

Mobile TeleSystems

Q3 2003 Financial and Operational Results Management Presentation

December 2, 2003

Internet site: www.mtsgsm.com/ir

email address: ir@mts.ru

Q3 03: Executing Our Strategy

Maintenance of leading positions in the Russian and Ukrainian markets

- *In Q3 consolidated subscriber base increased by 2.51m customers*
- *8.6m new subscribers added YTD*
- *Market share of 37% in Russia and 48.5% in Ukraine as of October 31, 2003**

Expansion of footprint through a combination of greenfield roll outs and further market consolidation

- *Operations were launched in two new regions - Saratov and Altay*
- *Acquisition of mobile operators in the Volga, Siberia, and Far Eastern parts of Russia - Sibchallenge, Primtelefon, Astakhan Mobile, Volgograd Mobile, Mar Mobile - significantly increased MTS' license footprint*

Consolidation of minority stakes in subsidiaries

- *Additional 47.3% stake in Kuban GSM and 46.7% in Uraltel acquired to consolidate 100% ownership in both operators*
- *Acquisition of an additional 16.3% stake in UMC to consolidate 100% of the Ukrainian subsidiary*

Integration of acquired local operators

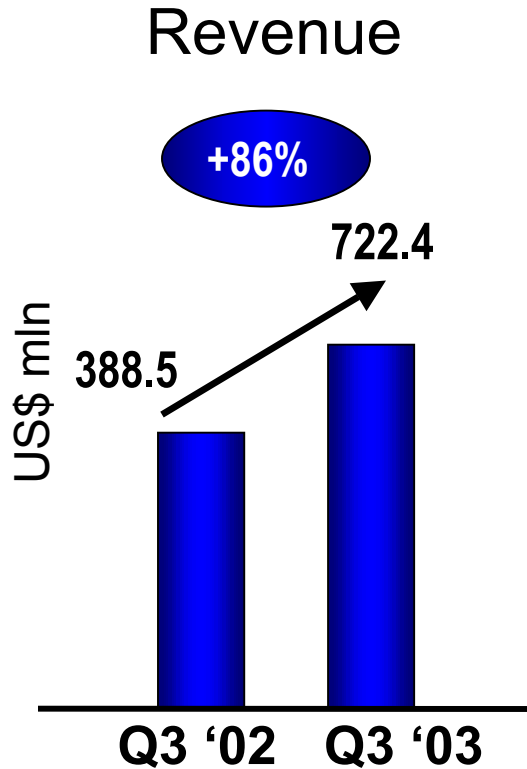
- *"MTS" brand was introduced in Tatarstan*

Innovative approach to marketing

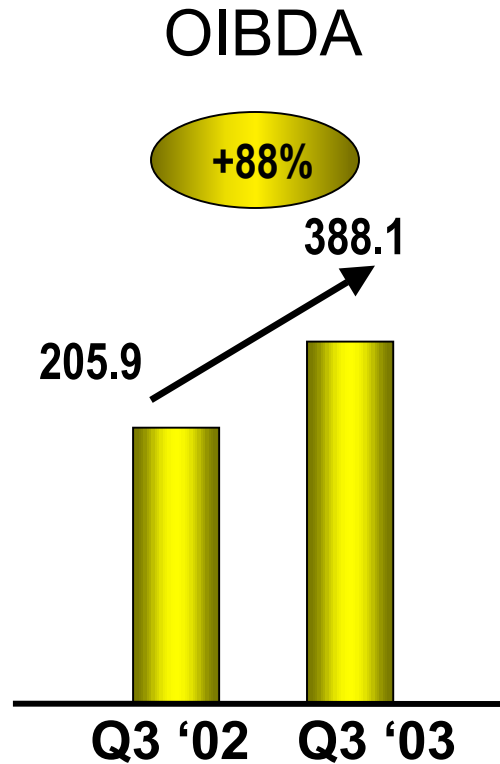
- *Launch of Jeans, pre-paid tariff plan in Ukraine*
- *SMS exchange with other mobile operators across Russia*

*According to AC&M-Consulting and Ukrainian News

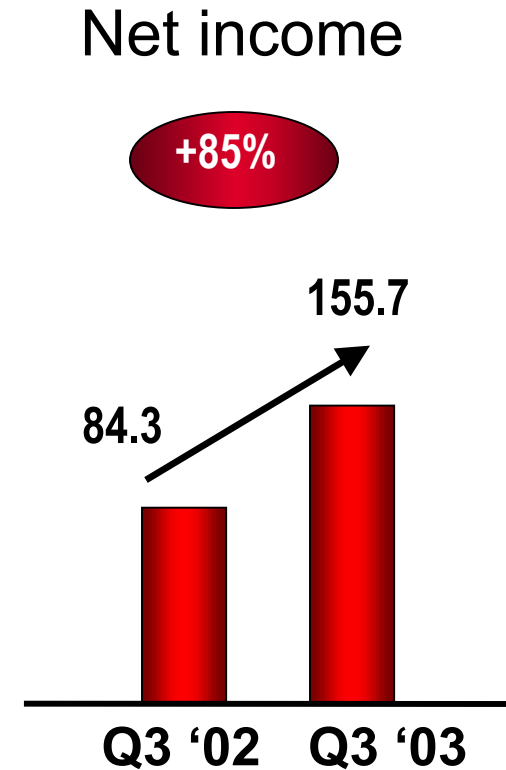
Income Statement Highlights



Revenue increase was driven by strong organic growth, consolidation of a number of local mobile operators acquired by MTS as well as the acquisition of UMC, an Ukrainian company



