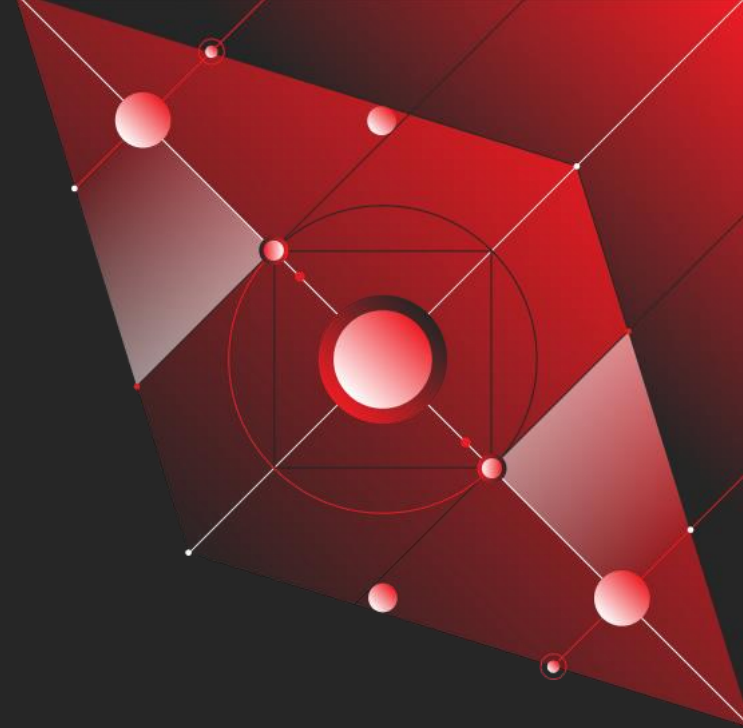




Investor Presentation 2022



# ACCELERATING

# DIGITAL

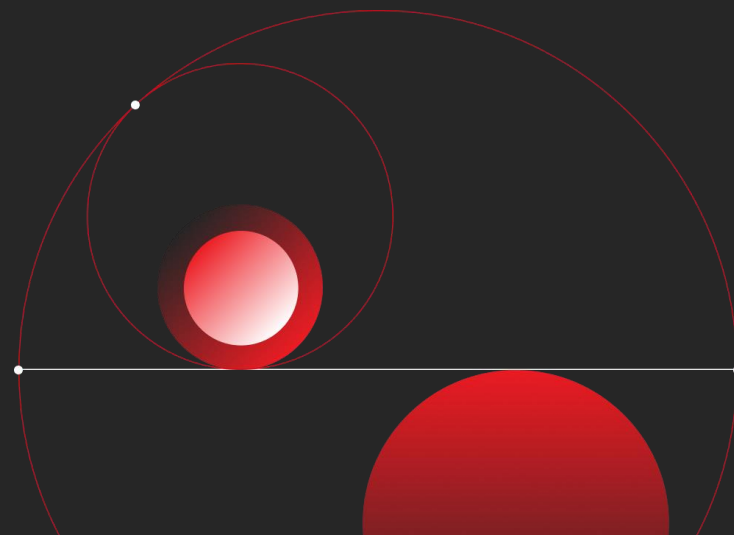
[ir.mts.ru](https://ir.mts.ru)

# 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 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

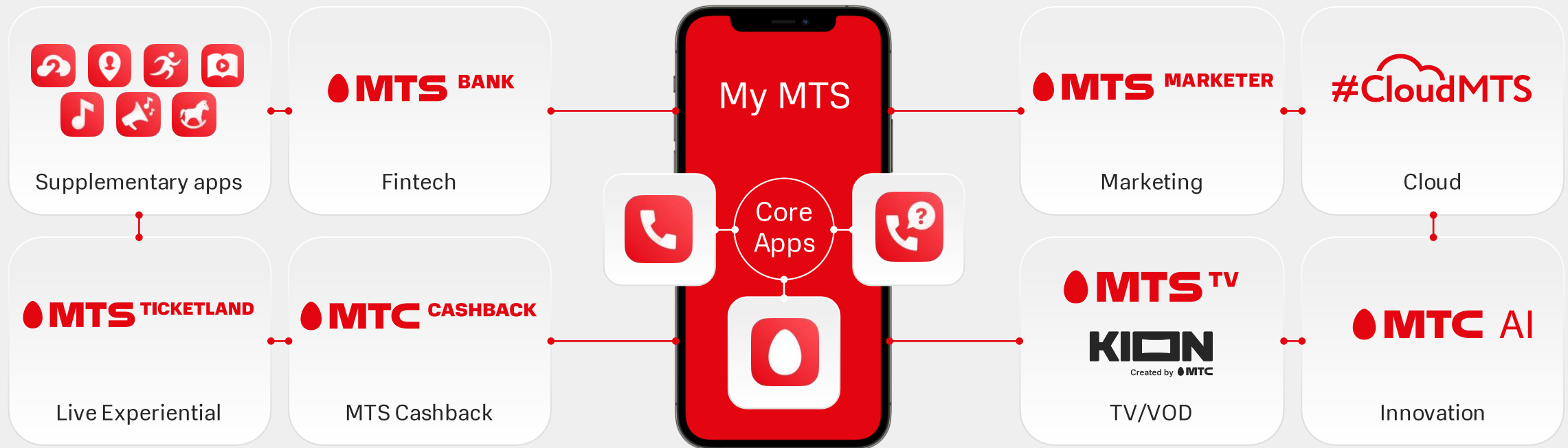
ongoing geopolitical situation relating to the conflict in Ukraine, the expansion of sanctions imposed on the Russian Federation by the United States, European Union and United Kingdom, volatility in interest and exchange rates (including the decline in the value of the Russian ruble against the U.S. dollar and the euro), commodity and equity prices and the value of financial assets; the impact of 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.

# COMPANY OVERVIEW



# Delivering a **Digital Lifestyle**

- MTS is Russia's largest mobile operator and provides a wide range of digital-first services to help enrich the modern 21<sup>st</sup>-century lifestyle.
- Our strategy is aimed at building out a customer-centric digital ecosystem on top of a strong telecommunications foundation.



# Markets and footprint

## HEADLINE FACTS

**RUB 534 bn**  
2021 revenue

**5,000+**  
retail outlets

**14**  
data centers

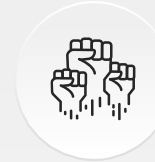
**248,000 km**  
of fiber lines in Russia

**60,000+**  
employees

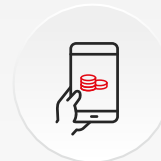
Russia's  
**leading**  
mobile operator

Listed on  
**NYSE** since 2000  
**MOEX** since 2003

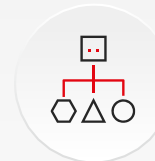
## KEY CUSTOMER METRICS



**80 m+**  
mobile subscribers  
in Russia



**3.0 m**  
bank clients



**25 m+**  
My MTS, MAU



**8 m+**  
Pay-TV  
viewers



**2000+**  
#CloudMTS  
enterprise/SME clients

### **MEDIA**

- Leading streaming video service (KION) and entertainment content provider

### **FINTECH**

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

### **RETAIL**

- Nationwide consumer electronics & smart devices retailer (B&M + e-commerce)
- Long-term focus on standalone profitability

### **TELCO**

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

## **Strategic priorities**

### **ENTERTAINMENT**

- Major ticket services, concert venues, hosted events

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

- Leading infrastructure company and cloud solution provider
- Edge Cloud and Edge Computing focus

### **TOWER INFRA CO**

- ~23k towers at year-end 2021
- Spun-off separate legal entity (TIC) with further monetization potential

# ESG initiatives

Protecting the environment. Supporting society. Ensuring good governance.

E

## Environmental care

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

S

## Digital society

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

G

## Responsible business

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

## 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

6/9 independent directors with extensive experience and expertise in composition of the Board

<b>Sustainalytics</b> (ESG Risk Rating)	<b>23</b> (Medium Risk)
<b>Sustainalytics</b> (Ranking industry group Telecommunication Services)	<b>55</b>
<b>CDP</b>	<b>B</b>
<b>Forbes</b> (rating of employers in Russia)	<b>Gold</b>
<b>RAEX Europe</b>	<b>10</b>
<b>AK&amp;M</b> (social efficiency rating)	<b>2nd place</b>
<b>MSCI</b>	<b>BBB</b> (average)

# 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
- **~20%** clients base hike
- **2x** increase of partners in 2021

## MTS Marketolog

- **~ 2x** revenue growth YoY in 2021
- **2.5x+** advertising campaigns growth

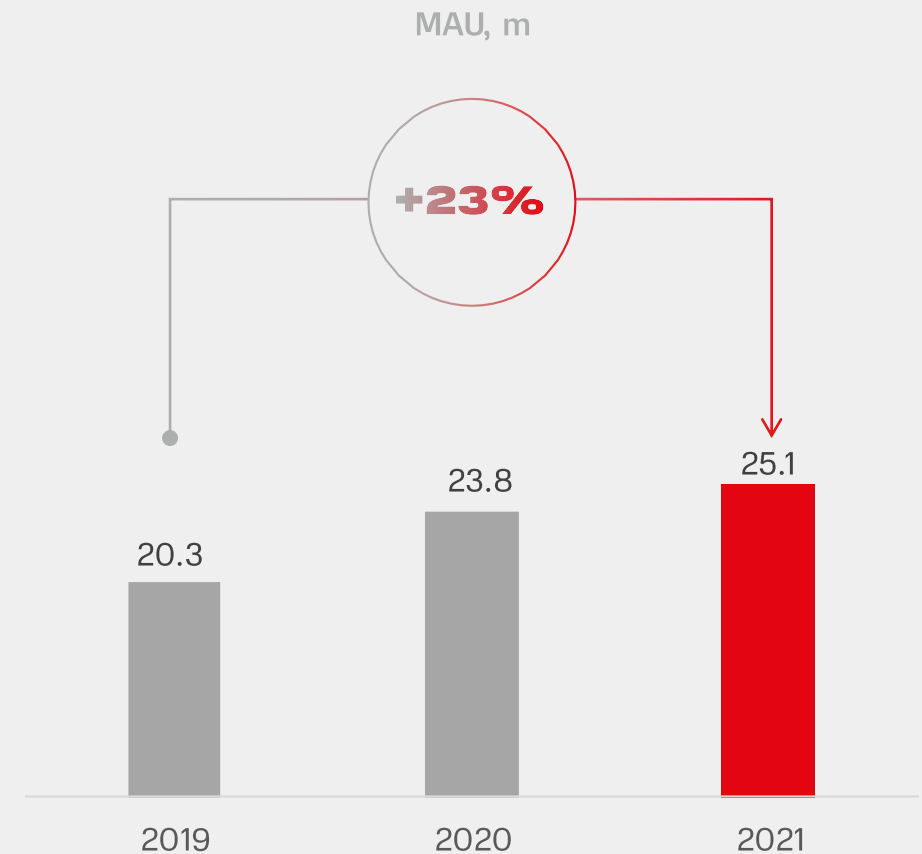
## A World-class Big Data team

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

## Fintech

- **60%+** sales via digital channels\*
- **30%+** MAU mobile app MTS Bank YoY in 2021

