

# MTS Group – Strategy Forward

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## MTS Ukraine, 2007

- Total Subscribers 20,0 mln
- Market share 36%
- Market place (revenue) 2
- Revenue \$ 1608 mln
- Revenue growth (vs. 2006) +6%
- OIBDA 48,6%

## MTS Belarus (49%), 2007

- Total Subscribers 3,8 mln
- Market share 53%
- Market place (subscribers) 1

## MTS Russia, 2007

- Total Subscribers 57,43 mln
- Market share 33%
- Market place (revenue) 1
- Revenue \$ 6181 mln
- Revenue growth (vs. 2006) +29%
- OIBDA 2007 51,0%



## MTS Uzbekistan, 2007

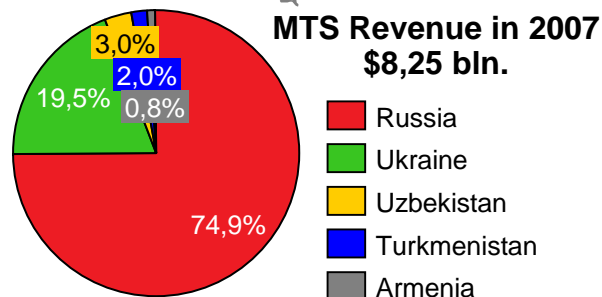
- Total Subscribers 2,8 mln
- Market share 54%
- Market place 1
- Revenue \$ 248 mln
- Revenue growth (vs. 2006) +66%
- OIBDA (2007) 63,5%

## MTS Turkmenistan, 2007

- Total Subscribers 0,36 mln
- Market share 88%
- Market place (revenue) 1
- Revenue \$ 168 mln
- Revenue growth (vs. 2006) +58%
- OIBDA 55,5%

## MTS Armenia, 2007

- Total Subscribers 1,38 mln
- Market share 74%
- Market place 1
- Revenue (only 3Q, 4Q) \$ 67 mln
- OIBDA 56,5%



## 2008 forecast\*

- Revenue Growth > 25%
- OIBDA > 50%

\* - in local currencies  
Source: MTS

## MTS 3+2 Group Strategy: Growth + Efficiency

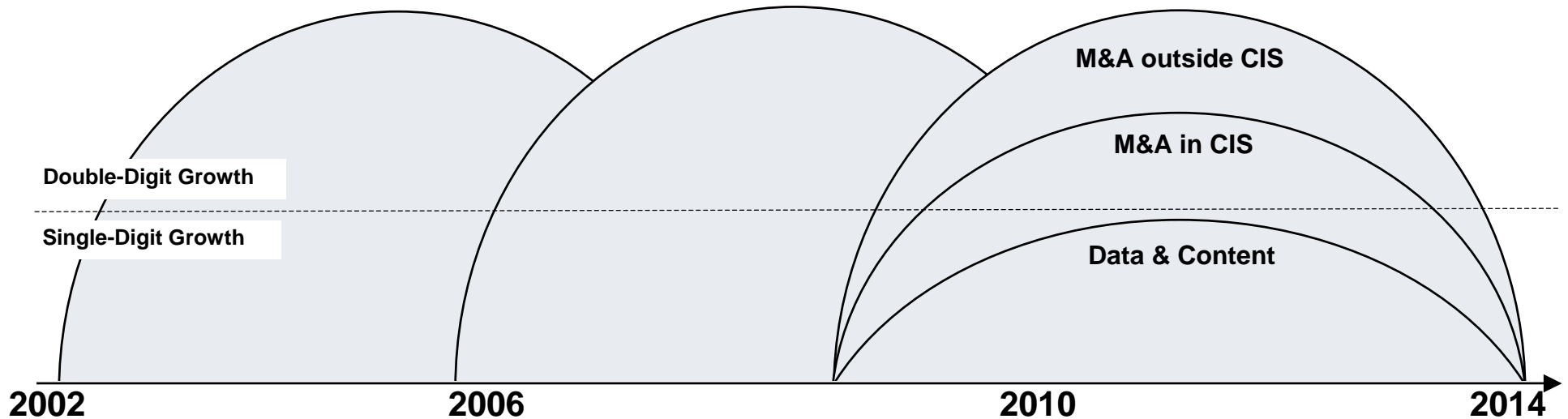
<p><b>Leading communication brand in the CIS</b></p> <p><b>Creating exceptional shareholder value</b></p>	1	Delivering best customer experience	<ul style="list-style-type: none"> <li>▪ Delivering superior quality at all touch points</li> <li>▪ Increasing customer lifetime value</li> <li>▪ Driving demand stimulation</li> </ul>
	2	Driving data & content services	<ul style="list-style-type: none"> <li>▪ Compelling Internet user experience</li> <li>▪ Innovative services &amp; attractive content portfolio</li> <li>▪ Broad and rapid infrastructure deployment (3G)</li> </ul>
	3	Expansion in CIS and Developing Markets	<ul style="list-style-type: none"> <li>▪ Market consolidation in existing CIS presence</li> <li>▪ Enlarging CIS footprint</li> <li>▪ Realizing growth opportunities outside CIS</li> </ul>
	+1	Cost efficiency	<ul style="list-style-type: none"> <li>▪ Continuous cost &amp; process efficiency focus</li> <li>▪ Exploiting synergies within CIS operations</li> <li>▪ Optimal technology solutions</li> </ul>
	+2	MTS Group development	<ul style="list-style-type: none"> <li>▪ Efficient Group organization and processes</li> <li>▪ Build-up of best-in-class workforce and capabilities and attractive corporate culture</li> <li>▪ Active corporate and social responsibility</li> </ul>

