

GROUP FINANCIAL RESULTS FOR THE SECOND QUARTER 2015

Investor conference call – August 18, 2015

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FINANCIAL & CORPORATE HIGHLIGHTS



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KEY PERIOD HIGHLIGHTS: 3D STRATEGY

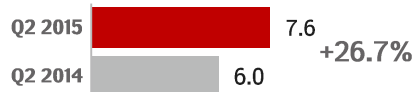
CONS. REVENUE (RUB bln)



MOBILE REVENUE IN RUSSIA (RUB bln)



SALES OF HANDSETS IN RUSSIA (RUB bln)



GROUP OIBDA (RUB bln)



TOTAL RUSSIA REVENUE (RUB bln)



DATA TRAFFIC REVENUE IN RUSSIA (RUB bln)



CHURN RATE IN RUSSIA



RUSSIA OIBDA (RUB bln)



DATA: Growth in a challenging macroeconomic environment

- Rise in Group revenue in spite of macroeconomic challenges throughout our markets of operation
- Market-leading growth in data traffic revenue in Russia
- Highest smartphone penetration in the Russian market
- Launch and development of LTE in 78 regions of Russia
- Won license for providing 3G-services throughout Ukraine

DIFFERENTIATION: Focus on a unique customer value proposition

- Leading proprietary retail network of over 4,400 stores across Russia
- Y-o-Y increase in sales of handsets due to decrease in smartphone prices to push customer data adoption
- Leveraging GPON and improved market share in Moscow broadband and Pay-TV markets
- Introduction of satellite TV products across Russia
- Entrance into the market of IT Services through acquisition of NVision Group, the developer and owner of the MTS billing system and one of the largest system integrators and complex IT solutions providers in Russia

DIVIDENDS: Efficiency and value creation

- Paid out dividends of RUB 19.56 per ordinary MTS share (RUB 39.12 per ADR), or a total of RUB 40.4 bln, based on the full-year 2014 financial results
- The Board recommended that an EGM be held on September 30, 2015, to approve semi-annual dividends of RUB 5.61 per ordinary MTS share (RUB 11.22 per ADR), or a total of RUB 11.59 billion (RUB 11,592,580,082.82), based on H1 2015 financial results.



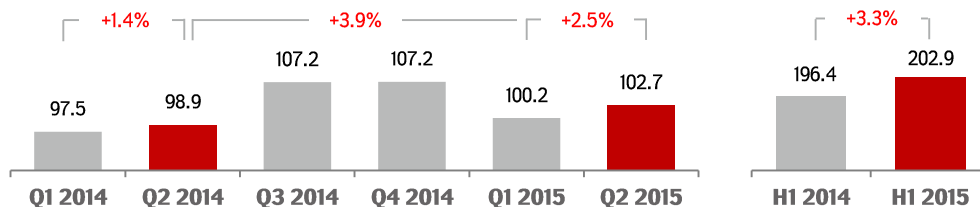
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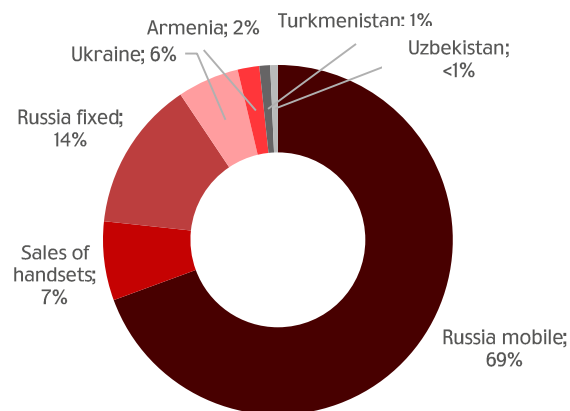
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GROUP FINANCIAL HIGHLIGHTS: REVENUE

TOTAL GROUP REVENUE
(RUB bln)



TOTAL GROUP REVENUE BREAKDOWN, Q2 2015



- Strong Y-o-Y revenue growth due to:
 - Increase in data traffic revenues and expansion of our active subscriber base in Russia
 - Surge in the sales of handsets in Russia due to reduction of the prices on smartphones and increase in our retail footprint
 - Stable revenue performance in our foreign subsidiaries
 - Contribution from our subsidiary in Uzbekistan, where we relaunched operations in December 2014
- Y-o-Y revenue dynamics also impacted by
 - Decrease in revenues in Ukraine due to hryvna devaluation and termination of business activities in Crimea
- Q-o-Q revenue growth in line with the seasonal trends, in particular higher roaming revenues, as well as increased sales of smartphones



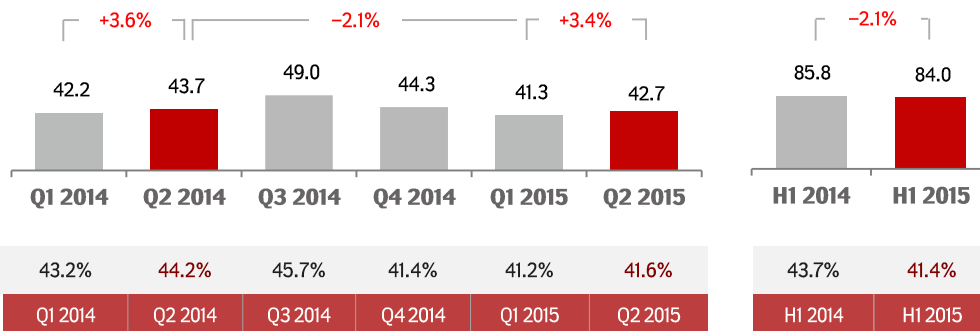
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GROUP FINANCIAL HIGHLIGHTS: ADJUSTED OIBDA

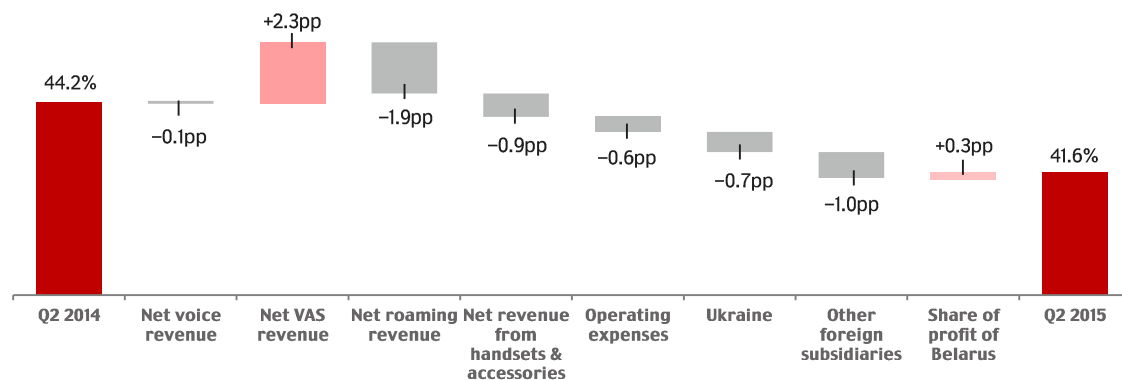
TOTAL GROUP ADJUSTED OIBDA* (RUB bln)



ADJ. OIBDA MARGIN*

Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	H1 2014	H1 2015
43.2%	44.2%	45.7%	41.4%	41.2%	41.6%	43.7%	41.4%

OIBDA MARGIN: FACTOR ANALYSIS



*Adjusted for a gain in the amount of RUB 6.7 bln (RUB 3.6 bln in Q3 2014 and RUB 3.1 bln in Q4 2014) from reentrance into Uzbekistan and adjusted for provision for cash balances deposited in distressed Ukrainian banks: RUB 5.1 bln and RUB 1.7 bln in Q4 2014 and Q1 2015 respectively

- Y-o-Y decline in Adjusted OIBDA reflects:
 - Higher contribution from sales of handsets in Russia to the sales mix
 - Hryvnia devaluation
 - Costs related to the development of operations in Uzbekistan
 - Payroll increase in Russia in September 2014
 - Increased inflationary pressures in our core markets, including increased utility expenses, lines and sites rental costs, higher network maintenance and IT costs and increased taxes and frequency fees in Ukraine
- Q-o-Q OIBDA increase Indicates seasonally higher contribution from roaming revenues and improved profitability of roaming and international calling due to the strengthening of the ruble and increase in prices for international roaming and calling in Russia



