



MTS Q4 & FY 2020 Results

GAINING MOMENTUM

March 4, 2021

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 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

2020 RESULTS & HIGHLIGHTS



Alexey Kornya

President & CEO

ECOSYSTEM UPDATE



Slava Nikolaev

First VP for Customer Experience, Marketing, & Ecosystem Development

TELECOM & B2B UPDATE



Inessa Galaktionova

First VP for Telecommunications

FINTECH UPDATE



Ilya Filatov

VP for Financial Services and CEO, MTS Bank

FINANCIAL UPDATE



Andrey Kamensky

VP for Finance

WRAP-UP & OUTLOOK



Alexey Kornya

President & CEO

2020 RESULTS & HIGHLIGHTS



Alexey Kornya
President & CEO

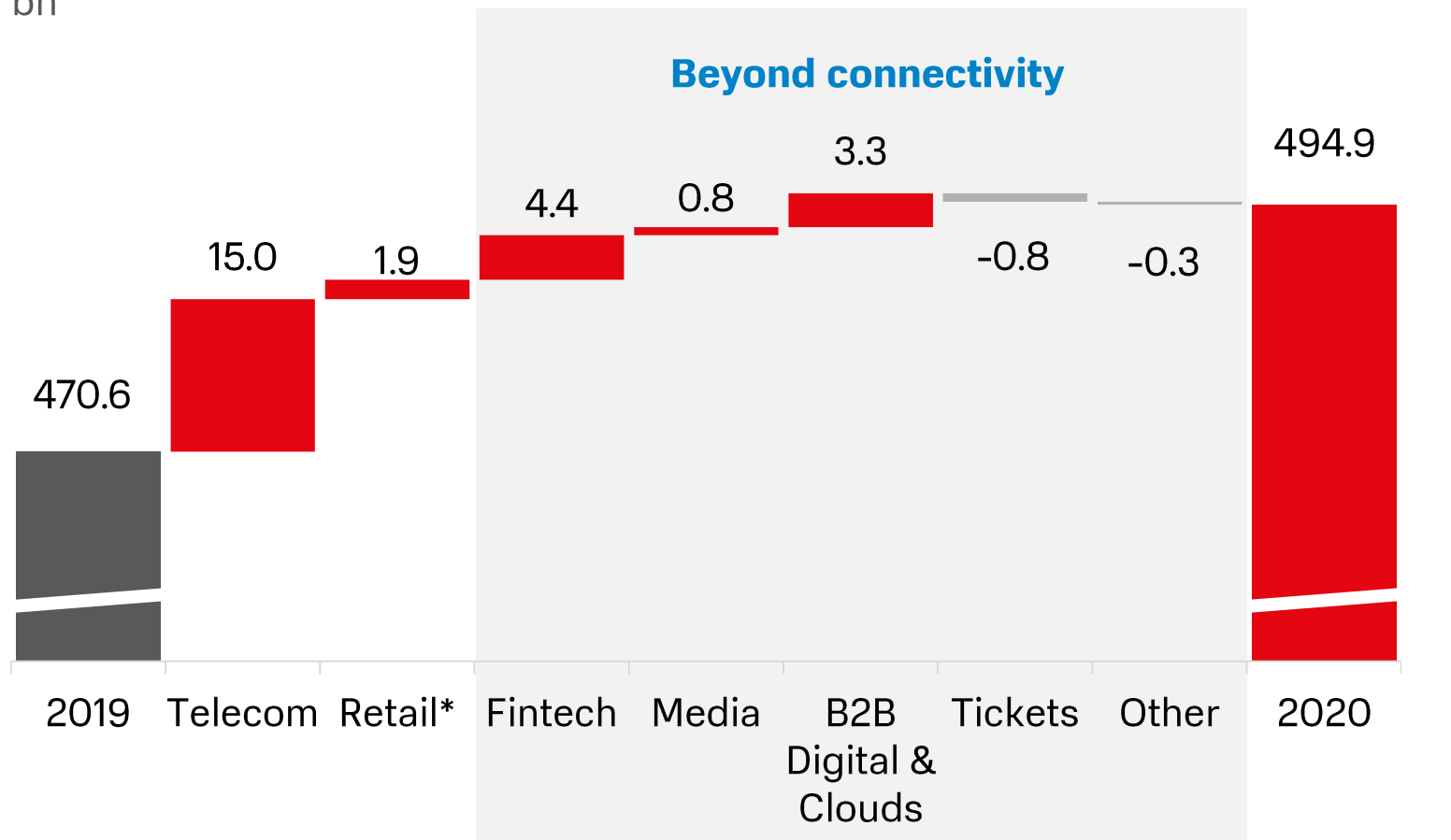
Successfully delivered in 2020

	FY 2020 Guidance*	FY 2020 Actual	
Revenue	≥+3% y/y	+5.2% y/y	✓
OIBDA	flat to +2%	+1.7% y/y	✓
CAPEX	around ₪ 90 bn	₪ 96.9 bn Cash CAPEX (₪ 91.6 bn when adjusted for FX-related swap contracts)**	✓

Top-line growth in both core & new segments

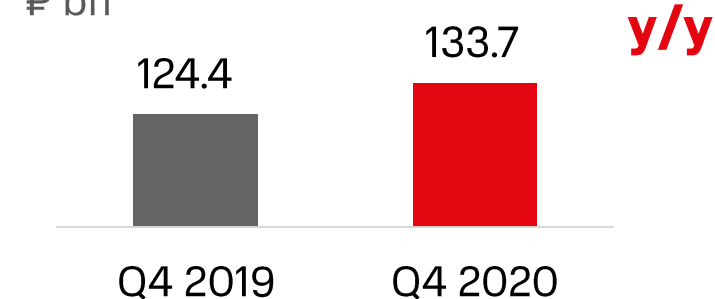
FY20 Group Revenue

₹ bn



4Q20 Group Revenue

₹ bn



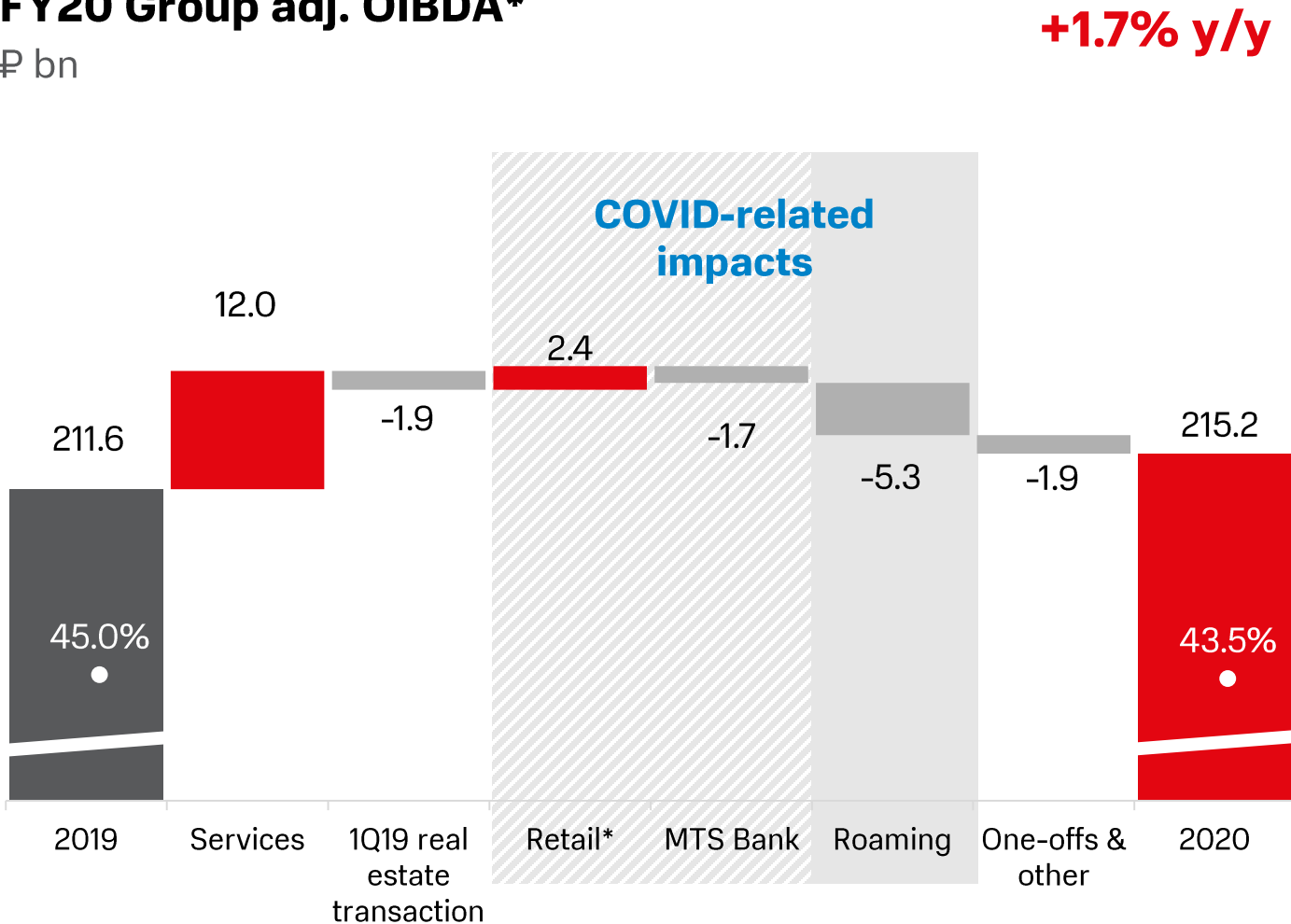
Commentary

- Core telecom services saw solid performance in 2020, contributing more than half of overall Group revenue growth for the year. Despite a fall off in international roaming due to travel restrictions, Russia mobile service revenue increased 4.5% year-over-year in 12M20.
- In addition, nearly one-third of full-year revenue growth came from segments beyond connectivity, with Fintech the largest contributor, followed by B2B Digital & Cloud Solutions and Media.

