

GROUP FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL YEAR 2013

Investor conference call – March 18, 2014

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Vice President, Chief Marketing Officer



from words to digits



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,” and 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 undertake or 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, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, 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, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.



from words to digits



Data+Differentiation+Dividends

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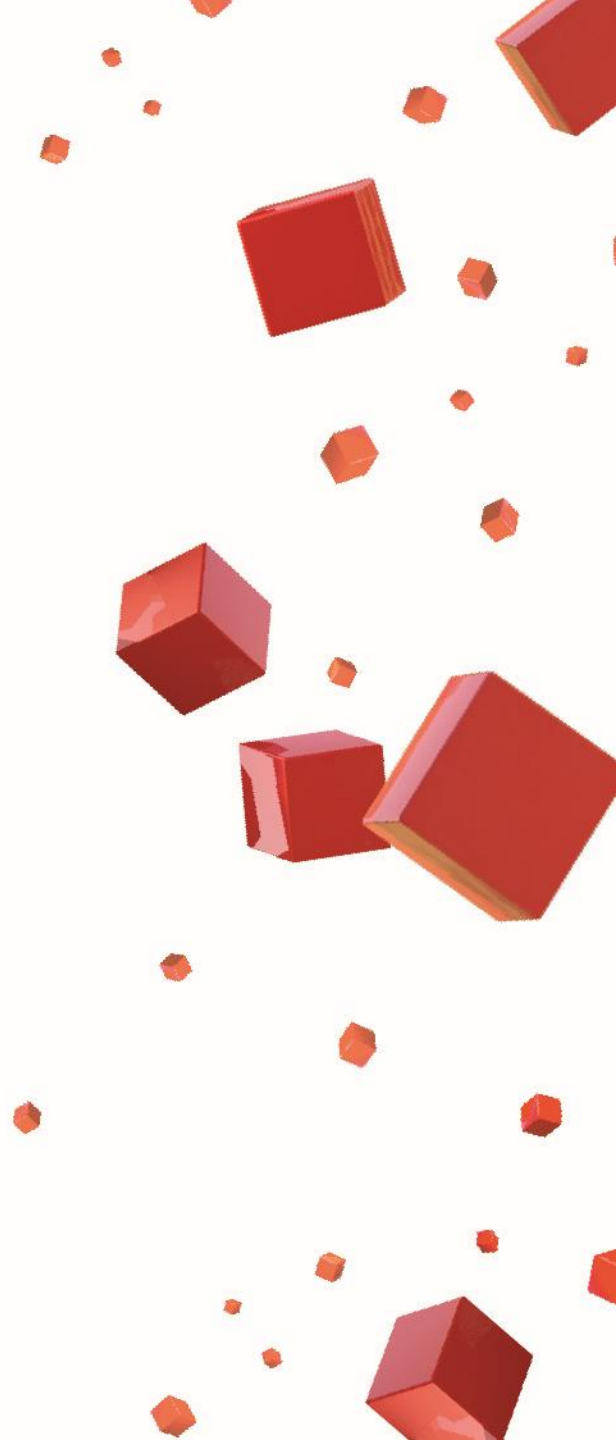


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FINANCIAL & CORPORATE HIGHLIGHTS

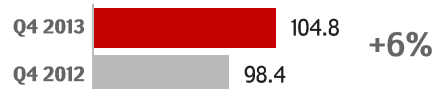


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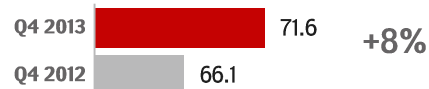


GROUP NEWS SUMMARY FOR Q4 2013 & KEY HIGHLIGHTS

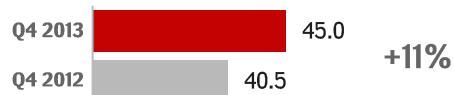
CONSOLIDATED REVENUE (RUB bln)



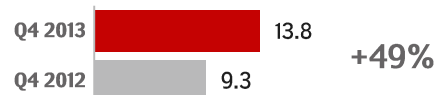
MOBILE REVENUE IN RUSSIA (RUB bln)



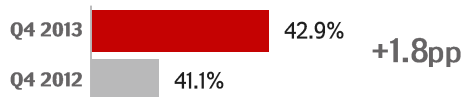
CONSOLIDATED OIBDA (RUB bln)



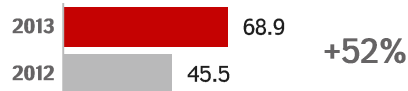
DATA TRAFFIC REVENUE IN RUSSIA (RUB bln)



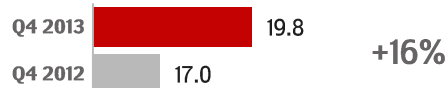
OIBDA MARGIN



FREE CASH FLOW* (RUB bln)



NET INCOME (RUB bln)



*Free Cash Flow from continuing operations excluding one-offs from settlement of proceedings over Bitel LLC in the amount of RUB 4.1 billion

Q4 2013 HIGHLIGHTS

- Launched LTE networks in Pskov Region, Kirov Region, North Ossetia-Alania, Khabarovsk Krai, Udmurtia, Zabaikalsky Krai, Amur Krai, Rostov region, Kaluga region, Novosibirsk region, Krasnoyarsky Krai
- Launched sales of iPhone 5s/5c in the MTS retail network
- MGTS, through its wholly owned subsidiary MGTS-Real Estate CJSC, sold a 51% stake in Business-Nedvizhimost CJSC to Sistema JSFC for RUB 3.2 billion
- Changed the terms of credit agreements with Sberbank for two non-revolving lines of credit in the amount of RUB 80 billion
- Redeemed remaining amount of Series 01 ruble-denominated bond
- Repurchased Series 03 ruble-denominated bonds in the amount of approximately RUB 3.9 billion
- Paid out semi-annual dividends of RUB 5.22 per ordinary MTS share (RUB 10.44 per ADR) amounting to the total of RUB 10.8 billion on the basis of the Company's H1 2013 financial and operating results
- Appointed Mr. Andrei Smelkov as Vice President for Foreign Subsidiaries, Member of the Executive Board

THEREAFTER

- Announced new 3D Strategy: Data, Differentiation, Dividends
- Launched LTE network in Tatarstan and St. Petersburg
- Concluded a credit facility with Citibank Europe PLC and Swedish Export Credit Corporation for up to \$300 million (RUB 10.9 billion at the date of conclusion) supported by Sweden's Exportkreditnämnden (EKN)
- Appointed Mr. Valery Shorzhin as Vice President for Procurement and Administration, Member of the Executive Board



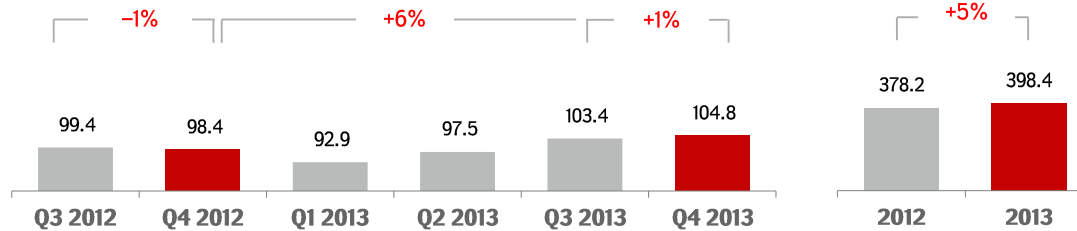
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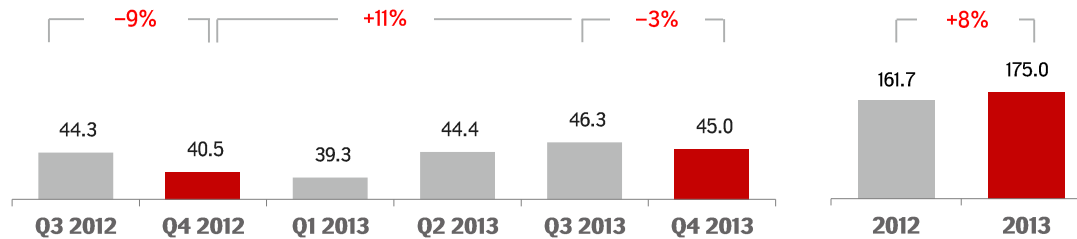
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GROUP FINANCIAL HIGHLIGHTS: REVENUE & OIBDA

TOTAL GROUP REVENUE (RUB bln)



TOTAL GROUP OIBDA (RUB bln)



OIBDA MARGIN	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
	44.5%	41.1%	42.4%	45.5%	44.8%	42.9%

2012	2013
42.8%	43.9%

- Year-over-Year revenue growth driven by a sustained increase in data revenues in Russia and subscriber growth in key markets
- Q-on-Q revenue growth bucks seasonal trends due to higher-value subscriber additions, increased data adoption and expansion of fixed-line business in Russia
- Year-on-Year OIBDA improvement reflects expansion of higher-margin data revenues, sustained improvements in the Company's operating efficiency, and decline as a percentage of sales of high-cost handsets in the revenue mix
- Seasonal q-o-q OIBDA decline mitigated by stronger top-line performance



