



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

JSFC Sistema

1Q 2008 Results

June 26, 2008

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- 1. Highlights and management goals**

2. Strategy execution

3. Financial results



“5 X 5 > 25” Management Goal

GOAL

Return on Invested Capital (ROIC) - above 25% by the end of the next 5-year period and beyond

5 TOOLS

1. Increase value of ALL assets by:

- Continuing to deliver robust and transparent financial results
- Demonstrating excellent management of assets, including through partnerships with leading companies
- Diversifying risks and attracting capital, including through established partnerships with market leaders

2. Continue to follow strict fiscal discipline based on:

- TSR and ROIC driven philosophy
- Transparent KPIs for all public and non-public companies

3. Simplify the Group’s corporate structure

4. Demonstrate execution leadership in portfolio strategy management and assets management

5. Best in class in investor relations and corporate governance areas.

Q1 2008 Operational Highlights



1Q2008

- Placement of RUB 6 bln corporate bond and redemption of US\$ 350 mln Eurobond issue
- Acquisition of the controlling stake in Shyam Telelink. The company also has been awarded unified pan-Indian telecom licenses
- Completion of the acquisition of controlling stake in Dalcombank
- Sale of the stake in Perm Motors

Recent developments

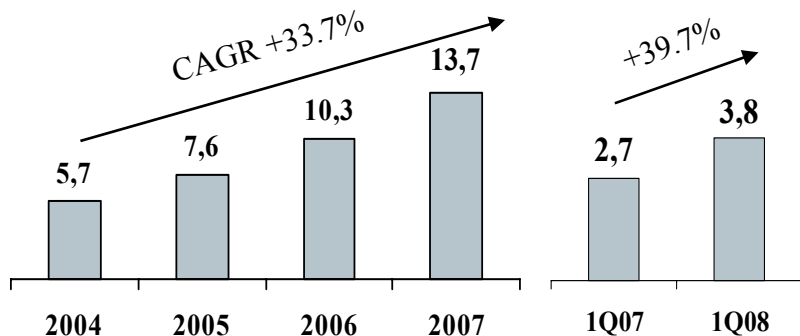
- Appointment of the new CEO of JSFC Sistema
- Placement of US\$ 613 mln syndicated loan
- Sistema's stake in Shyam Telelink increased to almost 74% and Shyam Telelink was awarded spectrum in 19 circles

