

Group Financial Results For The First Quarter 2017

May 23, 2017

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Vice President, Strategy and Marketing

Kirill Dmitriev

Vice President, Sales and Customer Service

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Vice President, Director, Foreign Subsidiaries



MTS

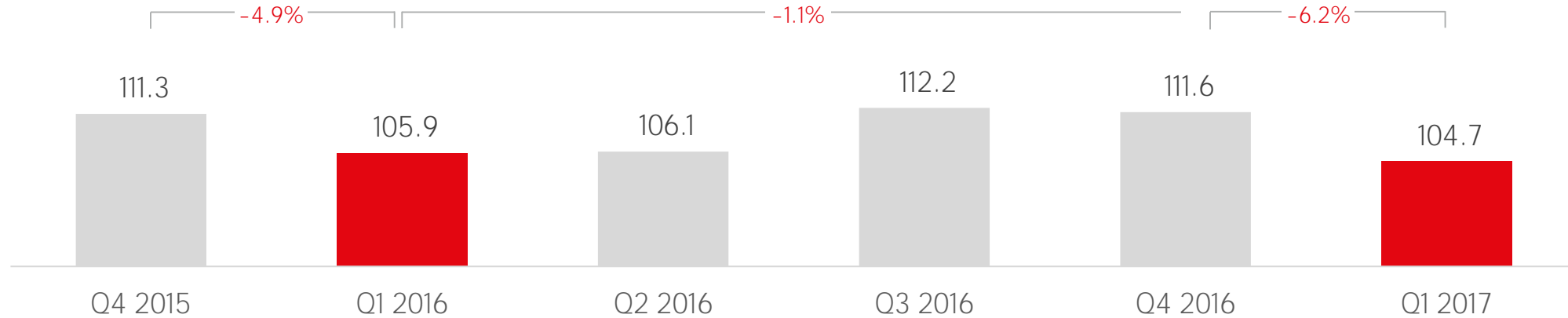
You know that you can!

Safe harbor

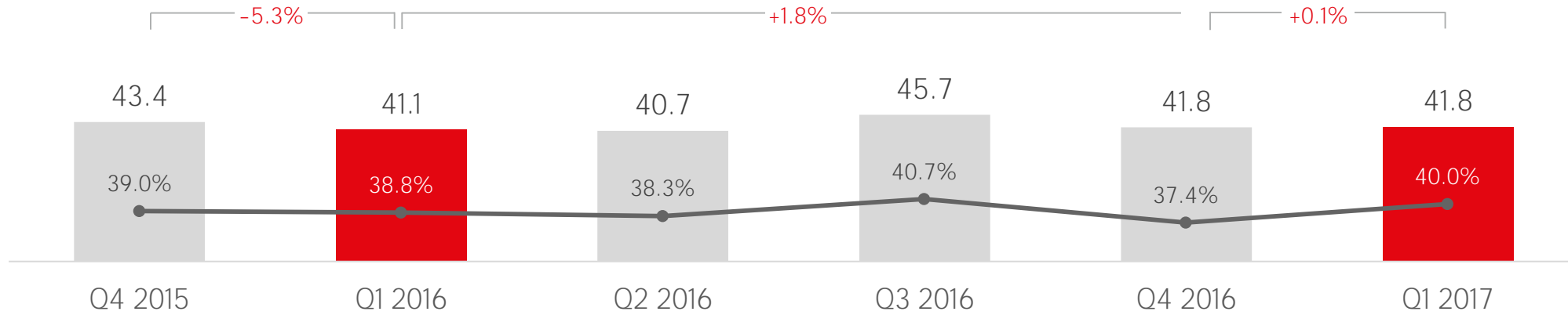
Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward 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.

Group Revenue and Adjusted OIBDA

TOTAL GROUP REVENUE (RUB bln)



TOTAL GROUP ADJUSTED OIBDA* AND ADJUSTED OIBDA MARGIN (RUB bln)



* Net of impairment of goodwill in Armenia in the amount of RUB 3.5 bln in Q4 2015

