

# **FINANCIAL AND OPERATING RESULTS**

**4Q AND FY 2023**

# Cautionary Statement

Some of the information in this presentation 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 the negative of such terms or other similar expressions. We wish to caution you that actual events or results may differ materially from the results described or implied in such statements. 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 unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission. 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 the ongoing geopolitical situation relating to Ukraine; the expansion of sanctions and restrictive measures imposed on the Russian Federation and a number of Russian legal and natural persons by the United States, European Union, United Kingdom and certain other states, including the sanctions previously imposed on MTS Bank and their potential impact on our operations, assets and liabilities; responsive regulatory, legislative and other measures by Russian authorities as a reaction to foreign sanctions and restrictive measures. On May 18, 2023 MTS’ shareholder Sistema PJSC (which holds 42.085% in the issued share capital of MTS) was designated under Russia (Sanctions) (EU Exit) Regulations 2019 (as amended) (“UK Sanctions Regulations”).

In addition, on November, 2 2023, Sistema PJSC was included on the list of Specially Designated Nationals (SDNs) by the U.S. Office of Foreign Assets Control (OFAC) (“U.S. Sanctions Regulations”). These designations do not cause MTS to be a blocked person under the UK Sanctions Regulations or the U.S. Sanctions Regulations.

Additional risk factors that may affect future results include volatility in interest and exchange rates (including fluctuations of the value of the Russian ruble against the U.S. dollar and the Euro); commodity and equity prices and the value of financial assets; the impact of decisions by a number of foreign suppliers of goods, works, services and software to suspend or stop providing the supply of goods, works, services and software to Russian legal and natural persons; 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; potential fluctuations in quarterly results; our competitive environment; our dependence on new service development and tariff structures; rapid technological and market change; risks associated with telecommunications infrastructure; and governmental regulation of the telecommunications industries; as well as other risks associated with operating in Russia and the CIS; volatility of our stock price financial risk management and future growth. In addition, we may face the potential aggravation of existing risk factors or appearance of new risks that may materially and adversely affect our operations and financial results.

# Dynamic growth of key segments: leadership in Telecom and strong growth of promising business streams

Strong revenue growth across all segments, continued leadership in Telecom segment, significant growth of the Bank and strengthened market positions in other businesses

Investments in development of high-potential business streams and product teams as well as business transformation, with a bet on digital solutions and growth of non-telecom business

Continued comfortable debt positions

FY 2023

4Q 2023

Group revenue

**+13.5%**    **+18.0%**

Group OIBDA

**+6.4%**    **+3.9%**

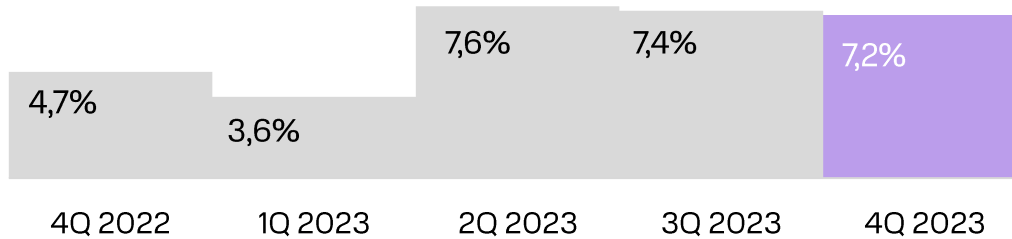
Net Debt / LTM OIBDA

**1.9x**

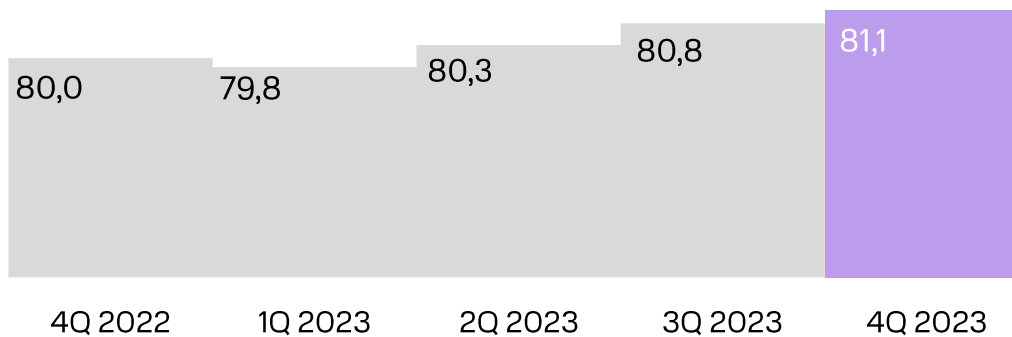
# Continuing transformation from Telco to Techco with strong revenue growth...