## MyMTS Self-Care Smartphone App



\*Sales of personal loans and credit cards



MTS BUSINESS



MTS MOBILE



MTS HOME



# MTS Digital Ecosystem

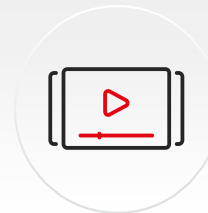
MTS RETAIL



MTS LIVE



MTS MEDIA



MTS BANK



MTS CASHBACK

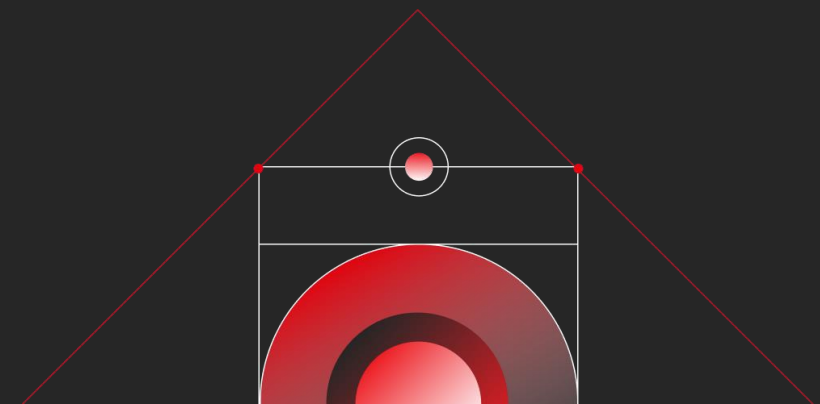
Loyalty program to strengthen ties between ecosystem verticals

- 4+ million clients tried new products
- The program natively integrates into all products and showcases

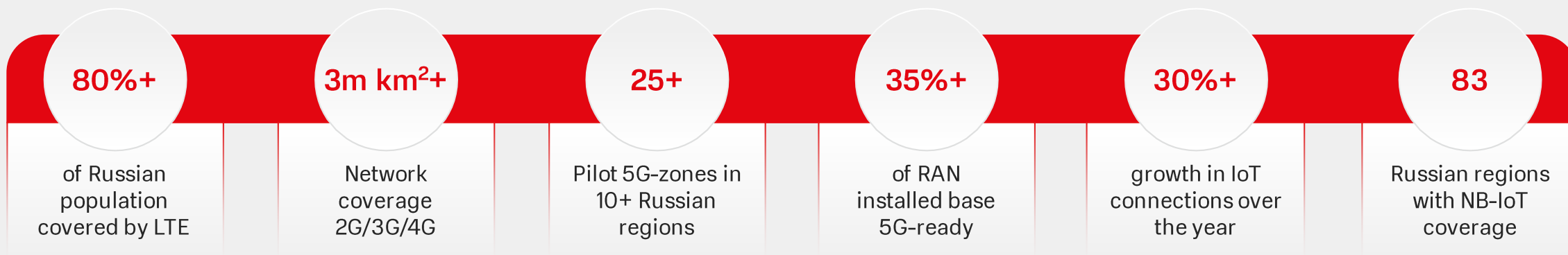
MTS PREMIUM

Unique subscription to all key services of the MTS ecosystem\*

# OUR BUSINESSES



# A leading position in **connectivity**



## Market opportunities



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



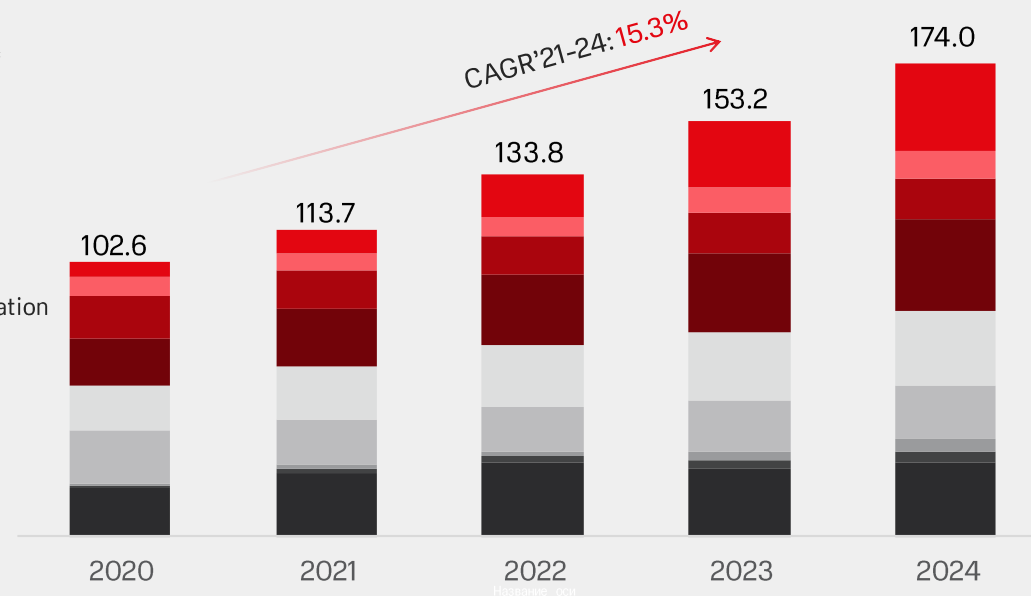
Mobile Internet roll-out  
72% (2020) → **80% (2025)**

## IoT B2B market\*\*

bn RUB

Target industries

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

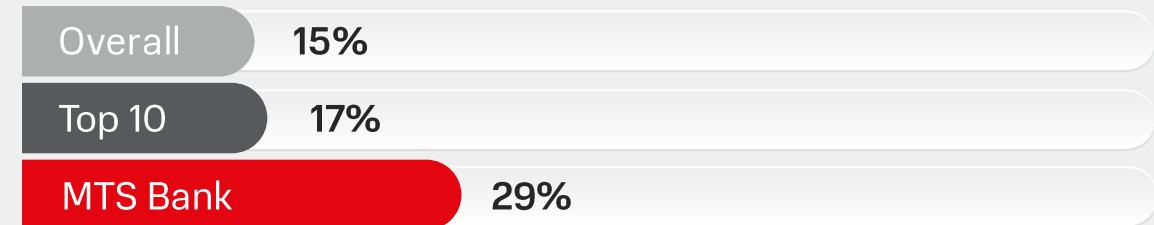


# Fintech

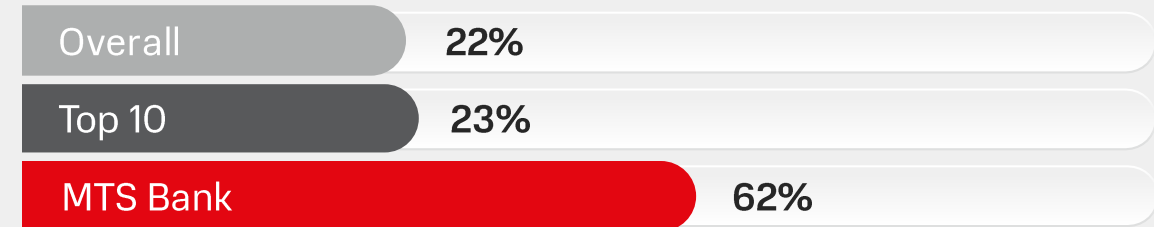
- MTS Bank is a dynamically developing digital bank within the MTS ecosystem
- Core strategic focus — retail lending and daily banking segment
- The bank's products are actively used by almost 12 mln clients, 3 mln of which are bank clients
- Share of digital sales of the main products (personal loans 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, insurance, factoring, and a credit broker

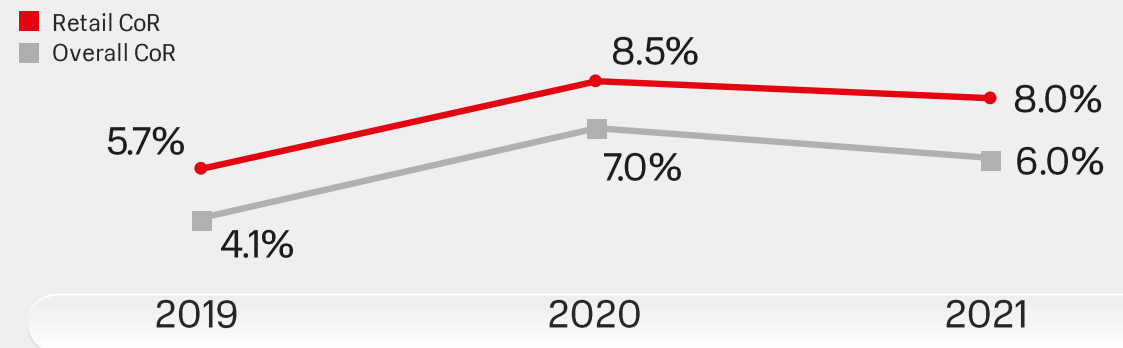
## Growth of retail loan portfolios\* | 2020



