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30 August 2017 г., Moscow, Russia **PRESS-RELEASE**

BELUGA GROUP announces its 1H2017 financial results. Net profit increased by 79% and reached 229 mln. RUR, EBITDA showed an increase of 2% amounting to 1,604 mln. RUR.

BELUGA GROUP ("Group" or "Company"), (MOEX: BELU), the leading Russian spirits producer announces consolidated financial results for 1H2017 prepared in accordance with the International Financial Reporting Standards (IFRS).

Key financial indicators and major corporate events:

	1H2017
Sales in volume terms	**+8%**
Net Revenue	**-2%**
Alcohol Segment Revenue	**-4%**
EBITDA	**+2%**
Net profit	**+79%**

- **Synergy Group became BELUGA GROUP in June 2017. The Group has entered a new global development stage, where it is necessary to ensure the integrity of its image among its target audiences, to "refresh" the corporate culture and to strengthen market positions;**
- **Vodka Belenkaya - the brand number one in Russia, according to the Nielsen agency's data;**
- **Export of the Group has grown by 35%. The most significant achievement has been shown by the flagship brand of the Group's portfolio - super-premium BELUGA vodka. For the first time export sales of the brand have exceeded its shipments in Russia;**
- **Over the same period the Company increased the volume of its import operations. The distribution of import brands boosted by 34%;**
- **The brands Belenkaya, Myagkov and Tsar were once again included in one of the most influential ratings - Brand Champions 2017;**
- **The Group paid taxes in 1H2017 in the amount of 12,320 mln. RUR (+11%), including excise duty in the amount of 9,990 mln. RUR (+10%);**

- **During the reporting period, BELUGA GROUP and global spirits Company WILLIAM GRANT & SONS signed an agreement to prolong their cooperation in Russia. The term of the exclusive contract is five years.**

Commenting on the Group's financial results, CEO Alexander Mechetin said, "In 1H2017 the Group continued sales increase of its own and partner products, taking up the top position in the market and keeping up the positive development trend, demonstrating the good dynamics of its incomes: the net profit grew by 79%, the operational profit increased by 4% and EBITDA by 2%.

A great influence on those indicators was largely done due to the improved situation on the market, which stabilized after the state had made major advancements in its struggle against shadow market. Another reason was the rate of excises, which remained unchanged this year.

It is worth noting that the decrease of alcohol segment revenue based not on the economical matter, but it is the consequence of the change in the revenue/expenditure structure. Along with revenue decrease the distributional expenses from operations in retail chains have also went down. Correspondingly, these changes do not influence operational profit. It is direct consequence of the "On Trade Law" new version adoption, which established more straightforward rules of cooperation for producers and retail companies. It is also expected to affect the industry in a positive way. The law set out the maximum (5%) discount, while outlawing other types of payments due to retail chains, including marketing and logistics.

As for the volumes, the Company has increased sales by 8%, imports have increased by 34%, and exports – by 35% during 1H2017. These factors affected increasing of major operational profitability indicators, as well as growth of our operational effectiveness, active actions in development of our own distribution system and the progress achieved in an innovative brand marketing: including new brands launching, expansion and update of the existing product lines, entering new categories".

FINANCIAL OVERVIEW

Financial Performance and Operations Results

The table below shows the Company's consolidated financial results for 1H Y2017 comparing to 1H Y2016:

(mln. RUR, except where other units of measurement apply)	**1H Y2017**	**1H Y2016**	**Change**
Sales, thousands dL	5 171	4 772	+8%
Sales, excise included	25 941	24 679	+5%
Net Revenue	**15 735**	**16 106**	**-2%**
COGS	9 657	9 252	+4%
Gross Profit	6 078	6 854	-11%
Gross Profit margin, %	*38,6%*	*42,6%*	*-4pp*
General and Administrative Expenses	1 291	1 152	+12%
Distribution Expenses	3 435	4 552	-25%
EBITDA	**1 604**	**1 569**	**+2%**
EBITDA margin, %	*10,2%*	*9,7%*	*+0,5pp*
Operating Income	1 221	1 170	+4%
Operating Income margin, %	*7,8%*	*7,3%*	*+0,5pp*
Net Financial Expenses	924	1 060	-13%
Net Profit	**229**	**128**	**+79%**
Net Profit margin, %	*1,5%*	*0,8%*	*+0,7pp*
Net Profit per Share, RUR	11,49	5,77	+99%

