



JOINT-STOCK FINANCIAL CORPORATION  
**SISTEMA**

# **Sistema PJSFC Financial Results 1 Q 2020**

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President and CEO

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Vice President and CFO

# DISCLAIMER



Certain statements in this presentation may contain assumptions or forecasts in relation to forthcoming or expected events relating to Sistema PJSC or its portfolio companies and subsidiaries. Statements of this nature may be expressed by using the words “expect”, “estimate”, “intend”, “will”, “could” as well as similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not commit to reviewing these statements in order to correlate them with actual events and circumstances that may occur after the above-mentioned date or to highlight the events that did not occur. Many factors could cause the actual results of Sistema PJSC or its portfolio companies and subsidiaries to differ materially from those contained in our projections or forward-looking statements, including, among others, macroeconomic conditions, our competitive environment, country-related risks of operating in Russia, rapid technological and market changes in our lines of business, the impact of the COVID-19 pandemic on the macroeconomic situation in the markets in the markets of operation of Sistema PJSC and its portfolio companies and on their financial performance, as well as many other risks specifically related to Sistema and its operations.



# FINANCIAL REVIEW

# STRONG PERFORMANCE OF DIVERSIFIED PORTFOLIO



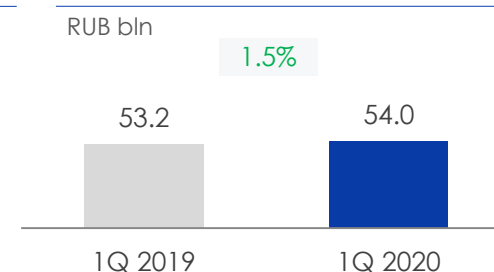
## Results of the asset portfolio

- **Revenue growth** of 6.3%<sup>1</sup> year-on-year in 1Q 2020, mainly driven by the strong results of MTS, BPGC and Medsi.
- **Adjusted OIBDA** increase of 1.5% year-on-year in 1Q 2020 on the back of improved results at BPGC, Medsi and Steppe

## Consolidated revenue



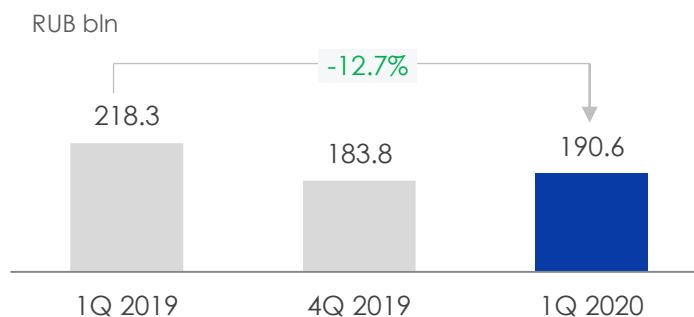
## Adjusted OIBDA<sup>2</sup>



## Key events in 1Q 2020 and after the reporting period

- The appointment of **Vladimir Chirakhov as President and CEO of Sistema PJSC** in April 2020.
- Additional **investments in Ozon: RUB 3 bln** provided for the implementation of an aggressive growth strategy.
- The launch of **Sistema SmartTech startup fund**, focused on supporting companies at an early stage of development.
- In May 2020, The **Board of Directors** of Sistema **recommended** to the Annual General Meeting of Shareholders a **dividend of RUB 1.25 bln** for FY 2019.

## Net financial liabilities at Corporate Centre<sup>3,4</sup>



<sup>1</sup> Hereinafter results for 1Q 2019 are presented to reflect the reclassification of assets of Detskiy Mir, Leader Invest, MTS's business in Ukraine and RTI's microelectronics business as part of discontinued operations.

<sup>2</sup> Hereinafter please see Appendix A of the briefing book for 1Q 2020 financial results.

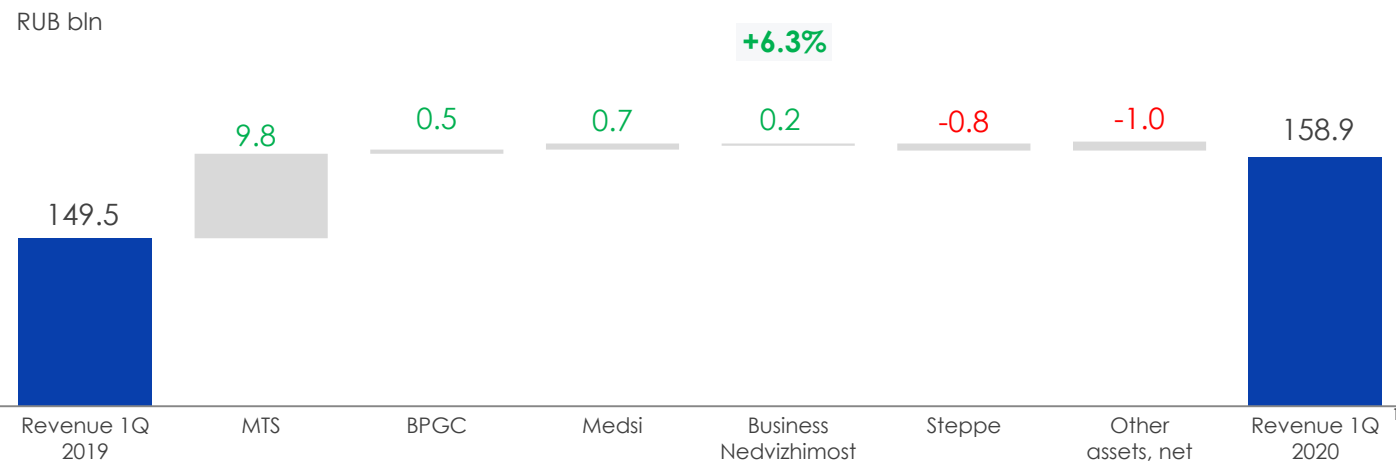
<sup>3</sup> Source: Management accounts

<sup>4</sup> Including total borrowings, liability to Rosimushchestvo, finance lease net of cash and cash equivalents at the Corporate Centre level

# FINANCIAL REVIEW: 1Q 2020



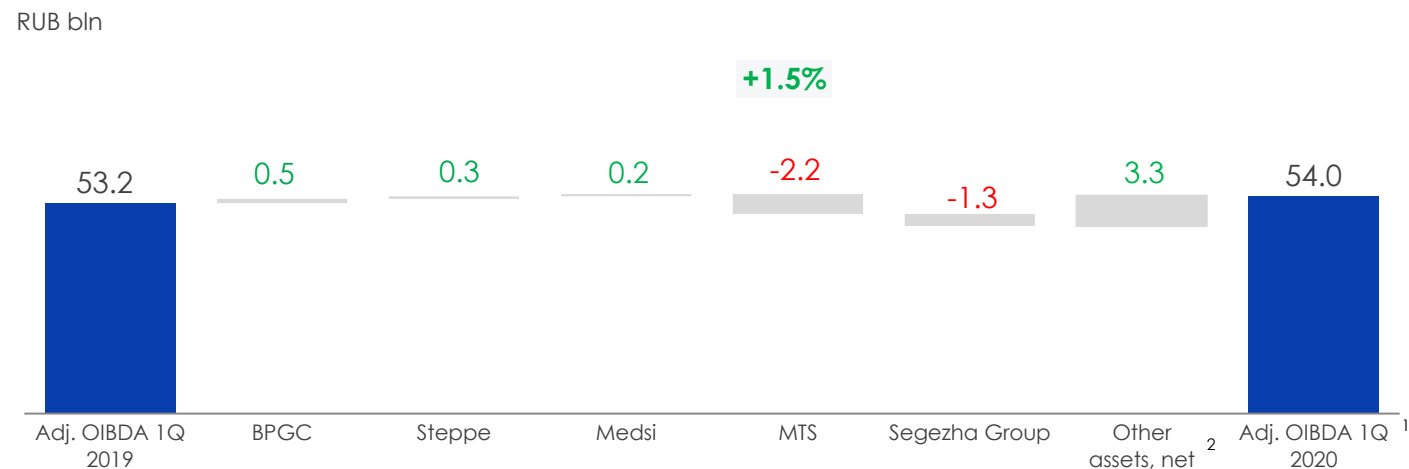
## Revenue: 1Q 2020



**MTS:** revenue growth on the back of strong dynamics of mobile service revenue, increase in smartphone sales and the contribution of MTS Bank; decrease in OIBDA under the influence of the high base effect in 1Q 2019 when OIBDA was impacted by the income from the sale of a stake in Ozon and real estate assets.

