

The MTS logo is a red diamond shape with the letters "MTS" in white, bold, sans-serif font. It is positioned in the top left corner of the image. There are also red geometric shapes in the top right and bottom right corners of the image.

**MTS**

**ACCELERATING**

DIGITAL

# Cautionary statement

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 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 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, 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 the ongoing geopolitical situation relating to the 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, responsive

measures of regulatory, legislative and other nature made by Russian authorities as a reaction to foreign sanctions and restrictive measures, 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; 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, 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, as well as potential aggravation of existing risk factors or appearance of new.



01

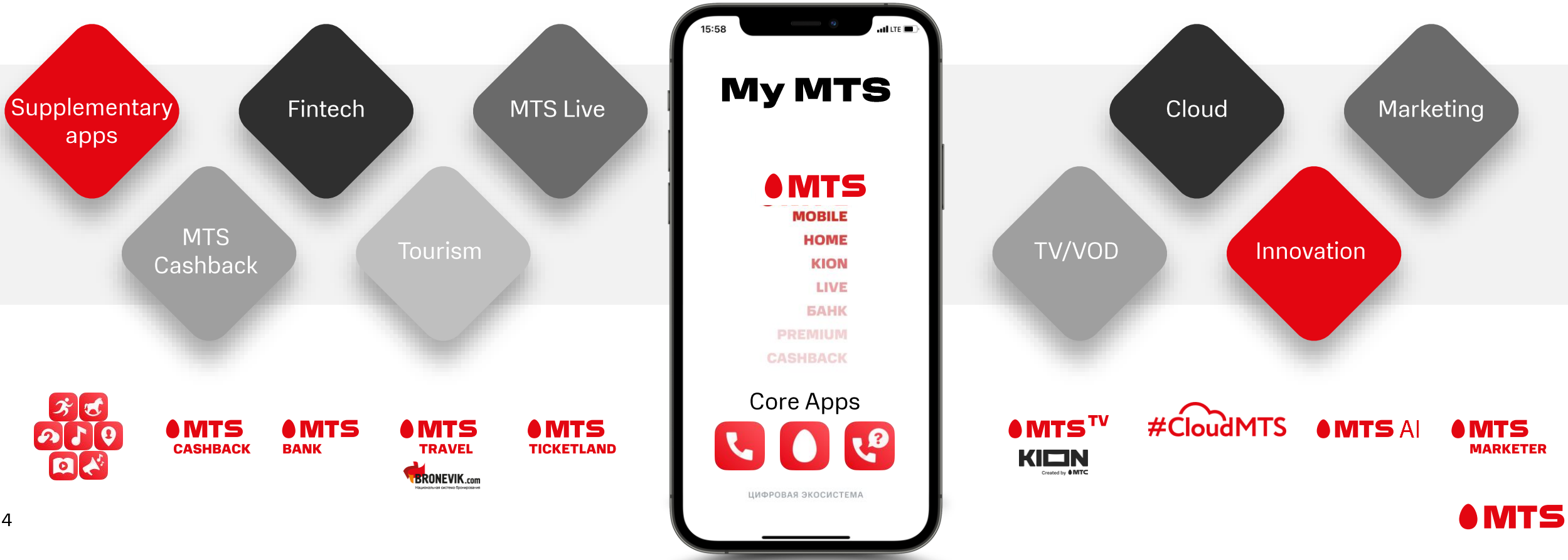
**COMPANY**

OVERVIEW

# Delivering a Digital Lifestyle

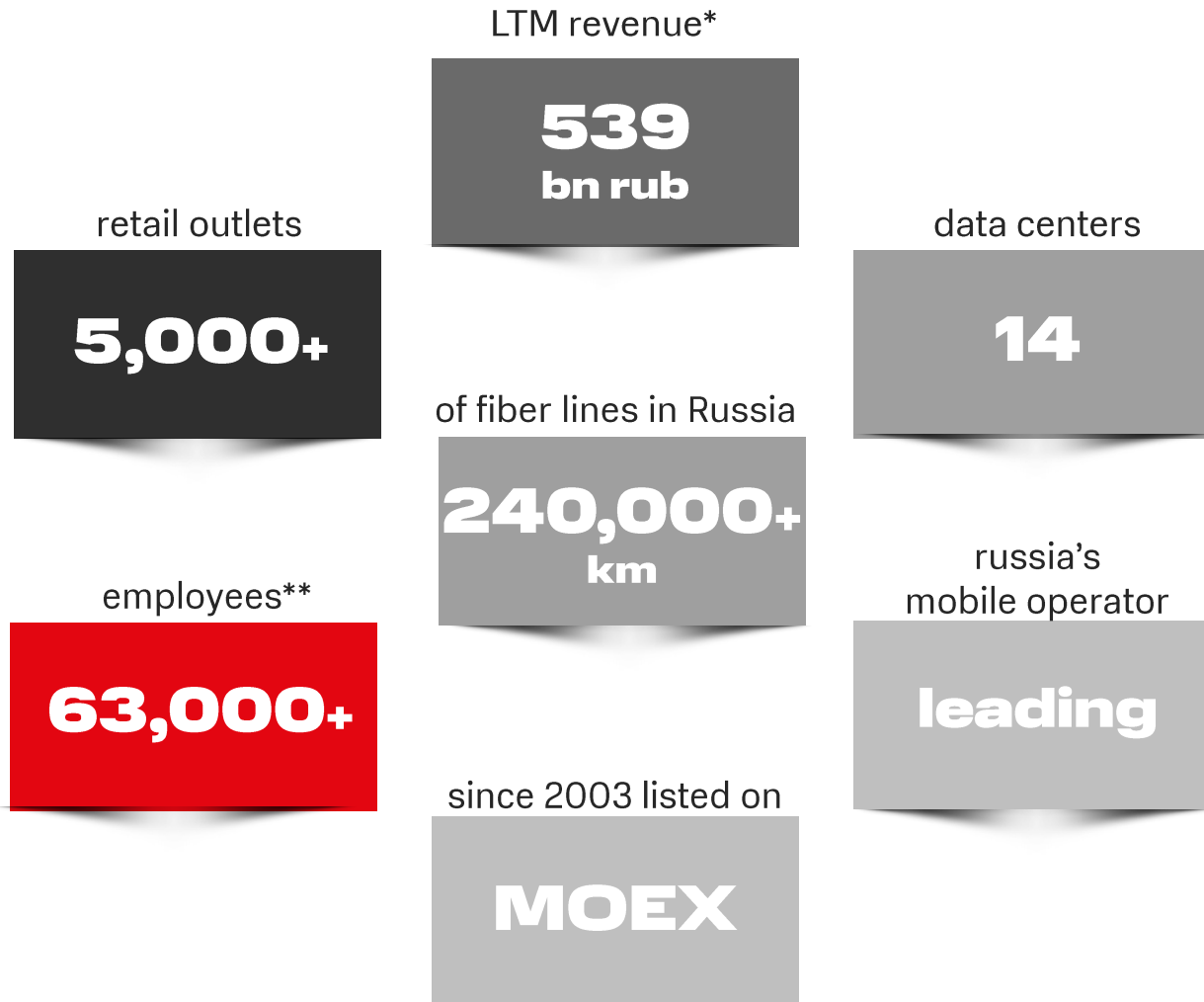
01 MTS is a Russia's digital ecosystem and largest mobile operator that provides a wide range of digital-first services to help enrich the modern 21st-century lifestyle.

02 Our strategy is aimed at building out a customer-centric digital ecosystem on the basis of a strong telecommunications foundation.

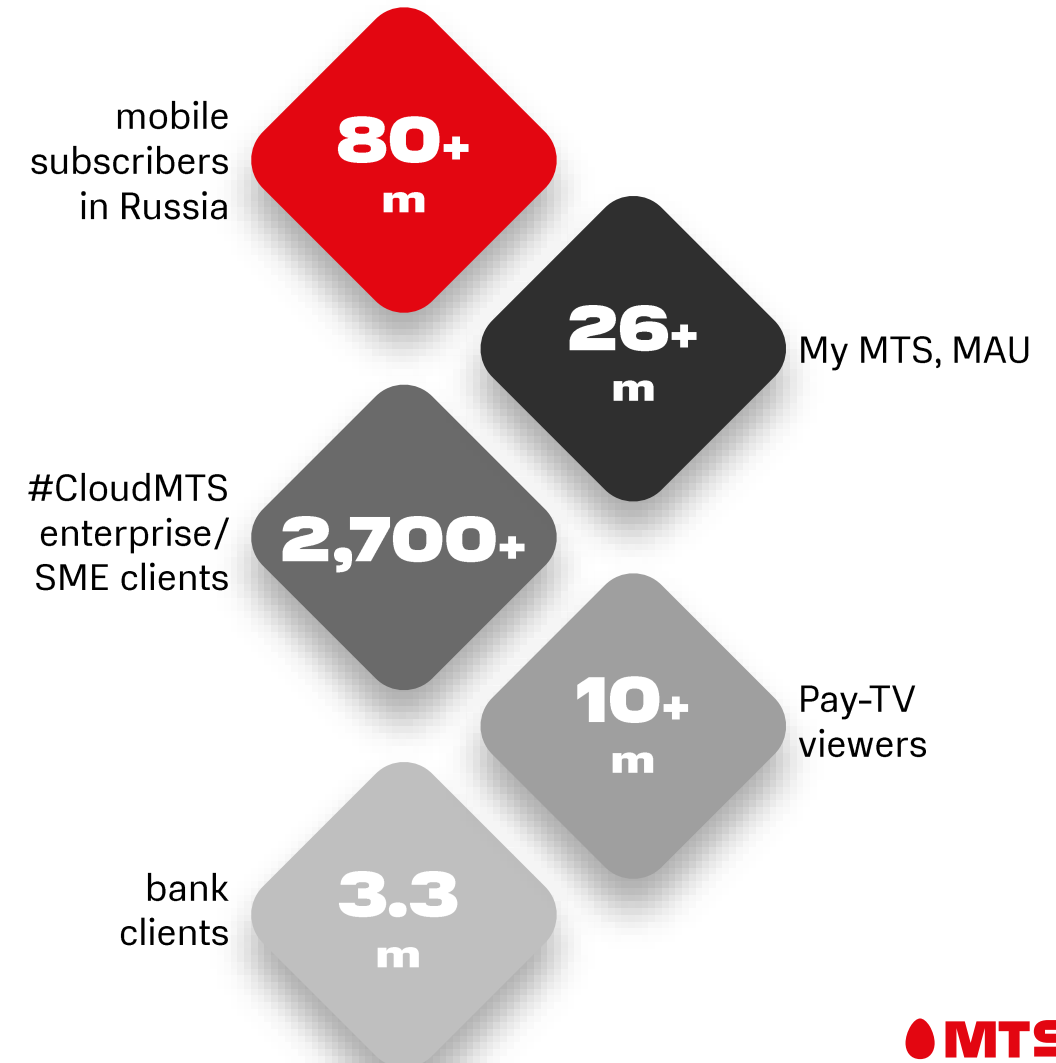


# Markets and footprint

## Headline facts



## Key customer metrics



# Strategic priorities

## **MEDIA**

Leading streaming video service (KION) and entertainment content provider

## **ENTERTAINMENT**

Major ticket services, concert venues, hosted events

## **MTS WEB SERVICES (MWS)**

Leading infrastructure business-line and cloud solution provider

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Edge Cloud and Edge Computing focus

## **FINTECH**

Fast-growing digital bank with a focus on mobile applications and next-generation financial services

## **TELCO**

The largest mobile operator in Russia and a leading digital ecosystem gateway

## **RETAIL**

Nationwide consumer electronics & smart devices retailer (B&M + e-commerce)

## **TRAVEL**

New business line offering services for booking hotels, other accommodation and tickets; tourist and excursion services; leasing of vehicles; organization of sports activities

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Long-term focus on standalone profitability

# ESG initiatives

Protecting the environment. Supporting society. Ensuring good governance.