Revenue declined by 2% on the back of 8% volume growth due to new Trade Law implementation in the beginning of 2017 which limited retail chains' bonuses. The Company provided reduced prices for retail chains together with significant cutting in the trade-marketing distribution expenses. It is neutral for operating profits.

EBITDA grew by 2% on the back of increased shipments of own products and increase in export-import operations.

Net income grew by 79% due to decline in financial costs – weighted average interest rate was 9.80% as of 30 June 2017 comparing to 13.24% as of 30 June 2016.

Segment reporting

The table below illustrates changes in the distribution of revenue and gross profit by segments in 1H2017 as compared to 1H2016. The data presented below is net of intersegment revenues.

(mln. RUR)	**Alcohol segment**			**Food segment**		
	1H2017	**growth**	**1H016**	**1H2017**	**growth**	**1H2016**
Revenue	12 353	-4%	12 806	3 304	+1%	3 273
Gross Profit	5 289	-13%	6 067	755	-1%	764
Gross Profit margin, %	42,8%	-4,6pp	47,4%	22,9%	-0,5pp	23,3%

Alcohol segment

The dynamic of the alcohol segment is in line with the Group's general performance.

Food segment

The segment showed sustainable results. In 2015, on the wave of the overall growth of the Russian food products market, the Synergy Group also showed an increase and still maintains the achieved levels of revenue and gross profit.

Capital structure

The table below illustrates changes in the capital structure as of June 30, 2017 comparing to the previous period.

(mln. RUR, except where other units of measurement apply)

	June 30, 2017	**December 31, 2016**	**Change**
Total Debt	10 319	10 174	+1,4%
Long-term Debt	9 548	6 333	+50,8%
Short-term Debt	771	3 841	-79,9%
Share of long-term debt in total debt, %	*93%*	*62%*	*+31pp*
Share of unsecured liabilities in total debt, %	*31%*	*63%*	*-32pp*
Cash and cash equivalents	583	830	-29,8%
Total Equity and Reserves	19 540	19 296	+1,3%
Total long-term capital	29 963	26 295	+13,9%
Net debt/EBITDA	*2,99*	*3,08*	*-2,8%*

Loan portfolio structure improved continuing positive trends of the year 2016: in 1H2017 weighted average interest rate decreased to 9.8% from 12.53% as of 31 December 2016 and 13.24% as of 30 June 2016, share of unsecured liabilities improved to 90% and share of long-term financing increased to 93%.

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About the Group:

BELUGA GROUP is the leading spirits producer in Russia, and also an independent Russian importer of strong liquors. The Group controls 6 enterprises, its own distributional system, which covers the market maximally, and the big portfolio of strategic brands, presented in all price segments from the lower limit of average price category to the super-premium segment. The market share of the Group in Russia is 16%.

The brand portfolio of the Group includes the super-premium vodka BELUGA, premium vodka Veda, sub-premium vodka “Myagkov”, vodka of the medium price segment “Belenkaya”, vodka of the lower medium segment “Gosudarev Zakaz”, and brandy “Zolotoy Rezerv”. BELUGA GROUP is an exclusive distributor of the company William Grant&Sons, one of the global leaders on premium alcohol production. It represents such brands in Russia as Scotch whisky Glenfiddich, Grant’s, Clan McGregor, The Balvenie, gin Hendrick’s and Irish whisky Tullamore Dew. The company distributes the production of French cognac house Camus, representing the line Elegance (VS, VSOP, XO, EXTRA) in Russia; exclusive cognacs Borderies XO, Ilede Re, Traditional Vintages; calvados Berneroy, brandy Boncourt XO and Chatelle Napoleon. The BELUGA GROUP import brands portfolio also includes rum Ron Barcelo, brandy Torres, tequila Milagro, the line of herbal liqueurs Latvijas Balzams and wine portfolio of the significant manufacturers from France, Italy, Spain, Germany, the US, the RSA and other countries.

