



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Sistema JSFC

Financial Results

4Q 2015 and full year 2015

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DISCLAIMER

Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within JSFC Sistema. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause Sistema’s actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.



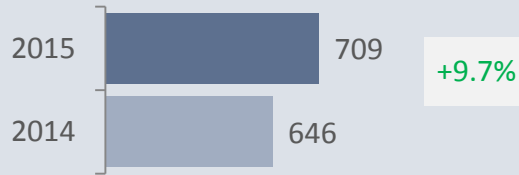
Consolidated results of 2015



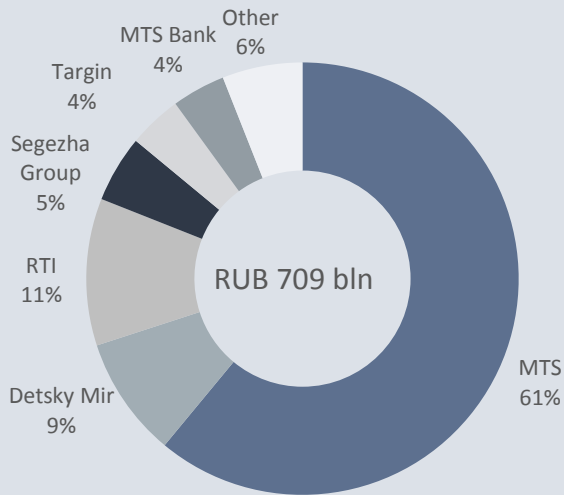
IFRS, RUB bln

KEY HIGHLIGHTS OF 2015

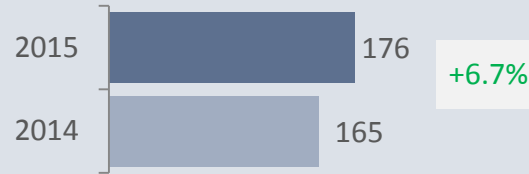
CONSOLIDATED REVENUE, RUB bln



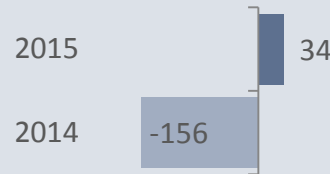
REVENUE BREAKDOWN BY ASSETS



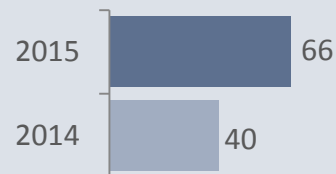
ADJUSTED OIBDA, RUB bln



NET INCOME, RUB bln



NET DEBT AT HOLD CO*, RUB bln



- Sistema's consolidated revenue and adjusted OIBDA increased in 2015 YoY despite macro challenges and volatility
- Share of non-public subsidiaries in the consolidated revenues increased from 36% in 2014 to 39% in 2015 and to 41% in 4Q 2015
- RTI and Detsky Mir contributed c.20% to consolidated revenues. Newly consolidated Segezha Group contributed 5% to total revenues
- Sistema accumulated RUB 50.6 bln of cash at the Corporate Centre, excluding RUB 38.0 bln represented by other deposits (including deposits received from Ural Invest)
- In 4Q 2015, Sistema continued successful monetisation of its assets, in particular via a successful sale of 23% in Detsky Mir to Russia-China Investment Fund (RCIF)

Increased diversification and strong revenue and OIBDA growth despite macro challenges

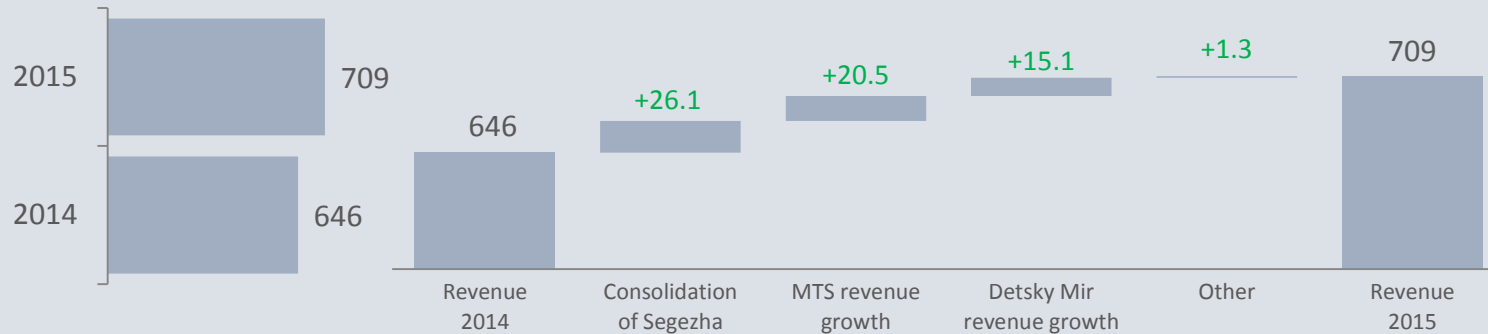
*Including highly liquid deposits and liquid financial investments



IFRS, RUB bln

FINANCIAL REVIEW OF 2015

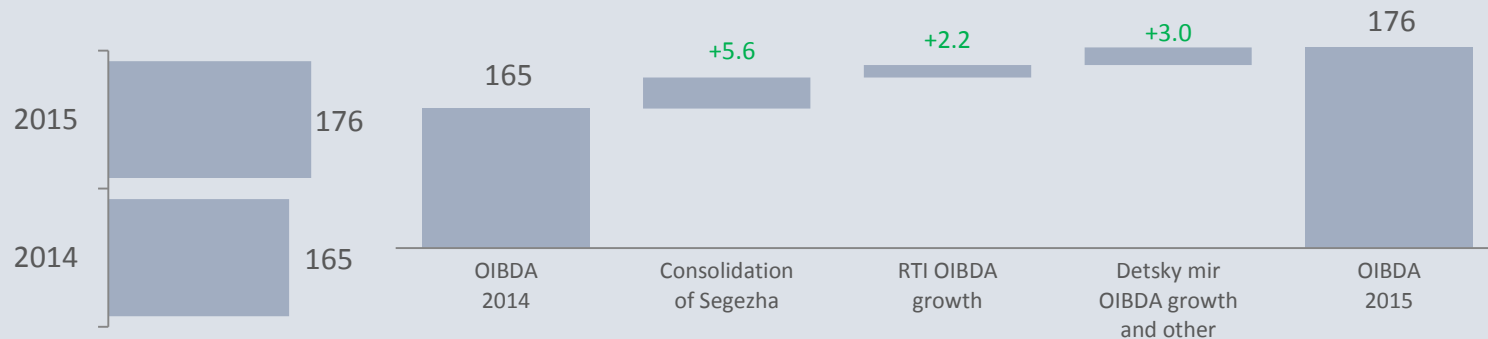
CONSOLIDATED REVENUE ANALYSIS, RUB bln



Increase in revenue due to:

- Consolidation of Segezha Group from 4Q 2014
- Robust growth in MTS data traffic revenues and handset sales
- Continued expansion of Detsky Mir in the Russian market

ADJUSTED OIBDA ANALYSIS, RUB bln



Increase in OIBDA due to:

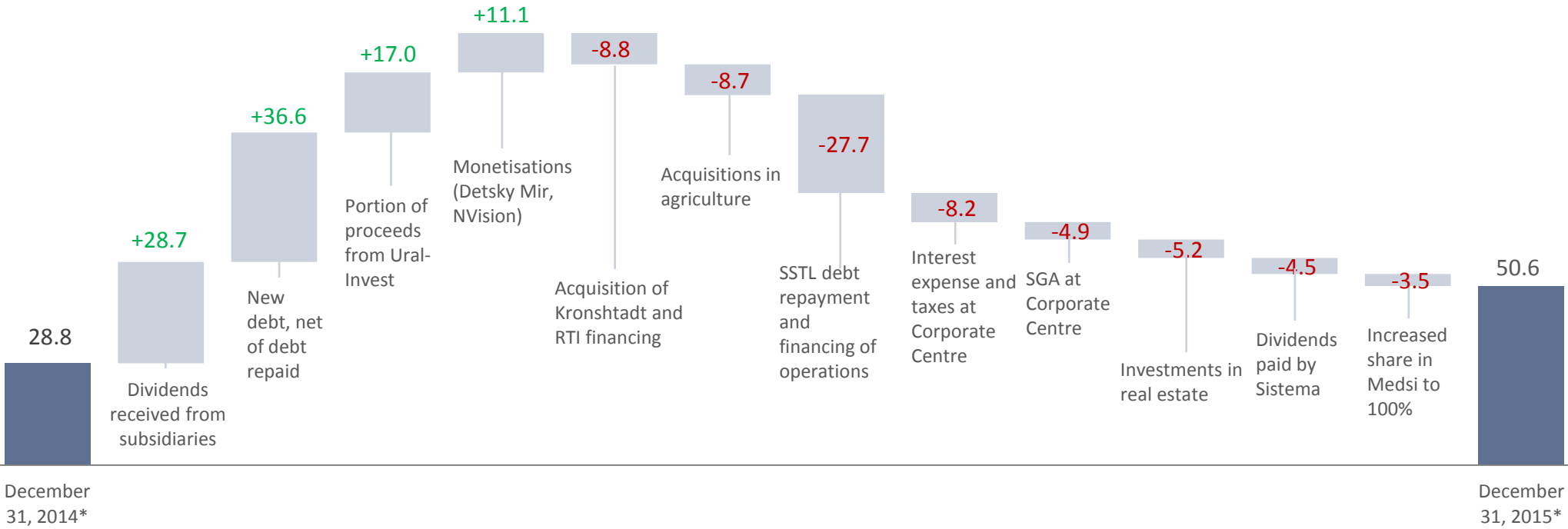
- Consolidation of Segezha Group from 4Q 2014
- OIBDA improvements at RTI's Defence Solutions and Information and communication technologies units
- Organic growth at Detsky Mir
- Losses of MTS Bank were offset by strong results of other subsidiaries (Targin, SSTL, Intourist etc.)