## Growth of retail loan portfolios\* | 2021



## With deliberate Cost of Risk



\*Based on raw data from Frank Research as of November 2021

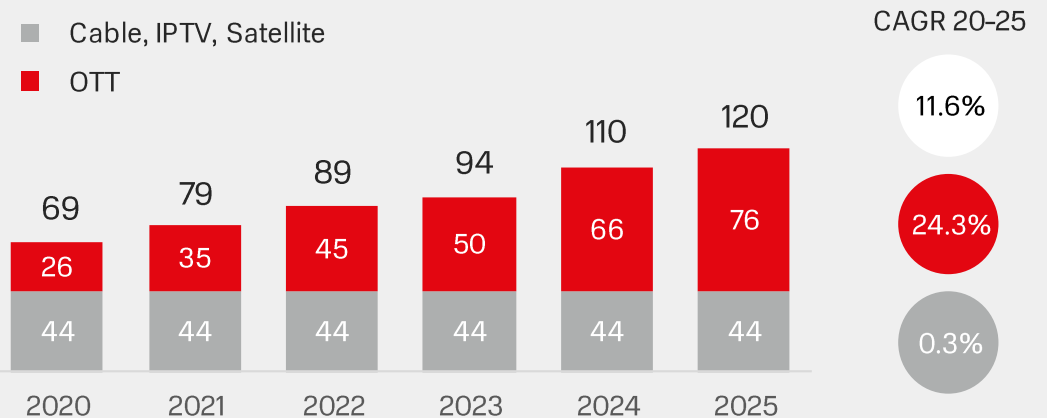
# Media

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

## Key priorities of MTS Media:

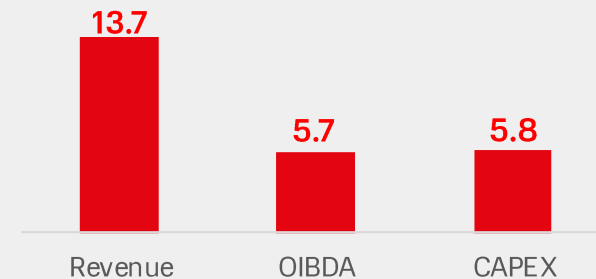
- Development of KION streaming platform - deep integration into MTS ecosystem and strengthening the content offerings through originals and exclusive content partnerships
- Growing customer base ahead of market growth in OTT and IPTV segments
- Maintaining market share in the stable legacy Cable and 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



Measured approach to content investment

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

x3 MAU,  
x2.5 TVTU driven by VOD  
Original content  
**21 title**

Partnership with e-commerce  
platform **OZON** — entrance to a new  
storefront for client base expansion  
(starting from Dec'21)

## VOD Library

~7,000  
titles

**KION Originals**

## Positive audience reception



Leading review  
aggregator

★ 9.2	Хрустальный	★ 8.1
★ 8.6	Клиника счастья	★ 6.7
★ 7.7	Девятаев	★ 6.2
★ 6.6	Секреты семейной жизни	★ 6.5
★ 7.2	Коса	★ 5.6
★ 7.0	Подслушано	★ 6.1
★ 6.7	Афёра	★ 5.0
★ 8.1	Дуров	★ 6.3



**100+ original titles**  
in development and  
production pipeline

# Retail

**#1**

Largest telecom  
retailer in Russia  
by handset sales

**120m+**

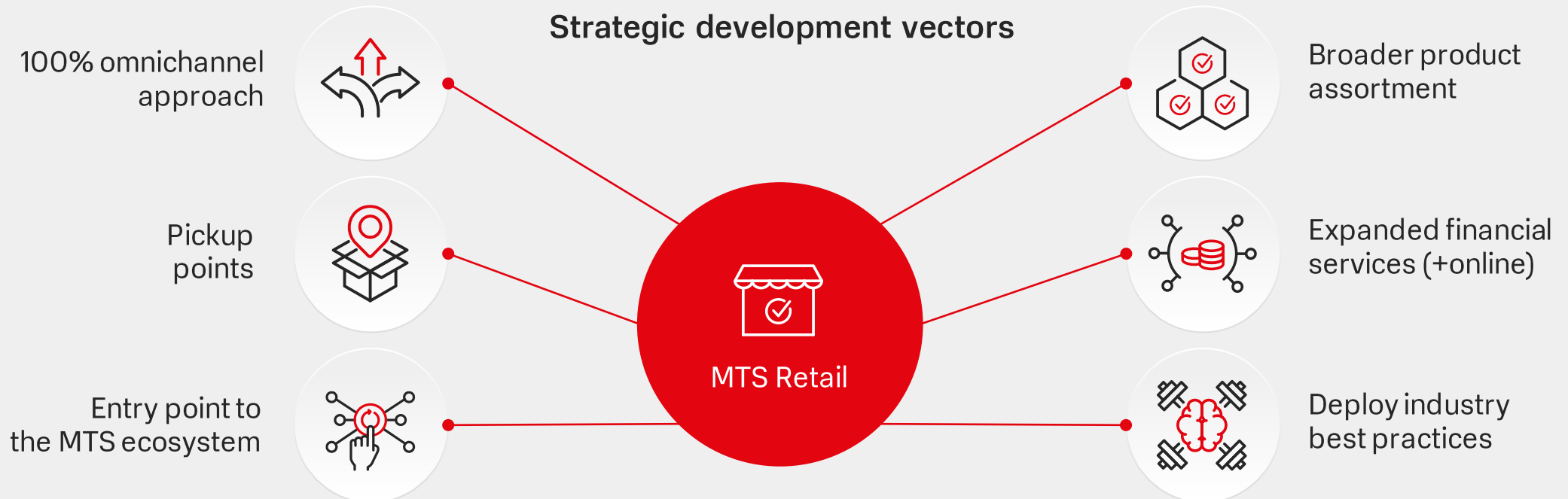
footfall per year  
Countrywide  
footprint



**Strong brand**  
Market position built  
on trust & reputation

## Target

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



# MWS (MTS Web Services)

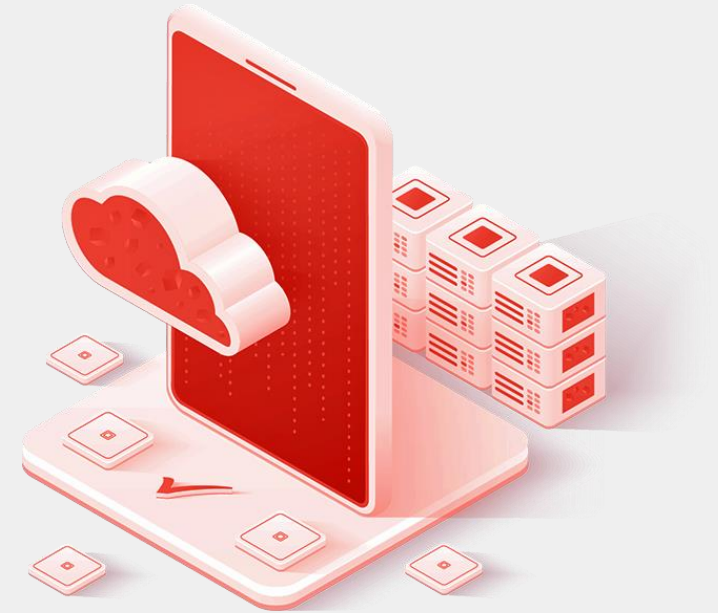
MWS is 100% owned MTS PJSC subsidiary and aims to become Russia's leading private digital infrastructure & cloud solutions provider

## Strategic goals

- Create shareholder value by creating a pure-play provider of 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

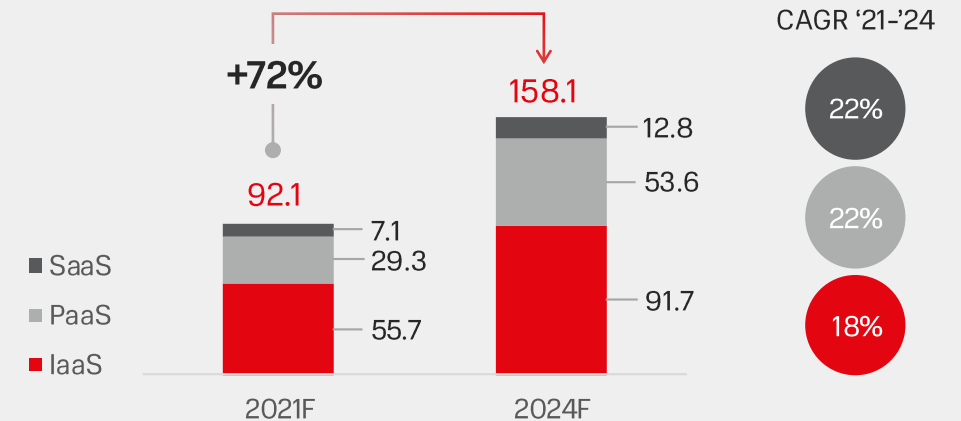
## Cloud solutions

- 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)



