

# FINANCIAL OVERVIEW<sup>1</sup>

I am pleased to announce that MTS finished the year perfectly well. Despite global challenges, we achieved record high financial results in Russia in 2020. Our core telecommunications business has shown strong growth in both wireless and wired segments. In our new verticals, we saw a sharp increase in the positive dynamics of KPIs. In the FinTech, MTS Bank's net interest income grew by 32 % year-on-year. In the media vertical, an increase in new users of the OTT platform amounted to 1.5 million subscribers – this increase is greater than the total number of users of the service at the beginning of last year. In the corporate digital solutions market, we have increased the number of devices in MTS networks for the Internet of Things by 30 % and achieved a double-digit growth in the cloud business revenue.

All in all, we went through the first year of our CLV 2.0 strategy implementation at a good pace and achieved our intended results. We will continue to gain momentum and move towards becoming a leading Russian provider of advanced digital services on the basis of our infrastructure.

**Vyacheslav Nikolaev,**  
MTS' President

## MEETING FORECASTS FOR 2020

	2020 Forecast	2020 Results
Выручка	over +3%	+5.2%
OIBDA	up to +2%	+1.7%
CAPEX	about 90 billion rubles	96.9 billion rubles (91.6 billion rubles, taking into account the effect of financial derivatives)

Adjusted OIBDA of the Group for 2020 increased by 1.7 % versus the same period of the last year – to 215.2 billion rubles. The growth was driven by high revenues from the basic services, which were at the same time constrained by negative factors, including lower consumption of high-margin international roaming services amid the COVID-19 pandemic; reserves in MTS and MTS Bank; one-time effect due to real estate transactions in Q1 2019.

**Andrey Kamensky**  
MTS Management Board Member,  
Vice President for Finance

MTS Group's revenue for 2020 increased by 5.2 percent vs 2019 to 494.9 billion rubles. Annual dynamics of the MTS Group's revenue is due to both the dynamics of consumption of basic telecommunications services and the development of new business segments, with media and FinTech areas, as well as cloud and digital solutions for the business market providing almost a third of the annual revenue growth.

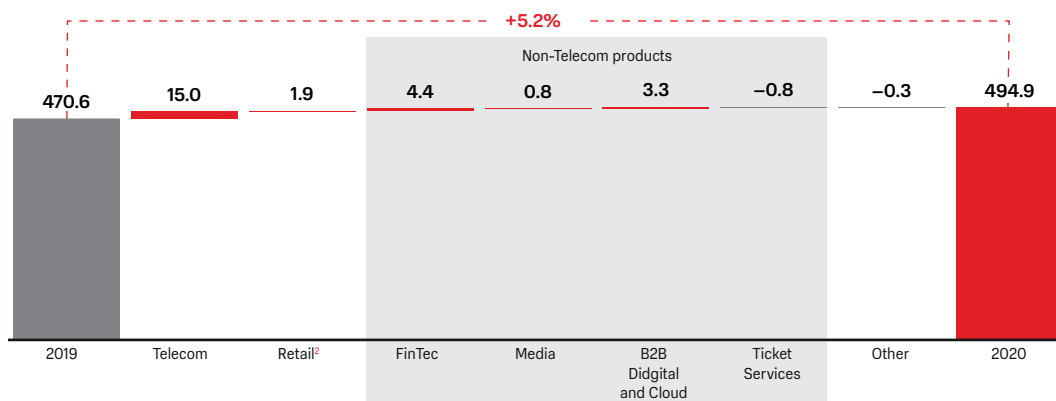
**Andrey Kamensky,**  
MTS Management Board Member,  
Vice President for Finance

<sup>1</sup> Information on the consolidated financial and operating results of MTS Group for Q4 2020 and entire 2020 is available on the company's website: Financial statements – Moscow (mts.ru).

