

## Press-release

## MegaFon meets its 2015 guidance and reports strong increase in net profit

MOSCOW, Russia (17 March 2016) - PJSC "MegaFon" ("MegaFon", or the "Company") (LSE: MFON), a leading Russian telecommunications operator, announces its audited consolidated financial results<sup>1</sup> for the full year and Q4 2015.

### Key Financial and Operational Highlights of the Full Year 2015<sup>2</sup>

- Consolidated revenue of RUB 313,383 million, virtually the same year over year ("y-o-y")<sup>3</sup>
- Revenue from wireless data services increased by 19.0% y-o-y to RUB 79,912 million
- OIBDA decreased by 4.4% y-o-y to RUB 132,357 million
- OIBDA margin was 42.2% versus 44.0% in 2014
- Net Profit increased by 6.3% y-o-y to RUB 39,041 million
- CAPEX increased by 24.2% y-o-y to RUB 70,164 million
- Free Cash Flow totaled RUB 53,797 million
- Net Debt as of 31 December 2015 was RUB 180,846 million
- The number of mobile subscribers grew by 6.4% y-o-y to 76.8 million<sup>4</sup> as of 31 December 2015

### Key Financial Highlights of the Q4 2015

- Consolidated revenue of RUB 81,980 million, virtually the same y-o-y
- Revenue from wireless data services increased by 19.9% y-o-y to RUB 20,973 million
- OIBDA decreased by 14.4% y-o-y to RUB 29,511 million
- OIBDA margin decreased to 36.0% versus 41.9% in Q4 2014
- Net Profit increased by 89.1% y-o-y to RUB 5,332 million
- CAPEX increased by 15.5% y-o-y to RUB 23,627 million
- Free Cash Flow amounted to RUB 13,836 million

<sup>1</sup> Based on IFRS consolidated financial statements audited by JSC KPMG

<sup>2</sup> 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.

<sup>3</sup> Year over year (or "y-o-y") means the same periods in the current and previous year on either a quarterly or yearly basis

<sup>4</sup> 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 Highlights of the Year 2015 and Post-Closing Events

- Dividends Distributed in 2015
 

A total of RUB 50 billion, or RUB 80.64 per ordinary share (or GDR), distributed in dividends in 2015:

  - Dividends in the amount of RUB 10 billion were approved by the Company's Annual General Meeting of shareholders held on 30 June 2015 and distributed in August 2015
  - Dividends in the amount of RUB 40 billion were approved by an Extraordinary General Meeting of shareholders held on 11 December 2015 and distributed in December 2015
- Strategic Acquisitions
  - Acquisition of additional spectrum in the Volga and Central regions through the purchase of a 100% interest in four companies from the SMARTS Group ("SMARTS") in August 2015 that increased our position in the 900/1,800 MHz spectrum bands in these regions and will facilitate the optimisation of network CAPEX
  - Acquisition of a 100% interest in GARS Holding Ltd ("GARS") in September 2015, a building local exchange carrier providing a full range of fixed-line telecommunication services to the tenants of business centers, has enabled us to expand our B2B footprint in Moscow and St Petersburg
  - Acquisition in October 2015 of a 49.999% interest in Glanbury Investments Ltd, the owner of a class A office building at 41 Oruzheyiny Pereulok, Moscow (the "Garden Ring"), which will be used by MegaFon as its new corporate headquarters
  - Acquisition of additional frequency spectrum at frequency distribution auctions conducted by the Federal Service for Supervision of Communications, Information and Mass Media of Russia ("Roscomnadzor"):
    - October 2015 – 1,800 MHz spectrum band in the Republic of Dagestan and the Karachay-Cherkess Republic
    - February 2016 – 2,570-2,595 MHz and 2,595-2,620 MHz spectrum bands in 40 regions of Russia, including St Petersburg and the Leningrad region
- Strengthening of the Management Team
  - Introduction of 2 new positions in the Company's management:
    - Chief Operating Officer, to improve the efficiency of the management of the Company's operations
    - Director for New Businesses and Partnerships, to focus on rapid development and monetisation of new products
- Business and Corporate Developments
  - New strategic partnership agreement with Svyaznoy, a national chain of mobile telecom

