VEON

7 MAY 2020

VEON REPORTS BALANCED 1Q20 RESULTS AND PROVIDES OPERATIONAL UPDATE FOR COVID-19 IMPACT

Amsterdam (7 May 2020) – VEON Ltd. (NASDAQ: VEON, Euronext Amsterdam: VEON), a leading global provider of connectivity and digital services, today announces results for the quarter ended 31 March 2020.

KEY POINTS

- The Group delivered a balanced performance in the quarter, with operational weakness in Russia being offset by good underlying performances from Ukraine, Pakistan and Kazakhstan
- Strong growth in data usage continued to lead service revenue, underpinned by our continued network investment
- The Group remains well positioned with a strong balance sheet and access to sufficient liquidity to allow VEON to weather current market uncertainty
- We have announced the appointments of Serkan Okandan as VEON's Group CFO, effective 1 May 2020, and Alexander Torbakhov as Beeline Russia CEO, effective 6 April 2020
- The COVID-19 pandemic is increasing dependency on, and demand for, essential communications, connectivity and digital services across a number of markets
- Given continued uncertainty related to the COVID-19 pandemic and the likely impact on the Group's financial performance in the coming quarters, we believe it is no longer prudent to give financial guidance for 2020

KAAN TERZIOGLU AND SERGI HERRERO, CO-CHIEF EXECUTIVE OFFICERS, COMMENT:

"The first quarter of 2020 was an exceptional period for the global community, with COVID-19 transforming the daily lives of billions. The ability of telecommunications to keep the world connected at a time of physical isolation is redefining the role of our industry as we support lives through access to vital healthcare resources and information, livelihoods for the many millions of new home workers through essential connectivity, and lifestyles through our growing range of digital services. VEON is proud to be part of the human solution to this crisis, using connectivity and technology to support the communities we serve.

VEON is not immune to the economic impact of COVID-19. Operationally, this has resulted in divergent trends across our business, with greater demand for broadband and digital services offset by an inevitable decline in roaming revenues. Given the impact and duration of this pandemic remain uncertain, we believe it is no longer prudent to give financial guidance for 2020 and it is clear that there is presently significant pressure on our operational performance. Despite these challenges, we remain committed to executing on our planned operational improvements across our markets, which we expect will support the Group's operating performance over the medium term.

Driving this performance is the strong demand we continue to enjoy for data, which grew 18.3% year-on-year in local currency during the first quarter as we progressed our 4G network investment program and deployed new digital services across our markets to enrich the experience of our customers. With the majority of our markets still in the early stages of smartphone adoption, we remain excited by the long-term opportunities that 4G network deployment can deliver and will maintain our current capex levels to ensure we are strongly positioned to capture these opportunities.

We also continue to invest in our leadership team, and we are delighted to welcome Serkan Okandan as VEON's Group Chief Financial Officer and Alexander Torbakhov as Chief Executive Officer of Beeline Russia. Serkan and Alexander are terrific individuals who we believe will play defining roles in Group's future success. In addition, Erwan Gelebart has been appointed as CEO for JazzCash, effective 18 May 2020. With 7.3 million active digital wallets, JazzCash has strong potential in Pakistan and Erwan will play a crucial role in our growth plans for this business.

Ursula Burns will be stepping down as Chairman of VEON, effective 1 June 2020. We would like to take this opportunity to thank Ursula for her commitment to VEON over the last three years, during which she oversaw the transformation of the Group as a leading emerging markets operator through the sale of our Italian business, the successful conclusion of the DOJ/SEC compliance monitorship and our successful tender offer for Global Telecom Holding S.A.E.. Ursula has been a major force across the Group, driving important governance and cultural changes, remaking the leadership team and positioning us for growth in the years ahead.

1Q20 RESULTS[1]

- **Total revenue:** USD 2,097 million, +0.3% YoY in local currency[2] ; -1.3% YoY on a reported basis
- **EBITDA:** USD 920 million, -1.8% YoY in local currency[2]; -29.1% YoY on a reported basis
- **Mobile subscriber base:** 211 million total mobile subscribers, flat YoY
- **Operational Capex[6]:** USD 368 million

- **Stable local currency[2] revenue:** total revenue increased by 0.3% in local currency[2] year on year (YoY), with service revenue increasing 0.2% in local currency[2]. Excluding the impact of tax regime changes[3] in Pakistan, total revenue would have increased by 2.7% in local currency[2] in 1Q20. Reported total revenue decreased by 1.3% YoY
- **Local currency[2] data revenue growth remains robust:** the momentum in mobile data revenue continued in the period, growing in local currency[2] by 18.3% YoY, with Ukraine (+22.4%), Pakistan (+17.1%) and Bangladesh (+18.5%) delivering strong performances on the back of ongoing 4G investments
- **EBITDA performance in local currency[2] weakened slightly:** EBITDA in local currency[2] decreased 1.8% YoY. Excluding the impact of tax regime changes in Pakistan[3], EBITDA would have increased 1.0% in local currency[2] YoY
- **Reported EBITDA**: decreased by 29.1% YoY to USD 920 million, resulting in an EBITDA margin of 43.9%. However adjusted for the positive impact of the one-off vendor payment of USD 350 million in 1Q19, reported EBITDA decreased by 3.0% YoY
- **Corporate Costs[4] trending lower:** Corporate Costs were USD 49 million in 1Q20, down 8% YoY. We expect to make further saving in Corporate Costs going forward. In 1Q20, our cost intensity ratio[5] increased in local currency[2] by 0.9 percentage points YoY
- **LTM Operational capex ratio[6] of 19.5**%: we recorded an Operational Capex Ratio of 19.5% over the twelve months ended 31 March 2020 following 4G investments in Pakistan, Ukraine and Bangladesh
- **Equity Free Cash Flow[7] generation**: We generated USD 104 million of equity free cash flow[7] after licenses and excluding capitalized leases during 1Q20

KEY DEVELOPMENTS

- Sergi Herrero and Kaan Terzioğlu appointed as co-Chief Executive Officers effective from 1 March 2020
- Serkan Okandan appointed as VEON's Group CFO effective 1 May 2020
- Alexander Torbakhov appointed as Beeline Russia CEO effective 6 April 2020
- Erwan Gelebart appointed as CEO for Jazz Cash effective 18 May 2020
- Ursula Burns to step down as VEON Chairman effective 1 June 2020
- Establishment of a USD 6.5 billion Global Medium-Term Note program
- COVID-19 uncertainty prevents Group from providing full year guidance for 2020

[1] Results as compared to prior year results unless stated otherwise
[2] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements. EBITDA growth excludes one-off vendor payment of USD 350 million received in FY 2019
[3] In June 2018, the Supreme Court ordered an interim suspension of the deduction of taxes and service/maintenance charges on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue (the "suo moto order"). On 3 July 2019, the Supreme Court issued its judgment dated 10 May 2019 and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges, which were 10% of customer recharges. As a result of the judgment by the Supreme Court, the Pakistan Telecommunication Authority ("PTA") issued two letters to Jazz, dated 30 August 2019 and 19 September 2019, requesting Jazz to refund the service and maintenance charges (the "administration fees") collected by Jazz between April 2019 and July 2019. Further to the PTA's directions, on 29 September 2019, Jazz proceeded with crediting these administration fees to the balances of the affected customers. On 6 December 2019, the PTA issued a show cause notice alleging that the credits were made with conditions attached to them and, therefore, the PTA required Jazz to credit the affected customers again within fifteen (15) days. Jazz disputes the PTA's allegation and, on 3 January 2020, provided the PTA with a complete factual explanation of the credits that were made and requested the withdrawal of the show cause notice. Jazz is currently awaiting the PTA's response
[4] Corporate costs is a non-IFRS financial measure and represents costs incurred by the holding entities in the Netherlands, Luxembourg, the United Kingdom and Egypt, primarily comprised of salary costs and consulting costs
[5] Cost intensity ratio is defined as service costs plus selling, general and administrative costs, less other revenue, divided by total service revenue
[6] Operational Capex is defined as capex excluding license expenditures and capitalized leases. Operational capex ratio is defined as operational capex divided by total revenue
[7] Equity free cash flow after licenses (excluding capitalized leases) is a non-IFRS measure and is defined as free cash flow from operating activities less repayment of lease liabilities and cash flow used in investing activities, excluding M&A transactions, inflow/outflow of deposits, financial assets, other one-off items. See attachment C for reconciliations

KEY RESULTS: CONSOLIDATED FINANCIAL AND OPERATING HIGHLIGHTS

USD million	1Q20	1Q19	Reported YoY	Local currency YoY [1]
Total revenue, of which	2,097	2,124	(1.3%)	0.3%
mobile and fixed service revenue	1,978	2,005	(1.4%)	0.2%
mobile data revenue	662	567	16.6%	18.3%
EBITDA	920	1,298	(29.1%)	(28.3%)
EBITDA margin (EBITDA/total revenue)	43.9%	61.1%	(17.2p.p.)	(17.4p.p)
EBITDA Adjusted	920	948	(3.0%)	(1.8%)
EBITDA margin Adjusted (EBITDA Adjusted/total revenue)	43.9%	44.6%	(0.7p.p.)	(1.0p.p.)
Profit from continued operations	120	530	n.m.	
Profit for the period attributable to VEON shareholders	108	495	(78.2%)	
Equity free cash flow after licenses [2]	104	369	(71.8%)	
Capital expenditures excl. licenses	413	441	(6.3%)	
LTM capex excl. licenses/revenue	22.8%	16.7%	6.1p.p.	
Operational capital expenditures excl. licenses [3]	368	389	(5.4%)	
LTM Operational capital expenditures excl. licenses/revenue [3]	19.5%	16.2%	3.3p.p.	
Net debt	7,741	8,265	(6.3%)	
Net debt/LTM EBITDA	2.0	2.2	n.m.	
Net debt (excl. lease liabilities)	6,054	6,247	(3.1%)	
Net debt/LTM EBITDA (excl. lease liabilities)	1.8	1.7	n.m.	
Total mobile customer (millions)	211	211	(0.1%)	
Total fixed-line broadband customers (millions)	4.3	3.9	9.0%	

Note: EBITDA Adjusted in 1Q19 excludes other operating income of USD 350 million related to one-off vendor payment

[1] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements. EBITDA growth excludes one-off vendor payment of USD 350 million received in FY 2019. See attachment C for reconciliations

[2] Equity free cash flow after licenses (excluding capitalized leases) is a non-IFRS measure and is defined as free cash flow from operating activities less repayment of lease liabilities and cash flow used in investing activities, excluding M&A transactions, inflow/outflow of deposits, financial assets, other one-off items. See attachment C for reconciliations

[3] Operational Capex is defined as capex excluding license expenditures and capitalized leases. Operational capex ratio is defined as operational capex divided by total revenue

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PRESENTATION OF FINANCIAL RESULTS

VEON’s results presented in this earnings release are based on IFRS unless otherwise stated and have not been audited.

Certain amounts and percentages that appear in this earnings release have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including those in tables, may not be an exact arithmetic aggregation of the figures that precede or follow them.

The following non-IFRS measures disclosed in the document, i.e. EBITDA, EBITDA margin, EBIT, net debt, equity free cash flow (after licenses), local currency measures, capital expenditures excluding licenses, are reconciled to the comparable IFRS measures in Attachment E.

All comparisons are on a year on year (YoY) basis unless otherwise stated.

MAIN EVENTS

REVENUE AND EBITDA

Total revenue increased in local currency[1] by 0.3% YoY. Reported revenue (-1.3% YoY) was negatively impacted by currency movements of USD 34 million during the quarter. On a local currency[1] basis and excluding the impact of a revised vendor agreement in 2019, EBITDA decreased by 1.8% YoY, primarily due to the EBITDA performance in Russia (-8.9% YoY) which was the key drag on the Group's results. Reported EBITDA (-29.1% YoY) was impacted by the one-off vendor payment recorded in connection with a revised vendor agreement in Q1 2019 of USD 350 million and currency headwinds of USD 11 million.

During 1Q20, both revenue and EBITDA were negatively impacted by tax regime changes[2] in Pakistan. Adjusted for these impacts, revenue would have increased in local currency[1] by 2.7% YoY while EBITDA would have increased in local currency[1] by 1.0% YoY.

[1] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements. EBITDA growth excludes the one-time cash received in FY 2019 in connection with a revised arrangement from Ericsson of USD 350 million.

[2] In June 2018, the Supreme Court ordered an interim suspension of the deduction of taxes and service/maintenance charges on prepaid and postpaid connections on each recharge/top-up/load levied by mobile phone service providers. On 24 April 2019, the Supreme Court disposed of the proceedings and restored the impugned tax deductions, deciding that it would not interfere in the matter of the collection of public revenue (the "suo moto order"). On 3 July 2019, the Supreme Court issued its judgment dated 10 May 2019 and, in addition to confirming its ruling on tax deductions, further clarified that mobile phone service providers cannot charge customers for service and maintenance charges, which were 10% of customer recharges. As a result of the judgment by the Supreme Court, the Pakistan Telecommunication Authority ("PTA") issued two letters to Jazz, dated 30 August 2019 and 19 September 2019, requesting Jazz to refund the service and maintenance charges (the "administration fees") collected by Jazz between April 2019 and July 2019. Further to the PTA's directions, on 29 September 2019, Jazz proceeded with crediting these administration fees to the balances of the affected customers. On 6 December 2019, the PTA issued a show cause notice alleging that the credits were made with conditions attached to them and, therefore, the PTA required Jazz to credit the affected customers again within fifteen (15) days. Jazz disputes the PTA's allegation and, on 3 January 2020, provided the PTA with a complete factual explanation of the credits that were made and requested the withdrawal of the show cause notice. Jazz is currently awaiting the PTA's response

COVID-19

We are seeing first-hand how the COVID-19 pandemic is affecting individuals, families, businesses and industries across our operating markets. As a provider of vital infrastructure upon which people depend, we recognize that it is in moments like these that we must ensure that communities stay connected, supporting those in need and working together to overcome this unprecedented global challenge. We will continue to work with our operating companies to deliver the services that our employees, customers and communities need.

Our first priority has been the health and safety of our employees, our 211 million customers and everyone in our operating countries. Helping to protect lives, safeguard livelihoods and enhance lifestyles at this difficult time defines our role in the global effort to fight this pandemic.

We have taken a number of measures to help our customers, including offering additional data and minutes, enabling free access to our content services and waiving late fees. Across our 10 operating countries, all emergency health care and foreign affairs hot lines and websites have been zero-rated, and as the situation continues to develop our colleagues across the different countries are doing whatever they can to help our customers and their broader communities and spread helpful information about government guidance.

While we are seeing some initial positive usage trends in both our voice and data services, we are facing a number of challenges across the business. These include disruption in our distribution channels, migration of our customer base away from urban areas and a migration in data utilization from our mobile to our fixed networks. These have had a direct financial impact on our business in recent weeks, particularly on roaming revenues, device sales and prepaid top-up volumes. As a consequence, in the month of April we saw a high single-digit[1] YoY decline in revenues and a mid-teens[1] decline in EBITDA in local currency terms.

Given increasing uncertainty surrounding both the duration and eventual economic impact of the lock-down, we believe it is no longer prudent to provide financial guidance for 2020.

As we look to mitigate the impact of COVID-19 on our business, we are looking to extend payments terms with our key vendors, while at the same time optimizing costs and capex as appropriate across our operations. We will continue to focus on optimizing our balance sheet structure in the coming quarters. It is, however, important that we do not lose focus on our planned operational improvements throughout the balance of the year, which will stand us in good stead for the medium term.

[1] Revenue and EBITDA YoY performance for April 2020, excludes the positive impact related to special compensation of USD 38 million in April 2019 and the impact of tax regime changes in Pakistan. Special compensation is related to the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") due to Kazakh telecom JSC's acquisition of 75% of Kcell's shares.

CORPORATE COSTS AND COST INTENSITY RATIO

Corporate costs[1] were USD 49 million in 1Q20, down 8% YoY. We expect to realize further savings in corporate costs going forward.

In 1Q20, our cost intensity ratio[2] increased in local currency[3] by 0.9 percentage points YoY excluding the positive 2019 impact of the one-off vendor payment of USD 350 million received in FY 2019. While we are seeing continued progress on cost control across a number of our markets, Russia faced some challenges in the period given the pressure on revenues.

[1] Corporate costs are a non-IFRS financial measure and represents costs incurred by the holding entities in the Netherlands, Luxembourg, United Kingdom and Egypt, primarily comprised of salary costs and consulting costs
[2] Cost intensity ratio is defined as service costs plus selling, general and administrative costs, less other revenue, divided by total service revenue
[3] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements. EBITDA growth excludes a one-off vendor payment received in FY 2019 in connection with a revised arrangement from Ericsson of USD 350 million

USD 6.5 BILLION GLOBAL MEDIUM-TERM NOTE PROGRAM

On 16 April 2020, VEON Holdings B.V. announced the establishment of a USD 6.5 billion Global Medium-Term Note program for the issuance of bonds (the "MTN Program"). In connection with the establishment of the MTN Program, VEON prepared a base offering memorandum, which was approved by the Luxembourg Stock Exchange, in order to enable bonds issued under the MTN Program to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

Following the establishment of the MTN Program, VEON is monitoring the international capital markets and is considering potential offerings during 2020 under the MTN Program of notes denominated across the various currencies of our operations, subject to funding needs and market conditions.

MANAGEMENT CHANGES

On 6 April, VEON announced the appointment of Serkan Okandan as Group Chief Financial Officer (CFO), effective 1 May 2020. Serkan brings a wealth of experience to VEON which will be invaluable as we look to consolidate our position in connectivity and digital services.

On 3 April, VEON announced the appointment of Alexander Torbakhov as Chief Executive Officer of Beeline Russia, effective 6 April 2020. Alexander brings with him a history of success from some of the country's largest consumer and technology businesses.

On 28 April, VEON announced that Erwan Gelebart has been appointed as CEO for Jazz Cash effective 18 May 2020. With 7.3 million active digital wallets, JazzCash has enormous potential in Pakistan and Erwan will play a crucial part in our growth plans for JazzCash.

