



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC

Financial Results

2Q 2013

August 30, 2013

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Disclaimer

Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within Sistema JSFC. 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.



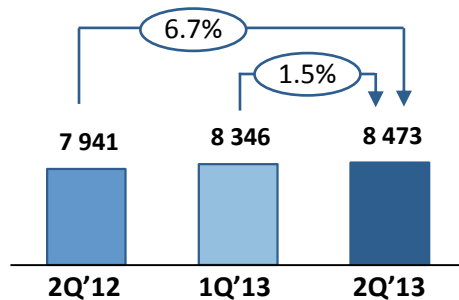
2Q 2013: Financial Results

FINANCIAL HIGHLIGHTS

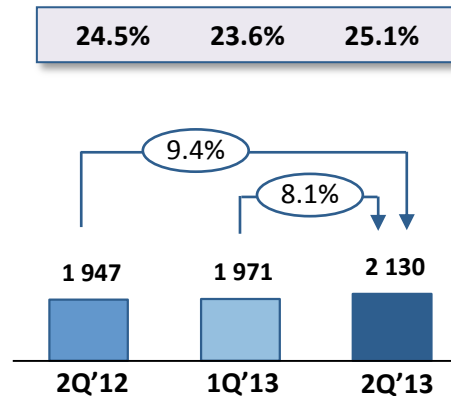
- **Revenues up** 6.7% YoY to US\$ 8.5 billion
- **Adjusted OIBDA*** up 9.4% YoY to US\$ 2.1 billion, with an OIBDA margin of 25.1%
- **Net income without one-offs** amounted to US\$ 345.1 million, versus US\$ 375.6 million in 2Q 2012
- **Net debt** at the Hold Co level** amounted to US\$ 1.4 billion as of June 30, 2013

US GAAP, US\$ mln

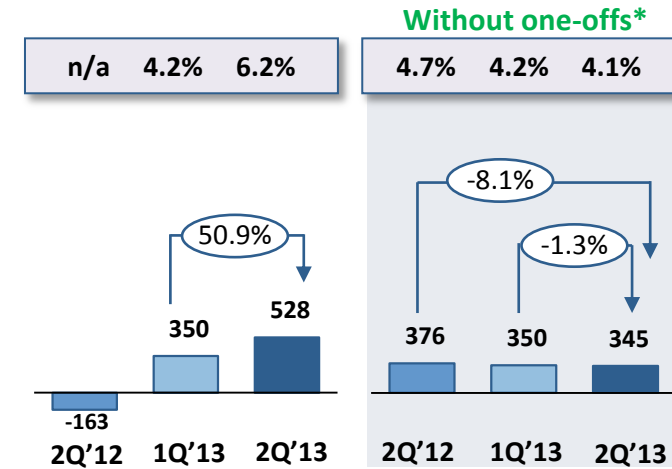
REVENUE



Adjusted OIBDA*



NET INCOME



Investment base delivering excellent high single-digit revenue and OIBDA growth

*In 2Q 2013, MTS recognised gain resulted from settlement of all disputes that have arisen from investment in Bitel LLC

**Including highly liquid deposits



Key Developments in 2Q and Post Period End

Excellent cash generation at HoldCo in 2Q 2013

- c. US\$ 430 mln from the restructuring of SG-trans
- Disposal of a 49% stake in RussNeft for US\$ 1.2 bln
- US\$ 589 mln of total announced dividends from investments
- Further significant dividend flow expected in H2 2013

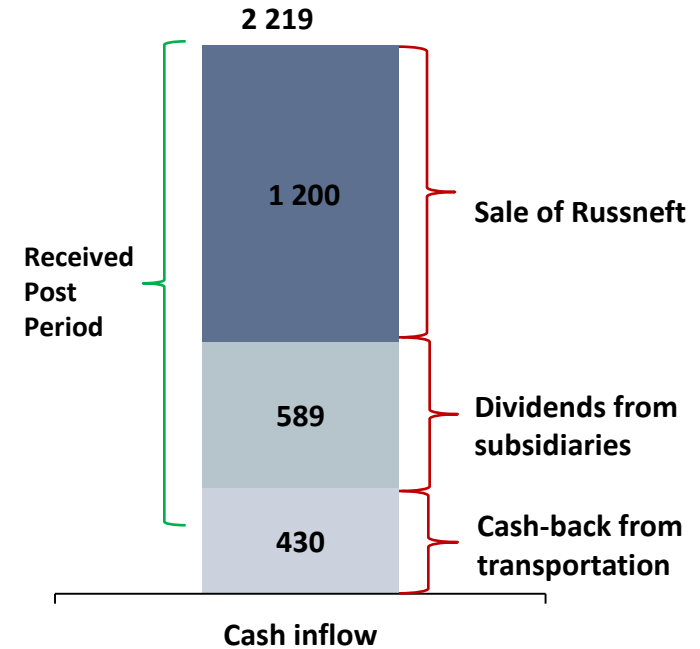
Attractive post period acquisitions

- Detsky mir's buyout of Sberbank's 25% shareholding
- Sistema's proposed acquisition of Bashneft's petrochemical assets

