

## CREDIT OPINION

13 February 2019

### Update

 Rate this Research

#### RATINGS

##### PAO Novatek

Domicile	Russia
Long Term Rating	Baa2
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Japan 81-3-5408-4100

EMEA 44-20-7772-5454

## PAO Novatek

Update following upgrade to Baa2, outlook changed to stable

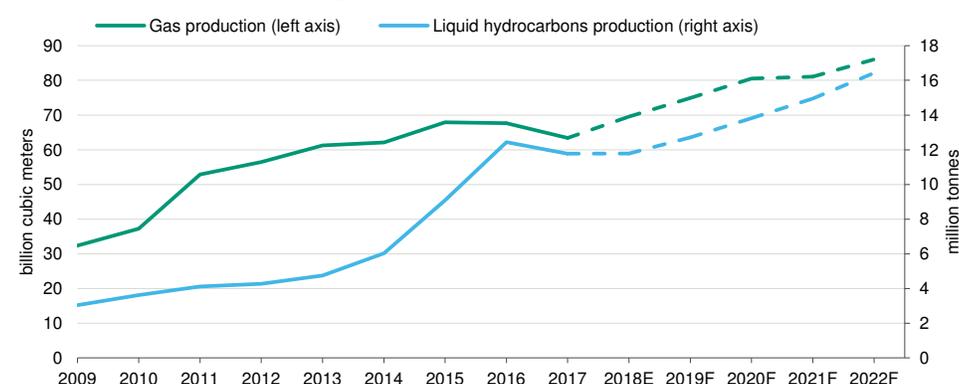
### Summary

PAO Novatek's (Novatek) Baa2 issuer rating reflects the company's (1) vast conventional low-cost reserves; (2) integrated business model with a high share of processed value-added products; (3) track record of strong production growth in both gas and liquids (gas condensate and oil); (4) strong domestic market position in gas; (5) strong financial metrics and liquidity profile with low leverage; and (6) substantially reduced execution and financing risks related to the development of the Yamal liquefied natural gas (LNG) project, because three out of four trains have already been launched in 2017-18.

Novatek's long-term issuer rating is on par with Russia's country ceilings on long-term foreign currency debt (Baa2/P-2). The foreign-currency country ceilings determine the highest rating possible for debt instruments denominated in foreign currency by domiciled borrowers other than the national government and reflect the probability that a government would, in the event of a default, impose a moratorium on the foreign-currency payments of domestic issuers. Despite its high volume of exports, Novatek remains exposed to the Russian macroeconomic environment, given that all of the company's production facilities are located in Russia.

Exhibit 1

#### Novatek's long-term production growth trend has resumed after a tumble in 2017



Sources: Novatek, Moody's Investors Service estimates

## Credit strengths

- » Substantial reserves at legacy fields and joint ventures (JVs)
- » Integrated business model with a high share of processed value-added products
- » Launch of the first three (out of four) trains of Yamal LNG in 2017-18, which has turned the company into a global LNG entity and will drive future production growth
- » Financial metrics to remain strong because of growing production at Yamal LNG, low costs, indexation of domestic natural gas prices and fairly high oil prices in rouble terms

## Credit challenges

- » Elevated production drilling, acquisition of new licenses and planned Arctic LNG-2 project, which will keep investments elevated
- » Exposure to the Russian operating environment

## Rating outlook

The stable outlook on Novatek's rating is in line with the stable outlook on the sovereign rating and reflects the company's strong positioning within the current rating category.

## Factors that could lead to an upgrade

We could upgrade Novatek's rating if we were to upgrade Russia's sovereign rating and/or raise the foreign-currency bond country ceiling, provided there is no material deterioration in the company's specific credit factors, including its operating and financial performance, free cash flow generation, market position and liquidity.

## Factors that could lead to a downgrade

We could downgrade Novatek's rating if (1) we were to downgrade Russia's sovereign rating or lower Russia's foreign-currency bond country ceiling; or (2) the company's operating and financial performance, market position or liquidity were to deteriorate materially.

