



FOR IMMEDIATE RELEASE

3 April 2017

Sistema announces financial results for the fourth quarter and full year 2016

Moscow, Russia – April 3, 2016 – Sistema PJSFC (“Sistema” or “the Company”, together with its subsidiaries, “the Group”) (LSE: SSA, MOEX: AFKS), a publicly-traded diversified holding company operating primarily in Russia and the CIS, today announces its consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for the fourth quarter and full year ended December 31, 2016.

STRATEGIC PROGRESS

- Continued revenue growth and resilient margins at MTS
- Superior growth at Detsky Mir and non-public assets, resulting in significant increase in their contribution to the total OIBDA of the portfolio and cash returns to the Corporate Centre
- Successful asset monetisations, including profitable divestment of SG-trans, MTS share sales and landmark Detsky Mir IPO after the end of the reporting period

STRONG FINANCIAL PERFORMANCE FOR FULL YEAR 2016

- Consolidated revenues up 2.8% YoY to RUB 697.7 billion
- Adjusted OIBDA¹ up 5.7% YoY to RUB 183.7 billion, with an adjusted OIBDA margin of 26.3%
- Contribution from non-public assets and Detsky Mir to portfolio’s adjusted OIBDA up to 15.2% vs. 6.0% in 2015
- Detsky Mir and Segezha Group delivered 31% and 29% YoY revenue increase, respectively, with OIBDA margins of 10.3% and 20.1%, respectively
- 4x growth of revenue and OIBDA at agricultural assets
- Adjusted profit attributable to Sistema of RUB 1.7 billion, versus a loss in 2015
- 33% reduction in the Corporate Centre’s total financial liabilities

SOLID FOURTH QUARTER FINANCIAL RESULTS

- Revenues up 1.6% YoY to RUB 186.7 billion
- Adjusted OIBDA up 14.8% to RUB 40.7 billion
- As of December 31, 2016, cash position² at the Corporate Centre level was RUB 13.5 billion. Proceeds of RUB 12.9 billion from Detsky Mir’s IPO and of RUB 4.7 billion from MTS buyback to support the Corporate Centre’s cash position in the first quarter of 2017
- Net debt³ at the Corporate Centre level amounted to RUB 83.5 billion as of December 31, 2016. Total debt at the Corporate Centre level reduced by 16.9% during the year to RUB 97.0 billion.

SHAREHOLDER REMUNERATION AND DIVIDEND POLICY

- Progressive dividend payments and shareholder returns:
 - RUB 7.8 billion final dividend for 2016 recommended by the Board of Directors. The total amount of the interim and final dividends for 2016 is expected to be RUB 11.5 billion, which is equivalent to a dividend yield of 6% based on Sistema’s weighted average share price in 2016
 - New dividend policy targeting minimum annual dividend per share and minimum dividend yield introduced in April 2016. On 1 April 2017 Sistema’s Board of Directors approved increases of minimum annual dividend yield to 6% from 4% and minimum dividend per share to RUB 1.19 from RUB 0.67

¹ See Attachment A for definitions and reconciliation of adjusted OIBDA and adjusted net income to IFRS financial measures.

² Including highly liquid deposits and liquid financial investments, based on management accounts. See Attachment A for reconciliation to IFRS financial measures.

³ Including highly liquid deposits and liquid financial investments, based on management accounts. See Attachment A for reconciliation to IFRS financial measures.

Mikhail Shamolin, President and Chief Executive Officer of Sistema, commented:

“In 2016, Sistema delivered solid strategic progress as we continued to create value within our portfolio, successfully monetise our investments, optimise debt and increase cash distributions to our shareholders.

“We have continued to capitalise on MTS’s market leadership in Russia and resilient cash flows and to focus on shareholder remuneration, while boosting the performance of our other portfolio companies, represented by Detsky Mir and non-public assets, which together contributed over 15% to the portfolio’s OIBDA and over 35% of total dividends and regular cash returns received by the Corporate Centre.

“In 2016, Detsky Mir and Segezha Group delivered 31% and 29% revenue growth respectively and strong OIBDA margins. Agricultural assets increased their total land bank 2.3 times to 315,000 hectares, rapidly gained scale across key business lines and delivered strong aggregated OIBDA thanks to both M&A and enhanced business processes. Another business that is becoming a visible part of the portfolio is the real estate segment which focuses on monetising Sistema Group properties and selected new projects. In 2016, it delivered RUB 12.8 of revenues with an OIBDA margin of 41%.

“We also saw a 14.4% revenue growth at our healthcare business Medsi. We continue to believe in excellent market opportunities for this business and are investing in building new modern medical facilities.

“During 2016 and the first quarter of 2017 we maintained strong momentum in asset monetisation. The IPO of Detsky Mir in February 2017 achieved a solid valuation of 9.2 EV/2016 EBITDA, representing a five-fold increase in the company’s valuation since 2012. Together with other notable monetisations – including sales of stakes in MTS and the successful disposal of 50% in SG-trans – this IPO allowed us to raise additional funds for reinvestment, deleveraging and distribution to shareholders.

“Sistema’s monetisation pipeline remains strong. We continue to work on a number of capital-raising transactions for the portfolio companies, including potential IPOs in agriculture, forestry, real estate and other sectors.

“Our strategic progress positions Sistema firmly to continue investing in the Russian market and to increase cash distributions to shareholders. Today, we are pleased to announce that our Board of Directors has proposed a final dividend for 2016 of RUB 7.8 billion, which together with the interim dividend represents a 6% dividend yield based on Sistema’s average share price in 2016. Simultaneously the Board has updated our dividend policy to increase our minimum targeted dividend yield from 4% to 6% and minimum dividend per share from RUB 0.67 to RUB 1.19, which confirms our confidence in our strategy, our assets and our home market”.

Vsevolod Rozanov, Senior Vice President and Chief Financial Officer of Sistema, said:

“In 2016, Group adjusted OIBDA increased 5.7%, driven in particular by growth in our retail, paper and packaging, agriculture and real estate businesses, and resulting in a solid margin of 26.3%. A significant contribution to increased profitability came from improvements at MTS Bank, confirming that we have defined the right strategy for the asset.

