



**SITRONICS**

# **SITRONICS**

## **Roadshow Presentation**

**May 5-8, 2009**

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.

# CONTENT

---

About SITRONICS	p. 3-6
Financial Results 2008	p. 7-8
Business Segments	p. 9-11
Key Growth Drivers in 2009	p. 12-13
Financial Management	p. 14-16
Summary	p. 17
Appendix 1. Consolidated Financial Highlights	p. 19
Appendix 2. Segmental Results 2008, Core Segments	p. 20

# SITRONICS at a Glance

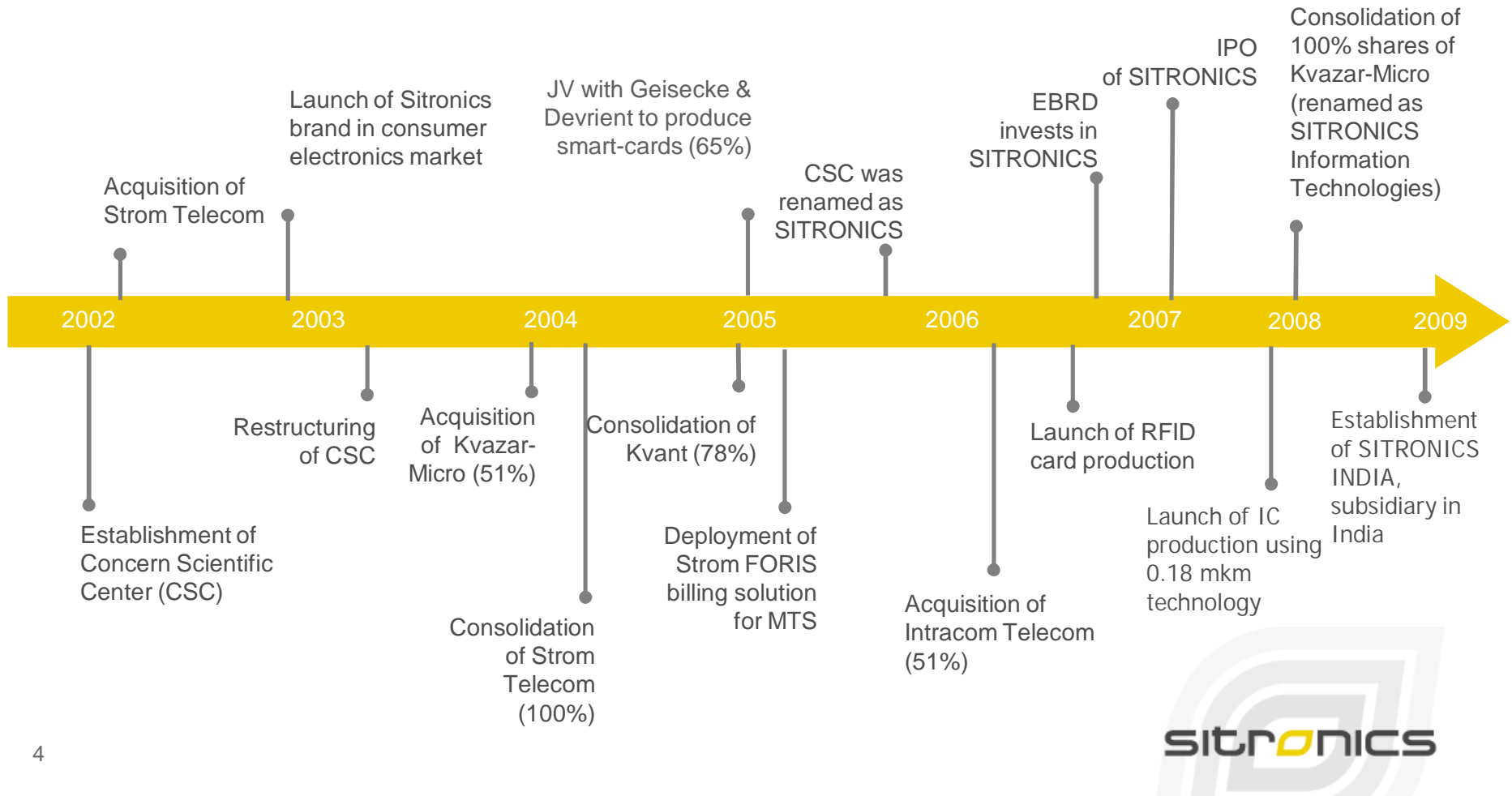


- ▶ The largest hi-tech company in CIS and EEMEA
- ▶ Multinational company with headquarters in Moscow and representative offices in 36 countries
- ▶ Exports products to 60 countries
- ▶ R&D centers in Russia, Ukraine, Czech Republic, Greece
- ▶ Manufacturing facilities in Russia, Greece, Czech Republic, Romania
- ▶ №1 in Russian IT-companies' rating\*
- ▶ Included in the list of strategically important Russian companies
- ▶ Current pipeline for 2009 – US\$350 mln



# History

- ▶ 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



