



Southern Telecommunications Company

***PUBLIC JOINT-STOCK
COMPANY «SOUTHERN
TELECOMMUNICATIONS
COMPANY»***

***THE LEADING FIXED-
LINE PROVIDER IN THE
SOUTH OF RUSSIA***



Disclaimer

Certain statements of this presentation are «forward-looking statements». By their very nature, forward-looking statements involve inherent risks, uncertainties and other factors which could cause actual results to differ materially from the results stated in this presentation.

Such risks include the possibility that the economic and financial environment in which the Company operates may change affecting its development prospects. There are also risks related to possible changes in political and economic conditions in Russia, changes in the Russian legislation, changes in the current or future regulation of the Russia telecommunications sector as well as the effects of competition and other factors.

The Company does not undertake any obligation to publicly update or revise any information of this presentation whether to reflect events or circumstances which took place after the date of the presentation or to specify unforeseen events that took place, except as maybe required by the Russian federal laws on securities.



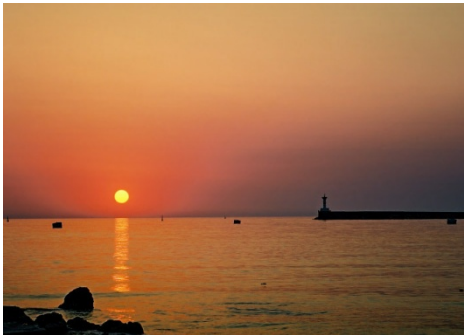
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- 9. Mid-term Strategy***



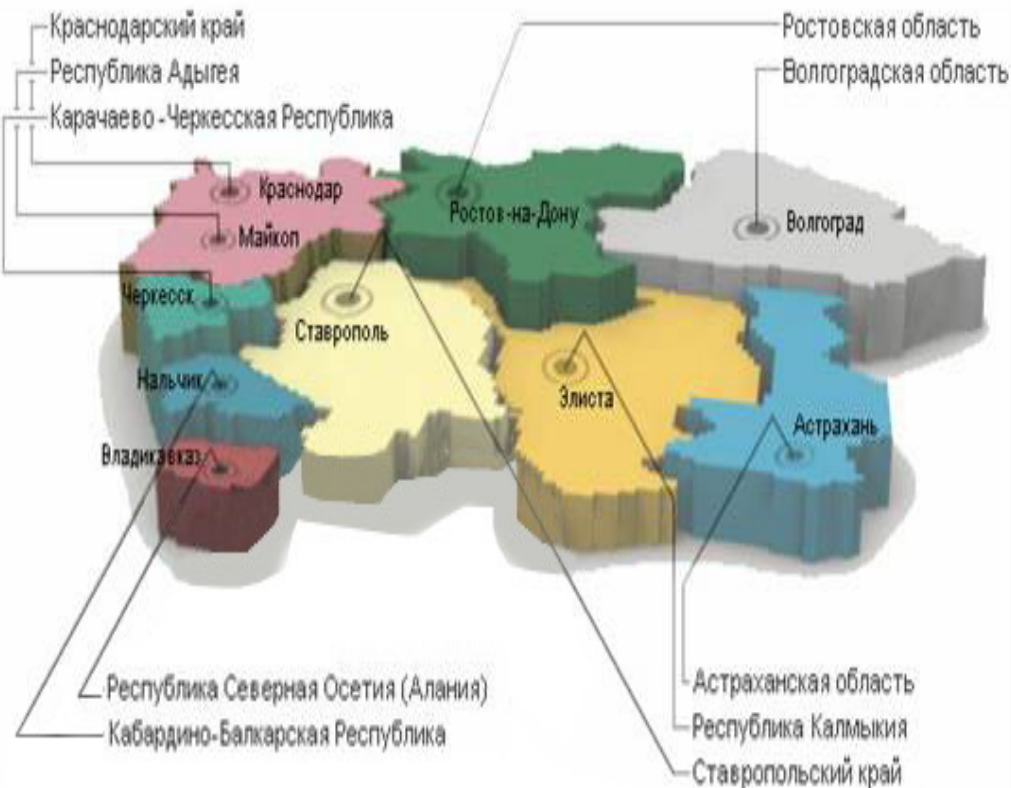
1. Region and Company - Southern Federal District Background

- ✓ Population – 22.3 million people
- ✓ Strategic geopolitical location
- ✓ High business activity
- ✓ Main health resorts of the country
- ✓ Series of oil and gas pipelines for export of these commodities from Russia
- ✓ The largest agro-industrial sector in Russia
- ✓ Program «Sochi-2014»



Region and Company - Company Background

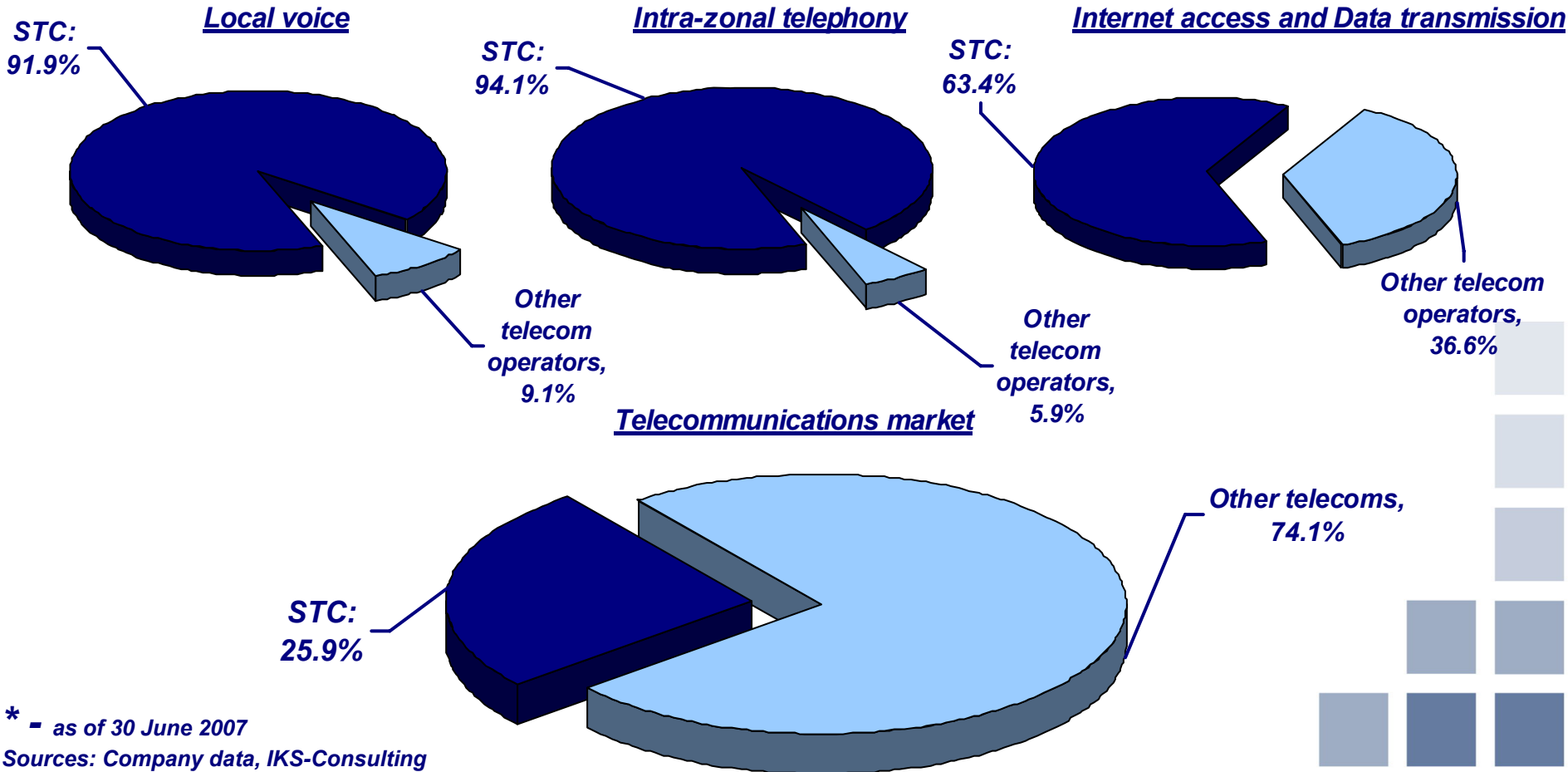
«Southern Telecommunications Company» PJSC is the leading fixed-line service provider for the Southern Federal District



STC Today:

- **10 regional branches, licensed territory of 521.8 thousand square km**
- **Installed capacity – 4,344.9 thousand lines**
- **Equipped capacity ratio – 94.2%**
- **Local network digitization rate – 66.57%**
- **Headcount - 29,471 employees**
- **Fixed line penetration – 22.1 per 100 capita**
- **132,053 broadband subscribers**

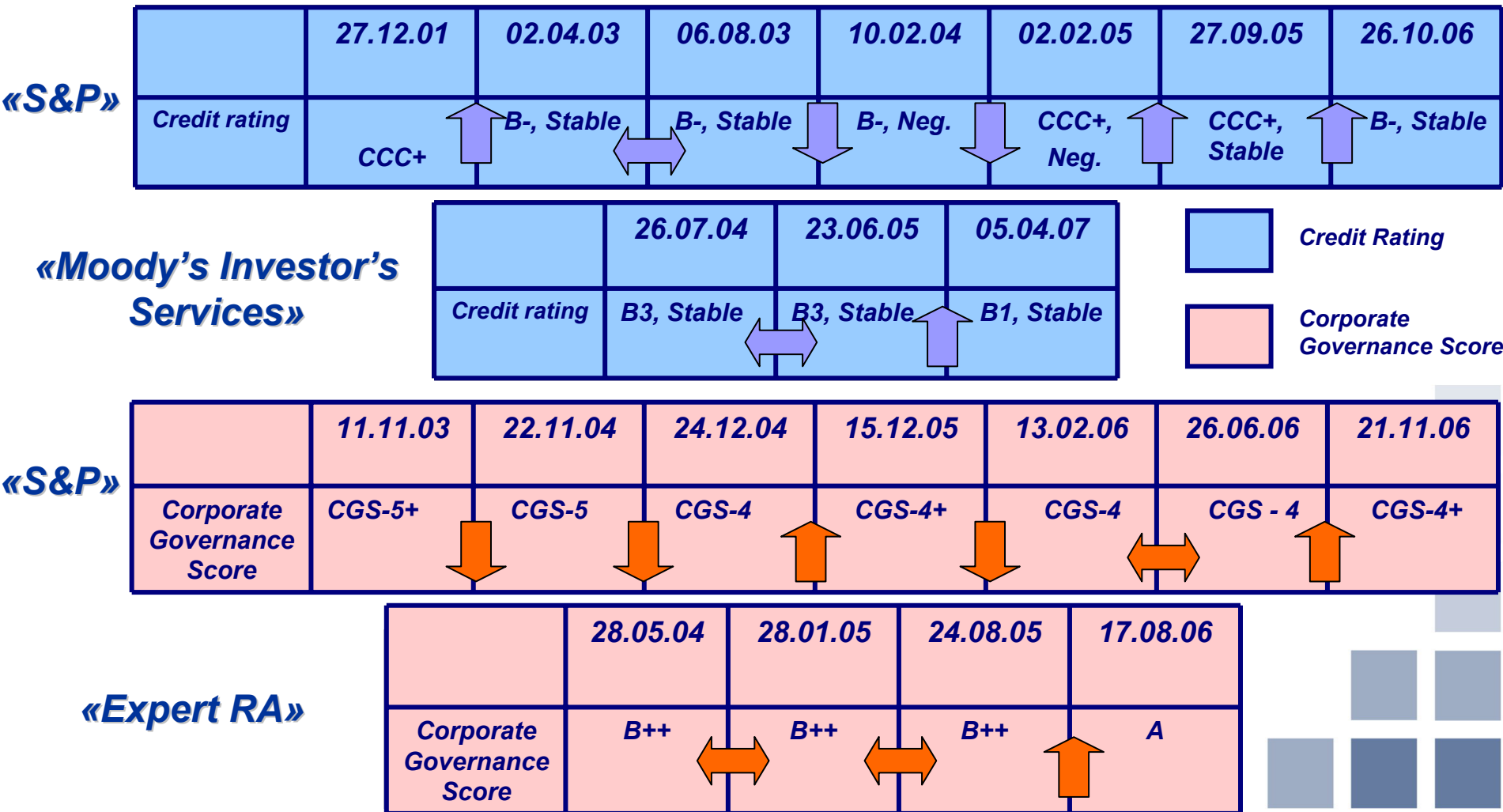
2.SFD Telecommunications Market and Company - STC Market Share by Type of Services*