## Key indicators

Exhibit 2

### PAO Novatek

	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	LTM (Sep-18)	12-18 Month Forward View
Average Daily Production (Mboe / day)	1,202.7	1,251.2	1,429.0	1,494.5	1,406.3	1,458.4	1,550 - 1,600
Total Proved Developed Reserves (Mmboe)	4,041.5	4,674.5	4,787.7	4,415.3	4,916.8	4,916.8	4,900 - 5,100
Leveraged Full-Cycle Ratio	7.6x	3.3x	2.4x	3.5x	7.9x	11.5x	7.0x - 9.0x
E&P Debt / Average Daily Production	\$4,253	\$3,543	\$3,465	\$2,437	\$2,072	\$1,849	\$1,550 - \$1,600
RCF / Debt	42.0%	36.3%	28.3%	51.8%	77.3%	82.8%	100% - 120%
EBITDA / Interest Expense	14.0x	12.3x	9.4x	18.0x	22.4x	26.2x	26x - 30x
E&P Debt / Proved Developed Reserves	\$1.3	\$0.9	\$1.0	\$0.8	\$0.6	\$0.5	\$0.5 - \$0.6

All figures and ratios are calculated using Moody's estimates and standard adjustments. Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer. Periods are financial year-end unless indicated. LTM = Last 12 months.

Source: Moody's Financial Metrics™

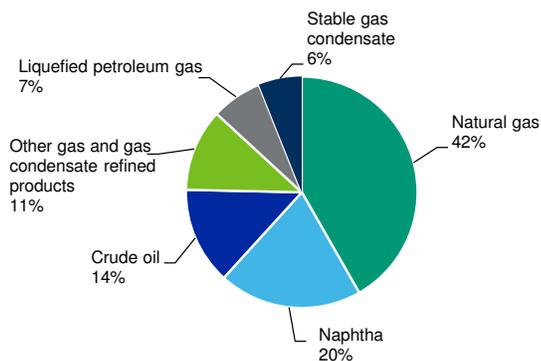
## Profile

PAO Novatek (Novatek) is one of the largest independent natural gas producers in Russia. For the 12 months ended 30 September 2018, Novatek generated Moody's-adjusted EBITDA of RUB241 billion. In 2017, Novatek produced 63.4 billion cubic meters of gas and 11.8 million tonnes (mt) of liquid hydrocarbons.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

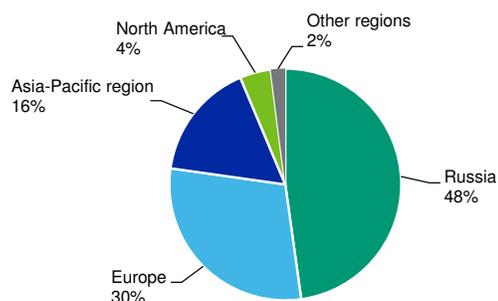
Novatek's key shareholders are as follows: Leonid Mikhelson (a 25% stake), who is also the chairman of the management board; Gennady Timchenko, with an around 23% stake; [TOTAL S.A.](#) (Aa3 positive), with an 19.4% stake; and [Gazprom, PJSC](#) (Gazprom, Baa2 stable) with a 10% stake. Novatek's free float is estimated to represent around 23%.

