EDISON

VEON

Kyivstar IPO

Catalysts from Kyivstar IPO and buyback

Technology

8 July 2025

VEON's financial performance at the Q125 stage was strong, and importantly the Ukrainian business that is to be listed in the coming months was solid. Investor attention is now on the Kyivstar IPO, and we are comforted to see that it is progressing as planned. In this note we introduce an estimate of $2.4bn for the equity value of Kyivstar, which supports the $2.2bn valuation in the IPO documents provided by VEON. We believe the Kyivstar IPO could be a strong positive catalyst for VEON shares, implying a rump (business excluding Kyivstar) valuation of just $1.7bn at VEON's current share price. The 16 June announcement that VEON will commence a $35m buyback should provide additional support to the stock. We have revised our 2025 adjusted EPS estimate to $5.16 and 2026 to $6.32, and our equity valuation remains largely unchanged at $60.1 per share ($60.4 previously). Our adjusted EPS now reflects a more conservative methodology, including dilution from options.

Year end	Revenue ($m)	EBITDA ($m)	PBT ($m)	EPS ($)	DPS ($)	P/E (x)	Yield (%)
12/23	3,698.0	1,609.0	559.0	(35.99)	0.00	N/A	N/A
12/24	4,004.0	1,691.0	704.0	5.87	0.00	7.4	N/A
12/25e	4,206.2	1,777.3	673.6	5.16	0.00	8.4	N/A
12/26e	4,361.6	1,945.3	825.7	6.32	2.54	6.8	5.9

Note: PBT is normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. EPS is reported (US GAAP). VEON's shares are only listed on Nasdaq through the ADS structure; all per share data refer to ADS.

Kyivstar the main focus for H2, with buyback kicker

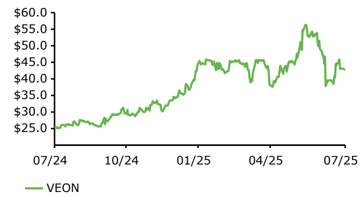
VEON is advancing plans to list its Ukrainian subsidiary, Kyivstar, on NASDAQ through a merger with Cohen Circle Acquisition Corporation, a special purpose acquisition company (SPAC). With this note we introduce estimates for Kyivstar on a stand-alone basis, and perform a valuation of the business. Using a DCF methodology, and similar assumptions to our core VEON DCF, we estimate its equity value at $2.4bn, 9.0% above the $2.2bn valuation ascribed to the business in the SEC documents filed by VEON. VEON will retain between 84% and 92% ownership of Kyivstar, and therefore the current VEON share price indicates a $0.7bn market-implied rump valuation for the VEON businesses in a worst-case scenario. Note that no direct cash proceeds will be received by VEON from the listing. The remaining business represents 70% of VEON's 2026e EBITDA, highlighting a significant undervaluation. In the near term, we see scope for stock support from the third tranche of VEON's buyback, amounting to $35m.

Valuation: DCF gives fair value of $60/share

We value VEON using a DCF, as its asset-light strategy should drive strong free cash flow growth. Using an unchanged WACC of 16.9%, our DCF delivers a fair value of $60/share, 39% above the current price. We believe our estimates may have scope for upside, as we do not incorporate a strong recovery in Ukraine, Pakistan and Bangladesh, where there have been negative earnings events. The IPOs of Kyivstar and other subsidiaries are potential positive catalysts. VEON trades on 3.7x FY26e EV/EBITDA, 13.4% below the peer average, and 7.0x FY26e P/E, 30.5% below peers. We believe the shares are well positioned to close the gap to our fair value.

Price	**$43.26**
Market cap	**$3,207m**
Net cash/(debt) at Q125	$(3,005.0)m
Shares in issue	74.0m
Code	VEON
Primary exchange	NASDAQ
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(14.7)	1.8	65.5
52-week high/low		$58.3	$25.9

Business description

VEON is a frontier market telecommunications company with businesses in Ukraine, Pakistan, Bangladesh, Kazakhstan and Uzbekistan. It offers services ranging from traditional mobile and internet, to sophisticated digital solutions for consumers and businesses.

Next events

Kyivstar listing	Q325

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Edison profile page

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Investment summary

H225 will be all about the Kyivstar IPO

The stage is set for VEON's Kyivstar IPO to dominate news flow in H225. With improved visibility on regulatory approvals and macro stability in Ukraine, the listing, via a SPAC merger with Cohen Circle, is expected to close in Q3. This could unlock significant equity value, given our $2.4bn valuation for Kyivstar and VEON's intention to retain between 60.3% and 76.1% ownership post-transaction. We see multiple potential catalysts around the IPO. First, VEON has confirmed a further $35m buyback, the last tranche of its current authorisation, which could help narrow the discount to our fair value ahead of the listing. Second, the IPO crystallises value for VEON's largest asset, allowing the market to refocus on the value of the remaining group (the 'rump') at what we view as a depressed valuation. Third, stronger operational delivery, led by Ukraine and Kazakhstan, and renewed investor focus on capital allocation could help revitalise the stock. Our updated discounted cash flow (DCF) model yields an equity valuation of $4.3bn, or $60.1 per share, implying 39% upside to the current price of $43.3.

Valuation: Kyivstar IPO may highlight the rump valuation of VEON

Following the Kyivstar listing, VEON's remaining business (the 'rump') can be valued by subtracting the value of its retained Kyivstar stake from its current market capitalisation. We estimate the rump valuation using both Edison's internal Kyivstar valuation and the company's own submission to the SEC.

We assume:

- VEON retains a 61% interest in Kyivstar after the deal.
- Kyivstar's equity value is estimated at $2.4bn by Edison and $2.2bn in the VEON SEC submission.
- VEON's current market capitalisation is $2.76bn.

This suggests the rump trades on 3.7–3.8x 2026e EV/EBITDA, modestly above VEON's current group multiple of 3.5x. While this implies a slight premium, it reflects the cleaner post-listing structure and strategic flexibility of the rump, which may support a re-rating of VEON Group shares.

