



FOR IMMEDIATE RELEASE

**NOVATEK ANNOUNCES CONSOLIDATED IFRS RESULTS  
FOR FIRST QUARTER 2015**

*Moscow, 28 April 2015.* OAO NOVATEK today released its consolidated interim condensed financial statements as of and for the three months ended 31 March 2015 prepared in accordance with International Financial Reporting Standards (“IFRS”).

**IFRS Financial Highlights**  
*(in millions of Russian roubles)*

	<b>1Q 2015</b>	<b>1Q 2014</b>
Oil and gas sales	113,224	88,533
Other revenues	518	143
<b>Total revenues</b>	<b>113,742</b>	<b>88,676</b>
<b>Operating expenses</b>	<b>(73,896)</b>	<b>(53,875)</b>
Net gain on disposal of interests in joint ventures	-	2,623
Other operating income (loss)	(199)	(41)
<b>Profit from operations</b>	<b>39,647</b>	<b>37,383</b>
<b>Normalized EBITDA of subsidiaries*</b>	<b>45,034</b>	<b>38,967</b>
<b>Normalized EBITDA including share in EBITDA of joint ventures*</b>	<b>55,162</b>	<b>42,979</b>
Finance expense	(7,246)	(4,320)
Share of profit (loss) of joint ventures, net of income tax	4,274	(1,722)
Profit before income tax	36,675	31,341
<b>Profit attributable to OAO NOVATEK shareholders</b>	<b>31,075</b>	<b>25,155</b>
Basic and diluted earnings per share (in Russian roubles)	10.29	8.31
Normalized basic and diluted earnings per share* (in Russian roubles)	10.29	7.62

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

In the first quarter 2015, our total revenues increased by 28.3% to RR 113.7 billion compared to RR 88.7 billion in the corresponding period of 2014. The growth was mainly due to an increase in liquids sales volumes and prices in ruble terms. Average prices of liquid hydrocarbons were positively impacted by the substantial increase in sales volumes of high value-added petroleum products from the Ust-Luga Complex.

The share of export revenues in our gross revenues from hydrocarbon sales (including export duties, but excluding VAT) increased from 37.5% in the first quarter 2014 to 50.3% in the first quarter 2015, while the share of liquid hydrocarbons in our gross revenues from hydrocarbon sales grew from 42.3% to 57.4%.

The Company's Normalized EBITDA, including our respective share in the EBITDA of joint ventures, amounted to RR 55.2 billion, representing a 28.3% increase compared to EBITDA for the first quarter 2014 adjusted for the effect from disposal of interest in Artic Russia B.V. Our share in EBITDA of joint ventures increased by 2.5 times year-on-year to RR 10.1 billion as compared to RR 4.0 billion in the first quarter 2014. Our Normalized EBITDA was positively impacted by higher share of liquids in our overall sales volumes mix.

In the first quarter 2015, Normalized Profit attributable to NOVATEK shareholders increased to RR 31.1 billion, or RR 10.29 per share, which is 34.8% higher than Normalized Profit for the first quarter 2014 adjusted for the effect from disposal of interest in Artic Russia B.V. Our profit dynamics was negatively impacted by non-cash foreign exchange losses due to depreciation of the Russian ruble against the US dollar of 3.9% and appreciation of the Russian ruble against the Euro of 7.3% during the reporting period. Net of these non-cash foreign exchange losses our Normalized Profit increased by 52.2% year-on-year.

In the first quarter 2015, our free cash flow generation increased to RR 25.2 billion, or by 83.4% as compared to the corresponding period of 2014.

