



PUBLIC JOINT STOCK COMPANY GAZPROM NEFT
(GAZPROM NEFT PJSC)

PRESS-RELEASE

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Saint Petersburg

Gazprom Neft reports IFRS financial results for 1Q 2016

Gazprom Neft has published its consolidated financial results, in accordance with International Financial Reporting Standards (IFRS) for 1Q 2016.

Increased oil production as well as actions taken by the management to optimize refining throughputs and the product mix ensured that adjusted EBITDA* (earnings before interest, taxation, depreciation and amortization) rose by 3.2% (96 RUB bln) Y-o-Y for 1Q 2016, despite the deterioration of external conditions. The 3.7% Y-o-Y decline in sales was driven by falling prices for crude and oil products in global markets, which was partially offset by an increase in production volumes.

Net income attributable to the shareholders of PJSC Gazprom Neft for the reporting period rose by 6.2% to 41.5 RUB bln. The rise in EBITDA as well as foreign currency gains on loan portfolio revaluation had a positive impact on the net profit.

Hydrocarbon production volumes, including stakes in joint ventures, reached 1.71 mmboe (20.94 mmtoe for the 3 months) in 1Q 2016. Production volumes rose by 14.8% Y-o-Y due to a number of factors including higher production volumes at SeverEnergiya (ArcticGas), the Prirazlomnoye and Novoportovskoye fields and fields in Iraq. The increase was also driven by the consolidation of 50% of production volumes at Northgas as well as the rise in associated gas utilization volumes at fields in the Khanty Mansiysk Region and the Orenburg region due to the launch of the Yuzhno-Priobskoye gas processing plant, and increased supplies from the Orenburg gas processing plant. Refining throughput was 10.23 million tonnes for 1Q 2016. Refining volumes were optimum to respond to both demand levels and the pricing environment for crude and oil products. An increase in light product output and reduced output of HFO were driven by higher refining volumes of stable gas condensate (SGC) at Omsk.

Sales via premium channels amounted to 5.65 million tonnes. Despite the overall decline in demand for petroleum products, the volume of sales through the Company's filling station network increased by 3.1 % Y-o-Y to 2.35 million tonnes.

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

Key Financial Indicators

1Q 2016	4Q 2015	Δ, %		3 months		Δ, %
				2016	2015	
366,002	417,527	(12.3)	Sales (RUB million)	366,002	380,035	(3.7)
83,401	72,917	14.4	EBITDA (RUB million)	83,401	80,983	3.0
96,365	92,588	4.1	Adjusted EBITDA* (RUB million)	96,365	93,387	3.2
41,541	(21,220)	-	Profit attributable to the shareholders of Gazprom Neft (RUB million)	41,541	39,129	6.2
83,496	65,548	27.4	Operating cash flow	83,496	55,437	50.6
1.83	1.90	(3.6)	Net debt / EBITDA	1.83	1.51	21.2

Key Operational Indicators

1Q 2016	4Q 2015	Δ. %		3 months		Δ. %
				2016	2015	
155.60	155.79	(0.1)	Hydrocarbon production including our share of joint ventures (Mmboe)	155.60	135.14	15.1
20.94	20.94	-	Hydrocarbon production including our share of joint ventures (Mmtoe)	20.94	18.24	14.8
1.71	1.69	1.2	Daily hydrocarbon production (Mmboe/day)	1.71	1.50	14.0
10.23	10.20	0.3	Refining throughput at owned refineries and joint ventures (MMtonnes)	10.23	10.39	(1.5)

5.65	6.24	(9.5)	Sales volumes via premium channels (MMtonnes)	5.65	5.71	(1.1)
2.35	2.75	(14.5)	Sales volume via retail network (MMtonnes)	2.35	2.28	3.1

MEDIA RELATIONS
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