



JSFC Sistema

4Q and FY 2008 Financial Results

29th April 2009

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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.



1. Key Events

2. Financial Performance

3. Subsidiaries

Appendix

1.1. Sistema at a Glance



- The largest public diversified financial corporation in the Russian Federation
- Focus on long-term increase of the Corporation's shareholder value by ensuring high yield on invested capital and diversifying investments
- Diversified portfolio of attractive assets, including:

MTS 

(54%, NYSE: MBT) No. 1 mobile operator in Russia and CIS

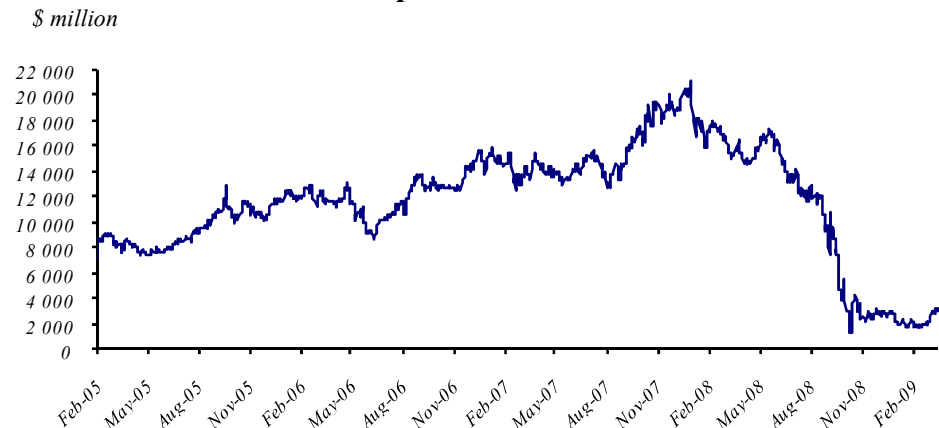
Comstar UTS 

(53%, LSE: CMST) No. 1 alternative fixed -line operator in Russia

BashTEK      

(≈65-79%, PTC: BANE, UFOS, UFNC, UNPZ, NUNZ, BANP) A leading player among oil producers (Top 10) and oil refiners (Top 5) in Russia

Sistema JSFC Capitalisation



- Sistema founded in 1993
- IPO in 2005; market cap as at January 1, 2009, US\$ 2.7 billion.
- Sistema, as well as key daughter companies' shares, ADRs and GDRs conveniently available on various stock exchanges (NYSE, LSE, MICEX, RTS, MSE)

The Company is aimed on stable increase of shareholder value

1.3. Macroeconomic Environment



1. Inflation Growth

- 13.3% inflation in 2008

2. Rouble's decline against the US Dollar (from 24.55 to 29.38 RUB/USD)

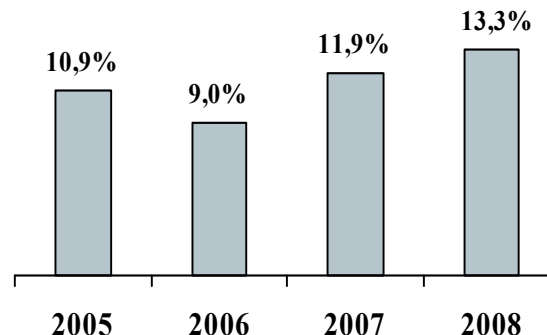
- 14.5% decline of the RUB/USD in 4Q 2008
- 19.3% decrease in RUB/USD rate over 2008

3. 1.2% year on year GDP growth in 4Q 2008

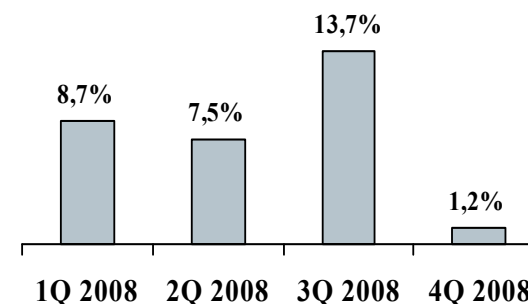
4. Growing Cost of Borrowing

- Russia-30 bond yield to maturity increased from 5.5% to 9.9% in 2008

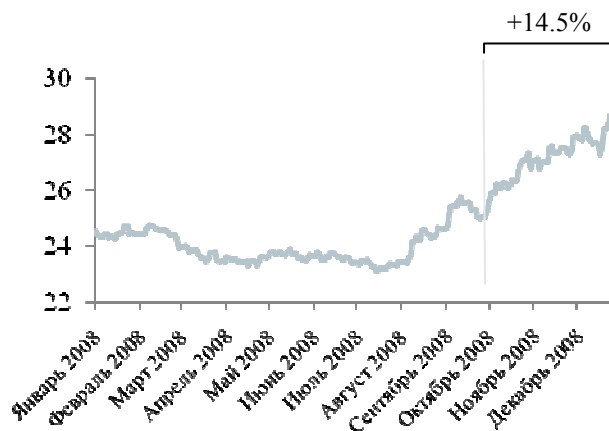
INFLATION



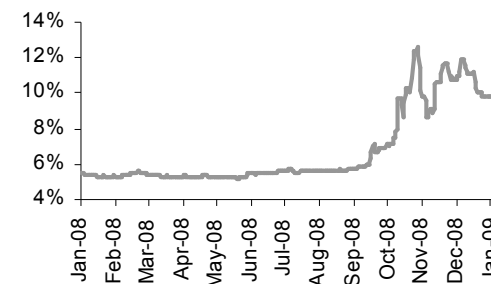
GDP GROWTH, y-o-y



RUB/USD EXCHANGE RATE



RUSSIA-30, YTM



Source: Federal State Statistics Service

4Q 2008 saw a sharp deterioration in the economic condition in Russia

1.4. Growth Strategy in Current Market Conditions



Operating and Financial Optimisation

- ✓ Optimisation of CAPEX and OPEX
- ✓ Improvement of organization structure
- ✓ FX risk management
- ✓ Debt refinancing aimed at optimising the debt structure and attracting additional project financing

Increase in free cash flow

Portfolio Optimisation

- ✓ Enter into projects with high ROIC potential
- ✓ Focus on projects with high profitability and growth potential
- ✓ Diversification of investments
- ✓ Projects revision in accordance with new investment criteria

Increase in growth potential of the portfolio value

Operating and financial aspects of the business as well as Sistema's investment portfolio structure are optimised

1.5. 4Q 2008 Group's Key Events



OPERATING AND FINANCIAL OPTIMISATION

Sistema-Hals

- Reviewing business program. Focus on projects with financing either in place or expected to come, that can be carried out with co-investors and are either at or ready to move into construction stage.
- Renegotiated the terms of the five-year loan facilities with VTB Bank in the total amount of US\$ 700 mln. The new terms of loan agreements do not stipulate an increase in the amount of the collateral, as well as the loan was converted into rubles. Sistema Hals signed a loan agreement with VTB Bank for the total amount of RUB 7 bln

SITRONICS

- Sitronics entered the Government list of strategically important companies of Russia
- Signed US\$ 230 mln loan agreement with Vnesheconombank

4Q 2008 saw a number of measures aimed at business process optimisation

1.6. Key Events After Reporting Period



OPERATING AND FINANCIAL OPTIMISATION

Sistema, Sitronics, MBRD

- Successfully repaid a rouble bonds put options (RUR 6 bln, RUR 3 bln and RUR 3 bln correspondingly)

Telecommunications

- MTS: US\$ 1.5 bln CAPEX optimisation in 2009 (2008: US\$ 2.2 bln)

Sitronics

- Sitronics sold “Kvazar-Micro”- IT distributing business

PORTFOLIO OPTIMISATION

Sistema HALS

- Transfer of 19.5% stake to VTB with an option to increase its stake to 51%
- Parties agreed on the restructuring of Sistema HALS’ debt to VTB

Bashkir OEG

- Acquisition of the controlling stake in Bashkir OEG
- Transaction price – US\$ 2.5 bln
- Financing of the transaction through up to US\$ 3 bln debt instruments

Telecommunications

- Comstar UTS completed the consolidation of STREAM-TV in February 2009, which enables it to create a broadband and Pay-TV provider in Russia with over 1 mln and 2 mln subscribers, respectively

Sale of MTT

- 50% stake of voting shares was sold to Synterra Group
- Transaction price – US\$ 22 mln
- Transfer of US\$ 32 mln of debt obligations, out of US\$ 170 mln of total debt

These actions are sufficient to provide and maintain Sistema’s continued business growth in current market conditions



1. Key Events

2. Financial Performance

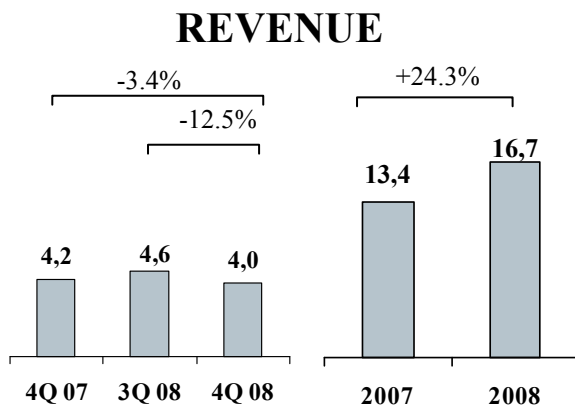
3. Subsidiaries

Appendix

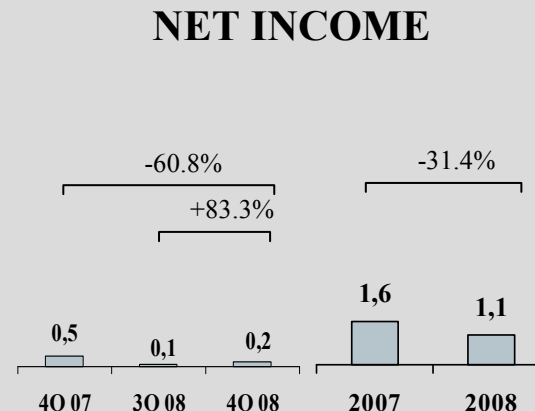
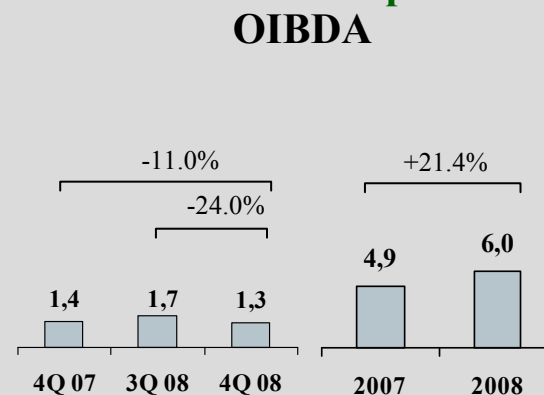
2.1. 4Q 2008 and FY 2008 Group Financial Highlights



