



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Sistema JSFC

Financial results

2Q 2011 year

September 14, 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.

2Q 2011: Financial Results

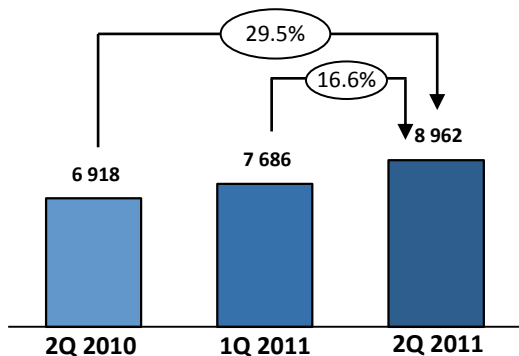


US GAAP, US\$ mln

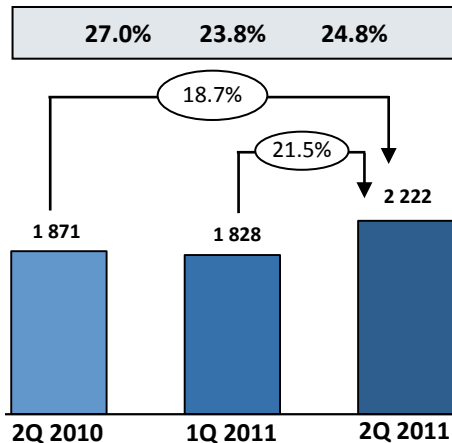
Financial highlights:

- **Revenues up 29.5% YoY** to US\$ 9.0 billion
- **OIBDA up 18.7% YoY** to US\$ 2.2 billion, with an OIBDA margin of 24.8%
- **Operating income up 17.7% YoY** to US\$ 1.3 billion, with an operating margin of 14.9%
- **Net income attributable to the Group** of US\$ 332.0 million, compared to US\$ 143.6 million in 2Q 2010
- **Net debt at the Corporate Holding level reduced** by 40.8% YoY to US\$ 1,390.5 million from US\$ 2,349.5 million

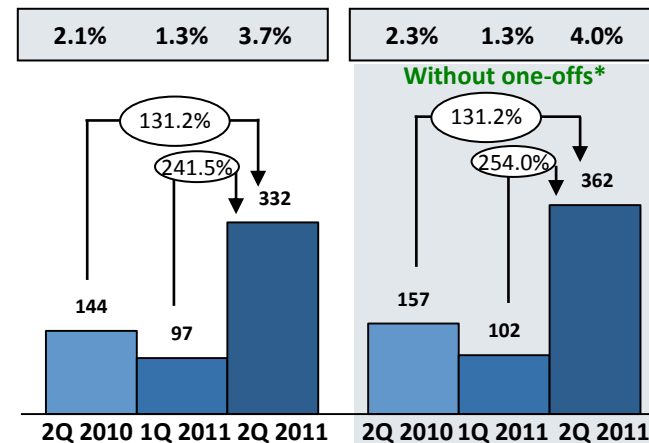
REVENUE



OIBDA



NET INCOME



*Means currency translation gains/losses

Strong set of results reflecting double digit revenue and OIBDA growth



Core Assets

Bashneft

- Negotiations with ONGC continuing – anticipate decision before year end
- Rusneft's debt position rapidly improving – down by 12.5% to US\$ 5.4 billion at 2Q 2011

Bashkirenergo

- Simplified ownership structure, appointed new CEO and completed sale of distribution company ESKB. New strategy focused on delivering increase in generating capacity, transition to RAB tariff system and over US\$200 million of operational efficiencies

MTS

- Completing telecom assets restructuring through recently announced deal with MTS to buy 29% stake in MGTS
- Spinning off Omlet into an independent company to establish a leading OTT digital content provider

Developing Assets

SITRONICS - completed sale of 63.074% stake in SITRONICS to OJSC RTI, now in negotiations to deconsolidate Intracom

Detsky mir - increased operational efficiency and financial sustainability - group's debt decreased by 49.0% since Q2'10; expanding store network nationwide - targeting 50% increase in number of stores by end of 2012

SSTL - double digit QoQ subscriber growth and highest quarterly subscriber additions; exceptional growth in HSD with CAGR 103% since launch in Q4 2009

Medsi - on track for strong year; substantially increased the overall space in regional clinics, improved the profitability of existing clinics

MBRD - mobile banking pilot launched - MTS Dengi debit and credit cards

Intourist - Thomas Cook transaction completed

SMM – significant expansion of RWS library; Sberbank and ING credit to facilitate further growth in content generation

On track to deliver on strategy across Core and Developing assets investments



M&A

- Post period end Bashneft established a JV with Petrochemical Holding to assess opportunities in the sector
 - Key attractions: unconsolidated industry; rising demand for product;
 - JV will aim to deliver growth through M&A and existing project development

Corporate

- Continuing to attract new management across Core and Developing Assets to drive better performance
 - Post period end appointed Rafael Nagapetians as Head of Developing Assets Portfolio
 - Elected three new members to the Board of Directors - Serge Tchuruk, Mikhail Shamolin and David Yakobashvili
 - Appointed Alexander Korsik as President of Bashneft, Genadiy Levkin as CEO of Detskiy mir, Andrei Makarov as CEO of Bashkirenergo
- Approved dividend payment in the amount of RUB 0.26 per ordinary share

