



JOINT-STOCK FINANCIAL CORPORATION

**SISTEMA**

# **Sistema JSFC**

Financial Results

4Q 2012 and FY 2012

April 16, 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 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.

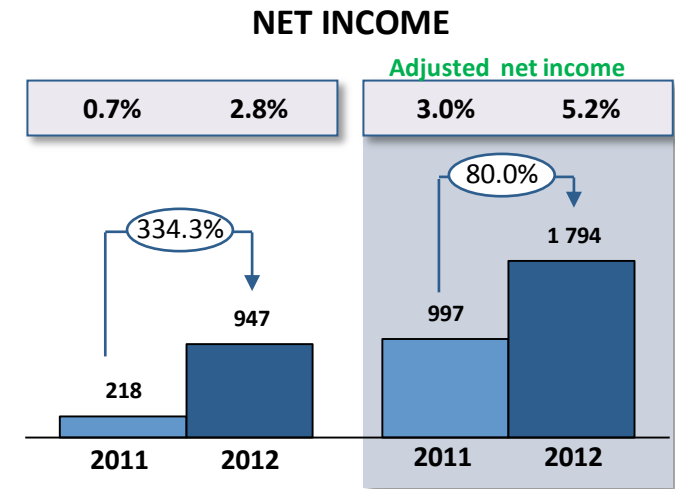
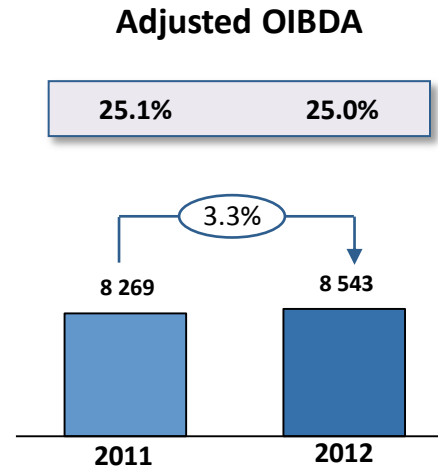
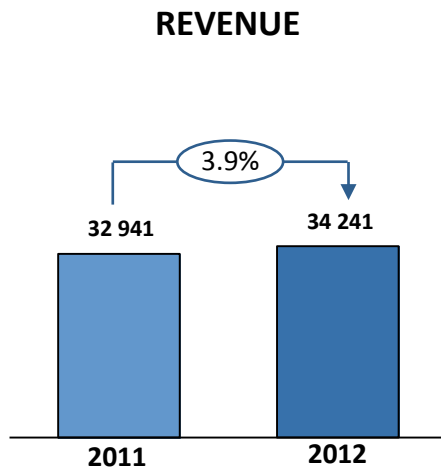


# 2012: Financial Results

## FINANCIAL HIGHLIGHTS

- **Revenue up** 3.9% YoY to US\$ 34.2 billion; and up by 9.9% YoY in rouble terms
- **Adjusted OIBDA up** 3.3% YoY to US\$ 8.5 billion, with an adjusted OIBDA margin of 25.0%. Adjusted OIBDA increased by 9.3% YoY in rouble terms
- **Adjusted net income up 80.0%** YoY to US\$ 1.8 billion, versus US\$ 996.8 million in 2011
- **Net debt\* at the Hold Co level** amounted to US\$ 1.0 billion as of December 31, 2012, compared to net cash of US\$ 580.5 million as of December 31, 2011, due to the Company's investments in 2012

US GAAP, US\$ mln.

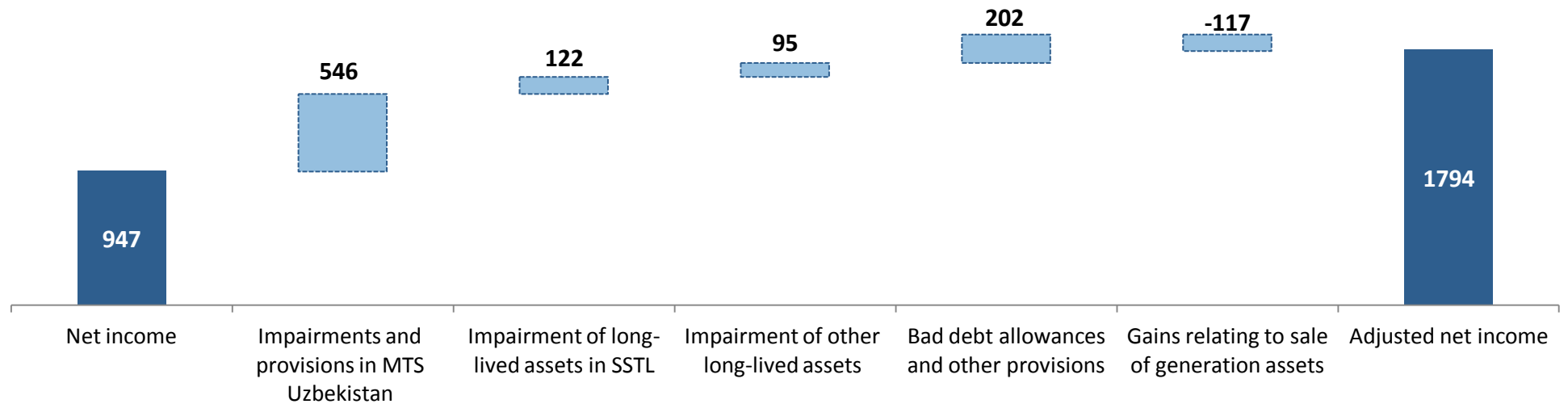


**Solid top-line and OIBDA growth reflecting successful organic expansion and M&A**

\*Including highly liquid deposits



# Key One-Off Items in Net Income 2012



One-off items in 2012	Net income effect
<b>Net income</b>	<b>947</b>
Impairments and provisions with regards to MTS operations in Uzbekistan*	546
Impairment of long-lived assets in SSSL**	122
Impairment of other long-lived assets	95
Bad debt allowances and other provisions	202
Gains relating to sale of generation assets	-117
<b>Adjusted net income</b>	<b>1794</b>

\*As reported in 3Q 2012  
 \*\* As reported in 2Q 2012



# 2012 Recap: A year of Significant Delivery

## M&A

- ✓ **Entry into rail transportation sector**  
*Created a top player in the sector.*
  - Acquired 100% of SG-trans for RUB 22.77 bln
  - Acquired 50% of Financial Alliance from Bashneft for RUB 3.41 bln.
- ✓ **Partnership in agriculture**  
*Secured an experienced partner in agriculture to expand scale*
  - Established a JV with members of the Louis-Dreyfus family. Total acreage of JV now amounts to 89 kha.
- ✓ **Expansion of healthcare business**  
*Establishing a leading full-service healthcare provider*
  - Merged Medsi with Moscow state clinics worth RUB 6 bln. Expanded into in-patient care and rehab.
- ✓ **MTS Bank and MTS partnership\***  
*Expanding consumer finance*
  - MTS acquired 25% in MTS Bank to expand consumer finance services.

