

Sistema PJSFC (SSA)

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### **Sistema completes transaction to become shareholder of pharmaceutical businesses Sintez and Biocom**

**Moscow, 8 August 2019** - Sistema PJSFC ("Sistema") (LSE: SSA, MOEX: AFKS), a publicly traded diversified Russian holding company, announces that it has completed the acquisition, together with a financial partner, of a 46.5% equity stake in Sintez Kurganskoe Medical Products Company ("Sintez") and a 75.1% equity stake in Biocom, through holding company Sinocom Investments Limited ("Sinocom"), from investment firm Marathon Group for a consideration of RUB 11.8 billion.

The 46.5% stake in Sintez was acquired by Sinocom for RUB 8.2 billion in a transaction financed jointly by Sistema and a financial partner. Subsequently, in order to combine the businesses, newly acquired Sintez purchased a 75.1% stake in Biocom from Sinocom for RUB 3.6 billion. The purchase of Biocom shares was funded with Sintez's own capital and funds borrowed by Sintez. The companies have complementary portfolios in terms of product types, have collaborated in the area of sales for many years, and are managed by a single executive team. The consolidation of the assets into Sintez will capture existing synergies and support the further growth of shareholder value.

Sinocom intends to make a public offer (mandatory tender) to minority shareholders of Sintez to acquire their ordinary registered shares in the company.

Sistema and its financial partner have concluded an agreement under which Sistema will acquire its financial partner's stake in Sinocom within three years of the transaction closing.

Sintez and Biocom - together with Alium, a pharmaceutical company being created by Sistema through the merger of OBL Pharm and Binnopharm - will be a major market player, possessing the potential to become a top-3 Russian pharmaceutical company in the commercial segment. The combined product portfolio of Sintez, Biocom and Alium will include more than 500 products and its manufacturing capacity will consist of six production facilities in Moscow, the Moscow region, Kurgan and Stavropol.

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Sintez Kurganskoe Medical Products and Goods Company is one of Russia's ten largest pharmaceutical companies by pharmaceutical product output. Sintez accounts for approximately 3% of the total Russian pharmaceutical market, and 23% of the market for antibiotics. The company's product portfolio, which includes more than 300 drugs and medical products, is focused on three therapeutic areas: antibiotics, pulmonary medicines, and medicines for treatment of the musculoskeletal system. More than 30% of the company's production is manufactured using its own compounds. The company introduces 10-15 new medical products to the market every year. 2018 revenue was RUB 8.5 billion.

Biocom specialises in the production of non-patented antibiotics and medicines to treat cardiovascular and central nervous system diseases. The company's portfolio consists of approximately 40 products.

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**Sistema PJSFC** is a publicly-traded diversified Russian holding company serving over 150 million customers in the sectors of telecommunications, high technology, financial services, retail, paper and packaging, agriculture, real estate, tourism and medical services. The company was founded in 1993. Revenue in 2018 was RUB 777.4 bn; total assets equalled RUB 1.5 tn as of 31 December 2018. 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 the Moscow Exchange. Website: [www.sistema.com](http://www.sistema.com)

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