* - as of 30 June 2007

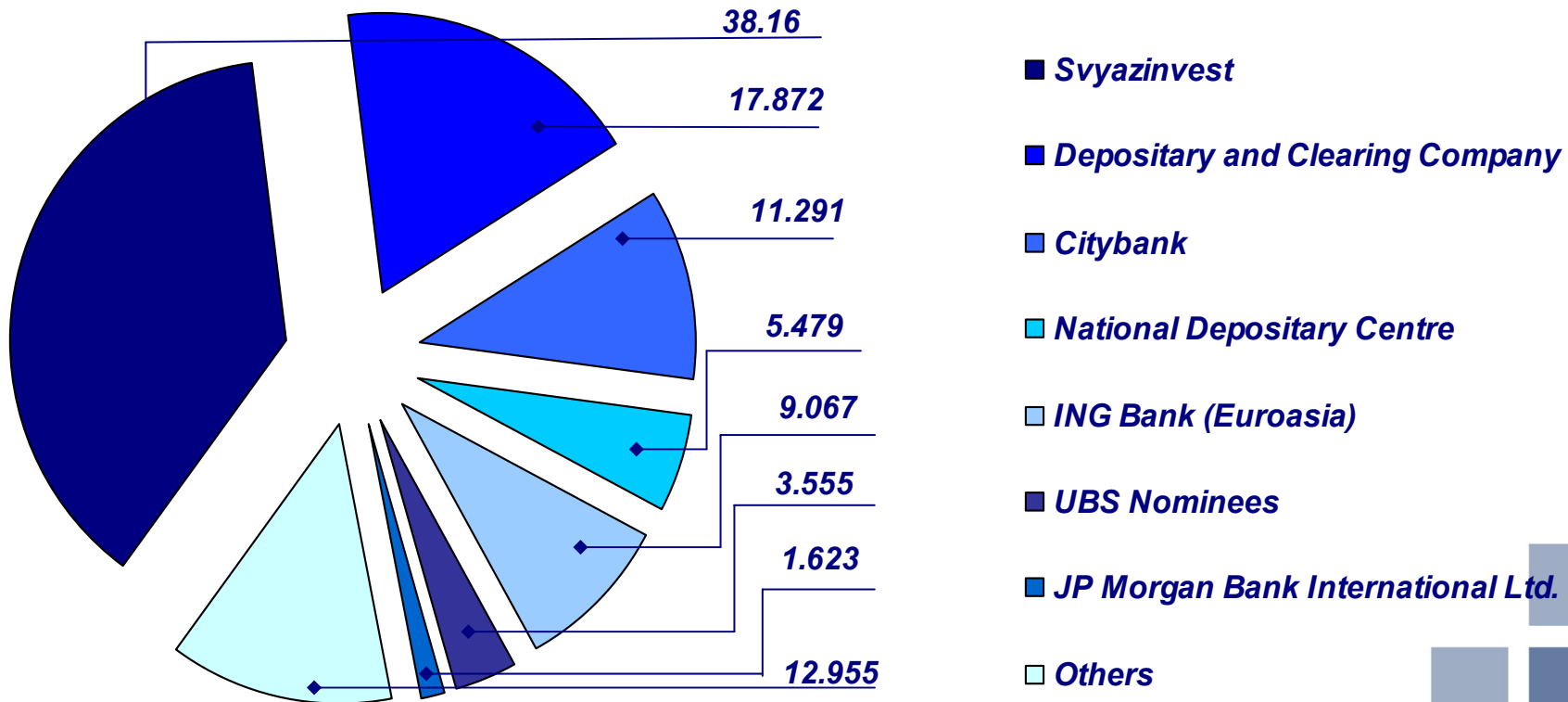
Sources: Company data, IKS-Consulting

3.Key Data - Ratings Performance



3.Key Data - **Share Capital Structure***

- ✓ *In Russia, the Company's securities are listed at the MICEX and RTS Stock Exchanges*
- ✓ *Common shares converted into Level 1 ADRs are traded in the USA over-the-counter market as well as at the Berlin and Frankfurt Stock Exchanges*



* - as of 30 September 2007



3. Key Data - ***Main Foreign Investors****

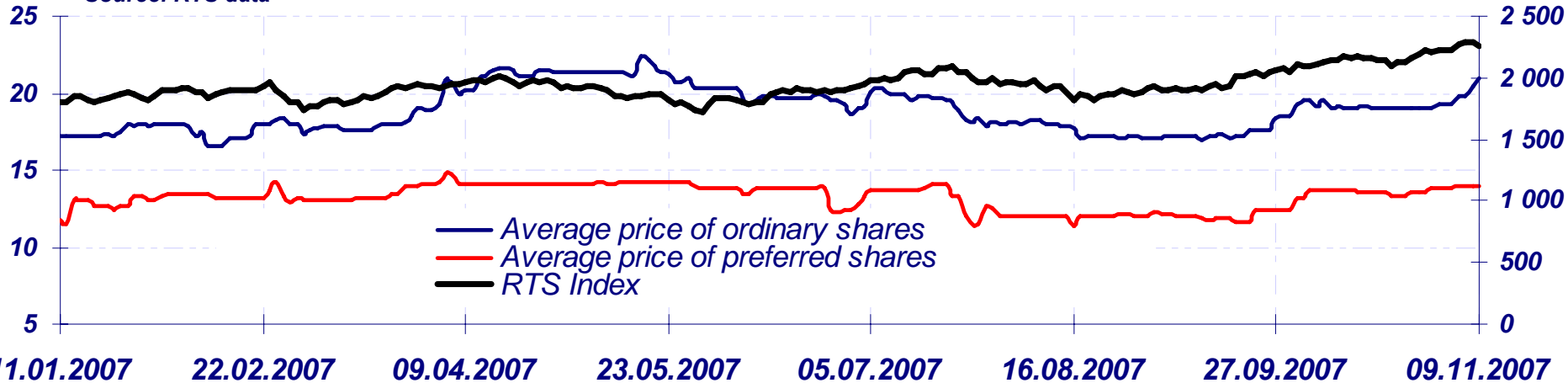
- ✓ *JP Morgan Chase Bank – 5.0%*
- ✓ *Red Hand Investments Limited – 3.5%*
- ✓ *FIM Securities Ltd – 3.2%*
- ✓ *Roselia Limited – 2.5%*
- ✓ *Seligson & Co Acm Varainhoito OY – 2.5%*

**as of 7 May 2007 (date of closing the shareholders' register)*

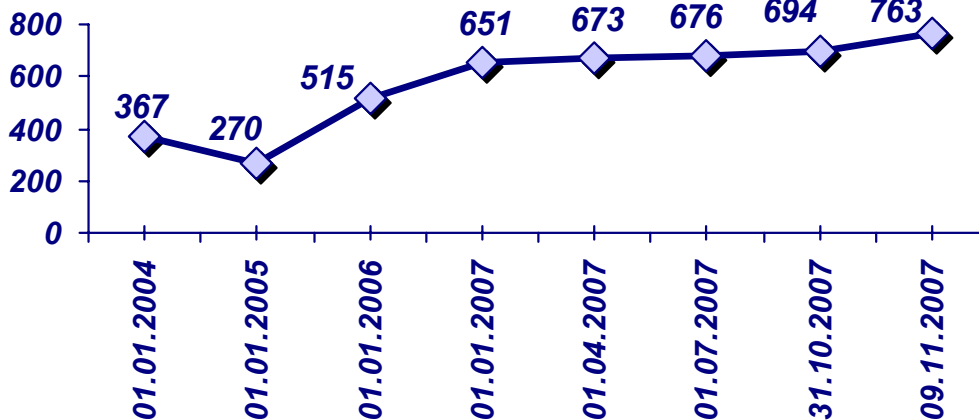


3. Key Data - Share Performance

Source: RTS data



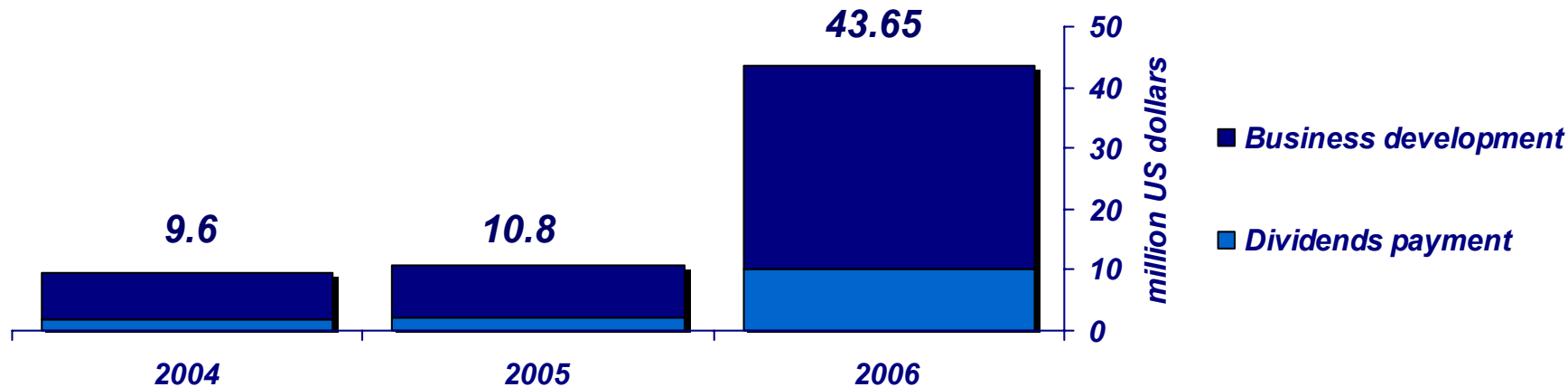
Market Capitalization, USD million



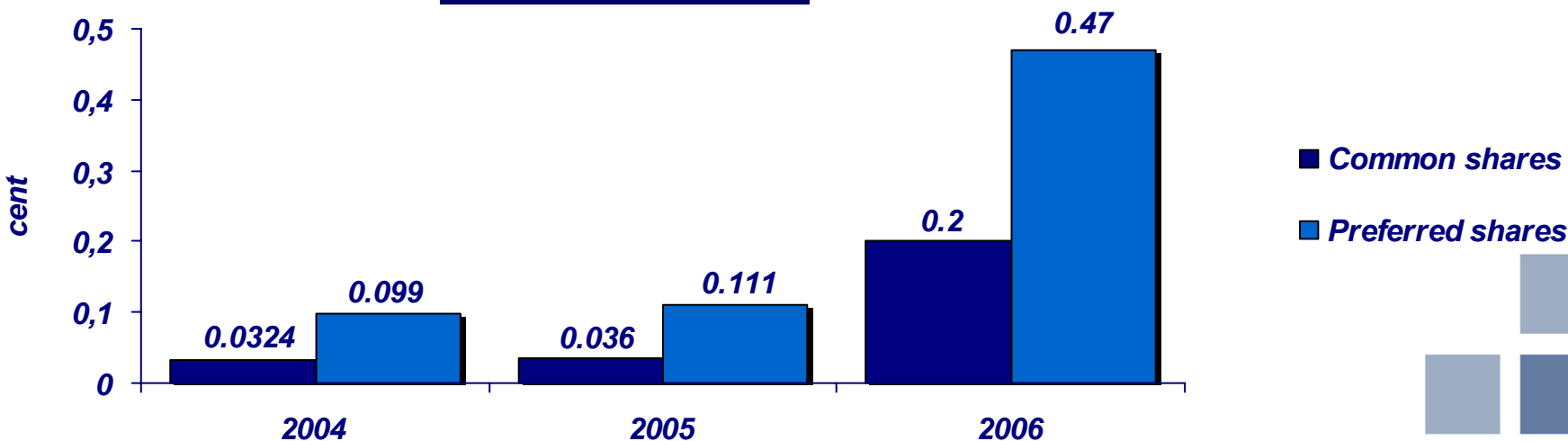
As of November 9, 2007 STC market capitalization was 763 million US dollars gaining 24.1% over the year beginning