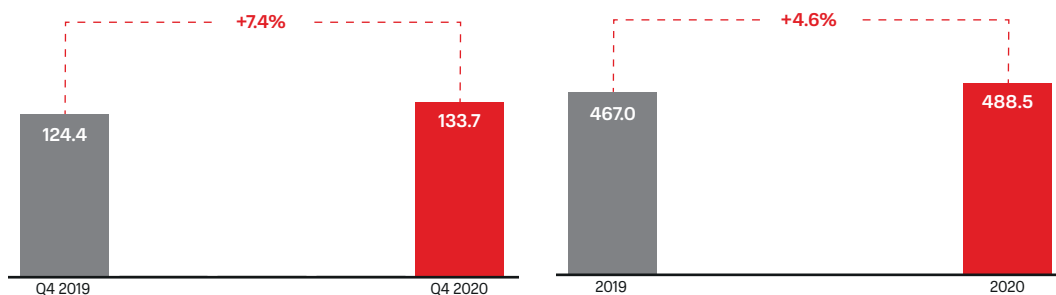
## GROUP REVENUE

growth of the core business and new areas

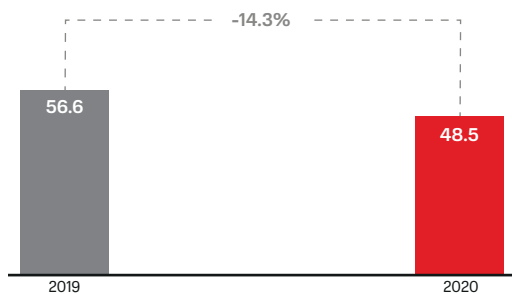
\\ Revenue of the Group<sup>1</sup> (billion rubles)



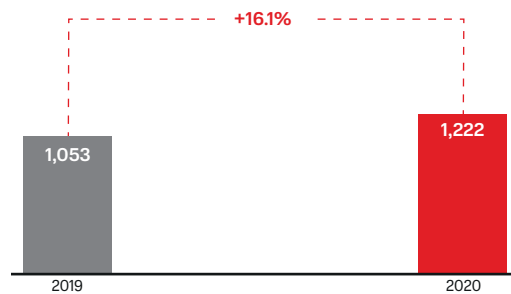
\\ Revenue in Russia (billion rubles)



\\ Revenue in Armenia (billion dram)



\\ Revenue in Belarus<sup>3</sup> (billion Belarusian rubles)



- > Positive results of MTS Group in 2020 due to:
- > Growth of mobile revenue in Russia related to the growth of traffic and communication services consumption
- > Growth in consumption of FinTech and media products, services of MTS Bank, cloud and digital solutions for corporate clients

<sup>1</sup> The amount may vary due to rounding of individual digits; management accounting data

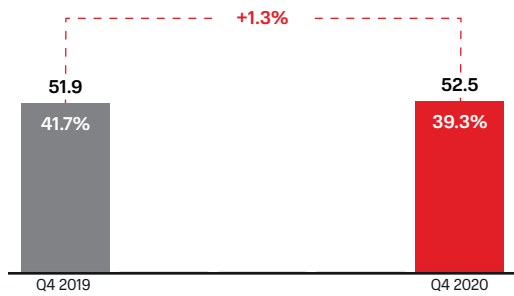
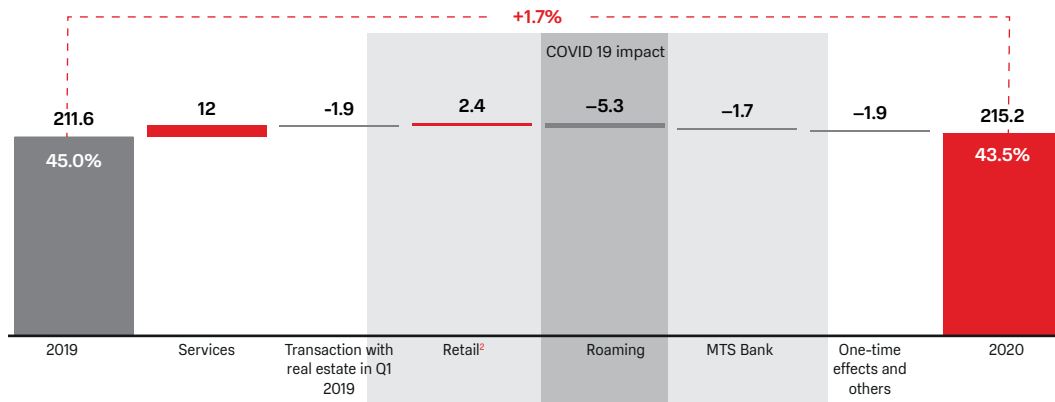
<sup>2</sup> Retail - RTK JSC, 100% subsidiary of MTS, provides customer service and sells SIM cards, services, products of the MTS ecosystem, gadgets and other devices in retail stores

