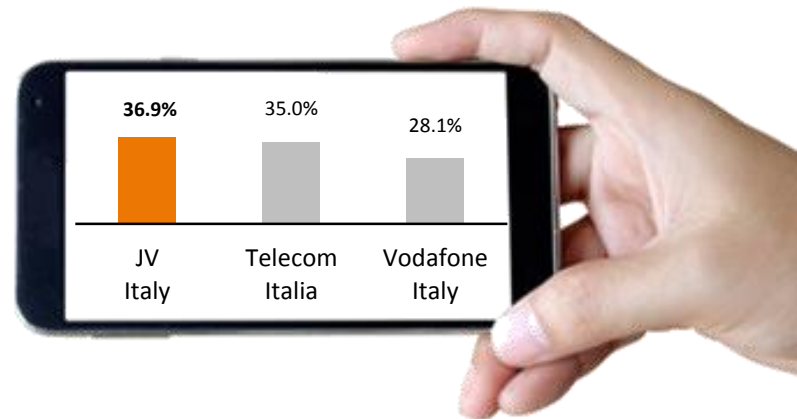
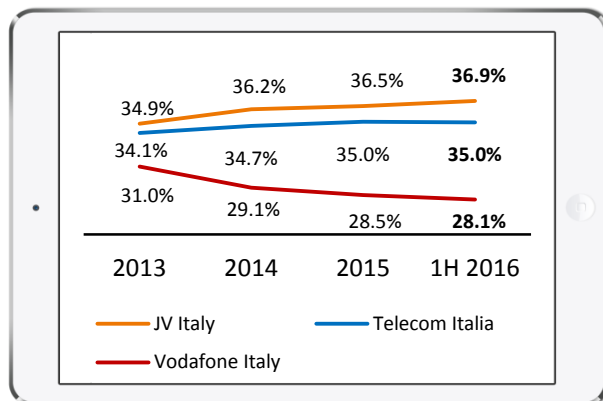
Q&A session

New leading operator in Europe's fourth largest telecom market

Historical evolution

After merger

Customer Mobile market share¹



Investment and innovation

- A converged player serving both consumer and business segments
- High network density: enlarged and improved quality network with over 21,000 sites
- Superior coverage: accelerated roll-out of 4G/LTE services with 99% population outdoor coverage² expected by 2019
- Expansion of fibre offerings and infrastructure for full broadband household convergence
- Enel Open Fiber strategic and commercial agreement signed in April 2016 with first customers already connected in Perugia in May and 4 new cities to be covered by Q3 2016 (ultimate target: 224 cities)

¹ Pro-forma as of 30 June 2016, prior to the entry of the new MNO

² 90% indoor coverage

Enhanced customer experience

Fully convergent operator



- JV will serve more than 31 million mobile and more than 2.8 fixed-line customers
- Enhanced household-centric value proposition addressing demand for fixed-mobile convergence
- Cross-selling and bundling opportunities for the combined mobile B2C and B2B customer base

Best quality network



- Improved and enlarged network for best in class quality, also eliminating roaming agreements with third parties
- Superior network coverage and high density for top quality mobile broadband performance
- A leading alternative fixed-line broadband operator leveraging its own and partner fibre infrastructures
- 4G/LTE deployment acceleration expected to reach 99% population outdoor coverage¹ by 2019

Distribution



- Increased efficiency in convergent sales
- Over 1,000 mono-brand points of sales, comparable to main competitors
- Better quality in mono-brand stores for higher value acquisitions

Upscaling business segment



- Improved market position and product offering, coupled with best-in-class quality, to increase presence in SME-SOHO and large corporate segment
- B2B clients will have an alternative choice as never before, provided by a new credible player

Merger integration plan update



- Completion expected by Q4 2016, with integration to start immediately thereafter



- Network integration expected to start beginning of 2017 and expected to be completed before the end of 2019



- Roaming available to 3 Italia customers on WIND network during 2017



- JV to be led by Maximo Ibarra (current CEO of WIND)



- Management team to be communicated upon completion

Merger integration plan ready to start immediately after completion

Material proceeds and cost savings from agreement with Iliad



- Hutchison and VimpelCom entered into binding agreement with Iliad as a remedy taker
- The European Commission approved Iliad as a suitable remedy taker



