



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Sistema JSFC Financial Results 4Q and full year of 2014

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Disclaimer

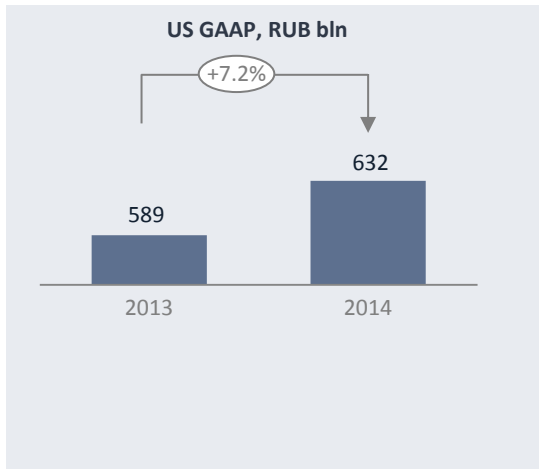
Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within JSFC Sistema. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. We wish to caution you that these statements are only 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 Sistema’s actual 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.

The reporting currency of the Group’s US GAAP consolidated financial statements is the US dollar. Here and hereafter, the financial information in Russian roubles has been presented for the users’ convenience and is not derived from audited financial statements. Financial figures in US dollars were translated into roubles using following approach: amounts from the statement of financial position – using closing rates as of the reporting dates, amounts from the income statement – using average rates of the reporting periods except for significant transactions / accruals, which were translated using exchange rate as of date of a transaction /accrual or actual rouble amounts for transactions/accruals nominated in roubles.

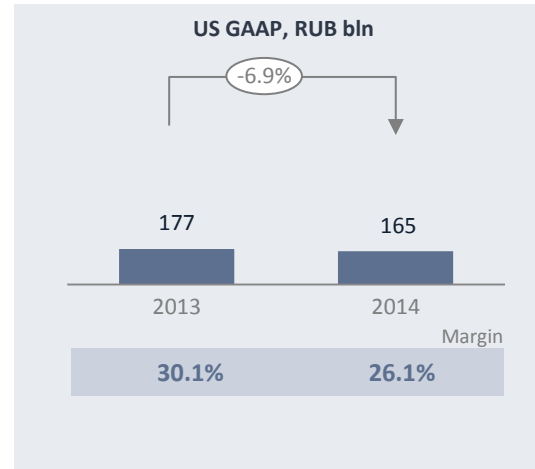


2014 Key Highlights

REVENUE

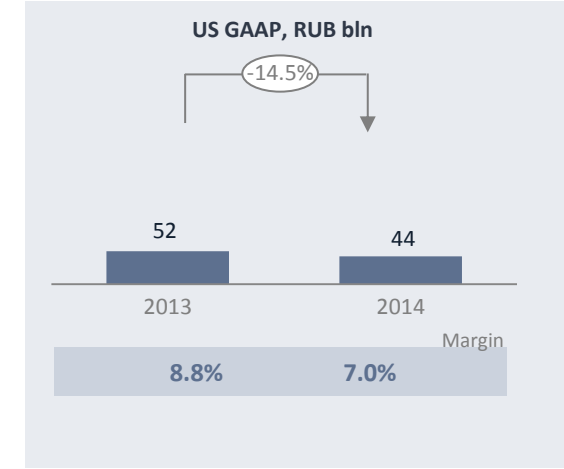


Adjusted OIBDA



Adjusted NET INCOME*

(excluding loss from disposal of Bashneft)



- > Consolidated revenue grew by 7.2% YoY in rouble terms
- > Adjusted OIBDA decreased by 6.9% YoY with an adjusted OIBDA margin of 26.1%
- > Adjusted net income fell by 14.5% YoY and amounted to RUB 44.2 bln; foreign exchange losses in 2014 totalled RUB 21.1 bln (or US\$ 548.6 mln)
- > Cash position** at the Holding level amounted to RUB 28.8 bln, net debt** at the Holding level totalled RUB 40 bln as of December 31, 2014
- > Average RUB/USD exchange rate decreased by 20.8% YoY in 2014

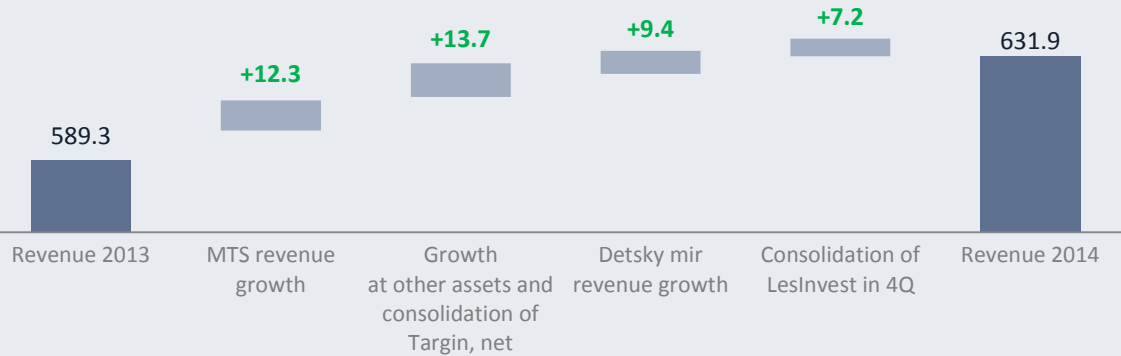
*Adjustments include RUB 263.9 bln loss from disposal of Bashneft, RUB 6.3 bln loss from the impairment at SSTL and RUB 6.5 bln loss from other one-offs.

**Including highly liquid financial investments



Analysis of Financial Performance in 2014

Revenue analysis, RUB bln



7.2% YoY revenue growth in 2014 **10 of 13** major assets demonstrated revenue growth in 2014

- > **Sistema's consolidated revenue increased by 7.2% YoY in 2014** despite the challenging economic environment. The top-line growth of almost RUB 43 bln reflects the strong contribution from all the Group's companies. Significant contribution to the revenue growth came from MTS and Detsky mir, as well as newly consolidated LesInvest.

11 of 13 major assets demonstrated positive OIBDA in 2014

- > **The Group's adjusted OIBDA decreased by 6.9% YoY in 2014**, mainly due to accrued provisions for the loan portfolio to individuals at MTS Bank.

Adjusted OIBDA analysis, RUB bln



9 of 13 major assets reported positive net income in 2014

- > **Adjusted consolidated net income decreased by 14.5% YoY in 2014**. Foreign exchange losses amounted to RUB 21.1 bln (US\$ 548.6 mln).



Investment Portfolio Achievements in 2014

Portfolio diversification and cash generation

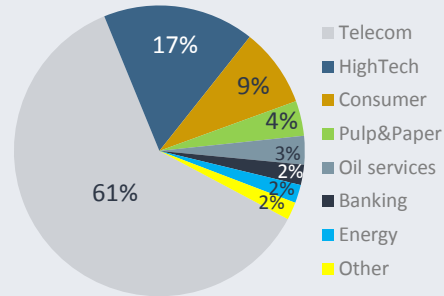
Cash generation and spending

RUB 55.6 bln of dividends received

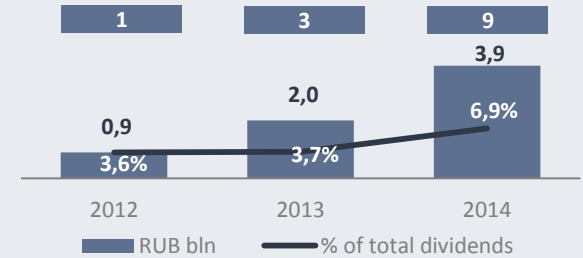
RUB 19.9 bln of dividends paid

RUB 20.3 bln spent on M&A

Revenue breakdown*



Number of developing assets, paying dividends



Portfolio companies highlights

MTS

35.9% revenue growth from data services in Russia
 RUB 57 bln of free cash flow
 RUB 51.2 bln of dividends paid in 2014
 2% revenue growth forecast for 2015

MEDSI

13.6% revenue growth per 1 m²
 4% growth of services provided
 RUB 3.4 bln of accumulated cash for new projects
 46% OIBDA margin of CDC on Belorusskaya, Moscow

Таргин

5% growth in OIBDA margin
 58% growth in OIBDA
 RUB 1 bln of net income
 RUB 3.7 bln invested in modernisation

Detsky mir

26.2% revenue growth
 13.6% like-for-like revenue growth
 RUB 2.5 bln of paid dividends in 2014
 72 new stores opened in 2014

LesInvest**

RUB 24.7 bln of revenues in 2014
 RUB 3.2 bln of OIBDA in 2014
 61% of export revenues
 70% market share of paper production in Russia

SSTL

5.4% revenue growth
 44.4% reduction in OIBDA loss
 23% growth in data subscriber base
 47% share of non-voice revenues

RTI

1.4% revenue growth
 16.8% OIBDA growth
 29% revenue growth at the Defence Solutions BU
 4.1% revenue growth at the Microelectronics BU

BPGC

3.8% revenue growth
 38.2% OIBDA margin
 15.2% growth in new customers
 10-years tariff visibility due to transfer to RAB-regulation

SG-trans

1.5% growth in revenues
 31% OIBDA margin
 11.7% growth in freight turnover
 7.5% growth in operated fleet

*Based on 4Q aggregate revenue
 ** Management accounts



Key Events of 2014

Development of current portfolio

Restructuring of NVision Group

Rational: Simplifying shareholder structure in order to optimise business performance.