US GAAP, \$ billion



Before write-offs and provisions in 2008*

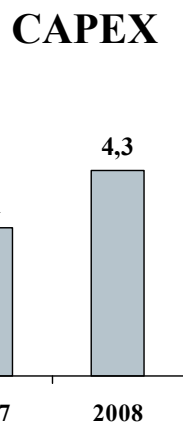
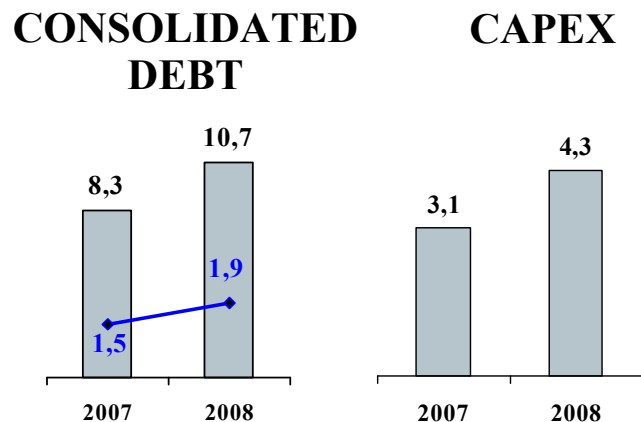


Margin

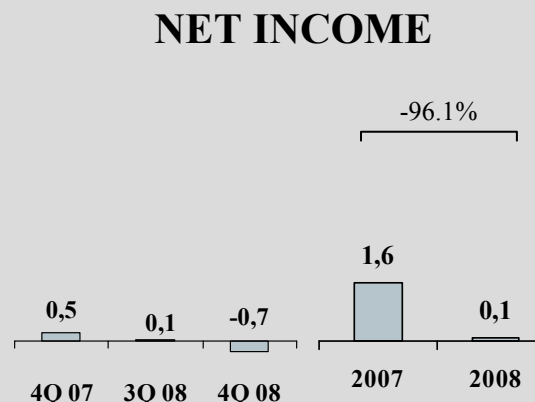
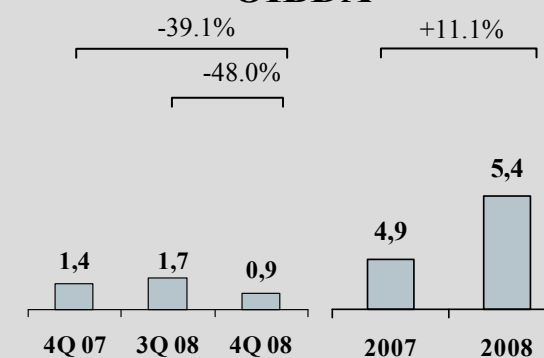
34.5%	36.5%	31.7%	36.9%	36.0%
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Margin

11.2%	2.2%	4.6%	11.7%	6.5%
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After write-offs and provisions



Margin

34.5%	36.5%	21.7%	36.9%	32.9%
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Margin

11.2%	2.2%	-	11.7%	0.4%
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* Here and further the source is management accounts

In 2008, the Group demonstrated healthy revenues and OIBDA growth. Global crisis factors had a cumulative negative impact on the Group's Net Income of US\$ 1.0 billion

2.2. 4Q 2008 Write-offs and Provisions



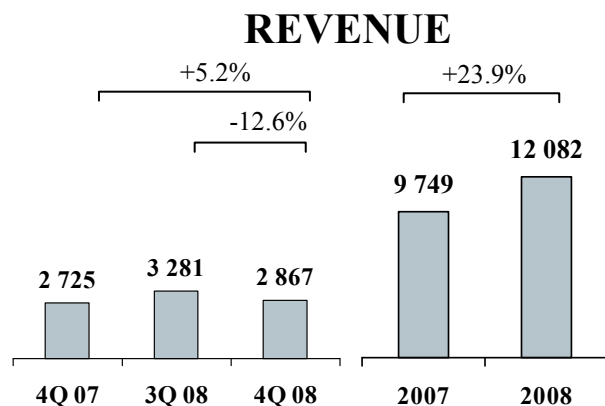
	4Q 2008	2008	Description of non-cash loss	Reasons
<p>Provisions for doubtful accounts and write-offs as the result of impairment losses</p>	US\$401 mln	US\$510 mln	<p>Management assessment of size of the potential loss from overdue accounts receivable in subsequent periods;</p> <p>The difference between the current market asset value and the value provided in the previous report</p>	<p>Write-offs in Consumer Assets Business unit: goodwill on Dalcombank acquisition, real estate investments and loss on Siemens' and Sistema Hals' contract.</p> <p>Write-offs in Telecommunications Business Unit: investments in MTT and goodwill on STREAM TV acquisition</p>
<p>Write-offs as the result of currency exchange and translation losses</p>	US\$795 mln	US\$895 mln	<p>Changes in the balance sheet assets and liabilities resulted from foreign exchange fluctuations on different reporting dates</p>	<p>Write-offs in Telecommunications Business Unit and Consumer Assets Business unit. Main part is a revaluation of debt obligations</p>

The losses incurred in 4Q 2008 and in 2008 are predominantly non-cash

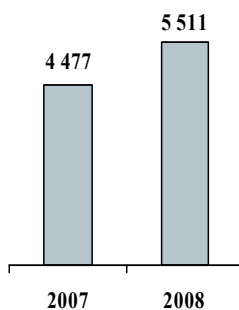
2.3. Business Unit Telecommunications (1/2)



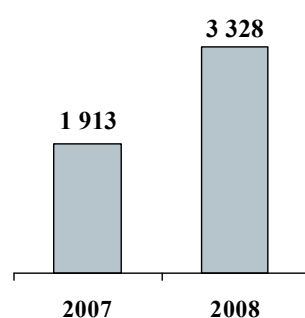
US GAAP, \$ million



TOTAL DEBT

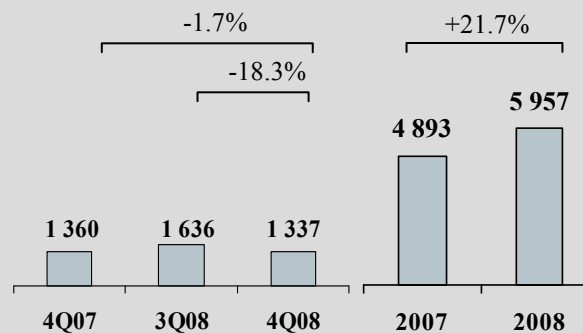


CAPEX



Before write-offs and provisions in 2008

OIBDA



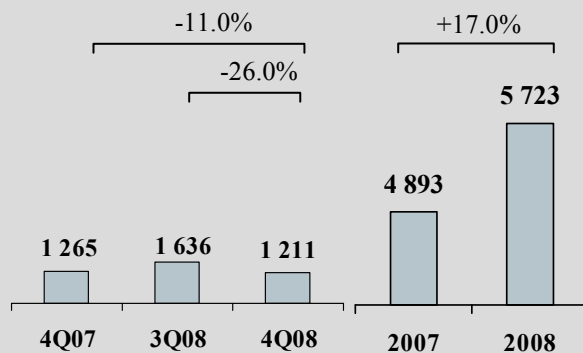
Margin

49.9%	49.9%	46.6%	50.2%
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49.3%

After write-offs and provisions

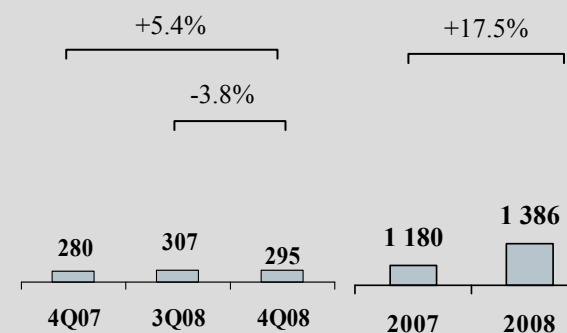
OIBDA



Margin

49.9%	49.9%	42.2%	50.2%	47.4%
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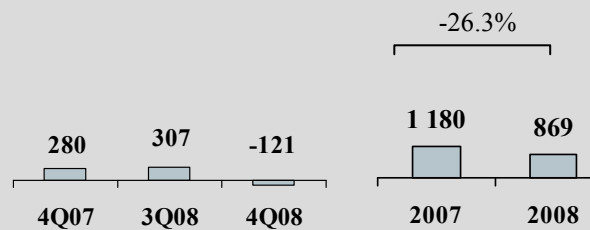
NET INCOME



Margin

10.3%	9.4%	10.3%	12.1%	11.5%
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NET INCOME



Margin

10.3%	9.4%	-	12.1%	7.2%
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Telecommunications business continue to develop successfully. Segment profitability is maintained on a high level

2.4. Business Unit Telecommunications (2/2)



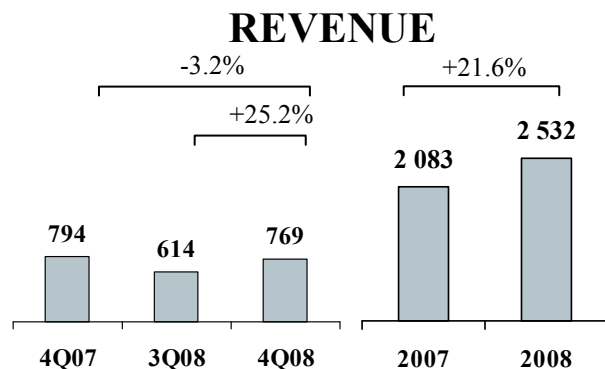
- Revenue increased by 5.2% year on year in 4Q 2008 and by 23.9% year on year in 2008
- Telecommunications accounted for 72.4% of the Group's consolidated revenues for the full year 2008
- OIBDA declined 11% year on year in 4Q 2008, but was up 17% year on year for the full year 2008, with OIBDA margin 47.4% in 2008
- Net income decreased 26.3% year on year in 2008 largely as a result of non-cash losses due to the translation of US dollar-denominated debt during the period for the amount of \$602 mln