<sup>3</sup> MTS owns a 49% stake in MTS JLLC in Belarus, which is not consolidated

## ADJUSTED OIBDA OF THE GROUP

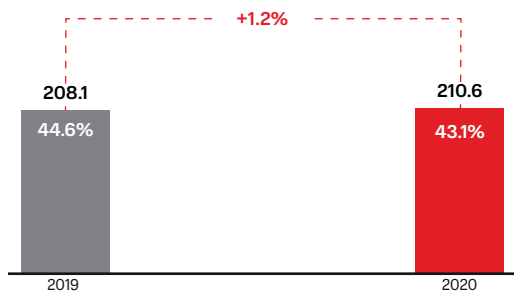
Sustainability

### \\ Factor analysis of adjusted OIBDA of the Group<sup>1</sup> (billion rubles)

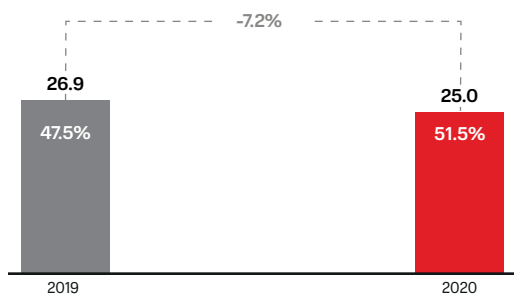


- > Growth in OIBDA of the Group due to stable increase of income from basic services
- > OIBDA of the Group was impacted by: a decrease in revenues from international roaming amid the COVID-19 pandemic, the effect of MTS Bank and the effect of a high base in Q1 2019 resulting from one-time real estate transactions

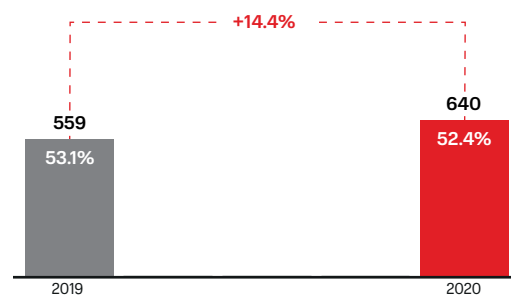
### \\ Adj. OIBDA and margin in Russia<sup>3</sup> (billion rubles)



### \\ OIBDA and margin in Armenia (billion dram)



### \\ OIBDA and margin in Belarus (billion Belarusian rubles)



<sup>1</sup> Adjusted OIBDA does not include losses from impairment of non-current assets amounting to 796 million rubles for Q4 2020 and to 2.023 billion rubles for the entire 2020; the amount may vary due to rounding of figures. Adjusted OIBDA for Q4 2019 does not include a reversal of losses from impairment of non-current assets to 148 million rubles

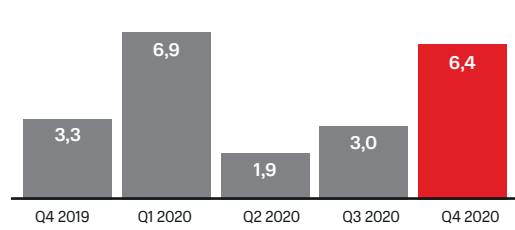
<sup>2</sup> Retail - RTK JSC, 100% subsidiary of MTS, provides customer service and sells SIM cards, services, products of the MTS ecosystem, gadgets and other devices in retail stores

<sup>3</sup> Adjusted OIBDA does not include losses from impairment of non-current assets amounting to 808 million rubles for Q4 2020 and to 2.088 billion rubles for the entire 2020.