#### **Production and Purchased Volumes**

	<b>1Q 2015</b>	<b>1Q 2014</b>
<b>Natural gas production including proportionate share in the production of joint ventures, million cubic meters (mmcm)</b>	16,151	15,423
including production by subsidiaries, mmcm	12,461	13,398
Natural gas purchases from joint ventures, mmcm	1,623	284
Other purchases of natural gas, mmcm	1,549	1,677
<b>Total natural gas production by subsidiaries and purchases, mmcm</b>	<b>15,633</b>	<b>15,359</b>
<b>Liquids production including proportionate share in the production of joint ventures, thousand tons (mt)</b>	1,991	1,362
including production by subsidiaries, mt	1,056	1,094
Liquids purchases from joint ventures, mt	1,703	496
Other purchases of liquids, mt	4	7
<b>Total liquids production by subsidiaries and purchases, mt</b>	<b>2,763</b>	<b>1,597</b>

## Sales Volumes

	1Q 2015	1Q 2014
<b>Natural gas, mmcm</b>	<b>15,977</b>	<b>17,772</b>
including sales to end-users	15,077	16,677
<b>Liquids, mt</b>	<b>2,834</b>	<b>1,545</b>
Including:		
Stable gas condensate products	1,837	965
Liquefied petroleum gas	448	351
Stable gas condensate	276	32
Crude oil	271	195
Other petroleum products	2	2

In the first quarter 2015, our natural gas sales volumes totalled 16.0 billion cubic meters (bcm), representing a 10.1% decrease as compared with the corresponding period in 2014. The decrease was mainly due to colder weather in the first quarter 2014 relative to the first quarter 2015 resulting in much higher withdrawals of natural gas from the underground storages in the first quarter 2014.

As at 31 March 2015, the total amount of natural gas recorded as inventory aggregated 654 mmcm as compared to 1,049 mmcm at the end of 2014. We sold 395 mmcm of natural gas from inventories in the first quarter 2015 as compared to 2,459 mmcm sold in the first quarter 2014.

Liquid hydrocarbon sales volumes aggregated 2,834 thousand tons in the first quarter 2015 representing an increase of 83.4% as compared with the first quarter 2014. Sales volumes were positively impacted by higher volumes of gas condensate purchased from our joint ventures due to production growth at the SeverEnergia fields, as well as by an increase in crude oil production by our subsidiaries. Sales volumes of high value-added petroleum products increased by 90.4% to 1,837 mt compared to 965 mt in the corresponding period of 2014, while their share in the overall liquids sales volume mix increased to 64.8%.

As at 31 March 2015, 591 thousand tons of liquid hydrocarbons were in transit or storage and recognized as inventory compared to 739 thousand tons at the end of 2014.

**Selected Balance Sheet Items**  
(in millions of Russian roubles)

	31 March 2015	31 December 2014
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>618,577</b>	<b>572,548</b>
Property, plant and equipment	301,647	291,726
Investments in joint ventures	177,292	166,231
<b>Total current assets</b>	<b>135,932</b>	<b>126,591</b>
<b>Total assets</b>	<b>754,509</b>	<b>699,139</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Non-current liabilities</b>	<b>195,726</b>	<b>230,807</b>
Long-term debt	170,509	204,699
<b>Current liabilities</b>	<b>136,508</b>	<b>81,208</b>
<b>Total liabilities</b>	<b>332,234</b>	<b>312,015</b>
<b>Equity attributable to</b>		
<b>  OAO NOVATEK shareholders</b>	<b>420,236</b>	<b>384,755</b>
<b>  Non-controlling interest</b>	<b>2,039</b>	<b>2,369</b>
<b>Total equity</b>	<b>422,275</b>	<b>387,124</b>
<b>Total liabilities and equity</b>	<b>754,509</b>	<b>699,139</b>

The full set of consolidated interim condensed IFRS financial statements, 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)).

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**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)

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OAO NOVATEK is Russia's largest independent gas producer and the second-largest natural gas producer 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 in the prolific Yamal-Nenets Autonomous Region, which is the world's largest natural gas producing area and accounts for approximately 90% of Russia's natural gas production and approximately 17% of the world's gas production. NOVATEK is an open 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».