OIBDA notched upwards despite COVID headwinds

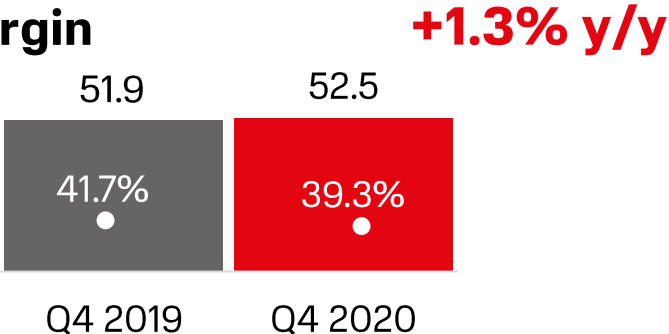
FY20 Group adj. OIBDA*

₹ bn



4Q20 Group adj. OIBDA* and margin

₹ bn, %



Commentary

- Full-year Group Adjusted OIBDA was supported by solid performance in core services as well as a positive impact from retail operations, which reflected steps taken to optimize MTS’s retail footprint as well as temporary COVID-related cost savings.
- At the same time, Adj. OIBDA was constrained by other factors, including: (1) a drop-off in relatively high-margin international roaming amid the COVID-19 pandemic, (2) additional provisions at MTS Bank, (3) a high base effect due to a one-off in 1Q19, (4) and other factors and one-off provisions.



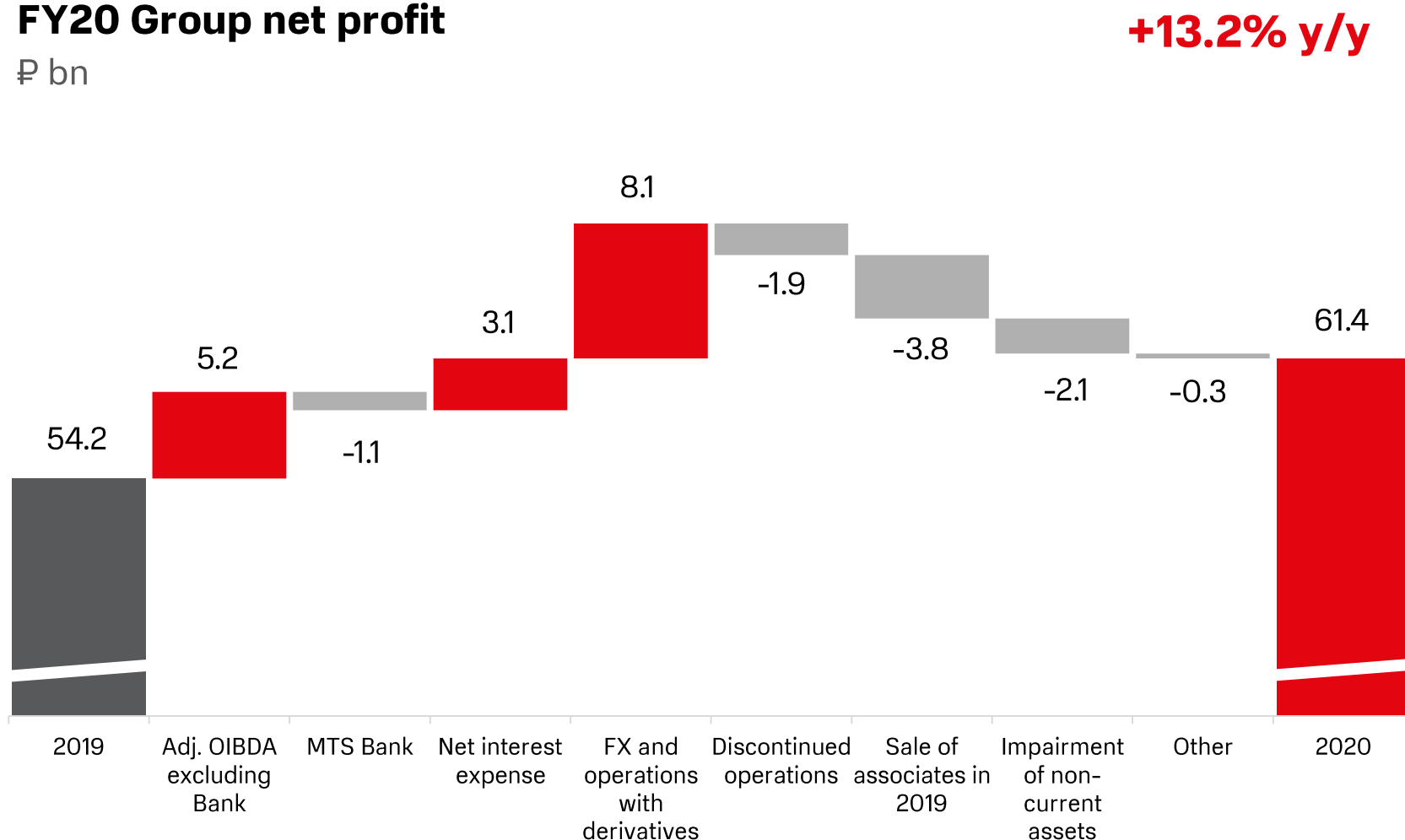
*Adjusted OIBDA for 4Q 2020 and 2020 doesn't include a loss from impairment of non-current assets of RUB 796m and RUB 2,023m, respectively. Adjusted OIBDA for 4Q 2019 and 2019 doesn't include a reversal of impairment of non-current assets of RUB 148 mln.

**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.

Delivered solid full-year bottom-line growth

FY20 Group net profit

₽ bn



Commentary

- Group net profit in FY2020 increased 13.2% year-over-year to RUB 61.4 bn.
- Versus 2019, net profit growth was supported by FX effects and operation with derivative instruments — which the Company regularly uses to mitigate currency volatility — as well as solid core business performance and lower net interest expenses, reflecting MTS's ongoing steps to optimize its debt portfolio amid a favorable interest rate environment.
- At the same time, these positive factors were partially offset by a high base from the sale of associates in 2019, as well as negative impacts from change discontinued operations, MTS Bank, and the impairment of assets in ticketing and entertainment.

A premier network-native digital service provider

Leading

Telecom

- 1 Invest in capacity & coverage**
 - **+39%** smartphone traffic
 - **+14.5k** LTE base stations
 - Robustness proven during pandemic
- 2 Strengthen customer relationships**
 - High double-digit FMC growth
 - Stable 12M lifetime retention
 - Enhanced in-store CX
- 3 Position for the future**
 - **Five** 5G/5G-ready pilot zones
 - **1st** nationwide online eSIM launch in Russia
 - **-435** retail outlets, **2x+** ecommerce sales

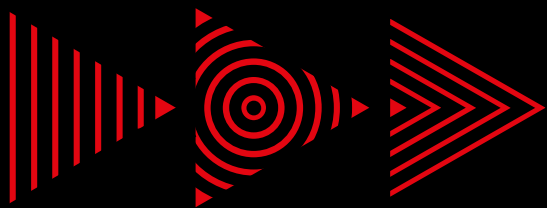


Digital

Upside

- 1 Expand into adjacent segments**
 - **+32.5%** MTS Bank net interest income
 - **10+** original content projects in pipeline
 - Double-digit revenue growth in Digital & Cloud
- 2 Build/scale digital ecosystem**
 - **+44%** Pay-TV viewers, **+142%** OTT viewers
 - **+17%** MyMTS app users
 - **+30%** MTS Bank app users
- 3 Improve/leverage brand favorability**
 - Top-3 ecosystem perception in Russia*
 - Continued phased roll-out of brand revamp
 - Unified UI/UX app design approach

ECOSYSTEM UPDATE



Slava Nikolaev

First VP for Customer Experience, Marketing,
& Ecosystem Development

Driving ecosystem integration & engagement



**Multiproduct
users**

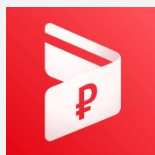
~7 million

MTS customers

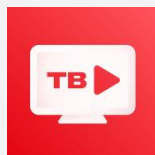
using at least 2 services
across 3 segments:



