

● Be better every day

Q1 2020 Group Results

May 26, 2020

MTS

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.

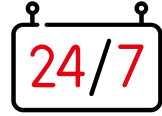
COVID-19 RESPONSE

social initiatives



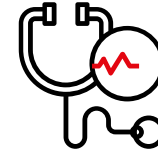
Protecting employees

- Dedicated task force at senior management level to coordinate operational response.
- Over 30,000 employees transitioned to remote work.
- Extensive sanitation protocols put in place for offices, retail stores, and field workers.



Helping customers

- Free access to critical resources, e.g. official hotlines and websites.
- Free online entertainment and educational programs.
- Free urgent care telemedicine consultations.
- Uninterrupted home internet, cable/satellite TV for overdue accounts.
- Contactless delivery of SIM cards and network equipment.
- Free limited cloud services for B2B clients.



Aiding healthcare workers

- Free connectivity and special offers for doctors fighting COVID-19.
- Employee crowdfunding for targeted support of medical workers.
- Free cloud compute time for Folding@Home coronavirus vaccine project.
- Joint project with Sistema Charitable Foundation to provide coronavirus test kits to regional healthcare facilities.



Supporting public health initiatives

- Close coordination with local governments and Emergency Ministry on public outreach efforts.
- Providing anonymized insights from Big Data analytics to public agencies.
- Personalized support for tourists stranded abroad.
- Providing personal protective equipment (PPE) to volunteers.
- Providing essential goods to vulnerable segments of the population.

COVID-19 RESPONSE

ensuring continuity & adapting approaches



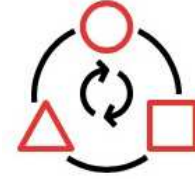
Maintaining our network

- Investing to increase network capacity.
- Uninterrupted operation despite traffic increases of up to 2x in certain areas.
- Rapid reallocation of resources to accommodate geographically redistributed traffic load.
- Extra focus on ensuring robust coverage at healthcare facilities.
- Removed duration cap for voice calls.
- Leveraging Big Data analytics to actively manage network resources.



Strengthening online channels

- Launched online sales of SIM cards with contactless delivery and self-registration.
- Expanded human resources in online sales and delivery services.
- Introduced a remote hiring and onboarding process for new employees.
- Stepped up promotion of digital self-care and mobile banking capabilities via the My MTS and MTS Bank apps.
- Partially shifted first-line customer service interactions to MTS in-house conversational agent.

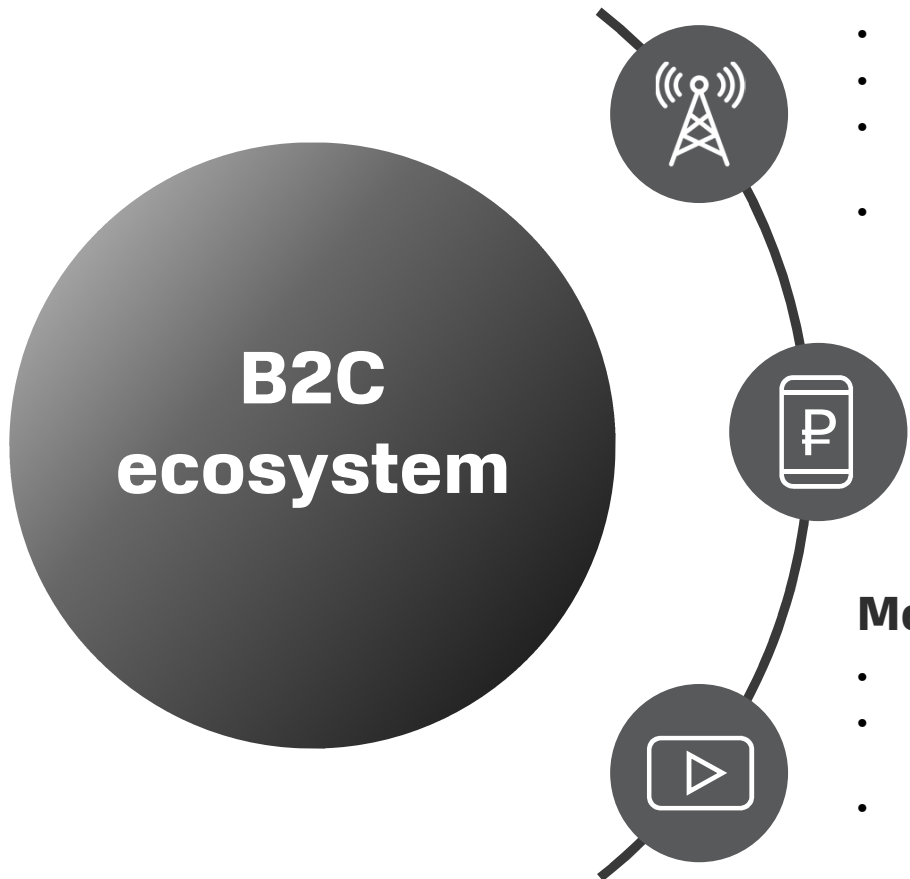


Expanding product offerings

- Launched a #StayHome bundle of packaged services tailored to social distancing needs (TV, music, fitness, books, telemedicine).
- Launched customized offers for SMEs.
- Shifted live experiential focus from offline to online entertainment.
- Prioritized marketing of B2B solutions for secure remote working environments.

CORE BUSINESS VERTICALS

key developments in Q1 2020



Telecom

- Russia mobile subs +1.2% y-o-y.
- Successfully implemented tariff adjustments.
- Acquired stake in regional fixed-line operator Zelenaya Tochka.
- Launched first industrial 5G zone in Russia.

Fintech

- +11% active bank clients y-o-y.
- +67% retail loan portfolio y-o-y.
- +75% virtual cards q-o-q.
- Rolled out completely revamped MTS Bank mobile app.

Media & Entertainment

- +4% y-o-y increase in pay TV users.
- Launched online concerts on MTS Live, reaching 30+ million viewers to-date.
- Established JV with Russia's Channel One focused on personalized content and targeted marketing.
- Announced coproduction of dual-format film (landscape/vertical) with acclaimed director.

