



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Investment in Ozon

Investor Presentation

April 2014

SMARTSPACE



Disclaimer

Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within JSFC Sistema. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. 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 above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause the actual Sistema’s results to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.



Transaction Overview

Ozon Group

- > Russia's leading e-commerce platform
- > 15% of all online buyers in Russia; 20% of Russian online users
- > 16 mln unique monthly visitors
- > Established logistics chain with own delivery service

Key terms:

- > US\$ 75 mln for 10.8% through subscription to the new rights issue (MTS also invests in Ozon at the same terms – 10.8% for US\$ 75 mln)
- > 2 out of 8 seats on the Board of Directors (1 for Sistema, 1 for MTS) with certain veto rights on competition

Rational:

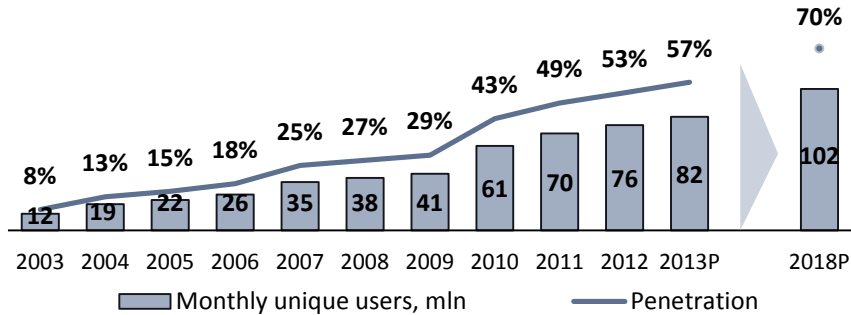
- > Russian e-commerce market is expected to triple structurally by 2018
- > Ozon Group is a leading e-commerce platform in Russia with the strongest brand and its own logistics network
- > Ozon Group focuses on product categories which are relevant for Sistema's subsidiaries and synergies may be achieved between the Groups

OZON offers an attractive entry point into Russia's rapidly growing e-commerce sector

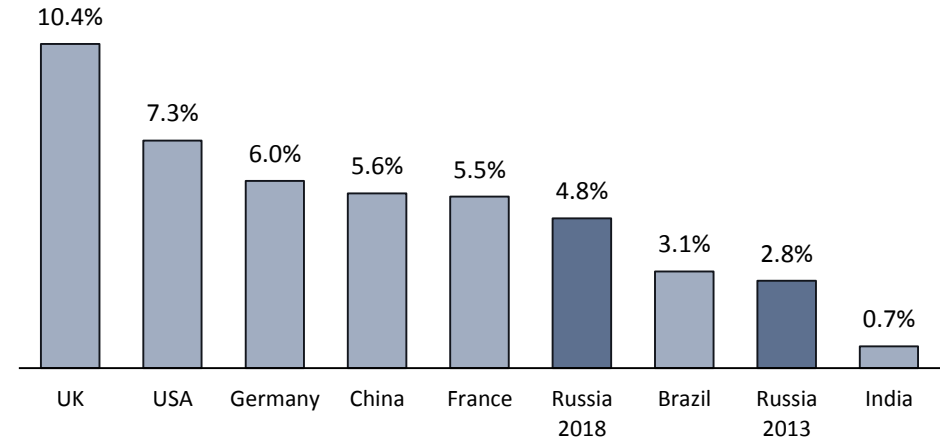


E-Commerce Market in Russia

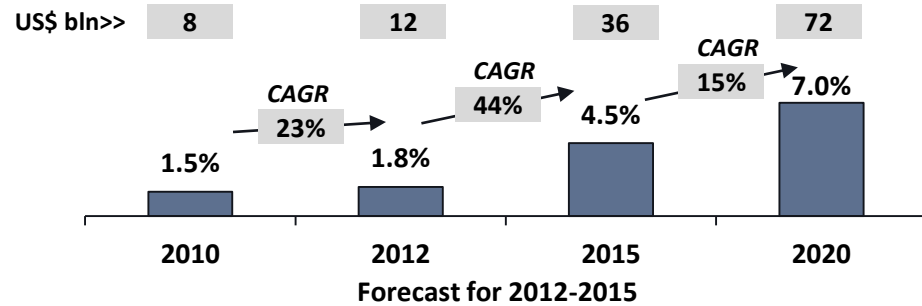
Russian internet audience and penetration



