IMPLEMENTATION OF THE STRATEGY IN 2020

In 2020, MTS Group continued to consistently and confidently demonstrate stable achievement of the announced forecast levels of key performance indicators.

\\ Company's key performance indicators[1]

Indicator (MTS Group)	2016 Target	2016 Actual	2017 Target	2017 Actual	2018 Target	2018 Actual without effect of new IFRS standards	2019 Target	2019 Actual	2020 Target	2020 Actual
Change in revenue, %	+2–3	+2.1	0/+2	+1.7	+4–6	+8.9	+6–7	>7[2]	over +3	+5.2[3]
Change OIBDA, %	–4	–4.4	+5	+6.2	~2	+6.2	+4–5	>43	up to +2	+1.72

Last year, we adopted a new CLV 2.0 strategy using the ecosystem approach for a long-term sustainable business development and achievement of high competitiveness for our company in today's environment. In order to successfully implement the new strategy, we have changed the management structure of the MTS Group, highlighting four vertical business areas: Telecom, FinTech, Media, Cloud and digital solutions for business, as well as key supporting units (horizontals), including Ecosystem and Customer Experience Development, Artificial Intelligence (AI) and Big Data.

On the one hand, such a matrix structure allows to clearly identify the responsibility of individual business areas and increase the speed of decision-making in each of them due to creation of verticals, and on the other hand, due to a special status and focus on ecosystem horizons, it allows to quickly achieve infrastructure objectives important for the creation and development of the ecosystem as a whole, e.g., providing high-quality customer experience or development and management of customer knowledge within the Big Data / Data Science horizontal.

Telecom

Construction and modernization of networks

We continue to regularly expand our coverage and improve the quality of our networks in all regions of the Russian Federation. The largest and most interesting projects include the following.

Development of a fixed data transmission network in the Moscow region.

In February, MTS launched a program to develop a fixed data transmission network in the Moscow region, which will create a technological platform to launch innovative services for residents and cities in the region. The program is intended to last until 2023 and involves active development of high-speed Internet access channels via the GPON fiber-optic network in residential and office premises in 36 cities of the Moscow region with a population of at least 50 thousand people.

Development of a converged transport network in the Moscow region.

In July, we started to create a converged transport network in the Moscow region, which will unite the fixed and mobile transport networks of MTS and MGTS into a single infrastructure. The network convergence will result in eliminating redundant nodes, channels and equipment, unifying service processes and standards, and providing management automation based on SDN (software

1 Taking into account NVision Group deconsolidation. The adjusted OIBDA for 2020 does not include a loss from depreciation of non-current assets in the amount of 2.023 billion rubles.
2 Revenues and adjusted OIBDA include the estimated impact for the 12 months of 2019 of the Group's operating activities in Ukraine based on the financial results for 11 months of 2019 and MTS internal forecast for December 2019.
3 industrialization innovations and infrastructure Inequility reduction Sustainable cities and towns Partnership to ensure sustainable development

defined network) and NFV (network function virtualization) technologies. The project will allow MTS to connect new services for the customers much faster and to improve the service quality control system; its reliability will increase due to unification and automation of network management. Amplification of the transport infrastructure under this project will also enable a faster transition to the 5G standard.

Construction of infrastructure to support the M-11 Neva highway.
In April, MTS and the State Company Avtodor successfully implemented a project for construction of infrastructure to provide the M-11 Neva highway on the Moscow – St. Petersburg route with VoIP services and high-speed access to mobile Internet using LTE technology.

SD-WAN with own infrastructure.
MTS launched SD-WAN technology with its own infrastructure. The new service will allow companies with a branch network to quickly and inexpensively combine offices into a single non-public secure network and manage it independently.

Broadband Internet access and digital TV in new cities.
In February, MTS acquired 51 % of the authorized capital of the Green Point Group of Companies providing broadband Internet access and digital TV services and uniting 13 telecom operators under various brands in 12 cities: Stavropol, Mikhailovsk, Nevinnomyssk, Elista, Tambov, Belgorod, Lipetsk, Ufa, Neftekamsk, Beloretsk, Tomsk and Vladivostok.

