

● Be better every day

Q4 & FY 2019 Group Results

March 12, 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.

SOLID TRACK RECORD IN 2019

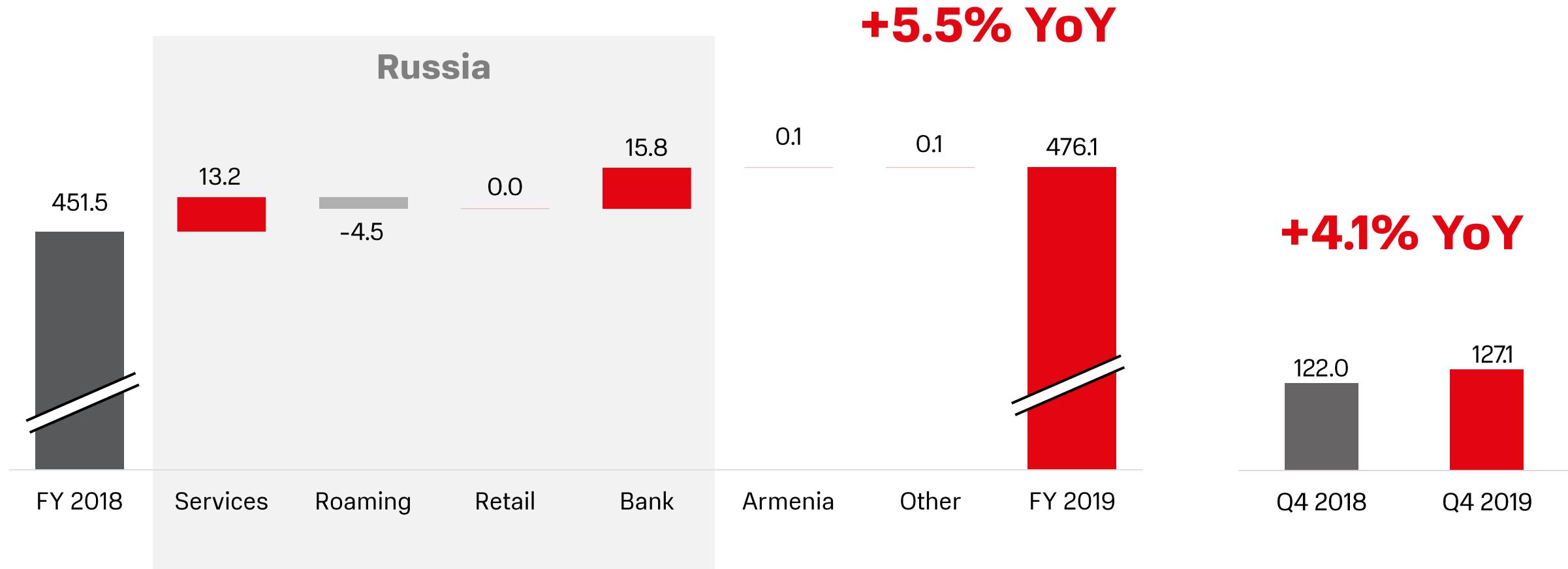
delivering on commitments

	Target	Actual/2019E*	
Revenue	+6-7%	>7%*	✓
Adjusted OIBDA	+4-5%	>4%*	✓
CAPEX	RUB 90 bn	RUB 91.5 bn	~
Retail store count	↓ 200-300 in H2 2019	↓ 202 Q4 vs Q2	✓

GROUP PERFORMANCE

revenue

Group revenue*
(RUB bn)