OIBDA margin increased to 54% reflecting MTS' focus on cost management



Net margin unchanged as increased interest expenses were compensated by smaller minority interest

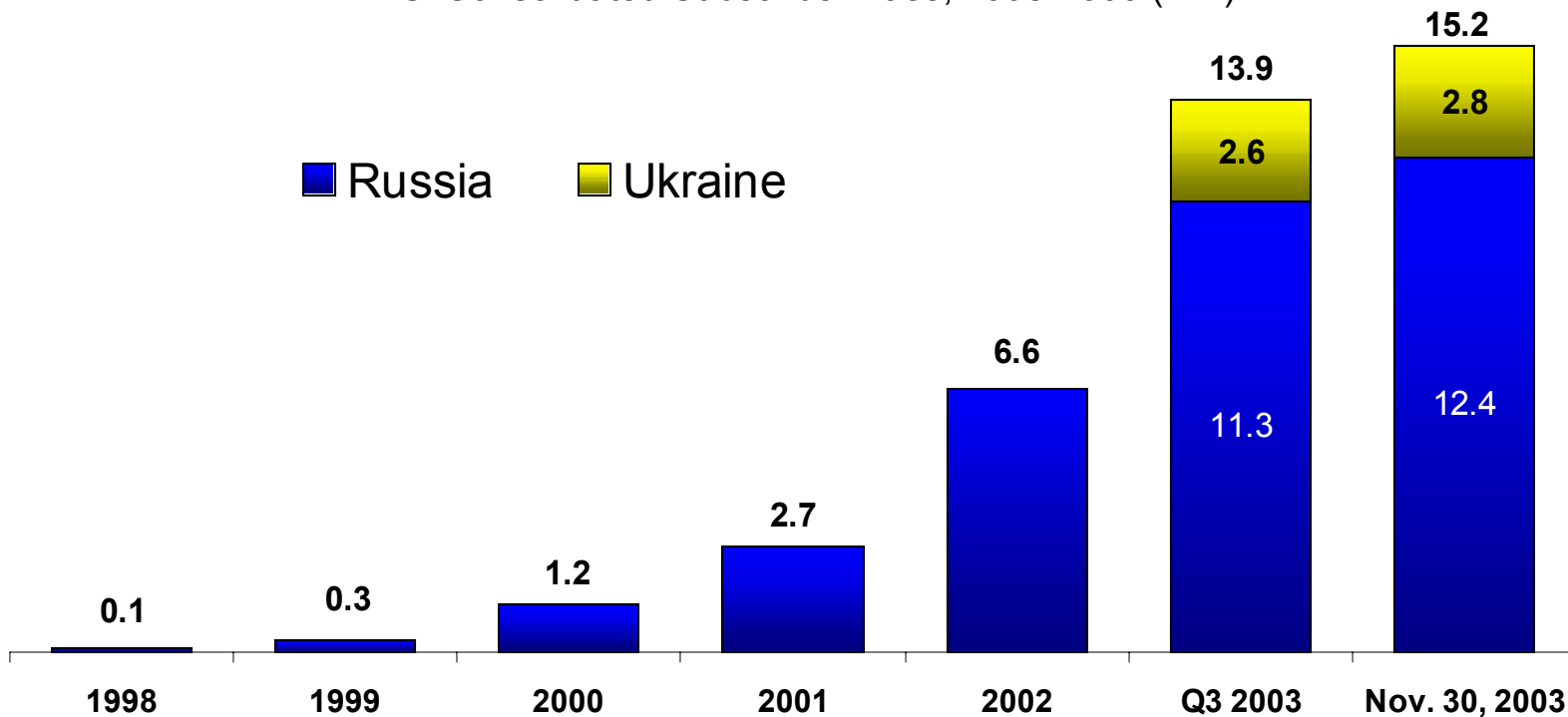
Note: OIBDA represents operating income before depreciation and amortization. See Attachment A for definitions of OIBDA and reconciliations to operating income.

MTS - Leader in the CIS



- ❑ MTS is a market leader in Russia and the CIS with over 15.24m subscribers as of November 30, 2003 (12.44m subs in Russia and 2.80m subs in Ukraine)
- ❑ In addition, MTS' 49%-owned Joint Venture in Belarus services around 405,000 customers

MTS' Consolidated Subscriber Base, 1998-2003 (mln)



Source: MTS

Licences Coverage



The Company and its subsidiaries' license areas as of November 30, 2003, covered a population of 186.3m, including 127.3m in Russia, 49m in Ukraine and 10m in Belarus