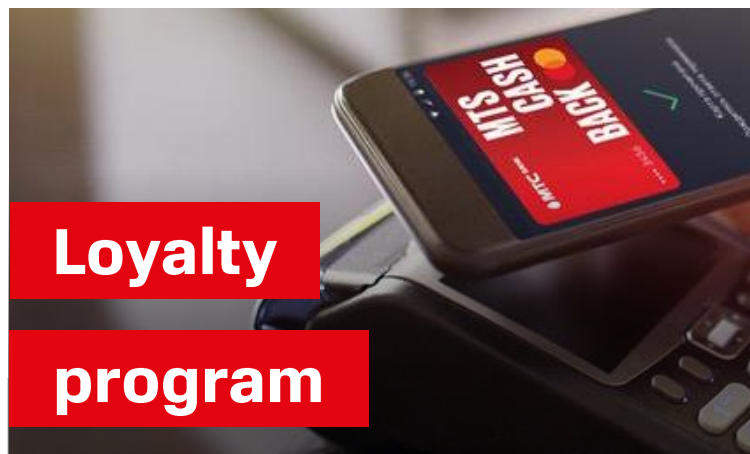
TELECOM



FINTECH



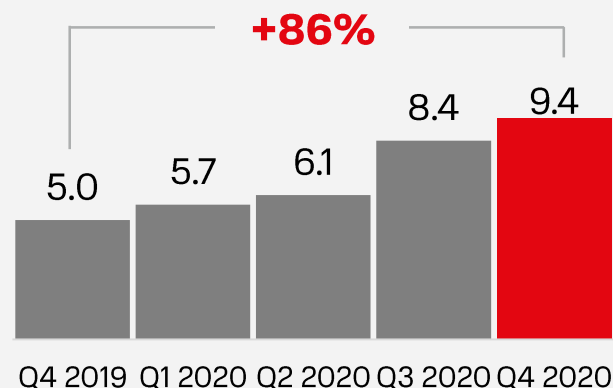
MEDIA



**Loyalty
program**

MTS Cashback users

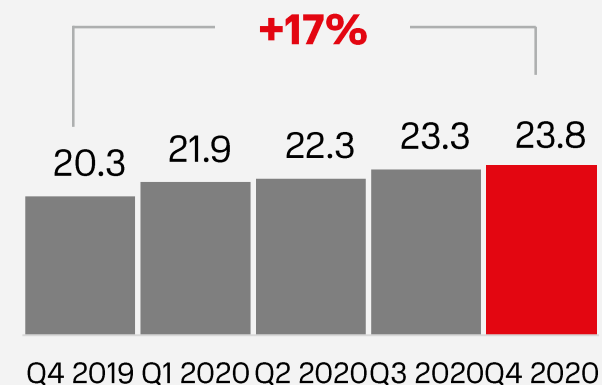
Registered, m



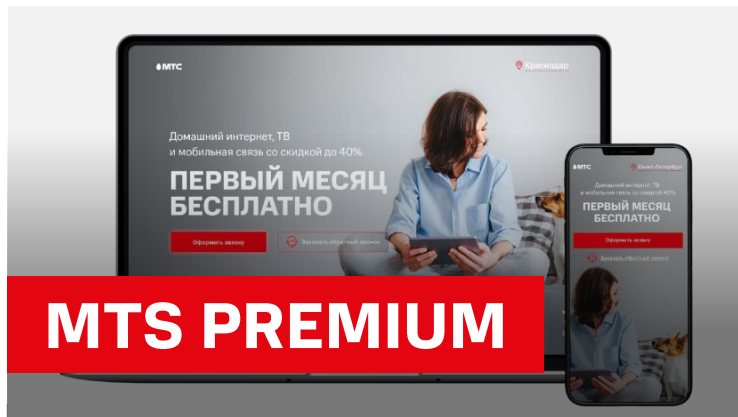
**Digital
customer care**

MyMTS app users

MAU, m



Acquiring users & viewers in new services



>4 million

MTS Premium participants

including both paid subscribers (₽199/month) and eligible MTS customers (those spending ₽1,500/month or more in total on MTS services).

CONNECTIVITY

- Extra mobile data
- Free spam call blocking
- Attractive discounts

CONTENT

- MTS TV access*

BANKING

- Exclusive rates

SHOPPING

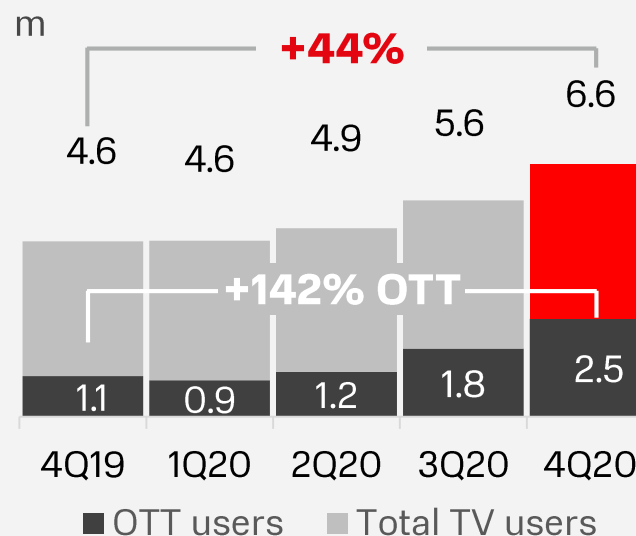
- Special offers

SUPPORT

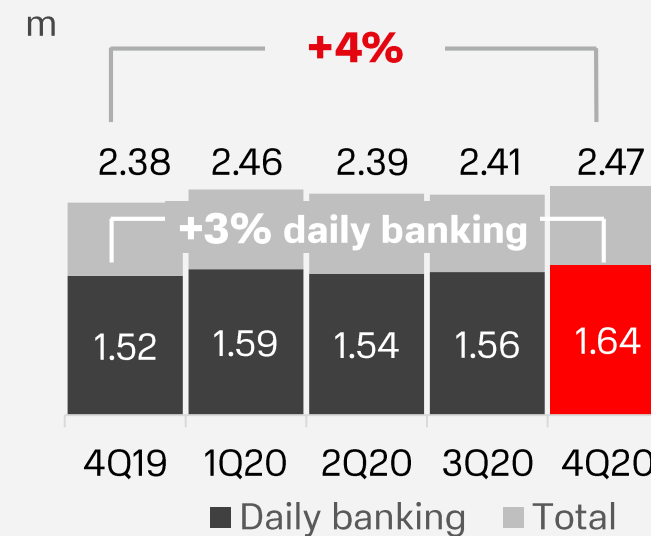
- Dedicated hotline



MTS Pay-TV users



MTS Bank clients

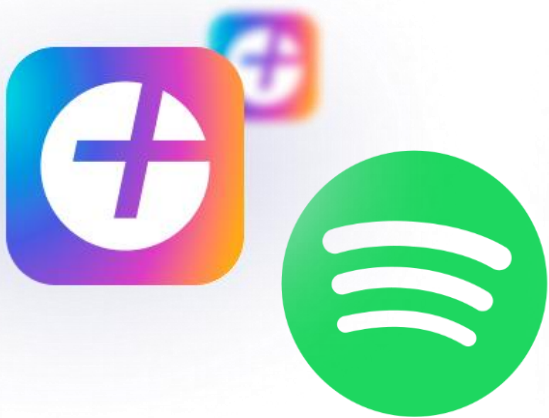


Offering a unique and fresh value proposition

New

ecosystem partnerships

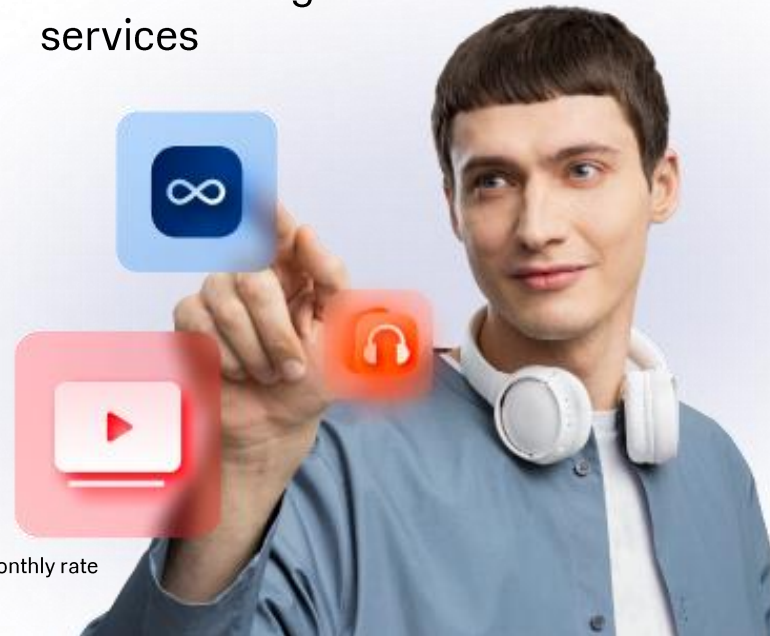
Reciprocal free trial & discount between MTS Premium and Yandex.Plus* and special offer for Spotify Premium**



First

mobile+digital ecosystem subscription in Russia

combining connectivity with dynamic discounts for add-on digital services



15 apps

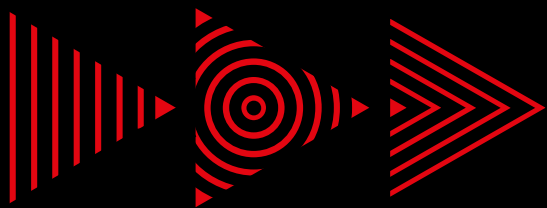
w/unified plug-in modules

aiming to provide a more seamless user interface and easier in-app/via-app purchases



*Three-month free trial period followed by discounted monthly rate
**Six-month free trial period