## Environmental care

- Energy efficiency management
- Carbon footprint monitoring
- Circular economy development
- Eco-education



## Digital society

- Providing affordable products and services for everyone
- Digital skills training
- Development of qualified IT professionals
- Digital infrastructure development

## Inclusion for all

- Respect for human rights, decent working conditions, inclusion and diversity
- Ensuring accessible environment
- Volunteering
- Support for the development of regions and communities



## Responsible business

- Business ethics
- Ensuring information security
- Effective ESG-governance
- Development of the ESG-agenda at the local and international level

5/8 independent directors with extensive experience and expertise in composition of the Board

<b>Sustainalytics</b> (ESG Risk Rating)	<b>29</b> (Medium Risk)
<b>Sustainalytics</b> (Ranking industry group Telecommunication Services)	<b>128</b>
<b>CDP</b>	<b>B</b>
<b>Forbes</b> (rating of employers in Russia)	<b>Gold</b>
<b>RAEX ESG ranking</b>	<b>10<sup>th</sup> place</b>
<b>AK&amp;M</b> (social efficiency rating)	<b>2nd place</b>

# Digital-centric **focus**

## IoT

- **40%+** MTS market share by number of IoT sim cards
- **18** digital products, including MVP and pre-MVP stages

## Cloud

- **~2x** growth in the amount of processed and stored data in 2021
- **~20%** clients base hike in 2021
- **2x** increase of partners in 2021

## MTS Marketer

- **~ 2x** growth in the amount of targeted sms sent in 2021
- **2.5x+** advertising campaigns growth

## A World-class Big Data team

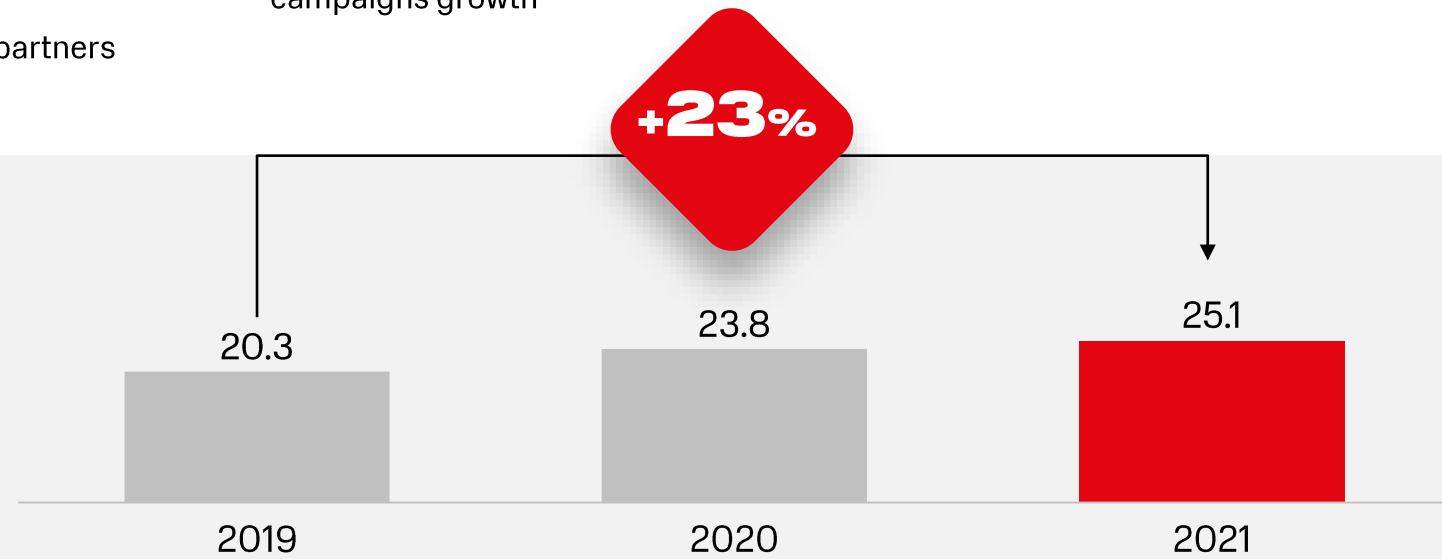
- **300** data scientists and employees
- **20PB** of stored data

## Fintech

- **60%+** sales via digital channels\*
- **50%+** MAU mobile app MTS Bank YoY in 2021

## MyMTS Self-Care Smartphone App

MAU, m

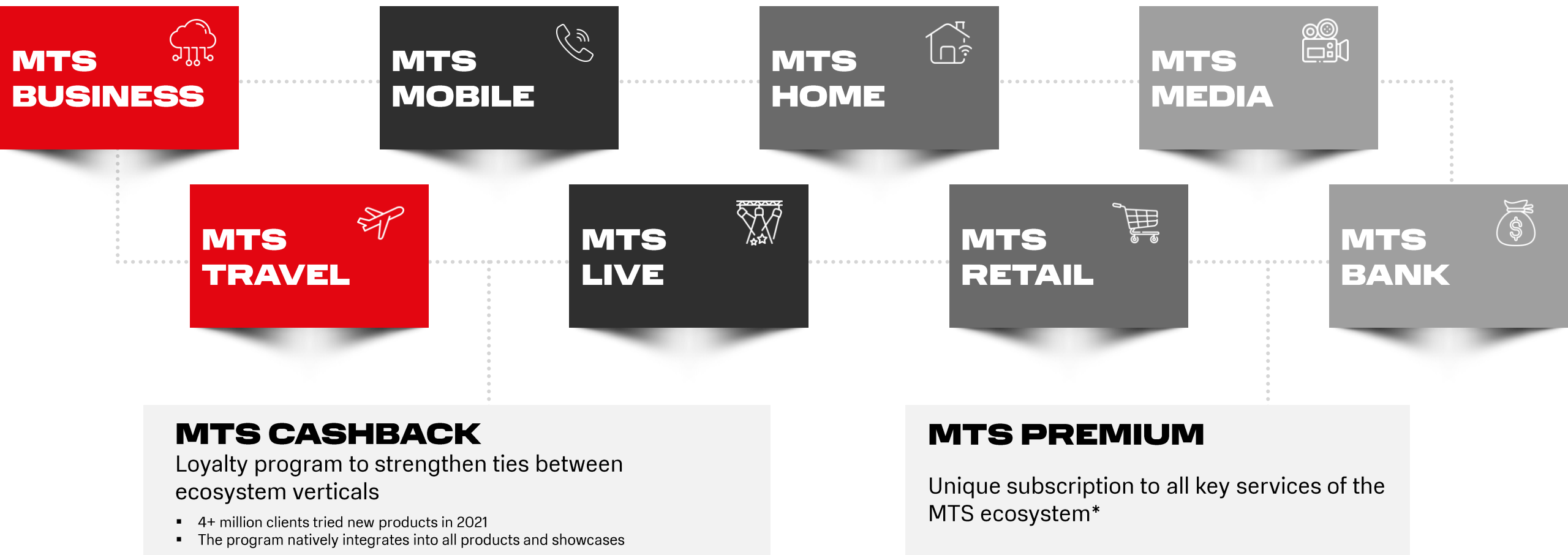


\*Sales of personal loans and credit cards



# MTS

## Digital Ecosystem





**OUR**

BUSINESSES

# A leading position in **connectivity**

**80+**  
%

of Russian  
population  
covered by LTE

**3 m**  
**km<sup>2</sup>+**

Network  
coverage  
2G/3G/4G

**25+**

Pilot 5G-zones  
in 10+ Russian  
regions

**35+**  
%

of RAN  
installed base  
5G-ready

**30+**  
%

growth in IoT  
connections over  
the year

**83**

Russian regions  
with NB-IoT  
coverage

## Market opportunities\*

**01**

Smartphone penetration  
74% (2020) → **87% (2025)**

**02**

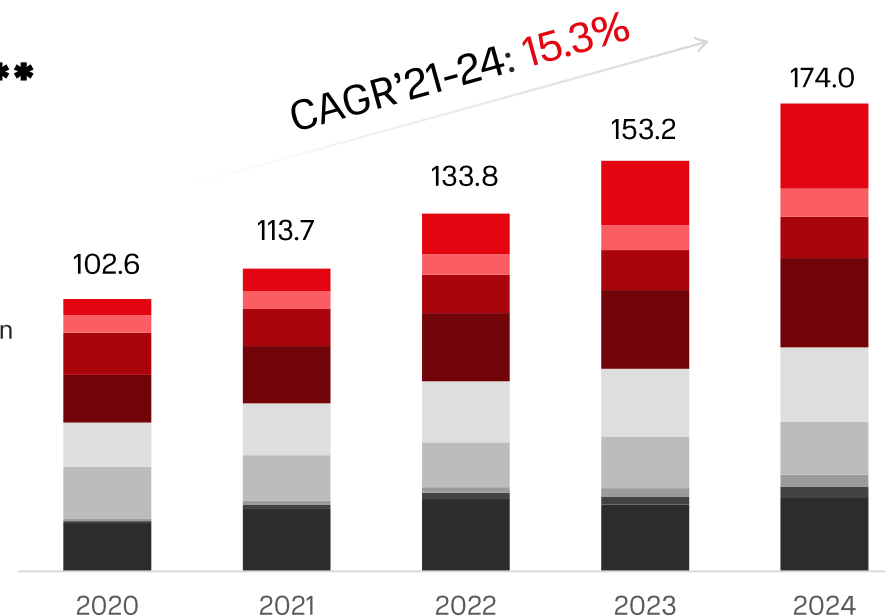
Mobile Internet roll-out  
72% (2020) → **80% (2025)**

## IoT B2B market\*\*

bn RUB

Target industries

- Utilities/Energy
- Real estate
- Transportation and geonavigation
- Industry
- Smart city
- Trade and Finance
- Agriculture
- Medicine
- Others



\*According to GSMA report "Mobile economy Russia and CIS 2021".

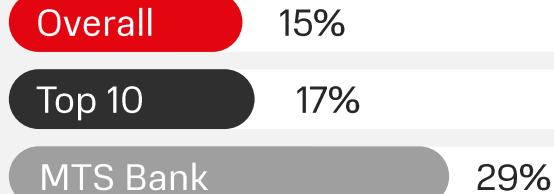
\*\*Onside 2021, TMT 2020, expert estimations: bn RUB (b2b, including equipment, soft and services).

# Fintech

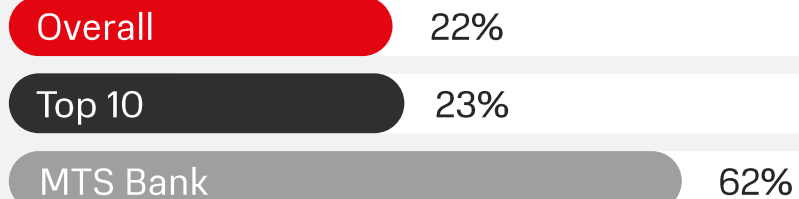
- MTS Bank is a dynamically developing digital bank within the MTS ecosystem
- Core strategic focus — retail lending and daily banking segment
- The bank's products are actively used by almost 12 mln clients, 3 mln of which are bank clients
- Share of digital sales of the main products (personal loans and credit cards) already exceeds 60%
- MTS Big Data capabilities enable advanced credit scoring to control risks while keeping NPL **under 10%**

MTS's Fintech vertical includes MTS Bank, mobile commerce, investments, factoring, and a credit broker

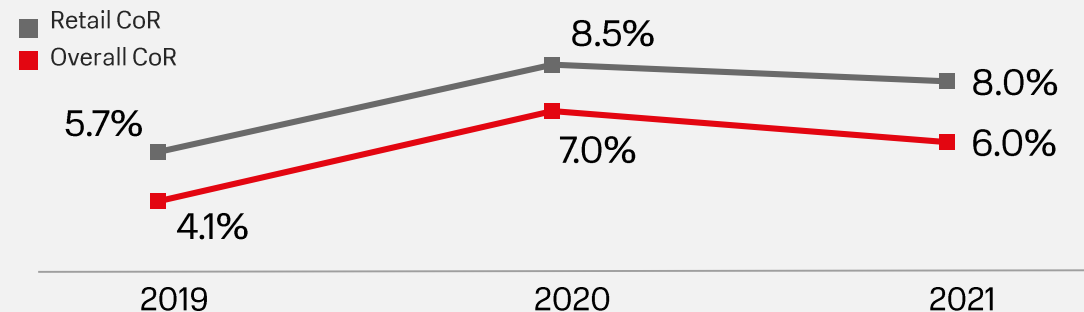
## Growth of retail loan portfolios\* | 2020



## Growth of retail loan portfolios\* | 2021



## With deliberate Cost of Risk



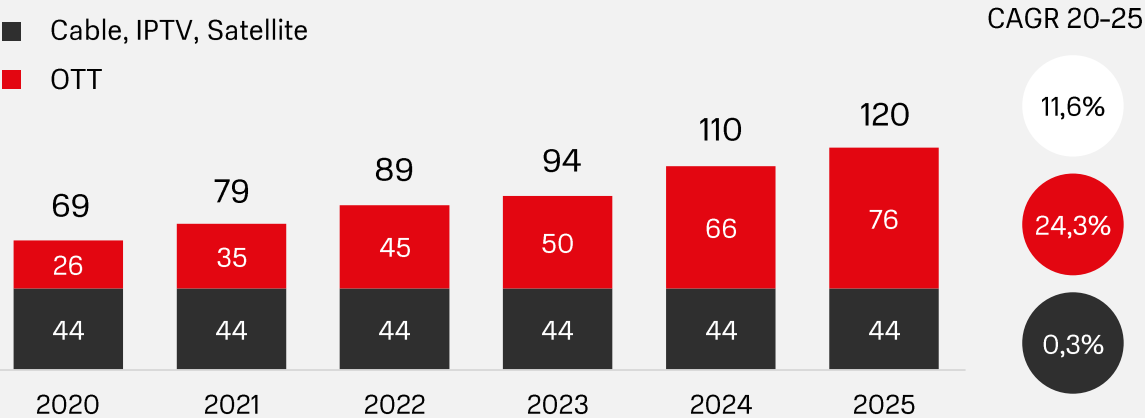
# Media

MTS Media produces and distributes original and licensed VOD and TV content over Cable/IPTV, Satellite, and OTT platforms

