

MegaFon announces financial results for Q2 and H1 2016

MOSCOW, Russia (27 July 2016) - PJSC "MegaFon" ("MegaFon", or the "Company") (LSE: MFON), a leading Russian integrated telecommunications operator, announces its unaudited consolidated financial results¹ for the second quarter 2016.

Key highlights of the Second Quarter 2016²

- Consolidated revenue increased by 3.4% y-o-y³ to RUB 78,723 million
- Revenue from wireless data services increased by 6.3% y-o-y to RUB 20,687 million
- OIBDA decreased by 14.9% y-o-y to RUB 29,554 million
- OIBDA margin was 37.5% versus 45.6% in Q2 2015
- Net Profit decreased by 44.4% y-o-y to RUB 7,234 million
- CAPEX increased by 2.8% y-o-y to RUB 12,893 million
- Free Cash Flow amounted to RUB 9,605 million
- Net Debt as of 30 June 2016 was RUB 167,135 million
- The number of mobile subscribers grew by 3.8% y-o-y to 76.6 million⁴ as of 30 June 2016

Key highlights of the First Half of 2016

- Consolidated revenue increased by 2.5% y-o-y to RUB 153,873 million
- Revenue from wireless data services increased by 10.8% y-o-y to RUB 41,335 million
- OIBDA decreased by 10.3% y-o-y to RUB 59,801 million
- OIBDA margin decreased to 38.9% versus 44.4% in 2015
- Net Profit decreased by 21.2% y-o-y to RUB 16,071 million
- CAPEX increased by 31.8% y-o-y to RUB 27,191 million
- Free Cash Flow totaled RUB 18,529 million

¹ Based on the IFRS interim condensed consolidated financial statements reviewed by JSC KPMG

² See Schedule 1 for definitions of the terms used and Schedule 2 for the reconciliation of Non-IFRS measures. Due to rounding manual calculations for financials and KPIs may differ from those displayed.

³ Year over year ("y-o-y") stands for the same periods in the current and previous year on either a quarterly or yearly basis

⁴ Consolidated data includes subscribers of the Company in Russia and the subscribers of its subsidiaries: "TT mobile" CJSC in the Republic of Tajikistan, "AQUAFON-GSM" CJSC in the Republic of Abkhazia and "OSTELEKOM" CJSC in the Republic of South Ossetia

Key corporate events

- Approval of RUB 35 billion in dividends
 - MegaFon's Annual General Meeting of Shareholders, held on 30 June 2016, approved the payment of dividends in the total amount of RUB 35 billion, equivalent to RUB 56.44 per ordinary share (or GDR), out of which:
 - RUB 30 billion, equivalent to RUB 48.38 per ordinary share (or GDR), is based on the results of 2015
 - RUB 5 billion, equivalent to RUB 8.06 per ordinary share (or GDR), is based on the Q1 2016 results
- Changes in Management team
 - MegaFon's Annual General Meeting of Shareholders, held on 30 June 2016, approved the appointment of Sergey Soldatenkov as the Company's new CEO for the term of 3 years
 - Natalia Chumachenko was appointed Managing Director for Strategic and Organisational Development
 - Irina Likhova was appointed Director for Corporate Development and Human Resources
- Record speed testing in Russia
 - On 16 June, MegaFon conducted the first test in Russia of mobile data transfer at a speed close to 1 Gbit/s by aggregating three frequency bands and using Huawei and Qualcomm network equipment. The peak data download speed achieved was 1.24 Gbit/s
 - This result is testimony to MegaFon's unrivaled advantage in spectrum and is considered a vital step towards development of the next generation mobile standard, which will allow the Company to offer a totally new level of service and capabilities to customers
- Placement of Ruble Bonds
 - On 12 May, MegaFon placed a 10 billion ruble exchange bond issue for a tenor of 3 years at a coupon rate of 9.95% p.a., becoming the first Russian corporate borrower to achieve single digit coupon rate since 2014
 - On 10 June, MegaFon placed a 10 billion ruble exchange bond issue for a term of 10 years with two call options on the 5th and 7th anniversaries of the placement. The coupon rate for the first 5-years after the placement was set at 9.90% p.a. and at the OFZ yield + 1% for succeeding 2-year and 3-year periods

The bonds were placed under the Exchange Bond Programme registered in April 2016

Both transactions attracted a high investor interest allowing MegaFon to achieve terms below existing comparable corporate benchmarks

- Restructuring and extension of the credit portfolio
 - On 30 June, MegaFon and VTB signed an addendum agreement to a credit facility established in 2012 extending its maturity until 2023 and increasing the facility limit from RUB 30 billion to RUB 50 billion
 - On 01 July, MegaFon and Sberbank signed addendum agreements to two outstanding credit facilities established in April 2012, extending the maturity of the first one until 2022, and the second one until 2023, and a new credit facility agreement was established for the total amount of up to RUB 30 billion maturing in 2022

These transactions allowed MegaFon to increase the average life of its credit portfolio and effectively mitigate MegaFon refinancing risks for the next 12 months.