Maximal capitalization in 2007 was 782 million US dollars

3.Key Data - Net Income Distribution

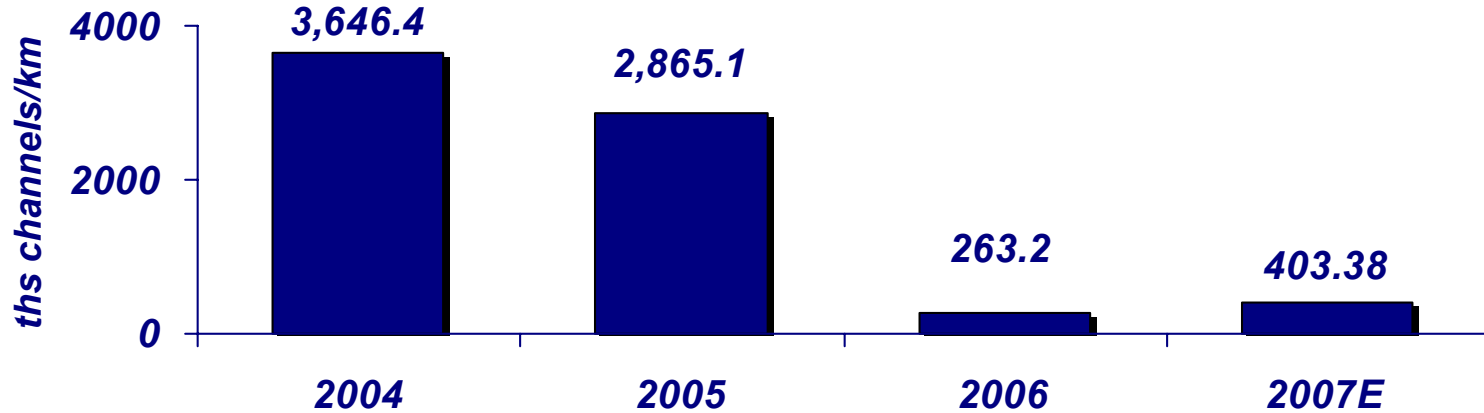


Dividends volume

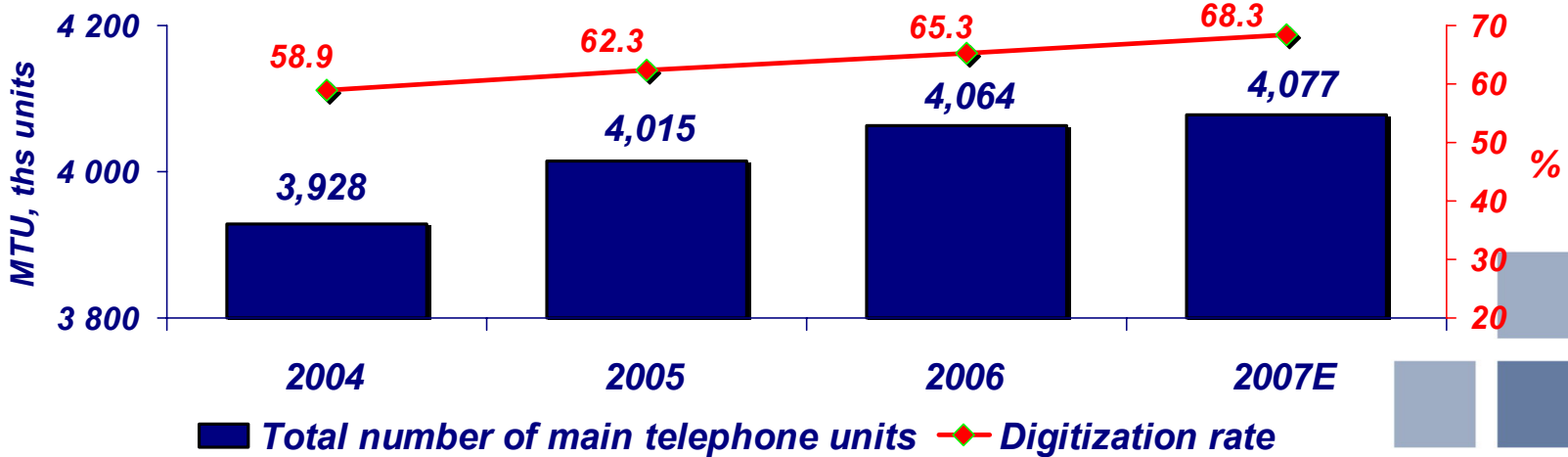


3. Key Data - Network Development

Increase in length of intra-zonal telephone channels

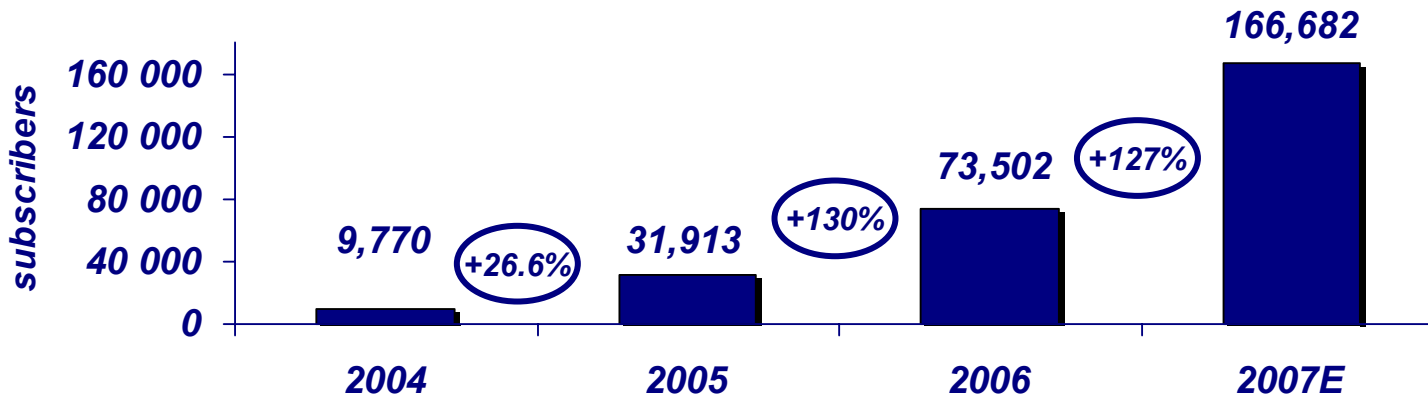


Number of main telephone units (MTU) as at the end of the period



3. Key Data - Network Development

Number of broadband access subscribers

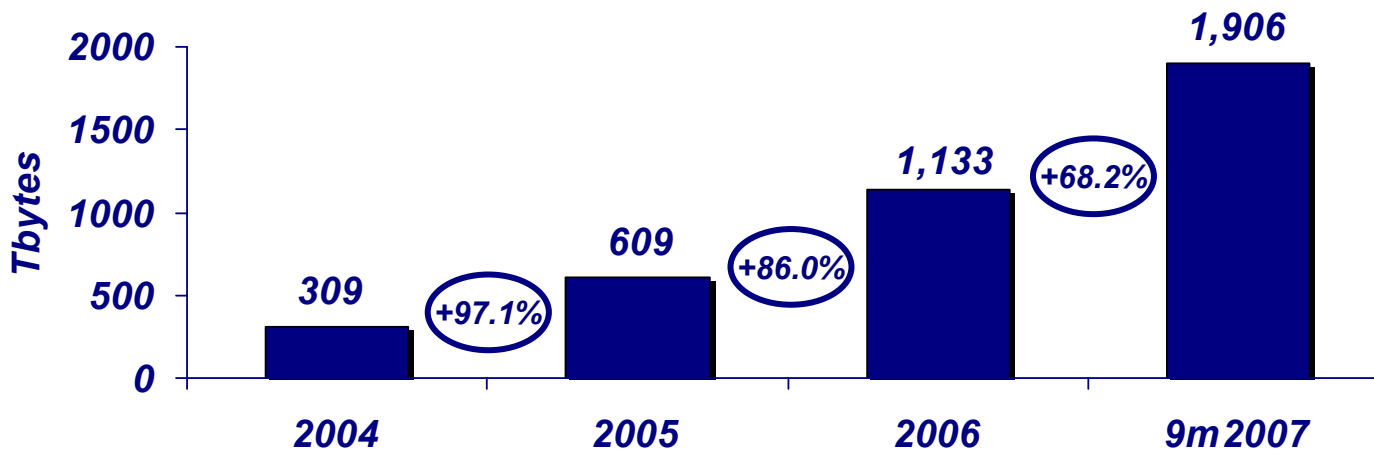


9 months 2007

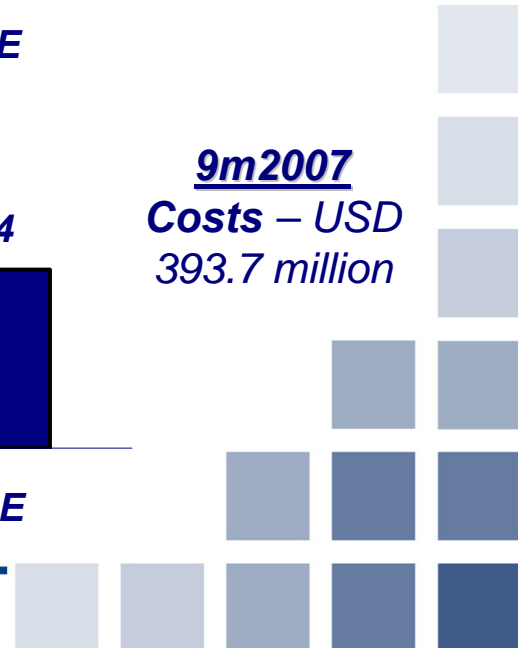
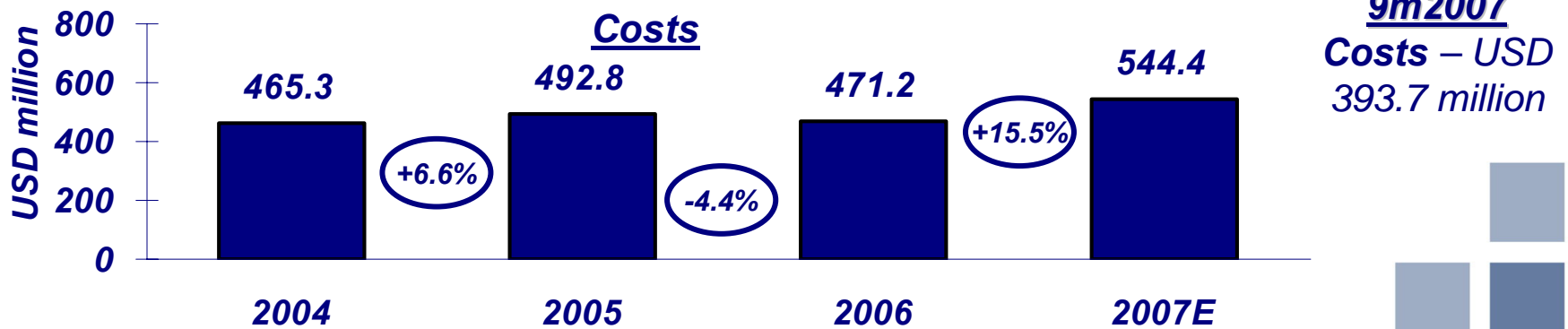
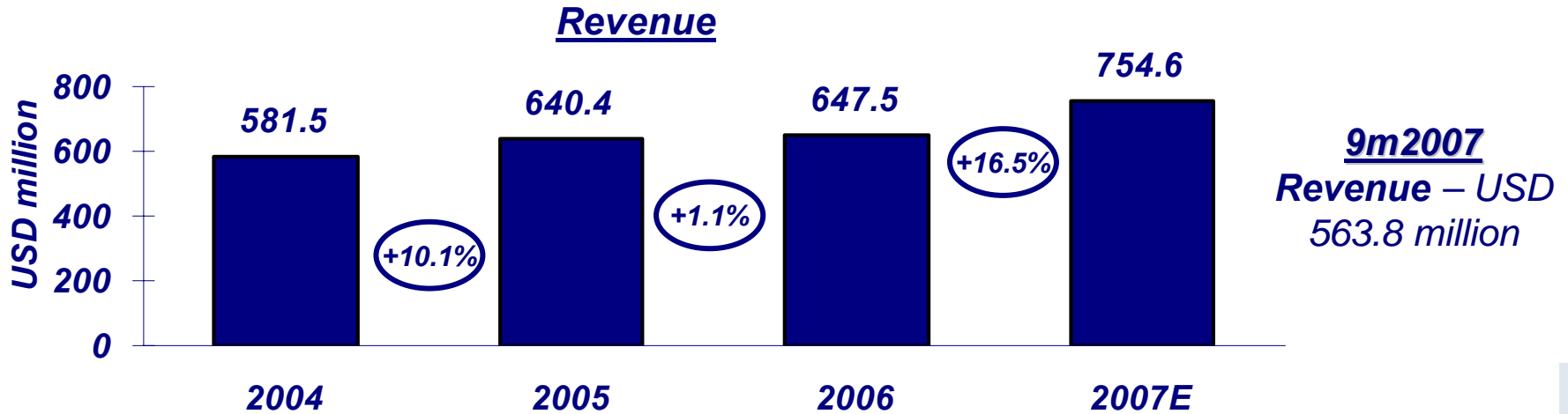
132,053
broadband
access
subscribers

xDSL ARPU –
39.1 US dollars

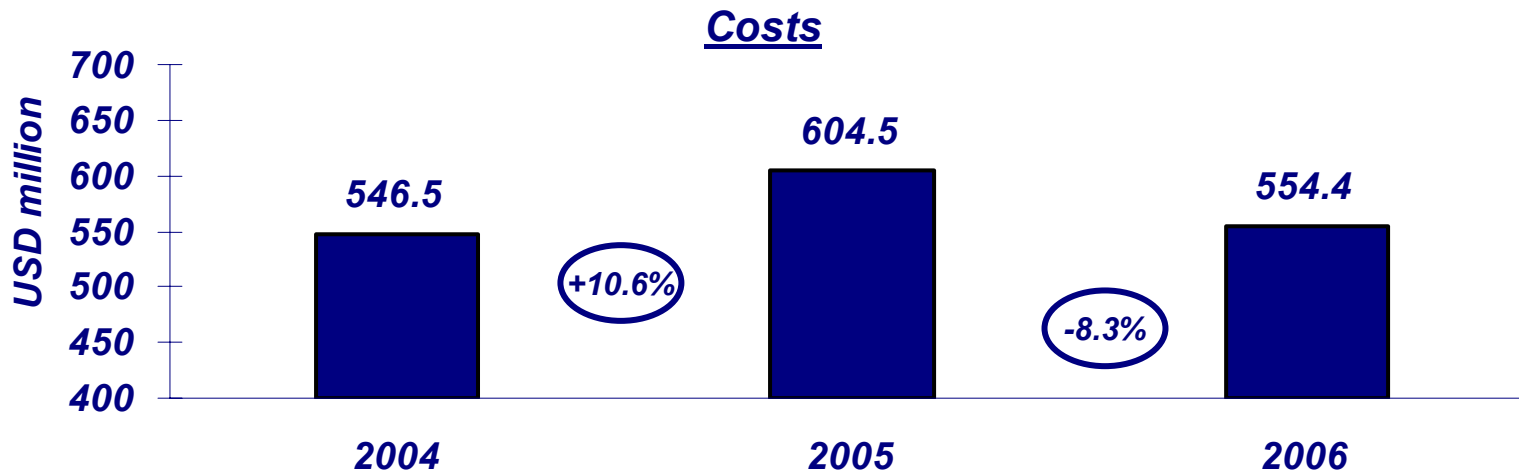
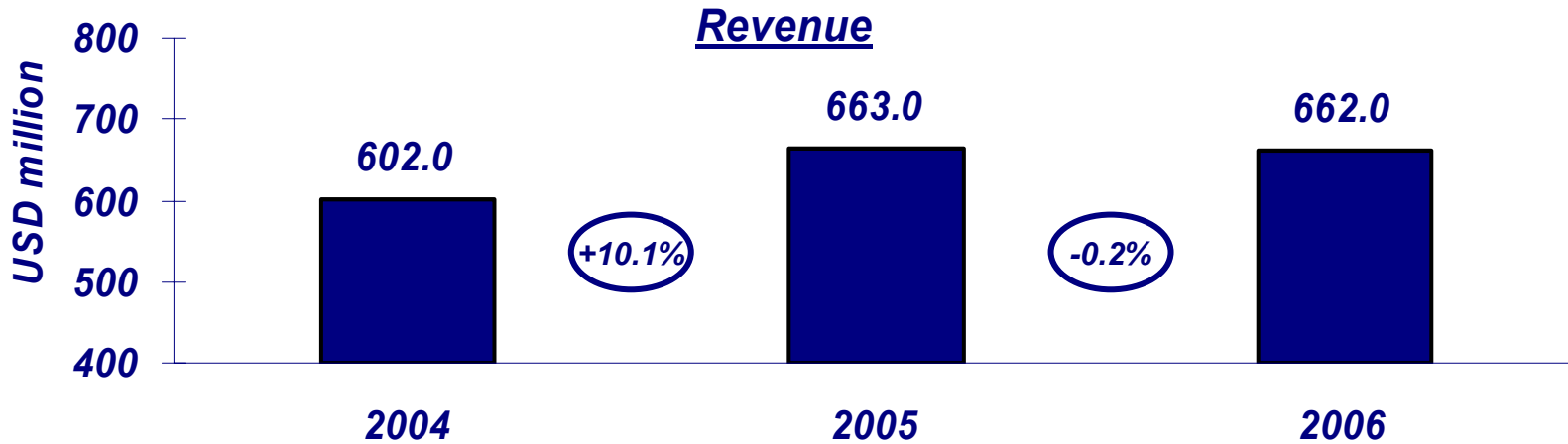
Internet traffic



