



JOINT-STOCK FINANCIAL CORPORATION  
**SISTEMA**

# **Sistema PJSFC Financial Results 2Q 2020**

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President

**Vladimir Travkov**  
Vice President for Finance

# 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 other 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 aforementioned date or to highlight the events that did not occur. are not 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 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

# RESILIENCE OF THE DIVERSIFIED PORTFOLIO



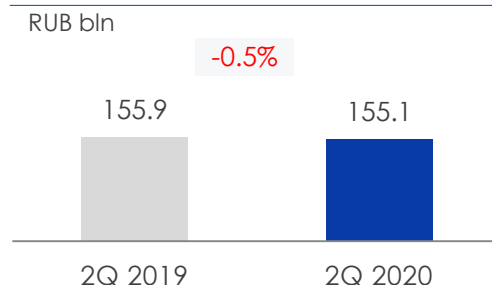
## Results of the asset portfolio

- **Revenue** in 2Q 2020 declined slightly year-on-year<sup>1</sup> primarily due to the strong performance of MTS and Segezha Group.
- **Adjusted OIBDA** slightly decreased year-on-year in 2Q 2020 impacted by the increased OIBDA of MTS and significantly improved financial performance of Ozon as well as decline in OIBDA of Business Nedvizhimost, hospitality and healthcare assets.

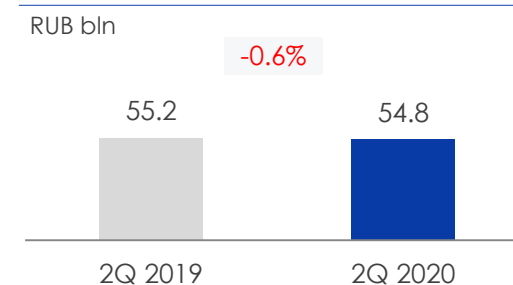
## Key events in 2Q 2020 and after the reporting period

- In April 2020, **Vladimir Chirakhov** was appointed **as President and CEO of Sistema PJSC**.
- In June 2020, Sistema's AGM approved the **distribution of RUB 1.25 bln in dividends** for 2019.
- In June 2020 and in September 2020, Sistema and RCIF held two successful offerings of **Detsky Mir shares**, resulting in an increase of Detsky Mir **free float up to almost 100%** and full exit of Sistema and RCIF from Detsky Mir shareholding. Proceeds to Sistema amounted to **RUB 8.9 billion** in June 2020 and to **RUB 16.9 billion** in September 2020.
- In July 2020, **ALIUM GROUP was formed** to improve the efficiency of the Company's pharmaceutical assets' management<sup>6</sup>.
- In August 2020, Binnopharm<sup>5</sup> became the only manufacturing facility in Russia to **produce the world's first approved COVID-19 vaccine**.

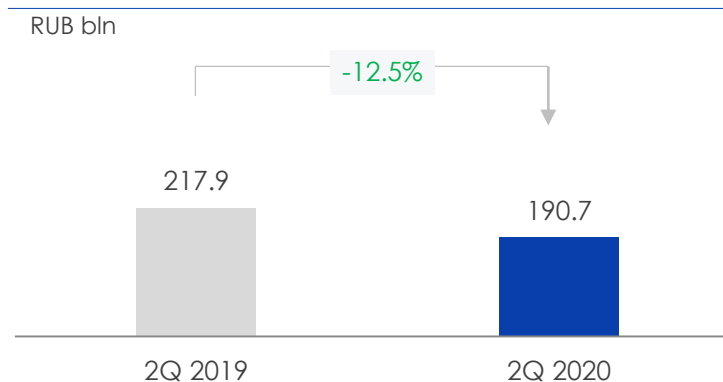
## Consolidated revenue



## Adj.<sup>2</sup> OIBDA



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



<sup>1</sup> Hereinafter results for 2Q 2019 are presented to reflect the reclassification of assets of Detsky 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 press-release for 2Q 2020.

<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.

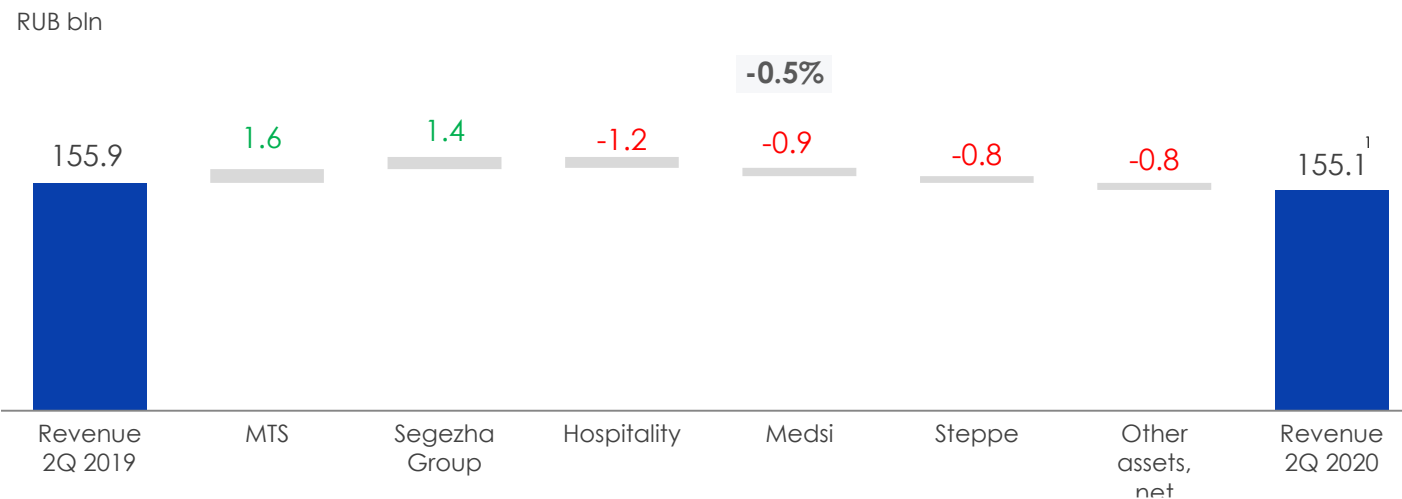
<sup>5</sup> In addition to Russia's Gamaleya Scientific Research Institute of Epidemiology and Microbiology (Gamaleya Scientific Research Institute), where the vaccine was developed.

<sup>6</sup> ALIUM GROUP now manages stakes of the Corporation in the pharmaceutical companies Sintez (owns Biocom) and Alium (unites Obolenskoye and Binnopharm under the Alium brand).

# FINANCIAL REVIEW: 2Q 2020



## Revenue: 2Q 2020

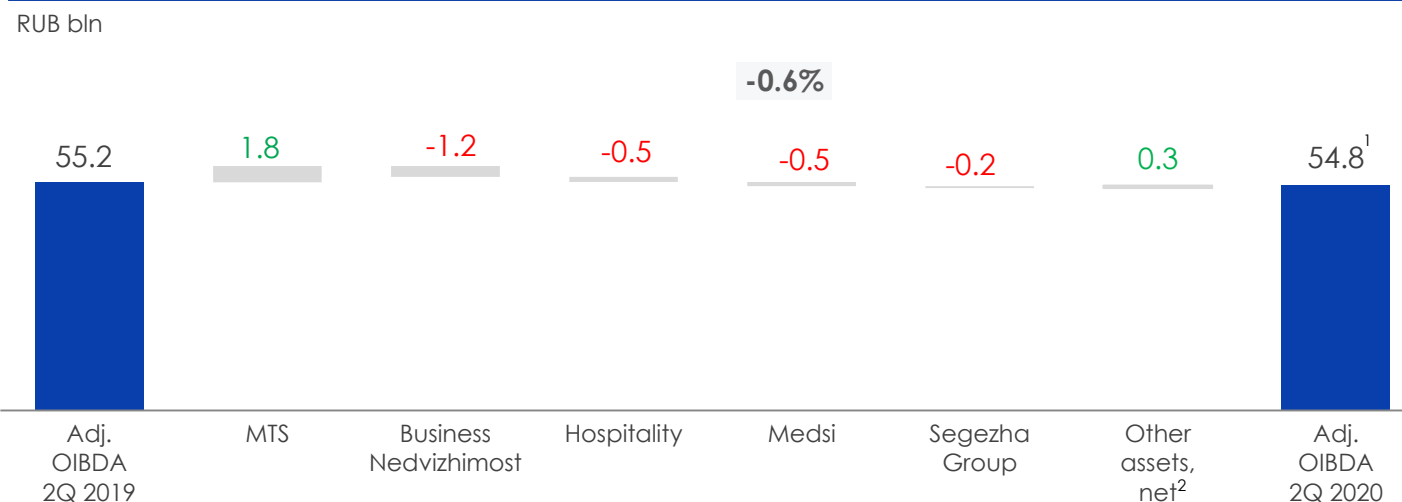


**MTS:** growth in mobile service revenue and the revenue of MTS Bank; increase in adj. OIBDA following revenue growth and reduced commercial and personnel expenses.

