



August 29, 2018

PJSC “RussNeft” announces ISFR financial results for 1H 2018

PJSC “RussNeft” (hereinafter “RussNeft” or the “Company”) (MOEX: RNFT), one of the largest oil companies in terms of oil production output in Russia, publishes an unaudited consolidated condensed interim financial statements for 1H 2018, ended June 30, 2018, prepared in compliance with International Standards of Financial Reporting (ISFR).

Highlights:

- EBITDA more than doubled to 24.8 bn Rub.
- EBITDA profitability made up 28%.
- The adjusted profit for the period¹ amounted to 9.8 bn Rub., 3.8x growth.
- Oil production output was 3.7² mln tons.
- Maintaining high capital investment level, totaling 14.4 bn Rub in 1H 2018.
- Net debt/EBITDA ratio³ equals 2.

¹ Excl. exchange rate differences and revaluation of fair value of financial instruments (options)

² Incl. production from international projects.

Key Performance Results

Financial results

bn Rub.	1H 2018	H2 2017	Variation
Revenue	88.4	57.7	53%
EBITDA ⁴	24.8	12.2	103%
OIBDA ⁵	25.9	12.7	104%
Profit attributable to “RussNeft” shareholders	1.8	3.2	(44%)
Adjusted profit ⁶	9.8	2,6	285%
Net debt	83.8	79.5 ⁷	5%

“RussNeft” showed significant growth of financial indicators in 1H 2018 at flat production. The revenue grew by 53% and amounted to 88.4 bn Rub. EBITDA was 24.8 bn Rub., by 103% higher against the same period last year. The growth of financial indicators was fueled by the increase in oil prices, as well as by involving the so called high-margin oil into production.

Profit attributable to “RussNeft” shareholders amounted to 1.8 bn Rub., which is by 44% lower against the same period last year. The decrease of the profit was mainly determined by non-cash loss from revaluation

³ EBITDA was calculated for the last 12 months

⁴ EBITDA does not include exchange rate differences, non-monetary items, non-recurrent transactions, execution of obligations of financial instruments (options)

⁵ OIBDA does not include other operational expenditures and non-monetary items

⁶ Adjusted profit does not include exchange rate differences and revaluation of fair value of the financial instruments (options).

⁷ Net Debt comparative figures are provided as of December 31, 2017.

of the fair value of the derivatives (options), as well as by the impact from negative exchange rate differences.

The adjusted profit, excluding these factors, shows 3.8x growth and equals to 9.8 bn Rub. 1H 2018 financial indicators represent significant improvement of the Company's operational profile.

Operating results

Operating results	1H 2018	1H 2017	Variation
Oil production, mln tons, incl.:	3.744	3.721	1%
<i>Oil production in the Russian Federation, mln tons</i>	<i>3.497</i>	<i>3.472</i>	1%
<i>Oil production under PSAs thous. tons</i>	<i>247</i>	<i>249</i>	(1)%
Gas production, mln cbm	1 336	1 141	17%

The management of the Company endeavors to maintain the current production rate, as well as to reduce the hydrocarbon production expenses by producing high-margin oil and shut-down of non-profitable wells within current macroeconomic conditions. The oil production output in 1H 2018 stays commensurate with the last year.

Capital Investment⁸

Capital Investment (development), bn Rub.	14.4	12.7	13%
PRODUCTION			
DRILLING	11.2	8.7	29%
BASE PRODUCTION	1.3	1.1	18%
WELL INTERVENTIONS	1.6	0.8	100%

⁸ In compliance with the management reporting data

GAS PRODUCTION	0.2	1.8	(89)%
GEOLOGICAL ANFD EXPLORATION WORKS	0.1	0.3	(67)%

The Company's strategy involves active investments, targeted at increasing production drilling volumes, building new infrastructure and upgrading the existing one for maintaining flat production, reaching organic growth in the mid-term. The scale of investments in 1H 2018 reached 14.4 bn Rub., increasing 1H 2017 figures by 13% or by 1,7 bn Rub.

Debt portfolio

Net debt of the Company in the reporting year totaled up to 83,8 bn Rub. VTB Bank (PJSC) acts as the major creditor. Insignificant variation (increase by 5%) is related mainly to dynamics of the USD exchange rate. Efficient cooperation between the managers and the shareholders allowed the Company to reach target indicators for compliance with the financial and production covenants, interest payments on principal of the loan were timely and fully paid.

Net debt/EBITDA ratio shows steady decline, for the first in the Company's history this ratio equals 2, signaling of the financial sustainability stabilization.

Announcement of the results

The Company will present the ISFR results for 1H 2018 on August 29, 2018 at 15.00.

The presentation will be broadcasted on the Company's official YouTube channel and via telephone conference (+7(495)982-55-38 pin 20894).

The presentation will be published on the Company's site before the broadcast is started.

Link for the full version of ISFR financial results:

http://russneft.ru/shareholders/financial_statements/

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About the Company:

PJSC "RussNeft" ranks among the largest oil companies by crude oil production in Russia.

The Company possesses a well-balanced portfolio of assets located in the key Russian oil and gas provinces (West Siberia, Volga-Urals and Central Siberia) as well as in Azerbaijan.

The Company's 2P reserves are over 200 million tonnes (SPE).

The personnel of the Company contains around 10,000 people.

The charter capital of the Company comprises 294,120,000 ordinary shares and 98,032,000 of preferred shares.