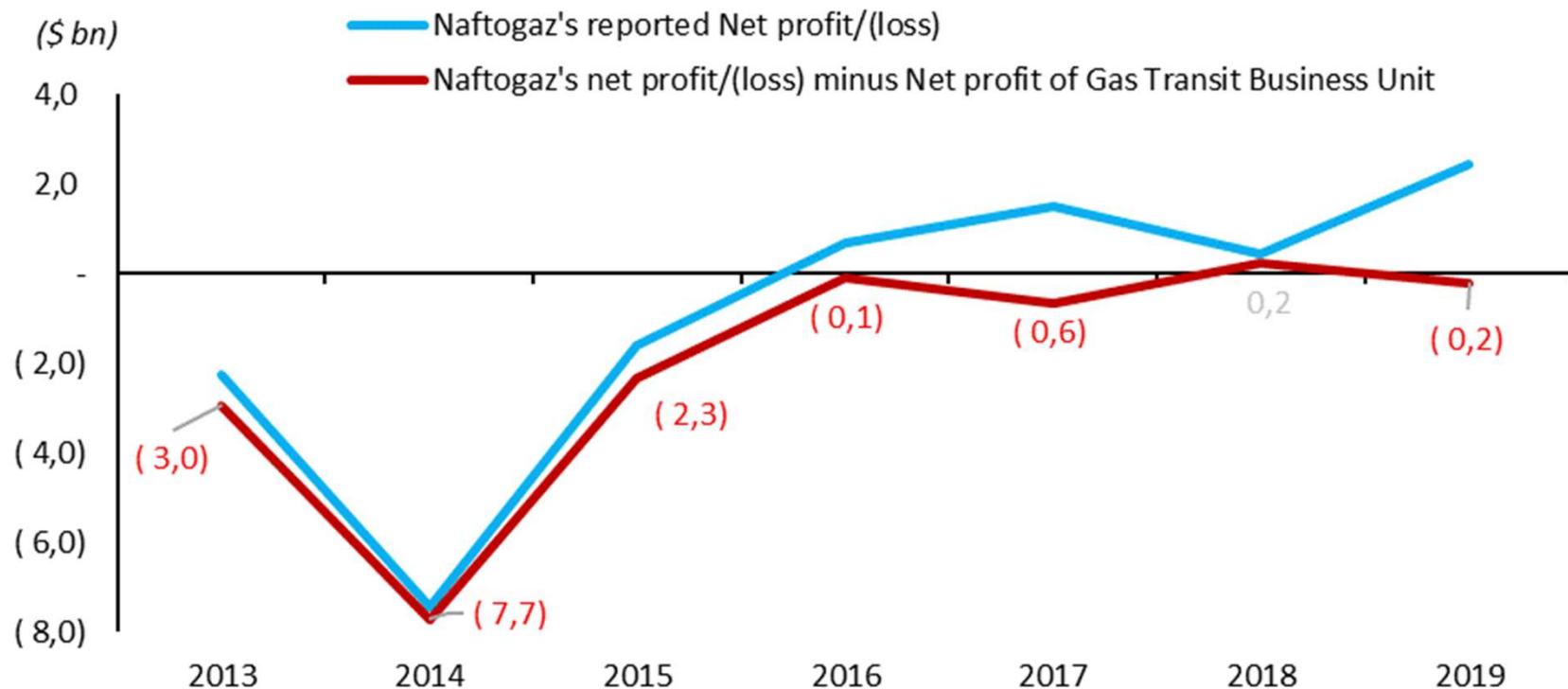


Separating Grain from Chaff: How Strong is Naftogaz (cont'd)