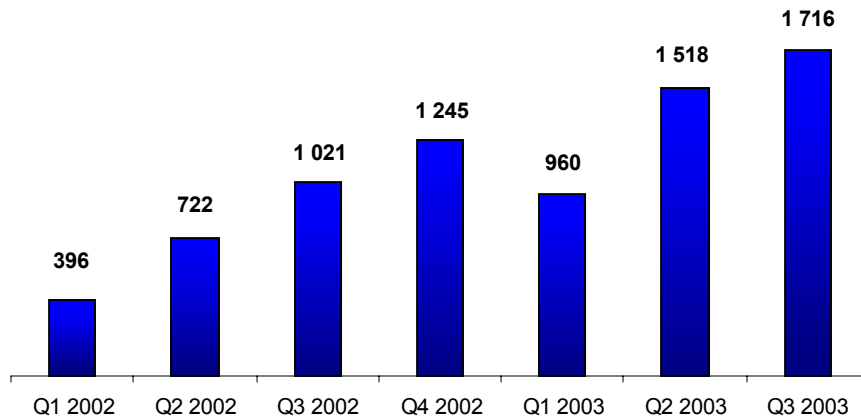


MTS in Russia: Subscriber Growth



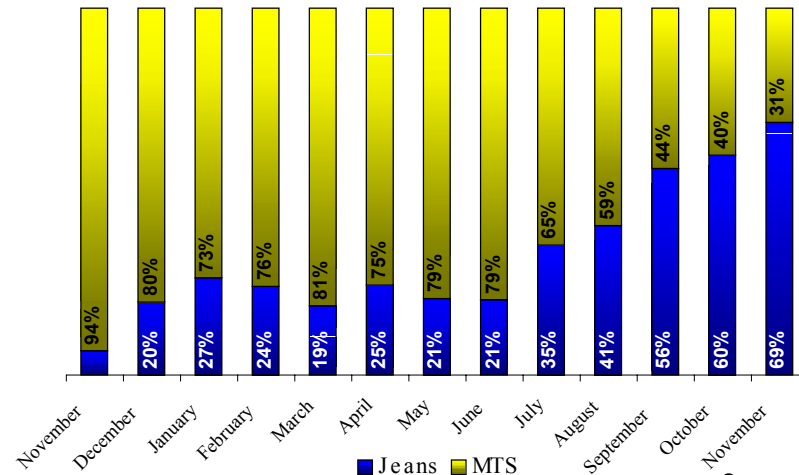
- At the end of Q3 2003, MTS had 11.34m subs in Russia; 25% of subscribers were pre-paid *Jeans* customers; by November 30, 2003 the Company's subscriber base increased to 12.44m
- Nation-wide market share was maintained at 37%; the market share in Moscow was at 43%, in St Petersburg at 34%*

Organic Net Additions, '000



Source: MTS

Gross Additions: *Jeans* vs MTS Tariffs



Source: MTS

*According to AC&M-Consulting as of October 31, 2003

Subs Breakdown by Regions



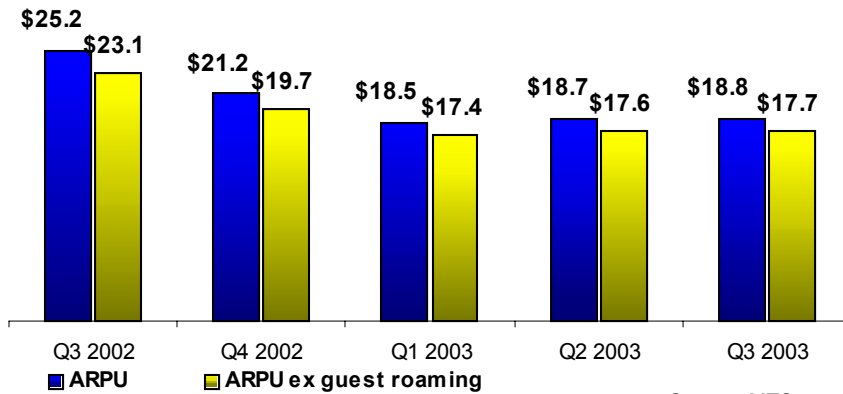
Subscribers, end-of-period (thousands)								
Region	Q4 2001	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003
<i>Moscow License Area</i>	2 035.4	2 084.6	2 351.2	2 688.2	3 082.3	3 540.4	4 132.8	4 487.5
<i>Growth</i>		2%	13%	14%	15%	15%	17%	9%
Central (ex. Moscow)	276.1	334.0	420.8	541.9	701.4	798.2	985.7	1 286.0
<i>Growth</i>		21%	26%	29%	29%	14%	23%	30%
Volga	33.9	46.7	212.7	287.8	381.6	446.1	817.7	1 102.2
<i>Growth</i>		38%	356%	35%	33%	17%	83%	35%
<i>St Petersburg Licence Area</i>	46.4	264.1	400.5	565.2	775.5	834.4	941.4	1 055.1
<i>Growth</i>		469%	52%	41%	37%	8%	13%	12%
North-West (ex. St Petersburg)	28.4	36.0	55.6	91.1	152.6	223.0	370.9	539.4
<i>Growth</i>		27%	55%	64%	67%	46%	66%	45%
South	na	482.4	541.7	726.1	885.7	993.5	1 103.9	1 303.4
<i>Growth</i>		na	12%	34%	22%	12%	11%	18%
Urals	52.6	58.8	99.2	164.3	202.1	232.9	347.2	501.8
<i>Growth</i>		12%	69%	66%	23%	15%	49%	45%
Siberia	151.1	189.9	244.8	309.0	390.3	442.2	500.0	905.8
<i>Growth</i>		26%	29%	26%	26%	13%	13%	81%
Far East	26.3	31.2	40.6	54.0	73.2	90.6	118.8	159.9
<i>Growth</i>		19%	30%	33%	36%	24%	31%	35%
Total	2 650.3	3 527.8	4 367.0	5 427.7	6 644.7	7 601.3	9 318.4	11 341.1
<i>Growth</i>		33%	24%	24%	22%	14%	23%	22%
Unconsolidated subsidiaries	-	-	-	-	-	-	-	114.4

