

МТС оператор связи 

Success Factors in the CIS:

Highlights of MTS operations in the near abroad

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Mr. Oleg Raspopov
Vice President, MTS Foreign Subsidiaries



MTS is the leading mobile operator group in the CIS

GROUP Q2 2009		Q-on-Q
Subscribers (mln)	99.51	+3.0%
Revenue (USD mln)	2 022.4	+11.8%
OIBDA (USD mln)	953.8	+14.7%

UZBEKISTAN Q2 2009		Q-on-Q
Subscribers (mln)	6.53	+9.4%
Revenue (USD mln)	97.0	-4.6%
Penetration	52%	
Mkt position (by revenue)	1	

TURKMENISTAN Q2 2009		Q-on-Q
Subscribers (mln)	1.25	+11.4%
Revenue (TMT mln)	107.3	+15.4%
Penetration	29%	
Mkt position (by revenue)	1	

ARMENIA Q2 2009		Q-on-Q
Subscribers (mln)	2.05	-0.2%
Revenue (AMD bln)	19.5	+9.5%
Penetration	79%	
Mkt position (by revenue)	1	

BELARUS Q2 2009		Q-on-Q
Subscribers (mln)	4.48	+1.4%
Penetration	93%	
Mkt position (by subs)	1	



Source: MTS

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

History of MTS

MTS founded by Moscow fixed-line operator MGTS, Deutsche Telekom, Siemens and other investors

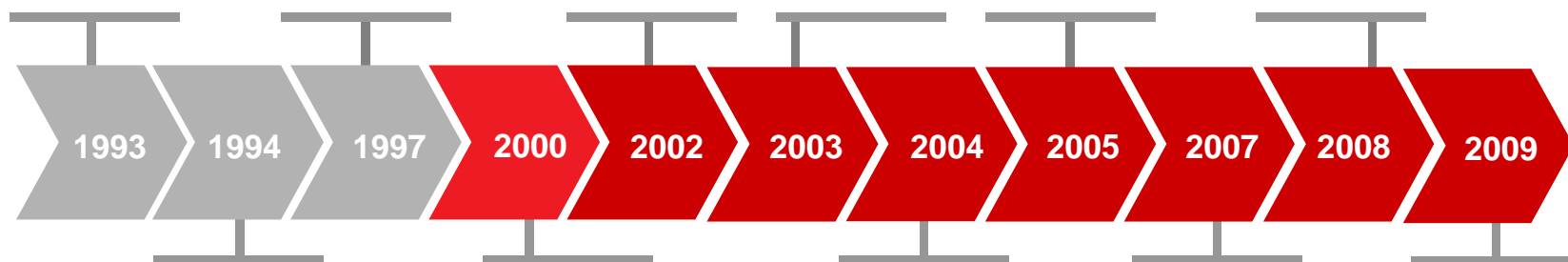
Start of regional expansion within Russia

Expansion in CIS and launch of operations in Belarus

Acquisition of a leading Ukrainian mobile operator UMC

Acquisition of BCTI, #1 mobile operator in Turkmenistan

Agreement signed to bring MTS brand to India through Sistema Shyam TeleServices



Launch of services in the Moscow license area

IPO at NYSE raises over \$350 million to fund expansion in Russia and CIS

Acquisition of Uzdunrobita, #1 mobile operator in Uzbekistan

Acquisition of the leading Armenian operator VivaCell

Acquisition of controlling stake in Comstar, a leading provider of integrated telecommunications services in Russia

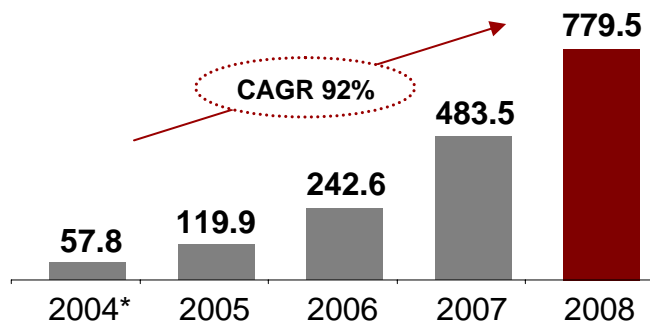
International expansion throughout the CIS



MTS offers network coverage and services in six countries with a population coverage of 230 million people

