

FOR IMMEDIATE RELEASE

## NOVATEK Announces Consolidated IFRS Results for the Year Ended 31 December 2017

**Moscow, 21 February 2018.** PAO NOVATEK today released its audited consolidated financial statements for the year ended 31 December 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”).

### IFRS Financial Highlights (in millions of Russian roubles except as stated)

	FY 2017	FY 2016
Oil and gas sales	579,819	533,857
Other revenues	3,367	3,615
<b>Total revenues</b>	<b>583,186</b>	<b>537,472</b>
<b>Operating expenses</b>	<b>(419,859)</b>	<b>(385,499)</b>
Net gain on disposal of interests in joint ventures	-	73,072
Other operating income (loss)	424	221
<b>Profit from operations*</b>	<b>163,751</b>	<b>152,194</b>
<b>Normalized EBITDA of subsidiaries*</b>	<b>198,335</b>	<b>188,781</b>
<b>Normalized EBITDA including share in EBITDA of joint ventures*</b>	<b>256,464</b>	<b>242,407</b>
Finance income (expense)	14,658	(7,941)
Share of profit (loss) of joint ventures, net of income tax	22,430	90,839
Profit before income tax	200,839	308,164
<b>Profit attributable to shareholders of PAO NOVATEK</b>	<b>156,387</b>	<b>257,795</b>
<b>Normalized profit attributable to shareholders of PAO NOVATEK **</b>	<b>156,166</b>	<b>133,759</b>
Normalized basic and diluted earnings per share** (in Russian roubles)	51.78	44.31

\* Excluding the effect from disposal of interests in joint ventures.

\*\* Excluding the effects from the disposal of interests in joint ventures, as well as foreign exchange gains (losses).

For the twelve months ended 31 December 2017, our total revenues amounted to RR 583.2 billion and Normalized EBITDA, including our share in EBITDA of joint ventures, totalled RR 256.5 billion, representing year-on-year increases of 8.5% and 5.8%, respectively. The increases in total revenues and Normalized EBITDA were largely due to an increase in average realized liquids and natural gas prices. In addition, in December 2017, after the commencement of LNG production at the first train of our Yamal LNG project, NOVATEK sold its first cargo of LNG to international markets.

Profit attributable to shareholders of PAO NOVATEK decreased to RR 156.4 billion (RR 51.85 per share), or by 39.3%, as compared to 2016. In 2016, our profit was significantly impacted by the sale of a 9.9% equity stake in Yamal LNG and by the foreign exchange differences (including at the joint ventures level). Excluding these effects, Normalized profit attributable to shareholders of PAO NOVATEK increased to RR 156.2 billion (RR 51.78 per share), or by 16.8%, as compared to 2016.

### Hydrocarbon Production and Purchased Volumes

	FY 2017	FY 2016
<b>Total hydrocarbon production, million barrels of oil equivalent (million boe)</b>	<b>513.3</b>	<b>547.0</b>
<i>Total production (million boe per day)</i>	1.41	1.49
<b>Natural gas production including proportionate share in the production of joint ventures, million cubic meters (mmcm)</b>	<b>63,399</b>	<b>67,647</b>
Natural gas production by subsidiaries	43,113	47,510
Natural gas purchases from joint ventures	15,297	10,058
Other purchases of natural gas	8,300	8,108
<b>Total natural gas production by subsidiaries and purchases (mmcm)</b>	<b>66,710</b>	<b>65,676</b>
<b>Liquids production including proportionate share in the production of joint ventures, thousand tons (mt)</b>	<b>11,774</b>	<b>12,441</b>
Liquids production by subsidiaries	6,759	7,194
Liquids purchases from joint ventures	9,315	9,809
Other purchases of liquids	173	124
<b>Total liquids production by subsidiaries and purchases (mt)</b>	<b>16,247</b>	<b>17,127</b>