Exhibit 3

**Revenue breakdown by product (for the first nine months of 2018)**

Sources: Novatek, Moody's Investors Service estimates

Exhibit 4

**Revenue breakdown by destination (for the first nine months of 2018)**

Sources: Novatek, Moody's Investors Service estimates

## Detailed credit considerations

### Launch of Yamal LNG helped offset production decline at mature fields at subsidiaries and JVs

Novatek holds licences for exploration and production of hydrocarbons at the fields, located mainly in the Yamalo-Nenets Autonomous District. As of 31 December 2017, the company had total proved reserves (including its share in JVs) of around 15.1 billion barrels of oil equivalent (boe), including 2.1 trillion cubic meters of gas, under the Securities and Exchange Commission classification, which implies a proved reserve life of 29 years. The company managed to grow sizeable reserves in 2017 compared with 2016 (13.4 billion boe) because of its acquisition of new licenses and exploration drilling activities. Novatek maintains a robust reserve replacement, with an organic reserve replacement ratio (excluding disposals) of 134% in 2017 (2016: 168%; 2015: 148%). We expect Novatek to grow its reserve base further as the company continues to acquire new licences and carry out extensive exploration works at the Gydan peninsula and the Gulf of Ob.

The company carries out commercial production of natural gas, gas condensate and crude oil at 16 fields, including its core Yurkharovskoye and East-Tarkosalinskoye fields, which accounted for 39% and 10% of the company's total gas production and 11% and 12% of liquid production (including its proportionate share in JVs), respectively, in the third quarter of 2018. Natural gas production at the Yurkharovskoye and East-Tarkosalinskoye fields in Q3 2018 fell by 71% and 8.9%, respectively, from the year-earlier period, while liquid production at East-Tarkosalinskoye fell by 15.5% over the same period because of falling reservoir pressure in current producing horizons.

The Yarudeyskoye oil field, developed by Novatek's 51%-owned subsidiary Yargeo, was launched in December 2015 and ramped up to full capacity of about 3.5 mt of crude oil per year in early 2016. It has since been the key contributor of oil production for the company. The liquid production at this field fell by 6.3% in Q3 2018 from the year-earlier period because of falling reservoir pressure in current producing horizons.

A significant share of Novatek's production is attributed to its JVs: Arcticgas and Nortgas, developed jointly with [Gazprom Neft PJSC](#) (Baa2 stable), with Novatek holding 50% in each of them, and Terneftegas, a JV with TOTAL S.A., with Novatek's share amounting to 51%. Overall, JVs, including the growing production at Yamal LNG, contributed 40% to Novatek's gas production and 44% to its liquid production for the three months ended 30 September 2018.

At Arcticgas, the company is developing the Samburgskoye and Urengoykoye fields launched in 2012-14 and the Yaro-Yakhinskoye field launched in 2015. The fields have been ramped up to full capacity and allow a total production of about 28 billion cubic metres of natural gas and more than 7.5 mt of gas condensate per year. At Nortgas, the company is developing the North-Urengoykoye

field with gas and gas condensate production of about 8 billion cubic metres and 0.7 mt per year, respectively. At Terneftegas, the Termokarstovoye field was launched and ramped up to its full capacity of 2.4 billion cubic metres of gas and 0.8 mt of gas condensate in mid-2015.

Despite natural gas and liquid production decline at these JVs by 7.5% and 9.0%, respectively, in Q3 2018 from the year-earlier period, the company managed to grow its natural gas production by 12.6% over the same period while maintaining almost flat liquids production. This was because of the commencement of natural gas and gas condensate production at Yamal LNG, resulting from the start of LNG production at the first and second LNG trains of the LNG liquefaction plant as of year-end 2017 and in July 2018, respectively. The third train was launched in November 2018, while the fourth train will be launched in 2019. The continuing ramp up of Yamal LNG will positively affect future operating and financial results of Novatek.

### Reserves are well monetised because of an integrated business model

Novatek processes unstable gas condensate at its Purovsky Gas Condensate Processing Plant, located near to its fields, where the company processes it into stable gas condensate and liquefied petroleum gas. Stable gas condensate is further processed at the company's Gas Condensate Fractionation and Transshipment Complex, located at the port of Ust-Luga on the Baltic Sea, into higher-value refined oil products such as naphtha, jet fuel, gas oil and fuel oil. Increased liquid production has allowed the company to fully utilise its Ust-Luga complex and Purovsky plant since H1 2015. Both the Purovsky plant and Ust-Luga complex are currently producing close to their nameplate capacities of 12.4 million tonnes per annum (mtpa) and 6.9 mtpa, respectively, with annualised throughputs of 10.7 mtpa and 6.4 mtpa in Q3 2018.