**Segezha Group:** decrease in revenue mainly due to the negative pricing environment for sack paper, decline in OIBDA as a result of the revenue dynamics as well as the change in sales mix towards lower margin products

## Adjusted OIBDA: 1Q 2020



**Medsi:** considerable growth in revenue through VHI, MHI and individual patients channels; OIBDA growth on the back of revenue growth.

**Business Nedvizhimost:** increase in revenue and OIBDA of rental assets due to the increased pool of rental properties.

**BPGC:** revenue growth as a result of an increase in the electricity transmission tariffs, growth in utility connection services and increases in rental payments; OIBDA growth due to revenue increase, while costs remained at the same level as 1Q 2019.

<sup>1</sup> Numbers may not add up due to rounding.

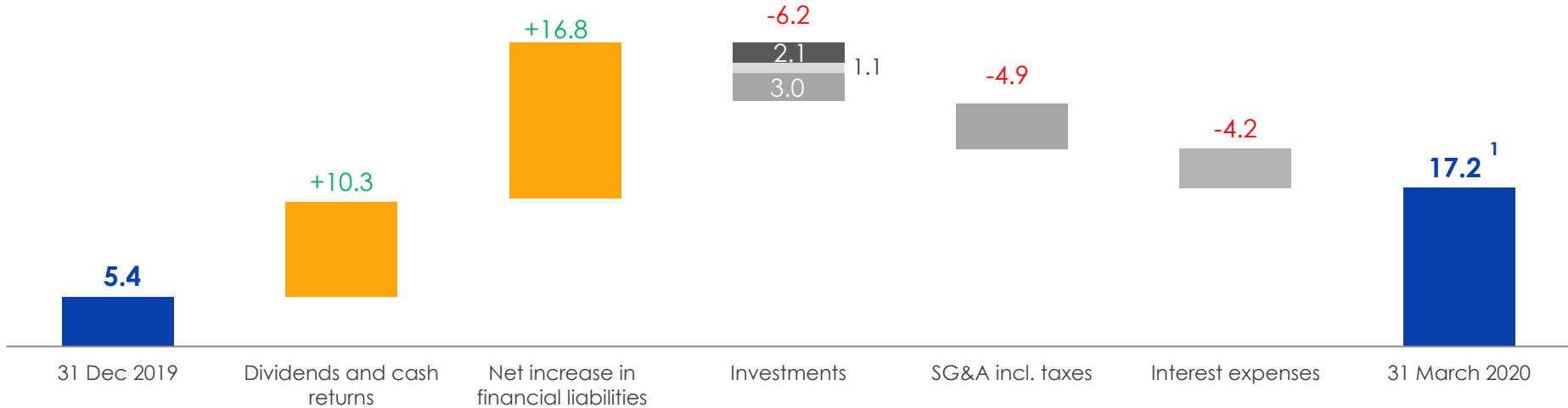
<sup>2</sup> The results of other assets for 1Q 2019 reflect the result of the reversal of MTS's profit from the sale of Ozon's stake in PJSC Sistema. The dynamics of the Group's adj. OIBDA in 1Q 2020 was also affected by the reflection of Sistema's share in the increment of Ozon's net loss in the amount of RUB 1.3 bln (a loss of RUB 2.4 bln in 1Q 2020, a loss of RUB 1.1 bln in 1Q 2019).

# CASH FLOWS AT THE CORPORATE CENTRE



RUB bln

- Investment in OZON
- Investment through the platform of funds
- Other investments



Main cash inflows from assets in 1Q 2020 were due to MTS's special dividend resulting from the sale of its business in Ukraine (+ RUB 10.3 bln).

The change in financial liabilities was due to drawing rouble-denominated bank loans to form a strong cash position.

The total volume of investments in 1Q 2020 was RUB 6.2 bln, including RUB 3.0 bln of investments in Ozon and RUB 1.1 bln of investments in promising projects and startups through the platform of funds.

Interest expenses were due to interest payments on loans and coupon payments on local rouble bonds.

<sup>1</sup> Management accounts. Numbers may not add up due to rounding.

# CORPORATE CENTRE'S FINANCIAL LIABILITIES



## Corporate Centre's financial liabilities<sup>1</sup>

RUB bln



Active participation in the domestic capital market allowed Sistema to **extend the maturity** profile of its debt portfolio and establish a **comfortable repayment schedule**.

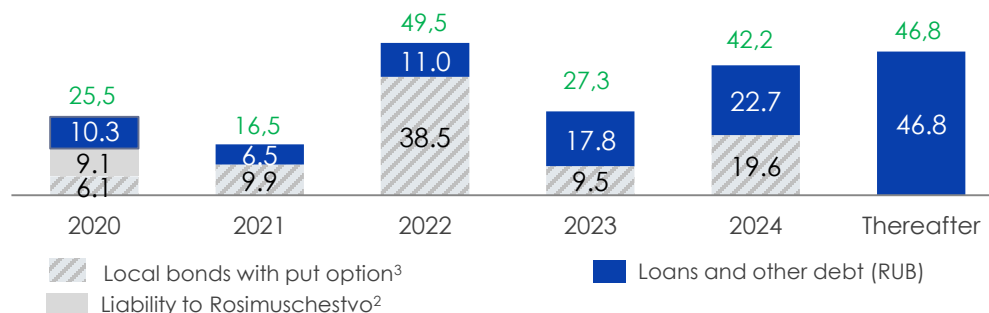
In Q1 2020, the Corporation's financial liabilities increased to **RUB 207.8 bln** due to the attraction of rouble-denominated loans and revaluation of dollar-denominated liabilities to Rosimuschestvo.

As of March 31, 2020, the share of rouble-denominated financing exceeds **95% of the financial liabilities** of the Corporate Centre.

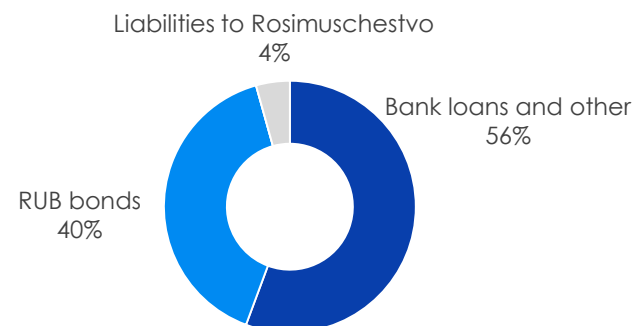
## Comfortable repayment schedule

RUB bln

As of 31 March 2020



## Structure Analysis<sup>1</sup>



<sup>1</sup> Here and hereinafter the Corporate Centre's financial liabilities are presented based on management accounts.

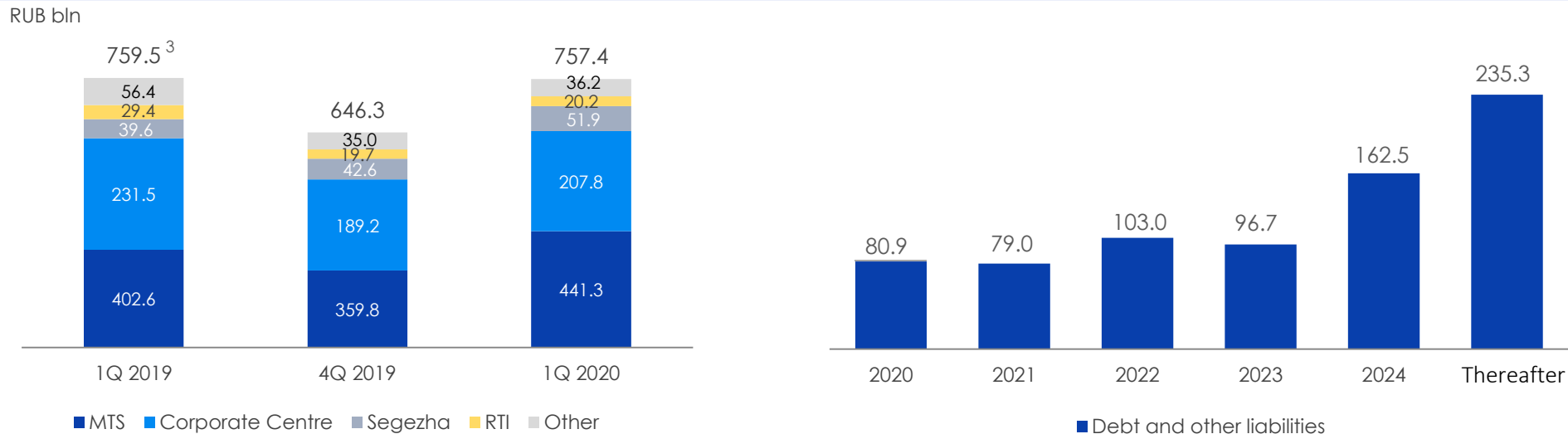
<sup>2</sup> As of the end of 1Q 2020, USD-denominated liability to Rosimuschestvo for shares of SSTL are presented at the RUB/USD exchange rate as of 31 March 2020.