## Connectivity revenue growth, %\*

change year-over-year



## 3M mobile subscribers, mln\*



## B2B performance in 2023

### +13% y/y

Increase in B2B connectivity revenue, including the results of IoT, ICS\*\* and fixed-line business

### +15% y/y

Increase in revenue from broadband Internet

### +62% y/y

Increase in revenue from vertical IoT solutions\*\*\*

\*All figures for Russia only

\*\*Our portfolio of intelligent communication systems and CPaaS (communication platform as a service) services, which enable the incorporation of telecommunications functions into developers' integrated products through cloud-based platforms and APIs

\*\*\* IoT solutions for specific projects and tasks

# ... and impressive results in development of new products



## MTS LINK

ecosystem for business communications and collaboration

**5 mln**

online events in 2023 (2.7x vs. 2022)

**30 mln people**

took part in events conducted on MTS Link in 2023



## EXOLVE

customer communications platform for business

7,900 external developers - platform MAU at the end of 2023

Exolve won Best Business Platform\* and Platform of the Year\*\* awards



## SECURITY SERVICES

MTS topped a ranking of providers of digital security services for users of Russia's largest ecosystems and telecom operators\*\*\*

**over 5 thousand**

DDoS attacks stopped in 2023 by MTS's security service with comprehensive support

**2.5 mln**

instances of fraud uncovered by MTS's Fraud Detection Platform

**940 mln**

spam calls blocked by Spam Protector in 2023 (an increase of 2.5x vs. 2022)

# Ecosystem results

**15.1** mln

Ecosystem clients (4Q 2023)  
+11.9% year-over-year

**20.5%**

Growth in ecosystem revenue<sup>1</sup>  
4Q 2023 vs. 4Q 2022

## CONSOLIDATION OF KEY PROGRAMS

MTS PREMIUM



MTS CASHBACK

**+43%**

Program revenue growth  
(4Q 2023 vs. 4Q 2022)

**2x**

Increase in average cashback amount  
(4Q 2023 vs. 4Q 2022)

**+24%**

Increase in number of program  
participants  
(4Q 2023 vs. 4Q 2022)

**+46%**

Increase in number of clients using  
cashback through MTS Premium  
(4Q 2023 vs. 4Q 2022)

<sup>1</sup> B2C revenue generated by ecosystem clients

# Ecosystem products demonstrate strong double-digit growth



MTS MUSIC

**+42%**

Increase in number of users (MAUs)  
(4Q 2023 vs. 4Q 2022)



KION

**+60%**

Increase in number of users (MAUs)  
(4Q 2023 vs. 4Q 2022)



MTS LAUNCHER

**2x**

Increase in number of DAUs  
(4Q 2023 vs. 4Q 2022)



ID

**1.7 bn**

Seamless login operations using the  
service in 2023



STROKI

**+30%**

Increase in number of users with  
subscription  
(4Q 2023 vs. 4Q 2022)



DEFENDER

**+80%**

Increase in number of subscribers  
(4Q 2023 vs. 4Q 2022)

# Successful new products

## MTS TRAVEL



Service for selecting, booking and paying for hotels in Russia and around the world

**10x**

Increase in the number of hotels on MTS Travel due to foreign assortment in 2023

**2.3x**

Number of quarterly bookings (4Q vs. 3Q 2023)

**70%**

Share of bookings with cashback in 4Q 2023

## URENT



The No. 1 kicksharing service in Russia in terms of geographic footprint and fleet size. MTS increased its stake to 80.58%, making it the major shareholder

**124**

cities of presence in Russia

**100,000**

scooters – URENT fleet size

**1.7 mln**

MAU (peak value in 2023)



# MTS LIVE No. 1 player in offline entertainment segment

## 2023 highlights

<b>+78%</b>	Annual revenue growth
<b>20</b> RUB bn	GMV for 2023
<b>+47%</b>	Tickets sales growth in 2023
<b>&gt;2.5</b> RUB bn	The box office receipts for the musical “Fear Nothing- I’m With You!” (from premiere in December 2022 to the end of 2023)
<b>&gt;1 mln</b>	People attended MTS Live own events in 2023