Cellular communication station in the Antarctic.
It is worth noting that in January MTS became the first Russian operator to establish a cellular communication base station in the Antarctic. A GSM mobile communication network has been deployed in the territory of the Russian Antarctic station Progress, providing cellular voice communications for the station's employees and visitors.

5G development
In March, MTS together with Ericsson for the first time in Russia successfully tested the technology of dynamic reallocation of the frequency resource between 4G LTE networks and 5G NR, which enables fast and at low cost to deploy a wide 5G coverage on existing LTE infrastructure of telecom operators. Tests confirmed the effectiveness of the technology while operating 4G LTE and 5G NR in one band. The tested solution improves 5G NR coverage by 25% through aggregation with lower LTE frequency bands.

In July, MTS received the first license in Russia for the provision of mobile communication services of the 5G / IMT-020 standard in the range of 24.25-24.65 GHz in 83 regions of the country. MTS expects that the first business customers and large manufacturing enterprises will become users of the "fifth generation" network. License was issued on the basis of decisions of the State Commission on Radio frequencies from March 17, 2020 to use radio electronic means of the standard 5G / IMT-2020 radio frequency bands 24.25-24.65 GHz for the creation of communication networks on the territory of Russian Federation.

In July, MTS together with Motorola companies and Qualcomm Technologies, Inc. conducted tests of the flagship smartphone Motorola edge +, which on the hardware and software level supports operation in the 5G millimeter-wave band including bands (24.25-24.65 GHz).

In August, MTS, with assistance of the Tomsk Region Administration, launched in Tomsk the first pilot communication network of the "fifth" generation based on the Tomsk State University of Control Systems and Radio electronics (TUSUR) and NPF Mikran JSC, one of the leading telecom operators and manufacturers equipment price Russia.

In October, MTS demonstrated in Vladivostok the first Russian streaming on the air of the federal TV channel GTRK Vladivostok via the fifth generation communication network. The broadcast was carried out from the territory Far Eastern Federal University, where MTS opened the first in the Far East pilot 5G zone.

In October, MTS and the Skolkovo Institute of Science and Technologies (Skoltech), one of the leading non-governmental educational research institutes in Russia, launched a pilot 5G network on the territory of the Skolkovo innovation center to test developments in the field of 5G technologies and create on their basis domestic promising industrial ICT solutions and services with the involvement of Skolkovo residents and industrial partners of Skoltech.

In December, MTS with the support of Ericsson and Qualcomm Technologies, Inc. deployed in Ufa on the existing commercial 4G network, a pilot zone of the fifth generation based on the technology of dynamic frequency redistribution resource between LTE and 5G NR networks using commercial 5G smartphones.

In January 2021, MTS launched an affiliate start-up search program for third-party companies. Scouts of the Center for Innovation and Investment MTS StartUp Hub will select projects using benefits of 5G technology to offer their development to partner corporations and MTS divisions.

In February 2021 MTS, Skolkovo Institute of Science and Technology (Skoltech) and the Skolkovo Foundation expanded 5G coverage on the territory of the Skolkovo innovation center by launching a pilot fifth generation communication network for International medical cluster (MMK) - a medical diagnostic scientific and educational center development of Russian medicine.

Product development in the telecommunications business

Online sales of SIM cards.
In April, MTS announced the federal start of online sales of SIM-cards that the client can register independently without visiting a showroom. You can buy MTS SIM cards in the MTS online store with free home delivery. The client can activate such SIM card at any time using the special MTS Subscriber application that is available for downloading at IOS and Android.

Virtual numbers.
In June, MTS began providing virtual numbers allowing to call and send SMS messages without a SIM card. You can connect a virtual number yourself in the MTS Connect application. Virtual number is a number of a familiar form that can be used for incoming and outgoing calls, as well as to receive and send SMS. A new SIM card is not needed for the virtual number to work; any active MTS SIM card, the MTS Connect application and an Internet connection via Wi-Fi or via a mobile network are required instead.

eSIM launch.
In November, MTS launched the eSIM technology into experimental-industrial exploitation in Russia. Virtual SIM cards are available for connection to subscribers in all regions of MTS presence. MTS has made available remote eSIM connection without the need to visit showrooms and have delivery by couriers.

