



Mobile TeleSystems

Financial and Operational Results Second Quarter Ended June 30, 2003

August 27, 2003

Internet site: www.mtsgsm.com/ir

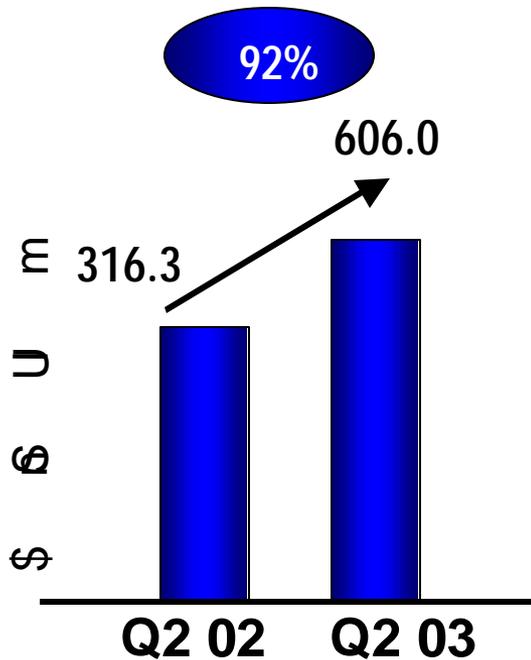
email address: ir@mts.ru

Income Statement Highlights



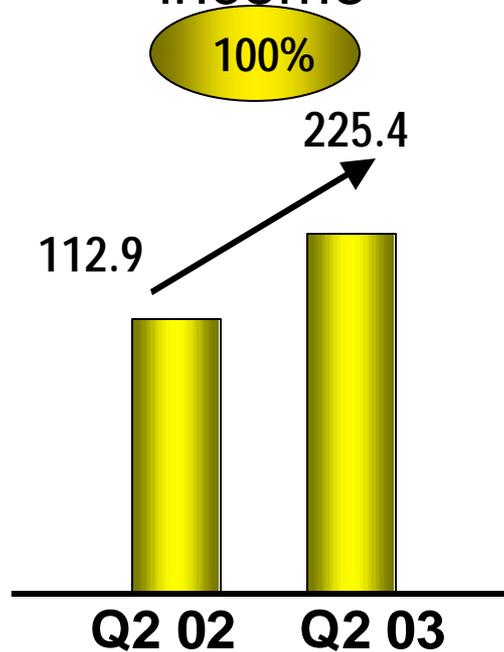
MTS' revenues and earnings growth are based on continued increases in subscribers and acquisitions in Russia and neighbouring countries

Revenue



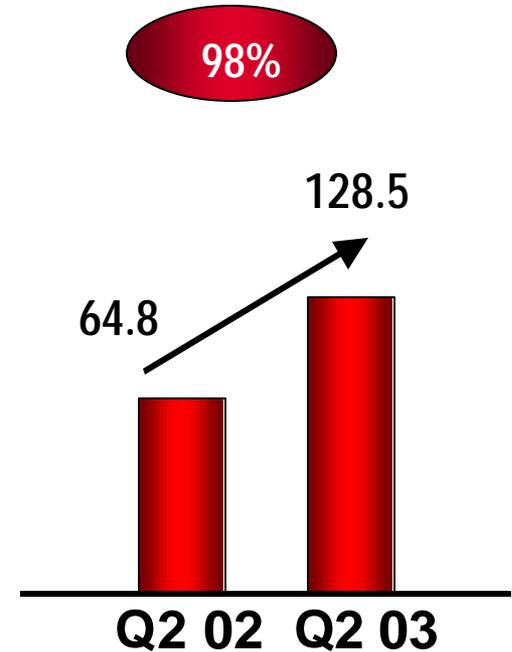
Revenue increase was driven by strong organic growth, consolidation of number of local mobile operators acquired by MTS as well as the acquisition of UMC, a Ukrainian company

