

SHAPING THE FUTURE OF TELECOMS



Jo Lunder (left)
Alexey Reznikov (right)

Dear stakeholder,

2014 was a pivotal year for VimpelCom and one of great progress, setting the stage for a brand new chapter in the Company's development. As we look to the future, our focus remains on connecting more people in more ways than ever before.

As one of the world's largest telecoms service providers, VimpelCom operates in an ever-evolving environment where new technologies continue to transform how consumers, companies and communities connect. This constant change is what drives VimpelCom to shape the future of our industry every day and it is also the foundation of the important decisions that we made and actions that we took in 2014.

We entered 2014 with a number of critical objectives required to lay the foundation for VimpelCom's future. In order to deliver on the promise of our Company and position ourselves to capture the growth from mobile data, we needed to strengthen our leadership positions in customer experience in our respective markets and ensure that we had modern high-speed networks in all of our markets to deliver the latest in services shaping how our customers are using mobile every day. We are pleased to say definitively that we delivered on these objectives and the results speak for themselves.

During the year, we made substantial investments in the roll out of high-speed data networks, spending 20% of our full year 2014 revenue. In all of our markets, we either have delivered on this important strategic imperative or are poised to do so during 2015. These investments have already borne fruit as we now lead in customer experience in five of our markets, co-lead in two, and we are seeing

substantial improvement in other markets as measured by the Net Promoter Score ('NPS') methodology. As a result, our customer base grew by nearly 5 million, reaching almost 222 million in total. We accomplished all of this even though we faced challenging environments in many of the markets in which we operate.

One example of a successful resolution to a difficult situation was in Algeria where, through the establishment of a long-term relationship with the Algerian National Investment Fund (the 'FNI'), we resolved the longstanding issue with the Algerian Government and created a private-public ownership structure for Djezzy. With this new ownership structure, Djezzy, the leader in Algeria, is positioned to better capture the growth in this attractive market. We have started a transformation program in Algeria, to ensure we can offer customers high quality mobile services and the best digital experience. The resolution in Algeria also released significant cash amounts to VimpelCom, which we are using to pay down debt.

Improving our financial position was another area where we made great strides in 2014. As part of our concerted efforts to improve our debt profile, we executed some USD 21 billion in financing activities in 2014, leading to a lower cost of debt, an improved maturity profile and enhanced liquidity. Excluding our strong, non-recourse, self-financing business in Italy, our net borrowings amounted to USD 6.7 billion, representing a net debt to EBITDA ratio of 1.2 times.

We are pleased with the continued progress that we have made in establishing a more coordinated and strengthened risk management and compliance framework, adding resources, training and awareness initiatives to the program. This will remain a key focus as we regard

it as a critical part of our future development and a particular focus of our senior management team.

We delivered on our strategic and operational objectives, as well as on our financial targets, despite a number of different macroeconomic and regulatory headwinds across our markets. Currency, particularly the deterioration of the ruble and the hryvnia, impacted our financial performance in the latter part of 2014. We experienced regulatory and governmental measures, unstable macroeconomic environments and market slowdowns in some of our markets.

Despite these factors, revenue of USD 19.6 billion in 2014 was down only 4% organically and EBITDA of USD 8.0 billion only declined 6% organically year-over-year. VimpelCom also maintained one of the highest EBITDA margins in the industry as a result of cost controls and the benefits of global procurement.

In 2014, 69% of our revenue, or almost USD 13.5 billion, was generated in emerging markets. These regions serve as a growth platform for the Company, generating nearly USD 5.7 billion in EBITDA and USD 2.9 billion in operating cash flow for the year. As high-growth, high-demand markets, these countries offer us an opportunity to launch mobile data and further establish ourselves as the leading provider of premier services. We have made and continue to make the investments needed to secure the framework needed to roll out and mature our offerings for these attractive markets.

Looking at 2015, our focus will continue to be on improving customer experience and further increasing NPS in our various markets. Our investments in high-speed data networks will continue in many markets, as will our efforts to deliver innovative new services to our customers. At the same time, we will invest in digital distribution and services, anticipating increased demand for such services as mobile financial services or smart home. We will maintain our relentless focus on ensuring efficiency in our investments and operating costs. We will also seek further consolidation opportunities, such as our network sharing agreement in Russia and the tower sale agreement in Italy serving as examples of new ways of thinking where we are leading the shaping of the future of telecommunications. We do expect the operating environment to remain difficult in 2015. However, we are confident that we have the right strategy and the right foundation in place to drive value for our shareholders going forward.

Our future will be defined by VimpelCom being at the forefront of the important opportunities and challenges facing our industry, as well as the global 'mega-trends' that are transforming the world of telecommunications and technology. Our future is now!



Alexey Reznikov
Chairman of the
Supervisory Board



Jo Lunder
Chief Executive Officer
until 13 April 2015



Jean-Yves Charlier

VimpelCom's foundation is strong, positioning our company for a bright and exciting future. We have an attractive portfolio of market-leading businesses across three continents and a growing base of 222 million customers who we proudly serve with innovative technologies and services.

Telecommunications is fast changing, particularly in the digital age, and this represents new opportunities for VimpelCom. We are ready to seize on opportunities to expand our business as the 7th largest integrated telecommunications company in the world.

We are taking deliberate measures to ensure that our businesses are strong and well-positioned to grow in the future by:

- Focusing on growing our customer base, particularly in emerging markets
- Launching new and innovative services such as in Mobile Financial Services
- Investing in our extensive networks, particularly in high-speed data
- Simplifying how we deliver our services while maintaining our standards of excellence
- Managing our businesses in a cost efficient manner

The rise of the digital world offers new opportunities. At VimpelCom, we intend to leverage these to our advantage to drive change, strengthen our engagement with our customers and deliver operational efficiencies. We are seizing these opportunities for the benefit of all of our stakeholders.



Jean-Yves Charlier
Chief Executive Officer effective 13 April 2015