## MTS Growth Strategy: “Waves of Growth”:

**Wave 1:  
Subscriber growth**

**Wave 2:  
ARPU growth\***

**Wave 3:  
Multiple growth components**



Network coverage

**Usage stimulation**

**Data & Content services**

Distribution roll-out

Brand


Mobile BB infrastruct. (3G/4G)

Acquisition campaigns

Quality

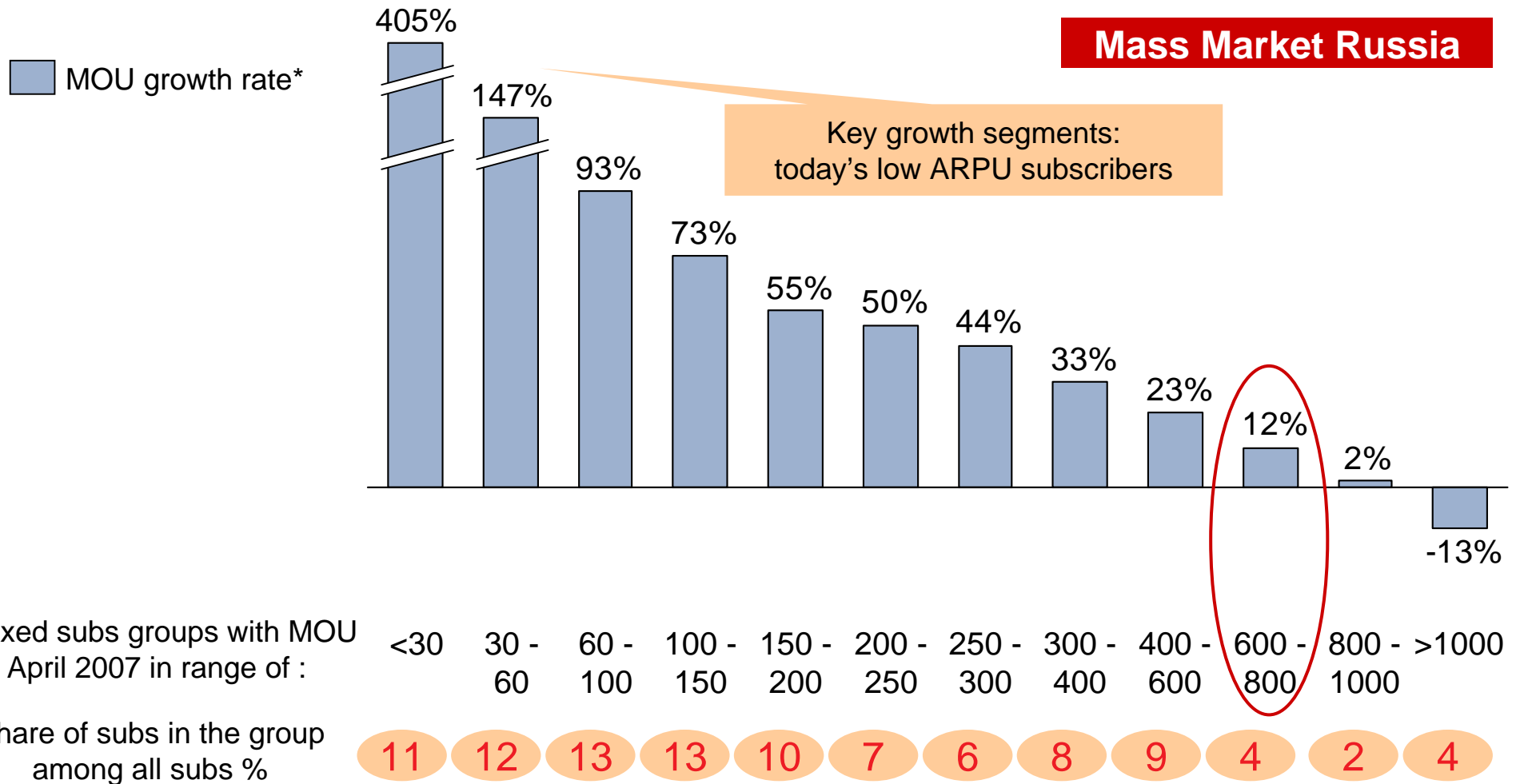
M&A in/outside CIS

**Key  
Growth  
drivers**

 = Focus of this presentation

\* esp. Russia and Ukraine  
Source: MTS

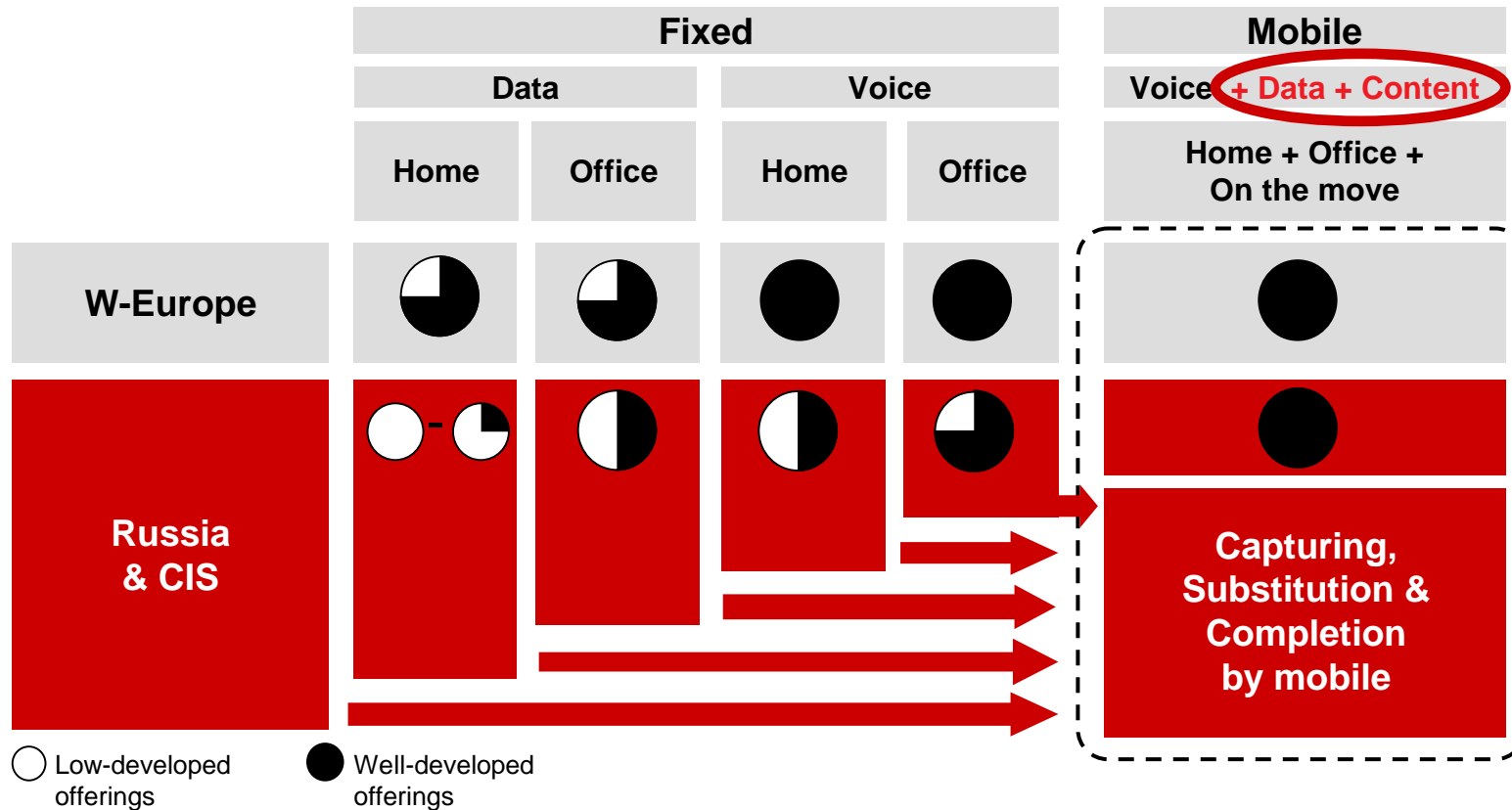
## Sustainable demand growth strategy: "Go 600"



