



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC

Financial Results

1Q 2013

June 21, 2013

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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 the actual Sistema’s 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.



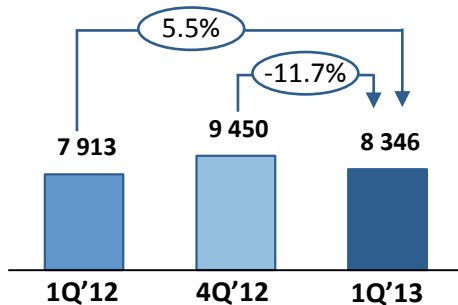
1Q 2013: Financial Results

FINANCIAL HIGHLIGHTS

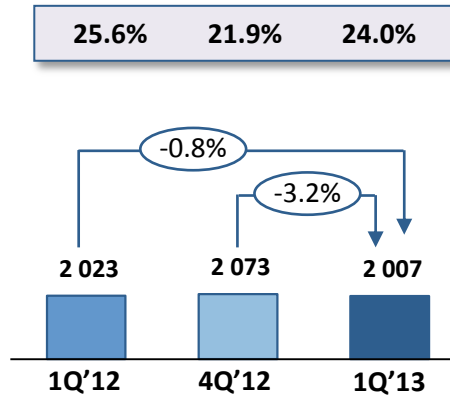
- **Revenues up** 5.5% YoY to US\$ 8.3 billion
- **OIBDA down** 0.8% YoY to US\$ 2.0 billion, with an OIBDA margin of 24.0%
- **Net income down 2.4%** YoY to US\$ 371.8 million, versus US\$ 380.9 million in 1Q 2012
- **Net debt** at the Hold Co level** amounted to US\$ 1.5 billion as of March 31, 2013, compared to net cash of US\$ 339.7 million as of March 31, 2012

US GAAP, US\$ mln

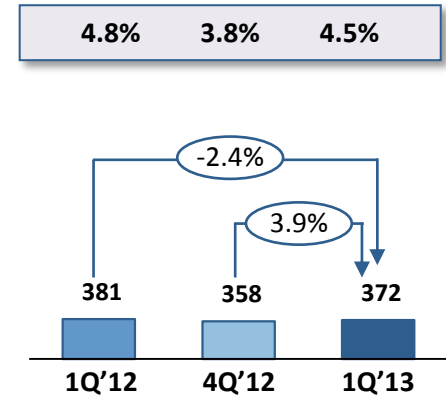
REVENUE



OIBDA*



NET INCOME*



Stable YoY revenue growth resulted from strong performance at Bashneft, Detsky mir and MTS Bank

* Here and thereafter, results of 4Q 2012 presented on adjusted basis – without one-offs

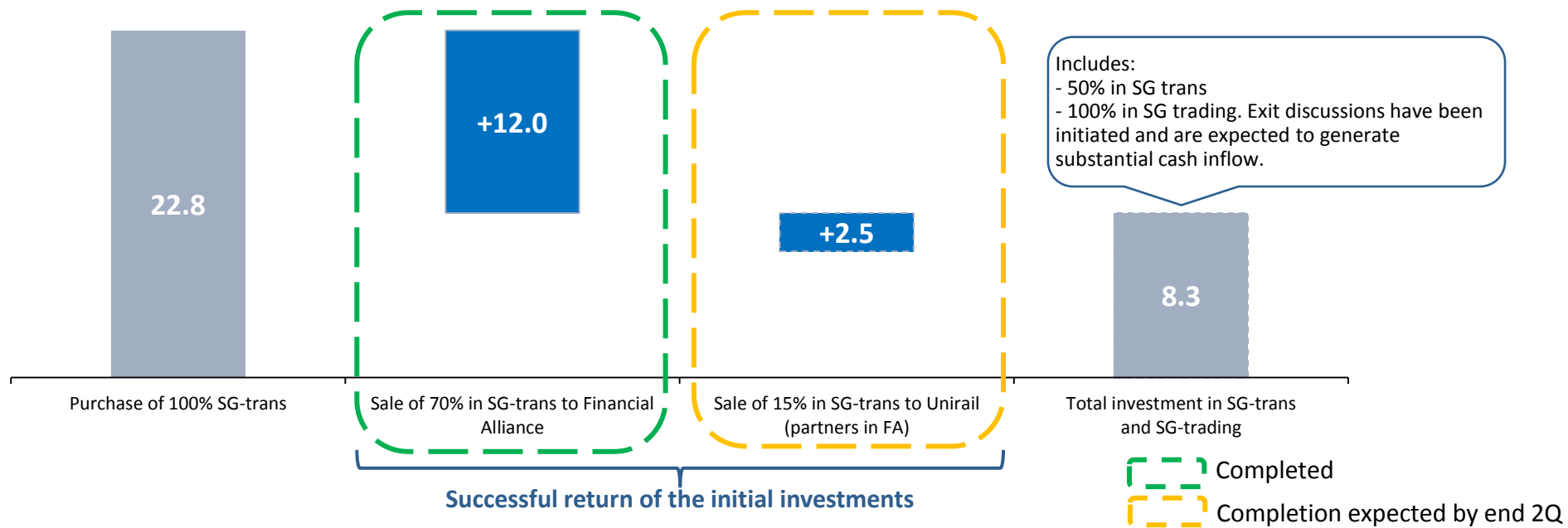
**Including highly liquid deposits



Key Developments in 1Q and in the Post Reporting Period [1]

Transportation

- **Separation of core and non-core assets** - SG-trading was separated from SG-trans – disposal discussions are ongoing and are expected to be completed by 4Q 2013.
- **SG-trans merger with Financial Alliance** - Sistema sold 70% of its shares in SG-trans to Financial Alliance for RUB 12.0 billion. Another 15% in SG-trans is due to be bought by Sistema's partners in Financial Alliance (Unirail) for RUB 2.5 billion by end of 2Q 2013.



