

Group Financial Results For The Third Quarter 2017

November 14, 2017

Andrei Dubovskov

President, Chief Executive Officer

Alexey Kornya

Vice President, Finance, Investments and M&A

Vyacheslav Nikolaev

Vice President, Marketing

Kirill Dmitriev

Vice President, Sales and Customer Service

Andrei Smelkov

Vice President, Director, Foreign Subsidiaries



MTS

You know that you can!

Safe harbor

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 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 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, 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.

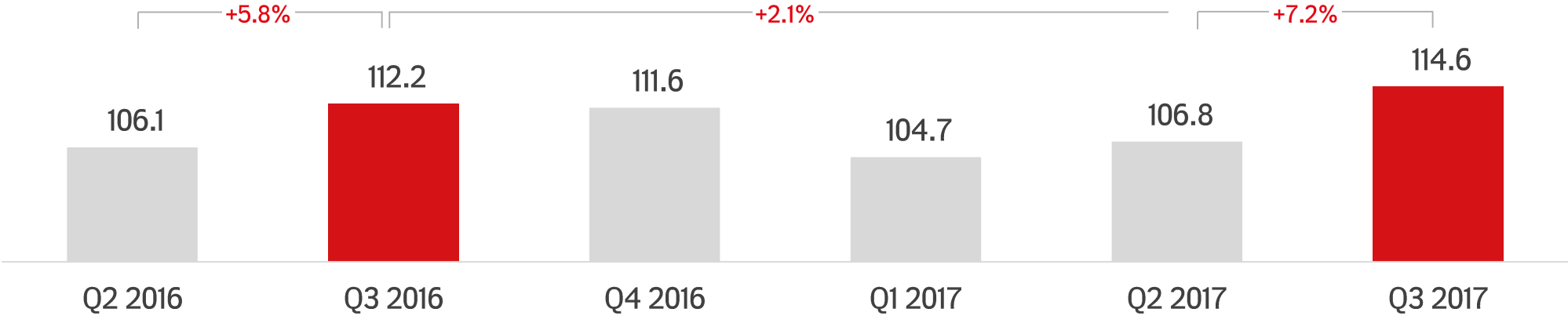


MTS

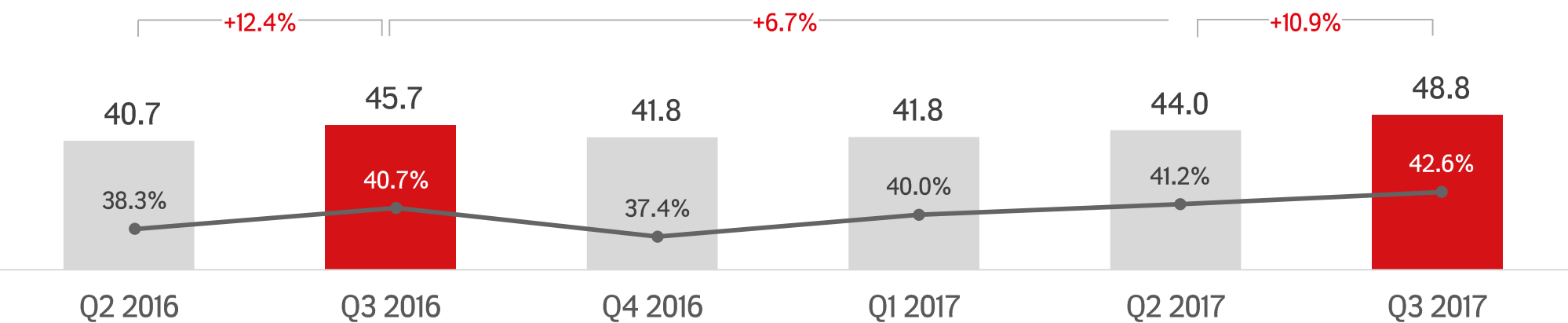
You know that you can!

Group Revenue and Adjusted OIBDA

TOTAL GROUP REVENUE
(RUB bln)



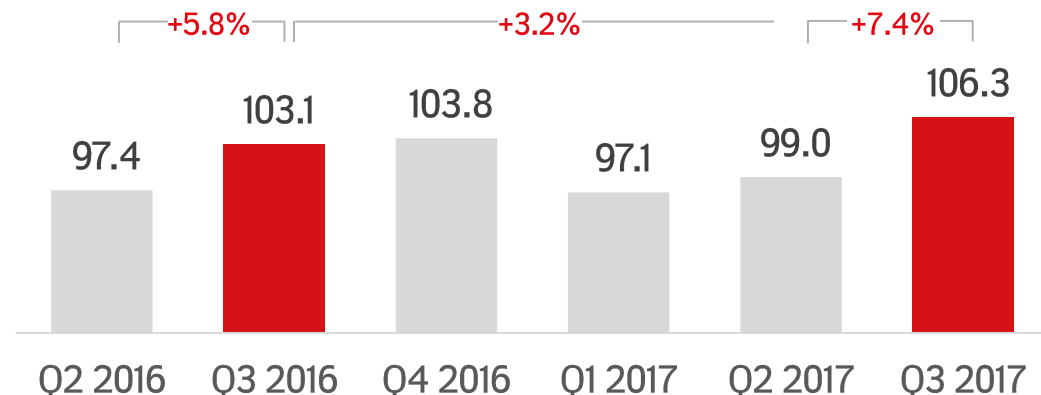
TOTAL GROUP ADJUSTED OIBDA AND ADJUSTED OIBDA MARGIN
(RUB bln)



