

MOBILE TELESYSTEMS OJSC  
Form 6-K  
March 19, 2013

## **FORM 6-K**

# **UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Report of Foreign Issuer  
March 19, 2013

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

Commission file number: 333-12032

## **Mobile TeleSystems OJSC**

(Exact name of Registrant as specified in its charter)

**Russian Federation**

(Jurisdiction of incorporation or organization)

**4, Marksistskaya Street  
Moscow 109147  
Russian Federation**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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Press release

**Mobile TeleSystems Announces Financial Results for the Fourth Quarter and Full Year Ended December 31, 2012**

March 19, 2013

**Moscow, Russian Federation** Mobile TeleSystems OJSC ( MTS - NYSE: MBT), the leading telecommunications provider in Russia and the CIS, today announces its unaudited US GAAP financial results for the three months and full year ended December 31, 2012.

**Key Financial Highlights of Q4 2012 and FY 2012**

- Consolidated revenues up 1.1% q-o-q to \$3,168 million and up 1.0% y-o-y to \$12,436 million
- Consolidated adjusted OIBDA(1) of \$1,288 million down 6.6% q-o-q with 40.7% adjusted OIBDA margin and up 3.0% y-o-y to \$5,300 million with 42.6% adjusted OIBDA margin
- Consolidated net income(2) of \$547 million in Q4 2012 and a net income of \$1,007 million in FY 2012
- Free cash-flow(3) growth of 25% to \$1.3 billion for FY 2012

**Key Corporate and Industry Highlights**

- Acquired Pilot LLC and TVKiK LLC, providing fixed broadband and pay-TV services in the Kursk Oblast, from private investors. The purchase price, including the net debt of both companies, amounts to RUB 90.7 million

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- Acquired ZhelGorTeleCom CJSC, the leading fixed broadband provider in Zheleznogorsk in the Kursk Oblast, from private investors. The purchase price, including net debt, amounts to RUB 152 million
- Signed a non-binding indicative offer between MTS, MTS Bank and Sistema JSFC to purchase up to 25.095% stake in MTS Bank through a share issuance for up to RUB 5.09 billion

### Commentary

Mr. Andrei Dubovskov, President and CEO of MTS, commented, "For the year 2012, Group revenues increased by 1% to \$12.4 billion. Overall, we saw strong operating dynamics in our core Russian and Ukrainian markets, yet our Group top line performance was limited by a significant weakening of the Russian ruble versus the US dollar and the mid-year suspension of our operations in Uzbekistan. We continue to see growth in our markets driven by sustained voice usage and greater adoption of data products and services. We delivered both ARPU and usage growth in each of our core markets, a sign of Group's excellence throughout the organization. In 2012, total revenues in Russia increased in ruble terms by 8% to RUB 338 billion driven by increased usage of data products; an increase in handset sales, including sales of higher-value smartphones through our expanding proprietary retail chain; and our ability to attract and retain higher-value subscribers."

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- (1) See Attachment A for definitions and reconciliation of adjusted OIBDA and adjusted OIBDA margin to their most directly comparable US GAAP financial measures.
  - (2) Here and below in the release, net income stands for net income attributable to the Group.
  - (3) See Attachment B for reconciliation of free cash-flow to net cash provided by operating activity.
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Mr. Alexey Kornya, MTS Vice President and Chief Financial Officer, said, "In 2012, Group adjusted OIBDA increased by 3% to \$5.3 billion. Throughout the year we showed faster adjusted OIBDA growth relative to revenues due to rising contribution from data services and sustained focus on reducing costs. Group adjusted OIBDA margin came in above our guidance for 2012 at 42.6%, despite the suspension of our business in Uzbekistan, which had historically demonstrated a higher adjusted OIBDA margin than elsewhere. For the quarter, Group adjusted OIBDA increased by 1% year-over-year despite on-going costs in Uzbekistan and strategic decisions made by the company to increase our retail network. In Russia, OIBDA rose by 11% to RUB 148 billion. Sustained improvements in OIBDA throughout the year reflected on-going efforts by the Company to manage costs, while we realized benefits from decreased competitive activity."

