

TELE2 Russia: **results of the 1st half-year of 2008 and** **plans of development**

Donna Cordner,
CEO, TELE2 Russia
Market Area Director, Russia and Central Europe
Executive Vice President TELE2 AB

Yuri Dombrovsky,
TELE2 Russia Board Chairman

Moscow,
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The logo for TELE2, featuring the word "TELE2" in a bold, black, sans-serif font. The letters are thick and blocky, with a distinctive design for the number "2" that has a curved top and a solid base.

TELE2 is a part of the worldwide IT & Media group of companies



Investment AB Kinnervik

Investment company



MIC

Millcom
International
Cellular S.A.

TELE2



TRANSCOM

Telecom & CRM



Entertainment TV

MTG
MODERN TIMES GROUP



metro
INTERNATIONAL

Large-circulation newspaper



TELE2

TELE2 in brief

- 24 million customers in 12 countries
- Mobile operations in 10 countries
- Fixed broadband operations in 7 countries
- Fixed telephony operations in 9 countries

Our mission is to provide price-leading and easy-to-use communications solutions

Our core services are mobile services on own infrastructure complemented by fixed broadband

The TELE2 logo is displayed in a large, bold, black, sans-serif font. The letters are thick and closely spaced, with a slightly irregular, hand-drawn appearance. The '2' is particularly large and stylized, with a small gap at the top. The logo is positioned in the bottom right corner of the slide, partially overlapping the map background.

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TELE2 Russia: overview

- More than **9.4 millions customers in 16 regions** of the Russian Federation (+33% only in 2007)
- More than **1 billion of investments** from 2001 till 2007.
- The only service is **mobile telephony based on the own infrastructure**.
The market strategy is low prices
- **New 19 GSM-networks** will be launched in 2009-2010. About USD250-300 millions will be invested in new networks development.
- TELE2 has **the biggest market share in 4 regions** (according to AC&M research in June 2008): Omsk, Chelyabinsk, Rostov-on-Don and Voronezh.

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TELE2 в России

■ регионы присутствия TELE2

■ регионы, в которых готовится запуск TELE2 в 2008 – 2010 гг

■ роуминговая зона TELE2*



TELE2 Russia is:

