



**MTS Q1 2021 Results**

# **FRONT ROW AMBITIONS**

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May 18, 2021

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

# Cautionary statement

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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.

# Agenda

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## HEADLINE RESULTS & HIGHLIGHTS



**Vyacheslav Nikolaev**

President & CEO

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## TELECOM & B2B UPDATE



**Inessa Galaktionova**

First VP for Telecommunications

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## FINTECH UPDATE



**Ilya Filatov**

VP for Financial Services and CEO, MTS Bank

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## FINANCIAL UPDATE



**Andrey Kamensky**

VP for Finance

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## WRAP-UP & OUTLOOK



**Vyacheslav Nikolaev**

President & CEO

# HEADLINE RESULTS & HIGHLIGHTS

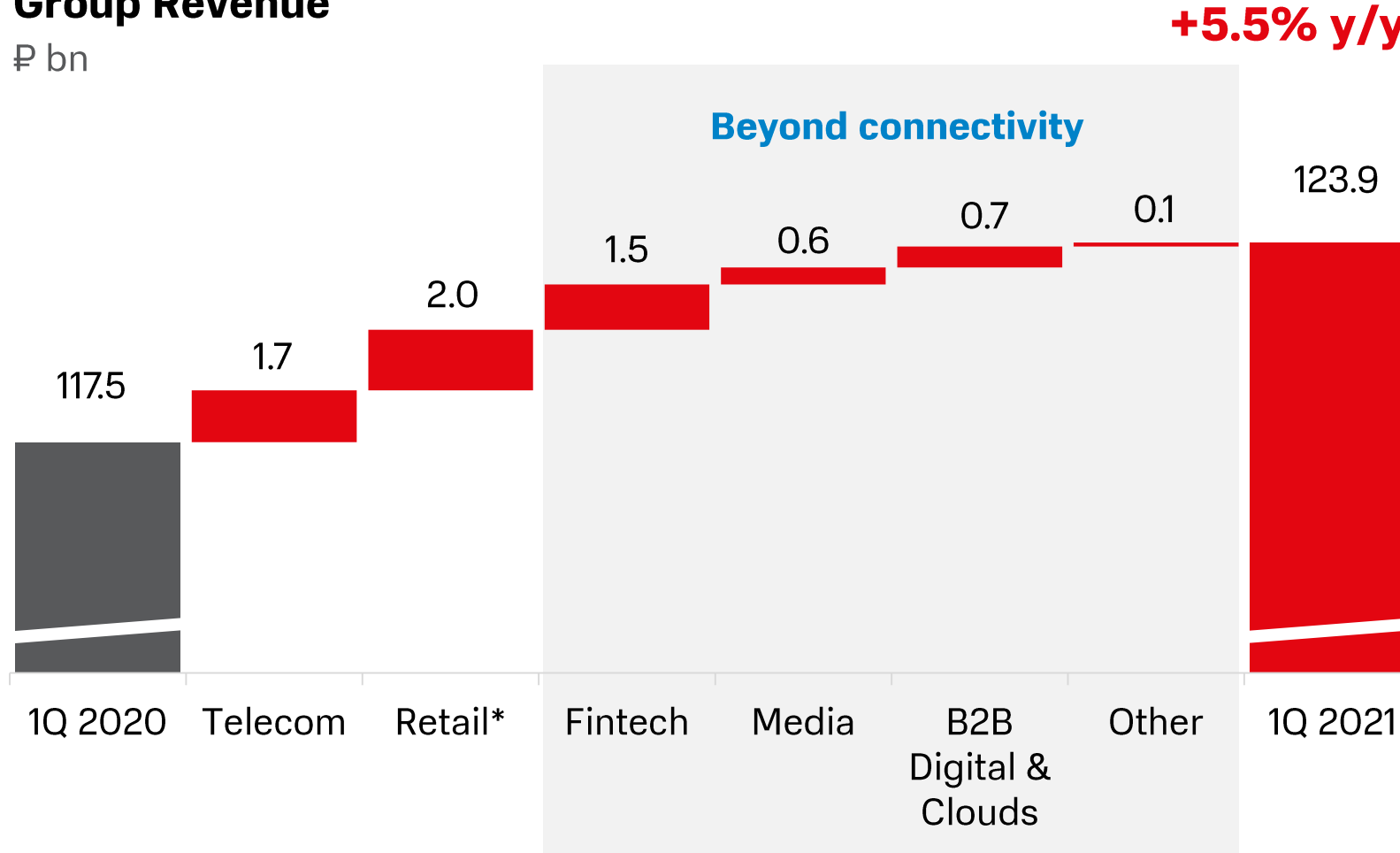


**Vyacheslav (Slava) Nikolaev**  
President & CEO

# Top-line growth supported by all segments

## Group Revenue

₽ bn



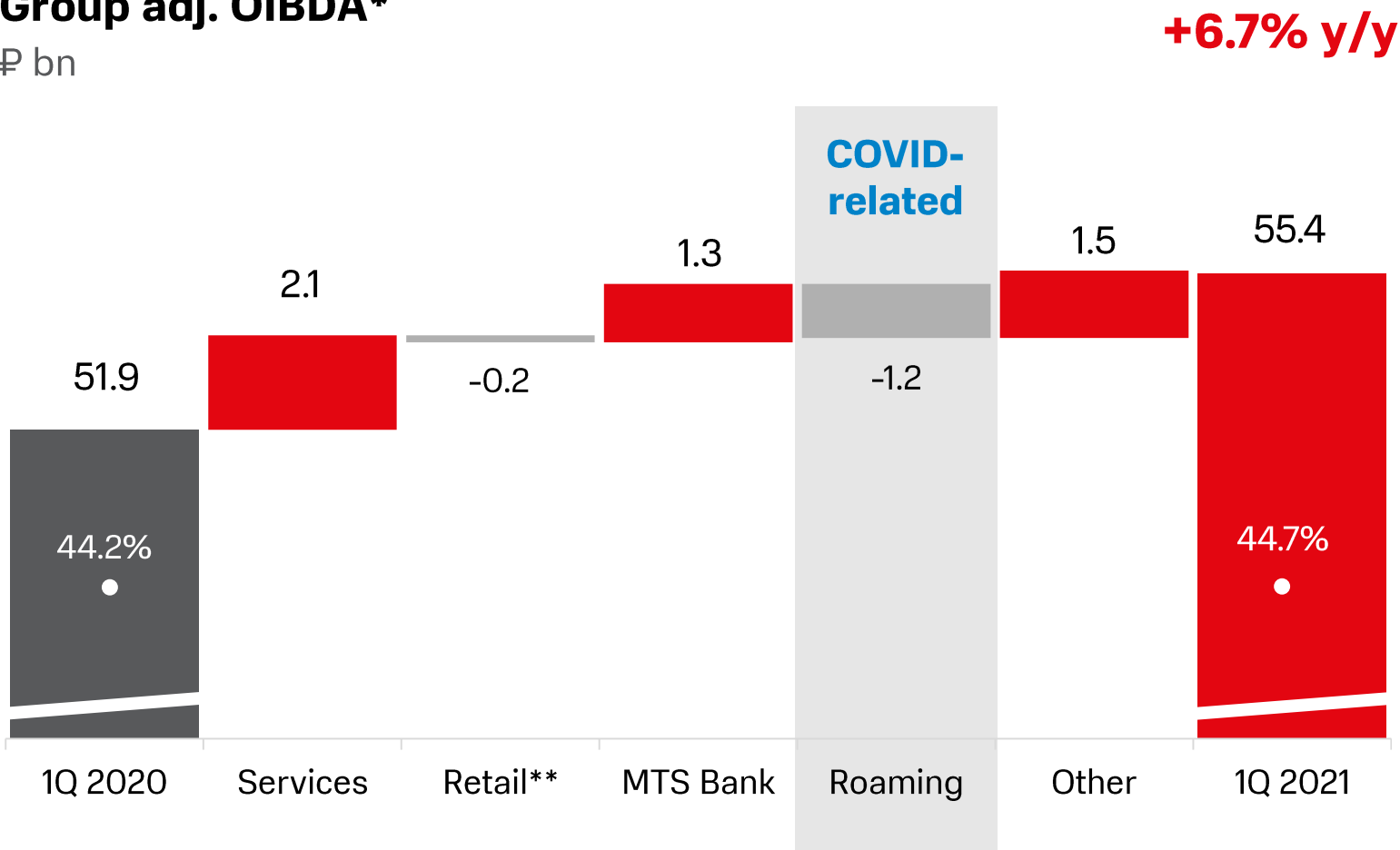
## Commentary

- In Q1 2021, MTS saw positive top-line year-over-year impacts from all key segments, with notable contributions from sales of handsets and accessories amid robust smart device demand as well as solid performance in core connectivity services in both mobile and fixed-line in Russia.
- In addition, areas beyond connectivity drove more than 1/3 of top-line year-over-year growth, led by Fintech — reflecting sustained loan and transaction revenue growth at MTS Bank — with solid contributions also coming from Media and Cloud & Digital Solutions.

