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April 5, 2017, Moscow, Russia **PRESS RELEASE**

Synergy announces its financial results for the full year 2016: sales grew by 21% and amounted to 57,377 million roubles, net revenue showed a 17% increase and amounted to 35,903 million roubles, gross profit increased by 15% and amounted to 14,518 million roubles.

Synergy PJSC (Synergy, Synergy Group of Companies, Group, or Company) (MOEX: SYNG), one of the leading spirits producers in Russia, today announces audited consolidated financial results for the full year 2016 prepared in accordance with International Financial Reporting Standards (IFRS).

Key financial figures for the full year 2016 and major corporate events:

	2016
Shipments in volume terms	+18%
Net revenue	+17%
Alcohol segment revenue	+23%
Gross profit	+15%
Alcohol segment gross profit	+20%
EBITDA	+12%
Net profit	+14%
Net debt	+10%

- **Beluga brand - absolute leader in the super premium category in Russia[1];**
- **"Belenkaya" brand - No. 1 vodka in Russia[2];**
- **"Myagkov" brand one of the leading brands in low premium segment;**
- **Overall sales of Beluga brand increased by 31%, export brand sales raised up to 36%;**
- **The Company has produced a unique limited series of vodka Beluga Epicure by Lalique, which is the result of cooperation between Beluga brand and Lalique, the legendary French manufacturer of crystal ware and jewellery;**
- **Synergy launched new brands: vodkas – "Snow Crab" and "Arkhangelskaya Severnaya"; the "Captain's" line of tincture was extended;**
- **Synergy and Bacardi signed a strategic agreement for bottling and packaging of WILLIAM LAWSON'S whisky;**
- **The import operations increased by 44%;**

[1] In volume terms. According to IWSR data 2015.
[2] In volume and value terms. LLC Media Alliance calculation based in part on data reported by Nielsen through its Retail Index Service for the Vodka Category for the period (December 2015-November 2016) for Urban Russia market valid for March 2017. (Copyright © 2017,"Nielsen").

- **The Company signed long-term distribution agreements with Gallo Vineyards Inc. (Barefoot trademark), GWS, Domaine Barons de Rothschild, manufacturing a wide range of wine products.**

Commenting on the financial results, Synergy's CEO Alexander Mechetin said: "In 2016, the Company was strengthening its positions in the market, building up its leadership through organic growth and diversification of business, simultaneously increasing its operational efficiency. All these, along with the positive trends formed in the Russian spirits market, allowed Synergy to demonstrate significant growth of certain financial and operational figures.

The Company increased its net revenue by 17%, the alcohol segment revenue by 23% and gross profit by 15%, against an 18% increase in shipments in volume terms. One of the major factors that influenced the growth of performance of both our Company and the country's whole legal alcohol market was significant reduction of illegal producers share. It was mainly due to the government's active work for suppressing such activities. Moreover, we note gradual recovery of consumers' purchasing power that also positively influenced the Company's financial results.

Due to the measures aimed at increasing business performance, namely: reduction in operating expenses, particularly administrative costs; innovative restyling of products with a focus on import substitution of components; optimization of the production platform; in 2016, Synergy created a solid foundation to increase its profitability performance profile.

Currently, Synergy is taking the leading position on the market of distilled beverages, possessing a diversified portfolio consisting of leading brands, great and unique distribution platform, while being the No. 1 independent importer of premium spirits. It is worth pointing out that all these achievements would have been impossible without a professional team of talented and success-oriented employees.

Over the reporting period, guided the strategy of maximum diversification, the Company, continued active brand marketing development. A number of new brands were launched, including the innovation brands: Trinity liqueur and "Snow Crab" vodka. Other novelty products include "Arkhangelskaya Severnaya Vyderzhka" vodka. "Captain's" tincture line was expanded. The Company has developed its flagship super-premium Beluga brand. Here, we expanded our presence through the unique and limited Beluga Epicure by Lalique series.

In 2016, the Company rapidly developed distribution of imported products from partner companies. According to the results of 2016, the Company's imports showed a 44% increase (665 thousand dcl).

We have signed exclusive contracts with new partners such as Gallo Vineyards Inc. GWS, Domaine Barons de Rothschild. Thanks to that, the Company has qualitatively widened the range of imported up-scale wines represented on the territory of Russia. Also should be noted the unique contract for national spirits market with one of the global leader Bacardi for bottling WILLIAM LAWSON'S whisky using Synergy's capacities.

Synergy continues its dynamic growth by increasing overall business efficiency, operating with confidence within most of the high revenue categories, winning new high positions in these categories, which has a positive impact on the profitability of its business and serves as direct evidence of its stability."

FINANCIAL OVERVIEW

Financial Performance and Operations Results

The table below shows the Company's consolidated financial performance for 2016 compared to the figures for 2015.