# Key Business Segments



- ▶ Leading Russian semiconductor manufacturer based in Zelenograd
- ▶ Key products: microchips, chip modules, smart cards, RFID cards and tags, IC design

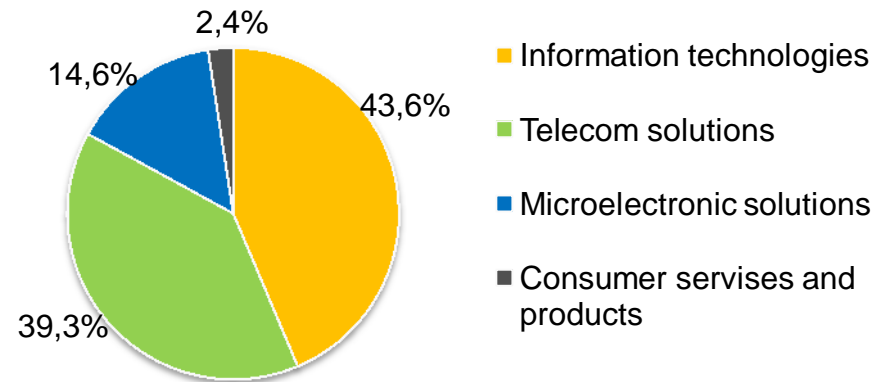


- ▶ The reliable partner of major global telecom providers. Modern R&D infrastructure in the Czech Republic, Greece and Russia
- ▶ Key products: next generation networks (NGN), OSS/BSS, IPTV, wireless broadband access solutions and data transmission systems



- ▶ The leading provider of IT services and the largest system integrator in Russia and CIS
- ▶ Focus on fast growing industries: telecommunications, retail, insurance, utilities, public sector, banking, oil & gas

Revenue breakdown, 2008 \*

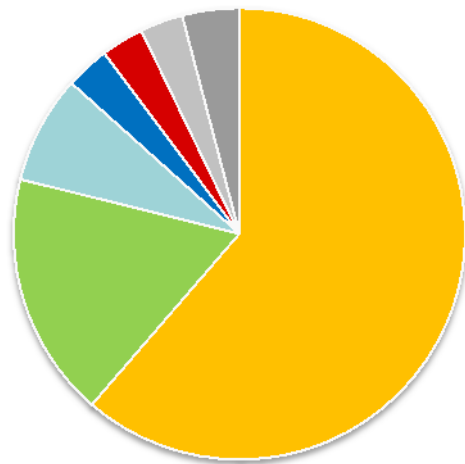


\* Consumer Services and Products segment ceased assembly of consumer electronics from 3Q 2008



## Capital structure

---



■ 61,33% - AFK "Sistema" and affiliated companies

■ 17,55% - free float

■ 7,75% - "SITRONICS-Management"

