



PUBLIC JOINT STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)

PRESS-RELEASE

02.03.2016

Saint Petersburg

Gazprom Neft reports IFRS financial results for FY 2015

Gazprom Neft has published its consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for FY 2015.

Increased production, consistent sales of petroleum products and efficient management drove an improvement to adjusted EBITDA*, which increased 18.2% Y-o-Y to RUB 404.81 bln, offsetting pressure from the tax manoeuvre introduced at the start of 2015 and the export duty lag. A 2.1% Y-o-Y fall in sales was the result of the global oil and petroleum product price decline.

Net profit attributable to the shareholders of Gazprom Neft fell by 10.2% Y-o-Y, due to the negative impact of foreign exchange on loan revaluations, the rise in depreciation costs as a result of the Company's investment program as well as the rising cost of borrowing in Russia.

Hydrocarbon production in 2015 reached 592.21 MMboe (79.7 MMtoe), a 21.3% increase Y-o-Y. The Company also compensated production volumes by 279% of new reserves. The increase in production was primarily driven by continued production growth at SeverEnergia (Arktikgaz), the Orenburg fields and the Prirazlomnoye field, as well as the Company's larger share in Northgas and cutting-edge production technology implemented at mature fields.

Total refining throughput in 2015 reached 43.07 million tonnes. Light oil product output remained at 2014 levels despite a marginal 0.9% Y-o-Y decline in refining. Refining levels were optimized throughout the year taking into account demand and the pricing environment for crude and oil products.

Sales via premium channels remained flat Y-o-Y, at 25.65 million tonnes, mainly due to the rise in oil product sales via the Company's retail network (up 2.5% Y-o-Y) offsetting an overall negative market outlook.

Alexander Dyukov, Chairman of the Management Board of Gazprom Neft, said:

"In 2015 Gazprom Neft achieved an unprecedented production growth in a challenging macroeconomic environment, demonstrating consistent performance of its key operational indicators. The Company's production on the Arctic shelf more than doubled, with Gazprom Neft creating a unique oil transportation system from the Novoportovskoye and Prirazlomnoye fields. Preparations for the launch of major projects in the north of the Yamal-Nenets Autonomous District (Novy Port and Messoyakha) are close to completion.

Gazprom Neft continued to implement the second phase of the Company's refinery modernization program. At the Omsk refinery a full-scale reconstruction of the key complexes was completed: crude distillation units and a deep conversion complex for heavy fuel oil,

which will increase the technological efficiency of the plant. At the Moscow refinery construction of the Biosphere biological treatment facility was launched, one of the Company's most important environmental projects. In 2015 we increased our market share in premium channel sales and increased sales volumes through the Gazprom Neft retail network despite market challenges.

This year we will continue to improve the efficiency of our business. I am confident that our experience and cautious approach will enable the Company to respond effectively in a testing market as we find new solutions to these challenges.”

Key Financial Data

	12 months		Δ, %
	2015	2014	
Sales (RUB million)	1,655,775	1,690,557	(2.1)
EBITDA (RUB million)	345,160	300,761	14.8
Adjusted EBITDA* (RUB million)	404,811	342,614	18.2
US\$/boe	11.2	18.3	(38.6)
Profit attributable to the shareholders of Gazprom Neft (RUB million)	109,661	122,093	(10.2)
Cash flow from operations	285,175	283,965	0.4
Net Debt / EBITDA	1.90	1.44	31.6

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

Key Operational Data

	12 months		Δ. %
	2015	2014	
Proven hydrocarbon reserves including our share of joint ventures (Mmboe)	11,268	10,694	5.4
Hydrocarbon production including our share of joint ventures (Mmboe)	592.21	488.10	21.3
Refining throughput at own refineries and joint ventures (MMtonnes)	43.07	43.48	(0.9)
Sales volumes via premium channels (MMtonnes)	25.65	25.74	(0.3)
Sales volumes via retail network (MMtonnes)	10.16	9.91	2.5

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