

ChemoCentryx, Inc.  
Form 8-K  
March 09, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 9, 2018**

**ChemoCentryx, Inc.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction**  
  
**of incorporation)**

**001-35420**  
**(Commission**  
  
**File Number)**

**94-3254365**  
**(IRS Employer**  
  
**Identification No.)**

**850 Maude Avenue, Mountain View, CA**  
**(Address of Principal Executive Offices)**

**94043**  
**(Zip Code)**

**Registrant's telephone number, including area code: (650) 210-2900**

**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))  
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On March 9, 2018, ChemoCentryx, Inc. issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2017. A copy of this press release is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, except as expressly set forth by specific reference in such filing to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

| Exhibit No. | Description                               |
|-------------|---|
| 99.1        | <u>Press Release, dated March 9, 2018</u> |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 9, 2018

CHEMOCENTRYX, INC.

By: /s/ Susan M. Kanaya  
Name: Susan M. Kanaya  
Title: Executive Vice President

Chief Financial and Administrative Officer and  
Secretary

|          |         |
|----------|---------|
| t;">     | -67.7   |
| %        | 1,380.6 |
|          | 1,014.2 |
| %        | 36.1    |
| - margin |         |
|          | 5.2     |
| %        | n/a     |
|          | n/a     |
| %        | 16.6    |

-11.4

pp

12.2

%

10.3

%

1.9

pp

## Russia Highlights

| RUB mln               | Q4 10    | Q4 09    | y-o-y  | Q3 10    | q-o-q   | 2010      | 2009      | y-o-y   |
|-----------------------|----------|----------|--------|----------|---------|-----------|-----------|---------|
| Revenues(8)           | 77,822.8 | 66,732.1 | 16.6%  | 73,752.0 | 5.5%    | 286,407.3 | 254,748.7 | 12.4%   |
| - mobile              | 64,428.1 | 55,151.9 | 16.8%  | 61,304.8 | 5.1%    | 236,722.8 | 210,344.3 | 12.5%   |
| - fixed               | 14,380.5 | 12,291.5 | 17.0%  | 13,363.3 | 7.6%    | 53,123.6  | 47,368.6  | 12.1%   |
| Adjusted OIBDA(9)     | 29,372.1 | 30,142.6 | -2.6%  | 33,580.6 | -12.5%  | 124,261.9 | 118,313.6 | 5.0%    |
| - mobile              | 24,082.9 | 25,268.2 | -4.7%  | 28,072.1 | -14.2%  | 102,801.1 | 99,310.2  | 3.5%    |
| - fixed               | 5,289.3  | 4,965.9  | 6.5%   | 5,508.5  | -4.0%   | 21,460.9  | 19,095.0  | 12.4%   |
| Adjusted OIBDA margin | 37.7%    | 45.2%    | -7.5pp | 45.5%    | -7.8pp  | 43.4%     | 46.4%     | -3.0pp  |
| - mobile              | 37.4%    | 45.8%    | -8.4pp | 45.8%    | -8.4pp  | 43.4%     | 47.2%     | -3.8pp  |
| - fixed               | 36.8%    | 40.6%    | -3.8pp | 41.2%    | -4.4pp  | 40.4%     | 40.4%     | stable  |
| Net income/(loss)     | 7,363.1  | -2,545.4 | n/a    | 12,804.5 | -42.5pp | 40,055.6  | 26,642.9  | +50.3pp |
| - margin              | 9.5%     | n/a      | n/a    | 17.4%    | -7.9pp  | 14.0%     | 10.5%     | +3.5pp  |

|                     | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|---------------------|-------|-------|-------|-------|-------|-------|-------|
| ARPU (RUB)(10)      | 248.4 | 236.7 | 253.9 | 269.4 | 261.9 | 247.5 | 252.8 |
| MOU (min)           | 219   | 211   | 230   | 244   | 259   | 213   | 234   |
| Churn rate (%)      | 12.4% | 10.4% | 9.8%  | 13.5% | 12.7% | 38.3% | 45.9% |
| SAC (RUB)           | 494.9 | 534.4 | 612.8 | 508.2 | 656.6 | 583.4 | 581.7 |
| - dealer commission | 288.4 | 351.0 | 399.9 | 341.0 | 461.5 | 338.0 | 393.0 |
| - adv & mktg        | 206.5 | 183.4 | 212.9 | 167.2 | 195.1 | 245.5 | 188.6 |

