

OUR MARKETS

MTS GROUP KEY MARKETS

MTS TELECOM



- > Mobile communications market leader
- > Top 3 Russian BBA operators, the market leader in Moscow
- > Top 5 Russian pay-TV operators

At the end of 2019, the number of MTS mobile subscribers in Russia increased

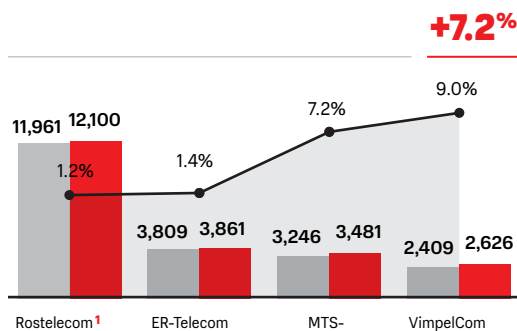
79.1
million subscribers

by 1.4% and amounted

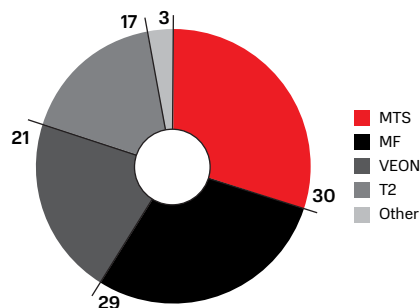
In 2019	Belarus	Armenia	Russia
Population, million people	9.5	3.0	146.7
Subscribers, million	5.6	2.2	79.1
Penetration, %	127	128	178
Market share, %	47	58	30

Russia, subscribers		2018	2019	Change, 2019/2018	Share of subscribers, %
MTS	million	78.0	79.1	1.4	30%
MegaFon	million	75.2	75.2	0.0	29%
VimpelCom	million	55.3	54.6	-0.6	21%
T2 RTC Holding	million	42.3	44.6	2.3	17%
Others ("Motive," "Tattelecom," MVNO-operators)	million	5.0	7.2	2.3	3%
Total		255.7	260.7	5.0	100%

\\ Largest Russian BBA operators, 2019



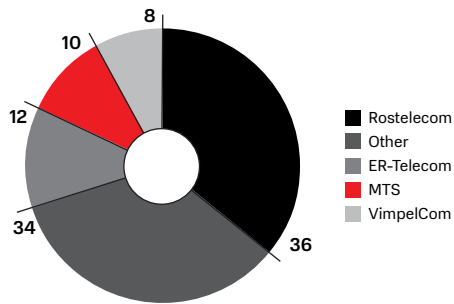
\\ Top 3 Russian BBA operators, the market leader in Moscow



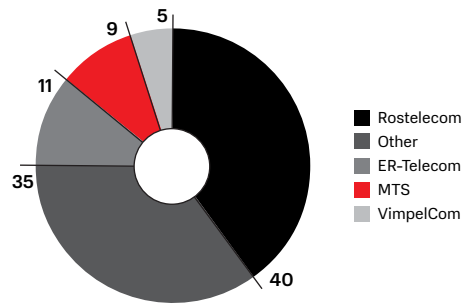
¹ fixed BBA subscribers in the Russian Federation (excluding GNC-Alfa)

THE STRUCTURE OF THE RUSSIAN BBA MARKET, 2019

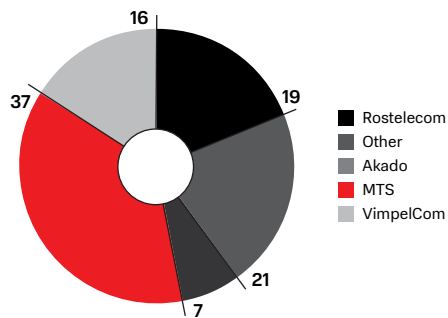
\\ BBA market structure by subscribers %