First RCS introduction in Russia.
MTS was the first Russian mobile operator to implement a support for the RCS (Rich Communication Services) format for messaging and exchanging media files on Android smartphones. MTS subscribers can exchange messages in messengers operating according to the RCS standard. This will expand capabilities of the Messages application preinstalled on Android smartphones, which previously worked as SMS client only. RCS allows you to create group chats for up to 100 people, exchange media files, share statuses and locations.

Digital financial services (fintech)

Single application for financial services.
In 2020, we continued to actively develop our business vertical and build up competences in the field of fintech. To do this, we have combined two separate mobile applications MTS Money and MTS Bank into a new mobile application that has become a single showcase for all digital financial services of the MTS ecosystem. It was launched on the basis of the MTS Money application whose usual functions were preserved with addition of new capabilities of the mobile bank. We also started transforming the mobile application into a smart bank – a solution to manage personal finances for clients of any banks. At the initial stage, the smart bank displays data on the products of other banks of the client and prepares a personal selection of organizations for making a payment, and the next year it will already adapt products individually for each client, e.g., it will help to save money for certain purposes, invest money as profitably as possible, predict the financial standing

of the client, or will advise on managing personal finance.

Payments in push notifications.
In August, we launched payments in push notifications. Users of the MTS Money application can pay for MTS mobile services in one click using the Google Pay service. MTS became the first in the world global partner to implement the integration of online payments in push notifications. Upon receiving a push notification about a decrease in their mobile phone account balance, MTS subscribers who have installed MTS Money will be able to replenish it in one click using the Google Pay online payment service. You do not need to open a mobile application to make a payment, you just need to select the payment amount in a push notification and confirm it.

Loan processing and refinancing in the application
In September, MTS Bank PJSC launched online processing of non-targeted cash loans and refinancing of consumer loans and credit cards in the MTS Money mobile application.

Acceptance of payments by QR code.
In October, we started accepting payments by QR code in the Bank of Russia Fast Payment System for retail stores. Entrepreneurs were able to receive electronic payments without using additional equipment, and users were able to pay other than in cash in stores that do not accept card payments permanently or temporarily.

Stock exchange trading through a mobile application.
In November, MTS, MTS Bank PJSC and Sistema Capital Management Company launched a service for stock exchange trading for individuals. The new service is available in the MTS Investments mobile application. MTS Bank acts as a broker, and Sistema Capital Management Company provides services of trust management and management of mutual funds. Users of the MTS Investments application can now invest in mutual funds and trust management strategies, open brokerage accounts and independently trade securities on the stock exchange.

NUUM neobank.
In December, MTS launched NUUM neobank, a platform for financial transactions with special bonuses that can be spent on additional options in games for PCs, game consoles, tablets and smartphones. You can become a client of the neobank by downloading the NUUM application and issuing a NUUM Virtual card; all this happens online, without visiting an office or receiving documents from courier. After that, simply by the usual daily spending using the card, NUUM clients will be able to accumulate bonus NUUM Points and exchange them for in-game goods and currencies.

Face biometrics payments (SWiP).
MTS invested in SWiP that has developed and is actively implementing a server platform of services for contactless payments using face biometrics and QR code with automatic recognition of the client in loyalty programs and simultaneous accounting for discounts, bonuses and points at the time of payment. Together with the retailer's POS system and CRM, the service allows the customer not to have a bank card and loyalty card, accelerating customer service at the checkout.

Blockchain.
In December, MTS jointly with VTB Bank carried out the first commercial transaction to obtain a digital bank guarantee at the Russian blockchain platform Masterchain developed by the Association FinTech (AFT) together with financial market participants.