## Key priorities of MTS Media:

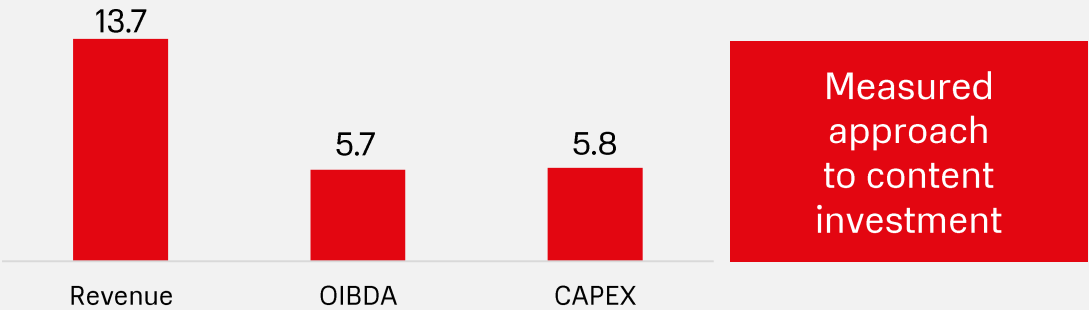
- Development of KION streaming platform - deep integration into MTS ecosystem and strengthening the content offerings through originals and exclusive content partnerships
- Growing customer base ahead of market growth in OTT and IPTV segments
- Maintaining market share in the stable legacy Cable and Satellite segments
- Leveraging Big Data for personalization of interface and TV recommendations and improving user retention and lifetime value as a result

## Forecast of Pay TV subscribers in the Russian Federation, million subscribers\*



## Media 12M2021

₽ bn



# Building a leading streaming platform — **KION**

**x5.2**

MAU\*

**x2.3**

TVTU  
driven  
by VOD\*

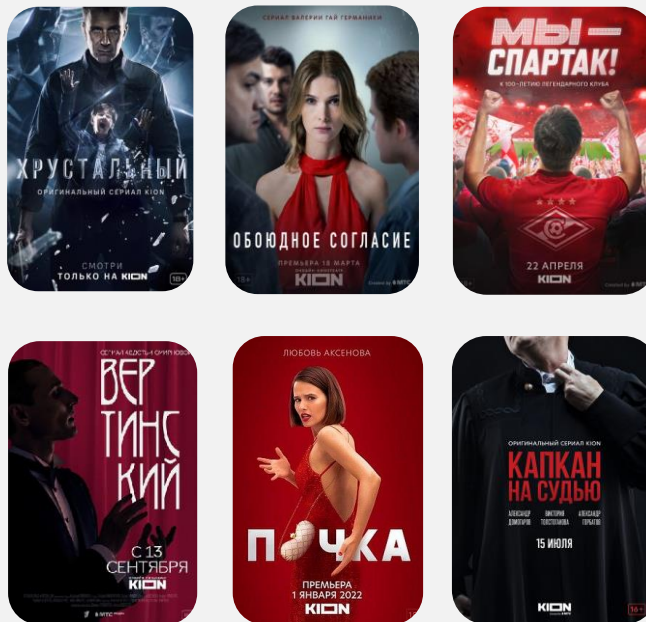
Partnership with e-commerce platform **OZON**  
— entrance to a new storefront for client base  
expansion (starting from Dec'2021).

**x8.5**

KION active clients with OZON  
Premium subscription\*\*

## Original content

**40** titles / **8** in Q3'2022



100+ original titles in development and production pipeline

## Positive audience reception

### KION Originals

Titles	Average rating***
Хрустальный	★8,8
Обоюдное согласие	★8,4
Мы — Спартак	★8,2
Вертинский	★8,1
Почка	★8,0
Капкан на судью	★8,0
Нереальности	★7,9

\*Since KION launch in Apr'2021

\*\*Q3'2022 vs. Q4'2021

\*\*\*Calculated based on ratings of public review aggregator  
and KION platform

# Retail

**#1**

Largest telecom  
retailer in Russia  
by handset sales

**120m+**

footfall per year  
Countrywide  
footprint

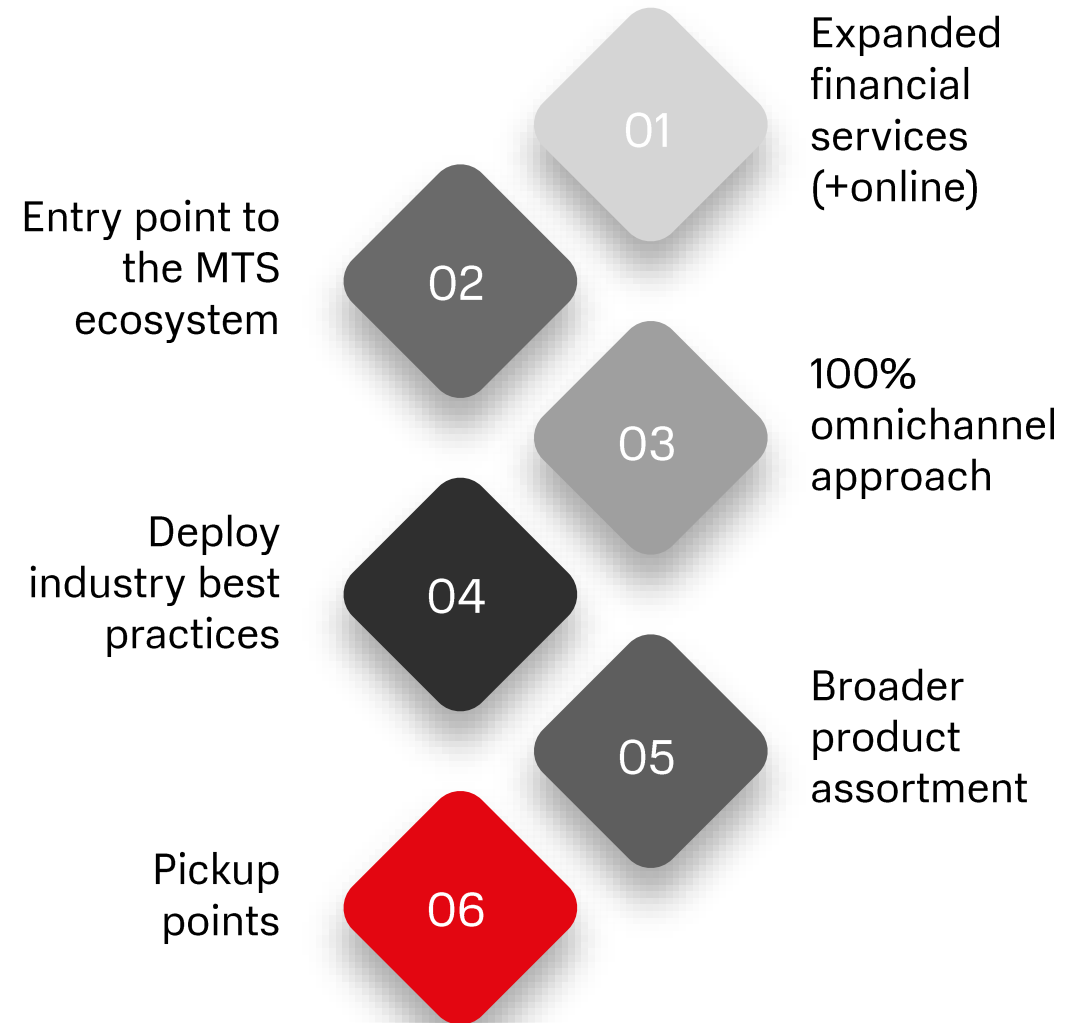


Strong brand  
Market position  
built on trust &  
reputation

**Target**

Standalone OIBDA  
breakeven run rate  
by year-end 2022  
(incl. leases)

## Strategic development vectors



# MWS (MTS Web Services)

MWS is MTS business-line and aims to become Russia's leading private digital infrastructure & cloud solutions provider

## Strategic goals

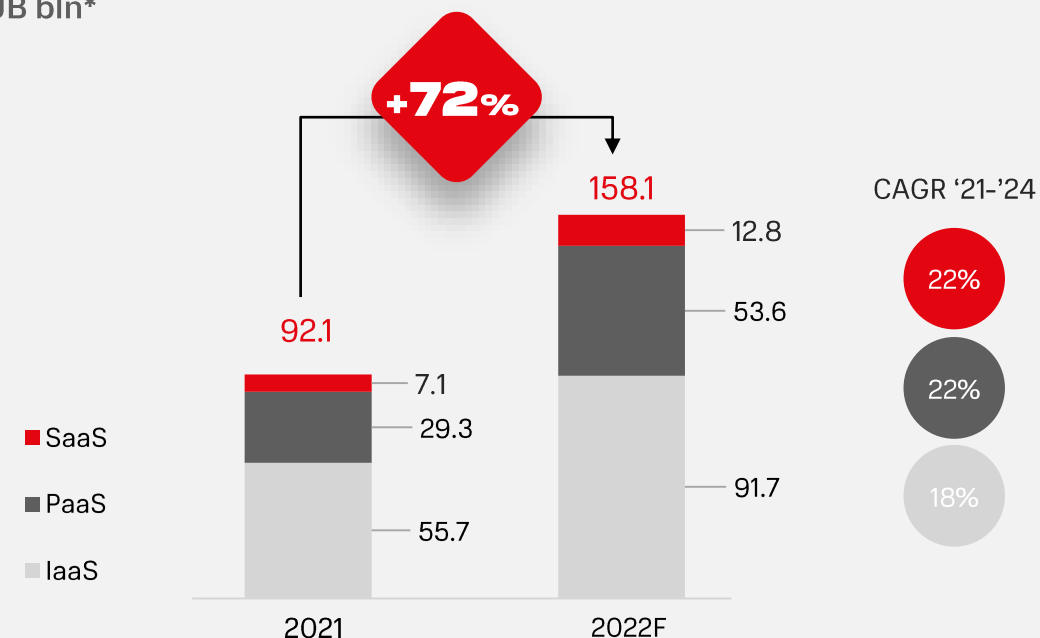
- Leverage MTS's unique combination of nationwide connectivity and data center infrastructure to provide best-in-class innovative cloud & network B2B services
- Improve productivity and cost optimization in high-tech & IT infrastructure
- Stake out a leading position in Cloud and Edge Cloud
- Empower MWS management with additional authority and accountability

## Cloud solutions

- One of the leaders on IaaS market
- 2000+ clients
- Unique telecom infrastructure + Edge potential
- 14 data centers
- Ready-made business convergent solutions (cloud and telecom)