- retail outlets, for wider distribution of MegaFon services and products, including free top-up services and implementation of various joint e-commerce projects
- Launch of a new unified billing system and start of a unified service center project to improve efficiency of operations
  - Active development of MegaFon TV content services as a way to monetise our data portfolio, increase customer loyalty and attract new customers. In 2015, MegaFon TV services (50 TV channels and up to 4 movies) were included in its bundled tariffs for the first time
  - Launch of a project for the creation of a new tower company subsidiary to improve tower infrastructure management
  - Joint development and operation of 4G/LTE standard communication networks across 10 regions of Russia with VimpelCom. This project will allow MegaFon to accelerate its 4G/LTE rollout at lower cost
  - Debt Portfolio Optimisation
    - Early repayment of exchange bonds series BO-04 in May 2015 in the total amount of RUB 15 billion
    - Signing of a Finnvera-covered Facility Agreement in June 2015 with Unicredit Bank Austria AG for EUR 150 million to finance the purchase of fixed and wireless telecommunication equipment, software and related services from Nokia Solutions and Networks
    - Successful placement of RUB 15 billion series BO-05 exchange bond in October 2015 at a coupon rate of 11.4% p.a. for a 2-year period
    - Signing of new credit facilities with China Development Bank (“CDB”) in December 2015
      - USD 300 million facility to finance the purchase of equipment and services from Huawei
      - USD 300 million facility to be used for refinancing a part of the Company’s existing indebtedness – the first ever CDB financing for the Company not tied to equipment purchases
    - Signing of a Finnvera-covered Facility Agreement with Sberbank in December 2015 for the RUB equivalent of EUR 70 million to finance the purchase of fixed and wireless telecommunication equipment, software and related services from Nokia Solutions and Networks – the first-ever RUB-denominated equipment purchase facility for the Company
    - Signing of a new revolving credit facility with Sberbank in December 2015 in the amount of up to RUB 30 billion. Prior to year end, MegaFon drew a tranche in the amount of RUB 15 billion under this credit facility

## Ivan Tavrín, Chief Executive Officer of MegaFon, commented on the financial and operational results as follows:



We finished 2015 with satisfactory financial results in line with our projections. In spite of the declining trends in the Russian economy and increased competition in the market, we managed to meet the guidance announced 12 months ago, keeping revenue level at RUB 313.4 billion for the full year, and achieving an OIBDA margin of 42.2%.

MegaFon is maintaining its leadership position in connection quality by continuous improvement of our network. Quality of service is our key advantage that makes customers subscribe to our services. Our customer base went up by 6.4% over 2015 and reached 76.8 million by year end.

Wireless revenue went up by 0.2% year-on-year. The key contributors to growth were the mobile data, VAS and corporate business segments. Mobile data and VAS revenue growth offset a decline in voice revenues.

In line with our strategy of careful but effective investment we completed a number of important deals in 2015. The acquisitions of SMARTS and GARS, our participation in the first frequency auction in Russia, and the decision to spin-off our towers into a wholly owned subsidiary enabled us to strengthen our market position and streamline our capital expenditures.

Based on our forecasts, 2016 is not likely to be an easy year for the Russian economy and will require maximum focus and smart financial planning on our part. Consumer behaviour, price competition, new market entrants and macroeconomic volatility will continue to put pressure on OIBDA and investment returns. In order to keep our leadership position in the market we will continue to follow the MegaFon strategy of developing high quality telecommunication services and maintaining high business efficiency in the best interests of our shareholders, partners and customers.

Our stable balance sheet and good operating results enabled us to pay out RUB 50 billion of dividends in 2015, exceeding the minimal guidance announced at the beginning of the year.

## Key Consolidated Financial Data (in Millions of Rubles)

	Three Months			Full Year		
	Q4 2015	Q4 2014	Q4 2015/ Q4 2014	2015	2014	2015/ 2014
Revenue	81,980	82,187	(0.3%)	313,383	314,795	(0.4%)
Wireless Services	68,481	68,710	(0.3%)	270,043	269,463	0.2%
Including data revenue	20,973	17,489	19.9%	79,912	67,181	19.0%
Wireline Services	6,934	6,327	9.6%	23,434	22,193	5.6%
Sales of equipment & accessories	6,565	7,150	(8.2%)	19,906	23,139	(14.0%)
OIBDA	29,511	34,456	(14.4%)	132,357	138,520	(4.4%)
OIBDA Margin	36.0%	41.9%	(5.9 p.p.)	42.2%	44.0%	(1.8 p.p.)
Net Profit	5,332	2,820	89.1%	39,041	36,726	6.3%
Net Profit Margin	6.5%	3.4%	3.1 p.p.	12.5%	11.7%	0.8 p.p.
CAPEX	23,627	20,455	15.5%	70,164	56,472	24.2%
CAPEX / Revenue	28.8%	24.9%	3.9 p.p.	22.4%	17.9%	4.5 p.p.