Excellent execution of the transportation strategy resulting in substantial cash flow to the holding level



Key Developments in 1Q and in the Post Reporting Period [2]

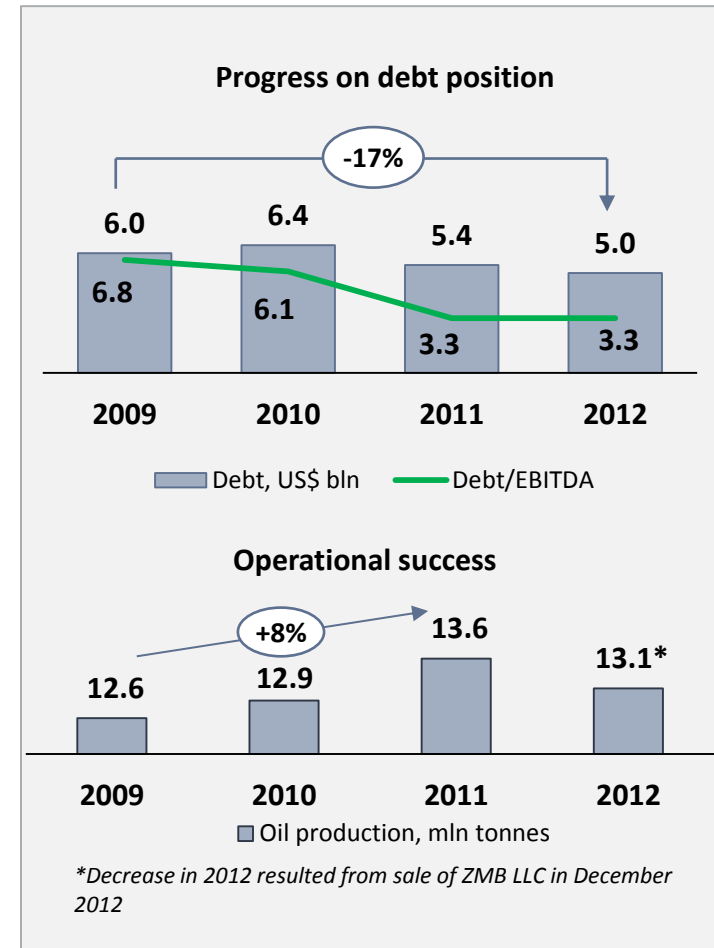
DIVESTMENT OF RUSSNEFT

Transaction Overview

- Sale of 25% and 24% stakes in RussNeft for a total cash consideration of US\$ 1.2 bln
- Completion expected in 3Q 2013 and is subject to satisfaction of all conditions precedent
- Call option to acquire RussNeft's Urals Group of companies, exercisable within 3 months and is subject to operational considerations, due diligence, corporate and regulatory approvals

Use of Proceeds

- Proceeds to boost new acquisitions war chest – healthy deal pipeline developing
- Gains from the transaction will be accounted in Sistema's 2013 dividend considerations
- Capital gains tax expected to be approximately US\$ 200 million



RussNeft divestment demonstrates Sistema's unrivaled ability to generate transformational shareholder returns through undervalued and unique investment opportunities in Russia



Key Developments in 1Q and in the Post Reporting Period [3]

SSTL India

- **Reduced the number of circles to 9 regions** - new technologically neutral licences with 3 carrier slots
- **Substantially reduced OIBDA loss, debt and CAPEX** - on track for breakeven in early 2015

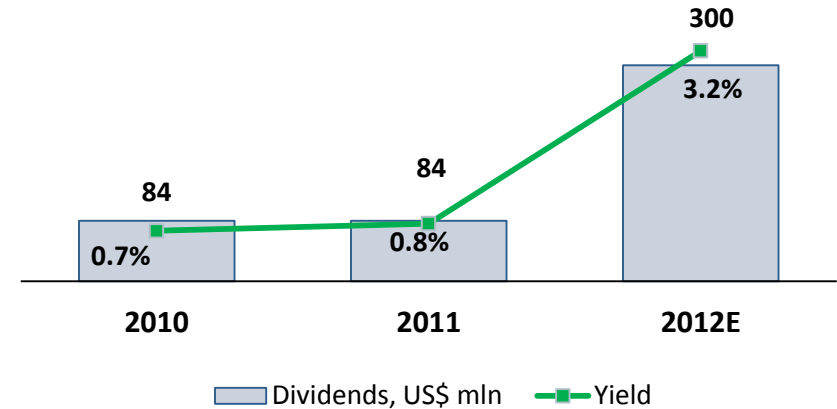
Dividends

- **Delivering a progressive dividend story** - substantial increase in dividends for 2012; US\$ 300 million payout; 3.2% dividend yield

