Sistema PJSFC (SSA)

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Sistema becomes largest shareholder of Etalon Group

Moscow, Russia - 19 February 2019 - Sistema PJSFC ("Sistema") (LSE: SSA, MOEX: AFKS), a publicly traded diversified Russian holding company, announces the acquisition of a 25% stake in ETALON GROUP PLC (together with its subsidiaries, "Etalon Group"), one of Russia's leading real estate development and construction companies, from Viacheslav Zarenkov, Etalon Group's founder and largest shareholder, and his family members, for USD 226.6 million.

Etalon Group is one of the largest and oldest residential property developers in the Russian market, occupying a leading position in St Petersburg and increasing its presence in the Moscow Metropolitan Area. Etalon Group is a vertically integrated holding that includes all business segments contributing to value creation: from land plot development and construction to regional sales and property management. As of 30 June 2018, Etalon Group's portfolio comprised 39 projects at different development stages, primarily in the highly profitable comfort and business-class segments, with total unsold net sellable area exceeding 2.73 million sq m. As of 30 June 2018, Knight Frank valued Etalon Group's real estate portfolio at over RUB 132 billion. In 2018, Etalon Group's real estate sales totalled 628 thousand sq m, or RUB 68.7 billion. In 2017, Etalon Group's total revenue amounted to RUB 70.6 billion, and EBITDA reached RUB 13.2 billion.

Previously, Sistema announced it had divested 51% stake in Leader Invest, a leading Moscow residential real estate developer, to Etalon Group for RUB 15.2 billion.

Andrey Dubovskov, Sistema CEO and President, said:

"Real estate development remains an attractive sector in the Russian economy, and Sistema has long sought to build further scale. The combination of Etalon Group and Leader Invest brings complementary property assets in key markets and management expertise under one roof creating a residential real estate market leader with a total portfolio of 4 million sq m. Greater scale benefits and significant operating synergies will strengthen Etalon Group's investment case. Etalon Group's high corporate governance standards and track record of transparency will also ensure that the investment community gains better visibility of this dynamic sector of the local economy."

Renaissance Capital and Sberbank CIB acted as financial advisers to Sistema on acquisition of Etalon Group shares and divestiture of Sistema's stake in Leader Invest.

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This announcement contains inside information. Full name and position of person making the announcement - Nikolai Minashin, Director, Investor Relations

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Sistema PJSFC is a publicly-traded diversified Russian holding company serving over 150 million customers in the sectors of telecommunications, children's goods retail, paper and packaging, healthcare services, agriculture, high technology, banking, real estate, pharmaceuticals and hospitality. The company was founded in 1993. Its revenue in 2017 was RUB 704.6 billion; its total assets equalled RUB 1.1 trillion as of 31 December 2017. Sistema's global depositary receipts are listed under the "SSA" ticker on the London Stock Exchange. Sistema's ordinary shares are listed under the "AFKS" ticker on Moscow Exchange. Website: www.sistema.com.

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