



JOINT-STOCK FINANCIAL CORPORATION
SISTEMA

Sistema PJSFC Financial Results 3Q 2018

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DISCLAIMER

Certain statements in this presentation may contain assumptions or forecasts in respect to forthcoming events within Sistema PJSC. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause Sistema’s actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.



NEW REPORTING STANDARDS

From 1 January 2018, Sistema has adopted new IFRS standards:

- IFRS 9, Financial Instruments;
- IFRS 15, Revenue from Contracts with Customers;
- IFRS 16, Leases.

In accordance with the accounting policy the financial results of previous comparative periods were not reconciled with the effect of new standards. Therefore, here and hereafter in this presentation Sistema's consolidated results and results of its subsidiaries for 3Q 2018 and 9M 2018 are presented in accordance with new accounting standards IFRS 9, 15 and 16 if not specified otherwise. Results for 3Q 2017 and 9M 2017 are presented without the impact of new IFRS standards 9, 15 and 16.

For comparison purpose, Sistema also presents 3Q 2018 and 9M 2018 financial results excluding the impact of new standards in all of the distribution materials. In this presentation we use the following terms:

Old IFRS standards – excluding impact of IFRS 9, 15 and 16;

New IFRS standards – including impact of IFRS 9, 15 and 16.

IFRS 9, Financial Instruments.

IFRS 9 regulates the classification and measurement of financial assets and liabilities and requires certain additional disclosures. The primary changes relate to the assessment of hedging arrangements and provisioning for potential future credit losses on financial assets as well as recognition of modification gain or loss for all revisions of estimated payments or receipts, including changes in cash flows arising from a modification or exchange of a financial liability, that does not result in its derecognition.

IFRS 15, Revenue from Contracts with Customers.

This standard provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaced the existing standards IAS 18, Revenue, and IAS 11, Construction Contracts. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the standard, an entity recognizes revenue when (or as) a performance obligation is satisfied, i. e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios than exists in the current guidance. The main effect of the standard on the Group's consolidated financial statements related to the deferral of certain incremental costs incurred in acquiring or fulfilling a contract with a customer. Such contract costs are amortized over the period of benefit.

IFRS 16, Leases.

This standard principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. The standard also includes new provisions on the definition of a lease and its presentation, on disclosures in the notes, and on sale and leaseback transactions.



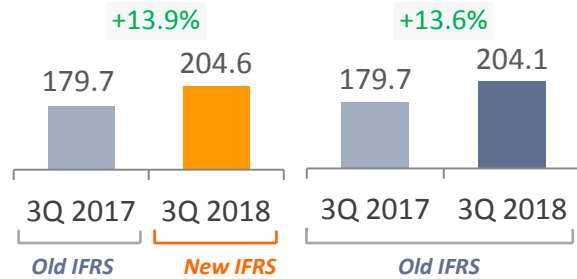
FINANCIAL REVIEW 3Q 2018



KEY HIGHLIGHTS 3Q 2018

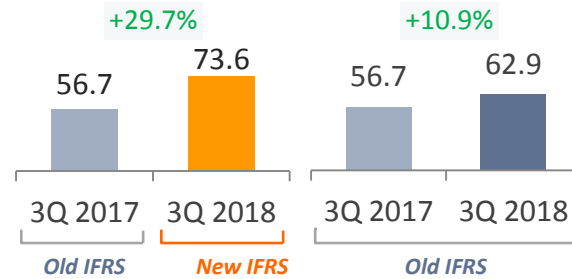
REVENUE¹

RUB bn



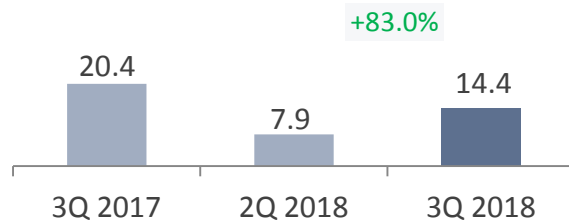
ADJUSTED OIBDA

RUB bn



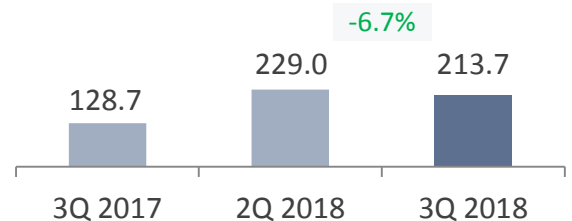
CASH POSITION AT CORPORATE CENTRE²

RUB bn

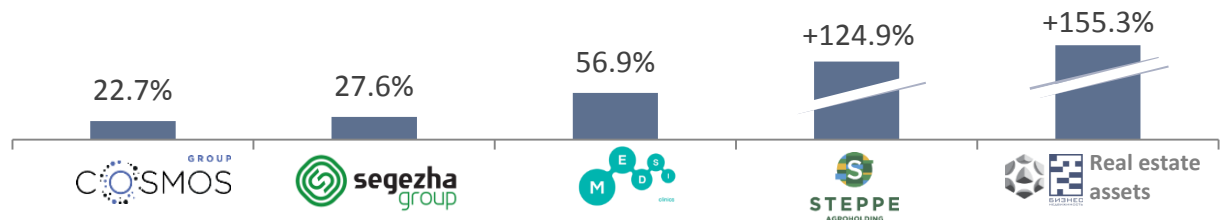


NET FINANCIAL LIABILITIES AT CORP CENTRE^{2,3}

RUB bn



FASTEST GROWING ASSETS (BY REVENUE, YOY)



¹Here and hereafter in this presentation Sistema's consolidated results for 3Q 2017 and 9M 2017 are restated to reflect the disposal of the operating business of Sistema Shyam TeleServices Ltd. (SSTL). Results for Binnopharm are presented with the impact of the new standards only. However, Sistema estimates that the impact on the consolidated Group results of transition of this subsidiary to the new IFRS standards is not material.

²Source: Management accounts

³Total borrowings, liability to Rosimushchestvo, liability to Rusnano (repaid at YE 2017), finance lease and liability under Settlement Agreement less cash at the Corporate Centre level

Strong portfolio performance in 3Q 2018

- Revenue growth driven by MTS, Detsky Mir, Agroholding Steppe, Segezha and Medsi, as well as real estate and hospitality assets
- Significant growth of adjusted OIBDA, reflecting strong results from key assets and impact of IFRS 15 and 16

Stronger cash position and reduction of net financial liabilities

- Cash position at the Corporate Centre increased by 83.0% quarter-on-quarter, driven by inflows of dividends from MTS and non-public assets, as well as asset monetisations
- Net financial obligations at the Corporate Centre decreased by 6.7% following repayment of the bridging loan from Gazprombank, partially using Sistema's own funds, and payment of the liability to the Federal Agency for State Property Management (Rosimushchestvo)

Key events

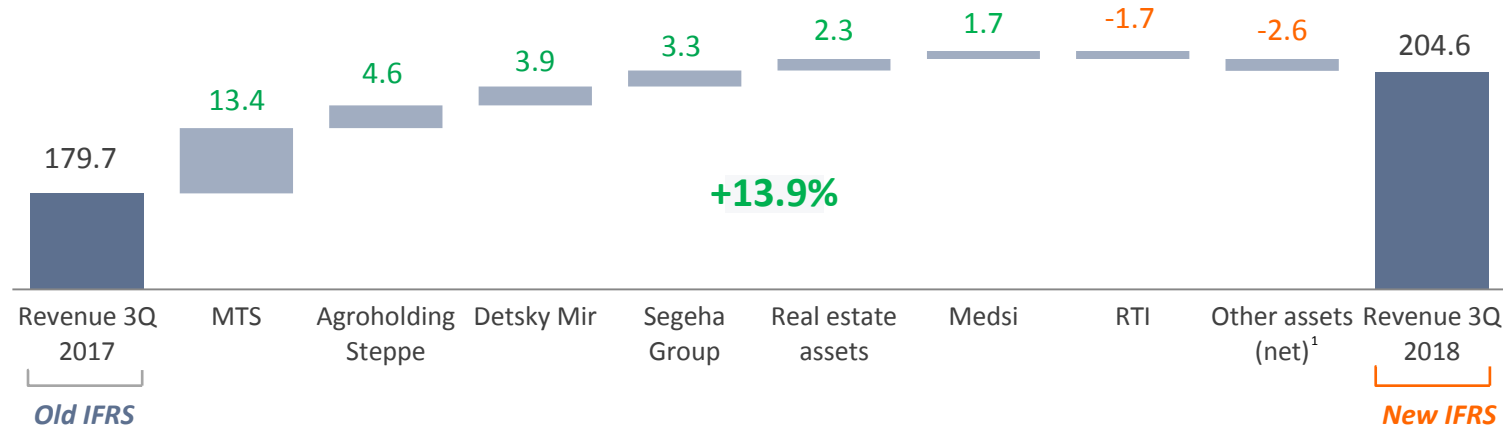
- Three loans from Sberbank maturing in 2019-2020 totalling RUB 24 bn refinanced with a new three-year unsecured line of credit from Sberbank
- New loan attracted from Otkritie Bank: RUB 15 bn unsecured loan maturing in July 2021.
- Completed repayment of RUB 40 bn RDIF/Gazprombank loan, thereby completely removing the pledge from Sistema's shareholding in Detsky Mir shares; RUB 5 bn of Sistema's own funds used to repay the loan in July 2018