## Key Financial Data in Russia (in Millions of Rubles)<sup>5</sup>

	Three Months			Full Year		
	Q4 2015	Q4 2014	Q4 2015/ Q4 2014	2015	2014	2015/ 2014
Revenue	80,590	81,016	(0.5%)	308,367	310,816	(0.8%)
Wireless Services	67,109	67,542	(0.6%)	265,085	265,508	(0.2%)
Including data revenue	20,646	17,245	19.7%	78,677	66,181	18.9%
Wireline Services	6,920	6,327	9.4%	23,393	22,184	5.4%
Sales of equipment & accessories	6,561	7,147	(8.2%)	19,889	23,124	(14.0%)
OIBDA	29,480	34,506	(14.6%)	132,124	138,188	(4.4%)
OIBDA Margin	36.6%	42.6%	(6.0 p.p.)	42.8%	44.5%	(1.7 p.p.)
Net Profit	5,643	3,500	61.2%	42,198	38,679	9.1%
Net Profit Margin	7.0%	4.3%	2.7 p.p.	13.7%	12.4%	1.3 p.p.

<sup>5</sup> Excluding mutual settlements with "TT mobile" CJSC, "AQUAFON-GSM" CJSC and "OSTELEKOM" CJSC

## Revenue

Despite the deceleration in our revenue from sales of equipment and accessories our consolidated revenue for the full year 2015 and for Q4 2015 remained virtually the same y-o-y, totaling RUB 313,383 million and RUB 81,980 million, respectively, and met the Company's full year revenue guidance. Russian revenue remained the major component, accounting for over 98.4% of total consolidated revenue for 2015.

Wireless service revenue increased by 0.2% y-o-y to RUB 270,043 million for the full year 2015, although it slightly decreased by 0.3% y-o-y to RUB 68,481 million in Q4 2015. Our data revenue, which represented approximately 30% of our wireless service revenue both in the full year 2015 and Q4 2015 (an increase of 5 p.p. y-o-y), continued to demonstrate vigorous growth of 19.0% y-o-y and 19.9% y-o-y, respectively. This was a reflection of strong demand for high quality and fast mobile data services by our subscribers. Value Added Services ("VAS") revenue, another significant component of our wireless service revenue dynamics, increased by 4.5% y-o-y for the full year 2015 and by 3.8% y-o-y in Q4 2015, driven by our popular traditional services as well as new and innovative content and mobile commerce services. The growth in our data revenue along with the increase in our VAS revenue fully compensated for the slowdown in voice revenue, which has now become a general trend in the market.

Wireline service revenue increased by 5.6% y-o-y to RUB 23,434 million for the full year 2015 and by 9.6% y-o-y to RUB 6,934 million for Q4 2015. These increases were driven by strong performance in our B2B and B2G segments on the back of our continued effort to expand these segments, our recent acquisition of GARS, together with the popularity of our high-speed data transit project "DREAM" (Diverse Route for European and Asian Markets).

Revenue from sales of equipment and accessories decreased by 14.0% y-o-y to RUB 19,906 million for the full year 2015 and by 8.2% y-o-y to RUB 6,565 million for Q4 2015. We continue to witness the trend of our customers to switch to more affordable 3G and 4G smartphones, exclusively introduced by MegaFon. The fact that there was an unusual one-off increase in the sales volume of more expensive devices in Q4 2014, driven by the macroeconomic pressure and rapid currency depreciation in that quarter, also contributed to the y-o-y deceleration in revenue from sales of equipment and accessories.