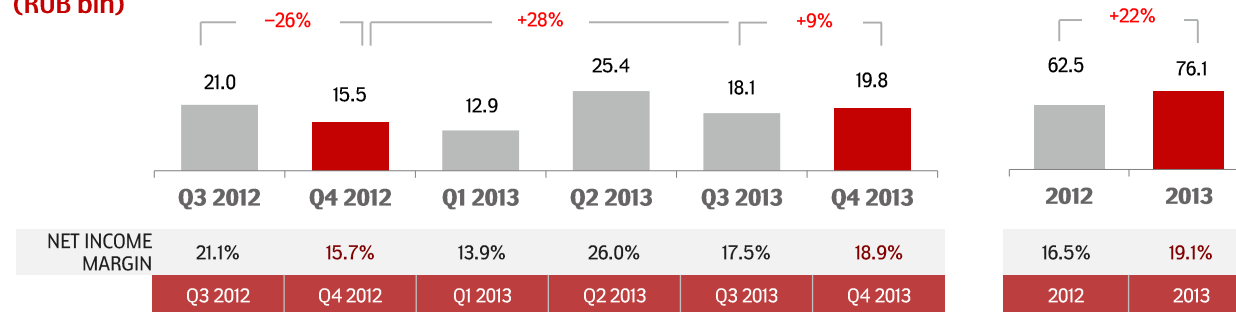
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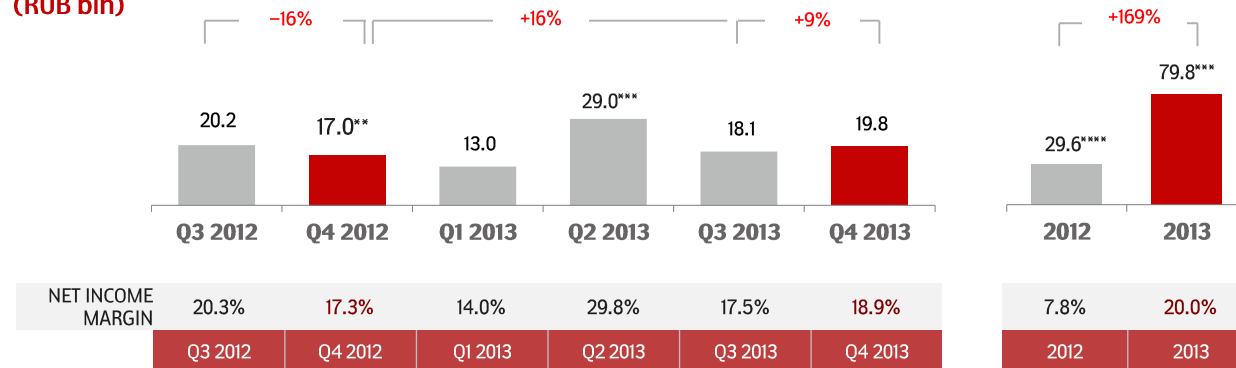
GROUP FINANCIAL HIGHLIGHTS: NET INCOME

GROUP NET INCOME FROM CONTINUING OPERATIONS* (RUB bln)



*Represents ongoing MTS operations exclusive of operations in Uzbekistan

TOTAL GROUP NET INCOME (RUB bln)



**Includes a non-cash impairment for goodwill and long-lived assets of RUB 979 mln and a gain from the reversal of provision for claims in Uzbekistan of RUB 2 510 mln resulting from the suspension of operations in July 2012

***Includes a non-cash gain on deconsolidation of Uzbekistan of RUB 3 682 mln

****Includes a non-cash impairment for goodwill and long-lived assets of RUB 20 037 mln and provision for claims in Uzbekistan of RUB 13 948 mln resulting from the suspension of operations in July 2012

- Strong q-on-q and y-o-y bottom line performance enhanced by stable D&A, improved contribution from minority share businesses in Belarus, lower interest expenses and sustained growth in OIBDA
- Net income in Q4 2013 impacted by non-cash FOREX loss in the amount of RUB 840 mln
- Net income dynamics in 2013 reflect one-off gains realized in connection with settlement of litigation over Bitel LLC and discontinuation of operations in Uzbekistan



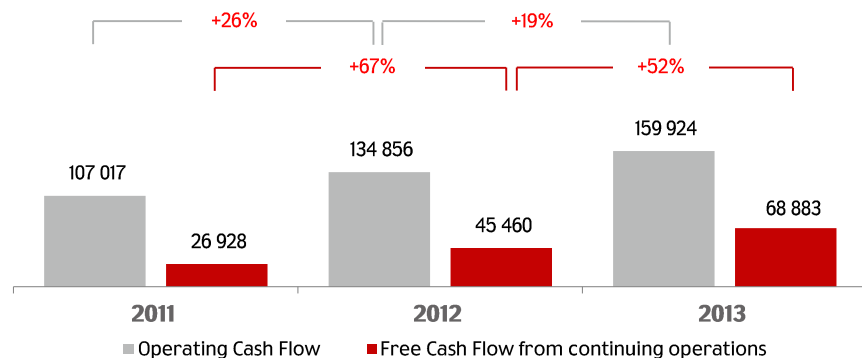
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GROUP BALANCE SHEET, OPERATING AND FREE CASH FLOW

OPERATING AND FREE CASH FLOW FROM CONTINUING OPERATIONS* (RUB mln)



BALANCE SHEET (RUB mln UNLESS NOTED)	As of Dec 31, 2012	As of Dec 31, 2013
CASH AND CASH EQUIVALENTS	22 014.2	30 611.7
SHORT-TERM INVESTMENTS	4 034.4	14 632.6
TOTAL DEBT	232 105.1	219 146.9
LONG-TERM DEBT	204 480.8	194 083.2
SHORT-TERM DEBT	27 624.3	25 063.7
NET DEBT	206 056.5	173 902.6
LTM OIBDA	161 703.2	175 010.5
NET DEBT/LTM OIBDA	1.3x	1.0x

*Free Cash Flow from continuing operations excluding one-offs from settlement of proceedings over Bitel LLC in the amount of RUB 4.1 billion

- Sustained increase in cash flows due to OIBDA growth, improvements in working capital and stable CAPEX spending
- Free cash flow from continuing operations reached RUB 68.9 bln in 2013 excluding one-offs from settlement of proceedings over Bitel LLC
- Reduction in Net debt/LTM OIBDA ratio to 1.0x due to improvement in operating performance and our success in managing debt portfolio

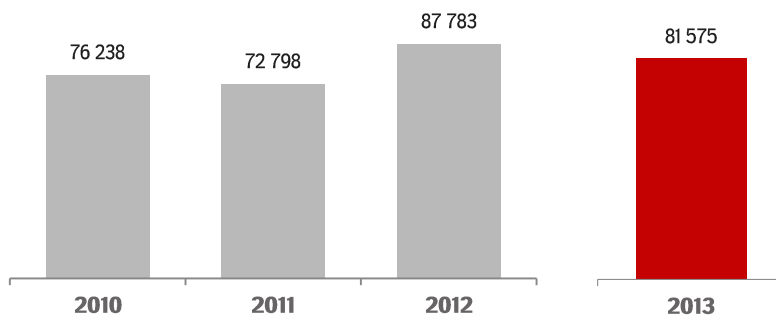


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GROUP CAPITAL EXPENDITURES



RUSSIA	69 278	66 869	82 896	70 910
UKRAINE	4 694	4 487	4 125	8 840
ARMENIA	913	1 344	751	1 093
TURKMENISTAN	1 354	n/a	11	732
GROUP	76 238	72 798	87 783	81 575
– AS % OF REVENUE	23.1%	20.9%	23.2%	20.5%
(IN RUB MLN)	2010	2011	2012	2013

- Capital expenditures amounted to RUB 81.6 bln
- Key projects include the enhancement of 3G networks in Russia, roll-out of LTE/4G networks throughout Russia, the ongoing deployment of GPON in Moscow as well as network modernization in other markets of operations
- Overall CAPEX spending for FY2013 came in line the guidance of roughly 20% of sales



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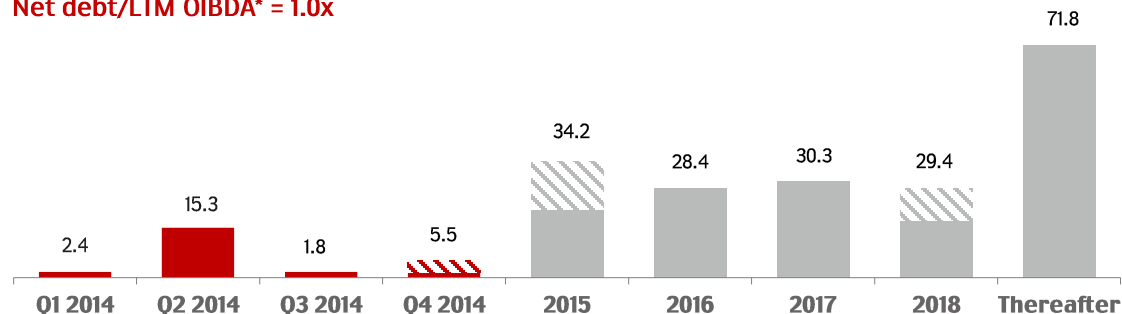
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GROUP DEBT AT THE END OF Q4 2013

DEBT REPAYMENT SCHEDULE (RUB bln)

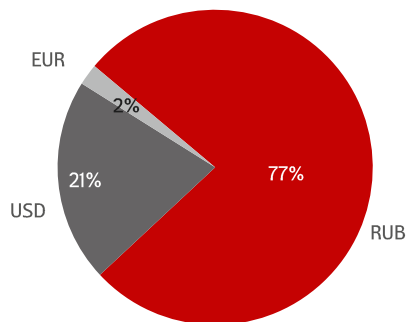
Total Group Debt = RUB 219.1 bln

Net debt/LTM OIBDA* = 1.0x

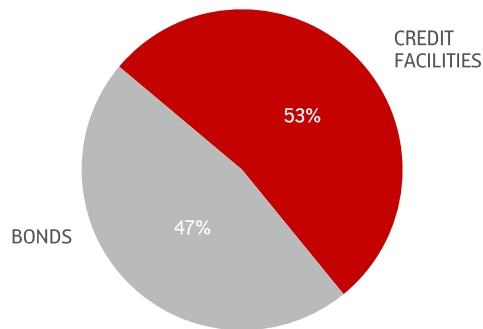


MTS Series 03, 08 and BO-01 ruble bonds contain put options that can be exercised in December 2014, in November 2015 and in March 2018 respectively. MTS expects the options to be exercised.

