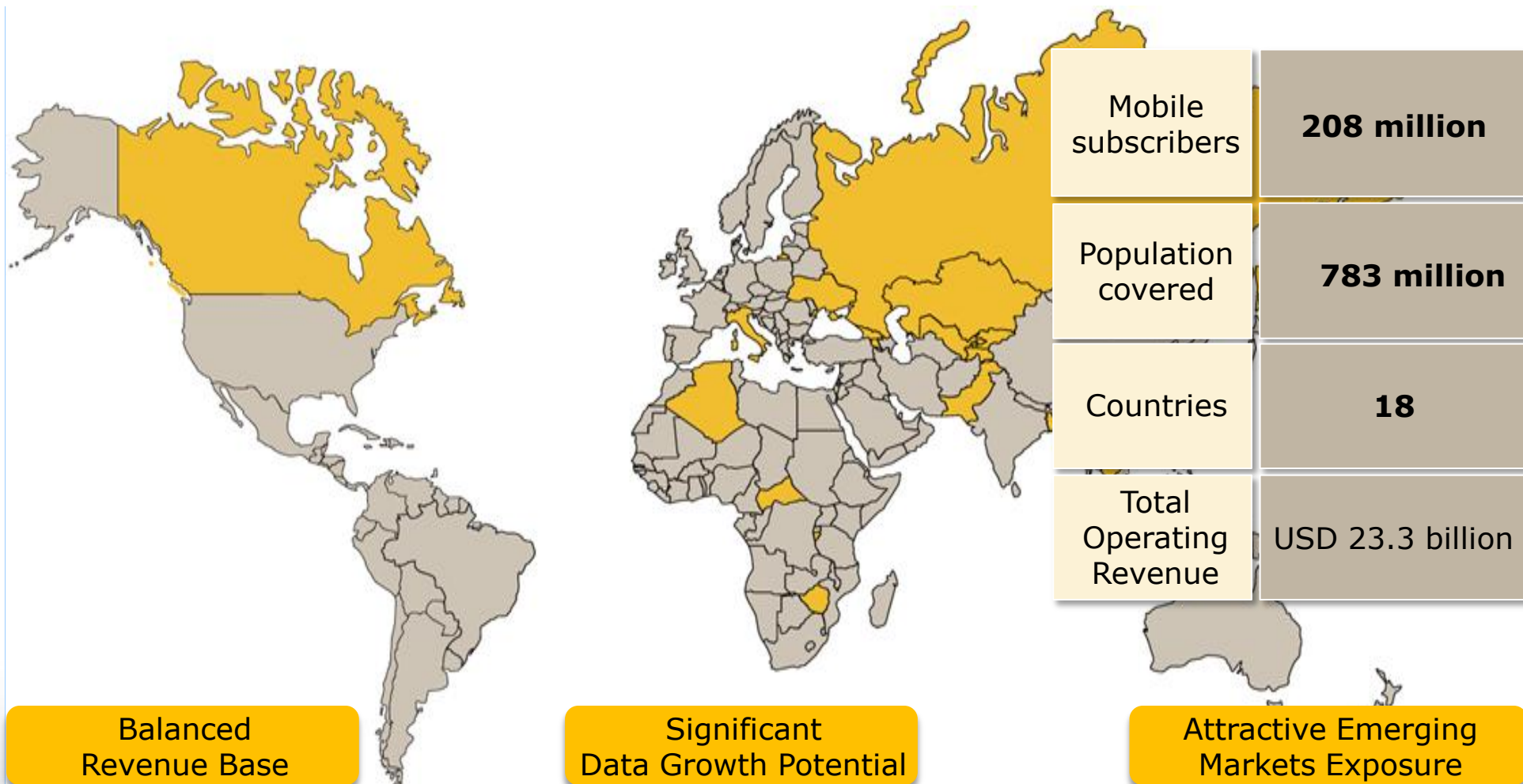




# Following or anticipating customer needs

# A Truly Global Telecoms Operator



*Note: Total Operating Revenue is LTM 2Q12 PRO FORMA*

## Our Vision

To realize the potential of a connected world

## Our Mission

We aim to help people delight in the pleasure of communication, to always feel free – anytime and anywhere



VimpelCom Ltd. provides services under the "Beeline", "Kyivstar", "djuice", "Wind", "Infostrada", "Mobilink", "Leo", "Banglalink", "Telecel" and "Djezzy" brands.



