

KYIVSTAR GSM

Strengthening the Leadership

Capital Markets Day 2008

Martin Furuseth - COO



Ukraine – big bag of small coins

Population: 46.3 million (7th in Europe)

Area: 603,700 sq km (2nd in Europe)

GDP/capita (PPP): \$ 6,900 (44th in Europe)

GDP growth: 7.1% (9th in Europe)

Inflation in 2007: 16%

Fixed line penetration: 26% (40th in Europe)

Mobile penetration: 119% (25th in Europe)

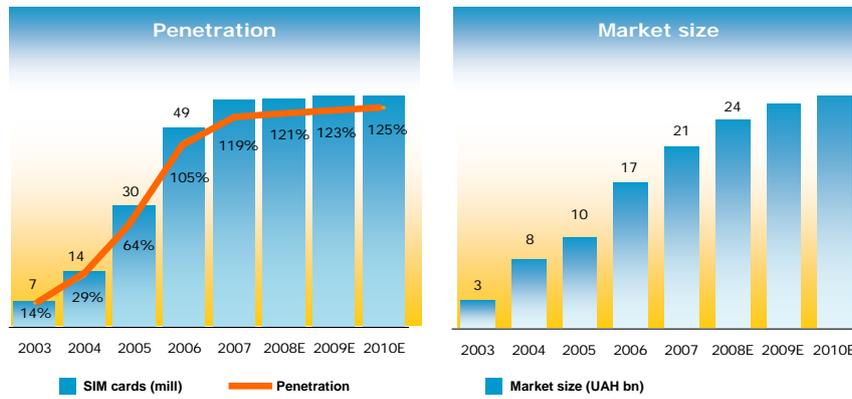
Mobile ARPU: \$ 6.5 (next to last in Europe)



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Ukrainian mobile market development



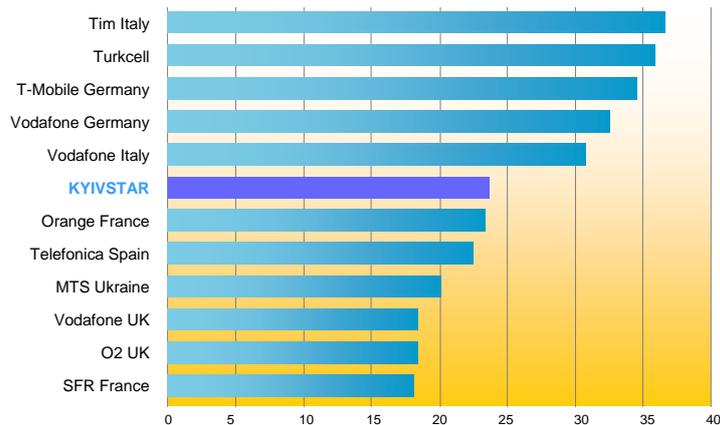
Sources: AC&M and Kyivstar estimates

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6th largest European operator

Mobile operators ranked by no. of subscribers in local market*

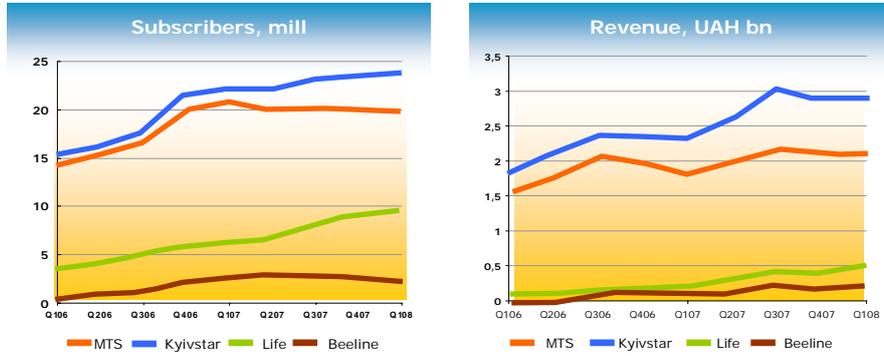


*) Excl Russia. As of 31 December 2007. Source: Wireless Intelligence

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Increasing the gap towards competitors

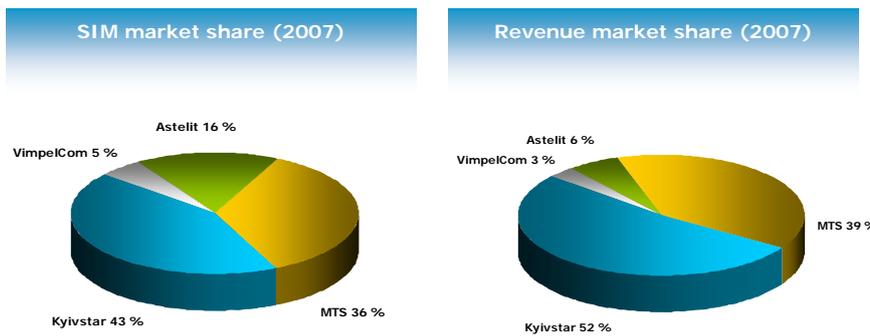


Sources: Company reported figures

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Leading position with quality customer base

