

SITRONICS

SITRONICS
Investor Presentation

December 2010

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of SITRONICS. 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.

Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia and other CIS countries, rapid technological and market change in our industries, as well as many other risks specifically related to SITRONICS and its operations.

▶ SITRONICS at a Glance

Business Strategy

Markets and competition

Divisional Overview

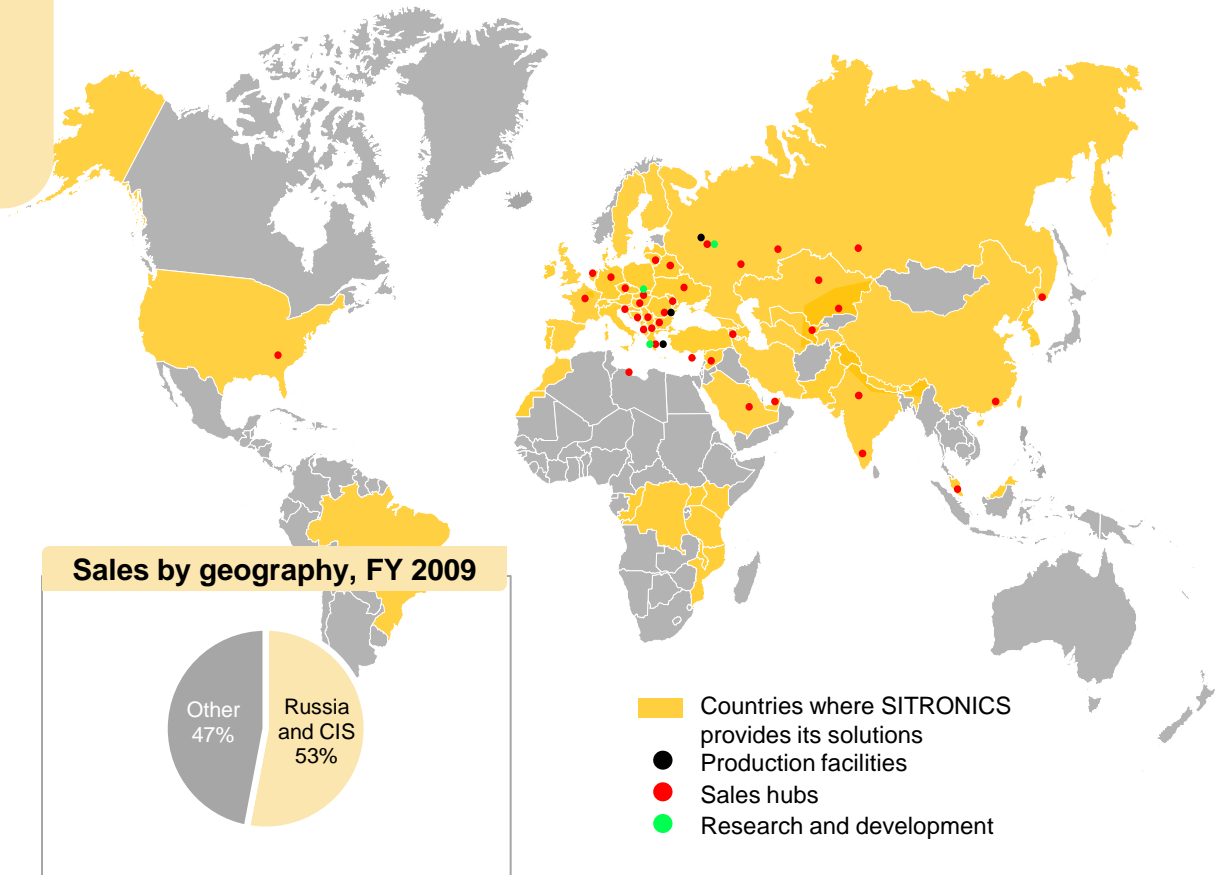
Financial overview

Summary

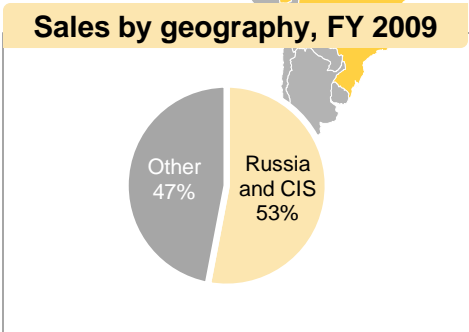
Appendix

- ▶ Headquartered in Moscow, Russia
- ▶ 3,500 corporate clients in 60 countries
- ▶ Over US\$ 1 bln of revenues in 2009
- ▶ 8,700 employees in 30 countries
- ▶ Part of AFK Sistema group (64%)

Leading Company with International Footprint



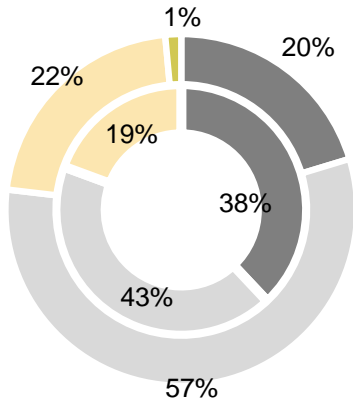
- ▶ Established in 2002 & today one of the largest multinational high-tech companies in Russia, the CIS and Eastern Europe
- ▶ SITRONICS is a major partner of the Russian Government to develop the high-tech industry, and on the list of Russia's strategically important companies
- ▶ SITRONICS operates a vertically integrated business model with 3 primary segments:
 - ▶ Microelectronics
 - ▶ Telecom Solutions
 - ▶ Information Technologies
- ▶ SITRONICS operates R&D centres in Russia, the Czech Republic and Greece, with manufacturing facilities in Russia, the Czech Republic and Romania



SITRONICS is a unique technology company in Russia and one of the leading players in fast-growing regions worldwide

2009 Segmental Split

Outer ring: Revenue
Inner ring: Adj. OIBDA



- Microelectronics
- Telecom Solutions
- IT Solutions
- Other

	Microelectronics	Telecom Solutions	IT Solutions
Key products	<ul style="list-style-type: none"> ▶ Microchips ▶ Smart cards ▶ RFID products ▶ R&D by order 	<ul style="list-style-type: none"> ▶ Telecom equipment and software ▶ OSS/BSS solutions ▶ IPTV solutions 	<ul style="list-style-type: none"> ▶ IT infrastructure and system integration ▶ Business consulting and IT outsourcing
Geographical markets	<ul style="list-style-type: none"> ▶ Russia and CIS ▶ Asia-Pacific region 	<ul style="list-style-type: none"> ▶ CEE ▶ Russia and CIS ▶ MEA ▶ Asia-Pacific region 	<ul style="list-style-type: none"> ▶ Russia and CIS
Market position	<ul style="list-style-type: none"> ▶ Top-1 in the Russian market (incl. RFID and SIM cards) 	<ul style="list-style-type: none"> ▶ Top-10 in the global wireless transmission market ▶ Top-2 in the OSS/BSS market in Russia and CIS 	<ul style="list-style-type: none"> ▶ Top-10 systems integrator in Russia and CIS
Peers	<ul style="list-style-type: none"> ▶ Gemalto, Oberthur, Rosan Finance, Novocard, Angstrom 	<ul style="list-style-type: none"> ▶ Amdocs, Peter Service, NEC, Ericsson, Alcatel Lucent 	<ul style="list-style-type: none"> ▶ Lanit, IBS, Technoserv, Incom

Presence in telecom, IT and microelectronics segments enable SITRONICS to offer clients full range of high-tech solutions



Microelectronics:

- ▶ Supply of banking cards to Sberbank ,VTB24 and Barclays Bank. Contract to outsource the personalization of magnetic banking cards for Sberbank of Russia
- ▶ Supplying SIM cards to MTS, MegaFon and SMARTS – SITRONICS share on SIM cards market is about 40%
- ▶ Delivering RFID cards for Moscow Metro and Aeroexpress (subsidiary of Russian Railways)

Telecommunication Solutions:

- ▶ Extension of the geographical footprint on fast-growing markets: SSTL (India), Etisalat (UAE), MAXIS (Malaysia), Warid Telecom (Uganda), Syrian Telecommunications Establishment (Syria), PTCL (Pakistan), DiscoveryTel (Ghana), Moldtelecom (Moldavia's incumbent telecoms operator), Svyazinvest (Russia)
- ▶ Delivered the UTILIS Metering Suite, which provides automated monitoring of energy, to Bashkirenergo (Russia) and Uzbekenergo (Uzbekistan)
- ▶ MTS' pre-paid subscribers in Ukraine and Telecom Serbia's post-paid subscribers were successfully migrated to the FORIS solution, and a new billing system was established for MTS India – over 100 mln mobile telephony subscribers in Russia, the CIS, the Czech Republic, Serbia, India, Congo and Uganda
- ▶ Launched mobile WiMAX network pilot project based on SITRONICS equipment in Armenia