M&A Update

- Transportation – screening sector opportunities
- Several other deals are being evaluated as bolt-on acquisitions for existing investments

Dividend history



2013 commenced with the successful resolution of licencing issues in India, higher recommended dividend payment and an active M&A pipeline



1Q 2013: Financial Performance Overview [1]

KEY HIGHLIGHTS

- **Sistema's consolidated revenue increased by 5.5% YoY** primarily as a result of growth at Bashneft, MTS Bank and Detsky mir. Sistema's revenue decreased by 11.7% QoQ due to decline in sales at MTS, RTI and Bashneft.
- **The Group's OIBDA remained stable YoY.** Bashneft posted increased export duties and higher transportation costs while MTS profitability expanded to a 43.9% OIBDA margin. Sistema's OIBDA in 1Q 2013 declined by 3.2% QoQ as a result of increased loan provisions at MTS Bank and seasonal decline at Detsky mir.
- **Sistema's consolidated net income decreased by 2.4% YoY** in 1Q 2013 largely due to foreign exchange losses at MTS and increased loan provisions at MTS Bank. The Group's net income grew by 3.9% QoQ primarily as a result of net income growth at Bashneft.

	1Q 2013	1Q 2012
TOTAL REVENUES	8 346	7 913
Cost of sales, exclusive of depreciation and amortization shown separately below	(3 160)	(3 116)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(142)	(75)
Selling, general and administrative expenses	(1 067)	(960)
Depreciation, depletion and amortization	(813)	(824)
Transportation costs	(222)	(180)
Impairment of long-lived assets other than goodwill and provisions for other assets	(16)	(66)
Provisions for claims	44	(1)
Taxes other than income tax	(1 730)	(1 516)
Other operating (expenses)/income, net	(51)	13
Equity in results of affiliates	6	12
OPERATING INCOME	1 194	1 199
Interest income	48	74
Change in fair value of derivative instruments	(1)	(1)
Interest expense, net of amounts capitalized	(327)	(352)
Foreign currency transactions (losses)/gains	(30)	146
Income tax expense	(249)	(316)
(Loss)/income from discontinued operations, net of income tax effect	(5)	22
Noncontrolling interest	(258)	(392)
NET INCOME	372	381

Top-line growth with largely stable OIBDA despite seasonal effects in businesses in 1Q 2013



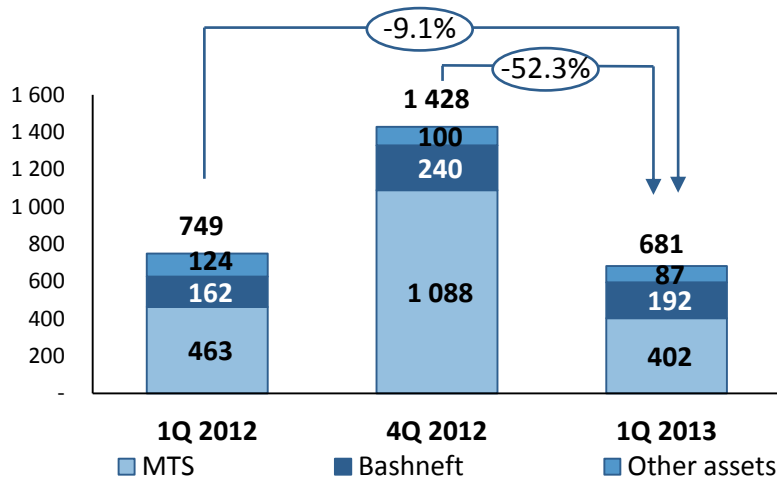
1Q 2013: Financial Performance Overview [2]

FINANCIAL HIGHLIGHTS

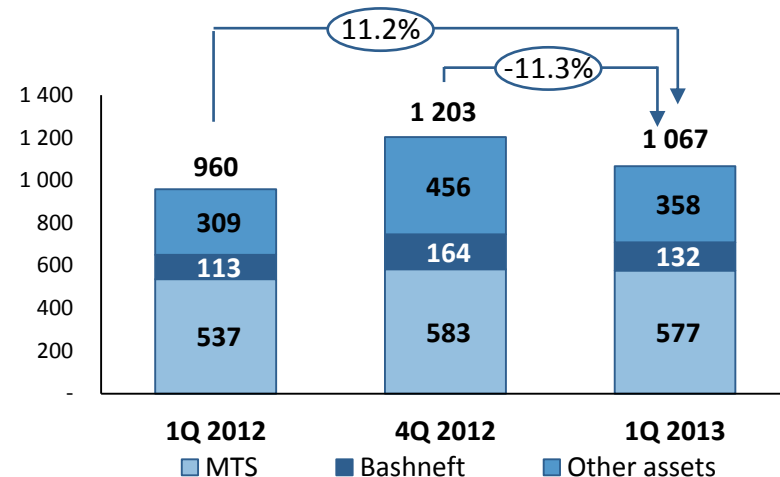
- **The Group's CAPEX decreased by 9.1% YoY and by 52.3% QoQ** largely as a result of a decrease in MTS' CAPEX.
- **The Group's SG&A increased** by 11.2% YoY, mainly due to growth in SG&A of MTS and Bashneft in 1Q 2013, but decreased by 11.3% QoQ.
- **The Corp. Centre's SG&A increased** by US\$ 11 mln YoY and amounted to US\$ 33.8 mln due to accruals on a new long-term incentive programme approved in 2H 2012, the Corp. Centre's SG&A decreased by 76.7% QoQ, resulting in Hold Co SG&A / Revenue of 0.4% in 1Q 2013.