# Adtech continues to accelerate revenue growth

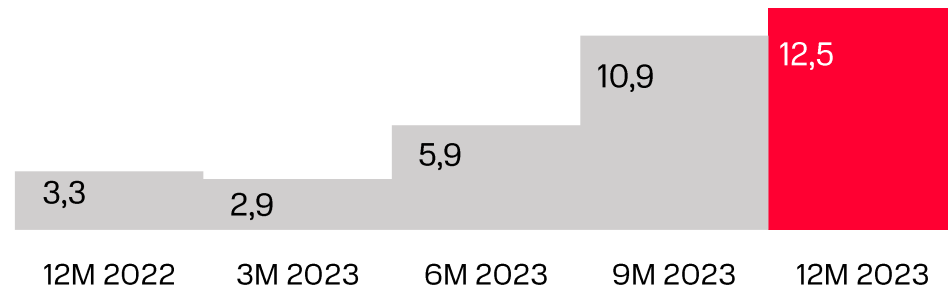
## 2023 highlights

>50%	Increase in Adtech revenue year-over-year	
>60%	Increase in number of unique contracts year-over-year	
1.7x	Increase in the number of registered users thanks to an exclusive advertising promotion and inventory management contract with Telegram	

# Record Bank performance amid strong upward trends in portfolio growth, income diversification and operational efficiency

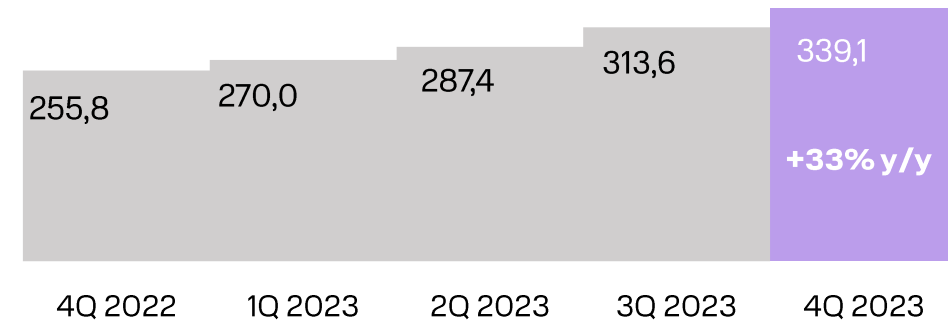
## Net profit increases 3.8x

RUB bn



## Retail loan portfolio\*

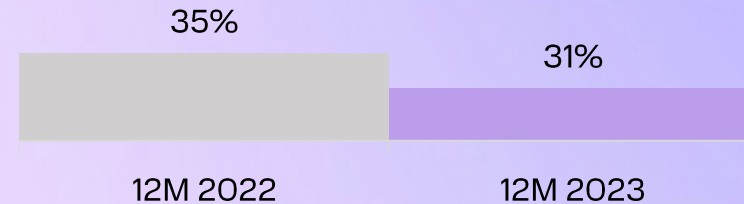
RUB bn and %



\* Before provisions

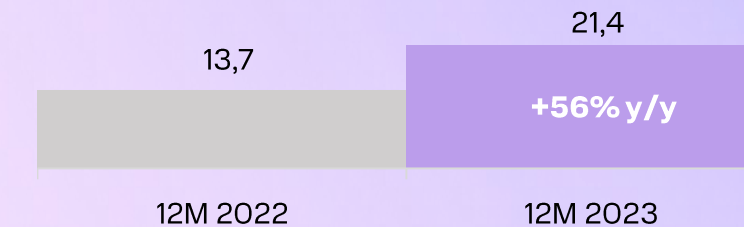
## High operational efficiency

Cost to income ratio (CIR)%



## ... and impressive fees and commission income growth

RUB bn



# ... confirmation of strong credit profile and public recognition

**App in Rustore –** top-rated mobile bank in 2023\*

**MTS CASHBACK –** top-rated credit cards\*\*



## High credit ratings

Affirmed by leading rating agencies:

- Expert RA: ruA
- NCR: A.ru
- ACRA: A(RU)

**TOP-3**  +5 per year

Innovation Banks' rating according to Skolkovo Foundation

\*Named by Brobank.ru as the best mobile bank for individuals in 2023, based on user analysis

\*\* The MTS Cashback credit from MTS Bank was the top-rated card in a rating of the best cashback credit cards for supermarkets in January 2024, according to the financial marketplace Vyberu.ru