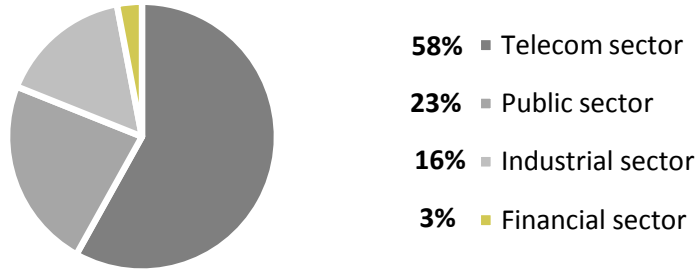
Information Technologies:

- ▶ Started implementing a CRM solution for Sberbank in Russia and built a data processing centre for Sberbank in Ukraine
- ▶ Contract to implement a universal banking solution Oracle FLEXCUBE in Prominvestbank, daughter company of Vnesheconombank in Ukraine
- ▶ Completed the first stage of e-government project for the Bashkirian government; started implementing e-government solutions for Republic of Mordovia and Republic of Tatarstan
- ▶ Contract to create Unified Transport Network for Bashneft and its subsidiaries; started installation of Data Processing Center for the company and upgrade the telemechanics systems of its oil production subsidiaries

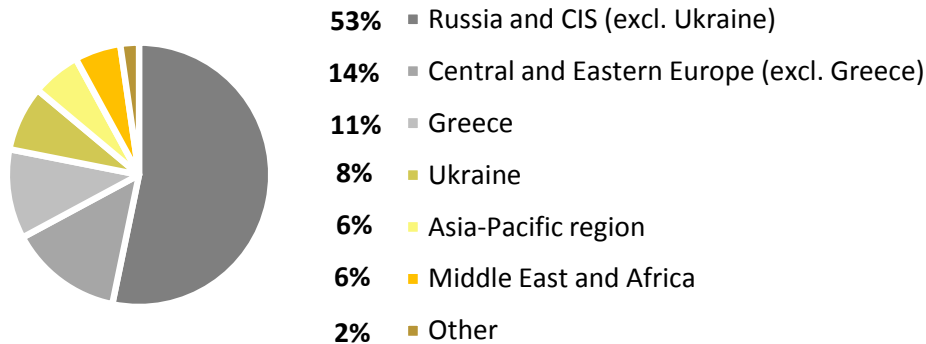


We have expanded our operations in vertical and geographical markets

Sales by Segment, 9m 2010

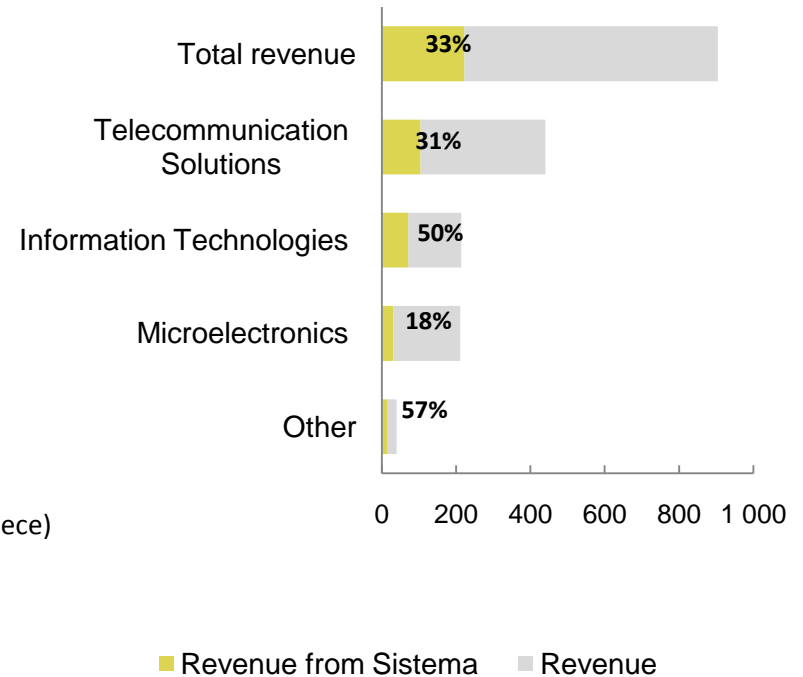


Sales by Geography, 9m 2010



Focus on fast growing vertical market segments coupled with geographic diversification of sales

Revenues from AFK Sistema*, US\$ mln



* - data for 9m 2010

Cooperation with Sistema JSFC provides SITRONICS with unique expertise in large-scale integrated projects implementation



- ▶ SITRONICS was recognized as the Company of the Year 2009 in the High-Tech category (National Business Award)



- ▶ SITRONICS is included in the list of Russia's strategically important companies



- ▶ SITRONICS was recognized as the Leading Russian IT company of 2008 in the RA Expert national rating



- ▶ SITRONICS is ranked among the top-500 most dynamic high-tech companies in Europe, Middle East and Africa (EMEA)

**In 2009 Company of the Year National Award granted to SITRONICS
in the Hi-Tech category**

SITRONICS at a Glance

▶ **Business Strategy**

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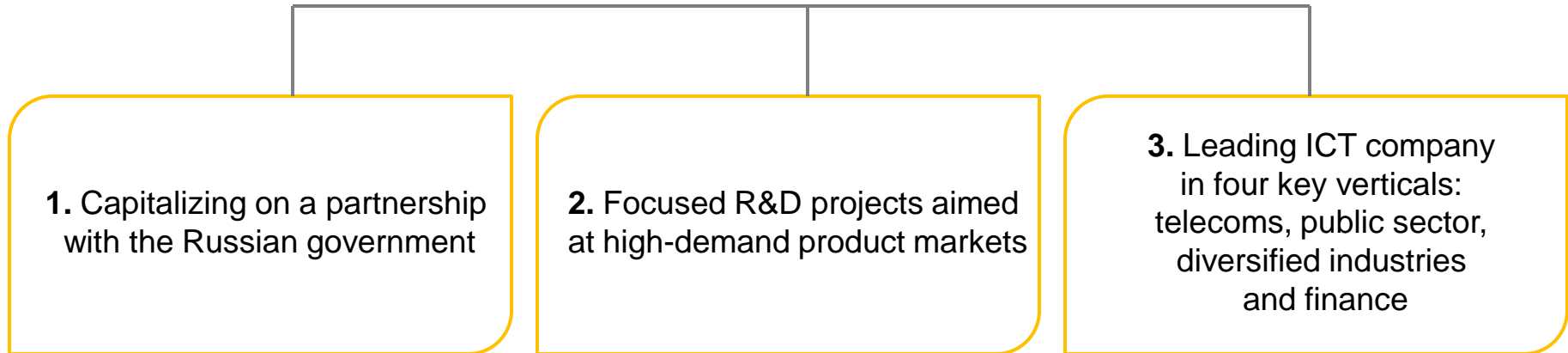
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Appendix

SITRONICS mission is building efficient innovative economy and raising society living standards via generating and boosting modern technology solutions

Three major vectors for development



1. Capitalizing on a partnership with the Russian government

2. Focused R&D projects aimed at high-demand product markets

3. Leading ICT company in four key verticals: telecoms, public sector, diversified industries and finance

To become a top tier technology company

1. Capitalizing on a Partnership with the Russian Government

- ▶ Partnership with Russian government is a strategic priority for SITRONICS
- ▶ SITRONICS is included in the list of Russia's strategically important companies
- ▶ 20% of SITRONICS total 2009 revenues were generated from the public sector*
- ▶ SITRONICS is a partner of government corporations and regional administrations of Russia:



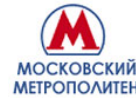
RUSNANO State Corporation: Investment agreement to set up microchip co-production on the basis of the 90 nanometer technology. RUSNANO has invested RUB 6.5 bln.