Actions:

- > Increased stake in NVision Group to 100%
- > Appointed new management team
- > Increased contract base for 2015 – corporate clients and government authorities

Active investment in real estate

Rational: Develop self-financed real estate business for stable dividend flow.

Actions:

- > Increased stake in Business Nedvizhimost to 100%
- > Prepared renovation plans for 76 real estate sites (former ATS)
- > Focus on monetisation of residential property in 2015

Additional share issue of MTS Bank

Rational: Increase capital base and finance future strategy.

Actions:

- > Acquired 2,474,818 ordinary shares of the Bank's additional share issue for RUB 9.5 bln
- > Increased financial discipline
- > Focus on strengthening corporate client base

New investments

Investment in OZON

Rational: Entry into fast growing e-commerce sector. Potential synergies with other group companies.

Actions:

- > Acquired a 10.8% stake in Ozon for US\$ 75 mln
- > MTS also acquired a 10.8% stake at the same valuation

Investment in forestry and pulp&paper

Rational: Growing sector with clear country advantages. Underinvested asset with substantial turn around potential.

Actions:

- > Acquired 100% of Segezha Pulp and Paper Mill and 100% of Derevoobrabotka-Proekt together
- > Acquired assets are profitable and effectively debt-free
- > LBO structured deal

Investment in Concept Group

Rational: Entry into fast growing domestic fashion retail sector.

Actions:

- > Acquired a 40% stake in Concept Group for RUB 1 bln
- > Option to increase stake to a majority one within three years
- > 287 stores in 103 cities across Russia with an average store area of 100-250 sq.m

Situation around Bashneft

- > **All the proceedings related to the civil claim against Sistema have now been closed.** Bashneft shares, owned by Sistema and Sistema-Invest, were transferred to the Russian Federation
- > **Sistema was recognised as a good faith buyer** and won a lawsuit for the recovery of losses from LLC Ural-Invest
- > **Sistema is to receive RUB 41.9 bln** net of funds for the social responsibility projects



M&A Strategy: New Pulp&Paper Assets

Deal and rationale

- > Sistema acquired pulp&paper assets (now LesInvest) in September 2014, at attractive valuation on a cash-free and debt-free basis
- > Export-oriented assets in the core sector of Russian economy
- > Attractive market and assets due to:
 - One of the lowest cost producers in Russia
 - Largely export-oriented top-line
 - Security of feedstock and best feedstock quality in Russia
 - Market leader by production capacity
 - Significant upside potential through modernisation and innovation

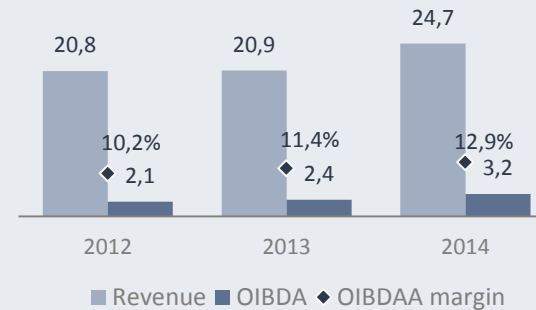
Assets description

- > The Group is the largest vertically-integrated export-oriented forestry holding in Russia:
 - Russia's largest producer of sack paper and paper sacks
 - Europe's second largest producer of paper sacks
 - One of the largest producers and exporters of wood boards and timber products
- > The largest forest user in European Russia with annual allowable cut of 4.5 mln m³

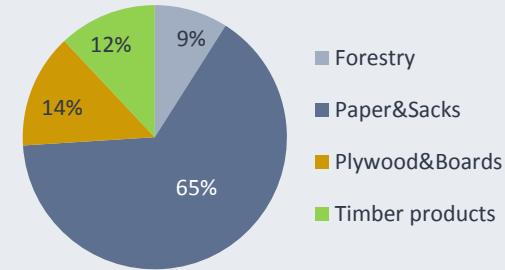
Strategy

- > Business optimisation and OIBDA margin growth
- > Modernisation of production facilities
- > Increase production capacity through construction of new plants and technology improvements

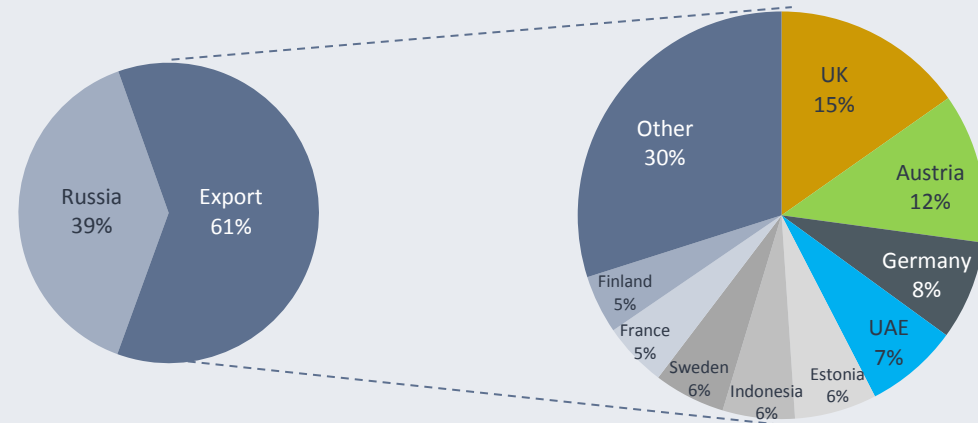
Management accounts, RUB bln



Revenue by segments



Revenue by geography





Sistema's Portfolio and M&A Strategy

Our core investment principles...

Undervalued assets

at attractive price

in perspective sectors

in Russia

- > Distressed assets
- > Poor management
- > Lack of shareholder support / commitment
- > Average deal value of US\$ 100-150 mln (cash outflow from Sistema) or above in case of LBO
- > Consumer sector aimed at mass market – private and affordable healthcare, retail, and e-commerce
- > Core industries with export potential, where Russia has a competitive and structural advantages - low production cost, available resources and export markets
- > Investment focus to remain in Russia and the near abroad

and “turn-around” know how...

Optimise

Recruit

Provide

Develop

- > Increase operating efficiency
- > Optimise costs, structure and business in general
- > Introduce management with best industry track record
- > Results driven remuneration
- > Provide access to capital markets and sector expertise
- > Reputational resources and leverage
- > Identify new organic development and growth opportunities
- > Monitor and assess M&A opportunities on the market

...will deliver proven results

Balanced

Diversified

Financially resourced

- > Balanced NAV contribution in sum of the parts
- > Diversified by sectors – balanced proportion of cyclical and defensive industries
- > Diversified by revenues – balanced revenues by currency, natural hedge against volatility
- > Good debt capacity at Corporate centre
- > Stable cash generation from dividends and monetisations
- > Cash reserve for M&A opportunities
- > Progressive dividend policy

We have an effective and proven strategy which, combined with strict execution, will deliver substantial returns



Financial Strategy in the Medium Term

1

Numerous cash inflow opportunities...

- > Dividends from MTS
- > Dividends from developing assets
- > Compensation from Ural-Invest
- > Other income – interest, LBO income
- > Monetisations – liquid real estate, non-core divestments, regular exits

2

Combined with reduced cash outflows...