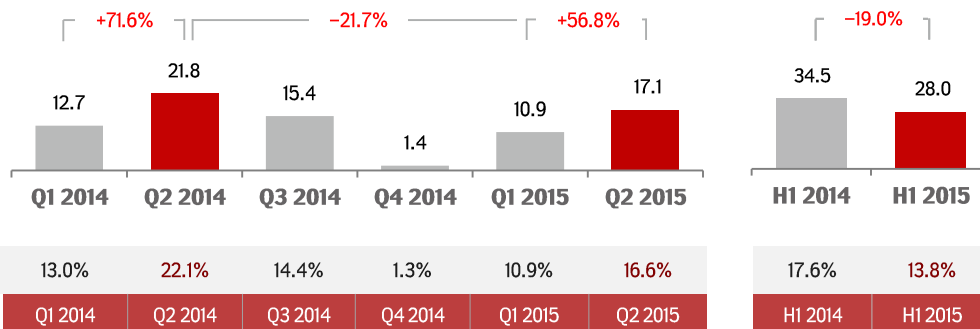
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GROUP FINANCIAL HIGHLIGHTS: NET PROFIT

TOTAL GROUP NET PROFIT (RUB bln)



- Net profit in Q2 2015 positively impacted by:
 - OIBDA trends
 - A FOREX gain of RUB 3.6 bln based on the value of MTS's foreign currency-denominated debt due to ruble appreciation
- MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group



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GROUP MOBILE SUBSCRIBER BASE DYNAMICS

MTS SUBSCRIBERS (MLN UNLESS NOTED)	Q1 2015	Q2 2015	% Change
TOTAL MOBILE	104.2	105.3	+1.0%
RUSSIA	74.5	75.4	+1.2%
UKRAINE*	20.3	20.3	+0.2%
TURKMENISTAN	1.7	1.6	-3.1%
ARMENIA	2.1	2.1	-0.3%
UZBEKISTAN	0.4	0.6	+51.8%
BELARUS**	5.3	5.3	STABLE

- In Russia, MTS continues to attract and retain high-quality subscribers by promoting innovative tariff plans and driving sales through its proprietary retail network
- MTS sustains its active subscriber base through:
 - Best-in-class customer service
 - Market-leading network performance
 - Tariff plans and a market-leading retail platform designed to migrate voice-only customers to data plans

*Including CDMA subscribers

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

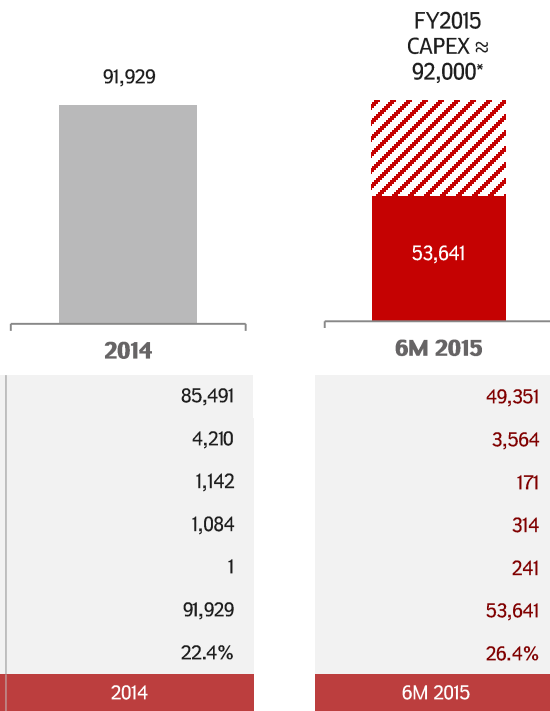


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GROUP CAPITAL EXPENDITURES



- In H1 2015, CAPEX trended higher at RUB 53.6 bln as the Company accelerated development of its 3G and 4G/LTE networks and moved spending from H2 2015 to H1 2015
- Key projects include the enhancement of 3G networks in Russia, roll-out of LTE/4G networks throughout Russia, and the ongoing deployment of GPON in Moscow as well as network modernization in other markets of operations
- In Q1 2015, MTS won a tender for a nationwide license for the provision of 3G telecommunications services in the 1950–1965 MHz/2140–2155 MHz. The cost of the license amounted to UAH 2.7 bln (RUB 7.044 bln)
- In Q2 2015, MTS also made the first of two payments for refarming of the frequencies to be used for 3G/UMTS services in Ukraine in the amount of UAH 358 million (RUB 865 mln)
- MTS will invest up to an additional RUB 7 bln to develop 3G networks in Ukraine till the end of 2015
 - Added CAPEX in Ukraine should increase MTS's total Group CAPEX to RUB 92 bln for FY 2015

* Excluding costs of UAH 2.7 bln (RUB 7.044 bln) related to the acquisition of a 3G license



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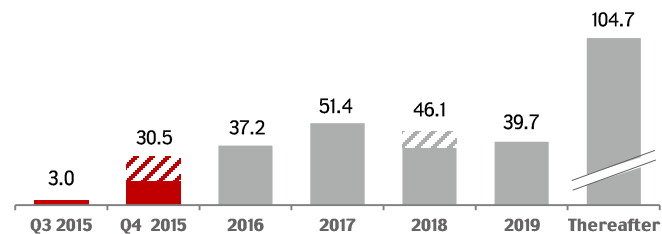


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GROUP DEBT AT THE END OF Q2 2015

DEBT REPAYMENT SCHEDULE (RUB bln)

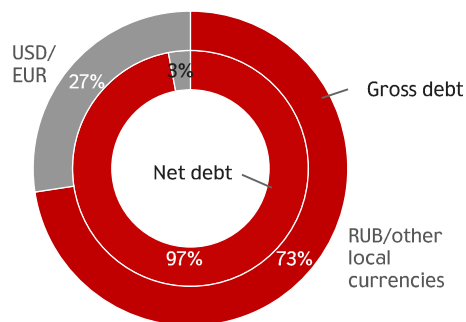
Total Group Debt* = RUB 312.6 bln



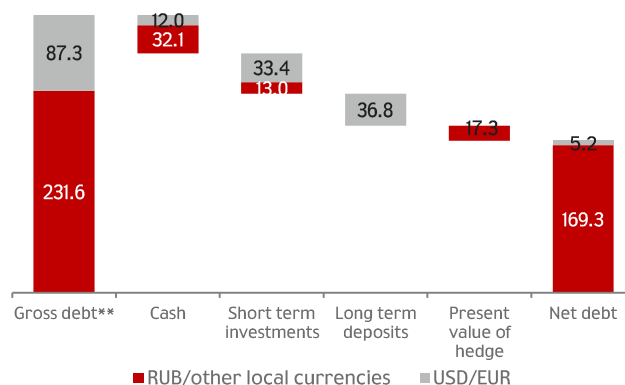
MTS 08 and BO-01 ruble bonds contain put options that can be exercised in November 2015 and in March 2018 respectively. MTS expects the options to be exercised.

*Net of financial leasing and unamortized debt issuance cost

GROSS/NET DEBT COMPOSITION BY CURRENCY Q2 2015**

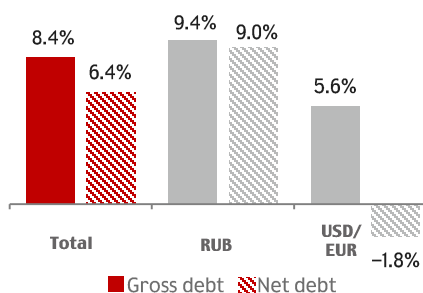


NET DEBT FACTOR ANALYSIS BY CURRENCY (RUB BLN)



**Including financial leasing and including FOREX hedging in the amount of \$610.9 mln as of Q2 2015

WEIGHTED AVERAGE INTEREST RATE



Enhanced liquidity by concluding two credit agreements:

- Signed a USD 200 mln equivalent term loan facility agreement with China Development Bank Corporation ("CDB") in renminbi and US dollars

- Opened a credit line with Sberbank PJSC in the amount RUB 15 bln

Quarterly decrease in total debt due to debt repayments and revaluation of the foreign-currency denominated portion of the debt portfolio following ruble strengthening during Q2 2015

High proportion of ruble-denominated debt mitigates risks associated with currency volatility and enhances MTS's balance sheet strength

97% ruble net debt position

- USD-denominated debt off-set by hedging activities, USD/EUR-denominated short term investments and long-term deposits



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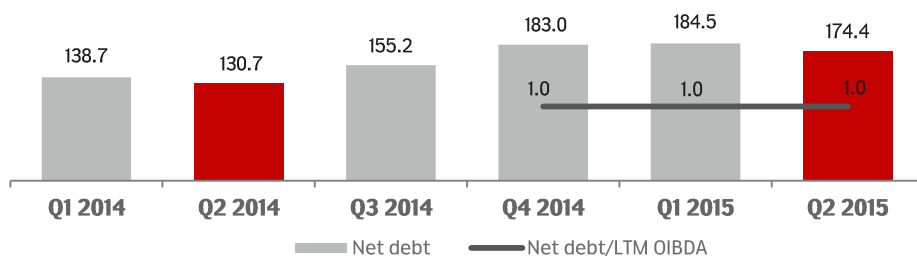


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GROUP BALANCE SHEET AND NET DEBT