US GAAP, US\$ mln.

CAPEX BREAKDOWN



SG&A BREAKDOWN



*Total Group SG&A amount presented after intercompany eliminations

The Group's CAPEX significantly decreased in 1Q 2013 due to a reduced investment programme at MTS



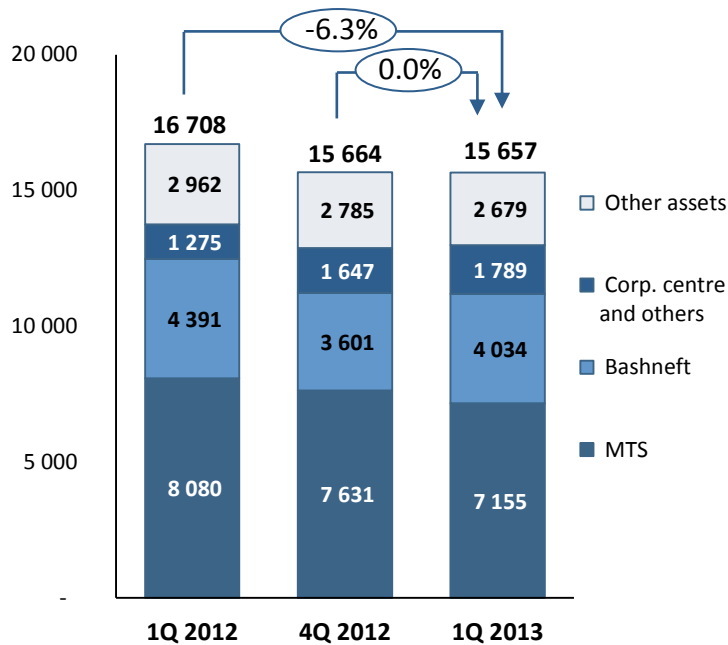
Consolidated Debt

KEY HIGHLIGHTS

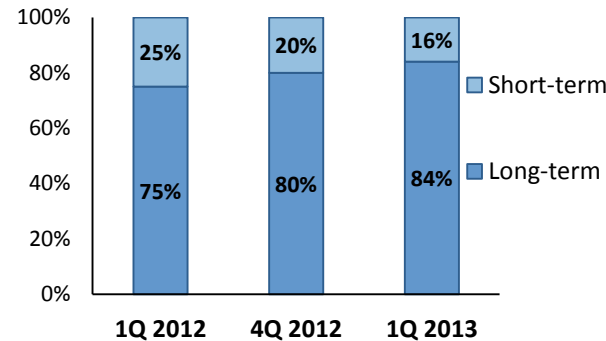
- The Group's debt decreased by 6.3% YoY primarily due to the decline in MTS and SSTL's debt.
- The debt currency profile remained largely stable, while the portion of long-term debt increased to 84%.

