



PUBLIC JOINT STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)

PRESS-RELEASE

24.11.2016

Saint Petersburg

Gazprom Neft achieves net profit growth of 12.7% Y-o-Y for 9M 2016

Net profit reached RUB 147 bln for 9M 2016. Adjusted EBITDA rose 4.1% Y-o-Y to reach RUB 325 bln.

Adjusted EBITDA for 3Q 2016 rose 13.2% Q-o-Q, reaching RUB 121 bln. Net profit rose 16.8% Q-o-Q to RUB 57 bln.

Gazprom Neft PJSC has published its consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for 9M 2016.

Increased production at major upstream projects and effective management drove a 4.1% Y-o-Y increase in adjusted EBITDA* (earnings before interest, taxation, depreciation and amortization) for 9M 2016, to RUB 325 bln. Net profit attributable to shareholders in Gazprom Neft PJSC for 9M 2016 reached RUB 147 bln, a 12.7% increase Y-o-Y.

Adjusted EBITDA for 3Q 2016 rose by 13.2% Q-o-Q to RUB 121 bln, driven by a significant increase in upstream production at key projects. Net profit attributable to shareholders in Gazprom Neft PJSC reached RUB 57 bln in 3Q 2016, rising by 16.8% Q-o-Q.

Gazprom Neft's performance for 9M 2016 was supported by an 8.1% Y-o-Y increase in production, which reached 63.52 million tonnes of oil equivalent (mtoe). This increase reflected a continued rise in production at Novy Port, Prirazlomnoye, SeverEnergia (Arcticgas), production growth in Iraq, as well as the consolidation of 50% of production volumes at Northgas and increasing gas utilization at fields in Khanty Mansiysk and Orenburg regions.

Refining volumes at Gazprom Neft refineries and refining joint ventures reached 31.21 million tonnes for the first nine months of the year. Refining volumes were optimized in the context of a challenging demand and pricing environment for both crude and oil production. At the same time, output of light products in 9M 2016 rose by 2.3 percentage points Y-o-Y, rising from 62.43% to 64.7%. Despite the negative demand dynamics of the oil product market, Gazprom Neft increased sale volumes via its retail network by 3.4%. The Company sold 7.66 million tonnes of oil products via its retail network in 9M 2016.

In 3Q, refining volumes rose by 1.3% Q-o-Q to reach 10.56 million tonnes. The volume of oil products sold via marginal distribution channels rose by over 10% to 6.8 million tonnes. In the context of a decline in the domestic motor fuel market, the Company increased the volume of sales via the Gazprom Neft retail network in Russia: this metric rose to 20 tonnes/day— a record for the Russian motor fuel retail market.

Key financial data

3Q 2016	2Q 2016	Δ, %		9 months		Δ, %
				2016	2015	
450,249	405,075	11.2	Sales (RUB million)	1,221,326	1,238,248	(1.4)
108,876	95,584	13.9	EBITDA (RUB million)	287,861	272,243	5.7
121,338	107,166	13.2	Adjusted EBITDA* (RUB million)	324,869	312,223	4.1
57,085	48,854	16.8	Profit attributable to shareholders of Gazprom Neft (RUB million)	147,480	130,881	12.7
89,819	62,299	44.2	Operating cash flow	235,614	219,627	7.3
1.78	1.81	(1.7)	Net debt / EBITDA	1.78	1.69	5.3

Key operational data

3Q 2016	2Q 2016	Δ, %		9 months		Δ, %
				2016	2015	
161.13	155.16	3.8	Hydrocarbon production including our share of joint ventures (Mmboe)	471.89	436.42	8.1
21.69	20.88	3.9	Hydrocarbon production including our share of joint ventures (Mmtoe)	63.52	58.76	8.1
10.56	10.42	1.3	Refining throughput at own refineries and joint ventures (MMtonnes)	31.21	32.87	(5.1)
6.80	6.16	10.4	Sales volumes via premium channels (MMtonnes)	18.61	19.41	(4.1)
2.73	2.58	5.8	Sales volumes via retail network (MMtonnes)	7.66	7.41	3.4

**Adjusted EBITDA includes share of EBITDA from associated and jointly controlled companies recorded by equity accounting method*

MEDIA RELATIONS PJSC Gazprom Neft

e-mail: PR@gazprom-neft.ru
 phone: +7 (495) 777-3143 (Moscow)
 +7 (812) 648-3143 (St. Petersburg)
 web: <http://www.gazprom-neft.ru>