BALANCE SHEET (RUB mln)	As of March 31, 2015	As of June 30, 2015
CASH AND CASH EQUIVALENTS	43,776	44,120
SHORT-TERM INVESTMENTS	42,993	46,319
LONG-TERM DEPOSITS	38,148	36,802
TOTAL DEBT*	329,662	318,976
LONG-TERM DEBT	284,910	270,055
SHORT-TERM DEBT	44,752	48,921
PRESENT VALUE OF HEDGE	20,286	17,340
NET DEBT**	184,459	174,395
LTM ADJUSTED OIBDA	178,283	177,344
NET DEBT/LTM ADJUSTED OIBDA	1.0x	1.0x

NET DEBT (RUB bln)



*Including finance lease obligations

**Adjusted for the effects of hedging of non-ruble denominated debt

- Net debt/LTM OIBDA remains stable at 1.0x reflective of the Company's prudent financial policies



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OUTLOOK FOR 2015

TOTAL GROUP REVENUE (RUB bln)



TOTAL RUSSIA REVENUE (RUB bln)



GROUP ADJUSTED OIBDA MARGIN



GROUP CAPEX (RUB bln)



- MTS reaffirms its Group guidance:
 - Group revenue growth of more than 2%
 - Revenue growth in MTS Russia more than 3%
 - Group OIBDA margin of more than 40%
- MTS revises its FY2015 CAPEX guidance to RUB 92 bln to reflect planned investments in 3G network development in Ukraine
- Group revenue and OIBDA dynamics will continue to be impacted by currency volatility in Russia and Ukraine
- 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

*Excluding costs of UAH 2.7 bln related to the acquisition of a 3G license



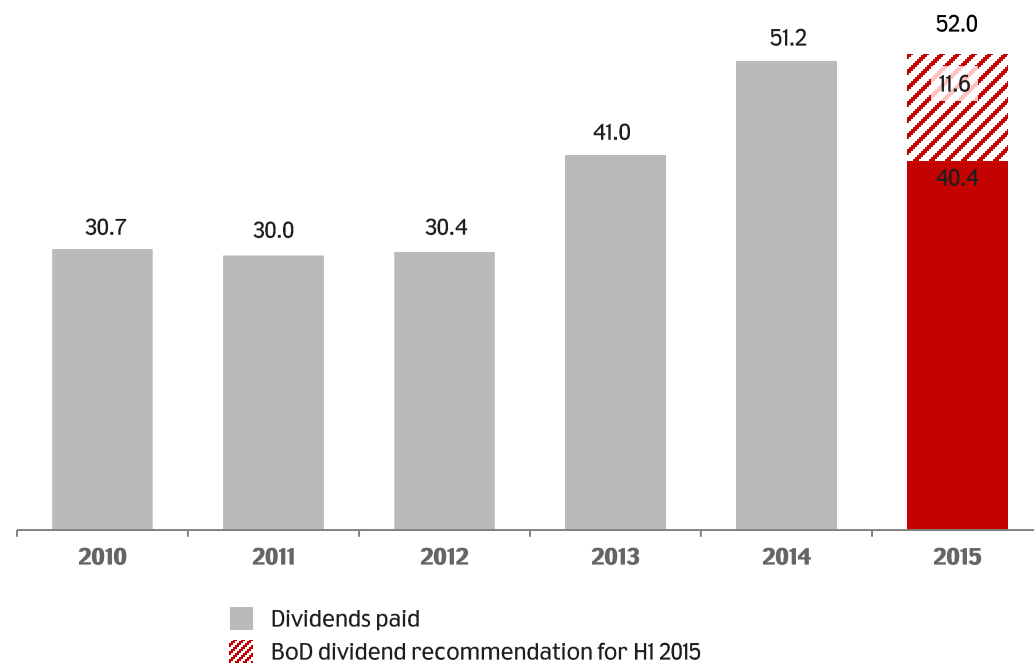
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DIVIDEND OUTLOOK

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 bln 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 51.2 bln in 2014

OUTLOOK FOR 2015

- Paid out dividends of RUB 19.56 per ordinary MTS share (RUB 39.12 per ADR), or a total of RUB 40.4 bln, based on the full-year 2014 financial results.
- The Board recommended that an EGM is held on September 30, 2015, to approve semi-annual dividends of RUB 5.61 per ordinary MTS share (RUB 11.22 per ADR), or a total of RUB 11.6 billion, based on H1 2015 financial results.



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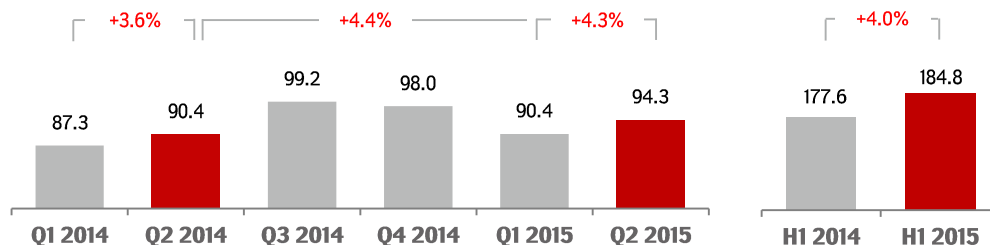
KEY FINANCIAL & OPERATING RESULTS



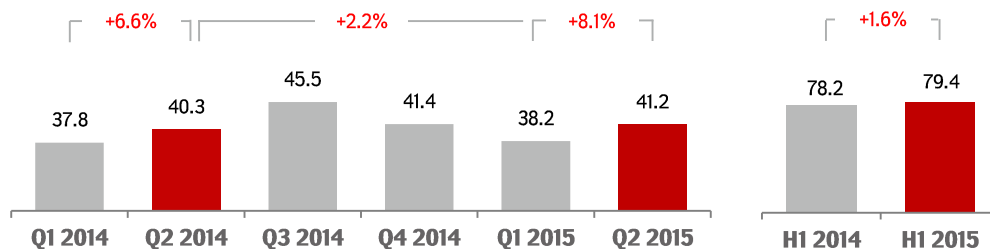
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RUSSIA FINANCIAL HIGHLIGHTS

TOTAL RUSSIA REVENUE (RUB bln)



TOTAL RUSSIA OIBDA (RUB bln)



OIBDA MARGIN	43.4%	44.6%	45.8%	42.2%	42.2%	43.7%
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

	44.0%	43.0%
	H1 2014	H1 2015

- Y-o-Y revenue expansion driven by:
 - Higher usage of voice, messaging and data products
 - Increased data adoption among subscribers
 - Subscriber additions
 - Increased sales of handsets
- Q-o-Q growth in revenue demonstrates seasonal trends, including higher roaming revenues, and reflects increased sales of handsets following a reduction in prices in our retail network in April 2015
- Quarterly OIBDA growth reflects revenue dynamics and lower costs related to international calling and international roaming due to ruble appreciation
- OIBDA growth attributable to reduced dealers commission following a decline in volume and quality of subscribers acquired through Svyaznoy, which led to the Company's decision to discontinue sales through this channel, and focus on proprietary retail network



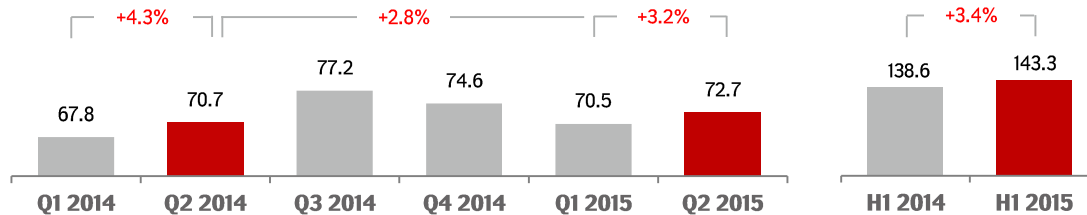
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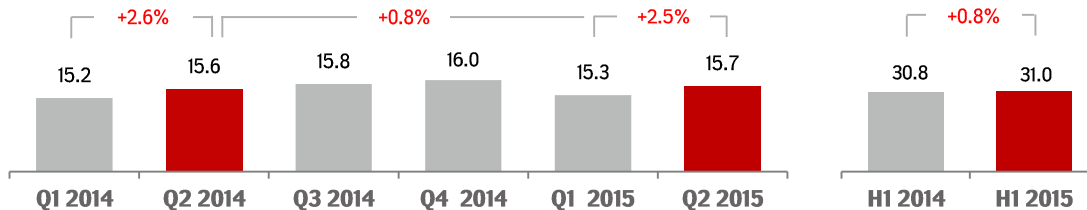
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RUSSIA REVENUE BREAKDOWN

