



JOINT-STOCK FINANCIAL CORPORATION

**SISTEMA**

# **Sistema JSFC**

Financial Results

3Q 2013

November 25, 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.



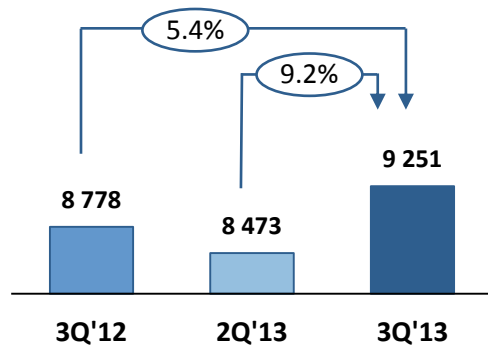
# 3Q 2013: Financial Results

## FINANCIAL HIGHLIGHTS

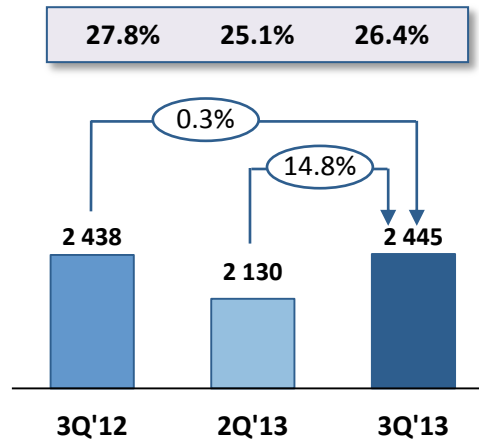
- **Revenues up** 5.4% YoY to US\$ 9.3 bln
- **Adjusted OIBDA\*** up 14.8% QoQ and 0.3% YoY to US\$ 2.4 bln, with an OIBDA margin of 26.4%
- **Sistema's net income** amounted to US\$ 1,329.7 mln, versus US\$ 547.3 mln in 3Q 2012
- **Net debt\*\* at the Hold Co level** amounted to US\$ 785.1 mln as of September 30, 2013

US GAAP, US\$ mln

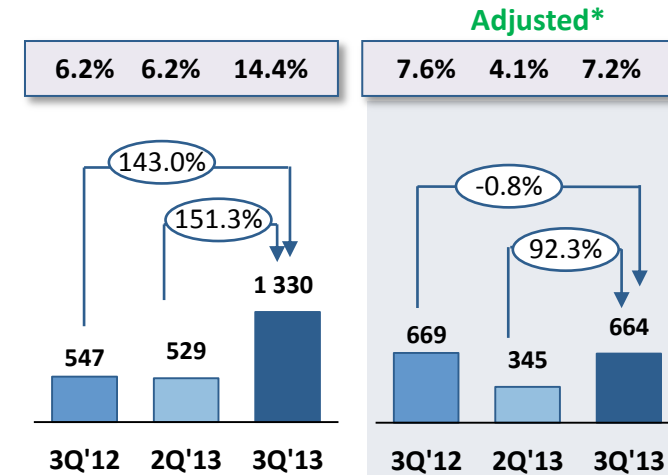
### REVENUE



### Adjusted OIBDA\*



### NET INCOME



**Strong financial results of all portfolio companies and substantial net income growth as a result of RussNeft sale**

\* Adjustments of 3Q 2013 include effect from sale of RussNeft at Hold Co and Belkamneft at Bashneft

\*\* Including highly liquid deposits



# Latest Portfolio Developments

## Active execution of M&A and divestment strategies

### RussNeft

Sale of a 49% stake in RussNeft for US\$ 1.2 bln. Proceeds received in 3Q 2013.

### Acquisition of Bashneft Oil Services (BNSA) for RUB 4.1 bln

Large integrated in-house oil services company with c.100 drilling and 180 work-over rigs.

#### Investment case

Substantial turnaround potential through upgrade of fleet, diversification of client base and operational efficiencies. Strong outlook for the sector and opportunities to tie up with a strategic partner.

### Acquisition of United Petrochemical Company (UPC) for RUB 6.2 bln

Vertically integrated petrochemical group with four production plants in Bashkortostan

#### Investment case

Established production chain and clear access to feedstock. Attractive opportunity to develop high margin polyester; growing demand for petrochemical products. Strategic partnership with Alpek to develop PET and PTA production in Ufa.

## Excellent performance and strong outlook at the asset level

### Bashneft

- ✓ Production up 6.5% YoY to 4.1 mln tonnes
- ✓ Launch of production at Trebs & Titov fields
- ✓ Double digit increase in QoQ revenue and OIBDA of 12.3% and 33.7% respectively

### Detsky mir

- ✓ 72% OIBDA increase YoY to US\$ 35 mln
- ✓ Margins up 29 basis points YoY to 11.7%
- ✓ Plans to open c.40 stores in 2014

### Medsa

- ✓ 91% YoY OIBDA increase to US\$ 16 mln
- ✓ Margins up 50 basis points YoY to 23%
- ✓ 19% YoY increase in patient visits

### MTS Bank

- ✓ OIBDA increase to US\$ 30 mln
- ✓ 48% YoY increase in loan portfolio to individuals
- ✓ 113% YoY increase of interest income from retail loan portfolio to US\$ 107 mln
- ✓ Issued 1.8 mln of MTS Dengi credit cards

## Restructuring & Portfolio initiatives

### RTI

Restructuring to split RTI to lower the company's debt and to focus RTI on defence (Concern RTI Systems), micro electronics (Micron) and IT integration (Nvision).

- ✓ Separation of Sitronics: IT integration and micro electronics to remain with RTI. Non-core assets to be transferred to Sitronics N. Repayment of Sitronics RUB 5 bln bonds
- ✓ Sistema acquired Sitronics N (non-core assets) in 4Q 2013

### Real Estate Portfolio

- ✓ Four clear streams: property management; property development; Serebryaniy Bor development; engineering
- ✓ c. 600k sq.m already under management with further assets expected in 2014.
- ✓ Completed acquisition of 75% of MBI (Nagatino I-land developer) for c. US\$ 21 million and provided a US\$86 million bridge loan.