Sberbank of Russia: Production and supply of banking cards & implementation of CRM system and data processing centre in Ukraine



Government of Tatarstan: Delivery of "Multiservice Information Educational System" (MIOS) & solutions to service passenger and freight transports



Moscow Metro: Delivery of up to 20 mln RFID cards per month (approximately US\$ 100 mln per year)



Government of Bashkortostan: Implementation of E-government system



Russian Federal Ministry of Trade and Industry: Number of R&D contracts worth approximately US\$ 30 mln



Republic of Mordovia: Implementation of E-government system





* in Russia and worldwide

Five primary fields of modernization in Russian high-tech according to President of Russia Dmitry Medvedev:

1. Space technology ("primarily related to telecommunications including GLONASS")
2. Medical technology ("primarily diagnostic equipment")
3. Strategic information technology
4. Energy efficiency and conservation
5. Nuclear technology

SITRONICS already has solutions, or intends to implement new ones during 2010 and 2011 in four out of five fields

2. Focused R&D Projects Aimed at High-demand Product Markets

Market	Geography	Market volume*, 2012, US\$ bln	CAGR, 2009-2012, %	Key trend**	SITRONICS R&D
Microelectronics	Russia and CIS	 1,99	21%	Retail process automation	RFID and smart cards; RFID with physically un- clonable functions
OSS / BSS	Russia, CIS and Eastern Europe	 2,12	8%	Expansion of consumer network access and range of services; “Smart” utility service networks (smart grid)	Billing and intelligent networks (FORIS, VAS); Energy production and housing and utility service solutions (UTILIS)
Wireless transmission	Global market	 6,89	6%	Increase of data usage and network traffic capacity	Wireless access and communication (WiBAS, OmniBAS, OmniMAX); 3G-indoor solutions
IT services and software	Russia and Ukraine	 6,92	15%	Virtualization and development of cloud computing; Development of user location-based services (GLONASS/GPS)	Modular data centres, SaaS (Software as a Service); Telematic services

* Source: Microelectronics – ID Elektronika, RUSNANO, SITRONICS; OSS/BSS – Gartner, Wireless transmission – Heavy Reading, EJL Research Data, IT market – IDC

** According to SITRONICS Technology Forecast

SITRONICS prioritizes the development of an innovative product portfolio combining current high demand solutions with future high potential products and solutions

“UZBEKENERGO” 3. Leading ICT Company in Key Verticals

Selected customers:

Wireless network
system solutions

OSS / BSS
(billing)

IT infrastructure
and systems integration

Telecom
sector



Билайн™
живи на яркой стороне

Public
sector



STADTWERKE
FELDKIRCH



Ростехнологии



Правительство
Украины



Financial
sector



РОСНО

БАНК
ХОУМ КРЕДИТ



СВЯЗНОЙБАНК



Diversified
Industrials

БАШНЕФТЬ

STATE JOIN STOCK COMPANY

“UZBEKENERGO”



ЕвроХим
МИНЕРАЛЬНО-ХИМИЧЕСКАЯ
КОМПАНИЯ



To consolidate our status as a leading ICT company in Russia, CIS and fast growing global markets

Client base development



- ▶ Sberbank, of Russia, VTB24, Barclays Bank – supply of banking cards
- ▶ Moscow Metro, Aeroexpress, overground transportation in St. Petersburg– delivering transport RFID cards
- ▶ MTS, MegaFon, SMARTS – supply of SIM cards
- ▶ Bashkortostan, Tatarstan, Republic of Mordovia – delivering IT equipment and services

Partnership development



- ▶ Investment agreement with RUSNANO to launch 90 nanometre technology microchip production at SITRONICS' existing facility in Zelenograd. RUSNANO investment into the established joint venture is 6.5 billion rubles.
- ▶ Development of implementation project of RFID tags in retail business «X5 –Future Store»

Product portfolio development

- ▶ New telecom equipment (WiMAX, WiBAS Flex ect.)
- ▶ Modular Data Centre (MDC)
- ▶ NIKA telematic system and control system installation project has been implemented in collaboration with MTS
- ▶ In-house banking cards
- ▶ In-house microchips for RFID cards (transport tickets)

SITRONICS succeeded in launching a number of new solutions practically in all core business streams and the client base development

Partnerships in Information Technologies segment (>50 vendors)



Partnerships in Telecommunication Solutions segment



Partnerships in Microelectronics segment



Strong partnerships and track record with global technology leaders provide SITRONICS with optimal levels of competence

SITRONICS at a Glance

Business Strategy

▶ **Markets and competition**

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Summary

Appendix

Special Institutions creation :

- ▶ Venture capital provided by the government (RUSNANO, Russian Venture Company)
- ▶ Infrastructure projects: techno parks and innovation centres (Skolkovo)

Direct investment/ demand stimulating measures :

- ▶ A number of Federal programmes, financed from the public budget
- ▶ Biometrics chips in passports, driver licenses and migration cards
- ▶ GLONASS system

Cooperation with the innovative oligarch groups (resembling South Korean model of Chaebols creation) :

- ▶ Government's help in Sistema's Sitronics's debt refinancing during the crisis
- ▶ Joint investments into the microchip plant creation(SITRONICS-Nano)

Legal initiatives :

- ▶ Import duties and other protectionism and paternalistic measures
- ▶ Tax remissions for the software companies
- ▶ Requirements to use domestic telecom equipment to create WIMAX/LTE networks

Federal budget's spending on in innovation in 2007-2010*

US\$ bln

Federal R&D program of R&D in the priority development areas (nano-, bio-, IT – energy saving areas)	1.6
Nanoindustry infrastructure development	0.7
Techno parks creation in high technologies	0.3
Innovation infrastructure in institutes / universities	0.1
Subsidies to the companies, ordering R&D in the institutes / universities	0.4
Russian Venture Company	0.9
RUSNANO	2.3
Bortnik fund	0.3
Special economic zones	1.4
Regional venture fund	0.1
Total	8.1

* Including some budget cuts in 2009-2010

Source :Forbes, Aton



▶ **Broadcasting system / TV digitisation**

Changing the infrastructure of current radio television to digital television;
Period: 2009-2015;
Total budget: RUB122.4 bln (US\$ 4.2 bln)

▶ **Development of electronic /radio components**

Microelectronics plants, designing centres creation;
Period: 2008-2015;
Total budget: RUB187 bln (US\$ 6.4 bln)



▶ **Nanoindustry development**

Nanoindustry infrastructure creation, informational and analytical support;
Period: 2008 – 2010;
Total budget: RUB28 bln (US\$ 0.9 bln)

▶ **Electronic Russia (electronic government)**

Infrastructure and application of electronic document management systems;
Period: 2002-2010 years;
Budget in 2010: RUB3.1 bln (US\$ 106 mln)

▶ **Information society**

IT/ telecom infrastructure;
Period: 2011-2020;
Potential budget: RUB100 bln (US\$ 3.3 bln)

Measures for support of domestic microelectronics market discussed at the meeting with V.V. Putin, Chairman of the Government of the Russian Federation on 10.09.2010:

- ▶ Utilizing microelectronic products of Russian manufacturing in Russian citizen internal and foreign passports, migration card and universal electronic card
- ▶ Utilizing radio frequency marks of Russian manufacturing for tracking flows of goods and cargos including pharmaceuticals, mail, library and archive funds, and other products
- ▶ Supplementary tax incentives for domestic producers of electronic component base
- ▶ Preferences to domestic producers of microelectronic products when placing orders for delivery of goods for government and municipal needs
- ▶ Program development and implementation for creating and development of Russian design-centers

It is estimated by Frost and Sullivan that the Russian microelectronics market will triple in size by 2015 from US\$ 1.2 bln in 2010 if the various state support measures are implemented

Key markets (volume, growth, share)