<sup>3</sup> RUB bonds 001P-04 with a put option in 2020; 001P-07 with a put option in 2021, 001P-01, 001P-06, 001P-09, 001P-10 with a put option in 2022; 001P-11 with a put option in 2023; 001P-05, 001P-08 and 001P-12 with a put option in 2024.

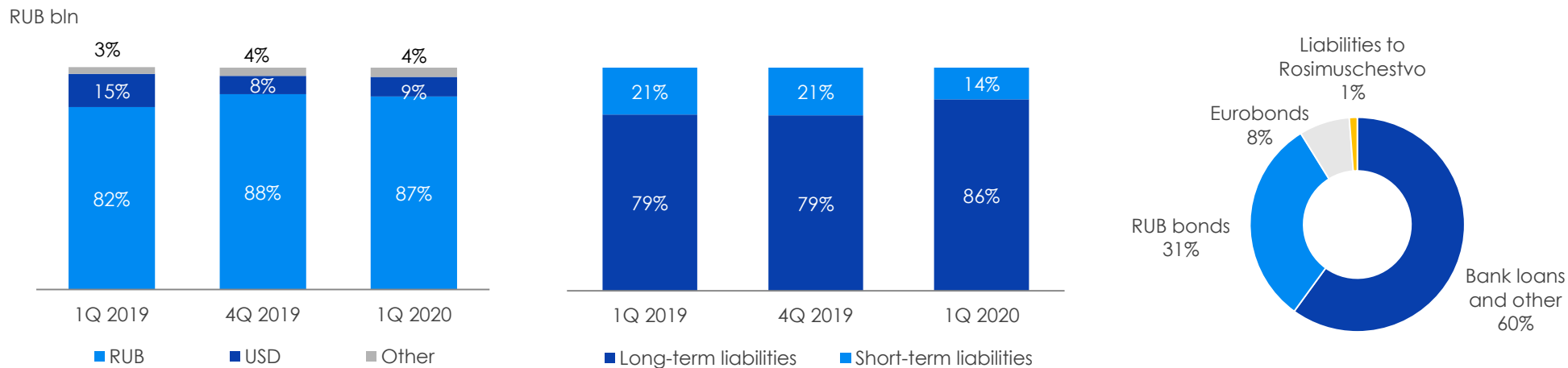
# CONSOLIDATED FINANCIAL LIABILITIES



## Consolidated financial liabilities<sup>1,2</sup>: composition by borrower and maturity profile



## Structure analysis<sup>1,2</sup>



<sup>1</sup> Including financial liabilities at the Corporate Centre, financial leases and total borrowings of portfolio companies.

<sup>2</sup> Management accounts data is presented as of 31 March 2020.

<sup>3</sup> Includes debt of Detsky Mir in the amount of RUB 24.4 bln and debt of microelectronics assets transferred to Element LLC in the amount of RUB 8.0 bln.

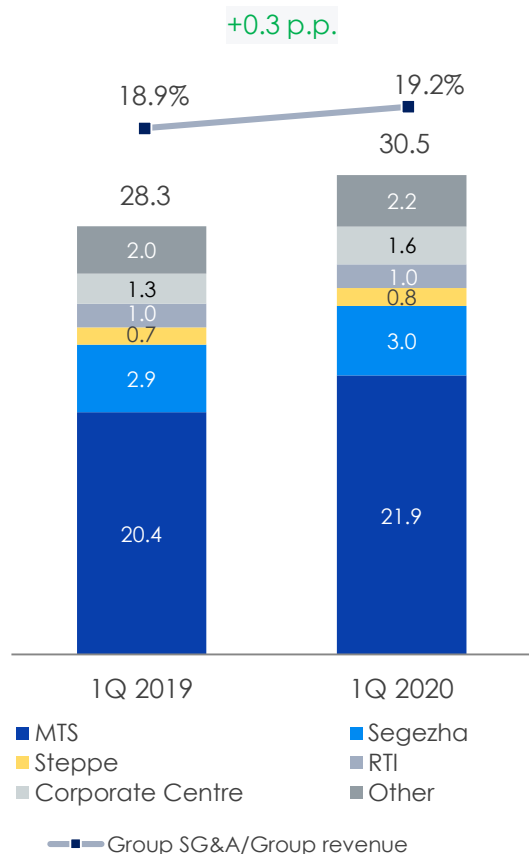


# SG&A EXPENSES



## Group SG&A expenses<sup>1</sup>

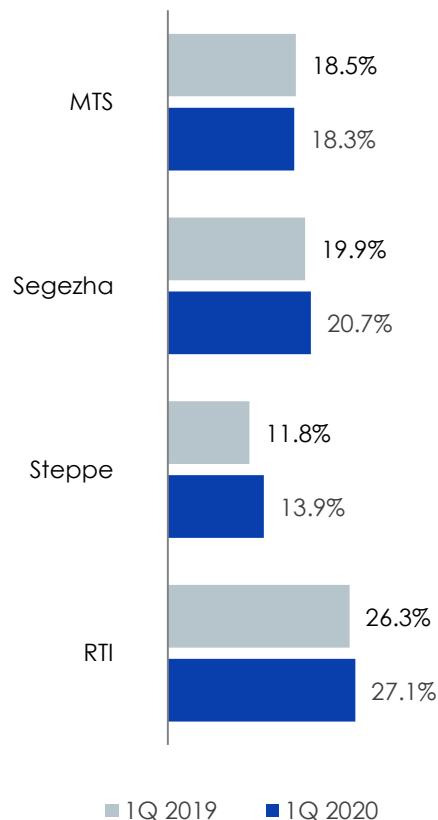
IFRS, RUB bln



Group SG&A grew by **7.7%** in 1Q 2020. The SG&A/revenue ratio slightly increased year-on-year to **19.2%**.

## SG&A expenses: portfolio companies<sup>1</sup>

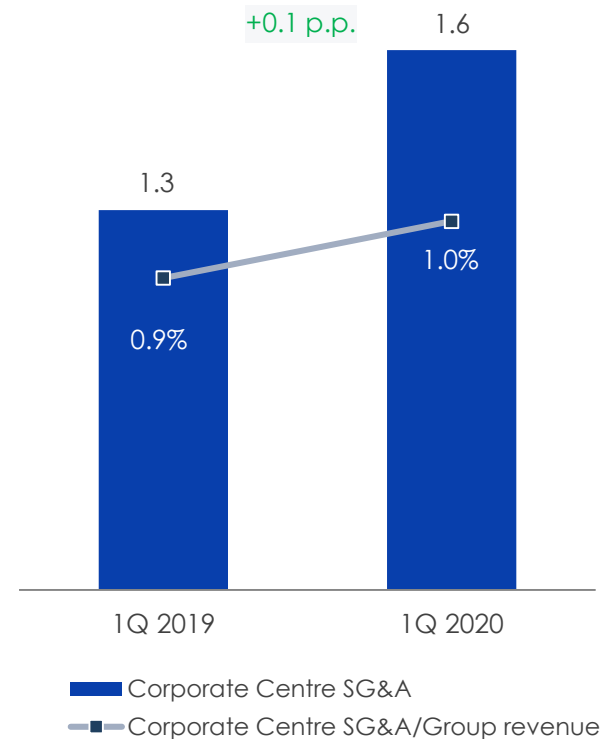
SG&A/Revenue, %



The SG&A/revenue ratio of key assets remained **almost unchanged** in 1Q 2020 year-on-year. Steppe's SG&A/revenue ratio increased due to lower revenue in the Agrot trading segment.

## SG&A expenses: Corporate Centre<sup>1</sup>

RUB bln



The Corporate Centre SG&A/Group revenue ratio remained almost unchanged in 1Q 2020 year-on-year, amounting to **1.0%**.

<sup>1</sup> Management accounts.



## KEY PORTFOLIO ASSETS

# MTS: SUBSTANTIAL GROWTH IN TELECOM BUSINESS AND FOCUS ON SHAREHOLDER RETURN

MTS



RUB bln <sup>1</sup>	1Q 2020	1Q 2019	YoY
Revenue	119.6	109.8	8.9%
Adj. OIBDA <sup>2</sup>	51.8	54.0	(4.1%)
Adj. OIBDA margin	43.3%	49.2%	(5.9) p.p.
Adj. net profit <sup>3</sup>	9.0	7.1	27.6%
Net debt <sup>4</sup>	340.1	336.2	1.2%
Capex	20.2	16.6	21.6%

**Revenue** increased in 1Q 2020 year-on-year supported by growth in mobile service revenue on the back of a tariff increase and a spike in smartphone sales amid expectations of rouble depreciation. MTS Bank also positively contributed to the growth in the group revenue.