Media and entertainment services
Producing and partnerships.
For the large-scale development of our media and entertainment services business in 2020, we began the practice of co-producing films and TV series and also entered into strategic partnerships with leading players on the Russian media market.

In March, MTS and Channel One announced a strategic partnership where they will create a joint venture to form a media offer of a new level. MTS will develop special tools to analyze user behavior when viewing video content on the Internet, adapted to the requests of Channel One. The parties intend to jointly develop a media content recommendation

system, improve media monitoring and analytics tools, and adapt content and advertising policies taking into account the contemporary ways of video content consumption. Under the agreement, Channel One will provide MTS Media with the rights to use content from the library of feature and documentary films, as well as new films that have not previously been shown by the broadcaster.

In September, MTS Media expanded the list of partners and began cooperation with the production company Sreda in the production of serial content for the MTS TV online cinema. In 2020–2021, we plan to launch seven joint projects, the first three of which are already at the production stage.

In November, the MTS TV online cinema began to cooperate with Universal PictureBox. The partnership will add Universal films and TV series to the cinema catalog.

Also this year, we launched a direct investment program in Russian cinema: in November, MTS Media started to receive applications for co-investment in film production. The program will consider applications for investment in films of any genre. The film must be in the preparatory, filming or post-production period. The amount of requested funding can be no more than 50 % of the movie budget. At the time of filing the application, the applicant must confirm the availability of funds to cover the remaining part of the production budget not financed by MTS Media.

Creation of original content.
During 2020, we have been actively working to create our own original content:

- in February, MTS became a co-producer of the world's first blockbuster (describing the feat of the Soviet pilot Mikhail Devyatayev) to be released in a traditional wide format for cinemas and TV, as well as in a vertical format for viewing on smartphones with exclusive distribution on the MTS TV platform;
- in July, MTS Media acted as a co-producer of TV series with the interim title "Female Official", which KIT Film Studio (Gazprom Media holding) is filming at the request of Channel One, to be shown in the Internet on the MTS TV platform before the premiere on Channel One;
- in July, we completed the shooting of an action-packed project #Iwanttobeinthegame (together with the production company Bazelevs of Timur Bekmambetov). The film is made in the screenlife format: the story will be told through the screens of the devices used by the main characters;
- we have launched into production for the first time the original series "The Clinic of Happiness" and the comedy "Scam", which will be exclusively available to viewers in the online MTS TV cinema next year..

In December, MTS Media launched its own KinoJam1 and KinoJam2 TV channels with Russian and foreign content, broadcasting films and TV series in HD format. The KinoJam1 TV channel is dedicated exclusively to domestic cinema, while the KinoJam2 channel focuses on popular foreign TV series and films.

Our own interactive OTT set-top box.
In June, we started selling our own new interactive OTT set-top box on the Android TV™ platform with an access to the full version of the Google Play app store and voice-activated functions. The set-top box is certified by Google Operator Tier 1, which allows users of the MTS TV platform to access and use Google Play and YouTube applications directly on the TV. The set-top box provides access to the content of MTS TV and the full version of the Google Play application store.

Entertainment show production.
We also entered the entertainment show production market and invested in the world's best-selling Chess musical. The production and distribution of the Chess musical is the first investment project of the MTS Entertainment unit that was created to manage the assets and projects of the MTS Group in the entertainment sector.

In December, MTS presented the online music festival MTS LIVE XR in the advanced technology format XR (extended reality). The synergy of the virtual and the real creates a feeling of complete immersion in what is happening, and a feature of the festival is the interactive participation of spectators who can influence what is happening.

Cloud and digital business solutions
Cloud ecosystem of MTS
In 2020, MTS continued to actively develop the direction of cloud services for business, which made it possible to strengthen our position in the market.

In March 2020, we launched cloud IT outsourcing for business. As part of the Professional & Managed Services service, a professional team of experts configures, manages and supports the IT infrastructure of the clients and also performs a complex designing. Large businesses will be able to reduce the cost of routine work associated with supporting IT infrastructure in the cloud. Medium and small-sized businesses will have

high-level IT specialists at their disposal without increasing their own staff.