Exhibit 1: Value of VEON's stake in Kyivstar

$m	Edison estimate	VEON SEC submission
Kyivstar equity value	2,400	2,210
Veon's stake at 84% ownership	2,021	1,861
Veon's stake at 92% ownership	2,214	2,039

Source: VEON, Edison Investment Research

Exhibit 2: VEON rump valuation ex Kyivstar

$m	Value
VEON current market value	2,761
Kyivstar equity value to VEON	2,021
Implied rump valuation	740
VEON post-deal 26e EV adjustment	4,094
VEON rump implied EV	4,834
VEON rump EBITDA	1,302
VEON rump implied 26e EV/EBITDA	3.7
VEON current 26e EV/EBITDA	3.5

Source: Edison Investment Research

Third tranche of the $100m buyback was recently announced

VEON has progressed to the third phase of its $100m share buyback programme, approving up to $35m for open-market repurchases under a `10b5-1` plan. The initial phase ($30m) closed in January 2025, followed by the second phase ($35m) completed on 21 May 2025. Together, the first two phases repurchased approximately 1.43m American Depository Shares (ADSs) at an average price of $45.59/share, representing ~1% of total shares outstanding. The latest tranche was accompanied by a comment from the company that VEON ADSs are 'undervalued relative to operational performance', and with the intention to both optimise shareholder value ahead of the Kyivstar IPO and bolster the company's financial flexibility. This is the final tranche of the current buyback authorisation, and we believe that, once completed, it is likely that VEON will authorise a further buyback.

We still assume that a dividend will be paid on 2026 earnings

VEON previously stated its intention to return at least 50% of annual free cash flow to equity holders, and we have assumed that it will be in a strong position to resume dividends from 2026 earnings. While no formal dividend policy has been reinstated, the company has favoured buybacks in the interim. Following the Kyivstar IPO, we expect management to revisit its broader capital return framework, potentially combining further repurchases with a return to dividend payments. VEON is also pursuing a private four-year bond issuance to enhance short-term funding flexibility. The use of IPO proceeds and future capital allocation strategy remain key investor focus areas for H225.

Financials: Q125 results were a solid beat versus Edison estimates

VEON reported solid Q125 results, beating our estimates on revenues in its two biggest divisions, Ukraine and Pakistan, and on EBITDA in every division. Q125 group revenues were $1,1026m, 4.0% above our estimate and up 7.7% y-o-y, driven primarily by beats from Pakistan and Ukraine. Q125 EBITDA was $426m, beating our estimate by 7.3%, and up 16.1% y-o-y. The EBITDA margin improved to 42%, ahead of our 40% estimate. Q125 EBIT was $239m, 13.3% above our estimate and up 7.2% y-o-y. However, profit before tax missed expectations, coming 26.3% below our Q125 estimate due to a $109m net financials charge. Net income to shareholders reached $99m, up 8.3% versus our estimate and up a robust 45.6% y-o-y. At the divisional level, Pakistan delivered the strongest revenue growth, 10.3% higher than our estimate and up 20.6% y-o-y, while EBITDA beat our estimate by 15.7%. Ukraine also outperformed, with revenue and EBITDA beating our estimates by 3.0% and 0.5% respectively, and EBITDA climbing 50.5% y-o-y. Conversely, Kazakhstan and Bangladesh slightly missed our estimates, with Kazakhstan's revenue 1.1% below our estimate and down 11.7% y-o-y, while Bangladesh saw a 2.3% revenue shortfall and a 13.6% EBITDA decline.

Exhibit 3: Q125 income statement versus Edison estimates

US$m; year end 31 December	Q125	Q125e	Difference	Q124	Change y-o-y
Revenue	**1,026**	**986**	**4.0%**	**953**	**8%**
EBITDA	**426**	**397**	**7.3%**	**367**	**16%**
Margin	41.5%	40.3%		0	
Depreciation	(138)	(136)			
Amortisation	(60)	(49)			
EBIT	**239**	**211**	**13.3%**	**223**	**7%**
Margin	23%	21%		23%	
Net financials	(109)	(36)		(107)	
PTP	**130**	**176**	**-26.3%**	**148**	**-12%**
Minority interest	(12)	(66)		(64)	
Net income from discontinued	**9.2%**	**37.4%**		**43.2%**	
Net income to shareholders	**99**	**91**	**8.3%**	**68**	**46%**

Source: VEON data, Edison Investment Research

Sensitivities

VEON's share price is sensitive to a range of strategic, financial and geopolitical factors, notably the imminent Kyivstar transaction. Once the Kyivstar listing is completed, we believe investor focus may shift sharply to VEON's other emerging market businesses, capital return visibility and potential future acquisitions, given its stated appetite for further M&A.

Kyivstar

Kyivstar IPO will remove a key valuation uncertainty and highlight the rump value

The Kyivstar IPO represents more than a liquidity event for VEON; it is the culmination of a strategy to crystallise the value in the group's largest, most robust and most resilient asset. Kyivstar consistently delivers high margins and strong cash generation, and has significant potential should the Ukraine conflict reach a resolution. The public listing should improve access to capital markets, establish a value for VEON's remaining stake in Kyivstar and potentially catalyse a broader re-rating of VEON's shares as investors note the implied valuation for the remainder (rump) of VEON's businesses.

Kyivstar is leading Ukraine's digital rebuild

Kyivstar is Ukraine's largest telecom operator, with 24.3 million mobile subscribers and 1.1 million fixed broadband users as of end 2024. The business has shown remarkable resilience, maintaining profitability and network availability throughout the war. Management attributes this to Kyivstar's scale, spectrum depth and local execution, reinforced by high postpaid penetration and disciplined cost control. The company has a market share of over 46% in mobile and around 20% in fixed broadband. It is also expanding into digital services, offering cloud, cybersecurity and digital identity solutions, and launching the Kyivstar.Tech venture hub to foster local innovation. The IPO narrative is built around Ukraine's post-war reconstruction and the central role of digital infrastructure in that recovery, supported by strong macro tailwinds and donor funding. Kyivstar generated $924m in revenue and $518m in EBITDA in FY24 (23% and 31% of group, respectively), with a 56% EBITDA margin and capex of $162m (17.6% of sales). Its high cash conversion and low leverage provide a credible platform for a public listing and long-term reinvestment.

Key features of the Kyivstar listing deal and process

As this is not a normal IPO process, we summarise the key features of the deal process:

Mechanics of the deal

VEON is transferring ownership of Kyivstar into Cohen Circle Acquisition Corp (CCIR), a listed SPAC. In return, VEON will receive 190.5m shares in CCIR, increasing to 208.7m if public shareholders choose to redeem. Upon deal completion, CCIR will be renamed Kyivstar, and its NASDAQ listing will reflect this new identity.

