



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

## PRESS RELEASE

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### **Gazprom Neft reports profit growth of more than 28 percent year-on-year in the first nine months of 2017**

Gazprom Neft today publishes consolidated financial accounts (IFRS) for Q3 2017 and the nine months ended 30 September 2017.

- *Net profit of RUB189 billion for the first nine months of 2017 – an increase of 28.2 percent year-on-year, driven by effective management initiatives and organic growth.*
- *Adjusted EBITDA\* up 22.9 percent year-on-year for the first nine months of 2017, at RUB399 billion.*
- *Free cash flow (FCF) of RUB83 billion for the first nine months of 2017.*

In the first nine months of 2017, Gazprom Neft achieved revenue (including duties (sales)) of RUB1,458 billion, an increase of 19.3 percent year-on-year. The company recorded 22.9 percent year-on-year growth in its adjusted EBITDA, to RUB399 billion, attributable to the successful development of new hydrocarbon production projects, growth in retail sales, and the recovery of the oil price and the price of oil products, alongside effective management initiatives. 9M 2017 net profit attributable to shareholders is RUB189 billion, an increase of 28.2 percent year-on-year.

Free cash flow for the 9M 2017 totaled RUB83 billion, supported by increased cash flow from operations and the completion of key infrastructure investments in new upstream projects.

Hydrocarbon production for 9M 2017, including Gazprom Neft's share in joint ventures, reached 67.05 million tonnes of oil equivalent (mtoe), an increase of 5.6 percent year-on-year. This growth reflected increased production at new assets, including the Novoportovskoye, Messoyakhskoye and Prirazlomnoye fields, as well as in Iraq.

Refining volumes in 9M 2017 declined in line with the company's production plan, to accommodate major, planned maintenance works at the company's refining facilities. Retail sales grew 6.3 percent, with more than 8.1 million tonnes of oil products sold through the company's petrol station network in the first nine months of 2017.

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

Commenting on the Q3 and nine-month results, Alexander Dyukov, Chairman of the Gazprom Neft Management Board, said: “Gazprom Neft continues to demonstrate solid growth in its financial results driven by progress on new projects, an improved pricing environment and effective management. The company is continuing to implement a growth strategy aimed at further strengthening its position as an industry leader in efficiency and return on investment. In the first nine months of 2017 we have achieved record free cash flow, enabling us to further improve our dividend yield and grow shareholder value.”

### **Financial highlights**

Q3	Q2	Δ, %		Nine months		Δ, %
				2017	2016	
513,251	475,668	7.9	Sales (RUB millions)	1,457,525	1,221,326	19.3
136,915	114,361	19.7	EBITDA (RUB millions)	355,131	287,861	23.4
153,439	128,013	19.9	Adjusted EBITDA* (RUB millions)	399,246	324,869	22.9
15.23	13.69	11.2	\$ / boe	13.77	10.07	36.7
77,731	49,316	57.6	Income attributable to Gazprom Neft PJSC shareholders (RUB millions)	189,000	147,480	28.2
144,653	115,973	24.7	Cash flow from operations	325,781	235,614	38.3
1.27	1.37	(7.3)	Net debt / EBITDA	1.27	1.78	(28.7)

### **Operating highlights**

Q3	Q2	Δ, %		Nine months		Δ, %
				2017	2016	
170.72	163.61	4.3	Hydrocarbon production including Gazprom Neft share in joint ventures (mboe)	497.10	471.89	5.3
23.03	22.07	4.3	Hydrocarbon production including Gazprom Neft share in joint ventures (mtoe)	67.05	63.52	5.6
11.12	9.95	11.8	Refining at own refineries and joint venture refineries (million tonnes)	29.85	31.21	(4.4)
7.30	6.51	12.1	Sales through premium channels (million tonnes)	19.37	18.74	3.4
2.91	2.72	7.0	Sales through retail channels (million tonnes)	8.14	7.66	6.3

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