Financial Highlights

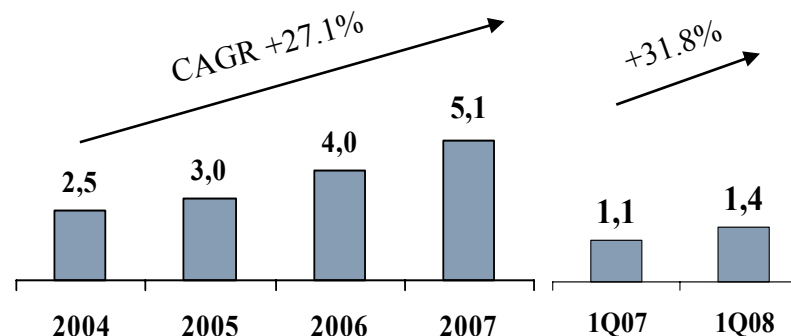
US GAAP, USD billion



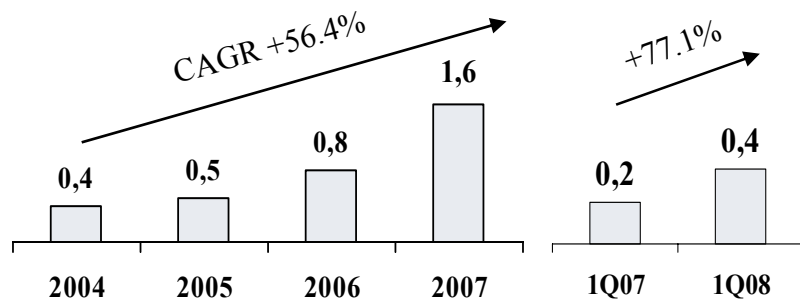
REVENUES



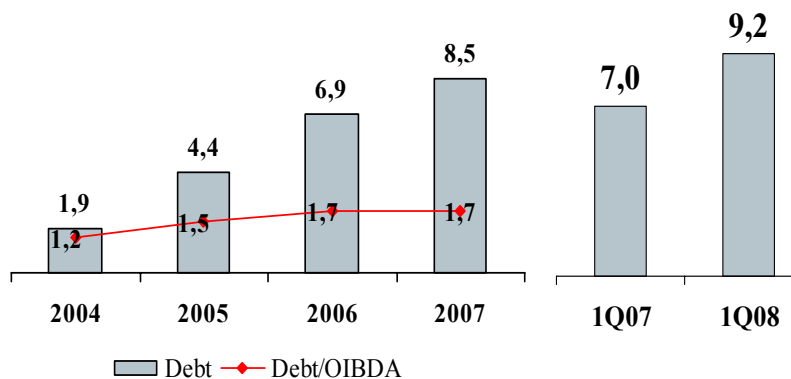
OIBDA



NET INCOME*



CONSOLIDATED DEBT



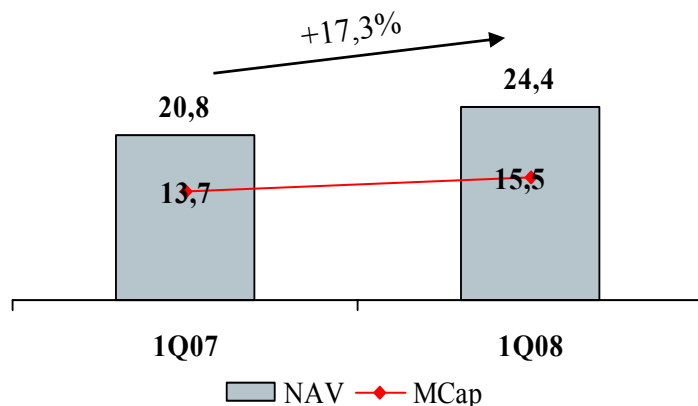
* 1Q 2007 and 1Q 2008 - Income from continuing operations

Accelerated growth while maintaining a sound financial position

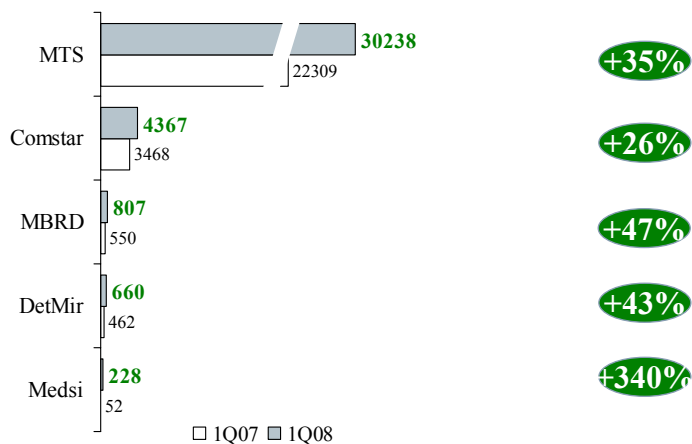
Net Asset Value and ROIC



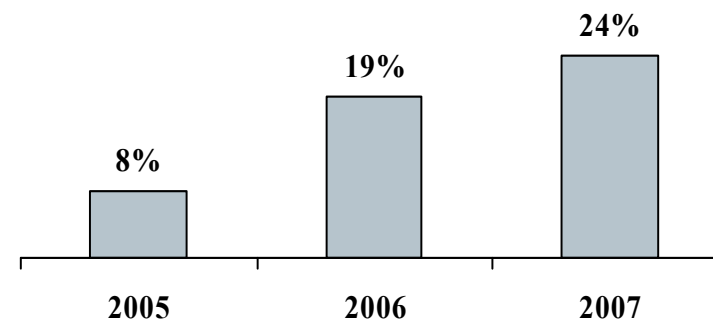
Sistema NAV and MCap



Subsidiaries NAV and MCap



RETURN ON INVESTED CAPITAL*



- Sistema NAV increased by 17.3% y-o-y in the first quarter of 2008 to US\$ 24.4 billion whilst Market Capitalization increased by 13.1%
- According to Sistema estimates the value of non-public assets increased by 22.2% y-o-y to approximately US\$ 3.3 billion
- Public assets (including Bashkir oil companies) were up 19.6% y-o-y whilst at the same time the RTS index grew by 6.1%
- MBRD, DetMir and Medsi NAV grew by 47%, 43% and 340% y-o-y respectively

* Data for Corporate center

Sistema NAV grew considerably year on year in the first quarter of 2008

Agenda



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Strengthening leadership positions of public companies