Strong outlook for H2 2013

- Targeting disposal of SG-trading
- Assessing investment opportunities in existing and new sectors
- Dividend considerations will factor gain from Russneft sale, timing of payout to be decided in 4Q 2013

SECURED CASH INFLOW



Sistema is on track to achieve record cash generation in 2013



2Q 2013: Financial Performance Overview [1]

KEY HIGHLIGHTS

- **Sistema's consolidated revenue increased by 6.7% YoY and by 1.5% QoQ** as a result of solid operating performance at Bashneft, MTS' growing income from data services and Detsky mir's increased profitability from new store openings. In addition, YoY revenue growth was supported by the consolidation of NVision in 2H 2012.
- **The Group's adjusted OIBDA increase of 9.4% YoY and 8.1% QoQ** was largely driven by growth of the high-margin data services segment at MTS, higher sales of oil products at Bashneft and reduced loss at SSTL.
- **Sistema's consolidated net income without one-offs decreased YoY and QoQ**, mainly due to foreign exchange losses, but Sistema's reported net income increased significantly and amounted to US\$ 528 mln, reflecting MTS' recognised gain from settled disputes related to Bitel LLC.

	2013	2012
Total revenue	8 473	7 941
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(3 163)	(2 876)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(122)	(94)
Selling, general and administrative expenses	(1 056)	(949)
Depreciation, depletion and amortization	(805)	(760)
Transportation costs	(239)	(207)
Impairment of long-lived assets other than goodwill and provisions for other assets	(38)	(24)
Taxes other than income tax	(1 721)	(1 758)
Other operating expenses, net	(38)	(34)
Equity in results of affiliates	35	(50)
Operating income	1 671	1 188
Interest income	71	75
Change in fair value of derivative instruments	(1)	(1)
Interest expense, net of amounts capitalized	(317)	(353)
Foreign currency transactions losses	(175)	(153)
Income tax expense	(305)	(205)
Loss from discontinued operations, net of income tax effect	(5)	(1 020)
Non-controlling interest	(412)	305
Net income	528	(163)

Sistema's results were largely driven by strong performance in key investments, such as Bashneft and MTS, and encouraging progress in developing investments, such as Detsky mir, SSTL and Binnopharm

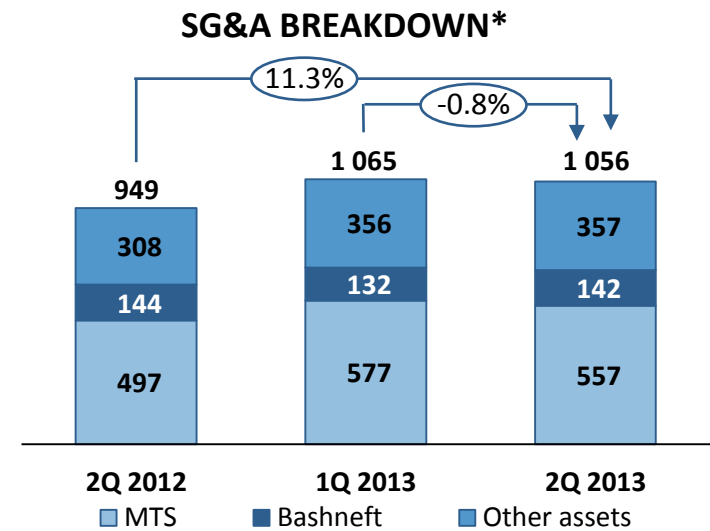
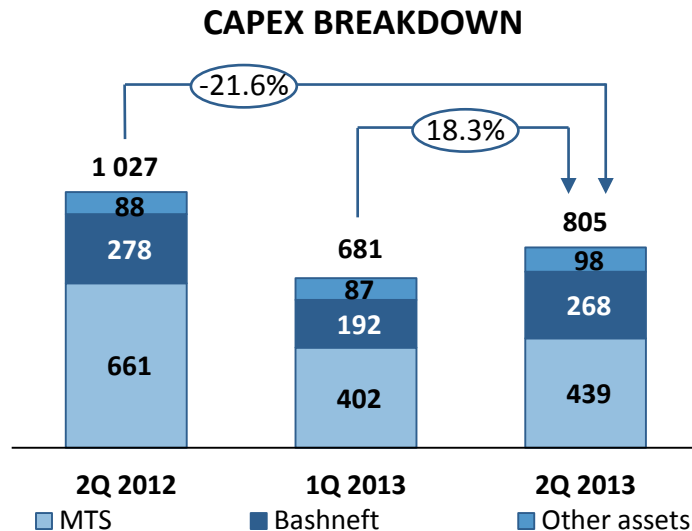