## Russian Cloud market

RUB bln\*



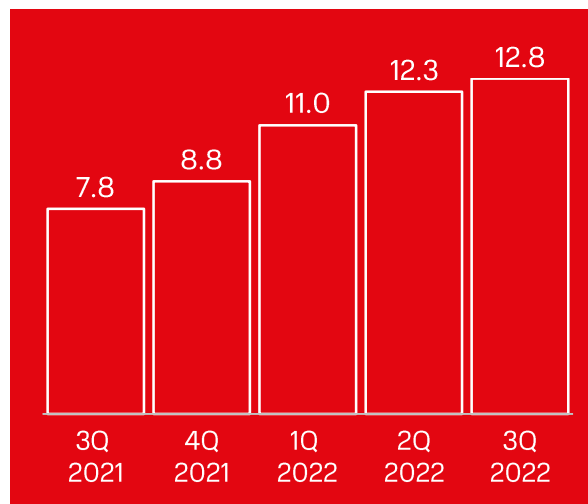




03

FINANCIAL  
AND OPERATIONAL  
**RESULTS**

# Relevance of the CLV strategy

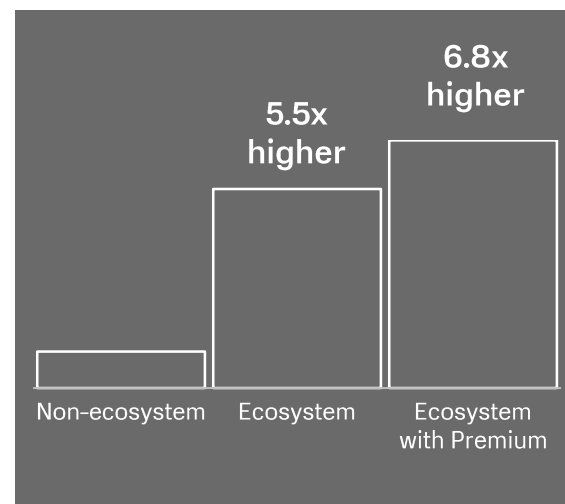


**Ecosystem clients\*, mln**

**Of adjusted B2C revenue\*\* comes from ecosystem clients**



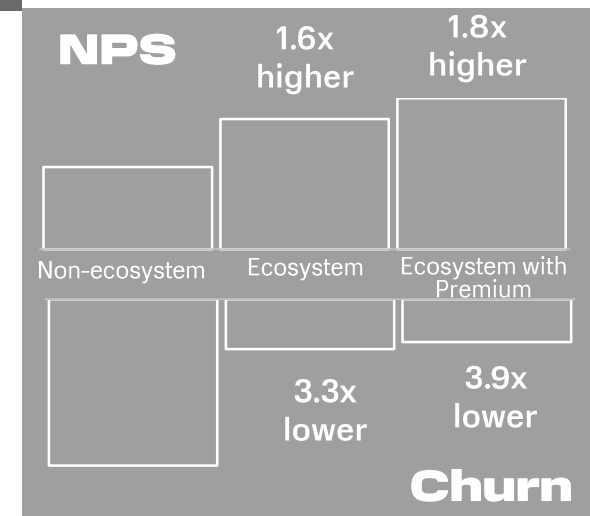
**43.2%**



**Other ecosystem effects**



**CLV\*\*\***

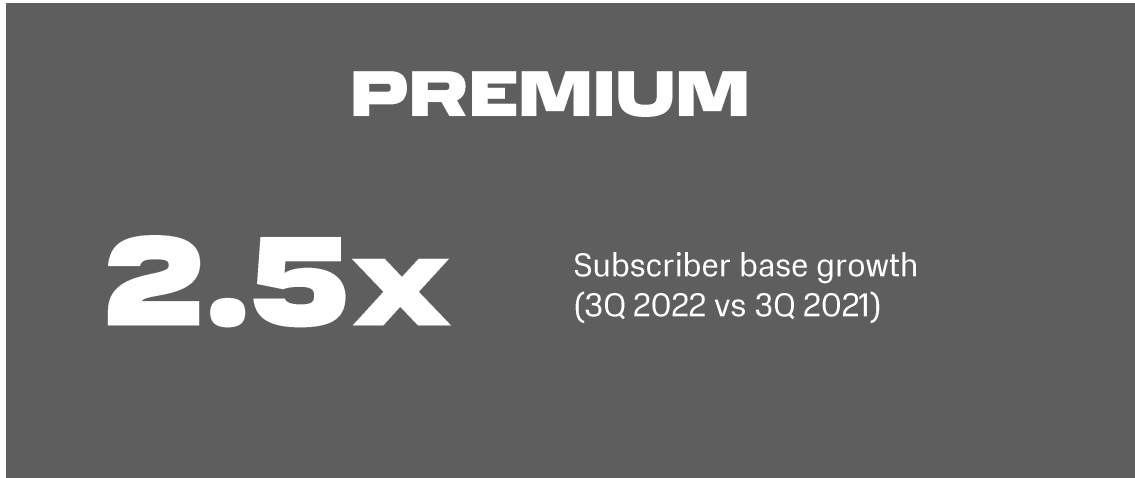


\*Ecosystem clients — customers actively and deliberately using at least two different MTS products or services from different categories

\*\*Based on B2C connectivity revenue (w/o fixed voice) and Bank's operating income before provisions

\*\*\*CLV - Customer Lifetime Value - expected cash flows that can be received during the entire life cycle with a client

# Development of ecosystem programs



**01 5x**

Increase in MTS Cashback own NPS  
(3Q 2022 vs 3Q 2021)

**02 +44%**

Increase in the number of clients with cashback accruals within mobile services  
(3Q 2022 vs Q2 2022)

**03 +40%**

Growth of cashback spendings on MTS non-mobile services  
(3Q 2022 vs Q2 2022)

**01 +39%**

Increase in the number of MTS Bank card users with Premium subscription  
(3Q 2022 vs Q2 2022)

**02 +37%**

Increase in the number of clients with cashback accruals within MTS Premium  
(3Q 2022 vs 3Q 2021)

**03**

MTS Premium becomes closer to car drivers – partnership with Lukoil launched



# Digital products development

**26  
mln**

**My MTS**, MAU  
(3Q 2022)

**+29%**

Growth of **MTS Music** users\*  
(3Q 2022  
vs 3Q 2021)

**+27%**

Growth of **MTS Stroki\*\***  
subscribers  
(3Q 2022  
vs 3Q 2021)

**>60%**

Increase of **KION**  
client base  
(3Q 2022  
vs 3Q 2021)

**6.4  
mln**

The number  
of **Antispam  
service** users  
(3Q 2022)

**72%**

Increase in the  
number of tickets  
sold by **MTS Entertainment**  
(3Q 2022  
vs 3Q 2021)

\*Without music services partners

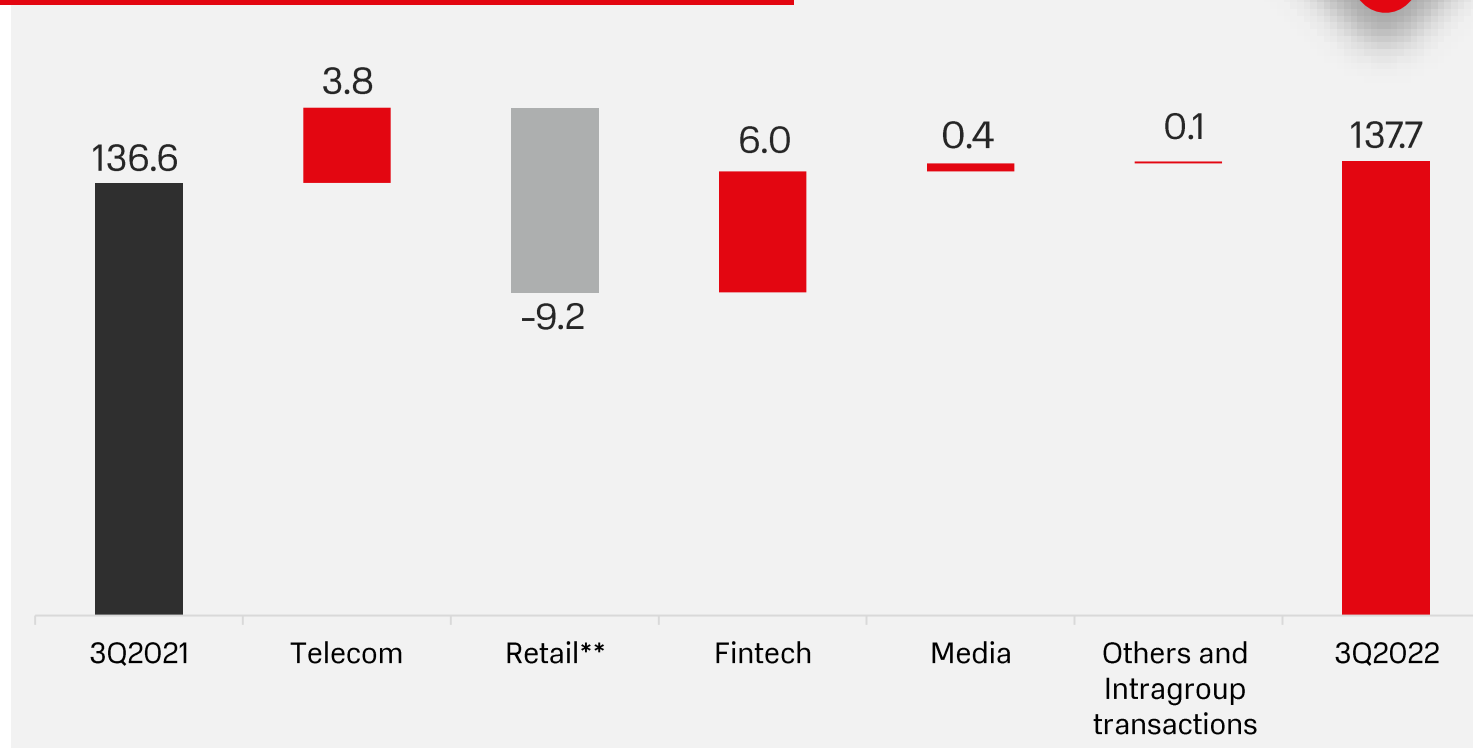
\*\*Previously MTS Library

# Flat dynamics of **revenue**

## Group Revenue\*

₹ bn

**+0.8%**  
y/y



## Commentary

- Group revenue saw slight growth year-over-year with the positive impact coming from Fintech, Telecom and Media services.
- A drop in sales of handsets and accessories due to imposed import restrictions almost offset top-line growth in the 3d quarter.
- The positive contribution of Media segment was mainly supported by KION development and expansion of its client base.

\*Revenue calculated on a standalone basis (includes intragroup revenue). Financials for 2021 have been restated due to the deconsolidation of NVision a.s. (Czech Republic). Totals may add up differently due to rounding.

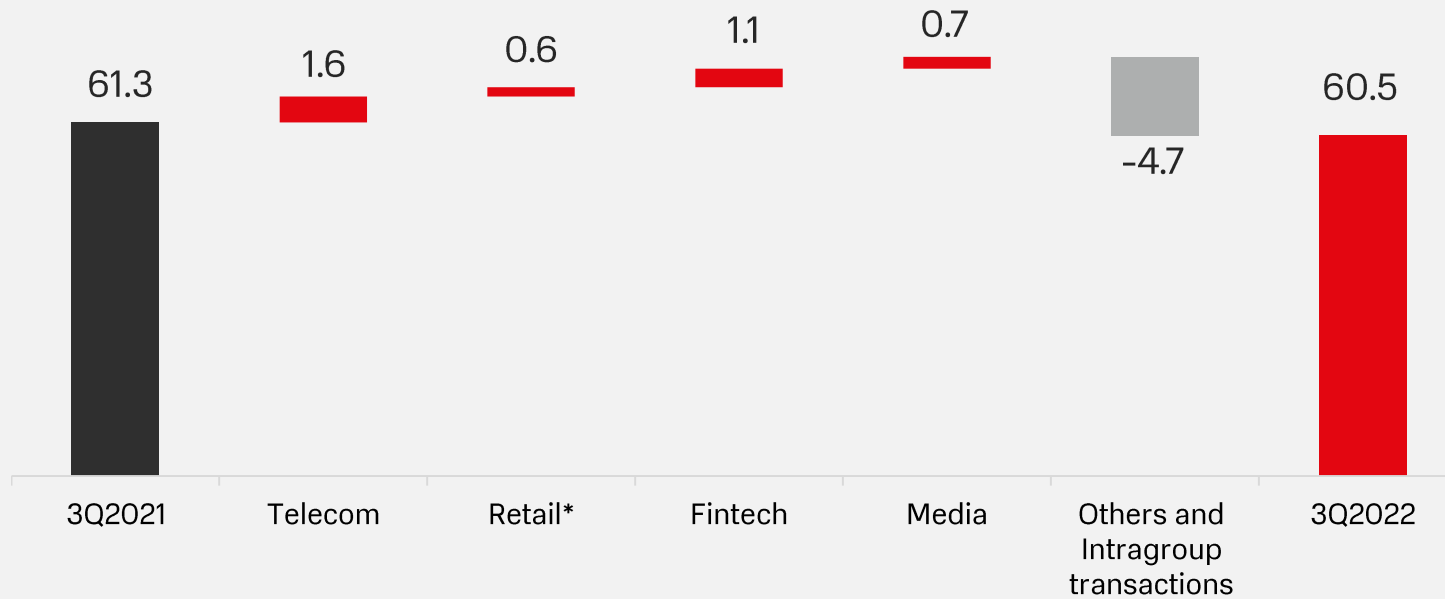
\*\*MTS's wholly owned subsidiary RTC, which handles retail operations including the purchase and sale of handsets and accessories and subscriber enrollment at MTS retail stores.

