



Mobile TeleSystems

Financial and Operational Results for Q4 and Full Year 2002

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Agenda & presentation team



I. Execution of MTS' strategy

Mikhail Smirnov, President and CEO

II. MTS' new marketing initiatives

Mikhail Susov, First Vice President

III. Financial and operational performance

Willem van Bommel, Vice President

Presentation Highlights



- ❑ MTS continues to deliver strong net earnings and top line growth
- ❑ MTS' financial performance and strong balance sheet allows the board of directors to recommend a dividend of approximately RUR 1.70 per share or approximately \$1.10 per ADS
- ❑ Recent marketing initiatives - launch of pre-paid *Jeans* product (November 2002) and introduction of unified tariff plans across the Russian network (February 2003) contribute to MTS' continued leadership in the Russian mobile market
- ❑ MTS' consolidated subscriber base currently exceeds 10.4 million customers
- ❑ The management believes that recent changes in MTS' ownership structure will not affect the Company's strategy and operations

Income Statement Highlights



MTS reports record revenues of \$1.36 billion for full year 2002

Financial Highlights

US\$ mln	Q4 2002	Q4 2001	Change	FY 2002	FY 2001	Change
Net revenues	\$409.3	\$258.5	58.3%	\$1,361.8	\$893.2	52.5%
Operating income	\$123.7	\$85.7	44.3%	\$464.4	\$324.1	43.3%
Net income	\$85.2	\$61.2	39.2%	\$277.1	\$205.8	34.6%
EBITDA	\$182.7	\$125.5	45.6%	\$674.1	\$457.4	47.4%
EBITDA margin	44.6%	48.5%	-	49.5%	51.2%	-

Note: See Attachment A and B for definitions of EBITDA and EBITDA margin and a reconciliation of both financial measures.

Source: MTS

2002: Execution of MTS Strategy



From goals...

...to fulfilment

To remain #1 mobile operator in Russia

Four million subscribers added during 2002. Market share at the year-end was at 37%

To expand into regions of Russia through a combination of organic growth and acquisitions

*13 new networks were launched in the regions in 2002 with a total population of 18.55 mln
MTS added 17.86 mln people to its footprint and 640,000 subscribers through acquisitions of local mobile operators in Russia*

To exploit growth opportunities in neighboring countries

*MTS' joint venture commenced operations in Belarus.
Agreements were signed with UMC shareholders to acquire a majority stake in the Ukrainian operator.*

To retain an EBITDA margin in the 40 to 50 percent range

MTS reported EBITDA margin of 49.5% for the full-year 2002

To start paying out dividends to shareholders

The Company's board of directors recommended that shareholders approve dividends of RUR 1.70 per share (around \$1.10 per ADS)