## Exits & Restructuring

- ✓ **Exit from power generation business**  
*Monetised power generation assets; maintained upside in distribution*
  - Spun-off Bashkirenergo for RUB 11.2 bln to INTER RAO. Kept 92% in BPGC, distribution and grid company.
- ✓ **Downstream consolidation at Bashneft**  
*Enhanced Bashneft's structure and corporate governance*
  - Completed the reorganisation through a legal merger of Bashneft and its subsidiaries. Sistema acquired additional shares in Bashneft and increased its voting stake to 89%.

## Corporate

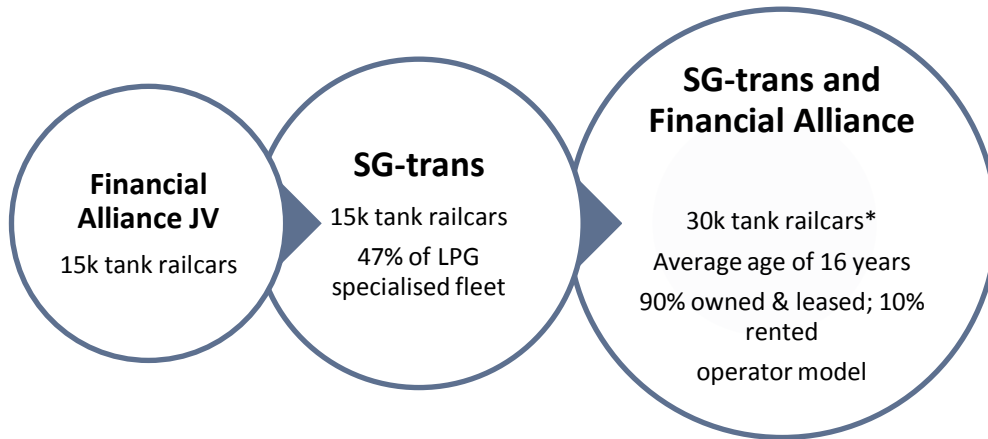
- ✓ **Debt issuance at Hold Co Sistema**
  - Issued a US\$ 500 mln Eurobond with an annual interest rate of 6.95% and a maturity in May 2019.
- ✓ **Buyback programme**
  - Completed a US\$ c.145 mln share repurchase programme in 2Q&3Q 2012.
- ✓ **Dividends for 2011**
  - Dividends of RUB 2.7 bln paid for 2011.
- ✓ **Portfolio management structure**
  - Assets split into portfolios depending on origination and experience of portfolio managers.

\*The deal was concluded in April 2013



# Key Developments: Transportation

## Story so far...



## Value we've already created in SG-trans...

- ✓ Re-signed contracts increasing tariffs as per previous guidance
- ✓ In the process of extending all contracts to 5 – 10 year periods
- ✓ Integrated new board and senior management team
- ✓ Commenced efficiency and optimisation measures

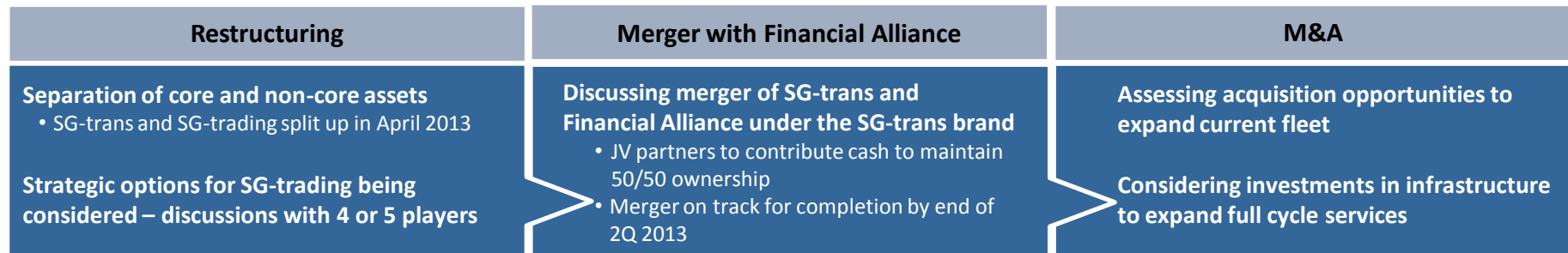
## Market conditions...

- ✓ Tank railcars tariffs stable in 1Q compared to decline in tariffs for gondolas
- ✓ Average 1Q tank tariff range from RUB 1170 – 1500 depending on type of tank car

## End of 2013 vision for combined entity...

- ✓ Revenue of RUB c.18 bln
- ✓ OIBDA of RUB c.6 bln
- ✓ Expansion of fleet through M&A and organic opportunities

## How we plan to unlock further value...



**Progress: from concept to one of the leading transportation player in 9 months. Assessing market opportunities to expand further**



# Key Developments: SSTL

## 2012 and 1Q 2013 Objectives

### Safeguard operations

- ✓ 9 most attractive circles
- ✓ 75% of revenue maintained
- ✓ Present in 86 largest cities

### Minimise cash out for spectrum

- ✓ Spectrum purchased at 50% of original price in November 2012
- ✓ US\$ 296 mln offset mechanism
- ✓ US\$ 382 mln spread over 10 years from 2016

### Reduce reliance on Sistema

- ✓ OIBDA loss reduced by >40% with reduction in circles
- ✓ Cash requirement of US\$ 415 mln in 2013 including exit costs\* and less than US\$ 250 mln in 2014

**... all three objectives achieved. Moreover, position strengthened due to tech neutrality and 3 carriers.  
Now focused on delivering mid term strategy**

### Optimise existing business

- 40% potential population coverage
- 60% of potential data market
- Restructuring expected to be completed by the end of 2Q 2013
- Reduce circle exit costs wherever possible

### Creating robust operator

- Sharper focus on circles with greatest data potential – plays to MTS brand positioning
- Focus on data services particularly in tier 2/3 cities
- Establish operator of choice for data

### OIBDA breakeven and evaluation of LTE roll out

- OIBDA breakeven across all 9 circles: end 2014 to 1H 2015
- Lower operating costs and improve distribution and sales
- Network easily upgradable at minimal cost
- Evaluate ecosystem and other roll out examples on 850 Mhz

**Successfully managed all major concerns around situation in India, securing superior licences and reducing cashburn**

\*Excluding debt refinancing



# Key Developments: Agriculture (RZ Agro Holding)

## Building blocks in place...

- Prime-agricultural company in the South of Russia controlled 50/50 by Sistema and some members of the Louis-Dreyfus family
- Land bank of 89k ha with 90% under cultivation
- Operates 5 farms located in 2 regional clusters in the Rostov region (East and South) close to major export ports in Russia
- Focusing on grains (mainly wheat) and oilseeds production to serve principally export markets
- Over 155k tonnes of storage capacity (flat storage and warehouses), in addition to silo bag storage
- Modernised infrastructure (weight-bridges, laboratory, geo satellite tracking) and new equipment (c.40% of total park of combines)

## Forward strategy

### Organic Growth – improving existing operations

- Modernisation of infrastructure and equipment
- Strict cost and cashflow management
- Enhance marketing and client base

### M&A – expanding land bank

- Accumulate 30 - 50k hectare cluster farms
- Focus area: south of Russia and close to export infrastructure
- Near term aim: c. 200k hectares

