

TELE2 RUSSIA: Y2008 RESULTS AND 2009 DEVELOPMENT

Donna Cordner,
TELE2 Russia CEO

Yuri Dombrovsky,
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Moscow,
February, 12nd, 2009

The logo consists of the word "TELE2" in a bold, black, sans-serif font. The letters are thick and blocky. The "2" is particularly large and stylized, with a thick vertical stroke and a curved top that loops back. The overall appearance is modern and industrial.

TELE2 RUSSIA 2008 OUTLOOK

- **10 422 000 customers in 17 Russian regions** (as of December, 31st)
- The only service is **mobile telephony based on the own infrastructure**. The market strategy is price-leading and easy-to-use communication services
- **New 18 GSM-networks** will be launched in 2009-2010.
In 2009 OPEX are estimated at USD 65-90 millions and CAPEX – at USD142-167 million (in 17 new licenses)
- TELE2 is №1 operator in **4 regions** and №2 operator in **7 regions** (according to AC&M research in December 2008)
- **61 million population** in 35 regions covering TELE2 licenses

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■ Регионы присутствия TELE2

■ Регионы, в который готовится запуск TELE2 в 2008-2010 гг.

■ Роуминговая зона TELE2 *



* Роуминг не предоставляется в следующих регионах России: Чукотский АО, Еврейская АО, Иркутская и Магаданская области, Камчатский и Забайкальский края, Республики Бурятия и Саха (Якутия).

MOST SIGNIFICANT EVENTS 2008

- **Acquisition of cellular network in Adygei Republic**
(February – April 2008)
- **10 million customers – new milestone**
(October 2008)
- **Acquisition of Digital Expansion (Kaliningrad region)**
(27th of November 2008)
- **Launch in Krasnodar Territory**
(28th of November)



KRASNODAR: FIRST LAUNCH SINCE MAY 2007



TELE2 RUSSIA: 2008 FULL YEAR RESULTS (SEK)

- ➔ Customer net intake – 1 858 000 (2 541 000 – in Y2007) subscribers
- ➔ Operating revenue – SEK 6 867 million (SEK 4 837 million – in Y2007)
- ➔ EBITDA – SEK 2 368 million (SEK 1 526 million in Y2007)
- ➔ CAPEX – SEK 1 699 million (SEK 1 537 million in 2007)
- ➔ Subscribers base – 10 422 000 (8 560 000 – in Y2007) people