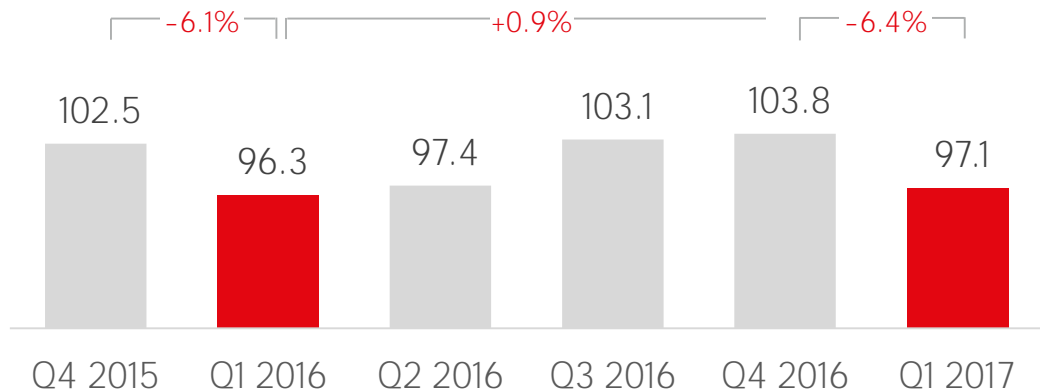


MTS

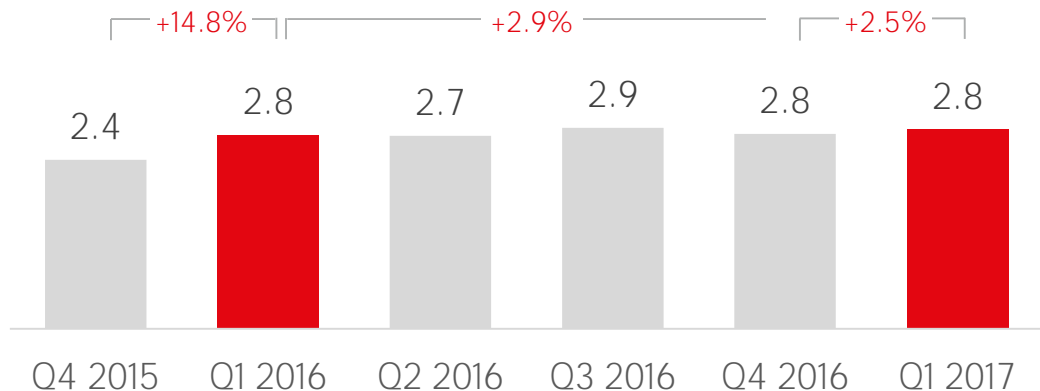
You know that you can!

Revenue by Country

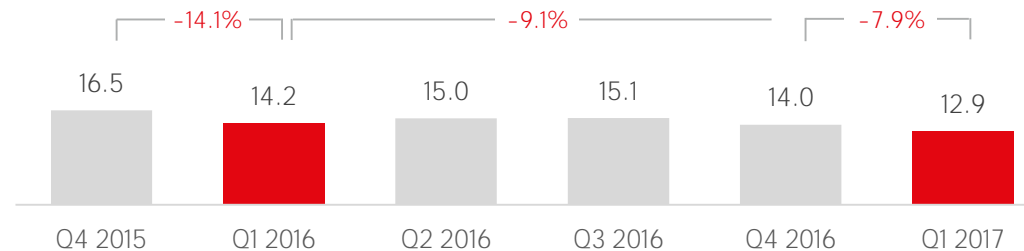
RUSSIA REVENUE (RUB bln)



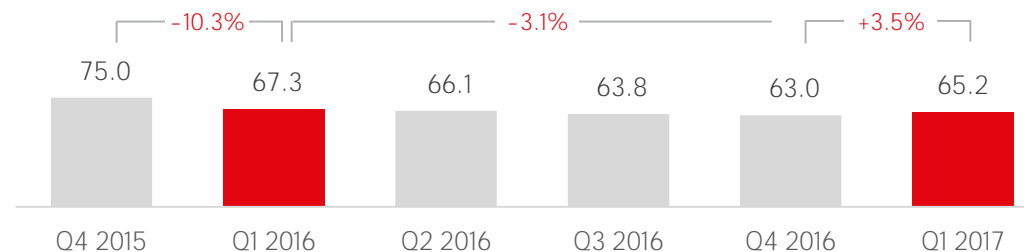
UKRAINE REVENUE (UAH bln)



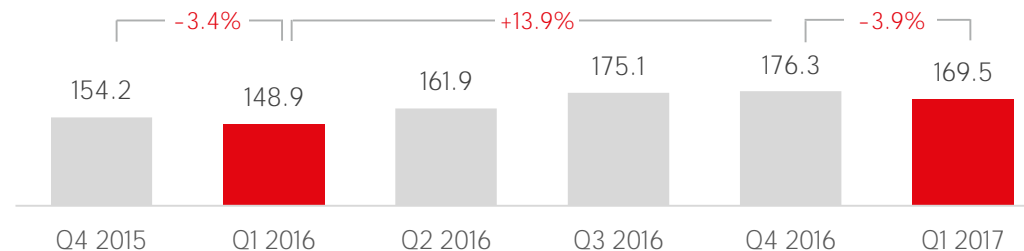
ARMENIA REVENUE (AMD bln)