Telecommunications unit consistently demonstrates strong financial results

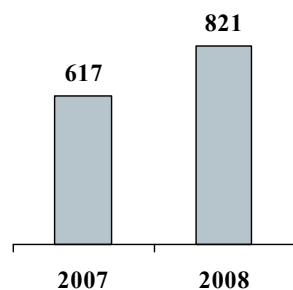
2.5. Business Unit Technology and Industry (1/2)



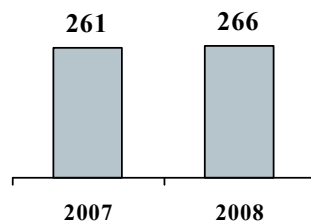
US GAAP, \$ million



TOTAL DEBT

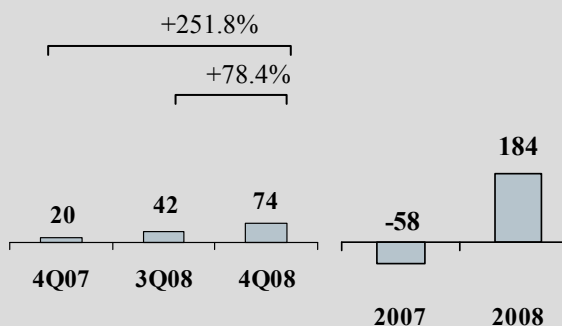


CAPEX



Before write-offs and provisions in 2008

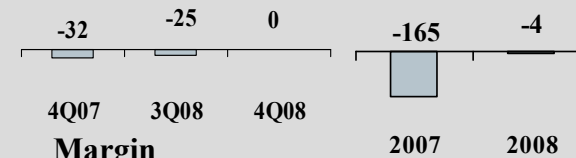
OIBDA



Margin

2.7%	6.8%	9.6%	-	7.3%
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NET INCOME

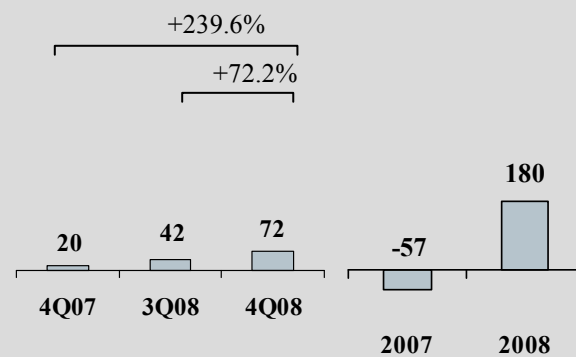


Margin

-	-	-	-	-
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After write-offs and provisions

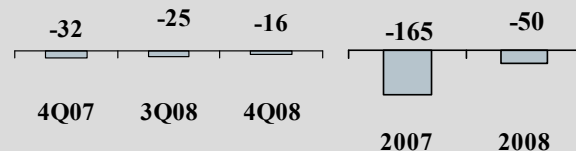
OIBDA



Margin

2.7%	6.8%	9.3%	-	7.1%
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NET INCOME



Margin

-	-	-	-	-
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Technology and Industry unit reported revenue growth and positive OIBDA in 2008

2.6. Business Unit Technology and Industry (2/2)



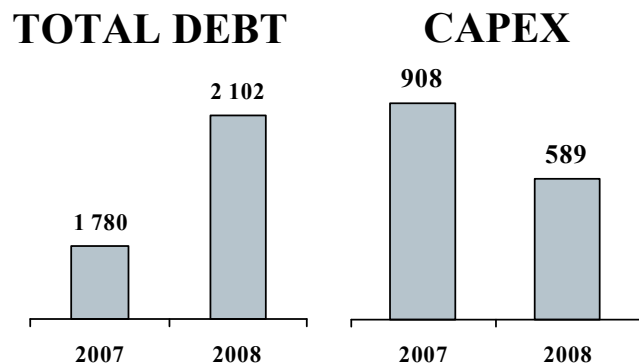
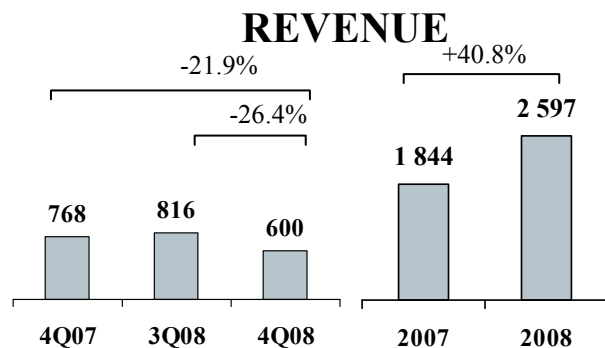
- Revenues increased 21.6% year on year in 2008
- Technology and Industry unit contributed 12.5% to the Group's consolidated revenues for the full year 2008
- OIBDA was up 239.6% year on year in the fourth quarter and increased by 417.7% year on year in 2008. The OIBDA margin was 7.1% for the full year 2008
- Net loss reduced from US\$ 165 mln in 2007 to US\$ 50 mln in 2008 largely as a result of non-cash losses due to the translation of US dollar-denominated debt during the period for the amount of \$65 mln.

The unit demonstrated strong revenue growth and improved profitability

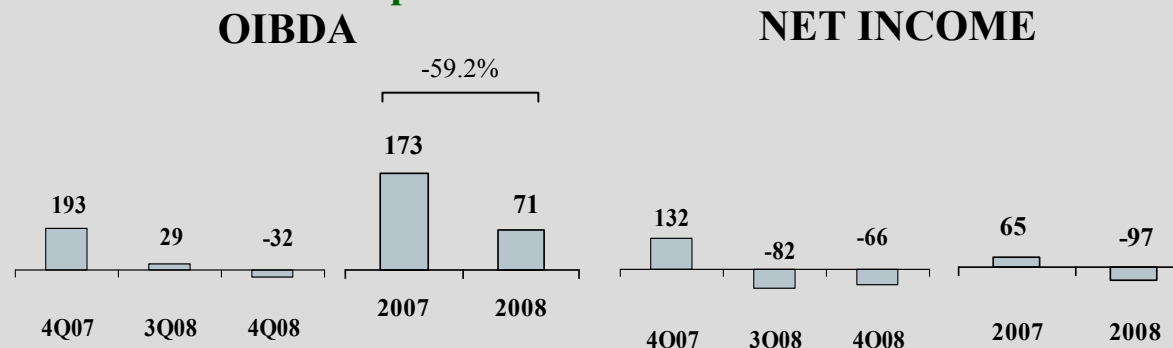
2.7. Business Unit Consumer Assets (1/2)



US GAAP, \$ million



Before write-offs and provisions in 2008



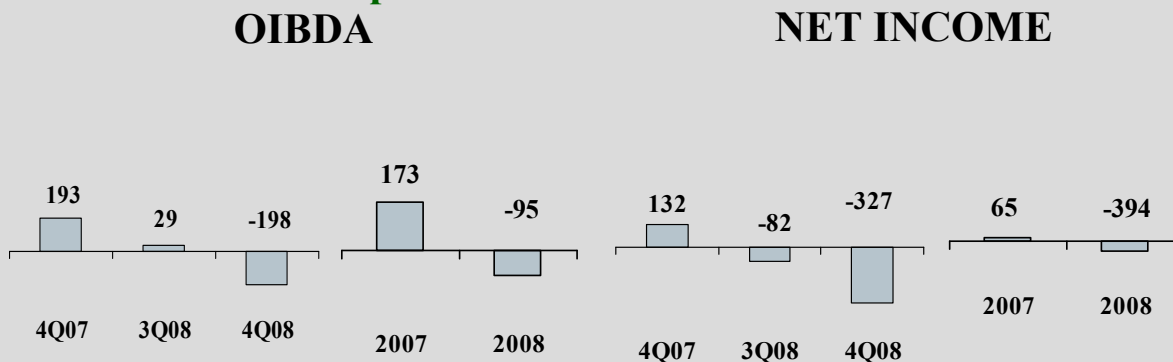
Margin

26.9%	3.6%	-	9.4%	2.7%
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Margin

17.2%	-	-	3.5%	-
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After write-offs and provisions



Margin

26.9%	3.6%	-	9.4%	-
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Margin

17.2%	-	-	3.5%	-
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Consumer unit's assets demonstrated development in accordance with plans

2.8. Business Unit Consumer Assets (2/2)



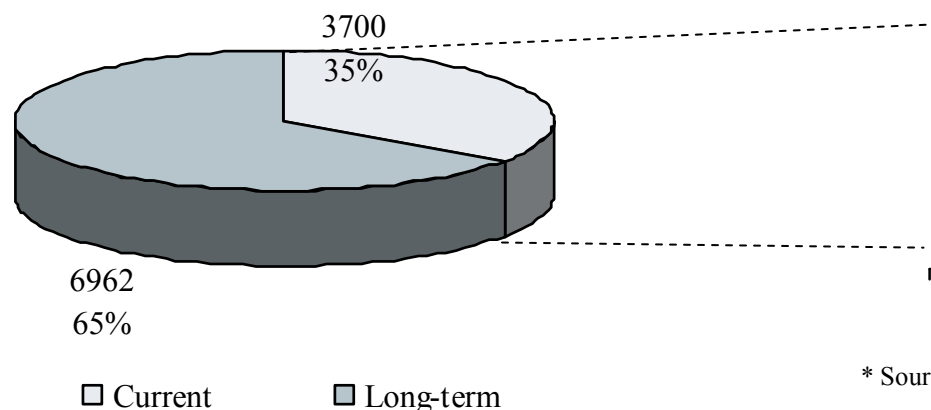
- Revenues were up 40.8% year on year in 2008
- The unit accounted for 15.0% of the Group's consolidated revenues for the full year 2008
- The Consumer unit reported OIBDA loss for the full year 2008 as a result of write-off on non-cash losses from assets revaluation
- Net loss in 2008 resulted from non-cash write-off on foreign exchange of \$185 mln
- Impairment lead to the write-offs, including the goodwill from Dalcombank acquisition and loss on agreement between Siemens and Sistema-Hals.