(In million roubles, except for those figures stating otherwise)

	2016	2015	Change
Sales, thousands dcl	11 622	9 870	+18%
Sales, excise included	57 377	47 591	+21%
Net Revenue	**35 903**	**30 706**	**+17%**
COGS	21 385	18 033	+19%
Gross Profit	14 518	12 673	+15%
Gross Profit margin, %	*40,4%*	*41,3%*	*-0,9nn*
General and Administrative Expenses	2 478	2 582	-4%
Distribution Expenses	9 346	8 260	+13%
EBITDA	**3 218**	**2 885**	**+12%**
EBITDA margin, %	*9,0%*	*9,4%*	*-0,4nn*
Operating Income	2 486	2 109	+18%
Operating Income margin, %	*6,9%*	*6,9%*	*+0nn*
Net Financial Expenses	2 039	1 737	+17%
Net Profit	275	241	+14%
Net Profit margin, %	*0,8%*	*0,8%*	*0nn*
Net Profit per Share, RUR	13,79	12,21	+13%

The growth of the Company's shipments by 18%, the growth of net revenue by 17% and the growth of gross profit by 15% were due to a number of factors:

- absence of excise rate growth allowing better adaptation of the consumers to the current price levels;

- significant progress made by the state in its struggle against the shadow market;

- organic growth in the categories of vodkas and infusions, as well as brandy;

- two-digit growth in export and import operations, mainly due to premium products in the shipments structure, which accounted for outstripping growth of revenue in cash equivalent.

General and administrative costs were reduced by 4% down to 2,478 million roubles, being a direct consequence of the measures aimed at administrative costs optimization.

Distribution expenses grew by 13% up to 9,346 million roubles. The growth of distribution expenses is much less than shipments growth pace, being a direct evidence of the effectiveness of the Company's adaptive distribution platform.

Consolidated EBITDA for 2016 grew by 12% and amounted to 3,218 million roubles, mainly due to organic growth.

Additional investments to the working capital conditioned by anticipatory growth of sales led to increase in the total funding cost, including due to growth of interest on the significantly increased bank guarantees portfolio. This partly curbed net profit growth: +14% to the last year's result.

Report by segments

The table below illustrates the changes in the segmental revenue and gross profit by segments for the full year 2016 as compared with the similar previous period in 2015. The data presented below do not include inter-segmental revenue.

(In million roubles)

	Alcohol segment			Food segment		
	2016	**growth**	**2015**	**2016**	**growth**	**2015**
Revenue	29 294	+23%	23 771	6 609	-4%	6 900
Gross Profit	13 033	+20%	10 840	1 485	-18%	1 821
Gross Profit margin, %	*44,5%*	*-1,1pp*	*45,6%*	*22,5%*	*-3,9pp*	*26,4%*

Alcohol Segment

The dynamics of the alcohol segment is similar to the overall results of the Group - the Company demonstrates growth in revenue and overall profit due to shipments growth and increase of premium exports and imports. Profitability in gross profit has slightly decreased due to transferring of a number of retail chains to net prices in the end of 2016.

Food Segment

The results in the food segment have worsened as compared to 2016, with a negative impact on the overall Group results. In particular, the negative poultry meat pricing environment has led to decrease in revenues against growth of the cost of feed and raw materials.

Capital Structure

The table below illustrates changes in the capital structure as of December 31, 2016 as compared to the previous period:

(In million roubles unless stated otherwise)

	31 December 2016	**31 December 2015 г.**	**Change**
Total Debt	9 053	8 449	+7,1%
Long-term Debt	6 123	5 647	+8,4%
Short-term Debt	2 930	2 802	+4,6%
Share of long-term debt in total debt, %	*68%*	*67%*	*+1pp*
Share of unsecured liabilities in total debt, %	*52%*	*43%*	*+9pp*
Cash and cash equivalents	1 010	1 161	-13%
Net Debt	8 043	7 288	+10,4%
Total Equity and Reserves	19 453	19 261	+1%
Total long-term capital	26 421	25 463	+3,8%
Net debt/EBITDA	*2,50*	*2,53*	*-1,1%*

In order to provide active development of distribution in the growing market, the Company additionally invested in the working capital (in the first turn in inventories), having resulted in a 10% increase in net debt. Debt growth in the first half of the year amounted to 20%, but after passing the active growth phase, there appeared an opportunity to decrease investments in the working capital and stabilize financial debt indices. The average interest rate on loan portfolio as of 31.12.2016 amounted to 12.53% as compared to 14.06% as of 31.12.2015, and it continued decreasing in 2017.

It should be also noted that the share of non-secured liabilities increased up to 52%, with retaining large share of long-term financing.

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, and Sambuca liqueurs, Milagro tequila, absinthe Xenta, Buffalo Trace and Benchmark bourbons, brandy Torres and the balms line of Latvijas balsams, Cono Sur wines.