AGM ANNOUNCEMENT

On 1 May 2020 VEON announced that its Board of Directors has set the date for the Company's Annual General Meeting (AGM) of Shareholders for 1 June 2020. VEON also announced that Ursula Burns would not stand for re-election as Group Chairman at the 2020 AGM. Guillaume Bacuvier, Sir Julian Horn-Smith and Guy Laurence have also opted to not stand for re-election. The candidates put forward for election to the Board include seven directors currently serving on the Board: Osama Bedier, Mikhail M. Fridman, Gennady Gazin, Andrei Gusev, Gunnar Holt, Robert Jan van de Kraats, and Alexander Pertsovsky, as well as five new candidates: Hans Holger Albrecht, Mariano De Beer, Peter Derby, Amos Genish and Stephen Pusey.

GROUP PERFORMANCE

FINANCIALS BY COUNTRY

USD million	1Q20	1Q19	Reported YoY	Local currency[1] YoY
Total revenue	2,097	2,124	(1.3%)	0.3%
Russia	1,020	1,048	(2.6%)	(2.6%)
Pakistan	316	362	(12.7%)	(2.6%)
Ukraine	238	188	26.5%	16.1%
Algeria	185	192	(3.7%)	(2.1%)
Bangladesh	137	134	2.4%	3.7%
Kazakhstan	118	103	14.0%	17.7%
Uzbekistan	55	64	(14.2%)	(2.5%)
Other	38	41		
HQ and Eliminations	(10)	(7)		
Service revenue	1,978	2,005	(1.4%)	0.2%
Russia	933	960	(2.8%)	(2.8%)
Pakistan	293	337	(13.0%)	(3.0%)
Ukraine	236	187	26.5%	16.1%
Algeria	184	192	(4.0%)	(2.4%)
Bangladesh	134	131	2.9%	4.2%
Kazakhstan	116	102	13.4%	17.1%
Uzbekistan	54	64	(14.7%)	(3.0%)
Other	36	39		
HQ and Eliminations	(9)	(6)		
EBITDA	920	1,298	(29.1%)	(1.8%)
Russia	427	468	(8.7%)	(8.9%)
Pakistan	147	183	(19.8%)	(10.7%)
Ukraine	161	118	36.4%	25.3%
Algeria	81	89	(9.2%)	(7.8%)
Bangladesh	59	60	(1.5%)	(0.3%)
Kazakhstan	63	55	14.0%	17.8%
Uzbekistan	25	32	(20.1%)	(9.2%)
Other	14	14		
HQ and Eliminations	(57)	279		
EBITDA margin	43.9%	61.1%	(17.2p.p.)	(1.0 p.p.)

[1] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements. EBITDA growth excludes a one-off vendor payment of USD 350 million received in FY 2019

Reported total revenue decreased by 1.3% YoY in 1Q20 to USD 2.1 billion, with a particularly strong operational performance in Ukraine, Kazakhstan and Bangladesh being offset by the negative impact of tax regime changes in Pakistan, the continued underperformance in Russia and currency headwinds during the quarter. Total revenue increased by 0.3% in local currency[1] supported by strong growth in Ukraine (+16.1%) and Kazakhstan (+17.7%). Addressing the revenue trends in Russia remains a key focus for management.

The total revenue trend in local currency[1] was supported by strong growth in mobile data revenue, which increased by 18.3% in local currency[1] for the quarter. Reported mobile data revenue (+16.6%) was negatively impacted by currency headwinds of USD 10 million. The groups total mobile customers was stable YoY at 211 million at the end of 1Q20, with the customer decline in Uzbekistan, Algeria and Russia, being partially offset by an increase in Pakistan and Bangladesh. Excluding the impact of tax regime changes in Pakistan, total revenue would have increased by 2.7% YoY in local currency[1].The COVID-19 pandemic will impact the ability to connect new customers in the short term.

EBITDA decreased in local currency[1] by 1.8% to USD 920 million, with the positive contribution of Ukraine and Kazakhstan being more than offset by the underperformance of Russia, Algeria and tax regime change impact in Pakistan. Excluding the impact of tax regime changes in Pakistan, EBITDA would have increased by 1.0% YoY in local currency[1]. Reported EBITDA decreased by 29.1% YoY, negatively impacted by a one-off vendor payment of USD 350 million received in FY 2019 and currency headwinds during the quarter.

VEON's HQ and elimination segment consists largely of corporate costs. In 1Q20, corporate costs[1] were USD 49 million, compared to the positive EBITDA of USD 296 million reported in 1Q19 which was impacted by exceptional income of USD 350 million. Excluding this exceptional income, corporate costs were down 8% YoY.

"Other" in 1Q20 includes the results of Kyrgyzstan, Armenia and Georgia.

[1] Corporate costs are a non-IFRS financial measure and represents costs incurred by the holding entities in the Netherlands, Luxembourg, United Kingdom and Egypt, primarily comprised of salary costs and consulting costs

INCOME STATEMENT & CAPITAL EXPENDITURES

USD million	1Q20	1Q19	Reported YoY	Local currency YoY[1]
Total revenue	2,097	2,124	(1.3%)	0.3%
Service revenue	1,978	2,005	(1.4%)	
Other operating income	-	350	n.m.	
Service Cost	(381)	(368)	3.5%	
Cost of equipment and accessories	(89)	(90)	(1.1%)	
SG&A	(706)	(718)	(1.7%)	
EBITDA	920	1,298	(29.1%)	(28.3%)
EBITDA margin	43.9%	61.1%	(17.2p.p.)	(17.4p.p.)
EBITDA Adjusted	920	948	(3.0%)	(1.8%)
EBITDA Adjusted margin	43.9%	44.6%	(0.7p.p.)	(1.0p.p.)
Depreciation, amortization, impairments and other	(514)	(510)	0.7%	
EBIT (Operating Profit)	407	788	(48.4%)	
Financial income and expenses	(198)	(197)	0.8%	
Net foreign exchange (loss)/gain and others	(28)	13	n.m.	
Other non operating gains / losses	15	4	n.m.	
Profit before tax	195	609	(67.9%)	
Income tax expense	(76)	(79)	(3.7%)	
Profit from continued operations	120	530	(77.4%)	
Profit from discontinued operations	-	-	n.m.	
Profit for the period	120	530	(77.4%)	
Of which Profi/(Loss) attributable to non-controlling interest	12	35	(65.7%)	
Of which Profi/(Loss) attributable to VEON shareholders	108	495	(78.2%)	

	1Q20	1Q19	Reported YoY
Capex	448	445	0.6%
Capex excl. licenses	413	441	(6.3%)
Capex excl. licenses/revenue	19.7%	20.7%	(1.0p.p.)
LTM capex excl. licenses/revenue	22.8%	16.7%	6.1p.p.
Operational capex excl. licenses[2]	368	389	(5.4%)
LTM Operational capex excl. licenses/revenue[2]	19.5%	16.2%	3.3p.p.

Note: prior year comparatives for capital expenditures are adjusted to reflect correct IFRS 16 impact of prior periods.
EBITDA Adjusted in 1Q19 excludes other operating income of USD 350 million related to one-off vendor payment

[1] Local currency growth for FY 2020 is defined excluding the effect of foreign currency movements
[2] Operational Capex is defined as capex excluding license expenditures and capitalized leases. Operational capex ration is defined as operational capex divided by total revenue.

1Q20 ANALYSIS

EBITDA decreased in local currency[1] terms by 1.8%, with the positive contribution of Ukraine and Kazakhstan being more than offset by underperformance of Russia, Algeria and impact on tax regime change in Pakistan. Excluding the impact of tax regime changes in Pakistan, EBITDA would have increased by 1.0% YoY in local currency[1]. Reported EBITDA of USD 920 million decreased by 29.1% YoY, negatively impacted by the one-off vendor payment of USD 350 million received in FY 2019 and currency headwinds during the quarter.

Operating profit in the quarter (1Q20) was USD 407 million, compared to an operating profit in 1Q19 of USD 788 million, which was again negatively impacted by one off vendor payment received in FY 2019. Depreciation and amortization impact was flat YoY.

In 1Q20, net financial income and expenses were flat year on year. Net foreign exchange gain/loss movement is mainly related to the revaluation loss of USD-denominated debt due to strong depreciation of local currencies in 1Q20 compared to appreciation and stability of these currencies in the prior year period.

In 1Q20 the income tax expense was USD 76 million, broadly stable year on year. In 1Q20, the Company recorded a net profit of USD 120 million, of which USD 108 million is attributable to VEON's shareholders.

Operational Capex[2] was USD 368 million in 1Q20 against the USD 389 million recorded in 1Q19, mainly due to slower rollout in Russia, offset by Pakistan, Kazakhstan and Bangladesh higher rollout and additional network investments. The ratio of 1Q20 capex (excluding licenses and capitalized leases) to revenue for the last twelve months is 19.5%.

[1] *Local currency growth for FY 2020 is defined excluding the effect of foreign currency movement*
[2]*Operational Capex is defined as capex excluding license expenditures and capitalized leases. Operational capex ration is defined as operational capex divided by total revenue.*

FINANCIAL POSITION & CASH FLOW

USD million	1Q20	4Q19	QoQ
Total assets	14,424	16,059	(10.2%)
Shareholders' equity	543	1,226	(55.7%)
Gross debt	9,229	9,593	(3.8%)
Net debt	7,741	8,342	(7.2%)
Net debt (excl.lease liabilities)	6,054	6,302	(3.9%)
Net debt/LTM EBITDA	2.0	2.0	
Net debt/LTM EBITDA (excl.lease liabilities)	1.8	1.7	

USD million	1Q20	1Q19	YoY
Net cash from/(used in) operating activities	626	830	(204)
Net cash from/(used in) investing activities	(495)	(1,035)	540
Net cash from/(used in) financing activities	124	(405)	529

Note: Certain comparative amounts have been reclassified to conform to the current period presentation

Gross debt decreased in 1Q20 mainly due to the decrease in lease liabilities. Excluding this impact, the gross debt remained stable. During 1Q20 we have drawn USD 600 million under the revolving credit facility, increased the size of the ruble denominated loan with Alfa Bank from RUB 17.5 billion to RUB 30.0 billion and raised an additional USD 300 million under our 2025 bond. This was offset by a decrease in gross debt as a result of the ruble depreciation, the repayments of the USD 500 million GTH Finance Bond and the prepayment of RUB 7.5 billion under the Sberbank loan.

Net debt in 1Q20 was USD 7.7 billion and the net debt/LTM EBITDA ratio was 2.0x. Excluding capitalized leased, net debt was 6.0 billion and net debt/LTM EBITDA ratio was 1.8x.

Net cash from operating activities decreased YoY, mainly due to currency headwinds in EBITDA and lower working capital related to prior year vendor agreement impact. Net cash flow used in investing activities in 1Q20 was lower mainly due to outflow in deposits in HQ Amsterdam related to the GTH MTO in PY and higher network investments in this quarter.

Net cash from financing activities increased to USD 124 million in 1Q20 mainly due to an increase debt which was partially offset by debt repayment (described above) and dividend payments.

COUNTRY PERFORMANCE

- Russia
- Ukraine
- Pakistan
- Uzbekistan
- Kazakhstan
- Algeria
- Bangladesh

RUSSIA

RUB million	1Q20	1Q19	YoY
Total revenue	67,457	69,247	(2.6%)
Mobile service revenue	52,518	54,933	(4.4%)
Fixed-line service revenue	9,112	8,502	7.2%
EBITDA	28,180	30,934	(8.9%)
EBITDA margin	41.8%	44.7%	(2.9p.p.)
Capex excl. licenses	12,103	17,465	(30.7%)
LTM Capex excl. licenses /revenue	24.9%	18.7%	6.2p.p.
Mobile			
Total revenue	58,182	60,708	(4.2%)
- of which mobile data	16,298	15,021	8.5%
Customers (mln)	53.5	54.2	(1.4%)
- of which data users (mln)	34.4	35.1	(2.2%)
ARPU (RUB)	323	333	(2.9%)
MOU (min)	284	297	(4.2%)
Data usage (MB/user)	7,539	4,697	60.5%
Fixed-line			
Total revenue	9,275	8,539	8.6%
Broadband revenue	2,826	2,661	6.2%
Broadband customers (mln)	2.7	2.5	8.5%
Broadband ARPU (RUB)	356	364	(2.3%)

In Russia, Beeline remained focused on improving the customer experience and stabilising operating performance as we work towards executing on the business turnaround anticipated over the coming quarters.

Network investment continued during 1Q20 as Beeline increased its number of 4G base stations by 33% YoY as at 31 March 2020[1]. While the network quality is improving, customer perception continues to lag. At the same time, our business faced challenges related to competition and the efficiency of our distribution. More than 300 additional stores were closed through 1Q20, bringing the total of stores closed in the last nine months to 500, in line with our ambition to enhance retail efficiency through the closure of approximately 600 stores and to place a greater emphasis on online retail distribution during the course of 2019 and 2020.

We have announced a series of customer-oriented initiatives in support of fighting the spread of COVID-19, including helping the spread of reliable information and accommodating the special needs that arise from the current environment such as supporting our customers stranded abroad. We would like to thank all of our employees for their contribution as well as our customers and partners for their cooperation and understanding in this difficult period. Following advice from the relevant authorities, as of 29 April, we have closed 34% of our own stores and 25% of our franchise stores, which has led to a significant decline in device and SIM-cards sales. The impact of this was somewhat limited in the quarter but will likely have a more significant impact in the coming months.

We note that the COVID-19 quarantine measures could accelerate the natural trend of increasing online sales and potentially positively affect the overall market as this may lead to a more balanced sales approach with fewer retail points in the future. We are driving online channels with a separate focus on self-registration products as well as mitigating potential risks caused by the slowdown in the shipment of network equipment.

In line with our ambition to grow our customer engagement via new digital and financial services, we are accelerating the variety of digital services we offer and have released specific products, such as COVID-19 Insurance offered entirely through digital channels. Further strengthening our partnership with leading financial services players in Russia, we now offer with Alfa Bank pre-approved co-branded credit cards to the public and have launched commercially a data monetisation stream, including advanced credit scoring capabilities.

Lastly, we have provided free access to key government and "socially-essential" sites through the launch of our Cub! application. We believe these adjacent digital businesses will be incrementally positive for our revenue growth in Russia over the medium term.

Total revenue in 1Q20 was RUB 67.5 billion, representing a YoY decrease of 2.6%. In the quarter, we saw a decline in roaming revenues and the continued prevalence of unlimited tariff plans resulted in a decline in mobile service revenue of 4.4% to RUB 52.5 billion, which was partially offset by an increase in fixed service revenue of 7.2% YoY. As a result of challenges related to competition, efficiency of our distribution and the decline in the migrant labour force during 1Q20, our customer base declined YoY by 1.4%

The strong growth in data revenue and revenue from mobile financial services were insufficient to offset the decline in voice and messaging revenue, which were additionally impacted by the decrease in international roaming revenue due to the COVID-19 outbreak. Data usage per user (MBs/user) continued to grow strongly up 60.5% YoY, supported by a 4G population coverage increase to 86% from 77% in March 2019. Revenue from equipment and accessory sales decreased by 1.7% YoY due to the reduction in the number of stores which was partially offset by higher shipments to dealership.

Beeline continues to focus on the B2B segment, improving its proposition with new digital offers and solutions to both small and large enterprises. In 1Q20, B2B service mobile revenue increased by 6.6% YoY. With most of our B2B customers working from home in respect of social distancing measures, they are adapting to the changing environment through our Beeline developed platform called BeeFree which provides IT, communications and HR-solutions based at Workplace-as-a-Service concept.

According to TMT report published on April 2020, in 2019 Beeline was the leader in FTTB subscriber growth. In 1Q20, Beeline further grew total fixed-line revenue by 8.6% YoY supported by both broadband revenue and increases in transit service revenue. Beeline's Fixed Mobile Convergence ("FMC") proposition continues to play an important role in the turnaround of the fixed-line business for Beeline. The FMC customer base grew by 20.4% YoY in 1Q20 to more than 1.4 million, which represents a 52% FMC penetration of our broadband customer base.

EBITDA for 1Q20 decreased 8.9% driven by the continued revenue pressure and higher structural costs following the increased network investment, slightly offset by lower commercial costs mainly related to closing of more than 300 own stores in 1Q20.

Capex excluding licenses decreased by 30.7% as a result of the timing of network rollout. Beeline remains committed to improving its network quality. Beeline continues to invest in network development with a strong separate focus on Moscow and Saint-Petersburg to ensure these cities have high quality infrastructure that is ready to integrate new technologies. In Moscow, 4G population coverage reached 99.4% during 1Q20 alongside the start of 5G-ready deployment.

[1] Based on the latest Federal Service for Supervision of Communications, Information Technology and Mass Media statistics we moved to 3rd place from 4th place in terms of general number of base stations as a consequence of our active deployment.

UKRAINE

UAH million	1Q20	1Q19	YoY
Total revenue	5,950	5,125	16.1%
Mobile service revenue	5,530	4,763	16.1%
Fixed-line service revenue	384	329	16.9%
EBITDA	4,040	3,223	25.3%
EBITDA margin	67.9%	62.9%	5.0p.p.
Capex excl. licenses	1,347	983	37.1%
LTM capex excl. licenses/revenue	23.6%	17.3%	6.2p.p.
Mobile			
Total operating revenue	5,530	4,772	15.9%
- of which mobile data	3,004	2,454	22.4%
Customers (mln)	26.0	26.3	(1.2%)
- of which data customers (mln)	17.0	15.4	10.4%
ARPU (UAH)	70	60	17.4%
MOU (min)	603	585	3.0%
Data usage (MB/user)	4,948	3,059	61.8%
Fixed-line			
Total operating revenue	384	329	16.9%
Broadband revenue	248	209	18.8%
Broadband customers (mln)	1.0	0.9	10.0%
Broadband ARPU (UAH)	81	75	7.6%

In Ukraine, Kyivstar continued to deliver solid results during the quarter, supported by our marketing activities and strong growth in data consumption enabled by ongoing investment in Kyivstar's network. The business reported revenue growth of 16.1% with EBITDA up 25.3%.

As of 16 March, Ukraine imposed lockdown measures aiming to prevent spread of COVID-19, leading to a temporary close of a number of stores. As of 1 May, we had closed 86 of 485 stores across the country which continues to impact recharge volumes. Kyivstar is working actively to ensure business continuity and uninterrupted service for our customers, as well as on mitigation measures. Kyivstar has donated USD 1 million for medical equipment and provided additional facilities such as free of charge services and access to COVID-19 official resources and bonuses for medical staff.