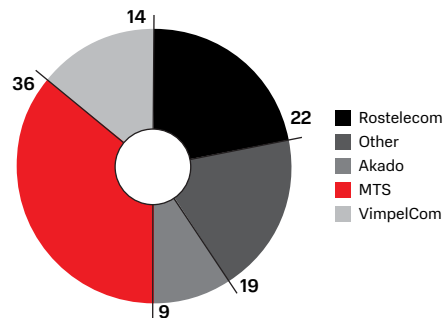
\\ BBA market structure by revenue, %



\\ BBA market structure by subscribers, %

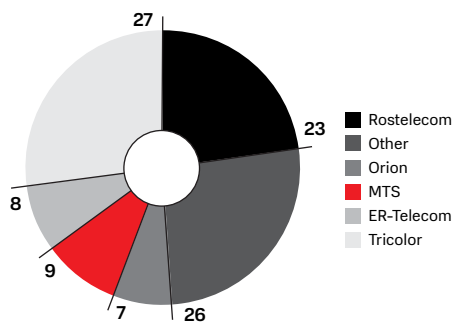


\\ BBA market structure by revenue, %

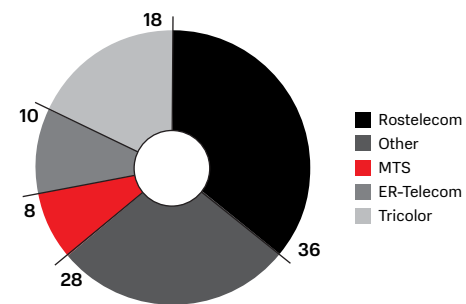


MARKET STRUCTURE BY OPERATORS, 2019

\\ By subscribers, %

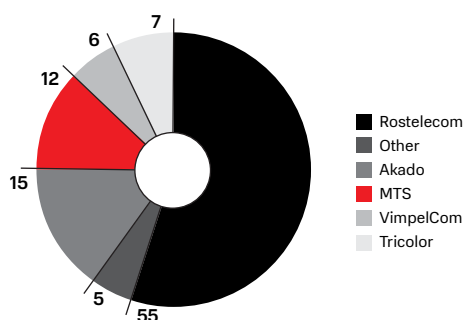


\\ By income, %



Source: TMT Consulting

\\ The structure of the Moscow pay-TV subscriber base by operators



Source: companies' data, assessments by TMT Consulting

MTS RETAIL

MTS

- > Largest retail
- > Online store



MTS is the largest non-food retail chain in Russia.

At the end of 2019, the number of MTS outlets amounted to

5,700

\\ 2019 rating of the Top 100¹ largest Russian stores in terms of online sales by the end of 2019.



shop.mts.ru

24/100

place

electronics and appliances

MTS FINANCE



- > Banking and financial services, MTS Bank
- > Financial services and applications

MTS BANK²

KEY INDICATORS

Position	in Russia	in the region
Net assets	41 ⁽⁺⁴⁾	32 ⁽⁺³⁾
Net profit	47 ⁽⁺¹⁹⁾	35 ⁽⁺¹²⁾
Capital (on Form 123)	34 ⁽⁺⁸⁾	28 ⁽⁺⁷⁾
Loan portfolio	39 ⁽⁺⁶⁾	31 ⁽⁺⁶⁾
Overdue debt in the loan portfolio	33 ⁽⁻²⁾	25 ⁽⁻¹⁾
Deposits by individuals	29 ⁽⁺⁸⁾	22 ⁽⁺⁷⁾
Investment in securities	40 ⁽⁻²⁾	51 ⁽⁻²⁾

As of December 2019, MTS Bank among Russian banks, according to Franck Research and Banki.ru, takes:

37
place

in terms of capital value

41
place

in terms of assets

5
place

place in terms of granting POS loans

29
place

in terms of household deposits

5
place

in terms of POS lending portfolio value

13
place

in terms of credit card portfolio value

¹ <https://www.top100.datainsight.ru/>

² https://www.banki.ru/banks/ratings/?LANG=en&BANK_ID=6055

MTS IT

MTS

- > System integrator
- > Cloud & digital solutions provider
- > DPC (Data Processing Center)
- > Big Data
- > Artificial Intelligence
- > OTT applications

Rating CNews Analytics (<https://www.cnews.ru/analytics/rating>)

\\ NVision Group (by revenue)

Largest Russian IT companies 2018

19
place

Largest IT providers for banks 2018

13
place

Largest Russian companies in the field of information security 2019

30
place

Largest providers of IT for carrier operators 2019

3
place

\\ MTS Cloud Business: #CloudMTS, IT-GRAD, 1cloud

The volume of data stored and processed in the MTS clouds increased by

3,5
times

Largest IaaS providers in Russia 2019

2
place

MTS is a member of the

AI-Russia Alliance

implemented AI-based projects: robots being customer service specialists, Norma virtual lawyer.

