



FY2013 IFRS FINANCIAL AND OPERATING RESULTS

28 February 2014, St. Petersburg

- Highlights, Financials



Alexey Yankevich

Member of the Management Board,
CFO

- Upstream



Mihail Zhechkov

Head of Economics and Investment Department,
Exploration and Production Division

- Downstream



Vladimir Konstantinov

Head of Economics and Investment Department,
Refining and Marketing Division

- Strategy



Sergey Vakulenko

Head of Strategic Planning Department

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FY2013 Financial Performance:

- Revenue: RUB **1,268** bln (+2.8% Y-o-Y)
- EBITDA*: RUB **337** bln (+4.2% Y-o-Y)
- Net Income: RUB **178** bln (+0.9% Y-o-Y)

Operational Progress in FY2013:

- Hydrocarbon production up **4.3%** Y-o-Y
- Refining volumes down **1.6%** Y-o-Y due to planned refinery turnaround
- Premium sales up **4.8%** Y-o-Y

4Q 2013 vs. 3Q 2013:

- Hydrocarbon production up **3.7%**
- Refining throughput down **3.3%**
- Revenue down **5.0%**
- EBITDA* down **16.3%**
- Net Income down **25.7%**

**Including GPN share in EBITDA of associates and joint ventures*



Upstream

- Increased stake in **SeverEnergiya** to **40.2%**
- Expanded presence in Iraq (**Halabja** block acquisition)
- **Prirazlomnoye** production start-up
- Signed a memorandum with Shell on development of **liquid-rich shale prospects**
- Launched CPF and started oil deliveries to condensate pipeline in **SeverEnergiya**
- **Yuzhno-Kinyaminskoye** field in development phase
- Launched **Yuzhno-Priobskaya** gas compression station

Downstream

- Completed **quality program** at all refineries
- Added **98 grade** gasoline to **G-Drive portfolio**, planning to add **diesel fuels** in **2014-2015**
- Expanded international jet fueling **network to 125 airports** (vs. 88 at Jan 1, 2013)
- Launched a JV with Total to produce polymer-modified bitumen under **G-Way Styrelf brand**
- Acquired Russia's largest **polymer modified bitumen plant**



Upstream

Major projects and new technologies deliver production growth

NEW PROJECTS AUGMENT PIPELINE



Tomsk region



Acquired Yuzhno-Pudinskiy Block

Reserves (C1+C2): 6 MMToe
Startup: 2016
Peak: 0.3 MMToe at 2019



SeverEnergiya

Increased stake to 40.2%

Reserves (C1+C2): 1.7 bln toe
Startup: 2012
Peak: 42 MMToe at 2020-2021

2013

February March April May June July August September October November December

Iraq



Halabja block acquisition

Recoverable reserves: 79 MMToe
Startup: 2016
Peak: 4.5 MMToe at 2024



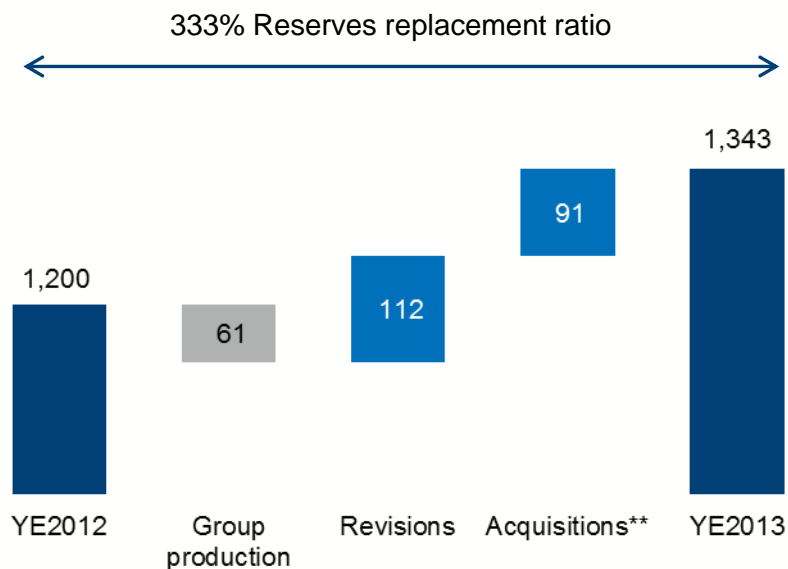
Partnership with Shell (KMPA)

