



JOINT-STOCK FINANCIAL CORPORATION

SISTEMA

Sistema JSFC

Financial Results

4Q 2013 and FY 2013

April 03, 2014

Mikhail Shamolin

President of Sistema JSFC

Vsevolod Rozanov

Senior Vice President of Sistema JSFC, Chief Financial Officer



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.



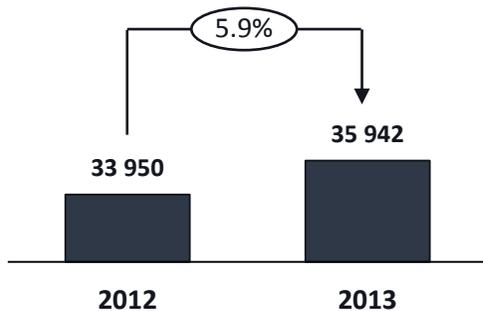
2013: Financial Results

FINANCIAL HIGHLIGHTS

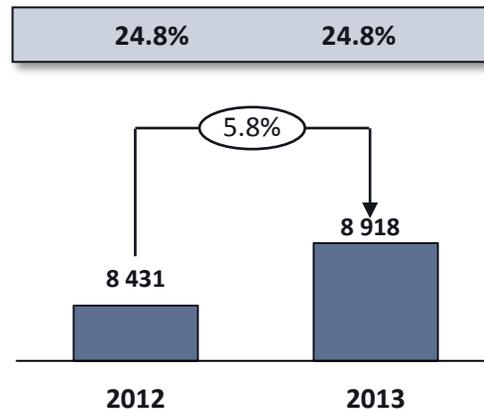
- > **Revenue up 5.9% YoY** to US\$ 35.9 billion; and up by 8.4% YoY in ruble terms
- > **Adjusted OIBDA up 5.8% YoY** to US\$ 8.9 billion, with an adjusted OIBDA margin of 24.8%. Adjusted OIBDA increased by 8.4% YoY in ruble terms
- > **Adjusted net income up 11.1% YoY** to US\$ 2.0 billion, compared to US\$ 1.8 billion in 2012
- > **Net debt* at the Hold Co level** amounted to US\$ 296.8 million as of December 31, 2013, compared to US\$ 1,015.5 million as of December 31, 2012
- > **Cash position** at Hold Co level** amounted to US\$ 571 million, investments in highly liquid financial instruments amounted to US\$ 707 million as of December 31, 2013.

US GAAP, US\$ mln

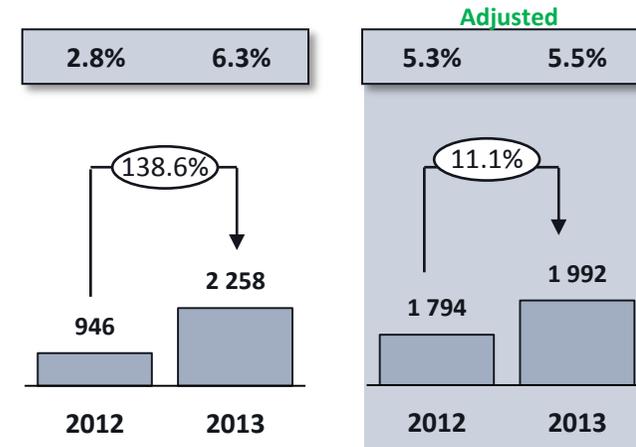
REVENUE



Adjusted OIBDA



NET INCOME



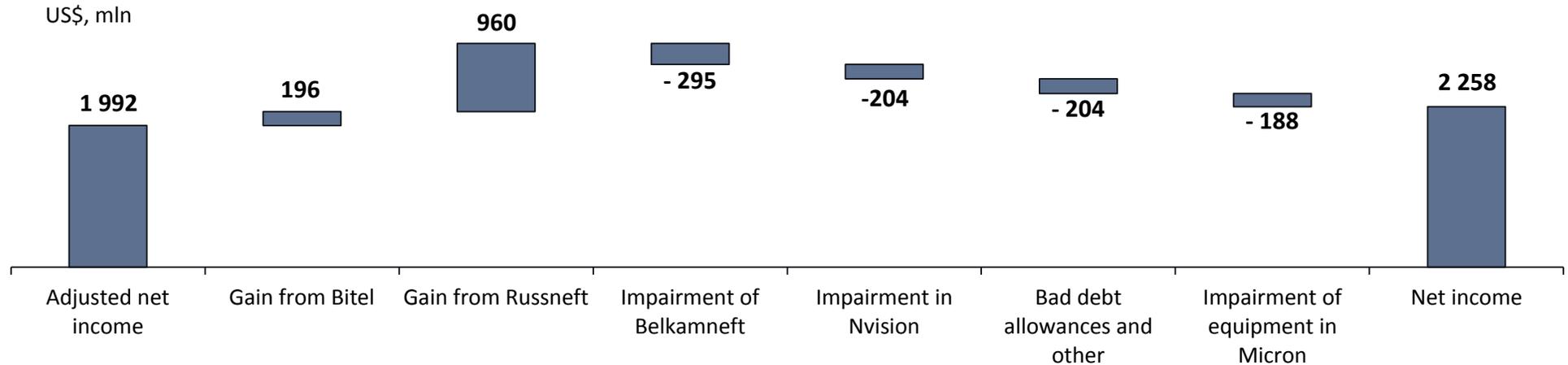
Solid revenue growth driving increased profitability at OIBDA and Net Income levels

*Including highly liquid deposits and liquid financial investments in fixed-income instruments (bonds, eurobonds with high ratings and maturity up to 3 years), based on management accounts

** Including highly liquid deposits



Key One-Off Items in Net Income 2013



One-off items in 2013	Net income effect
Adjusted net income	1,992
Gain from settlement of all disputes around Bitel LLC	196
Gain from sale of RussNeft	960
Impairment of investments to Belkamneft*	(295)
Impairment of long-lived assets of NVision	(204)
Bad debt allowances and other provisions (within the Group)	(204)
Impairment of equipment and intangible assets in Micron	(188)
Net income	2,258

*Impairment loss recognized in 2013 mostly represents a reversal of the gain on revaluation of investment in Belkamneft recognized in 2010



Key Portfolio Highlights in 2013

Maintained excellent operational track record - 10 out of 11 portfolio companies were OIBDA positive and 8 out of 11 delivered net income

Operational and financial

 Detsky Mir 27% growth in revenues to US\$ 1.1 bln 60% growth in OIBDA 13% increase in Like-for-Like sales	 Medsi 41% growth in revenues to US\$ 294 mln 15% OIBDA margin 21% growth in patient visits	 MTS Bank 27% growth in interest income 40% growth of loan portfolio to individuals >140% YoY growth of MTS loan portfolio
 Binnopharm 41% revenue increase to US\$ 104 mln 20% OIBDA margin	 SG-trans RUB 20 bln of revenues RUB 6 bln OIBDA with 30% margin	 SSTL 56% reduced OIBDA loss 43% reduced debt

Actively managed portfolio investments, generating several new investments and securing impressive monetisation of RussNeft investment

Transactions

Restructuring of SG-trans > Separation of SG-Trading > Sale of 85% stake in SG-trans to Financial Alliance and Unirail for RUB 14.5 bln	Reorganisation of Sistema Invest > Eliminated cross ownership in Bashneft > Streamlined ownership structure in petrochemicals and power grids	Acquisition of Business Nedvizhimost > Acquired 51% stake in Business Nedvizhimost from MGTS for RUB 3.2 bln* > 76 real estate sites totaling 178k sqm
Sale of RussNeft > US\$ 1.2 bln for 49% stake > Initial acquisition price amounted to <US\$ 100 mln	Acquisition of UPC > Acquired 98% stake in UPC from Bashneft for RUB 6.2 bln > JV with Alpek to launch PET production	Acquisition of Bashneft Services Assets > Acquired 100% stake in BNSA from Bashneft for RUB 4.1 bln

Excellent value creation across entire portfolio including landmark transactions

*In April 2014, Sistema bought another 49% in Business Nedvizhimost for RUB 3.1 bln and increased ownership to 100%.



