

Key Facts

MCap (mIn \$)*	24,374
EV** (mIn \$)	30,037
Ticker (MOEX)	TRNFP

* indicative, based on equality in the prices of ordinary and preferred shares of the Company
 ** Net debt calculation is based on IFRS data for 12M2015

Equity ownership structure

Common shares	5 568 748
Preferred shares	1 554 875
Free float	http://moex.com/

Credit Ratings

Moody's	Long-term foreign currency rating	Ba1 / Negative
S&P	Long-term foreign currency rating	BB+ / Stable

At a Glance

- Transneft is a Russian transportation company with state participation operating the Russian oil and oil-product trunk pipelines network, the largest pipeline company in the world
- The Company operates 52 thousand km of oil pipelines and 16 thousand km of oil product pipelines
- The Company transports about 85% of crude oil produced in Russia and more than 27% of oil products produced in Russia as well as significant amounts of hydrocarbons and oil products CIS countries
- Transneft oil pipelines link major Russian oilfields with refineries and export markets in Europe and Asia, directly and via seaports
- Tariffs for Transneft's services are set by the state regulatory - the Federal Antimonopoly Service
- Transneft continues to improve its transparency and is committed to high corporate governance standards

Main news

30/01/2017	Eastern Siberia-Pacific Ocean Project Management Center (PMC ESPO, a subsidiary of Transneft) started construction of three oil pump stations (OPS) in Khabarovsk Region. OPS are being constructed to the extent of implementation of the investment project "Pipeline offshoot ESPO PS — Komsomolsk Refinery".
18/01/2017	Oil companies have higher requests now, as regards the filling of oil pipelines Zapolyarye – Purpe and Kuyumba – Tayshet with crude in 2017. Thus the aggregate requests of oil companies for Zapolyarye – Purpe in 2017 stand at 7.23 million tonnes, in 2008 – 12.6 million tonnes, in 2019 – 16.9 million tonnes, in 2020 – 20.8 million tonnes. The total oil pipeline loading till 2020 is 57.5 million tonnes. As for the Kuyumba – Tayshet oil pipeline, oil transportation this year is expected at the level of about 0.945 million tonnes, 2.8 million tonnes in 2018, 6.5 million tonnes in 2019 and 7.7 million tonnes in 2020. The total volume till 2020 roughly stands at 18 million tonnes.
18/01/2017	Transneft officially commissioned the Zapolyarye – Purpe and Kuyumba – Tayshet oil trunk pipelines. Russian President Vladimir Putin took part in the projects' inauguration ceremony in the teleconference mode. The projects delivered aim at linking new fields in the Yamal-Nenets Autonomous District and Krasnoyarsk Region with resource potential standing at 2 billion tonnes of crude to the system of oil trunk pipelines of the Russian Federation, ensuring oil transportation to Russian refineries, increasing the potential of export deliveries as well as diversification of Russian crude supply routes in the direction of Asia Pacific markets.
17/01/2017	From the date of commissioning in 2009, the turnover of Transneft – Kozmino Port, LLC doubled. Thus, in 2010 the shipment volume was 15.3 million tons, and in 2016 it makes 31.8 million tons. However, it was declared that it is technically feasible to ship 31.3 million tons of oil through Kozmino Port in 2017. In the aggregate, starting from 2010, more than 155 million tons of oil were exported to Asia-Pacific region countries.
13/01/2017	On 13 January 2017, Transneft management met with representatives of leading Russian and foreign mass media. During the meeting Transneft Management answered the questions of journalists about its activities. Main information: <ul style="list-style-type: none"> • In accordance with actual requests the expected volumes of pumped crude in 2017 is 483.3 million tonnes including 232 million tonnes of export amount, from which 135 million tonnes is via ports and 97 by the pipeline system. Nevertheless the volumes could be changed due to the Russia's decision to join the production contraction plan by 11 million tonnes; • Planned volumes of transportation of the petroleum products from Russian oil refineries in 2017 will be 35.3 million tonnes including 25.7 million tonnes for export and 9.6 million tonnes for Russian consumption; • The long term Transneft Development Programme for 2016-2021 implies financing in the amount of RUB 1.5 trillion; • The budget of Transneft allows for the payout of dividends in 2017, amounting to 25% of the net profit by IFRS standards; • In 2017 Transneft plans to attract RUB 35 billion within the programme of exchange bonds; • Transneft forecasts further reduction of petroleum products export via the Baltic ports: in 2017 the volume may go down to 2.4 million tonnes against 3.2 million tonnes last year; • For now China has not officially requested to delay an increase of oil supplies over the Eastern Siberia-Pacific Ocean (ESPO) pipeline system offshoot to as much as 30 million tonnes; • Transneft is in talks with potential buyers of a stake in the Novorossiysk Commercial Sea Port (NCSP).
13/01/2017	Last year the company carried out integrated testing and commissioned large investment projects, in particular: Yug-1. Building of loopings for the Tikhoretsk – Novorossiysk-3 OTP, Sever-15. Development of the PPTP System in Primorsk up to 15 million tons, Approach Dam of the Eastern Siberia-Pacific Ocean Pipeline System-2 (ESPO PS-2), Construction of Auxiliary Facilities. Besides, in 2016 normalization of Transneft's port facilities was completed which in total cost 705.1 million rubles including VAT.
13/01/2017	Within the scope of preparation to fulfillment of the Development, Technical Upgrading and Revamping Programme for 2017 Transneft completed state expert examination of design documentation concerning 161 facilities in 2016. The expected fulfillment of Transneft's Development Programme in monetary terms in 2016: funding amount: 337.5 billion rubles; implementation of capital investments: 311.7 billion rubles.