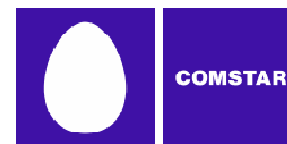
MTS

- Revenues up 37% y-o-y to US\$ 2 379 million
- OIBDA up 30% y-o-y
- OIBDA margin 49.4%



Comstar UTS

- Revenues up 27% y-o-y to US\$ 417 million
- OIBDA up 27% y-o-y
- OIBDA margin 40.7%



Sistema-Hals

- Revenues up 311% y-o-y to US\$ 142 million
- OIBDA up 325% y-o-y
- OIBDA margin 21%



Sitronics

- Revenues up 43% y-o-y to US\$ 446 million
- OIBDA margin 4.6%



Sistema continued growing its core assets



Investing in Shoots of growth

Banking

- Revenues up 89% y-o-y to US\$ 151 million
- The loan portfolio grew by 140.7% y-o-y to US\$ 3.6 billion as at March 31, 2008
- Acquisition of a leading Far Eastern bank – Dalcombank
- In March 2008 MBRD successfully repaid USD 150 million Eurobonds



Retail

- Revenues up 70% y-o-y to US\$ 148 million
- The network of retail outlets grew by 30 stores to 97 in total as of March 31, 2008, while the aggregate retail space increased by 51% year on year to 177 thousand square meters
- Expansion into Ukraine starts in 2Q2008



Mass-media

- Revenues up 68% y-o-y to US\$ 45 million
- The Stream-TV subscriber base increased by 11.8% year on year to 1.8 million subscribers, while its Internet subscriber base has nearly doubled to 144,000
- Securing the best thematic TV-content through own production and content aggregation



The biggest non-public businesses maintain efficiency of operations and stability of growth

Investing in Shoots of growth



Travel

- Revenues up 50% y-o-y to US\$ 73 million
- The company serviced 185 thousand customers in the first quarter of 2008 compared to 100 thousand for the corresponding period of 2007.
- The hotel group, which comprises 9 hotels, increased the total number of rooms by 17.1% to nearly 2,455 rooms as of March 31, 2008
- Strong organic growth (naturally low season but still Egypt was very good)
- In March took 5 star hotel Justiniano on lease in Turkey
- Acquisition of Orient (strong domestic operator + Sochi) in April



Healthcare

- Revenues up 400% y-o-y to US\$ 27 million
- The chain of clinics grew from 2 to 26
- A leading private healthcare services company in Russia with comprehensive medical care
- Leveraging market expertise by acquisitions of well-run competitors and ability to become the consolidator of healthcare services market

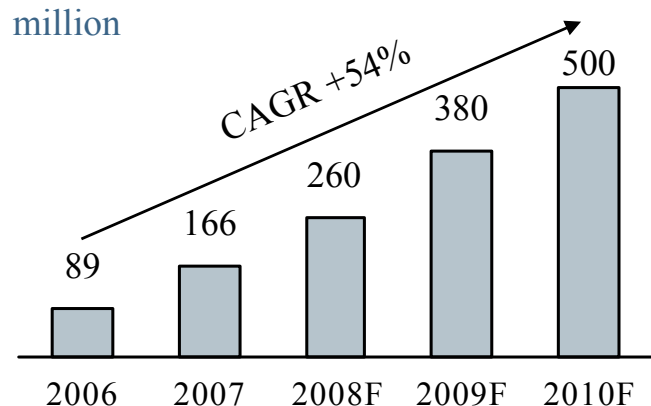


Rapid development of the leaders on the consumer markets

Investing in opportunities in emerging markets: **SHYAM**



INDIA MOBILE SUBSCRIBERS



SISTEMA STRATEGY

- In Jan 2008 Sistema acquired for US\$ 90.6 million 41% in Shyam Telelink (STL), a provider of fixed-line and mobile (CDMA2000) telecommunication services in Rajasthan to 270,000 subscribers
- 3-year network rollout plan to cover 70% of Indian state capital cities, highways and railroads
- EBITDA positive in 2011, with ROIC over 25%
- 5-7% contribution to Group's revenue by 2012
- Target 35 million mobile subscribers or 7% of the market.