“In 2016, Sistema generated RUB 59.6 billion at the Corporate Centre level through dividends, regular cash returns and monetisations of MTS and SG-trans shares. Together with accumulated cash at the beginning of the year, this allowed us to reduce total financial liabilities, which contracted by RUB 67 billion during the year.

“Our deleveraging and debt optimisation program was successful in 2016. We repaid a significant portion of FX-denominated liabilities, bringing the share of FX-debt in our total financial liabilities down to 46% vs. 61% as of the beginning of the year. This year we continued to optimise our debt portfolio by placing five-year local bonds totalling RUB 15 billion at a very comfortable rate of 8.9% (on first ten coupons) to refinance more expensive bank and public debt.

“Our portfolio companies have also demonstrated increased financial maturity, with Segezha Group and Agroholding Steppe successfully raising bank debt to finance CAPEX and M&A, affirming the market’s confidence in our assets and their strategy.

“Our cash position remained comfortable as of the end of the reporting year and in the first quarter of 2017 it was further strengthened by proceeds of RUB 12.9 billion from Detsky Mir’s IPO and of RUB 4.7 billion from the MTS share buyback, which will support implementation of our strategy going forward.”

Conference call information

Sistema's management will host a conference call today at 10:00 am (New York time) / 3:00 pm (London time) / 4:00 pm (CET) / 5:00 pm (Moscow time) to present and discuss the 2016 results.

The dial-in numbers for the conference call are:

Russia

+7 495 213 1767

8 800 500 9283 (toll free)

United Kingdom

+44 330 336 9105

0800 368 0934 (toll free)

United States

+1 719 325 2385

1 888 349 9618 (toll free)

Conference ID: 9721951

Alternatively, you can quote the conference call title: "Sistema Fourth Quarter and Full Year 2016 Financial Results".

A replay of the conference call will be available on the Company's website www.sistema.com for 7 days after the event.

For further information, please visit www.sistema.com or contact:

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FINANCIAL SUMMARY AND GROUP OPERATING REVIEW

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	186,687	183,809	1.6%	697,705	678,821	2.8%
Adjusted OIBDA	40,732	35,488	14.8%	183,719	173,826	5.7%
Operating income	12,976	(1,514)	-	79,844	68,387	16.8%
(Loss) / profit attributable to Sistema	(15,944)	(18,373)	-	(11,758)	28,799	-
<i>Adjusted (loss) / profit attributable to Sistema</i>	<i>(6,184)</i>	<i>(10,035)</i>	-	<i>1,702</i>	<i>(5,852)</i>	-

In 2016, the Group's revenues increased by 2.8% due to Detsky Mir's continued expansion in the Russian market, acquisitions and organic growth in the agricultural sector, the consolidation of Kronshtadt and strong results at Segezha Group. Sistema's revenues increased by 1.6% year-on-year in the fourth quarter of 2016 driven by the Group's largest non-telecom asset (Detsky Mir) and Segezha Group. Lower revenues at RTI, in particular due to the disposal of NVision in 2015, partially offset the Group's solid growth for the year and for the fourth quarter.

In 2016, selling, general and administrative expenses (SG&A) growth was contained to 5.9% year-on-year, generally in line with the inflation rate in Russia over the same period, despite organic growth at MTS and Detsky Mir and an acquisition by Segezha Group driving SG&A higher. Depreciation and amortisation expenses increased by 9.1% year-on-year in 2016.

Despite a modest decline in adjusted OIBDA at MTS, the Group's adjusted OIBDA increased by 5.7% year-on-year in 2016, mainly due to a reduction in provision charges and continued improvements in asset quality at MTS Bank, as well as OIBDA growth at Detsky Mir, Steppe and Segezha. Sistema's adjusted OIBDA grew by 14.8% year-on-year in the fourth quarter of 2016.

In 2016, adjusted consolidated profit attributable to Sistema was RUB 1.7 billion, compared to a net loss in 2015, largely due to improved results at MTS Bank.

OPERATING REVIEW⁴

MTS

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	111,592	111,320	0.2%	435,692	426,639	2.1%
Adjusted OIBDA ⁵	41,214	41,430	(0.5%)	167,647	173,255	(3.2%)
Operating income	20,824	18,039	15.4%	86,065	90,198	(4.6%)
Profit attributable to Sistema	6,261	3,815	64.1%	25,377	26,460	(4.1%)

MTS remains Russia's leading mobile operator, growing revenue 2.1% in 2016 and 0.2% year-on-year in the fourth quarter 2016. Higher data usage and handset sales offset weaker roaming usage and lower contributions from subsidiaries outside Russia. An increase in internet traffic was driven by higher subscriber numbers for the "Smart" voice and data (V&D) tariff in Russia and deployment of a 3G network in Ukraine.

In 2016, MTS's total subscriber base increased by 3.1 million customers, 2.8 million of them in Russia. MTS's customer base is notable for its active internet users and high smartphone penetration. MTS continues to successfully develop home internet and pay TV services in Russia.

Against the backdrop of prolonged macroeconomic volatility and retail expansion costs, adjusted OIBDA declined by 3.2% in 2016. The adjusted OIBDA margin remained high at 36.9% and 38.5% in the fourth quarter and full year 2016, respectively. Margins were negatively affected by higher sales volumes of relatively low-margin mobile phones.

Profit attributable to Sistema increased by 64.1% in the fourth quarter year-on-year as lower leverage led to a reduction in interest costs, and also due to a sharply lower loss at MTS Bank. The decline in profit for the full year in 2016 was the result of the repurchase of USD 267 million of MTS's outstanding 2020 Eurobond Notes.

During the 2016 calendar year, MTS paid out dividends of RUB 52.0 billion, in line with dividend payments in 2015.