DEBT COMPOSITION BY CURRENCY Q4 2013*



DEBT COMPOSITION BY TYPE Q4 2013*



*Debt composition by currency includes FOREX hedging in the amount of \$795.0 mln as of Q4 2013

- Redeemed remaining amount of Series 01 ruble-denominated bond
- Changed coupon rate on Series 03 from 7.00% to 7.50% and repurchased outstanding bonds in the amount of RUB 3.9 billion
- Changed the terms of credit agreements with Sberbank for two non-revolving lines of credit in the amount of RUB 80 billion, tenor of the credit agreements increased from December 2017 until March 2020, and lowered the annual interest rate on both lines from 8.50% to 8.45%
- Debt composition within the Company's internal target of maintaining about 70% of its portfolio in ruble-denominated instruments



from words to digits



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GROUP MOBILE SUBSCRIBER BASE DYNAMICS

MTS SUBSCRIBERS (MLN UNLESS NOTED)	Q3 2013	Q4 2013	% Change
TOTAL MOBILE	105.27	107.83	+2.4%
RUSSIA	73.14	75.32	+3.0%
UKRAINE*	22.41	22.66	+1.1%
TURKMENISTAN	2.01	2.02	+0.3%
ARMENIA	2.38	2.44	+2.2%
BELARUS**	5.33	5.39	+1.3%

*Including CDMA subscribers

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

- In Russia, MTS continues to attract and retain high-quality subscribers by promoting innovative tariff plans and driving sales through its proprietary retail network



from words to digits



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OUTLOOK

TOTAL GROUP REVENUE (RUB bln)



GROUP OIBDA (RUB bln)



GROUP CAPEX (RUB bln)



- MTS expects revenue growth for the Group of 3-5% for 2014E
- Key factors which may influence topline revenue growth for the group include:
 - Growth in data revenues through higher penetration of smartphones and data-enabled devices
 - Development of retail product platform and sales of tablets and handsets
 - Growth in broadband/pay TV markets in Russia
- MTS sees significant macroeconomic uncertainty and volatility across its markets of operation, which may cause MTS to revisit its revenue and OIBDA guidance and, in turn, impact its financial and operating results



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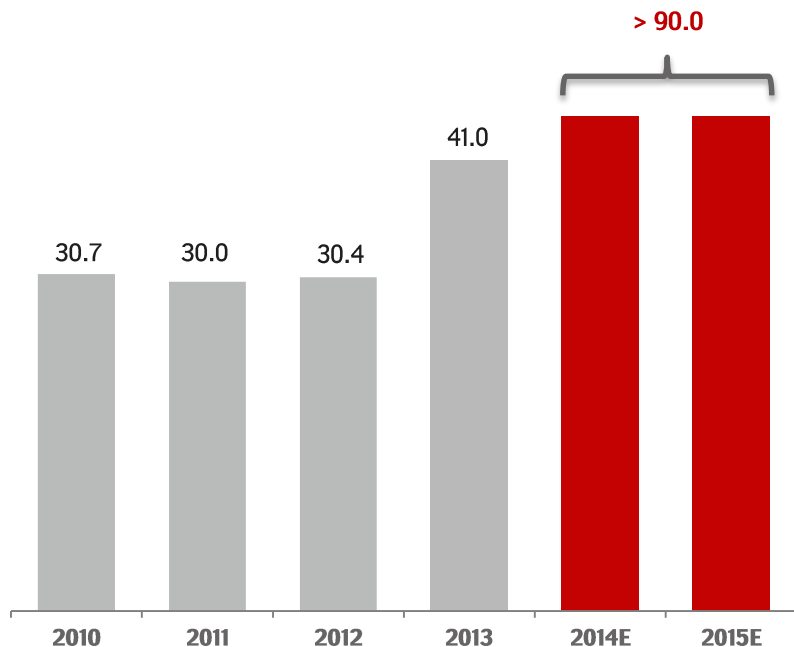


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DIVIDEND OUTLOOK

DIVIDEND HISTORY AND OUTLOOK

(RUB bln)



DIVIDEND POLICY

- In April 2013, MTS Board approved a new dividend policy, which stipulates that for the calendar years 2013–2015, MTS aims to payout a minimum dividend distribution of an amount equal to at least 75% of Free Cash Flow for the relevant financial period or, if greater, RUB 40.0 billion per year
- In 2013, MTS also started paying out dividends on a semi-annual basis using interim H1 and full-year financial result
- MTS paid out in total RUB 41.0 bln in 2013

OUTLOOK FOR 2014+

- Given MTS strong performance in 2013 and higher-than-anticipated free cash flow, MTS raises its dividend guidance for 2014 – 2015 to at least RUB 90 bln for the period
 - Decisions on dividends to be paid in 2014 will first be reviewed by Board of Directors in April 2014
- MTS will aim to maintain these levels in anticipation of:
 - Rational markets of operation
 - Stable macroeconomic environment
 - Anticipated CAPEX spending of RUB 90.0 bln in 2014 and RUB 85.0 bln in 2015