MARKET OUTLOOK

- Market size US\$ 30 billion in 2007
- Market grows 50% year-on-year
- Penetration 23% (March 2008), expected to reach 40% in 3-4 years

Source: TRAI, SOAI, AUSPI











DEVELOPMENTS

January 2008	STL receives Unified Access Telecommunication licenses for India
May 2008	Construction of Pan-Indian CDMA network began
June 2008	STL received frequencies for CDMA operations in 19 telecom circles covering more than 1 billion residents or 95% of the Indian population

Sistema is diversifying its core telecommunications business in the markets providing double digit growth opportunities after 2012

Indicators Measuring Value Creation



	TSR	ROIC _{adj} *	ROIC
Definition	<ul style="list-style-type: none"> Total Shareholder Return Measures yield of investment into equity Should exceed TSR of Index and Cost of Equity (COE) for the period of 2007-10 	<ul style="list-style-type: none"> Return on Invested Capital (adjusted) Measures yield for fund providers Should exceed weighted average cost of capital (WACC*) 	<ul style="list-style-type: none"> Return on Invested Capital Measures yield for fund providers Should exceed weighted average cost of capital (WACC*)
Calculation	$TSR = (P_1 - P_0 + D) / P_0 \times 100\%$ <p> P₀ – share price, year start P₁ – share price, year end D – dividend per share </p>	$ROIC_{adj} = (NOPAT + Cap_1 - Cap_0) / EV_{avg} \times 100\%$ <p> NOPAT – Net Operational Profit After Tax Cap – Market Capitalization (Conservative valuation by Sistema management) EV – Enterprise Value </p>	$ROIC = (Net\ Income + Interest\ Expense + Depreciation) / (Equity + Minority\ Interest + Total\ Debt)$
Applicability			   
			 

*For financial institutions (MBRD) ROE_{adj} and COE are used instead of ROIC and WACC respectively

Sistema uses TSR and ROIC (adjusted) as major value creation measuring indicators

Efficiency Benchmarking



ROICadj



30%



35%



26%



41%



15%*



12%



11%



9%

Note: all ROICs are calculated by Sistema based on publicly available financial statements from the corporate Internet sites of Megafon, Vimpelcomm, GT and Regional Operators

ROE



42%**

Top 30 banks

27%**

* 2006 data (prior to Vimpelcom merger)

** Net income divided by average book value of equity (RBC, Commersant)

Sistema also uses accounting ROIC and ROE (not including MCap growth) as a benchmark of business operational efficiency

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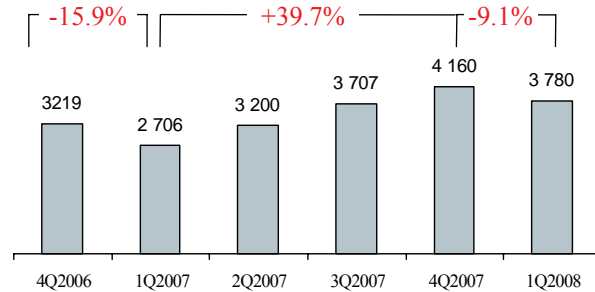
3. Financial results



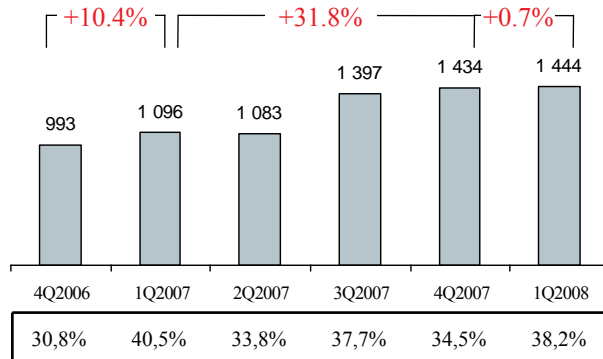
Consolidated P&L

USD million

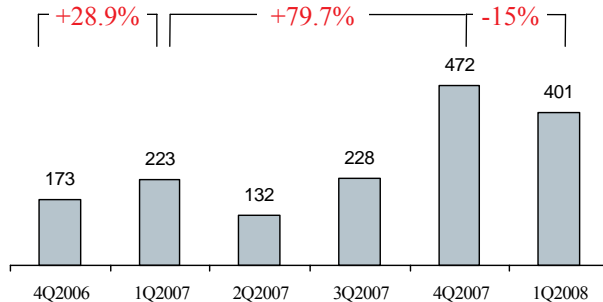
Revenue



OIBDA and margin



Net Income/Income from continuing operations



- Revenue increase by 40% y-o-y was driven by non-telecom assets (technology, banking, retail, real estate, mass media, tourism and healthcare divisions)
- In 1Q08 revenue decreased compared to 4Q07 as revenue of Sitronics, Detsky Mir, RTI Systems and Intourist went down due to seasonality issues
- OIBDA increased by 32% y-o-y due to significant growth of profitability of banking, retail, real estate, mass media and healthcare divisions
- OIBDA margin grew by 3.7 p.p. q-o-q mainly because of telecoms, technology and banking divisions