**Adj. OIBDA** decreased slightly year-on-year in 1Q 2020. Revenue growth in the core telecoms business had a positive effect on adjusted OIBDA, while negative dynamics were primarily due to one-off revenue events in 1Q 2019 from the sale of a stake in Ozon to Sistema PJSC<sup>5</sup>, and the sale of MGTS real estate venues to JSC Business Nedvizhimost.

**Adj. net profit** increased in 1Q 2020 primarily due to a positive revaluation effect related to the use of derivative instruments to manage the currency position of MTS Group. A negative effect on the dynamics of the Group's net profit growth year-on-year was driven by revenues in 1Q 2019 from discontinued operations in Ukraine.

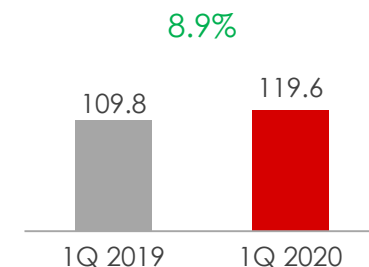
**Capex** increased in 1Q 2020 primarily due to higher levels of investment in the network development. Within the first three months of 2020, MTS Group commissioned 3,800 base stations in 69 Russian regions.

**Outlook for 2020** MTS forecasts revenue growth of 0-3% in 2020, a possible OIBDA decline by up to -2% and capital expenditure remaining at RUB 90 bln.

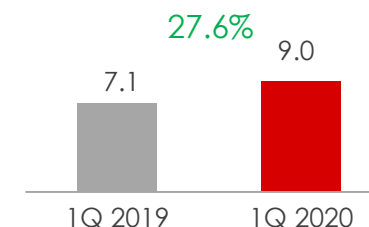
**Key highlights** In February 2020, MTS completed the payout of a **special dividend** in the amount of RUB 26.48 bln, or RUB 13.25 per share. In March 2020, the Board of Directors of MTS approved a **buyback programme** of up to RUB 15 bln. In April 2020, the Board of Directors endorsed the recommendation on **dividends for 2019** totalling RUB 20.57 per ordinary share to be approved at the Annual General Meeting of Shareholders on 24 June 2020.

**COVID-19 impact** Since the end of March 2020, MTS has observed increasing traffic on fixed and mobile networks. Drop in revenue from international roaming is expected, and approximately a third of retail outlets remain closed. MTS is supporting medical professionals in the fight against the spread of the virus, and developing new complex product offerings, combining TV, books, music, telemedicine and fitness apps, to support clients and retain their loyalty after the crisis.

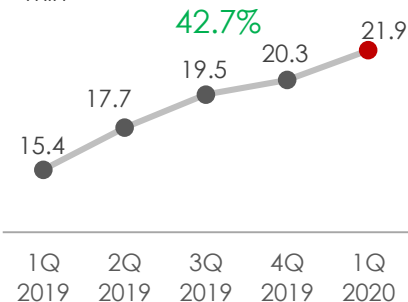
REVENUE, RUB bln



Adjusted net profit, RUB bln



Number of My MTS users, mln



<sup>1</sup> MTS's results reflect reclassification of the Ukrainian business as part of discontinued operations since 4Q 2019. The results for 1Q 2019 have been revised to reflect the results of this reclassification.

<sup>2</sup> Adjustment for a one-off asset provision in the amount of RUB 0.3 bln in 1Q 2020.

<sup>3</sup> Here and hereafter net profit is presented in Sistema's share. Adjustments include revaluation of liabilities in connection with the SEC investigation and the adjustment for a write-off of non-current assets in 1Q 2020.

<sup>4</sup> Here and hereafter net debt includes financial lease.

<sup>5</sup> In the financial statement of MTS, this income is reflected below operating profit.

# DETSKY MIR: REVENUE GROWTH AND ONLINE SALES BOOM



RUB bln <sup>1</sup>	1Q 2020	1Q 2019	YoY
Revenue	31.0	27.9	11.2%
Adj. EBITDA <sup>2</sup>	4.7	4.2	12.8%
Adj. EBITBDA margin	15.2%	14.9%	0.3 p.p.
Adj. net profit / (loss) <sup>3</sup>	(0.1)	0.0	n/a
SG&A/revenue <sup>4</sup>	22.0%	22.3%	(0.3) p.p.
Net debt	24.3	23.1	5.0%
Like-for-like growth <sup>5</sup>	4.0%	7.2%	(3.2) p.p.
Traffic growth	4.4%	8.2%	(3.8) p.p.
Average ticket growth	(0.4%)	(0.9%)	0.5 p.p.
Capex	0.3	0.9	(60.8%)

**Revenue** grew in 1Q 2020 year-on-year driven primarily by network expansion and the ramp-up to full operating capacity of the stores opened in 2018-2019. Revenue from online sales rose by 110.5% to RUB 5.4 bln, with over 50% of online sales already made through the mobile app.

**Adj. EBITDA** increased in 1Q 2020 year-on-year due to robust revenue performance combined with the improvement of purchase prices and effective assortment management, as well as increased operating efficiency.

**Adj. net loss** in 1Q 2020 was primarily due to FX rate differences resulting from the revaluation of FX accounts payable to the suppliers of goods.

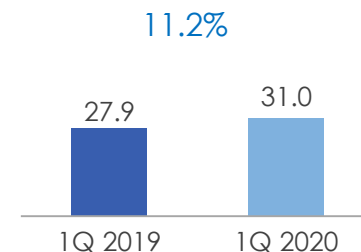
**Retail network & online sales** in 1Q 2020, eight new Detsky Mir stores were opened. Most store openings traditionally take place in the second half of the year. In the medium term, Detsky Mir plans to open at least 300 stores. As part of the development of the marketplace, the product range of the Clothes and Shoes category was extended 1.5x in 1Q 2020 to 30,000 SKUs. The Company intends to extend the range of products in this category to 50,000 SKUs and launch a marketplace in the FMCG category. Half of all online sales are already carried out through this channel.

**Key highlights** In March 2020, Maria Davydova was appointed as CEO of Detsky Mir. Previously, she was the Company's Deputy CEO for Commercial Activities.

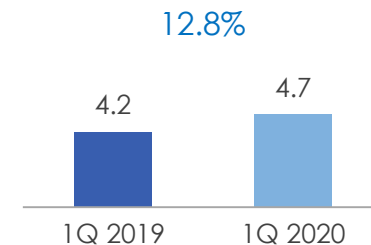
In May 2020, the Board of Directors recommended the Annual General Meeting of Shareholders to distribute RUB 2.2 bln (RUB 3.0 per share) as the final dividend for 2019.

**COVID-19 impact** Notwithstanding a challenging epidemiological situation in the markets of presence, most Detsky Mir stores continued operating normally, albeit experiencing a considerable decline in traffic in stores and growth in demand for courier delivery since the end of March. In April 2020, online sales increased 3.8x year-on-year to RUB 3.3 bln, and the share of e-commerce in the total revenue rose to 42%. Unaudited revenue, including the online segment, decreased by 20% year-on-year in April 2020, but grew by 2% year-on-year during the first 18 days of May 2020.