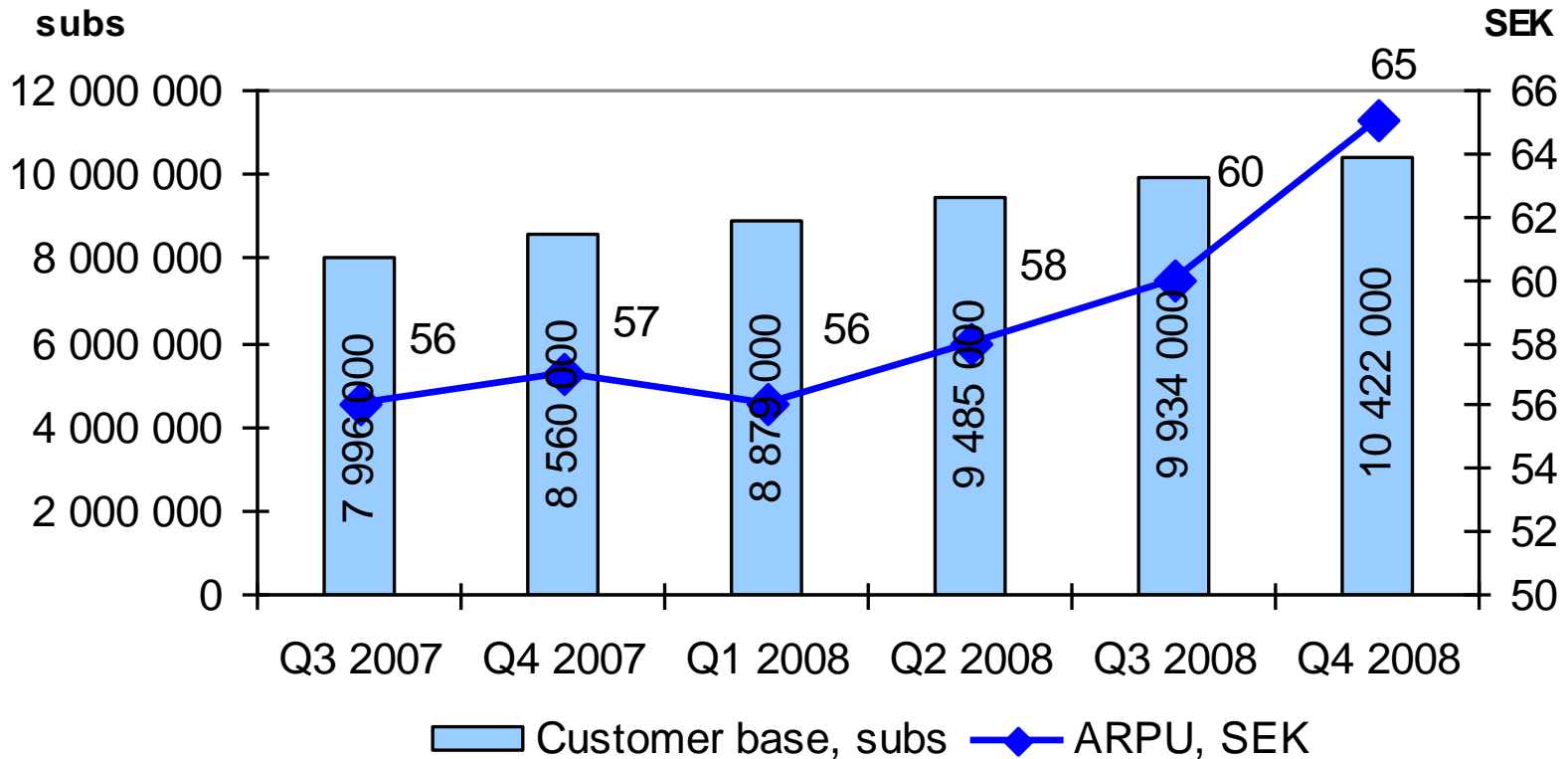
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TELE2 RUSSIA: 2008 FULL YEAR RESULTS (RUR)

- ➔ Customer net intake – 1 858 000 (2 541 000 – in Y2007) subscribers
- ➔ Operating revenue – RUR 25 773 million (RUR 18 262 million – in Y2007)
- ➔ EBITDA – RUR 8 956 million (RUR 5 793 million in Y2007)
- ➔ CAPEX – RUR 6 584 million (RUR 5 820 million in 2007)
- ➔ Subscribers base – 10 422 000 (8 560 000 – in Y2007) people