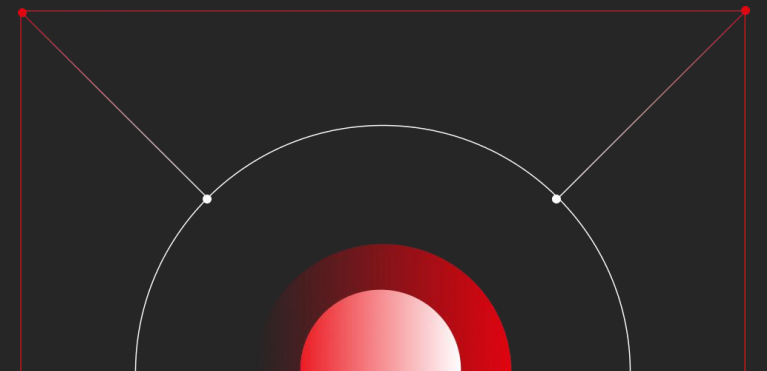
## Russian Cloud market

RUB bln\*



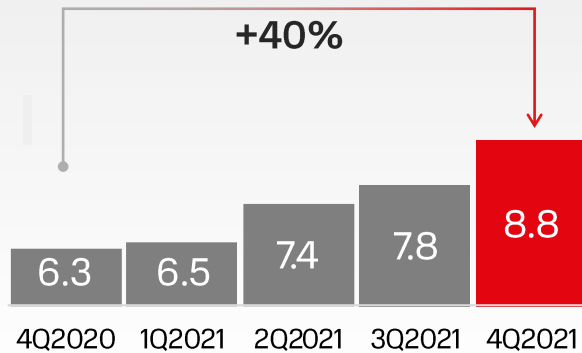


# FINANCIAL AND OPERATIONAL **RESULTS**



# Growing ecosystem customer base

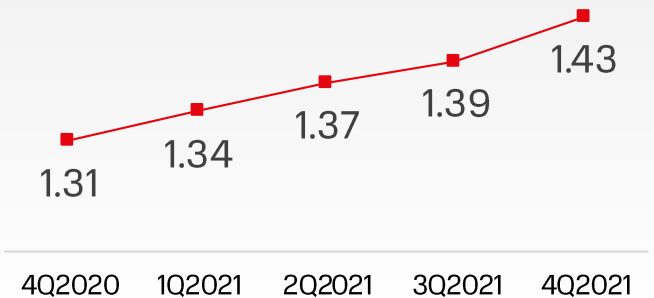
Ecosystem clients\*, m



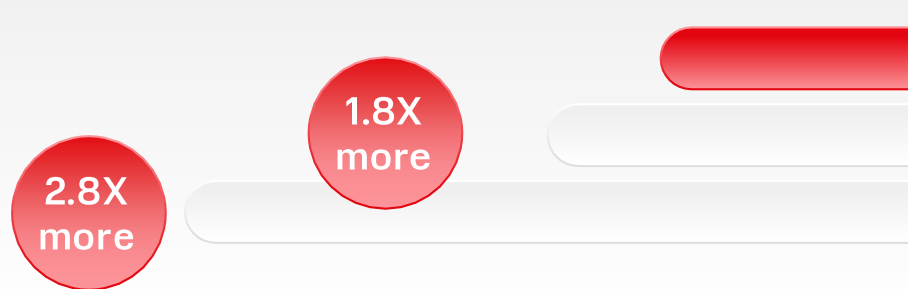
Growth in ecosystem revenue  
4Q2021 (y/y)

**+27%**

Average number  
of products per customer

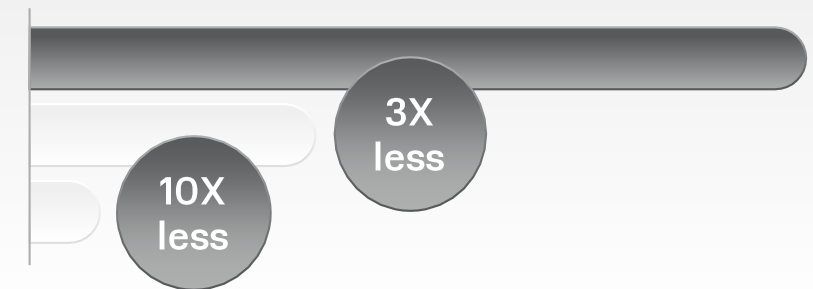


Ecosystem clients demonstrate higher NPS ...