## Fast Facts

Headquarters: Amsterdam, the Netherlands

Annual Revenues: USD 23.3 billion

Employees: 79000+

18 countries

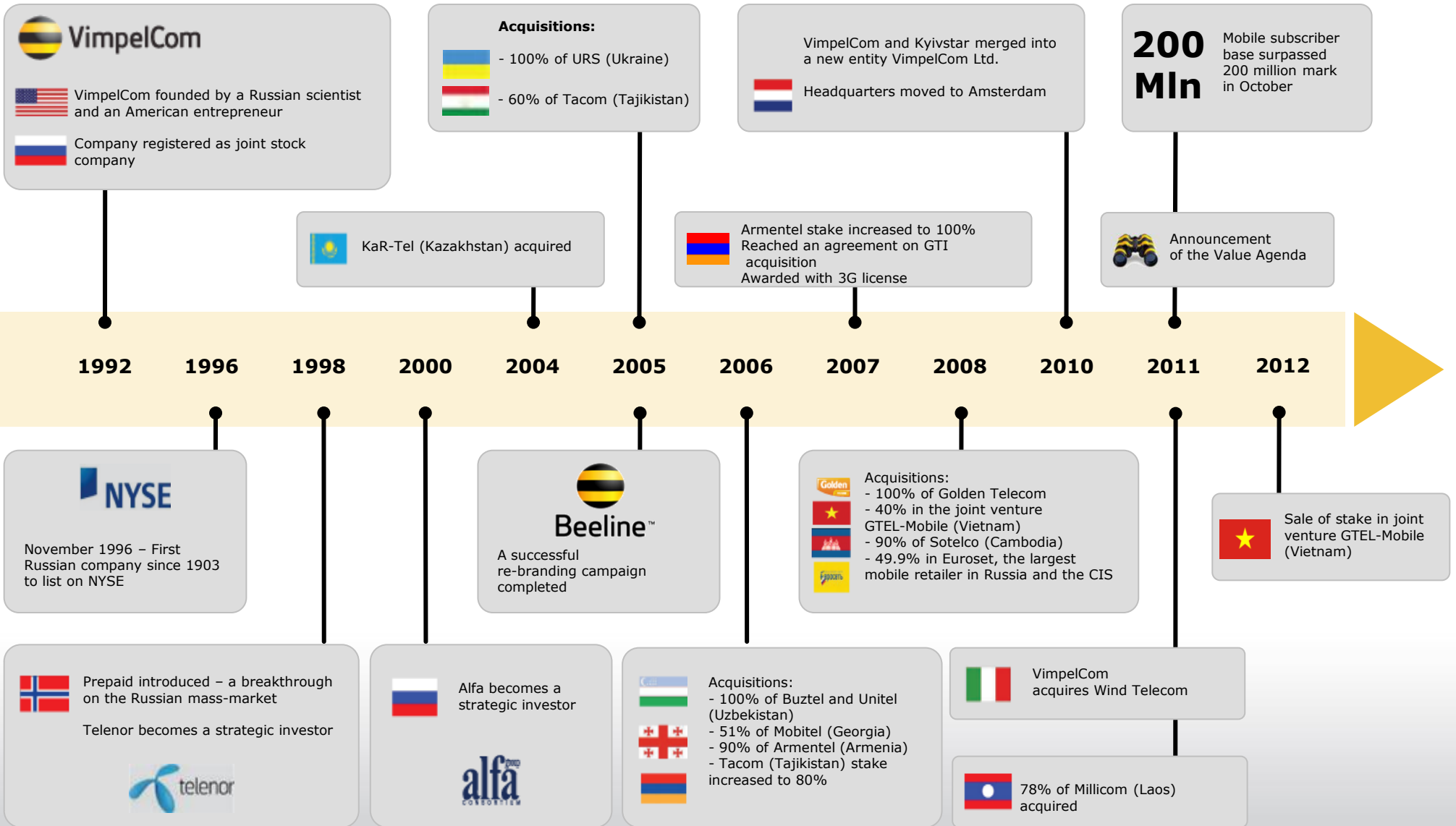
First Russian company listed in NYSE

Founded by Russian Scientist & American entrepreneur

20 years

Provide services under 10 brands

# Key Strategic Milestones



# Beeline Brand Idea

Beeline inspires me to live a full life.  
Enables people to explore opportunities