Encouragingly, we have seen increased usage of our digital services with a strong increase in downloads of our Telemedicine app, while our selfcare app monthly active users increased by 55% in March. In December 2019, Kyivstar launched its converged TV application, and as of March 2020 monthly active users of this service were approximately 200 thousand.

Total revenue grew by 16.1% YoY to UAH 5.9 billion and mobile service revenue increased by 16.1% YoY to UAH 5.5 billion. Revenue growth was supported by strong data and fixed line revenue performance in turn being driven by CVM (Customer Value Management) activities and successful marketing activities during the quarter.

The growth in data customers and data usage supported an ARPU increase of 17.4% YoY to UAH 70. Overall, Kyivstar's mobile customer base decreased slightly by 1.2% to 26.0 million, reflecting the reduction in multi-SIM users in the market and demographic trends in Ukraine. Data penetration continued to increase, seeing 4G subscriber base penetration increase to 30%, with total 4G customers now around 7.8 million, representing a significant YoY increase of 89%. We would however expect the rate of growth in 4G penetration to slow in the coming quarters with the closure of a number of smartphone stores due to the COVID-19 outbreak.

In 1Q20, Kyivstar recorded a quarterly churn of 4.2%, which remains the lowest churn in the market. Fixed-line service revenue grew by 16.9% YoY to UAH 384 million, driven by an increase in our fixed broadband customer base of 10.0% YoY, while fixed broadband ARPU increased by 7.6% YoY to UAH 81.

EBITDA increased by 25.3% YoY, driving an EBITDA margin of 67.9%. The strong EBITDA growth was supported by solid revenue outperformance, lower service and commercials costs, which was partially offset by higher structural OPEX. Capex excluding licenses increased by 37.1% YoY as a result of a strategic focus on further 4G roll-out during the quarter, which achieved 4G population coverage of 77%. According to recognised speed tests, Kyivstar was a market leader in coverage and speed at the end of 1Q20.

In November 2019, Kyivstar and Microsoft signed a memorandum of understanding on strategic partnerships related to analytical and cloud technologies development. Big data performance during the first quarter 2020 was very strong due to scoring and analytical products development. Cloud platforms revenue increased driven by product portfolio expansion.

PAKISTAN

PKR billion	1Q20	1Q19	YoY
Total revenue	49.3	50.6	(2.6%)
Mobile service revenue	45.7	47.1	(3.0%)
of which mobile data	15.9	13.6	17.1%
EBITDA	22.9	25.6	(10.7%)
EBITDA margin	46.4%	50.6%	(4.2p.p.)
Capex excl. licenses	10.8	7.4	46.9%
LTM Capex excl. licenses /revenue	18.5%	12.5%	5.9p.p.
Mobile			
Customers (mln)	62.0	58.3	6.3%
- of which data users (mln)	40.4	34.8	15.9%
ARPU (PKR)	247.3	272.4	(9.2%)
MOU (min)	500	549	(8.9%)
Data usage (MB/user)	3027	1669	81.4%

Jazz continued to perform well despite the ongoing competitive nature of the Pakistan market, particularly in data and social network offers, and remained focused on expanding its digital services to drive further growth. The demographics of Pakistan make the country one of the most exciting opportunities across emerging markets.

In order to prevent the spread of COVID-19, lockdown started on 23 March 2020 forcing closures of educational institutions, offices and markets (except for basic groceries). As a result, all of Jazz owned experience centres and 37% of third-party stores were closed, negatively impacting both recharge and SIM sales.

Due to closure of retail distribution channel we have experienced a drop in subscriber engagement as a result of slowdown in overall economic environment. In order to mitigate this, Jazz implemented several initiatives including mobile recharge through digital channels, multiple loan options (in case of low balance), doorstep delivery and credit limit enhancement for post-paid customers. These initiatives were focused on SIM revival and reactivations, new offers to cater high data requirement for work from home etc.

We expect some delays in the supply chain due to global disruption of COVID-19, which in turn is expected to impact the network rollout timelines and revenue growth trends in the short term. The management team remains committed to mitigating this impact to the extent possible.

Total revenue decreased by 2.6% YoY impacted by tax regime changes in Pakistan. Excluding these changes growth would have been 12.8% YoY. In 1Q20, data revenue strongly increased by 17.1% YoY. The data revenue growth was driven by an increase in 4G customer base which more than doubled, continuing the trend of data usage through higher bundle penetration and network expansion. Financial services revenue grew strongly during the quarter by 18.9% YoY as Jazz Cash increased its 30-day active wallet subscriber base to 7.8 million an increase of 42% YoY in mobile wallets.

This comes hand-in-hand with stronger engagement of our wallet through the launch of key remittance services for freelance workers, linking of bank cards as a funding mechanism and the overall enrichment of our growing USSD (Unstructured Supplementary Service Data) and App propositions. While the current environment will likely adversely impact overall wallet growth, we have already seen a significant increase of top ups and bundle purchases through JazzCash. Our self-care app, Jazz World, has crossed the 5 million monthly active users level making it the largest telco App in Pakistan, a 10-fold increase over the prior year period. Our M-Health and Jazz TV services are also seeing encouraging momentum.

Jazz's customer base increased by 6.3% YoY, reaching 62 million. This increase was supported by greater subscriber engagement and a higher number of data customers on the back of the continued expansion of the data network, which led to a higher 4G subscriber penetration of 28.5%. The YoY customer trend reflects our commercial strategy to focus on higher quality of sales in order to further improve the customer mix of our subscriber base, leveraging on network quality of service.

EBITDA decreased YoY by 10.7%, due to changes in the tax regime resulting from the reversal of the "suo moto" order on 24 April 2019 and the re-classification of amortization of Ex-Warid license from below EBITDA to service costs (~ PKR 0.8 billion). This pertains to a payment made in the form of security (under protest) as per the options given in the PTA's license renewal order. Excluding these impacts the EBITDA would have increased by 7.7% YoY. The EBITDA margin stood at 46.4%, decreasing by 4.2 p.p YoY impacted by the reasons mentioned above. The increased investment in JazzCash was also a drag on margins.

In 1Q20, capex excluding licenses increased to PKR 10.8 billion, mainly due to the change in scope and the adverse impact of foreign currency. At the end of 1Q20, the population coverage of Jazz's data network was more than 61%.

The ex-Warid license renewal was due in May 2019. Pursuant to directions from the Islamabad High Court, the Pakistan Telecommunication Authority ("PTA") issued a license renewal decision on 22 July 2019 requiring payment of USD 39.5 million per MHz for 900 MHz spectrum and USD 29.5 million per MHz for 1800 MHz spectrum, equating to an aggregate price of approximately USD 450 million (excluding advance tax of 10%). On 17 August 2019, Jazz appealed the PTA's order to the Islamabad High Court. On 21 August 2019, the Islamabad High Court suspended the PTA's order pending the outcome of the appeal and subject to Jazz making payment in the form of security (under protest) as per the options given in the PTA's order. In September 2019, Jazz deposited approximately USD 225 million in order to maintain its appeal in the Islamabad High Court regarding the PTA's underlying decision on the license renewal. There were no specific terms and conditions attached to the deposit. The deposit is recorded as a non-current financial asset in the statement of financial position. The next hearing date before the Islamabad High Court was scheduled for 9 April 2020 but was rescheduled in light of court closures due to COVID-19.

UZBEKISTAN

UZS bln	1Q20	1Q19	YoY
Total revenue	521.5	534.7	(2.5%)
Mobile service revenue	515.0	530.8	(3.0%)
- of which mobile data	298.1	235.5	26.6%
Fixed-line service revenue	3.1	3.5	(11.6%)
EBITDA	242.0	266.4	(9.2%)
EBITDA margin	46.4%	49.8%	(3.4p.p.)
Capex excl. licenses	62.9	253.4	(75.2%)
LTM Capex excl. licenses/revenue	14.2%	20.1%	(5.9p.p.)
Mobile			
Customers (mln)	7.7	9.0	(13.8%)
- of which mobile data customers (mln)	5.0	5.6	(10.5%)
ARPU (UZS)	21,573	19,446	10.9%
MOU (min)	598	576	3.8%
Data usage (MB/user)	2,817	1,791	57.2%

Increasing mobile data penetration continues to be the key growth driver for us in the Uzbekistan market. Beeline Uzbekistan continued to focus on attracting data customers and benefited from its position as a market leader. Going forward, Beeline Uzbekistan will focus on reducing churn and maintaining its leadership position.

Starting from the second half of March, quarantine measures were introduced in Uzbekistan with full lockdown from 30 March. These measures will impact subscriber acquisitions, as 62% of third party stores are closed. In addition, we are facing some network rollout delay given supply chain disruptions.

Total revenue for the quarter decreased by 2.5% YoY to UZS 521.5 billion, impacted by the new excise duty methodology and IMEI registration implementation. Adjusted for these negative effects, the revenue trend would have been flat compared to 1Q19. Mobile data traffic more than doubled and mobile data revenue increased by 26.6% YoY, supported by the continued roll-out of high-speed data networks, increased smartphone penetration and the increased penetration of bundled offerings in Unitel´s customer base to 67.4% in 1Q20.

Beeline Uzbekistan's customer base declined to 7.7 million, down 13.8% YoY impacted by higher churn, primarily among customers with irregular mobile spending. As a result, ARPU increased by 10.9% YoY. EBITDA decreased by 9.2% to UZS 242 billion, driven by lower revenue and a one-off provision of (UZS 11 billion). The EBITDA margin in 1Q20 was 46.4%.

Capex excluding licenses decreased to UZS 62.9 billion, mainly as a result of delay in network rollout caused by the COVID-19 outbreak. LTM 1Q20 capex to revenue ratio was 14.2%. The company continued to invest in its high-speed data networks, improving 4G/LTE coverage to 26% and increasing the number of nationwide 4G sites by 39% YoY.

Further improvements to our high-speed data networks will continue to be a priority for Beeline Uzbekistan in 2020.

KAZAKHSTAN

KZT billion	1Q20	1Q19	YoY
Total revenue	46.0	39.0	17.7%
Mobile service revenue	38.2	32.6	17.3%
Fixed-line service revenue	7.1	6.1	16.2%
EBITDA	24.6	20.9	17.8%
EBITDA margin	53.6%	53.6%	0.0p.p.
Capex excl. licenses	11.8	4.7	149.4%
LTM capex excl. licenses/revenue	26.2%	14.9%	11.3p.p.
Mobile			
Total operating revenue	38.8	32.9	18.0%
- of which mobile data	18.6	12.7	46.5%
Customers (mln)	9.6	9.7	(1.1%)
- of which mobile data customers (mln)	6.7	6.1	8.9%
ARPU (KZT)	1,283	1,101	16.6%
MOU (min)	298	301	(1.1%)
Data usage (MB/user)	7,677	5,224	47.0%
Fixed-line			
Total operating revenue	7.1	6.1	16.3%
Broadband revenue	3.3	3.2	3.2%
Broadband customers (mln)	0.44	0.40	10.8%
Broadband ARPU (KZT)	2,589.1	2,747.5	(5.8%)

In Kazakhstan, Beeline continues to deliver double-digit YoY growth as result of its strong value proposition, customer base value management and digital services development. The significant growth was supported by infrastructure modernization and 4G network coverage expansion.

The lockdown due to the COVID-19 outbreak commenced on 19 March. Beeline took preliminary actions to prepare its core infrastructure for the increased network load. Mobile and fixed networks were expanded and the capacity of transport channels were increased. To support Kazakhstani society, Beeline has taken actions, including free access to emergency health care sites, free roaming data for stranded abroad citizens, and free additional data and minutes for doctors and nurses etc.

Total revenue grew by 17.7% YoY to KZT 46.0 billion. Growth was supported by both strong data revenue growth and improving fixed line service revenue. Mobile service revenue grew by 17.3% to KZT 38.2 billion, supporting a solid increase in ARPU of 16.6% while data customer base increased by 8.9% to 6.7 million. Strong data revenue growth (+46.5%) was driven by the continuous 4G network development and modernisation, supported by new value propositions. The mobile customer base decreased by 1.1% to 9.6 million impacted by the launch of IMEI registration.

The IMEI registration requirement is expected to improve the quality of the company's customer base by removing multi-SIMers and zero-ARPU customers. Data customers grew by 8.9% YoY to 6.7 million, and penetration has reached 70%. 4G data customers grew significantly by 1.2 million with 41% YoY growth.

Fixed-line service revenue grew by 16.2% YoY to KZT 7.1 billion, driven by an increase in the fixed broadband customer base of 10.8% YoY. This includes YoY growth of our convergent products customer base by 32,000 (+94% YoY). Approximately 16% of fixed-line customers use convergent products.

EBITDA increased by 17.8% YoY, driving an EBITDA margin of 53.6%. The strong EBITDA growth was supported by revenue growth and slightly offset by higher operating expenses during the quarter.

Capex excluding licenses increased by 149.4% YoY as a result of additional investment after the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") due to Kazakh telecom JSC's acquisition of 75% of Kcell's shares. Beeline Kazakhstan expanded 4G population coverage to 69% by the end of 1Q20.

On 3 March 2020, Beeline Kazakhstan and Kcell entered into a spectrum sharing agreement relating to 5 MHz in the 1800 MHz band and commenced the use of this spectrum.

ALGERIA

DZD billion	1Q20	1Q19	YoY
Total revenue	22.3	22.8	(2.1%)
Mobile service revenue	22.2	22.7	(2.4%)
of which mobile data	8.2	6.3	31.5%
EBITDA	9.7	10.6	(7.8%)
EBITDA margin	43.6%	46.3%	(2.7p.p.)
Capex excl. licenses	1.8	2.5	(28.8%)
LTM capex excl. licenses/revenue	13.7%	14.3%	(0.6p.p.)
Mobile			
Customers (mln)	14.2	16.0	(11.4%)
- of which mobile data customers (mln)	8.9	9.5	(6.5%)
ARPU (DZD)	512	474	8.0%
MOU (min)	448	420	6.7%
Data usage (MB/user)	4,574	2,244	103.8%

In Algeria, macroeconomic challenges persisted during the quarter, and political uncertainty remains following a presidential election in December 2019. In an overall declining market, competition remained aggressive. Against this backdrop, Djezzy continued its segmented approach, improving its share of the high value segment, and aiming to drive up the market value, while simultaneously preserving and strengthening its share in the mass market segment. Djezzy repositioned itself on a younger demographic through a digital centric value proposition emphasising the operator's digital ambitions.

Lockdown measures were introduced in Algeria on 24 March, and as a result a significant number of indirect points of sales POS were closed while owned shops were mostly open on a voluntary basis. This resulted in a significant decline in recharges and SIM sales for the last week of the quarter.

Djezzy's 1Q20 service revenue was DZD 22.3 billion, a YoY decline of 2.1%. The MTR rate change to DZD 0.67 per minute (from 0.95 DZD/min) implemented by the Algerian Telecommunication Regulatory Authority in November 2019 is driving asymmetry back in the market. This change of MTR negatively impacted Djezzy's revenue by DZD 0.5 billion. Data revenue increased by 31.5% YoY, due to higher usage and an increase in 4G data penetration. Price competition in both voice and data drove a continued reduction in customer base, which declined by 11.4% YoY.

During the second half of 2019, Djezzy introduced a modernised and updated tariff portfolio which supported YoY ARPU growth of 8.0% for the second quarter in a row. EBITDA decreased YoY by 7.8%, resulting in a margin of 43.6%. The decline in revenue remains a challenge for EBITDA performance, alongside an increase in MTR, HR costs and higher interconnection costs due to the increased ratio of off-net traffic.

For 1Q20, Djezzy's 4G services covered 38 wilayas and approximately 41% of Algeria's population, while its 3G network covered all 48 wilayas and approximately 75% of Algeria's population. In 1Q20, capex excluding licenses was DZD 1.8 billion, representing a 28.8% decrease YoY mainly related to delayed network equipment delivery as a result of new local regulations in regards shipment terms.

BANGLADESH

BDT billion	1Q20	1Q19	YoY
Total revenue	11.6	11.2	3.7%
Mobile service revenue	11.4	11.0	4.2%
of which mobile data	2.7	2.2	18.5%
EBITDA	5.0	5.0	(0.3%)
EBITDA margin	43.0%	44.8%	(1.7p.p.)
Capex excl. licenses	4.0	1.3	201.3%
LTM capex excl. licenses/revenue	23.6%	10.2%	13.4p.p.
Mobile			
Customers (mln)	33.6	33.0	1.9%
- of which mobile data customers (mln)	21.9	20.4	7.8%
ARPU (BDT)	113	112	1.2%
MOU (min)	228	232	(1.4%)
Data usage (MB/user)	1,713	1,200	42.8%

Banglalink reported good results in 1Q20 and continued to deliver YoY service revenue growth through utilising new 4G sites rollout. This was achieved despite intense competition in the market and a challenging macro and regulatory environment.

In the wake of the COVID-19 outbreak, the Bangladesh Government declared public holidays and countrywide restrictions on public movement from 26 March 2020. During this period, except for emergency services, all businesses including government offices remain closed, banks operating hours are curtailed and public transportation remain suspended.

In Bangladesh, customers experience some limitations when recharging their accounts due to movement restrictions and the temporary closure of retail outlets. Banglalink have used this opportunity to improve access to digital reload channels. Banglalink has undertaken several initiatives during this time including relief distribution among populations in need, free e-learning facility for primary school students and toll-free hotlines to COVID-19 testing centers.

Banglalink continued to focus on customer acquisition in 1Q20. Its customer base grew by 1.9% YoY while data customers increased by 7.8% as a result of simplified product offers and continued expansion of 4G network coverage. Total revenue in 1Q20 grew by 3.7% YoY an acceleration of growth compared to 1.2% YoY in 4Q19, supported by mobile service revenue growth of 4.2% YoY to BDT 11.4 billion. The revenue increase realised primarily before the outbreak of COVID-19 in Bangladesh, was mainly driven by a continued improvement in data revenue following enhanced network availability.

Data revenue increased by 18.5% YoY, driven by increased smartphone penetration and data usage growth of 42.8% YoY to 1,713 MB per user.

EBITDA decreased by 0.3% YoY, as higher revenue was largely offset by an increase in the minimum tax rate (implemented in 2019) and increase in service and commercial costs. Excluding the negative impact as a result of changes in the tax regime, EBITDA would have increased by an additional 2.9%. EBITDA margin decreased to 43.0%.