TELECOM & B2B UPDATE



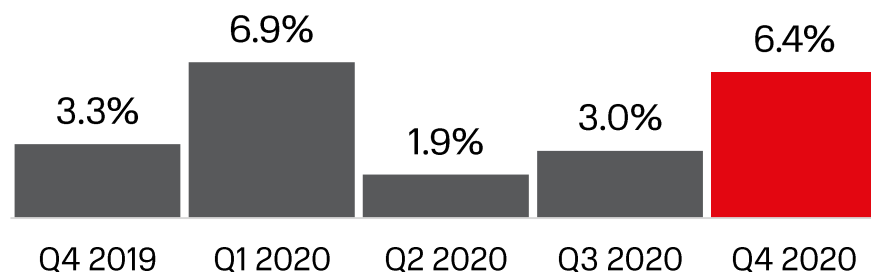
Inessa Galaktionova

First VP for Telecommunications

Accelerating service revenue & subscriber recovery

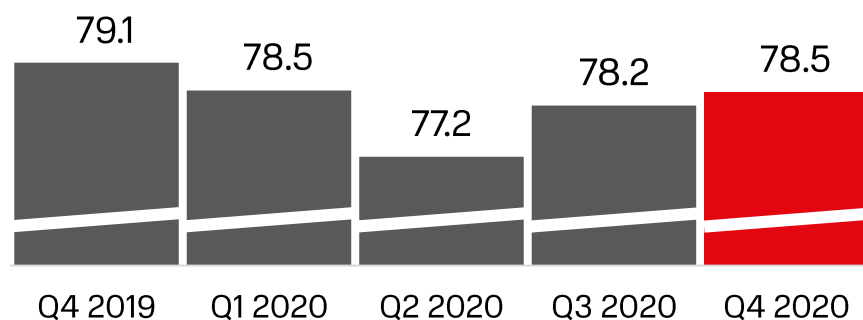
Mobile service revenue growth*

% change year-over-year



3M mobile subscribers*

m

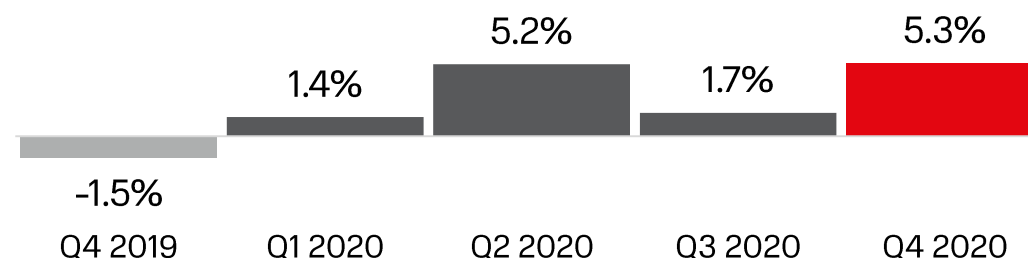


*Russia only

Fixed-line revenue growth*

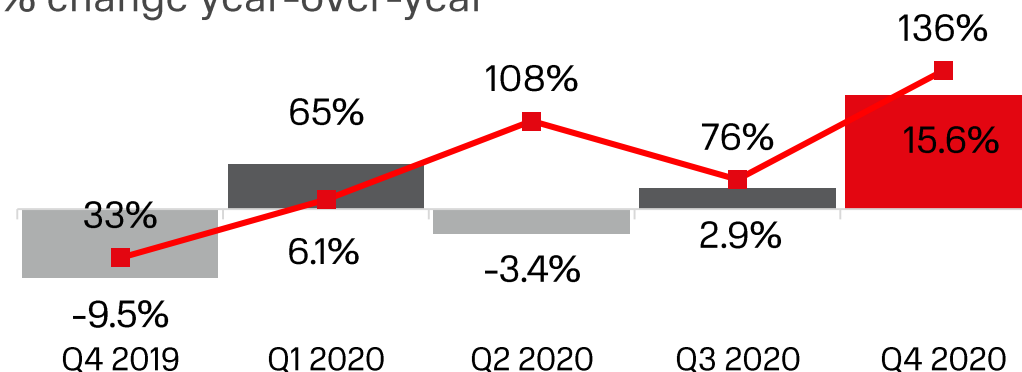
% change year-over-year

**+6% B2C growth
excl. telephony**



Sales growth of handsets & accessories*

% change year-over-year



■ % growth of online sales ■ % growth of sales of handsets and accessories

Smart Roll-out — data-driven network development

1

Network health monitoring

Leverage Big Data analytics to gain insight into network quality at the subscriber level.

2

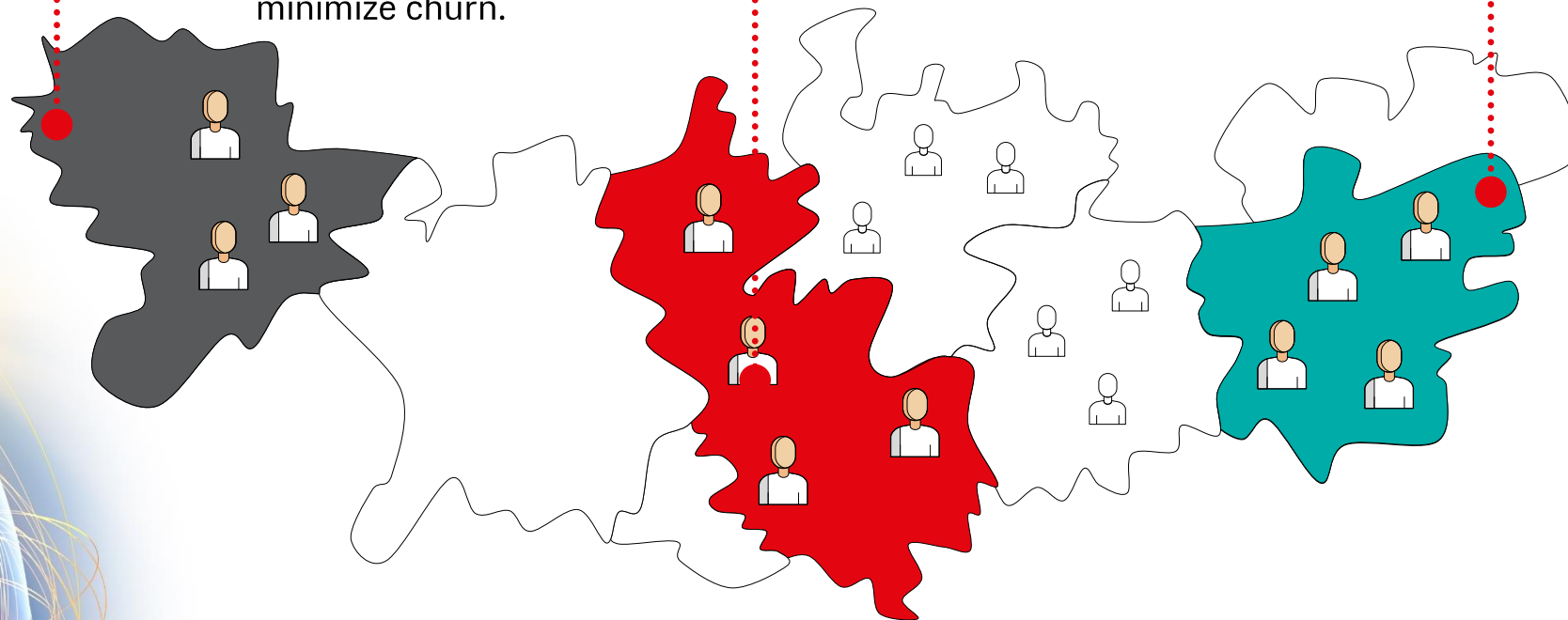
Proactive capacity addition

Flag potential problem areas before they become critical. Add capacity to support customer satisfaction and minimize churn.

3

Targeted coverage expansion

Allocate resources based on expected return on investment by forecasting future usage.



Leading solutions for industry & enterprise

1st

5G-Ready

Private LTE network
in Russia

+30%

subscribers

in IoT segment
(4Q20 y/y)

+25%

revenue

in Digital & Cloud
Solutions vertical
(4Q20 y/y)

#2

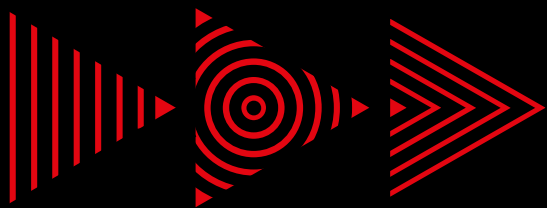
**cloud market
position***

among Russian IaaS
providers



*According to 2020 iKS Consulting data
on Russian infrastructure as a service providers