B2B

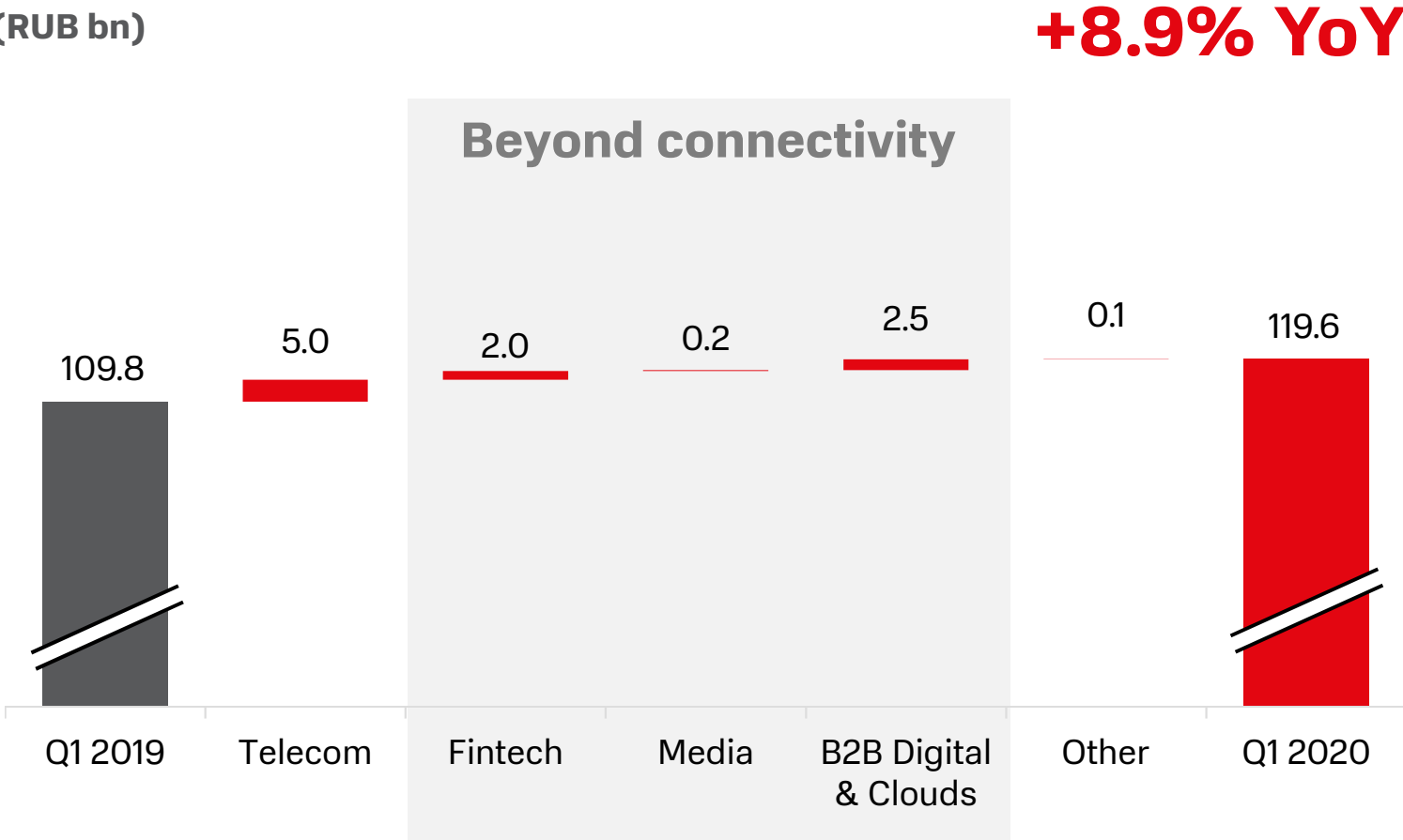
Clouds & Digital Services

- 2.3x y-o-y increase in revenue from Cloud & Collocation services.
- 1.5x y-o-y increase in Big Data revenue.
- 47% y-o-y top-line growth in IoT products & services.
- Introduced cloud-based IT outsourcing solutions.
- Launched Containerum Managed Kubernetes on #CloudMTS platform.
- Avantazh certified under PCI DSS.
- Launched B2B marketplace for microbusinesses / sole proprietors.
- New IoT projects in utility meters, medical equip, and smart city monitoring.

GROUP REVENUE

strong top-line impact from adjacent segments

Group revenue factor analysis*
(RUB bn)



Commentary

- Strong performance across all four verticals.
- Core telecom saw accelerated growth in mobile service revenue.
- Adjacent segments were a key growth driver, with nearly half of year-over-year group revenue growth coming from beyond connectivity.

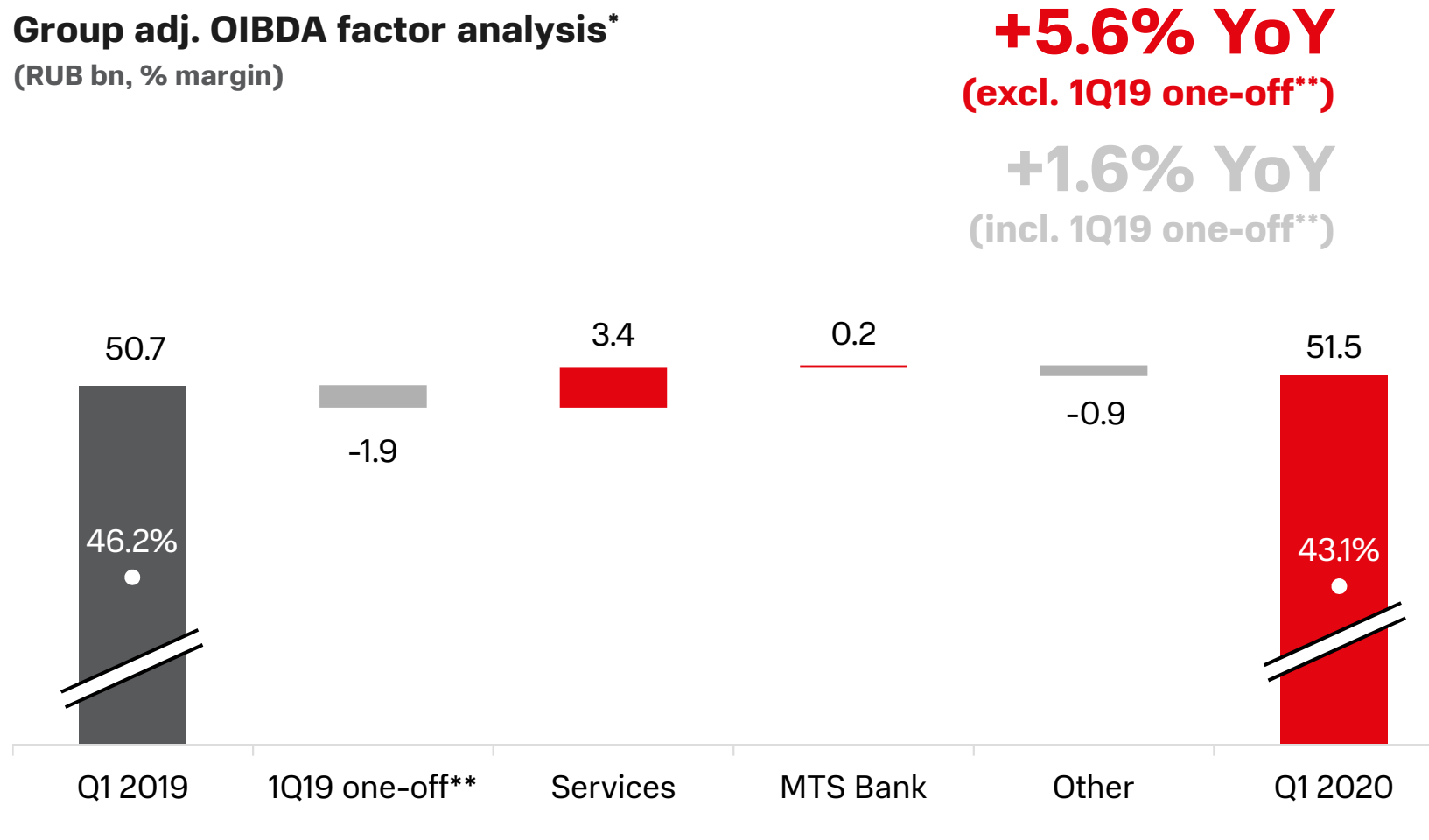


*Totals may add up differently due to rounding, data sourced from internal management accounting

GROUP ADJ. OIBDA

solid underlying growth driven by core services

Group adj. OIBDA factor analysis*
(RUB bn, % margin)



Commentary

- Underlying year-over-year growth of 5.6% when adjusting for impact from one-off in Q1 2019.
- Core connectivity services were primary adj. OIBDA growth driver.



