CREDIT UPDATE **July 21 2026**

Diversified EM Telecom & Digital Services / 1Q26 Results

VEON Ltd. An Overlooked EM Telecom Opportunity

1Q26 Results: Revenue +17.0%, EBITDA +17.7% — Reiterating Overweight on the VEONHD Curve

Investment thesis: VEON's 1Q26 print (revenue +17.0%, EBITDA +17.7%, digital revenue +57.7% to 25.2% of the total) confirms broad-based operating momentum across all five markets, alongside continued deleveraging (net debt excl. leases/EBITDAaL of 1.07x) and a disciplined, growing capital return program. Against this backdrop, we view the VEONHD curve as attractively priced relative to similarly-rated EM telecom peers: at comparable duration, VEON trades 45bp wide of Ba3-rated Turk Telecom and 116bp wide of Ba3-rated Millicom/Tigo, a gap we see as only partially justified by Ukraine-related risk given the strength of the underlying print. We recommend Overweight, with a preference for the 2031s given the largest concession on a relative-value basis.

Issuer	VEON Ltd.
Sector	Telecommunications, Media & Digital Services (EM: Pakistan, Ukraine, Kazakhstan, Bangladesh, Uzbekistan)
1Q26 Revenue / EBITDA	US$1,201mn (+17.0% YoY) / US$517mn (+17.7% YoY); EBITDA margin 43.0%
Leverage	Net Debt/EBITDA 1.73x; Net Debt excl. leases/EBITDAaL 1.07x (vs. 1.09x at YE25)
Capital return	Minimum US$100mn annual share buyback; 50% of current US$100mn program completed
Ratings (senior notes, VEONHD)	BB- (S&P and Fitch); Not Rated by Moody's
Recommendation	Overweight — preference for the VEONHD 6.95% 2031s on relative value

Based on VEON's 1Q26 Results Presentation, 13 May 2026

1. EXECUTIVE SUMMARY

VEON delivered a strong start to 2026: consolidated revenue reached US$1,201 million (+17.0% YoY, +17.3% LCY) and EBITDA US$517 million (+17.7% YoY, +18.4% LCY), with EBITDA margin expanding 0.2pp to 43.0%. Growth was broad-based across all five reportable markets, with Ukraine (+31.4% LCY revenue) and Pakistan (+20.6% LCY revenue) the standout performers. Digital revenue surged 57.7% to US$303 million, now 25.2% of total revenue (+6.5pp YoY), with Digital EBITDA margin at 34.6% (+1.1pp) alongside a still-healthy Telco & Infra EBITDA margin of 45.9% (+1.0pp).

The balance sheet continued to de-risk: net debt excluding leases stood at 1.07x LTM EBITDAaL (versus 1.09x at year-end 2025), supported by Equity Free Cash Flow of US$246 million (+73.4% YoY) and group cash of US$1,755 million. VEON raised its FY2026 revenue growth guidance to 11-14% (from 9-12%), while EBITDA growth guidance was maintained at 7-10% — both comfortably below the 1Q26 run-rate, suggesting management is building in conservatism rather than signaling a slowdown. The company also continues to execute a structured, scalable capital return policy, targeting a minimum of US$100 million in annual share buybacks.

We reiterate Overweight on the VEONHD senior notes curve. Against a peer set of EM telecom credits — Ba3-rated Turk Telecom and Millicom/Tigo, and investment-grade PLDT (Philippines) and Colombia Telecom — VEON screens as the widest-spread name at comparable duration, a gap only partially explained by Ukraine-related risk given the strength of the operating and deleveraging trends. **We see 2031's as the most attractive point on the curve for expressing this view.**

2. BUSINESS PROFILE: TELECOM CORE, DIGITAL ENGINE

VEON operates integrated telecom and digital businesses across five markets — Pakistan (Jazz), Ukraine (Kyivstar), Kazakhstan (Beeline), Bangladesh (Beeline), and Uzbekistan (Beeline) — alongside a fast-growing portfolio of digital brands spanning financial services (JazzCash, Mobilink Bank), entertainment, super-apps, ride-hailing (Uklon), healthcare (Tabletki, Helsi), and enterprise/AdTech services. As of 1Q26, VEON reported 228.9 million digital customers (+11.0% QoQ) and 72.5 million digital-only customers (i.e., not telecom subscribers), alongside 150.5 million telecom customers, with LTM digital transaction value of US$62.8 billion (+54.5% YoY).