Detsky Mir

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	25,321	20,578	23.0%	79,547	60,544	31.4%
Adjusted OIBDA	3,565	3,245	9.9%	8,203	6,185	32.6%
Operating income	3,158	1,503	110.0%	6,620	3,805	74.0%
Adjusted profit attributable to Sistema	1,551	1,510	2.7%	2,775	2,167	28.0%

Detsky Mir's revenues increased by 31.4% for the full year 2016 driven by like-for-like sales growth of 12.3%, stores opened in previous years beginning to operate at full capacity and continued expansion of the retail chain. The group opened 100 new Detsky Mir stores and one new ELC store in 2016, bringing the total number of outlets to 525 as of December 31, 2016. E-commerce was Detsky Mir's fastest growing sales channel, with online sales more than doubling in 2016.

Adjusted OIBDA increased by 32.6% for the full year 2016 due to improved operational efficiency. The ratio of administrative expenses to revenues declined from 27.7% in 2015 to 23.7% in 2016 in particular due to further automation of key business processes. As an anchor tenant at most shopping malls where it has a presence, Detsky Mir succeeded in significantly lowering rental costs as a percentage of sales and increased the operational efficiency of its chain of stores.

Adjusted profit attributable to Sistema rose by 28.0% for the full year 2016 to RUB 2.8 billion. Detsky Mir paid out a record dividend for 2016 of RUB 4.4 billion, including RUB 3.0 billion paid to Sistema. The success of Detsky Mir's IPO in February 2017 represented an acknowledgement of its outstanding performance over the last several years.

In 2017, Detsky Mir plans to open at least 70 new stores.

Segezha Group

⁴ Here and from hereon, revenues are presented on an aggregated basis, excluding revenues from intra-segment (between entities in the same segment) transactions, but before inter-segment (between entities in different segments) eliminations, unless accompanied by the word "consolidated". Amounts attributable to individual companies, where appropriate, are shown prior to both intra-segment and inter-segment eliminations and may differ from respective standalone results due to certain reclassifications and adjustments.

⁵ Including share in net losses of MTS Bank

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	11,145	8,651	28.8%	43,018	33,436	28.7%
Adjusted OIBDA	1,798	1,009	78.1%	8,655	6,289	37.6%
Operating income	830	655	26.7%	5,165	4,123	25.3%
Adjusted profit attributable to Sistema	241	691	(65.2%)	1,961	2,289	(14.3%)

Revenue at Segezha Group increased by 28.7% in 2016 as a result of increased production capacity, expansion of paper sack sales to new markets and consolidation of Lesosibirsk Woodworking Plant No.1 (“LWP”), which delivered strong operational and financial performance for the year, contributing RUB 5.7 billion in revenue.

Adjusted OIBDA rose by 37.6% driven in large part by contributions from LWP and a new paper sack production facility in the Rostov region.

Adjusted profit attributable to Sistema declined as Segezha's investment programme generated increased amortisation expenses, as well as due to higher interest expense. In 2016, Segezha raised a EUR 383.6 million syndicated loan.

On the operational side, Segezha sold a record number of paper sacks as a result of a new production line in Segezha, the plant in the Rostov region coming online and increased efficiency of sales thanks to switching production to high demand seasons. In 2016, sales of sack paper declined year-on-year as Segezha increased use of its own materials to produce sacks. Overall, its paper production was flat year-on-year despite a production stoppage at Segezha Pulp & Paper Mill for upgrade work. Timber production more than doubled in 2016 as a result of the consolidation of LWP.

Agroholding Steppe

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	2,023	817	147.6%	8,358	2,122	293.8%
Adjusted OIBDA	1,124	403	178.6%	2,857	674	323.9%
Operating income	784	303	158.4%	2,941	548	436.2%
Adjusted profit attributable to Sistema	623	250	149.4%	871	136	540.5%

In 2016, Steppe's revenue and adjusted OIBDA increased four-fold, primarily driven by both M&A and organic growth.

2016 saw a record harvest of 1.04 million tonnes of grain. The significant increase in the gross harvest was achieved thanks to the acquisition of additional land as well as implementation of agricultural technologies and improved execution discipline.

Milk output increased by 20% thanks to a 13% year-on-year expansion of the herd to 3,700 cows and increased productivity. A landmark event for the dairy segment in 2016 was regulatory approval to export to European Union markets based on an assessment that Steppe's milk meets EU standards.

In 2016, Steppe planted 150 hectares of new high-density orchards, which will be fully operational in 2018. Fruit yields increased by 5% in 2016 to 42.1 tonnes per hectare.

Total tomato and cucumber production rose by 22% in 2016 to 45,800 tonnes as a result of an increase in greenhouses area under cultivation and an increase in yields from 31.6 kilograms per square metre in 2015 to 35.1 kilograms per square metre in 2016.

In May 2016, an additional 110,000 hectares of land in the Stavropol and Rostov regions were acquired and included in the 2016 harvest. The production of grain by new assets increased 65% as compared to 2015. At the end of 2016, Steppe acquired an additional 68,000 hectares of land and is currently integrating them into its business.

In 2016, ownership of Sistema's 50% share in RZ Agro was transferred to Agroholding Steppe as part of the strategy to establish a large-scale agriculture holding.

RTI

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	14,171	20,815	(31.9%)	44,588	77,287	(42.3%)
Adjusted OIBDA	1,256	2,075	(39.4%)	4,036	7,030	(42.6%)

Operating (loss) / income	(699)	1,484	-	275	4,548	(94.0%)
Adjusted loss attributable to Sistema	(688)	(299)	-	(2,418)	(2,074)	-

RTI's revenue declined for the full year and fourth quarter of 2016 year-on-year, reflecting the disposal of NVision in 2015, as well as lower project volumes on a large defence contract where work was primarily carried out in 2014 and 2015. In addition, both the key Defence Solutions business unit and the Microelectronics business unit reported lower revenue as customers placed orders later in the year.

Adjusted OIBDA decreased for the full year reflecting revenue trends and impairment loss recognition for accounts receivable and supply stock. RTI's adjusted OIBDA margin was flat at 9.1% in 2016.