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 million roubles, unless expressly stated otherwise)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2016	2015
Revenue	35 903	30 706
Cost of sales	(21 385)	(18 033)
Gross profit	**14 518**	**12 673**
General and administrative expenses	(2 478)	(2 582)
Distribution expenses	(9 346)	(8 260)
Other income/(expense)	(208)	278
Operating profit	**2 486**	**2 109**
Share of income in associates	6	–
Net finance costs	(2 039)	(1 737)
Profit before tax	**453**	**372**
Income tax	(178)	(131)
Net income and total comprehensive income for the period	**275**	**241**
Attributable to		
Equity holders of the Company	237	210
Non-controlling interest	38	31
Basic and diluted earnings per share	**13.79**	**12.21**
(RUB per share)		

(All amounts in million roubles, unless expressly stated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2016	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	6 579	6 724
Goodwill	230	235
Investment in associates	706	700
Intangible assets	8 653	7 228
Other long-term assets	115	102
Deferred tax assets	610	478
Total non-current assets	**16 893**	**15 467**
Current assets		
Inventories	8 789	7 137
Biological assets	274	281
Trade and other receivables	10 252	10 970
Prepayments	509	576
Income tax prepayment	25	61
Assets held for sale	241	–
Cash and cash equivalents	1 010	1 161
Total current assets	**21 100**	**20 186**
TOTAL ASSETS	**37 993**	**35 653**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2 495	2 495
Own shares repurchased from shareholders	(770)	(773)
Share premium	5 532	5 582
Retained earnings	11 505	11 268
Total equity attributable to shareholders of PAO Synergy	**18 762**	**18 572**
Non-controlling interest	691	689
Total equity and reserves	**19 453**	**19 261**
Non-current liabilities		
Loans and bonds	6 123	5 647
Deferred tax liabilities	845	555
Total non-current liabilities	**6 968**	**6 202**
Current liabilities		
Loans and bonds	2 930	2 802
Trade and other payables	8 423	7 326
Income tax payable	219	62
Total current liabilities	**11 572**	**10 190**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**37 993**	**35 653**

(All amounts in million roubles, unless expressly stated otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Own shares	Share premium	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	–	–	–	–	–	(57)	(57)
Dividends accrued to non-controlling interest in subsidiaries	–	–	–	–	–	(20)	(20)
Separation of other consolidation reserves from share premium into retained earnings	–	–	69	(69)	–	–	–
Share based benefits	–	27	103	–	130	–	130
Repurchase of own shares	–	(15)	(162)	–	(177)	–	(177)
Total changes, not recorded into net profit	**–**	**12**	**10**	**(69)**	**(47)**	**(77)**	**(124)**
Total comprehensive income for the period	–	–	–	210	210	31	241
Balance at 31 December 2015	**2 495**	**(773)**	**5 582**	**11 268**	**18 572**	**689**	**19 261**
Other changes in non-controlling interest	–	–	–	–	–	(30)	(30)
Business combinations	–	–	–	–	–	(6)	(6)
Share based benefits	–	33	99	–	132	–	132
Repurchase of own shares	–	(30)	(149)	–	(179)	–	(179)
Total changes, not recorded into net profit	**–**	**3**	**(50)**	**–**	**(47)**	**(36)**	**(83)**
Total comprehensive income for the period	–	–	–	237	237	38	275
Balance at 31 December 2016	**2 495**	**(770)**	**5 532**	**11 505**	**18 762**	**691**	**19 453**

(All amounts in million roubles, unless expressly stated otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	2016	2015
Cash flows from operating activities		
Profit before income tax and finance costs	2 486	2 109
Adjustments:		
Depreciation and amortisation	726	776
(Gain)/loss on disposal of property, plant and equipment	8	(363)
Share based benefits	132	130
Goodwill impairment	5	–
Loss on change in fair value of biological assets	15	13
Other non-cash transactions	23	97
Changes in working capital:		
(Increase)/decrease in inventories and biological assets	(1 643)	(1 773)
(Increase)/decrease in accounts receivable	775	2 035
Increase/(decrease) in accounts payable	(363)	1 070
Cash flows from operating activities	**2 164**	**4 094**
Interest paid	(2 004)	(1 918)
Income tax paid	(63)	(109)
Net cash flow from operating activities	**97**	**2 067**
Cash flows from investing activities		
Acquisition of subsidiaries and associates	16	(700)
Acquisition of property, plant and equipment and intangible assets	(579)	(639)
Disposal of property, plant and equipment and intangible assets	79	394
Net cash flow from investing activities	**(484)**	**(945)**
Cash flows from financing activities		
Repurchase of own shares	(179)	(177)
Dividends paid to non-controlling interest	–	(21)
Loans received and bonds issued	37 532	30 351
Loans and bonds repaid	(37 117)	(30 596)
Net cash flow from financing activities	**236**	**(443)**
Net increase/(decrease) in cash and cash equivalents	**(151)**	**679**
Cash and cash equivalents at beginning of the year	1 161	482
Cash and cash equivalents at end of the year	**1 010**	**1 161**

(All amounts in million roubles, unless expressly stated otherwise)

EBITDA CALCULATION (UNAUDITED)*

	2016	2015
Profit for the period	275	241
Income tax	178	131
Net finance costs	2 039	1 737
Depreciation and amortisation	726	776
EBITDA	**3 218**	**2 885**

**- 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.