

MOBILE TELESYSTEMS PJSC  
Form 6-K  
November 17, 2015

## **FORM 6-K**

# **UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Report of Foreign Issuer  
November 17, 2015

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

Commission file number: 333-12032

## **Mobile TeleSystems PJSC**

(Exact name of Registrant as specified in its charter)

**Russian Federation**

(Jurisdiction of incorporation or organization)

**4, Marksistskaya Street  
Moscow 109147  
Russian Federation**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

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Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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Press release

**Mobile TeleSystems Announces Financial Results for the Third Quarter Ended September 30, 2015**

November 17, 2015

**Moscow, Russian Federation** Mobile TeleSystems PJSC ( MTS NYSE: MBT; MOEX: MTSS), the leading telecommunications provider in Russia and the CIS, today announces its unaudited IFRS financial results for the three months ended September 30, 2015.

**Key Financial Highlights of Q3 2015**

- Consolidated group revenue increased 7.4% y-o-y to RUB 115.0 bln
- Total revenue in Russia rose 4.7% y-o-y to RUB 103.9 bln
- Mobile service revenue in Russia improved 1.0% y-o-y to RUB 78.0 bln
- Data traffic revenue in Russia grew 20.2% y-o-y to RUB 20.6 bln
- Handset sales in Russia increased 58.8% y-o-y to RUB 12.6 bln
- Group adjusted OIBDA down 1.9% y-o-y to RUB 48.0 bln

- OIBDA in Russia down 2.1% y-o-y to RUB 44.5 bln
- MTS raises its Group guidance:
- Group revenue growth of more than 4%
- Revenue growth in MTS Russia of more than 4%
- MTS reiterates its guidance:
- Group OIBDA margin of more than 40%
- FY2015 CAPEX in the amount of RUB 92 bln reflecting planned investments in 3G network development in Ukraine

**Key Corporate and Industry Highlights**

- Extension of strategic partner market agreement with Vodafone expanding the scope of new partnership in Ukraine where the companies will roll out 3G and develop new services in the market using the Vodafone brand
- Acquisition of the licenses to provision mobile telecommunications services in the GSM standard, LTE standard and its subsequent modifications in the 1710-1785 MHz and 1805-1880 MHz ranges in Amur Region, North-Ossetia-Alania, Orenburg Region, Perm Krai and in Komi-Perm District, for a total amount of RUB 1.91 bln through an auction held by The Federal Service for Supervision in the Sphere of Communications, Information Technologies and Mass Media (Roskmonadzor)
- Signing of strategic partnership agreement with Google to promote mobile Internet technologies and Google search services in Russia

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- Redemption of the RUB 10 bln series 02 ruble-denominated
- Repurchase of the series 08 ruble denominated bond in the amount of RUB 12.9 bln

- Payout of the semi-annual dividends of RUB 5.61 per ordinary MTS share (RUB 11.22 per ADR), or a total of RUB 11.592 bln based on H1 2015 financial results

### **Commentary**

Mr. Andrei Dubovskov, MTS President and CEO, commented, In Q3 2015, we delivered a 7.4% year-over-year increase in Group revenue to RUB 115.0 bln. This growth was driven by strong data adoption across our operating markets, and in Russia, our topline was supported by increasing smartphone sales across our retail network. Group adjusted OIBDA was RUB 48.0 bln, a slight decline year-over-year as a result of due to the impact of inflationary costs, reduced profitability in our non-Russian businesses, and the impact of our new commercial policies in retail. However, on a quarterly basis, revenue and Adjusted OIBDA increased by more than 12%, which allowed MTS to once again outpace the market.

Mr. Vasyl Latsanych, MTS Vice President for Marketing, said, For the quarter, total revenue in Russia increased by 4.7% year-over-year to RUB 103.9 billion. Growth in our mobile business revenue equaled 6.4% as data usage continues to drive growth. Data usage continues to be a primary driver of growth as data traffic revenue increased by more than 20% year-over-year and smartphone penetration exceeded 47%.