Signed a memorandum confirming the General Agreement on Partnership in exploration and development of liquids-rich shales

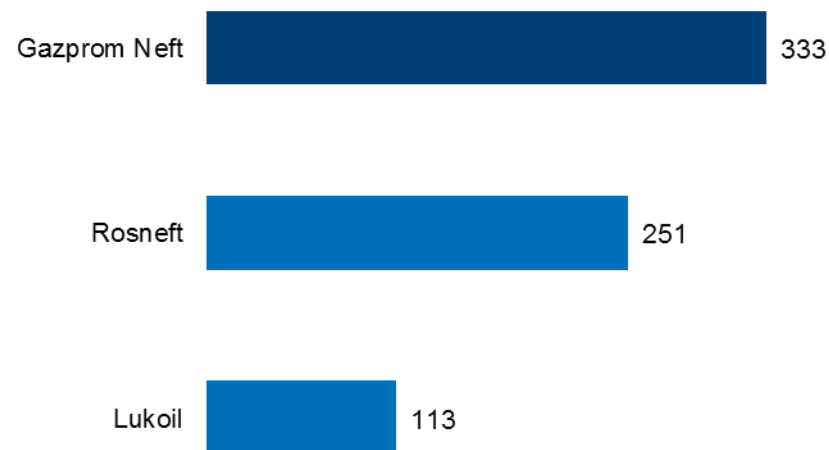
RESERVES REPLACEMENT RATE SURGES ON STRENGTH OF ORGANIC GROWTH



**Changes in PRMS (SPE) proven reserves*,
MMToe**



Reserves Replacement Ratio*, %**



*Excl NIS Reserves and production

**Acquisitions include increase of share in Sever Enerjia

*** RRR for GPN was calculated in Toe for consistency. Lukoil and Rosneft data in Boe.

GROWTH DRIVEN BY NEW ORENBURG ASSETS, MURAVLENKOVSKOYE EXPANSION, SEVERENERGIA AND PRIOBSKOYE



