

Group Financial Results For The Second Quarter 2017

August 28, 2017

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Alexey Kornya

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Kirill Dmitriev

Vice President, Sales and Customer Service

Andrei Smelkov

Vice President, Director, Foreign Subsidiaries



MTS

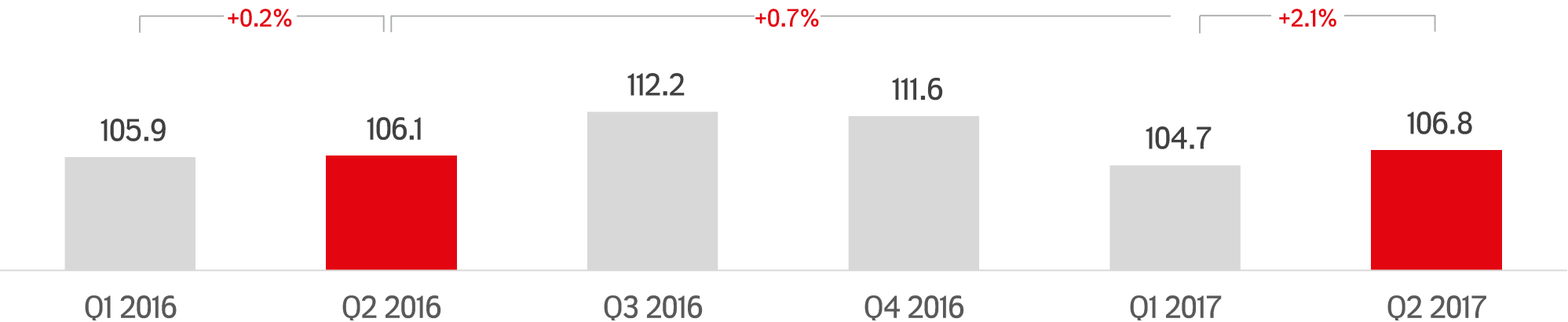
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Safe harbor

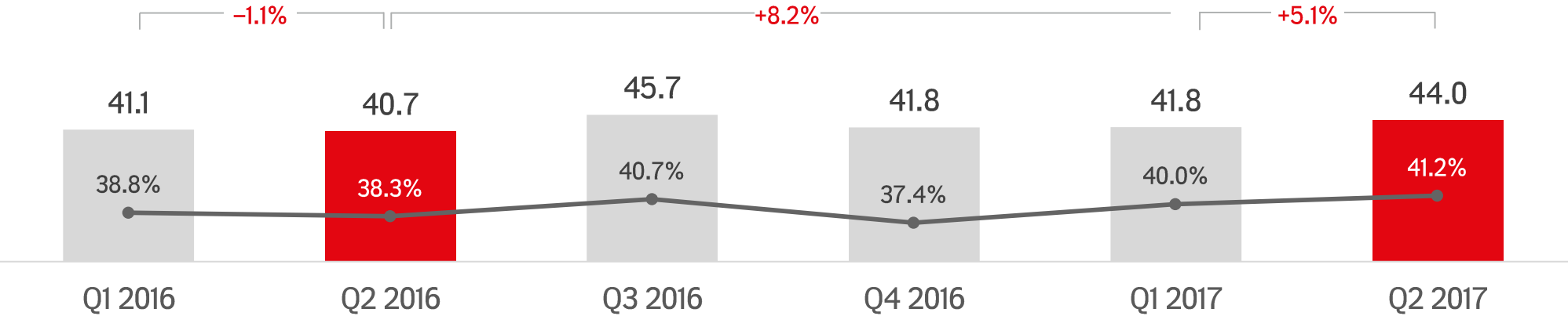
Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward 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.

Group Revenue and OIBDA

TOTAL GROUP REVENUE
(RUB bln)

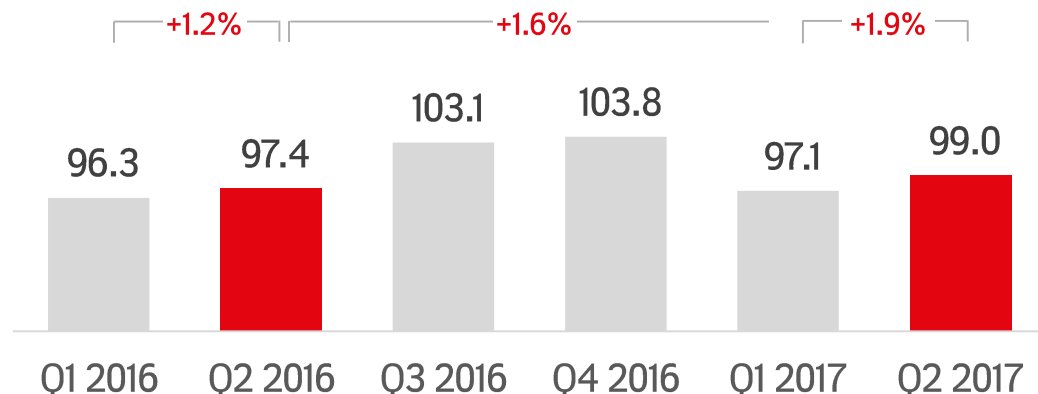


TOTAL GROUP OIBDA AND OIBDA MARGIN
(RUB bln)