- > Reduced Corporate costs
- > Debt repayment
- > Decrease of foreign currency debt
- > Reduced financing of loss making subsidiaries

3

...will ensure a strong financial balance each year

- > Liquidity cushion
- > Leverage at 2xEBITDA
- > Dividends to shareholders
 - At least as per dividend policy
 - Progressive in total payout

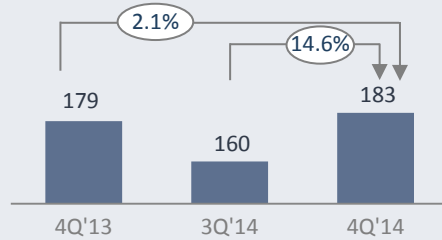
Sistema is on track to substantially improve its balance sheet to allow for an active M&A strategy and progressive shareholder returns



Key Highlights of 4Q 2014

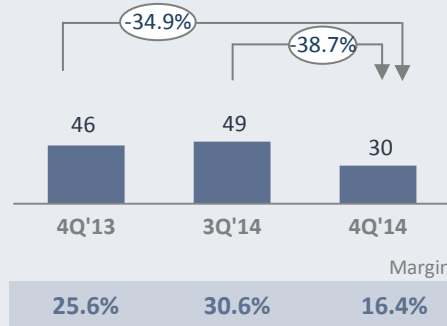
REVENUE

US GAAP, RUB bln



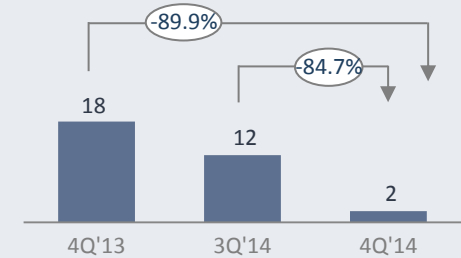
Adjusted OIBDA

US GAAP, RUB bln



Adjusted NET INCOME

US GAAP, RUB bln

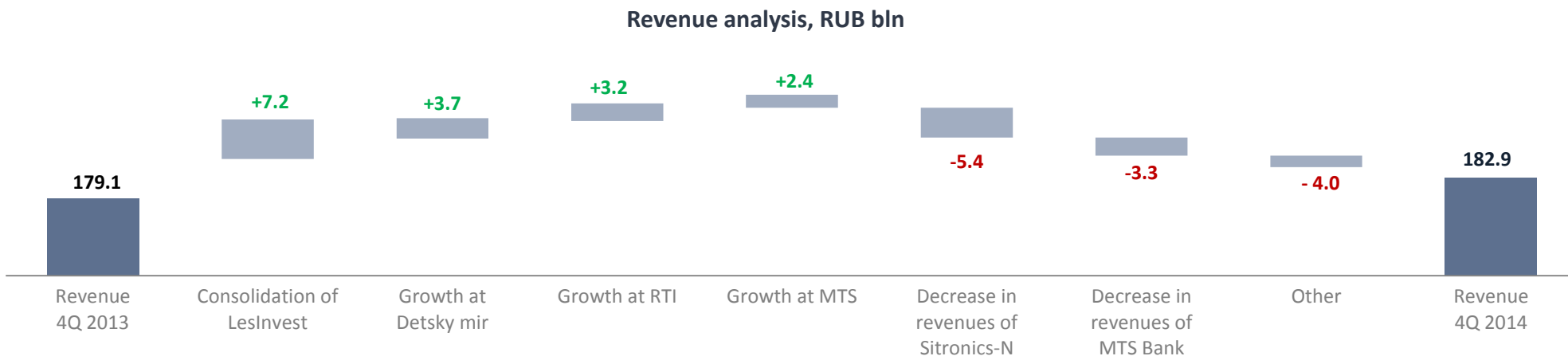


- > Sistema's revenue grew by 14.6% QoQ and 2.1% YoY in rouble terms
- > Adjusted OIBDA and adjusted net income fell QoQ and YoY mainly due to accrued provisions at MTS-Bank
- > Loss from currency revaluation amounted to RUB 10.5 bln (US\$ 221.8 mln)
- > Average RUB/USD exchange rate depreciated by 31.0% QoQ and 45.8% YoY in 4Q 2014

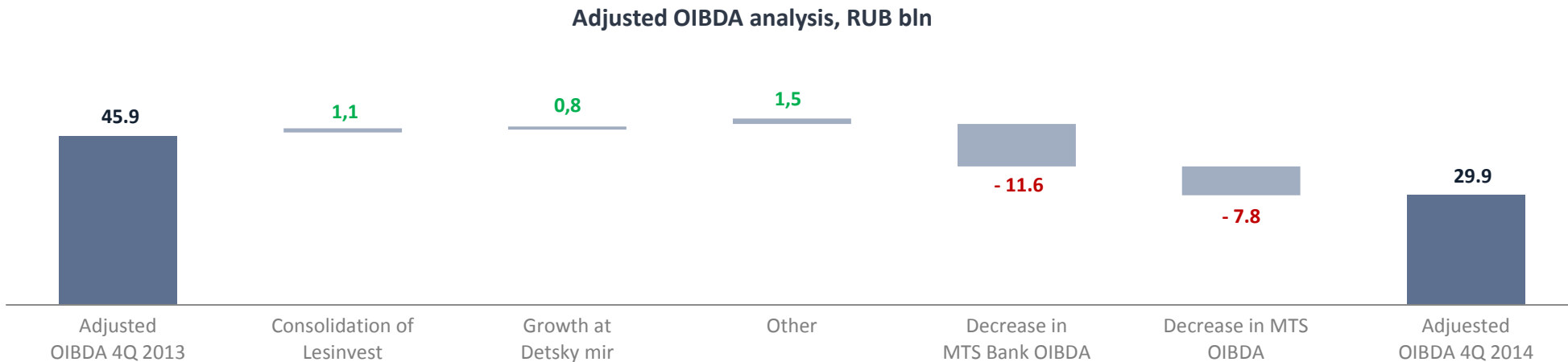


Analysis of Financial Performance in 4Q 2014

Revenue analysis, RUB bln



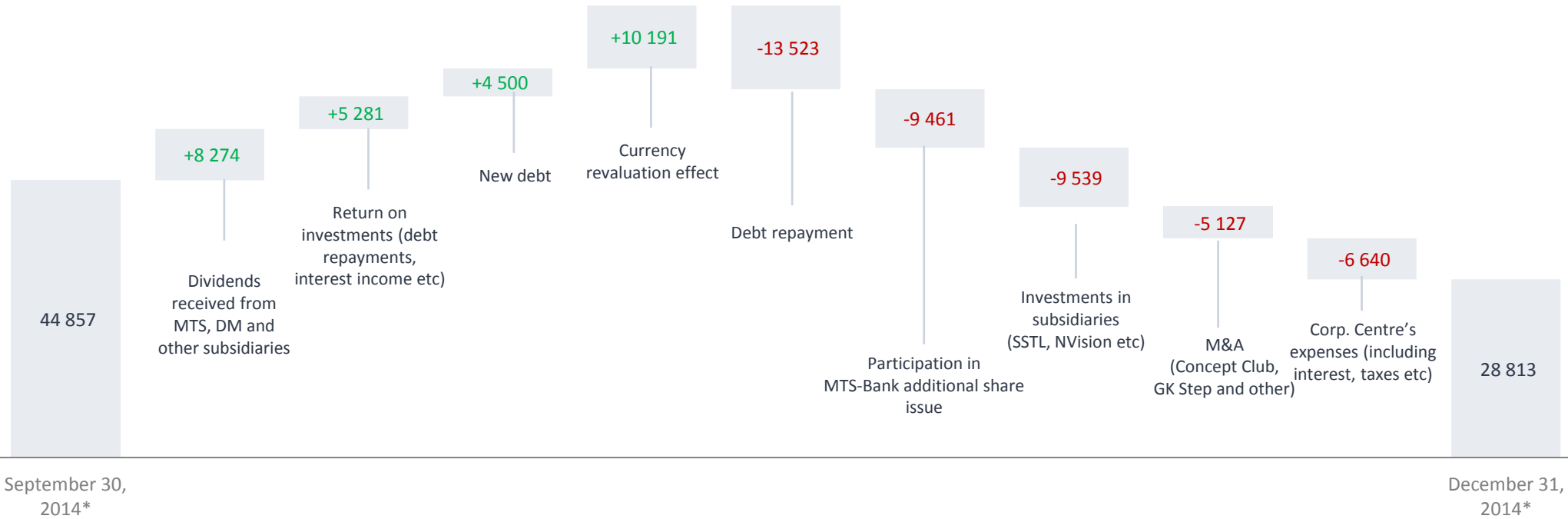
Adjusted OIBDA analysis, RUB bln





Corporate Centre's Cash Flows in 4Q 2014

Management accounts, RUB mln



- > As of December 31, 2014, Sistema's cash position was 70% denominated in foreign currencies (US dollar and Euro)
- > Net debt repayment amounted to RUB 9.0 bln
- > Return on investments of RUB 5.3 bln including the sale of real estate objects, debt repayments made by subsidiaries and other financial income
- > In 4Q 2014, Sistema acquired 85% of the agricultural company GK Step, with a land bank of 26.3 thousand ha and a wheat yield of 6.1 tonnes/ha in Krasnodar region

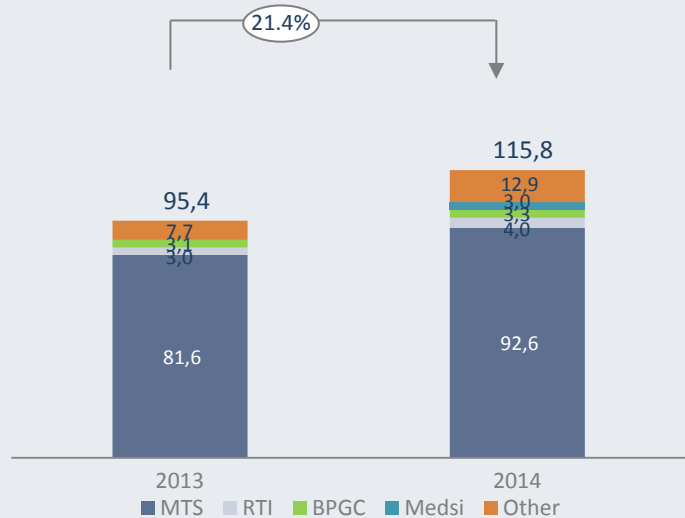
* Including cash and cash equivalents and investments in liquid financial investments.