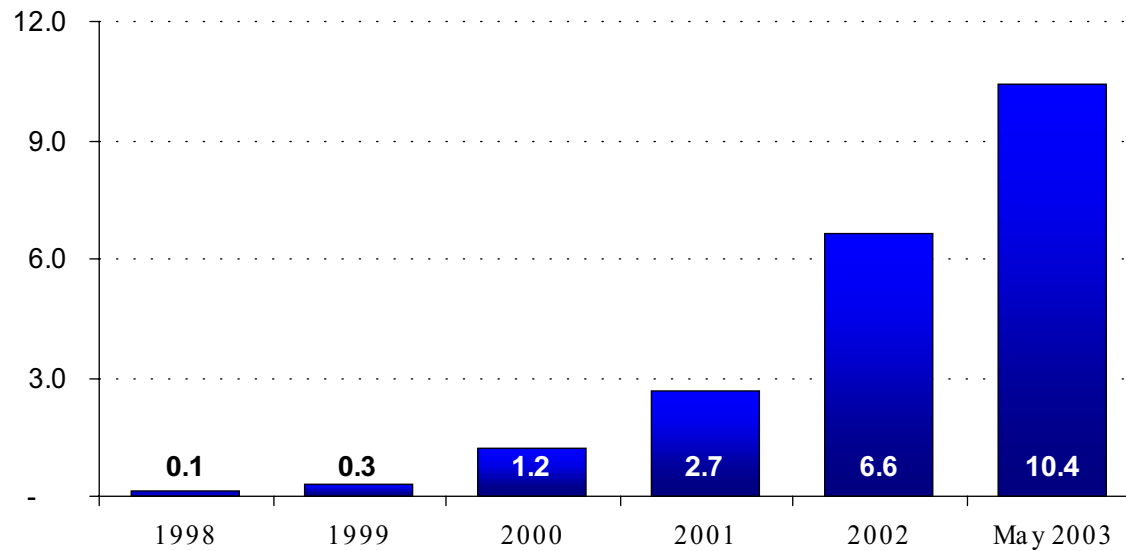
Market Leader in the CIS



MTS is a market leader in Russia and the CIS with over 10.4m subs as of May 19, 2003

- ❑ MTS together with its subsidiaries currently operate in Russia (8.5m subs), Ukraine (1.9m subs)
- ❑ MTS' 49%-owned joint venture in Belarus services around 125,000 customers

MTS Subscriber Base, 1998-2003 (mln)

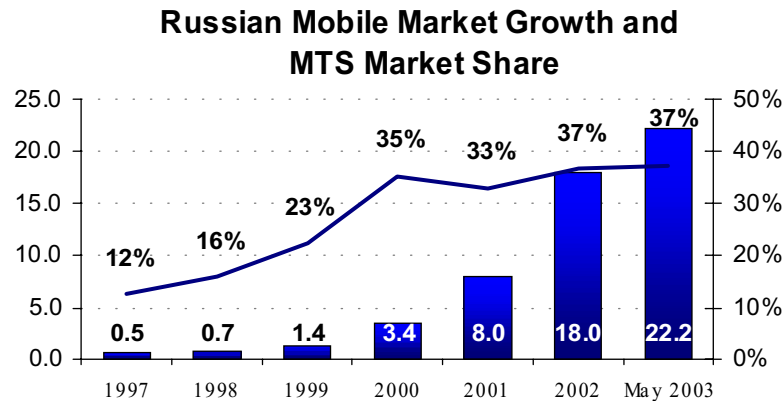


Source: MTS

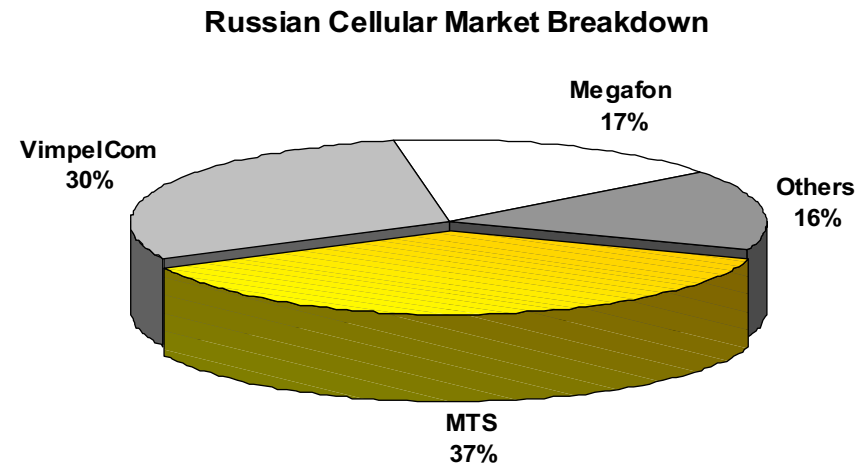
Growing Share in Russia



- The mobile population in Russia grew by 10m in 2002 and by an additional 4m in the first four months of 2003 to 22.2m fueled by a growing economy and a greater demand for telecommunications services. Mobile penetration is currently at 15.3%*
- MTS continues to be a market leader in the Russian market with a 37% market share*