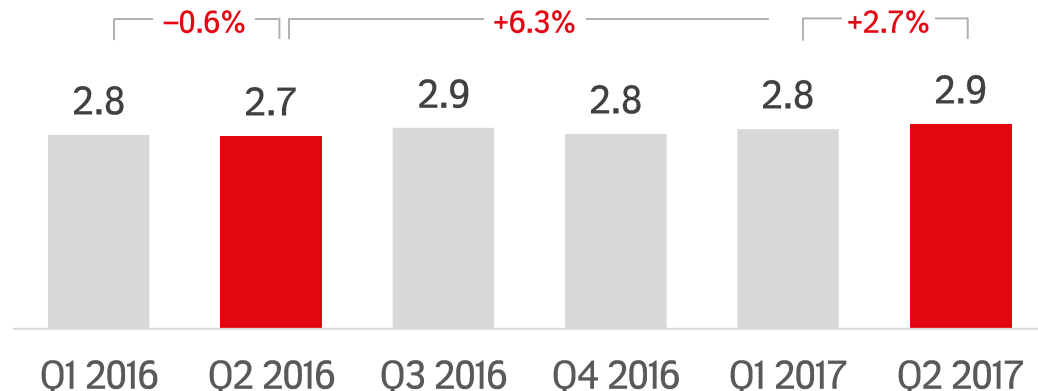


Revenue by Country

RUSSIA REVENUE (RUB bln)



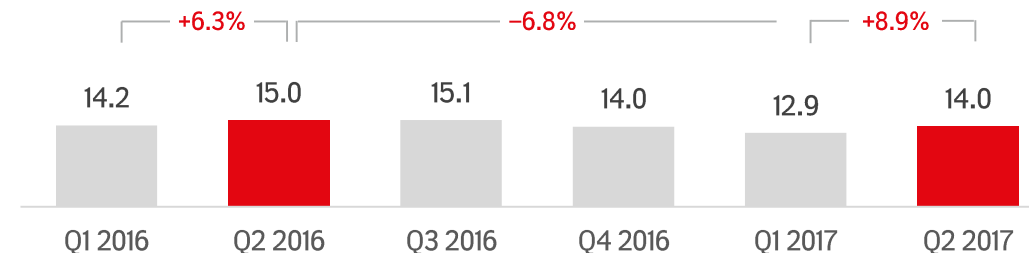
UKRAINE REVENUE (UAH bln)



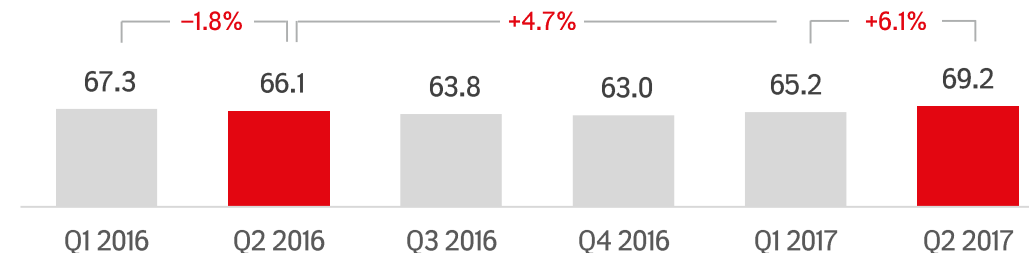
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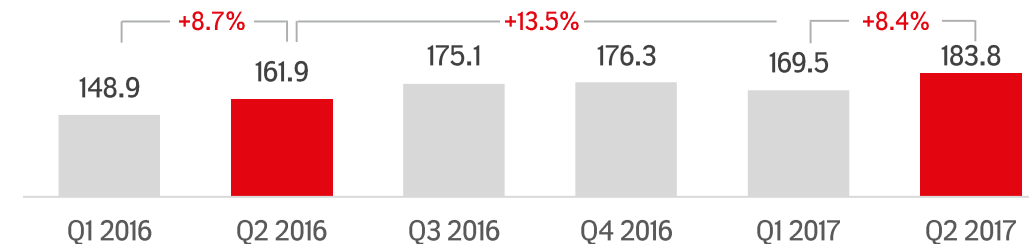
ARMENIA REVENUE (AMD bln)



TURKMENISTAN REVENUE (TMT mln)