## Initial pilot investment in agriculture delivering encouraging results

## ... with encouraging results to date

Indicator	Results in 2012
Revenue	US\$ 29 mln
Harvest volume	130k tonnes
Sales volumes	107k tonnes
Key sales mix	60% wheat; 18% barley; 13% sunflower
Average net wheat yield*	2.6 tonnes/ha

\*Yield impacted by severe drought in South of Russia in 2012





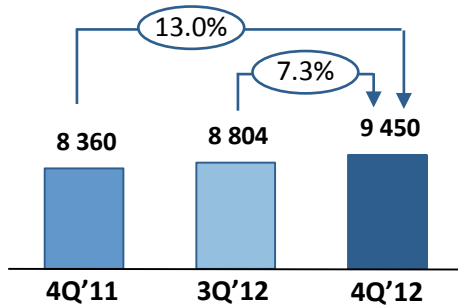
# 4Q 2012: Financial Results

## FINANCIAL HIGHLIGHTS

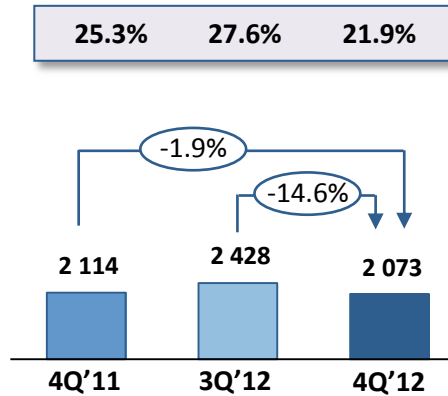
- **Revenues up** 13.0% YoY to US\$ 9.5 billion
- **Adjusted OIBDA down** 1.9% YoY to US\$ 2.1 billion, with an adjusted OIBDA margin of 21.9%
- **Adjusted net income up** 36.9% YoY to US\$ 357.9 million, versus US\$ 261.4 million in 4Q 2011

US GAAP, US\$ mln

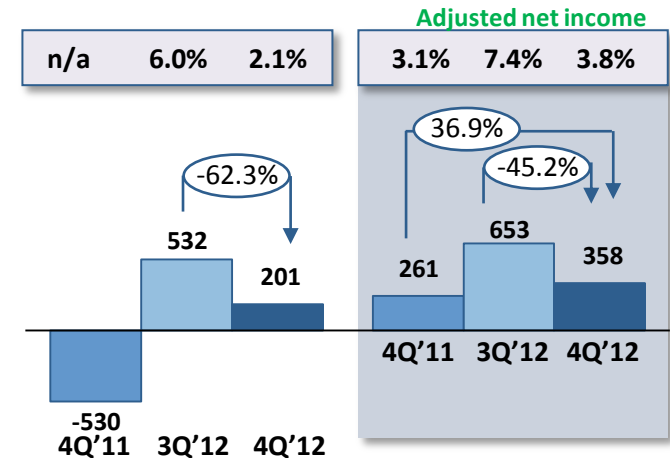
### REVENUE



### Adjusted OIBDA



### NET INCOME



Excellent revenue growth generated across all portfolio companies. OIBDA impacted by higher tax expenses at Bashneft



# 4Q 2012 and Full 2012: Financial Performance Overview [1]

## KEY HIGHLIGHTS

- **Sistema's consolidated revenue increased by 3.9% and 9.9% YoY** in 2012 in US dollar and rouble terms, respectively. This was largely driven by organic development at MTS, higher sales at Bashneft, RTI's consolidation of NVision Group, as well as excellent performance at Detsky mir and MTS Bank. Sistema's revenue increased by 13.0% YoY and 7.3% QoQ in 4Q 2012 .
- **The Group's adjusted OIBDA increased** by 3.3% in 2012 as a result of higher profitability at MTS, Detsky mir and MTS Bank. The slight decline in OIBDA in 4Q 2012 YoY was due to higher tax expenses at Bashneft.
- **Sistema's consolidated adjusted net income grew by 80.0% in 2012** due to strong results across most portfolio companies. In 4Q 2012, Sistema's adjusted net income increased by 36.9% YoY.

	2012	2011
<b>Total revenue</b>	<b>34 241</b>	<b>32 941</b>
Cost of sales, exclusive of depreciation and amortization shown separately below	(13 492)	(13 007)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(373)	(310)
Selling, general and administrative expenses	(3 856)	(3 918)
Depreciation, depletion and amortization	(3 159)	(3 269)
Transportation costs	(862)	(790)
Impairment of goodwill	(109)	(349)
Impairment of long-lived assets other than goodwill and provisions for other assets	(1 222)	(819)
Provisions for claims	(497)	(12)
Taxes other than income tax	(6 790)	(6 258)
Other operating expenses, net	(165)	(451)
Equity in results of affiliates	(9)	121
Gain on disposal of interests in subsidiaries	12	63
<b>Operating income</b>	<b>3 719</b>	<b>3 942</b>
Interest income	275	177
Change in fair value of derivative instruments	(2)	(2)
Interest expense, net of amounts capitalized	(1 351)	(1 741)
Foreign currency transactions gains/(losses)	(94)	(326)
Income tax expense	(1 154)	(1 084)
Income/(loss) from discontinued operations, net of income tax effect	(50)	61
Income from disposal of discontinued operations, net of income tax effect	131	162
Noncontrolling interest	(714)	(970)
<b>Net income</b>	<b>947</b>	<b>218</b>

**Strong results in 2012 were driven by solid performance of core and developing investments**

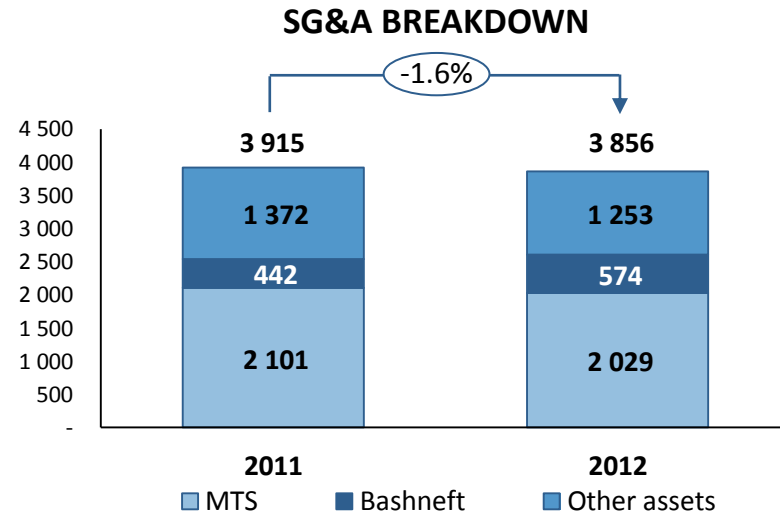
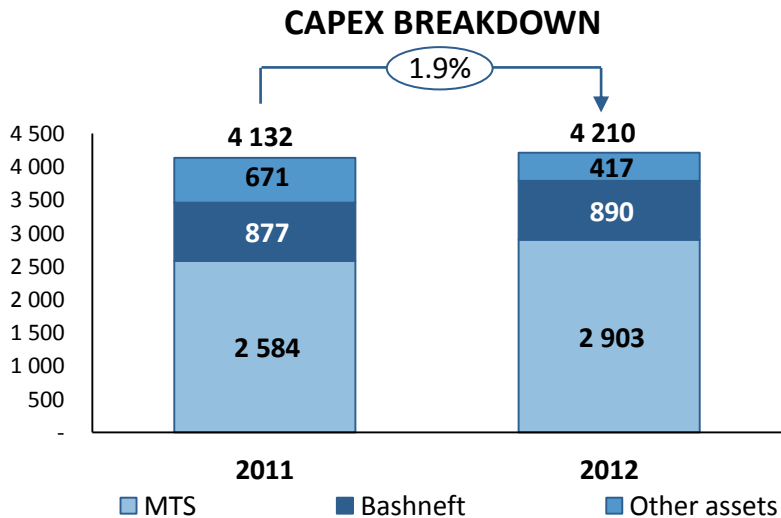