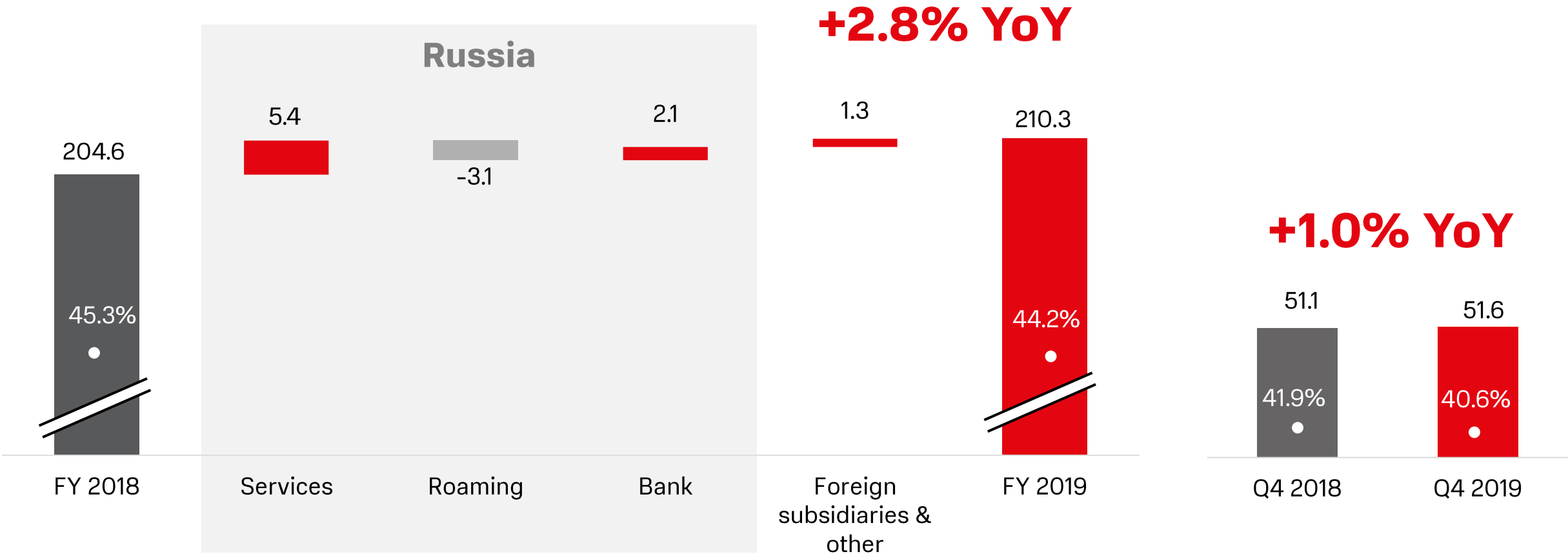


*Totals may add up differently due to rounding

GROUP PERFORMANCE

Adj. OIBDA

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



ECOSYSTEM DEVELOPMENTS

strengthening customer engagement

Brand refresh

- New visual style launched mid-2019. Ongoing phased roll-out.
- Tailored for digital screens, vertical formats.
- Observed NPS strengthening in 2019 and early 2020.
- Extendable umbrella brand for broad array of digital products and services.

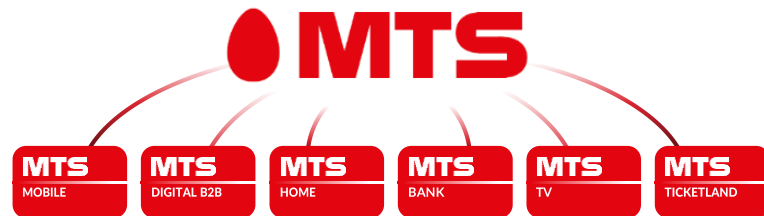
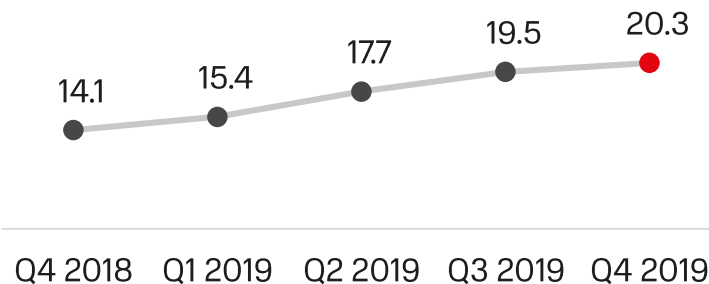
Live experiential

- New sub-brand:
MTS Entertainment
- Complimentary to ticketing businesses.
- Partnering on live content and venues, including branded MTS Live Arena in Moscow.

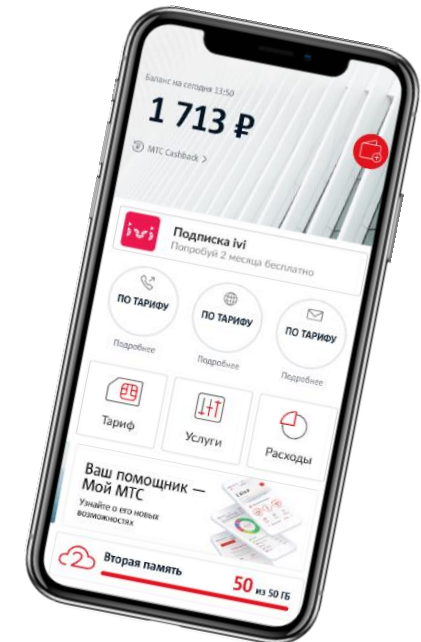
Digital app development

- Deploying standardized quality control system.
- Moving to unified client ID for deeper insight into customer economics.
- Digitizing customer care via MyMTS. In 2019, launched in-app integration with MTS Bank products, as well as individualized tariffs based on subscriber usage.

MyMTS monthly active users (m)



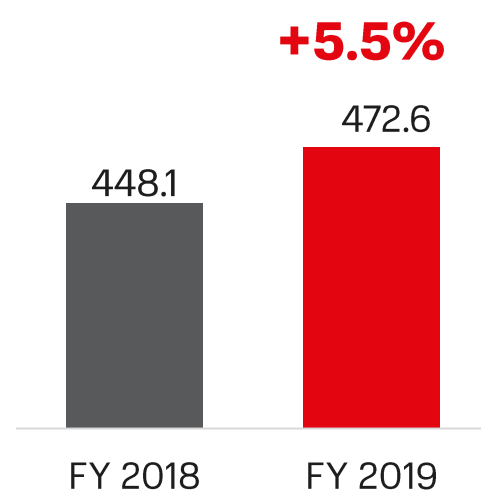
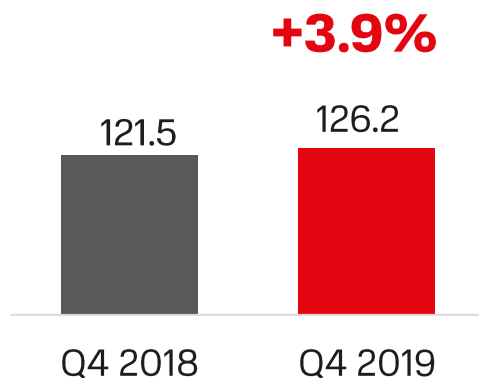
Be better every day



RUSSIA

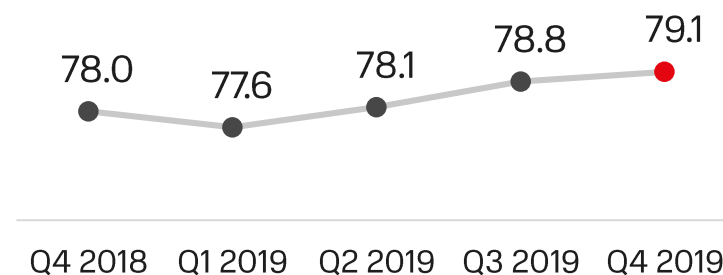
financial and operating results

Revenue (RUB bn)

