

ZARUBEZHNEFTESTROYMONTAZH LLC

Zarubezhneftestroymontazh LLC is a company involved in the organization of construction, reconstruction, overhaul, construction supervision, development of design documentation, and engaged by a developer or customer under a general contractor agreement.

ACTIVITY AREAS

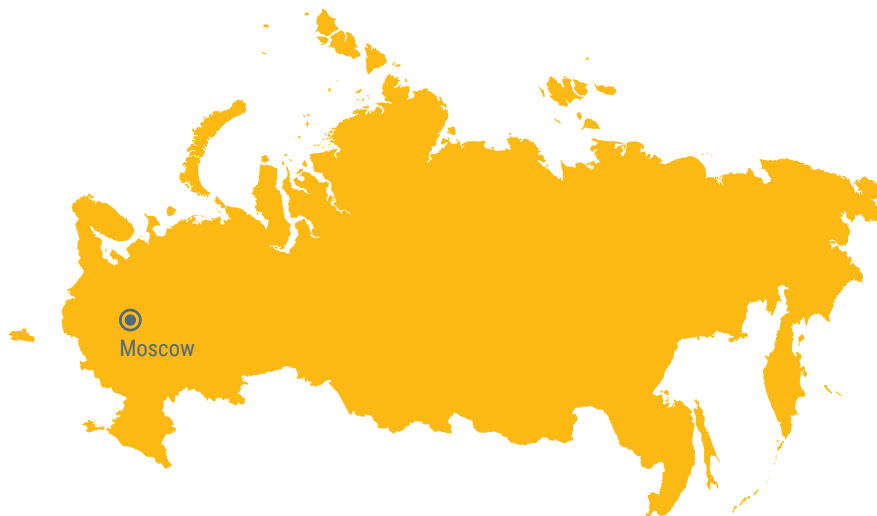
Main areas of activity of Zarubezhneftestroymontazh LLC in 2019:

- works on the infrastructure development of JC RUSVIETPETRO LLC fields at the Central Khoreyver Uplift and the Kharyaga field of ZARUBEZHNEFT-Dobycha Kharyaga LLC;
- provision of engineering services at and supply of materials to the Boca de Jaruco field, the Republic of Cuba, as a part of the arrangement of the pilot commercial development site.

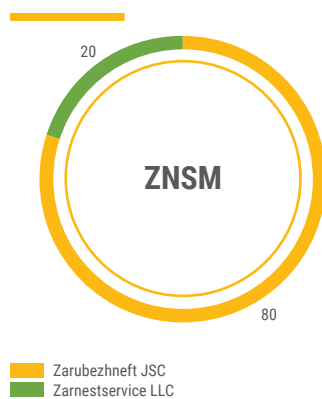
PERFORMANCE IN 2019

In 2019, the construction completion and installation activities continued without subcontracting. Over the year, works were carried out by the construction and installation unit and the visual inspection laboratory. Revenue from the works, performed without the engagement of subcontractors, amounted to 634 MM RUB with the yearly target of 550 MM RUB (15% growth).

The primary order portfolio of Zarubezhneftestroymontazh LLC is oriented on the customers within Zarubezhneft Group.



Ownership structure, %



Total revenue for the fiscal year amounted to 2,787 MM RUB, which is 30% lower than in the previous year due to the changed scope of capital construction of the key customers (JC RUSVIETPETRO LLC and ZARUBEZHNEFT-Dobycha Kharyaga LLC), including the backfilling of sites and roads, and the construction of oil gathering pipelines, water ducts, overhead lines and winter roads.



Operating expenses in 2019 totaled 2,103 MM RUB (-25%, or 717 MM RUB less than in 2018), including subcontractor services as per the overall reduction of the scope of works.

Some construction and installation activities were carried out without subcontracting by the construction and installation unit and the X-ray and visual inspection laboratory. Works without subcontracting were done at the facilities of the Central Khoreyver Uplift and the Kharyaga field.

In 2019, the Company constructed 26 km of pipelines, 18 km of overhead lines, carried out backfilling of sites and roads in the scope of 377 thous m³, and built 125 km of winter roads.

DEVELOPMENT PROSPECTS

In the mid-term perspective, Zarubezhneftestroyontazh LLC is focused on improving its competencies in infrastructure development of fields without subcontracting, and involving external customers: in 2019, registration was completed on Gazprombank trading platform for tenders of Gazprom JSC and Gazprom Neft PJSC, as well as registration on the "TEK-torg" trading platform for tenders of Rosneft PJSC and Bashneft-Polyus PJSC, works were performed on further training and personnel certification as per the requirements of Gazpromneft PJSC.