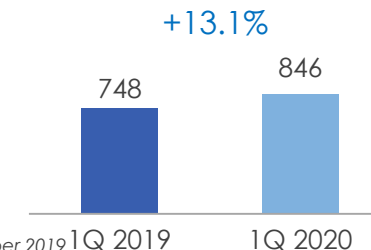
REVENUE, RUB bln



ADJUSTED EBITDA, RUB bln



NUMBER OF STORES<sup>6</sup>



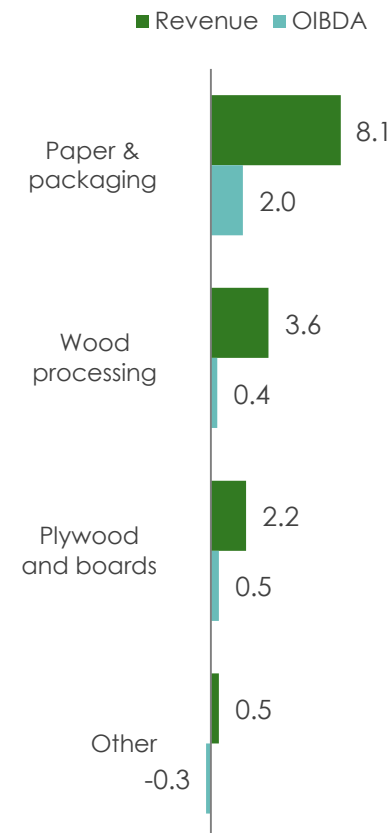
<sup>1</sup> The results are presented as reported by Detsky Mir's financial statements. The results of Detsky Mir are not consolidated in the financial statements of Sistema PJSC since November 2019.  
<sup>2</sup> Adjustment for bonuses based on shares and cash payments under the long-term management incentive programme (LTI).  
<sup>3</sup> 100% of profit.  
<sup>4</sup> Under IAS 17. SG&A does not take into account expenses on depreciation of fixed and intangible assets, as well as management bonus payments in the form of stock and cash under the LTI programme.  
<sup>5</sup> Like-for-like growth in RUB terms. Includes only the results of Detsky Mir stores in Russia and Kazakhstan in operation for at least 12 full calendar months.  
<sup>6</sup> Number of Detsky Mir stores, including ELC, ABC and Zoozavr and Detmir pick-up points as of the end of 1Q 2019 and 1Q 2020.

# SEGEZHA GROUP: FINANCIAL RESULTS UNDER PRESSURE FROM NEGATIVE GLOBAL PRICING ENVIRONMENT



RUB bln	1Q 2020	1Q 2019	YoY
Revenue	14.3	14.5	(1.1%)
OIBDA	2.6	4.0	(33.8%)
OIBDA margin	18.3%	27.4%	(9.1) p.p.
Net profit / (loss)	(5.2)	2.7	(291.2%)
Net debt	48.0	37.6	27.6%
Capex	3.9	1.4	172.1%
FX-denominated rev., %	69.8%	72.5%	(2.7) p.p.
Own consumption, %	70.8%	69.1%	1.7 p.p.
Total forestry, thsd cu m	1,681.9	1,619.3	3.9%

REVENUE and OIBDA by segments in 1Q 2020, RUB bln



**Revenue** decreased slightly in 1Q 2020 year-on-year primarily due to a decline in global paper prices. Growth in the sales of plywood and sawn timber contributed positively to the revenue dynamics.

**OIBDA** declined in 1Q 2020 mainly due to lower paper prices compared to 1Q 2019, when the cost of pulp and paper products reached historical peaks. A higher share of low-margin products sales (plywood and sawn timber) in the product mix also contributed to negative OIBDA dynamics.

**Net loss** in 1Q 2020 against net profit in 1Q 2019 was caused by currency exchange differences from the revaluation of the company's FX-denominated debt.

**Business development** At the end of 2019, a new semi-automatic line for industrial packaging production with the capacity of 83 mln units was commissioned in Salsk. In January 2020, Segezha Group acquired Karelian Wood Company LLC, a logging and wood processing enterprise, from Finland's Pin Arctic Oy Company. The facility is located near the city of Kostomuksha in the Republic of Karelia. It has an output capacity of up to 250,000 cu m of sawn timber per year, and an annual allowable cut of over 200,000 cu m.

**Debt markets** The Group successfully placed three-year series 001P-01R bonds in the volume of RUB 10 bln with a coupon rate of 7.1%. The company was assigned a ruA- credit rating by Expert RA.

# SEGEZHA GROUP: GROWTH IN SALES ACROSS ALL BUSINESS SEGMENTS



## Trends across key segments

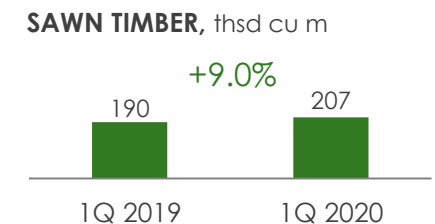
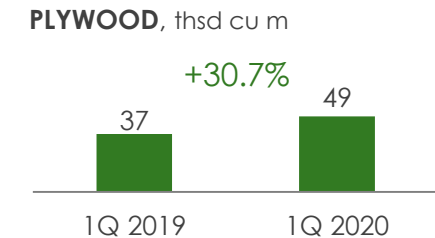
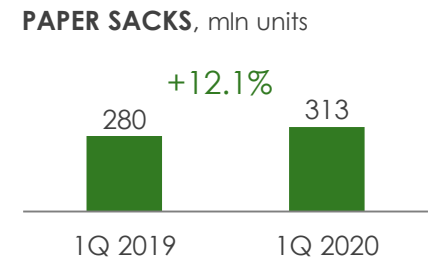
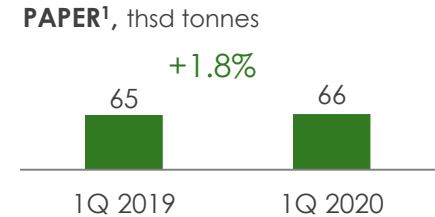
**Sack paper** In 1Q 2020, Segezha Group's paper output decreased by 1.6% year-on-year to 99,300<sup>1</sup> tonnes due to scheduled repair works. Paper sales grew by 1.8% year-on-year to 66,000 tonnes due to reduced stock inventory. The additional volume of paper was sold largely to existing clients.

**Paper sacks** In 1Q 2020, the production volume of paper sacks and bags grew by 4.6% year-on-year to 334.3<sup>2</sup> mln units due to the launch of a new line for the production of industrial paper packaging in Salsk in November 2019. Sales increased by 12.1% year-on-year to 313.4 mln units following the growth in production volume, while a share of the output produced in the low winter season will be sold in the summer and autumn. Decreased sales of paper packaging in the European market and in the MENA Region became a negative factor.

**Plywood** In 1Q 2020, plywood production increased by 3.1% year-on-year to 49,500 cu m as a result of the new plywood production facility in the Kirov region, commissioned in July 2018, reaching its full production capacity. Plywood sales amounted to 48,900 cu m, which is in line with the production level in 1Q 2020 and exceeds sales in 1Q 2019 by 30.7%. The growth in sales was supported by a favourable market environment at the beginning of 2020 and the expansion of the product range.

**Sawn timber** In 1Q 2020, sawn timber output increased by 13.4% year-on-year to 245,200 cu m following the acquisition of Karelian Wood Company LLC, a logging and wood processing enterprise located in the Republic of Karelia, at the beginning of 2020. The volume of sawn timber sales increased by 9.0% to 207,100 cu m in 1Q 2020 backed by the production increase. The additionally produced stock of sawn timber is sold to new clients in Finland.

## Sales



<sup>1</sup> About 34% of paper produced was supplied to own converting facilities to produce paper packaging.

<sup>2</sup> Including 20.5 mln consumer paper bags.

# STEPPE: OIBDA GROWTH AND IMPROVEMENT IN OPERATING EFFICIENCY



RUB bln <sup>1</sup>	1Q 2020	1Q 2019	YoY
Revenue	5.5	6.3	(12.8%)
OIBDA	1.1	0.8	34.5%
OIBDA margin	20.4%	13.2%	7.2 p.p.
Net profit	0.1	0.1	4.5%
Net debt	20.4	18.7	9.4%
Capex	0.4	0.2	130.6%

**Revenue** decreased year-on-year in 1Q 2020 as a result of a decline in crop carry-overs. The negative effect was partially offset by positive dynamics in the Dairy Farming and Orchards segments.

**OIBDA** grew year-on-year in 1Q 2020 despite a decline in revenues, due to increased production and efficiency in the Dairy Farming segment, growth in apple sales during high season in the Orchards segment, as well as positive dynamics in the Agrot trading, Sugar and Grocery Product Trading segments.

**CAPEX** increased to RUB 0.4 bln in 1Q 2020. The bulk of the investment was directed at the renewal of the farm machinery fleet and the construction of dairy farms.

**Net debt** rose year-on-year in 1Q 2020 due to the consolidation of land assets and implementation of the capital investment programme.

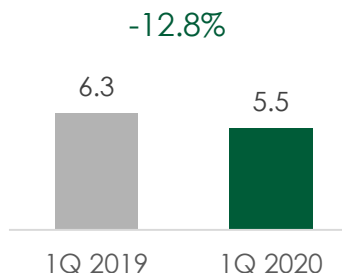
**Key highlights** In March 2020, Steppe increased its land bank to 532,000 hectares as a result of consolidation of land assets in the Rostov region.

In May 2020, Steppe acquired three agricultural enterprises in the Stavropol region, including a dairy farm, which, following renovation, will have the capacity to accommodate 9,000 lactating cows (18,900 heads of cattle). It will become the largest dairy farm in Russia, with milk production volume exceeding 100,000 tonnes a year. The deal has also increased Steppe's land bank by 28,000 hectares.