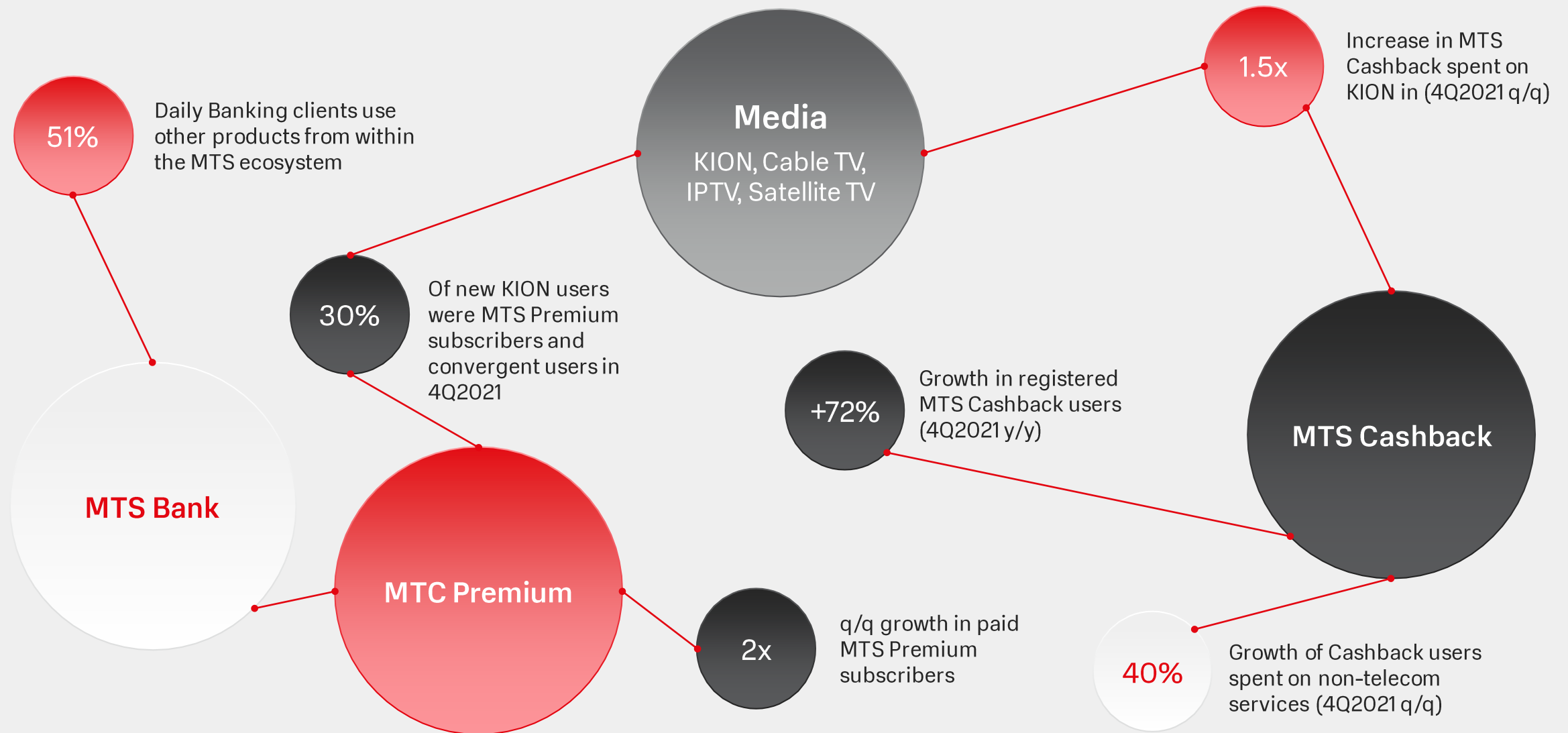


... with lower churn

Non-ecosystem clients  
Ecosystem clients  
+ Premium | + Cashback

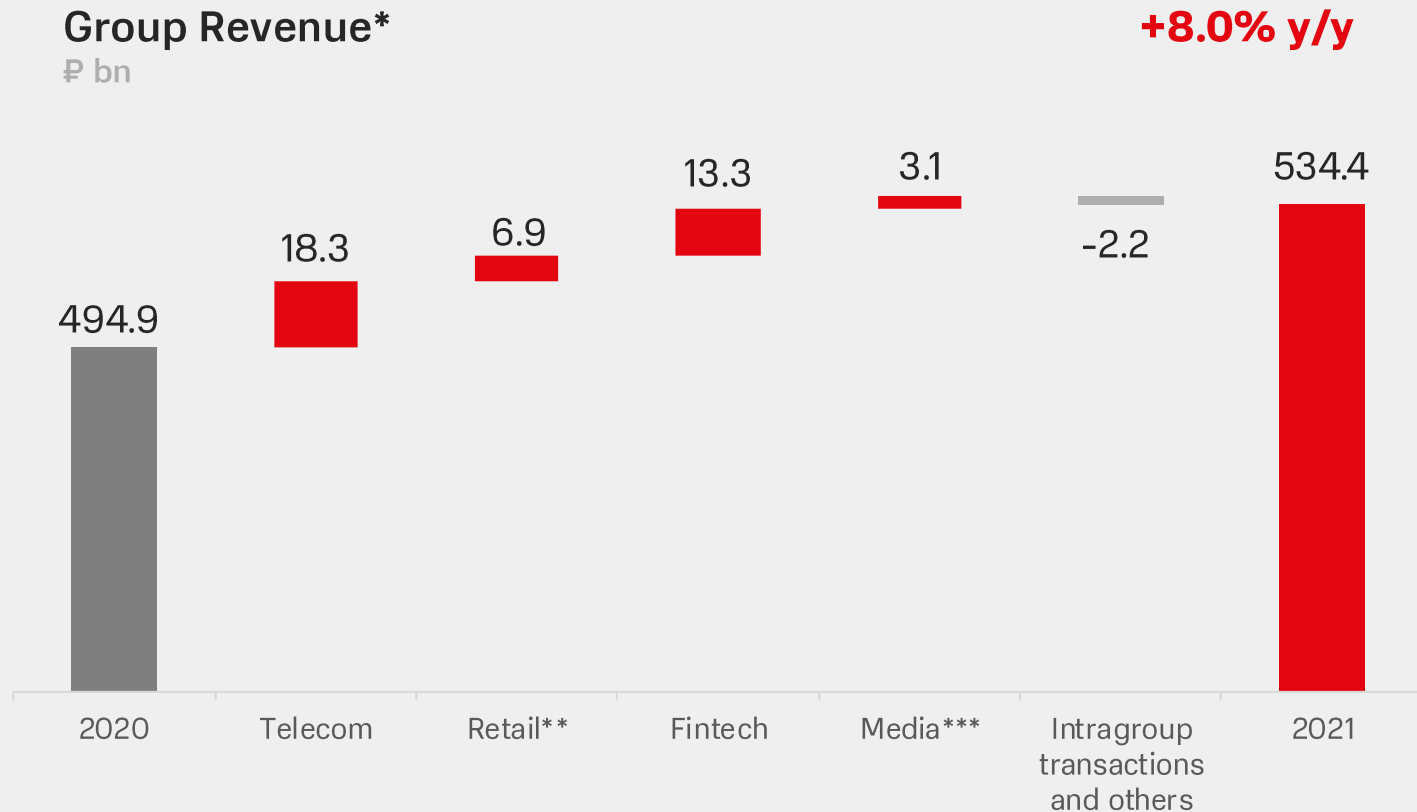


# Ecosystem synergies



# Top-line growth powered by segments beyond connectivity

Group Revenue\*  
₽ bn



## Commentary

- Group revenue increased 8.0% year-over-year to reach RUB 534.4 bn with positive contributions coming from all business verticals.
- Areas beyond connectivity delivered more than half of the year-over-year upside, reinforcing MTS's track record of balanced growth across both core telecom services as well as adjacent segments.
- Fintech services were the largest driver beyond telecom, with MTS Bank continuing to see robust double-digit growth on the back of lending and fees & commissions.

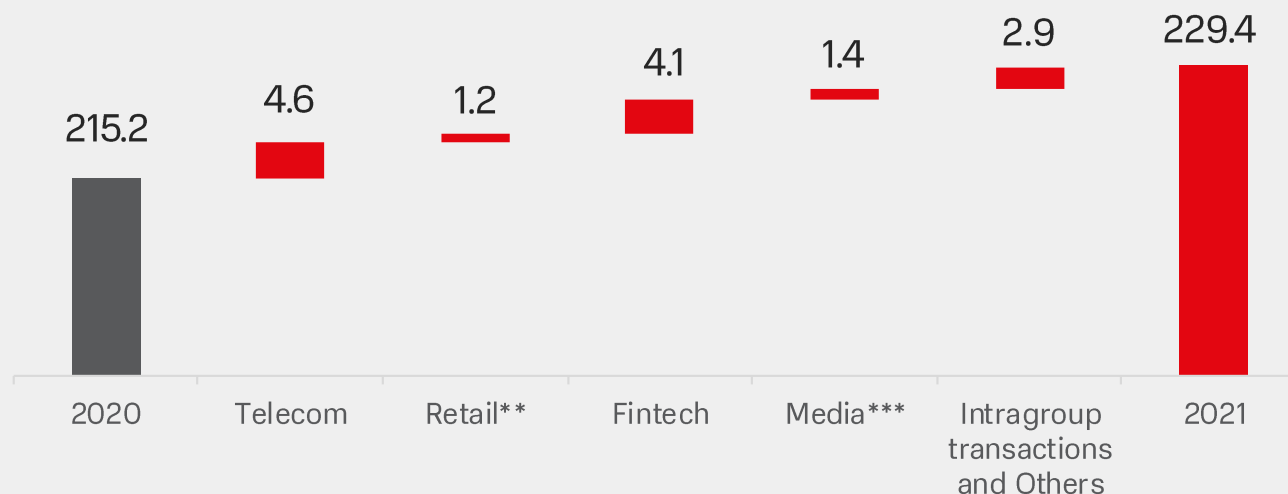
# Telecom, Fintech driving upside in OIBDA

## Group Adjusted OIBDA\*

₽ bn

**+6.6% y/y**

## Commentary



- Group OIBDA saw solid growth of 6.6% year-over-year to reach RUB 229.4 bn in 2021, with robust performance in telecom and non-telecom areas.
- Positive impact from Other category, among other factors, reflects Entertainment recovery in 2021 as well as revision of product portfolio in 2020.

\*Adjusted OIBDA for 2020 doesn't include a loss from impairment of non-current assets of RUB 808 m and RUB 2,088 m respectively

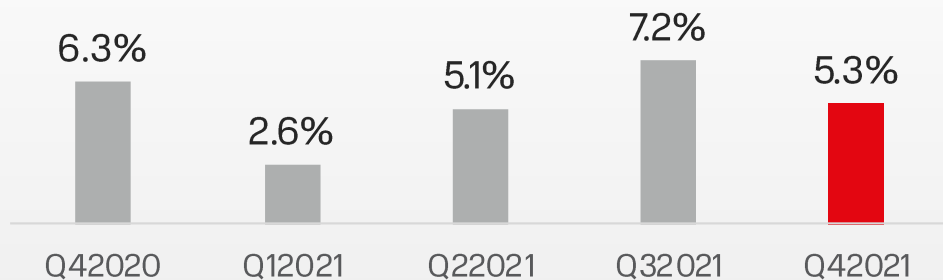
\*\*Retail - RTC, wholly-owned subsidiary of MTS, handling functions relating to MTS retail operations, including the purchase and sale of handsets and accessories and subscriber enrollment at MTS retail stores

\*\*\* Financial results of operating segment «Media» are presented within «Other» category in the Group's consolidated financial statements.

# Telecom results

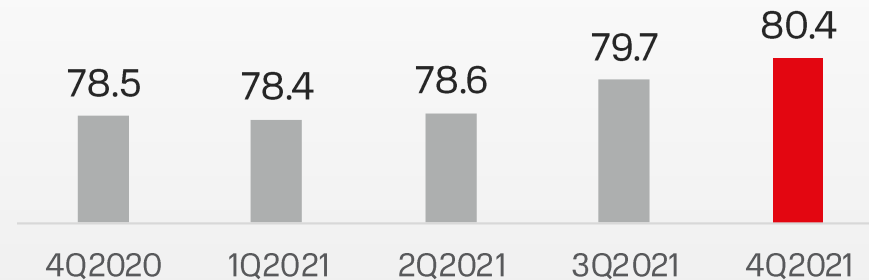
## Connectivity revenue growth, %\*

change year-over-year



## 3M mobile subscribers, m\*

change year-over-year



25%+

convergent base growth y-o-y  
FMC subs 4Q21 vs. 4Q20

30%

4G base stations growth in  
2021 vs 2020

61%

of households with 1Gbps MTS  
broadband  
ultra-high-speed fixed-line

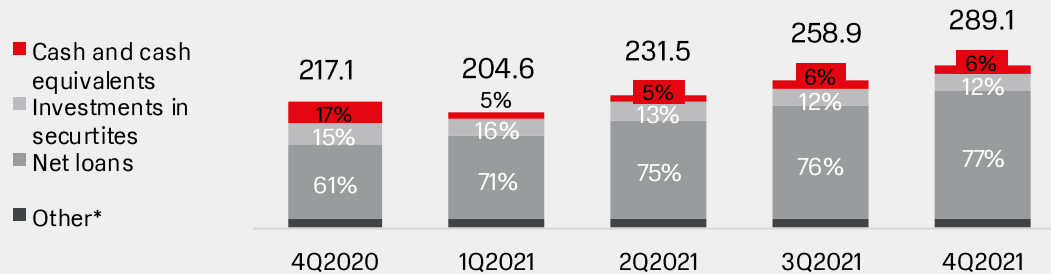
# Fintech update:

## Rapid loan portfolio growth in retail segment

### Asset structure

₹ bn at the end of period

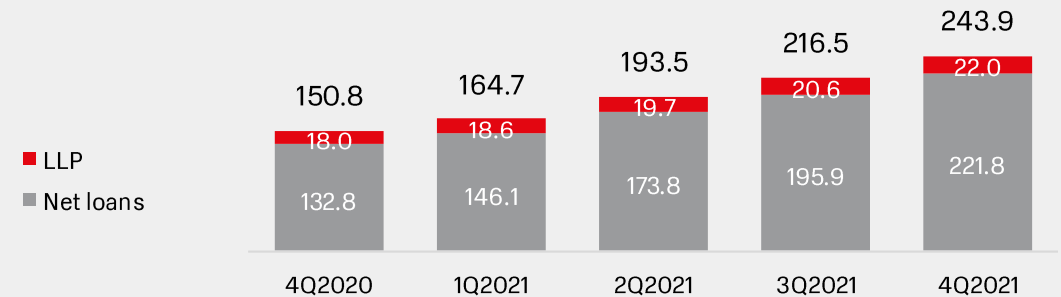
**+33.1% y/y**



### Gross loans

₹ bn at end of period

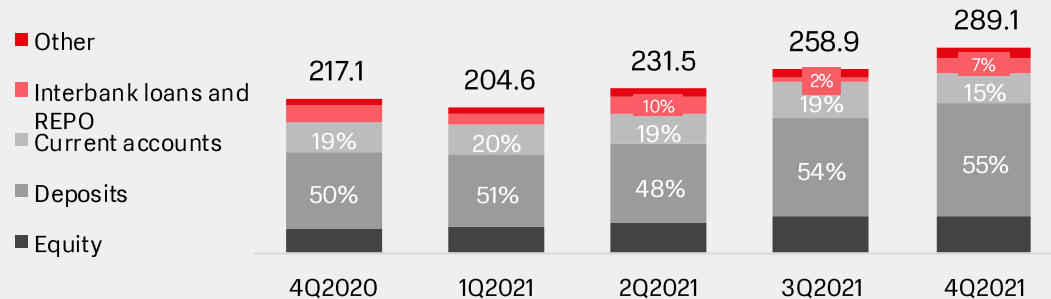
**+61.7% y/y**



### Sources of liquidity

₹ bn at end of period

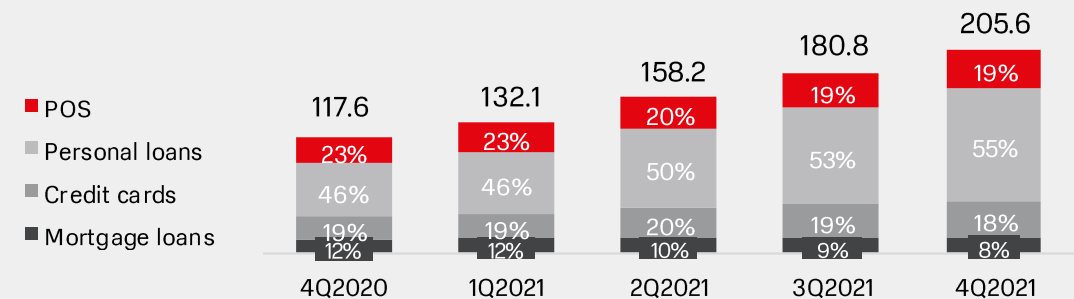
**+33.1% y/y**



### Retail loan breakdown

₹ bn at end of period

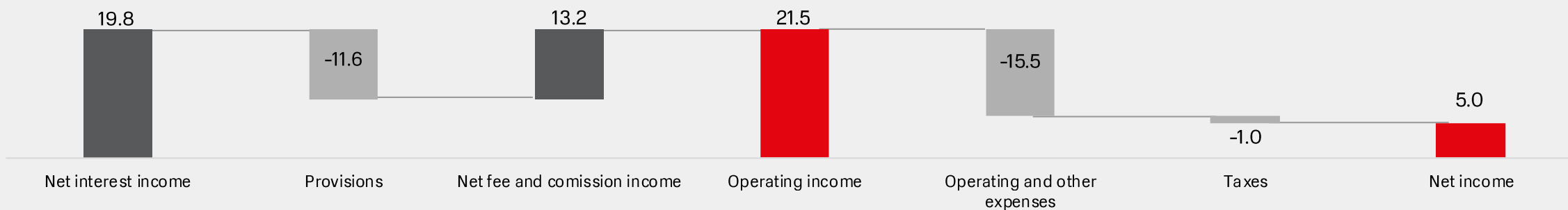
**+74.8% y/y**



# Scaling profitability in financial services

## 12M21 income

₹ bn

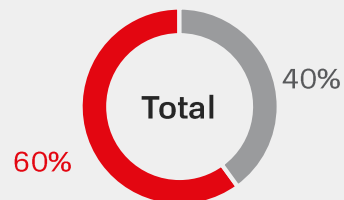


## Income segment breakdown for 12m 2021

% of operating income before provisions

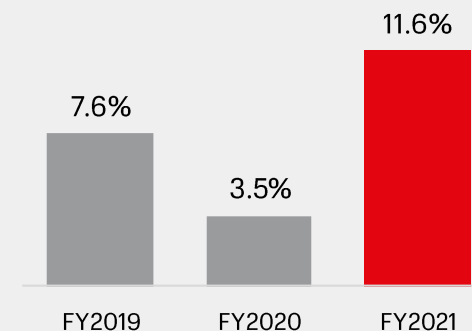
■ Net interest income

■ Net fee and commission income



## Return on equity\*\*

%

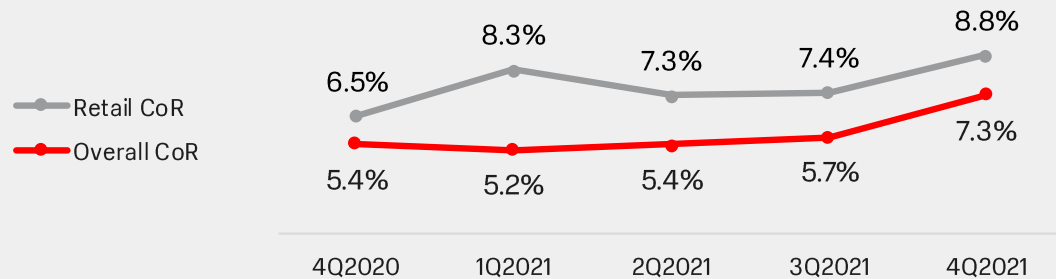




# Maintaining a sharp **focus on credit quality**

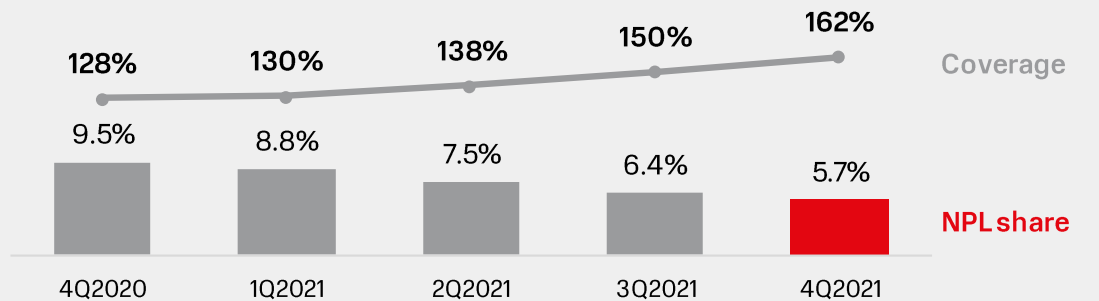
## Cost of Risk

%



## Non-performing retail loans

% of retail portfolio, % NPL coverage by reserves



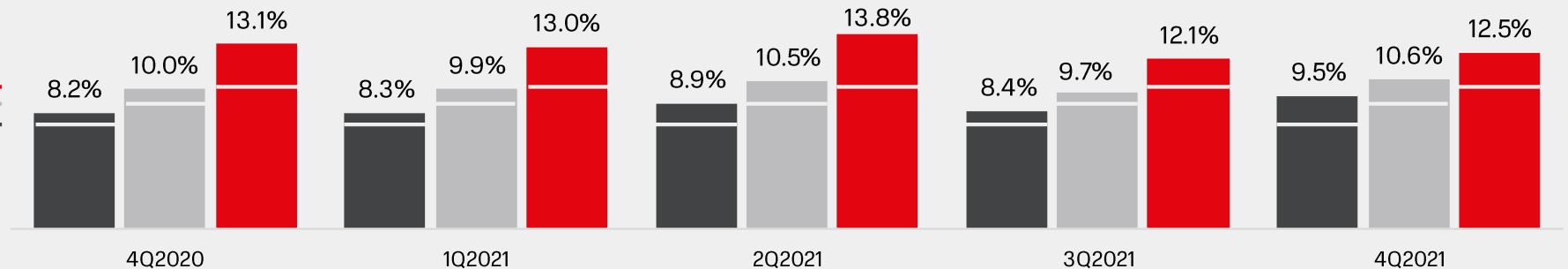
## Capital adequacy ratios (Quarter-end, Basel III)

%

CBR minimums

N1.1 – 7.0%  
N1.2 – 8.5%  
N1.0 – 10.5%

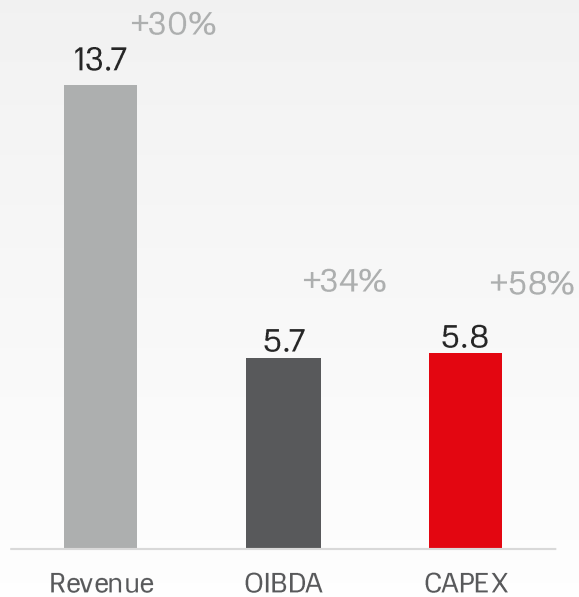
■ N1.1. (Common Equity Tier 1)  
■ N1.2 (Tier 1 ratio)  
■ N1.0 (Total CAR)