Group's CAPEX and SG&A

GROUP'S CAPEX

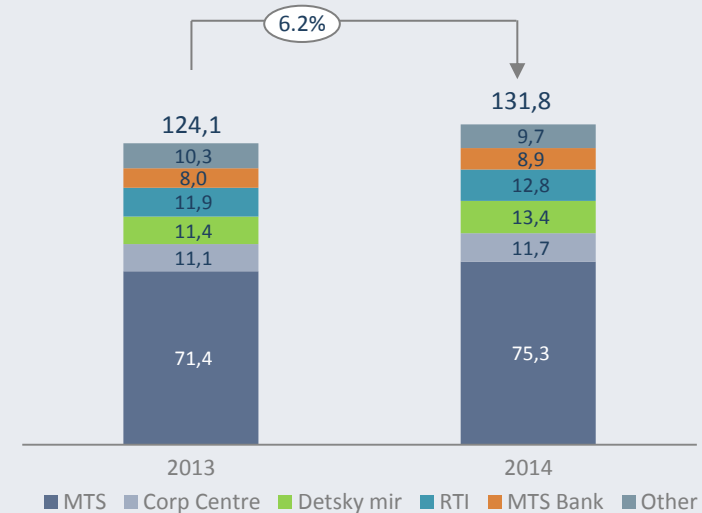
RUB bln



- > Capital expenditures increased by 21.4% YoY mainly driven by MTS due to US dollar appreciation.
- > Active construction and modernisation of medical facilities at MEDSI added RUB 3 bln to capital expenditures of the Group in 2014.
- > Other largest contributors to the Group's CAPEX are RTI, BPGC, Detsky mir and real estate projects.

GROUP'S SG&A EXPENSES*

RUB bln



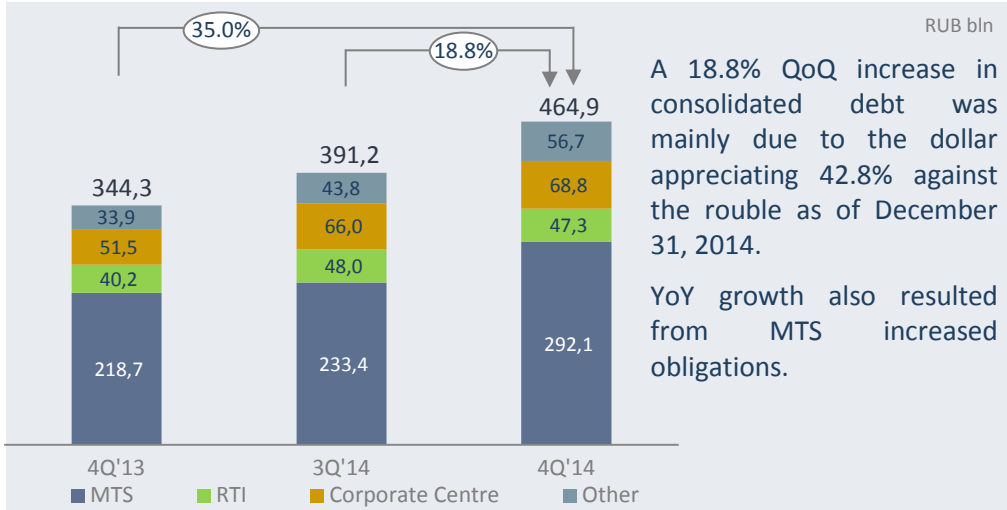
- > The Group's SG&A expenses grew by 6.2% YoY, which is lower than the rate of inflation.
- > Corp Centre's SG&A increased by 4.9% YoY in 2014, mainly due to one-off optimisation costs in 4Q 2014 and non-cash accruals for incentive programme in 2014. In 2015, Sistema plans to reduce its SG&A by 25-30%.

* Total Group SG&A amount presented after intercompany eliminations.

