

telenor

Serbia - Implementing Telenor concepts

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Introduction to Serbia



Demographics	
Population:	7.5 million
Area:	88,361 km ²
Mobile penetration:	85%

Macroeconomics	
Inflation:	8%
GDP (PPP):	EUR 6,360
GDP growth:	6.4%
Unemployment rate:	20%
Tax on profit:	10%

(_) Population (million)

Average income per inhabitant

- EUR < 180
- EUR 180-250
- EUR > 250

Source: Serbian Statistical Office; Economist Intelligence Unit

Telenor buying Mobi63

- Deteriorating market position
- Lack of distribution
- Weak brand and old fashioned marketing
- Underinvested IT and network solutions
- Immature regulatory framework
- Network with national coverage

2010 targets at acquisition

Penetration	100%
Market share	50%
ARPU (EUR)	9
EBITDA	45%
CAPEX/Sales	12%

Turnaround strategy



Brand

- Create a top of mind perception

Distribution

- Taking a superior position

Customer acquisition

- Segmented market approach

Network/Technology

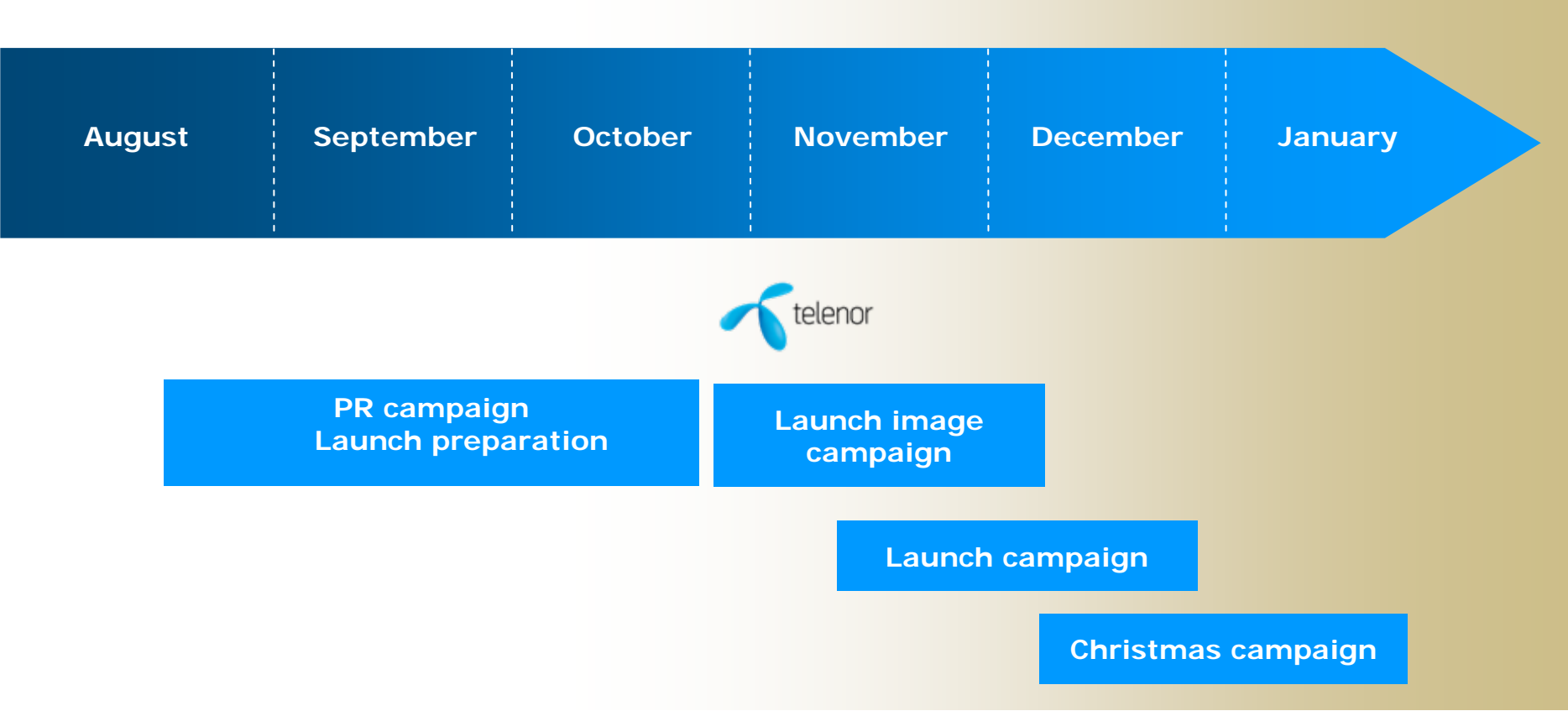
- Establishing the best network

Regulatory affairs

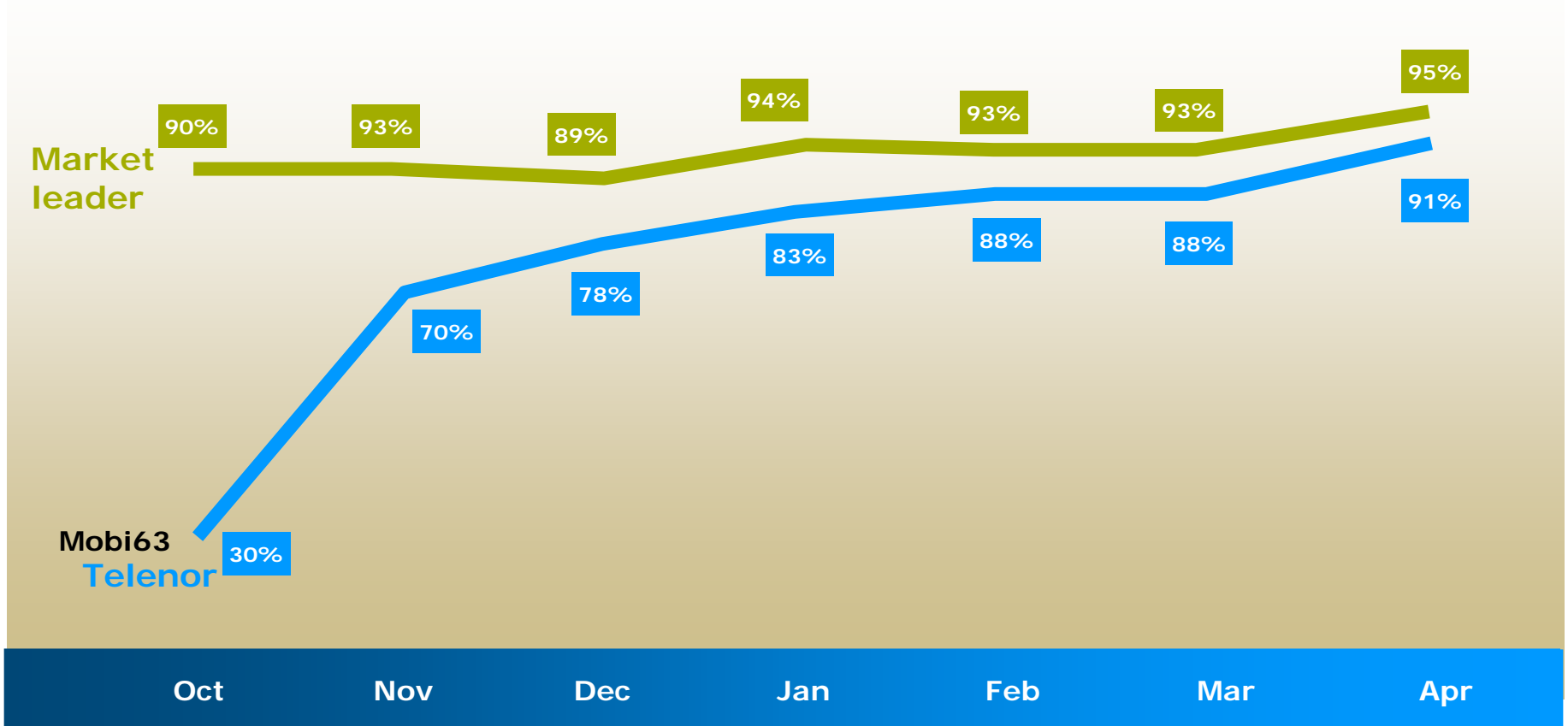
- Securing a solid regulatory framework

Telenor way of work

Launched the Telenor brand in 60 days



Awareness already equal to the market leader



Distribution - Taken the leading position



- Expanded the footprint from very limited to above 20,000 points of sale
- Using Telenor proven concepts:
 - Telenor Xpress from Telenor Sweden
 - Kiosk concepts from Asia
 - New Telenor designed stores