Mr. Alexey Kornya, MTS Vice President for Finance and Investments, said, In Russia, OIBDA for the period was RUB 44.5 bln, or 2.1% below Q3 2014, as increased handset sales put pressure on profitability. Group net income declined 6.6% year-over-year to RUB 14.4 bln, due to the impact of OIBDA dynamics and a non-cash RUB 3.3 bln FOREX loss based on the value of our non-ruble denominated debt. Free cash flow for the first nine months amounted to RUB 29.2 bln, and CAPEX reached RUB 73.1 bln. We had accelerated our network build-out to H1 2015 from H2 2015, so our run-rate is higher compared to last year. For the full year 2015, we expect CAPEX to be in line with our guidance of RUB 92 bln, which includes the planned construction of 3G networks in Ukraine.

Mr. Andrei Dubovskov concluded, We continue to see resilient markets in our countries of operation and deliver strong topline growth through a sustained increase in the usage of voice and data products and vigorous sales of data generating devices in Russia. Strong momentum in sales allows us to raise both our Group, and Russia, revenue guidance to more than 4%. We also reiterate our Group OIBDA margin guidance of more than 40% as we continue to deliver on our market-leading and innovative commercial strategies.

### **Additional Information**

MTS continues to see sustained macroeconomic volatility in its markets of operations that may impact the financial and operational performance throughout the Group.

MTS announces that as the Company had previously disclosed, the US Department of Justice (DOJ) and the SEC are conducting an investigation into MTS's business activities in Uzbekistan. In addition, MTS publicly confirmed that it had been referenced in a civil forfeiture complaint, filed by the DOJ, directed at certain assets of an unnamed Uzbek government official. The complaint alleges that MTS made corrupt payments to gain access to the Uzbek telecommunications market. The Complaint alleges among other things that MTS and certain other parties made corrupt payments to the unnamed Uzbek official to assist MTS entering and operating in the Uzbekistan telecommunications market. The Complaint is solely directed towards assets held by the unnamed Uzbek official, and none of MTS's assets are affected by the Complaint.

MTS has made no provision in relation to the investigation conducted by the US Department of Justice and the SEC regarding MTS's business activities in Uzbekistan. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision should be recognized when a legal or constructive obligation exists and such an obligation can be reliably estimated. MTS continues to cooperate with the authorities. At the current stage of the investigations, MTS has no reliable basis to predict any outcome.

**Conference Call**

The conference call will start today at:

18:00 hrs (Moscow time)

15:00 hrs (London time)

10:00 hrs (US Eastern time)

To take part in the conference call, please dial one of the following telephone numbers and quote the confirmation code, 6897774

From Russia + 7 495 705 9450

From the UK: + 44(0)20 3427 1915

From the US: + 1646 254 3360

The conference call will also be available at: <http://www.mtsgsm.com/news/reports/> via audio webcast.

A replay of the conference call will be available for seven days on the following telephone numbers:

From the US: +1 347 366 9565 PIN 6897774

From the UK: +44 (0)20 3427 0598 PIN 6897774

*This press release provides a summary of some of the key financial and operating indicators for the period ended September 30, 2015. For full disclosure materials, please visit <http://www.mtsgsm.com/resources/reports/>.*



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Financial Summary

RUB mln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues	115,034	107,152	7.4%	102,691	12.0%
Adjusted OIBDA	48,019	48,967	-1.9%	42,722	12.4%
- margin	41.7%	45.7%	-4.0pp	41.6%	0.1pp
Adjusted operating profit	27,319	33,464	-18.4%	22,501	21.4%
- margin	23.7%	31.2%	-7.5pp	21.9%	1.8pp
Net profit	14,393	15,407	-6.6%	17,074	-15.7%
- margin	12.5%	14.4%	-1.9pp	16.6%	-4.1pp

Russia Highlights

RUB mln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues(1)	103,917	99,209	4.7%	94,336	10.2%
- mobile	77,967	77,164	1.0%	72,749	7.2%
- fixed	15,076	15,799	-4.6%	15,706	-4.0%
- sales of handsets & accessories	12,615	7,945	58.8%	7,607	65.8%
OIBDA	44,527	45,481	-2.1%	41,245	8.0%
- margin	42.8%	45.8%	-3.0pp	43.7%	-0.9pp
Net profit	13,448	10,725	25.4%	18,746	-28.3%
- margin	12.9%	10.8%	2.1pp	19.9%	-7.0pp