- S&P Global Ratings affirmation
 - On 25 July S&P Global Ratings affirmed MegaFon's long-term local currency and long-term foreign currency credit ratings at "BBB-" and "BB+" levels respectively
- Strategic Agreement with Rosseti
 - On 16 June, MegaFon signed a memorandum of partnership with Rosseti, the largest Russian operator of energy grids. Under the memorandum, MegaFon will install special equipment in 300,000 power stations to monitor cases of intrusion and collect telemetric data. The equipment will also help minimize electric power losses and is expected to save up to 20% per year on power station maintenance
 - This is an example of what MegaFon offers as one of many major M2M solutions to enhance customers' operating efficiencies and improve their business processes in the future, leveraging MegaFon's developed high-quality mobile infrastructure and the capacity of its best-in-class Global Network Operations Center to collect and analyze big data
- Strategic Agreement with SAP
 - On 17 June, MegaFon and SAP CIS signed a memorandum of strategic partnership, under which SAP CIS will implement a brand new IT-system S4/HANA to enable the re-engineering of MegaFon's ERP centralised system and to transform and facilitate the Company's business processes. The cost of the system implementation over the next 3 years is expected to amount to RUB 1.5 billion
- Shared Services Center
 - In July MegaFon launched a Shared Services Center in Samara to handle its operational processes such as accounting and reporting, financial control and treasury operations, certain HR functions, order planning and tracking, administration of accounts receivable and support for corporate business operations. This functionality will be transferred from MegaFon and its subsidiaries to the Shared Services Center, which will employ around 900 people and help MegaFon to save more than 470 million rubles per year once the project begins operating at its full capacity in 2018.

- Corporate Reorganization

On 26 July, the Board of Directors of MegaFon convened an Extraordinary General Meeting of Shareholders on 16 September 2016 to approve a reorganization of the Company, consisting of:

- a spin-off of certain infrastructure assets and related liabilities, including a portfolio of over 15,000 towers, and related land plots, signal lights, auxiliary equipment and other infrastructure-related assets to Joint-Stock Company “First Tower Company” (“FTC”), a wholly-owned subsidiary of MegaFon. The value of the assets and liabilities to be transferred will not exceed 10% of the book value of MegaFon’s total assets
- the merger of the Company’s wholly-owned subsidiaries “Mobicom Volga” and “Yaroslavl-GSM” with and into the Company. As a result of the merger, the shares of “Mobicom Volga” and “Yaroslavl-GSM” will be canceled and MegaFon will succeed to all of the rights and liabilities of Mobicom Volga and Yaroslavl-GSM, including resolutions on provision of radio spectrum, permissions for use of radio frequencies, numbering resources, and licences. The merger will allow MegaFon to reduce network maintenance expenses and to improve efficiency in radio spectrum usage in the 900/1800 MHz range, which will support incremental generation of data services revenue in the Volga region

Shareholders will also be asked to approve the terms under which MegaFon will lease back or otherwise be granted the right to use the assets being transferred to FTC.

Shareholders who vote against or do not participate in the voting on the reorganization have the right to request the redemption by the Company of their shares. GDR holders must convert their GDRs into ordinary shares in order to be able to participate in the share redemption. The redemption price for ordinary shares redeemed will be RUB 557 per share. Since the Company may not spend an amount more than 10% of its net assets (calculated in accordance with RAS) in effecting such redemption, in the event requests for redemptions would exceed this amount, such redemptions will be made pro rata.

Sergey Soldatenkov, Chief Executive Officer of MegaFon, commented on the financial and operational results as follows:



In the second quarter, MegaFon's consolidated revenue increased by 3% y-o-y which is in line with our guidance announced at the beginning of the year. Nevertheless, the intensified competition in the sector caused some changes in our revenue structure and put pressure on our wireless business. Our top-line revenue growth derived from continued development of the wireline segment and a 78% boost in sales of equipment and accessories.