21.2 MMToe YANAO

30.1 MMToe KHMAO

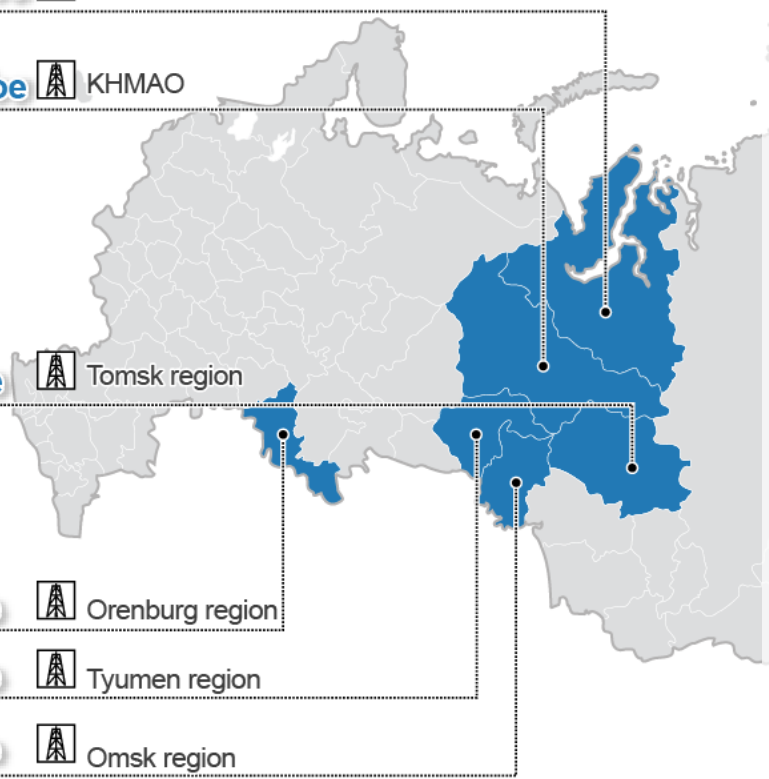
5.3 MMToe Tomsk region

2.9 MMToe Orenburg region

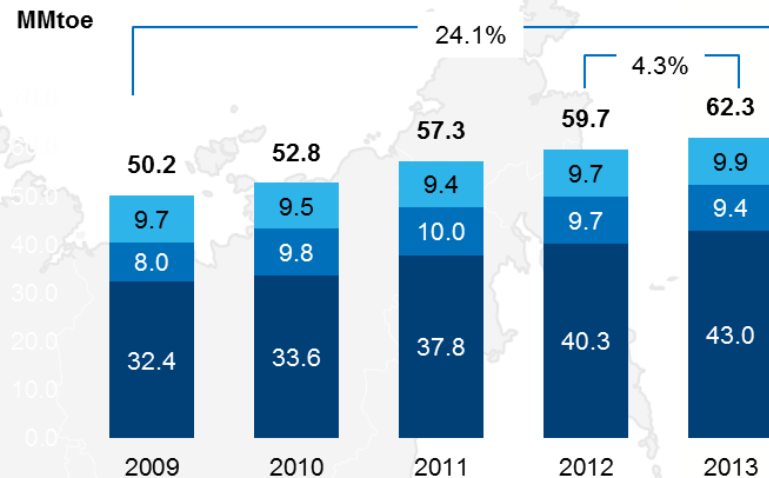
0.6 MMToe Tyumen region

0.4 MMToe Omsk region

1.7 MMToe

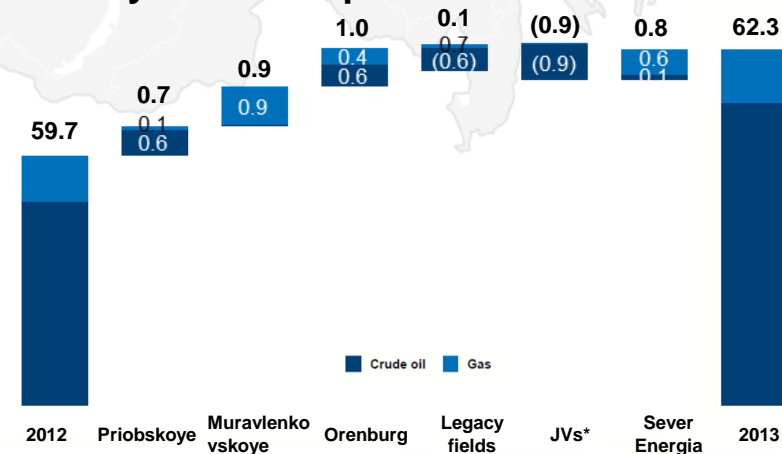


Hydrocarbon production

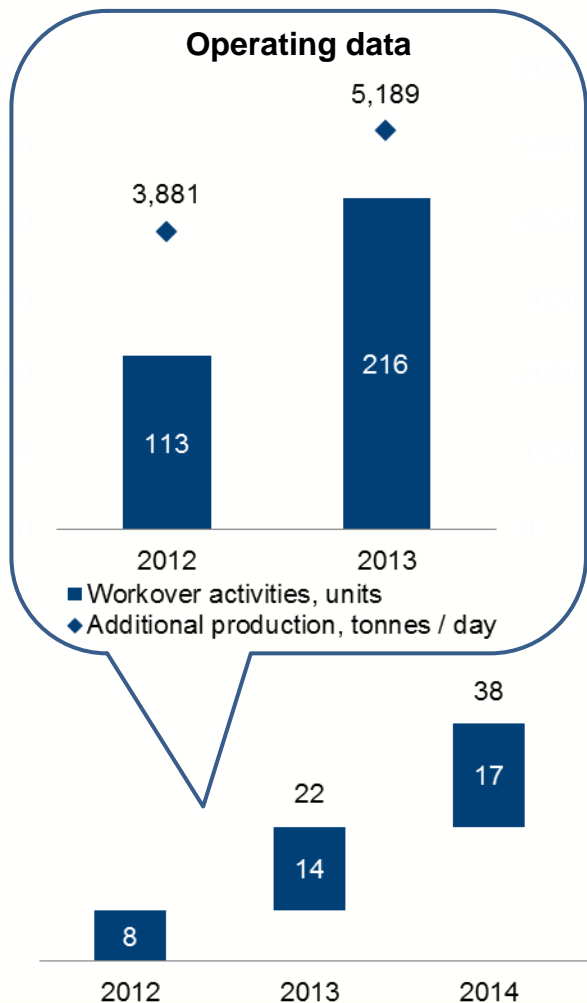


*Joint operations: proportionally consolidated entities (Tomskneft, SPD). ** Joint Ventures: Equity accounted entities (Slavneft, SeverEnergia)