FINANCIAL REVIEW: GROWTH OF REVENUES ACROSS PORTFOLIO

REVENUE 3Q 2018

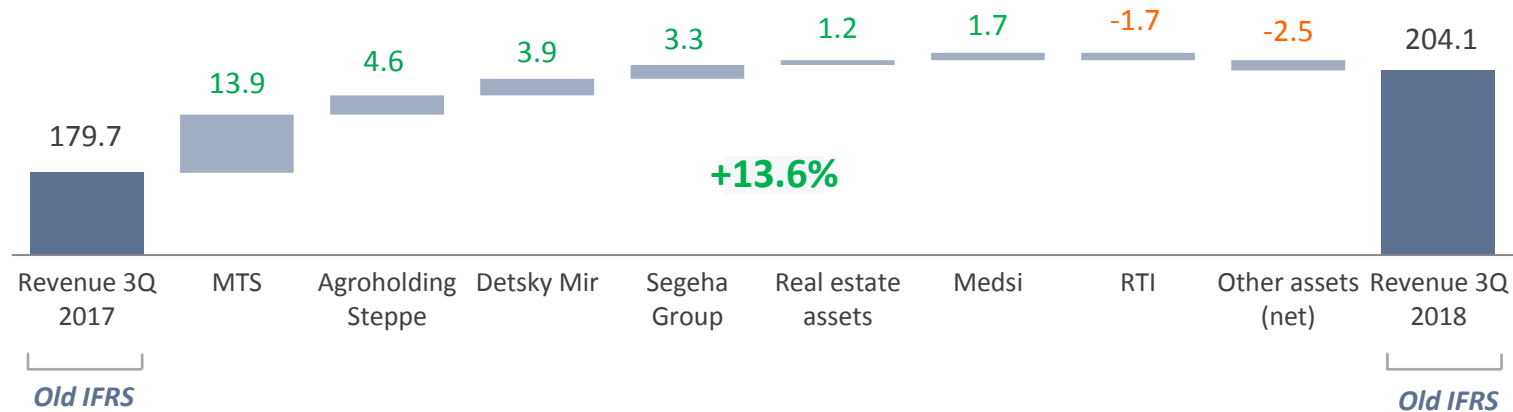
RUB bn



- **MTS:** Significant revenue growth from the mobile business in Russia, strong handset sales
- **Detsky Mir:** LfL sales growth of 6.1%, ramp-up of stores opened in 2017, strong results from online segment
- **Agroholding Steppe:** Aggressive growth of Agrotrading division, rebound in wheat prices, increased dairy and vegetable production
- **Segezha Group:** Growth of sales volumes and sales prices for paper, timber products and paper sacks, as well as positive effect from RUB depreciation
- **Medsi:** Revenue growth from MHI and positive effect from growth of capacity utilisation in new regional clinics and Moscow clinics opened in 2017-2018
- **RTI:** Rescheduling of work under a number of state contracts in a number of business segments to 2019

REVENUE 3Q 2018

RUB bn



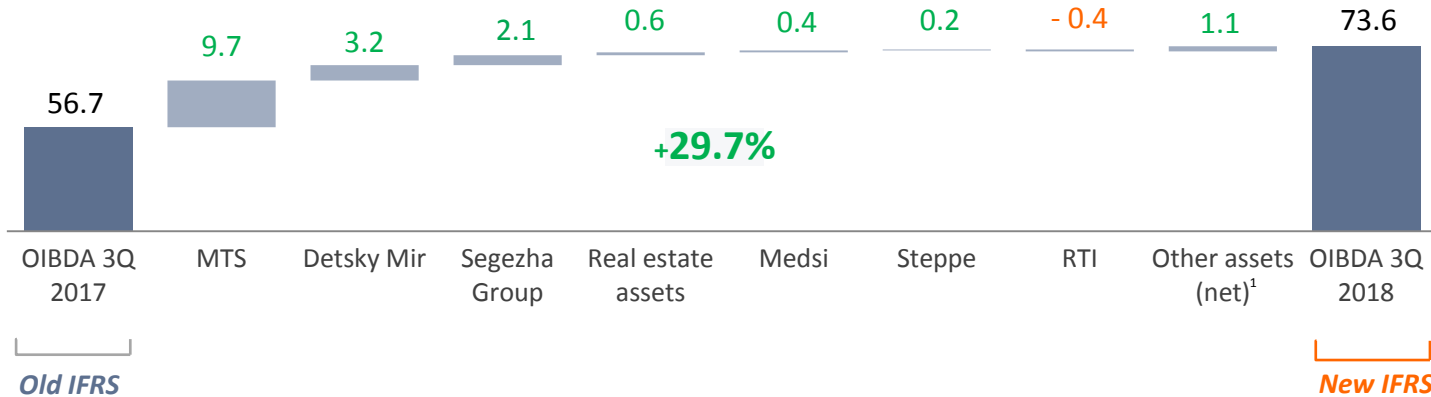
¹Dynamics of other assets includes the impact of consolidation of MTS Bank by MTS from 3Q 2018.



FINANCIAL REVIEW: SUSTAINED OIBDA IMPROVEMENT

ADJ. OIBDA 3Q 2018

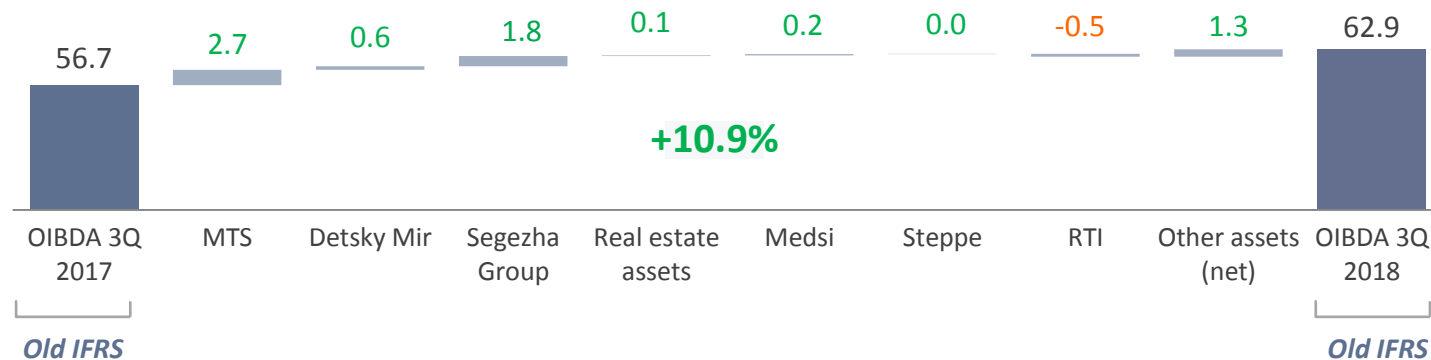
RUB bn



- **MTS:** OIBDA growth driven by revenue growth, cost control and impact of new IFRS
- **Detsky Mir:** OIBDA increased on the back of revenue growth, also driven by increased operational efficiency, notably reduction of rental and marketing costs as a percentage of revenue, and introduction of IFRS 16
- **Segezha Group:** OIBDA almost doubled on the back of revenue growth and as a result of transition to IFRS 16
- **RTI:** Decrease in OIBDA as a result of the decrease in revenue

ADJ. OIBDA 3Q 2018

RUB bn

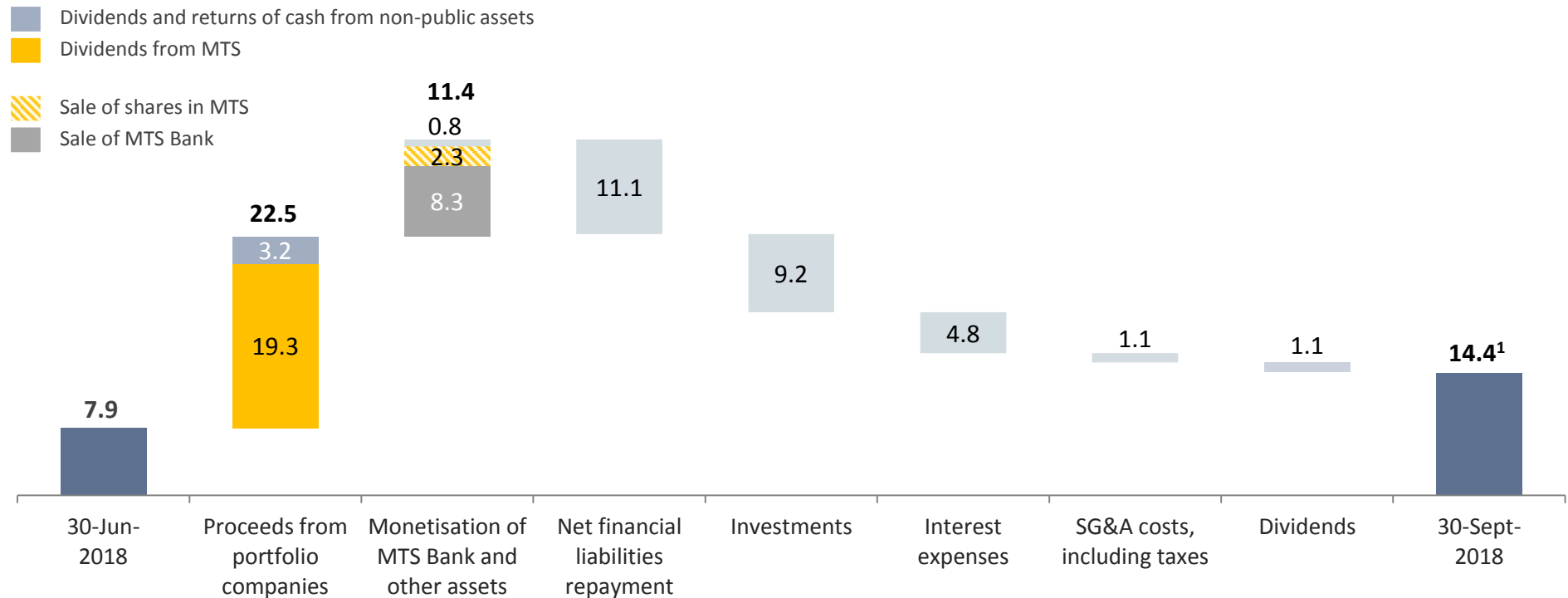


¹Dynamics of other assets includes the impact of consolidation of MTS Bank by MTS from 3Q 2018.