FINTECH UPDATE



Ilya Filatov

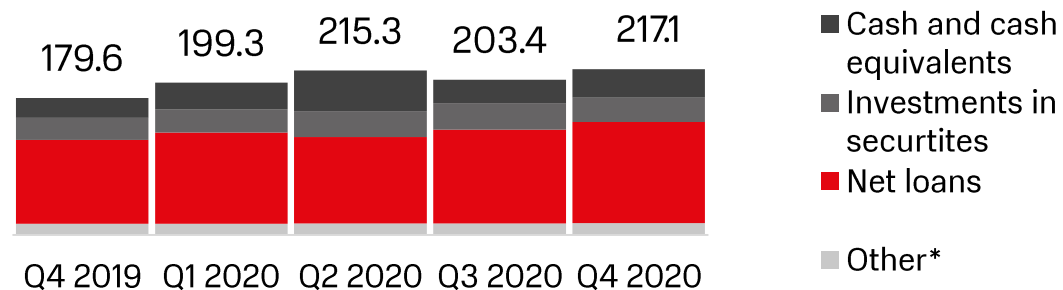
VP for Financial Services
CEO, MTS Bank

Strong full-year portfolio growth

MTS Bank assets

₹ bn

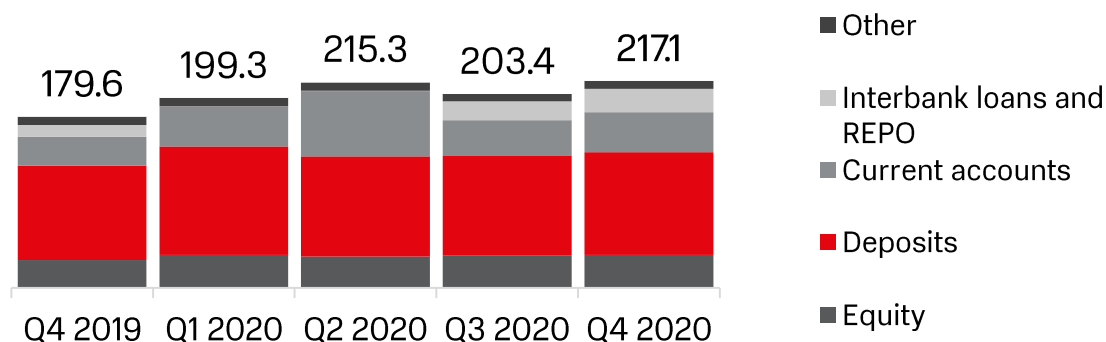
+20.9% y/y



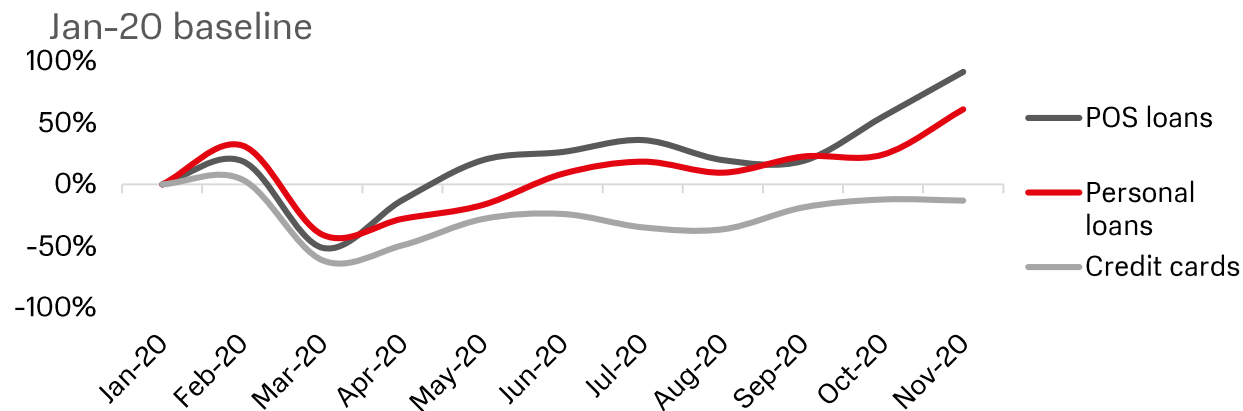
Sources of liquidity

₹ bn at end of period

+20.9% y/y



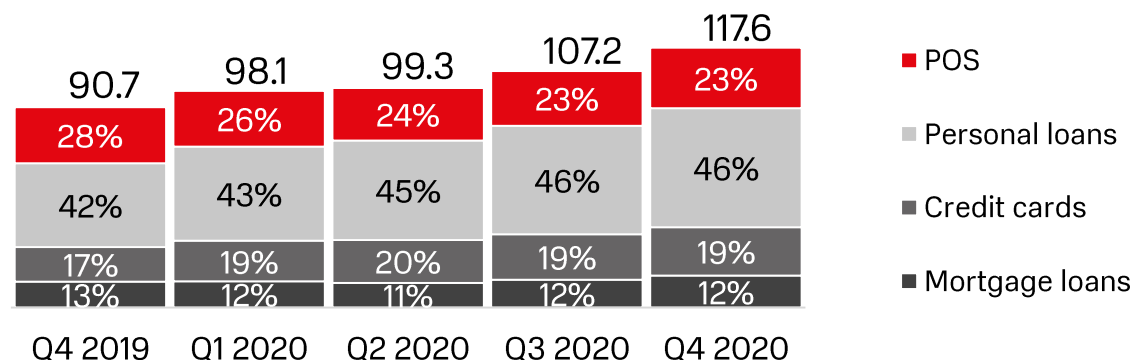
Total monthly loans issued by MTS Bank**



MTS Bank retail loan breakdown

₹ bn at end of period

+29.7% y/y



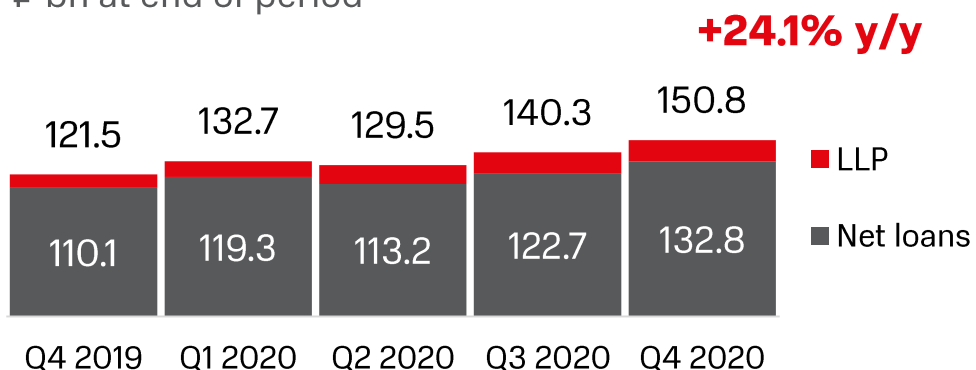
*Other assets include property, plant and equipment, deferred tax, intangible assets and other assets

**Source: Frank RG and MTS Bank data

Ended the year with positive net profitability

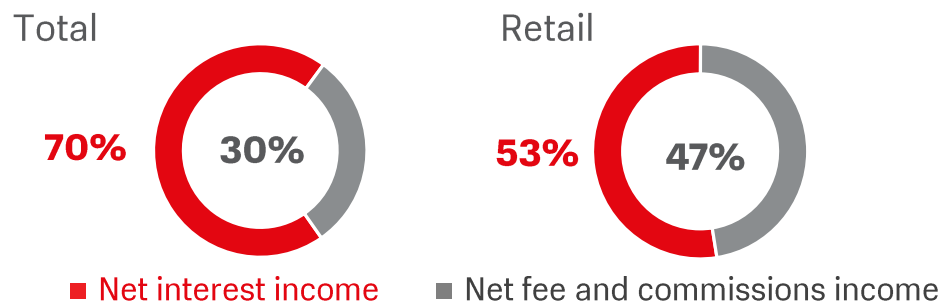
MTS Bank gross loans

₹ bn at end of period



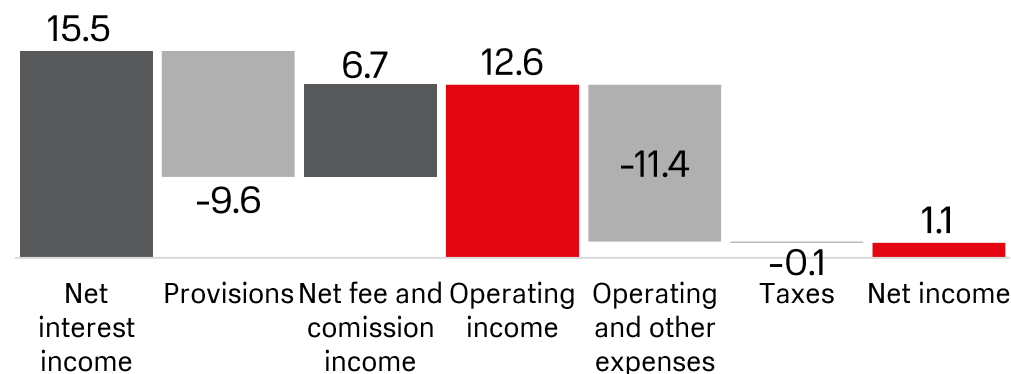
Income segment breakdown for 12m 2020

% of operating income before provisions



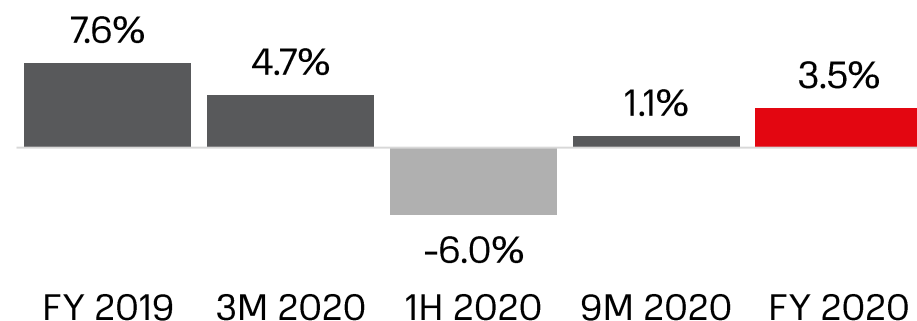
MTS Bank income for 12m 2020

₹ bn



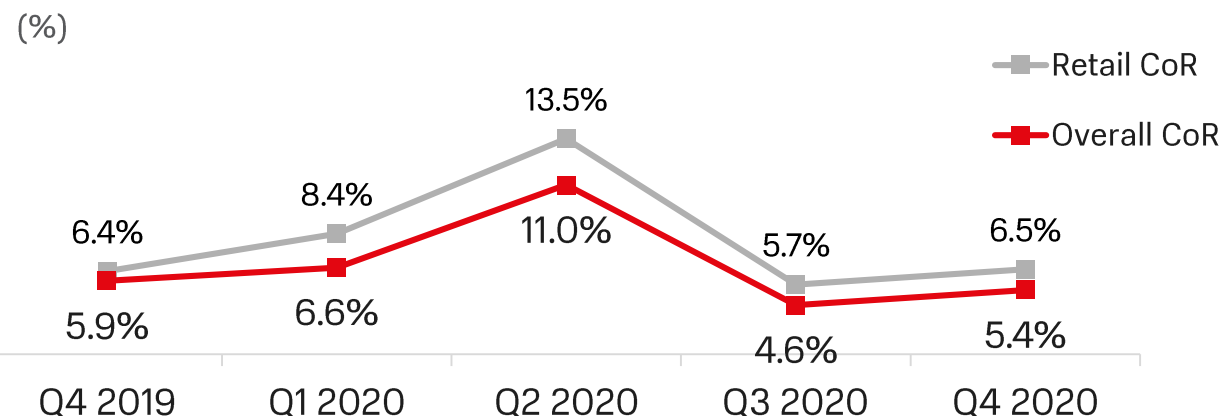
MTS Bank return on equity*

%



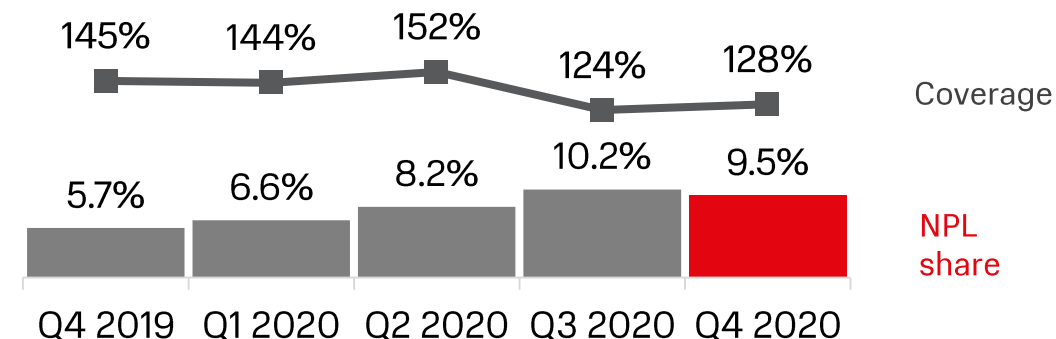
Retail NPL % notched downward, COR roughly stable