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (RUB)	357.6	336.5	315.4	323.6	341.3
MOU (min)	377	393	367	388	386
Churn rate (%)	9.2%	11.0%	10.1%	9.1%	9.7%

Ukraine Highlights

UAH mln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues	2,572	2,818	-8.7%	2,419	6.3%
Adjusted OIBDA	1,048	1,211	-13.5%	942	11.3%
- margin	40.8%	43.0%	-2.2pp	38.9%	1.9pp
Net profit	569	763	-25.4%	214	165.9%
- margin	22.1%	27.1%	-5.0pp	8.8%	13.3pp

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (UAH)	41.2	34.8	42.7	39.2	41.74
MOU (min)	483	480	508	502	500
Churn rate (%)	4.6%	17.6%	5.5%	5.6%	6.9%
SAC (UAH)	63.4	69.3	69.2	86.7	76.2
- dealer commission	37.5	40.0	44.6	48.7	47.7
- adv&mktg	17.0	20.3	16.6	25.8	17.1
- handset subsidy	1.7	2.8	0.2	1.9	1.5
- SIM card & voucher	7.1	6.2	7.7	10.4	9.9

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(1) Revenue, net of intercompany between mobile and fixed

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Armenia Highlights

AMD mln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues	19,296	22,066	-12.6%	18,479	4.4%
OIBDA	9,984	12,057	-17.2%	8,491	17.6%
- margin	51.7%	54.6%	-2.9pp	45.9%	5.8pp
Net profit	4,107	776	429.3%	4,078	0.7%
- margin	21.3%	3.5%	17.8pp	22.1%	-0.8pp

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (AMD)	3,378.6	2,956.6	2,565.4	2,835.7	2,940.0
MOU (min)	527	523	493	536	545
Churn rate (%)	9.0%	9.5%	8.7%	8.4%	8.3%
SAC (AMD)	4,773.3	6,261.6	5,545.7	5,766.7	5,095.6

Turkmenistan Highlights

TMT mln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues	75	72	4.3%	71	4.4%
OIBDA	29	30	-2.0%	27	9.7%
- margin	39.3%	41.8%	-2.5pp	37.4%	1.9pp
Net profit	16	17	-10.3%	13	16.4%
- margin	20.9%	24.4%	-3.5pp	18.8%	2.1pp

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (TMT)	14.1	14.8	13.7	14.4	15.4
MOU (min)	564	553	504	515	511
Churn rate (%)	11.2%	10.3%	12.1%	13.0%	12.0%
SAC (TMT)	26.7	26.1	28.9	28.3	25.8

Uzbekistan Highlights

UZS mln	Q3 15	Q2 15	q-o-q
Revenues	54,443	37,398	45.6%
OIBDA	(5,473)	(22,235)	n/a
- margin	n/a	n/a	n/a
Net loss	(28,648)	(28,123)	n/a
- margin	n/a	n/a	n/a

	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (UZS)		21,027	23,373	23,976
MOU (min)		356	462	530
Churn rate (%)		8.4%	13.0%	14.3%

Belarus Highlights

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BYR bln	Q3 15	Q3 14	y-o-y	Q2 15	q-o-q
Revenues	1,440	1,299	10.8%	1,302	10.6%
Adjusted OIBDA	673	676	-0.5%	673	-0.1%
- margin	46.7%	52.1%	-5.4pp	51.7%	-5.0pp
Net profit	469	330	42.3%	368	27.7%
- margin	32.6%	25.4%	7.2pp	28.2%	4.4pp

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
ARPU (BYR 000 s)	72.2	74.3	68.8	73.3	75.6
MOU (min)	498	480	448	470	472
Churn rate (%)	5.5%	5.8%	5.1%	4.7%	4.9%
SAC (BYR 000 s)	158.8	189.1	201.5	222.8	217.1