2Q 2013: Financial Performance Overview [2]

FINANCIAL HIGHLIGHTS

- **The Group's CAPEX decreased by 21.6% YoY** due to completed roll-out of 3G and lower expenses for 4G network at MTS. Group's CAPEX grew by 18.3% QoQ as a result of uneven capital expenditures distribution throughout the year and typically low expenses in the first quarter.
- **The Group's 11.3% YoY increase in SG&A** was largely driven by MTS' «revenue-sharing» dealer commissions and retail business development at MTS. Group's SG&A decreased by 0.8% QoQ.
- **The Corp. Centre's SG&A decreased** by 9.6% QoQ and amounted to US\$ 33.9 mln, resulting in Hold Co SG&A / Revenue of 0.4% in 2Q 2013.

US GAAP, US\$ mln.



The Group's CAPEX significantly decreased in 2Q 2013 due to a reduced investment programme at MTS

*Total Group SG&A amount presented after intercompany eliminations

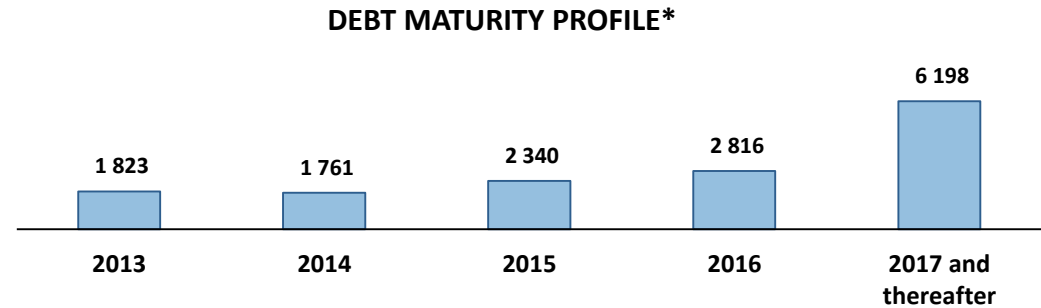
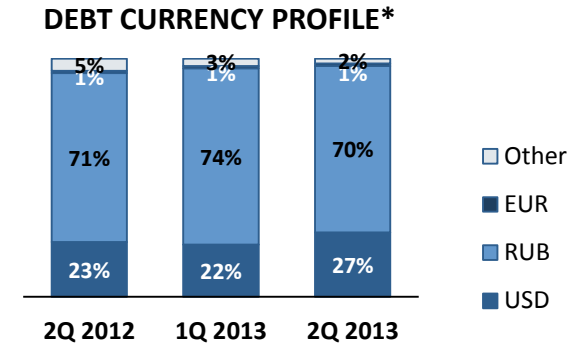
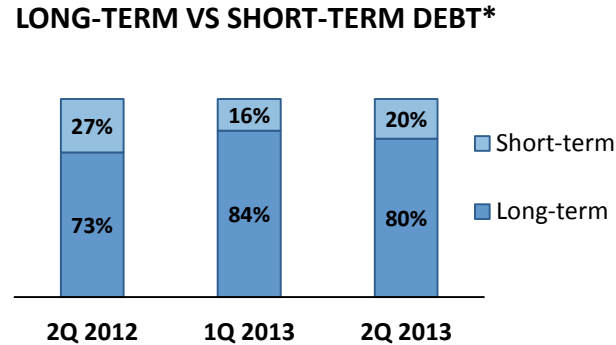
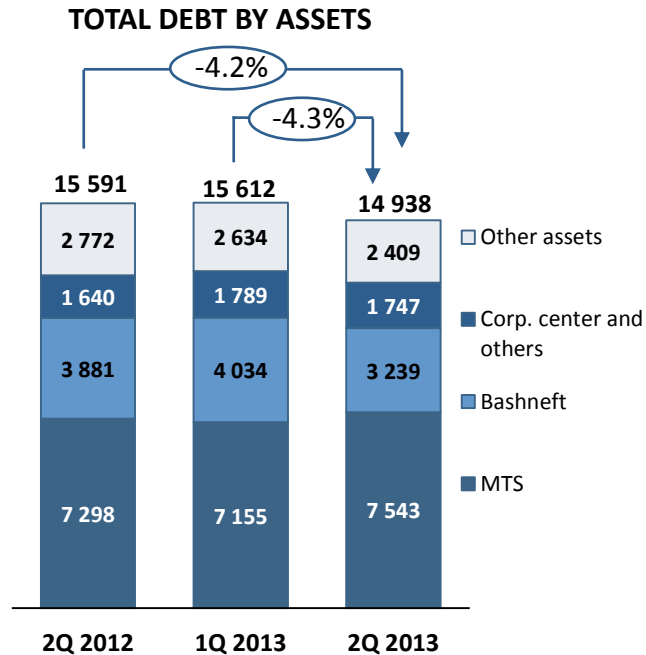