Hydrocarbon production reconciliation

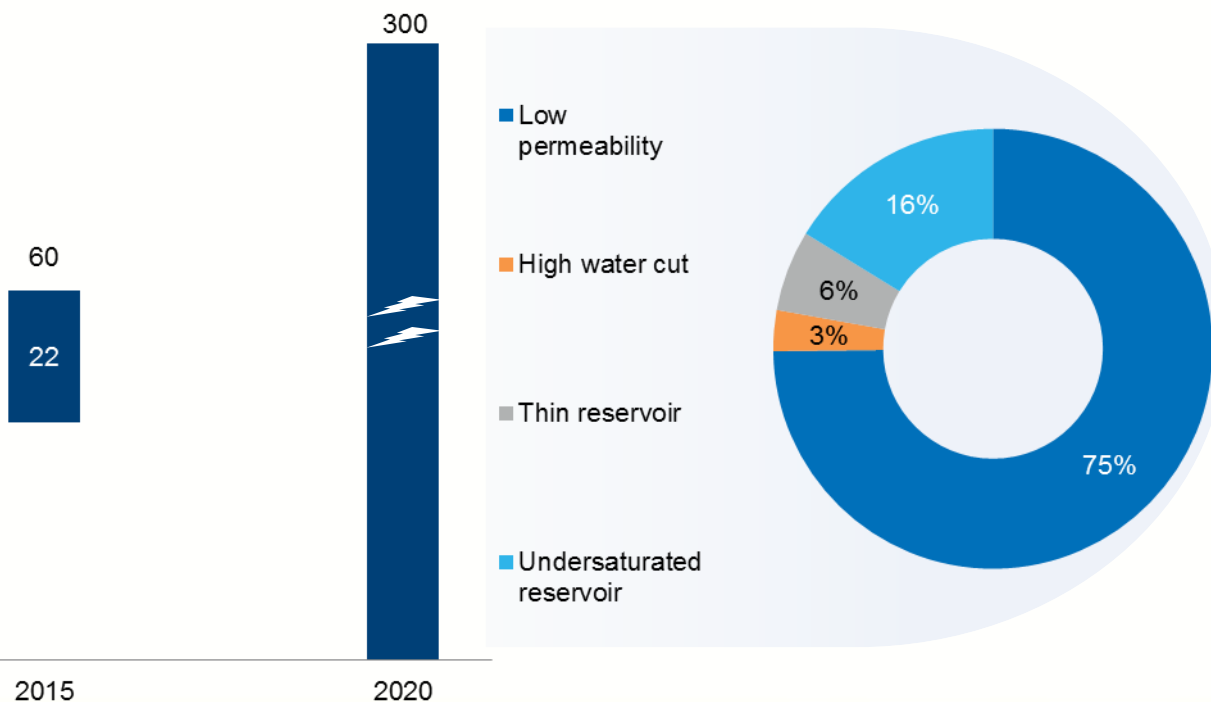


SIGNIFICANT PROGRESS IN HARD-TO-RECOVER RESERVES DEVELOPMENT PROGRAMME



- 91% growth y-o-y in workover activity at HTR
- 20% of all workovers were done at HTR
- 70% of workovers at HTR were at low permeability reservoirs

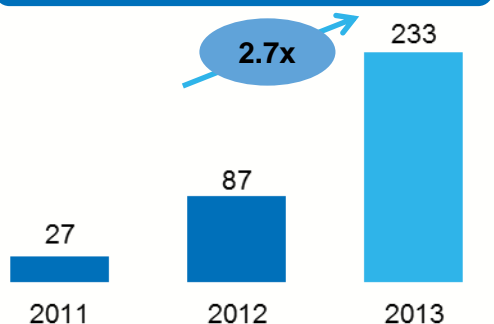
Hard-to-recover reserves (HTR) under development, MMTonnes



