

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

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 |

(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% |
| - <i>margin</i> | 46.7% | 52.1% | -5.4pp | 51.7% | -5.0pp |
| Net profit | 469 | 330 | 42.3% | 368 | 27.7% |
| - <i>margin</i> | 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

| RUB mln | FY 2014 | 9M 2015 |
|----------------|----------------|----------------|
| 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:

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Learn more about MTS. Visit the official blog of the Investor Relations Department at 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. 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.

* * *

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.

(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:

| Group (RUB mln) | Q3 14 | Q4 14 | Q1 15 | Q2 15 | Q3 15 |
|--|--------------|--------------|--------------|--------------|--------------|
| 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 |

| Russia (RUB mln) | Q3 14 | Q4 14 | Q1 15 | Q2 15 | Q3 15 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| 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 |

| Ukraine (RUB mln) | Q3 14 | Q4 14 | Q1 15 | Q2 15 | Q3 15 |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| 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% |

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:

| RUB mln | As of Dec 31, 2014 | As of Sep 30, 2015 |
|---|---------------------------|---------------------------|
| 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) |
| Total debt | 289,965 | 345,421 |
| 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 |
| Net debt | 183,006 | 213,835 |

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

| RUB mln | For nine months ended Sep 30, 2014 | For nine months ended Sep 30, 2015 |
|---|---|---|
| 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) | |
| Free cash flow | 64,365 | 29,233 |

(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 |
| LTM ADJUSTED OIBDA | 44,346 | 132,050 | 176,396 |

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.

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 |
|--|---|---|--|--|
| Net operating revenue | | | | |
| Service revenue | 291 172 | 283 332 | 102 341 | 99 158 |
| Sales of handsets and accessories | 26 735 | 20 245 | 12 694 | 7 994 |
| | 317 907 | 303 577 | 115 034 | 107 152 |
| Operating expenses | | | | |
| 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 |
| Operating profit | 68 984 | 82 850 | 27 319 | 33 464 |
| Currency exchange loss | (3 238) | (9 088) | (3 345) | (9 523) |
| Other (expenses)/income: | | | | |
| 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) |
| Total other expenses, net | (14 326) | (10 217) | (5 881) | (4 587) |
| Profit before tax | 51 420 | 63 545 | 18 094 | 19 354 |
| Income tax expense | (10 789) | (13 155) | (4 140) | (3 791) |
| Profit for the period | 40 631 | 50 390 | 13 954 | 15 562 |
| Loss/(profit) for the period attributable to non-controlling interests | 1 723 | (464) | 439 | (155) |
| Profit for the period attributable to equity holders | 42 354 | 49 925 | 14 393 | 15 407 |
| Other comprehensive (loss)/income | | | | |
| <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 |
| Other comprehensive (loss)/income | (3 442) | (304) | 12 002 | 8 170 |
| Total comprehensive income for the period | 37 189 | 50 086 | 25 956 | 23 732 |
| Less comprehensive loss/(income) for the period attributable to the noncontrolling interests | 1 249 | (464) | (355) | (155) |

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Comprehensive income for the period attributable to equity holders | 38 438 | 49 622 | 25 601 | 23 577 |
| 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 |
|--|-----------------------------|----------------------------|
| NON-CURRENT ASSETS: | | |
| 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 |
| Total non-current assets | 481 912 | 458 251 |
| CURRENT ASSETS: | | |
| 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 |
| Total current assets | 167 208 | 141 053 |
| Total assets | 649 120 | 599 304 |
| EQUITY: | | |
| Equity attributable to equity holders | 155 404 | 168 829 |
| Non-controlling interests | 8 511 | 9 793 |
| Total equity | 163 915 | 178 622 |
| NON-CURRENT LIABILITIES: | | |
| 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 |
| Total non-current liabilities | 320 383 | 281 302 |
| CURRENT LIABILITIES: | | |
| 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 |
| Total current liabilities | 164 822 | 139 380 |

| | | |
|-------------------------------------|----------------|----------------|
| Total liabilities and equity | 649 120 | 599 304 |
|-------------------------------------|----------------|----------------|

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 |
|--|---|---|
| Profit for the period | 40 631 | 50 390 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| 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) |
| Working capital adjustments: | | |
| (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) |
| Net cash provided by operating activities | 100 011 | 120 038 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| 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) |
| Net cash used in investing activities | (129 073) | (63 732) |

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| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
|--|-----------------|-----------------|
| 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 |
| Net cash used in financing activities | (7 319) | (43 213) |
| Effect of exchange rate changes on cash and cash equivalents | (36) | 2 231 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS: | (36 417) | 15 324 |
| CASH AND CASH EQUIVALENTS, at beginning of the period, including cash and cash equivalents within assets held for sale of 156 and nil, respectively | 61 566 | 30 612 |
| CASH AND CASH EQUIVALENTS, at end of the period | 25 149 | 45 936 |

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**