➔ 16 regions where TELE2 operates

➔ 19 new regions

.TELE2.
просто дешевле

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

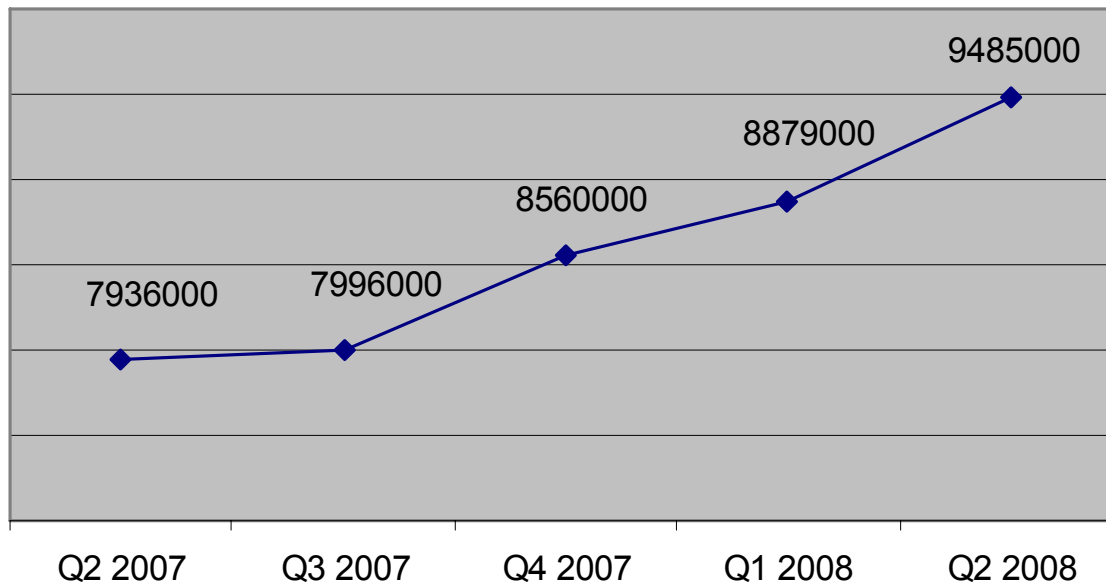
TELE2 Russia: 2Q 2008 results

- ➔ Customer net intake – 606 000 (778 000 – in Q2 2007) subscribers
- ➔ Net sales – USD 265 million (USD 183 million – in Q2 2007)
- ➔ EBITDA – USD 94 million (USD – 60 million in Q2 2007)
- ➔ EBITDA margin – 36% (33% in Q2 2007)
- ➔ ARPU – USD 9.5 (USD 8 in Q2 2007)

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TELE2 Russia: 2Q 2008 results

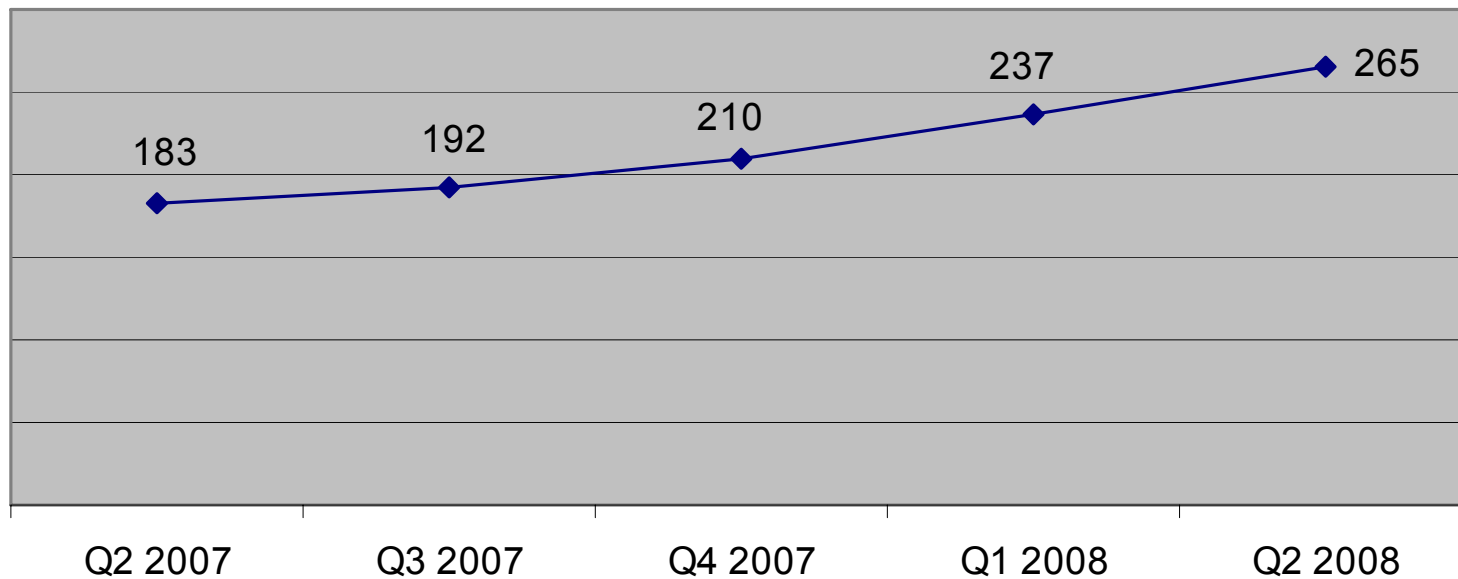
Customer base, subs



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TELE2 Russia: 2Q 2008 results

