



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC

Financial results

1Q 2011 year

June 15, 2011

Mikhail Shamolin

President of Sistema JSFC

Aleksey BUYANOV

Senior Vice President of Sistema JSFC, Chief Financial Officer

Anton ABUGOV

First Vice President of Sistema JSFC, Head of Strategy and Development functional Division

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.



- 1. Key highlights and events**
2. 1Q 2011 financial results
3. Business units and portfolio companies

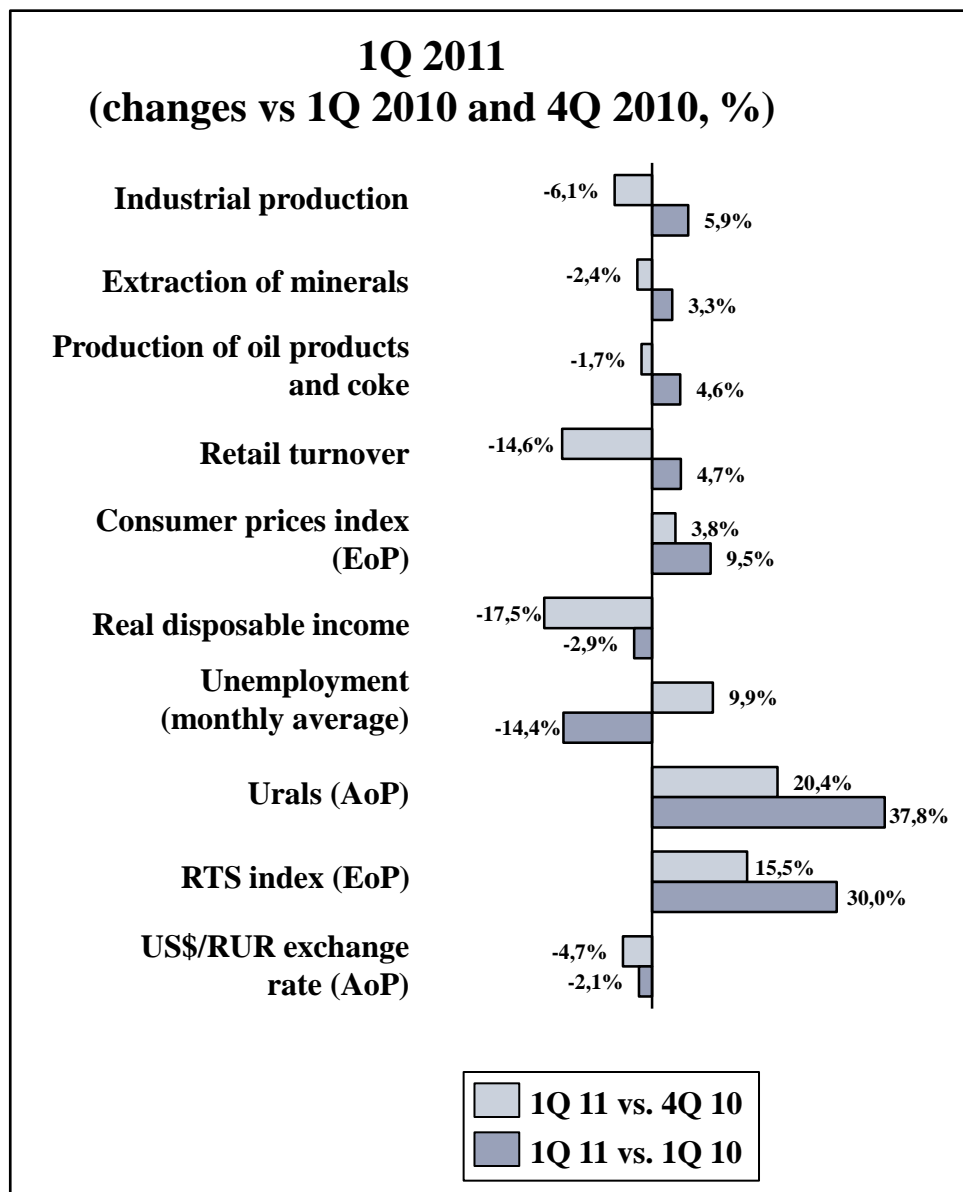
1Q 2011 Overview



- Maintained strong growth momentum in first quarter 2011 with revenues and OIBDA showing encouraging double digit growth
- Results dominated by oil & energy performance, with Bashneft benefiting from higher oil prices, increase in refined product, and increase in oil production
- Developing assets demonstrated positive revenues growth dynamics. Medsi remains top performer with return to profitability
- Internal restructuring now complete with two business units managing Core and Developing assets
- Focus now on establishing “best in class” independent management teams in Developing businesses and enhancing M&A pipeline with a view to build a third leg to Core assets

Strong year-on-year revenue and OIBDA growth

Economic environment in Russia in 1Q 2011

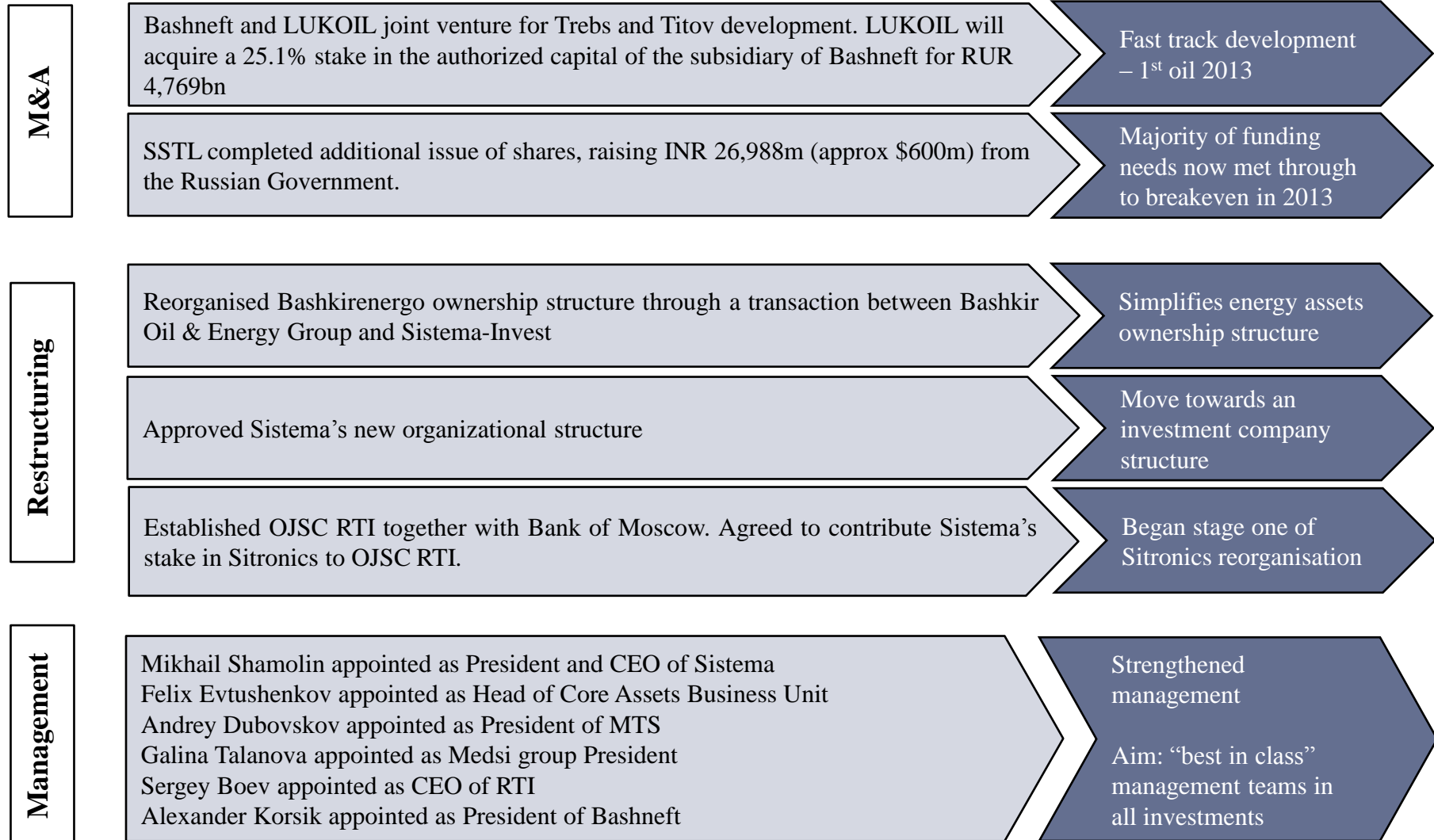


- Economy showed signs of stable recovery with continued strong YoY industrial production growth
- Higher oil prices boosted Russian exports and pushed national currency up versus US dollar
- Russian stock market performed well in Q1 2011 and RTS index posted more than 15% increase
- Real income decreased both in QoQ and YoY terms reflecting adverse effect of higher social contributions, unemployment as usual increased in Q1 vs Q4 but continued to decrease in YoY terms
- Retail sector performed very well in the beginning of the year, supported by an increase in consumption rate of households