Revenue and OIBDA growth delivered largely by non-public assets



CASH FLOWS AT HOLD CO IN 2015

Management accounts, RUB bln



- In 2015, Sistema generated RUB 39.8 bln of cash at Corporate Centre through monetisations and dividends from subsidiaries. Sistema received RUB 23.6 bln of dividends from MTS and RUB 5.1 bln from its developing assets.
- In 2015, Sistema spent around RUB 18.4 bln on the acquisition of new assets in the agriculture, high tech and real estate.
- At the end of 2015, Sistema’s cash position at Corporate Centre was RUB 50.6 bln, excluding RUB 38.0 bln represented by other deposits (including deposits received from Ural Invest) and financial instruments.

Sistema is well-positioned to service its obligations, invest in attractive assets and deliver higher return to shareholders

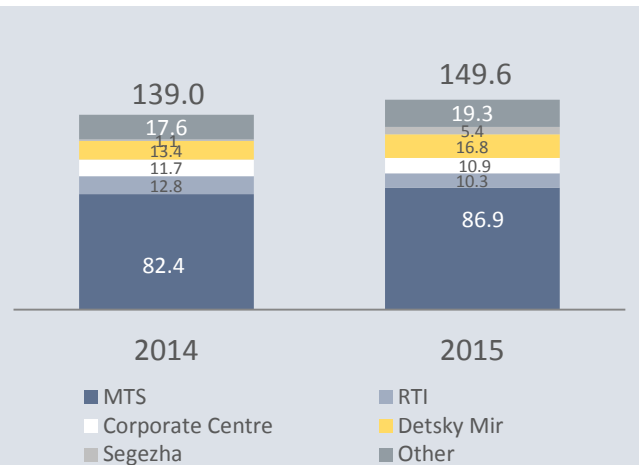
*Including highly liquid deposits and liquid financial investments



IFRS, RUB bln

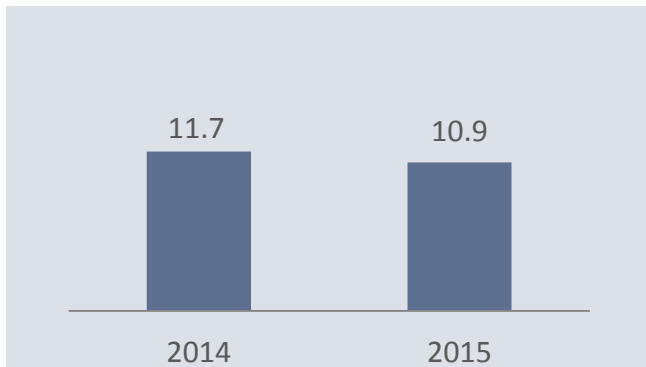
SG&A AND CAPEX

GROUP'S SG&A, RUB bln



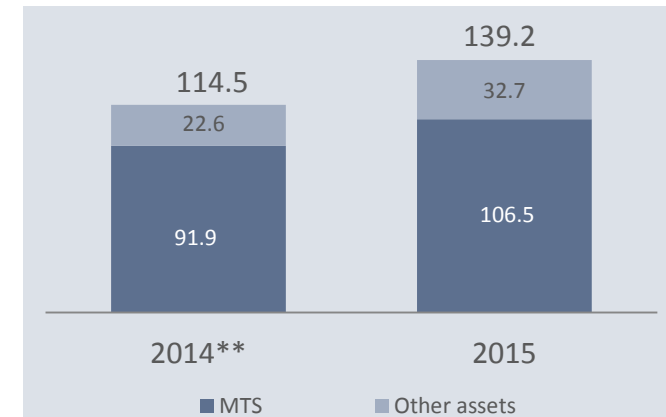
- Group's SG&A increased mainly due to organic growth in MTS and Detsky Mir as well as Segezha consolidation.
- Group's SG&A/Revenue ratio stable at 21.1%.
- Improvements include decreased ratio SGA/Revenue at subsidiaries:
 - RTI: from 15.8% to 13.4%
 - Detsky Mir: from 29.4% to 27.8%
 - SSTL: from 52.5% to 38.8%
 - MTS Bank: from 32.8% to 31.1%

CORPORATE CENTRE'S SG&A, RUB bln



- Corporate SG&A decreased 6.8% YoY
- Cash SG&A at Corporate Centre declined by 48%

GROUP'S CAPEX, RUB bln



- Group's CAPEX increased by 21.6% in 2015 largely due to growing CAPEX at MTS, Detsky Mir's warehouse construction and consolidation of Segezha Group from 4Q 2014.
- Medsi's CAPEX in 2015 amounted to RUB 3.8 bln due to construction of new clinical diagnostic centre in Moscow (opened at the end of 2015).
- RTI's capital expenditures grew by RUB 1.1 bln to RUB 5.1 bln due to increased R&D in the aviation segment.

Maintained strict focus on managing costs at group and corporate level with improved SG&A/Revenue ratios across several assets

*Source: management accounts

** Excl. Bashneft CAPEX



Management Update



SISTEMA'S INVESTMENT CASE: INCREASING SHAREHOLDER RETURNS THROUGH GROWTH OF NEW ASSETS AND MONETISATIONS

SHAREHOLDER VALUE

Dividend and shareholder return

- ✓ Further improve cash conversion and **deliver stable dividend growth in 2016-2017**

Reduce debt at Corporate Center

Strict cost and efficiency controls

Efficiently manage cash position

CORPORATE CENTRE TARGETS

- ✓ Reduce debt at Corporate Center **by c. 30% in 2016**
- ✓ Keep SGA **at or below 2015 levels**

Capitalise on MTS' leading position in Russia and CIS

Pursue accelerated growth of non-public assets

Acquire assets in sectors with high growth potential

Monetise assets

PORTFOLIO TARGETS

- ✓ **Increase share of non-public assets** in portfolio's NAV / cash returns
- ✓ **Deliver consistent monetisations**

Areas of focus

Sistema's dividend growth and reduction of debt at Corporate Centre is the Group's priority for 2016-2017



KEY ACHIEVEMENTS IN 2015

Building a major agricultural holding

- Sistema acquired **3 agricultural businesses** in 2015: milk, vegetable and apple production. The assets are **well-positioned to benefit from import substitution** and have clear growth potential and cost advantages
- Sistema plans to **develop its agricultural holding** and to focus on increasing capacities and land bank, as well as export sales

Monetisation of Detsky Mir at attractive multiple

- Sistema sold 23.1% of Detsky Mir to the Russia-China Investment Fund for RUB 9.75 bln. The transaction **values Detsky Mir at over RUB 42.2 bln**
- Very attractive deal multiple
- Supportive new investor on board

Improving outlook at SSTL

- Sistema agreed to **merge SSTL's telecom business with RCom**. The stock exchanges (NSE, BSE), the Securities Commission and the Competition Commission of India approved the transaction. All necessary shareholder and creditor approvals were received. The transaction remains subject to final courts' and DoT approvals.
- **Satisfactory agreement on Russian Government Put option restructuring** expected shortly

Resolution of Bashneft case

- Sistema was recognised as a **good faith buyer** and received **compensation from Ural-Invest**
- In 2016, Sistema received official confirmation that the criminal case against Sistema's majority shareholder was dropped as it was found that no crime had been committed

In 2015, Sistema made good progress in restructuring its Indian telecom business, expanding in new promising businesses and monetising its assets