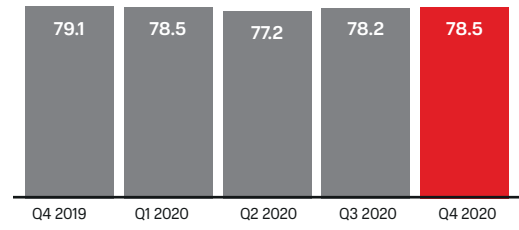
## TELECOM

Income growth and subscriber base recovery<sup>1</sup>

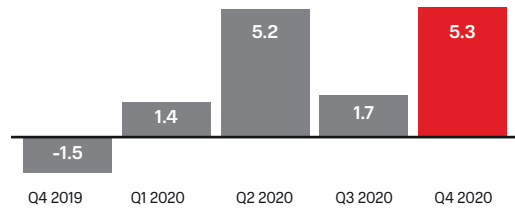
\\ Growth in revenue from mobile services %



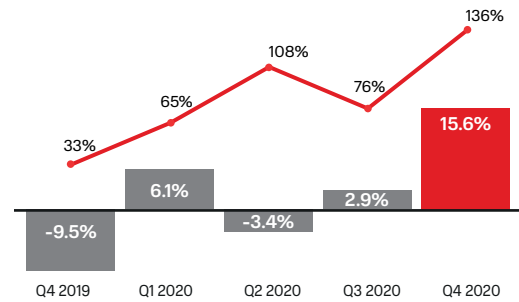
\\ Three-month subscriber base, million subscribers



\\ Growth in revenue from fixed services, %



\\ Sales of devices and accessories and growth of online sales, year-on-year



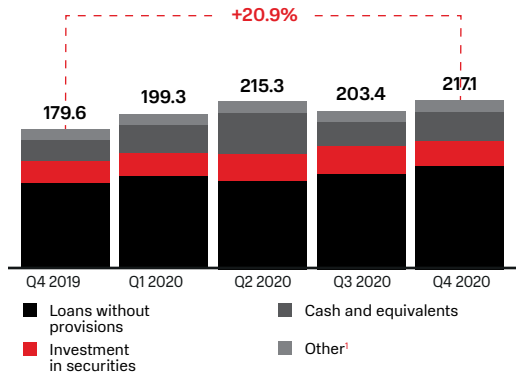
<sup>1</sup> Russian.

**\*RUSSIA**

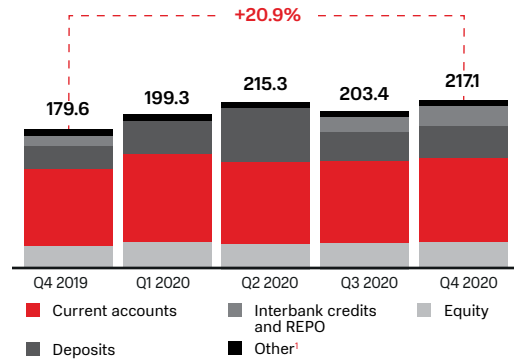
**Fintech**

**MTS Bank, key indicators**

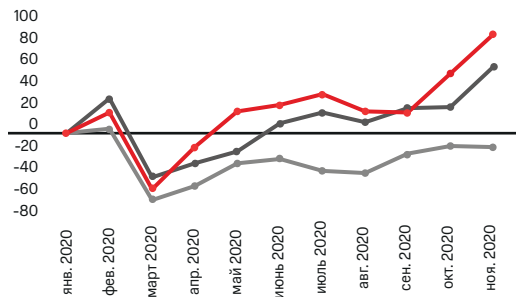
**\\ Assets, bln rubles**



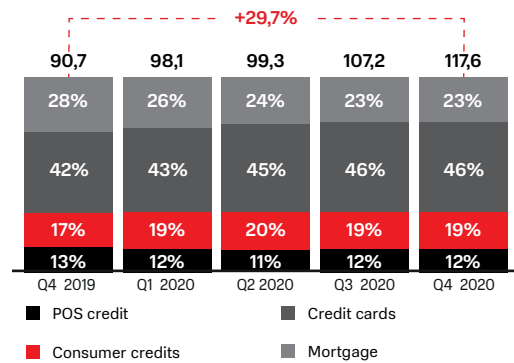
**\\ Liquidity Sources, billion rubles at the end of the period**