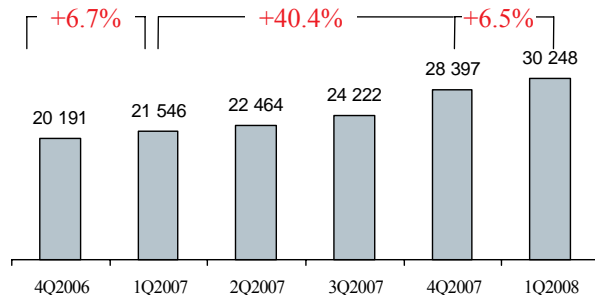
Sistema results were significantly up in 1Q08 y-o-y and slightly down compared to 4Q 2007 due to traditional recession at the beginning of the year compared to the highest season in 4Q

Consolidated Balance Sheet

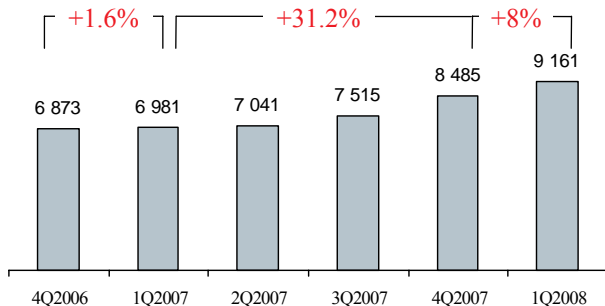
USD million



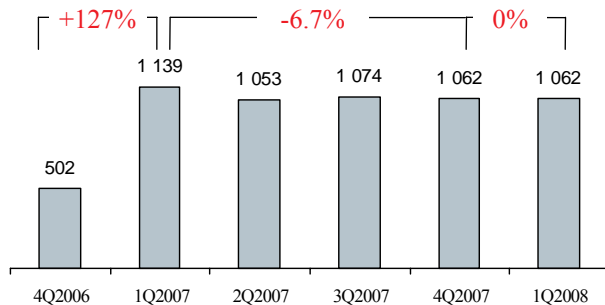
Assets



Total debt



Cash



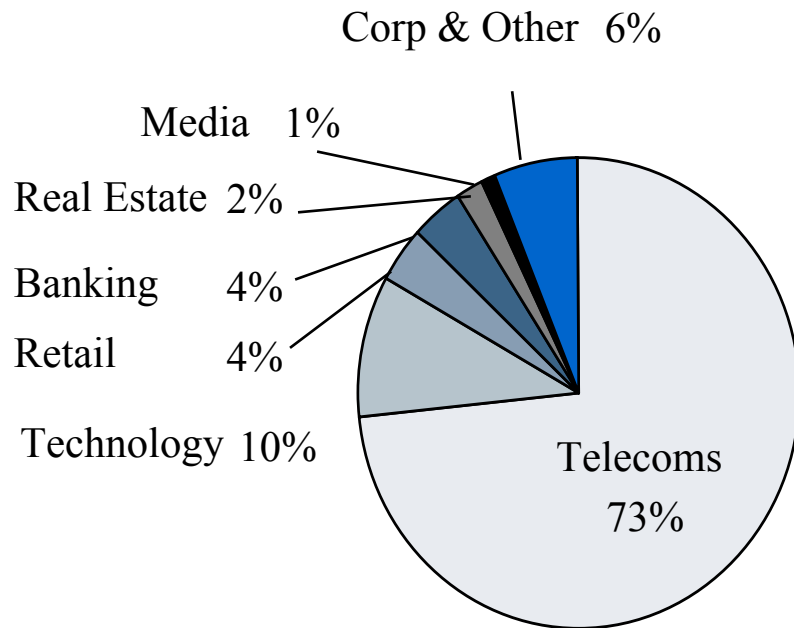
- Total assets have breached the 30 bln mark in 1Q08 mainly following the acquisition of Dalcombank
- Total debt increased slightly as Sistema placed 6 bln ruble bonds issue (approximately US\$ 251.6 million), MBRD issued US\$150 million Eurobond and Sitronics received a US\$75 million loan
- In 1Q08 total debt to OIBDA ratio remained at the same level as in 4Q07 – 1.7 According to covenants of Eurobond 2011 this ratio should be less than 4. It means that Sistema has a considerable debt capacity

Consolidated debt is on the rise but at the same time the Debt to OIBDA ratio is stable