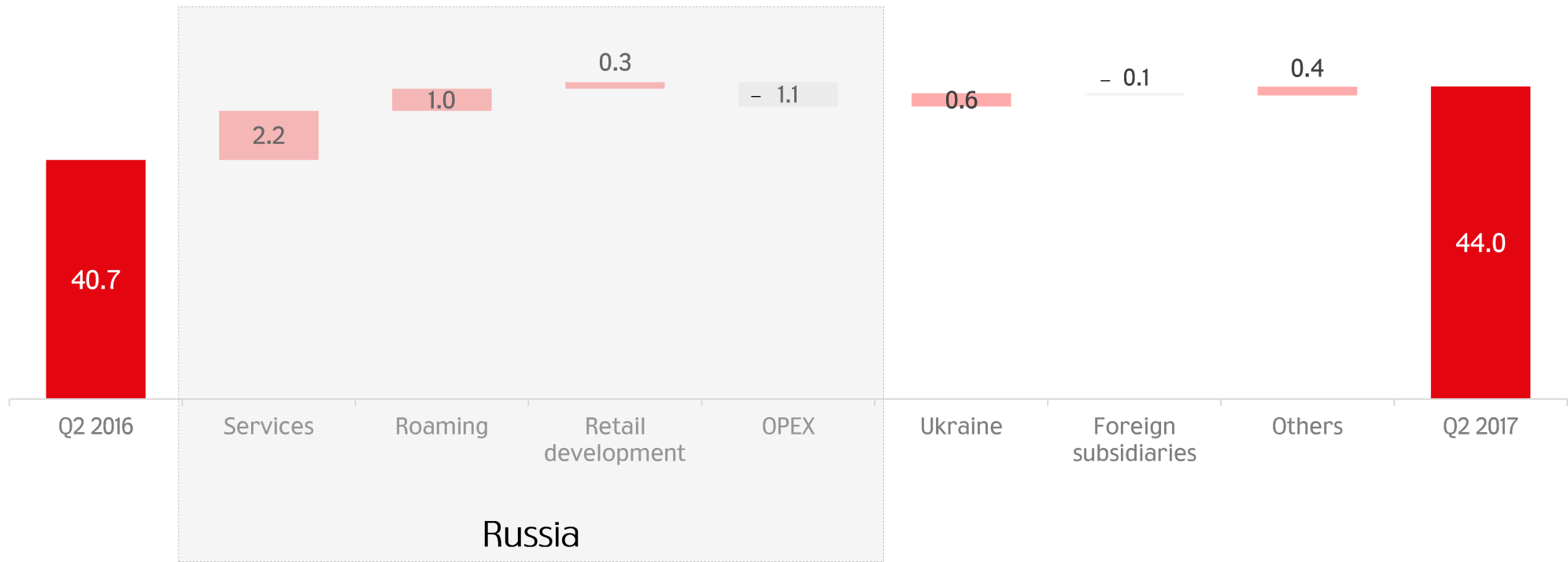


BELARUS REVENUE (BYN mln)



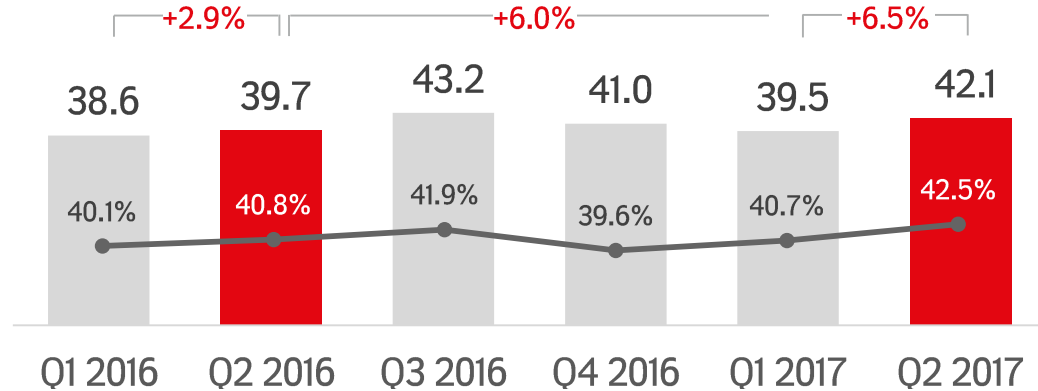
Group OIBDA Factor Analysis

TOTAL GROUP OIBDA: FACTOR ANALYSIS
(RUB bln)