Active portfolio management supported by excellent underlying asset performance



# Strong Financial Position of Corporate Centre

## Cash management in 3Q

- Substantial 154.7% QoQ increase in cash position
- US\$ 1.58 bln cash inflows in 3Q 2013 from transactions and dividends
- Major outflows include dividends, short term deposits and Corporate Centre's and SSTL's debt repayment
- Majority of loans provided to subsidiaries in 3Q expected to be repaid by the end of 2013

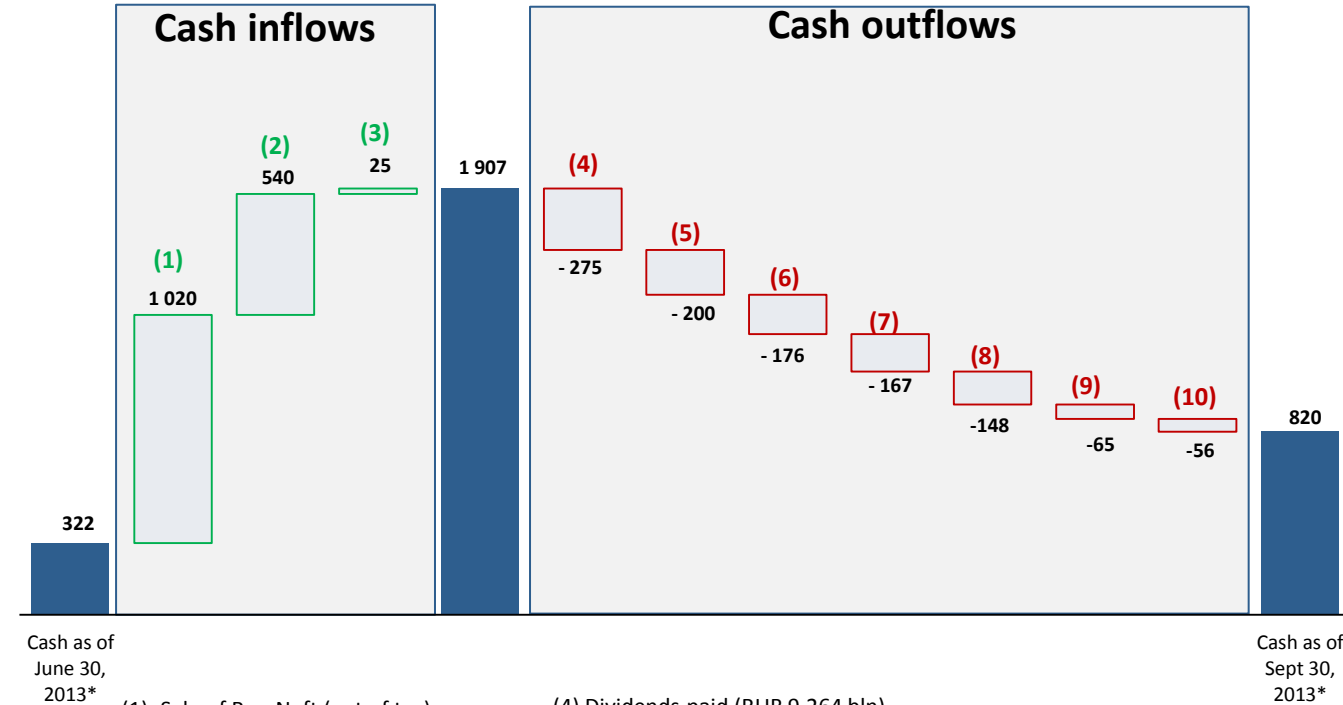
## Cash flows after the end of the reporting period

- Expected inflows from MTS and Bashneft – interim dividends c. US\$ 900 – 950 mln in 4Q 2013
- Outflows of RUB 10.3 bln for BNSA and UPC acquisitions

## Dividend outlook

- Excellent cash inflows expected to substantially increase 2013 dividends
- Total dividends likely to be composed of:
  - increased “regular” dividends (compared to c.US\$ 300 mln for 2012)
  - additional dividends from RussNeft sale proceeds

US\$ mln



- Cash as of June 30, 2013\*
- (1) Sale of RussNeft (net of tax)
  - (2) Dividends received
  - (3) Part of cash received from Unirail

- Cash as of Sept 30, 2013\*
- (4) Dividends paid (RUB 9.264 bln)
  - (5) SSTL debt repayment and remaining 2013 installment for financing of operations
  - (6) Short-term loans to portfolio companies \*\*
  - (7) Short-term deposits
  - (8) Corporate centre debt repayment
  - (9) Corporate expenses, including interest, taxes and other
  - (10) Acquisition of MTS shares

**Excellent cash position and additional expected inflows provide strong 2013 dividend outlook**

\*Including highly-liquid deposits

\*\* Majority of loans to subsidiaries expected to be repaid by the end of 2013



# Bashneft Service Assets (BNSA)

## Deal structure

- Sistema acquired 100% of BNSA, an oil services company focused on onshore drilling and work over operations, equipment servicing and manufacturing, transportation and construction, from Bashneft for RUB 4.1 bln

## Key rationale

- Transforming potential in the acquired assets through fleet upgrade, client diversification and industry experience
- Growing market for oilfield, drilling and workover services, especially in the high-margin segment of horizontal drilling

## Strategy

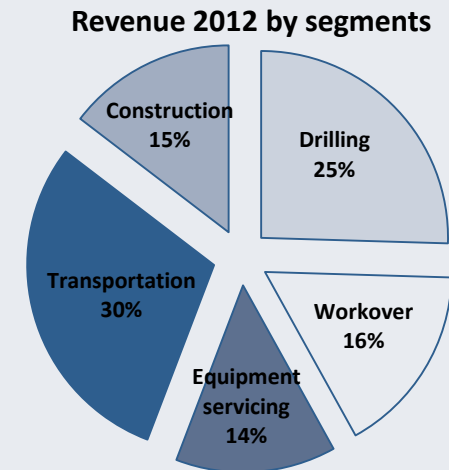
- Upgrade fleet, improve efficiency
- Unlock hidden value through restructuring and transformation
- Sell non-core assets, i.e. construction segment