■ 3,14% - Alexander Goncharuk

■ 3,07% - EBRD

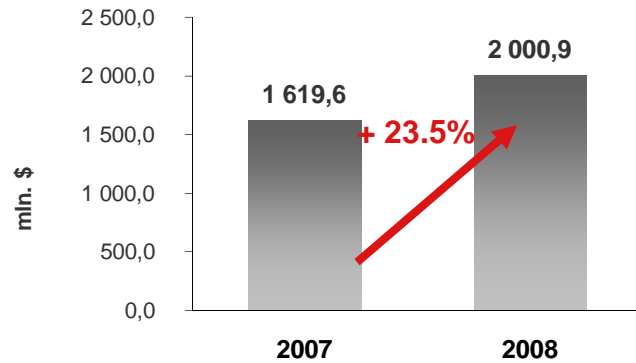
■ 3,07% - Melrose Holdings s.a.

■ 4,09% - others

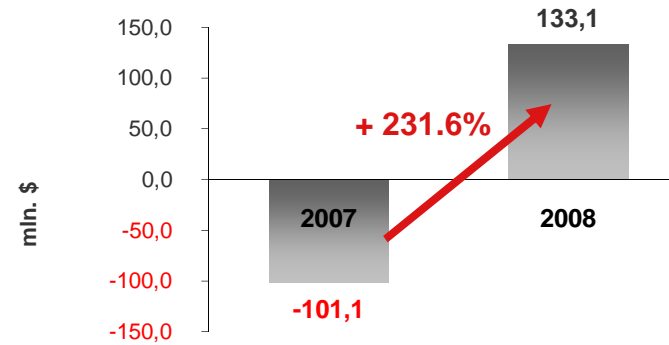
- ▶ **Share capital: 9 547 087 190 rubles (9 547 087 190 of ordinary shares with par value of RUR 1.00)**
- ▶ **GDRs are listed on London Stock Exchange (IPO – Feb 2007),  
1 GDR = 50 ordinary shares**

# Financial Performance in 2008

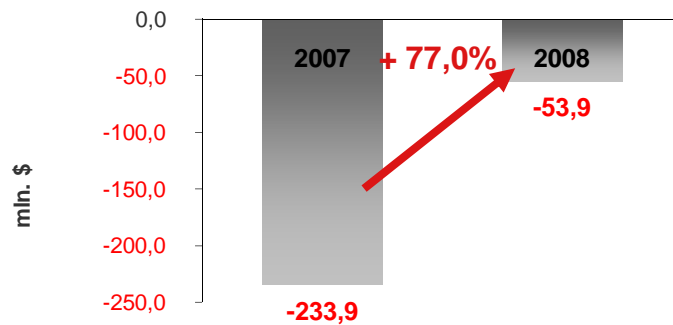
## Revenue



## OIBDA



## Net loss\*



\*including US\$ 55 million of foreign exchange losses in 2008

- ▶ OIBDA margin of 6.7%
- ▶ US\$ 925.9 million of new contracts secured since beginning of 2008
- ▶ Expansion into high growth markets of Africa, Middle East and Asia
- ▶ Optimisation of product portfolio, introduction of new competitive products
- ▶ Strengthening of unified corporate brand