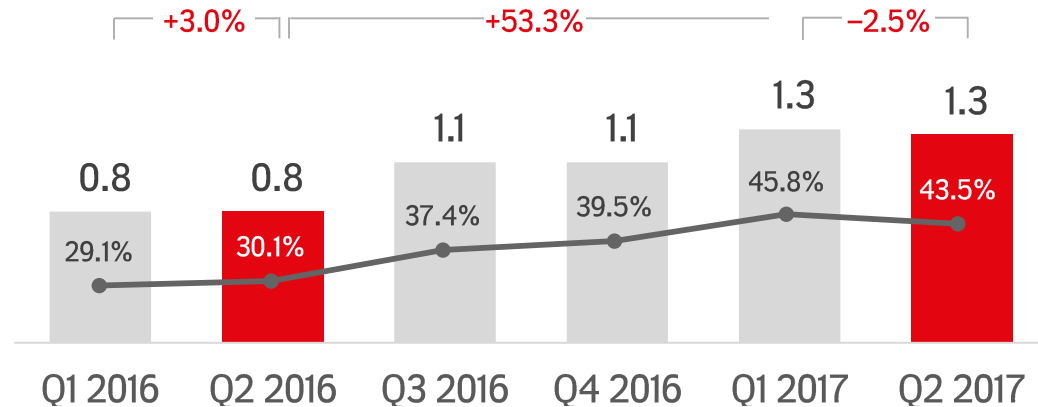


OIBDA by Country

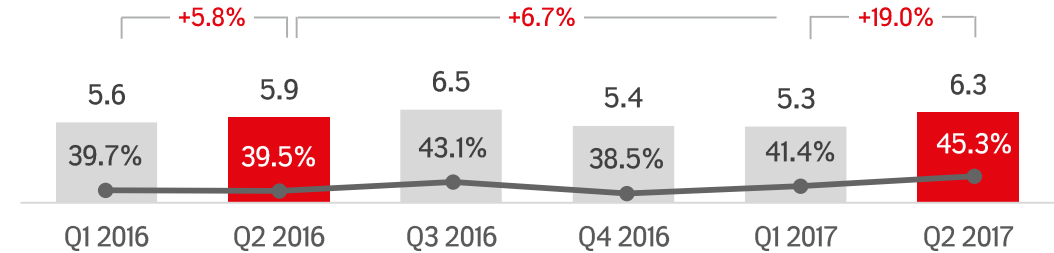
RUSSIA OIBDA AND MARGIN (RUB bln)



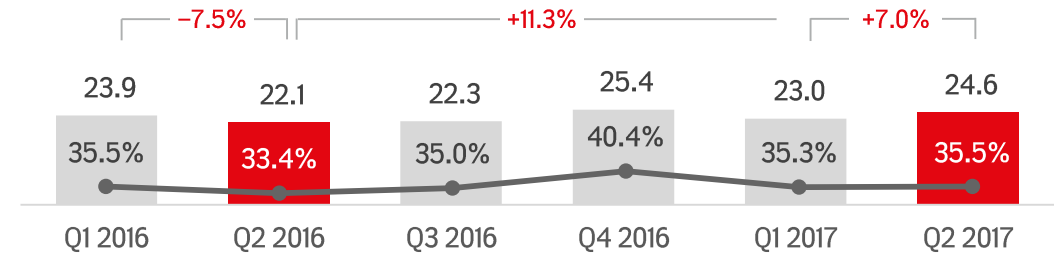
UKRAINE OIBDA AND MARGIN (UAH bln)



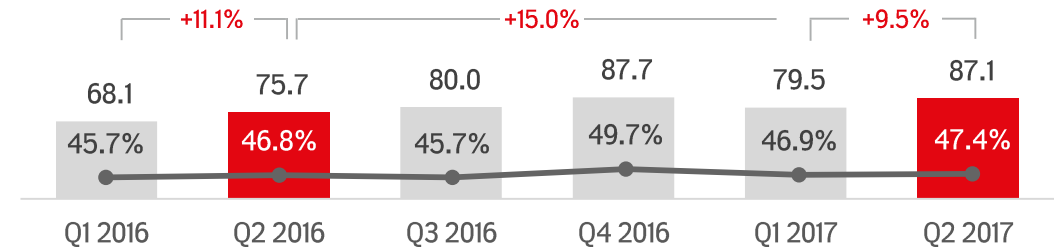
ARMENIA OIBDA AND MARGIN (AMD bln)



TURKMENISTAN OIBDA AND MARGIN (TMT mln)

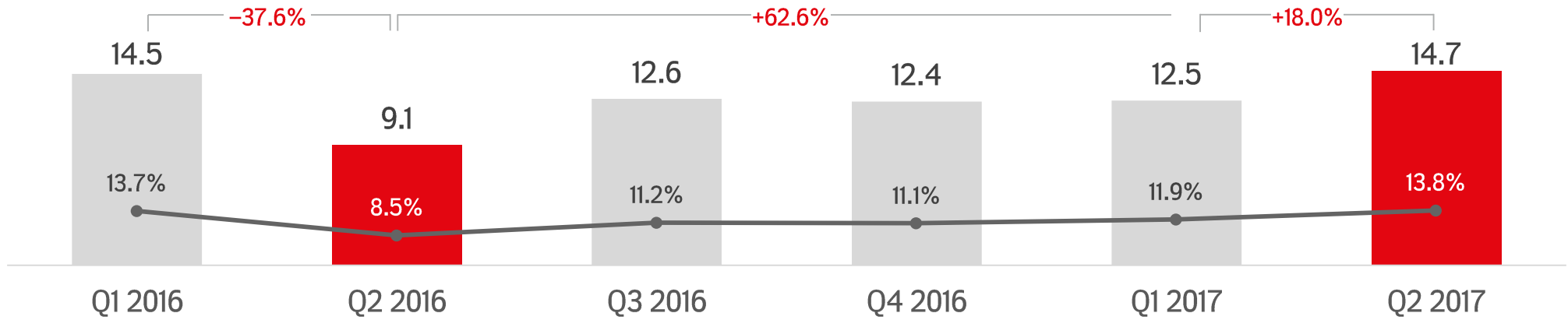


BELARUS OIBDA AND MARGIN (BYN mln)