Revenue by Country

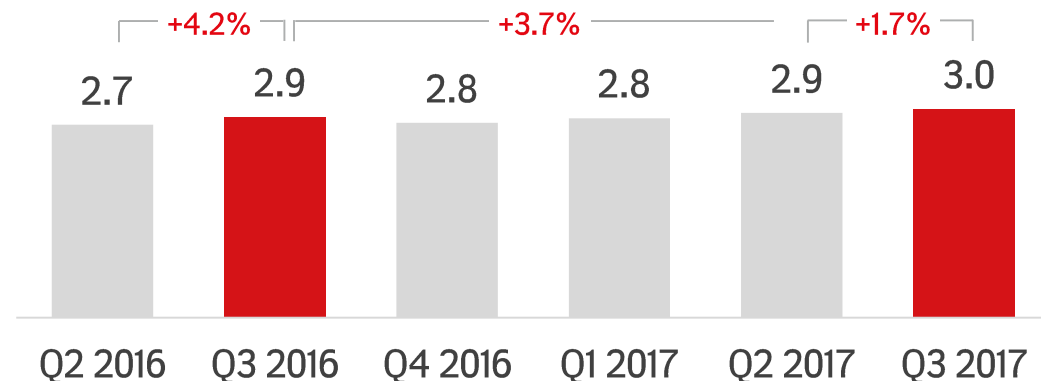
RUSSIA REVENUE

(RUB bln)



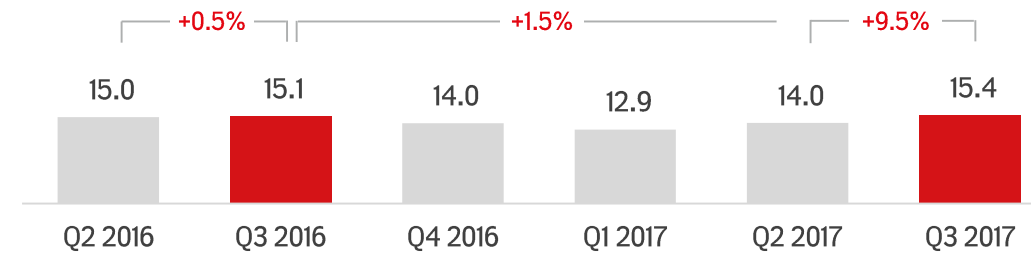
UKRAINE REVENUE

(UAH bln)



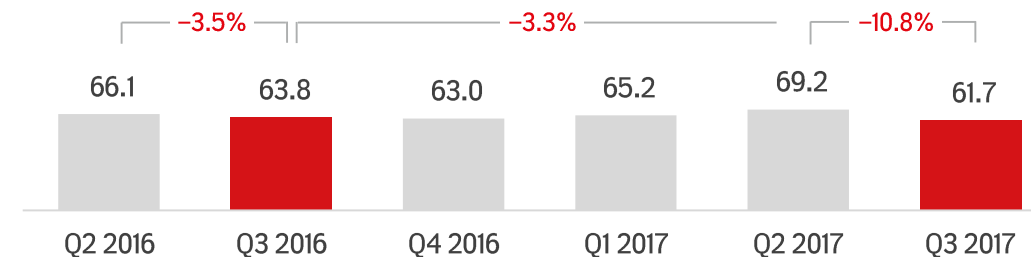
ARMENIA REVENUE

(AMD bln)



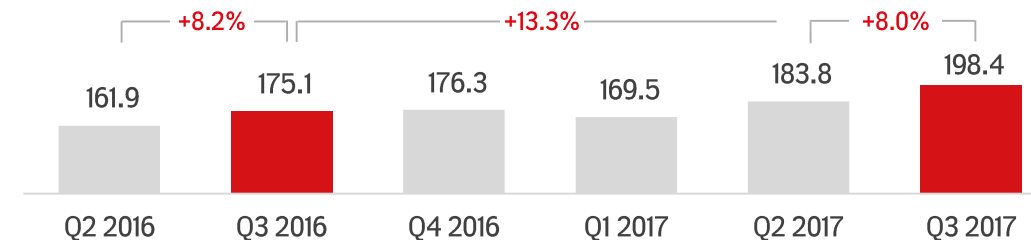
TURKMENISTAN REVENUE

(TMT mln)



BELARUS REVENUE

(BYN mln)