Cost of Risk



Non-performing retail loans

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



Capital adequacy ratios (Quarter-end, Basel III)

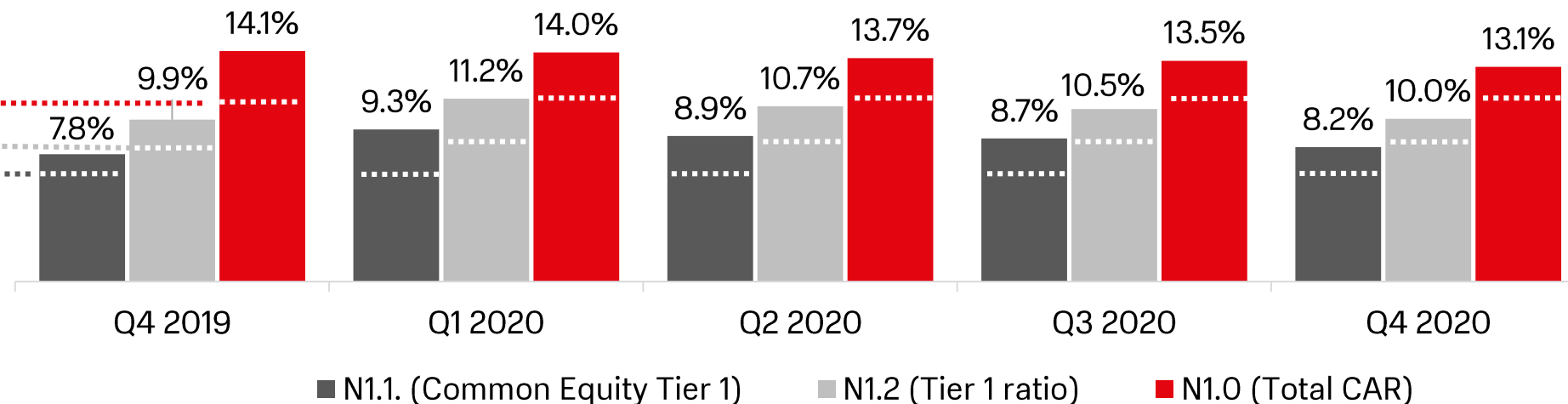
(%)

CBR minimums

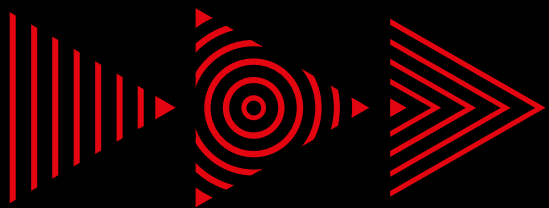
N1.0 – 10.5%

N1.2 – 8.5%

N1.1 – 7.0%



FINANCIAL UPDATE

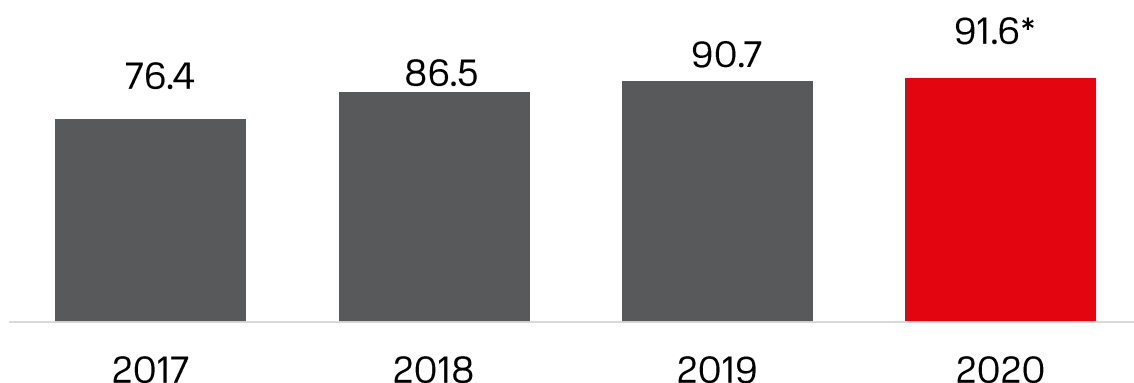


Andrey Kamensky
VP for Finance

Investing & generating solid core cash flows

Group Cash CAPEX

₽ bn



	2020		2019	
	Cash Capex (RUB bn)	Cash Capex/ Sales (%)	Cash Capex (RUB bn)	Cash Capex/ Sales (%)
Russia***	95.0	n/a	81.0	n/a
Armenia*** *	1.9	26.0	1.5	19.7
Group****	96.9	n/a	90.7	n/a

* 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 SEC/DOJ payment in Q1 2019, cash proceeds from sale of VF Ukraine in 2019 and from sale of NVision in 2020

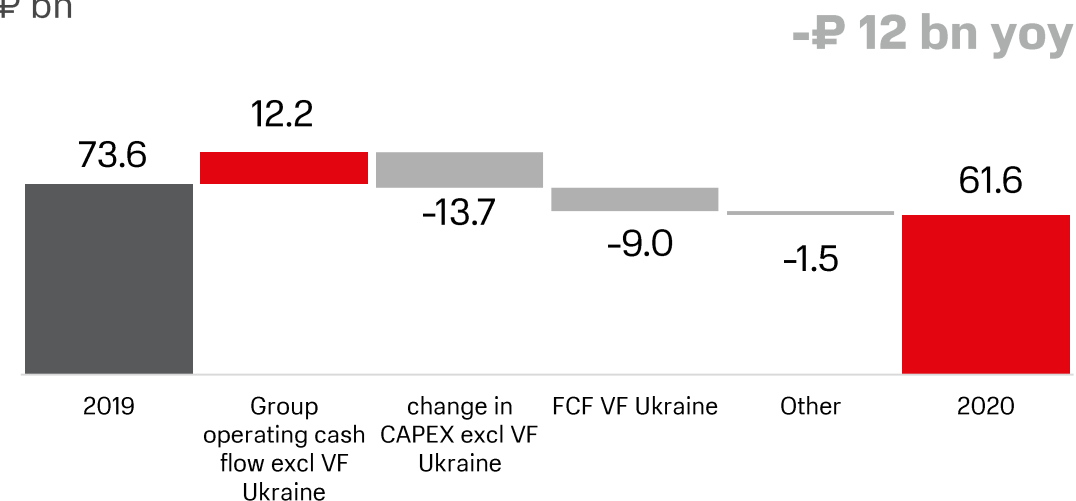
*** Net of cash proceeds under sharing agreement

**** Excluding costs of RUB 0.3 bn related to the purchase of 4G licenses in Armenia in 2019

*****Excluding purchases of 4G license in Armenia in 2019 and net of cash proceeds under sharing agreement

Free Cash Flow ex-Bank**

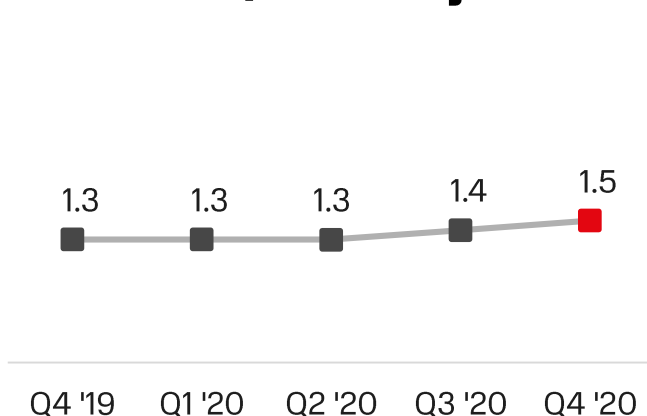
₽ bn



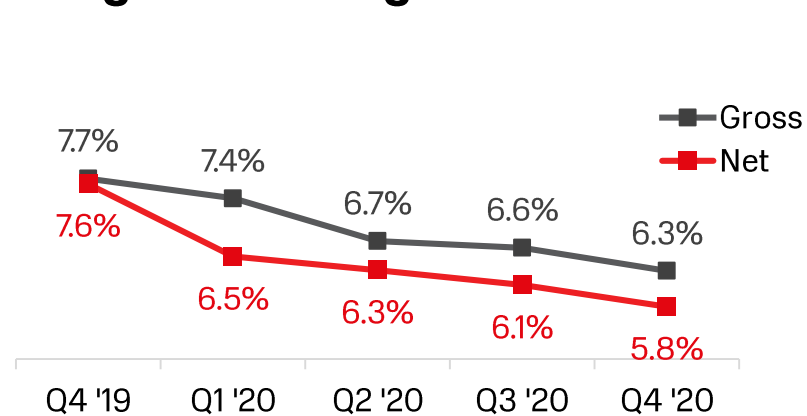
- In 2020, Group free cash flow ex-Bank decreased RUB 12 bn versus 2019.* Positive year-over-year impacts on FCF included stronger business performance in 2020 as well as relatively lower tax payments and financing costs, which were more than offset by negative impacts from a high base in 2019 due to discontinued operations (Ukraine).