## Monetisation

- Partial or full sale through strategic partnership or IPO

## Financials\*

- 2012 revenue of US\$ 810 mln; OIBDA of US\$ 6 mln
- Estimated 2013 revenue around US\$ 810 mln; OIBDA above US\$ 30 mln



## Operations

- Primarily operates in Volga-Urals, Komi, Khanty Mansiysky and Nenetsky Autonomous regions
- In 2012, the Company operated a fleet of 104 drilling rigs (average depreciation 70%), 180 work-over rigs (average depreciation 50%) and more than 5,000 transportation vehicles (average depreciation 50%)
- Largest contractor is Bashneft with a total share of drilling amounting to 52% in 2012

**BNSA offers a classic turnaround story with substantial shareholder value to be created through optimisation, upgrading of fleet and possible strategic partnerships**



# United Petrochemical Holding (UPC)

## Deal structure

- Sistema acquired 98% in UPC from Bashneft for RUB 6.2 bln

## Key rationale

- Attractive petrochemical sector
- Opportunity for production of high-margin petrochemical products – polyester
- Partnership with an international expert

## Strategy

- Develop most attractive product lines in polyester with industry partner Alpek
- Start PTA/PET production - 2017
- Develop ethylene cracker and polymerization - 2018

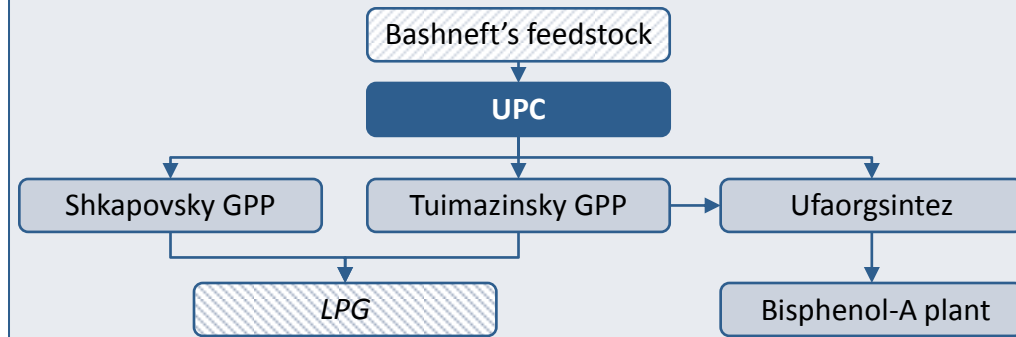
## Monetisation

- Regular dividends 2017 onwards

## Financials\*

- No annual 2012 consolidated financials as the company's structure only finalised in April 2013
- Estimated 2013 consolidated revenue around US\$ 600 mln; OIBDA above US\$ 50 mln

## Benefits from established production chain..



## ...and has production potential to develop polyester production

- |              |  |
|--------------|--|
| Ufaorgsintez | <ul style="list-style-type: none"> <li>• Low-density polyethylene</li> <li>• Polypropylene</li> <li>• Phenol</li> <li>• Acetone</li> </ul> |
|--------------|--|

- |                                   |   |
|-----------------------------------|---|
| Tuimazinsky GPP<br>Shkapovsky GPP | <ul style="list-style-type: none"> <li>• LPG</li> </ul> |
|-----------------------------------|---|

- |             |   |
|-------------|---|
| Bisphenol-A | <ul style="list-style-type: none"> <li>• Bisphenol A</li> </ul> |
|-------------|---|

**UPC's existing petrochemical assets offer an excellent entry point into growing market. Partnership with Alpek to develop demand driven by high margin petrochemical products**



# 3Q 2013: Financial Performance Overview [1]

## KEY HIGHLIGHTS

- **Sistema's consolidated revenue increased by 5.4% YoY and by 9.2% QoQ** as a result of strong operating performance of Bashneft following an increase in production volumes and higher oil prices, MTS' growing income from data services, the successful implementation of Detsky mir's development strategy and an increase in interest income at MTS Bank.
- **The Group's adjusted OIBDA in 3Q 2013 was up 0.3% YoY and 14.8% QoQ**, reflecting profitability growth across the Group's portfolio companies. Most of the developing companies were profitable on the OIBDA level, in particular MTS Bank and Detsky mir reported strong OIBDA, while SSTL' adjusted OIBDA loss narrowed by 10.9% QoQ.
- **Sistema's adjusted consolidated net income was stable YoY and nearly doubled QoQ** as a result of strong results across all of the Group's assets. Consolidated net income attributable to Sistema increased significantly to US\$ 1.3 bln, reflecting recognised effects from the sale of Sistema's stake in RussNeft.

	3Q 2013	3Q 2012
<b>Total revenue</b>	<b>9 251</b>	<b>8 778</b>
Cost of sales, exclusive of depreciation, depletion and amortization shown separately below	(3 407)	(3 247)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(130)	(107)
Selling, general and administrative expenses	(1 050)	(992)
Depreciation, depletion and amortization	(795)	(771)
Transportation costs	(212)	(252)
Impairment of long-lived assets other than goodwill and provisions for other assets	(40)	(266)
Taxes other than income tax	(1 893)	(1 687)
Other operating expenses, net	(82)	(13)
Equity in results of affiliates	12	11
Effect from disposal of Russneft and Belkamneft	708	-
<b>Operating income</b>	<b>2 360</b>	<b>1 453</b>
Interest income	81	83
Change in fair value of derivative instruments	(1)	(1)
Interest expense, net of amounts capitalized	(286)	(315)
Foreign currency transactions losses/(gains)	(52)	99
Income tax expense	(483)	(383)
(Loss)/gain from discontinued operations, net of income tax effect	(7)	8
Gain on disposal of discontinued operations, net of income tax effect	-	14
Noncontrolling interest	(281)	(411)
<b>Net income</b>	<b>1 330</b>	<b>547</b>