It's our brand idea.  
It's our promise to the world.  
It's what everything we do is built on.

is how we manage  
the changes we bring  
to the world



# Technology changes the world

- At the end of 2011, there were 6 billion mobile subscriptions. That is equivalent to **87% of the world population**.\*
- It took **www** just 4 years to reach an audience of 50 million, the same milestone was achieved by TV and radio in 13 and 38 years respectively\*
- 93% of teens ages 12-17 go online, as do 93% of young adults ages 18-29\*
- The number of mobile payment users will reach 212.2 million in 2012, up from 160.5 million in 2011. **It will be 448 million users by 2016\***



# What would happen if there were no mobile communication?

## Economic outcomes

- **GDP would fall by 4.9%** – this is the share of mobile communication market in Russian GDP
- **450.000 people would lose their jobs** (directly and indirectly). This is equal to economically active population of a large city
- **Advertising market would collapse** having lost 10.4 billion roubles of turnover
- **Investment attractiveness would go under:** expansion of mobile communications by 1% increases the amount of direct foreign investment by 0.5-0.6%





Responsibility for services  
Responsibility for innovations  
Responsibility for convenience  
Responsibility for human lives

# VimpelCom`s Corporate Social Responsibility



## Market place

### **In global and local markets we demonstrate:**

1. Ethics (business ethics, ethical principals in the supply chain, ethical marketing)
2. Progress and development (input into local and national economies development, innovations, quality)
3. Transparency & openness
  - support of local & national global CSR initiatives
  - multi-sector partnerships for the society's sake and business value
  - stakeholders dialogue

### **For customers we deliver:**

1. Innovative products (services, technical solutions (incl. social-needs oriented ones))
2. Accessibility and affordability of products, including vulnerable groups
3. Protection and safety (personal data, anti-spam systems, child-safe Internet and mobile phones)



## Community

### **External communities:**

1. Support of education (social and cultural investments)
2. Addressed help (charity, help in society disasters)
3. Social investigations & cause-relation marketing

### **Internal community – personnel:**

1. Professional development
2. Friendly workplace (internal program on health, promo of healthy way of life)
3. Social motivation programmer for personnel (ethics, family, volunteers, voluntary donations)
4. Worthy remuneration and special facilities (under legislation and beyond)
5. Work-life balance



## Environment

### **We care about**

1. Influence of mobile communications on health
2. Energy saving principles embedded in business
3. Partnership with WWF (support of Earth hour, 2011, local nature protection projects)



# Corporate responsibility management

## **Corporate Responsibility Council**

Chaired by CEO, composed of the members

Sets CR priorities and goals

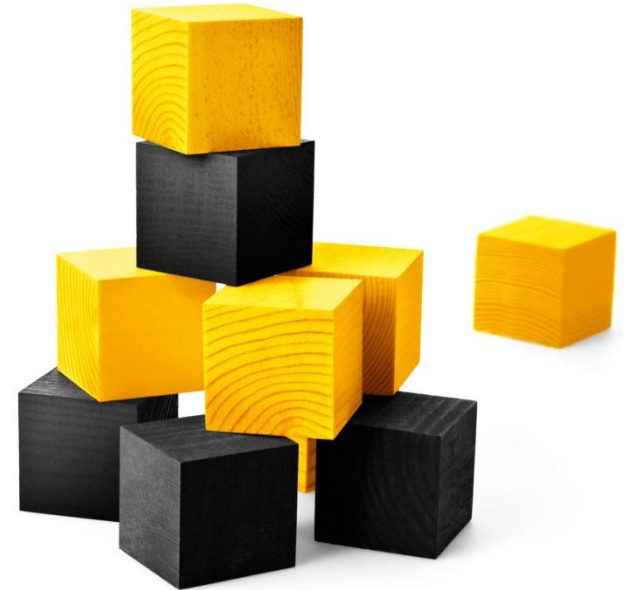
Tracks progress & advises on strategy

Marks recommendations on sustainability issues

## **CR network**

Members include experts on operations, supply chain, legal, usability labs, public affairs, strategy, regions

CR actions aligned with Global strategy, challenges and customer business imperatives



## Philosophy of CSR

Beeline inspires people to live a full life, helps people overcome barriers and use all possibilities that life gives here and now