Comfortable leverage and reduced cost of debt

Net debt* / LTM adj.OIBDA



Weighted average interest rates



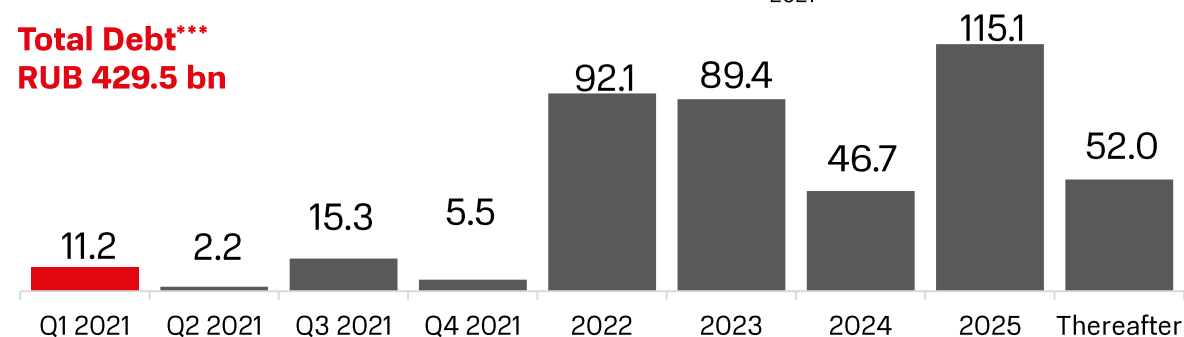
Gross debt* composition



Debt repayment schedule

₹ bn

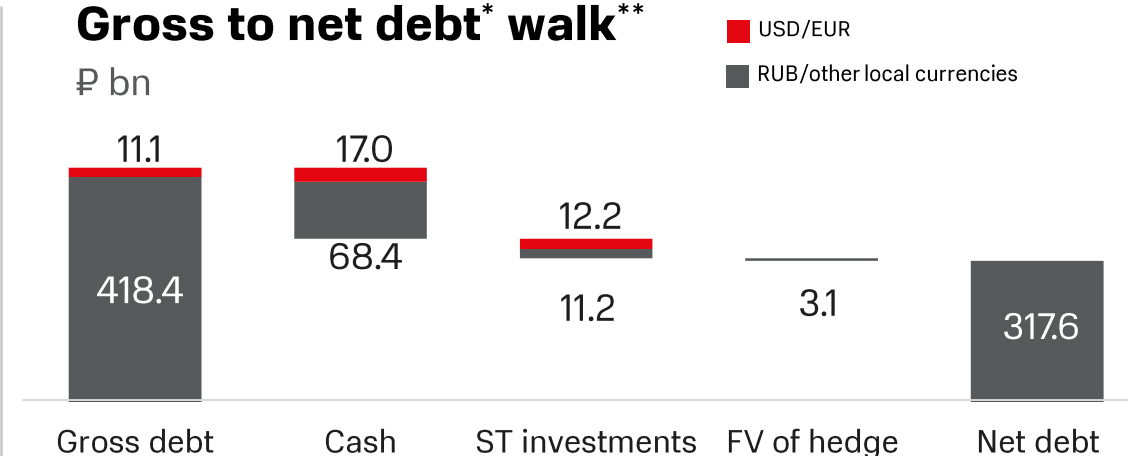
Total Debt***
RUB 429.5 bn



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

Gross to net debt* walk**

₹ bn



■ USD/EUR
■ RUB/other local currencies

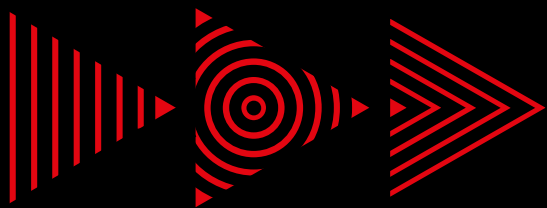


*Excluding IFRS lease liabilities

**Including FOREX hedging in the amount of USD 300.0m as of December 31, 2020, totals may add up differently due to rounding

***Net of unamortised debt issuance cost adjustment

WRAP-UP

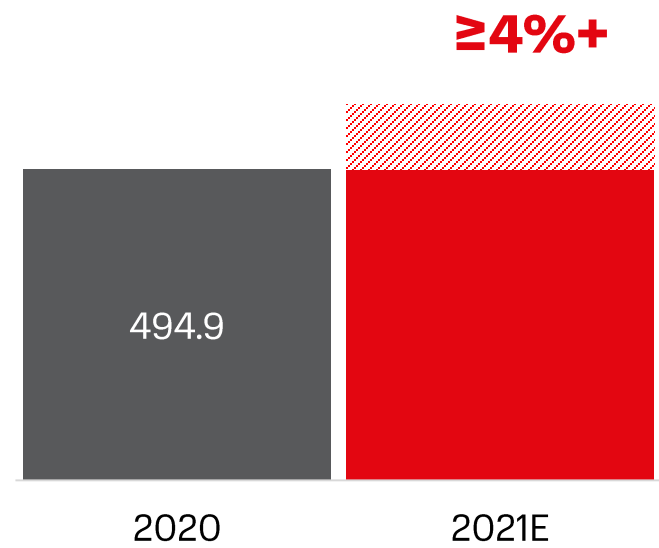


Alexey Kornya
President & CEO

Outlook for 2021

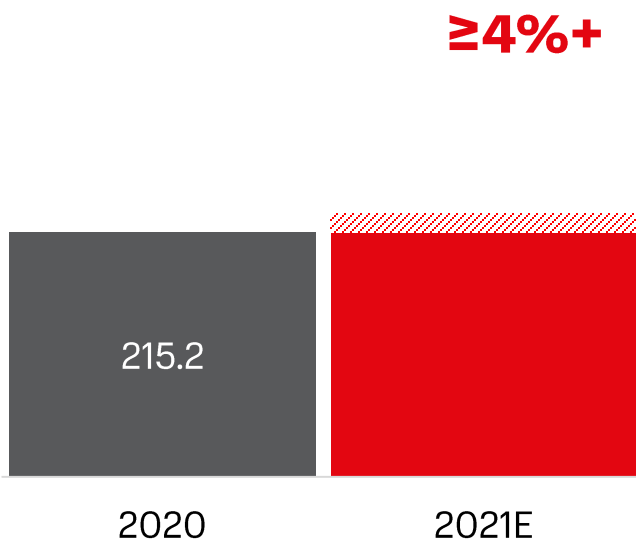
Revenue

₱ bn



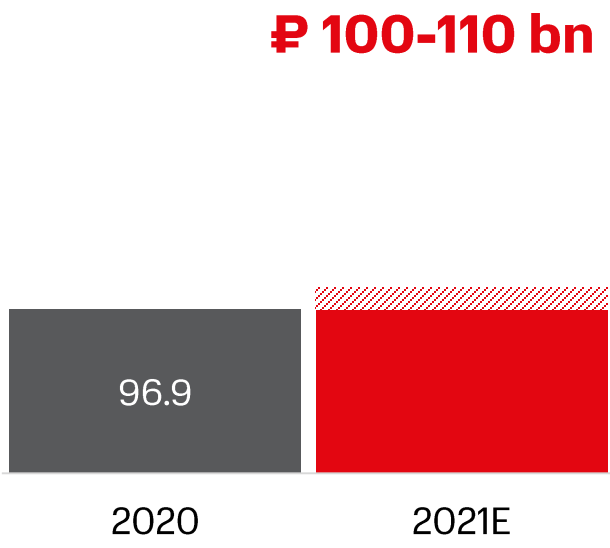
Group adj. OIBDA

₱ bn



Cash CAPEX

₱ bn

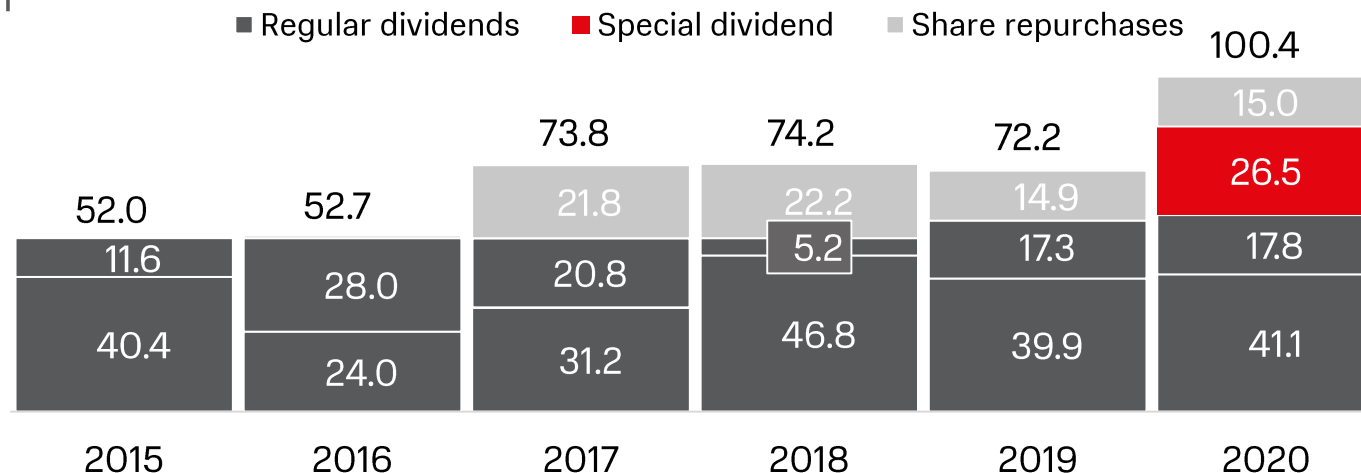


MTS's outlook is forward-looking and subject to a number of factors and risks, a more detailed review of which are provided in the press release accompanying this presentation and in the company's SEC filings.