In April, we announced a technological development of the #CloudMTS cloud platform. The volume of cloud storage was expanded by 1.5 times, the computing speed increased by 2.5 times. Improving characteristics of the cloud allows companies to drastically accelerate the solution of problems in the field of artificial intelligence and machine learning, and increase the speed of client applications.

In May, #CloudMTS expanded its range of cloud backup services. There was a launch of a feature-rich solution based on technologies of CommVault, the market leader in business continuity solutions. The solution allows you to make backups of all commonly used operating systems, virtualization platforms, databases and software. The new service will be in demand by large companies that work with large amounts of data and have a developed branch network. The business also has access to backup cloud solutions based on Veeam and Acronis technologies.

In 2020 opportunities were expanded of cloud service #CloudMTS for high-speed data processing based on a supercomputer. Computing power of a supercomputer quadrupled after getting the opportunity of hyperscale computing, supercomputer performance rose to four petaflops.

In October 2020, MTS launched in the Leningrad region, the first modular data processing center in the North-West with the ability to scale the required computing power for any tasks of corporate clients and government customers. MTS data center is the only data center in the Leningrad region, having TIER III certificates of the international organization Uptime Institute.

In November 2020, MTS announced the choice of open source platforms OpenStack to build next-generation cloud infrastructure based on the concept of flexible architecture cloud native, which will diversify cooperation with vendors and harmonize the development of network and IT infrastructure. According to the results of the competition, Canonical company was chosen as the platform supplier, which develops free software projects based on the Linux distribution Ubuntu. MTS plans to deploy a cloud next generation platform based on solution Canonical OpenStack in eleven data centers throughout Russia and put it into commercial operation during 2021. Using OpenStack platforms will facilitate the deployment of next-generation networks, will provide the ability to accelerate the development of new products and services, reduce the cost of maintaining cloud infrastructure

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In December, we launched the “Office #CloudMTS” service to organize a remote interaction of employees based on the #CloudMTS cloud. The service will increase the productivity of distributed teams by accessing a set of unified communications services based on a single platform. The service is provided using SaaS model and allows saving up to 35 % monthly.

In 2020, MTS announced the possibility of storing and processing any types of personal data in the #CloudMTS cloud, as well as placing state information systems of all levels and scales1. Having passed another certification, the provider expanded the range of data that business and government structures can place in the cloud in compliance with Russian legislation. This will allow avoiding the costs of building and maintaining an IT infrastructure that meets regulatory requirements. The dedicated cloud segment is certified in accordance with the requirements for information protection in state information systems of the first security class (K1), personal data information systems of the first security level (UZ-1) and automated systems of class 1G.

In 2020, we brought the Avantage data center in line with the Payment Card Industry Data Security Standard (PCI DSS), the global data security standard for the payment card industry. Business customers will be able to ensure a safety of financial transactions by using the capacity of the data center to process bank card data in the provision of services. The service will be in demand by banks, processing centers, owners of electronic money transfer systems, traditional and online retail.

In 2020, we implemented large-scale projects for organizing cloud infrastructure and IT outsourcing based on #CloudMTS for a number of large companies: the Dymov Group, leading meat products manufacturer; the Segezha Group, largest vertically integrated forestry holding; the KORTROS Group of Companies, federal-level developer; the Present Upakovka company, one of the leaders in the manufacture of packaging based on aluminum foil for food and pharmaceutical industry; a branch of the international service company Europe Assistance CIS that is a part of one of the largest insurance groups in Europe; Salym Petroleum, a joint venture of Shell Salym Development B.V.

companies and PJSC Gazprom Neft; NESK-elektroseti JSC, the leading power grid company in the South of Russia; Utair – one of the largest Russian airlines.

Internet of Things (IoT) products and solutions

In May, we released the first Development Kit in Russia for prototyping devices operating in the NB-IoT network. The kit will simplify the creation of IoT device prototypes and accelerate the time to market for IoT products.