Sources: Rosstat, CB RF, RTS, TopOilNews

First quarter characterised by attractive macro economic environment

Strategy and Key events





1. Key highlights and events

2. 1Q 2011 financial results

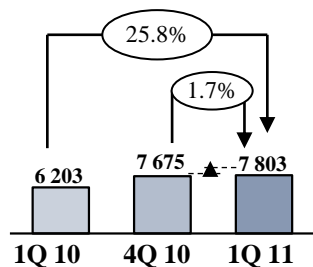
3. Business units and portfolio companies

1Q 2011 Consolidated results*

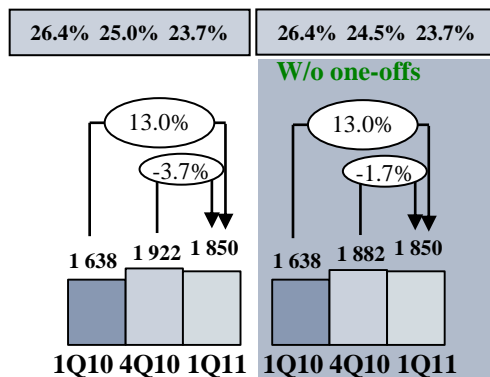


US GAAP, \$ mln

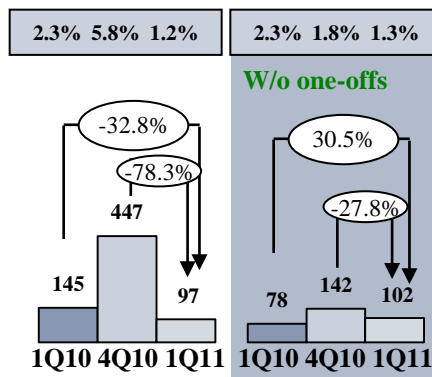
REVENUE



OIBDA



NET INCOME

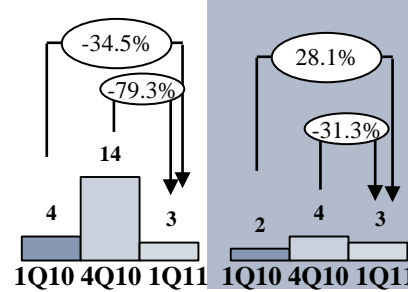
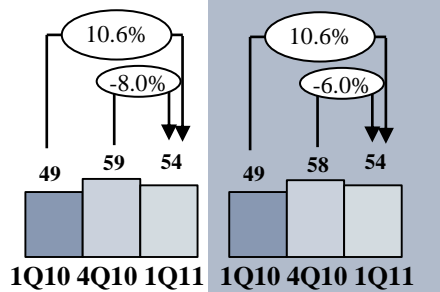
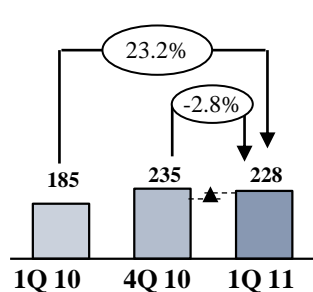


- Consolidated revenues up 25.8% year-on-year, driven by double digit top line growth at both Bashneft and MTS

- The Group's OIBDA increased by 13.0% year-on-year

- Net income without one-offs increased by 30.5% year-on-year

RUR bln . * *



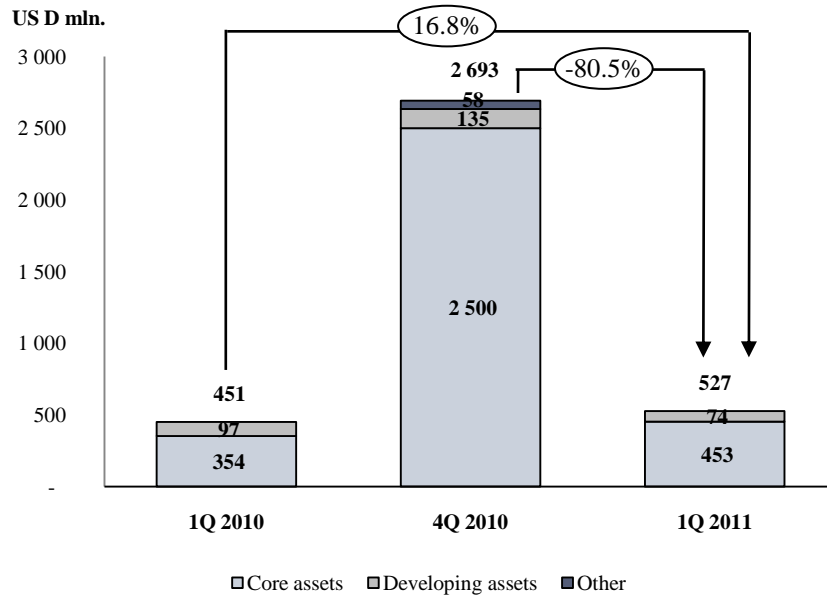
* Here and further, unless otherwise specified, comparative financial results of 1Q 2010 and 4Q 2010 are presented as reported historically, except for MTS results which are presented including consolidated results of Comstar UTS, TS Retail and MetroTelecom, with one-offs

** Hereinafter the ruble conversion was done by multiplying the US GAAP financial results by the US\$/RUR exchange rate. Average US\$/RUR exchange rate: 1Q 2011 year – 29.27, 4Q 2010 year – 30.62, 1Q 2010 – 29.89

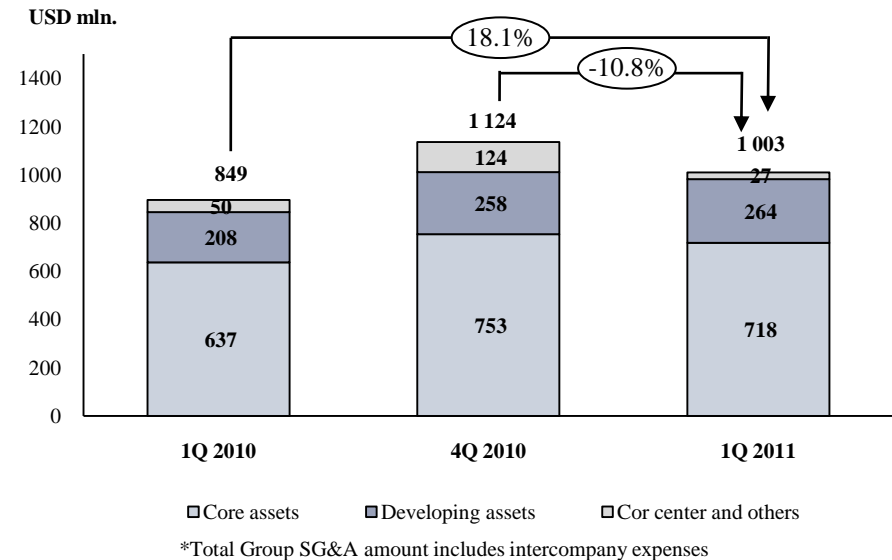
Financial Summary



CAPEX breakdown



SG&A breakdown



Key highlights:

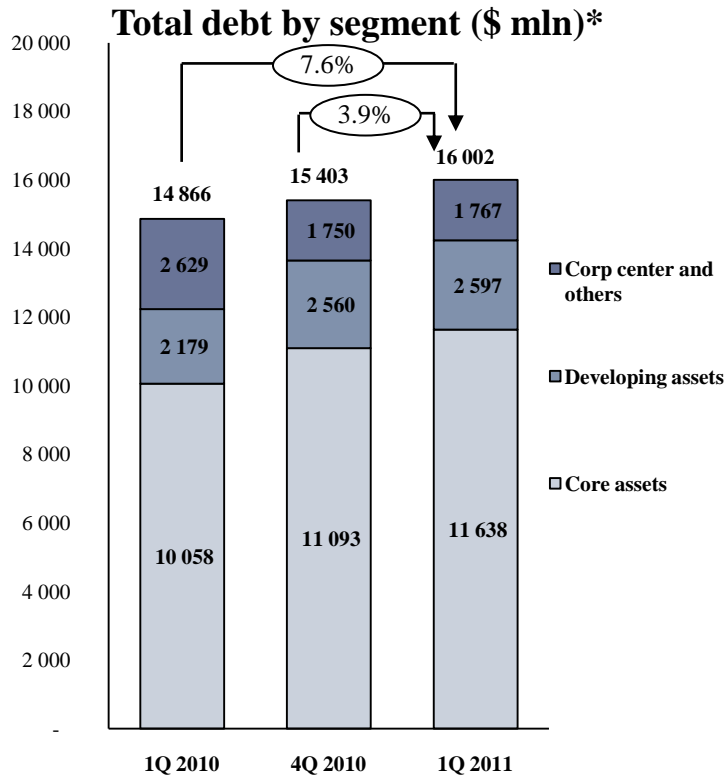
- Capex quarter-on-quarter lower due to seasonal volatility
- Increase in Capex year-on-year attributable to higher exploration and production spend at Bashneft and ongoing 3G network modernisation and retail development at MTS.