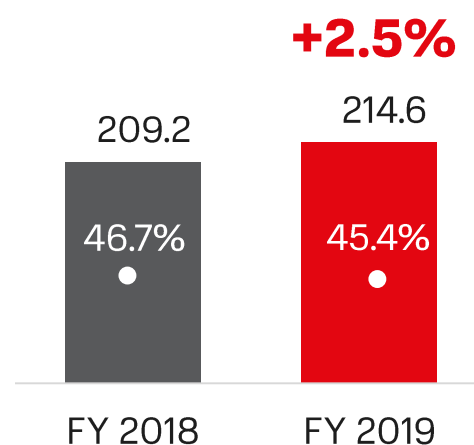
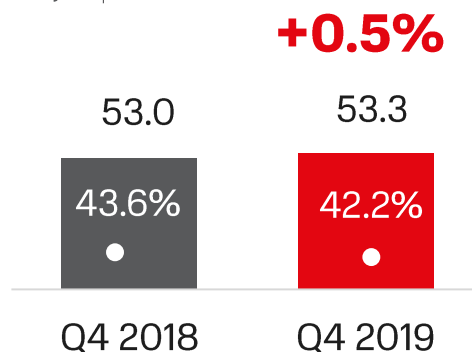


3M subscriber base (m)

+1.1m YoY

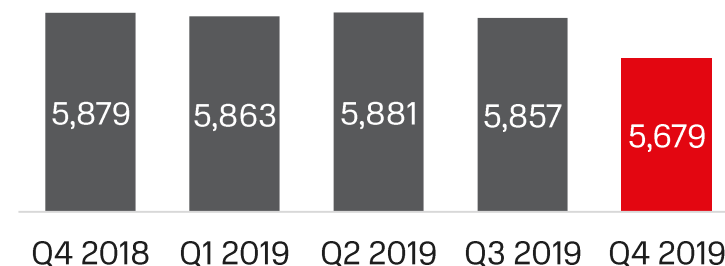


Adj. OIBDA and adj. OIBDA margin (RUB bn, %)



Retail footprint* (# of stores)

**-202
vs Q2 19**



RETAIL DEVELOPMENTS

Revamping and optimizing

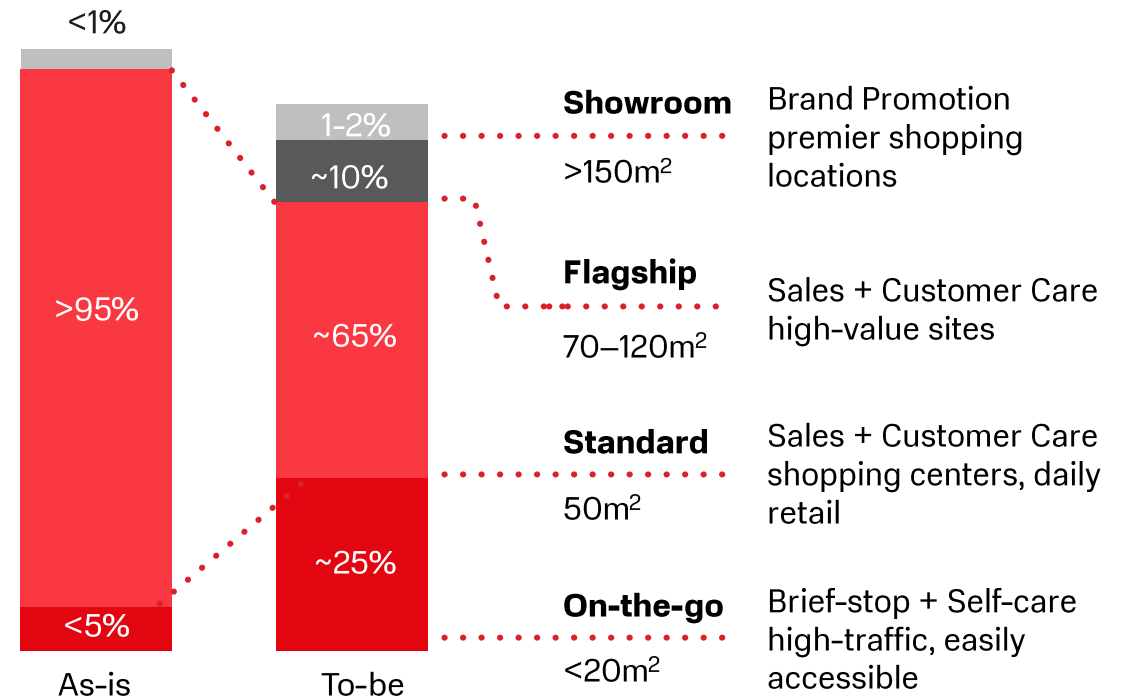
Enhancing the in-store experience

- Observed tNPS strengthening throughout 2019, ending year at a highpoint of 65%.
- Expanding offerings beyond mobile (satellite TV, insurance, etc.).
- Equipped 1,000+ retail outlets with MTS Bank ATMs / payment terminals.



Shifting the format mix

- Achieved target of >200 store count reduction in H2 2019. Aiming to further optimize retail footprint.
- Launching new flagship/showroom locations for brand and product promotion.
- Moving toward increasing share of light/simple “on-the-go” storefronts.