Sistema's agricultural business

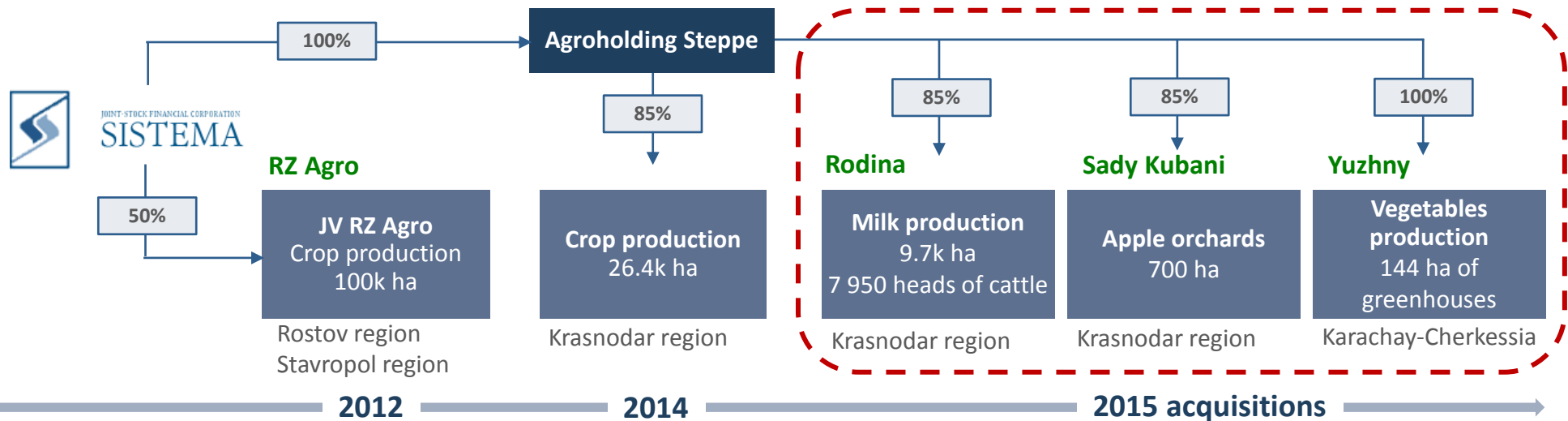


INVESTING IN AGRICULTURE: SISTEMA'S STRATEGIC MOVE

RUSSIA'S STRUCTURAL ADVANTAGES AND OPPORTUNITIES IN CURRENT ENVIRONMENT

- ✓ Low cost of land as Russia has vast unutilised areas
- ✓ High potential to increase crop yield through technology upgrades
- ✓ Weaker RUB and import ban boost demand for local products
- ✓ Production costs in Russia decreased dramatically (cost of labour and resources now lower vs. major global peers)
- ✓ Inefficient players exit the market due to macro pressures
- ✓ High EBITDA margins (>20%) in most segments

SISTEMA'S AGRICULTURAL HOLDING FORMATION



Agriculture offers strong growth and return opportunities supported by import substitution and weaker RUB. In 2015, Sistema significantly expanded its agro assets by entering three new segments



SISTEMA'S AGRO ASSETS: STRONG POTENTIAL IN ALL SEGMENTS



Milk production: JSC Rodina (acquired in Dec 2015)

- **TOP-5 milk producer in Krasnodar region** (31k tonnes in 2015). **Leader in milk yield** per cow of 10.3 t./year (Russia's average is 3.9 t./year)
- Land bank of 9.7k ha (31% owned)
- ≈7,950 heads of livestock (including 2,972 forage-fed cows)
- Revenue of RUB 1.3 bln, **OIBDA margin 40%**



Apple production: Sady Kubani (acquired in Nov 2015)

- 630 ha of orchards, total land bank of 1,771 ha
- 15k tonnes of apples in 2015 (97% are dessert apples)
- Recognised brand Sady Kubani
- New equipment (144 units) and vehicles (498 units)
- **Yield of up to 50 tonnes/ha and >50% OIBDA margin**



Vegetables: Yuzhny Agricultural Complex (acquired in Dec 2015)

- **Europe's and Russia's #1 largest greenhouse farm**
- Greenhouse area of 144 ha
- 34k tonnes of vegetables in 2015
- Revenue of RUB 2.2 bln in 2015
- Sales through major retail chains in Moscow



Wheat and other crops: RZ Agro and Steppe Holding assets

- RZ Agro land bank: 100 thsd ha with an average yield of 4.1 t
- Steppe land bank: 26.4 thsd ha with an average yield of 6.8 t
- RZ Agro revenue: RUB 2.45 bln **with an OIBDA margin of 45%**
- Steppe revenue: RUB 2 bln with an **OIBDA margin of 38%**

INVESTMENT THESIS

- Demand for quality milk is growing in Russia while lots of smaller inefficient producers are exiting the market
- Cheese import ban increases demand for local milk-based products
- Sistema plans to build **Russia's top-3 milk producer** by increasing livestock and yield

- **Cost advantage:** production costs in Russia are c. 40% lower than in Poland
- **Import substitution** (70% of Russia's market). Apples from Poland accounted for 55% of the market prior to import ban

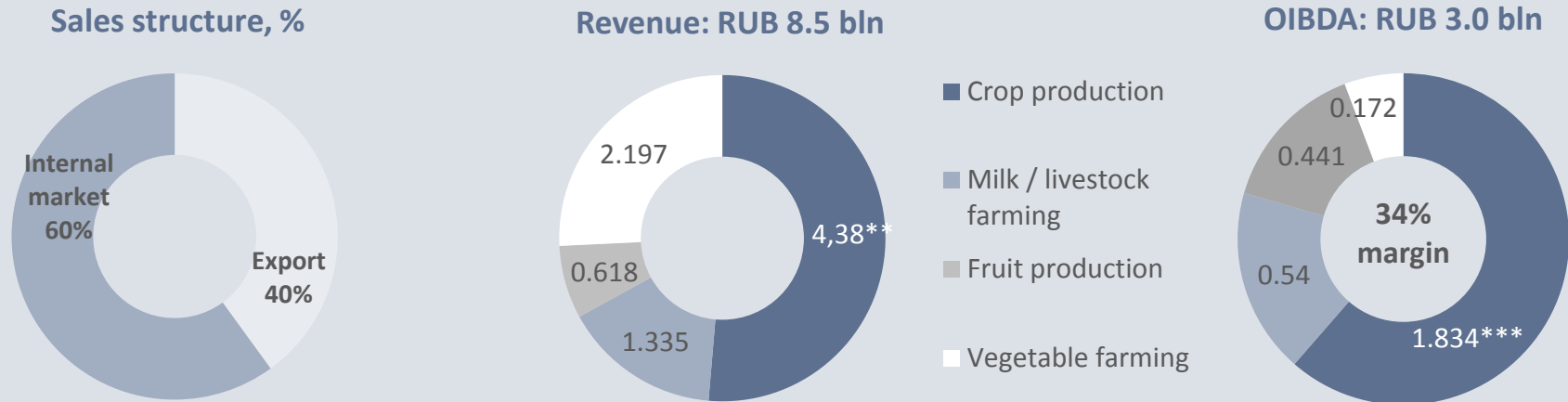
- **Import substitution** (16% of the Russian market)
- **High potential for margin improvements** through modernisation
- Sistema plans to upgrade the greenhouse complex and increase its yield

- Russia exports 38% of world's wheat
- Cost of wheat production in Russia is 2 times lower than in USA and Europe, and 20% lower than in Ukraine
- Wheat prices are expected to restore from current lows



BUILDING AN AGRO HOLDING: GROWTH PROSPECTS

AGRO ASSETS IN SISTEMA'S PORTFOLIO (AGGREGATED)*



KEY HIGHLIGHTS AND TARGETS

- ✓ Sistema has entered the most promising segments of the agriculture sector with significant export and import substitution potential
- ✓ Dedicated management team with deep sector expertise is in charge of building the holding
- ✓ Sistema will pursue further M&A opportunities in the sector
- ✓ In 2015, Sistema's agro assets delivered aggregated revenues of RUB 8.5 bln with 34% OIBDA margin. Exports account for 40% of total sales

*Aggregated FY 2015 results of newly acquired assets and RZ Agro (not consolidated by Sistema)

**Revenue of RZ Agro (not consolidated by Sistema) in the amount of RUB 2.5 bln and crop production segment (consolidated by Sistema) in the amount of RUB 1.9 bln.

*** OIBDA of RZ Agro amounted to RUB 1.1 bln, crop production segment's OIBDA was RUB 0.7 bln.



Segezha Group



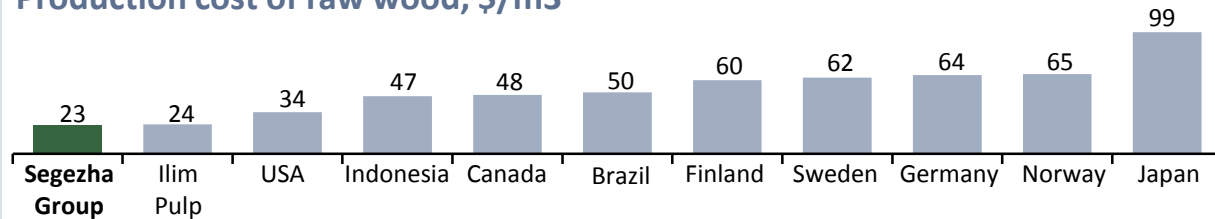
Segezha Group: turning the company into a value-accretive business

KEY BUSINESS SEGMENTS	% of revenue
<ul style="list-style-type: none"> Paper and sacks: Russia's #1 and global #4 producer of unbleached sack paper, Russia's #1 and Europe's #2 producer of high-end paper sacks 	68%
<ul style="list-style-type: none"> Wood processing: Top Russian sawmilling producer 	14%
<ul style="list-style-type: none"> Plywood: Russia's #5 and world's #7 producer of high-quality birch plywood 	13%
<ul style="list-style-type: none"> Wood resources: Largest forest user in the European part of Russia 	5%