TURKMENISTAN REVENUE (TMT mln)



BELARUS REVENUE (BYN mln)



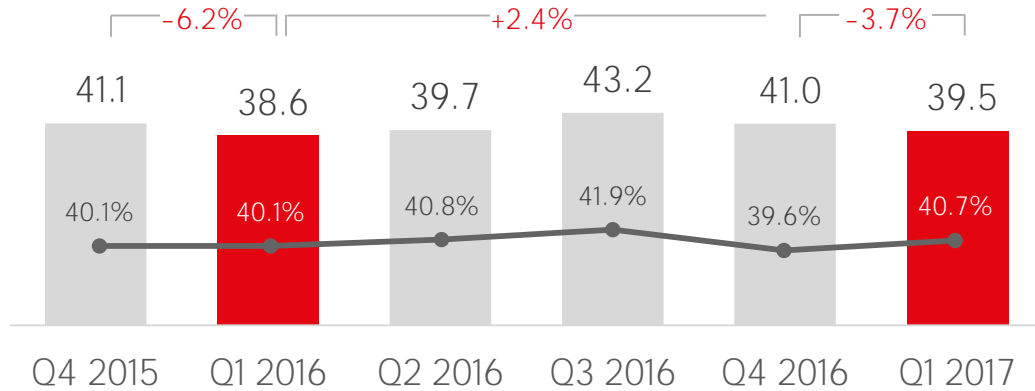
Group OIBDA Factor Analysis

TOTAL GROUP OIBDA: FACTOR ANALYSIS
(RUB bln)

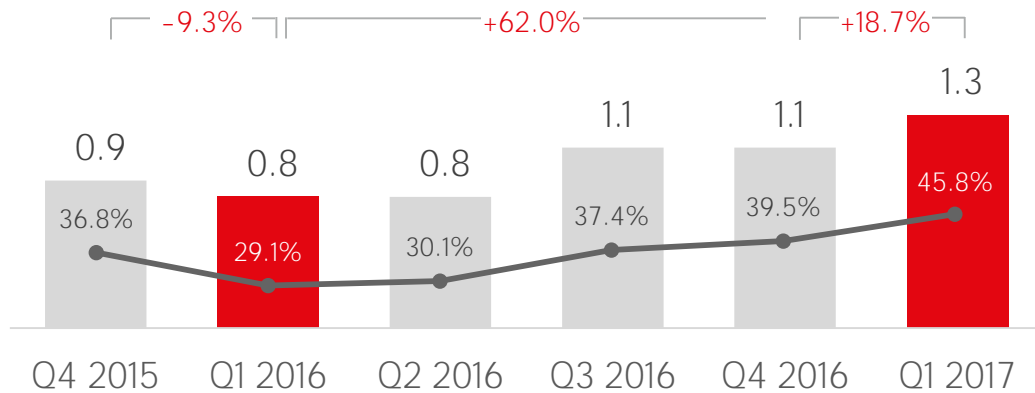


OIBDA by Country

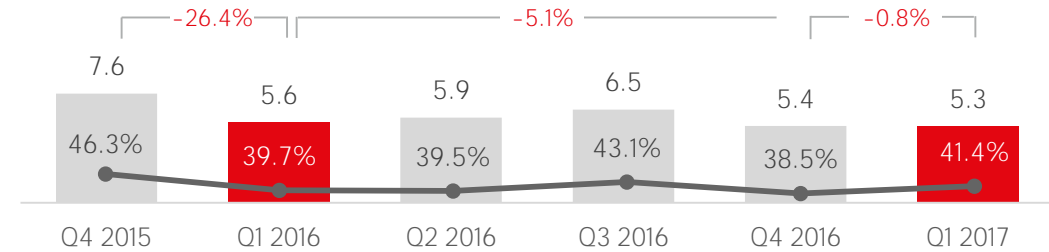
RUSSIA OIBDA AND MARGIN (RUB bln)



UKRAINE OIBDA AND MARGIN (UAH bln)

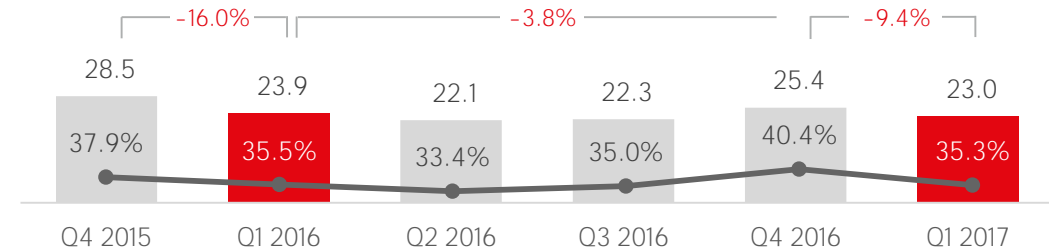


ARMENIA ADJUSTED * OIBDA AND MARGIN (AMD bln)