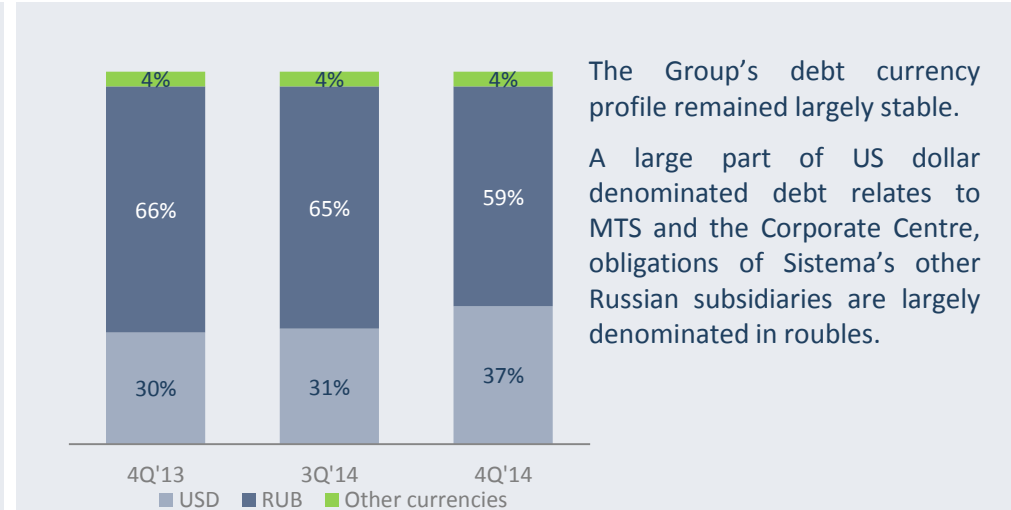


Consolidated Debt

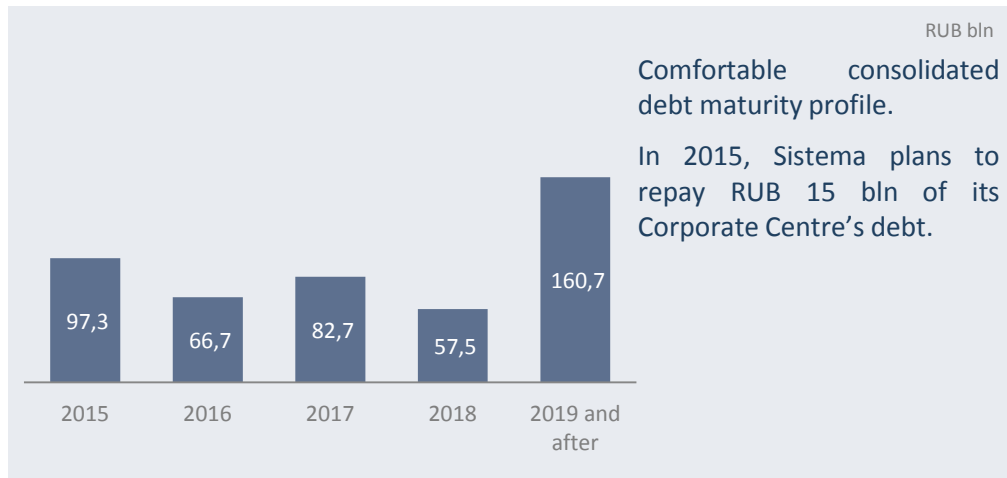
TOTAL DEBT BY SEGMENT



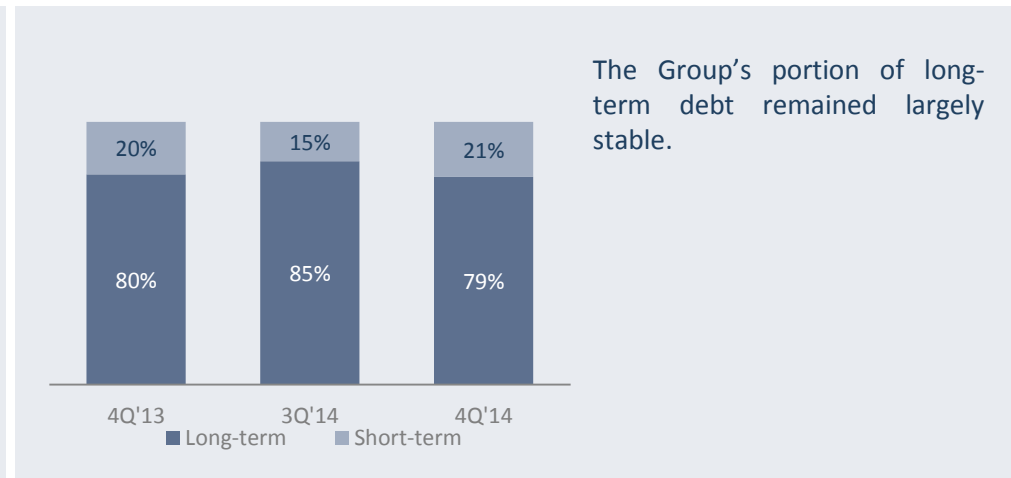
DEBT CURRENCY PROFILE*



DEBT MATURITY PROFILE*



LONG-TERM VS SHORT-TERM DEBT*

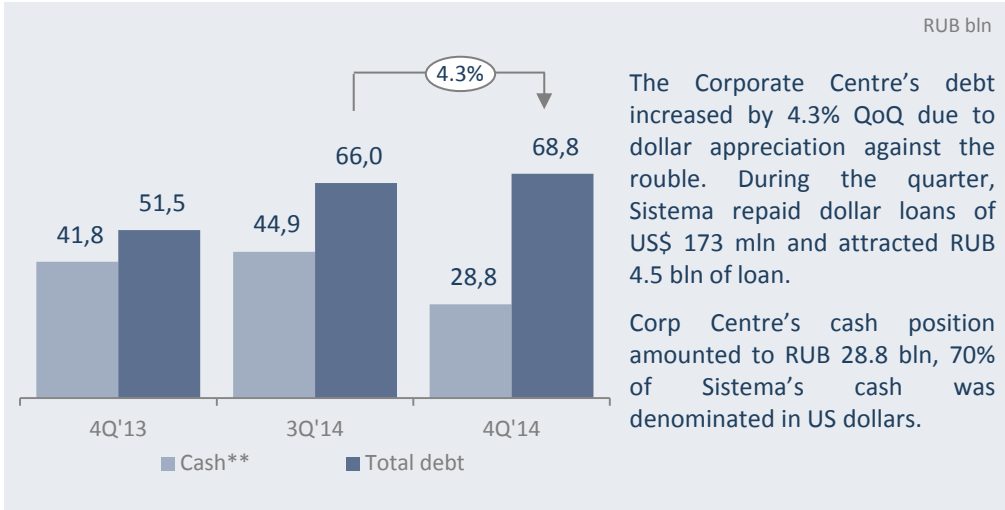


*Source: management accounts

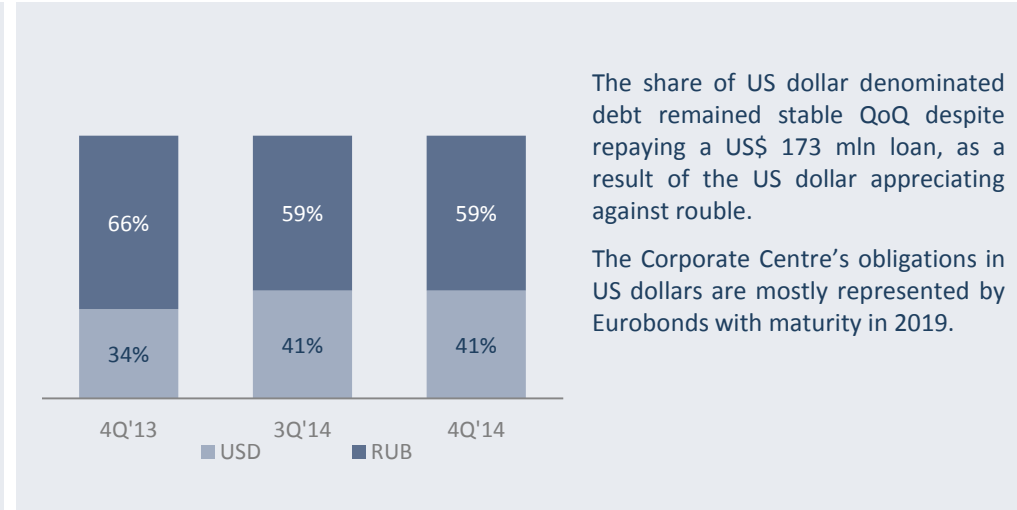


Corporate Centre's Debt*

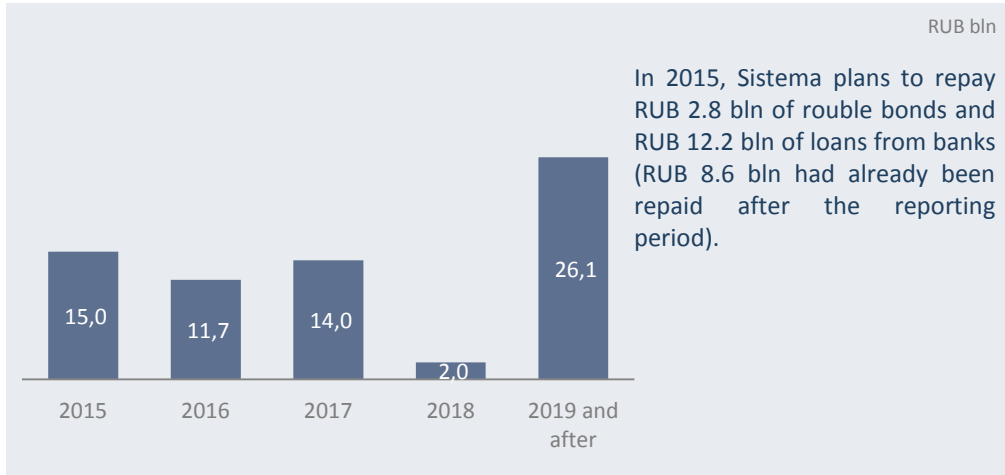
HOLD CO LEVEL DEBT POSITION



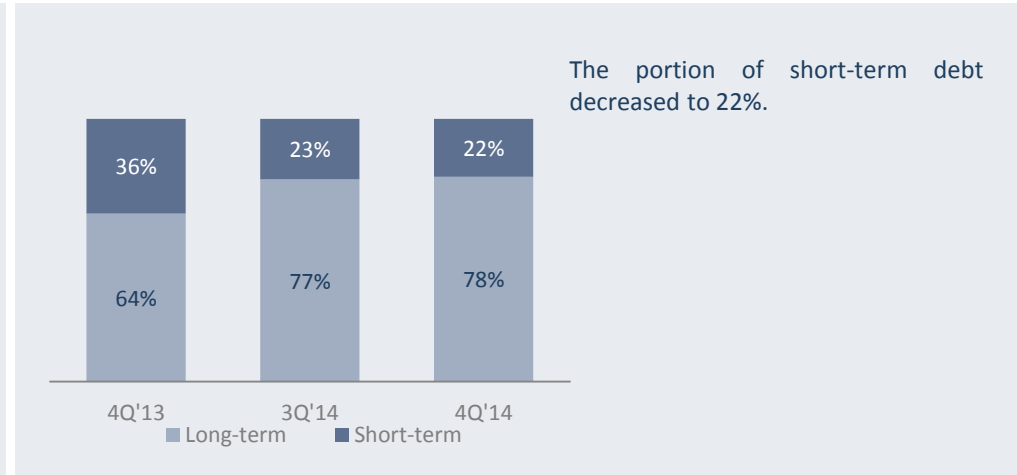
HOLD CO LEVEL DEBT CURRENCY PROFILE



HOLD CO LEVEL DEBT MATURITY PROFILE



HOLD CO LEVEL LONG-TERM VS SHORT-TERM DEBT



*Source: management accounts

**Including highly liquid deposits and liquid financial investments



Attachments

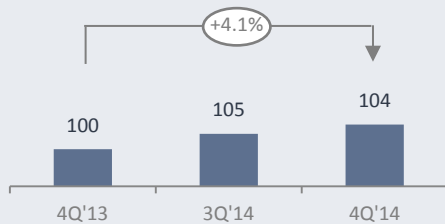


Assets Overview[1]

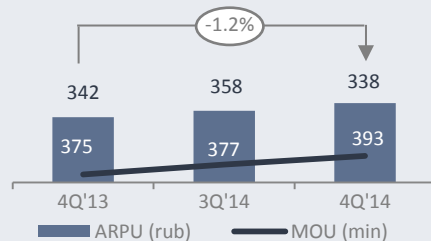
MTS

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ
Revenue	107.2	107.2	104.8	2.3%	0.0%
Adj. OIBDA	37.8	48.3	45.6	-17.1%	-21.7%
Adj OIBDA margin	35.3%	45.1%	43.6%	n/a	n/a
Net income*	0.9	8.7	10.5	-91.4%	-89.5%
Net debt	230.7	187.4	188.1	22.6%	23.1%