\*Based on large random sample of subs from April 2007 till March 2008

Source: MTS

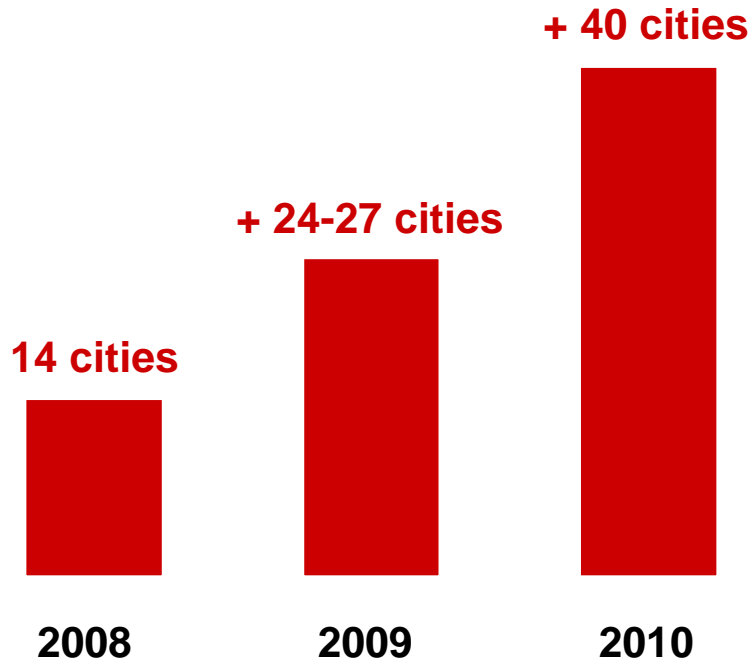
## MTS Data & Content strategy: “Mobile makes more”



**In the future mobile BB will play a similar strong role that mobile voice has taken in the CIS in the past**

## Aggressive Mobile Broadband infrastructure roll-out at MTS

### 3G Russia



Full commercial HSPA-enabled networks launched:

- ✓ St. Petersburg, May 2008
- ✓ Kazan, June 2008
- ✓ Sochi and Yekaterinburg, July 2008
- ✓ Nizhny Novgorod, August 2008
- ✓ Novosibirsk, Norilsk and Vladivostok, September 2008
- ✓ Add'l 6 cities until the YE 2008

2010: HSPA-enabled networks launched in all regions of Russia

2008: Commercial launch by YE in Tashkent, Uzbekistan

2009: Armenia

2007: CDMA-450 EV-DO Rev A launch in Ukraine

- ✓ 18 cities covered to date

**Network deployment to stimulate demand, drive data and content usage and increase overall customer lifetime value**



## “Red Brothers” – MTS and Vodafone partnership agreement



### Benefits for MTS

- Advantageous procurement terms
- Products, services and devices from Vodafone exclusive to CIS markets
- Joint Product Development
- Joint Global Key Account management
- Best Practice and Knowledge Sharing

### Benefits for Vodafone

- Increased scale from MTS
- Joint Global Key Account management
- Delivering best customer experience for Vodafone customers in the CIS
- Best practice and Knowledge Sharing
- Extension of footprint to cover an additional population of 240 million

**Increasing performance and innovation from mutual enrichment  
of two leading operator groups**

## **Critical success factors for emerging market operators**

- **Management focus on execution**
- **Playing regional differences**
- **Exploiting the Brand Power**
- **Seizing the Mobile BB Opportunity**
- **Benefit from “Lessons learned” in developed markets**



**Thank you for your attention !**