



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

PRESS RELEASE

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Gazprom Neft reports record net income for Q1 2017

Gazprom Neft (the “Company”) today publishes its consolidated IFRS financial statements for Q1 2017.

- Net income of RUB 62 bn, a year-on-year increase of 49.1%, driven by strong organic growth and management efficiency initiatives.
- Adjusted EBITDA* increased by 22% year-on-year to RUB 118 bn.
- Hydrocarbon production, inclusive of joint venture operations, grew by 4.8% year-on-year to 21.95 m tonnes of oil equivalent.

Revenue, including duties (sales), grew by 28% to RUB 468.6 bn as a result of higher hydrocarbon production volumes and increased prices for oil and petroleum products in the global and domestic markets.

Higher production volumes and efficiency programmes initiated by the management delivered a 22.2% year-on-year increase in adjusted EBITDA to RUB 118 bn. During the reporting period, the Company achieved a record** quarterly net income of RUB 62 bn, a year-on-year increase of over 49%.

Hydrocarbon production, inclusive of joint venture operations, reached 21.95 m tonnes of oil equivalent, up 4.8% year-on-year. This was triggered by production ramping up at the Novoportovskoye, Prirazlomnoye and Messoyakha fields and increased production in Iraq.

A reduction in oil products output in Q1 2017 was in line with the Company’s annual production plan, which factors in scheduled maintenance of large process ring units at the Moscow Oil Refinery as well as crude oil distillation units (CDU-4) at Slavneft-YaNOS. Despite a challenging petroleum products market, Gazprom Neft increased its retail sales by 6.8% selling more than 2.5 m tonnes of petroleum products through its own filling station network.

* Adjusted EBITDA includes the EBITDA share of associated and jointly controlled entities recorded by the equity accounting method

**Excluding a one-off effect from Tomskneft’s promissory notes in Q2 2015

Financial Highlights

Q1	Q4	Δ, %		3 months		Δ, %
				2017	2016	
468,606	474,438	(1.2)	Sales (RUB, m)	468,606	366,002	28.0
103,855	114,416	(9.2)	EBITDA (RUB, m)	103,855	83,401	24.5
117,794	131,329	(10.3)	Adjusted EBITDA* (RUB, m)	117,794	96,365	22.2
12.30	12.37	(0.6)	USD / boe	12.30	8.30	48.2
61,953	52,699	17.6	Income attributable to Gazprom Neft PJSC shareholders (RUB, m)	61,953	41,541	49.1
65,155	85,683	(24.0)	Cash flow from operations	65,155	83,496	(22.0)
1.45	1.60	(9.4)	Net debt / EBITDA	1.45	1.83	(20.8)

Operational Highlights

Q1	Q4	Δ, %		3 months		Δ, %
				2017	2016	
162.76	168.28	(3.3)	Hydrocarbon production taking into account the share in joint ventures (Mboe)	162.76	155.60	4.6
21.95	22.68	(3.2)	Hydrocarbon production taking into account the share in joint ventures (Mtoe)	21.95	20.95	4.8
8.78	10.68	(17.8)	Volume of processing at own refineries and joint venture refineries (Mt)	8.78	10.23	(14.2)
5.56	6.42	(13.4)	Sales through premium channels (Mt)	5.56	5.65	(1.6)
2.51	2.79	(10.0)	Sales through retail network (Mt)	2.51	2.35	6.8

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