Timing

VEON filed the Form F-4 registration statement with the SEC on 5 June 2025 – this represents the first formal step in the listing process. The F-4 effectively acts as the listing document, containing a full description of the proposed transaction, pro forma financials and risk factors. Under the terms of the F-4 document submitted to the SEC, the sponsor shares and related instruments expire worthless if the Kyivstar transaction is not completed by 10 October 2025, which creates a hard deadline for the listing.

Listing requirements

Unlike a traditional IPO, the SPAC process allows the company to list without a roadshow or formal price discovery process. However, similar disclosures – including audited financials, a business overview, and risk factors – are required in the F-4. The SPAC structure avoids underwriter involvement, but imposes its own constraints, including redemption mechanics, sponsor dilution and a fixed timeline for closing.

Proceeds

VEON does not receive any direct proceeds from the transaction. The cash available to Kyivstar through this listing is limited to the balance of the SPAC's trust account post-redemptions. The trust account currently holds approximately $287.5m, based on 28.75m shares trading at $10.88. However, only the 23.0m public shares are redeemable, implying up to $250m in redeemable proceeds, which will be reduced dollar-for-dollar by any redeemed shares (redeemed at $10.00 per share). While in theory Kyivstar could issue a dividend to VEON post-closing, regulatory constraints and capital preservation considerations mean we assume no cash is received by VEON for valuation purposes.

Exhibit 4: Kyivstar SPAC vehicle share structure, pre and post-deal

	Pre-deal	Post-deal (no redemptions)	Post-deal (100% redemption)
Veon (the seller)(m)	0.0	190.5	208.7
% of shares outstanding	0.0%	84.2%	92.3%
Cohen Circle public shareholders (m)	23.0	23.0	4.8
% of shares outstanding	80.0%	10.2%	2.1%
Sponsors (m)	5.8	5.0	5.0
% of shares outstanding	20.0%	2.2%	2.2%
Holders of Cohen public warrants (m)	0.0	7.7	7.7
% of shares outstanding	0.0%	3.4%	3.4%
Total (m)	**28.8**	**226.2**	**226.2**

Source: VEON

Kyivstar listing dynamics: VEON will retain between 84% and 92+% of Kyivstar

VEON will retain between 84.2% and 92.3% of Kyivstar's equity following the transaction. The final ownership structure is subject to two key variables:

1. the scale of redemptions by Cohen Circle public shareholders (CCPS), and
2. the degree to which the Cohen Circle public warrants are exercised.

In the most extreme, and unlikely, scenario of no redemptions, VEON (the seller) would hold 190.5m shares in listed Kyivstar out of a total of 226.2m shares outstanding, implying an 84.2% ownership. If 100% of CCPS redeem their shares, VEON's stake would rise to 208.7m, and since the total number of shares outstanding remains unchanged at 226.2m, this implies 92.3% ownership. We have assumed that all warrants are exercised for this analysis, analogous with our treatment of the number of shares in VEON Group itself, but if none of the warrants were exercised, VEON's ownership could theoretically be as high as 95.5%

To understand this more clearly, we analyse each share class:

VEON (the seller)

- **Pre-deal:** 0 shares.
- **Post-deal (no redemptions):** 190.5m shares.
- **Post-deal (100% redemptions):** 208.7m shares.
- **Mechanism:** upon transfer of Kyivstar assets into the SPAC, VEON receives 190.5m shares. If CCPS redeem their shares for cash from the trust, those shares (up to 18.2m) are transferred to VEON, increasing its holding proportionately.

Cohen Circle Public Shareholders (CCPS)

- **Pre-deal:** 23.0m shares (representing 80% of pre-deal total).
- **Post-deal (no redemptions):** 23.0m shares.
- **Post-deal (100% redemptions):** 4.8m shares (ie 23.0m original less 18.2m maximum redeemable).
- **Redemption option:** CCPS have the right to redeem shares for their pro-rata portion of the SPAC's trust account (which holds $230m, implying a redemption value of $10.00 per share).
- **Transferred shares:** redeemed shares are not cancelled but instead transferred to VEON, which boosts VEON's ownership without changing the total share count.

Sponsors (founders)

- **Pre-deal:** 5.75m shares (20% of pre-deal shares outstanding).
- **Post-deal:** 5.03m shares (adjusted for vesting and forfeiture conditions).
- **Lockup:** sponsor shares are typically subject to vesting and lock-up periods, meaning they may not be traded

freely immediately post-listing.

- **Dilution-protected:** the sponsors retain their shares regardless of redemptions, so their ownership rises slightly (from 2.2% to 2.4%) in a full redemption scenario.

Holders of Cohen Circle Public Warrants

- **Outstanding:** 7.67m public warrants, convertible into 7.67m shares (1-for-1).
- **Exercise price:** $11.50 per share.
- **Timing:** these warrants cannot be exercised immediately; they become exercisable 30 days post-closing and only if the share price exceeds $18.00 for 20 out of 30 trading days.
- **Proceeds:** if exercised, $88.3m (7.67m × $11.50) would flow into the listed entity (Kyivstar), not VEON.
- **Dilution impact:** exercise would increase the share count, diluting all existing shareholders, including VEON. We have assumed for simplicity that all warrants are exercised, which thus gives a worst-case shareholding for VEON.

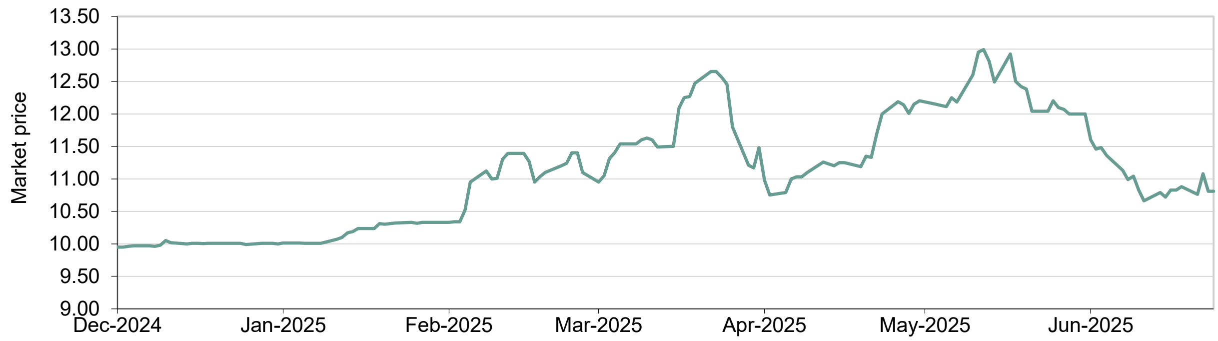
Kyivstar SPAC vehicle (CCIR) is trading as would be expected