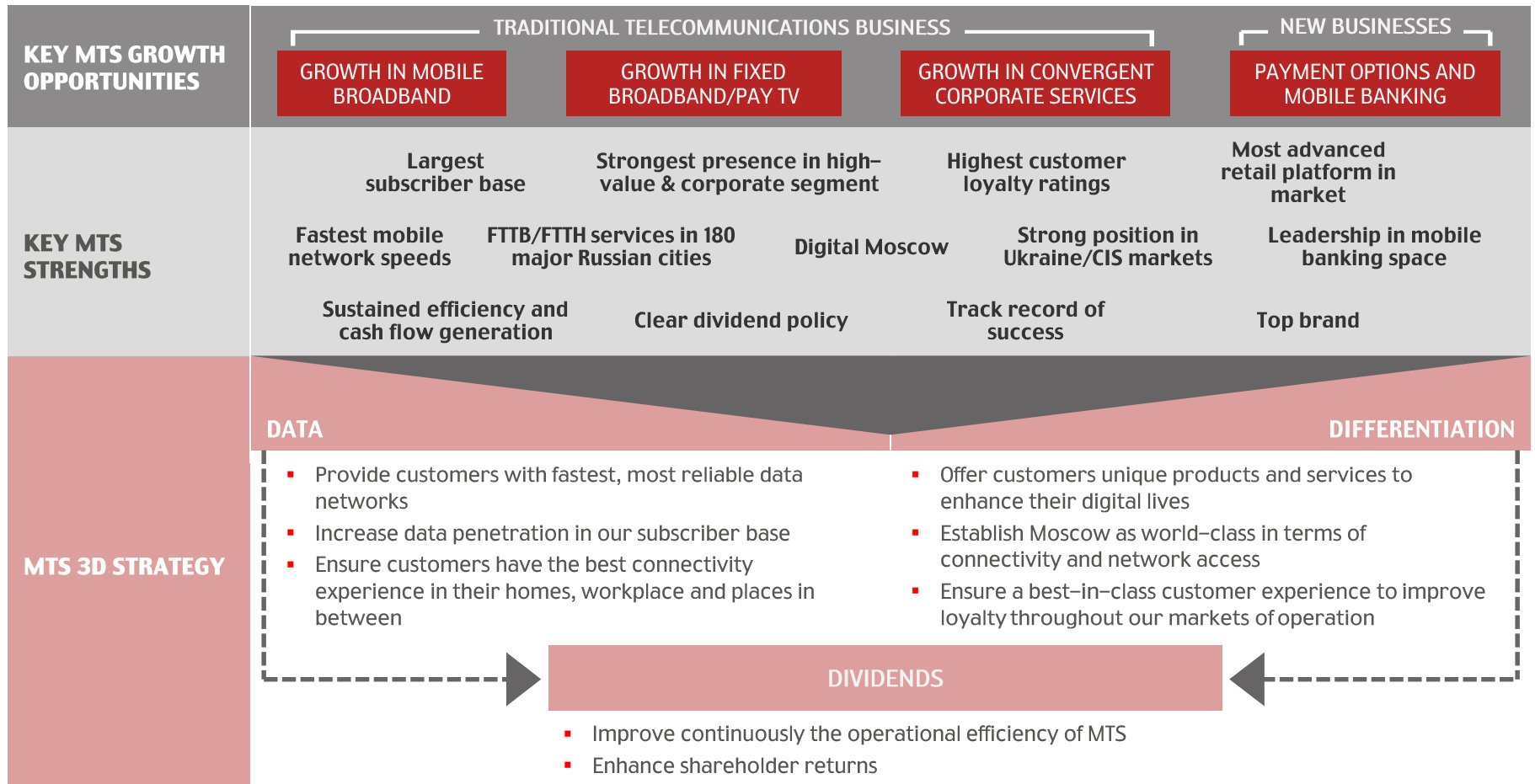


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3D STRATEGY: LEVERAGING STRENGTHS & OPPORTUNITIES



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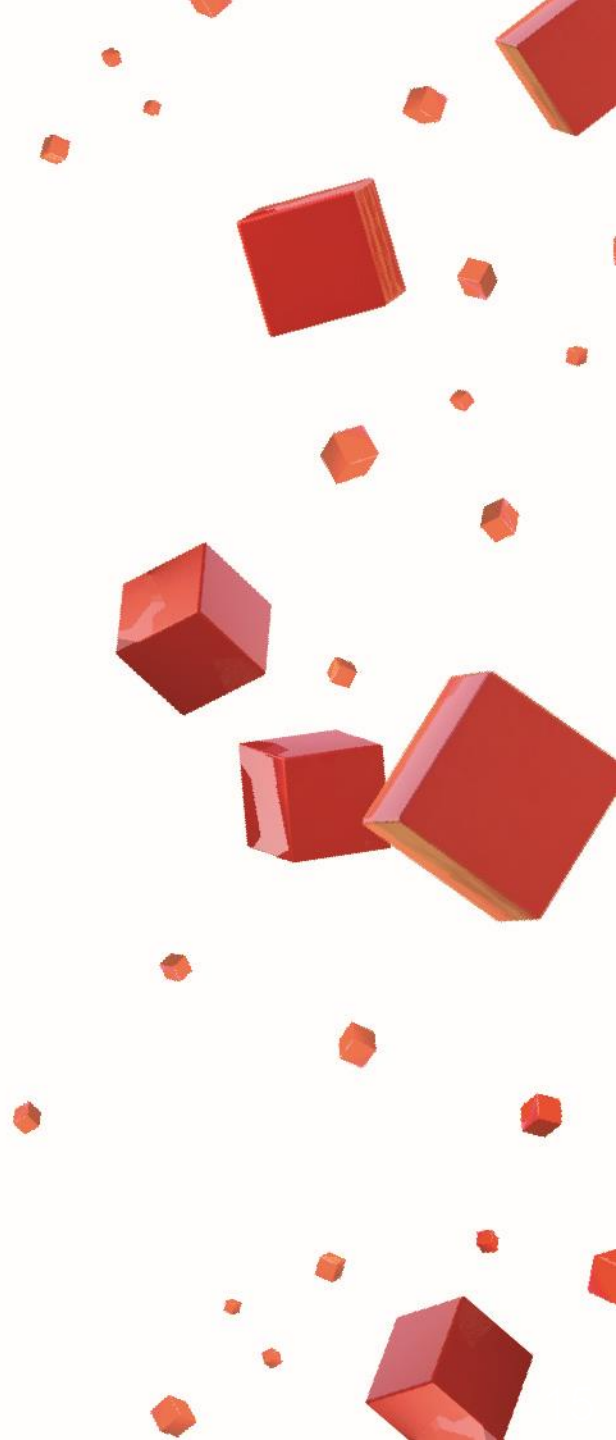


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KEY FINANCIAL & OPERATING RESULTS

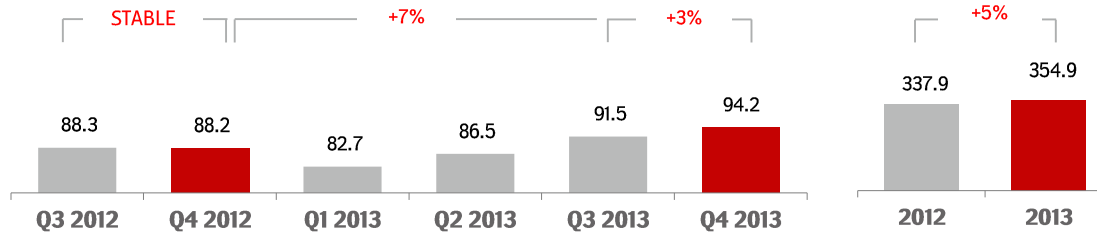


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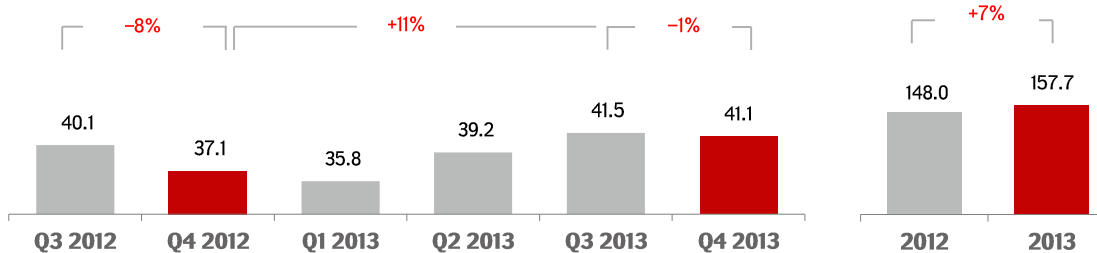


RUSSIAN FINANCIAL HIGHLIGHTS

TOTAL RUSSIA REVENUE (RUB bln)



TOTAL RUSSIA OIBDA (RUB bln)



OIBDA MARGIN	45.4%	42.0%	43.3%	45.4%	45.4%	43.7%	43.8%	44.4%
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Year-over-Year revenue improvement driven by growth in data usage and the Company's focus on attracting and retaining higher-quality subscribers
- Q-on-Q revenue growth counters seasonal trends due to higher-value subscriber additions, increased data adoption, growth in retail and expansion of fixed-line business in Russia
- Seasonal OIBDA decline q-on-q mitigated by increased data revenues, higher profitability in retail and stable competitive environments



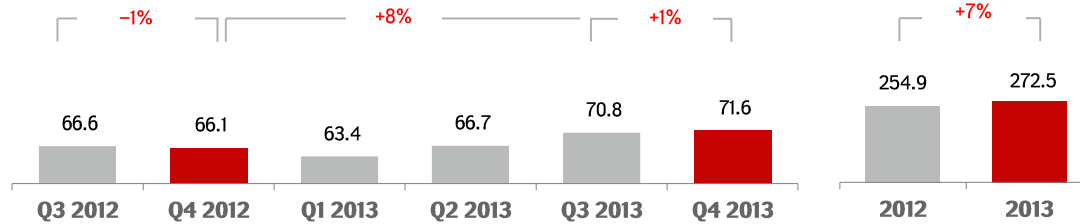
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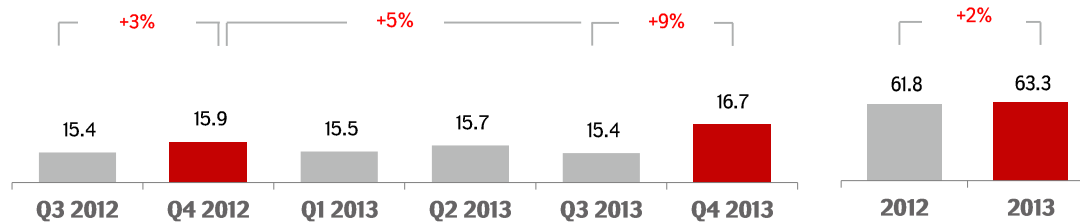
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RUSSIAN REVENUE BREAKDOWN

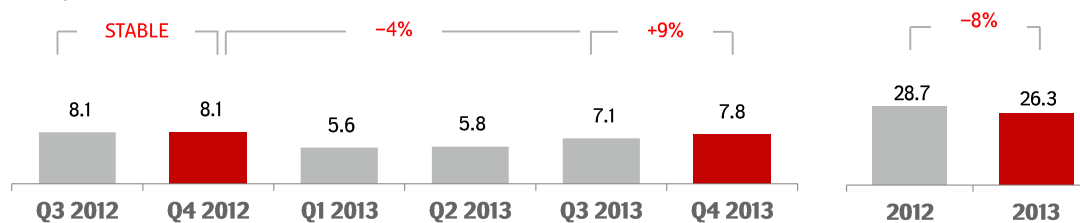
MOBILE REVENUE (RUB bln)



FIXED LINE REVENUE (RUB bln)



SALES OF HANDSETS & ACCESSORIES (RUB bln)



- Strong year-over-year growth in mobile service revenue driven by high data adoption rates
- Year-over-Year fixed-line revenue growth enhanced by network modernization, the migration of Pay-TV customers to digital platform and growth in B2G services
- Quarterly increase in fixed-line revenue attributable to the recognition of the revenue from B2G projects in Moscow in Q4 2013
- Increase in quarterly sales of handsets due to seasonal factors and record high demand for smartphone and tablets sales prior to the New Year holidays
- Year-over-Year decline in sales of handset reflective of the Company's focus on promoting sales of more affordable smartphones as well as the decreased number of MTS retail stores as MTS continues to improve efficiency of its retail operations