## Our principles

- Systematic approach
- Importance
- Long-term plans and results
- Connection to the main activities of the company

## Our approach

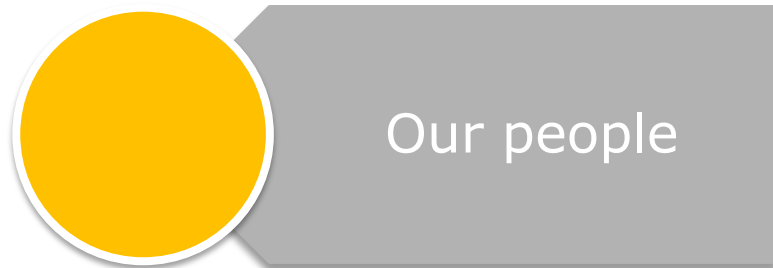
- Using the services and infrastructure of the company to the maximum possible degree
- Participation in solving the most pressing social tasks
- Adherence to the international norms and standards in this sphere
- Integrating CSR principles in all management processes of the company

# Corporate responsibility priorities

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Realize the potential of a connected world by developing and deploying affordable communication solutions



Invest in our people & talents while reflecting the diversity of the markets we serve



Continue and lead the industry in developing globally recognized innovations in eco-sustainable communication technologies

## Following consumer needs

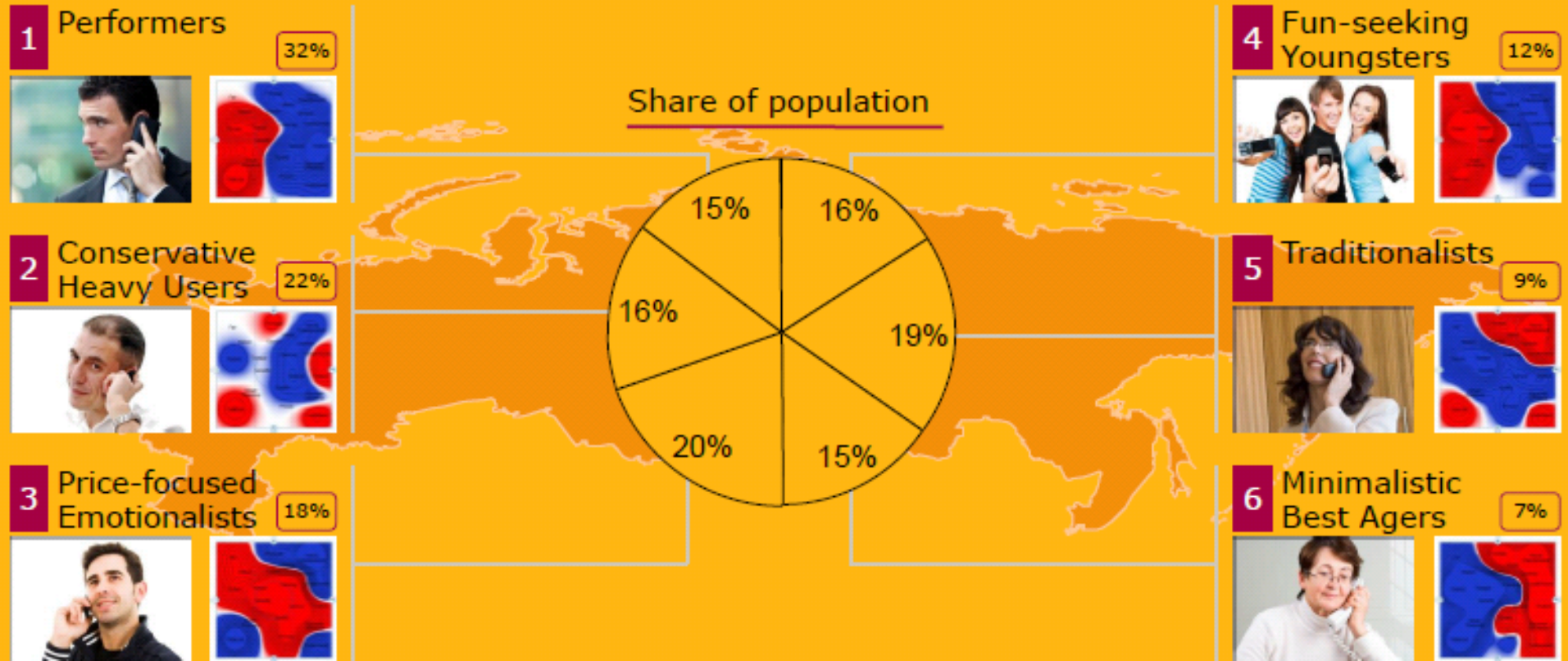
B2C – to promote the introduction of high technology into everyday life