# 4Q 2012 and Full 2012: Financial Performance Overview [2]

## FINANCIAL HIGHLIGHTS

- **Group's CAPEX increased by 1.9%** largely as a result of the planned investment programme and development of the LTE network. Bashneft reported a slight increase in CAPEX as a result of refineries modernisation in 2012.
- **Group's SG&A decreased by 1.6% YoY**, mainly due to the cost efficiency measures taken at MTS.
- **Corp. Centre's SG&A decreased by 18.1% YoY** and amounted to US\$ 225.7 mln, resulting in Hold Co SG&A / Revenue of 0.66% in 2012 vs 0.84% in 2011.

US GAAP, US\$ mln.



\*Total Group SG&A amount presented after intercompany eliminations

**Corp. Centre's SG&A cut by 18.1% in 2012**

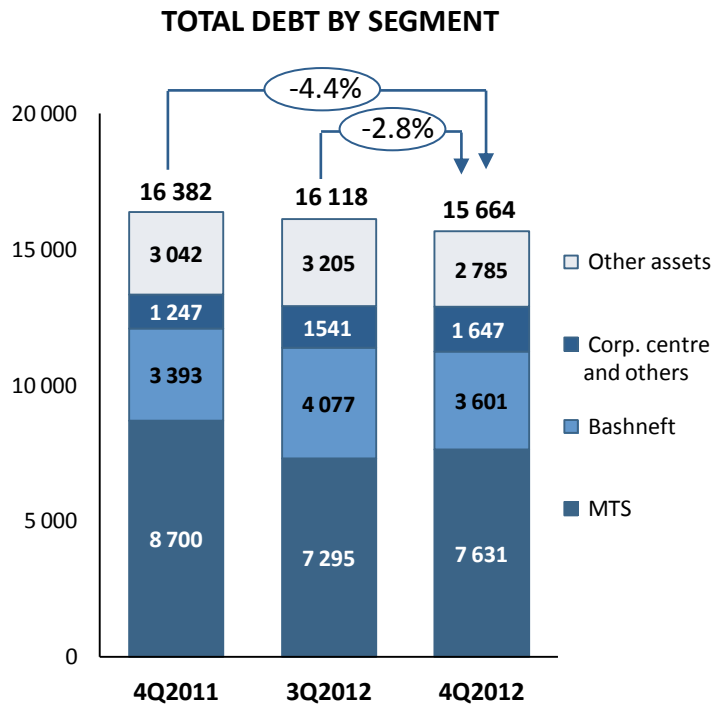


# Consolidated Debt

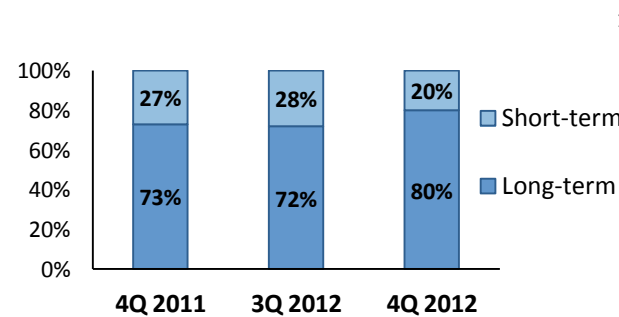
## KEY HIGHLIGHTS

- **Group's debt decreased by 2.8% QoQ** due to the decline in Bashneft's and SSTL's debt.
- **Debt currency profile remained unchanged**, while portion of long-term debt increased to 80%, following the resolution of licence issues in India and reclassification of SSTL's loans.

