

Mobile TeleSystems

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Brunswick UBS Conference
Moscow, September 2005



Looking to the Future...

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Key Highlights



- **Strong year of subscriber and revenue growth**
- **Expansion plans; acquisitions in Russia & FSU**
- **i-mode launched**
 - new growth prospects
 - platform for differentiation
- **CAPEX to go down in 2006**
- **Increasing returns to shareholders**

Strong Market Growth



Mobile Market Growth in
Russia and Ukraine



Source: AC&M-Consulting, MTS

- Several years of +100% annual subscriber growth
- Ukraine following Russia's growth pattern
- Increasing effect of multi-SIM card usage

Evolution of Mobile Market in Russia



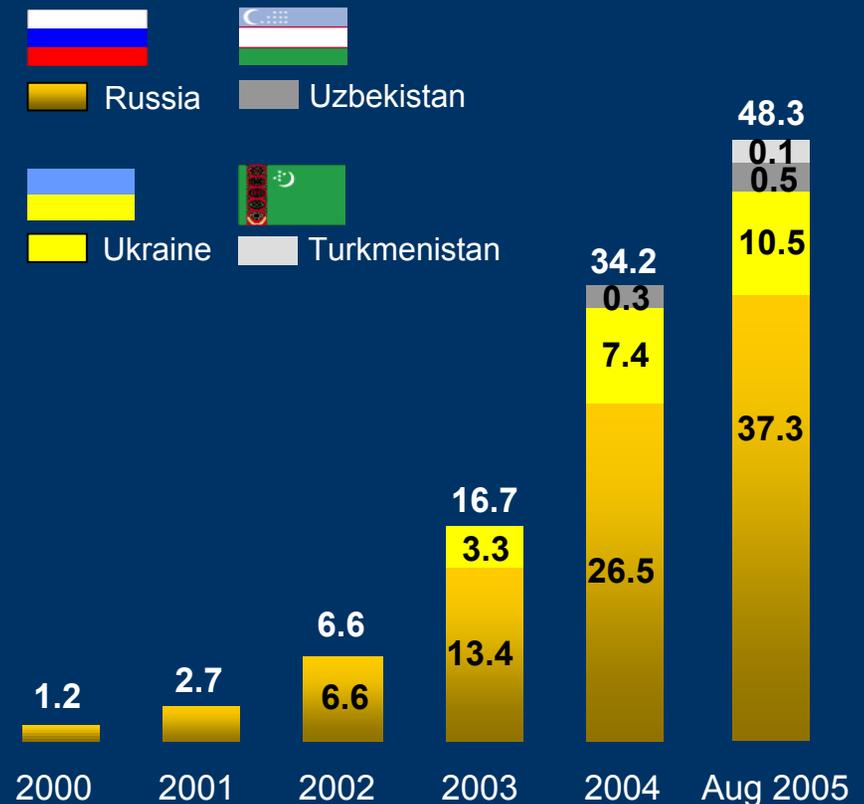
	Before	Now
The Market	Evolving	Maturing
Customer Focus	Acquisition	Retention
Market Development	Price wars	Brand leadership
Revenue Drivers	Call volume	Premium services

Leading Operator in Russia and CIS



- Strong subscriber growth continues
- Leadership in all markets
- Opportunities for further business expansion

MTS' Consolidated Subscriber Base
2000-Aug 2005 (mln)



Source: MTS

MTS: #10 Largest CellCo in the World



		Subscribers (mln)
1	China Mobile	231.0
2	Vodafone	165.0
3	China Unicom	121.8
4	T-Mobile	80.9
5	America Movil	73.8
6	Telefonica Moviles	69.9
7	Orange	66.7
8	Cingular	54.0
9	NTT DoCoMo	50.8
10	MTS	48.3
11	Verizon	47.4
12	Sprint Nextel	44.4

Source: Companies' Data

Business Expansion Opportunities



- **FSU countries offer significant growth potential**
 - good macro-economic outlook
 - relatively low mobile and fixed-line penetration