Source: MTS

MTS in Russia: Key Figures

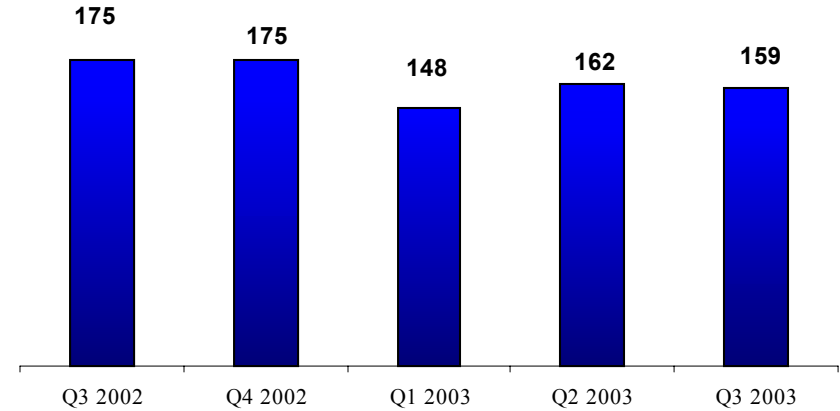


Average Revenue per User (ARPU)



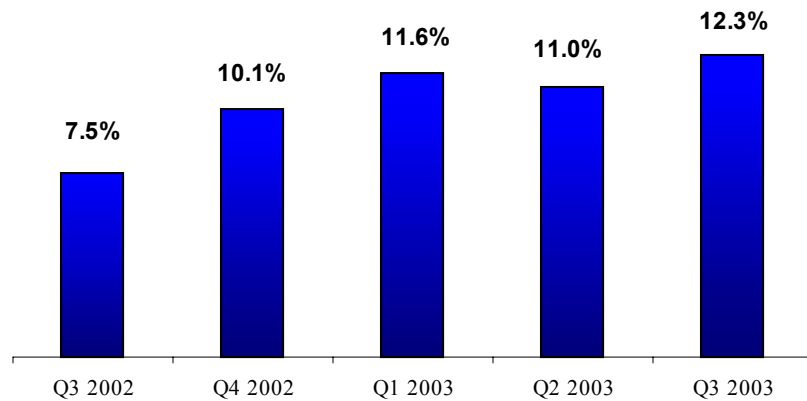
Source: MTS

Average Minutes of Usage Per Subscriber (MOU), minutes



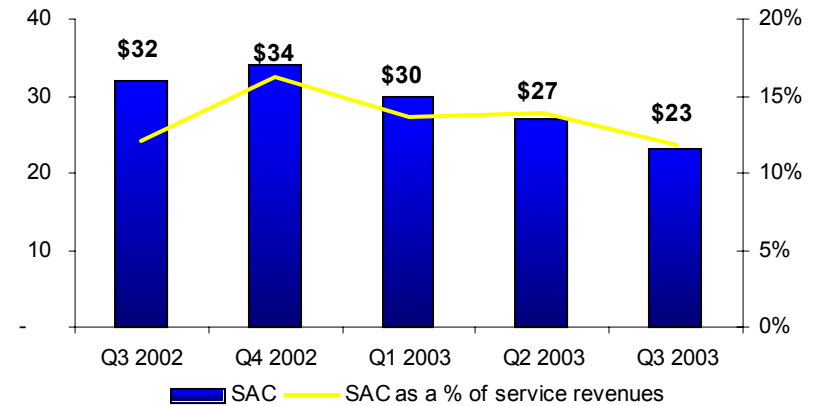
Source: MTS

Quarterly Churn Rate



Source: MTS

Subscriber Acquisition Cost*



Source: MTS

*Per gross new subscriber

MTS in Russia: Regional Strategy



- During Q3 2003 MTS increased its ownership in two of its subsidiaries in Russia to 100%, in line with our strategy to consolidate minority ownership in our subsidiaries:
 - Kuban GSM, a mobile operator in the Krasnodar region with 1.3m subs*
 - Uraltel, a mobile operator in the Sverdlovsk region with 376,000 subs*
- During the quarter MTS has spent approximately \$122.1m on acquisitions in the regions of Russia, which increased population under the Company's licenses by 16.0m
- MTS launched networks in Saratov (Volga region) and Altay (Siberia)
- Launch in Samara (Volga region) is scheduled for late December 2003