# OIBDA accelerated despite roaming headwinds

## Group adj. OIBDA\*

₹ bn



## Commentary

- Group Adjusted OIBDA in Q1 2021 accelerated to 6.7% year-over-year to reach RUB 55.4 bn on the back of positive impacts from core domestic connectivity services — which more than offset continued year-over-year roaming headwinds due to travel restrictions amid the COVID-19 pandemic — as well as MTS Bank and other factors.



\*Adjusted OIBDA for 1Q 2020 doesn't include a loss from impairment of non-current assets of RUB 319m. Adjusted OIBDA for 1Q 2021 doesn't include a reversal of impairment of non-current assets of RUB 5 mln.  
\*\*Retail - RTC, wholly-owned subsidiary of MTS, handling all functions relating to MTS retail operations, including the purchase and sale of handsets and accessories and subscriber enrollment at MTS retail outlets.

# Expanding channels to drive digital engagement



## Ecosystem subscription

### MTS Premium

- **+50% users** over past 6 months
- Sharpened focus on paid user acquisition with revamped offering.

#### CONNECTIVITY

- Unlimited mobile data
- Extra minutes
- Free spam call blocking

#### CONTENT

- KION video streaming\*
- MTS Music streaming

#### PARTNER OFFERS

- 90 days of Yandex.Plus

#### BANKING

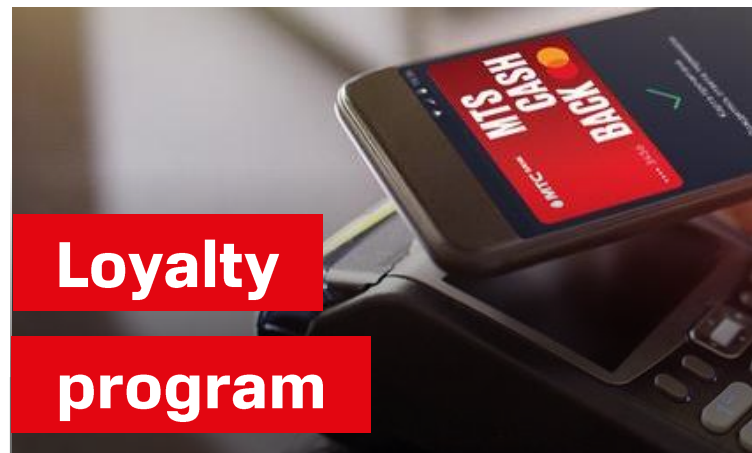
- MTS Cashback Plus with free transfers

#### SHOPPING

- Special offers

#### SUPPORT

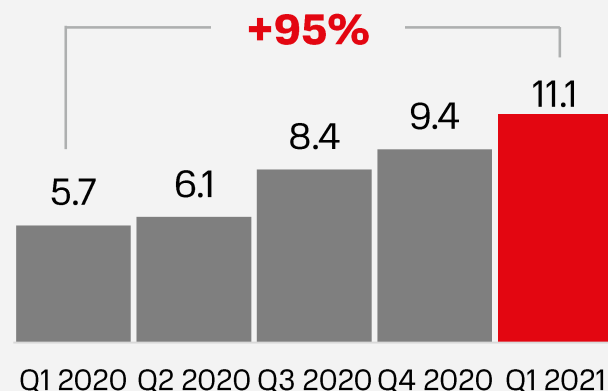
- Priority service
- Dedicated hotline



## Loyalty program

### MTS Cashback users

Registered, m



## Digital customer care

### App developments

- **MyMTS MAU** reached an all-time high of **24.6 m** (+12% yoy).
- **55% MyMTS smartphone user penetration** on MTS network.
- **>10%** higher ARPU among MyMTS users.
- **World's first mobile top-ups via Apple Pay push notifications** (MTS Bank app).

# Growing the multiproduct user base



## NETARIF

### Customizable subscription

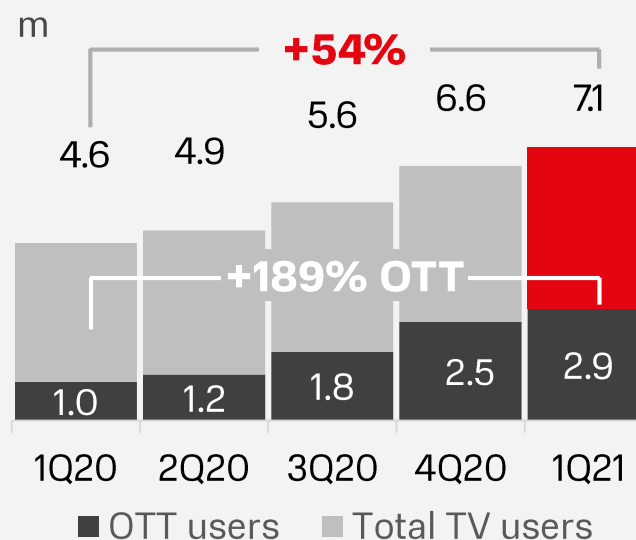
Launched Q4 2020

- **Interactive configuration tool with dynamic pricing** — voice, data, SMS, video & music streaming, ebooks, etc.
- **CLV uplift** — greater lifetime value than previous flagship tariff (Tarifishche) and +30% CLV vs B2C average.
- **High engagement** — the majority of new users actively adjust the default configuration.



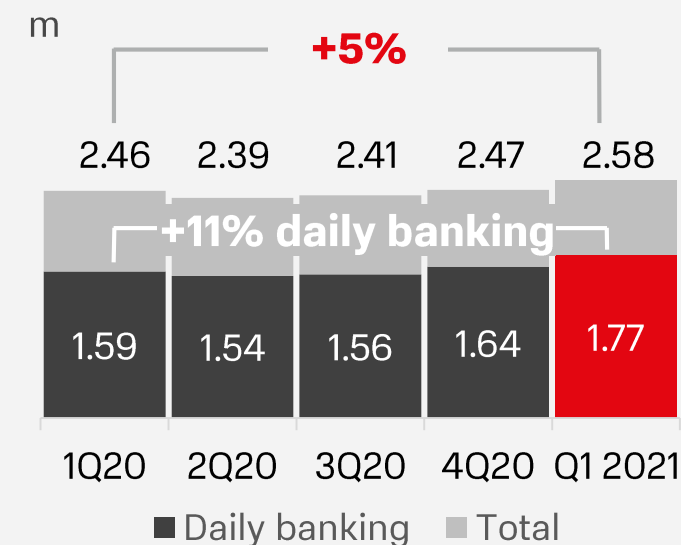
## Media

### MTS Pay-TV active users



## MTS Bank

### MTS Bank clients\*





# KION – compelling VOD for the modern Russian viewer

## Rebranded VOD platform (launched 2Q21)

- Feature-rich OTT app (mobile + SmartTV).
- Attractive pricing with tie-in to MTS Cashback.