Operational Performance in New Investments in 2013

SG-trans

Indicator, US\$ mln*	2013	2012	%
Revenue	632	436	+45%
OIBDA	190	125	+52%
OIBDA margin	30%	29%	+1 pp
Net income	32	15	+133%
Debt	856	331	+159%
Railcar fleet, th.	31.7	26.5	+20%

- > 20% YoY increase in railcar fleet under operation
- > 69% increase in transportation volumes including substantial expansion of oil and oil products volumes
- > Medium gearing of 4.6x (including leasing) with 98% of debt in rubles and manageable maturity profile
- > 29% market share in Russian LPG transportation in 2013
- > Diversification of the client portfolio to nearly 100 companies, including Novatek, Tatneft, Rosneft, Lukoil, Gazpromneft, Bashneft and others

Bashneft Service Assets

Indicator	Standalone basis 2013 (US\$ mln)
Revenue	767 (77% from Bashneft)
OIBDA	60
Debt	8

- > Low debt with Debt/EBITDA ratio at 0.2
- > Increased client portfolio - new contracts with Gazpromneft and Rusneft, 23% share of third-party clients in revenue
- > Drilling volumes amounted to 408 th. m and number of commissioned wells amounted to 161
- > Work plan in workover segment grew by 10% to 1,138k hours

United Petrochemical Company

Indicator	Standalone basis 2013 (US\$ mln)
Revenue	697 (11% from Bashneft)
OIBDA	74
Debt	0

- > 11% YoY increase in feedstock processing
- > 12% share of Russian market in polypropylene, 14% in low-density polyethylene, 26% in phenol, and 30% in acetone
- > Zero debt and positive net cash flow
- > Creation of the JV to build a PET plant in Ufa with Alpek, one of the leading petrochemical players in the world

Strong operational results in three new businesses with substantial further upside expected in 2014

*SG-trans Group aggregates full year unaudited financial results based on management accounts of the SG-trans OJSC, Financial Alliance LLC, SG-trading LLC and Bashneft-Trans LLC for the year ended 31 December 2013. These assets formed SG-trans Group in 2013 and going forward it is planned to consolidate their financial accounts. As a result, financial figures are shown on an aggregated pro forma basis for 2012 and 2013, excluding intragroup turnover and balances between companies.



Maintaining Momentum in 2014

Excellent financial strength carried into 2014

- > Group's low gearing at $>1.5 \times \text{Debt/OIBDA}$
- > Low gearing at Hold Co $\sim 1 \times \text{Debt/Dividend Inflow}$
- > $\sim 66\%$ of Ruble denominated debt at Hold Co and within the Group
- > 76% of portfolio revenue and 70% of portfolio costs in rubles
- > Holding costs are mostly in rubles

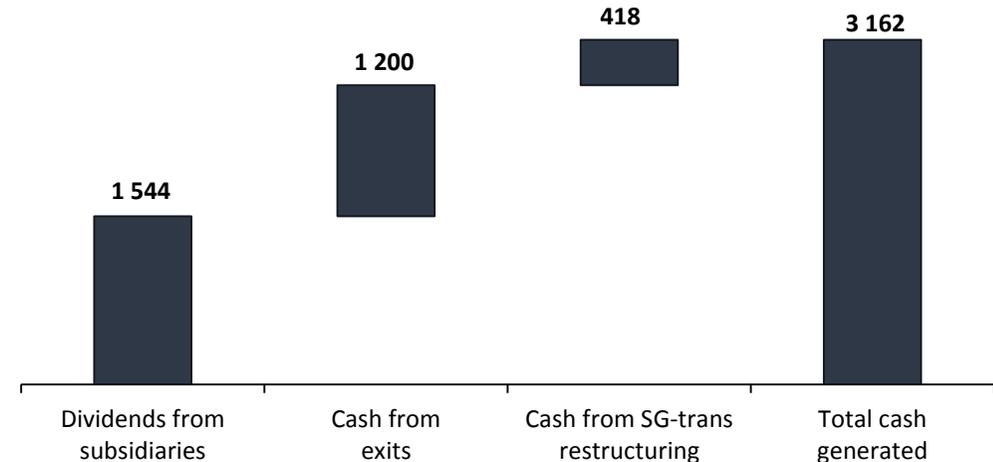
Strong cash flow generation

- > Combined dividends from MTS and Bashneft expected to be over US\$ 1.5 bln
- > Dividends expected from 3 additional companies in 2014, 9 in total
- > Progressing monetisation opportunities on certain assets
- > Detsky Mir IPO and Bashneft SPO plans still in place, but subject to market conditions

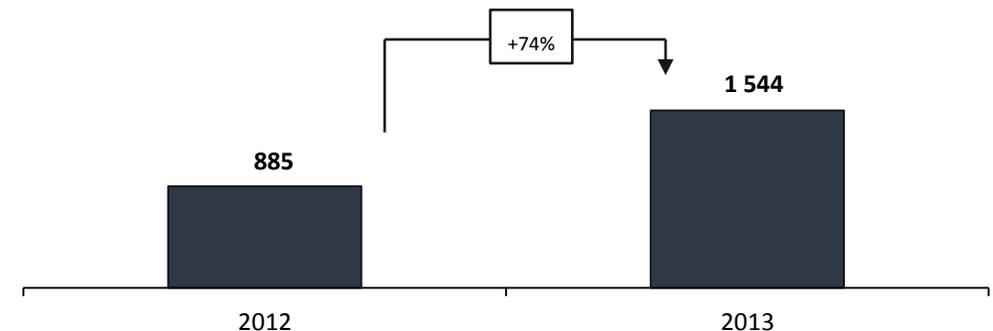
Focused on driving shareholder value and narrowing discount

- > Patient and value driven M&A strategy - in final stage discussions on several mid size transactions
- > Holding company dividend growth on track – BoD recommendation in April 2014 – and comfortably sustainable going forward

Cash generated in 2013, US\$ mln



Dividend inflows 2013 vs 2012



Excellent financial position combined with strong cash generation set to continue in 2014



Financial Overview



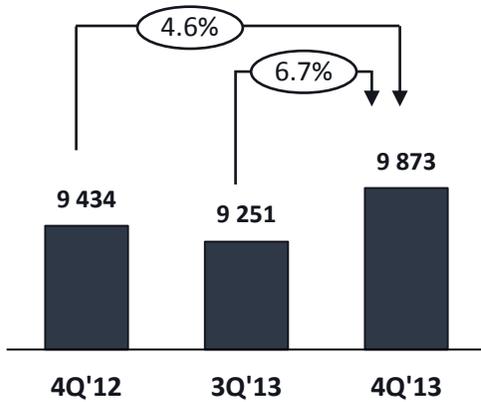
4Q 2013: Financial Results

FINANCIAL HIGHLIGHTS

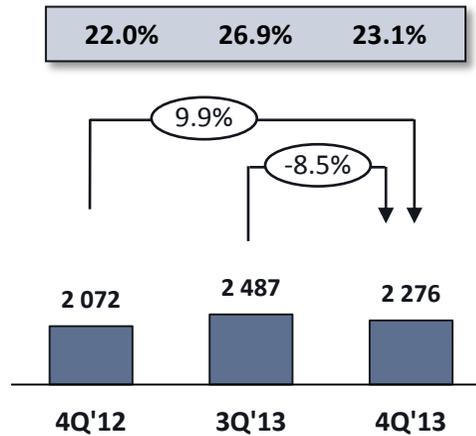
- > **Revenue up 4.6% YoY** to US\$ 9.9 billion
- > **Adjusted OIBDA up 9.9% YoY** to US\$ 2.3 billion, with an adjusted OIBDA margin of 23.1%
- > **Adjusted net income up 72.5% YoY** to US\$ 627.3 million, compared to US\$ 363.6 million in 4Q 2012

