

Selected financial and operating data

Selected financial data

The following selected consolidated financial data for the five years ended December 31, 2013 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 financial information for the year ended December 31, 2013 is unaudited.

	Years ended December 31,				
	2013 (unaudited)	2012 ¹	2011	2010	2009
	(In millions of US dollars, except per share amounts)				
Service revenues	21,529	22,122	19,579	10,291	8,691
Sale of equipment and accessories	725	677	516	194	110
Other revenues	292	262	167	37	12
Total operating revenues	22,546	23,061	20,262	10,522	8,813
Operating expenses					
Service costs	5,133	5,439	4,962	2,251	1,895
Cost of equipment and accessories	780	693	663	217	111
Selling, general and administrative expenses	8,373	7,161	6,381	3,198	2,482
Depreciation	3,050	2,926	2,726	1,403	1,190
Amortization	1,791	2,080	2,059	610	440
Impairment loss	2,973	386	527	–	–
Loss on disposals of non-current assets	100	205	90	49	77
Total operating expenses	22,200	18,890	17,408	7,728	6,195
Operating profit	346	4,171	2,854	2,794	2,618
Finance costs	2,150	2,029	1,587	536	603
Finance income	(91)	(154)	(120)	(69)	(58)
Other non-operating losses/(gains)	172	75	308	(35)	69
Shares of loss/(profit) of associates and joint ventures accounted for using the equity method	159	9	35	(90)	(3)
Net foreign exchange (gain)/ loss	(20)	(70)	190	5	404
Profit before tax	(2,024)	2,282	854	2,447	1,603
Income tax expense	2,064	906	585	574	431
(Loss)/profit for the year	(4,088)	1,376	269	1,873	1,172
Attributable to:					
The owners of the parent	(2,625)	1,539	543	1,806	1,142
Non-controlling interest	(1,463)	(163)	(274)	67	30
	4,088	1,376	269	1,873	1,172
Earnings per share					
Basic, (loss)/profit for the year attributable to ordinary equity holders of the parent	\$(1.53)	\$0.95	\$0.36	\$1.50	\$1.13
Diluted, (loss)/profit for the year attributable to ordinary equity holders of the parent	\$(1.53)	\$0.95	\$0.36	\$1.50	\$1.13
Weighted average number of common shares (millions)	1,711	1,618	1,524	1,207	1,013
Dividends declared per share	\$1.24	\$0.80	\$0.80	\$0.80	\$0.30

¹ Figures for the year ended December 31, 2012 have been adjusted to reflect the adoption of IFRS 11 Joint Arrangements on January 1, 2013, as described in Note 3 in our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. These adjustments would not have impacted 2011 or other years presented, which remain comparable.

Selected financial and operating data

	At December 31,				
	2013 (unaudited)	2012 ²	2011	2010	2009
	(In millions of US dollars)				
Consolidated balance sheet data:					
Cash and cash equivalents	4,454	4,949	2,325	885	1,451
Working capital (deficit) ¹	(2,815)	(2,421)	(3,074)	(1,023)	(562)
Property and equipment, net	15,493	15,666	15,165	7,299	5,861
Intangible assets and goodwill	24,546	27,565	28,601	9,217	4,843
Total assets	49,747	54,737	54,039	19,505	14,618
Total liabilities	40,669	39,988	39,137	9,093	10,416
Total equity	9,078	14,749	14,902	10,412	4,202

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

2 Figures for the year ended December 31, 2012 have been adjusted to reflect the adoption of IFRS 11 Joint Arrangements on January 1, 2013, as described in Note 3 in our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. These adjustments would not have impacted 2011 or other years presented, which remain comparable.

	At December 31,				
	2013 (unaudited)	2012 ²	2011	2010	2009
	(In millions of US dollars)				
Other data:					
Adjusted EBITDA*	8,260	9,768	8,298	4,906	4,334

* Adjusted EBITDA is a non-GAAP financial measure. Please see "Explanatory Note – Non-GAAP Financial Measures" 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,				
	2013	2012 ¹	2011	2010	2009
Adjusted EBITDA	8,260	9,768	8,298	4,906	4,334
Reconciliation adjustments	–	–	(42)	(50)	(9)
Depreciation	(3,050)	(2,926)	(2,726)	(1,403)	(1,190)
Amortization	(1,791)	(2,080)	(2,059)	(610)	(440)
Impairment loss	(2,973)	(386)	(527)	–	–
Loss on disposals of non-current assets	(100)	(205)	(90)	(49)	(77)
Finance costs	(2,150)	(2,029)	(1,587)	(536)	(603)
Finance income	91	154	120	69	58
Other non-operating losses/(gains)	(172)	(75)	(308)	35	(69)
Shares of (loss)/profit of associates and joint ventures accounted for using the equity method	(159)	(9)	(35)	90	3
Net foreign exchange loss	20	70	(190)	(5)	(404)
Income tax expense	(2,064)	(906)	(585)	(574)	(431)
Profit for the year	(4,088)	1,376	269	1,873	1,172

1 Figures for the year ended December 31, 2012 have been adjusted to reflect the adoption of IFRS 11 Joint Arrangements on 1 January 2013, as described in Note 3 in our audited consolidated financial statements included elsewhere in this Annual Report on Form 20-F. These adjustments would not have impacted 2011 or the other years presented, which remain comparable.

