



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

PRESS RELEASE

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St Petersburg

Gazprom Neft demonstrates solid performance in Q1 2019

- **Net profit** for Q1 2019 of **RUB107.9 billion**, a **1.5-fold** (54.9 percent) increase year-on-year
- **Adjusted EBITDA*** up **26.9** percent year-on-year, reaching **RUB197.7 billion**
- **Net debt to EBITDA ratio** as at end Q1 2019 standing at **0.59x**

Gazprom Neft today announces its consolidated IFRS financial results for three months ended March 31, 2019.

Gazprom Neft's revenue in the first three months of 2019 totalled RUB586.4 billion, a 12.6 percent increase year-on-year, driven by a combination of higher oil sales and a favourable price environment. Growth in adjusted EBITDA, at 26.9 percent year-on-year and reaching RUB197.7 billion, was achieved as a result of higher production volumes at major projects and effective management initiatives. Net profit attributable to Gazprom Neft PJSC shareholders totalled RUB107.9 billion, a 54.9-percent increase year-on-year.

Higher operating profit and the positive impact of changes to working capital resulted in a two-fold increase in operating cash flow, reaching RUB168.6 billion. This, in turn, led to a significant increase in free cash flow (FCF), to RUB91 billion.

The Company has been demonstrating a consistently high credit-worthiness, the result of consistent reductions to its net debt to EBITDA ratio (0.59x as at end Q1 2019).

Hydrocarbon production, including Gazprom Neft's share in joint ventures, rose to 23.3 million tonnes of oil equivalent (mtoe) in Q1 2019, a 4.7 percent increase year-on-year, as a result of higher production levels at new fields (including the Novoportovskoye and Vostochno-Messoyakhs koye fields, and in the Orenburg region) together with a greater ownership interest in Arktikgas.

Refining volumes at Gazprom Neft's own and joint-venture refining assets amounted to approximately 10 million tonnes in Q1 2019, effectively flat year-on-year. Sales of oil products via premium channels reached approximately six million tonnes. Gazprom Neft increased its market share in environmentally friendly marine fuels and increased sales of bunkering fuels by 24.6 percent, to 800,000 tonnes. Total sales of Gazprom Neft aviation fuels rose by 4.5 percent year-on-year, reaching 700,000 tonnes.

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

Financial highlights

| Q1 | Q4 | Δ, % | | 3 M | | Δ, % |
|---------|---------|--------|--|---------|---------|--------|
| 2019 | 2018 | | | 2019 | 2018 | |
| 586,359 | 661,999 | (11.4) | Sales (RUB millions) | 586,359 | 520,633 | 12.6 |
| 179,052 | 166,424 | 7.6 | EBITDA (RUB millions) | 179,052 | 137,449 | 30.3 |
| 197,688 | 185,044 | 6.8 | Adjusted EBITDA* (RUB millions) | 197,688 | 155,797 | 26.9 |
| 17.42 | 15.68 | 11.1 | \$/boe | 17.42 | 16.65 | 4.6 |
| 107,894 | 77,998 | 38.3 | Profit attributable to Gazprom Neft PJSC shareholders (RUB millions) | 107,894 | 69,665 | 54.9 |
| 168,596 | 145,887 | 15.6 | Operating cash flow | 168,596 | 83,109 | 102.9 |
| 0.59 | 1.19 | (50.6) | Net debt / EBITDA | 0.59 | 1.17 | (49.7) |

Operating highlights

| Q1 | Q4 | Δ, % | | 3 M | | Δ, % |
|--------|--------|--------|---|--------|--------|-------|
| 2019 | 2018 | | | 2019 | 2018 | |
| 171.67 | 177.46 | (3.3) | Hydrocarbon production (including share in joint ventures, mboe) | 171.67 | 164.55 | 4.3 |
| 23.24 | 23.95 | (3.0) | Hydrocarbon production (including share in joint ventures, mtoe) | 23.24 | 22.20 | 4.7 |
| 9.96 | 11.10 | (10.3) | Refining volumes at the company's own and joint-venture facilities (million tonnes) | 9.96 | 10.13 | (1.7) |
| 5.96 | 6.83 | (12.7) | Sales volumes through premium channels (million tonnes) | 5.96 | 6.10 | (2.3) |

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

PRESS OFFICE Gazprom Neft PJSC

e-mail: PR@gazprom-neft.ru

tel.: +7 (495) 777-3143 (Moscow)
+7 (812) 648-3143 (St Petersburg)

web: <http://www.gazprom-neft.ru>

contacts: <http://www.gazprom-neft.com/company/contacts/>

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