

REFERENCE MATERIALS

EBITDA RECONCILIATION (RUB mn)

	2015	2016	Δ, %
PROFIT FOR THE PERIOD	116,198	209,725	80.5
Total income tax benefit / (expense)	29,252	49,814	70.3
Finance expense	33,943	34,282	1
Finance income	(14,732)	(11,071)	(24.9)
Depreciation, depletion and amortization	114,083	129,845	13.8
Net foreign exchange gain / (loss)	67,910	(28,300)	–
Other (loss) / gain, net	(1,494)	17,982	–
EBITDA	345,160	402,277	16.5
Less: share of profit of associates and joint ventures	(24,956)	(34,116)	36.7
Add: share of EBITDA of equity accounted investments	84,607	88,037	4.1
ADJUSTED EBITDA	404,811	456,198	12.7

PROFITABILITY (%)

	December 31, 2015	December 31, 2016	Δ, p.p.
Adjusted EBITDA margin	27.58	29.52	1.9
Net profit margin	7.92	13.57	5.7
Return on assets (ROA)	5.07	8.33	3.3
Return on equity (ROE)	9.77	15.58	5.8
Adjusted Return on average capital employed (ROACE)	12.15	11.77	(0.4)

ADJUSTED ROACE CALCULATION (%)

For 12 months preceding	December 31, 2015	December 31, 2016
Adjusted EBITDA	404,811	456,198
Depreciation, depletion and amortization	(140,659)	(158,919)
Effective income tax charge on EBIT	(53,501)	(62,429)
ADJUSTED EBIT¹	210,651	234,850
AVERAGE CAPITAL EMPLOYED	1,733,285	1,994,626
ADJUSTED ROACE	12.15	11.77

¹ Adjusted EBIT represents the Group's EBIT and its share in associates and joint ventures' EBIT

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.