# Media expands client base amid moderate investments in content

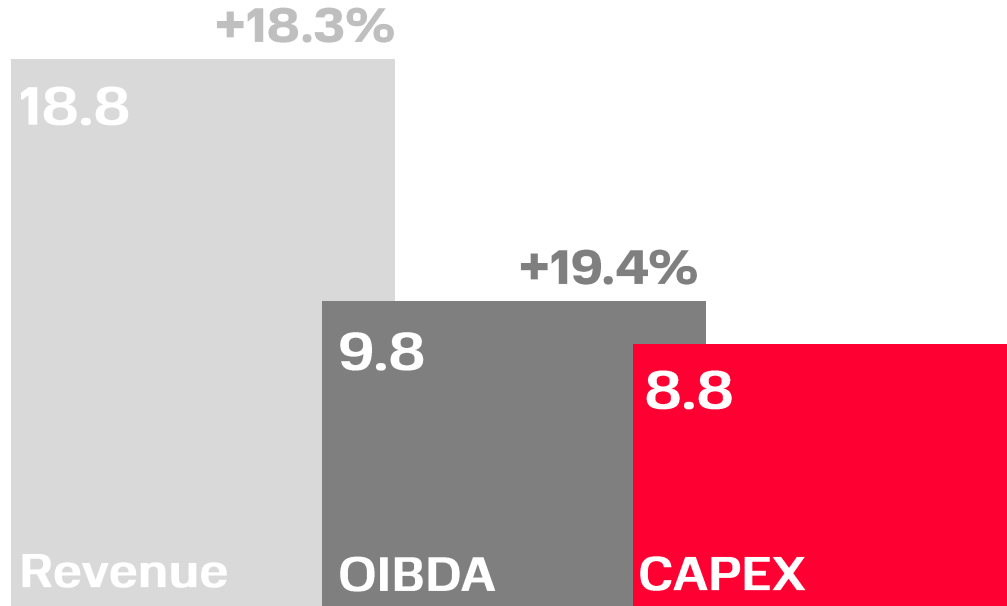
**+19% y/y**

Increase in number of pay-TV users

**+31% y/y**

Increase in number of users of KION online streaming service

**2023**, RUB bn, % y/y



# KION driven by regular addition of Originals

**10.5  
mln**

Client base

**+23%**

Increase in viewing time  
per user, y/y

**On the first of  
every month**

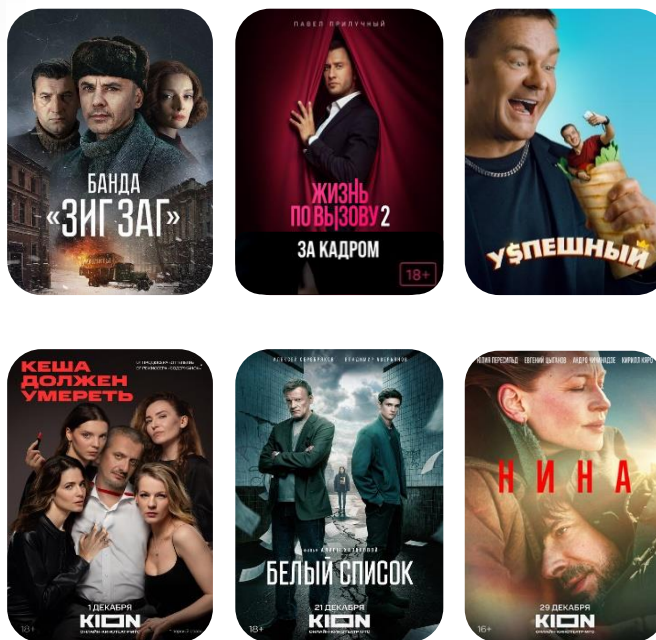
A new series appears on KION

**% of viewers watching  
KION Originals**

**KION Originals**

**76%**

**KION Originals**  
**80+ titles / 11 in 4Q 2023**



100+ original titles in development and production pipeline

**High audience scores**

KION Originals	
Average rating*	
Titles	
Банда «ЗИГ ЗАГ»	★8,3
Жизнь по вызову 2. За кадром	★7,9**
Успешный	★7,9
Кеша должен умереть	★7,8
Белый список	★6,7
Нина	★6,3

\* Calculated based on ratings from a public review aggregator and from the KION platform