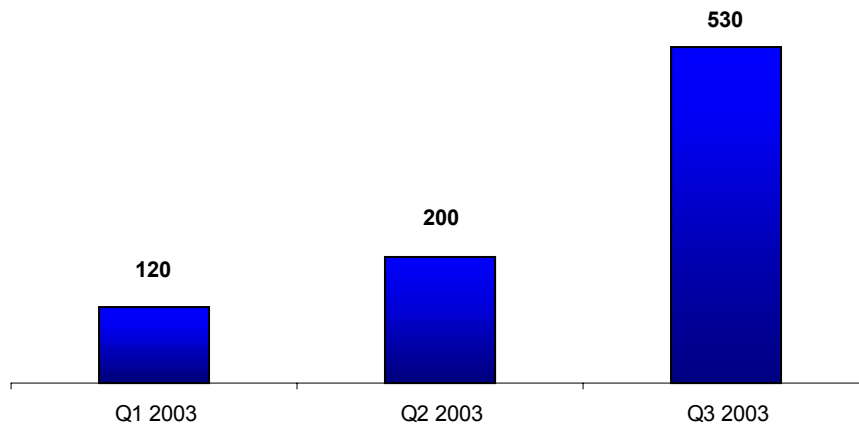
*As of November 30, 2003

MTS in Ukraine: Subscriber Growth



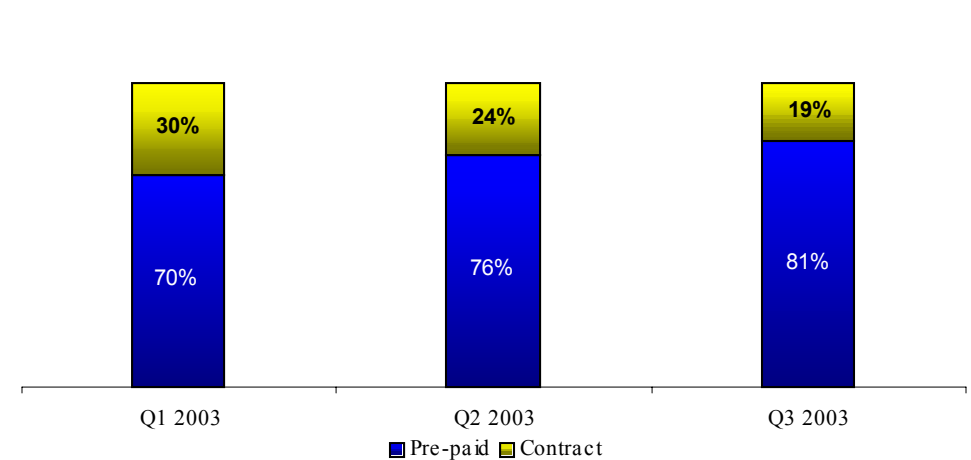
- As of September 30, 2003, MTS had 2.6m subs in Ukraine, of which 76% were signed to pre-paid tariff plans; up to November 30, 2003, MTS' subscriber base in the Ukraine increased to 2.80m users
- UMC is the leader of the Ukrainian market with a 48.5% share*

Organic Net Additions, '000



Source: MTS, UMC

Gross Additions: Pre-paid vs Contract



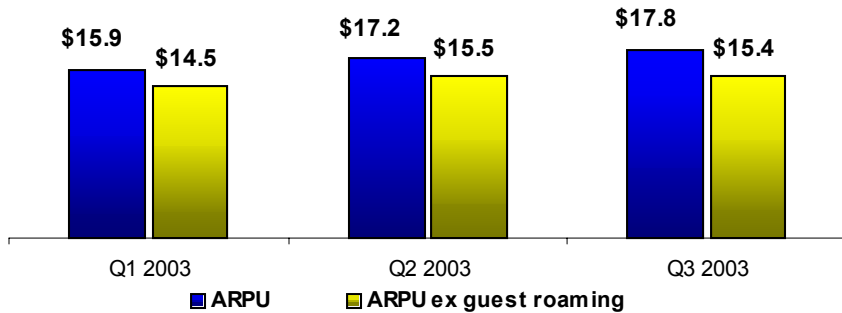
Source: MTS, UMC

*According to Ukrainian News as of October 31, 2003

MTS in Ukraine: Key Figures

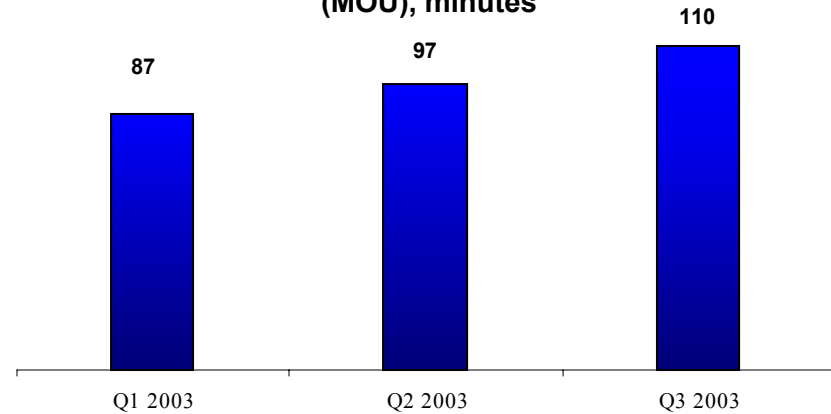


Average Revenues per User (ARPU)