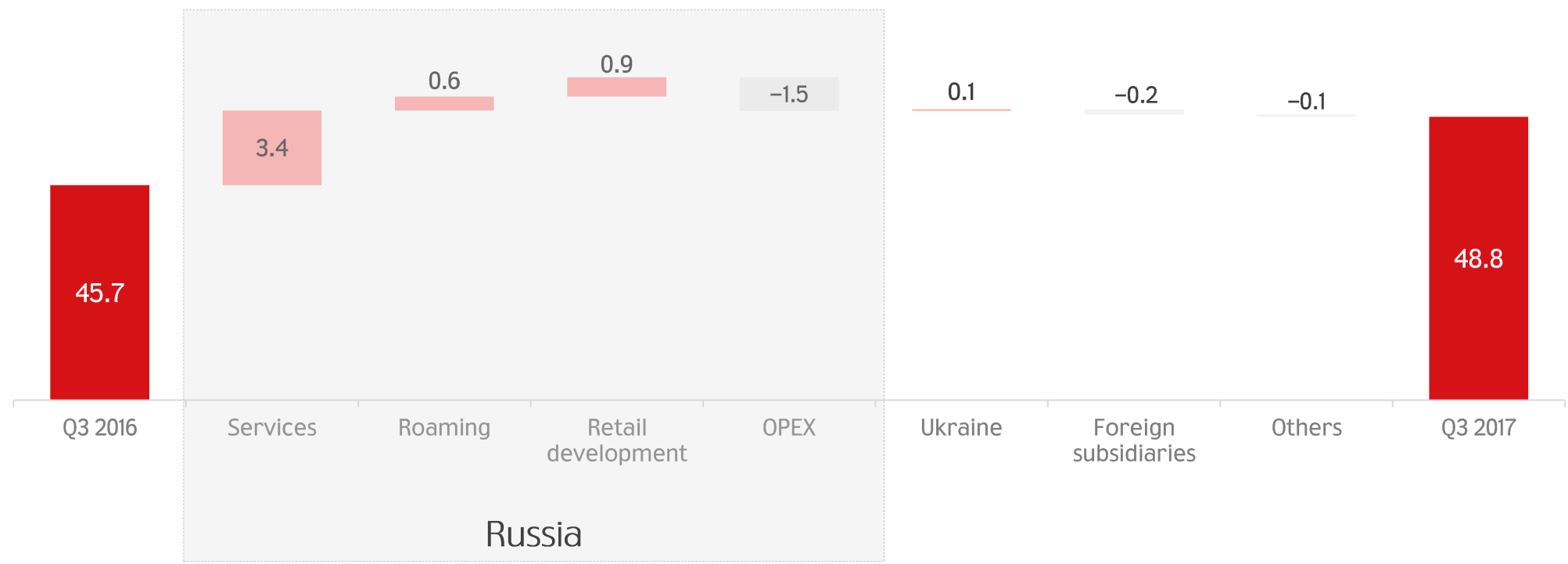


MTS

You know that you can!

Group Adjusted OIBDA Factor Analysis

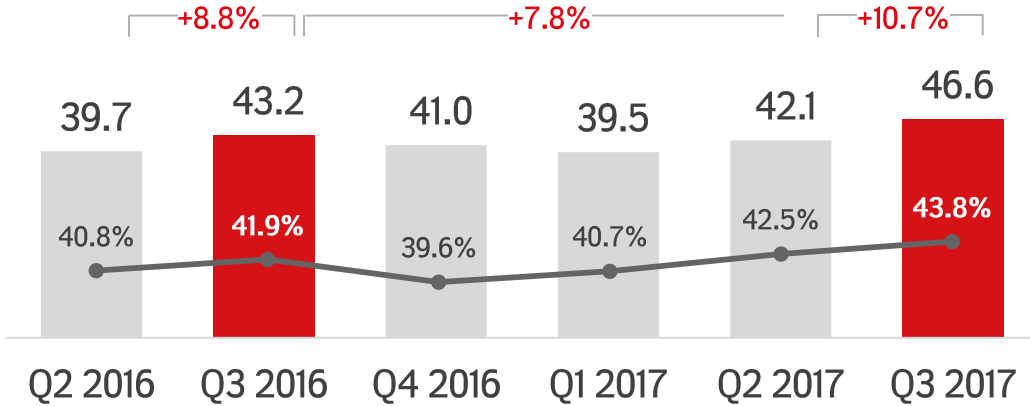
TOTAL GROUP ADJUSTED OIBDA: FACTOR ANALYSIS*
(RUB bln)



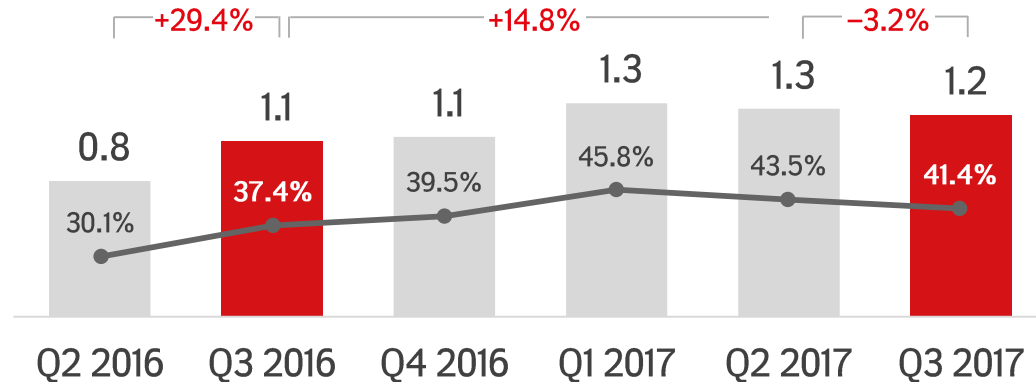
*Totals may add up differently due to rounding