US GAAP, US\$ mln

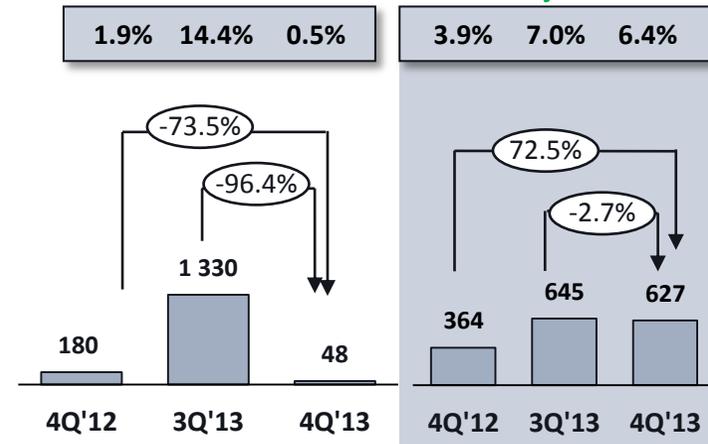
REVENUE



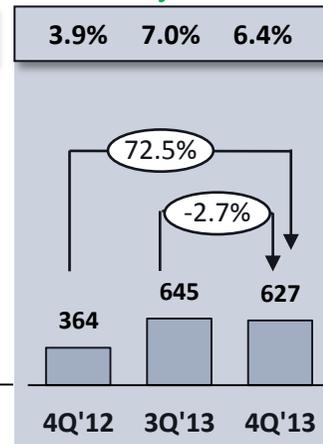
Adjusted OIBDA



NET INCOME



Adjusted



Solid 4Q 2013 with strong YoY growth in revenues, OIBDA and net income



4Q 2013 and Full 2013: Financial Performance Overview [1]

KEY HIGHLIGHTS

- > **Sistema's consolidated revenue increased by 5.9% YoY in 2013 and exceeded RUB 1.1 trillion** despite 2.4% average depreciation of rouble against the US dollar in 2013. The top-line growth of almost US\$ 2 bln reflects a strong contribution from all the Group's companies. All portfolio assets demonstrated revenue growth in 2013 with the exception of SSTL due to its discontinued operations in 13 circles in India. Along with MTS and Bashneft, significant contribution came from Detsky mir, MTS Bank and Medsi. In 4Q 2013, the Group's revenues were up 4.6% YoY.
- > **The Group's adjusted OIBDA increased by 5.8% in 2013**, adjusted OIBDA margin amounted to 24.8%. All portfolio companies, except for SSTL, achieved positive OIBDA. SSTL narrowed its adjusted OIBDA loss by 56% in 2013. A 9.9% YoY increase in adjusted OIBDA in 4Q 2013 resulted from reduced loss at SSTL, as well as from the successful growth of the developing assets. Adjusted OIBDA declined by 8.5% QoQ in 4Q 2013, mainly due to decreased OIBDA at Bashneft, following decline in export sales.
- > **Adjusted consolidated net income grew by 11.1% in 2013**, despite a US\$ 268.0 mln currency exchange loss. Most of the Group's companies were profitable and, with exception of SSTL and RTI, reported net income for 2013. The Group reported a 72.5% YoY increase in adjusted net income in 4Q 2013.

	2013	2012
TOTAL REVENUE	35 942	33 950
Cost of sales, exclusive of depreciation and amortization shown separately below	(13 660)	(13 172)
Cost related to banking activities, exclusive of depreciation and amortization shown separately below	(524)	(373)
Selling, general and administrative expenses	(4 423)	(4 073)
Depreciation, depletion and amortization	(3 243)	(3 069)
Transportation costs	(896)	(862)
Impairment of goodwill	(258)	-
Impairment of long-lived assets other than goodwill and provisions for other assets	(834)	(716)
Taxes other than income tax	(7 209)	(6 758)
Gain on disposal of investment in RussNeft	1 200	-
Impairment of investment in Belkamneft	(492)	-
Gain on Bitel case resolution	371	-
Other operating expenses, net	(357)	(205)
Equity in results of affiliates	45	(9)
Gain on disposal of subsidiaries	-	12
OPERATING INCOME	5 663	4 726
Interest income	267	274
Change in fair value of derivative instruments	30	(2)
Interest expense	(1 175)	(1 346)
Foreign currency transactions gains/(losses)	(268)	115
Income tax expense	(1 298)	(1 191)
Loss from discontinued operations, net of income tax effect	-	(916)
Noncontrolling interest	(962)	(714)
NET INCOME attributed to Sistema	2 258	946

Maintaining growth momentum thanks to strong results across key portfolio holdings



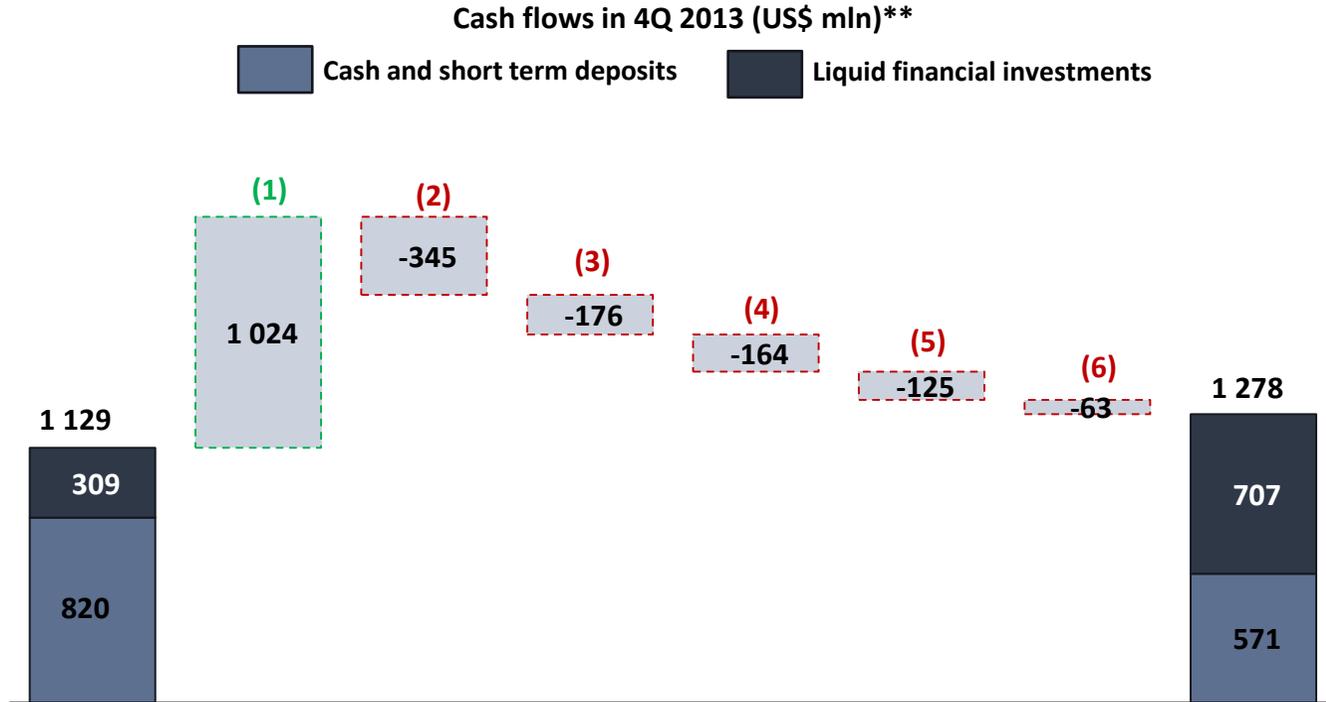
Cash flows at Hold Co in 4Q 2013

Cash management in 4Q 2013

- > Cash inflow at Hold Co amounted to US\$ 1 bln from MTS and Bashneft dividends
- > Sistema's cash at Hold Co, including long-term deposits and financial investments, exceeded US\$ 1.2 bln