**Segezha Group:** revenue growth on the back of increased production and sales of paper, plywood and sawn timber, as well as growth in export revenue due to rouble depreciation.

**Steppe:** decrease in revenue as a result of reduced carry-over inventory, which was partly compensated by increased sales in the Dairy Farming and Orchards segments; OIBDA growth due to improved efficiency in the trading business and revaluation of biological assets.

## Adj. OIBDA: 2Q 2020



**Medsi:** decline in revenue and OIBDA resulting from a lower patient flow during the COVID-19 pandemic.

**Hospitality:** a sharp decline in revenue and OIBDA due to lockdown measures

**Business Nedvizhimost:** decrease in revenue and OIBDA due to the completion of the commercial real estate sales programme as well as rent payment holidays granted to tenants experiencing financial difficulties as a result of the COVID-19 pandemic.

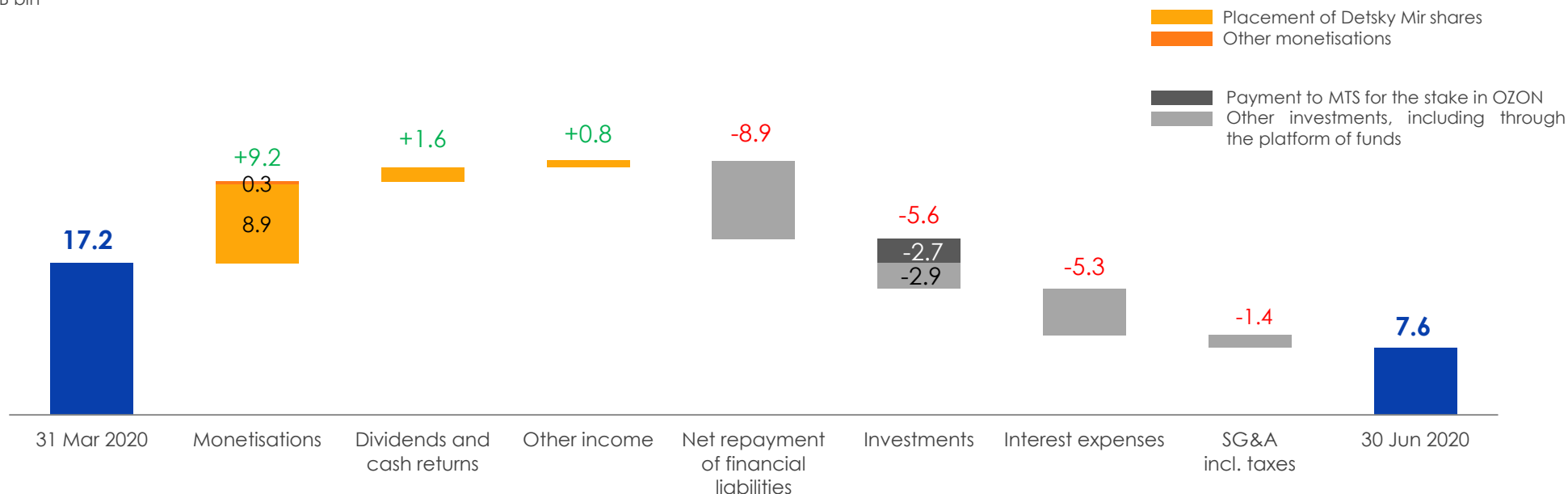
<sup>1</sup> Numbers may not add up due to rounding.

<sup>2</sup> The dynamics of the Group's adj. OIBDA in 2Q 2020 was also affected by the reflection of the Group's share in reduction of Ozon's net loss in the amount of RUB 1.2 bln (in 2Q 2020 the loss amounted to RUB 1.5 bln, in 2Q 2019 – RUB 2.7 bln).

# CASH FLOWS AT THE CORPORATE CENTRE



RUB bln



Cash inflows in 2Q 2020 were driven primarily by the placement of Detsky Mir shares (RUB 8.9 bln) and BPGC's dividends (RUB 1.1 bln).

The change in financial liabilities was due to the issue of series 001P-13 bonds (RUB 15 bln), as well as repayment of bank loans related to debt portfolio optimisation.

The total volume of investments in 2Q 2020 amounted to RUB 5.6 bln, including a RUB 2.7 bln payment to MTS for the stake in Ozon, and RUB 2.9 bln of other investments, including 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.

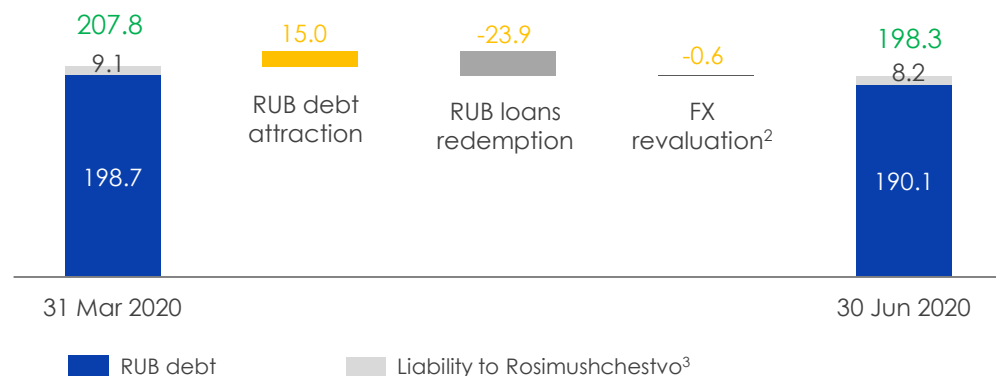
<sup>1</sup> Source: Management accounts. Numbers may not add up due to rounding.

# 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 significantly **reduce the average interest rate** of the debt portfolio, **extend its maturity** and establish a **comfortable repayment schedule**.

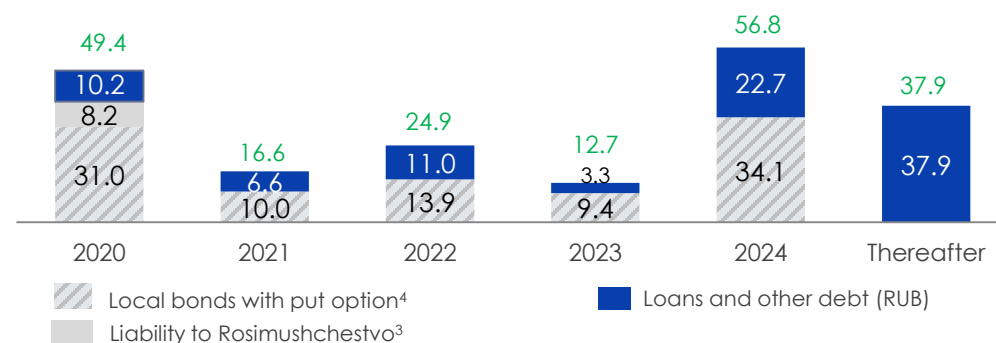
In 2Q 2020, the Corporation's financial liabilities decreased to **RUB 198.3 bln** due to the repayment of rouble-denominated loans.

As of 30 June 2020, the share of rouble-denominated financing stood at **96% of the Corporate Centre's financial liabilities**.

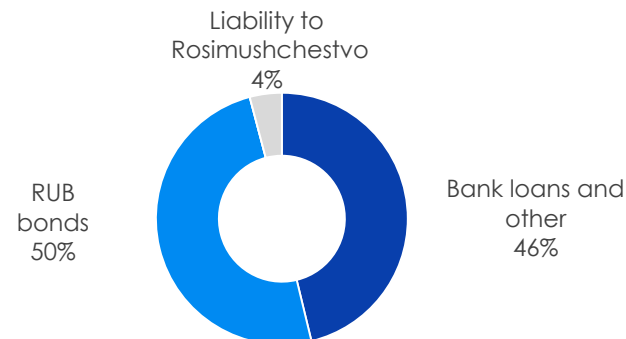
## Comfortable repayment schedule

RUB bln

As of 30 June 2020



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



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

<sup>2</sup> Including other non-cash items.

<sup>3</sup> As of the end of 2Q 2020, USD-denominated liability to Rosimushchestvo for shares of SSTL are presented at the RUB/USD exchange rate as of 30 June 2020.