This integrated business model, with a growing share of liquids that are further processed into refined products at the Ust-Luga Complex, allows the company to shift to higher-margin liquids sales (oil products, crude oil, liquefied petroleum gas and stable gas condensate), which do not fluctuate seasonally and are largely sold in the export markets. As such, the company has somewhat diversified away from gas, which is 100% sold in the domestic market in Russian roubles at regulated prices and exhibits seasonal volatility. The company sells almost 100% of its oil products, more than half of stable gas condensate and one third of crude oil in the export markets. Therefore, growing export sales of higher-margin liquids provide the company with an increasing share of foreign-currency revenue, which contributes to fairly strong operating cash flow in rouble terms even when oil prices fall because of rouble depreciation.

Novatek is not allowed to sell its natural gas in the export markets: according to the Russian law on gas exports, Gazprom has the exclusive right to export gas via its gas pipelines. Although Novatek can sell gas in the domestic market at any price, in practice it cannot deviate substantially from the regulated prices at which gas is sold by Gazprom (mostly in the range of \$50-\$60/thousand cubic metres, depending on the region of sales, or about \$1.5-\$1.7/million British thermal units [mmbtu]), which serve as the benchmark prices. Novatek's gas monetisation rests on large medium- and long-term contracts with industrial end-customers (for example, Russian steel-makers) and power generation companies.

At the same time, the prices at which Novatek sells its liquids are market based and subject to fluctuations in the underlying benchmark prices of crude oil, naphtha and other gas condensate refined products, which are substantially higher on a per-boe basis than domestic gas prices.

### Yamal LNG launch in Q4 2017 improved the company's business profile

Novatek's flagship Yamal LNG project, which embraces the construction of a 17.4-mtpa liquefaction plant and the development of the South-Tambeyskoye field in the Yamal peninsula, will become the backbone of its medium-term growth. On 8 December 2017, the company loaded its first cargo of LNG following the launch of the first 5.5-mtpa train of Yamal LNG. The other two trains were commissioned in 2018 (ahead of schedule). The fourth 0.9-mtpa train will utilise the proprietary technology developed in house. This fourth train will cost about \$0.4 billion-\$0.5 billion (more than 2x cheaper on a per-tonne-of-capacity basis than the first three trains) and will be launched in Q4 2019. We positively note that long-term contracts cover more than 96% of the project's expected production volumes.

Total capital spending requirements for Yamal LNG are estimated at \$27 billion. Yamal LNG is one of the lowest-cost liquefaction facilities worldwide because of the availability of sizeable conventional gas reserves near the plant and low temperatures in the Yamal peninsula (permafrost zone), which facilitate the liquefaction process. Novatek estimates that total cash cost at Yamal LNG,

considering feedstock, liquefaction and shipping, will be \$3 per mmbtu, including about \$2.5 per mmbtu of transportation costs to the southeast Asian markets (via the Suez Canal). We estimate that each train will contribute RUB30 billion-RUB35 billion (\$450 million-\$530 million) to Novatek's EBITDA, or 15% of Moody's-adjusted EBITDA for the 12 months ended 30 September 2018. The launch and subsequent ramp-up of Yamal LNG will positively contribute to the company's operating and financial performance in 2018-20.

The company's strategy to reduce transportation costs will be executed via the construction of the transshipment terminal at the Kamchatka peninsula, which will be launched in 2022-23 and will provide for \$0.8/mmbtu LNG transportation cost savings compared with the current western (winter) route via Europe and the Suez Canal. This initiative shall give rise to the emergence of another global delivery basis (FOB Kamchatka) over the next several years, which will contribute to the globalisation of the LNG market and will give the company's LNG projects a competitive edge. This is because the key LNG consumers, Japan and Korea, are only three days of shipping away from Kamchatka and the demand for LNG spot volumes can be satisfied at a fairly short notice. The company has also announced about the construction of a transshipment facility in Murmansk, which will be completed by 2022-23. It has also recently commenced ship-to-ship transfers of LNG in Norway.