Consumer business unit demonstrated a 40.8% year on year revenue growth in 2008

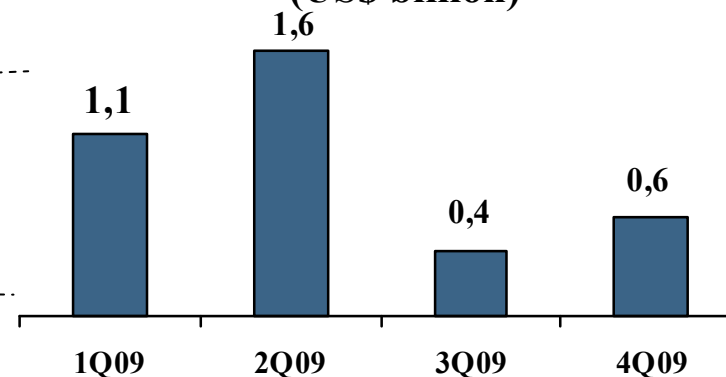
2.9. Group's Debt Profile (4Q 2008 and FY2008)



CURRENT AND LONG-TERM DEBT
(US\$ million)

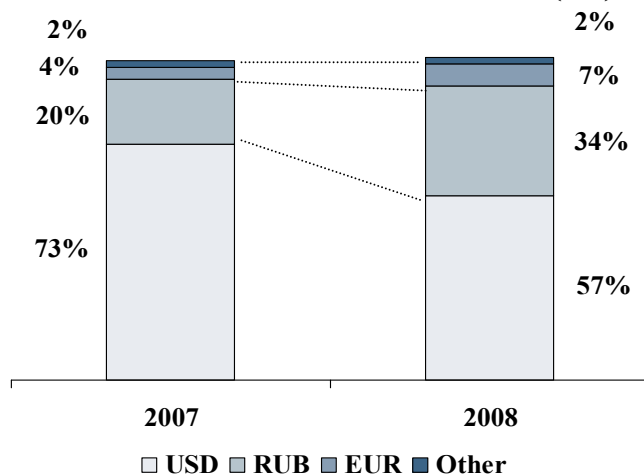


DEBT MATURITY SCHEDULE IN 2009
(US\$ billion)*

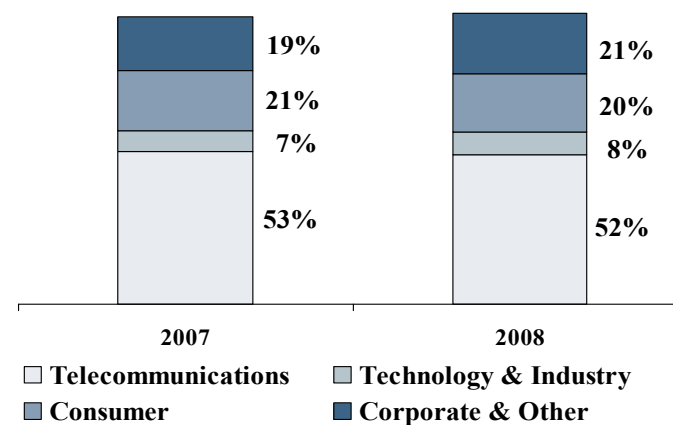


* Source: Managerial Reports.

CURRENCY OF DEBT (%)



SEGMENTAL BREAKDOWN OF DEBT (%)



The Group's consolidated debt totaled US\$ 10.7 bln as at the end of 2008 and has a long-term character

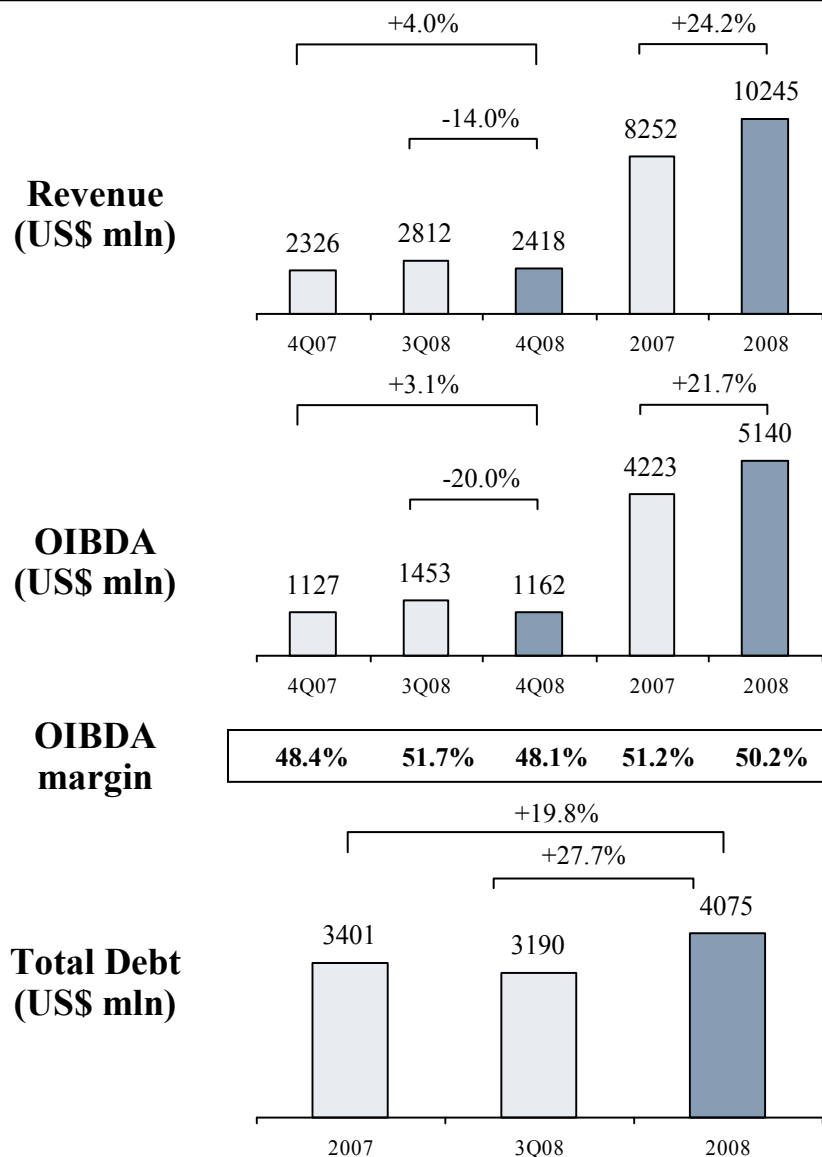


1. Key Events
2. Financial Performance

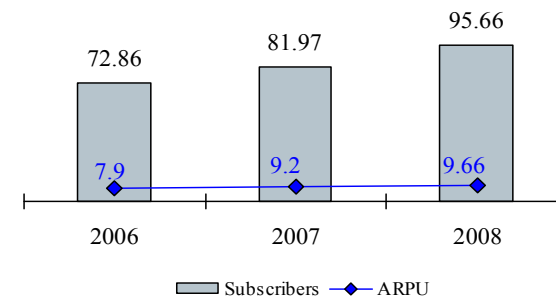
3. Subsidiaries

Appendix

3.1. Business Unit Telecommunications: MTS



Subscribers (mln) and ARPU (US\$)

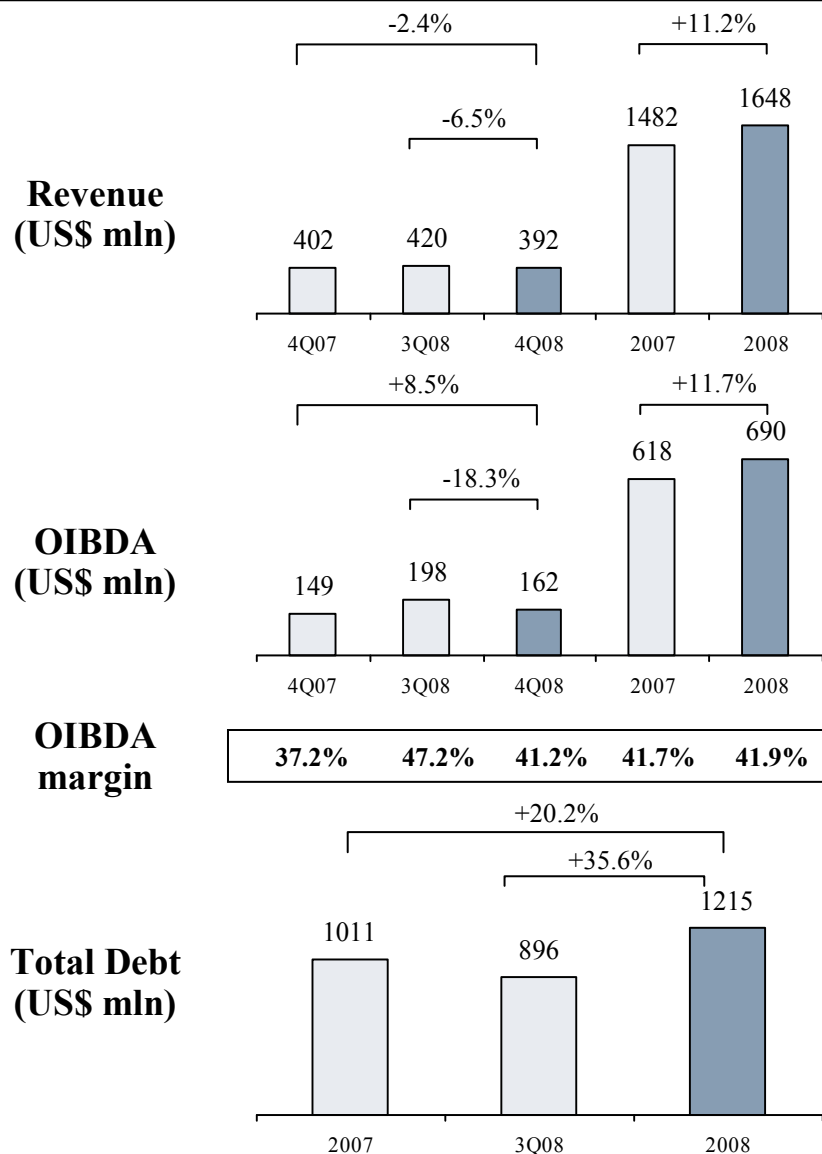


Summary of events 2008

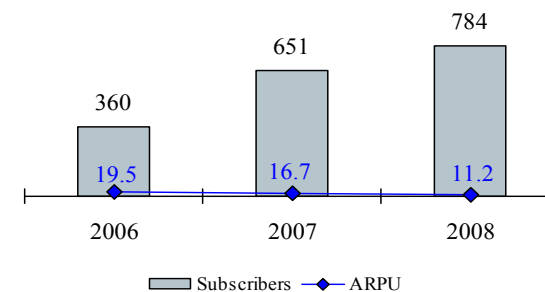
- Mr. Mikhail Shamolin appointed as President and CEO of MTS in May 2008
- Placed three RUB 10 bln bonds
- Signed the agreement with Sistema Shyam Teleservices to use MTs brand in India
- Obtained EUR 300 mln loan facility from Gazprombank
- Launched iPhone 3G™ sales in October 2008
- Completed dividend payment for full year 2007
- Signed strategic partnership agreement with Vodafone
- Expanded Board of Directors from seven to nine members with three independents directors