Key highlights:

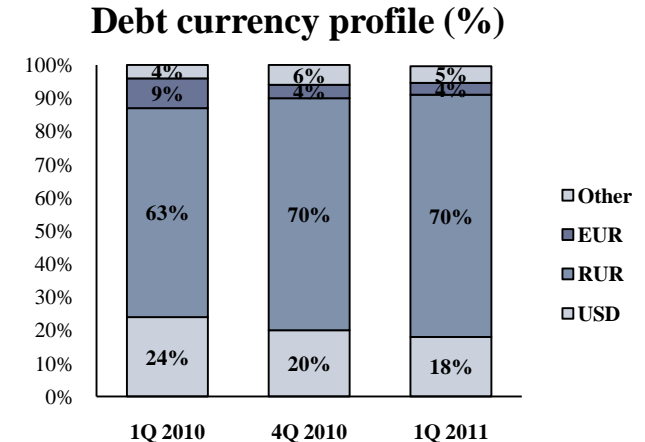
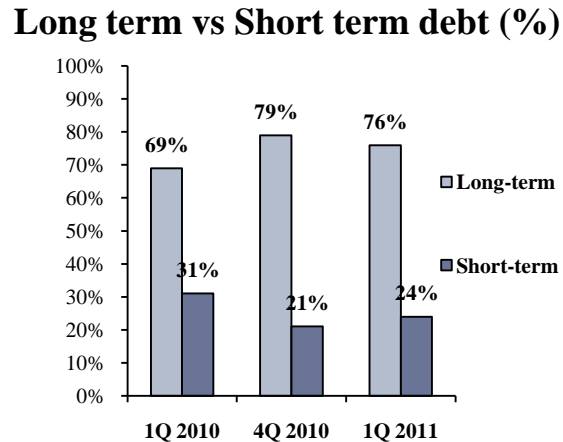
- SG&A quarter-on-quarter lower due to Core assets and Corp centre's cost optimisation. At Corporate centre, decrease in SG&A is attributable to ongoing reconsideration of incentive program following corporate structure changes.

Marginal increases in CAPEX and SG&A due to new investments and inflation

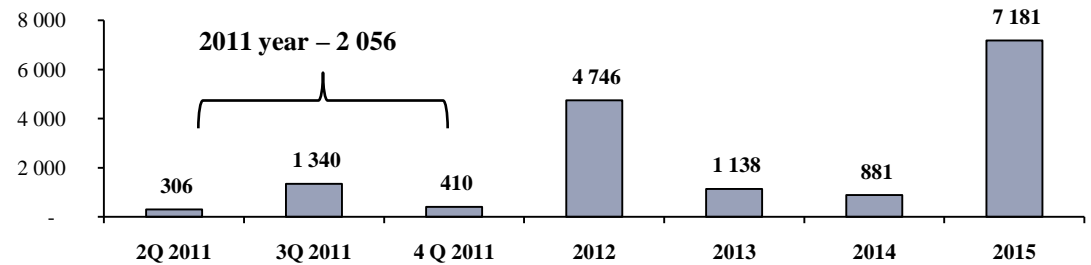
Consolidated debt optimization



* Hereinafter intra-group debt is excluded



Debt maturity profile (\$ mln)*



*Source: management accounts

Key highlights:

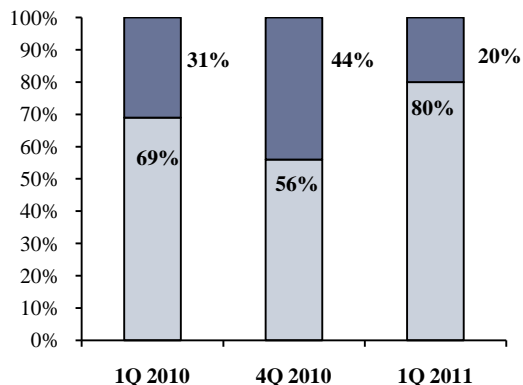
- Total Group debt increased by 3.9% quarter-on-quarter and by 7.6% year-on-year mainly as a result of Ruble appreciation and capital structure optimisation in Bashneft
- Corporate center debt maintained at year end level but significantly lower than Q1 2010
- Stable share of short term debt and debt currency profile

Maintained low Debt/annualized OIBDA ratio of 2.1 in 1Q 2011

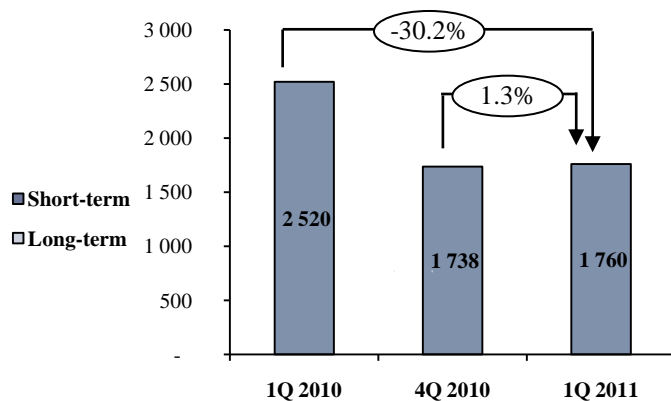
Corporate Center debt management



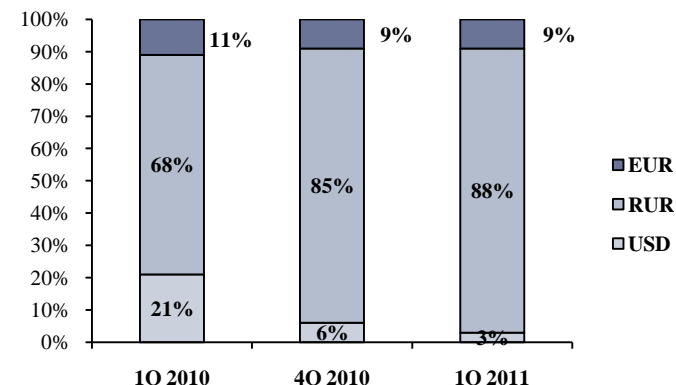
**HoldCo level
Long term vs Short term debt (%)**



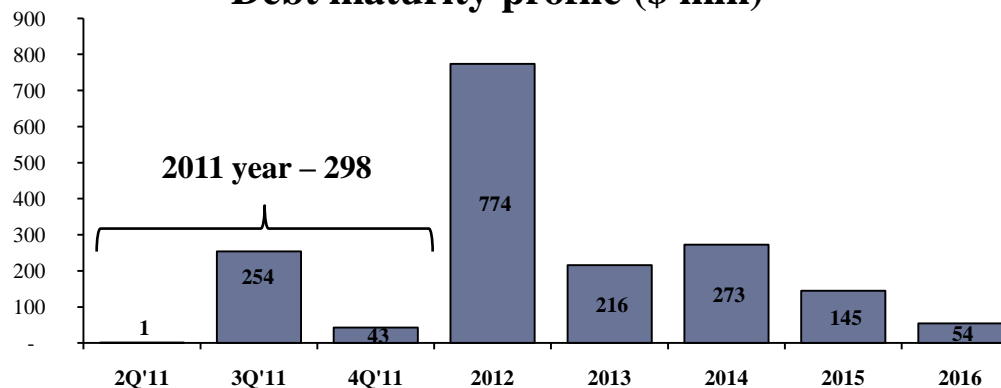
**HoldCo level
total debt (\$ mln)**



**Debt currency profile at the
HoldCo level (%)**



**HoldCo level
Debt maturity profile (\$ mln)***



*Source: management accounts

30% reduction in Corporate Center debt versus Q1 2010



1. Key highlights and events

2. 1Q 2011 financial results

3. Business units and portfolio companies



Business Unit “Core Assets”