Mobile subscribers, mln



ARPU and MOU in Russia



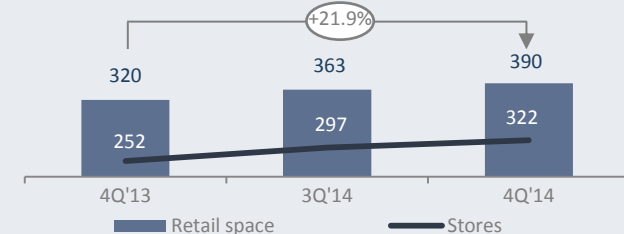
- > MTS retained its leading position among the “Big Three” operators in Russian telecoms in 2014, both in terms of revenue and profitability. MTS’ revenue increased by 3.1% year-on-year in 2014, as a result of the continued development of its data services and subscriber base growth. The total subscriber base increased by 4.1% to 104.1 mln customers as of December 31, 2014. MTS is outperforming the market in terms of revenue growth from mobile data services with a 37% market share at the end of 2014**.
- > MTS’ adjusted OIBDA decreased by 2.5% YoY in rouble terms in 2014, due to impairment of equity stake in MTS Bank. MTS’ net income was down 34.4% YoY as a result of significant foreign exchange losses amounted to RUB 18.0 bln in 2014.
- > In 2014, MTS’ data revenue in Russia increased by 35.9% YoY. ARPU of the mobile business in Russia grew to RUB 393 in the reporting year, reflecting an increase in data services usage. Russian subscribers’ MOU was up 3.6% YoY to 372 minutes in 2014. In the fixed broadband business, the number of households passed grew by 2.2% YoY to 12.5 mln in the reporting year.
- > During 2014, MTS developed and launched its LTE network in 76 regions and installed a record number for MTS of over 15,000 3G/4G base stations across Russia.
- > In 2014, MTS paid out a record dividend of RUB 51.2 bln.

Detsky mir

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ
Revenue	15.7	11.7	11.9	31.3%	34.0%
OIBDA	2.6	1.6	1.8	44.9%	69.3%
OIBDA margin	16.9%	13.4%	15.3%	n/a	n/a
Net income	1.4	0.9	1.1	28.1%	54.0%
Net debt	7.9	6.5	5.1	55.4%	20.5%

RUB bln	2014	2013	YoY
Revenue	45.4	36.0	26.2%
OIBDA	4.9	2.8	77.2%
OIBDA margin	10.8%	7.7%	n/a
Net income	2.0	1.3	57.2%

Retail space (thousand sq m) and stores



- > Detsky mir’s revenues increased by 26.2% YoY in 2014 to RUB 45.4 bln as a result of double-digit growth in like-for-like sales and high revenue growth dynamics in stores opened in 2012 and 2013. Like-for-like sales increased by 13.6% YoY in rouble terms.
- > During 2014, Detsky mir opened 72 new stores, including 56 Detsky mir stores and 16 ELC stores. The retailer’s market share expanded to 10.0% in 2014 from 8.2% in 2013, particularly Detsky mir’s market share increased from 13.2% to 16.3% in the “toys” segment and from 9.2% to 11.9% in the “baby products” segment***.
- > The OIBDA margin increased to 10.8% in 2014 compared to 7.7% in 2013, reflecting improved operating efficiency. Detsky mir’s SG&A expenses declined as a percentage of revenues to 29.4% in 2014, compared to 31.8% in the previous year.
- > Key projects implemented during the reporting year include the construction of Detsky mir’s warehouse in the Moscow region, the introduction of a unified SAP IT platform and the launch of a 7,000 sq.m. flagship store in the centre of Moscow, which became the biggest children’s goods store in Russia.
- > In December 2014, Vladimir Chirakhov, CEO of Detsky mir, became the company’s minority shareholder, owning a 1.08% stake, as part of a long-term incentive programme for the top management.
- > In August and December 2014, Detsky mir paid out RUB 2.5 bln in dividends to its shareholders.

*Here and thereafter net income is presented in Sistema’s share.

** Source: MTS data

*** Source: Synovate Comcon

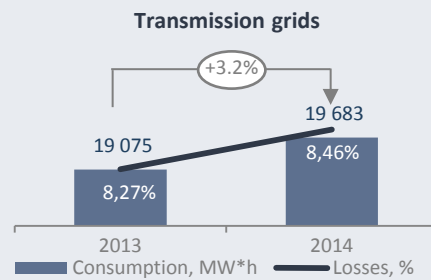
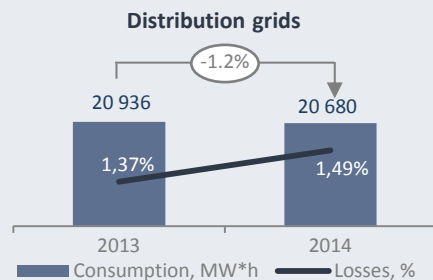


Assets Overview[2]



RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ
Revenue	3.8	3.1	3.8	0.5%	24.3%
OIBDA	1.1	1.4	1.8	-37.2%	-20.8%
OIBDA margin	29.2%	45.8%	46.6%	n/a	n/a
Net income	0.5	0.8	0.9	-40.7%	-33.8%

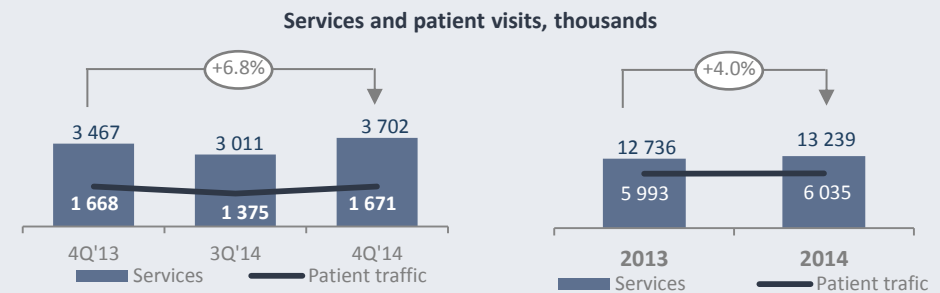
RUB bln	2014	2013	YoY
Revenue	13.8	13.3	3.8%
OIBDA	5.3	5.7	-6.8%
OIBDA margin	38.2%	42.6%	n/a
Net income	2.7	2.8	-3.1%



- > BPGC's rouble revenue grew by 3.8% YoY in 2014, as well as in 4Q 2014 it increased by 0.5% YoY and 24.3% QoQ, reflecting organic growth in electricity consumption and an increase in technological connections to the power grids. Boiler tariffs for transmission services were frozen in 2014.
- > BPGC's OIBDA in rouble terms declined by 6.8% YoY in 2014 and by 37.2% YoY in 4Q 2014. This mainly resulted from a rise in operating expenses in 2014 compared to 2013, as well as from the recognition in 2013 of income from one-off transactions, including the disposal of fixed assets and accrued penalties for late customer payments.
- > Power consumption in 2014 was up 3.2% YoY, largely as a result of acceleration of power connections, BPGC obtained 19,790 new consumers, 15.2% more than in 2013.
- > Distribution grid losses increased from 8.27% in 2013 to 8.46% in 2014, as BPGC started to operate electric grid systems earlier owned by territorial grid operators (OJSC Rosenergoatom Concern and LLC Teploelektroset) from the second half of 2014 in addition to the grids already in operation.



RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	2.5	2.3	2.5	-2.6%	4.8%	Revenue	9.8	9.4	4.3%
OIBDA	-0.3	0.4	0.4	n/a	-170%	OIBDA	0.9	1.4	-38.5%
OIBDA margin	n/a	18.5%	16.7%	n/a	n/a	OIBDA margin	8.9%	15.0%	n/a
Net income/(loss)	-0.3	0.4	0.9	n/a	-175%	Net income	0.5	1.0	-47.3%
Net debt/(cash position)	-1.0	-0.4	-4.4	n/a	n/a				



- > Medsi's rouble revenues grew by 4.3% YoY in 2014, reflecting an 0.7% rise in the number of patient visits, and a 4.0% increase in the average bill in rouble terms, which totalled RUB 1,618. The number of patient visits in 2014 increased to 6,035 thousand. This growth was however offset by closure of inefficient clinics in the regions, as well as by temporary closure of some of Medsi's facilities in Moscow and the Moscow region for reconstruction. Revenue per square meter in 2014 increased by 13.6%.
- > Medsi's largest asset is clinical and diagnostic centre at Belorusskaya that generated 12.9% revenue growth YoY (23.2% of total revenues in Moscow region), and an OIBDA margin of 45.9% in 2014.
- > SG&A expenses increased by 22.5% YoY in 2014. This resulted from higher marketing and personnel costs in 4Q 2014 due to a new programme aimed at increasing the utilisation of existing and new facilities, and efforts to improve brand awareness. Medsi's OIBDA decreased by 38.5% YoY in rouble terms.
- > Group's debt amounted to RUB 2.4 RUB bln as of December 31, 2014. Group's liabilities are denominated in rubles. Medsi accumulated RUB 3.4 bln of cash by the end of 2014 for its investment programme.