In September, we introduced a service that will allow companies without their own vehicle fleet to control all stages of cargo delivery. The solution based on the "Mobile Employees" product allows you to track the location of contractors' drivers and receive notifications about the time of cargo delivery without installing a GPS tracker in the car.

In October, MTS entered the initiative work group of the State Corporation "Roscosmos" for the development of the global low-orbit data transmission system of the Internet of Things "Marathon IoT", a component of the "Sphere" subprogram of the state program of space activities of Russia.

In December, MTS and Microsoft signed an agreement on the development of the Russian Internet of Things market. Companies integrate a global platform Microsoft Azure IoT Central and the largest in Russia Internet of Things network NV-IoT from MTS provide access to the service for managing IoT devices Microsoft Azure IoT Hub through cloud service provider #CloudMTS.

In December, MTS launched eSIM for IoT devices and the machine-to-machine segment in accordance with the international GSMA standard. The technology allows you to remotely download a virtual SIM card to a chip embedded in equipment and to change the subscriber profile.

In December, MTS and Microsoft signed an agreement to develop the Russian Internet of Things market. The companies will integrate the global platform Microsoft Azure IoT Central and the Russia's largest Internet of Things network NV-IoT by MTS, and will also begin to provide access to the service for managing Microsoft Azure IoT Hub devices through the cloud service provider #CloudMTS.

Digital Solutions for Business

MTS has implemented a comprehensive retail solution in the Moscow region that combines an anti-theft protection system and an information and advertising media panel with content management via the MTS TVBit cloud platform.

In June, we launched the MTS Estate solution, the first digital service to reduce real estate taxes of legal entities by revising the cadastral value.

In July, MTS announced the start of sales of a document construction kit. The solution allows you to create new contracts based on multivariate templates prepared by the MTS Artificial Intelligence Center with the involvement of EY Law lawyers. The product is developed as an independent part of a lawyer robot and is available on the MTS Your Business tool platform for small and medium-sized businesses.

We have created a new business area, MTS Automotive, which will combine technologies and products in the field of connected cars. The new area will also involve some of the leading Russian developers and suppliers of multimedia devices and on-board information systems for cars, STOPOL AUTO and COAGENT Rus companies. MTS acquired 100 % of the shares in the authorized capital of these companies.

Development of new and ecosystem products

First ecosystem products.

In 2020, we successfully launched the MTS Premium federal bonus program in order to implement the CLV 2.0 strategy focused primarily on creating an ecosystem with a seamless transition between all services and obtaining the best customer experience. Its participants got bonuses and discounts on MTS services, more favorable lending and savings rates at MTS Bank, discounts on gadgets in MTS showrooms, free access to a package of TV channels, films and series in MTS TV, and other offers.

In December, MTS presented the ecosystem subscription "NETARIF" with the ability to fine-tune the number of minutes, gigabytes, additional options and to form a unique package of communication and digital services. "NETARIF" includes services of communication and subscriptions to entertainment services of the MTS ecosystem. The more minutes and gigabytes a subscriber connects, the cheaper additional options will be: music subscriptions, online cinemas, the MTS Library application, unlimited options for video services and social media, and much more.

Our clients have received lucrative offers from joint programs with our partners. For example, we joined forces with the world's most popular music streaming service Spotify to prepare the exclusive

offer for MTS subscribers, six months of free Spotify Premium subscription. With a Spotify Premium subscription, you can listen to tracks offline, in any order, in high quality and without ads.

In Moscow, we opened the first in Russia showroom that has demonstration zones for getting to know the services of the MTS ecosystem in addition to the classic departments for customer service and sale of gadgets and accessories. In the new store, customers will be able to test and select digital solutions in various areas: smart home, ESports and gaming, TV, banking services, services for small and medium-sized businesses, and others.

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First in Russia marketplace for cloud gaming.
We launched the first in Russia cloud gaming marketplace uniting all platforms on the Russian market: GFN.RU (using NVIDIA GeForce NOW technologies), Loudplay, Playkey and DROVA. Cloud gaming will allow you to instantly launch games and use high settings with high-quality graphics without the need to constantly buy and update hardware.