Consolidated Debt

KEY HIGHLIGHTS

- Group's debt decreased by 4.2% YoY primarily due to the early repayment of bank loans in Bashneft and the planned repayment of SSTL's debt. In 2Q 2013, SSTL's debt decreased by US\$ 157 mln and amounted to US\$ 693 mln, as SSTL reduced its obligations by 50.6% since 2Q 2012. Detsky mir also significantly reduced its debt.

US GAAP, US\$ mln



The Group's debt decreased YoY with Debt/EBITDA at 1.7

*Source: management accounts

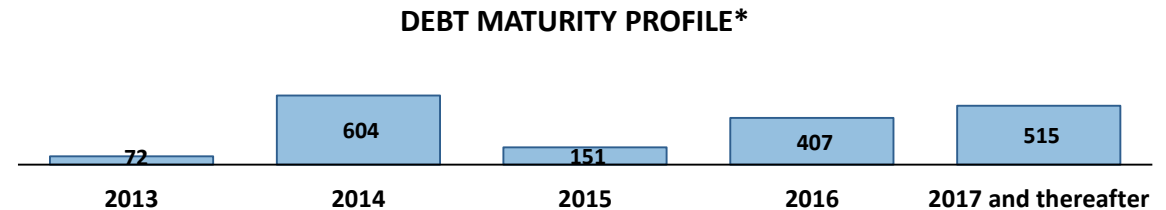
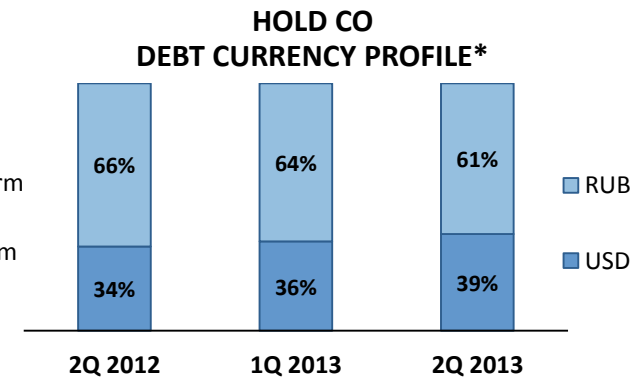
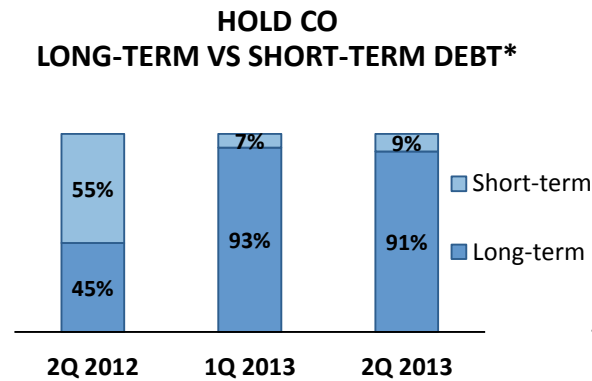
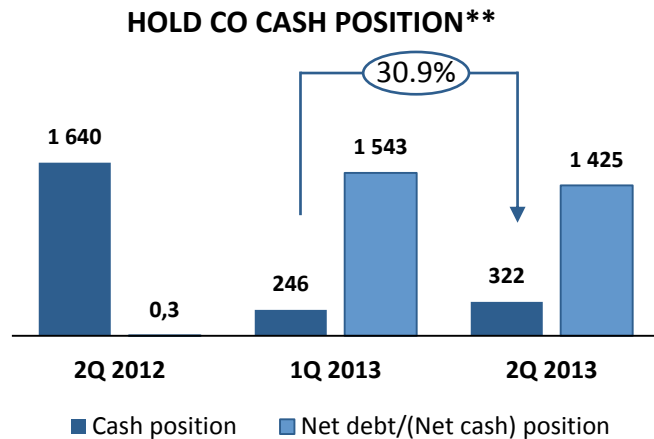


Corporate Centre Debt Management

KEY HIGHLIGHTS

- **Corporate Centre debt decreased** by 2.4% QoQ to US\$ 1.7 bln, largely due to ruble depreciation against the US dollar. Net debt decreased by 7.7% QoQ in 2Q 2013 to US\$ 1.4 bln.
- **Cash position increased by 30.9%** to US\$ 322 mln in 2Q 2013. The largest cash inflows consist of US\$ 380.2 mln from the sale of a 70% stake in SG-Trans to Financial Alliance and an advance of US\$ 51 mln on the sale of a 15% stake in SG-trans to Unirail. SSTL's debt repayment, as well as short-term cash investments, which are not recognised as highly liquid for calculating the cash position, were the main contributors to cash outflows.