The success of MTS in 2008 proves the company's growth opportunities as well as its ability to effectively develop its operations

3.2. Business Unit Telecommunications: Comstar UTS



Subscribers (thousands) and ARPU (US\$)



Summary of events 2008

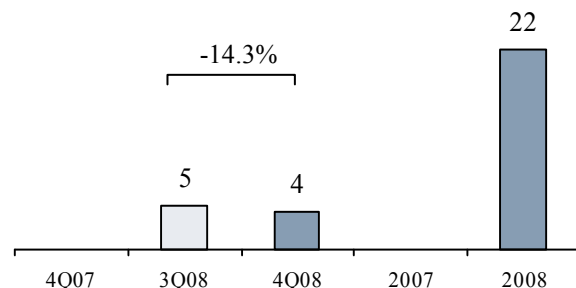
- Started the consolidation of STREAM TV regional operators, which cover 40 cities in Russia with a total population of more than 15 mln people
- Acquired Ural Telephone Company and Interlink Group, the combined revenues of which totaled US\$ 13.6 mln in 2008 since the acquisition
- Launched national WIMAX network in Armenia
- Completed the consolidation of Comstar-Direct
- Completed the modernisation of the MGTS' "last mile"
- Completed the construction of mobile WiMAX broadband network in Moscow
- Following the exercise of the put option, Comstar Group bought back 11% of its shares for US\$ 464 mln

Comstar UTS strengthened its positions in key business segments due to the successful implementation of its long-term strategy and prudent financial policies

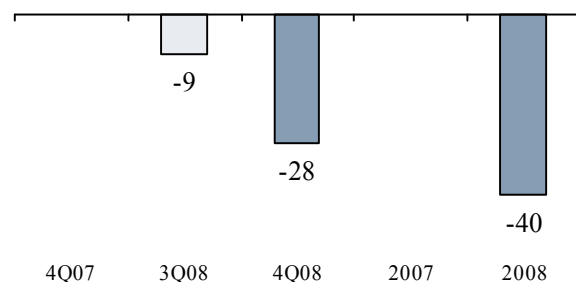
3.3. Business Unit Telecommunications: SSTL



Revenue (US\$ mln)



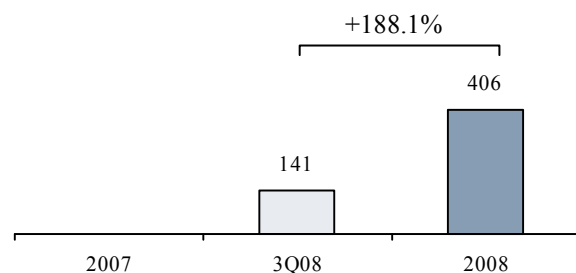
OIBDA (US\$ mln)



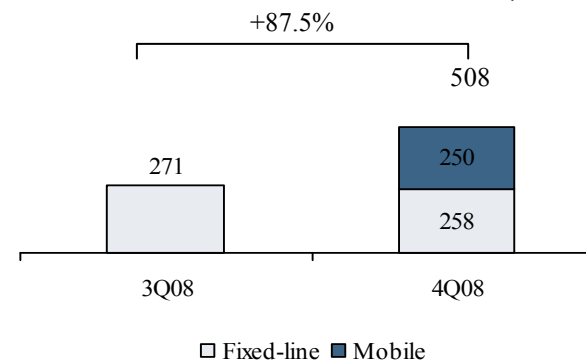
OIBDA margin

Period	OIBDA margin
4Q07	-
3Q08	-
4Q08	-
2007	-
2008	-

Total Debt (US\$ mln)



Fixe-line and Mobile Subscribers (thousands)



Summary of events 2008

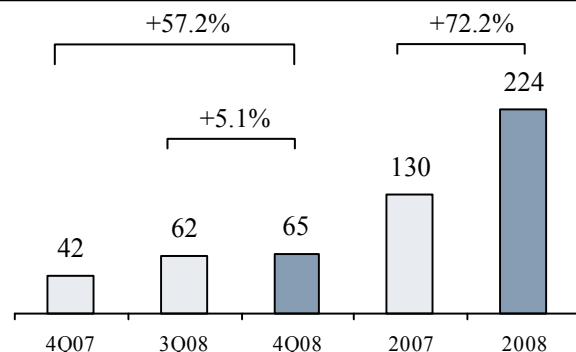
- The project of creating a pan-Indian operator is started: Launched CDMA mobile network in the state of Rajasthan in October 2008; started building networks in Tamil Nadu and Kerala; the first phone call was made in Tamil Nadu in 2008
- MTS brand to be used in the Indian telecommunications market
- Signed contracts on traffic transmission with major Indian operators: Reliance, Tata, BSNL and Aircell
- Signed the INR750 Cr (approximately US\$150 million) credit agreement with the Punjab National Bank (the second largest bank in India)

In 2008, SSTL was developing in line with its business plan and based on funds availability

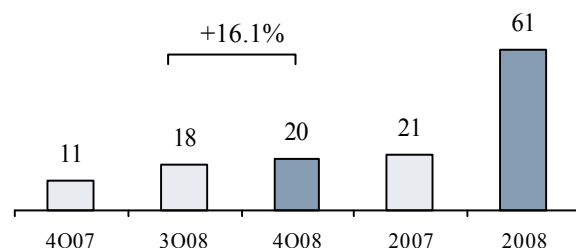
3.4. Business Unit Telecommunications: Mass Media



**Revenue
(US\$ mln)**



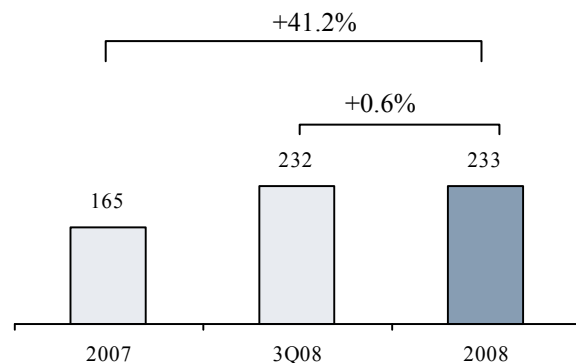
**OIBDA
(US\$ mln)**



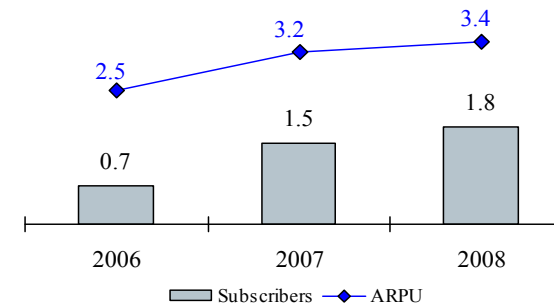
**OIBDA
margin**

27.0%	28.4%	31.3%	16.5%	27.0%
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**Total Debt
(US\$ mln)**



Subscribers (mln) and ARPU (US\$)

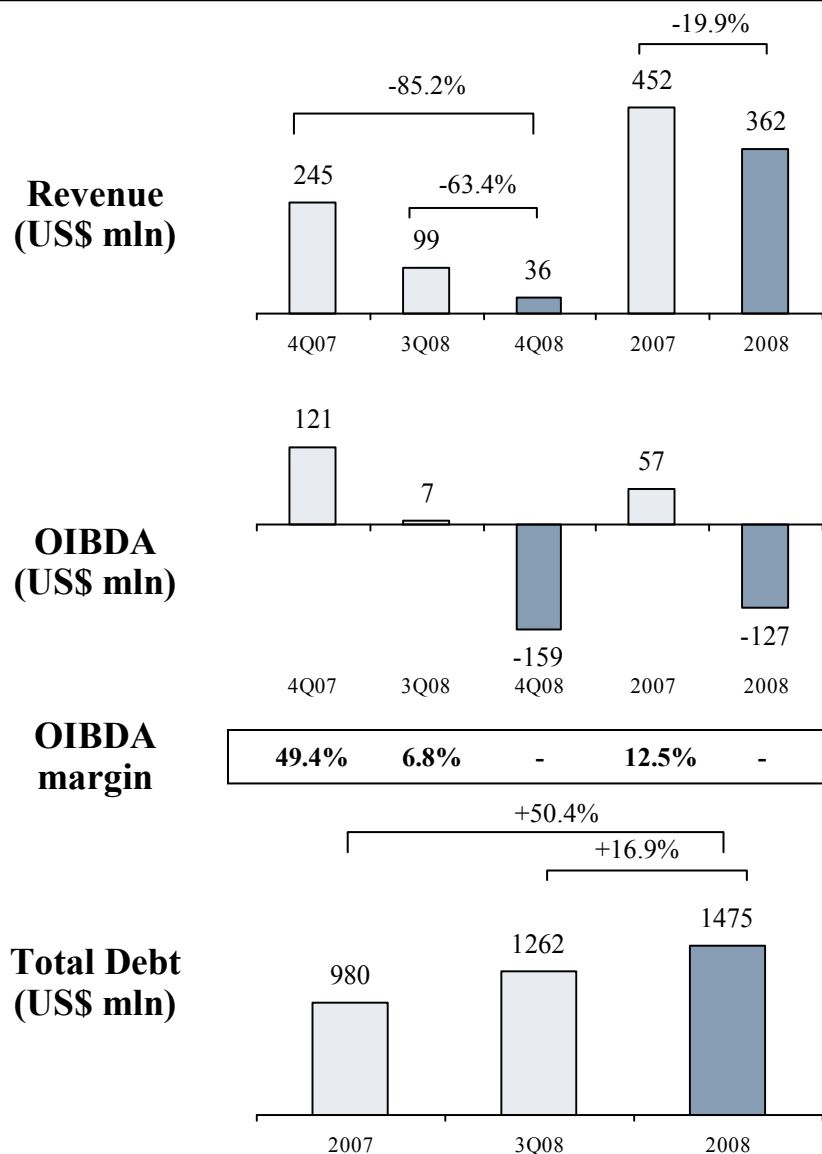


Summary of events 2008

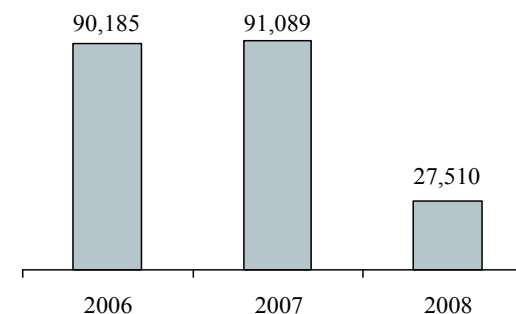
- Started the reorganisation of Comstar Direct CJSC. Most of assets for the provision of multi-media services as well as the subscriber base were handed over to Comstar.
- Completed the sale of STREAM TV due to the transition of STREAM TV under Comstar's management.
- Launched the first phase of film studio in St Petersburg.
- Russian World Studios was merged with SMM
- Optimised SMM, STREAM TV and RWS costs