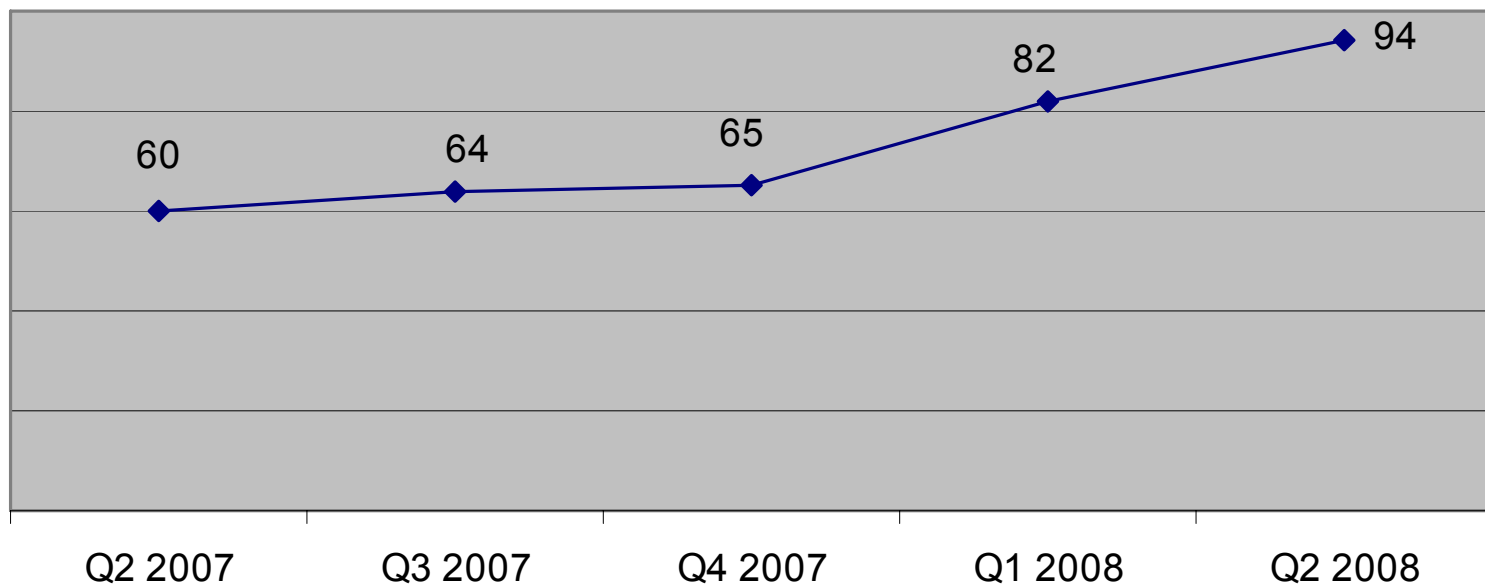
Operating revenue, USD mln



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TELE2 Russia: 2Q 2008 results