OIBDA by Country

RUSSIA OIBDA AND MARGIN (RUB bln)



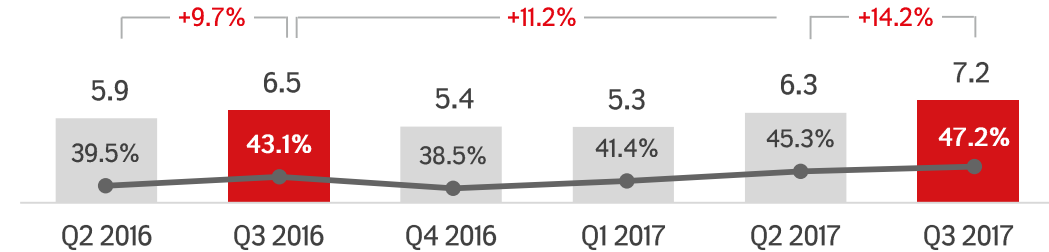
UKRAINE OIBDA AND MARGIN (UAH bln)



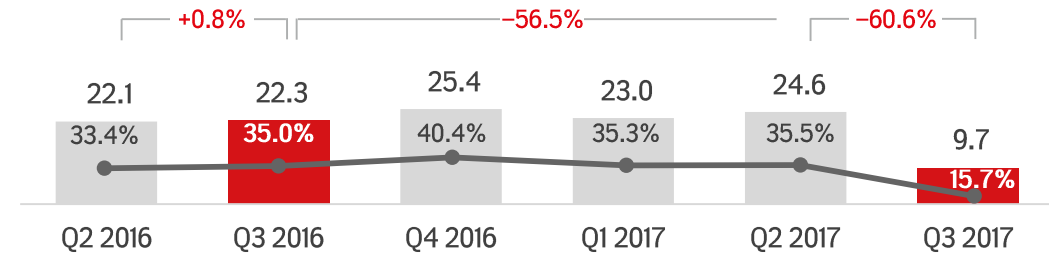
MTS

You know that you can!

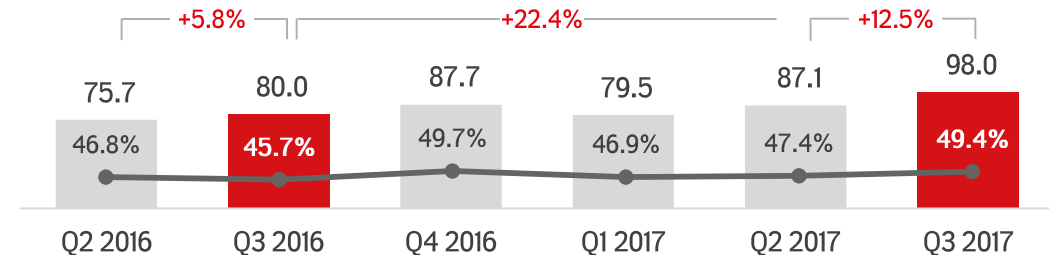
ARMENIA OIBDA AND MARGIN (AMD bln)



TURKMENISTAN ADJUSTED OIBDA AND MARGIN * (TMT mln)



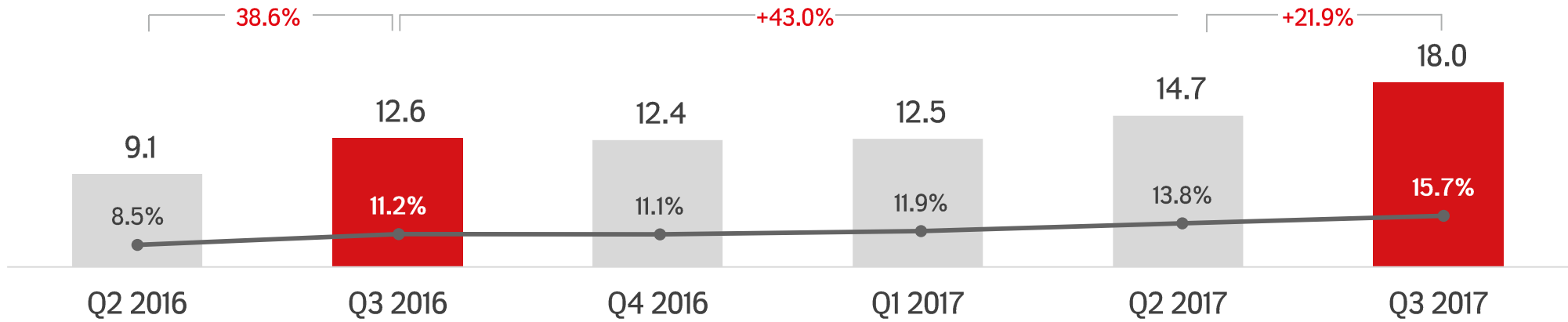
BELARUS OIBDA AND MARGIN (BYN mln)