MTS is a member of the

Big Data Association of Russia

(BAD).

MTS MEDIA

MTS

Development of the strategic direction of the Group's media assets and entertainment products of the Company's digital ecosystem. Control over MTS Group's business in the field of television broadcasting in all environments

9%

market share by pay-TV subscribers

8%

market share by pay-TV income

12%

market share by pay-TV subscribers in Moscow

~4 mln

users of paid video content (OTT, IPTV, Satellite)

development of own

MTS TV
multimedia platform

MTS ENTERTAINMENT

MTS

Group business management in the field of entertainment and development of related services, strategic development of assets in this segment

Ticketland and Ponominal ticket services

~25%

of the market

MTS Afisha

portal and app
<https://afisha.mts.ru/>

MTS Live

Arena
and other projects

OVERVIEW OF THE ECONOMIC SITUATION AND MARKET DEVELOPMENT

RUSSIA: ECONOMIC TRENDS

The volume of the Russian telecommunications market in 2019, according to TMT Consulting, increased by 2.1% compared to the previous year and amounted to 1.73 trillion rubles. The decrease in growth rate was primarily due to the slowdown in the mobile communications market. Forming 57% of all telecommunications revenues, it is this market that determines the dynamics of the industry. Other negative factors were the slowdown in the fast-growing pay-TV market and the steadily high rate of decline in revenues in the fixed-line telephone and inter-operator services markets.

The traditional business of telecommunications companies is gradually becoming a thing of the past, setting new challenges for operators and opening up opportunities for growth. The main trend of the industry is transformation as a necessity and a need for a digital economy.

Our future is directly related to such concepts as the Internet of Things, cloud services, Big Data, mobile finance, artificial intelligence, OTT services, etc. Successful steps taken today in industries related to the telecommunications business or in new areas of business will help maintain the Company's leadership in the new digital world.

The prospects for the Russian telecommunications market for the next 10 years (according to GSMA Intelligence research¹) are as follows.

- > In 2021, 4G will become the leading mobile technology.
- > The share of 5G connections will be approximately one fifth of all connections in 2025.
- > The use of mobile services on a regular basis will increase: for access to entertainment content (especially video), e-commerce (most often using contactless payment technology) and other digital services in areas such as health and education.
- > The number of unique mobile communication subscribers will not change significantly due to high penetration rate.

- > A steady level of revenue is expected until operators begin to more effectively monetize the significant growth in data traffic and generate revenue from new channels.

COMPETITIVE SITUATION

Today, there are four federal operators in the Russian mobile communications market:

- > MTS PJSC,
- > MegaFon PJSC,
- > VimpelCom PJSC (VEON Ltd), and
- > T2 RTC Holding LLC (a combined operator of Rostelecom PJSC and Tele2).

Several regional telecommunications companies and virtual network operators (MVNO) occupy around 4.5% of the market.

>170%

level of cellular communications services penetration in Russia as of the end of 2019, which corresponds to the developed telecommunications markets of the world.

OTHER MARKETS

CIS countries as of the end of 2019: >125% — penetration of mobile telecom services.

- > Republic of Armenia (MTS Armenia CJSC) — 2.2 million subscribers; main competitor — Veon Armenia CJSC (trademark Beeline).
- > Republic of Belarus (Mobile TeleSystems JLLC is not consolidated into the financial statements of MTS Group) — 5.6 million subscribers; main competitors — Velcom and BeSt CJSC (brand life:)).

¹ GSMA Intelligence Mobile Economy Russia and the CIS 2019, GSMA Intelligence Consumer Survey 2018.