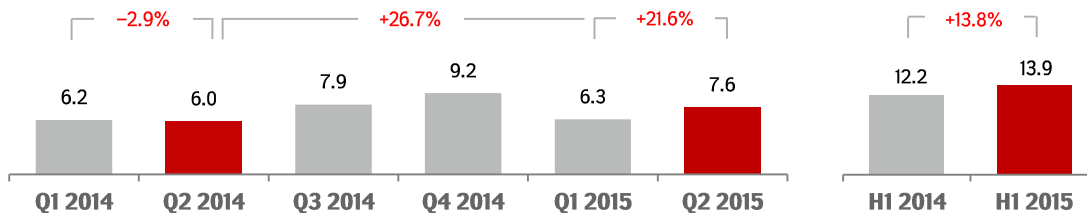
MOBILE REVENUE (RUB bln)



FIXED LINE REVENUE (RUB bln)



SALES OF HANDSETS & ACCESSORIES (RUB bln)



- Y-o-Y growth in mobile service revenue attributable to:
 - Increased data adoption through higher penetration of smartphones and tablets aided by aggressive smartphone pricing strategy
 - Upselling existing data users to tariff plans and options with incremental higher traffic allowances
 - Expansion of the subscriber base
- Quarterly improvement in mobile service revenues due to seasonally higher roaming revenue
- Slight Y-o-Y increase in fixed-line revenue as growth of B2C business in Moscow and in the regions was mitigated by reduction in low-margin traffic transit business
- Increase in sales of handsets reflects the reduction in prices in April 2015 to sustain growth in smartphone penetration



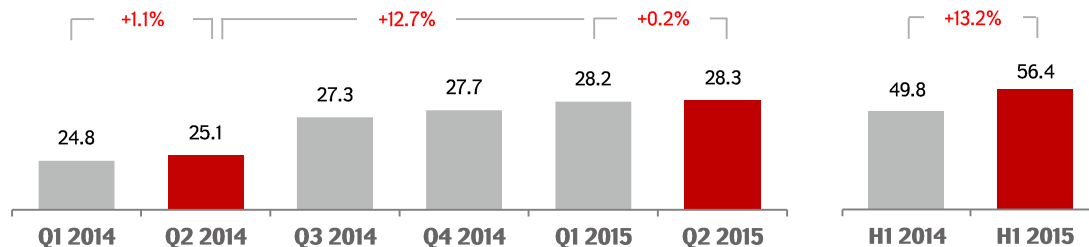
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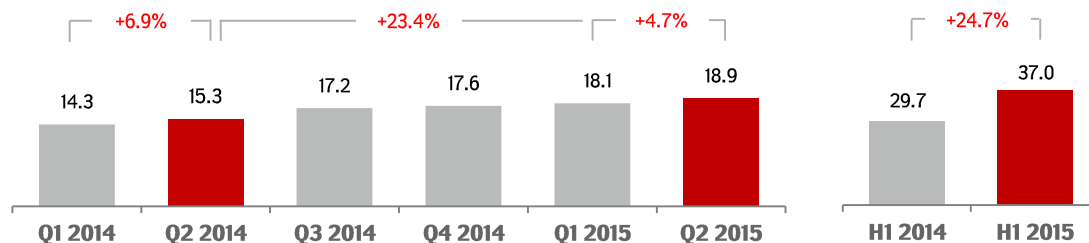
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RUSSIA VAS REVENUE

TOTAL VAS REVENUE (RUB bln)



DATA TRAFFIC REVENUE (RUB bln)



- Y-o-Y growth in data revenues attributable to Company's focus on stimulating data usage, promotion of affordable smartphones in its retail chain, sustained investment in high-speed data networks, and success in creating the market's strongest value proposition to customers
- Sustained data traffic revenue growth driven by growth in smartphone and tablet penetration and migration of customers to data packages
- Key initiatives included:
 - Development of LTE networks in 78 Russia's regions
 - Reduction in smartphone prices by up to 30% in all of the MTS retail stores
 - Discontinuation of unlimited tariff plans for USB modems
 - Decrease in the free data offerings which come with USB modems and routers (from one month of free Internet to 14 days)



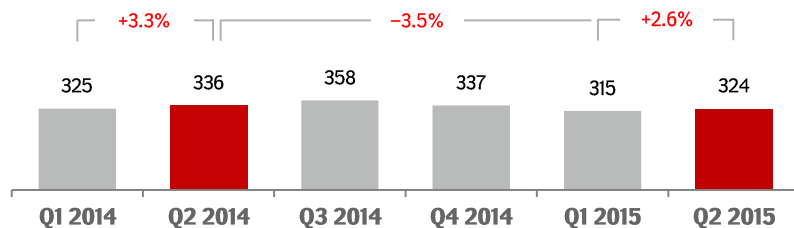
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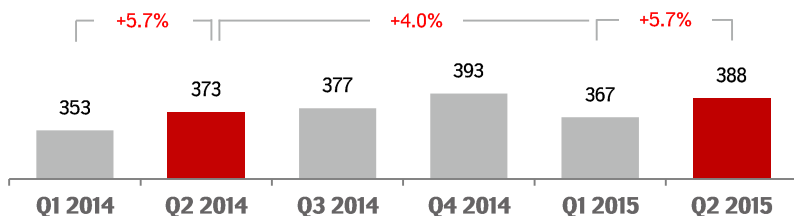
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RUSSIA MOBILE OPERATING INDICATORS

ARPU (RUB)



MOU (MIN)



SUBS, MLN	70.0	70.6	73.3	74.6	74.5	75.4
CHURN, %	10.1%	10.9%	9.2%	11.0%	10.1%	9.1%
VAS ARPU	118.6	118.9	126.5	125.0	126.1	125.7
- AS % OF ARPU	36.5%	35.4%	35.4%	37.1%	40.0%	38.8%
APPM	0.92	0.90	0.95	0.86	0.86	0.83
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

- Y-o-Y ARPU dynamics demonstrate Company's focus on providing incremental data traffic allowances to stimulate data usage
- Quarterly increase in ARPU attributable to seasonal factors, including higher roaming revenues
- MOU dynamics showcase Company's success in driving usage by promoting tariff plans with free on-net calling
- Decline in churn demonstrates Company's focus on customer loyalty and higher-quality subscriber additions



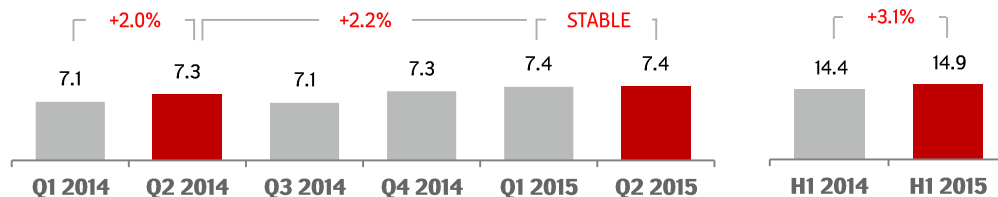
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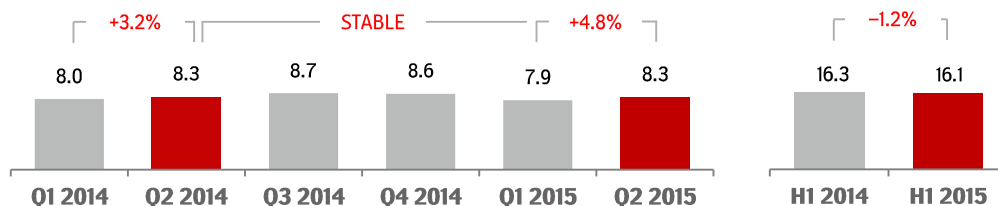
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RUSSIA FIXED FINANCIAL AND OPERATING INDICATORS

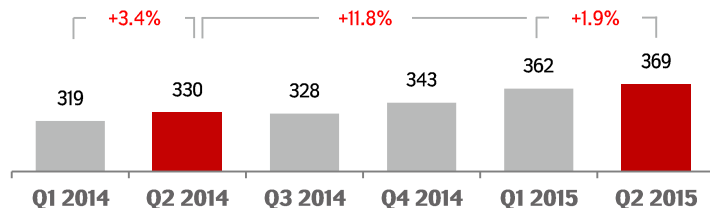
B2C FIXED LINE REVENUE (RUB bln)



OTHER FIXED LINE REVENUE (B2B+B2G+B2O) (RUB bln)



B2C ARPU (RUB)



HOUSEHOLDS PASSED, 000's	12,347	12,390	12,471	12,541	12,526	12,545
NO. OF SUBS, 000's*	7,426	7,294	7,185	7,062	6,766	6,705
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

*Including residential fixed-line telephony, broadband, and pay-TV subscribers

- Sustained Y-o-Y improvement in B2C revenue attributable to development of the subscriber base in Moscow and the regions and upselling existing customers and network modernization
- Marked B2C ARPU growth highlights the rising share of double-play and triple-play customers, the continued migration of Pay-TV subscribers to MTS's digital TV platform, upselling broadband subscribers through modernization of fixed-line networks in the regions and migration of ADSL customers in Moscow to GPON
- Decline in residential subscriber base reflects the migration of Pay TV subscribers from analogue to digital platforms, which results in defection of lower-value subscribers, including social package subscribers, as well decline in the number of fixed-line telephony users