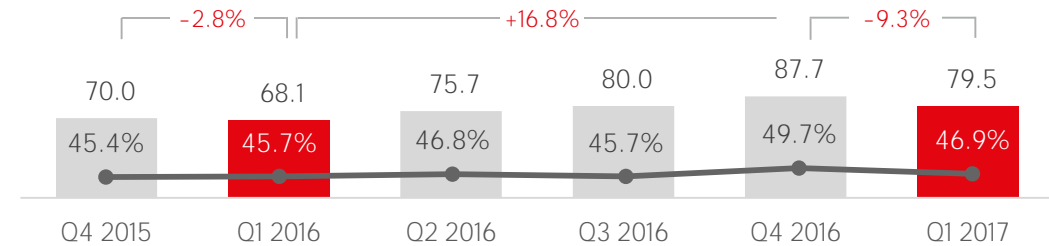


* Net of impairment of goodwill in Armenia in the amount of AMD 24.4 bln in Q4 2015

TURKMENISTAN OIBDA AND MARGIN (TMT mln)

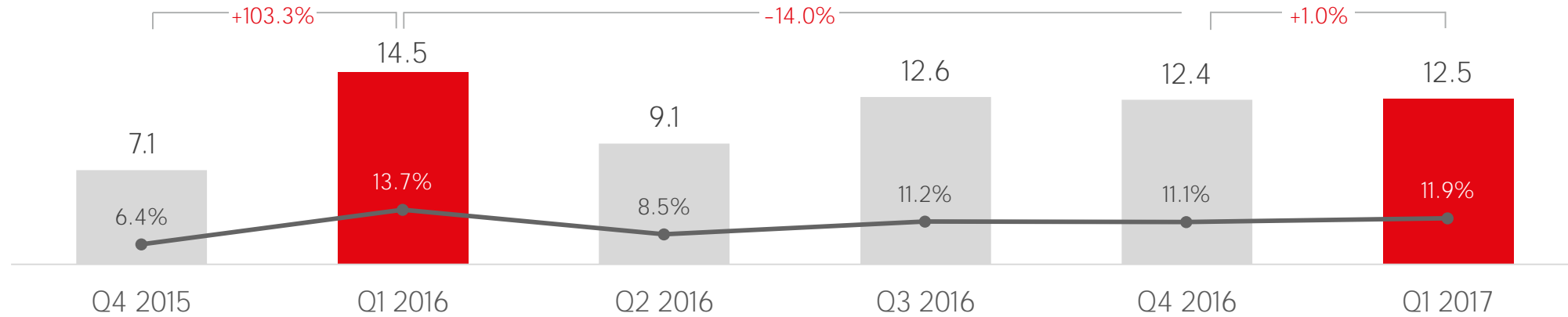


BELARUS OIBDA AND MARGIN (BYN mln)

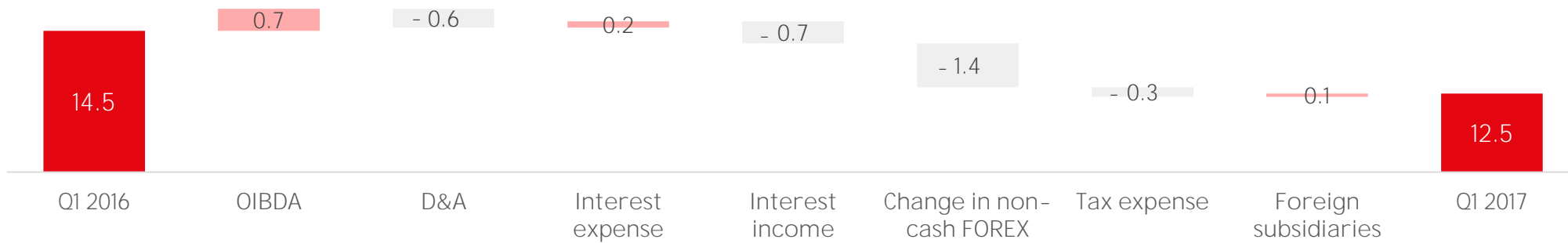


Group Net Profit

GROUP NET PROFIT AND NET PROFIT MARGIN
(RUB bln)