# OIBDA impacted largely by personnel costs

## Group OIBDA

₹ bn

**-1.3%**  
y/y

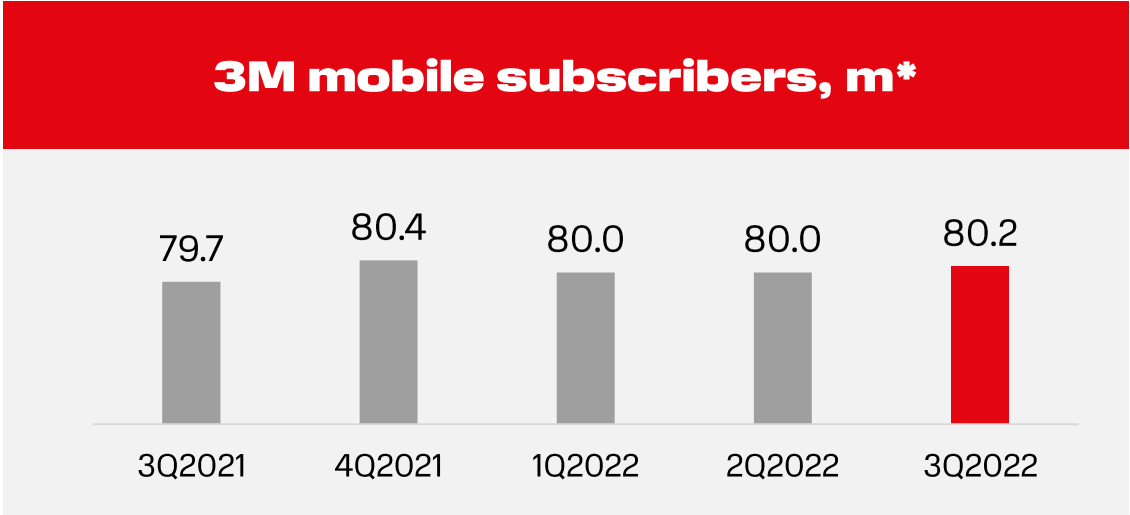
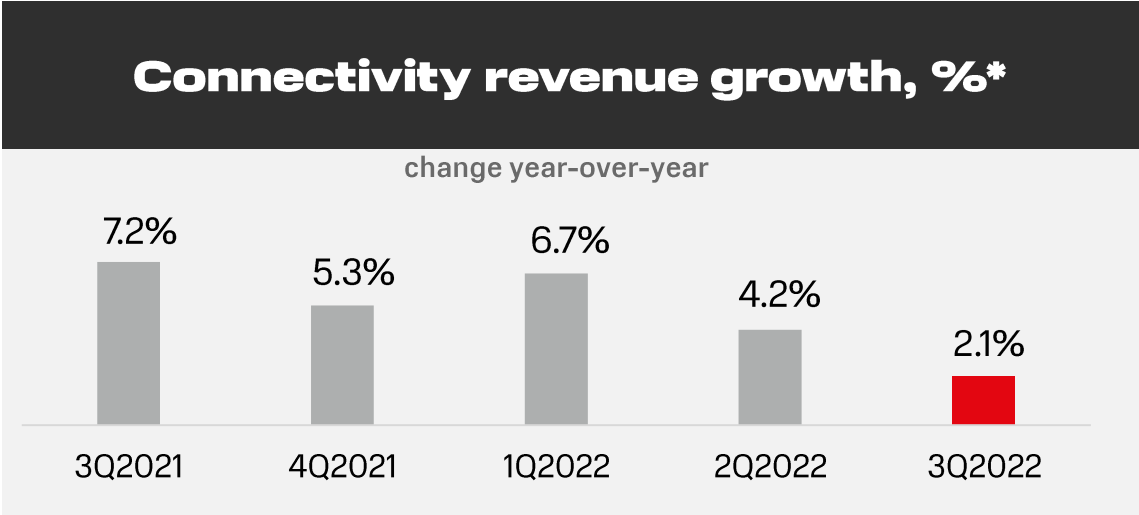


## Commentary

- Group OIBDA demonstrated a slight decrease y/y largely due to growth of expenses for IT specialists and personnel motivation.
- On the positive side, OIBDA was supported by growth in all the main business segments – Telecom, Retail, Fintech and Media.

\*Retail - RTC, a wholly owned subsidiary of MTS, handles functions relating to MTS retail operations including the purchase and sale of handsets and accessories as well as subscriber enrollment at MTS retail stores

# Telecom results



**17%**

Convergent base growth 3Q22 vs. 3Q21

**2x+**

Growth of SIM card sales via MTS website 3Q22 vs. 3Q21

**+24%**

Growth of Marketer services sales 3Q22 vs. 3Q21

Expansion of network adapted to connect convergent services using a partner model.  
Since the beginning of the year: +7 regions and +1 million households

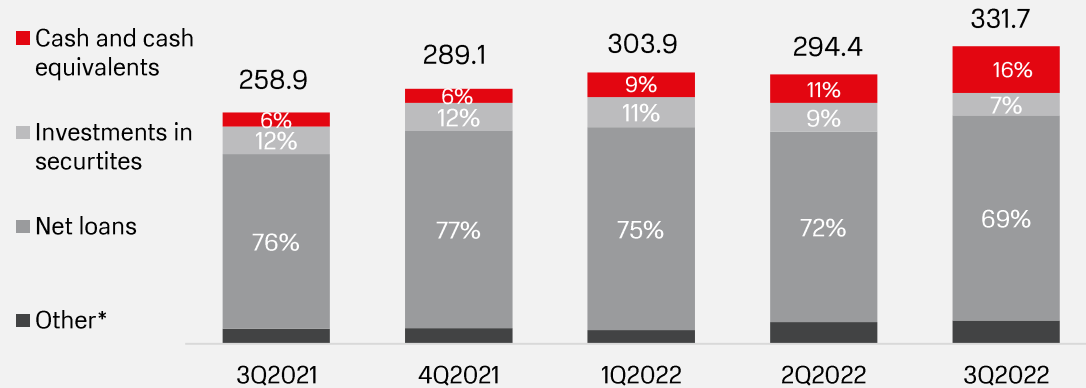
Launch of the convergent services provision in Khabarovsk using the FVNO model with Transtelecom LLC