*Adjusted OIBDA doesn't include a loss from impairment of non-current assets of RUB 0.3 bn for Q1 2020; totals may add up differently due to rounding

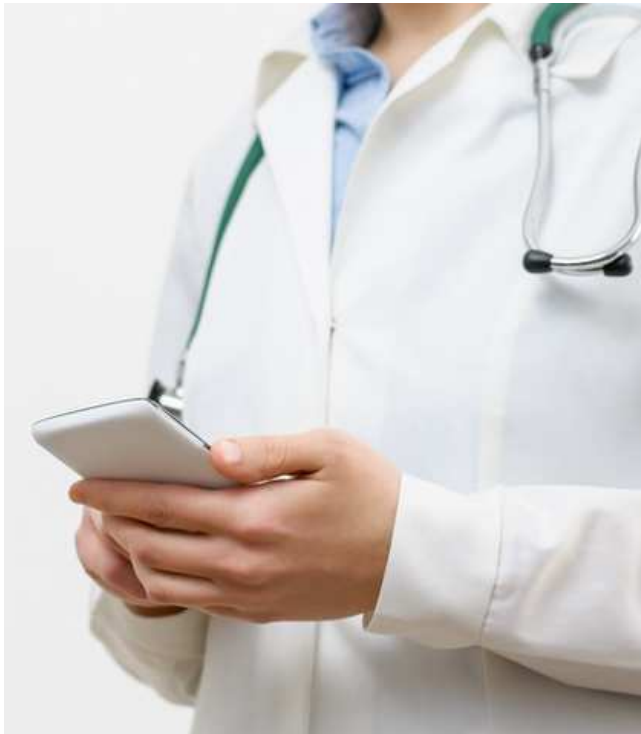
**Effect from real estate transaction

CUSTOMER ENGAGEMENT

new offers for new lifestyles

Supporting society

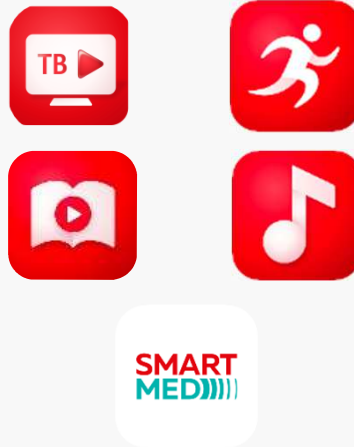
- Provided thousands of doctors the option for three months of free mobile connectivity.



Adjusting product offerings

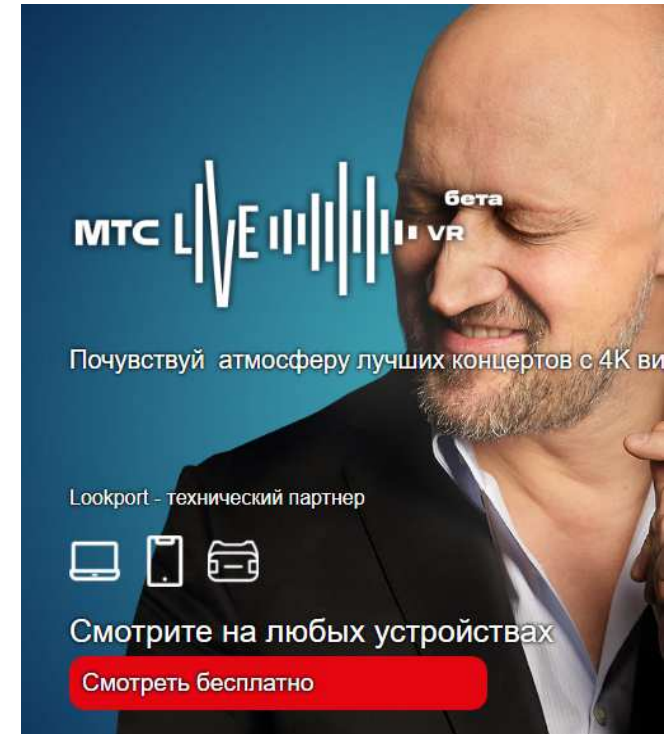
- #StayHome product bundle combining intro offers for TV, music, books, fitness, and telemedicine services.

#StayHome bundle offer



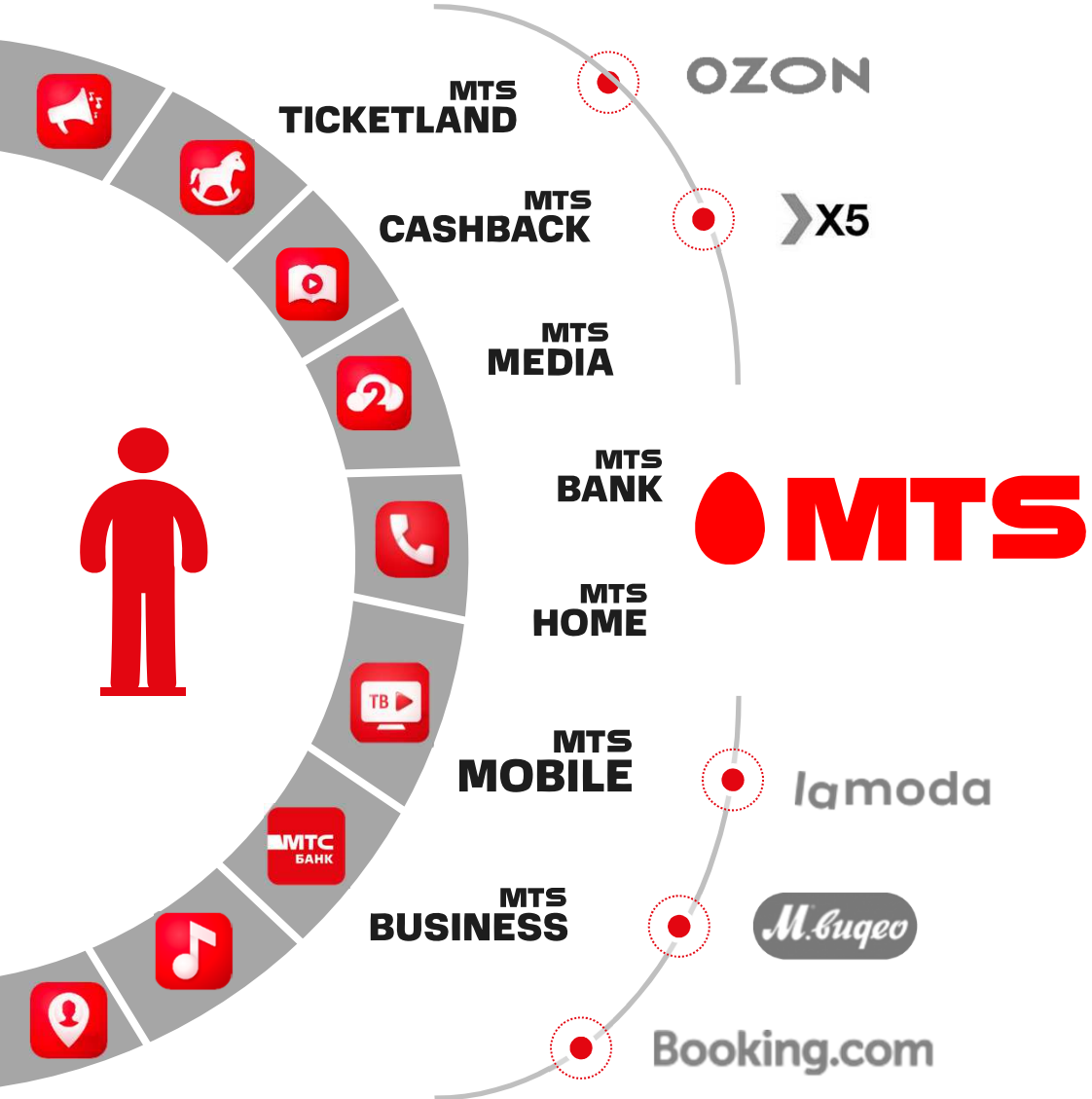
Shifting to online entertainment

- Online live concerts with leading Russian performers featuring the option for immersive HD/VR viewing experiences.