CASH FLOWS AT THE CORPORATE CENTRE IN 3Q 2018

Management accounts, RUB bn



- Inflows from portfolio companies in 3Q 2018 comprise dividends from MTS totalling RUB 19.3 bn. Dividends and cash returns from non-public portfolio companies totalled RUB 3.2 bn, including dividends from BPGC of RUB 1.2 bn. Other income includes RUB 2.3 bn from sales of shares in MTS as part of the MTS buyback programme
- Major investments in 3Q 2018 include investments in high-tech start-ups globally and investment properties in Europe through the funds platform
- Interest expenses consist of interest payments on amortised bank loans and coupon payments on local-currency bonds

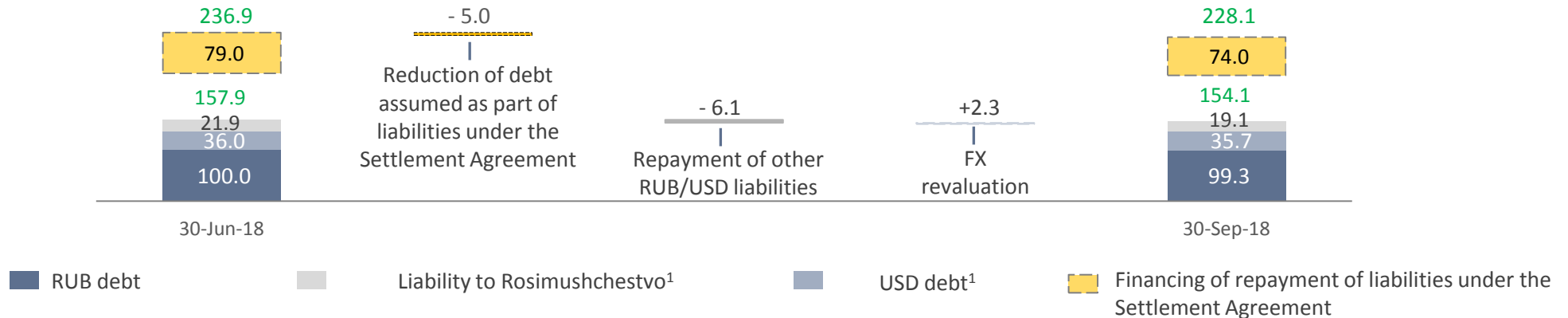
¹Numbers may not add up precisely due to rounding



CORPORATE CENTRE'S FINANCIAL LIABILITIES

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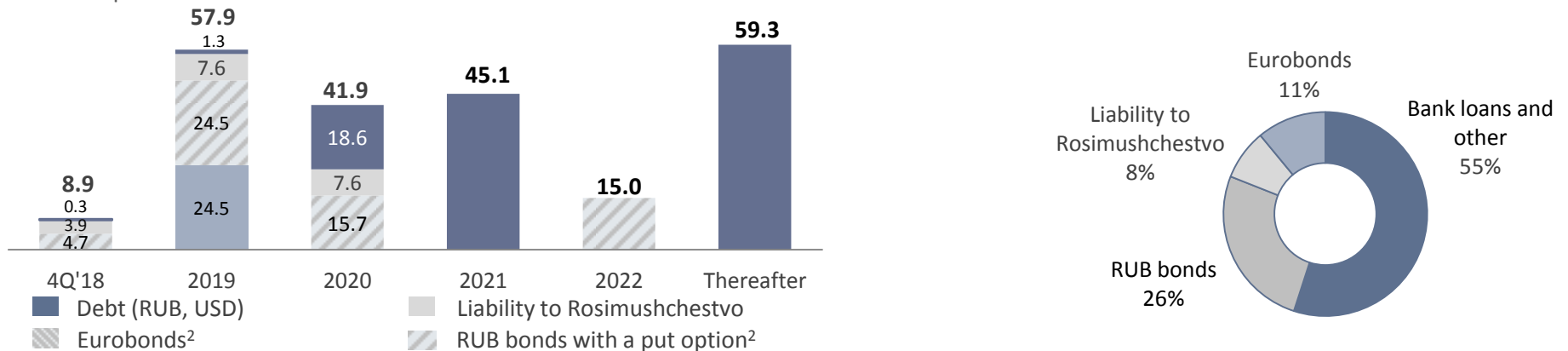
Management accounts, RUB bn



MATURITY PROFILE OPTIMISATION

Management accounts, RUB bn

As of 30 September 2018



¹FX debt and the USD-denominated liability to Rosimushchestvo for shares of SSTL are presented at the RUB/USD exchange rate as of 30 September 2018. FX debt includes financial leases

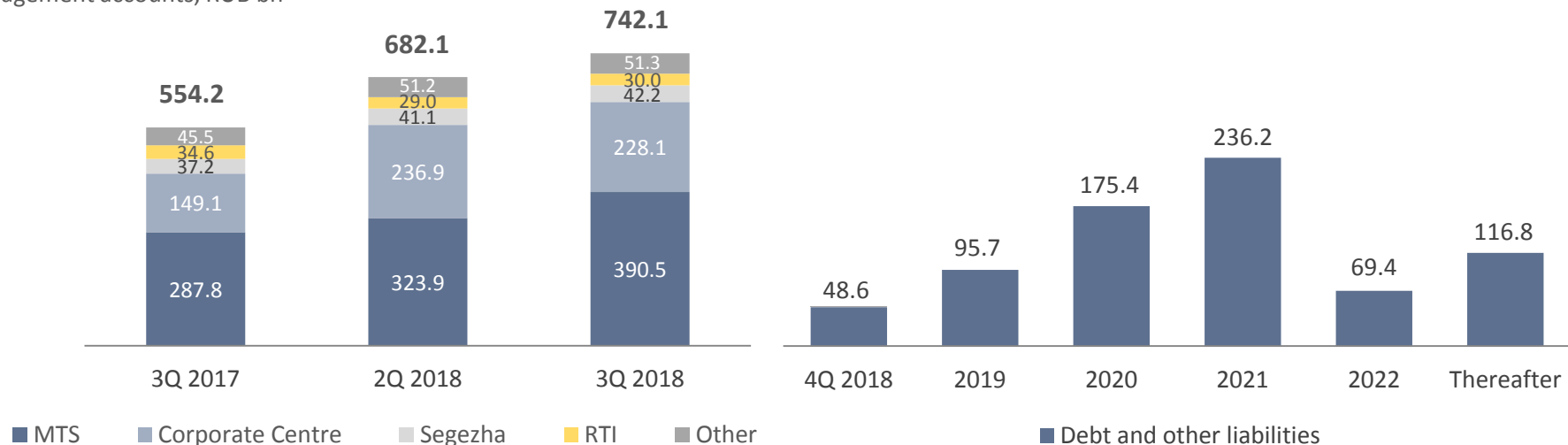
²Eurobonds with maturity in May 2019. As of 30 September 2018 Sistema had hedged Eurobond liabilities totaling 250 USD mn. RUB bonds 001P-01 contain put options expiring October 2018; 001P-07 and 001P-08 expiring February and September 2019, respectively; 001P-04 and 001P-05 expiring 2020; 001P-06 expiring 2022