The significant increase in our equipment sales is due to a revival in consumer demand as the ruble depreciation shock wore off. We responded to greater appetite for more expensive high-end devices by diversifying the range of high-end handsets offered in our retail stores, along with providing attractive bundled tariffs, and were rewarded with increased sales and revenues. Because of the need to keep our services affordable and in response to competitive pressures, we also adjusted our tariffs, principally by increasing the components in our bundled tariffs, introducing free national roaming for bundles and reducing prices for international roaming.

The change in revenue structure as the result of the above-mentioned commercial initiatives in turn put pressure on our margin. However, we believe the significant boost in equipment sales, particularly in 3G and 4G devices, will result in greater mobile service revenue in the future, and our efforts to make mobile services more affordable will improve our customer loyalty.

In spite of the difficult external factors our long-term strategy regarding our shareholder dividends remains unchanged. The 35 billion rubles of dividends approved by the Annual General Meeting of Shareholders will be paid in full in August 2016. The Board of Directors of MegaFon will consider an interim dividend at the end of 2016 depending on the Company's financial results at that time.

Key Consolidated Financial Data (in Millions of Rubles)

	Three Months			Six Months		
	Q2 2016	Q2 2015	Q2 2016/ Q2 2015	6m 2016	6m 2015	6m 2016/ 6m 2015
Revenue	78,723	76,141	3.4%	153,873	150,124	2.5%
Wireless Services	65,305	66,820	(2.3%)	129,863	130,913	(0.8%)
Including data revenue	20,687	19,459	6.3%	41,335	37,314	10.8%
Wireline Services	6,309	5,328	18.4%	12,316	10,827	13.8%
Sales of equipment & accessories	7,109	3,993	78.0%	11,694	8,384	39.5%
OIBDA	29,554	34,737	(14.9%)	59,801	66,701	(10.3%)
OIBDA Margin	37.5%	45.6%	(8.1 p.p.)	38.9%	44.4%	(5.5 p.p.)
Net Profit	7,234	13,001	(44.4%)	16,071	20,403	(21.2%)
Net Profit Margin	9.2%	17.1%	(7.9 p.p.)	10.4%	13.6%	(3.2 p.p.)
CAPEX	12,893	12,536	2.8%	27,191	20,629	31.8%
CAPEX / Revenue	16.4%	16.5%	(0.1 p.p.)	17.7%	13.7%	4.0 p.p.

Key Financial Data in Russia (in Millions of Rubles)⁵

	Three Months			Six Months		
	Q2 2016	Q2 2015	Q2 2016/ Q2 2015	6m 2016	6m 2015	6m 2016/ 6m 2015
Revenue	77,604	75,097	3.3%	151,577	147,819	2.5%
Wireless Services	64,201	65,792	(2.4%)	127,595	128,632	(0.8%)
Including data revenue	20,382	19,197	6.2%	40,703	36,735	10.8%
Wireline Services	6,296	5,314	18.5%	12,293	10,809	13.7%
Sales of equipment & accessories	7,107	3,991	78.1%	11,689	8,378	39.5%
OIBDA	30,247	34,677	(12.8%)	60,441	66,467	(9.1%)
OIBDA Margin	39.0%	46.2%	(7.2 p.p.)	39.9%	45.0%	(5.1 p.p.)
Net Profit	8,707	14,018	(37.9%)	18,363	22,125	(17.0%)
Net Profit Margin	11.2%	18.7%	(7.5 p.p.)	12.1%	15.0%	(2.9 p.p.)

⁵ Excluding mutual settlements with "TT mobile" CJSC, "AQUAFON-GSM" CJSC and "OSTELEKOM" CJSC

Revenue

Our total consolidated revenue in Q2 2016 increased by 3.4% y-o-y to RUB 78,723 million, which is in line with our guidance. This growth was primarily driven by increases in revenue from our wireline segment and sales of equipment and accessories. Revenue from Russia remained the major component, accounting for 98.6% of total revenue.

Wireless service revenue decreased by 2.3% y-o-y to RUB 65,305 million as a result of the decline in traditional voice services impacted by active penetration of bundled tariffs, free on-net calls, introduction of free national roaming for bundled tariffs, and reduced prices for international roaming. In addition, we revised our tariff offerings by reducing prices and adding more services to the bundles to meet continued competitive pressure. However, we continued to witness strong demand for 4G data services and certain value added services, which together partially offset the overall decrease in wireless revenue.