## Hydrocarbon Sales Volumes

	FY 2017	FY 2016
<b>Natural gas (mmcm)</b>	<b>65,004</b>	<b>64,709</b>
including:		
Sales in the Russian Federation	64,898	64,709
Sales on international markets	106	-
<b>Liquids (mt)</b>	<b>15,939</b>	<b>16,850</b>
including:		
Gas condensate refined products	6,743	6,662
Crude oil	4,616	4,650
Liquefied petroleum gas	2,648	2,713
Stable gas condensate	1,918	2,812
Other oil products	14	13

In 2017, natural gas sales volumes amounted to 65.0 billion cubic meters (bcm), representing a 0.5% increase as compared to 2016, due to a slight increase in volumes sold in the Russian Federation, as well as the commencement of sales of LNG purchased from our joint venture Yamal LNG to international markets from December 2017. As at 31 December 2017, our cumulative natural gas inventory balances in the Underground Gas Storage Facilities, the Gas Transmission System and own pipeline infrastructure totaled 1.0 bcm as compared to 0.8 bcm at the end of 2016.

In 2017, our liquid hydrocarbons sales volumes amounted to 15.9 million tons, representing a 5.4% decrease in volumes sold as compared to 2016. The decrease was due to a natural decline in gas condensate production volumes at mature fields of our subsidiaries and joint ventures. As at 31 December 2017, we recorded 962 mt of liquid hydrocarbons in transit or storage and recognized as inventory as compared to 903 mt at 31 December 2016.

In 2017, we significantly increased our resource base in the main region of our activities, the YNAO and adjacent areas, including the purchase in the fourth quarter of 2017 of two producing fields (the West-Yaroyakhinskoye and the Syskonsyninskoye) contributing to our production maintenance program.

**Selected Items of Consolidated Statement of Financial Position**  
(in millions of Russian roubles)

	31 December 2017	31 December 2016
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>890,726</b>	<b>831,074</b>
Property, plant and equipment	360,051	331,795
Investments in joint ventures	285,326	259,650
Long-term loans and receivables	211,901	209,145
<b>Current assets</b>	<b>153,436</b>	<b>132,760</b>
<b>Total assets</b>	<b>1,044,162</b>	<b>963,834</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Non-current liabilities</b>	<b>184,545</b>	<b>197,323</b>
Long-term debt	141,448	161,296
<b>Current liabilities</b>	<b>83,958</b>	<b>108,791</b>
<b>Total liabilities</b>	<b>268,503</b>	<b>306,114</b>
<b>Equity attributable to</b>		
PAO NOVATEK shareholders	757,839	648,350
<b>Non-controlling interest</b>	<b>17,820</b>	<b>9,370</b>
<b>Total equity</b>	<b>775,659</b>	<b>657,720</b>
<b>Total liabilities and equity</b>	<b>1,044,162</b>	<b>963,834</b>

The full set of audited consolidated IFRS financial statements for the year ended 31 December 2017, the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations are available on the Company's web site ([www.novatek.ru](http://www.novatek.ru)).

\*\*\*

**For further information, please visit [www.novatek.ru](http://www.novatek.ru) or contact:**

Press Service  
+7 (495) 721 2207  
[press@novatek.ru](mailto:press@novatek.ru)

Investor Relations  
+7 (495) 730 6013  
[IR@novatek.ru](mailto:IR@novatek.ru)

\*\*\*

PAO NOVATEK is one of the largest independent natural gas producers in Russia. Founded in 1994, the Company is engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons. The Company's upstream activities are concentrated mainly in the prolific Yamal-Nenets Autonomous Region, which is the world's largest natural gas producing area and accounts for approximately 80% of Russia's natural gas production and approximately 16% of the world's gas production. NOVATEK is a public joint stock company established under the laws of the Russian Federation. The Company's shares are listed in Russia on Moscow Exchange (MOEX) and the London Stock Exchange (LSE) under the ticker symbol «NVTK».