



PUBLIC JOINT STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)

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Gazprom Neft Q1 2018 net profit up more than 12 percent year-on-year

Gazprom Neft today publishes its consolidated IFRS financial statements for Q1 2018.

- **RUB69.7 billion – Gazprom Neft's net profit for Q1 2018, a 12.4 percent increase on Q1 2017**
- **Adjusted EBITDA*** for the first three months of 2018 up 32.3 percent year-on-year, to **RUB155.8 billion**
- **Free cash flow (FCF)** for the first three months of 2018 standing at **RUB11.6 billion**

Gazprom Neft's revenue in the first three months of 2018 grew by 14.5 percent year-on-year, to RUB520.6 billion**. Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 32.3 percent year-on-year, to RUB155.8 billion. This growth was achieved through the successful development of new projects in hydrocarbon production, higher retail sales, and a recovery in market conditions, as well as through effective initiatives on the part of Gazprom Neft management. Net profit attributable to Gazprom Neft PJSC shareholders for the first three months of 2018 was RUB69.7 billion, an increase of 12.4 percent.

Increased cash flow from operations, and the completion of key infrastructure investments in new upstream projects, resulted in positive free cash flow in the first three months of 2018 in the order of RUB11.6 billion.

Hydrocarbon production in Q1 2018, including Gazprom Neft's share in joint ventures, reached 22.2 million tonnes of oil equivalent (mtoe), an increase of 1.1 percent year-on-year: this growth in production volumes having been achieved as the result of production at new fields, including the Novoportovskoye and Messoyakhskoye fields, as well as higher production at Arktikgaz fields.

Refining volumes at the company's own refineries, as well as at jointly owned refining facilities, increased by 15.4 percent year-on-year, reaching 10.1 million tonnes.

The company increased sales of oil products through premium retail channels by 9.7 percent year-on-year in the first quarter of this year, reaching 6.1 million tonnes. Total retail sales

* Adjusted EBITDA includes that proportion of EBITDA arising from associated or jointly controlled companies, calculated in terms of equity participation.

** With effect from 1 January 2018 the Group moved over to the new IFRS 15 definition of "Revenue from Contracts with Customers", leading to changes in accounting policies and adjustments to certain sums recognised in the company's financial accounts. Export duties are reflected in revenue totals, and the excise duty on sales levied in Serbia in the form of a sales tax is excluded.

through the Gazprom Neft filling station network increased by 6.4 percent in Q1 2018, reaching 2.7 million tonnes of oil products.

Key financial data

Q1	4Q	Δ, %		Three months		Δ, %
				2018	2017	
520,633	526,732	(1.2)	Sales (RUB millions)	520,633	454,694	14.5
541,202	546,050	(0.9)	Sales (revenue) including excise duties (RUB millions) ^{***}	541,202	468,606	15.5
137,449	133,894	2.7	EBITDA (RUB millions)	137,449	103,855	32.3
155,797	151,721	2.7	Adjusted EBITDA (RUB millions)	155,797	117,794	32.3
16.65	15.44	7.8	USD/boe	16.65	12.30	35.4
69,665	64,274	8.4	Profit attributable to shareholders in Gazprom Neft PJSC (RUB millions)	69,665	61,953	12.4
83,109	95,919	(13.4)	Cash flow from operations	83,109	65,155	27.6
11,585	(18,403)	-	Free cash flow	11,585	(510)	-
1.17	1.19	(1.7)	Net debt / EBITDA	1.17	1.45	(19.3)

Key operational data

Q1	4Q	Δ, %		Three months		Δ, %
				2018	2017	
164.55	168.28	(2.2)	Hydrocarbon production including the company's share in joint ventures (mboe)	164.55	162.76	1.1
22.20	22.70	(2.2)	Hydrocarbon production including the company's share in joint ventures (mtoe)	22.20	21.95	1.1
10.13	10.26	(1.3)	Refining volumes at the company's own and jointly-owned facilities (million tonnes)	10.13	8.78	15.4
6.10	6.76	(9.8)	Sales volumes through premium channels (million tonnes)	6.10	5.56	9.7
2.67	2.90	(7.9)	Sales volumes through the Gazprom Neft filling station network (million tonnes)	2.67	2.51	6.4

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^{***} For reference – "Sales (revenue) including excise duties" include excise duties on sales in international markets (Sales), applied until Q4 2017.