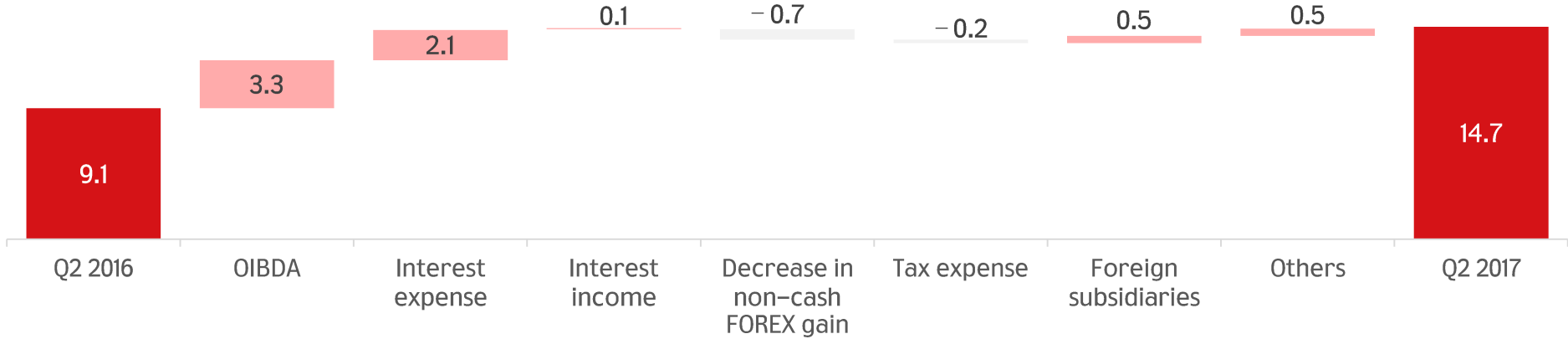


Group Net Profit

GROUP NET PROFIT AND NET PROFIT MARGIN
(RUB bln)

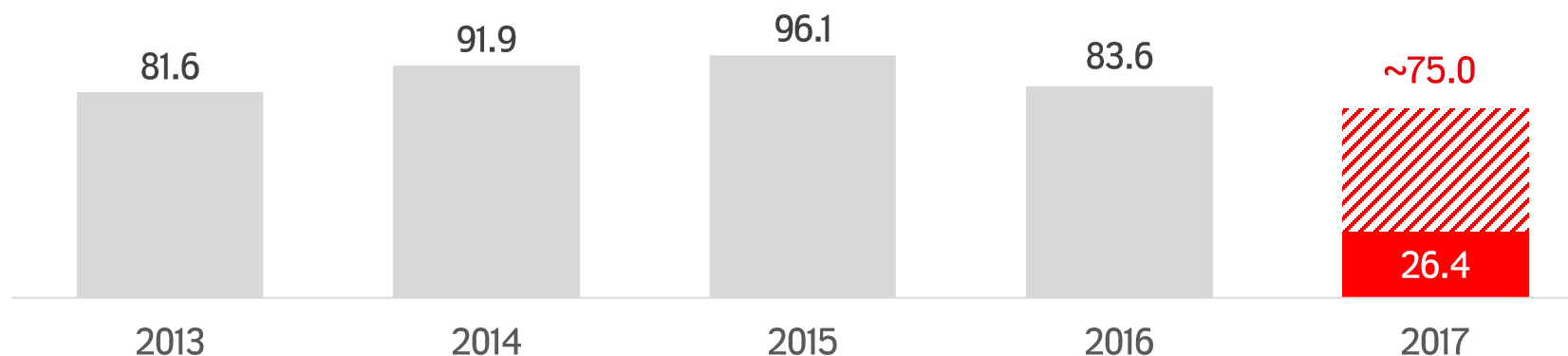


GROUP NET PROFIT FACTOR ANALYSIS
(RUB bln)



Group Cash CAPEX

Cash CAPEX
(RUB bln)



	H1 2016		H1 2017	
	Cash CAPEX (RUB mln)	As % of revenue	Cash CAPEX (RUB mln)	As % of revenue
Russia*	35,306	18.2%	22,267	11.4%
Ukraine	3,155	20.8%	3,833	30.7%
Armenia	281	6.6%	247	7.7%
Turkmenistan	63	2.3%	80	3.6%
Group**	39,671	18.7%	26,428	12.5%

* Excluding costs of RUB 2.6 bln related to the acquisition of a 4G license in Russia in H1 2016

** Including RUB 867 mln spent on CAPEX in UMS LLC in H1 2016, while Group revenue H1 2016 doesn't include revenue from UMS LLC



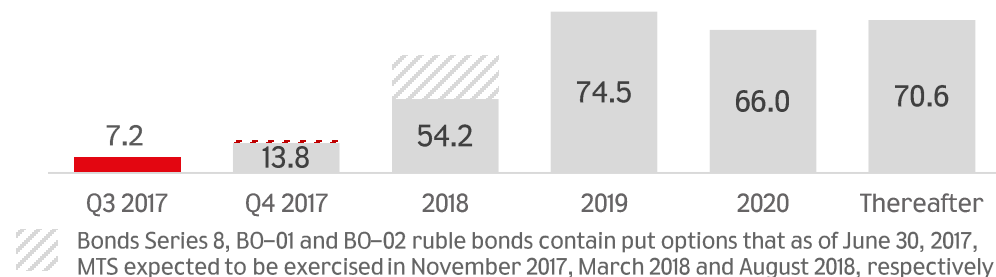
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Group Debt at The End of Q2 2017