- (6) Because TS-Retail, Metro-Telecom and Sistema Telecom were acquired from JSC Sistema, the majority owner of both MTS and acquired entities, the acquisitions were accounted for as transactions between entities under common control. Similar to a pooling of interest, whereby the assets and liabilities of entities acquired from Sistema were recorded at Sistema's carrying value, MTS' historical financial information was recast to include the acquired entities for all periods presented.
- (7) Adjusted OIBDA results for Q4 2009 and Q4 2010 do not include long-lived and other assets impairment loss and acquisition related costs in the amount of \$86.4 million and \$137.8 million respectively.
- (8) Revenue, gross of intercompany.
- (9) Adjusted OIBDA results for Q4 2009 do not include long-lived assets impairment loss and acquisition related costs in the amount of \$86.4 million.
- (10) ARPU is now calculated by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

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Ukraine Highlights

| UAH mln    | Q4 10   | Q4 09   | y-o-y  | Q3 10   | q-o-q   | 2010    | 2009    | y-o-y  |
|------------|---------|---------|--------|---------|---------|---------|---------|--------|
| Revenues   | 2,138.9 | 2,107.7 | 1.5%   | 2,303.8 | -7.2%   | 8,511.0 | 8,172.7 | 4.1%   |
| OIBDA      | 969.0   | 927.1   | 4.5%   | 1,144.0 | -15.3%  | 3,954.9 | 3,681.3 | 7.4%   |
| - margin   | 45.3%   | 44.0%   | +1.3pp | 49.7%   | -4.4pp  | 46.5%   | 45.0%   | +1.5pp |
| Net income | 119.9   | 205.5   | -41.7% | 364.2   | -67.1%  | 752.0   | 640.3   | 17.4%  |
| - margin   | 5.6%    | 9.8%    | -4.2pp | 15.8%   | -10.2pp | 8.8%    | 7.8%    | +1.0pp |

|                      | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|----------------------|-------|-------|-------|-------|-------|-------|-------|
| ARPU (UAH)           | 38.32 | 35.21 | 39.49 | 41.57 | 37.59 | 36.95 | 38.10 |
| MOU (min)            | 506   | 527   | 541   | 541   | 550   | 462   | 535   |
| Churn rate (%)       | 9.7%  | 9.4%  | 7.2%  | 6.6%  | 8.2%  | 40.0% | 31.0% |
| SAC (UAH)            | 56.8  | 66.9  | 64.3  | 58.0  | 68.1  | 54.0  | 64.1  |
| - dealer commission  | 22.3  | 34.2  | 31.8  | 29.4  | 32.8  | 23.9  | 31.9  |
| - adv & mktg         | 22.7  | 21.2  | 21.4  | 17.8  | 24.9  | 19.1  | 21.2  |
| - handset subsidy    | 2.6   | 2.1   | 1.8   | 1.3   | 1.6   | 1.5   | 1.7   |
| - SIM card & voucher | 9.2   | 9.4   | 9.2   | 9.5   | 8.9   | 9.5   | 9.2   |

Uzbekistan Highlights(11)

| USD mln    | Q4 10 | Q4 09 | y-o-y  | Q3 10 | q-o-q  | 2010  | 2009  | y-o-y  |
|------------|-------|-------|--------|-------|--------|-------|-------|--------|
| Revenues   | 116.3 | 105.2 | 10.6%  | 114.9 | 1.2%   | 448.0 | 404.9 | 10.6%  |
| OIBDA      | 62.0  | 56.7  | 9.4%   | 64.4  | -3.7%  | 248.7 | 222.7 | 11.7%  |
| - margin   | 53.3% | 53.9% | -0.6pp | 56.1% | -2.8pp | 55.5% | 55.0% | +0.5pp |
| Net income | 27.3  | 26.8  | 1.8%   | 27.6  | -1.2%  | 111.1 | 108.5 | 2.4%   |
| - margin   | 23.5% | 25.5% | -2.0pp | 24.0% | -0.5pp | 24.8% | 26.8% | -2.0pp |

|                | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|----------------|-------|-------|-------|-------|-------|-------|-------|
| ARPU (USD)     | 5.0   | 4.8   | 5.0   | 4.8   | 4.6   | 5.3   | 4.7   |
| MOU (min)      | 534   | 520   | 534   | 508   | 461   | 495   | 494   |
| Churn rate (%) | 8.0%  | 5.9%  | 6.1%  | 7.2%  | 6.0%  | 30.2% | 24.7% |
| SAC (USD)      | 6.7   | 6.1   | 6.0   | 7.8   | 8.1   | 7.7   | 7.2   |

Turkmenistan Highlights

| TMM bln            | Q4 10  | Q4 09 | y-o-y | Q3 10 | q-o-q | 2010   | 2009  | y-o-y |
|--------------------|--------|-------|-------|-------|-------|--------|-------|-------|
| Revenues           | 141.8  | 135.0 | n/a   | 159.3 | n/a   | 591.6  | 458.1 | n/a   |
| Adjusted OIBDA(12) | 83.4   | 85.9  | n/a   | 97.3  | n/a   | 364.0  | 259.4 | n/a   |
| - margin           | 58.8%  | 63.7% | n/a   | 61.1% | n/a   | 61.5%  | 56.6% | n/a   |
| Net income/(loss)  | -343.4 | 56.5  | n/a   | 59.9  | n/a   | -166.6 | 155.2 | n/a   |
| - margin           | n/a    | 41.8% | n/a   | 37.6% | n/a   | -28.2  | 33.9% | n/a   |

(11) The functional currency in Uzbekistan is the US dollar.