In December 2016, RTI restructured its debt portfolio through loan agreements with VTB Bank. The agreements provide for the deferment of a significant portion (about 60%) of RTI Group's debt until 2021, to be followed by annual settlement payments through the end of 2026, as well as a grace period for interest payments. The rest of the debt will be refinanced through five-year revolving credit lines, which will give RTI Group additional flexibility in managing its working capital.

Medsi

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	2,603	2,294	13.5%	9,409	8,227	14.4%
OIBDA	222	377	(41.0%)	813	471	72.4%
Operating (loss) / income	(79)	307	-	(432)	(161)	-
(Loss) / profit attributable to Sistema	(95)	235	-	(499)	(127)	-

In 2016, Medsi increased revenues by 14.4% year-on-year. Revenue generated from individuals grew by 11%. Revenue generated from insurers (including from Mandatory Medical Insurance, or MMI) rose by 19%, in part due to a 13% increase in patient visits covered by insurance.

The Clinical Diagnostic Centre at Belorusskaya remained Medsi's largest and busiest facility in 2016, and grew revenues by 6% year-on-year. The new Clinical Diagnostic Centre at Krasnaya Presnya continues to open new departments, and facilities already in operation posted a utilisation ratio of 65%, but there remains significant scope for increasing traffic by opening additional facilities. Overall, revenue at Moscow clinics increased by 15% in 2016, driven by an 11% increase in patient visits and a 4% increase in the average check.

Revenue from regional clinics grew by 7.6% in 2016 driven by optimisations of the sales strategy.

OIBDA rose by 72.4% in 2016 despite negative dynamics in the fourth quarter year-on-year caused by slightly increased marketing expenses and other accrued non-cash provisions.

Medsi posted a net loss for the year of RUB 499 million as a result of a higher amortisation expense and a pressures from currency revaluation.

In January 2017, the Ministry of Health accredited Medsi to host clinical trials for new medicines and treatments. Medsi plans to partner with Binnopharm in this area, and will host trials in cardiology, rheumatology, oncohematology, trauma care and other areas.

Bashkirian Power Grid Company (BPGC)

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	4,609	4,206	9.6%	16,052	14,816	8.3%
OIBDA	1,699	630	169.6%	5,636	4,331	30.1%
Operating income	1,154	40	2,818.9%	3,404	2,094	62.6%
Profit attributable to Sistema	908	124	630.8%	2,706	2,027	33.5%

Revenue at BPGC grew by 9.6% year-on-year in the fourth quarter 2016 and by 8.3% for the full year 2016.

In the fourth quarter, OIBDA increased by 169.6% year-on-year, driven mainly by indexation of electricity transmission tariffs that came into force on 1 July 2016. OIBDA for the full year 2016 was also strong, rising by 30.1%. BPGC continues to be in a long-term regulatory period based on returns on invested capital, running from 2014 to 2023.

The OIBDA margin in the fourth quarter increased by 21.9 percentage points year-on-year to 36.9% and for the full year it grew by 5.9

percentage points to 35.1%. These improvements facilitated a reduction in reserves for potential disputes with counterparties in electricity transmission and sales.

Technical connections of new users continued to increase in 2016. Losses of electricity remained virtually unchanged at 2015 levels. A strategic goal for BPGC is the reconstruction of Ufa's electricity grid using Smart Grid technology. Preliminary results from the implementation programme indicate a potentially significant reduction in electrical losses given comparable conditions for electrical flows, as well as a reduction in incidents affecting electricity supply and a reduction of operating costs.

Sistema Shyam TeleServices Ltd. (SSTL)

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	2,073	3,626	(42.8%)	12,466	13,965	(10.7%)
OIBDA	(800)	(268)	-	(1,458)	(2,395)	-
Operating loss	(1,011)	(482)	-	(2,347)	(3,227)	-
Net loss attributable to Sistema	(1,551)	(1,958)	-	(5,012)	(7,721)	-

In 2016, Sistema and Reliance Communications Ltd (“RCom”) continued to work towards the merger of SSTL's telecommunications business with RCom. The transaction has been approved by India's two main stock exchanges (NSE and BSE), the Securities and Exchange Board of India (SEBI), the Competition Commission of India (CCI), and the Bombay and Rajasthan High Courts. All necessary shareholder and creditor approvals have also been properly secured. As of close of business on 31 March 2017, Sistema and RCom were in discussions with the Department of Telecommunication of India (DoT) and other regulatory and judicial bodies regarding final conditions of the potential transaction. The decisions regarding the completion of the transaction are expected to be made based on the timing of the approval processes and substance of the final conditions to be approved.

MTS Bank

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	4,747	5,253	(9.6%)	20,233	25,619	(21.0%)
OIBDA	(2,820)	(9,908)	-	(2,619)	(16,969)	-
Operating loss	(2,969)	(10,045)	-	(3,282)	(17,658)	-
Loss attributable to Sistema	(2,517)	(8,822)	-	(2,827)	(15,282)	-

MTS Bank's revenue decreased by 9.6% year-on-year in the fourth quarter and by 21.0% in the full year 2016. Interest income declined for the quarter and for the year as a result of a reduction in risk appetite and the size of the loan book in a period of economic contraction, as well as due to lower interest rates in the Russian market. In line with the bank's plans to increase income contributions from low-risk transaction products, the share of fee and commission income increased in revenues to 16.0% in 2016, versus 13.3% in 2015.

Loss attributable to Sistema saw significant contraction in the fourth quarter and the full year 2016, as provision charges reduced thanks to the optimisation of the bank's lending policy and a new credit scoring system rolled out in 2015-2016.

In the fourth quarter of 2016, MTS Bank strengthened its capital position via a RUB 10.5 billion additional share issue acquired by Sistema and MTS, which will allow the bank to deliver on its strategy of developing as a universal digital financial institution that partners with MTS.

To build on synergies with MTS's sales network, the bank opened 18 flagship branches under the scheme Bank+Operator (an MTS retail shop paired with a fully fledged bank branch) in 2016. The bank opened smaller financial zones at an additional 50 MTS retail shops. In 2017, the bank aims to market its products at more than 1,000 MTS retail shops.