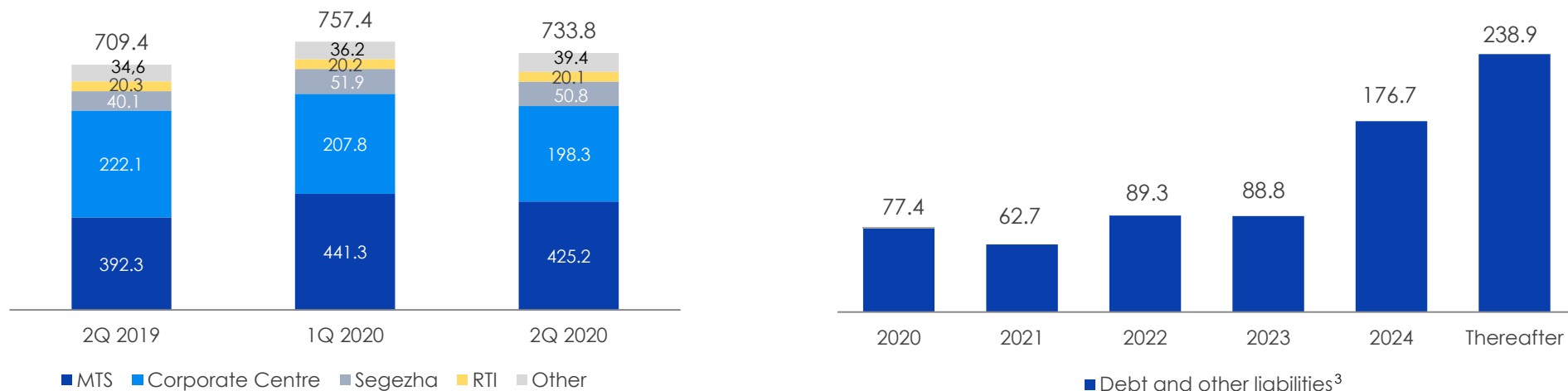
<sup>4</sup> Repayments in 2020 include RUB series 001P-06 and series 001P-09 bonds in the amount of RUB 25 bln, an extraordinary offer of which was scheduled and successfully executed in July 2020. The graph also shows RUB series 001P-04 bonds with a put option in 2020; 001P-07 with a put option in 2021; 001P-01 and 001P-10 with a put option in 2022; 001P-11 with a put option in 2023; 001P-05, 001P-08, 001P-12 and 001P-13 with a put option in 2024.<sup>7</sup>

# CONSOLIDATED FINANCIAL LIABILITIES



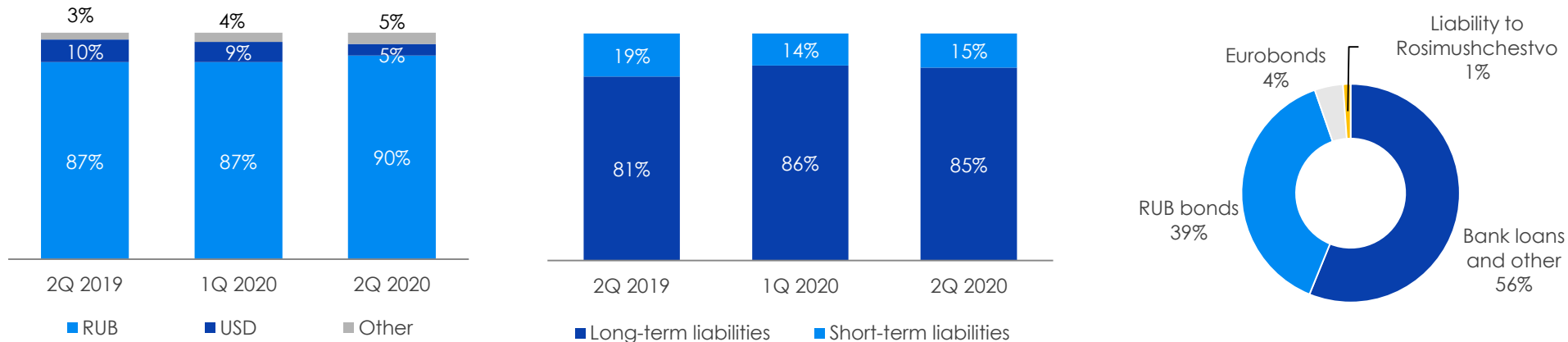
## Consolidated financial liabilities<sup>1,2</sup>: composition by borrower and maturity profile

RUB bln



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

RUB bln



<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 30 June 2020.

<sup>3</sup> Repayments in 2020 include RUB series 001P-06 bonds and 001P-09 in the amount of RUB 25 bln, an extraordinary offer of which was scheduled and successfully executed in July 2020.

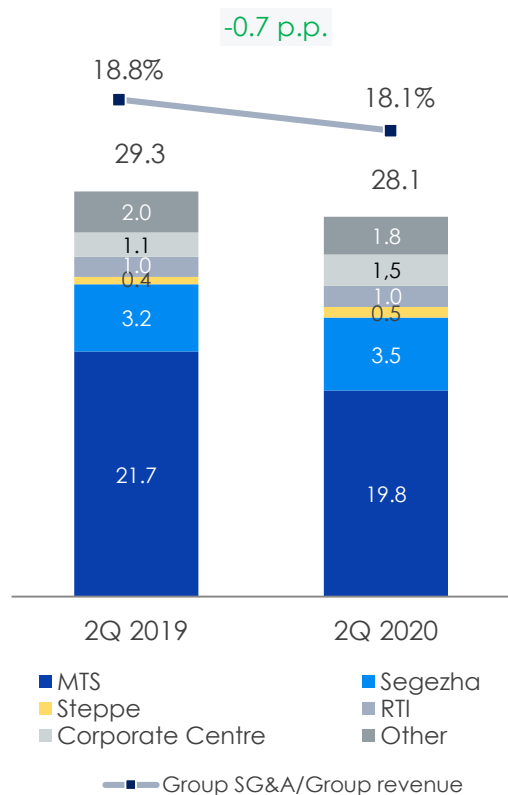


# SG&A EXPENSES



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

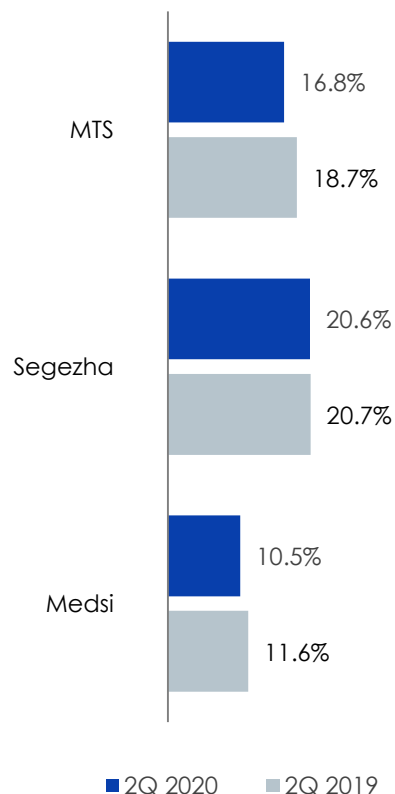
IFRS, RUB bln



Group SG&A declined by **4.1%** year-on-year in 2Q 2020. The **SG&A/Group revenue** ratio decreased by 0.7 p.p. year-on-year to **18.1%**.

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

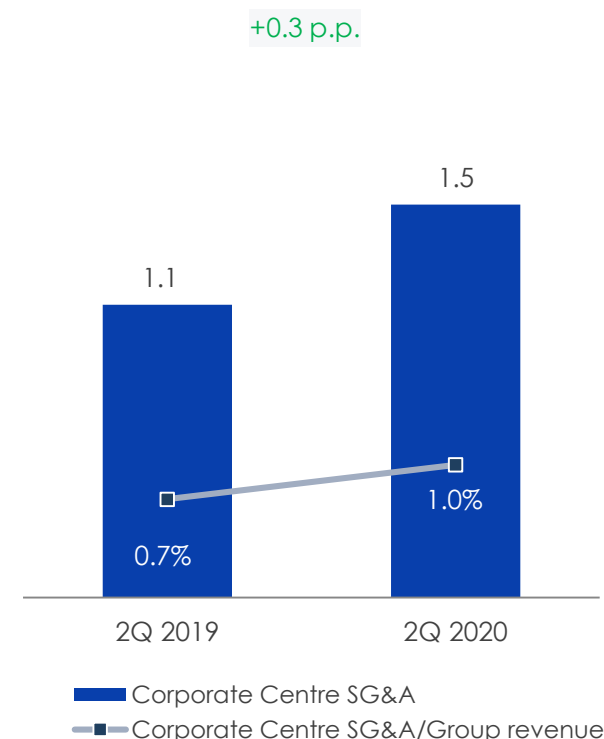
SG&A/Revenue, %



The **SG&A/revenue** ratio **decreased** year-on-year across most key assets in 2Q 2020.

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

RUB bln



The **Corporate Centre SG&A** and the **Corporate Centre SG&A/Group revenue** ratio **increased** year-on-year due to redundancy payments following workforce optimisation and expenses related to transactions and monetisations.

<sup>1</sup> Source: management accounts.