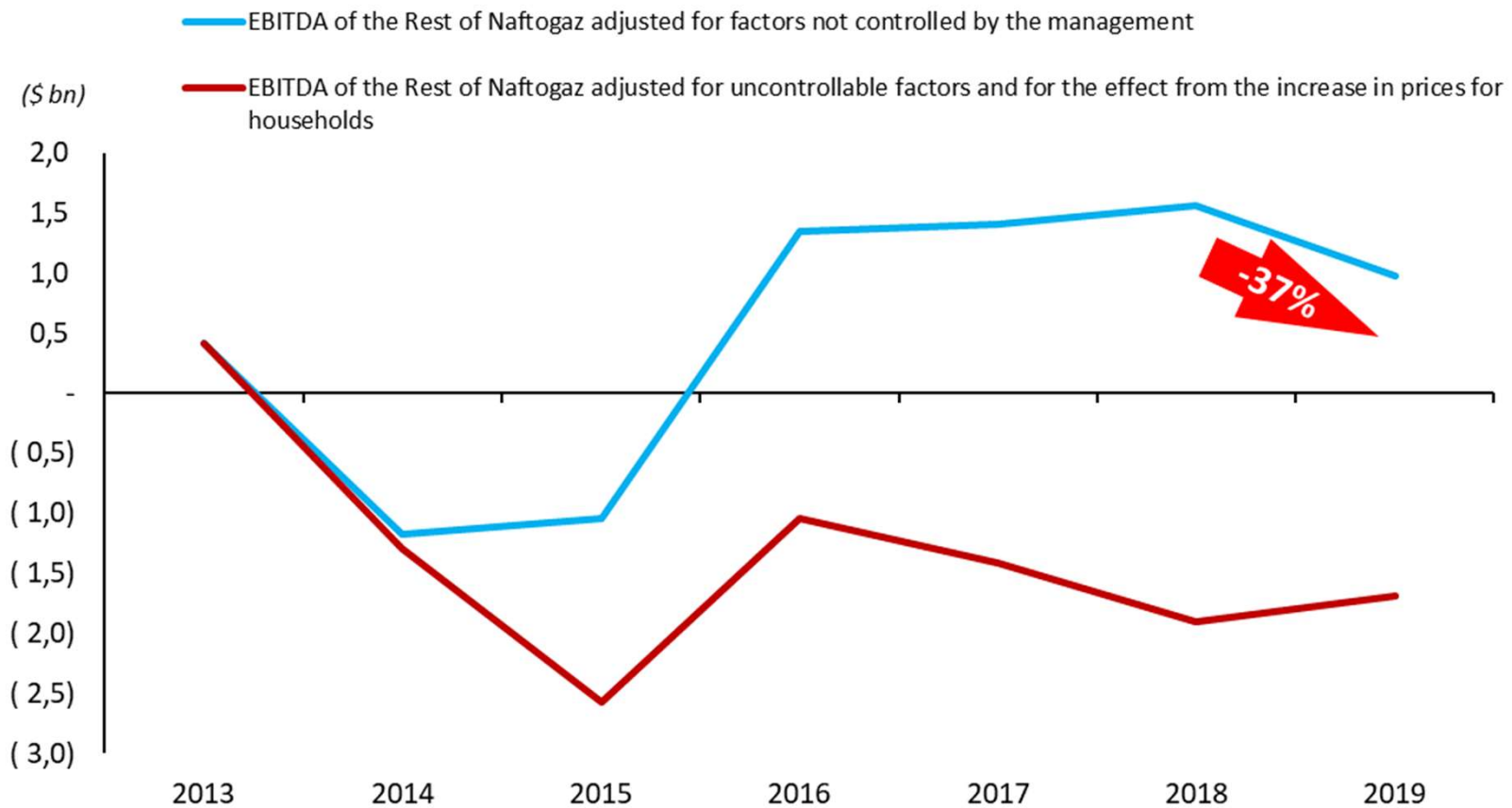
Naftogaz stopped making a loss from 2016.

But if we deduct profits of just one business unit, Gas Transit, the marginal profit in the Rest of Naftogaz will be observed only in 2018. In all other years, including 2019, it was a loss-making 'business'.



