



June 2006

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Q1 2006 - FINANCIAL AND OPERATING RESULTS Management Presentation



SAFE HARBOR

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might” the negative of such terms or other similar expressions. 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 date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically, the Company’s most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors,” that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures; rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, risks associated with operating in Russia, volatility of stock price, financial risk management, and future growth subject to risks.



HIGHLIGHTS

Q1 2006 Financial Highlights

- ✓ Revenues of \$1,289mln
- ✓ Operating income of \$334mln
- ✓ OIBDA* of \$599mln; OIBDA* margin of 46.5%
- ✓ Net income of \$184mln
- ✓ Free cash flow** positive with approx. \$11mln

Dividends Declared

- ✓ Annual dividends of approx. \$1.4 per ADR for the 2005 fiscal year, amounting to a total of \$562mln, recommended for approval by the BoD at the AGM to be held on June 23, 2006

Launch of the Portal Brand by the Sistema Telecom Group of Companies

- ✓ MTS adopted a renewed brand on May 10, 2006

New Senior Management

- ✓ Mr Leonid Melamed was appointed acting President and CEO of MTS on April 14, 2006; approved to the post by the EGM on June 14, 2006
- ✓ Mr Vsevolod Rozanov was appointed Chief Financial Officer on April 24, 2006



GROUP - Country Breakdown

US\$ mln	Q1/06	Q4/05	Change	Q1 2005	Change
Russia					
Revenues	929.0	954.2	-2.6%	802.8	15.7%
OIBDA	433.8	427.9	1.4%	415.0	4.5%
OIBDA margin	46.7%	44.8%	-	51.7%	-
Net income	120.9	151.8	-20.4%	171.4	-29.5%
Ukraine					
Revenues	317.0	337.8	-6.1%	238.3	33.0%
OIBDA	143.7	156.7	-8.3%	112.2	28.1%
OIBDA margin	45.3%	46.4%	-	47.1%	-
Net income	62.0	82.2	-24.5%	58.0	6.9%
Uzbekistan*					
Revenues	25.4	25.5	-0.5%	17.5	45.3%
OIBDA	15.7	15.5	1.6%	9.7	61.8%
OIBDA margin	61.8%	60.6%	-	55.5%	-
Net income	6.1	6.6	-8.7%	3.0	102.3%
Turkmenistan					
Revenues	19.0	17.7	7.8%	-	-
OIBDA	5.4	13.0	-58.7%	-	-
OIBDA margin	28.3%	73.7%	-	-	-
Net income	-4.5	2.0	-	-	-
Intercompany elimination					
Revenues	-1.8	-2.4	-27.6%	-1.5	16.2%
Consolidated					
Revenues	1 288.7	1 332.7	-3.3%	1 057.0	21.9%
OIBDA	598.6	613.1	-2.4%	536.9	11.5%
OIBDA margin	46.5%	46.0%	-	50.8%	-
Net income	184.4	242.6	-24.0%	232.5	-20.7%



RUSSIA - Key Operating Indicators

	Q1/06	Q4/05	Q3/05	Q2/05	Q1/05	Q4/04
ARPU (US\$)	6.2	7.3	8.9	9.3	9.1	11.2
<i>MTS</i> ARPU	24.8	26.3	25.7	23.4	20.5	22.6
<i>JEANS</i> ARPU	4.0	4.5	5.7	6.0	5.9	7.3
ARPU ex guest roaming (US\$)	6.1	7.2	8.7	9.1	9.0	10.9
ARPU from VAS (US\$)	0.9	0.9	0.9	1.0	1.2	1.3
VAS as % of total ARPU (US\$)	14%	12%	10%	11%	13%	12%
MOU (minutes)	118	123	130	134	138	164
<i>MTS</i> MOU	327	348	309	282	247	273
<i>JEANS</i> MOU	92	92	99	102	109	127
SAC per gross new subscriber (US\$)	18.7	19.8	18.6	18.4	18.2	19.4
Dealer commission	9.4	10.8	10.8	11.3	12.6	12.8
Advertising & marketing	9.3	9.0	7.8	7.1	5.6	6.6
Churn	6.3%	5.2%	2.9%	6.8%	6.7%	6.3%
Total Russian market (mln)	132.4	125.8	111.7	97.6	85.6	74.4
Mobile penetration	91%	87%	77%	67%	59%	51%
Number of subscribers (mln)	45.8	44.2	38.9	34.1	30.3	26.5
Market share nationwide	35%	35%	35%	35%	35%	36%
Market share - Moscow	43%	45%	45%	44%	44%	44%
Market share - St. Petersburg	33%	33%	33%	32%	32%	32%
Market share - rest of country	33%	33%	32%	33%	33%	33%
Share of <i>JEANS</i> customers	89%	88%	87%	83%	81%	77%