CONSOLIDATED FINANCIAL LIABILITIES

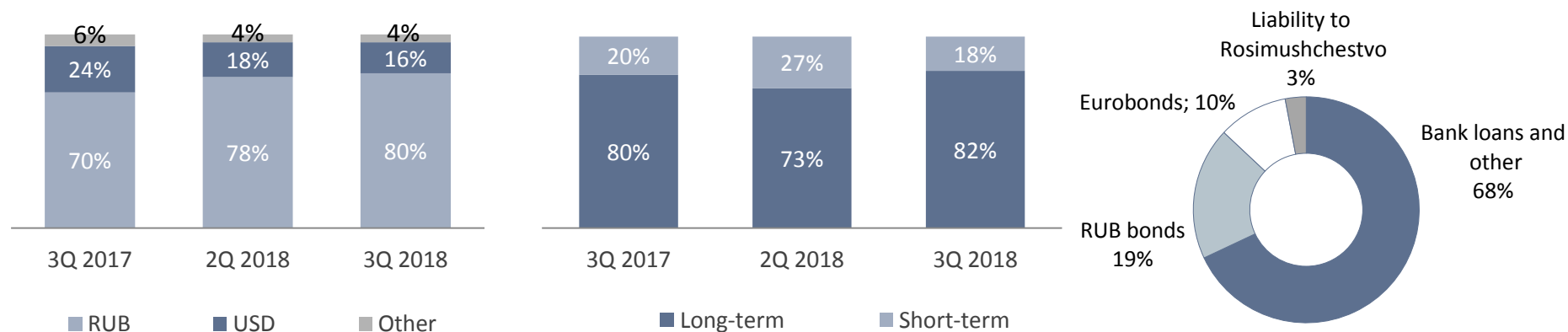
CONSOLIDATED FINANCIAL LIABILITIES¹: COMPOSITION BY BORROWER AND MATURITY PROFILE

Management accounts, RUB bn



STRUCTURE ANALYSIS

Management accounts, RUB bn

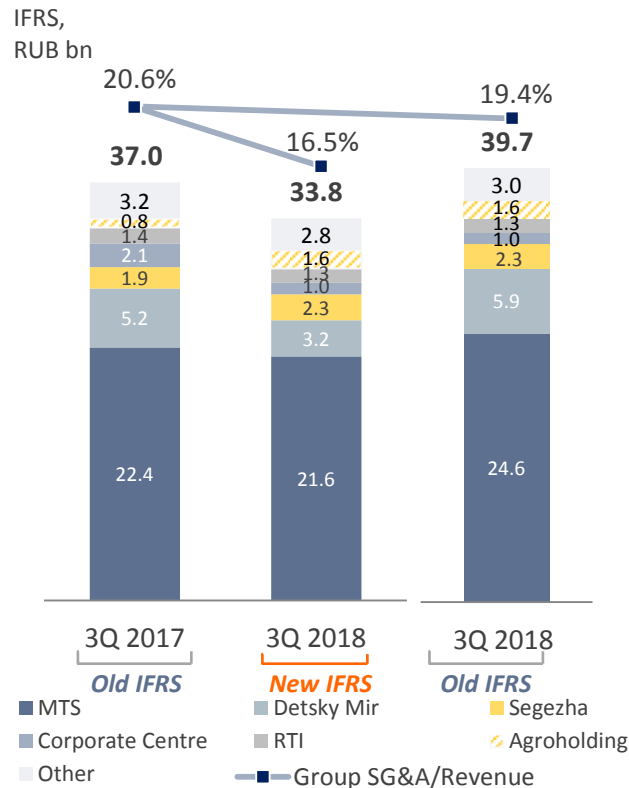


¹Including financial liabilities at the Corporate Centre, financial leases and total borrowings at portfolio companies in accordance with IFRS. Data as of 30 September 2018



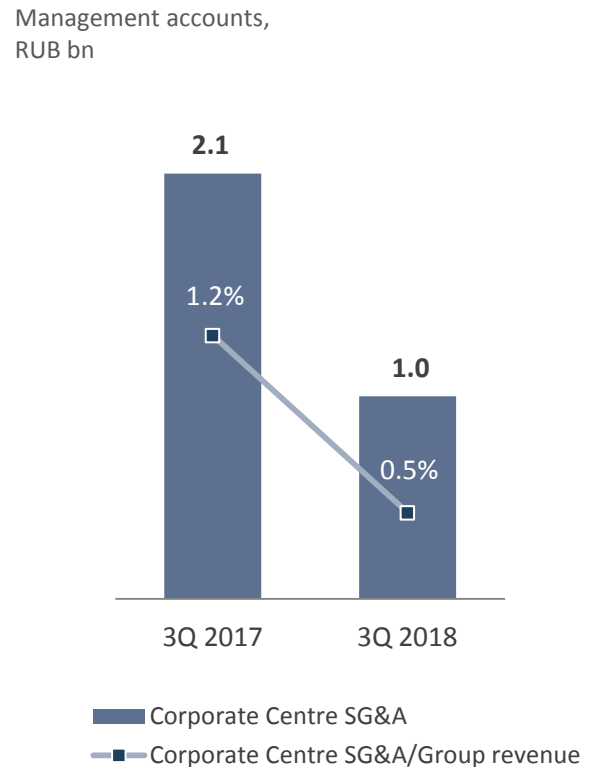
SG&A EXPENSES AND CAPEX

GROUP SG&A EXPENSES



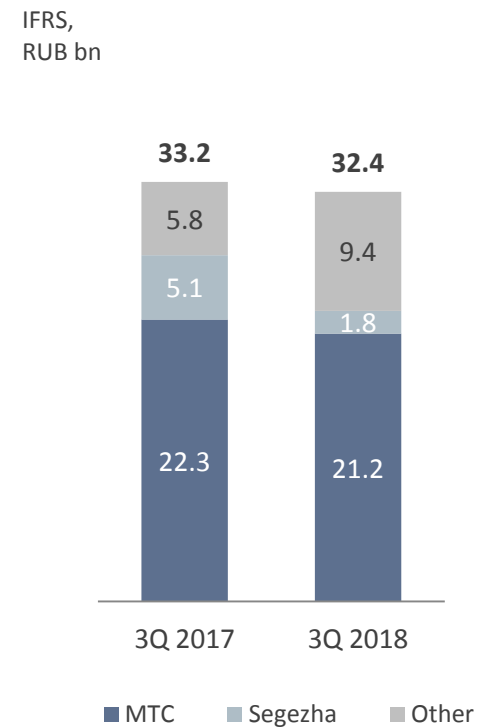
- The SG&A/revenue ratio decreased YoY from 20.6% to 16.5% due to the impact of new IFRS standards. On a like-for-like basis, the SG&A/revenue ratio reduced by 1.2 p.p. to 19.4%, driven by cost control
- Including the impact of new IFRS standards, SG&A/revenue ratios decreased as follows:
 - Detsky Mir: by 10.0 p.p. to 11.3%
 - MTS: by 3.5 p.p. to 16.0%
 - Steppe: by 3.1 p.p. to 19.9%
 - Segezha: by 1.4 p.p. to 14.6%

CORPORATE CENTRE SG&A EXPENSES



- SG&A decreased by 52.0% YoY. In 3Q 2017 SG&A included accruals for the management LTI programme for 2017 and 2016
- The SG&A/revenue at the Corporate Centre decreased from 1.2% in 3Q 2017 to 0.5% in 3Q 2018

GROUP CAPEX



- Group capex decreased by 2.5% YoY primarily due to a reduction in capex at MTS (-5.0%) and Segezha (-64.6%)

¹3Q figures include results for MTS Bank

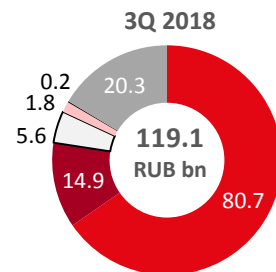
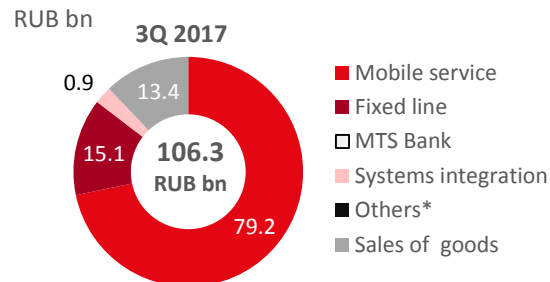


KEY PORTFOLIO ASSETS

MTS: ROBUST FINANCIAL RESULTS AND RAISED REVENUE GUIDANCE

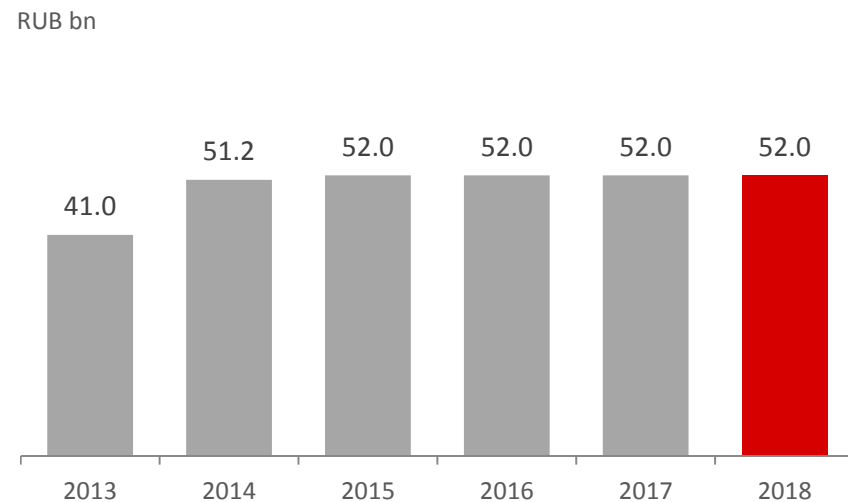


REVENUE STRUCTURE IN RUSSIA



*Including revenue from event e-ticketing operators and e-sports

DIVIDENDS PAID IN CALENDAR YEAR



¹Here and hereafter profit is presented in Sistema's share

²Here and hereafter net debt includes finance leasing

³USD 12 mn based on the exchange rate as of 18.09.2018

RUB bn	New IFRS	Old IFRS	YoY	Old IFRS	YoY	New IFRS	Old IFRS	YoY	Old IFRS	YoY
Revenue	128.0	114.6	11.7%	128.5	12.1%	350.2	326.1	7.4%	351.9	7.9%
Adj. OIBDA	58.4	48.7	19.8%	51.4	5.5%	163.9	134.0	22.2%	141.6	5.7%
Adj. OIBDA margin	45.6%	42.5%	3.1 p.p.	40.0%	(2.5 p.p.)	46.8%	41.1%	5.7 p.p.	40.2%	(0.9 p.p.)
Adj. profit ¹	9.4	9.6	(2.0%)	8.8	(7.7%)	24.2	23.2	4.5%	24.6	6.2%
Net debt ²	289.3	264.4	9.4%			289.3	264.4	9.4%		
CAPEX	21.2	22.3	(5.0%)			60.9	48.7	25.1%		

Robust operational and financial results and raised guidance

> In 3Q 2018, revenue growth YoY was driven by growth of revenue in Russia from the core business, as well as sustained growth of handset sales. Excluding the impact of new IFRS standards, revenue in 3Q 2018 grew by 12.1% YoY.