The complex brands portfolio, extensive production facilities and own distribution system provide the Group with substantial competitive advantages and give opportunities for significant organic growth.

Warning about statements based on forward-looking data

The information given in this press-release can contain forward-looking statements. Forward-looking statements are all statements except for the statements which are based on historical facts. Words and phrases “we suppose”, “we expect”, “we foresee”, “we intend”, “we assess”, “we will”, “we can”, “it is ought to”, “it must be” and similar expressions are the indicators of forward-looking statements. Forward-looking statements are the statements about goals, tasks, strategies, future events or growth perspectives; future plans, events, results and potential of future growth; liquidity, capital resources and capital expenditures; economic forecast and branch tendencies; development directions of our markets; influence of changes in the legal system; and advantages of our competitors.

Forward-looking statements, which can be in the present press-release, are based on the different assumptions and assessments, obtained from study of historical tendencies in the business, data in our records and other data from the third party, and made by the management. Although we think that such assumptions were rational at the moment of their use, such assumptions by virtue of their nature contain significant known and unknown risks, uncertainties, conventions and other important factors, which are difficult or impossible to foresee, and which are uncontrollable. Such risks of uncertainty, convention and other important factors can lead to the condition when virtual results of Beluga Group PJSC or of the branch activity will differ significantly from the results, which are proposed in the forward-looking statements. These risks of uncertainty, convention and other important factors include, among other things: political and social changes; general economic, market and business conditions; tendencies on the markets where we work or we are planning to work; our business and growth strategy; planned acquisitions and diversification; our extension in the direction of other geographical markets or other market segments; influence of the legislation, regulation, interrelations with state or taxation of our business; and also our expected future revenues, capital investments and financial resources. Correspondingly, you cannot rely on such forward-looking statements, and neither Beluga Group PJSC nor another person can guarantee you that the forecasted results will be reached in the future.

Information, opinions and forward-looking statements are valid only on the date of the present press-release and can change without notice in the future. Neither Beluga Group PJSC nor another person is obliged to update and look through any forward-looking statements except for the cases when it is necessary by law.

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	**2016**
Net revenue	15 735	16 106
Cost of sales	(9 657)	(9 252)
Gross profit	**6 078**	**6 854**
General and administrative expenses	(1 291)	(1 152)
Distribution expenses	(3 435)	(4 552)
Other income/expenses	(131)	20
Operating profit	**1 221**	**1 170**
Share of income in associates	4	3
Net finance costs	(924)	(1 060)
Profit before tax	**301**	**113**
Current income tax	(72)	15
Net income and total comprehensive income for the period	**229**	**128**
Attributable to:		
Equity holders of the Company	200	99
Non-controlling interest	29	29
Basic and diluted earnings per share	**11.49**	**5.77**
(RUB per share)		

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 2017	31 December 2016
ASSETS		
Non-current assets		
Property, plant and equipment	6 401	6 579
Goodwill	230	230
Investment in associates	1 090	706
Intangible assets	8 624	8 653
Other long-term assets	245	115
Deferred tax assets	782	610
Total non-current assets	**17 372**	**16 893**
Current assets		
Inventories	9 465	8 789
Biological assets	285	274
Trade and other receivables	8 933	10 252
Prepayments	596	509
Income tax prepayment	20	25
Assets held for sale	98	241
Cash and cash equivalents	583	1 010
Total current assets	**19 980**	**21 100**
TOTAL ASSETS	**37 352**	**37 993**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2 495	2 495
Own shares repurchased from shareholders	(794)	(770)
Share premium	5 415	5 532
Retained earnings	11 705	11 505
Total equity attributable to shareholders of PAO Beluga Group	**18 821**	**18 762**
Non-controlling interest in subsidiaries	719	691
Total equity and reserves	**19 540**	**19 453**
Non-current liabilities		
Loans and bonds	9 548	6 123
Deferred tax liabilities	875	845
Total non-current liabilities	**10 423**	**6 968**
Current liabilities		
Loans and bonds	771	2 930
Trade and other payables	6 375	8 423
Income tax payable	243	219
Total current liabilities	**7 389**	**11 572**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37 352**	**37 993**