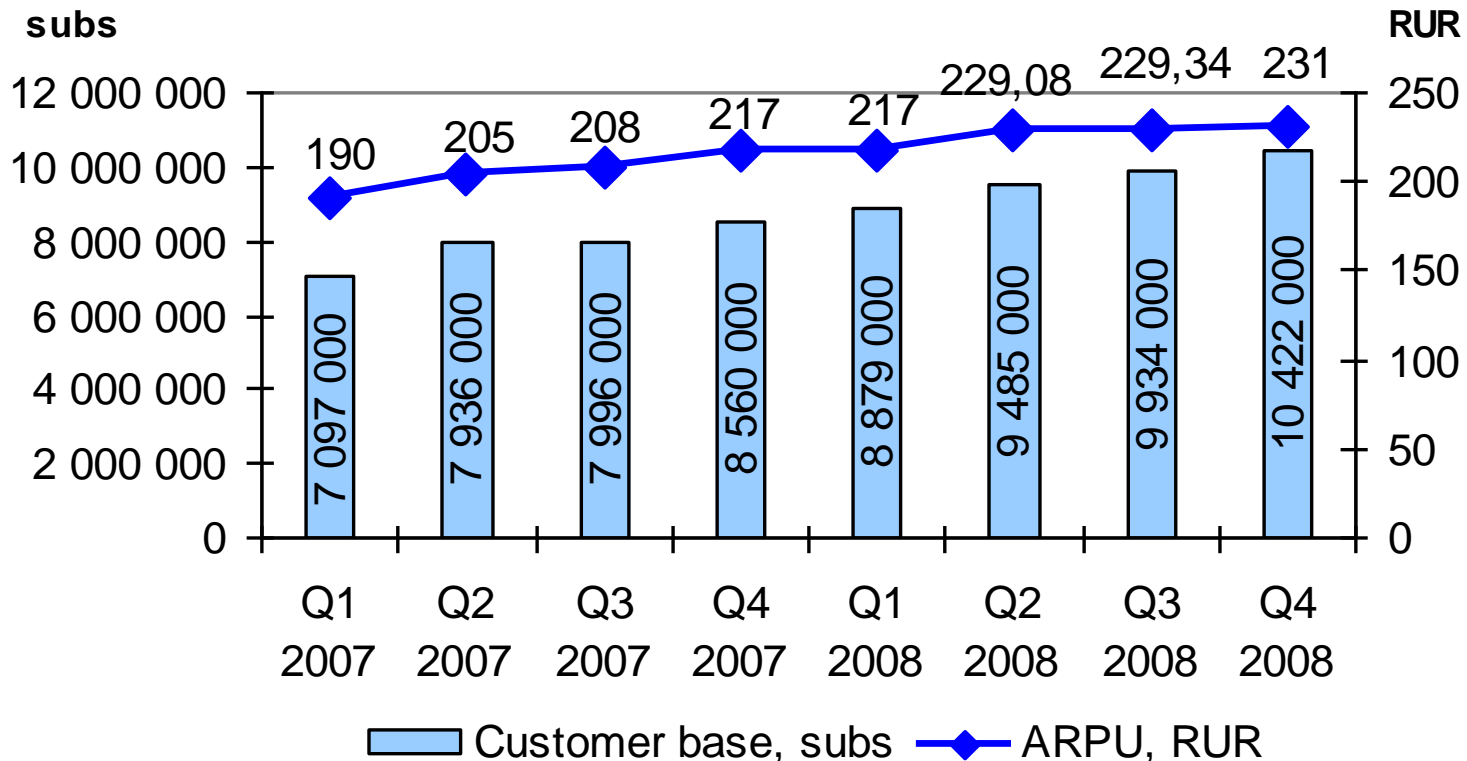
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STRONG ARPU IN COMBINATION WITH CUSTOMER BASE GROWTH (SEK)



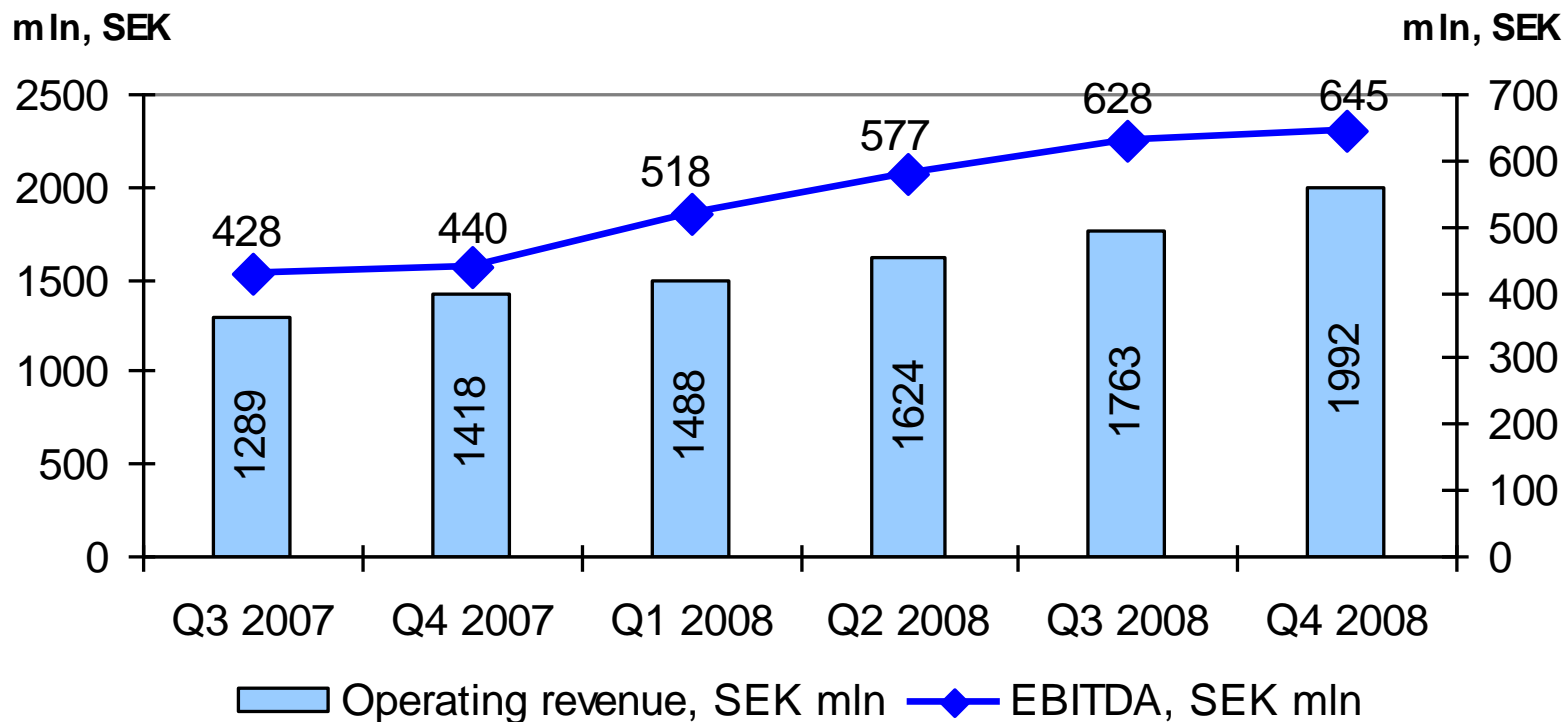
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STRONG ARPU IN COMBINATION WITH CUSTOMER BASE GROWTH (RUR)