MTS DIGITAL ECOSYSTEM

driving penetration, attracting users



<i>m users/clients</i>	1Q19	2019	1Q20	
MyMTS users (MAU)	15.4	20.3	21.9	Customer experience & loyalty
MTS Cashback users (registered)	2.71	5.05	5.69	
MTS Bank active clients	2.21	2.38	2.46	Financial services
Daily banking clients	1.58	1.52	1.59	
MTS Bank mobile app users	0.60	0.91	1.02	
Pay TV users	4.42	4.57	4.58	Media

Big Data & client ID AI-based personalization IT infrastructure

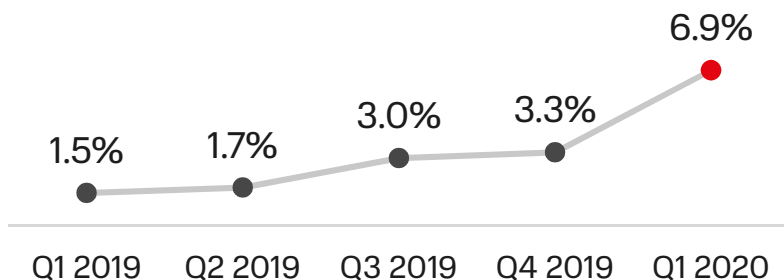
TELECOM

Russia business performance

Mobile service revenue growth

(change YoY)

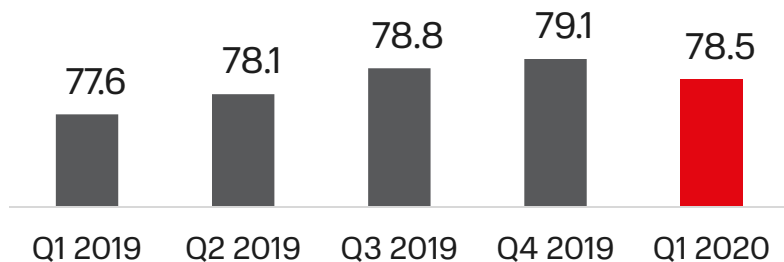
+6.9%
Y-o-Y



3M mobile subscribers

(m)

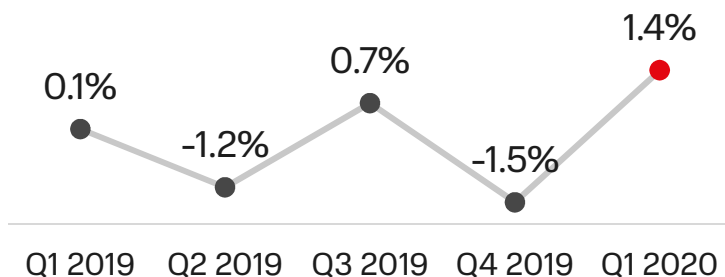
+1.2%
Y-o-Y



Fixed-line revenue growth

(change YoY)

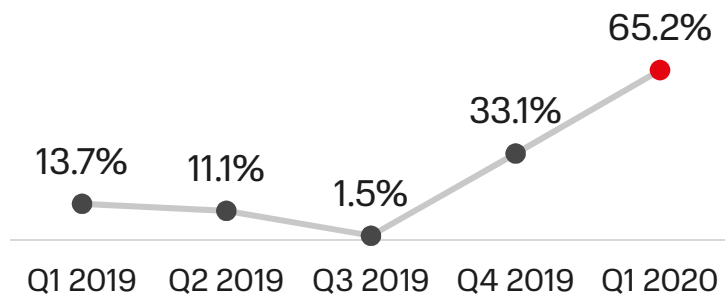
+5.3%
Y-o-Y
(B2C excl. telephony)



Online retail sales growth

(change YoY)

+65.2%
Y-o-Y

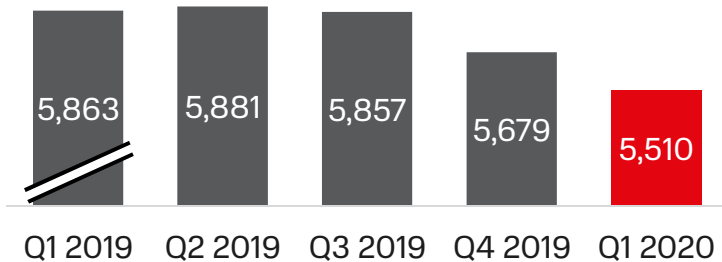


RETAIL DEVELOPMENTS

Adapting and diversifying

Retail footprint*

(# of stores)



COVID-19 impact

- ~1/3 of stores temporarily shut at some point in Q2.
- Retail outlets closing/reopening on rolling basis in-line with local gov't measures.
- Continued growth in online sales channels.
- Evaluating multiple go-forward scenarios, potential for further optimization.

Diversifying sales channels (Q1/Q2):

- Received regulatory approval and launched self-registration process for online SIM purchases (app-based ID authentication).
- Expanded SIM delivery services nationwide. Introduced contactless courier delivery.
- Installed thousands of additional SIM sales points within essential stores: pharmacies, grocery stores, and post offices in Moscow.



*MTS couriers
and SIM
registration
app*

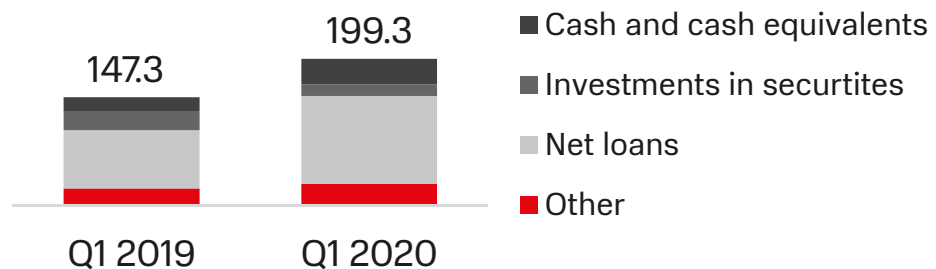
FINTECH

MTS Bank key highlights*

Assets

(RUB bn)

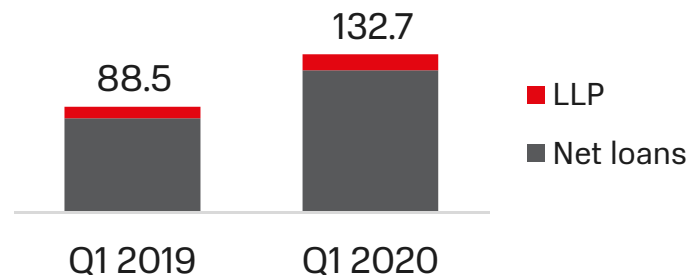
+35.3%



Gross loans

(RUB bn)

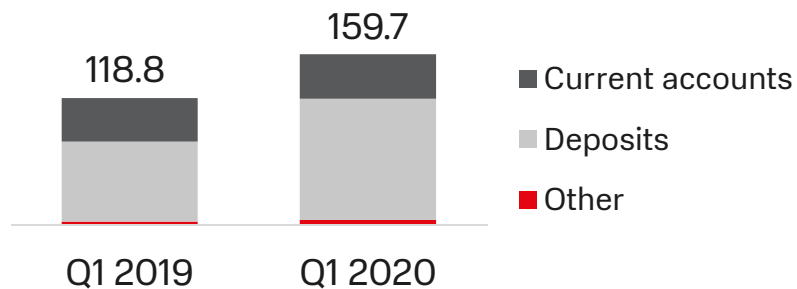
+50.0%



Funding

(RUB bn)

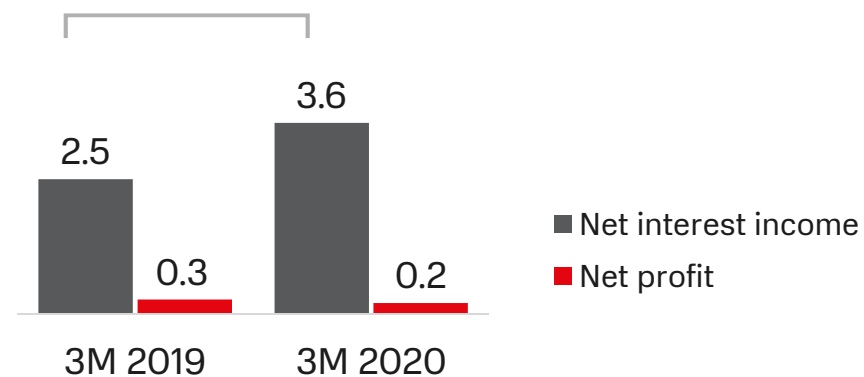
+34.5%



Net interest income and net profit

(RUB bn)