Well placed to further diversify portfolio through M&A strategy

2Q 2011 Financial Performance Overview [1]



US GAAP, US\$ mln

Key highlights:

	2Q 2011	2Q 2010*	Change %
TOTAL REVENUES	8 962,2	6 918,2	29,5%
Cost of sales, exclusive of depreciation and amortization shown separately below	(3 683,4)	(2 825,7)	
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(75,2)	(95,9)	
Selling, general and administrative expenses	(994,6)	(871,4)	
Depreciation, depletion and amortization	(883,9)	(734,3)	
Transportation costs	(206,0)	(159,6)	
Provision for doubtful accounts	(30,1)	(23,1)	
Loss from impairment of long-lived assets	(24,1)	(22,6)	
Taxes other than income tax	(1 669,4)	(981,0)	
Other operating expenses, net	(100,3)	(94,4)	
Equity in net income of investees	42,6	(26,7)	
OPERATING INCOME	1 337,9	1 137,0	17,7%
Interest income	46,1	32,4	
Change in fair value of derivative instruments	(0,6)	(0,5)	
Interest expense, net of amounts capitalized	(386,2)	(397,6)	
Currency exchange and translation gain	(32,6)	(37,4)	
Income from continuing operations before income tax	964,8	733,9	31,5%
Income tax expense	(317,8)	(302,2)	
Gain/(loss) from discontinued operations	(4,1)	(30,8)	
NET INCOME	642,9	400,9	60,4%
Non-controlling interest	(310,9)	(257,4)	
NET INCOME attributable to JSFC Sistema	332,0	143,6	131,2%

* The difference between comparative financial results for 2Q 2010 and corresponding income statement figures is due to revaluation of Belkamneft as required by US GAAP

- **Sistema's consolidated revenues were up 29.5% YoY**, primarily reflecting strong oil assets results during attractive macroeconomic environment
- **The Group's OIBDA increased by 18.7% YoY**: OIBDA growth reflects the strong results of the Core Assets portfolio – Bashneft's revenue growth due to higher oil prices and seasonal growth in MTS
- **OIBDA margin improved QoQ** from 23.8% to 24.8% due to growth of high margin operations in Bashneft in 2Q 2011 and the decrease QoQ in MTS's operating expenses
- **Net income for 2Q 2011 increased by 131.2% YoY** due to the Core Assets net income growth, primarily in Bashneft, and reducing net loss of the Developing Assets portfolio

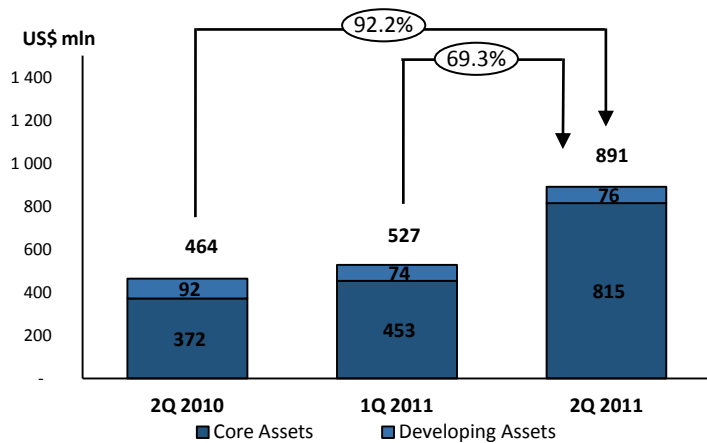
Significant QoQ OIBDA growth and margin expansion as a result of strong oil assets performance and decrease in operating expenses of MTS

2Q 2011 Financial Performance Overview [2]

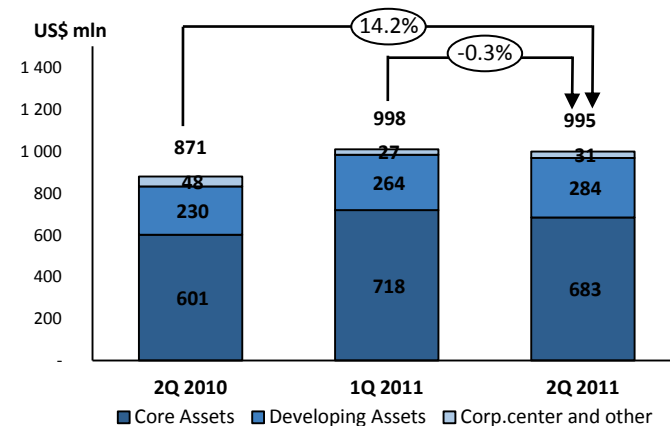


- **Rise in CAPEX** in 2Q 2011 was due to increase in MTS CAPEX and seasonal growth in Bashneft as a result of delays in investment programme realization in 1Q 2011
- **Selling, general and administrative expenses remained stable** QoQ and increased by 14.2% YoY due to growth in MTS's marketing expenses in YoY terms

CAPEX breakdown



SG&A breakdown



*Total Group SG&A amount presented after intercompany eliminations

2Q 2011 CAPEX growth in line with guidance and approved investment programme; SG&A remains under control