\*\* Rating provided for the "Жизнь по вызову" franchise



MTS

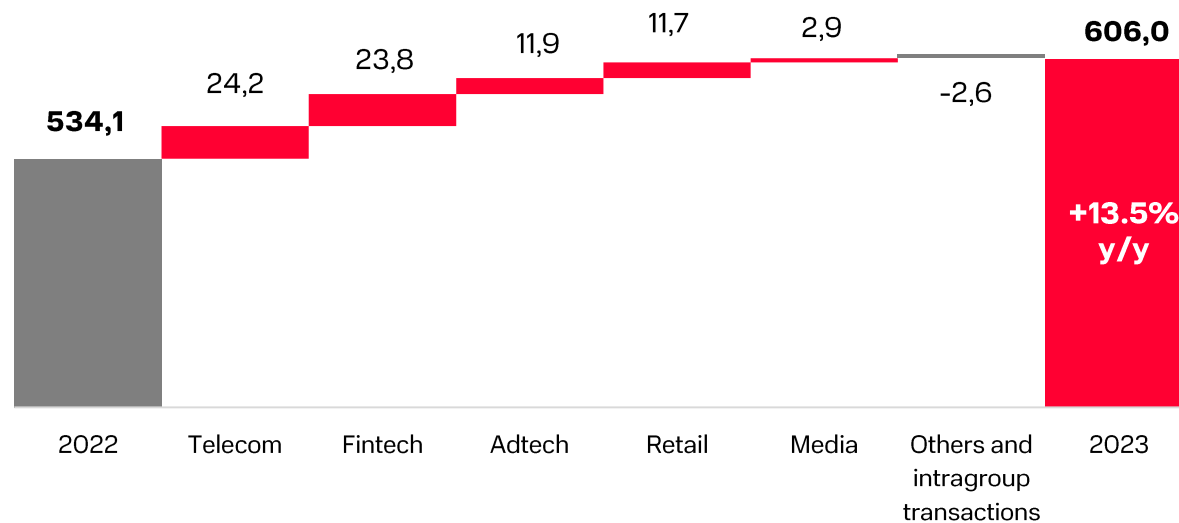


# **MTS GROUP FINANCIAL RESULTS**

# Double-digit revenue growth thanks to growth in all segments

## Group Revenue\*

RUB bn



### Commentary

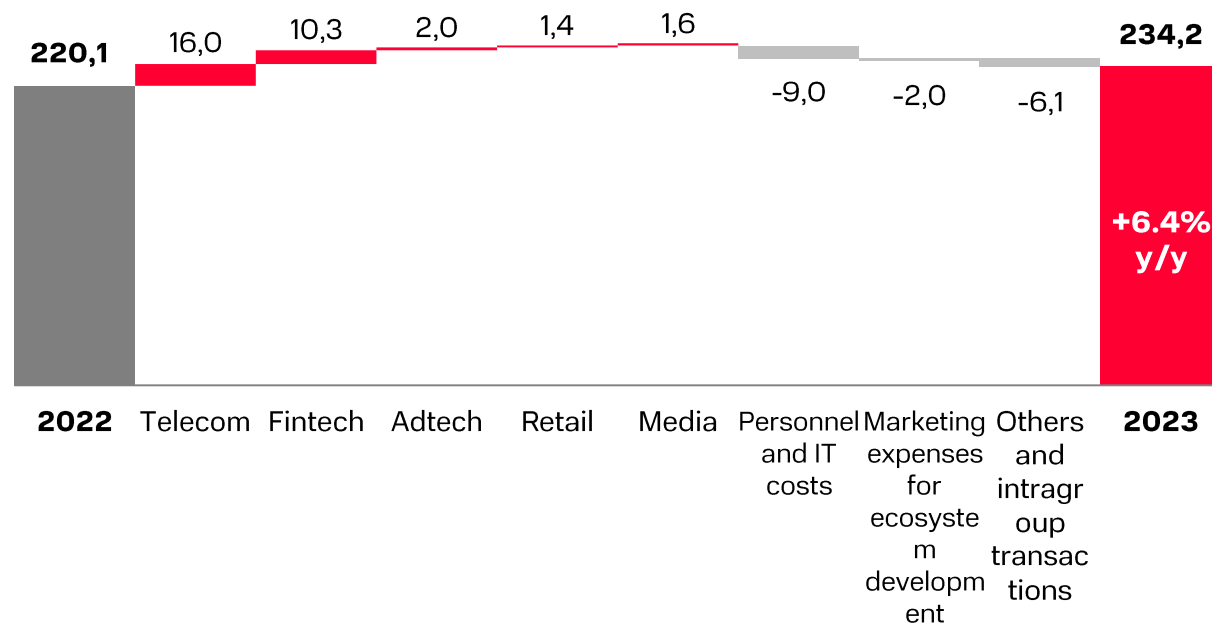
- Double-digit revenue growth in 2023 was driven by the following factors:
  - increased revenue from basic Telecom services and B2B services;
  - considerable growth in the retail loan portfolio and in commission and fee income in Fintech;
  - scaling in the advertising business;
  - sales recovery in the Retail segment.

\*Revenue calculated on a standalone basis (includes intragroup revenue). Totals may add up differently due to rounding.