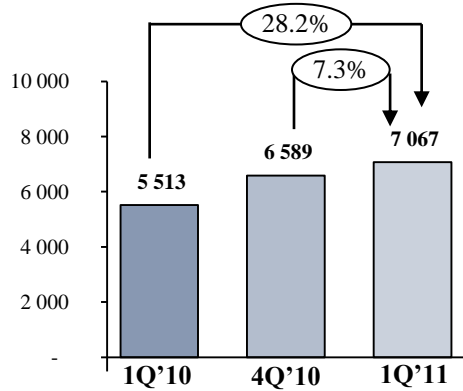


BU Core assets

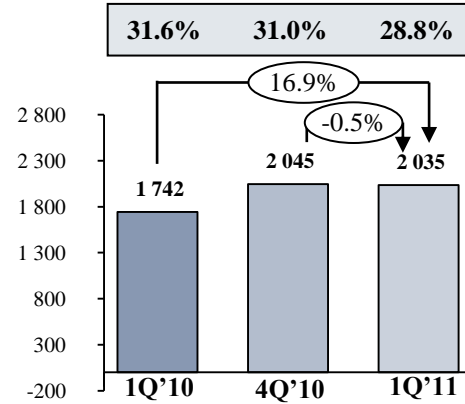
US GAAP, \$ mln



REVENUE

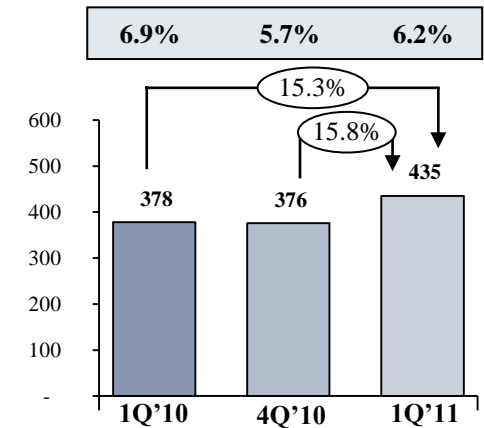


OIBDA



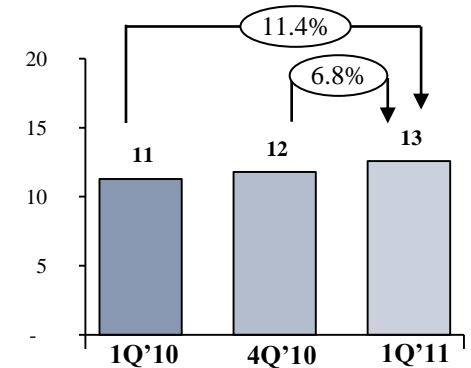
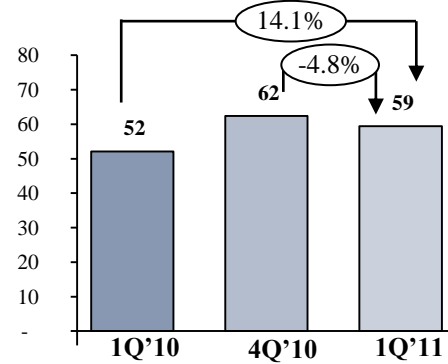
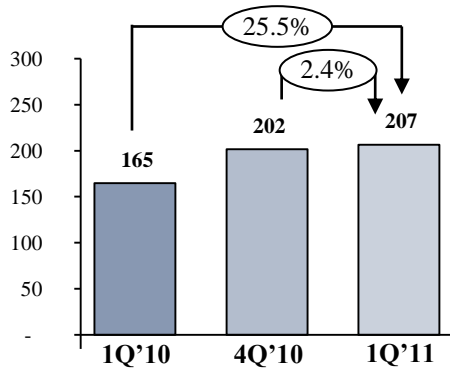
Margin

NET INCOME



Margin

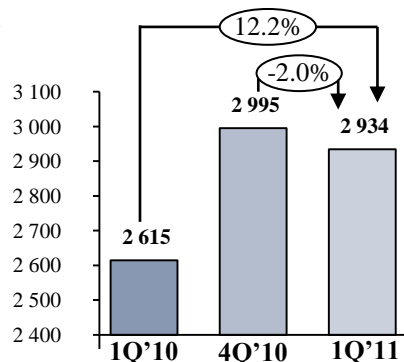
Bln. RUR



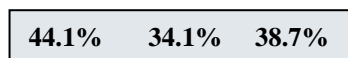
Revenue and bottom line growth maintained as Bashneft continues to set the pace in core assets portfolio

US GAAP, \$ mln

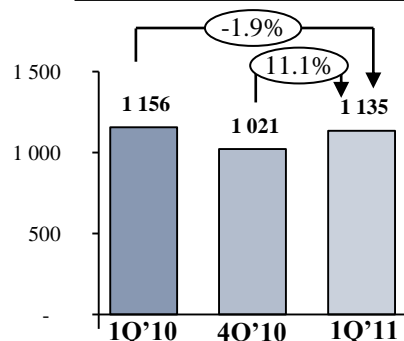
Revenue
(\$ mln)



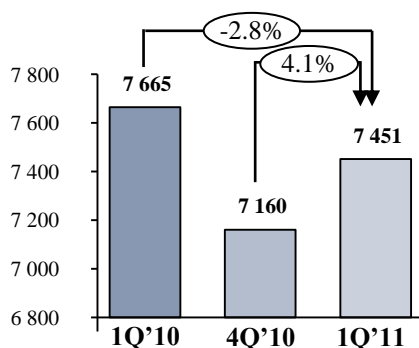
OIBDA margin



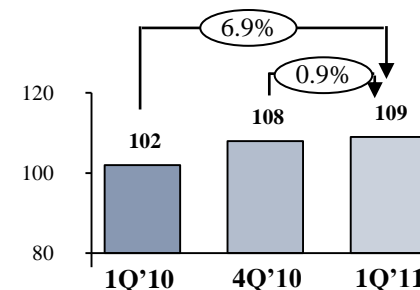
OIBDA
(\$ mln)



Debt
(\$ mln)



Mobile subscribers* (mln)



Key events in 1Q 2011 and onwards

- By the end of 1Q 2011 the total mobile subscriber base of MTS reached 108.5m customers, which is 6.2m subscriber growth year-on-year
- The number of households passed grew by 28.7% vs. 1Q 2010, up to 10m in 1Q 2011, the number of pay TV subscribers reached 2.6m in 1Q 2011 versus 1.8m in 1Q 2010 and the number of broadband Internet subscribers increased to 1.9m in 1Q 2011 up from 1.4m in 1Q 2010
- The average monthly revenue per subscriber (“ARPU”) in Russia increased from RUR 236.7 in the first quarter of 2010 to RUR 252.1 in the first quarter of 2011
- The Minutes of Use indicator (MOU) was up by 18.0% year-on-year and amounted to 249 minutes in the first quarter of 2011, compared to 211 minutes in the first quarter of 2010
- MTS’ OIBDA margin went down from 44.1% in 1Q 2010 to 38.7% in 1Q 2011 as a results of one-off expenses related to the statutory merger with Comstar-UTS, fees associated with high gross subscriber additions, and suspension of operations in Turkmenistan
- In March 2011, Andrey Dubovskov was appointed as President and Chief Executive Officer of MTS.

* Including subscribers in the Republic of Belarus

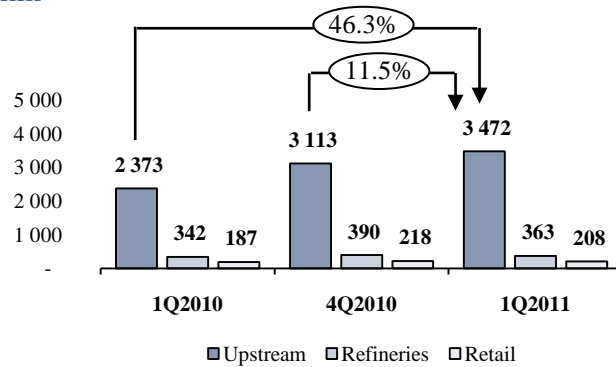
Significant growth of revenue - by 12% year-on-year - was achieved due to increased subscriber base and revenue from the data and retail segments

BU Core assets: Bashneft

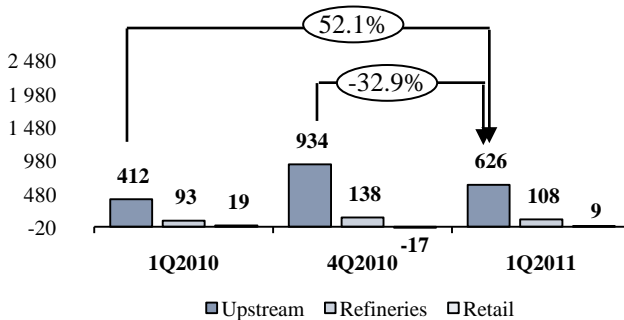


US GAAP, \$ mln

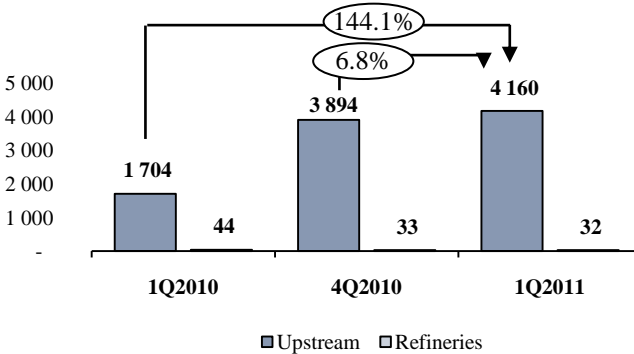
Revenue
(\$ mln)



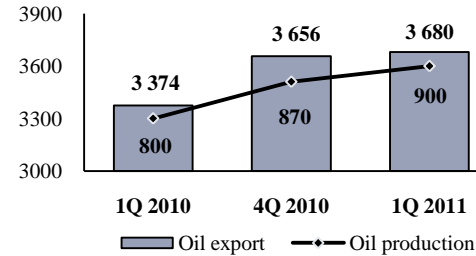
OIBDA
(\$ mln)



Debt
(\$ mln)

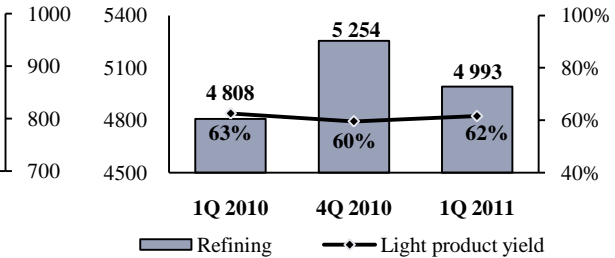


Oil production* and export
('000 tonnes)



* Including production by subsidiaries

Refining ('000 tonnes) and light product yield (%)



