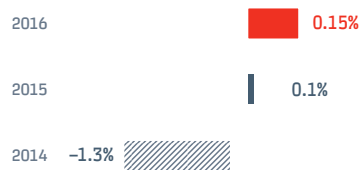


Factor analysis of profitability

Return on equity

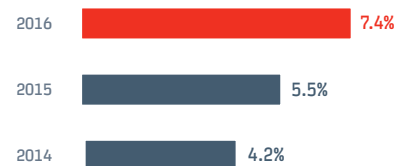
Return on equity (ROE) totalled 0.15% in 2016.

Return on equity (net profit/equity)



The return on equity was impacted by the following factors: net profit margin, asset turnover and financial leverage.

Sales profitability



The Company's policy to improve cost efficiency and optimisation ensured faster growth of revenue over expenses and positive dynamics in sales profitability with growth totalling 1.9 p.p. versus last year.

Operating profitability



Net profit margin (operating profitability) totalled 0.4%, an increase of 0.4 p.p. versus 2015, which is due to growth in sales profitability as well as financial management measures.

Financial leverage (Assets/Equity)



A decrease of 8 p.p. in financial leverage primarily resulted from a reduction of the debt burden due to the positive revaluation of foreign currency-denominated liabilities (loan debt totalled RUB 988.9 bln in 2015 and RUB 921 bln in 2016 taking into account the net increase of RUB 24.6 bln).

Use (turnover) of assets (Income/Assets)



The indicator for the use (turnover) of assets (income/assets) decreased by 2 p.p. due to growth in assets resulting from the revaluation of fixed assets (RUB 520.1 bln) and an increase in ongoing construction because of government projects that are scheduled to be commissions and generate effects in subsequent periods.