



FOR IMMEDIATE RELEASE

NOVATEK Announces Consolidated IFRS Results for First Quarter 2017

Moscow, 26 April 2017. PAO NOVATEK today released its consolidated interim condensed financial statements as of and for the three months ended 31 March 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”).

IFRS Financial Highlights (in millions of Russian roubles)

	1Q 2017	1Q 2016
Oil and gas sales	154,001	138,211
Other revenues	627	1,140
Total revenues	154,628	139,351
Operating expenses	(109,364)	(97,159)
Net gain on disposal of interests in joint ventures	-	73,072
Other operating income (loss), net	274	971
Profit from operations*	45,538	43,163
Normalized EBITDA of subsidiaries*	53,815	50,823
Normalized EBITDA including share in EBITDA of joint ventures*	68,180	62,136
Finance income (expense)	(8,602)	916
Share of profit (loss) of joint ventures, net of income tax	43,626	23,381
Profit before income tax	80,562	140,532
Profit attributable to shareholders of PAO NOVATEK	71,018	115,917
Normalized profit** attributable to shareholders of PAO NOVATEK	44,345	36,899
Normalized earnings per share** (in Russian roubles)	14.70	12.22

* Before disposals of interests in joint ventures.

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

In the first quarter 2017, our total revenues increased to RR 154.6 billion, or by 11.0% compared to the first quarter 2016. We also recorded an increase of 9.7% in the Company’s Normalized EBITDA, including our respective share in the EBITDA of joint ventures, which totaled RR 68.2 billion. The growth in our revenues and EBITDA was

largely driven by the increase in natural gas sales volumes as well as the increase in liquids sales prices.

Profit attributable to NOVATEK shareholders decreased by 38.7% to RR 71.0 billion (RR 23.54 per share), as compared to RR 115.9 billion (RR 38.40 per share) in the first quarter 2016. The amount of profit was significantly impacted by the foreign exchange effect (including at the joint ventures level), and its dynamics – by the effect of the disposals of interests in joint ventures. Net of these effects, our adjusted profit attributable to NOVATEK shareholders increased by 20.2% to RR 44.3 billion compared with the first quarter 2016.

Production and Purchased Volumes

	1Q 2017	1Q 2016
Total production, million barrels of oil equivalent (boe)	127.7	139.5
<i>Total production, million boe per day</i>	<i>1.42</i>	<i>1.53</i>
Natural gas production including proportionate share in the production of joint ventures, million cubic meters (mmcm)	15,721	17,236
Natural gas production by subsidiaries, mmcm	10,921	12,176
Natural gas purchases from joint ventures, mmcm	5,301	2,749
Other purchases of natural gas, mmcm	1,860	2,011
Total natural gas production by subsidiaries and purchases, mmcm	18,082	16,936
Liquids production including proportionate share in the production of joint ventures, thousand tons (mt)	2,967	3,208
Liquids production by subsidiaries, mt	1,713	1,855
Liquids purchases from joint ventures, mt	2,343	2,531
Other purchases of liquids, mt	37	31
Total liquids production by subsidiaries and purchases, mt	4,093	4,417

Hydrocarbon Sales Volumes

	1Q 2017	1Q 2016
Natural gas, mmcm	18,752	17,775
including sales to end-users, mmcm	17,329	16,094
Liquids, mt	4,113	4,642
including:		
Gas condensate refined products	1,837	1,881
Crude oil	1,072	1,188
Liquefied petroleum gas	677	703
Stable gas condensate	524	868
Other oil products	3	2

Our natural gas sales volumes totalled 18.8 bcm, representing a 5.5% increase compared with the corresponding period in 2016. Higher natural gas sales volumes were due to the increased demand for natural gas from end-customers resulted, among other factors, from weather conditions. As at the end of the first quarter 2017, the total amount of natural gas recorded as inventory totalled 130 mmcm compared to 429 mmcm as at the end of the first quarter 2016.

Liquid hydrocarbon sales volumes aggregated 4.1 million tons in the first quarter 2017 representing a decrease of 11.4% as compared to the first quarter 2016. The decrease was a result of a decrease in gas condensate production mainly at mature fields of the Company's subsidiaries and joint ventures. The dynamics of our liquids sales volumes was also negatively impacted by the decrease in liquids inventories by 90 mt in the first quarter 2017 compared to the decrease by 298 mt in the first quarter 2016. As at 31 March 2017, 813 mt of liquid hydrocarbons were in transit or storage and recognized as inventory.

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

	31 March 2017	31 December 2016
ASSETS		
Non-current assets	853,518	831,074
Property, plant and equipment	328,332	331,795
Investments in joint ventures	303,692	259,650
Long-term loans and receivables	190,334	209,145
Total current assets	141,543	132,760
Total assets	995,061	963,834
LIABILITIES AND EQUITY		
Non-current liabilities	180,159	197,323
Long-term debt	143,720	161,296
Current liabilities	85,253	108,791
Total liabilities	265,412	306,114
Equity attributable to		
PAO NOVATEK shareholders	718,090	648,350
Non-controlling interest	11,559	9,370
Total equity	729,649	657,720
Total liabilities and equity	995,061	963,834

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).

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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 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».