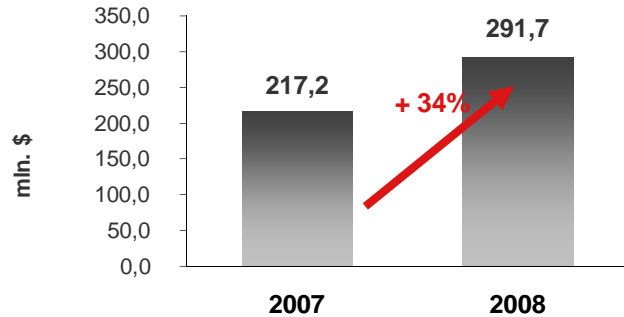
## Key Success Factors in 2008

---

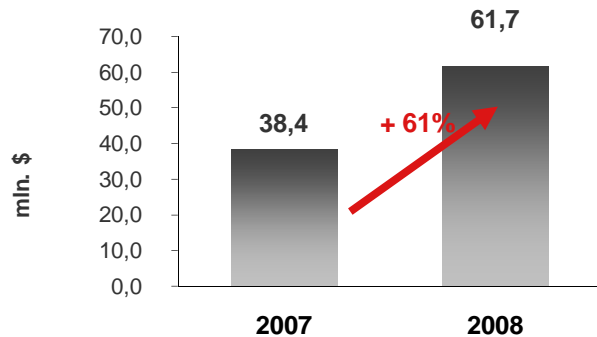
- ▶ **Business Restructuring:** focus on higher margin products, increased operating efficiency, introduction of unified brand;
- ▶ **New Fast-Growing Markets:** operations in Africa, Asia and Middle East;
- ▶ **Industry Focus:** end-to-end solutions for specific industries; expansion into new sectors;
- ▶ **Cooperation with the State:** participation in national infrastructure projects;
- ▶ **Partnerships with Leading Hi-Tech Players:** development of innovative solutions;
- ▶ **New Products:** Sitronics Daterium, advanced versions of FORIS billing system, NiKa transport monitoring system
- ▶ **R&D Activities:** creation of the first in Russia private-public scientific research institute “NII SITRONICS”, established jointly with Russian Academy of Science (RAS)

# SITRONICS Microelectronic Solutions

## Revenue



## OIBDA



## Key Products

- ▶ Inlayed microchips
- ▶ Production of packaged microchips (launched in 2006)
- ▶ Production of chip-modules
- ▶ Smart-cards production and solutions – SIM & RFID cards, transport cards, banking cards

## Strategic Customers



US\$ 100 mln contract to supply RFID transportation cards for Moscow subway in 2009. Similar projects have been launched in Tyumen and Magnitogorsk.



Long-term agreement to produce and customize SIM-cards for #1 telecom cellular operator in Russia.



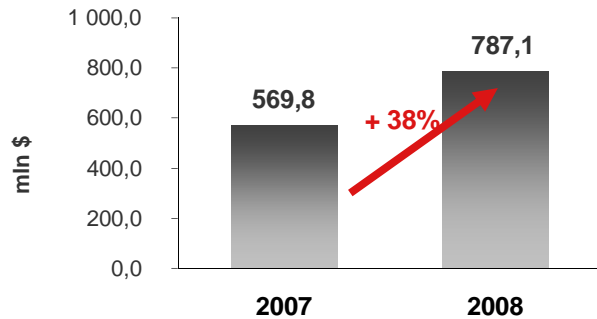
Supply of proprietary RUIM cards for total amount of US\$ 3 mln for pan-Indian telecom operator.

- ▶ Leading Russian Manufacturer of Microelectronics

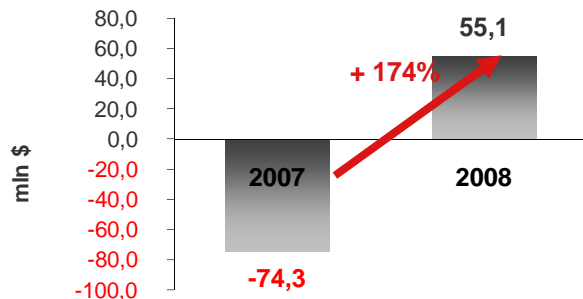


# SITRONICS Telecom Solutions

## Revenue



## OIBDA



## Key Products

- ▶ Equipment for fixed-line and wireless networks
- ▶ OSS/BSS, CRM systems, Metering systems for Utilities
- ▶ Fixed-line connection and wireless broadband access, network equipment
- ▶ Content delivery platforms (IPTV), VAS-solutions

