

MESSAGE FROM THE PRESIDENT

Dear friends,

The world is changing rapidly. We now live in cities, where infrastructure, objects and people are beginning with one another to interact through mobile networks. We prefer online shopping we study, work and get medical care online; we store our information in the cloud; we attend events in VR, use online banking and virtual credit cards. We have already grown accustomed receiving any media content on a convenient device at any time.

This has become a new reality for millions of people around the world, and in this reality, the social role of telecommunications has increased more than ever. Ensuring equal access for all citizens to technologies, online and mobile services, as well as introducing services to digitalize key sectors of the economy, remain key priorities for both the state and market participants. In 2019, we at MTS continued our active socially oriented work, including under state contracts to connect publicly significant facilities to a broadband internet in several regions of the country, as well as launching digital products related to key social areas: education, medicine, culture, the environment, and security. At the same time, in order to contribute to the solution of global social problems in the long term and to effectively use the new opportunities for growth, in 2019 we launched a global restructuring of the Company's business.

Having fully implemented by last year the goals of MTS' 3D strategy: Data. Digital. Dividends, MTS remains at the forefront of the industry's development, moving forward in line with our new CLV 2.0 business strategy focused on creating a digital ecosystem based on a strong core telecommunications business and investment in promising growing areas. We have modernized the management structure, updated the organizational structure of the Company, building it on four main business areas: telecommunications, fintech, media, and cloud and digital business solutions. Key positions were taken by talented young leaders with successful experience in key industries for the Company. We have reduced the number of target markets, which will allow us to focus on a key market, where we continue to actively develop telecommunications and IT infrastructure and optimize our retail chain.

The very first results of the transformations have already been positively evaluated by our customers and partners. MTS crossed the finish line of 2019 with good dynamics of key indicators: revenue for 2019 increased by 5.5% compared with the figures for 2018 up to 476.1 billion rubles. We attribute this growth not only to the excellent results of the Group's core business – telecommunications, but also to the ever-increasing contribution from related areas, including financial and cloud services, system integration, big data services, and artificial intelligence.

At the same time, MTS remains one of the most stable blue chips in the country's stock market. This year, we fulfilled our obligations under the new three-year dividend policy by paying dividends in the calendar year 2019 at the level of 28.66 rubles per ordinary share of MTS.

As this report was being made up, we witnessed a completely new phenomenon – a global pandemic of the previously unknown coronavirus. It is obvious that this will become a catalyst for significant changes in each and every market and dramatically change the structure of the world's leading economies, accelerating the digitalization of all areas of our daily lives, while opening new “windows of opportunity” for the telecom, IT and media industries.

We at MTS do believe in the high adaptability of our business model, the company's ability to maintain operational stability and effectively respond to the challenges of the time, and above all to civilizational changes, to changes in people's lifestyles and consumer demand. And in the new reality, we have everything needed to succeed and meet the expectations of shareholders: a leading position, a strong brand, and a highly professional team. This gives me confidence that the most striking and interesting projects for MTS are yet to come!

Best regards,

Aleksey Kornya,
President of MTS



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