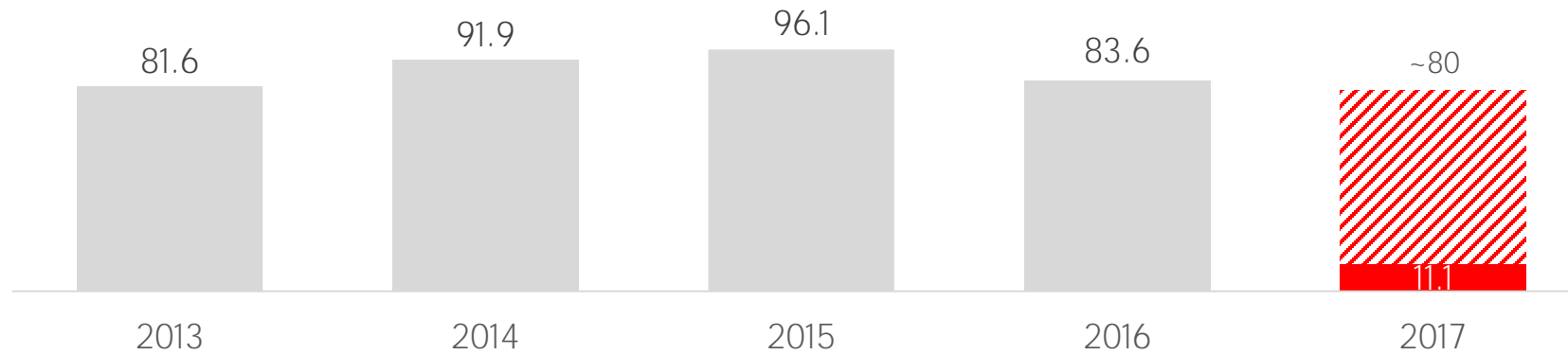


GROUP NET PROFIT FACTOR ANALYSIS
(RUB bln)



Group Cash CAPEX

Cash CAPEX
(RUB bln)



	Q1 2016		Q1 2017	
	Cash CAPEX (RUB bln)	As % of revenue	Cash CAPEX (RUB bln)	As % of revenue
Russia*	16.5	17.1%	9.7	10.0%
Ukraine	1.6	19.9%	1.3	20.9%
Armenia	0.1	4.6%	0.1	3.4%
Turkmenistan	0.03	2.4%	0.03	2.6%
Group**	18.4	17.4%	11.1	10.6%

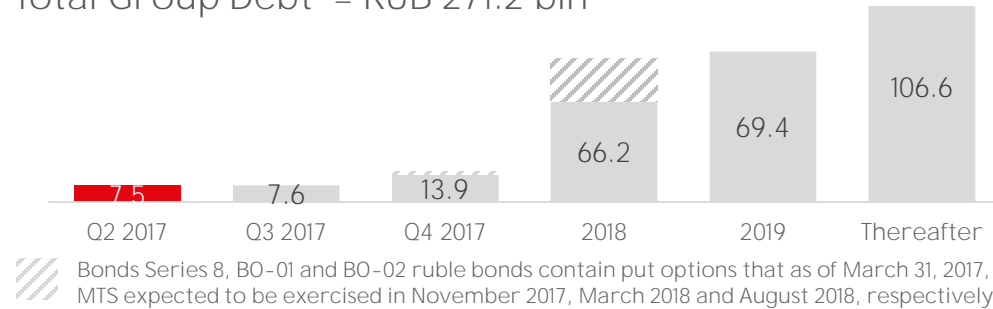
* Excluding costs of RUB 2.6 bln related to the acquisition of a 4G license in Russia in Q1 2016

** Including RUB 157 mln spent on CAPEX in UMS LLC in Q1 2016, while Revenue 2016 doesn't include Revenue from UMS LLC

Group Debt at The End Of Q1 2017

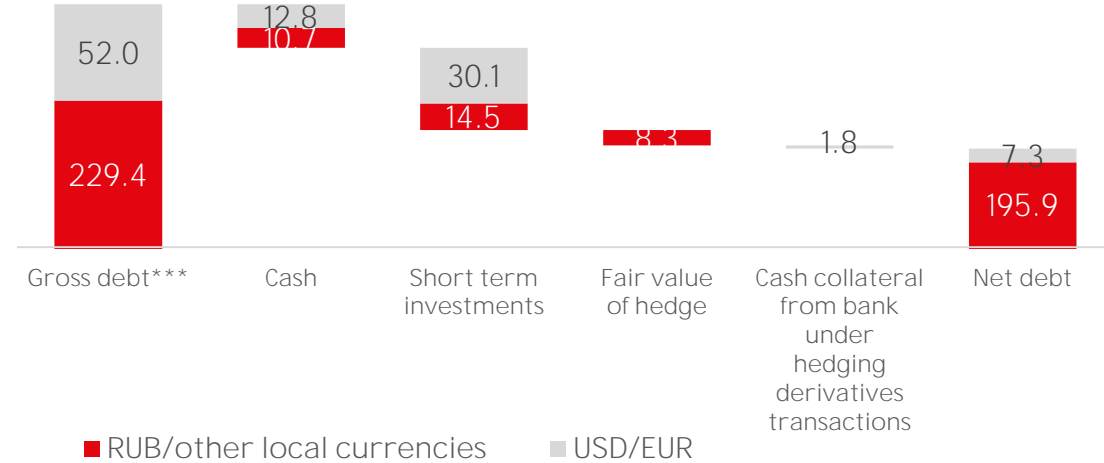
DEBT REPAYMENT SCHEDULE (RUB bln)