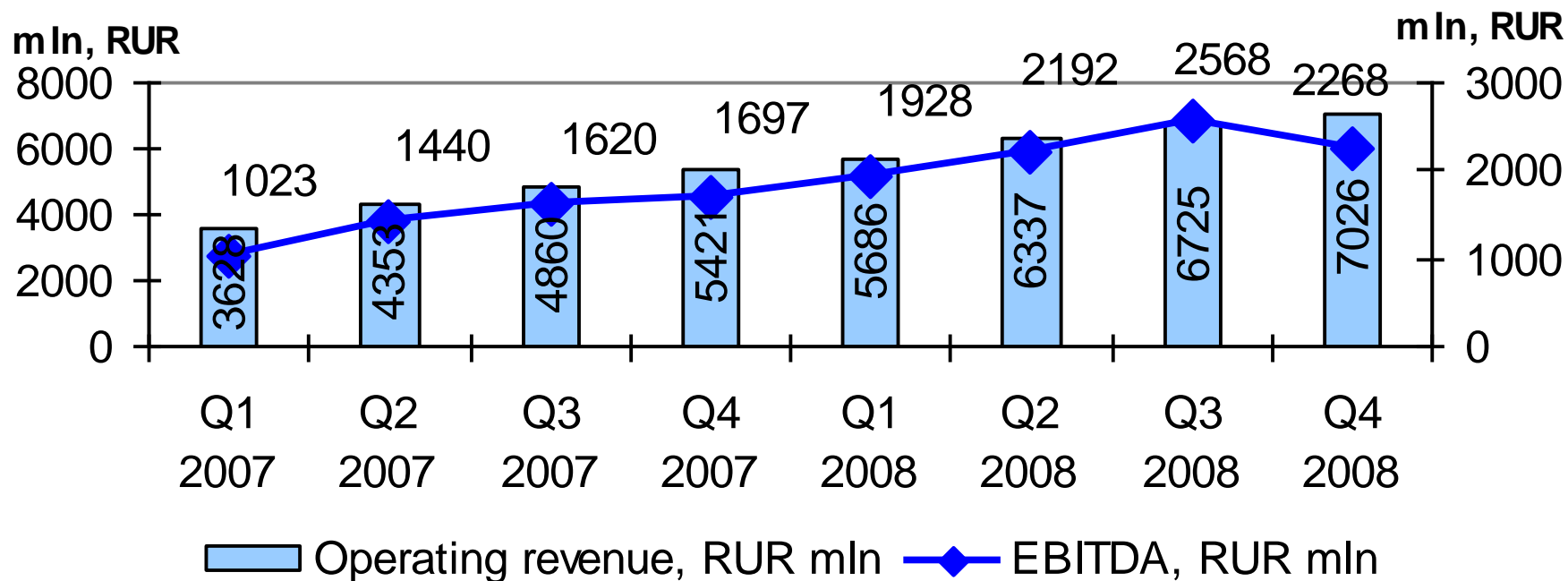
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FINANCIAL INDICATORS GROWTH (SEK)