Country	Population (mln)	Penetration (%)		Presence		
		Fixed-line	Mobile	MTS	VimpelCom	MegaFon
Russia	143.2	25%	74%	No1	#2	#3
Ukraine	47.5	21%	47%	No1		
Uzbekistan	26.5	7%	3%	No1		
Kazakhstan	15.1	16%	19%		#2	
Belarus	9.8	32%	35%	No1		
Azerbaijan	8.4	13%	19%			
Tajikistan	6.9	4%	2%			#1
Kyrgyzstan	5.1	8%	6%			
Georgia	4.4	21%	21%			
Turkmenistan	6.6	6%	1%	No1		
Armenia	3.2	15%	5%			
Moldova	3.6	21%	22%			

(as of YE 2004 except for Russia, Ukraine, Belarus, and Uzbekistan for which information is as of August 31, 2005)

Source: MTS, AC&M-Consulting

Strong Underlying Growth



US\$ mln	H1/05	H1/04	Change Y-o-Y
Revenues	2,294	1,721	33.3%
OIBDA	1,188	962	23.5%
OIBDA margin	51.8%	55.9%	-4.1 pp
Net income	536	475	12.8%

Source: MTS

Growing Contribution from VAS

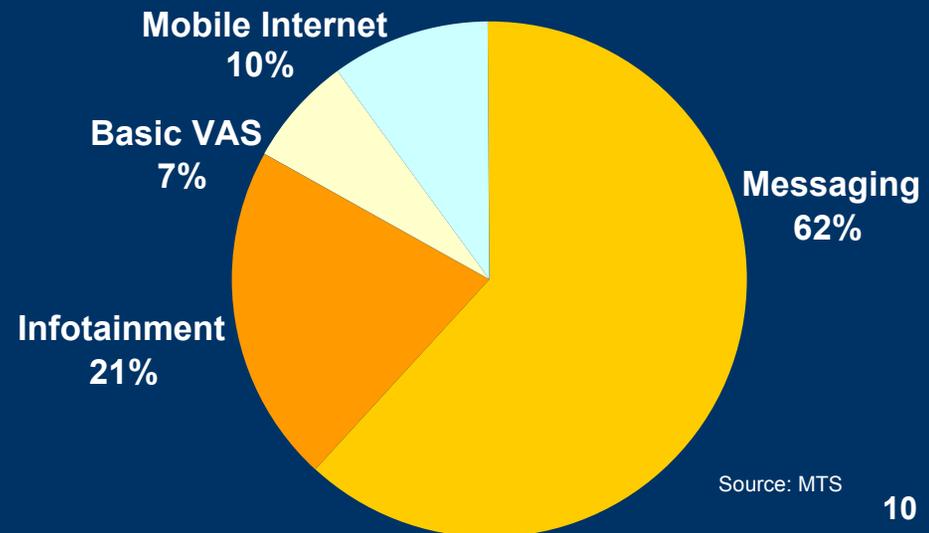


- GPRS offered to pre-paid customers in Q2/05
- Infotainment: key future driver for VAS revenues
- i-mode: MTS' most recently launched VAS platform

Consolidated Revenues from VAS (US\$ mln)



Source: MTS



Source: MTS

i-mode: MTS' New VAS Platform



- Platform for sustained differentiation
- New growth prospects

E-mail

- ✓ Fully compatible with traditional e-mail
- ✓ Each subscriber receives individual e-mail address



Content Portal

- ✓ Daily updates
- ✓ Easy navigation
- ✓ Quick access



BlackBerry: for Premium Subscribers



- **Scheduled for localized version launch in Q4/05**
- **Niche product**
 - competitive advantage
 - premium subscriber loyalty
- **Revenue growth from premium subscriber segment**