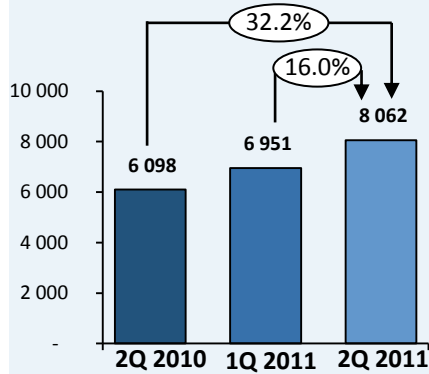
Portfolio's Financial Overview



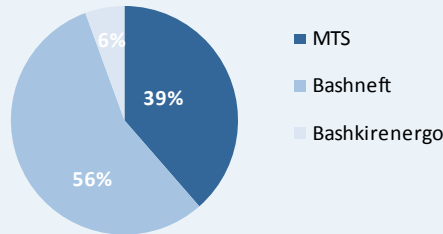
US GAAP, US\$ mln

CORE ASSETS

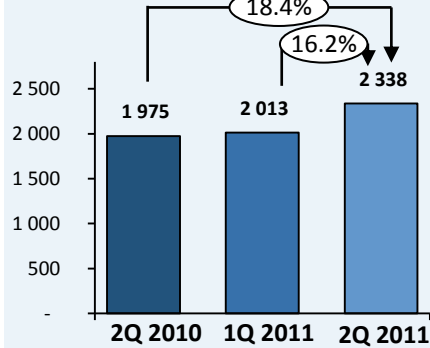
REVENUE



Revenue structure



OIBDA



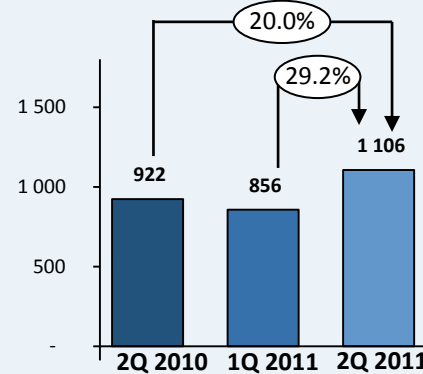
OIBDA Margin

32.4%	28.8%	29.0%
2Q 2010	1Q 2011	2Q 2011

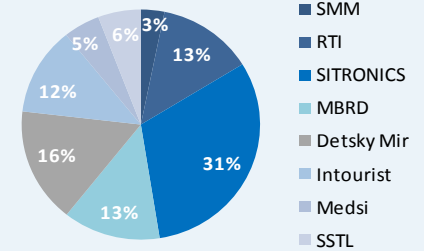
- The Core Assets portfolio demonstrated 32.2% YoY revenue growth, Bashneft's share in aggregated portfolio's revenue was 56%. Revenue and OIBDA growth were driven by increase of crude oil production, crude oil refining volumes and export sales supported by higher oil prices.
- Improvement in OIBDA was primarily driven by seasonal growth in MTS' and Bashneft's revenue combined with effective cost control