Using a segmented market approach

- Attacking youth, family and business segments to create network effects
- Well founded price plans using experience from the Norwegian operations
- Benefiting from Telenor scale to get attractive and exclusive handset



Creating the best network

- Using Telenor procurement resources
 - Vendor price reductions up to 50%
- Increased capacity in the network by 30% within two months
- Introduced HSDPA as the first operator
- Renovating and simplifying the IT systems



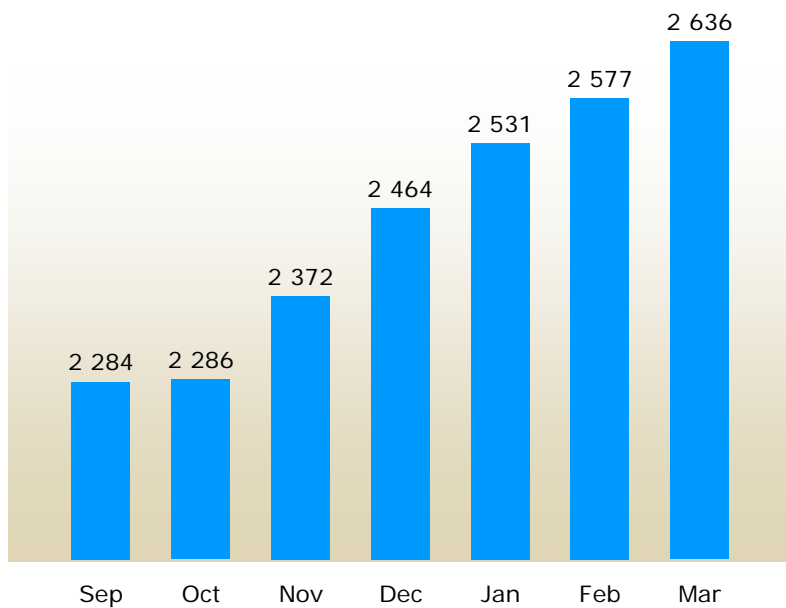


Leveraging on Telenor's superior regulatory competence

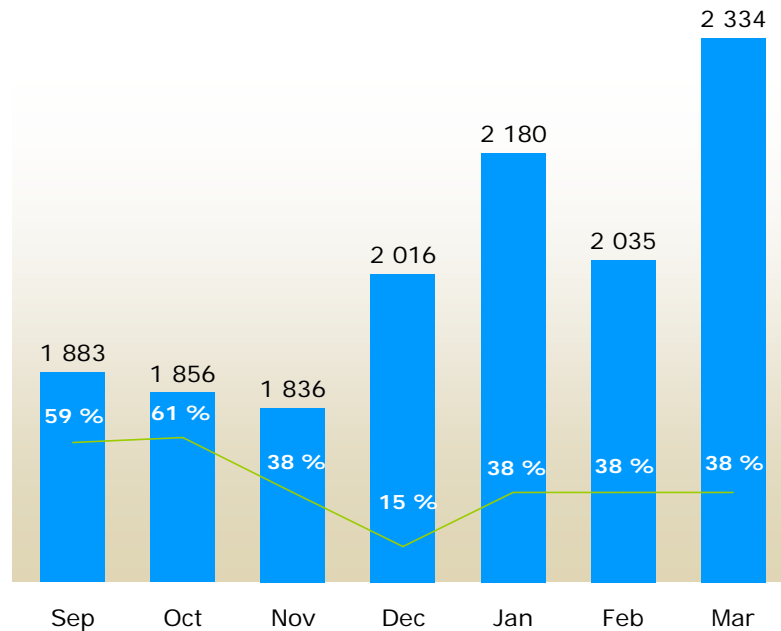
- Assisting regulator to adopt EU standards
- Working to increase backbone competition
- Negotiated new interconnection agreement