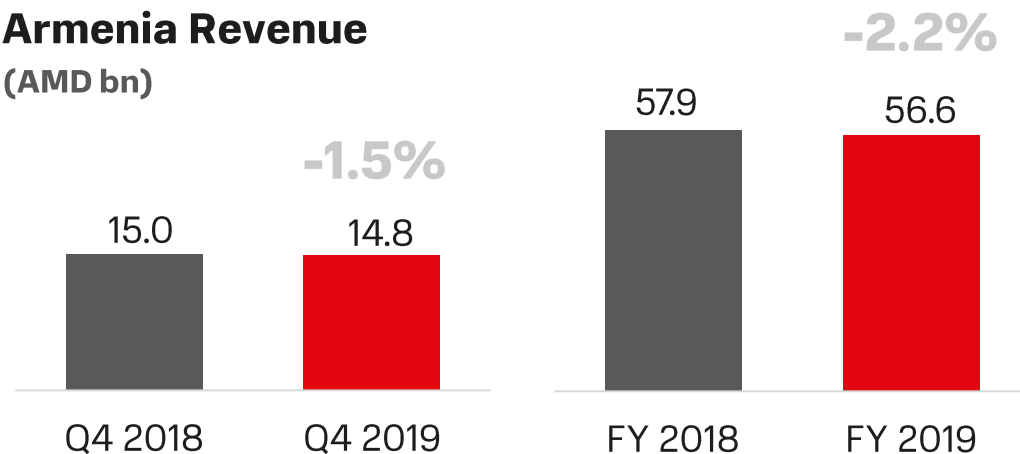


ARMENIA and BELARUS

financial results

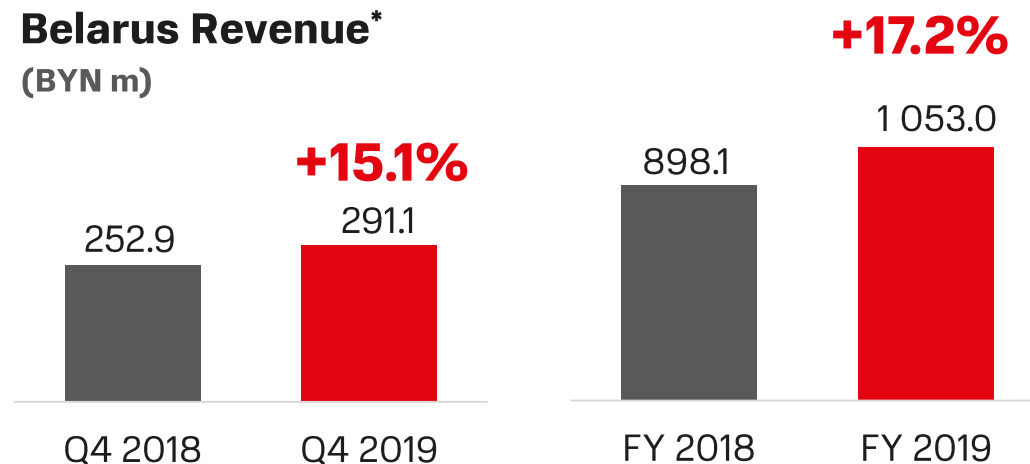
Armenia Revenue

(AMD bn)



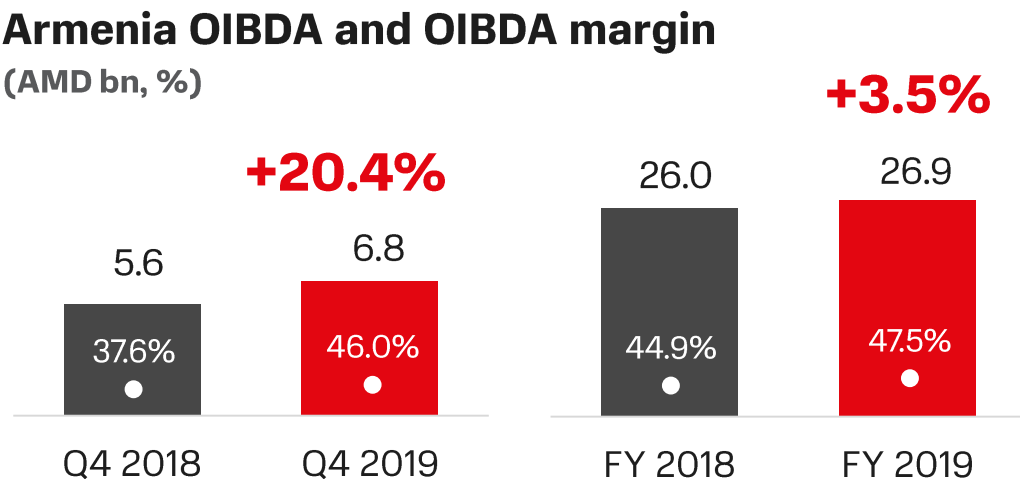
Belarus Revenue*

(BYN m)



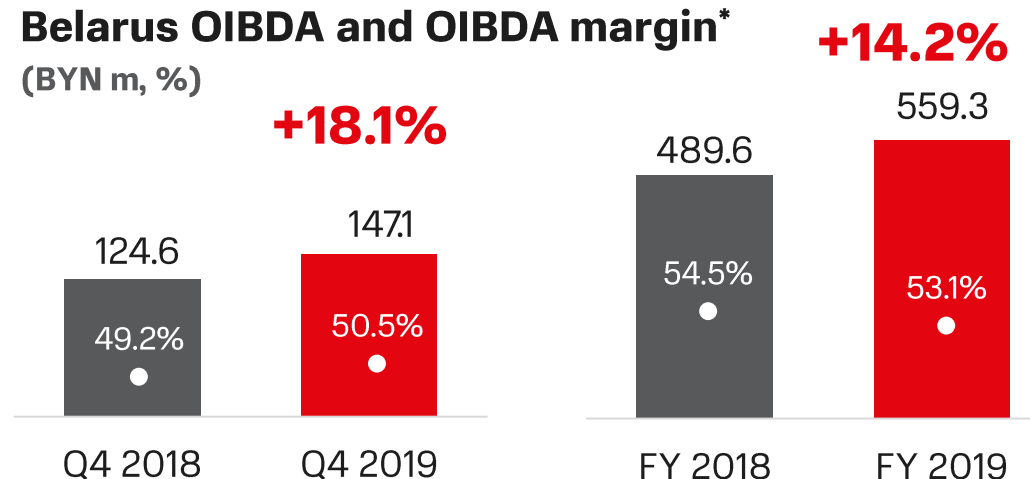
Armenia OIBDA and OIBDA margin

(AMD bn, %)