- The package includes:
 - ▶ Transfer of 2x35MHz 3G & 4G/LTE frequencies¹ for EUR 450 million, with payment phased between 2017 and 2019
 - ▶ Sale or co-location of over 8,000 tower sites
 - ▶ 2G-3G-4G/LTE national roaming agreement for 5 years (renewable)
 - ▶ An optional network sharing agreement



- JV to maintain its strong strategic position to offer best quality network:
 - ▶ Optimal spectrum portfolio of 2x80MHz 2G, 3G & 4G/LTE frequencies², even after the transfer to Iliad, comparable to TI and VOD
 - ▶ Highest network density with over 21,000 sites
 - ▶ Network sharing opportunity with future cost savings

Substantial proceeds and cost savings³ going forward, mitigating the impact from the new market player

¹ 2x5MHz at 900MHz, 2x10MHz at 1800MHz, 2x10MHz at 2100MHz and 2x10MHz at 2600MHz

² 2x10MHz at 800MHz, 2x10MHz at 900MHz, 2x20MHz at 1800MHz, 2x20MHz at 2100MHz and 2x20MHz at 2600MHz

³ Proceeds from Iliad to the JV will consist of EUR 450 million for transfer of spectrum; other proceeds from acquisition of sites and roaming agreement, as well as cost savings related to network sharing, will depend on market and new entrant future developments

Wind and 3 Italia merger – agenda

Jean-Yves Charlier – Chief Executive Officer

- A transformative transaction
- Beneficial transaction for all stakeholders
- Strategic fit and benefits for VimpelCom shareholders
- Joint venture corporate governance

Kjell Morten Johnsen – Head of Major Markets

- Building a new leading operator in Italian telecoms

Andrew Davies – Chief Financial Officer

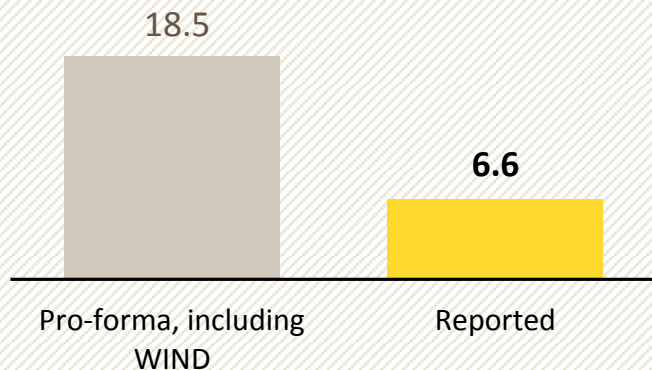
- **JV improves VimpelCom's financial profile significantly**
- **A financially stronger asset**
- **Value accretion, profitability and cash flow**
- **Accounting treatment and JV debt profile**

Q&A session

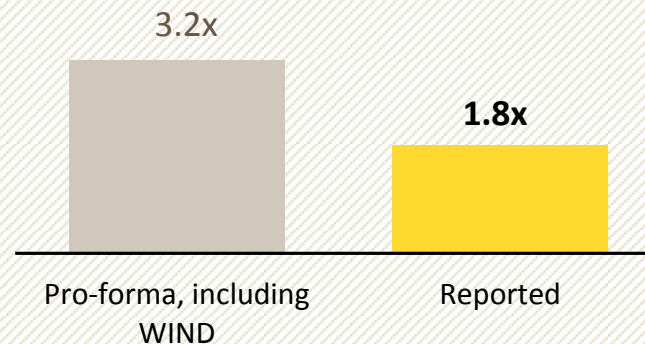
The JV improves VimpelCom's financial profile significantly

As at 30 June 2016, USD billion

Significantly reducing net debt by
EUR 9.8 billion (USD 11.9 billion):



Substantially improving leverage
(Net debt/EBITDA¹):



The JV is a financially stronger asset

Financially solid player in the Italian market



- Cash flow improvements through synergies
- Potential to rationalize non-core assets and achieve substantial proceeds, leveraging on agreement with Iliad

Healthier debt profile & deleverage



- No significant debt maturities until 2020
- Solid deleveraging profile for the JV

