

Action Summary – 7 January 2026 – Analyst: Theodore R. O'Neill – Estimate update

- **Estimate update.** We are updating our estimates for VEON shares to incorporate the non-operating expenses related to the highly successful spin-out of Kyivstar (KYIV-NR) in August 2025 and non-operating expenses of the Kyrgyzstan sale as well as reflect what we think will be a somewhat better outlook.
- For revenue, we are raising our estimates for 2025 and 2026.
 - For 2025, our revenue estimates rise to \$4.38B, up from \$4.35B. For 2026, our estimates go to \$4.77B from \$4.74B.
 - For GAAP EPS, our 2025 estimate rises to \$9.20 from \$6.65. For 2026, our estimates rise to \$7.79 from \$7.57.
 - For adjusted EPS our 2025 estimate falls to \$5.91 from \$10.24 and for 2026, our estimate rises to \$7.79 from \$7.57. The reduction in 2025 Adjusted EPS is primarily due to a correction in our table of excluded items.
- **It holds several valuable assets in its portfolio, including Kyivstar Group Ltd.** VEON's ownership stake in Kyivstar Group (KYIV-NR) is ~90%. KYIV is worth over \$3 billion, and we believe this is not reflected in VEON's valuation.
- **Attractive valuation.** Compared to peers, the shares sell at a meaningful discount. Were the shares to trade at the peer average EV/Sales of 2.90, the share price would be over 2x from where it is today.

1/6/26 price: US\$ 52.97	Total market cap: \$3.6B	2026 Market Cap/Sales: 0.78x	2026 EV / Sales: 1.52x
ADR shares outstanding: 72MM	Insider ownership: ~0.1%	3-mo. avg. trading vol: >100,000	Dividend/Yield: NA/NA

EPS (includes minority interest in 2024) in USD \$ – Revenue in USD \$ Billions

Period	Adjusted EPS	GAAP EPS	Revenue	Op Margin
FY24A	<u>\$5.73</u>	<u>\$5.73</u>	<u>\$4.00</u>	<u>27.7%</u>
FY25E	<u>\$5.91</u>	<u>\$9.20</u>	<u>\$4.38</u>	<u>31.4%</u>
FY26E	<u>\$7.79</u>	<u>\$7.79</u>	<u>\$4.77</u>	<u>27.6%</u>

Note: December ending year. Numbers may not add due to rounding. See our full model at the back of this report.

Cash balance (in \$billions)

• 2023A	• \$1.90
• 2024A	• \$1.76
• 2025E	• \$2.50
• 2026E	• \$3.41

LT Debt (in \$billions)

• 2023A	• \$3.4
• 2024A	• \$3.0
• 2025E	• \$3.1
• 2026E	• \$3.1

Risks/Valuation

- Risks include competition, regulatory issues, currency and business execution.
- Our USD\$75.00 target is derived using a discounted future earnings model.

Company description: VEON is a digital operator that provides services to more than 150 million connectivity customers and about 140 million digital users. Operating across five countries that are home to more than 6% of the world's population, VEON is transforming lives through technology-driven services that empower individuals and drive economic growth. VEON is headquartered in Dubai and listed on Nasdaq.

Figure 1 – VEON Ltd. – One Year Trading Snapshot



Source: FactSet

Financial Model

The company has guided for 2025 revenue growth in local currency of 13% to 15% and for local currency EBITDA to grow 16% to 18%, up from 14% to 16% on the same basis. Our estimates assume a discount in translation to USD, which yields USD growth of approximately 9%.

Valuation Methodology

We believe VEON is undervalued, and we support that belief with an absolute and relative valuation. To determine our price target, we use a discounted future earnings model. The following valuation techniques are being used:

- 1) The discounted value of all future earnings was used for our price target (see Figure 2)
- 2) Valuation relative to peers (see Figure 3)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$75 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 16%, which we feel adequately addresses equity, currency and country risk. We assume the company grows above 5% in USD until 2030 when growth slows to global GDP. Our valuation model is shown in Figure 2 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$74.85, which we round to \$75.00.

Figure 2 – VEON Ltd. – Price Target Calculation

Implied Value of Future Discounted Earnings: \$74.85		
Year 0 is 2026	Forecast GAAP EPS	Discounted EPS
0	\$7.79	\$7.79
1	\$8.26	\$7.10
2	\$8.70	\$6.43
3	\$9.25	\$5.88
4	\$9.90	\$5.41
5	\$10.20	\$4.79
Terminal Value		\$37.44

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 3 is a summary of our VEON peer comparison. The significant discount to peers broadly confirms our view that, along with our discounted earnings model, the shares are undervalued.