Source: AC&M-Consulting



Source: AC&M-Consulting as of April 30, 2003

*According to AC&M-Consulting as of April 30, 2003

Breakdown by Regions



		Subscribers (thousands)				
Region		December 31, 2001	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Moscow License Area		2,035.4	2,084.6	2,351.2	2,688.2	3,082.3
	<i>Growth</i>		2%	13%	14%	15%
Central (ex. Moscow)		276.1	334.0	420.8	541.9	701.4
	<i>Growth</i>		21%	26%	29%	29%
Volga		33.9	46.7	212.7	287.8	381.6
	<i>Growth</i>		38%	356%	35%	33%
St Petersburg Licence Area		46.4	264.1	400.5	565.2	775.5
	<i>Growth</i>		469%	52%	41%	37%
North-West (ex. St Petersburg)		28.4	36.0	55.6	91.1	152.6
	<i>Growth</i>		27%	55%	64%	67%
South		na	482.4	541.7	726.1	885.7
	<i>Growth</i>		na	12%	34%	22%
Urals		52.6	58.8	99.2	164.3	202.1
	<i>Growth</i>		12%	69%	66%	23%
Siberia		151.1	189.9	244.8	309.0	390.3
	<i>Growth</i>		26%	29%	26%	26%
Far East		26.3	31.2	40.6	54.0	73.2
	<i>Growth</i>		19%	30%	33%	36%
Total consolidated		2,650.3	3,527.8	4,367.0	5,427.7	6,644.7
	<i>Growth</i>		33%	24%	24%	22%
Belarus		0.0	0.0	3.9	14.2	42.5
	<i>Growth</i>		na	na	267%	198%

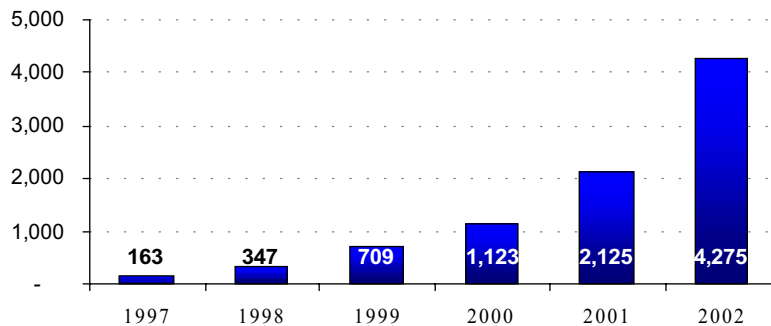
Source: MTS

Investing in Infrastructure



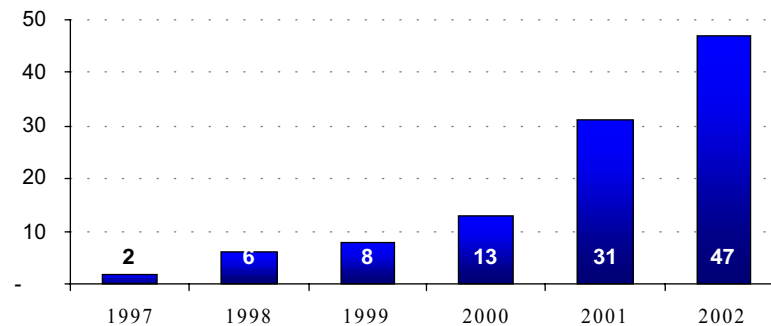
- ❑ At year-end 2002, MTS together with its consolidated subsidiaries operated 4,275 base stations and 47 switches
- ❑ In addition, MTS' joint venture in Belarus operated 178 base stations and one switch

Number of Base Stations



Source: MTS

Number of Switches



Source: MTS

Licences Coverage



As of May 19, 2003 GSM licences covers a population of 169.2m, including 110.2m in Russia, 10m in Belarus and 49m in Ukraine