Key events in 1Q 2011 and onwards

- In 1Q 2011, OIBDA of Bashneft decreased by 32.9% vs. 4Q 2010 and increased by 52.1% vs. 1Q 2010 OIBDA; without Belkamneft revaluation income in 4Q 2010 was up 13.1% QoQ
- In 1Q 2011 oil production grew by 0.7% vs. 4Q 2010 and by 9.1% vs. 1Q 2010 up to 3,680K tons
- In 1Q 2011 the refining volumes of the Group's refineries decreased by 5% vs. 4Q 2010 and increased by 3.8% vs. 1Q 2010 up to 4,993K tons. In 1Q 2011 Bashneft maintained an 8% share of the Russian refining market
- Bashneft and Lukoil signed an agreement regarding creation of a JV for joint development of the Trebs and Titov oil fields, which will speed up the launch of the field operations and help achieve maximum production levels
- Acquired Orenburgnefteproduct, which owns 95 petrol stations and 16 tank farms in the Orenburg region.
- In April 2011, the Bashneft Board of Directors approved the new structure and appointed a new President - Alexander Korsik

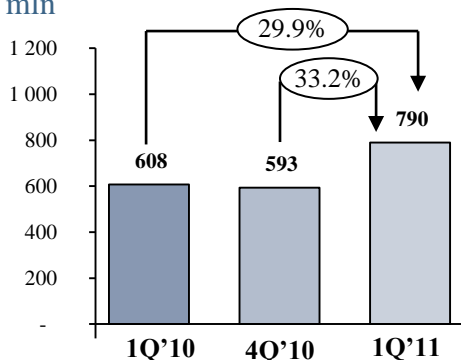
Bashneft remained a leader among the Russian vertically integrated oil companies by oil production growth rates and continued to be one of the leaders among refining companies in Russia

BU Core assets: Bashkirenergo

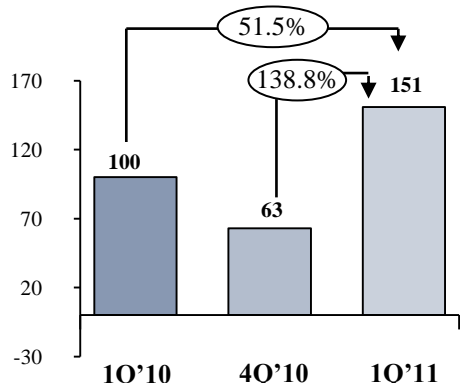


US GAAP, \$ mln

Revenue
(\$ mln)



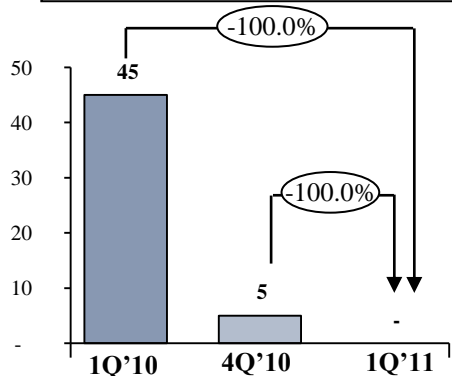
OIBDA
(\$ mln)



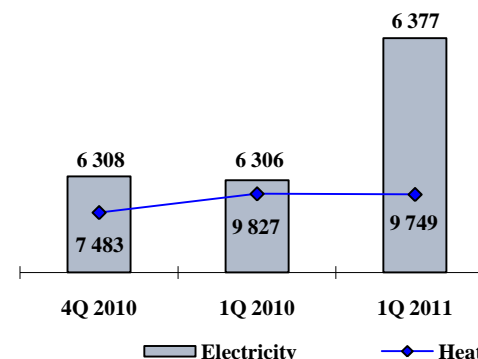
OIBDA
margin

Period	OIBDA margin
1Q'10	16.4%
4Q'10	10.7%
1Q'11	19.1%

Debt
(\$ mln)



Electric power generation (kW mln) and heating power supply ('000 Gcal)



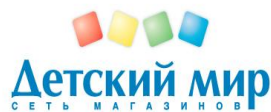
Key events in 1Q 2011 and onwards

- In 1Q 2011 the revenue of Bashkirenergo grew by 29.9% year-on-year mainly due to the fact that the sales company entered the wholesale electricity and capacity market and its revenue was calculated separately from the revenue of the generating facilities, which also became separate subjects of the wholesale electricity and capacity market. Increased revenue was also the result of the increase in electricity tariffs on the wholesale market.
- In 1Q 2011 the Bashkirenergo companies increased electricity output by 1% vs. 1Q 2010 - 6,377m kWt/h. Heat supply of Bashkirenergo over 3 months of 2011 reduced by 2% vs. 2010 to 9,749K Gcal
- On 29 April 2011, the Bashkirenergo Board of Directors recommended to the AGM that it should allocate RUR 1,085bl for dividends and RUR 472bl for implementation of the investment program which will include resuming the construction of a new CHP-5 valued at RUR 14bn.
- In May 2011 the Bashkirenergo Board of Directors took the decision to appoint Andrey Makarov as CEO of Bashkirenergo from 1 June 2011.

Strong results driven by higher electricity prices and separate access to wholesale and capacity markets



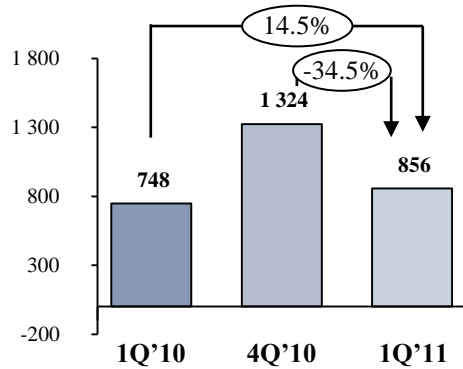
Business Unit “Developing assets”



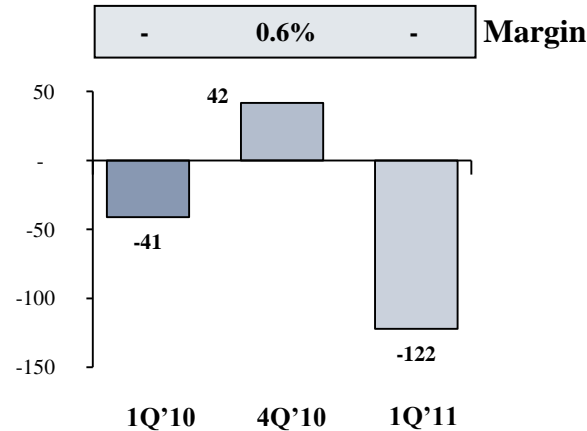
BU Developing assets

US GAAP, \$ mln

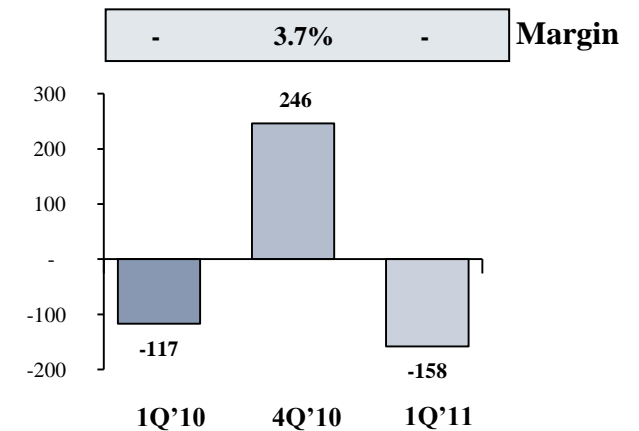
REVENUE



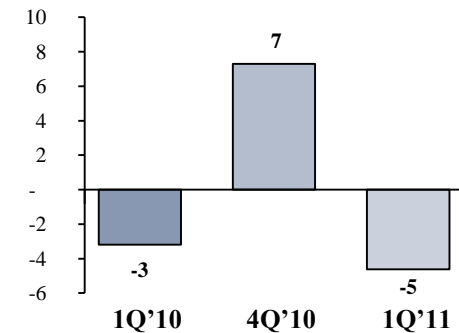
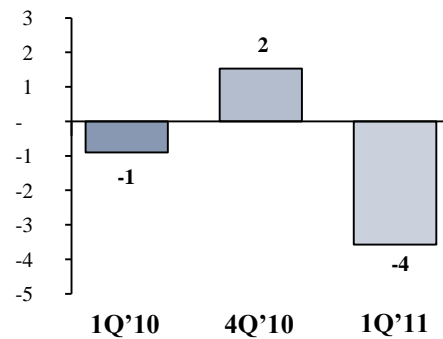
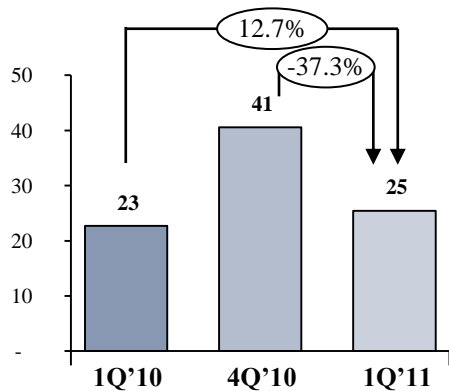
OIBDA



NET INCOME



Bln. RUR



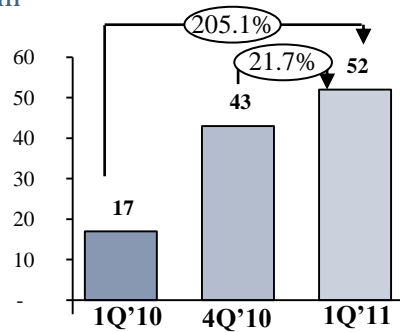
Developing assets demonstrated year-on-year revenue growth

BU Developing assets: Sistema Shyam TeleServices Ltd.