Wireline service revenue increased by 18.4% y-o-y to RUB 6,309 million driven by continued strong growth in our B2G segment, supported by further expansion of our B2B client base, a number of significant new contracts, and the acquisition of GARS.

Revenue from sales of equipment and accessories increased by 78.0% y-o-y to RUB 7,109 million. Looking to capitalize on the recovery of customer demand for more expensive data-enabled devices we expanded the variety of high-speed smartphones and tablets available in MegaFon retail outlets, including those offered exclusively or on special terms by MegaFon, together with providing attractive service offerings. We believe that these initiatives have allowed us to acquire new high-quality subscribers as well as increasing the loyalty of and stimulating higher data usage by all of our clients in the future.

OIBDA and OIBDA Margin

OIBDA in Q2 2016 decreased by 14.9% y-o-y to RUB 29,554 million, and OIBDA margin declined by 8.1 p.p. to 37.5% due to:

- higher costs of revenue driven by increases in the share of revenue derived from traditionally lower-margin segments: wireline services and sales of equipment and accessories;
- higher interconnection charges impacted by growth in bundled tariffs which encourage more outgoing calls, together with higher foreign exchange rates in Q2 2016 compared to Q2 2015;
- an increase in advertising expenses, including support of “Yota”-brand awareness in regions of Russia and advertising related to 2016 Ice Hockey World Championship;
- higher dealer commissions as a result of the growing number of subscribers, including those acquired through Svyaznoy;

- increase in compensation for non-executive personnel as compared to Q2 2015, and related social taxes. In addition, the comparative base for Q2 2015 was lower in relation to the accrual for Long Term Incentive Programme expense due to downward share price movements and subsequent changes in the programmes;
- higher operating taxes due to a one-off tax charge accrual related to a tax audit in Tajikistan;
- increased rent expenses driven by higher office rent costs and continued expansion of our network, and inflation-driven increases in utility rates.

Net Profit

Net profit in Q2 2016 decreased by 44.4% y-o-y to RUB 7,234 million due to a decline in OIBDA, as described above, and increased depreciation charge, resulting from an increase in the book value of fixed assets related to the Unified Billing System and other strategic projects of the Company. Net profit was also impacted by the quarterly loss from our equity associate and a one-off income tax accrual in connection with a tax audit in Tajikistan.

CAPEX

Consolidated CAPEX in Q2 2016 increased by 2.8% y-o-y to RUB 12,893 million, which is essentially in line with our guidance.

Free Cash Flow

Consolidated free cash flow decreased by 50.4% y-o-y to RUB 9,605 million due to decreased operational cash flow mainly resulting from lower operating profit and an increase in inventory.

Net Debt

Consolidated net debt as of 30 June 2016 decreased by RUB 13,711 million to RUB 167,135 million from RUB 180,846 million as of 31 December 2015.

Earnings per Share

Consolidated basic and diluted EPS in Q2 2016 decreased y-o-y from RUB 22 per share to RUB 12 per share, in line with the decrease in net profit.

Outlook/Guidance

We maintain our previously announced guidance and reiterate our revenue growth in 2016 to be flat to low single digits. We expect OIBDA to be in the range of RUB 120 – 126 billion and we anticipate that our capital expenditures for 2016 will not exceed RUB 70 billion.

Key Operational Highlights in Russia

Wireless subscribers

	30 Jun 2016	30 Jun 2015	30 Jun 2016/ 30 Jun 2015
Number of wireless subscribers (K)	74,701	71,391	4.6%
of which data service users (K)	29,962	27,891	7.4%
Share of data service users	40.1%	39.1%	1.0 p.p.

Our Russian wireless subscriber base increased by 4.6% y-o-y to 74.7 million as of 30 June 2016 as a result of our active initiatives to acquire subscribers and development of our Yota services.

Our data service user base increased by 7.4% y-o-y, due to ongoing promotion of MegaFon data services in Q2 2016 and higher sales of smartphones and tablets in our retail network as described in the revenue section. Our data users represent 40.1% of the overall subscriber base.

Data operating indicators

	Q2 2016	Q2 2015	Q2 2016/ Q2 2015	6m 2016	6m 2015	6m 2016/ 6m 2015
ARPDU (RUB)	229	232	(1.3%)	232	225	3.1%
DSU (MB)	3,951	3,113	26.9%	3,946	3,154	25.1%

ARPDU in Q2 2016 decreased by 1.3% y-o-y to RUB 229 due to increasing share of bundled tariffs and revision of our tariffs to give our customers more traffic at a reduced price and special seasonal offerings.