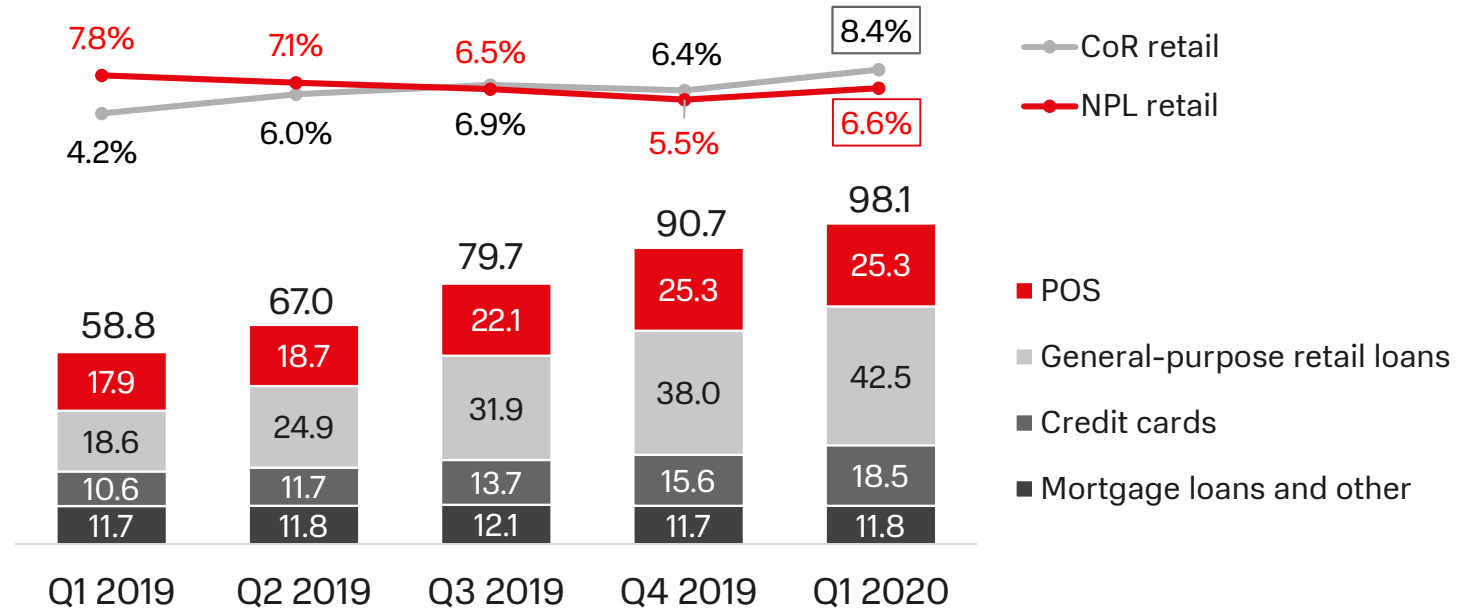
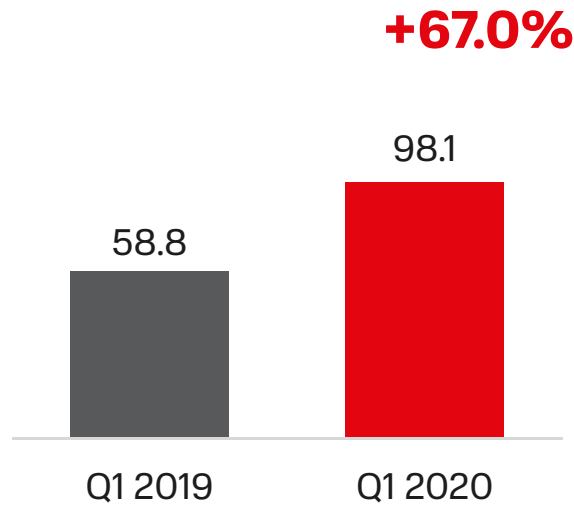
+42.8%



MTS BANK

retail loan portfolio*

Gross retail loans (RUB bn)



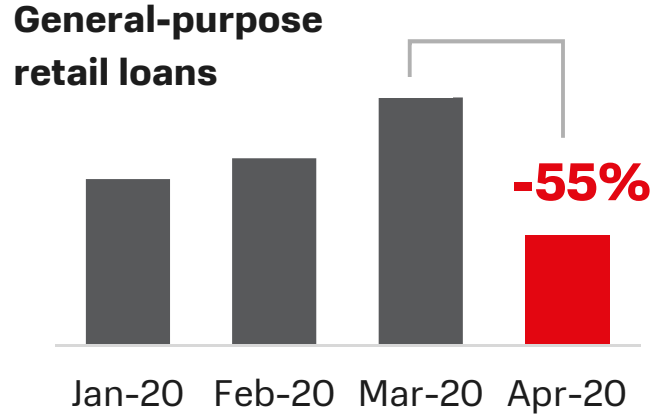
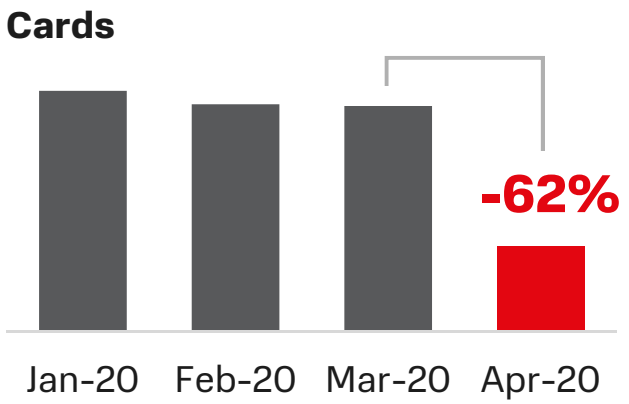
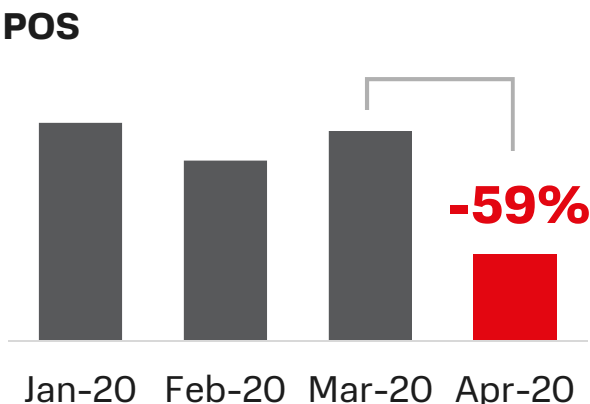
Key developments

- MTS Bank saw 72% year-over-year growth in active users of its mobile app, which was completely overhauled in Q1 on both Android and iOS in line with the Bank's efforts to provide a world-class, mobile-first customer experience.
- In Q1, MTS Bank expanded its partnership with Mastercard as part of the Masterpass digital wallet program, which enables eligible customers to complete transactions without needing to enter card data manually.
- As part of its ongoing focus on strengthening customer engagement, MTS Bank extended MTS Cashback card expiration to 5 years, and enabled additional checking options for MTS Cashback cardholders.