Source: MTS



UKRAINE - Key Operating Indicators

	Q1/06	Q4/05	Q3/05	Q2/05	Q1/05	Q4/04
ARPU (US\$)	7.5	9.1	10.8	10.8	10.0	12.4
Post-paid ARPU	33.0	36.4	40.2	37.4	33.8	37.2
Pre-paid ARPU	4.8	5.9	7.0	7.0	6.4	8.0
ARPU ex guest roaming (US\$)	7.3	9.0	10.4	10.6	9.9	12.1
ARPU from VAS (US\$)	1.3	1.5	1.5	1.5	1.5	1.6
VAS as % of total ARPU (US\$)	17%	16%	14%	14%	15%	13%
MOU (minutes)	147	120	132	118	130	127
Post-paid MOU	386	400	392	354	299	327
Pre-paid MOU	122	88	98	84	104	92
SAC per gross new subscriber (US\$)	14.4	9.4	15.7	14.2	22.1	15.4
Dealer commission	3.3	2.5	3.6	2.8	4.3	2.8
Advertising & promotion	7.9	3.8	6.3	4.4	5.3	4.7
Handset subsidy	1.5	1.4	3.5	4.4	9.9	5.5
SIM card & voucher cost	1.7	1.7	2.3	2.6	2.6	2.4
Churn	6.1%	6.0%	6.2%	5.7%	5.1%	1.7%*
Total Ukrainian market (mln)	33.0	29.9	23.5	19.4	16.1	13.8
Mobile penetration	69%	64%	49%	41%	34%	29%
Number of subscribers (mln)	14.5	13.3	10.9	9.5	8.1	7.4
Market share nationwide	44%	44%	47%	49%	50%	53%
Share of pre-paid customers (JEANS & Sim-Sim)	91%	90%	89%	88%	87%	86%

Source: MTS

*The significant decrease in the quarterly churn rate to 1.7% can be largely attributed to the adoption in Ukraine of the churn policy used by MTS in Russia, whereby pre-paid customers are defined as churning after six months of inactivity, rather than the previous three month criteria. Under the previous churn calculation, quarterly churn rate in Q4 2004 was at 7.2%



OTHER CIS - Key Operating Indicators

Uzbekistan

	Q1/06	Q4/05	Q3/05	Q2/05	Q1/05	Q4/04
ARPU (US\$)	13.4	15.9	18.3	17.6	16.8	18.4
MOU (minutes)	411	450	437	432	413	419
SAC (US\$)	3.2	4.1	1.8	3.5	5.6	4.7
Churn	19.2%	18.2%	15.7%	13.9%	14.2%	10.4%
Total Uzbek market ('000)	1177.7	1053.3	804.3	702.0	610.0	538.5
Mobile penetration	4%	4%	3%	3%	2%	2%
Number of MTS subscribers ('000)	670.8	580.3	486.9	398.4	352.0	310.2
Market share nationwide	57%	55%	61%	57%	58%	58%

Source: MTS

Turkmenistan

	Q1/06	Q4/05
ARPU (US\$)	80.5	88.4
MOU (minutes)	228	256
SAC (US\$)	23.3	30.6
Churn	0.7%	1.0%
Total Turkmen market ('000)	119.1	103.2
Mobile penetration	2%	2%
Number of MTS subscribers ('000)	89.9	68.3
Market share nationwide	75%	74%

Source: MTS



BELARUS - Key Operating Indicators

Belarus*

	Q1/06	Q4/05	Q3/05	Q2/05	Q1/05	Q4/04
ARPU (US\$)	9.8	10.5	11.3	11.3	11.0	12.1
MOU (minutes)	433	447	440	448	410	426
SAC (US\$)	15.1	15.5	15.0	14.7	14.0	14.2
Churn	4.7%	4.1%	4.3%	4.7%	5.4%	5.7%
Total Belarus market (mln)	4.5	4.1	3.6	3.2	2.8	2.4
Mobile penetration	46%	41%	36%	32%	28%	24%
Number of MTS subscribers (mln)	2.3	2.1	1.8	1.6	1.4	1.2
Market share nationwide	51%	52%	51%	51%	50%	49%