(12) Adjusted OIBDA results for Q4 2010 do not include long-lived and other assets impairment loss in the amount of \$137.8 million.



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Armenia Highlights

| AMD mln    | Q4 10    | Q4 09    | y-o-y  | Q3 10    | q-o-q  | 2010     | 2009     | y-o-y |
|------------|----------|----------|--------|----------|--------|----------|----------|-------|
| Revenues   | 19,326.4 | 20,947.3 | -7.7%  | 20,903.4 | -7.5%  | 77,303.0 | 80,294.9 | -3.7% |
| OIBDA      | 9,877.6  | 10,479.3 | -5.7%  | 11,530.3 | -14.3% | 40,411.5 | 43,106.7 | -6.3% |
| - margin   | 51.1%    | 50.0%    | 1.1%   | 55.2%    | -4.1%  | 52.3%    | 53.7%    | -1.4% |
| Net income | 974.5    | 2,589.5  | -62.4% | -2,231.5 | n/a    | -59.7    | -3,954.9 | n/a   |
| - margin   | 5.0%     | 12.4%    | -7.4pp | n/a      | n/a    | n/a      | n/a      | n/a   |

|                | Q4 09   | Q1 10   | Q2 10   | Q3 10   | Q4 10   | 2009    | 2010    |
|----------------|---------|---------|---------|---------|---------|---------|---------|
| ARPU (AMD)     | 3,351.4 | 2,813.4 | 3,013.5 | 3,194.2 | 2,725.5 | 3,266.7 | 2,812.3 |
| MOU (min)      | 237     | 220     | 255     | 294     | 294     | 203     | 256     |
| Churn rate (%) | 12.7%   | 8.6%    | 8.5%    | 7.7%    | 7.0%    | 43.6%   | 30.4%   |
| SAC (AMD)      | 6,787.7 | 6,868.7 | 7,192.0 | 6,719.4 | 3,867.8 | 6,318.6 | 5,695.3 |

CAPEX Highlights

| USD mln       | Q1 10 | Q2 10 | Q3 10 | Q4 10   | FY 10   |
|---------------|-------|-------|-------|---------|---------|
| Russia        | 178.4 | 248.0 | 328.1 | 1,505.6 | 2,260.0 |
| - as % of rev | 8.2%  | 10.8% | 13.6% | 59.4%   | 24.0%   |
| Ukraine       | 40.5  | 36.5  | 27.4  | 50.6    | 154.9   |
| - as % of rev | 16.8% | 13.5% | 9.4%  | 18.8%   | 14.4%   |
| Uzbekistan    | 23.9  | 18.9  | 19.6  | 95.5    | 157.9   |
| - as % of rev | 23.1% | 16.7% | 17.1% | 82.1%   | 35.3%   |
| Turkmenistan  | 4.3   | 8.4   | 17.1  | 14.6    | 44.4    |
| - as % of rev | 8.9%  | 15.8% | 30.5% | 29.2%   | 21.4%   |
| Armenia       | 3.9   | 3.1   | 5.0   | 17.8    | 29.9    |
| - as % of rev | 8.5%  | 6.2%  | 8.8%  | 33.1%   | 14.4%   |
| Group         | 251.0 | 314.8 | 397.2 | 1,684.1 | 2,647.1 |
| - as % of rev | 9.6%  | 11.4% | 13.6% | 56.0%   | 23.4%   |

\* \* \*

For further information, please contact in Moscow:

Joshua B. Tulgan

Director, Investor Relations

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Department of Investor Relations



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Learn more about MTS. Visit the official blog of the Investor Relations Department at [www.mtsgsm.com/blog/](http://www.mtsgsm.com/blog/)

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Mobile TeleSystems OJSC ( MTS ) is the leading telecommunications group in Russia, Eastern Europe and Central Asia, offering mobile and fixed voice, broadband, pay TV as well as content and entertainment services in one of the world's fastest growing regions. Including its subsidiaries, the Group services over 108.9 million mobile subscribers in Russia, Ukraine, Uzbekistan, Turkmenistan, Armenia and Belarus, a region that boasts a total population of more than 230 million. Since June 2000, MTS Level 3 ADRs have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about the MTS Group can be found at [www.mtsgsm.com](http://www.mtsgsm.com).