In 1Q20, capex excluding licenses increased YoY to BDT 4.0 billion as a result of frontloaded network investments to support 4G expansion. 3G network population coverage was approximately 73% at the end of the period, while 4G population coverage was 52%.

CONFERENCE CALL INFORMATION

On 7 May 2020, VEON will host a conference call by senior management at 9.30 CET (8.30 GMT), which will be made available through following dial-in numbers. The call and slide presentation may be accessed at http://www.veon.com.

9:30 CET investor and analyst conference call

US call-in number: +1 646 7871226

Confirmation Code: 1235999

International call-in number: +44 203 0095709

Confirmation Code: 1235999

The conference call replay and the slide presentation webcast will be available until 14 May 2020.

The slide presentation will also be available for download from VEON's website.

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DISCLAIMER

This press release 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. These forward-looking statements may be identified by words such as "may," "might," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "seek," "believe," "estimate," "predict," "potential," "continue," "contemplate," "possible" and other similar words. Forward-looking statements include statements relating to, among other things, VEON's plans to implement its strategic priorities, including operating model and development plans, among others; VEON's assessment of the impact of the COVID-19 pandemic on its operations and financial condition; anticipated performance and guidance for 2020, including VEON's ability to generate sufficient cash flow; future market developments and trends; operational and network development and network investment, including expectations regarding the roll-out and benefits of 3G/4G/LTE networks, as applicable; spectrum acquisitions and renewals; the effect of the acquisition of additional spectrum on customer experience; VEON's ability to realize the acquisition and disposition of any of its businesses and assets and to execute its strategic transactions in the timeframes anticipated, or at all; VEON's ability to realize financial improvements, including an expected reduction of net pro-forma leverage ratio following the successful completion of certain dispositions and acquisitions; our dividends; and VEON's ability to realize its targets and commercial initiatives in its various countries of operation. The forward-looking statements included in this press release are based on management's best assessment of VEON'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 further unanticipated developments related to the COVID-19 pandemic that negatively affected VEON's operations and financial condition; demand for and market acceptance of VEON's products and services; our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries; continued volatility in the economies in VEON's markets; including adverse macroeconomic developments caused by recent volatility in oil prices in the wake of COVID-19 outbreak; unforeseen developments from competition; governmental regulation of the telecommunications industries; general political uncertainties in VEON's markets; government investigations or other regulatory actions; litigation or disputes with third parties or other negative developments regarding such parties; the impact of export controls and laws affecting trade and investments on our and important third-party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers; risks associated with data protection or cyber security, other risks beyond the parties' control or a failure to meet expectations regarding various strategic priorities, the effect of foreign currency fluctuations, increased competition in the markets in which VEON operates and the effect of consumer taxes on the purchasing activities of consumers of VEON's services. 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 VEON's Annual Report on Form 20-F for the year ended December 31, 2019 filed with the U.S. Securities and Exchange Commission (the "SEC") and other public filings made by VEON with the SEC. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this press release be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date hereof. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made, or to reflect the occurrence of unanticipated events. Furthermore, elements of this press release contain or may contain, "inside information" as defined under the Market Abuse Regulation (EU) No. 596/2014.

All non-IFRS measures disclosed further in this press release (including, without limitation, EBITDA, EBITDA margin, EBT, net debt, equity free cash flow after licenses (excluding capitalized leases), local currency growth, capital expenditures excluding licenses and LTM (last twelve months) capex excluding licenses/revenue) are reconciled to comparable IFRS measures in Attachment C to this earnings release. In addition, we present certain information on a forward-looking basis. We are not able to, without unreasonable efforts, provide a full reconciliation to IFRS due to potentially high variability, complexity and low visibility as to the items that would be excluded from the comparable IFRS measure in the relevant future period, including, but not limited to, depreciation and amortization, impairment loss, loss on disposal of non-current assets, financial income and expenses, foreign currency exchange losses and gains, income tax expense and performance transformation costs, cash and cash equivalents, long - term and short-term deposits, interest accrued related to financial liabilities, other unamortized adjustments to financial liabilities, derivatives, and other financial liabilities.

ABOUT VEON

VEON is a NASDAQ and Euronext Amsterdam-listed global provider of connectivity and digital services, headquartered in Amsterdam. Our vision is to empower customer ambitions through technology, acting as a digital concierge to guide their choices and connect them with resources that match their needs.

For more information visit: http://www.veon.com

CONTENT OF THE ATTACHMENTS

For more information on financial and operating data for specific countries, please refer to the supplementary file Factbook1Q2020.xls on VEON's website at http://veon.com/Investor-relations/Reports--results/Results/.

ATTACHMENT A: CUSTOMERS

	Mobile			Fixed-line broadband		
million		1Q19	YoY		1Q19	YoY
Russia	53.5	54.2	(1.4%)	2.7	2.5	8.5%
Pakistan	62.0	58.3	6.3%			
Algeria	14.2	16.0	(11.4%)			
Bangladesh	33.6	33.0	1.9%			
Ukraine	26.0	26.3	(1.2%)	1.0	0.9	10.0%
Uzbekistan	7.7	9.0	(13.8%)	0.0		
Kazakhstan	9.6	9.7		0.4	0.4	10.8%
Other	4.3	4.6	(6.0%)	0.1	0.1	(5.6%)
Total	**210.9**	**211.2**	**(0.1%)**	**4.3**	**3.9**	**9.0%**

ATTACHMENT B: DEFINITIONS

ARPU (Average Revenue Per User) measures the monthly average revenue per mobile user. We generally calculate mobile ARPU by dividing our mobile service revenue during the relevant period, including data revenue, roaming revenue, MFS and interconnect revenue, but excluding revenue from connection fees, sales of handsets and accessories and other non-service revenue, by the average number of our mobile customers during the period and dividing by the number of months in that period.

Mobile data customers are mobile customers who have engaged in revenue generating activity during the three months prior to the measurement date as a result of activities including USB modem Internet access using 2.5G/3G/4G/HSPA+ technologies.

Capital expenditures (capex) are purchases of new equipment, new construction, upgrades, licenses, software, other long-lived assets and related reasonable costs incurred prior to intended use of the non-current asset, accounted at the earliest event of advance payment or delivery. Long-lived assets acquired in business combinations, are not included in capital expenditures.

Capital expenditures (capex) exc. licenses is calculated as capex, excluding purchases of new spectrum licenses

EBIT or Operating Profit is calculated as EBITDA plus depreciation, amortization and impairment loss. Our management uses EBIT as a supplemental performance measure and believes that it provides useful information of earnings of the Company before making accruals for financial income and expenses and net foreign exchange (loss)/gain and others. Reconciliation of EBIT to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

Adjusted EBITDA (called EBITDA in this document) is a non-IFRS financial measure. VEON calculates Adjusted EBITDA as (loss)/profit before interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates Our Adjusted EBITDA may be used to evaluate our performance against other telecommunications companies that provide EBITDA.

Additionally, a limitation of EBITDA’s use as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenue or the need to replace capital equipment over time. Reconciliation of EBITDA to net income attributable to VEON Ltd., the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

EBITDA margin is calculated as EBITDA divided by total revenue, expressed as a percentage.

Gross Debt is calculated as the sum of long-term notional debt and short-term notional debt.

Equity free cash flow (excluding licenses) is a non-IFRS measure and is defined as free cash flow from operating activities less cash flow used in investing activities, excluding M&A transactions, capex for licenses, inflow/outflow of deposits, financial assets and other one-off items. Reconciliation to the most directly comparable IFRS financial measure, is presented in the reconciliation tables section in Attachment E below.

An FMC customer is a customer on a 1 month Active Broadband Connection subscribing to a converged bundle consisting of at least fixed internet subscription and at least 1 mobile SIM.

MFS (mobile financial services) is a variety of innovative services, such as mobile commerce or m-commerce, that use a mobile phone as the primary payment user interface and allow mobile customers to conduct money transfers to pay for items such as goods at an online store, utility payments, fines and state fees, loan repayments, domestic and international remittances, mobile insurance and tickets for air and rail travel, all via their mobile phone.

Mobile customers are generally customers in the registered customer base as at a given measurement date who engaged in a mobile revenue generating activity at any time during the three months prior to such measurement date. Such activity includes any outgoing calls, customer fee accruals, debits related to service, outgoing SMS and MMS, data transmission and receipt sessions, but does not include incoming calls, SMS and MMS or abandoned calls. Our total number of mobile customers also includes customers using mobile internet service via USB modems and fixed-mobile convergence (“FMC”).

Net debt is a non-IFRS financial measure and is calculated as the sum of interest bearing long-term notional debt and short-term notional debt minus cash and cash equivalents, long-term and short-term deposits. The Company believes that net debt provides useful information to investors because it shows the amount of notional debt outstanding to be paid after using available cash and cash equivalents and long-term and short-term deposits. Net debt should not be considered in isolation as an alternative to long-term debt and short-term debt, or any other measure of the Company financial position.

Net foreign exchange (loss)/gain and others represents the sum of Net foreign exchange (loss)/gain, VEON’s share in net (loss)/gain of associates and Other (expense)/income (primarily (losses)/gains from derivative instruments) and is adjusted for certain non-operating losses and gains mainly represented by litigation provisions.
NPS (Net Promoter Score) is the methodology VEON uses to measure customer satisfaction.

Organic growth in revenue and EBITDA are non-IFRS financial measures that reflect changes in Revenue and EBITDA, excluding foreign currency movements and other factors, such as businesses under liquidation, disposals, mergers and acquisitions.

VEON’s reportable segments are the following, which are principally based on business activities in different geographical areas: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan and HQ based on the business activities in different geographical areas.

Total revenue in this section is fully comparable with Total operating revenue in our Management’s Discussion and Analysis of Financial Condition and Results of Operations” provided separately on Form 6-K.

ATTACHMENT C: RECONCILIATION TABLES

RECONCILIATION OF CONSOLIDATED EBITDA

USD mln	1Q20	1Q19
Unaudited		
EBITDA	**920**	**1,298**
Depreciation	(416)	(403)
Amortization	(92)	(94)
Impairment loss	(0)	(6)
Loss on disposals of non-current assets	(6)	(7)
Operating profit	**407**	**788**
Financial Income and Expenses	(198)	(197)
- including finance income	9	14
- including finance costs	(207)	(211)
Net foreign exchange (loss)/gain and others	(13)	18
- including other non-operating (losses)/gains	15	4
- including shares of loss of associates and joint ventures accounted for using the equity method, including impairments of JV and associates	-	(0)
- including net foreign exchange gain	(28)	14
Profit before tax	**195**	**609**
Income tax expense	(76)	(79)
(Loss)/Profit from continue operations	120	530
(Loss)/Profit for discontinued operations	-	-
(Loss)/Profit for the period	**120**	**530**
Of which profit/(loss) attributable to non-controlling interest	12	35
Of which profit/(loss) for the year attributable to VEON shareholders	108	495

RECONCILIATION OF CAPEX

USD mln unaudited	1Q20	1Q19
Cash paid for purchase of property, plant and equipment and intangible assets	**449**	**389**
Net difference between timing of recognition and payments for purchase of property, plant and equipment and intangible assets	(1)	56
Capital expenditures	**448**	**445**
Less capital expenditures in licenses and other	(35)	(4)
Capital expenditures excl. licenses	**413**	**441**

RECONCILIATION OF ORGANIC AND REPORTED GROWTH RATES

	1Q20 vs 1Q19					
	Total Revenue			EBITDA		
	Organic	Forex	Reported	Organic	Forex	Reported
Russia	(2.6%)	(0.0%)	(2.6%)	(8.9%)	0.2%	(8.7%)
Pakistan	(2.6%)	(10.1%)	(12.7%)	(10.7%)	(9.2%)	(19.8%)
Algeria	(2.1%)	(1.5%)	(3.7%)	(7.8%)	(1.4%)	(9.2%)
Bangladesh	3.7%	(1.3%)	2.4%	(0.3%)	(1.2%)	(1.5%)
Ukraine	16.1%	10.4%	26.5%	25.3%	11.0%	36.4%
Uzbekistan	(2.5%)	(11.8%)	(14.2%)	(9.2%)	(10.9%)	(20.1%)
Kazakhstan	17.7%	(3.7%)	14.0%	17.8%	(3.8%)	14.0%
Total	**0.3%**	**(1.6%)**	**(1.3%)**	**(28.3%)**	**(0.8%)**	**(29.1%)**

RECONCILIATION OF VEON CONSOLIDATED NET DEBT

USD mln	31 March 2020	31 December 2019	30 September 2019
Net debt	**7,741**	**8,342**	**8,252**
Cash and cash equivalents	1,486	1,250	1,317
Long - term and short-term deposits	2	2	1
Gross debt	**9,229**	**9,593**	**9,571**
Interest accrued related to financial liabilities	109	88	95
Other unamortised adjustments to financial liabilities (fees, discounts etc.)	(1)	(10)	(10)
Put-option liability over non-controlling interest	321	342	328
Derivatives not designated as hedges	112	52	63
Derivatives designated as hedges	-	161	86
Other financial liabilities	283	322	256
Total other financial liabilities	10,052	10,549	10,390

RECONCILIATION OF EQUITY FREE CASH FLOW AFTER LICENSES

USD million	1Q20	1Q19	YoY
EBITDA	**920**	**1,298**	**(29.1%)**
Changes in working capital	(42)	(257)	n.m.
Movements in provision	(30)	15	(300.0%)
Net interest paid received	(149)	(131)	13.6%
Income tax paid	(72)	(95)	(24.1%)
Non cash adjustment on operating activities related to IFRS 16	(76)	(74)	2.7%
Cash flow from operating activities (excl. lease liabilities)	**550**	**756**	**(27.2%)**
Capex excl.licenses	(413)	(441)	(6.4%)
Non cash adjustment on Capex excl.licenses related to IFRS 16	45	52	(13.5%)
Working capital related to Capex excl. license	(31)	38	n.m.
Disposals of capital assets	3	3	(2.9%)
Licenses	(50)	(39)	28.2%
Equity Free Cash Flow after licenses [1]	**104**	**369**	**(71.8%)**

[1] Equity free cash flow after licenses (excluding capitalized leases) is a non-IFRS measure and is defined as free cash flow from operating activities less repayment of lease liabilities and cash flow used in investing activities, excluding M&A transactions, inflow/outflow of deposits, financial assets, other one-off items

EBITDA RECONCILIATION FOR COUNTRY

Q1 2020

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	HQ and eliminations	Other	VEON Consolidated
EBITDA	427	147	81	59	161	63	25	(57)	14	**920**
Less										
Depreciation	(247)	(45)	(36)	(26)	(26)	(19)	(8)	(1)	(8)	**(416)**
Amortization	(35)	(10)	(9)	(11)	(16)	(7)	(1)	(1)	(1)	**(92)**
Impairment loss	1	-	-	-	(1)	(0)	0		-	**(0)**
Loss on disposals of non-current assets	(3)	0	(1)	(3)	0	(0)	0		(1)	**(6)**
									-	
Operating profit	144	92	35	19	119	37	16	(59)	4	**407**

Q1 2019

USD mln	Russia	Pakistan	Algeria	Bangladesh	Ukraine	Kazakhstan	Uzbekistan	HQ and eliminations	Other	VEON Consolidated
EBITDA	468	183	89	60	118	55	32	279	14	**1,298**
Less										
Depreciation	(244)	(44)	(34)	(28)	(18)	(17)	(9)	(1)	(8)	**(403)**
Amortization	(33)	(17)	(11)	(11)	(13)	(5)	(1)	(1)	(2)	**(94)**
Impairment loss	(5)		-	-	(1)	(0)			0	**(6)**
Loss on disposals of non-current assets	(6)		-	(1)	-	(1)	-		-	**(7)**
									-	
Operating profit	180	123	44	20	86	32	22	277	4	**788**

RATES OF FUNCTIONAL CURRENCIES TO USD

	Average rates			Closing rates		
	1Q20	**1Q19**	**YoY**	**1Q20**	**1Q19**	**YoY**
Russian Ruble	66.38	66.13	0.4%	77.73	64.73	20.1%
Algerian Dinar	120.55	118.66	1.6%	124.71	119.42	4.4%
Pakistan Rupee	155.58	139.69	11.4%	166.25	140.79	18.1%
Bangladeshi Taka	84.91	83.86	1.2%	84.94	83.92	1.2%
Ukrainian Hryvnia	25.05	27.31	(8.3%)	28.06	27.25	3.0%
Kazakh Tenge	391.01	378.09	3.4%	448.01	380.04	17.9%
Uzbekistan Som	9,529.59	8,378.32	13.7%	9,554.22	8,389.97	13.9%
Armenian Dram	482.39	487.03	(1.0%)	504.47	486.44	3.7%
Kyrgyz Som	71.42	69.79	2.3%	80.81	69.85	15.7%
Georgian Lari	2.93	2.67	9.7%	3.28	2.69	22.0%

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with, our unaudited interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2020 and 2019, and the related notes, attached hereto.

References to “VEON” as well as references to “our company,” “the company,” “our group,” “the group,” “we,” “us,” “our” and similar pronouns, are references to VEON Ltd. an exempted company limited by shares registered in Bermuda, and its consolidated subsidiaries. References to VEON Ltd. are to VEON Ltd. alone. The unaudited interim condensed consolidated financial statements as of March 31, 2020 and for the three-month period ended March 31, 2020 and 2019 attached hereto have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and presented in U.S. dollars. VEON Ltd. adopted IFRS as of January 1, 2009.

The discussion of our business and the telecommunications industry included herein contains references to certain terms specific to our business, including numerous technical and industry terms. Such terms are defined in Exhibit 99.1 to our Annual Report on Form 20-F for the year ended December 31, 2019 (our “2019 Annual Report”). For a comprehensive discussions of our critical accounting estimates and assumptions, please refer to the notes to our audited consolidated financial statements included in our 2019 Annual Report.

Certain amounts and percentages that appear in this document have been subject to rounding adjustments. As a result, certain numerical figures shown as totals, including in tables, may not be exact arithmetic aggregations of the figures that precede or follow them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains estimates and forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” and similar words are intended to identify estimates and forward-looking statements. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to numerous risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in this document, may adversely affect our results as indicated in forward-looking statements. You should read this document completely and with the understanding that our actual future results may be materially different and worse from what we expect.