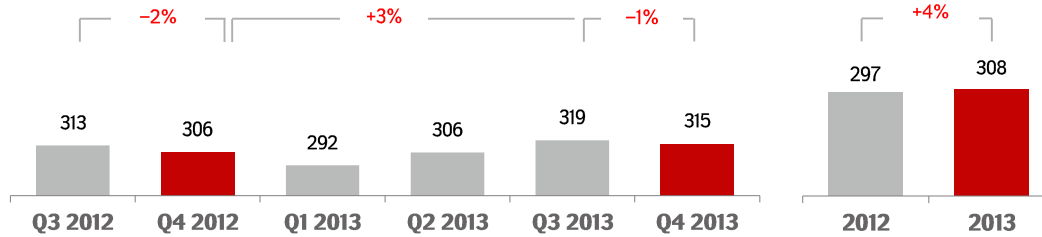
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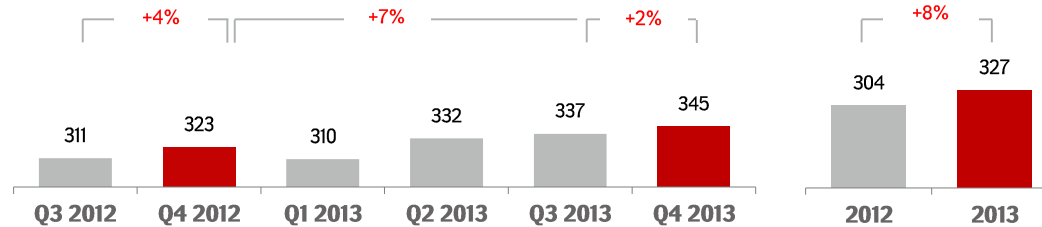
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RUSSIAN MOBILE OPERATING INDICATORS

ARPU (RUB)



MOU (MIN)



SUBS, MLN	70.7	71.2	71.3	71.7	73.1	75.3	71.2	75.3
CHURN RATE, %	10.3%	11.0%	9.5%	9.4%	9.1%	9.0%	42.4%	36.3%
VAS ARPU	80.0	90.2	91.8	90.1	93.5	102.9	80.9	93.5
- AS % OF ARPU	25.5%	29.5%	31.4%	29.5%	29.3%	32.7%	27.2%	30.4%
APPM	1.01	0.95	0.94	0.92	0.95	0.91	0.98	0.94
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Year-on-Year ARPU growth driven by policies aimed at increasing voice and data consumption, including the promotion of tariffs stimulating on-net calling and tariffs to boost data usage on smartphones and tablets
- MOU growth reflective of success of the tariffs to stimulate voice usage and enhance customer loyalty
- Sustained churn improvement reflects introduction of innovative tariff plans, changes in the structure of dealer commissions, and on-going focus on attraction and retention of higher-value customers



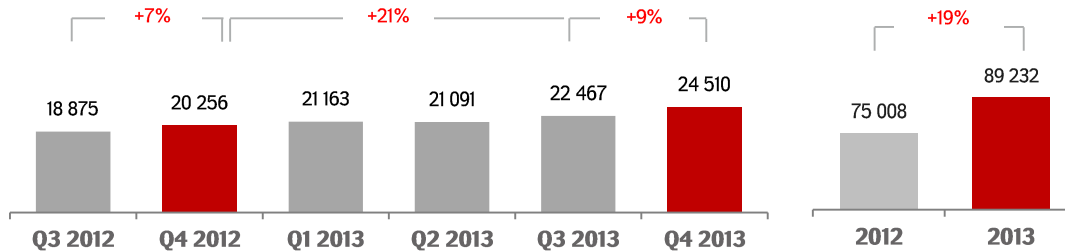
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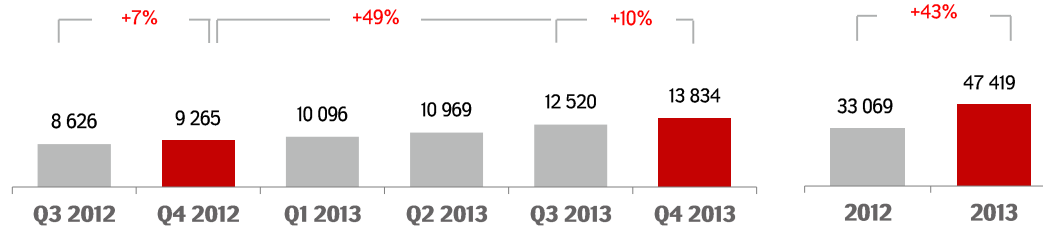
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RUSSIA MOBILE OPERATING INDICATORS

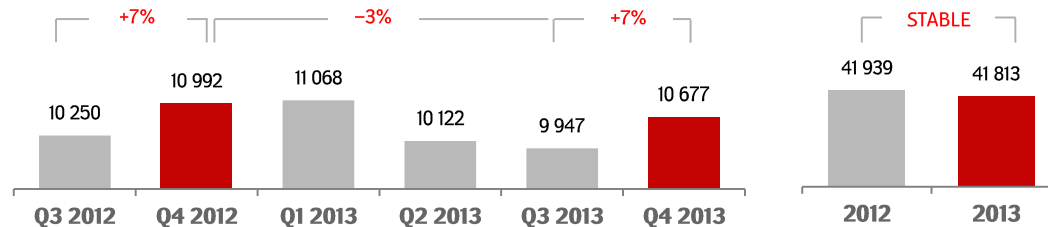
TOTAL VAS REVENUE (RUB mln)



DATA TRAFFIC REVENUE (RUB mln)



OTHER VAS REVENUE* (RUB mln)



* Including messaging and content revenue

- Growth in total VAS revenue attributable to the Company's success in creating the fastest data networks in Russia, providing best customer service and promoting its value proposition in the marketplace
- Strong improvement in data traffic driven by growing smartphone and tablet penetration and increased adoption of data products
- Key initiatives included:
 - Launch of LTE networks in 8 Russia's regions
 - Promotion of tariff plan Super Bit with fixed price on Internet in all of the Russia's regions
 - Enhancement of Ultra tariff plan
 - Promotional campaign "Internet for 2 rubles per day"
 - Promo tariff plans for tablets
 - Enablement of LTE networks for iPads
- Slight year-over-year decline in other VAS revenues reflective of decreased revenues from content as the Company introduced policies to eliminate unsolicited SMS-based services



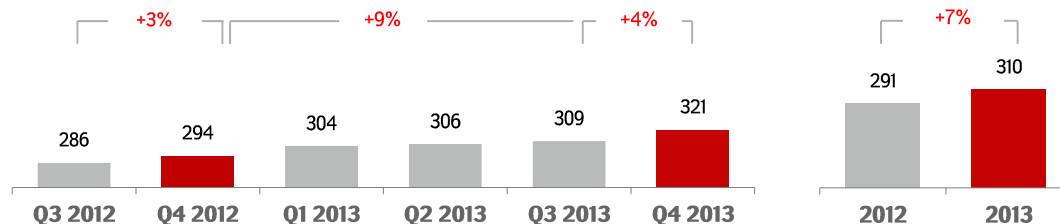
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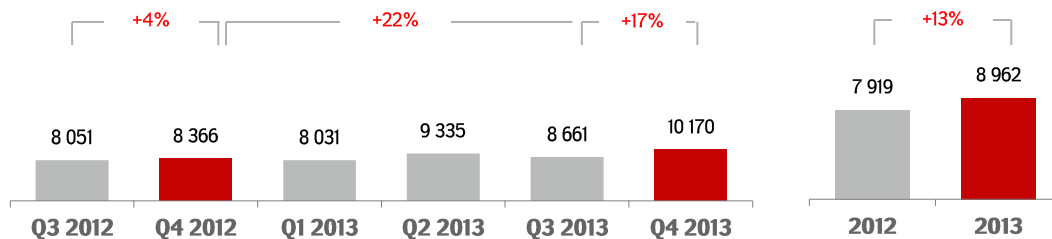
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RUSSIA FIXED OPERATING INDICATORS

ARPU RESIDENTIAL (RUB)



ARPU CORPORATE (RUB)



TOTAL HOUSEHOLDS PASSED, 000S	11 761	11 723	11 930	12 070	12 134	12 269	11 723	12 269
TOTAL BB SUBS, 000S	2 219	2 313	2 314	2 317	2 385	2 421	2 313	2 421
TOTAL PAY-TV SUBS, 000S	2 952	2 938	2 885	2 806	2 678	2 613	2 938	2 613
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Year-on-Year residential ARPU growth attributable to migration of pay-TV subscribers to digital TV platform and upselling of broadband subscribers through modernization of fixed-line networks in the regions
- ARPU growth in Moscow due to migration of ADSL customers to GPON and expansion of the subscriber base
- Year-over-Year corporate ARPU growth driven by stronger sales of VAS and contribution from B2G projects in Moscow, including video surveillance
- Decline in pay TV subscriber base reflects the migration of subscribers from analog TV to digital platform, which results in defection of some of the “social package” subscribers