DEBT REPAYMENT SCHEDULE (RUB bln)

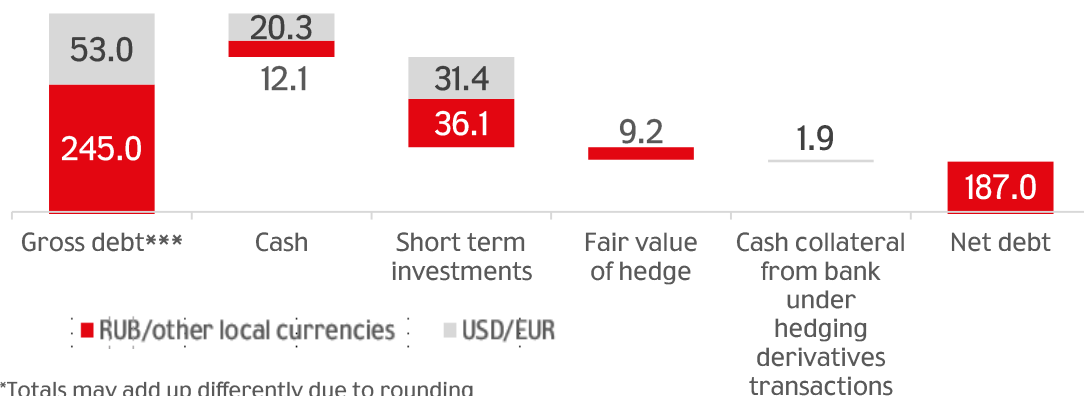
Total Group Debt* = RUB 286.3 bln



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

NET DEBT FACTOR ANALYSIS BY CURRENCY**

(RUB bln)



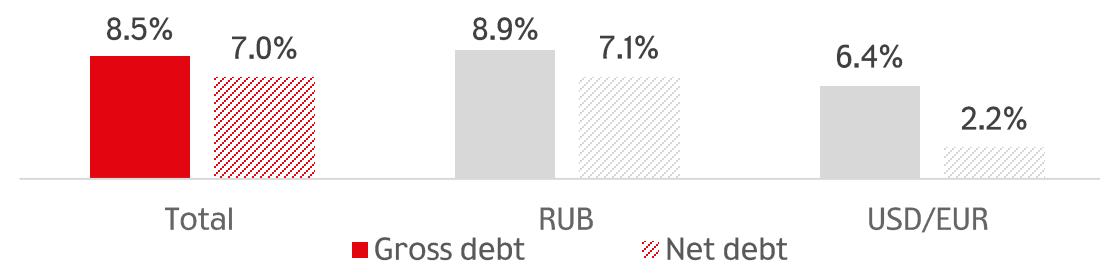
**Totals may add up differently due to rounding



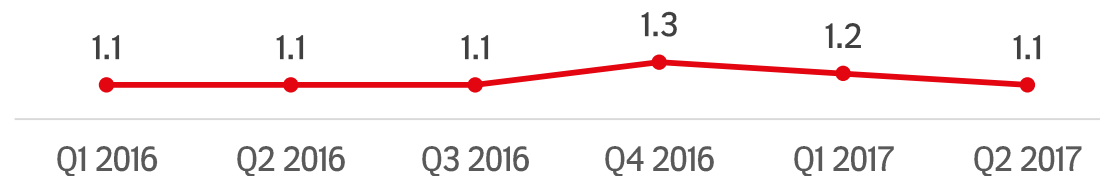
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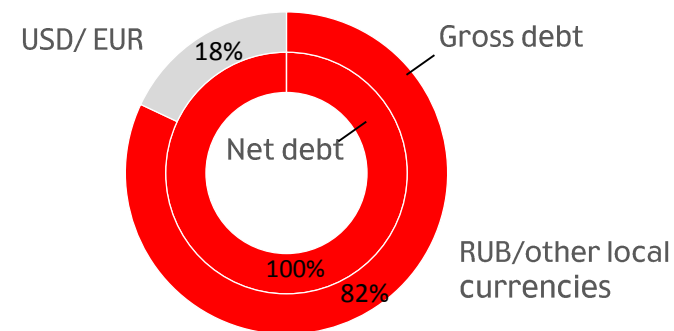
WEIGHTED AVERAGE INTEREST RATES



