



FOR IMMEDIATE RELEASE

NOVATEK Announces Consolidated IFRS Results For Third Quarter and Nine Months 2016

Moscow, 26 October 2016. PAO NOVATEK today released its consolidated interim condensed financial statements as of and for the three and nine months ended 30 September 2016 prepared in accordance with International Financial Reporting Standards (“IFRS”).

IFRS Financial Highlights (in millions of Russian roubles)

3Q 2016	3Q 2015		9M 2016	9M 2015
125,767	116,212	Oil and gas sales	390,441	341,010
716	1,155	Other revenues	2,781	2,343
126,483	117,367	Total revenues	393,222	343,353
(93,458)	(85,096)	Operating expenses	(280,636)	(238,533)
-	989	Net gain on disposal of interests in joint ventures	73,072	989
707	158	Other operating income (loss)	(53)	(199)
33,732	33,418	Profit from operations	185,605	105,610
43,833	37,120	Normalized EBITDA of subsidiaries*	140,932	119,141
57,726	52,579	Normalized EBITDA including share in EBITDA of joint ventures*	179,369	156,922
1,101	(6,174)	Finance income (expense)	2,091	(11,290)
9,401	(34,713)	Share of profit (loss) of joint ventures, net of income tax	52,405	(17,435)
44,234	(7,469)	Profit (loss) before income tax	240,101	76,885
36,494	(12,416)	Profit (loss) attributable to PAO NOVATEK shareholders	198,345	60,579
36,494	(13,405)	Normalized profit (loss) attributable to PAO NOVATEK shareholders*	140,668	59,590
12.09	(4.44)	Normalized basic and diluted earnings (loss) per share* (in Russian roubles)	46.60	19.73

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

Our total revenues in the third quarter and nine months 2016 increased by 7.8% and 14.5%, respectively, as compared to the corresponding periods of 2015. Our Normalized EBITDA, inclusive of joint ventures, totalled RR 57.7 billion in the third quarter 2016 and RR 179.4 billion in the nine months 2016, representing an increase of 9.8% and 14.3%, respectively, as compared to the corresponding periods of 2015. The growth in our revenues and EBITDA was largely driven by substantial increase in liquids sales volumes.

Profit attributable to NOVATEK shareholders totalled RR 36.5 billion (RR 12.09 per share) in the third quarter 2016 and RR 198.3 billion (RR 65.70 per share) in the nine months 2016. Profit in the respective periods in 2015 were significantly impacted by foreign exchange losses, which resulted in a net loss in the third quarter 2015.

Marketable Hydrocarbon Production and Purchased Volumes

3Q 2016	3Q 2015		9M 2016	9M 2015
16,195	17,061	Natural gas production, million cubic meters (mmcm)	49,952	50,102
11,304	11,868	including production by subsidiaries, mmcm	35,082	36,607
1,812	1,851	Natural gas purchases from joint ventures, mmcm	6,401	5,089
2,174	1,699	Other purchases of natural gas, mmcm	6,124	4,844
15,290	15,418	Total natural gas production by subsidiaries and purchases, mmcm	47,607	46,540
3,060	2,346	Liquids production, thousand tons (mt)	9,387	6,535
1,784	969	including production by subsidiaries, mt	5,448	3,021
2,382	2,555	Liquids purchases from joint ventures, mt	7,363	6,442
42	37	Other purchases of liquids, mt	86	58
4,208	3,561	Total liquids production by subsidiaries and purchases, mt	12,897	9,521

Hydrocarbon Sales Volumes

3Q 2016	3Q 2015		9M 2016	9M 2015
14,456	14,272	Natural gas, mmcm	46,293	44,747
13,445	13,435	including sales to end-users	42,584	42,014
4,183	3,474	Liquids, mt	12,964	9,219
		including:		
1,647	1,613	Stable gas condensate products	5,212	5,038
1,157	251	Crude oil	3,502	760
715	975	Stable gas condensate	2,222	1,796
660	632	Liquefied petroleum gas	2,019	1,617
4	3	Other petroleum products	9	8

Our natural gas sales volumes totalled 14.5 billion cubic meters (bcm) in the third quarter 2016 and 46.3 bcm in the nine months 2016, representing an increase of 1.3% and 3.5%, respectively, as compared to the corresponding periods of 2015, which was mainly due to the development of gas trading at the Saint-Petersburg commodity exchange and higher volumes sold to traders. As at the end of the third quarter 2016, the total amount of natural gas recorded as inventory totalled 2.5 bcm as compared to 2.7 bcm at the end of the third quarter 2015.

In the third quarter 2016, liquid hydrocarbon sales volumes amounted to 4,183 mt, representing a 20.4% increase in volumes sold as compared to the third quarter 2015. In the nine months 2016, liquid hydrocarbon sales volumes grew to 12,964 mt, representing a 40.6% increase as compared to the nine months 2015. This significant growth was largely due to the launch of the Yarudeyskoye oil field in December 2015 and the Termokarstovoye and Yaro-Yakhinskoye gas and gas condensate fields in the first half 2015. The dynamics of our liquids sales volumes was also positively impacted by a decrease in liquids inventories by 284 mt in the nine months 2016 compared to the increase by 92 mt in the nine months 2015. As at 30 September 2016, 626 mt of liquid hydrocarbons were in transit or storage and recognized as inventory.

Selected Balance Sheet Items
(in millions of Russian roubles)

	30 September 2016	31 December 2015
ASSETS		
Non-current assets	804,302	751,552
Property, plant and equipment	329,870	331,712
Investments in joint ventures	220,388	154,725
Long-term loans and receivables	223,991	230,799
Total current assets	118,559	120,485
Assets held for sale	-	7,987
Total assets	922,861	880,024
LIABILITIES AND EQUITY		
Non-current liabilities	218,036	282,178
Long-term debt	183,499	252,050
Current liabilities	109,862	169,675
Total liabilities	327,898	451,853
Equity attributable to PAO NOVATEK shareholders	587,365	426,079
Non-controlling interest	7,598	2,092
Total equity	594,963	428,171
Total liabilities and equity	922,861	880,024

The full set of unaudited 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).

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PAO 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 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».