Prospective dividend payer



- The joint venture is expected to distribute to parents:
 - ▶ 40% of its consolidated FCF¹, when leverage is below 4x EBITDA
 - ▶ 60% of its consolidated FCF, when leverage is below 3.5x EBITDA
 - ▶ 80% of its consolidated FCF, when leverage is below 3x EBITDA

Transaction structure

Key terms and structure

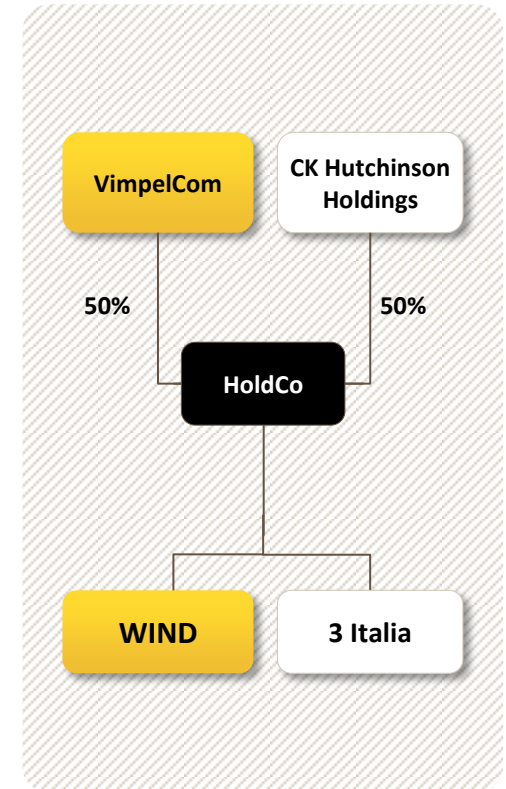
- 50/50 JV of VimpelCom and CK Hutchison Holdings
- VimpelCom to contribute WIND with existing net debt (EUR 9.8 billion as of June 2016)
- CK Hutchison Holdings to contribute 3 Italia virtually debt free plus EUR 200 million cash
- No cash contributions or closing adjustments for VimpelCom
- Neither party may reduce its aggregate indirect shareholding in the JV below 50% for one year post-completion
- After three years post-completion, each shareholder can invoke a buy-sell mechanism at any time

Target leverage

- Pro forma Net debt/EBITDA at signing 5x
- Long-term net leverage target below 3x EBITDA

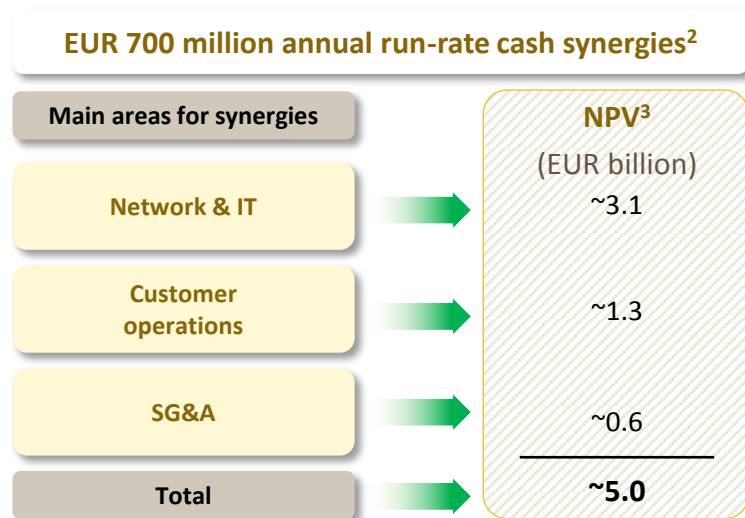
Key dates

- European Commission approval: 1 September 2016
- Completion: expected by Q4 2016



A value accretive transaction...