Cash position outlook for 2014

- > Anticipating 9 holdings to pay dividends based on their 2013 results
- > Financing of SSTL operations will be limited at US\$ < 250 mln
- > Planning to repay US\$ 550 mln of ruble bonds



As of Sept 30, 2013*

As of Dec 31, 2013*

- (1) Dividends from MTS and Bashneft (net of tax)
- (2) Investments in Business Nedvizhimost, Leader Invest, Sitronics-N and other
- (3) Payment to Bashneft (payables due to Bashneft resulted from reorganisation in 2012-2013)

- (4) Hold Co expenses (including interest expense, SG&A, taxes and other)
- (5) BNSA acquisition
- (6) Acquisition of MTS shares

Solid cash position and strong cash inflow outlook for 2014

*Cash and cash equivalents, highly liquid deposits, liquid financial investments (bonds and eurobonds with high ratings and maturity less than 3 years)

** Based on management accounts

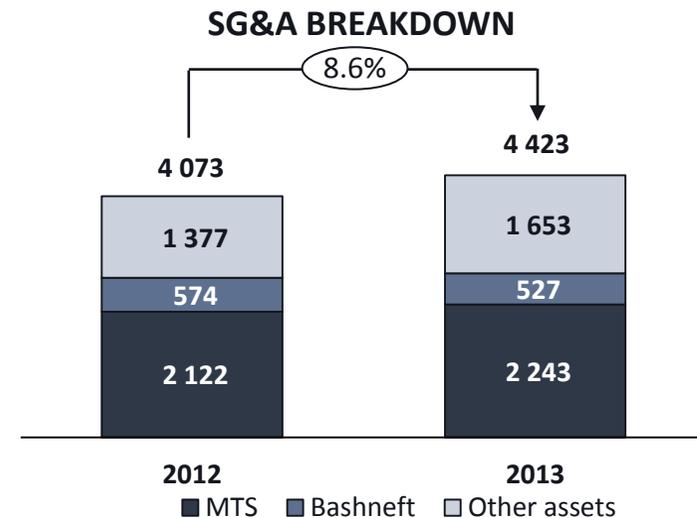
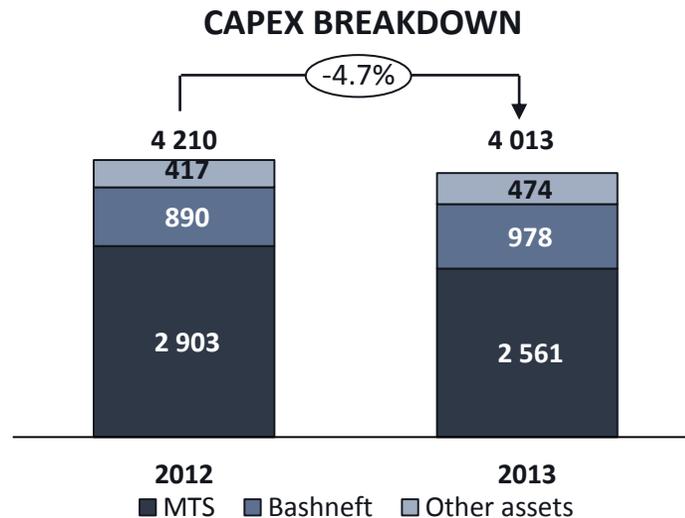


4Q 2013 and Full 2013: Financial Performance Overview [2]

FINANCIAL HIGHLIGHTS

- > **Group's CAPEX decreased by 4.7%** reflecting reduced CAPEX at MTS by 11.8%, partially offset by Bashneft's growing investment programme. Among other assets, BPGC continued implementing its investments programme and increased CAPEX to US\$ 96 mln in 2013.
- > **Group's SG&A increased by 8.6% in 2013**, mainly due to RTI's one-off restructuring costs, business expansion at Detsky mir and other factors. Bashneft reduced SG&A expenses by 8.1%, while SSTL reduced its expenses by 36.5% in 2013.
- > **Corporate's SG&A increased** by 54.6% to US\$ 349 mln. This includes a one-off non-cash management share award of US\$ 54 mln. The amount of recognised expense was calculated based on the share price as of the day of the transaction in 2013.

US GAAP, US\$ mln



Group's SG&A remained below inflation rate

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



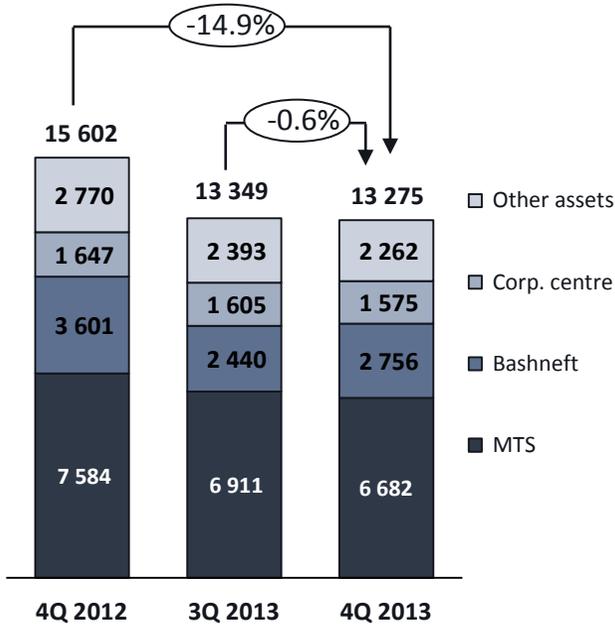
Consolidated Debt

KEY HIGHLIGHTS

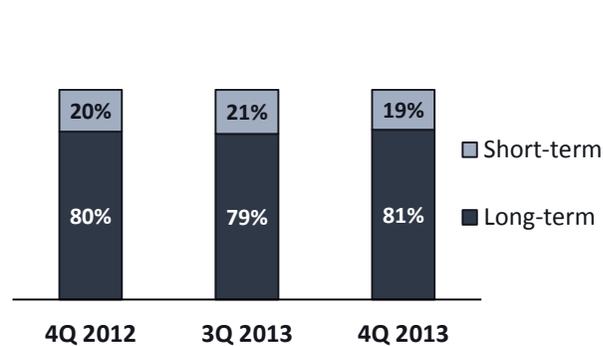
- > **Debt significantly reduced YoY** with practically all portfolio companies having decreased their obligations, and depreciation of ruble against the US dollar. The largest repayments were made at MTS, Bashneft and SSTL in 2013. Group's debt decreased by 0.6% QoQ.
- > **Share of USD denominated debt slightly increased** in 4Q 2013 following Bashneft's pre-export financing borrowings. Except for MTS, Bashneft, SSTL and Corp. centre, 98% of subsidiaries debt is denominated in rubles.