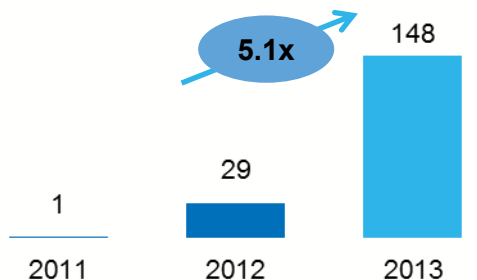
LARGE SCALE DEPLOYMENT OF NEW TECHNOLOGIES

The share of high-tech wells in total drilling in 2012-2013 increased from **4% to 35%**

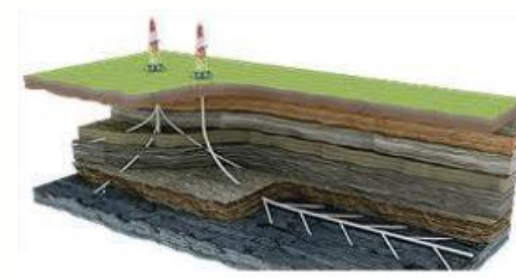
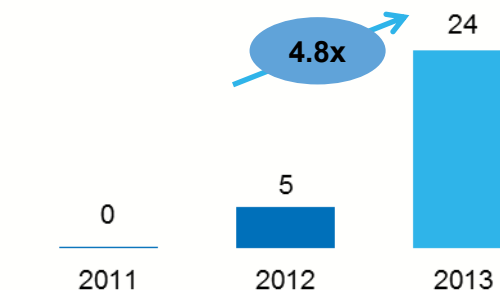
Horizontal wells drilled



Multi-stage well fracking



Multilateral wells drilled



2011

Length of horizontal section up to 300m
3 stage hydrofracs

2012

Length of horizontal section up to 800m
5-6 stage hydrofracs

2013

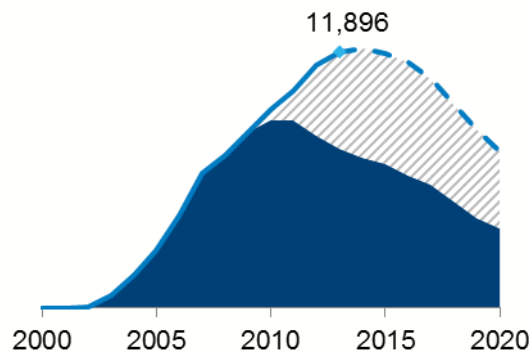
Length of horizontal section up to 1,030m
9-10 stage hydrofracs

LONG-TERM PRODUCTION REASSESSMENT DUE TO IMPLEMENTATION OF NEW TECHNOLOGIES



Priobskoye

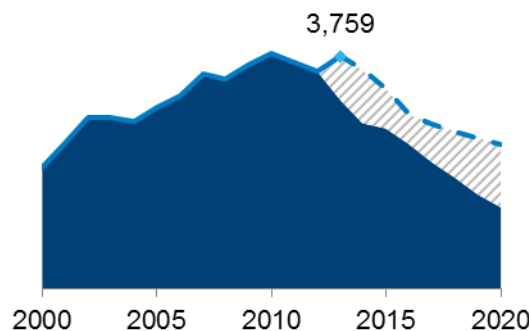
Start-up: 1999
Reserves: 336.5 MMTonnes
Peak: 12.1 MMTonnes in 2014



- Introduced integrated field development plan
- Started drilling horizontal wells with multistage hydrofracs
- Target for horizontal wells to account for 25% of total wells drilled by 2016

Vyngapurovskoye

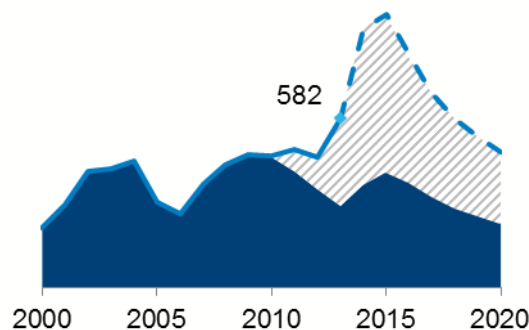
Start-up: 1982
Reserves: 99.6 MMTonnes
Peak: 3.8 MMTonnes in 2010