**Virtually all portfolio assets demonstrated OIBDA and net income growth in 3Q 2013. Bashneft, Detsky mir and MTS Bank delivered exceptional results. SSTL is on track to decrease OIBDA loss**



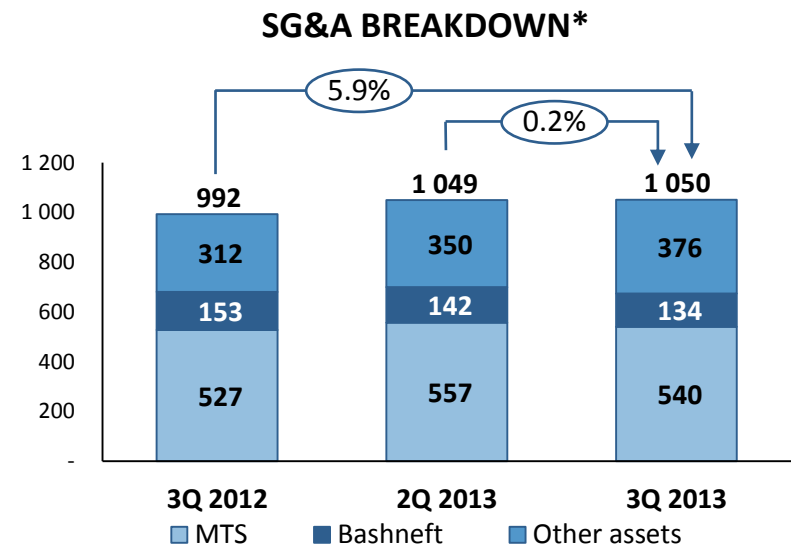
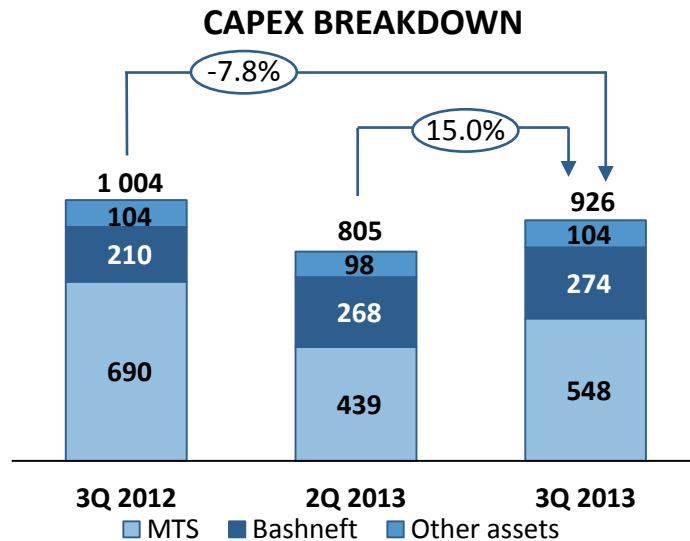


# 3Q 2013: Financial Performance Overview [2]

## FINANCIAL HIGHLIGHTS

- **The Group's CAPEX** decreased by 7.8% YoY but grew by 15.0% QoQ, reflecting the realisation of MTS' CAPEX programme including completing the roll-out of its 3G network as well as uneven expenditure distribution throughout the year.
- **The Group's SG&A were largely stable QoQ** and increased by 5.9% YoY mainly due to contribution from MTS and Corp. Centre, while RTI reduced its SG&A by 20.4% QoQ, SSTL's SG&A fell by 12.8% QoQ, and MTS Bank optimised costs by 14.6% QoQ.
- **The Corp. Centre's SG&A** amounted to US\$ 96.8 mln in 3Q 2013, compared to US\$ 28.4 mln in 3Q 2012, mainly as a result of Sistema's ordinary shares being granted to members of Sistema's management and Board of Directors, as well as new long-term incentive programme accruals.

US GAAP, US\$ mln.