**\\ Changes in monthly issued credits in relation to January 2020<sup>1</sup>**



**\\ Credits of physical persons, bln rubles. End of period**

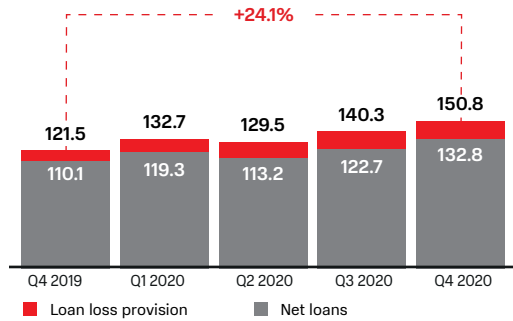


> MTS Bank entered TOP 5 for its growth rates of the retail credit portfolio, top 10 for the amount of the credit card portfolio, top 10 of the best mobile banks for daily tasks<sup>2</sup>

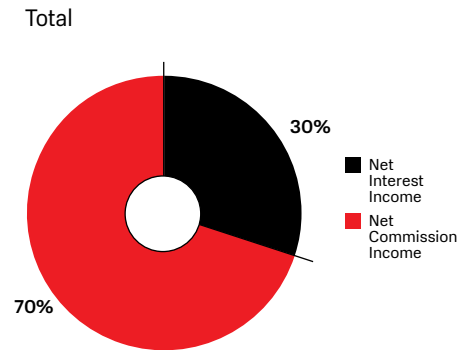
<sup>1</sup> Other assets include real estate, fixed assets, deferred taxes, intangibles and other assets  
<sup>2</sup> The source is Frank RG, data by MTS Bank.  
<sup>3</sup> По данным Banki.ru, Frank RG, Markswebb.

**MTS Bank: positive net profit**

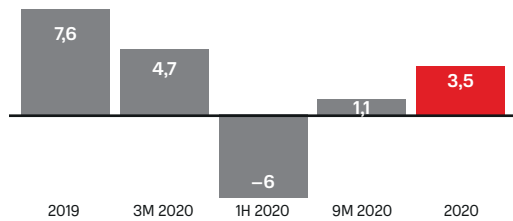
**\\ Gross loan portfolio (bln rubles)**



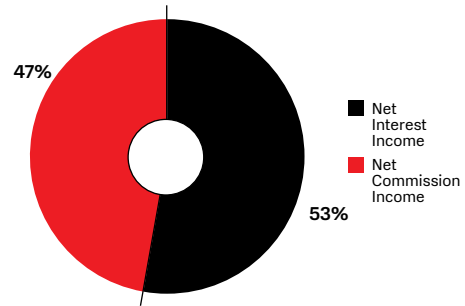
**\\ Sources of income, % of operating revenue before deduction of reserves**



**\\ Return on Equity<sup>1</sup>, %**

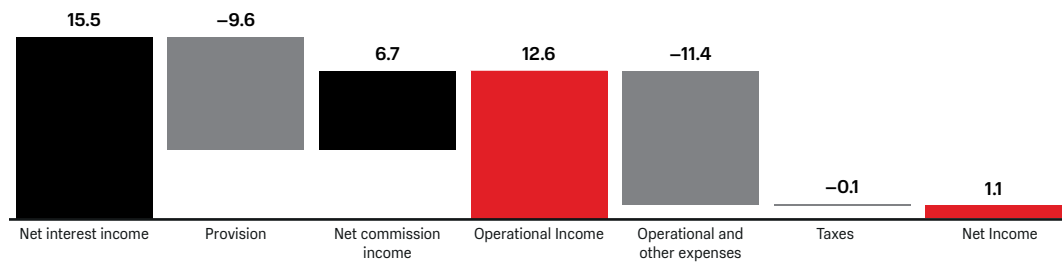


**Retail**



› Notwithstanding significant negative consequences of the pandemic for the whole bank sector MTS Bank completed the year with a growth in the credit portfolio and positive financial result