LCY growth, YoY	Pakistan	Ukraine	Kazakhstan	Bangladesh	Uzbekistan
Total revenue	20.6%	31.4%	10.3%	4.9%	6.6%
EBITDA	29.4%	26.4%	(6.9%)	23.9%	1.8%
Digital revenue	33.1%	2.7x	15.2%	7.5x	26.2%
Digital rev. as % of total	36.9%	20.7%	17.1%	12.0%	16.4%
LTM Capex/revenue	12.1%	33.0%	23.2%	8.8%	25.4%

Source: VEON 1Q26 Results Presentation. LCY = local currency.

Pakistan and Bangladesh stand out for the share of revenue already generated digitally (36.9% and 12.0% of total respectively, with Bangladesh digital revenue up 7.5x YoY off a small base), while Ukraine's Kyivstar continues to scale digital revenue rapidly (2.7x YoY) following its Nasdaq listing in August 2025. Kazakhstan was the one market with a soft quarter, with EBITDA down 6.9% in local currency amid a tougher competitive and cost backdrop.

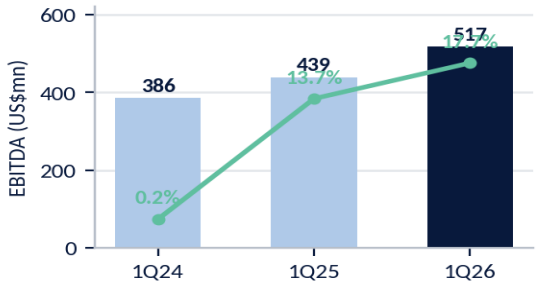
3. 1Q26 FINANCIAL PERFORMANCE

Fig 1. Revenue Growth (USD, YoY)



Source: VEON 1Q26 Results Presentation.

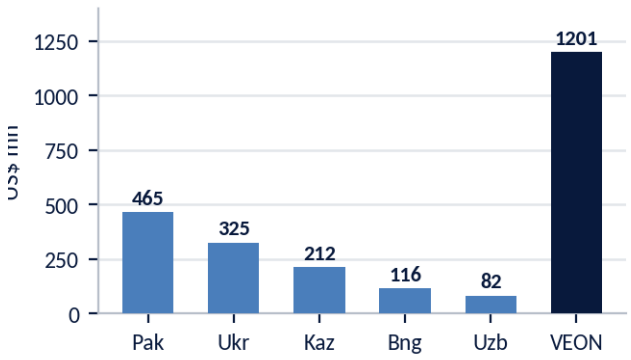
Fig 2. EBITDA Growth (USD, YoY)



Source: VEON 1Q26 Results Presentation.

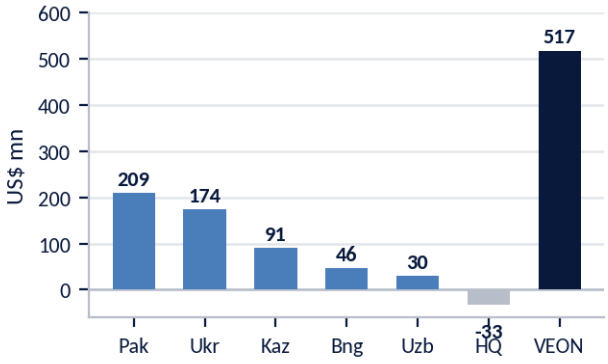
Figures 1-2. Revenue and EBITDA growth have accelerated for three consecutive quarters, outpacing the 8.1% weighted-average inflation across VEON's markets in 1Q26.

Fig 3. 1Q26 Revenue by Market



Source: VEON 1Q26 Results Presentation.