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Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as expect, believe, anticipate, estimate, intend, will, could, may or might, and 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 undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of

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unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned "Risk Factors" that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, including Comstar-UTS, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.

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**Attachments to the Fourth Quarter and Full Year 2010  
Earnings Press Release**

**Attachment A**

Non-GAAP financial measures. This press release includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or US GAAP, as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP. Due to the rounding and translation practices, US dollar and functional currency margins, as well as other non-GAAP financial measures, may differ.

Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of mobile and fixed operators and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under generally accepted accounting principles, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. Our OIBDA calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies within the wireless telecommunications industry. OIBDA can be reconciled to our consolidated statements of operations as follows:

| <b>Group (USD mln)</b>       | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating income             | 617.2        | 679.6        | 758.3        | 803.7        | 493.0        | 2,555.9     | 2,734.6     |
| Add: D&A and impairment loss | 584.6        | 477.9        | 480.5        | 513.8        | 666.2        | 1,930.6     | 2,138.3     |
| Adjusted OIBDA(13)           | 1,201.8      | 1,157.5      | 1,238.8      | 1,317.5      | 1,159.2      | 4,486.5     | 4,872.9     |

| <b>Russia (USD mln)</b>      | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating income             | 581.3        | 663.9        | 708.3        | 728.1        | 572.4        | 2,353.4     | 2,672.7     |
| Add: D&A and impairment loss | 441.5        | 332.5        | 333.9        | 368.4        | 383.6        | 1,391.9     | 1,418.3     |
| Adjusted OIBDA(14)           | 1,022.8      | 996.4        | 1,042.2      | 1,096.5      | 956.0        | 3,745.3     | 4,091.1     |

| <b>Ukraine (USD mln)</b> | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|--------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating income         | 22.9         | 11.2         | 35.8         | 59.8         | 37.7         | 120.2       | 144.5       |
| Add: D&A                 | 93.1         | 93.5         | 91.1         | 85.0         | 84.5         | 352.0       | 354.2       |
| OIBDA                    | 116.0        | 104.7        | 126.9        | 144.8        | 122.2        | 472.3       | 498.6       |

| <b>Uzbekistan (USD mln)</b> | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating income            | 32.0         | 32.0         | 37.5         | 31.5         | 29.6         | 133.8       | 130.7       |
| Add: D&A                    | 24.7         | 24.5         | 28.3         | 32.9         | 32.4         | 88.9        | 118.0       |
| OIBDA                       | 56.7         | 56.5         | 65.8         | 64.4         | 62.0         | 222.7       | 248.7       |

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(13) Adjusted OIBDA results for Q4 2009 and Q4 2010 do not include long-lived and other assets impairment loss and acquisition related costs in the amount of \$86.4 million and \$137.8 million respectively.

(14) Adjusted OIBDA results for Q4 2009 do not include long-lived assets impairment loss and acquisition related costs in the amount of \$86.4 million.

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| Turkmenistan (USD mln)       | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10  | 2009 | 2010  |
|------------------------------|-------|-------|-------|-------|--------|------|-------|
| Operating income             | 26.9  | 27.1  | 28.7  | 29.4  | -113.5 | 79.0 | -28.3 |
| Add: D&A and impairment loss | 3.3   | 4.1   | 4.4   | 4.7   | 142.8  | 12.0 | 156.0 |
| Adjusted OIBDA(15)           | 30.2  | 31.2  | 33.1  | 34.1  | 29.3   | 91.0 | 127.7 |

| Armenia (USD mln)        | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating income/ (loss) | 5.2   | (0.5) | 4.2   | 8.8   | 4.6   | 33.2  | 17.1  |
| Add: D&A                 | 22.0  | 23.1  | 22.7  | 22.7  | 22.8  | 85.6  | 91.3  |
| OIBDA                    | 27.2  | 22.6  | 26.9  | 31.5  | 27.4  | 118.8 | 108.4 |