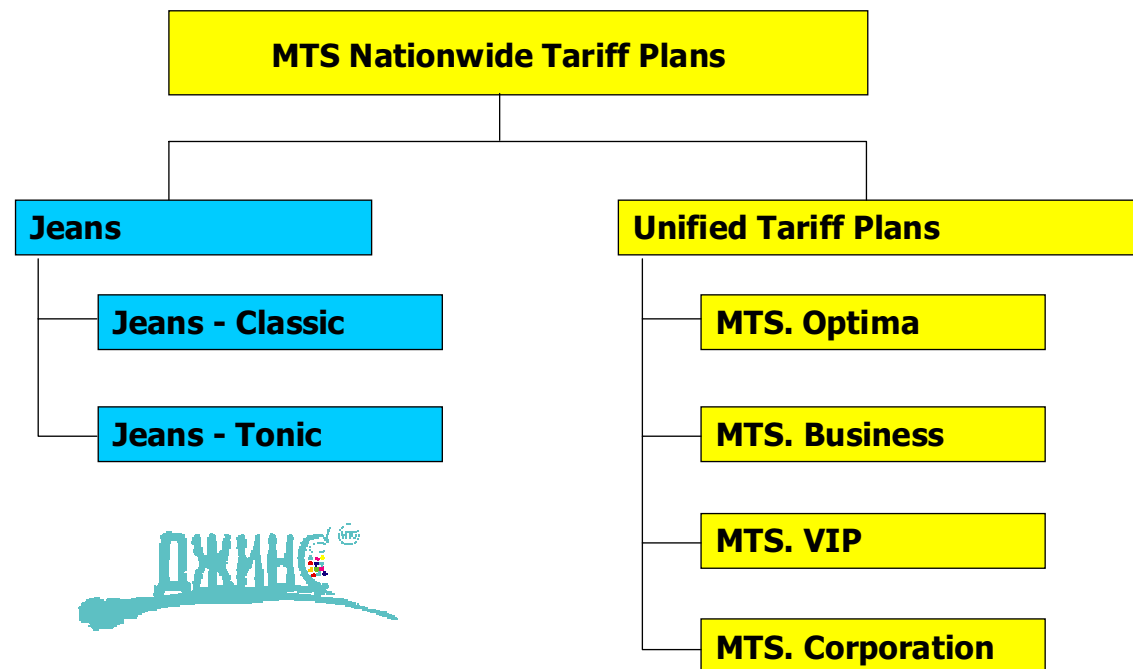
Source: MTS

Maximising Value from Subs



MTS' tariff strategy is aimed at better segmentation of subscribers

- ❑ In February 2003 MTS introduced a unified set of tariff plans across the Russian network; however, per minute rates continue to vary from region to region



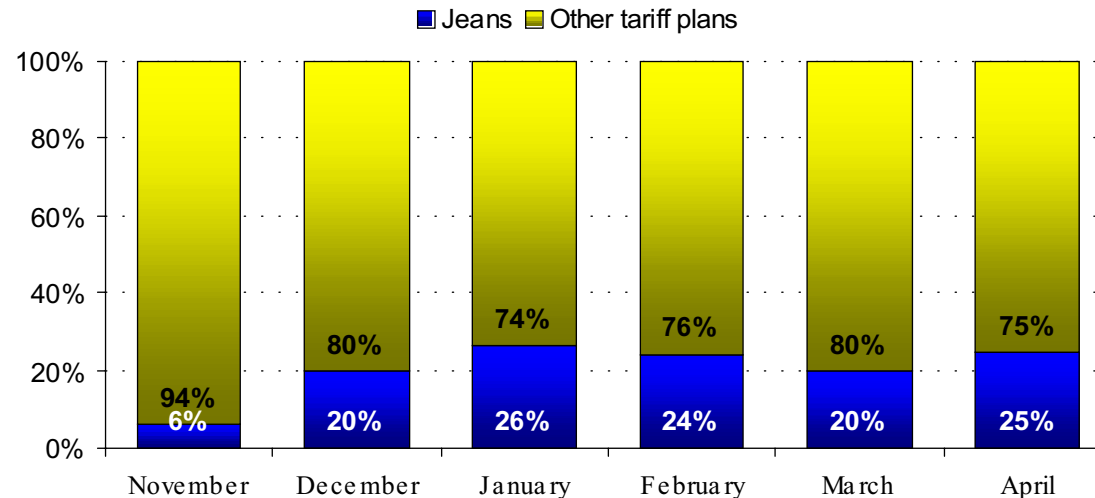
MTS Pre-paid in Russia



MTS' Pre-Paid Product was launched in mid-November 2002

- At year-end 2002, 215,000 MTS subscribers were signed on to *Jeans* (around 3% of the subscriber base in Russia). This has increased to 949,000 at present (around 11% of MTS' total subscriber base in Russia)