Figure 3 – VEON Ltd. – Comp Tables

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2026 Consensus Multiples			
					PE	EV /Sales	Market Cap / Sales	EV / EBITDA
7010-SA	Saudi Telecom Co.	\$11.39	56,952	57,785	14.66	2.59	2.55	8.33
EAND-AE	Emirates Telecommunications Group Compar	\$4.98	43,330	56,369	12.77	2.68	2.06	
MTN-ZA	MTN Group Limited	\$10.43	19,123	22,639	10.43	1.49	1.25	
AAF-GB	Airtel Africa Plc	\$4.92	17,943	22,620	22.12	3.16	2.51	6.62
VOD-ZA	Vodacom Group Limited	\$8.57	17,813	20,977	12.07	1.75	1.48	
DU-AE	Emirates Integrated Telecommunications Cor	\$2.68	12,131	12,398	14.79	2.76	2.70	
TIGO-US	Millicom International Cellular SA	\$57.22	9,558	16,295	12.05	2.51	1.47	5.84
SCOM-KE	Safaricom PLC	\$0.22	9,007	9,521	11.70	2.62	2.48	
BEZQ-IL	Bezeq The Israel Telecommunication Corp. Lt	\$2.30	6,396	8,388	14.67	3.01	2.26	
TTKOM.E-TR	Turk Telekomunikasyon A.S.	\$1.36	4,755	6,115	5.14	0.90	0.70	
EXCL-ID	PT XLSMART Telecom Sejahtera Tbk	\$0.23	4,153	7,380	99.94	2.61	1.47	
TUA-AU	Tuas Ltd.	\$4.61	2,527	2,108	161.07	14.83	17.80	
TKG-ZA	Telkom SA SOC Ltd.	\$3.59	1,835	2,221	8.66	0.79	0.65	2.91
SIFY-US	Sify Technologies Limited Sponsored ADR	\$12.53	905	1,332	256.80	1.79	1.22	
	AVERAGE				<u>46.92</u>	<u>3.11</u>	<u>2.90</u>	<u>5.92</u>
VEON-US	VEON Ltd. Sponsored ADR	\$52.24	3,613	6,984	6.70	1.51	0.79	3.30
VEON Discount to peers:					-86%	-51%	-73%	-44%

Source: Litchfield Hills Research LLC and FactSet

Figure 4 – VEON Ltd. – Income Statement (US \$millions)

December ending year	2023A Year	2024A Year	2025E Year	2026E Year
Revenue	\$3,698	\$4,004	\$4,378	\$4,772
Growth		8%	9%	9%
Operating expenses:				
Service costs	423	488	483	530
Cost of equipment and accessories	18	27	53	40
SG&A	1,646	1,799	1,892	2,000
Depreciation and amortization	735	728	803	883
Impairment/(loss) reversal, net	(6)	3	9	0
Gain/(loss) on disposal of non-curr assets	(46)	(5)	(401)	0
Other	(1)	(145)	164	0
Total Operating Expenses	2,769	2,895	3,003	3,453
Operating expense margins	75%	72%	69%	72%
Adj. EBITDA	1,612	1,691	1,875	2,119
Operating Income	929	1,109	1,375	1,319
Operating Margin	25.1%	27.7%	31.4%	27.6%
Total Other Items	(370)	(405)	(564)	(450)
Pre-Tax Income	559	704	811	869
Taxes (benefit)	179	217	145	304
Tax Rate	32.0%	30.8%	17.9%	35.0%
Net income	\$380	\$487	\$666	\$565
Non Controlling interest	\$72	\$72		
Net income of the parent continuing	\$308	\$415	\$666	\$565
Net Margin	10.3%	12.2%	15.2%	11.8%
GAAP EPS	\$4.32	\$5.73	\$9.20	\$7.79
Adjusted EPS	\$4.32	\$5.73	\$5.91	\$7.79
ADR Share count (millions)	71	72	72	73

Source: Company reports and Litchfield Hills Research LLC

Figure 5 – VEON Ltd. – Balance Sheet (US \$millions)

December ending year	2026E	2025E	2024A	2023A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$3,413	\$2,498	\$1,761	\$1,902
Accounts receivable	559	500	463	542
Investments and derivatives	459	400	357	433
Inventories	20	18	15	23
Prepaid and other	<u>350</u>	<u>320</u>	<u>304</u>	<u>258</u>
Total Current Assets	4,801	3,736	2,900	3,158
PP&E	3,200	3,100	3,016	2,898
Other non-current	<u>2,300</u>	<u>2,200</u>	<u>2,120</u>	<u>2,162</u>
Total Assets	<u>\$10,301</u>	<u>\$9,036</u>	<u>\$8,036</u>	<u>\$8,218</u>
Current Liabilities				
Accounts payable and accrued	\$1,750	\$1,500	\$1,276	\$1,200
Debt and derivatives	2,200	1,900	1,739	1,773
Other current	<u>700</u>	<u>600</u>	<u>639</u>	<u>611</u>
Total current liabilities	4,650	4,000	3,654	3,584
Debt and derivatives	3,100	3,100	3,028	3,464
Other non-current	<u>100</u>	<u>100</u>	<u>97</u>	<u>99</u>
Total Liabilities	7,850	7,200	6,779	7,147
Stockholders' Equity				
Preferred stock				
Total stockholders equity	<u>2,451</u>	<u>1,836</u>	<u>1,257</u>	<u>1,071</u>
Total Liabilities and equity	<u>\$10,301</u>	<u>\$9,036</u>	<u>\$8,036</u>	<u>\$8,218</u>

Source: Company reports and Litchfield Hills Research LLC

Figure 6 – VEON Ltd. – Cash Flow (US \$millions)

	2026E	2025E	2024A
Net Income	\$565	\$666	\$487
Accounts receivable	(59)	(37)	79
Investments and derivatives	(59)	(43)	76
Inventories	(2)	(3)	8
Prepaid and other	(30)	(16)	(46)
PP&E	(100)	(84)	(118)
Other non-current	(100)	(80)	42
Accounts payable and accrued	250	224	76
Debt and derivatives	200	134	(26)
Provisions	100	27	(8)
Other current	100	(39)	28
Debt and derivatives	0	72	(436)
Other non-current	0	3	(2)
Preferred stock	0	0	0
Commons stock	0	0	0
Additional paid in capital	50	(87)	(223)
Accumulated other comp. loss and other	0	0	0
Dividend and/or tax adj.			
Total Cash Flow	\$915	\$737	(\$141)

Source: Litchfield Hills Research LLC

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