3.Key Data - Key Financial Highlights (RAS)



3. Key Data - Key Financial Highlights (IFRS)

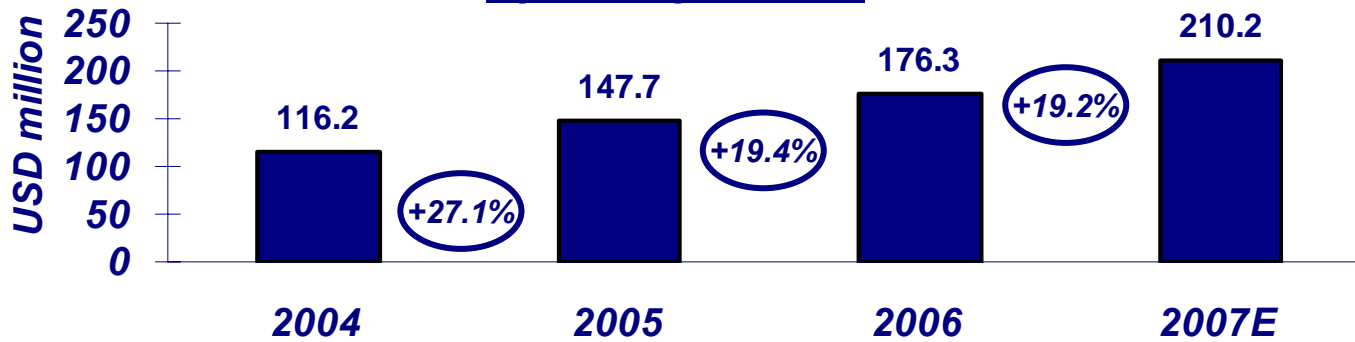


3.Key Data - EBITDA and EBITDA margin

<i>Description</i>	<i>2004</i>	<i>2005</i>	<i>2005/ 2004</i>	<i>2006</i>	<i>2006/ 2005</i>	<i>2007E</i>	<i>2007/ 2006</i>
RAS							
<i>EBITDA, USD million</i>	146.9	190.1	+29.4%	232.3	+22.2%	245.6	+5.6%
<i>EBITDA margin, %</i>	25.3	29.7	~	35.9	~	36.4	~
IFRS							
<i>EBITDA, USD million</i>	159.2	177.6	+11.5%	236.2	+33.0	~	~
<i>EBITDA margin, %</i>	26.5	26.8	~	35.7	~	~	~

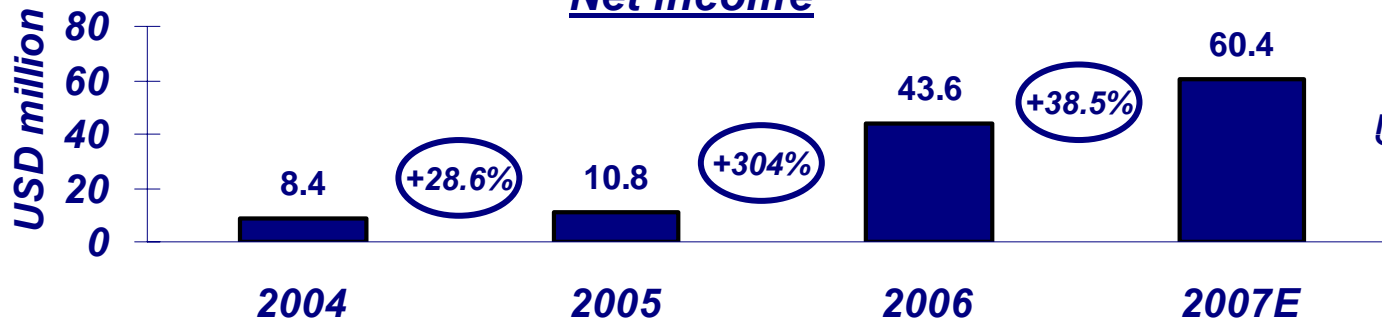
3.Key Data - Profitability (RAS)

Operating income

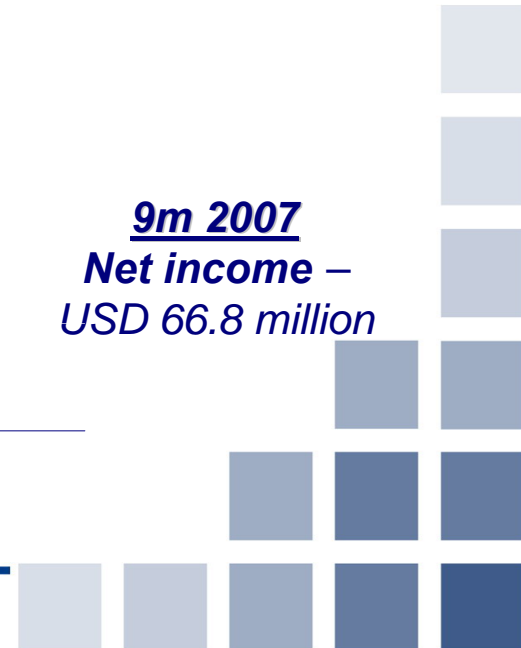


9 m 2007
Operating
income –
USD 170.1 million

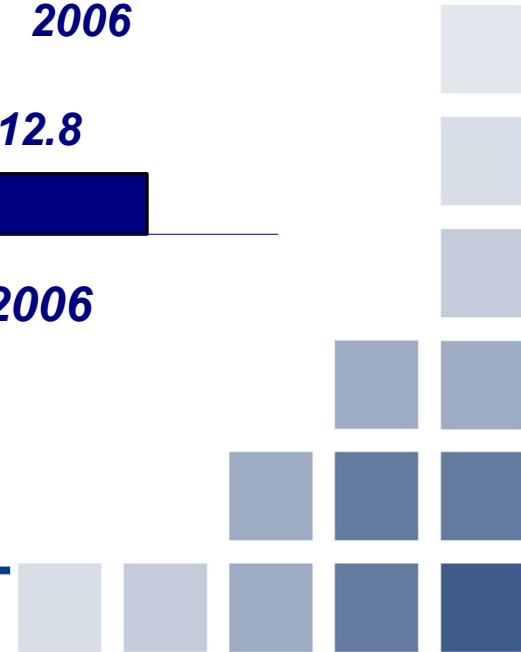
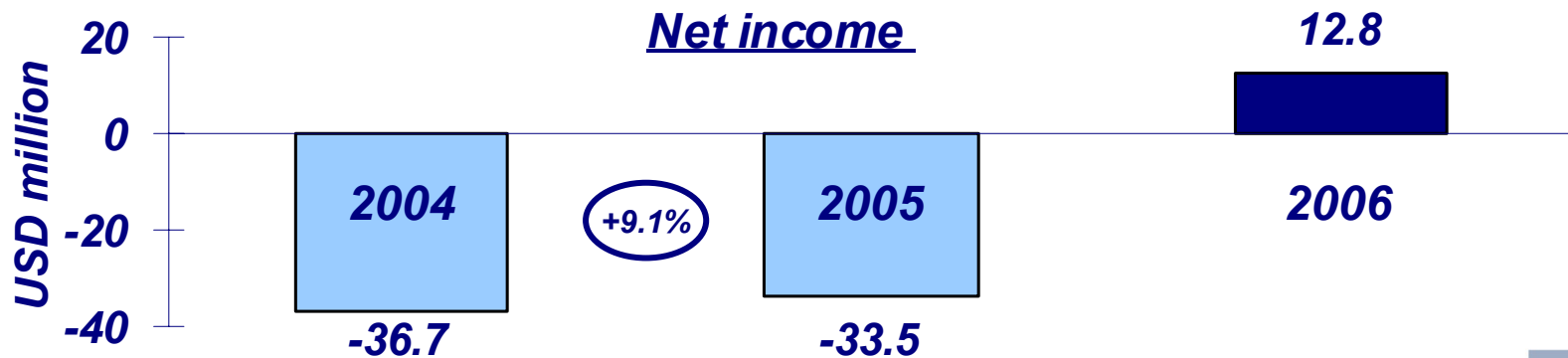
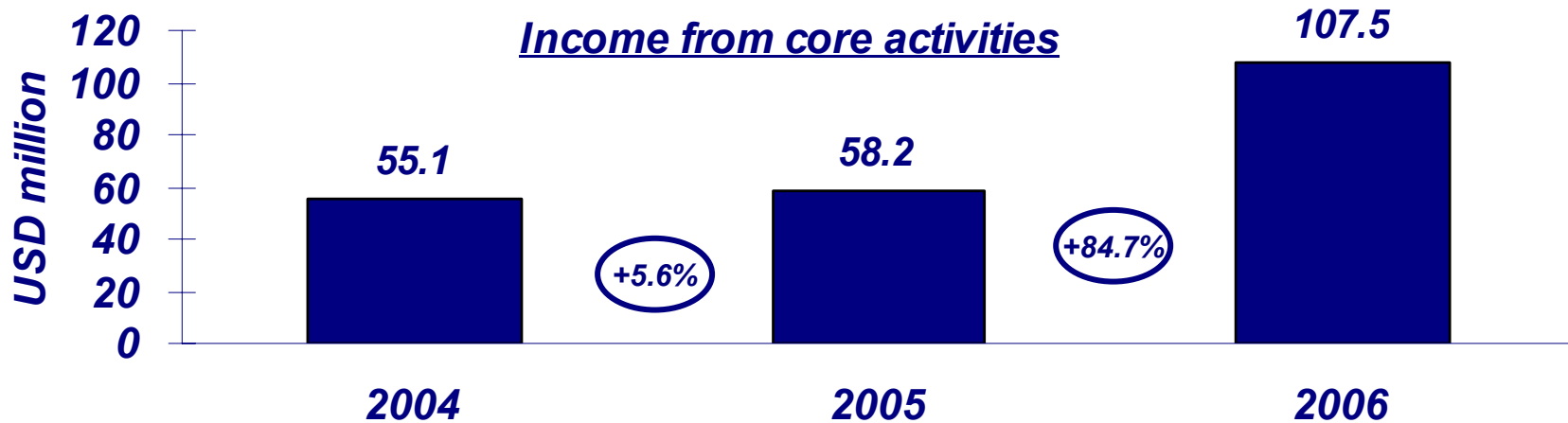
Net income