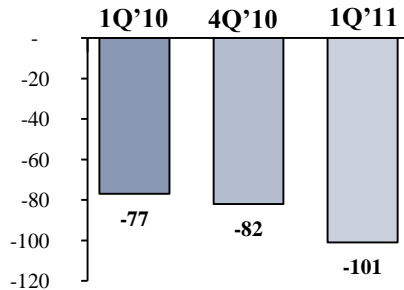


US GAAP, \$ mln

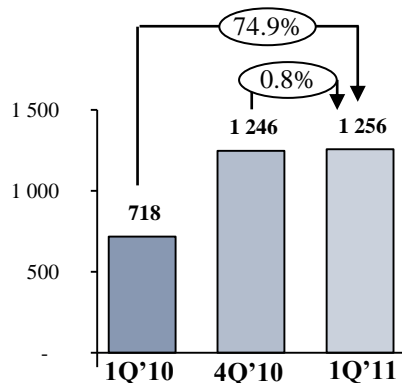
Revenue (\$ mln)



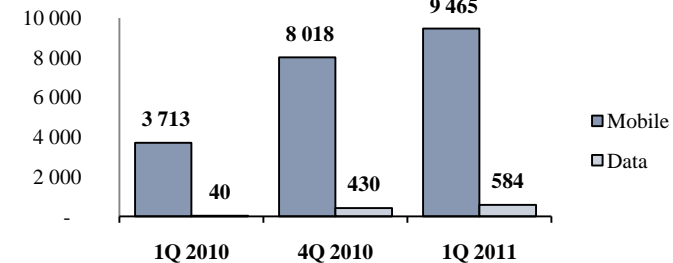
OIBDA (\$ mln)



Debt (\$ mln)



Mobile subscribers ('000)



Key events in 1Q 2011 and onwards

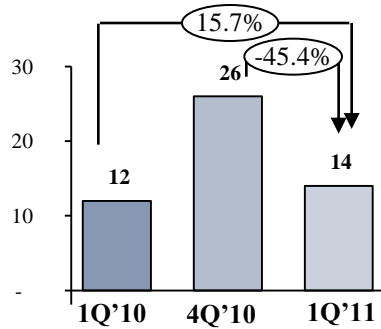
- Total wireless (Voice & Data) subscriber base for the quarter up by 19% to 10.05 million.
- Data card subscriber base for the quarter up by 36% to 0.58 million.
- Blended mobile ARPU for the quarter was consistent at INR 82
- Non-voice revenues from both data and mobile VAS for the quarter up by 34% to INR 574.6 million.
- Share of non-voice revenue as a percentage of total revenue increased by 2.1 p.p. for the quarter.
- High-speed data (HSD) services expanded to 130 cities of India by the end of Q1 2011. Currently, SSTL' HSD services are present in over 150 cities.
- SSTL branded and launched the android 2.1 powered HTC Iris smart phone as "MTS Pulse". The launch redefined the way in which smartphones are sold in the country.
- SSTL in May 2011 awarded ZTE Corporation (Global provider of telecommunications equipment and network solutions) the world's first CDMA EV-DO Rev. B Phase 2 commercial contract. The company plans to commence roll out of EV-DO Rev. B in Rajasthan by Q3 2011.

Strategy focused on expanding broadband customer base in economically dynamic regions

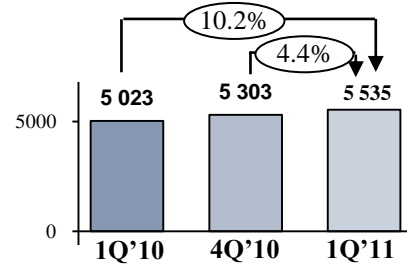
BU Developing assets: SMM

US GAAP, \$ mln

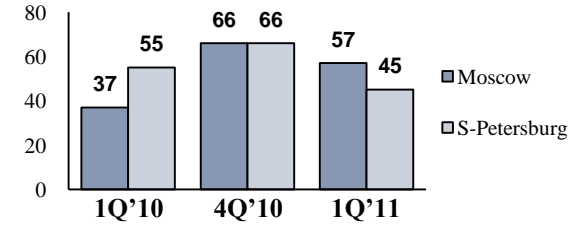
Revenue (\$ mln)



Stream TV subscriber base ('000)



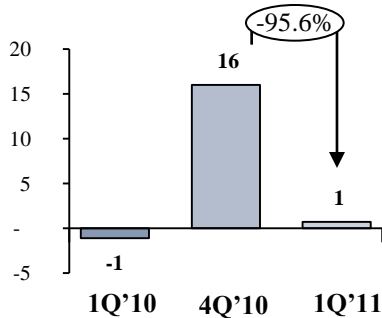
Russian World Studios production studios load ratio, %



OIBDA margin

1Q'10	4Q'10	1Q'11
-	63.1%	5.1%

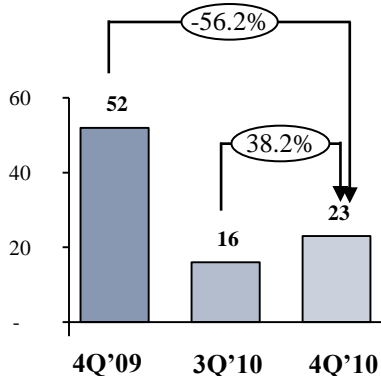
OIBDA (\$ mln)



Key events in 1Q 2011 and onwards

- In Q1 2011 revenue increased by 15.7% to \$14.1m v's Q1 2010. Higher revenue driven by increased income from distribution and content aggregation, as well as increase in advertising revenue. Revenue drop by 45.4% vs Q4 2010 was the result of the seasonality, as the main portion of the revenue in cinema production is generated in Q4
- OIBDA growth vs Q1 2010 was the result of revenue growth and optimization of selling, commercial and general expenses, which equal 50.2% of operating expenses
- In 2010 RWS significantly increased its production volume; and by the end of 2010 the content library of RWS grew by 53.1% vs 2009, amounting to 1,210 hours
- STREAM produces 9 proprietary TV channels and aggregates more than 100 channels for the mobile operator MTS in Moscow and Moscow Region. In Q1 2011 the consolidated subscriber base of STREAM TV reached 5.5mln subscribers

Debt (\$ mln)



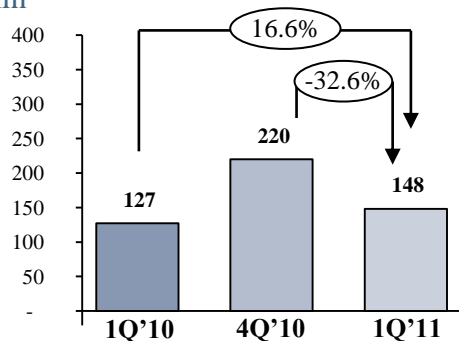
Increase in subscriber base maintaining positive year-on-year top line dynamic

BU Developing assets: Detsky Mir



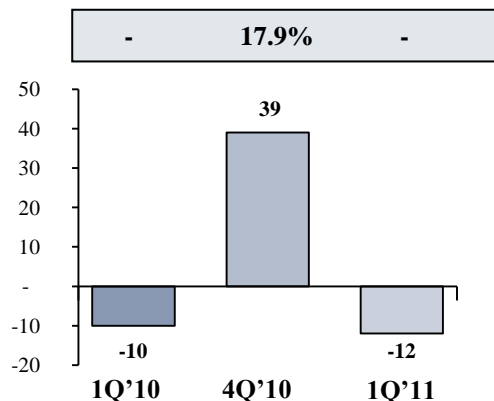
US GAAP, \$ mln

Revenue
(\$ mln)

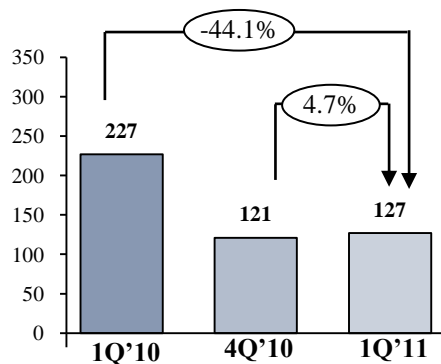


OIBDA margin

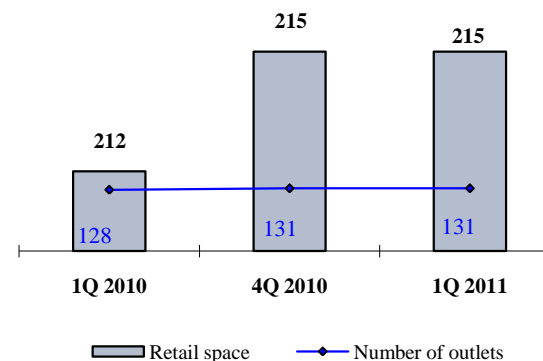
OIBDA
(\$ mln)



Debt
(\$ mln)



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



Key events in 1Q 2011 and onwards

- The revenue of Detsky Mir grew by 16.6% in US dollars vs 1Q 2010
- The \$12mln OIBDA loss and reduction in revenue vs. 4Q 2010 as a result of seasonality factors
- At the end of 1Q 2011 the network of retail outlets included 131 stores located in 67 Russian cities, whilst the aggregate retail space was 214.5 thousand square meters
- Debt decreased significantly vs. 1Q 2010 - by 44.1%.