MTS

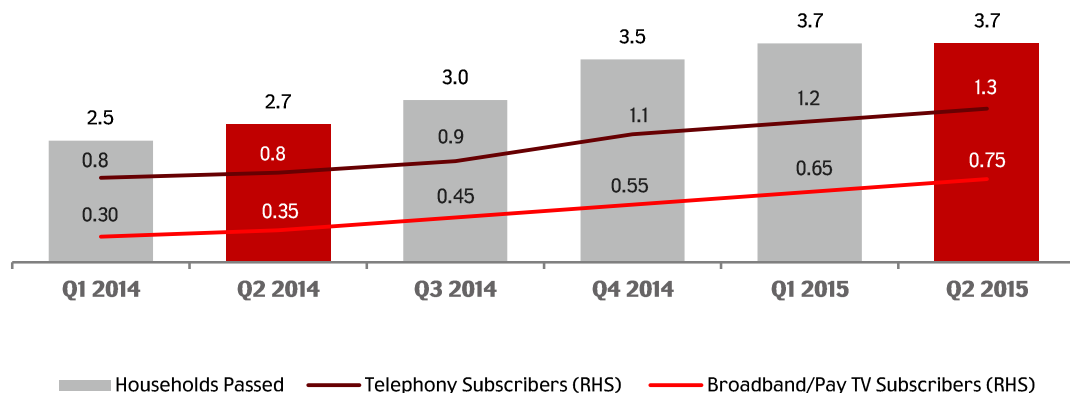
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MGTS

GPON ROLLOUT/SUBSCRIBERS (mln)



- In H2 2011, MGTS began a RUB 50.0 bln investment project to replace outdated ADSL networks with state-of-the-art Gigabit Capable Passive Optic Network (GPON), which allow Internet access speeds of up to 1 Gb/s to the Moscow households and businesses
- MGTS currently offers broadband access at the speeds up to 500 Mb/s and over 200 TV channels, including 35 HD channels as well as VoD services over IPTV
 - MGTS is growing its subscriber base by upselling its existing customers from ADSL to GPON and acquiring new subscribers
- Construction of GPON network enabled MTS to increase its B2C revenue from broadband and Pay-TV offerings by 33.9% year-over-year and enhance its presence in the Moscow market



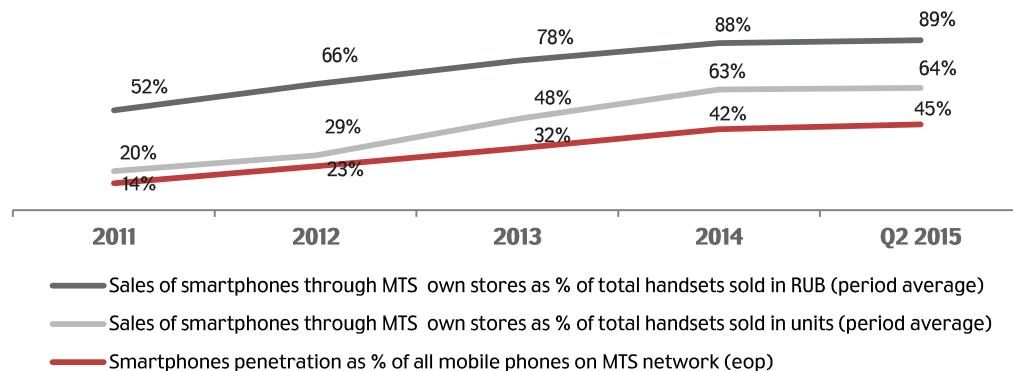
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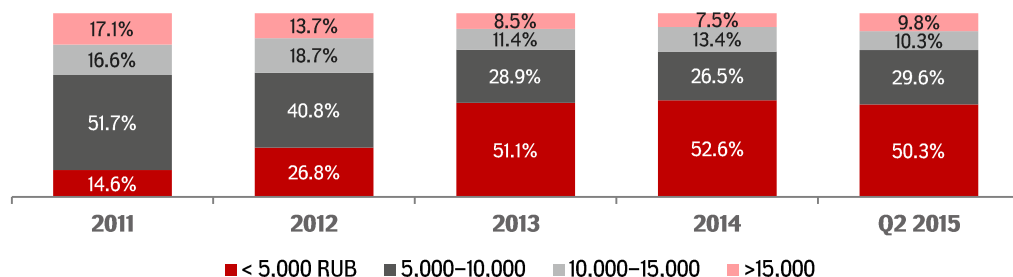
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MTS RETAIL NETWORK

SMARTPHONES SALES AND PENETRATION, 2011 – 2015



SMARTPHONES SALES BY PRICE CATEGORY (000's units)



- At the end of Q2 2015, MTS's retail network comprised 4,422 stores, including 1,435 franchised outlets
- In Q2 2015, smartphones accounted for 64% of phones sold in MTS stores in units
- LTE smartphones accounted for 24.8% of smartphones in units sold in the MTS retail chain
- In Q2 2015, MTS reduced prices on all models of smartphones sold in its retail chain in order to:
 - Counteract competitors' efforts to markedly increase their share of distribution in the market
 - Drive further migration to higher-value tariffs and data plans
- As a result, we registered a 35.5% Y-o-Y increase in number of smartphones sold, while total smartphone penetration on our network reached 44.9%



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NVISION GROUP OVERVIEW AND DEAL STRUCTURE

- Exclusive developer and owner of the billing systems utilized by MTS (FORIS BSS/OSS, MEDIO SCP)
 - One of the largest Russian developers of complex IT-solutions and full-cycle IT-integrators
 - In 2014, revenue of NVision Group amounted to RUR 24.1 bln with MTS contracts accounting for over 50% of total revenue
 - 22 offices in Russia, the CIS and the Czech Republic and 2,600 employees
- MTS has signed binding agreements to acquire 100% of NVision Group JSC from subsidiaries of Sistema JSFC for RUB 15.0 billion, including net debt
 - In phase one of the transaction (completed as of July 17, 2015) MTS acquired 100% of the shares of SITRONICS Telecom Solutions CJSC and NVision Czech Republic a.s.
 - In phase two – to be completed by the end of 2015 – MTS will acquire 100% shares of Nvision Group JSC

Acquisition of NVision is in line with MTS's 3D strategy: Data + Differentiation + Dividends

DATA

- Control over development of billing systems, which significantly impact customer loyalty and churn reduction
- Reduces “time-to-market” of new data products due to enhanced quality and efficiency of MTS billing systems
- Replacement of the current billing provider is expensive, time-consuming and would create significant operational risks

DIFFERENTIATION

- Opportunity to enter the fast-growing ICT services market with convergent systems integration + telco offerings
- Increases chances to win complex B2B tenders for telecom and IT integration services
- Enhances long-term customer value and improves loyalty of B2B customers

DIVIDENDS

- Turns billing-related CAPEX into OPEX
- Reduces OPEX through lower IT and software servicing costs (i.e. elimination of a “middle-man”)



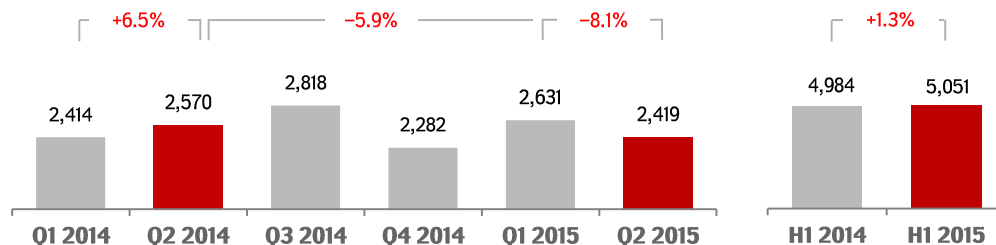
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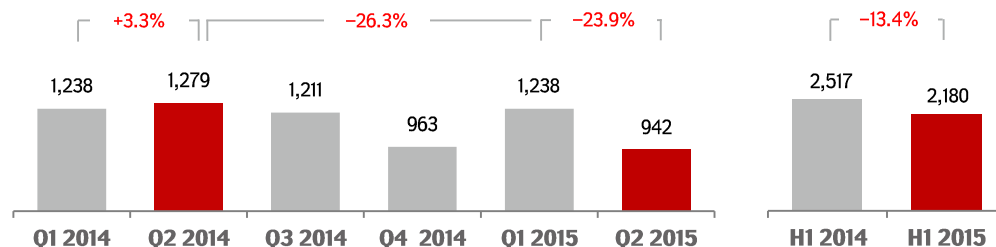
Data+Differentiation+Dividends

UKRAINE FINANCIAL HIGHLIGHTS

TOTAL UKRAINE REVENUE (UAH mln)