## CAPEX Highlights

<b>RUB mln</b>	<b>FY 2014</b>	<b>9M 2015</b>
Russia	85,491	66,146
- as % of rev	22.8%	22.9%
Ukraine(2)	4,210	5,405
- as % of rev	12.8%	25.4%
Armenia	1,142	476
- as % of rev	16.0%	7.0%
Turkmenistan	1,084	408
- as % of rev	28.4%	11.1%
Uzbekistan	1	623
- as % of rev	0.6%	24.0%
Group(2)	91,929	73,057
- as % of rev	22.4%	23.0%

\* \* \*

For further information, please contact in Moscow:

Joshua B. Tulgan

Director, Corporate Finance & Investor Relations

Mobile TeleSystems PJSC

Tel: +7 495 223 2025

E-mail: [ir@mts.ru](mailto:ir@mts.ru)

Learn more about MTS. Visit the official blog of the Investor Relations Department at [www.mtsgsm.com/blog/](http://www.mtsgsm.com/blog/) and follow us on Twitter: JoshatMTS

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Mobile TeleSystems PJSC ( MTS - NYSE:MBT; MOEX:MTSS) is the leading telecommunications group in Russia, Central and Eastern Europe. We provide wireless Internet access and fixed voice, broadband and pay-TV to over 100 million customers who value high-quality of service at a competitive price. Our wireless and fixed-line networks deliver best-in-class speeds and coverage throughout Russia, Ukraine, Armenia, Turkmenistan, Uzbekistan and Belarus. To keep pace with evolving customer demand, we continue to grow through innovative products, investments in our market-leading retail platform, mobile payment services, e-commerce and IT solutions. For more information, please visit: [www.mtsgsm.com](http://www.mtsgsm.com). have been listed on the New York Stock Exchange (ticker symbol MBT). Additional information about the MTS Group can be found at [www.mtsgsm.com](http://www.mtsgsm.com).

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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 MTS, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify forward looking statements by terms such as expect, believe, anticipate, estimate, intend, will, could, may or might, and 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. We do not undertake or intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. We refer you to the documents MTS files from time to time with the U.S. Securities and Exchange Commission, specifically the Company's most recent Form 20-F. These documents contain and identify important factors, including those contained in the section captioned Risk Factors that could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of Russian, U.S. and other foreign government programs to restore liquidity and stimulate national and global economies, our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so, strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses, potential fluctuations in quarterly results, our competitive environment, dependence on new service development and tariff structures, rapid technological and market change, acquisition strategy, risks associated with telecommunications infrastructure, governmental regulation of the telecommunications industries and other risks associated with operating in Russia and the CIS, volatility of stock price, financial risk management and future growth subject to risks.

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(2) Excluding purchase of 3G license in Ukraine in the amount of RUB 7,044 mln in 2015

**Attachments to the Third Quarter 2015  
Earnings Press Release**

**Attachment A**

**Non-IFRS financial measures.** This presentation includes financial information prepared in accordance with International Financial Reporting Standards, or IFRS, as well as other financial measures referred to as non-IFRS. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Due to the rounding and translation practices, Russian ruble and functional currency margins, as well as other non-IFRS financial measures, may differ.

**Operating Income Before Depreciation and Amortization (OIBDA) and OIBDA margin.** OIBDA represents operating income before depreciation and amortization. OIBDA margin is defined as OIBDA as a percentage of our net revenues. OIBDA may not be similar to OIBDA measures of other companies, is not a measurement under IFRS and should be considered in addition to, but not as a substitute for, the information contained in our consolidated statement of operations. 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 mobile operators 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. Our OIBDA calculation 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 within the wireless telecommunications industry. We use a term Adjusted for OIBDA and operating income when there were significant excluded one off effects. OIBDA and Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