Source: MTS

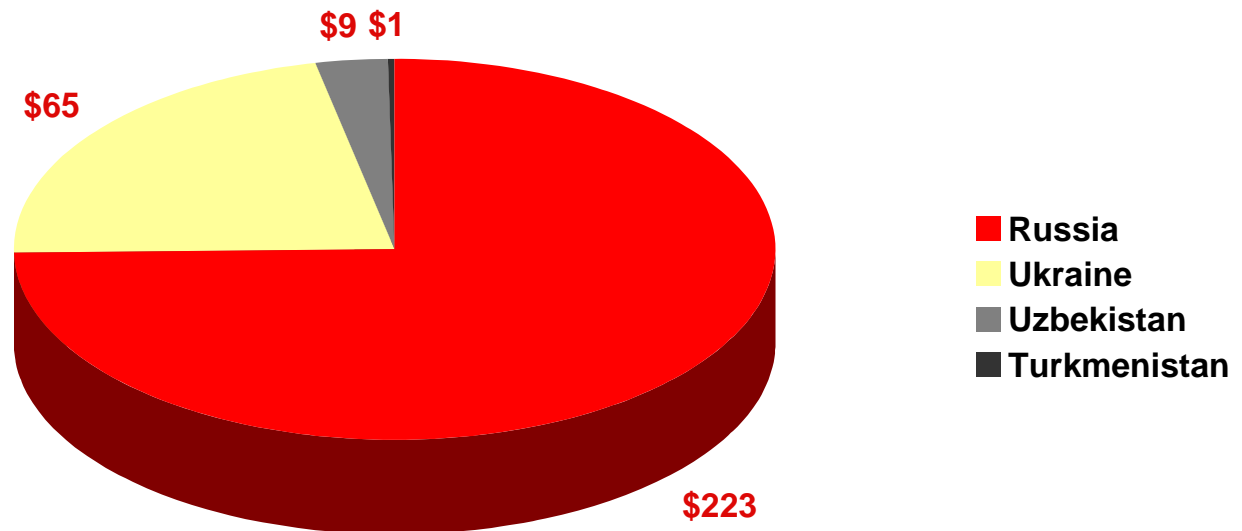
*MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated



GROUP CAPITAL EXPENDITURES

Q1 2006 CAPEX totaled \$335 million

\$297 million on PP&E by country (in millions):