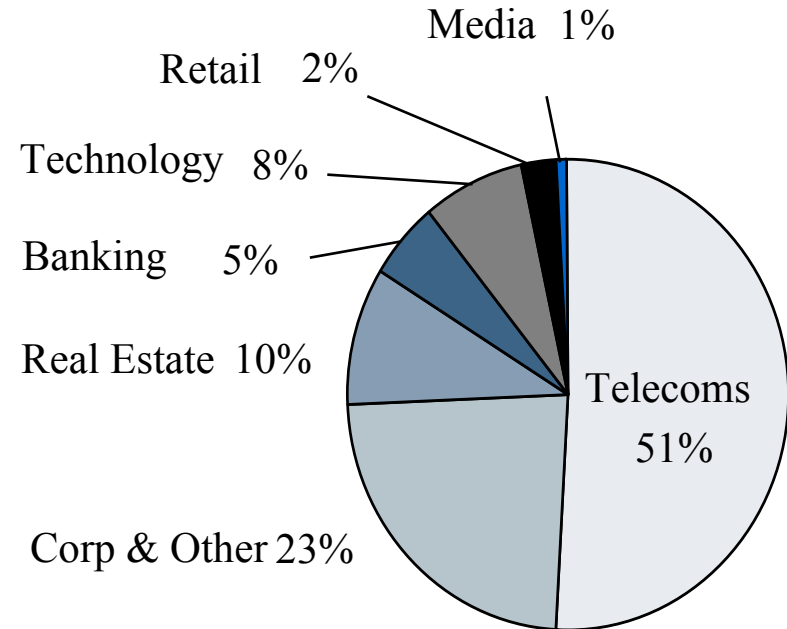
Segment Analysis



REVENUE* (1Q08)



TOTAL DEBT (1Q08)



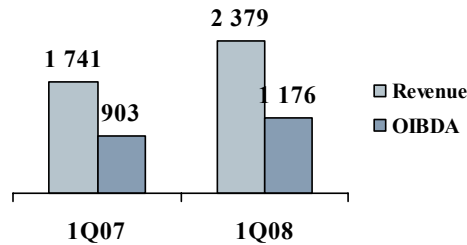
* Revenue net of intersegment transactions

Revenue breakdown is in line with debt allocation

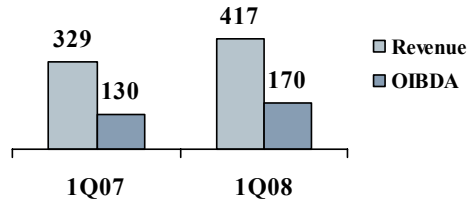
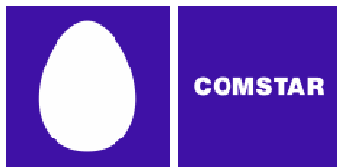


Public Subsidiaries' Results

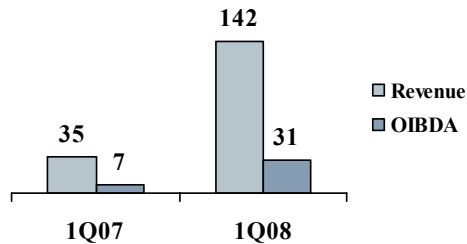
USD million



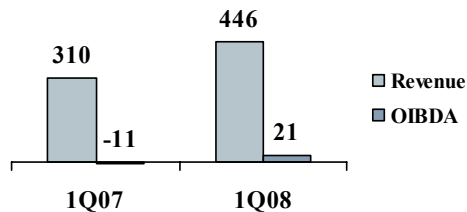
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Major subsidiaries continue to strengthen their positions

Non-Public Subsidiaries' Results



USD million

	Revenue 1Q08*	Revenue 1Q07*	Y-o-Y growth	Market growth
<p>Moscow Bank for Reconstruction and Development</p>	151.1	79.8	89.3%	43%
<p>Детский мир СЕТЬ МАГАЗИНОВ</p>	147.6	86.9	70.0%	22%
<p>АФК «Система» СММ</p>	45.1	26.9	67.6%	33%
<p>“Concern Radiotechnical and Informational Systems”, JSC</p>	90.2	70.3	28.2%	19%
<p>Intourist</p>	72.7	48.6	49.7%	7%
<p>МЕДСИ</p>	26.8	5.4	400%	8%

* Total sales (including intersegment transactions)

Privately-held companies significantly outperformed the market in 1Q 2008



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SISTEMA

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