Current position

Customers

Telecommunication sector	<p>Russia (target market): Market volume in 2009 – \$3.1 Bn¹⁾ CAGR – 11% SITRONICS's share – 6%</p> <p>Other countries (target market²⁾): Market volume in 2009 – \$11.9 Bn CAGR – 6.5% SITRONICS's share – 4.2%</p>	<p>In TOP-3 of IT-companies in Russian telecommunication sector</p> <p>Leading vendor on the market of OSS/BSS solutions in Eastern Europe; actively operates as system integrator in MEA region</p>	<p>Telecom carriers Tier 1-4 in Russia and abroad, including:</p> <ul style="list-style-type: none"> ▪ MTS-Comstar (Russia and CIS) ▪ Shyam Telelink; Sky Link; Life; Telecom Srbija; T-Mobile
State sector	<p>Russia: Market volume in 2009 – \$2.2 Bn CAGR – 15% SITRONICS's share – 2.5%</p>	<p>It is a strategic and priority market for SITRONICS</p> <p>Main competitors: NCC, Technoserv, Lanit</p>	<p>RF federal executive authorities, executive authorities of federation entities, municipal authorities, including:</p> <ul style="list-style-type: none"> ▪ EMERCOM of Russia; Republic of Bashkortostan Government; Republic of Mordovia Government, etc.
Banks and insurance companies	<p>Russia and CIS: Market volume in 2009 – \$2.2 Bn CAGR – 10% SITRONICS's share – 0.2%</p>	<p>Market share is small; strategic market for SITRONICS</p> <p>Main competitors: Croc, Technoserv, I-Teco, CFT</p>	<p>Leading financial institutions, including:</p> <ul style="list-style-type: none"> ▪ Sberbank RF; Gazprom; MBRD; Ukursotsbank; Ukrgasbank
Power engineering and housing	<p>Russia: Market volume in 2009 – \$1.8 Bn CAGR – 10% SITRONICS's share – 0.4%</p>	<p>Market share is small; strategic market for SITRONICS</p> <p>Main competitors: Croc, IBS, Optima, Energodata</p>	<p>Key participants of power engineering market, including:</p> <ul style="list-style-type: none"> ▪ Rosatom ▪ InterRAO ▪ Bashkirenergo

SITRONICS has experience on key vertical markets; expansion of presence on these markets require creation and promotion of integrated solutions that could satisfy main needs of target customers

1) According to J'son & Partners, CNews

2) Target market includes solutions for wireless access and data transfer, BSS/OSS solutions in EE, MEA, APAC

Description	Focus products and services	Revenue in 2011-2013*
1. Efficient Telecom	Convergent solution for telecom: <ul style="list-style-type: none"> ▶ equipment for creation of wireless networks and wireless broadband access ▶ equipment for creation of optical networks based on xPON technology ▶ OSS/BSS solutions set (real-time accounting and billing; policy-based applications and services) 	US\$ 2.3 bln
2. Efficient Region / City	Integrated solution for automation of federation entity and city: <ul style="list-style-type: none"> ▶ regional "electronic government" ▶ automation of payment for transportation based on RFID-technologies ▶ management of city and municipal assets ▶ management of municipal public transport and security management 	US\$ 0.4 bln
3. Efficient Company	Multi-level solution for enterprise integrated automation: <ul style="list-style-type: none"> ▶ deployment of IT-infrastructure (data centers and so on) with possible outsourcing of those functions ▶ creation of IT-strategy, selection and implementation of BI, ERP, CRM solutions ▶ creation of enterprise integrated security system 	US\$ 0.7 bln
4. Efficient Engineering	Hardware and software solutions for power engineering and housing: <ul style="list-style-type: none"> ▶ accounting and billing for energy resources ▶ situation and crisis centers ▶ RFID-based modern solution, Glonass/GPS and 3D for assets maintenance and personnel training 	US\$ 0.1 bln

* Revenue of focus directions not includes revenue of other business-segments

Main growth drivers for SITRONICS will be implementation of projects in telecommunication, financial and power engineering industries; informatization of state sector on regional and municipal levels; implementation of business applications and construction of IT-infrastructure for corporate segment

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Business Strategy

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Summary

Appendix

Key products, 9m 2010



26% ■ Operations and business process support (OSS/BSS)

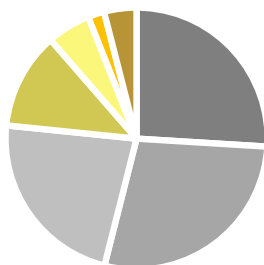
24% ■ Network deployment

22% ■ Telecommunication Software

17% ■ Outsourcing

11% ■ Other

Geographies, 9m 2010



26% ■ Russia and CIS (excl. Ukraine)

28% ■ Central and Eastern Europe (excl. Greece)

23% ■ Greece

12% ■ Middle East and Africa

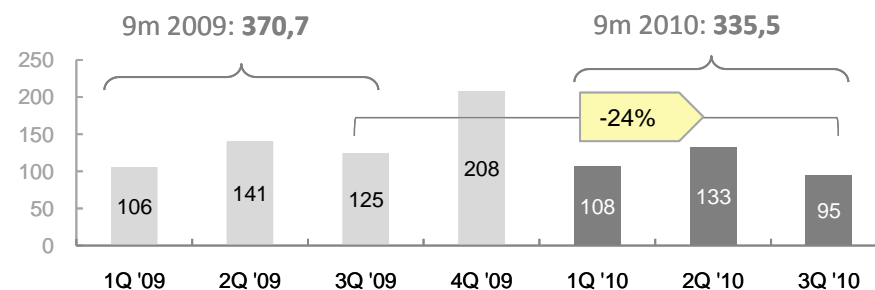
5% ■ Asia-Pacific region

2% ■ Ukraine

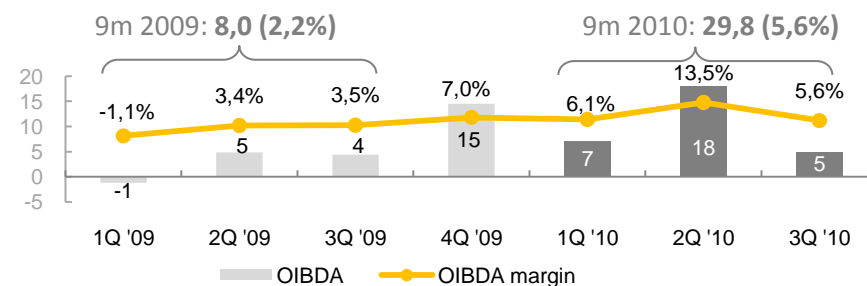
4% ■ Other

- ▶ SITRONICS is one of ten largest global companies offering wireless data transfer solutions.
- ▶ FORIS billing solution is used by telecom operators to bill over 100 mln mobile telephony subscribers in Russia, the CIS, Eastern Europe, Asia and Africa
- ▶ Contracts with MAXIS (Malaysia), Etisalat (UAE), Syrian Telecommunications Establishment (Syria), DiscoveryTel (Ghana), Moldtelecom (Moldavia), Warid Telecom (Uganda), SSTL (India), Telecom Serbia (Serbia), Svyazinvest (Russia), PTCL (Pakistan)

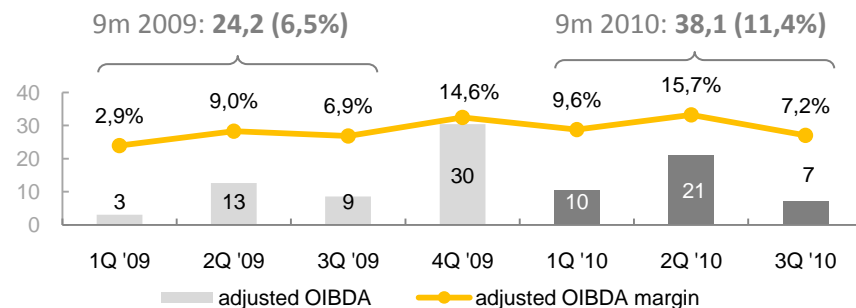
Revenue (US\$ mln)



OIBDA (US\$ mln)



Adjusted OIBDA* (US\$ mln)



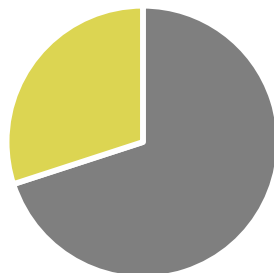
* OIBDA adjusted to exclude Impairment losses and reserves

Key products, 9m 2010



- 45% ■ Telecommunication Integration
- 41% ■ IT-infrastructure and system integration
- 14% ■ Business-consulting and IT-outsourcing