E-commerce penetration by country, 2013



Share of e-commerce in Russia (% of total retail*)



Forecast for 2012-2015

Source	Forecast
Morgan Stanley	44.2%
InSales	37.5%
VTB Capital	33.3%
Wall Street&eMarketer	27.0%
Data Insight	22.5%
Euromonitor	19.8%

- > Russian internet penetration is rapidly increasing and expected to achieve 70% by 2018
- > E-commerce penetration in Russia is still low compared to other countries, providing an opportunity for significant growth
- > E-commerce growth expected to follow internet audience expansion but with 2-3 years lag
- > The market is currently highly fragmented, with a multitude of smaller players, while the market leader OZON has ca. 3.3% of the market.

*Morgan Stanley

** Euromonitor



Evolution of the E-commerce Market in Russia

1995-2010

Market formation

- > Market size: US\$ 0.5-8 bln
- > Revenues of leaders: US\$ <0.05 bln
- > Venture investment in market leaders: US\$ 0.1-10 mln
- > Entrance of a large quantity of players into the market
- > Lack of obvious leaders by market segments

2011-2014

Emergence of market leaders

- > Market size: US\$ 8-15 bln
- > Revenues of leaders: US\$ ~0.5 bln
- > PE Investment in market leaders: US\$ 50-500 mln
- > High level of competition
- > Emergence of leaders in market segments

The right time for Sistema to invest in the segment

2015-2020 (forecast)

Market consolidation

- > Market size: US\$ >50 bln
- > Revenues of leaders: US\$ ~3 bln
- > Strategic investments in market leaders: >US\$ 1 bln
- > IPOs of market leaders
- > Consolidation of market players
- > Formation of strong local players (following the pattern of the success of Yandex and VKontakte)

The industry is at the stage where Private Equity and strategic investors are buying into the major players



OZON Group Today



- > No.1 multi-category online seller in 14 categories of goods
- > 10 mln of registered users
- > 750,000 unique visitors per day
- > Over 3.5 mln orders delivered in 2013



- > One of the largest online seller of clothes, footwear, bags and accessories – 5th place in terms of traffic
- > 4,4% of online purchases of footwear in Russia
- > Over 250,000 pairs of shoes from over 400 brands
- > The quickest-growing segment in e-commerce



- > No.1 B2C Internet resource for travelling in Russia
- > 1.5 mln unique visitors per month
- > 278,000 hotels available for order



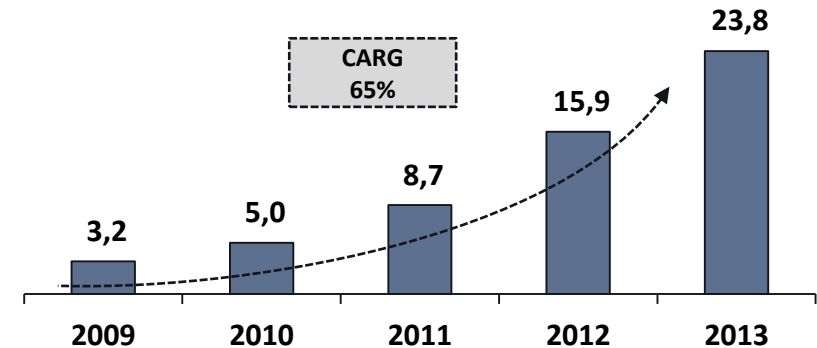
- > 5 logistic terminals, total area >33 thous. sq.m
- > More than two thousand self pickup points
- > 3.9 mln parcels in 2013



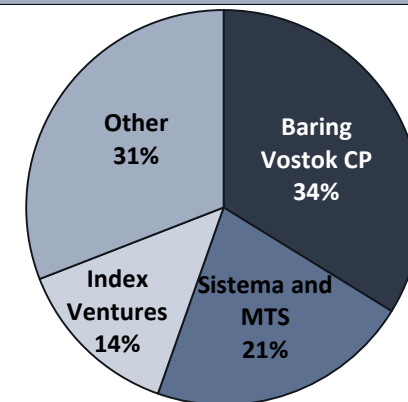
- > A B2B service launched in 2013 that helps Russian and international brands to develop strategies that improve their online sales, find technological solutions, and to process and deliver the orders