<b>Group (RUB mln)</b>	<b>Q3 14</b>	<b>Q4 14</b>	<b>Q1 15</b>	<b>Q2 15</b>	<b>Q3 15</b>
Operating profit	33,464	22,852	19,163	22,501	27,319
Less: Gain from reentrance in Uzbekistan	(3,604)	(3,130)			
Add: Provision for cash balances deposited in distressed Ukrainian banks		5,138	1,698		
Adjusted operating profit	29,860	24,860	20,861	22,501	27,319
Add: D&A	19,107	19,486	20,448	20,221	20,700
Adjusted OIBDA	48,967	44,346	41,309	42,722	48,019

<b>Russia (RUB mln)</b>	<b>Q3 14</b>	<b>Q4 14</b>	<b>Q1 15</b>	<b>Q2 15</b>	<b>Q3 15</b>
Operating profit	28,324	24,299	21,091	23,728	27,275
Add: D&A	17,156	17,065	17,080	17,517	17,252
OIBDA	45,481	41,365	38,171	41,245	44,527

<b>Ukraine (RUB mln)</b>	<b>Q3 14</b>	<b>Q4 14</b>	<b>Q1 15</b>	<b>Q2 15</b>	<b>Q3 15</b>
Operating profit/(loss)	2,075	(3,468)	693	1,190	1,675

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Add: Provision for cash balances deposited in distressed Ukrainian banks		5,138	1,698		
Adjusted operating profit	2,075	1,670	2,391	1,190	1,675
Add: D&A	1,410	1,448	1,344	1,107	1,358
Adjusted OIBDA	3,485	3,118	3,735	2,297	3,032

Armenia (RUB mln)	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating profit	642	464	436	412	680
Add: D&A	425	523	623	525	626
OIBDA	1,067	986	1,059	937	1,306



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Turkmenistan (RUB mln)	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating profit	246	329	252	237	326
Add: D&A	133	177	205	165	203
OIBDA	379	506	458	402	529

Uzbekistan (RUB mln)	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating loss			(2,134)	(1,373)	(1,404)
Add: D&A			1,209	917	1,275
OIBDA			(925)	(455)	(128)

OIBDA margin can be reconciled to our operating margin as follows:

Group	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating margin	31.2%	21.3%	19.1%	21.9%	23.7%
Less: Gain from reentrance in Uzbekistan	(3.4)%	(2.9)%			
Add: Provision for cash balances deposited in distressed Ukrainian banks		4.8%	1.7%		
Adjusted operating margin	27.9%	23.2%	20.8%	21.9%	23.7%
Add: D&A	17.8%	18.2%	20.4%	19.7%	18.0%
Adjusted OIBDA margin	45.7%	41.4%	41.2%	41.6%	41.7%

Russia	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating margin	28.6%	24.8%	23.3%	25.2%	26.2%
Add: D&A	17.3%	17.4%	18.9%	18.6%	16.6%
OIBDA margin	45.8%	42.2%	42.2%	43.7%	42.8%

Ukraine	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating margin	25.6%	(46.4)%	8.8%	20.2%	22.5%
Add: Provision for cash balances deposited in distressed Ukrainian banks		68.8%	21.5%		
Adjusted operating margin	25.6%	22.4%	30.2%	20.2%	22.5%
Add: D&A	17.4%	19.4%	17.0%	18.8%	18.2%
Adjusted OIBDA margin	43.0%	41.7%	47.3%	38.9%	40.7%

Armenia	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating margin	32.9%	21.7%	19.8%	20.1%	26.9%
Add: D&A	21.8%	24.4%	28.3%	25.7%	24.8%
OIBDA margin	54.6%	46.1%	48.1%	45.8%	51.7%

Turkmenistan	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Operating margin	27.1%	26.2%	19.8%	22.0%	24.3%
Add: D&A	14.6%	14.1%	16.1%	15.4%	15.1%
OIBDA margin	41.7%	40.2%	36.0%	37.4%	39.4%

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**Attachment B**

**Net debt** represents total debt less cash and cash equivalents and short-term investments, long-term deposits and effect of hedging of non-ruble denominated debt. Our net debt calculation is commonly used as one of the bases for investors, analysts and credit rating agencies to evaluate and compare our periodic and future liquidity within the wireless telecommunications industry. The non-IFRS financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS.