Total Group Debt* = RUB 271.2 bln



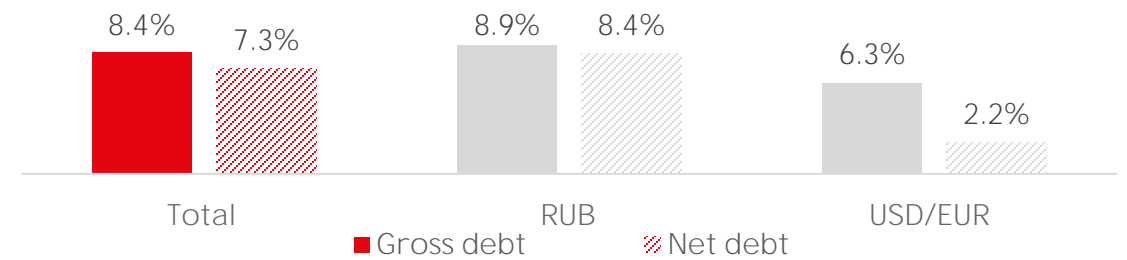
*Net of financial leasing and unamortized debt issuance cost adjustment, as of March 31, 2017

NET DEBT FACTOR ANALYSIS BY CURRENCY** (RUB bln)



**Totals may add up differently due to rounding

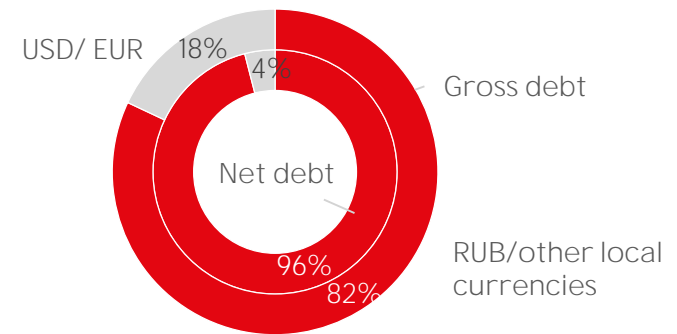
WEIGHTED AVERAGE INTEREST RATES



NET DEBT/LTM ADJ. OIBDA DYNAMICS



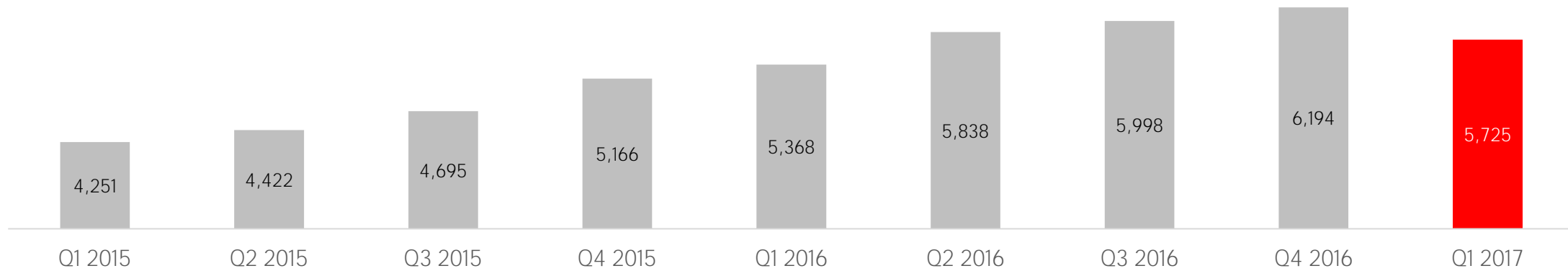
GROSS/NET DEBT COMPOSITION BY CURRENCY (Q1 2017)***



