



FOR IMMEDIATE RELEASE

## NOVATEK Announces Consolidated IFRS Results For Second Quarter and First Half 2017

*Moscow, 26 July 2017.* PAO NOVATEK today released its consolidated interim condensed financial statements as of and for the three and six months ended 30 June 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”).

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

2Q 2017	2Q 2016		1H 2017	1H 2016
128,030	126,463	Oil and gas sales	282,031	264,674
800	925	Other revenues	1,427	2,065
<b>128,830</b>	<b>127,388</b>	<b>Total revenues</b>	<b>283,458</b>	<b>266,739</b>
<b>(94,033)</b>	<b>(90,019)</b>	<b>Operating expenses</b>	<b>(203,397)</b>	<b>(187,178)</b>
-	-	Net gain on disposal of interests in joint ventures	-	73,072
351	(1,731)	Other operating income (loss)	625	(760)
<b>35,148</b>	<b>35,638</b>	<b>Profit from operations</b>	<b>80,686</b>	<b>151,873</b>
<b>43,798</b>	<b>46,276</b>	<b>Normalized EBITDA of subsidiaries*</b>	<b>97,613</b>	<b>97,099</b>
<b>56,072</b>	<b>59,507</b>	<b>Normalized EBITDA including share in EBITDA of joint ventures*</b>	<b>124,252</b>	<b>121,643</b>
13,414	74	Finance income (expense)	4,812	990
(33,768)	19,623	Share of profit (loss) of joint ventures, net of income tax	9,858	43,004
14,794	55,335	Profit before income tax	95,356	195,867
<b>3,243</b>	<b>45,934</b>	<b>Profit attributable to PAO NOVATEK shareholders</b>	<b>74,261</b>	<b>161,851</b>
<b>33,772</b>	<b>29,610</b>	<b>Normalized profit attributable to PAO NOVATEK shareholders**</b>	<b>78,117</b>	<b>66,509</b>
11.20	9.81	Normalized basic and diluted earnings per share** (in Russian roubles)	25.89	22.03

\* 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).

In the second quarter and first half 2017, our total revenues increased by 1.1% and 6.3%, respectively, compared to the corresponding periods of 2016. Our Normalized EBITDA, inclusive of joint ventures, amounted to RR 56.1 billion in the second quarter 2017 and RR 124.3 billion in the first half 2017, representing a decrease of 5.8% and an increase of 2.1%, respectively, as compared to the corresponding periods of 2016. The growth in our revenues and EBITDA in the first half 2017 was largely driven by the increase in natural gas sales volumes and higher liquids sales prices. Our EBITDA in the second quarter 2017 was significantly affected by lower average realized prices in Russian rouble terms for most of our liquid hydrocarbon products as well as the decrease in liquid hydrocarbons sales volumes.

In the second quarter and first half 2017, profit attributable to NOVATEK shareholders decreased to RR 3.2 billion (RR 1.08 per share), or by 92.9%, and to RR 74.3 billion (RR 24.62 per share) or by 54.1%, as compared to the corresponding periods of 2016. Profit dynamics was mainly impacted by the closing in the first quarter 2016 of a transaction for the sale of a 9.9% equity stake in Yamal LNG and by the foreign exchange effect (including at the joint ventures level). Excluding these effects, normalized profit attributable to NOVATEK shareholders totalled RR 33.8 billion (RR 11.20 per share) in the second quarter 2017 and RR 78.1 billion (RR 25.89 per share) in the first half 2017, representing an increase by 14.1% and 17.5%, respectively, as compared to the corresponding periods of 2016.

#### Marketable Hydrocarbon Production and Purchased Volumes

2Q 2017	2Q 2016		1H 2017	1H 2016
<b>124.6</b>	<b>134.1</b>	<b>Total hydrocarbon production, million barrels of oil equivalent (boe)</b>	<b>252.3</b>	<b>273.6</b>
1.37	1.47	<i>Total production, million boe per day</i>	1.39	1.50
<b>15,323</b>	<b>16,521</b>	<b>Natural gas production including proportionate share in the production of joint ventures, million cubic meters (mmcm)</b>	<b>31,044</b>	<b>33,757</b>
10,600	11,602	including production by subsidiaries, mmcm	21,521	23,778
2,356	1,840	Natural gas purchases from joint ventures, mmcm	7,657	4,589
1,936	1,939	Other purchases of natural gas, mmcm	3,796	3,950
<b>14,892</b>	<b>15,381</b>	<b>Total natural gas production by subsidiaries and purchases, mmcm</b>	<b>32,974</b>	<b>32,317</b>
<b>2,918</b>	<b>3,119</b>	<b>Liquids production including proportionate share in the production of joint ventures, thousand tons (mt)</b>	<b>5,885</b>	<b>6,327</b>
1,687	1,809	including production by subsidiaries, mt	3,400	3,664
2,296	2,450	Liquids purchases from joint ventures, mt	4,639	4,981
41	13	Other purchases of liquids, mt	78	44
<b>4,024</b>	<b>4,272</b>	<b>Total liquids production by subsidiaries and purchases, mt</b>	<b>8,117</b>	<b>8,689</b>

### Hydrocarbon Sales Volumes

2Q 2017	2Q 2016		1H 2017	1H 2016
<b>14,380</b>	<b>14,062</b>	<b>Natural gas, mmcm</b>	<b>33,132</b>	<b>31,837</b>
13,780	13,045	including sales to end-users	31,109	29,139
<b>4,072</b>	<b>4,139</b>	<b>Liquids, mt</b>	<b>8,185</b>	<b>8,781</b>
		including:		
1,763	1,684	Stable gas condensate products	3,600	3,565
1,211	1,157	Crude oil	2,283	2,345
645	656	Liquefied petroleum gas	1,322	1,359
450	639	Stable gas condensate	974	1,507
3	3	Other petroleum products	6	5

Our natural gas sales volumes totalled 14.4 billion cubic meters (bcm) in the second quarter 2017 and 33.1 bcm in the first half 2017. Compared to the second quarter and first half 2016 the sales volumes increased by 2.3% and 4.1%, respectively, 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 half 2017, the total amount of natural gas recorded as inventory totalled 0.6 bcm compared to 1.7 bcm as at the end of the first half 2016.

In the second quarter 2017, liquid hydrocarbon sales volumes amounted to 4.1 million tons, representing a 1.6% decrease in volumes sold as compared to the second quarter 2016. In the first half 2017, liquid hydrocarbon sales volumes totalled 8.2 million tons, representing a 6.8% decrease as compared to the first half 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 30 June 2017, 699 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)

	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>840,385</b>	<b>831,074</b>
Property, plant and equipment	334,318	331,795
Investments in joint ventures	269,220	259,650
Long-term loans and receivables	206,298	209,145
<b>Total current assets</b>	<b>134,117</b>	<b>132,760</b>
<b>Total assets</b>	<b>974,502</b>	<b>963,834</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Non-current liabilities</b>	<b>184,162</b>	<b>197,323</b>
Long-term debt	144,404	161,296
<b>Current liabilities</b>	<b>77,962</b>	<b>108,791</b>
<b>Total liabilities</b>	<b>262,124</b>	<b>306,114</b>
<b>Equity attributable to</b>		
<b>PAO NOVATEK shareholders</b>	<b>698,819</b>	<b>648,350</b>
<b>Non-controlling interest</b>	<b>13,559</b>	<b>9,370</b>
<b>Total equity</b>	<b>712,378</b>	<b>657,720</b>
<b>Total liabilities and equity</b>	<b>974,502</b>	<b>963,834</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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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».