Belarus OIBDA and OIBDA margin*

(BYN m, %)

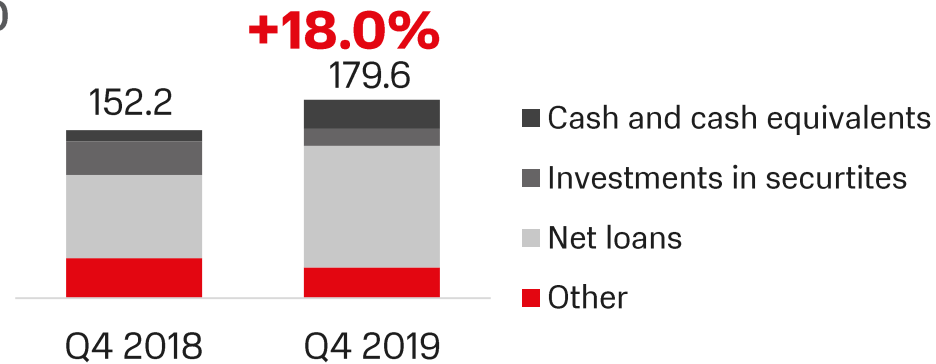


MTS BANK

key highlights*

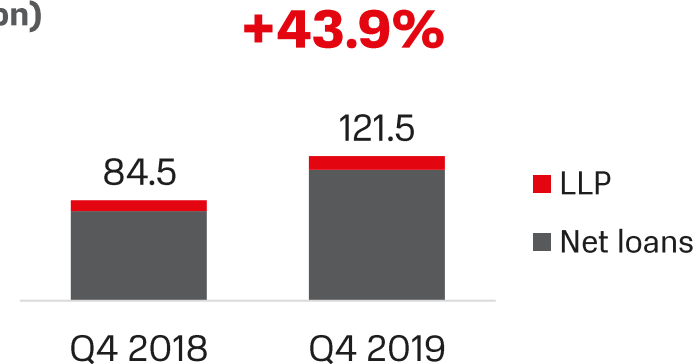
Assets

(RUB bn)



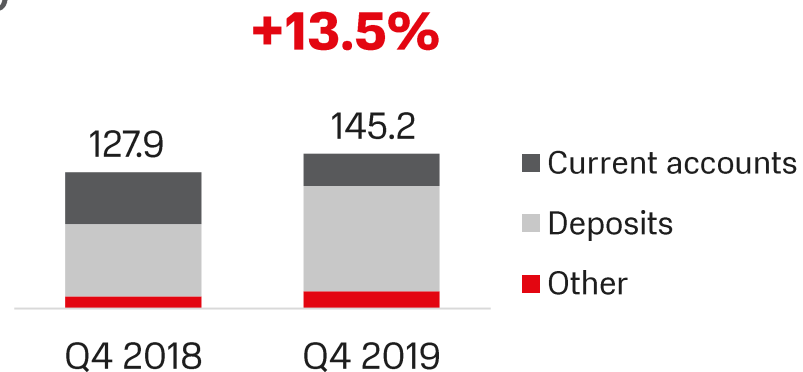
Gross loans

(RUB bn)



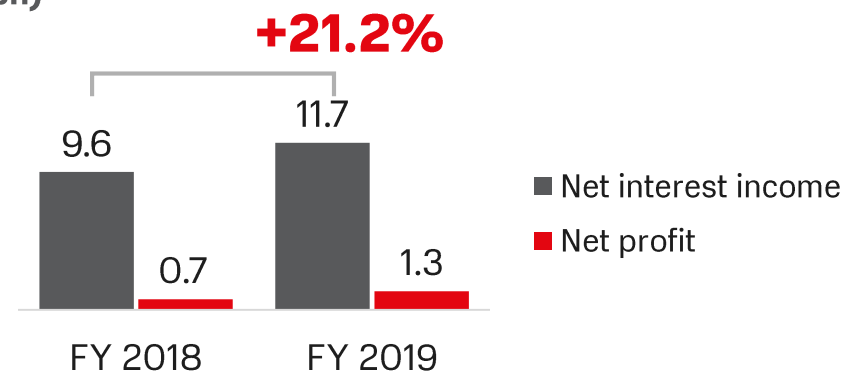
Funding

(RUB bn)