TOTAL UKRAINE ADJUSTED OIBDA* (UAH mln)



ADJUSTED OIBDA MARGIN	51.3%	49.8%	43.0%	42.2%	47.0%	38.9%
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

	50.5%	43.2%
	H1 2014	H1 2015

* Adjusted for provision for cash balances deposited in distressed Ukrainian banks: UAH 1,449 bln and UAH 648 mln in Q4 2014 and Q1 2015 respectively

- Y-o-Y decline in topline reflective of termination of operations in Crimea, operational challenges in the East of Ukraine and weaker macroeconomic environment
- Organically the business unit demonstrates positive dynamics Y-o-Y driven by growth in interconnect revenues, the launch of 3G services through a roaming agreement with a local provider TriMob and increase in prices for tariff options, international roaming and calling
- Q-o-Q decline in revenue and adjusted OIBDA largely due to decrease in international interconnect revenues as a result of an increase in consumer prices for calling from Russia to Ukraine



MTS

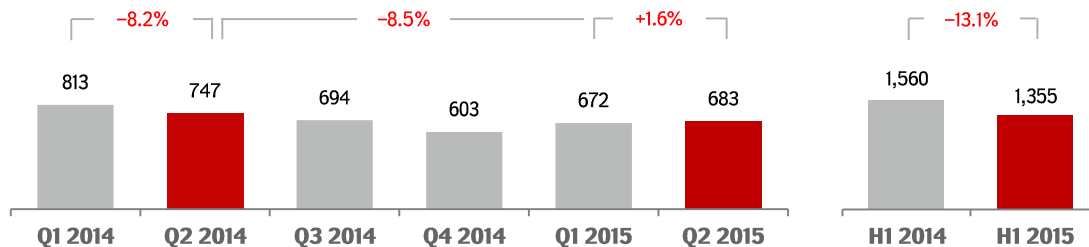
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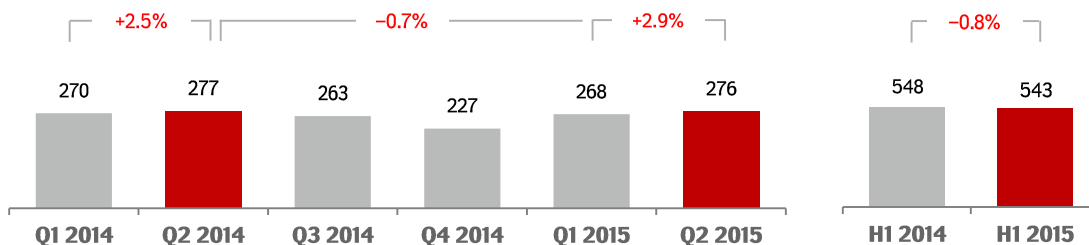
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UKRAINE VAS REVENUE

TOTAL VAS REVENUE
(UAH mln)



DATA TRAFFIC REVENUE
(UAH mln)



- Y-o-Y decline in total VAS revenue as a result of reduced consumption of value-added services, messaging and SMS-based content related to overall drop in domestic traffic and reduction in the subscriber base after termination of operations in Crimea

- Q-o-Q increase in data traffic revenue due to growing data usage as a result of the 3G roaming agreement with TriMob



MTS

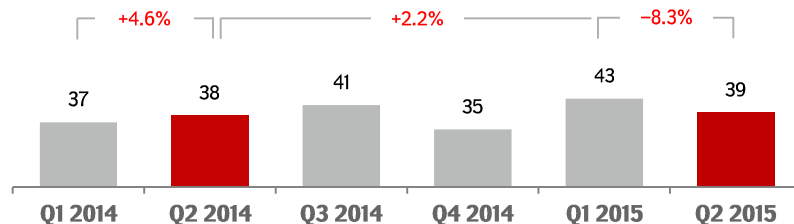
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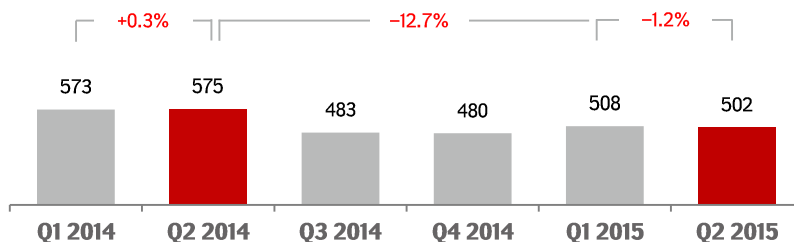
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UKRAINE OPERATING INDICATORS

ARPU (UAH)



MOU (MIN)



SUBS, MLN	21.7	22.3	22.7	20.2	20.3	20.3
CHURN, %	6.2%	4.5%	4.6%	17.6%	5.5%	5.6%
VAS ARPU	12.6	11.3	10.3	9.4	11.1	11.2
– AS % OF ARPU	34.2%	29.6%	25.0%	26.9%	25.9%	28.6%
SAC	49.4	50.8	63.4	69.3	69.2	86.7
APPM	0.064	0.067	0.085	0.072	0.084	0.078
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

- Y-o-Y increase in ARPU due to growth in interconnect revenues and an increase in prices
- Y-o-Y decline in voice usage attributable to the difficulty in provisioning services in eastern Ukraine and impact of macroeconomic factors on overall voice traffic
 - Loss of business in Crimea also a factor, because of high levels of MOU in region



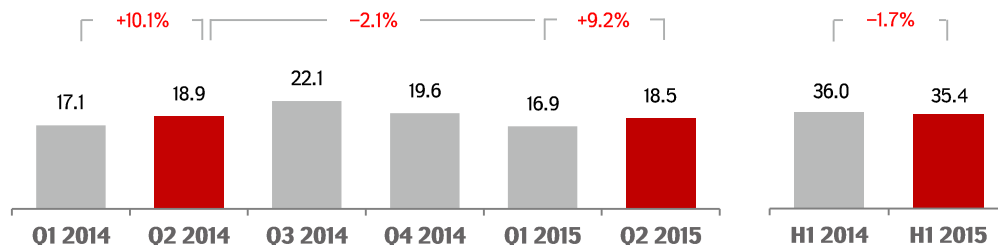
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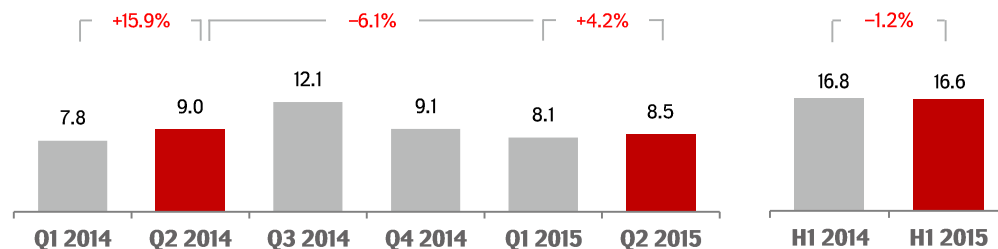
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ARMENIA FINANCIAL HIGHLIGHTS

TOTAL ARMENIA REVENUE (AMD bln)



TOTAL ARMENIA OIBDA (AMD bln)



OIBDA MARGIN	45.5%	47.9%	54.6%	46.6%	48.1%	45.9%
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

	46.8%	47.0%
	H1 2014	H1 2015

- Y-o-Y revenue dynamics driven by a sustained decline in local and international calling and roaming due to macroeconomic factors
- Revenue dynamics aided by increased data revenues through higher smartphone penetration and customer migration to data plans
- Quarterly revenue increase attributable to seasonal factors, including higher roaming revenue
- Y-o-Y OIBDA dynamics impacted by
 - The regulatory decision to increase termination rates for international calling starting from Q3 2014
 - Consulting expenses



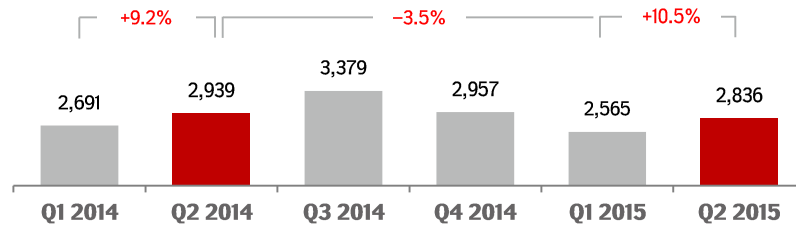
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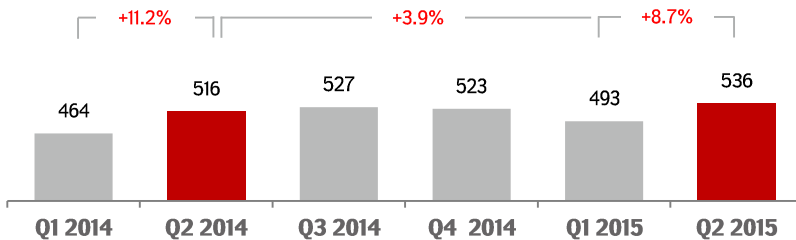
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ARMENIA OPERATING INDICATORS