OIBDA margin can be reconciled to our operating margin as follows:

| Group                        | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin             | 22.7% | 26.0% | 27.3% | 27.6% | 16.5% | 25.9% | 24.2% |
| Add: D&A and impairment loss | 21.4% | 18.3% | 17.4% | 17.7% | 22.2% | 19.6% | 18.9% |
| Adjusted OIBDA margin(16)    | 44.1% | 44.3% | 44.7% | 45.3% | 38.7% | 45.5% | 43.1% |

| Russia                       | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin             | 25.7% | 30.4% | 30.8% | 30.2% | 22.6% | 29.1% | 28.4% |
| Add: D&A and impairment loss | 19.5% | 15.2% | 14.5% | 15.3% | 15.1% | 17.3% | 15.0% |
| Adjusted OIBDA margin(17)    | 45.2% | 45.6% | 45.3% | 45.5% | 37.7% | 46.4% | 43.4% |

| Ukraine          | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin | 8.7%  | 4.7%  | 13.2% | 20.5% | 14.0% | 11.5% | 13.5% |
| Add: D&A         | 35.3% | 38.8% | 33.6% | 29.2% | 31.3% | 33.5% | 33.0% |
| OIBDA margin     | 44.0% | 43.5% | 46.8% | 49.7% | 45.3% | 45.0% | 46.5% |

| Uzbekistan                   | Q4 09 | Q1 10 | Q2 10 | Q3 10 | Q4 10 | 2009  | 2010  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Operating margin             | 30.5% | 30.9% | 33.1% | 27.5% | 25.5% | 33.0% | 29.2% |
| Add: D&A and impairment loss | 23.4% | 23.7% | 25.0% | 28.6% | 27.8% | 22.0% | 26.3% |
| OIBDA margin                 | 53.9% | 54.6% | 58.1% | 56.1% | 53.3% | 55.0% | 55.5% |

(15) Adjusted OIBDA results for Q4 2010 do not include long-lived and other assets impairment loss in the amount of \$137.8 million.

(16) Adjusted OIBDA results for Q4 2009 and Q4 2010 do not include long-lived and other assets impairment loss and acquisition related costs in the amount of \$86.4 million and \$137.8 million respectively.

(17) Adjusted OIBDA results for Q4 2009 do not include long-lived assets impairment loss and acquisition related costs in the amount of \$86.4 million.

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| <b>Turkmenistan</b>          | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating margin             | 56.8%        | 55.9%        | 53.7%        | 52.6%        | -228.0%      | 49.1%       | -13.6%      |
| Add: D&A and impairment loss | 6.9%         | 8.5%         | 8.3%         | 8.5%         | 286.8%       | 7.5%        | 75.1%       |
| Adjusted OIBDA margin(18)    | 63.7%        | 64.4%        | 62.0%        | 61.1%        | 58.8%        | 56.6%       | 61.5%       |

| <b>Armenia</b>   | <b>Q4 09</b> | <b>Q1 10</b> | <b>Q2 10</b> | <b>Q3 10</b> | <b>Q4 10</b> | <b>2009</b> | <b>2010</b> |
|------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Operating margin | 9.5%         | -1.0%        | 8.3%         | 15.3%        | 8.5%         | 15.0%       | 8.2%        |
| Add: D&A         | 40.5%        | 49.8%        | 45.2%        | 39.8%        | 42.6%        | 38.7%       | 44.1%       |
| OIBDA margin     | 50.0%        | 48.8%        | 53.5%        | 55.2%        | 51.1%        | 53.7%       | 52.3%       |

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(18) Adjusted OIBDA results for Q4 2010 do not include long-lived and other assets impairment loss in the amount of \$137.8 million.

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**Attachment B**

Net debt represents total debt less cash and cash equivalents and short-term investments. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with US GAAP.

Net debt can be reconciled to our consolidated balance sheets as follows:

| USD mln  | As of Dec<br>31, 2009 | As of Dec 31,<br>2010 |
|--|-----------------------|-----------------------|
| Current portion of debt and of capital lease obligations | 2,022.5               | 757.1                 |
| Long-term debt   | 6,326.8               | 6,392.6               |
| Capital lease obligations                                | 0.9                   | 10.9                  |
| Total debt   | 8,350.2               | 7,160.6               |
| Less:  |                       |                       |
| Cash and cash equivalents                                | 2,529.0               | 927.7                 |
| Short-term investments                                   | 206.5                 | 333.6                 |
| Net debt   | 5,614.7               | 5,899.3               |

Free cash-flow can be reconciled to our consolidated statements of cash flow as follows:

| USD mln   | For the year<br>ended Dec<br>31, 2009 | For the year<br>ended Dec 31,<br>2010 |
|---|---------------------------------------|---------------------------------------|
| Net cash provided by operating activities           | 3,592.2                               | 3,617.2                               |
| Less:   |                                       |                                       |
| Purchases of property, plant and equipment          | (1,942.4)                             | (1,914.3)                             |
| Purchases of intangible assets                      | (385.9)                               | (732.8)                               |
| Proceeds from sale of property, plant and equipment | 28.6                                  | 6.8                                   |
| Proceeds/(purchases) of other investments           | 43.4                                  | 749.7                                 |
| Investments in and advances to associates           | 2.0                                   | (2.9)                                 |
| Acquisition of subsidiaries, net of cash acquired   | (270.5)                               | (195.1)                               |
| Free cash-flow                                      | 1,067.4                               | 1,528.6                               |

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**Attachment C**

Definitions

*Subscriber.* We define a subscriber as an individual or organization whose account shows chargeable activity within sixty one days in the case of post-paid tariffs, or one hundred and eighty three days in the case of our pre-paid tariffs, or whose account does not have a negative balance for more than this period.

