



Russian Media Market Overview

2016



Media market highlights in 2016

Media Market becomes more consolidated. TV sales has been joined in one hands of National Advertising Alliance. The new megaseller has started operating since January 2017. Consolidation of Digital sales under the megaseller is probable, but much later

Total media market showed a strong positive dynamics compared to the PY (+11%). However, the growth rates during the year were declining (+18% in 1Q, +14% in 2Q, +9% in 3Q and +7% in 4Q). Moreover, AKAR has changed methodology of Digital market estimation since 2016, several ad formats has been added to calculation. Media market grew by 9% without regard this formats

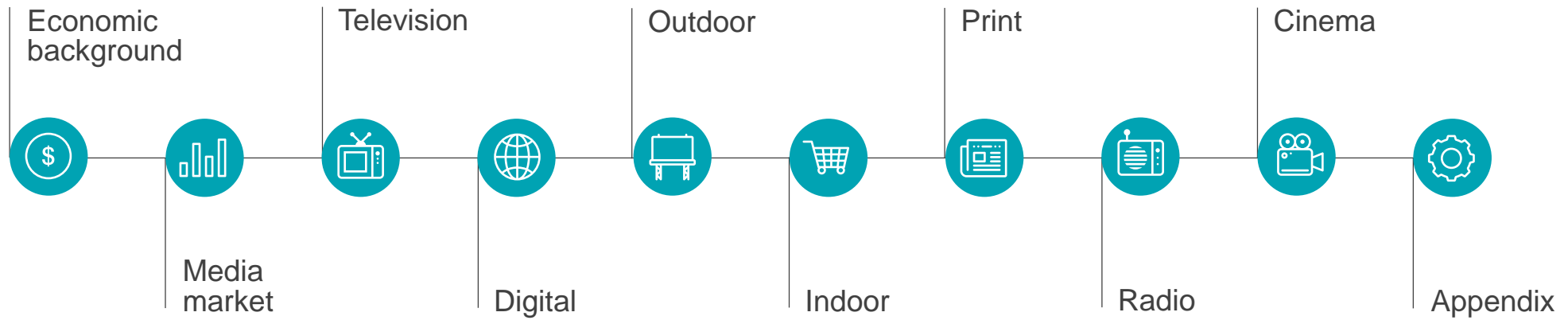
Digital showed the most positive dynamics (+21%), when the new formats are considered and drove the whole advertising market. If these new formats are not included in the calculation the Digital growth was more modest (+15%)

TV rose on almost on par with market (+10%) so it managed to keep its share

Radio and **Out of home** also improved its ad revenue, but the rates were smaller than total market, +6%

The only declining media was **Print** (-16%)

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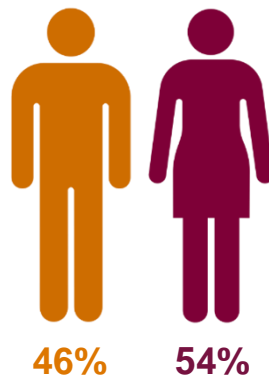




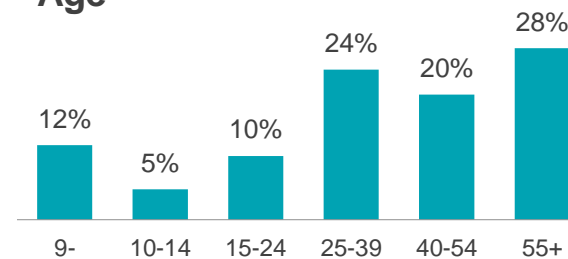
Economic background

General country information

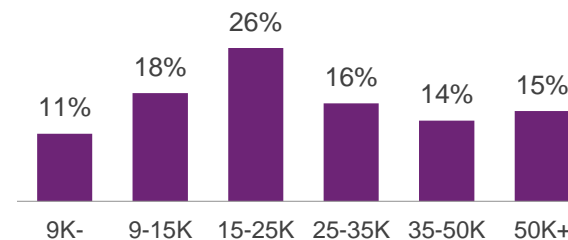
- Capital: **Moscow**
- Major language: **Russian**
- Currency: **Russian Ruble**
- Number of time zones: **11**
- Population: **146.5 mln**
 - Urban >100 000: 74.8 mln
 - Urban <100 000: 33.9 mln
 - Rural: 37.9 mln



Age

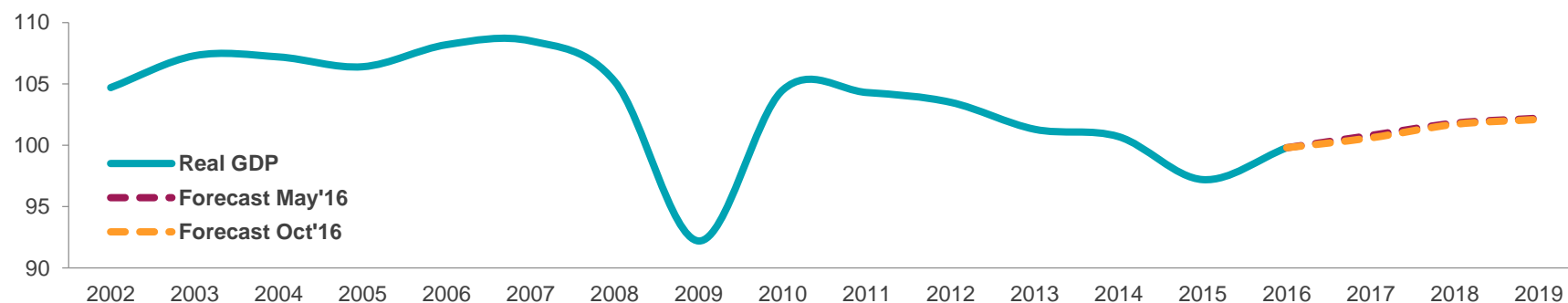


Income per capita (rub.)

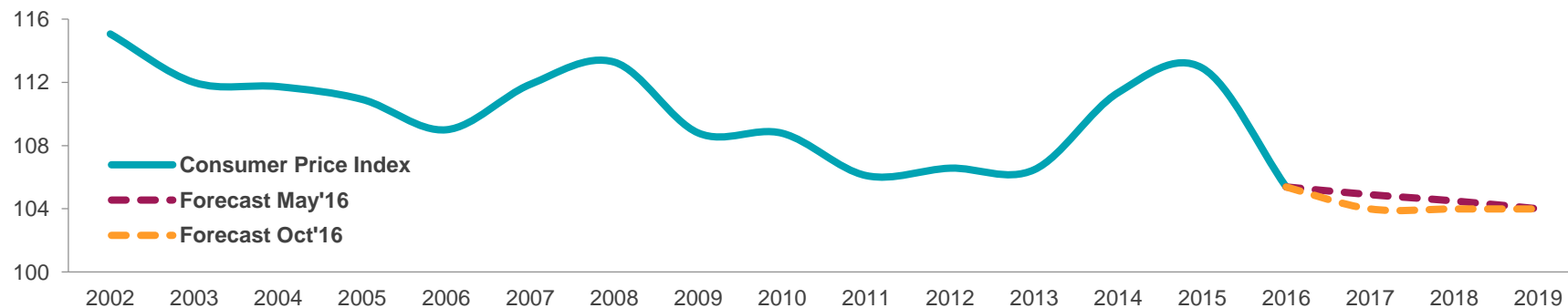


GDP and Inflation forecast of MED RF

Gross domestic product, % to previous year

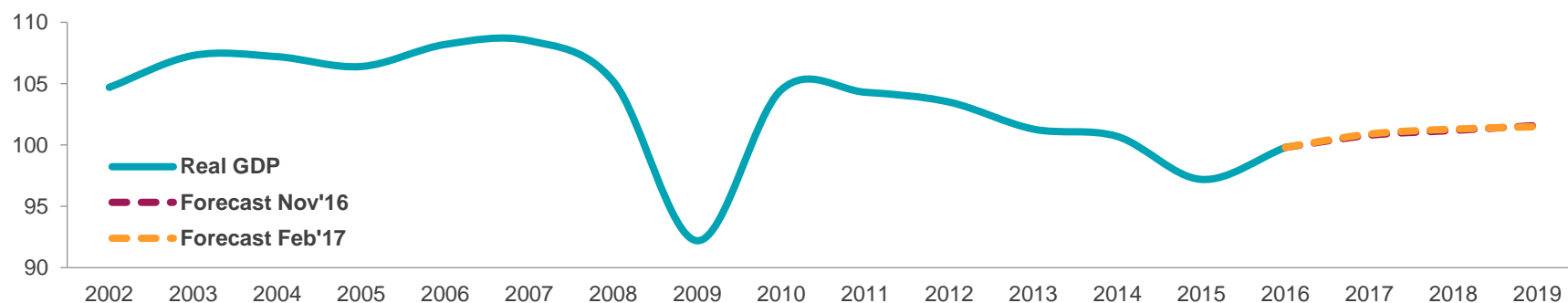


Consumer Price Index, % to previous year

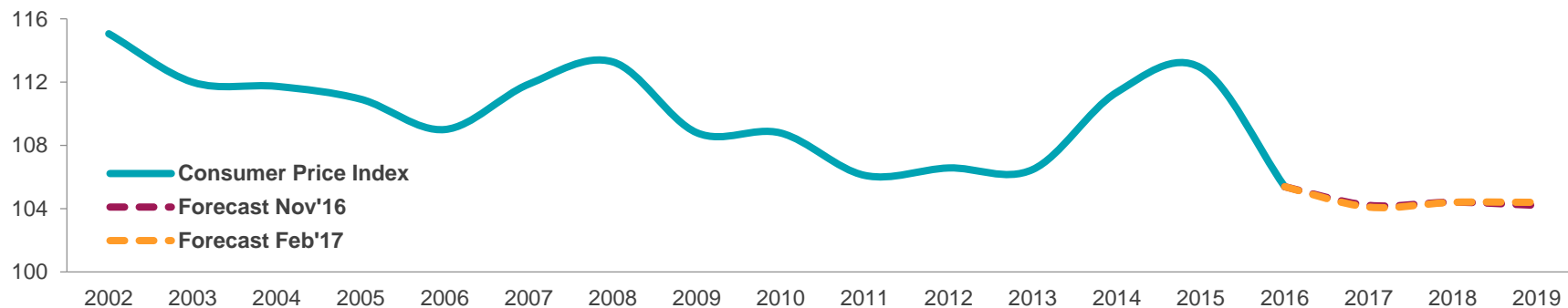


GDP and Inflation forecast of EIU

Gross domestic product, % to previous year



Consumer Price Index, % to previous year



The forecast of MED RF matches EIU

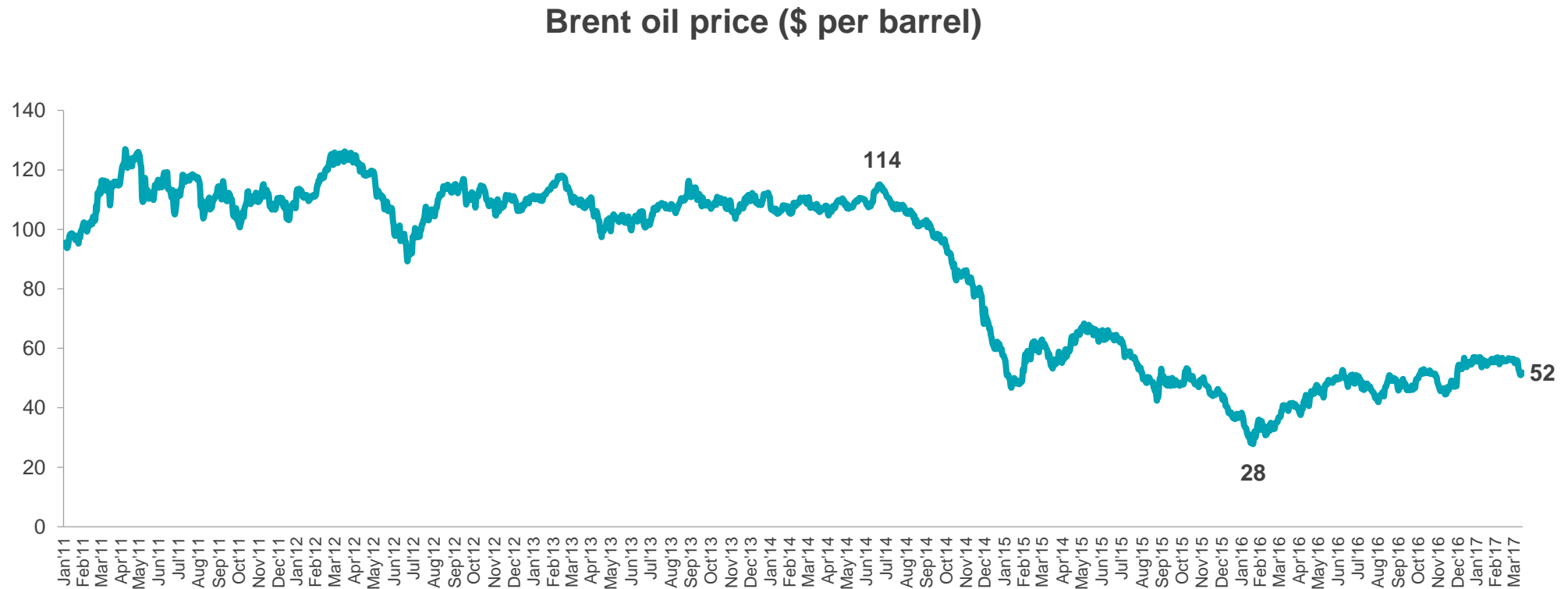
FSSS corrected its estimation of GDP dynamics for 2015, -2.8% instead of -3.7% published before

According to FSSS, GDP decreased by 0.2% in 2016, much less than it had been expected (-0.6%)

MED RF as well as EIU predict moderate economic recovery in 2017, +0.6% and +0.9% respectively. However, current MED RF forecast is dated October 2016 and will be revised soon (likely for the better). GDP is expected to keep growing at a rate of 1-2% per year in 2018-2019

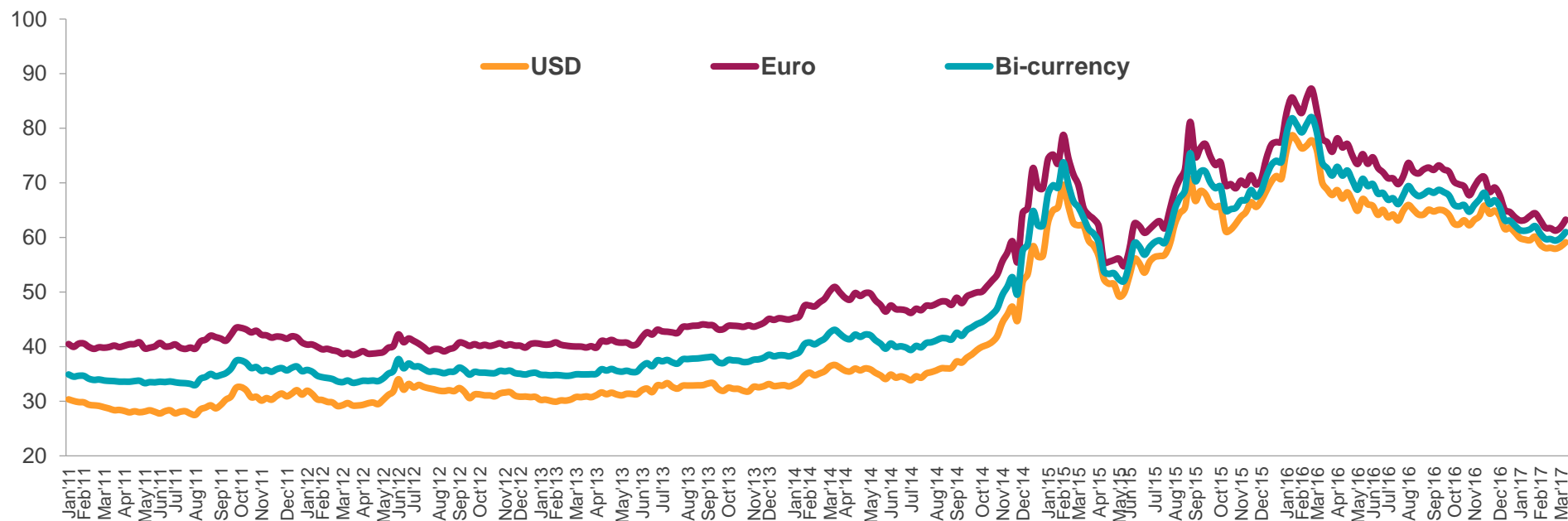
The election of Donald Trump might have some positive impact on Russia-US relations, though international sanctions are unlikely to be cancelled over the forecasted period. It will weigh on investment, low oil prices will prompt fiscal tightening and high inflation will continue to depress household consumption

Oil price has been restoring a bit since February 2016
It was fluctuating around 55 USD per barrel in Dec'16-Mar'17

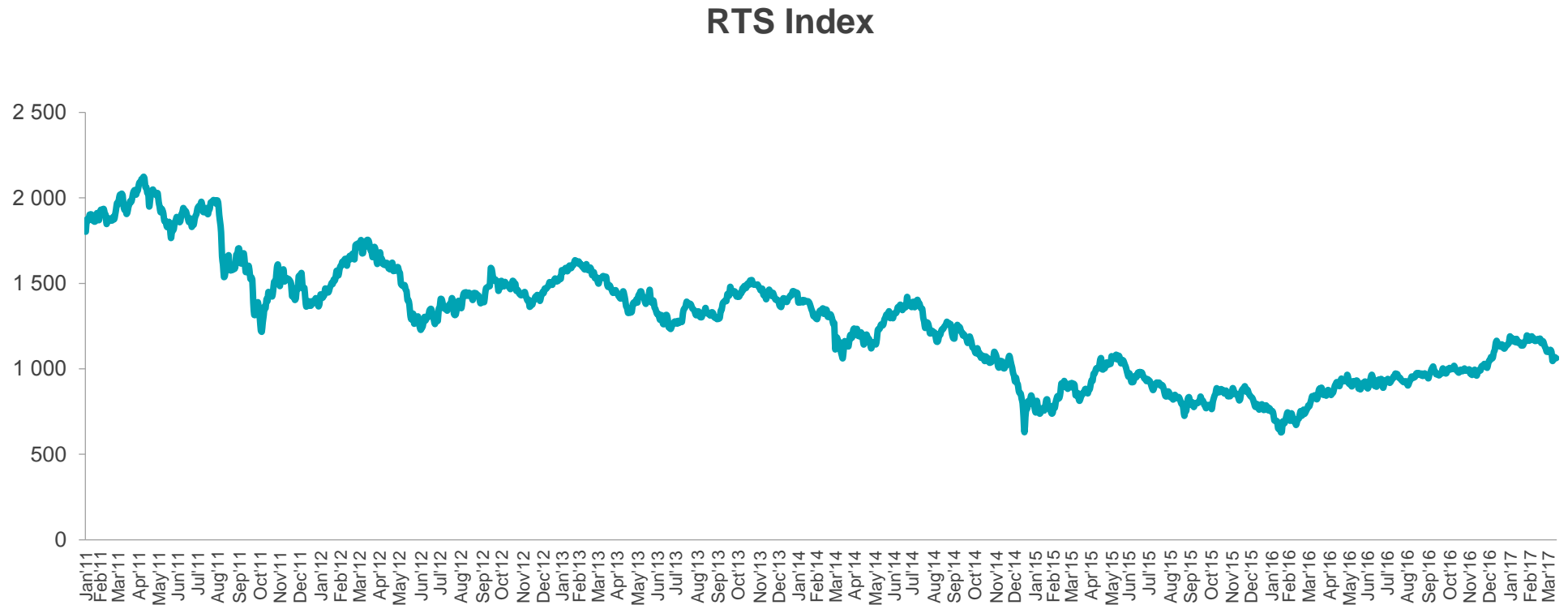


Exchange rates remains volatile and strongly dependent on oil price

Ruble exchange rates

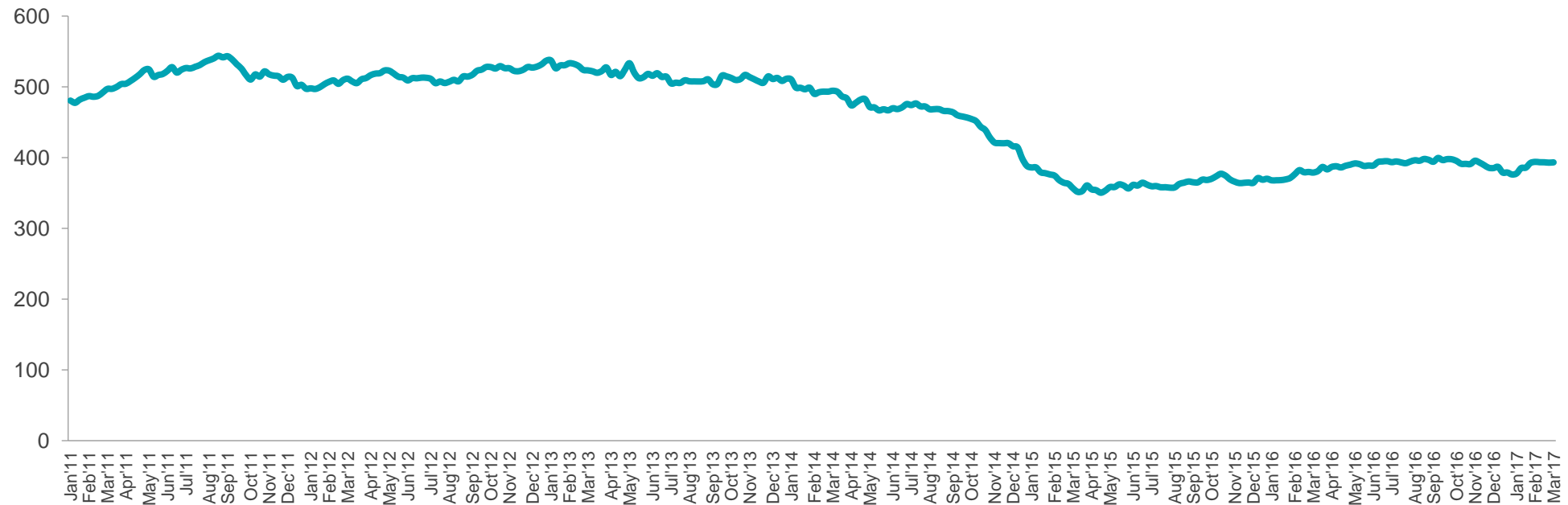


Fluctuating at Stock Exchange is observed in accordance with oil price dynamics



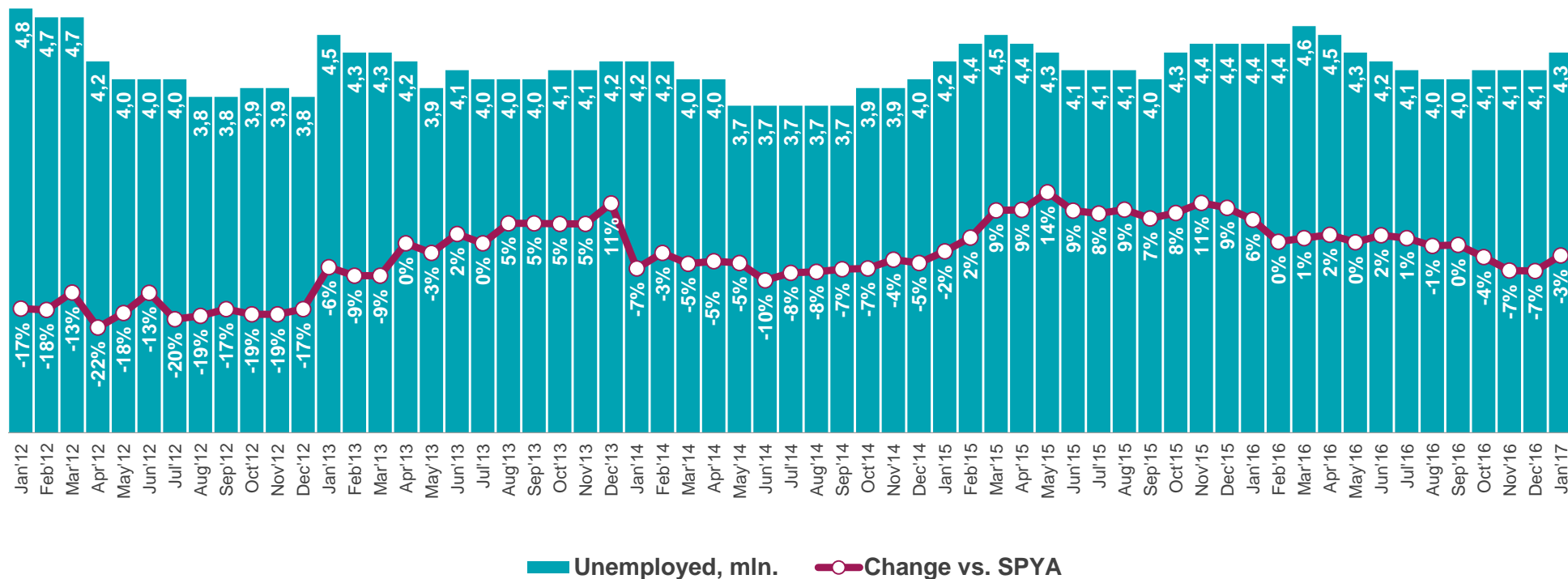
International Reserve flattened out and slightly grew owing to the government stopped spending gold currency to support Ruble

Gold-Currency Reserve (USD billions)



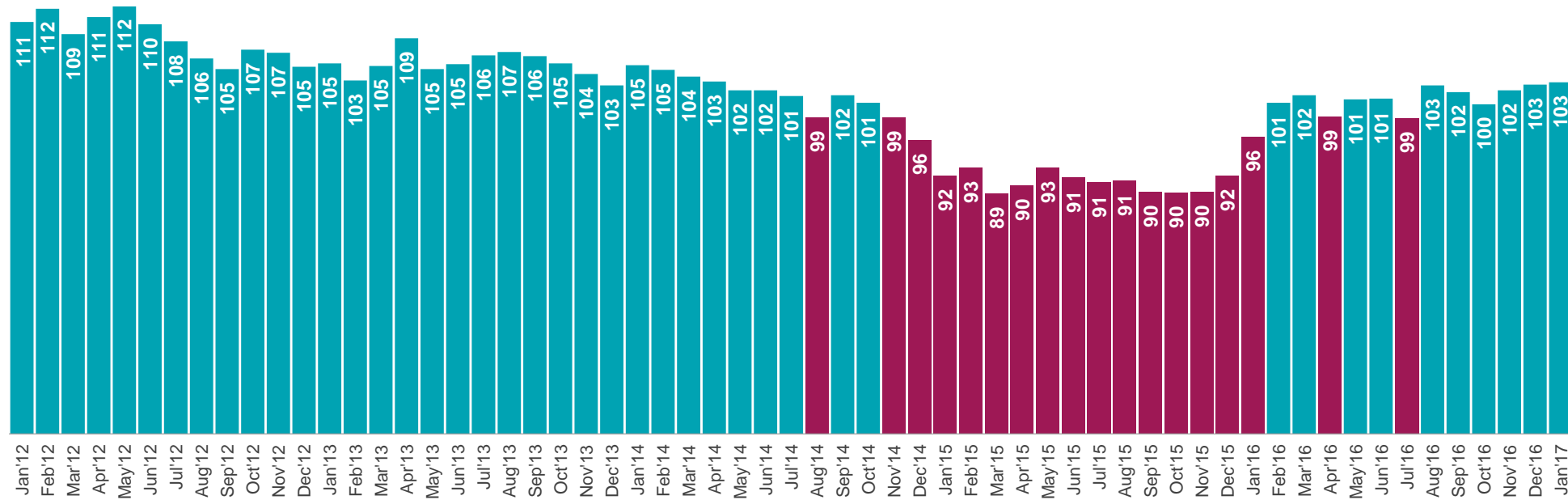
Unemployment was lower vs. SPYA level in Oct'16-Jan'17

Unemployment



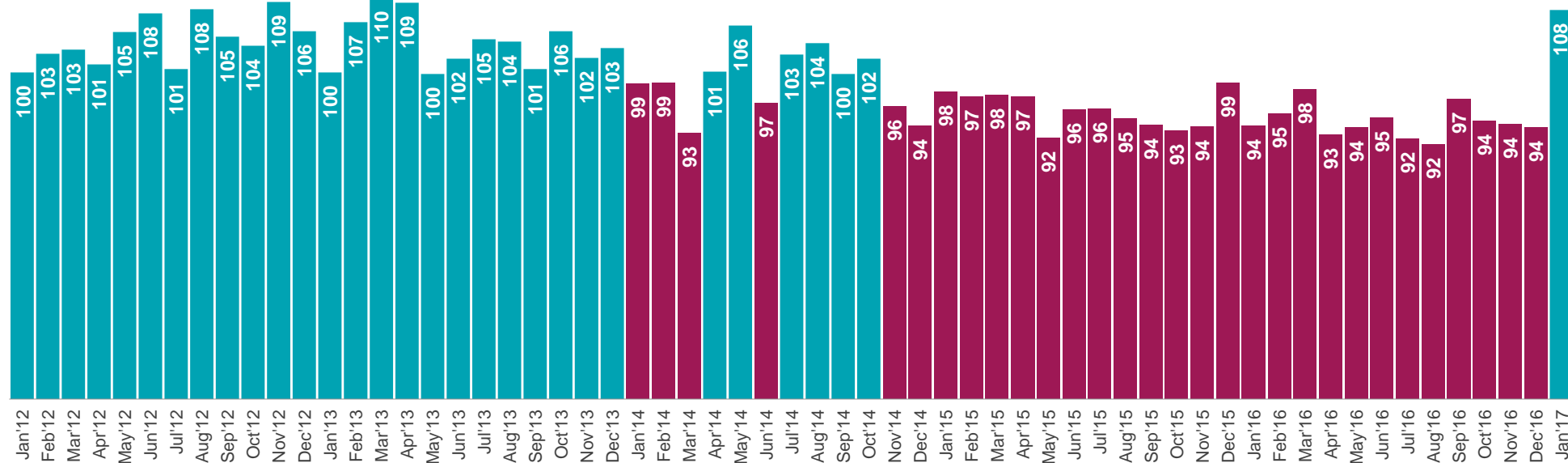
Salaries stopped reducing in 2016, though its growth rates remained much lower compared to 2014 level

Average Real Salary, % change to SPYA



Disposable incomes was constantly dropping from Nov'14 to Dec'16 Upsurge in Jan'2017 is due to 5000 RUR one-time payout to pensioners

Disposable income, % change to SPYA



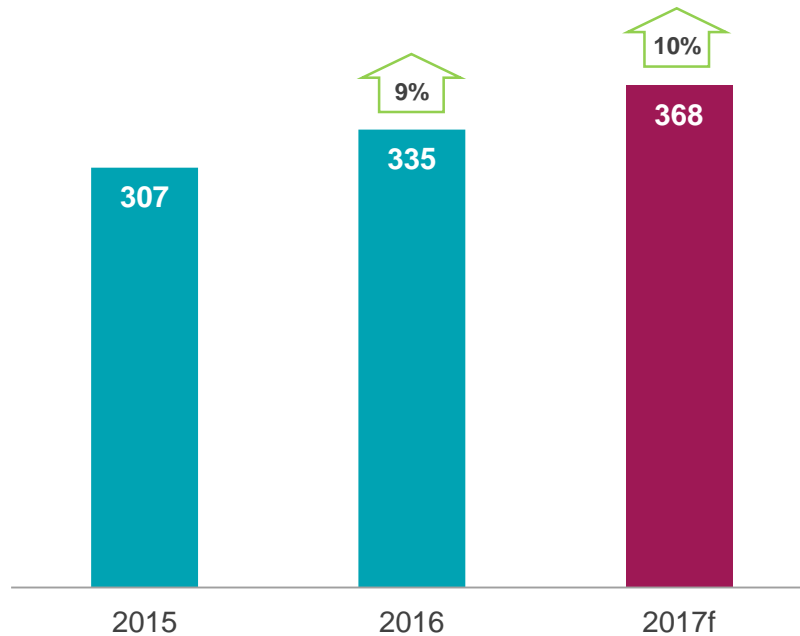


Media market

AKAR has changed methodology of Digital market estimation since 2016, several ad formats has been added to calculation. Media market grew by 9% without regard this formats or 11% including it. Further development is excepted in 2017

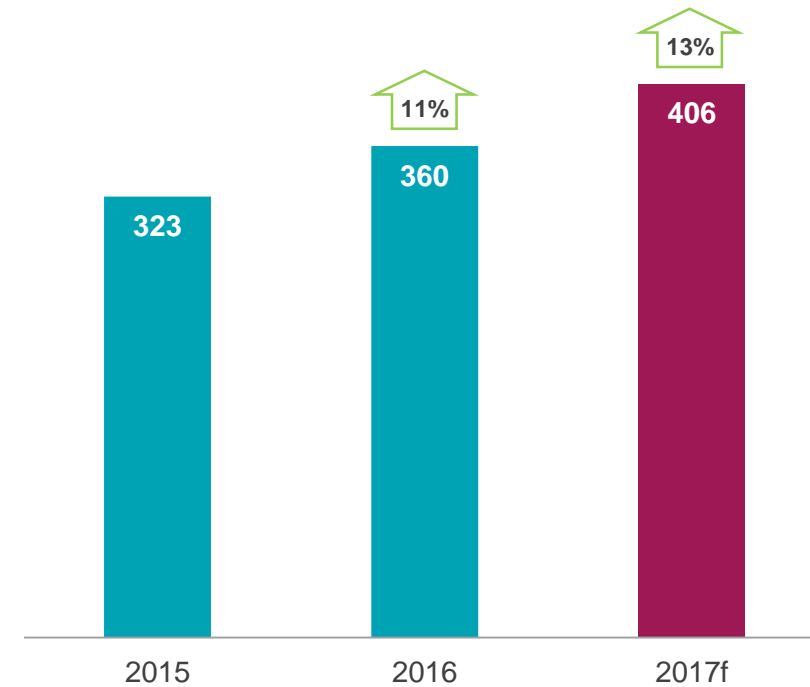
Media market volume, RUR bn

Old Digital estimation



2015 – AKAR (fact), 2016 – Zenith estimation, 2017 – Zenith forecast

New Digital estimation

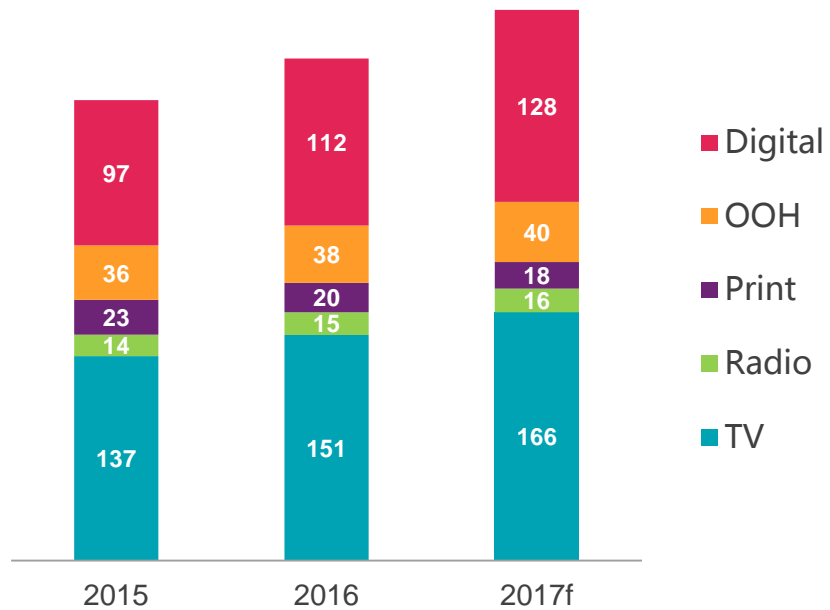


2015-2016 – AKAR (fact), 2017 – Publicis Media forecast

Owing to new digital formats taken into account, Internet is predicted to catch up with TV market by ad revenue in 2017

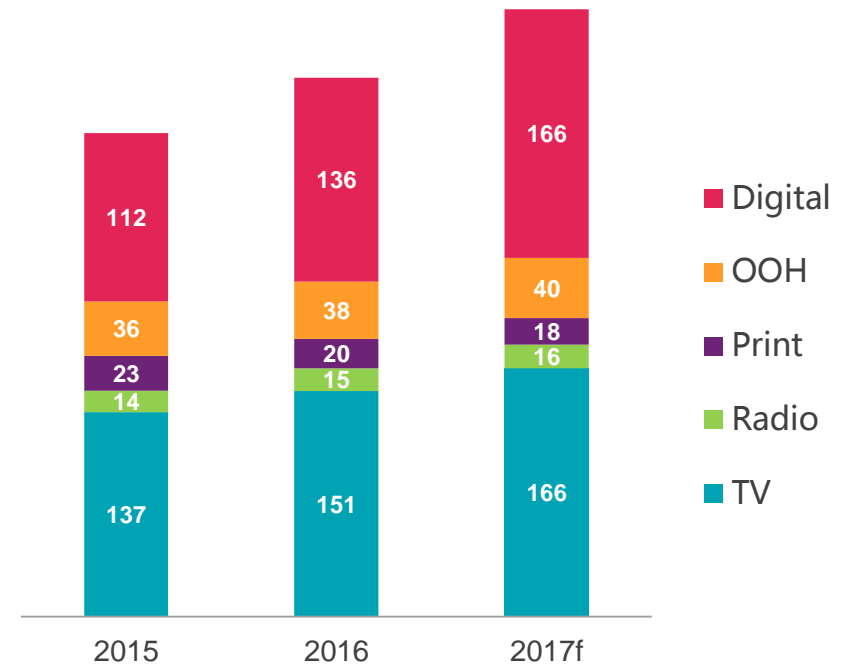
Media market volume, RUR bn

Old Digital estimation



2015 – AKAR (fact), 2016 – Zenith estimation, 2017 – Zenith forecast

New Digital estimation

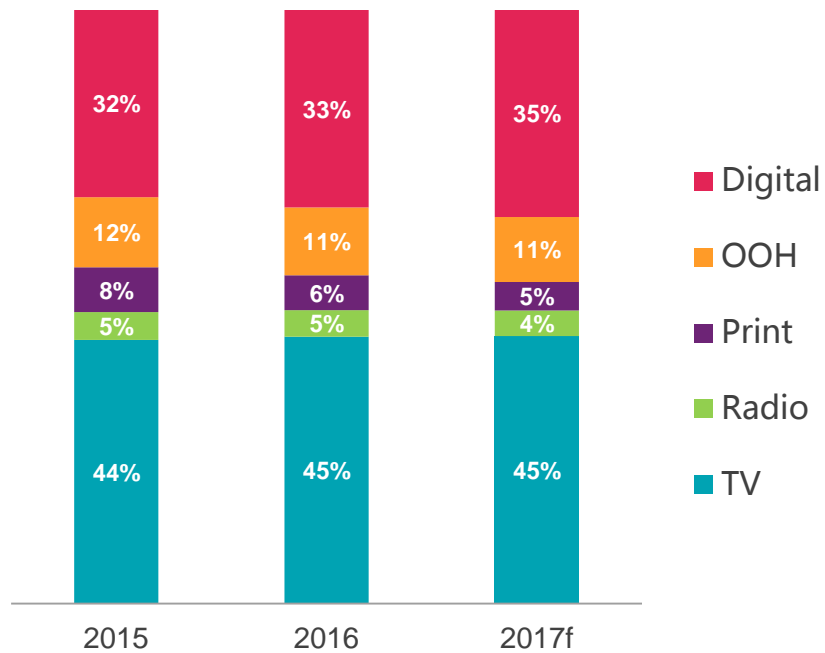


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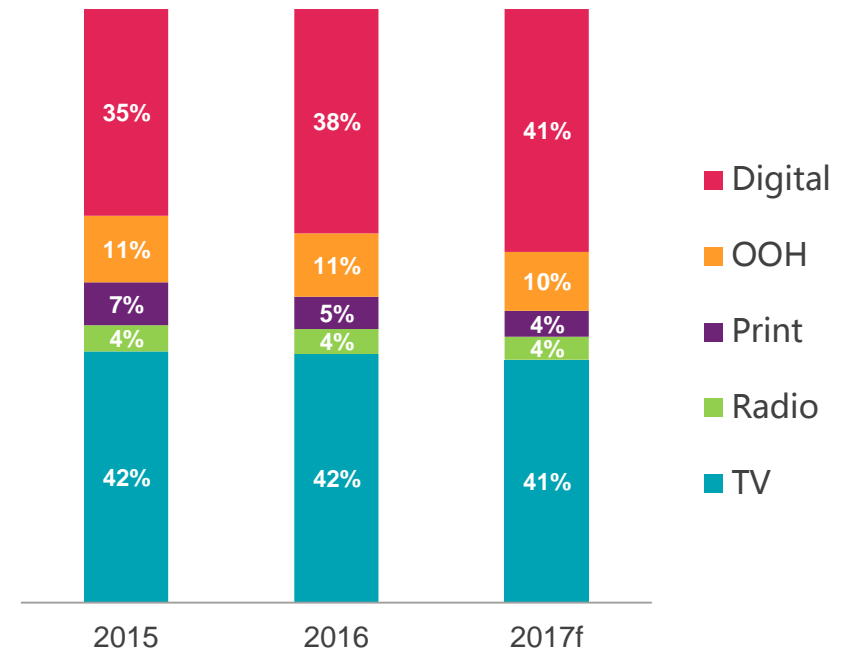
Media market volume, shares

Old Digital estimation



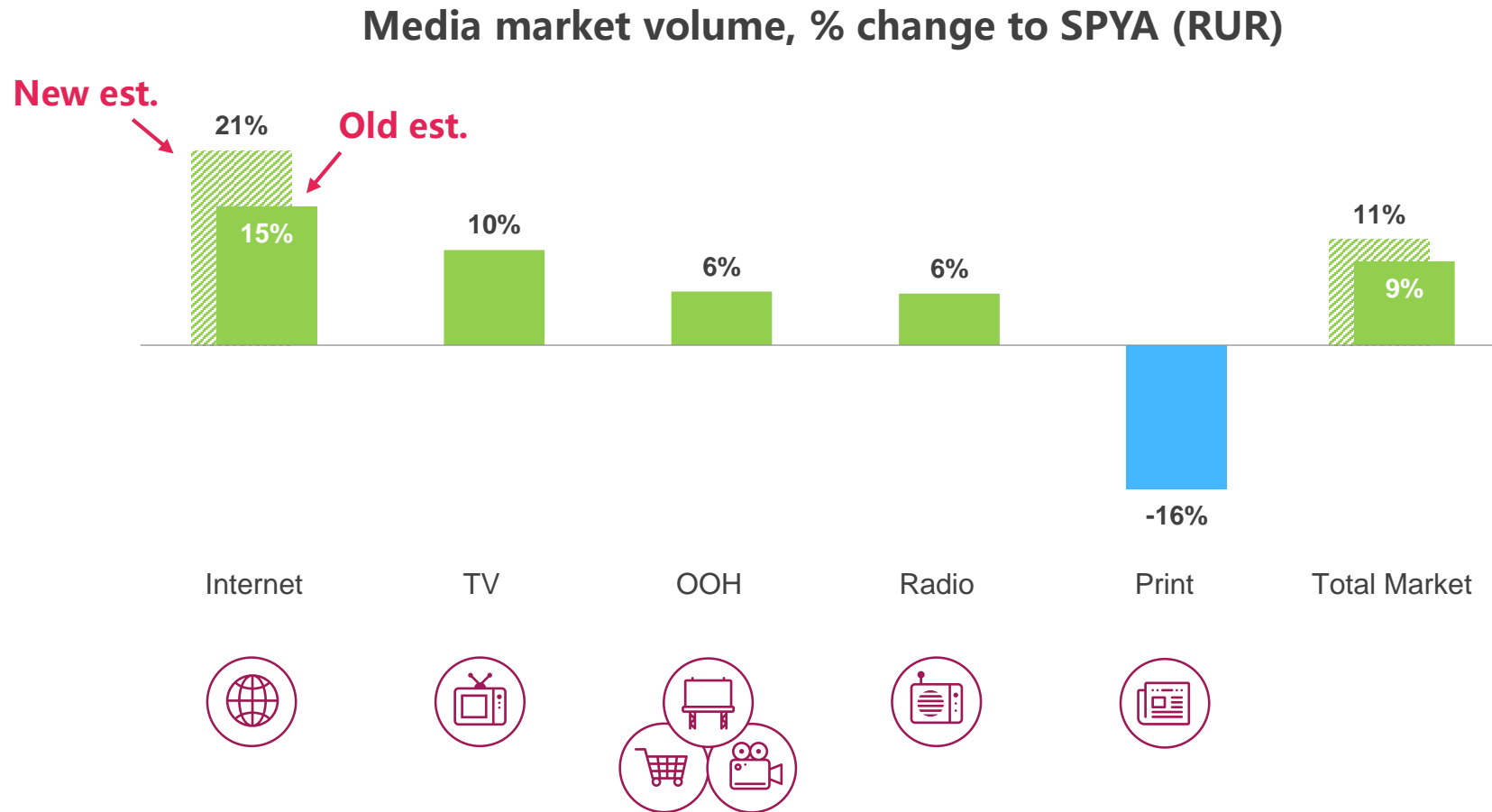
2015 – AKAR (fact), 2016 – Zenith estimation, 2017 – Zenith forecast

New Digital estimation



2015-2016 – AKAR (fact), 2017 – Publicis Media forecast

Digital was the most developing media in 2016 regardless the methodology
While Print kept dropping. Out of Home estimation also has been changed
since 2016 – now it includes Outdoor, Indoor, Cinema and Transit ad



2016

Media market volume (RUR bn) & dynamics summary

New approach to Digital estimation is shown on this slide

Media	2016	2015	Change
Total TV	150.8	136.7	+10%
Main TV channels	146.9	134.2	+9%
National placement	115.5	104.8	+10%
Regional placement	31.4	29.4	+7%
Thematic TV channels	3.9	2.6	+52%
Radio	15.1	14.2	+6%
Print	19.7	23.4	-16%
Newspapers	5.4	6.5	-16%
Magazines	10.7	11.6	-8%
Advertising titles	3.6	5.3	-32%
Out of Home	38.3	36.2	+6%
Outdoor	31.4	29.1	+8%
Transit	3.6	4.0	-11%
Indoor	2.3	2.2	+5%
Cinema	1.0	0.9	+11%
Digital	136.0	112.0	+21%
Performance	108.2	87.3	+24%
Search	58.8	50.7	+16%
CPX	49.4	36.6	+35%
Branding	27.8	24.8	+13%
Video	6.7	5.6	+19%
Banners (CPM)	21.2	19.1	+11%
Total market	359.9	322.6	+11%

IAB offered new estimation approach for Internet

The new approach is build from modeling of absolute volumes, which is based on data reporting of big market players and expert estimates

According to the previous methodology, the main evaluated parameter was market dynamics

