

As at December 31, 2017 average debt maturity remained unchanged from 3.6 years as at December 31, 2016.

The average interest rate increased insignificantly from 5.52% as at December 31, 2016 to 5.54% as at December 31, 2017.

 For more about debt, see the Debt Portfolio and Credit Ratings subsection on p. 177

FINANCIAL APPENDIX

EBITDA RECONCILIATION (RUB MN)

Indicator	2016	2017	Δ, %
PROFIT FOR THE PERIOD	209,725	269,678	28.6
Total income tax benefit / (expense)	49,814	55,522	11.5
Finance expense	34,282	25,127	(26.7)
Finance income	(11,071)	(10,098)	(8.8)
Depreciation, depletion and amortization	129,845	140,998	8.6
Net foreign exchange (loss) / gain	(28,300)	241	-
Other (loss) / gain, net	17,982	7,557	(58.0)
EBITDA	402,277	489,025	21.6
Less: Share of profit of associates and joint ventures	(34,116)	(45,504)	33.4
Add: Share of EBITDA of equity accounted investments	88,037	107,446	22.0
ADJUSTED EBITDA	456,198	550,967	20.8

PROFITABILITY (%)

Indicator	December 31, 2016	December 31, 2017	Δ, p. p.
Adjusted EBITDA margin	29.52	29.65	0.1
Net profit margin	13.57	14.51	0.9
Return on assets (ROA)	8.33	9.84	1.5
Return on equity (ROE)	15.58	17.38	1.8
Adjusted Return on average capital employed (ROACE)	11.77	13.9	1.9

ADJUSTED ROACE CALCULATION (%)

Indicator	December 31, 2016	December 31, 2017
Adjusted EBITDA	456,198	550,967
Depreciation, depletion and amortization	(158,919)	(178,449)
Effective income tax charge on EBIT	(62,429)	(71,605)
ADJUSTED EBIT¹	234,850	300,913
AVERAGE CAPITAL EMPLOYED	1,994,626	2,164,614
ADJUSTED ROACE	11.77	13.9

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

LIQUIDITY

Indicator	December 31, 2016	December 31, 2017	Δ, %
Current ratio	1.37	0.90	(34.3)
Quick ratio	0.66	0.43	(34.8)
Cash ratio	0.26	0.21	(19.2)

LEVERAGE

Indicator	December 31, 2016	December 31, 2017	Δ, p. p.
Net debt/ Total Assets, %	25.18	19.93	(5.3)
Net debt/ Equity, %	44.45	35.20	(9.3)
Gearing, %	30.80	25.97	(4.8)
			Δ, %
Net debt/ Market Capitalization	0.64	0.51	(20.3)
Net debt/ EBITDA	1.60	1.19	(25.6)
Total debt/ EBITDA	1.68	1.39	(17.3)

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 increase in crude oil and petroleum product prices on international markets in 12 months 2017 had a positive impact on the Group's results.

PRICE DYNAMICS OF OIL AND PETROLEUM PRODUCTS

Sources: Platts (international), Kortes (domestic)

Types of fuel	2016	2017	Δ, %
INTERNATIONAL MARKET (USD / BARREL)			
Brent	43.73	54.09	23.7
Urals Spot (average Med + NWE)	42.02	52.94	26.0

Types of fuel	2016	2017	Δ, %
INTERNATIONAL MARKET (USD / TONNE)			
Premium gasoline (average NWE)	467.05	557.58	19.4
Naphtha (average Med. + NWE)	377.85	477.10	26.3
Diesel fuel (average NWE)	398.58	493.65	23.9
Gasoil 0.1% (average Med.)	391.21	483.49	23.6
Fuel oil 3.5% (average NWE)	199.93	290.96	45.5
DOMESTIC MARKET (RUB/ TONNE)			
High-octane gasoline	34,574	36,820	6.5
Low-octane gasoline	29,858	31,931	6.9
Diesel fuel	27,965	32,619	16.6
Fuel oil	6,051	9,594	58.6

ROUBLE VS. US DOLLAR EXCHANGE RATE AND INFLATION

The Group's presentation currency is the Russian rouble. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. For most entities, this is the Russian rouble.

Indicator	2016	2017
Change in Consumer Price Index (CPI), %	5.4	2.5
Average RUB / USD exchange rate for the period	67.03	58.35
USD / RUB exchange rate as of the beginning of the period	72.88	60.66
USD / RUB exchange rate as of the end of the period	60.66	57.60
Depreciation (appreciation) of Russian rouble to USD, %	(17)	(5)

TAXATION

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

Indicator	2016	2017	Δ, %
EXPORT DUTY (USD / TONNE)			
Crude oil	75.61	86.74	14.7
Light petroleum products	30.21	25.99	(14)
Diesel	30.21	25.99	(14)
Gasoline	46.07	25.99	(43.6)
Naphtha	53.63	47.67	(11.1)
Heavy petroleum products	61.96	86.74	40
MINERAL EXTRACTION TAX (RUB/ TONNE)			
Crude oil (RUB/ tonne)	5,770	8,134	41