ARPU (AMD)



MOU (MIN)



SUBS, 000's	2,102.5	2,121.8	2,149.4	2,145.5	2,116.6	2,109.7
CHURN, %	7.8%	7.7%	9.0%	9.5%	8.7%	8.4%
SAC	5,129.8	5,302.3	4,773.3	6,261.6	5,545.7	5,766.7
APPM	5.80	5.70	6.41	5.65	5.20	5.29
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

- Y-o-Y decline in ARPU attributable to an increase in free on-net calls included in the packages as well as reduced international calling
- Quarterly increase in ARPU in line with traditional seasonal trends due to higher subscriber roaming revenues
- Y-o-Y rise in MOU reflects MTS's efforts to drive voice usage



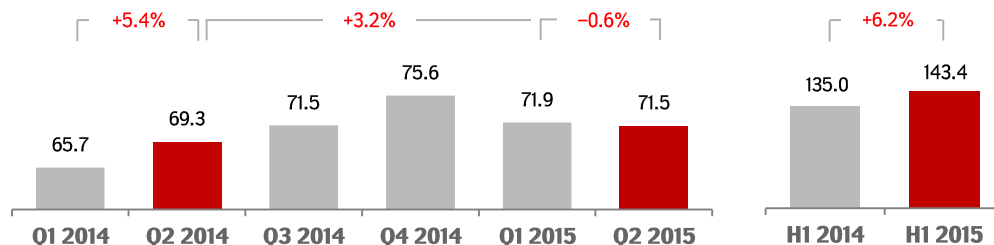
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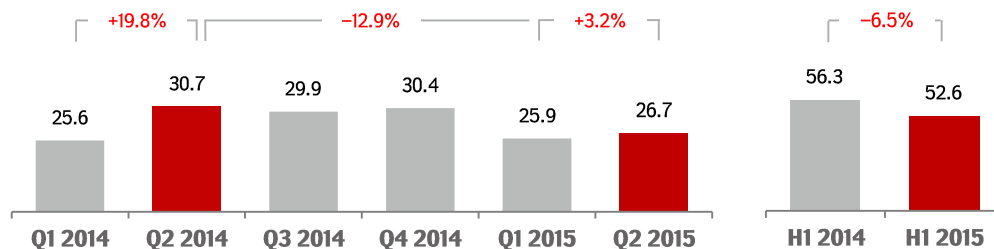
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TURKMENISTAN FINANCIAL HIGHLIGHTS

TOTAL TURKMENISTAN REVENUE (TMT mln)



TOTAL TURKMENISTAN OIBDA (TMT mln)



OIBDA MARGIN	39.0%	44.3%	41.8%	40.2%	36.0%	37.4%
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

	41.7%	36.7%
	H1 2014	H1 2015

- Y-o-Y topline growth driven by increased data and content revenues due to network enhancement and the promotion of data services
- Quarterly revenue decline impacted by discontinuation of sales of handsets due to legal restrictions
- Y-o-Y decline in OIBDA due to the impact of US dollar appreciation on foreign currency denominated cost items, including network maintenance fees, higher line rental costs and an increase in payroll in January 2015
- Quarterly OIBDA margin dynamics positively impacted by discontinuation of sales of handsets



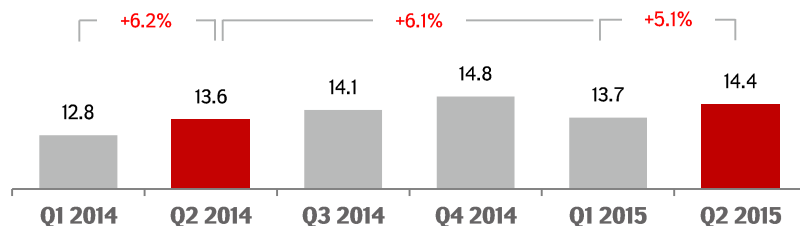
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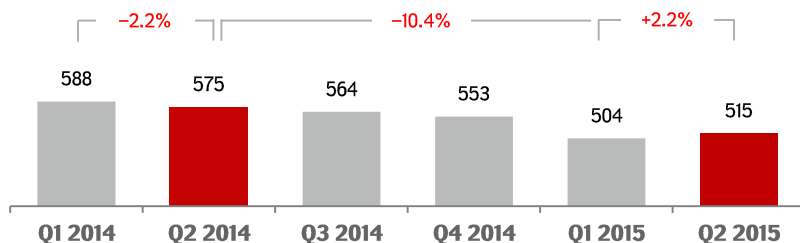
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TURKMENISTAN OPERATING INDICATORS

ARPU (TMT)



MOU (MIN)



SUBS, 000's	1,691.9	1,699.4	1,691.3	1,718.8	1,675.4	1,622.9
CHURN, %	12.0%	10.4%	11.2%	10.3%	12.1%	13.0%
SAC	23.9	24.1	26.7	26.1	28.9	28.3
APPM	0.022	0.024	0.025	0.027	0.027	0.028
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

- Y-o-Y growth in ARPU reflects MTS's success in monetizing its subscriber base and growing data traffic revenues

- Y-o-Y decline in MOU attributable to MTS's initiatives aimed at reducing the share of free on-net calling in the traffic mix



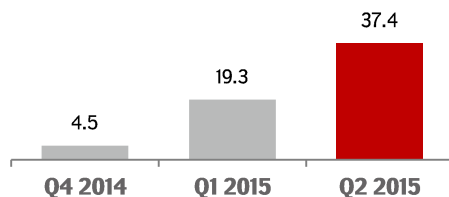
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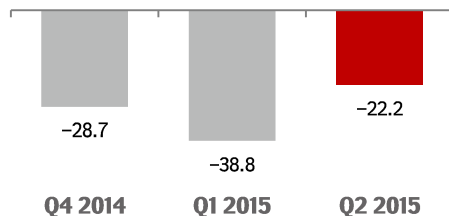
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UZBEKISTAN: RE-ENTERING THE MARKET

TOTAL UZBEKISTAN REVENUE
(UZS bln)



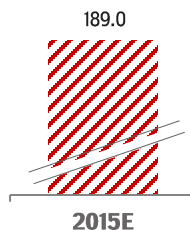
TOTAL UZBEKISTAN OIBDA
(UZS bln)



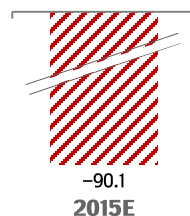
OPERATING INDICATORS

SUBS, MLN	0.2	0.4	0.6
ARPU (UZS)	–	21,027	23,373
MOU	–	356	462
CHURN, %	–	8.4%	13.0%
	Q4 2014	Q1 2015	Q2 2015

UZBEKISTAN REVENUE OUTLOOK
(UZS bln)



UZBEKISTAN OIBDA OUTLOOK
(UZS bln)



- On September 24, 2014, MTS took possession of a 50.01% stake in the Russian-Uzbek entity Universal Mobile Systems LLC (UMS)
- UMS has been granted 2G, 3G and LTE licenses, and received frequencies, numbering capacity and other permits required for the launch of the operations
- MTS launched operations throughout the territory of Uzbekistan on December 1, 2014
- MTS expects positive OIBDA in 2016
- MTS expects subscriber base to increase to 1.15 mln by the end of 2015
- MTS focuses on attracting high-value customers through superior network quality and excellence in customer service



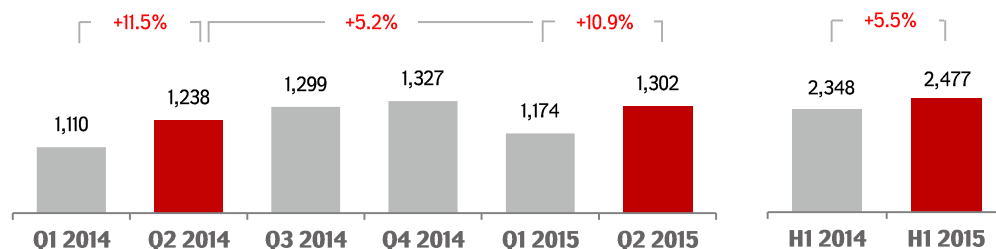
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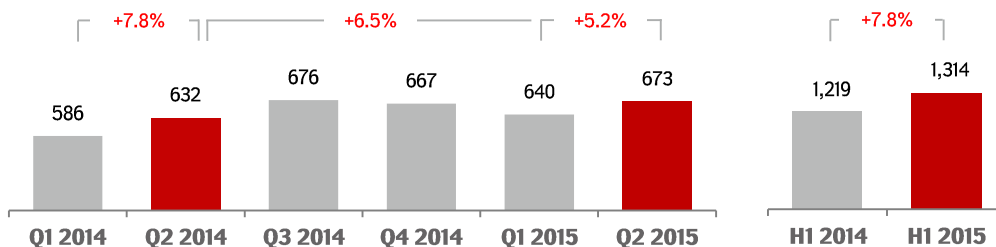
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BELARUS FINANCIAL HIGHLIGHTS