US GAAP, US\$ mln



In 2Q 2013, Sistema secured significant cash inflow to the Holding level

*Source: management accounts

**Including highly liquid deposits



Attachments

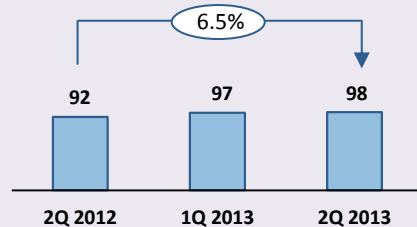


Assets overview [1]

MTS

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	3 082	2 989	3 053	3.1%	1.0%
OIBDA adjusted	1 402	1 306	1 303	7.4%	7.7%
OIBDA margin	45.5%	43.7%	42.7%	n/a	n/a
Debt	7 543	7 298	7 155	3.4%	5.4%

Mobile subscribers (mln)

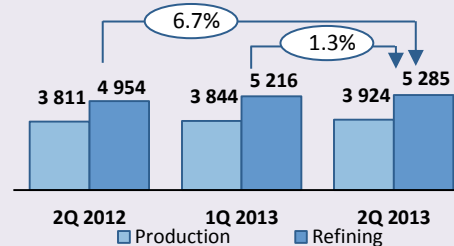


- MTS revenue increased by 3.1% YoY, reflecting the growth in data services consumption, QoQ growth in revenue was a result of the seasonal increase in roaming services.
- Adjusted OIBDA increased YoY and QoQ due to a continued revenue growth from high-margin data services, while the OIBDA margin reached 45.5%.
- MTS' subscriber base totalled 97.5 mln customers, demonstrating an increase following the resumed operations in Turkmenistan. The number of households passed expanded by 1.7% and reached 12.1 mln. The Pay-TV subscriber base was 2.8 mln. MTS' broadband subscriber base was 2.3 mln.
- ARPU in Russia grew by 3% YoY to RUB 306. Russian subscribers' base quality continued to improve with MOU increasing by 7.4% QoQ to 332 min.
- In June 2013, MTS' AGM approved annual dividends of RUB 14.6 per ordinary MTS share for the 2012 fiscal year, amounting to a total of RUB 30.2 bln.

BASHNEFT

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	4 269	4 081	4 129	4.6%	3.4%
OIBDA	725	704	690	2.9%	5.1%
OIBDA margin	17.0%	17.3%	16.7%	n/a	n/a
Debt	3 239	3 881	4 034	-16.5%	-19.7%

Oil production and refining ('000 tonnes)

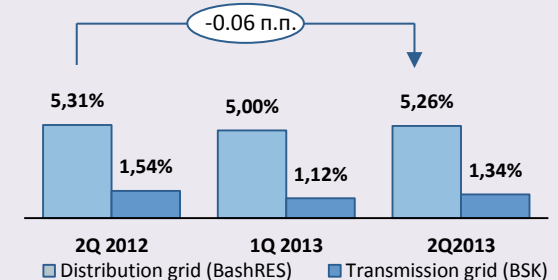


- In 2Q 2013, Bashneft's revenue was up 4.6% YoY and 3.4% QoQ, mainly as a result of higher sales of oil products in the domestic market, as well as an increase in exports.
- OIBDA increased YoY and QoQ, reflecting revenue growth, as well as a decrease in extraction tax and export duties.
- In 2Q 2013, oil production increased by 2.1% vs 1Q 2013 and grew by 3.0% YoY to 3,924 th.t. of crude oil, following the introduction of horizontal drilling.
- In 2Q 2013, refining volumes increased by 1.3% vs 1Q 2013 and grew by 6.7% vs 2Q 2012 to 5,258 th.t. following extensive maintenance works in 2012 and growing demand in 2013.
- In 2Q 2013, the average refining depth increased to 86.0% and light-product yield grew by 3.3% to 61.2%.