# Group OIBDA increases in line with income

## Group OIBDA RUB bn



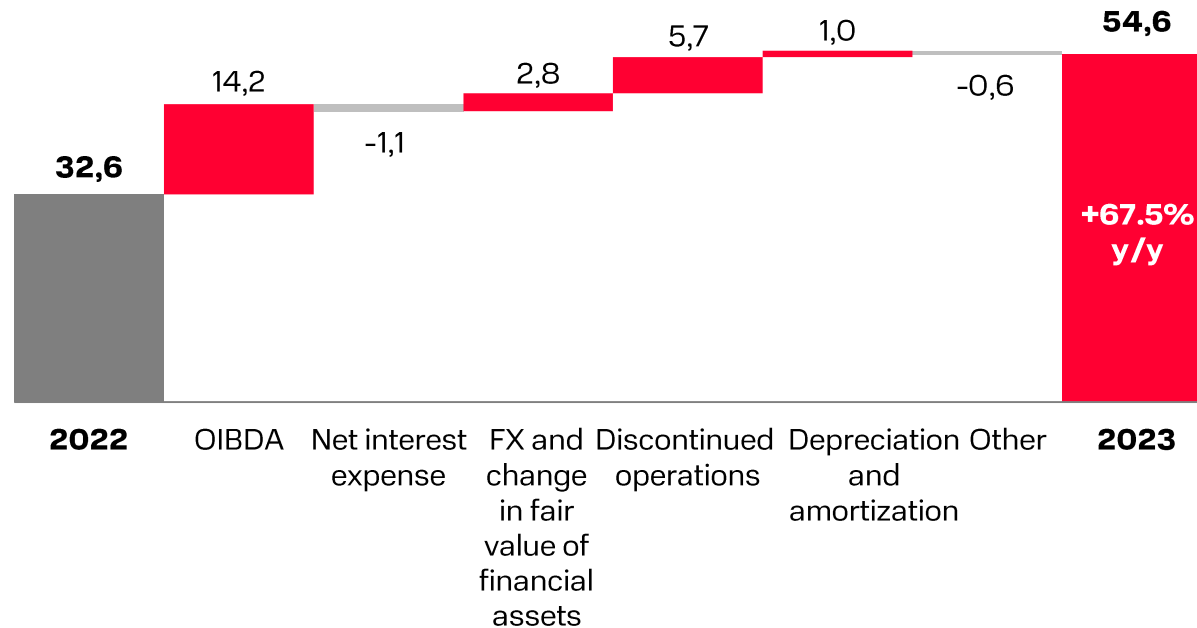
### Commentary

- The key drivers of OIBDA in 2023 were:
  - the positive impact of increased Telecom revenues in both the B2C and B2B segments;
  - excellent Fintech results alongside lending growth;
  - revenue growth and cost management in the Media segment.
- OIBDA growth in 2023 was constrained by investments in growth points and staff costs, as well as higher funding costs in certain business lines.

# Group net profit up on the back of excellent performance

## Group net profit

RUB bn

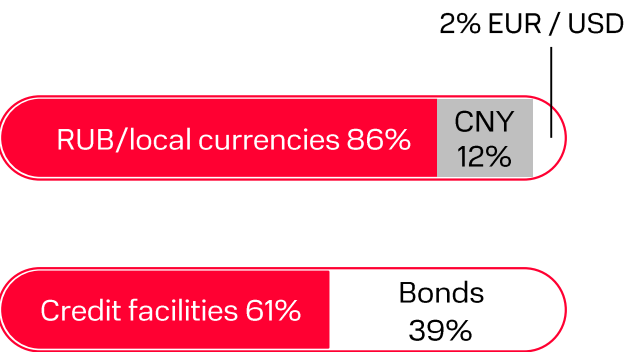


## Commentary

- Net profit increased by more than 67% in 2023 on the back of the Group's excellent business results.
- An increase in the fair value of financial instruments, offsetting a decrease in forex results, also had a positive impact.

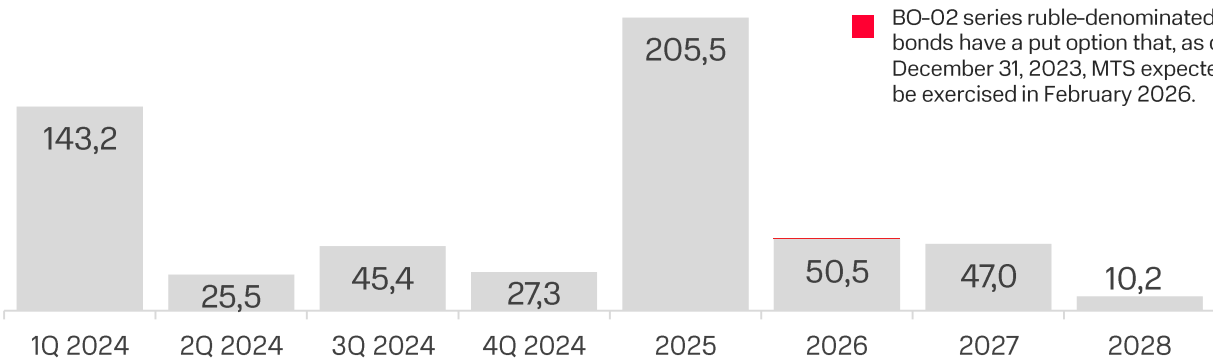
# MTS maintains comfortable debt position