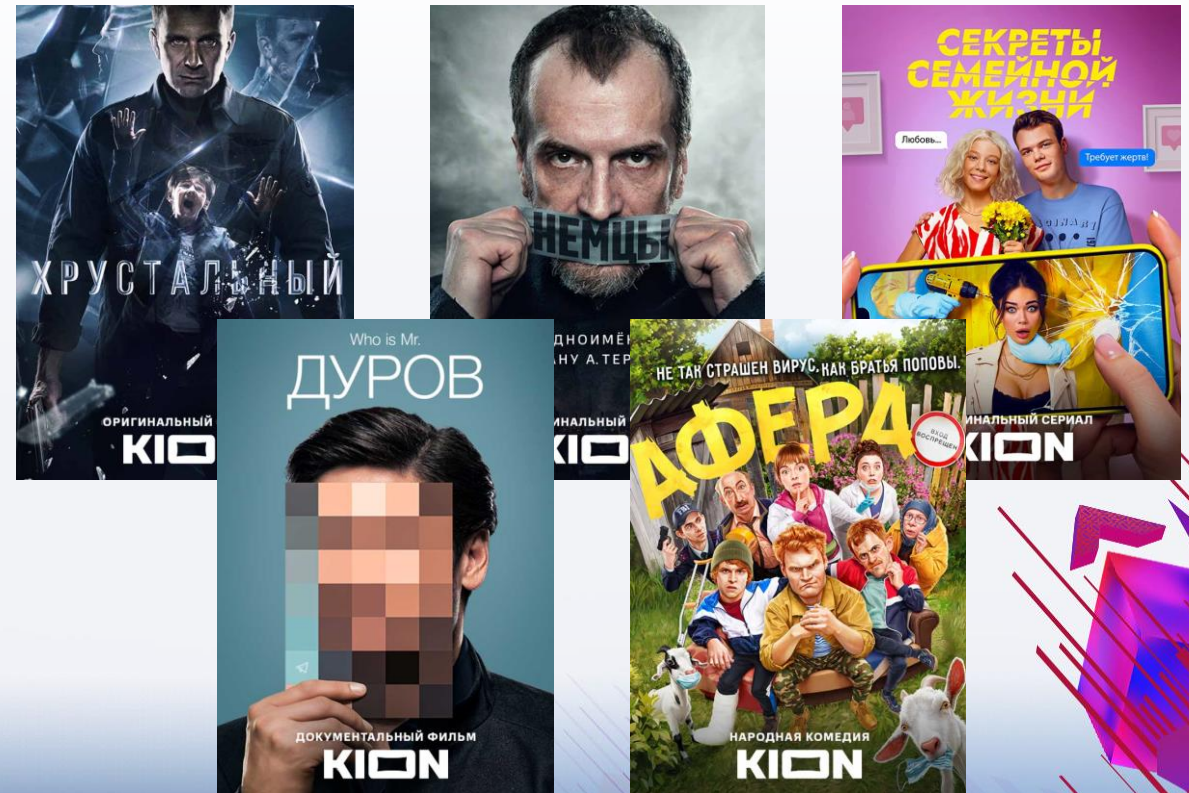
## Select slate of original content

- Deliberate, targeted approach to content investment.
- Multiple exclusive titles at launch, steady pipeline of releases through year-end 2021 (films, series).
- Kinostories — innovative new format with flexible viewing options (brief episodes or full-length).

## Extensive library of licensed titles

- Thousands of films (regional + localized global).
- Hundreds of linear TV channels.

# KION



**TARGET**



**20m**  
users

**top-3**

OTT platform in  
Russia

# TELECOM & B2B UPDATE



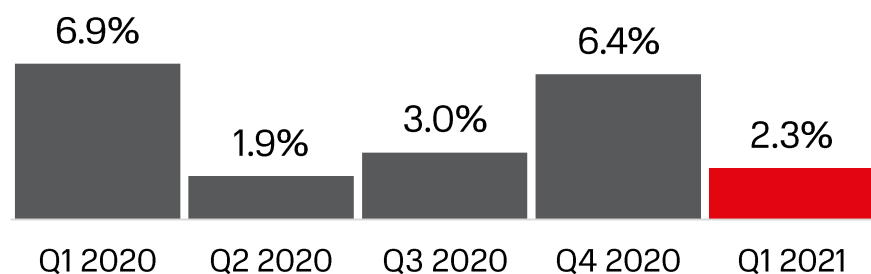
**Inessa Galaktionova**

First VP for Telecommunications

# Solid core performance across mobile & fixed-line

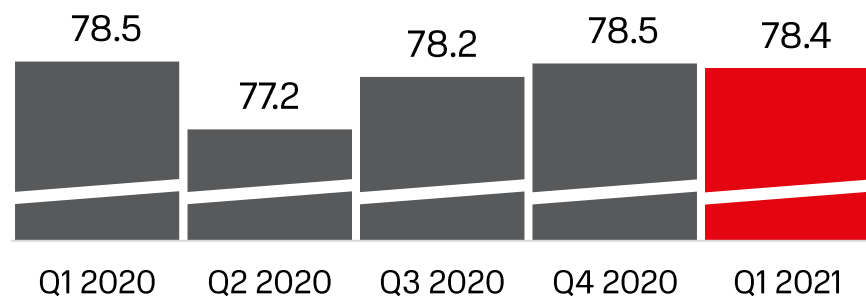
## Mobile service revenue growth\*

% change year-over-year



## 3M mobile subscribers\*

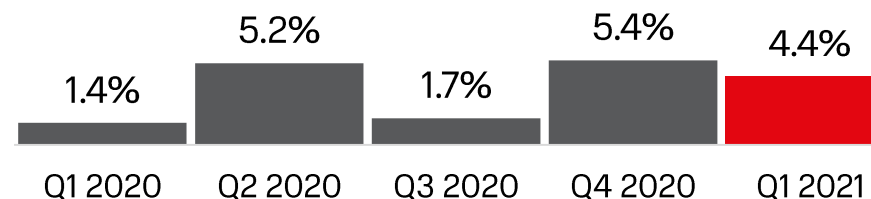
m



## Fixed-line revenue growth\*

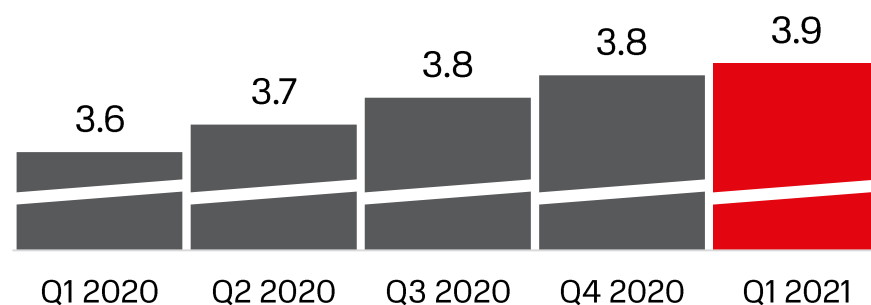
% change year-over-year

**+7.5% B2C growth  
excl. telephony**



## Residential broadband subscribers\*

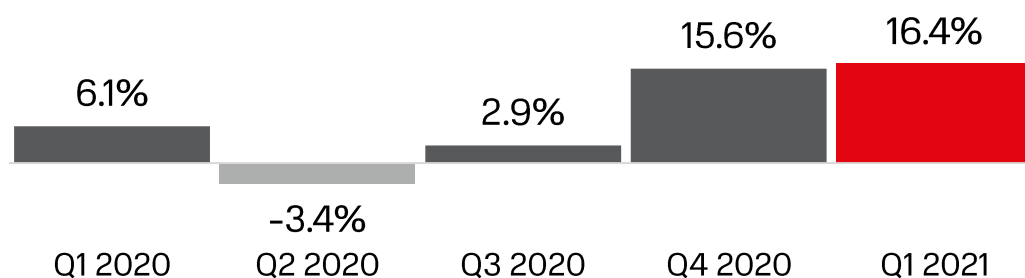
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# Retail: growing sales, enhancing touchpoint quality

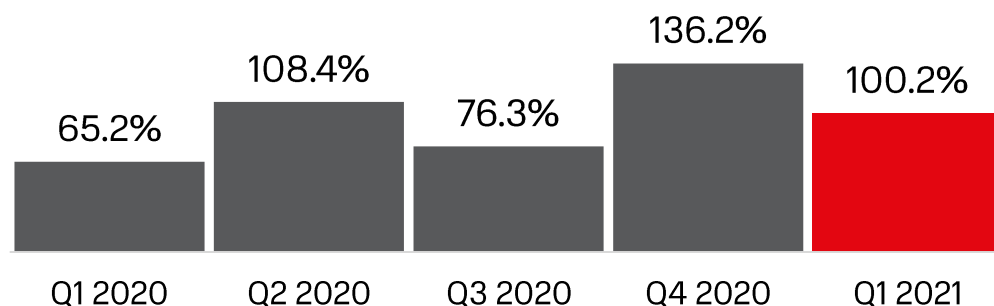
## Sales growth of handsets & accessories\*