DEVELOPING ASSETS

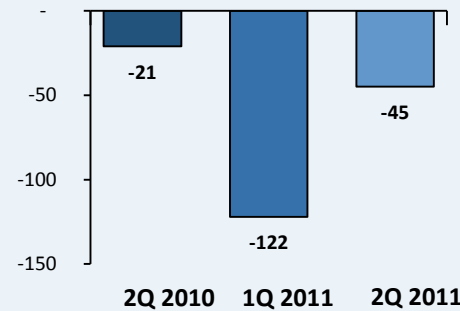
REVENUE



Revenue structure



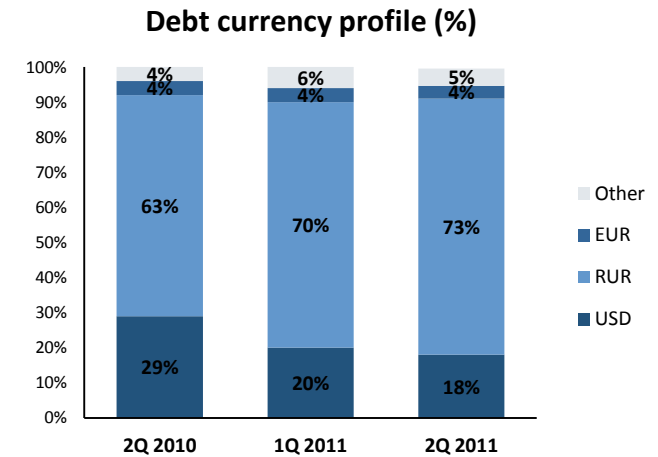
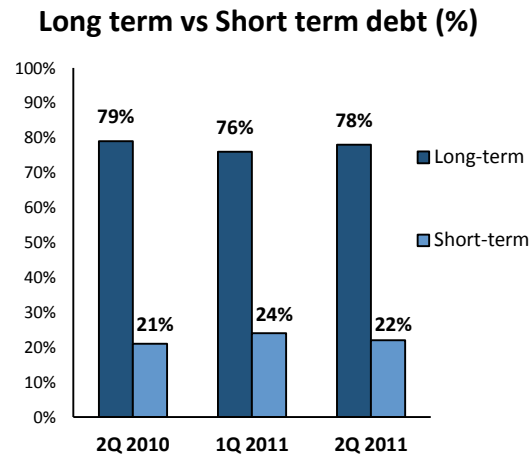
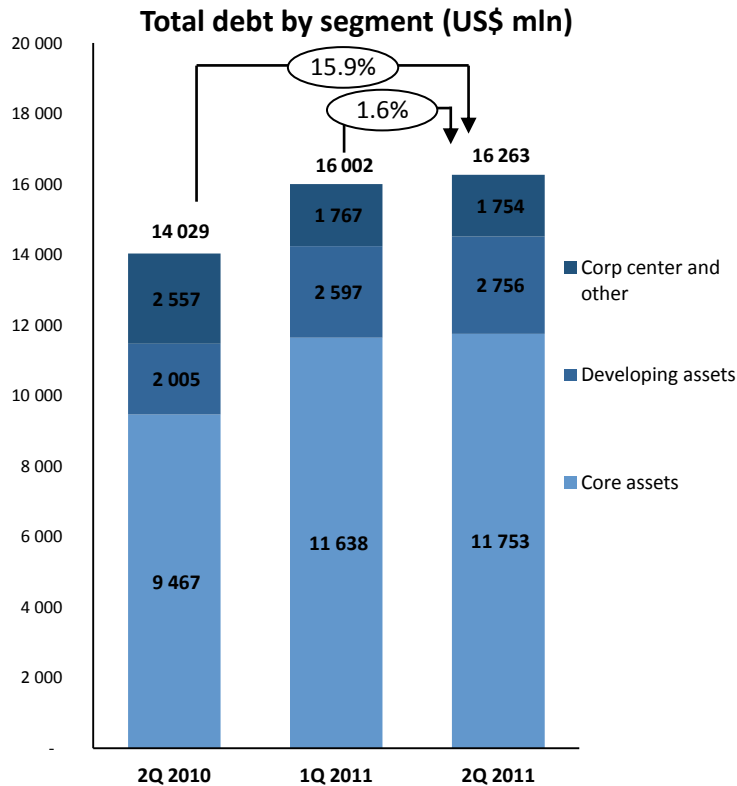
OIBDA



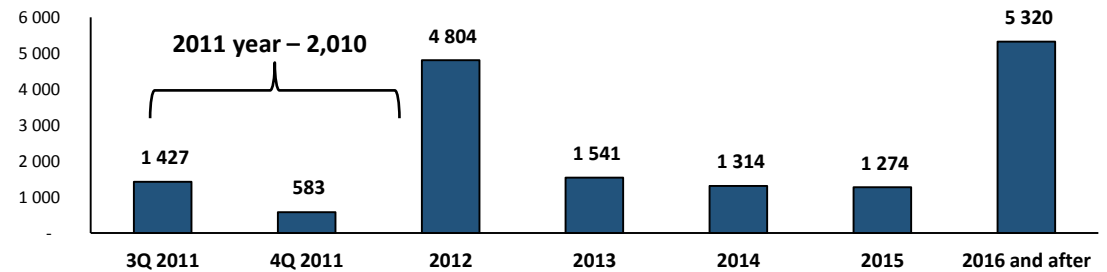
- Significant improvement across all financial indicators of most Developing Assets. RTI, Detsky mir, SITRONICS and Intourist showed strong top line growth, contributing to positive revenue dynamics and OIBDA loss decrease of the Developing Assets portfolio.

Oil & Energy assets contribution to the Core Assets revenue continues to expand with Bashneft now accounting for majority

Consolidated Debt Optimization



Debt maturity profile (US\$ mln)*



*Source: management accounts

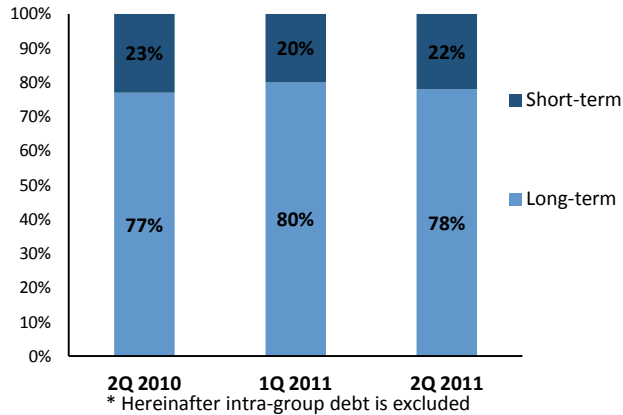
Key highlights:

- Increase in Group debt by 15.9% YoY driven by Bashneft's capital structure optimization, QoQ consolidated Group debt remained on the same level (small deviations were caused by dollar depreciation)
- The debt structure by currency and maturity remains well balanced in 2Q 2011