US GAAP, US\$ mln

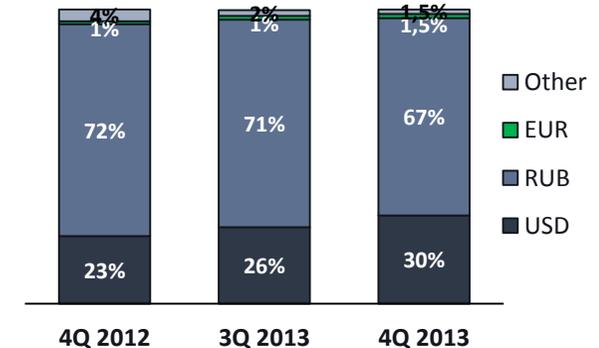
TOTAL DEBT BY SEGMENT



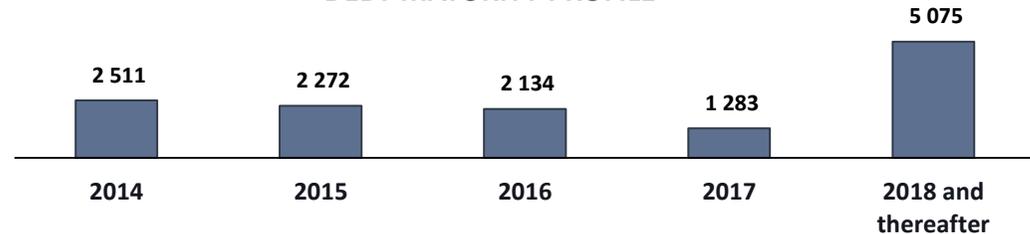
LONG-TERM VS SHORT-TERM DEBT*



DEBT CURRENCY PROFILE*



DEBT MATURITY PROFILE*



Substantially reduced consolidated debt and maintained optimal currency structure

*Source: management accounts



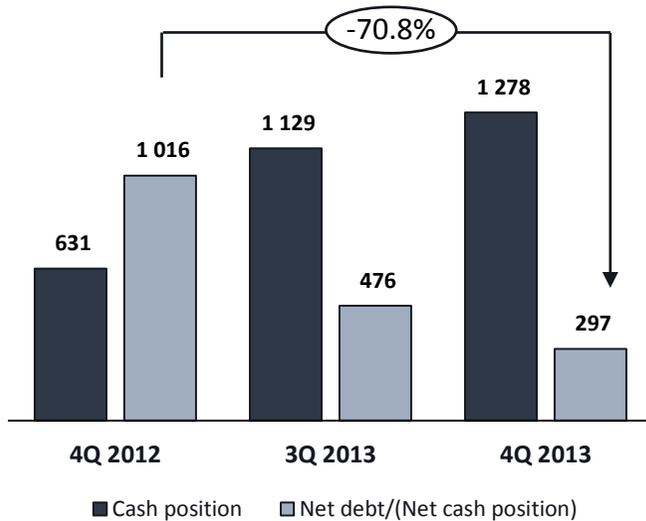
Corporate Centre Debt Management

KEY HIGHLIGHTS

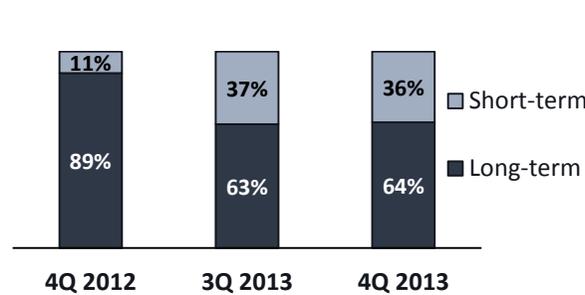
- > **Corporate Centre total debt decreased** by 4.4% YoY and 1.9% QoQ to US\$ 1,575 mln. In 2014, Sistema plans partial repayment of ruble bonds, while maturity of eurobonds in US dollars is planned in 2019.
- > **Corporate Centre debt is 66% denominated in RUB** and supported by a natural hedge in the form of the Group's currency revenues. Coupon payments on US dollar eurobonds twice a year are ensured by sufficient foreign currency liquidity. Sistema is not planning to attract additional financing in the near future.

US GAAP, US\$ mln

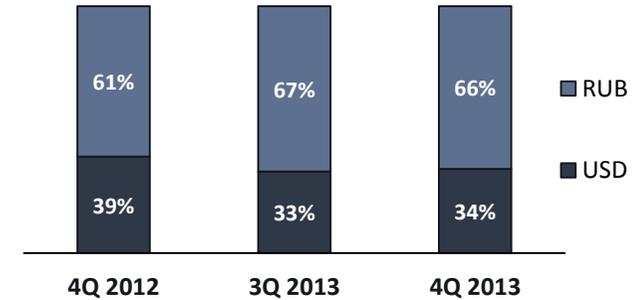
HOLD CO LEVEL CASH POSITION**



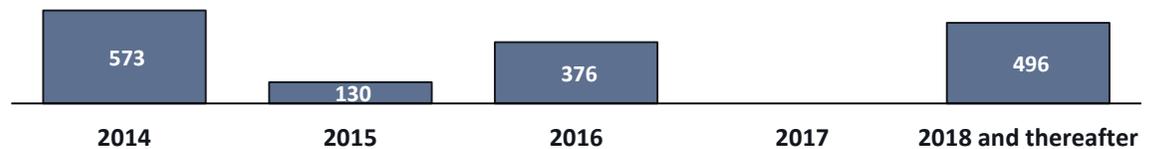
HOLD CO LEVEL LONG-TERM VS SHORT-TERM DEBT*



HOLD CO LEVEL DEBT CURRENCY PROFILE*



HOLD CO LEVEL DEBT MATURITY PROFILE*



Comfortable currency structure, strong cash position and planned debt repayments in 2014

*Source: management accounts

**Including highly liquid deposits and liquid financial investments.



Attachments

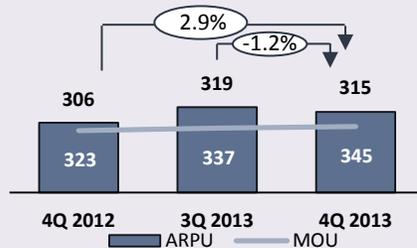


Assets Overview [1]

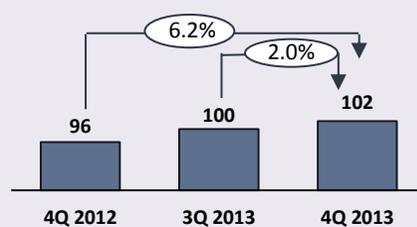
MTS

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	3 222	3 168	3 154	1.7%	2.2%	Revenue	12 511	12 161	2.9%
Adj OIBDA*	1 451	1 365	1 451	6.3%	0.1%	Adj OIBDA*	5 656	5 286	7.0%
OIBDA margin	45.1%	43.1%	46.0%	n/a	n/a	OIBDA margin	45.2%	43.5%	n/a
Debt	6 682	7 584	6 911	-11.9%	-3.3%	Adj net income*	1 146	1 124	2.0%

ARPU (RUB) и MOU (min) in Russia



Mobile subscribers (mln)