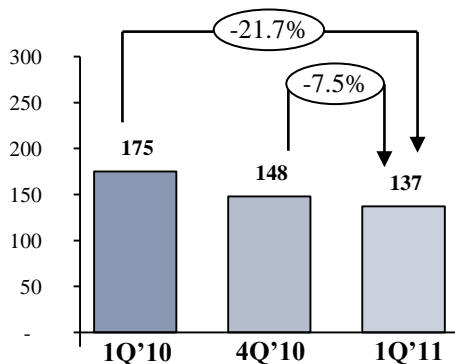
Significant reduction of debt vs. 1Q 2010

BU Developing assets: MBRD

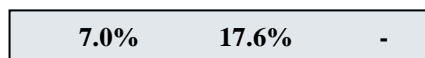


US GAAP, USDm

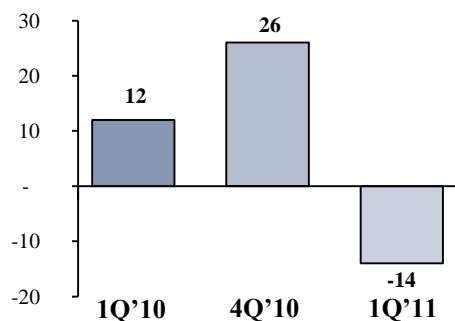
Revenue
(USD m)



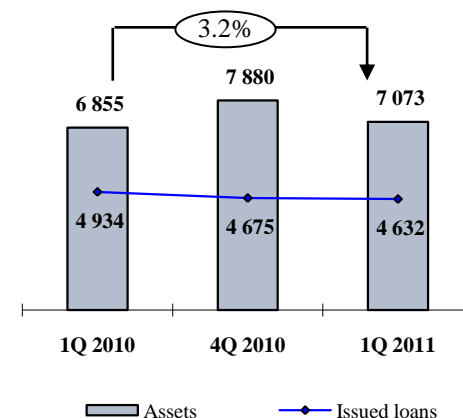
OIBDA
margin



OIBDA
(USD m)



Assets and issued loans * (mUSD)



Key events in 1Q 2011 and onwards

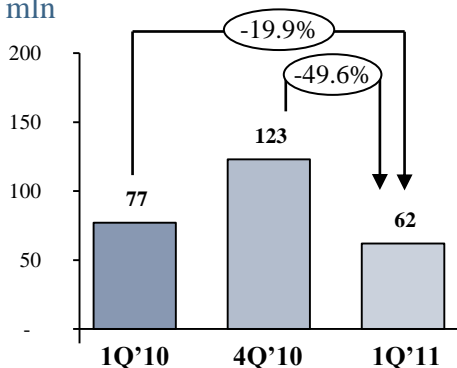
- Revenue declined by 7.5% compared to 4Q 2010 (-21.7% vs. 1Q 2010) due to a reduction in MBRD's portfolio of debt securities and issued loans, as well as a fall in market interest rates
- MBRD's loan book to financial institutions, with the exception of leasing agreements, contracted by 7.7% as of 31 March 2011 compared to 31 December 2010, dropping to USD 4,552mln
- The deposits to loans ratio in the retail sector was 305.0% as of the end of 2010
- The interest income from operations with individuals and corporate clients decreased by 19.7% compared to 1Q 2010 to USD 118.5m in 1Q 2011

Lower market interest rates impacting revenues

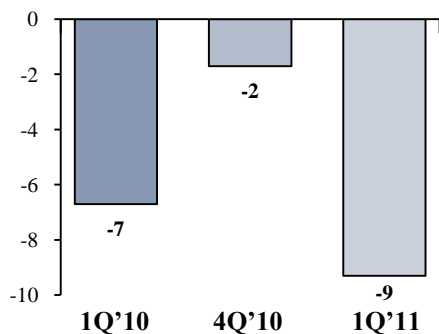


US GAAP, \$ mln

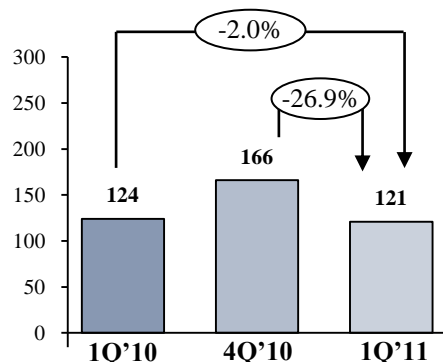
Revenue
(\$ mln)



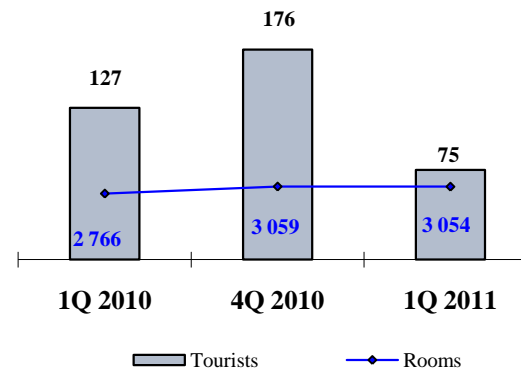
OIBDA
(\$ mln)



Debt
(\$ mln)



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



Key events in 1Q 2011 and onwards

- Intourist's revenues fell 19.9% vs. 1Q 2010, primarily caused by force-majeure circumstances. One of the key winter destinations, Egypt, was essentially closed for tourism during peak season (the share of Egypt in the target tourist traffic is ~33% in 2010)
- In March 2011, Intourist sold 100% of the Pekin Hotel
- In April 2011, Intourist announced a reorganization through the merger of the two managing companies, Intourist and Intourist Hotel Group, which is estimated to result in a 30% reduction in expenses of the two companies.

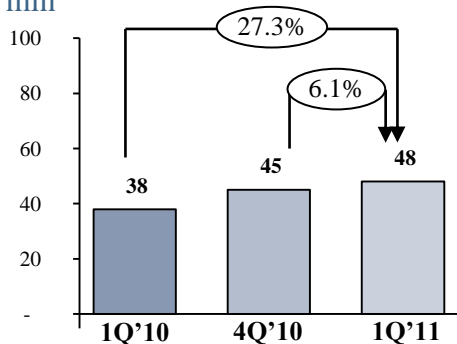
* Including outbound, inbound, domestic tourism and transport services.

Results impacted by force-majeure at key winter destinations

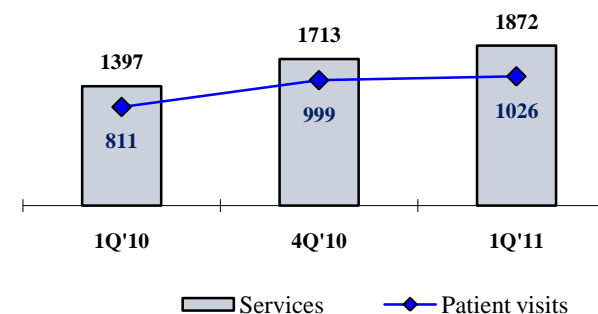
BU Developing assets: Medsi

US GAAP, \$ mln

Revenue
(\$ mln)



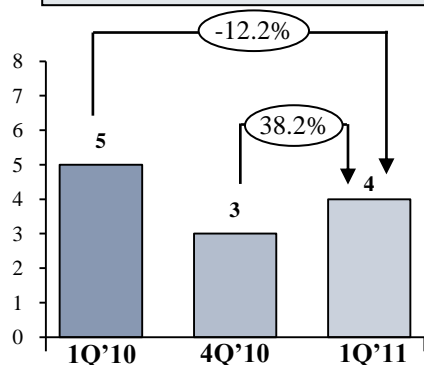
Services and patient visits ('000)



OIBDA
margin



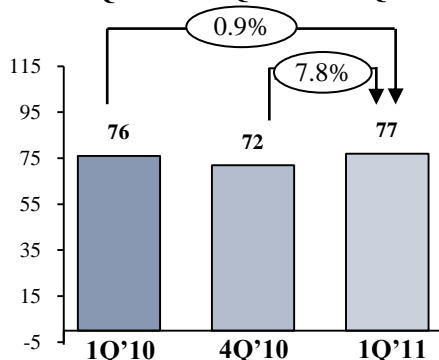
OIBDA
(\$ mln)



Key events in 2010 and onwards

- 1Q 2011 Revenue increased to US\$ 48 mln or 27.3% compared to 1Q 2010 as a results of 26.4% increase in patient visits and 34% growth in volume of services
- Average bill increased by 0.7% to \$46.7
- As of March 31, 2011 Medsi operated 31 clinics and 64 medical centers (total area – over 47 th. sq.m.)
- In January 2011 Galina Talanova was appointed as Medsi Group President

Debt
(\$ mln)