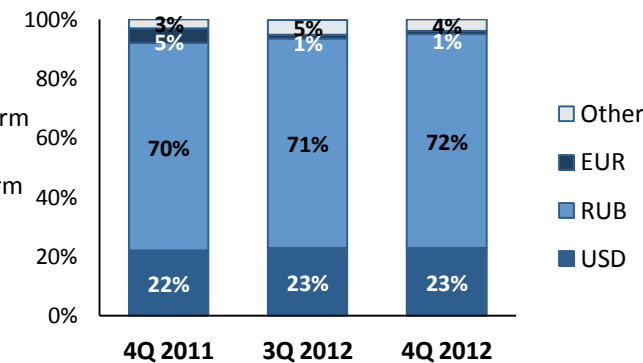
US GAAP, US\$ mln



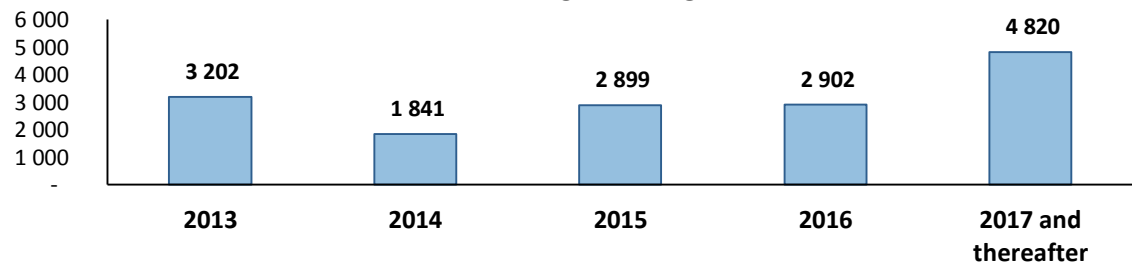
### LONG-TERM VS SHORT-TERM DEBT\*



### DEBT CURRENCY PROFILE\*



### DEBT MATURITY PROFILE\*



**Group's debt decreased YoY and QoQ, while SSTL's debt reduced by 31.9% in 4Q 2012**

\*Source: management accounts

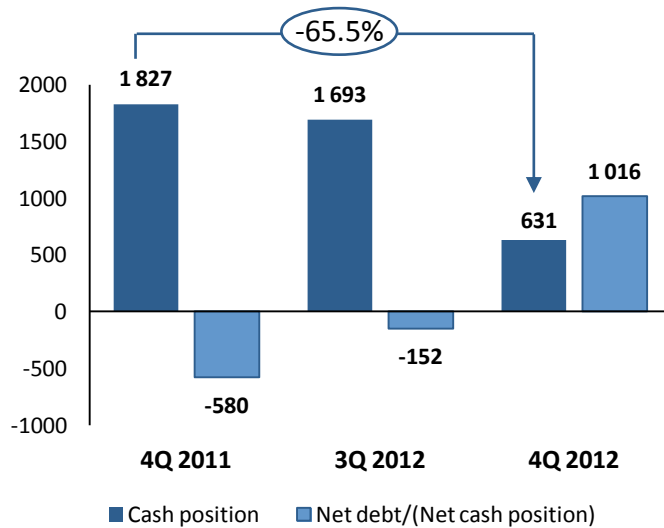


# Corporate Centre Debt Management

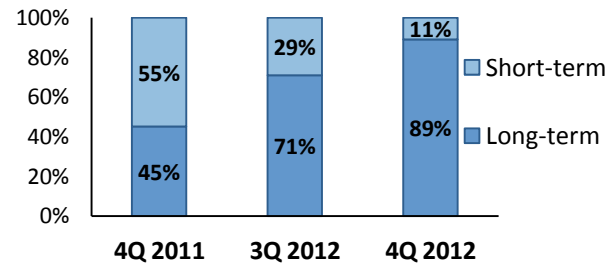
## KEY HIGHLIGHTS

- Corporate Centre debt increased** by 32.1% in 2012 to US\$ 1.6 bln as a result of US\$ 500 mln Eurobond issue in April 2012, and rouble appreciation against the US dollar as of December 31, 2012. The Corporate Centre's cash position decreased in 2012 due to the acquisition of SG-trans, Sistema's buyback programme and SSTL's debt refinancing.
  - Corporate Centre debt is 61% denominated in RUB** with no obligations in Euro – an optimal structure, which is likely to be retained in the future.
- US GAAP, US\$ mln

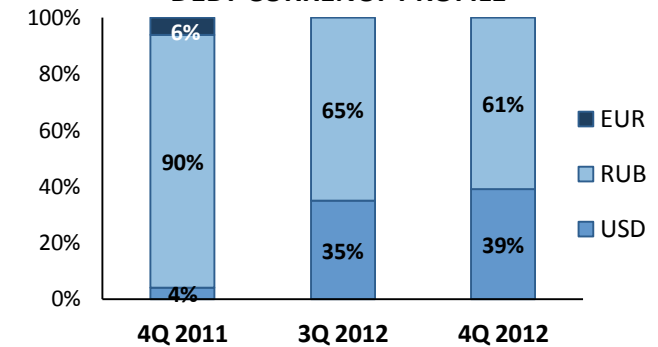
**HOLD CO LEVEL  
CASH POSITION\*\***



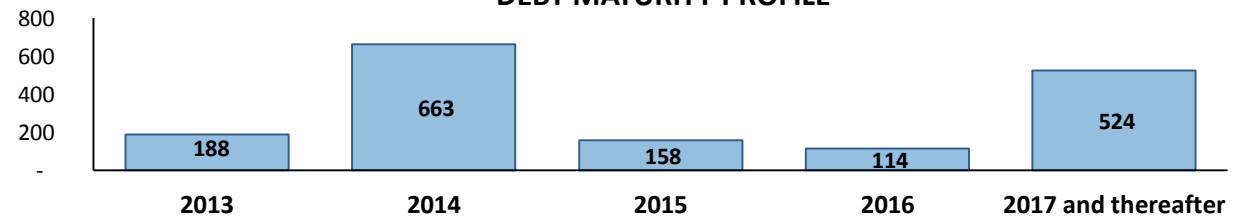
**HOLD CO LEVEL  
LONG-TERM VS SHORT-TERM DEBT\***



**HOLD CO LEVEL  
DEBT CURRENCY PROFILE\***



**HOLD CO LEVEL  
DEBT MATURITY PROFILE\***



**Corporate Centre's cash position decreased in 2012 due to executed M&A deals, buyback programme and SSTL's debt refinancing**

\*Source: management accounts

\*\*Including highly liquid deposits



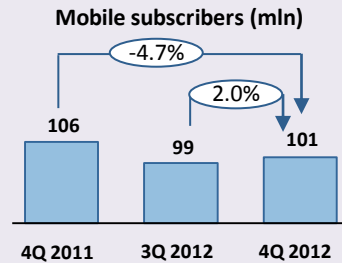
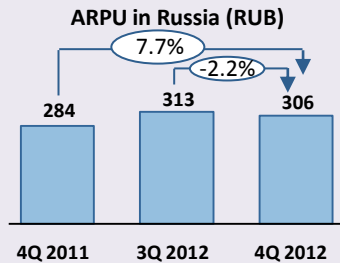
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# Assets overview [1]

## MTS

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
<b>Revenue</b>	3 168	2 982	3 132	6.2%	1.1%	<b>Revenue</b>	12 436	12 319	0.9%
<b>OIBDA</b>	1 345	1 287	1 384	4.5%	-2.8%	<b>OIBDA*</b>	5 305	5 187	22.7%
<b>OIBDA margin</b>	42.5%	43.2%	44.2%	n/a	n/a	<b>OIBDA margin*</b>	42.7%	42.1%	n/a
<b>Debt</b>	7 631	8 700	7 295	-12.3%	4.6%				

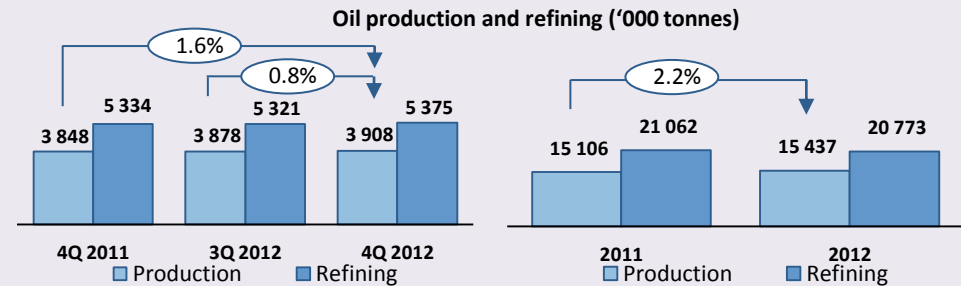


- MTS' revenues increased by 0.9% YoY in 2012, primarily due to the growth in sales of handsets and data products, which offset the impact of a weakening of the Russian rouble vs the US dollar and the mid-year suspension of the company's operations in Uzbekistan. MTS' revenue showed a 1.1% increase QoQ, while OIBDA declined as a result of seasonal decrease in roaming services consumption.
- In 2012, MTS' adjusted OIBDA increased by 22.7% YoY in 2012 as a result of growing income from data services and a reduction in marketing expenses.
- MTS' subscriber base decreased to 101 mln, following the suspension of operations in Uzbekistan. Excluding customers in Uzbekistan, subscriber base grew by 4.4% due to resumed operations in Turkmenistan, as well as the growing subscriber base in Russia and Ukraine. The number of households passed in the broadband business increased by 3.0% YoY and reached 11.7 mln. The Pay-TV subscriber base remained largely stable at 2.9 mln. MTS' broadband subscriber base increased from 2.2 mln to 2.3 mln YoY.
- ARPU in Russia grew by 7.7% from 284 RUB in 4Q 2011 to 306 RUB in 4Q 2012, due to the improved quality of subscriber base and data services consumption growth. MOU increased by 35.7% to 323 min in 4Q 2012 vs 238 min in 4Q 2011. In 2012, MOU grew by 13.0% up to 304 min vs 269 min in 2011.