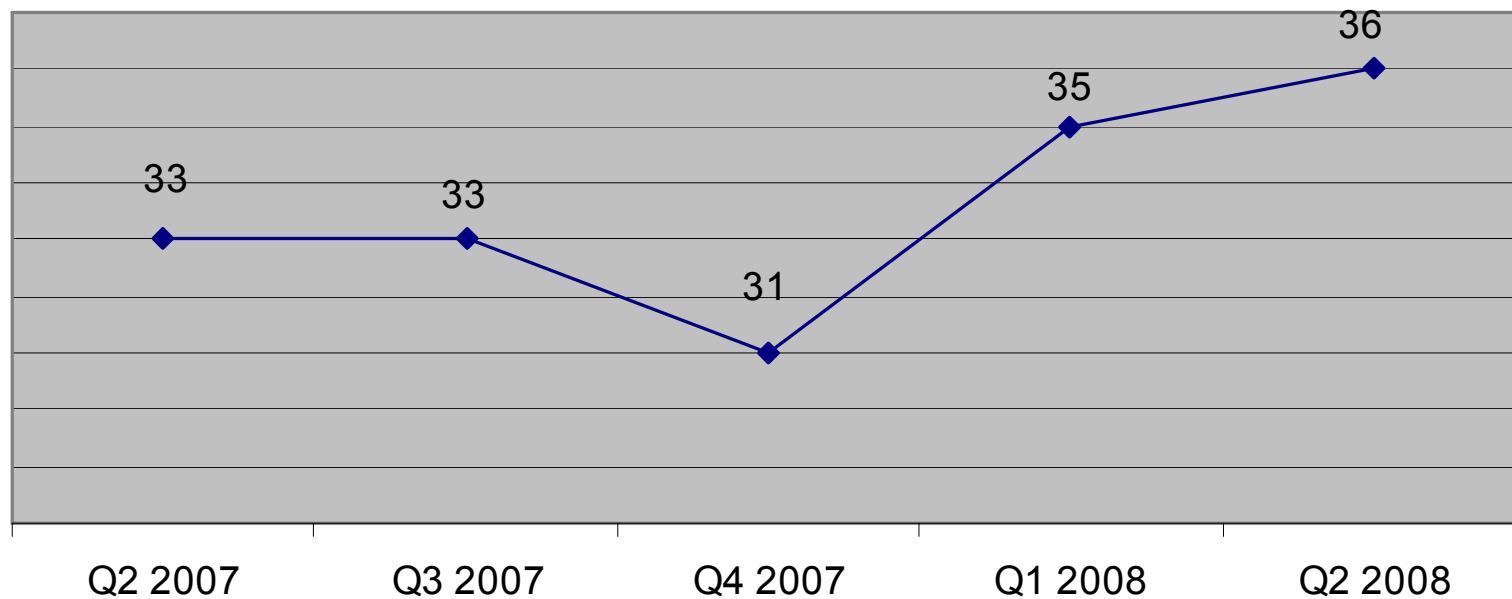
EBITDA, USD mln



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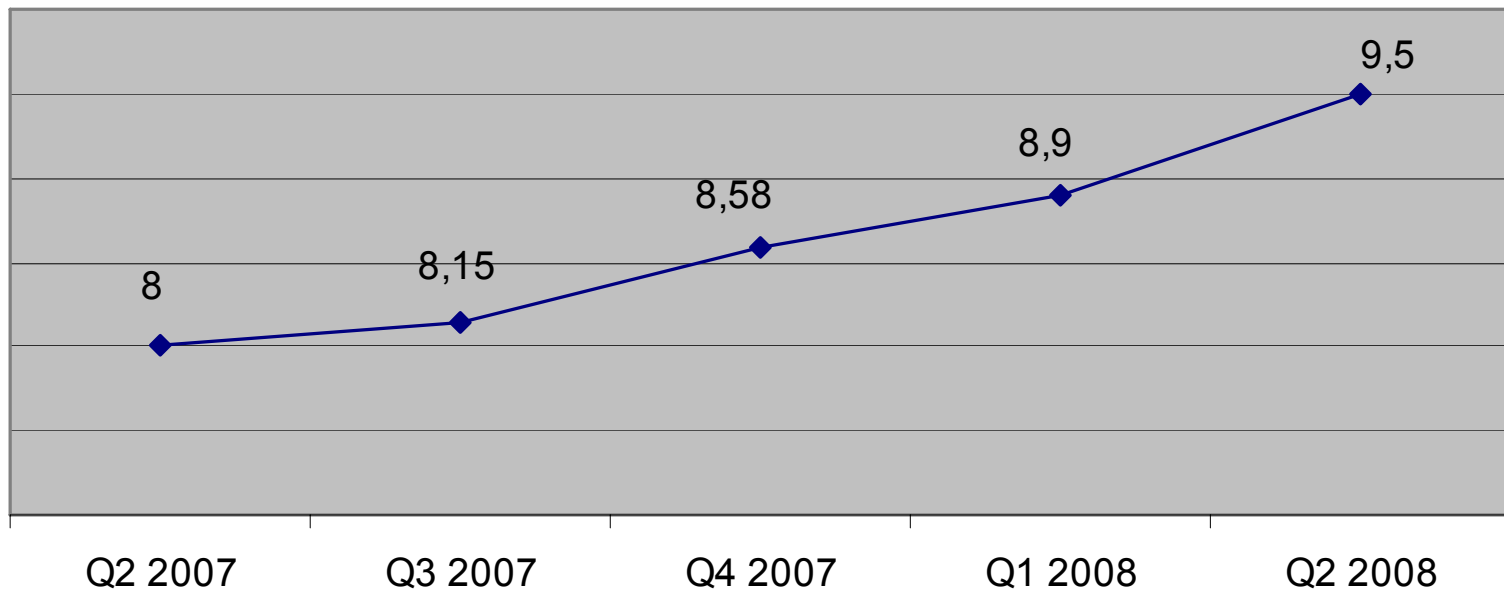
TELE2 Russia: 2Q 2008 results