# Segment results

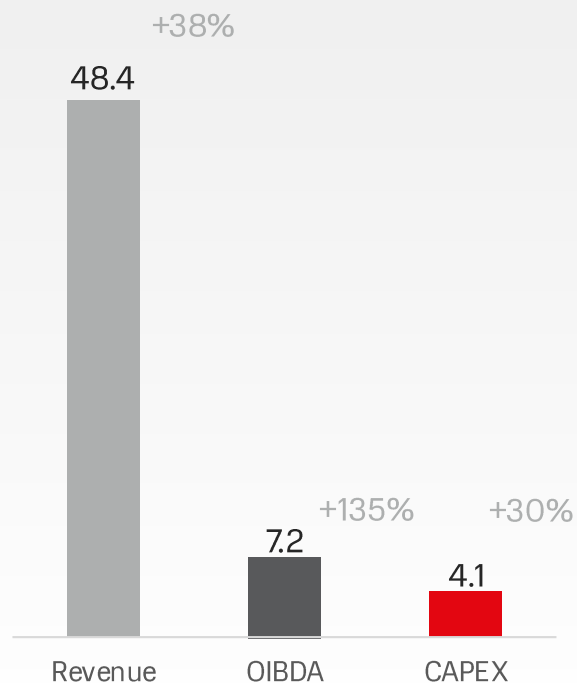
## Media, 12m 2021

₹ bn  
% y/y



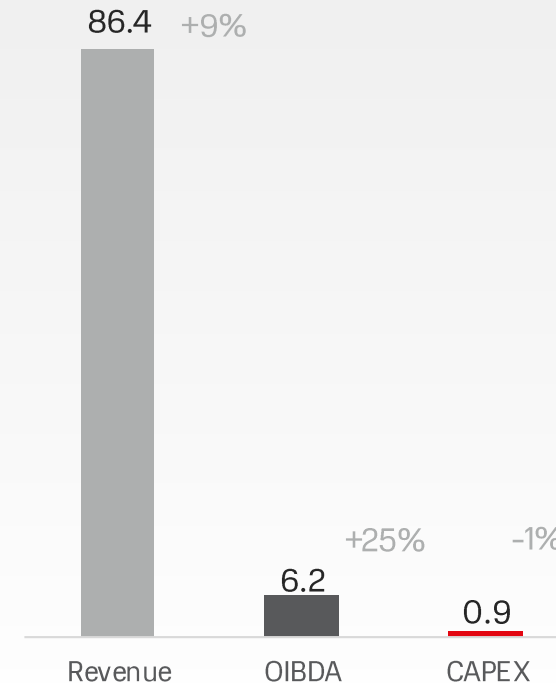
## Fintech, 12m 2021

₹ bn  
% y/y



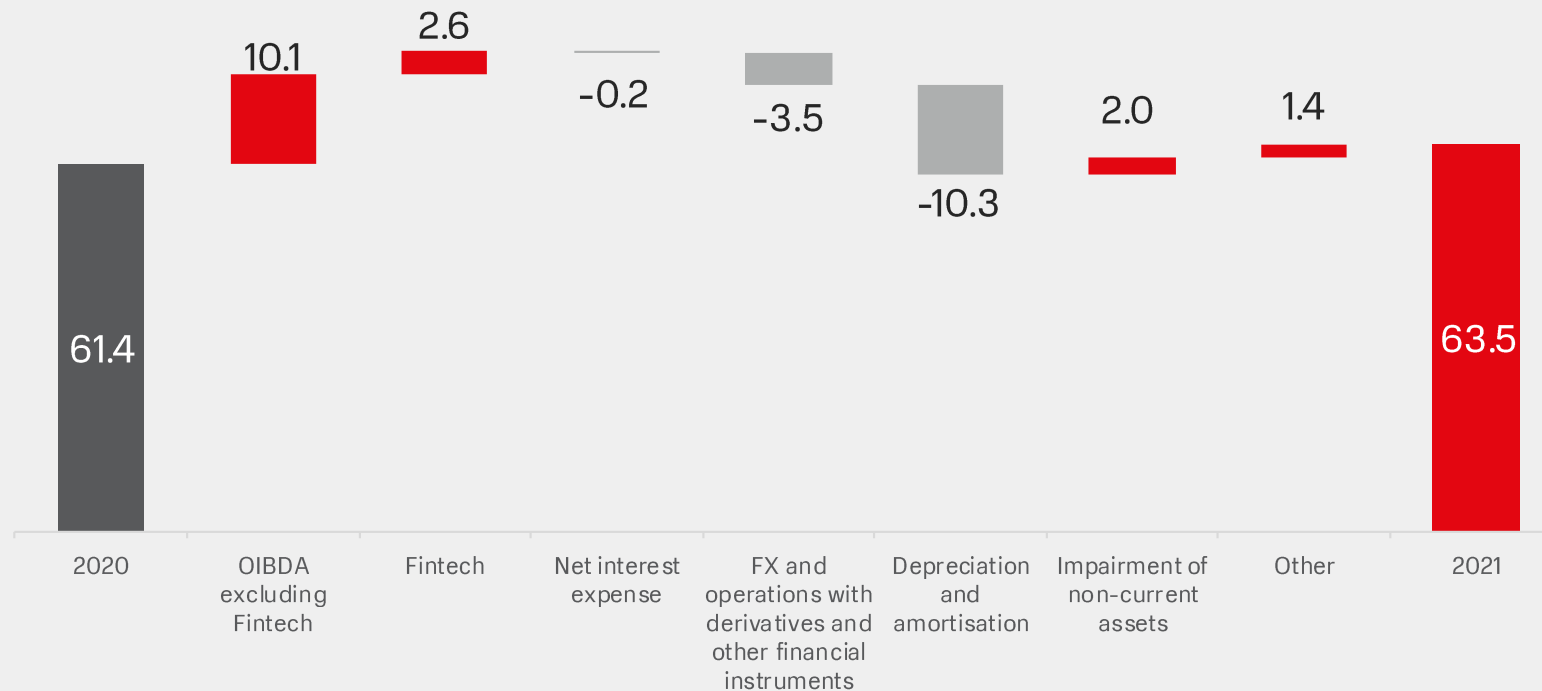
## Retail, 12m 2021

₹ bn  
% y/y



# Net profit constrained by deliberate CAPEX intensity

Group net profit  
₽ bn



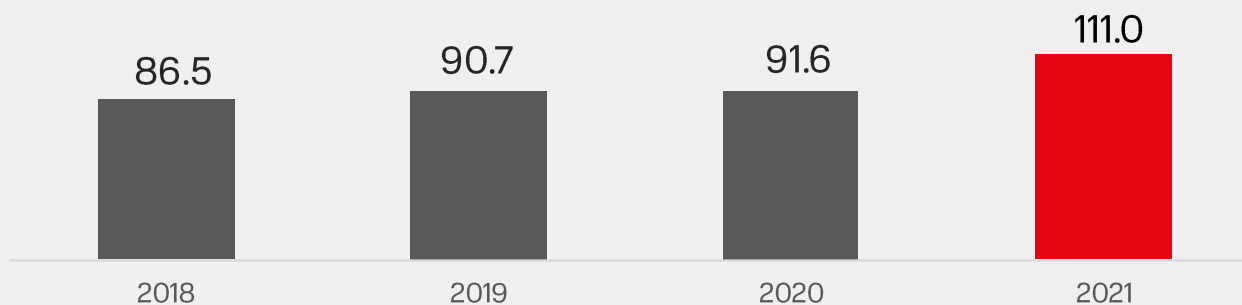
## Commentary

- Group Net Profit in 4Q2021 increased 3.4% to RUB 63.5 bn. Profitability was supported by core business performance and strong Fintech results with negative impacts coming from depreciation and amortization due to intensive capex and inorganic growth, an increase in financing costs amid a higher interest rate environment, as well as FX and operations with derivatives.

# Investing in capacity and digital growth areas

## Group Cash CAPEX\*

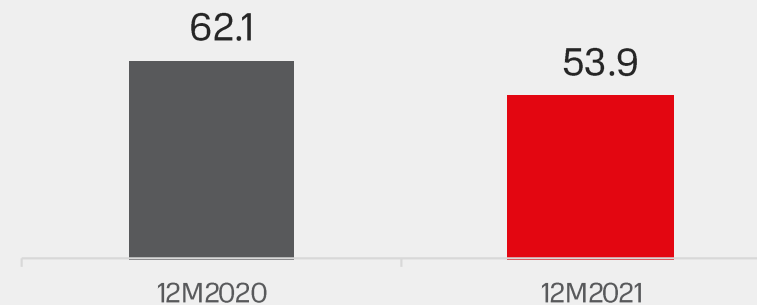
₽ bn



## Free Cash Flow ex-Bank\*\*

₽ bn

**-₽8.2 bn y/y**



	12M2021		12M2020	
	Cash Capex (RUB bn)	Cash Capex/ Sales (%)	Cash Capex (RUB bn)	Cash Capex/ Sales (%)
Russia***	109.0	21%	94.8	n/a
Armenia	1.7	24%	1.9	26%
Czech Republic	0.3	4%	0.3	5%
Group***	111.0	21%	96.9	n/a

## Commentary

- During 2021, MTS Group free cash flow ex-Bank decreased RUB 8.2 bn year-over-year, driven by higher capital expenditures in telecom and other business investment, as well as relatively more intense M&A activity versus the year-ago period.

\* 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.

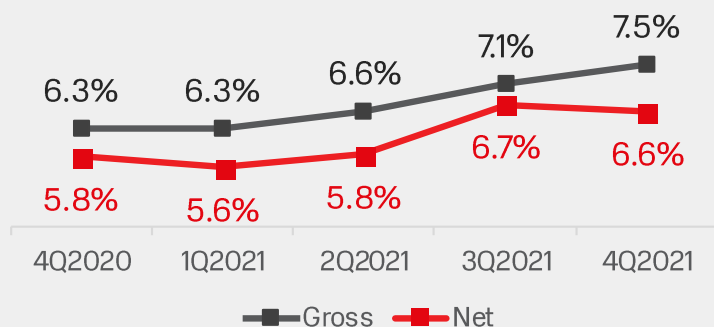
\*\* Free cash flow excluding MTS Bank and cash proceeds from the sale of VF Ukraine. \*\*\* Net of cash proceeds under sharing agreement