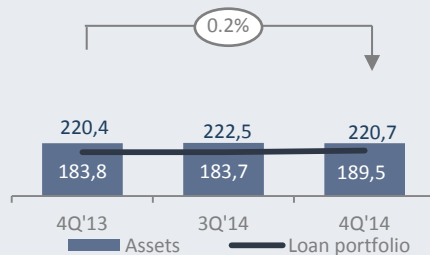


Assets Overview[3]

MTS Bank

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	5.2	7.3	8.5	-38.7%	-29.0%	Revenue	26.6	28.8	-7.6%
Net income/(loss)	-8.0	-2.5	0.7	n/a	n/a	Net income/(loss)	-11.2	0.6	n/a
Interest income	6.3	6.3	6.8	-6.2%	0.1%	Interest income	25.1	24.0	4.9%
Commission income	1.0	1.0	1.4	-25.7%	-0.3%	Commission income	4.1	4.6	-11.5%

Assets and loan portfolio, RUB bln

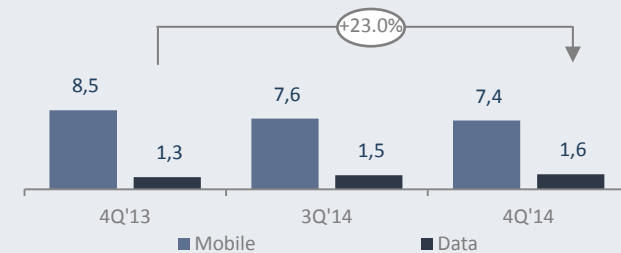


- > In 2014, MTS Bank's revenues decreased by 7.6% YoY in rouble terms. This was largely due to lower revenues reported in 4Q 2014 on the back of unfavourable market conditions. The bank reported a net loss in the reporting quarter and in 2014 due to accrued provisions needed for loan portfolio to individuals.
- > The bank's capital base has grown since the beginning of 2012 from RUB 12 bln to RUB 28 bln in 2014. The equity to capital ratio reached 65% at the end of 2014. In 2014, MTS Bank carried out a cost cutting initiative and optimised its retail offices.
- > In December 2014, MTS Bank successfully completed its additional share issue and raised RUB 13.1 bln. Sistema acquired 2,474,818 ordinary shares of MTS Bank's additional share issue for RUB 9.5 bln.
- > In addition, MTS Bank was included in a government approved list of candidates for receiving capitalisation support on preferential terms from the Deposit Insurance Agency.

SSTL

US\$ mln	4Q'14	3Q'14	4Q'13	YoY	QoQ	US\$ mln	2014	2013	YoY
Revenue	56.7	56.5	47.9	18.2%	0.2%	Revenue	220.7	209.4	5.4%
Adj. OIBDA	-25.9	-17.0	-33.3	n/a	n/a	Adj. OIBDA	-81.5	-146.5	n/a
Adj. net loss*	-39.6	-36.2	-36.5	n/a	n/a	Adj. net loss*	-129.7	-225.1	n/a
Net debt	544.0	539.6	568.6	-4.3%	0.8%				

Subscriber base (mln)



- > SSTL's revenues increased by 5.4% YoY in 2014 and by 18.2% YoY in 4Q 2014, mainly as a result of the further development of its data segment. Non-voice revenues from both data and VAS accounted for 46.9% of the operator's total revenue in 4Q 2014, compared to 34.5% in the corresponding period of 2013. SSTL was able to develop its data services so rapidly as a result of introducing measures to streamline and improve sales efficiency. This included implementing a pilot project to launch SSTL's distribution sales model in Gurgaon and New Delhi, pilot project in Kerala providing distributors with loans to purchase voice devices and data transmission equipment, a model for sharing revenue with distributors in Delhi.
- > In 4Q 2014, SSTL significantly narrowed its adjusted OIBDA loss YoY despite active marketing campaign in 4Q 2014.
- > In March 2014, in order to develop its data segment, SSTL launched India's cheapest data tariff plans, which provide customers with the MTS Movies service, a free online movie service. SSTL also ran the "MTS Internet Baby" marketing campaign, which was viewed by 25 mln people on YouTube.

*The adjustment includes loss from impairment of long-lived assets in the amount of US\$ 290.0 mln (RUB 6.3 bln) recognised in 4Q 2014.

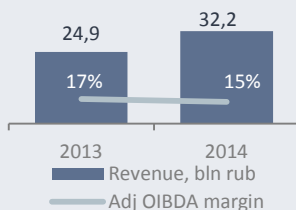


Assets Overview[4]

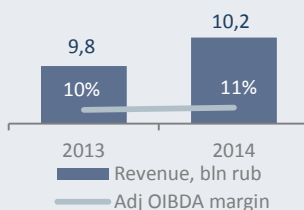
RTI **PTI**

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	28.8	15.7	25.6	12.5%	83.1%	Revenue	70.9	69.9	1.4%
Adj. OIBDA	2.5	1.4	2.0	23.6%	72.8%	Adj. OIBDA	4.6	3.9	16.8%
Adj. OIBDA margin	8.7%	9.2%	7.9%	n/a	n/a	Adj. OIBDA margin	6.4%	5.6%	n/a
Adj. net income/(loss)*	-1.8	-0.7	0.8	n/a	n/a	Adj. net loss*	-4.4	-0.7	n/a
Net debt	37.9	39.7	29.7	27.4%	-4.5%				

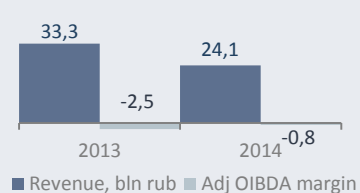
Defence solutions



Microelectronics solutions



Information and Communication Technologies

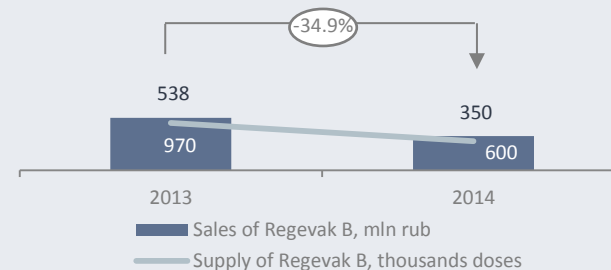


- > In 2014, RTI's rouble revenues increased by 1.4% YoY as a result of revenue growth at the Defence Solutions BU and the Microelectronics Solutions BU.
- > In 2014, the Defence Solutions BU delivered a 29.0% increase in YoY revenue growth in rouble terms, following the accelerating execution of radar station construction contracts, which were put on experimental combat duty during the reporting period. After the commissioning of new radar stations was speeded up, there was a slight reduction in the segment's profit margins from 17% to 15% vs last year.
- > Rouble revenue at the Microelectronics Solutions BU grew by 4.1% YoY in 2014, reflecting higher sales of integrated circuits as a result of an increase in demand for home technology in the current economic environment. Adjusted OIBDA Margin grew from 10% to 11%. Thus, in 2014, Micron produced more than 2.8 mln chips for passports, delivered 300 mln transport tickets, and exported 713 mln chips.
- > ICT BU, represented by NVision, demonstrated a decrease in OIBDA losses from RUB 2.5 RUB bln to RUB 0.8 bln, mostly due to costs optimisation and following decrease in revenues.
- > Net debt decreased by 4.5% QoQ. Share of the debt related to state defence contracts (with effective zero interest rate) accounted for 50.1% of total debt.

Binnopharm **БИНОФАРМ**

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	0.7	0.5	1.0	-33.1%	20.4%	Revenue	2.5	3.3	-25.2%
OIBDA	-0.06	0.05	0.2	n/a	n/a	OIBDA	0.3	0.7	-50.7%
OIBDA margin	n/a	9.7%	21.5%	n/a	n/a	OIBDA margin	12.9%	19.7%	n/a
Net income/(loss)	-0.09	-0.02	0.03	n/a	n/a	Net income	0.004	0.3	-98.5%
Net debt	1.0	1.0	0.7	52.5%	5.2%				

Sales and supply of Regevak B



- > Binnopharm's rouble revenue declined by 25.2% YoY in 2014 and by 33.1% YoY in 4Q 2014. Binnopharm's results in 2014 were impacted by a new regulation which has reassigned funding for government procurement to regional budgets, which temporarily halted sales and decreased revenues from Binnopharm's distribution business by more than 45% in 1H 2014. The effects from this reorganization are expected to normalize in 2015 with Government procurement of drugs generally expected to increase this year.
- > In 2014, Binnopharm's OIBDA decreased following a decline in revenue and gross profit. A drop in revenue was expected due to structural changes, but this was supported by corresponding optimisation measures, which led to Binnopharm's SG&A expenses falling by RUB 70 mln in 2014. The SG&A/revenue ratio therefore remained at the same level as 2013.
- > In the reporting year, Binnopharm continued to supply Regevak B, the unique vaccine against hepatitis, and won a government tender for 5.4 mln doses. In addition, Binnopharm supplied Erythropoietin alpha under a state contract.

* RTI's financial measures for 2Q 2014 were adjusted to exclude a one-off item – gain from the sale of non-core assets.