Growth of Gross Merchandise Value*

RUB bln



Shareholder structure



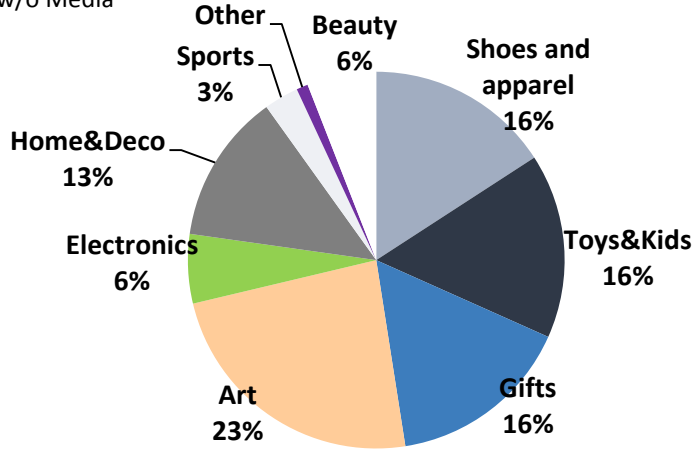
* Gross Merchandise Value is the total paid by customers for goods and services incl. VAT



Leadership in Key Segments for Sistema

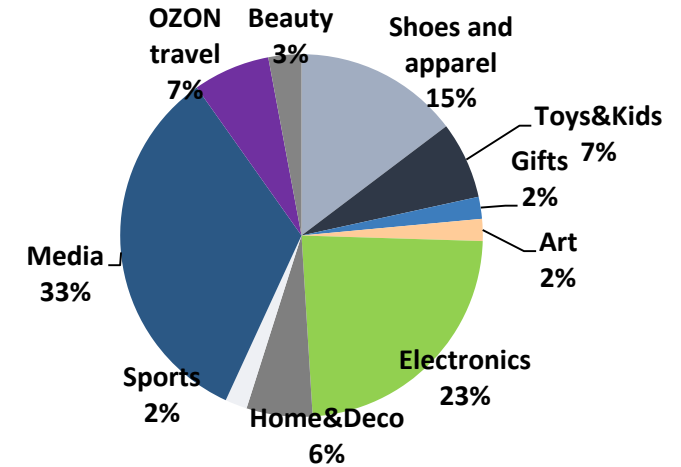
Broadest selection of products

% SKUs w/o Media

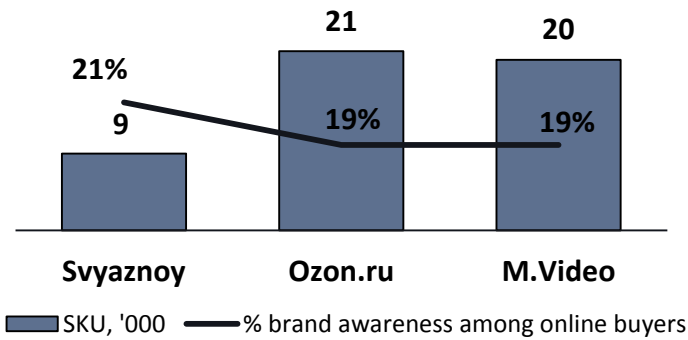


Diversified sales

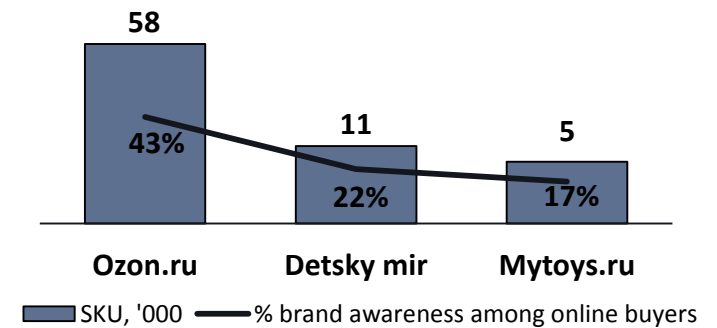
% Net Sales



Leadership in Electronics



Leadership in Moms&Kids

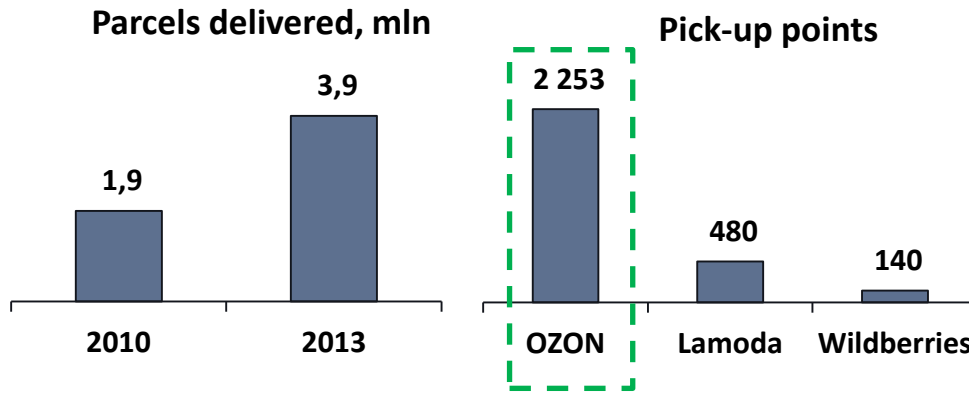


*Source: RBC research 2012



Developed Logistics Platform: O-Courier

Fast growing delivery business



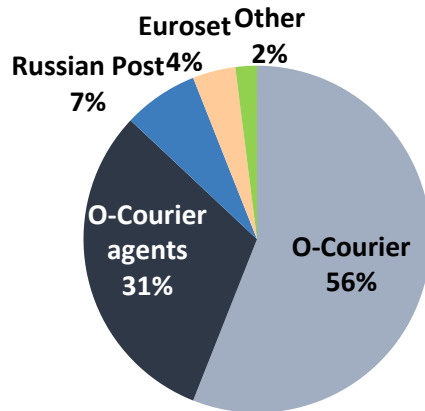
Large storage and sorting area