The expedited completion of the first three trains ahead of schedule will allow the project to reach its maximum LNG output one year ahead of schedule, facilitating earlier amortisation of shareholder loans (RUB172 billion as of 30 September 2017), the repayment schedule of which is linked to Yamal LNG's free cash flow. Novatek provided these loans, which are comparable in size with Novatek's own debt, to Yamal LNG to support the project's timely funding. The loans' repayment will enhance Novatek's cash position. Once all four trains are complete, Yamal LNG will be able to start paying dividends, and Novatek will be the key beneficiary. The launch of the fourth train and earlier completion of the first three trains will also allow the company to generate \$1 billion-\$1.3 billion in early revenue while lowering the overall liquefaction costs by about 5%.

The company will continue increasing its LNG capacities after all four trains of Yamal LNG are completed. The next major LNG project of the company is a 19.8-mtpa Arctic LNG 2 plant, which envisages the construction of three 6.6-mtpa trains at a total cost of more than \$20 billion. The underlying resource base is the prolific Utrenneye field. The company plans to localise the production of gravity-based structures, which shall reduce plant construction costs by 30% compared with Yamal LNG. The gravity-based structures will host the LNG and the accompanying facilities, and will be anchored close to the shoreline, positioned on the river's soil. The company plans to make an investment decision and select partners for this project in 2019. We do not expect substantial pressure on the company's metrics because of the need to fund this project as the company is in the process of farming out a 40%-50% equity stake in Arctic LNG 2 to external investors at attractive valuation multiples, which shall cover most of the construction costs. In May 2018, TOTAL S.A. signed a binding agreement with Novatek to enter the Arctic LNG 2 project. The agreement provides for the acquisition by TOTAL S.A. of a 10% participation interest in the project, as well as the right to additionally acquire up to 5% in case Novatek decides to decrease its participation interest in the project below 60%. The transaction will be closed no later than 31 March 2019.

Although Novatek is subject to a US ban on the provision of financing for, and other dealings in, new debt with a maturity of longer than 60 days and all activities related to new debt, the company is not subject to the US technological sanctions. These sanctions comprise a ban on the provision of goods, services and technology for certain deep-water (greater than 500 feet), Arctic offshore, or shale projects that have the potential to produce oil, also encompassing license requirements for exports involving certain projects.

### Financial metrics will remain strong despite growth in capital spending

Prices for refined oil and gas condensate products sold by Novatek in the export markets correlate strongly with benchmark oil prices and fluctuate accordingly: Novatek's average realised contract prices for stable gas condensate and naphtha increased by 61.3% and 32.7%, respectively, in Q3 2018 from the year-earlier period in US dollar terms. A weaker rouble exchange rate over the same period reinforced the positive impact of higher oil prices on the company's financial metrics. Around 50% of the company's revenue is denominated in foreign currency, compared with only about 5% of its capital spending, while the majority of its operating expenses are in Russian roubles. Expenses related to international shipping are denominated in US dollars. Therefore, if oil prices decline and remain sustainably low, this positive foreign-currency exposure would have a buffering impact on the company's metrics. This is because the lower US dollar revenue from lower oil prices would be somewhat offset by the positive impact of the weaker exchange rate on the company's costs and free cash flow, owing to the resultant lower operating expenses and capital spending in US dollar terms.