## OIBDA and OIBDA Margin

OIBDA decreased by 4.4% y-o-y to RUB 132,357 million for the full year 2015. OIBDA margin decreased by 1.8 p.p. to 42.2% in the same period. OIBDA decreased by 14.4% y-o-y to RUB 29,511 million in Q4 2015 and OIBDA margin decreased by 5.9 p.p. to 36.0% for the same period. These decreases were driven mainly by higher advertising expenses related to the Company's new positioning campaign, an increase in social charges, an increase in rent and utilities expenses resulting from our network expansion and inflation pressures. Notwithstanding this decrease, the Company still managed to top its full year OIBDA guidance.

## Net Profit

Net profit increased by 6.3% y-o-y to RUB 39,041 for the full year 2015 and by 89.1% y-o-y to RUB 5,332 million in Q4 2015 due to lower foreign exchange losses and gains in derivative financial instruments resulting from our efficient foreign exchange management.

## CAPEX

CAPEX increased by 24.2% y-o-y to RUB 70,164 million for the full year 2015 and by 15.5% y-o-y to RUB 23,627 million in Q4 2015 as we continue to focus on strengthening our positions in 4G/LTE network roll-out and on modernising our current network. The cost of acquiring valuable spectrum through the SMARTS acquisition, which totaled RUB 6,141 million, also contributed to the increase in CAPEX. When the cost of the SMARTS acquisition is backed out, the Company met its full year 2015 guidance on CAPEX.

## Free Cash Flow

Free cash flow decreased y-o-y by 20.3%, from RUB 17,356 million in Q4 2014 to RUB 13,836 million in Q4 2015 and by 23.9% y-o-y to RUB 53,797 million for the full year 2015 as a result of lower operational cash flow and higher capital expenditures.

## Net Debt

Net debt increased from RUB 122,964 million as of 30 September 2015 to RUB 180,846 million as of 31 December 2015 due to the payment of dividends in late December, the investment in Garden Ring and final repayment of the remaining deferred consideration for the Scartel acquisition in October 2015.

Notwithstanding this increase, MegaFon's leverage was at a comfortable level of 1.37x net debt/LTM OIBDA at the end of Q4 2015 and we continue to optimise our debt portfolio. The new revolving Sberbank credit facility signed in December 2015 enabled us to prepay short-term ruble debt with higher interest rates and to defer principal repayments for a further 2-3 years.

## Earnings per Share

Basic and diluted EPS for the full year 2015 increased to RUB 66 per share from RUB 63 per share for the same period in 2014, while basic and diluted EPS for Q4 2015 doubled as compared to Q4 2014, and totaled RUB 10 per share, in each case reflecting the overall increase in net profit.

For a detailed computation and reconciliation of EPS, please refer to Note 2.5 of the Company's Audited Consolidated IFRS Financial Statements for the year ended 31 December 2015 available at: <http://ir.megafon.com>

## Outlook/Guidance

In 2016 we expect intensification of competition in the Russian market along with further weakening of the macroeconomic environment. Accordingly, we expect our revenue growth to be

flat to low single digit, and anticipate that our OIBDA will be in the range of RUB 120 – 126 billion. Given the current weakness of ruble, we project our capital expenditures for 2016 to be up to RUB 75 billion.



## Key Operational Highlights in Russia<sup>6</sup>

### Wireless subscribers

	31 Dec 2015	31 Dec 2014	31 Dec 2015/ 31 Dec 2014
Number of wireless subscribers (K)	74,777	69,747	7.2%
of which data service users (K)	29,343	27,438	6.9%

We continue to experience growth in our Russian wireless subscriber base, which increased by 7.2% y-o-y to 74.8 million as of 31 December 2015. The Company's subscriber acquisition efforts and our new strategic partnership with Svyaznoy contributed to this growth. The data service user base expanded by 6.9% y-o-y to 29.3 million users, mainly due to 23.8% y-o-y increase in smartphone users. Our data users represent 39.2% of the overall subscriber base.

### ARPDU and DSU

	Q4 2015	Q4 2014	Q4 2015/ Q4 2014	12m 2015	12m 2014	12m 2015/ 12m 2014
ARPDU (RUB)	238	214	11.2%	233	211	10.4%
DSU (MB)	3,638	2,981	22.0%	3,286	2,614	25.7%

ARPDU increased by 10.4% y-o-y to RUB 233 for the full year 2015 and by 11.2% y-o-y to RUB 238 in Q4 2015 due to increased demand for larger data packs and growing data traffic usage.