Net interest income and net profit

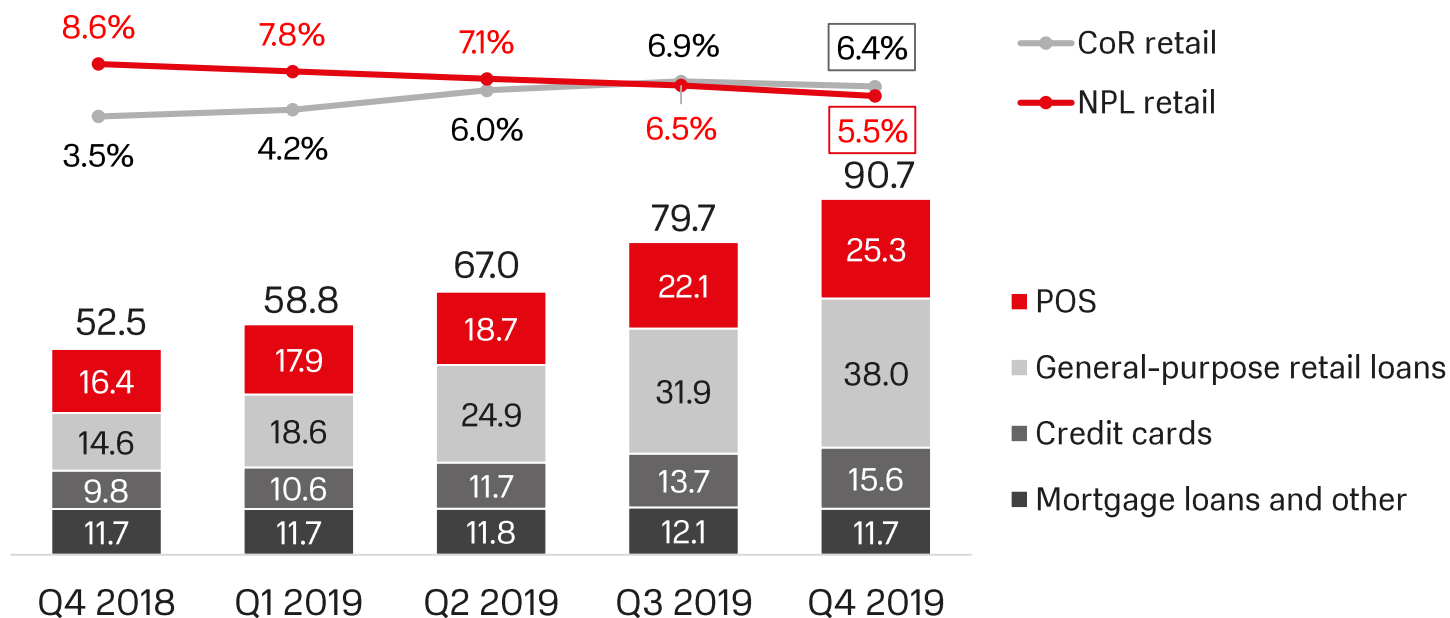
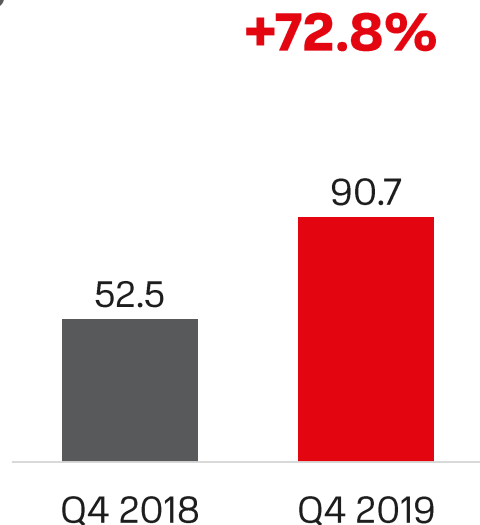
(RUB bn)



MTS BANK

retail loan portfolio*

Gross retail loans (RUB bn)



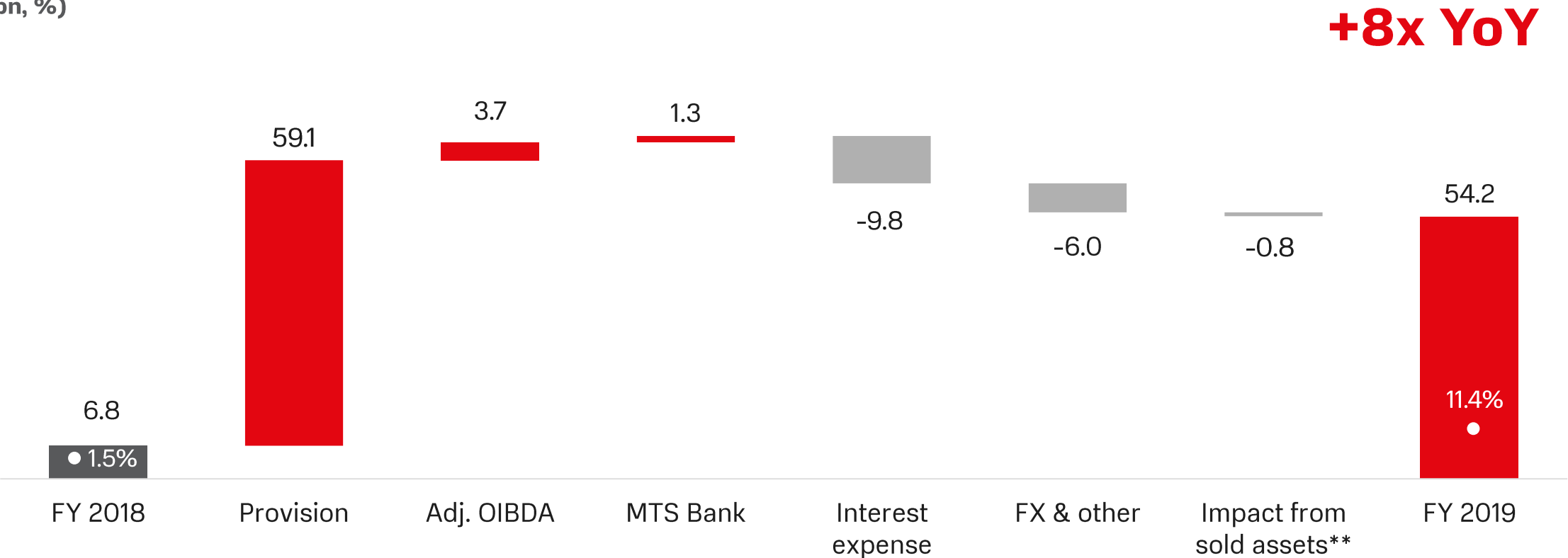
Key developments in 2019

- In 2019, MTS Bank increased new retail loan issuance by roughly three-fourths year-over-year, including POS, personal, and credit cards, driving a 73% increase in the total outstanding portfolio of retail loans over the course of the year.
- The Bank actively drove penetration into the MTS subscriber base via integration with MTS apps and customized offers for MTS customers, which supported a 72% year-over-year increase in the annual number of cards issued to 1.14 m in 2019 (credit + debit).
- The Bank's attractive offers, enhanced product portfolio, and active marketing efforts drove growth in the Bank's customer base, which stood at 2.1 million active clients at the end of 2019.