Our estimates and forward-looking statements may be influenced by various factors, including without limitation:

- our ability to implement and execute our strategic priorities successfully and to achieve the expected benefits from our existing and future transactions;
- our assessment of the impact of the COVID-19 pandemic on our operations and financial condition;
- our targets and strategic initiatives in the various countries in which we operate;
- our ability to develop new revenue streams and achieve portfolio and asset optimizations, improve customer experience and optimize our capital structure;
- our ability to generate sufficient cash flow to meet our debt service obligations, our expectations regarding working capital and the repayment of our debt and our projected capital requirements;
- our plans regarding our dividend payments and policies, as well as our ability to receive dividends, distributions, loans, transfers or other payments or guarantees from our subsidiaries;

- our expectations regarding our capital and operational expenditures in and after 2020;
- our goals regarding value, experience and service for our customers, as well as our ability to retain and attract customers and to maintain and expand our market share positions;
- our plans to develop, provide and expand our products and services, including operational and network development, optimization and investment, such as expectations regarding the expansion or roll-out and benefits of 3G, 4G/LTE and 5G networks or other networks, broadband services and integrated products and services, such as fixed-mobile convergence;
- our expectations as to pricing for our products and services in the future, improving our ARPU and our future costs and operating results;
- our ability to meet license requirements, to obtain, maintain, renew or extend licenses, frequency allocations and frequency channels and to obtain related regulatory approvals;
- our plans regarding marketing and distribution of our products and services, including customer loyalty programs;
- our expectations regarding our competitive strengths, customer demands, market trends and future developments in the industry and markets in which we operate;
- our expectations regarding management changes; and
- other statements regarding matters that are not historical facts.

These statements are management's best assessment of our strategic and financial position and of future market conditions, trends and other potential developments. While they are based on sources believed to be reliable and on our management's current knowledge and best belief, they are merely estimates or predictions and cannot be relied upon. We cannot assure you that future results will be achieved. The risks and uncertainties that may cause our actual results to differ materially from the results indicated, expressed or implied in the forward-looking statements used in this document include, without limitation:

- risks relating to changes in political, economic and social conditions in each of the countries in which we operate and where laws are applicable to us (including as a result of armed conflict) such as any harm, reputational or otherwise, that may arise due to changing social norms, our business involvement in a particular jurisdiction or an otherwise unforeseen development in science or technology;
- risks associated with further unanticipated developments related to the COVID-19 pandemic that negatively affect our operations and financial condition, including adverse macroeconomic developments caused by recent volatility in oil prices in the wake of the COVID-19 outbreak;
- in each of the countries in which we operate and where laws are applicable to us, risks relating to legislation, regulation, taxation and currency, including costs of compliance, currency and exchange controls, currency fluctuations, and abrupt changes to laws, regulations, decrees and decisions governing the telecommunications industry and the taxation thereof, laws on foreign investment, anti-corruption and anti-terror laws, economic sanctions and their official interpretation by governmental and other regulatory bodies and courts;
- risks related to the impact of export controls on our and important third-party suppliers' ability to procure goods, software or technology necessary for the services we provide to our customers, particularly on the production and delivery of supplies, support services, software, and equipment that we source from these suppliers - for example, in April 2018, the U.S. Department of Commerce, Bureau of Industry and Security ("BIS") issued an Export Administration Regulation ("**EAR**") Denial Order to ZTE Corporation ("ZTE") which prohibited, among other things, exports, re-exports and in-country transfers of goods, software and technology (collectively, "**Items**"), each of which could have led to service degradation and disruptions in certain markets, and in May and August 2019, BIS added Huawei Technologies Company Ltd. and 114 of its affiliates (collectively, "**Huawei**") to its "Entity List", prohibiting companies globally from directly or indirectly exporting, re-exporting or in-country transferring all Items subject to the EAR to Huawei and procuring Items from Huawei when they have reason to know that the Items were originally procured by Huawei in violation of U.S. law;
- risks relating to a failure to meet expectations regarding various strategic initiatives, including, but not limited to, changes to our portfolio;

- risks related to solvency and other cash flow issues, including our ability to raise the necessary additional capital and incur additional indebtedness, the ability of our subsidiaries to make dividend payments, our ability to develop additional sources of revenue and unforeseen disruptions in our revenue streams;
- risks that the adjudications by the various regulatory agencies or other parties with whom we are involved in legal challenges, tax disputes or appeals may not result in a final resolution in our favor or that we are unsuccessful in our defense of material litigation claims or are unable to settle such claims;
- risks relating to our company and its operations in each of the countries in which we operate and where laws are applicable to us, including demand for and market acceptance of our products and services, regulatory uncertainty regarding our licenses, frequency allocations and numbering capacity, constraints on our spectrum capacity, availability of line capacity, intellectual property rights protection, labor issues, interconnection agreements, equipment failures and competitive product and pricing pressures;
- risks related to developments from competition, unforeseen or otherwise, in each of the countries in which we operate and where laws are applicable to us including our ability to keep pace with technological change and evolving industry standards;
- risks related to the activities of our strategic shareholders, lenders, employees, joint venture partners, representatives, agents, suppliers, customers and other third parties;
- risks associated with our existing and future transactions, including with respect to realizing the expected synergies of closed transactions, satisfying closing conditions for new transactions, obtaining regulatory approvals and implementing remedies;
- risks associated with data protection, cyber-attacks or systems and network disruptions, or the perception of such attacks or failures in each of the countries in which we operate, including the costs associated with such events and the reputational harm that could arise therefrom;
- risks related to the ownership of our American Depositary Receipts, including those associated with VEON Ltd.'s status as a Bermuda company and a foreign private issuer; and
- other risks and uncertainties, including those set forth in Item 3 - Key Information — D. Risk Factors in our 2019 Annual Report.

These factors and the other risk factors described in our 2019 Annual Report are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our future results. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements in this document be regarded as a representation or warranty by us or any other person with respect to the achievement of results set out in such statements or that the underlying assumptions used will in fact be the case. Therefore, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements included in this document are made only as of the date of the filing of this document. We cannot assure you that any projected results or events will be achieved. Except to the extent required by law, we disclaim any obligation to update or revise any of these forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should refer to our periodic and current reports filed or furnished, as applicable, with the SEC for specific risks which could cause actual results to be significantly different from those expressed or implied by these forward-looking statements.

OVERVIEW

VEON is a leading global provider of connectivity and internet services. Present in some of the world's most dynamic markets, VEON provides more than 211 million customers with voice, fixed broadband, data and digital services. VEON currently offers services to customers in 10 countries: Russia, Pakistan, Algeria, Bangladesh, Ukraine, Uzbekistan, Kazakhstan, Kyrgyzstan, Armenia and Georgia. We provide services under the "Beeline," "Kyivstar," "banglalink," "Jazz" and "Djezzy" brands.

BASIS OF PRESENTATION OF FINANCIAL RESULTS

Our unaudited interim condensed consolidated financial statements attached hereto have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

REPORTABLE SEGMENTS

We present our reportable segments based on economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies.

As of March 31, 2020, our reportable segments consist of the following seven segments: Russia, representing our "cornerstone" market; Pakistan, Ukraine, Uzbekistan and Kazakhstan, representing our "growth engines"; and Algeria and Bangladesh, representing our "frontier markets".

We also present our results of operations for our "Other frontier markets" and "HQ and eliminations" although these are not reportable segments. "Other frontier markets" represents our results of operations in Kyrgyzstan, Armenia and Georgia. "HQ and eliminations" represents transactions related to management activities within the group in Amsterdam, London and Luxembourg and costs relating to centrally managed operations, as well as intercompany eliminations to reconcile with our total revenue and Adjusted EBITDA.

For further details please see Note 2 to our unaudited interim condensed consolidated financial statements attached hereto.

KEY DEVELOPMENTS DURING THE FIRST QUARTER OF 2020

COVID-19

We are seeing first-hand how the COVID-19 pandemic is affecting individuals, families, businesses and industries across our operating markets. As a provider of vital infrastructure, on which people depend, we recognize that it is in moments like these that we must ensure that communities stay connected, supporting those in need and working together to overcome this unprecedented global challenge. We will continue to work with our operating companies to deliver the services that our employees, customers and communities need.

Our first priority has been the health and safety of our employees, our 211 million customers and everyone in our operating countries. Helping to protect lives, safeguard livelihoods and enhance lifestyles at this difficult time defines our role in the global effort to fight this pandemic.

We have taken a number of measures to help our customers, including offering additional data and minutes, enabling free access to our content services and waiving late fees. Across our 10 operating countries, all emergency health care and foreign affairs hot lines and websites have been zero-rated and as the situation continues to develop our colleagues across the different countries are doing whatever they can to help our customers and the broader communities and spread helpful information about government guidance.

While we are seeing some initial positive usage trends in both our voice and data services, we are facing a number of challenges across the business. These include disruption in our distribution channels, migration of our customer base away from urban areas and a migration in data utilization from our mobile to our fixed networks. These have had a direct financial impact on our business in recent weeks, particularly on roaming revenues, device sales and prepaid top-up volumes. As a consequence, in the month of April we saw a high single-digit[1] YoY decline in revenues and a mid-teens[1] decline in EBITDA in local currency terms.

Given increasing uncertainty surrounding both the duration and eventual economic impact of the lock-down, we believe it is no longer prudent to provide financial guidance for 2020.

As we look to mitigate the impact of COVID-19 on our business, we are looking to extend payments terms with our key vendors, while at the same time optimizing costs and capex as appropriate across our operations. We will continue to focus on optimizing our balance sheet structure in the coming quarters. It is however important that we do not lose focus on our planned operational improvements throughout the balance of the year which will stand us in good stead for the medium term.

[1] Revenue and EBITDA YoY performance for April 2020, excludes the positive impact related to special compensation of USD 38 million in April 2019 and the impact of tax regime changes in Pakistan. Special compensation is related to the termination of a network sharing agreement in Kazakhstan between our subsidiary KaR-Tel LLP and Kcell Joint Stock Company ("Kcell") due to Kazakh telecom JSC's acquisition of 75% of Kcell's shares.

USD 6.5 BILLION GLOBAL MEDIUM TERM NOTE PROGRAM

On April 16, 2020, VEON Holdings B.V. announced the establishment of a USD 6.5 billion Global Medium Term Note program for the issuance of bonds (the "MTN Program"). In connection with the establishment of the MTN Program, VEON prepared a base offering memorandum, which has been approved by the Luxembourg Stock Exchange, in order to enable bonds issued under the MTN Program to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

Following the establishment of the MTN Program, VEON is monitoring the international capital markets and is considering potential offerings during 2020 under the MTN Program of notes denominated across the various currencies of our operations, subject to funding needs and market conditions.

MANAGEMENT CHANGES

On April 6, 2020, VEON announced the appointment of Serkan Okandan as Group Chief Financial Officer (CFO), effective from May 1, 2020. Serkan brings a wealth of experience to VEON which will be invaluable as we look to consolidate our position in connectivity and digital services.

On April 3, 2020, VEON announced the appointment of Alexander Torbakhov as Chief Executive Officer of Beeline Russia, effective from April 6. Alexander brings with him a wealth of success from some of the country's largest consumer and technology businesses.

On April 28, 2020, VEON announced that Erwan Gelebart has been appointed as CEO for Jazz Cash effective May 18, 2020. With 7.3 million active digital wallets, JazzCash has enormous potential in Pakistan and Erwan will play a crucial part in our growth plans for JazzCash.

AGM ANNOUNCEMENT

On 1 May 2020 VEON announced that its Board of Directors has set the date for the Company's Annual General Meeting (AGM) of Shareholders for 1 June 2020. VEON also announced that Ursula Burns would not stand for re-election as Group Chairman at the 2020 AGM. Guillaume Bacuvier, Sir Julian Horn-Smith and Guy Laurence have also opted to not stand for re-election. The candidates put forward for election to the Board include seven directors currently serving on the Board: Osama Bedier, Mikhail M. Fridman, Gennady Gazin, Andrei Gusev, Gunnar Holt, Robert Jan van de Kraats, and Alexander Pertsovsky, as well as five new candidates: Hans Holger Albrecht, Mariano De Beer, Peter Derby, Amos Genish and Stephen Pusey.

VEON

RESULTS OF OPERATIONS

FINANCIAL PERFORMANCE FOR THREE MONTHS ENDED MARCH 31, 2020

	Three-month period	
(In millions of U.S. dollars, except per share amounts)	**2020**	**2019**
Service revenues	1,978	2,005
Sale of equipment and accessories	88	89
Other revenue	31	30
Total operating revenues	**2,097**	**2,124**
Other operating income	—	350
Service costs	(381)	(368)
Cost of equipment and accessories	(89)	(90)
Selling, general and administrative expenses	(706)	(718)
Depreciation	(416)	(403)
Amortization	(92)	(94)
Impairment (loss) / reversal	—	(6)
Gain / (loss) on disposal of non-current assets	(6)	(7)
Operating profit	**407**	**788**
Finance costs	(207)	(211)
Finance income	9	14
Other non-operating gain / (loss)	15	4
Net foreign exchange gain / (loss)	(29)	14
Profit / (loss) before tax	**195**	**609**
Income tax expense	(75)	(79)
Profit / (loss) for the period	**120**	**530**
Attributable to:		
The owners of the parent	108	495
Non-controlling interest	12	35
	120	**530**

VEON

TOTAL OPERATING REVENUE

Our consolidated total operating revenue decreased by 1.3% year-on-year, primarily due to lower revenue in Russia, arising from decreased activity relating to post and prepaid services revenue and lower customer base, as well as lower revenue in Pakistan in U.S. dollar terms, arising from a devaluation of the Pakistani Rupee and negative impact of tax regime changes in Pakistan. These were offset by strong performances in Ukraine and Kazakhstan.

In millions of U.S. dollars	Three months ended March 31,	
	2020	**2019**
Our cornerstone		
Russia	1,020	1,048
Our growth engines		
Pakistan	316	362
Ukraine	238	188
Kazakhstan	118	103
Uzbekistan	55	64
Our frontier markets		
Algeria	185	192
Bangladesh	137	134
Other frontier markets	38	41
Other		
HQ and eliminations	(10)	(8)
Total segments	**2,097**	**2,124**

ADJUSTED EBITDA

	Adjusted EBITDA	
	2020	**2019**
Our cornerstone		
Russia	427	468
Our growth engines		
Pakistan	147	183
Ukraine	161	118
Kazakhstan	63	55
Uzbekistan	25	32
Our frontier markets		
Algeria	81	89
Bangladesh	59	60
Other frontier markets	14	14
Other		
HQ and eliminations	(56)	279
Total segments	**921**	**1,298**

Our consolidated Adjusted EBITDA decreased by 29% year-on-year, primarily due to a one-off gain of US$350 million within HQ and eliminations in Q1-19, relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies.

OPERATING PROFIT

Our consolidated operating profit decreased to US$407 million in the three months ended March 31, 2020 compared to US$788 million in the three months ended March 31, 2019, primarily due to a one-off gain of US$350 million in Q1-19, relating to a revised arrangement with Ericsson to upgrade core IT systems of VEON's operating companies.

NON-OPERATING PROFITS AND LOSSES

Finance costs

Our finance costs of US$207 million during the three-month period ended March 31, 2020 were in line with the level for three-month period ended March 31, 2019 (US$211 million).

Finance income

There were no material changes in our consolidated finance income during the three-month period ended March 31, 2020 when compared with three-month period ended March 31, 2019.

Other non-operating (gains) / losses

During the three-month period ended March 31, 2020 we recognized Other non-operating gains of US$15 million compared to a gain of US$4 million during the three-month period ended March 31, 2019.

Net foreign exchange gain / (loss)

During the three-month period ended March 31, 2020, we recognized a net foreign exchange loss of US$29 million compared to a gain of US$14 million during the three-month period ended March 31, 2019. This was mainly due to the depreciation of currencies of the countries in which VEON operates, particularly the Russian ruble.

INCOME TAX EXPENSE

Our consolidated income tax expense remained at par at US$75 million in the three months ended March 31, 2020 compared to US$79 million in the three months ended March 31, 2019.

For more information regarding income tax expenses, please refer to Note 3 of our unaudited interim condensed consolidated financial statements attached hereto.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT FROM CONTINUING OPERATIONS

The year-on-year change of our profit / (loss) for the period attributable to the owners of the parent from continuing operations was mainly due to decreased operating profit as discussed above.

PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTEREST

The year-on-year change of profit / (loss) for the period attributable to non-controlling interest was mainly driven by decreased operating profit, as well as the acquisition of non-controlling interest in August 2019 which resulted in a lower level of non controlling interest in our operations in Pakistan and Bangladesh in the three months ended March 31, 2020 when compared with March 31, 2019.

RESULT OF REPORTABLE SEGMENTS

RUSSIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2020	2019	'20-19 % change
Total operating revenue	**1,020**	**1,048**	**-3%**
Mobile service revenue	795	831	-4%
- of which fixed-mobile convergence ("FMC")	42	34	24%
- of which mobile data	247	227	9%
Fixed-line service revenue	138	129	7%
Sales of equipment, accessories and other	88	88	0%
Operating expenses	593	580	**2%**
Adjusted EBITDA	**427**	**468**	**-9%**
Adjusted EBITDA margin	**41.9%**	**44.7%**	**-2.8pp**

RESULTS OF OPERATIONS IN RUB

In millions of RUB (except as indicated)	Three months ended March 31, 2020	2019	'20-19 % change
Total operating revenue	**67,457**	**69,247**	**-3 %**
Mobile service revenue	52,518	54,933	-4 %
- of which fixed-mobile convergence ("FMC")	2,749	2,223	24 %
- of which mobile data	16,298	15,022	9 %
Fixed-line service revenue	9,112	8,502	7 %
Sales of equipment, accessories and other	5,828	5,812	0 %
Operating expenses	39,278	38,313	**3 %**
Adjusted EBITDA	**28,180**	**30,934**	**-9 %**
Adjusted EBITDA margin	**41.8%**	**44.7%**	**-2.9pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2020	2019	2020-2019 change %
Mobile			
Customers in millions	53.5	54.2	-1%
Mobile data customers in millions	34.4	35.1	-2%
ARPU in US$	4.9	5.0	-3%
ARPU in RUB	323.0	333.0	-3%

TOTAL OPERATING REVENUE

Our total operating revenue in Russia decreased by 3% year-on-year both in USD and local currency terms , primarily due to the decreased activity in three months ended March 31, 2020 compared with three months ended March 31, 2019 relating to post and prepaid services revenue, impact of unlimited tariff plans and lower customer base.