Real Estate (Leader-Invest, Business-Nedvizhimost, Mosdachtrest)⁶

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	4,517	1,491	202.9%	12,810	4,532	182.6%
Adjusted OIBDA	1,488	(199)	-	5,237	659	694.2%
Operating income / (loss)	4,222	(380)	-	7,757	116	6,575.2%

⁶ Results of rental assets Business-Nedvizhimost and Mosdachtrest are based on management accounts

Adjusted profit / (loss) attributable to Sistema	599	(566)	-	2,877	(362)	-
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Leader-Invest's revenue increased nine times to RUB 8.8 billion in 2016 driven by revenue recognition on the sale of apartments in five Moscow residential complexes – Dom na Lyusinovskoy, Dom na Nagatinskoy, Dom na Samarinskoy, Dom na Rogozhskom and Dom na Izumrudnoy.

OIBDA at Leader-Invest in 2016 totalled RUB 3.0 billion, which resulted in an OIBDA margin of 34.2%. In the reporting year the company delivered profit of RUB 2.3 billion.

In 2017, Leader-Invest will continue to implement highly profitable infill construction projects. The company will also launch construction in the complex redevelopment projects Nagatino I-Land and 120 Lobachevsky St. In 2017, Leader-Invest plans to become a top-3 developer by total residential offering in “old Moscow”, the most lucrative region of the Russian capital.

In December 2016, Leader-Invest issued its first exchange-traded bonds for RUB 3 billion. The five-year notes call for semi-annual coupon payments and a tender offer 1.5 years from the date of issuance. The rate of 1-3 coupons is set at 13.5% per annum.

Sistema's rental assets (Business-Nedvizhimost and Mosdachtrest) delivered combined revenue of RUB 4.0 billion in 2016, primarily driven by property rentals, as well as the sale of assets.

Adjusted OIBDA of the rental assets amounted to RUB 2.2 billion in 2016.

At the end of 2016, Business-Nedvizhimost agreed upon the principal terms of a framework agreement with X5 Retail Group for X5 to set up stores on the first floors of former MGTS telephone stations. The first pool of buildings to be leased has been approved.

Binnopharm

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	827	620	33.4%	1,939	1,660	16.9%
OIBDA	322	236	36.7%	415	193	114.7%
Operating income / (loss)	284	161	76.8%	219	21	931.5%
Profit / (loss) attributable to Sistema	140	104	34.1%	11	(68)	-

Binnopharm delivered strong financial results in the fourth quarter and full year 2016 thanks to consistent delivery on its strategy. Revenue rose by 33.4% year-on-year in the fourth quarter and by 16.9% for the full year. Sales of Binnopharm's own products accounted for 78% of revenue in 2016, up from 43% a year earlier. Sales of Regevak B vaccine declined from 36% of total revenue in 2015 to 29% in 2016. In the commercial segment, sales of Binnopharm's own products increased from 29% of total revenue in 2015 to 47% in 2016.

OIBDA increased by 36.7% year-on-year in the fourth quarter and by 114.7% for the full year 2016. Profit grew by 34.1% year-on-year in the fourth quarter and totalled RUB 11 million for the full year 2016, versus a net loss in 2015.

In 2016, Binnopharm opened its own research and development centre, a 400 square metre facility that includes seven laboratories. More than 20 drugs are at various stages of development and registration.

In the fourth quarter of 2016, Binnopharm acquired Alpharm, which produces two over-the-counter (OTC) products, Kipferon and Prosopin. The acquisition allows Binnopharm to enter the OTC market. In future the company may benefit from use of its own interferon compounds in drug production.

Hospitality assets

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Revenues	784	590	32.9%	2,794	2,454	13.9%
OIBDA	39	110	(64.4%)	487	444	9.7%
Operating (loss) / income	(82)	53	-	182	220	(17.3%)
Loss attributable to Sistema	(265)	(44)	-	(252)	(141)	-

Sistema's hospitality assets increased revenues by 32.9% year-on-year in the fourth quarter of 2016 and grew by 13.9% for the full year 2016 as a result of Sistema Hotel Management's acquisition of Regional Hotel Chain in the fourth quarter, which increased the number of hotel rooms operated by Sistema from 2,501 to 3,771.

OIBDA declined by 64.4% year-on-year in the fourth quarter, but rose by 9.7% for the full year. Loss at hospitality assets was RUB 265 million in the fourth quarter and RUB 252 million for the full year. This was primarily the result of a decrease in revenues in rouble terms from hotels outside Russia as a result of the strengthening of the rouble.

In the fourth quarter the acquisition for RUB 2.6 billion of Regional Hotel Chain consisting of nine hotels with a total of 1,379 rooms was completed. The hotels are Courtyard by Marriott Paveletskaya (Moscow), Holiday Inn Express (Voronezh) and seven hotels operating under the Park Inn by Radisson brand in Astrakhan, Izhevsk, Kazan, Novosibirsk, Sochi, Volgograd and Yaroslavl.

Corporate

<i>(RUB millions)</i>	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
Adjusted OIBDA	(6,603)	(6,484)	-	(13,864)	(10,579)	-
Adjusted loss	(8,285)	(9,018)	-	(18,720)	(20,385)	-
Indebtedness	97 026	116,806	(16.9%)	97 025	116,806	(16.9%)

The Corporate segment comprises companies that control and manage Sistema's interests in its subsidiaries.

In 2016, Sistema generated RUB 59.6 billion of cash at the Corporate Centre through monetisation of SG-trans and MTS shares, as well as dividends and regular cash returns from portfolio companies. Sistema received dividends and regular cash returns totalling RUB 23.1 billion from MTS and RUB 12.3 billion from Detsky Mir and non-public assets.

In the fourth quarter of 2016, Sistema paid an interim dividend for the first six months of the year totalling RUB 3.67 billion (RUB 0.38 per ordinary share or RUB 7.6 per GDR).

KEY CORPORATE HIGHLIGHTS IN THE FOURTH QUARTER AND AFTER THE REPORTING PERIOD

In March 2017, Sistema subsidiary Sistema Finance S.A. sold 16,038,892 ordinary shares of MTS in connection with a tender offer to purchase MTS shares, for a total consideration of RUB 4.7 billion. Sistema Group's effective stake in the share capital of MTS stands at 50.03%.