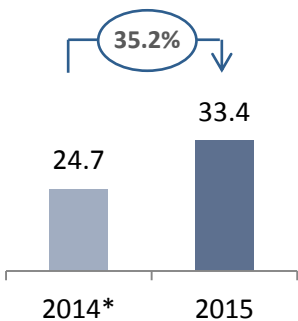
- ✓ Unique asset with leading market positions in all business segments
- ✓ Vertically integrated holding focused on high value-added products
- ✓ Unrivalled ability to control production costs: access to wood resources translates into cost advantages of up to 60% vs. global peers
- ✓ 70% of revenues are FX-denominated
- ✓ Proximity to high-growth markets in Asia

Production cost of raw wood, \$/m3

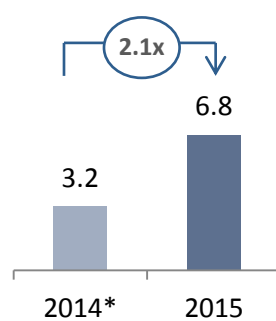


2015 – A TURNAROUND YEAR

Revenue, RUB bln



OIBDA, RUB bln



Net income, RUB bln



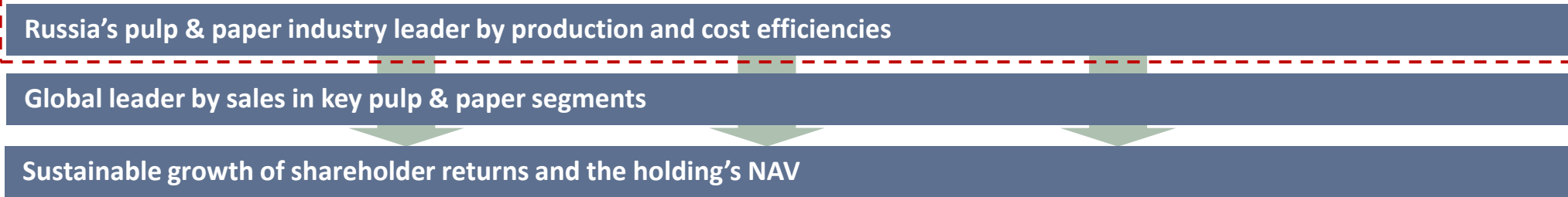
- Asset restructured, new strategy with clear targets approved
- Debt restructuring, production growth and improved efficiencies resulted in return to profit with 20.4% OIBDA margin in 2015
- Large-scale investment program launched
- Expansion to new export markets is underway

*According to the management accounts



Segezha Group's strategy and investment program

STRATEGIC PRIORITIES



KEY OBJECTIVES AND INVESTMENTS

<u>Paper and sacks:</u> increase in capacity to drive growth in production and revenues	<u>Wood processing:</u> 1. M&A driven and organic growth; 2. Leadership in production costs through energy efficiencies	<u>Plywood:</u> expanding in high-margin segments and improving business mix	<u>Wood resources:</u> Securing raw material base and maximising cost advantages for the Group
<ul style="list-style-type: none"> ✓ Upgrades of equipment and new machinery acquisitions at Segezha Pulp and Paper Mill (SPPM) ✓ Building new sack production plant in the Rostov region 	<ul style="list-style-type: none"> ✓ Acquisition of Lesosibirsk LDK No. 1 (annual allowable cut of 2.9 mln m³) - strong platform for developing a wood processing cluster ✓ Building sawmill facilities in the SPPM area ✓ New boilers to drive breakthroughs in energy efficiency 	<ul style="list-style-type: none"> ✓ Construction of new plywood plant in Kirov ✓ Growing the share of birch plywood segment in business mix (segment's OIBDA margin was 45% in 2015) ✓ Leveraging stable unmet demand for plywood in Europe, USA and Asia 	<ul style="list-style-type: none"> ✓ Equipment and infrastructure upgrades in logging assets ✓ Acquiring new logging assets ✓ Continue to reduce the share of procured wood raw materials

Segezha's investment program aims to achieve strong growth in production and leverage the Group's unique cost advantages to drive revenues and OIBDA margins



Consolidated results of 4Q 2015



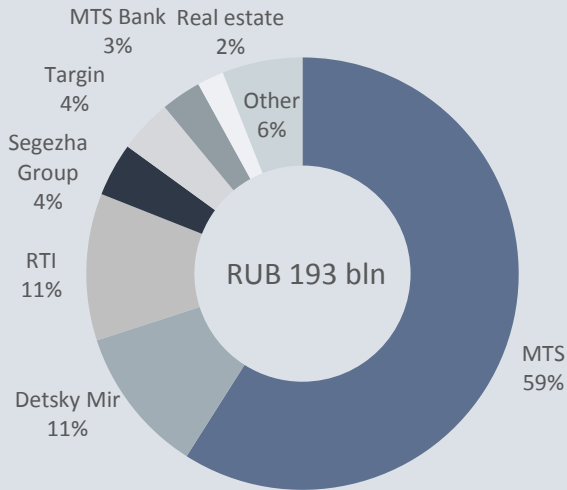
IFRS, RUB bln

KEY HIGHLIGHTS OF 4Q 2015

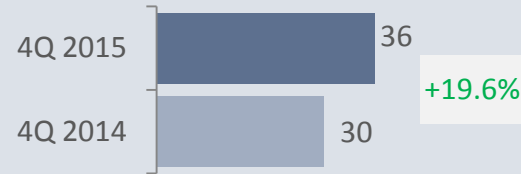
CONSOLIDATED REVENUE, RUB bln



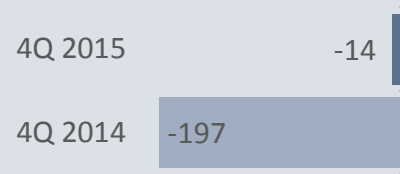
REVENUE BREAKDOWN BY ASSETS



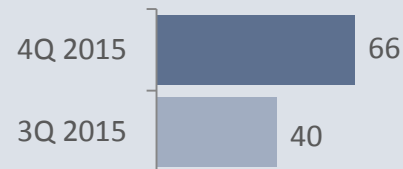
ADJUSTED OIBDA, RUB bln



NET LOSS, RUB bln



NET DEBT AT HOLD CO*, RUB bln



- Revenues declined YoY due to uneven revenue recognition on a number of long-term contracts at RTI. Excluding this effect, Sistema's revenues increased mainly as a result of growth at MTS and Detsky Mir.
- Nine out of twelve key Sistema portfolio companies posted improvements in OIBDA.
- Net debt at the Corporate Centre increased to RUB 66 bln mainly as a result of financing of SSTL's debt in 4Q 2015.

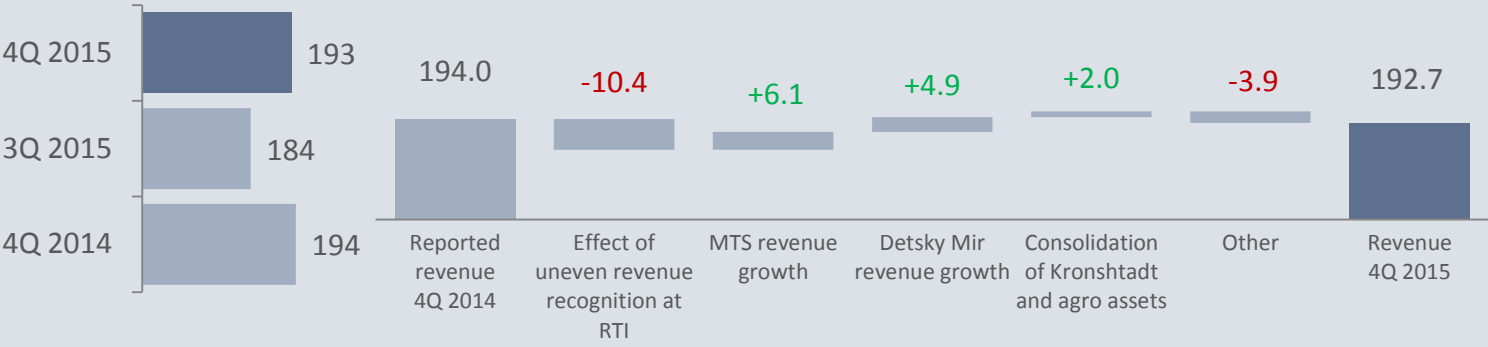
*Including highly liquid deposits and liquid financial investments



IFRS, RUB bln

FINANCIAL REVIEW OF 4Q 2015

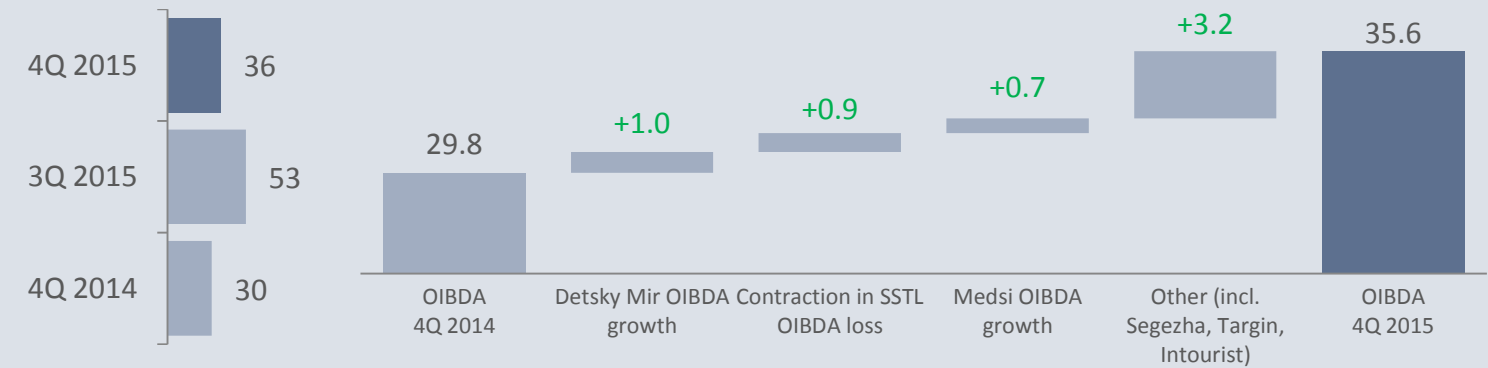
CONSOLIDATED REVENUE ANALYSIS, RUB bln



Key highlights:

- Sistema’s revenue excluding changes at RTI increased mainly as a result of growth at MTS and Detsky Mir
- Acquisitions of Kronshtadt in 3Q 2015 and agro assets in 4Q 2015 contributed RUB 1.2 bln and RUB 0.8 bln to quarterly revenues, respectively
- The growth was partially offset by lower revenues at NVision YoY

ADJUSTED OIBDA ANALYSIS, RUB bln



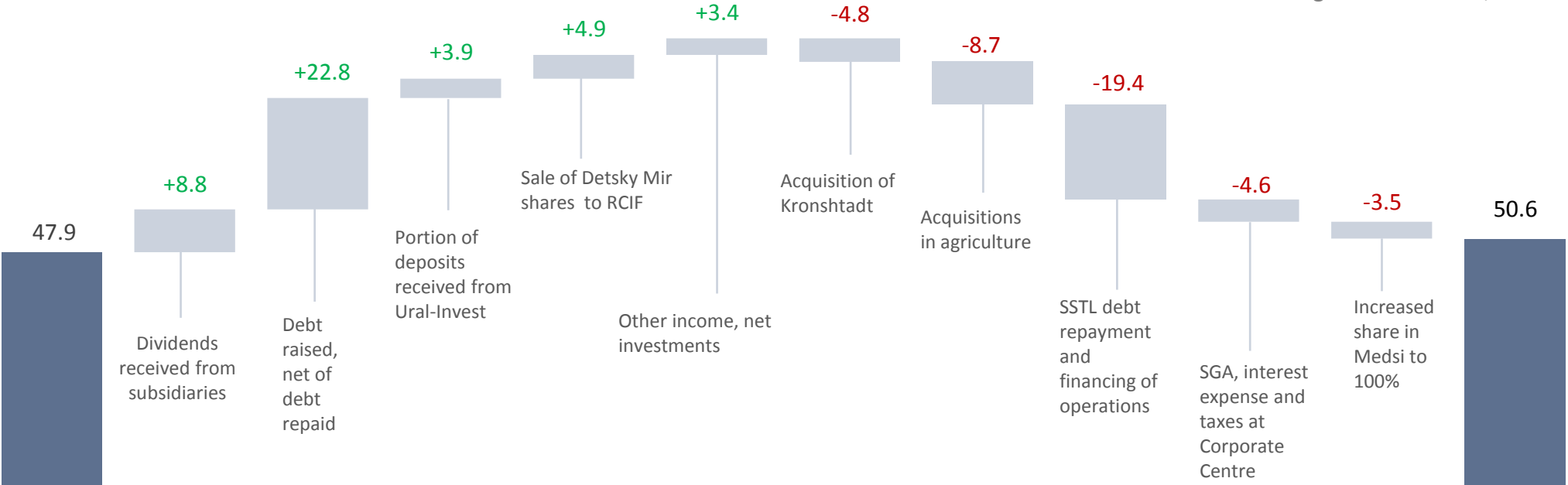
OIBDA increase mainly due to:

- OIBDA growth at Detsky Mir
- Contraction of OIBDA loss in SSTL as it became OIBDA positive in all operating circles in India
- Medsi and Intourist returned to positive OIBDA in 4Q 2015



CASH FLOWS AT HOLD CO IN 4Q 2015

Management accounts, RUB bln



September 30, 2015* December 31, 2015*

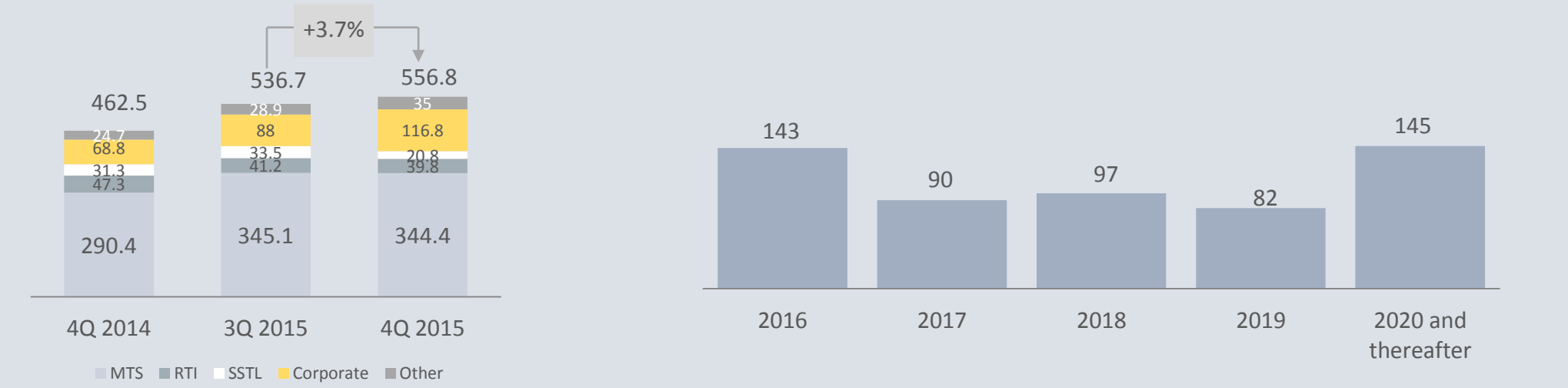
- Cash generated through monetisations and dividends from subsidiaries amounted to RUB 17.4 bln in 4Q 2015. Sistema received RUB 5.3 bln in dividends from MTS and RUB 3.5 bln from its non-public subsidiaries.
- In 4Q 2015, Sistema refinanced SSTL’s debt guaranteed by Sistema’s Corporate Centre.