EBITDA margin, %



TELE2 Russia: 2Q 2008 results

ARPU, USD



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TELE2 Russia: 1H 2008 results

- Customer net intake – 925 000 (1 356 000 – in 1H 2007) subscribers
- Net sales – USD 507 million (USD 347 million – in 1H 2007)
- EBITDA – USD 178.4 million (USD 107.2 million - in 1H 2007)
- EBITDA margin – 36% (33% in Q2 2007)

TELE2 subscribers in Russia – 9 485 000 people (as of June, 30, 2008)

Customer base of TELE2 Russia exceeds 50% of TELE2 AB mobile subscribers

Net sales of TELE2 Russia exceeds 26% of net sales in mobile segments of TELE2 AB

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TELE2 Russia: Forecasts and plans

Current regions

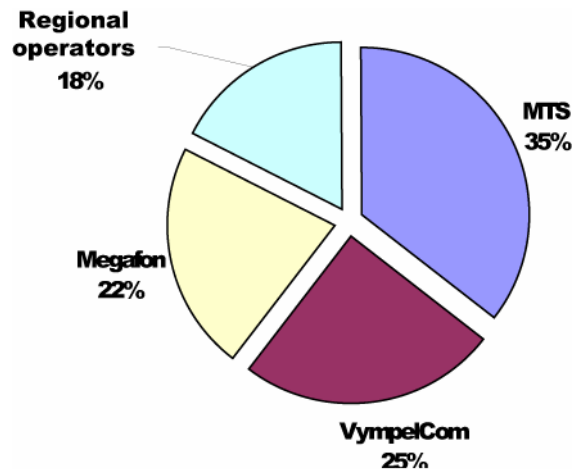
- 11 million customers in the first half of 2009
- ARPU USD10 in longer term
- EBITDA margin – 35-40%%

New regions

- 4 regions will be launched in 1H 2009 and 5 regions in 2H 2009
- In 2008 OPEX are estimated at USD 8-12 million and CAPEX – at USD 82-98 million
- In 2009 OPEX are estimated at USD 29-33 million and CAPEX – at USD 130-163 million

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Share of the Russian market (May 2008)



➔ According to ComNews Research (June 2008), the presence of regional operators including TELE2, stimulates competition on the market and forces the great-three operators to considerably reduce prices of their services

Group of operators	Subscribers, million
TELE2	9.3
Uralsvyazinform	5.4
Sibirtelecom	4.5
SMARTS (Volga region)	4.0
NCC (Nizhny Novgorod)	2.4
Yekaterinburg-2000	1.1
NTC (Vladivostok)	1.1

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TELE2 Russia is a reliable partner in the implementation of social programs

- **TELE2 Russia** is an active member of the Association of Regional Mobile Communications Operators. On TELE2 initiative, 29 regional companies have concluded a partnership agreement for the establishment of a 3G network in the Russian Federation
- **TELE2 St. Petersburg** is a partner of the St. Petersburg State University of Telecommunications named after Prof. Bonch-Bruyevich in the projects for creation of the electronic library, and also in the areas of education, training and grant support.
- **TELE2 Voronezh** is a partner of the Administration of the Voronezh District and the implementer of the project “Improving the Level of Penetration of Mobile Communications in the Voronezh District”. As a result of the first 2 years of the project implementation, the economical and quality mobile communication has become available to inhabitants of almost the entire region, including the solution of the problem of installing telephones in some remote districts.
- **TELE2 Kemerovo** has held the action “Mobile Help” under the aegis and with support of the Administration of the Kemerovo District, resulting in the purchase of the equipment for the local children’s hospital, reducing the period of diagnosing cancer from several months to three days.

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Thank you for your attention!

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