The segment continued its business development mainly due to timely optimisation decisions

3.5. Business Unit Consumer Assets: Sistema Hals



Dynamics of Projects Completion (000'sq.m)

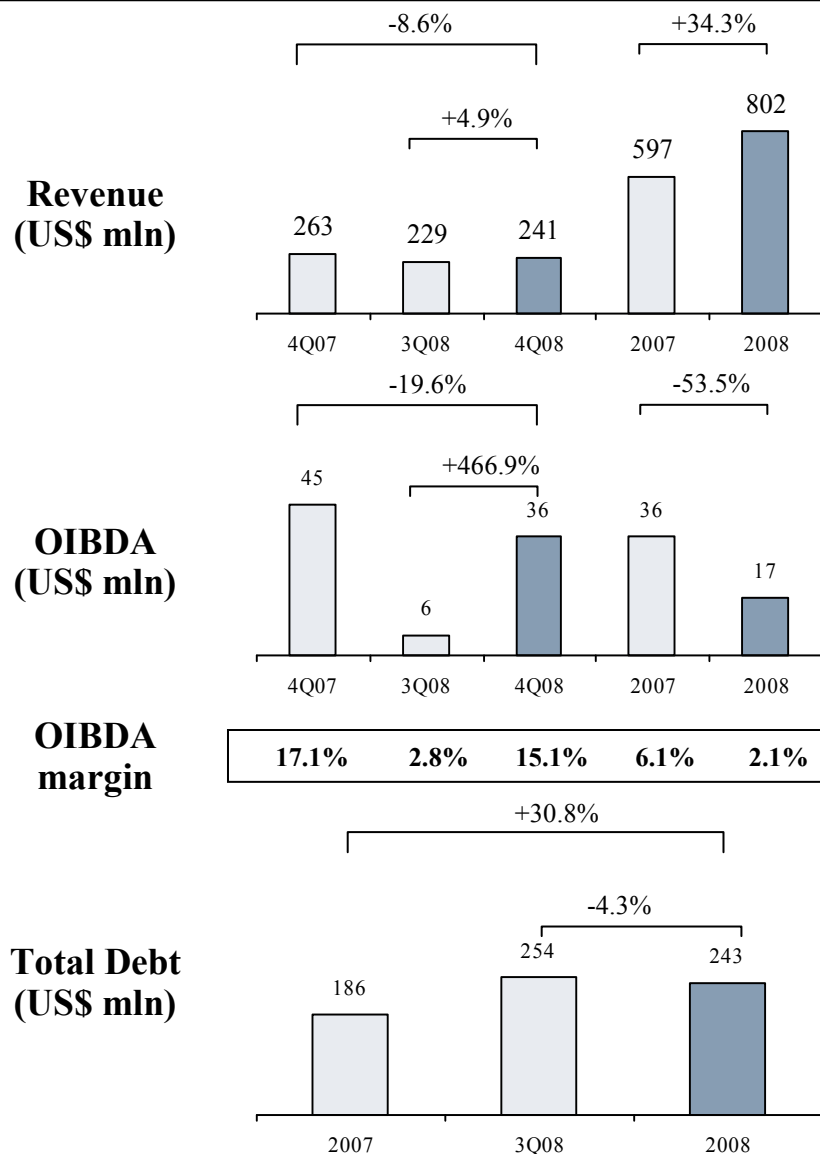


Summary of events 2008

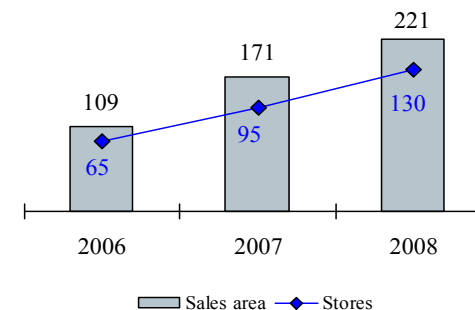
- Signed a partnership agreement with Saraya for construction resorts in Sochi
- Entered strategic partnership with Apsys to develop and manage commercial real estate in Russia
- Renegotiated the terms of the five-year loan facilities with VTB Bank in the total amount of US\$ 700 mln. The new terms of loan agreements do not stipulate an increase in the amount of the collateral, as well as the loan was converted into rubles
- Signed a credit facility agreement with VTB Bank for the amount of RUB 7 billion in December 2008 with tenor of 2 years.
- Completed the construction of the world class movie studio in St. Petersburg

The measures taken will allow not only to overcome the effects of global crisis, but also to preserve the foundation for further development

3.6. Business Unit Consumer Assets: Retail



Sales area (000'sq.m) and number of stores

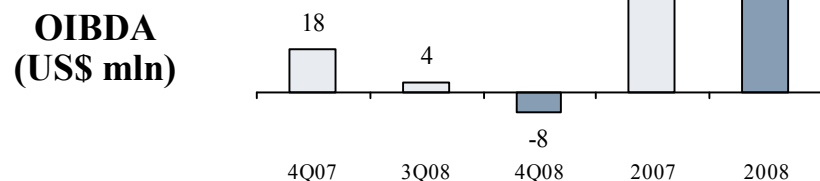
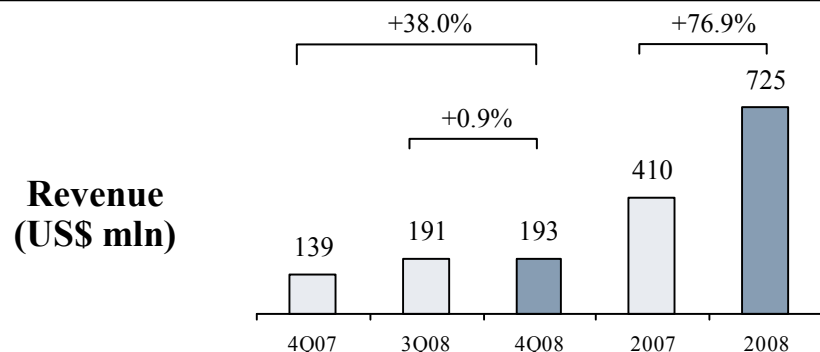


Summary of events 2008

- Opened 40 stores in 2008 with a total retail space with the aggregate retail space of 62.3 thousand square metres. The Lubyanka store was closed for reconstruction.
- 5 stores with the aggregate retail space of 14.6 thousand square metres were closed/relocated in 2008
- Entered Ukrainian retail market
- Obtained US\$90 million financing
- Reduced investments for store opening
- Reached agreements to reduce rent due to financial crisis and foreign exchange risk
- Optimised number of employees

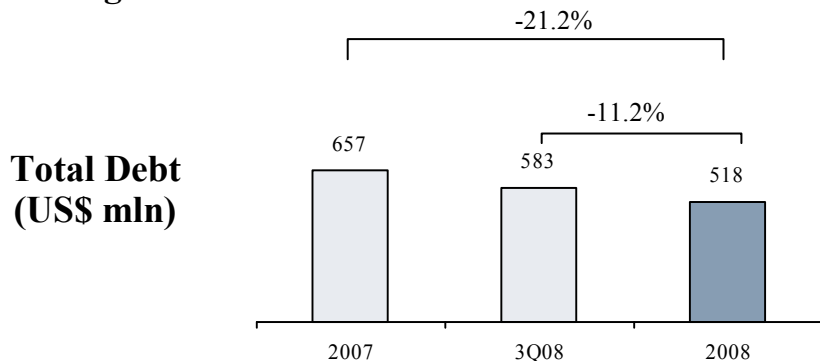
Operational optimisation resulted in the segment's substantial profitability growth and further business development

3.7. Business Unit Consumer Assets: Finance

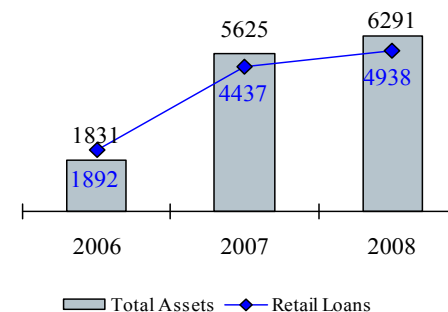


OIBDA margin

Period	OIBDA margin
4Q07	12.7%
3Q08	1.9%
4Q08	-
2007	12.6%
2008	7.7%



Total Assets and Loan Portfolio (US\$ mln)