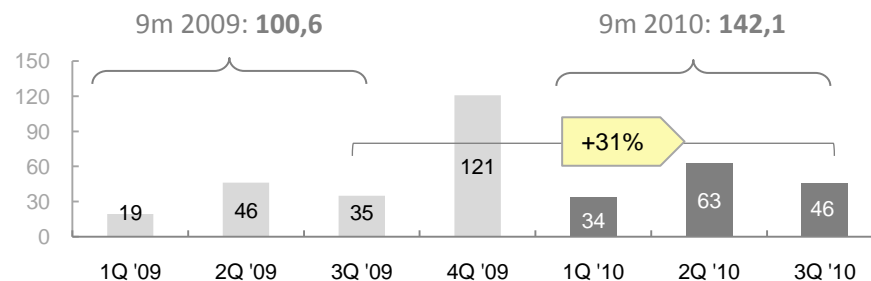
Geographies, 9m 2010



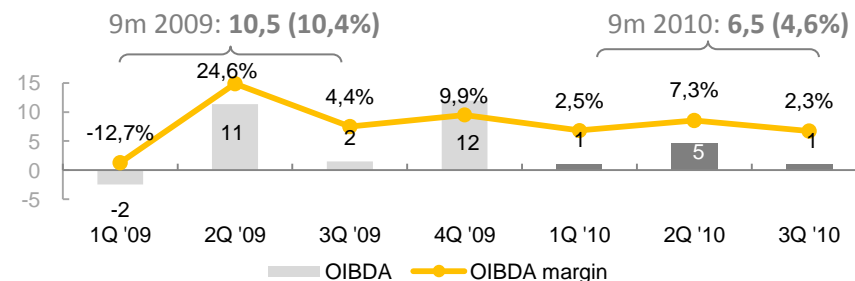
- 70% ■ Russia and CIS (excl. Ukraine)
- 30% ■ Ukraine

- ▶ SITRONICS Information Technologies is one of the leading IT companies in Russia and Ukraine
- ▶ Completed projects for the regional governments of Bashkortostan, Tatarstan and Kazakhstan
- ▶ Contracts in telecom sector (MTS, Svyazinvest), in financial sector (Sberbank of Russia, UkrSotsbank, VTB Ukraine, Renaissance Insurance), industrial sector (Detsky Mir, Bashneft, Rusal, Norilsk Nickel), public sector (e-government for Bashkortostan, Tatarstan and Republic of Mordovia)

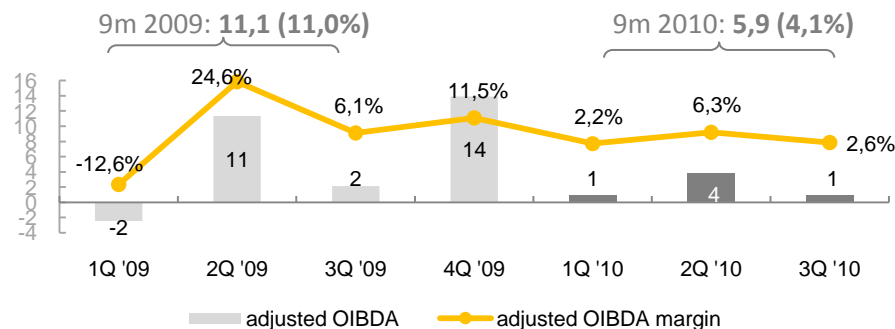
Revenue (US\$ mln)



OIBDA (US\$ mln)



Adjusted OIBDA* (US\$ mln)



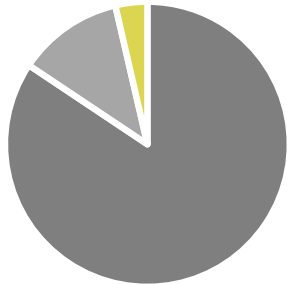
* OIBDA adjusted to exclude Impairment losses and reserves

Key products, 9m 2010



- 33% ■ Microelectronic components
- 33% ■ Transportation cards
- 29% ■ Smart cards
- 5% ■ R&D services

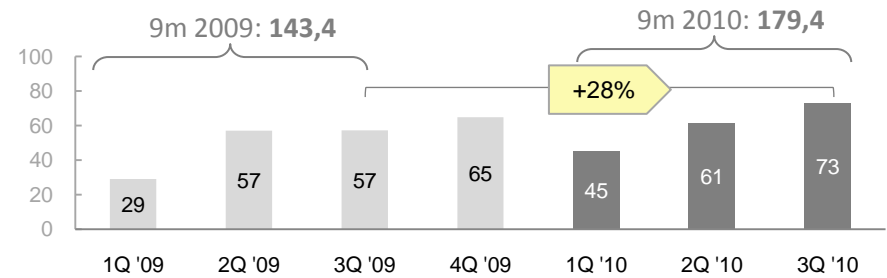
Geographies, 9m 2010



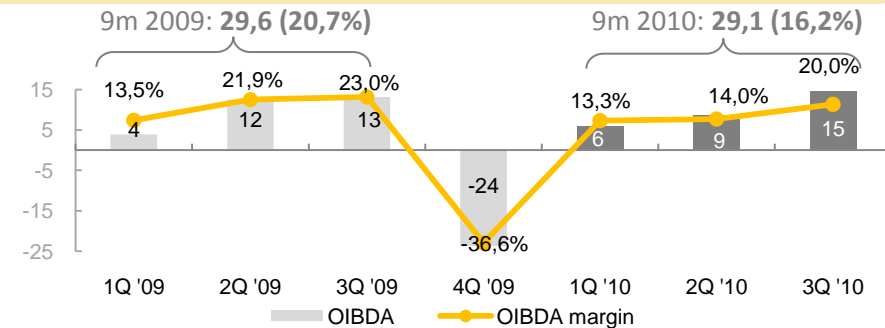
- 84% ■ Russia and CIS
- 12% ■ Asia-Pacific region
- 4% ■ Other

- ▶ SITRONICS Microelectronics is the #1 microelectronic component producer in Russia and the CIS
- ▶ Investment agreement with RUSNANO
- ▶ Supplying of banking cards to Sberbank, VTB24 and Barclays Bank. Outsourcing the personalization of magnetic banking cards for Sberbank of Russia
- ▶ 60% of SIM cards market in Russia and CIS (MTS, MegaFon, SMARTS, VimpelCom)
- ▶ Delivering RFID cards for Moscow Metro and Aeroexpress (subsidiary of Russian Railways)

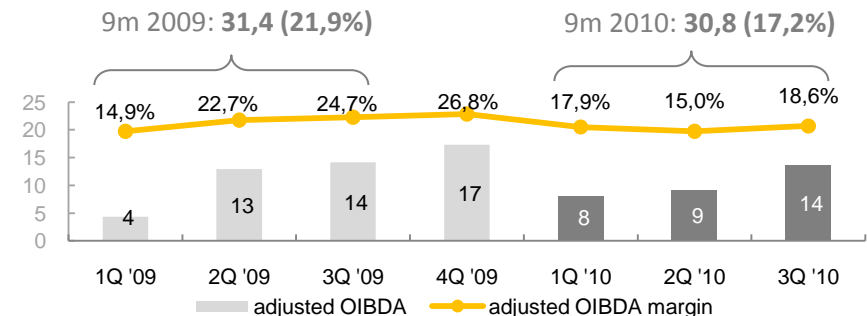
Revenue (US\$ mln)



OIBDA (US\$ mln)



Adjusted OIBDA* (US\$ mln)