US GAAP, US\$ mln

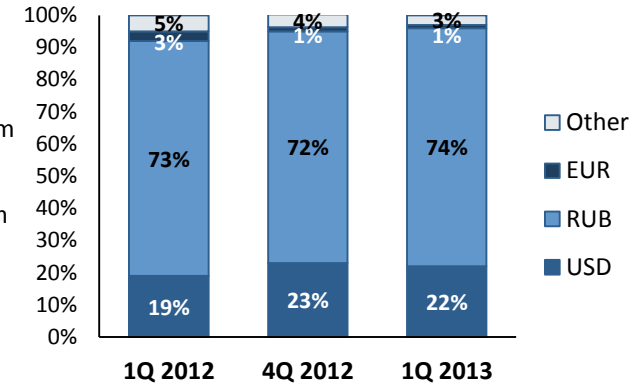
TOTAL DEBT BY SEGMENT



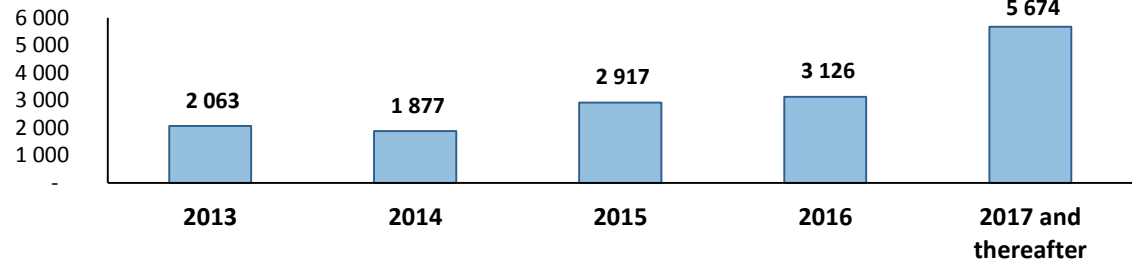
LONG-TERM VS SHORT-TERM DEBT*



DEBT CURRENCY PROFILE*



DEBT MATURITY PROFILE*



The Group's debt decreased YoY with a Debt/EBITDA of 1.95

*Source: management accounts



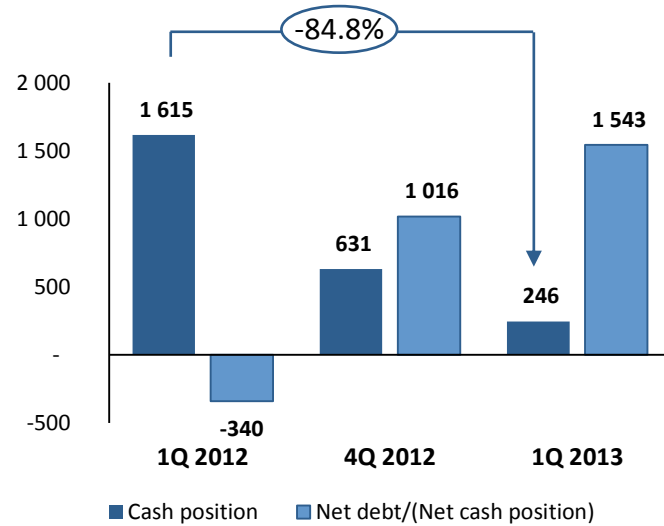
Corporate Centre Debt Management

KEY HIGHLIGHTS

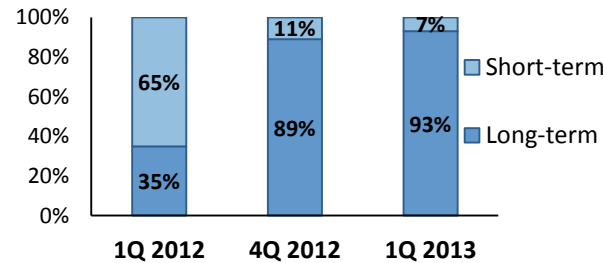
- **Corporate Centre debt increased** by 8.7% QoQ to US\$ 1.8 bln due to a rouble bonds placement in 1Q 2013. The Corporate Centre's cash position decreased in 1Q 2013 due to SSTL's debt repayment.
- **Corporate Centre debt is 64% denominated in RUB**, the long term portion increased to 93%.

US GAAP, US\$ mln

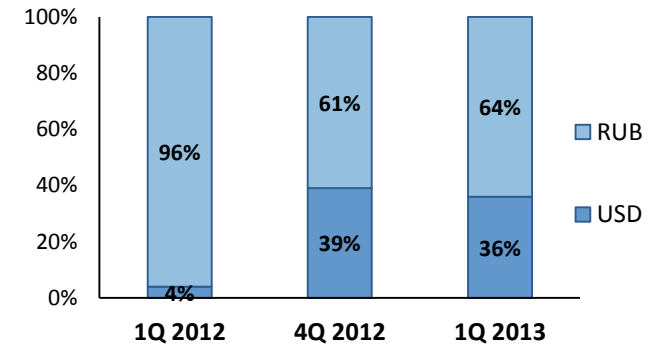
HOLD CO LEVEL CASH POSITION**



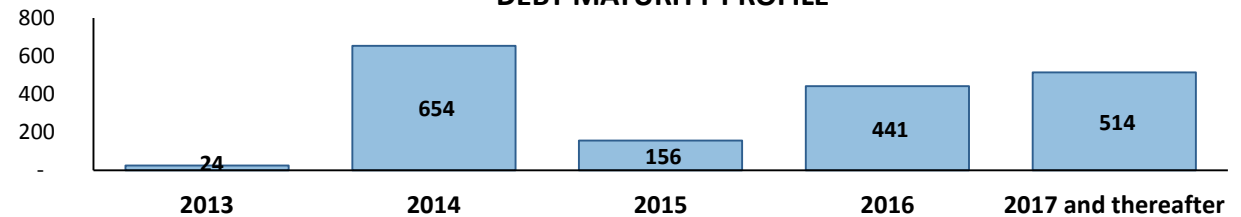
HOLD CO LEVEL LONG-TERM VS SHORT-TERM DEBT*



HOLD CO LEVEL DEBT CURRENCY PROFILE*



HOLD CO LEVEL DEBT MATURITY PROFILE*



The Corporate Centre's cash position decreased in 1Q 2013 due to SSTL's debt repayment

*Source: management accounts

**Including highly liquid deposits



Attachments



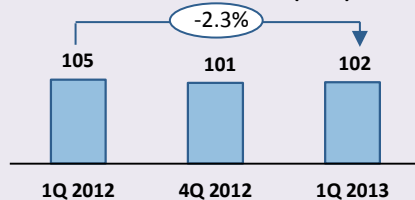
Assets overview [1]

MTS



US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	3 053	3 014	3 168	1.3%	-3.6%
OIBDA	1 339	1 247	1 345	7.3%	-0.4%
OIBDA margin	43.9%	41.4%	42.5%	n/a	n/a
Debt	7 155	8 080	7 631	-11.4%	-6.2%

Mobile subscribers (mln.)