## KEY PORTFOLIO ASSETS

# MTS: STRONG FINANCIAL PERFORMANCE AND HIGH SHAREHOLDER RETURN

MTS



RUB bln <sup>1</sup>	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	117,7	116,2	1,3%	237,3	226,0	5,0%
Adj. OIBDA <sup>2</sup>	51,2	49,4	3,7%	103,0	103,4	(0,4%)
Adj. OIBDA margin	43,5%	42,5%	1,0 p.p.	43,4%	45,8%	(2,3) p.p.
Adj. net profit <sup>3</sup>	6,3	6,4	(0,1%)	15,4	13,4	14,5%
Net debt <sup>4</sup>	326,1	341,0	(4,4%)	326,1	341,0	(4,4%)
Capex	20,6	22,7	(9,2%)	40,8	39,3	3,8%

**Revenue** increased year-on-year in 2Q 2020 supported by growth in mobile services revenue on the back of a tariff increase in 1Q 2020 and growth in the revenue of MTS Bank.

**Adj. OIBDA** rose year-on-year in 2Q 2020 following revenue growth and reduced commercial and personnel expenses. This was despite a fall in revenue from international roaming, and the creation of additional reserves by MTS Bank.

**Adj. net profit** was flat in 2Q 2020 compared with 2Q 2019 primarily due to steady revenue flow from the core telecom business and lower net interest expenses. The creation of additional reserves by MTS Bank and the revaluation effect related to the use of derivative instruments for managing the FX position had a negative impact on net profit.

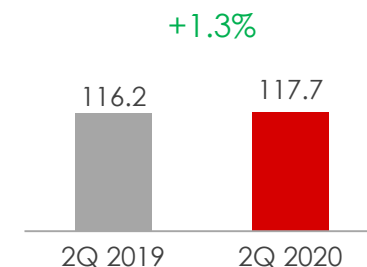
**Capex** decreased year-on-year in 2Q 2020 primarily due to delays in equipment supply and the postponement of the group's ecosystem development projects against the backdrop of the pandemic.

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

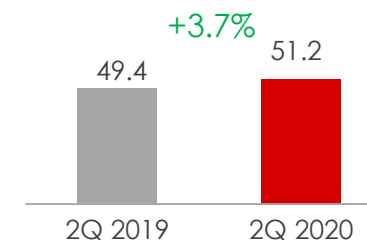
**Strong shareholder return** In June 2020, the Annual General Meeting of Shareholders approved dividends for FY 2019 to the amount of **RUB 20.57** per ordinary share. In July 2020, the Board of Directors recommended dividends for 6M 2020 to the amount of **RUB 8.93** per ordinary share to be approved at the Annual General Meeting of Shareholders on 7 September 2020.

**COVID-19 impact** The COVID-19 outbreak and subsequent border closures led to a fall in revenue from international roaming, increased reserves at MTS Bank due to increased credit risks and slowing down in retail sales at MTS stores. There was a positive impact from the reduction of operating expenses at offices closed during the quarantine.

REVENUE, RUB bln



Adj. OIBDA, RUB bln



<sup>1</sup> MTS's results reflect reclassification of the Ukrainian business as part of discontinued operations since 4Q 2019. The results for 2Q 2019 have been revised to reflect the results of this reclassification.

<sup>2</sup> Adjustment for a one-off asset disposal in the amount of RUB 0.9 bln in 2Q 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 in 1Q 2019 and the adjustment for the write-off of non-current assets in 2Q 2020.

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

# DETSKY MIR: REVENUE RECOVERY, ONLINE SALES BOOM AND NEW AGGRESSIVE GROWTH STRATEGY



RUB bln <sup>1</sup>	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	28,8	28,0	2,9%	59,9	55,9	7,1%
Adj. EBITDA <sup>2</sup>	5,4	5,8	(6,4%)	10,0	9,9	0,6%
Adj. EBITBDA margin	18,7%	20,5%	(1,8 п.п.)	16,7%	17,7%	(1,0 п.п.)
Adj. net profit <sup>3</sup>	0,9	2,2	(60,1%)	0,7	2,2	-68,2%
SG&A/revenue <sup>4</sup>	18,1%	21,6%	(3,5) p.p.	20,3%	21,9%	(1,6) p.p.
Net debt	24,9	26,2	(4,8%)	24,9	26,2	(4,8%)
Like-for-like growth <sup>5</sup>	0,8%	6,7%	(5,9) p.p.	2,5%	6,9%	(4,4) p.p.
Traffic growth	(11,3%)	8,5%	(19,8) p.p.	(3,0%)	8,3%	(11,3) p.p.
Average ticket growth	13,7%	(1,7%)	15,4 p.p.	5,7%	(1,3%)	7,0 p.p.
Capex	0,3	0,8	(56,0%)	0,7	1,6	(58,6%)

## Revenue and adj. EBITDA

Despite the challenging economic and epidemiological situation, Detsky Mir was able to **recover the revenue losses** incurred in April and achieve **positive year-on-year dynamics in revenue growth in 2Q 2020**. In July, the Company fully normalised its business and returned to double-digit growth of 13% in total sales. Adj. EBITDA **declined year-on-year in 2Q 2020** due to a decrease in gross profit caused by a drop in sales of high-margin products in April 2020, as well as additional promotion activities.

## Adj. net profit Retail network and online sales

**decreased year-on-year in 2Q 2020** primarily affected by FX rate differences resulting from the revaluation of FX accounts payable to the suppliers of goods.

In 2Q 2020, Detsky Mir opened 12 new stores. Traditionally, the majority of store openings take place in 2H 2020. In the medium term, Detsky Mir plans to **open at least 300 stores**. The omnichannel approach allowed the Company to meet increased demand online, which is evidenced by a surge in sales. In 2Q 2020, **online revenue increased over 3.2x year-on-year** to RUB 8.7 bln, while the **share of online sales as a proportion of Detsky Mir's total revenue in Russia reached 31.2%**.

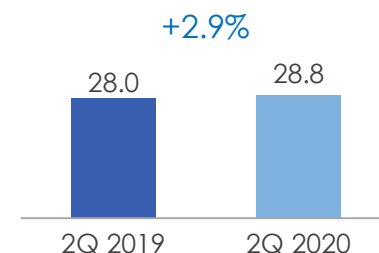
## Key highlights

In June 2020, the Annual General Meeting of Shareholders approved a final dividend for 2019 totalling **RUB 2.2 bln (RUB 3.0 per share)**. In August 2020, the Board of Directors recommended that the Extraordinary General Meeting of Shareholders approves a dividend payment of the remaining undistributed profit for 4Q 2019 at **RUB 1.8 bln (RUB 2.5 per share)**. In June 2020 and September 2020, Sistema and the Russia-China Investment Fund (RCIF) held two offerings of Detsky Mir shares, resulting in an increase of the Company's **free float** up to almost **100%** and **full exit of Sistema** and **RCIF** from the Detsky Mir shareholdings.

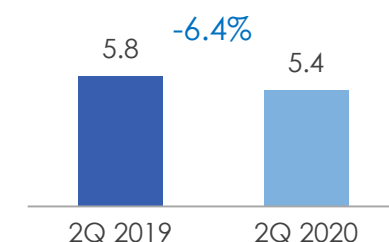
## New strategy

Detsky Mir's strategic vision is to be the leading specialised omnichannel player in the family products segment. The Company plans to significantly extend the range of children's goods to 2.4 mln SKUs and explore the potential to expand to complementary non-children's goods by developing its marketplace. Detsky Mir plans to maintain its leadership in the Childhood Segment and retain double-digit sales growth rates, supported by the development of the omnichannel business model. The share of online sales should reach 45% in the medium term through the development of direct delivery and order assembly services at stores. By the end of 2024, the Company plans to open **at least 800 ultra small-format Detmir pick-up point stores** that will help increase penetration into smaller towns. In the medium term, the Company plans to open **at least 500 Zoozavr stores** and to increase the share of online sales of pet products to **30%**.

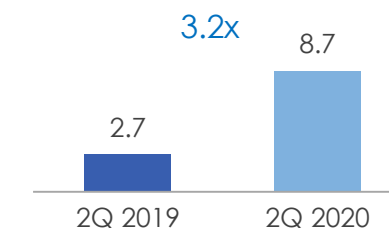
## REVENUE, RUB bln



## ADJ. EBITDA, RUB bln



## ONLINE SALES, RUB bln



<sup>1</sup> The results are presented in accordance with 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 in the form of 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 account for amortisation and depreciation expenses, as well as management bonus payments in the form of stock and cash under the LTI programme.

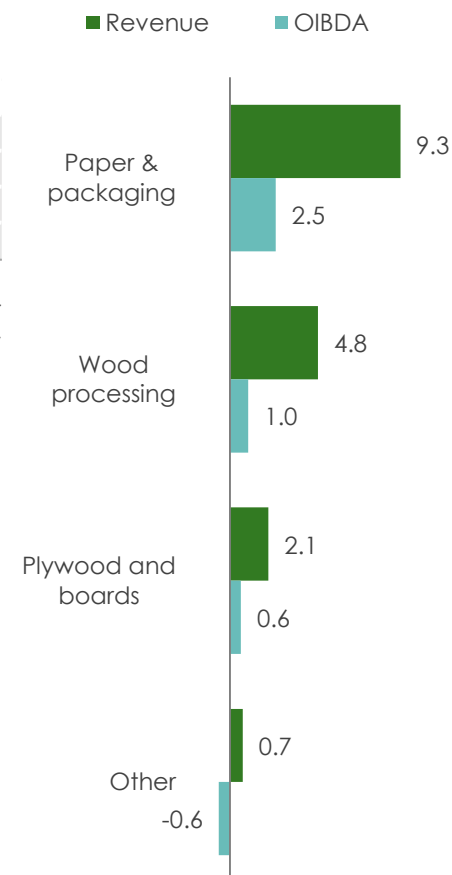
<sup>5</sup> Like-for-like growth in RUB terms. Includes only the results of Detsky Mir stores in Russia and Kazakhstan in operation for at least 12 full calendar months.