## Gross debt\* composition



## Debt repayment schedule

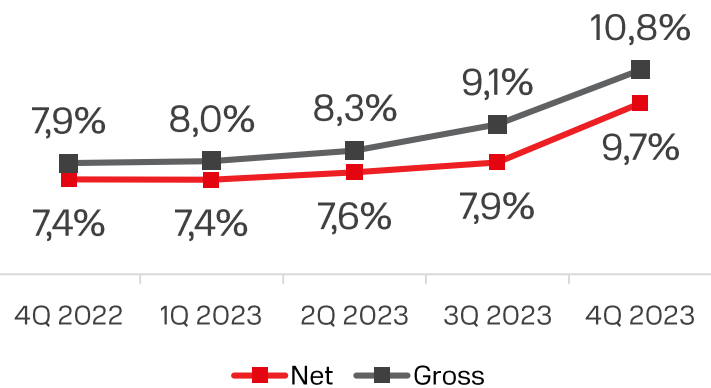
RUB bn



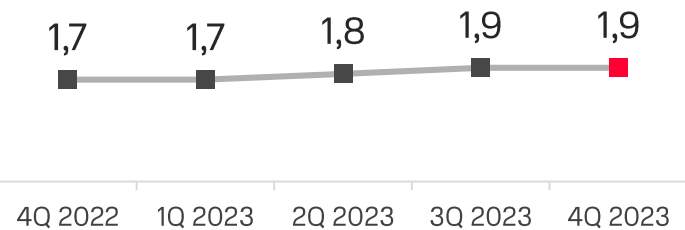
Gross debt\*\*  
RUB 554.6 bn

■ BO-02 series ruble-denominated bonds have a put option that, as of December 31, 2023, MTS expected to be exercised in February 2026.

## Weighted average interest rates at the end of the period



## Net debt\* / LTM OIBDA



## Highest level of creditworthiness

Affirmed by leading rating agencies:

- Expert RA: ruAAA
- NCR: AAA.ru
- ACRA: AAA(RU)

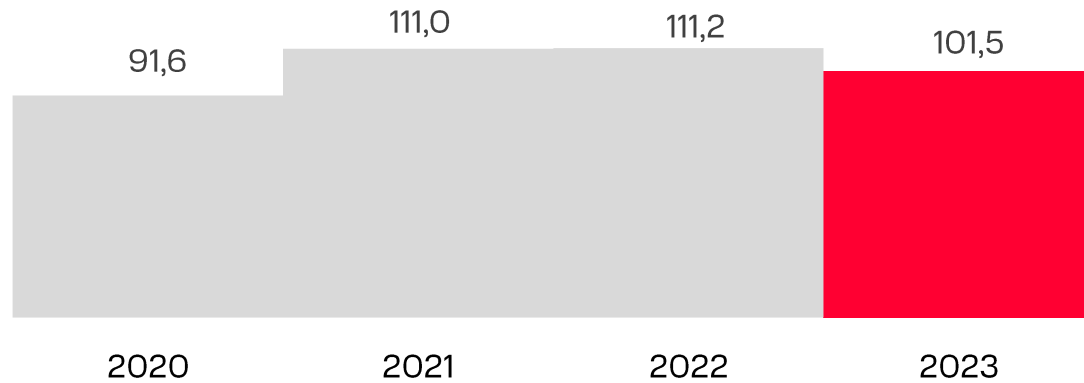
\*Excluding IFRS lease liabilities

\*\*Net of unamortized debt issuance cost adjustment; totals may add up differently due to rounding

# Free cash flow increases amid strong operating performance

## Group Cash CAPEX\*

RUB bn

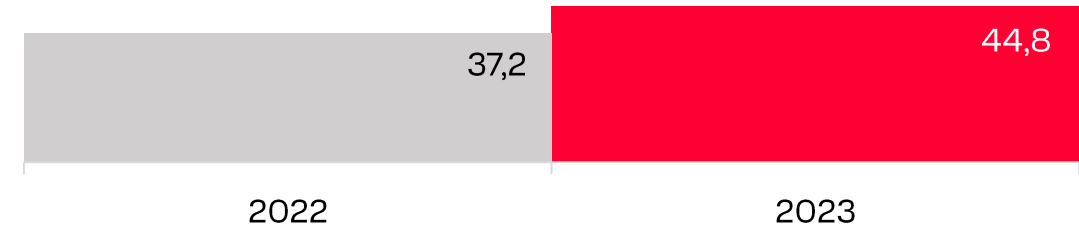


## Commentary

The decrease in the Group's capital expenditures in 2023 is due to more intense purchases and the higher exchange rate of foreign currencies against the ruble during the period of such purchases in 2022.