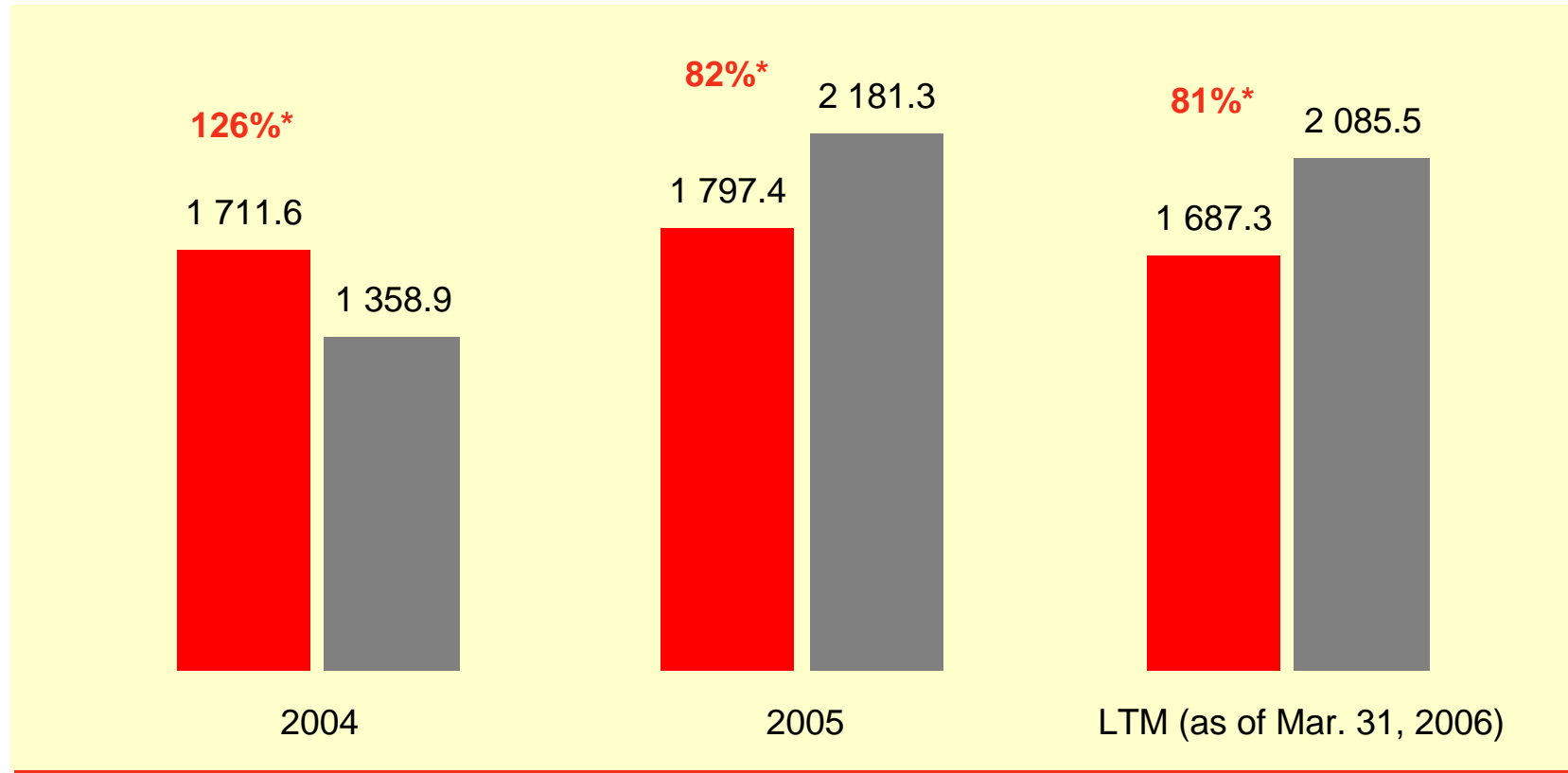




\$38 million in cash expenditures on intangible assets

- ✓ \$36 million in Russia
- ✓ \$2 million in Ukraine



NET OPERATING CASH FLOW VS CAPEX



 Net operating CF
 CAPEX

*Net operating cash flow as % of CAPEX

Source: MTS



GROUP LEVERAGE

US\$ mln	As of Dec. 31, 2005	As of Mar. 31, 2006
Cash and cash equivalents	\$78.3	\$119.3
ST investments	\$28.1	\$58.2
Total debt	\$2 850.6	\$2 909.9
LT debt	\$2 081.9	\$2 079.7
ST debt	\$768.7	\$830.2
Net debt*	\$2 744.2	\$2 732.4
Shareholders' equity	\$3 294.1	\$3 491.0
Total assets	\$7 545.8	\$7 817.1
LTM OIBDA**	\$2 539.1	\$2 600.8
Net debt / assets	0.4x	0.3x
Net debt / equity	0.8x	0.8x
Net debt / OIBDA	1.1x	1.1x

Source: MTS

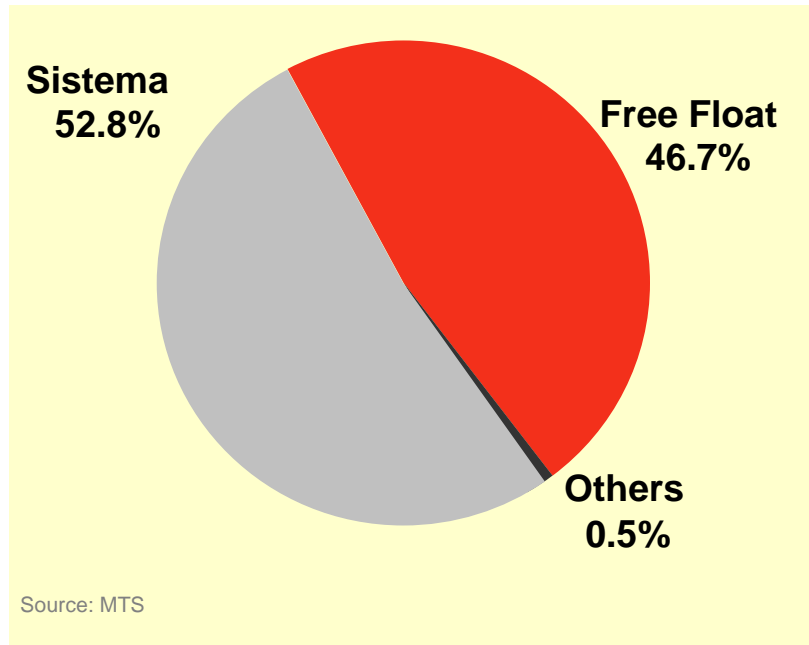
*See Appendix for reconciliations of net debt to balance sheets