Net debt can be reconciled to our consolidated statements of financial position as follows:

<b>RUB mln</b>	<b>As of Dec 31, 2014</b>	<b>As of Sep 30, 2015</b>
Current portion of LT debt and of finance lease obligations	41,955	60,102
LT debt	240,860	277,218
Finance lease obligations	8,857	10,417
Unamortized debt issuance cost	(1,707)	(2,316)
<b>Total debt</b>	<b>289,965</b>	<b>345,421</b>
Less:		
Cash and cash equivalents	61,410	25,149
ST investments	9,942	56,627
LT deposits	13,671	27,461
Effects of hedging of non-ruble denominated debt	21,936	22,349
<b>Net debt</b>	<b>183,006</b>	<b>213,835</b>

Free cash-flow can be reconciled to our consolidated statements of cash flow as follows:

<b>RUB mln</b>	<b>For nine months ended Sep 30, 2014</b>	<b>For nine months ended Sep 30, 2015</b>
Net cash provided by operating activities	120,039	100,011
Less:		
Purchases of property, plant and equipment	(40,262)	(56,528)
Purchases of intangible assets(3)	(13,056)	(16,529)
Proceeds from sale of property, plant and equipment	506	2,279
Investments in and advances to associates	(2,862)	
<b>Free cash flow</b>	<b>64,365</b>	<b>29,233</b>

(3) Excluding purchase of 3G license in Ukraine in the amount of RUB 7,044 mln in 2015

LTM Adjusted OIBDA can be reconciled to our consolidated statements of operations as follows:

RUB mln	Q4 2014 ended Dec 31, 2014 A	Nine months ended Sep 30, 2015 B	Twelve months ended Sep 30, 2015 C = A + B
Net operating profit	22,852	68,983	91,835
Less: Gain from reentrance into Uzbekistan	(3,130)		(3,130)
Add: Provision for cash balances deposited in distressed Ukrainian banks	5,138	1,698	6,836
Add: D&A	19,486	61,369	80,855
<b>LTM ADJUSTED OIBDA</b>	<b>44,346</b>	<b>132,050</b>	<b>176,396</b>

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### Attachment C

#### Definitions

*Subscriber.* We define a subscriber as an organization or individual, whose SIM-card:

- shows traffic-generating activity or
- accrues a balance for services rendered or
- is replenished or topped off

Over the course of any three-month period, inclusive within the reporting period, and was not blocked at the end of the period.

*Average monthly service revenue per subscriber (ARPU).* We calculate our ARPU by dividing our service revenues for a given period, including interconnect, guest roaming fees and connection fees, by the average number of our subscribers during that period and dividing by the number of months in that period.

*Average monthly minutes of usage per subscriber (MOU).* MOU is calculated by dividing the total number of minutes of usage during a given period by the average number of our subscribers during the period and dividing by the number of months in that period.

*Churn.* We define our churn as the total number of subscribers who cease to be a subscriber as defined above during the period (whether involuntarily due to non-payment or voluntarily, at such subscriber's request), expressed as a percentage of the average number of our subscribers during that period.

*Subscriber acquisition cost (SAC).* We define SAC as total sales and marketing expenses and handset subsidies for a given period. Sales and marketing expenses include advertising expenses and commissions to dealers. SAC per gross additional subscriber is calculated by dividing SAC during a given period by the total number of gross subscribers added by us during the period.

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**MOBILE TELESYSTEMS**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)**

(Amounts in millions of RUB except per share amount)

