

Selected Financial and Operating Data

Selected Financial Data

The following selected consolidated financial data for the three years ended December 31, 2012 are derived from our historical consolidated financial statements which have been audited by Ernst & Young Accountants LLP, an independent registered public accounting firm, for the years ended December 31, 2012, 2011 and 2010 and by Ernst & Young LLC, an independent registered public accounting firm, for the year ended December 31, 2009. The data should be read in conjunction with our audited consolidated financial statements and related notes included in our annual report on Form 20-F for the year ended December 31, 2012. We omit certain selected financial information for the earliest year of the five year period ended December 31, 2012 because we adopted IFRS in 2010 and accordingly have only four years of selected consolidated financial data prepared in accordance with IFRS as issued by the IASB.

	Years ended December 31,			
	2012	2011	2010	2009
	(In millions of US dollars, except per share amounts)			
Service revenues	22,122	19,579	10,291	8,691
Sale of equipment and accessories	677	516	194	110
Other revenues	262	167	37	12
Total operating revenues	23,061	20,262	10,522	8,813
Operating expenses				
Service costs	5,439	4,962	2,251	1,895
Cost of equipment and accessories	693	663	217	111
Selling, general and administrative expenses	7,161	6,381	3,198	2,482
Depreciation	2,926	2,726	1,403	1,190
Amortization	2,080	2,059	610	440
Impairment loss	386	527	-	-
Loss on disposals of non-current assets	205	90	49	77
Total operating expenses	18,890	17,408	7,728	6,195
Operating profit	4,171	2,854	2,794	2,618
Finance costs	2,029	1,587	536	603
Finance income	(154)	(120)	(69)	(58)
Revaluation of retained interest in Euroset	(606)	-	-	-
Other non-operating losses/(gains)	75	308	(35)	69
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	9	35	(90)	(3)
Net foreign exchange (gain)/ loss	(70)	190	5	404
Profit before tax	2,888	854	2,447	1,603
Income tax expense	906	585	574	431
Profit for the year	1,982	269	1,873	1,172
Attributable to:				
The owners of the parent	2,145	543	1,806	1,142
Non-controlling interest	(163)	(274)	67	30
	1,982	269	1,873	1,172
Earnings per share				
Basic, profit for the year attributable to ordinary equity holders of the parent	\$1.33	\$0.36	\$1.50	\$1.13
Diluted, profit for the year attributable to ordinary equity holders of the parent	\$1.32	\$0.36	\$1.50	\$1.13
Weighted average number of common shares (millions)	1,618	1,524	1,207	1,013
Dividends declared per share	\$0.80	\$0.80	\$0.80	\$0.30

Selected Financial and Operating Data continued

	At December 31,			
	2012	2011	2010	2009
	(In millions of US dollars)			
Consolidated balance sheets data:				
Cash and cash equivalents	4,949	2,325	885	1,451
Working capital (deficit) ⁽¹⁾	(2,421)	(3,074)	(1,023)	(562)
Property and equipment, net	15,666	15,165	7,299	5,861
Intangible assets and goodwill	27,565	28,601	9,217	4,843
Total assets	55,360	54,039	19,505	14,618
Total liabilities	39,988	39,137	9,093	10,416
Total equity	15,372	14,902	10,412	4,202

(1) Working capital is calculated as current assets less current liabilities.

	Years ended December 31,			
	2012	2011	2010	2009
	(In millions of US dollars)			
Other data:				
Adjusted EBITDA*	9,768	8,298	4,906	4,334

* Adjusted EBITDA is a non-GAAP financial measure. Please see our Form 20-F for the year ended December 31, 2012, for more information on how we calculate adjusted EBITDA. Reconciliation of adjusted EBITDA to profit for the year, the most directly comparable IFRS financial measure, is presented below.

Reconciliation of Adjusted EBITDA to profit for the year (Unaudited, in millions of US dollars)

	Years ended December 31,			
	2012	2011	2010	2009
Adjusted EBITDA	9,768	8,298	4,906	4,334
Reconciliation adjustments	-	(42)	(50)	(9)
Depreciation	(2,926)	(2,726)	(1,403)	(1,190)
Amortization	(2,080)	(2,059)	(610)	(440)
Impairment loss	(386)	(527)	-	-
Loss on disposals of non-current assets	(205)	(90)	(49)	(77)
Finance costs	(2,029)	(1,587)	(536)	(603)
Finance income	154	120	69	58
Revaluation of retained interest in Euroset	606	-	-	-
Other non-operating losses/(gains)	(75)	(308)	35	(69)
Shares of (loss)/profit of associates and joint ventures accounted for using the equity method	(9)	(35)	90	3
Net foreign exchange loss	70	(190)	(5)	(404)
Income tax expense	(906)	(585)	(574)	(431)
Profit for the year	1,982	269	1,873	1,172

Selected Operating Data

The following selected operating data as of and for the years ended December 31, 2012, 2011, 2010 and 2009 has been derived from internal company sources. The selected operating data set forth below should be read in conjunction with our Form 20-F for the year ended December 31, 2012.