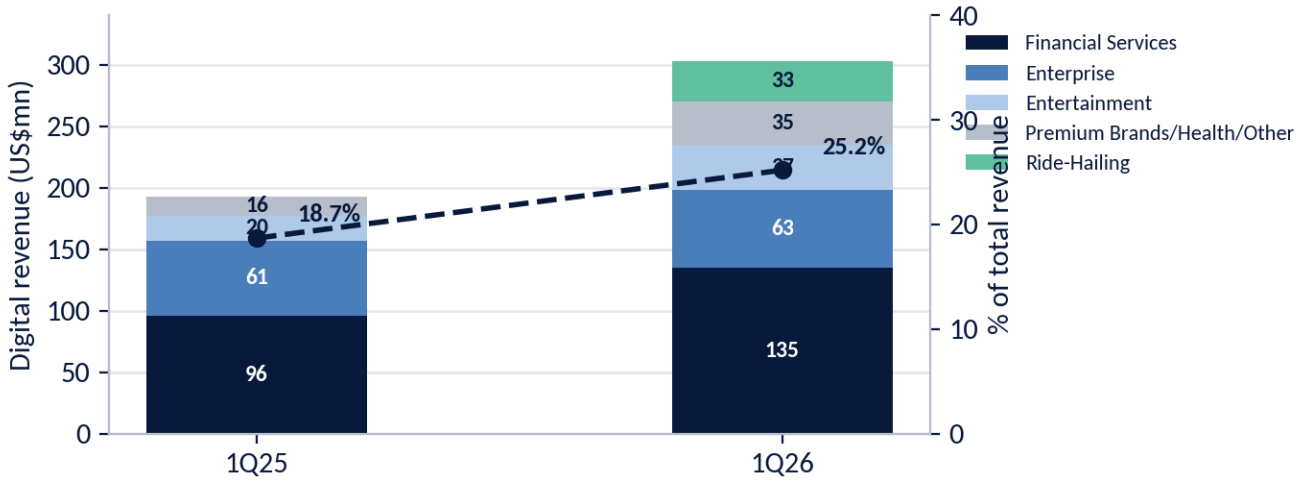
Fig 4. 1Q26 EBITDA by Market



Source: VEON 1Q26 Results Presentation.

Figures 3-4. Growth is broad-based, with Ukraine and Pakistan the largest contributors to both revenue and EBITDA growth; HQ costs are a modest US$33mn drag on consolidated EBITDA.

Fig 5. Digital Revenue Build and Share of Total Revenue



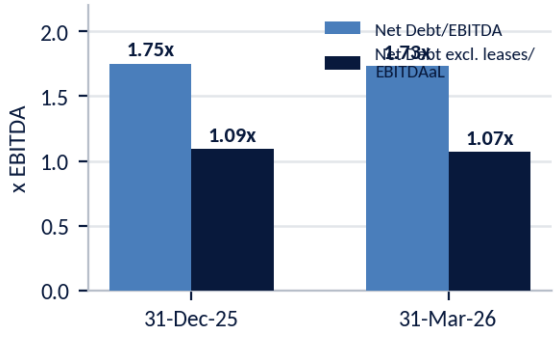
Source: VEON 1Q26 Results Presentation. Digital revenue +57.7% YoY; Digital EBITDA margin 34.6% (+1.1pp).

Figure 5. Financial Services and the newly-scaling Ride-Hailing vertical (Uklon, consolidated in Ukraine and expanding into Uzbekistan) are the largest incremental contributors to digital revenue growth.

4. CAPITAL STRUCTURE AND LIQUIDITY

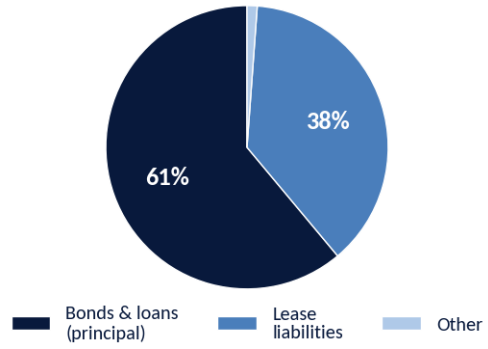
Gross debt was stable at US$4,907 million as of 31 March 2026 (versus US$4,902 million at year-end 2025), comprising US$2,998 million of bond and loan principal, US$1,852 million of lease liabilities, and US$57 million of other long-term payables. Approximately 50% of external debt is held at the operating-company level. Net debt stood at US$3,616 million, or 1.73x LTM EBITDA; excluding leases, net debt/EBITDAaL improved to 1.07x from 1.09x at year-end 2025. Liquidity remains ample, with US$1,755 million of group cash (US$457 million at HQ level), excluding a further US$464 million cash deposit relating to Pakistan banking operations that is not included in the net debt calculation.