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares	Share premium	Retained earnings	Total shareholders' equity	Non–controlling interest	Total
Balance at 1 January 2016	2 495	(773)	5 582	11 268	18 572	689	19 261
Repurchase of own shares	-	(16)	(77)	-	(93)	-	(93)
Total transactions with shareholders	-	(16)	(77)	-	(93)	-	(93)
Total comprehensive income for the period	-	-	-	99	99	29	128
Balance at 30 June 2016	**2 495**	**(789)**	**5 505**	**11 367**	**18 578**	**718**	**19 296**
Balance at 1 January 2017	2 495	(770)	5 532	11 505	18 762	691	19 453
Other changes in non–controlling interest	-	-	-	-	-	4	4
Dividends accrued to non-controlling interest in subsidiaries	-	-	-	-	-	(5)	(5)
Repurchase of own shares	-	(24)	(117)	-	(141)	-	(141)
Total transactions with shareholders	-	(24)	(117)	-	(141)	(1)	(142)
Total comprehensive income for the period	-	-	-	200	200	29	229
Balance at 30 June 2017	**2 495**	**(794)**	**5 415**	**11 705**	**18 821**	**719**	**19 540**

(All amounts in Russian Ruble million, unless stated otherwise)

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June	
	2017	**2016**
Cash flows from operating activities		
Operating profit	1 221	1 170
Adjustments:		
Depreciation and amortisation	379	396
(Gain) on disposal of property, plant and equipment	(10)	(103)
(Gain) on change in fair value of biological assets	(1)	(10)
Other non-cash transactions	39	31
Changes in working capital:		
(Increase) in inventories and biological assets	(678)	(1 278)
Decrease in accounts receivable and prepayments	1 227	743
(Decrease) in accounts payable	(2 068)	(1 240)
Cash flows from operating activities	**109**	**(291)**
Interest paid	(940)	(937)
Income tax paid	(187)	(38)
Net cash flow from operating activities	**(1 018)**	**(1 266)**
Cash flows from investing activities		
Investment in associates	(380)	-
Acquisition of property, plant and equipment and intangible assets	(411)	(710)
Disposal of property, plant and equipment and intangible assets	277	27
Net cash flow from investing activities	**(514)**	**(683)**
Cash flows from financing activities		
(Repurchase) / Sale of own shares	(141)	(93)
Loans received and bonds issued	20 654	17 474
Loans and bonds repaid	(19 408)	(15 763)
Net cash flow from financing activities	**1 105**	**1 618**
Net decrease in cash and cash equivalents	**(427)**	**(331)**
Cash and cash equivalents at beginning of the year	1 010	1 161
Cash and cash equivalents at end of the period	**583**	**830**

(All amounts in Russian Ruble million, unless stated otherwise)

EBITDA CALCULATION (UNAUDITED)*

	Six months ended 30 June	
	2017	**2016**
Profit for the period	229	128
Income tax	72	(15)
Net finance costs	924	1 060
Depreciation and amortisation	379	396
EBITDA	**1 604**	**1 569**

**- EBITDA represents net income before interest, income taxes and depreciation and amortization, adjusted for interest income, and other financial expenses. EBITDA margin is EBITDA expressed as a percentage of sales.*

The Company presents EBITDA because it considers it an important supplemental measure of the operating performance.

EBITDA has limitations as an analytical tool, and it should not be considered in isolation, or as substitute for analysis of our operating results as reported under IFRS. Moreover, other companies may calculate EBITDA differently or may use it for different purposes than Synergy, Co. does, limiting its usefulness as a comparative measure.

EBITDA also should not be considered as an alternative to cash flow from operating activities or as a measure of our liquidity