Operating income



Operating margin increased to 37% reflecting MTS' focus on cost management

Net income



Net earnings almost doubled year-on-year

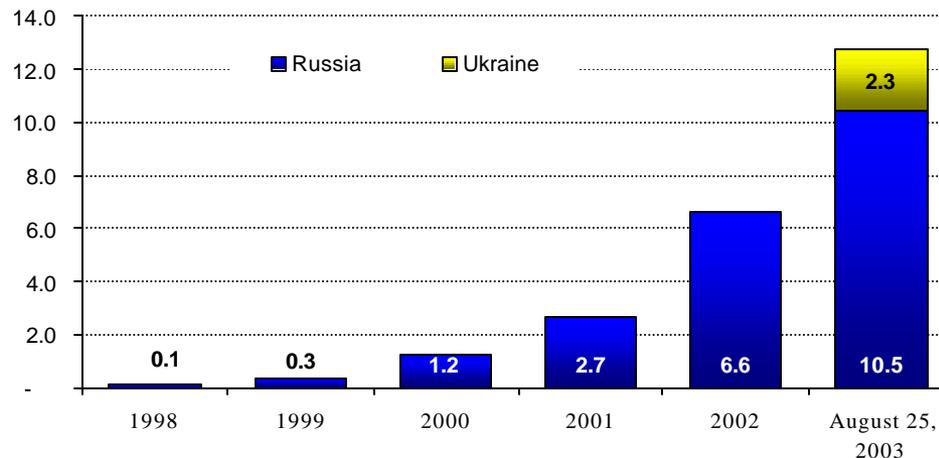
Source: MTS

Strong Subscriber Growth



- ❑ MTS is a market leader in Russia and the CIS with over 12.76m subs as of August 25, 2003 (10.47m subs in Russia and 2.29m subs in the Ukraine); in addition MTS' 49%-owned joint venture in Belarus services around 241,000 customers
- ❑ Since the beginning of 2003, MTS' gained 3.79m subscribers through organic growth, while around 2m subs were added by acquisitions of UMC in Ukraine, 240,000 by acquisition of a majority stake in Taif-Telcom in Russia, and another 120,000 by purchase of Sibchallenge

MTS Subscriber Base, 1998-2003 (mln)

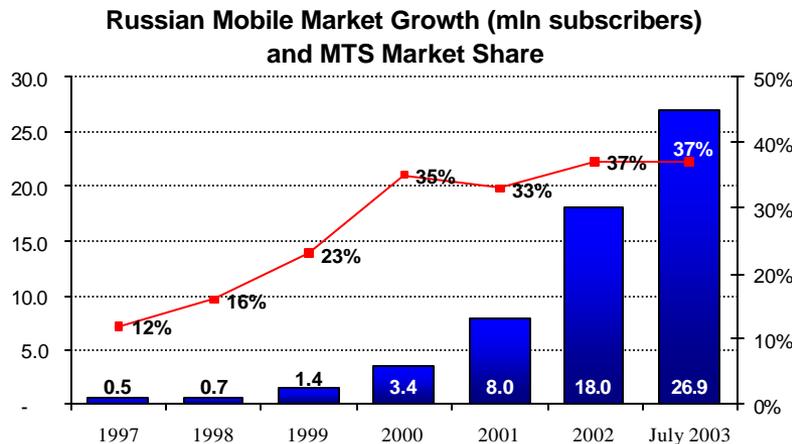


Source: MTS

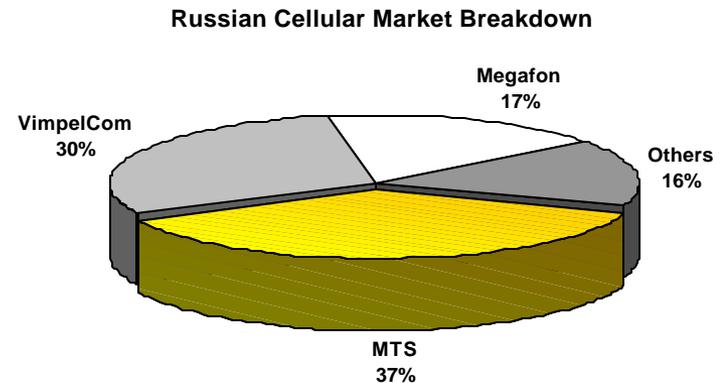
MTS Leads the Market in Russia



- ❑ MTS benefits from the growth of the Russian mobile market
- ❑ At the end of Q2 2003, MTS had 9.32m subs in Russia; as of August 25, 2003 the Company increased its subscriber base in Russia to 10.47m
- ❑ Nation-wide market share sustained at 37%