\*Adjusted OIBDA: without recognised loss from impairments relating to MTS' operations in Uzbekistan.

## BASHNEFT

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
<b>Revenue</b>	4 499	4 083	4 622	10.2%	-2.7%	<b>Revenue</b>	17 125	16 549	3.5%
<b>OIBDA</b>	648	835	962	-22.4%	-32.6%	<b>OIBDA</b>	3 150	3 391	-7.1%
<b>OIBDA margin</b>	14.4%	20.5%	20.8%	n/a	n/a	<b>OIBDA margin</b>	18.4%	20.5%	n/a
<b>Debt</b>	3 601	3 393	4 077	6.1%	-11.7%				



- Bashneft's revenue increased by 3.5% YoY in 2012 due to increased export volumes, and by 10.2% YoY in 4Q 2012, as a result of higher exports of oil products, especially to non-CIS countries. In 4Q 2012, revenue fell by 2.7% QoQ as a result of decreased sales of oil products reflecting the seasonal decline in demand.
- In 2012, OIBDA decreased by 7.1% YoY, primarily due higher tax expenses.
- In 2012, oil production increased by 2.2% to 15.4 mln tonnes. Refining volumes from the company's refinery in 2012 slightly decreased to 20.8 mln tonnes of crude oil following the planned repairs to the Ufimsky refinery plant. In 2012, the average refining depth was 84.9% and light-product yield amounted to 59.7%, while the Nelson complexity index increased from 8.3 to 8.55 following the completion of the process of increasing the capacity of a delayed coking Branch "Bashneft Ufaneftekhim" from 1.2 mln to 1.6 mln tonnes per year. As of December 31, 2012, Bashneft operated a total of 488 petrol stations.
- In 4Q 2012, Bashneft sold 4.9 mln tonnes of oil products – 8.2% less than in 3Q 2012, reflecting the seasonal decrease in demand. Export volume amounted to 1.1 mln tonnes of crude oil and 2.2 mln tonnes of oil products in 4Q 2012.

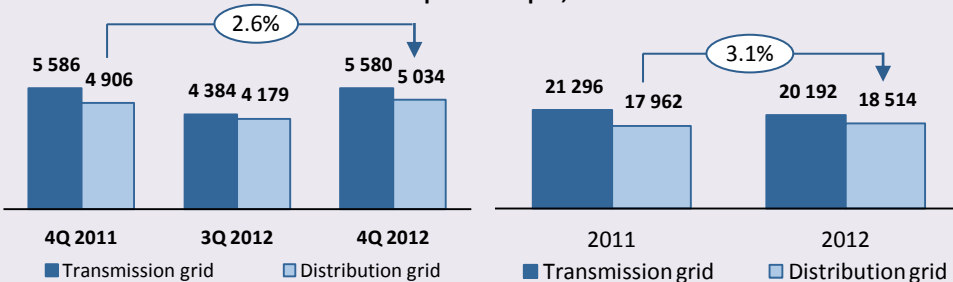


# Assets overview [2]

## Bashkirian Power Grid Company (BESK)

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	91	97	99	-5.2%	-7.2%	Revenue	373	388	-3.8%
OIBDA	7	0.5	52	12x	-86.9%	OIBDA	129	99	29.9%
OIBDA margin	7.5%	0.6%	52.9%	n/a	n/a	OIBDA margin	34.6%	25.6%	n/a

Grid effective power output, mln KW\*h

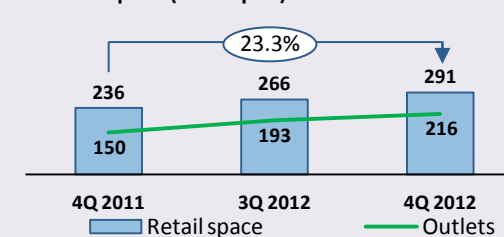


- Revenue decreased in 4Q 2012 by 5.2% YoY and by 3.8% in 2012 mainly due to changes in the payment procedure for power transmission services effective from July 1, 2012, as well as rouble depreciation against the US dollar. OIBDA grew significantly YoY in 4Q 2012 and increased by 29.9% YoY in 2012, mainly due to the optimisation of the company's organisational structure and its operating expenses. OIBDA decreased QoQ due to forming provisions for variances and losses, extension of timelines of the repair programme, and business restructuring expenses.
- Distribution grid losses in 2012 decreased from 9.26% to 8.67% YoY, as a result of reduced commercial losses, an increased number of installed electricity meters, and tests conducted to detect non-contractual and non-metered consumption and control over electricity meter readings.
- In 4Q 2012, effective transmission grid output was largely stable YoY, and the productive supply in distribution grids increased by 2.6% vs 4Q 2011. Higher losses in transmission grid were caused by a decline in consumption and operational factors.
- In November 2012, Bashkirenergo was split into JSC Bashkirian Power Grid Company, which combines transmission and distribution grids, and OJSC Bashenergoactiv, which integrates power generation assets. Sistema-Invest obtained a 92.48% voting stake in Bashkirian Power Grid Company.

## DETSKY MIR Детский мир

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	314	254	231	23.7%	35.8%	Revenue	893	783	14.0%
OIBDA	50	35	20	43.9%	145.0%	OIBDA	54	27	97.9%
OIBDA margin	15.9%	13.6%	8.8%	n/a	n/a	OIBDA margin	6.1%	3.5%	n/a
Debt	99	125	137	-21.3%	-28.1%				

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



- Detsky mir's revenue increased by 23.7% YoY and 14.0% in 2012, as a result of regional store expansion and higher like-for-like sales.
- Increase in OIBDA by 43.9% YoY in 4Q 2012 and by 97.9% in 2012 was primarily driven by higher revenues and the cost optimisation programme.
- Detsky mir's debt decreased by 21.3% YoY.
- Online store expanded its deliveries to all cities covered by Detsky mir retail chain, which resulted in tripling of revenues from online sales to US\$ 4.1 mln.
- As of the end of 4Q 2012, the retail network included 216 stores, including 20 ELC franchise stores, located in 96 cities of Russia and Kazakhstan, whilst the aggregate retail space was 291 th.sq.m. In 4Q 2012, Detsky mir opened 23 new stores.
- In October 2012, the Board of Directors appointed Vladimir Chirakhov as a CEO of Detsky mir.