Operational and Financial Indicators (IFRS)

		2014	2015	Change, %
Oil transportation volume	mIn tons	477.5	481.4	0.8
Oil products transportation volume	mIn tons	31.2	32.2	3.2
Revenue	RUB bn	774.4	815.7	5.3
Proceeds from oil transportation services	RUB bn	499.8	558.8	11.8
Proceeds from oil products transportation services	RUB bn	48.2	57.3	18.9
Proceeds from commercial oil sales	RUB bn	193.2	171.5	(11.2)
Other revenue	RUB bn	33.2	28.1	(15.5)
EBITDA*	RUB bn	348.4	368.2	5.7
EBITDA margin	%	57.5	54.8	x
Net income	RUB bn	59.5	143.4	x2.4

*Less crude oil sale and purchase operations under contracts with OAO NK Rosneft and the China National United Oil Corporation.

Actual financing of Transneft investment program in 2016, RUB mln

Rank	Project Name	Financing (RUB mln)
1	MP* Zapolyarye - Purpe	32,279
2	MP* Kuyumba - Taishet	25,311.9
3	Expansion of ESPO (East Siberia – Pacific Ocean) pipeline system	17,393
4	North	18,636.7
5	South	17,803.9
6	Revamping of the trunk pipeline system in order to boost transportation of oil products to Moscow Region	11,012.8
7	Throughput capacity expansion of the Skovorodino – Mohe oil pipeline up to 30 million tonnes of oil per year	1,853.7
8	Others	30,144.9

* oil trunk pipeline

Capital Investment

Period	New projects, RUB bn	Technical re-equipment and reconstruction, RUB bn
2016	154.4	183.1
2017-2021	297.8	861.8

** Investment program plan for 2017 year

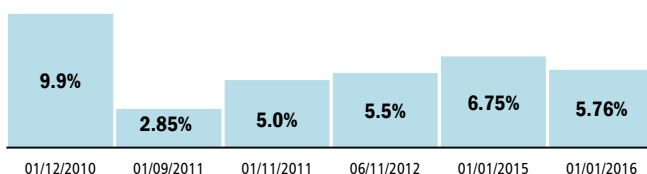
Our Company conducts extensive work to diversify its energy supplies and develop highly efficient export routes. Installing pipelines capacities will provide the conditions for growth of oil production in the promising Russian regions, and also allow reducing the dependence of the Russian export of transit through the territory of neighboring countries, thus supporting Russia's role in international energy safety.

Implementation of investment projects of development of the system of oil trunk pipelines will help to create a single pipeline system, allowing rapid redistribution of export flows in both Western and Eastern directions, depending on market conditions.

Prospects of Tariff Regulation

- Tariffs for the transportation of oil via the company's pipelines are determined by the FAS of Russia. Every year the company submits its expenses forecast and investment programme to the state regulatory body to establish the tariffs for the next period.
- According to our development strategy for the period until 2020, tariffs growth will not exceed the long-term inflation rate.

Indexation of Transneft's tariffs for oil transportation services, %



Source: FAS of Russia

Shares

- Only preferred shares (1,554,875) are traded on the stock market, common shares (5,568,748) are 100% owned by the Government of the Russian Federation