The closing price the Cohen Circle Acquisition Corp. (CCIR) SPAC on 7 July was $10.78 per share, which aligns closely with our calculated implied valuation per share for Kyivstar post-transaction (based on 226.2m shares outstanding). This appears deliberate and serves several important signalling and strategic functions:

- **Valuation anchoring:** the pricing aligns with typical SPAC norms, where post-deal equity is anchored at around $10–11 to avoid signalling overvaluation or discounting.
- **Market confidence: t**he close match between CCIR's trading price and Kyivstar's implied valuation suggests that investors accept the fairness of the proposed terms and do not anticipate significant upside or downside from deal completion alone.
- **Redemption dynamics:** the trading price being slightly above the $10.00 trust redemption floor discourages redemptions, while not trading at a significant premium reduces speculative excess.

In our view, the current market pricing validates the deal structure, and implies that the post-listing share price performance will be driven more by Kyivstar's operational delivery than by multiple re-rating or structural arbitrage.

Exhibit 5: Kyivstar SPAC trading price, $



Source: LSEG Data & Analytics

$1bn commitment and Starlink deal will provide additional support to deal

VEON has committed to investing $1bn in Ukraine's digital infrastructure between 2023 and 2027. Since February 2022, Kyivstar has built 1,895 new LTE base stations and upgraded approximately 13,200 existing base stations to 4G. This expansion added over 4,100 residential areas to 4G coverage between 2022 and 2024. Kyivstar also expanded its high-speed gigabit passive optical network to seven new cities in 2024, enhancing home and business fixed-line internet services. Furthermore, in December 2024, Kyivstar signed a groundbreaking agreement with Starlink to introduce direct-to-cell satellite connectivity in Ukraine, making it one of the first countries globally to deploy this technology. The initial phase, focusing on SMS and over-the-top (OTT) messaging services, is expected to launch in the fourth quarter of 2025, with plans to expand to voice and data services in subsequent stages

Uklon integration should add annual revenues and EBITDA of $60m and $12m, respectively

VEON's Uklon acquisition closed on 2 April 2025, and should contribute to a full quarter of earnings in Q225. The company has guided that the business generated $65m in revenues in 2024 and a 20–25% EBITDA margin, while growth appears to have been of the order of 30% per year over the last several years. Our revised estimates include $19m revenues each quarter for the period Q225e to Q126e, with an EBITDA margin of 20%. This has a dilutive effect on VEON's Ukrainian division's EBITDA margin, which was 56.1% in FY24. We expect Uklon to drag VEON's Ukrainian division margin down to 53.8% in 2025, before recovering to 56.3% in 2026e and further to 57.0% in 2027e.

Valuation: DCF indicates a stand-alone valuation of US$2.4bn for Kyivstar

We value Kyivstar using a DCF, based on cash flow forecasts for 2025 to 2030 and a weighted average cost of capital (WACC) of 18.4%, compared to the 16.9% we use for our VEON WACC. Our model yields a total enterprise value of $2.37bn, or $2.41bn including net cash and minority interests. Our terminal value assumptions include a 3.5% perpetual growth rate and a 57.9% terminal EBITDA margin. The DCF valuation is sensitive to the final deal structure, particularly the number of shares outstanding after redemptions. Based on our $2.4bn equity valuation for Kyivstar, VEON's retained stake would be worth between $1.45bn and $1.83bn, depending on redemption levels. In a no-redemption scenario, VEON would hold 60.3% of the listed entity, while 100% redemptions would leave it with a 76.1% stake. Notably, VEON is not selling shares into the IPO, meaning no direct proceeds are received, and the dilution is purely the cost of securing a listing and future strategic flexibility.

Exhibit 6: Summary of Kyivstar's DCF cash flows

US$m; year end 31 December	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e	TV
Sales	**1,055**	**971**	**919**	**924**	**1,080**	**1,141**	**1,198**	**1,258**	**1,321**	**1,387**	**1,436**
Growth	0.0%	-8.0%	-5.4%	0.5%	16.8%	5.7%	5.0%	5.0%	5.0%	5.0%	3.5%
FX	-1.0%	-16.5%	-11.3%	-8.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Structure	0.0%	0.0%	0.0%	0.0%	6.1%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Organic	0.0%	8.5%	6.0%	8.9%	10.8%	4.0%	5.0%	5.0%	5.0%	5.0%	3.5%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	**704**	**575**	**541**	**518**	**581**	**643**	**683**	**717**	**753**	**791**	**818**
Margin	66.7%	59.2%	58.9%	56.1%	53.8%	56.3%	57.0%	57.0%	57.0%	57.0%	57.0%
Taxes	(70)	(58)	(65)	(64)	(72)	(85)	(95)	(104)	(114)	(125)	(61)
Effective tax rate	10.0%	10.0%	12.0%	12.4%	12.4%	13.3%	13.9%	14.5%	15.2%	15.8%	7.5%
NOPAT	**634**	**518**	**476**	**454**	**509**	**558**	**588**	**613**	**639**	**666**	**757**
Capex and investments in intangibles	(204)	(176)	(143)	(248)	(232)	(245)	(258)	(271)	(284)	(298)	(309)
% of sales	19.3%	18.1%	15.6%	26.8%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%
Working Capital	(116)	(107)	(69)	(99)	(119)	(126)	(132)	(138)	(145)	(153)	(158)
% of sales	-11.0%	-11.0%	-7.5%	-10.7%	-11.0%	-11.0%	-11.0%	-11.0%	-11.0%	-11.0%	-11.0%
Working capital movements	10	(9)	(38)	30	20	7	6	7	7	7	5
Free cash flow	**440**	**332**	**295**	**236**	**296**	**319**	**337**	**349**	**362**	**375**	**454**
Free cash flow margin	41.7%	34.2%	32.1%	25.5%	27.4%	28.0%	28.1%	27.7%	27.4%	27.0%	31.6%
Free cash flow per share ($)	1.9	1.5	1.3	1.0	1.3	1.4	1.5	1.5	1.6	1.7	2.0