He continued, "CAPEX for the year came in line with our guidance at \$2.9 billion or roughly 23% of sales. In 2012, we continued build-out of our 3G networks, which has reached 28,000 base stations with over 90% sites connected via IP-channels. We invested in backbone and backhaul roll-out in the regions as well as in our GPON project in Moscow, bringing the total length of our fiber-optic networks up to over 140,000 km."

Mr. Dubovskov added, "With the near completion of our aggressive roll-out of 3G in 2012, we foresee a decrease in 3G-related CAPEX in 2013. However, we need to direct sufficient funds towards LTE network build-out to ensure we are able to offer our customers cutting edge solutions and seize commercial opportunities, which LTE provides. Overall, we expect to spend 20% of sales on capital investments. For the period 2013 to 2015, we expect cumulative CAPEX/sales ratio in the range of 18-19%. We are confident that in 2013 we will be able to realize our goal of 5 to 7% revenue growth in local currencies. We believe that macroeconomic factors, the changing revenue mix within the Group and improvement in the competitive environment will allow us to sustain our OIBDA margin in the range of 41 to 42% for 2013."

*This press release provides a summary of some of the key financial and operating indicators for the period ended December 31, 2012. For full disclosure materials, please visit <http://www.mtsghm.com/resources/reports/>.*

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Financial Summary

USD million	Q4 2012	Q4 2011	y-o-y	Q3 2012	q-o-q	2012	2011	y-o-y
Revenues	3,167.6	2,981.7	6.2%	3,132.1	1.1%	12,435.7	12,318.7	0.9%
Adjusted OIBDA	1,288.0	1,275.6	1.0%	1,379.4	-6.6%	5,300.1	5,144.1	3.0%
- margin	40.7%	42.8%	-2.1pp	44.0%	-3.3pp	42.6%	41.8%	+0.8pp
Net operating income	806.0	720.0	11.9%	824.8	-2.3%	1,996.1	2,808.9	-28.9%
- margin	25.4%	24.1%	+1.3pp	26.3%	-0.9pp	16.1%	22.8%	-6.7pp
Net income	547.3	393.5	39.1%	630.0	-13.1%	1,007.3	1,443.9	-30.2%
- margin	17.3%	13.2%	+4.1pp	20.1%	-2.8pp	8.1%	11.7%	-3.6pp

Russia Highlights

RUB million	Q4 2012	Q4 2011	y-o-y	Q3 2012	q-o-q	2012	2011	y-o-y
Revenues(4)	88,186.6	79,804.0	10.5%	88,255.1	-0.1%	337,948.7	311,921.1	8.3%
- mobile	74,217.5	66,303.5	11.9%	74,654.6	-0.6%	283,564.6	259,759.0	9.2%
- fixed	15,925.6	13,889.6	14.7%	15,410.0	3.3%	61,778.8	58,201.4	6.1%
OIBDA	37,075.9	34,446.7	7.6%	40,085.0	-7.5%	148,008.0	132,851.2	11.4%
- margin	42.0%	43.2%	-1.2pp	45.4%	-3.4pp	43.8%	42.6%	+1.2pp
Net income	14,710.7	11,786.1	24.8%	19,830.9	-25.8%	60,796.3	41,026.5	48.2%
- margin	16.7%	14.8%	+1.9pp	22.5%	-5.8pp	18.0%	13.2%	+4.8pp

	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2011	2012
ARPU (RUB)	284.0	280.6	297.1	313.2	306.1	272.7	297.1
MOU (min)	283	282	309	311	323	269	304
Churn rate (%)	12.3%	11.3%	10.5%	10.3%	11.0%	47.6%	42.4%

Ukraine Highlights

UAH million	Q4 2012	Q4 2011	y-o-y	Q3 2012	q-o-q	2012	2011	y-o-y
Revenues	2,396.9	2,312.3	3.7%	2,664.2	-10.0%	9,676.8	9,104.2	6.3%
OIBDA	1,200.3	1,146.7	4.7%	1,415.7	-15.2			