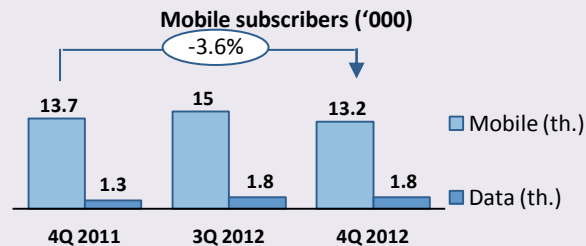




# Assets Overview [3]

## SSTL

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	72	76	73	-5.3%	-1.2%	Revenue	303	262	15.5%
OIBDA*	-50	-109	-64	n/a	n/a	OIBDA*	-270	-402	n/a
OIBDA margin	n/a	n/a	n/a	n/a	n/a	OIBDA margin	n/a	n/a	n/a
Debt	1 047	1 574	1 537	-33.5%	-31.9%				



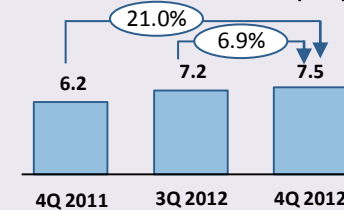
- SSTL's revenue increased by 15.5% in 2012 in US dollar terms and by 31% in local currency terms mainly due to growth in revenue share from non-voice and mobile value-added services (VAS).
- Data card subscriber base was up in 2012 to 1.78 mln, but decreased by 2% QoQ. Blended mobile ARPU in 4Q 2012 and for the full year of 2012 amounted to US\$ 1.48 and US\$ 1.52, respectively.
- Non-voice revenues from both data and mobile VAS in 2012 grew to US\$ 109 mln and contributed 36% of total revenues.
- Debt significantly reduced in 4Q 2012 by 31.9% QoQ.
- In February 2012, the Supreme Court of India revoked 122 licences of 8 Indian operators issued in 2008, including 21 out of 22 licences held by SSTL. In March 2013, SSTL participated in new spectrum auctions, acquiring licences in 8 circles, resulting in a 9 circle footprint including Rajasthan.

\* Adjusted OIBDA: without recognised losses and provisions relating to situation around telecommunication licences in India.

## SISTEMA MASS-MEDIA

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	23	24	13	-3.4%	75.4%	Revenue	82	102	-19.8%
OIBDA	8	-57	0.3	n/a	28x	OIBDA	20	-32	n/a
OIBDA margin	34.2%	n/a	2.1%	n/a	n/a	OIBDA margin	25.0%	n/a	n/a
Debt	33	46	39	-28.8%	-15.3%				

### Stream TV subscriber base (mln)



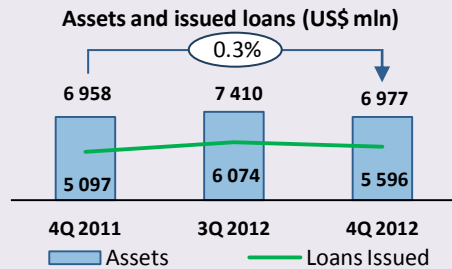
- Revenue decreased YoY by 19.8% in 2012, largely due to the closure of studio in Moscow as a result of business restructuring, changes in accounting method for revenue at the advertising segment and the rouble depreciation against the US dollar.
- SMM's revenue grew by 75.4% in 4Q 2012 vs 3Q 2012 as a result of the shift in production schedule at Russian World Studios (RWS) to 4Q 2012.
- SMM's OIBDA normalised in 2012 due to the cost optimisation programme, business restructuring and organic growth in key high-margin segments.
- Stream-TV subscriber base in 2012 increased by 21.0% YoY to 7.5 mln customers.
- As of December 31, RWS library increased by 7.3% YoY and amounted to 1,600 hours. In the reporting period, RWS produced and sold 109 and 140 hours of content, respectively.
- In June 2012, SMM began managing the multimedia content portal Stream.ru (formerly Omlet.ru).
- In 3Q 2012, SMM continued its business restructuring and closed its film studio in Moscow and divided its studio production business into two entities, OJSC ORK (studios) and RWS (producing).



# Assets Overview [4]

## MTS BANK MTS Bank

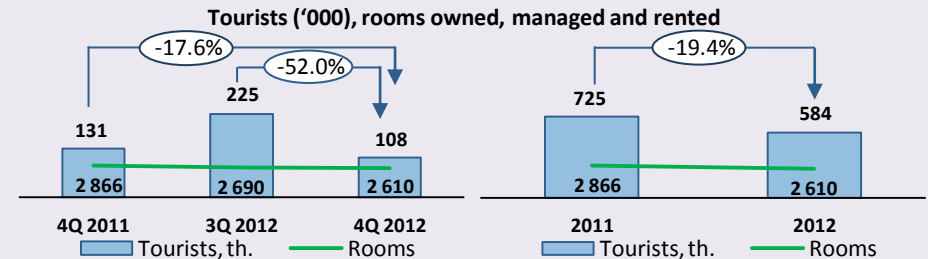
US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	211	151	174	40.0%	21.4%	Revenue	712	561	27.0%
OIBDA	53	26	-8	107.7%	n/a	OIBDA	51	-6	n/a



- MTS Bank's revenues increased in 4Q 2012 by 27.0% YoY and by 21.4% vs 3Q 2012. In the reporting period, the loan portfolio from joint projects with MTS grew by 57% QoQ to US\$ 234 mln.
- MTS Bank reported significant OIBDA growth in 2012 and 107.7% rise in 4Q 2012 YoY, largely due to the increased interest and commission income, reflecting the development of its retail business.
- The loan portfolio, excluding leases, as of the end of 4Q 2012 grew by 11.8% up to US\$ 5,593 mln, compared to US\$ 5,004 mln in 4Q 2011.
- Despite the relatively small increase in the loan portfolio before provisions, the structure of the portfolio changed significantly in 2012 with the higher volume of retail loans, including mortgages, consumer loans and credit cards. The volume of mortgage loans grew by 38% to US\$ 623 mln, consumer loans portfolio more than doubled to US\$ 558 mln.
- The interest income from retail and corporate clients transactions grew by 18.4% vs 3Q 2012 up to US\$ 161.6 mln. In 2012, interest income grew by 20.3% compared to 2011 to US\$ 575.2 mln.
- In February 2012, MBRD changed its name to OJSC MTS Bank.
- In April 2012, the EGM of MTS Bank's shareholders initiated the reorganisation of MTS Bank through merger with Dalcombank.

## INTOURIST

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	24	21	24	14.3%	-1.3%	Revenue	87	277	-68.4%
OIBDA	-17	-2	5	n/a	n/a	OIBDA	-14	44	n/a
OIBDA margin	n/a	n/a	22.3%	n/a	n/a	OIBDA margin	n/a	15.8%	n/a
Debt	81	102	76	-21.1%	5.7%				



- Intourist reported a decrease in revenues in 2012, as a result of the change in accounting method for the company's tour operating and retail businesses following the transaction with Thomas Cook in 3Q 2011. A 14.3% YoY revenue growth in 4Q 2012 was mainly due to the success of the company's hotel division, which saw an increase in sales and improved quality of services.
- Intourist reported an OIBDA loss in 2012 due to recognised losses from the tour operating business in its JV with Thomas Cook.
- The termination of a management contract with the owners of Oktyabrskaya Hotel (Nizhniy Novgorod) and Severnaya Hotel (Petrozavodsk) led to a decrease in the number of rooms owned, managed and rented in 2012.
- The number of tourists travelling through the Thomas Cook JV fell by 19.4% in 2012, mainly due to a decrease in package sales to travel agencies as a result of the growing trend for tourists to make their travel arrangements independently.