## Group's SG&A were stable QoQ and increased YoY below rate of inflation

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

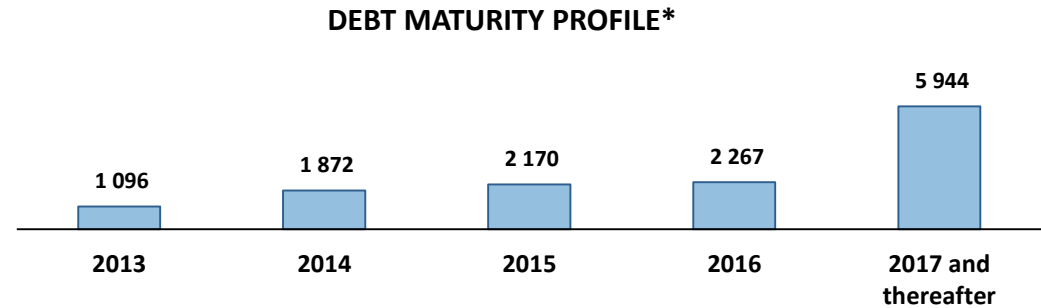
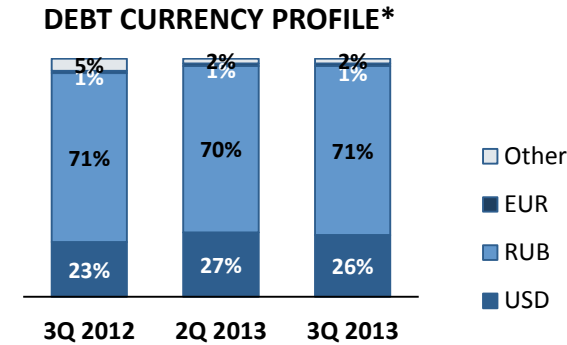
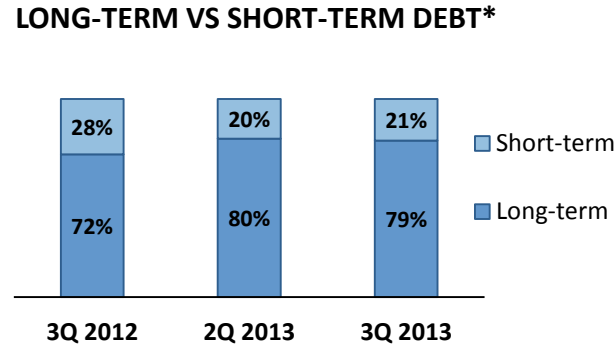
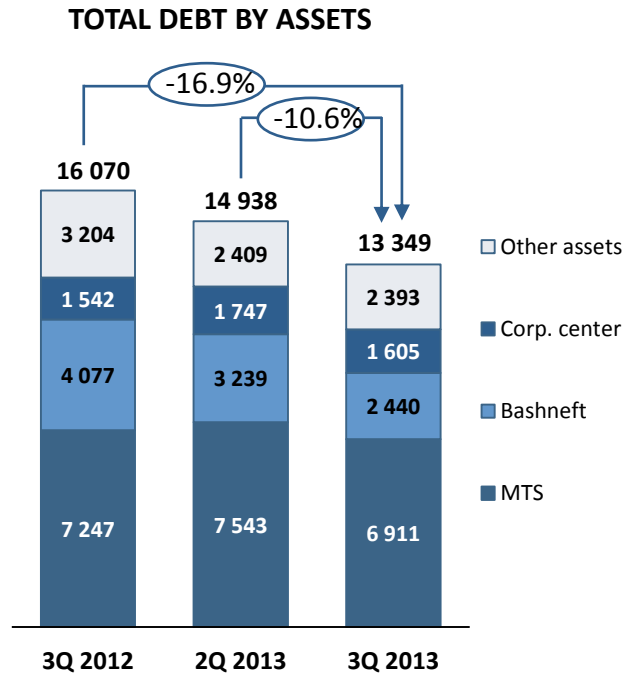


# Consolidated Debt

## KEY HIGHLIGHTS

- Group's debt decreased by 10.6% QoQ mainly due to reduced obligations at MTS and Bashneft, as well as decreased debt of the developing assets – SSTL, RTI, and at Holding level.

US GAAP, US\$ mln



The Group's consolidated debt decreased YoY with Net Debt/EBITDA at 1.1x

\*Source: management accounts

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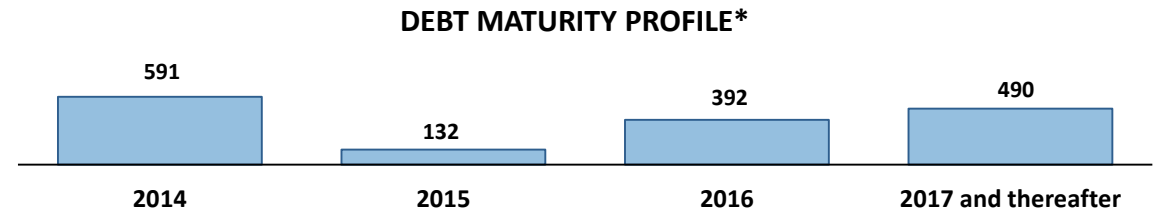
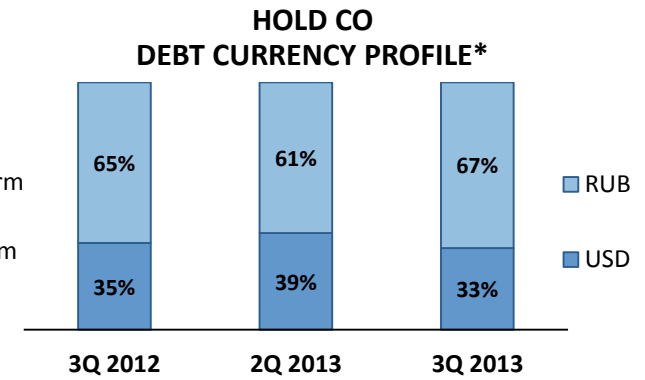
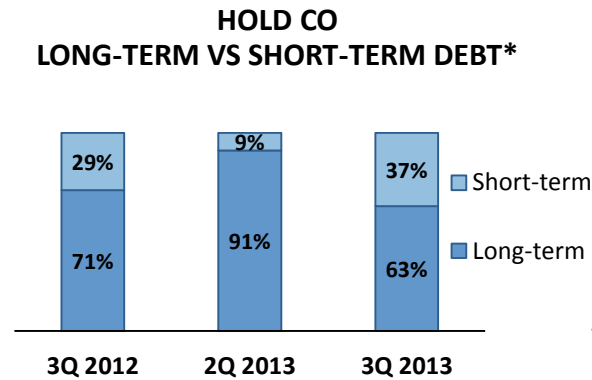
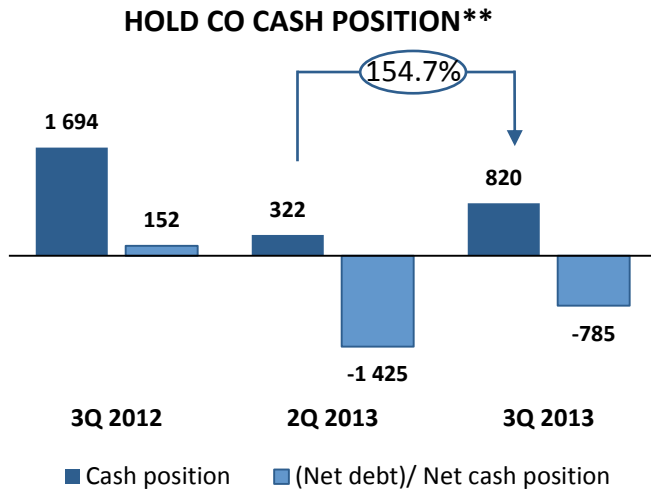


# Corporate Centre Debt Management

## KEY HIGHLIGHTS

- **Corporate Centre debt decreased by 8.1% QoQ** to US\$ 1.6 bln following planned repayments.
- **Cash position nearly tripled** to US\$ 820.2 mln and net debt amounted to US\$ 785.1 mln. The main cash inflows include proceeds from the sale of RussNeft and dividends from subsidiaries.