# Fintech: portfolio growth resumed

## Asset structure

₹ bn at the end of period

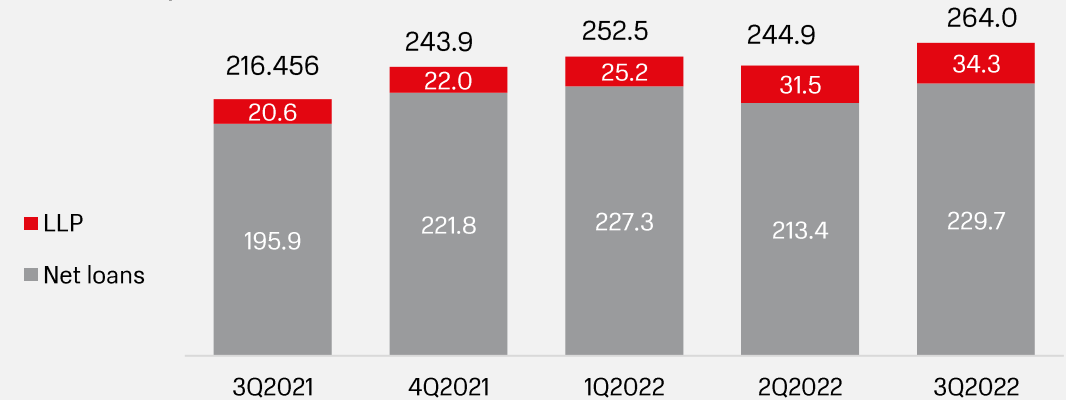
**+28.1% y/y**



## Gross loans

₹ bn at end of period

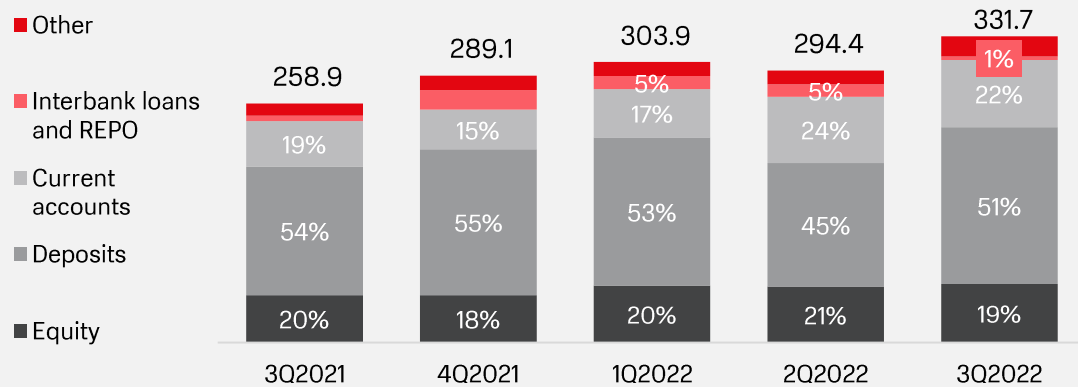
**+22.0% y/y**



## Sources of liquidity

₹ bn at end of period

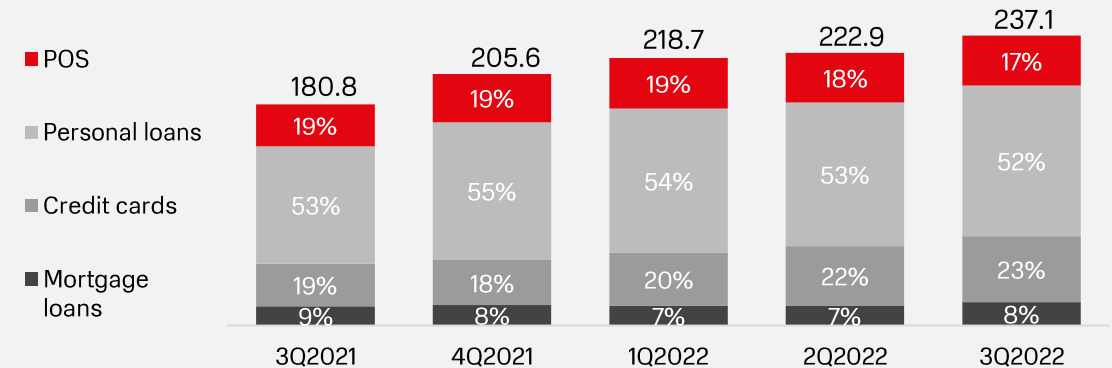
**+28.1% y/y**



## Retail loan breakdown

₹ bn at end of period

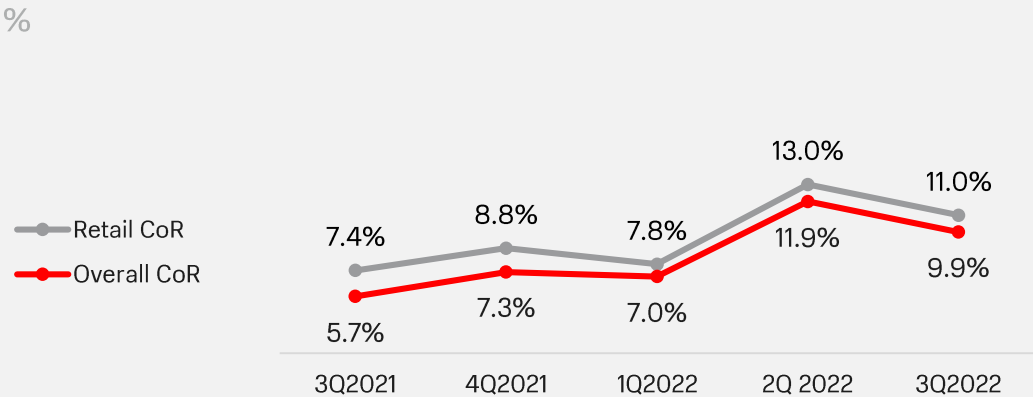
**+31.1% y/y**



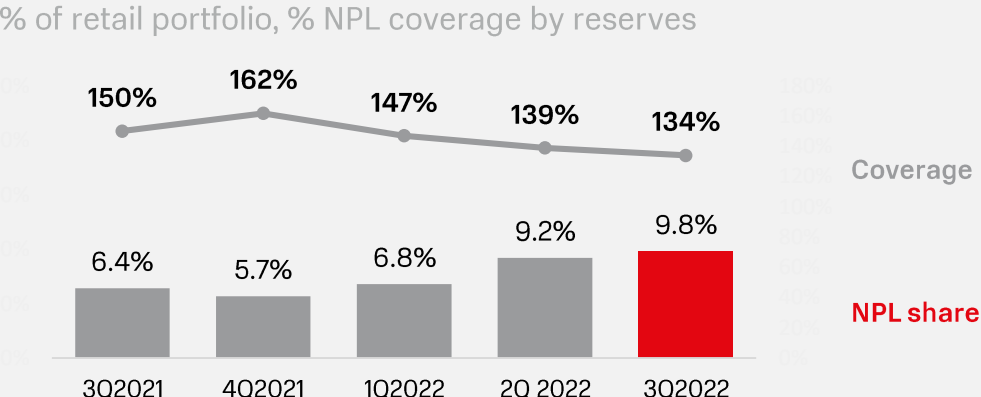


# Managing risk **with healthy safety margin**

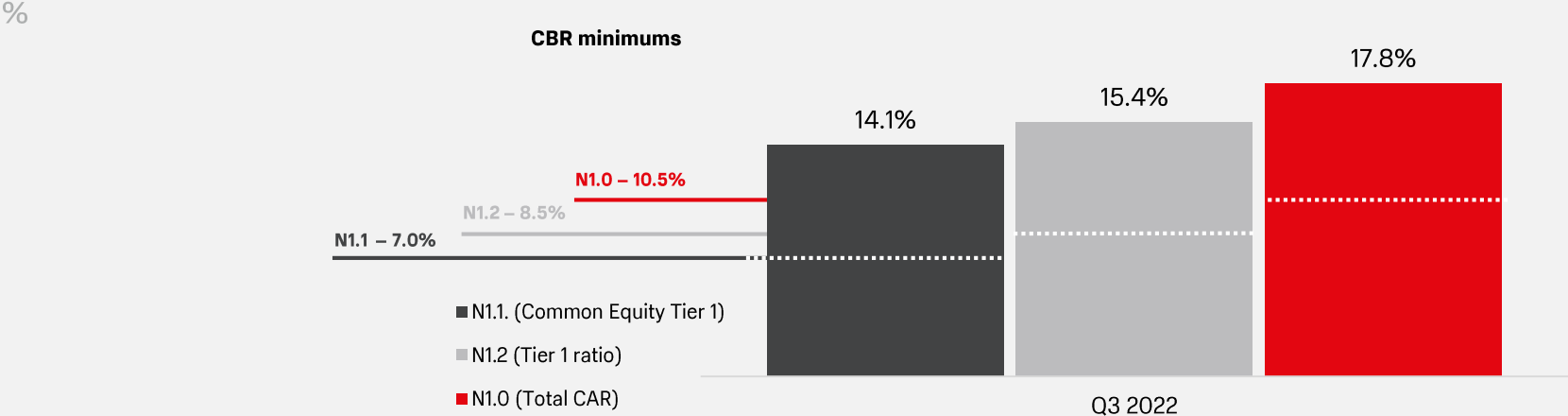
## Cost of Risk



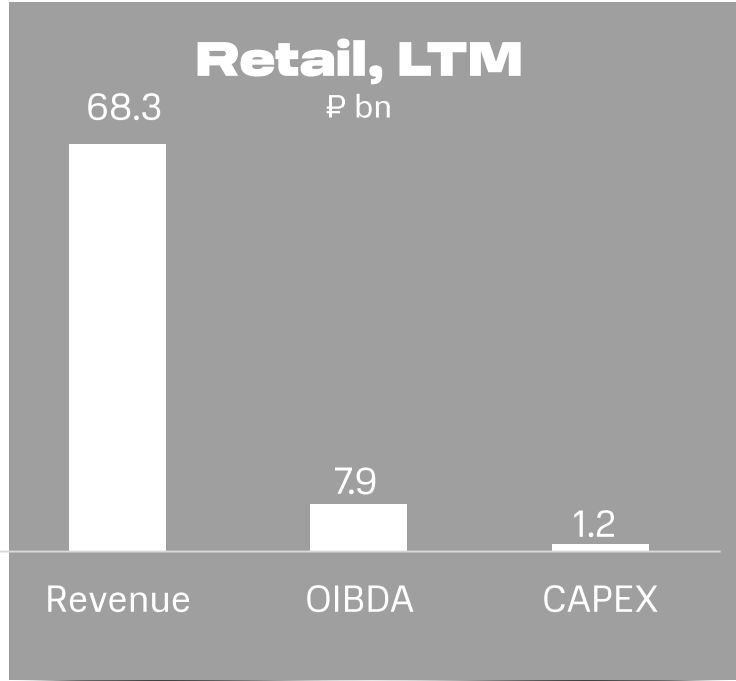
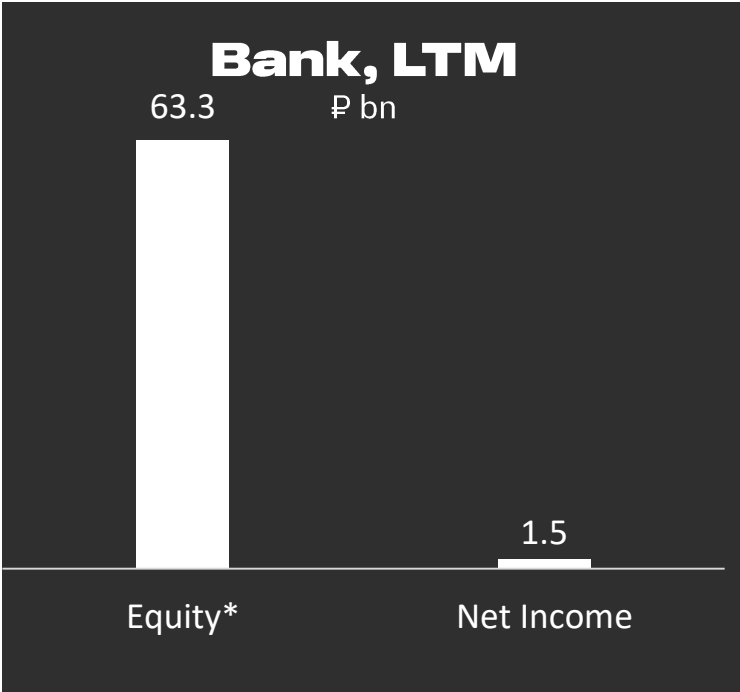
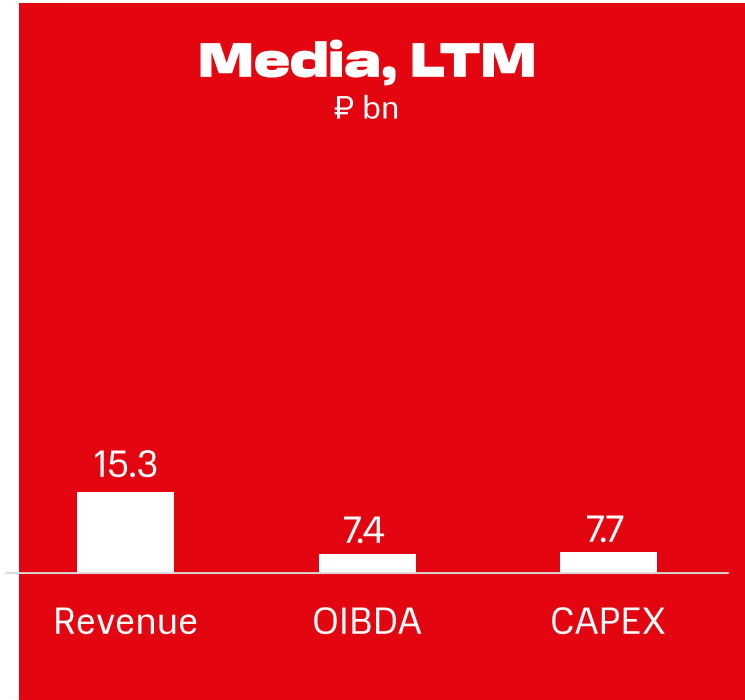
## Non-performing retail loans