Furthermore the evaluated segments were changed

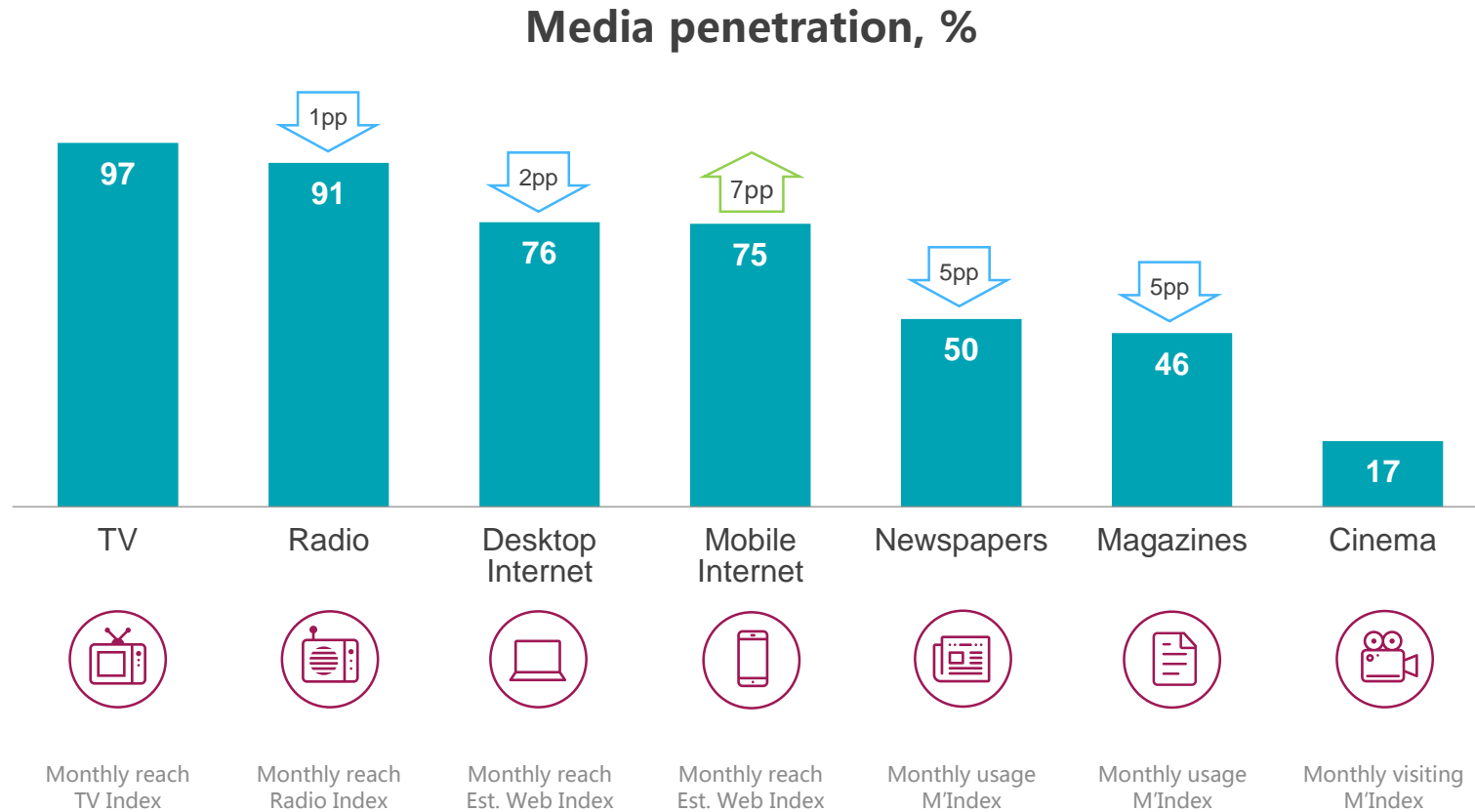
Before, segmentation was based on ads formats and included Display (Banners and Video) and Context (text ad)

Since 2016 the segments have based on pricing models and business goals and include:

1. Performance - volumes from ads, which are sold using the pattern "payments for results". This segment is divided to:
 - Search (Yandex & Google hits)
 - CPx (context ads within ad networks incl. MyTarget, Yandex ad network and Google AdSense, ad in Apps and Social networks)
2. Branding – volumes from ads, which are sold using the pattern "payments for advertising issue" and includes:
 - Banners
 - Video

Television and Radio cover the most of Russian population

Mobile Internet caught up with Desktop, 3/4 of Russians use it

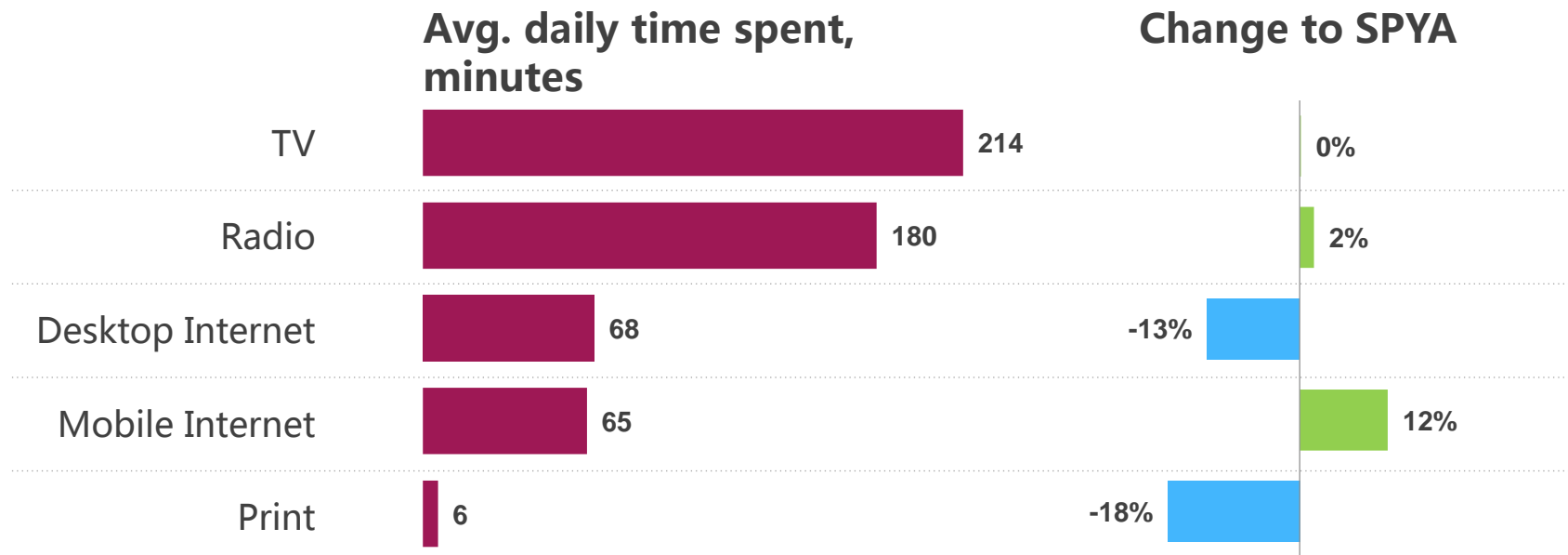


2016

Change to SPYA

TV is the most common time spending activity with 3.5 hours a day

Mobile Internet daily usage grew vs. SPYA as well as its penetration



2016

Desktop Internet dynamics:
August is excluded, as
Aug'2015 is unavailable due to
technical bugs on Mediascope
Russia side

**Desktop Internet usage is falling under the pressure from mobile one
Thematic TV kept growing, but with noticeably smaller rates than a year ago. Print remained declining in terms of both coverage and usage**

Media	Units	Time spends (abs. values)			Change vs. SPYA	
		4Q 2014	4Q 2015	4Q 2016	2015	2016
Main TV channels	min\day	181.9	180.4	176.4	-1%	-2%
Thematic TV channels	min\day	28.2	34.6	37.2	+23%	+7%
Radio	min\day	180	178	185	-1%	+4%
Desktop Internet	min\day	79.9	80.3	66.1	0%	-18%
Mobile Internet	min\day	-	58.0	65.0	-	+12%
Newspapers	min\day	3.8	3.6	2.8	-5%	-22%
Magazines	min\day	3.2	3.3	2.6	+3%	-21%
Cinema	times\month	0.40	0.39	0.44	-3%	+13%
OOH	BB 3x6 daily audience, '000	26.2	26.3	26.2	0%	0%



Radio: Jul-Dec'2016
Mobile Internet: 12-64, cities 700K+, Dec'2016 vs. Dec'2015
OOH: BB includes Trivisions

Media Usage Forecast

Media	2017 vs. 2016	Comments
National TV	-3%.. 0%	Further growth of Thematic TV viewership might contribute to the declining share of National TV. Moreover, tourism recovery decline home time spent, which might negatively affect on Total TV viewing
Thematic TV	+5%.. +15%	Technical penetration of Thematic TV keeps growing and as a consequence its usage will grow
Desktop Internet	-10%.. -5%	Desktop usage keep reducing under the pressure of growing Mobile Internet
Mobile Internet	+10%..+20%	Mobile is already high and keeps growing not only due to penetration increase, but also at the expense of Desktop usage
Print	-10%.. -5%	Print keeps falling under Internet pressure. Furthermore, the continued Economic Crisis leads to further decline in population purchasing capacity, which has a negative impact on Print usage
Radio	-5%.. 0%	A drop in Radio listening, if any, is expected to be small. This decrease might be driven by Mobile Internet pressure
OOH	-1%.. +1%	No dramatic changes in OOH usage
Cinema	-5%.. +5%	Video content migrates to more affordable screens, which are much more cost-efficient and suitable than Cinema. However, Cinema is still the one of the most affordable time spending and good pictures on air might support cinema visiting

CPTs for Russian media are below Western European average

Media (national)	Format	Cost per Thousand, 2016							
		RUB	USD						
		Russia	Russia	UK	Germany	Norway	Spain	Poland	Ukraine
TV (network)	30"	127	1.9	8.1	5.9	11.7	5.5	9.7	1.2
Magazines	1/1	217	3.2	9.5	5.1	7.4	9.8	20.2	5.4
Newspapers	1/1	381	5.7	5.2	14.8	14.2	5.3	52.7	3.0
Radio	30"	73	1.1	3.4	1.3	5.8	7.0	2.2	0.3
OOH, billboards	6x3	30	0.4	4.2	4.6	15.2	1.1	n/a	0.4
Internet Display*	Banners	164	2.5	4.5	10.1	8.7	4.0	2.3	1.1
Internet Video	Pre-roll	300	4.5	25.0	10.5	19.8	10.0	n/a	3.4

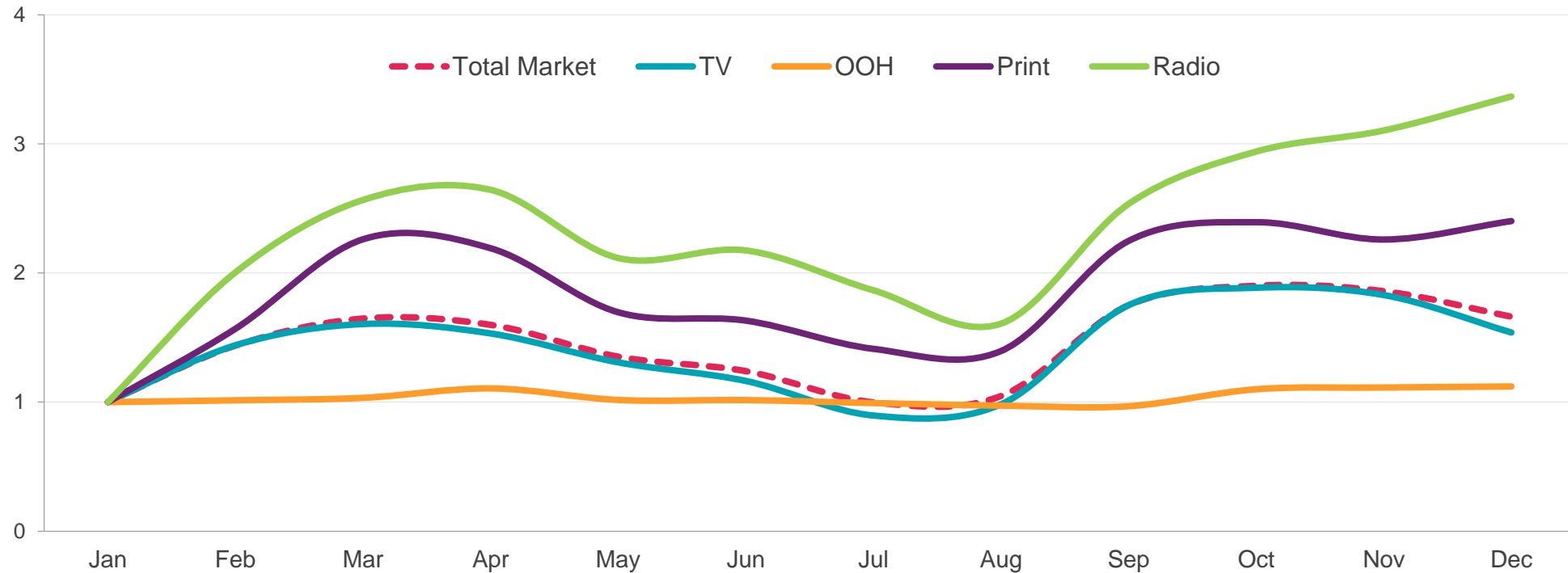
Average exchange rate per \$1 – 66.8P

*If thematic resources with high CPM are excluded and only enveloping sites are considered, average CMP amounts to 100P as a year ago

Advertising spends reach its peaks in Mar-Apr and Sep-Dec, except OOH investments, which are distributed quite evenly

Media market seasonality by Estimated Cost Index (base=January)

2016



Advertising volumes on TV and Newspapers increased by 6% in 2016 While magazines suffered from 9% reduction of ad pages sold

Media (national)	Units	2016	2015	Change
TV	30"GRPs18+	1 466 003	1 386 535	+6%
Magazines	# ad pages	36 989	40 669	-9%
Newspapers	# ad pages	10 838	10 267	+6%
OOH	# BB/month	71 035	73 287	-3%
Radio	# ad minutes	121 186	117 854	+3%

Top-20 media market categories

(TV + Print + OOH + Radio)

No Digital data since Oct'2015!!! Mediascope hasn't supplied data on impressions and costs since then due to technical problems

#	Category	Estimated Cost (mn RUR)			Rank		Estimated Cost Share of TV		
		2016	2015	Change	2015	Change	2016	2015	Change
1	Retail	35 095	34 693	+1%	1		53%	51%	↑
2	Medicines & Food Supplements	33 074	31 258	+6%	2		92%	87%	↑
3	Food	16 377	13 934	+18%	4	↑	93%	92%	↑
4	Beauty & Healthcare Goods	14 726	13 764	+7%	5	↑	89%	88%	↑
5	Cars & Accessories	11 958	15 027	-20%	3	↓	52%	46%	↑
6	Mass Actions	11 001	12 078	-9%	6		47%	40%	↑
7	Real Estate Services	9 815	8 635	+14%	8	↑	16%	15%	↑
8	Telecommunications	9 463	9 753	-3%	7	↓	68%	71%	↓
9	Non-Alcoholic Drinks	9 376	8 585	+9%	9		92%	91%	↑
10	Financial Services	8 938	8 313	+8%	10		64%	49%	↑
11	Confectionery	8 346	7 911	+5%	11		94%	93%	↑
12	Mass Media	7 989	7 663	+4%	12		46%	35%	↑
13	Internet Services	5 774	4 585	+26%	14	↑	67%	70%	↓
14	Clothing & Footwear	5 026	4 298	+17%	15	↑	54%	40%	↑
15	Perfumery	4 842	4 601	+5%	13	↓	80%	77%	↑
16	Phones, Radios, etc.	4 634	3 773	+23%	17	↑	73%	75%	↓
17	Household Chemicals	4 248	4 011	+6%	16	↓	97%	96%	↑
18	Household Appliances	4 130	3 045	+36%	19	↑	79%	72%	↑
19	Catering	3 682	3 441	+7%	18	↓	68%	65%	↑
20	Consumer services	2 240	2 525	-11%	20		22%	22%	↑
Total Market		205 505	200 414	3%			69%	64%	↑

Top-20 media market advertisers

(TV + Print + OOH + Radio)

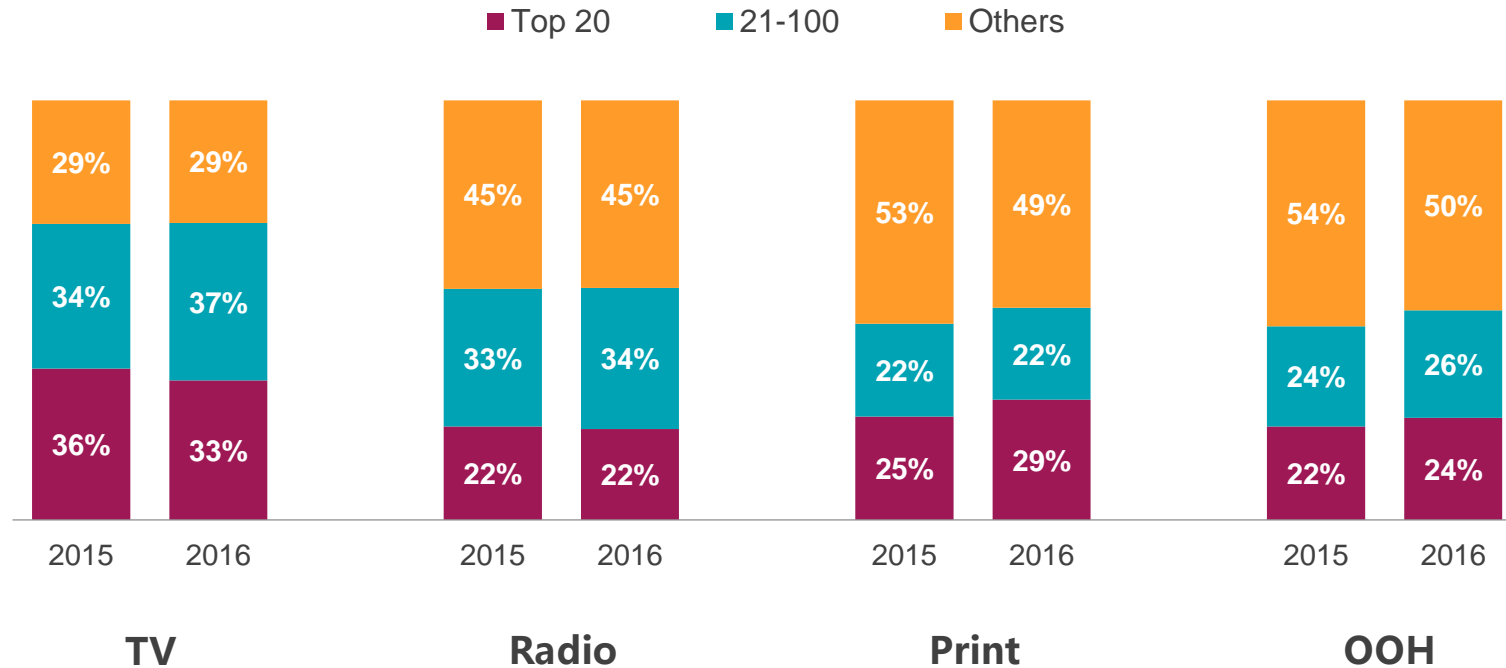
No Digital data since Oct'2015!!! Mediascope hasn't supplied data on impressions and costs since then due to technical problems

For more details about last year top-3 please see the next slide

#	Advertiser	Estimated Cost (mn RUR)			Rank		Estimated Cost Share of TV		
		2016	2015	Change	2015	Change	2016	2015	Change
1	Procter & Gamble	3 455	3 576	-3%	1		92%	86%	↑
2	Nestle	3 455	2 952	+17%	8	↑	98%	97%	↑
3	Reckitt Benckiser	3 428	3 231	+6%	2	↓	100%	99%	↑
4	Pepsi Co	3 179	2 979	+7%	7	↑	98%	96%	↑
5	OTCPharm	3 113	3 004	+4%	5		94%	86%	↑
6	Mars-Russia	2 917	2 986	-2%	6		97%	96%	↑
7	Unilever	2 890	2 639	+10%	11	↑	96%	94%	↑
8	MTS	2 869	3 018	-5%	4	↓	72%	73%	↓
9	Megafon	2 692	2 822	-5%	10	↑	68%	70%	↓
10	L'Oreal	2 691	2 858	-6%	9	↓	88%	84%	↑
11	GSK Consumer Healthcare	2 682					97%		
12	M.Video	2 360	1 750	+35%	21	↑	48%	62%	↓
13	Beeline	2 257	2 333	-3%	13		72%	74%	↓
14	Danone	2 209	2 254	-2%	14		100%	100%	↑
15	Ferrero	2 048	2 113	-3%	15		94%	93%	↑
16	Johnson & Johnson	2 023	2 369	-15%	12	↓	100%	98%	↑
17	Sandoz Farma	1 941					99%		
18	Beiersdorf AG (Bdf)	1 881	1 605	+17%	24	↑	99%	98%	↑
19	McDonald's	1 853	1 630	+14%	23	↑	77%	76%	↑
20	Bayer AG	1 781	2 022	-12%	18	↓	98%	97%	↑
Total Market		205 505	200 414	3%			69%	64%	↑

TV is less fragmented media on the demand side

Share of advertisers by Estimated Cost



TV market is even more consolidated in terms of supply

Moreover, VGTRK, Pervy kanal, NMG (all of them was sold through Vi) & GPM established the joint seller of TV advertising. CTC-Media joined the alliance. The new megaseller has started operating since January 2017. Digital sales of IMHO (Vi) and GPMD will remain separate in the near future. Their consolidation under megaseller is probable, but much later

SHs shares in money terms

Consulted by VI

Media	Vi	EvereCT-C	GPM
National TV	58%	16%	26%
Local TV	40%	12%	31%
Radio	17%	-	24%
Print	-	-	-
OOH	-	-	-
Internet Video	25%	7%	31%
Internet Display	35%	-	-
Internet Search	-	-	-
Indoor	35%	-	-
Cinema	62%	-	-
Total Market			

Vi+GPM+CTC
consolidated share
100%
83%

Vi+GPM (w/o CTC)
56%
35%

2016



Television

Key points of TV viewing

Total TV viewing increased by 1.2% in 2016 vs. SPYA, mostly due to January as some Russians preferred to stay at home and watch TV instead of other more expensive activities during these New Year holidays

Federal channels kept losing audience in 2016, their total share of viewing fell to 36.7%. The speed of reduction slowed down in comparison with SPYA (-2.8% vs. -4.8% respectively), though

Main Networks noticeably grew compared to 2015 (+4.7%), owing to Ren's upsurge and CTC's stabilization

Fragmentation continued to grow. Thematic TV viewing rose by 9.5% within the last year and its share reached 14.4%

Pervy and NTV were the main reasons of federal channels reduction, -1.0 p.p. and -0.9 p.p. to SPYA respectively

TNT lost 0.5 p.p. of share vs. 2015. New TV season improved its position, though it retained below the PY level

Rossiya 24 significantly decreased vs. SPYA (-0.5 p.p.) against the background of falling overall attention to news

Peretz rebranding to Che wasn't really successful, its share kept reducing, -0.3 p.p. of share compared to SPYA

TNT4 has doubled its share since launch in Jan'2016 on 2x2 frequencies, while the latter dropped by a quarter

Key points of TV inventory

Since 2017 all national TV inventory has been sold through one hands of NAA (National Advertising Alliance). Besides the founders of NAA (VGTRK, Pervy kanal, GM and NMG), CTC-Media has joined to the alliance recently

Sold-out level in 2016 was a bit lower compared to SPYA. It was much higher in January, on par in February-April and noticeably below since May, mostly due to small channels like Karusel, Rossiya 24 and 2x2

Volume of national TV inventory rose by 6% in 2016, however, the growth rates were slowing down by quarters (+15% / +4 / +3% / +2%). Last year drop was fully overcome, number of network 30"GRPs even exceeded 2014 level

Local ad volume resumed growing after a slight reduction in 4Q 2015, +7% in 2016 (+12% / +7% / +3% / +5% by Q)

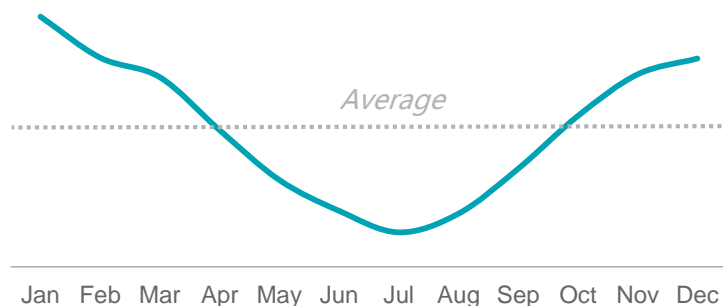
Thematic TV inventory increased by half in 2016 vs. SPYA. Ad ban on most paid channels and economic pressure led to half drop of Thematic TV market in 1Q 2015. Then it began stabilizing owing to law indulgence and adjustment to crisis

Typical TV viewer was exposed to 20.1 minutes of national advertising daily

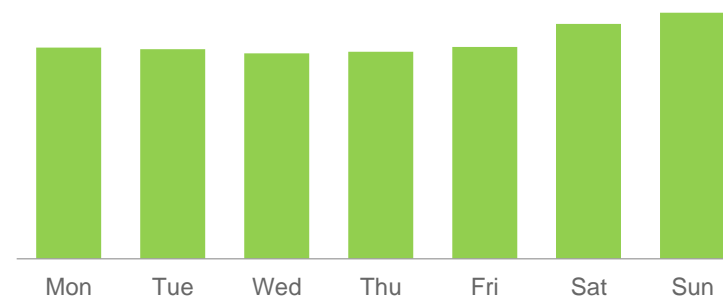
TV viewing

Key TV viewing peculiarities

peak in Winter, fall in Summer

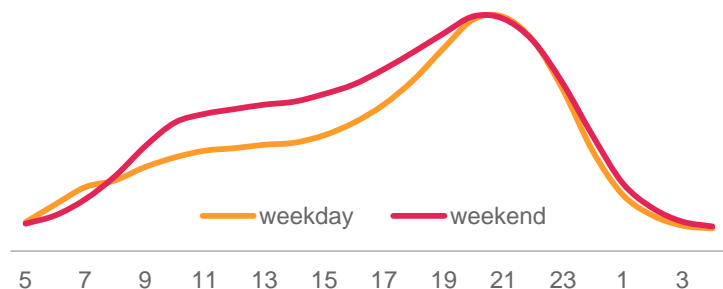


weekends viewing is higher, especially on Sunday

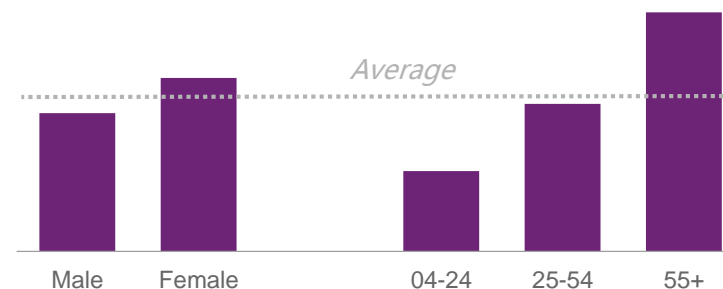


2016

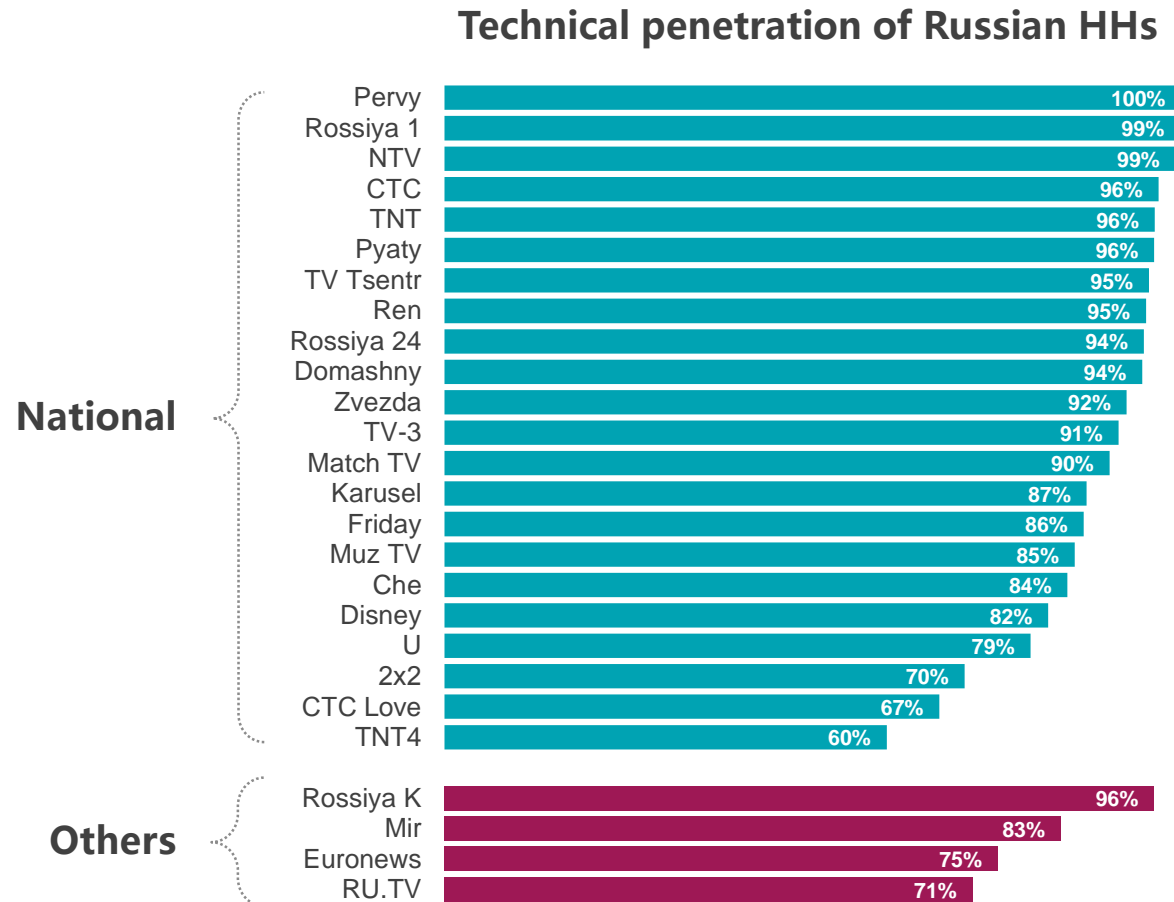
daily dynamics is “8 hours work day” model



women and elders are the heaviest viewers

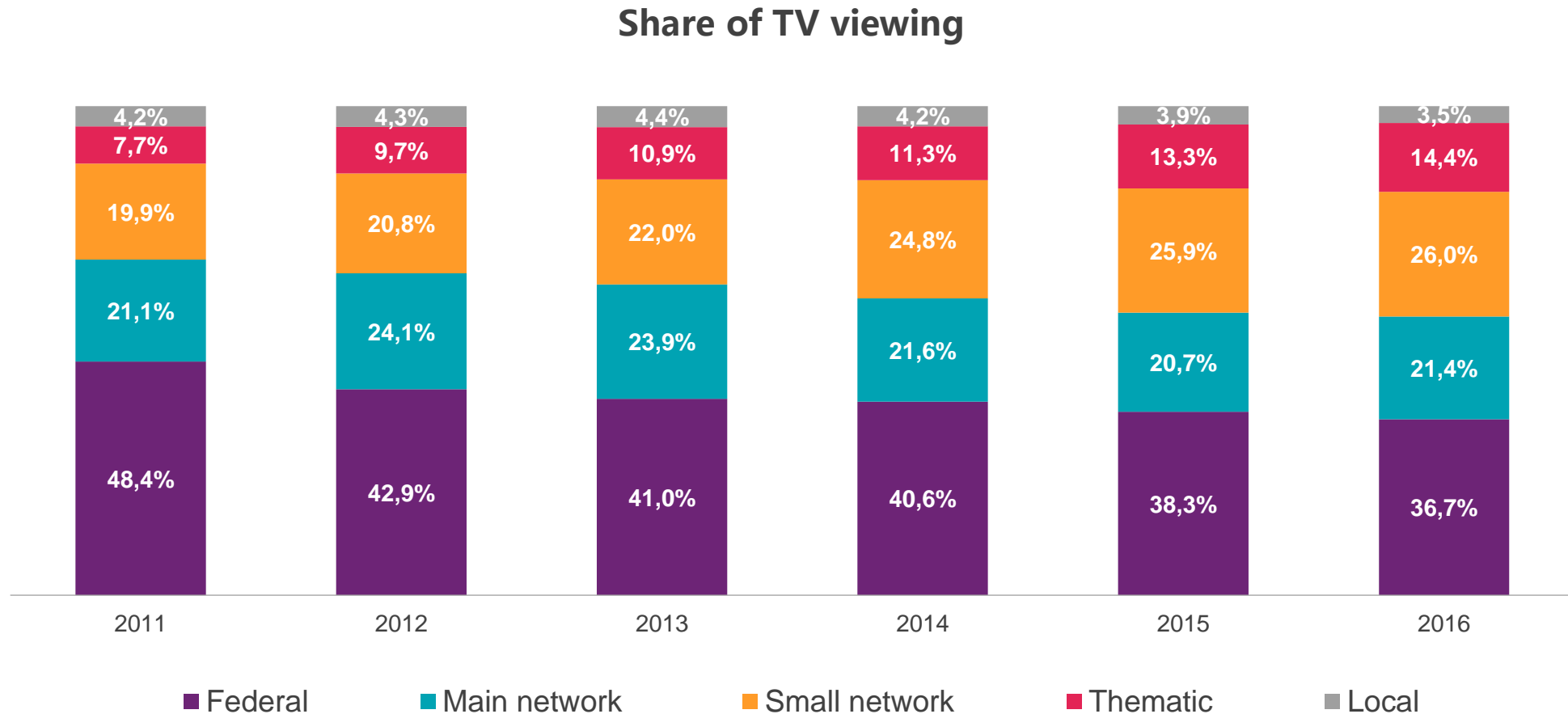


There are 13 TV channels with technical penetration more than 90% Launched in January 2016 TNT4 yields to other channels as yet

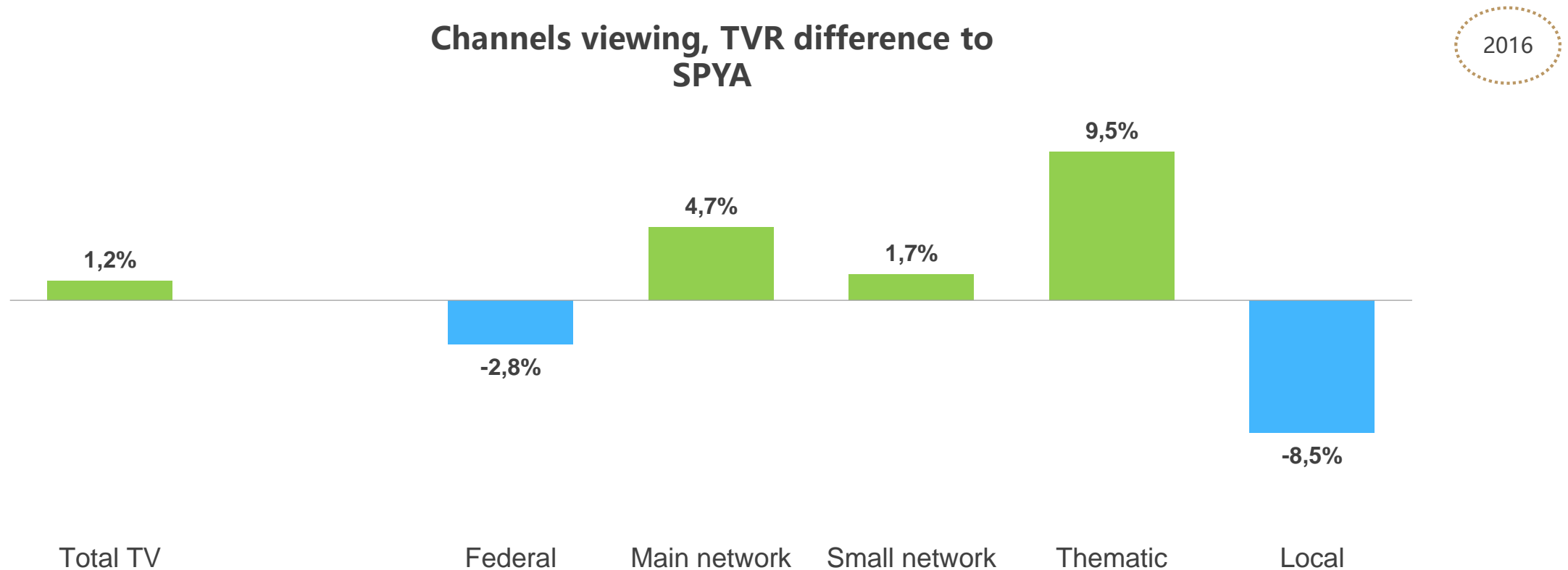


Feb-Apr'16
Sep-
Nov'16

Growth of thematic TV continued in 2016. While federal channels kept losing its audience, but with smaller rates than year ago

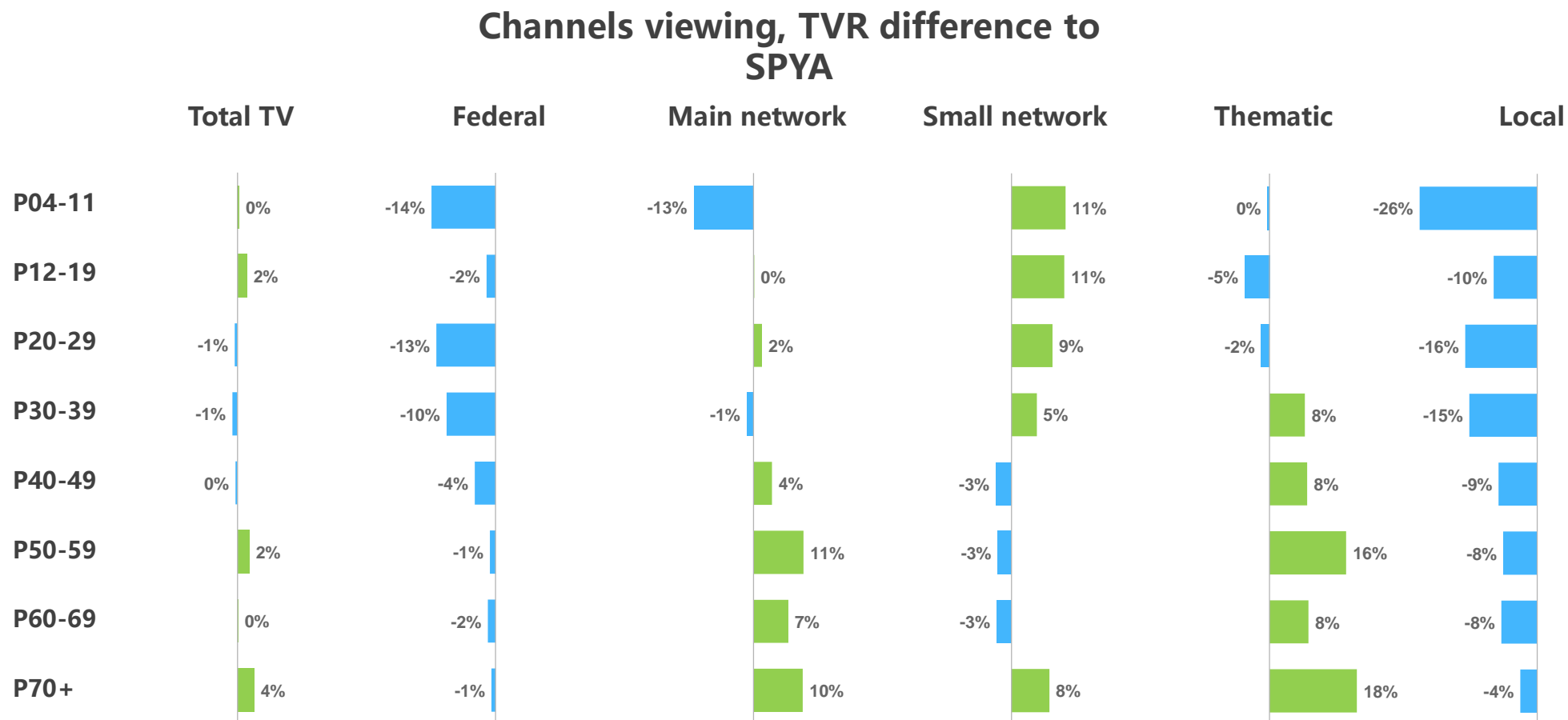


Total TV viewing increased by 1.2%. Thematic TV and big networks grew most of all. Local channels showed strong negative dynamics

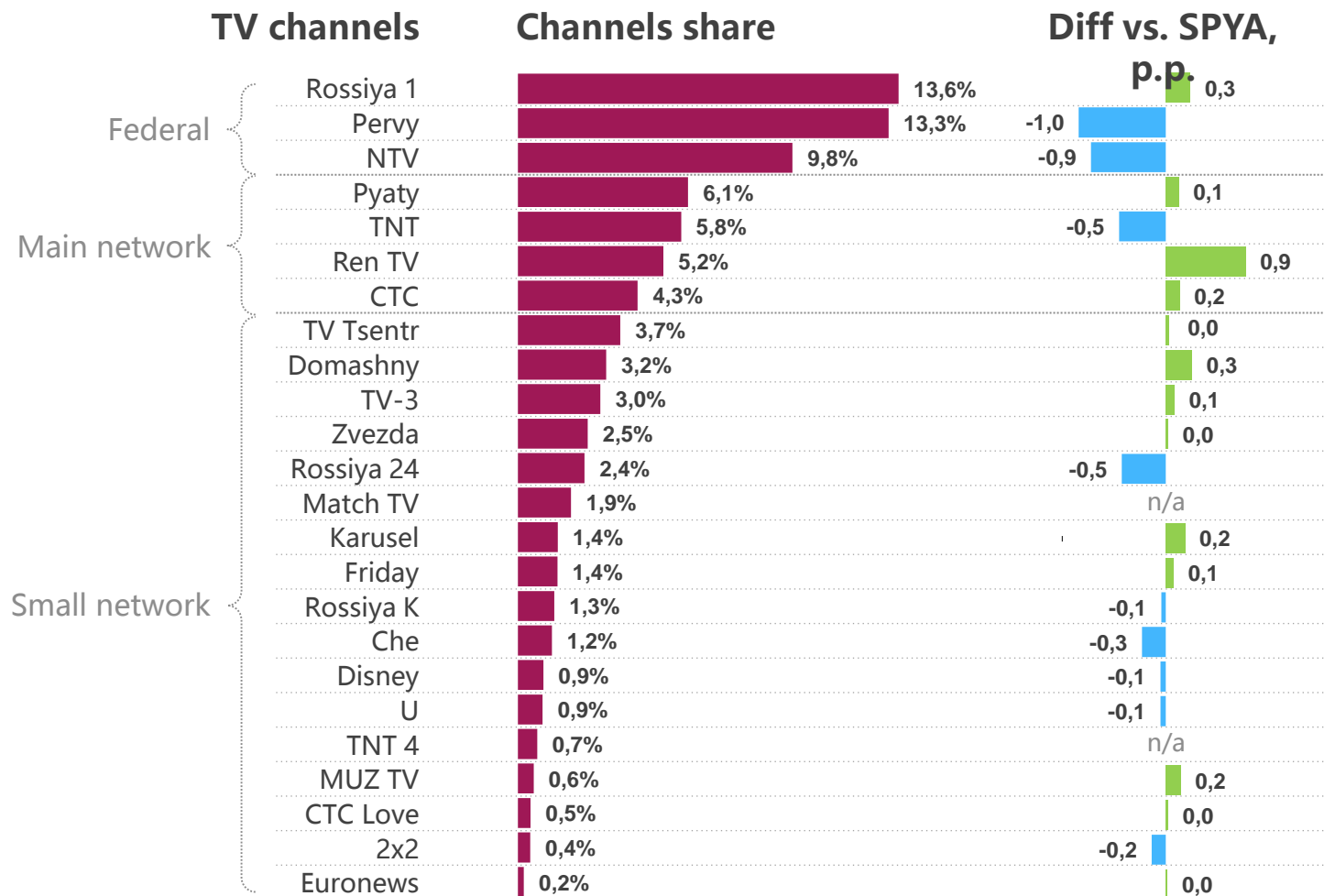


All age groups decreased viewing of federal and local channels.
Main networks and thematic TV grew mainly among P40+, while
small network channels developed due to kids and young adults

2016

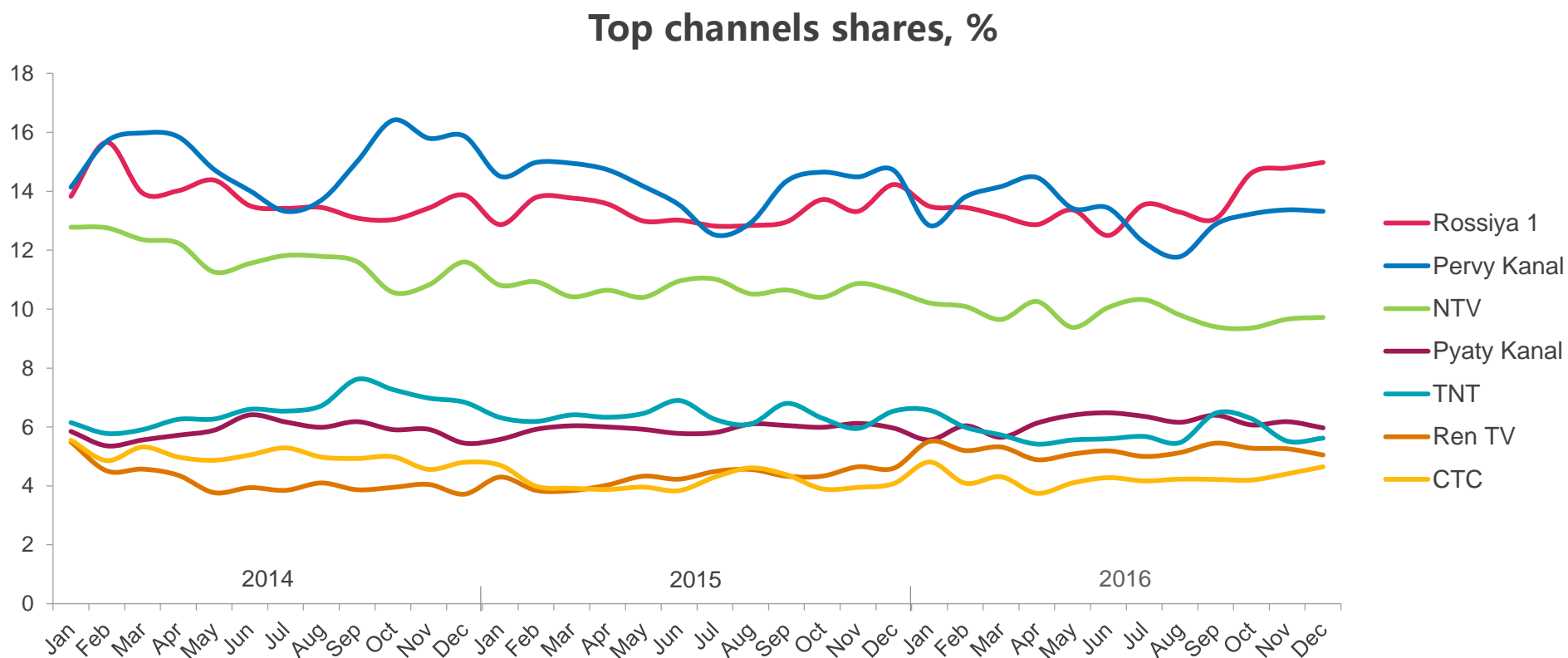


Rossiya 1 grew a bit and outperformed Pervy in 2016. The latter and NTV dropped most of all. TNT and Rossiya 24 also declined noticeably, so Pyaty left behind the first one. Ren showed the most positive dynamics vs. 2015