EHealth solutions.
We have developed our own applications combining services for various clients of our ecosystem. For example, we have created the MTS 120/80 application in cooperation with the National Medical Research Center for Cardiology under the Ministry of Health of the Russian Federation. The solution allows you to calculate the “age” of the heart, simplify the storage of blood pressure data and track medication intake, as well as remotely consult with a cardiologist using the SmartMed telemedicine service. We also provided an opportunity for medical institutions in Russia to use the MTS 120/80 in their work free of charge.

Online training.
Also in 2020, MTS and the leading short video platform TikTok for the first time in Russia launched a competitional/educational program as part of the MTS federal charitable project Generation M. Young people from all regions of Russia got the opportunity to learn online from popular bloggers and famous vocalists, develop their talents and help save the lives of their peers with their own creativity.

Artificial intelligence (AI) and Big Data
In 2020, we continued to vigorously strengthen our horizontal business lines responsible for the development of artificial intelligence and big data analytics as the basis for a deep personalized approach providing for obtaining the best customer experience in our ecosystem.

Development of voice interfaces.
In June, MTS released a voice assistant named Marvin. The first devices allowing to communicate with Marvin were smartphones on iOS and Android, where the assistant is available through the MTS Marvin application, as well as portable MTS Smart Loudspeakers. With the help of Marvin, you can turn on music, audiobooks and fairy tales, plan a schedule for the day, find out the latest news, control smart home devices and use dozens of other useful functions. In the near future, it is planned to expand the list of functions with the possibility of voice calls to numbers of any cellular subscribers, integration with set-top boxes, new sensors of the smart home system and a whole range of services and devices.

MTS acquired a 7.5 % stake in Just AI, a company engaged in research and development of spoken artificial intelligence technology. As part of cooperation with Just AI, we plan to conduct joint research in the field of conversational interfaces and we will also consider a possibility of integrating Just AI developments into MTS services.

Cooperation for AI
We have started a mutually beneficial cooperation with a number of the largest research and technology centers for artificial intelligence development.

In February, MTS and the Samara State Medical University signed an agreement for digital health care cooperation. The priority areas of cooperation between MTS and SamSMU are projects in the field of primary diagnostics of patients based on artificial intelligence and an automatic voice-to-text conversion system, which can be used in medical institutions for appointments of doctors.

The joint laboratory of MTS and the Skolkovo Institute of Science and Technology (Skoltech) will perform a research in the field of natural language processing to improve the quality of products and services based on artificial intelligence technology, such as virtual assistants.

In April, MTS and ITMO University (St. Petersburg), the leading Russian university in the field of information and photonic technologies, opened a specialization in Conversational Intelligence Technology within the Master's program System and Applied Software at the Faculty of Computer Technology and Management.

The following can be noted among external and commercial products implemented using artificial intelligence and big data technologies.

In July, MTS and the Land of the Leopard Federal State Budgetary Institution created software for automatic recognition of Far Eastern leopards, tigers and other animals in photographs from cameras installed in the territory of the reserve and the national park. The solution developed by experts from the MTS Center for Artificial Intelligence based on computer vision technology will help in preservation and study of the world's rarest large cat.

Big data.
In May, based on data analysis, MTS increased the efficiency of calibration runs at the Mikron plant, the largest microelectronics manufacturer in Russia. This allowed to reduce the time of technological setup of the equipment by 30 %.

In November, MTS and the communication group dentsu Russia, the leading advertising holding in Russia, together with Synaps Labs, a developer of an outdoor digital advertising management platform, created an analytical tool that makes it possible to increase the efficiency of outdoor advertising and measure its impact on indicators that are significant for business: calls, clicks to website and visits of advertiser's clients.

Innovative and experimental lines
In 2020, we continued to actively explore development opportunities in new non-traditional market segments and experiment with the most advanced technological solutions.