## Capital adequacy ratios (Quarter-end, Basel III)



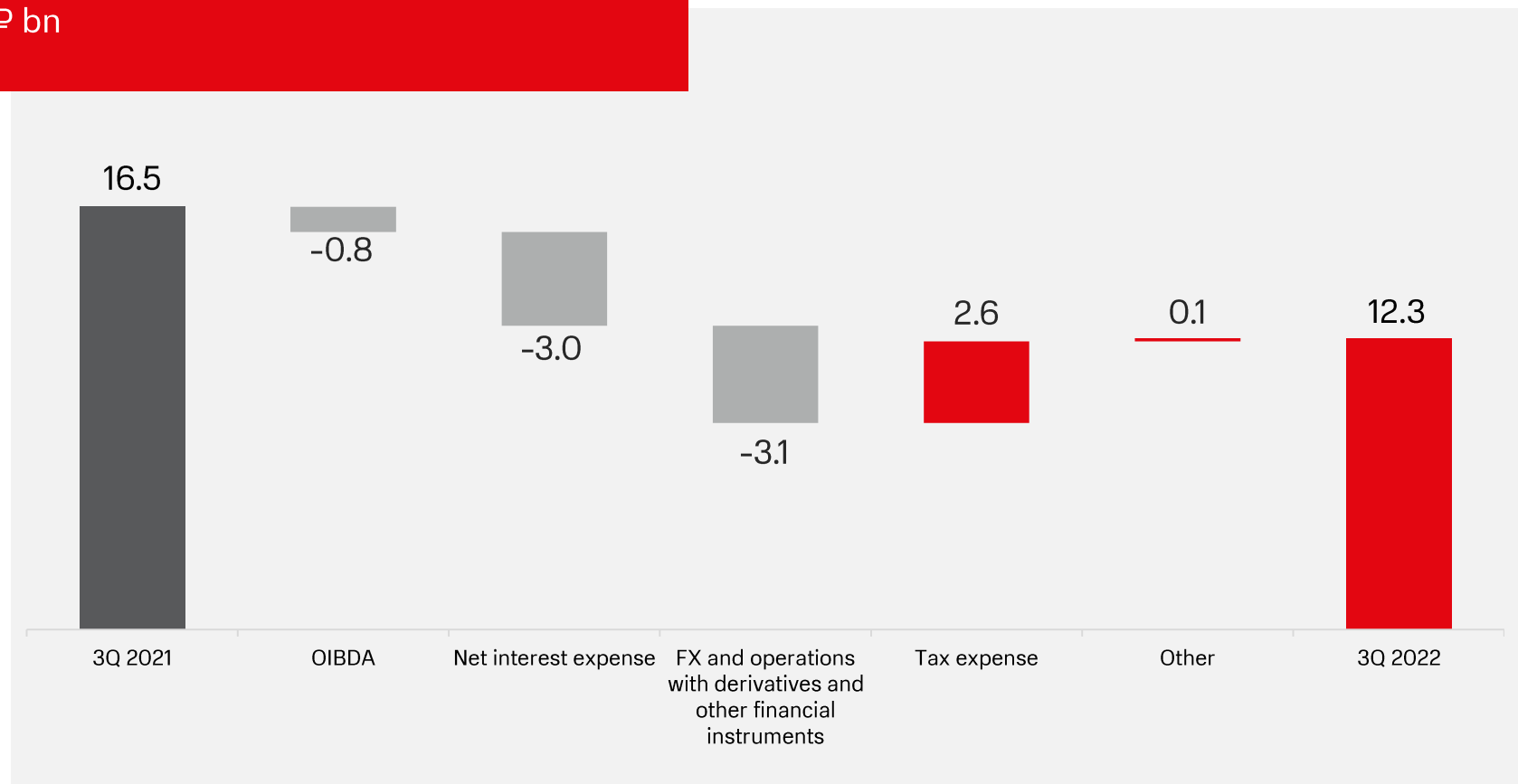
# Business-lines results



# Net profit: impact of financing costs and forex

## Group net profit

₽ bn



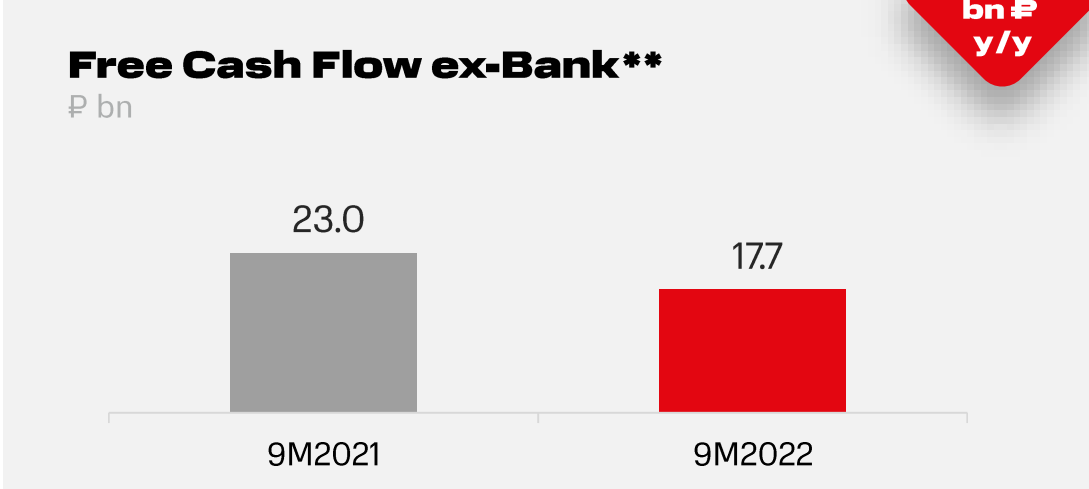
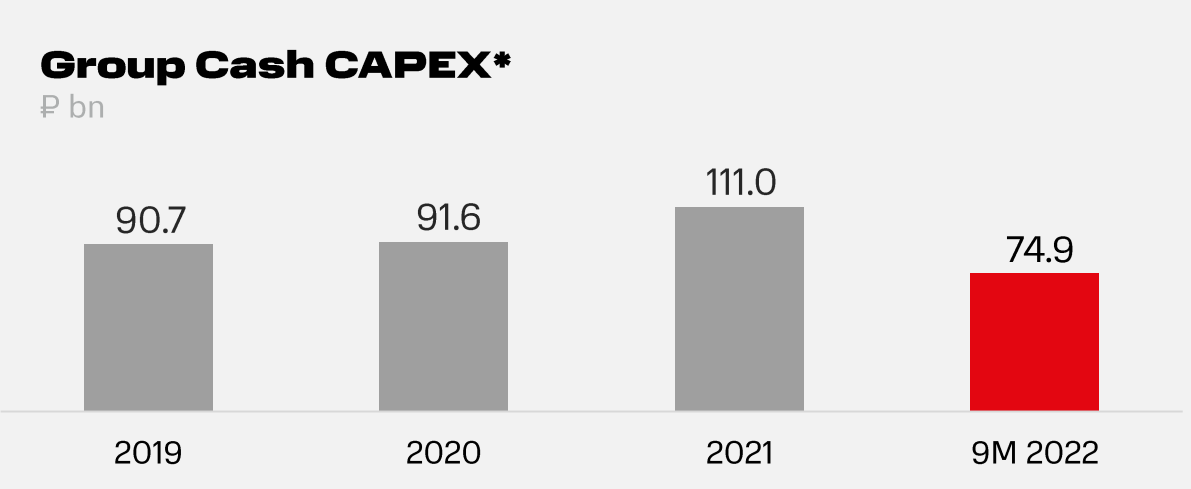
## Commentary

In 3Q 2022, Group Net Profit amounted to RUB 12.3 bn. Negative impacts were mainly attributed to:

- increased financing costs amid a higher interest rate environment;
- negative FX differences due to Russian ruble weakening compared to the end of 2Q 2022.

# Investing in capacity and digital growth areas

-5.3  
bn ₺  
y/y



	9M2022	9M2021
	Cash Capex	Cash Capex
	(RUB bn)	(RUB bn)
Russia***	74.3	87.1
Armenia	0.6	0.8
Group***	74.9	88.2

Commentary

During the first nine months of 2022, Group free cash flow ex-Bank decreased by RUB 5.3 bn year-over-year, driven by higher interest expenses and more intense M&A activity that was partly compensated by lower capex amounts compared to the previous year.

\* Cash CAPEX in 2020 was ₺ 91.6 bn when adjusted for FX-related swap contracts. Before these adjustments cash CAPEX in 2020 was ₺ 96.9.

\*\*Free cash flow excluding MTS Bank and cash proceeds from the sale of VF Ukraine. Totals may add up differently due to rounding

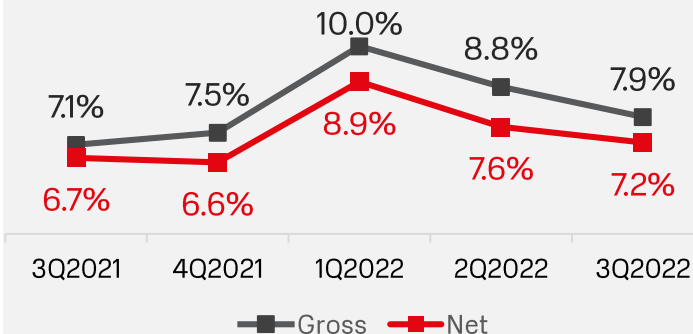
\*\*\* Net of cash proceeds under sharing agreement

# Maintaining a comfortable **debt position**

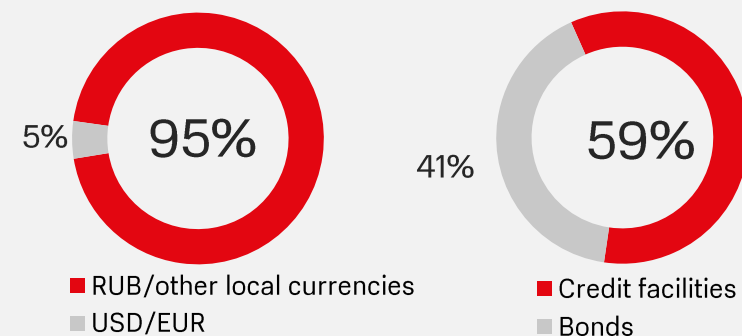
**Net debt\* / LTM adj.OIBDA**



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



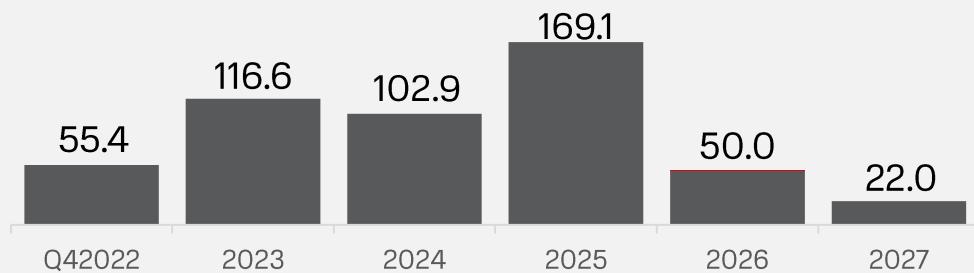
**Gross debt\* composition**



**Debt repayment schedule**

₽ bn

■ Bonds BO-02 ruble bonds contain put option that as of September 30, 2022, MTS expected to be exercised in February 2026

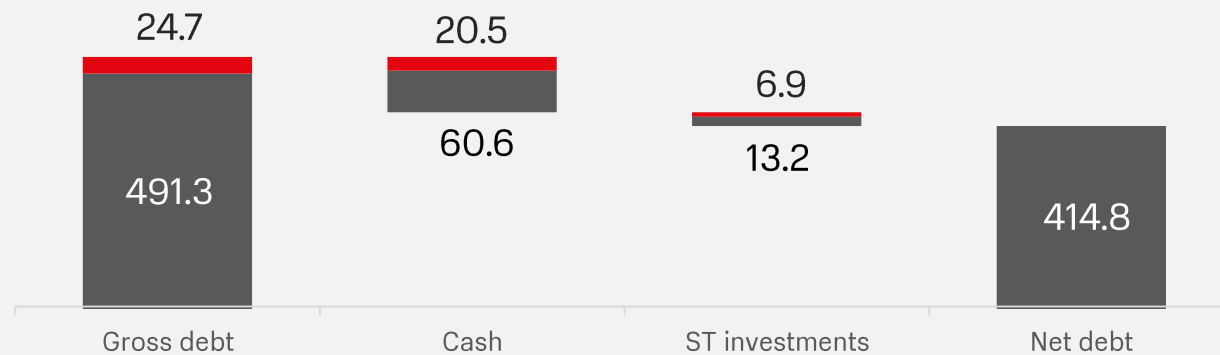


**Gross Debt\*\***  
**RUB 516.0 bn**

**Gross to net debt\* walk**

₽ bn

■ USD/EUR ■ RUB & soft currencies



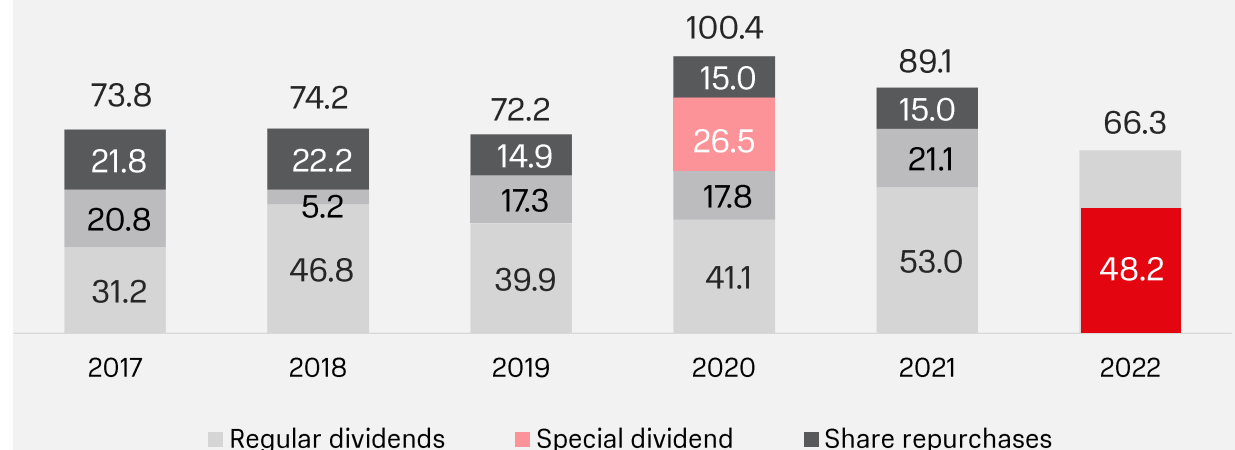
\*Excluding IFRS lease liabilities.

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

# Building on a track record of **robust returns**

## Total dividends plus buybacks\*

₽ bn



## Commentary

- The previous 3-year dividend policy completed at the end of 2021. Adoption of a new dividend policy is postponed due to continuing uncertainties.
- In June, the MTS shareholders approved at the AGM annual dividends of RUB 33.85 per ordinary MTS share based on the Company's full-year 2021 financial results.

**48.2**  
bnrub

FY2021 dividend payments in the amount of RUB 48.2 bn when including quasi-treasury shares were completed by August 16, 2022.

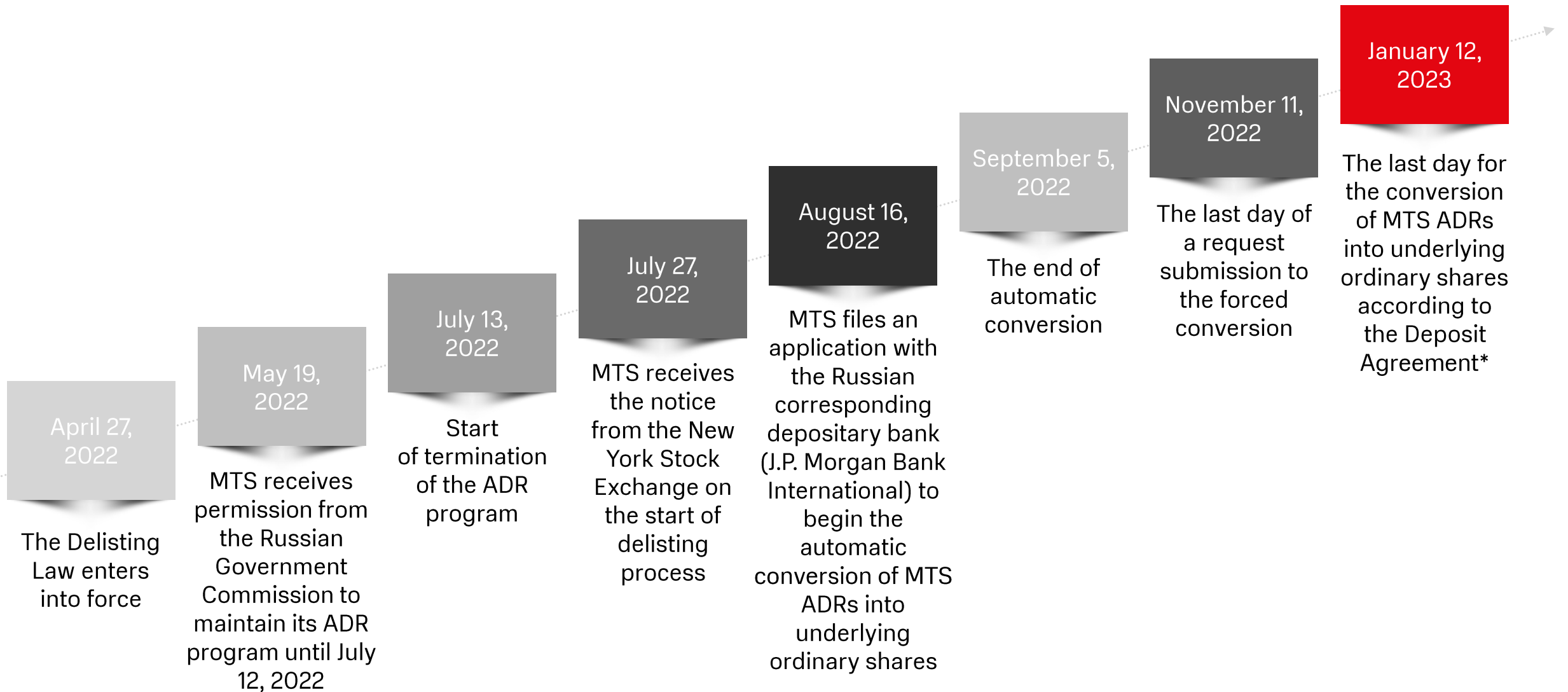
## Per ordinary share

₽

	2017	2018	2019	2020	2021	2022
Special dividends				13.25		
Buybacks	10.9	11.1	7.5	7.5	7.5	
Regular dividends	26.0	26.0	28.66	29.50	37.06	33.85

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

# Termination of **ADR Program**



# Applicable **regulatory restrictions**

- **Type C depo accounts for residents of foreign countries that imposed restrictive measures against Russia**

When converting ADRs, residents of foreign countries that imposed restrictive measures against Russia receive their shares in a type C depo account:

- it is generally not possible to execute transactions involving the purchase or sale of shares without the permission from the Russian Government Commission
- it is possible to receive dividends for shares on type C bank account with similarly restricted operations.