The floating rouble exchange rate, which declined 11% in Q3 2018 from the year-earlier period (despite a recovery in oil prices), and largely conventional reserves allow the company to be a low-cost producer. We estimate the company's total all-in production costs

(including depreciation, lifting costs, transportation and taxes) at \$6-\$7/boe, including lifting costs of \$0.6-\$0.8/boe. Yamal LNG enjoys lucrative netback prices because of its tax allowances (zero mineral extraction tax and export duty for natural gas and gas condensate, no property tax and reduced income tax rate for 12 years from the start of production). Arctic LNG 2 will be subject to similar tax concessions. The combination of growing production (following the ramp-up of Yamal LNG), low costs, tax allowances for its LNG projects, regular price indexation for natural gas sold in the domestic market and the ability to market natural gas (in its LNG form) globally will help Novatek's credit profile remain sustainably strong over the next several years under a broad range of oil price scenarios.

The company's leverage, as measured by its Moody's-adjusted debt/EBITDA, fell to 0.7x as of 30 September 2018 from 2.6x as of 31 December 2015. In the 12 months ended 30 September 2018, the company generated strong free cash flow of RUB87 billion (Moody's-adjusted), while its Moody's-adjusted net debt fell to RUB92 billion as of 30 September 2018 from RUB102 billion as of year-end 2017. This was despite a pickup in capital spending, which increased by RUB38 billion to RUB57 billion during the first nine months of 2018 from that in the year-earlier period. We expect the company to be able to at least break even on its free cash flow after dividends in 2019 despite a sizeable investment programme aimed to counter the natural production decline at some of its mature fields. We expect the company to continue operating with a fairly low level of leverage at below 1.0x.

### Liquidity analysis

Novatek has a strong liquidity profile. As of 30 September 2018, Novatek held a sizeable cash buffer of RUB53 billion, complemented by RUB31 billion of short-term deposits and available uncommitted credit facilities of a total of RUB173 billion. Novatek's sizeable cash balances and robust operating cash flow, which we estimate at RUB300 billion-RUB320 billion for 2019, will allow the company to comfortably cover its increased capital spending programme of RUB180 billion-RUB200 billion and to continue paying dividends, in line with its target payout of 30% of consolidated net profit, as well as making ad hoc share buybacks. As of 30 September 2018, Novatek had no short-term debt and its closest sizeable debt maturity is the \$650 million eurobond due in February 2021.

## Rating methodology and scorecard factors

The application of our Independent Exploration and Production Industry rating methodology, published in May 2017, to Novatek results in an Aa2 rating outcome. Novatek's current rating is below its grid assessment, reflecting the company's exposure to the Russian government's credit profile, captured by the Baa3 sovereign rating with a stable outlook and the Baa2 foreign-currency bond country ceiling.

Exhibit 5

### Rating factors

PAO Novatek

Energy, Oil & Gas - Independent E & P Industry Grid [1][2]	Current LTM 30/09/2018		Moody's 12-18 Month Forward View As of February 2019 [3]	
	Measure	Score	Measure	Score
<b>Factor 1 : Scale (20%)</b>				
a) Average Daily Production (Mboe/d)	1,458	Aa	1,550 - 1,600	Aa
b) Proved Developed Reserves (MMboe)	4,917	Aa	4,900 - 5,100	Aa
<b>Factor 2 : Business Profile (10%)</b>				
a) Business Profile	A	A	A	A
<b>Factor 3 : Profitability and Efficiency (25%)</b>				
a) Leveraged Full-Cycle Ratio	11.5x	Aaa	7.0x - 9.0x	Aaa
<b>Factor 4 : Leverage and Coverage (30%)</b>				
a) E&P Debt / Average Daily Production	\$1,849	Aaa	\$1,550 - \$1,600	Aaa
b) E&P Debt / PD Reserves boe	\$0.5	Aaa	\$0.5 - \$0.6	Aaa
c) RCF / Debt	82.8%	Aa	100% - 120%	Aaa
d) EBITDA / Interest Expense	26.2x	Aa	26x - 30x	Aa
<b>Factor 5 : Financial Policy (15%)</b>				
a) Financial Policy	Baa	Baa	Baa	Baa
<b>Rating:</b>				
a) Indicated Outcome from Scorecard		Aa3		Aa2
b) Actual Rating Assigned				Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of 30/09/2018(L).

[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.