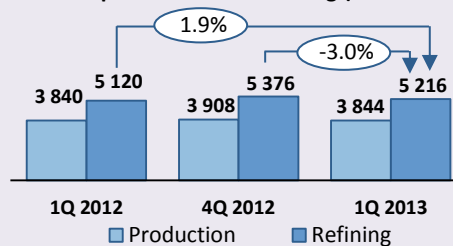
- Despite the suspension of the company's operations in Uzbekistan, MTS' revenues slightly increased YoY in 1Q 2013, reflecting growth in voice and data consumption services. Revenues were down 3.6% QoQ primarily as a result of seasonality factors.
- MTS reported a 7.3% YoY OIBDA increase, reflecting the revenue growth from data services and a decreased share of distribution sales. The OIBDA margin reached 43.9% in 1Q 2013.
- MTS' subscriber base totalled 101.8 mln customers as of March 31, 2013, demonstrating a 1.0% QoQ increase as a result of the resumed operations in Turkmenistan. In the fixed broadband business, the number of households passed reached 11.9 mln at the end of 1Q 2013. The pay-TV customer base totalled 2.9 mln subscribers, while the number of broadband Internet subscribers stood at 2.3 mln. ARPU in Russia grew by 3.9% YoY from 281 RUB in 1Q 2012 to 292 RUB in 1Q 2013. MOU increased by 9.9% to 310 min in 1Q 2013 vs 282 min in 1Q 2012.
- In March 2013, MTS acquired a 25.095% stake in MTS Bank for RUB 5.09 bln through an additional share issuance by the bank.

BASHNEFT



US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	4 129	3 923	4 499	5.2%	-8.2%
OIBDA	690	835	648	-17.4%	6.4%
OIBDA margin	16.7%	21.3%	14.4%	n/a	n/a
Debt	4 034	4 391	3 601	-8.1%	12.0%

Oil production and refining ('000 tonnes)

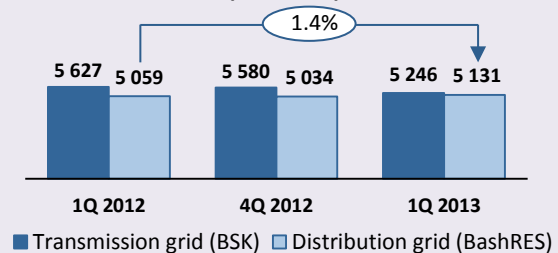


- In 1Q 2013, Bashneft reported 5.2% YoY revenue growth, mainly as a result of higher exports of oil products, particularly to non-CIS countries. 8.2% QoQ decrease in revenues resulted mainly from a decline in demand for oil products.
- Bashneft's OIBDA decreased by 17.4% YoY, primarily due to an increase in export duties on oil products following a shift of sales to non-CIS countries, and increased transportation volumes and taxes. OIBDA increased by 6.4% QoQ, resulting from cost efficiency measures.
- In 1Q 2013, oil production decreased by 1.6% vs 4Q 2012 and grew by 0.1% YoY to 3,844 th.t. of crude oil. In 1Q 2013, refining volumes decreased by 3.0% vs 4Q 2012 and grew by 1.9% YoY vs 1Q 2012 to 5,216 th.t.

Bashkirian Power Grid Company (BPGC)

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	113	95	91	18.7%	23.2%
OIBDA	50	31	7	60.5%	633.9%
OIBDA margin	44.4%	32.8%	7.5%	n/a	n/a

Grid effective power output, mln kWt



- BPGC's revenues grew by 18.7% YoY and 23.2% QoQ, mainly as a result of an increase in electricity tariffs effective from January 1, 2013.
- OIBDA demonstrated significant YoY and QoQ growth, following an increase in revenues and other income. The OIBDA margin expanded to 44.4% in 1Q 2013.
- In 1Q 2013, distribution grid losses decreased by 30.4 mln kWh compared to 1Q 2012, as a result of an increased number of installed electricity meters, and tests conducted to detect non-contractual and non-metered consumption and control over electricity meter readings. Transmission grid losses increased by 3.3 mln kWh YoY.
- In 1Q 2013, the effective transmission grid output reduced by 6.5% YoY. However, the effective distribution power output was up 1.4% YoY as a result of organic growth in consumption, and measures taken to reduce losses.

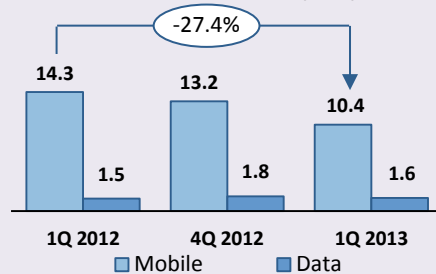


Assets Overview [2]

SSTL

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	65	81	72	-19.7%	-9.7%
OIBDA	-39	-72	-114	n/a	n/a
Debt	853	1 355	1 047	-37.0%	-18.5%

Mobile subscribers ('000)