- **Sales limits**

Shares credited to accounts with Russian depositories as a result of the conversion of ADRs acquired under transactions entered into after March 1, 2022 are subject to a sale restriction until February 4, 2023.

- **Payment of dividends to ADR holders**

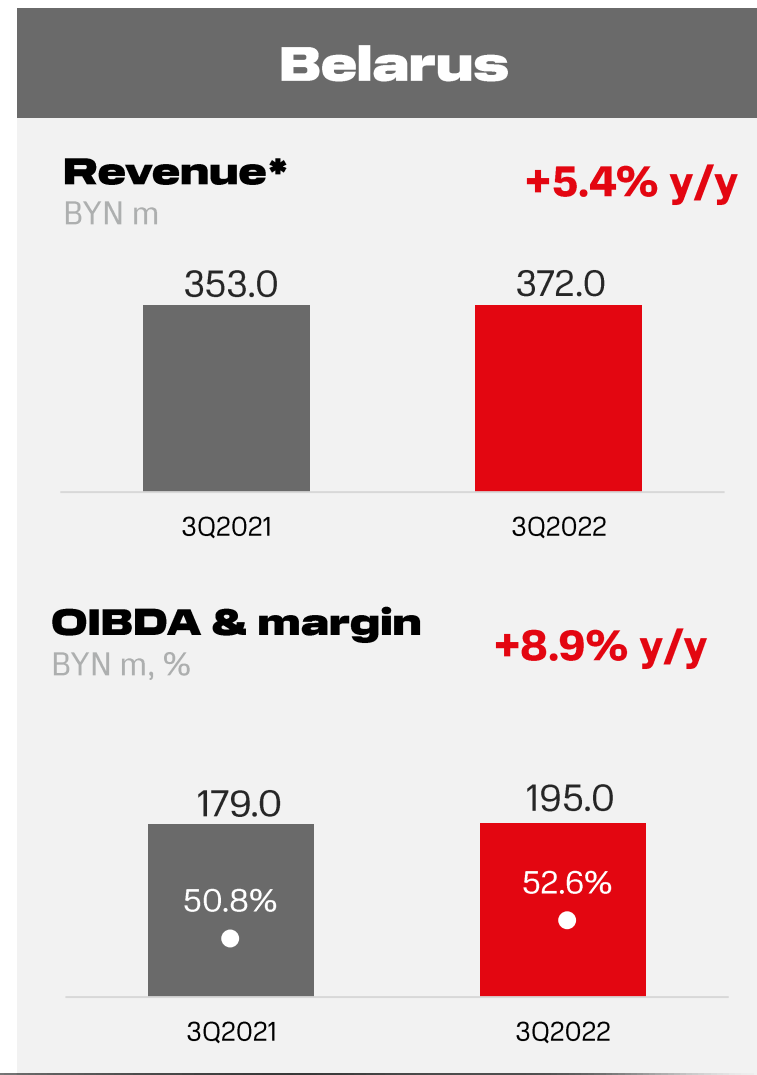
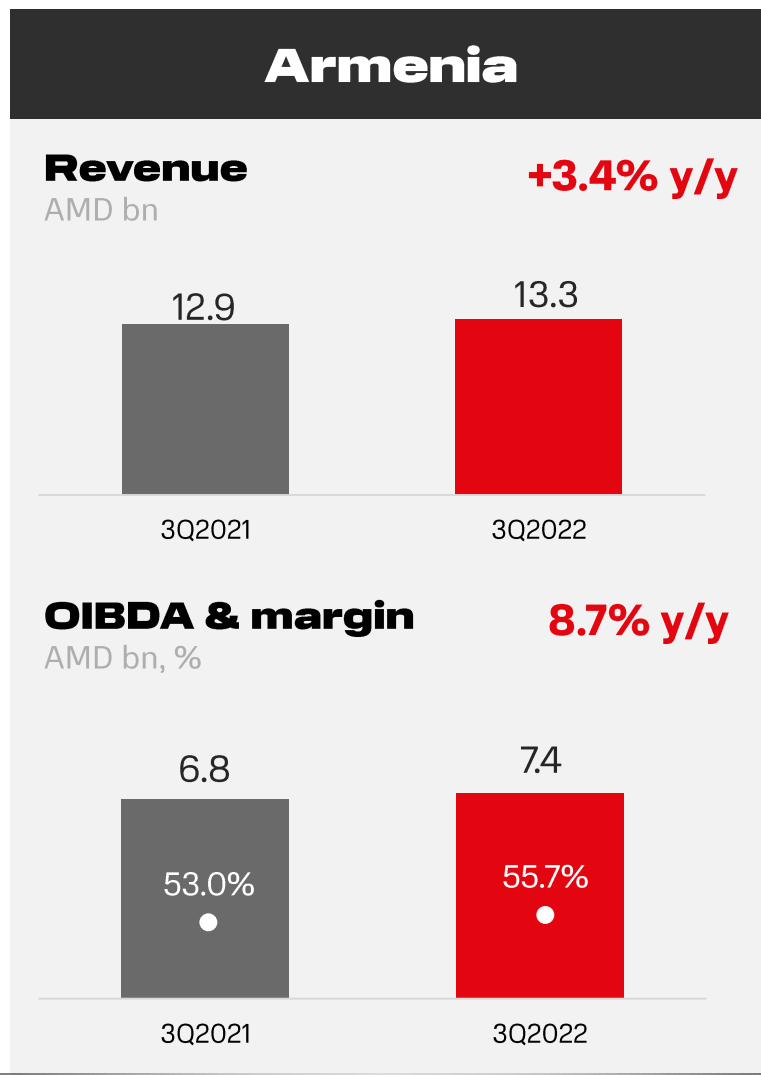
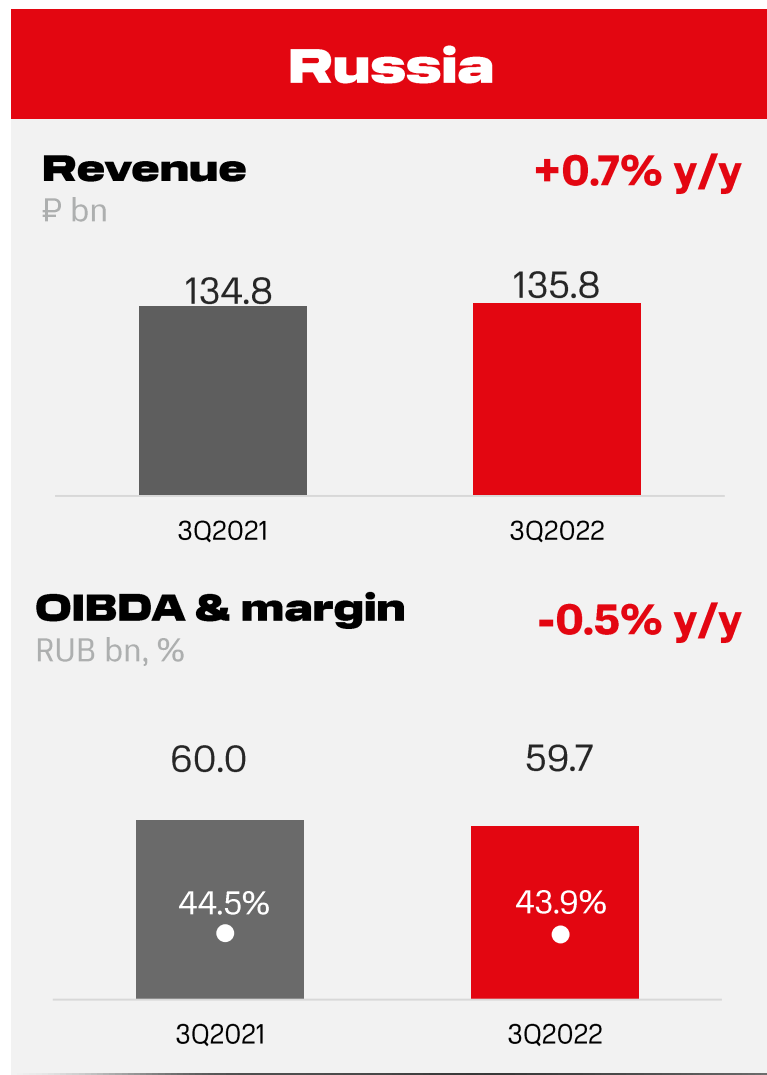
Starting from July 13, until the conversion of ADRs no dividends will be paid to ADR holders.

After the conversion of ADRs into underlying shares, the holders of common shares thereof will be entitled to claim unpaid dividends within a period of three years from the date of the issuer's decision to pay them.



# **APPENDIX**

# Country performance breakdown



# B2B/G product solutions beyond traditional telecom

## MTS Marketolog

Service of targeted advertising using  
MTS Big Data / 58 th advertising  
campaigns in 2021



## Webinar Group solutions

B2B client base comprises more than  
10 000 organizations



## Cloud solutions

+95% Cloud and colocation revenue  
growth in 2021 vs 2020



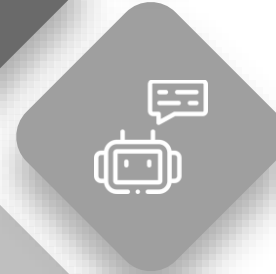
## Private LTE

15+ pilot + commercial  
Private LTE projects as of 2021



## UC services\*

From Hosted PBX to Callback, CallTracking  
and Voice Chatbots. (#1 position in Russia,  
market share ~ 30%\*\*). The largest platform  
for telecom APIs (after MTT acquisition)



## CCTV monitoring

Video surveillance and video analytics  
projects using off-the-shelf solutions and  
integrated solutions based on the MTS  
Artificial Intelligence Center.



# Partnerships



Actively working with more than **1000 partners**



Over the past 4 years more than **10 million** customers used products of our partners through MTS channels



Over the past 4 years, we have earned **more than 50 billion rubles** together with our partners

**Digital access to MTS**  
1 week

**Paperless workflow**

**9 out of 10 partners**  
are ready to recommend  
MTS as a partner for  
business development

## Partners segmentation



**BIG DIGITAL /  
Worldwide**

Partnerships for the launch of new products by international companies



**BIG DIGITAL /  
Russia**

Cross-promotion, integration into loyalty programs



**NON DIGITAL /  
Russia**

Bundling offline partner products with MTS digital products



**With a minority  
shareholding in MTS**

Exchanging of expertise and integrating partner's solutions into MTS products

# Market-Leading **Brand Equity**

**#1**

strongest tech  
brand in Russia

Brand Finance Russia 50 2021

**99%+**

brand  
recognition

among Russian consumers

**70%**

of customers open to  
trying new MTS products

(company data)

# Note on **financial measures & definitions**

## **Total debt**

Total debt represents short-term and long-term debt excluding lease obligations and debt issuance costs.

## **Net debt**

Net debt represents total debt less cash and cash equivalents, short-term investments, long-term deposits, swap and currency hedging.

## **Free Cash Flow**

Free cash flow is represented by net cash from operating activities less cash used for certain investing activities.

## **OIBDA**

OIBDA represents operating income before depreciation and amortization. We use the term Adjusted for OIBDA and operating profit where there were items that do not reflect underlying operations that were excluded.



# CONTACTS

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