Source: Moody's Financial Metrics™

## Appendix

Exhibit 6

### Peer comparison

(in \$ millions)	PAO Novatek			Apache Corporation			Anadarko Petroleum Corporation			ConocoPhillips		
	Baa2 Stable			Baa3 Stable			Ba1 Positive			A3 Stable		
	FYE Dec-16	FYE Dec-17	LTM Sep-18	FYE Dec-16	FYE Dec-17	LTM Jun-18	FYE Dec-16	FYE Dec-17	LTM Sep-18	FYE Dec-16	FYE Dec-17	LTM Sep-18
Revenue	\$8,059	\$10,001	\$12,617	\$5,367	\$5,811	\$6,490	\$8,891	\$11,261	\$12,639	\$23,693	\$29,106	\$34,870
Average Daily Production (Mboe / day)	1,495	1,406	1,458	522	457	448	791	670	650	1,569	1,377	1,259
Total Proved Developed Reserves (Mmboe)	4,415	4,917	4,917	1,174	1,024	1,024	1,325	1,127	1,127	4,816	3,847	3,847
Leveraged Full-Cycle Ratio	3.5x	7.9x	11.5x	0.0x	-0.1x	-0.1x	0.2x	0.4x	0.6x	-0.1x	0.0x	-0.1x
EBITDA / Interest Expense	18.0x	22.4x	26.2x	6.0x	7.4x	8.7x	3.2x	5.2x	6.4x	4.9x	9.0x	17.4x
E&P Debt / Average Daily Production	\$2,437	\$2,072	\$1,849	\$16,925	\$19,371	\$19,540	\$21,000	\$25,118	\$27,437	\$21,844	\$18,530	\$16,527
E&P Debt / Proved Developed Reserves	\$0.8	\$0.6	\$0.5	\$7.5	\$8.7	\$8.6	\$12.5	\$14.9	\$15.8	\$7.1	\$6.6	\$5.4
RCF / Debt	51.8%	77.3%	82.8%	18.2%	23.9%	28.9%	14.2%	22.2%	29.1%	10.9%	23.0%	50.1%

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 7

### Moody's-adjusted debt breakdown

(in RUB millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Ending Sep-18
<b>As Reported Debt</b>	<b>165,621</b>	<b>245,679</b>	<b>358,705</b>	<b>216,765</b>	<b>163,046</b>	<b>172,076</b>
Pensions	1,627	1,167	1,905	2,249	3,198	3,198
Operating Leases	188	2,532	236	1,884	1,592	1,592
<b>Moody's-Adjusted Debt</b>	<b>167,436</b>	<b>249,378</b>	<b>360,846</b>	<b>220,898</b>	<b>167,836</b>	<b>176,866</b>

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 8

### Moody's-adjusted EBITDA breakdown

(in RUB millions)	FYE Dec-13	FYE Dec-14	FYE Dec-15	FYE Dec-16	FYE Dec-17	LTM Ending Sep-18
<b>Unadjusted EBITDA</b>	<b>158,591</b>	<b>75,737</b>	<b>121,713</b>	<b>354,365</b>	<b>243,074</b>	<b>266,443</b>
Pensions	222	104	152	201	197	197
Operating Leases	47	633	59	471	398	398
Interest Expense – Discounting	0	0	0	-587	-749	-665
Unusual	-33,971	43,463	19,023	-57,969	-6,498	-25,504
<b>Moody's-Adjusted EBITDA</b>	<b>124,889</b>	<b>119,937</b>	<b>140,947</b>	<b>296,481</b>	<b>236,422</b>	<b>240,869</b>

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

## Ratings

Exhibit 9

Category	Moody's Rating
<b>PAO NOVATEK</b>	
Outlook	Stable
Issuer Rating	Baa2
<b>NOVATEK FINANCE LIMITED</b>	
Outlook	Stable
Senior Unsecured	Baa2

Source: Moody's Investors Service

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REPORT NUMBER

1151500