*Adjusted OIBDA for Q3 2017 doesn't include a loss from impairment of non-current assets of TMT 69.6 mln

Group Net Profit

GROUP NET PROFIT AND NET PROFIT MARGIN
(RUB bln)

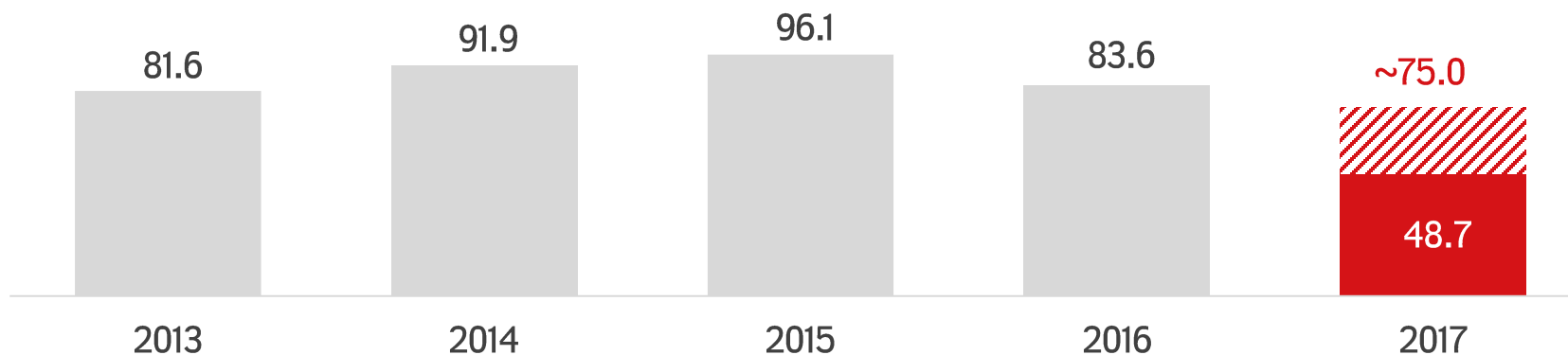


GROUP NET PROFIT FACTOR ANALYSIS
(RUB bln)



Group Cash CAPEX

Cash CAPEX
(RUB bln)



	9m 2016		9m 2017	
	Cash CAPEX (RUB mln)	As % of revenue	Cash CAPEX (RUB mln)	As % of revenue
Russia*	52,055	17.5%	42,010	13.9%
Ukraine	4,343	19.4%	6,186	32.2%
Armenia	418	6.7%	410	8.0%
Turkmenistan	117	3.0%	109	3.3%
Group**	57,810	17.8%	48,716	14.9%

* Excluding costs of RUB 2.6 bln related to the acquisition of a 4G license in Russia in 9m 2016

** Including RUB 875 mln spent on CAPEX in UMC LLC in 9m 2016, while Group revenue 9m 2016 doesn't include revenue from UMC LLC



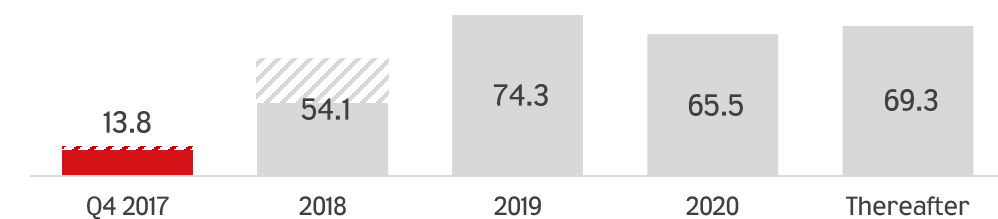
MTS

You know that you can!

Group Debt at The End of Q3 2017

DEBT REPAYMENT SCHEDULE (RUB bln)