CAPEX Driven by Subs Growth



- **\$2bn CAPEX planned for 2005:**

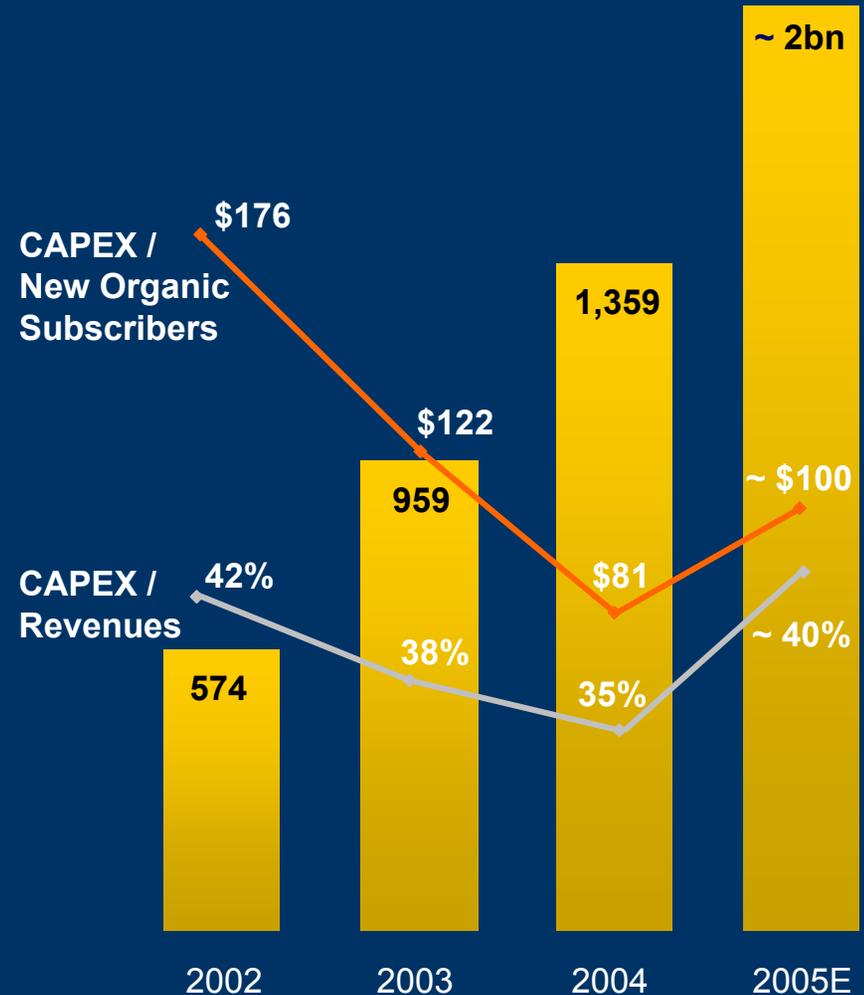
- Russia \$1,450m
- Ukraine \$500m
- Uzbekistan \$50m

- **Main investments in:**

- coverage ~ 15%
- capacity ~ 35%
- IT & new technologies ~ 30%

- **As core markets mature, CAPEX will start to decline**

MTS Group CAPEX (US\$ mln)



