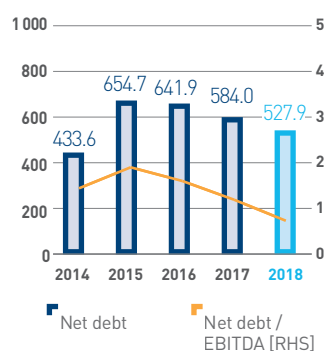


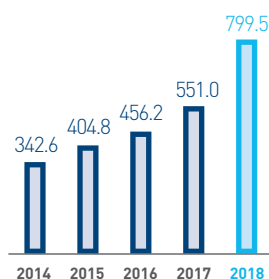
The Group's diversified debt portfolio includes syndicated and bilateral loans, bonds and other instruments. The Group's net debt went down by 9.6% to ₺ 527.87 bn. Net debt / EBITDA decreased by 0.46 pp to 0.73x.

The average debt maturity went up from 3.6 years as at 31 December 2017 to 3.84 years as at 31 December 2018. The average interest rate increased from 5.54% as at 31 December 2017 to 6.29% as at 31 December 2018.

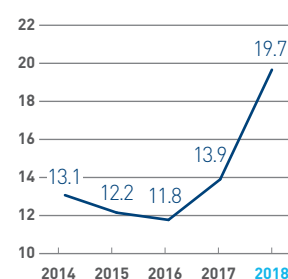
The Group's net debt (₺ bn) and net debt / EBITDA



Adjusted EBITDA (₺ bn)



Adjusted ROACE (%)



For more details on the Company's debt, see the Debt Portfolio and Credit Ratings subsection on p. 202

For reference

EBITDA analysis (₺ m)

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
Profit for the period	126,656	116,198	209,725	269,678	400,993	48.7
Total income tax expense	19,214	29,252	49,814	55,522	79,129	42.5
Finance expense	15,279	33,943	34,282	25,127	21,476	(14.5)
Finance income	(7,075)	(14,732)	(11,071)	(10,098)	(7,506)	(25.7)
Depreciation, depletion and amortisation	85,951	114,083	129,845	140,998	175,451	24.4
Net foreign exchange gain / (loss)	52,265	67,910	(28,300)	241	33,558	>200
Other income / (expenses) (net)	8,471	(1,494)	17,982	7,557	19,796	162.0
EBITDA	300,761	345,160	402,277	489,025	722,897	47.8
Less: share of profit of associates and joint ventures	6,306	(24,956)	(34,116)	(45,504)	(90,704)	99.3
Plus: the share of EBITDA of equity accounted investments and joint ventures	35,547	84,607	88,037	107,446	167,313	55.7
Total adjusted EBITDA	342,614	404,811	456,198	550,967	799,506	45.1

Profitability (%)

Item	as at 31.12.2014	as at 31.12.2015	as at 31.12.2016	as at 31.12.2017	as at 31.12.2018	Δ 2018/2017 (pp)
Adjusted EBITDA margin	24.33	27.58	29.52	28.48	32.12	3.6
Net profit margin	8.99	7.92	13.57	13.94	16.11	2.2
Return on assets (ROA)	6.92	5.07	8.33	9.84	12.43	2.6
Return on equity (ROE)	11.90	9.77	15.58	17.38	21.97	4.6
Adjusted return on average capital employed (adjusted ROACE)	13.07	12.15	11.77	13.90	19.66	5.8

Adjusted ROACE¹ (%)

Item	as at 31.12.2015	as at 31.12.2016	as at 31.12.2017	as at 31.12.2018
Adjusted EBITDA	404,811	456,198	550,967	799,506
Depreciation, depletion and amortisation	(140,659)	(158,919)	(178,449)	(216,480)
Effective income tax charge on EBIT	(53,501)	(62,429)	(71,605)	(114,725)
Adjusted EBIT²	210,651	234,850	300,913	468,301
Average capital employed	1,733,285	1,994,626	2,164,614	2,381,424
Adjusted ROACE	12.15	11.77	13.90	19.66

Liquidity

Item	as at 31.12.2014	as at 31.12.2015	as at 31.12.2016	as at 31.12.2017	as at 31.12.2018	Δ 2018/2017 (%)
Current liquidity ratio	1.88	1.46	1.37	0.88	1.18	34.1
Quick liquidity ratio	0.94	0.79	0.66	0.42	0.67	59.5
Cash ratio	0.53	0.51	0.26	0.21	0.44	109.5