## Key Customers

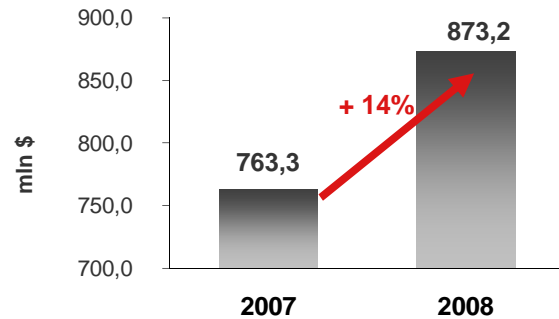
- ▶ Mobile TeleSystems (MTS), SISTEMA Shyam TeleServices, Vodafone, MGTS, Comstar-UTS, OTE, Warid Telecom, Uzdunrobita, Callax, PolcomTel

- ▶ End-to-End Solutions for Leading Global Telecom Providers

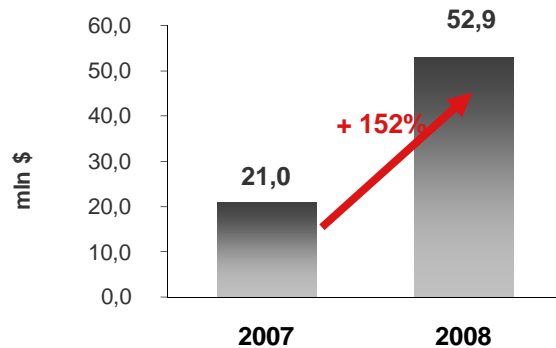


# SITRONICS Information Technologies

## Revenue



## OIBDA



## Key Products and Services

- ▶ Software deployment and IT-consulting services
- ▶ System integration and software development services
- ▶ IT outsourcing services
- ▶ Infrastructure development

## Key Customers

- ▶ Public sector: Ministry of Economy of RF, Ministry of Education of RF and Ukraine, Ministry of emergent situations of RF, State Statistics Committee of Ukraine
- ▶ Telecom sector: MTS, Comstar-UTS, Skylink, Ukrtelecom, Astelit
- ▶ Financial sector: MBRR, First Ukrainian International Bank, UkrSocBank, ROSNO, Astra-Bank, Marine Transport Bank
- ▶ Industrial sector: Zaporozhkoks, Eurochem, RSJ, Severstal, Mechel, Sibur

- ▶ Innovative Solutions for Various Industries

## Key Growth Drivers in 2009

---

- ▶ **Strengthening positions in fast-growing markets by delivering new projects and securing partnerships with local players;**
- ▶ **Expansion into new market segments (engineering, oil and gas), offering of targeted products;**
- ▶ **New projects with the State;**
- ▶ **Exit from low-margin businesses (Consumer Services and Products, Distribution);**
- ▶ **Group-wide cost-cutting measures;**
- ▶ **Centralized management of Group's sales and marketing activities;**
- ▶ **R&D activities and launch of new innovative solutions.**

## Partnership with the State

---



Participation in Federal Program “National Technological Base in 2007-2011”  
Chip production based on EEPROM technology with topological size 0,18 micron

---



Participation in Federal Program “Development of Electronic Component Base and Radio Electronics in 2008-2015” in cooperation with the Ministry of Industry and Trade  
Development of radiation-resistant electronic component base, microelectronics, electronic materials and structures

---



Participation in Federal Program «Mitigation of Risks and Consequences of Emergency Situations in Russia until 2010»  
Execution of OKSION project for Russian Ministry of Emergency Situations

---

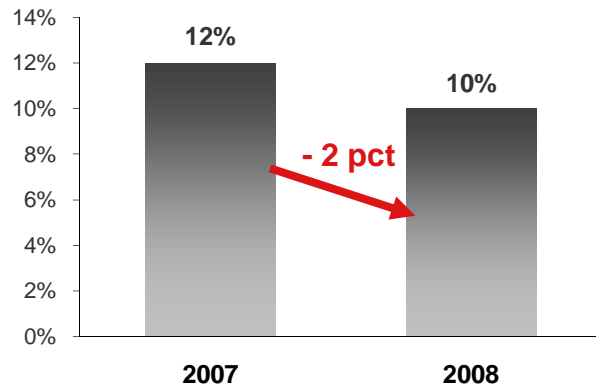
Participation in National Education Project  
Provision of multi-service interactive education platforms (MIOS) for 500 schools in Russia