Source: AC&M-Consulting, as of July 31, 2003



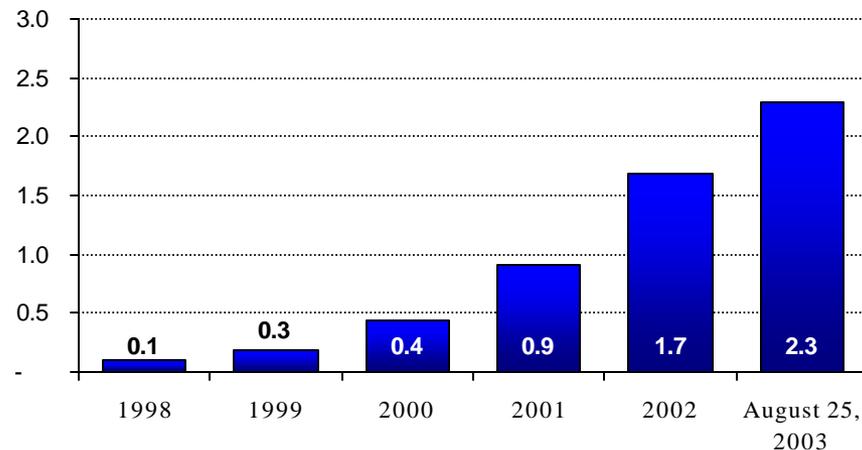
Source: AC&M-Consulting as of July 31, 2003

100% Consolidation of UMC



- ❑ MTS owns 100% of Ukrainian Mobile Communications (UMC), its subsidiary in the Ukraine
- ❑ As of June 30, 2003, MTS in Ukraine had 2.02m subs, of which around 72% used pre-paid services; MTS' market share in Ukraine was at 46%*
- ❑ As of August 25, 2003, MTS in the Ukraine provided services to around 2.29m subs, of which 36,000 used *Jeans* tariff plan introduced in August 2003

UMC Subscriber Base, mln (1998-2003)



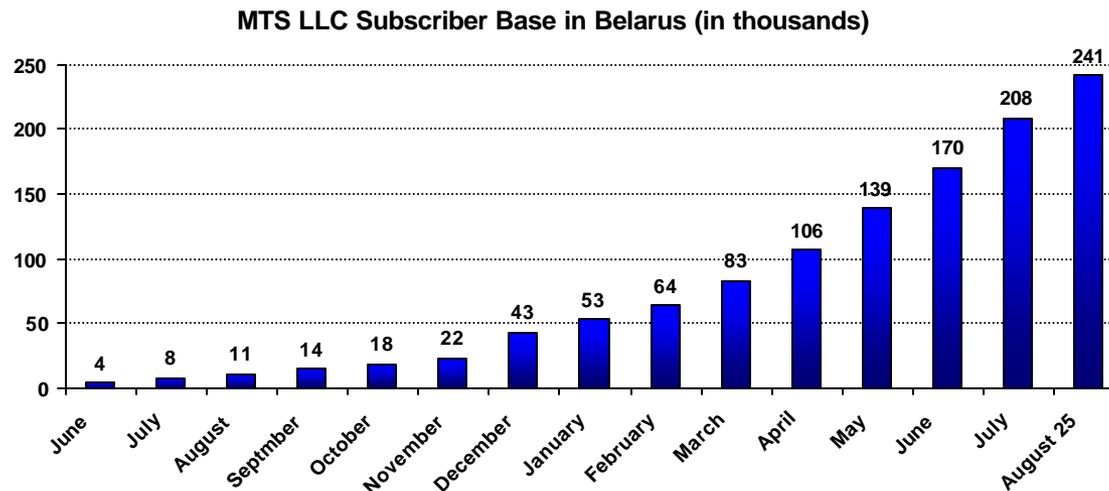
*According to Ukrainian News as of June 30, 2003

Source: MTS, UMC

Expanding in Belarus



- ❑ MTS' unconsolidated subsidiary started operations in Belarus in June 2002 as the second GSM operator in the country
- ❑ As of end of the Q2 2003, the company had 170,200 subs and a market share of 23%*. As of August 25, 2003, the company serviced 241,000 subs