Bashkirian Power Grid Company (BPGC)

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	92	88	113	4.2%	-18.4%
OIBDA	28	39	50	-28.8%	-44.7%
OIBDA margin	30.1%	44.1%	44.4%	n/a	n/a

Distribution and Transmission grid and losses, mln KWh



- BPGC's revenue increased by 4.2% YoY, largely due to an increase in new customers, higher electricity output and tariff indexation effective from July 2012. The company's revenues were down 18.4% QoQ, reflecting a seasonal decline in consumption.
- OIBDA decreased YoY and QoQ as a result of maintenance works carried out at the facilities, as well as the planned increase in labour costs.
- Distribution power output was up 5.3% YoY in 2Q 2013, as a result of an increase in the number of new customers.
- Distribution grid losses decreased by 0.06 p.p YoY to 5.3% in 2Q 2013, following the installation of highly accurate electricity meters. Transmission grid losses decreased by 0.2 p.p. YoY to 1.3%.
- BPGC's investment programme for 2013 is planned at RUB 4 bln, with almost half of capital expenditures being spent on new constructions.

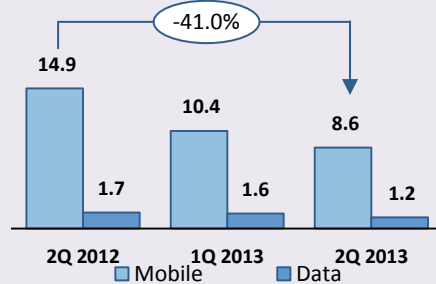


Assets Overview [2]

SSTL

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	52	77	65	-32.8%	-20.2%
OIBDA	-39	-84	-39	n/a	n/a
Debt	693	1 403	850	-50.6%	-18.5%

Mobile subscribers ('000)

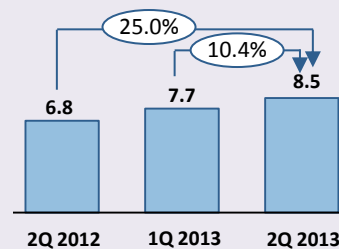


- SSTL's revenue decreased by 32.8% YoY and 20.2% QoQ as a result of the company closing its operations in 13 circles. The company's revenues from the 9 circles* it continues to operate in were up 2.4% QoQ in local currency.
- The OIBDA loss narrowed in 2Q 2013, reflecting SSSL's cost optimisation programme and strict control over marketing expenses. OIBDA remained stable QoQ mainly due to depreciation of the local currency against the US dollar.
- In 2Q 2013, SSSL's mobile and data card subscriber base decreased by 18.3% QoQ to 9.8 mln customers as of June 30, 2013. Data card subscriber base declined by 27.5% QoQ to 1.2 mln. Blended mobile ARPU amounted to US\$ 1.6. The overall decrease in the subscriber base resulted from the closure of circles, while the subscriber base and its quality continued to increase in the 9 circles where SSSL operates.
- MOU increased by 11% QoQ to 328 min. Non-voice revenues accounted for 34.4% of the company's total revenues in the reporting period.

SISTEMA MASS-MEDIA

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	23	20	11	14.7%	114.9%
OIBDA	5	2	-3	190.5%	n/a
OIBDA margin	20.2%	8.0%	n/a	n/a	n/a
Debt	26	41	27	-37.0%	-4.6%

Stream TV subscriber base (mln)

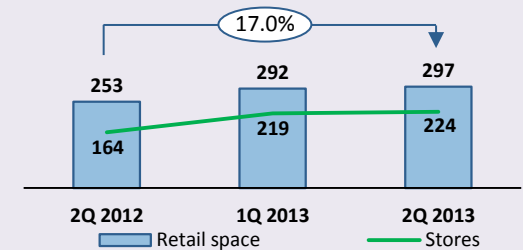


- Revenues grew by 14.7% YoY and by 144.9% QoQ in 2Q 2013, mainly as a result of revenues generated from Stream.ru's VAS services.**
- SMM's OIBDA demonstrated a significant YoY and QoQ increase, reflecting the growth in revenues, the optimisation of administrative expenses, as well as the success of a new management incentive programme aimed at improving business efficiency.
- The RWS content library grew by 7.0% YoY and amounted to 1,616 hours as of June 30, 2013.
- Stream-TV subscriber base in 2Q 2013 increased by 25.0% YoY reaching 8.5 mln subscribers. From April 1, 2013, all Stream-TV channels were added into MTS' "Mobile TV" package offering.
- In June 2013, Vladimir Khanumyan was appointed as the new Chief Executive Officer of SMM. Mr. Khanumyan was previously a member of the company's Management Board and held the positions of First Vice President and Managing Director at the company.