* OIBDA adjusted to exclude Impairment losses and reserves

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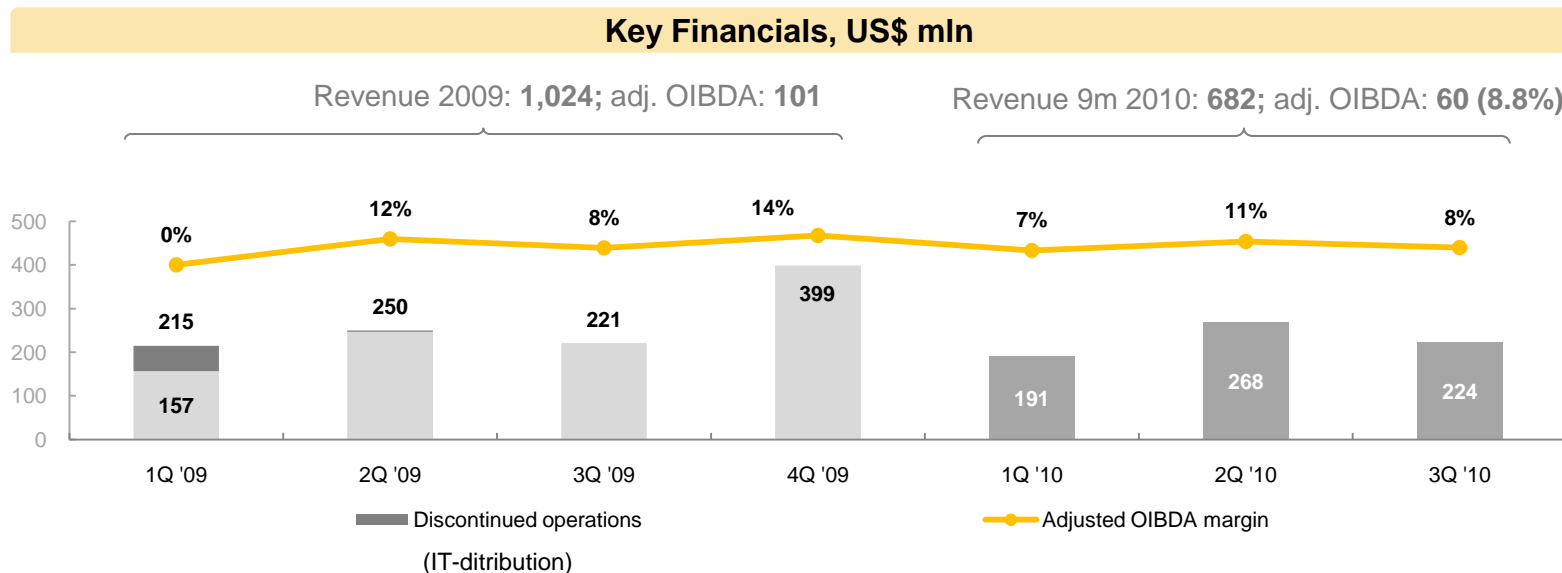
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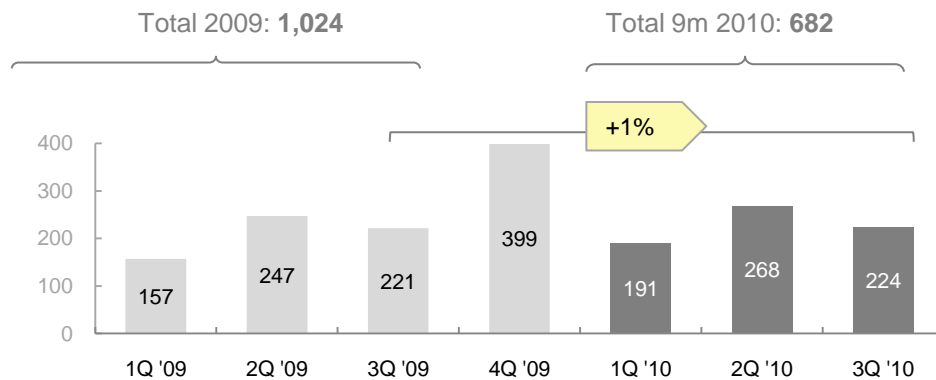


Key Events

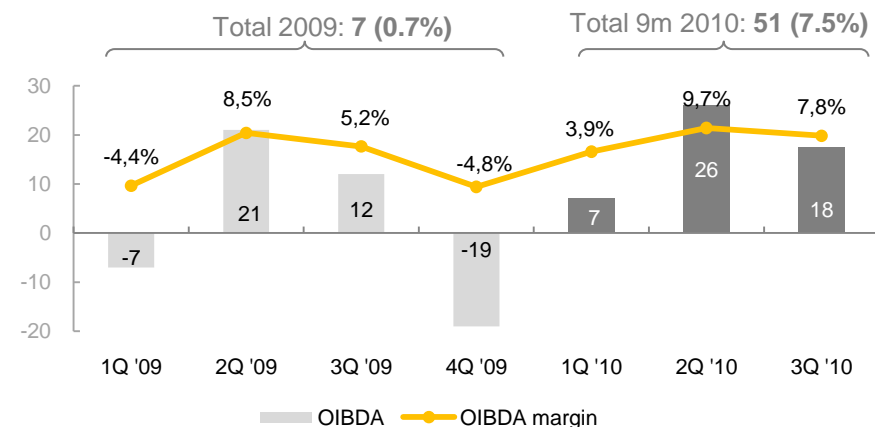
- ▶ IT distribution business sold in April 2009 representing 30% of revenue in 2008, in line with strategy of exiting low-margin and capital-intensive operations
- ▶ Signed investment agreement with major government corporation RUSNANO to set up production for 90 nanometres technology
- ▶ Established new offices in New Delhi (India), Ufa (Bashkortostan, Russia) – 2009, Kazan (Tatarstan, Russia) – 2010
- ▶ Despite the crisis, the Group managed to retain leading positions in the markets where it is present and took timely cost-cutting actions to soften the impact of the crisis and which resulted in 24% reduction of SG&A
- ▶ SITRONICS successfully repaid, refinanced or extended US\$ 139.3 mln of loans in 3Q2010 (at constant exchange rates)
- ▶ Over US\$ 950 mln of new contracts were secured since December 2009, including US\$ 200 mln since September 2010.
- ▶ One-off costs recognized for FY 2009, in order to create a healthier balance structure

Since 2009 the Group has been successfully implementing measures to enter new markets, optimize its business portfolio, manage its debt profile and decrease costs and spendings

Revenue (US\$ mln)

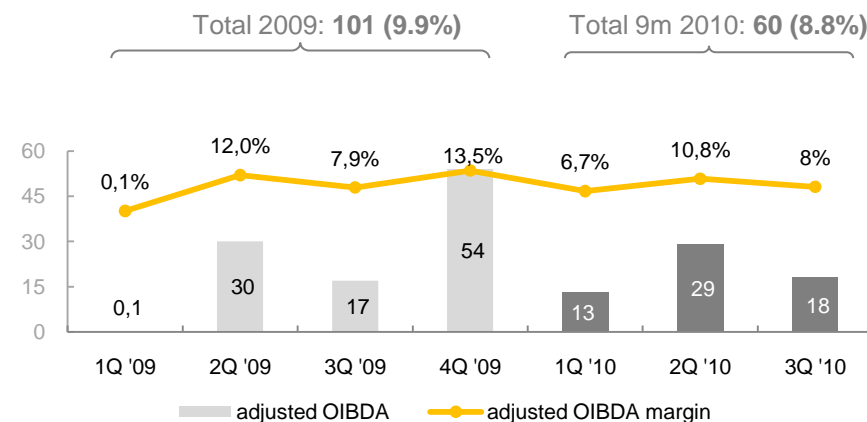


OIBDA (US\$ mln)



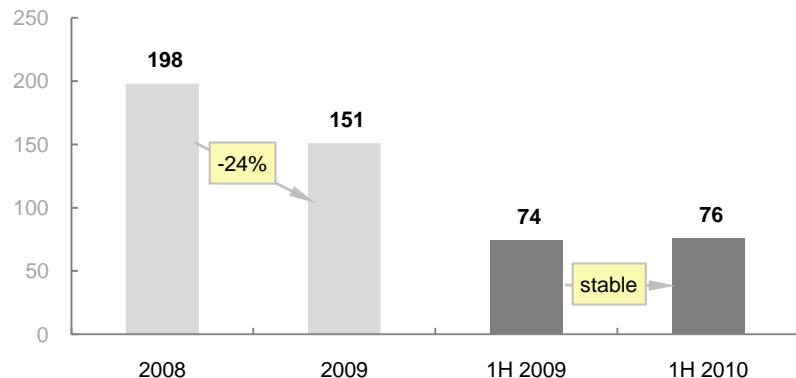
- ▶ Consolidated revenues up 9% year on year to US\$ 682.5 mln
- ▶ OIBDA nearly doubled year on year to US\$ 50.8 mln
- ▶ OIBDA margin of 7.4% and OIBDA profits for all three business segments

Adjusted OIBDA* (US\$ mln)



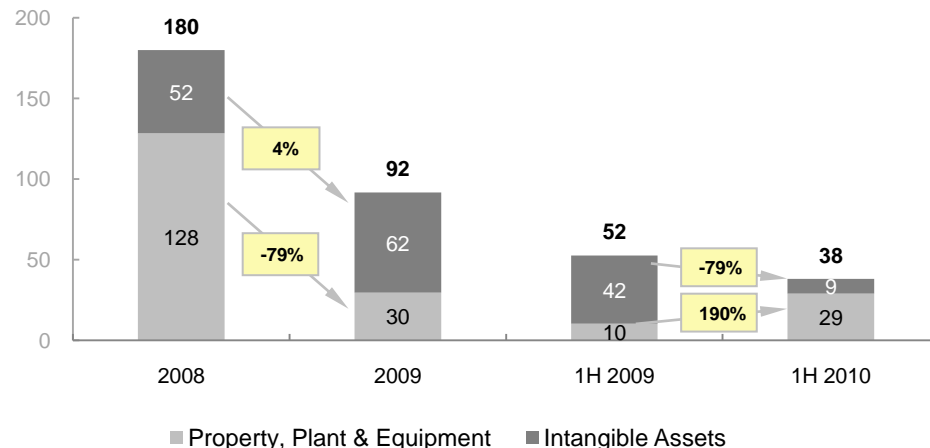
* OIBDA adjusted to exclude Impairment losses and reserves