ADJUSTED EBITDA

Our Russia Adjusted EBITDA decreased by 9% to US$427 million during the three months ended March 31, 2020 compared with three months ended March 31, 2019, primarily due to reduced revenue as described above, as well as increased structural operating expenses. This increase in operating expenses was compensated to some extent through lower general and administrative costs and operational savings. In functional currency terms EBITDA also reduced by 9%.

In functional currency terms, our Russia Adjusted EBITDA decreased by 9%.

SELECTED PERFORMANCE INDICATORS

The number of mobile customers and the number of mobile data customers in Russia decreased during the three months ended March 31, 2020 when compared to same period 2019, in each case driven by a reduction in sales through alternative distribution channels.

Our mobile ARPU in Russia decreased by 3% in the three months ended March 31, 2020 to US$4.9 when compared with the same period 2019, mainly due to reduced revenue. In functional currency terms, mobile ARPU in Russia also reduced by 3% during the three months ended March 31, 2020 RUB 323.

PAKISTAN

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	2020	2019	'20-19 % change
Total operating revenue	**316**	**362**	**-13%**
Mobile service revenue	293	337	-13%
- of which mobile data	102	97	5%
Sales of equipment, accessories and other	23	25	-8%
Operating expenses	169	179	-5%
Adjusted EBITDA	147	183	-20%
Adjusted EBITDA margin	**46.4%**	**50.6%**	**-4.2pp**

RESULTS OF OPERATIONS IN PKR

	Three months ended March 31,		
In millions of PKR (except as indicated)	2020	2019	'20-19 % change
Total operating revenue	**49,282**	**50,595**	**-3 %**
Mobile service revenue	45,717	47,118	-3 %
- of which mobile data	15,930	13,599	17 %
Sales of equipment, accessories and other	3,564	3,476	3 %
Operating expenses	**26,401**	**24,986**	**6 %**
Adjusted EBITDA	**22,881**	**25,609**	**-11 %**
Adjusted EBITDA margin	**46.4%**	**50.6%**	**-4.2pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2020	2019	'20-19 % change
Mobile			
Customers in millions	62.0	58.3	6%
Mobile data customers in millions	40.4	34.8	16%
ARPU in US$	1.6	2.0	-19%
ARPU in PKR	247	272	-9%

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020, our Pakistan total operating revenue decreased by 13% year-on-year to US$316 million primarily as a result of the devaluation of the local currency. In local currency terms, our Pakistan total operating revenue decreased by 3% due to reduced activity when compared with same period last year.

ADJUSTED EBITDA

Our Pakistan Adjusted EBITDA during the three months ended March 31, 2020 decreased by 20% when compared to same period last year, to US$147 million, largely driven by the devaluation of the local currency. In local currency terms, our Pakistan Adjusted EBITDA decreased by 11% due to the impact of tax regime changes in Pakistan.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2020, we had 62 million customers in Pakistan, representing an increase of 6% year-on-year, with growth primarily in mobile data customers, which increased by 16% year-on-year. This increase arose on the back of our continued expansion of the data network in Pakistan.

In the three months ended March 31, 2020, our mobile ARPU in Pakistan decreased by 19% year-on-year to US$1.6, driven by a devaluation of the local currency. In local currency terms, mobile ARPU in Pakistan decreased by 9% year-on-year to PKR 247.0, driven mainly by reduced activity during the period.

ALGERIA

RESULTS OF OPERATIONS IN US$

In millions of U.S. dollars (except as indicated)	Three months ended March 31, 2020	2019	'20-19 % change
Total operating revenue	**185**	**192**	**-4%**
Mobile service revenue	184	192	-4%
- of which mobile data	68	53	29%
Sales of equipment, accessories and other	1	—	0%
Operating expenses	**104**	**103**	**1%**
Adjusted EBITDA	**81**	**89**	**-9%**
Adjusted EBITDA margin	**43.6%**	**46.3%**	**-2.7pp**

RESULTS OF OPERATIONS IN DZD

In millions of DZD (except as indicated)	Three months ended March 31, 2020	2019	'20-19 % change
Total operating revenue	**22,315**	**22,803**	***-2 %***
Mobile service revenue	22,192	22,747	*-2 %*
- of which mobile data	8,236	6,262	*32 %*
Sales of equipment, accessories and other	124	56	*121 %*
Operating expenses	**12,581**	**12,250**	***3 %***
Adjusted EBITDA	**9,734**	**10,553**	***-8 %***
Adjusted EBITDA margin	**43.6%**	**46.3%**	***-2.7pp***

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31, 2020	2019	'20-19 % change
Mobile			
Customers in millions	14.2	16.0	*-11%*
Mobile data customers in millions	8.9	9.5	*-7%*
ARPU in US$	4.2	4.0	*6%*
ARPU in DZD	512	474	*8%*

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020 our Algeria total operating revenue decreased by 4% when compared with the same period last year, primarily due to lower subscriber base and MTR rate change that was offset to some extent with higher ARPU due to increased pricing strategy and more high value subscribers relative to the customer base. Data revenue growth remained strong due to higher usage as a result of the roll-out of the 4G/LTE network. In local currency terms, total operating revenue in Algeria decreased by 2%.

ADJUSTED EBITDA

In the three months ended March 31, 2020, our Algeria Adjusted EBITDA decreased by 9% when compared with the same period last year, primarily due to the decrease in total revenue, increase in MTR and higher interconnection costs. In functional currency terms, our Algeria Adjusted EBITDA decreased by 8%.

SELECTED PERFORMANCE INDICATORS

The customer base in our Algeria segment decreased by 11% year-on-year driven by a higher churn rate. Our mobile data customers in Algeria also saw a decrease of 7% due to higher churn rate and price competition.

In the three months ended March 31, 2020, our mobile ARPU in Algeria increased by 6% to US$4.2, mainly due to increased pricing and more high value customers in our base. In local currency terms, our mobile ARPU in Algeria increased by 8% compared with the same period last year.

BANGLADESH

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**137**	**134**	*2%*
Mobile service revenue	134	131	*3%*
- of which mobile data	31	27	*17%*
Sales of equipment, accessories and other	3	3	*0%*
Operating expenses	78	74	*6%*
Adjusted EBITDA	**59**	**60**	*-2%*
Adjusted EBITDA margin	**43.0%**	**44.8%**	*-1.7pp*

RESULTS OF OPERATIONS IN BDT

	Three months ended March 31,		
In millions of BDT (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**11,629**	**11,213**	*4 %*
Mobile service revenue	11,413	10,951	*4 %*
- of which mobile data	2,658	2,242	*19 %*
Sales of equipment, accessories and other	216	262	*-18 %*
Operating expenses	**6,623**	**6,191**	*7 %*
Adjusted EBITDA	**5,006**	**5,022**	*— %*
Adjusted EBITDA margin	**43.0%**	**44.8%**	*-1.8pp*

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2020	**2019**	**'20-19 % change**
Mobile			
Customers in millions	33.6	33.0	*2%*
Mobile data customers in millions	21.9	20.4	*8%*
ARPU in US$	1.3	1.3	*—%*
ARPU in BDT	113	112	*1%*

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020, our Bangladesh total operating revenue increased by 2% when compared with the same period last year, primarily due to an acceleration of service revenue growth following spectrum acquisition and enhanced network availability, along with the continued expansion of Banglalink's distribution footprint. In functional currency terms, total operating revenue in Bangladesh increased by 4%.

ADJUSTED EBITDA

In the three months ended March 31, 2020 our Bangladesh Adjusted EBITDA decreased by 2% as compared the three months ended March 31, 2019 due to higher revenues offset by the increase in minimum tax rates adversely impacting operational cost and the exchange rate impact. In local currency Adjusted EBITDA remained at par with the same period last year.

SELECTED PERFORMANCE INDICATORS

Customers in our Bangladesh segment increased by 2% year-on-year to 33.6 million. The increase was mainly due to improved distribution and network availability. The number of mobile data customers increased by 8% due to continued efforts to attract new customers, successful targeting of voice-only customers and network expansion.

Our mobile ARPU in Bangladesh both in USD and local currency term remained stable and at par with same period last year.

UKRAINE

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**238**	**188**	***27%***
Mobile service revenue	221	175	*27%*
- of which mobile data	120	90	*33%*
Fixed-line service revenue	15	12	*27%*
Sales of equipment, accessories and other	1	1	*19%*
Operating expenses	**76**	**70**	***10%***
Adjusted EBITDA	**161**	**118**	***36%***
Adjusted EBITDA margin	**67.8%**	**62.9%**	***4.9pp***

RESULTS OF OPERATIONS IN UAH

	Three months ended March 31,		
In millions of UAH (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**5,950**	**5,125**	***16 %***
Mobile service revenue	5,530	4,763	*16 %*
- of which mobile data	3,004	2,454	*22 %*
Fixed-line service revenue	384	329	*17 %*
Sales of equipment, accessories and other	36	33	*9 %*
Operating expenses	**1,910**	**1,902**	***0 %***
Adjusted EBITDA	**4,040**	**3,223**	***25 %***
Adjusted EBITDA margin	**67.9%**	**62.9%**	***5.0pp***

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2020	2019	'20-19 % change
Mobile			
Customers in millions	26.0	26.3	*-1%*
Mobile data customers in millions	17.0	15.4	*10%*
ARPU in US$	2.8	2.2	*28%*
ARPU in UAH	70	60	*17%*

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020 our Ukraine total operating revenue increased by 27% when compared with the same period last year to US$238 million. The increase was primarily driven by mobile data, voice and fixed line revenue growth owing to continuous 4G roll out, increase traffic and pricing. In addition, the local currency also observed an improvement against the USD when compared with the same period last year.

In local currency terms, our Ukraine total operating revenue increased by 16%.

ADJUSTED EBITDA

Our Ukraine Adjusted EBITDA increased by 36% to US$161 million in the three months ended March 31, 2020 when compared with same period last year, primarily due to higher revenues, as discussed above which was partially offset by the higher structural operating expenses.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2020, we had 26.0 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 in Ukraine increased by 10% year-on-year, mainly due to an increased 4G/ LTE user penetration.

In the three months ended March 31, 2020, our mobile ARPU in Ukraine increased by 28% year-on-year to US$2.8 due to data usage growth and appreciation of local currency against USD. In functional currency terms, mobile ARPU in Ukraine increased by 17% to UAH 70.

KAZAKHSTAN

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	2020	2019	'20-19 % change
Total operating revenue	**118**	**103**	**14%**
Mobile service revenue	98	86	14%
- of which mobile data	48	34	42%
Fixed-line service revenue	18	16	12%
Sales of equipment, accessories and other	2	1	90%
Operating expenses	**55**	**48**	**14%**
Adjusted EBITDA	**63**	**55**	**14%**
Adjusted EBITDA margin	**53.6%**	**53.6%**	**0.0pp**

RESULTS OF OPERATIONS IN KZT

	Three months ended March 31,		
In millions of KZT (except as indicated)	2020	2019	'20-19 % change
Total operating revenue	**45,954**	**39,030**	**18 %**
Mobile service revenue	38,213	32,591	17 %
- of which mobile data	18,636	12,722	47 %
Fixed-line service revenue	7,116	6,124	16 %
Sales of equipment, accessories and other	624	314	99 %
Operating expenses	**21,327**	**18,127**	**18 %**
Adjusted EBITDA	**24,628**	**20,903**	**18 %**
Adjusted EBITDA margin	**53.6%**	**53.6%**	**—pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2020	2019	'20-19 % change
Mobile			
Customers in millions	9.6	9.7	-1%
Mobile data customers in millions	6.7	6.1	9%
ARPU in US$	3.3	2.9	13%
ARPU in KZT	1,283	1,101	17%

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020, our Kazakhstan total operating revenue increased by 14% when compared with same period last year US$118 million. The increase was primarily due strong growth in data consumption and fixed line services, partially offset by devaluation of local currency against the US dollar.

In functional currency terms, our Kazakhstan total operating revenue increased by 18%.

ADJUSTED EBITDA

Our Kazakhstan Adjusted EBITDA increased by 14% to US$63 million in the three months ended March 31, 2020 when compared with the same period last year, primarily due to higher revenues slightly offset by higher operating expenses. In functional currency terms, our Kazakhstan Adjusted EBITDA increased by 18% compared with the same period last year.

NUMBER OF CUSTOMERS

As of March 31, 2020, we had 9.6 million mobile customers in Kazakhstan, representing a decrease of 1% compared to last year. The decrease was a mainly post IMEI registration barriers resulting in lower gross additions. The number of our mobile data customers in Kazakhstan increased by 9%, mainly due improved data bundle offers and data services.

In the three months ended March 31, 2020, our mobile ARPU in Kazakhstan increased by 13% to US$3.3 due to data usage growth. In functional currency terms, mobile ARPU in Kazakhstan increased by 17% to KZT 1,283.

UZBEKISTAN

RESULTS OF OPERATIONS IN US$

	Three months ended March 31,		
In millions of U.S. dollars (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**55**	**64**	**-14 %**
Mobile service revenue	54	63	-15 %
- of which mobile data	31	28	11 %
Fixed-line service revenue	0	0	0 %
Sales of equipment, accessories and other	—	—	0 %
Operating expenses	**29**	**32**	**-8 %**
Adjusted EBITDA	**25**	**32**	**-20 %**
Adjusted EBITDA margin	**45.5%**	**49.8%**	**-4.3pp**

RESULTS OF OPERATIONS IN UZS

	Three months ended March 31,		
In millions of UZS (except as indicated)	**2020**	**2019**	**'20-19 % change**
Total operating revenue	**521,512**	**534,673**	**-3 %**
Mobile service revenue	514,984	530,825	-3 %
- of which mobile data	298,093	235,544	27 %
Fixed-line service revenue	3,126	3,538	-12 %
Sales of equipment, accessories and other	3,403	310	997 %
Operating expenses	**279,524**	**268,244**	**4 %**
Adjusted EBITDA	**241,988**	**266,429**	**-9 %**
Adjusted EBITDA margin	**46.4%**	**49.8%**	**-3.4pp**

SELECTED PERFORMANCE INDICATORS

	Three months ended March 31,		
	2020	2019	'20-19 % change
Mobile			
Customers in millions	7.7	9.0	-14%
Mobile data customers in millions	5.0	5.6	-11%
ARPU in US$	2.3	2.3	-2%
ARPU in UZS	21,573.0	19,446.0	11%

TOTAL OPERATING REVENUE

In the three months ended March 31, 2020 our Uzbekistan total operating revenue decreased by 14% to US$55 million when compared with the same period last year, primarily due to currency devaluation. In local currency terms, our Uzbekistan total operating revenue decreased by 3% primarily due to lower subscriber base impacted by a new excise duty methodology and IMEI registration implementation.

ADJUSTED EBITDA

Our Uzbekistan Adjusted EBITDA decreased by 20% to US$25 million in the three months ended March 31, 2020, primarily due reduced revenue and the devaluation of the local currency. In local currency terms, in the three months ended March 31, 2020, our Uzbekistan Adjusted EBITDA decreased by 9% as a result of reduced revenue as discussed above and one-off provision resulting in increased operating expenses.

SELECTED PERFORMANCE INDICATORS

As of March 31, 2020, we had 7.7 million mobile customers in our Uzbekistan segment representing a decrease of 14% compared with the same period last year. The decrease was the result of our strategic focus on high value customers resulting in a higher churn rate. As of March 31, 2020, the number of our mobile data customers in Uzbekistan decreased by 11% to 5 million.

In the three months ended March 31, 2020, our mobile ARPU in Uzbekistan was US$2, representing a decrease of 2% compared with the same period last year due to currency devaluation. In functional currency terms, mobile ARPU in Uzbekistan increased by 11% year-on-year.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

Working capital is defined as current assets less current liabilities.

As of March 31, 2020, we had negative working capital of US$2,978 million, compared to negative working capital of US$3,269 million as of December 31, 2019. The change of net working capital compared to December 31, 2019 was due to devaluation of local currencies across the Company's operational footprint, partially offset by increase in short term borrowings.

Our working capital is monitored on a regular basis by our management. Our management expects to repay our debt as it becomes due from our operating cash flows or through additional borrowings. Although we have a negative working capital, our management believes that our cash balances and available credit facilities are sufficient to meet our short term and foreseeable long-term cash requirements.

INTERIM CONSOLIDATED CASH FLOW SUMMARY

	Three months ended March 31,	
(In millions of U.S. dollars)	**2020**	**2019**
Net cash flows from operating activities	**626**	**830**
Net cash flows from / (used in) investing activities	**(495)**	**(1,035)**
Net cash flows from / (used in) financing activities	**124**	**(405)**
Net increase / (decrease) in cash and cash equivalents	255	(610)
Net foreign exchange difference	(70)	11
Cash and cash equivalents at beginning of period	1,204	1,791
Cash and cash equivalents at end of period, net of overdraft	**1,389**	**1,192**

For more details, see *Interim Condensed Consolidated Statement of Cash Flows* in our Interim Condensed Audited Consolidated Financial Statements.

OPERATING ACTIVITIES

During the three months ended March 31, 2020, net cash flows from operating activities decreased to US$626 million from US$830 million during the three months ended March 31, 2019. The decrease is mainly due to a one-off cash inflow of US$350 million in the same period last year, relating to the revised arrangement with Ericsson partially offset by the changes in working capital.

INVESTING ACTIVITIES

During the three months ended March 31, 2020, net outflow for investing activities was US$495 million compared to net cash outflow of US$1,035 million for the same period last year. This decrease was mainly driven by a significant outflow in the first quarter of 2019 relating to amounts pledged as collateral for the Mandatory Tender Offer with respect to the acquisition of non-controlling interests in GTH.

Acquisitions and Disposals

For information regarding our acquisitions and disposals, see Notes 5 and 6 to our unaudited interim condensed consolidated financial statements attached hereto.

FINANCING ACTIVITIES

During the three months ended March 31, 2020, net cash inflow from financing activities was US$124 million compared to net cash outflow of US$405 million during the three months ended March 31, 2019. The change in net cash flows from financing activities was mainly driven by higher amounts of debt raised during the three months ended March 31, 2020.