Share of *Jeans* in MTS Total Subscriber Additions in Russia



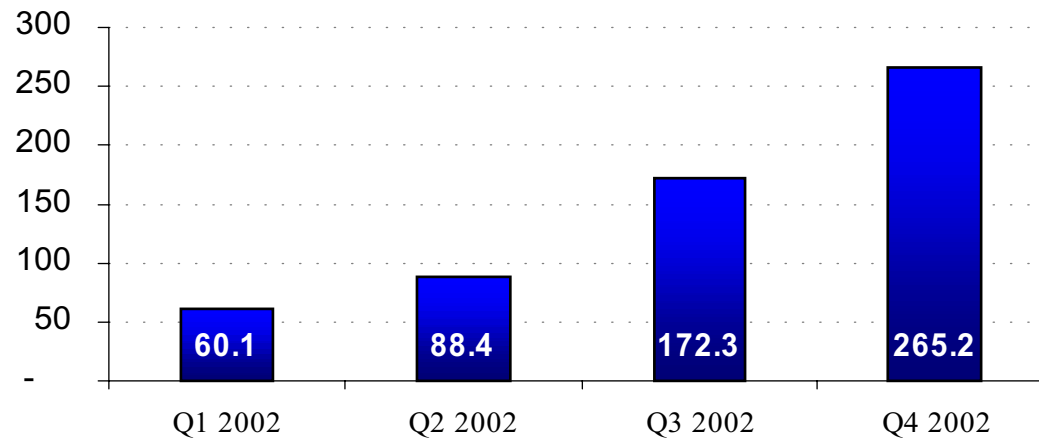
Source: MTS

Value-added services



SMS is the most popular non-voice service offered by the Company

SMS Messages (Million)



Source: MTS

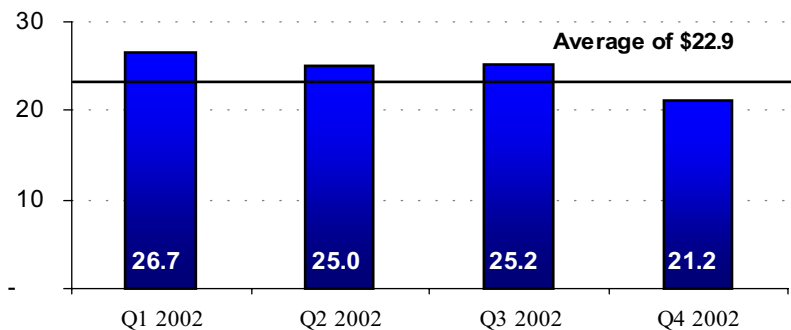
ARPU & MOU Trends



MTS experienced MOU growth but a continued decline in ARPU

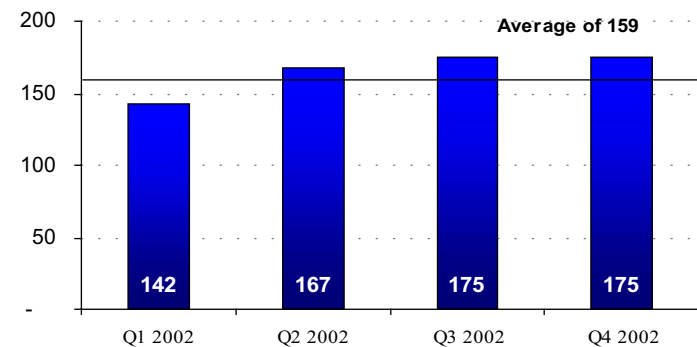
- ARPU for FY2002 was \$22.9, down from \$36.0 in 2001. The decline is largely attributed to the rapid expansion of our subscriber base and the related dilution of our subscriber mix by mass-market users
- Management believes that the trend of growing MOU is largely attributable to increased traffic between our own customers

MTS ARPU (US\$)



Source: MTS

MTS MOU (Minutes)