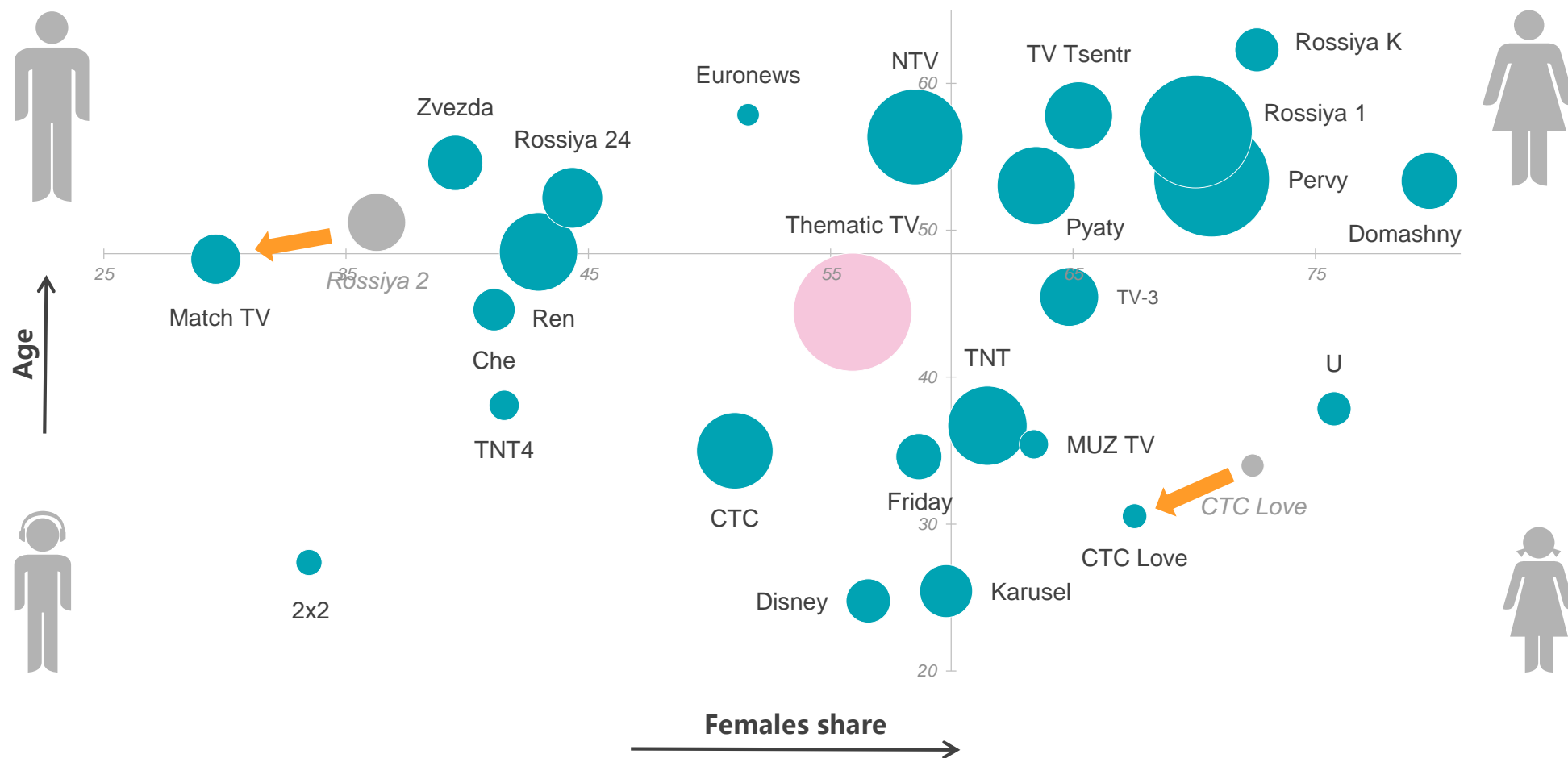
2016

Rossiya 1 captured the leadership in 2HY 2016. Pervy lost 2.7 p.p. of share from April to August, start of new TV season attracted significantly less viewers than year ago. CTC stabilized in 2HY and grew a bit in Nov-Dec



Viewers' profiles of most main TV channels retained quite flat vs. 2015

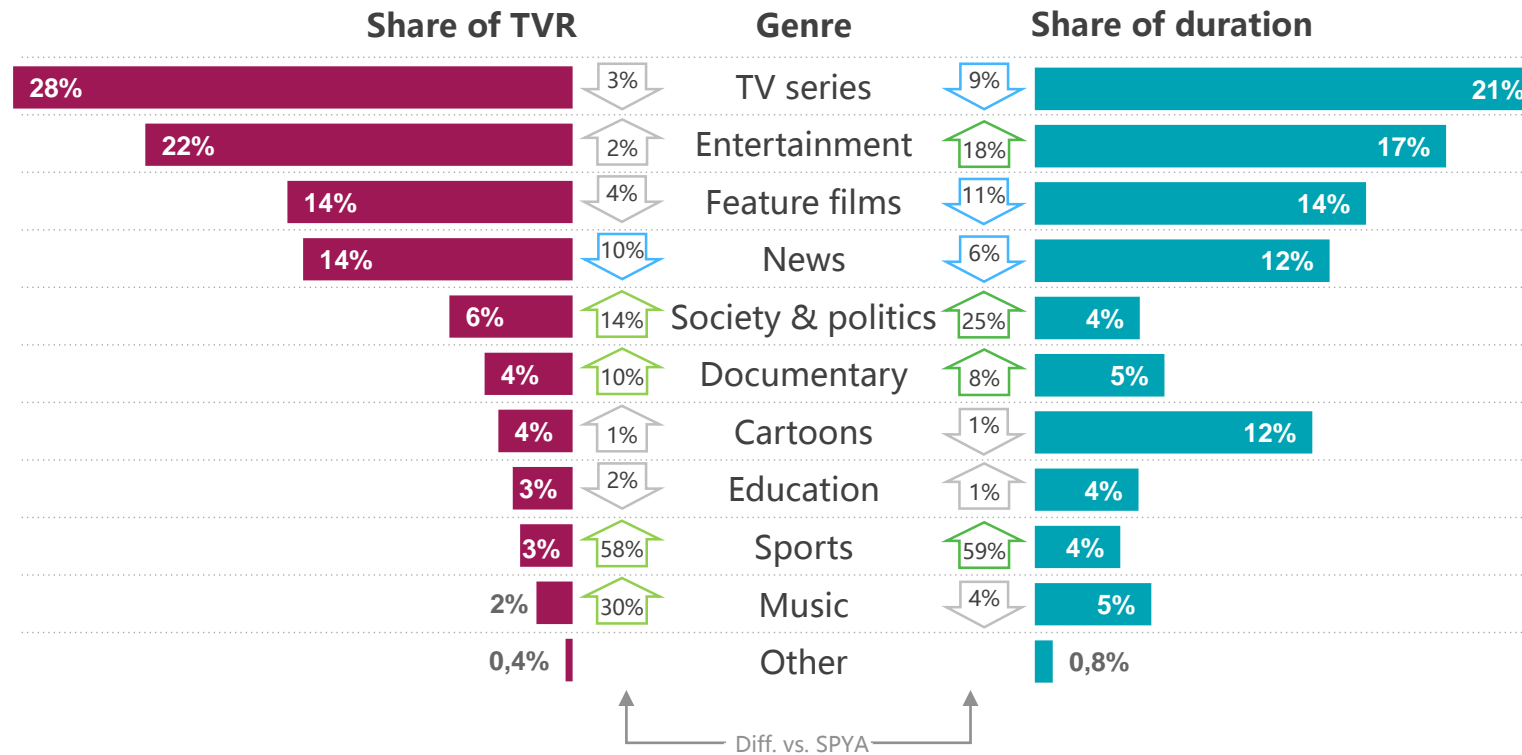
The exceptions are Match TV and CTC Love, they became more popular among males and youth



Despite the ongoing crisis, interest to news slightly decreased vs. PY. Viewers might have switched their attention to sociopolitical TV shows. Due to Match TV launch with more sport programming viewing of this genre grew by half

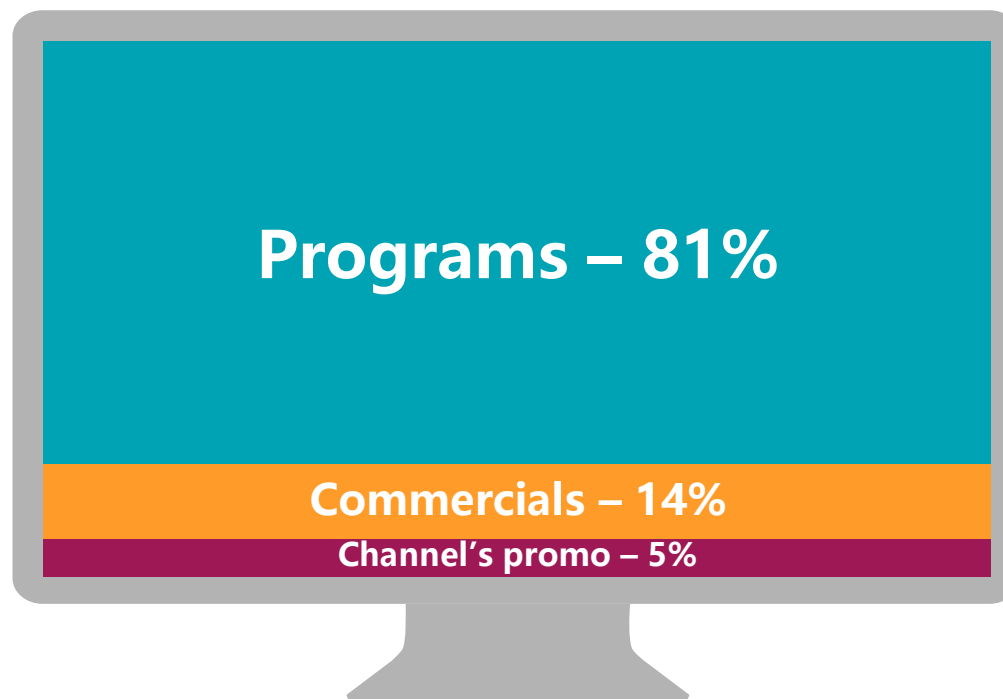
Shares of TV genres on main TV channels

2016



Programs occupy 81% of national channels' broadcast

The rest time is for ad and channel promo in 14:5 proportion

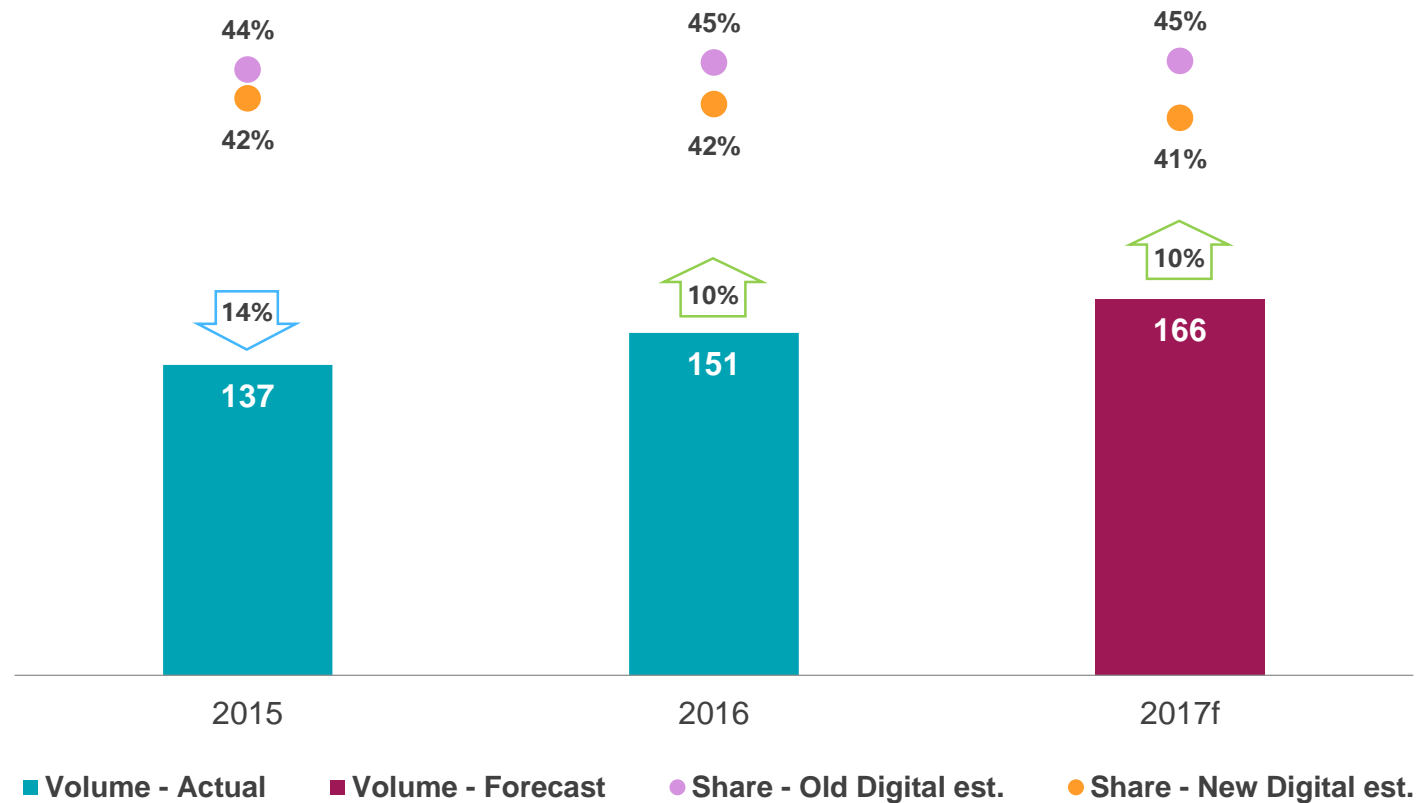


2016

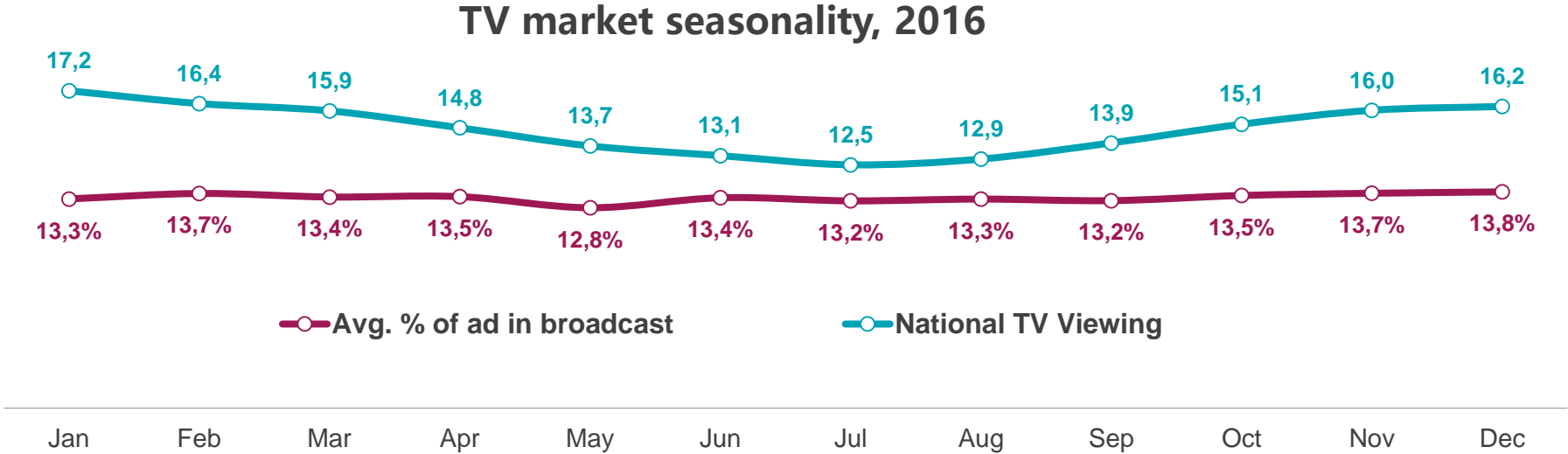
National TV inventory

TV increased by 10% in 2016, the same growth rate is predicted in 2017.
Ruble inflation forecast on national TV channels for 2017 is +14%

TV market volume (RUR bn) and share of total ad spending



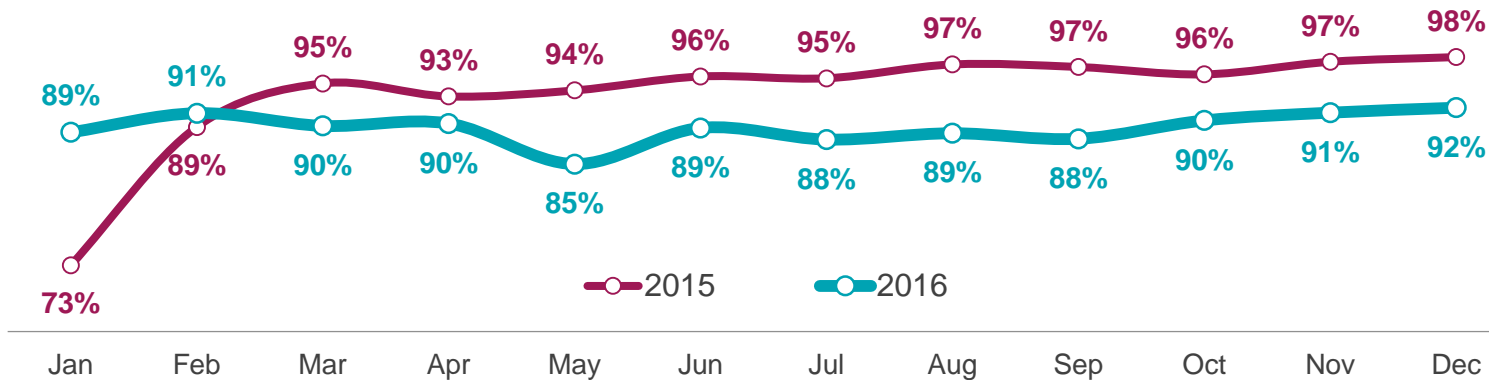
Due to Sales Houses seasonal discounts policy broadcast is full of advertising during the whole year, even in summer



	Seasonal discounts & mark-ups, 2017											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
NAA	-35%	+10%	+10%	+10%	0%	0%	-20%	-20%	+25%	+20%	+15%	-5%
CTC	-35%	+10%	+10%	+15%	0%	0%	-20%	-20%	+25%	+20%	+15%	0%

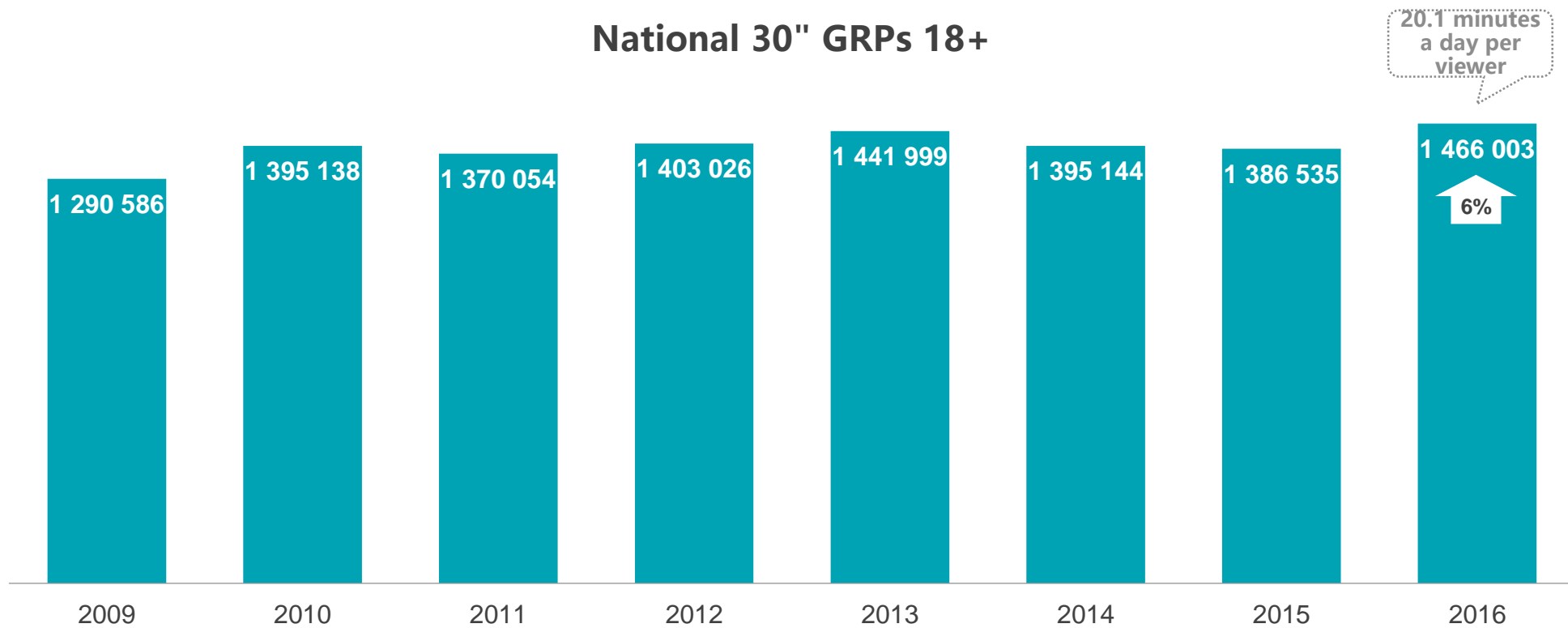
There was more free inventory on national TV in 2016, due to start of BA sales on Rossiya 24 & Karusel, and 2x2 transition to non-terrestrial broadcast

Sold-out, by minutes



Holding / Seller	2016	2015	Change, p.p.
Pervy+NMG (Pervy kanal, Ren, Pyaty kanal)	92%	92%	0%
VGTRK (Rossiya 1, Rossiya 2'2015)	83%	81%	+2%
Prof-Media (TV-3, Friday, 2x2'2015)	99%	93%	+6%
UTV-Media (U, Disney)	96%	95%	+1%
Other channels sold by Vi (TV Tsentr, Zvezda, Karusel)	71%	94%	-23%
Vi directly sells (without CTC-Media)	87%	91%	-4%
CTC-Media (CTC, CTC Love, Peretz/Che, Domashny)	99%	100%	0%
Total Vi (with CTC-Media)	90%	93%	-3%
Total GPM (NTV, TNT, Match TV, TNT4, 2x2'2016)	86%	92%	-6%
Total Market	89%	93%	-4%

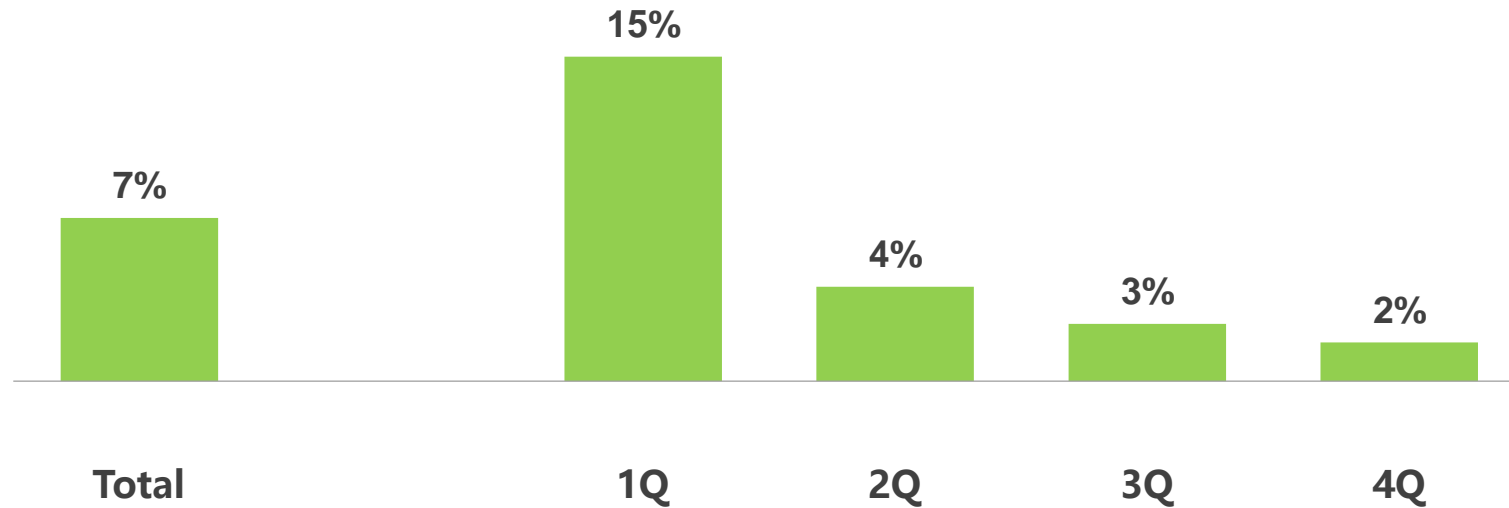
Volume of national TV inventory grew by 6% in 2016, due to increase of both TV viewing and commercial minutes on air



The most notable growth was observed in 1Q 2016 due to extremely low base of the respective period year ago. 2-4Q 2015 were more successful and normal, so the excess of 2016 decreased to 2%-4%

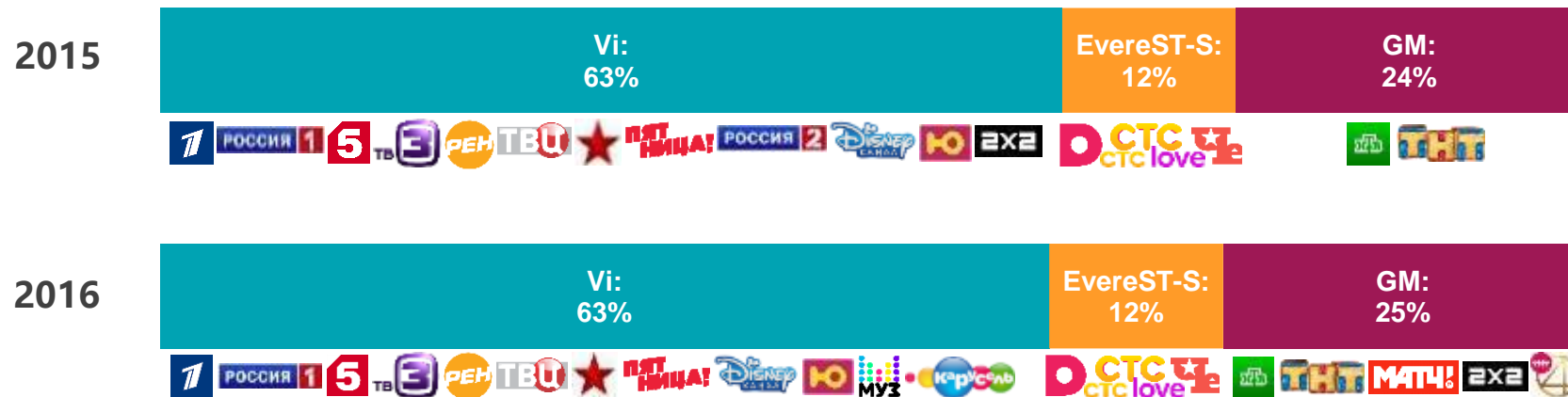
National 30" GRPs 18+, % to SPYA

2016

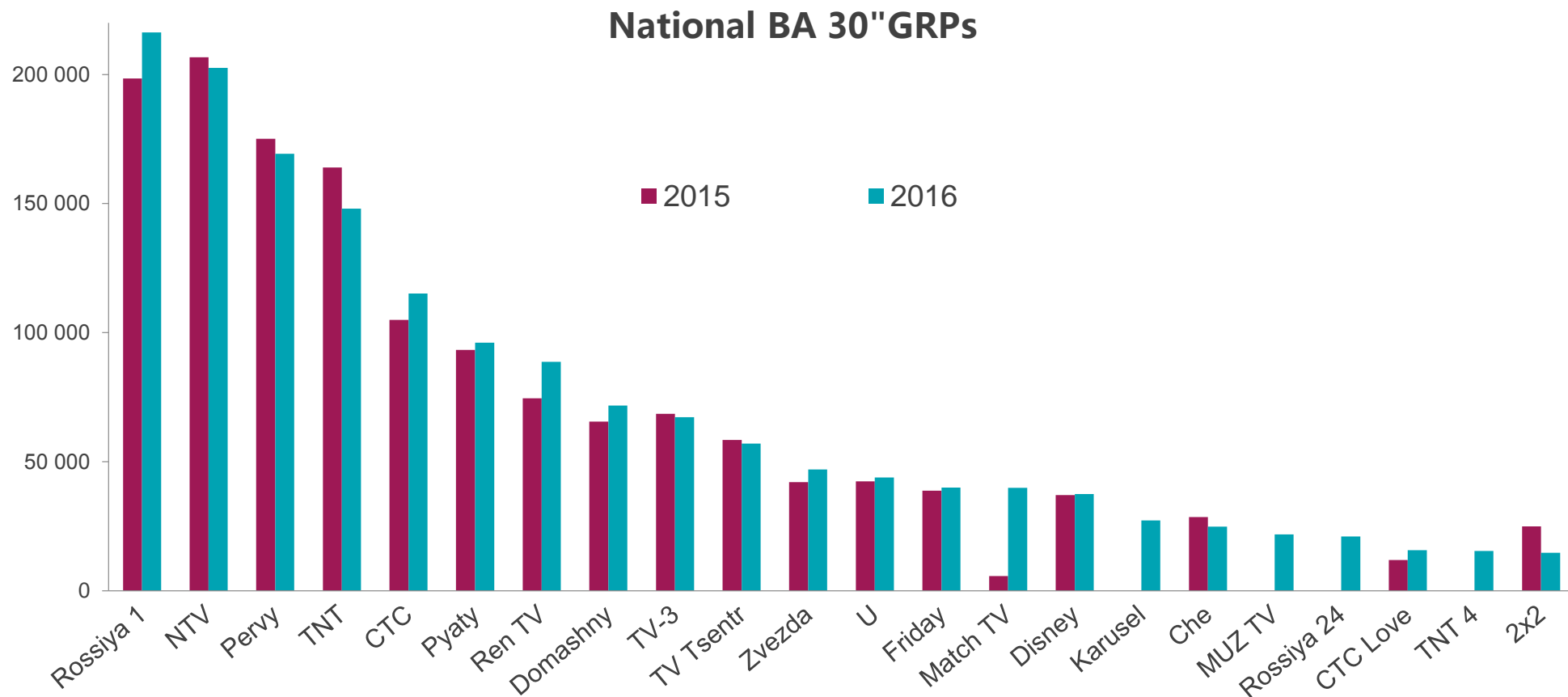


GM increased its share due to new channels in the package. However, since 2017 all national TV inventory will be sold through one hands of NAA (National Advertising Alliance). Besides the founders of NAA (VGTRK, Pervy kanal, GM and NMG), CTC-Media has joined to the alliance recently

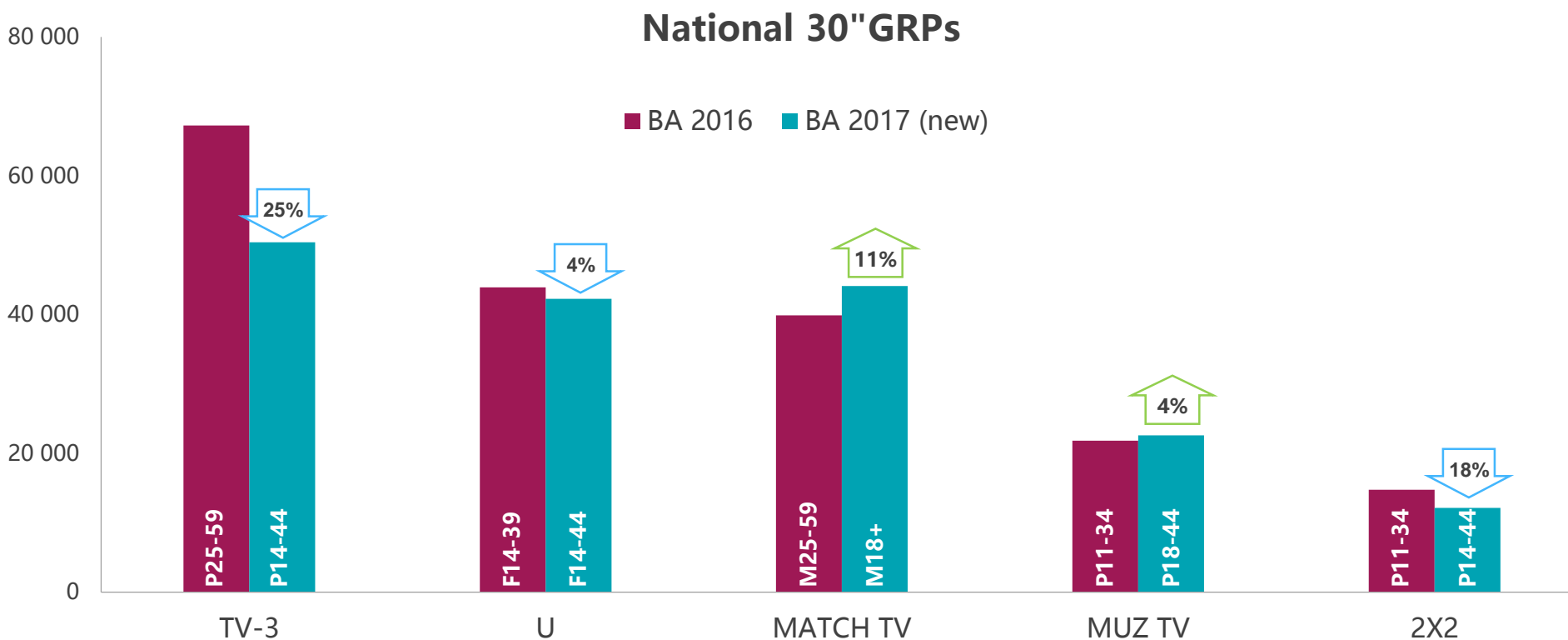
Shares of National TV sellers (by national 30"GRPs 18+)



Most of TV channels raised their volumes of BA 30"GRPs. CTC Love, Ren, and Zvezda grew by more than 10%. While 2x2, Che and TNT lost over 10% of BA inventory. Karusel, Muz TV and Rossiya 24 are sold by BA since 2016



TV-3, U, Match, Muz and 2x2 are going to change their BA in 2017. Match will expand the audience from M25-59 to M18+, what might increase the channel's commercial inventory by 11%. The others will bring their BA to the more popular 14(18)-44. It will hardly improve their inventory, but the channels will be more attractive to advertisers



2016

Pharma kept the evident leadership on national TV market in 2016
Most of top-20 categories showed the growth compared to SPYA. HH
chemicals, Telecom, Cars and IT industry were the only exceptions

Top-20 National TV Categories by 30"GRPs 18+

#	Category	2016	2015	Diff.	2015 Rank	Rank diff.
1	Medicines & Food Supplements	402 423	378 488	+6%	1	
2	Beauty & Healthcare Goods	176 858	169 998	+4%	2	
3	Food	140 646	128 621	+9%	3	
4	Retail	109 472	104 418	+5%	4	
5	Non-Alcoholic Drinks	98 569	97 508	+1%	5	
6	Confectionery	90 562	81 168	+12%	6	
7	Telecommunications	68 338	79 186	-14%	7	
8	Cars & Accessories	63 146	72 676	-13%	8	
9	Financial Services	62 883	36 130	+74%	11	↑
10	Household Chemicals	61 956	65 355	-5%	9	↓
11	Perfumery	43 397	40 517	+7%	10	↓
12	Mass Actions	37 504	35 350	+6%	12	
13	Household Appliances	32 622	22 949	+42%	16	↑
14	Mass Media	32 607	21 530	+51%	17	↑
15	Phones, Radios, etc.	32 518	31 041	+5%	13	↓
16	Petcare & Petfood Goods	32 341	28 858	+12%	14	↓
17	Internet Services	25 666	23 494	+9%	15	↓
18	Catering	21 136	17 763	+19%	18	
19	Clothing & Footwear	18 825	9 264	+103%	22	↑
20	IT hardware & software	11 107	15 042	-26%	19	↓
Total Market		1 466 003	1 386 535	+6%		

P&G increased its ad volume by 10% and became a leader on national TV market. OTCPharm improved its 30"GPRs18+ number by a quarter and reached top-3. Berlin-Chemie & Ferrero grew noticeably and entered top-20

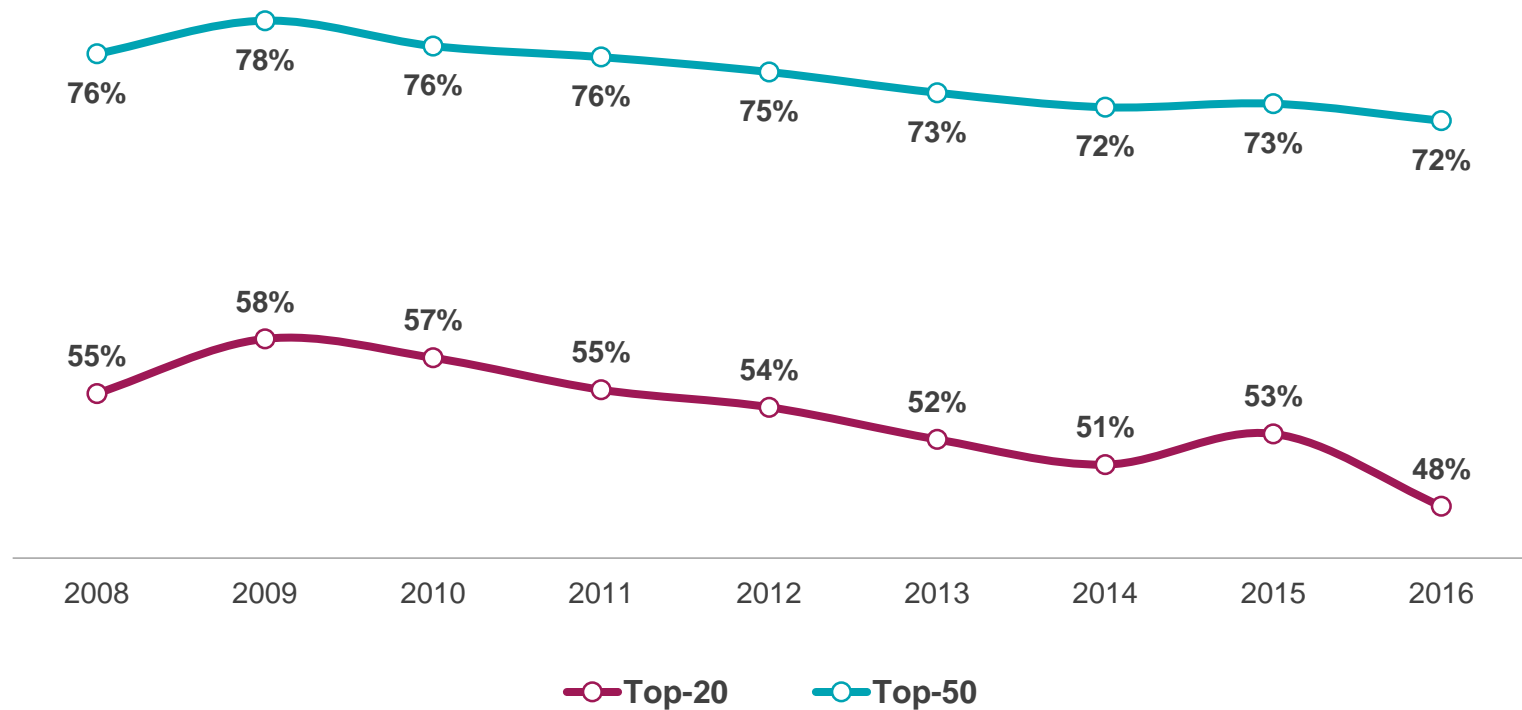
Top-20 National TV Advertisers by 30"GRPs 18+

For more details about last year leader please see the next slide

#	Advertiser	2016	2015	Diff.	2015 Rank	Rank diff.
1	Procter & Gamble	62 581	56 704	10%	2	↑
2	Mars-Russia	53 073	52 620	1%	4	↑
3	OTCPharm	51 246	40 846	25%	6	↑
4	Reckitt Benckiser	50 419	54 759	-8%	3	↓
5	Nestle	46 442	38 639	20%	8	↑
6	Pepsi Co	45 401	44 710	2%	5	↓
7	Unilever	37 787	36 399	4%	10	↑
8	L'Oreal	34 495	38 951	-11%	7	↓
9	Danone	34 075	36 346	-6%	11	↑
10	GSK Consumer Healthcare	32 251				
11	Johnson & Johnson	31 332	38 154	-18%	9	↓
12	Henkel Group	29 222	27 225	7%	14	↑
13	Sandoz Farma	28 786				
14	MTS	27 565	31 395	-12%	12	↓
15	Sanofi Aventis	25 422	30 395	-16%	13	↓
16	Beiersdorf AG (BDF)	25 168	22 105	14%	18	↑
17	Megafon	22 698	23 229	-2%	17	
18	Bayer AG	22 631	26 563	-15%	16	↓
19	Berlin-Chemie Menarini Group	22 616	14 595	55%	23	↑
20	Ferrero	20 415	15 036	36%	22	↑
Total Market		1 466 003	1 386 535	+6%		

Share of top advertisers resumed falling after some shift in 2015

Top advertisers market share by 30''GRPs 18+



Different brands need different advertising investments. 2016 avg. spends level:
1 780 30"GRPs cost ~ \$ 1.9M. Against the background of ruble depreciation,
avg. spends level reduced twice compared to 2014 (\$4M per 1 780 30"GRPS)

2016

Avg. annual ad spends per brand:

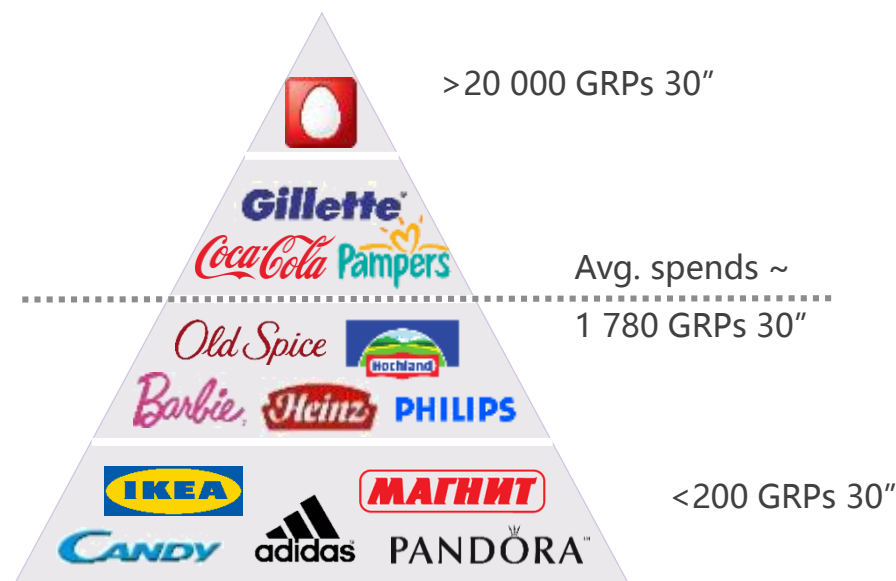
8.9 min. to everybody or

1 780 GRPs 30" or

~ **RUR 128M**

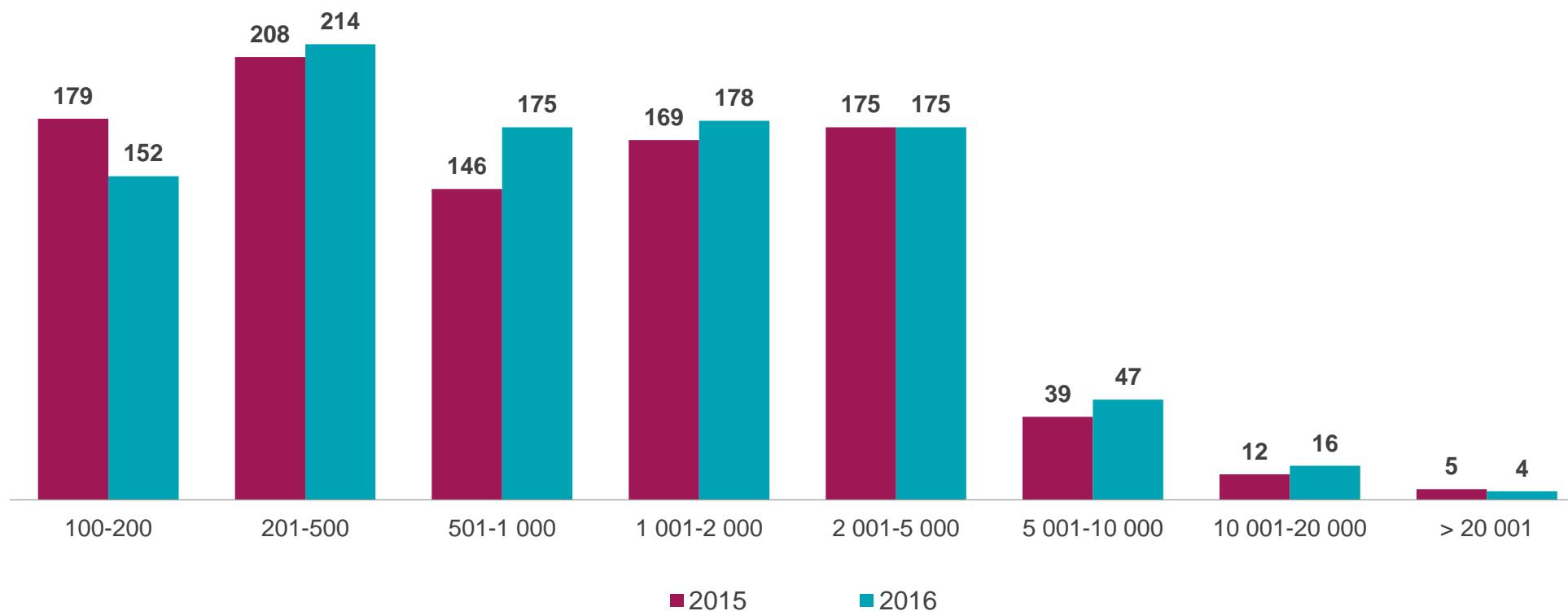
~ **\$ 1.9M**

~ **€ 1.7M**



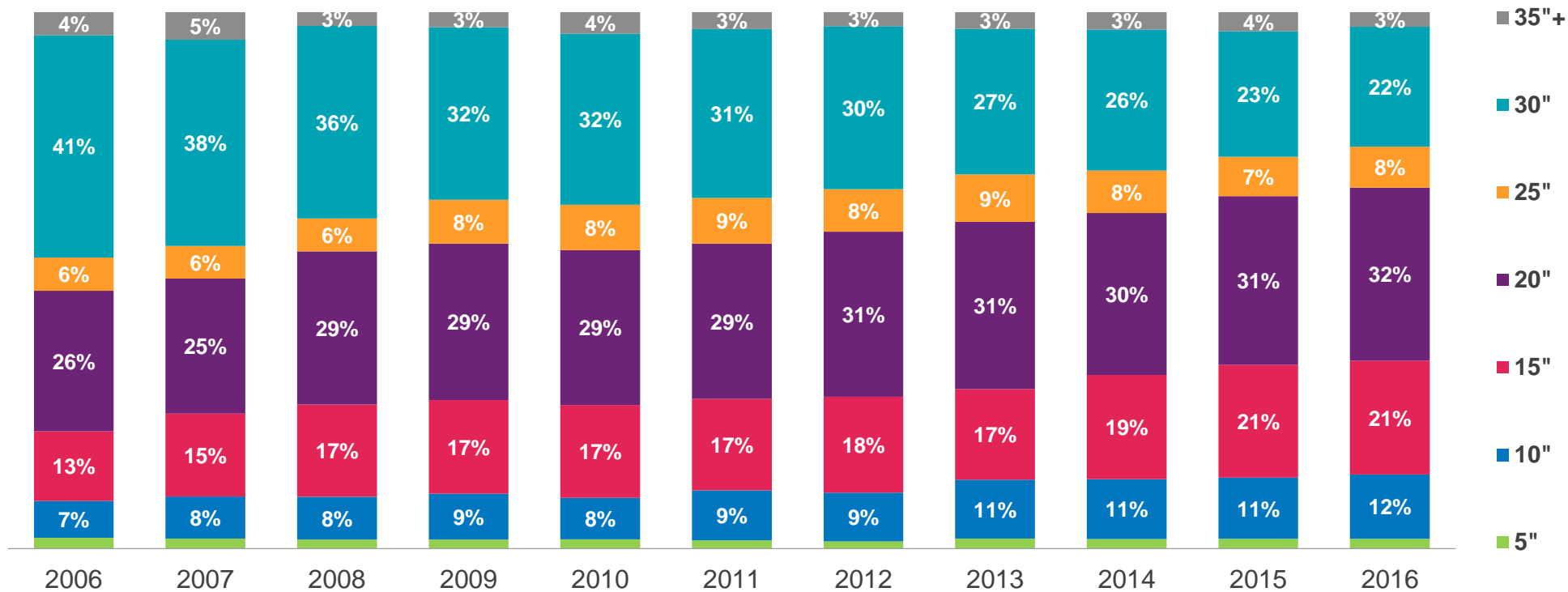
Total number of brands with yearly ad support over 100 30''GRPs18+ grew by 3% in 2016. There were much more brands with 500...1000 and 5000...20000 30''GRPs18+ invested

of brands by 30''GRPs 18+ volume



The tendency of 30'' copies share reduction continued in 2016

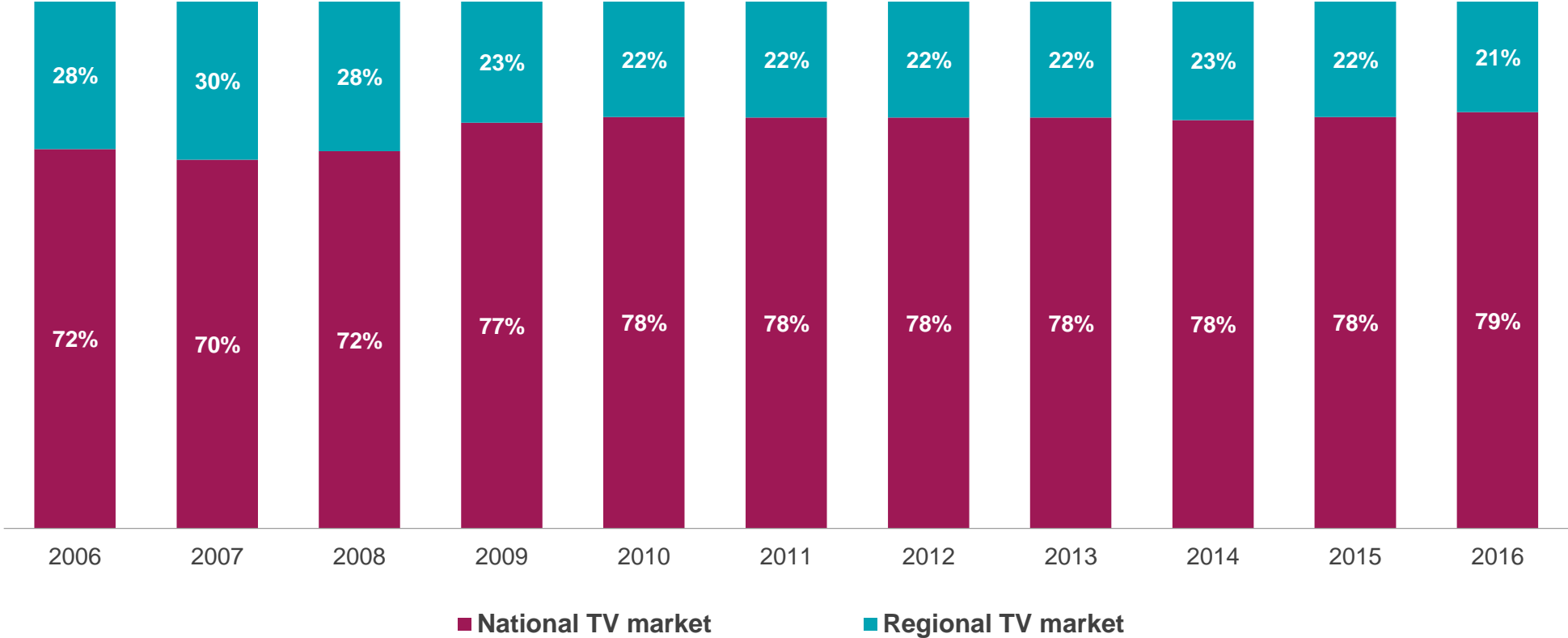
Copies duration



Regional TV inventory

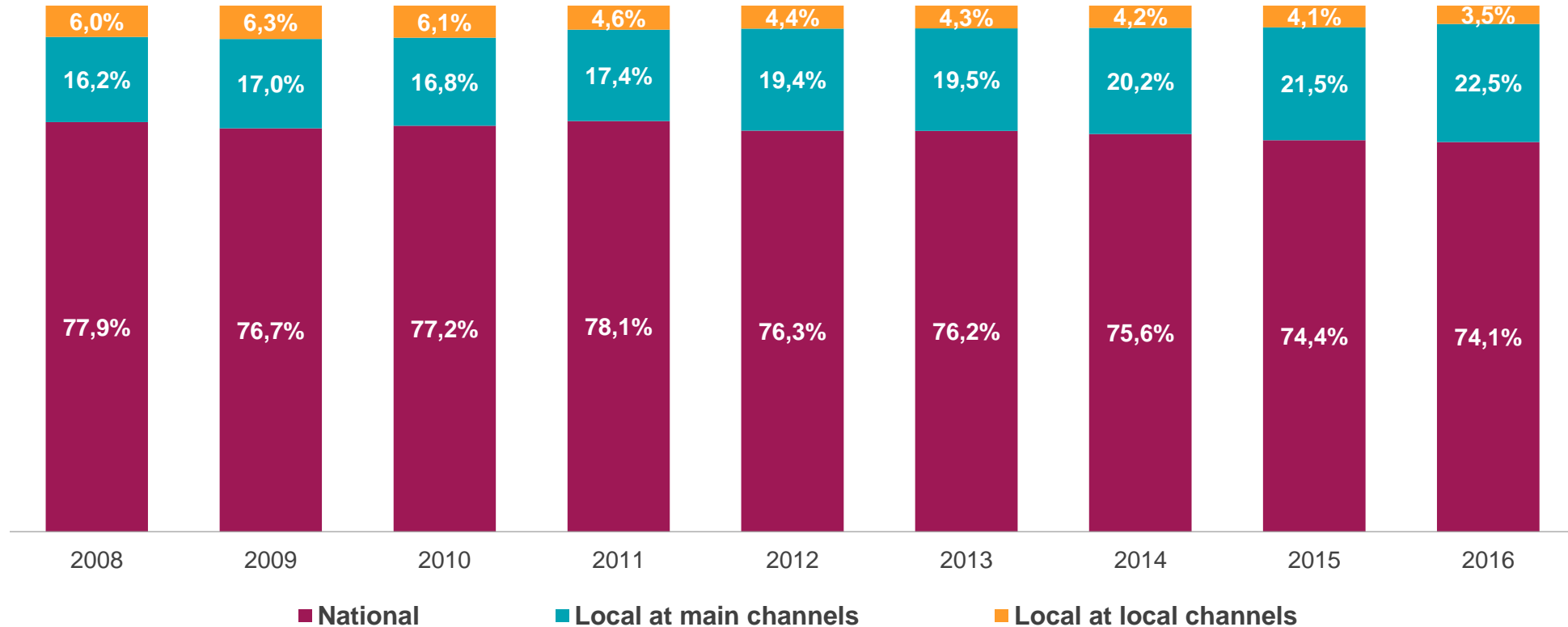
Share of local TV market in money terms slightly declining during the last 2 years

Value ratio of TV markets (RUR)



Share of local inventory at main TV channels continued to increase and reached 22.5% in 2016

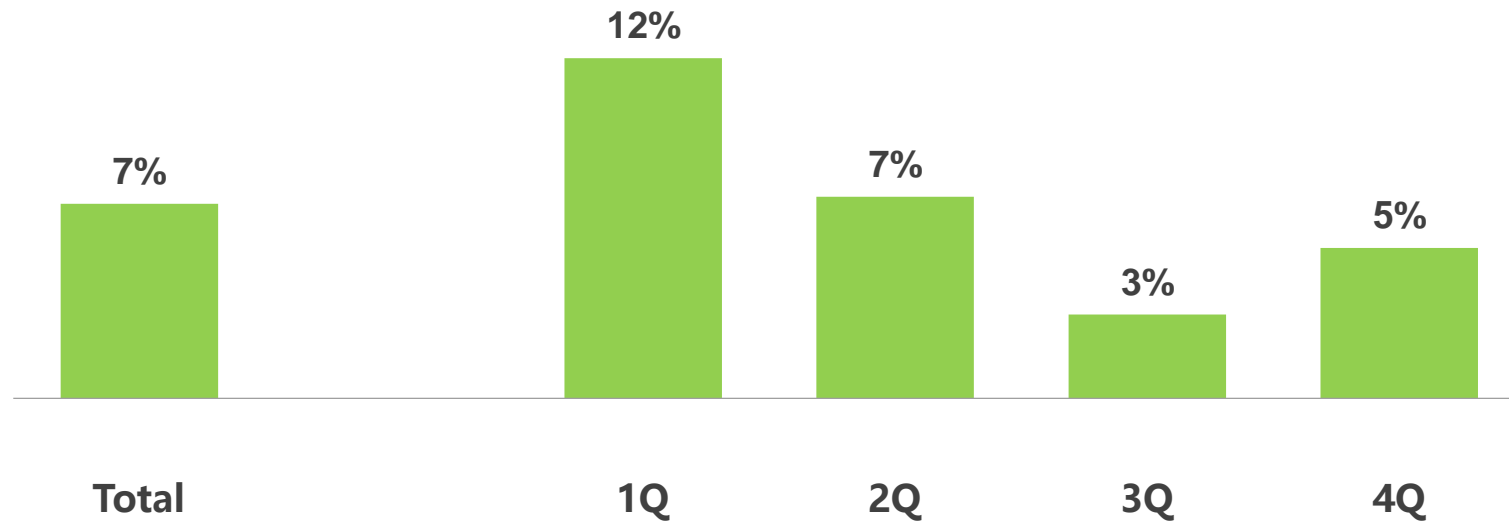
Volume ratio of TV markets (30"GRPs 18+)



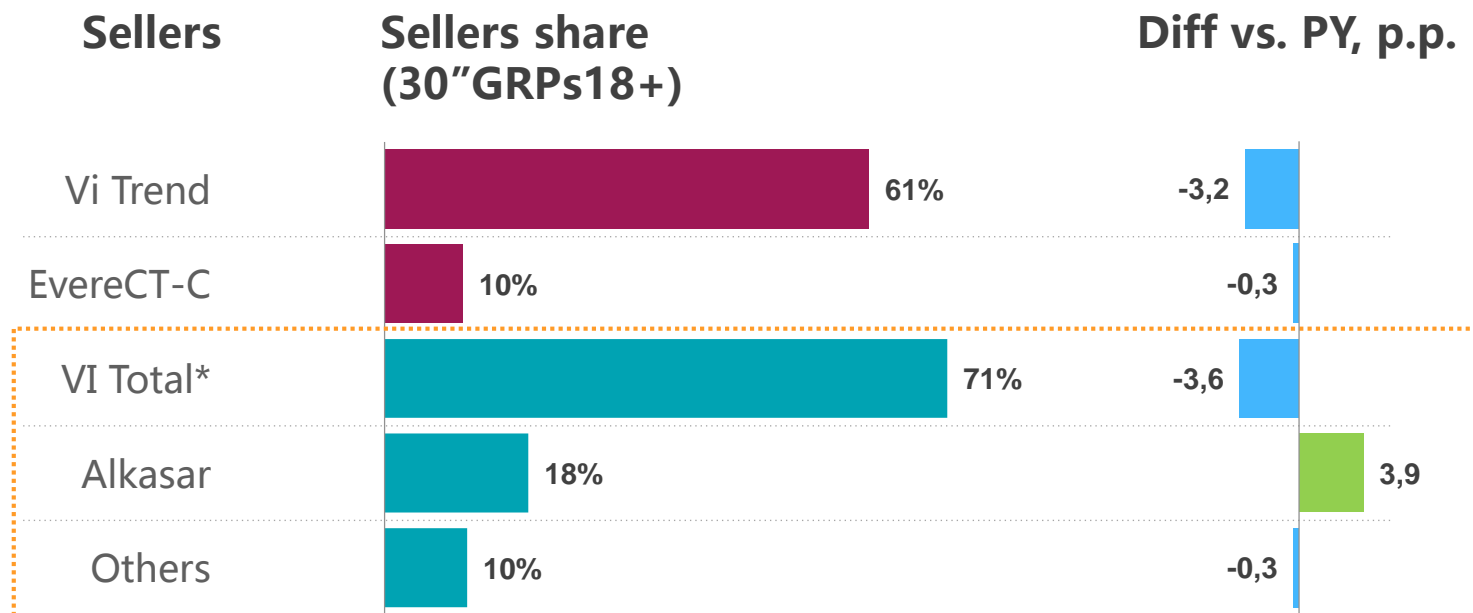
Local ad volume resumed growing in 2016 after a slight drop in 4Q 2015, but the growth rate slowed down in 2HY 2016

Local 30" GRPs 18+ delivered, % to SPYA

2016



Alkasar didn't sell any local commercial inventory in Jan-Mar 2015. Then it restored sales on TNT & NTV and later started realize regional ad on TV-3, Friday, Match TV, TNT4 and 2x2. So it grew by 3.9 p.p. in 2016 at the expense of Vi

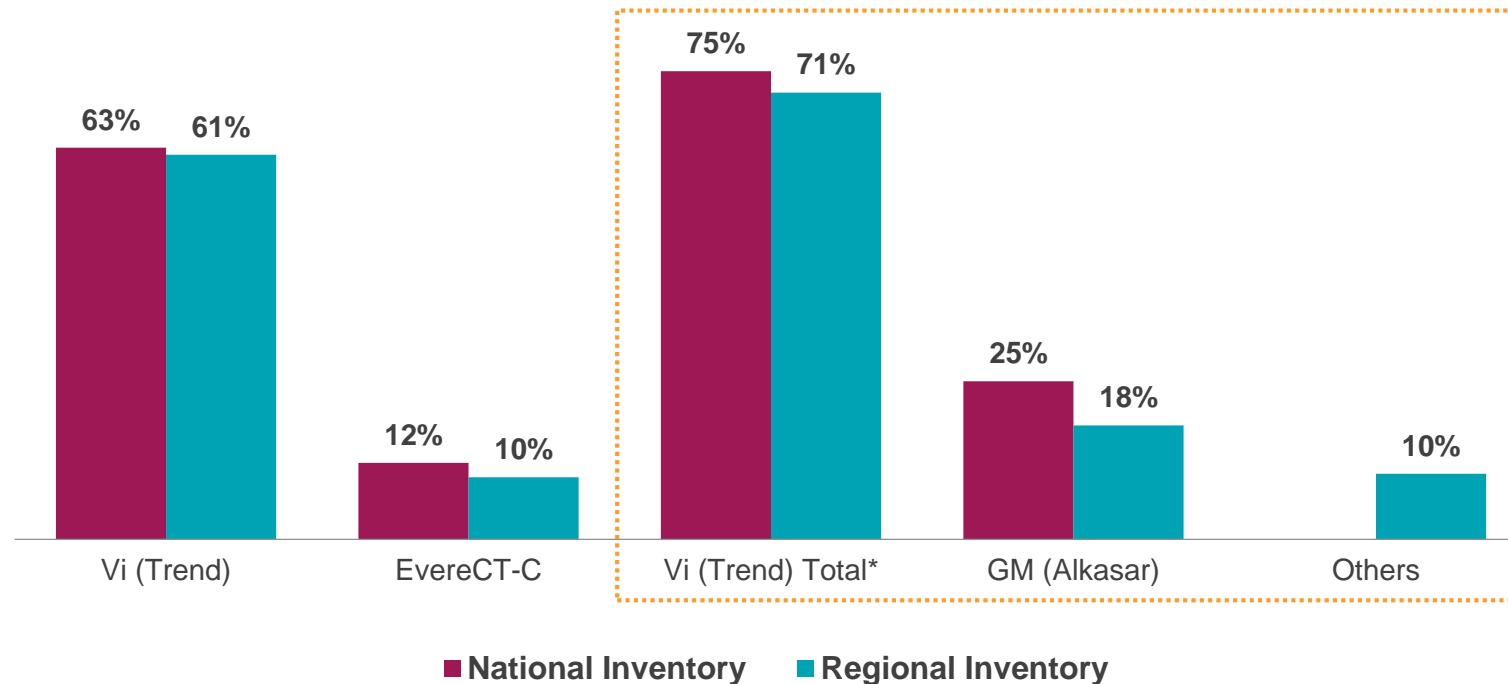


2016

Local market is less consolidated than National one, 10% belong to small sellers. As well as National, Local sales of Vi, GM and CTC Media will be joined under NAA. Integration might take more time than on National TV

Sellers share (30"GRPs18+)

2016



Retail remained an outstanding leader. Internet services, Medical equipment, Soft drinks and Furniture grew by more than a third

Top-20 Regional TV Categories by 30"GRPs 18+

#	Category	2016	2015	Diff.	2015 Rank	Rank diff.
1	Retail	171 771	163 079	+5%	1	
2	Food	73 366	57 476	+28%	2	
3	Real Estate Services	28 500	23 866	+19%	5	↑
4	Confectionery	24 916	27 219	-8%	3	↓
5	Medicines & Food Supplements	24 627	26 282	-6%	4	↓
6	Internet Services	24 506	16 892	+45%	9	↑
7	Telecommunications	21 783	22 624	-4%	6	↓
8	Mass Actions	19 078	18 650	+2%	8	
9	Financial Services	17 232	22 256	-23%	7	↓
10	Medical Services	16 078	16 116	0%	10	
11	Building, Finishing & Plumbing	13 437	13 546	-1%	12	↑
12	Clothing & Footwear	12 276	14 311	-14%	11	↓
13	Non-alcoholic Drinks	10 952	7 925	+38%	18	↑
14	Beauty & Healthcare Goods	10 830	11 398	-5%	13	↓
15	Medical Equipment & Materials	10 706	7 382	+45%	20	↑
16	Mass Media	10 082	10 254	-2%	14	↓
17	Household Appliances	9 508	8 121	+17%	17	
18	Furniture & Interior	9 034	6 816	+33%	21	↑
19	Catering	8 065	9 169	-12%	15	↓
20	Cars & Accessories	7 807	8 176	-5%	16	↓
Total Market		497 576	466 338	+7%		

Tele 2 improved its local ad volume by 38% and obtained the leadership
Last year leader, Ferrero took only the 6th spot due reduction by half

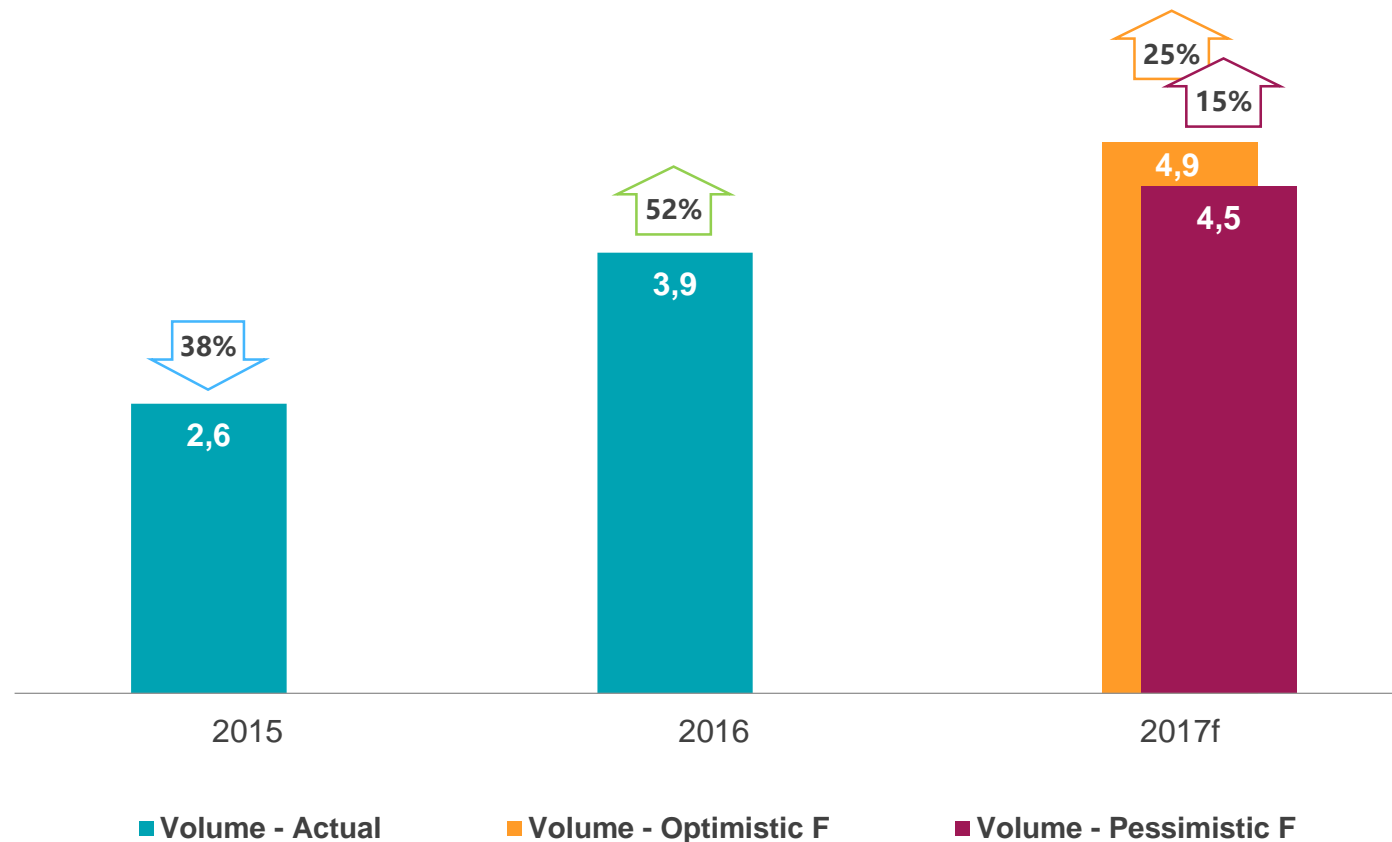
Top-20 Regional TV Advertisers by 30"GRPs 18+

#	Advertiser	2016	2015	Diff.	2015 Rank	Rank diff.
1	Tele 2	14 947	10 810	+38%	2	↑
2	Metro Group	13 961	10 334	+35%	3	↑
3	X5 Retail Group	10 088	7 527	+34%	4	↑
4	Elatma Instrument Plant	8 170	5 343	+53%	7	↑
5	Cherkizovskiy Agroindustrial Complex	7 451	6 727	+11%	5	
6	Ferrero	6 732	14 337	-53%	1	↓
7	Yandex	6 600	1 400	+372%	63	↑
8	Tander	5 969	2 176	+174%	34	↑
9	Burger King	5 548	5 553	0%	6	↓
10	H.J. Heinz	4 911	3 591	+37%	13	↑
11	Mercury (Group Of Companies)	4 621	3 649	+27%	12	↑
12	Chipita Close Corporation	4 440	3 013	+47%	20	↑
13	Ostankino	4 354	4 471	-3%	9	↓
14	IKEA	4 056	4 535	-11%	8	↓
15	Miratorg	3 883	761	+410%	111	↑
16	O'KEY (Hypermarket)	3 807	1 749	+118%	48	↑
17	CIAN Group	3 280	1 285	+155%	68	↑
18	First Hypothecary Company	3 268	91	+3474%	633	↑
19	Lindt & Spruengli	3 166	2 162	+46%	36	↑
20	MegaFon	3 117	3 462	-10%	15	↓
Total Market		497 576	466 338	+7%		

Thematic TV

Due to softening of ban on ad on 'paid' channels, 52% recovery is observed in 2016. Further market growth is forecasted to be +15%..+25% in 2017. However, the share of Thematic TV in total ad spends is about 1% only

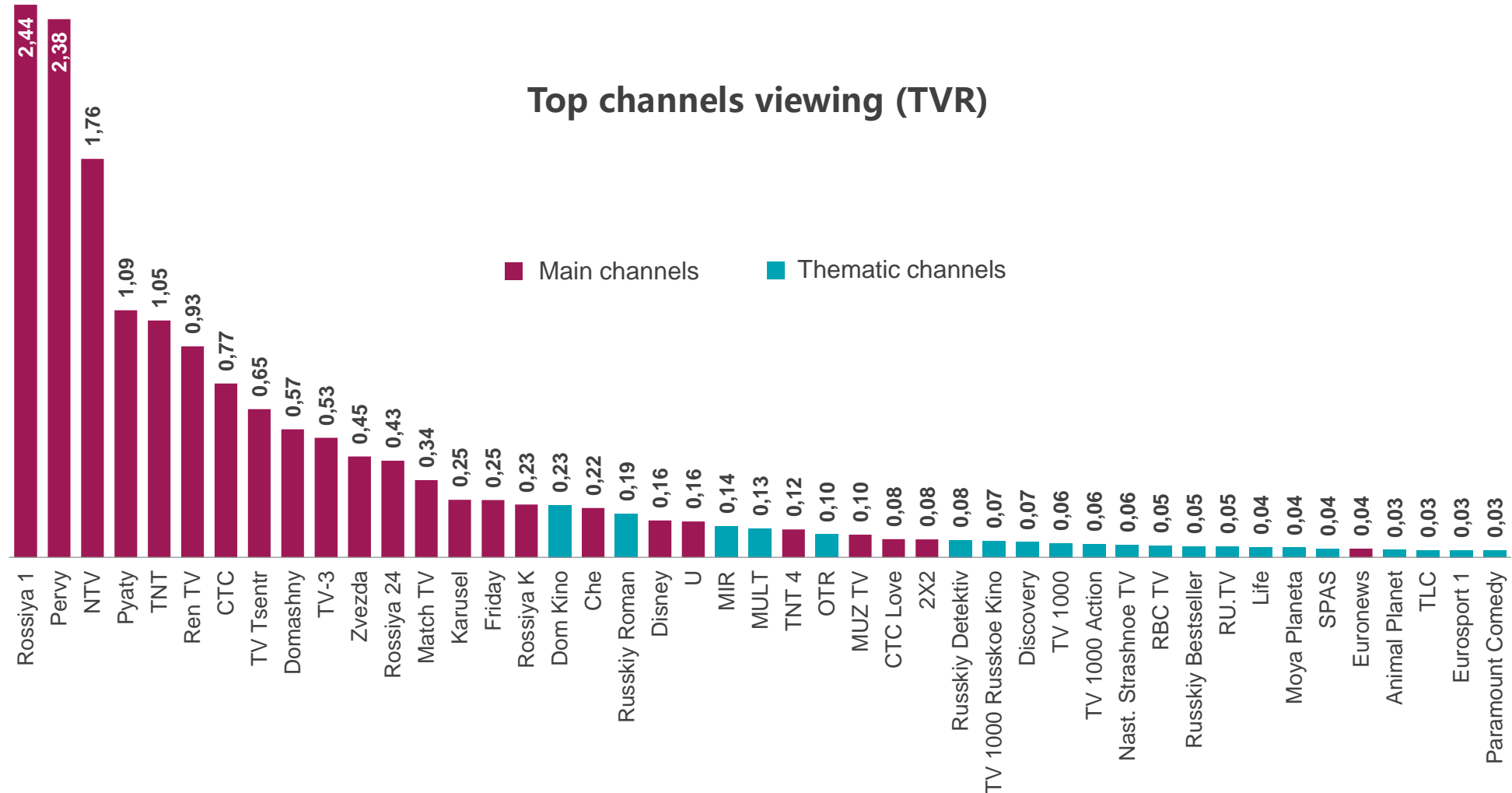
Thematic TV market volume (RUR bn)



Dom Kino, Russkiy Roman, MIR, Mult and OTR are the biggest Thematic channels, their audience is comparable to low-tier Main ones

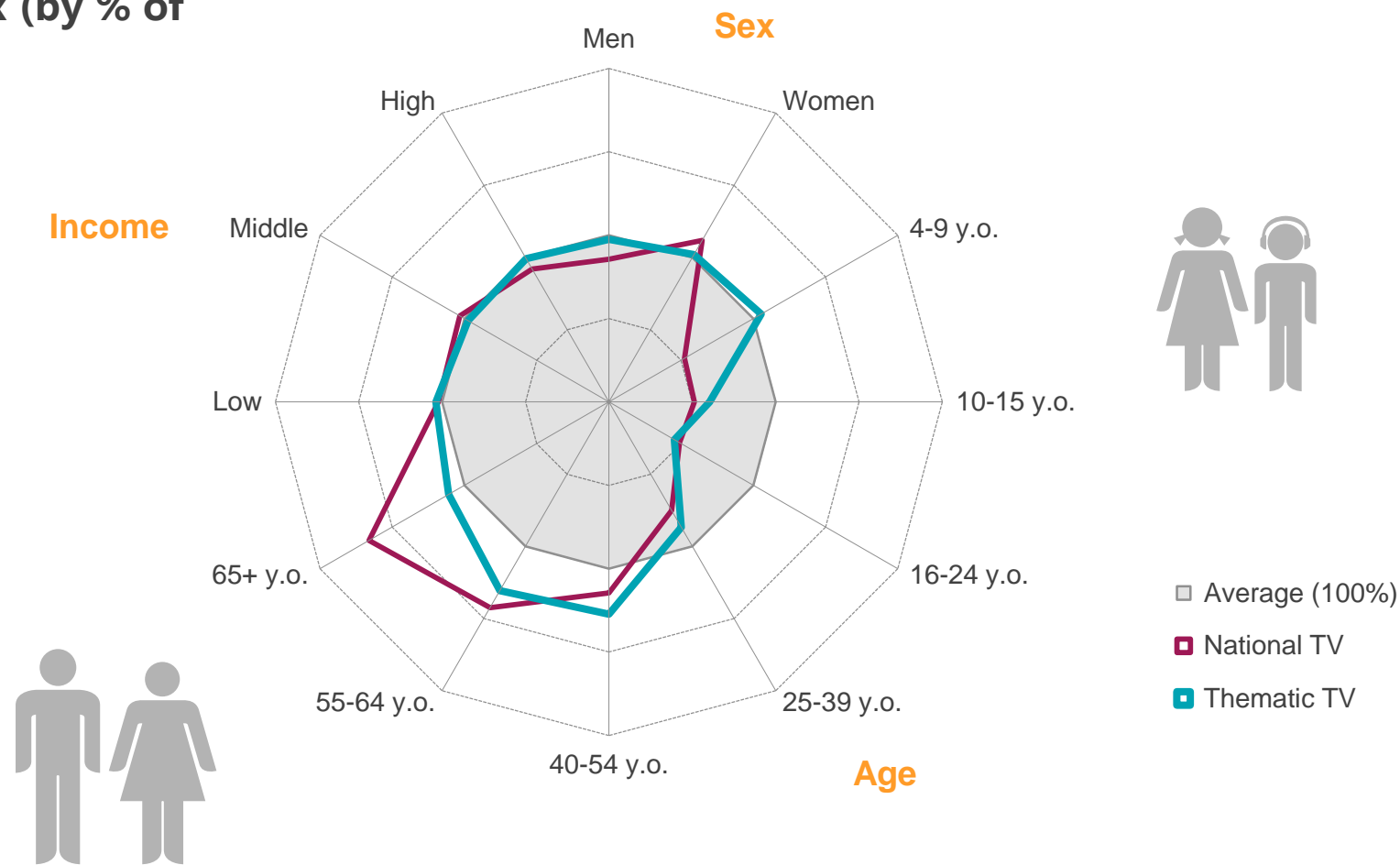
Top channels viewing (TVR)

2016

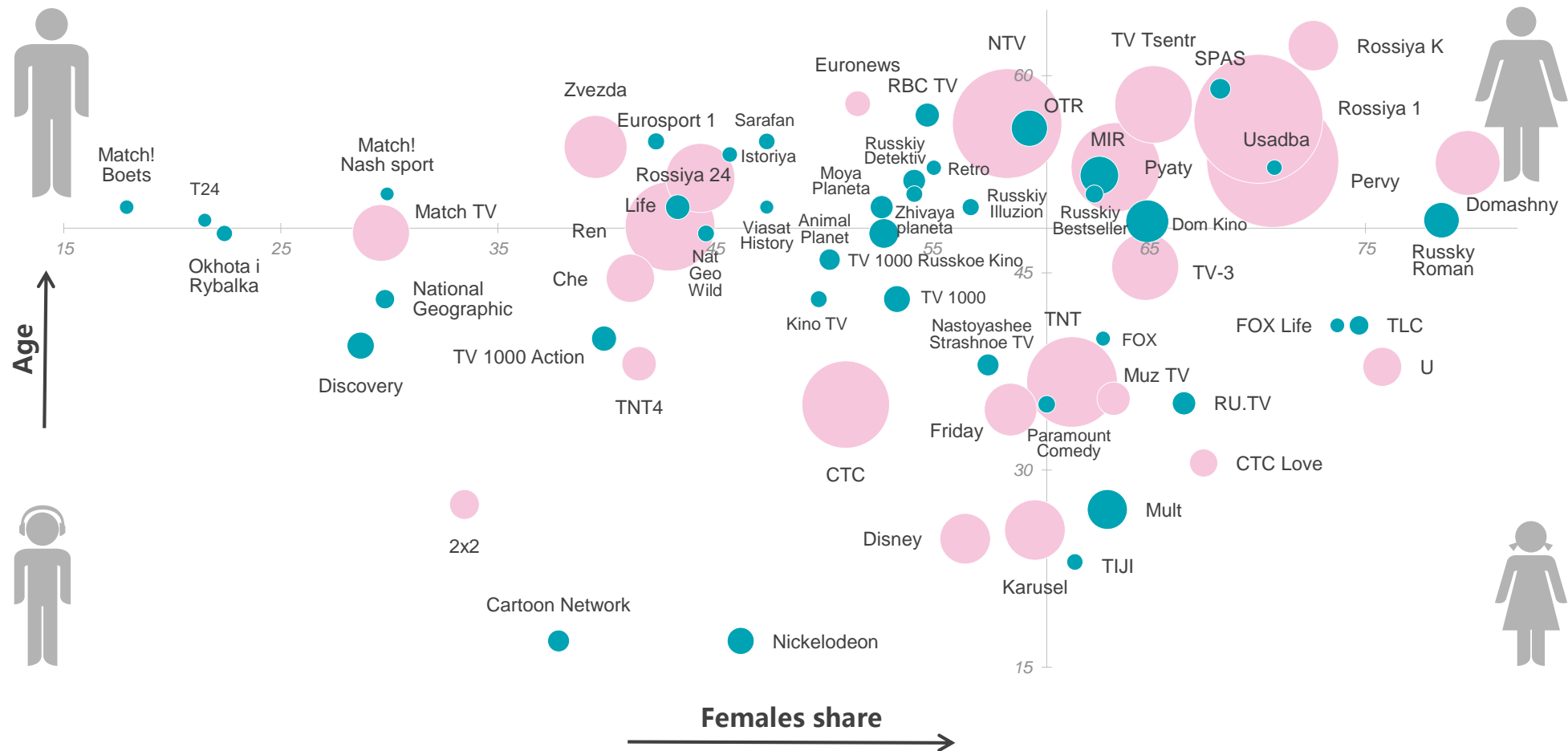


Viewer's profile of Thematic TV became more general after moving Karusel to National TV, the biggest niche channel with extremely young audience. However it remained notably younger vs. main TV channels

Affinity index (by % of TVR)



Daily reach of big Thematic channels is far behind big National ones, but there are more possibilities to reach men and youth



Advertising Clutter on Thematic TV is 4.4 times lower in comparison with National channels on average

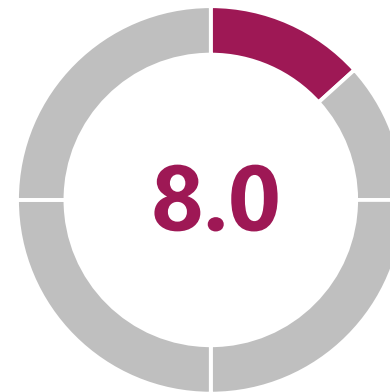
Average # of ad minutes per hour

2016



Thematic TV

X 4.4

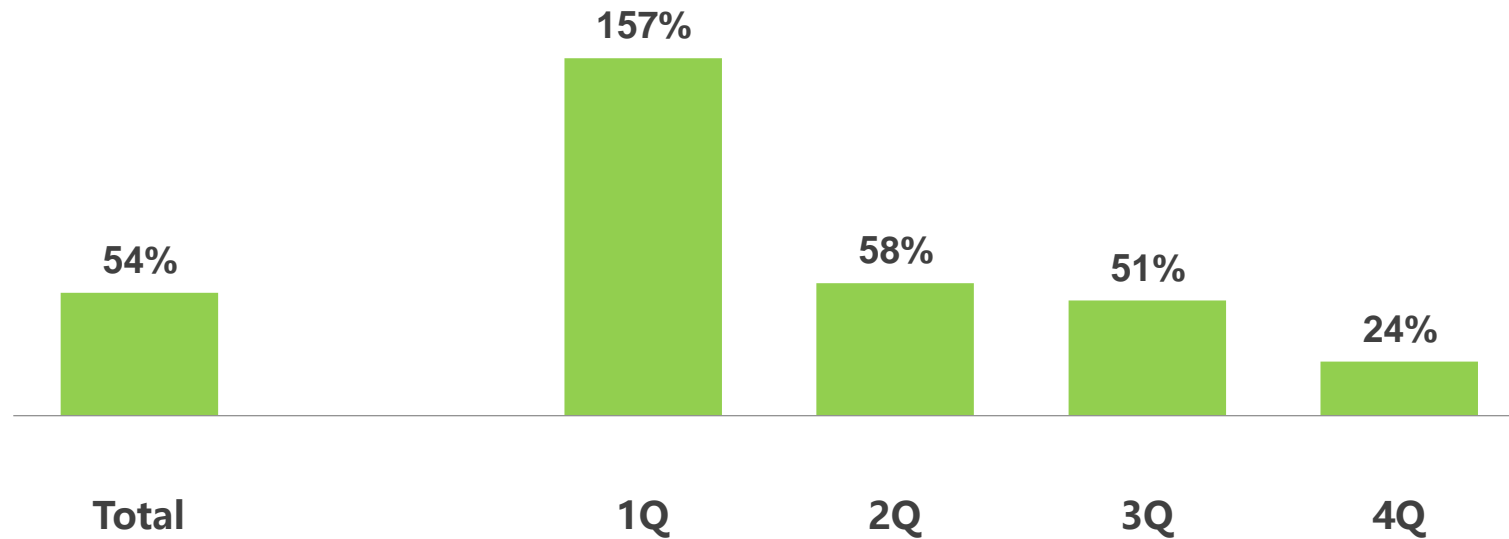


National TV

Thematic TV inventory increased by half in 2016. Ad ban on most paid channels led to half drop of Thematic TV market in 1Q'15. Then it began stabilizing owing to law indulgence, so the growth in 2-4Q was more moderate

National 30" GRPs 18+ delivered, % to SPYA

2016



Pharma grew by 44% and obtained the leadership on Thematic TV market Production services, Medical equipment, Tourism, Soft drinks and Financial services increased most of top-20 list

Top-20 Thematic TV Categories by 30"GRPs 18+

#	Category	2016 Inventory	2016 Share	2015 Share	Share diff.	2015 Rank	Rank diff.
1	Medicines & Food Supplements	12 267	19.1%	13.3%	+44%	2	↑
2	Beauty & Healthcare Goods	9 521	14.8%	17.2%	-14%	1	↓
3	Mass Media	7 230	11.3%	7.5%	+50%	4	↑
4	Non-alcoholic Drinks	4 424	6.9%	3.5%	+94%	12	↑
5	Telecommunications	4 046	6.3%	4.9%	+29%	10	↑
6	Retail	4 010	6.3%	7.2%	-14%	5	↓
7	Mass Actions	3 601	5.6%	7.1%	-21%	6	↓
8	Cars & Accessories	3 173	4.9%	5.5%	-10%	8	
9	Household Chemicals	2 916	4.5%	3.4%	+32%	13	↑
10	Food	2 393	3.7%	5.1%	-27%	9	↓
11	Internet Services	2 055	3.2%	5.5%	-42%	7	↓
12	Kids' Goods	1 884	2.9%	11.4%	-74%	3	↓
13	Financial Services	1 838	2.9%	1.6%	+79%	17	↑
14	Household Appliances	1 747	2.7%	2.0%	+36%	15	↑
15	Confectionery	1 722	2.7%	4.7%	-43%	11	↓
16	Clothing & Footwear	1 291	2.0%	1.6%	+25%	16	
17	Perfumery	1 190	1.9%	2.1%	-12%	14	↓
18	Production Services	954	1.5%	0.0%	+2977%	47	↑
19	Medical Equipment & Materials	914	1.4%	0.4%	+225%	27	↑
20	Tourism, Sports & Leisure	801	1.2%	0.5%	+148%	25	↑

VGTRK occupied the top spot, P&G – the second. Last year leader L'Oréal moved to the 4th position. A lot of new participants in top-20 list

Top-20 Thematic TV Advertisers by 30"GRPs 18+

#	Advertiser	2016 Inventory	2016 Share	2015 Share	Share diff.	2015 Rank	Rank diff.
1	VGTRK	5 296	8.3%	2.7%	+208%	8	↑
2	Procter & Gamble	4 302	6.7%	3.6%	+84%	5	↑
3	Reckitt Benckiser	4 223	6.6%	4.9%	+35%	3	
4	L'Oreal	2 467	3.8%	10.7%	-64%	1	↓
5	Nestle	2 174	3.4%	3.3%	+4%	6	↑
6	MegaFon	2 015	3.1%	2.6%	+21%	9	↑
7	GSK Consumer Healthcare	1 984	3.1%				
8	MTS	1 465	2.3%	1.5%	+53%	14	↑
9	Gazprom	1 407	2.2%	0.0%	+6573%	229	↑
10	Teva	1 390	2.2%	1.4%	+54%	15	↑
11	OTCPharm	1 305	2.0%	0.0%	+4739%	209	↑
12	Coca-Cola	1 272	2.0%	2.1%	-5%	11	↓
13	Sanofi Aventis	1 259	2.0%	2.8%	-31%	7	↓
14	Bayer AG	1 132	1.8%	0.6%	+185%	32	↑
15	SCA Hygiene Products	1 110	1.7%	1.1%	+63%	21	↑
16	Colgate-Palmolive	971	1.5%	1.3%	+16%	16	
17	Trivago	882	1.4%	0.4%	+284%	53	↑
18	Pepsi Co	757	1.2%	0.6%	+98%	36	↑
19	Jacobs Rus	748	1.2%	0.6%	+92%	33	↑
20	Tinkoff Credit Systems	744	1.2%	0.2%	+382%	68	↑

Non-TV Market

Key Non-TV Market trends

Digital:

Total Internet penetration remained quite stable. Although the dynamics inside this media was different: Mobile Internet increased by 7 p.p. in the last year and finally outperformed Desktop within Russia 100K+, the latter declined by 2 p.p. Moreover, the gap between Mobile and Desktop Internet by daily usage reached 9 p.p. in Moscow

Internet users spend 4 hours a day online (desktop + mobile), noticeably more than using any other media
Smartphones, PCs and Notebooks are the most popular devices for online surfing. Smartphones usage kept growing

Social networks and personal finance management are the most developing online services

Most of top web-sites were losing their audience in desktop as users continued switching to mobile web & apps

Outdoor:

Total OOH inventory kept declining, however the pace of reduction slowed down in 2-3Q and almost stopped in 4Q 2016

Digital outdoor ad is developing explosively in Moscow: both inventory and budgets more than doubled vs. SPYA
Sold-out in 2016 exceeded last year figures (especially in Moscow) and achieved 2014 level in August

Print:

Print continues to reduce in terms of both audience (penetration and time spent) and advertising (inventory and budgets)