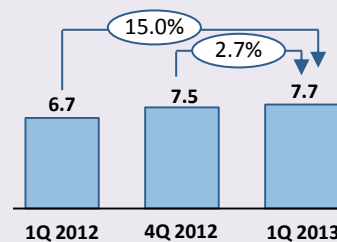


- SSTL's revenues decreased by 19.7% YoY and 9.7% QoQ following the closure of the company's operations in 13 Indian circles. This decrease also reflects the overall uncertainties that surrounded the licensing issue for most of 1Q 2013, as well as the new regulatory requirements for customers registration.
- SSTL's OIBDA loss narrowed YoY and QoQ as a result of the cost optimisation programme and strict control over marketing and other expenses. The company's SG&A decreased by 32.4% YoY and by 18.6% QoQ.
- SSTL's total wireless (voice and data) subscriber base declined by 24.6% YoY to 11.9 mln customers as of March 31, 2013. Blended mobile ARPU amounted to US\$ 1.5 for 1Q 2013. The data card subscriber base decreased by 12.3% QoQ, but increased YoY by 1.2% and amounted to 1.56 mln subscribers. Non-voice revenues from both data and VAS accounted for 35.7% of the company's total revenues in 1Q 2013.
- In March 2013, SSTL participated in new spectrum auctions, acquiring licences in eight circles, resulting in a nine circle footprint, including Rajasthan circle.

SISTEMA MASS-MEDIA

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	11	26	23	-58.7%	-53.4%
OIBDA	-3	11	8	n/a	n/a
Debt	27	42	33	-35.6%	-16.8%

Stream TV subscriber base (mln)

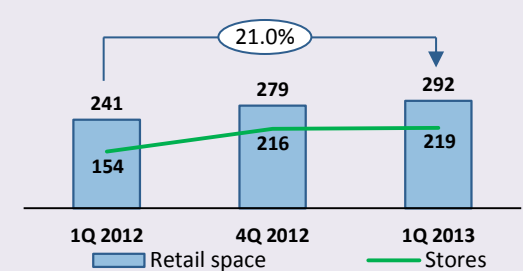


- SMM's revenues decreased by 58.7% YoY and 53.4% QoQ in 1Q 2013, largely due to shifts in the production schedule. SMM reported an OIBDA loss in 1Q 2013 reflecting the decline in revenues.
- In 1Q 2013, the Stream-TV subscriber base increased by 15.0% YoY reaching 7.7 mln subscribers. The RWS content library amounted to 1,613 hours as of March 31, 2013.
- During the reporting quarter, Stream signed a contract with Alcasar Group to sell advertising opportunities for the channels "Hunting and Fishing", "Farmstead", "Healthy TV", "Retro", "Pets", "Psychology 21" and "Questions and Answers".

DETSKY MIR

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	222	174	314	27.8%	-29.2%
OIBDA	-15	-15	50	n/a	n/a
Debt	105	132	99	-20.4%	6.8%

Retail space ('000 sq.m.) and number of outlets



- Detsky mir's revenues increased by 27.8% YoY, mainly as a result of regional store expansion and an increase in the average bill. Revenue decline by 29.2% QoQ was mainly a result of seasonality factors.
- OIBDA remained stable YoY due to additional rent expenses for new retail space and a new incentive programme for the sales division, but fell QoQ reflecting a decrease in revenues.
- The network of retail outlets amounted to 219 stores, including 21 Early Learning Centre (ELC) franchised stores, located in 99 cities across Russia and Kazakhstan. The aggregate retail space was 292,000 sq.m. as of March 31, 2013.
- In 1Q 2013, Detsky mir opened 4 new stores, including 1 ELC store.

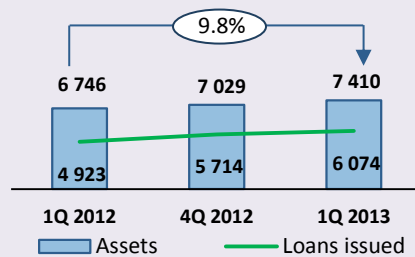


Assets Overview [3]

MTS BANK MTS Bank

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	207	157	211	31.6%	-2.1%
OIBDA	-11	12	53	n/a	n/a

Assets and issued loans (US\$ mln)

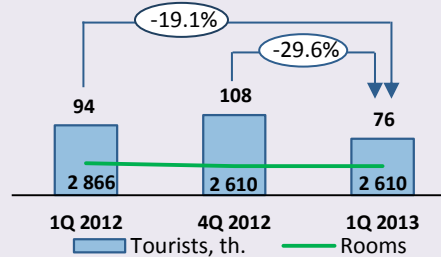


- MTS Bank's revenues increased by 31.6% YoY, as a result of an increase in interest and commission income following the development of the bank's retail business. The loan portfolio from joint projects with MTS grew by 22.6% QoQ to US\$ 287 mln.
- In 1Q 2013, MTS Bank reported an OIBDA loss, largely due to the increased retail loan provisions following the growth in the loan portfolio to individuals.
- MTS Bank's loan portfolio, excluding leases, decreased by 3.5% to US\$ 5,222 mln in 1Q 2013, compared to US\$ 5,411 mln in 1Q 2012.
- Interest income from retail and corporate client transactions grew by 27.1% YoY and by 3.1% QoQ and amounted to US\$ 166.7 mln.
- In 1Q 2013, MTS Bank issued 2 mln MasterCard cards, including 1.3 mln «MTS Money» cards.