# SEGEZHA GROUP: REVENUE GROWTH DESPITE WEAK GLOBAL MARKET CONDITIONS



RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	16,9	15,5	8,9%	31,2	30,0	4,1%
Adj. OIBDA	3,6	3,8	(5,4%)	6,2	7,8	(20,0%)
Adj. OIBDA margin	21,2%	24,4%	(3,2) p.p.	19,9%	25,8%	(5,9 p.p.)
Adj. net profit / (loss)	3,2	1,3	147,9%	(2,1)	4,1	n/a
Net debt	47,2	37,9	24,4%	47,2	37,9	24,4%
Capex	3,4	1,3	168,8%	7,2	2,7	170,6%
FX-denominated rev., %	72,8%	70,0%	2,8 p.p.	70,8%	71,3%	(0,5) p.p.
Own consumption, %	76,7%	71,1%	5,6 p.p.	73,4%	70,1%	3,3 p.p.
Total forestry, thsd cu m	1 040,6	936,4	11,1%	2 722,5	2 555,6	6,5%

REVENUE and OIBDA by segments in 2Q 2020, RUB bln



## Revenue

**increased in 2Q 2020 year-on-year** primarily due to increase in the volume and price of sawn timber sales, as well as growth in the sales of paper and plywood. Export revenue dynamics was significantly impacted by the growth of the average FX rate year-on-year.

## Adj. OIBDA

**decreased in 2Q 2020** mainly due to the decline in paper prices year-on-year as a result of a temporary drop in demand across world markets due to the COVID-19 pandemic. The decrease in adj. OIBDA was also caused by increased logistics costs due to the increase in transport tariffs amid the pandemic.

## Adj. net profit

**increased in 2Q 2020 year-on-year more than twofold**, mainly due to the effect of currency exchange differences from the revaluation of the company's FX-denominated debt.

## Business development

In April 2020, the second line of pellet production at Lesosibirsky LDK was launched. This increased Segezha Group's total pellet production capacity **to 110,500 tonnes** per year.

The CLT plant project in the Vologda region with a capacity of **50,000 cu m** is in the final stage of construction. The commissioning of the plant is planned for the **end of 2020**.

The construction of the Galich plywood plant in the Kostroma region with a **capacity of 125,000 cu m** of plywood per year is progressing, with commissioning due to take place **in 2021**.

In July, a new splicing line with a capacity of 25 cu m of glued products per hour was launched at the Sokol Wood Processing Plant in the Vologda region. As a result, the production of finished glued products at the facility will increase **by 20% to 100,000 cu m per year**.

# SEGEZHA GROUP: GROWTH IN PRODUCTION AND SALES OF PAPER, PLYWOOD AND SAWN TIMBER



## Trends across key segments

### Sack paper

In 2Q 2020, Segezha Group's paper production increased by 3.8% year-on-year to 104,800<sup>1</sup> tonnes, primarily due to improved efficiencies. The volume of paper sales increased by 26.5% to 73,500 tonnes, mainly as a result of inventory reduction. Additional volume was sold to the existing customers, and new customers in Peru, Iran, Chile, Argentina, Azerbaijan and Uzbekistan.

### Paper sacks

In 2Q 2020, the sales volume decreased by 5.9% year-on-year to 344.9 mln units, mainly due to the suspension of operations in the construction industry and temporary closure of retail businesses amid the COVID-19 pandemic. The production volume declined by 4.6% year-on-year to 337.8 mln units<sup>2</sup> due to weaker demand in the product sales markets. This negative effect was partially offset by an increased share of higher margin products in the product portfolio.

### Plywood

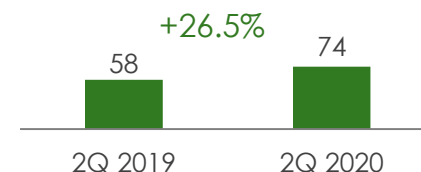
In 2Q 2020, plywood production grew by 6.3% year-on-year to 49,500 cu m due to the ahead of schedule completion of overhaul maintenance works at the Vyatka plywood plant, as well as the debottlenecking of production. In 2Q 2020, sales volume increased by 0.6% to 45,100 cu m.

### Sawn timber

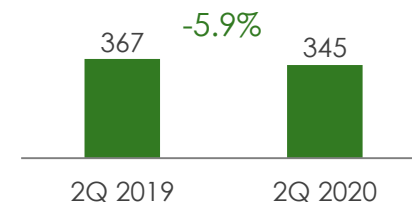
In 2Q 2020, sawn timber production increased by 22.0% year-on-year to 299,300 cu m thanks to the acquisition in early 2020 of the Karelian Wood Company LLC, a logging and wood processing enterprise in the Republic of Karelia. The repurposing of production capacities at the Sokol Wood Processing Plant from glulam to sawn timber in 2Q 2020 also had a significant impact. This was due to the commissioning of a new splicing line, which will help to increase the production capacity of glulam products at the Sokol Wood Processing Plant by 20%. In 2Q 2020, sales of sawn timber rose by 32.1% year-on-year to 326,600 cu m following the increase in production volumes.

## Sales

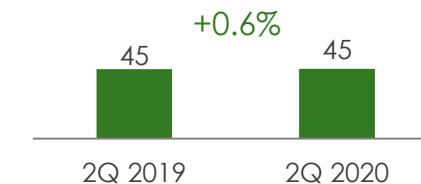
PAPER<sup>1</sup>, thsd tonnes



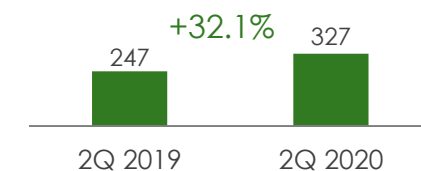
PAPER SACKS, mln units



PLYWOOD, thsd cu m



SAWN TIMBER, thsd cu m



<sup>1</sup> Circa 34% of paper produced was supplied to Segezha Group's own converting facilities to produce paper packaging.

<sup>2</sup> Including 13.4 mln consumer paper bags.

# STEPPE: LAND BANK EXPANSION AND STRONG OPERATING RESULTS



RUB bln <sup>1</sup>	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	2,7	3,5	(22,2%)	7,6	9,2	(17,5%)
OIBDA	2,0	1,8	11,7%	2,7	2,3	14,8%
OIBDA margin	71,8%	50,0%	21,8 p.p.	35,5%	25,6%	10,0 p.p.
Net profit	1,7	0,6	166,1%	1,8	0,8	141,4%
Net debt	24,1	21,1	14,3%	24,1	21,1	14,3%
Capex	0,5	0,6	(6,4%)	0,9	0,7	24,2%
actual OIBDA incl. AGK Yuzhny <sup>2</sup>	2,0	1,6	21,7%	3,1	2,4	26,1%

Agroholding Steppe's performance in 1H 2020 reflects the seasonal nature of the agricultural business, which sees the majority of revenue and OIBDA in the second half of the calendar year.

## Key highlights

**In 1H 2020, Steppe increased its land bank to 560,000 hectares** as a result of the acquisition of land assets in the Stavropol region.

## Revenue

**decreased year-on-year** in 2Q 2020 as a result of reduced carry-over inventory, which was partially offset by increased sales in the Dairy Farming and Orchards segments.

## OIBDA

**increased year-on-year** in 2Q 2020, **despite the decline in revenue**, due to improvement of trading efficiency in the Agrot trading and Sugar and Grocery Product Trading segments, production increase in the Dairy Farming segment, positive revaluation of biological assets and growth in apple sales during high season in the Orchards segment.

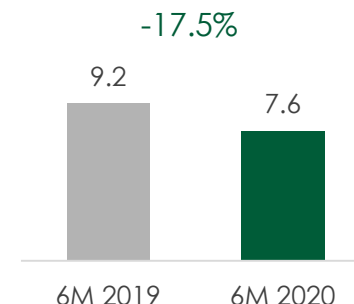
## CAPEX

**amounted to** RUB 0.5 bln in 2Q 2020 (-6.8% year-on-year). The bulk of the investments was directed towards the renewal of the farm machinery fleet and preparation for the crop season, buyout of land shares and the construction of dairy farms.

## Net debt

**increased** year-on-year in 2Q 2020 due to the acquisition of land assets and implementation of the capital investment programme.

REVENUE, RUB bln



OIBDA, RUB bln



<sup>1</sup> Steppe results are presented net of results of AGK Yuzhny due to its divestiture in May 2020.