*Including highly liquid deposits and liquid financial investments

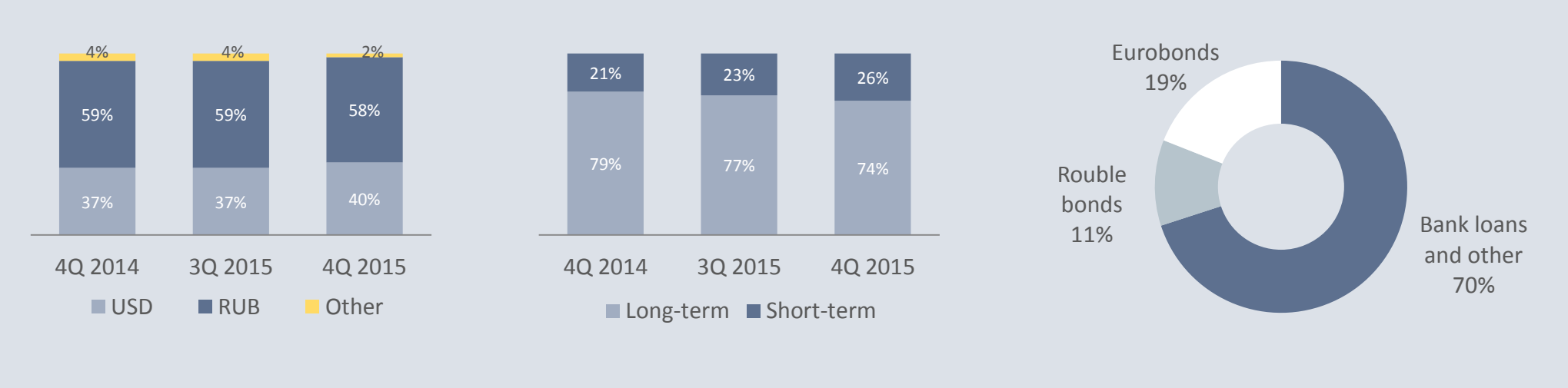


CONSOLIDATED DEBT

CONSOLIDATED DEBT AND MATURITY PROFILE*, RUB bln



CONSOLIDATED DEBT STRUCTURE*

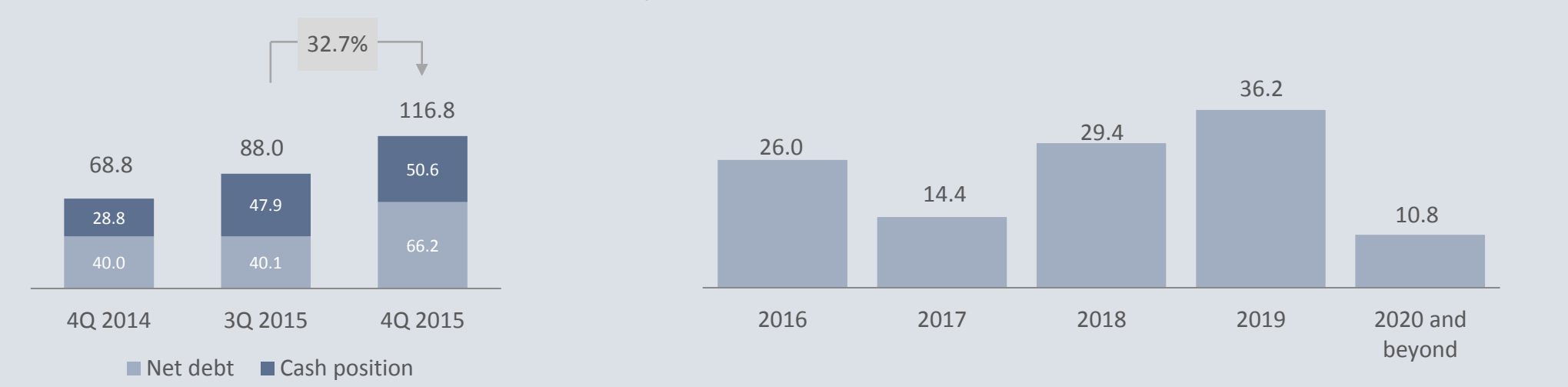


*Source: management accounts

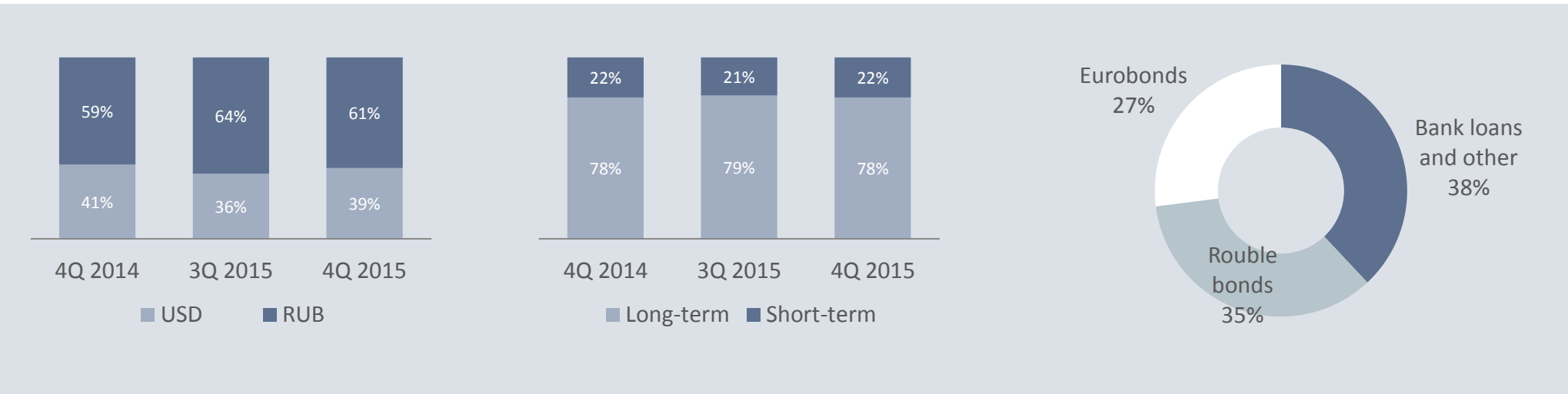


CORPORATE CENTRE'S DEBT

CORPORATE CENTRE'S DEBT AND MATURITY PROFILE*, RUB bln



CORPORATE CENTRE'S DEBT STRUCTURE*



*Source: management accounts



Attachments

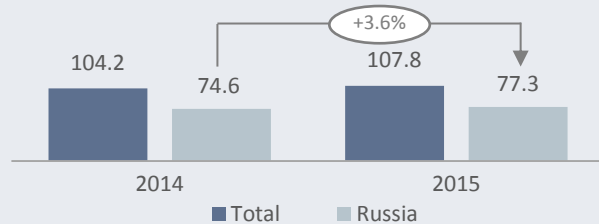


Assets overview [1]

MTS

Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	113.3	107.2	5.7%	Revenue	431.2	410.8	5.0%
Adj OIBDA	41.5	38.1	9.0%	Adj OIBDA	171.8	171.6	0.2%
Adj OIBDA margin	36.6%	35.5%	1.1 p.p.	Adj OIBDA margin	39.8%	41.8%	-2.0 p.p.
Net income*	3.8	1.4	176.2%	Net income*	26.5	28.1	-5.8%
Net debt	310.9	228.9	35.8%	CAPEX	106.5	91.9	15.9%
CAPEX	26.4	38.6	-31.5%				
MOU in Russia, min	387	393	-1.5%				
ARPU in Russia, RUB	323.2	336.5	-4.0%				
Fixed-line subscribers, mln	8,878	8,694	2.1%				
Fixed-line ARPU, RUB	113.3	107.2	5.7%				

Subscribers, mln



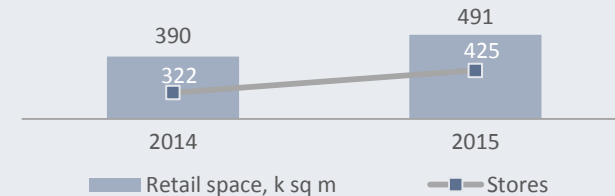
- > MTS delivered 5.7% QoQ and 5.0% YoY revenue growth. This was primarily driven by increased sales of mobile phones as part of the rapid expansion of MTS' retail business, higher data revenues and also from growing sales in Uzbekistan.
- > Adjusted OIBDA remained stable in 2015, adjusted OIBDA margins were only slightly down YoY as a result of higher sales volumes of relatively low-margin mobile phones, retail expansion and increased costs of international calls and roaming due to rouble devaluation.
- > Net income attributable to Sistema in 2015 declined due to increased expenses associated with the development of operations in Uzbekistan, goodwill impairment with regards to MTS' Armenia business and more expensive financing overall. Net income increased in 4Q 2015 thanks to lower foreign exchange losses compared to 2014.
- > The increase of MTS' net debt in 2015 was mainly due to increased short-term borrowings and also rouble depreciation (32% of MTS' debt is in foreign currency).
- > MTS paid out RUB 52.0 bln in dividends to its shareholders.

Detsky Mir



Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	20.6	15.7	31.5%	Revenue	60.5	45.4	33.2%
Adj . OIBDA	3.2	2.2	47.5%	Adj . OIBDA	6.2	4.5	38.6%
Adj . OIBDA margin	15.8%	14.1%	1.7 p.p	Adj . OIBDA margin	10.2%	9.8%	0.4 p.p.
Adj . Net income	1.5	1.0	52.9%	Adj . Net income	2.2	1.6	35.4%
Net debt	16.4	7.9	108.8%	SG&A/Revenue	27.8%	29.4%	-1.6 p.p.
Like-for-like growth	9,2%	12.4%	-3.2 p.p.	Like-for-like growth	12.4%	13.6%	-1.2 p.p.
Traffic growth	1.5%	2.7%	-1.2 p.p.	Traffic growth	3.7%	8.1%	-4.4 p.p.
Average ticket growth	7.6%	9.5%	-1.9 p.p.	Average ticket growth	8.4%	5.1%	3.3 p.p.

Retail space ('000 m2) and stores



- > Detsky Mir revenues increased in 2015 thanks to like-for-like sales growth of 12.4% combined with continued expansion of the retail space by 26% to 491,000 sq.m. Detsky Mir opened 104 new stores in 2015.
- > Adjusted OIBDA increased in 2015 as a result of improved operational efficiency.
- > The ratio of administrative expenses to revenues declined from 29.4% in 2014 to 27.8% in 2015 as efficiencies came on line, including further automatization of key business processes. In 3Q 2015, Detsky Mir launched a new logistics centre in the Moscow region, which will help it to further optimise logistic expenses.
- > Growth of the net debt came mainly from implementation of large investment projects (incl. launch of the logistics centre and ERP system). Detsky Mir's debt is denominated in roubles.
- > In 2015, Detsky Mir paid out a record dividend of RUB 3.0 bln.
- > In 4Q 2015, Sistema sold 23.1% of Detsky Mir's shares to the Russian-Chinese Investment Fund for RUB 9.75 bln.

*Here and thereafter net income is presented in Sistema's share.



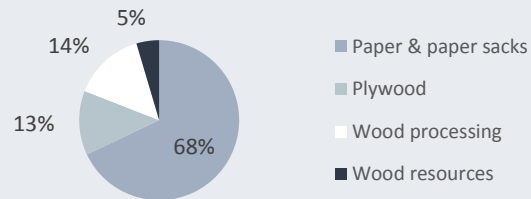
Assets overview [2]

Segezha Group

Rub bln	4Q'15	4Q'14	YoY
Revenue	8.7	7.2	20.6%
OIBDA	1.5	1.1	44.0%
OIBDA margin	17.7%	14.8%	2.9 p.p.
Net income	1.2	0.4	193.7%
Net debt/ (net cash)	0.7	-0.3	n/a
CAPEX	1.5	1.3	15.4%
Share of export sales	60%	58%	2 p.p.
Own forestry consumption	66%	49%	17 p.p.
Total forestry, '000 m3	684.4	721.3	-5.1%

Rub bln	2015	2014*	YoY
Revenue	33.4	24.7	35.2%
OIBDA	6.8	3.2	112.5%
OIBDA margin	20.4%	13.0%	7.4 p.p.
Net income/(loss)	2.8	-5.2	n/a

Revenue by business segments



> Segezha reported strong growth in revenues and OIBDA* in 4Q 2015 and in 2015, primarily due to increased sales in its core segments, as well as the strengthening of global currencies in relation to the Russian rouble. The share of export sales in total revenues amounted to 79% in 2015.