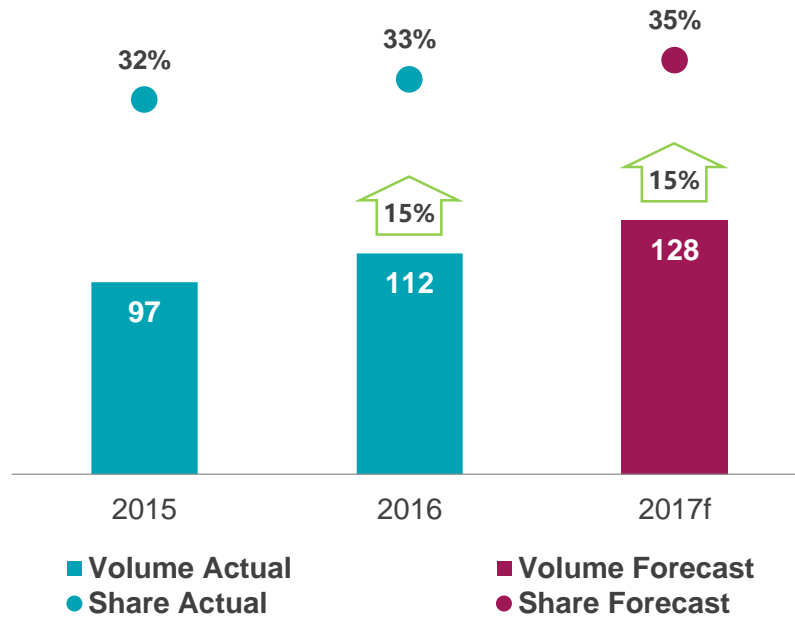
Digital

Desktop & Mobile Internet

Digital grew by 15% in 2016 without considering new formats and by 21% including it. It is expected to kept increasing at the same rates in 2017

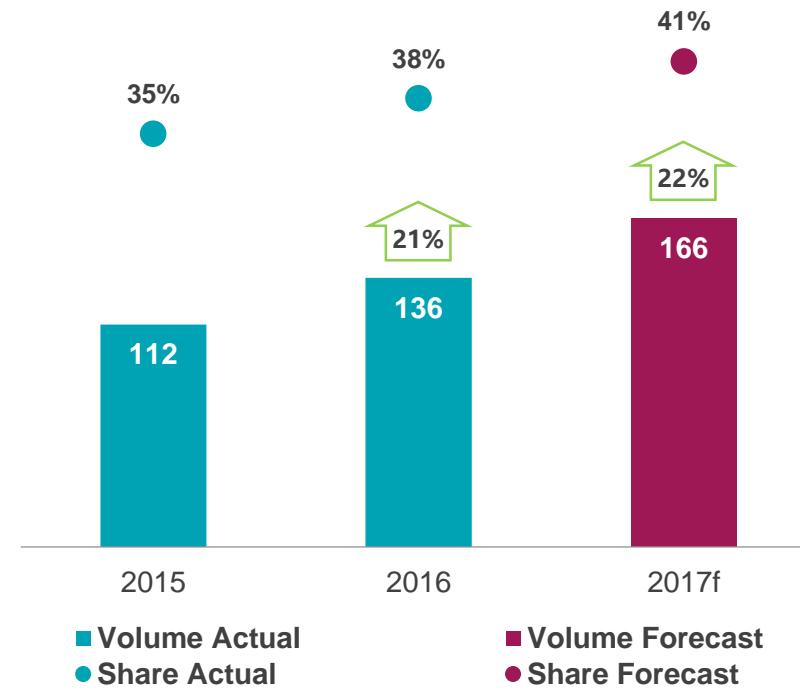
Digital market volume (RUR bn) and share of total ad spending

Old Digital estimation



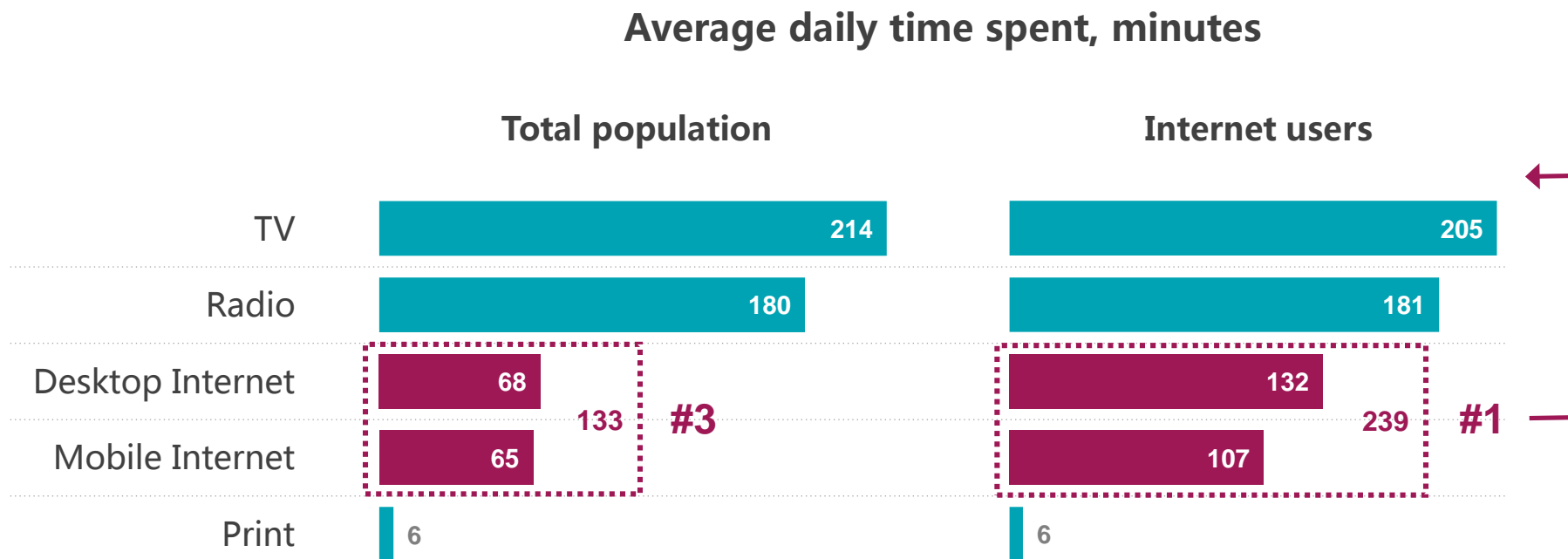
2015 – AKAR (fact), 2016 – Zenith estimation, 2017 – Zenith forecast

New Digital estimation



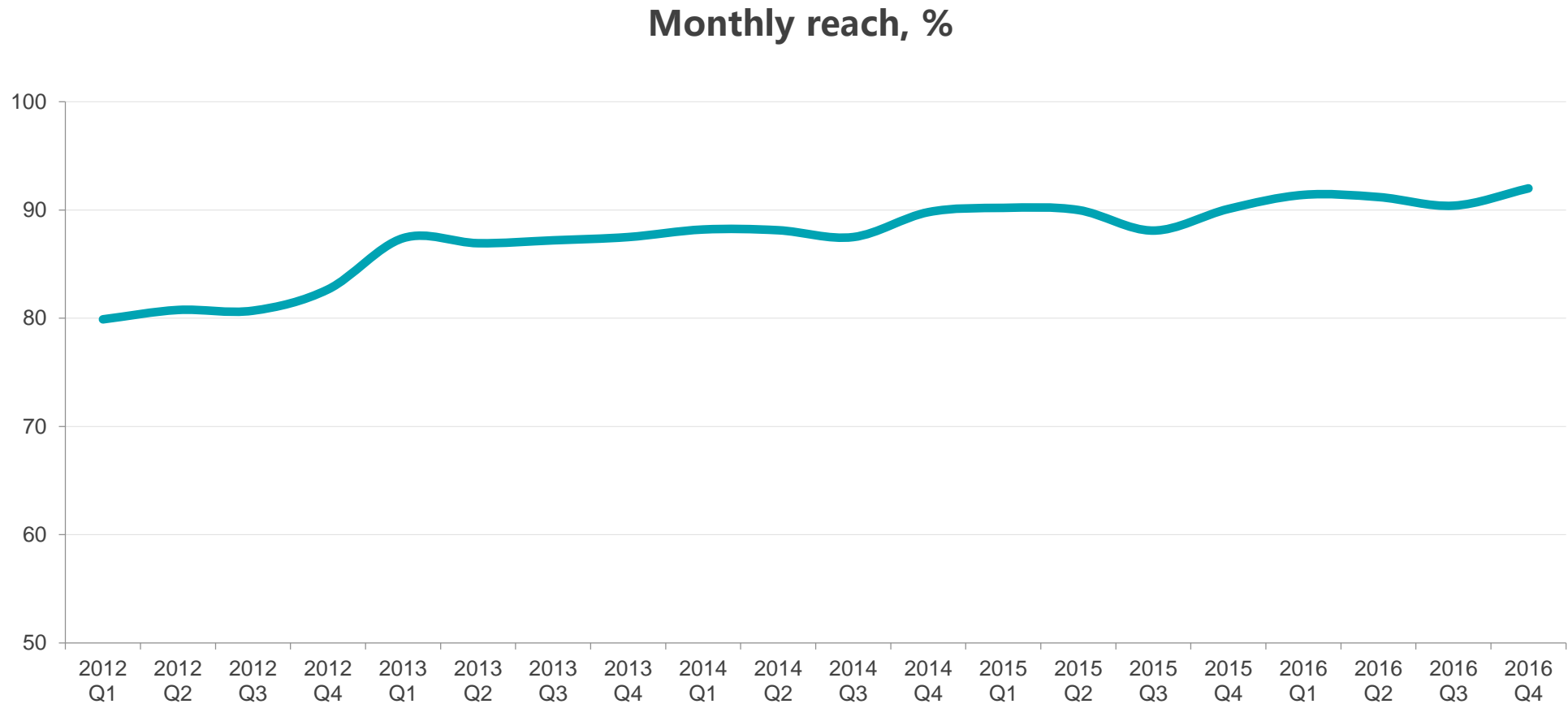
2015-2016 – AKAR (fact), 2017 – Publicis Media forecast

Time spends on Desktop and Mobile Internet takes the 3rd and 4th places respectively after TV and Radio among total population. However, overall Internet usage outperforms other media among Internet users

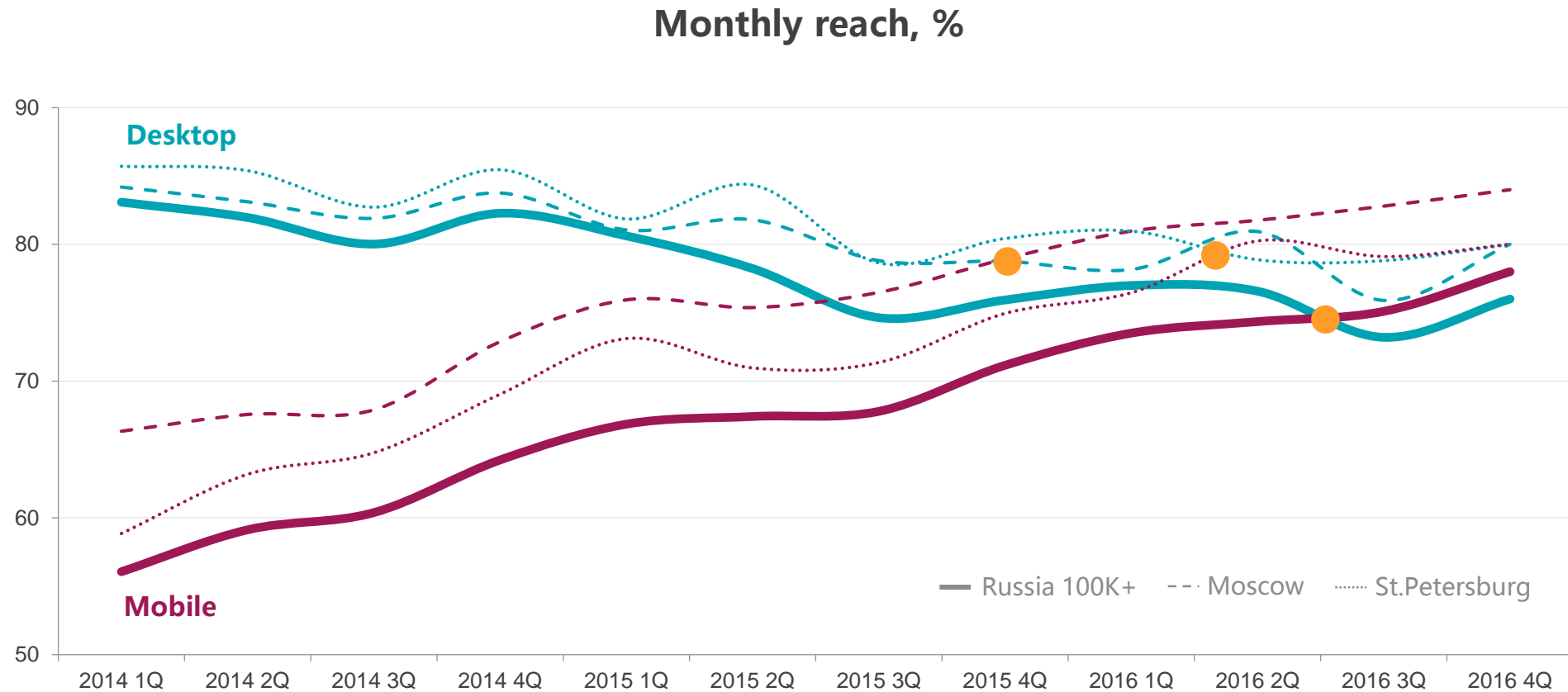


2016

Overall Internet penetration was quite stable throughout 2016, slightly surpassing SPYA level within all cities considered

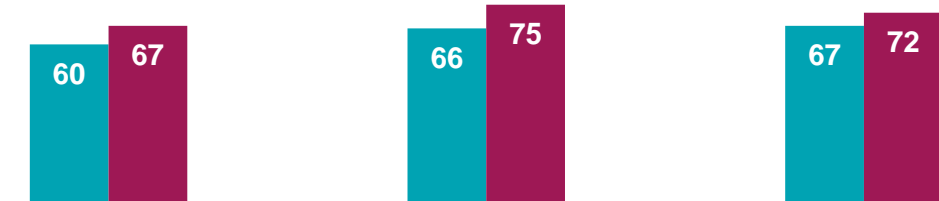


Mobile Internet kept supplanting Desktop. Penetration of the first one has already exceeded the latter in Moscow at first, then in St. Petersburg and finally within Russian cities 100K+

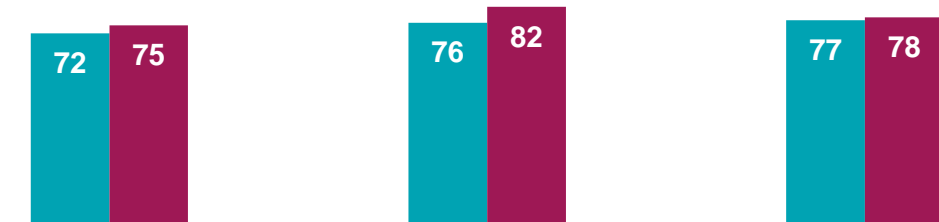


Mobile Internet dominance is more prominent within more frequent coverage. The gap by daily usage reaches 9 p.p. in Moscow

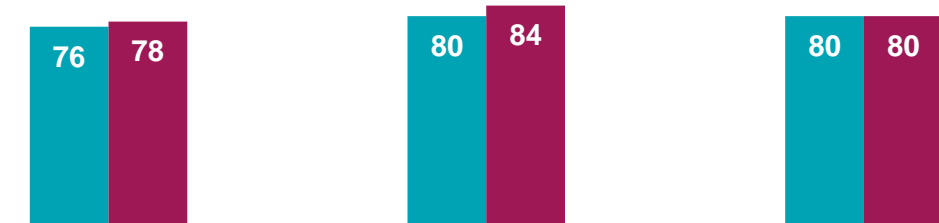
Daily Reach, %



Weekly Reach, %



Monthly Reach, %



Russia 100K+

Moscow

St. Petersburg



Desktop

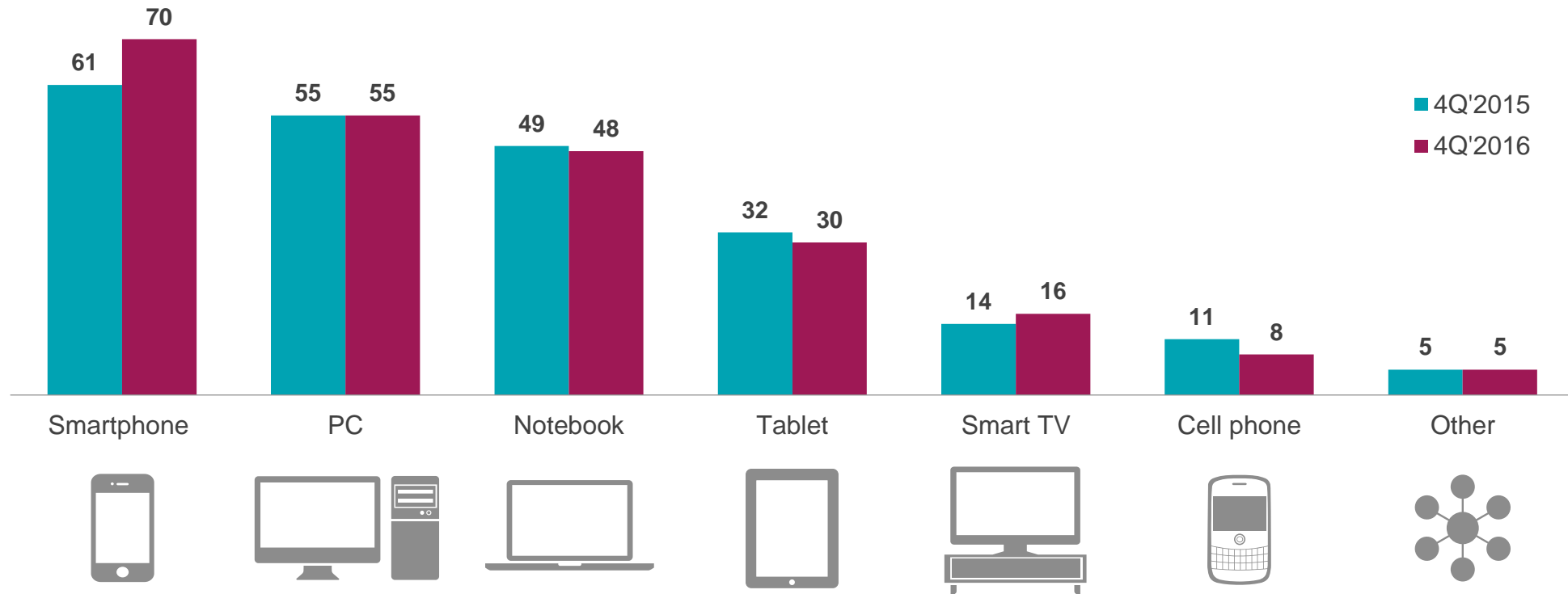


Mobile

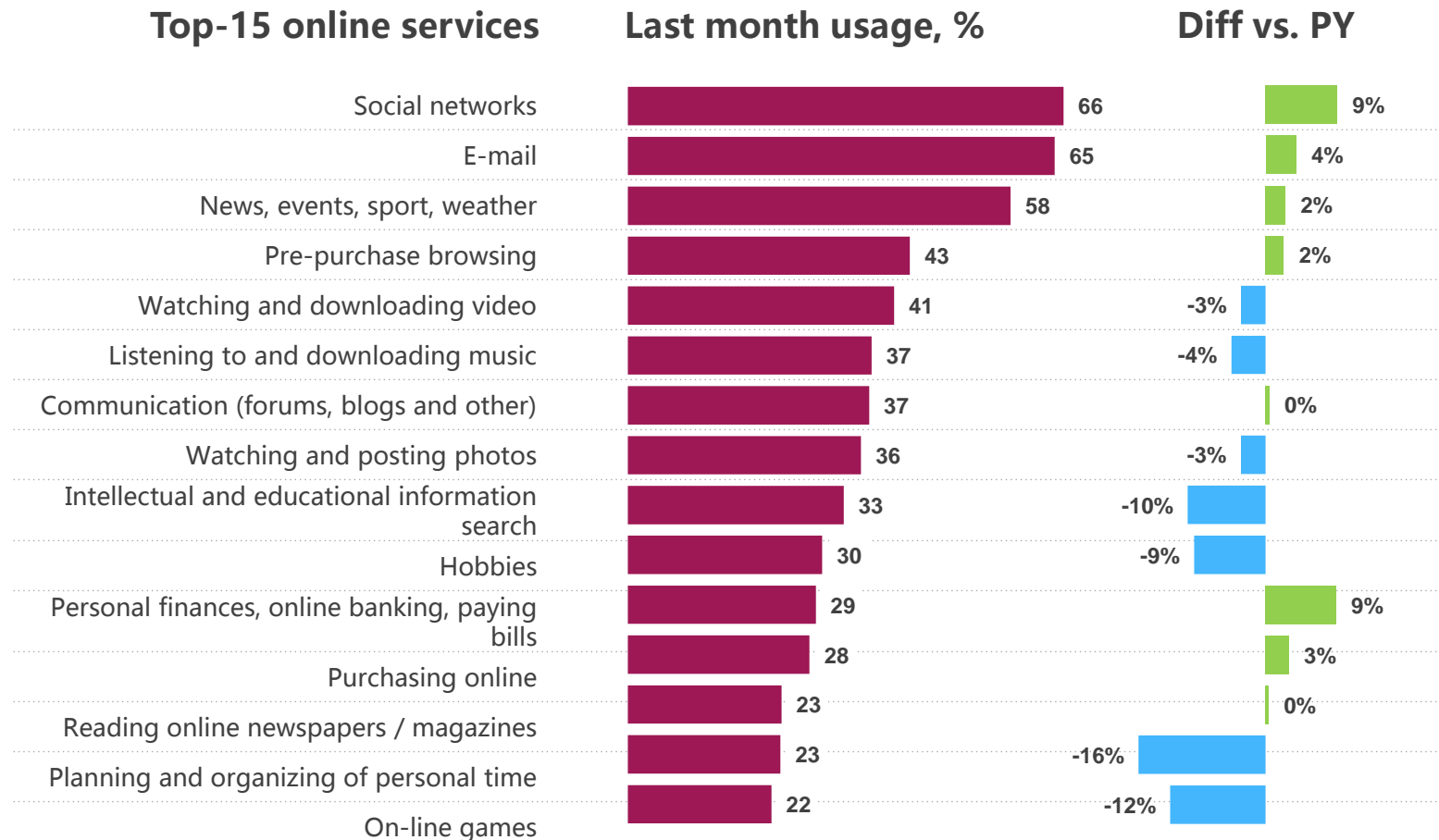
4Q
2016

Smartphones significantly improved its leadership by online surfing. It will continue to capture Internet usage at the expense of out-of-date cell phones

Device usage for online surfing, %



Decline of purchasing power forced people to optimize their expenditures and spend more free time in social networks instead of offline leisure activities, that requires both some money and planning and organizing it

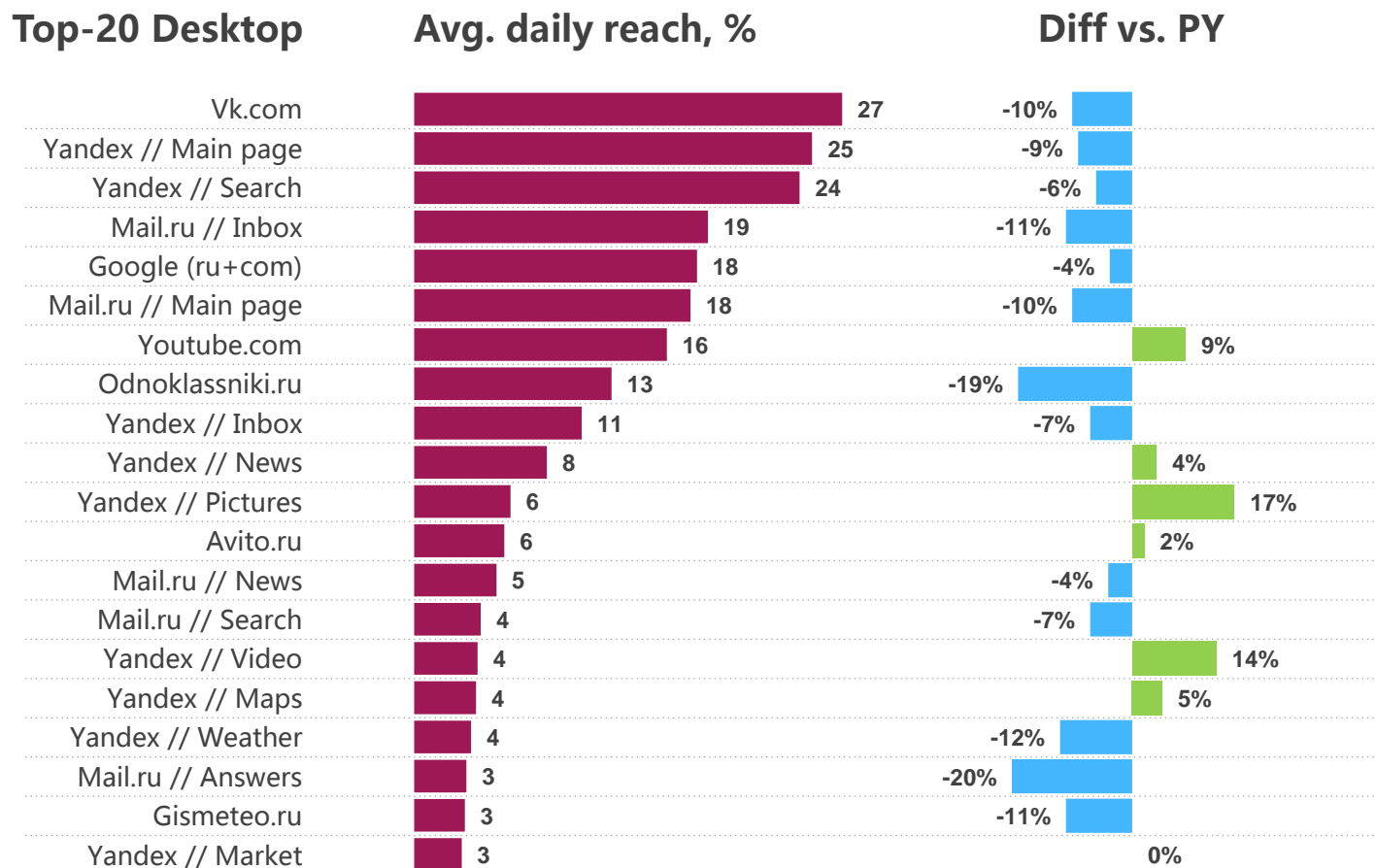


2016



Most web-sites from top-20 list kept losing their audience in desktop

The highest growth was observed among resources that required a lot of Internet traffic – video and pictures



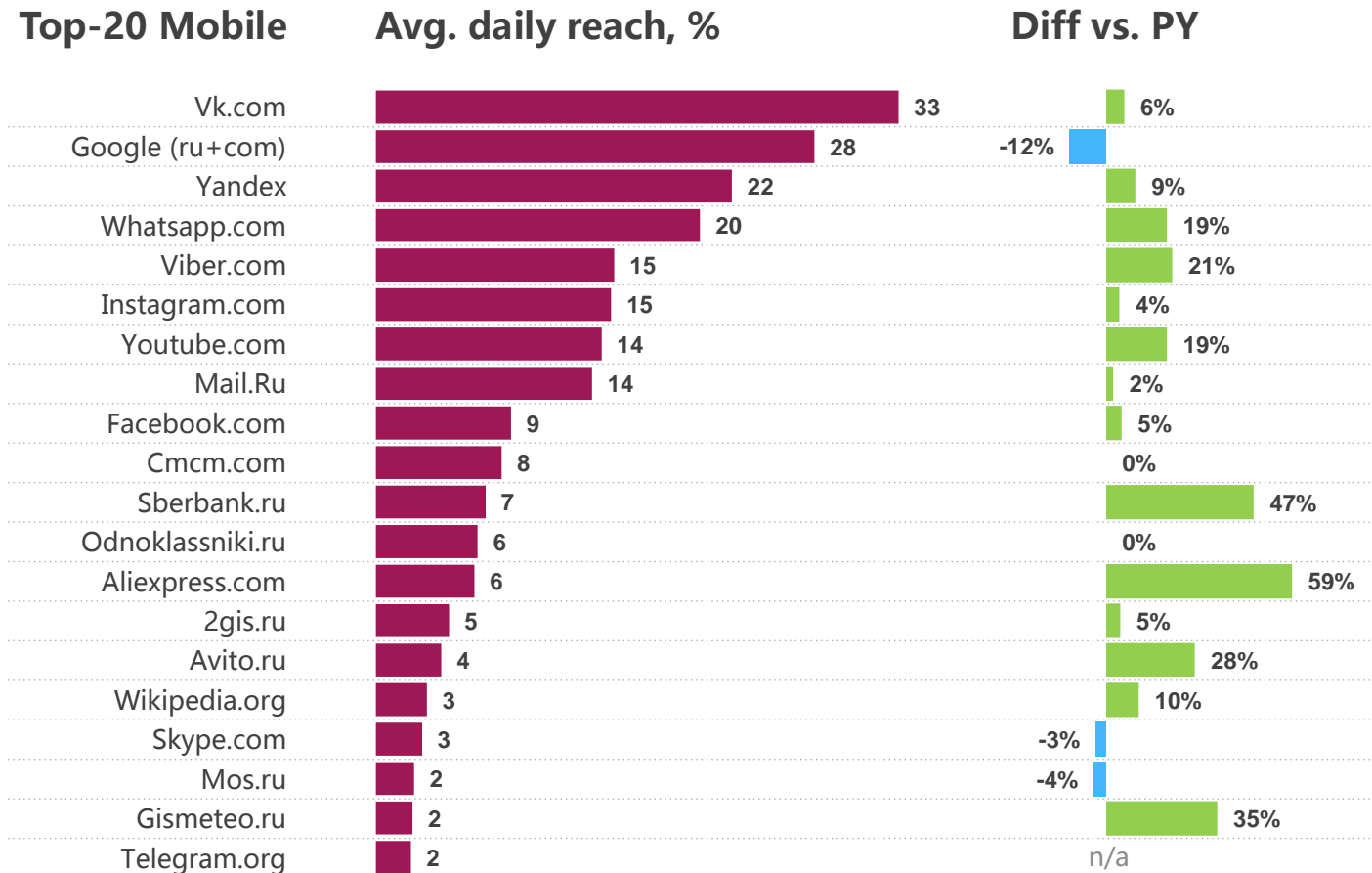
2016



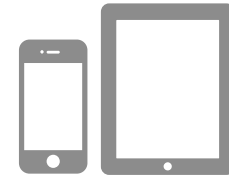
Google & YouTube dynamics:
August is excluded, as
Aug'2015 is unavailable due to
technical bugs on Mediascope
Russia side

Internet users continued switching to mobile web-sites and apps

Sberbank and AliExpress showed the most positive dynamics, as consumers were trying to control and optimize their expenditures

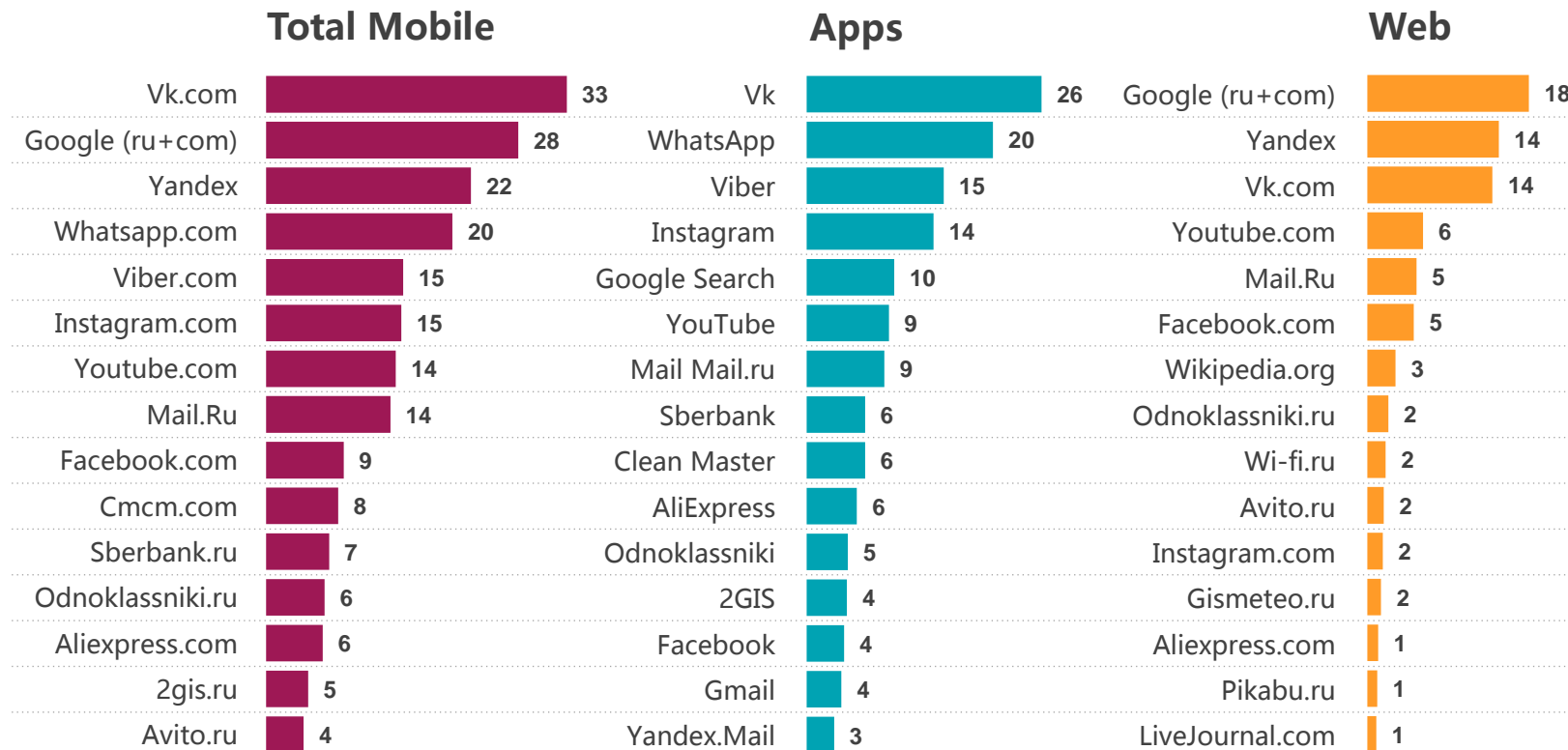


Dec
2016



Vk evidently leads by daily usage on mobile devices as well as desktop ones
Apps usage is more popular than web-sites via mobile gadgets in general

Top-15 Mobile resources by Avg. daily reach, %

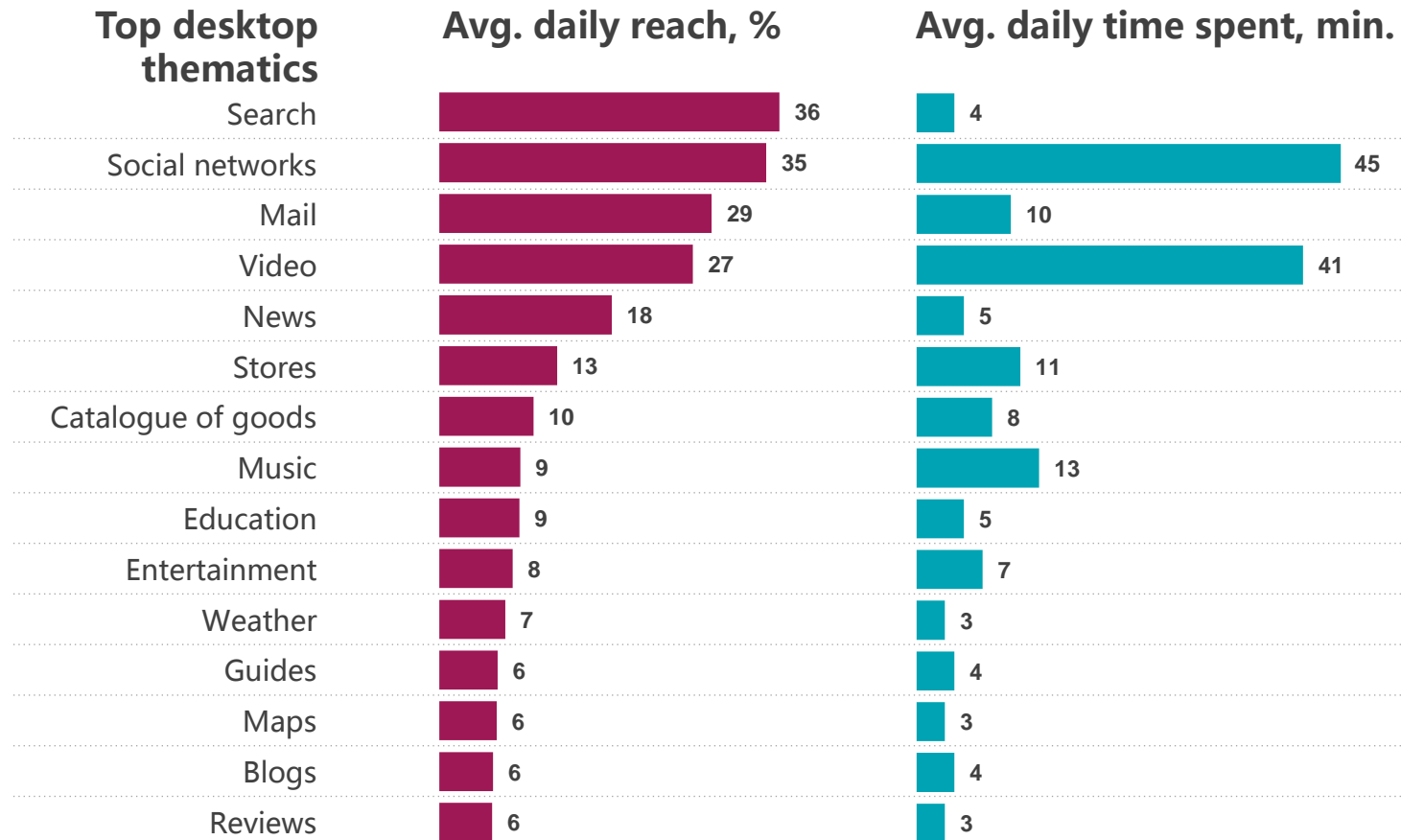


Dec
2016

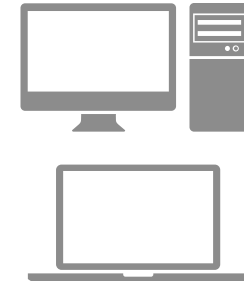


Search, social networks, mail & video services have the biggest daily audience

Social networks and video lead by time spends among desktop users

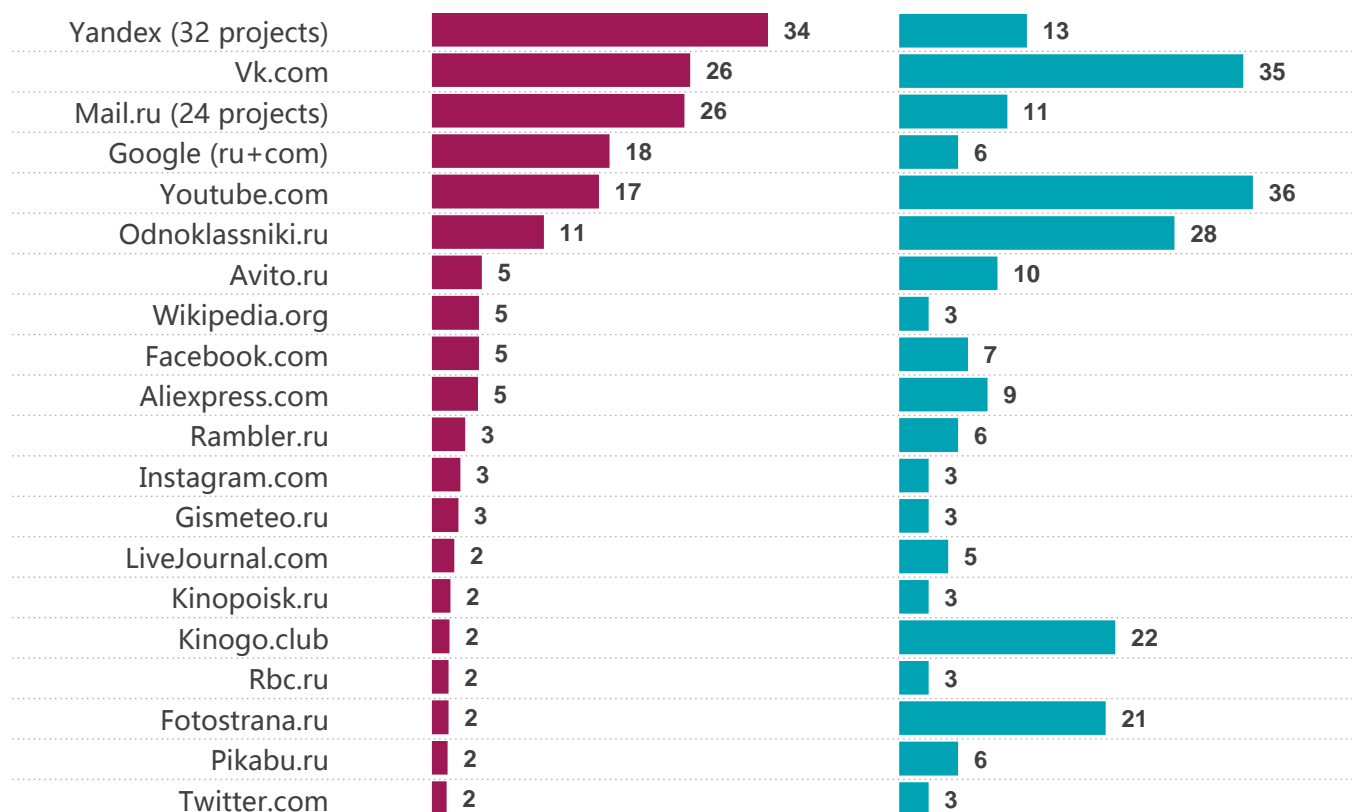


Dec
2016



Desktop leaders by time spending from top-20 are social networks and video portals. Yandex's projects have the highest daily coverage, but visitors spend there only 13 minutes a day

Top desktop projects **Avg. daily reach, %** **Avg. daily time spent, min.**

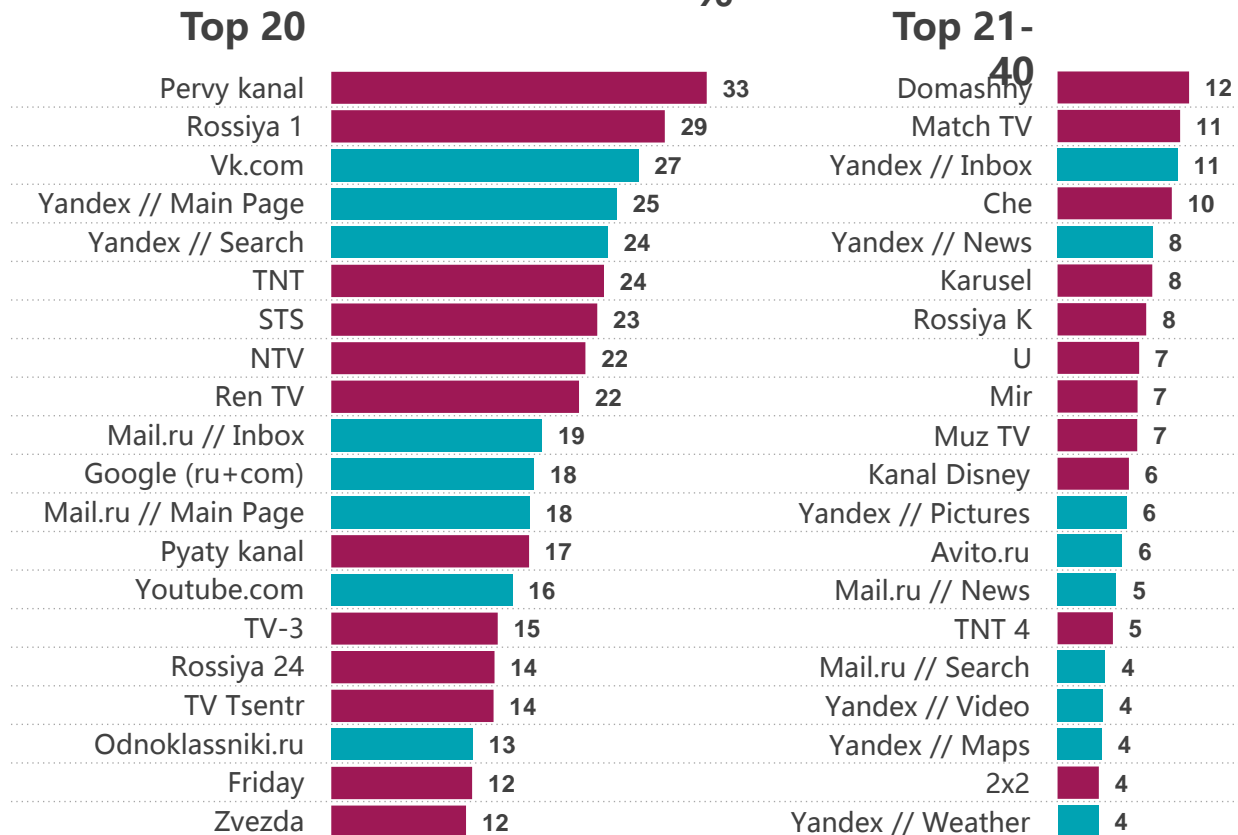


Dec
2016



Daily desktop audience of the top web-sites is comparable with main TV channels

Average daily reach of main TV channels and top desktop sites,
%

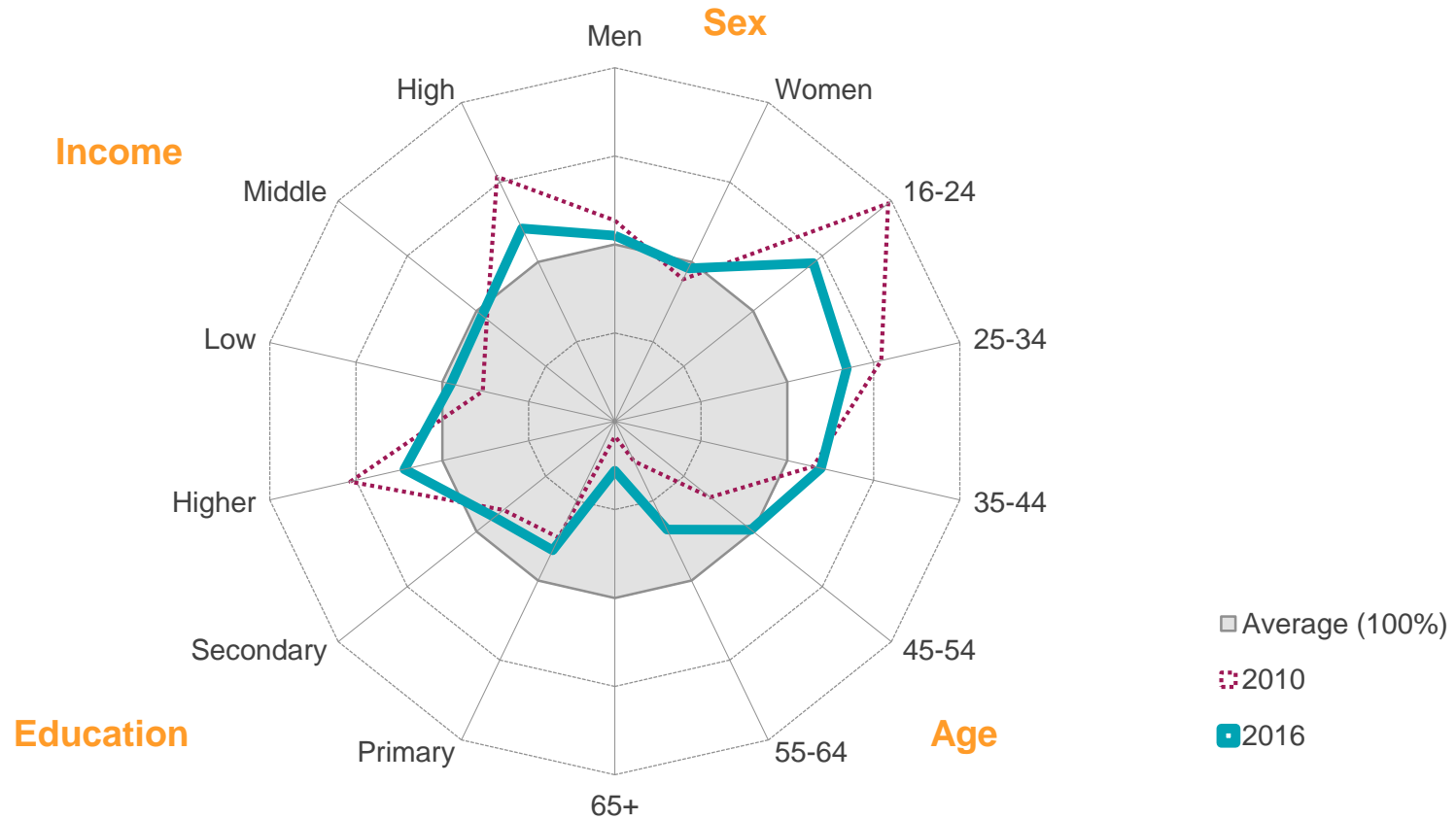


2016



Typical Internet heavy users are people in 16-44 years old, well-off and higher-educated. Though it's getting closer to natural population split

Affinity index



Despite the overall decrease of Car category, 6 out of top-20 advertisers by Display investments were automobile producers

Top-20 Display Advertisers

Mediascope don't supply data on impressions and costs since Oct'2015!!!