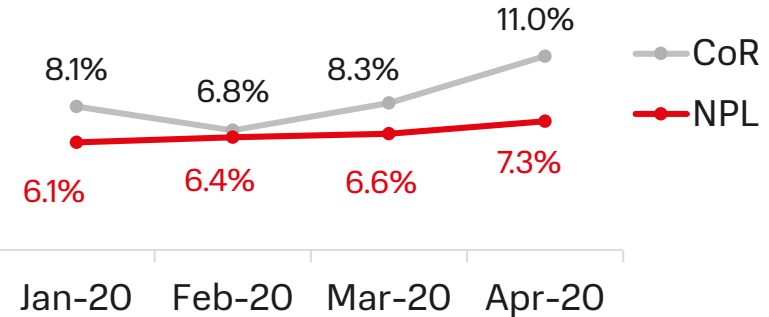
MTS BANK

observed COVID-19 impact

Sales of credit products (RUB)



Retail loan risks *



Commentary

- Sales of new credit products decreased ~60% in April as 2/3 of bank branches were closed.
- Increased customer requests for loan restructuring, assessed need to restructure ~13-15% of overall retail loan portfolio.
- Cost of risk reached 11% in April, with the largest increase seen in the credit card segment.
- Further provisions expected in Q2 would negatively impact Group Adj. OIBDA and net income.



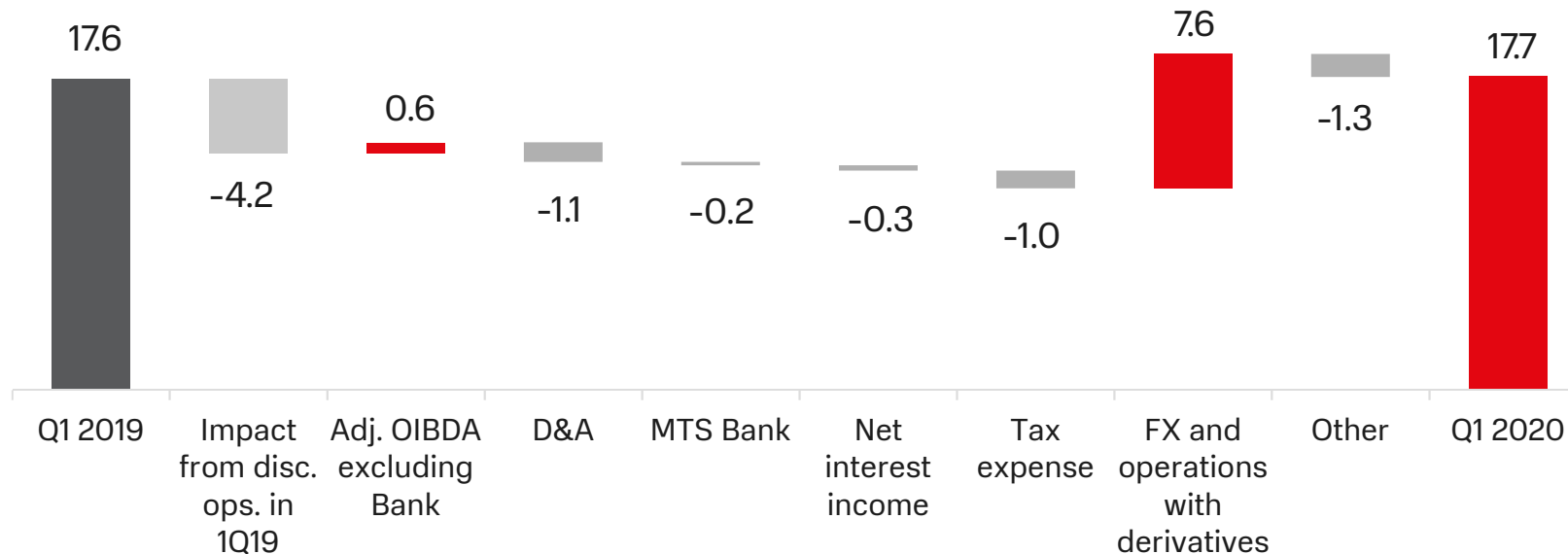
*CoR and NPL are calculated on an average monthly basis

GROUP PERFORMANCE

net profit

Group net profit factor analysis* (RUB bn)

+0.8% YoY

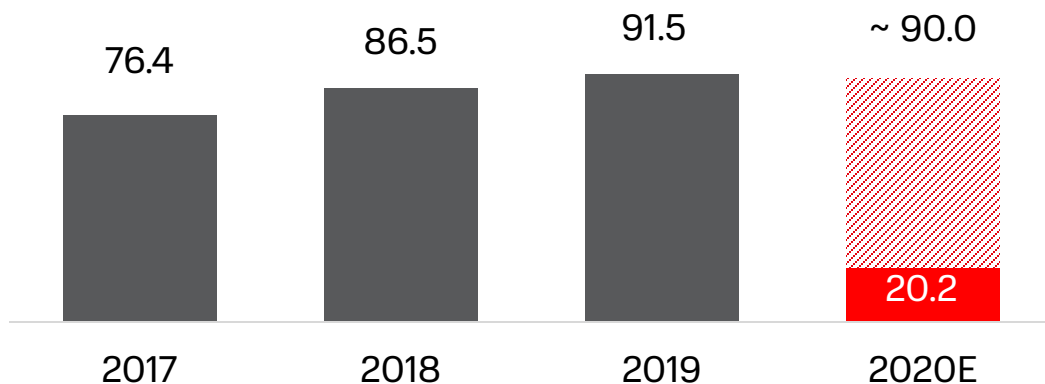


Commentary

- Net profit growth supported by Adjusted OIBDA excluding MTS Bank.
- Growth in net profit constrained by high base of discontinued operations in Q1 2019 (Ukraine plus revaluation of Uzbekistan reserve).
- Significant net positive impact from FX effects and operations with derivatives amid RUB depreciation.

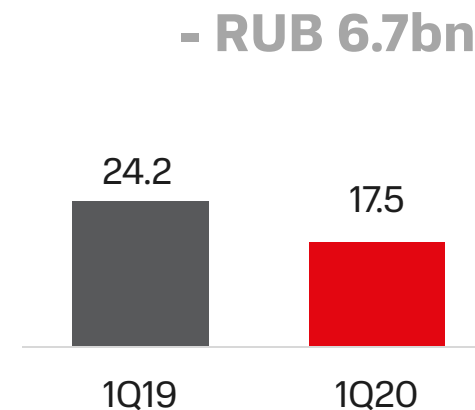
GROUP CAPEX & FREE CASH FLOW (YTD)

Cash CAPEX (RUB bn)



	3M 2020		3M 2019	
	Cash Capex (RUB bn)	Cash Capex/ Sales (%)	Cash Capex (RUB bn)	Cash Capex/ Sales (%)
Russia	19,9	16,9%	14,5	13,3%
Armenia	0,3	15,6%	0,1	5,7%
Group	20,2	16,9%	16,6	n/a

Free Cash Flow * (RUB bn)



Commentary

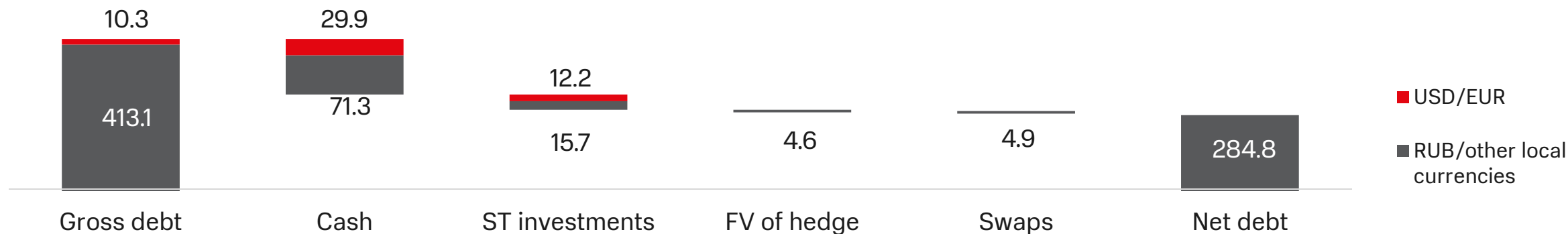
- Relatively higher Capex intensity vs. year-ago quarter
- High base in Q1 2019 due to proceeds from sale of Ozon
- Investments in associates (Zelyonaya Tochka)