DETSKY MIR

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	238	174	222	37.3%	7.3%
OIBDA	10	-1	-15	n/a	n/a
OIBDA margin	4.2%	n/a	n/a	n/a	n/a
Debt	83	117	105	-29.4%	-21.3%

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



- Revenues increased by 37.3% YoY and by 7.3% QoQ, mainly as a result of store expansion, changes in the company's commercial policy, an improved product offering and marketing approach to attract more visitors.
- Detsky mir reported positive OIBDA in 2Q 2013, reflecting revenue growth, optimisation of headcount in the new stores and a new incentive programme for the sales division.
- As of the end of 2Q 2013, the retail network comprises of 224 stores, including 22 ELC franchise stores, located in 99 cities of Russia and Kazakhstan, whilst the aggregate retail space was 297 th.sq.m.
- In July 2013, OJSC Detsky mir – Center entered into an agreement with Sberbank of Russia on the repurchase of 25%+1 Detsky mir shares for RUB 4.5 bln. As a result of this transaction, JSFC Sistema now owns, directly and indirectly, 100% in OJSC Detsky mir.

* Delhi, Kolkata, Rajasthan, Gujarat, Karnataka, Tamil Nadu, Kerala, Uttar Pradesh (West) & West Bengal

** Stream.ru is under SMM's operational management and is owned by Sistema (55%) and MTS (45%). For the reporting purposes, the financial results of Stream.ru were allocated to SMM's segment.

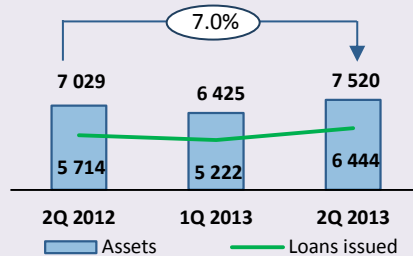


Assets Overview [3]

MTS BANK MTS Bank

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	203	170	207	19.3%	-1.9%
OIBDA	-20	-7	-11	n/a	n/a

Assets and issued loans (US\$ mln)



- MTS Bank's revenues were up 19.3% YoY, as a result of an increase in interest and commission income following the development of the bank's retail business. The loan portfolio from joint projects with MTS grew by 26.4% QoQ to US\$ 363 mln. The bank also reported a 13.1% QoQ growth in the loan portfolio to individuals for 2Q 2013.
- The OIBDA loss was mainly due to an increase in loan provisions and recognised loss from the revaluation and sale of debt securities. In the second half of 2013, MTS Bank's management plans to compensate losses with the growing scale of its retail business.
- MTS Bank's loan portfolio, excluding leases, increased by 14.7% YoY to US\$ 6,444 mln. The interest income from retail and corporate client transactions grew by 25.6% YoY and by 2.6% QoQ to US\$ 171.0 mln.
- In 2Q 2013, MTS Bank, in partnership with CJSC RTK, launched a SIM-card with built-in "MTS Money" function, based on the contactless technology PayPass. In addition, during the reporting quarter, MTS Bank opened 6 additional offices in MTS retail outlets.

INTOURIST

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	24	23	16	6.5%	50.2%
OIBDA	5	2	1	185.4%	748.3%
OIBDA margin	21.5%	8.0%	3.8%	n/a	n/a
Debt	75	84	76	-9.9%	-0.9%

Rooms owned, managed and rented

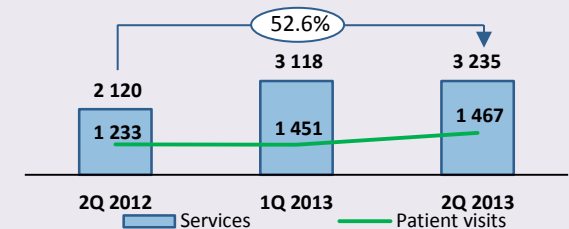


- Intourist's revenues grew by 6.5% YoY despite a reduction in the number of rooms owned following the sale of Oktyabrskaya hotel in Nizhny Novgorod, as well as depreciation of the Russian rouble against the US dollar. Revenue growth was supported by positive market trends, increased tourist flow and management's efforts to strengthen the hotel business.
- Revenue increased significantly by 50.2% QoQ as a result of positive seasonality effects and growing occupancy in the spring holiday and summer period.
- In 2Q 2013, Intourist demonstrated strong YoY and QoQ OIBDA growth, mainly as a result of an increase in revenues and reduction of the company's expenses, through outsourcing of certain functions.
- The number of rooms owned, managed and rented in 2Q 2013 remained at the level of 1Q 2013.

