

bought from Rosneft, under the agreement signed in April 2009, which amounted to RUB 121,668 million and crude oil export customs duties in the amount of RUB 19,235 million. The figure resulted from crude oil supplies to China.

The decrease in the cost of oil export was due to the decrease in the oil price.

The decrease in the cost of oil sold on the domestic market in 2020 by RUB 6,543 million, or 57.9%, compared to 2019 was due to a decrease in sales volumes and a decrease in the average oil price during the year ended 31 December 2020, compared to the same period last year.

The decrease in the cost of petroleum products sold on the domestic market in 2020 by RUB 2,133 million, or 25.8%, compared to 2019 was due to a decrease in sales of petroleum products.

Other taxes paid by Transneft Group and included in its operating expenses refer to, above all, property tax, land and transport taxes.

Other operating expenses also include the outlay on communication services, transport and secondment expenses, as well as expenses and revenues resulting from disposal of fixed assets and other assets, fines and penalties received and paid along with other revenues and expenditures.

EBITDA Formation

Indicator	2020	2019	Change, %	RUB mln 2018
Profit for the year	132,677	197,104	(32.7)	225,413
Adjustments:				
income tax expenses	46,388	47,914	(3.2)	52,298
depreciation and amortisation	217,612	208,700	4.3	178,610
result from oil sales to China	(644)	466	x	(439)
net financial expenses	18,359	34,522	(46.8)	21,304
share of the profit of subsidiaries and jointly run companies	1,608	(16,073)	x	(10,231)
other expenses, including	26,624	13,622	95.4	(33,519)
EBITDA*	442,624	486,255	(9.0)	433,436

* Excluding crude oil sale and purchase transactions, based on contracts with Rosneft and China National United Oil Corporation.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a useful indicator for investors, since it reveals the efficiency of the Group's activities, including the Group's ability to finance capital costs, acquire businesses and make other investments, as well as its ability to raise and repay loans. For some investors, analysts and rating agencies EBITDA serves

as the ground to evaluate and forecast oil and gas businesses' cost and efficiency. This indicator should not be viewed separately, as an alternative to earnings for a given period, earnings from core activity or any other indicator showing the Group's efficiency and reflected in the consolidated financial statement by IFRS.