---

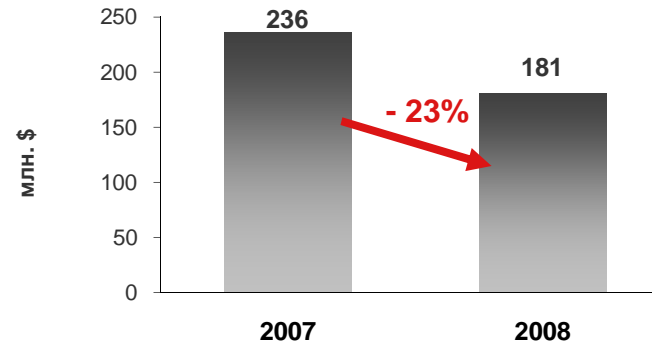
▶ Development of Infrastructure Projects in Cooperation with the State

# Cost Optimization

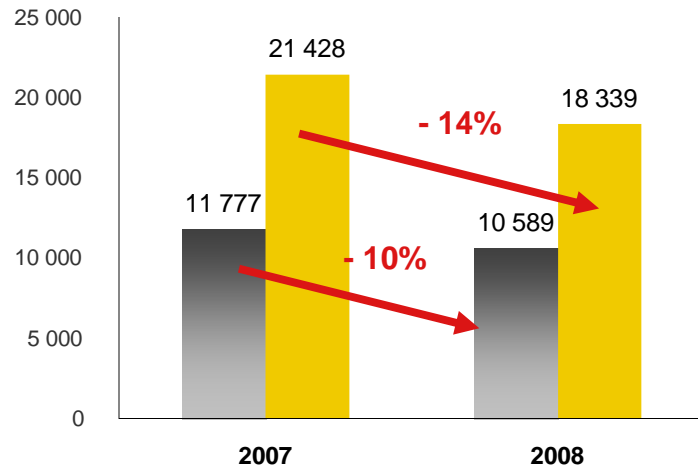
## SG&A to Revenue, %\*



## CAPEX



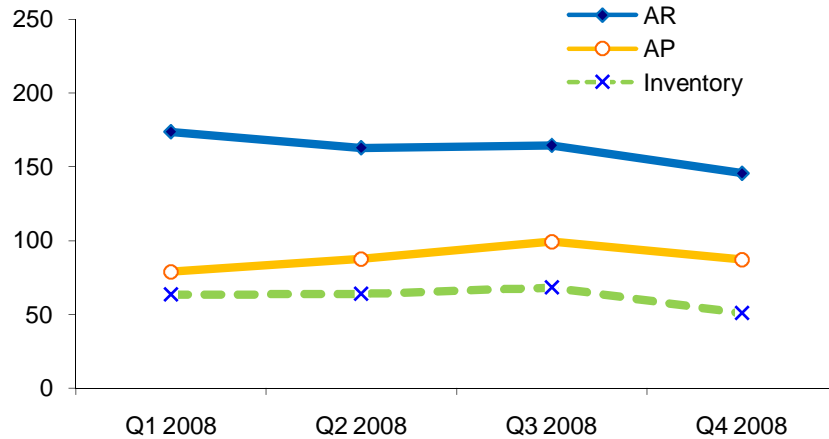
## Headcount and wages



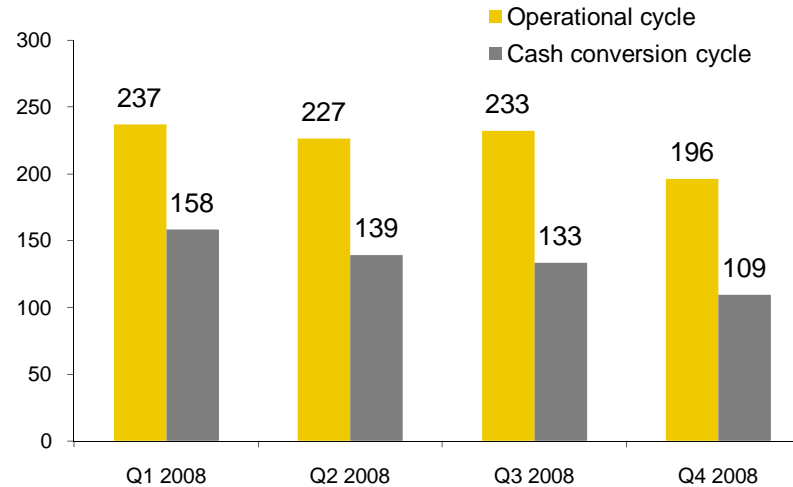
- ▶ SG&A expenses are down to 10% of revenue in 2008 as opposed to 12% in 2007. Intention to have a further 12% reduction in SG&A expenses in 2009.
- ▶ Staff optimization program resulted in headcount reduction by 10% by the end of 2008 against 2007.