In February 2017, Detsky Mir completed an initial public offering on Moscow Exchange. The IPO price was set at RUB 85 per share, implying a market capitalisation of RUB 62.8 billion when shares began trading on 10 February 2017. Sistema sold 151,301,256 shares via the offering, and held a stake in Detsky Mir's equity capital of 52.1% post-offering.

In January 2017, Sistema announced that the entire debt of RTI Group, except for liabilities pertaining to state defence orders which are covered by government guarantees, will be refinanced in 2016-2017 by VTB Bank, which will become the group's major lender, providing up to RUB 28.5 billion in financing. The loan agreements provide for the deferment of about 60% of RTI Group's debt until 2021, to be followed by annual settlement payments through the end of 2026, as well as a grace period for interest payments. The rest of the debt will be refinanced through five-year revolving credit lines, giving RTI additional flexibility in managing its working capital. Sistema will buy from VTB (as the legal successor of OJSC Bank of Moscow) 15.32% of OJSC RTI's share capital for a consideration of RUB 4.5 billion, with final settlement in January 2019. Following the acquisition, Sistema will own 87% of RTI's equity.

In December 2016, Sistema announced the sale of 100% of the shares of Targin JSC to PJSC Rosneft Oil Company for up to RUB 4.1 billion.

In November 2016, Sistema subsidiary Sistema Hotel Management LLC acquired nine hotels for a consideration of RUB 2.6 billion from VIYM, a private equity firm. The hotels are Courtyard by Marriott Paveletskaya (Moscow), Holiday Inn Express (Voronezh) and seven hotels operating under the Park Inn by Radisson brand in the cities of Astrakhan, Izhevsk, Kazan, Novosibirsk, Sochi, Volgograd and Yaroslavl. The properties include a total of 1,379 rooms with a total area of 87,613 square metres. The consolidated debt of the properties is RUB 4 billion.

In November 2016, Sistema acquired 7,362,690 ordinary shares of MTS Bank, placed as part of an additional issue, for a total consideration of RUB 7.7 billion. As a result of the transaction, Sistema's share in the capital of MTS Bank is 71.87%.

In October 2016, Sistema agreed with Rusnano on restructuring an option agreement dated 15 May 2014 with respect to shares of Mikron. Under the terms of the restructuring, in 2017 Sistema will acquire from Rusnano 20.42% of Mikron shares for a consideration of RUB 8.1 billion, of which RUB 4.8 billion is to be paid by 28 December 2016 and RUB 3.3 billion by 29 December 2017.

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Sistema is a publicly-traded diversified holding company in Russia and the CIS, which invests in and is a major shareholder of companies serving over 100 million customers in the sectors of telecommunications, high technology, pulp and paper, banking, retail, tourism and healthcare services. Founded in 1993, the Company reported revenues of RUB 697.7 billion for 2016, and total assets of RUB 1.1 trillion as at December 31, 2016. Sistema's global depository receipts are listed under the symbol "SSA" on the London Stock Exchange. Sistema's ordinary shares are listed under the symbol "AFKS" on the Moscow Exchange. Website: www.sistema.com

The Company is not an investment company, and is not and will not be registered as such, under the U.S. Investment Company Act of 1940. Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Sistema. You can identify forward looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. In addition, there is no assurance that the new contracts entered into by our subsidiaries referenced above will be completed on the terms contained therein or at all. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Sistema and its operations.

SISTEMA PJSFC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEARS AND THREE MONTHS ENDED DECEMBER 31, 2016 AND 2015

(Amounts in millions of Russian roubles, except for per share amounts)

	Year ended December 31, (audited)		Three months ended December 31, (unaudited)	
	2016	2015	2016	2015
Revenue	697,705	678,821	186,687	183,809
Cost of sales	(349,741)	(352,670)	(98,722)	(104,993)
Selling, general and administrative expenses	(157,003)	(148,232)	(44,394)	(46,290)
Depreciation and amortisation	(96,710)	(88,670)	(24,292)	(21,931)
Impairment of long-lived assets	(2,896)	(11,941)	(2,533)	(11,239)
Impairment of financial assets	(11,400)	(7,220)	(3,464)	(3,207)
Taxes other than income tax	(5,574)	(4,000)	(1,212)	255
Share of the profit or loss of associates and joint ventures	3,147	4,377	(61)	1,267
Gain on acquisition	1,169	-	1,169	-
Other income	6,840	1,918	3,307	1,745
Other expenses	(5,693)	(3,995)	(3,512)	(928)
OPERATING INCOME	79,844	68,388	12,973	(1,512)
Finance income	9,853	18,451	1,617	5,002
Finance costs	(56,251)	(50,496)	(11,926)	(14,381)
Currency exchange gain/(loss)	6,055	(16,249)	(1,347)	(6,573)
PROFIT BEFORE TAX	39,501	20,094	1,317	(17,464)
Income tax expense	(21,575)	(18,251)	(6,778)	(3,336)
PROFIT FROM CONTINUING OPERATIONS	17,926	1,843	(5,461)	(20,800)
Loss/profit from discontinued operations	(8,767)	44,531	(5,192)	4,431
PROFIT FOR THE PERIOD	9,159	46,374	(10,653)	(16,370)
Profit/(loss) attributable to:				
Shareholders of Sistema PJSFC	(11,758)	28,800	(15,944)	(18,372)
Non-controlling interests	20,917	17,574	5,291	2,001
	9,159	46,374	(10,653)	(16,371)
Earnings per share (basic and diluted), Russian Rubles:				
From continuing operations	(0.56)	(2.11)	(1.15)	(2.51)
From continuing and discontinued operations	(1.25)	3.06	(1.70)	(1.95)

SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015
(Amounts in millions of Russian roubles)