Selected operating data

The following selected operating data as of and for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 has been derived from internal company sources.

	As of December 31,				
	2013	2012	2011	2010	2009
Selected Company operating data¹:					
End of period mobile subscribers (in millions):					
Russia	56.5	56.1	57.2	52.0	50.9
Italy	22.3	21.6	21.0	–	–
Africa & Asia ⁴	88.9	83.5	77.7	0.7	0.4
Ukraine ⁴	25.8	25.1	23.2	24.2	2.0
CIS	25.4	24.2	19.7	15.6	13.2
Canada	0.6	0.6	0.4		
Total mobile subscribers	219.6	210.5	205.2	92.7	66.5
Mobile MOU ²					
Russia	291	276	243	219	211
Italy	237	207	197	–	–
Africa & Asia					
Algeria ⁴	216	274	289	–	–
Pakistan	226	214	206	–	–
Bangladesh	184	216	209	–	–
CAR	59	49	47	–	–
Burundi	25	37	37	–	–
Laos	106	97	233	–	–
Ukraine ⁴	501	513	483	383	209
CIS					
Kazakhstan	290	213	148	120	93
Tajikistan	270	241	229	179	173
Uzbekistan	471	474	425	386	314
Armenia	339	269	257	294	238
Georgia	244	237	207	137	138
Kyrgyzstan	265	272	303	258	164
Mobile ARPU ²					
Russia	10.6	10.8	11.0	10.8	10.1
Italy	16.3	18.5	21.7	–	–
Africa & Asia					
Algeria ⁴	8.4	9.0	9.0	–	–
Pakistan	2.3	2.6	2.7	–	–
Bangladesh	1.5	1.8	1.8	–	–
CAR	5.5	5.9	6.4	–	–
Burundi	3.1	3.3	3.6	–	–
Laos	6.0	5.6	5.1	–	–
Ukraine ⁴	4.7	5.2	5.1	4.8	4.7
CIS					
Kazakhstan	7.1	7.6	8.3	9.2	8.1
Tajikistan	10.0	8.6	8.8	6.5	7.1
Uzbekistan	5.3	4.6	4.1	4.1	4.7
Armenia	7.1	6.8	8.1	10.3	13.2
Georgia	6.3	6.7	6.8	7.5	8.9
Kyrgyzstan	6.6	5.5	5.5	5.3	–

Selected financial and operating data

	As of December 31,				
	2013	2012	2011	2010	2009
Churn (as a percentage) ²					
Russia	63.9	63.2	62.8	50.8	42.8
Italy	36.6	35.2	28.3	–	–
Africa & Asia					–
Algeria ⁴	31.6	29.5	23.4	–	–
Pakistan	23.0	25.2	29.5	–	–
Bangladesh	22.3	25.2	18.5	–	–
CAR	63.2	60.0	102.0	–	–
Burundi	56.0	54.0	59.9	–	–
Laos	102.6	141.0	258.0	–	–
Ukraine ⁴	35.3	29.8	28.9	29.5	81.0
CIS					
Kazakhstan	48.6	55.8	47.4	43.5	46.3
Tajikistan	77.9	72.7	67.4	82.8	52.9
Uzbekistan	53.5	55.1	59.7	54.2	63.7
Armenia	62.6	83.9	87.6	67.6	58.6
Georgia	74.0	79.1	70.1	94.1	46.6
Kyrgyzstan	65.6	66.1	52.3	61.9	60.5
End of period broadband subscribers (in millions):					
Russia	5.4	5.0	4.6	3.3	2.1
Italy	10.5	7.8	6.6	–	–
Africa & Asia	–	–	–	–	–
Ukraine	0.8	0.6	0.4	0.2	0.1
CIS ³	13.7	12.3	9.5	6.7	5.5
Total broadband subscribers	30.3	25.6	12.3	3.7	2.2

1 For information on how we calculate mobile customer data, mobile MOU, mobile ARPU, mobile churn rates and broadband customer data, please refer to the section of this Annual Report on Form 20-F entitled "Item 5—Operating and Financial Review and Prospects—Certain Performance Indicators." The number of mobile customers for Africa & Asia includes customers of Telecel Zimbabwe (1.5 million for 2011, 2.6 million for 2012 and 2.6 million for 2013), 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 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, as well as fixed Internet access using FTTB, xDSL and WiFi technologies.

4 The customer numbers for 2012, 2011 and 2010 have been adjusted to remove customers in operations that have been sold and to reflect revised customer numbers in Algeria and Ukraine where the definition of customers has been aligned to the group definition. MOU, Mobile ARPU and Churn have been adjusted accordingly.