Originally anticipated cost & capex synergies confirmed¹



New proceeds and impact from remedy package

- Future proceeds and cost savings from Iliad agreement (net effect will depend on how the market and new entrant will develop):
 - ▶ Spectrum sale for EUR 450 million
 - ▶ Roaming wholesale and sale of sites
 - ▶ Co-location of sites and network sharing
- Market share impact from entrance of 4th player
 - ▶ The new entrant will build over time its market position
 - ▶ Impact will depend on market share and ARPU evolution
 - ▶ Too early to value the impact

...with opex & capex synergies fully confirmed, while new entrant impact will depend on market development

¹ As per initial announcement in August 2015

² Pre tax; ~30% capex, ~70% opex; 90% expected to be delivered by year three

³ Post taxes, net of integration costs

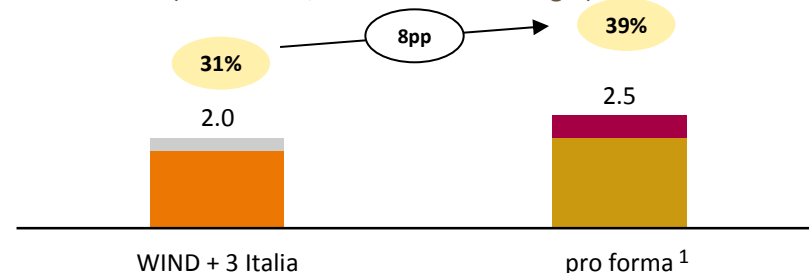
Enhanced profitability and cash flow generation

Revenue and EBITDA

An operator with EUR 6.3 billion revenues and...
(EUR billion, FY 2015)



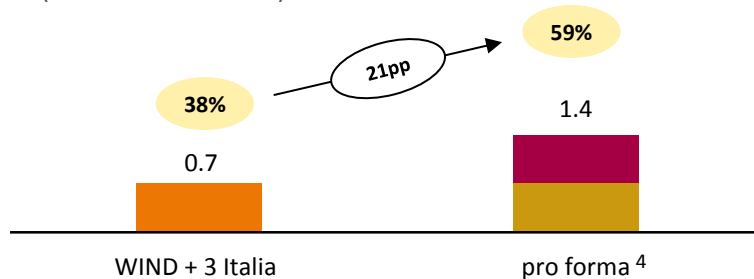
...EBITDA margin of 39%...
(EUR billion, FY 2015 and % margin)



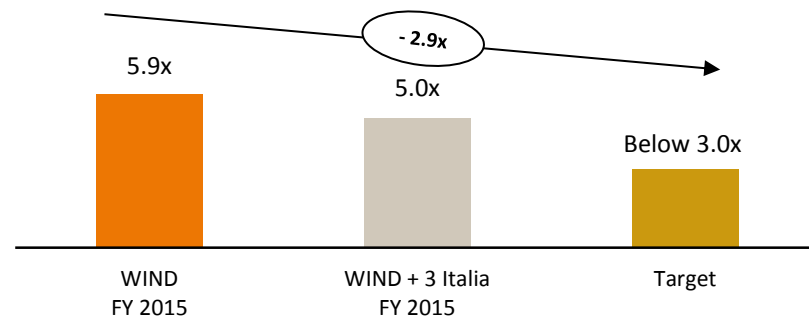
WIND 3 Italia

Run-rate synergies

...cash conversion of approximately 60%...
(% cash conversion³)



...and significant deleveraging profile



¹ Including run-rate opex synergies only
² Defined as EBITDA – capex (excl. licenses)

³ Defined as OpFCF/EBITDA
⁴ Including run-rate opex and capex synergies

P&L accounting treatment for VimpelCom

Current accounting of Italy FY2015

USD million	FY15
Revenue	9,625
Service Revenue	9,332
EBITDA underlying	3,908
EBITDA reported	2,857
D&A, impairments and other	(2,350)
- o/w impairments	(245)
EBIT	506
Net financial expenses	(777)
FOREX and Other	(343)
Profit/(loss) before tax	(613)
Tax	(238)
Loss for the period	(851)
Profit / (loss) from discontinued operations	263
Non-controlling interest	(103)
Net result	(691)



Intermediate accounting FY2016E¹

USD million
Revenue
Service Revenue
EBITDA underlying
EBITDA reported
D&A, impairments and other
- o/w impairments
EBIT
Net financial expenses
FOREX and Other
Share of net income of associates
Profit/(loss) before tax
Tax
Loss for the period
Profit / (loss) from discontinued operations
Non-controlling interest
Net result



50% of net result of Italy JV (from closing to 31 December 2016)



WIND Group net result (from 1 January 2016 to closing date) + net capital gain on disposal of WIND Group (expected to be in excess of USD 1.5 billion)