**LTM OIBDA represents the last twelve months of rolling OIBDA; see Appendix for reconciliations to our consolidated statements

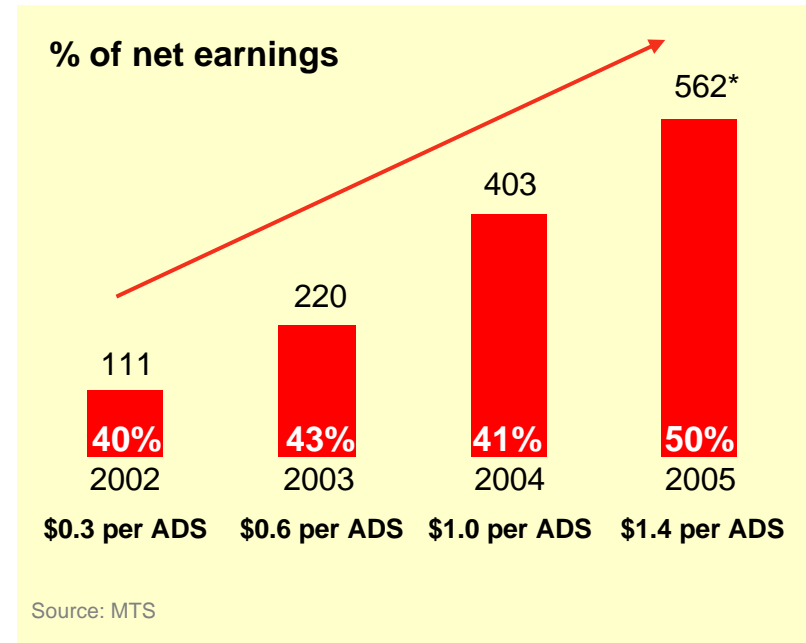


SHAREHOLDER STRUCTURE AND DIVIDENDS

MTS' Shareholder Structure



Dividends 2002-2005



*To be approved by the annual general meeting of shareholders on June 23, 2006



MTS' 3+1 STRATEGY

- Deliver continuous ROIC of 25% over a five-year period
- Increase market capitalization
- Utilize economies of scale

1 Russia

Sustaining market leadership

- Driving revenue stimulation
- Ensure cost efficiency
- Focus on execution excellence

2 CIS

Exploring growth potential

- Revenue leadership in all markets
- Full synergy leverage in MTS Group

3 Int'l

Seeking value creation in growth markets

- Inorganic growth to take advantage of high-growth potential in emerging markets through profound due diligence, balance sheet strength and operational expertise

+ 1

- Vertical integration



RUSSIA - Key Actions in the Market

Key initiatives

Description

Objective

New brand

- Launch of new brand mid-May reflecting “Clarity” and “Innovation” as core values

- Increase subscriber’s stickiness

Sales policies

- Targeted sales policies per region

- Stimulating traffic, increase sales

New tariff system

- Introduction of segmented tariff system for all services (incl. VAS)

- Increase clarity to stimulate traffic/sales

Fine-tuning of commissions structure

- Optimization of dealers incentive schemes based on revenue-sharing principles

- Reduce churn

Enhanced corporate sales

- Aggressive enhancement of SME/SOHO Sales

- Increase sales, reduce churn

Strengthening of own distribution

- Optimization of own distribution network (e.g. relocating of stores, change of formats)

- Improve customer focus



RUSSIA - Key Actions to Improve Efficiency

Key initiatives	Description	Objective
Purchase cost reduction	<ul style="list-style-type: none"> ■ Systematic reduction of purchase cost across all functional areas and regions 	<ul style="list-style-type: none"> ■ OIBDA margin greater than 50% for 2006
Advertisement spending optimization	<ul style="list-style-type: none"> ■ Targeted approach to advertisement spending 	
G&A cost reduction	<ul style="list-style-type: none"> ■ Systematic cost reduction throughout G&A functions 	<ul style="list-style-type: none"> ■ Increase of process efficiency
Network & IT cost reduction	<ul style="list-style-type: none"> ■ Implementation of unified IN-systems and billing 	
Employee's incentive schemes	<ul style="list-style-type: none"> ■ Expansion of performance-based remuneration throughout managerial ranks 	
CAPEX reduction	<ul style="list-style-type: none"> ■ Reduction despite increased traffic expectation due to CPP introduction in Q3 2006 	<ul style="list-style-type: none"> ■ CAPEX reduction of approximately 11%