<sup>2</sup> The actual OIBDA of Steppe including OIBDA of AGK Yuzhny for the period of ownership by Steppe.

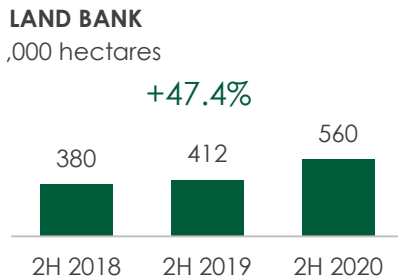
<sup>3</sup> RZ Agro is accounted for as an investment in a joint venture in Agroholding Steppe's IFRS financial statements.

# STEPPE: LAND BANK INCREASE AND FOCUS ON IMPROVEMENT IN OPERATING EFFICIENCY

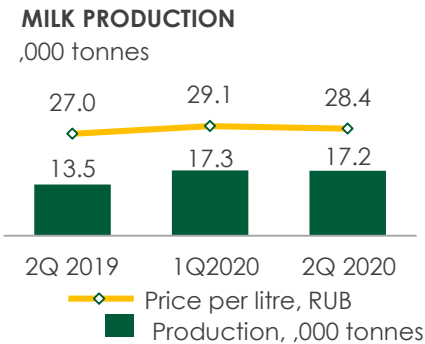


**Field crops**  
Land bank  
**560,000**  
hectares

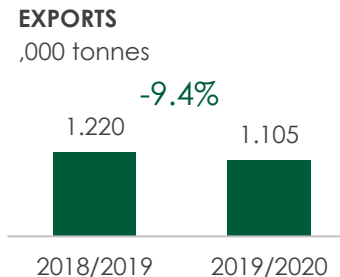
**Orchards**  
Orchards area  
**780**  
hectares



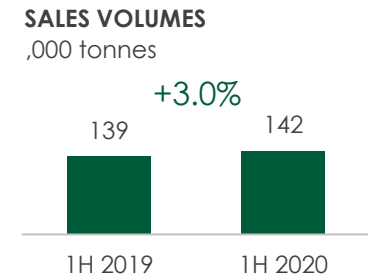
**Dairy Farming**  
Lactating cows  
**≈ 6,400 cows**



**Agrotrading**  
Exports for the 2019/2020 season  
**1,105,000 tonnes**



**Sugar and Grocery Product Trading**



## Crop Production

The land bank of Steppe in 2Q 2020 increased to **560,000 hectares** as a result of the consolidation of land assets in the Stavropol region.

Steppe's average export price of wheat sales in 1H 2020 remained at the level of 1H 2019.

## Dairy Farming

The Dairy Farming segment **reported stable growth**: gross milk yield increased to nearly 17,200 tonnes in 2Q 2020 (+27% year-on-year), while lactating cow productivity grew by 1.6% year-on-year, and the lactating herd came to 6,361 cows at the end of the reporting period.

## Agrotrading

Export volumes in the Agrotrading segment for the 2019/2020 season have slightly decreased year-on-year and amounted to **1,105,000 tonnes**. At the same time, a more efficient trading strategy was applied in 1H 2020, aimed at improving operating efficiency, which helped offset the effect of volume reduction and increase OIBDA.

## Sugar and Grocery Product Trading

Sales volumes in the Sugar and Grocery Trading segment amounted to 142,000 tonnes in 1H 2020 (+3% year-on-year), and higher margin transactions were carried out as part of time arbitrage strategy.



# MEDSI: EFFICIENT PERFORMANCE IN THE FIGHT AGAINST THE COVID-19 PANDEMIC



RUB bln	2Q 2020	2Q 2019	YoY	9M 2019	9M 2019	9M 2019
Revenue	4,6	5,5	(16,7%)	10,5	10,7	(1,9%)
Adj. OIBDA <sup>1</sup>	1,2	1,6	(29,4%)	2,3	2,5	(9,8%)
Adj. OIBDA margin <sup>1</sup>	25,2%	29,7%	(4,5) p.p.	21,7%	23,6%	(1,9) p.p.
Adj. net profit <sup>1</sup>	0,3	0,9	(64,9%)	0,7	1,1	(42,1%)
Net debt	2,9	1,4	109,9%	2,9	1,4	109,9%
Capex <sup>2</sup>	1,2	1,2	3,5%	2,4	1,8	34,6%
Patient visits, thsd	1 126	2 383	(52,8%)	3 219	4 691	(31,4%)
Services provided, thsd	2 258	4 349	(48,1%)	6 304	8 566	(26,4%)
Average ticket, thsd RUB	4,1	2,3	76,2%	3,3	2,3	42,9%

**Revenue** **decreased** year-on-year in 2Q 2020 due to a drop in patient flow and limiting the hospitals to providing only emergency care as a result of restrictions related to COVID-19. The decrease in revenue was partially offset by revenues generated from repurposing the hospital in Otradnoe as an in-patient infectious diseases' unit, COVID-19 testing and the development of out-patient treatment and telemedical support services.

**Adj. OIBDA and net profit** **declined** year-on-year in 2Q 2020 impacted by the fall in revenue and the high base effect in 2Q 2019 when previously made provisions for 2018 and 1Q 2019 for a total of RUB 0.3 bln were released as a result of changes in methodology of provisioning related to accounts receivable.

**Adjusted net profit** decreased year-on-year in 2Q 2020 on the back of adjusted OIBDA dynamics, an increase in depreciation and a growth in interest expense.

**Net debt** **increased** year-on-year in 2Q 2020 due to the drawing down of credit lines 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.

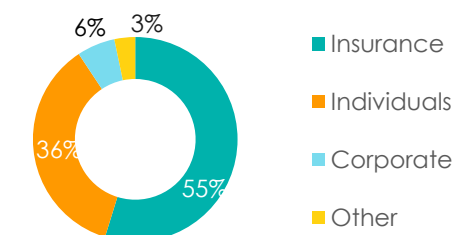
**Key highlights** In 2Q 2020, the hospital in Otradnoe was repurposed into an in-patient infectious diseases' unit in record time. A comprehensive COVID-19 diagnostics programme is being carried out in Moscow and in the regions.

The construction of a new Multifunctional Centre on Michurinsky Prospekt, with more than 34,000 sq m of space, is nearing completion, with the opening planned for 1Q 2021. The medical centre will include a Clinical-Diagnostic Centre (CDC) for children and adults, a daytime in-patient clinic and a 24-hour in-patient clinic with a centre for high-tech surgery.

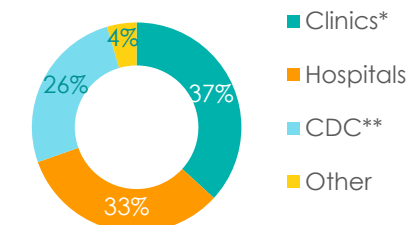
In September 2020, Medsi plans to open 3 clinics in Moscow: a family clinic with advanced diagnostics in Maryino with a total area of 4,400 sq m, and two Smart 500 clinics on Poletayev Street and Aviatsionnaya Street with a total area of 498 sq m and 675 sq m respectively.

## Revenue, 2Q 2020

### By clients



### By assets



\* Primary Care Clinics

\*\* Clinical Diagnostics Centre

<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: DECLINE IN UTILISATION AMID THE COVID-19 PANDEMIC



## Number of facilities<sup>1</sup>

46

## Number of patient visits<sup>2</sup>

1.1 mln

## Capacity<sup>2</sup>

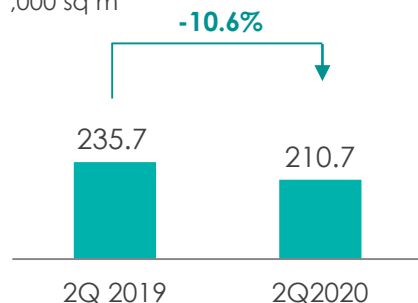
5.0 mln

## Number of physicians

3,300

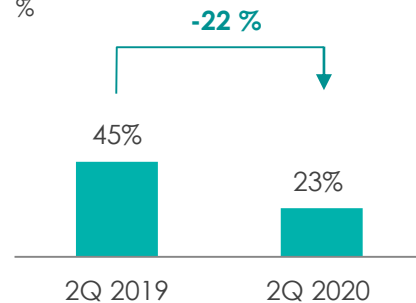
## FLOOR SPACE

,000 sq m



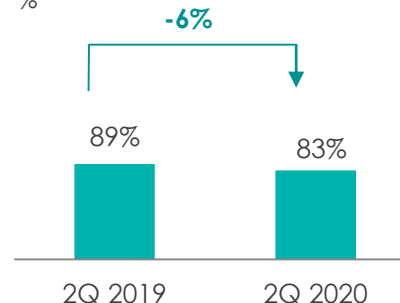
## UTILISATION, CLINICS<sup>3</sup>

%



## UTILISATION, HOSPITALS

%

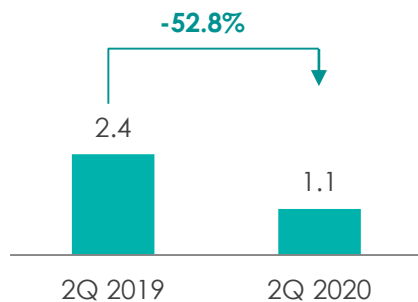


The **decrease in hospital utilisation** is due to restrictions associated with COVID-19.