Increasing adaptation opportunities for disabled people

B2B – state task – to promote the development of small- and medium-scale businesses in Russia (up till 20% in 2020)

Promoting social entrepreneurship

# To start with recognizing customer needs





# Fun Seeking Youngsters are characterized by strong maximalistic value profile with focus on progressive hedonism



- Desire for recognition in like-minded group

Caring

- High importance of entertainment. Try to avoid monotony, hate routine

Carefree

- Tendency to follow the cloth and hairstyle popular in their reference groups (ex. Pink – black colors among Goth sub – culture)

Cool & Trendy

## 14-16 years



- New technologies allow to communicate in social networks, download music, movies and videos from the Internet

Innovation/ Protect

- Demonstration of their coolness: fashionable cloths and gadgets

Prestige

## 21-25 years



- Through using new technologies improve effectiveness in study

Innovation/ Protect

- Desire to get a job in prestigious company

Prestige

# Performers are characterized by a progressive values profile



- Performers are focused on success, personal and professional growth and aspiration to make as much as possible
- They want to look successful and wear respectable cloths (not necessarily from luxury brands)
- They have all the latest gadgets: smartphone (30%), tablet PC and like to try out new things. Quality and service are important to them
- Performers may have diverse network of contacts, but usually communicate with colleagues and partners

Personal Efficiency

Prestige

Innovation / Protect

Clanning

# Conservative Heavy Users are characterized by traditional values



- Segment consists of people with strong family priorities
- New technologies are valuable only in specific areas such as building (use of modern materials / technologies), cars and household electronics
- Appreciate respect and attention from others
- Like to attend cultural events, read books and relax in comfortable hotels

Clanning

Innovation/ Protect

Service

Carefree

# Price-Focused Emotionalists with strong hedonistic values and economy orientation







- Price-focused Emotionalists like adventure, entertainment and avoiding routine
- Tendency to rational spending and often search for low price
- Declare importance of enjoying communications with friends

Thrill &  
Entertainment

Total cost

Planning

# For each segment we design tariff offers focused on target values

 Performers	 Fun-seeking Youngsters	 Conservative Heavy-Users	 Price-focused Emotionalists
Population, %			
15	16	16	20
Beeline base, %			
15	15	19	17
Tariffs			
<b>All included</b> Unlimited SS Internet, SMS and X min. for local and intercity calls	<b>Go!</b> Unlimited SS Internet, SMS and unified price for calls	<b>Simple</b> Favourable price for local and intercity calls	<b>Zero doubts</b> Free onnet calls for top-up

# Follow consumer needs: Useful VAS

We make things that are useful to people and tailor products to suit different needs

**0858**  
– ваша защита  
Только нужные  
подписки с коротких  
SMS номеров!



Узнать больше

**Возможности  
при нуле**  
Что  
делать если  
на балансе ноль?



Узнать больше

**Оплати с банковской карты!**  
Моментально, без комиссии!

Оплатить:

Мобильная связь

Номер телефона

903XXXXXXX

Сумма платежа/руб.

700

Оплатить

► Другие способы  
оплаты

- **Zero balance opportunities:** The «Balans blizkikh» (Balance of the dearest) service will help you always know when the balance of the person in question needs payment
- **Trust payment:** If your balance is close to zero, then following our request we can temporarily recharge your account and you will continue to enjoy communication!
- «Live zero»: Out of money on your balance? Be not afraid to miss an important call — you are available!
- 0858 – service of restricting access to VAS for children and the elderly

# Roaming: increase in popularity and availability of the services



Always in touch with the dearest

## Popularity

- **92%** increase in GPRS — traffic in international roaming every year
- **47%** increase in voice-traffic in international roaming every year
- **18 %** increase in amount of users of international roaming services every year

## Availability

- Services that help to keep in touch with family and friends
- Not to change the regular lifestyle
- To meet your own needs
- To spend reasonable money on mobile services in roaming
- The number of uses of this service increases by 30% every month and has grown 5 times within the period from its launch in March 2012 till July

► ***The gross area of coverage where Beeline has its own networks or roaming partners is 135,9 mln sq.km which is 99.9% of land. The population of Beeline roaming countries is 6.855 billion people which is 99.6% of the planet population***



# Anticipating customers needs

## Observe

Watch what is happening? What are our customers doing? What are they saying? What do they like? How do they communicate?