CURRENT STRATEGIC GOALS OF MTS SUBSIDIARIES IN CIS

Overall revenue leadership

- Key objective: Leadership in Revenues of MTS subsidiaries in each country

Network quality

- Leadership in quality and coverage of network in each country, based on fast network built-up (BSS)

Leadership in high-value sgmts

- MTS subsidiaries shall take leadership in the High-Value and corporate segments in each country

Leadership in VAS

- MTS subsidiaries shall take leadership in VAS product portfolio as well as VAS revenues in each country

Leading brand perception

- MTS shall be perceived as leading brand in all countries

Group standardization and synergies

- Strong implementation of standard MTS sales and service principles



APPENDIX

Non-GAAP financial measures. This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA). OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. OIBDA may not be similar to OIBDA measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

US\$ mln	Q1 2006					Q4 2005					Q1 2005			
	Consolidated	Russia	Ukraine	Uzbekistan	Turkmenistan	Consolidated	Russia	Ukraine	Uzbekistan	Turkmenistan	Consolidated	Russia	Ukraine	Uzbekistan
Operating income	334.2	229.9	92.9	9.9	1.5	362.7	233.5	115.3	8.3	5.5	338.7	257.6	76.4	4.7
Add: depreciation and amortization	264.4	203.9	50.8	5.8	3.9	250.4	194.4	41.4	7.2	7.5	198.2	157.4	35.8	5.0
OIBDA	598.6	433.8	143.7	15.7	5.4	613.1	427.9	156.7	15.5	13.0	536.9	415.0	112.2	9.7

OIBDA margin can be reconciled to our operating margin as follows:

	Q1 2006					Q4 2005					Q1 2005			
	Consolidated	Russia	Ukraine	Uzbekistan	Turkmenistan	Consolidated	Russia	Ukraine	Uzbekistan	Turkmenistan	Consolidated	Russia	Ukraine	Uzbekistan
Operating margin	25.9%	24.8%	29.3%	39.0%	7.7%	27.2%	24.4%	34.1%	32.4%	31.3%	32.0%	32.1%	32.1%	26.9%
Add: depreciation and amortization as a percentage of revenues	20.6%	21.9%	16.0%	22.8%	20.6%	18.8%	20.4%	12.3%	28.2%	42.4%	18.8%	19.6%	15.0%	28.6%
OIBDA margin	46.5%	46.7%	45.3%	61.8%	28.3%	46.0%	44.8%	46.4%	60.6%	73.7%	50.8%	51.7%	47.1%	55.5%

Net debt can be reconciled to our consolidated balance sheets as follows:

US\$ mln	As of Mar. 31, 2006	As of Dec. 31, 2005
Current portion of LT debt and of capital lease obligations	830.2	768.7
LT debt	2077.4	2079.0
Capital lease obligations	2.3	2.9
Total debt	2909.9	2850.6
Less:		
Cash and cash equivalents	119.3	78.3
ST investments	58.2	28.1
Net debt	2732.4	2744.2

LTM OIBDA can be reconciled to our consolidated statements of operations as follows:

US\$ mln	Year ended	Three months ended	Nine months ended
	Dec 31, 2005	Mar 31, 2005	Dec 31, 2005
	A	B	C=A-B
Net operating income	1632.0	338.7	1293.3
Add: depreciation and amortization	907.1	198.2	708.9
OIBDA	2539.1	536.9	2002.2
OIBDA for the three months ended March 31, 2006			598.6
LTM OIBDA at March 31, 2006			2600.8

FCF can be reconciled to our consolidated balance sheets as follows:

US\$ mln	As of Mar. 31, 2006	As of Mar. 31, 2005
Net cash provided by operating activities	372.6	482.7
Less:		
Purchases of property, plant and equipment	(297.2)	(332.3)
Purchases of intangible assets	(38.1)	(98.8)
Purchases of other investments	(2.8)	-
Investments in and advances to associates	-	0.4
Acquisition of subsidiaries, net of cash acquired	(23.6)	(2.1)
Free cash-flow	10.9	49.9