#	Advertiser	2016 EC (rub mn)
1	Toyota	542
2	Volkswagen	527
3	MegaFon	426
4	Ford Motor Co	362
5	MTS	343
6	Nissan	307
7	Group LSR	306
8	Absolyut (Real Estate)	281
9	Beeline	272
10	Nestle	264
11	Urban Group	253
12	Samsung Electronics	247
13	Privat Treyd	235
14	BMW	232
15	Walt Disney	228
16	Mercury	217
17	Tele 2	212
18	Sberbank Of Russia	202
19	Mars-Russia	195
20	General Motors Corp	193

iVideo market has low fragmentation

Almost 70% of the market belongs to top-20 advertisers

Top-20 iVideo Advertisers

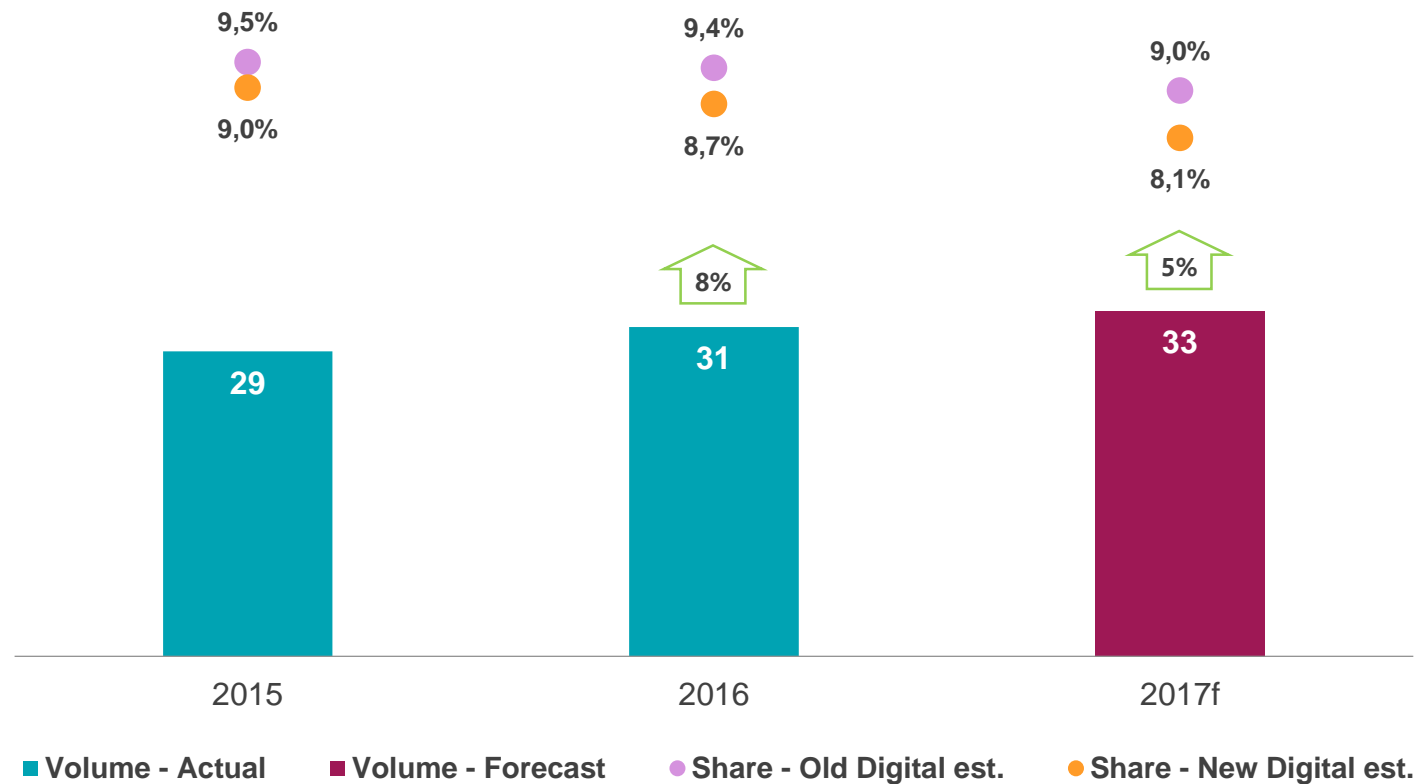
#	Advertiser	2016 Share
1	Procter & Gamble	32%
2	L'Oreal-Nestle	
3	Mars	
4	Benckiser S.A.	
5	Mondelez-Jacobs	
6	Unilever	15%
7	Bayer	
8	MTS-MGTS	
9	Glaxosmithkline	
10	Pepsi co	
11	Colgate-Palmolive	17%
12	Coca-Cola	
13	Beeline-Borjomi	
14	McDonald's	
15	Danone-Nutricia	
16	Toyota Motor Corporation	
17	Beiersdorf	
18	Icn Pharmaceuticals	
19	Volkswagen AG	
20	Johnson & Johnson	



Outdoor

Outdoor estimation has been changed since 2016, transit ad was excluded.
Segment increased by 8% in 2016 & is expected to show 5% growth in 2017
Ruble inflation forecast for 2017 is 10%

Outdoor market volume (RUR bn) and share of total ad spending



OOH market news

Gallery declared launch of **CPT sales** on its Moscow digital BB since January 2017. Tariffs are declared and first campaigns are on air already. Two options are available – 'commodity' (flat buying) and 'fine-tuned' (sites / dayparts selection possible). Gallery works out calculator by January in cooperation with Yandex. Final campaign cost to be based on post-buy data

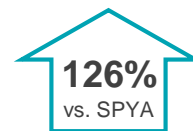
Digitalization trend in outdoor advertising continues. Gallery provides 100 digital BB in Moscow now and intends to increase its number up to 140 by June 2017. Russ Outdoor has 16 digital supersites and 30 digital billboards in the capital. Laysa provides 28 digital supersites (some of them are double-sided) in Moscow at the moment. See the next slide for more details

Moscow Metro finally hold a tender and chose the **ad supplier**. The winner is 'Trade Company', which is close to Gema (was also affiliate with 'Auto Sell', previous ad contractor). The new supplier will have to pay RUB 22.66 bn in 10 years to Moscow Metro

Despite minor quantity of digital constructions as yet, it amounts 4.5% of inventory, as 1 screen provides 10 surfaces. Moreover, its share by ad revenue reached 18.1%. Digital segment shows explosive growth in terms of both inventory and money



1753
surfaces

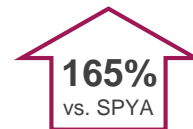


4.5%
market share

Dec
2016

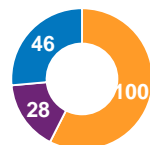


270
RUR mn

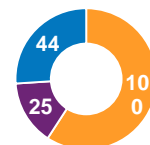


18.1%
market share

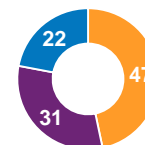
Gallery ■
Laysa Digital ■
Russ Outdoor ■



of screens
in Moscow



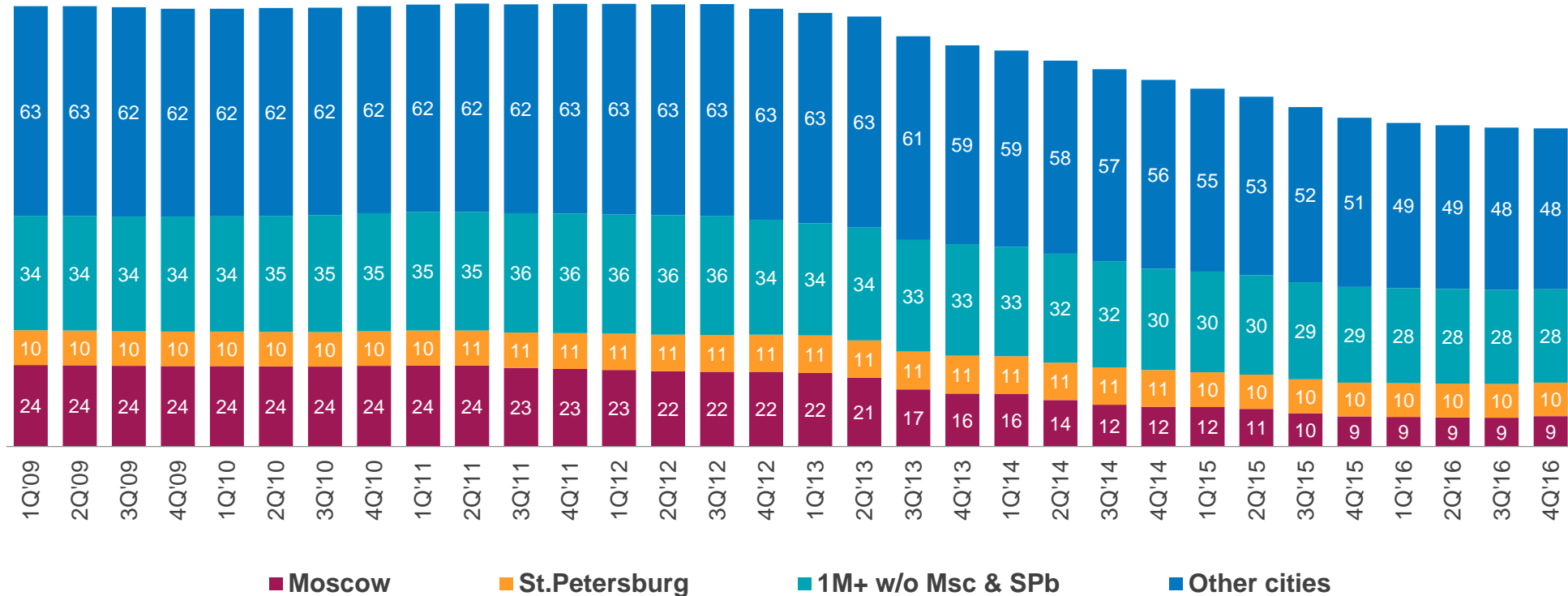
of screens
in monitoring



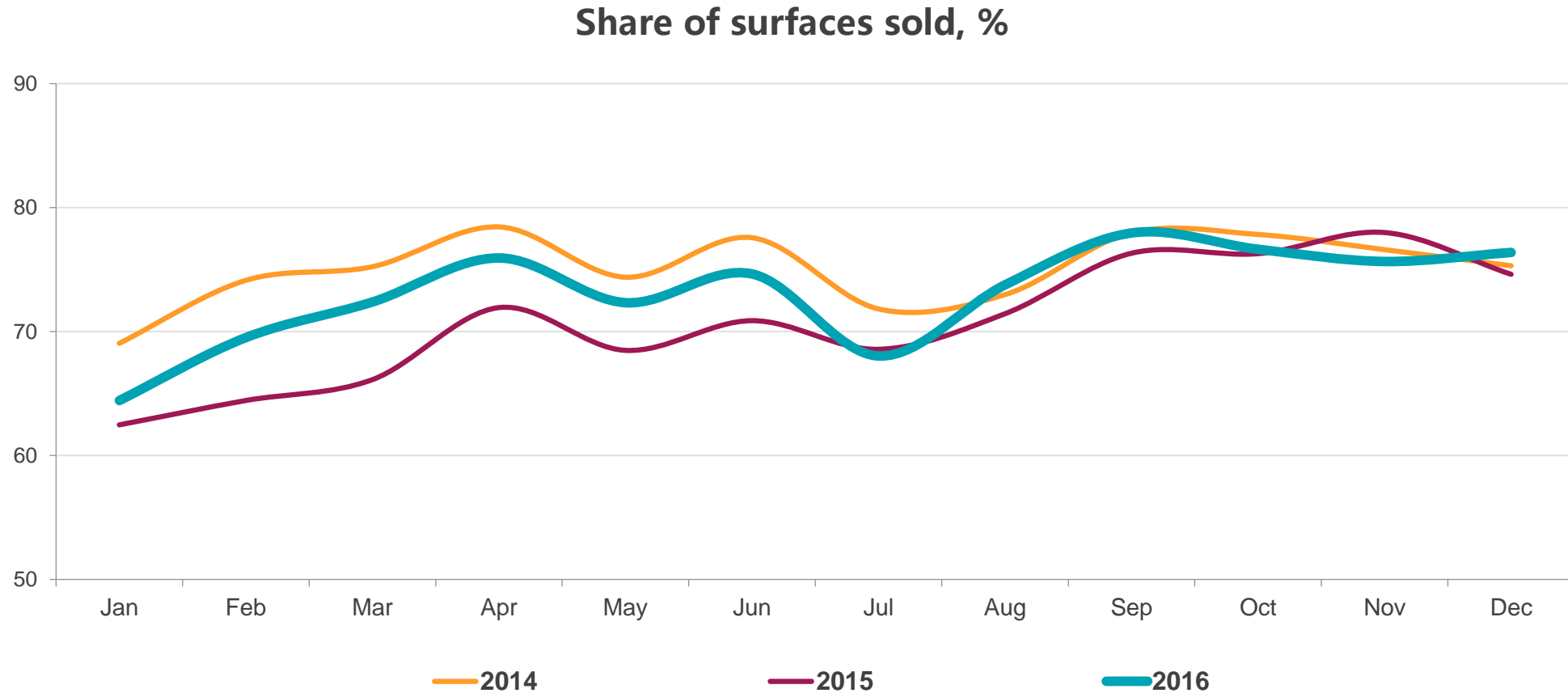
market share
RUR, %

OOH inventory continues to decline, 3% less billboards in Russia in 4Q 2016 vs. SPYA. However, the pace of reduction considerably slowed down, only -0.2% to 3Q. Moscow outdoor market showed 5% growth in 4Q vs. 3Q 2016

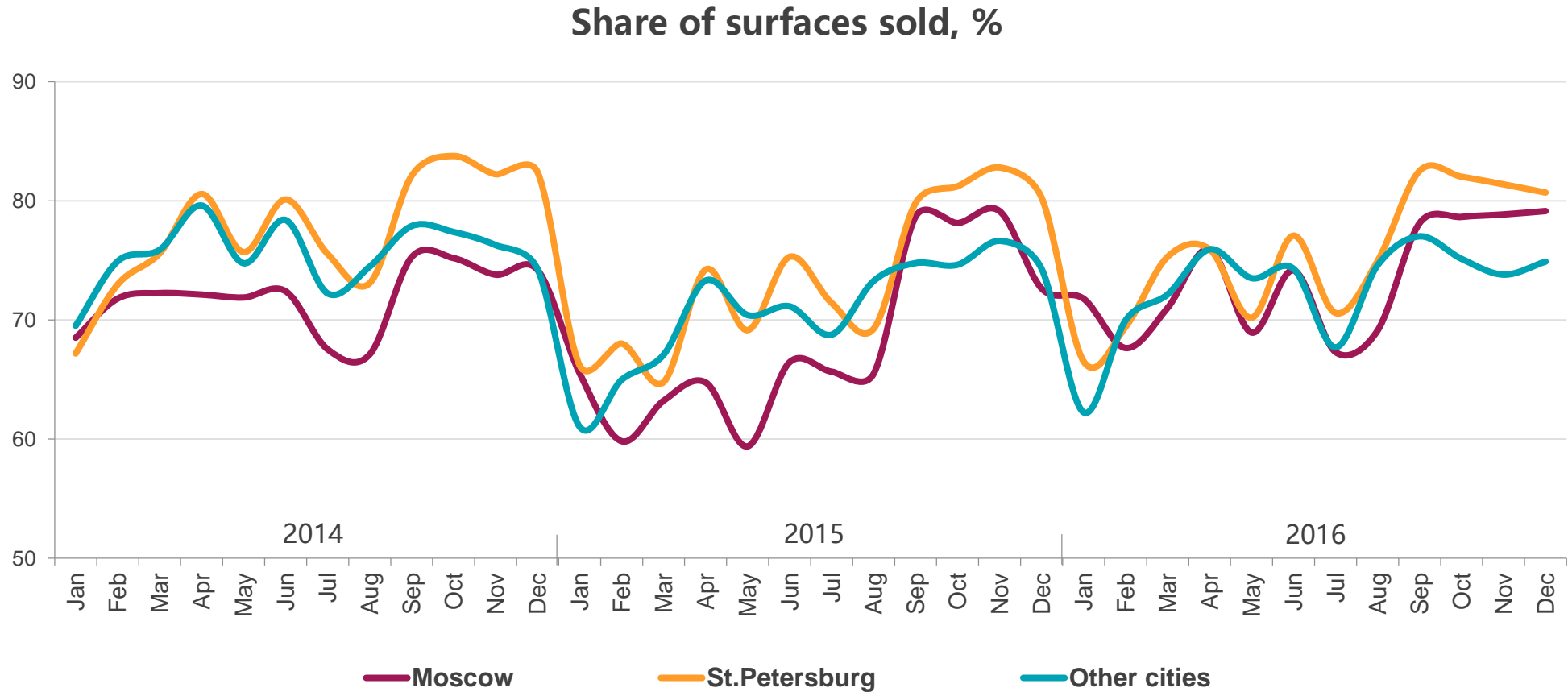
Total # of billboards (average per month, ths.)



Demand for OOH advertising has been restoring in 2016 Sold-out achieved the level of 2014 in August

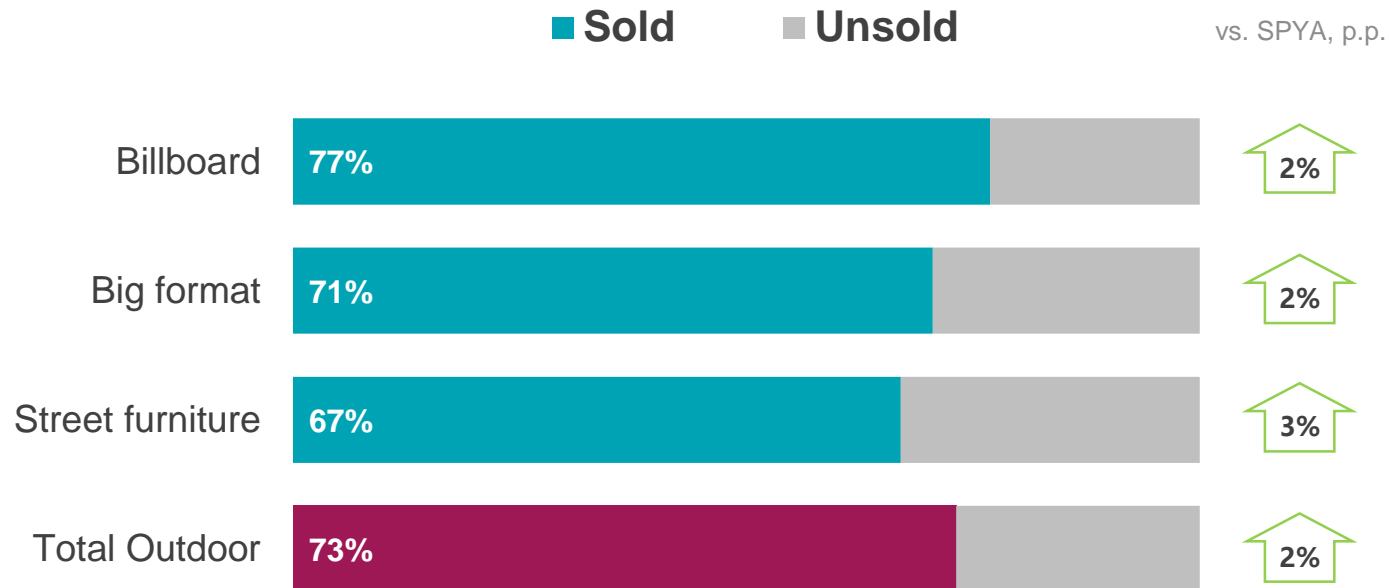


Sold-out in Moscow increased by 5 p.p. in 2016 & exceeded 2014 level. While growth rates in other cities were more moderate



Billboards are most in demand, 77% of surfaces were sold in 2016

All outdoor formats showed modest positive dynamics compared to SPYA



2016

Billboard is the most common format with 2/3 of outdoor ad spends
Street furniture outperformed Big format due to including 'Bus stop without illumination' in monitoring since September 2015

Format share (Est. Cost)

2016



Billboard



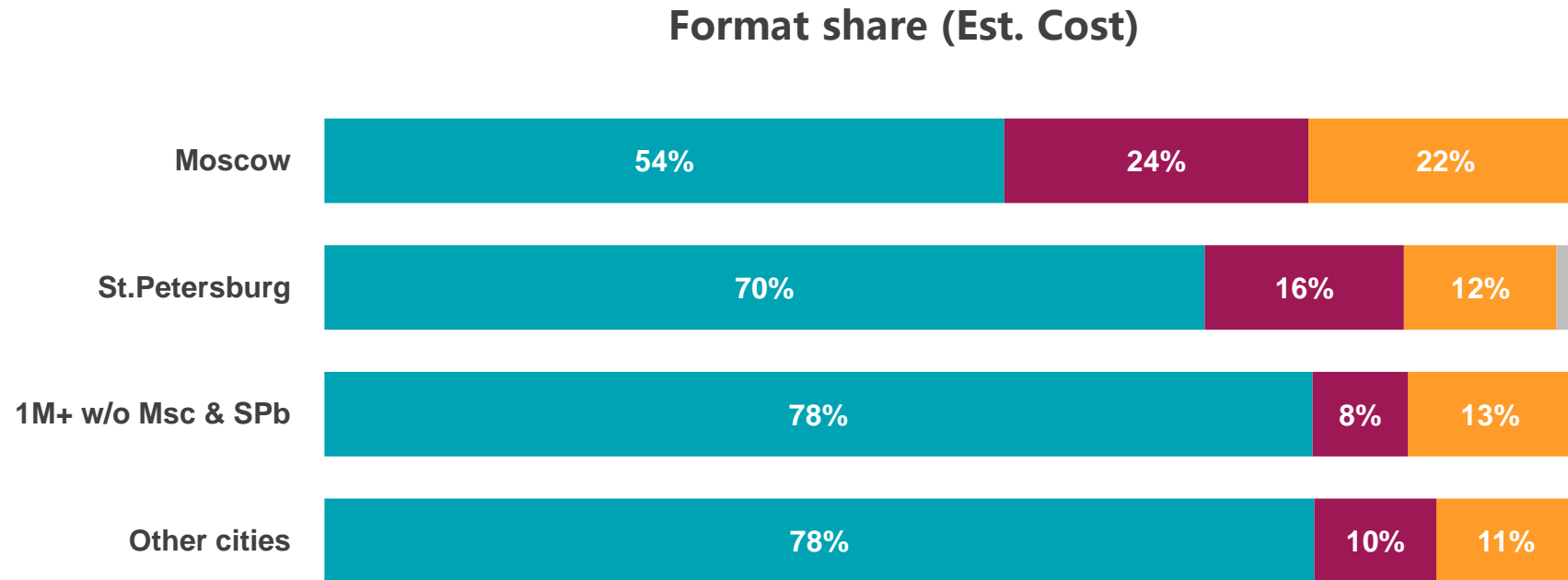
Street
furniture



Big
format



Billboard especially dominates in regions with ~80% of OOH ad budgets
While Moscow market is the most fragmented – only 56% belong to it



2016

Billboard



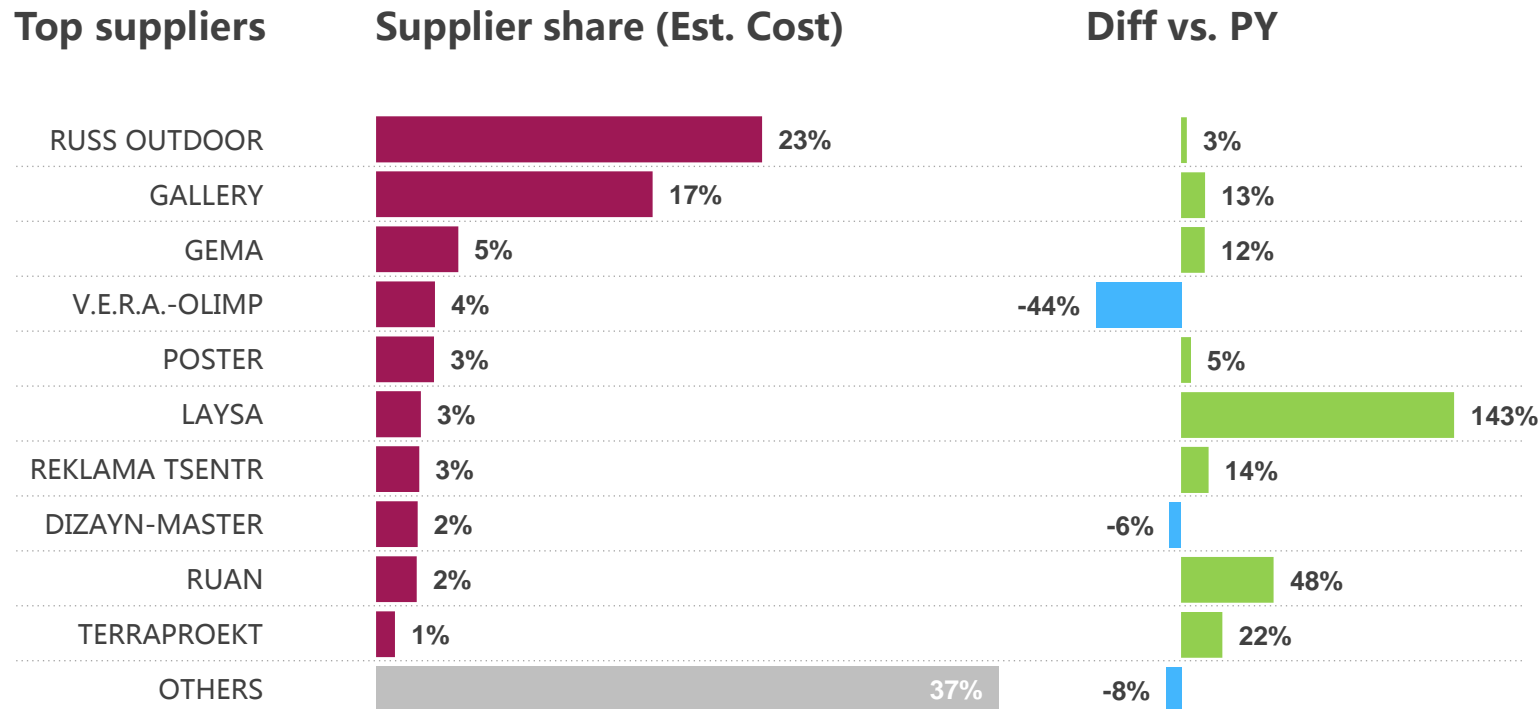
Street
furniture



Big
format



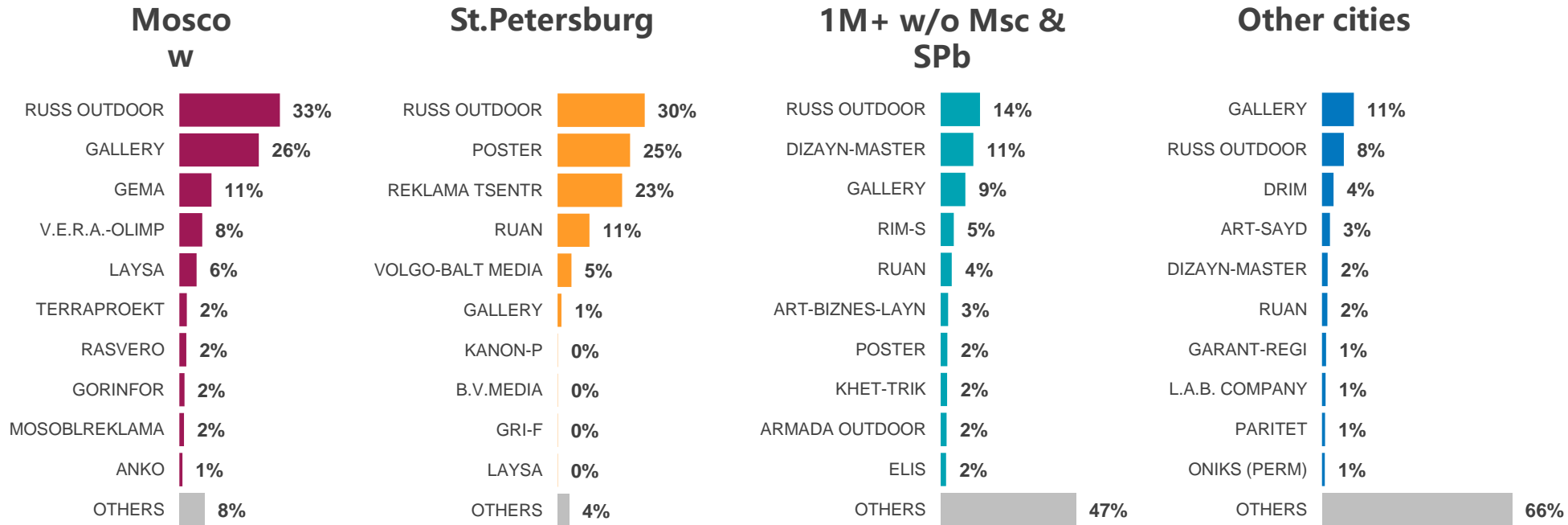
Most of biggest OOH suppliers grew, while share of small operators reduced
 Vera-Olimp dropped by 44% due to a contract cancellation by Moscow government
 Laysa increased more than twice owing to digital supersites development in Moscow



2016

Suppliers fragmentation is more typical for small cities, while Moscow and St.Petersburg OOH markets seem to be concentrated to a great extent

Supplier share by cities (Est. Cost)

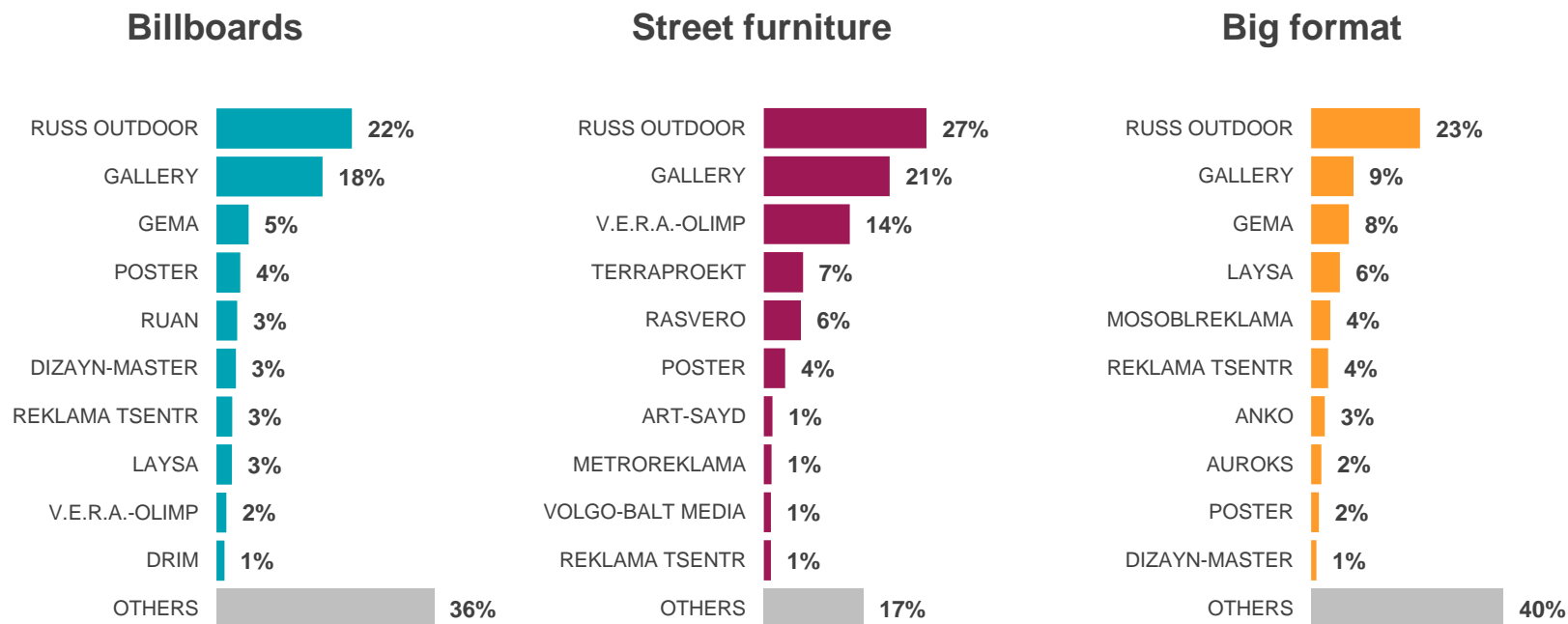


2016

Russ Outdoor is the evident leader by money within all formats

Supplier share by format (Est. Cost)

2016



Retail is still the outstanding leader of OOH market with 30% share Cars dropped by 32%. Smartphones and Internet services entered top-10

Top-20 OOH Categories

#	Category	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	Retail	9 522	30.2%	30.0%	+1%	1	
2	Real Estate Services	5 436	17.3%	14.3%	+21%	2	
3	Mass Actions	2 592	8.2%	8.7%	-5%	4	↑
4	Telecommunications	2 459	7.8%	7.1%	+10%	5	↑
5	Cars & Accessories	1 870	5.9%	8.7%	-32%	3	↓
6	Mass Media	1 435	4.6%	3.3%	+36%	8	↑
7	Financial Services	1 416	4.5%	5.0%	-10%	6	↓
8	Consumer services	1 167	3.7%	4.3%	-13%	7	↓
9	Internet Services	947	3.0%	2.1%	+42%	12	↑
10	Phones, Radios, etc.	879	2.8%	1.9%	+49%	14	↑
11	Food	824	2.6%	2.4%	+10%	10	↓
12	Catering	809	2.6%	2.4%	+9%	11	↓
13	Tourism, Sport & Leisure	717	2.3%	2.5%	-10%	9	↓
14	Building, Finishing & Plumbing	613	1.9%	2.1%	-6%	13	↓
15	Non-Alcoholic Drinks	599	1.9%	1.8%	+4%	15	
16	Medical Services	562	1.8%	1.7%	+4%	16	
17	Transportation	538	1.7%	1.5%	+11%	19	↑
18	Confectionery	433	1.4%	1.6%	-17%	17	↓
19	Household Appliances	415	1.3%	1.1%	+15%	22	↑
20	Clothing & Footwear	380	1.2%	1.6%	-24%	18	↓

Tele 2 increased its budget share by half and moved from 6 to 3 spot
4 out of top-5 outdoor advertisers are mobile network operators thus

Top-20 OOH Advertisers

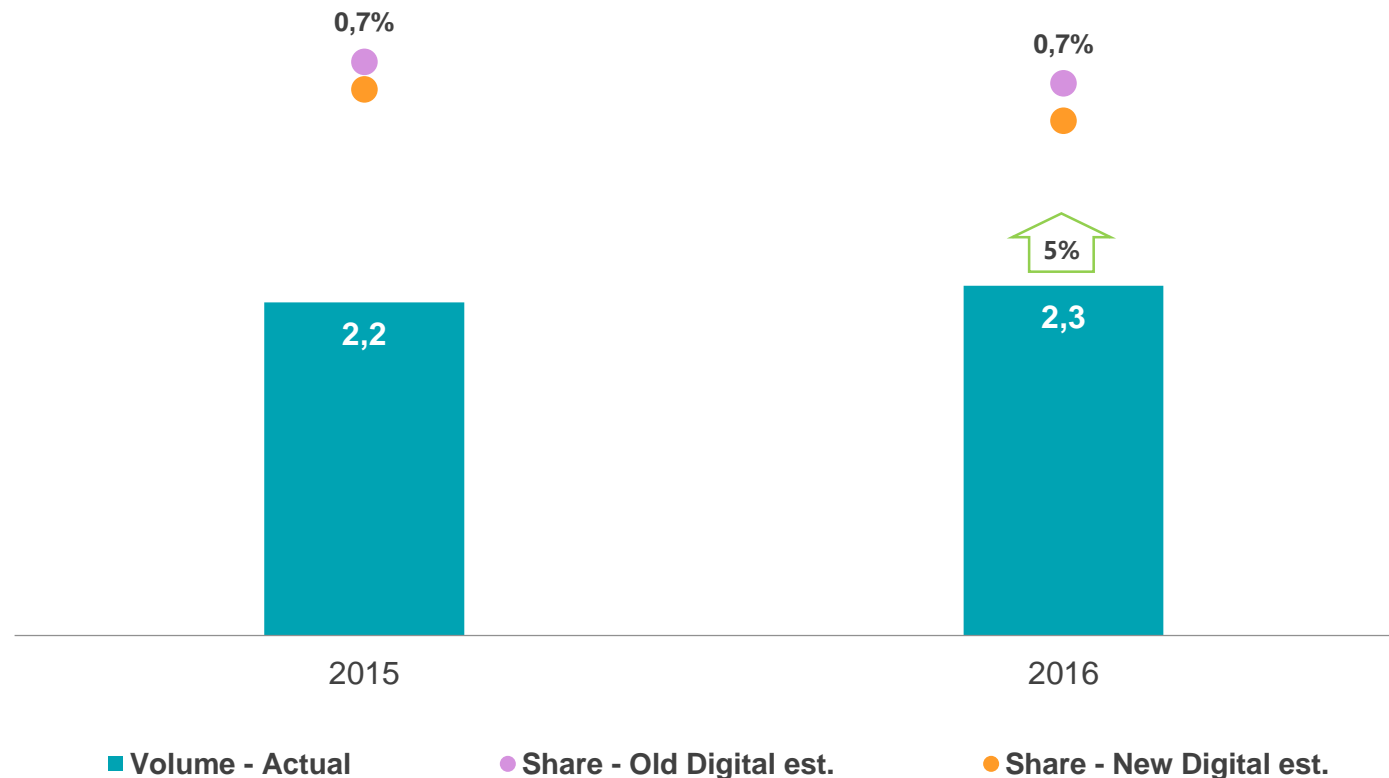
#	Advertiser	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	MegaFon	638	2.0%	2.2%	-7%	1	
2	MTS	632	2.0%	1.9%	+8%	2	
3	Tele 2	591	1.9%	1.3%	+50%	6	↑
4	M.Video	567	1.8%	1.6%	+12%	4	
5	Beeline	513	1.6%	1.5%	+10%	5	
6	Eldorado (Chain Of Shops)	433	1.4%	1.2%	+13%	7	↑
7	First Hypothecary Company	425	1.4%	0.7%	+92%	19	↑
8	X5 Retail Group	404	1.3%	1.8%	-27%	3	↓
9	McDonald's	387	1.2%	1.0%	+18%	9	
10	Don-Stroy	370	1.2%	0.7%	+66%	17	↑
11	Group LSR	346	1.1%	0.7%	+60%	22	↑
12	Metro Group	327	1.0%	0.8%	+29%	13	↑
13	Leroy Merlin	299	0.9%	0.7%	+36%	20	↑
14	Sportmaster	284	0.9%	0.9%	-4%	11	↓
15	Moscow Government	269	0.9%	0.3%	+213%	53	↑
16	Lenta	250	0.8%	0.7%	+16%	21	↑
17	TNT	243	0.8%	0.7%	+9%	16	↓
18	Walt Disney	237	0.8%	0.4%	+70%	37	↑
19	OBI	227	0.7%	0.6%	+15%	26	↑
20	Morton	218	0.7%	0.5%	+28%	29	↑



Indoor

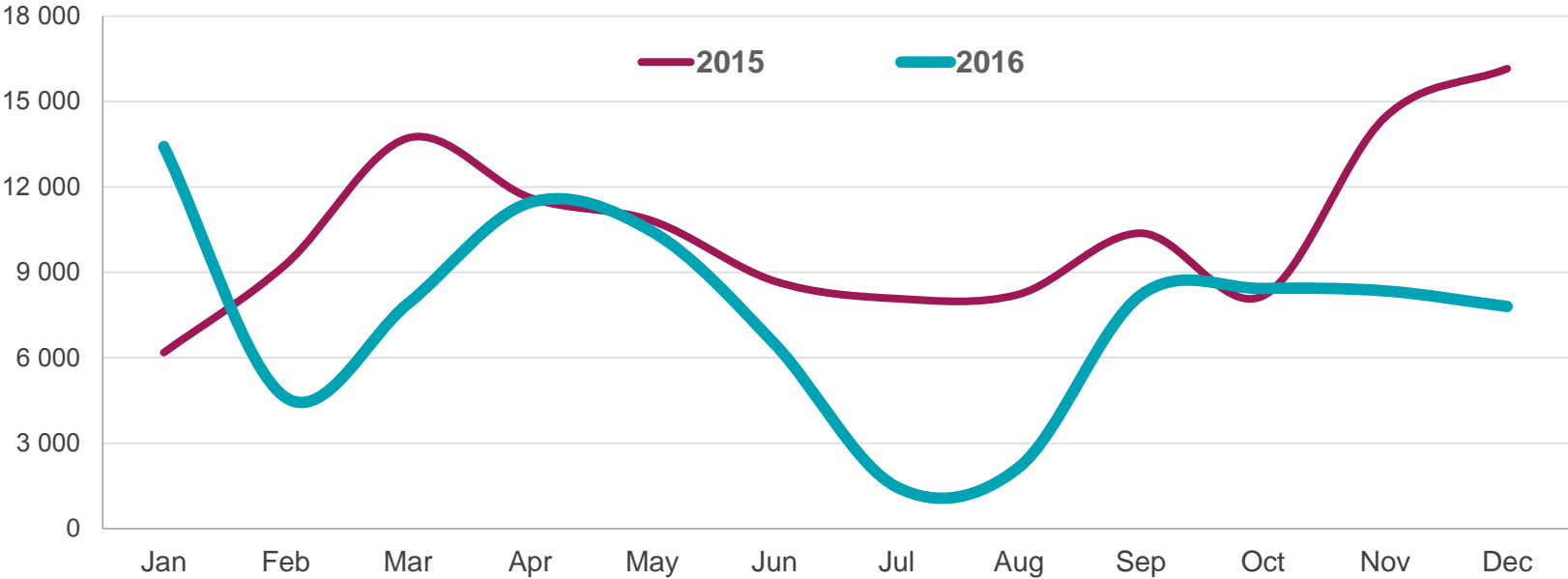
Transit advertising has been excluded from AKAR estimation of Indoor market since 2016. According to the new methodology, it grew by 5% and reached 2.3 RUR bn in 2016

Indoor market volume (RUR bn) and share of total ad spending



Vi Indoor Inventory is 28% less compared to the SPYA

Volume of Vi Indoor inventory in Moscow, ths. minutes



Auchan has been returned to monitoring since October 2016

	Estimated cost, RUB mn	# of points in monitoring
Airports	224	7
Perekrestok	197	106
Karusel	6	3
Auchan	2	5

2016

Mass actions, Social organizations and Alcoholic drinks leads by measured Indoor budgets (Vi screens)

Top-20 Vi Indoor Categories

#	Category	2016 EC (rub mn)	2016 EC Share
1	Mass Actions	112.9	26.3%
2	Social Organizations	73.2	17.1%
3	Alcoholic Drinks	71.7	16.7%
4	Confectionery	30.2	7.1%
5	Political Organizations	26.9	6.3%
6	Non-alcoholic Drinks	18.6	4.3%
7	Food	18.2	4.2%
8	Medicines & Food Supplements	16.1	3.8%
9	Social Advertising: People Relations	15.5	3.6%
10	Household Chemicals	10.5	2.4%
11	Telecommunications	9.4	2.2%
12	Cars & Accessories	4.4	1.0%
13	Internet Services	4.2	1.0%
14	Social Advertising: Ecology	2.8	0.7%
15	Tourism, Sports & Leisure	2.8	0.7%
16	Mass Media	2.8	0.6%
17	Beauty & Healthcare Goods	2.5	0.6%
18	Social Advertising (Var)	2.0	0.5%
19	Guard & Security Services	1.5	0.3%
20	Entertainment	1.5	0.3%