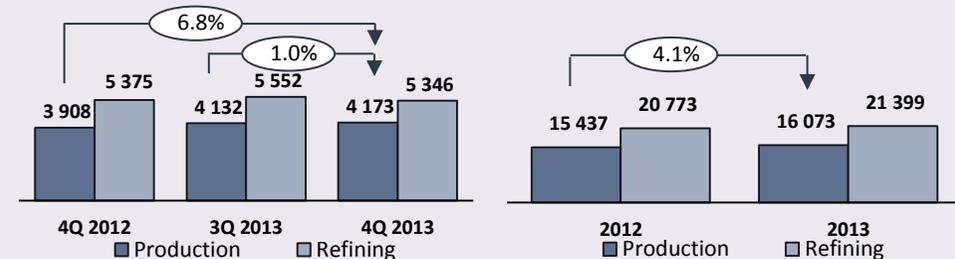


- MTS' revenues increased by 1.7% YoY in 4Q 2013 and by 2.9% for the full year of 2013 due to significant improvements in the subscriber base quality with excellent growth of ARPU and MOU, resuming operations in Turkmenistan, restored subscriber base growth in Russia and across all markets where MTS operates. The active development of its data services and fixed-line businesses also contributed to revenue growth. Despite weakening macro environment in Ukraine, MTS reported a 1.8% YoY revenue increase in local currency in 4Q 2013.
- Adjusted OIBDA was up 7.0% with an adjusted OIBDA margin of 45.2% due to continued operating improvements and revenue growth from high-margin data services. Slight QoQ decline in margins in 4Q 2013 was due to usual for the last quarter marketing expenses growth and increased sales of handsets.
- MTS' mobile subscriber base, excluding Belarus subscribers, expanded to 102.4 mln in 2013. The number of households passed grew by 4.7% in 2013 to 12.3 mln. ARPU in Russia increased by 3.7% to RUB 308 in 2013, reflecting an increase in data services usage. MOU also was up 7.6% to 327 minutes in 2013 compared to 304 minutes in 2012.
- In August, MTS paid out RUB 30.2 bln in dividends for the fiscal year 2012, and in November, another RUB 10.8 bln for the first six months of 2013.

Bashneft

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	4 494	4 499	4 793	-0.1%	-6.2%	Revenue	17 685	17 125	3.3%
Adj OIBDA**	786	777	972	1.1%	-19.1%	Adj OIBDA**	3 172	3 279	-3.2%
OIBDA margin	17.5%	17.3%	20.3%	n/a	n/a	OIBDA margin	17.9%	19.2%	n/a
Debt	2 756	3 601	2 440	-23.5%	13.0%	Adj net income**	1 447	1 375	5.3%

Production and refining ('000 tonnes)



- In 2013, Bashneft's revenues grew by 3.3%, mainly as a result of an increase in export volumes of oil products, particularly to countries outside the Customs Union. At the same time, the revenue growth in 2013 was partially offset by falling oil prices on the world market. Decrease in revenues by 6.2% QoQ in 4Q 2013 was due to 1.0% decline in oil prices, reorientation of exports sales of oil products to the countries of the Custom Union, as well as deconsolidation of UPC and BNSA in 4Q 2013.
- Adjusted OIBDA fell by 3.2% in 2013, largely due to an increase in export duties on oil products, as well as a rise in production costs. This production cost increase was primarily a result of organic production growth in Bashkiria and the launch of the Trebs and Titov fields. Adjusted OIBDA decreased QoQ in 4Q 2013, following seasonal growth of electricity consumption, decrease and reorientation of export sales to the countries of the Custom Union in 4Q 2013.
- In 2013, oil production expanded by 4.1% to 16.1 mln tonnes of crude oil, including 291,000 tonnes produced at the Trebs and Titov fields, while mature fields added 2.2% to the production growth. Refining volumes were up 3.0% to 21.4 mln tonnes in 2013. Refining depth was 84.7%, light product yield increased to 60.4% in 2013.
- In December 2013, Bashneft paid out dividends for 9 months of 2013, amounting to RUB 45.25 bln. Earlier, in August 2013, Bashneft paid RUB 5.32 bln in dividends for the full year of 2012.

*MTS' OIBDA in 2013 reflects one-off gain from compensation related to the settlement of the disputes over Bitel LLC.

** In 2013 and 2012, Bashneft's OIBDA was impacted by the effect from the sale of Bashneft's stake in OJSC Belkamneft and other one-offs.

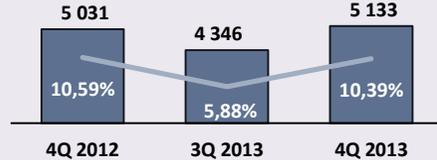


Assets Overview [2]

BPGC

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	116	91	96	27.3%	21.8%	Revenue	417	373	11.7%
OIBDA	54	7	45	698.9%	20.2%	OIBDA	177	129	37.6%
OIBDA margin	46.7%	7.5%	47.4%	n/a	n/a	OIBDA margin	42.6%	43.4%	n/a
						Net income	87	24	259.0%

Distribution grids



Transmission grids



Electricity output, MVt*h Losses, % Electricity output, MVt*h Losses, %

- BPGC demonstrated 11.7% revenue growth in 2013, mainly as a result of a 3% increase in net electricity supply, as well as a 10% boiler tariffs indexation effective from July 1, 2013. Increase in revenues QoQ in 4Q 2013 by 21.8% resulted from seasonal growth of electricity consumption.
- BPGC reported a significant OIBDA increase in 4Q 2013 and for the full year of 2013, reflecting growth in revenue and other income related to the disposal of fixed assets and accrued penalties for late customer payments.
- In 2013, distribution grid losses fell to 8.25% from 8.67% in 2012. Electricity output in distribution grids grew by 3.1% YoY due to increased natural consumption.
- In 2013, electricity output from transmission grids increased by 3.7%, losses fell from 1.51% in 2012 to 1.37% in 2013.

Detsky Mir



US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	369	314	301	17.6%	22.7%	Revenue	1 130	893	26.7%
OIBDA	57	50	35	14.9%	63.1%	OIBDA	87	54	60.3%
OIBDA margin	15.5%	15.9%	11.7%	n/a	n/a	OIBDA margin	7.7%	6.1%	n/a
Debt	181	99	208	83.3%	-12.8%	Net income	41	11	268.1%

Retail space ('000 sq m) and stores



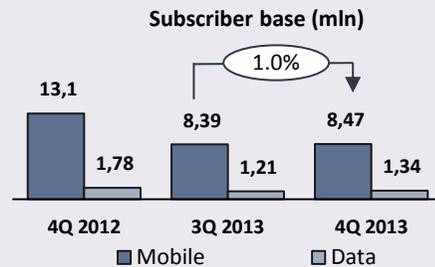
- Detsky mir's revenue was up 26.7% YoY in 2013 and by 17.6% YoY in 4Q 2013 as a result of strong revenue growth in stores opened in 2012, a 13.4% increase in like-for-like revenue in rubles and 41 new store openings in 2013 (including 33 Detsky Mir branded stores and 8 Early Learning Centre (ELC) branded stores). Quarterly growth in revenues was also positively affected by seasonal rise in demand in 4Q 2013.
- In 2013, the company focused on its competitive pricing strategy and visitor traffic stimulation. OIBDA margin expanded to 8% due to enhanced control over the operating expenses and improved operational efficiency. The company's SG&A expenses declined as a percentage of revenue to 31.8% in 2013 compared to 33.7% in 2012. Detsky Mir's like-for-like traffic increased by 8.2%, like-for-like average ticket increased by 4.8%.
- Debt increased YoY due to Detsky mir's repurchasing its 25%+1 share from Sberbank in July 2013. However, debt decreased QoQ in US dollar terms following planned repayments and currency exchange volatility as Detsky mir obligations are denominated in rubles.
- In 2013, retail space expanded by 10% to 319,900 sq m compared to 290,800 sq m in 2012.
- In 2013, Detsky Mir paid out annual dividends for 2012 in the amount of US\$ 12.7 mln.