Fig 6. Leverage: Stable and Declining



Source: VEON 1Q26 Results Presentation.

Fig 7. Gross Debt Composition (US$4,907mn, 31-Mar-26)



Figures 6-7. Leverage continues to decline on a lease-adjusted basis, with the debt stack still dominated by bond and loan principal rather than near-term maturities requiring refinancing in the current period.

VEON's capital return program continues to scale: the first US$100 million buyback (commenced December 2024) completed in August 2025 at an average price of US$46.48 per ADS, and a second US$100 million share and/or bond buyback program (commenced November 2025) is roughly 50% complete, having repurchased 959.3 thousand ADSs for US$49.6 million plus US$3 million of 2027 notes through 11 May 2026. Shares and ADSs held by VEON stood at approximately 6.4% of shares outstanding as of 31 March 2026. Management has

signaled a minimum of US$100 million in annual share repurchases going forward, with all repurchased shares under future programs to be cancelled — a modestly bondholder-friendly detail versus a program that simply recycles treasury stock.

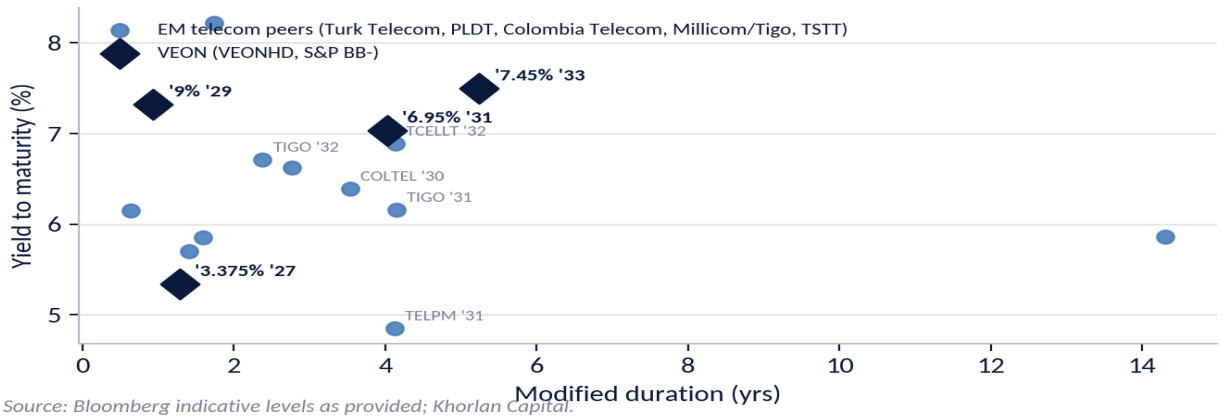
5. BOND CURVE STRATEGY: VEON VS. EM TELECOM PEERS

We benchmark the VEONHD curve against a cross-section of EM telecom credits spanning a range of ratings: Turk Telecom (TCELLT, Moody's Ba3 — the closest rating match to VEON's BB- from S&P/Fitch), PLDT/Philippine Telecom (TELPM, S&P BBB — investment grade), Colombia Telecom/Coltel (COLTEL, Moody's Baa3 — a rating that predates a February 2026 change of control, discussed below), Millicom/Tigo (TIGO, Moody's Ba3), and Telecom Trinidad and Tobago (TCMSTT, Moody's B2 — one to two notches below VEON). VEONHD itself carries BB- ratings from both S&P and Fitch but is not rated by Moody's. Notably, Coltel and the Millicom/Tigo bonds are no longer independent comparators: Millicom completed its acquisition of full ownership of Coltel in February 2026 (67.5% from Telefónica, then the remaining 32.5% from the Colombian government), so both now sit under the same ultimate parent.

