

2019 HIGHLIGHTS¹

M&A AND INVESTMENTS

- > **In November 2019**, MTS announced the signing of a binding agreement to sell its telecommunications business in Ukraine.
- > **In 2019**, MTS increased its stake in MTS Bank to 99.7% through a transaction to purchase 4.5% of the bank's shares for 1.4 billion rubles. As a result, Sistema PISFC has completely withdrawn from the list of shareholders of MTS Bank. The consolidation of MTS Bank is in line with MTS' strategy aimed at enhancing the synergy of telecommunications and banking products and developing the propagation of financial services in the client base, which has nearly 80 million subscribers.
- > **In January 2020**, MTS announced an investment in SWiP, a developer of a platform for face biometric payments and loyalty programs in retail. The share of MTS in the capital of SWIPGLOBAL LTD (Cyprus), which owns 100% of Smart Wallet LLC (trademark SWiP), was 15%.
- > **In January 2020**, MTS announced an investment of 187.7 million rubles in the purchase of a 75% stake in Just AI (JUST AI LIMITED), a Russian market leader in the development of conversational artificial intelligence technologies.

MANAGEMENT

- > **In the fourth quarter of 2019**, a number of appointments were made to the top management of the company: Tatyana Chernysheva was approved for the position of Vice President for Human Resources,
- Dmitry Khalin – for the position of Vice President for Cloud and Digital Solutions, and Victor Belov – for the position of MTS Vice President of Technology.

STRATEGY

- > **In October 2019**, the MTS Board of Directors confirmed the current listing structure of the Company and approved the updated Company development strategy for 2020–2022 CLV 2.0 (Customer Lifetime Value 2.0), which involves the creation
- of a large-scale ecosystem of new digital products based on accumulated expertise and leadership achievements in the telecommunications business.

¹ Detailed information on key events in 2019 at: <https://moskva.mts.ru/about/obshhestvennosti-i-smi/soobshheniya-kompanii/finansovaya-otchetnost/>

SUSTAINABLE DEVELOPMENT

- › **In October 2019**, MTS became the leader in the AK&M rating for social performance of the largest Russian companies by a wide margin from all other players.
- › **In December 2019**, MTS entered the top 5 of the All-Russian ranking “Leaders of Corporate Philanthropy – 2019” according to Vedomosti newspaper, the Forum of Donors and PwC. MTS is recognized as the company with the best approach to sustainable development management, according to PwC, in Russia.
- › **In December 2019**, MTS entered the top 15 of the ranking of sustainable development of Russian companies according to the Expert Media Holding among the 100 largest Russian companies, MTS became the leader among IT and telecom companies.
- › **In January 2020**, MTS entered the top 10 Russian companies on the disclosure of information on climate change, CDP (Carbon Disclosure Project).
- › **In February 2020**, MTS became the leader in two indices of the Russian Union of Industrialists and Entrepreneurs (RUIE) in the field of sustainable development. RUIE indices are included in the international database of indices and ratings in the field of sustainable development as Russian ESG indices; on their basis, the Moscow Exchange (MOEX) calculates the stock indices of the same name. MTS will be included in both MOEX Sustainability Stock Indices in 2020.

INTERNET OF THINGS AND DIGITAL PRODUCTS

- › **In December 2019**, MTS began selling a “virtual lawyer” based on artificial intelligence – a system for automatically working with documents and managing the life cycle of contracts. The implementation of this solution makes it possible to automate the processes of procurement, document creation, making claims and electronic document management.
- › **In December 2019**, MTS launched a digital platform for managing multi-family houses which includes software for management companies and mobile applications for the house tenants and specialists who support the apartments.
- › **In December 2019**, MTS launched SCEF technology on its NB-IoT network, which allows any device to interact with the Internet of Things network through a single interface.
- › **In December**, MTS selected 19 startups out of 450 applications for a corporate accelerator under the control of MTS StartUp Hub. Of these, eight startups were in the field of “Customer Service,” two projects were in the categories of “#CloudMTS” and “E-commerce,” and seven were in the category of “Ticket Services.” Project teams will launch pilot projects in partnership with MTS.
- › **In February 2020**, MTS and BETAR, the leading Russian manufacturer of water meters, began production on the first certified water meters in Russia with a built-in NB-IoT module. These devices are part of an integrated system for digitally monitoring housing and communal services from MTS.
- › **In February 2020**, MTS launched an online market with IT products for microbusiness and self-employed citizens, where customers can connect useful IT services for business without installing special software and third-party applications.