US GAAP, US\$ mln



**Cash position rose by 154.7% resulting in substantial reduction in net debt**

\*Source: management accounts

\*\*Including highly liquid deposits



## Attachments

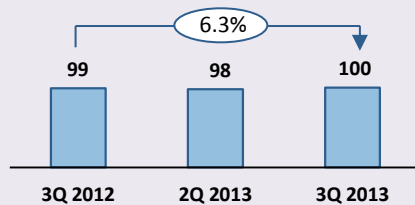


# Assets overview [1]

## MTS

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	3 154	3 106	3 083	1.5%	2.3%
Adj OIBDA*	1 428	1 386	1 402	3.0%	1.8%
OIBDA margin	45.3%	44.6%	45.5%	n/a	n/a
Debt	6 911	7 247	7 543	-4.6%	-8.4%

### Mobile subscribers (mln)

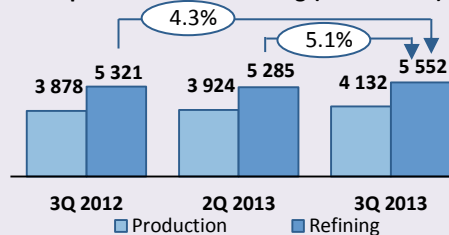


- MTS reported a YoY and QoQ increase in revenues, largely as a result of the growth in its data services consumption. The QoQ revenue growth also reflects the seasonal increase in roaming services.
- Adjusted OIBDA was up 3.0% YoY and 1.8% QoQ due to continued revenue growth from high-margin data services.
- MTS' subscriber base totalled 100 mln\*\* customers, demonstrating a 6.3% YoY increase as a result of its resumed operations in Turkmenistan, as well as an increase in data subscribers given the higher penetration of smartphones and tablets.
- ARPU in Russia grew by 2.0% YoY to RUB 319. The quality of the Russian subscriber base continued to improve with MOU increasing by 8.0% YoY to 337 min. The number of households passed expanded by 3.2% YoY and reached 12.1 mln. The pay-TV customer base totalled 2.7 mln subscribers, while the number of broadband Internet subscribers stood at 2.4 mln.

## BASHNEFT

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	4 793	4 622	4 269	3.7%	12.3%
Adj OIBDA***	970	962	725	0.8%	33.7%
OIBDA margin	20.2%	20.8%	17.0%	n/a	n/a
Debt	2 440	4 077	3 239	-40.2%	-24.7%

### Oil production and refining ('000 tonnes)

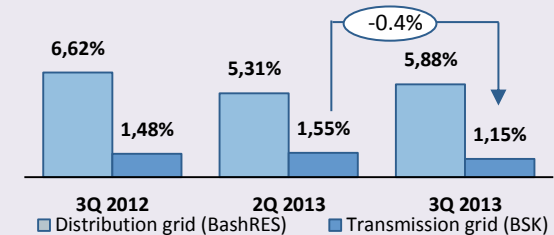


- Bashneft's revenues increased by 3.7% YoY and by 12.3% QoQ, mainly due to higher sales of crude oil and oil products following an increase in production volumes, as well as a hike in oil prices by 4% YoY and 6% QoQ.
- Adjusted OIBDA increased by 33.7% QoQ and was largely stable YoY, reflecting revenue growth and a decrease in operating costs, including transportation expenses.
- Bashneft's oil production increased by 6.5% YoY to 4.1 mln tonnes, mainly as a result of the launch of production at the Trebs&Titov fields and geological and engineering operations being conducted in its mature fields. The company sold 6.7 mln tonnes of oil and petrochemical products in 3Q 2013, a 2.1% YoY increase, with exports amounting to 1.1 mln tonnes of crude oil and 2.5 mln tonnes of oil products.
- The company reported a 4.3% YoY increase in refining volumes, reaching 5.6 mln tonnes of crude oil, as a result of rising oil production. The average refining depth grew to 85.8% and light-product yield was 59.8%.

## BPGC

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	96	99	92	-3.0%	4.0%
OIBDA	45	52	28	-13.1%	63.6%
OIBDA margin	47.4%	52.9%	30.1%	n/a	n/a

### Distribution and Transmission grid and losses , mln KWt



- BPGC reported a slight decrease in revenues YoY, mainly as a result of the changes in the tariff method with key suppliers, which has been in place since the end of 2012. The company's revenue increased by 4.0% QoQ, due to tariff indexation effective from July 2013.
- OIBDA was up 63.6% QoQ, reflecting other income related to the disposal of assets. A YoY decline in OIBDA resulted from certain operating gains recognised in 3Q 2012.
- The volume of electricity transmitted increased by 4.0% YoY reflecting natural consumption growth and a drop in the region's average temperature in the region.
- In 3Q 2013, the company saw a further decrease in transmission grid losses, reporting a 0.4 p.p QoQ decline. Distribution grid losses also decreased YoY as a result of the investment programme being successfully implemented and the modernisation of the power metering system.

\*MTS' OIBDA in 2Q 2013 was impacted by a recognised one-off gain from compensation related to the settlement of the disputes over Bitel LLC.

\*\*Excluding Belarus subscribers

\*\*\* OIBDA in 3Q 2013 was affected by the recognised loss relating to the sale of Bashneft's stake in OJSC Belkamneft.

