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August 30, 2016, Moscow, Russia **PRESS RELEASE**

Synergy announces its 1H2016 financial results. The Company's gross revenue increased by 25% and reached 6,854 mln. RUR, net revenue showed an increase of 24% amounting to 16,106 mln. RUR, EBITDA grew by 11% and reached 1,569 mln. RUR.

Synergy PJSC (Synergy, Synergy Group of Companies, Group or Company) (MOEX: SYNG), the leading Russian spirits producer, announces consolidated financial results for 1H2016 prepared in accordance with the International Financial Reporting Standards (IFRS).

Key financial indicators and major corporate events:

	1H 2016
Shipments in volume terms	**+16%**
Net Revenue	**+24%**
Alcohol Segment Revenue	**+31%**
Gross Profit	**+25%**
Alcohol Segment Gross Profit	**+29%**
EBITDA	**+11%**
Net Profit	**+31%**

- **The Company signed an unprecedented partner agreement with Bacardi for William Lawson's whiskey bottling at Traditsii Kachestva plant;**
- **Brands Belenkaya and Gosudarev Zakaz were once again included in one of the most influential ratings - Brand Champions 2016;**
- **The Group paid taxes in 1H in the amount of 11,521 mln. RUR (+16%), including excise in the amount of 9,055 mln. RUR (+23%).**

Commenting on the Group's financial results, CEO Alexander Mechetin said, "In 1H Y2016 Synergy's key financial indicators demonstrated positive dynamics (due to a two-digit increase in the shipment of own and partners' products). The Group continued stepping up its leadership on the market keeping up a positive development trend. The Group's net revenue grew by 24%, gross profit increased by 25% and EBITDA by 11%. The growth of indicators was largely 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.

An overall growth of sales, the Group's proactive pricing policy, expanded share of the premium import operations and profitable export shipments in the structure of the Group's revenue were conducive to the increase of its net profit, which grew by 31%. The Group achieved 50% and 49% growth of the volume of imports and exports respectively.

It is worth noting that the recent measures, including the introduction of the Unified State Automated Information System (USAIS) in the wholesale-retail sector, stiffening of responsibilities for the production of counterfeit items (including the seizure and destruction of equipment used by illegal producers), are expected to further improve the situation on the market.

In addition, the adoprion of a new version of the "On Trade Law" establishing more straightforward rules of cooperation for producers and retail companies, is also expected to impact 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, and introduced a new payment term reducing it from 45 to 40 days.

In the reporting period, the Group followed the strategy of business diversification gradually expanding sales of own brands as well as of the brands of its key partners, while simultaneously upgrading and replenishing its unique portfolio of brands. Synergy also signed an unprecedented agreement with Bacardi for William Lawson's whiskey bottling at the leading Traditsii Kachestva plant."

FINANCIAL OVERVIEW

Financial Performance and Operations Results

The table below shows the Company's consolidated financial results for 1H Y2016 against 1H Y2015:

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

	1H Y2016	**1H Y2015**	**Change**
Sales, thousands dL	4,772	4,102	+16%
Sales, excise included	24,679	20,253	+22%
Net Revenue	**16,106**	**13,022**	**+24%**
COGS	9,252	7,539	+23%
Gross Profit	6,854	5,483	+25%
Gross Profit margin, %	*42.6%*	*42.1%*	*+0.5 pp*
General and Administrative Expenses	1,152	1,238	-7%
Distribution Expenses	4,552	3,551	+28%
EBITDA	**1,569**	**1,418**	**+11%**
EBITDA margin, %	*9.7%*	*10.9%*	*-1.2 pp*
Operating Income	1,170	1,031	+13%
Operating Income margin, %	*7.3%*	*7.9%*	*-0.6 pp*
Net Financial Expenses	1,060	960	+10%
Net Profit	**128**	**98**	**+31%**
Net Profit margin, %	*0.8%*	*0.8%*	*+0 pp*
Net Profit per Share, RUR	5.77	4.07	+42%

The following factors contributed to the increase of the Company's volume of shipment (+16%), Net Revenue (+24%) and Gross Profit (+25%):

- Since the rate of excise remained unchanged, consumers were able to better adjust to the current level of prices.

- The state has advanced in its struggle against the shadow market.

- The Company adhered to a proactive pricing policy.

- The Company increased the volume of imports by 50% and exports by 49%, increasing the share of premium products in its shipments and facilitated an advanced growth of revenue by value.

The introduction of cost-cutting measures in the reporting period aimed at the reduction of Company's General and Administrative Expenses allowed it to decrease 7% down to 1,152 mln. RUR.

Its Distribution Expenses grew by 28% amounting to 4,552 mln. RUR. The Company invested more money in the distribution to support increasing volume of shipments stimulated by the revival of the market at the beginning of 2016. The share of volume making retail chains in total sales has increased and required additional spending on trade-marketing. On the whole, the ratio of distribution expenses to net revenue has been stable since 2014, the year when the excise rate was last increased.