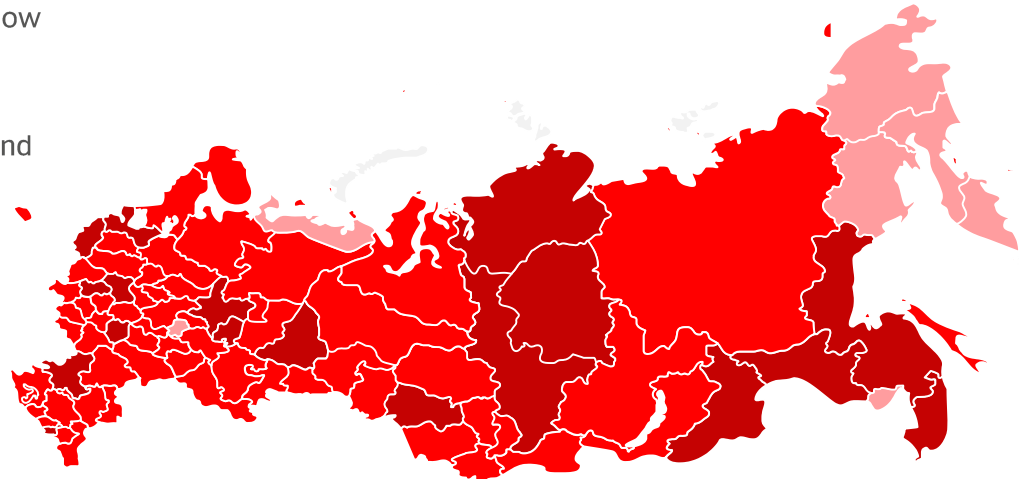
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LTE ROLL-OUT ROADMAP

- In 2013, MTS commercially launched LTE-FDD networks in Moscow and the Moscow region and in 15 other regions across Russia
 - MTS operates a LTE-TDD network in Moscow
- By the end of 2014, MTS will operate LTE networks in 600 cities and 74 regions throughout Russia
- By year end 2014, MTS will boast over 15,000 LTE base stations
- MTS is rolling out LTE networks in the 2600 MHz range in urban areas to ensure maximum capacity and highest data transfer speeds
- Upon spectrum clearance, MTS will use 800 MHz range in urban areas to provide better indoor coverage and overall better network quality
- MTS has 10–25 MHz spectrum in the 1800 MHz range in 76 regions which can be refarmed for LTE 1800 MHz upon migrating voice traffic to GSM900/UMTS2100
- Upon introduction of LTE Advanced MTS will be able to combine spectrum in different bandwidth to further enhance capacity and increase speeds to over 300 Mb/s



■ Covered in 2013 ■ To be covered in 2015
■ To be covered in 2014

LTE 800 MHz

5 MHz

37 Mb/s



LTE 1800MHz

10–25 MHz

75 Mb/s



LTE 2600 MHz

10 MHz

75 Mb/s



300+ Mb/s



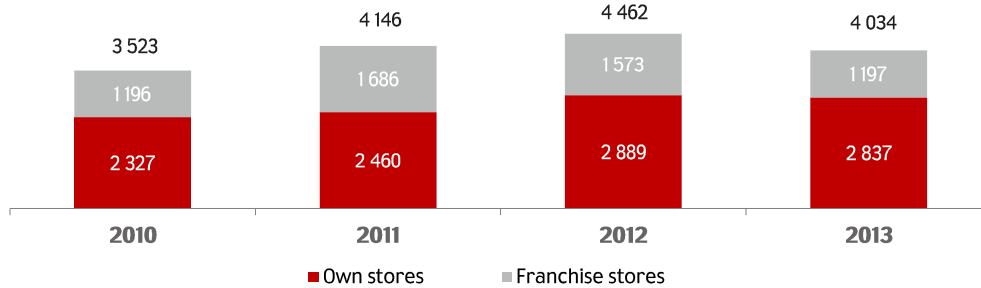
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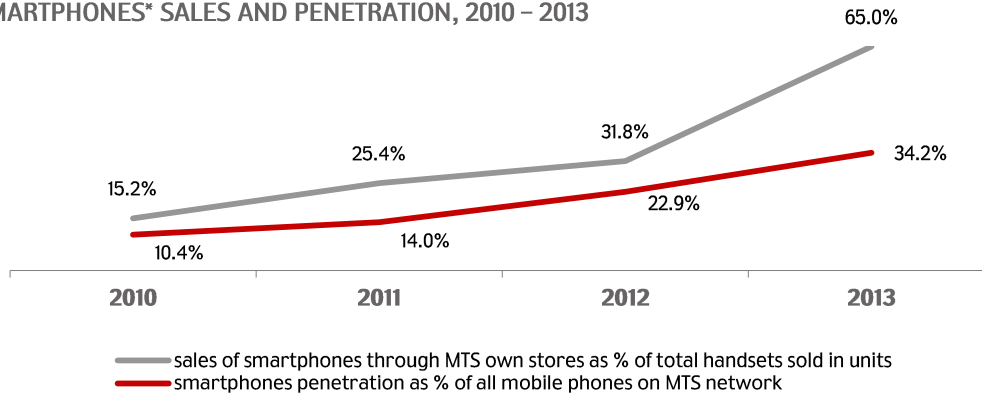
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MTS RETAIL NETWORK DEVELOPMENT

DEVELOPMENT OF MTS RETAIL NETWORK



SMARTPHONES* SALES AND PENETRATION, 2010 – 2013



*MTS defines a smartphone as a handset with one of the following operating systems: iOS, Android, Windows, Blackberry OS, Symbian, Linux, Bada or Asha

- At the end of Q4 2013, MTS retail network comprised 4 034 stores, including 1 197 franchised outlets
- During 2013, MTS focuses on improving point-of-sale efficiency and optimization of franchise network
- In Q4 2013, smartphones accounted for 64.0% of phones sold in MTS stores



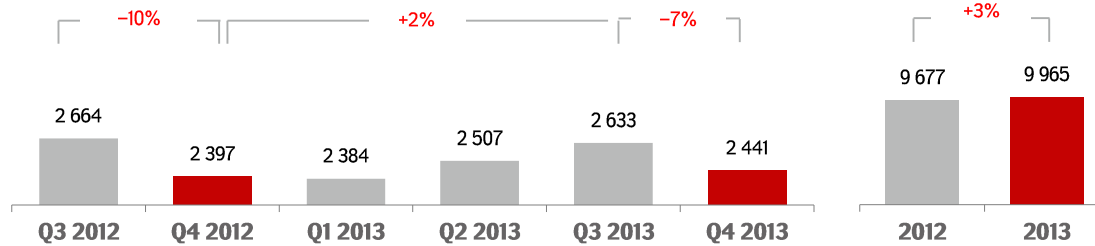
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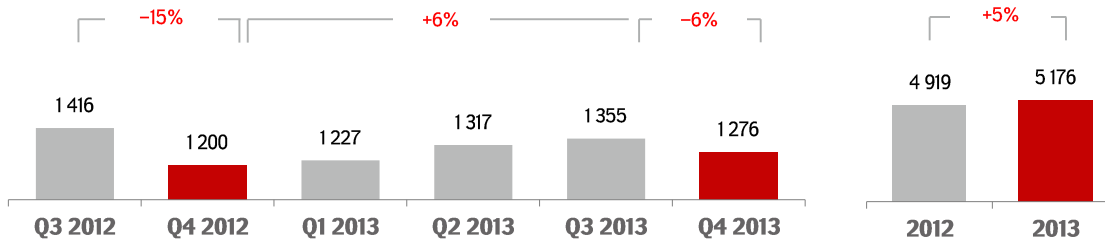
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UKRAINE FINANCIAL HIGHLIGHTS

TOTAL UKRAINE REVENUE (UAH mln)



TOTAL UKRAINE OIBDA (UAH mln)



OIBDA MARGIN	53.1%	50.1%	51.5%	52.5%	51.5%	52.3%
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013

	50.8%	51.9%
	2012	2013

- Year-over-Year growth in revenue attributable to expansion of subscriber base despite unfavorable macroeconomic factors
- Quarterly decline in revenue reflects seasonal factors in usage
- Year-on-Year OIBDA growth enhanced by sustained churn improvement, reduction in subscriber acquisition costs and overall cost efficiencies
- MTS Ukraine continues to demonstrate strong profitability despite weakening macroeconomic trends



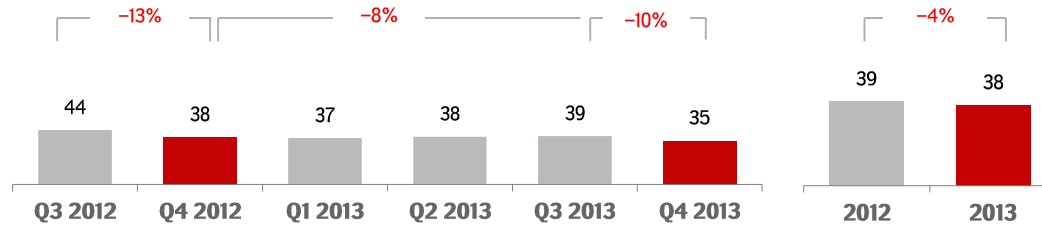
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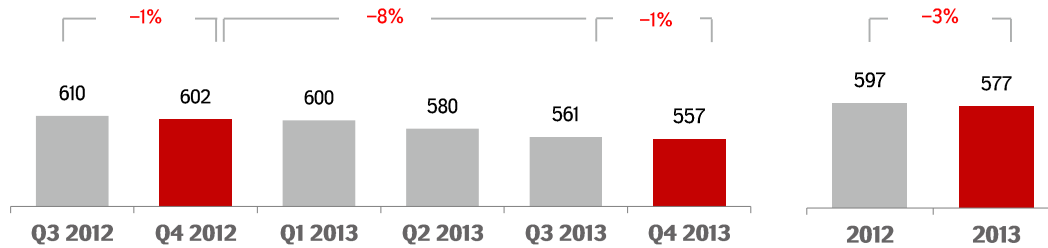
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UKRAINE OPERATING INDICATORS