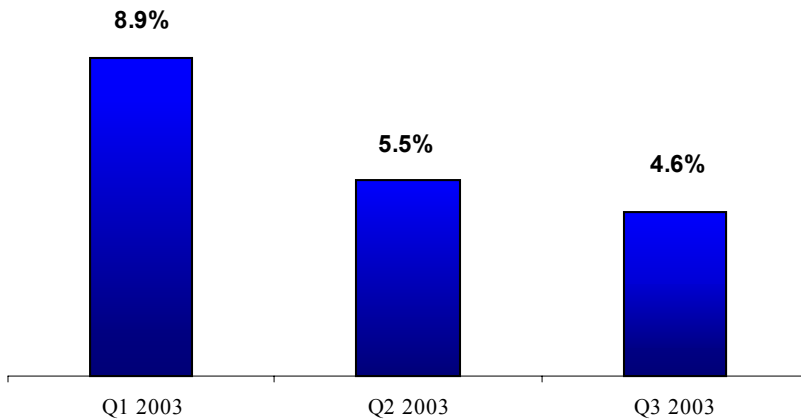
Source: MTS

Average Minutes of Usage Per Subscriber (MOU), minutes



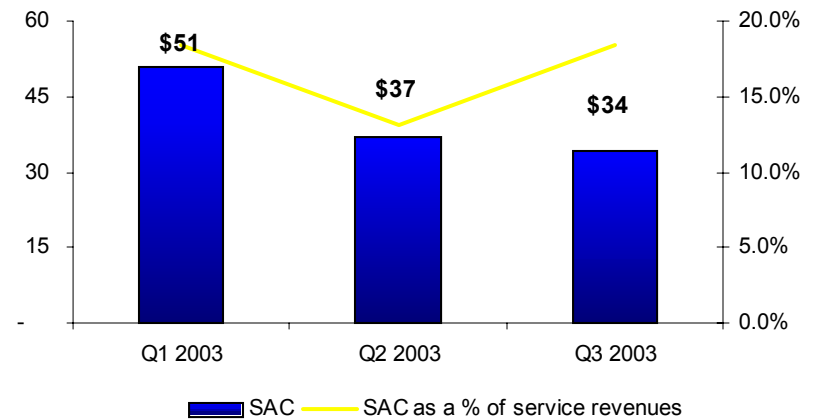
Source: MTS

Quarterly Churn Rate



Source: MTS

Subscriber Acquisition Cost*



Source: MTS

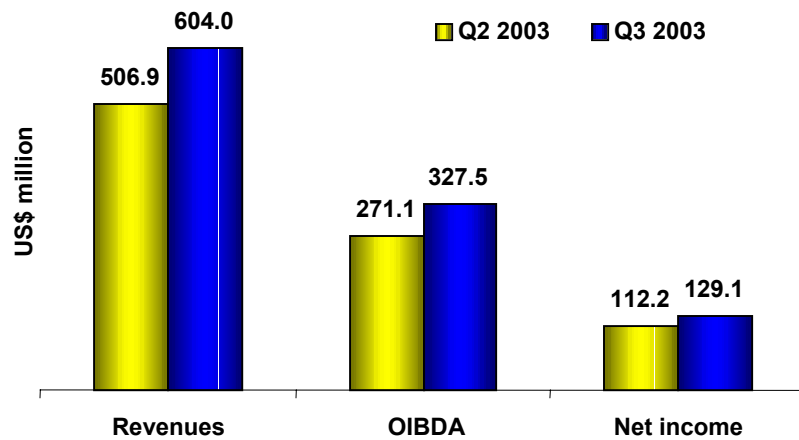
*Per gross new subscriber

MTS Financial Performance



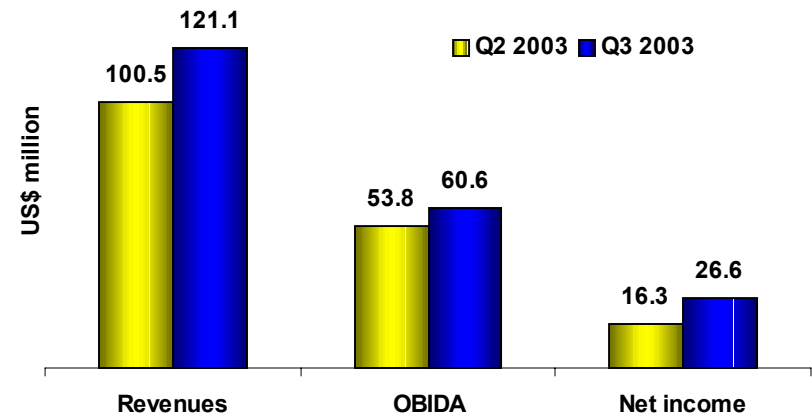
- Growth in Q3 2003 compared to Q2 2003 was mainly organic. Acquisition of two local mobile operators in Russia, Tomsk Cellular Communications and Sibchallenge, added \$6.6m to the company's top-line