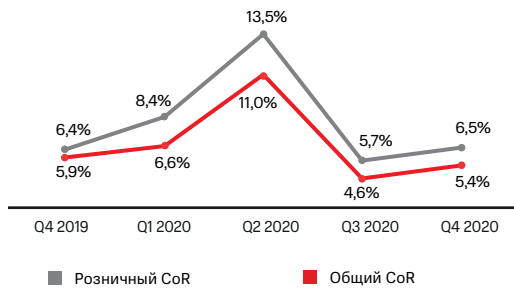
**\\ 2020 MTS Bank Income (bln rubles)**



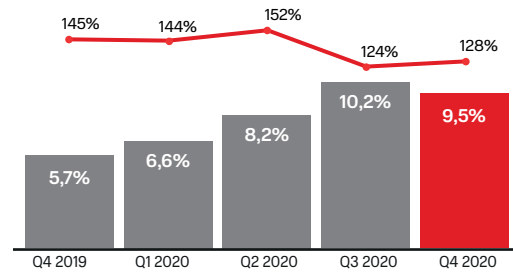
<sup>1</sup> Source: IFRS statements, Q4 2020 data calculated by MTS

**MTS Bank NPL decreased, COR stable**

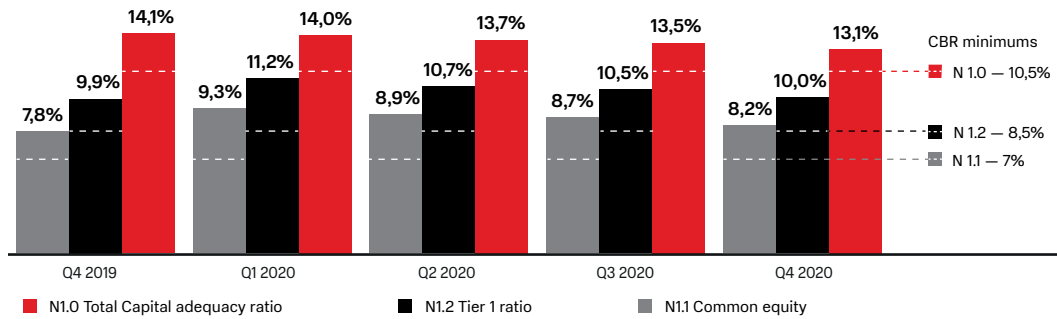
**\\ Cost of Risk (CoR), %**



**\\ Overdue credits, % of the retail portfolio, % of NPL coverage with provision**

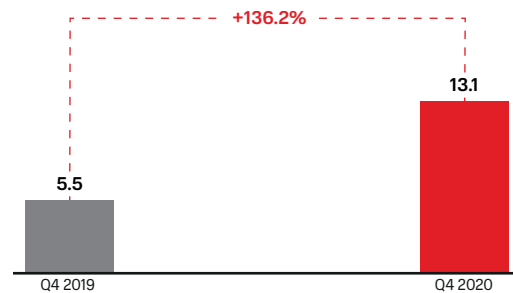


**\\ Capital adequacy ratios (Quarter-end, Basel III), %**



> The bank maintains a comfortable capital stock in excess of the standards, taking into account regulatory surcharges. Risk is assessed as low