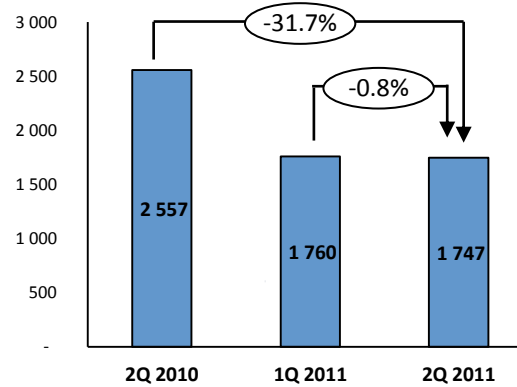
Debt/OIBDA ratio decreased to 1.83 in the second quarter 2011



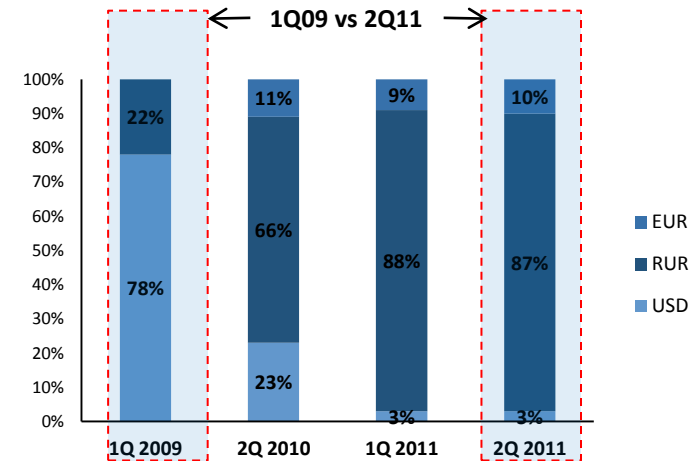
**HoldCo level*
Long term vs Short term debt (%)**



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



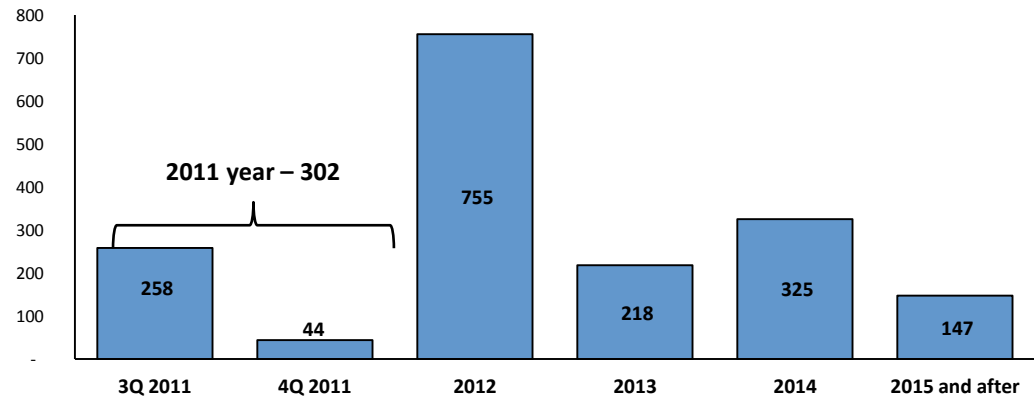
Debt currency profile at the HoldCo level (%)



Key highlights:

- Corporate centre debt remained stable QoQ and significantly lower YoY
- Debt currency profile unchanged QoQ but significantly improved since 2008 crisis
- Corporate center debt likely to decrease with further maturities in 2011

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



*Source: management accounts

Corporate Centre debt decreased; Debt currency now mostly in rubles versus 2009



Attachments

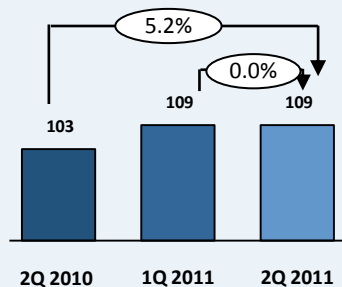
Core Assets Overview



MTS

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	3,128	2,773	2,934	12.8%	6.6%
OIBDA	1,313	1,235	1,135	6.3%	15.7%
OIBDA margin	42.0%	44.5%	38.7%	-2.6%	3.3%
Debt	7,432	7,267	7,451	2.3%	-0.3%

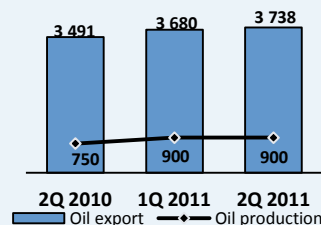
Mobile subscribers (mln)



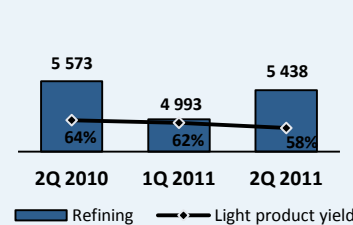
BASHNEFT

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	4 523	3 009	3 485	50,3%	29,8%
OIBDA	1 015	712	750	42,7%	35,5%
OIBDA margin	22.5%	23.7%	21.5%	-1.2%	0.9%
Debt	4 235	2 172	4 187	95,0%	1,1%

Oil production* and export ('000 tonnes)