Russia: Financials



Source: MTS

Ukraine: Financials



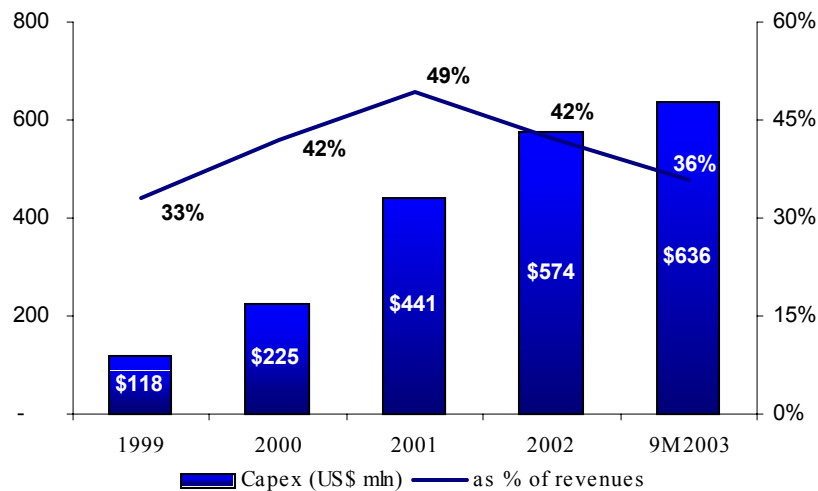
Source: MTS

MTS Capex and Leverage



- MTS' CAPEX has been decreasing as a percentage of revenues
- Although MTS' leverage has increased recently, the Company's Net debt to LTM OIBDA* ratio was at 1.1x as of the end of Q3 2003

MTS' CAPEX vs Revenues



Source: MTS

MTS' Leverage

US\$ mln	December 31 2002	September 30 2003
Cash and cash equivalents	\$64.7	\$177.3
Total debt	\$454.5	\$1 394.4
LT Debt	\$366.2	\$804.7
ST Debt	\$88.3	\$589.7
Net debt	\$389.8	\$1 217.1
Stockholders' equity	\$1 302.0	\$1 561.2
Total assets	\$2 283.3	\$3 785.0
LTM OIBDA	\$674.1	\$1 120.6
Net debt/Assets	0.2x	0.3x
Net debt/ Equity	0.3x	0.8x
Net debt/LTM OIBDA	0.6x	1.1x

Source: MTS

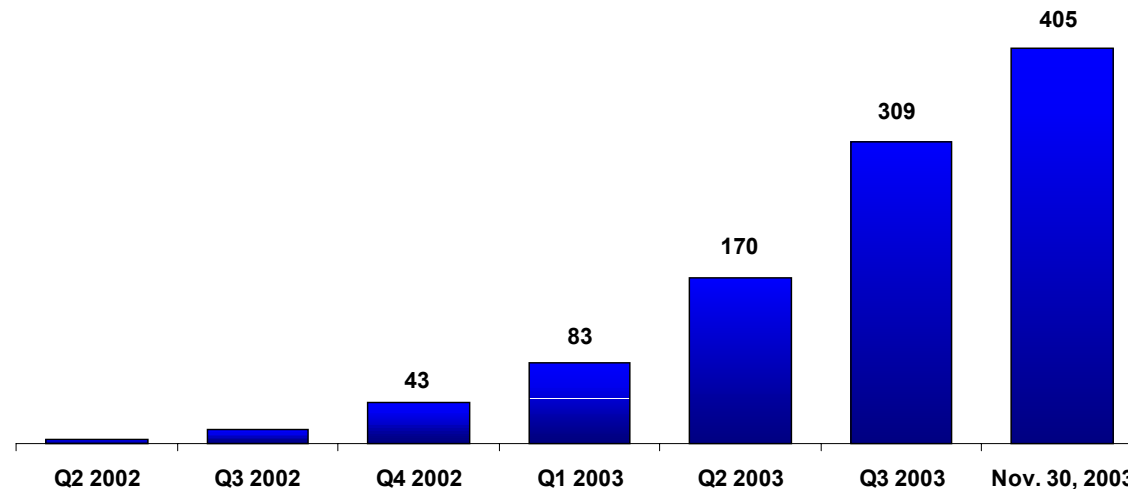
*See Attachment B for definition of LTM OIBDA

MTS' Operations in Belarus



- ❑ MTS' unconsolidated subsidiary started operations in Belarus in June 2002 as the second GSM operator in the country
- ❑ As of the end of Q3 2003, the company had 309,000 subscribers. As of November 30, 2003, the company's subscriber base increased to 405,000 users. The company's market share was at 37%*

MTS LLC Subscriber Base ('000)