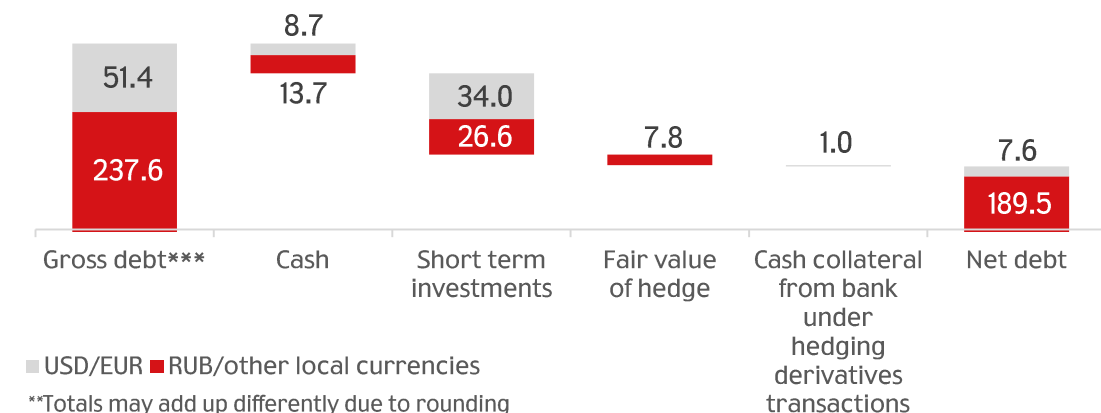
Total Group Debt* = RUB 277.0 bln



▨ Bonds Series 8, BO-01 and BO-02 ruble bonds contain put options that as of September 30, 2017, MTS expected to be exercised in November 2017, March 2018 and August 2018, respectively

*Net of financial leasing and unamortized debt issuance cost adjustment, as of September 30, 2017

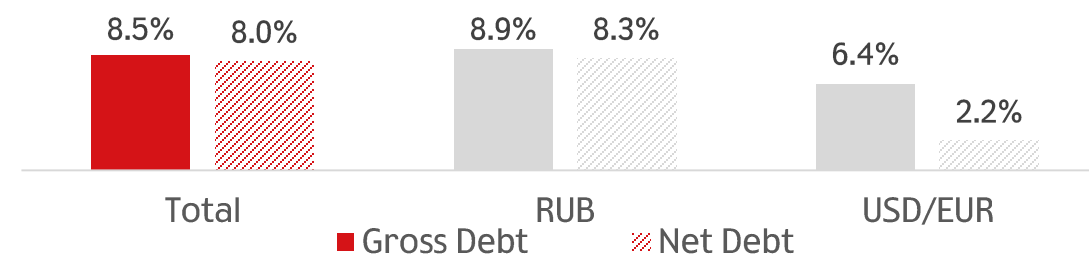
NET DEBT FACTOR ANALYSIS BY CURRENCY** (RUB bln)