LDPR entered top-5 due to elections to the state Duma

Top-20 Vi Indoor Advertisers

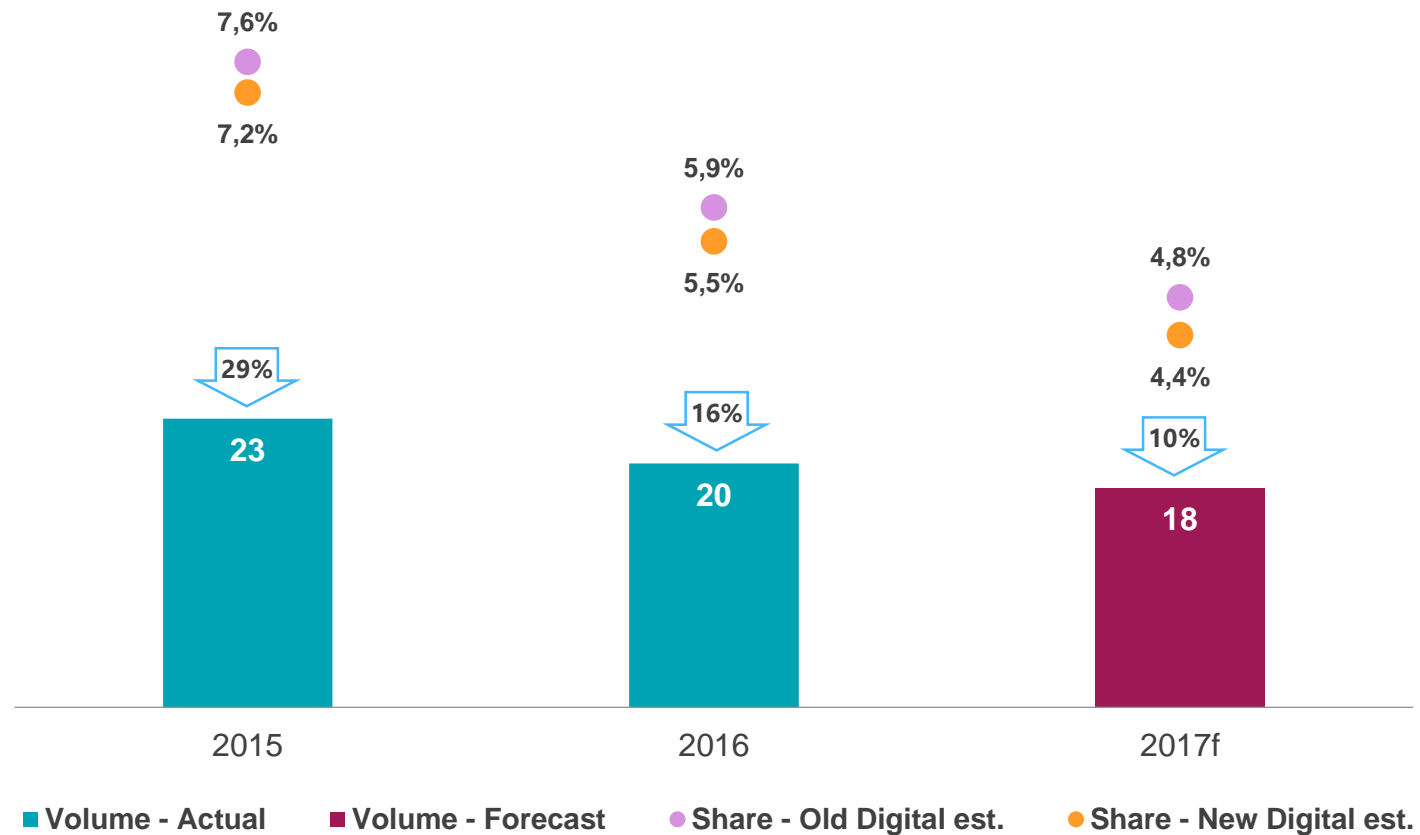
#	Advertisers	2016 EC (rub mn)	2016 EC Share
1	Moscow Interregional Transport Prosecutor's Office	58.9	13.8%
2	Russian National Delphian Council	55.4	12.9%
3	Luxor Entertainment	36.7	8.6%
4	Khortitsa Trade House	33.0	7.7%
5	LDPR	25.8	6.0%
6	Global Spirits	17.9	4.2%
7	Social Information Agency	15.5	3.6%
8	Ferrero	13.5	3.1%
9	Ministry Of Defense Of Russia	11.8	2.8%
10	Marketing Lounge	11.3	2.6%
11	Dr. Reddy's Laboratories	11.1	2.6%
12	United Confectioners	8.0	1.9%
13	Moscow Department for Civil Defence, Emergencies & Fire Safety	7.6	1.8%
14	Reckitt Benckiser	6.1	1.4%
15	Beeline	5.8	1.4%
16	Mon'delez International	5.8	1.4%
17	Coca-Cola	5.6	1.3%
18	Toyota	4.4	1.0%
19	Pozitiv Bio	4.4	1.0%
20	Live Entertainment	3.8	0.9%



Print

Print kept dropping in 2016, however the speed of reduction slowed down, -16% vs. -29% in 2015. It is predicted to decline in 2017, its share might fall below 5%. Ruble inflation forecast is 3% for 2017

Print market volume (RUR bn) and share of total ad spending



Print market news

Independent Media combined the assets of Fashion Press, Premium Publishing, Premium Independent Media and Moscowtimes. So the leader within print market won't change in fact

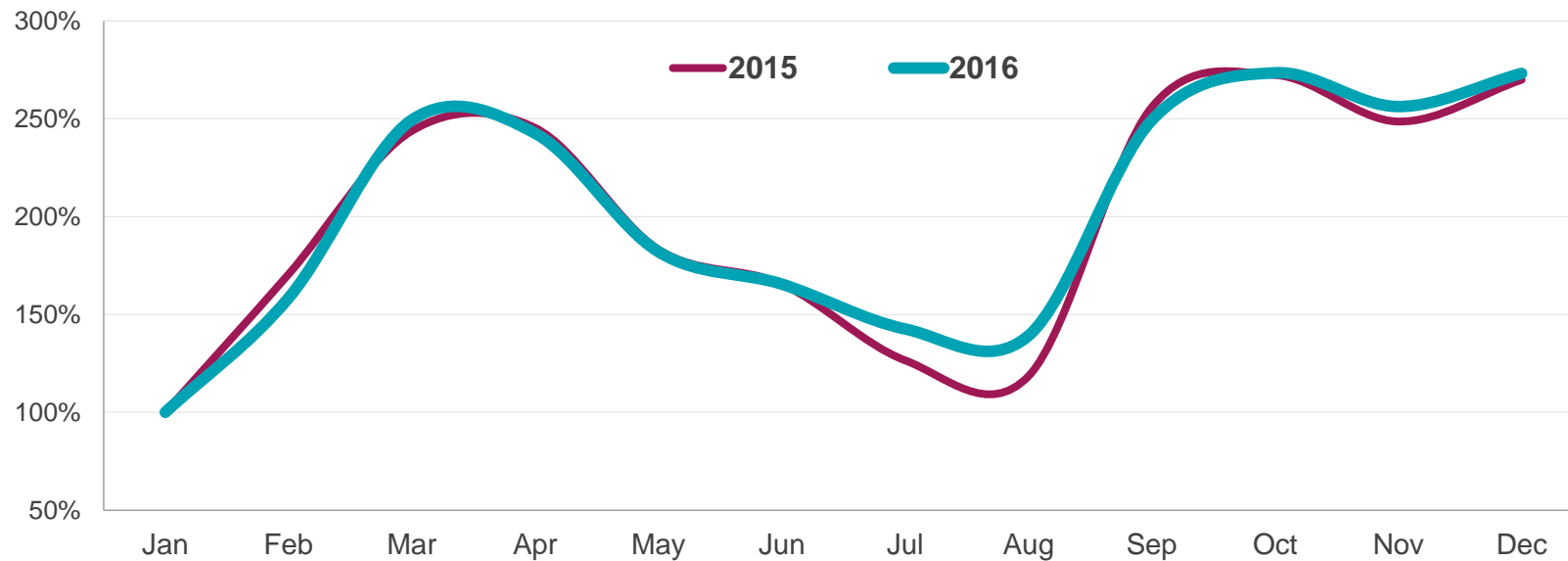
The law on **foreign capital** restriction came into force since January 2016. Share of foreign capital can't exceed 20% from now on. There were 2 decision for business: inner registration new legal structure according to rule 80/20 (HSM, Burda, Conde Nast, Sanoma) or sale assets to Russian owners and leave Russia market (Edipress-Konliga, Axel Springer). Advertising catalogs and corporate titles of foreign companies were not the exception

GEO, GEOlenok and Gala Biographiya returned to Russian market since April 2016. Now they are published by **ACMG**. This PH also launched new magazine L'Officiel Voyage in May 2016

PH Burda **closed** print version of Oops! magazine and passed licenses on The Rake and Revolution to private persons. Conde Nast stopped publishing Allure and Conde Nast Traveller in Russia since 2017 (web-sites of this magazines also will be supported no longer). Interview by Alena Doletskaya was closed in December 2016. PH Kommersant closed print versions of Dengi and Vlast magazines

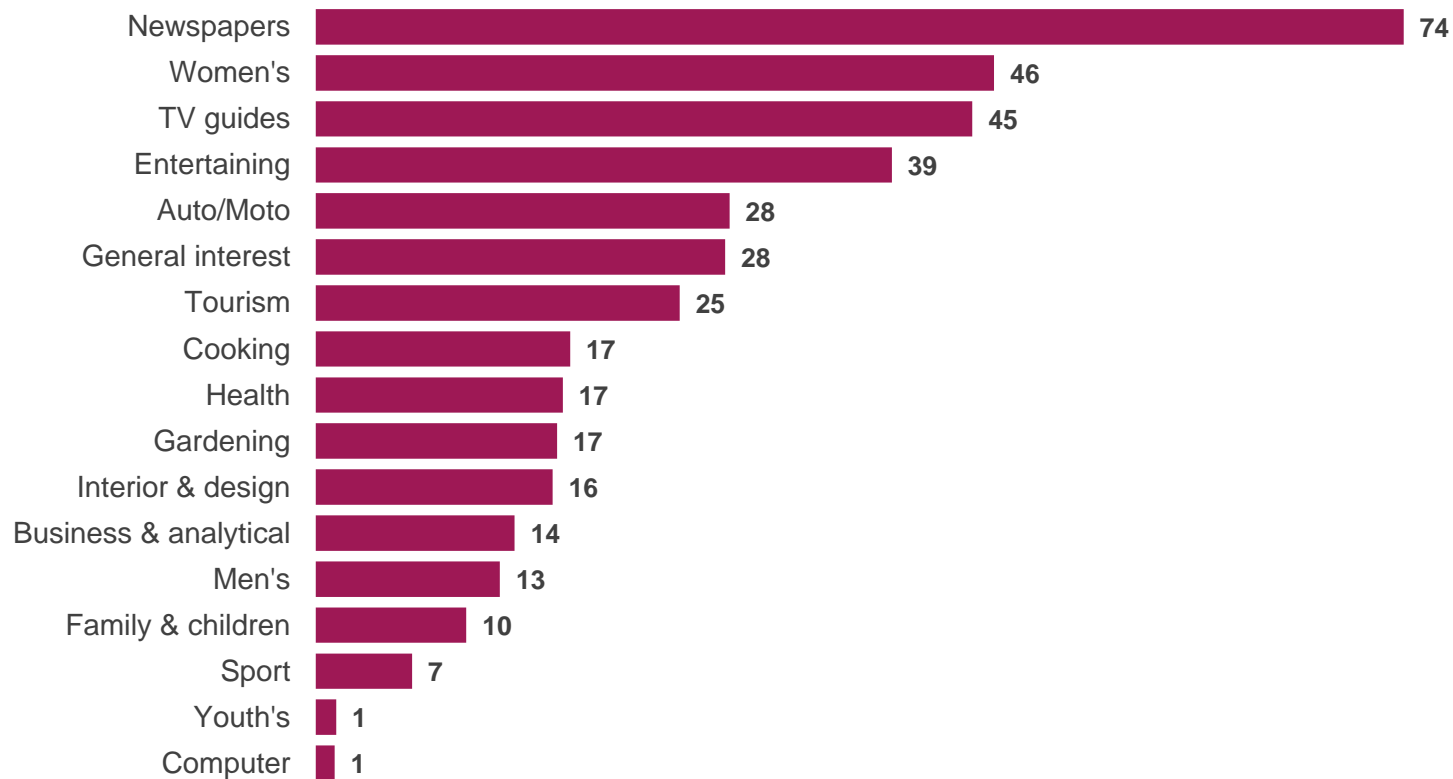
Low demand is typical for Jan and Jul-Aug, while demand peaks are observed in Mar-Apr and Sep-Dec. 2016 is not the exception

Print market seasonality by Estimated Cost Index (base=January)



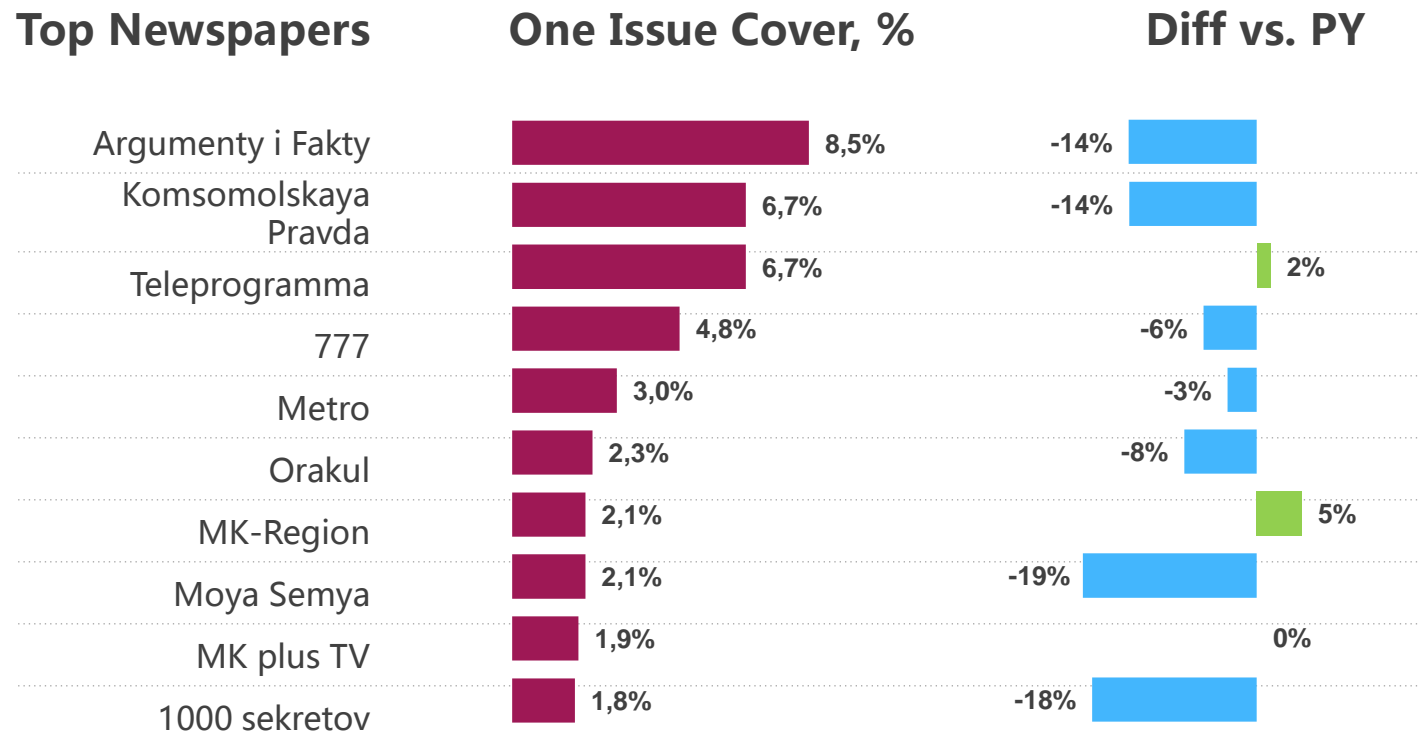
Newspapers evidently lead in terms of population coverage

Half-year audience, %



May-
Oct
2016

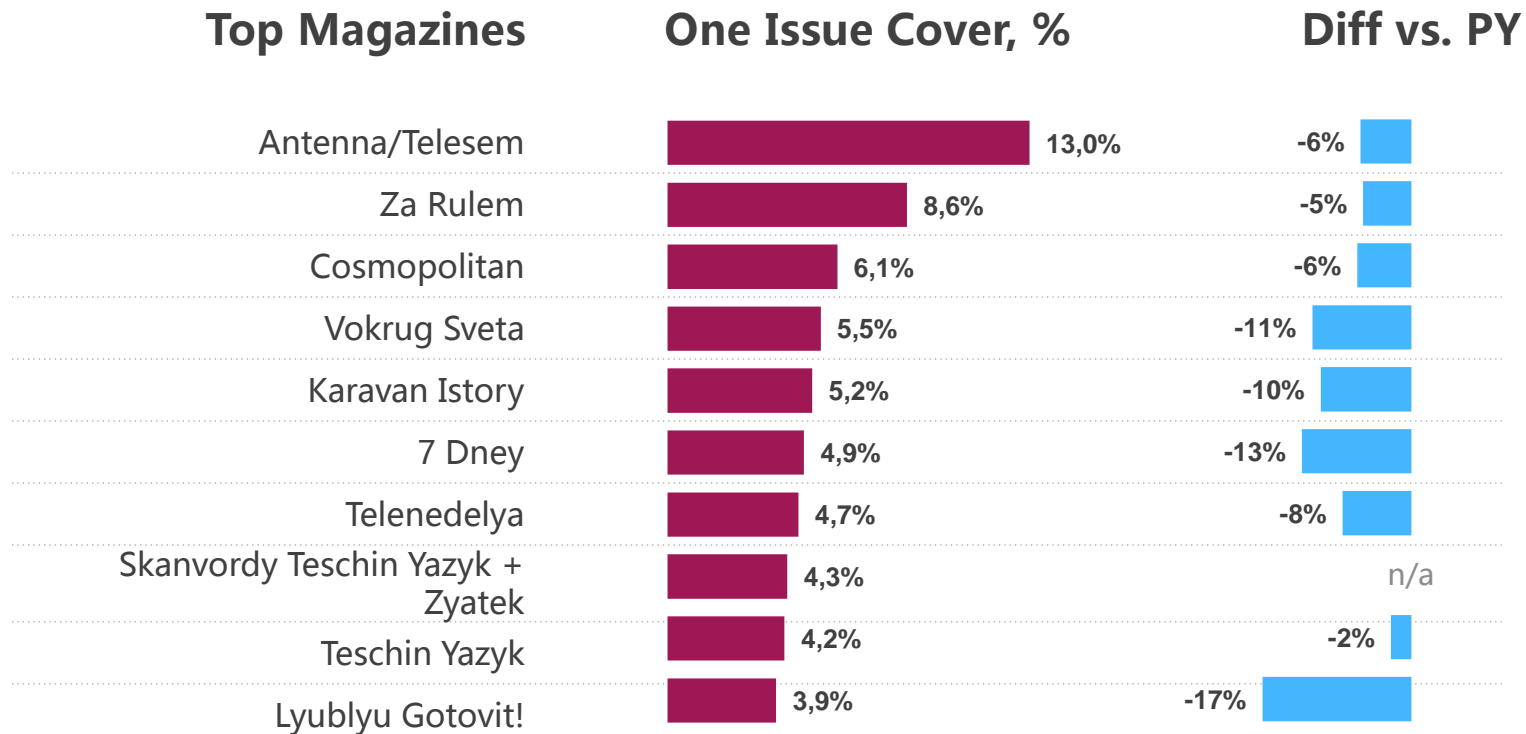
The most popular newspaper is “Argumenty i Fakty”, though it’s losing audience as well as most top-10 titles



May-
Oct
2016

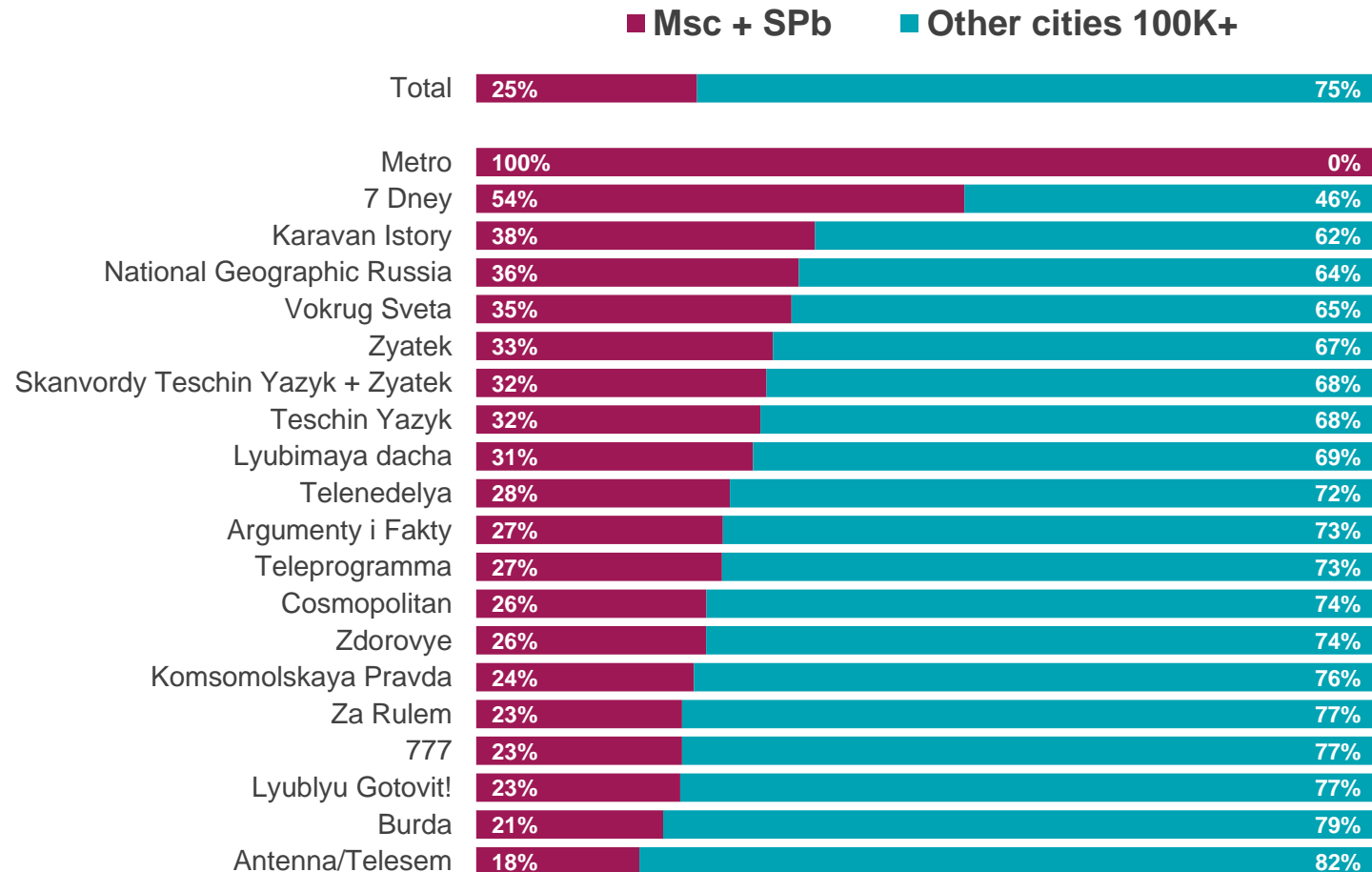
Top-10 magazines show the same dynamics as newspapers

TV-guide Antenna/Telesem is the most popular of them



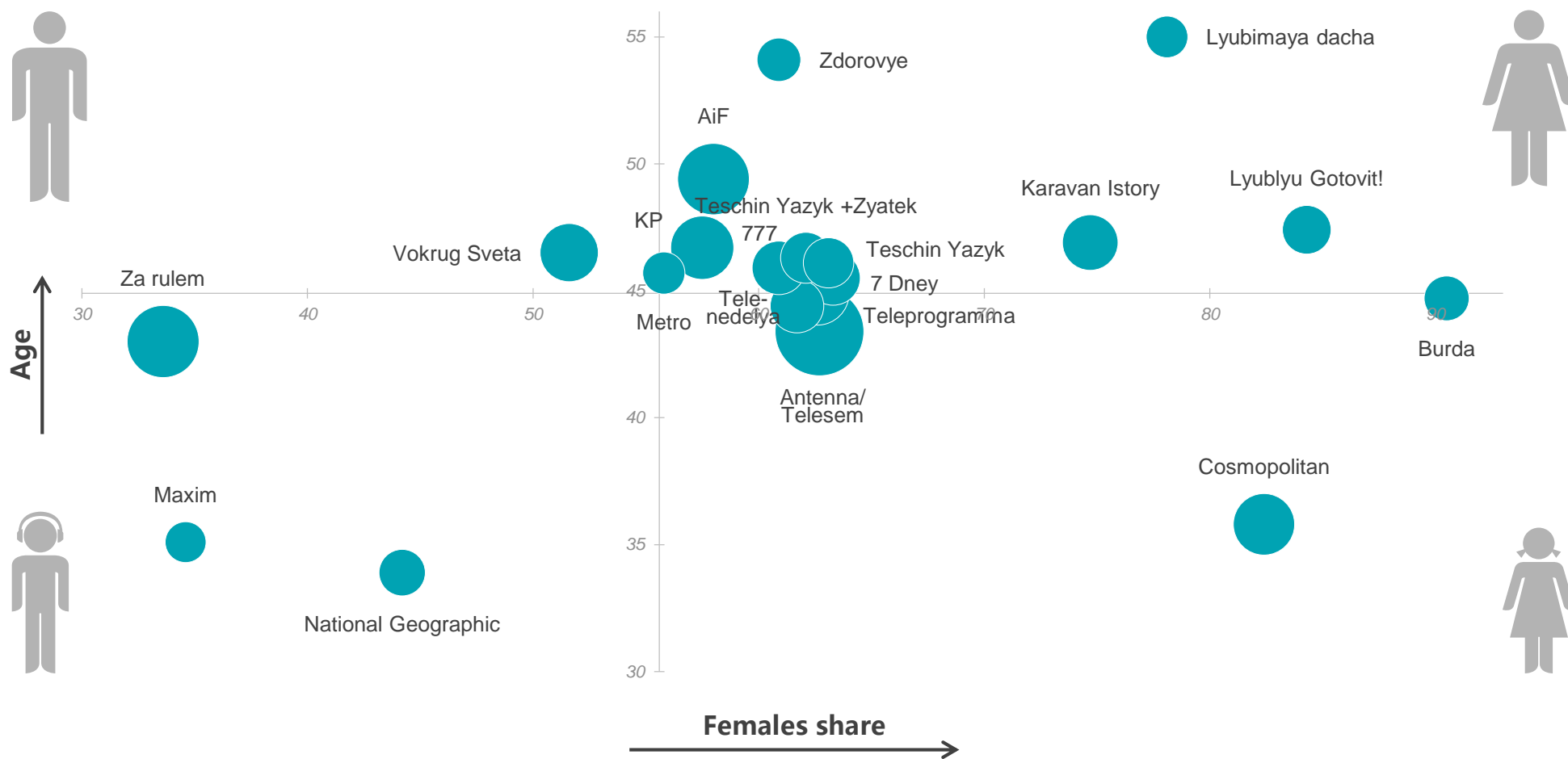
May-
Oct
2016

Geographical distribution of the top titles audience varies greatly. Share of Moscow & St. Petersburg for top editions varies from 18% to 100%

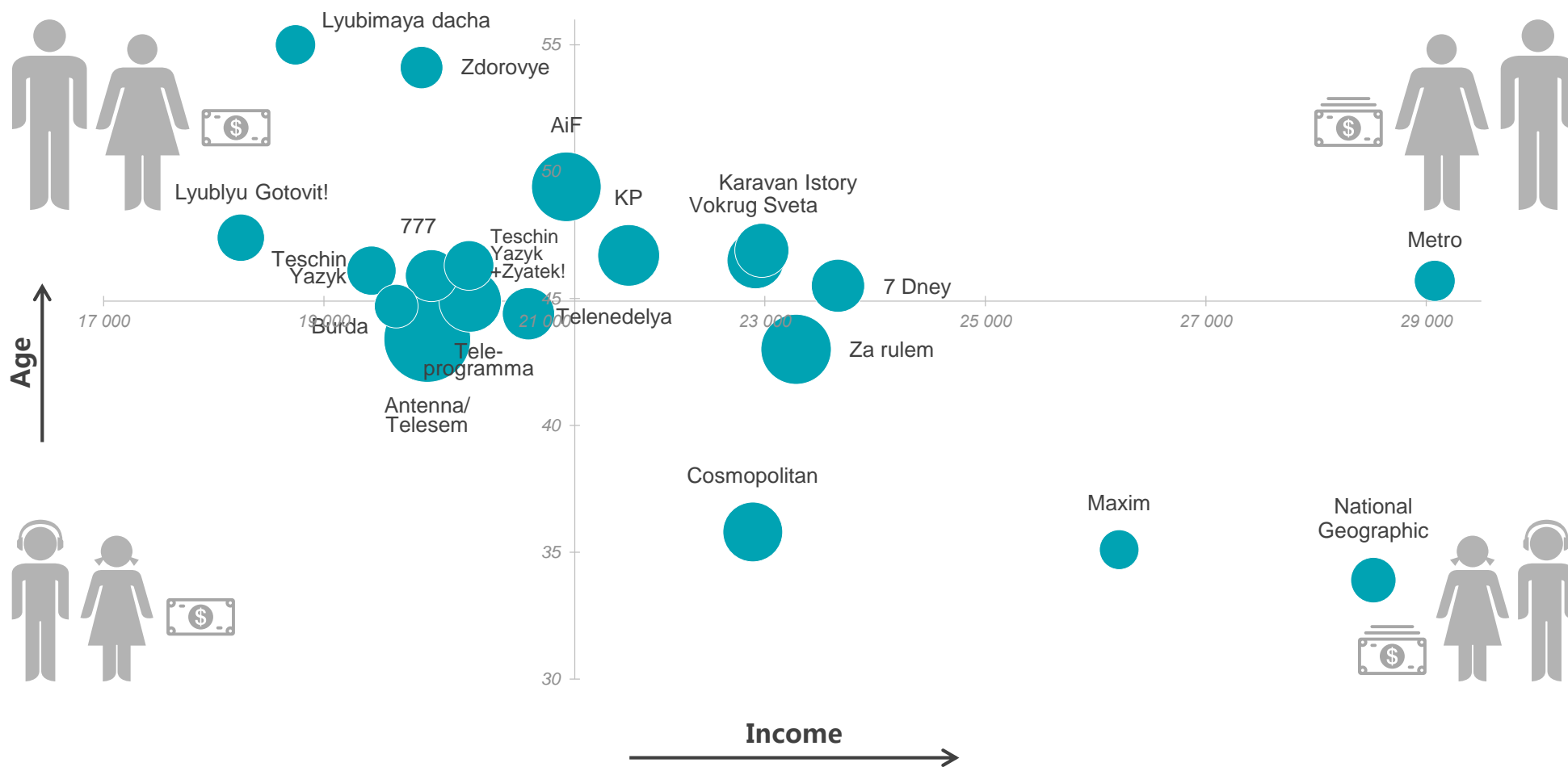


May-
Oct
2016

Top print editions audience is skewed to elder women

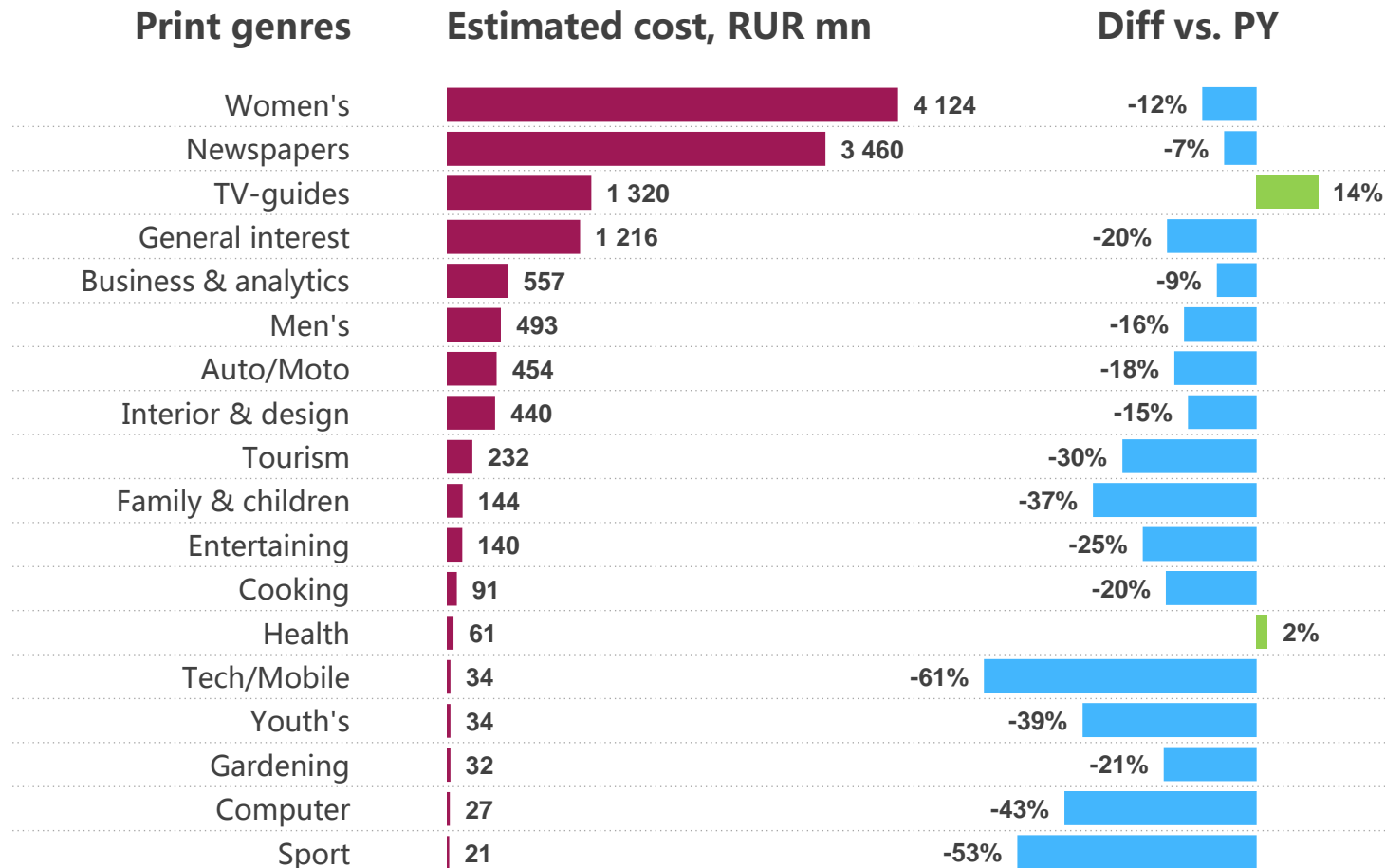


Audience with different incomes are covered by top titles



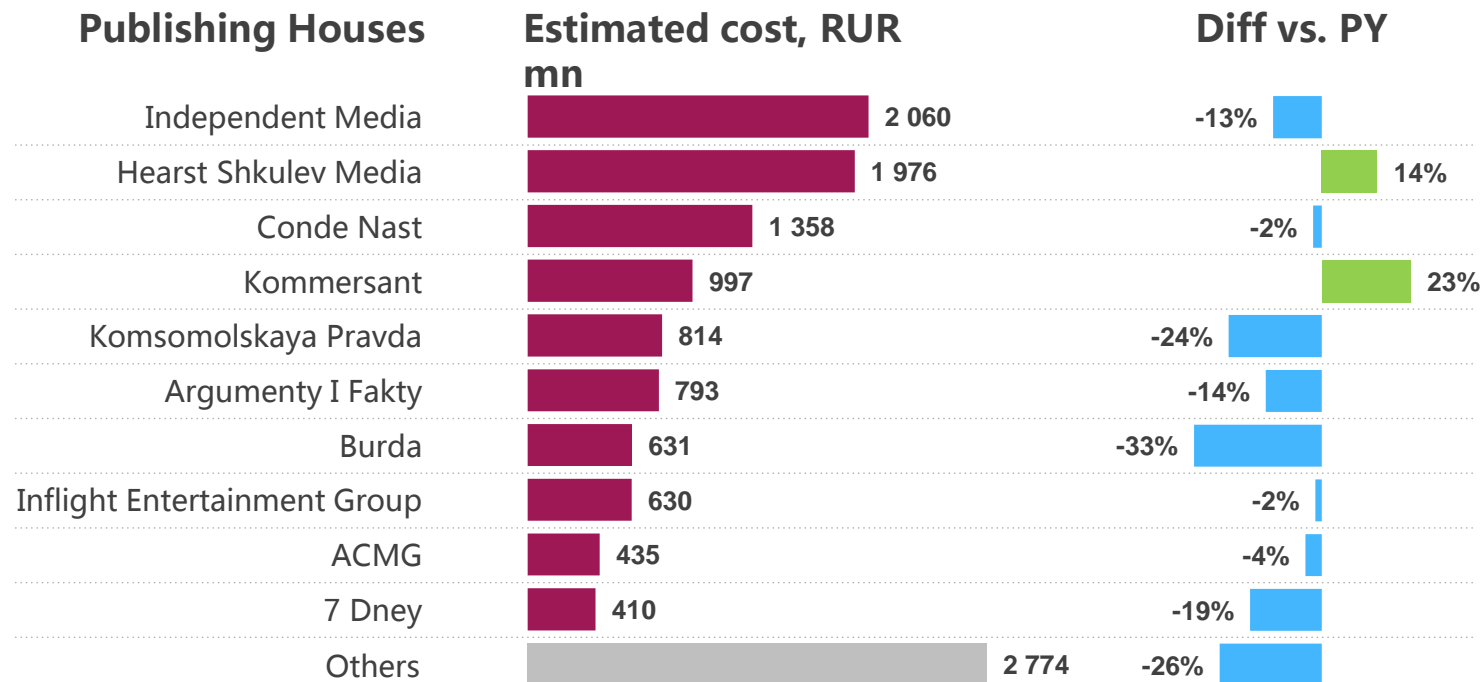
May-Oct 2016

Women's editions and Newspapers lead by ad budgets. Only TV-guides & health titles improved their revenues by 14 and 2% respectively



2016

SIM assets were combined by Independent Media, so the leader didn't changed. Kommersant notably grew and outperformed KP, AiF and Burda



2016

Retail improved its leadership within print ad market. Social organizations grew by more than a quarter and entered top-20 list

Top-20 Print Categories

#	Category	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	Retail	3 379	22.4%	18.3%	+22%	1	
2	Clothing & Footwear	1 867	12.4%	11.1%	+11%	2	
3	Medicines & Food Supplements	1 390	9.2%	10.8%	-15%	3	
4	Beauty & Healthcare Goods	1 217	8.1%	8.0%	0%	4	
5	Watches & Clocks, Jewelry	1 162	7.7%	6.8%	+12%	8	↑
6	Mass Media	984	6.5%	7.0%	-7%	7	↑
7	Cars & Accessories	943	6.2%	7.1%	-12%	5	↓
8	Financial Services	776	5.1%	7.0%	-27%	6	↓
9	Mass Actions	681	4.5%	4.7%	-4%	9	
10	Perfumery	655	4.3%	4.5%	-4%	10	
11	Real Estate Services	418	2.8%	2.5%	+10%	11	
12	Building & Repair	292	1.9%	1.7%	+11%	14	↑
13	Furniture & Interior Articles	278	1.8%	1.8%	+4%	13	
14	Medical Equipment & Materials	274	1.8%	1.7%	+9%	15	↑
15	Medical Services	273	1.8%	2.0%	-8%	12	↓
16	Consumer services	225	1.5%	1.3%	+12%	17	↑
17	Transportation	186	1.2%	1.5%	-20%	16	↓
18	Household Appliances	177	1.2%	1.2%	-3%	18	
19	Social Organizations	149	1.0%	0.8%	+27%	23	↑
20	Internet Services	140	0.9%	0.9%	+3%	21	↑

Mercury noticeably increased its print ad share and hold the leadership M.Video improved its investments enormously and obtained 2 spot

Top-20 Print Advertisers

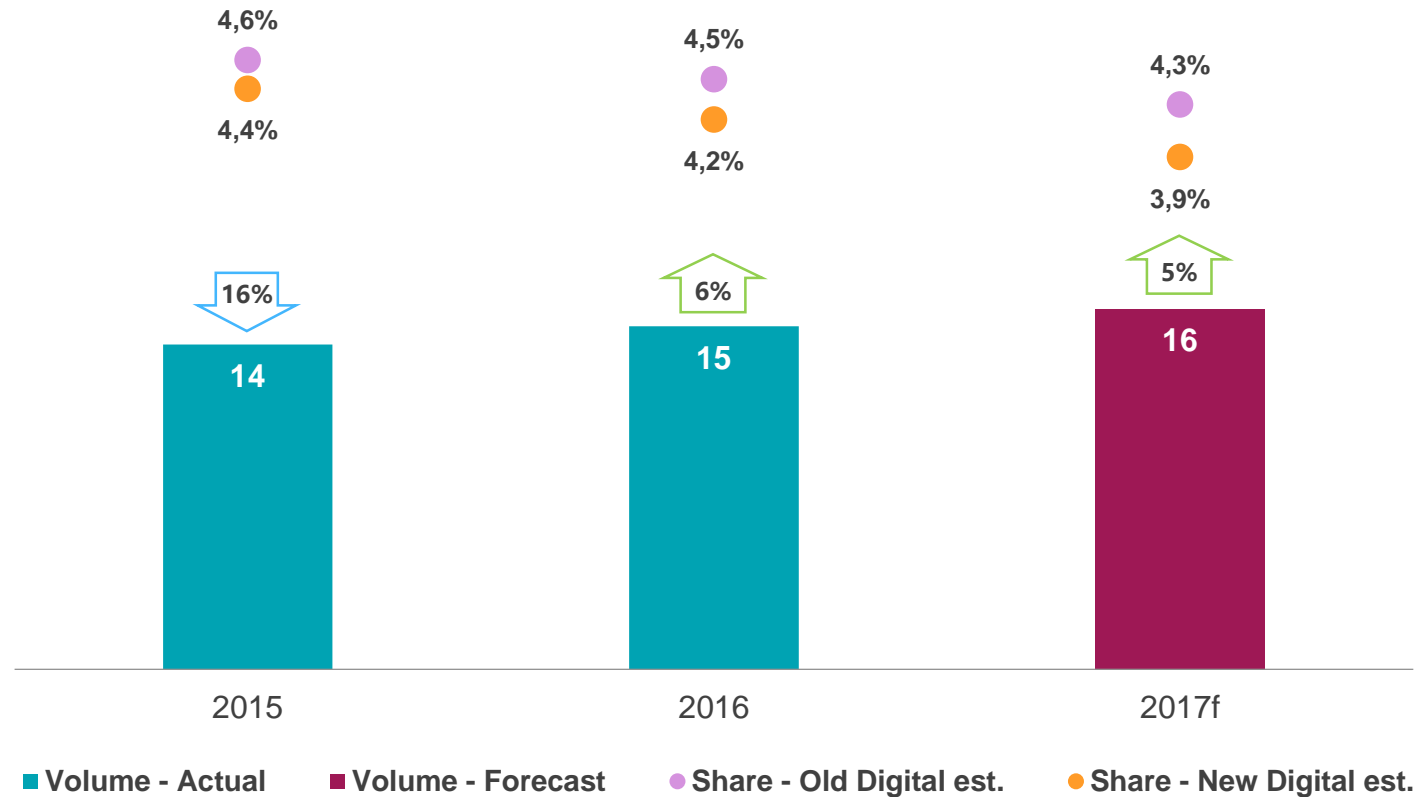
#	Advertisers	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	Mercury	659	4.4%	2.9%	+49%	1	
2	M.Video	527	3.5%	0.2%	+2208%	105	↑
3	Louis Vuitton Moet Hennessy Sa	464	3.1%	2.8%	+9%	2	↓
4	Evalar	362	2.4%	2.2%	+11%	5	↑
5	L'Oreal	312	2.1%	2.5%	-18%	3	↓
6	Procter & Gamble	253	1.7%	2.5%	-34%	4	↓
7	Volkswagen	212	1.4%	1.7%	-17%	6	↓
8	Materia Medica	143	0.9%	0.8%	+13%	10	↑
9	Chanel	140	0.9%	0.9%	-2%	7	↓
10	Elatma Instrument Plant	132	0.9%	0.8%	+13%	11	↑
11	Richemont Group	131	0.9%	0.9%	-8%	8	↓
12	Zeldis	124	0.8%	0.6%	+28%	15	↑
13	Aeroflot	122	0.8%	0.5%	+48%	20	↑
14	Calzedonia	112	0.7%	0.6%	+14%	14	
15	Hyundai	101	0.7%	0.3%	+128%	51	↑
16	Unilever	96	0.6%	0.5%	+39%	25	↑
17	Direct Catalogue Service	95	0.6%	0.1%	+584%	185	↑
18	Coty Group Worldwide	94	0.6%	0.2%	+262%	95	↑
19	Tekhnologiya (Construction)	90	0.6%	0.5%	+11%	21	↑
20	Orglot	86	0.6%	0.5%	+23%	24	↑



Radio

Radio resumed growing in 2016, +6%. Comparable increase is predicted in 2017. Such growth rates are below the market, so Radio share is falling
Ad placement prices are expected not to change in 2017

Radio market volume (RUR bn) and share of total ad spending



Radio market news

Gutseriev holding launched radio station 'Russkiy hit' instead of 'Stolitsa FM' (Moscow 99.6 FM) in January 2017. Station format – Russian popular music

RMG will not prolong the contract with Vi. It expires in December 2016, then radio holding will sell its advertising by itself

Russian biggest radio holding, EMG was bought by UMMC co-owner Bokarev and top-managers Kozitsyn and Kudryashkin. The deal was closed in May 2016

'Radio Kniga' has started broadcasting in Moscow on 105 FM in March 2016. This is the only new radio frequency in the capital FM spectrum in the last 10 years

EMG sold 'Radio Record' Moscow frequency (98.4 FM) to UMMC top-managers. Start of 'Novoe Radio' broadcast occurred on Nov'30, 2015. Commercial time is sold by Vi since January 2016

EMG sold 'Keks FM' Moscow frequency (89.9 FM) to 'Radio Shanson' ex-owners Maslov and Yarkov. They launched new radio station 'Strana FM' on this frequency in the end of October'2015. 'Keks FM' broadcasting in St. Petersburg ceased in August 2016, it was replaced with 'Novoe Radio'