% change year-over-year



## Ecommerce sales\*

% change year-over-year



\*Russia only

## New showrooms

Boom Mall | Evropeisky Mall | Arbat Street







# A leading partner in B2B/G

**+28%**

**Cloud & Digital  
Solutions revenue**

1Q21 year-over-year

**Best**

**B2B customer  
experience**

in telecom services\*

**10+**

**Private LTE  
network projects**

pilot & commercial  
(planned/launched)

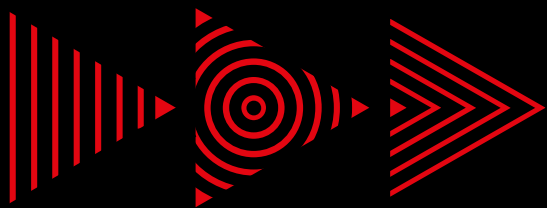
**>20%**

**IoT subscriber  
growth**

1Q21 year-over-year  
3M active SIMs

\*2021 CX World Awards Russia

# FINTECH UPDATE



**Ilya Filatov**

VP for Financial Services  
CEO, MTS Bank

# Continued rapid portfolio growth in retail segment

**#1**

## POS loan portfolio growth\*\*

in 2020 among Russian banks

**#8**

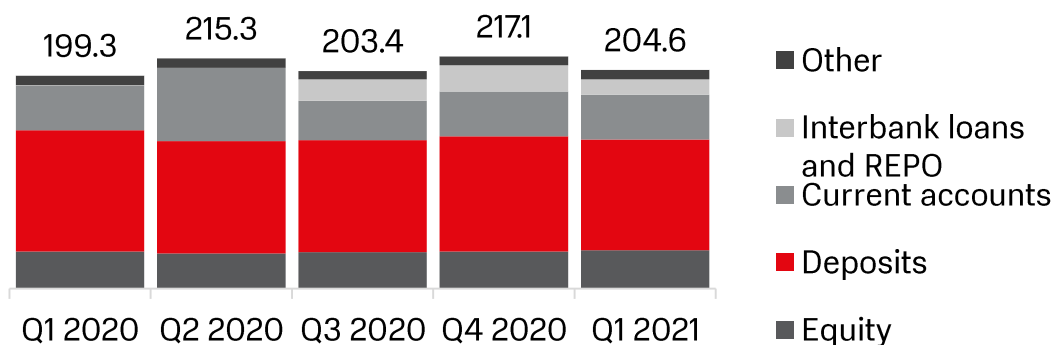
## credit card loan portfolio\*\*

as of year-end 2020 among Russian banks

## Sources of liquidity

₹ bn at end of period

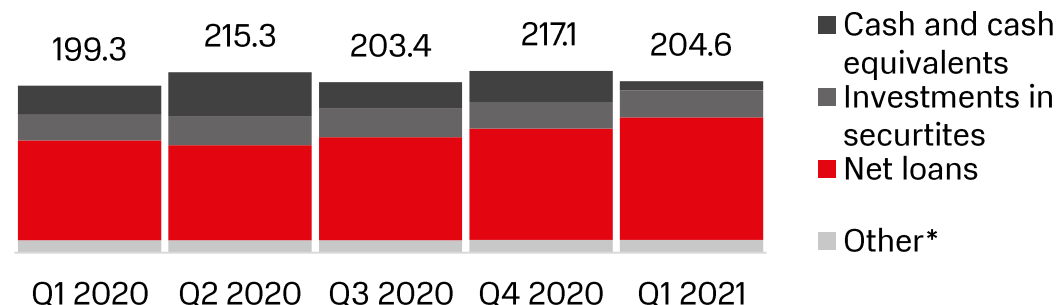
**+2.7% y/y**



## MTS Bank assets

₹ bn at end of period