	As of December 31,			
	2012	2011	2010	2009
Selected company operating data⁽¹⁾:				
End of period mobile subscribers (in millions):				
Russia	56.1	57.2	52.0	50.9
Europe & North America	22.2	21.4	-	-
Africa & Asia	85.2	82.1	0.7	0.4
Ukraine	26.0	24.8	24.4	2.0
CIS	24.2	19.7	15.6	13.2
Total mobile subscribers	213.7	205.2	92.7	66.5
Mobile MOU ⁽²⁾				
Russia	276	243	219	211
Europe & North America				
Italy	207	197	-	-
Africa & Asia				
Algeria	262	286	-	-
Pakistan	214	206	-	-
Bangladesh	216	209	-	-
CAR	49	47	-	-
Burundi	37	37	-	-
Cambodia	545	419	331	78
Laos	97	233	-	-
Ukraine	493	467	378	209
CIS				
Kazakhstan	213	148	120	93
Tajikistan	241	229	179	173
Uzbekistan	474	425	386	314
Armenia	269	257	294	238
Georgia	237	207	137	138
Kyrgyzstan	272	303	258	164
Mobile ARPU ⁽²⁾ (in US dollars)				
Russia	10.8	11.0	10.8	10.1
Europe & North America	18.5	21.7	-	-
Africa & Asia				
Algeria	8.6	9.0	-	-
Pakistan	2.6	2.7	-	-
Bangladesh	1.8	1.8	-	-
CAR	5.9	6.4	-	-
Burundi	3.3	3.6	-	-
Cambodia	1.6	2.9	-	-
Laos	5.6	5.1	-	-
Ukraine	5.0	5.1	4.8	4.7
CIS				
Kazakhstan	7.6	8.3	9.2	8.1
Tajikistan	8.6	8.8	6.5	7.1
Uzbekistan	4.6	4.1	4.1	4.7
Armenia	6.8	8.1	10.3	13.2
Georgia	6.7	6.8	7.5	8.9
Kyrgyzstan	5.5	5.5	5.3	-

Selected Financial and Operating Data continued

	As of December 31,			
	2012	2011	2010	2009
Churn (as a percentage) ⁽²⁾				
Russia	63.2	62.8	50.8	42.8
Europe & North America				
Italy	35.2	28.3	-	-
Africa & Asia				
Algeria	24.2	20.9	-	-
Pakistan	25.2	29.5	-	-
Bangladesh	25.2	18.5	-	-
CAR	60.0	102.0	-	-
Burundi	54.0	59.9	-	-
Cambodia	210.0	128.0	167.0	-(3)
Laos	141.0	258.0	-	-
Ukraine	28.7	22.3	29.5	81.0
CIS				
Kazakhstan	55.8	47.4	43.5	46.3
Tajikistan	72.7	67.4	82.8	52.9
Uzbekistan	55.1	59.7	54.2	63.7
Armenia	83.9	87.6	67.6	58.6
Georgia	79.1	70.1	94.1	46.6
Kyrgyzstan	66.1	52.3	61.9	60.5
End of period broadband subscribers (in millions):				
Russia	5.0	4.6	3.3	2.1
Europe & North America	7.8	6.6	-	-
Africa & Asia	-	-	-	-
Ukraine	0.6	0.4	0.2	0.1
CIS ⁽⁴⁾	12.3	9.5	6.7	5.5
Total broadband subscribers	25.6	12.3	3.7	2.2

(1) For information on how we calculate mobile subscriber data, mobile MOU, mobile ARPU, mobile churn rates and broadband subscriber data, please refer to our Form 20-F for the year ended December 31, 2012. Please note that the data presented above for our Europe & North America segment relate only to our operations in Italy, except for mobile subscriber data, which include the subscribers of our equity associate in Canada (0.4 million for 2011 and 0.6 million for 2012). Operating data for Ukraine does not include figures associated with Kyivstar's operations prior to April 21, 2010, when Kyivstar's operations were integrated into the group. The number of mobile subscribers for Africa & Asia includes subscribers of Telecel Zimbabwe (1.5 million for 2011 and 2.6 million for 2012), in which we have an equity investment and is accounted at cost.

(2) For Wind Telecom Group companies acquired on April 15, 2011, mobile MOU, ARPU and churn are calculated based on the full year.

(3) Churn figures for Cambodia in 2009 are not provided due to partial year consolidation.

(4) CIS mobile broadband customers are those who have performed at least one mobile internet event in the three-month period prior to the measurement date.