



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

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Gazprom Neft reports 26 percent year-on-year increase in net profit for 2017

Company publishes preliminary consolidated financial accounts (IFRS) for the 12 months ended 31 December 2017

- *Anticipated net profit for 2017 – RUB253 billion, up 26.5 percent year-on-year.*
- *Anticipated adjusted EBITDA* for 2017 – RUB551 billion, up 20.8 percent year-on-year.*
- *Anticipated free cash flow (FCF) for 12 months of 2017 – RUB65 billion.*

Gazprom Neft today publishes preliminary consolidated IFRS financial statements for the 12 months ended 31 December 2017.

Company revenue including duties (sales) for the 12 months ended 31 December 2017 is expected to reach RUB2 trillion, an increase of more than 18 percent year-on-year. Adjusted EBITDA (earnings before interest, tax, depreciation and amortization) is likely to reach RUB551 billion – up 20.8 percent year-on-year. Net profit attributable to Gazprom Neft PJSC shareholders for the 12 months of 2017 is expected to reach RUB253 billion, up 26.5 percent year-on-year. This growth in key financial metrics in 2017 is due to improved market conditions, the successful development of new initiatives in hydrocarbon production and in increasing retail sales, and effective management initiatives.

Improved operating cash flow and the completion of key infrastructure investments at new upstream projects resulted in free cash flow increasing to RUB65 billion in 2017.

Hydrocarbon production including Gazprom Neft's share in production at joint ventures reached 89.75 million tonnes of oil equivalent in 2017, an increase of 4.1 percent year-on-year. This growth was attributable to increased production at new assets including the Novoportovskoye, Messoyakhskoye and Prirazlomnoye fields, as well as increasing 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. At the same time, sales of oil products through the company's filling station network reached more than 11 million tonnes, with retail sales up 5.6 percent year-on-year.

Commenting on the company's results for 2017, Alexander Dyukov, Chairman of the Management Board, Gazprom Neft PJSC, said: "2017 was a record financial year for

Gazprom Neft, with the company achieving the highest net profit in its history. The company's operating cash flow throughout last year stood at RUB422 billion – another record. This performance is the result of our commitment to achieving the company's overriding objective, of becoming a global market leader in terms of our financial and operational performance.”

Financial highlights

	12 months		Δ, %
	2017	2016	
Sales (RUB billions)	2,004	1,696	18.2
EBITDA (RUB billions)	489	402	21.6
Adjusted EBITDA* (RUB billions)	551	456	20.8
\$/boe	14.19	10.63	33.5
Income attributable to Gazprom Neft PJSC shareholders (RUB billions)	253	200	26.5
Cash flow from operations	422	321	31.3
Free cash flow	65	(64)	-
Net debt/EBITDA	1.19	1.60	(25.6)

Operating highlights

	12 months		Δ, %
	2017	2016	
Hydrocarbon production including Gazprom Neft share in joint ventures (mboe)	665.38	640.17	3.9
Hydrocarbon production including Gazprom Neft share in joint ventures (mtoe)	89.75	86.20	4.1
Refining volumes at the company's own and joint-venture facilities (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
Proven reserves including Gazprom Neft shares in joint ventures (PRMS, mboe)	11,280	11,218	0.6

* Adjusted EBITDA includes the share of EBITDA of associated and jointly controlled companies accounted for under the equity method.

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