SG&A costs* (US\$ mln)



* Excluding Impairment losses and reserves

CAPEX (US\$ mln)



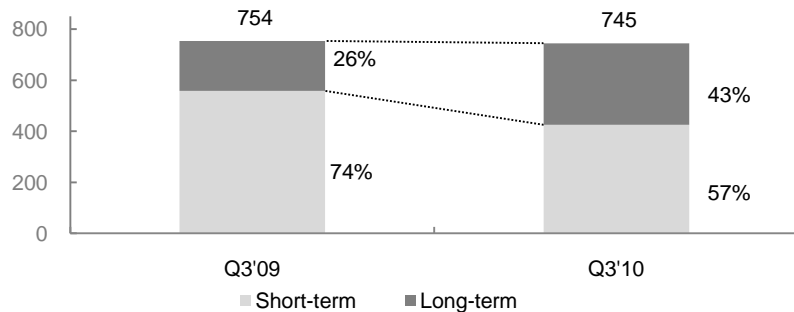
■ Property, Plant & Equipment ■ Intangible Assets

- ▶ Cash operating expenses, primarily Selling, General and Administrative expenses (SG&A) were reduced considerably during 2009 following the implementation of cost reduction programme
- ▶ 17% reduction in headcount from 10,500 employees in 2008 to 8,700 employees at the end of 2009
- ▶ Capital expenditures were substantially decreased by postponing less urgent projects to further periods of time

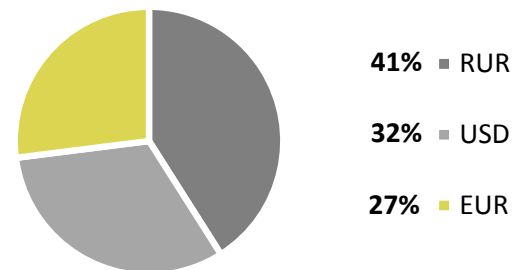
The reduction in costs and the sale of low margin It distribution business enabled us to deliver an increased adjusted OIBDA margin of 10% for the full year 2009**

** OIBDA adjusted to exclude Impairment losses and reserves

Debt split by tenor as of September 30, 2010

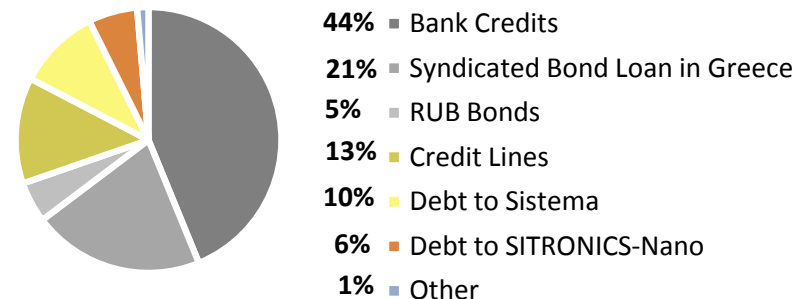


Debt split by currency as of September 30, 2010



- ▶ SITRONICS successfully repaid, refinanced or extended over US\$ 139.3 mln of debt during the 3Q 2010
- ▶ Long-term debt accounts for 43% of total debt liabilities, compared to 26% at the end of Q3 2009
- ▶ The proportion of long-term debt to total debt amounts to 55% since SITRONICS refinanced bridge facility in October 2010
- ▶ Stable average borrowing cost of 7.8% (8.6% at the end of 1H 2010)
- ▶ Net debt of US\$ 675.6 mln at the end of 3Q 2010

Debt split by type as of September 30, 2010



Successful management of debt portfolio & goal to reduce total debt over time

	FY 2009	Guidance 2010
Consolidated revenues	US\$ 1,024 mln	Low double digit growth
Adjusted OIBDA* margin	10%	In line with the adjusted level achieved in 2009
CAPEX	US\$ 92 mln	Organic CAPEX to reduce from the 2009 level, when excluding the RUSNANO joint venture project

* OIBDA adjusted to exclude Impairment losses and reserves

SITRONICS at a Glance

Business Strategy

Markets and competition

Divisional Overview

Financial overview

▶ **Summary**

Appendix

- ▶ Presence and leadership in telecom, IT and microelectronics segments
- ▶ Strong partnerships and track record with global technology leaders
- ▶ Being part of and cooperation with Sistema JSFC group of companies
- ▶ Capitalizing on a partnership with the Russian government
- ▶ Focused R&D projects aimed at high-demand product markets
- ▶ Possession of the most advanced microelectronics technology in Russia
- ▶ Strong financial discipline and goal to reduce total debt over time