> Adj. OIBDA increased in 3Q 2018 YoY as a result of higher revenue. OIBDA was constrained by increased spectrum fee payments and the abolition of charges for domestic roaming. Excluding the impact of new IFRS standards, OIBDA for the period grew by 5.5% YoY.

> MTS's results were positively impacted by the results of MTS Bank. Excluding the impact of the consolidation of MTS Bank and the impact of new IFRS standards, revenue at MTS rose by 8.7% YoY, and adj. OIBDA by 4.9% YoY.

> Guidance for revenue growth in 2018 was raised to 4-6%, while guidance for adj. OIBDA growth remains unchanged at around 2%.

Acquisitions as part of the digital strategy

> Stake in MTS Bank increased to 55.24% (26.6% of MTS Bank acquired for RUB 8.27 bn).

> Acquisition of LLC Avantage, one of Russia's largest data processing centres, for RUB 8.9 bn (including net debt).

> Acquisition of 13.7% of YouDo.com, an online labour marketplace operator, for RUB 0.8 bn³.

Focus on shareholder value

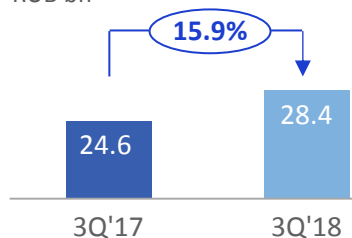
> Interim dividend for 1H 2018 totalled RUB 5.2 bn, or RUB 2.6 per share.

> In 3Q 2018 MTS continued its programme to buy back shares and ADRs totalling RUB 30 bn by July 2020. 55.85 mn shares worth RUB 14.825 bn were repurchased in July-October 2018.

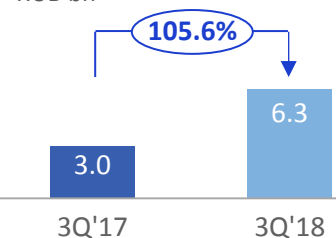
DETSKY MIR: CONTINUED GROWTH IN CORE BUSINESS AND PLANS TO EXPAND INTO NEW MARKETS



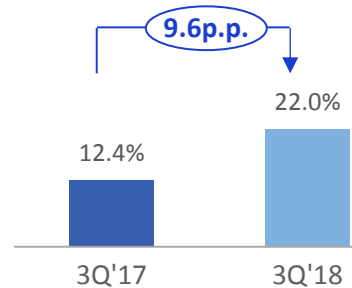
Revenue RUB bn



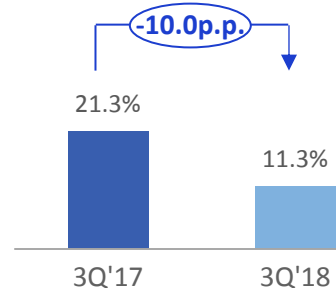
Adj. OIBDA RUB bn



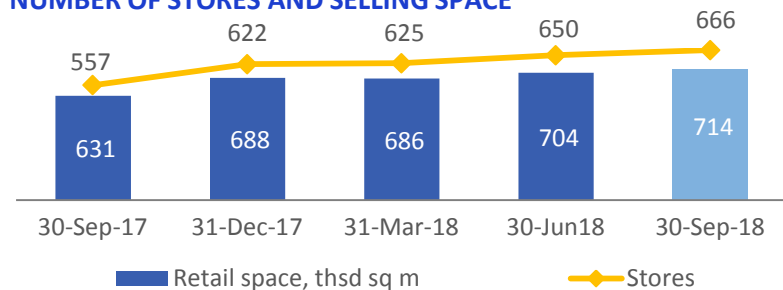
Adj. OIBDA margin



SG&A/Revenue



NUMBER OF STORES AND SELLING SPACE¹



¹In 9M 2018, Detsky Mir closed 5 stores

²Like-for-like (LfL) growth in RUB terms. LfL growth includes only DM stores in Russia that have been operational for at least 12 full calendar months

RUB bn	3Q 2018			3Q 2017		YoY		9M 2018			9M 2017		YoY	
	New IFRS	Old IFRS	Old IFRS	New IFRS	Old IFRS	New IFRS	Old IFRS	New IFRS	Old IFRS	New IFRS	Old IFRS	New IFRS	Old IFRS	
Revenue	28.4	24.6	15.9%	28.4	15.9%	76.6	66.6	14.9%	76.6	14.9%				
Adj. OIBDA	6.3	3.0	105.6%	3.6	18.5%	14.7	6.4	131.3%	8.0	26.0%				
Adj. OIBDA margin	22.0%	12.4%	9.6 p.p.	12.7%	0.3 p.p.	19.3%	9.6%	9.7 p.p.	10.5%	0.9 p.p.				
Adj. profit	0.7	1.0	(29.6%)	1.2	17.5%	1.4	1.5	(9.8%)	2.3	51.6%				
SGA/Revenue	11.3%	21.3%	(10.0 p.p.)	20.6%	(0.7 p.p.)	13.4%	23.5%	(10.1 p.p.)	22.2%	(1.3 p.p.)				
Net debt	16.1	13.8	17.1%	16.1	13.8	17.1%								
Like-for-like growth	3.7%	6.1%	(2.4 p.p.)	4.9%	7.2%	(2.3 p.p.)								
Traffic growth	5.2%	10.5%	(5.3 p.p.)	7.5%	11.4%	(3.9 p.p.)								
Average ticket growth	(1.5%)	(4.0%)	n/a	(2.4%)	(3.8%)	n/a								
Capex	0.6	0.7	(15.4%)	1.3	1.2	3.2%								

Revenue and OIBDA margin growth

- > Revenue growth YoY in 3Q 2018 was due to the high pace of LfL sales growth, the ramp-up of stores opened in 2017, and strong results from the e-commerce segment (revenue from the online store more than doubled to RUB 2.1 bn).
- > Adj. OIBDA increased by 105.6% in 3Q 2018 YoY due to the impact of IFRS 16 (“Leases”); excluding this factor adjusted OIBDA grew by 18.5%.
- > Adj. OIBDA and the adj. OIBDA margin increased in 3Q 2018 primarily due to lower leasing and marketing costs as a proportion of revenue.
- > The decrease in adj. net profit was due to the impact of IFRS 16 (“Leases”). On a like-for-like basis, adj. net profit rose by 17.5% due to increased operational leverage and optimisation of debt financing.

New projects and expansion plans

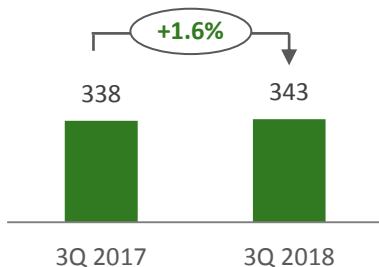
- > Entering the Belarusian market in 2019. Long-term plans envisage capturing at least 20% of the Belarusian children’s goods market, which is valued at RUB 40 bn.
- > Continued expansion in Kazakhstan, aiming to increase store numbers from 25 to 70 in the long term.
- > Entering a new market in Russia – the pet products market, which is worth more than RUB 200 bn. The first stores under the Zoozavr brand will open by the end of 2018.
- > Opening of a second distribution centre in the Moscow region in 4Q 2018. The facility has a total area of 62,000 sq m. Total investment is expected to be less than RUB 2.5 bn.