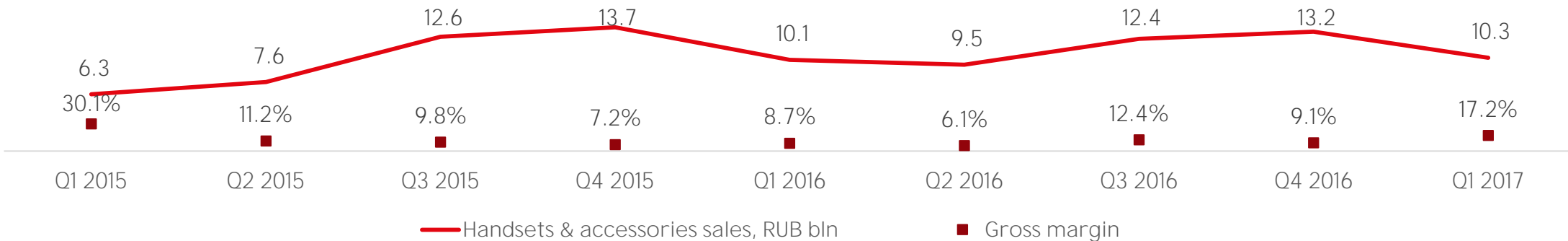
***Including financial leasing and including FOREX hedging in the amount of \$610.3 mln as of Q1 2017

MTS Retail Development

MTS RETAIL EXPANSION (# of stores)



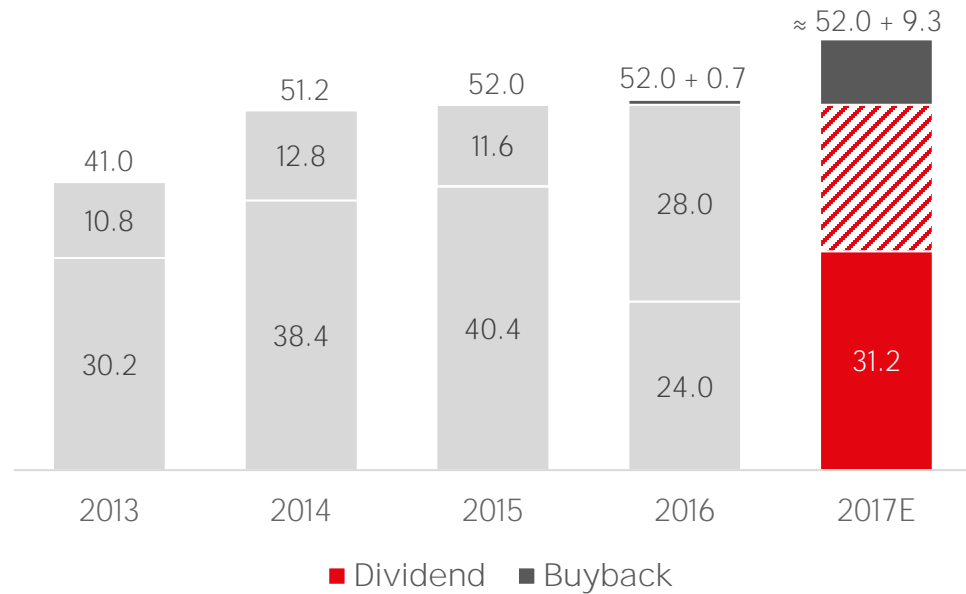
HANDSETS AND ACCESSORIES SALES AND GROSS MARGIN



You know that you can!

Dividends: Shareholder Return

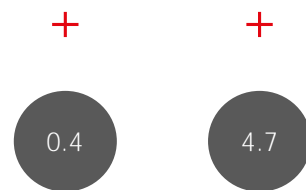
DIVIDEND HISTORY (RUB bln)



Dividend Per Share
(RUB)



Return Per Share Through Buyback
(RUB)