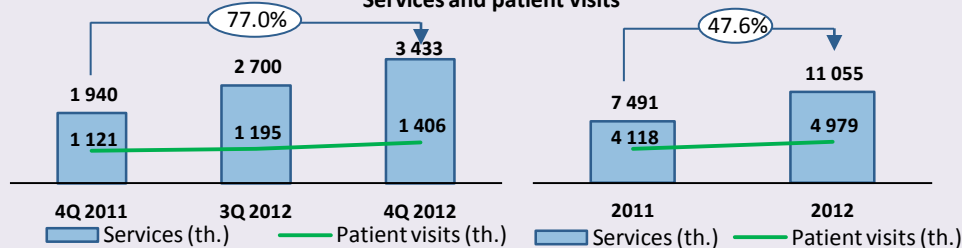


# Assets Overview [5]

## MEDSI М-Е-Д-С-И

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	82	52	46	57.7%	77.1%	Revenue	234	199	12.5%
OIBDA	10	10	8	-5.7%	17.8%	OIBDA	29	31	-6.4%
OIBDA margin	12.0%	20.1%	18.1%	n/a	n/a	OIBDA margin	13.0%	15.6%	n/a
Debt	84	69	71	21.7%	18.6%				

### Services and patient visits

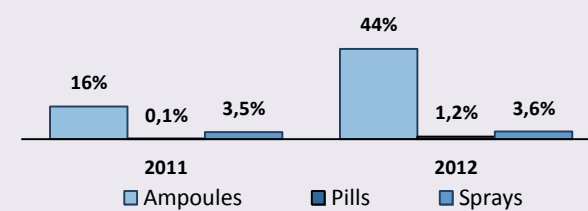


- Medsi's revenue increased in 4Q 2012 and for the full 2012, reflecting the wider range of services provided and growth in patients' visits. Medsi's OIBDA declined YoY in 4Q 2012 and for 2012, due to the increased expenses relating to the integration with assets of Medical Centre for the Mayor and Government of Moscow (MCMGM), and consultancy services expenses.
- The amount of services and patient visits in 2012 increased by 47.6% and 20.9%, respectively, while the average cheque amounted to RUB 1.4 th. In 4Q 2012, the number of services provided increased by 77.0% YoY, patient visits were up 25.4% and average cheque grew by 28.6% to RUB 1.8 th. This was mainly due to an increase in the range of services provided and an expansion in the number of hospitals, clinics and rehabilitation centres operated by Medsi.
- In April 2012, Medsi agreed on a merger with the State Unitary Enterprise (SUE), which now holds a 25% share in the enlarged company. The merger completed in 4Q 2012 resulting in Medsi managing 22 clinics in Moscow, 11 clinics in regions, 3 inpatient treatment facilities with a total bed count of 1160, more than 80 medical posts in Russia, ambulance service, 3 wellness centers in Moscow, and 3 sanatoriums in Moscow and Crimea. Total floor space of the healthcare facilities - over 230 th. sq. m

## BINNOPHARM БИНОФАРМ

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
Revenue	20	15	24	36.7%	-16.2%	Revenue	74	39	91.5%
OIBDA	-4	4	15	n/a	n/a	OIBDA	16	1	1103.2%
OIBDA margin	n/a	28.7%	61.2%	n/a	n/a	OIBDA margin	21.7%	3.5%	n/a
Debt	21	7	12	206.0%	75.2%				

### Utilization rate of new Zelenograd production facility



- Increase in revenues by 36.7% YoY in 4Q 2012 and by 91.5% in 2012 reflects higher sales of Binnopharm's own products, and the expansion of its distribution volumes. Revenue declined QoQ in 4Q 2012 as a result of the shift in production to previous quarters.
- OIBDA demonstrated significant growth in 2012 due to improvements in operating efficiency, and as a result of completing the government contract for delivering the Hepatitis B vaccine ahead of schedule. The product portfolio was complemented by a new bio-technology product – Erythropoietinβ 2000 ME. In 2012, the company also reopened the production lines for tablets and aerosols.
- Debt increased in 4Q 2012 as a result of credit for project finance to purchase a syringe lines and merger with Alium.
- In 2012, Binnopharm agreed on a merger with Alium, a leading pharmaceutical company. As part of the agreement, Sistema's shareholding decreased to 74%, while 26% is held by Zenitco Finance Management Ltd. The integration was completed in March 2013.



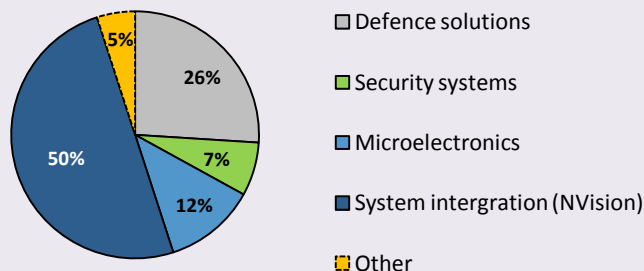
# Assets Overview [6]

## OJSC RTI

RTI consolidates SITRONICS, NVision Group and RTI Systems and is comprised of four principal business units (“BU”) – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

US\$ mln	4Q'12	4Q'11	3Q'12	YoY	QoQ	US\$ mln	2012	2011	YoY
<b>Revenue</b>	1 068	766	465	39.5%	129.7%	<b>Revenue</b>	2 376	2 093	13.5%
<b>OIBDA</b>	-50	63	34	n/a	n/a	<b>OIBDA</b>	13	154	-91.9%
<b>OIBDA margin</b>	n/a	8.3%	7.4%	n/a	n/a	<b>OIBDA margin</b>	0.5%	7.4%	n/a
<b>Debt</b>	1 338	1 126	1 319	18.8%	1.5%				

Revenue by business segments in 2012



- RTI’s revenue increased by 13.5% in 2012 and by 129.7% QoQ in 4Q 2012, due to the consolidation of NVision Group in 3Q 2012 and growing revenue in Defence Solutions BU. RTI reported OIBDA loss in 4Q 2012 and OIBDA decrease by 91.9% in 2012, which resulted from recognised loss from impairment of investments in INTRACOM in Greece, as well as higher operating expenses following the restructuring.
- In 4Q 2012, RTI’s debt increased by 18.8% YoY and by 1.5% QoQ, mainly due to the consolidation of NVision Group and the growth of government contracts in Defence Solutions BU with a post-paid scheme of financing.
- In February 2012, RUSNANO and SITRONICS launched the production of microchips on the basis of the 90 nm technology. The launch of the new line is expected to double the production capacity of the plant and produce up to 36 th. plates with the diameter of 200 mm per year. The project is budgeted at RUB 16.5 bln, including co-financing from RUSNANO in the amount of RUB 6.5 bln.
- In June 2012, RTI has been included in the Defence News TOP 100 list of the largest defence companies in the world.
- In August 2012, after a mandatory buyout process, RTI became the owner of 100% shares of SITRONICS. Following the buyout, SITRONICS was delisted from the London Stock Exchange, and the depositary receipts and Depositary Agreements were terminated.
- In September 2012, RTI completed the strategic integration of the assets of RTI Group and NVision Group for IT and communication technologies. Following the transaction, RTI became the owner of 50%+0.5 shares of NVision Group.
- In November 2012, RTI and its subsidiaries became the holders of 83.54% of voting shares in OJSC NIIDAR. Following the transaction, RTI declared a mandatory offer to acquire up to 100% of NIIDAR’s ordinary shares.



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