



PUBLIC JOINT-STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)

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Gazprom Neft 9M 2018 net profit up 58 percent

- **RUB298.7 billion** – Gazprom Neft's **net profit** for 9M 2018, a **58-percent** increase on 9M 2017;
- **RUB614.5 billion adjusted EBITDA*** for the first nine months of 2018 – up 53.9 percent on 9M 2017;
- **Free cash flow (FCF)** for 9M 2018, standing at **RUB134.8 billion**, a 62.4-percent increase year-on-year.

Gazprom Neft announces its consolidated financial accounts (IFRS) for 9M/3Q 2018.

Revenue in the first nine months of 2018 amounted to one trillion, 827.3 billion rubles (RUB1,827,300,000,000), representing a 29.8 percent increase year-on-year.** Adjusted EBITDA demonstrated a more than 1.5-fold increase year-on-year, to RUB614.5 billion.* This increase reflects positive changes in oil prices on the global and domestic markets, the successful development of new upstream projects, as well as greater operational efficiency. Net profit attributable to PJSC Gazprom Neft shareholders totalled RUB298.7 billion for 9M 2018, an increase of 58 percent year-on-year.

Significant growth in the Company's operational cash flow, together with the completion of key investments in infrastructure at new upstream projects, resulted in a positive free cash flow of RUB134.8 billion for 9M 2018.

Hydrocarbon production in 9M 2018, including Gazprom Neft's share in production at joint ventures, increased by 2.8 percent year-on-year to 68.9 million tonnes of oil equivalent (mtoe), driven by higher production volumes at new fields, and Gazprom Neft's increased interest in Arcticgas. The unit cost of hydrocarbon production in ruble terms saw a 5.2-percent reduction year-on-year, the result of optimising cost control at mature fields.

Refining volumes at Gazprom Neft's own and joint-venture refineries during the period totalled 31.8 million tonnes, an increase of 6.6 percent year-on-year, following the completion of a planned refinery maintenance in 2017. The Company also increased its light petroleum product yield faster than expected, particularly with regard to production of high-octane gasoline and diesel fuels, as well as jet fuel. Sales volumes of oil products through premium

distribution channels increased by 4.6 percent year-on-year, amounting to 20.3 million tonnes.

Alexander Dyukov, Chairman of the Management Board of Gazprom Neft, commented: “The Company has maintained its focus on improving the efficiency of its business processes and operations – reducing unit costs in oil production, increasing the daily production, further improving refining depth, and increasing the light product yield. Our performance across our key financial indicators is up by more than 50 percent over the first nine months of this year, and free cash flow has increased more than 1.5-fold. This consistent improvement in our financial and operational performance means Gazprom Neft has every justification for increasing dividend payments, and for further enhancing shareholder value.”

Financial highlights

3Q 2018	2Q 2018	Δ, %		9M		Δ, %
				2018	2017	
689.557	617.103	11.7	Revenues (RUB, millions)	1.827.293	1.407.856	29.8
714.662	639.592	11.7	Revenues after excise duties (RUB, millions)***	1.895.456	1.457.525	30.0
225.894	193.130	17.0	EBITDA (RUB, millions)	556.473	355.131	56.7
246.262	212.403	15.9	Adjusted EBITDA (RUB, millions)	614.462	399.246	53.9
21.12	20.40	3.5	\$/boe	19.57	13.77	42.1
132.194	96.810	36.5	Profit attributable to Gazprom Neft PJSC shareholders (RUB, millions)	298.669	189.000	58.0
181.347	127.180	42.6	Operational cash flow	391.636	325.781	20.2
87.312	35.949	142.9	Free cash flow	134.846	83.013	62.4
0.79	1.01	(21.8)	Net debt/EBITDA	0,79	1,27	(37.7)

Key operational data

3Q 2018	2Q 2018	Δ, %		9M		Δ, %
				2018	2017	
177.90	168.51	5.6	Hydrocarbon production (including shares in joint ventures. mboe)	510.96	497.10	2.8
24.01	22.72	5.7	Hydrocarbon production (including shares in joint ventures. mtoe)	68.93	67.05	2.8
11.24	10.44	7.7	Refining throughput at own refineries and joint ventures (million tonnes)	31.81	29.85	6.6

7.43	6.74	10.2	Sales through premium channels (million tonnes)	20.27	19.37	4.6
2.93	2.81	4.1	Sales at filling stations (million tonnes)	8.41	8.14	3.3

* Adjusted EBITDA includes proportional EBITDA from associated and jointly controlled companies, equity accounting method.

** With effect from 1 January 2018 the Group moved over to the new IFRS 15 definition of "Revenue from Contracts with Customers", leading to changes in accounting policies and adjustments to certain sums recognised in the company's financial accounts. Export duties are reflected in revenue totals, and the excise duty on sales levied in Serbia in the form of a sales tax is excluded.

*** For reference – "Sales (revenue) including excise duties" include excise duties on sales in international markets (sales), applied to 4Q 2017.

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