Record-high returns to shareholders in 2020

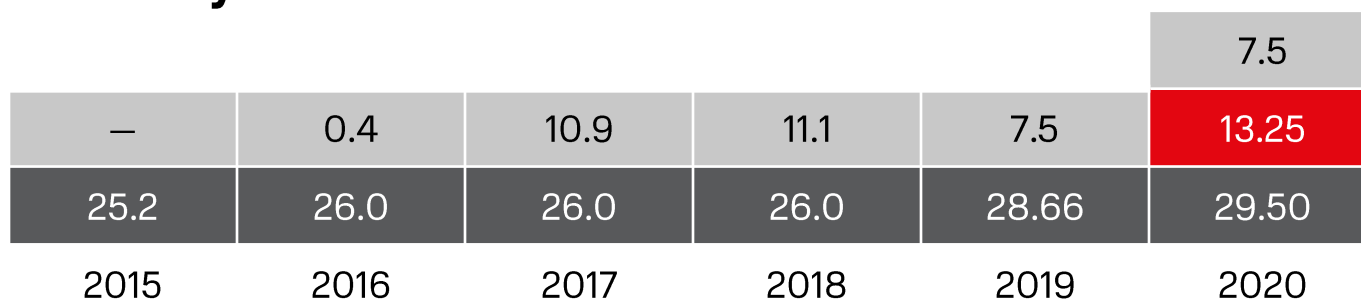
Total dividends plus buybacks*

₽ bn



Per ordinary share

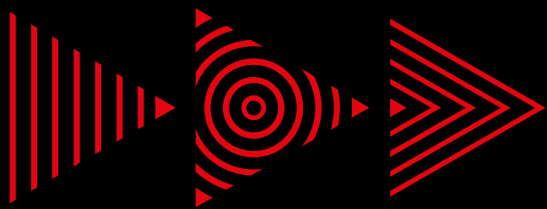
₽



Commentary

- In calendar year 2020, MTS paid regular dividends amounting to RUB 29.50 per ordinary MTS share (RUB 59.0 per ADS) — or in total approximately RUB 58.9 bn — in addition to the special dividend disbursed in Q1 2020 of RUB 13.25 per ordinary share (RUB 26.50 per ADS).
- In December, MTS completed the share repurchase plan announced on March 31, 2020. In total, Bastion LLC, MTS's wholly-owned subsidiary, acquired 45,501,316 shares of Common Stock (including shares of Common Stock represented by ADSs) representing 2.28% of share capital issued by MTS for the total amount of RUB 15 billion including repurchases from Sistema Finance as provided for in the plan.

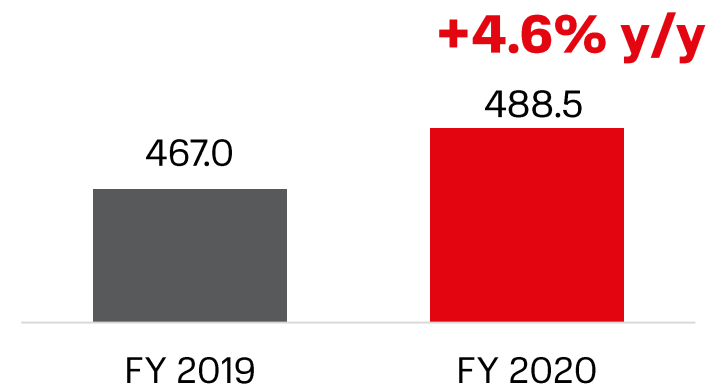
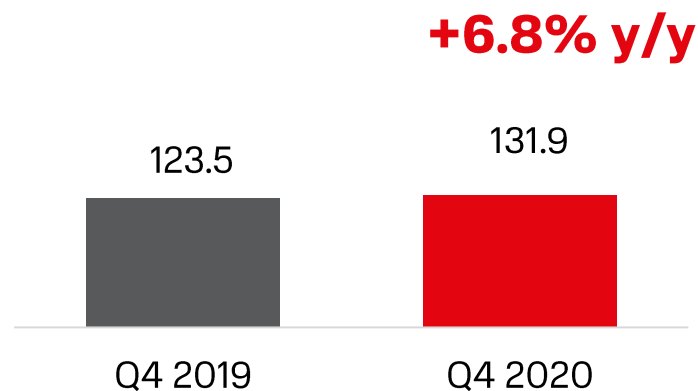
Q&A



Country performance (1 of 2)

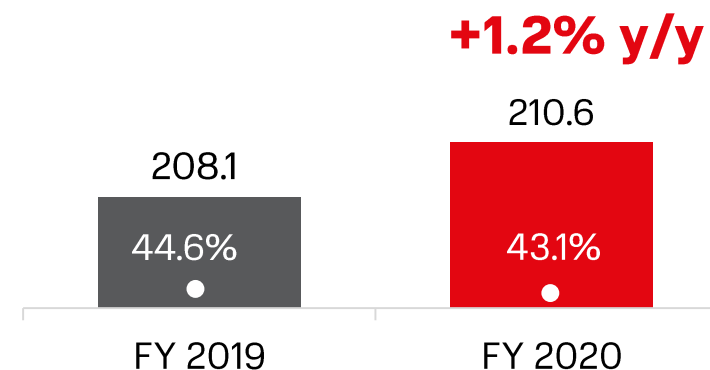
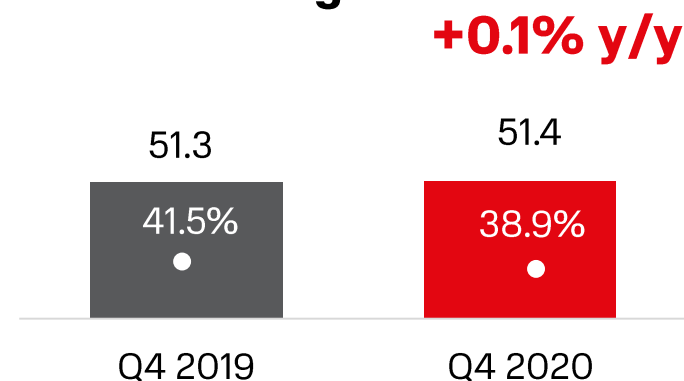
Russia revenue

RUB bn



Russia adj. OIBDA* & margin

RUB bn, %



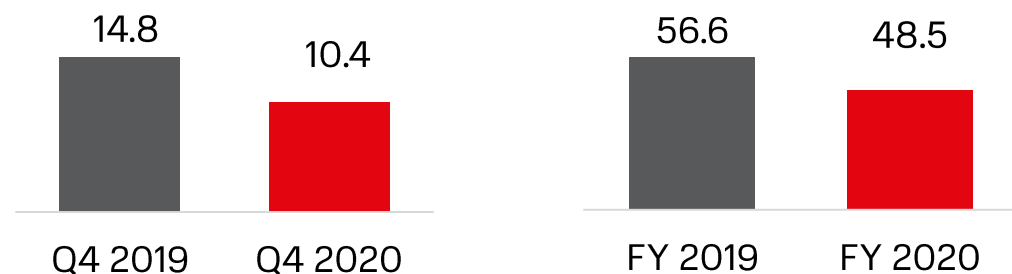
Country performance (2 of 2)

Armenia revenue

AMD bn

-29.3% y/y

-14.3% y/y

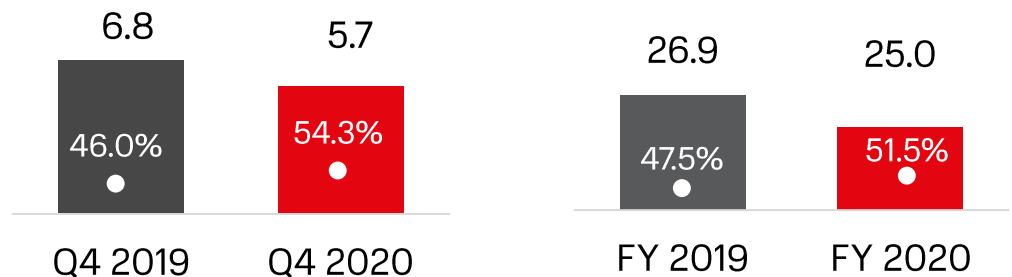


Armenia OIBDA & margin

AMD bn, %

-16.5% y/y

-7.2% y/y

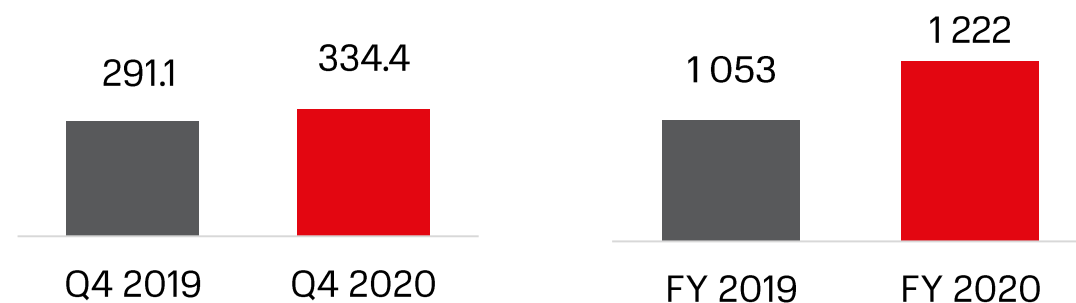


Belarus revenue*

BYN m

+14.8% y/y

+16.1% y/y

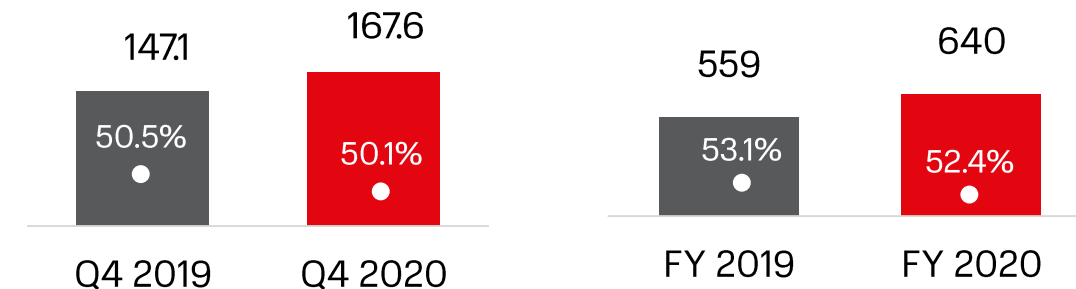


Belarus OIBDA & margin*

BYN m, %

+13.9% y/y

+14.4% y/y





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