



PUBLIC JOINT-STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)
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Gazprom Neft reports record financial performance for 2017

- *Net profit for the 12 months of 2017 of RUB253 billion – a 26.5-percent increase on 2016;*
- *Adjusted EBITDA¹ reached RUB551 billion in 2017, a 20.8-percent increase on 2016;*
- *Hydrocarbon production (including Gazprom Neft's share in production at joint ventures) increases by 4.1 percent on 2016, reaching 89.75 million tonnes of oil equivalent (mtoe);*
- *Revenue (including duties) increased by 18.2 percent on 2016, reaching RUB2.004 trillion;*
- *Free cash flow (FCF) generated over the 12 months of 2017 stands at RUB65 billion.*

Gazprom Neft has published consolidated financial accounts (IFRS) for the 12 months ended 31 December 2017.

The company achieved record results across a number of financial metrics in 2017. Company revenue including duties (sales) for the 12 months ended 31 December 2017 was in excess of RUB2 trillion, an increase of more than 18 percent year-on-year. Adjusted EBITDA (earnings before interest, tax, depreciation and amortization) was up 20.8 percent on 2016, reaching RUB551 billion – the highest level in the company's history. Net profit attributable to Gazprom Neft PJSC shareholders for this accounting period increased 26.5 percent year-on-year, reaching RUB253 billion.

This significant growth in key financial metrics in 2017 is the result of the company's successful development of new hydrocarbon production projects, higher retail and premium sales and effective initiatives led by Gazprom Neft's senior management team. The increase in the global oil price also had a positive impact on the company's financial performance. The company moved into positive free cash flow (FCF) in 2017, having completed key infrastructure investments in major new upstream projects, with this figure reaching RUB65 billion.

Gazprom Neft's 2017 year-end results position the company among the top three oil producers in Russia. Total production hydrocarbon production (including shares in production

¹ *Adjusted EBITDA includes share of EBITDA from associated and jointly controlled companies recorded by equity accounting method.*

at joint enterprises) reached 89.75 mtoe in 2017, 4.1 percent higher than in 2016. This growth was achieved through higher production at new fields, including the Novoportovskoye, Vostochno-Messoyakhskoye and Prirazlomnoye fields, as well as higher production in Iraq.

Annual refining volumes at the company's own and jointly-owned facilities totalled 40.1 million tonnes. Optimum throughput at the company's refineries ensured that the company achieved maximum profitability despite the current market conditions. More than 26 million tonnes of oil products were sold through Gazprom Neft's premium retail channels last year, with sales of oil products through the company's filling station network, in particular, reaching more than 11 million tonnes, an increase of 5.6 percent.

In addition to this, average daily per-station sales across the Gazprom Neft filling station network in Russia increased by 4.2 percent, to more than 20 tonnes per day, making the company Russia's market leader in fuel retailing. Gazprom Neft continued expanding its geographic presence at airports, increasing retail sales of aviation fuels by 19 percent. The company entered new markets abroad, including through the launch of innovative bitumen products, increasing sales of bitumen materials by 20 percent, as well as increasing production of oils and lubricants by 14 percent.

Commenting on the company's year-end results for 2017, Gazprom Neft CEO Alexander Dyukov said:

"Gazprom Neft has been the Russian oil industry market leader in terms of efficiency for many years. This year has seen us achieve record financial results with the highest net profit in the company's history. One of the company's key priorities remains ensuring a high dividend yield and not only have we delivered a higher dividend in absolute terms in 2017, but we have also returned to paying interim dividends. In 2017 the company's share price increased to set another record, suggesting considerable investor interest in the company."

Financial highlights

	12 months		Δ, %
	2017	2016	
Sales (RUB, billion)	2,004	1,696	18.2
EBITDA (RUB, billion)	489	402	21.6
Adjusted EBITDA (RUB, billion)	551	456	20.8
US\$/barrel of oil equivalent (boe)	14.19	10.63	33.5
Profit attributable to Gazprom Neft shareholders (RUB, billion)	253	200	26.5
Operating cash flow	422	321	31.2
Net debt/EBITDA	1.19	1.60	(25.6)

Key operational indicators

	12 months		Δ, %
	2017	2016	
Hydrocarbon production (including shares in joint ventures, mboe)	665.38	640.17	3.9
Hydrocarbon production (including shares in joint ventures, mtoe)	89.75	86.20	4.1
Daily hydrocarbon production (mboe/day)	1.82	1.75	4.0
Refining throughput at own refineries and joint ventures (million tonnes)	40.11	41.89	(4.2)
Sales through premium channels (million tonnes)	26.13	25.16	3.9
Sales through filling stations (million tonnes)	11.04	10.45	5.6

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