SEGEZHA GROUP: RECORD OIBDA MARGIN AMID INCREASES IN OUTPUT AND PRICES

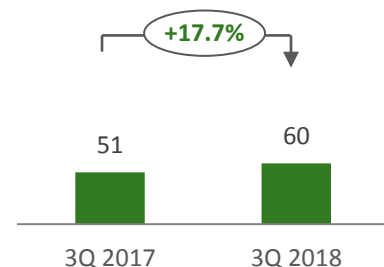


SALES

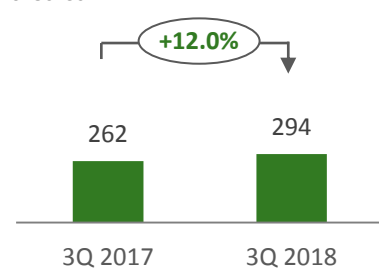
PAPER SACKS mn



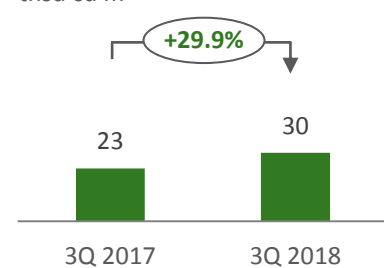
SACK PAPER¹ thsd tonnes



SAWN TIMBER thsd cu m

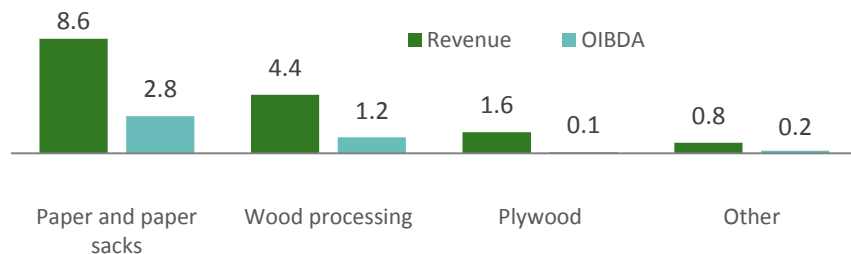


PLYWOOD thsd cu m



Revenue and OIBDA by business segment in 3Q 2018

RUB bn



RUB bn	New IFRS			Old IFRS		New IFRS			Old IFRS	
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY
Revenue	15.4	12.1	27.6%	15.4	27.6%	39.4	32.4	21.7%	39.4	21.7%
Adj. OIBDA	4.3	2.2	92.8%	4.0	80.8%	9.1	5.0	80.5%	8.4	67.5%
Adj. OIBDA margin	27.8%	18.4%	9.4 p.p.	26.1%	7.7 p.p.	23.0%	15.5%	7.5 p.p.	21.4%	5.9 p.p.
Adj. profit/(loss)	0.5	0.5	0.9%	0.6	12.4%	(0.8)	(0.2)	n/a	(0.6)	n/a
Net debt	38.9	31.3	24.0%			38.8	31.3	23.7%		
CAPEX	1.8	5.1	(64.6%)			4.8	9.1	(47.3%)		
FX-denominated revenue	73.7%	69.0%	4.7 p.p.			71.1%	67.6%	3.5 p.p.		
Own consumption	62.7%	62.1%	0.6 p.p.			57.2%	62.1%	(4.9 p.p.)		
Total forestry, thsd m ³	1,103	904	22.0%			3,260	2,897	12.5%		

Leased forest fund ²	Export destinations	Sack paper capacity	Paper sacks capacity	Plywood capacity
7.5 mn ha	88 countries	360 thsd tons	1.5 bn	192 thsd cu m

- > In 3Q 2018, revenue increased YoY due to higher sales volumes and prices for paper, sawn timber and paper sacks. The 10.0% weakening of the RUB against the EUR in 3Q 2018 YoY also affected revenue growth (61% of FX revenue is denominated in EUR).
- > Adj. OIBDA almost doubled and adj. OIBDA margin increased in 3Q 2018 following revenue growth, and also due to higher sales prices for a number of the Group's key products.
- > Adj. net profit remained unchanged in 3Q 2018 YoY due to the impact of new IFRS standards.
- > Paper sales volumes (+17.7%) grew YoY due to the commissioning of paper-making machine #11 at the Segezha Pulp & Paper Mill at the end of 2017.
- > Sales of paper sacks (+1.6%) increased in 3Q 2018 due to the long construction season in 2018 and sustained demand.
- > Sales of plywood (+29.9%) grew in 3Q 2018 due to the launch of the second production line at the Vyatsky Plywood Mill.
- > Sawn timber sales (+12.0%) grew due to productivity increases and improved efficiency in the logistics system.
- > In October 2018 a new production line with capacity of 25 million paper sacks per year was launched at the facility in Salsk in the Rostov region. The facility will be used to make single-layer paper bags with twisted handles for food retailers and clothing stores.

¹Including sales of craft paper and artificial parchment

²Metrics in the tables hereinafter are presented as of 30 September 2018

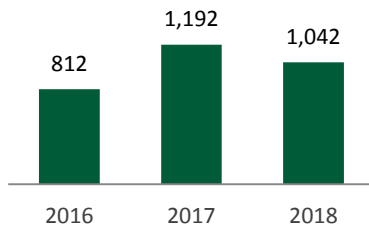
AGROHOLDING STEPPE: SIGNIFICANT REVENUE INCREASE AND AGGRESSIVE GROWTH OF AGROTRADING



Field crop production

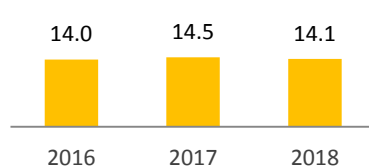
- Land bank of 380,000 hectares:
 - Steppe: 274,000 hectares
 - RZ Agro¹: 106,000 hectares
- Advanced technologies and high business standards

GROSS HARVEST thsd tonnes



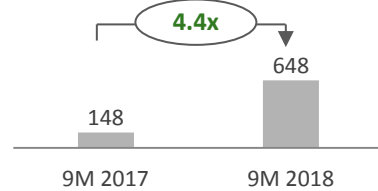
Apple orchards

APPLE HARVEST thsd tonnes



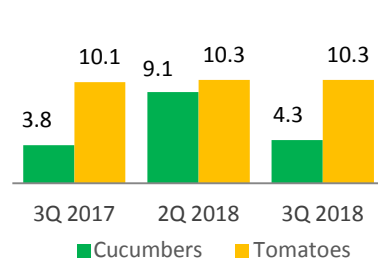
Agrotrading

CROP EXPORTS thsd tonnes



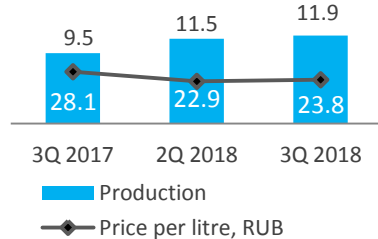
Vegetable production

VEGETABLE HARVEST thsd tonnes



Dairy farming

MILK PRODUCTION thsd tonnes



RUB bn	New IFRS			Old IFRS		New IFRS			Old IFRS	
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY
Revenue	8.2	3.7	124.9%	8.2	124.9%	14.6	6.8	113.2%	14.6	113.2%
OIBDA	1.9	1.7	12.9%	1.8	2.8%	4.7	3.9	21.6%	4.5	16.8%
OIBDA margin	23.5%	46.9%	(23.4 p.p.)	21.4%	(25.5 p.p.)	32.5%	57.0%	(24.5 p.p.)	31.2%	(25.8 p.p.)
Profit	0.7	0.8	(5.2%)	0.6	(18.7%)	2.1	1.8	17.8%	2.2	19.7%
Net debt ²	15.8	12.7	24.6%			15.8	12.7	24.6%		
CAPEX	0.4	0.5	(25.8%)			1.0	1.5	(30.3%)		

Total land bank	Dairy herd (# of cows)	Apple orchards (area)	Greenhouses (area)
380 thsd ha	≈4,680	780 ha	144 ha

- Agroholding Steppe recorded significant growth in its financial results in 3Q 2018, with revenue increasing by 124.9% YoY and OIBDA growing by 12.9% YoY.
- The increases were driven by aggressive growth of the Agrotrading division, a recovery in global wheat prices and production increases in the Dairy and Vegetable divisions.
- Crop exports through the Agrotrading division reached 648 thsd tonnes in 9M 2018, an increase of more than 4x YoY. This placed Steppe among the 10 biggest Russian exporters of grain since the beginning of the 2018/2019 season.
- The average export price for Agroholding Steppe's wheat increased by 15% in 3Q 2018 YoY due to high quality of the produced wheat, offsetting the slight decrease in the gross harvest due to the delayed start of the sugar beet harvest and the drought experienced by some grain-producing regions of Russia in 2018.
- The Dairy division saw solid operational growth: in 3Q 2018 productivity per cow increased by 9.0% YoY, while the dairy herd increased by 14.6% YoY.
- The Vegetable division grew in 3Q 2018: the gross vegetable crop totalled 14.6 thsd tonnes, an increase of 5% YoY.