Source: VEON, Edison Investment Research

Exhibit 7: Kyivstar DCF valuation summary

	31 December 2025
PV of FCF 2026–30 ($m)	1,064
PV of TV ($m)	1,305
Total enterprise value (2025e) ($m)	**2,370**
Net debt + minorities (2025e) ($m)	(39)
Total equity value ($m)	**2,408**
Number of shares (m)	226
Equity value per share ($)	**10.6**
Current price ($)	10.9
Premium/(discount) to price	-2%

Source: VEON, Edison Investment Research. PV = present value, TV = terminal value, FCF = free cash flow

Exhibit 8: Kyivstar DCF assumptions

WACC calculation and TV assumptions	31 December 2025
10 yr US Treasury yield	4.6%
Borrowing spread	4.9%
Tax rate	7.5%
After tax cost of debt	**8.8%**
Risk-free rate	4.6%
Equity risk premium	15.0%
Beta	135.0%
Cost of equity	**24.9%**
WACC	**18.4%**
Actual net debt % total capital	39.6%
Target net debt % total capital	40.0%
Terminal value growth rate	3.5%
Terminal value margin	57.0%
Terminal value reinvestment rate	-66.9%

Source: Edison Investment Research

DCF assumptions for Kyivstar

Our DCF valuation for Kyivstar is based on a 7.0% revenue CAGR over 2024–30e, underpinned by growth in mobile average revenue per user, the scaling of digital services and an eventual stabilisation of geopolitical tensions. We assume an EBITDA margin in the 56–57% range, consistent with historical levels and supported by a gradual shift toward higher-margin digital activity. We assume capex at 21.5% of sales across the forecast period, reflecting a normalised investment level. We apply a WACC of 18.4% (versus 16.9% for VEON Group). We incorporate a high emerging market (EM) risk premium, political uncertainty and FX volatility. For terminal value, we assume a 57.0% EBITDA margin and long-term growth of 3.5%.

Post-IPO: Focus will shift to the rump business and capital allocation

Post-IPO, VEON will retain full ownership of its operations in Kazakhstan, Uzbekistan, Pakistan and Bangladesh, which are markets that continue to deliver high-teens revenue growth and solid cash conversion. VEON's Pakistan business generated $584m in EBITDA in 2024, and is therefore similar to VEON's Ukraine business, which generated $518m EBITDA in 2024, for instance. These operations are fully funded, require no external equity and benefit from favourable spectrum positions and growth potential. We believe therefore that the Kyivstar IPO is likely to highlight the undervaluation of the rump portfolio, and it remains possible that VEON may seek to list further entities in order to crystallise value. Furthermore, VEON has yet to provide detailed guidance on how it intends to deploy the proceeds of the Kyivstar transaction, though we note that the structure enables flexibility. If VEON retains the SPAC proceeds, options include debt reduction (which would enhance equity optionality), selective reinvestment in growth (including potential EM digital assets) or an eventual return of capital to shareholders. The timing and clarity of these decisions may influence investor perception of the transaction's long-term value.

Financials

Changes to estimates: Upgrades driven by Ukraine, offset by Bangladesh

We now estimate 2025 EBITDA of $1,777m, up 2.3% versus our previous estimate, and 2026 EBITDA of $1,945m, up 2.6%. The revisions are driven primarily by Ukraine, where we have raised our 2025 EBITDA estimate by 1.9% to $581m and 2026 EBITDA by 0.6% to $643m. These changes reflect improved macroeconomic assumptions and increased confidence in Kyivstar's growth trajectory, including the impact of the Uklon acquisition and Starlink partnership.

At the group level, we now forecast 2025 PBT of $674m, up 6.4% versus our previous estimate, and 2026 PBT of $826m, up 5.8%.

Exhibit 9: Summary of changes to estimates

	New			Old			Change		
US$m	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
Sales	**4,206**	**4,362**	**4,568**	**4,083**	**4,245**	**4,445**	**3.0%**	**2.8%**	**2.8%**
Ukraine	1,080	1,141	1,198	980	1,048	1,101	10.2%	8.9%	8.9%
Pakistan	1,481	1,525	1,602	1,447	1,490	1,565	2.3%	2.3%	2.3%
Kazakhstan	844	870	913	848	874	917	-0.4%	-0.4%	-0.4%
Bangladesh	458	467	481	466	475	489	-1.7%	-1.7%	-1.7%
Uzbekistan	293	308	323	291	306	321	0.8%	0.8%	0.8%
Other	56	56	56	60	60	60	-6.7%	-6.7%	-6.7%
HQ and eliminations	(6)	(6)	(6)	(8)	(8)	(8)	-25.0%	-25.0%	-25.0%
Growth	**5.0%**	**3.7%**	**4.7%**	**2.0%**	**3.9%**	**4.7%**	**3.1%**	**-0.3%**	**0.0%**
Ukraine	16.8%	23.5%	5.0%	6.0%	7.0%	5.0%	10.8%	16.5%	0.0%
Pakistan	7.1%	3.0%	5.0%	4.6%	3.0%	5.0%	2.5%	0.0%	0.0%
Kazakhstan	-1.2%	3.0%	5.0%	-0.8%	3.0%	5.0%	-0.4%	0.0%	0.0%
Bangladesh	-11.8%	2.0%	3.0%	-10.2%	2.0%	3.0%	-1.5%	0.0%	0.0%
Uzbekistan	7.9%	5.0%	5.0%	7.0%	5.0%	5.0%	0.9%	0.0%	0.0%
EBITDA	**1,777**	**1,945**	**2,124**	**1,737**	**1,896**	**2,164**	**2.3%**	**2.6%**	**-1.8%**
Ukraine	581	643	683	570	639	726	1.9%	0.6%	-5.9%
Pakistan	638	702	769	610	656	751	4.7%	7.0%	2.3%
Kazakhstan	430	461	511	428	454	514	0.5%	1.5%	-0.4%
Bangladesh	162	173	192	156	171	196	4.2%	1.0%	-1.7%
Uzbekistan	109	116	125	107	115	124	1.4%	0.8%	0.8%
HQ and elimination	(160)	(160)	(160)	(155)	(155)	(155)	3.0%	3.0%	3.0%
EBIT	**1,083**	**1,206**	**1,348**	**1,043**	**1,161**	**1,396**	3.8%	3.9%	-3.4%
Net financials	(410)	(380)	(373)	(410)	(381)	(374)	-0.1%	-0.1%	0.0%
PBT	**674**	**826**	**974**	**633**	**780**	**1,022**	**6.4%**	**5.8%**	**-4.7%**
Tax	(202)	(248)	(292)	(190)	(234)	(307)			
Tax (% of PBT)	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%			
Minorities	(106)	(130)	(154)	(100)	(123)	(161)			
Net Income	**365**	**448**	**528**	**343**	**423**	**554**	**6.4%**	**5.8%**	**-4.7%**