	December 31,	December 31,
	2016	2015
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	408,130	421,522
Investment property	22,647	14,085
Goodwill	52,224	47,256
Other intangible assets	107,716	112,307
Investments in associates and joint ventures	19,537	22,219
Deferred tax assets	24,185	25,966
Loans receivable and other financial assets	100,023	112,236
Deposits in banks	27,274	45,696
Other assets	17,428	15,330
	<u>779,164</u>	<u>816,617</u>
Total non-current assets		
CURRENT ASSETS:		
Inventories	82,690	76,622
Accounts receivable	60,888	74,276
Advances paid and prepaid expenses	16,348	17,544
Current income tax assets	2,580	6,051
Other taxes receivable	18,176	20,993
Loans receivable and other financial assets	62,588	78,020
Deposits in banks	9,173	76,117
Restricted cash	10,098	-
Cash and cash equivalents	60,190	122,775
Other assets	2,194	2,778
	<u>324,925</u>	<u>475,176</u>
Total current assets		
TOTAL ASSETS	<u>1,104,089</u>	<u>1,291,793</u>

SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015 (CONTINUED)
(Amounts in millions of Russian roubles)

	December 31, 2016	December 31, 2015
LIABILITIES AND EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	869	869
Treasury shares	(6,575)	(4,806)
Additional paid-in capital	87,369	80,778
Retained earnings	91,290	112,921
Accumulated other comprehensive loss	(13,752)	(7,079)
Equity attributable to shareholders of Sistema	159,201	182,683
Non-controlling interests	57,770	62,914
TOTAL EQUITY	216,971	245,597
NON-CURRENT LIABILITIES:		
Borrowings	395,017	414,103
Liabilities under put option agreements	2,243	-
Bank deposits and liabilities	6,432	7,275
Deferred tax liabilities	40,753	41,664
Provisions	3,411	4,190
Liability to Rosimushchestvo	21,282	-
Other financial liabilities	23,337	28,224
Other liabilities	8,742	11,414
Total non-current liabilities	501,217	506,870
CURRENT LIABILITIES:		
Borrowings	83,109	142,657
Liabilities under put option agreements	-	65,684
Accounts payable	110,879	136,979
Bank deposits and liabilities	99,888	115,529
Advances received	26,069	24,953
Subscriber prepayments	17,900	20,955
Income tax payable	962	831
Other taxes payable	16,391	14,524
Dividends payable	249	210
Provisions	10,752	10,151
Liability to Rosimushchestvo	11,783	-
Other financial liabilities	7,919	6,853
Total current liabilities	385,901	539,326
TOTAL LIABILITIES	887,118	1,046,196
TOTAL LIABILITIES AND EQUITY	1,104,089	1,291,793

SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Amounts in millions of Russian roubles)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	9,159	46,374
Adjustments to reconcile net income to net cash provided by operations (including discontinued operations):		
Depreciation and amortization	100,546	94,915
Share of the profit or loss of associates and joint ventures	(3,147)	(4,377)
Finance income	(9,851)	(18,526)
Finance costs	57,368	51,174
Income tax expense	21,575	17,944
Currency transaction (gain)/loss	(6,035)	16,318
Loss/(profit) from discontinued operations	7,614	(49,029)
Change in fair value of financial instruments through profit or loss	(110)	(1,076)
Loss on disposal of property, plant and equipment	109	461
Gain on disposal of subsidiaries	(60)	(1,262)
Amortization of connection fees	(2,287)	(2,362)
Impairment loss on loans receivable	6,063	21,788
Dividends received from associates and joint ventures	2,955	3,622
Non-cash compensation to employees	2,522	3,292
Impairment of long-lived assets	2,896	11,941
Impairment of financial assets	11,803	7,327
Other non-cash items	3,152	2,482
	<u>204,272</u>	<u>201,006</u>
Movements in working capital:		
Bank loans to customers and interbank loans due from banks	11,253	14,279
Bank deposits and liabilities	(16,484)	(7,806)
Restricted cash	(10,098)	-
Financial assets at fair value through profit or loss	(2,401)	(966)
Accounts receivable	11,224	7,845
Advances paid and prepaid expenses	863	5,814
Other taxes receivable	2,964	(776)
Inventories	(8,862)	(24,926)
Accounts payable	(3,838)	19,050
Subscriber prepayments	(435)	2,892
Other taxes payable	2,720	2,805
Advances received and other liabilities	(7,358)	1,943
Interest paid	(59,791)	(48,304)
Income tax paid	(19,344)	(16,784)
	<u>104,685</u>	<u>156,072</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	104,685	156,072

SISTEMA PJSFC AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)
(Amounts in millions of Russian roubles)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property, plant and equipment	(89,958)	(106,561)
Proceeds from sale of property, plant and equipment	4,516	3,682
Proceeds from settlement with Ural-Invest	-	10,821
Payments for purchases of intangible assets	(32,920)	(32,662)
Payments for businesses, net of cash acquired	(13,956)	(14,421)
Payments for investments in associates and joint ventures	(3,235)	(3,077)
Proceeds from sale of investments in affiliated companies	6,118	-
Payments for purchases of financial assets, long-term	(28,212)	(56,584)
Proceeds from sale of financial assets, long-term	15,774	1,482
Payments for financial assets, short-term	(23,489)	(41,425)
Cash disposed from discontinued operations	(2,576)	-
Proceeds from sale of financial assets, short-term	95,294	42,103
Interest received	10,197	18,283
Other	(1,588)	(1,885)
NET CASH USED IN INVESTING ACTIVITIES	(64,035)	(180,244)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	209,963	177,606
Principal payments on borrowings	(249,125)	(129,478)
Debt issuance costs	(428)	(1,162)
Acquisition of non-controlling interests in existing subsidiaries	(26,816)	(3,452)
Payments to purchase treasury stock	(2,082)	(456)
Proceeds from capital transactions with non-controlling interests	19,099	9,718
Dividends paid	(37,725)	(27,535)
Cash (outflow)/inflow under credit guarantee agreement related to foreign-currency hedge	(2,985)	6,706
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	(90,100)	31,947
Impairment of cash and cash equivalents	-	(1,697)
Effect of foreign currency translation on cash and cash equivalents	(13,136)	(3,270)
Net (decrease)/increase in cash and cash equivalents	(62,585)	2,808
Cash and cash equivalents at the beginning of the period	122,775	119,967
Cash and cash equivalents at the end of the period	60,190	122,775