Bond	Cpn	Maturity	Bid	Ask	YTM	Z-sprd	Rating
VEONHD	3.375	25-Nov-2027	97.48	98.47	**5.34**	**87**	BB- (S&P/Fitch); NR (Moody's)
VEONHD	9.000	15-Jul-2029	104.42	105.09	**7.32**	**214**	BB- (S&P/Fitch); NR (Moody's)
VEONHD	6.950	1-Jun-2031	99.67	99.85	**7.03**	**296**	BB- (S&P/Fitch); NR (Moody's)
VEONHD	7.450	1-Jun-2033	99.71	99.81	**7.50**	**341**	BB- (S&P/Fitch); NR (Moody's)
Turk Telecom (TCELLT)	5.800	11-Apr-2028	99.91	100.06	5.85	164	Ba3 (Moody's)
Turk Telecom (TCELLT)	7.450	24-Jan-2030	102.56	102.78	6.62	228	Ba3 (Moody's)
Turk Telecom (TCELLT)	7.650	24-Jan-2032	103.45	103.64	6.89	251	Ba3 (Moody's)
PLDT (TELPM)	2.500	23-Jan-2031	90.60	90.75	4.85	79	BBB (S&P)
PLDT (TELPM)	3.450	23-Jun-2050	69.24	69.54	5.86	145	BBB (S&P)
Colombia Telecom / Coltel (COLTEL)*	4.950	17-Jul-2030	95.02	95.28	6.39	205	Baa3 (Moody's, pre-acquisition)
Millicom/Tigo (TIGO)	5.125	15-Jan-2028	99.19	99.48	5.70	138	Ba3 (Moody's)
Millicom/Tigo (TIGO)	6.250	25-Mar-2029	100.23	100.38	6.15	134	Ba3 (Moody's)
Millicom/Tigo (TIGO)	4.500	27-Apr-2031	93.24	93.49	6.16	180	Ba3 (Moody's)
Millicom/Tigo (TIGO)	7.375	2-Apr-2032	103.07	103.33	6.71	149	Ba3 (Moody's)
Telecom Trinidad (TCMSTT)	8.875	18-Oct-2029	101.80	102.15	8.22	255	B2 (Moody's)

*Source: Bloomberg indicative levels as provided; Khorlan Capital. Z-spread in basis points; duration in years. *Colombia Telecomunicaciones S.A. ESP ("Coltel," operating as Movistar Colombia) — distinct from Tigo Colombia, which operates through Colombia Móvil/UNE EPM Telecomunicaciones. Coltel's Baa3 (Moody's) rating dates to its former majority owner, Telefónica; Millicom acquired Telefónica's 67.5% stake in February 2026 and subsequently purchased the Colombian government's remaining 32.5%, giving Millicom full ownership of Coltel. Coltel and the TIGO-ticker bonds shown below are therefore now under common ultimate ownership (Millicom International Cellular), and Coltel's quoted Baa3 may not reflect its credit profile under Millicom control going forward — see Key Risks.*

Fig 8. VEON vs. EM Telecom Peers — Yield vs. Duration



Source: Bloomberg indicative levels as provided; Khorlan Capital.

Figure 8. VEON trades wide of both confirmed Ba3 peers (Turk Telecom, the Millicom group); Coltel's Baa3 is a legacy, pre-acquisition data point (see text) and PLDT remains the cleanest investment-grade comparator.

With Türk Telekom's Ba3 rating confirmed, it offers the closer apples-to-apples comparison: at the 4.0-4.1yr duration point, VEONHD's 6.95% 2031s trade at a 296bp Z-spread (7.03% yield) versus Türk Telekom's 7.65% 2032s at 251bp (6.89% yield) — a gap of roughly 45bp. Against the Millicom group's TIGO-ticker bonds, also Ba3, the gap widens to roughly 116bp (VEON at 296bp versus TIGO's 4.5% 2031s at 180bp). We would treat Coltel (COLTEL) as part of the same Millicom credit group rather than an independent data point: Millicom completed its acquisition of full ownership of Coltel in February 2026, first taking Telefónica's 67.5% controlling stake and then purchasing the Colombian government's remaining 32.5%. Coltel's quoted Baa3 (Moody's) predates this change of control and reflected implicit support from its former majority owner, Telefónica — a large, investment-grade European operator. Under Millicom (Ba3-rated at the group level), that support is no longer applicable, and we would not be surprised to see a Moody's rating action aligning Coltel's rating closer to Millicom's own credit profile over time. Until that is resolved, we treat Coltel's Baa3 level as a legacy data point rather than a reliable investment-grade comparator, and view Türk Telekom and the Millicom group (TIGO) as the more relevant Ba3 peer set. Against PLDT, the one clean investment-grade comparator remaining (BBB, S&P, with no recent change-of-control overhang), VEON trades wide by a much larger margin: PLDT's 2.5% 2031s clear at just 79bp (4.12yr duration) versus VEONHD's 296bp at comparable duration.