Map of logistics terminals



Delivery channel, % of orders

Nationwide delivery service which covers 160+ largest cities in Russia



- > Next day delivery in Moscow and St-Petersburg
- > 2-8 day delivery into other regions
- > 3.9 mln orders in 2013*
- > Integration with major courier services and freight forwarders
- > 8% of third parties orders in 2012

- > Total warehouse storage and sorting area of >33,000 sq m
- > 4,900 staff engaged in delivery services (incl. outsourcing)
- > Contracts with 6 line haul forwarders
- > Contracts with 31 regional forwarders
- > 640 couriers (incl. outsourcing)

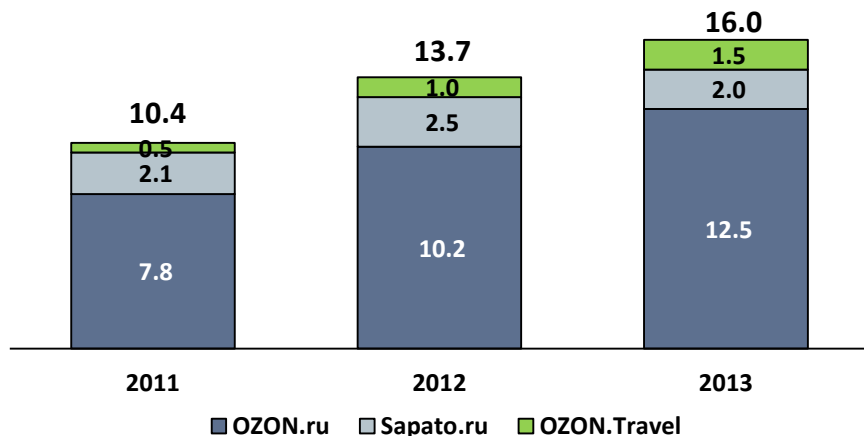
* Including processing of 0.3 mln orders via Russian Post and Express Delivery