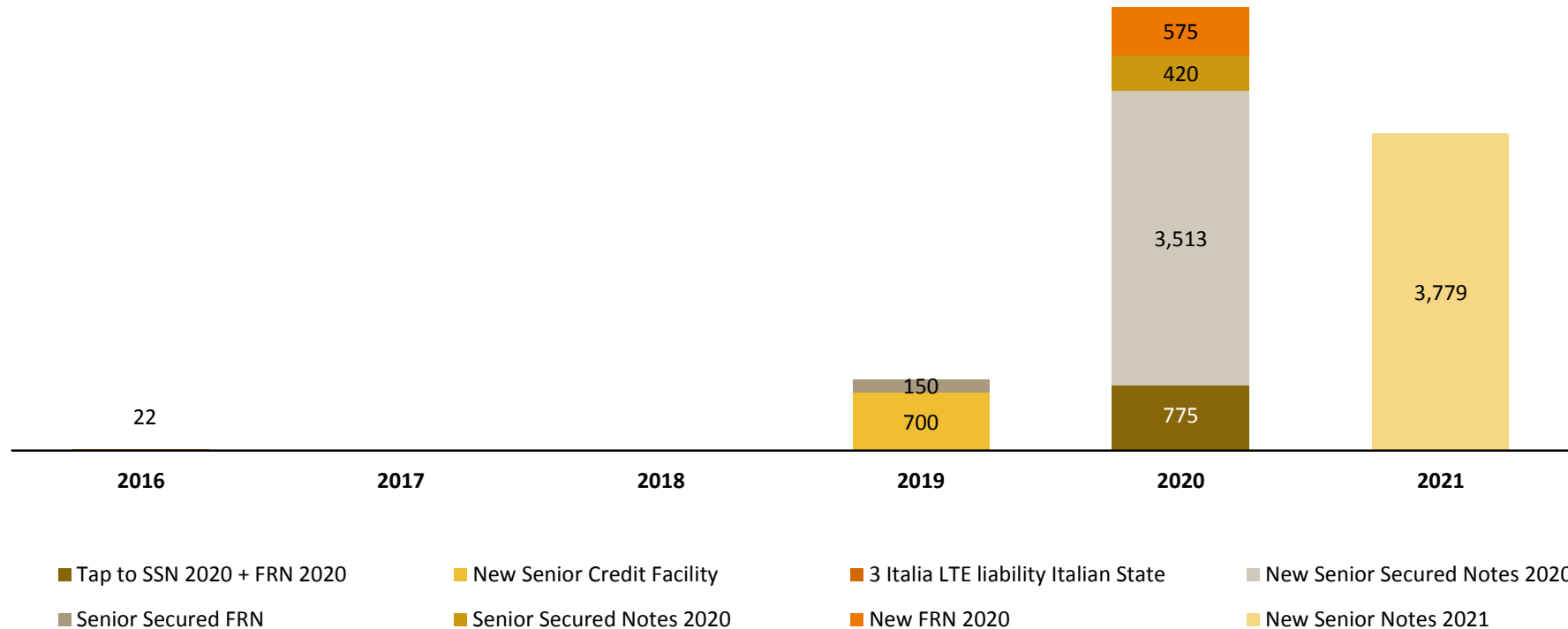


Long term accounting FY 2017E - onward

USD million
Revenue
Service Revenue
EBITDA underlying
EBITDA reported
D&A, impairments and other
- o/w impairments
EBIT
Net financial expenses
FOREX and Other
Share of net income of associates
Profit/(loss) before tax
Tax
Loss for the period
Non-controlling interest
Net result

JV debt maturity profile from H2 2016 onwards

EUR million



Final remarks



- A transformative transaction



- Beneficial to all stakeholders



- Building a new leading operator in Italy with significant synergies



- Strengthening the financial profile and portfolio of VimpelCom

Wind and 3 Italia merger – agenda

Jean-Yves Charlier – Chief Executive Officer

- A transformative transaction
- Beneficial transaction for all stakeholders
- Strategic fit and benefits for VimpelCom shareholders
- Joint venture corporate governance

Kjell Morten Johnsen – Head of Major Markets

- Building a new leading operator in Italian telecoms

Andrew Davies – Chief Financial Officer

- JV improves VimpelCom's financial profile significantly
- A financially stronger asset
- Value accretion, profitability and cash flow
- Accounting treatment and JV debt profile

Q&A session