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FINANCIAL INDICATORS GROWTH (RUR)



TELE2 RUSSIA: Q4 2008 RESULTS (SEK)

- ➔ Customer net intake – 484 000 (554 000 – Q4 2007) subscribers
- ➔ Operating revenue – SEK 1 992 million (SEK 1 418 million – Q4 2007)
- ➔ EBITDA – SEK 645 million (SEK 440 million - in Q4 2007)
- ➔ ARPU – SEK 65 (SEK 57 in Q4 2007)

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TELE2 RUSSIA: Q4 2008 RESULTS (RUR)

- ➔ Customer net intake – 484 000 (554 000 – Q4 2007) subscribers
- ➔ Operating revenue – RUR 7 026 million (RUR 5421 million – Q4 2007)
- ➔ EBITDA – RUR 2268 million (RUR 1 697 million - in Q4 2007)
- ➔ ARPU – RUR 231 (RUR 217 in Q4 2007)

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TELE2 RUSSIA IN TELE2 GROUP (Y2008)

CUSTOMER BASE

Customer base of TELE2 Russia exceeds **54%** of TELE2 AB mobile subscribers

OPERATING REVENUE

Net sales of TELE2 Russia is about **28%** of net sales in mobile segments of TELE2 AB

The TELE2 logo is displayed in a bold, black, sans-serif font. The letters are thick and blocky, with a distinctive design for the number '2' that has a vertical bar on its right side.

KEY SUCCESS FACTORS

- ➔ **LOW PRICES STRATEGY.** We're mobile discounter and this is relevant to Russian market
- ➔ **NETWORK EXPANSION.** Both on national (new licenses and acquisitions) and local (rapid coverage growth)
- ➔ **BRIGHT AND PROVOCATIVE MARKETING COMMUNICATION.** It leads to high brand awareness and cost efficient promotion
- ➔ **HIGH-CLASS CUSTOMER SERVICE.** We are #1 in customer service
- ➔ **TEAM.** We have very professional team in Russia both on national and local levels

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OUTLOOK FOR NEW REGIONS

TIMING:

Up to 12 of 18 regions will be launched in 2009.

FINANCIAL INDICATORS

- **EBITDA break-even** – in three years after commercial launch date.
- The longer term **market share** should not deviate significantly from the historic market share of TELE2 Russia

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«TELE2 RUSSIA»: DISCOUNTER STRATEGY

