

Assets and resources

Strong brand and loyal customers

MegaFon is one of the most recognised Russian brands, positioning the Company as a principal provider of digital opportunities. We strive to be the best partner for life for our customers and a natural choice for those who actively use mobile data services, and want to make their life and the world around them easy and exciting. Effie Awards Russia 2019 recognised MegaFon as the most

effective telecoms brand in Russia, and the third most effective overall. MegaFon received five Effie awards in 2019: one gold, one silver, and three bronze trophies. In addition, MegaFon made it into the top ten strongest Russian brands for two years in a row, was the second by value among Russian telecoms brands, and No. 14 by value among all Russian brands¹.

45%

Customer Satisfaction Index (CSI)

86%

Brand recognition

Ranking among the

TOP-10

strongest Russian brands

No. 1

by efficiency among Russian telecoms brands²

No. 2

by value among Russian telecoms brands

No. 14

by value among all Russian brands

¹ According to Brand Finance, the world's leading brand valuation and strategy consultancy.

² According to Effie Russia 2019.

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Our infrastructure

We operate the largest and most advanced infrastructure in the Russian telecoms industry, which enables us to achieve our ambitious strategic goals. To keep up with global trends and meet the growing demands of our customers,

we continuously develop our telecoms infrastructure by building new base stations and expanding network coverage, primarily 4G and LTE Advanced services. Today, our 4G services are available across all our operating regions.

4G coverage

83
Russian regions

82%
of the Russian population
+ 3 p.p.
y-o-y

LTE Advanced coverage

49
Russian regions

210,900 km

FOCL

+ 3%
y-o-y

> 181,400

stations

The largest number of 2G/3G/4G base stations

+ 7%
y-o-y

Brand portfolio

MegaFon also continues to promote its subsidiary brands, Yota and WiFire.

Yota is a nation-wide wireless high-speed data and communications service provider aspiring to be 'the operator of the future' and targeting active mobile data users.

Under the WiFire brand, the Company promotes services and products such as WiFire Mobile (unlimited mobile data), WiFire TV (wireless digital TV), and WiFire Home (residential broadband).

Digital ecosystem

We are actively developing digital projects, partnerships, and services to create a fully-fledged digital ecosystem for our customers. To that end, MegaFon has partnered with Mail.Ru Group, Russia's largest internet company, allowing us to combine our communications capabilities and infrastructure with cutting edge internet technology. We are also developing partnerships with ICS Holding, Intel, oneFactor, OFD.ru, and other companies to develop B2X solutions.

Big Data

We aggregate publicly available information on customer values, needs and behaviours and use Big Data analysis to better understand the needs of every single customer, and to develop the best products and offer unique solutions.



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Professional team

Our highly professional team is the key to MegaFon’s success and is vital to achieving the Company’s vision. Our ongoing employee training programs and performance assessments ensure the continuous development of our people. MegaFon runs a unique employee development programme across Russia – called MegaAcademy. We place particular emphasis on recruiting and developing digital talent by holding regular conferences, hackathons, meetups, and other events covering artificial intelligence, Big Data, robotics, IT, infrastructure, and more. These are attended by both aspiring and seasoned professionals from among MegaFon’s current or future employees.

RUB 110.6_m
 Training costs in 2019

Partnerships with market leaders

We see partnerships with market leaders as a critical resource for enhancing and growing MegaFon's business. In 2019, MegaFon signed more new agreements with leading players from various industries, enabling the Company to expand its digital ecosystem and offer even more opportunities to its customers, entire industries, the state and society at large.

Driving the digital transformation of coal companies

MegaFon and SDS-Coal signed a cooperative agreement to build a modern communications infrastructure at coal-mining facilities and digitise operations management to drive labour productivity, and improve environmental and occupational safety.

Free roaming in 130 countries across the globe

MegaFon and Booking.com, the world's largest travel platform, entered into a unique partnership to offer their customers free roaming services in 130 countries around the world. MegaFon subscribers will now be able to communicate and access the internet for free when travelling.

A joint venture to develop 5G spectrum

MegaFon, Rostelecom, VimpelCom and MTS signed a letter of intent to work together to build and maximise utilization of 5G mobile networks (5G/IMT-2020) in Russia.

Investing in innovation

MegaFon and Fort Ross Ventures, a managing company which is part of Sberbank's ecosystem, signed an agreement for a strategic partnership and cooperation in innovations, technology sharing and joint identification of attractive investment opportunities.

A leading social commerce joint venture in Russia and the CIS

In 2019, MegaFon, Alibaba Group, Mail.ru Group, and the RDIF completed the investment stage for a joint venture to integrate Russia's key consumer internet and e-commerce platforms and launch a leading social commerce joint venture in Russia and the CIS.

E-gaming

MegaFon was the first telecoms operator in Russia to sign an agreement with Blizzard Entertainment, a major player in the global video game industry. MegaFon subscribers can now use their mobile account balance to pay for Battle.net services and purchase Blizzard games through the new MegaFon.Games portal.

Content delivery

MegaFon launched a refreshed CDN service which combines its own infrastructure capabilities with the content delivery network of G-Core Labs, an international provider of cloud and edge solutions. The partnership enables both companies to significantly speed up their websites and the delivery of large media files over the Russian internet and worldwide.

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Innovative infrastructure products

MegaFon, YADRO and Intel established a technology partnership to develop innovative infrastructure products for the Company's digital platform.

Driving the digital transformation of the Siberian power sector

MegaFon and IDGC¹ of Siberia signed a long-term cooperation agreement to implement joint digital innovation, IT, and telecoms projects in the power sector.

A new submarine fibre cable link between Europe and Asia

MegaFon and Cinia Oy, a Finnish infrastructure operator, concluded an agreement to establish an international consortium to construct a new submarine high-speed fibre cable connecting Helsinki and Tokyo across the Arctic Ocean.

Mobile financial marketplace

MegaFon and MasterCard international payment system signed a memorandum of understanding for a partnership and cooperation in mobile financial services, launching the 'Loan to Mobile' service, a financial marketplace for our customers.

Technology projects for utilities

MegaFon together with Cometrica and NetByNet partnered with City Innovative Technologies, a diversified holding company, to team up on nationwide utility technology projects.

Modern retail network

MegaFon's retail network is a key customer channel comprised of 4,081 points of sale, including 2,011 MegaFon Retail stores and 2,070 MegaFon-branded franchised stores.

In 2019, MegaFon started to roll out its new, innovative Stores of the Future format where customers can test and choose smartphones, tablets, and other gadgets and services without consulting a sales assistant and pay for their purchases at a self-checkout. At the end of 2019, MegaFon's retail network included 93 new format stores, and 1 Experience store.

Since 2018, MegaFon has owned 25% + 1 share in the Svyaznoy retail chain, which has over 4,000 stores.

4,081
points of sale

2,070
franchised stores

93
new format stores

¹ IDGC stands for Interregional Distribution Grid Company.