In April, MTS selected 14 best technology startups to conclude pilot contracts based on the results of the fourth recruitment of the MTS StartUp Hub acceleration program. The finalists included six startups in the Customer Services area, five projects in the field of ticket services, two startups in the Online Store area and another project that will launch a pilot with the #CloudMTS service.

In May, MTS named 19 startups that became residents of the fifth recruitment of the corporate accelerator. These included four foreign projects. Projects were selected in four areas: retail innovation, financial technology, environmental innovation, and Industry 4.0.

In June, MTS tested the products of 12 startups from six countries in the new generation networks at the 5G Center in VDNKh. The selected projects include unmanned flying vehicles traffic management, solution for automated sport streaming content creation, and drone production.

In July, MTS entered into an agreement with the Moscow Innovation Agency on joint piloting of innovative technological solutions in Moscow. As part of the partnership, startup residents of the MTS StartUp Hub corporate accelerator and the MTS 5G Center were able to test their developments at one of the city sites that include technological clusters, universities, schools, museums, scientific and medical centers and other facilities that are ready to introduce new technologies.

In August, MTS and Medsi Group of Companies launched a joint acceleration program to find the most promising companies whose services and technologies are related to the field of telemedicine and personalized medicine, which will improve the client experience in a network of clinics.

In September, the corporate venture fund MTS announced an investment of 125 million rubles into the graduate of the fifth recruitment of the MTS StartUp Hub Center accelerator for Innovation and Investment, CoinKeeper.

Investments will be aimed at developing the product and accessing European markets. CoinKeeper is a mobile service for keeping track of personal finances, controlling expenses and savings. The service is now used by more than 350 thousand people.

In October, the MTS StartUp Hub began cooperation with the Gazprom Neft StartupDrive accelerator. As part of the partnership agreement, it is planned to organize pilot projects for residents of the 5G Center at Gazprom Neft and piloting of solutions from the StartupDrive accelerator at MTS. In addition, StartupDrive startups will be able to become residents of the 5G Center in order to refine their product in the next generation networks.

In December, MTS selected 18 startups to become residents of the sixth recruitment of the corporate accelerator. These include four projects that will pilot their solutions together with the Medsi network of clinics, and eight IoT startups that will have the opportunity to test their solutions in partnership with industrial companies being MTS clients.

Dividends

One of the key areas of the MTS development strategy for 2020–2022, like the two previous strategies in 2014–2019, is to increase business profitability and ensure a high level of return on invested capital to shareholders.

In February 2020, MTS completed the payment of special dividends based on the company's financial performance for the nine months of 2019 and the sale of VF Ukraine PrJSC in December 2019. Special dividends amounted to 13.25 rubles per ordinary share of MTS (26.50 rubles per ADR) or a total of 26.5 billion rubles.

In June, the annual general meeting of MTS PJSC shareholders decided to pay dividends based on the 3019 results in the amount of 41.1 billion rubles, or 20.57 rubles per one ordinary registered share of MTS PJSC with a par value of 0.1 rubles each (41.14 rubles per one ADR). The payments were completed in August.

In October, an extraordinary general meeting of MTS PJSC shareholders approved the payment of interim dividends for the first half of 2020 in the amount of 8.93 rubles per one ordinary registered share (17.86 rubles per one ADR) or a total of 17.842 billion rubles. These dividend payments were completed in November.

In 2020, MTS entered the top ten rankings of the international consulting company BCG among telecommunications companies in the world in terms of total shareholder return (TSR) formed on the basis of growth in share prices and dividend income per share for a certain period. In the annual BCG rankings, from 2015 to 2019 MTS ranked fifth among integrated and wireless operators and ninth among telecommunications companies in the world, including cable and tower operators, with an average annual TSR of 16.1 %.

Merger and acquisition strategy

The company monitors the opportunities of inorganic growth both in the markets of its operation and beyond. MTS PJSC has sufficient experience in the integration of acquired companies that allows their incorporation into the business structure efficiently and ensures the achievement of a positive economic effect as quickly as possible.