

Consensus forecast for Gazprom Neft's share price target

Broker	Analyst	Date	Recommendation	TP (₽)
BrokerCreditService	Kirill Tachennikov	22 February 2019	Buy	493
VTB Capital	Dmitry Lukashov	22 February 2019	Sell	308
Gazprombank	Evgenia Dyshlyuk	22 February 2019	Buy	459
Sberbank	Andrey Gromadin	22 February 2019	Buy	459
Bank of America ML	Karen Kostanian	22 February 2019	Buy	419
Sova Capital	Mitchell Jennings	22 February 2019	Buy	408
Aton	Alexander Kornilov	22 February 2019	Buy	446
Raiffeisen	Andrey Polishchuk	22 February 2019	Buy	425
Renaissance Capital	Alexander Burgansky	22 February 2019	Hold	350
Goldman Sachs	Heydar Mamedov	22 February 2019	Buy	446

Q&A for investors



Will Gazprom Neft increase production in 2019 vs 2018 given the OPEC+ deal and the overall market environment? How does the Company assess the OPEC+ deal?

Assuming that OPEC+ countries are supposed to cut production in 1H 2019, we thus expect to increase our own production by 2% in 2019. The exact figures will depend on the deal terms for 2H 2019.

As of now, the deal helps maintain oil prices at a sufficient level for us to implement both ongoing and prospective projects. The key is to maintain stable oil prices going forward. The fact that oil majors got united by and large to address this issue is indicative of the industry's ability to cooperate and work towards a common goal. Indeed, the oil price predictability is not only about revenues for oil companies. It also ensures that our supply meets the future demand while guaranteeing the stability of investment cycles which take at least five years to complete across our industry.



Who can become Gazprom Neft's partner in developing the Ayashsky license area and other new offshore fields?

In the next three years, we are going to continue exploration in offshore Sakhalin. Following exploration and appraisal, we will decide on the required financing. The evidence from global practices shows that only 10% of offshore projects are self-reliant. So, we are looking to establish mutually beneficial long-term relations with both Russian and overseas companies. However, we want our prospective partners to offer economically viable terms. If such terms prove to be less attractive than solo work, we will be developing the field on our own. For instance, we continue exploration in the Arctic on our own.



November 2018, the Board of Directors approved Gazprom Neft's Development Strategy to 2030. What are the principles and goals of the Strategy?

The new 2030 Strategy succeeds the 2025 Strategy but rather focuses on the Company's market positioning, improving its flexibility to external changes and transforming all of its business processes.

Our vision for 2030 is to be at the leading edge of the industry and set the pace and standards for players in Russia and globally. Our focus is on efficiency, technology and safety.

Three high-level goals:

- > world's Top 10 public player in terms of liquid hydrocarbon production volumes;
- > maximising value creation per barrel; and
- > leadership by ROACE.

To achieve these goals, the Company intends to embark on transformation, including operational, digital, cultural and organisational transformation as well as the promotion of partnership ecosystems.



What are your capex plans for 2019?

Our capex forecast is quite stable for the next two to three years. Accordingly, we expect the Company's capex to reach ₹ 370–380 bn in 2019. In 2019, our investment programme will be mainly focused on the construction of production facilities at the Company's refineries, including catalyst production, and new upstream projects.



Is the Company likely to pay 2018 dividends amounting to 35% of its net profit?

Our financial and operating results grow steadily making it possible to increase the dividend payout. In 9M 2018, the Company increased the dividend payout to 35% of its net profit, and we plan to maintain this ratio for the entire 2018.

The 2018 dividends per share are expected to greatly exceed those of 2017.