The **decrease in floor space** is a result of the non-core assets optimisation programme.

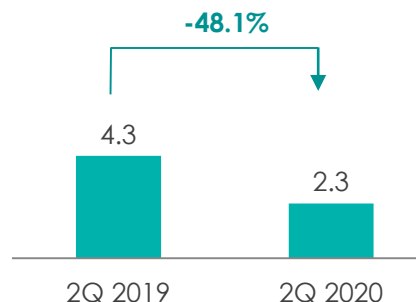
## PATIENT VISITS

mln



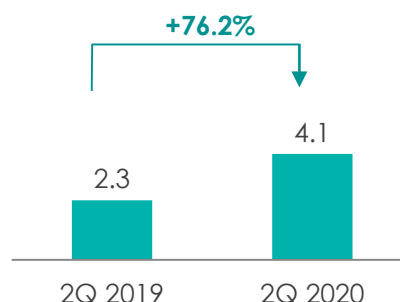
## SERVICES PROVIDED

mln



## AVERAGE CHEQUE

,000 RUB



The **average cheque** grew due to the rising share of cost-intensive services in the outpatient coronavirus diagnostics segment, as well as the high cost of an average COVID-19 treatment in the hospital in Otradnoe.

<sup>1</sup> Metrics in the table and hereafter are presented as of 30 June 2020.

<sup>2</sup> These metrics are for 2Q 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: MARKETPLACE SUCCESS, ADDITION OF NEW CUSTOMERS, INNOVATIVE SERVICES DEVELOPMENT



## Q2 2020 highlights:

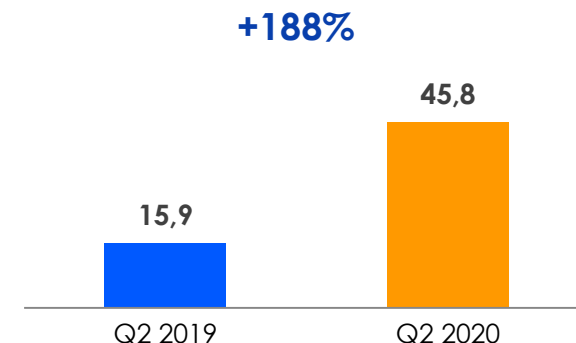
- **Record quarterly GMV<sup>1</sup> of RUB 45.8 billion, demonstrating 188% year-on-year growth.** Turnover in Q2 2020 exceeded the Company's annual turnover for 2018.
- **Number of customers doubled:** the pandemic transformed Russian consumer behaviour, with the **number of new buyers<sup>2</sup>** who placed an order on Ozon in April **exceeding** last year's figure **by 84%**. Online shopping has become a habit for Russian consumers, as **every fourth buyer** who first started shopping on Ozon this spring **placed a second order** in June-July.
- **Continued transition from an e-retailer to an online marketplace:** in June 2020 (14 months after the full-scale launch of the marketplace), **marketplace sellers** generated **over 50% of total GMV**. In **April 2020**, the Ozon platform **welcomed large national and international partners** including **M.Video-Eldorado** and **Decathlon**, which expanded Ozon's product assortment with brands liked by customers.

## Key initiatives

- **Ongoing regional expansion and investment into developing regional fulfilment centres:**  
By the end of 2020, Ozon is expected to **increase its logistics infrastructure space** in Novosibirsk **six-fold** to 17,000 sqm<sup>3</sup>. This autumn, the Company will launch full-scale operations at its new logistics hubs in Rostov-On-Don, St. Petersburg and Kazan, with a total floor area of **38,000 sqm, 29,000 sqm and 38,000 sqm**, respectively<sup>4</sup>.
- The **Ozon.Card** bank card is an instrument that **helps boost average order value and purchase frequency**. It also **attracts new buyers**. **Number of Ozon.Card active users** of exceeded **175,000** by the end of Q2 2020. Spending on the marketplace increased by an average of **26%** after customers received the card. Approximately **10%** of Ozon.Card holders **made their first purchase** on the platform after activating the card.
- **Ozon's financial services development** helps our **partners grow their business:**  
By June 2020, the **P2B-service Ozon.Invest** granted more than **RUB 300 million** in loans to its partners. April 2020 marked the monthly peak in the number of applications for financing.

## Ozon: key numbers

Ozon.ru GMV (including VAT), RUB bn



**#1** E-commerce brand by recognition in Russia



<sup>1</sup> The total value of orders processed through Ozon and revenue from services to our buyers and sellers. GMV is inclusive of VAT, net of discounts, returns and cancellations. GMV does not include Ozon.Travel sales.

<sup>2</sup> Unique buyers, who placed an order on Ozon within the 12-month period preceding the relevant date, net of returns and cancellations.

<sup>3</sup> Floor space – 14,000 sqm.

<sup>4</sup> Floor space – 22,000 sqm, 18,000 sqm and 22,000 sqm, respectively.

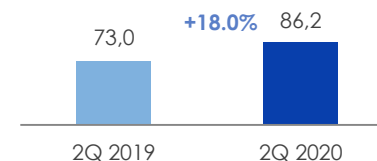
# PHARMA ASSETS (SINTEZ AND ALIUM)



## Sintez<sup>1</sup>

RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	3,4	2,4	45,6%	5,8	4,2	38,1%
OIBDA	0,8	0,6	18,0%	1,1	1,0	3,3%
OIBDA margin	22,1%	27,3%	(5,2) p.p.	18,3%	24,5%	(6,2) p.p.
Net profit	0,3	0,3	(3,8%)	0,3	0,5	(36,7%)
Net debt	4,7	5,8	(18,9%)	4,7	5,8	(18,9%)

### PRODUCTION VOLUMES OF PHARMACEUTICAL PRODUCTS, mln units



**REVENUE increased year-on-year in 2Q 2020** due to higher sales of drugs due to increased demand during the pandemic. The key drivers of sales growth were: Hydroxychloroquine, Ibuprofen, Leflobact, Ceftriaxone and Immunoglobulin. In 6M 2020, the hospital drug sales segment increased dramatically (+104% year-on-year), and export and retail drug sales increased by 36% and 19% year-on-year respectively.

The **increase in OIBDA** year-on-year in 2Q 2020 was due to revenue growth, while the OIBDA margin decreased as a result of an increase in the share of low-margin hospital products. In 2Q 2020, **net debt decreased** year-on-year due to the settlement of off-balance sheet liabilities.

In August 2019, Sistema, together with a financial partner, acquired a 46.5% equity stake in Sintez through a holding company, Sinocom. In May 2020, Sinocom increased its stake in Sintez to 56.2% following the mandatory tender offer to minority shareholders.

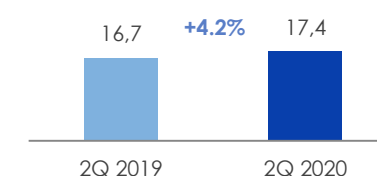
In July 2020, in order to improve efficiency in management of pharmaceutical assets, Sistema established ALIUM GROUP and transferred its equity stakes in Sintez and Alium to ALIUM GROUP.

## Alium<sup>2</sup>

RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	2,1	1,7	19,1%	3,6	3,2	14,2%
OIBDA	0,5	0,4	6,9%	0,5	0,7	(33,5%)
OIBDA margin	22,8%	25,4%	(2,6) p.p.	12,9%	22,2%	(9,3) p.p.
Net profit / (loss)	0,2	0,2	(13,9%)	(0,2)	0,3	n/a
Net debt	5,4	5,2	4,8%	5,4	5,2	4,8%



### PRODUCTION VOLUMES OF PHARMACEUTICAL PRODUCTS, mln units



**Revenue** in 2Q 2020 **increased year-on-year** primarily due to positive dynamics for hospital (mainly impacted by COVID-19) and antiviral drugs (with especially strong growth in sales of Kipferon), as well as Neobutin and Maxilac. In addition, Alium's results were affected by the consolidation of Binnopharm's results from 01.09.2019.

In 2Q 2020, **OIBDA increased year-on-year** following revenue growth.

In August 2020, the vaccine developed at the Gamaleya Scientific Research Institute of Epidemiology and Microbiology became the world's first vaccine against COVID-19 registered for use. According to the registration certificate, the only production facility in Russia to be engaged in the manufacturing of the new vaccine, in addition to Gamaleya Institute, is Sistema's pharmaceutical plant Binnopharm located in Zelenograd, the Moscow region. The plant has the capacity to produce around 1.5 million doses of the vaccine per year. In the future, it is planned to increase its production capacity by fitting additional equipment.

