



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

## PRESS RELEASE

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### **Gazprom Neft increases net profit by 7% in 9M 2019**

- **Net profit for 9M 2019 of RUB320 billion – a 7.1 percent increase year-on-year**
- **Adjusted EBITDA up 0.2 percent to RUB615.5 billion\***
- **Net debt to EBITDA ratio at 0.56 as at the end of Q3**

Gazprom Neft today announces its consolidated IFRS financial results for the nine months (9M) and third quarter (Q3) of 2019.

Gazprom Neft's revenue in the nine months of 2019 grew by 2.4 percent year-on-year to RUB1.871 trillion. Adjusted EBITDA amounted to RUB615.5 billion, a 0.2-percent increase year-on-year. This positive dynamics reflects higher production at major projects and greater refining efficiency. Net profit attributable to Gazprom Neft PJSC shareholders totaled RUB320 billion in 9M 2019, an increase of 7.1 percent year-on-year. Free cash flow amounted to RUB165.5 billion, reflecting significant growth in operating cash flow in 9M 2019. Gazprom Neft continued to demonstrate consistently high level of financial viability, with the Company's net debt/EBITDA ratio standing at 0.56 as at the end of Q3.

Hydrocarbon production in 9M 2019, including Gazprom Neft's share in joint ventures, grew by 4.4 percent year-on-year, to 71.9 million tonnes of oil equivalent (mtoe) – the result of higher production volumes at the Novoportovskoye and Vostochno-Messoyakhskoye fields, at the fields in the Orenburg region, and Gazprom Neft's increased ownership interest in Arcticgas. The Company opened the first Integrated Field Development Centre (IFDC) in Russia, which will allow Gazprom Neft to halve lead-times in achieving "first oil" on its major production projects in the future.

Refining volumes at Gazprom Neft's own and joint-venture refining assets in 9M 2019 totalled 31.1 million tonnes. In Q3, refining volumes increased by 10.6 percent quarter-on-quarter to 11.1 million tonnes due to the completion of planned repairs and refurbishment at the Company's Pančevo and Yaroslavl refineries. Gazprom Neft continued to implement its technological and environmental programme across the Company's refining assets. The Company completed the construction of the region's first solar power plant at the Omsk Refinery, an investment project aimed at introducing "green" technologies in the industry, which

is unique for Russia's oil and gas. The Company also started the construction of Russia's first high-tech catalyst production facility at the Omsk Refinery.

Sales of oil products via premium channels reached 20.1 million tonnes in 9M 2019. The Company increased sales of marine fuels by 17.8 percent year-on-year, aviation fuels by 3.8 percent, and lubricants by 4.3 percent.

### Financial highlights

Q3 2019	Q2 2019	Δ, %		9M		Δ, %
				2019	2018	
656,764	628,315	4.5	Revenue (RUB billions)	1,871,438	1,827,293	2.4
186,262	189,939	(1.9)	EBITDA (RUB billions)	555,253	556,473	(0.2)
207,456	210,367	(1.4)	Adjusted EBITDA* (RUB billions)	615,511	614,462	0.2
17.67	18.15	(2.6)	\$/boe	17.75	19.57	(9.3)
104,934	107,145	(2.1)	Profit attributable to Gazprom Neft PJSC shareholders (RUB billions)	319,973	298,669	7.1
157,196	134,509	16.9	Cash flow from operations	460,301	391,636	17.5
38,118	40,242	(5.3)	Free cash flow	165,477	137,850	20.0
0.56	0.54	3.7	Net debt / EBITDA	0.56	0.79	(29.1)

### Operational highlights

Q3 2019	Q2 2019	Δ, %		9M		Δ, %
				2019	2018	
181.87	179.60	1.3	Hydrocarbon production including Gazprom Neft share in joint ventures (mboe)	533.14	510.96	4.3
24.50	24.19	1.3	Hydrocarbon production including Gazprom Neft share in joint ventures (mtoe)	71.93	68.93	4.4
11.09	10.03	10.6	Refining throughput at the company's own and joint-venture refineries (million tonnes)	31.08	31.81	(2.3)

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

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