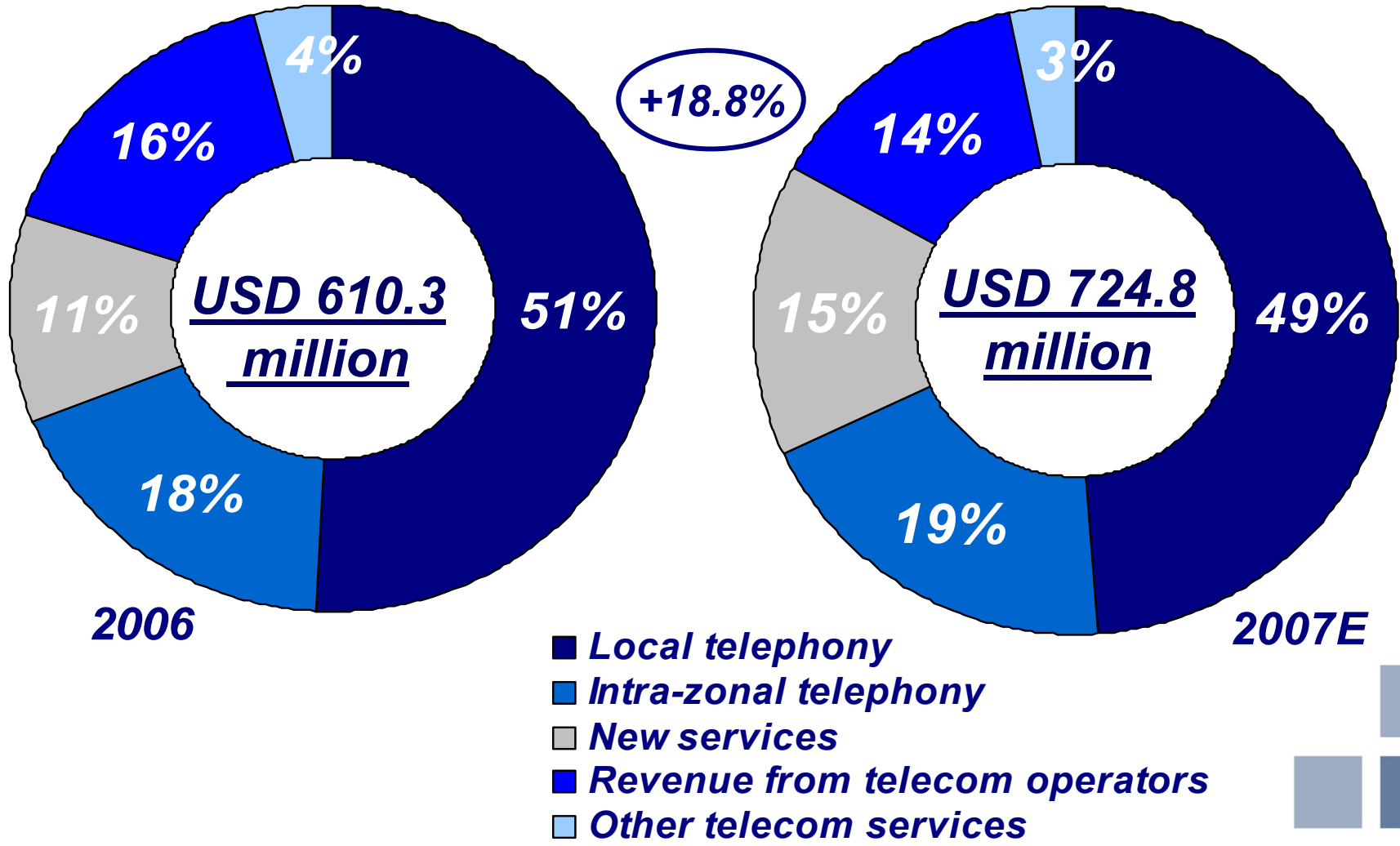
9m 2007
Net income –
USD 66.8 million



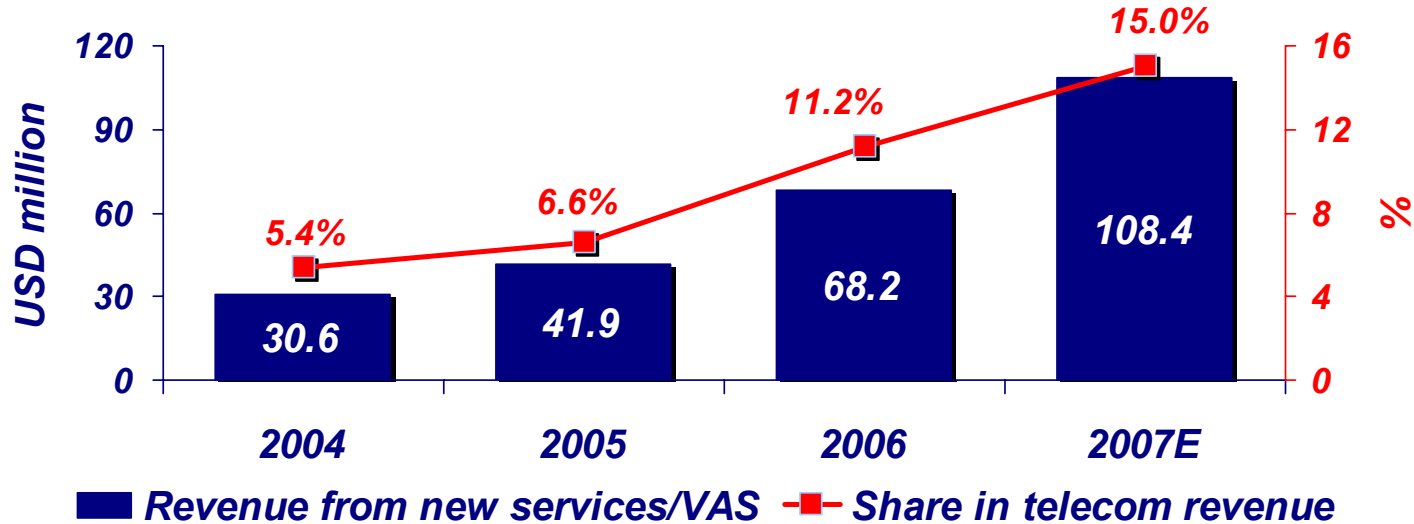
3.Key Data - Profitability (IFRS)



4. Revenue – Revenue Breakdown by Type of Services (RAS)



4. Revenue – New Services/VAS



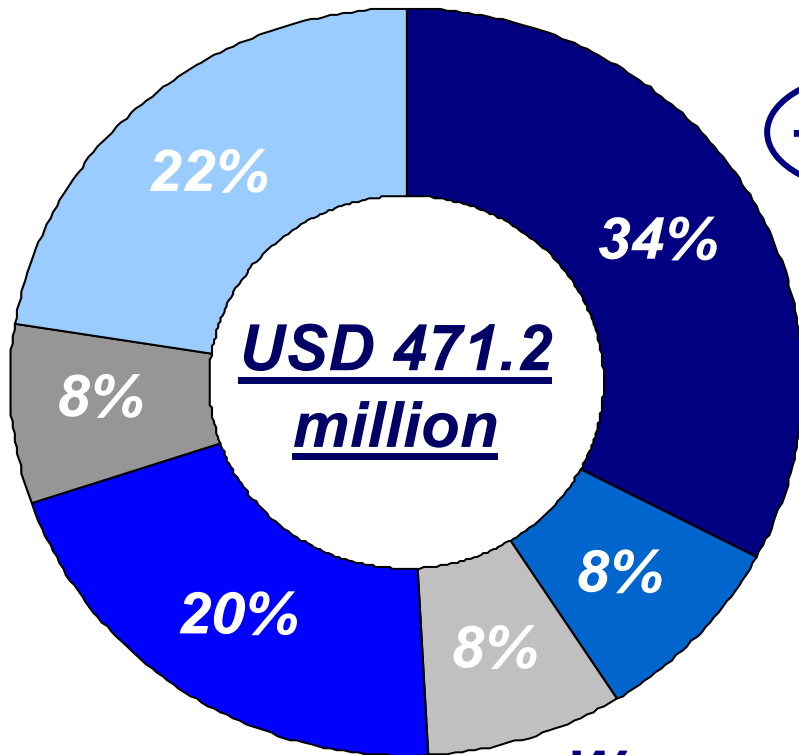
9m 2007

Revenue from VAS – USD 77.0 million

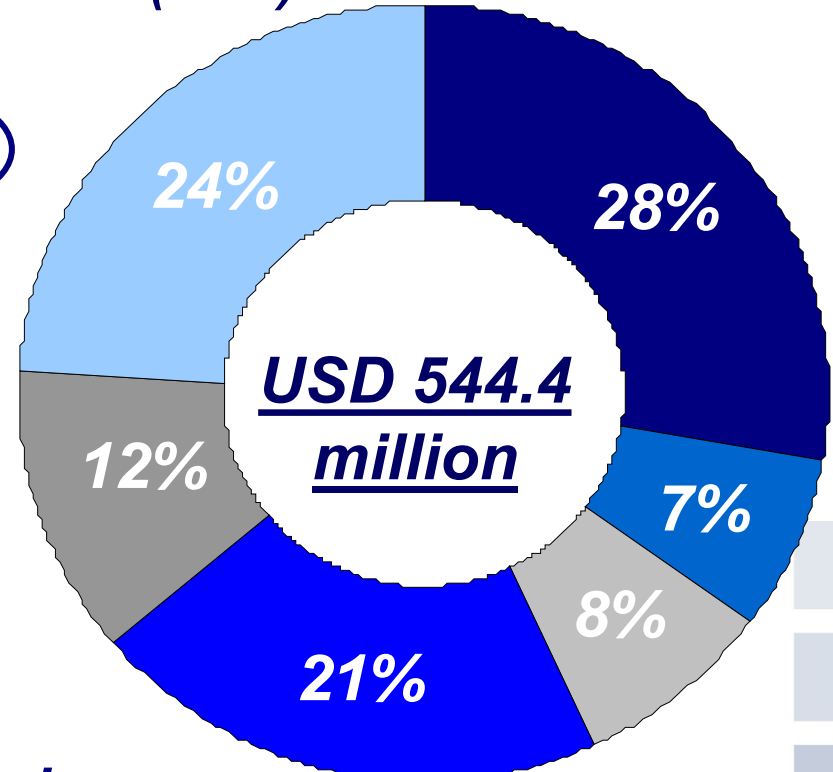
Share in telecom revenue – 14.3%

Description, USD mln	2007E	2006	2007E / 2006
Internet	93.7	55.4	69.0%
Construction of virtual private networks (VPN)	14.3	12.1	18.2%
Intelligent networks and other	0.5	0.8	-37.5%

5. Costs - Costs structure (RAS)



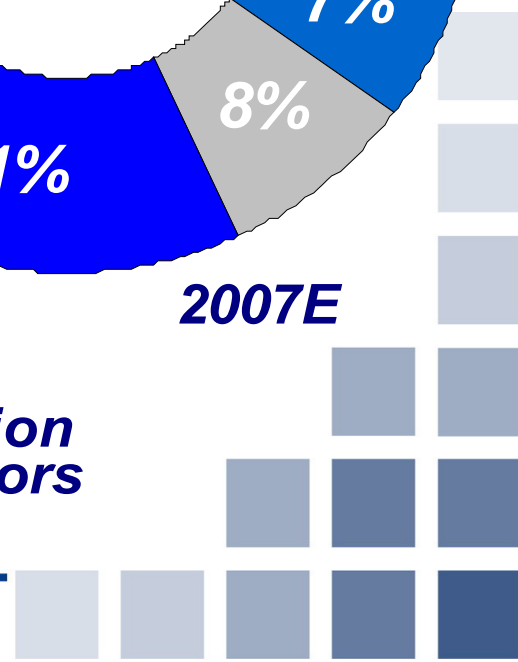
+15.5%



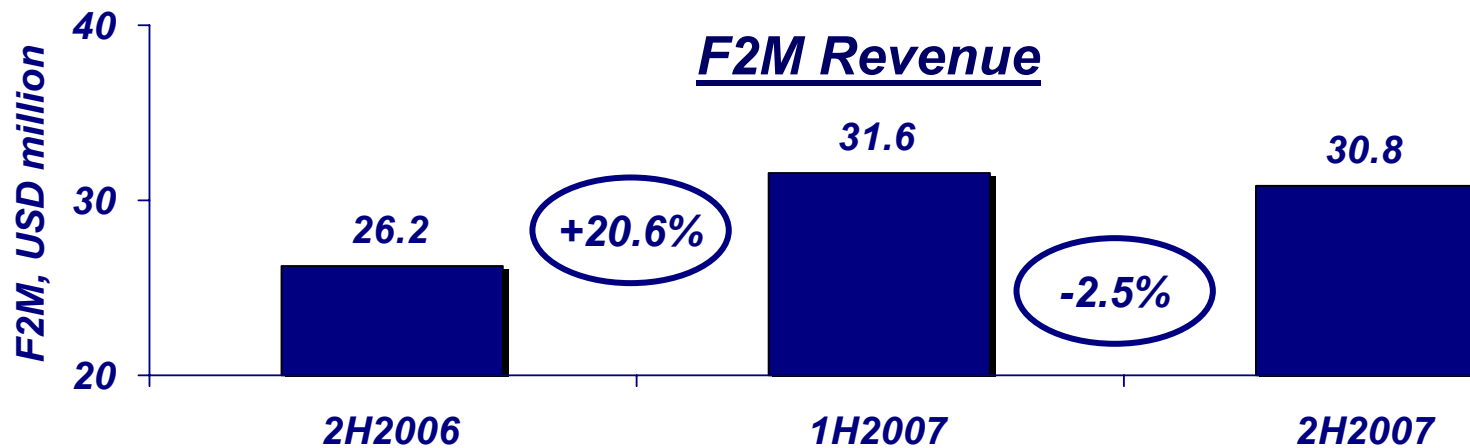
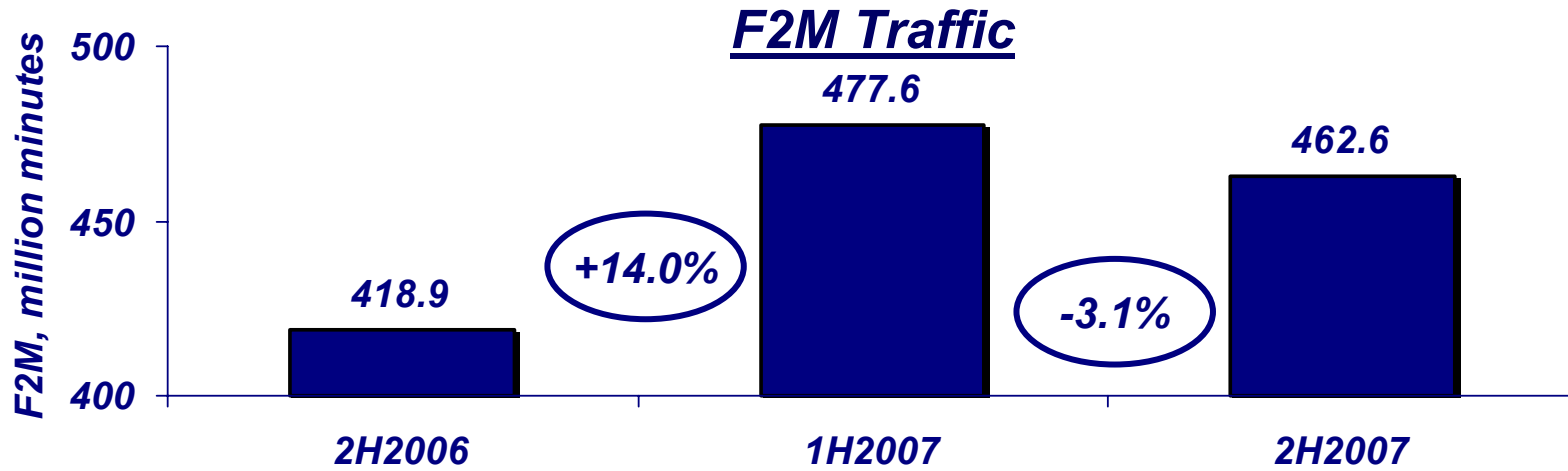
2006

2007E

- Wages and salaries**
- Social insurance expenses**
- Material expenses**
- Depreciation and Amortization**
- Payments to national operators**
- Other costs**