NET DEBT/LTM OIBDA DYNAMICS



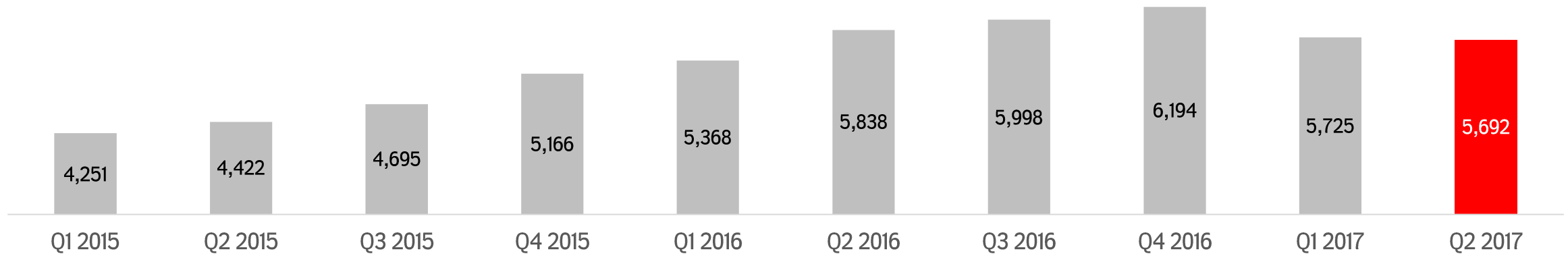
GROSS/NET DEBT COMPOSITION BY CURRENCY***



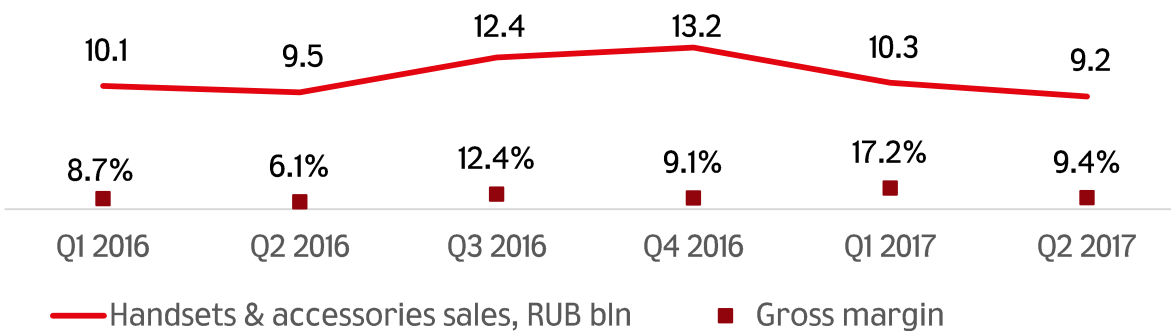
***Including financial leasing and including FOREX hedging in the amount of \$570 mln as of June 30, 2017

MTS Retail and Service Development

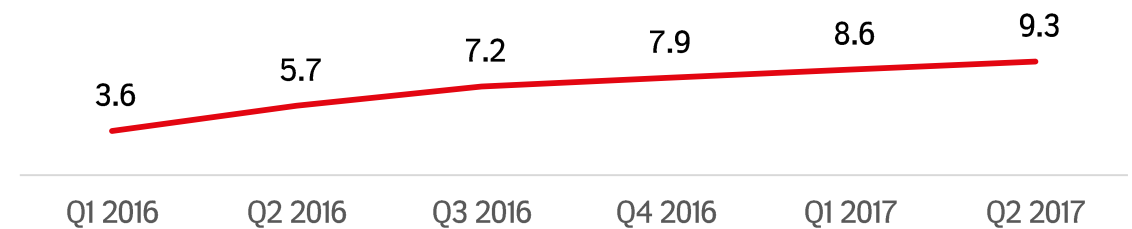
MTS RETAIL EXPANSION (# of stores)



HANDSETS AND ACCESSORIES SALES AND GROSS MARGIN

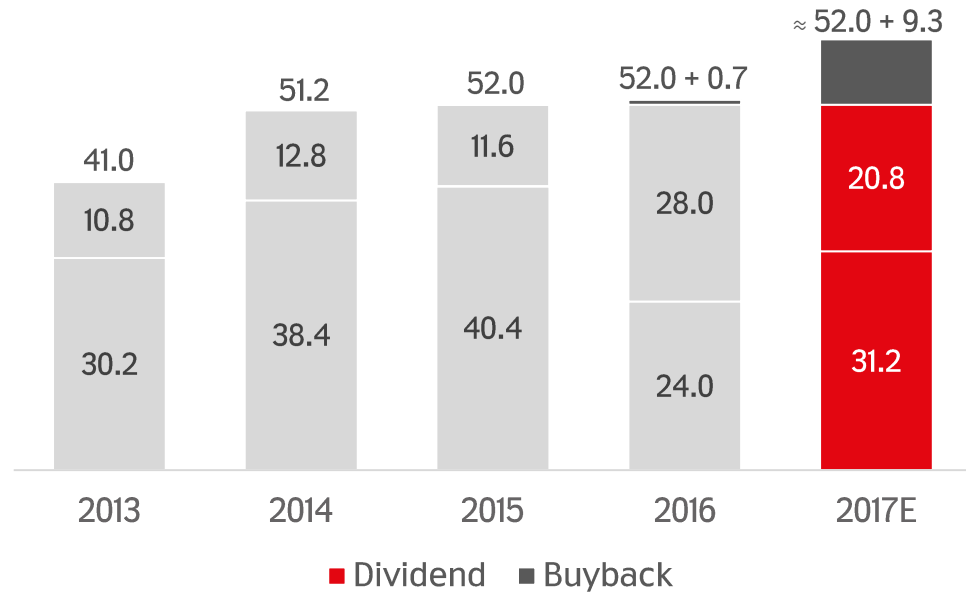


3-MONTH ACTIVE USERS of MyMTS (mln)