Source: MTS

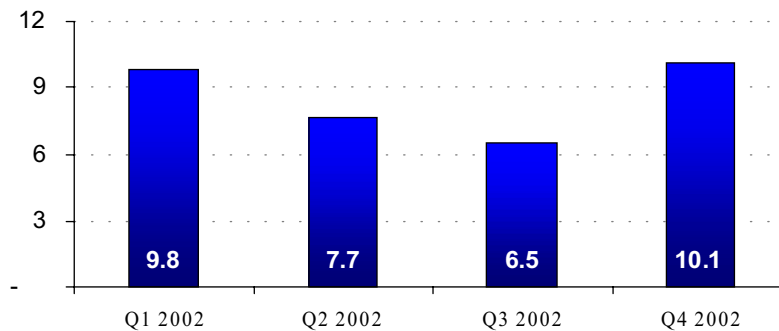
Churn Development



A decrease customer loyalty on the market was evidenced during 2002

- ❑ MTS churn for 2002 was at 33.9% compared to 26.8% in 2001
- ❑ Management believes that the increase in the Company's churn rate in 2002 is in line with the general market trend. Nevertheless, the Company continues to implement programs aimed at customer loyalty.

MTS Quarterly Churn (Percent)



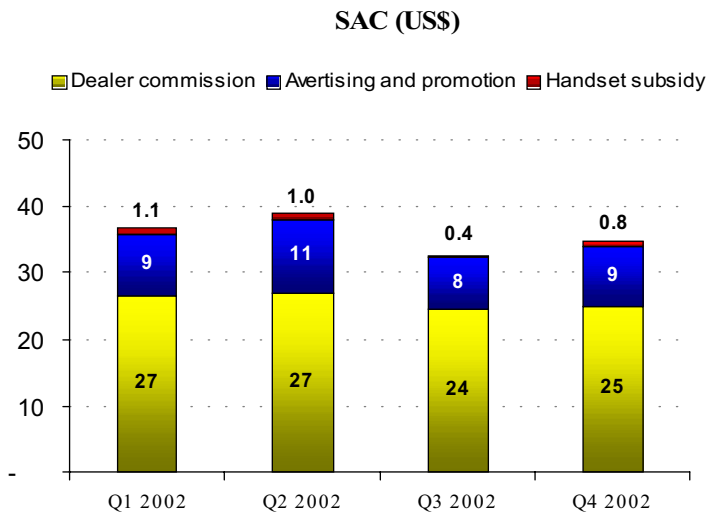
Source: MTS

SAC Breakdown



Handset subsidies remain as a very small component of the subscriber acquisition cost

- SAC per gross subs addition continued to decline in 2002 reflecting the lower cost of attracting mass-market subscribers and increase economies of scale
- An increase in SAC per gross subscriber addition in Q4 2002 is largely attributed to the promotion of MTS new brand *Jeans*.



Source: MTS

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 preliminary offering memorandum dated as of January 28, 2003 and 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, volatility of stock price, financial risk management, and future growth subject to risks.

Attachment A



EBITDA should not be considered in isolation as an alternative to net income, operating income, net cash provided by operating activity or any other measure of performance under U.S. GAAP. We believe that EBITDA is viewed as a relevant supplemental measure of performance in the wireless telecommunications industry and we define EBITDA as operating income excluding depreciation and amortization. EBITDA margin is defined as EBITDA as a percentage of our net revenues. We believe EBITDA and EBITDA margin to be relevant and useful information as these are important measurements used by our management to measure the operating profits or losses of our business. EBITDA is also one of many factors used by the credit rating agencies to determine our credit ratings. EBITDA and EBITDA margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBITDA and EBITDA margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies.

The following table provides a reconciliation of EBITDA to operating income:

US\$ mln (unaudited)	Fourth Quarter 2002	Fouth Quarter 2001	FY 2002	FY 2001
EBITDA	\$182.7	\$125.5	\$674.1	\$457.4
Less: depreciation and amortisation	(\$58.9)	(\$39.8)	(\$209.7)	(\$133.3)
Operating income	\$123.7	\$85.7	\$464.4	\$324.1

Attachment B



EBITDA margin is defined as EBITDA as a percentage of net revenues.

The following table provides a reconciliation of EBITDA margin to operating income as a percentage of net revenues:

	Fourth Quarter 2002	Fouth Quarter 2001	FY 2002	FY 2001
EBITDA margin	44.6%	48.5%	49.5%	51.2%
Less: depreciation and amortisation as a % of net revenues	-14.4%	-15.4%	-15.4%	-14.9%
Operating income as a % of net revenues	30.2%	33.2%	34.1%	36.3%