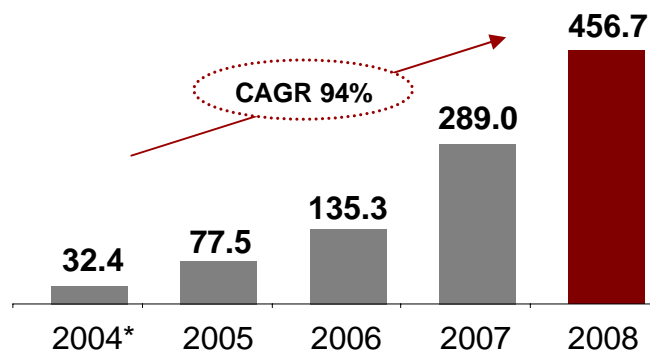
MTS Foreign Subsidiaries: rising contribution to Group results

Foreign Subsidiaries total revenue, USD mln



- Rising revenues and OIBDA due to increasing penetration, increasing market share, sensible M&A activity and strong local management
- Rising contribution to Group due to high growth rates reflective of overall early development levels of the CIS markets

Foreign Subsidiaries total OIBDA, USD mln



*Unaudited; MTS acquired its Uzbekistan subsidiary, Uzdurobta, in August 2004



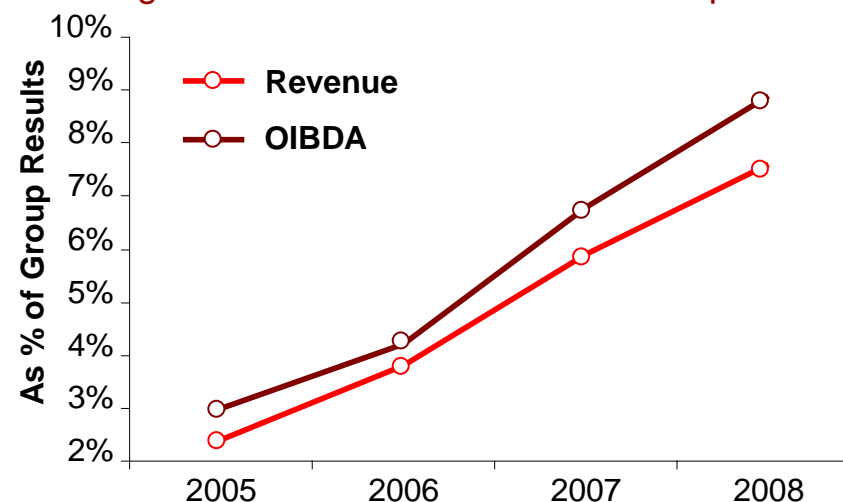
Success factor: acquisition of market leaders

- MTS has historically targeted market leaders when making acquisitions
 - August 2004 – Uzdurobita (Uzbekistan)
 - June 2005 – BCTI (Turkmenistan)
 - September 2007 – K-Telecom (Armenia)

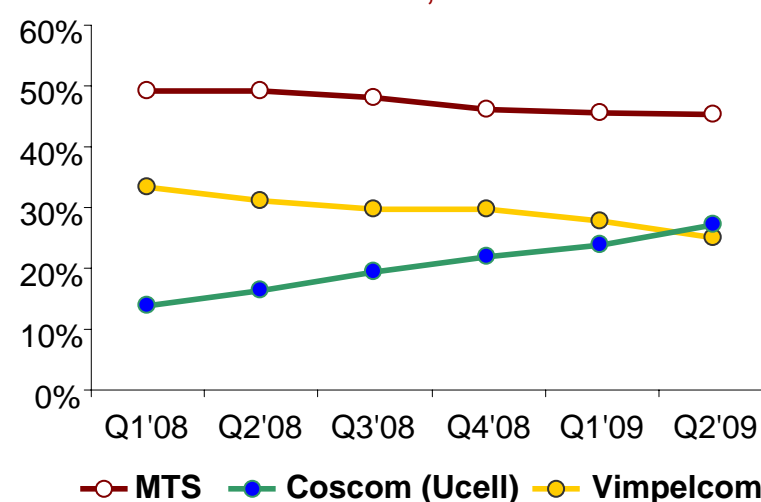
- Larger enterprises more quickly contribute to the overall organization
 - Since MTS began its international expansion in 2005, BUFS* has increased its OIBDA contribution to nearly 9% of Group totals