¹RZ Agro's results are consolidated into Agroholding Steppe's IFRS reporting as a joint venture. RZ Agro had revenue, OIBDA and profit of RUB 1.4 bn, RUB 0.6 bn and RUB 0.4 bn, respectively

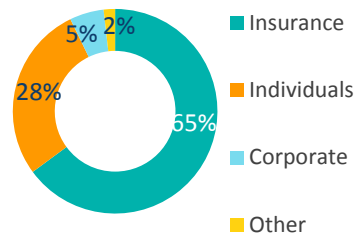
²Net debt includes finance leasing

MEDSI: RECORD GROWTH ON REVENUE AND ADJ. OIBDA LINES

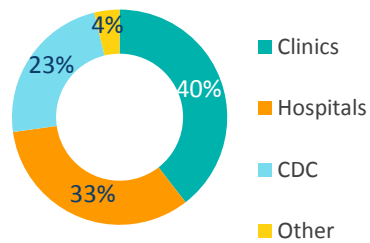


REVENUE IN 3Q 2018

By clients

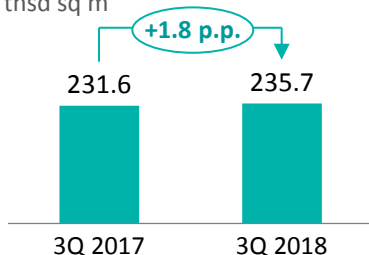


By assets



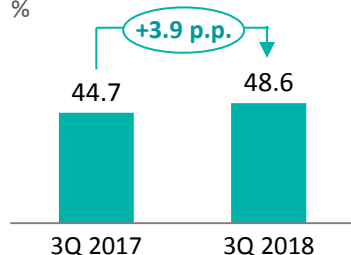
FLOOR SPACE

thsd sq m



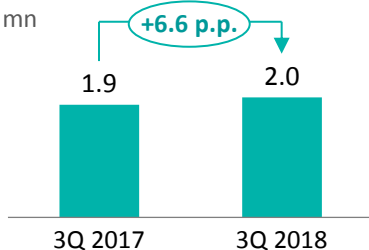
UTILISATION

%



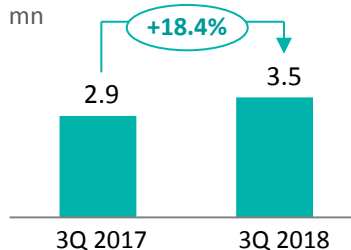
PATIENT VISITS

mn



SERVICES PROVIDED

mn



RUB bn	New IFRS			Old IFRS			New IFRS			Old IFRS		
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY		
Revenue	4.6	2.9	56.9%	4.6	57.3%	12.2	8.2	48.6%	12.2	48.6%		
Adj. OIBDA	0.8	0.5	72.3%	0.7	48.8%	1.9	1.6	16.3%	1.5	(4.7%)		
Adj. OIBDA margin	18.4%	16.7%	1.7 p.p.	15.8% (0.9 p.p.)		15.4%	19.6%	(4.2 p.p.)	12.6%	(7.0 p.p.)		
Adj. profit	0.2	0.2	36.6%	0.3	66.9%	0.1	0.5	(87.3%)	0.2	(64.8%)		
Net debt/(cash position)	1.7	(0.3)	n/a			1.7	(0.3)	n/a				
Capex	0.6	0.5	12.1%			1.8	1.5	22.1%				
Patient visits, thsd	2.0	1.9	6.8%			6.1	5.7	7.3%				
Services provided, thsd	3.5	2.9	18.4%			10.4	9.0	15.6%				
Average check, RUB	2.3	1.6	46.9%			2.0	1.4	38.5%				

Number of facilities¹

42

Out-patient visits²

8,425 thsd

Capacity²

17,533 thsd

Number of doctors

2.5 thsd

> Robust revenue growth of 56.9% YoY in 3Q 2018 was driven by growth of revenue in the mandatory health insurance (MHI) segment, leading to an increase in capacity utilisation from 41% in 3Q 2017 to 72% in 3Q 2018. Revenue growth was also impacted by the ramp-up of clinics opened in Moscow in 2017 and 2018 (3rd Khoroshevsky Passage, Leninsky Avenue and Leninskaya Village), as well as the regional clinics in St Petersburg and Perm acquired in 3Q 2017.

> Growth of adj. OIBDA and the adj. OIBDA margin in 3Q 2018 YoY was driven by significant revenue growth. The introduction of new IFRS standards had a positive effect of RUB 114 mn.

> Adj. net profit (+36.6% YoY) was driven by revenue growth, but came under pressure from increased depreciation due to new clinic openings and growth in interest expenses. The introduction of new IFRS standards had a negative effect of RUB (46) mn.

> In 3Q 2018 revenue from the CDC at Belaruskaya increased by 8.9% YoY (to RUB 553 mn) with no significant change in its OIBDA margin, at 44.2%. Revenue at the Krasnaya Presnya CDC grew by 124% (to RUB 418 mn), primarily driven by an 8.2 p.p. increase in capacity utilisation to 31%. The OIBDA margin increased by 5 p.p. to 30.2%.

> Construction of the multidisciplinary Michurinsky Medical Centre is ongoing. The 28 thsd sq m facility will include a CDC for adults and children, an in-patient centre for intra-day procedures, a 24-hour in-patient centre with a high-tech surgical unit, and a maternity unit. The launch is expected in 2021.

¹Metrics in the tables are presented as of 30 September 2018

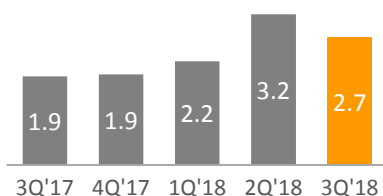
²Metric presented for the 12 months ending 30 September 2018, with capacity calculated as the number of possible out-patient visits to Medsi facilities and utilisation as actual patient visits during the period

REAL-ESTATE ASSETS: ROBUST REVENUE GROWTH



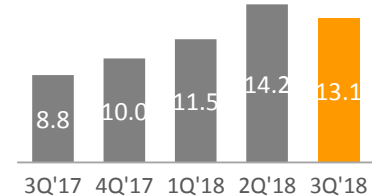
CASH COLLECTIONS FROM REAL-ESTATE SALES

RUB bn

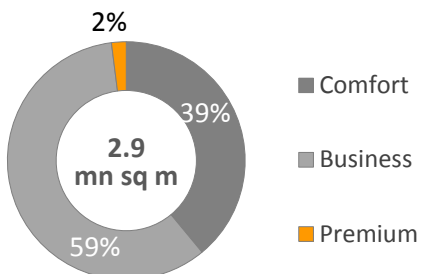


SALES

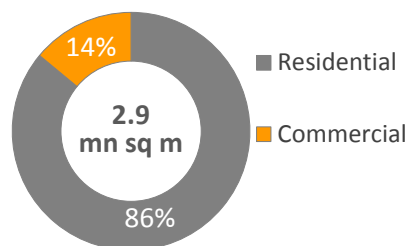
thsd sq m



PORTFOLIO BY CLASS¹



PORTFOLIO BY SEGMENT¹



Leader Invest	New IFRS	Old IFRS	YoY	Old IFRS	YoY	New IFRS	Old IFRS	YoY	Old IFRS	YoY
RUB bn	3Q 2018	3Q 2017		3Q 2018		9M 2018	9M 2017		9M 2018	
Revenue	2.5	0.6	281.6%	1.3	107.2%	6.3	3.8	66.6%	2.5	(32.8%)
OIBDA	0.4	(0.1)	n/a	(0.1)	n/a	1.1	0.7	54.2%	(0.3)	n/a
OIBDA margin	16.1%	n/a	n/a	n/a	n/a	17.5%	18.9%	(1.4 p.p.)	n/a	n/a
Profit/(loss)	(0.0)	(0.3)	n/a	(0.2)	n/a	(0.2)	0.1	n/a	(0.8)	n/a
Net debt	1.6	1.0	54.8%			1.6	1.0	54.8%		

> In 3Q 2018 sales grew by 48.9% YoY to 13.1 thsd sq m, while cash collections from sales reached RUB 2.7 bn due to efficiency increases in the sales and marketing department.

> Leader Invest's revenue in 3Q came from sales of residential real estate, primarily in the Comfort class (4 Yan Rainis Boulevard; 18 Fabritsius Street bldg. 1; 27 Kavkazskiy Boulevard; 59 Chertanovskaya Boulevard; 10 Abramtsevskaya) and the Business class (120 Lobachevskogo, 14 Mishina), as well as leasing of commercial premises.

> Revenue in 3Q totalled RUB 2.5 billion, an increase of 281.6% YoY, driven primarily by growth of sales, as well as early recognition of revenue under the new IFRS 15 standard. Excluding the effect of the new IFRS standards, revenue increased by 107.2% to RUB 1.3 bn.

> OIBDA increased YoY in 3Q 2018, driven by sales growth and the impact of the new IFRS standards.

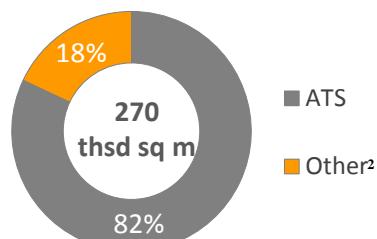
> The total net sellable area of apartments available for sale in Moscow as of the end of 3Q 2018 stood at 170 thsd sq m.

> In September 2018, the umbrella brand SCHASTYE ("Happiness") was launched for all of Leader Invest's urban infill projects, which will support more effective positioning of projects and reduce promotional costs by using a common website and a single advertising campaign.