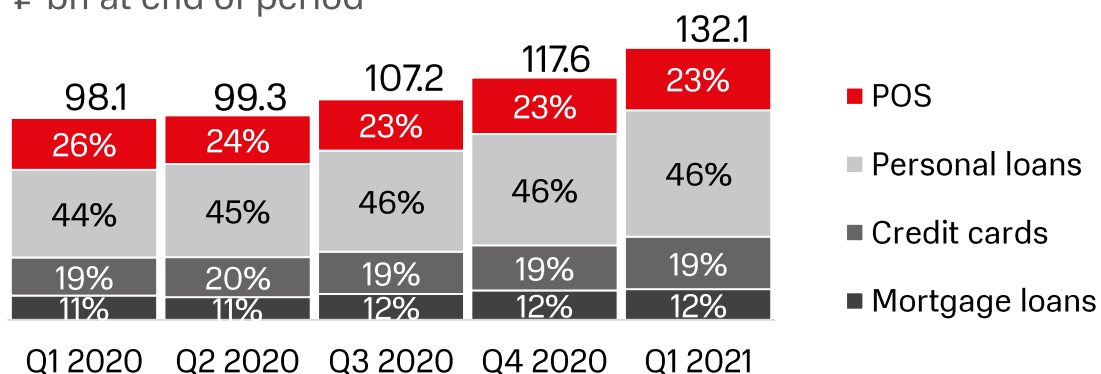
**+2.7% y/y**



## MTS Bank retail loan breakdown

₹ bn at end of period

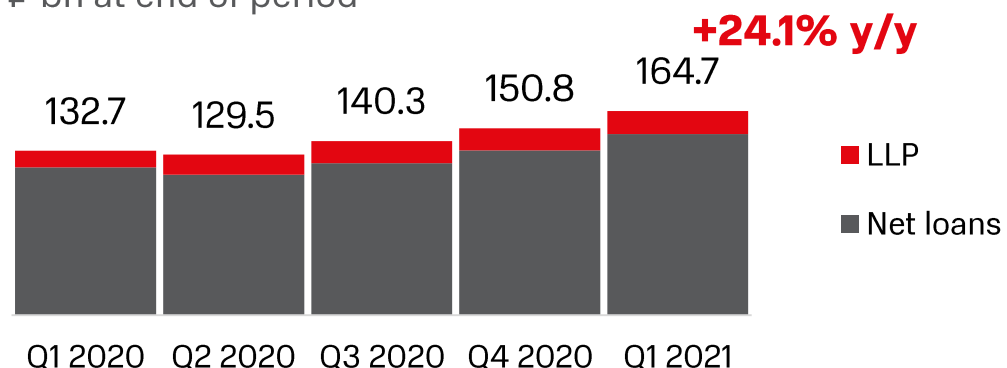
**+34.7% y/y**



# Reached double-digit ROE in Q1 2021

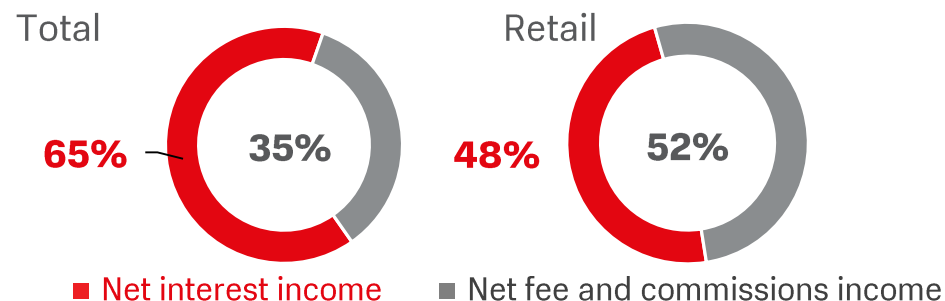
## MTS Bank gross loans

₹ bn at end of period



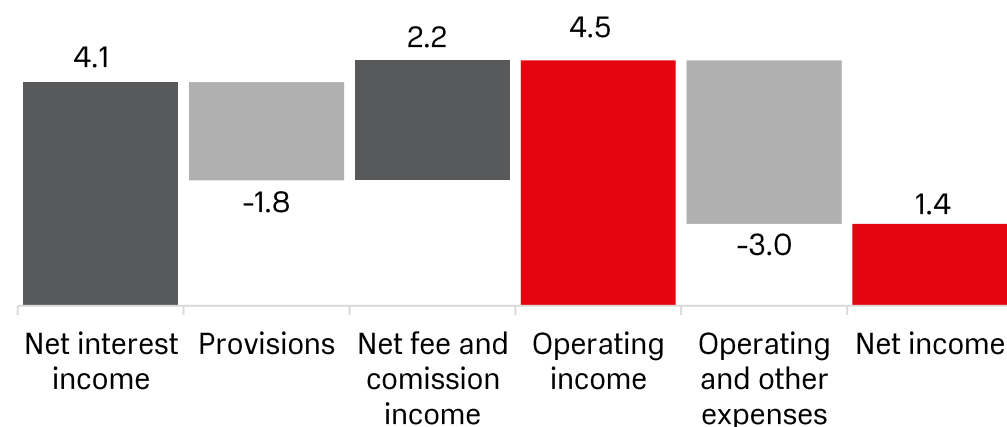
## Income segment breakdown for 3m 2021

% of operating income before provisions



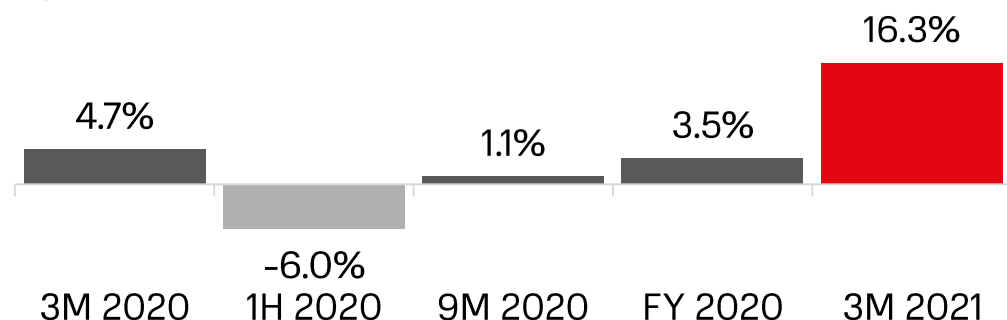
## 1Q21 MTS Bank income\*

₹ bn



## MTS Bank return on equity\*\*

%



\* Totals may add up differently due to rounding

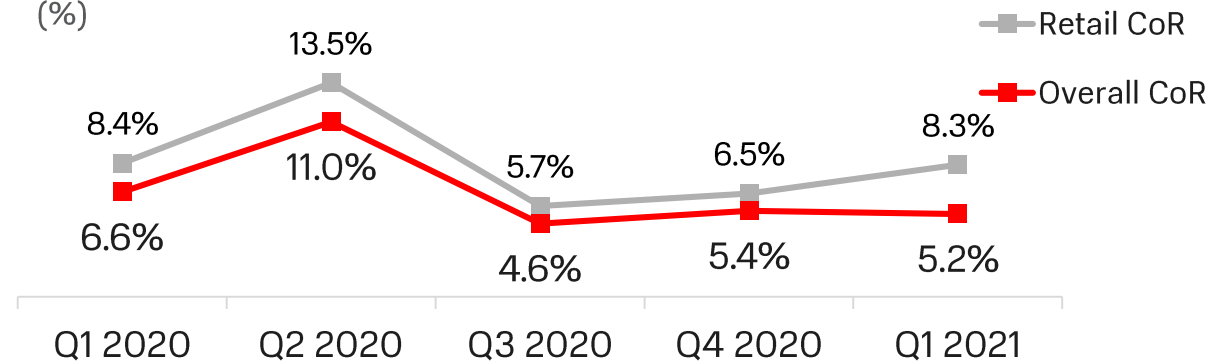
\*\* Source: MTS Bank IFRS financials, Q1 2021 data calculated by MTS



# Overall CoR & retail NPL share holding steady

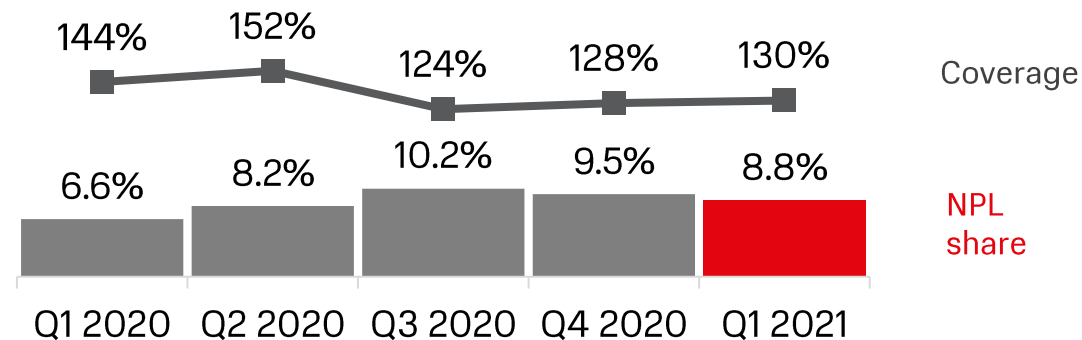
## Cost of Risk

(%)



## Non-performing retail loans

(% of retail portfolio, % NPL coverage by reserves)



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

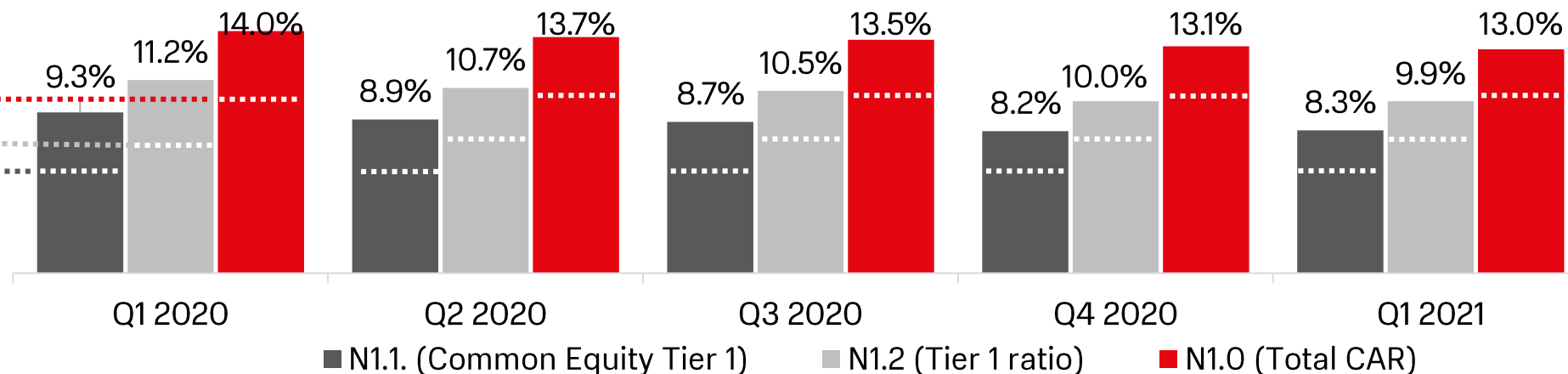
(%)