## Free cash flow excl. Bank

RUB bn



## Commentary

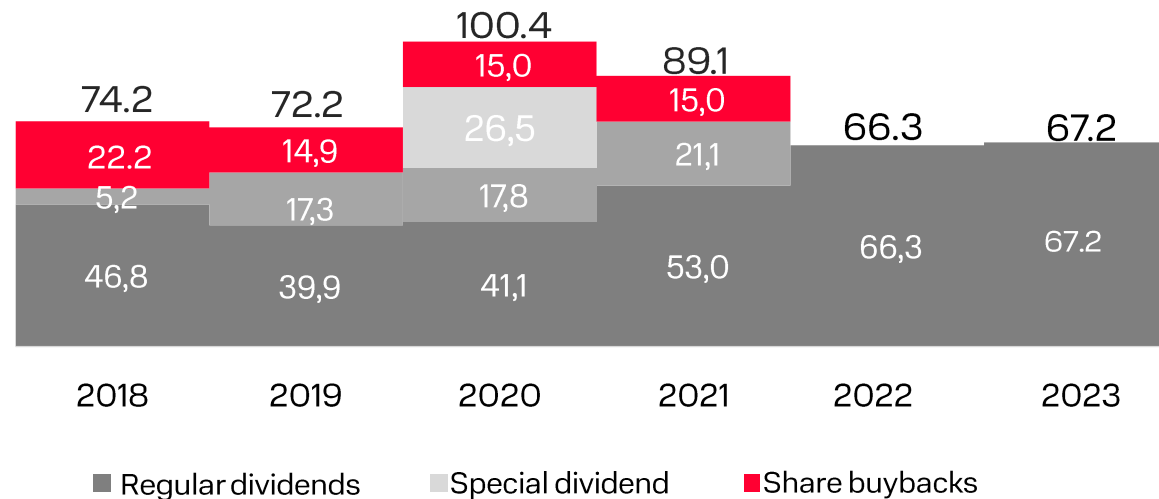
The increase in FCF excluding banking in 2023 was driven by the Group's strong operating performance and comparatively low capital expenditures in 2023 compared with 2022.

\*Net of cash proceeds under sharing agreement

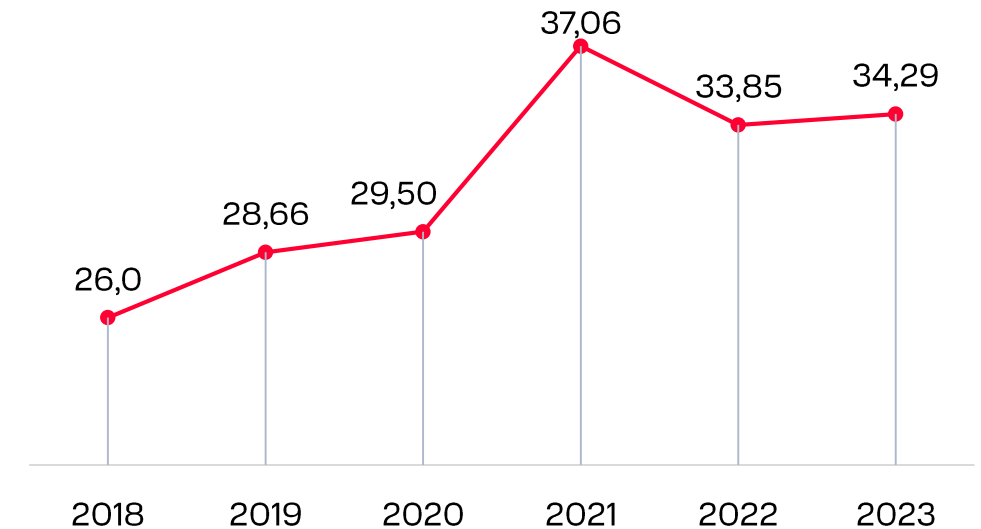
# Value creation for shareholders is an important part of MTS's investment case

## Total dividends plus buybacks\*

RUB bn



## Dividends per ordinary share, RUB



\*Dividend payouts include dividends paid on quasi-treasury shares owned by MTS subsidiaries. Totals may add up differently due to rounding.

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# **CONTACTS**

ir@mts.ru

8 (495) 223-20-25

ir.mts.ru