MEDSI

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	72	47	75	54.5%	-3.1%
OIBDA	5	6	10	-6.9%	-48.1%
OIBDA margin	7.2%	11.9%	13.4%	n/a	n/a
Debt	72	67	81	7.3%	-11.8%

Services and patient visits ('000)



- In 2Q 2013, Medsi's revenues increased by 54.5% YoY as a result of integrating its assets with the Medical Centre for the Mayor and Government of Moscow (SUE), as well as an increase in the number of visits and the average bill. Revenue fell by 3.1% QoQ, mainly due to rouble depreciation against the US dollar.
- The company's OIBDA decreased YoY and QoQ, largely due to the costs associated with increased number of fixed payment contracts of the newly acquired in-patient facilities.
- In 2Q 2013, the number of patient visits and services provided increased by 19.0% and by 53.0% YoY, respectively, as a result of the integration with SUE assets. The average bill in rouble terms grew by 32.0% YoY to RUB 1,560, following an increase in market prices for medical services and the development of a hospital care segment.
- As of June 30, 2013, Medsi's network consisted of 30 medical clinics, 3 hospitals and 79 first aid stations with the total floor space of healthcare facilities exceeding 173,000 sq.m.



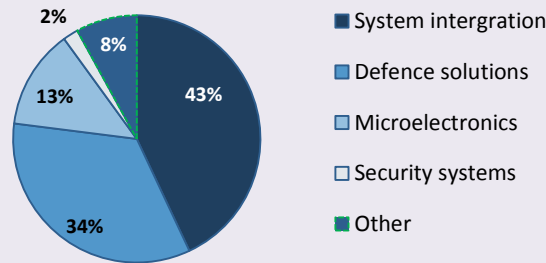
Assets Overview [4]

OJSC RTI

RTI consolidates SITRONICS, NVision Group and RTI Systems and is comprised of 4 principal business units (“BU”) – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	480	366	506	31.2%	-5.1%
OIBDA	17	7	3	163.4%	495.6%
OIBDA margin	3.6%	1.8%	0.6%	n/a	n/a
Debt	1 441	1 046	1 476	37.7%	-2.4%

Revenue by business segments

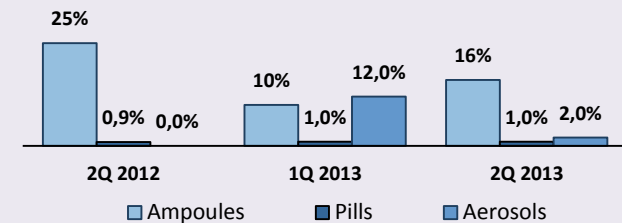


- RTI revenues increased by 31.2% YoY in 2Q 2013, mainly as a result of growing revenue in Defence Solutions BU, the work completed under the Intelligent Transportation System project, R&D work done in Microelectronics Solutions BU, and the consolidation of NVision Group in 3Q 2012. NVision accounted for 43% of RTI’s revenue in 2Q 2013.
- The increase in YoY and QoQ OIBDA and OIBDA margin in 2Q 2013 mainly resulted from revenue growth, as well as the sale of a 3% stake in a Greek subsidiary INTRACOM TELECOM in 2012.
- RTI debt increased by 37.7% YoY, mainly as a result of the consolidation of NVision Group, as well as increasing credit obligations on the state defense order. Debt slightly declined QoQ due to refinancing and loans repayment in 2Q 2013.
- In April 2013, RTI consolidated 97.18% of ordinary shares of JSC Research Institute of Long-Range Radio Communication (NPK “NIIDAR”) as part of the mandatory offer made to the company’s shareholders for the buyout of voting ordinary shares.
- In April 2013, Nvision opened a branch in Kazan (Republic of Tatarstan).
- In May 2013, NVision completed modernising the underlying IT infrastructure and installing modern video monitoring systems at the Moscow stadium “Locomotive”.

BINNOPHARM

US\$ mln	2Q'13	2Q'12	1Q'13	YoY	QoQ
Revenue	28	16	20	77.2%	39.1%
OIBDA	8	4	4	115.8%	86.0%
OIBDA margin	27.5%	22.6%	20.6%	n/a	n/a
Debt	29	7	22	329.6%	27.5%

Utilization rate of new Zelenograd production facility



- Binnopharm’s revenues grew by 77.2% YoY and 39.1% QoQ in 2Q 2013, mainly as a result of the active development of the distribution segment by expanding its product line and regional footprint, as well as increasing its shipments of the Regevak vaccine in 2Q 2013.
- OIBDA demonstrated significant YoY and QoQ growth. The OIBDA margin in 2Q 2013 was 27.5%.
- In April 2013, Binnopharm completed the merger with Alium Group of Companies, a producer of infusion solutions and blood substitutes. The company is now finalising technical upgrades to modernise production of infusion solutions, which will position it as the most advanced factory in Russia. New equipment will help produce high-quality products meeting GMP requirements by 2014.



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