### CBR minimums

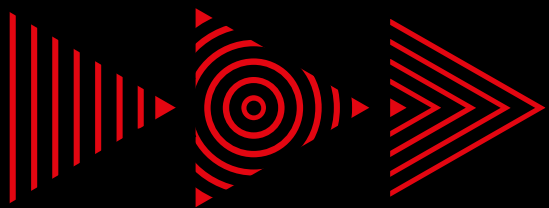
N1.0 – 10.5%

N1.2 – 8.5%

N1.1 – 7.0%



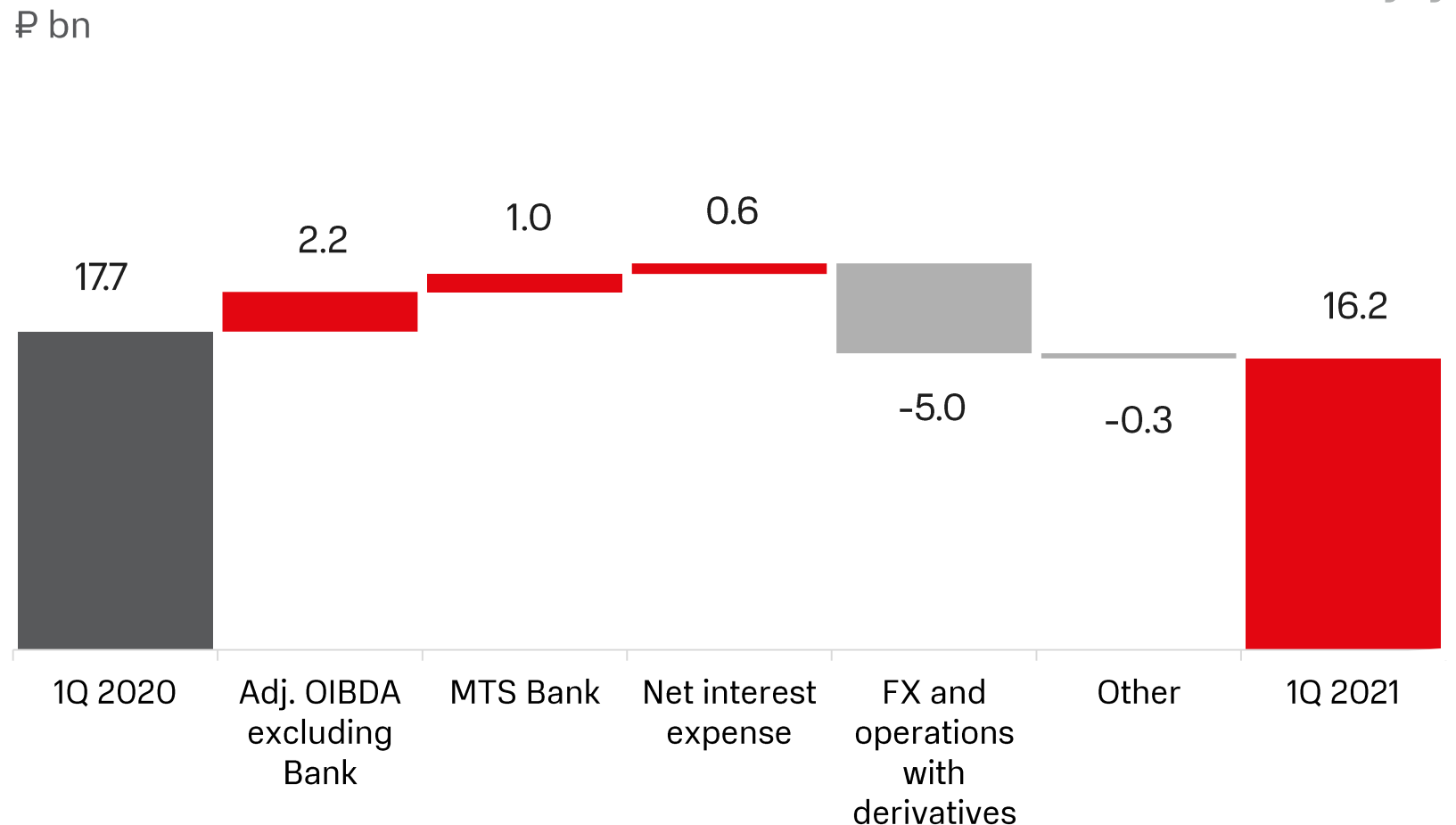
# FINANCIAL UPDATE



**Andrey Kamensky**  
VP for Finance

# Underlying profit growth offset by 1Q20 base effect

## Group net profit



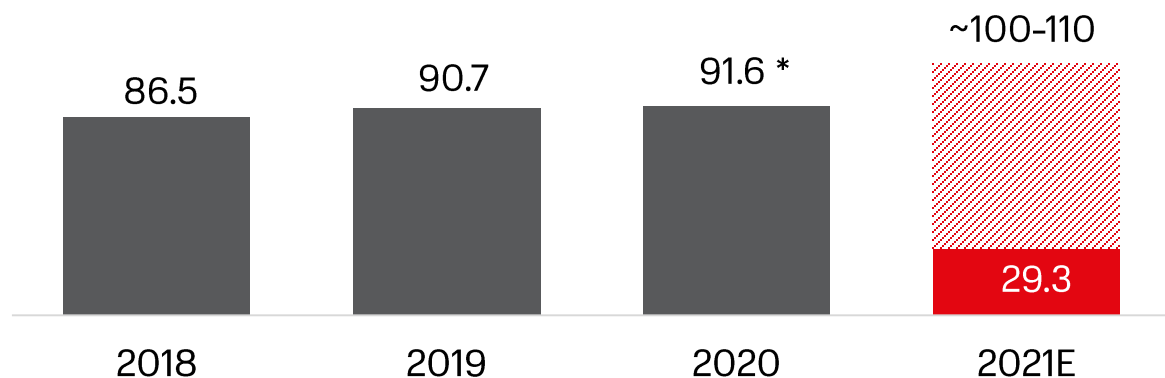
## Commentary

- In Q1 2021, Group net profit declined 8.8% year-over-year to RUB 16.2 bn. Net income was supported by operating profitability in both core telecom and MTS Bank, as well as lower financing costs.
- At the same time, these factors were more than offset by a high base effect from the year-ago quarter that saw a significant positive impact of FX and derivative operations, reflecting the Company's steps taken to mitigate currency volatility risk.

# Deliberate investment in new growth areas

## Group Cash CAPEX

₽ bn



1Q 2021

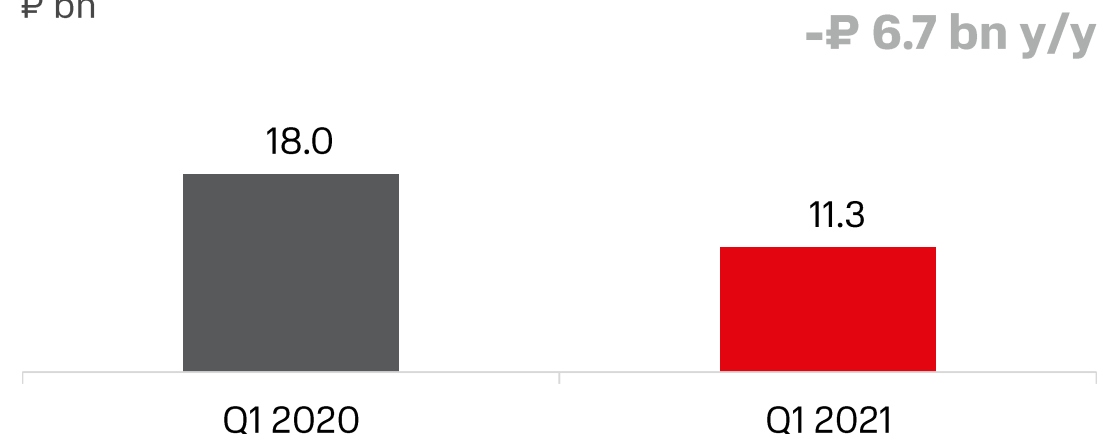
1Q 2020

	Cash Capex (RUB bn)	Cash Capex/ Sales (%)	Cash Capex (RUB bn)	Cash Capex/ Sales (%)
Russia***	29.1	23.8	19.9	n/a
Armenia	0.2	12.0	0.3	15.6
Group***	29.3	23.7	20.2	n/a

	Cash Capex (RUB bn)	Cash Capex/ Sales (%)	Cash Capex (RUB bn)	Cash Capex/ Sales (%)
Russia***	29.1	23.8	19.9	n/a
Armenia	0.2	12.0	0.3	15.6
Group***	29.3	23.7	20.2	n/a

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

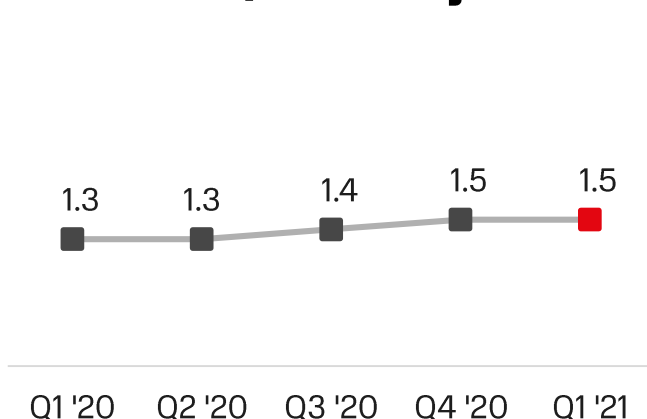
₽ bn



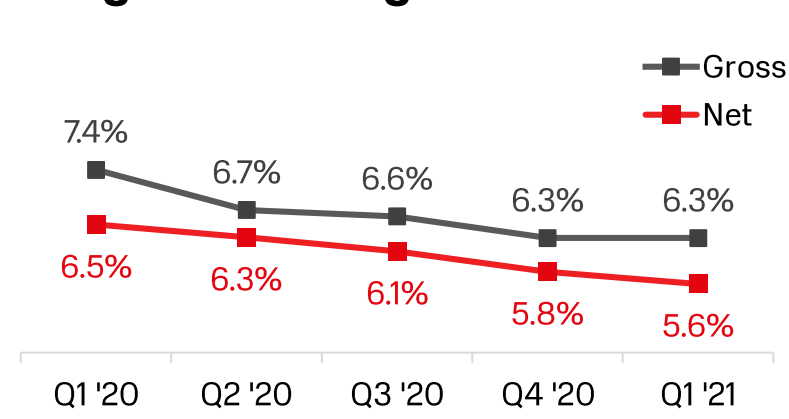
- In Q1 2021, Group free cash flow ex-Bank decreased RUB 6.7 bn year-over-year, reflecting higher capital expenditures in Q1 2021 versus the year-ago period.