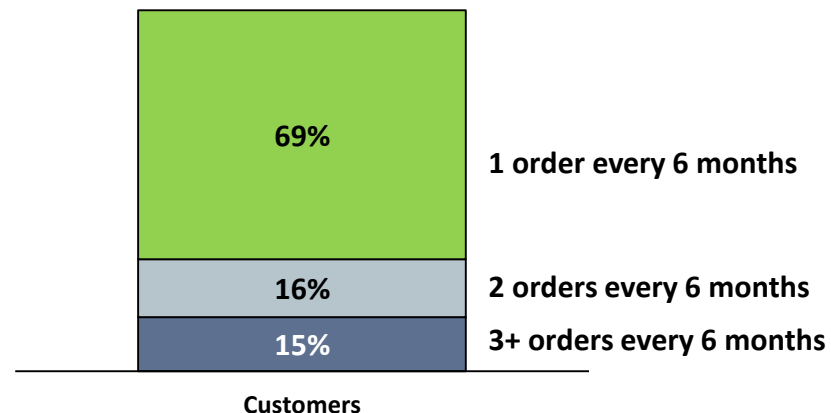
OZON Operating Growth

Growing Internet Audience of OZON

Average monthly unique visitors, mln

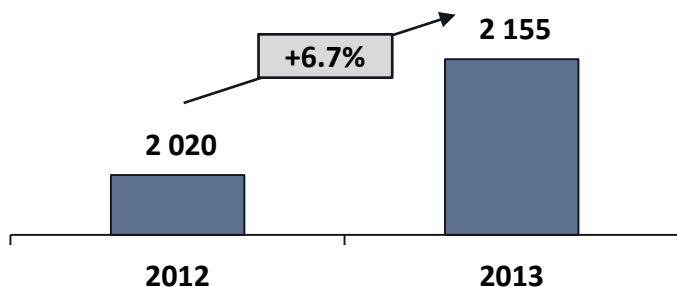


High Share of Loyal Customers

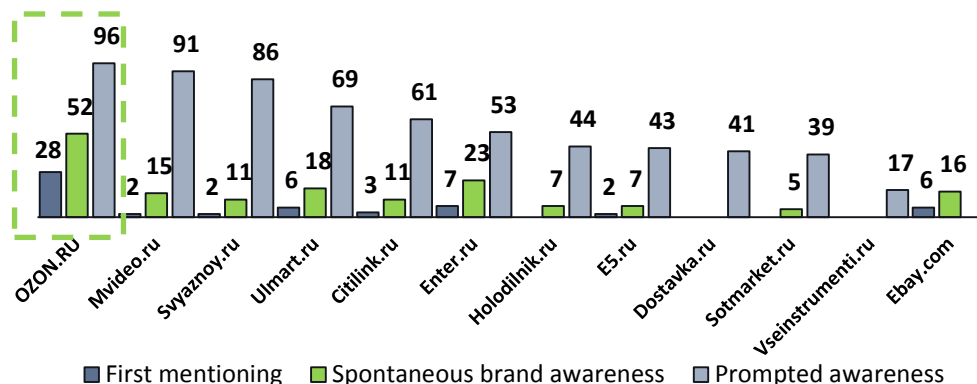


Increasing Customer Spending

Average order value of OZON.RU, RUB



Unrivalled Brand Recognition*

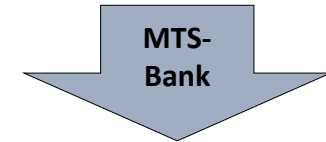
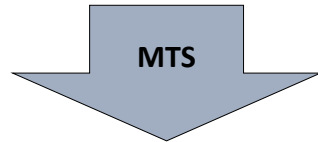


*Source: Romir Research



Potential Synergies with Sistema's Group

OZON deal unlocks a great deal of synergies with Sistema's companies



Audience expansion and stronger market position

- > Increase traffic in PoS
- > Strengthen MTS's brand by expansion in the area which compliments its core mobile and retail businesses
- > Exclusive contract for selling plans and smartphones
- > Joint bonus programmes and loyalty programmes
- > Wider assortment for online sales
- > OZON client base
- > Extension of footprint (delivery service)
- > Joint marketing campaigns
- > CRM/Joint bonus programmes and loyalty programmes/Target marketing

Benefits from online market experience

- > Access to active online buyers; potential cross sale of MTS services
- > Outsourcing of online development function
- > OZON market experience and market insight
- > Better understanding of online customers behaviour
- > The use of e-commerce growth to boost the usage of modern banking services
- > Online channel for distribution of credit cards

Cost reduction

- > Reduction of fixed costs share by higher volumes
- > Partial use of OZON's logistical infrastructure
- > Lower delivery costs
- > Lower costs of orders assembly and delivery due to OZON volumes
- > Decrease in fixed and direct costs due to larger volumes

Sistema's investment in OZON opens up potential e-commerce opportunities for several portfolio companies



Thank you for your attention!