- ▶ Decrease in capital expenditure levels by postponing less urgent projects to 2010 and 2011. CAPEX budget for 2009 reduced to approx. US\$ 60 mln - one third of the 2008 level.

# Working Capital

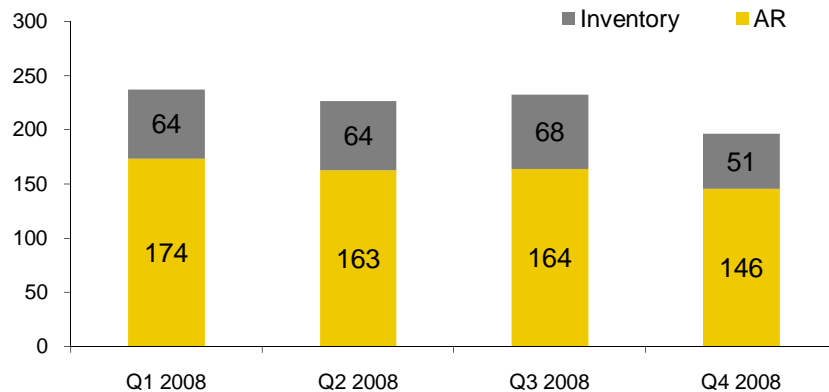
Turnover periods, days \*



Operating and Cash conversion cycles, days \*



Operating cycle, days \*

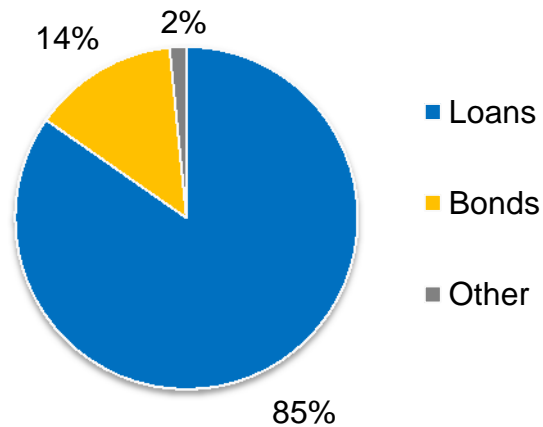
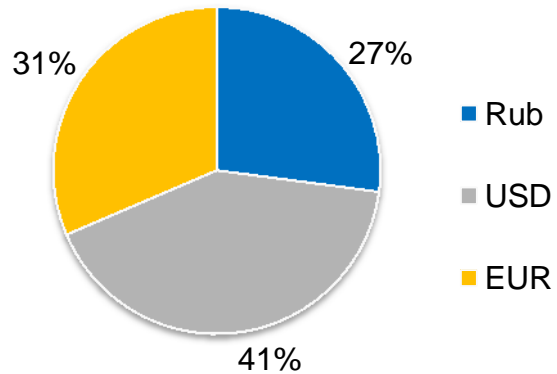


- ▶ Decreasing trend in accounts receivable and inventories less accounts payable; reduced operating cycle.
- ▶ Measures to speed up turnover of accounts receivable and tighten inventory control.

