



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

PRESS RELEASE

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Gazprom Neft increases net profit by 29% in H1 2019

- **Net profit for H1 2019 of RUB215.0 billion** – a 29.2% increase year-on-year
- **Adjusted EBITDA¹ up 10.8% year-on-year, reaching RUB408.1 billion**
- *Net debt to EBITDA ratio as at end H1 standing at 0.54x*

Gazprom Neft today announces its consolidated IFRS financial results for the first six months (H1) and second quarter (Q2) of 2019.

Gazprom Neft's revenue in the first six months of 2019 totalled RUB1.215 trillion, an increase of 6.8% year-on-year, with higher production growth at major projects (the Novoportovskoye and Vostochno-Messoyakhskoye fields), a more favourable pricing environment, and effective management initiatives delivering adjusted EBITDA growth of 10.8% year-on-year, at RUB408.1 billion. Net profit attributable to Gazprom Neft PJSC shareholders totalled RUB215 billion, a 29.2% increase year-on-year. Higher operating cash flow resulted in a positive free cash flow of RUB125.2 billion in H1 2019.

Hydrocarbon production, including Gazprom Neft's share in joint ventures, rose to 47.4 million tonnes of oil equivalent (mtoe) in H1 2019, a 5.6% increase year-on-year, as a result of higher production levels at the Novoportovskoye and Vostochno-Messoyakhskoye fields, as well as in the Orenburg region, together with a greater ownership interest in Arcticgas.

Refining volumes at Gazprom Neft's own and joint-venture refining assets amounted to approximately 20 million tonnes in H1 2019: these volumes being impacted by planned repairs at the Company's Pančevo and Yaroslavl refineries.

As part of its development of its petrochemicals business, as envisaged under the Company's long-term development strategy, Gazprom Neft, together with SIBUR, consolidated 100 percent of the charter capital in the Poliom LLC polypropylene plant in Omsk: the integration of refining and petrochemicals assets allowing the Company to improve efficiency by using refinery feedstocks to produce high-value-added products. The Company also increased sales of oil products through premium channels in H1 2019, with sales of bitumen materials,

¹ *Adjusted EBITDA includes the share of EBITDA of associates and joint ventures accounted for under the equity method.*

in particular, increasing by more than 15%, sales of lubricants by 6.7%, and sales of bunkering fuels by more than 22%.

Financial highlights

Q2	Q1	Δ, %		6 months		Δ, %
				2019	2018	
628,315	586,359	7.2	Sales (RUB millions)	1,214,674	1,137,736	6.8
189,939	179,052	6.1	EBITDA (RUB millions)	368,991	330,579	11.6
210,367	197,688	6.4	Adjusted EBITDA* (RUB millions)	408,055	368,200	10.8
18.15	17.42	4.2	\$/boe	17.78	18.63	(4.6)
107,145	107,894	(0.7)	Profit attributable to Gazprom Neft PJSC shareholders (RUB millions)	215,039	166,475	29.2
134,509	168,596	(20.2)	Operating cash flow	303,105	210,289	44.1
34,184	91,000	(62.4)	Free cash flow	125,184	47,534	163.4
0.54	0.59	(8.5)	Net debt / EBITDA	0.54	1.01	(46.5)

Operational highlights

Q2	Q1	Δ, %		6 months		Δ, %
				2019	2018	
179.60	171.67	4.6	Hydrocarbon production including Gazprom Neft share in joint ventures (mboe)	351.27	333.06	5.5
24.19	23.24	4.1	Hydrocarbon production including Gazprom Neft share in joint ventures (mtoe)	47.43	44.92	5.6
10.03	9.96	0.7	Refining volumes at the company's own and joint-venture facilities (million tonnes)	19.99	20.57	(2.8)

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