> In 4Q 2015, OIBDA continued to grow as a result of higher sales volumes, stronger energy efficiency, increased share of high-margin products (namely paper and plywood) and exports in total sales volumes. In addition, Segezha managed to ramp up sales in its new markets of Asia and North America.

> In 4Q 2015, Segezha increased capex within its investment programme, which envisages construction of a sack factory in the Rostov region, launch of a new sack production line in Segezha and modernization of the Segezha Pulp and Paper Mill.

> Increase of the total debt by 2015 was due to rouble loans taken from Russian banks to finance the investment programme.

*According to the management accounts

**Information and Communications Technologies BU disposed in 2Q 2015.

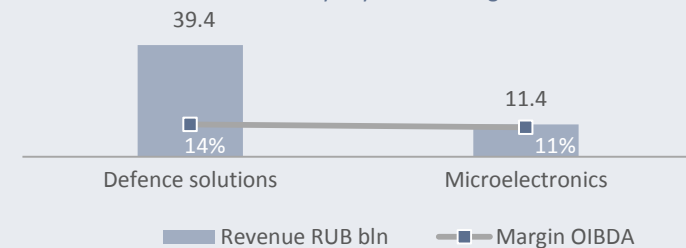
*** Share of debt related to state defence contracts (with effectively zero interest rate)

RTI

Rub bln	4Q'15	4Q'14	YoY
Revenue without ICT business unit **	16.9	28.4	-40.5%
Revenue	20.8	38.9	-46.5%
Adj OIBDA	2.1	2.8	-24.6%
Adj . OIBDA margin	10.0%	7.1%	2.9 p.p.
Adj . net income/(loss)	-0.3	-1.4	n/a
Net debt	26.7	37.9	-29.4%
Share of debt related to state defence contracts***	43%	50%	-7 p.p.

Rub bln	2015	2014	YoY
Revenue without ICT business unit *	63.7	56.9	11.8%
Revenue	77.3	81.0	-4.6%
Adj . OIBDA	7.0	4.8	46.0%
Adj . OIBDA margin	9.1%	5.9%	3.2 p.p.
Adj . net income/(loss)	-2.1	-5.6	n/a

Results by key business segments



> RTI's revenues in core business segments grew by 11.8% YoY in 2015. Revenue of the Defence Solutions BU increased by 25% YoY in 2015.

> RTI's revenues declined in 2015 and in 4Q 2015 due to uneven revenue recognition on a number of long-term contracts, as well as decreased revenues of NVision in particular as a result of its disposal in 2015.

> Adjusted OIBDA increased in 2015 following strong revenue performance at the Defence Solutions BU as well as due to reduced OIBDA loss at NVision.

> The reduction of RTI's debt was due to the disposal of NVision Group and repayment of loans related to the state defence contracts following completion of the prepaid work and receipt of direct prepayment for the new government contracts.

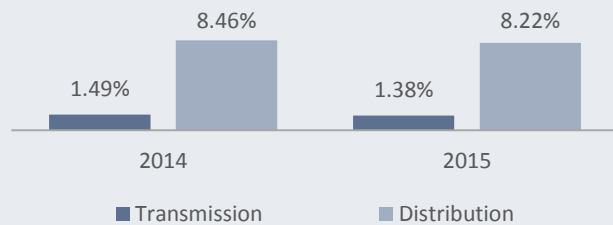


Assets overview [3]

BPGC

Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	4.2	4.0	6.4%	Revenue	14.8	14.1	5.4%
OIBDA	0.6	1.1	-43.6%	OIBDA	4.3	5.1	-14.9%
OIBDA margin	15.1%	28.3%	-13.2p.p.	OIBDA margin	29.2%	36.1%	-6.9p.p.
Net income	0.1	0.6	-79.4%	Net income	2.0	2.6	-22.8%
CAPEX	1.6	1.5	10.0%	CAPEX	4.0	3.3	23.7%
New connections, '000	6,775	6,418	5.6%	New connections, '000	21,765	19,790	9.9%
Connected power, MVt	127	119	6.7%	Connected power, MVt	454	335	35.5%

Losses on distribution and transmission grids

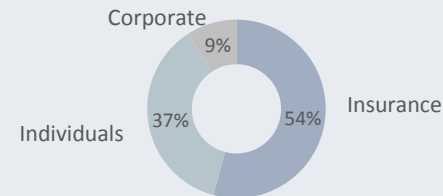


- > BPGC's revenue grew in 4Q 2015 and in 2015 YoY as a result of organic growth of electricity consumption and increase in the number of connections.
- > Electricity consumption was up 1.7% YoY thanks to the addition of new connected customers, in part due to the backdrop of a growing economy in Bashkortostan. Successful implementation of the investment programme and accelerated connection to the distribution grids allowed BPGC to increase the number of new connections.
- > OIBDA and net income declined in 2015 as a result of the decreased one-off gains from the sale of non-core assets, combined with the additional provisions to cover potential customer disputes. BPGC's net income for 2015 without these effects increased by 2.5%.
- > In 2015, BPGC paid dividends to Sistema in the amount of RUB 1.8 bln.

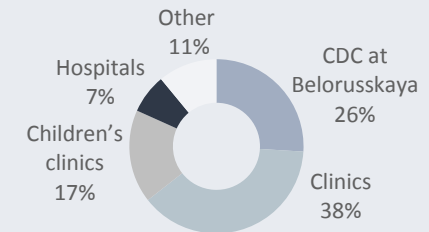
MEDSI

Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	2.3	2.5	-6.7%	Revenue	8.2	9.8	-15.7%
OIBDA	0.4	-0.3	n/a	OIBDA	0.5	0.8	-44.1%
OIBDA margin	16.4%	n/a	n/a	OIBDA margin	5.7%	8.6%	-2.9 p.p.
Net income/(loss)	0.2	-0.5	n/a	Net income/(loss)	-0.1	0.3	n/a
Net cash	-0.2	-1.0	n/a				
Patient visits, thousands	2,043	2,126	-3.9%				
Services provided, '000	3,183	3,770	-15.6%				

Revenue by clients 2015



Revenue by assets 2015



- > Medsi's revenues declined YoY and QoQ as a result of the ending of a state contract in 2014 (24% of total revenues). However the attraction of new clients partially offset this effect, with sales to individuals accounting for 37% of revenues in 2015 versus 24% in 2014. Revenue from individuals rose more than 26% in 2015, as patient visits in this segment increased by 29%. The OIBDA and OIBDA margin were also impacted by completion of the large state contract due to decreased utilisation ratios in certain assets. Significant OIBDA profitability growth in 4Q 2015 resulted from optimisation of Medsi's administrative expenses.
- > Medsi's largest facility, the clinical-diagnostic centre at Belorusskaya in Moscow (26% of revenues in 2015), with a 41% OIBDA margin and a 66% utilisation rate, which improved YoY in 2015.
- > In 2015, Medsi continued to actively develop its assets, increasing the servicing capacity of the most sought-after specialties. The company also worked to improve diagnostics and acquire additional equipment for the chain's clinics. In December, Medsi opened newly constructed 22,800 square meter clinical-diagnostic centre at Krasnaya Presnya which is able to service more than 1.8 mln patient's visits per year. Medsi targets a 30% utilisation ratio for the new centre by year-end 2016.

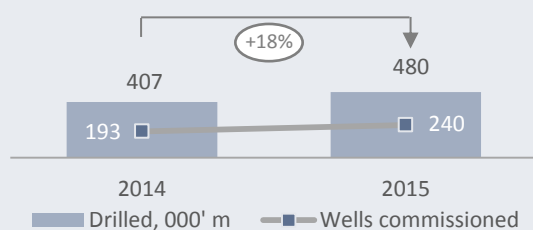


Assets overview [4]

TARGIN

Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	6.9	7.1	-2.1%	Revenue of key business segments*	25.2	23.5	7.2%
OIBDA	1.0	0.5	96.6%	Revenue	25.5	27.5	-7.2%
OIBDA margin	13.6%	6.9%	6.7 p.p.	OIBDA	3.3	3.1	7.1%
Net income/(loss)	0.3	-0.3	n/a	OIBDA margin	14.0%	11.3%	2.7p.p.
Net debt	3.0	2.1	44.8%	Net income	1.2	1.0	12.0%
CAPEX	0.8	1.2	-37.7%				

Results of the drilling business segment

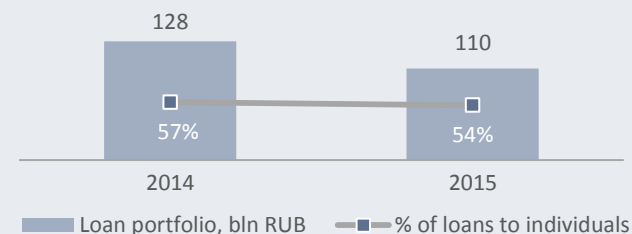


- > Revenue from key segments in 2015 increased largely due to growth in Targin's core drilling segment, where drilling volumes were up 18%. Targin's revenues decreased QoQ and YoY following disposal of its construction segment.
- > Strong growth in OIBDA and OIBDA margin both in 4Q 2015 and for the full year was due to an increase in revenues attributable to high-margin services, successful well-workover operations in Serbia and optimisation of the business structure.
- > The ratio of administrative expenses to revenues decreased to 1.8% in 4Q 2015 versus 3.6% in 4Q 2014. The ratio of administrative expenses to revenues in 2015 was 1.9%.
- > Targin continued to modernise and expand its fleet of drilling rigs and specialised equipment during the reporting period. In 2015, it added five drilling rigs with 160 tonnes of capacity each and one drilling rig with 320 tonnes of capacity. As of December 31, 2015, Targin owned 52 drilling rigs.