*Average monthly service revenue per subscriber (ARPU).* We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

*Average monthly minutes of usage per subscriber (MOU).* MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

*Churn.* We define our churn as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber's request), expressed as a percentage of the average number of our subscribers during that period.

*Subscriber acquisition cost (SAC).* We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

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## MOBILE TELESYSTEMS

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

## FOR THE THREE MONTHS AND TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(Amounts in thousands of US Dollars except per share amount)

|  | Three months ended<br>December 31, 2010 | Three months ended<br>December 31, 2009 * | Twelve months ended<br>December 31, 2010 | Twelve months ended<br>December 31, 2009 * |
|--|---|---|--|--|
| <b>Net operating revenue</b>   |   |   |  |  |
| Service revenue  | \$ 2 718 231                            | \$ 2 603 197                              | \$ 10 586 068                            | \$ 9 513 353                               |
| Sales of handsets and accessories  | 276 838                                 | 120 317                                   | 707 168                                  | 353 900                                    |
|  | <b>2 995 069</b>                        | <b>2 723 514</b>                          | <b>11 293 236</b>                        | <b>9 867 253</b>                           |
| <b>Operating expenses</b>  |   |   |  |  |
| Cost of services   | (613 563)                               | (561 269)                                 | (2 260 888)                              | (2 011 332)                                |
| Cost of handsets and accessories   | (294 747)                               | (115 362)                                 | (727 682)                                | (375 444)                                  |
| Sales and marketing expenses   | (287 450)                               | (197 242)                                 | (850 584)                                | (728 483)                                  |
| General and administrative expenses  | (553 828)                               | (556 789)                                 | (2 274 421)                              | (1 981 637)                                |
| Depreciation and amortization expense  | (528 312)                               | (498 199)                                 | (2 000 496)                              | (1 844 174)                                |
| Provision for doubtful accounts  | (41 127)                                | (38 001)                                  | (122 550)                                | (110 766)                                  |
| Impairment of long-lived assets and acquisition related costs                          | (127 875)                               | (86 418)                                  | (127 875)                                | (86 418)                                   |
| Other operating expenses   | (55 140)                                | (53 075)                                  | (194 181)                                | (173 114)                                  |
| <b>Net operating income</b>  | <b>493 027</b>                          | <b>617 159</b>                            | <b>2 734 559</b>                         | <b>2 555 885</b>                           |
| Currency exchange and transaction gain/ loss   | (18 668)                                | (18 592)                                  | 20 238                                   | (252 694)                                  |
| <b>Other income / (expenses):</b>  |   |   |  |  |
| Interest income  | 26 996                                  | 41 986                                    | 84 396                                   | 104 566                                    |
| Interest expense, net of capitalized interest  | (145 906)                               | (226 212)                                 | (777 287)                                | (571 901)                                  |
| Other income   | (23 632)                                | (362 058)                                 | 3 725                                    | (336 716)                                  |
| <b>Total other expenses, net</b>   | <b>(142 542)</b>                        | <b>(546 284)</b>                          | <b>(689 166)</b>                         | <b>(804 051)</b>                           |
| <b>Income before provision for income taxes and noncontrolling interest</b>            |   |   |  |  |
|  | <b>331 817</b>                          | <b>52 283</b>                             | <b>2 065 631</b>                         | <b>1 499 140</b>                           |
| Provision for income taxes   | (136 972)                               | (178 882)                                 | (517 188)                                | (505 047)                                  |
| <b>Net income / loss</b>   | <b>194 845</b>                          | <b>(126 599)</b>                          | <b>1 548 443</b>                         | <b>994 093</b>                             |
| Net income attributable to the noncontrolling interest                                 | (38 590)                                | 103 717                                   | (167 812)                                | 20 110                                     |
| <b>Net income/loss attributable to the Group</b>                                       | <b>156 255</b>                          | <b>(22 882)</b>                           | <b>1 380 631</b>                         | <b>1 014 203</b>                           |
| Weighted average number of common shares outstanding, in thousands - basic and diluted |   |   |  |  |
|  | 1 916 869                               | 1 887 819                                 | 1 916 869                                | 1 885 750                                  |