<sup>1</sup> Management accounts data. The results of Biocom are consolidated in the financial statements of Sintez starting from August 2019. Figures for 2Q 2019 and 6M 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> The results of Binnopharm are consolidated in the financial statements of Alium starting from 1 September 2019. Figures for 2Q 2019 and 6M 2020 are shown on a stand-alone basis from OBL Pharm accounts. Sistema's effective stake in OBL Pharm stands at 24.9% as of 30 June 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 6M 2019 and 2Q 2019 was restated and is presented excluding bonuses to pharmacy chains and distributors

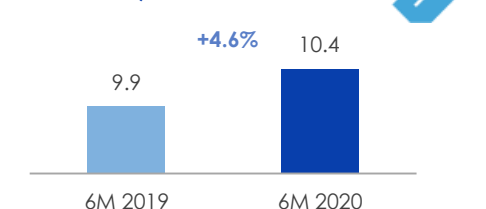
# POWER GRIDS (BPGC) AND HIGH-TECH (RTI)



## BPGC

RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	4,5	4,6	(0,7%)	10,4	9,9	4,6%
OIBDA	1,2	1,3	(7,7%)	3,1	2,8	13,8%
OIBDA margin	27,1%	29,1%	(2,0) p.p.	30,2%	27,8%	2,4 p.p.
Net profit	0,4	0,5	(26,1%)	1,3	1,1	15,6%
Capex	0,8	0,9	(14,6%)	1,4	1,6	(8,1%)

Revenue, RUB bln



**REVENUE** decreased slightly year-on-year in 2Q 2020 due to a reduction in capacity and net electricity supply. This was a result of lower energy consumption by small and medium-sized businesses amid the COVID-19 restrictions, as well as a decrease in energy consumption in the oil and gas sector due to the implementation of the OPEC+ program. In 2Q 2020, **OIBDA** declined year-on-year in line with revenue and due to increasing costs, including wage indexation. The **OIBDA margin** decreased year-on-year in 2Q 2020 driven by increasing costs, including labour costs. **NET PROFIT** decreased year-on-year in 2Q 2020 as a result of the OIBDA dynamics and a decline in finance income.

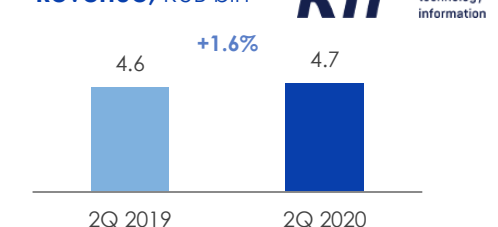
In 2Q 2020, BPGC continued its comprehensive reconstruction of distribution networks in the Ufa city district. During the reporting period, 33 distribution points and 18 transformer substations were upgraded, and 5.2 km of cable lines were laid.

In May 2020, BPGC's Annual General Meeting resolved to distribute RUB 1.3 bln as the final dividend for 2019.

## RTI

RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	4,7	4,6	1,6%	8,4	8,5	(0,5%)
Adj. OIBDA <sup>1</sup>	0,0	0,1	(48,3%)	(0,1)	0,2	n/a
Adj. OIBDA margin	0,9%	1,8%	(0,9) p.p.	n/a	2,9%	n/a
Adj. net loss	(0,9)	2,7	n/a	(2,4)	1,5	n/a
Net debt	20,0	19,9	0,5%	20,0	19,9	0,5%

Revenue, RUB bln



**REVENUE** remained largely unchanged year-on-year in 2Q 2020. Historically, most of RTI's revenue falls in the second half of the year.

**Adj. OIBDA** decreased year-on-year in 2Q 2020 mainly due to the impact of the financial results of Element LLC, a joint venture with the Rostec State Corporation in microelectronics.

**Adj. OIBDA margin** decreased year-on-year in 2Q 2020 following adj. OIBDA dynamics.

**Adj. net loss** in 2Q 2020 compared to adj. net profit in 2Q 2019 was due to the disposal of assets that took place in 2Q 2019.

**NET DEBT** remained largely unchanged year-on-year and amounted to RUB 20.0 bln. As of the end of 2Q 2020, RTI's accounts also include additional funds of RUB 4.0 bln earmarked for the execution of state defence contracts, which are not included in the calculation of net debt.

<sup>1</sup> As of 30 June 2019, the financial results of microelectronics assets transferred to Element LLC were recorded in the financial statements as the results of assets held for sale in net profit (or loss). Adj. OIBDA in 2Q 2020 includes 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 2Q 2020 amounted to RUB 0.1 billion.

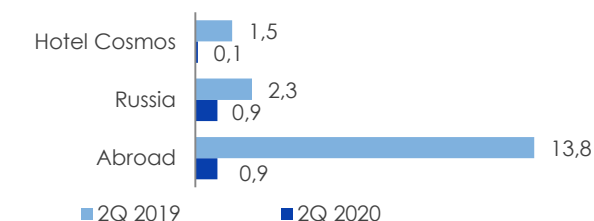
# HOSPITALITY (COSMOS HOTEL GROUP) AND RENTAL ASSETS (BUSINESS NEDVIZHIMOST)

## COSMOS HOTEL GROUP<sup>1</sup>



RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	0,2	1,4	(86,7%)	1,0	2,5	(60,3%)
Adj. OIBDA <sup>2</sup>	(0,2)	0,3	n/a	(0,2)	0,4	n/a
Adj. OIBDA margin <sup>2</sup>	n/a	24,3%	n/a	n/a	14,1%	n/a
Adj. net loss <sup>2</sup>	(0,4)	(0,3)	n/a	(0,9)	(0,9)	n/a
Net debt	4,0	4,0	0,6%	4,0	4,0	0,6%
Room capacity	4 132	4 130	0,0%	4 132	4 130	0,0%

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



**REVENUE** decreased year-on-year due to hotel closures and a sharp drop in occupancy caused by the COVID-19 pandemic. Hotels outside Russia were closed at the end of 1Q 2020. Hotels in Russia closed or operated in "sleep mode" from April, and gradually resumed operation in late May – early June.

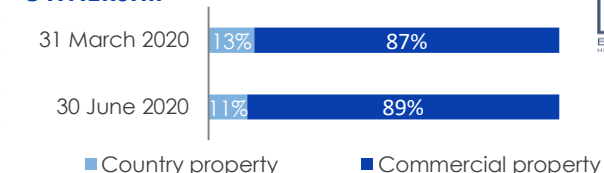
Adjusted **OIBDA** decreased year-on-year on the back of the decline in revenue. At the same time, the group took steps to drastically reduce operating costs and minimise losses. **Adj. NET LOSS** was due to the negative OIBDA dynamics. The share of revenue from hotels outside Russia in 2Q 2020 fell to 6% (from 22% in 2Q 2019). Revenue from the foreign-based hotels in foreign currency decreased by 16x in 2Q 2020: 3 months of operations were lost during the high season.

In 2Q 2020, **ADR<sup>4</sup>** for the Group's hotel portfolio decreased year-on-year from RUB 3,600 to RUB 2,300 due to the de facto lack of revenue from international hotels in 2Q. **RevPAR<sup>3</sup>** of the hotel portfolio decreased from RUB 2,400 to RUB 500 against the backdrop of a collapse in occupancy. In 2Q 2020, **the average occupancy** fell by 53 p.p. to 19% due to the absence of revenue from the international segment and a significant drop in demand in the Russian market.

## BUSINESS NEDVIZHIMOST

RUB bln	2Q 2020	2Q 2019	YoY	6M 2020	6M 2019	YoY
Revenue	1,0	1,7	(42,7%)	2,0	2,5	(19,9%)
OIBDA	0,4	1,6	(74,5%)	0,7	1,7	(60,5%)
OIBDA margin	41,6%	93,4%	(51,8) p.p.	34,6%	70,1%	(35,5) p.p.
Net profit	0,1	1,1	(92,0%)	0,3	1,1	(74,0%)
Net debt/(cash position)	1,4	(0,3)	n/a	1,4	(0,3)	n/a

## PORTFOLIO OF ASSETS UNDER OWNERSHIP



In 2Q 2020, **REVENUE** from the rental assets of Business Nedvizhimost decreased year-on-year due to the completion of the commercial real estate sales programme along with the provision of rent payment holidays and discounts for tenants who experienced financial difficulties as a result of the COVID-19 pandemic.

**OIBDA and OIBDA margin decreased** in line with the revenue dynamics and due to a change in revenue structure in favour of lower margin rental revenue. A decrease in **net profit** year-on-year in 2Q 2020 was due to the decline in revenue and OIBDA. Furthermore, Business Nedvizhimost received additional income from the sale of a non-core asset in 2Q 2019.

In August 2020, the Company successfully placed the debut bond issue for RUB 4 billion at a 7.90 coupon rate with a 4-year put option. Funds from the placement will be used to refinance the current debt portfolio and implement investment projects. RAEX rating agency assigned Business Nedvizhimost a ruA- rating with a stable forecast.

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

<sup>2</sup> Adjusted in 1Q 2020 as a result of a one-time write-off due to the COVID-19 pandemic affecting the financial performance of the international hotels.

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

<sup>4</sup> Average daily rate



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