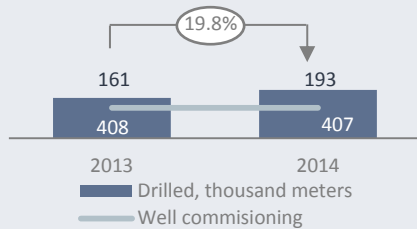


Assets Overview[5]

Targin

RUB bln	2014	2013**	YoY
Revenue	23.5	24.4	-3.6%
OIBDA	3.0	2.0	58.3%
OIBDA margin	12.8%	7.8%	n/a
Net income	1.0	0.5	189.1%
Net debt	2.1	(0.6)	n/a

Results of the drilling segment

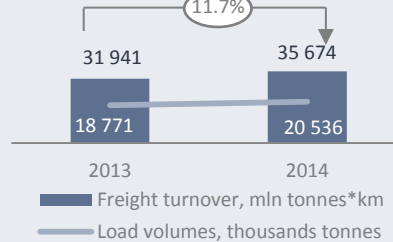


- > Targin is an oil services company focused on onshore drilling and work over operations, equipment servicing and manufacturing, transportation and construction. Sistema acquired Targin in October 2013. During 2014, Targin's business was restructured and its operating facilities underwent reconstruction. The share of revenue related to contracts with Bashneft amounted to 77%.
- > Targin's CAPEX amounted RUB 3.7 bln in 2014, this was used to form 4 new workover crews, purchased 5 mobile drilling rigs (160 tonnes each) and a 320 tonnes drilling rig, and upgraded 5 rigs (250 tonnes each). In addition, it bought more than 290 units of special equipment and over 100 units of process equipment for various purposes and other. Approximately 40% of CAPEX in 2014 was invested in the production development; about 63% of the total cost was spent on the drilling segment.
- > Investment projects are financed with the company's own (32%) and borrowed funds (68%).

SG-trans*

RUB bln	2014	2013	YoY
Revenue	20.4	20.1	1.5%
OIBDA	6.3	6.0	3.5%
OIBDA margin	30.6%	30.0%	n/a
Net income (Sistema's share)	0.3	0.4	(25.4%)
Net debt/Net cash	21.7	28.0	-22.5%

Transportation volumes

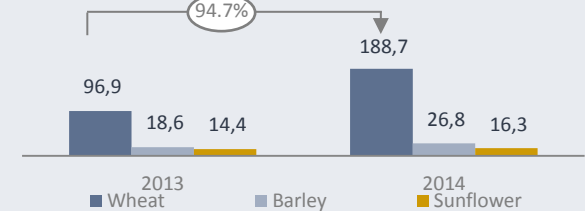


- > Despite unfavourable trends in the railway freight industry, SG-trans increased its revenue by 1.5% YoY. OIBDA rose by 3.5% YoY, as a result of optimisation of the structure and size of the rail car fleet under management, and thanks to the enhancing the efficiency of maintenance and repair works.
- > In 2014, the management's efforts were directed towards at streamlining operational processes and improving the rolling stock to meet the demands of customers and to respond to the current market conditions. Thus, the leasing portfolio was streamlined and some of the oil and petrol rail cars were returned to the leasing companies earlier than planned, which made it possible to reduce cash outflows caused by a drop in leasing rates and to decrease debt.
- > The railcar fleet under SG-trans' management increased by 7.5% YoY to 34k units (including 17.4k LPG cars). The share of leased cars in the total fleet rose from 12% as of the end of 2013 to 24% as of the end of 2014. The share of railcars owned amounted to 51% and that of leased cars reached 25%.

Agriculture

RUB bln	2014	2013	YoY
Revenue	2.4	0.9	166.7%
OIBDA	0.7	-0.2	n/a
OIBDA margin	30.8%	n/a	n/a
Net income (Sistema's share)	0.2	-0.2	n/a

Gross harvest, thousand tonnes



- > RZ Agro revenue of RZ Agro increased by 167% YoY driven by a record harvest in 2014. Crop yield of wheat grew by 50% to 4.5 tonnes/ha, yield of barley increased by 80% to 3.4 tonnes/ha, yield of sunflower also grew by 28% to 2.3 tonnes/ha. The OIBDA margin grew to 30.8%.
- > In 2014, RZ Agro developed its own export channels – share of direct export sales increased to 32% in 2014. RZ Agro exported wheat to Egypt, Georgia, Armenia, Turkey, Iran and other countries.
- > In 2014, RZ Agro purchased 13 units of agricultural equipment, 4 seeding machines and others.
- > In 2H 2014, Sistema acquired Step Group, which comprises 5 agricultural companies in the Krasnodar region with total land bank of 26k hectares, close to export ports. In 2014, Step generated a crop yield for wheat of 6.7 tonnes/ha. Step produces wheat of high export quality (3 class).

*In accordance with management accounts; Sistema owns 50% of SG-trans Group. SG trans results are not consolidated in Sistema's financial results.

**Sistema acquired Targin in 3Q 2013. Financial data for 2013 presented in accordance with IFRS financial statements of Targin.

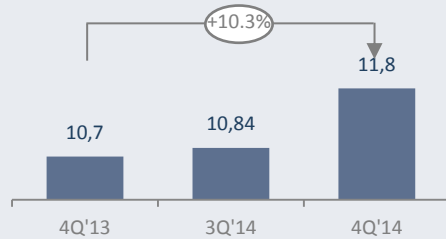


Assets Overview[6]

SMM CMM

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	1.1	0.8	1.5	-28.1%	30.4%	Revenue	3.4	3.5	-3.8%
OIBDA	0.3	0.3	0.9	-65.0%	9.1%	OIBDA	1.0	1.5	-32.8%
OIBDA margin	28.6%	34.2%	58.8%	n/a	n/a	OIBDA margin	29.0%	41.6%	n/a
Net income	0.1	0.06	0.2	-50.8%	63.2%	Net income	0.1	0.02	554%
Net debt/(cash position)	0.3	-0.1	0.2	43.1%	n/a				

STREAM's subscribers (mln)

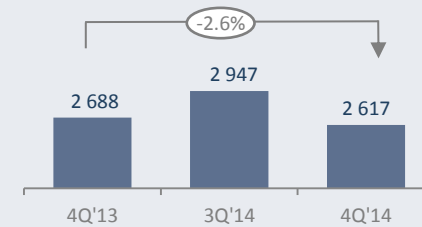


- > SMM's revenues decreased in rouble terms by 3.8% year-on-year in 2014 and by 28.1% year-on-year in the fourth quarter, while its OIBDA in rouble terms was down 32.8% year-on-year in 2014 and 65.0% year-on-year in the fourth quarter. This reduction mainly reflects the deteriorating market situation, which translated into lower advertising budgets and a consequent drop in demand for TV series, as well as the loss of the Ukrainian market for re-selling and distributing TV shows.
- > During the reporting year, Stream continued actively developing its ring-back tone service "GOOD'OK" and its informational service "MTS Info". It also launched a new mobile entertainment service, "MTS Pulse". In 2014, MTS Ukraine and MTS Belarus also launched the "GOOD'OK" service for their customers. Primary sales of RBT Stream for MTS Russia customers grew by 31% year-on-year. Its revenue increased by 60% year-on-year to approximately RUB 1.3 billion and OIBDA totalled approximately RUB 330 million.
- > Russian World Studios (RWS) remained focused on producing short TV series, expanding its content library to 1,868 hours in 2014, compared to 1,729 in 2013.
- > In 2014, the Stream-TV subscriber base grew by 10.3% year-on-year to 11.8 million subscribers following its active expansion in Russia and the CIS.

Intourist

RUB bln	4Q'14	3Q'14	4Q'13	YoY	QoQ	RUB bln	2014	2013	YoY
Revenue	0.7	0.9	0.7	5.6%	-19.8%	Revenue	2.9	2.8	3.4%
OIBDA	-0.3	0.2	0.1	n/a	n/a	OIBDA	-0.06	0.6	n/a
OIBDA margin	n/a	25.7%	16.2%	n/a	n/a	OIBDA margin	n/a	20.4%	n/a
Net income/(loss)	-0.4	0.08	-0.06	n/a	n/a	Net income/(loss)	-0.4	-0.03	n/a
Net debt	2.1	2.0	2.1	-2.0%	3.2%				

Rooms owned, rented and managed



- > Intourist's revenues in rouble terms increased by 3.4% year-on-year in 2014 and by 5.6% year-on-year in the fourth quarter, reflecting the strong performance of its hotels abroad, as well as foreign exchange rate effects. Revenue dropped by 19.8% during the quarter due to seasonality.
- > Negative OIBDA was largely due to accrued provisions made for the impairment of certain assets. Excluding this effect, Intourist's OIBDA grew following an increase in revenues.
- > As of December 31, 2014, Intourist owned and managed 10 hotels across Russia, Italy, the Czech Republic and Namibia. The number of rooms owned, managed and rented in the reporting year totalled 2,617 rooms.
- > In 4Q 2014, the term of the lease agreement for Maxim Resort hotel in Kemer, Turkey, expired and the lease was terminated. As a result, the number of hotel rooms being leased and managed by the company decreased by 330 rooms.



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