ARPU (UAH)



MOU (MIN)



SUBS, MLN	20.1	20.7	21.0	21.6	22.4	22.7	20.7	22.7
CHURN RATE, %	9.0%	5.8%	6.7%	6.0%	6.6%	6.8%	30.5%	26.1%
VAS ARPU	11.8	16.3	12.7	12.1	12.2	12.1	12.6	12.3
- AS % OF ARPU	26.9%	42.7%	34.1%	31.5%	31.3%	34.5%	32.1%	32.9%
SAC	56.7	60.4	51.9	56.2	57.1	53.3	60.5	54.8
APPM	0.072	0.063	0.062	0.066	0.069	0.063	0.066	0.065
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Year-over-year ARPU decline attributable to dilution of the subscriber base due to lower-value subscribers
- Quarterly decline in ARPU tied to seasonal factors and influx of lower-value subscribers
- Year-on-year reduction in MOU attributable to dilution of customer base with lower-value subscribers



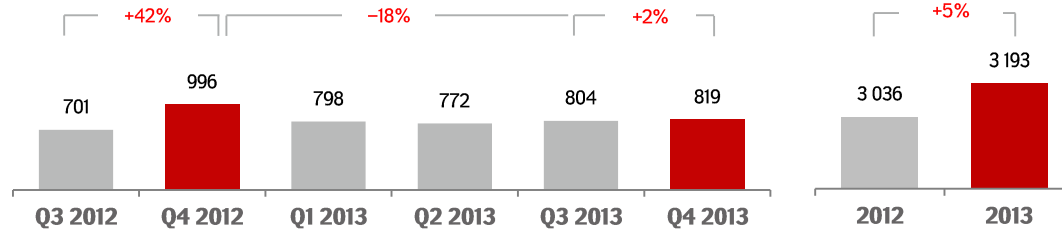
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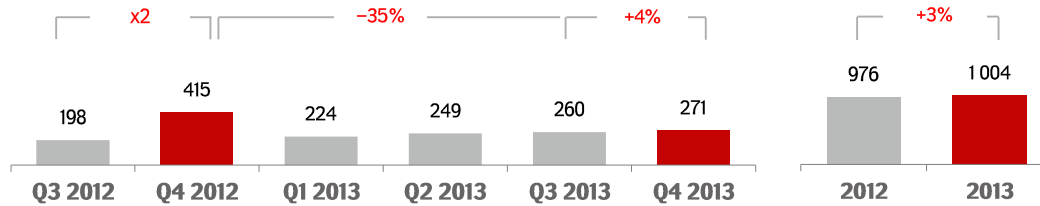
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UKRAINE OPERATING INDICATORS

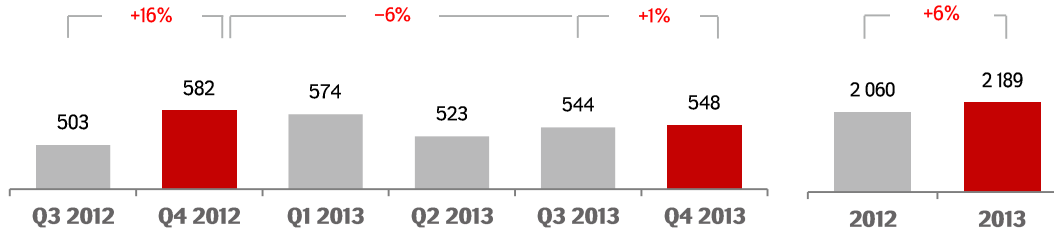
TOTAL VAS REVENUE (UAH mln)



DATA TRAFFIC REVENUE (UAH mln)



OTHER VAS REVENUE* (UAH mln)



* Including messaging and content revenue

- Increase in total VAS revenue due to Company's efforts to monetize its EDGE and CDMA networks
- Year-on-Year decline in data traffic revenue attributable to reclassification of revenue from bundles in Q4 2012
- Key initiatives included:
 - One month of Internet from MTS on purchasing a number of smartphones in MTS retail stores
 - 6 months of Internet for free on purchasing the Samsung Galaxy tablet
 - MTS branded lotteries
 - Launch of subscriptions on MTS's multimedia content portal
 - Launch of "Turbo button" on CDMA tariff plan



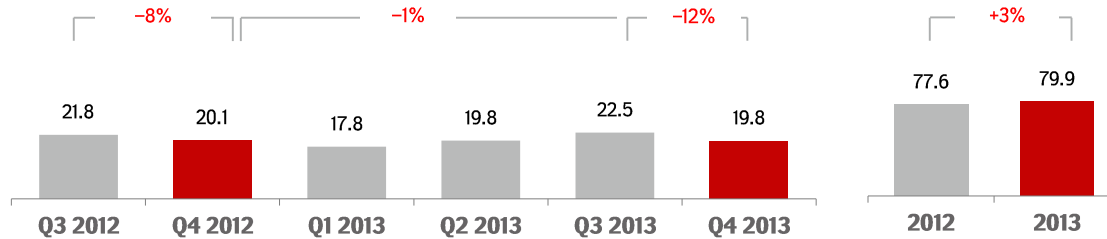
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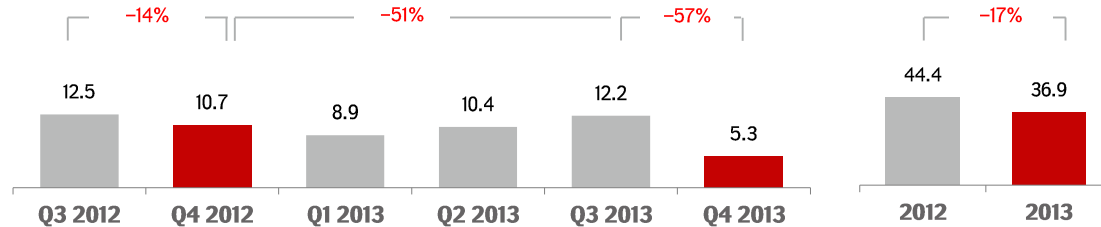
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ARMENIA FINANCIAL HIGHLIGHTS

TOTAL ARMENIA REVENUE (AMD bln)



TOTAL ARMENIA OIBDA (AMD bln)



OIBDA MARGIN	57.2%	53.4%	50.3%	52.3%	54.4%	26.8%	57.3%	46.1%
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Year-over-year revenue growth attributable to the Company's focus on promotion of bundled voice and data tariff plans and increasing market share
- Quarterly decline in revenues due to seasonal factors, including lower roaming revenues and international calling
- Decline in OIBDA due to one-time adjustments in costs related to international long-distance calling and termination rates with MTS Russia



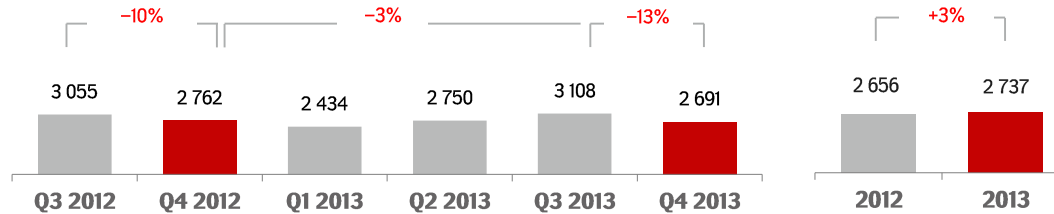
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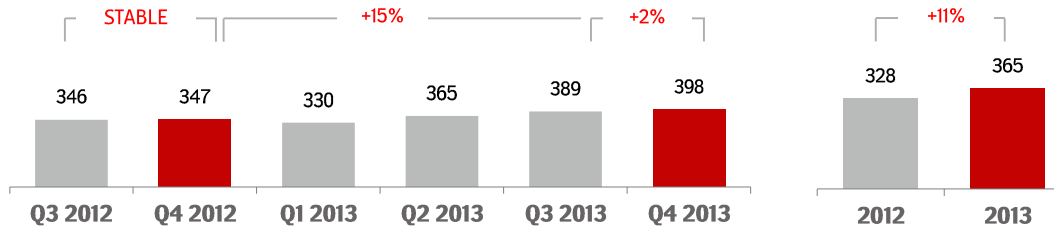
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ARMENIA OPERATING INDICATORS

ARPU (AMD)



MOU (MIN)



SUBS, 000S	2 353.9	2 405.0	2 379.2	2 356.4	2 382.2	2 435.1	2 405.0	2 435.1
CHURN RATE, %	7.2%	6.7%	8.2%	8.6%	8.0%	6.5%	34.7%	30.7%
SAC	6 294.7	6 332.7	6 506.2	6 287.4	6 077.1	6 800.7	5 909.9	6 415.7
APPM	8.8	8.0	7.4	7.5	8.0	6.8	8.1	7.5
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2012	2013

- Quarterly decline in ARPU in line with traditional seasonal trends due to lower own and guest subscriber roaming revenues
- Year-over-Year rise in MOU as a result of the Company's efforts to drive voice usage
- Continued improvement in churn dynamics reflects the sustained focus on promoting customer loyalty