Dividends: Shareholder Return

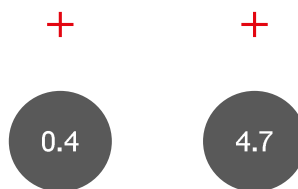
DIVIDEND HISTORY (RUB bln)



Dividend Per Share
(RUB)



Return Per Share Through Buyback
(RUB)



- In June, the Annual General Meeting of Shareholders approved the payment of dividends in the amount of RUB 15.6 per ordinary MTS share (RUB 31.2 per ADR), or a total of RUB 31.17 billion (RUB 31,174,752,570), based on the full-year 2016 financial results.
- In July, the MTS Board of Directors proposed a payment of semi-annual dividends 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, to the Extraordinary General Meeting of Shareholders.
- In October and December 2016, the Board of Directors gave approval for MTS to launch two Modified Dutch Tender Offers with the goal of returning a maximum of RUB 10 bln to the Company's Holders of Shares of Common Stock and ADS Holders. Through two tenders, launched in October 2016 and January 2017, 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 JSFC, at prices determined by the tender. In total, MTS spent RUB 10.0 bln to acquire a total of 35,121,665 shares.

SHAREHOLDER REMUNERATION POLICY FOR 2016–2018

- In April 2016, the Board of Directors approved a new dividend policy. Under the new dividend policy, management set a target payout of RUB 25.0 – 26.0 per ordinary MTS share (RUB 50.0 – 52.0 per ADR) per calendar year in two semi-annual payments. The policy guarantees a minimum payout of RUB 20.0 per ordinary MTS share (or RUB 40.0 per ADR). The new policy will cover 2016 – 2018.

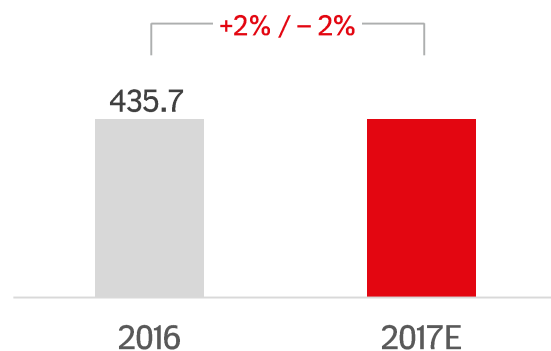


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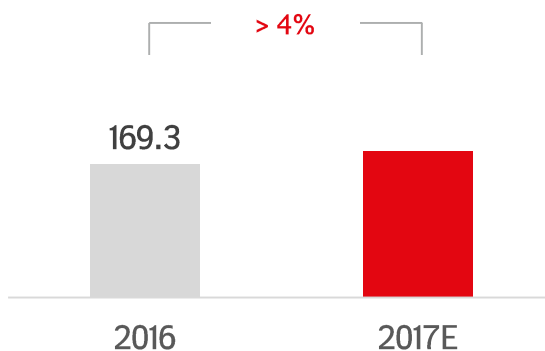
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Outlook for 2017

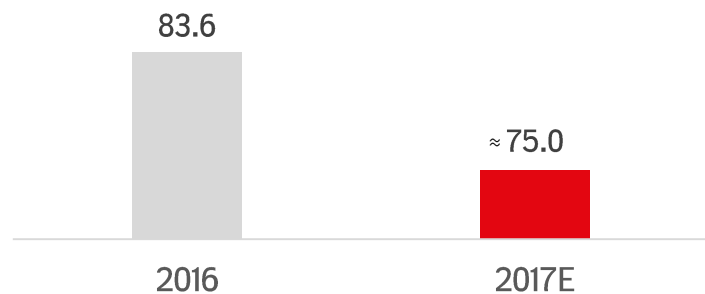
GROUP REVENUE FORECAST (RUB bln)



GROUP OIBDA FORECAST (RUB bln)



GROUP CAPEX FORECAST (RUB bln)



GROUP REVENUE: For 2017, MTS estimates its Group revenue outlook at +2% / - 2% growth rate based on developments in the following areas:

- › Competitive factors in distribution and tariff policies;
- › Handset sales due to optimization of retail distribution channels;
- › Service revenue dynamics in Russia; and
- › Service revenues in foreign subsidiaries and currency volatility in relation to the Russian ruble.

GROUP OIBDA: MTS raises its outlook on Group OIBDA from +/- 2% growth to >4% growth in consideration of the following:

- › Strong OIBDA growth in Russia and Ukraine in H1 2017;
- › Relative macroeconomic stability and improved consumer sentiment;
- › 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 reduces its FY2017 Group CAPEX estimate to RUB 75 bln from 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 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.



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Thank you!



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Contact Information

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