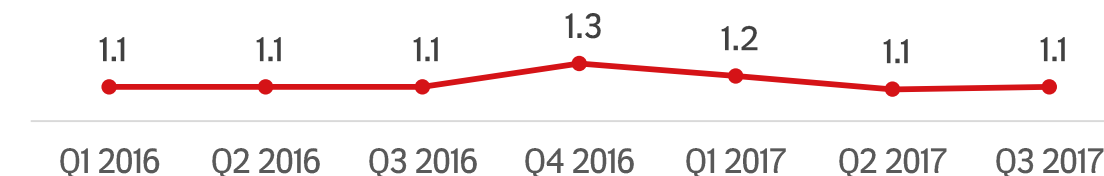
■ USD/EUR ■ RUB/other local currencies

**Totals may add up differently due to rounding

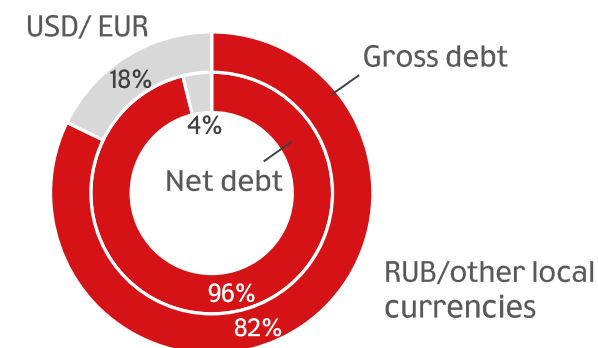
WEIGHTED AVERAGE INTEREST RATES



NET DEBT/LTM ADJUSTED OIBDA DYNAMICS



GROSS/NET DEBT COMPOSITION BY CURRENCY***



***Including financial leasing and including FOREX hedging in the amount of USD 533 mln as of September 30, 2017

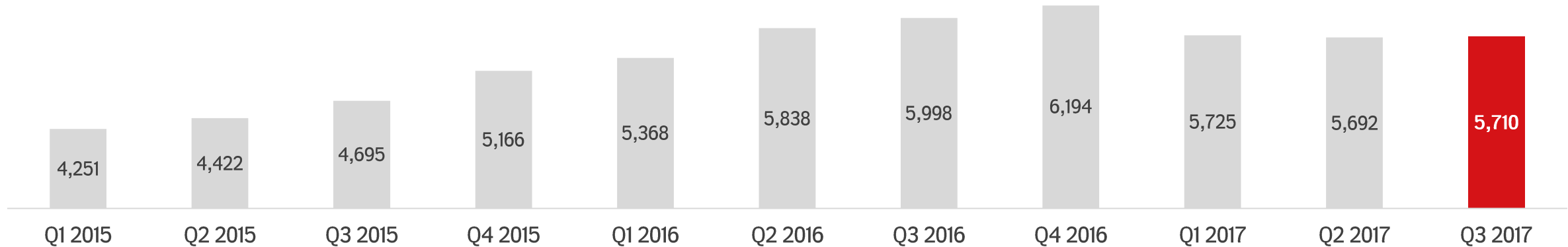


MTS

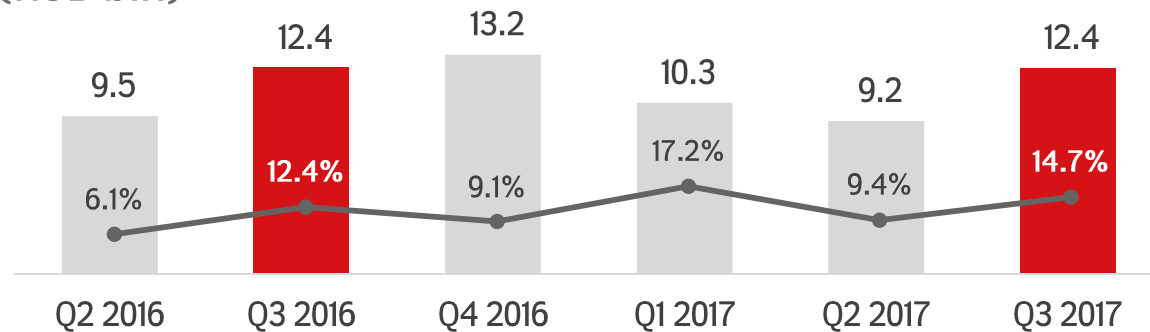
You know that you can!

MTS Retail and Service Development

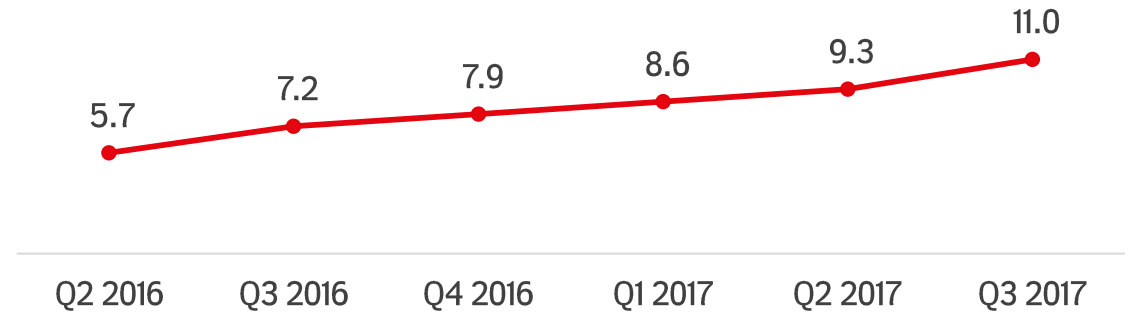
MTS RETAIL EXPANSION (# of stores)



HANDSETS AND ACCESSORIES SALES AND GROSS MARGIN (RUB bln)



3-MONTH ACTIVE USERS of MyMTS (mln)

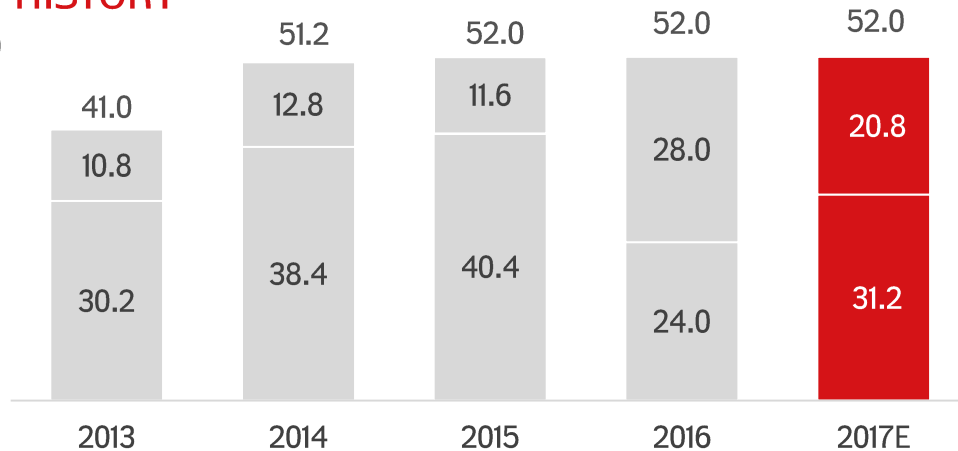


MTS

You know that you can!

Shareholder Return: Dividends and Share Repurchases

DIVIDEND HISTORY (RUB bln)



Dividend Per Share (RUB)



- › In September, the Extraordinary General Meeting of Shareholders approved the payment of semi-annual dividends in the amount of RUB 10.4 per ordinary share (RUB 20.8 per ADR), or a total of RUB 20.78 billion (RUB 20,783,168,380.00), based on H1 2017 financial results.

