



25 November 2021

MegaFon's Q3 2021 revenue up 6.2% y-o-y

Key results for Q3 2021:¹

- Revenue grew by 6.2% y-o-y to RUB 91.8 billion
- OIBDA was down 1.3% y-o-y to RUB 39.4 billion, with OIBDA margin down 3.3 p.p. y-o-y to 42.8%
- CAPEX was RUB 10.8 billion, down 2.0% y-o-y
- Net profit increased by 3.3% y-o-y to RUB 13.5 billion
- Net debt decreased by RUB 15.6 billion in the third quarter to RUB 286.3 billion

Revenue growth

Service revenue for Q3 2021 came in at RUB 81.7 billion, up 4.6% y-o-y. This positive momentum was mainly driven by higher revenue from data services (the number of mobile data users was up 6.9% by quarter-end), and from content services, including START, as well as big data analytics services and ICT projects. International roaming revenues grew as travel restrictions were gradually lifted.

In the third quarter, revenue from sales of equipment and accessories increased 20.3% y-o-y to RUB 10.2 billion as a result of stronger customer activity in the retail market compared to the previous year. The highest sales growth was seen in high-end smartphones.

Customer base

MegaFon's customer base in Russia (calculated using the new accounting system referred to below) grew 5.9% y-o-y to 74.2 million.

Following the migration to a new billing model, completed in 2H 2020, MegaFon adjusted its customer base accounting system with stricter requirements for monitoring customer activity. The new system enables the Company to use its numbering capacity more effectively.

Cost management

In Q3 2021, OIBDA declined by 1.3% y-o-y to RUB 39.4 billion, with OIBDA margin down 3.3 p.p. to 42.8%, primarily due to advertising costs rebounding after the pandemic, as well as higher employee and rental costs as stores reopened and employees moved back to the office.

Debt financing costs were further reduced as MegaFon took further steps to improve its leverage. In Q3 2021, the Company cut its net debt by RUB 15.6 billion to RUB 286.3 billion. Net profit increased by 3.3% y-o-y to RUB 13.5 billion

The best mobile network in Russia

The total number of MegaFon's base stations exceeded 202,100 by quarter-end, with the advanced 4G/LTE segment showing 15.9% growth y-o-y. Thanks to heavy network investments in previous periods, the Company continues to expand its infrastructure and maintains its market leadership in mobile data while keeping costs down. In Q3 2021, CAPEX was RUB 10.8 billion, down 2.0% y-o-y.

1. Based on the IFRS interim condensed unaudited consolidated financial statements for Q3 2021 reviewed by JSC KPMG. Due to manual rounding, financial and operating results may differ from those presented here. All changes are shown for the same periods in the current and previous year on a quarterly or annual basis, unless otherwise indicated.



Financial results (in millions of RUB, except as otherwise indicated)

	3M			9M		
	Q3 2021	Q3 2020	Q3 2021/ Q3 2020	2021	2020	2021/ 2020
Revenue	91,844	86,522	6.2%	257,105	244,617	5.1%
Service revenue	81,690	78,084	4.6%	232,408	224,834	3.4%
Sales of equipment and accessories	10,154	8,438	20.3%	24,697	19,783	24.8%
OIBDA	39,350	39,853	(1.3%)	113,094	111,491	1.4%
OIBDA margin	42.8%	46.1%	(3.3 p.p.)	44.0%	45.6%	(1.6 p.p.)
Net profit	13,519	13,086	3.3%	33,753	22,230	51.8%
CAPEX	10,750	10,971	(2.0%)	31,572	35,593	(11.3%)



For more information

Media:

pr@megafon.ru

+7 925 696-05-07

Investors:

ir@megafon.ru

+7 495 926-20-12

Notes to editors

PJSC “MegaFon” is a pan-Russian operator of digital opportunities, operating in all segments of the telecommunications markets in Russia, and in the Republics of Abkhazia, South Ossetia and Tajikistan. It focuses in particular on quality of service and providing Internet at top speeds to its subscribers. MegaFon is a recognised market leader in the provision of mobile data services, was the first operator in Russia to launch commercial operation of a third generation (3G) network, the first operator in the world to launch commercial operation of an LTE Advanced (4G) data network and was the first operator in Russia to complete a 5G international videocall. Additional information about MegaFon and the products and services provided by the Group can be found at <http://www.megafon.ru>.

Disclaimers, statement regarding inside information and forward looking statements

The above discussion and analysis should be read in conjunction with the Group’s consolidated financial statements which are available for download on the Group’s website at:

<http://corp.megafon.com/investors/>

Certain statements and/or other information included in this document may not be historical facts and may constitute “forward looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 2(1)(e) of the U.S. Securities Exchange Act of 1934, as amended. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plans”, “forecast”, “project”, “will”, “may”, “should” and similar expressions may identify forward looking statements but are not the exclusive means of identifying such statements. Forward looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, operations or performance, capital expenditures, financing needs, our plans or intentions relating to the expansion or contraction of our business as well as specific acquisitions and dispositions, our competitive strengths and weaknesses, the risks we face in our business and our response to them, our plans or goals relating to forecasted production, reserves, financial position and future operations and development, our business strategy and the trends we anticipate in the industry and the political, economic, social and legal environment in which we operate, and other information that is not historical information, together with the assumptions underlying these forward looking statements. By their very nature, forward looking statements involve inherent risks, uncertainties and other important factors that could cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the political, economic, social and legal environment in which we will operate in the future. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. We expressly disclaim any obligation or undertaking to update any forward-looking statements to reflect actual results, changes in assumptions or in any other factors affecting such statements.



Schedule 1: Definitions

Capital Expenditures (CAPEX) comprises the cost of purchases of new equipment, new construction, acquisition of new or upgrades to software, acquisition of spectrum and other intangible assets, and purchases of other long-term assets, together with related costs incurred prior to the intended use of the applicable assets, all accounted for as of the earliest time of payment or delivery. Long-term assets obtained through business combinations are not included in the calculation of capital expenditures.

Group means PJSC “MegaFon” together with its consolidated subsidiaries.

Net profit is profit for the period attributable to equity holders of the Group.

OIBDA (Operating Income Before Depreciation and Amortisation) is a financial measure not defined by IFRS, should be considered as supplementary and not as an alternative to the information provided in the financial statements of the Group. OIBDA margin means OIBDA as a percentage of revenue. OIBDA and OIBDA margin are widely used by investors, analysts and rating agencies as a measure to evaluate and compare current and future operating performance and to determine the value of companies within the telecommunications industry. However, the Group’s definition of OIBDA and OIBDA margin may not be comparable with similarly titled performance measures used and disclosures made by other entities.

Net debt means the difference between (a) cash, cash equivalents and principal amount of deposits and (b) principal amount of loans and borrowings less unamortised debt issuance fees. It is a financial measure which should be considered as supplementary but not as an alternative to the information provided in the Group’s financial statements.