## Looking for Patterns

- Usability Lab. The aim is to simplify offers and products for customers as this is a key demand
- «Flawless Beeline» – bank of ideas on revision and improvement of existing offers and search for new ideas of improving customer experience
- Innovations department researches the nearest perspectives and estimates our probable offers for the market in the future 2-3 years

## Action

As we observe and identify what our customers need, what they want and what they are afraid of, we become to act in a way to meet their expectations and help them avoid potential pitfalls.

- Mobile commerce
- E-Health

Prevention risks

- Children Internet safety
- Mobile antifraud programme



# Center of innovations

With us you can change lifestyle for the better

**With our product you can  
make your life much more easier**

**MTopUp**  
**Mobile commerce**  
**PayMe**  
**NFC**

## **Our concept**

- **Phone is more than only  
for communication**
- **To make all Over the Top  
products**
- **To meet people's needs**

**With our products  
people feel more secure**

**Home under the supervision**  
**Handset protection**  
**Safety mobile**  
**Unique identity**

**With our products you  
can don't worry about relatives**

**Location-based services**  
**eHealth**  
**Cloud Services**  
**Money transfer**

# We make life more easier

## MTopUp

Пополняйте счёт  
не сходя с места



**No worries about balance,  
be every time on-net**

- autoTopUp from  
your bank card

## NFC

**Forget about everything, just phone in your  
pocket**



Мобильный  
проездной

Билеты на метро  
прямо в вашем  
мобильном телефоне!

- pay from  
mobile account
- just put your  
phone to the  
reader

## Mobile commerce



**Phone – is a wallet**

- pay from mobile  
account
- pay for everything  
from your couch



- Utility bills
- Internet
- Phone, TV
- Content
- Insurance
- Tickets
- Travelling

## PayMe

**Make your business  
more easier**



# With our products people feel more secure

## Home under the supervision



**Clients know what's going on in their home**

- camera in your home
- monitoring system in your home
- warming system and sms/mms-notification

## Handset protection



**Don't think about the equipment, it's safety**

- insure your mobile device
- protection of personal data

## Unique identity



**Only you have an access to your phone**

## Safety mobile

**All services are safety**



# We take care of you and your relatives

## Location-based services

We know where your child is



## eHealth

Take care of your relative



Know about health of all your family



Forget about where your information is

Be healthy



## Money transfer

Transfer money wherever you want



## Cloud Services

Put everything in cloud



All information here

# Enable opportunities: Mobile Internet Support

We introduce products that change the category. We think about what customers really want. All products we launch share one important thing: they make people's lives better.

- Making active efforts to popularize small screen internet
- And social networks are out of competition to create mobile internet need as Russia is characterized by the highest and very engaged SNS popularity
- In order to inspire people to start using mobile internet we designed partnership projects with key social networks in Russia starting with Facebook and Vkontakte

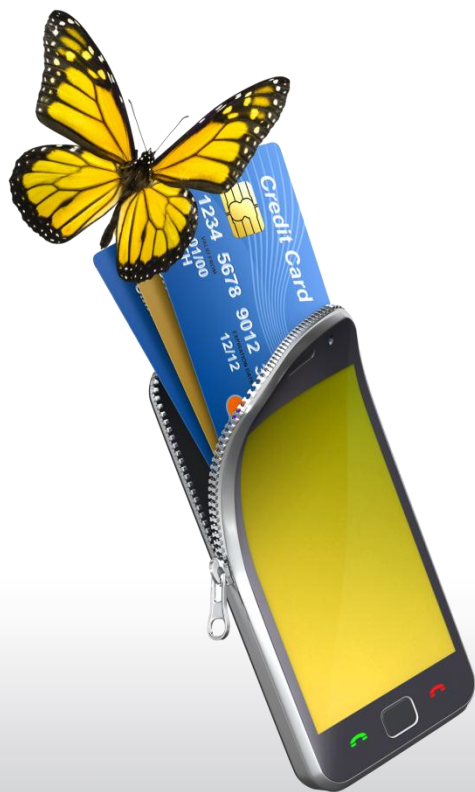




# Anticipating consumer wants: Mobile commerce

We're interested in what technology can do for people, not in the technology itself. Our products and services anticipate genuine wants of our consumers.