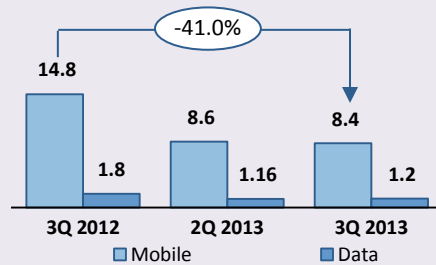


# Assets Overview [2]

## SSTL

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	45	73	52	-38.8%	-13.9%
Adj OIBDA*	-35	-64	-39	n/a	n/a
Debt	621	1 537	701	-59.6%	-11.5%

### Mobile subscribers ('000)

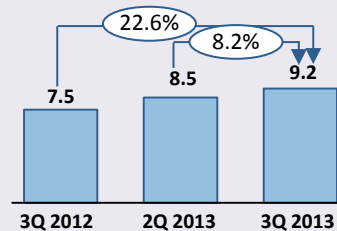


- SSTL reported a decrease in revenues YoY and QoQ, as a result of the company closing its operations in 13 circles.
- The OIBDA loss significantly narrowed YoY and by 10.9% QoQ, reflecting SSTL's continuing cost optimisation programme and improved operating efficiency. The company's SG&A decreased by 41.7% YoY and by 12.8% QoQ.
- As of September 30, 2013, SSTL's total wireless (voice and data) subscriber base declined by 1.8% QoQ to 9.6 mln customers. The overall decrease in the subscriber base resulted from the closure of circles, although the subscriber base quality continued to increase in the circles where the company continues to operate. Subscribers' monthly minutes of use (MOU) increased by 11% QoQ to 363 min.
- Blended mobile ARPU in 3Q 2013 amounted to US\$ 1.51. Non-voice revenues from both data and VAS accounted for 34.5% of the company's total revenues in the reporting period.

## SISTEMA MASS-MEDIA

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	30	13	23	131.6%	31.8%
OIBDA	17	0.3	5	60.5x	261.5%
OIBDA margin	55.5%	2.1%	20.2%	n/a	n/a
Debt	29	39	26	-24.0%	12.9%

### Stream TV subscriber base (mln)

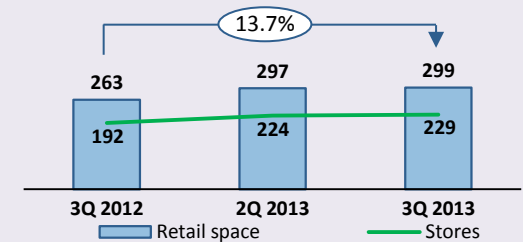


- Sistema Mass Media's revenues more than doubled YoY and were up 31.8% QoQ, mainly as a result of the launch of a new ringback tone service "Gudok", and informational services for MTS subscribers "MTS Info" at Stream.ru\*\*.
- SMM's OIBDA demonstrated a significant YoY and QoQ increase, reflecting the growth in revenues and higher margin income generated by Stream.ru.
- In 3Q 2013, the Stream-TV subscriber base increased by 22.6% YoY reaching 9.2 mln subscribers. The monthly audience reach of the «Hunting and fishing» TV channel was above 10 mln viewers.
- The RWS content library grew by 6.2% YoY to 1,662 hours as of September 30, 2013.

## DETSKY MIR

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	301	231	239	30.1%	26.1%
OIBDA	35	20	10	72.5%	250.5%
OIBDA margin	11.7%	8.8%	4.2%	n/a	n/a
Debt	208	137	83	51.1%	150.4%

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



- Detsky mir's revenues increased by 30.1% YoY and by 26.1% QoQ, mainly as a result of like-for-like sales growth and active store expansion. In 3Q 2013, Detsky mir's own labels made up a 21% share of its gross revenue.
- The company reported a significant increase in OIBDA YoY and QoQ. The OIBDA margin expanded to 11.7% mainly due to cost optimisation, which led to the SG&A/sales ratio reducing to 30.1% in 3Q 2013 from 32.3% in 2Q 2013.
- The network of retail outlets amounted to 229 stores, including 23 ELC franchised stores, located in 101 cities across Russia and Kazakhstan. The aggregate retail space was 299,000 sq.m. In 3Q 2013, Detsky mir opened 4 new stores and 1 ELC store.
- In July 2013, OJSC Detsky mir - Centre, through its 100% subsidiary, entered into an agreement with Sberbank to repurchase its 25%+1 share in Detsky mir-Centre for RUB 4.5 billion. Following the completion of the deal, Sistema's effective stake in Detsky mir-Centre increased to 100%.

\* Results of 3Q 2012 were affected by the recognised loss from the impairment of long-lived assets.

\*\* 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 segment.

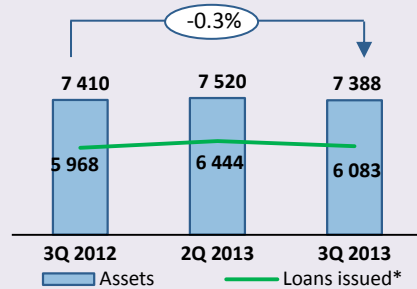


# Assets Overview [3]

## MTS BANK MTS Bank

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	231	174	203	32.9%	14.0%
OIBDA	30	-8	-20	n/a	n/a

### Assets and issued loans (US\$ mln)

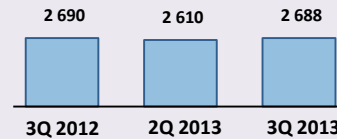


- MTS Bank demonstrated revenue growth of 32.9% YoY and 14.0% QoQ, as well as positive OIBDA of US\$ 30.1 mln in 3Q 2013, mainly as a result of an increase in the loan portfolio to individuals.
- The loan portfolio from joint projects with MTS grew by 20.3% QoQ to US\$ 437 mln. Since the launch of the joint project, MTS Bank issued 1.8 mln credit cards.
- The bank also reported a 48.4% YoY and 10% QoQ growth in the loan portfolio to individuals for 3Q 2013. MTS Bank showed strong performance, becoming one of the frontrunners in the retail loan market in 3Q 2013.
- MTS Bank's loan portfolio, excluding leases, increased by 1.9% YoY to US\$ 6,082.8 mln. The interest income from retail transactions nearly doubled YoY and increased by 15.0% QoQ to US\$ 107.0 mln. Interest income from retail loans accounted for 58% of total interest income in 3Q 2013.
- In 3Q 2013, MTS Bank continued to actively develop its network opening new offices in Moscow and the regions.