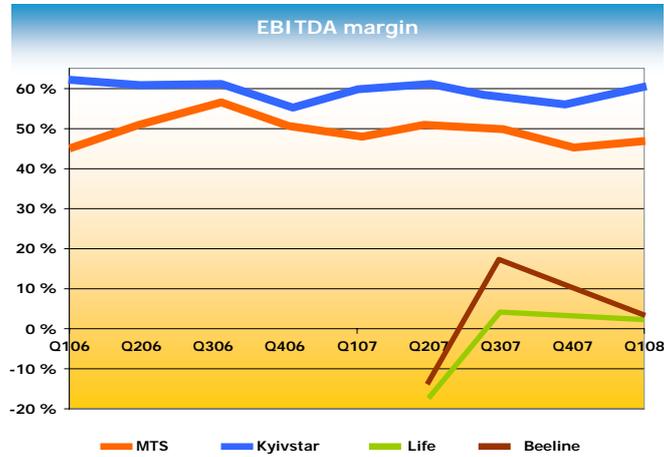


Source: AC&M

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Financial performance above peers



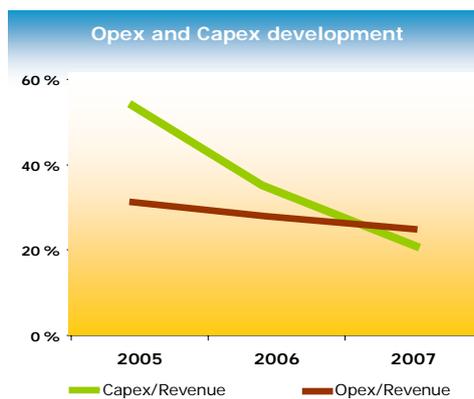
Sources: Company reported figures

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Managing costs in a challenging environment

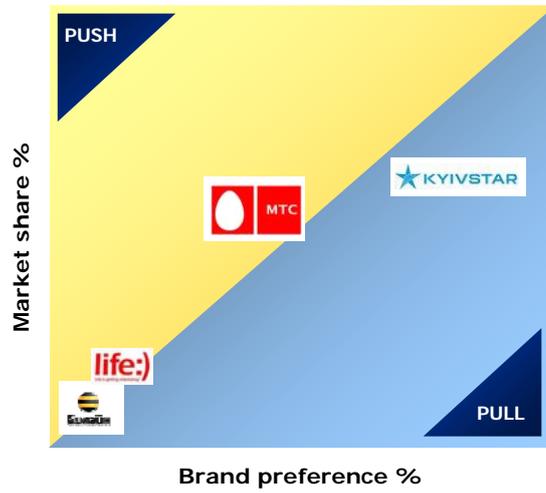
- Rising inflation
- Salary increases and high competition for best employees
- Costs of media, energy and real estate exceeding macro inflation
- Political and tax effects



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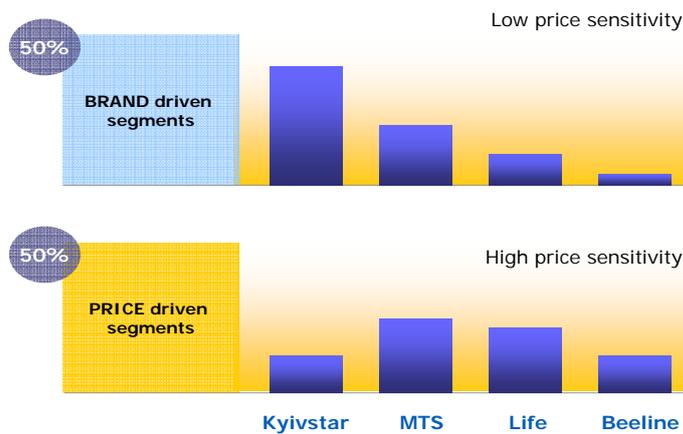
Most preferred and best performing brand...



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... gives Kyivstar a premium in most attractive segments



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#1 in Ukraine's mobile market on all measures

- SIM card population
- Revenue
- Profitability
- Customer satisfaction
- Brand perception
- Network coverage and quality
- Distribution network
- Attractive employer



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WHAT'S NEXT? Growth drivers going forward



#1 in core mobile

- Segment oriented pricing and marketing
- Traffic and VAS usage growth

#1 in broadband

- 3G: Mobile broadband
- Possible expansion into fixed broadband

#1 in media

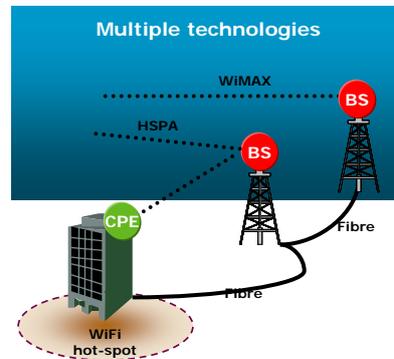
- Mobile multimedia expansion
- Mobile advertising
- Mobile payments

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Ambitious broadband strategy

- 17,000 km of fibre backbone
- 40% of BS connected to fibre
- Roaming agreement with Utel on HSPA
- Market leader in mobile media



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Kyivstar mid term ambition

Revenue Growth

At or above market

OCF / Revenues

Above **40%**



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Summary

- Market leader with excellent performance
- Ambitious growth strategy
- Confident mid term outlook



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 **KYIVSTAR**