Source: Edison Investment Research

Change to Edison Investment Research's calculation of adjusted EPS

With this note we make two changes to our adjusted EPS calculation:

- **Number of shares:** we now use the diluted number of shares, rather than the basic reported number of shares, to calculate earnings per share. The diluted number of shares includes the potential exercise of management stock options, which adds an additional 1.4m shares to our previous 70.8m shares in issue, giving a diluted number of shares in issue of 72.2m.
- **Adjusted net income:** we no longer add back amortisation of intangibles in our adjusted net income. VEON's intangibles relate primarily to mobile licences, brands and software, which for technology companies are typically amortised in a manner similar to tangible assets, and therefore we do not add intangible amortisation back in our adjusted net income.

Exhibit 10: VEON intangible assets, 31 December 2024

Category	Value (US$m)	% of total
Mobile licences	684	0
Software	343	0
Other intangible assets	256	0
Brand	93	0
Goodwill	87	0
Customer relationships	51	0

Source: VEON

Sensitivities

VEON's share price is sensitive to a range of strategic, financial and geopolitical factors, notably the imminent Kyivstar transaction. Once the Kyivstar listing is completed, we believe investor focus may shift sharply to VEON's other emerging market businesses, capital return visibility and potential future acquisitions, given its stated appetite for further M&A.

Sensitivities include:

1. **Completion risk and valuation realisation.** We understand the Kyivstar SPAC merger is progressing well, but delays in regulatory approvals, high redemption levels or a failed shareholder vote could delay or dilute the transaction's intended value-unlock. VEON is expected to retain a majority interest (≥80%) post-IPO. However, the market may discount the embedded valuation uplift if monetisation of this stake remains unclear or delayed.
2. **Balance sheet and leverage metrics.** Post-Kyivstar, VEON's balance sheet profile will shift, though the net effect remains uncertain. Proceeds from the SPAC transaction (if retained), combined with the deconsolidation of Ukrainian debt, may improve headline leverage. However, market confidence will likely depend on the pace of deleveraging, refinancing of 2027 bonds and clarity on dividend reinstatement. Upside is possible if net leverage falls below 2.5x faster than expected.
3. **Execution across remaining markets.** With Kyivstar carved out, investor perception of VEON will likely centre on performance in Pakistan, Bangladesh, Kazakhstan and Uzbekistan. Any underperformance – particularly in Jazz (Pakistan), which remains exposed to regulatory and FX risks – could have a negative impact on sentiment. Conversely, strong subscriber growth or successful monetisation of mobile financial services could support a re-rating.
4. **Capital return and strategic clarity.** Investors are likely to focus on how VEON intends to deploy any Kyivstar-related proceeds and manage its remaining Kyivstar stake. A clearly articulated roadmap to monetise this stake – via sell-downs, dividends in kind or direct distributions – could offer significant upside optionality. Ambiguity on this front may weigh on valuation multiples.
5. **Geopolitical and governance risk.** Though VEON has exited Russia, lingering concerns over legacy shareholder links and ongoing exposure to volatile jurisdictions may cap upside. Any re-emergence of reputational or compliance risks could reintroduce a governance discount.
6. **M&A strategy and integration risk.** VEON has signalled appetite for strategic expansion, exemplified by its acquisition of a controlling stake in Digital Operator Uzbekistan and the consolidation of its digital health and fintech assets in Pakistan and Kazakhstan. While these moves may enhance vertical integration and bolster digital revenue, they also introduce integration risk and may stretch management bandwidth. Markets may reward disciplined capital allocation, but penalise overreach or opaque deal logic.

Valuation

$60.1 per share valuation based on a DCF analysis

We value VEON using a DCF methodology, based on estimated 2025–30 free cash flows and a terminal value from 2030. Our model yields a total equity value of $4.3bn, equivalent to $60.1 per share, representing 39% upside to the current share price of $43.26.

We assume a WACC of 16.9%, incorporating a risk-free rate of 4.6%, an equity risk premium of 14.2% and a beta of 1.4. The after-tax cost of debt is 6.5%, based on VEON's 9.5% corporate bond yield and a 32% tax rate. Our terminal value is based on a 31.0% EBIT margin, a reinvestment rate of 7.9% and long-term growth of 3.5%.

We estimate VEON's enterprise value as at 31 December 2025 at $8.5bn. After deducting net debt and minorities of $4.1bn, this results in a total equity value of $4.3bn. The valuation is based on 72.2m shares outstanding, including 1.4m from assumed stock-based compensation dilution.

We note that our terminal margin and reinvestment assumptions may prove optimistic and are subject to revision depending on the capital allocation policy following the Kyivstar IPO.

Exhibit 11: VEON Group discounted cash flow

US$m; year end 31 December	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e	TV
EBIT	**1,544**	**1,162**	**929**	**1,110**	**1,083**	**1,206**	**1,348**	**1,419**	**1,493**	**1,570**	**1,694**
EBIT margin	19.8%	30.9%	25.1%	27.7%	25.8%	27.6%	29.5%	29.6%	29.7%	29.7%	31.0%
Taxes	(258)	(69)	(179)	(179)	(202)	(248)	(292)	(316)	(340)	(365)	(431)
Effective tax rate	28.4%	8.6%	32.0%	25.4%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	32.9%
NOPAT	**1,286**	**1,093**	**750**	**931**	**881**	**958**	**1,056**	**1,104**	**1,154**	**1,206**	**1,263**
Depreciation and amortisation	1,873	671	729	728	694	739	776	810	847	886	870
Capex and investments in intangibles	(1,383)	3,312	(531)	(647)	(715)	(698)	(708)	(743)	(780)	(818)	(810)
Working capital movements and provisions	(65)	(66)	248	53	16	31	41	45	47	49	49
Free cash flow	**1,711**	**5,010**	**1,196**	**1,065**	**876**	**1,030**	**1,164**	**1,215**	**1,267**	**1,322**	**1,372**
Free cash flow margin	22.0%	133.4%	32.3%	26.6%	20.8%	23.6%	25.5%	25.4%	25.2%	25.0%	25.1%
Free cash flow per share ($)	24	69	17	15	12	14	16	17	18	18	19