DSU in Q2 2016 increased by 838 megabytes, or 26.9% y-o-y to 3,951 megabytes, due to promotion of our recent upgrade of internet options, designed to stimulate demand for data transfer.

Conference Call

MegaFon will be hosting an analyst and investors conference call today with a simultaneous audiocast to discuss its Q2 2016 results.

Time: 11.00 (New York time), 16.00 (London time), 18.00 (Moscow time)

Dial-in details:

To listen to the call in original language of broadcasting (English and Russian), please dial:

Access confirmation code: 4341485 ENG/RU

Local - Moscow, Russia: +7 495 213 0978

National free phone - Russian Federation: +8 800 500 9311

To listen to the call in English only, please dial:

Access confirmation code: 4351078 ENG

Local - London, United Kingdom: +44(0)20 3427 1919

National free phone - United Kingdom: 0 800 279 5004

Local - New York, United States of America: +1 646 254 3361

National free phone - United States of America: +1 877 280 2296

Password: MegaFon

Audiocast and slide presentation

<http://ir.megafon.com/>

The presentation file in PDF format will be available for download at least one hour before the event starts. Replay facilities will be available for 7 days.

Replay password 4341485 ENG/RU followed by #

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Notes to Editors

MegaFon PJSC is a leading Russian integrated telecommunication service provider, operating in all segments of the telecommunications markets in Russia, and in the Republics of Abkhazia, South Ossetia and Tajikistan. MegaFon is a recognized market leader in the provision of mobile data services, was the first operator in Russia to launch commercial operation of a third generation (3G) network and was the first operator in the world to launch commercial operation of an LTE-Advanced (4G) data network. MegaFon is traded on the Moscow Stock Exchange and the London Stock Exchange under the symbol MFON. Additional information about MegaFon and the products and services provided by MegaFon can be found at <http://www.megafon.ru>

Disclaimers, Statement Regarding Inside Information and Forward Looking Statements

The above discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements which are available for download on the Company's website at: <http://corp.megafon.com/investors/>

Some of the information in this document may be inside information. The subject matter, the identity of the issuer, the identity of the persons making the notification and their titles, and the date and time of the notification are all as set forth above.

Certain statements and/or other information included in this document may not be historical facts and may constitute "forward looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 2(1)(e) of the U.S. Securities Exchange Act of 1934, as amended. The words "believe", "expect", "anticipate", "intend", "estimate", "plans", "forecast", "project", "will", "may", "should" and similar expressions may identify forward looking statements but are not the exclusive means of identifying such statements. Forward looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, operations or performance, capital expenditures, financing needs, our plans or intentions relating to the expansion or contraction of our business as well as specific acquisitions and dispositions, our competitive strengths and weaknesses, the risks we face in our business and our response to them, our plans or goals relating to forecasted production, reserves, financial position and future operations and development, our business strategy and the trends we anticipate in the industry and the political, economic, social and legal environment in which we operate, and other information that is not historical information, together with the assumptions underlying these forward looking statements. By their very nature, forward looking statements involve inherent risks, uncertainties and other important factors that could cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the political, economic, social and legal environment in which we will operate in the future. We do not make any

representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. We expressly disclaim any obligation or undertaking to update any forward-looking statements to reflect actual results, changes in assumptions or in any other factors affecting such statements.

Schedule 1: Definitions

Wireless Subscriber is defined as each SIM card that is activated in our billing system or has had at least one chargeable traffic event (that is, use of voice, VAS or data transfer services) within the preceding three months, whether chargeable to the subscriber or to a third party (for example, interconnection charges payable by other operators). Where an individual person holds more than one SIM card, each SIM card is included as a separate subscriber.

Data service user is defined as a subscriber who has consumed any amount of data traffic within preceding month.

ARPDU (Average Monthly Revenue Per Data Services User) is calculated for a given period by dividing the Company's data services revenues for a given period by the average number of its data services users during that period, and further dividing the result by the number of months in that period.

DSU (Monthly Average Data Services Usage per User) is calculated by dividing the total number of megabytes transferred by our network during a given period by the average number of data services users during such period and dividing the result by the number of months in such period.