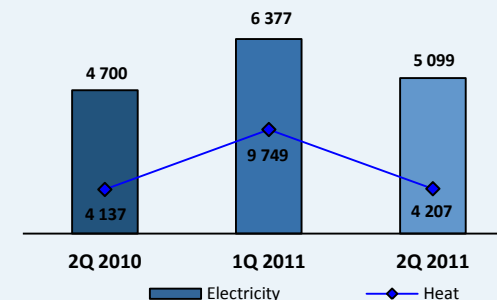
Refining ('000 tonnes) and light product yield (%)



BASHKIRENERGO

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	450	418	575	7.7%	-21,6%
OIBDA	65	46	129	41.3%	-49,3%
OIBDA margin	14.5%	11.1%	22.5%	3.5%	-7,9%
Debt	87	28	-	212.1%	n/a

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



- At the end of Q2 2011 the total subscriber base of MTS increased up to 108.8 mln, resulting in a 5.4 mln subscriber base growth YoY
- The number of covered households grew by 26.9% vs Q2 2010 up to 10.1 mln in Q2 2011, and the number of Pay-TV subscribers was up to 2.6 mln in Q2 2011 vs 1.8 mln in Q2 2010. Broadband Internet subscribers base grew from 1.4 mln in Q2 2010 to 2 mln in Q2 2011
- ARPU in Russia grew from RUB 253.9 in Q2 2010 to RUB 265.0 in Q2 2011
- MOU was up by 16.9% YoY and amounted to 269 min in Q2 2011, compared to 230 min in Q2 2010
- In April 2011 ordinary shares of Comstar-UTS were converted to ordinary shares of MTS and the merge of Comstar-UTS with MTS was finalized

- Q2 2011 OIBDA was up by 42.7% YoY and 35.5% QoQ as a result of growing oil prices, OIBDA margin improved QoQ due to growth of high margin operations in 2Q 2011
- Q2 2011 oil production grew by 1.6% vs 1Q 2011 and by 7.1% vs Q2 2010 to 3,738 th.t.
- Q2 2011 refining volume of the Group's refineries went up by 8.9% vs Q1 2011 due to seasonal increase in consumption
- On 29 June 2011 the decision was taken to pay dividends for 2010 in the amount of RUR 235.77 per one ordinary and one preferred share
- In May 2011 the Bashneft Group increased its share in the authorized capital of Sistema-Invest up to 49.5% after converting shares of 4 subsidiaries owned by the Group into shares of Sistema Invest
- In April 2011 Bashneft acquired 94.041% of the authorized capital of Orenburgnefteproduct

- Total power generation of its power stations gained 8.5% YoY, the specific consumption of equivalent fuel decreased by 4 g/kWh to 326 g/kWh.
- The construction of SGU at CHP-5 was resumed (to be commissioned in 2013).
- OJSC "Bashkirenergo" and OJSC "Power Machines" signed an agreement to cease all the mutual legal claims.
- Successful completion of comprehensive testing of the new SGU-60 unit at CHP-2 of Ufa resulted in the permission to launch the power generation.
- On 24 June the AGM of Bashkirenergo decided to allocate RUB 1,084,901 th. for dividend payout, and RUB 472,324 th. - for financing the investment program approved for 2011
- The deal to sell the retail company (LLC ESKB) to JSC "RusHydro" was finalized.

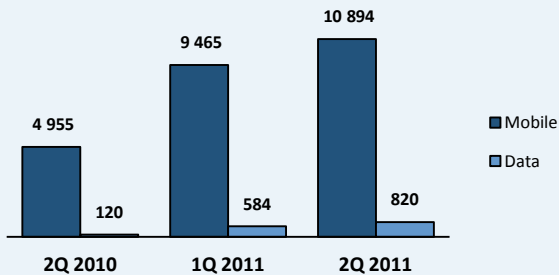
Developing Assets Overview[1]



SSTL India

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	62	23	52	169.3%	19.1%
OIBDA	-92	-85	-101	n/a	n/a
Debt	1,283	619	1,256	107.4%	2.2%

Mobile subscribers ('000)

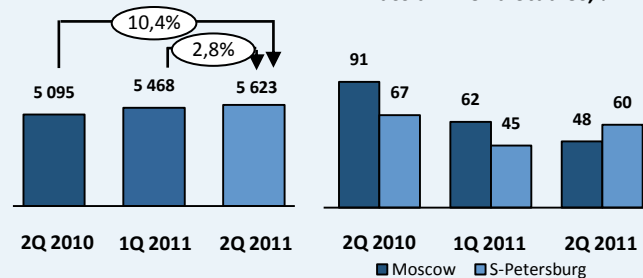


- Revenues up by 19.1% Q-o-Q, revenue growth continues to be faster than subscriber growth.
- Data card subscriber base for the quarter was up by 40.4% to 0.82 mln. SSTL added 236,000 data card subscribers during the quarter, highest additions in a quarter till date.
- Blended mobile ARPU remained consistent at USD 1.81 amid an overall declining trend amongst Indian peers results
- Non-voice revenues from both data and mobile VAS for the quarter were up by 35.5% to US\$ 17.8 mln. Share of non-voice revenue as a percentage of total revenue increased by 3.8 p.p. for the quarter
- SSTL successfully launched world's first CDMA EV-DO Rev. B Phase II network. The network has been launched in the city of Jaipur
- High-speed data (HSD) services with CARG 103% since launch in Q4 2009 expanded to more than 200 cities of India, up from 130 cities at the end of Q1 2011

