

**МТС оператор связи**



# MTS Group

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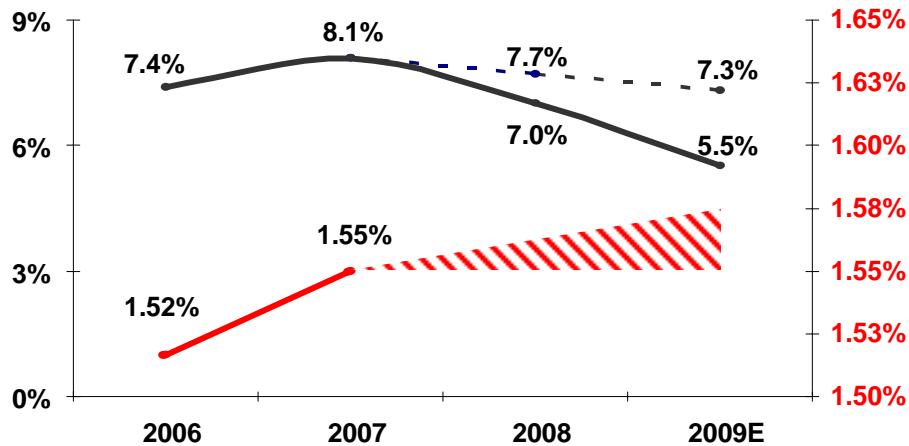


## Safe harbor

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might” the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically, the Company’s most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned “Risk Factors,” that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures; rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management, and future growth subject to risks.

## Russian mobile market outlook

Russia GDP growth forecast and % of mobile spend

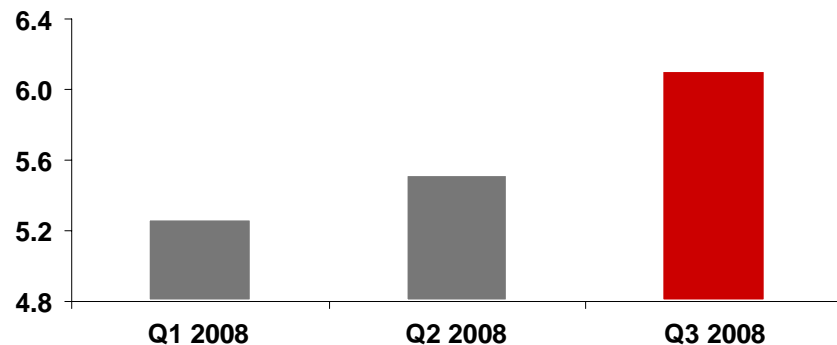


● Real GDP growth, % old ● Russian mobile market as % of GDP

● Real GDP growth, % new

- The global credit crunch has led authorities to lower Russia's real GDP growth forecasts
  - Lower growth may imperil spending on big-ticket consumer goods like automobiles, homes, etc.

Gross subscriber additions in 2008



- Mobile phone usage has remained resilient
  - Gross additions in Q3 exceeded those of Q2 2008
  - Nature of product implies greater customer affinity to satisfy basic communications needs
  - No significant softening of usage

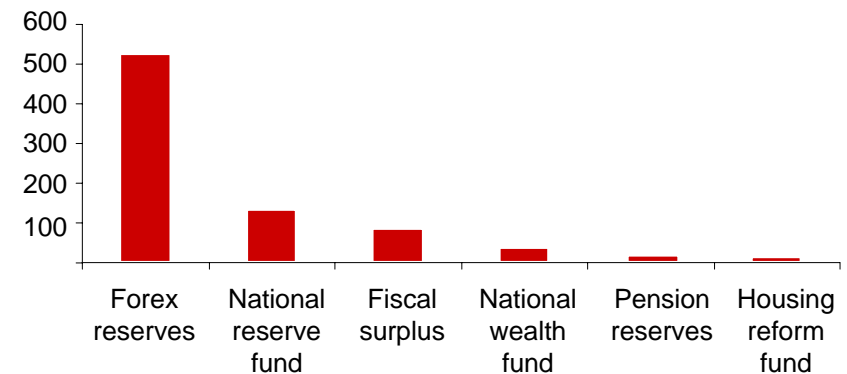
In the event of a slowdown in overall consumer spending growth, can mobile operators increase their share of wallet?

## Outlook for Russian economy

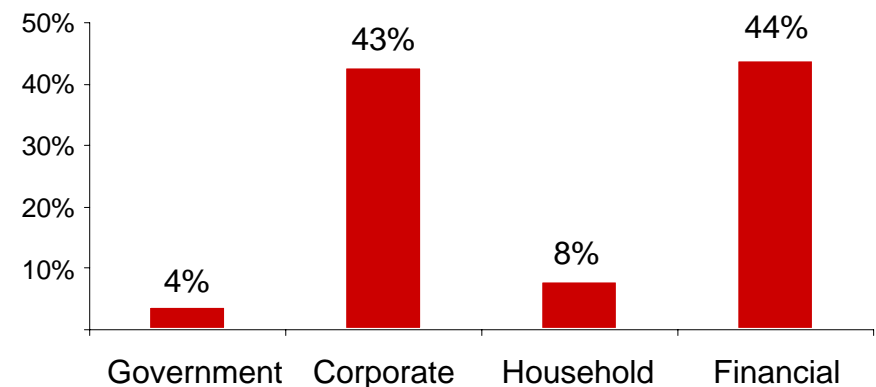
- Russia as a country exhibits a number of strengths:
  - Positive balance of payments
  - Low sovereign debt levels
  - Low household debt levels
  - Strong export base
  - Diversifying economic base
  - Ample government financial resources
  - Government and popular will to address crisis
  - Large natural resource base
  - Government interest in infrastructure development