MTS Bank

Rub bln	4Q'15	4Q'14	YoY	Rub bln	2015	2014	YoY
Revenue	5.3	5.2	0.8%	Revenue	25.6	27.0	-5.0%
Net loss	-8.8	-9.2	n/a	Net loss	-15.3	-12.4	n/a
Interest income	4.6	6.3	-27.3%	Interest income	20.5	25.1	-18.5%
Commission income	0.9	1.0	-10.9%	Commission income	3.4	4.1	-17.4%
Net assets	21.6	36.2	-40.5%				
Capital adequacy ratio (N1.0)	18.5%	17.6%	0.9 p.p.				

Loan portfolio of MTS Bank**



- > MTS Bank's gross loans** decreased by 11.4% in 2015 as the bank continued to manage its balance sheet and reduce risk.
- > The main factors that impacted MTS Bank's financial results in 4Q 2015 and in 2015 were the decline in net interest income, which followed the general market trends, and increased provisions. In 2015, share of corporate clients represented 62% of the total provision expense.
- > The bank continued to cut costs throughout the year. Administrative expenses declined by 16.2% QoQ and by 9.2% YoY.
- > In December 2015, MTS Bank raised tier II capital in the amount of RUB 7.2 bln under the government's program to recapitalize banks.
- > MTS Bank's top priorities in 2016 are establishing a high-quality loan book and continuing optimisation of administrative expenses.

* Excluding disposed construction segment

**On a standalone basis

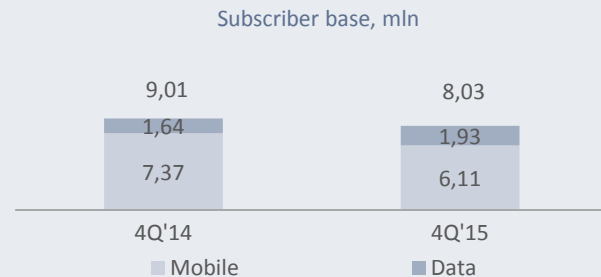


Assets overview [5]

SSTL

Rub bln	4Q'15	4Q'14	YoY
Revenue	3.6	2.7	35.6%
Adj. OIBDA	-0.3	-1.1	n/a
Adj. Net income/(loss)	-2.0	-6.1	n/a
Net debt	17.7	30.0	-40.9%

Rub bln	2015	2014	YoY
Revenue	14.0	8.5	64.7%
Adj. OIBDA	-2.4	-3.1	n/a
Adj. Net income/(loss)	-7.7	-10.2	n/a

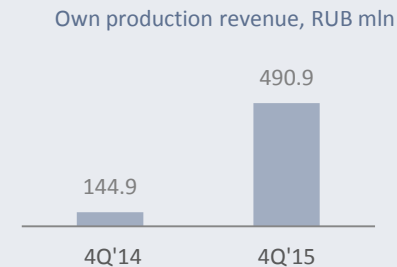


- > YoY revenue growth in 4Q 2015 and 2015 was mainly driven by an increase in revenues from data services and RUB depreciation in 2015. In 4Q 2015, total non voice revenues grew 28% YoY in Indian rupees.
- > OIBDA loss contracted substantially YoY in 2015 due to an increase in data revenues, optimisation of sales and marketing costs and reduction in interconnect charges.
- > In 4Q 2015, SSTL became OIBDA positive in all operating circles in India (profitability of operations was offset by expenses at the holding level).
- > SSTL's high-speed data services now cover over 1,250 towns across 9 circles.
- > In November 2015, Sistema agreed to demerge its Indian telecommunications business from SSTL and to merge this business with RCom, one of the leading telecom operators in India. The stock exchanges and the Competition Commission of India have both approved the transaction. And all necessary shareholder and creditor approvals have been properly secured. The completion of the transaction is now subject to final DoT and courts' approvals.

Binnopharm

Rub bln	4Q'15	4Q'14	YoY
Revenue	0.6	0.7	-5.9%
OIBDA	0.2	-0.1	n/a
OIBDA margin	38.0%	n/a	n/a
Net income/(loss)	0.1	-0.1	n/a
Net debt	0.8	1.0	-18.4%

Rub bln	2015	2014	YoY
Revenue	1.7	2.5	-33.2%
OIBDA	0.2	0.3	-40.0%
OIBDA margin	11.6%	12.9%	-1.3 p.p.
Net income/(loss)	-0.07	-0.03	n/a



- > Binnopharm's revenue declined in 2015 and 4Q 2015 primarily as a result of a planned reduction of the low-margin distribution business and a lower price for a vaccine that the company produces.
- > Binnopharm's OIBDA was restored in 4Q 2015 due to increased proportion of sales generated by its own products. Earlier in 2015, Binnopharm signed a contract with the National Immunobiological Company for delivery of 6 million doses of the hepatitis B vaccine Regevak B, which tops the vaccine's entire sales for 2014.
- > The reason for OIBDA decline in 2015, apart from the lower revenue, was an increase in SG&A, as well as expenses to setup of the sales and marketing function.
- > In 4Q 2015, Binnopharm reported net income as compared to a net loss in the corresponding period of 2014, following growth of the profitable business segments, as well as lower finance expenses. Binnopharm initiated registration of seven new drugs in 4Q 2015. In 2015, Binnopharm also completed the roll-out of a commercial division responsible for marketing and sales of its own products.



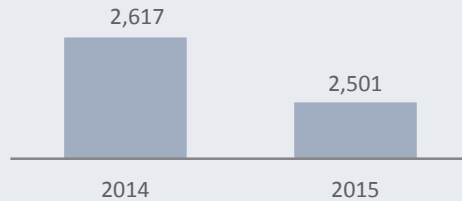
Assets overview [6]

Intourist

Rub bln	4Q'15	4Q'14	YoY
Revenue	0.6	0.7	-15.8%
OIBDA	0.1	-0.3	n/a
OIBDA margin	18.7%	n/a	n/a
Net loss	-0.04	-0.6	n/a
Net debt	1.3	2.1	-39.1%

Rub bln	2015	2014	YoY
Revenue	2.5	2.9	-15.7%
OIBDA	0.4	-0.1	n/a
OIBDA margin	18.1%	n/a	n/a
Net loss	-0.1	-0.6	n/a

Rooms owned, rented and managed

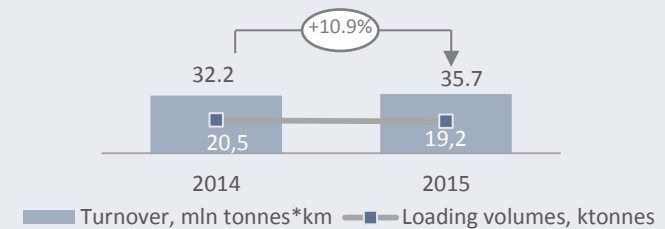


- > Intourist's revenues declined in 2015 as a result of the expiration of leases with Maxim Resort in Turkey and the Moskva and Moskovsky Trakt hotels in Russia at the end of 2014.
- > Intourist posted strong OIBDA margins both for 4Q 2015 and 2015, following the 2014 write-offs of non-performing assets.
- > Net debt fell QoQ due to debt repayments ahead of schedule made by Cosmos.
- > As per the end of 2015, Intourist owned, leased or managed a total of 2,501 hotel rooms across eight properties in Russia, Italy, the Czech Republic and Namibia.

SG-trans*

Rub bln	2015	2014	YoY
Revenue	19.4	20.5	-5.3%
OIBDA	5.8	6.5	-11.3%
OIBDA margin	29.7%	31.7%	-2.0 p.p.
Net income	0.36	0.39	-9.5%
Net debt	19.1	21.6	-11.9%

Transportation volumes



- > In 2015, SG-trans saw a moderate decline of revenue and OIBDA margin, mainly due to the reduction of its tariffs for shipments of oil and petrochemicals.
- > The decline of petrochemical production and shipments had a negative impact on freight volumes. At the same time, the company's cargo turnover grew by 11% thanks to efficient management of its railcar fleet and a 19% increase of the average distance of shipments compared to 2014.
- > SG-trans continued to optimise the structure of its balance sheet and debt: net debt was again reduced YoY.

*Sistema own 50% of SG-trans and does not consolidate the Company in Sistema's finance results. Net income is presented in Sistema's share.



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