

## LIQUIDITY

	December 31, 2015	December 31, 2016	Δ, %
Current ratio	1.46	1.37	(6.2)
Quick ratio	0.79	0.66	(16.5)
Cash ratio	0.51	0.26	(49)

## LEVERAGE

	December 31, 2015 r.	December 31, 2016 r.	Δ, p.p.
Net debt/ Total Assets, %	26.34	25.18	(1.2)
Net debt/ Equity, %	52.44	44.45	(8)
Gearing, %	36.05	30.8	(5.3)
			Δ, %
Net debt/ Market Capitalization	0.9	0.64	(28.9)
Net debt/ EBITDA	1.9	1.6	(15.8)
Total debt/ EBITDA	2.37	1.68	(29.1)

## MAIN MACROECONOMIC FACTORS AFFECTING OPERATIONAL RESULTS

The main factors affecting the Group's operational results include:

- > Changes in market prices for crude oil and petroleum products;
- > Changes in the exchange rate between the Russian rouble and the US dollar; inflation;
- > Taxation;
- > Changes in transportation tariffs for crude oil and petroleum products.

### CHANGES IN MARKET PRICES FOR CRUDE OIL AND PETROLEUM PRODUCTS

Prices for crude oil and petroleum products on international and Russian markets are the primary factor affecting the Group's operational results.

Petroleum product prices on international markets are primarily determined by world prices for crude oil, petroleum product supply and demand, and competition on different markets. Petroleum product price trends on international markets in turn determine domestic prices. Price trends are different for different types of petroleum products.

The decrease in crude oil and petroleum product prices on international markets in 12 months 2016 had a negative impact on the Group's results, but the drop in oil prices was largely offset by changes in the exchange rate for the US dollar relative to the Russian rouble.

## OIL AND PETROLEUM PRODUCT PRICE DYNAMICS

Sources: Platts (international), Kortes (domestic)

	2015	2016	Δ, %
<b>INTERNATIONAL MARKET (USD/ BARREL)</b>			
Brent	52.46	43.73	(16.6)
Urals Spot (average Med + NWE)	51.49	42.02	(18.4)
<b>INTERNATIONAL MARKET (USD/ BARREL)</b>			
Premium gasoline (average NWE)	569.96	467.05	(18.1)
Naphtha (average Med. + NWE)	450.05	377.85	(16)
Diesel fuel (average NWE)	500.7	398.58	(20.4)
Gasoil 0.1% (average Med.)	486.26	391.21	(19.5)
Fuel oil 3.5% (average NWE)	247.49	199.93	(19.2)
<b>DOMESTIC MARKET (RUB/T)</b>			
High-octane gasoline	32,488	34,574	6.4
Low-octane gasoline	28,435	29,858	5
Diesel fuel	28,944	27,965	(3.4)
Fuel oil	7,202	6,051	(16)

## ROUBLE VS. US DOLLAR EXCHANGE RATE AND INFLATION

The Group's management has determined that the Russian rouble is the presentation currency for the Group's financial statement. The functional currency of each subsidiary is considered the currency of the economic environment in which the company does business and is the Russian rouble for most subsidiaries.

	2015	2016
Change in Consumer Price Index, %	12.9	5.4
Average RUB/USD exchange rate for the period	60.96	67.03
USD/ RUB exchange rate as of the beginning of the period	56.26	72.88
USD/ RUB exchange rate as of the end of the period	72.88	60.66
Depreciation (appreciation) of Russian rouble to USD, %	30	17

## HYDROCARBON TAXES

### AVERAGE TAX RATES EFFECTIVE IN REPORTING PERIODS FOR THE TAXATION OF OIL AND GAS COMPANIES IN RUSSIA

	2015	2016	Δ, %
<b>EXPORT DUTY, (USD/ T)</b>			
Crude oil	120.25	75.61	(37.1)
Light petroleum products	57.67	30.21	(47.6)
Diesel	57.67	30.21	(47.6)
Gasoline	93.75	46.07	(50.9)
Naphtha	102.17	53.63	(47.5)
Heavy petroleum products	91.34	61.96	(32.2)
<b>MINERAL EXTRACTION TAX</b>			
Crude oil (RUB/t)	6,326	5,770	(8.8)

> For more details about taxation and its specific application with respect to Gazprom Neft, please see Appendix 6 'Oil Industry Taxation', p. 223