Source: VEON, Edison Investment Research

Exhibit 12: VEON DCF valuation

	31 December 2025
Present value of free cash flow 2026–30 ($m)	3,782
Present value of terminal value ($m)	4,710
Total enterprise value (2025e) ($m)	**8,491**
Net debt + minorities (2025e) ($m)	4,149
Total equity value ($m)	**4,342**
Number of shares (m)	72.2
Equity value per share ($)	**60.1**
Current price ($)	39.0
Premium/(discount) to price	54.1%

Source: Edison Investment Research

Exhibit 13: WACC calculation and TV assumptions

	31 December 2025
10 year US Treasury yield	4.6%
Borrowing spread	4.9%
Tax rate	32.0%
After tax cost of debt	**6.5%**
Risk-free rate	4.6%
Equity risk premium	14.2%
Beta	135.0%
Cost of equity	**23.8%**
WACC	**16.9%**
Actual net debt % total capital	39.6%
Target net debt % total capital	40.0%
Terminal value growth rate	3.5%
Terminal value margin	31.0%
Terminal value reinvestment rate	7.9%

Source: Edison Investment Research

VEON continues to trade at a discount to peers, particularly on P/E

We compare VEON's valuation on Edison estimates to a peer group of emerging and frontier market telecom operators using consensus data. VEON continues to trade at a meaningful discount to peers across all core valuation metrics. VEON trades on 2026e P/E and EV/EBITDA multiples of 7.0x and 3.7x, respectively. This represents a 30.5% discount to the peer average P/E of 10.0x, and a 13.4% discount to the average EV/EBITDA multiple of 4.3x. The discount is consistent across the forecast period and does not appear to be driven by structural balance sheet differences. VEON's 2026e net debt/EBITDA of 2.1x is below the peer average of 3.0x, suggesting financial risk is not a contributing factor.

We believe it is likely that VEON will pay a dividend on 2025 earnings (although we should point out that the company has not stated this). If VEON sticks to its historical payout guidance, this would imply dividend yields of 5.9% in 2026 and 7.9% in 2027, well ahead of the peer averages of 1.7% and 1.8%, respectively, reinforcing the view that VEON's discount is not being driven by a lack of capital return. We believe the discount primarily reflects residual concerns around political risk and liquidity, which we expect to moderate through 2025, particularly in light of the upcoming Kyivstar IPO.

We believe VEON's continued buyback activity, improving operational performance and the crystallisation of value through the Kyivstar listing will provide a clear path toward closing the valuation gap. Our DCF-derived fair value of $60.1/share implies 39% upside to the current share price.

Exhibit 14: VEON valuation multiples versus peers

Company	Country	Currency	Price	Market cap (US$m)	Net debt/ (cash) (US$m)	P/E (x)				EV/EBITDA (x)				Dividend yield			
					2024	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e	2024	2025e	2026e	2027e
Telkom SA SOC Ltd	South Africa	ZAc	5,415	28,129	356	10.0	9.6	8.4	7.5	2.4	3.0	2.8	2.6	0.0%	0.0%	0.2%	0.2%
MTN Group Ltd	UK	ZAc	14,167	264,010	2,891	147.8	13.3	10.4	8.4	3.2	3.8	3.3	2.8	0.1%	0.1%	0.1%	0.2%
Airtel Africa PLC	UK	GBp	181	6,631	4,055	30.0	17.3	12.2	8.7	5.4	4.9	4.2	3.7	2.9%	3.5%	3.5%	3.7%
Turkcell Iletisim Hizmetleri AS	US	TRY	97	214,012	759	8.2	8.3	4.9	3.5	3.2	2.6	2.1	1.6	0.1%	0.1%	0.1%	0.2%
Millicom International Cellular SA	US	US$	38	6,603	5,863	26.1	13.1	12.0	10.6	4.0	5.1	5.0	4.9	0.0%	0.0%	8.5%	8.5%
Turk Telekomunikasyon AS	Turkey	TRY	59	208,672	1,425	22.5	7.7	5.4	3.9	3.5	3.2	2.3	1.9	0.0%	0.0%	0.1%	0.1%
Safaricom PLC	Kenya	KES	27	1,089,780	914	15.6	12.3	10.3	8.3	5.3	5.8	5.1	4.3	0.0%	0.0%	0.0%	0.1%
Bezeq Israeli Telecommunication Corp Ltd	Israel	ILa	588	16,419	1,839	16.3	15.0	12.4	12.5	6.3	6.2	6.0	6.0	1.1%	1.3%	1.5%	1.9%
Saudi Telecom Company SJSC	Saudi Arabia	SAR	43	212,843	(5,068)	8.6	14.3	14.3	13.5	7.3	8.0	7.6	7.2	1.1%	1.1%	1.4%	1.4%
Average ex VEON						**17.2**	**12.3**	**10.0**	**8.5**	**4.5**	**4.7**	**4.3**	**3.9**	**0.8%**	**0.8%**	**1.7%**	**1.8%**
VEON	UAE	US$	43	3,063	3,005	11.5	8.6	7.0	5.9	4.4	4.1	3.7	3.4	0.0%	0.0%	5.9%	7.9%
Veon premium vs average						-33.2%	-30.5%	-30.5%	-30.8%	-1.7%	-14.2%	-13.4%	-13.5%				

Source: VEON, LSEG Data & Analytics, Edison Investment Research. Note: Prices as of 7 July 2025.

