

# ▶ MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



## Dear shareholders,

Today we are summing up the results of 2020, the year that has become a test of our ability to adapt and respond to changes in the external environment, unprecedented in the past year. I am happy to announce that MTS PJSC has coped with this challenge confidently. We managed to take advantage of the growing demand for mass telecommunications and digital services, which enabled us to raise and achieve the target levels of a number of key performance indicators during the year, including revenue and OIBDA. Despite the obvious difficulties with logistics and work organization, the company fully completed the capital construction program. And sales of some of the assets allowed us to increase the amount of dividends, so 2020 became a record year for us in terms of payments to shareholders.

I would like to thank the employees of the company for their hard work in the new environment, for the ability to achieve goals, despite the uncertainty, including uncertainty with regard to their own health and the health of their loved ones, and for the efficiency with no possibility of a direct interaction with colleagues and partners. I would like to note that the company's management took all the necessary measures to protect our clients and employees, ensured continuity of business processes and minimized a negative impact of the new conditions on the business. We succeeded in fulfilling our obligations towards partners and shareholders, preserving jobs and providing for employment, which is once again emphasizing that reliability is one of the key values that underlie the ideology and mindset adopted in our company. We have shown that we can adapt, restructure and achieve success even under critical conditions.

One of the strongest inherent abilities of a human being is the ability to find ways out of the most difficult situations, see opportunities in hardships and problems, and turn any circumstances in their favor. In the context of such a positive thinking, I would like to note that the past year became a catalyst for digitalization processes, gave a powerful impetus to the development of digital channels of communication, work interaction, consumption of services and entertainment, and accelerated the process of digital adaptation of society as a whole. Such changes open up additional opportunities

for us and enable us to implement our Customer Lifetime Value 2.0 strategy more intensively.

The foundation for a successful implementation of the strategy is laid in the organizational structure of the company, business processes, adopted regulations and conditions of interaction between units, as well as in the corporate culture. While adopting the CLV 2.0 strategy, we were simultaneously restructuring the company, bringing it to a state allowing its efficient operation in a variety of digital markets with simultaneous generation of a holistic ecosystem environment. During 2020, we had a pinpoint reinforcement of the functions related to promising digital areas, debugged the mechanisms of interaction between business lines, strengthened the ties between them, and shaped new data flows.

Thus, a significant part of our work in the past year was associated with fostering a new corporate culture. By referring to “culture” here, I mean more than a mechanistic declaration of certain values and a call for employees to follow them in their activities. Our objective is a profound, fundamental change in the principles of building relationships between units, in the methods used to solve problems, and in daily working communication between people. Pragmatism is our main ally in implementing such changes. We connect values with real needs, measure the level of engagement of management and employees through specific behavioral indicators, and provide clear and concise feedback. We demonstrate that the principles we propose are useful and that following them allows an efficient achievement of results. Not only we develop certain rules for interaction, but we also create new types of teams and actively fill them with people who bring new ideas, creative energy and alternative approaches to solving problems. Our company is currently undergoing the most radical cultural transformation in its history. In this regard, I would like to emphasize the tremendous work of the Personnel Management Block and thank the entire management team for their decisive support and acceptance of the ongoing changes.

It takes time to develop technology platforms, work out efficient mechanisms for interaction with partners and fill a market offer with high-quality digital services. We understand that we are facing years of hard and painstaking work on the way to creating a full-fledged digital ecosystem. Nevertheless, in 2020, our company launched the first comprehensive offers that we use to gradually provide the market with understanding of our future strategic positioning and to generate the perception of ourselves as a digital ecosystem.

All of the aforementioned is a direct result of managerial decisions jointly developed and adopted by the management and the Board of Directors, a key authority responsible for strategic management of the company. Expansion of the company's scope of activities inevitably leads to an increased burden on the management team and requires a deeper study of issues related to various industries and markets. At the same time, a significant part of the work aimed at developing high-quality managerial decisions falls on the Committees set up under the Board of Directors. Last year, within the framework of the Committees, our colleagues did a lot of work on preparation and approval of strategies for individual business lines, which I want to highlight separately. I believe that this work will ultimately enable us to achieve outstanding results in all areas of business.

Following the best corporate governance practices, in particular with regard to a regular rotation of members on the Board of Directors, as well as taking into account the need for the highest level of expertise in new areas of business, the Board decided on new appointments approved by the General Meeting of Shareholders in June 2020. Following these appointments, the number of independent directors on the Board has reached six out of a total of nine. I am happy to welcome Konstantin Ernst, Nadia Shouraboura and Shaygan Kheradpir in our ranks. I believe that their experience, proficiency and energy will become an important source of our knowledge and new ideas, to be eventually transformed into high-quality managerial decisions.

In conclusion, I would like to thank the shareholders for their trust and support. I believe that MTS performance results will delight you in the future and our new initiatives will lay the foundation for further progress and creation of new shareholder value.

**F.V. Yevtushenkov,**  
Chairman of the Board of Directors of MTS