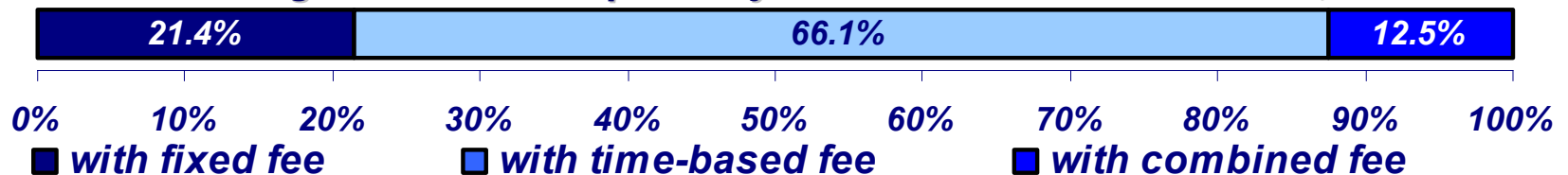
F2M Traffic and Revenue Growth



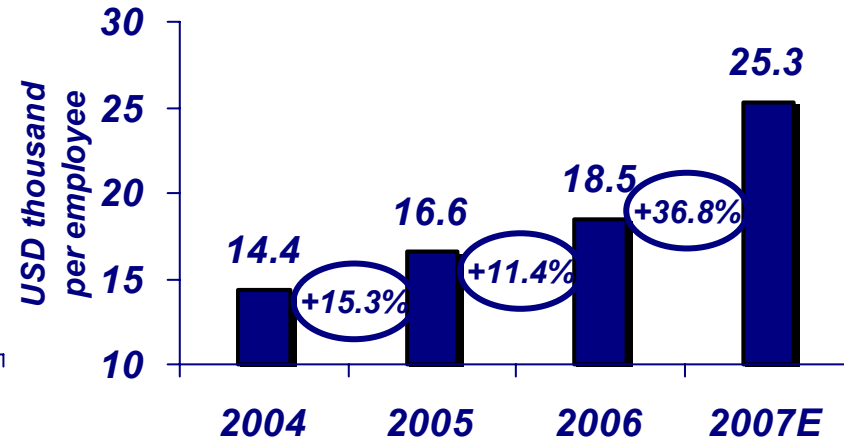
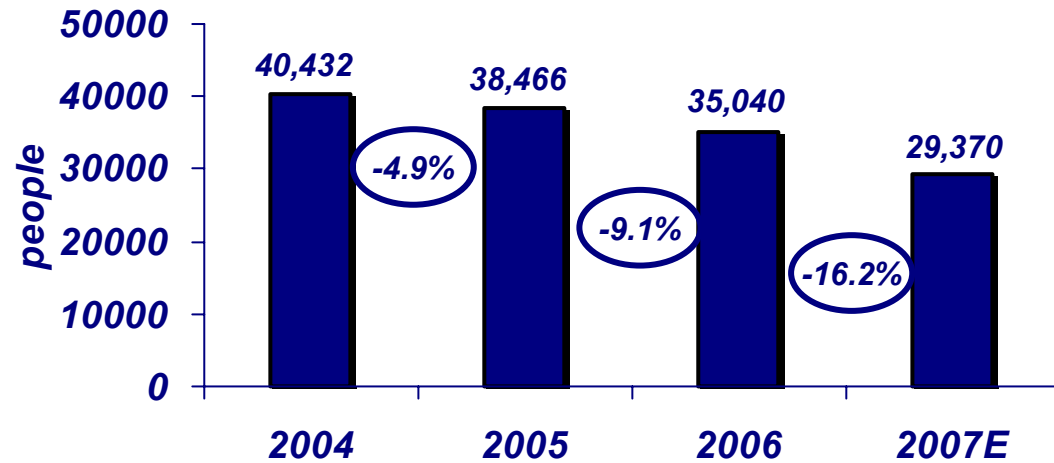
Tariff Plans in the Krasnodar Kray Effective February 1, 2007

<i>Tariff plan (urban TN/rural TN)</i>	<i>With time-based fee</i>	<i>With combined fee</i>	<i>With fixed fee</i>
<i>Provision of subscriber's line for permanent use, USD per month</i>	4.7/4.3*	4.7/4.3*	4.7/4.3*
<i>Monthly subscriber fee, USD per month</i>	-	3.2/2.8*	6.4/6.8*
<i>Number of minutes provided for a fixed payment, minutes</i>	0	425/375*	unlimited
<i>Provision of local telephone connection, USD per minute</i>	0.008	0.006	-
TOTAL	USD 4.7/4.3* + number of minutes multiplied by USD 0.008	USD 7.9/7.2 + number of minutes in excess of monthly limit multiplied by USD 0.006	USD 11.1

