



**Report on the market value of
one ordinary share in PJSC MegaFon**

Summary

as at 31 December 2018 № FAS-2019-64170
AO Deloitte & Touche CIS | Moscow 2019



Alexander Barunin,
Chief Executive Officer

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Dear Mr. Barunin,

This letter is to inform you of the results of Deloitte's market valuation of one ordinary share in PJSC MegaFon (the "Subject Interest") on controlling basis as at 31 December 2018 (the "Valuation Date").

We performed this valuation in accordance with Agreement No. FAS-2019-64170 dated 15 March 2019 between MegaFon Finance LLC (the "Client") and AO Deloitte & Touche CIS. In carrying out the valuation, we were guided by the Federal Law "On Valuation Procedures in the Russian Federation" in its most recent version, and the Federal Valuation Standards.

Based on our analysis, the market value of one ordinary share in PJSC MegaFon (the "Subject Company") on controlling basis as at 31 December 2018 is (rounded, VAT not applicable):

642 RUB (Six hundred forty two Russian rubles).

Kind regards,

A handwritten signature in blue ink that reads "Deloitte & Touche".

AO Deloitte & Touche CIS

Engagement Overview

Subject Interest

One ordinary share in PJSC MegaFon (state register number 1-03-00822-J) on controlling basis

Information on the Subject Interest

PJSC MegaFon is a pan-Russian telecom operator represented in all segments of the telecommunications market.

Corporate names of the Subject Company

Full title: Public Joint Stock Company MegaFon

Short title: PJSC MegaFon

Legal address: 41 Oruzheyniy Lane,
Moscow, Russia, 127006

OGRN: 1027809169585, *date of assignment:* 15 July 2002

INN: 7812014560

Rights to the Subject Interest valued as part of this valuation engagement

Ownership title

Valuation Basis

Agreement No. FAS-2019-64170 dated 15 March 2019

Valuation Date

31 December 2018

Engagement Period

March 2019

Valuation Report Date

25 March 2019

Standard of Value

Market Value

Valuation Purpose

Determination of the market value of the Subject Interest

Intended use of Valuation Results

For transaction purposes, including but not limited to estimation of share purchase price in accordance with cl. 84.7 and 84.8 of the Federal Law "Joint Stock Companies Act"*

Liens and Encumbrances on the Subject Interest

Our valuation is based on the assumption that the Subject Interest is free from any liens and encumbrances and therefore no liens or encumbrances were taken into account in this valuation engagement

Underlying Assumptions and Limiting Conditions

All underlying assumptions and limiting conditions are summarized in the section "Assumptions and Limiting Conditions" below

* *Clause 84.7 of the Federal Law "Joint Stock Companies Act" № 208-FZ dated 26 December 1995: "Redemption of securities of a public entity upon the request of their owners by a person who acquired more than 95 percent of shares of a public entity"*

Clause 84.8 of the Federal Law "Joint Stock Companies Act" № 208-FZ dated 26 December 1995: "Redemption of securities of a public entity upon the request of a person who has acquired more than 95 percent of shares of a public entity"

Key Findings and Conclusions

Subject Interest

One ordinary share in PJSC MegaFon (state register number 1-03-00822-J) on controlling basis

Subject Interest book value

70 bln RUB (rounded) – consolidated book value of PJSC MegaFon net assets as at the Valuation Date (147 RUB, rounded, per one ordinary share)

Contractor

AO Deloitte & Touche CIS

Client

MegaFon Finance LLC

Appraiser

Anton Shulga, Partner,
Corporate Finance Advisory,
AO Deloitte & Touche CIS

Valuation Standards

Federal Law “On Valuation Procedures in the Russian Federation”,
Federal Valuation Standards of the Russian Federation (“FVS”)

Valuation Basis

Agreement No. FAS-2019-64170 dated 15 March 2019

Valuation results obtained under different valuation approaches (VAT not applicable)

The market value of the Subject Interest was determined under the Income Approach and the Market Approach. The Cost Approach was not applied.

Approach	Weight	Market Value Range, RUB	Point Estimate, RUB
Income Approach	50%	586–798	682
Market Approach (Deals method and Guideline Public Companies method)	25%	507–728	617
Market Approach (Recent transactions method)	25%	498–674	589
Cost Approach	0%	Not applied	Not applied

Value of the Subject Interest (rounded, VAT not applicable):

642 RUB

Limitations and limits of application of the result:

Please refer to the section “Assumptions and Limiting Conditions” below

Assumptions and Limiting Conditions

For the purposes of this document, the “Report” refers to the Valuation report on the market value of one ordinary share in PJSC MegaFon № FAS-2019-64170 dated 25 March 2019, as well as the Summary of valuation report set out in this document.

The results are intended for transaction purposes, including but not limited to estimation of share purchase price in accordance with cl. 84.7 and 84.8 of the Federal Law “Joint Stock Companies Act” № 208-FZ dated 26 December 1995.

The value estimate contained herein is intended to represent the value of the Subject Interest as at the Valuation Date exclusively. The value thereof on any other date may differ from the value estimate reported herein.

In the course of our analysis, the management of the Subject Company provided us with written and oral information related to the structure, operations and financial performance of the Subject Company. We assumed this information to be accurate and relied on it in our valuation and preparation of the Report.

We relied on publicly available information on the composition and condition of the subject property and property rights thereto. We neither investigated the validity of the title of the Subject Company to the property and relevant property rights nor performed any physical inspection or inventory check thereof.

The valuation results described in the Report assume full compliance of the Subject Company with all applicable laws and regulations and the existence of all licenses and certificates required for their operations. As per information provided by the management of the Subject Company, the Subject Interest was considered as free from any liens, encumbrances or off-balance sheet obligations.

Our valuation of the Subject Interest relies on the Subject Company’s actual data and projections provided to us by its management, forecasts by international sources regarding economy as a whole and relevant industry in particular, other public data, as well as our own forecasts.

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