# Managing debt portfolio in evolving macro environment

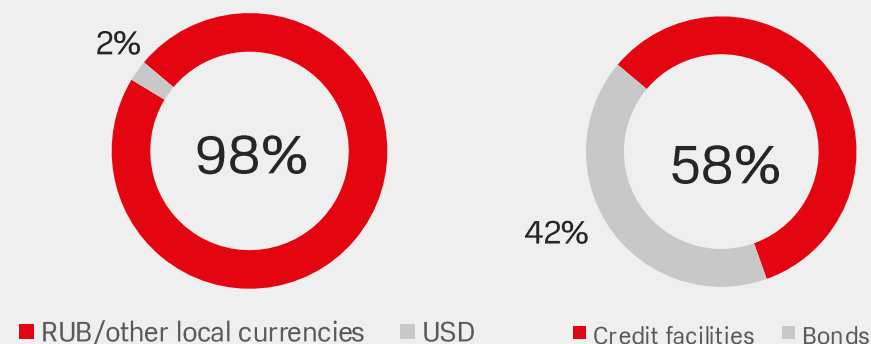
Net debt\* / LTM adj.OIBDA



Weighted average interest rates



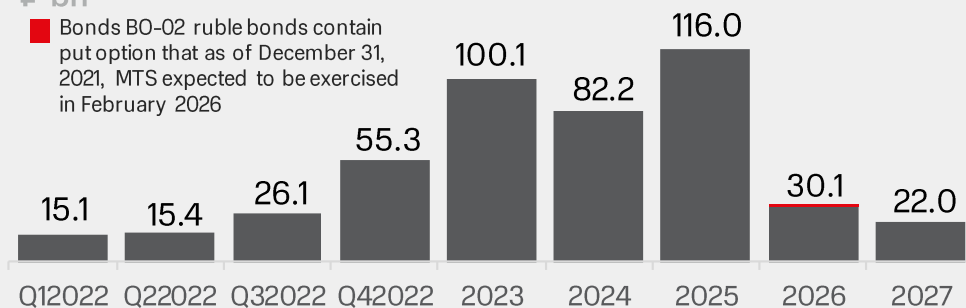
Gross debt\* composition



Debt repayment schedule

₽ bn

■ Bonds BO-02 ruble bonds contain put option that as of December 31, 2021, MTS expected to be exercised in February 2026



**Gross Debt\*\*\*  
RUB 462.3 bn**

Gross to net debt\* walk\*\*

₽ bn

■ USD/EUR ■ RUB & soft currencies



\*Excluding IFRS lease liabilities. \*\*Including FOREX hedging in the amount of USD 300.0m as of December 31, 2021, totals may add up differently due to rounding. \*\*\*Net of unamortised debt issuance cost adjustment, totals may add up differently due to rounding

# Completed & exceeded 2019-2021 dividend policy

## Total dividends plus buybacks\*

₽ bn



## Per ordinary share

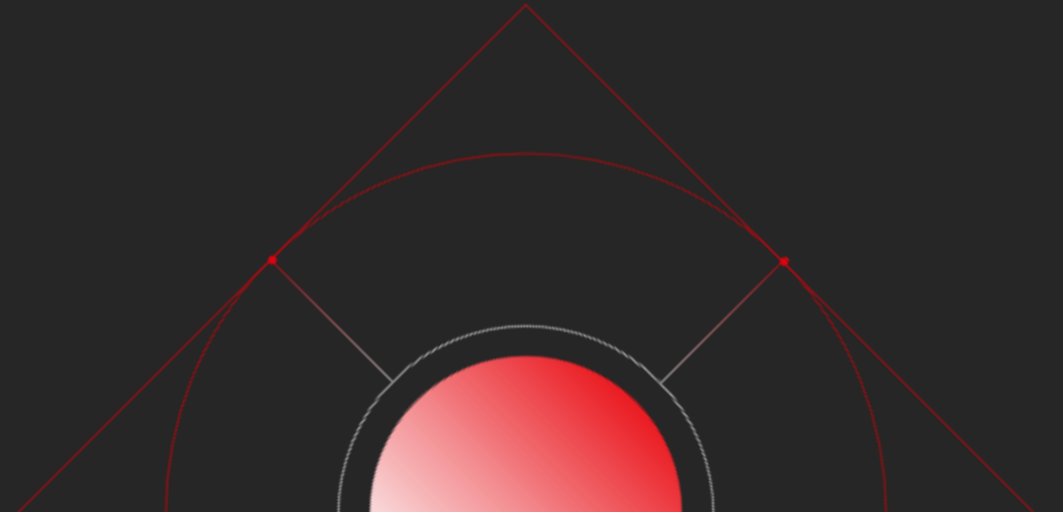
₽ bn

				7.5	
0.4	10.9	11.1	7.5	13.25	7.5
26.0	26.0	26.0	28.66	29.50	37.06
2016	2017	2018	2019	2020	2021

## Commentary

- In June, the MTS AGM approved FY2020 annual dividends of RUB 26.51 per ordinary MTS share (RUB 53.02 per ADR), or in total RUB 52.97 bn with a record date of July 8, 2021. FY2020 dividend payments were completed by August 12, 2021.
- In July, MTS completed the RUB 15 bn share repurchase plan announced on March 31, 2021. In total, the Company's wholly-owned subsidiary Bastion LLC acquired 45,401,921 shares of Common Stock (including shares of Common Stock represented by ADSs) under the plan, representing 2.27% of share capital issued by MTS.
- In September, shareholders approved semi-annual dividends of RUB 10.55 per ordinary MTS share (RUB 21.10 per ADR) based on H1 2021 financial results with a record date of October 12, 2021. Semi-annual dividend payments were completed by November 18, 2021

# APPENDIX

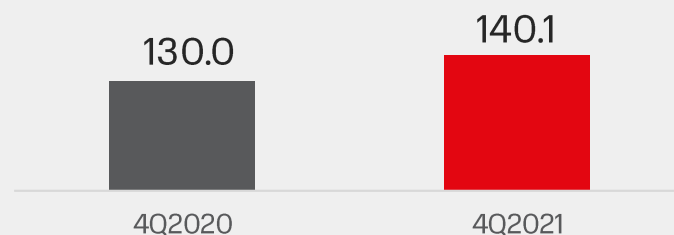


# Country performance breakdown

## Russia revenue

₽ bn

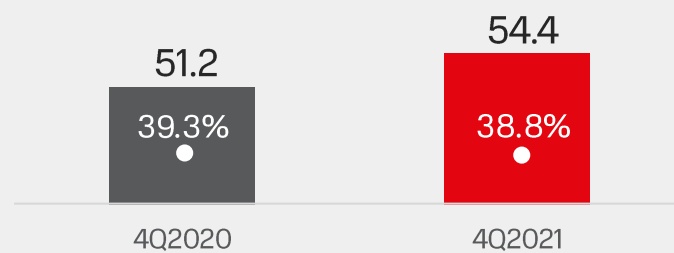
**+7.7% y/y**



## Russia Adj. OIBDA\*\* & margin

RUB bn, %

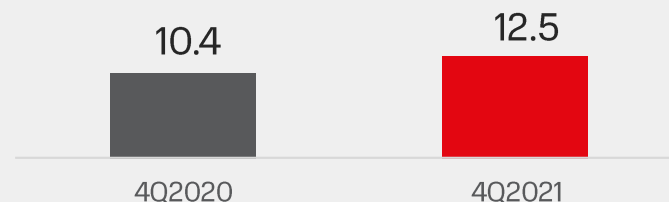
**+6.3% y/y**



## Armenia revenue

AMD bn

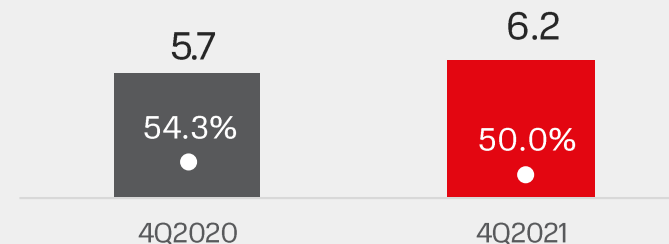
**+19.6% y/y**



## Armenia OIBDA & margin

AMD bn, %

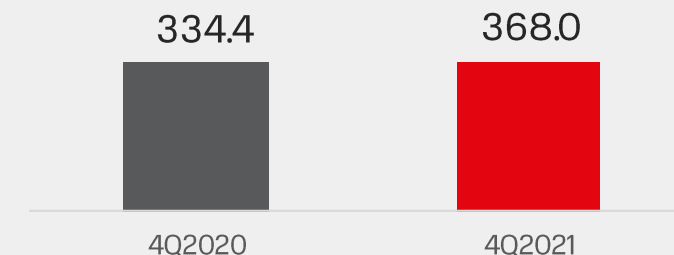
**+9.9% y/y**



## Belarus revenue\*

BYN m

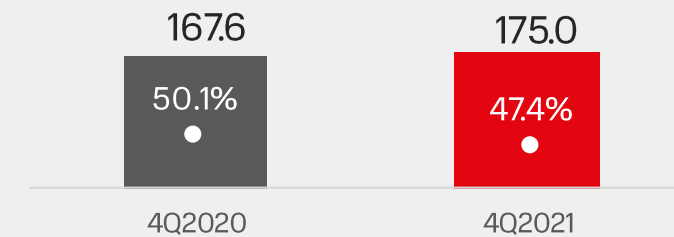
**+10.1% y/y**



## Belarus OIBDA & margin\*\*

BYN m, %

**+4.4% y/y**

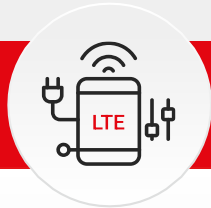


\*MTS owns a 49% stake in Mobile TeleSystems LLC, a mobile operator in Belarus, which is not consolidated.

\*\*Adjusted OIBDA for 4Q2020 and 2020 doesn't include a loss from impairment of non-current assets of RUB 808 m and RUB 2,088 m respectively



# B2B/G product solutions beyond traditional telecom



## Private LTE

15+ pilot + commercial  
Private LTE projects



## 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)



## Cloud solutions

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



## MTS Marketolog

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



## Geoanalytics

16%+ revenue increase in 2021, projects in 46 Russian regions



## Smart city / digital region

42 agreements on digitalization with cities and regions at the end of 2021

# 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:

- |  |   |   |
|--|---|---|
| • <b>BIG DIGITAL / Worldwide</b>             | • | Partnerships for the launch of new products by international companies        |
| • <b>BIG DIGITAL / Russia</b>                | • | Cross-promotion, integration into loyalty programs                            |
| • <b>NON DIGITAL / Russia</b>                | • | Bundling offline partner products with MTS digital products                   |
| • <b>With a minority shareholding in MTS</b> | • | 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)



MTS Investor Relations



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