In May 2020, Steppe sold 100% of its shares in the Yuzhny agricultural enterprise, which specialises in tomato and cucumber production, to focus on the key business segments – crop production, agrot trading and dairy farming.

**COVID-19 impact** Growing demand for grocery products in March 2020 had a positive impact on the performance of the Sugar and Grocery Trading segment.

REVENUE, RUB bln



OIBDA, RUB bln



<sup>1</sup> RZ Agro is accounted for as an investment in a joint venture in Agroholding Steppe's IFRS financial statements.

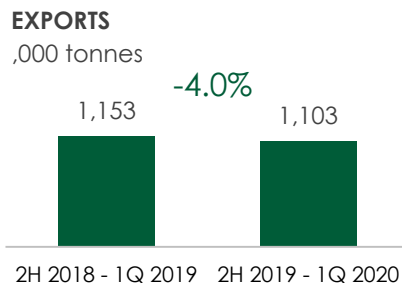
# STEPPE: LAND BANK INCREASE, STRONG OPERATING PERFORMANCE



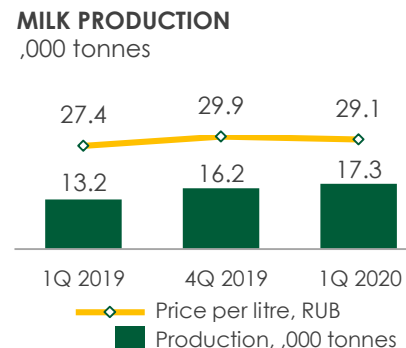
**Field crops**  
Land bank  
**560,000 hectares**

**Orchards**  
Orchards area  
**780 hectares**

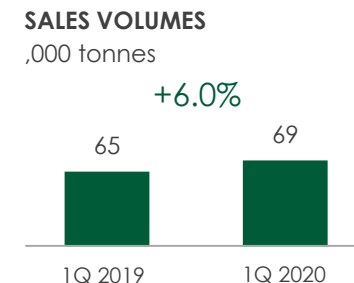
**Agrotrading**  
Exports since the beginning of  
2019/2020 season  
**1,103,000 tonnes**



**Dairy Farming**  
Lactating cows  
**≈ 6,000 cows**



**Sugar and Grocery Product Trading**



## Crop Production

The land bank of Steppe in 1Q 2020 increased to **532,000 hectares** as a result of the consolidation of land assets in the Rostov region. In May 2020 the land bank increased to **560,000 hectares** as a result of asset purchases in the Stavropol region.

The average export price of wheat sales in 1Q 2020 remained at the level of 1Q 2019.

## Agrotrading

Export volumes in the Agrotrading segment have slightly decreased year-on-year since the beginning of the 2019/2020 season and amounted to 1,103,000 tonnes. The decline in export volumes was offset by executing transactions **with a higher margin** in 1Q 2020.

## Dairy Farming

The Dairy Farming segment **reported stable growth**: gross milk yield increased to 17,300 tonnes in 1Q 2020 (+31% year-on-year), while lactating cow productivity grew by 5.6% year-on-year, and the lactating herd came to approx. 6,000 cows at the end of the reporting period.

## Sugar and Grocery Product Trading

Sales volumes in the Sugar and Grocery Trading segment amounted to 69,000 tonnes in 1Q 2020 (+6% year-on-year), the **increase in demand for cereal grains and sugar** in March 2020 had a positive impact on the increase in sales volume.



# MEDSI: CONTINUING IMPROVEMENT IN FINANCIAL RESULTS



RUB bln	1Q 2020	1Q 2019	YoY
Revenue	5.9	5.2	13.7%
Adj. OIBDA <sup>1</sup>	1.1	0.9	26.5%
Adj. OIBDA margin	18.9%	17.0%	1.9 p.p.
Adj. net profit <sup>1</sup>	0.3	0.2	58.3%
Net debt	3.2	0.9	265.1%
Capex <sup>2</sup>	1.2	0.6	94.0%
Patient visits, thsd	2,093	2,308	(9.3%)
Services provided, thsd	4,047	4,080	(0.8%)
Average ticket, thsd RUB	2.8	2.3	28.5%

**Revenue** increased year-on-year in 1Q 2020 due to significant revenue growth in all segments. The revenues grew in the Voluntary Health Insurance (VHI) segment to RUB 2.6 bln (+11%), in the individual patients segment to RUB 1.7 bln (+13%) and in the Mandatory Health Insurance (MHI) segment to RUB 1.5 bln (+18.6%).

**Adj. OIBDA & net profit** grew year-on-year in 1Q 2020 as a result of in revenue growth. **Adjusted OIBDA margin increased** year-on-year in 1Q 2020 due to utilisation growth, efficiency gains from 1 sq m of floor space and the effect of increased volumes. **Adjusted net profit** grew year-on-year in 1Q 2020 due to adjusted OIBDA dynamics.

**Net debt** increased in 1Q 2020 year-on-year due to the draw down of loans es to finance CAPEX programmes, including the construction of a medical centre on Michurinsky Prospekt in Moscow. Debt to OIBDA LTM remains at a comfortable level of 0.7x.

**Key highlights** The construction of the medical centre on Michurinsky Prospekt continues, with the opening planned for late 2020.

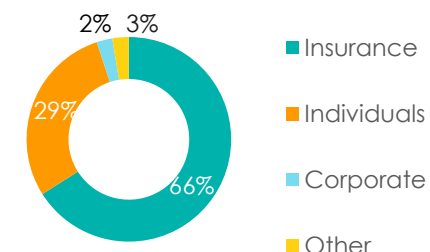
In March 2020, Medsi acquired ASPEC clinic network in Izhevsk, including a Clinical-Diagnostic Centre (CDC) with a daytime in-patient clinic, a clinic for adults, a clinic for children, and a women's wellness clinic with a total area of 4,344 sq m.

In March 2020, Medsi opened the first Smart 500 clinic on Pokryshkin Street in Moscow. This new format of "convenience" clinics, with an area from 500 sq m, includes 12-15 rooms with out-patient medical care for children and adults, laboratory and functional diagnostics facilities, and ultrasound. In the summer of 2020 Medsi plans to open a family clinic with advanced diagnostics in Maryino, with a total area of 4,400 sq m.

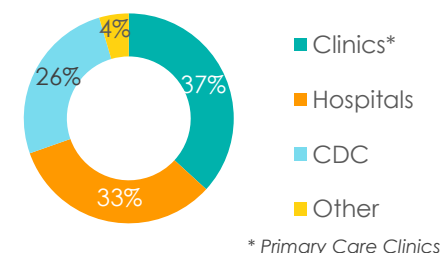
**COVID-19 impact** Since the second half of March, Medsi saw a sharp drop in patient traffic due to self-isolation and social distancing restrictions. Medsi is at the forefront of the fight against COVID-19: the hospital in Otradnoe has been repurposed as an in-patient infectious diseases unit, a comprehensive COVID-19 diagnostics programme has been launched, COVID-19 testing is carried out in clinics and at patients' homes, and telemedical support for out-patient treatment is underway.

## Revenue, 1Q 2020

### By clients



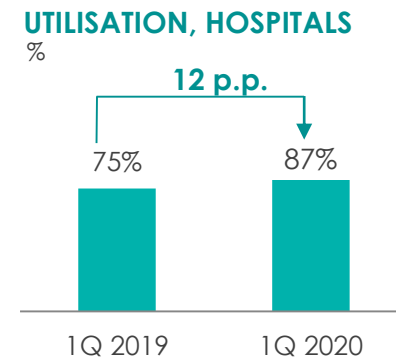
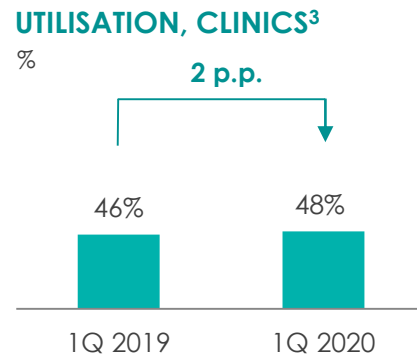
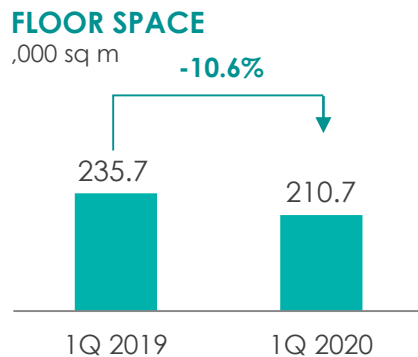
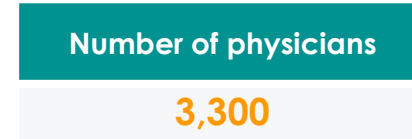
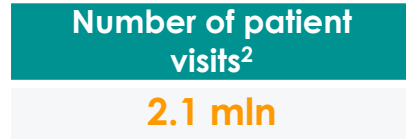
### By assets