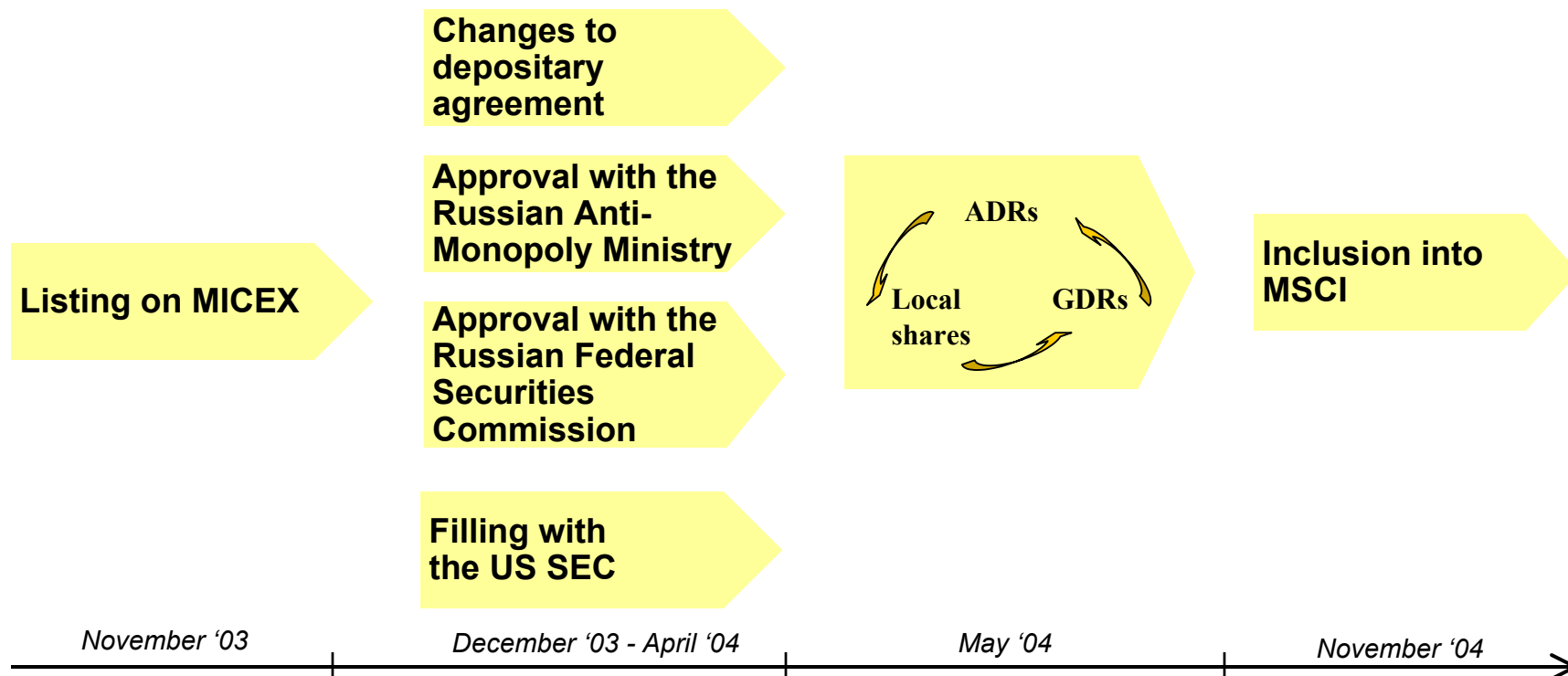
Source: MTS

*According to AC&M-Consulting as of October 31, 2003

GDRs Fungibility



- Approximately 17% of MTS' shares are in the form of ADRs and 5% in the form of GDRs
- Local listing makes feasible GDR fungibility into ADRs and/or local shares and potential inclusion into MSCI



Disclaimer



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, as amended. 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, volatility of stock price, financial risk management, and future growth subject to risks.

Attachment A



Non-GAAP financial measures. This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA). OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. OIBDA may not be similar to OIBDA measures of other companies, is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

US\$ million	Q3 2003	Q3 2002	Q2 2003
Operating income	\$274.80	\$145.80	\$225.40
Add: depreciation and amortization	\$113.30	\$60.10	\$99.60
OIBDA	\$388.10	\$205.90	\$325.00

OIBDA margin can be reconciled to our operating margin as follows:

US\$ mln	Year ended December 31, 2002	Three months ended December 31, 2002	Nine months ended September 30, 2003
OIBDA	\$ 674.1	\$ 182.7	\$ 937.9
Less: depreciation and amortization	(209.7)	(58.9)	(288.1)
Operating income	\$ 464.4	\$ 123.8	\$ 649.8

Attachment B



Non-GAAP financial measures. This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Operating Income Before Depreciation and Amortization (OIBDA). OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. LTM OIBDA represents the last twelve months rolling OIBDA.

LTM OIBDA at September 30, 2003 can be reconciled to our consolidated statements of operations as follows:

US\$ mln	
OIBDA for the three months ended December 31, 2002	\$ 182.7
OIBDA for the nine months ended September 30, 2003	937.9
LTM OIBDA at September 30, 2003	\$ 1 120.6

US\$ mln	Year ended December 31, 2002	Three months ended December 31, 2002	Nine months ended September 30, 2003
OIBDA	\$ 674.1	\$ 182.7	\$ 937.9
Less: depreciation and amortization	(209.7)	(58.9)	(288.1)
Operating income	\$ 464.4	\$ 123.7	\$ 649.8