Leverage

Item	as at 31.12.2014	as at 31.12.2015	as at 31.12.2016	as at 31.12.2017	as at 31.12.2018	Δ 2018/2017 (%)
Net debt / total assets (%)	20.67	26.34	25.18	19.93	14.99	(4.9)
Net debt / equity (%)	38.38	52.44	44.45	35.20	26.50	(8.7)
Leverage (%)	31.11	36.05	30.80	25.97	20.74	(5.2)
						Δ 2018/2017 (%)
Net debt / market capitalisation	0.64	0.90	0.64	0.51	0.32	(37.3)
Net debt / EBITDA	1.44	1.90	1.60	1.19	0.73	(38.7)
Total debt / EBITDA	1.87	2.37	1.68	1.39	1.07	(23.0)

¹ Return on average capital employed.

² Adjusted EBIT represents the Group's EBIT and its share of EBIT of associates and joint ventures.

The main macroeconomic factors affecting the Company's performance

The main factors affecting the Group's performance include:

- > changes in market prices for crude oil and petroleum products;
- > changes in RUB/USD exchange rate and inflation;
- > taxation;
- > changes in transportation tariffs for crude oil and petroleum products.

CHANGES IN MARKET PRICES FOR CRUDE OIL AND PETROLEUM PRODUCTS

Crude oil and petroleum products prices on the international and Russian markets are the main factor affecting the Group's performance.

Prices for petroleum products on the international market are determined by the global oil prices, petroleum products demand and supply, and competition in different markets. In turn, prices in the international market affect those in the domestic market. Price trends for different types of petroleum products differ.

The increase in crude oil and petroleum product prices on the international markets in 2018 had a positive impact on the Group's results.

Crude oil and petroleum product prices

Sources: Platts (international market), Thomson Reuters Kortes (domestic market)

Fuels	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
INTERNATIONAL MARKET (\$/BBL)						
Brent	98.95	52.46	43.73	54.09	71.16	31.6
Urals Spot (average Med + NWE)	96.94	51.49	42.02	52.94	69.86	32.0
INTERNATIONAL MARKET (\$/T)						
Premium gasoline (average NWE)	918.72	569.96	467.05	557.58	674.67	21.0
Naphtha (average Med + NWE)	825.28	450.05	377.85	477.10	595.99	24.9
Diesel fuel (average NWE)	854.41	500.70	398.58	493.65	641.23	29.9
Gasoil 0.1% (average Med)	837.77	486.26	391.21	483.49	632.07	30.7
Fuel oil 3.5% (average NWE)	518.48	247.49	199.93	290.96	387.07	33.0
DOMESTIC MARKET (P/T)						
High-octane gasoline	31,948	32,488	34,574	36,820	41,724	13.3
Low-octane gasoline	28,071	28,435	29,858	31,931	37,249	16.7
Diesel	27,764	28,944	27,965	32,619	41,070	25.9
Fuel oil	9,014	7,202	6,051	9,594	14,319	49.2

Change in RUB/USD exchange rate and inflation

The Group's management has determined that the reporting currency is the Russian rouble. The functional currency of each of the Group's subsidiary is the currency of the economic environment where the entity operates. For most entities, this is the Russian rouble.

Item	2014	2015	2016	2017	2018
Change in Consumer Price Index (CPI) (%)	11.4	12.9	5.4	2.5	4.30
Average RUB/USD exchange rate for the period (₽)	38.42	60.96	67.03	58.35	62.71
USD/RUB exchange rate as at the beginning of the period (₽)	32.73	56.26	72.88	60.66	57.60
USD/RUB exchange rate as at the end of the period (₽)	56.26	72.88	60.66	57.60	69.47
Change in RUB/USD exchange rate for the period (%)	72	30	(17)	(5)	21

Taxation

Average tax rates for Russia's oil and gas companies in the reporting periods

Item	2014	2015	2016	2017	2018	Δ 2018/2017 (%)
EXPORT DUTY (\$/T)						
Crude oil	366.14	120.25	75.61	86.74	128.48	48.1
Light petroleum products	241.63	57.67	30.21	25.99	38.52	48.2
Diesel	237.93	57.67	30.21	25.99	38.52	48.2
Gasoline	329.48	93.75	46.07	25.99	38.52	48.2
Naphtha	329.48	102.17	53.63	47.67	70.63	48.1
Heavy petroleum products	241.63	91.34	61.96	86.74	128.48	48.1
MINERAL EXTRACTION TAX (₽/T)						
Crude oil	5,831	6,326	5,770	8,134	12,455	53.1

For more details on taxation and specifics of its application with regard to Gazprom Neft, see appendix 6 Oil Industry Taxation on **p. 318**