The growth of the consolidated EBITDA by 11% (to 1,569 mln. RUR) was stimulated by the increased shipment volumes and improved efficiency due to the reduced administrative expenses.

A sales increase triggered the growth of the financing costs by an increase in the interest paid on expanded portfolio of bank guarantees. That partially restrained the growth of the Company's net profit, which showed a 31% surplus to the end of 2015 result.

Segment reporting

The table below illustrates changes in the distribution of revenue and gross profit by segments in 1H2016 as compared to 1H2015. The data presented below is net of intersegment revenues.

(mln. RUR)

	Alcohol segment			**Food segment**		
	1H2016	**growth**	**1H015**	**1H2016**	**growth**	**1H2015**
Revenue	12,806	+31%	9,768	3,273	+1%	3,238
Gross Profit	6,067	+29%	4,691	764	+0%	763
Gross Profit margin, %	47.4%	-0.6 pp	48.0%	23.3%	-0.2 pp	23.4%

Alcohol segment

The dynamic of the alcohol segment is in line with the Group's general performance: the Company demonstrated an increase in revenue and gross profit driven by the growth of the sales, increased prices of its products and expansion of the share of the premium export and import operations. The gross profit margin slightly decreased because of the growing number of goods shipped via retail chains.

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, 2016 comparing to the previous period.

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

	June 30, 2016	December 31, 2015	Change
Total Debt	10,174	8,449	+20%
Long-term Debt	6,333	5,647	+12%
Short-term Debt	3,841	2,802	+37%
Share of long-term debt in total debt, %	*62%*	*67%*	*-4.6 pp*
Share of unsecured liabilities in total debt, %	*63%*	*43%*	*+20 pp*
Cash and cash equivalents	830	830	-28%
Total Equity and Reserves	19,296	19,261	0%
Total long-term capital	26,295	25,463	+3%
Net debt/EBITDA	*3.08*	*2.53*	*+22%*

To support its actively developing distribution on the growing market, the Company has invested additional funds in the working capital (and, first of all, in the inventory), thus increasing its debt by 20%. On the whole, the growth of debt corresponds to the increase in the shipments and growth of inventories. Once the phase of active growth is completed, the Company will be able to decrease investments in working capital and stabilize its financial debt performance. At the same time, the Group managed to avoid significant growth of financial costs due to reduce in cost of financing: the weighted average interest rate as of June 30, 2016 was 13.24% to compare with 14.82% as of June 30, 2015.

It should be noted that the share of the Company's unsecured debt has gone up to 63%, while the absolute amount of financing secured by pledges dropped by 1,091 mln. RUR.

About Synergy, Co

OJSC “Synergy” is the leading diversified spirits group in Russia with a 15% share of the legal vodka market in Russia. The Company`s strategic focus lays on production and distribution of alcoholic beverages. Synergy is #1 Russian independent importer of spirits. Synergy possesses its own distributional platform, ensuring the largest possible market coverage, and diversified portfolio of federal brands, addressing market demands across the full spectrum of price points, from the low-middle to the super-premium price segments.

The Company`s federal brand portfolio includes super-premium vodka Beluga, premium vodka Veda, sub-premuim vodkas Myagkov and Russky Lyod, middle vodka Belenkaya, low-middle vodka Gosudarev Zakaz and brandy Zolotoy Reserv. The Company operates several spirits production plants and one of the largest distributional platform in Russia. Synergy is the exclusive distributor of one of the global premium spirits producer William Grant & Sons, representing in Russia such brands as Scottish whisky Glenfiddich, Grant’s, Clan McGregor, The Balvenie, gin Hendrick’s and Irish whisky Tullamore Dew. In addition to this, the Company distributes also the products of French house of Camus cognac. Also the imported portfolio of Synergy includes Ron Barcelo rum, Amarula and Sambuca liqueurs, Milagro tequila, absinthe Xenta, Buffalo Trace and Benchmark bourbons, brandy "Tsar Tigran", "Yerevan Traditional" and the balms line of Latvijas balsams, Cono Sur wine.

The combination of strong portfolio of brands, strong production base and developed sales system supports Synergy`s competitive advantages and profound organic growth year on year.

Click on http://sygroup.ru/ for more information on the Company.

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Cautionary note concerning forward looking statements

Matters discussed in this press release may constitute forward-looking statements. Forward-looking statements are the statements other than ones related to the historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "will", "may", "continue", "should" and similar expressions identify the forward-looking statements. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this press release are based upon various assumptions and estimates based on management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions and estimates were reasonable when made, they are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond our control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Synergy, Co. or the industry to differ materially from those results expressed or implied in this press release by such forward-looking statements. Such risks, uncertainties, contingencies and other important factors include, among others: political and social developments; general economic, market and business conditions; trends in the markets in which we operate or plan to operate; our business and growth strategies; planned acquisitions or divestitures; our expansion into other geographic regions or market segments; the effects of legislation, regulation, bureaucracy or taxation on our business; and our anticipated future revenues, capital expenditures and financial resources. Accordingly, such forward-looking statements cannot be relied on, and neither Synergy, Co., nor any other person can assure you that projected results will be achieved in the future.