Sistema Mass-Media

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	34	36	14	-3.9%	143.4%
OIBDA	14	22	0.7	-33.1%	20 times
OIBDA margin	42.0%	60.3%	5.1%	-18.4%	36.9%
Debt	18	12	23	52.0%	-19.6%

Stream TV subscriber base ('000) Production studios load ratio, - Russian World Studios, %

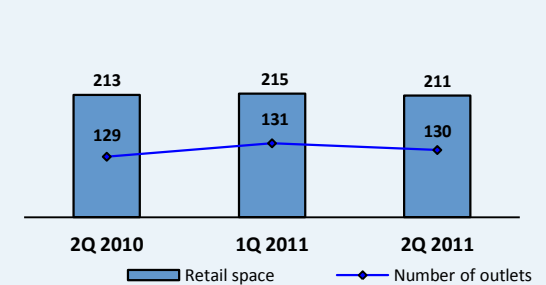


- In Q2 2011 revenue amounted to US\$ 34.3 mln, 3.9% lower vs Q2 2010, primarily due to uneven cinema production cycle during the year. Revenue expected to normalise in the 2H 2011
- OIBDA reduced vs Q2 2010 due to uneven revenue and income distribution over the year. Debt at the end of 2Q 19.6% lower vs 1Q
- RWS has been actively increasing volumes of generated content, and as a result as of the end of 2Q 2011 RWS library of content grew 24% vs 2Q 2010 up to 1,312 hours, the value of RWS' library stood at US\$57.0 million, up 53.6% YoY
- In Q2 2011 total subs base of Stream increased 2.8% up to 5.6 mln subscribers
- ING Bank N.V. and the Moscow Bank of Sberbank of Russia have signed an agreement to provide RWS with a 3-year secured club loan of RUB 1.2 billion secured against RWS' own library of video content.

Detsky mir

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	172	134	148	28.3%	15.8%
OIBDA	-10	-4	-12	n/a	n/a
Debt	128	224	127	-43,0%	0,4%

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



- Revenue of Detsky mir increased by 28.3% vs Q2 2010
- OIBDA loss increased to US\$ 10 mln vs Q2 2010 due to lower gross margin as a result of increased marketing activity focused on promotion of low-margin goods. QoQ OIBDA loss narrowed, reflecting stable SG&A costs
- Debt lowered significantly vs Q2 2010 - by 43%, with 93% of debt nominated in RUB
- At the end of Q2 2011, the network of retail outlets included 130 stores located in 67 Russian cities, whilst the aggregate retail space was 211.8 th.sq.m.
- One more store was open in Stary Oskol in July 2011 after the end of the reporting period

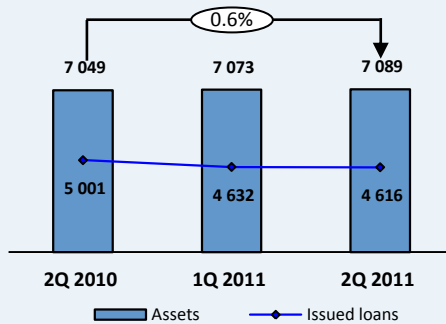
Developing Assets Overview[2]



MBRD

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	141	154	137	-8,5%	3,2%
OIBDA	3	4	-14	-35,2%	n/a

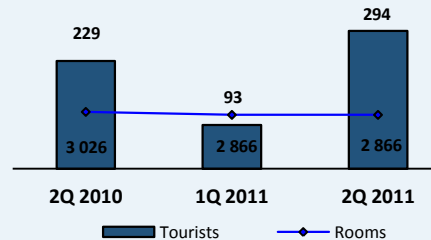
Assets and issued loans (\$US mln)



Intourist

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	132	144	62	-8,0%	114,1%
OIBDA	4	10	-9	-55,9%	n/a
Debt	120	142	121	-15,7%	-1,3%

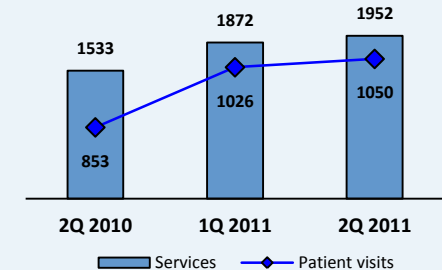
Tourists ('000)*, rooms owned, managed and rented



Medsi

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	53	41	48	29,2%	9,8%
OIBDA	9	7	4	36,9%	122,3%
OIBDA margin	17,4%	16,5%	8,6%	1,0%	8,8%
Debt	76	69	78	9,5%	-2,3%

Services and patient visits ('000)



- Revenues remained stable QoQ slightly increasing by 3.2% and decreased by 8.5% YoY impacted by reduction in the market interest rate
- Interest income from retail and corporate clients transactions decreased by 13.5% vs. 2Q 2010, down to US\$ 119.5mln
- The loans portfolio, with the exception of leasing agreements, grew 0.6% QoQ and amounted to US\$ 4,527 mln
- OIBDA improved significantly QoQ thanks to the reduction of interests expenses following an optimization of the composition and the cost of sources of funds
- The deposits to loans ratio in the retail sector as of the end of 2Q 2011 was 192%