GROUP DEBT

at the end of Q1 2020*

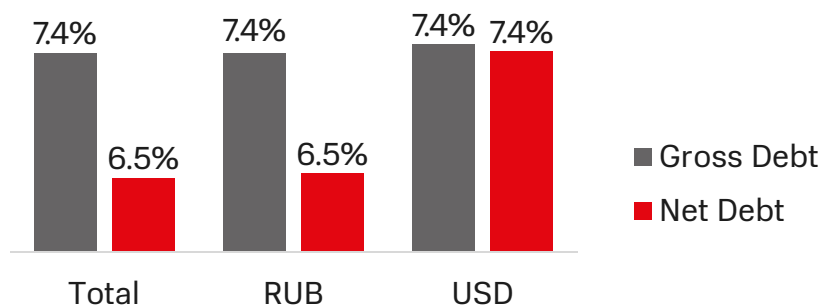
Net debt factor analysis **

(RUB bn)

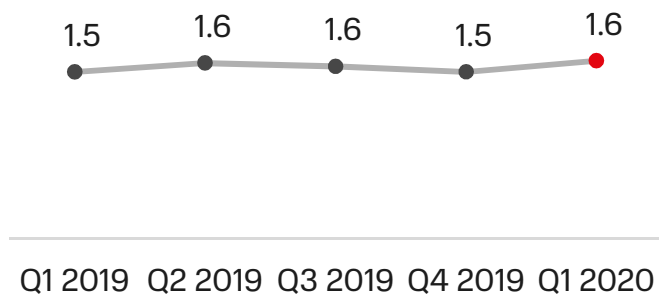


Weighted average interest rates

(%)



Net debt/LTM Adjusted OIBDA*** dynamics



*Net of lease obligations

**Including FOREX hedging in the amount of USD 300.0m and other derivative instruments in the amount of USD 317.0m as of March 31, 2020

***Excluding the effects of IFRS 15 and 16

Dynamics during pandemic* change vs March 2020

		April	mid-May			April	mid-May
Connectivity	Traffic						
	mob	+5-10% ↑	+5-10% ↑				
	fix	+30% ↑	+30% ↑				
	Extra V&D packages	+40% ↑	} return to baseline				
Top-ups	+15% ↑						
FinTech	Open bank branches	-70% ↓				~baseline	
	Credit product sales	-60% ↓				-30% ↓	
	Virtual card issuance	+35% ↑				+35% ↑	
Retail	Gross adds	-35% ↓	-20% ↓				
	Handset sales	-40% ↓	-25% ↓				
	Open stores	-55% ↓	-25% ↓				
Digital	<i>weekly new users</i>						
	MyMTS	2.5x ↑				~baseline	
	MTS TV	+50% ↑				+65% ↑	
	SmartMed/Uni	10x ↑				growth ↑	

*All figures are preliminary and approximate as compared to Mar 2020 baseline. The full duration, magnitude, and shape of the recovery trajectory from COVID-19 remain unknown. The figures provided here are illustrative only and are not intended to constitute a forecast of trends in the future.

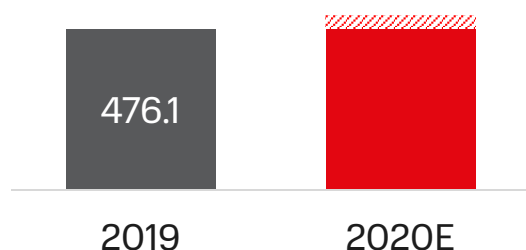
GUIDANCE

outlook for 2020

Revenue

(RUB bn)

flat to +3%



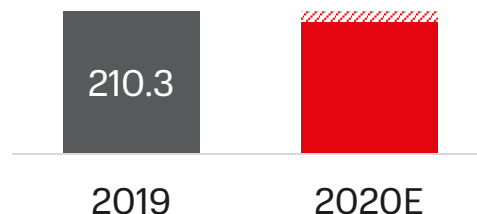
Revenue. Key factors

- A rational competitive environment in Russia;
- The impact from mobile tariff adjustments in Q1 2020;
- Rising data consumption and weaker voice usage;
- The impact from temporary store closures in line with public health guidelines;
- A drop off in roaming due to declining travel;
- Broader macroeconomic impacts on businesses and consumers; and
- Potential further macroeconomic and regulatory developments.

OIBDA

(RUB bn)

-2% to flat



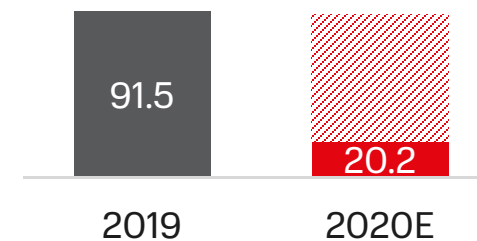
OIBDA. Key factors

- A drop off in roaming due to declining travel;
- Anticipated impairment of retail loans at MTS Bank amid the COVID-19 pandemic;
- Mobile tariff adjustments in Q1 2020;
- A high base from a positive one-off in Q1 2019;
- Market sentiment and prospective growth in usage of high-value products;
- Reducing SIM sales and lower subscriber churn;
- Ongoing steps to optimize the Group's retail footprint and associated costs;
- Higher labor costs in new business segments; and
- Potential further macroeconomic and regulatory developments.

CAPEX

(RUB bn)

RUB ~90 bn



CAPEX. Key factors

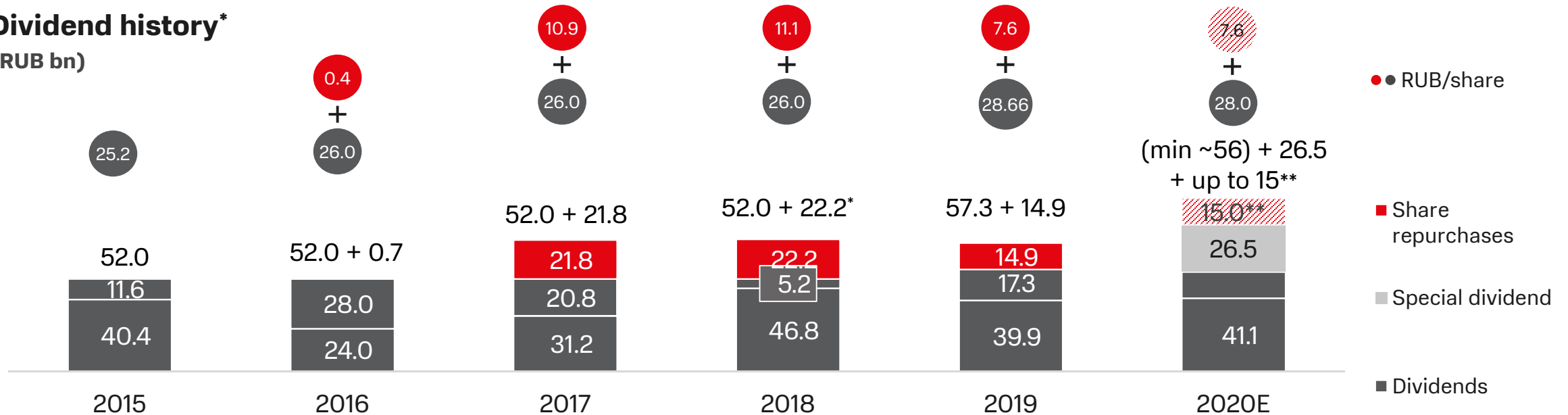
- Further incremental improvements and enhancements to LTE networks;
- Continued investment in digital products and services;
- Broader macroeconomic developments including FX volatility;
- Development of commercial 5G solutions and introduction into Russian market; and
- Implementation of infrastructure and spectrum sharing projects within Russia.