TOTAL BELARUS REVENUE (BYR bln)



TOTAL BELARUS ADJUSTED OIBDA* (BYR bln)



ADJUSTED OIBDA MARGIN	52.8%	51.1%	52.1%	50.3%	54.5%	51.7%
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

	51.9%	53.0%
	H1 2014	H1 2015

- Y-o-Y increase in topline due to
 - Upward price revision during 2014 following devaluation of the Belarussian ruble
 - An increase in data revenues attributable to Company's success in growing smartphone penetration and customer migration to V&D tariff plans
 - Rising sales of handsets as the Company focused on stimulating sales of smartphones
- Q-o-Q rise in revenues demonstrates seasonally higher usage, including higher usage of voice and data roaming products
- Strong Y-o-Y increase in Adjusted OIBDA due to topline trends and growing share of high-margin data revenues in the sales mix

*OIBDA adjusted in Q1 2015 for reserves due to investments in distressed Delta Bank in the amount of RUB 282 mln (BYR 69.69 bln)



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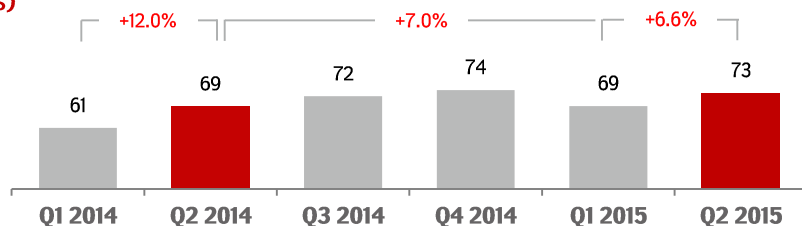
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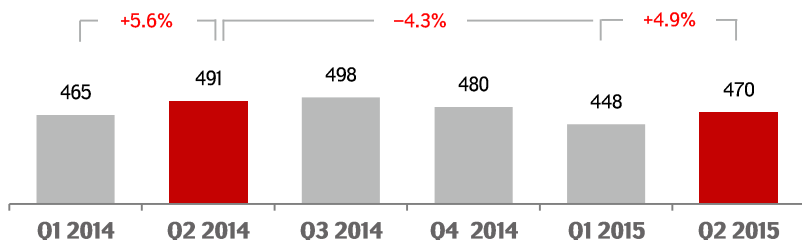
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BELARUS MOBILE OPERATING INDICATORS

ARPU
(BYR 000's)



MOU
(MIN)



SUBS, MLN	5.2	5.3	5.3	5.3	5.3	5.3
CHURN, %	6.3%	4.7%	5.5%	5.8%	5.1%	4.7%
SAC, 000's	125.4	154.2	158.8	189.1	201.5	222.8
APPM	131.6	139.6	145.0	154.8	153.6	156.1
	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015

- Y-o-Y improvement in ARPU attributable to increase in tariffs and growing usage of data due to the rising penetration of smartphones and launch of new V&D tariff plans
- Q-o-Q increase in ARPU in line with the seasonal patterns
- Y-o-Y decrease in MoU in line with overall market trends as subscribers reduce voice usage under the impact of increased tariffs and lower disposable income
- The lowest level of churn in the market reflective of the customer loyalty as the Company continues to maintain its leadership position in the market



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APPENDIX



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DEFINITIONS & RECONCILIATIONS

In 2010, the Russian State Duma enacted a law requiring Russian companies, which have securities traded on the Moscow Exchange, to prepare consolidated financial statements under International Financial Reporting Standards (IFRS) beginning from the Financial Year ended December 31, 2015. To conform to this requirement, the Group will prepare its financial statements for the Financial Year Ended December 31, 2015 with comparable data for the Financial Year ended December 31, 2014 under IFRS.

Non-IFRS financial measures. This presentation includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Due to the rounding and translation practices, Russian ruble and functional currency margins, as well as other non-IFRS financial measures, may differ.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating profit 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 IFRS 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 IFRS, 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. We use a term Adjusted for OIBDA and operating profit when there were significant excluded one off effects. OIBDA and Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

RUB mln	Q2 2014					Q1 2015					UZB	Q2 2015					
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK		Group	RUS	UKR	ARM	TUK	UZB
OPERATING PROFIT/(LOSS)	25,334	24,205	2,167	347	255	19,163	21,091	693	436	252	(2,134)	22,501	23,728	1,190	412	237	(1,373)
Add: Provision cash balances deposited in distressed Ukrainian banks	-	-	-	-	-	1,698	-	1,698	-	-	-	-	-	-	-	-	-
ADJUSTED OPERATING PROFIT/(LOSS)	25,334	24,205	2,167	347	255	20,861	21,091	2,391	436	252	(2,134)	22,501	23,728	1,190	412	237	(1,373)
ADD: D&A	18,326	16,133	1,660	419	122	20,448	17,080	1,344	623	205	1,209	20,221	17,517	1,107	525	165	917
ADJUSTED OIBDA	43,661	40,338	3,826	766	377	41,309	38,171	3,735	1,059	458	(925)	42,722	41,245	2,297	937	402	(455)



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DEFINITIONS & RECONCILIATIONS

	Q2 2014					Q1 2015						Q2 2015					
	Group	RUS	UKR	ARM	TUK	Group	RUS	UKR	ARM	TUK	UZB	Group	RUS	UKR	ARM	TUK	UZB
OPERATING MARGIN	25.6%	26.8%	28.2%	21.7%	29.9%	19.1%	23.3%	8.8%	19.8%	19.8%	n/a	21.9%	25.2%	20.2%	20.1%	22.0%	n/a
Add: Provision for cash balances deposited in distressed Ukrainian banks	–	–	–	–	–	1.7%	–	21.5%	–	–	–	–	–	–	–	–	–
ADJUSTED OPERATING MARGIN	25.6%	26.8%	28.2%	21.7%	29.9%	20.8%	23.3%	30.2%	19.8%	19.8%	n/a	21.9%	25.2%	20.2%	20.1%	22.0%	n/a
ADD: D&A	18.5%	17.8%	21.6%	26.2%	14.3%	20.4%	18.9%	17.0%	28.3%	16.1%	248.1%	19.7%	18.6%	18.8%	25.7%	15.4%	117.6%
ADJUSTED OIBDA MARGIN	44.2%	44.6%	49.8%	47.9%	44.3%	41.2%	42.2%	47.3%	48.1%	36.0%	n/a	41.6%	43.7%	38.9%	45.8%	37.4%	n/a



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DEFINITIONS & RECONCILIATIONS

Net debt represents total debt less cash and cash equivalents and short-term investments, long-term deposits and effect of hedging of non-ruble denominated debt. 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-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.

RUB mln	As of Dec 31, 2014	As of Jun 30, 2015
Current portion of LT debt and of finance lease obligations	41,955	49,624
LT debt	240,860	263,382
Finance lease obligations	8,857	8,466
Unamortized debt issuance cost	(1,707)	(2,496)
Total debt	289,965	318,976
Less:		
Cash and cash equivalents	61,410	44,120
ST investments	9,942	46,319
LT deposits	13,671	36,802
Effects of hedging of non-ruble denominated debt	21,936	17,340
Net debt	183,006	174,395

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 IFRS 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 IFRS.

RUB mln	For six months ended Jun 30, 2014	For six months ended Jun 30, 2015
Net cash provided by operating activities	77,838	72,016
Less:		
Purchases of property, plant and equipment	(23,062)	(40,921)
Purchases of intangible assets*	(5,447)	(12,720)
Proceeds from sale of property, plant and equipment	231	1,326
Investments in and advances to associates	(2,702)	—
Free cash flow	46,858	19,701

*Excluding purchases of 3G license in Ukraine (RUB 7.044 bln)



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DEFINITIONS & RECONCILIATIONS

LTM Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

RUB mln	Six months ended Dec 31, 2014	Six months ended Jun 30, 2015	Twelve months ended Jun 30, 2015
	A	B	C = A + B
Net operating profit	56,316	41,664	97,980
Less: Gain from reentrance into Uzbekistan	(6,734)	–	(6,734)
Add: Provision for cash balances deposited in distressed Ukrainian banks	5,138	1,698	6,836
Add: D&A	38,593	40,669	79,262
LTM Adjusted OIBDA	93,313	84,031	177,344



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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 organization or individual, whose SIM-card:

- shows traffic-generating activity or
- accrues a balance for services rendered or
- is replenished or topped off

Over the course of any three-month period, inclusive within the reporting period, and was not blocked at the end of the 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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