Assets Overview [3]

SSTL

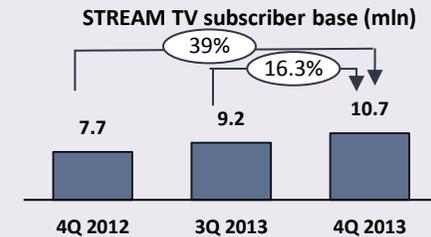
US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	48	72	45	-33.4%	7.4%	Revenue	209	303	-30.9%
OIBDA	-33	-114	-35	n/a	n/a	Adj OIBDA*	-147	-333	n/a
OIBDA margin	n/a	n/a	n/a	n/a	n/a	OIBDA margin	n/a	n/a	n/a
Debt	597	1 047	621	-43.0%	-3.9%	Adj net income*	-225	-341	n/a



- SSTL's revenue in 2013 fell by 30.9% YoY as a result of the company ceasing operations in 13 circles and focusing on its development in the nine most economically attractive areas. SSTL managed to revive its revenue growth in 4Q 2013, demonstrating a 7.4% QoQ increase, by expanding the subscriber base and improving its quality.
- SSTL narrowed its adjusted OIBDA loss in 2013 by 56.0% to US\$ 147 mln. The OIBDA loss reduced by 70.8% YoY and 4.9% QoQ in 4Q 2013. The company's SG&A expenses decreased by 28.1% YoY in 4Q 2013 and by 36.5% YoY for the full year of 2013, reflecting the effects of the ongoing cost optimisation programme.
- SSTL's debt decreased by 43% YoY and 3.9% QoQ. Interest expense in 2013 fell by 31.1% YoY.
- As of December 31, 2013, SSTL's total wireless (voice and data) subscriber base declined by 34.1% YoY to 9.8 mln customers, following the closure of the company's operations in 13 circles. However, in 4Q 2013, growth was restored with the subscriber base expanding by 2.2%, while the number of data customers increased by 10.7% QoQ.
- In 4Q 2013, subscribers' monthly minutes of use (MOU) increased by 39.5% YoY and by 2.9% QoQ to 373 minutes. Blended mobile ARPU in rupees grew by 22.8% YoY and by 2.1% QoQ in 4Q 2013. Non-voice revenues from both data and VAS accounted for 34.7% of the company's total revenues in 2013.

Sistema Mass Media

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	46	23	30	101.0%	52.3%	Revenue	110	82	34.3%
OIBDA	27	8	17	247.4%	62.2%	OIBDA	46	20	123.1%
OIBDA margin	59.1%	34.2%	55.5%	n/a	n/a	OIBDA margin	41.6%	21.5%	n/a
Debt	27	33	29	-16.1%	-6.5%	Net income	0.5	-11	104.1%



- SMM's revenue increased by 34.3% YoY in 2013, as a result of launching new services at Stream**, as well as an increase in Stream-TV's subscriber base. In 4Q 2013, the company's revenues increased by 52.3% QoQ largely due to seasonal effects – WRS (World Russian Studios) distributing TV show formats and advertising market growth in 4Q.
- SMM's OIBDA demonstrated a significant YoY increase in 4Q and for the full year of 2013 as a result of the cost optimisation at the managing company level. The OIBDA margin expanded to 41.6% in 2013.
- In 2013, the Stream-TV subscriber base increased by 39.0% YoY and reached 10.7 mln subscribers following an active expansion of Stream-TV in the CIS countries. The WRS content library grew to 1,729 hours as of December 31, 2013.
- In 2013, Stream successfully launched a number of new services, including a ring back tone service "Gudok", an informational service "MTS Info", a "Video" option in the mobile TV service for MTS subscribers, as well as new applications for viewing Stream online-cinema content for all major mobile phone platforms and TVs with Smart TV support.

*SSTL's results in 2012 were affected by the recognised loss from the impairment of long-lived assets.

**Stream CJSC is owned by Sistema (55%) and MTS (45%). For reporting purposes, Stream's financial results were allocated to SMM segment.

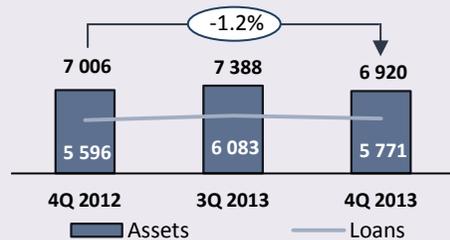


Assets Overview [4]

MTS Bank MTS Bank

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	262	211	231	24.2%	13.4%	Revenue	903	712	26.8%
OIBDA	39	53	30	-27.3%	29.1%	OIBDA	38	51	-24.9%
						Net income	19	11	69.3%

Assets and loan portfolio (US\$ mln)

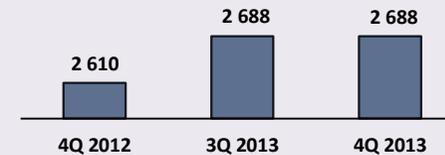


- MTS Bank increased revenue by 26.8% for the full year of 2013, by 24.2% YoY and 13.4% QoQ in 4Q 2013, as a result of a significant growth in interest and commission income. The loan portfolio from joint projects with MTS grew by 28.8% QoQ to US\$ 563 mln.
- The interest income from retail and corporate transactions increased by 27.2% YoY to US\$ 731.8 mln in 2013. In 4Q 2013, interest income grew by 12.5% QoQ to US\$ 208.8 mln.
- The bank's OIBDA reduced by 24.9% YoY in 2013, mainly due to increased retail loan provisions following a 40% YoY growth in the loan portfolio to individuals to US\$ 2.1 bln. The loan provisions to loan portfolio ratio does not exceed 9%.
- MTS Bank's gross loan portfolio increased by 3.1% YoY to US\$ 5,571 mln in 2013, with retail loans accounting for 36% of the total loan portfolio as compared to 27% in 2012.
- In November 2013, the international rating agency Fitch Ratings affirmed MTS Bank's Long-term Issuer Rating at "B+" with a Stable outlook.

Intourist Intourist

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ	US\$ mln	2013	2012	YoY
Revenue	20	24	27	-15.5%	-25.6%	Revenue	88	87	1.0%
OIBDA	3	-17	9	n/a	-63.3%	OIBDA	18	-14	n/a
OIBDA margin	16.0%	n/a	32.5%	n/a	n/a	OIBDA margin	20.4%	n/a	n/a
Debt	73	81	76	-9.5%	-3.2%	Net income	-0.9	-25	n/a

Rooms owned and managed



- In 2013, despite improved business operations, Intourist's revenues remained at the level of 2012, largely as a result of terminating management services contract for "Severnaya" hotel in Petrozavodsk and "Oktyabrskaya" hotel in Nizhny Novgorod. QoQ decrease in revenues by 25.6% in 4Q 2013 resulted from seasonal fall of tourist flow in Intourist's resort hotels, as well as in Kosmos hotel in Moscow due to World Light Athletics Championship carried out in 3Q 2013.
- Intourist's OIBDA restored in 2013, expanding to US\$ 18 mln due to recognised loss from the JV with Thomas Cook in 2012. The OIBDA margin expanded to 20.4% for the full year of 2013, following the optimisation of costs, including outsourcing certain functions, as well as reviewing contracts with food suppliers.
- As of December 31, 2013, Intourist owned and managed 11 hotels across Russia, Italy, Czech Republic, Turkey, Ukraine and Namibia. The number of rooms owned, managed and rented in the reporting year amounted to 2,688 rooms.