Yarovaya law: MTS currently estimates the additional investments required to comply with the Yarovaya law will total approximately RUB 50 bn.

SHAREHOLDER RETURN

dividends and buyback programs

Dividend history* (RUB bn)



Recent developments

- In Q1 2020, MTS paid a special dividend based on the Company's 9M 2019 financial results and taking into consideration the sale of VF Ukraine PrJSC in December 2019. The special dividend amounted to RUB 13.25 per ordinary MTS share (RUB 26.50 per ADR), or a total of RUB 26.5 bn (RUB 26,478,309,511.50).
- In April, the MTS Board of Directors recommended the 2020 AGM scheduled for June 24 approve annual dividends of RUB 20.57 per ordinary MTS share (RUB 41.14 per ADR), or a total of RUB 41.1 billion (RUB 41,106,345,649.27), based on the Company's full-year 2019 financial results, with a recommended record date of July 9, 2020.



*Totals may add up differently due to rounding

** New share repurchase plan announced on March 31, 2020

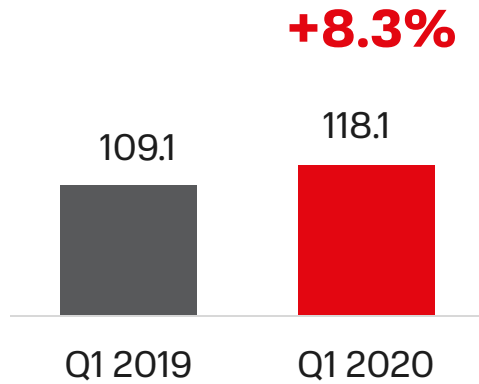
Q&A

Appendix

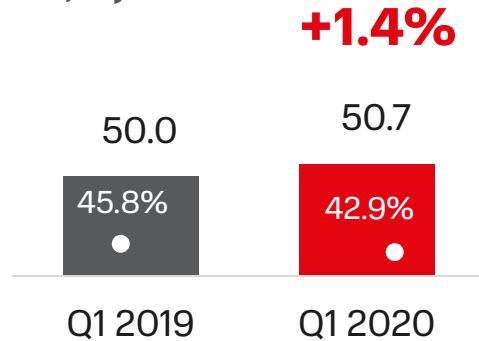
RESULTS BY MARKET

Russia, Armenia, Belarus

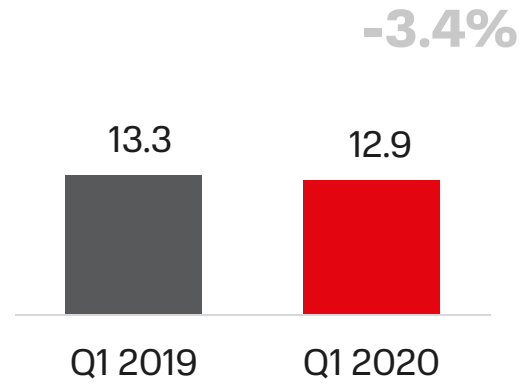
Russia Revenue (RUB bn)



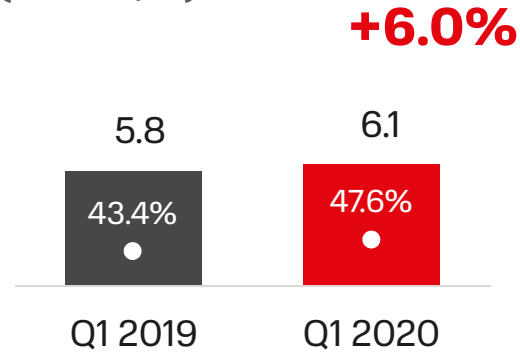
Adj. OIBDA and adj. OIBDA margin (RUB bn, %)



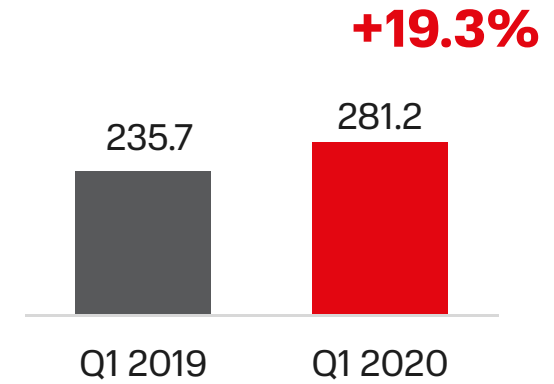
Armenia Revenue (AMD bn)



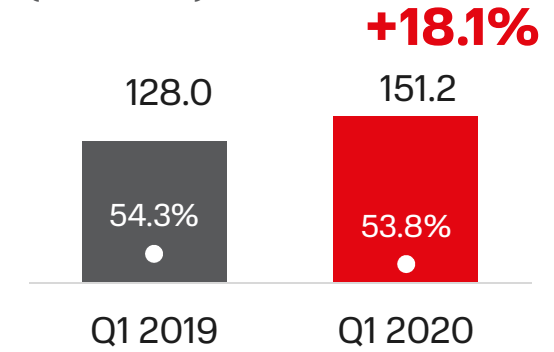
Armenia OIBDA and OIBDA margin (AMD bn, %)



Belarus Revenue* (BYN m)



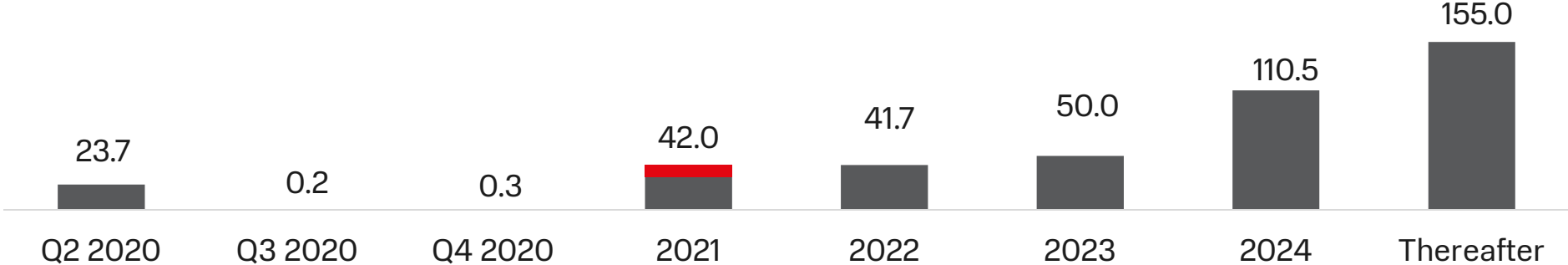
Belarus OIBDA and OIBDA margin* (BYN m, %)



DEBT PORTFOLIO

structure and repayment schedule*

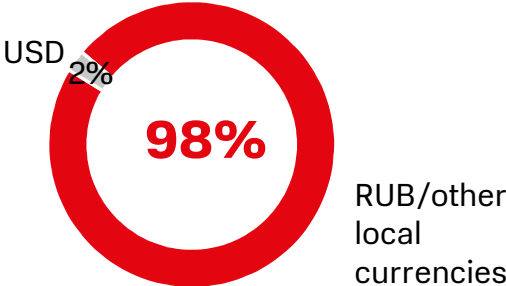
Debt repayment schedule
(RUB bn)



Total group debt**
RUB 423.4bn

■ Bonds B0-02 ruble bonds contain put options that as of March 31, 2020, MTS expected to be exercised in March 2021

Gross debt structure***



Net debt structure***



*Net of lease obligations
 **Net of unamortized debt issuance cost adjustment
 ***Including FOREX hedging in the amount of USD 300.0m and other derivative instruments in the amount of USD 317.0m as of March 31, 2020

**Thank you and
stay healthy!**