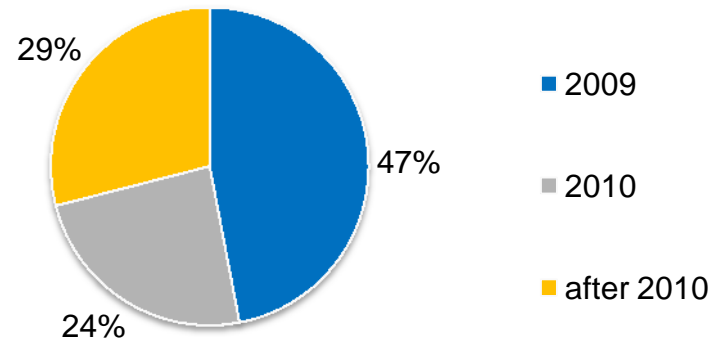


# Debt Structure

Debt structure on 31.12.2008



Debt structure on 31.03.2009



- ▶ Total debt - US\$ 733 mln, short-term debt – US\$ 533 mln as at 31.12.2008
- ▶ 85% of short-term debt already renegotiated or extended
- ▶ Approx. US\$ 200 mln of borrowings refinanced from the beginning of 2009
- ▶ Weighted average borrowing cost of around 9%
- ▶ No plans to increase debt portfolio in 2009

## SUMMARY

---

- ▶ **We delivered on our promises to investment community for 2008:**
  - \$2 billion of revenues
  - OIBDA margin of 6.7%
  - Positive net income result excluding the ForEx losses
- ▶ **Committed 2009 order book of US\$ 350 million**
- ▶ **Exit from low-margin businesses (Consumer Services and Products, Distribution)**
- ▶ **Implementation of Group-wide cost-cutting measures**
- ▶ **Included in the list of strategically important Russian companies**

thank  
you

sitronics

## Appendix 1: Consolidated Financial Highlights

US GAAP, US\$ mln	2008	2007	Year on Year change
<b>Profit &amp; Loss</b>			
Revenues	2 000,9	1 619,6	23,5%
Depreciation and amortization	73,8	56,5	30,6%
OIBDA	133,1	-101,1	231,7%
<i>OIBDA margin</i>	6,7%		
Operating income	59,3	-157,6	137,6%
Foreign currency transactions losses	-55,0	-8,9	518,0%
Net loss	-53,9	-233,9	77,0%
<b>Balance Sheet</b>			
Total Assets	2016,7	1887,3	6,9%
Total Debt	733,2	512,2	43,1%
Cash and cash equivalents	125,7	185,5	-32,2%
<b>Cash Flow</b>			
CF from operation activity	22,1	1,6	1281,3%
CF from investing activity	-281,6	-219,3	28,4%
CF from financing activity	213,5	309,6	-31,0%
CAPEX	-180	-236	-23,7%

## Appendix 2: Segmental Results 2008, Core Segments

US GAAP, US\$ mln	Information Technologies	Telecommunication Solutions	Microelectronic Technologies
Sales to external customers	873,2	787,1	291,7
Intersegment sales	6,59	1,60	0,02
Depreciation and amortization	-9,9	-50,0	-11,0
Operating income	43,0	5,1	50,7
OIBDA	52,9	55,1	61,7
OIBDA margin	6.1%	7.0%	21.2%
Segment assets	435,5	977,1	544,3



SITRONICS

Investor Relations  
+7 (495) 225-00-30  
ir@sitronics.com  
[www.sitronics.com](http://www.sitronics.com)