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|   |      |     |      |      |
|---|------|-----|------|------|
| Earnings/(loss) per share - basic and diluted | 0.08 | n/a | 0.72 | 0.54 |
|---|------|-----|------|------|

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\* Figures were restated due to retrospective consolidation of TS-Retail, Metro-Telecom and Sistema Telecom

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## MOBILE TELESYSTEMS

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 AND DECEMBER 31, 2009

(Amounts in thousands of US dollars)

|  | As of December 31,<br>2010 | As of December 31,<br>2009 * |
|--|----------------------------|------------------------------|
| <b>CURRENT ASSETS:</b>                                       |                            |                              |
| Cash and cash equivalents                                    | \$ 927 694                 | \$ 2 529 010                 |
| Short-term investments                                       | 333 594                    | 206 470                      |
| Trade receivables, net                                       | 798 102                    | 595 746                      |
| Accounts receivable, related parties                         | 2 673                      | 16 698                       |
| Inventory and spare parts                                    | 319 956                    | 239 571                      |
| VAT receivable   | 164 761                    | 110 288                      |
| Prepaid expenses and other current assets                    | 569 823                    | 703 545                      |
| <b>Total current assets</b>                                  | <b>3 116 603</b>           | <b>4 401 328</b>             |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>                         | <b>7 971 830</b>           | <b>7 750 617</b>             |
| <b>INTANGIBLE ASSETS</b>                                     | <b>2 817 701</b>           | <b>2 238 109</b>             |
| <b>INVESTMENTS IN AND ADVANCES TO ASSOCIATES</b>             | <b>241 792</b>             | <b>220 450</b>               |
| <b>INVESTMENTS IN SHARES OF SVYAZINVEST</b>                  |                            | <b>859 669</b>               |
| <b>OTHER INVESTMENTS</b>                                     | <b>128 582</b>             | <b>48 701</b>                |
| <b>OTHER ASSETS</b>  | <b>201 534</b>             | <b>245 615</b>               |
| <b>Total assets</b>  | <b>\$ 14 478 042</b>       | <b>\$ 15 764 489</b>         |
| <b>CURRENT LIABILITIES</b>                                   |                            |                              |
| Accounts payable   | 629 077                    | 509 846                      |
| Accrued expenses and other current liabilities               | 1 715 970                  | 1 666 201                    |
| Accounts payable, related parties                            | 52 984                     | 80 489                       |
| Current portion of long-term debt, capital lease obligations | 757 110                    | 2 022 499                    |
| <b>Total current liabilities</b>                             | <b>3 155 141</b>           | <b>4 279 035</b>             |
| <b>LONG-TERM LIABILITIES</b>                                 |                            |                              |
| Long-term debt   | 6 392 629                  | 6 326 824                    |
| Capital lease obligations                                    | 10 873                     | 921                          |
| Deferred income taxes  | 292 070                    | 298 453                      |
| Long-term accounts payable, related parties                  |                            | 38 273                       |
| Deferred revenue and other                                   | 383 582                    | 373 011                      |
| <b>Total long-term liabilities</b>                           | <b>7 079 154</b>           | <b>7 037 482</b>             |
| <b>Total liabilities</b>                                     | <b>10 234 295</b>          | <b>11 316 517</b>            |
| <b>Redeemable noncontrolling interests</b>                   | <b>86 944</b>              | <b>82 261</b>                |

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**SHAREHOLDERS EQUITY:**

|  |                      |                      |
|--|----------------------|----------------------|
| Common stock: (2,096,975,792 shares with a par value of 0.1 rubles authorized and 1,993,326,138 shares issued as December 31, 2010 and December 31, 2009 (777,396,505 of which are in the form of ADS as of December 31, 2010 and December 31, 2009) | 50 558               | 50 558               |
| Treasury stock (76,456,876 common shares at cost as of December 31, 2010 and December 31, 2009)  | (1 054 926)          | (1 054 926)          |
| Accumulated other comprehensive income   | (771 957)            | (748 422)            |
| Retained earnings  | 4 901 140            | 5 097 462            |
| <b>Total shareholders equity attributable to the Group</b>   | <b>3 124 815</b>     | <b>3 344 672</b>     |
| <b>Noncontrolling interest</b>   | <b>1 031 988</b>     | <b>1 021 039</b>     |
| <b>TOTAL SHAREHOLDERS` EQUITY</b>  | <b>4 156 803</b>     | <b>4 365 711</b>     |
| <b>Total liabilities and shareholders equity</b>   | <b>\$ 14 478 042</b> | <b>\$ 15 764 489</b> |

\* Figures were restated due to retrospective consolidation of TS-Retail, Metro-Telecom and Sistema Telecom