GROUP PERFORMANCE

net profit

Group net profit and net profit margin*
(RUB bn, %)



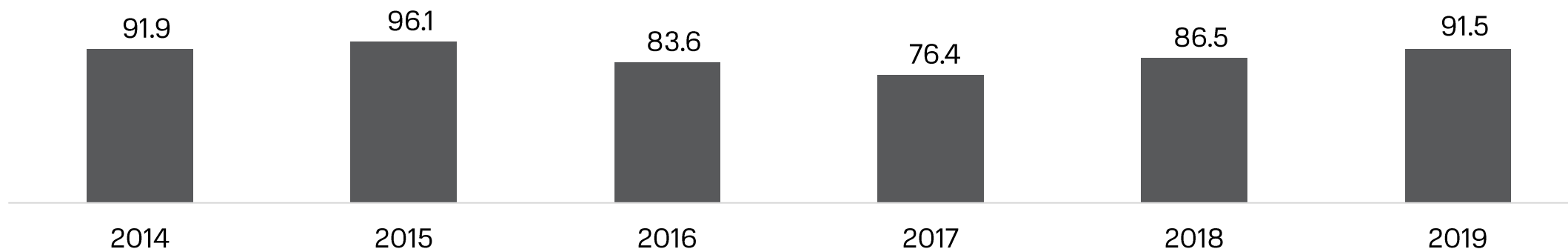
*Totals may add up differently due to rounding
**Discontinued operations in Ukraine and sale of 18.69% stake in Ozon

GROUP CAPEX

(cash CAPEX)

Cash CAPEX

(RUB bn)



	2019		2018	
	Cash Capex (RUB bn)	Cash Capex/Sales (%)	Cash Capex (RUB bn)	Cash Capex/Sales (%)
Russia	81.8	17.3%	75.1	16.8%
Ukraine*	8.2	22.3%	9.3	31.4%
Armenia**	1.5	19.7%	2.0	26.4%
Group*, **	91.5	n/a	86.5	n/a

GROUP DEBT

at the end of Q4 2019*

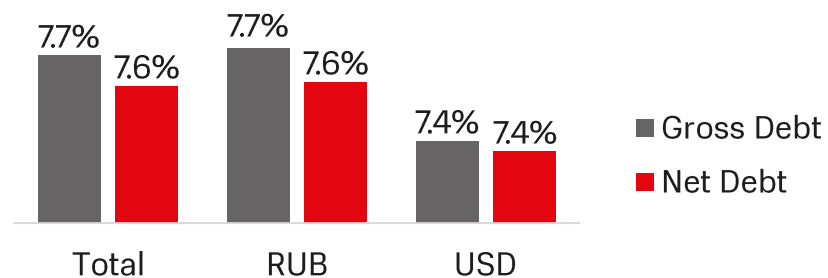
Net debt factor analysis **

(RUB bn)

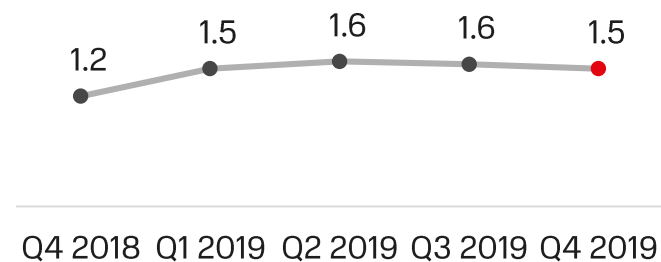


Weighted average interest rates

(%)



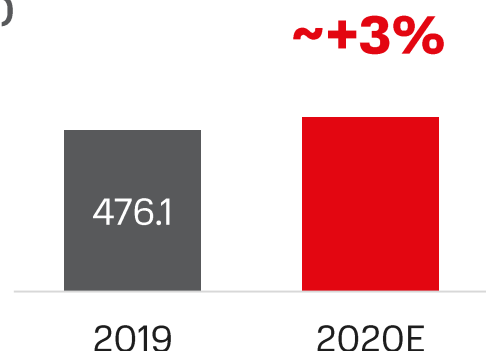
Net debt/LTM Adjusted OIBDA**** dynamics



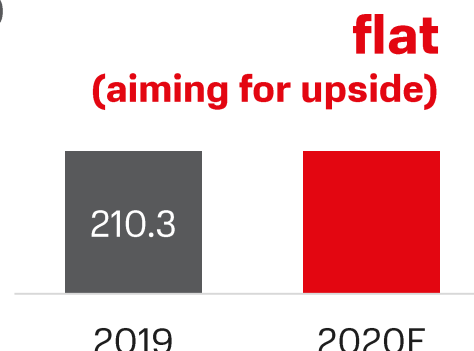
GUIDANCE

outlook for 2020

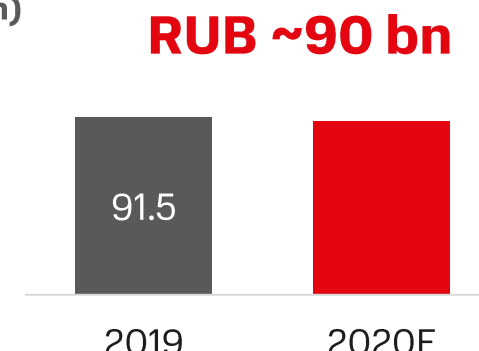
Revenue (RUB bn)



OIBDA (RUB bn)



CAPEX (RUB bn)



Revenue. Key factors

- A rational competitive environment in Russia;
- Evolving market pricing dynamics;
- Rising data consumption and weaker voice usage;
- Possible changes to consumption of roaming services; and
- Potential broader macroeconomic and regulatory developments.