	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Three months ended September 30, 2015	Three months ended September 30, 2014
<b>Net operating revenue</b>				
Service revenue	291 172	283 332	102 341	99 158
Sales of handsets and accessories	26 735	20 245	12 694	7 994
	<b>317 907</b>	<b>303 577</b>	<b>115 034</b>	<b>107 152</b>
<b>Operating expenses</b>				
Cost of services	(96 853)	(87 063)	(33 453)	(30 001)
Cost of handsets and accessories	(23 449)	(17 773)	(11 721)	(6 952)
Selling, general and administrative expenses	(66 306)	(64 273)	(21 561)	(21 571)
Depreciation and amortization expense	(61 369)	(55 535)	(20 700)	(19 107)
Other operating expense	(1 774)	(1 435)	(1 164)	(395)
Operating share of the profit of associates	2 526	1 746	883	733
Provision for cash balances deposited in distressed Ukrainian banks	(1 698)			
Gain from re-entrance into Uzbekistan		3 604		3 604
<b>Operating profit</b>	<b>68 984</b>	<b>82 850</b>	<b>27 319</b>	<b>33 464</b>
Currency exchange loss	(3 238)	(9 088)	(3 345)	(9 523)
<b>Other (expenses)/income:</b>				
Finance income	6 698	3 413	1 935	1 097
Finance costs	(19 380)	(12 839)	(6 771)	(4 359)
Other expenses	(1 644)	(791)	(1 045)	(1 324)
<b>Total other expenses, net</b>	<b>(14 326)</b>	<b>(10 217)</b>	<b>(5 881)</b>	<b>(4 587)</b>
<b>Profit before tax</b>	<b>51 420</b>	<b>63 545</b>	<b>18 094</b>	<b>19 354</b>
Income tax expense	(10 789)	(13 155)	(4 140)	(3 791)
<b>Profit for the period</b>	<b>40 631</b>	<b>50 390</b>	<b>13 954</b>	<b>15 562</b>
Loss/(profit) for the period attributable to non-controlling interests	1 723	(464)	439	(155)
<b>Profit for the period attributable to equity holders</b>	<b>42 354</b>	<b>49 925</b>	<b>14 393</b>	<b>15 407</b>
<b>Other comprehensive (loss)/income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	(455)	(4 602)	11 587	5 045
Net fair value (loss)/gain on financial instruments	(2 987)	4 298	415	3 125
<b>Other comprehensive (loss)/income</b>	<b>(3 442)</b>	<b>(304)</b>	<b>12 002</b>	<b>8 170</b>
<b>Total comprehensive income for the period</b>	<b>37 189</b>	<b>50 086</b>	<b>25 956</b>	<b>23 732</b>
Less comprehensive loss/(income) for the period attributable to the noncontrolling interests	1 249	(464)	(355)	(155)

<b>Comprehensive income for the period attributable to equity holders</b>	<b>38 438</b>	<b>49 622</b>	<b>25 601</b>	<b>23 577</b>
Weighted average number of common shares outstanding, in millions - basic and diluted	1 989	1 989	1 989	1 989
Earnings per share attributable to the Group - basic and diluted:	21,30	25,10	7,24	7,75

**MOBILE TELESYSTEMS**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**  
**As of September 30, 2015 AND As of December 31, 2014**

(Amounts in millions of RUB)

	As of September 30, 2015	As of December 31, 2014
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	295 220	299 023
Investment property	313	290
Intangible assets	109 023	98 520
Investments in associates	12 198	15 217
Deferred tax assets	7 277	6 186
Income tax assets	699	
Other non-financial assets	112	
Other investments	31 386	17 065
Accounts receivable (related parties)	3 244	
Other financial assets	22 440	21 950
<b>Total non-current assets</b>	<b>481 912</b>	<b>458 251</b>
<b>CURRENT ASSETS:</b>		
Inventories	15 813	7 509
Trade and other receivables	41 554	34 463
Accounts receivable (related parties)	5 936	4 525
Short-term investments	56 627	9 942
VAT receivable	11 793	8 071
Income tax assets	5 315	8 656
Assets held for sale	585	2 136
Advances paid and prepaid expenses, other current assets	4 436	4 341
Cash and cash equivalents	25 149	61 410
<b>Total current assets</b>	<b>167 208</b>	<b>141 053</b>
<b>Total assets</b>	<b>649 120</b>	<b>599 304</b>
<b>EQUITY:</b>		
Equity attributable to equity holders	155 404	168 829
Non-controlling interests	8 511	9 793
<b>Total equity</b>	<b>163 915</b>	<b>178 622</b>
<b>NON-CURRENT LIABILITIES:</b>		
Borrowings	285 993	248 549
Deferred tax liabilities	26 016	24 809
Provisions	3 037	2 838
Other financial liabilities	605	522
Other non-financial liabilities	4 732	4 584
<b>Total non-current liabilities</b>	<b>320 383</b>	<b>281 302</b>
<b>CURRENT LIABILITIES:</b>		
Borrowings	59 427	41 416
Provisions	7 312	8 684
Trade and other payables	65 083	52 811
Accounts payable (related parties)	2 891	4 674
Income tax liabilities	548	1 368
Other financial liabilities	3 653	5 220
Other non-financial liabilities	25 908	25 207
<b>Total current liabilities</b>	<b>164 822</b>	<b>139 380</b>