During the three months ended March 31, 2020, we raised US$1,087 million net of fees paid for borrowings, repaid US$717 million under various debt facilities and paid US$245 million of dividends.

Debt raised during the quarter related primarily to US$600 million short-term drawings under the VEON Holdings B.V. Revolving Credit Facility, issuance of US$300 million VEON Holdings B.V. senior unsecured bonds maturing in 2025 and a RUB 12.5 billion (US$175 million equivalent) increase to the VEON Holdings B.V. loan with Alfa Bank.

The most notable debt repayments during the three months ended March 31, 2020 were the US$500 million early redemption of the GTH Finance B.V. bonds, the RUB 7.5 billion (US$113 million equivalent) partial prepayment of the VEON Holdings B.V. loan with Sberbank and US$77 million of scheduled repayments under lease contracts.

BORROWINGS

As of March 31, 2020, the principal amounts of our external indebtedness represented by bank loans and bonds amounted to US$7,516 million, compared to US$7,519 million as of December 31, 2019. As of March 31, 2020, our debt includes overdrawn bank accounts related to a cash-pooling program of US$97 million (December 31, 2019: US $46 million).

As of March 31, 2020, VEON had the following principal amounts outstanding for interest-bearing loans and bonds as well as cash-pool overdrawn bank accounts:

Entity	Type of debt/ original lenders	Interest rate	Debt currency	Outstanding debt (mln)	Outstanding debt (USD mln)	Maturity date
VEON Holdings B.V.	Loan from Sberbank	10.0000%	RUB	87,500	1,126	05.19.2022
VEON Holdings B.V.	Loan from Alfa Bank	7.5000%	RUB	30,000	386	03.13.2025
VEON Holdings B.V.	Loan from VTB	8.7500%	RUB	30,000	386	08.30.2022
VEON Holdings B.V.	Notes	3.9500%	USD	600	600	06.16.2021
VEON Holdings B.V.	Notes	7.5043%	USD	417	417	01.03.2022
VEON Holdings B.V.	Notes	5.9500%	USD	529	529	02.13.2023
VEON Holdings B.V.	Notes	4.9500%	USD	533	533	06.17.2024
VEON Holdings B.V.	Notes	4.0000%	USD	1,000	1,000	09.04.2025
VEON Holdings B.V.	RCF utilization	3.5153%	USD	300	300	03.04.2020
VEON Holdings B.V.	RCF utilization	2.7500%	USD	300	300	04.20.2020
VEON Holdings B.V.	Cash-pool overdrawn accounts*				30	
TOTAL VEON Holdings B.V.					**5,607**	
GTH Finance B.V.	Notes	7.2500%	USD	700	700	04.26.2023
TOTAL GTH Finance B.V.					**700**	
PJSC VimpelCom	Loan from VIP Finance Ireland (funded by the issuance of loan participation notes by VIP Finance Ireland)	7.7480%	USD	262	262	02.02.2021
PJSC VimpelCom	Other				9	
TOTAL PJSC VimpelCom					**271**	
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.90%	PKR	1,333	8	12.23.2020
Pakistan Mobile Communications Limited	Loan from ING Bank N.V.	6 months LIBOR + 1.9%	USD	75	75	12.31.2020
Pakistan Mobile Communications Limited	Loan from MCB Bank Limited	6 months KIBOR + 0.8%	PKR	5,333	32	12.23.2020
Pakistan Mobile Communications Limited	Loan from Habib Bank Limited	6 months KIBOR + 0.35%	PKR	8,333	50	06.29.2022
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR	PKR	3,879	23	12.31.2023
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR	PKR	2,413	15	12.31.2023
Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR + 0.35%	PKR	21,396	129	06.29.2022

Pakistan Mobile Communications Limited	Syndicated credit facility	6 months KIBOR + 0.75%	PKR	15,885	95	02.09.2026
Pakistan Mobile Communications Limited	Bilateral term facility	6 months KIBOR + 0.75%	PKR	2,963	18	02.09.2026
Pakistan Mobile Communications Limited	Other				20	
TOTAL Pakistan Mobile Communications Limited					**465**	
Banglalink Digital Communications Ltd.	Syndicated credit facility	3 months LIBOR + 2%	USD	300	300	04.25.2020
Banglalink Digital Communications Ltd.	Syndicated credit facility	Average bank deposit rate + 4.25%	BDT	7,537	89	12.24.2022
Banglalink Digital Communications Ltd.	Syndicated credit facility	Average bank deposit rate + 3.0%	BDT	1,308	15	12.24.2020
TOTAL Banglalink Digital Communications Ltd.					**404**	
Other entities	Cash-pool overdrawn accounts* and other				69	
Total VEON consolidated					**7,516**	

** As of March 31, 2020, some bank accounts forming part of a cash pooling program and being an integral part of VEON's cash management remained overdrawn by US$97 million. Even though the total balance of the cash pool remained positive, VEON has no legally enforceable right to set-off and therefore the overdrawn accounts are presented as financial liabilities and form part of our debt.*

For additional information on our outstanding indebtedness, please refer to Note 7 of our unaudited interim condensed consolidated financial statements attached hereto.

FUTURE LIQUIDITY AND CAPITAL REQUIREMENTS

During the three months ended March 31, 2020, our capital expenditures excluding licenses and excluding right-of-use assets were US$368 million compared to US$389 million in the three months ended March 31, 2019. The decrease in capital expenditures excluding licenses and excluding right-of-use assets was primarily due to currency devaluation impacts in Russia.

We expect that our capital expenditures excluding licenses and excluding right-of-use assets in 2020 will mainly consist of investing in high-speed data networks to capture mobile data growth, including the continued roll-out of 4G/LTE networks in Russia, Algeria, Bangladesh, Pakistan and Ukraine. We expect that these expenditures will continue to be significant throughout the 2020.

Management anticipates that the funds necessary to meet our current and expected capital requirements in the foreseeable future (including with respect to any possible acquisitions) will come from:

- Cash we currently hold;
- Operating cash flows;
- Borrowings under bank financings, including credit lines currently available to us;
- Syndicated loan facilities; and
- Issuances of debt securities on local and international capital markets.

As of March 31, 2020, we had an undrawn amount of US$1,229 million under existing committed credit facilities.

Management expects that positive cash flows from our current operations will continue to provide us with internal sources of funds. The availability of external financing depends on many factors, including the success of our operations, contractual restrictions, availability of guarantees from export credit agencies, the financial position of international and local banks, the willingness of international banks to lend to our companies and the liquidity of international and local capital markets.

Below is the reconciliation of Capital expenditures excluding licenses to cash flows used to Purchase of property, plant and equipment and intangible assets:

	2020	2019
Capital expenditures excluding licenses and ROU (refer to Note 2 of the Audited Consolidated Financial Statements)	368	389
Adjusted for		
Additions of licenses	34	4
Additions of right-of-use assets	29	54
Difference in timing between accrual and payment for capital expenditures	18	(58)
Purchase of property, plant and equipment and intangible assets	**449**	**389**

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from adverse movements in foreign currency exchange rates and changes in interest rates on our obligations.

As of March 31, 2020, the largest currency exposure risks for our group were in relation to the Russian ruble, the Pakistani rupee, the Algerian dinar, the Bangladeshi taka, the Ukrainian hryvnia, the Kazakh tenge and the Uzbek som, because the majority of our cash flows from operating activities in Russia, Pakistan, Algeria, Bangladesh, Ukraine, Kazakhstan and Uzbekistan are denominated in each of these functional currencies, respectively, while our debt, if not incurred in or hedged to the aforementioned currencies, is primarily denominated in U.S. dollars.

As of March 31, 2020, we held approximately 53% of our readily available cash and bank deposits in U.S. dollars in order to hedge against the risk of functional currency devaluation. We also hold part of our debt in Russian rubles and other currencies and we enter into foreign currency derivatives to manage this risk. Nonetheless, if the U.S. dollar value of the Russian ruble, Algerian dinar, Pakistani rupee, Bangladeshi taka, Ukrainian hryvnia, Kazakh tenge or Uzbek som were to dramatically decline, it could negatively impact our ability to repay or refinance our U.S. dollar denominated indebtedness. Our treasury function has developed risk management policies that establish guidelines for limiting foreign currency exchange rate risk.

For more information on risks associated with currency exchange rates, see the section of our 2019 Annual Report entitled “Item 3—Key Information—D. Risk Factors— Market Risks —We are exposed to foreign currency exchange loss and currency fluctuation and translation risks.”

In accordance with our policies, we do not enter into any treasury transactions of a speculative nature.

As of March 31, 2020, the interest rate risk on the financing of our group was limited as 80% of our group’s total debt was fixed rate debt.

Unaudited interim condensed consolidated financial statements

VEON Ltd.

As of and for the three-month period ended March 31, 2020

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the three-month period ended March 31

		Three-month period	
(In millions of U.S. dollars, except per share amounts)	**Note**	**2020**	**2019**
Service revenues		1,978	2,005
Sale of equipment and accessories		88	89
Other revenue		31	30
Total operating revenues	2	**2,097**	**2,124**
Other operating income	4	—	350
Service costs		(381)	(368)
Cost of equipment and accessories		(89)	(90)
Selling, general and administrative expenses		(706)	(718)
Depreciation		(416)	(403)
Amortization		(92)	(94)
Impairment (loss) / reversal		—	(6)
Gain / (loss) on disposal of non-current assets		(6)	(7)
Operating profit		**407**	**788**
Finance costs		(207)	(211)
Finance income		9	14
Other non-operating gain / (loss)		15	4
Net foreign exchange gain / (loss)		(29)	14
Profit / (loss) before tax		**195**	**609**
Income tax expense	3	(75)	(79)
Profit / (loss) for the period		**120**	**530**
Attributable to:			
The owners of the parent		108	495
Non-controlling interest		12	35
		120	**530**
Basic and diluted gain / (loss) per share attributable to ordinary equity holders of the parent:		**$0.06**	**$0.28**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	Three-month period 2020	Three-month period 2019
Profit / (loss)		**120**	**530**
Items that may be reclassified to profit or loss			
Foreign currency translation		(581)	56
Other		2	—
Items reclassified to profit or loss			
Other		(5)	—
Other comprehensive income / (loss), net of tax		**(584)**	**56**
Total comprehensive income / (loss), net of tax		**(464)**	**586**
Attributable to:			
The owners of the parent		(409)	564
Non-controlling interests		(55)	22
		(464)	**586**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of

(In millions of U.S. dollars)	Note	March 31, 2020	December 31, 2019
Assets			
Non-current assets			
Property and equipment	5	6,206	7,340
Intangible assets	6	4,933	5,688
Investments and derivatives	7	269	235
Deferred tax assets		117	134
Other assets		163	163
Total non-current assets		**11,688**	**13,560**
Current assets			
Inventories		114	169
Trade and other receivables *		422	512
Investments and derivatives *	7	361	198
Current income tax assets		21	16
Other assets		332	354
Cash and cash equivalents	8	1,486	1,250
Total current assets		**2,736**	**2,499**
Total assets		**14,424**	**16,059**
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		543	1,226
Non-controlling interests		949	994
Total equity		**1,492**	**2,220**
Non-current liabilities			
Debt and derivatives	7	6,943	7,759
Provisions		114	138
Deferred tax liabilities		135	141
Other liabilities		26	33
Total non-current liabilities		**7,218**	**8,071**
Current liabilities			
Trade and other payables *		1,386	1,642
Debt and derivatives *	7	3,109	2,790
Provisions		162	222
Current income tax payables		95	102
Other liabilities		962	1,012
Total current liabilities		**5,714**	**5,768**
Total equity and liabilities		**14,424**	**16,059**

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 14 for further details.*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three-month period ended March 31, 2020

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2019		**1,749,127,404**	**2**	**12,753**	**(1,887)**	**(1,330)**	**(8,312)**	**1,226**	**994**	**2,220**
Profit / (loss) for the period		—	—	—	—	108	—	108	12	120
Other comprehensive income / (loss)		—	—	—	(4)	—	(513)	(517)	(67)	(584)
Total comprehensive income / (loss)		—	—	—	(4)	108	(513)	(409)	(55)	(464)
Dividends declared	10	—	—	—	—	(262)	—	(262)	—	(262)
Other		—	—	—	(2)	(10)	—	(12)	10	(2)
As of March 31, 2020		**1,749,127,404**	**2**	**12,753**	**(1,893)**	**(1,494)**	**(8,825)**	**543**	**949**	**1,492**

for the three-month period ended March 31, 2019

(In millions of U.S. dollars)	Note	Number of shares outstanding	Attributable to equity owners of the parent: Issued capital	Capital Surplus	Other capital reserves	Accumulated deficit	Foreign currency translation	Total	Non-controlling interests	Total equity
As of December 31, 2018		**1,749,127,404**	**2**	**12,753**	**743**	**(1,412)**	**(8,416)**	**3,670**	**(891)**	**2,779**
Adjustments arising due to IFRS 16		—	—	—	—	(3)	—	(3)	(1)	(4)
As of January 1, 2019		**1,749,127,404**	**2**	**12,753**	**743**	**(1,415)**	**(8,416)**	**3,667**	**(892)**	**2,775**
Profit / (loss) for the period		—	—	—	—	495	—	495	35	530
Other comprehensive income / (loss)		—	—	—	—	2	67	69	(13)	56
Total comprehensive income / (loss)		—	—	—	—	497	67	564	22	586
Dividends declared		—	—	—	—	(297)	—	(297)	(24)	(321)
Other		—	—	—	1	(2)	—	(1)	(4)	(5)
As of March 31, 2019		**1,749,127,404**	**2**	**12,753**	**744**	**(1,217)**	**(8,349)**	**3,933**	**(898)**	**3,035**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three-month period ended March 31

(In millions of U.S. dollars)	Note	Three-month period 2020	2019
Operating activities			
Profit / (loss) before tax		195	609
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation, amortization and impairment loss / (reversal)		508	503
(Gain) / loss on disposal of non-current assets		6	7
Finance costs		207	211
Finance income		(9)	(14)
Other non-operating (gain) / loss		(15)	(4)
Net foreign exchange (gain) / loss		29	(14)
Changes in trade and other receivables and prepayments***		(86)	(279)
Changes in inventories		23	(20)
Changes in trade and other payables***		19	42
Changes in provisions, pensions and other		(30)	15
Interest paid		(158)	(147)
Interest received		9	16
Income tax paid		(72)	(95)
Net cash flows from operating activities		**626**	**830**
Investing activities			
Purchase of property, equipment and intangible assets		(449)	(389)
Payments on deposits		(20)	(640)
Receipts from / (investment in) financial assets***		(29)	(9)
Other proceeds from investing activities, net		3	3
Net cash flows from / (used in) investing activities		**(495)**	**(1,035)**
Financing activities			
Proceeds from borrowings, net of fees paid *		1,087	794
Repayment of debt***		(717)	(880)
Acquisition of non-controlling interest		(1)	(5)
Dividends paid to owners of the parent		(245)	(284)
Dividends paid to non-controlling interests		—	(30)
Net cash flows from / (used in) financing activities		**124**	**(405)**
Net (decrease) / increase in cash and cash equivalents		255	(610)
Net foreign exchange difference		(70)	11
Cash and cash equivalents at beginning of period		1,204	1,791
Cash and cash equivalents at end of period, net of overdrafts **	**8**	**1,389**	**1,192**

* *Fees paid for borrowings were US$8 (2019: US$6).*

** *Overdrawn amount was US$97 (2019: US$ 73)*

*** *Certain comparative amounts have been reclassified to conform to the current period presentation.*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

GENERAL INFORMATION ABOUT THE GROUP

1 GENERAL INFORMATION

VEON Ltd. (**"VEON"**, the **"Company"** and together with its consolidated subsidiaries, the **"Group"** or **"we"**) was incorporated in Bermuda on June 5, 2009. The registered office of VEON is Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. VEON's headquarters and the principal place of business is located at Claude Debussylaan 88, 1082 MD Amsterdam, the Netherlands.

VEON generates revenue from the provision of voice, data and other telecommunication services through a range of mobile and fixed-line technologies, as well as selling equipment and accessories.

The interim condensed consolidated financial statements are presented in United States dollars (**"U.S. dollar"** or **"US $"**). In these notes, U.S. dollar amounts are presented in millions, except for share and per share (or American Depository Shares (**"ADS"**)) amounts and as otherwise indicated.

VEON's ADSs are listed on the NASDAQ Global Select Market (**"NASDAQ"**) and VEON's common shares are listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**").

Major developments during the three-month period ended March 31, 2020

Coronavirus Outbreak

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

The COVID-19 pandemic is increasing dependency on and demand for essential communications, connectivity and digital services across a number of markets. Operationally, this has resulted in divergent trends across our business.

While we are seeing some initial positive usage trends in both our voice and data services, we are facing a number of challenges across the business. These include disruption in our distribution channels, migration of our customer base away from urban areas and a migration in data utilization from our mobile to our fixed networks. These have had a direct financial impact on our business in recent weeks, particularly on roaming revenues, device sales and prepaid top-up volumes.

Furthermore, an increase in demand for hard currencies has resulted in the devaluation of exchange rates in the countries in which VEON operates. As such, in the first quarter of 2020, the book value of assets and liabilities of our foreign operations, in U.S. dollar terms, has decreased significantly, with a corresponding loss of US$581 recorded against the foreign currency translation reserve in the Statement of Comprehensive Income.

Our management has taken appropriate measures to keep its personnel safe and secure. As of the date of these financial statements, we have not observed any particular material adverse impacts to our business, financial condition, and results of operations, other than as described above, and the group liquidity is sufficient to fund the business operations for at least another 12 months.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

OPERATING ACTIVITIES OF THE GROUP

2 SEGMENT INFORMATION

Management analyzes the Company’s operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. All the segments are grouped and analyzed as three main markets - our cornerstone, our growth engines and our frontier markets - representing the Company's strategy and capital allocation framework.

Management evaluates the performance of the Company’s segments on a regular basis, primarily based on earnings before interest, tax, depreciation, amortization, impairment, gain / loss on disposals of non-current assets, other non-operating gains / losses and share of profit / loss of joint ventures and associates (**“Adjusted EBITDA”**) along with assessing the capital expenditures excluding certain costs such as those for telecommunication licenses and right-of-use assets (**“CAPEX exc. licenses and ROU”**). Management does not analyze assets or liabilities by reportable segments.