**\\ Factor analysis of the Group net profit, %**



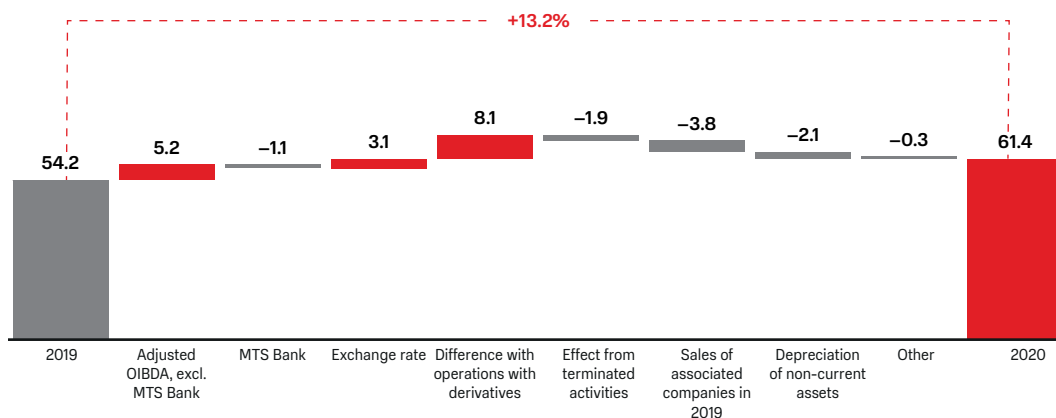
## FINANCE

### Stability of the main business

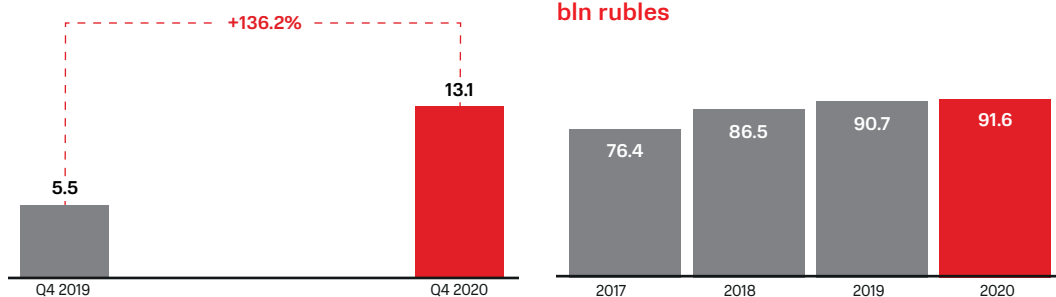
The growth of the net profit was due to stable indicators of the main business and an increase in net interest expenses, which reflects current MTS' steps for optimization of the debt portfolio as well as effect from changes in exchange rates and operations with derivative instruments regularly used by the company to decrease volatility

The negative impact on the net profit was made by results from terminated activities, transaction of MTS Bank, and depreciation of assets in sales of tickets and entertainment

### \\ Factor analysis of net profit of the Group, bln rubles



### \\ Capital expenditures of the Group<sup>1</sup>, bln rubles



### Development of infrastructure and new areas

In 2020 MTS Group constructed 16.3 thousand stations in 78 regions of Russia including 14.5 4G stations

For the entire 2020 consumption of mobile Internet at smartphones in MTS network increased by 38.6% vs. 2009, and penetration of smartphones in the MTS network was 78.1% vs. 74.5% late 2020 in the fourth quarter of 2019

	2020		2019	
	Capital expenditures of the Group, bln rubles	In % of the revenues	Capital expenditures of the Group, bln rubles	In % of revenues
Russia <sup>2</sup>	95.0	n/a	81.0	n/a
Armenia <sup>3</sup>	1.9	26.0%	1.5	19.7%
Group <sup>4</sup>	96.9	n/s	90.7	n/s

<sup>1</sup> CAPEX of the Group in 2020 was 91.6 billion rubles, taking into account money receipts under swap contracts related to changes in foreign exchange rates against the ruble; excluding this factor, CAPEX of the Group in 2020 was 96.9 billion rubles

<sup>2</sup> Excluding money receipts under sharing agreements

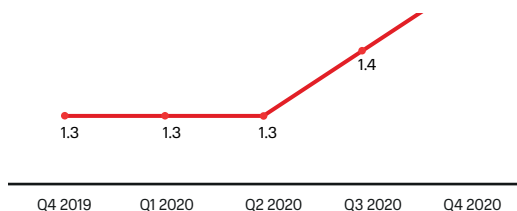
<sup>3</sup> Excluding 0.3 billion rubles for the purchase of 4G licenses in Armenia in 2019

<sup>4</sup> Excluding the expenses to purchase 4G licenses in Armenia in 2019, excluding money receipts under sharing agreements