<b>Total liabilities and equity</b>	<b>649 120</b>	<b>599 304</b>
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## MOBILE TELESYSTEMS

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(Amounts in millions of RUB)

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
<b>Profit for the period</b>	40 631	50 390
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Non cash gain from re-entrance into Uzbekistan		(3 604)
Depreciation and amortization	61 369	55 535
Finance income	(6 698)	(3 413)
Finance costs	19 380	12 839
Income tax expense	10 789	13 155
Currency exchange loss	3 238	9 088
Amortization of deferred connection fees	(1 044)	(898)
Share of the profit of associates	(912)	(926)
Change in fair value of financial instruments	(91)	(515)
Inventory obsolescence expense	131	289
Allowance for doubtful accounts	2 080	2 497
Change in provisions	6 357	6 200
Other non-cash items	(541)	(248)
<b>Working capital adjustments:</b>		
(Increase)/Decrease in trade and other receivables	(9 150)	996
(Increase)/Decrease in inventory	(8 076)	436
Increase in VAT receivable	(3 326)	(846)
Decrease in prepaid expenses and other assets	373	910
Increase/(Decrease) in trade and other payables and other current liabilities	4 360	(8 188)
Dividends received	2 205	1 869
Income taxes paid	(8 034)	(8 256)
Interest received	3 667	2 678
Interest paid (net of interest capitalised)	(16 697)	(9 950)
<b>Net cash provided by operating activities</b>	<b>100 011</b>	<b>120 038</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(56 528)	(40 262)
Purchases of intangible assets (net of purchases of 3G licences in Ukraine)	(16 529)	(13 056)
Purchases of 3G licences in Ukraine	(7 044)	
Proceeds from sale of property, plant and equipment and assets held for sale	2 279	506
Purchases of short-term investments	(28 871)	(33 093)
Proceeds from sale of short-term investments	17 962	40 019
Purchase of other investments	(40 439)	(15 714)
Proceeds from sale of other investments	97	730
Investments in associates		(2 862)
<b>Net cash used in investing activities</b>	<b>(129 073)</b>	<b>(63 732)</b>

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<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Acquisition of non-controlling interests in existing subsidiaries	(55)	(26)
Repayment of notes	(2 460)	(17 441)
Notes and debt issuance cost paid	(1 226)	(25)
Finance lease principal paid	(313)	(103)
Dividends paid	(39 455)	(37 547)
Cash flows under capital transactions with related parties	(3 408)	
Proceeds from loans	49 671	20 000
Repayment of loans	(10 080)	(8 095)
Other financing activities	7	24
<b>Net cash used in financing activities</b>	<b>(7 319)</b>	<b>(43 213)</b>
Effect of exchange rate changes on cash and cash equivalents	(36)	2 231
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS:</b>	<b>(36 417)</b>	<b>15 324</b>
<b>CASH AND CASH EQUIVALENTS, at beginning of the period, including cash and cash equivalents within assets held for sale of 156 and nil, respectively</b>	<b>61 566</b>	<b>30 612</b>
<b>CASH AND CASH EQUIVALENTS, at end of the period</b>	<b>25 149</b>	<b>45 936</b>

























































































**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**MOBILE TELESYSTEMS PJSC**

By:	/s/ Andrei Dubovskov	
	Name:	Andrei Dubovskov
	Title:	CEO

Date: **November 17, 2015**

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