As of December 31, 2019, management decided to include Kazakhstan as a separate reportable segment due to the increased impact of Kazakhstan operations on the overall business (as described in the Group’s audited annual consolidated financial statements as of and for the year ended December 31, 2019). In addition, management decided to show the financial impact of HQ and eliminations separately from operating companies. Comparative figures for three-month period ended March 31, 2019 have been adjusted to reflect this change.

Financial information by reportable segment for the three-month periods ended March 31 is presented in the following tables. Inter-segment transactions between segments are not material, and are made on terms which are comparable to transactions with third parties.

	Service revenue				Sale of equipment and accessories		Other revenue		Total revenue	
	Mobile		Fixed							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Our cornerstone										
Russia	794	831	138	129	83	85	5	3	1,020	1,048
Our growth engines										
Pakistan	294	338	—	—	1	1	21	23	316	362
Ukraine	222	175	15	12	—	—	1	1	238	188
Kazakhstan	98	86	18	16	1	1	1	—	118	103
Uzbekistan	55	64	—	—	—	—	—	—	55	64
Our frontier markets										
Algeria	184	192	—	—	1	—	—	—	185	192
Bangladesh	134	131	—	—	—	—	3	3	137	134
Other frontier markets	30	32	6	7	2	2	—	—	38	41
Other										
HQ and eliminations	(10)	(8)	—	—	—	—	—	—	(10)	(8)
Total segments	**1,801**	**1,841**	**177**	**164**	**88**	**89**	**31**	**30**	**2,097**	**2,124**

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

	Adjusted EBITDA		CAPEX exc. licenses and ROU	
	2020	**2019**	**2020**	**2019**
Our cornerstone				
Russia	427	468	166	226
Our growth engines				
Pakistan	147	183	68	51
Ukraine	161	118	38	29
Kazakhstan	63	55	25	11
Uzbekistan	25	32	5	25
Our frontier markets				
Algeria	81	89	15	18
Bangladesh	59	60	44	14
Other frontier markets	14	14	7	15
Other				
HQ and eliminations	(56)	279	—	—
Total segments	**921**	**1,298**	**368**	**389**

The following table provides the reconciliation of consolidated Adjusted EBITDA to Profit / (loss) before tax for the three-month period ended March 31:

	Three-month period	
	2020	**2019**
Total Segments Adjusted EBITDA	**921**	**1,298**
Depreciation	(416)	(403)
Amortization	(92)	(94)
Impairment (loss) / reversal	—	(6)
Gain / (loss) on disposal of non-current assets	(6)	(7)
Finance costs	(207)	(211)
Finance income	9	14
Other non-operating gain / (loss), net	15	4
Net foreign exchange gain / (loss)	(29)	14
Profit / (loss) before tax from continuing operations	**195**	**609**

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

3 INCOME TAXES

Current income tax is the expected tax expense, payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Income tax expense consisted of the following for the three-month period ended March 31:

	Three-month period	
	2020	**2019**
Current income taxes	55	87
Deferred income taxes	20	(8)
Income tax expense	**75**	**79**
Effective tax rate	38.5%	13.0%

The difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group in the three-month period ending March 31, 2020 (38.5%) was primarily driven by a number of non-deductible expenses incurred by the Group in various countries, which are recorded in our consolidated income statement, as well as withholding taxes accrued for dividends expected from our operating companies.

For the three-month period ending March 31, 2019 difference between the statutory tax rate in the Netherlands (25.0%) and the effective corporate income tax rate for the Group (13.0%) was mainly driven by income within holding entities in the Netherlands offset by previous years unrecognized losses.

INVESTING ACTIVITIES OF THE GROUP

4 SIGNIFICANT TRANSACTIONS

GTH restructuring

During the first quarter of 2020, VEON continued with the restructuring of Global Telecom Holding S.A.E. (**"GTH"**), with the intragroup transfer of Mobilink Bank completing in March 2020. As the operating assets of GTH had previously been, and will continue to be, fully consolidated within the balance sheet of the VEON Group, there was no material impact on these consolidated financial statements stemming from this intragroup transfer. For further details on this transaction, refer to the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

Revised technology infrastructure partnership with Ericsson

In February 2019, the Company announced a revised arrangement with Ericsson to upgrade its core IT systems in several countries in the coming years and to release Ericsson from the development and delivery of the Full Stack Revenue Manager Solution. The parties signed binding terms to vary the existing agreements and as a result VEON received US$350 during the first half of 2019. The settlement amount was recorded in the income statement within 'Other operating income'.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

5 PROPERTY AND EQUIPMENT

The following table summarizes the movement in the net book value of property and equipment for the three-month period ended March 31:

	Three-month period	
	2020	**2019**
Balance as of January 1	**7,340**	**4,932**
Adjustment due to new accounting standard (IFRS 16)	—	1,952
Additions	359	392
Disposals	(13)	(20)
Depreciation	(416)	(403)
Impairment	—	(6)
Translation adjustment	(1,074)	266
Other	10	(3)
Balance as of March 31	**6,206**	**7,110**

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

6 INTANGIBLE ASSETS

The following table summarizes the movement in the net book value of intangible assets, including goodwill, for the three-month period ended March 31:

	Three-month period	
	2020	**2019**
Balance as of January 1	**5,688**	**5,670**
Adjustment due to new accounting standard (IFRS 16)	—	(15)
Additions	76	53
Amortization	(92)	(94)
Translation adjustment	(739)	157
Balance as of March 31	**4,933**	**5,771**

Goodwill

Included within total intangible asset movements for the three-month period ended March 31, 2020, as shown above, are the following movements in goodwill for the Group, per cash generating unit (**“CGU”**):

CGU *	**March 31, 2020**	**Currency translation**	**December 31, 2019**
Russia	1,804	(461)	2,265
Algeria	1,115	(52)	1,167
Pakistan	312	(23)	335
Kazakhstan	131	(23)	154
Uzbekistan	38	—	38
Total	**3,400**	**(559)**	**3,959**

** The following CGUs' have no goodwill allocated to them: Armenia, Bangladesh, Georgia, Kyrgyzstan and Ukraine*

Impairment analysis

Goodwill is tested for impairment annually (at October 1) or when circumstances indicate the carrying value may be impaired. The Company’s impairment test for goodwill is primarily based on fair value less cost of disposal calculations that use a discounted cash flow model. When reviewing for indicators of impairment in interim periods, the Company considers, amongst others, the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the quarterly financial performances of each cash-generating unit ("CGU"). In addition to the above, in the first quarter of 2020, the Company also considered the impact of COVID-19 when reviewing for indicators of impairment (refer Note 1 for further details).

As a result of the above, the Company performed impairment testing for the Algeria, Bangladesh and Kyrgyzstan CGUs as of March 31, 2020. Based on the recoverable amounts calculated and the carrying values of these CGUs, no impairment loss was recorded in the first quarter of 2020.

Although we believe that judgments made supporting our impairment assessment are reasonable (relying on information reasonably available to us), the COVID-19 pandemic makes it challenging for us to estimate the future performance of our CGUs. As circumstances change and/or new information becomes available, we may be required to record impairments in future periods.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

Key assumptions

The recoverable amounts of CGUs have been determined based on fair value less costs of disposal calculations, using cash flow projections from business plans prepared by management.

	Algeria	Bangladesh	Kyrgyzstan
Discount rate	11.1%	12.4%	12.4%
Average annual revenue growth rate *	4.2%	6.3%	16.9%
Long-term growth rate	2.0%	4.0%	4.0%
Average operating margin *	39.9%	32.0%	45.9%
Average CAPEX / revenue *,**	14.0%	14.6%	33.2%

** During the explicit forecast period of five years*

*** CAPEX excludes licenses and ROU*

Sensitivity to changes in assumptions

The following table illustrates the CGUs' remaining headroom if certain key parameters would adversely change by one percentage point within both the explicit forecast period and the terminal period. Any additional adverse changes in the key parameters by more than one percentage point would further proportionally decrease the headroom.

	Algeria	Bangladesh	Kyrgyzstan
Existing headroom	**159**	**144**	**9**
Discount rate (+ 1 pp)	4	85	3
Average growth rate (- 1 pp)	82	109	6
Average operating margin (- 1 pp)	96	105	—
Average CAPEX / revenue (+ 1 pp) *	100	108	—
Terminal growth rate (- 1 pp)	38	88	5

** CAPEX excludes licenses and ROU*

(in millions of U.S. dollars unless otherwise stated)

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FINANCING ACTIVITIES OF THE GROUP

7 INVESTMENTS, DEBT AND DERIVATIVES

The Company holds the following investments and derivative assets:

	March 31, 2020	December 31, 2019
At fair value		
Derivatives not designated as hedges	70	11
Derivatives designated as net investment hedges	115	—
Investments in debt instruments	51	34
Other	—	—
	236	**45**
At amortized cost		
Security deposits and cash collateral	259	256
Loans granted to customers - microfinance banking *	115	116
Other investments	20	16
	394	**388**
Total investments and derivatives	**630**	**433**
Non-current	269	235
Current	361	198

The Company holds the following debt and derivative liabilities:

	March 31, 2020	December 31, 2019
At fair value		
Derivatives not designated as hedges	112	52
Derivatives designated as net investment hedges	—	161
Contingent consideration	38	41
	150	**254**
At amortized cost		
Principal amount outstanding	7,516	7,519
Interest accrued	99	79
Discounts, unamortized fees, hedge basis adjustment	(1)	(10)
Bank loans and bonds	**7,614**	**7,588**
Lease liabilities	1,723	2,083
Put-option liability over non-controlling interest	321	342
Customer deposits - microfinance banking *	178	186
Other financial liabilities *	66	96
	9,902	**10,295**
Total debt and derivatives	**10,052**	**10,549**
Non-current	6,943	7,759
Current	3,109	2,790

** Certain comparative amounts have been reclassified to conform to the current period presentation, refer to Note 14 for further details.*

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

Significant changes in financial assets and liabilities

There were no significant changes in financial assets and liabilities in the three-month period ended March 31, 2020, except for scheduled repayments of debt or as described below. Furthermore, there were no changes in risk management policies as disclosed in the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

Net investment hedge

In the first quarter of 2020, the fair values of the Company's derivatives designated as net investment hedges increased significantly due to depreciation of the Russian ruble, resulting in a US$275 gain recorded against the foreign currency translation reserve, which partially offset the translation loss related to our foreign operations (refer Note 1 for further details).

Drawdowns under the Revolving Credit Facility

In March 2020, VEON Holdings B.V., the Company's wholly-owned subsidiary, executed two drawdowns under the existing Revolving Credit Facility for an aggregate amount of US$600. Although these drawdowns are short-term in nature, VEON Holdings B.V. has an enforceable right to roll them over until final maturity date of the facility in February 2022.

Refinancing of RUB debt

In March 2020, VEON Holdings B.V. amended and restated the existing facility with AO "Alfa-Bank", increasing its size and utilization from RUB 17.5 billion to RUB 30 billion (US$165). Following this amendment and restatement, the final maturity of this facility has been set to March 10, 2025.

GTH bonds prepayment

In February 2020, GTH Finance B.V., the Company's subsidiary, repaid at par the US$500 6.25% bonds, originally maturing April 26, 2020.

US$300 tap issuance of existing senior notes

In January 2020, VEON Holdings B.V., issued US$300 in senior unsecured notes due in 2025, to be consolidated and form a single series with the US$700 4.00% senior notes due in 2025 issued by VEON Holdings B.V. in October 2019. VEON used the net proceeds of the tap issuance to refinance certain existing outstanding debt.

Fair values

The carrying amounts of all financial assets and liabilities are equal to or approximate their respective fair values as shown in the table above, with the exception of:

- 'Bank loans and bonds, including interest accrued', for which fair value is equal to US$7,612 at March 31, 2020 (December 31, 2019: US$7,887); and
- 'Lease liabilities', for which fair value has not been determined.

Fair values were estimated based on quoted market prices (for bonds), derived from market prices or by discounting contractual cash flows at the rate applicable for the instruments with similar maturity and risk profile.

As of March 31, 2020 and December 31, 2019, the Group recognized financial instruments at fair value in the statement of financial position, all of which were measured based on Level 2 inputs, except for Contingent consideration, for which fair value is classified as Level 3. Observable inputs (Level 2) used in valuation techniques include inter-bank interest rates, bond yields, swap curves, basis swap spreads, foreign exchange rates and credit default spreads. During the three-month period ended March 31, 2020, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

A reconciliation of movements relating to Contingent consideration is shown below:

Level 3 fair value movements	Contingent consideration
As of December 31, 2019	**41**
Fair value changes recognized in the income statement	(3)
As of March 31, 2020	**38**

All impairment losses and changes in fair values of financial instruments are unrealized and are recorded in “Other non-operating losses” in the consolidated income statement.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following items:

	March 31, 2020	December 31, 2019
Cash at banks and on hand	858	932
Short-term deposits with original maturity of less than three months	628	318
Cash and cash equivalents	**1,486**	**1,250**
Less overdrafts	(97)	(46)
Cash and cash equivalents, net of overdrafts (as presented in the consolidated statement of cash flows)	**1,389**	**1,204**

As of March 31, 2020 and December 31, 2019, there were no restricted cash and cash equivalent balances. Cash balances as of March 31, 2020 include investments in money market funds of US$477 (December 31, 2019: US$155).

As of March 31, 2020, some bank accounts forming part of a cash pooling program and being an integral part of the Company’s cash management remained overdrawn by US$97 (2019: US$46). Even though the total balance of the cash pool remained positive, the Company has no legally enforceable right of set-off and therefore the overdrawn accounts are presented as financial liabilities within the statement of financial position. At the same time, because the overdrawn accounts are an integral part of the Company’s cash management, they were included as cash and cash equivalents within the statement of cash flows.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

9 ISSUED CAPITAL

The following table details the common shares of the Company as of March 31:

	2020	2019
Authorized common shares (nominal value of US$0.001 per share)	1,849,190,670	1,849,190,670
Issued shares, including 7,603,731 shares held by a subsidiary of the Company	1,756,731,135	1,756,731,135

The holders of common shares are, subject to our by-laws and Bermuda law, generally entitled to enjoy all the rights attaching to common shares.

As of March 31, 2020, the Company's largest shareholders and remaining free float are as follows:

Shareholder	Common shares	% of common and voting shares
L1T VIP Holdings S.à r.l. ("LetterOne")	840,625,001	47.9%
Stichting Administratiekantoor Mobile Telecommunications Investor *	145,947,562	8.3%
Free Float, including 7,603,731 shares held by a subsidiary of the Company	770,158,572	43.8%
Total outstanding common shares	**1,756,731,135**	**100.0%**

** LetterOne is the holder of the depositary receipts issued by Stichting and is therefore entitled to the economic benefits (dividend payments, other distributions and sale proceeds) of such depositary receipts. According to the conditions of administration entered into between Stichting and LetterOne, Stichting has the power to vote and direct the voting of, and the power to dispose and direct the disposition of, the ADSs, in its sole discretion.*

10 DIVIDENDS PAID AND PROPOSED

In March 2020, the Company paid a final dividend of US 15 cents per share for 2019, bringing total 2019 dividends to US 28 cents per share.

In March 2019, the Company paid a final dividend of US 17 cents per share for 2018, bringing total 2018 dividends to US 29 cents per share.

The Company makes appropriate tax withholdings of up to 15% when dividends are paid to the Company's share depositary, The Bank of New York Mellon. For ordinary shareholders at Euronext Amsterdam, dividends are paid in euro.

Notes to the interim condensed consolidated financial statements

(in millions of U.S. dollars unless otherwise stated)

ADDITIONAL INFORMATION

11 RELATED PARTIES

For the three-month period ended March 31, there were no material transactions and there were no material balances recognized with related parties as of this date.

12 RISKS, COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other than disclosed elsewhere in these interim condensed consolidated financial statements, there were no material risks, commitments, contingencies and uncertainties that occurred during the three-month period ended March 31, 2020, and there were no material changes during the same period to the risks, commitments, contingencies and uncertainties as disclosed in the Note 8 and Note 9 in the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

13 EVENTS AFTER THE REPORTING PERIOD

Global Medium Term Note programme

In April 2020, VEON Holdings B.V. established a Global Medium Term Note programme for the issuance of bonds (the "**MTN Programme**"), with a programme limit of US$6.5 billion or the equivalent thereof in other currencies.

In connection with the establishment of the MTN Programme, VEON also prepared a base offering memorandum, which was approved by the Luxembourg Stock Exchange, in order to enable bonds issued under the MTN Programme to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange. Following the establishment of the MTN Programme, VEON is monitoring the international capital markets and is considering potential offerings of notes during 2020 under the MTN Programme, denominated across the various currencies of our operations, subject to funding needs and market conditions.

Extension of Banglalink syndicated loan

In April 2020, Banglalink Digital Communications Limited ("Banglalink"), the Company's wholly-owned subsidiary, extended the maturity of its US$300 syndicated loan, denominated in U.S. dollars, by an additional two years to 2022. Following this extension, VEON Digital Amsterdam B.V., the Company's wholly-owned subsidiary, acquired the loan from the original lenders leading to extinguishment of this financial liability at VEON, with no material transactional costs incurred.

14 BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended March 31, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as of and for the year ended December 31, 2019.

The preparation of these interim condensed consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgments, estimates and assumptions affects the amounts reported in the statement of financial position, income statement, statement of cash flows, statement of changes in equity, as well as the notes. The final amounts for items for which estimates and assumptions were made in the consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

Certain comparative amounts have been reclassified to conform to the current period presentation. Specifically, the following December 31, 2019 balances were reclassified in the consolidated statement of financial position:

- Loans granted to customers relating to microfinance banking operations of US$116 is now presented within current Investments and derivatives (previously within Trade and other receivables); and
- Customer deposits and other liabilities relating to microfinance banking of US$186 and US$19, respectively, are now presented within current Debt and derivatives (previously within Trade and other payables).

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

A number of new and amended standards became effective as of January 1, 2020, which are not expected to have a material impact on VEON financial statements in current or future reporting periods or on foreseeable future transactions. The Group has not early adopted any other standards, interpretations or amendments that have been issued but have not yet become effective.

Amsterdam, May 7, 2020

VEON Ltd.