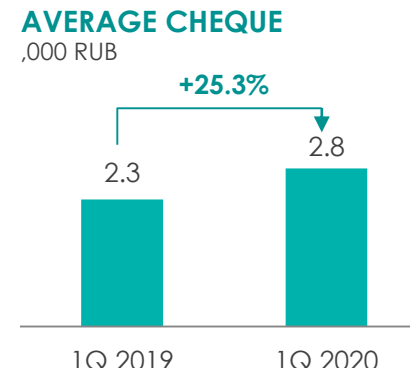
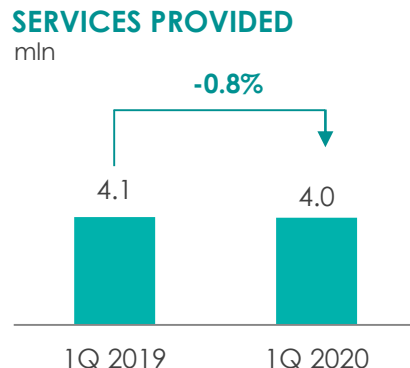
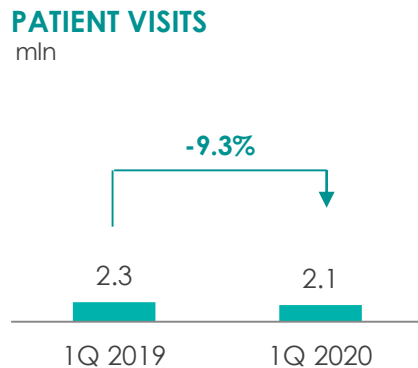
<sup>1</sup> Adjustments for accruals related to the LTI programme, the effect of clinic acquisitions in Izhevsk

<sup>2</sup> Capex excluding M&A

# MEDSI: CONSISTENT UTILISATION INCREASE



The **growth of hospital utilisation** is driven by the increases in the volume of assistance provided through all channels, with the main driver being the Mandatory Health Insurance (MHI) channel.



The **decrease in floor space** due to the non-core assets optimisation programme.

<sup>1</sup> Metrics in the table and hereafter are presented as of 31 March 2020.

<sup>2</sup> These metrics are for 1Q 2020 with capacity calculated as the number of possible out-patient visits at Medsi facilities, and the visits as the actual number of patient visits for the period.

<sup>3</sup> Outpatient clinics in Moscow

# OZON: RECORD GROWTH RATES, ATTRACTING NEW CUSTOMERS AND REGIONAL EXPANSION



## Key achievements in 1Q 2020 and after the reporting period

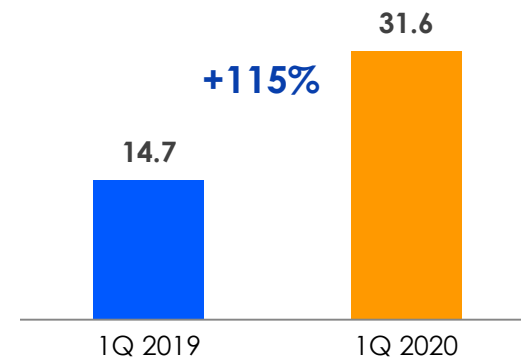
- Record GMV growth: **+115% year-on-year** in 1Q 2020. In April growth accelerated further, GMV increased by **almost 200%** year-on-year to RUB 14.9 bln.
- Doubling the number of new customers:** in March 2020 the number of new customers doubled compared to March 2019. In one month, almost half a million people made their first purchases at Ozon.
- Enhancement of courier delivery services:** the share of courier deliveries doubled in the wake of self-isolation measures, with almost every second order at Ozon delivered by a courier. Weekly contactless delivery numbers grew more than 20 times in April compared to the end of February

## Acceleration of marketplace growth and value-added services development. Expanding fulfillment infrastructure in the regions.

- Infrastructure development **stimulated sales growth in the regions.** This growth is particularly apparent in remote regions, where online is the only channel available for purchasing a broad assortment at reasonable prices. Sales increased by 179% year-on-year in Siberia and the Far East, by 250% in Krasnoyarsk, and by 673% in Nenets Autonomous Area.
- The schedule for the construction and launch of fulfillment centres in the regions was not disrupted by the pandemic. The first stage of a **38,000 sq m fulfillment hub in Tatarstan** will be launched in September, new logistics centers in **Saint-Petersburg and Novosibirsk** will start operations till the end of the year.
- By the end of 1Q 2020 over **9,000 companies conducted active sales** through the Ozon marketplace. By the end of May 2020 this number exceeded **10,000**, and over **20,000** more are in the process of onboarding. Marketplace sellers account for over **80%** of the assortment range. In 1Q 2020 the sales of marketplace goods generated **around 40% of Ozon's GMV**.
- In April 2020 **large retail chains** M.Video-Eldorado and Decathlon started trading at Ozon marketplace.
- Ozon became **the biggest player in online sales of fast-moving consumer goods (FMCG)**<sup>1</sup> with turnover exceeding RUB 6.1 billion in 1Q 2020.
- The number of Ozon.Card bank cards holders** has exceeded 100,000. Average order frequency for cardholders is 4 per month, which represents a high rate even by the standards of the largest Western e-commerce players.

## Ozon – key figures

Ozon.ru GMV (incl. VAT), RUB bln



#1

Brand recognition  
in e-commerce

#1

Multicategory player  
in Russian e-commerce<sup>2</sup>

<sup>1</sup> Source: Infoline

<sup>2</sup> Source: Data Insight

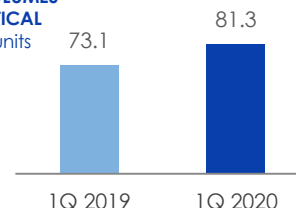
# PHARMA ASSETS (ALIUM AND SINTEZ)



## Sintez<sup>1</sup>

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	2.4	1.9	27.6%
OIBDA	0.4	0.4	(2.6%)
OIBDA margin	15.5%	20.3%	(4.8) p.p.
Net profit / (loss)	(0.0)	0.2	n/a
Net debt	4.5	5.7	(20.3%)

PRODUCTION VOLUMES OF PHARMACEUTICAL PRODUCTS, mln units



**REVENUE increased year-on-year** in 1Q 2020 due to growth in retail sales, including significant growth in sales of some categories of drugs in March 2020 against the backdrop of the COVID-19 outbreak, as well as active development of export sales including sales to Uzbekistan, Kazakhstan, Georgia and Azerbaijan. In addition, year-on-year revenue growth was affected by the consolidation of Biocom.

A slight **decrease in OIBDA** in 1Q 2020 year-on-year despite the revenue growth due to an increase in the share of sales of highly demanded but low-margin drugs, including antibiotics, in the midst of the pandemic.

**NET PROFIT decreased** year-on-year in 1Q 2020 mainly due to the effect of exchange rate differences and increased interest payments resulting from taking out a loan to acquire shares of Biocom.

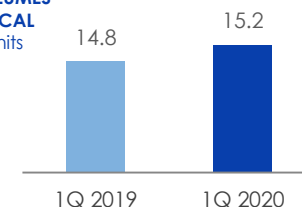
In August 2019, Sistema, together with a financial partner, acquired 46.5% of the shares of Sintez through Sinocom holding company. In May 2020, Sinocom increased its stake to 56.2% as a result of the share repurchase following the mandatory offer to Sintez's minority shareholders.

## Alium<sup>2</sup>

alium

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	1.5	1.4 <sup>3</sup>	8.2%
OIBDA	(0.01)	0.3	n/a
OIBDA margin	n/a	18.3%	n/a
Net profit / (loss)	(0.4)	0.1	n/a
Net debt	5.7	5.0	13.0%

PRODUCTION VOLUMES OF PHARMACEUTICAL PRODUCTS, mln units



**REVENUE increased year-on-year** in 1Q 2020 mainly due to the growth in sales of promoted products, including Kipferon, and increased hospital segment revenue. In addition, Alium's results were affected by the consolidation of Binnopharm's results starting from 1 September 2019.

**OIBDA decreased year-on-year** in 1Q 2020 due to an increase in operating expenditure related to the launch of a new production facility in February 2019.