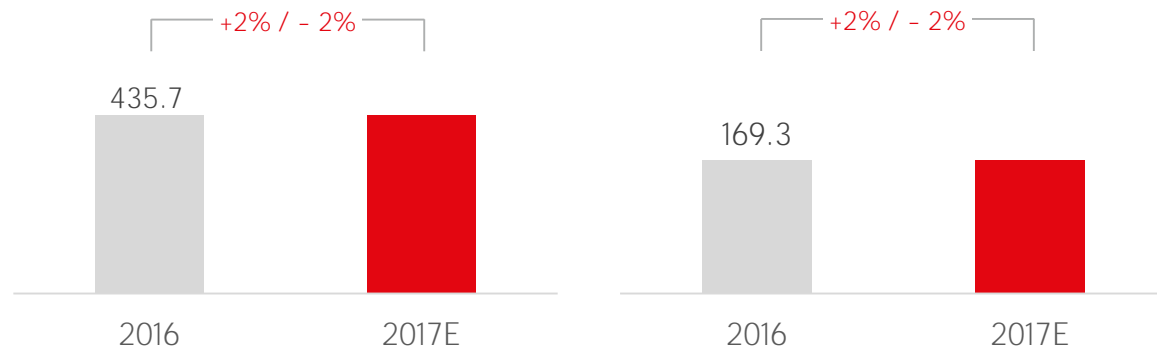
- In April the Board recommended that the AGM approves annual dividends of RUB 15.6 per ordinary MTS share (RUB 31.2 per ADR), or a total of RUB 31.17 billion (RUB 31,174,752,570), based on the full-year 2016 financial results.
- In October and December 2016, the Board of Directors gave approval for MTS to launch two Modified Dutch Tender Offers with the goal of returning a maximum of RUB 10 bln **to the Company's Holders of Shares of Common Stock and ADS Holders**. Through two tenders, launched in October 2016 and January 2017, MTS acquired 17,532,278 shares for a total consideration of RUB 5.0 bln. In transactions related to the tenders, MTS acquired a number of shares proportional to its aggregate ownership from its majority shareholder, Sistema JSFC, at prices determined by the tender. In total, MTS spent RUB 10.0 bln to acquire a total of 35,121,665 shares.

SHAREHOLDER REMUNERATION POLICY FOR 2016-2018

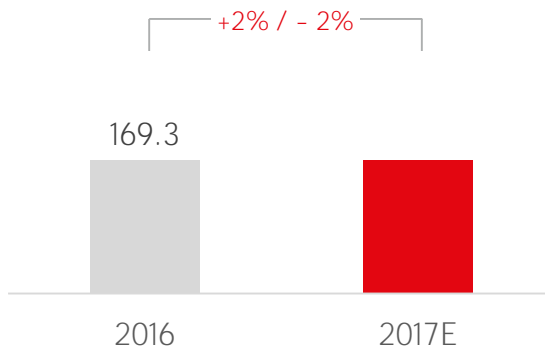
- In April 2016, the Board of Directors approved a new dividend policy. Under the new dividend policy, management set a target payout of RUB 25.0 – 26.0 per ordinary MTS share (RUB 50.0 – 52.0 per ADR) per calendar year in two semi-annual payments. The policy guarantees a minimum payout of RUB 20.0 per ordinary MTS share (or RUB 40.0 per ADR). The new policy will cover 2016 – 2018.

Outlook for 2017

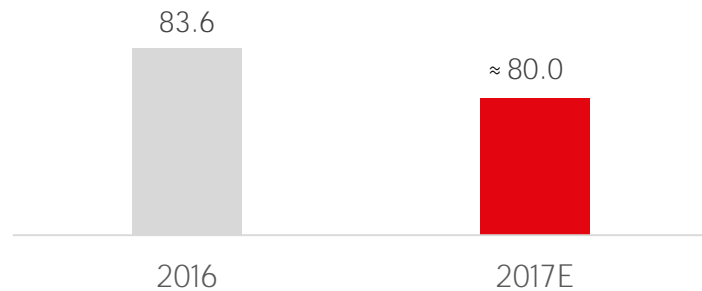
GROUP REVENUE FORECAST (RUB bln)



GROUP OIBDA FORECAST (RUB bln)



GROUP CAPEX FORECAST (RUB bln)



GROUP REVENUE: For 2017, MTS estimates its Group revenue outlook at +2% /- 2% growth rate based on developments in the following areas:

- ◆ Competitive factors in distribution and tariff policies;
- ◆ Consumer sentiment against the backdrop of a volatile macroeconomic environment;
- ◆ Handset sales due to optimization of retail distribution channels;
- ◆ Service revenue dynamics in Russia; and
- ◆ Service revenues in foreign subsidiaries and currency volatility in relation to the Russian ruble.

GROUP OIBDA: MTS estimates its outlook on adjusted Group OIBDA growth rate at +2% /- 2% in consideration of the following factors:

- ◆ Competitive factors and potential optimization in distribution;
- ◆ Business/consumer sentiment and usage of high-value products like roaming;
- ◆ Developments in foreign subsidiaries; and
- ◆ Macroeconomic developments and currency volatility throughout our markets of operation.

GROUP CAPEX: FY2017 CAPEX estimated to trend downwards to RUB 80 bln, due to a number of factors:

- ◆ Launch of LTE in each region of Russia by middle of 2016;
- ◆ Completion of fiber improvements in key Russian markets;
- ◆ Further incremental improvements and enhancements to LTE networks;
- ◆ Implementation of infrastructure and spectrum sharing projects;
- ◆ Completion of bulk of 3G build-out in Ukraine and future development of LTE;
- ◆ Evolution of commercial 5G solutions and introduction into Russian market; and
- ◆ Continued investments in digital products and services.

Q & A



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