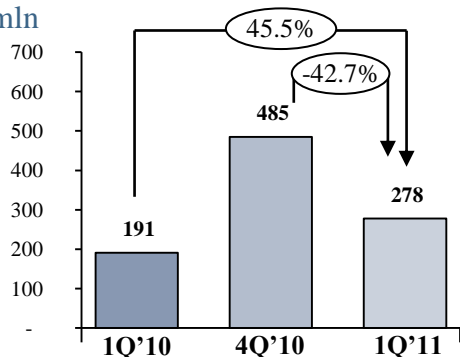


Continued business expansion and potential for first profits by year end

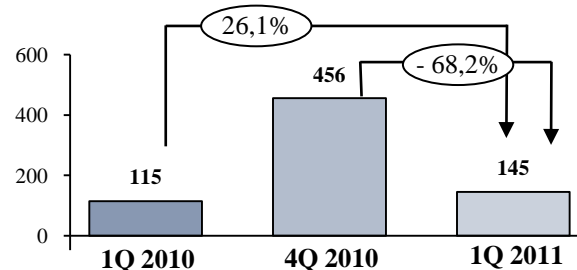
BU Developing assets: SITRONICS

US GAAP, \$ mln

Revenue
(\$ mln)



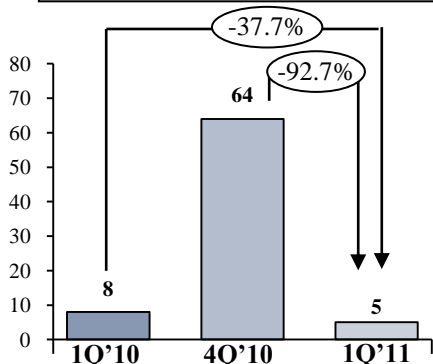
Contract revenues (mln \$US)



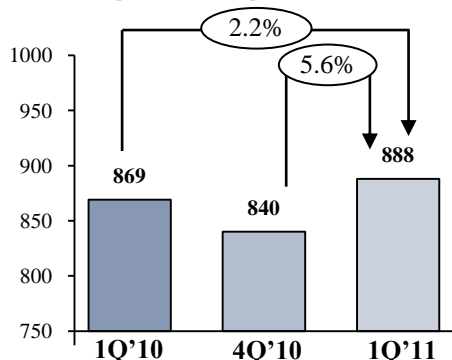
OIBDA
margin



OIBDA
(\$ mln)



Debt
(\$ mln)



Key events in 1Q 2011 and onwards

- Total value of contracts signed in 1Q 2011 amounted to \$145m vs. \$115m in 1Q 2010, although the first quarter is traditionally a period of lower business activity.
- Total value of contracts signed since the beginning of 2010 is currently over \$1.4bn. Ca \$880m of this amount is expected to arrive in 2011, which equals 75% of the 2010 annual revenues of the company.
- Revenues increased by 45.5% year-on-year in 1Q 2011 due to significant growth of sales in the Information Technologies and the Microelectronics segments.
- In April 2011 SITRONICS signed a large contract with the Government of Moscow to work on the project of establishing the Intellectual Transport System of Moscow, for the amount of ca RUR 6.2bn (over \$220m).
- SITRONICS started exporting RFID tickets. In March 2011 it signed a contracts with Belbim, a Turkish IT company, to produce and supply RFID tickets for land transport in Istanbul.

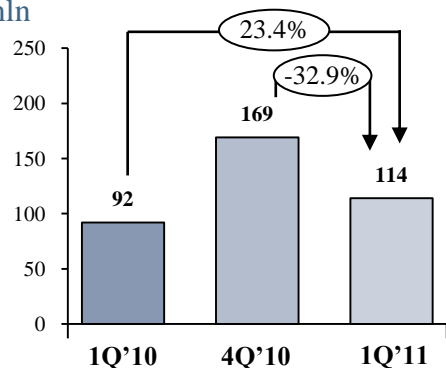
Revenue growth driven by strong performance of Information Technologies and Microelectronics divisions

BU Developing assets: Concern RTI Systems



US GAAP, \$ mln

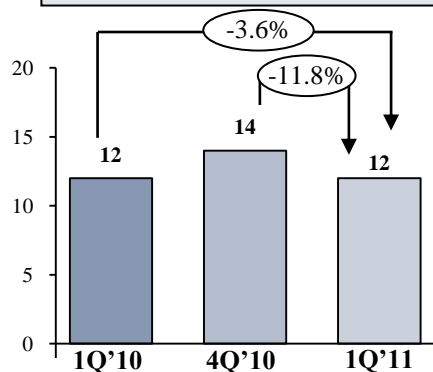
Revenue
(\$ mln)



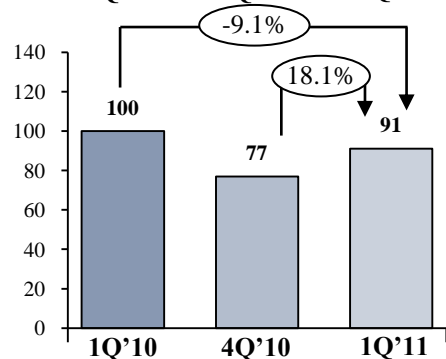
OIBDA margin



OIBDA
(\$ mln)



Debt
(\$ mln)



Key events in 1Q 2011 and onwards

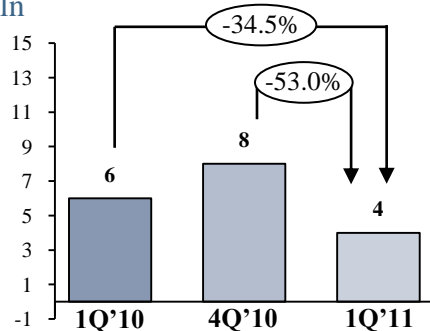
- Revenue rose 23.4% in 1Q 2011 v's same period last year driven by increased number of contracts and growth of general government defense spending.
- In 1Q 2011 OIBDA remained level v's 1Q 2010, while the OIBDA margin fell from 13.5% to 10.5% due to the difference in quarterly structure of income in 2011 compared to 2010.
- Debt fell by 9.1% year-on-year. The increase in debt vs. 4Q 2010 was required to compensate for the insufficient financing of works by the customer in 1Q.
- According to the schedule of reorganization of UralElectro Group, three companies reporting directly to the RTI Concern were established, which is designed to improve business management and enhance efficiency of setting the production cost of goods.
- Sistema contributed its shares of RTI Systems Concern to RTI. The stake of RTI in the authorized capital of RTI Systems Concern after the acquisition, and the voting shares of the company owned by RTI after the acquisition - 97/97%.

Steady year-on-year performance following increased number of contracts and general government defense spending

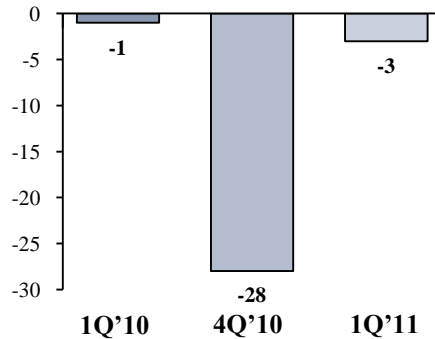
BU High Tech and Industry: Binnopharm

US GAAP, \$ mln

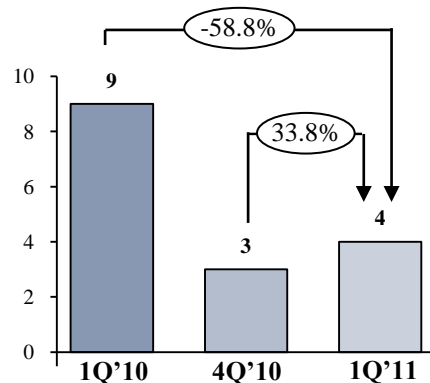
Revenue
(\$ mln)



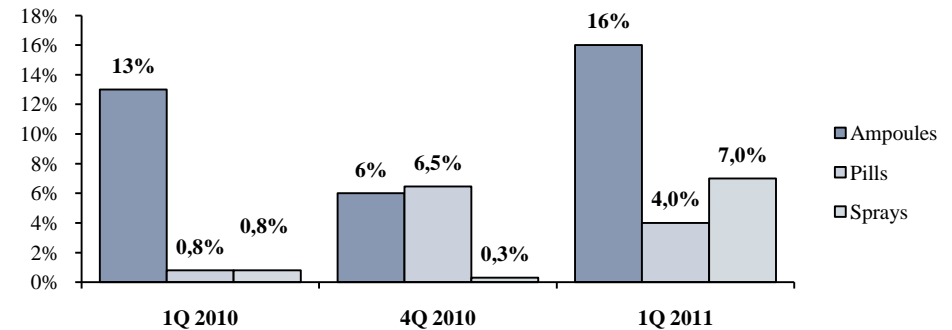
OIBDA
(\$ mln)



Debt
(\$ mln)



Utilisation rate of new Zelenograd
production facility



Key events in 1Q 2011 and onwards

- In April 2011, UCB Pharma and Binnopharm signed MoU on strategic partnership, which, according to the government strategy 'Pharma 2010', will facilitate the processes of production localization and import substitution in Russia
- In March 2011, Binnopharm and Rosgosstrakh signed a partnership agreement as part of the project to create a nano-bio-pharmaceutical cluster 'Biocity'

Signed new strategic partnership and appointed new management



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

THANK YOU!

Mikhail Shamolin
President of Sistema JSFC

Alexey BUYANOV
Senior Vice President of Sistema JSFC, Chief Financial Officer

Anton ABUGOV
First Vice President of Sistema JSFC, Head of Strategy and Development

IR Department
Tel. +7 (495) 692 11 00
www.sistema.com
ir@sistema.ru