**NET PROFIT decreased** year-on-year in 1Q 2020 due to OIBDA dynamics, as well as the effect of exchange rate differences in FX accounts payable to suppliers of raw materials, growth of loan portfolio and depreciation charges due to consolidation of Binnopharm's results starting from 1 September 2019.

**NET DEBT** increased year-on-year due to the consolidation of Binnopharm's loan portfolio starting from 1 September 2019.

In February 2020, Andrey Belashov was appointed as Alium's CEO. Mr Belashov previously was Alium's Vice President for Business Development, Marketing and Sales.

<sup>1</sup> Based on management accounts. The results of Biocom are consolidated in the financial statements of Sintez starting from August 2019. Figures for 1Q 2019 are shown on a stand-alone basis from Sintez accounts. The results of Sintez are not consolidated in the financial statements of Sistema PJSC. The table shows 100% net profit.

<sup>2</sup> Based on management accounts. The results of Binnopharm are consolidated in the financial statements of Alium starting from 1 September 2019. Figures for 1Q 2019 are shown on a stand-alone basis from OBL Pharm accounts. Sistema's effective stake in OBL Pharm stands at 24.9% as of 31 March 2020. The results of Alium and Binnopharm are not consolidated in the financial statements of Sistema PJSC. The table shows 100% net profit.

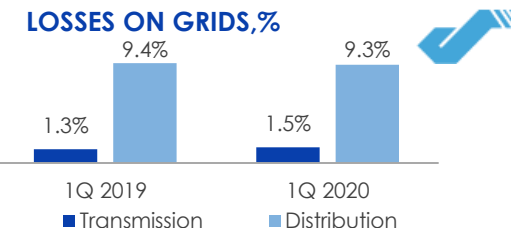
<sup>3</sup> Revenue for 1Q 2019 was restated and is presented excluding bonuses to pharmacy chains and distributors.

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



## BPGC

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	5.8	5.3	9.2%
OIBDA	1.9	1.4	33.8%
OIBDA margin	32.7%	26.7%	6.0 p.p.
Net profit	0.9	0.6	51.5%
Capex	0.7	0.7	0.5%



**REVENUE growth** year-on-year in 1Q 2020 was due to an increase in the electricity transmission tariff from 1 July 2019, growth in utility connection services (including in connection with changes in accounting policy), and an increase in rental payments.

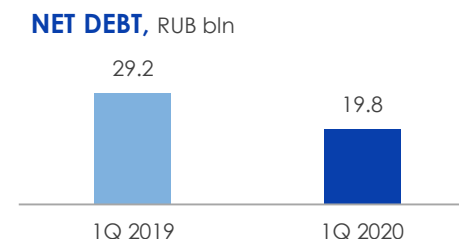
A **significant increase in OIBDA** year-on-year in 1Q 2020 was due to revenue growth, while costs remained flat compared to the previous year. A decrease in grid losses had a significant impact. **OIBDA margin** increased year-on-year in 1Q 2020 on the back of the positive OIBDA dynamics.

**NET PROFIT** increased in 1Q 2020 year-on-year as a result of the OIBDA dynamics.

In 1Q 2020, BPGC continued its comprehensive reconstruction of distribution networks in the Ufa city district. During the reporting period, 12 distribution points and 1 transformer substation were upgraded, and 2 km of cable lines were laid.

## RTI

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	3.7	3.8	(3.1%)
Adj. OIBDA <sup>1</sup>	(0.2)	0.2	n/a
Adj. OIBDA margin	n/a	4.3%	n/a
Adj. net loss	(1.6)	(1.2)	n/a
Net debt	19.8	29.2	(32.1%)



**REVENUE** decreased slightly year-on-year in 1Q 2020 due to expected revenue fluctuations. Typically, most of RTI's revenue falls on the second half of the year.

**Adjusted OIBDA** decreased year-on-year in 1Q 2020 impacted by the financial results of Element LLC, a joint venture with the Rostec State Corporation in microelectronics.

In 1Q 2020, **Adjusted NET LOSS increased** year-on-year due to the negative adjusted OIBDA.

The decrease in **NET DEBT** was due to the transfer of part of RTI Group's debt together with the microelectronics assets to ELEMENT LLC, as well as repayment of a debt loan of RUB 1.0 bln. RTI's accounts include RUB 5.0 billion of funds earmarked for work under state defense contracts, which are not included in the calculation of net debt.

<sup>1</sup> As of 31 March 2019, the financial results of microelectronic assets transferred to Element LLC were recorded in the financial statements as results of assets held for sale in net profit (or loss). Adjusted OIBDA in 1Q 2020 includes the net loss of Element LLC, which is accounted for using the equity method of accounting (classified as investments in associates). Excluding the results of Element LLC, the adjusted OIBDA of RTI in 1Q 2020 amounted to RUB 0.2 billion.

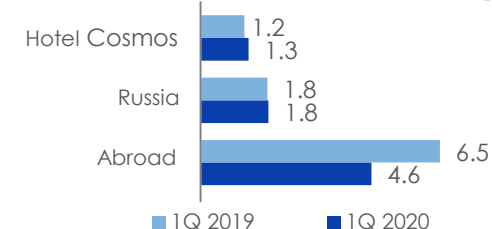
# HOSPITALITY (COSMOS HOTEL GROUP) AND RENTAL ASSETS



## HOSPITALITY ASSETS<sup>1</sup>

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	0.8	1.1	(25.1%)
Adj. OIBDA <sup>2</sup>	0.0	0.0	222.9%
Adj. OIBDA margin	2.9%	0.7%	2.2 p.p.
Adj. net loss <sup>2</sup>	(0.4)	(0.6)	n/a
Net debt	3.7	4.2	(10.5%)
Room capacity	4,132	4,049	2.0%

RevPAR<sup>3</sup>, RUB ,000.



**REVENUE** decreased year-on-year due to a drop in revenue from foreign hotels and the Cosmos hotel complex due to the coronavirus pandemic.

**Adj. OIBDA** remained largely unchanged year-on-year mainly due to costs optimisation, despite negative revenue dynamics. This was mainly due to cost optimisation.

**Adjusted NET LOSS** year-on-year decreased due to the optimisation of the debt portfolio.

In 1Q 2020, the share of revenue from hotels outside Russia amounted to 12.7% (-4 p.p. compared to 1Q 2019). FX revenue of hotels abroad decreased by 32% year-on-year due to a sharp decline in occupancy in March.

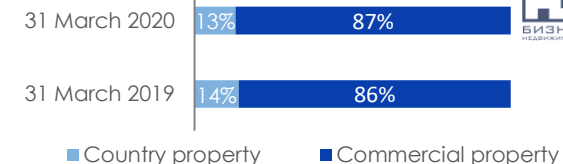
**ADR<sup>4</sup>** for the Group's hotel portfolio increased year-on-year from RUB 3,100 to RUB 3,700. in 1Q 2020 due to the ADR growth of Cosmos hotel complex, Cosmos Collection Izumrudny Les and Cosmos Collection Altay Resort hotels resulting from increased room capacity.

**Average occupancy** decreased by 9 p.p. year-on-year to 45.9% in 1Q 2020 due to a drop in tourist flow in February-March caused by the spread of coronavirus. The decline in occupancy was negated by ADR growth. As a result, the hotel portfolio's **RevPAR** remained at last year's level and amounted to RUB 1,700.

## BUSINESS NEDVIZHIMOST

RUB bln	1Q 2020	1Q 2019	YoY
Revenue	1.0	0.7	33.7%
OIBDA	0.3	0.1	140.2%
OIBDA margin	27.5%	15.3%	12.2 p.p.
Net profit / (loss)	0.2	(0.0)	n/a
Net debt	1.3	0.6	108.8%

## PORTFOLIO OF ASSETS UNDER OWNERSHIP



In 1Q 2020, **REVENUE** from the rental assets of Business Nedvizhimost increased year-on-year due to growth in the rental real estate portfolio as a result of the acquisition of 54 ATS buildings from PJSC MGTS by JSC Business Nedvizhimost in 2019.

**OIBDA and the OIBDA margin** demonstrated year-on-year growth in 1Q 2020 due to the positive revenue dynamics and the optimisation of costs for the maintenance of rental assets.

An increase in **NET PROFIT** year-on-year in 1Q 2020 was due to positive OIBDA dynamics.

A growth in **NET DEBT** resulted from drawing bank financing.

<sup>1</sup> Based on management accounts

<sup>2</sup> Adjustment in Q1 2020 for a one-time writing off due to the COVID-19 pandemic affecting the financial performance of hotels outside Russia

<sup>3</sup> Revenue per available room per day

<sup>4</sup> Average daily rate



JOINT-STOCK FINANCIAL CORPORATION  
**SISTEMA**

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