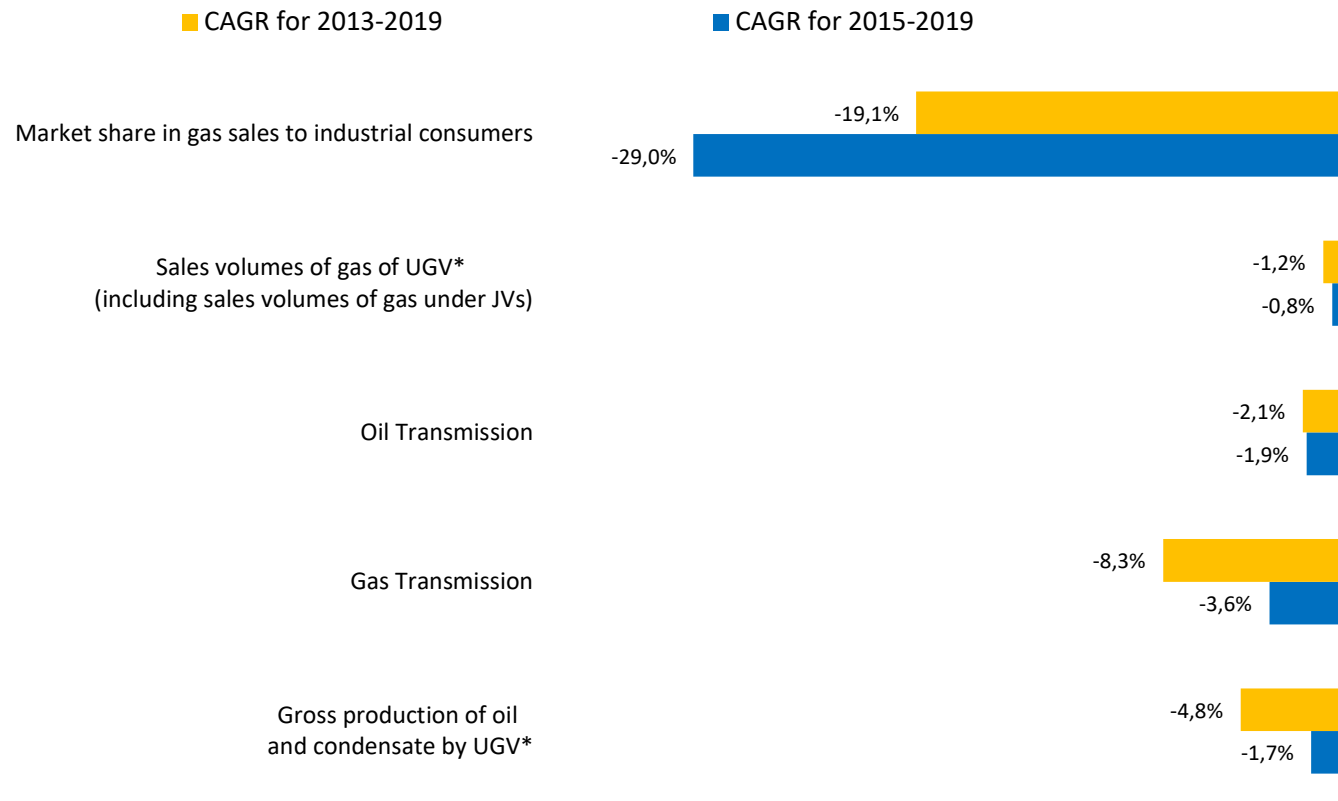
Separating Grain from Chaff: How Strong is Naftogaz (cont'd)

EBITDA is another metric used to evaluate operating performance. If you deduct all uncontrollable factors (except for the effect from the price reform), EBITDA of the Rest of Naftogaz would be positive in 2016-2019 – though with a significant decline in 2019. But if you also deduct the effect from significant price increase for Ukrainians, EBITDA will be below zero – with no positive change compared to 2013 or 2014.



Separating Grain from Chaff: How Strong is Naftogaz (cont'd)

When making conclusions about general management of the company, it makes sense to look at changes in core non-financial results of The Rest of Naftogaz. You will see no improvement there either.



* UGV (Ukrigasvydobuvannya) is gas producing subsidiary of Naftogaz