MEDIA AND ENTERTAINMENT

- > **In February 2020**, MTS became a co-producer of the world's first blockbuster to be released in the traditional wide format for movie theaters and TV and in a vertical format for viewing on smartphones. The film will be distributed exclusively on the MTS TV platform.
- > **In February 2020**, MTS entered the entertainment show production market and announced investments in the world's best-selling musical "Chess", which is scheduled to premiere in October 2020.

PARTNERSHIPS

- > **In November 2019**, MTS, among the six leading participants in the AI market, became one of the founders of the AI-Russia Alliance, the first Russian association to unite the efforts of key market participants in the development of artificial intelligence technologies.
- > **In December 2019**, MTS joined the Telecom Infra Project (TIP) global project. The company plans to participate in the development of technologies for open hardware radio access network (Open-RAN) platforms, transport and core networks using an open architecture and common standards, general purpose processing platforms (GPPP) based on software-defined networks (SDN) and network function virtualization (NFV).
- > **In December 2019**, MTS, Element and the Skolkovo Institute of Science and Technology (SkolTech) announced cooperation on the development and production of equipment in Russia for 5G networks based on the international Open RAN access standards.
- > **In December 2019**, VimpelCom, MegaFon and Rostelecom signed an agreement of intent with a view to organizing joint work on the development and optimal use of the fifth generation mobile networks (5G / IMT-2020) in Russia.
- > **In February 2019**, MTS and Samara State Medical University signed an agreement on cooperation in the field of digital health and plan to open an artificial intelligence laboratory at the Institute for Innovative Development of Samara State Medical University.
- > **In March 2020**, MTS and SkolTech opened an artificial intelligence laboratory for research in the field of natural language processing.

LEADERSHIP IN TELECOMMUNICATIONS

- › **In October 2019**, MTS opened in Moscow, in the Technograd pavilion at VDNKh, the 5G Center – a platform for the development and testing of digital solutions and devices operating in the fifth generation network. At the first stage, nine startups were selected to work at the 5G Center.
- › **In December 2019**, MTS hosted the world's first long-distance bilateral holographic teleconference on a 5G network between Moscow and Kronstadt in fifth generation pilot networks using a hologram – a laser-projected 3D image.
- › **In January 2020**, MTS and Ericsson deployed Russia's first industrial 5G zone in a private LTE network at the KamAZ plant in Naberezhnye Chelny, the largest producer of heavy trucks in Russia.
- › **In January 2020**, MTS became the first Russian operator to establish a cellular communication base station in Antarctica. The network is deployed in the territory of the Russian Antarctic station "Progress."

BONDS AND LOANS

- › **In 2019**, MTS issued several series of ruble exchange-traded bonds on the Moscow Exchange as a part of steps to optimize its debt portfolio in the face of lower interest rates.

Date of Issue	Amount (RUB)	Year of issue	Coupon rate
January 2019	10 billion	5 years	8.7%
April 2019	5 billion	3.5 years	8.4%
April 2019	7.5 billion	5.5 years	8.6%
June 2019	15 billion	6 years	8%
July 2019	10 billion	7 years	7.9%
October 2019	15 billion	4 years	6.85%
December 2019	10 billion	3 years	6.45%

- › **In December 2019**, MTS fully repaid a loan of 40 billion rubles from Sberbank, as well as a loan of 25 billion rubles from VTB Bank.
- › **In December 2019**, the Expert RA rating agency raised MTS' credit rating from ruAA to ruAA+ with a stable outlook.

REMUNERATION OF SHAREHOLDERS

- › **In February 2020**, MTS completed the payment of special dividends approved by the extraordinary General Meeting of shareholders on December 30, 2019, based on the Company's financial results for nine months in 2019 and the transaction for the sale of VF Ukraine PrJSC. Payments of special dividends amounted to 13.25 rubles per ordinary share (26.50 rubles per ADR). The total amount of payments amounted to 26.48 billion rubles.