DSU in the full year 2015 grew by 672 MB, or 25.7% y-o-y, to 3,286 MB/Months/User, and in Q4 2015 DSU grew by 657 MB, or 22.0% y-o-y, to 3,638 MB/Months/User, as a result of active promotion of new offerings with higher data allowances, growing penetration of data-enabled devices up to 53% and increasing usage of our 4G/LTE services (4G/LTE usage now accounts for approximately 40% of all data traffic generated by our subscribers).

<sup>6</sup> Some of the operating KPIs presented here vary from those reported earlier due to the change in methodology for data service users calculation. Please refer to Schedule 1 for the new definition of data service users and to Schedule 3 for a reconciliation to previously reported numbers.

## Conference Call

MegaFon will be hosting an analyst and investors conference call today with a simultaneous audiocast to discuss its Q4 2015 results.

Time: 11.00 (New York time), 15.00 (London time), 18.00 (Moscow time)

Dial-in details:

Local - Moscow, Russia:	+7 495 705 9450
National free phone - Russian Federation:	+8 800 500 9311
Local - London, United Kingdom:	+44(0)20 3427 1907
National free phone - United Kingdom:	0 800 279 4992
Local - New York, United States of America:	+1 646 254 3361
National free phone - United States of America:	+1 877 280 2296
Access confirmation code:	9949629
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	9949629 followed by #
Russia Toll Free	+8 10 800 2870 1012
UK Toll Free	0 800 358 7735
USA Toll Free	+1 866 932 5017
Local – Moscow, Russia	+ 495 705 9453
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## For More Information

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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>

### Disclaimer/ 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://ir.megafon.com>

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)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating profit	19,911	17,946	20,762	21,792	15,458
Depreciation	11,853	12,134	11,981	12,283	11,775
Amortisation	1,944	1,800	1,845	1,845	1,823
Loss from disposal of long-lived assets	748	84	149	225	455
<b>OIBDA</b>	<b>34,456</b>	<b>31,964</b>	<b>34,737</b>	<b>36,145</b>	<b>29,511</b>

### OIBDA Margin as percentage of Revenue

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Operating profit	24.2%	24.3%	27.3%	26.8%	18.8%
Depreciation	14.4%	16.4%	15.7%	15.1%	14.4%
Amortisation	2.4%	2.4%	2.4%	2.3%	2.2%
Loss on disposal of non-current assets	0.9%	0.1%	0.2%	0.3%	0.6%
<b>OIBDA margin</b>	<b>41.9%</b>	<b>43.2%</b>	<b>45.6%</b>	<b>44.5%</b>	<b>36.0%</b>

### Net debt (In millions of Rubles)

	31 Dec 2014	31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015
Cash and cash equivalents	22,223	38,394	61,965	70,782	17,449
Bank deposits (principal amount)	47,916	44,697	14,930	3,838	20,210
Loans and borrowings (principal amount), less unamortised fees and discounts	(206,314)	(212,154)	(190,503)	(197,584)	(218,505)
<b>Net debt</b>	<b>(136,175)</b>	<b>(129,063)</b>	<b>(113,608)</b>	<b>(122,964)</b>	<b>(180,846)</b>

### Free cash flow (In millions of Rubles)

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Net cash flows from operating activities	30,595	18,570	26,746	29,422	28,611
Purchase of property, equipment and intangible assets	(17,245)	(10,196)	(11,750)	(23,818)	(18,691)
Proceeds from sale of property and equipment	181	83	103	76	42
Interest paid	3,825	3,289	4,246	3,190	3,874
<b>Free cash flow</b>	<b>17,356</b>	<b>11,746</b>	<b>19,345</b>	<b>8,870</b>	<b>13,836</b>

### Schedule 3: Reconciliations of Data service users, ARPDU and DSU

	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Data service users (K) previously reported	27,730	27,263	28,339	28,535
Data service users (K) new methodology	27,438	26,918	27,891	28,545
ARPDU (RUB) previously reported	210	216	228	244
ARPDU (RUB) new methodology	214	219	232	244
DSU (MB) previously reported	2,959	3,188	3,074	3,186
DSU (MB) new methodology	2,981	3,195	3,113	3,185