

5.1. TRANSNEFT GROUP'S KEY FINANCIAL AND ECONOMIC PERFORMANCE INDICATORS UNDER IFRS

Reduced oil production led to lower volumes of oil delivered to the pipeline system and a reduction in the Company's crude oil and petroleum products transportation services.



[The consolidated financial statements under IFRS for 2020 are published by the Company](#)

Transneft Group's Core Operating Results for 2020, RUB mln

Indicator	2020	2019	Absolute change	Change, %	2018
Revenue	962,440	1,063,829	(101,389)	(9.5%)	979,958
Operating expenses, depreciation and amortisation exclusive	(519,172)	(578,040)	58,868	(10.2%)	(546,083)
Operating profit, depreciation and amortisation exclusive	443,268	485,789	(42,521)	(8.8%)	433,875
Depreciation and amortisation	(217,612)	(208,700)	(8,912)	4.3%	(178,610)
Operating profit	225,656	277,089	(51,433)	(18.6%)	255,265
Profit before tax	179,065	245,018	(65,953)	(26.9%)	277,711
Income tax expenses	(46,388)	(47,914)	1,526	(3.2%)	(52,298)
Profit for the reporting period	132,677	197,104	(64,427)	(32.7%)	225,413
Other gross expenses exclusive of income tax	6,151	(6,729)	12,880	x	(770)
Total comprehensive income exclusive of income tax	138,828	190,375	(51,547)	(27.1%)	224,643
EBITDA (Excluding crude oil sale and purchase transactions, based on contracts with Rosneft and China National United Oil Corporation).	442,624	486,255	(43,631)	(9.0%)	433,436
Debt/EBITDA	1.3	1.3	x	x	1.4

Sales Revenue

The decrease in the Group's adjusted revenue for 2020 by RUB 56,036 million, or 6.4%, compared to 2019 is due to significant global market shocks caused by the coronavirus pandemic and lower oil turnover.

The decrease in revenue from oil transportation in 2020, compared to 2019, amounted to RUB 42,071 million, or 6.0%. This is due to a decrease in the volume of oil transportation and freight flows.

The growth in revenue from petroleum products transportation for the year ended 31 December 2020 compared to the same period in 2019 amounted to RUB 1,624 million, or 2.3%. It is due to changes in tariffs and freight flows.

Revenue from oil sales for export was influenced by oil supplies to China within the agreement with China National United Oil Corporation for crude oil

Sales Revenue, RUB mln

Indicator	2020	Share of the total revenue, %	2019	Share of the total revenue, %	Absolute change	Change, %	2018
Revenue from oil transportation services	661,345	68.7	703,416	66.1	(42,071)	(6.0)	651,887
for export	410,247	42.6	456,527	42.9	(46,280)	(10.1)	391,459
on the domestic market	251,098	26.1	246,889	23.2	4,209	1.7	260,428
Revenue from petroleum products transportation services	72,655	7.5	71,031	6.7	1,624	2.3	72,167
Revenue from compounding services	4,755	0.5	6,258	0.6	(1,503)	(24.0)	5,849
Revenue from sales of oil on the domestic market	5,958	0.6	11,812	1.1	(5,854)	(49.6)	6,122
Revenue from sales of petroleum products	6,259	0.7	9,052	0.9	(2,793)	(30.9)	6,899
Revenue from commercial oil sales for export	141,547	14.7	186,900	17.6	(45,353)	24.3	200,286
Other revenue	69,921	7.3	75,360	7.0	(5,439)	(7.2)	36,748
Total revenue	962,440	100.0	1,063,829	100.0	(101,389)	(9.5)	979,958
Revenue from commercial oil sales for export	(141,547)	(14.7)	(186,900)	(17.6)	45,353	24.3	(200,286)
Total revenue (excluding the revenue from oil sales for export)	820,893	85.3	876,929	82.4	(56,036)	(6.4)	779,672

supplies in the amount of 6 MTPA, signed for 20 years, effective since 1 January 2011. The said agreement was concluded to repay the loan provided by the China Development Bank. The loan was repaid in full in 2018. The required amounts of crude are purchased from Rosneft.

The decrease in revenue from oil export sales in 2020 by RUB 45,353 million, or 24.3%, compared to 2019, is due to a decrease in the average oil price in USD per barrel for the year ended 31 December 2020, compared to the same period in 2019, with an increase in the average USD rate in the reporting period relative to the average USD rate for the same period of the previous year.

The decrease in revenue from sales of crude oil on the domestic market in 2020 by RUB 5,854 million, or 49.6%, compared to 2019 is due to a decrease in sales volumes and a decrease in the average selling price.

The decrease in revenue from the sale of petroleum products in 2020 by RUB 2,793 million, or 30.9%, compared to 2019 is due to a decrease in sales of petroleum products.

Oil Compounding

A decrease in revenue from oil compounding services in 2020 compared to 2019 by RUB 1,503 million, or 24.0%, is due to a 23.7% decrease in oil compounding volumes.

Other Revenue

The Other Revenue indicator includes revenue from sale of stevedoring services, additional port and fleet services, oil and petroleum products storage services, communication, pipeline inspection, construction and connection to the trunk pipeline system services, information services, services related to oil transportation, as well as revenue from property lease, commodity resale, organisation of freight transportation and other services.

The decrease in the Group's other revenue for 2020 compared to 2019 is due to a decrease in revenue from the sale of stevedoring services due to a decrease in freight turnover and the sale in April 2019 of a NGT subsidiary company from the Group.