OIBDA. Key factors

- Market sentiment and prospective growth in usage of high-value products;
- Reducing SIM card sales and improving subscriber churn;
- Ongoing steps to optimize the Group's retail footprint and associated costs;
- A high base from a positive one-off in Q1 2019;
- Higher labor costs in new business segments;
- Possible changes to consumption of roaming services; and
- Potential broader macroeconomic and regulatory developments.

CAPEX. Key factors

- Further incremental improvements and enhancements to LTE networks;
- Continued investment in digital products and services;
- Potential 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.

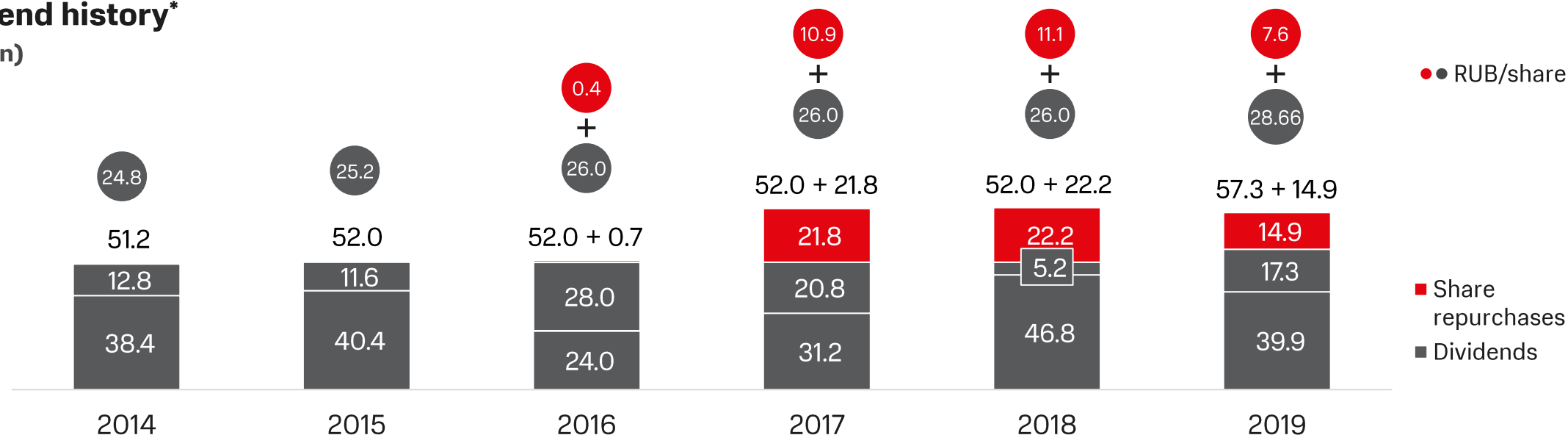
Yarovaya law: MTS currently estimates the additional investments required to comply with the Yarovaya law will total approximately RUB 50 bn.

SHAREHOLDER RETURN

dividends and buyback programs

Dividend history*

(RUB bn)



Recent developments

- In November, MTS completed its regular dividend payment based on H1 2019 financial results, which amounted to RUB 8.68 per ordinary MTS share (RUB 17.36 per ADR).
- For calendar year 2019, total dividends paid came to RUB 28.66 per ordinary MTS share (RUB 57.32 per ADR), or a total of RUB 57.3 bn. As a result, the Company slightly exceeded its dividend policy of RUB 28.0 per ordinary share.
- In February 2020, MTS completed payments of a special dividend approved 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).

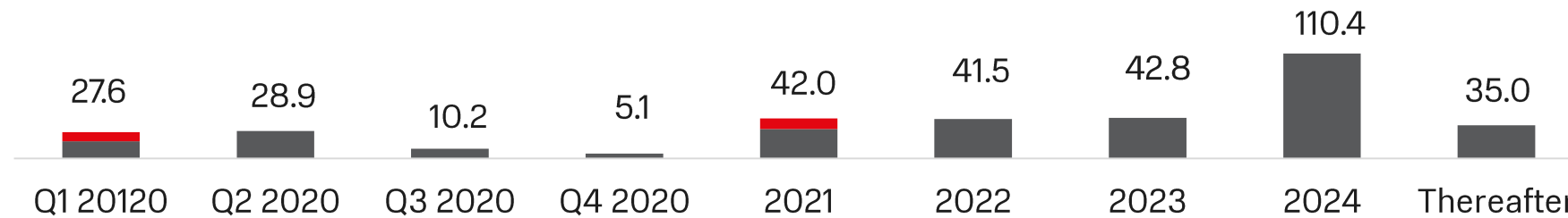
Q&A

Thank you!

APPENDIX

debt repayment and structure*

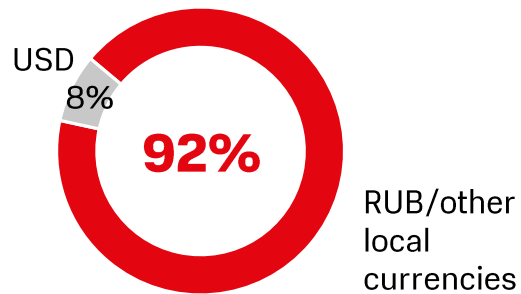
Debt repayment schedule (RUB bn)



Total group debt**
RUB 343.6bn

■ Bonds BO-01, BO-02 ruble bonds contain put options that as of December 31, 2019, MTS expected to be exercised in March 2020 and in March 2021 respectively

Gross debt structure***



Net debt structure***