## MOBILE TELESYSTEMS

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(Amounts in thousands of U.S. dollars)

|  | Twelve months ended<br>December 31, 2010 | Twelve months ended<br>December 31, 2009* |
|--|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |  |   |
| Net income   | \$ 1 548 443                             | \$ 994 093                                |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |  |   |
| Depreciation and amortization  | 2 000 496                                | 1 844 174                                 |
| Currency exchange and translation (gain)/loss  | (98 706)                                 | 212 510                                   |
| Impairment of investments  |  | 368 355                                   |
| Impairment of long-lived assets and goodwill   | 127 875                                  | 75 064                                    |
| Debt issuance cost amortization  | 89 244                                   | 36 892                                    |
| Amortization of deferred connection fees   | (95 706)                                 | (67 057)                                  |
| Equity in net income of associates   | (70 649)                                 | (60 313)                                  |
| Inventory obsolescence expense   | 27 826                                   | 12 225                                    |
| Provision for doubtful accounts  | 122 550                                  | 110 766                                   |
| Deferred tax (benefit)/loss  | (45 449)                                 | 101 523                                   |
| Write off of not recoverable VAT receivable  | 2 534                                    | 9 652                                     |
| Change in fair value of derivative financial instruments                                 |  | 5 420                                     |
| Other non-cash items   | 57 021                                   | 6 266                                     |
| Changes in operating assets and liabilities:   |  |   |
| Increase in accounts receivable  | (301 764)                                | (216 654)                                 |
| Increase in inventory  | (105 859)                                | (111 998)                                 |
| Decrease in prepaid expenses and other current assets                                    | 141 976                                  | 14 299                                    |
| (Increase)/Decrease in VAT receivable  | (53 265)                                 | 8 914                                     |
| Increase in trade accounts payable, accrued liabilities and other current liabilities    | 222 630                                  | 222 744                                   |
| Dividends received   | 47 973                                   | 25 355                                    |
| <b>Net cash provided by operating activities</b>   | <b>3 617 170</b>                         | <b>3 592 230</b>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |  |   |
| Acquisition of subsidiaries and non-controlling interests, net of cash acquired          | (195 106)                                | (270 540)                                 |
| Purchases of property, plant and equipment   | (1 914 331)                              | (1 942 402)                               |
| Purchases of intangible assets   | (732 786)                                | (385 907)                                 |
| Proceeds from sale of property, plant and equipment and assets held for sale             | 6 790                                    | 28 606                                    |
| Purchases of short-term investments  | (672 286)                                | (513 933)                                 |
| Proceeds from sale of short-term investments   | 577 623                                  | 649 483                                   |
| Purchase of other investments  | (109 448)                                | (613)                                     |
| Proceeds from sales of Svjazinvest   | 843 158                                  |   |
| Proceeds from sale of other investments  | 15 989                                   | 44 003                                    |
| Investments in and advances to associates  | (2 900)                                  | 1 950                                     |

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|  |                    |                    |
|--|--------------------|--------------------|
| Decrease in restricted cash  | 1 670              | 17 182             |
| <b>Net cash used in investing activities</b>   | <b>(2 181 627)</b> | <b>(2 372 171)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                    |                    |
| Acquisition of noncontrolling interests in existing subsidiaries and subsidiaries from related parties | (739 756)          | (1 345 820)        |
| Proceeds from issuance of notes  | 1 560 028          | 1 003 226          |
| Repayment of notes   | (862 403)          | (9 182)            |
| Notes and debt issuance cost   | (65 697)           | (105 137)          |
| Capital lease obligation principal paid  | (12 841)           | (15 592)           |
| Dividends paid   | (975 822)          | (1 266 102)        |
| Proceeds from loans  | 2 839 644          | 3 598 100          |
| Loan principal paid  | (4 779 595)        | (1 728 544)        |
| <b>Net cash provided by / (used in) financing activities</b>   | <b>(3 036 442)</b> | <b>130 949</b>     |
| Effect of exchange rate changes on cash and cash equivalents   | (417)              | 42 015             |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>   | <b>(1 601 316)</b> | <b>1 393 023</b>   |
| <b>CASH AND CASH EQUIVALENTS, at beginning of period</b>   | <b>2 529 010</b>   | <b>1 135 987</b>   |
| <b>CASH AND CASH EQUIVALENTS, at end of period</b>   | <b>927 694</b>     | <b>2 529 010</b>   |

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\* Figures were restated due to retrospective consolidation of TS-Retail, Metro-Telecom and Sistema Telecom

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MOBILE TELESYSTEMS OJSC**

|     |                      |                  |
|-----|----------------------|------------------|
| By: | /s/ Andrei Dubovskov |                  |
|     | Name:                | Andrei Dubovskov |
|     | Title:               | CEO              |

Date: **April 5, 2011**