Usage of three tariff plans by subscribers as of October 1, 2007

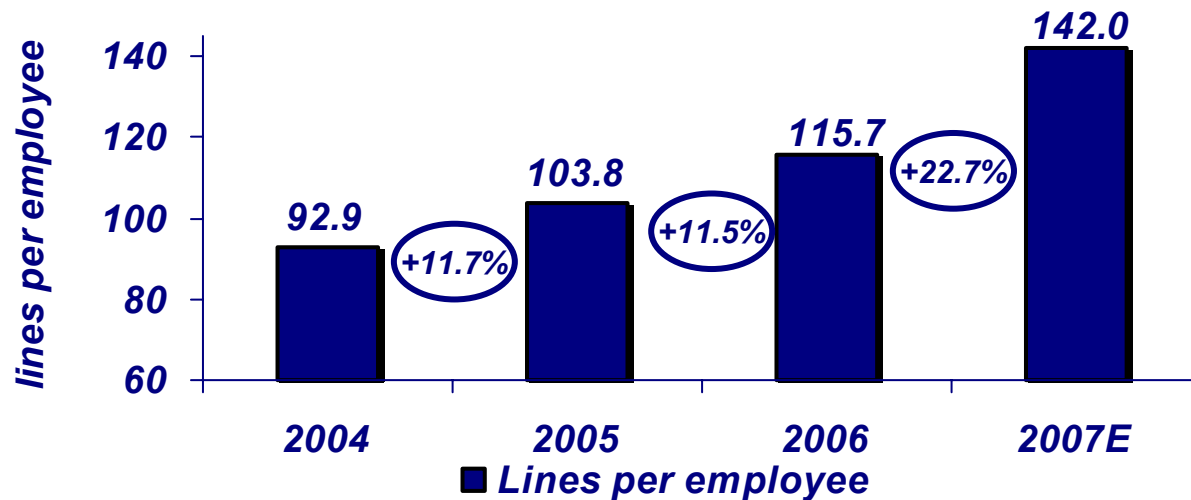


6. Business Efficiency Indicators

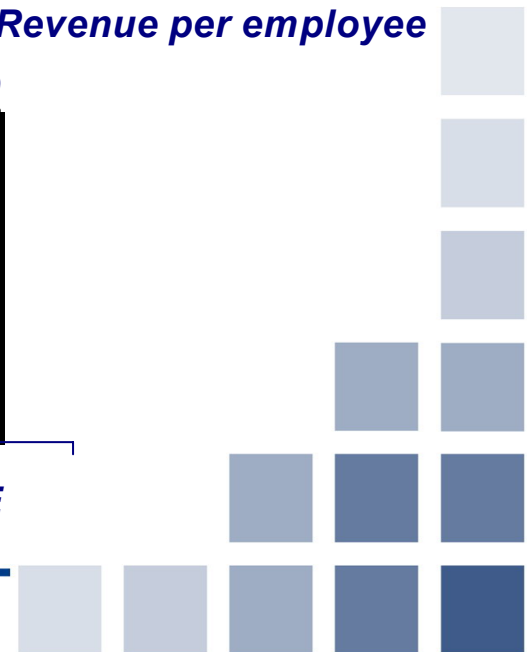


■ Average number of employees on payroll

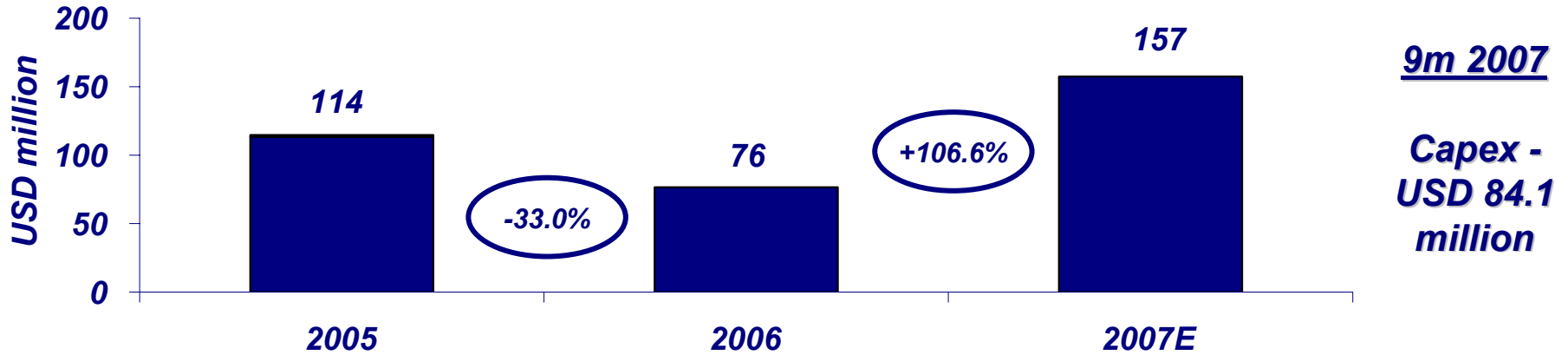
■ Revenue per employee



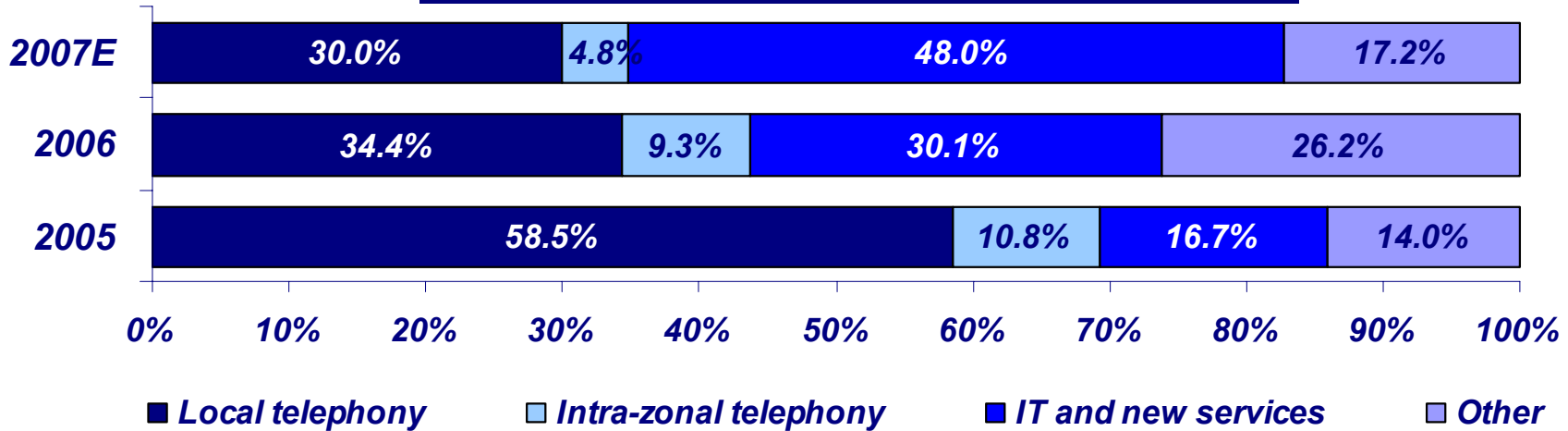
■ Lines per employee



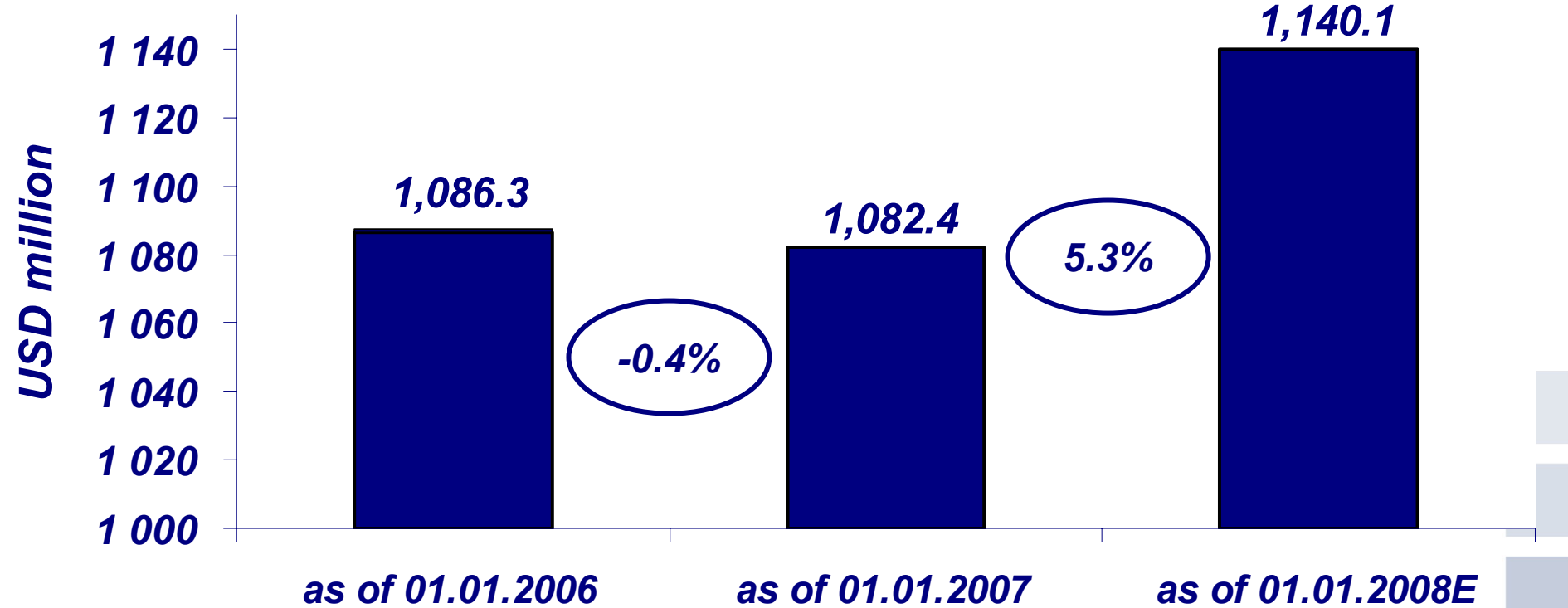
7. Investment Policy



Capex breakdown by type of services



8. Credit Portfolio – Debt Volume



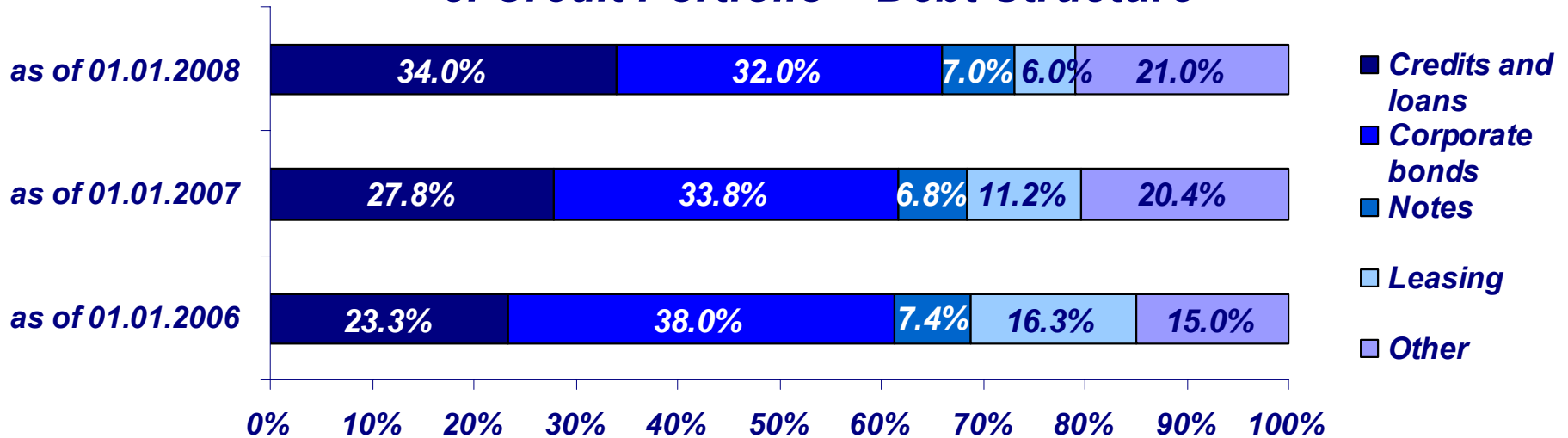
***Settlement dollar rate:**

As of 01.01.2006 – 28.4821 roubles

As of 01.01.2007 – 26.4465 roubles

As of 01.01.2008 – 24.2 roubles

8. Credit Portfolio – Debt Structure



Weighted average cost of borrowings

Description	As of 01.01.2006	As of 01.01.2007	As of 01.01.2008
Corporate bonds	11.73%	10.41%	9.04%
Long-term credits and loans	12.34%	10.63%	9.66%
Promissory notes	10.18%	9.84%	9.76%
Short-term credits and loans	13.23%	8.34%	6.8%

9. Mid-term Strategy

Finance

- Debt burden reduction and decrease in debt service cost
- Operating costs reduction, rigid control of general and administrative expenses
- Reorganization of subsidiaries and staff cuts

Investment

- Increase in investment efficiency due to pay-back period reduction
- Minimization of investments in unprofitable projects
- Growing investments in the sector of advanced technologies

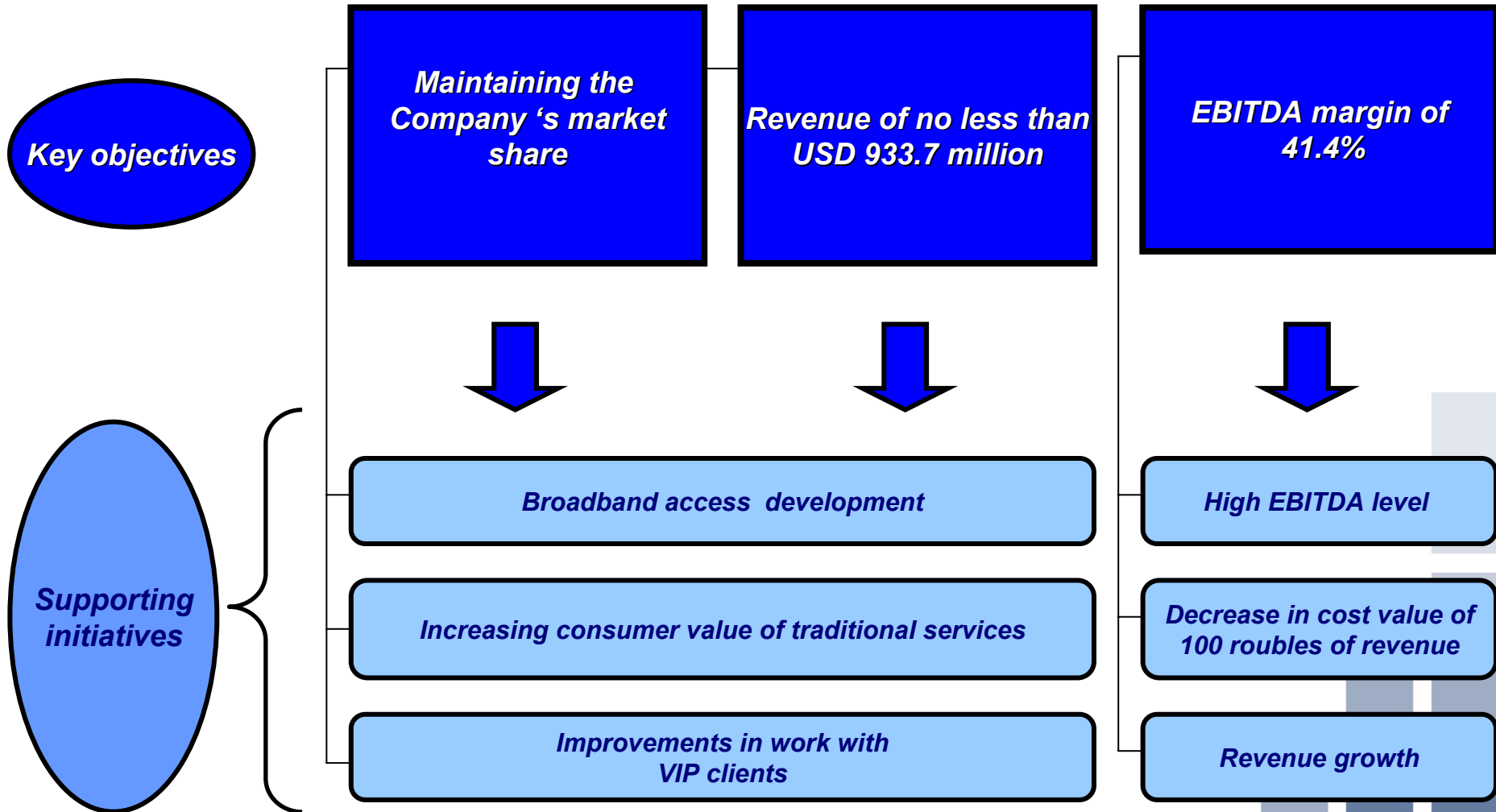
Technology

- Network digitization rate growth
- Construction of digital cable TV networks
- Introduction of Call-centers, development of their services.
- Construction and updating of data transmission networks on the basis of IP/MPLS technology

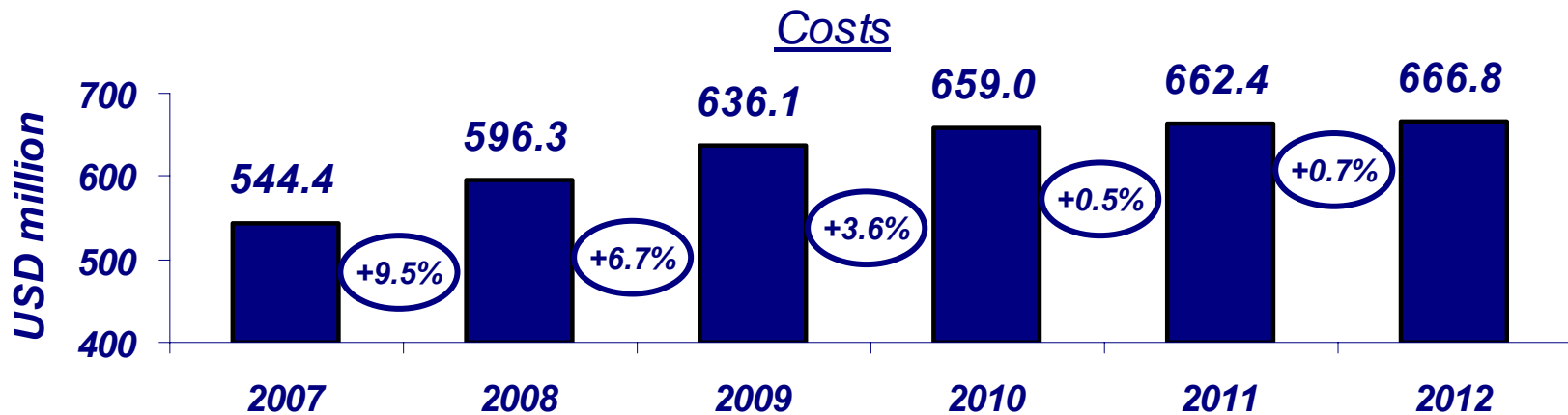
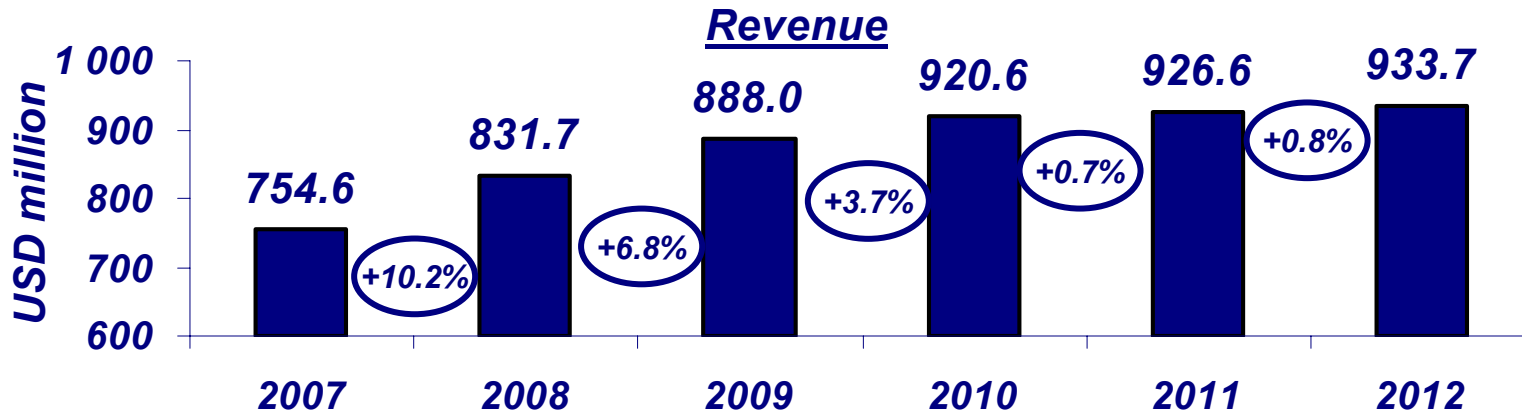
Marketing

- Creation of the competitive advantages providing customers with additional value of traditional services
- Active development of broadband access services
- Increasing efficiency of work with the B2B segment.
- Formation of package offers for target market segments