## INTOURIST

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	27	24	24	12.1%	11.9%
OIBDA	9	5	5	63.3%	69.3%
OIBDA margin	32.5%	22.3%	21.5%	n/a	n/a
Debt	76	77	75	-1.2%	0.3%

### Rooms owned, managed and rented

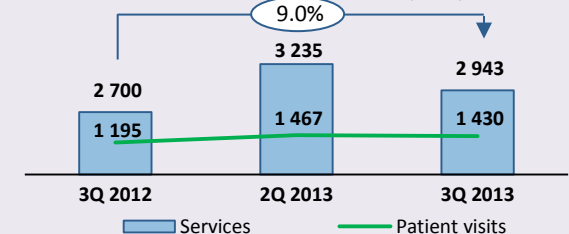


- Intourist's revenues increased by 12.1% YoY and by 11.9% QoQ largely as a result of a seasonal increase in tourist flow and an overall favourable market environment.
- The company reported 63.3% YoY and 69.3% QoQ OIBDA growth following an increase in revenues, as well as the optimisation of costs, including outsourcing certain functions.
- The number of rooms owned, managed and rented in the reporting quarter amounted to 2,688 rooms.

## MEDSI

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
Revenue	69	46	72	49.3%	-4.7%
OIBDA	16	8	5	91.3%	208.5%
OIBDA margin	23.2%	18.1%	7.2%	n/a	n/a
Debt	71	71	72	-0.2%	-0.9%

### Services and patient visits ('000)



- Medsi's revenues grew by 49.3% YoY, as a result of integrating its assets with the Medical Centre for the Mayor and Government of Moscow (SUE). Revenue fell by 4.7% QoQ mainly due to a seasonal decrease in the number of visits.
- The company's OIBDA nearly doubled YoY mainly as a result of a higher number of services provided, as well the integration with SUE's assets. Despite a seasonal decline in visits, Medsi reported a substantial QoQ increase in OIBDA, which was supported by the hospital care business as it operates on a fixed prepayment basis.
- In the reporting quarter, the number of patient visits and services provided increased by 19.7% YoY and by 9.0% YoY, respectively. The average bill in rouble terms totalled RUB 1,480.
- As of September 30, 2013, Medsi's network consisted of 29 medical clinics, 3 hospitals and 79 first aid stations with the total floor space of healthcare facilities exceeding 181,000 sq.m.

\*Excluding leases



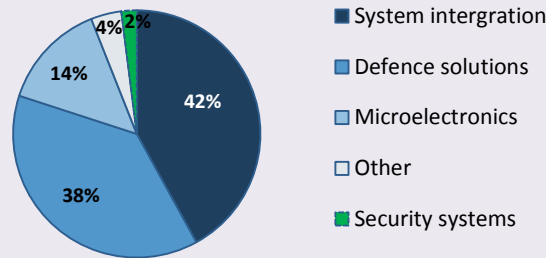
# Assets Overview [4]

## OJSC RTI

RTI is comprised of 4 principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and System Integration BU.

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
<b>Revenue</b>	491	465	480	5.5%	2.3%
<b>OIBDA</b>	1	34	17	-96.9%	-93.9%
<b>OIBDA margin</b>	0.2%	7.4%	3.6%	n/a	n/a
<b>Debt</b>	1 312	1 319	1 441	-0.6%	-9.0%

Revenue by business segments

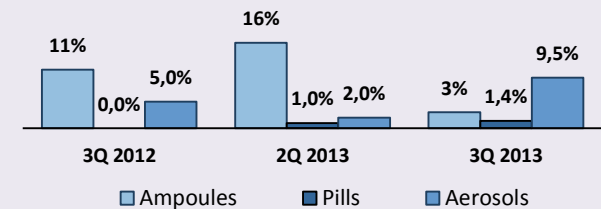


- RTI revenues increased by 5.5% YoY and by 2.3% QoQ, mainly as a result of growth in Defence Solutions BU, as well as work completed under the Intelligent Transportation System project. OIBDA decreased QoQ and YoY due to the growing contribution of low margin sales in System Integration BU.
- Debt fell QoQ due to Sitronics-Nano consolidation, which offset Micron's financial lease liabilities to Sitronics-Nano for financial lease.
- In July, RTI reached the 80<sup>th</sup> position in the Defence News TOP 100 list of the largest defence companies in the world.
- In July, RTI signed state contracts for the development of advanced relocation information systems.
- In July, Micron won the Moscow Metro tender for the production and supply of "Troika" plastic contactless smart cards for fare payment.
- In July, NVision Group completed the implementation of Oracle Hyperion Planning, an operational budget management system, in Russian Helicopters.

## BINNOPHARM

US\$ mln	3Q'13	3Q'12	2Q'13	YoY	QoQ
<b>Revenue</b>	26	24	28	9.9%	-4.7%
<b>OIBDA</b>	2	15	8	-84.9%	-70.9%
<b>OIBDA margin</b>	8.4%	61.2%	27.5%	n/a	n/a
<b>Debt</b>	23	12	29	90.0%	-21.0%

Utilization rate of new Zelenograd production facility



- Binnopharm's revenues grew by 9.9% YoY, as a result of the active development of the distribution segment. Ceasing shipments of Regevac B vaccine due to contracts fulfilment in the first half of 2013 resulted in a quarterly decline in profitability, which is expected to rebound in subsequent periods.
- Debt increased YoY, due to integration with Alium's assets, but reduced QoQ by 21.0%.
- The integration of Binnopharm and Alium assets was completed in 2013. Binnopharm is currently finalising two investment projects: installing the filling line for syringes at the facility in Zelenograd and upgrading the infusion solutions unit in Krasnogorsk, including the installation of a new plastic filling machine.





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