Source: MTS

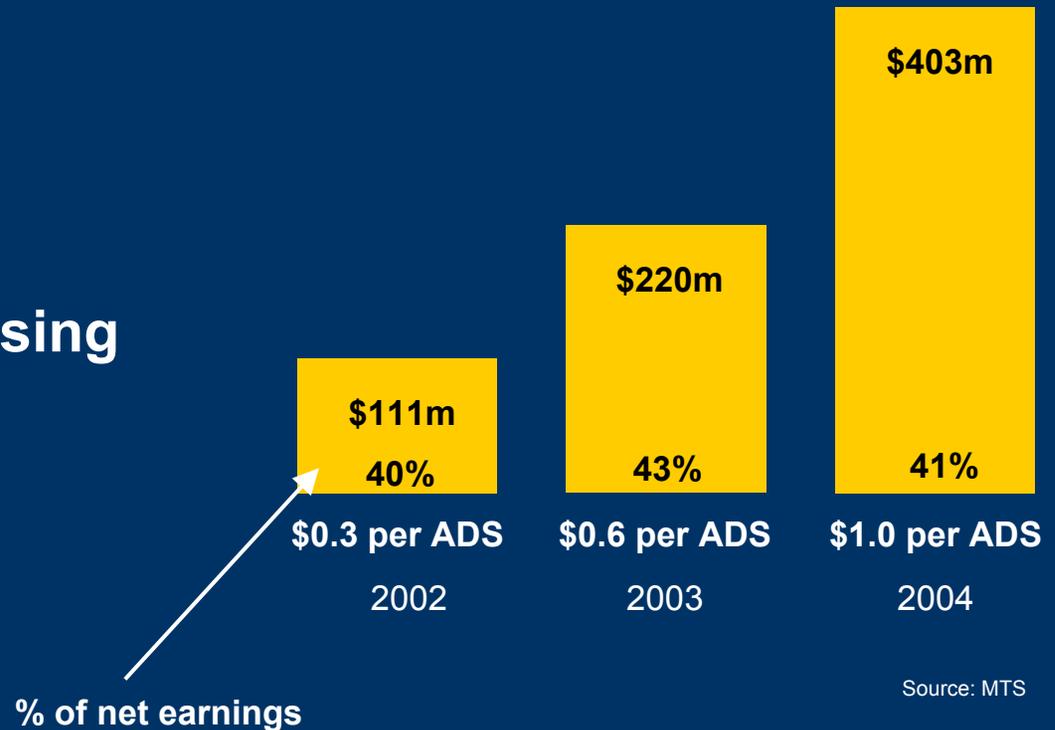
Increasing Returns to Shareholders



- Recent dividend payout ratio ~ 40% of net earnings

- Committed to increasing dividends per share

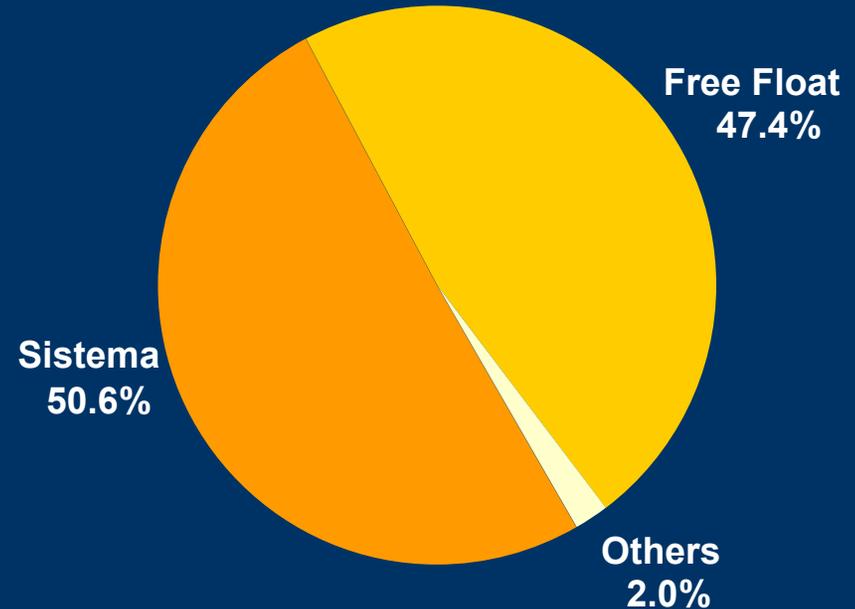
Dividends 2002-2004



Significantly Increased Free Float



- 10% share “overhang” removed
- More domestic liquidity
- Prospect of increased weighting in MSCI
- Independent Board members



Source: MTS

Criteria for Leadership

**Financial
Efficiency**



Leadership in revenues

**Subscriber
Perception**



Leadership in subscriber perception

**Corporate
Culture**



**Leadership in attracting, retaining
and developing best professionals**

**Business
Footprint**



**Leadership in geographical and
coverage footprint**

**Shareholder
Value**



**Leadership in increasing returns to
shareholders**

Appendix



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\$ mln	H1/05	H1/04
Operating income	773.4	678.6
Add: depreciation and amortization	415.1	283.6
OIBDA	1,188.5	962.2

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

US\$ mln	H1/05	H1/04
Operating margin	33.7%	39.4%
Add: depreciation and amortization as a percentage of revenues	18.1%	16.5%
OIBDA margin	51.8%	55.9%