We view part of this gap as a legitimate, structural Ukraine-war risk premium — Kyivstar's results are consolidated into VEON notwithstanding its separate Nasdaq listing, and the disclaimer explicitly flags ongoing sanctions and regulatory uncertainty. But the magnitude of the gap versus a similarly-rated, single-country LatAm peer (Millicom/Tigo) looks large next to a 1Q26 print showing accelerating growth, expanding margins, and declining leverage. We would expect at least partial compression in this gap as VEON continues to execute, absent a fresh escalation in the Ukraine conflict.

6. CREDIT VIEW

VEON Ltd. — Senior Notes (VEONHD)

Recommendation: Overweight
Preferred bond: VEONHD 6.95% 2031 (Z-spread 296bp, 4.02yr duration)
Valuation: ~45bp wide of Ba3-rated Turk Telecom and ~116bp wide of the Ba3-rated Millicom group (Tigo/Coltel) at similar duration; wide by a larger margin still of investment-grade PLDT
Catalyst: Continued digital-led margin expansion; further leverage reduction; execution of the buyback program; any stabilization in the Ukraine risk premium
Main risk: War in Ukraine and associated sanctions/regulatory risk; FX depreciation across operating currencies; holdco structural considerations

7. KEY RISKS

- War in Ukraine: continued conflict, and the possibility of further sanctions or countersanctions, could directly or indirectly affect Kyivstar's operations and VEON's consolidated results.
- FX and inflation risk: VEON operates across several high-inflation, currency-volatile markets; 2026 USD guidance assumes only 4% average depreciation of key operating currencies, and actual results may vary.
- Holdco structural risk: VEON Ltd. is a holding company; noteholders are structurally subordinated to obligations at the operating-company level, though the presentation indicates roughly 50% of external debt already sits at the OpCo level.
- Kazakhstan softness: EBITDA declined 6.9% in local currency in 1Q26, the one market moving against the broader positive trend; a broader regional slowdown would pressure consolidated growth.
- Execution risk on digital scale-up: continued digital revenue growth (+57.7% YoY) depends on sustained adoption across financial services, ride-hailing, and other newer verticals, some of which remain small in absolute terms.
- Capital allocation risk: the buyback program, while bondholder-neutral to modestly friendly given share cancellation, competes for capital with debt reduction; a change in capital allocation priorities could alter the deleveraging trajectory.
- Rating agency risk: VEONHD carries BB- ratings from S&P and Fitch but is not rated by Moody's; a future Moody's rating action (initiation or otherwise) would be a data point to watch.
- Peer-comparison risk: Coltel's Baa3 (Moody's) rating predates Millicom's February 2026 acquisition of full ownership and reflected support from its former majority owner, Telefónica; a Moody's rating action aligning Coltel toward Millicom's own Ba3 profile

would remove one of VEON's few remaining investment-grade comparators and should not be relied upon as an ongoing data point.

8. CONCLUSION

We reiterate Overweight on the VEON Ltd. senior notes (VEONHD), with a preference for the 6.95% 2031s. The 1Q26 results confirm broad-based operating momentum, digital-led margin expansion, and continued deleveraging on a lease-adjusted basis, alongside a disciplined and growing capital return program. Against this backdrop, the VEONHD curve's persistent wide-to-peer positioning — roughly 45bp wide of Ba3-rated Turk Telecom and 116bp wide of Ba3-rated Millicom/Tigo at comparable duration — looks only partially justified by Ukraine-related risk. We would look to revisit this view on any escalation in the Ukraine conflict, evidence of a broader regional slowdown beyond Kazakhstan, or a formal Moody's rating action.

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