SITRONICS at a Glance

Business Strategy

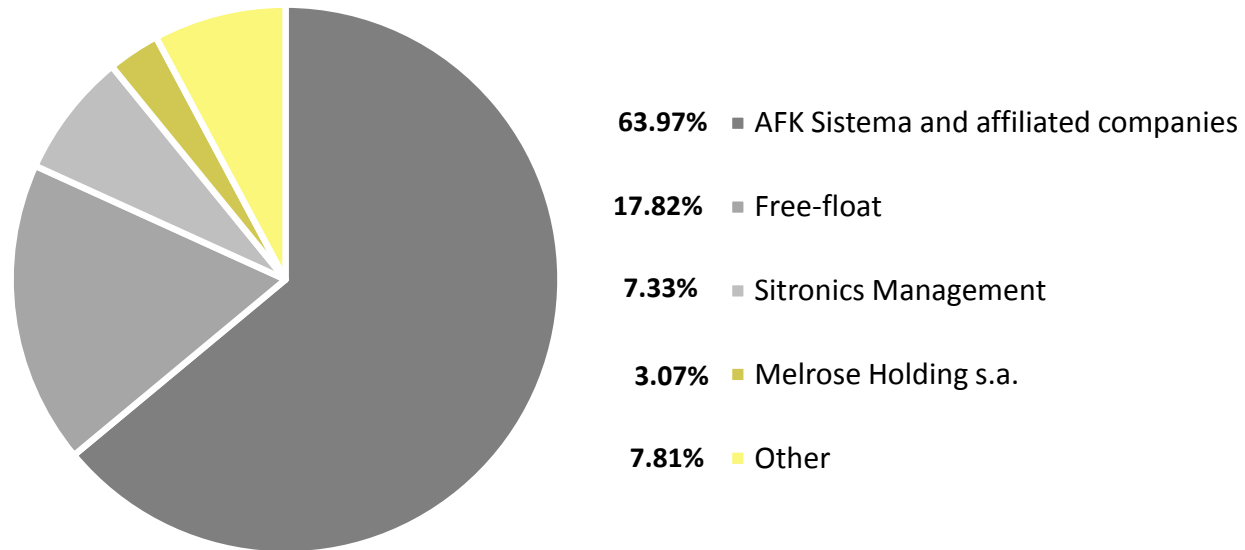
Markets and competition

Divisional Overview

Financial overview

Summary

▶ Appendix

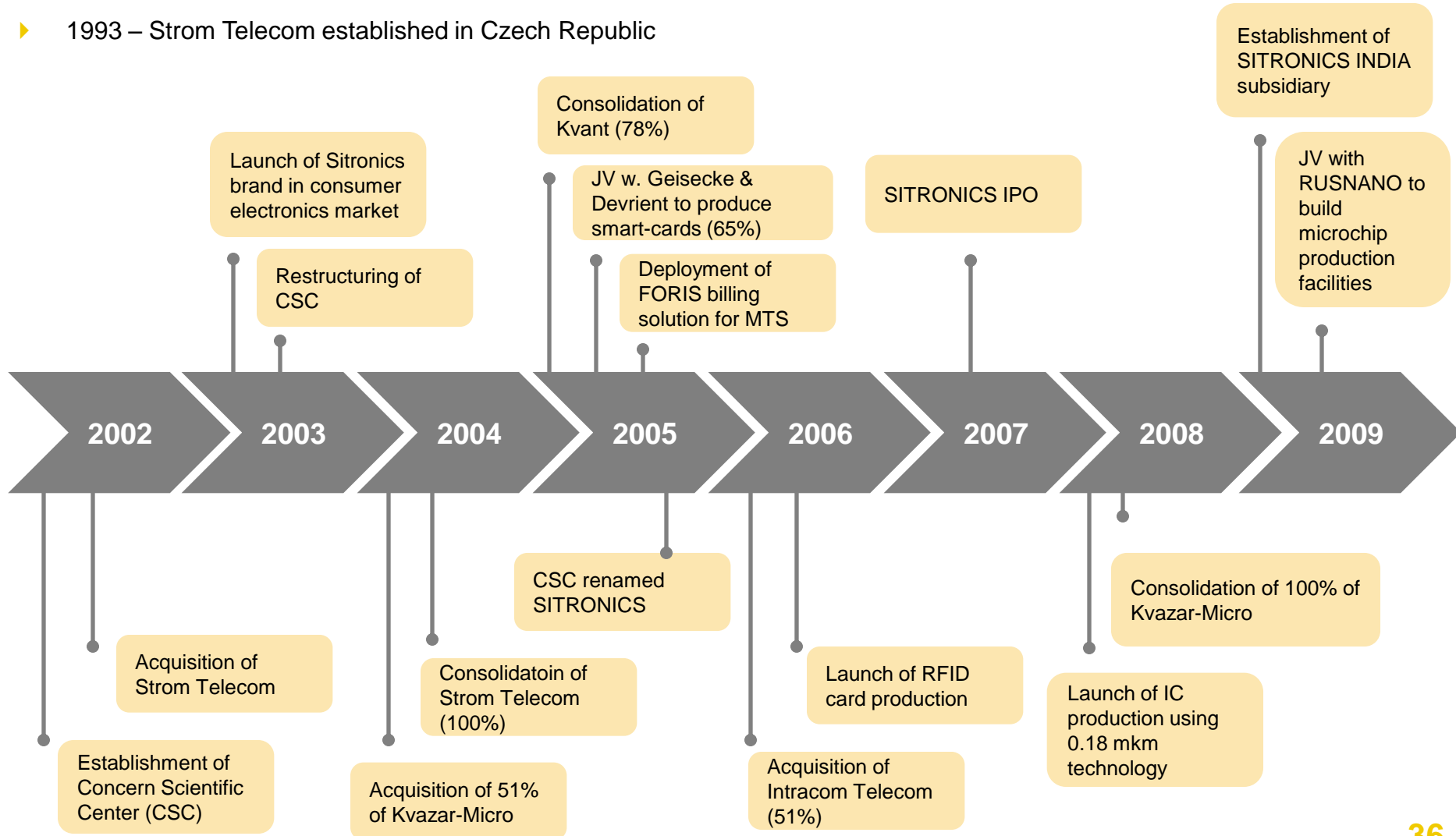


▶ Share capital: 9 547 087 190 rubles (9 547 087 190 of ordinary shares with par value of RUR 1.00)

▶ GDRs are listed on London Stock Exchange (IPO – Feb 2007),
1 GDR = 50 ordinary shares

▶ Ordinary shares are listed on Russian Trading System (RTS)

- ▶ 1964 – Micron factory opened in Zelenograd
- ▶ 1977 – Intracom Telecom established in Greece
- ▶ 1990 – Kvazar-Micro established in Ukraine
- ▶ 1993 – Strom Telecom established in Czech Republic



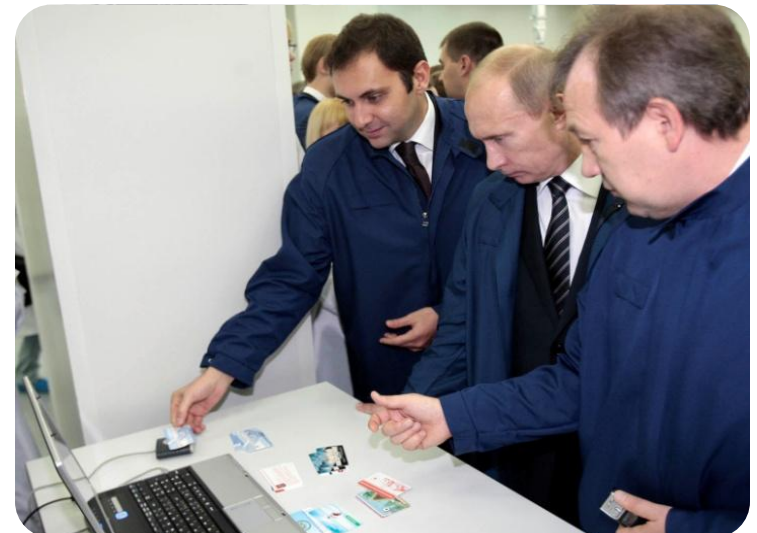
- ▶ October 2009 – in the presence of Vladimir Putin, the Prime-Minister of the Russian Federation, investment agreement with RUSNANO signed to launch 90 nanometre technology microchip production at SITRONICS' existing facility in Zelenograd (Moscow, Russia)
- ▶ The first major Russian project on the establishment of a modern microelectronic production with the government being a co-investor on parity terms
- ▶ 90 nm is the most advanced technology in Russia and one of the most popular in the world: as of today, over 90% of microchips in the world, excluding PC memory segments and microprocessors, have been manufactured in accordance with the 90 nm and higher standards.

“We are expecting on the synergy effect: the availability of our own nanoelectronic capacity will become a strategic factor boosting the development of a whole range of adjacent segments of the national electronics and other hi-tech industries.”

Dionis Gordin, RUSNANO Managing Director

“The launch of the 90 nanometre microchip production project is of considerable strategic importance for Russia. Nanoelectronic production in Russia plays an invaluable role in the development of the Russian high-tech sector and the country's overall technological security.”

Anatoly Chubais, Chief Executive Officer of RUSNANO



Products

Technology



Biometric documents (passport, vehicle certificate, driver license, documentary stamps etc.)

Banking and social security cards

Telecom-cards (SIM)

RFID (transport cards, tickets, public events)

180 nm and 90 nm

90 nm technology allows to:

- ▶ increase information capacity,
- ▶ improve protection algorithm,
- ▶ combine several functions in one device
- ▶ increase data transfer rate



Digital TV

Satellite navigation

Industrial electronics

Avionics

Automotive

90 nm technology is needed

Group consolidated statement of operations, Q3 2010, '000 USD

	Q3 2010	Q3 2009
Revenues	223,595	221,367
COGS	(172,909)	(166,341)
Operating expenses		
▶ R&D	(3,485)	(4,087)
▶ SG&A	(30,739)	(39,081)
▶ Depreciation and amortization	(14,994)	(14,690)
▶ Other operating income, net	1,015	(245)
Operating (loss) / income	2,483	(3,077)
Interest income	523	2,934
Interest expense	(21,322)	(14,909)
Foreign currency transactions (losses)/gains, net	(1,667)	1,677
Other non-operating gains/(losses), net	(304)	(30)
(Loss)/Income from continuing operations before income tax	(20,287)	(13,405)
Income tax credit/(expense)	5,722	(1,372)
NET LOSS	(14,565)	(14,777)
Less: net loss/(income) attributable to the non-controlling interests	5,174	(59)
NET LOSS ATTRIBUTABLE TO SITRONICS	(9,391)	(14,836)

Group consolidated statement of operations, 9m 2010, '000 USD

	9m 2010	9m 2009
Revenues	682,460	625,410
COGS	(507,898)	(457,994)
Operating expenses		
▶ R&D	(14,753)	(15,330)
▶ SG&A	(113,288)	(127,111)
▶ Depreciation and amortization	(70,636)	(40,091)
▶ Other operating income, net	4,296	755
Operating (loss) / income	(19,819)	(14,361)
Interest income	5,159	8,435
Interest expense	(61,822)	(44,677)
Foreign currency transactions (losses)/gains, net	(1,775)	(3,378)
Other non-operating gains/(losses), net	(45)	(725)
(Loss)/Income from continuing operations before income tax	(78,302)	(54,706)
Income tax credit/(expense)	1,906	(2,406)
(LOSS)/INCOME FROM CONTINUING OPERATIONS	(76,396)	(57,112)
Loss from discontinued operations	-	(26,154)
NET LOSS	(76,396)	(83,266)
Less: net loss/(income) attributable to the non-controlling interests	11,576	1,520
NET LOSS ATTRIBUTABLE TO SITRONICS	(64,820)	(81,746)

thank
you

sitronics



SITR**ONICS**

Contact us:

Investor Relations

+7 (495) 225-00-30

ir@sitronics.com

www.sitronics.com