**Financial stability and decrease in the debt value**

**\\ Net debt<sup>1</sup> to LTM of adjusted OIBDA**

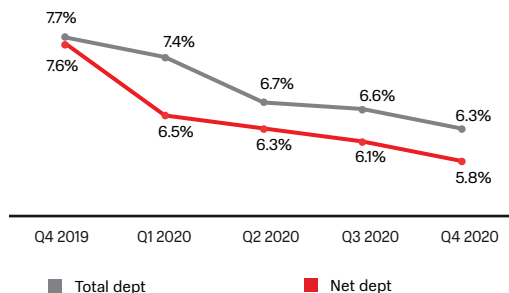


BO-02 Ruble bonds contains put options which can be executed in March 2021 as of December 31, 2020

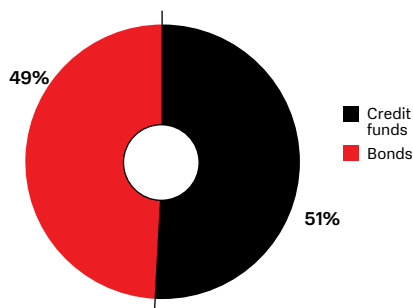
Relation of the net debt to LTM of adjusted OIBDA remains at the 1.5x comfort level which allows to retain financial stability and the ability of the company to support both the volume of investment and high profitability for shareholders

In the 4th quarter of 2020 MTS decreased the average weighted interest rates of the total debt from 7.7% to 6.3% in the 4th quarter of 2020 thanks to optimization of the debt portfolio.

**\\ Weighted average interest rates**

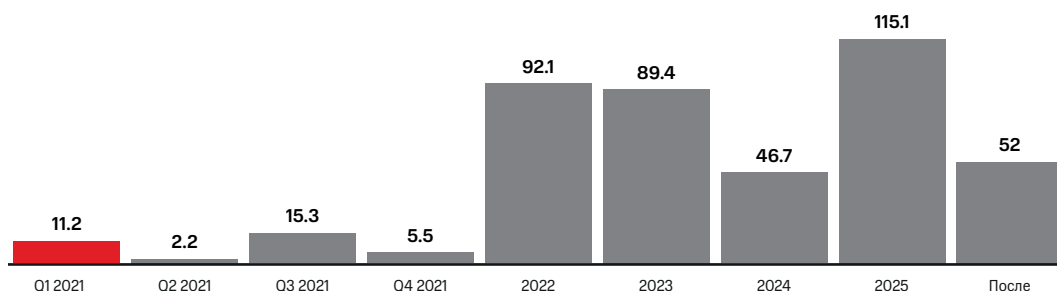


**\\ Total debt structure<sup>3</sup>**



**\\ Schedule of debt payment, bln rubles**

Total debt of the Group = 429.5 bln rubles  
 Net debt of the Group = 317.6 bln rubles

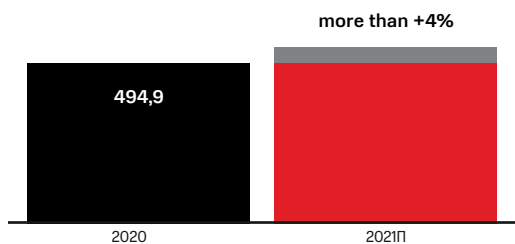


<sup>1</sup> Ruble bonds BO-02... contain put options that as of December 31, 2020 may be exercised in March 2021

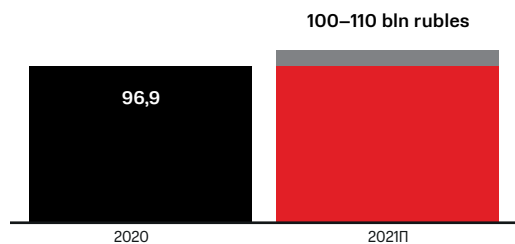
<sup>1</sup> Excluding leasing obligations  
<sup>2</sup> Excluding debt raising costs

Forecast for 2021

\\ Revenue of Group, bln rubles



\\ Group Capex, bln rubles



\\ Adjusted OIBDA of Group, bln rubles