INTOURIST

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	16	16	24	1.2%	-32.4%
OIBDA	0.6	-4	-17	n/a	n/a
Debt	76	95	81	-20.1%	-6.0%

Tourists ('000), rooms owned, managed and rented

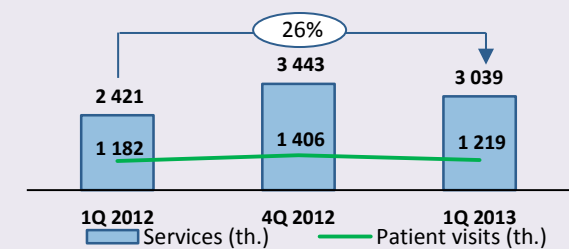


- Intourist's revenues slightly increased YoY, but were down QoQ due to seasonality effects.
- The company reported positive OIBDA in 1Q 2013 compared to an OIBDA loss in 1Q and 4Q 2012, mainly as a result of improvements in the hotel business segment.
- The number of tourists travelling through the Thomas Cook JV fell YoY, mainly due to a decrease in package sales to travel agencies.
- The number of rooms owned, managed and rented in 1Q 2013 remained at the level of 4Q 2012.

MEDSI

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	75	49	82	53.1%	-8.7%
OIBDA	10	5	10	87.2%	1.4%
OIBDA margin	13.4%	10.9%	12.0%	n/a	n/a
Debt	81	75	84	7.7%	-3.6%

Services and patient visits ('000)



- Medsi demonstrated significant YoY revenue growth in 1Q 2013, as a result of the integration with the assets of Medical Centre for the Mayor and Government of Moscow (SUE). Revenue decline by 8.7% QoQ was mainly due to seasonality factors.
- Medsi's OIBDA almost doubled YoY and was up 1.4% QoQ, largely as a result of the business expansion following the merger with SUE.
- In 1Q 2013, the number of patient visits and services provided excluding SUE assets decreased by 11.0% and by 6.0% YoY, respectively, due to the suspension of the health checks project across corporate clients and the relocation of some clinics. The average bill excluding SUE assets increased by 15.0% YoY to RUB 1,400.
- As of March 31, 2013, Medsi's network consisted of 41 medical clinics and 76 first aid stations with a total floor space of healthcare facilities exceeding 190,000 sq.m.



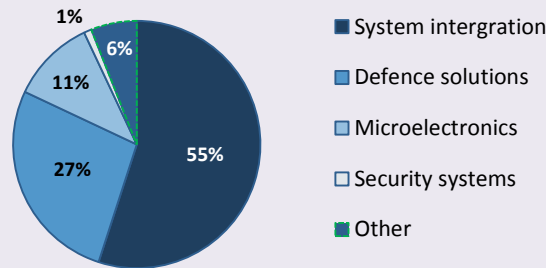
Assets Overview [4]

OJSC RTI

RTI is comprised of 4 principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	506	477	1 068	5.9%	-52.7%
OIBDA	3	21	-50	-86.4%	n/a
OIBDA margin	0.6%	4.5%	n/a	n/a	n/a
Debt	1 476	1 262	1 338	17.0%	10.3%

Revenue by business segments

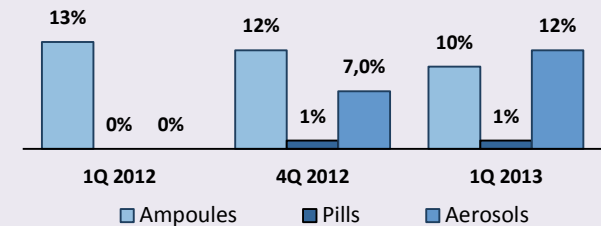


- RTI revenues increased by 5.9% YoY, reflecting the consolidation of NVision Group, but fell by 52.7% QoQ, mainly as a result of uneven revenue distribution throughout the year.
- Reduction in OIBDA YoY in 1Q 2013 mainly resulted from the shift of contracts for later periods.
- In March 2013, NVision Group and VimpelCom signed agreements for extended maintenance of broadband access networks in the Ural, Siberia, North-West, Central, South, and Moscow regions for five years. NVision Group will be assigned to connect new subscribers and provide maintenance of broadband access networks in all of these regions, excluding the Central region.
- In January 2013, the Crisis Management Centre of Mordovia was opened in Saransk. RTI participated in designing, supplying and setting up its equipment.

BINNOPHARM

US\$ mln	1Q'13	1Q'12	4Q'12	YoY	QoQ
Revenue	20	14	20	40.8%	-1.1%
OIBDA	4	2	-4	162.1%	n/a
OIBDA margin	20.6%	11.1%	n/a	n/a	n/a
Debt	22	6	21	288.3%	7.7%

Utilization rate of new Zelenograd production facility



- Binnopharm's revenues increased by 40.8% YoY, reflecting the increased production of biotech drugs and the higher sales of Binnopharm's own products. Revenues QoQ were largely stable.
- In 1Q 2013, Binnopharm's OIBDA demonstrated significant growth YoY and QoQ with the OIBDA margin reaching 20.6%, mainly as a result of an increase in high margin sales in the distribution segment.
- In April 2013, Binnopharm and Alium Group, a producer of infusion solutions and blood substitutes, have completed a deal that combines their assets. The combined entity will operate under the Binnopharm name. As a result of the deal, Sistema has decreased its shareholding in Binnopharm from 100% to 74%. Zenitko Finance Management LLC holds a 26% stake in Binnopharm.



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