Exhibit 15: Financial summary

Year end 31 December, $m	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
PROFIT & LOSS										
Revenue	7,788	3,755	3,698	4,004	4,206	4,362	4,568	4,794	5,031	5,280
Cost of Sales	(1,880)	(476)	(441)	(515)	(539)	(457)	(392)	(411)	(431)	(451)
Gross Profit	5,908	3,279	3,257	3,489	3,667	3,905	4,176	4,383	4,600	4,829
EBITDA	3,397	1,940	1,609	1,691	1,777	1,945	2,124	2,229	2,340	2,456
Operating Profit (before amort. and except.)	1,784	1,189	1,084	1,161	1,265	1,398	1,551	1,634	1,719	1,808
Intangible Amortisation	(308)	(221)	(208)	(199)	(181)	(192)	(203)	(214)	(226)	(238)
Exceptionals	68	194	53	148	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Operating Profit	1,544	1,162	929	1,110	1,083	1,206	1,348	1,419	1,493	1,570
Net Interest	(674)	(551)	(471)	(446)	(410)	(380)	(373)	(367)	(361)	(355)
Other	38	190	101	40	0	0	0	0	0	0
Profit Before Tax (norm)	1,110	638	613	715	855	1,018	1,178	1,266	1,358	1,454
Profit Before Tax	908	801	559	704	674	826	974	1,052	1,132	1,216
Tax	(258)	(69)	(179)	(179)	(202)	(248)	(292)	(316)	(340)	(365)
Minority Interest	(127)	(153)	(78)	(111)	(106)	(130)	(154)	(166)	(178)	(192)
Net Income from Discontinued operations	151	(742)	(2,830)	0	0	0	0	0	0	0
Profit After Tax (norm)	914	(136)	(2,373)	465	547	640	732	785	840	897
Profit After Tax	674	(163)	(2,528)	414	365	448	528	570	614	659
Average Number of Shares Outstanding (m)	70	70	70	71	71	71	71	71	71	71
EPS - normalised ($)	13.02	(1.94)	(33.78)	6.59	7.72	9.04	10.33	11.09	11.86	12.68
EPS - normalised and fully diluted ($)	13.02	(1.94)	(33.78)	6.59	7.72	9.04	10.33	11.09	11.86	12.68
EPS - (US GAAP) ($)	9.60	(2.32)	(35.99)	5.87	5.16	6.32	7.46	8.06	8.67	9.31
Dividend per share ($)	0.00	0.00	0.00	0.00	0.00	2.54	3.42	3.71	4.01	4.32
Gross margin (%)	75.9	87.3	88.1	87.1	87.2	89.5	91.4	91.4	91.4	91.5
EBITDA margin (%)	43.6	51.7	43.5	42.2	42.3	44.6	46.5	46.5	46.5	46.5
Operating margin (before GW and except.) (%)	22.9	31.7	29.3	29.0	30.1	32.1	34.0	34.1	34.2	34.3
BALANCE SHEET										
Fixed Assets	10,918	5,590	5,318	5,812	6,107	6,349	6,577	6,822	7,082	7,357
Intangible Assets	3,244	1,960	1,619	1,510	1,602	1,693	1,787	1,884	1,985	2,090
Tangible Assets	6,717	2,848	2,898	3,016	3,218	3,369	3,504	3,652	3,811	3,981
Investments	99	71	53	0	0	0	0	0	0	0
Other assets	858	711	748	1,286	1,286	1,286	1,286	1,286	1,286	1,286
Current Assets	5,003	9,493	2,900	2,224	2,451	2,837	3,177	3,500	3,846	4,218
Inventories	111	18	23	23	21	22	23	24	25	26
Debtors	690	456	542	440	505	523	548	575	604	634
Cash	2,252	3,107	1,902	1,689	1,926	2,292	2,606	2,901	3,217	3,558
Other	1,950	5,912	433	72	0	0	0	0	0	0
Current Liabilities	3,423	5,974	1,811	1,857	1,905	1,950	2,010	2,075	2,144	2,216
Creditors	2,650	5,499	1,354	1,326	1,374	1,419	1,479	1,544	1,613	1,685
Short-term borrowings	773	475	457	531	531	531	531	531	531	531
Long-Term Liabilities	10,993	8,342	5,336	4,922	4,925	4,930	4,936	4,943	4,951	4,959
Long-term borrowings	10,646	8,180	5,156	4,694	4,694	4,694	4,694	4,694	4,694	4,694
Other long-term liabilities	347	162	180	228	231	236	242	249	257	265
Net Assets	1,505	767	1,071	1,257	1,729	2,306	2,809	3,303	3,833	4,400
CASH FLOW										
Operating Cash Flow	3,539	3,288	2,820	1,958	1,793	1,976	2,165	2,274	2,387	2,505
Net interest	(603)	(464)	(436)	(446)	(410)	(380)	(373)	(367)	(361)	(355)
Tax	(289)	(284)	(264)	(179)	(202)	(248)	(292)	(316)	(340)	(365)
Capex	(1,383)	3,312	(531)	(647)	(715)	(698)	(708)	(743)	(780)	(818)
Acquisitions/disposals	0	0	0	0	0	0	0	0	0	0
Financing	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	(180)	(242)	(263)	(284)
Net Cash Flow	1,264	5,852	1,589	686	466	650	611	606	643	684
Opening net debt/(cash)	8,418	8,394	5,073	3,254	3,005	2,768	2,402	2,088	1,793	1,477
HP finance leases initiated	0	0	0	0	0	0	0	0	0	0
Other	(501)	(1,880)	470	(178)	44	0	0	(0)	(0)	0
Closing net debt/(cash)	8,394	5,073	3,254	3,005	2,768	2,402	2,088	1,793	1,477	1,136

Source: VEON, Edison Investment Research

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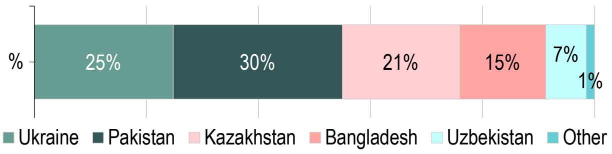
Revenue by geography



Management team

Group CEO: Kaan Terzioğlu

Kaan Terzioğlu has been serving VEON Group as the group CEO since June 2021. As the group CEO, Terzioğlu leads the executive teams of the company's digital operators providing connectivity and digital solutions, empowering their customers with digital finance, education, entertainment and health services, among others, and supporting the economic growth of the company's operating markets.

Group CFO: Burak Ozer

Burak Ozer was appointed as group CFO on 9 January 2025. He brings over 27 years of international experience in the finance sector. He began his career with Xerox, holding key financial positions in the US and the UK, and served as the general manager of Xerox Turkey. More recently, he has held the position of CFO within the global digital transformation, IT solutions and cybersecurity space.

Principal shareholders	%
Letterone Investment Holdings	46%
The Stichting	8%
Lingotto Investment Management	7%
Shah Capital Management	7%

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