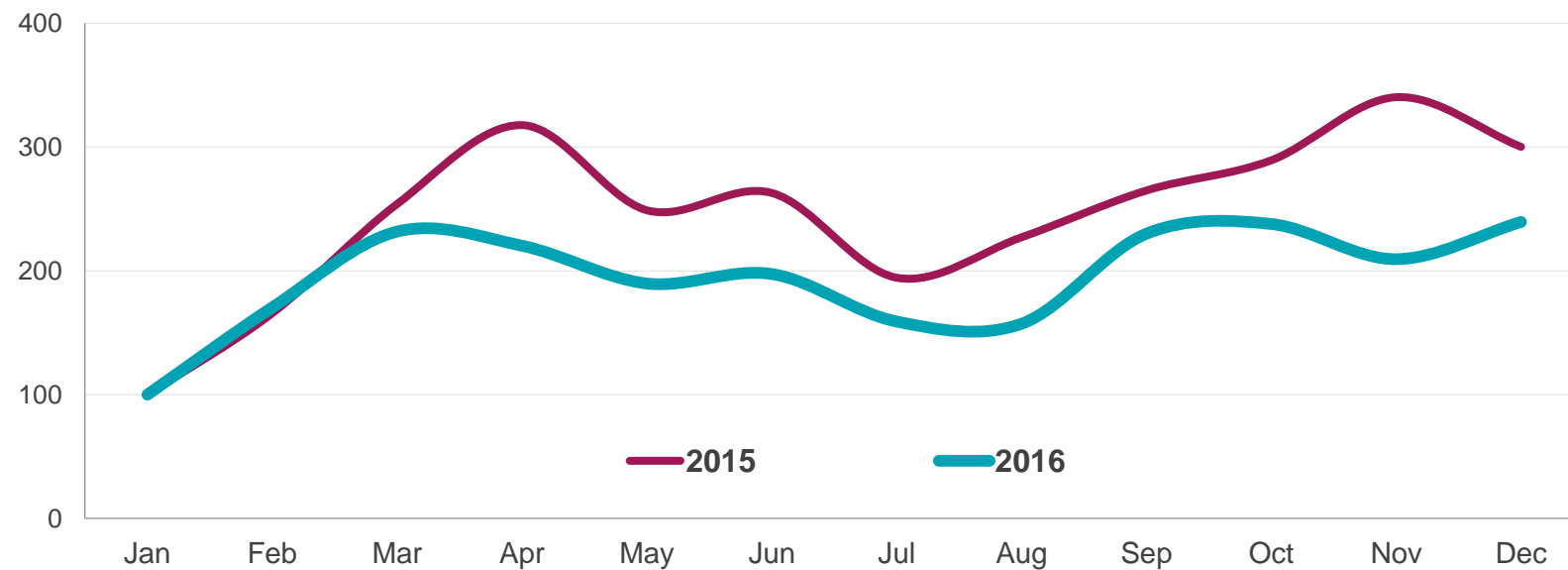
Radio market structure

Holding	Seller	Stations
Gazprom Media	VKPM	
EMG	Media Plus	
Multimedia Holding	DJEM	
Krutoy Media	Krutoy Media	
Izum	Krutoy Media	

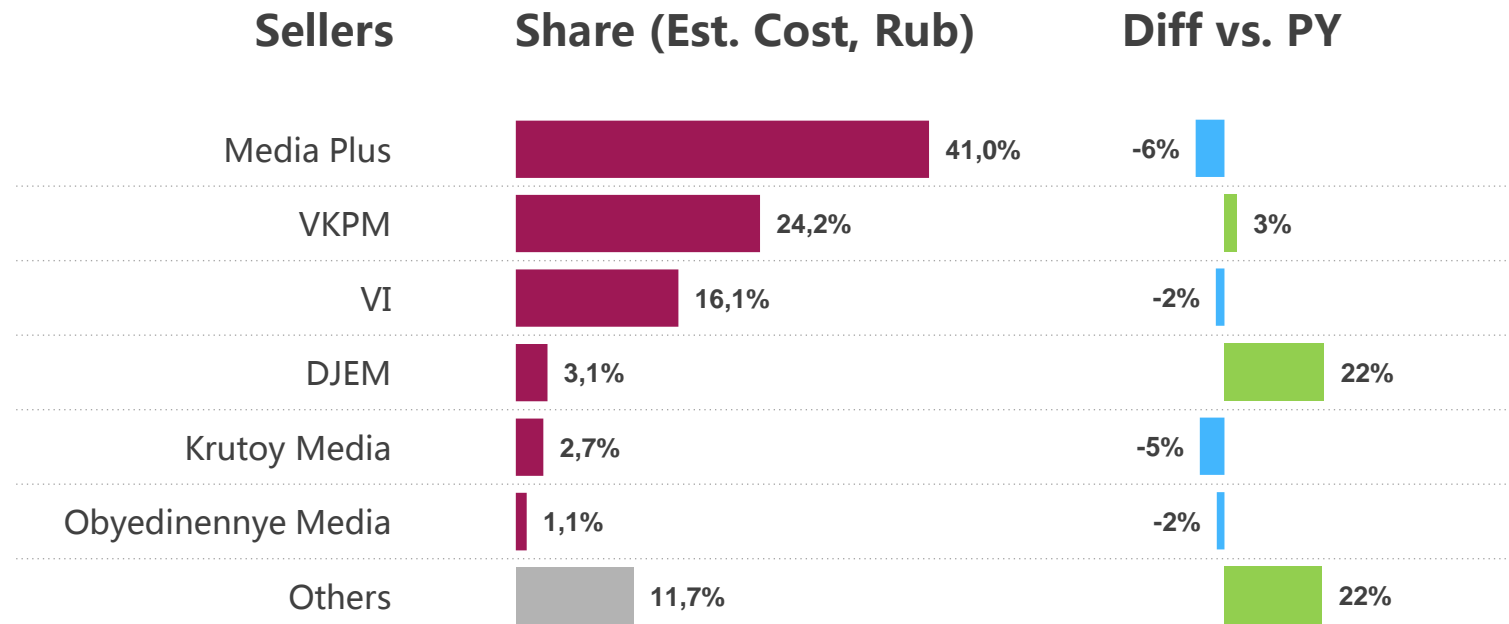
Holding	Seller	Stations
VGTRK	Vi	
RMG	Vi	
Obyedinennye Media	Obyedinennye Media	
Moskva Media	Diamand	
Others	Vi	
Others	Others	

Jan'16 was less depressive vs. 2015, so the further dynamics is closer to usual market condition

Radio market seasonality by Ad Volume Index (base=January)



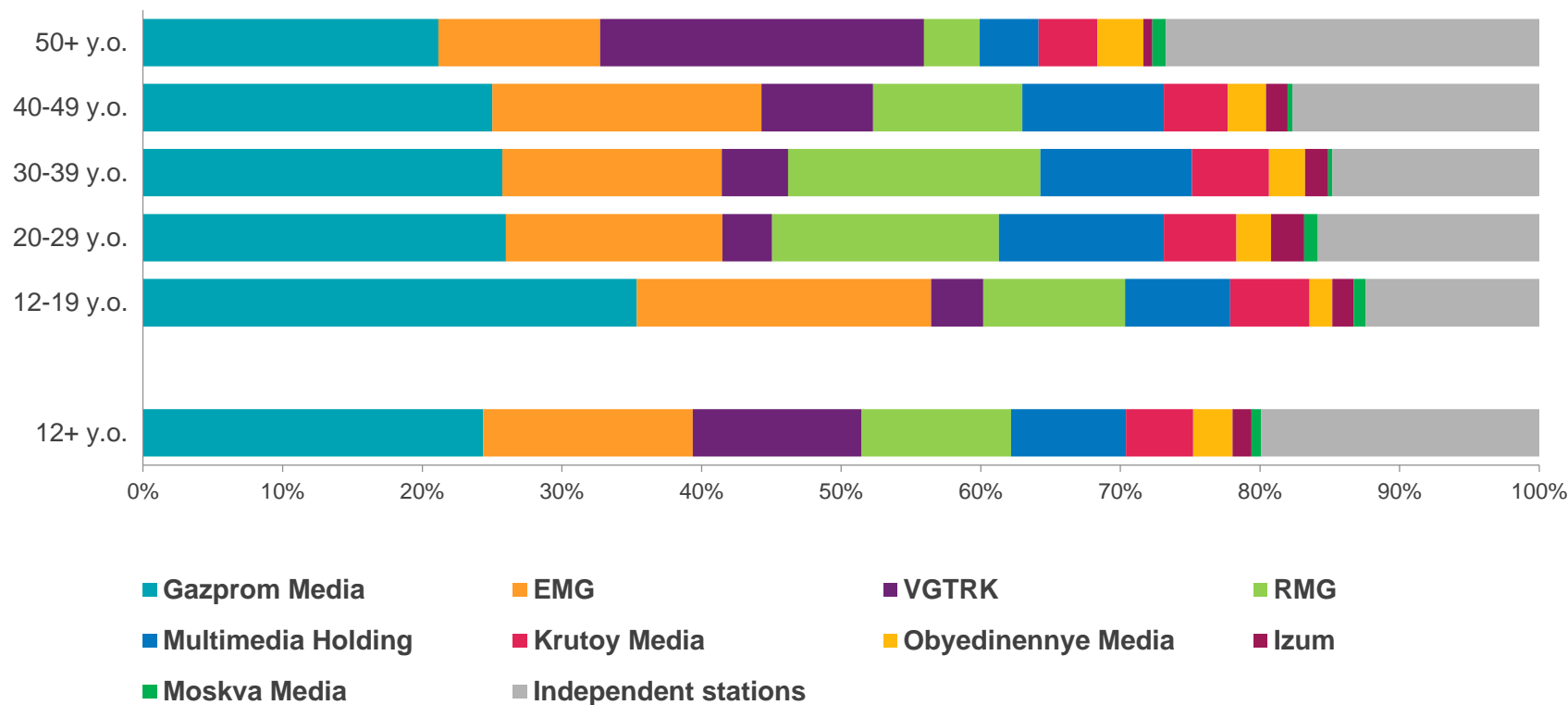
Radio market is concentrated to a great extent: top-3 sellers control 81% of ad in terms of money. However, share of independent stations grows



2016

**Gazprom Media has the strongest position among teens 12-19 y.o.
 RMG and Multimedia Holding are middle-aged audience oriented
 While listening VGTRK stations is more typical for elder population**

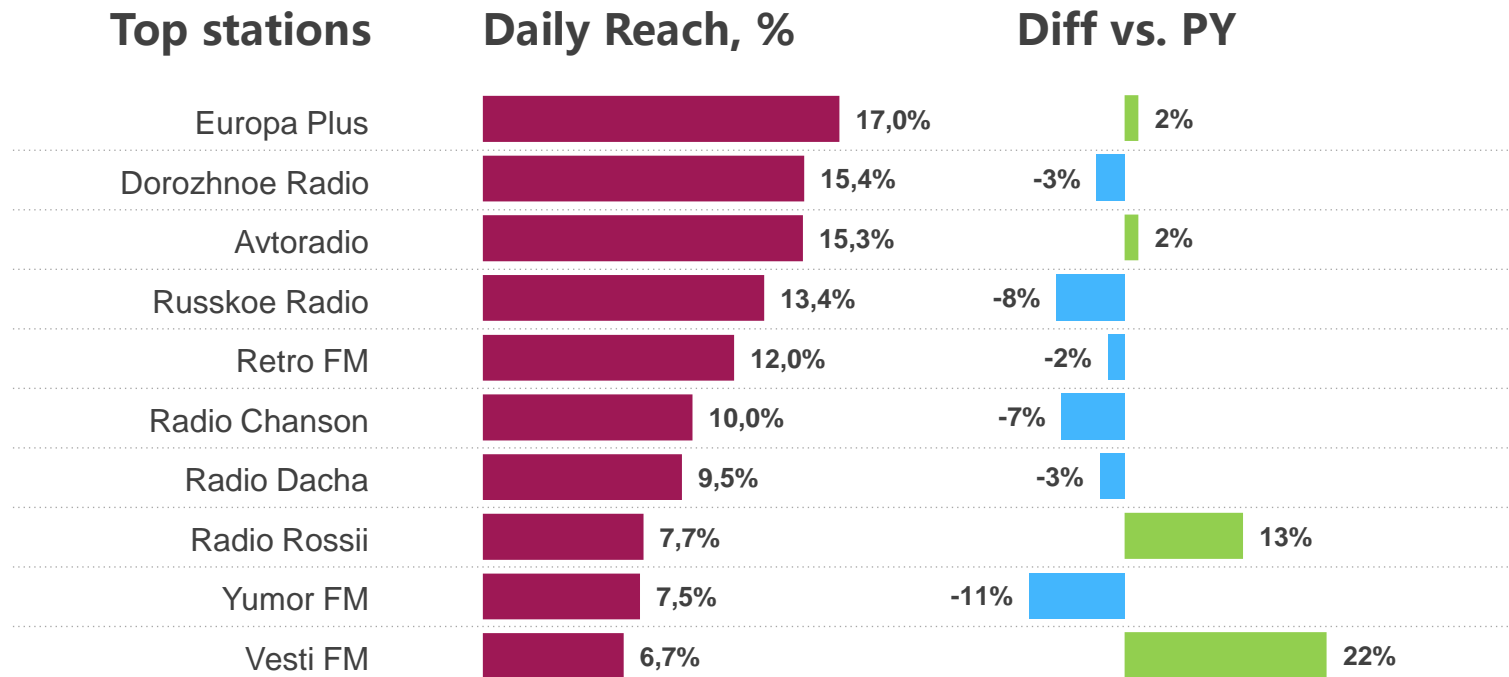
Radio holdings by AQH, row %



Oct-
Dec
2016

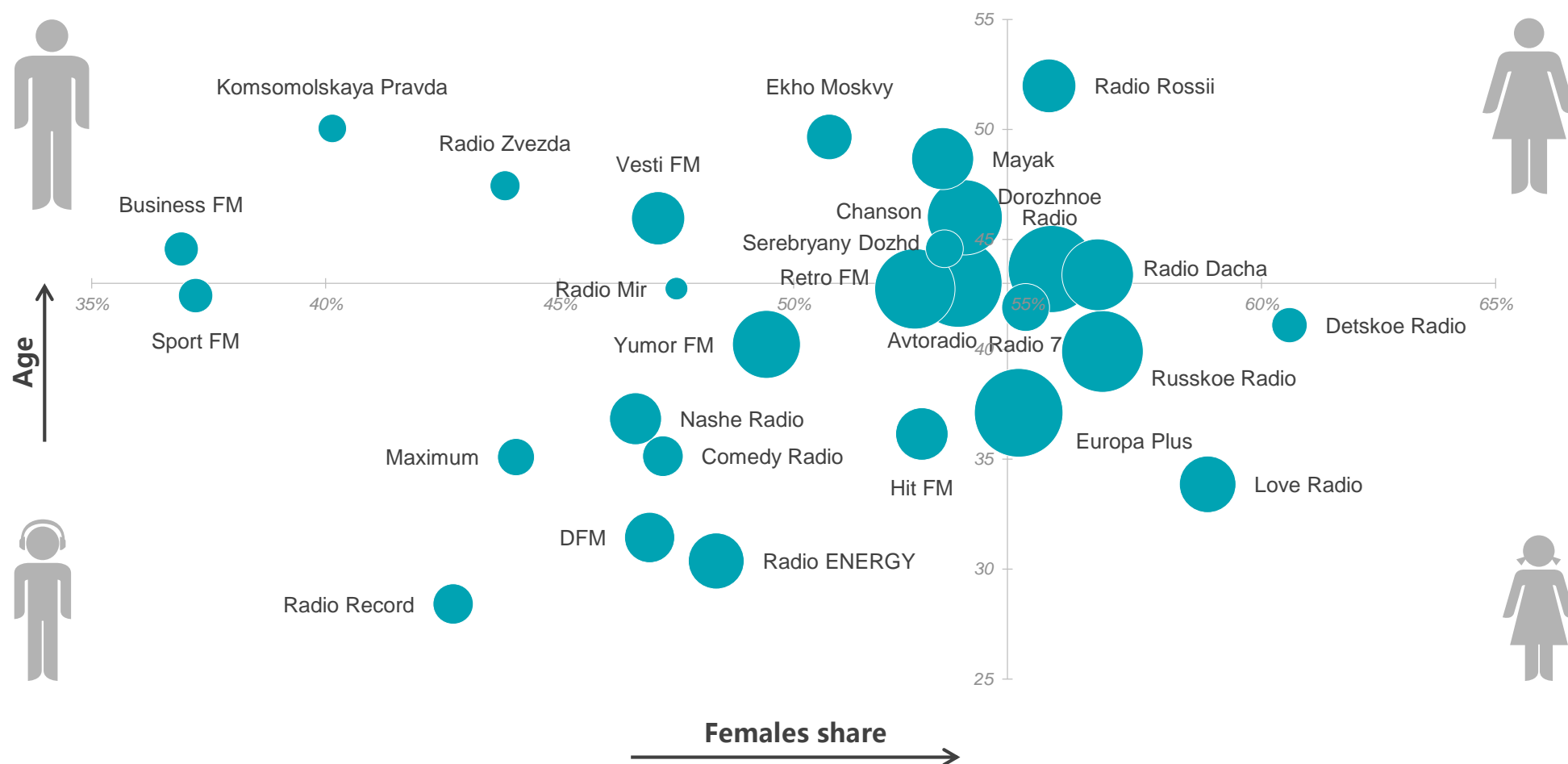
Europe+ hold its leadership by daily reach

Radio Rossii and Vesti FM noticeably improved their positions



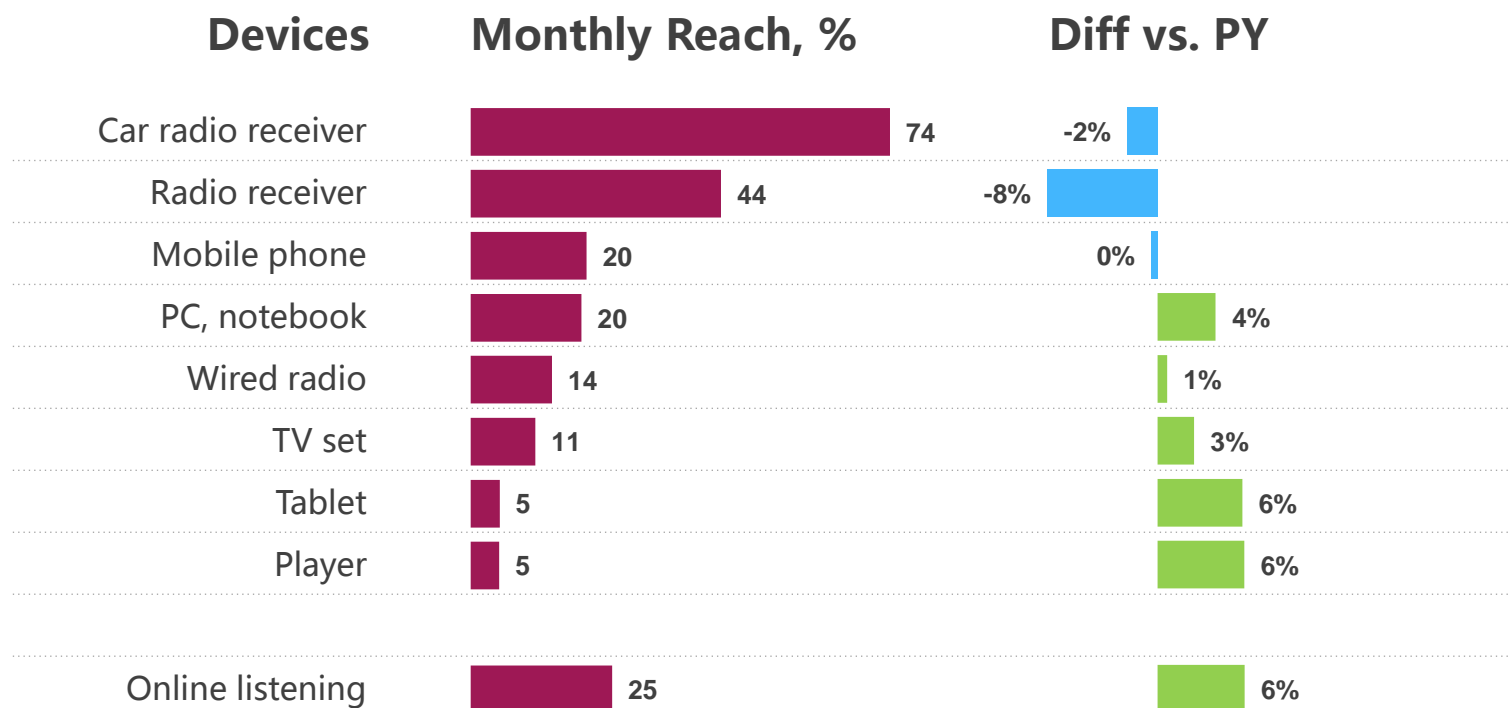
Jul-Dec
2016

Radio stations cover audience with various profiles



Jul-Dec
2016

Listening to the radio in cars is typical for $\frac{3}{4}$ of Russians. Traditional radio receivers are losing audience. Almost a quarter of people listen to the radio via Internet, and it gaining popularity



Jan-Jun
2016

Retail kept the leadership. Internet services and hardware & software increased their shares by more than a half

Top-20 Radio Categories

#	Category	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	Retail	3 515	20.2%	19.8%	+2%	1	
2	Cars & Accessories	2 922	16.8%	17.9%	-6%	2	
3	Mass Actions	2 597	14.9%	15.8%	-6%	3	
4	Real Estate Services	2 329	13.4%	10.5%	+27%	5	↑
5	Mass Media	1 868	10.7%	11.6%	-8%	4	↓
6	Medicines & Food Supplements	1 388	8.0%	9.5%	-16%	6	
7	Financial Services	1 022	5.9%	6.3%	-7%	7	
8	Internet Services	781	4.5%	2.5%	+80%	10	↑
9	Telecommunications	542	3.1%	2.6%	+18%	9	
10	Entertainment	375	2.2%	3.0%	-29%	8	↓
11	IT hardware & software	367	2.1%	1.3%	+59%	17	↑
12	Consumer services	345	2.0%	1.9%	+7%	12	
13	Medical Services	329	1.9%	2.1%	-9%	11	↓
14	Phones, Radios, etc.	311	1.8%	1.3%	+34%	15	↑
15	Catering	295	1.7%	1.6%	+4%	14	↓
16	Household Appliances	277	1.6%	1.3%	+23%	18	↑
17	Social Organizations	258	1.5%	1.7%	-13%	13	↓
18	Medical Equipment & Materials	195	1.1%	1.2%	-6%	20	↑
19	Tourism, Sport & Leisure	157	0.9%	1.3%	-28%	19	
20	Transportation	155	0.9%	1.3%	-33%	16	↓

Nissan hold the top spot. Building companies Samolet Development, Etalon and Group LSR lead Radio market by growth rates of investments

Top-20 Radio Advertisers

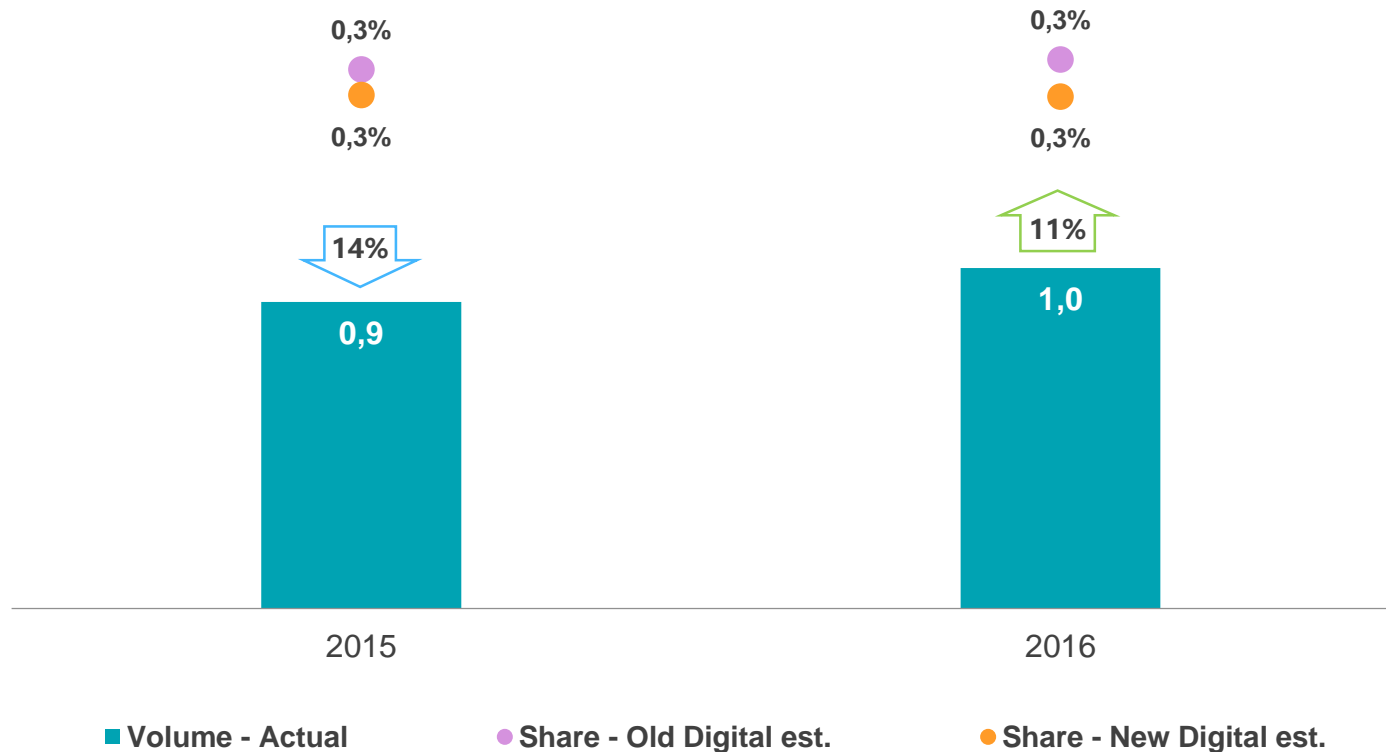
#	Advertiser	2016 EC (rub mn)	2016 EC Share	2015 EC Share	Share change	2015 Rank	Rank change
1	Nissan	340	2.0%	1.7%	+13%	1	
2	Metro Group	270	1.6%	1.6%	-2%	3	↑
3	Volkswagen	233	1.3%	1.5%	-13%	4	↑
4	Ford Motor Co	221	1.3%	1.1%	+11%	7	↑
5	Don-Stroy	200	1.1%	0.9%	+28%	15	↑
6	Mitsubishi Motors	197	1.1%	1.2%	-5%	6	
7	Crocus International	195	1.1%	1.1%	+4%	10	↑
8	Megafon	193	1.1%	0.7%	+63%	25	↑
9	Etalon (Group Of Companies)	191	1.1%	0.5%	+138%	49	↑
10	Toyota	186	1.1%	0.8%	+32%	16	↑
11	Berlin-Chemie Menarini Group	177	1.0%	1.1%	-9%	8	↓
12	OTCPharm	170	1.0%	1.7%	-43%	2	↓
13	MTS	161	0.9%	1.0%	-5%	12	↓
14	Daimler AG	159	0.9%	1.1%	-13%	11	↓
15	Rostelecom	156	0.9%	0.7%	+27%	23	↑
16	TNT	155	0.9%	1.0%	-7%	13	↓
17	Kia Motors	148	0.9%	0.8%	+7%	18	↑
18	Group LSR	139	0.8%	0.5%	+73%	48	↑
19	Samolet Development	136	0.8%	0.3%	+179%	80	↑
20	M.Video	136	0.8%	0.6%	+23%	29	↑



Cinema

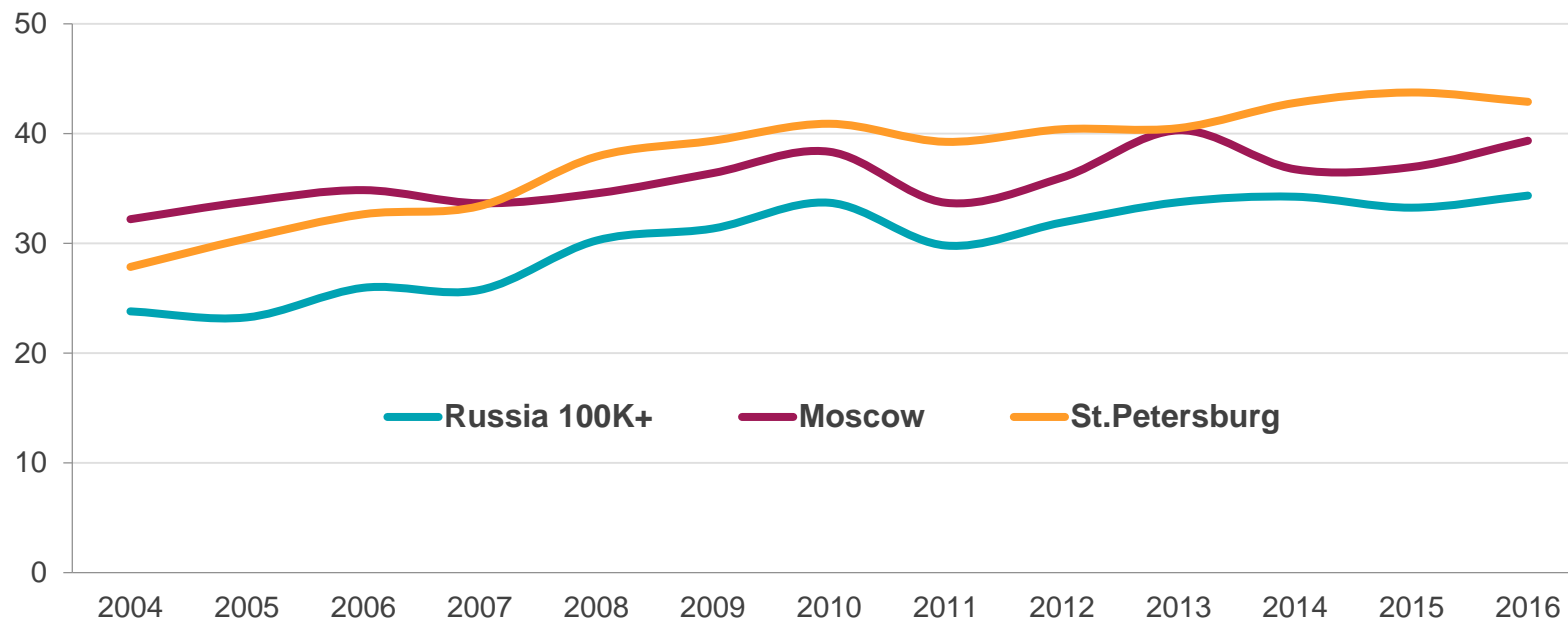
Cinema market showed 11% growth in 2016, though its share kept stable and negligible

Cinema market volume (RUR bn) and share of total ad spending

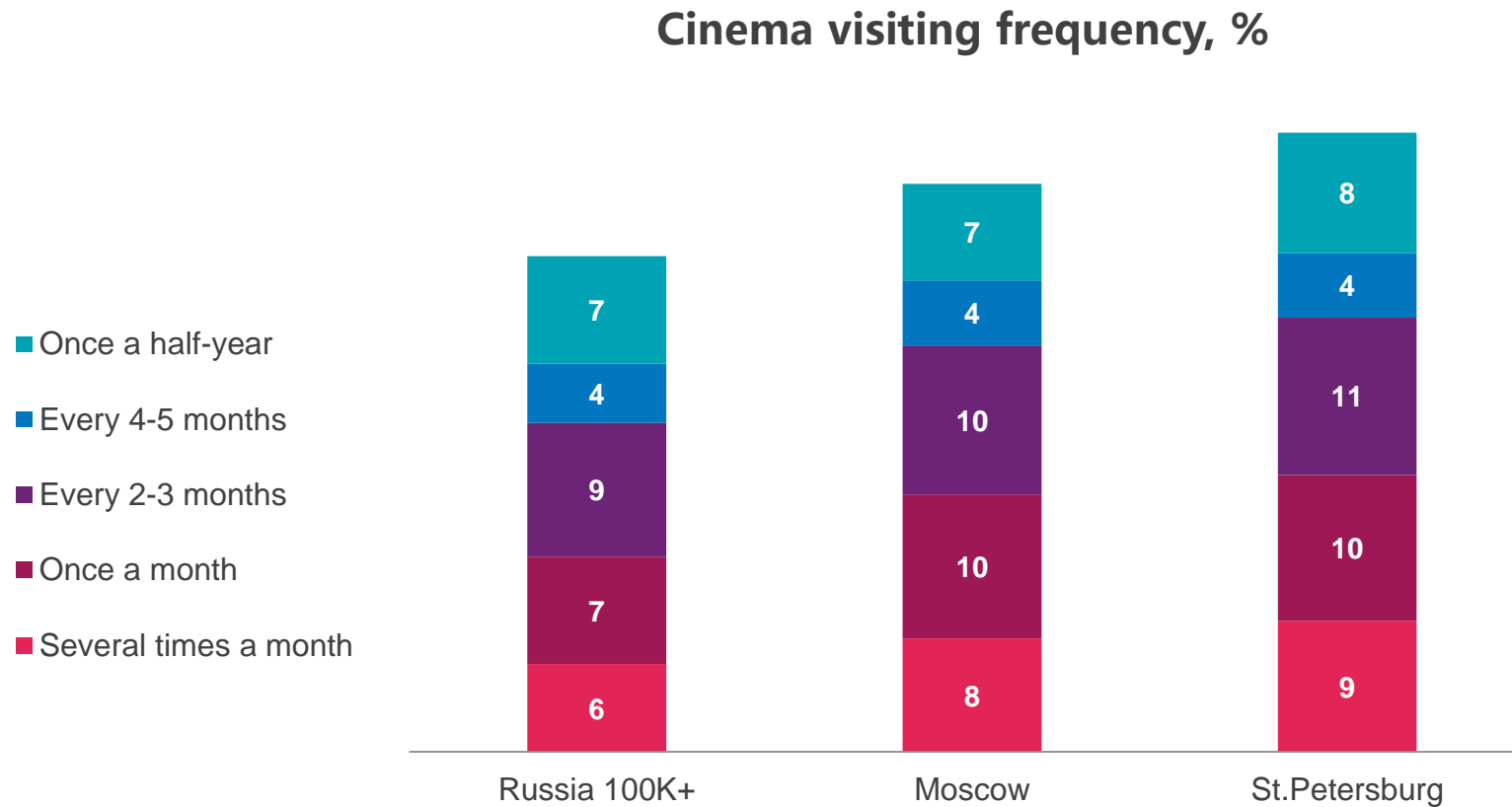


Cinema visiting in Moscow a bit grew in 2016 & got closer to St.Petersburg 34% of Russian population goes to cinemas at least once per half-year

Last 6 months cinema visiting, %



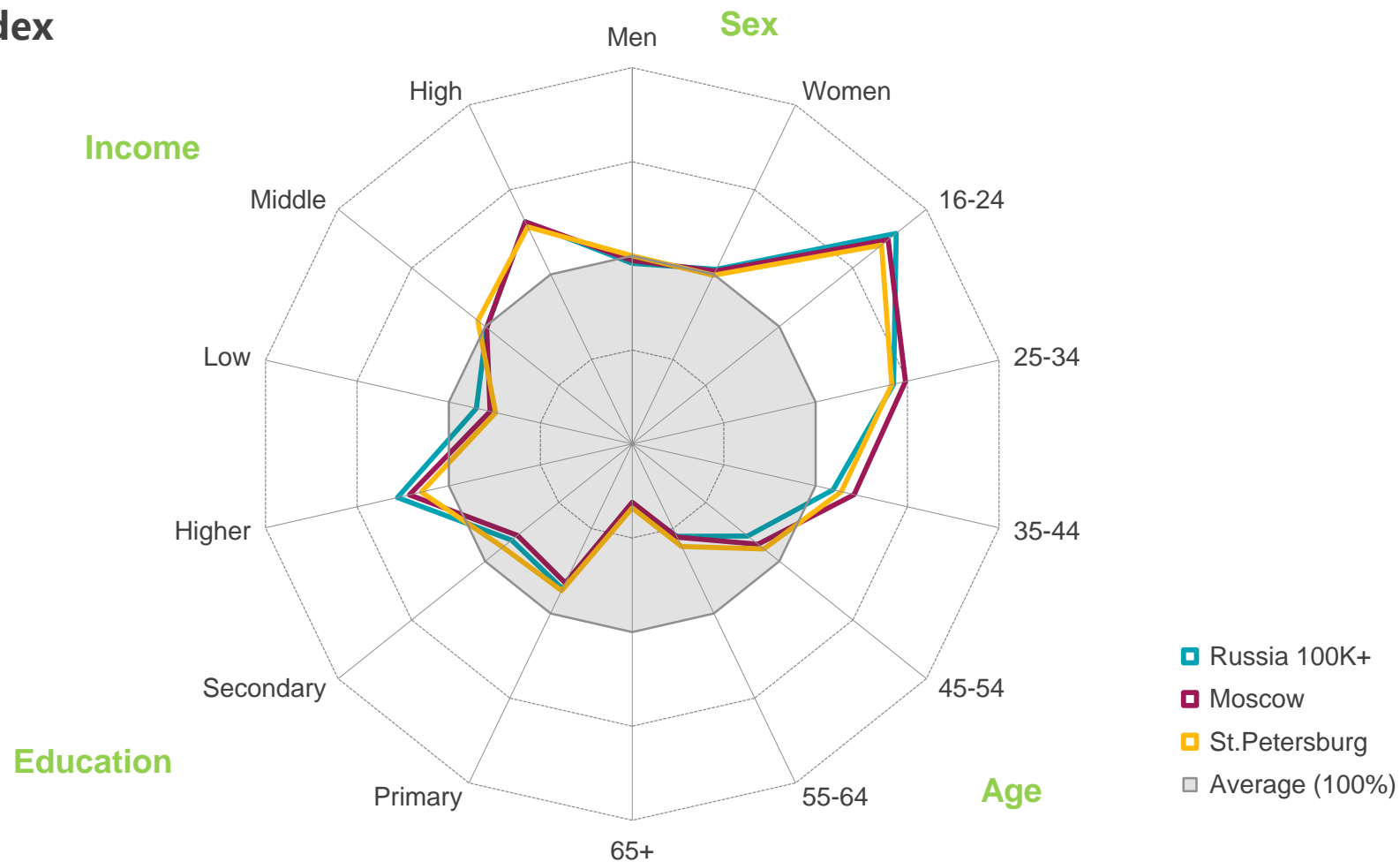
Moscow and St.Petersburg noticeably outperforms Russian cities over 100K by monthly+ cinema visiting



2016

Cinema visiting is typical for well-off youth with higher education. Muscovites and Peterburgers aged 35-54 years are more active in cinema going vs. Russians on the whole

Affinity index





Appendix

Existing media measurements

Media survey types

Audience measurement surveys:

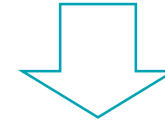
Provide media carriers audience size and structure data on regular basis



Syndicated studies

“Evaluation” surveys:

Cover specific questions about media carriers content, including advertising



Ad Hoc studies

Syndicated studies

Regular surveys that available to everybody on the market on a paid basis

- Marketing Index
- TV Index
- TV Index+
- National Readership Survey
- Radio Index
- Web Index
- Outdoor (by Espar)



Data of all Mediascope surveys are available to Publicis Media

- RusIndex National Survey
- Premier: upper middle class survey
- Baby Index: research of moms with babies
- New Generation: survey of babies and teenagers

Ipsos Comcon

Some specific data might be bought on your request

Marketing Index

Sample size	45 000 Russia, 7 000 Msc, 3 000 SPb
Universe	All people 16+
Geography	Russia 100K+, Moscow, St.Petersburg
Method	Self-filled questionnaire + online test (Msc)
Available data	Demographics, lifestyle, psychographics, time spending, goods and services consumption, general media consumption,

TV Index

Sample size	~12 500 people / ~5 000 households
Universe	All people 4+
Geography	Russia 100K+, Msc, Spb, top-27 cities
Method	PeopleMeter panel
Available data	TV channels and their broadcast events audience; up to 1 minute precision
Monitoring	Linked to audience data – possible to get each event (programme, ad spot) audience size

TV Index+

Sample size	~12 500 people / ~5 000 households
Universe	All people 4+
Geography	Russia 100K+, Msc, Spb, top-27 cities
Method	PeopleMeter panel
Monitoring	Monitoring TV advertising on ~60 thematic TV channels, linked to audience data (exclusive for Publicis Media clients)

National Readership Survey

Sample size	Annually: 56 500 Russia, 20 000 Msc, 6 400 Spb
Universe	All people 16+
Geography	Russia 100K+, Moscow, St.Petersburg
Method	Phone interview and online test (CATI + CAWI)
Available data	National and local press titles audience
Monitoring	Moscow and St.Petersburg. Separately, not linked to audience data

Radio Index

Sample size	Annually: 150 000 Russia, 60 000 Msc, 30 600 SPb, Top-25 cities - 1 800 per city
Universe	All people 12+
Geography	Russia 100K+, Moscow, SPb, Top-25 cities
Method	Day-after-Recall Phone (CATI) + Online interviews (since 2016)
Available data	National and local radio stations audience by 15 minutes intervals
Monitoring	Moscow and St.Petersburg. Separately, not linked to audience data

Web Index

Sample size	Site-centric (Russia 100K+): 16 000 members User-centric (Russia 0+): 40 000 members
Universe	All people 12-64
Geography	Russia 0+, Russia 100K+, Moscow, St.Petersburg, Ekaterinburg, Novosibirsk
Method	Site-centric and user-centric online panels
Available data	Desktop web-sites audience
Monitoring	Mediascope don't supply data on display impressions and costs since October 2015!

Web Index Mobile

Sample size	Moscow ~1260 members, St.Petersburg ~370 members, other cities 700K+ ~ 780 members
Universe	All people 12-64
Geography	Moscow, St.Petersburg, cities 700K+
Method	User-centric panel
Available data	Mobile web-sites & applications audience

Outdoor (by Espar)

Universe	All people 18+
Geography	Top-50 cities, incl. Msc and SPb
Method	Observation (head count)
Available data	Sites audience size, possibility to model reach & frequency figures for a given campaign
Monitoring	All surfaces in 50 cities, linked to audience data in 41 cities

Ad Hoc studies

Designed in **specific way** to answer **specific questions**

- Whatever sample and geography is required
- Both qualitative and quantitative
- Any parameter can be selected depending on task and available funds

Media **evaluation** surveys

- Usually quantitative
- Designed to evaluate specific media channels **efficiency**, as opposed to syndicated audience measurement studies

Ad Hoc study guide

Method is generally the same:

- Select your **target audience**
- Ensure exposure to the **placement**
- Ask **questions** pertaining to studied placement

The most important thing is to know precisely what is planned to achieve with any campaign. **Objectives should be very precise** (both for ad campaign and research)

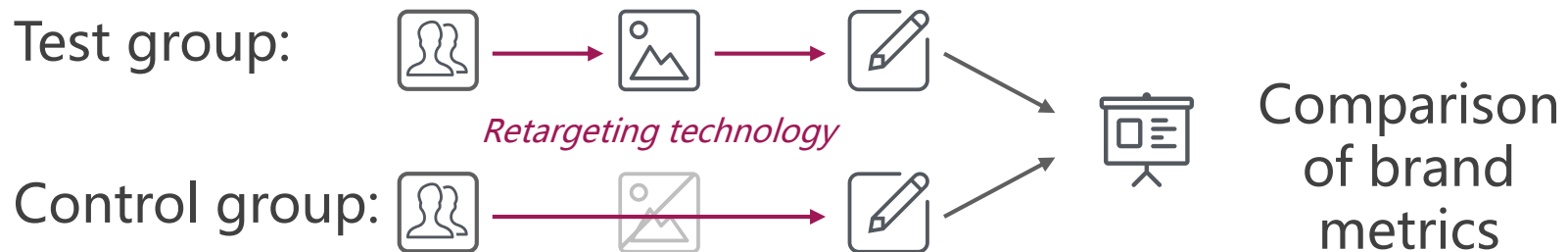
Ad Hoc study options

Advertising campaign effectiveness survey

- Brand metrics measurement before / during / after campaign
Awareness, Consideration, Purchase Intent, Consumption, Loyalty, Favorability, Image, Ad Recall, etc.
- Comparison of placement effectiveness
By Platforms, Formats, Creatives, Frequencies, etc.

Ad Hoc study example: Brand Lift

Digital campaign effectiveness survey



- Might be included in your placement package (Mail Group, GM, YouTube)
- Or might be conducted by Publicis Media and OMI by your request

Ad Hoc study example: Poster Track (by Espar)

Outdoor campaign effectiveness survey

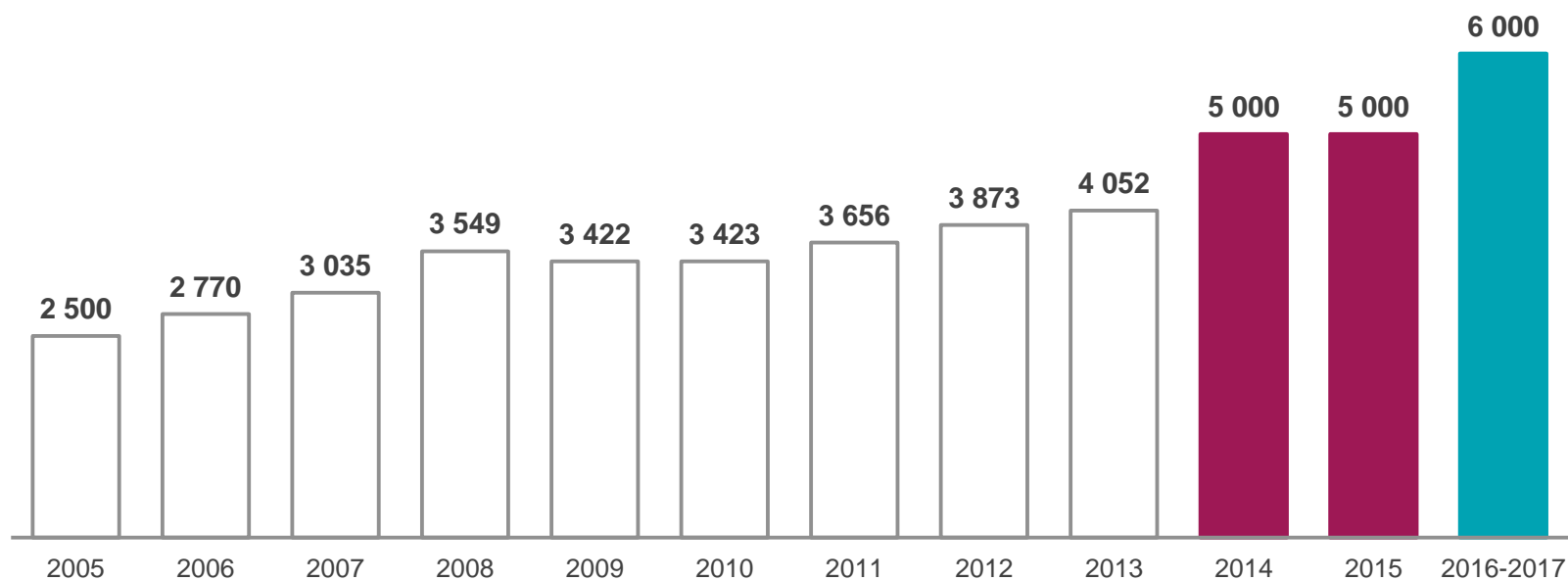
- Monthly street survey of 300 respondents, showing them unbranded pictures of posters
- Evaluated KPIs:
 - ✓ Recognition (*Have you seen this poster?*)
 - ✓ Attribution (*Which brand is advertised?*)
 - ✓ Liking (*Do you like the poster?*)
- Data are broken down by age / gender / car users / pedestrians groups

Appendix

Development of measurement

Growth of Mediascope TV panel

Number of peoplemetres



Audio Matching System

AMS is advanced measurement technology. Its goals:

- Readiness for digital TV audience measuring
- Precise and prompt channels identification
- Possibility of alternative TV platforms watching measuring
- Possibility of delayed watching measuring

**100% of TV panel
since October 2013**



Digital measurement in 2016

Mobile measurement:

- **the panel will be increased** at least by 20%
- **geography will be expanded** from cities 1Mln+ till total Russia

Desktop measurement:

- **video advertising** monitoring

Thanks for attention!

In case of any questions please contact
Maria Petrova or Elena Kryukova