SISTEMA PJSFC AND SUBSIDIARIES
SEGMENTAL BREAKDOWN FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Amounts in millions of Russian roubles)

	External revenues		Inter-segment revenue		Segment operating income	
	2016	2015	2016	2015	2016	2015
MTS	433,972	425,674	1,720	965	86,227	91,708
Detsky Mir	79,532	60,544	15	-	6,620	3,805
RTI	44,433	69,384	156	7,903	275	4,548
MTS Bank	19,074	25,157	1,159	462	(3,282)	(17,658)
SSTL	12,466	13,965	-	-	(2,347)	(3,227)
Corporate	1,737	2,272	1,115	1,145	(24,042)	(14,392)
Total reportable segments	591,214	596,995	4,164	10,476	63,450	64,785
Other	106,491	81,825	3,699	5,026	16,274	(272)
	697,705	678,821	7,863	15,502	79,725	64,513
Inter-segment eliminations					119	3,875
Operating income					79,844	68,388
Finance income					9,853	18,451
Finance costs					(56,251)	(50,496)
Foreign currency exchange loss					6,055	(16,249)
Profit before tax					39,501	20,094

	Additions to non-current assets		Depreciation and amortisation		Other non-cash items	
	2016	2015	2016	2015	2016	2015
MTS	80,630	99,477	81,582	77,843	2,698	5,216
Detsky Mir	1,760	5,352	1,591	954	26	363
RTI	3,091	4,768	2,539	2,482	1,643	431
MTS Bank	1,840	1,145	663	689	6,063	19,207
SSTL	-	-	889	832	-	-
Corporate	6,488	2,476	564	523	8,967	1,273
Other	50,056	36,621	8,882	5,347	962	3,796
	143,865	149,839	96,710	88,670	20,359	30,286

Attachment A

Operating Income Before Depreciation and Amortisation (OIBDA) and OIBDA margin. OIBDA represents operating income before depreciation and amortisation. OIBDA margin is defined as OIBDA as a percentage of our net revenues. Our OIBDA may not be similar to OIBDA measures of other companies; is not a measurement under accounting principles generally accepted under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of profit and loss. We believe that OIBDA provides useful information to investors because it is an indicator of the strength and performance of our ongoing business operations, including our ability to fund discretionary spending such as capital expenditures, acquisitions of businesses and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods. OIBDA is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies.

Adjusted OIBDA, operating income and profit/(loss) attributable to Sistema shareholders. The Company uses adjusted OIBDA, adjusted operating income and adjusted profit/(loss) attributable to Sistema shareholders to evaluate financial performance of the Group. These represent underlying financial measures adjusted for a number of one-off gains and losses. We believe that adjusted measures provide investors with additional useful information to measure our underlying financial performance, particularly from period to period, because these measures are exclusive of certain one-off gains and losses.

Adjusted operating income and adjusted OIBDA can be reconciled to our consolidated statements of profit and loss as follows:

<i>RUB millions</i>	2016	2015	4Q 2016	4Q 2015
Operating income / (loss)	79,844	68,387	12,976	(1,514)
Impairment of goodwill (MTS Armenia and other)	241	8,666	-	8,666
Impairment of long-lived assets (SG-trading, RTI and other)	2,896	3,275	2,896	3,275
Impairment of cash and deposits in Delta Bank (MTS)	-	1,698	-	-
Impairment of other financial assets	5,634	1,273	1,000	1,273
Gain on an acquisition at Steppe	(1,175)	-	-	-
Other non-recurring (gains) / losses, net	(432)	1,858	(432)	1,858
Adjusted operating income	87,008	85,157	16,441	13,558
Depreciation and amortisation	96,710	88,670	24,292	21,930
Adjusted OIBDA	183,719	173,826	40,733	35,488

Adjusted profit / (loss) attributable to Sistema shareholders can be reconciled to our consolidated statements of profit and loss as follows:

<i>RUB millions</i>	2016	2015	4Q 2016	4Q 2015
(Loss) / profit attributable to Sistema	(11,758)	28,799	(15,944)	(18,373)
Impairment of goodwill (MTS Armenia and other)	241	7,068	-	7,068
Impairment of long-lived assets (SG-trading, RTI and other)	2,736	3,275	2,736	3,275
Impairment of cash and deposits in Delta Bank (MTS)	-	908	-	-
Impairment of other financial assets	5,634	1,273	1,000	1,273
Loss on disposal of Targin	4,889	-	4,889	-
Gain on settlement agreements with Ural-Invest	-	(43,897)	-	-
Reversal of impairment on deposits received from Ural-Invest	-	(5,136)	-	(5,136)
Gain on an acquisition at Steppe	(1,175)	-	-	-
Other non-recurring (gains) / losses, net	1,135	1,858	1,135	1,858
Adjusted profit / (loss) attributable to Sistema	1,702	(5,852)	(6,184)	(10,035)

Net debt at the Corporate Centre level. We define net debt as indebtedness less cash, cash equivalents and other liquid deposits and financial instruments. The indebtedness is defined as long-term debt, including its current portion, and short-term debt. We believe that the presentation of net debt at the Corporate Centre level provides useful information to investors because we use this measure in our management of the Corporate Centre's liquidity, financial flexibility, capital structure and leverage. The IFRS financial measure most directly comparable to net debt at the Corporate Centre level is the indebtedness of our Corporate segment as reported in our segment disclosures. Net debt at the Corporate Centre level can be reconciled to the indebtedness of our Corporate segment as follows:

<i>RUB millions</i>	4Q 2016	4Q 2015
Indebtedness of the Corporate segment	97,025	116,806
Cash and cash equivalents	(7,100)	(28,716)
Liquid deposits and financial instruments	(6,380)	(21,864)
Net debt at the Corporate Centre level	83,545	66,226