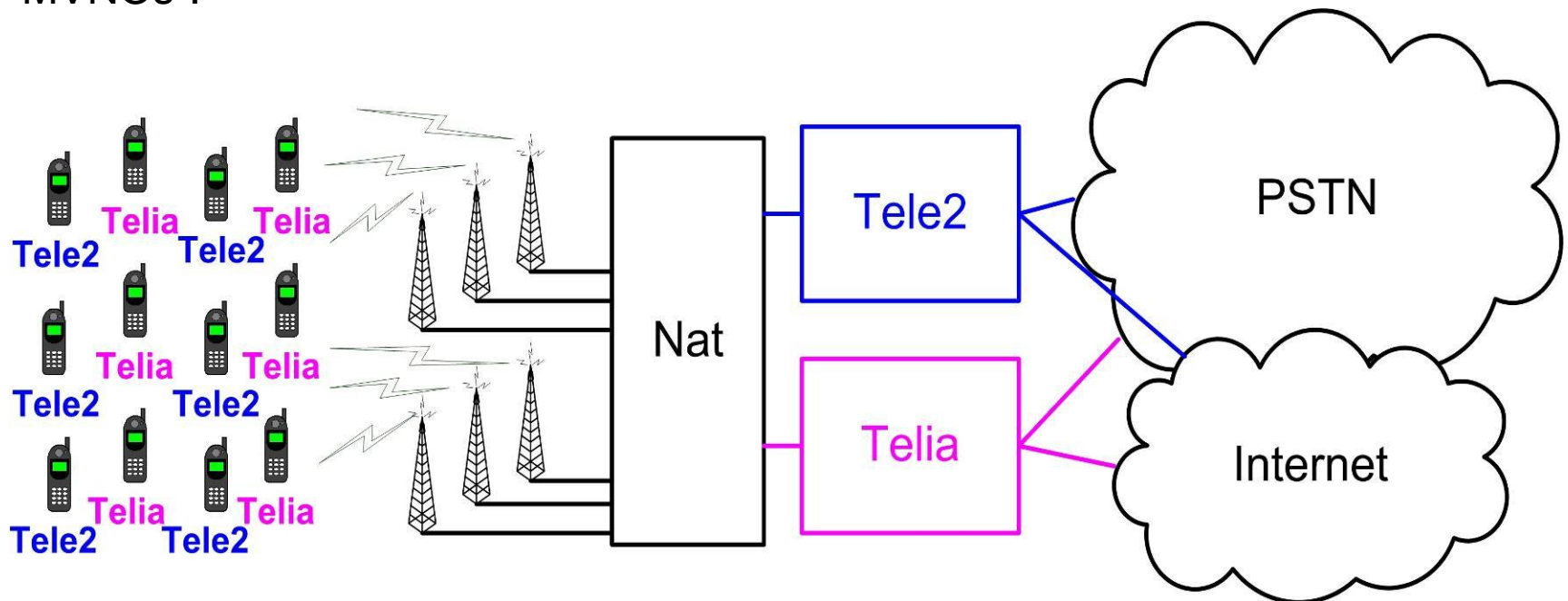
- ➔ **Long Term Investor**
- ➔ **Mobile operator discounter** offering high quality services and superior customer care. TELE2 serves low-end, socially unprotected customers: students, pensioners, public sector employees.
- ➔ **Effective business model** which allows to offer low prices maintaining profitability of operations
- ➔ **Continue volume of investments** into deployment of networks, plan to launch 18 regions despite financial crisis
- ➔ **Experience of deployment 3G Networks**, also using MVNO models and network sharing (next slide) in Europe and **is ready to provide this service in Russia**

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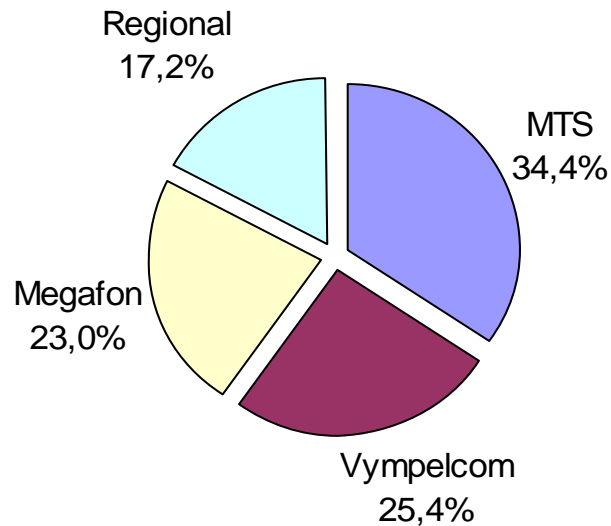
TELE2: EXPERIENCE OF 3G NETWORK SHARING IN SWEDEN

In December 2000 TELE2 won a 3G license in Sweden. Soon after TELE2 and Telia (our largest competitor) created a 50/50 joint venture Nat (“Svenska UMTS-nat”) and TELE2 transferred its license to Nat.

Both parties invested into the construction of the nation-wide network which is now operated by Nat, and both TELE2 and Telia share this network as “MVNOs”.



SHARE IN RUSSIAN MARKET (Q4 2008)



Groups of Regional Operators	Customers, mln.
TELE2	10,4
Uralsvyazinform	5,7
Sibirtelecom	4,9
Smarts (Volga Region)	3,5
NSS (Volga Region)	2,5
Ekaterinburg-2000	1,5
NTK (Vladivostok)	1,5

➔ According to ComNews Research (June 2008), presence of regional service providers, such as TELE2, stimulates competitiveness in the market and induces operators of the “G3” to lower the prices on their service substantially



POSITIVE TRENDS IN REGULATION

- ➔ The sector is going to undergo changes in such important spheres of regulation as allocation and use of spectrum, licensing, order of network building and implementation, traffic.
- ➔ First proposals from work groups which include specialists from the biggest market players under the guidance of the Deputy Minister N.S. Marder, are published on the site of Russian Association of Networks and Services (www.rans.ru).
- ➔ In the end of 2008 the regulation of MVNO licensing was issued.

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Thank you for your attention!

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