Source: MTS

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

Breakdown by Regions in Russia



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

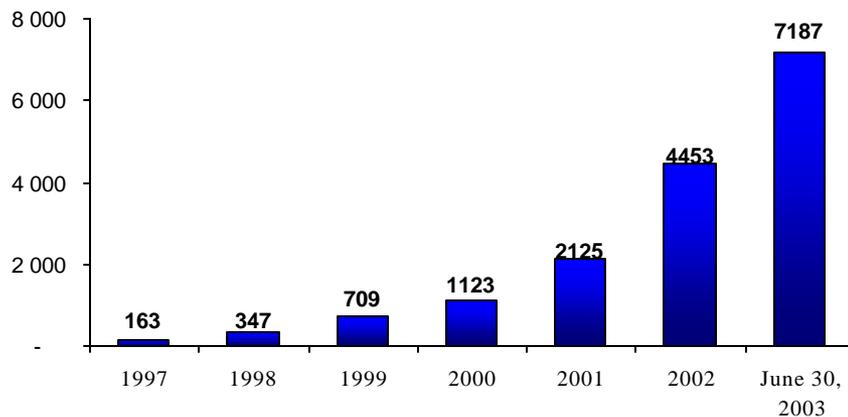
Source: MTS

Developing the Infrastructure



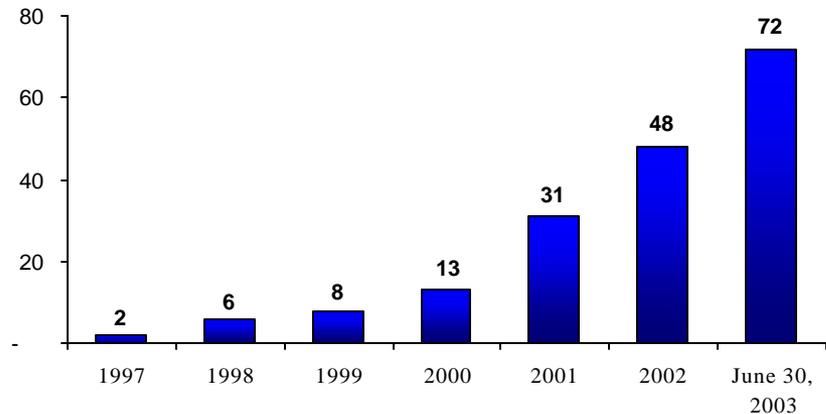
- At the end of Q2 2003, MTS, together with its consolidated subsidiaries, operated 7,187 base stations and 72 switches
- In addition, MTS' joint venture in Belarus operated 327 base stations and one switch

Number of Base Stations



Source: MTS

Number of Switches



Source: MTS

Licences Coverage



MTS' GSM licences cover* a population of 186.3m, including 127.3m in Russia, 10m in Belarus and 49m in Ukraine



Assuming that MTS completes transactions to acquire certain assets as previously announced. However, no assurance can be given that the transactions will be completed.

Vladivostok Source: MTS

Key Operating & Financial Data



MTS Operations in Russia

- ❑ MOU - Usage per subscriber increased in Q2 2003 largely because of seasonal factors
- ❑ ARPU - increased as a result of increased usage and roaming traffic
- ❑ Churn - slight decline but expected to remain high throughout the year

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003
ARPU	\$26.7	\$25.0	\$25.2	\$21.2	\$18.5	\$18.7
MOU	142	167	175	175	148	162
Churn	9.8	7.7	6.5	10.1	11.6	11.0
SAC	\$36	\$39	\$32	\$34	\$30	\$27

Source: MTS

Segments Breakdown



US\$ mln	Total	Intercompany Eliminations	MTS (Moscow Segment)	Other Entities in Russia (Regional Segment)	UMC
Revenues	606.0	-23.9	352.3	177.0	100.5
Depreciation and amortisation	99.5	-0.6	45.5	36.4	18.2
Net operating income	225.4	-3.3	132.0	61.1	35.6
Net income	128.5	-4.4	87.7	28.9	16.3

Source: MTS

MTS' business is organized on a geographical operations basis. Performance is measured and reported based on operating income by legal entity. Currently, MTS reports operations in Russia in two segments: MTS OJSC ("Moscow Segment") and all other legal entities in Russia combined. The Moscow Segment includes operations in the Moscow license area in addition to operations in Ivanovo, Kirov, Kaluga, Kostroma, Komi Republic, Kurgan, Nizhny Novgorod, Orenburg, Perm, Ryazan, Pskov, Saratov, Smolensk, Tambov, Tula, Tumen, Tver, Vladimir, Chelyabinsk, and Yaroslavl

The second geographical segment includes all of our other Russian legal entities not included above, most notably our operation in the north-west of Russia, including St. Petersburg, and southern Russia, including Krasnodar.

Key Operating & Financial Data



MTS Operations in Ukraine

	Q1 2002	Q2 2002
ARPU	\$15.9	\$17.2
MOU	87	97
Churn	8.9	5.5
SAC	\$51	\$37

Source: MTS

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