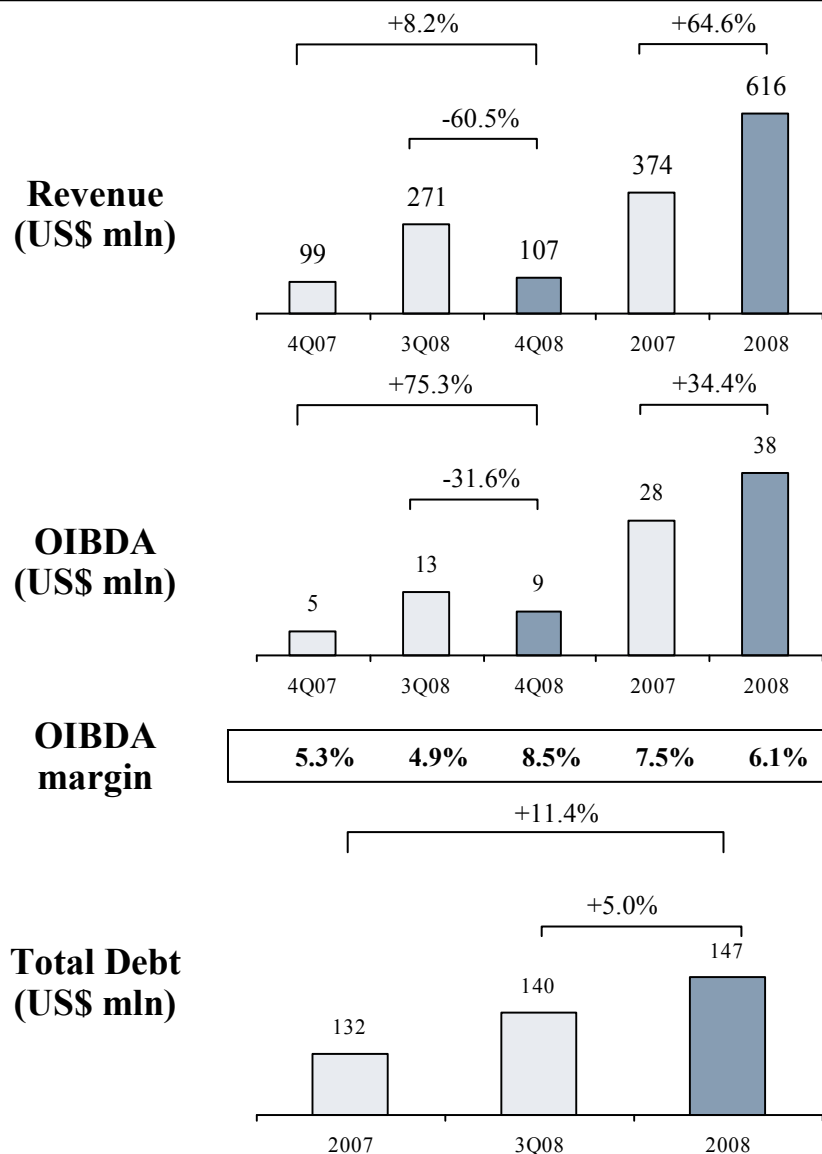


Summary of events 2008

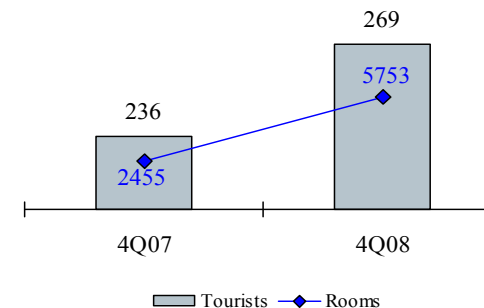
- Completed the acquisition of Dalkombank
- The government activated actions aimed at improvement of the banking system by reorganising private banks. Funds were allocated under ACB for recapitalisation and recovery of liquidity for problematic banks.
- Ensured high quality of credit portfolio (credit decision-making centralised)
- Optimised costs (cutting payroll costs and CAPEX)

Despite negative trends in financial markets, the segment was able to achieve a substantial growth in its results

3.8. Business Unit Consumer Assets: Tourism



Number of Tourists ('000) and Number of Rooms under Management

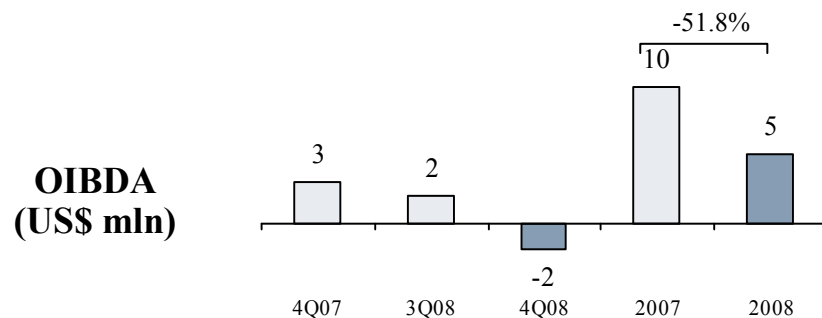
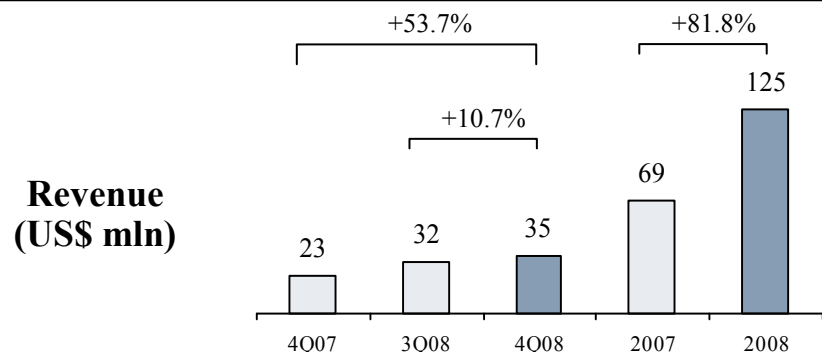


Summary of events 2008

- Acquired Orient LLC, a local tourist agency
- Decreased in sales volumes due to the financial crisis
- Reduced a number of outgoing flight
- Consolidated product promotion policy
- Scale down of investment programmes
- Reduced selling, administrative and management costs

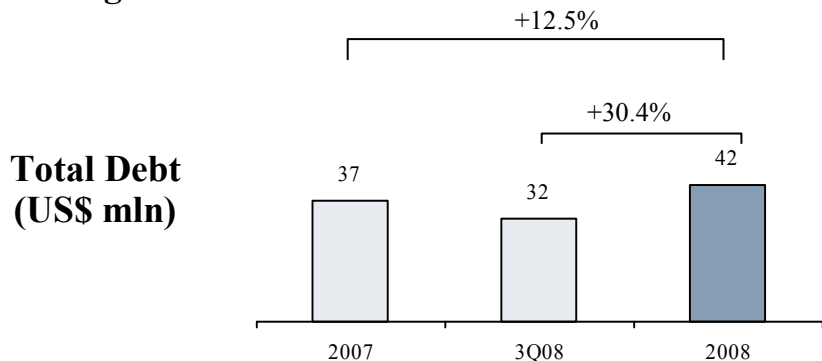
The segment showed more than 64% revenue growth in 2008. Decrease in segment's revenue in 4Q 2008 were mainly due to seasonality factor

3.9. Business Unit Consumer Assets: Healthcare

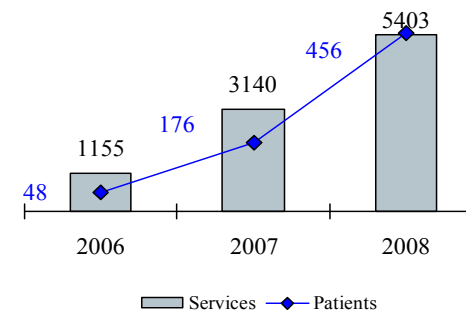


OIBDA margin

Period	OIBDA margin
4Q07	12.6%
3Q08	6.6%
4Q08	-
2007	14.0%
2008	3.7%



Services and Patients ('000)



Summary of events 2008

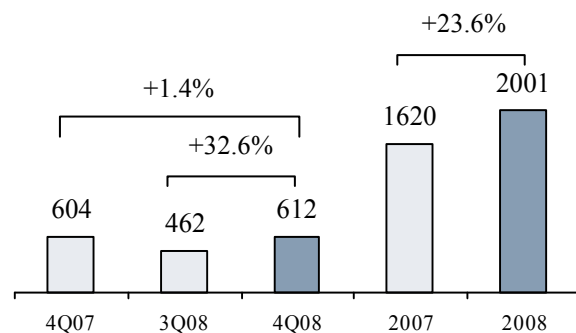
- Revised Company's development strategy
- Consolidated healthcare assets into a managing company
- Started consolidation process of Medsi, American Hospital Group, Family Medicine Corporation and Medsi Group Company
- Suspended construction of the Russian Israeli Medical Centre
- Optimised marketing and advertising costs

In line with a new strategy, the segment's corporate structure was optimised. Segment revenue grew for almost 82% in 2008

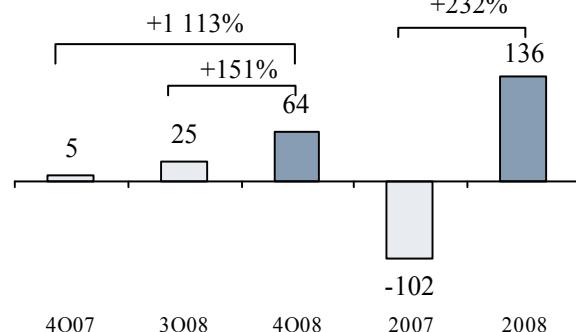
3.10. Business Unit Technology and Industry: Sitronics



**Revenue
(US\$ mln)**



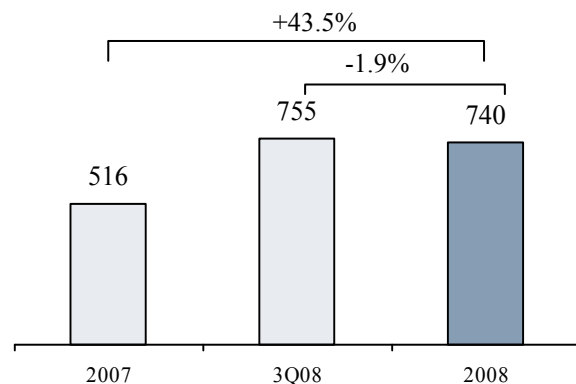
**OIBDA
(US\$ mln)**



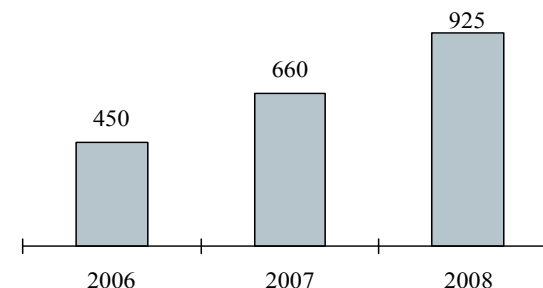
**OIBDA
margin**

Period	OIBDA margin
4Q07	0.9%
3Q08	5.5%
4Q08	10.4%
2007	-
2008	6.8%

**Total Debt
(US\$ mln)**



Amount of Signed Contracts (US\$ mln)