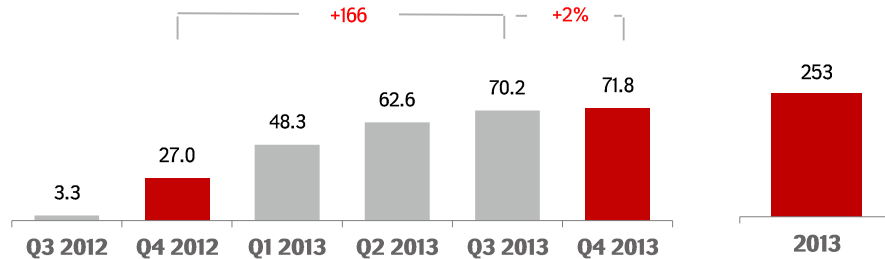
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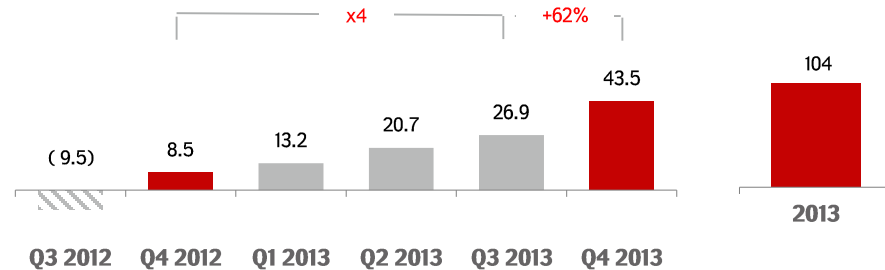
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TURKMENISTAN FINANCIAL HIGHLIGHTS

TOTAL TURKMENISTAN REVENUE (TMT mln)



TOTAL TURKMENISTAN OIBDA (TMT mln)



OIBDA MARGIN	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2013
	n/a	31.5%	27.2%	33.1%	38.3%	60.6%	41.2%

- On August 30, 2012, MTS re-launched its network in Turkmenistan and allowed existing subscribers to re-activate SIM cards
- On October 1, 2012, MTS began sales of new SIM cards
- Q-on-Q revenue increase of 2% driven by an increase in MTS's subscriber base and growing consumption of voice, data and content services
- Rise in OIBDA of 62% q-o-q due to cancellation of reserves for salaries and stock options, reserves for frequency payments, line rentals and reserves for network equipment dismantling due to imminent liquidation of BCTI, MTS's wholly-owned subsidiary in Turkmenistan



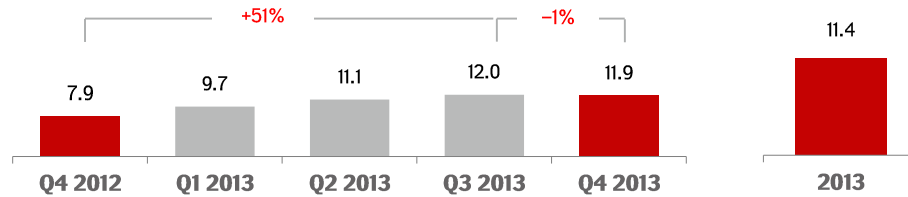
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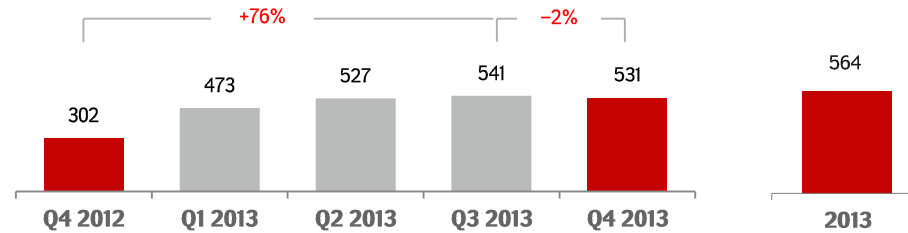
Data+Differentiation+Dividends

TURKMENISTAN OPERATING INDICATORS

ARPU (TMT)



MOU (MIN)



- Strong year-on-year growth in ARPU reflective of Company's success in monetization of its subscriber base

- Substantial year-on-year MOU growth due to Company's efforts to promote tariff plans with free on-net calling

SUBS, 000S	1 440.0	1 888.2	1 882.6	2 009.6	2 016.3	2 016.3
CHURN RATE, %	n/a	n/a	17%	6.7%	11.1%	35.5%
SAC	6.2	9.5	13.6	18.1	22.1	14.9
APPM	0.03	0.02	0.02	0.02	0.02	0.02
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2013



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APPENDIX



from words to digits



DEFINITIONS & RECONCILIATIONS

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. Due to the rounding and translation practices, Russian ruble and functional currency margins, as well as other non-GAAP financial measures, may differ.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. 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:

RUB mln	Q4 2012					Q3 2013					Q4 2013				
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK
OPERATING INCOME/LOSS	23 412.6	22 824.8	2 387.3	310.9	92.0	27 394.7	25 166.6	3 396.6	600.5	305.1	27 219.4	25 864.7	3 109.0	(27.3)	487.6
ADD: D&A	17 043.4	14 251.0	2 282.1	507.7	0.2	18 895.0	16 355.9	2 165.2	382.4	4.3	17 769.0	15 242.6	2 084.7	447.5	10.5
OIBDA	40 456.0	37 075.9	4 669.4	818.6	92.2	46 289.8	41 522.5	5 561.8	982.8	309.4	44 988.4	41 107.3	5 193.7	420.2	498.1
	Q4 2012					Q3 2013					Q4 2013				
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK
OPERATING MARGIN	23.8%	25.9%	25.6%	20.3%	31.3%	26.5%	27.5%	31.4%	33.2%	37.8%	26.0%	27.5%	31.3%	(1.7%)	59.5%
ADD: D&A	17.3%	16.2%	24.5%	33.1%	0.1%	18.3%	17.9%	20.0%	21.2%	0.5%	17.0%	16.2%	21.0%	28.2%	1.3%
OIBDA MARGIN	41.1%	42.0%	50.1%	53.4%	31.4%	44.8%	45.4%	51.5%	54.4%	38.3%	42.9%	43.7%	52.3%	26.5%	60.8%



from words to digits



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DEFINITIONS & RECONCILIATIONS

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

RUB mln	2012					2013				
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK
OPERATING INCOME	93 793.3	91 773.2	9 647.1	1 344.8	(116.1)	101 758.0	94 873.4	11 745.0	1 299.4	1 158.9
ADD: D&A	67 910.0	56 234.6	9 571.0	2 094.8	0.7	73 252.5	62 825.3	8 895.9	1 559.9	18.1
OIBDA	161 703.2	148 008.0	19 218.1	3 439.7	(115.4)	175 010.5	157 698.7	20 641.0	2 859.3	1 177.1

	2012					2013				
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK
OPERATING MARGIN	24.8%	27.2%	25.6%	22.4%	n/a	25.5%	26.7%	29.6%	20.9%	40.8%
ADD: D&A	18.0%	16.6%	25.4%	34.9%	n/a	18.4%	17.7%	22.4%	25.0%	0.6%
OIBDA MARGIN	42.8%	43.8	50.9%	57.3%	n/a	43.9%	44.4%	52.0%	45.9%	41.5%



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DEFINITIONS & RECONCILIATIONS

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. 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.

RUB mln	As of Dec 31, 2012	As of Dec 31, 2013
Current portion of LT debt and of capital lease obligations	27 624.3	25 063.7
LT debt	204 432.3	194 073.2
Capital lease obligations	48.5	10.0
Total debt	232 105.1	219 146.9
Less:		
Cash and cash equivalents	22 014.2	30 611.7
ST Investments	4 034.4	14 632.6
Net debt	206 056.5	173 902.6

Free cash flow is represented by net cash from operating activities less cash used for certain investing activities. Free cash flow is commonly used by investors, analysts and credit rating agencies to assess and evaluate our performance over time and within the wireless telecommunications industry. Because free cash flow is not based in US GAAP and excludes certain sources and uses of cash, the calculation should not be looked upon as an alternative to our Consolidated statement of cash flows or other information prepared in accordance with US GAAP.

RUB mln	For the year ended Dec 31, 2012	For the year ended Dec 31, 2013
Net cash provided by operating activities from continuing operations	134 855.8	159 924.4
Less:		
Purchases of property, plant and equipment	(79 835.9)	(67 146.2)
Purchases of intangible assets	(7 947.1)	(14 428.7)
Proceeds from sale of property, plant and equipment	394.8	418
Proceeds from sale of other investments	2 028.9	–
Purchases of other investments	(2 100.0)	(702.9)
Investments in and advances to associates	–	(5 088.9)
Acquisition of subsidiaries, net of cash acquired	(1 936.8)	–
Free cash flow from continuing operations	45 459.7	72 975.8



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DEFINITIONS & RECONCILIATIONS

Average monthly service revenue per subscriber (ARPU). We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

Average monthly minutes of usage per subscriber (MOU). MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

Subscriber. We define a “subscriber” as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

Churn. We define our “churn” as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber’s request), expressed as a percentage of the average number of our subscribers during that period.

Subscriber acquisition cost (SAC). We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.



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