- Revenue reduced by 8.0% YoY, caused by unfavorable market environment following the force majeure events of 1Q 2011. At the height of the tourist season, one of the core winter destinations, Egypt, was closed (the share of Egypt in the target tourist flow in 2010 was approximately 33%), with only a slow recovery of flow of tourists in Q2
- External debt was partially repaid in 2Q 2011
- In 2Q 2011, Intourist reorganized the management structure by means of merging two management companies: VAO Intourist and OJSC Intourist Hotel Group. The organizational structure was optimized to eliminate duplicate functions and cut costs at both companies

- In 2Q 2011 Medsi' revenue reached US\$ 53 mln , 29.2% higher than 2Q 1010 as a result of growth in services and patients' visits
- Revenue and OIBDA growth followed 27.4% rise in the volume of services and the 23.0% rise in patient visits YoY. Average bill increased by 5.1% to US\$ 50.1 YoY. Debt remained stable (deviations were caused by exchange rates fluctuations)
- Thorough education and certification of the medical personnel was organized, 154 gained qualifications.
- Service quality was improved by introducing the worldwide Joint Commission International (JCI) standards. Throughout 2Q 2011 the drive to certify clinics in line with the approved schedule was continued
- As of 30 June 2011, Medsi was managing 31 clinics and 80 medical stations (total floor space of the healthcare facilities - over 50 th.sq.m., which is 13.1% higher than in 2Q 2010)

*Including outbound and inbound tourism and transportation services

* Financial data in tables in US\$ mln

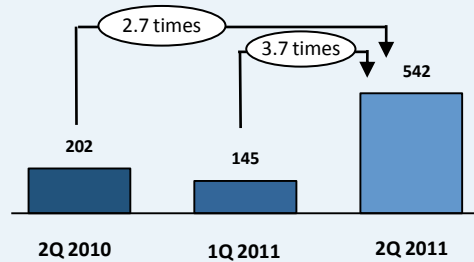
Developing Assets Overview[3]



SITRONICS SITRONICS

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	333	268	278	24,1%	19,8%
OIBDA	12	26	5	-54,6%	151,9%
OIBDA margin	3,6%	9,7%	1,7%	-6,2%	1,9%
Debt	934	863	888	8,3%	5,2%

Contract revenues (\$US mln)



- The total amount of contracts signed in 2Q 2011 grew 3.7 times QoQ following the signing of a large contract for the creation of the Intellectual Transport System in Moscow which amounts to approximately US\$ 220 mln
- 2Q 2011 revenue increased by 24.1% YoY and 19.8% QoQ due to the material growth in sales in the Information Technologies and Microelectronics segments
- In June SITRONICS signed a partnership agreement with Rostelecom within the framework of the E-Government project
- In June SITRONICS opened an R&D center for OSS/BSS in St.Petersburg. Within the framework of the company's R&D development strategy expenses on implementing the strategy should grow by 30% in 2011

OJSC RTI

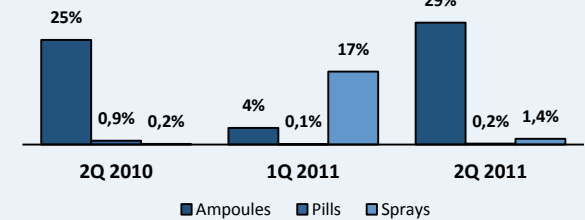
	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	139	115	114	20,8%	22,7%
OIBDA	19	21	12	-9,6%	57,3%
OIBDA margin	13,5%	18,0%	10,5%	-4,5%	3,0%
Debt	170	63	91	170,1%	86,4%

- RTI's revenue up 20.8% YoY due to higher volume of contracts and overall increase in total government spending on defense. Revenue growth QoQ amounted to 22.7%
- OIBDA reduced by 9.6% YoY in 2Q 2011 due to the differences in the quarterly structure of income in 2010 and 2011. The QoQ growth of OIBDA amounted to 57.3%
- Debt increased by 170.1% YoY due to regulatory changes in financing scheme of long-term state defense contracts (cancellation of advance financing scheme and applying of credit one)
- OJSC Concern RTI Systems, OJSC Saransk Television Plant and the Mordovsky State University have signed a new General Agreement on cooperation in creating knowledge-intensive products and technologies in the area of information and telecommunication means and systems that are in demand in the high-tech B2G and B2B markets

Binnopharm БИНОФАРМ

	2Q'11	2Q'10	1Q'11	YoY	QoQ
Revenue	5	10	4	-48,6%	37,7%
OIBDA	-1	-0,8	-3	n/a	n/a
Debt	6	8	4	-25,3%	69,5%

Utilisation rate of new Zelenograd production facility



- The 48.6% YoY reduction in revenue following cancellation of contracts with Russian suppliers
- In June 2011, began integration of CJSC Binnopharm and the Alium pharmaceutical company, that produces infusion solutions and blood substitutes. As part of the integration process, Alexei Chupin who had been a member of the BOD of Alium was appointed a the new general director of CJSC Binnopharm
- In April 2011, USB Pharma and CJSC Binnopharm signed a memorandum on strategic partnership, which, in line with the governmental Pharma-2020 strategy, will facilitate localization of manufacturing and import substitution in Russia



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