Once corporate debt issue is resolved, Russia should resume its economic growth

Government resources available, in USD bn



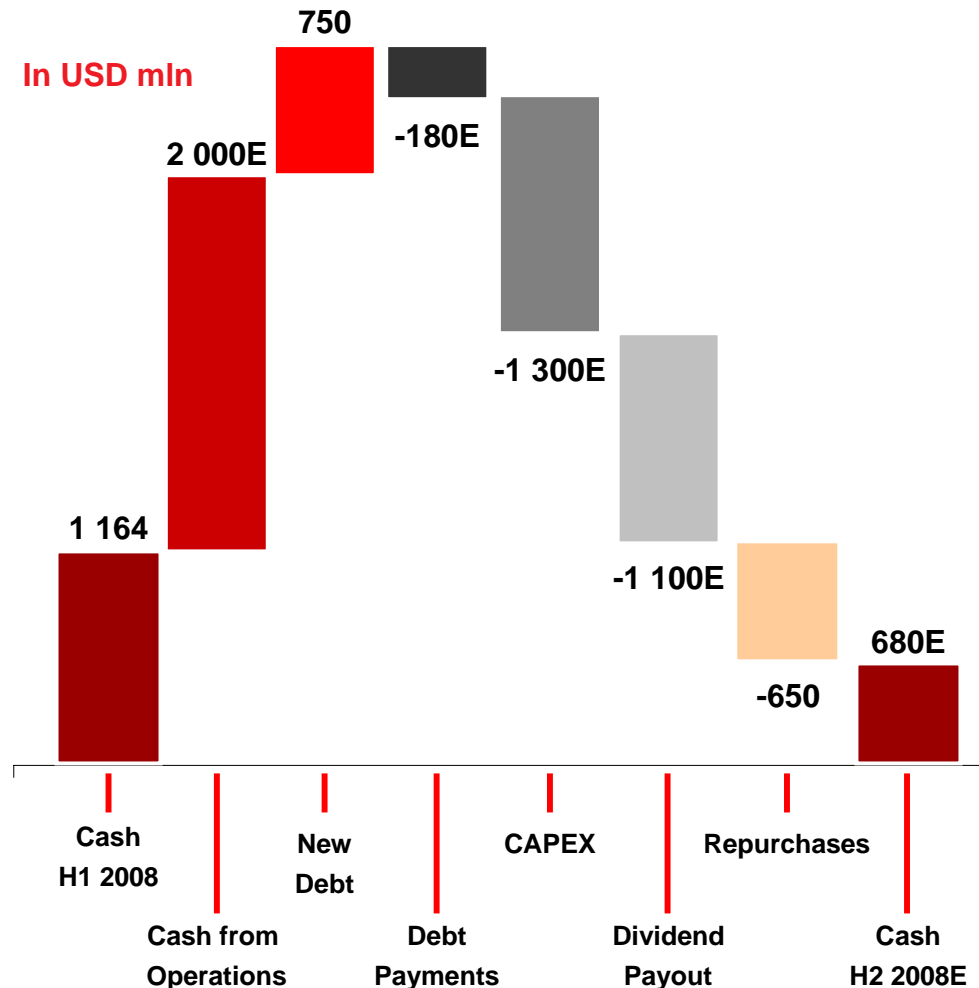
Debt as % of GDP



Source: Troika Dialog

## MTS financial outlook

### MTS 2008E Cash Flows



Source: Company estimates

- Debt repayment
  - As of H2 2008, MTS had \$180 mln in debt coming due for repayment by the end of the year (\$80 mln in Q3; \$100 mln in Q4)
- Fund raising
  - MTS was successful in raising an additional RUR 20 billion (USD 750 mln) in October
- In H1 2009, MTS has USD 810 mln in debt due for repayment
- MTS expects additional financing to be available in H1 2009

With ample cash on hand and a high-cash generating business, MTS is ideally positioned to meet its obligations and seize opportunities in the marketplace

## Cost savings initiatives

- In anticipation of a short-term slowdown in its businesses, the Company is undertaking a number of key initiatives in line with its budget preparation for Q4 2008 and FY 2009:

### CAPEX

- Short term initiatives include prioritizing the future investment projects and attaining cost reductions on previously approved projects
- Long term initiatives include platform harmonization, capacity optimization, relocation of existing network components, outsourcing of network maintenance, and equipment leasing versus buying

### OPEX

- Number of employees to remain at current levels with review of personnel structure and introduction of caps on annual salary revisions
- Reduction of business travel expenses, corporate events, conference attendance and paid training courses
- Reduction of office maintenance costs
- Reduction of advertising and marketing expenses

MTS is well prepared to manage  
the current credit crisis

## Contact information

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