A good start

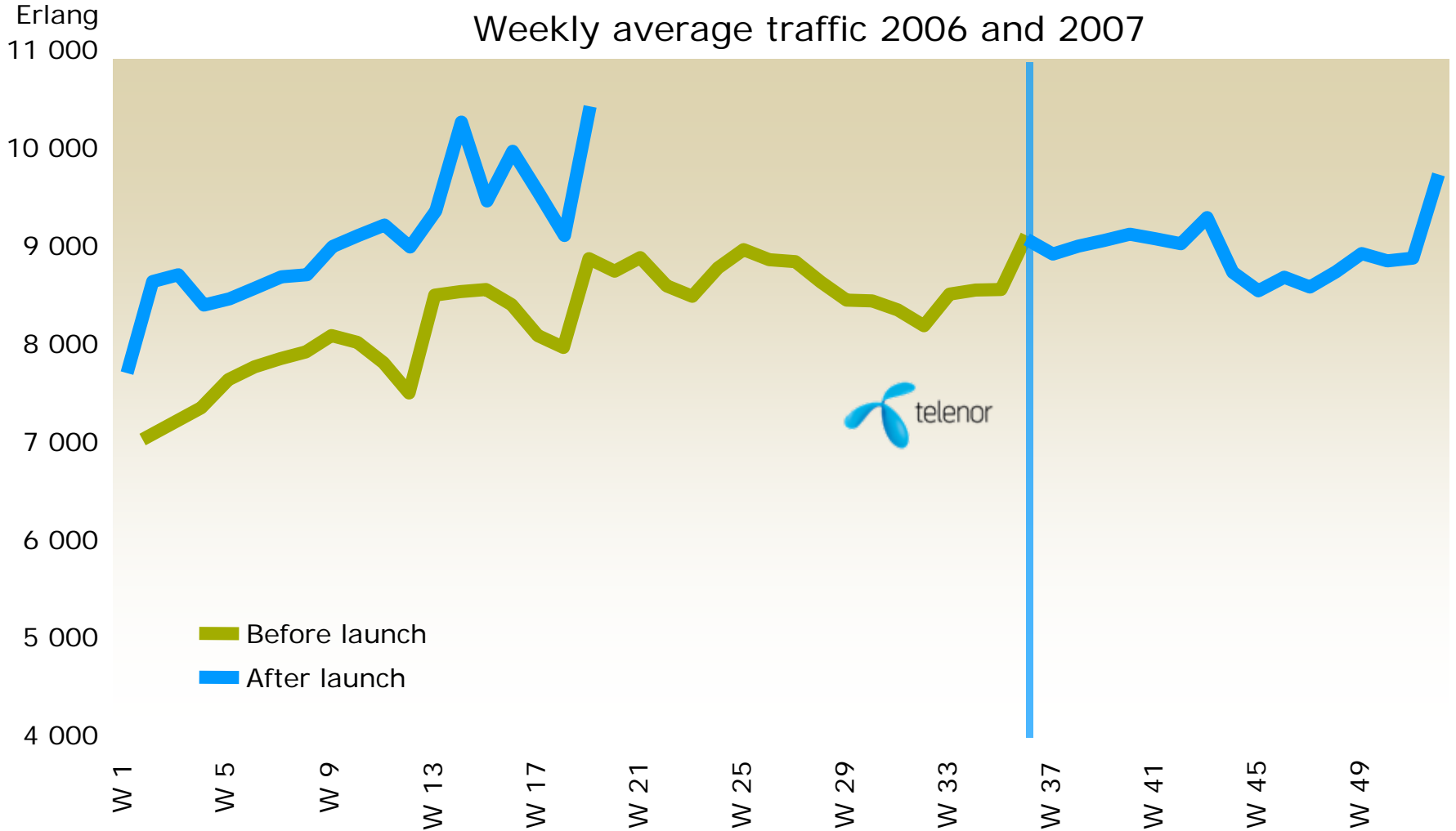
Subscriptions (million)



Revenues (CSDm) / EBITDA %



Increasing traffic after launch



Leveraging on the regional cluster

- Using regional competence
 - Expertise from Pannon
 - Security from Kyivstar
 - Market cooperation with Promonte
- Regional management meetings
- Joint weekly international termination trading
- Coordinated roaming agreements



Maintaining all our ambitions

Targets 2010

Penetration

Above 100%

Market share

Share leadership

ARPU (EUR)

Around 9

EBITDA

Around 45%

CAPEX/Sales

Below 12%