- Market leaders are also more resilient to new entrants as the network effect of larger subscriber bases allows operators to retain their active bases
 - Since Coscom in Uzbekistan began actively investing, MTS has retained its active subscriber base more effectively than the competition

Rising BUFS* contribution to MTS Group results



Subscriber market share, Uzbekistan**



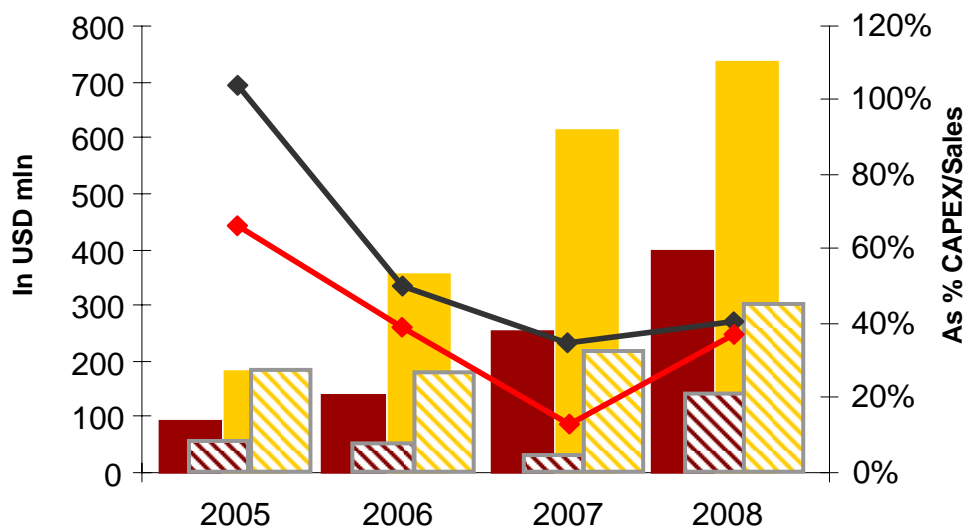
*Business Unit MTS Foreign Subsidiaries

**Source: AC&M-Consulting estimates

Success factors: large markets with high population density

- Large populations with relatively high population density offer high growth opportunities for relatively less investments

Revenue and CAPEX, MTS Uzbekistan vs. VIP Kazakhstan 2005 – 2008



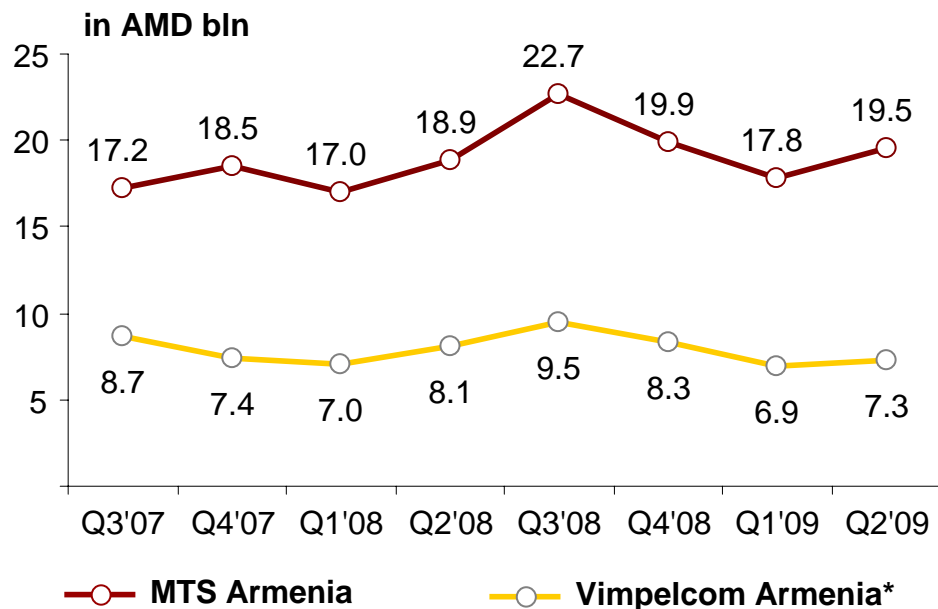
Key Facts: Uzbekistan and Kazakhstan

YE 2008	Uzbekistan	Kazakhstan
Population (mln)	27.7	15.6
Pop density (per km ²)	60	6
Mobile penetration	45%	94%
GDP growth rate (2009E)	+7%	-2%