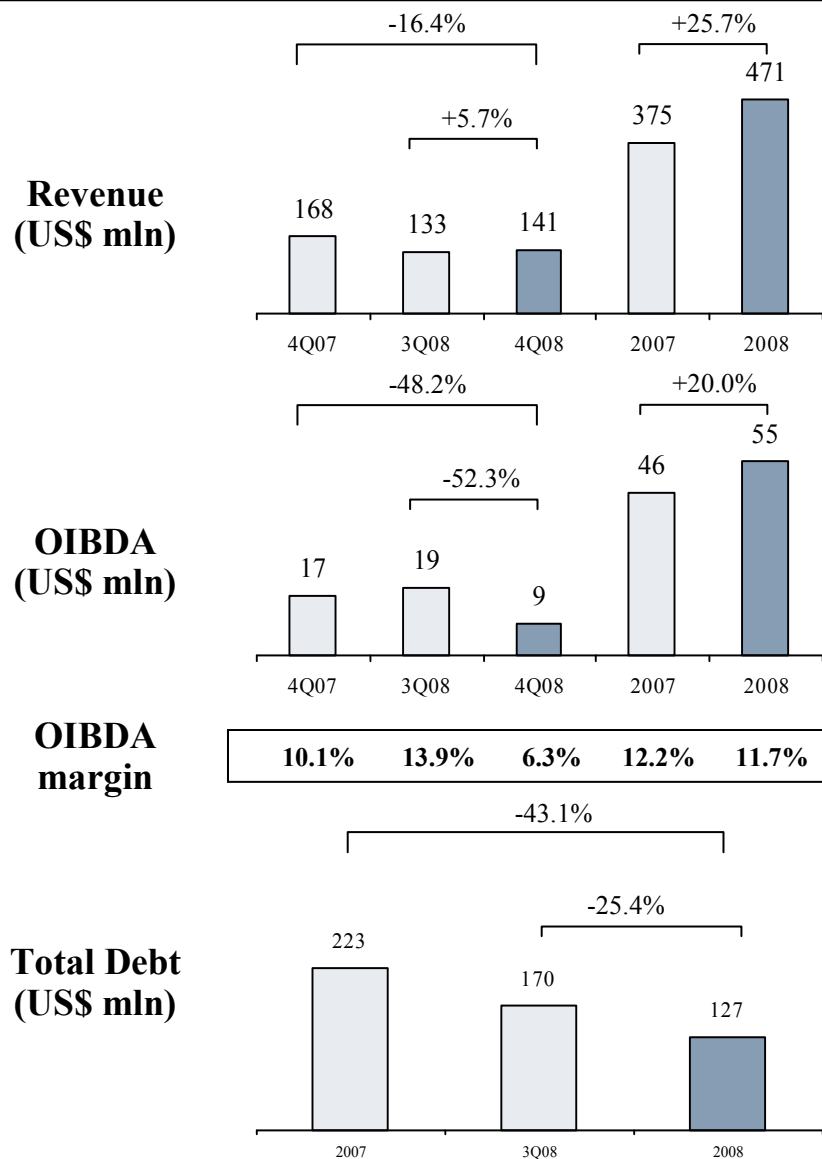


Summary of events 2008

- Created a joint venture with Chinese corporation ZTE
- Has signed a EUR 150 mln loan agreement (Intracom Telecom, a part of Sitronics)
- Signed a number of new contracts for a total cash consideration of US\$ 925mln
- Reached cooperation agreement with China National Machinery Import&Export Corp. (CMC)
- Signed an US\$ 24 mln agreement with K-Telecom, a leading mobile operator in Armenia (VivaCell-MTS) brands)
- Obtained US\$ 230 mln loan facility with Vnesheconombank

In 2008, SITRONICS reported significant revenue growth and improved its product portfolio

3.11. Business Unit Technology and Industry: RTI

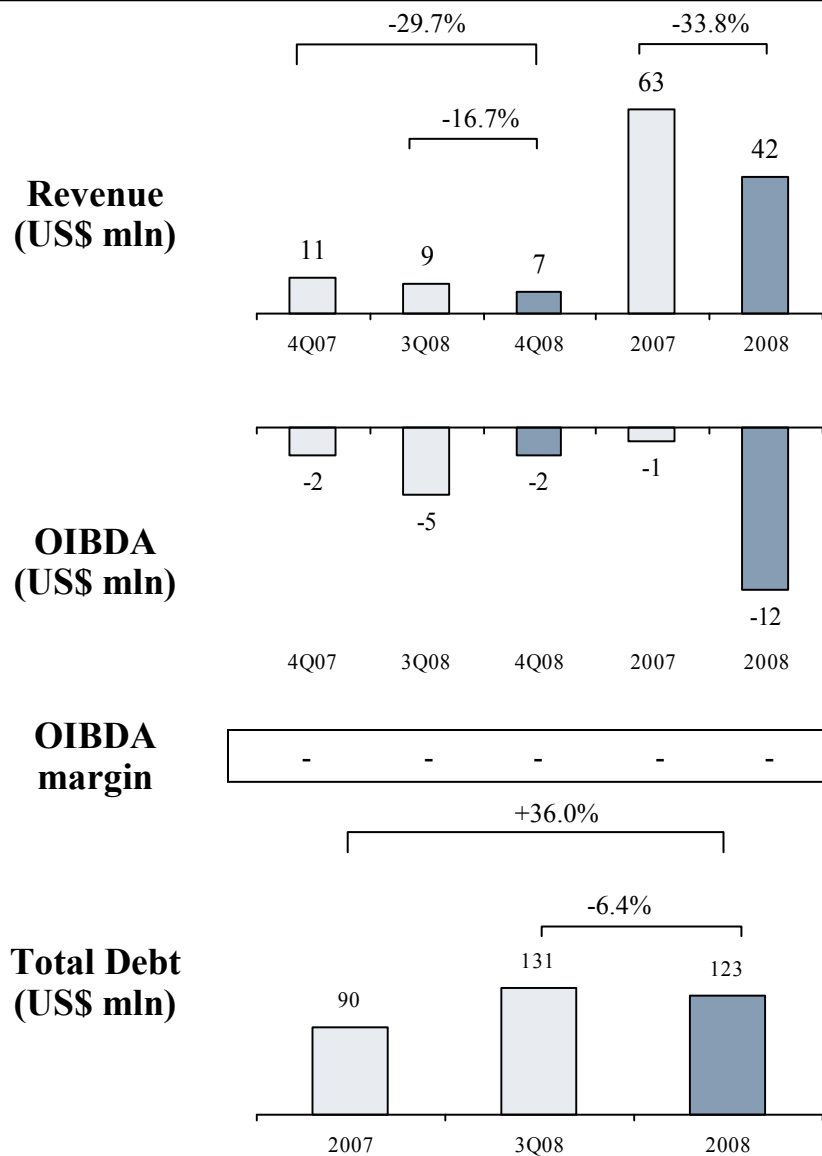


Summary of events 2008

- Completed government tests of one of the radars in Lekhtusi
- Signed the RUB 5.9 billion government contract to 2011
- Completed the installation of Podsolnukh radar for the permanent deployment
- Reduced CAPEX and OPEX to ensure current liquidity

The stable demand for segment's services and products as well as the implementation of anti-crisis programme resulted in revenue growth in 4Q 2008

3.12. Business Unit Technology and Industry: Pharmaceuticals



Summary of events 2008

- Appointed new management team
- Started financing the reconstruction of the current product facility
- Won the Moscow Government tender to supply Hepatitis B vaccine
- Reduced drugs distribution lines
- Cut by half Binnofarm's office and warehouse rental costs
- Redundancy in Binnofarm

The operating programme was revised in line with changed business strategy



1. Key Events
2. Financial Performance
3. Subsidiaries

Appendix

Appendix – 2008 Consolidated Financial Highlights



US GAAP, US\$ million	2008	2007	2006	2005
PROFIT AND LOSS				
Revenue	16,671	13,411	10,267	7,594
Depreciation and Amortisation	2,316	1,747	(1,286)	(1,025)
OIBDA	5,490	4,942	3,977	2,958
<i>Margin</i>	32.9%	36.9%	38.7%	39.0%
Operating Income	3,173	3,195	2,691	1,934
<i>Margin</i>	19%	23.9%	26.2%	25.5%
Net Income	62	1,572	813	534
<i>Margin</i>	0.4%	11.7%	7.9%	7.0%
BALANCE SHEET				
Total Assets	29,159	28,397	20,191	13,091
Total Debt	10,662	8,350	6,872	4,371
Cash and cash equivalents	1,991	1,062	502	483
Short-term Investments	617	909	544	594
CASH FLOW				
Cash Flows from Operating activities	3,826	2,723	2,116	1,793
Cash Flows from Investing activities	(5,875)	(5,754)	(5,317)	(4,276)
Cash Flows from Financing activities	3,270	3,378	3,289	2,468
CAPEX	(4,271)	(3,111)	(2,371)	(2,484)

Appendix – 2008 Segmental Note



(US\$, Thousand)	Telecommunications	Technology and Industry	Consumer Assets	Corporate and Others	TOTAL
External Sales	12,069,329	2,076,157	2,500,489	24,834	16,670,809
Internal Sales	12,184	456,291	96,018	36,138	-
Depreciation and Amortisation	2,158,424	83,904	64,669	9,268	2,316,295
Interest Income	72,707	9,588	10,273	67,702	72,486
Interest Expense	258,026	59,540	98,033	172,738	554,912
Net Interest Revenues	-	-	51,726	-	51 726
Operating Income/Loss	3,564,994	96,320	-159,362	- 118,350	3,173,292
Income Tax Expense	803,175	22,432	31 439	416	857,462
Segment Assets	17,478,564	2,584,473	113,070	3,444,267	29,158,827
Indebtedness	5,862,605	993,412	2,244,786	3,179,108	10,661,705
Capital expenditure	3,311,675	265,981	606,246	87,865	4,270,900



THANK YOU FOR YOUR ATTENTION!

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29th April 2009