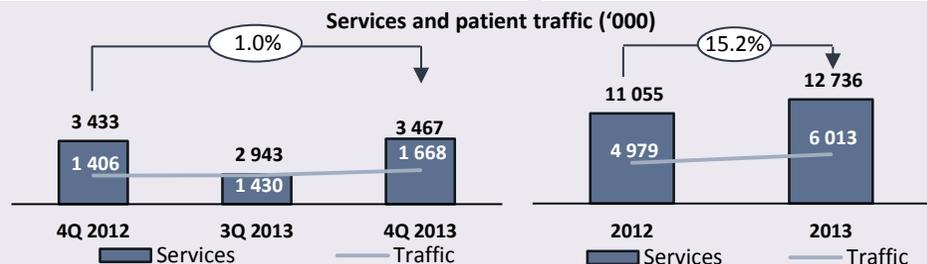
Assets Overview [5]

MEDSI

М-Е-Д-С-И

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ
Revenue	78	66	69	17.5%	12.6%
OIBDA	13	5	16	185.4%	-18.6%
OIBDA margin	16.8%	n/a	23.2%	n/a	n/a
Debt	73	84	71	-13.1%	3.2%

US\$ mln	2013	2012	YoY
Revenue	294	208	41.3%
OIBDA	44	28	60.1%
OIBDA margin	15.0%	13.3%	n/a
Net income	32	0.2	16.1x



- Medsi generated significant YoY revenues growth in 4Q 2013 and for the full year of 2013 following the integration of its assets with the Medical Centre for the Mayor and Government of Moscow (SUE) at the end of 2012, as well as increased patient traffic and medical assets utilisation. QoQ increase also resulted from seasonal growth of patient flow and expanded service range. The company reported improved OIBDA in 4Q 2013 compared to the corresponding period of 2012, as well as a 60.1% YoY increase in 2013. OIBDA fell QoQ in 4Q 2013 due to increased SG&A expenses, including marketing and personnel costs.
- Medsi's debt fell by 13.1% YoY in 4Q 2013 following repayments and refinancing, interest expense significantly decreased due to lowered interest rate. As of December 31, 2013, Medsi reported net cash position.
- In 2013, the number of patient visits and services provided increased by 20.8% and by 15.2% YoY, respectively, as a result of the integration with SUE's assets and expansion of the service offering. The average bill totalled US\$ 48.7.
- As of December 31, 2013, Medsi's network consisted of 29 medical clinics, a consultation and diagnostic centre, 3 hospitals and 82 first aid stations, ambulance service, 3 wellness centres and 3 sanatoriums, with 198,500 sq m of healthcare facilities.

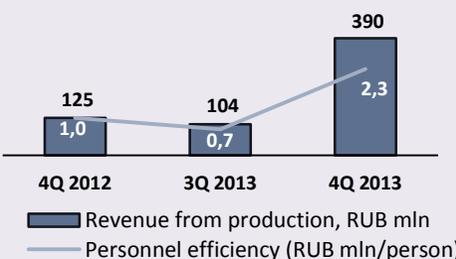
Binnopharm

БИНОФАРМ

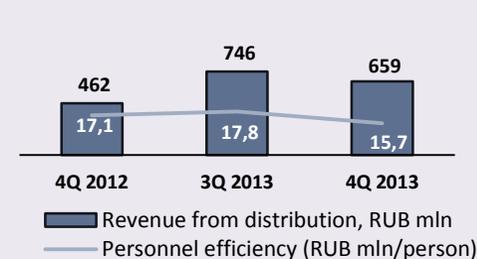
US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ
Revenue	30	20	26	51.4%	15.4%
OIBDA	7	-4	2	n/a	196.3%
OIBDA margin	21.6%	n/a	8.4%	n/a	n/a
Debt	22	21	23	6.7%	-1.6%

US\$ mln	2013	2012	YoY
Revenue	104	74	41.3%
OIBDA	20	16	28.3%
OIBDA margin	19.7%	21.7%	n/a
Net income	12	2	466.6%

Personnel efficiency in production



Personnel efficiency in distribution



- Binnopharm's revenues grew by 41.3% for the full year of 2013 to US\$ 104 mln. The company also reported improved revenue in 4Q 2013 – growth by 51.4% YoY and by 15.4% QoQ due to increased sales of own biotechnical products. Significant OIBDA growth by 28.3% for the full year of 2013 resulted from successful development of the distribution network and increased production of own products.
- In 2013, Binnopharm completed a large scale project, installing the filling line for syringes (erythropoetins, interferones, vaccines). Among others, the line is expected to be used in contract manufacturing.
- In 2013, Binnopharm carried out reconstruction of the infusion solutions unit, including the installation of a new plastic filling machine, on the Alium plant.
- In 2013, Binnopharm successfully cooperated with ViiV Healthcare, a subsidiary of GlaxoSmithKline, on the localisation of antiretroviral medicines in Russia.
- In April 2013, Binnopharm completed the merger with Alium Group of Companies, a producer of infusion solutions and blood substitutes.



Assets Overview [6]

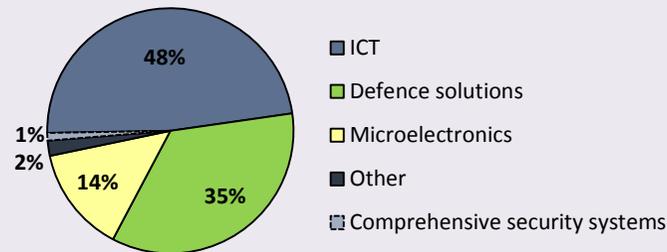
RTI consolidates NVision Group, RTI Systems, Micron Group and is comprised of four principal business units ("BU") – Defence Solutions BU, Comprehensive Security Systems BU, Microelectronics Solutions BU and Information and Communication Technologies BU.

RTI

US\$ mln	4Q'13	4Q'12	3Q'13	YoY	QoQ
Revenue	792	971	477	-18.4%	66.0%
Adj OIBDA*	63	89	17	-29.3%	x2.7
OIBDA margin	8.0%	9.2%	3.5%	n/a	n/a
Debt	1 229	1 140	1 179	7.8%	4.2%

US\$ mln	2013	2012	YoY
Revenue	2 196	2 196	0.0%
Adj OIBDA*	123	182	-32.4%
OIBDA margin	5.6%	8.3%	n/a
Adj net income*	-21	-15	-40.8%

Revenue in 2013 by business segments



- In 2013, RTI's revenues remained flat as the 23% YoY growth at the Defence Solutions BU revenues was largely off-set by decreased revenues at the Information and Communication Technologies BU. RTI's adjusted OIBDA fell by 29.3% YoY in 4Q 2013, following restructuring and optimisation costs at the Information and Communication Technologies BU. In 2013, the company's adjusted OIBDA was down 32.4% YoY, largely as a result of a reduced profitability at the Information and Communication Technologies BU.
- Increase in the debt burden in 2013 was mainly caused by growing liabilities under the credit scheme of the state defence order, which envisages taking loans from state-owned banks under the Defence Ministry's guarantee and with full reimbursement of interest. The share of debt on state defence order was 43% of the total debt. In December 2013, the company's shareholders, Sistema and the Bank of Moscow, participated in the additional share issue of RTI, therefore effectively converting shareholder debt to equity.
- In September 2013, as a result of restructuring of JSC SITRONICS, a number of assets, including CJSC SITRONICS KASU, JSC Kvant, JSC Elaks and JSC Koncel and JSC SITRONICS (owns certain assets in the high technology sector, including CSC Intellect Telecom), were transferred to a newly established company, JSC SITRONICS-N. Later, in November 2013, SITRONICS-N came into Sistema's direct ownership and management. For the financial statements preparation purposes, all results related to deconsolidated business were excluded from RTI's results for all periods presented.
- In November 2013, RTI carried out work to design a security system for the Far Eastern Federal University, which hosted the APEC summit on the island of Russky.
- In December 2013, NVision Group and Rostelecom completed designing a system for calling emergency services through the unified number "112" in the Trans-Baikal Territory.
- In December 2013, RTI was appointed as the sole contractor for a project to establish a National Integrated Monitoring Centre for biological threats, which was commissioned by the President and the Government of the Russian Federation. Financing of the project is also guaranteed by a corresponding government resolution.

*RTI results do not include the results of SITRONICS-N for all periods presented. RTI's OIBDA in 2013 and 2012 was adjusted for the recognised loss from impairment of goodwill and other assets.



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

IR Department
Tel. +7 (495) 692 11 00
www.sistema.com
ir@sistema.ru