- Increased drilling of horizontal wells with multistage hydrofracs
- 75% of total wells drilled in 2013 were horizontal wells with multistage hydrofracs

Kraineye

Start-up: 1986
Reserves: 14.8 MMTonnes
Peak: 1.3 MMTonnes in 1989



- Started drilling horizontal wells with multistage hydrofracs, nearly doubling production in 2013
- Expect to develop at least 3 MMTonnes additional reserves from Jura layers

////// additional new tech. production ■ 2009 profile - - - 2013 profile — actual production

NEW UPSTREAM PROJECTS DEVELOPMENTS UPDATE



Off shore projects

Prirazlomnoye

- Prirazlomnoye production start-up. Production potential of the well is 2,000 tpd

Dolginskoye

- Obtained drilling permit for an exploration well
- Obtain approval for oil spill response plan for 3-SD well
- GPN Sakhalin became a license holder
- Chartered the GSP Saturn jackup drilling rig

Novoport (selection stage)

- Reached investment decision:
 - 2P reserves (PRMS): 124 Mmtoe
 - Peak: 8.6 MMTonnes at 2021
- Successfully completed drilling program
- Conducted first ever hydraulic fracturing on Yamal Peninsula
- Finalized concept for geology and infrastructure development
- Completed first winter oil shipment

Project Junin-6 (Venezuela)

- Operational management role was transferred to Rosneft

Messoyakha

- Reached investment decision:
 - 2P reserves (PRMS): 140 Mmtoe
 - Peak: 11.4 MMTonnes at 2023
- Finalized concept for geology and infrastructure development
- Contracted LTI equipment
- Began infrastructure construction (preparatory works)
- Completed first winter oil shipment

Sever Energa

- Started oil deliveries to condensate pipeline
- Launched 1st train of CPF at Samburgskoye
- Successful pilot commercial development of oil rims
- Increased ownership to 40.2%

Eastern Siberia

Chonskiy

- Pilot production start up at Tympuchikanskoye field (in compliance with license agreement)
- Completed 3D seismic field work 500 km2 which includes UniQ technology 350 km2
- Drilled and tested 4 exploration wells

Kuyumba

- Reached investment decision:
 - 2P reserves (PRMS): 141 Mmtoe
 - Peak: 12 MMToe at 2029-2030
- Conducted seismic program for 2012-2013 season (501.5 km2);
- Drilled 4 horizontal wells and 1 exploration well

Orenburg region

- Finalised concepts of Eastern part of Orenburg field and Tsarichanskoye field
- Started construction of an infrastructure at Tsarichanskoye field
- Continued construction of third technological line at CPF (achieved mechanical availability) at Eastern part of Orenburg field

Tsarichanskoye

- Reached investment decision:
 - 2P reserves (PRMS): 10 Mmtoe
 - Peak: 2.3 MMToe at 2018

Badra (Iraq)

- Completed testing of well Bd-4
- Completed oil export pipeline linear section construction
- ZPEC chosen as contractor to drill 6 development wells and finalized EPC contract with Samsung to build gas infrastructure

Kurdistan (Iraq)

- Halabja block acquisition, production program development at geological exploration stage
- Completed 3D (861 km2) and 2D (345 km) seismic field work at Garmian and Shakal blocks

FIRST ARCTIC OFFSHORE PRODUCTION



Recoverable reserves (C1+C2): 74 MMTonnes

Startup: 2013

Peak: 5.5 MMTonnes at 2021

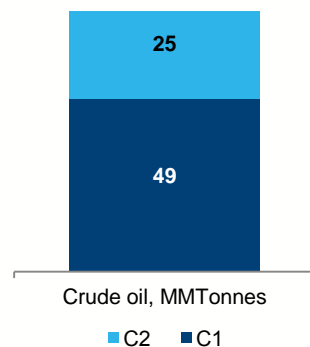
Key events:

- Completed necessary audits ahead of platform launch
- Drilled first well with flow rate 1,750 tpd
- The government granted export duty **tax breaks for the first oil**