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice. Neither Synergy, Co. nor any other person undertakes, nor do they have any obligation, to *provide updates or to revise any forward-looking statements except as may be required by applicable law and regulation.*

(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	
	2016	**2015**
Sales	24 679	20 253
Excise duties	(8 573)	(7 231)
Net revenue	**16 106**	**13 022**
Cost of sales	(9 252)	(7 539)
Gross profit	**6 854**	**5 483**
General and administrative expenses	(1 152)	(1 238)
Distribution expenses	(4 552)	(3 551)
Other income/expenses	20	337
Operating profit	**1 170**	**1 031**
Share of income in associates	3	-
Net finance costs	(1 060)	(960)
Profit before tax	**113**	**71**
Current income tax	(20)	(112)
Deferred income tax	35	139
Net income and total comprehensive income for the period	**128**	**98**
Attributable to:		
Equity holders of the Company	99	70
Non-controlling interest	29	28
Basic and diluted earnings per share	**5.77**	**4.07**
(RUB per share)		

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

CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	6 598	6 724
Goodwill	235	235
Investment in associates	703	700
Intangible assets	7 722	7 228
Other long-term assets	29	102
Deferred tax assets	626	478
Total non-current assets	**15 913**	**15 467**
Current assets		
Inventories	8 415	7 137
Biological assets	317	281
Trade and other receivables	9 740	10 970
Prepayments	1 018	576
Income tax prepayment	63	61
Cash and cash equivalents	830	1 161
Total current assets	**20 383**	**20 186**
TOTAL ASSETS	**36 296**	**35 653**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2 495	2 495
Own shares repurchased from shareholders	(789)	(773)
Share premium	5 505	5 582
Retained earnings	11 367	11 268
Total equity attributable to shareholders of PAO Synergy	**18 578**	**18 572**
Non-controlling interest in subsidiaries	718	689
Total equity and reserves	**19 296**	**19 261**
Non-current liabilities		
Loans and bonds	6 333	5 647
Deferred tax liabilities	666	555
Total non-current liabilities	**6 999**	**6 202**
Current liabilities		
Loans and bonds	3 841	2 802
Trade and other payables	6 118	7 326
Income tax payable	42	62
Total current liabilities	**10 001**	**10 190**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36 296**	**35 653**

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

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares repurchased	Other reserves	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at 31 December 2014	**2 495**	**(785)**	**5 572**	**11 127**	**18 409**	**735**	**19 144**
Other changes in non-controlling interest	-	-	-	-	-	24	24
Dividends accrued to non-controlling interest in subsidiaries	-	-	-	-	-	(15)	(15)
Sale of own shares	-	14	22	-	36	-	36
Total transactions with shareholders	**-**	**14**	**22**	**-**	**36**	**9**	**45**
Net income for the period	-	-	-	70	70	28	98
Balance at 30 June 2015	**2 495**	**(771)**	**5 594**	**11 197**	**18 515**	**772**	**19 287**

	Share capital	Own shares repurchased	Share premium	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at 31 December 2015	**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)**
Net 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**

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

CONSOLIDATED INTERIM CONDENSED CASH FLOW STATEMENT

	Six months ended 30 June	
	2016	**2015**
Cash flows from operating activities		
Operating profit	1 170	1 031
Adjustments:		
Depreciation and amortisation	396	387
(Gain) on disposal of property, plant and equipment	(103)	(327)
(Gain) on change in fair value of biological assets	(10)	(12)
Other non-cash transactions	31	(10)
Changes in working capital:		
(Increase) in inventories and biological assets	(1 278)	(274)
Decrease in accounts receivable and prepayments	743	2 752
(Decrease) in accounts payable	(1 240)	(1 237)
Cash flows from operating activities	**(291)**	**2 310**
Interest paid	(937)	(914)
Income tax paid	(38)	(69)
Net cash flow from operating activities	**(1 266)**	**1 327**
Cash flows from investing activities		
Investment in associates	-	(700)
Acquisition of property, plant and equipment and intangible assets	(710)	(198)
Disposal of property, plant and equipment and intangible assets	27	7
Net cash flow from investing activities	**(683)**	**(891)**
Cash flows from financing activities		
(Repurchase) / Sale of own shares	(93)	36
Dividends paid to non-controlling interest in subsidiaries	-	(7)
Loans received and bonds issued	17 474	13 404
Loans and bonds repaid	(15 763)	(13 920)
Net cash flow from financing activities	**1 618**	**(487)**
Net decrease in cash and cash equivalents	**(331)**	**(51)**
Cash and cash equivalents at beginning of the year	1 161	482
Cash and cash equivalents at end of the period	**830**	**431**

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

EBITDA CALCULATION (UNAUDITED)*

	Six months ended 30 June	
	2016	**2015**
Profit for the period	128	98
Income tax	(15)	(27)
Net finance costs	1 060	960
Depreciation and amortisation	396	387
EBITDA	**1 569**	**1 418**

**- 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