OIBDA (Operating Income Before Depreciation and Amortisation) is a financial measure which should be considered as supplementary, but not as an alternative to the information provided in the financial statements of the Company. OIBDA margin means OIBDA as a percentage of revenue. The Company believes that OIBDA provides a better measure of the Company's actual operational results including our ability to finance capital expenditures, acquisitions and other investments and our ability to incur and service debt. While it does not take into account depreciation of property and equipment, amortisation of intangible assets and gain/(loss) from disposal of non-current assets, which are considered as operating expenses in IFRS, these expenses primarily represent non-cash charges related to long-lived assets acquired or constructed in prior periods. OIBDA is widely used by investors, analysts and rating agencies as a measure to evaluate and compare current and future operating performance and to determine the value of companies within the telecommunications industry. A reconciliation of OIBDA to operating profit is provided in Schedule 2.

Net Profit is profit for the period attributable to equity holders of the Company.

EPS (Earnings per Share) means an amount of the Company's profit allocated to one share of its stock, and is calculated by dividing Net Profit for a reporting period by the weighted average number of shares outstanding during the period. No earnings are allocated to treasury shares.

Diluted EPS is calculated by adjusting both numerator and denominator in the EPS calculation so as to reflect the effect of including the additional shares that would have been outstanding if all options and other rights to acquire shares had been converted into actual shares.

Capital Expenditures (CAPEX) comprises the cost of purchases of new equipment, new construction, acquisition of new or upgrades to software, acquisition of spectrum and other intangible assets, and purchases of other long-term assets, together with related costs incurred prior to the intended use of the applicable assets, all accounted for as of the earliest time of payment or delivery. Long-term assets obtained through business combinations are not included in the calculation of capital expenditures.

Free Cash Flow means cash from operating activities, less cash paid for purchases of property, equipment and intangible assets, increased by proceeds from sales of property and equipment and interest paid. It is a financial measure, which should be considered as supplementary but not as an alternative to the information provided in the Company's financial statements. This metric measures the Company's ability to generate cash after accruals required to maintain and expand the Company's assets. A reconciliation of free cash flow and cash from operating activities is provided in Schedule 2.

Net debt position means the difference between (a) cash, cash equivalents, and principal amount of deposits and (b) principal amount of loans and borrowings less unamortised debt issuance fees. It is a financial measure which should be considered as supplementary but not as an alternative to the information provided in the Company's financial statements. The Company believes that this metric provides useful information as to the liquidity position of the Company after debt repayments. A description of how the metric is calculated is provided in Schedule 2.

Schedule 2: Reconciliations of Non-IFRS Financial Measures (Unaudited Data)

OIBDA (In millions of Rubles)

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Operating profit	20,762	21,792	15,458	15,560	14,199
Depreciation	11,981	12,283	11,775	12,715	13,111
Amortisation	1,845	1,845	1,823	1,867	2,013
Loss from disposal of long-lived assets	149	225	455	105	231
OIBDA	34,737	36,145	29,511	30,247	29,554

OIBDA Margin as percentage of Revenue

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Operating profit	27.3%	26.8%	18.8%	20.7%	18.0%
Depreciation	15.7%	15.1%	14.4%	16.9%	16.7%
Amortisation	2.4%	2.3%	2.2%	2.5%	2.6%
Loss on disposal of non-current assets	0.2%	0.3%	0.6%	0.1%	0.2%
OIBDA margin	45.6%	44.5%	36.0%	40.2%	37.5%

Net debt (In millions of Rubles)

	30 Jun 2015	30 Sep 2015	31 Dec 2015	31 Mar 2016	30 Jun 2016
Cash and cash equivalents	61,965	70,782	17,449	15,631	35,873
Bank deposits (principal amount)	14,930	3,838	20,210	18,747	7,287
Loans and borrowings (principal amount), less unamortised fees and discounts	(190,503)	(197,584)	(218,505)	(208,244)	(210,295)
Net debt	(113,608)	(122,964)	(180,846)	(173,866)	(167,135)

Free cash flow (In millions of Rubles)

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net cash flows from operating activities	26,746	29,422	28,611	22,633	16,650
Purchase of property, equipment and intangible assets	(11,750)	(23,818)	(18,691)	(17,359)	(11,845)
Proceeds from sale of property and equipment	103	76	42	33	149
Interest paid	4,246	3,190	3,874	3,617	4,651
Free cash flow	19,345	8,870	13,836	8,924	9,605