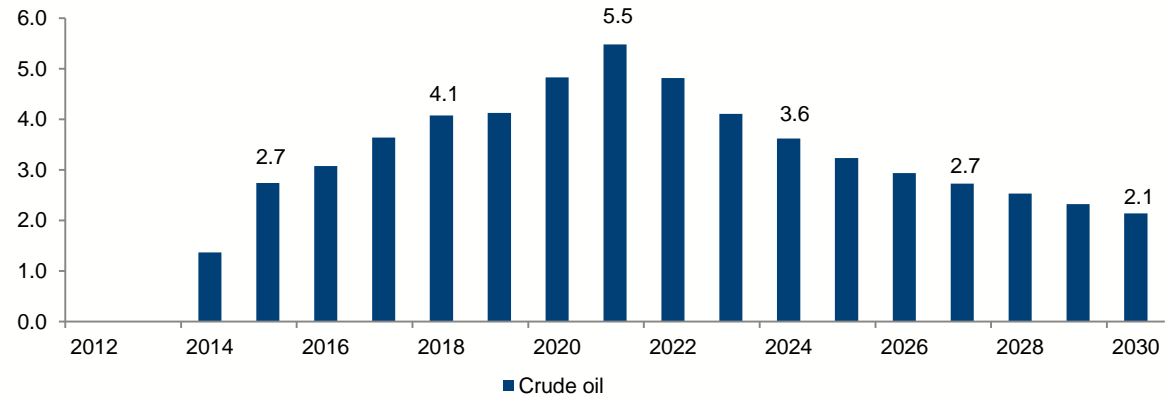
2014 plans:

- The first **oil shipment** from Prirazlomnoye is expected in **1Q14**

Recoverable reserves, MMtonnes



Hydrocarbon production, MMtonnes



Downstream

Rising product quality, growth in premium channels

REFINERY MODERNIZATION SHIFTS TO CONVERSION AS PREMIUM SALES RISE

2013 Key results:

2014 Major goals:

Refining

- Launched FCC gasoline hydrotreating, isomerization and diesel hydrotreating units at **Moscow**
 - The plant has fully switched to Class 4 and 5 production
- Initiated FEED:
 - At **Omsk** for construction of VGO hydrocracker and delayed coker
 - At **Moscow** for construction of VGO hydrocracker and flexicoker
 - The primary distillation unit at **Omsk**
 - The **Moscow** refining complex
- Launched diesel hydrotreater at **YANOS**

- Omsk**: completion of FEED and launch of EPC for the following projects:
 - Deep processing unit
 - CDU/VDU unit
 - Delayed coking unit
- Moscow**: conclusion of CDU/VDU reconstruction and launch of EPC for complex processing unit
- YANOS**: completion of gasoline pool units reconstruction

Premium Sales

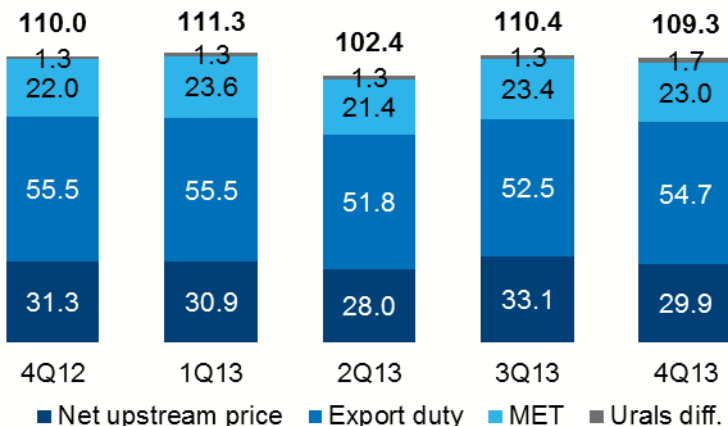
- Increased **premium sales volumes** by 7.2% Y-o-Y
- Developed retail network**: built 26, reconstructed 110, acquired 24, rebranded 6 stations
- Increased average **daily throughput per station** for Russian network by 5.4% Y-o-Y to 20.2 tpd in 4Q2013
- Acquired 2 **bunker** tankers in Black Sea and Far East regions
- Completed construction of **lubricants** packing complex at Omsk (phase 2)