9. Mid-term Strategy - Objectives for 2012

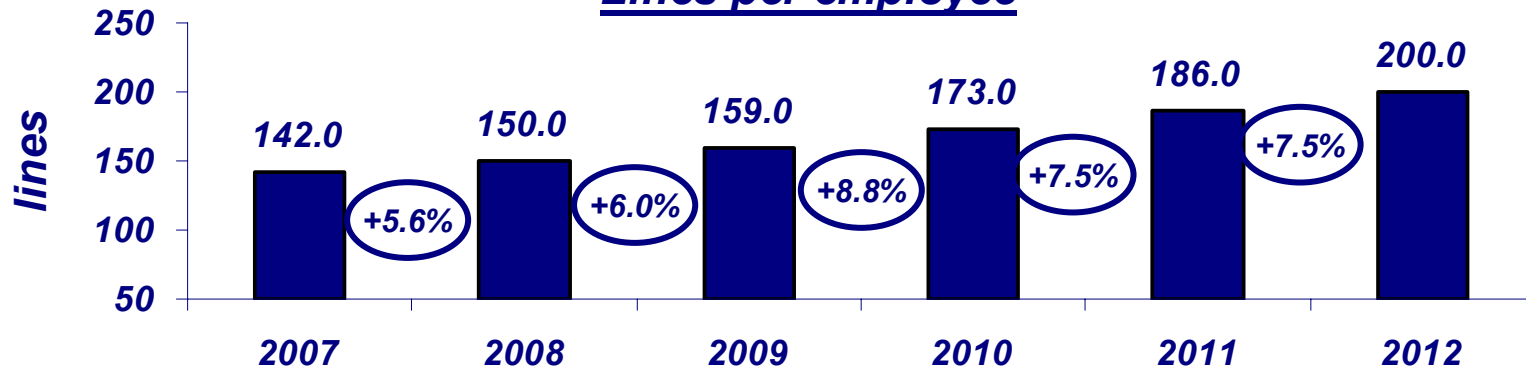


9. Mid-term Financial Strategy

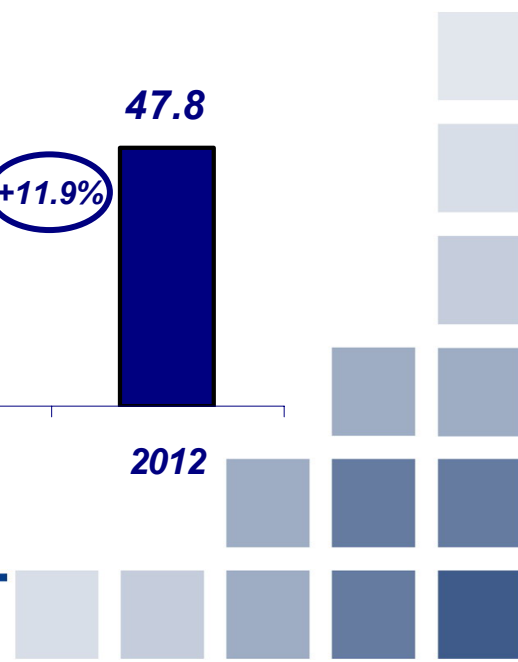
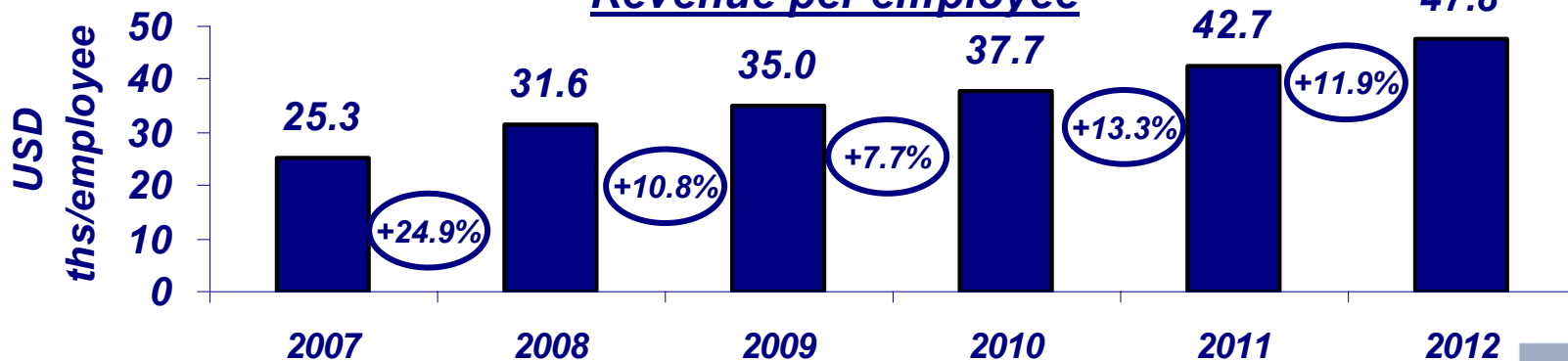


9. Mid-term Strategy

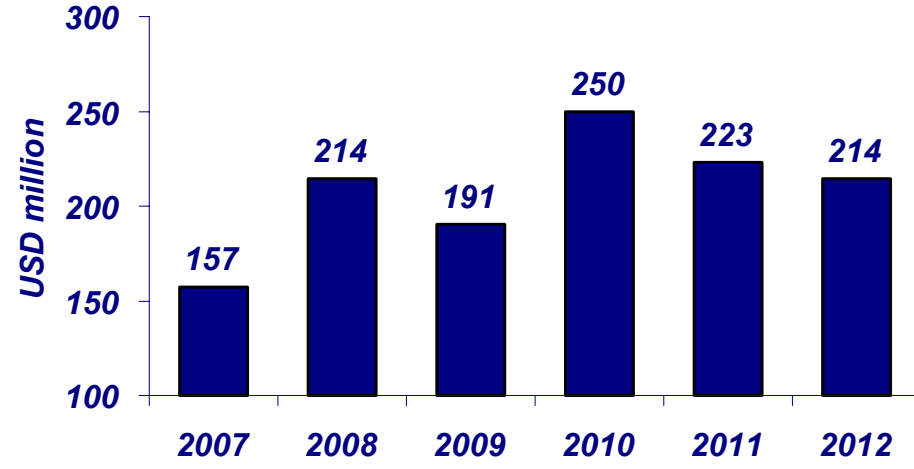
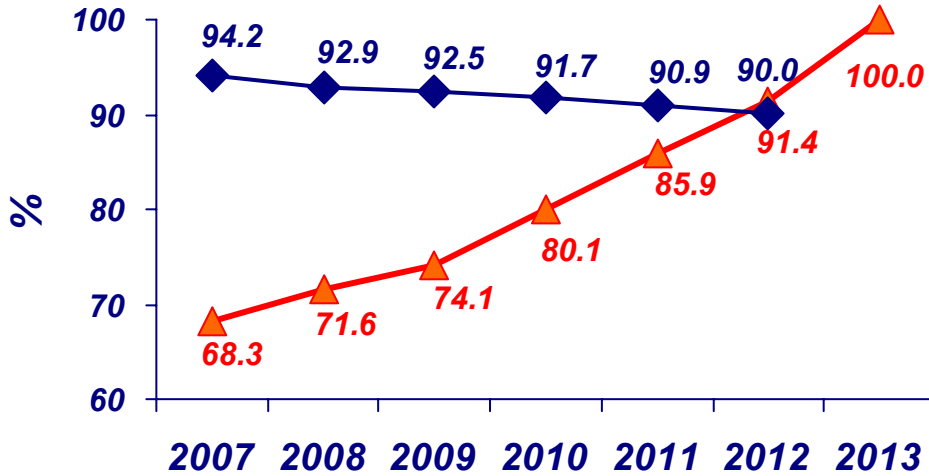
Lines per employee



Revenue per employee



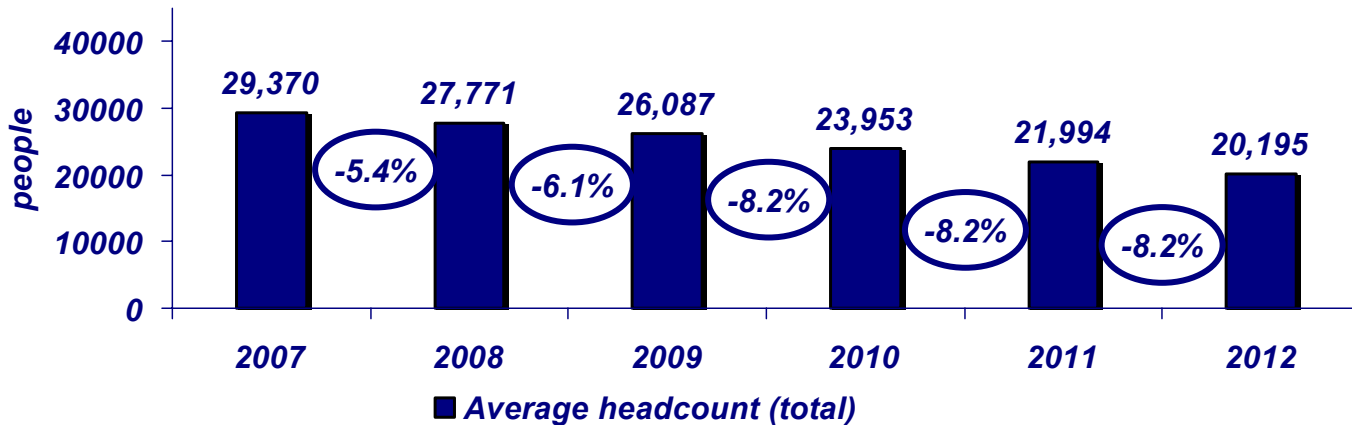
9. Mid-term Strategy



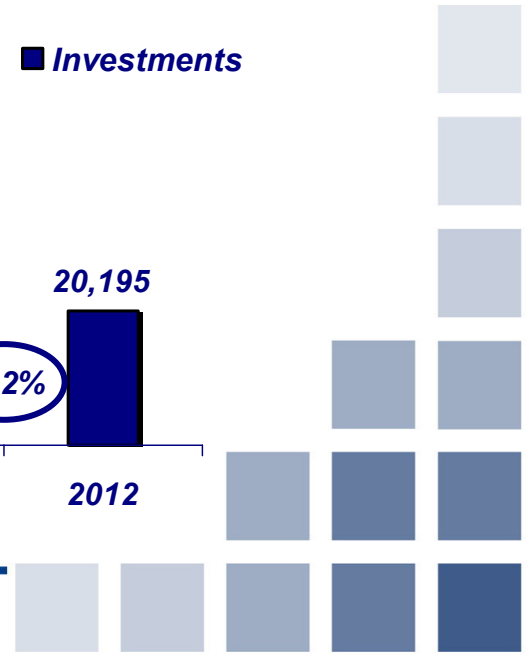
▲ Digitization rate

◆ Equipped capacity ratio

■ Investments

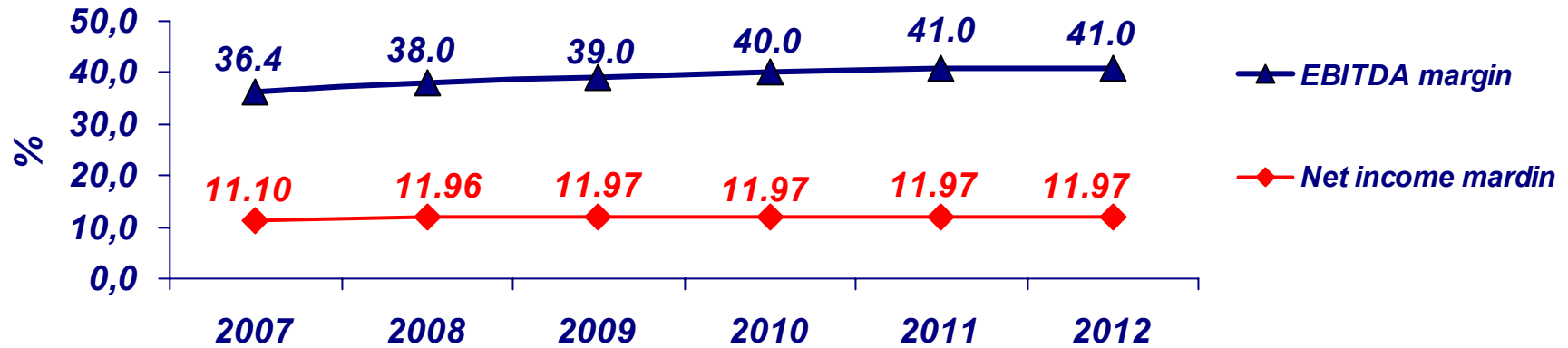


■ Average headcount (total)

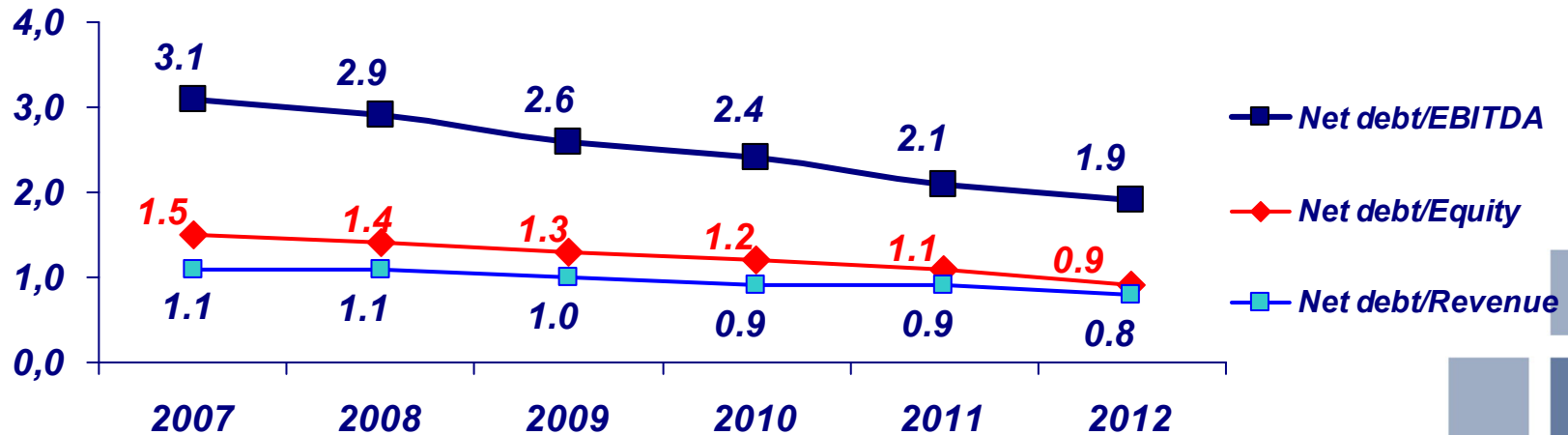


9. Mid-term Financial Strategy

EBITDA margin and net income margin performance



Liabilities cover



THANK YOU FOR YOUR TIME



Contacts

Information Department

IR Team

Tel. +7 861 253 20 30

Fax +7 861 253 19 69

E-mail: v.plehanov@mail.stcompany.ru

PR Team

Tel. +7 861 259 56 99

Fax +7 861 259 56 99

E-mail: e.vaganova@mail.stcompany.ru

STC General Management

66, Karasunskaya Street, Krasnodar

350000, Russian Federation

Tel. +7 861 253 20 56

Fax +7 861 253 25 30

E-mail: operator@mail.stcompany.ru

Additional information about the Company can be viewed on the corporate website www.stcompany.ru, in the systems **Bloomberg (KUBN\$_RU)** and **SKRIN**