Fast and Safe Payment Service, Making User's Life easier and more comfortable



Personalized,  
constantly evolving  
**WEB-portal**  
RURU.ru

The number of goods  
and services, which  
can be paid through  
Payment  
environment RURU  
and its partners  
reached **2500**

«House under supervision» is a unique system of monitoring and notification.

Distinctive features:

- A ready solution – optimal set of sensors
- Opportunity to install and control by SMS and Web-interface up to 15 additional sensors
- Special post-paid «package» tariff





# We make you business more effective



- ▶ **Mobile Internet:**

**48,2%** increase of profit from mobile Internet services every year

- ▶ **M2M:**

Increase of number of SIM-cards in M2M **by 14 times** every year

Global VimpelCom is included in the TOP 20 of the world M2M providers. It is a part to the alliance of international M2M providers

- ▶ **Intellectual and cloud services**

**3600** subscribes to Microsoft Office 365 sold in the 2nd quarter of 2012 — VimpelCom is one of world leaders of selling active subscribes

**58,8%** increase of profit from sales of intellectual services on the basis of fixed communication every year

- ▶ **Expanding the functionality of the existing services and launching new ones**

- ▶ **Pay me – new service for developing small-scale business (receiving payments)**

Providing socially  
responsible services

# Children Internet safety

**70%** of respondents consider filtration of the content the most useful service of the provider

**70 to 90%** of Russian schoolchildren confirm that they use the internet with no adult supervision. About 30% of Russian kids go online at school, while the European data show twice this number\*

**79%** of Russian school kids post their personal data (name, age, foto, number of school) 41% of children personally meet their Internet-acquaintances. Only 11% of parents are aware of that\*.

**74%** of respondents think that provider shall offer solutions to ensure security in the Internet for adults and children



\* December 2009 research «Safe Internet» conducted by «MASMI» on the request of JSC VimpelCom

## Parental Control vs www.web-Landia.ru

**Negative  
content  
is  
blocked**



**Browsers  
and  
encyclopa  
edias  
remain  
available**



# Supporting hearing-impaired users

We help to erase  
boundaries of space and  
time



«All different –  
all equal» – is the  
social development  
guideline for the  
nearest future

140 thousand people in  
Russia use sign language

Special solutions for the deaf

Developing new products and  
services / Selling gadgets

## **Brand promise:**

- The disabled should have a reason to leave the house: job, study, friends
- Disabled children shall dream of achievements and have a chance to realize them
- Beeline technologies allow for equal opportunities for modernization, integration, access to contemporary technology

# Technology for search of lost children

Volunteer search squad «Lisa Alert» — a nonprofit organisation



Task – search  
for lost children  
More than  
400 volunteers

The first Russian hotline on lost children  
8 800 -700 54 52

Assisting with communication during  
the search

SMS-notification of active search

B2b solutions to optimize the functioning  
of the headquarters

We help helping

## Russian situation

2011: 64.5 thousand missing, 20 thousand of them – children  
Daily 50 children get lost, 4 of them are never found  
76 of 100 are found alive (summer of 2012)

- Hotline alters the system of search for missing people
- Focus on effectiveness
- Supporting initiatives of our clients



# Mobile Health



Supporting the program of emergency social medical help to the elderly and disabled «Sistema Zabota»

«Alarm button» device with Beeline SIM-card

5000 SIM involved in the project

For participating in this project Beeline got the prize «Expert of the year» in 2012

We provide new opportunities to use innovative solutions in healthcare and care for socially unprotected groups of people



## Concept

- The participants of «Sistema Zabota» get a mobile phone or a special device which allows to reach an operator and get psychological counselling, medical help social and everyday issues, etc.— all by pushing a button and at any time of the day
- The «alarm button» solution of the program «Sistema Zabota» was realized with the use of Beeline service «Intraset;», which allows to restrict outgoing and incoming calls





# Thank You!

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