# Maintaining a comfortable debt position

## Net debt\* / LTM adj.OIBDA



## Weighted average interest rates



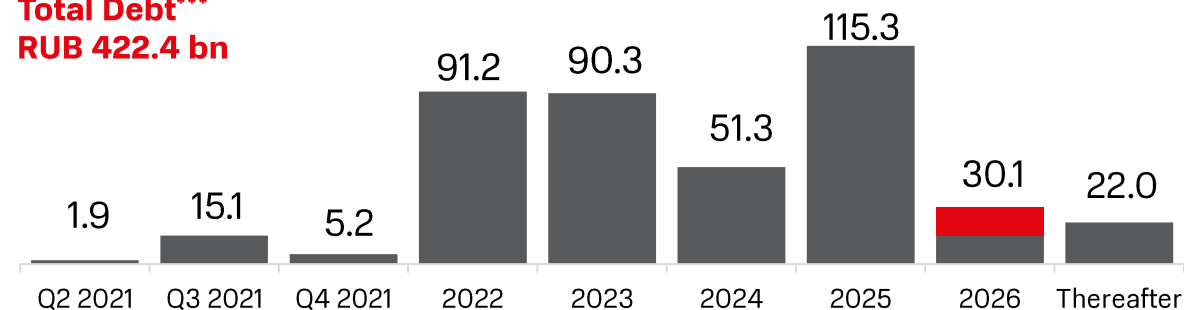
## Gross debt\* composition



## Debt repayment schedule

₽ bn

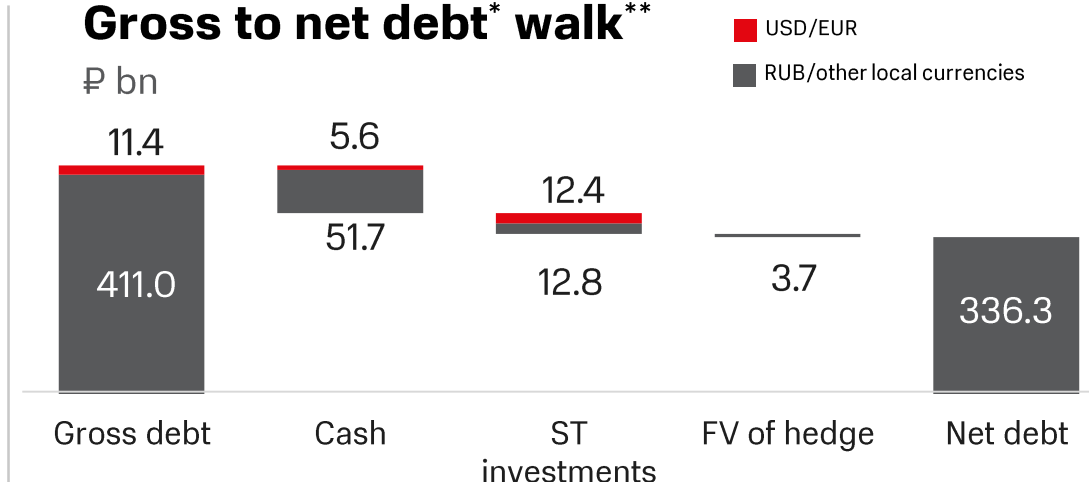
**Total Debt\*\*\***  
**RUB 422.4 bn**



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

## Gross to net debt\* walk\*\*

₽ bn

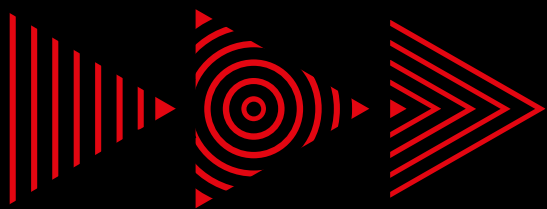


\*Excluding IFRS lease liabilities

\*\*Including FOREX hedging in the amount of USD 300.0m as of March 31, 2021, totals may add up differently due to rounding