Source: IMF

Success factors: strong local management

Revenue dynamics, MTS Arm vs. VIP Arm Q3'07-Q2'09



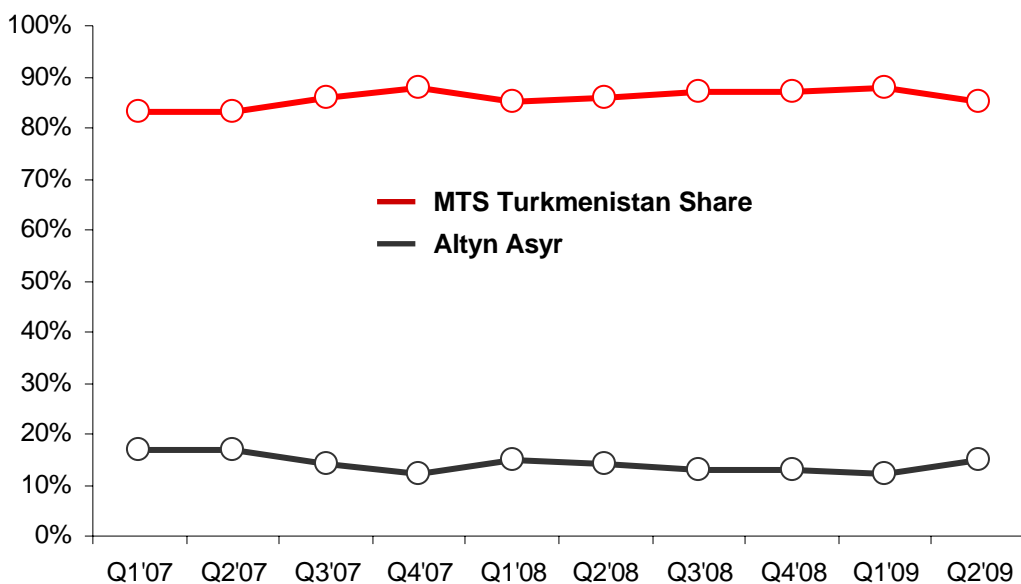
- MTS has structured its transactions so as to require local ownership to remain engaged with the organization and retain local management
 - Acquisition of K-Telecom in September 2007 kept 20% in hands of local ownership as incentive to remain engaged in organization and retain local management
 - Since the acquisition of K-Telecom in Armenia, MTS has increased in market share versus the competition

- Retaining ownership and management provides key benefits:
 - Continuity
 - Local government relations and access
 - Support for on-going corporate social responsibility programs
 - Sustained value in organization

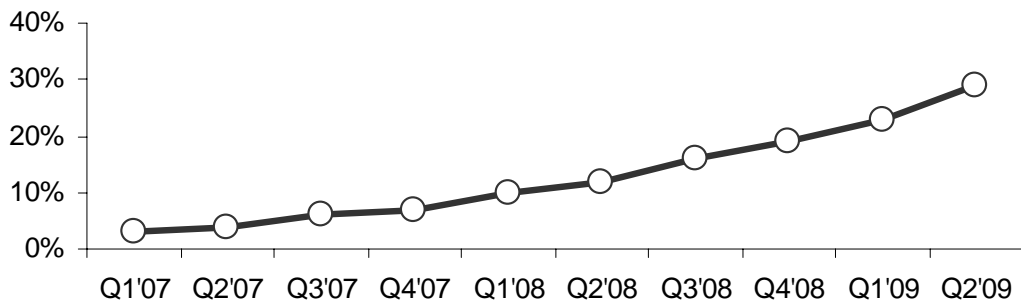
*Source: Vimpelcom disclosure materials as of Q2 2009

Success factors: stable regulatory environments

Subscriber Market Share Dynamics Q1 2007 – Q2 2009



Turkmenistan Market Penetration



- In Turkmenistan, two mobile licenses have been awarded
 - MTS (BCTI) in 2004
 - Altyn Asyr in 2005
- Since MTS' acquisition in 2005, MTS' market share has risen from 74% to as high as 87% through:
 - Increased investments (\$135 million in CAPEX since Q4 2005)
 - Better customer value-propositions (APPM has fallen 66% since 2006)
- MTS has also grown into a leading employer in Turkmenistan
 - Employment has risen from 143 in 2005 to 824 in 2009