SHARE REPURCHASES

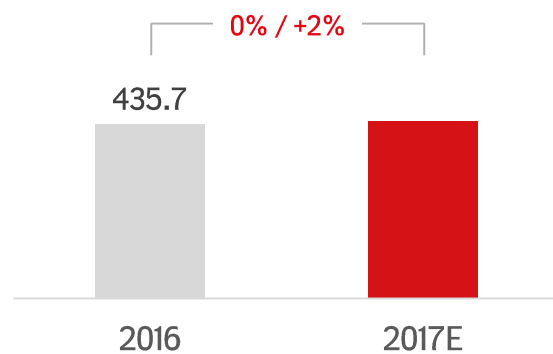
	# of shares, incl. ADS	% of share capital	Average price per share (RUB)*	Total amount spent (RUB)
Shares acquired during the reporting period	5,847,490	0.29%	297.98	1,742,415,204
Shares acquired since the end of the reporting period	27,929,834	1.40%		
Total	33,777,324	1.69%		

*The average price may differ from the settlement price, due to commissions, fees and other related expenses

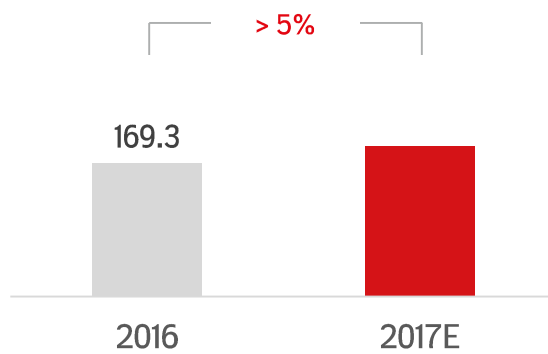
- › In October 2016 and January 2017, MTS launched two Tender Offers through which MTS acquired 17,532,278 shares for a total consideration of RUB 5.0 bln. In transactions related to the tenders, MTS acquired a number of shares proportional to its aggregate ownership from its majority shareholder, Sistema PJSFC, at prices determined by the tender. In total, MTS spent RUB 10.0 bln to acquire a total of 35,121,665 shares.
- › On September 6, MTS launched the repurchase of its shares of common stock and ADSs by means of a Repurchase Plan in the total amount of up to RUB 20 bln, including funds used for purchasing the Company's shares from Sistema Finance, until April 2019.

Outlook for 2017

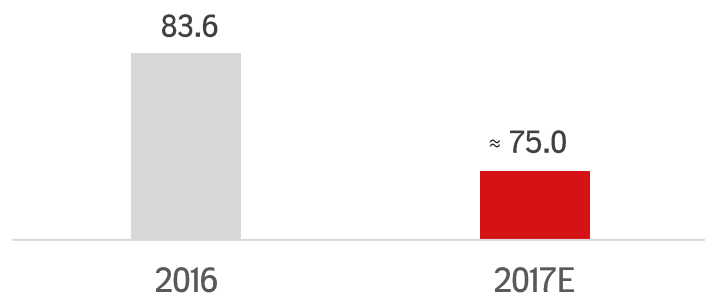
GROUP REVENUE FORECAST (RUB bln)



GROUP ADJ. OIBDA FORECAST (RUB bln)



GROUP CAPEX FORECAST (RUB bln)



GROUP REVENUE: For 2017, MTS amends its Group revenue outlook at 0 – 2% growth based on the following:

- Service revenue growth in Russia;
- Competitive factors in Russia retail distribution and tariff policies;
- Handset sales due to overall optimization of MTS's retail business;
- Developments within the Company's foreign subsidiaries; and
- Currency volatility in relation to the Russian ruble.

GROUP ADJUSTED OIBDA: MTS raises its outlook on Group Adjusted OIBDA from >4% growth to >5% growth in consideration of the following:

- Strong OIBDA growth in Russia and Ukraine through 9M 2017;
- Relative macroeconomic stability and improved business and consumer sentiment; and
- Cost optimization in Russia retail operations.

However, overall profitability could be impacted by:

- Competitive factors and future developments in the distribution market in Russia;
- Changing business/consumer sentiment;
- Developments in foreign subsidiaries; and
- Macroeconomic developments and currency volatility throughout our markets of operation.

GROUP CAPEX: MTS affirms its FY2017 Group CAPEX estimate of RUB 75 bln, a RUB 5 bln decline from MTS's initial guidance of RUB 80 bln, primarily to the relative strength of the ruble versus the US dollar and Euro. Key factors defining Group CAPEX include:

- Further incremental improvements and enhancements to LTE networks;
- Implementation of infrastructure and spectrum sharing projects;
- Completion of the bulk of the 3G build-out in Ukraine and future development of LTE;
- Evolution of commercial 5G solutions and their introduction into Russian market; and
- Continued investments in digital products and services.



MTS

You know that you can!

Thank you!



MTS

You know that you can!

Contact Information

MTS INVESTOR RELATIONS

+7 495 223 20 25

ir@mts.ru

www.mtsgsm.com

Joshua B. Tulgan

Director, Corporate Finance & Investor Relations

Latest Financial Information www.mtsgsm.com/resources/reports/

Official MTS Blog www.mtsgsm.com/blog/

Follow Us twitter.com/JoshatMTS



MTS

You know that you can!