\*\*\*Net of unamortised debt issuance cost adjustment

# WRAP-UP & OUTLOOK

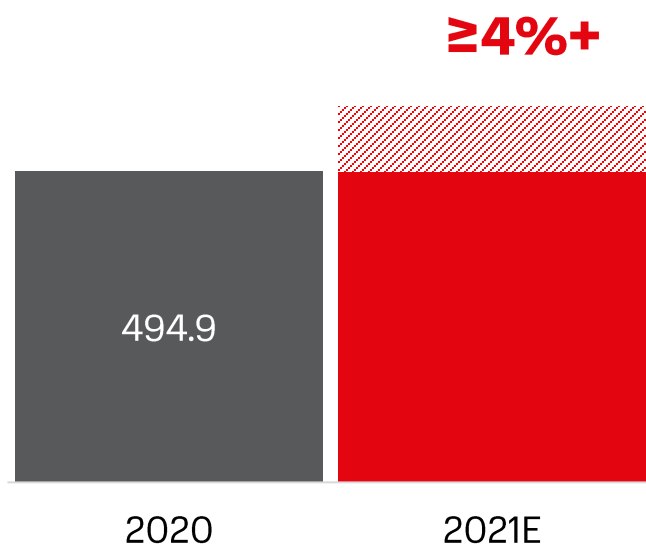


**Vyacheslav (Slava) Nikolaev**  
President & CEO

# Reconfirming outlook for 2021

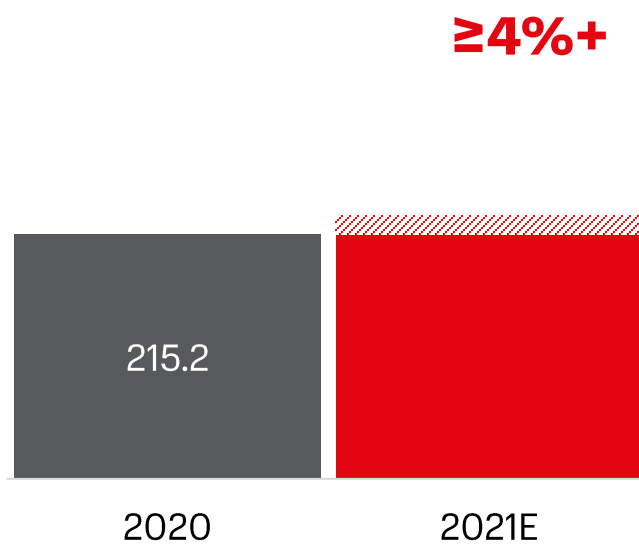
## Revenue

₱ bn



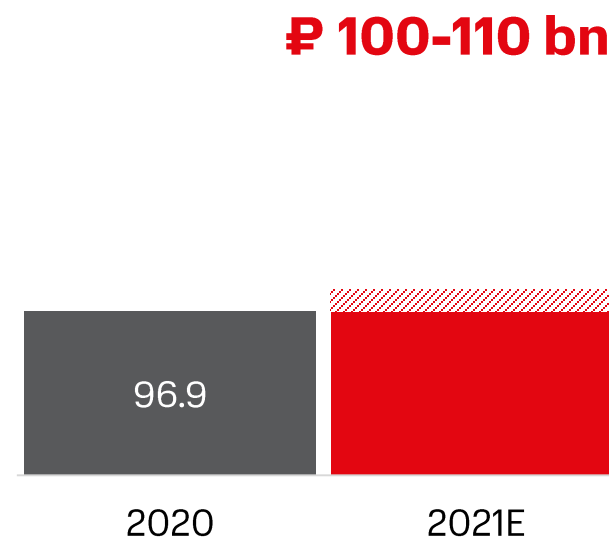
## Group adj. OIBDA

₱ bn



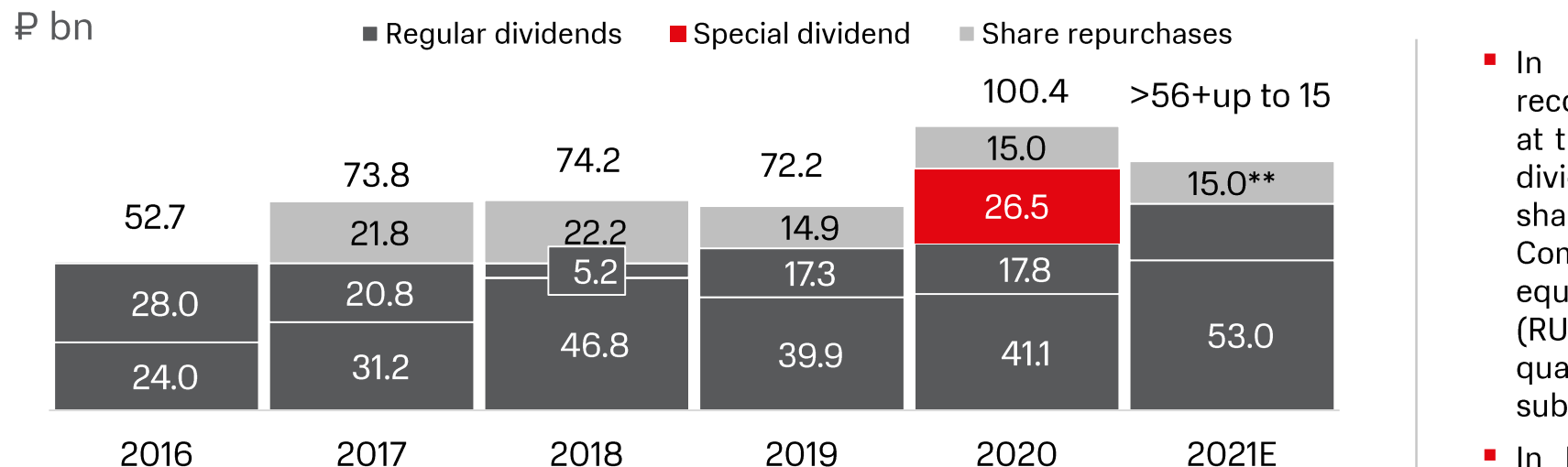
## Cash CAPEX

₱ bn

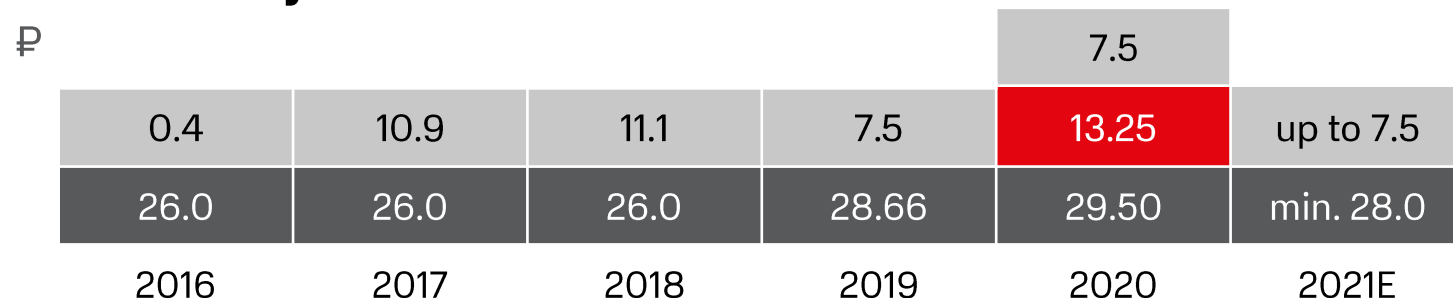


# Building on our track record of robust returns

## Total dividends plus buybacks\*



## Per ordinary share

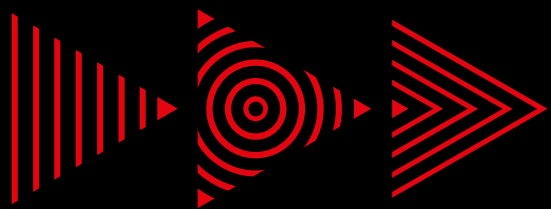


## Commentary

- In April, the MTS Board of Directors recommended that shareholders approve at the AGM scheduled for June 23 annual dividends of RUB 26.51 per ordinary MTS share (RUB 53.02 per ADR) based on the Company's full-year 2020 financial results, equivalent to a total of RUB 53.0 billion (RUB 52,966,349,804.28) when including quasi-treasury shares owned by MTS subsidiaries.
- In March, the MTS Board of Directors approved a buyback program providing for the repurchase of MTS shares of Common Stock (including shares of Common Stock represented by ADSs) in the amount of up to RUB 15 bn through the end of calendar year 2021.



# Q&A

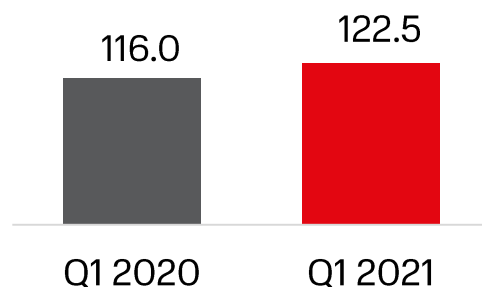


# Country performance breakdown

## Russia revenue

RUB bn

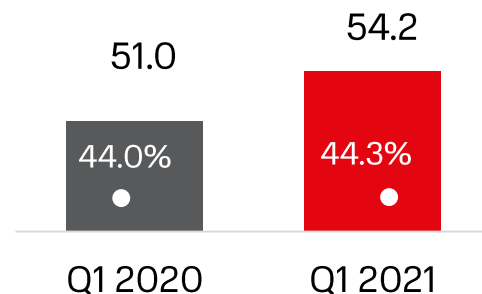
**+5.6% y/y**



## Russia adj.OIBDA\* & margin

RUB bn, %

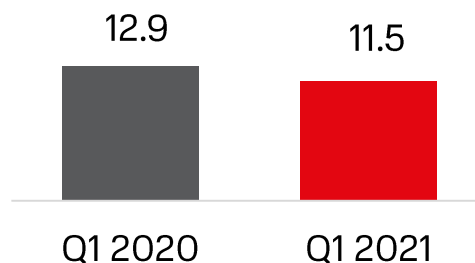
**+6.3% y/y**



## Armenia revenue

AMD bn

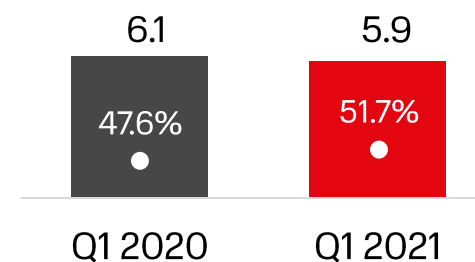
**-11.2% y/y**



## Armenia OIBDA & margin

AMD bn, %

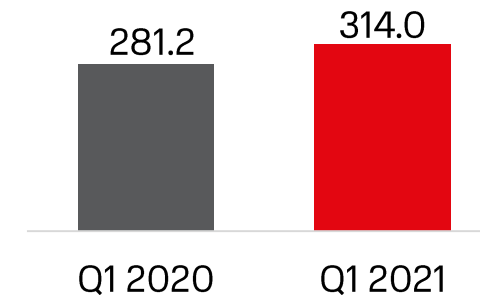
**-3.6% y/y**



## Belarus revenue\*\*

BYN m

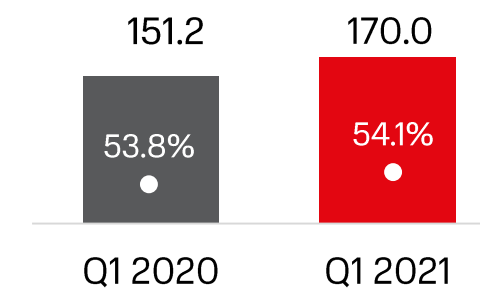
**+11.7% y/y**



## Belarus OIBDA & margin\*\*

BYN m, %

**+12.4% y/y**





## MTS Investor Relations



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8-495-223-20-25

