

**Stocks. Veon (VEON US): financial statements for Q1 2021.**

**Actuals: financial results.** Telecommunications company Veon reported today its financial results for the Q1 2021. Its revenue reduced by 5% year-on-year, with an equal decrease in EBITDA. At the same time, its net profit increased by 15% to \$138 million.

Financial highlights, \$ million	Q1 2021	Q1 2020	Change, %	2021P*	2020	Change, %
Revenue	1,989	2,097	-5%	8,202	7,980	3%
EBITDA	875	920	-5%	3,602	4,239	-15%
Net profit	138	120	15%	552	362	-
<i>EBITDA margin</i>	44%	44%	0%	44%	53%	-9%
<i>Net margin</i>	7%	6%	-1%	7%	5%	2%
Net debt	8,325	7,741			8,462	
Net debt/EBITDA	2.4x	2.0x			2.3x	

\*P – Projection

Source: Bloomberg

**Our view and estimate.** We estimate Veon's results as neutral. We should note 10% increase in 4G coverage to 41%, with the corresponding number of subscribers growing by 21 million to 87 million during the year. Monthly Active Users (MAU) number increased by 83% to 23 million during the year. On the downside, note debt burden growth, though not critical so far. Net debt/EBITDA increased to 2.4x as at the reporting quarter end.

**Bottom line.** Nevertheless, the market receives Veon's reporting well so far: the stock grows around 2% in the American premarket. The stock looks highly undervalued with reference to multipliers: 3.4X for EV/EBITDA, and around 5.5x for P/E. We hold this position in the Aggressive portfolio.

Source: Bloomberg



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