RENTAL ASSETS

PORTFOLIO OF ASSETS UNDER OWNERSHIP



Rental assets	New IFRS	Old IFRS	YoY	Old IFRS	YoY	New IFRS	Old IFRS	YoY	Old IFRS	YoY
RUB bn	3Q 2018	3Q 2017		3Q 2018		9M 2018	9M 2017		9M 2018	
Revenue	1.3	0.8	57.9%	1.3	57.9%	3.3	3.6	(7.4%)	3.3	(7.4%)
OIBDA	0.5	0.4	24.9%	0.5	24.9%	1.3	1.1	16.3%	1.3	13.6%
OIBDA margin	33.9%	42.9%	(9.0 p.p.)	33.9%	(9.0 p.p.)	39.0%	31.0%	(8.0 p.p.)	38.1%	7.1 p.p.
Profit	0.2	0.2	(7.0%)	0.2	(7.0%)	0.6	0.3	60.8%	0.6	62.6%
Cash position	0.5	1.9	(70.9%)			0.5	1.9	(70.9%)		

> The primary factor driving revenue growth in 3Q 2018 YoY was increased cash generation from the sale of an ATs. OIBDA in 3Q 2018 grew YoY as a result of the revenue increase, while the decrease in the OIBDA margin YoY was due to a change in the structure of properties sold. Profit remained almost unchanged from 3Q 2017

¹Residential properties in central Moscow, warehouses

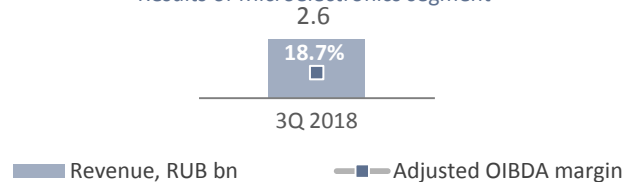


HIGH-TECH (RTI) AND POWER GRIDS (BPGC)

RTI

RUB bn	New IFRS			Old IFRS		New IFRS			Old IFRS	
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY
Revenue	7.6	9.3	(18.3%)	7.6	(18.3%)	22.2	26.2	(15.2%)	22.2	(15.2%)
Adj. OIBDA	1.0	1.4	(28.8%)	0.9	(34.2%)	3.0	2.3	29.7%	2.7	19.6%
Adj. OIBDA margin	13.4%	15.4%	(2.0 p.p.)	12.4%	(3.0 p.p.)	13.4%	8.7%	4.7 p.p.	12.3%	3.6 p.p.
Adj. profit/(loss)	(0.8)	(0.8)	n/a	(0.8)	n/a	(2.3)	(3.3)	n/a	(2.3)	n/a
Net debt	29.5	31.4	(6.0%)			29.5	31.4	(6.0%)		
Share of debt related to state procurement	0%	13%	(13 p.p.)			0%	13%	(13 p.p.)		

Results of Microelectronics segment



- > The YoY decrease in revenue in 3Q 2018 was due to work schedules being shifted across on a number of state contracts to 2019 in various business segments. In 9M 2018 this factor was partially compensated by growth in the Microelectronics segment due to an increase in R&D carried out by the Molecular Electronics Research Centre (MERI), a leading molecular electronics research centre.
- > The YoY decrease in adj. OIBDA in 3Q 2018 was due to a number of factors in the reporting period, including a decline in the margin in the Microelectronics segment, which is planned to be offset in 4Q 2018. In 9M 2018 margins increased as a result of a decrease in SG&A and an increase in the share of work activities conducted in-house in the costs structure.
- > RTI's net debt decreased by 6.0% YoY in 3Q 2018 as a result of the Defence Ministry completely ending credit financing for defence procurements. RTI also has on its accounts additional funds of RUB 11.6 bn that are earmarked for fulfilling state defence orders and are not included in the net debt calculation. In September 2018, RTI and the Russian Navy signed off on the technical documentation for creation of an automated communications system at the Yaroslavl Radio Factory.

BPGC

RUB bn	New IFRS			Old IFRS		New IFRS			Old IFRS	
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY
Revenue	4.5	4.1	9.9%	4.6	11.5%	13.8	12.6	9.5%	14.0	10.7%
OIBDA	1.2	1.3	(8.3%)	1.3	3.0%	4.2	4.2	0.7%	4.4	5.7%
OIBDA margin	26.4%	31.7%	(7.1 p.p.)	29.3%	(2.4 p.p.)	30.3%	32.9%	(2.6 p.p.)	31.5%	(1.4 p.p.)
Profit	0.4	0.6	(36.7%)	0.5	(16.2%)	1.8	2.0	(9.2%)	2.0	1.5%
CAPEX	1.0	1.2	(13.8%)			2.6	2.5	(9.2%)		
New connections	4,893	5,101	(4.1%)			13,047	13,025	0.2%		
Connected power, mVt	88.3	98.2	(10.1%)			240	235	2.0%		

Losses on distribution and transmission grids



- > Revenue increased YoY in 3Q 2018 primarily due to indexation of tariffs for electricity transmission services.
- > OIBDA decreased in 3Q 2018 YoY primarily due to higher costs for services provided by PJSC Federal Grid Company of Unified Energy System, as well as increased labour costs.
- > The OIBDA margin decreased YoY in 3Q 2018 as operating expenses increased at a faster pace than revenue, but remains significantly above the average for the sector. To support a high level of profitability, the Company is continuing to roll out measures to increase operational efficiency.
- > Net profit decreased in 3Q 2018 YoY along with OIBDA, and was also affected by a decrease in income from placement of free cash.
- > BPGC is continuing its overhaul of distribution grids in the city of Ufa and also the reconstruction of sub-stations, including replacement of transformers to increase capacity in order to support additional connections of new consumers.

¹Debt relating to government procurement (effectively zero interest rate)

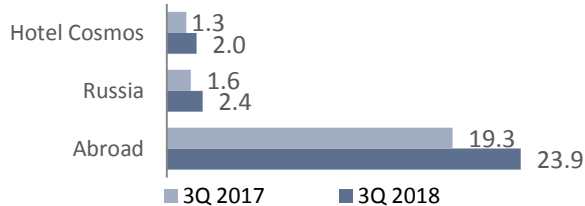


HOSPITALITY ASSETS (COSMOS GROUP) AND PHARMACEUTICALS (BINNOPHARM)

Hospitality assets

RUB bln	New IFRS			Old IFRS		New IFRS			Old IFRS	
	3Q 2018	3Q 2017	YoY	3Q 2018	YoY	9M 2018	9M 2017	YoY	9M 2018	YoY
Revenue	1.6	1.3	22.7%	1.6	22.7%	4.1	3.2	27.1%	4.1	27.1%
OIBDA	0.7	0.5	41.4%	0.6	36.4%	1.3	0.9	51.5%	1.3	47.8%
OIBDA margin	41.0%	35.5%	5.5p.p.	39.5%	4.0p.p.	31.8%	26.7%	5.1p.p.	31.1%	4.4p.p.
Profit/(Loss)	0.3	0.1	250.2%	0.3	248.4%	0.0	(0.1)	n/a	0.02	n/a
Net debt	3.9	3.5	12.4%			3.9	3.5	12.4%		
Room capacity	4,049	3,748	8.0%			4,049	3,748	8.0%		

RevPar¹, RUB thsd



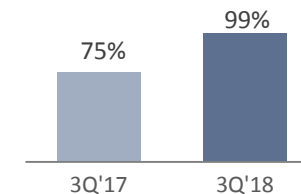
- > Revenue in 3Q 2018 increased by more than 20% compared to the same period last year, largely due to an increase in revenue from hotels located in World Cup host cities and increases in ADR and occupancy. The largest revenue increases came from Park Inn Kazan (+36% YoY), Hotel Cosmos (+28% YoY) and Park Inn Volgograd (+17% YoY).
- > The share of hotels outside Russia in 3Q 2018 revenue (in RUB terms) was 29% (-1 p.p. YoY), as revenue from Russian hotels increased at a faster pace. Overall, revenue from foreign hotels in 3Q 2018 increased YoY due to higher occupancy at the Savoy Westend Hotel in the Czech Republic, higher ADR at the Principe Forte dei Marmi hotel in Italy, and the weakening of the RUB against the EUR.
- > Average occupancy rate in 3Q 2018 increased by 9 p.p. YoY to 72%. Hotel Cosmos led the way in growth terms with an increase of 12 p.p. year-on-year to 79%.
- > In 3Q 2018 OIBDA increased on the back of the revenue increase. The 5.0% increase in ADR YoY to RUB 4,400 and the higher share of additional high-margin revenue also had an impact on the record 41.0% increase in the OIBDA margin.

¹ Revenue per available room per day

Binnopharm¹

RUB bln	New IFRS			Old IFRS		
	3Q 2018	3Q 2017	YoY	9M 2018	9M 2017	YoY
Revenue	0.4	0.4	10.5%	1.2	1.3	(12.0%)
OIBDA	0.10	(0.03)	n/a	0.27	0.15	78.5%
OIBDA margin	23.0%	n/a	n/a	23.0%	11.3%	11.7p.p.
Loss	(0.02)	(0.09)	n/a	(0.06)	(0.10)	n/a
Net debt	1.8	1.9	(8.9%)	1.8	1.9	(8.9%)

Growth of commercial segment in revenue



- > Revenue growth in 3Q 2018 was driven by an increase in sales of the company's own products.
- > Own products accounted for 99% of revenue in 3Q 2018, up from 75% a year ago, due to the cessation of sales of third-party products. This drove sales profitability higher in 3Q 2018 compared to 3Q 2017.
- > In 3Q 2018, OIBDA rose to RUB 0.1 billion due to changes in the sales structure. OIBDA was negative in 3Q 2017.
- > The company received registration certificates for 5 new products in 3Q 2018. Registration of 3 more products is planned for 4Q 2018.

¹ Results for Binnopharm are presented in accordance with IAS 18, IAS 17 and IAS 39 standards



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