- Develop **retail network**: build **19**, reconstruct **54**, acquire **11**, rebrand **12** stations
- Improve infrastructure of 3 refueling complexes
- Begin bunkering operations **Baltic Region**
- Transition to EPC for construction of **Group II - III lubricants base stock** at Omsk

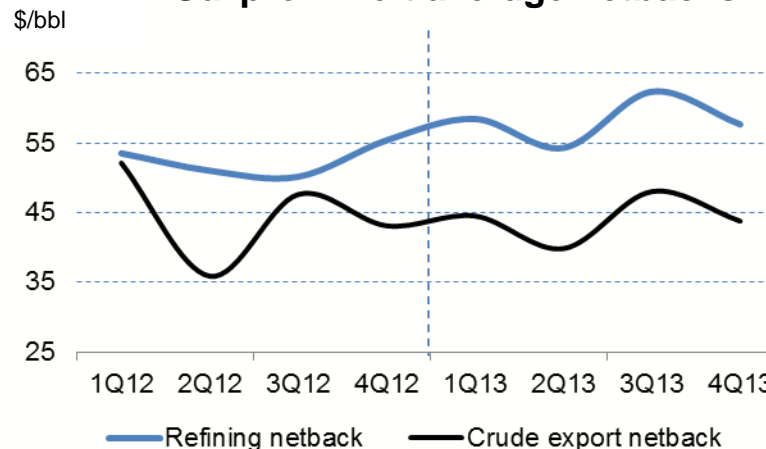
NETBACKS, RETAIL PRICES RISE IN 2013



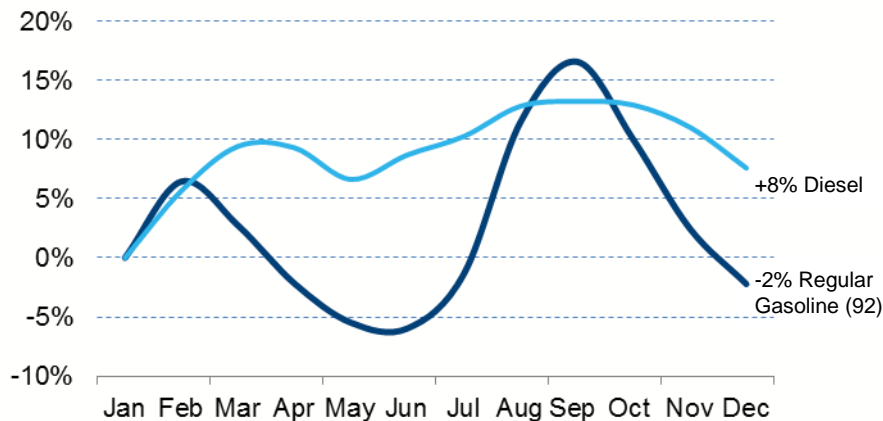
Crude oil prices, \$/bbl



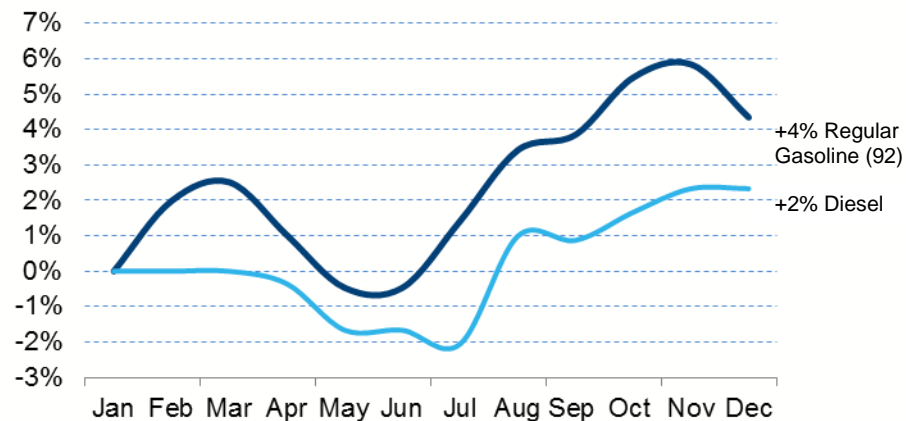
Gazprom Neft average netbacks



Domestic product wholesale prices change



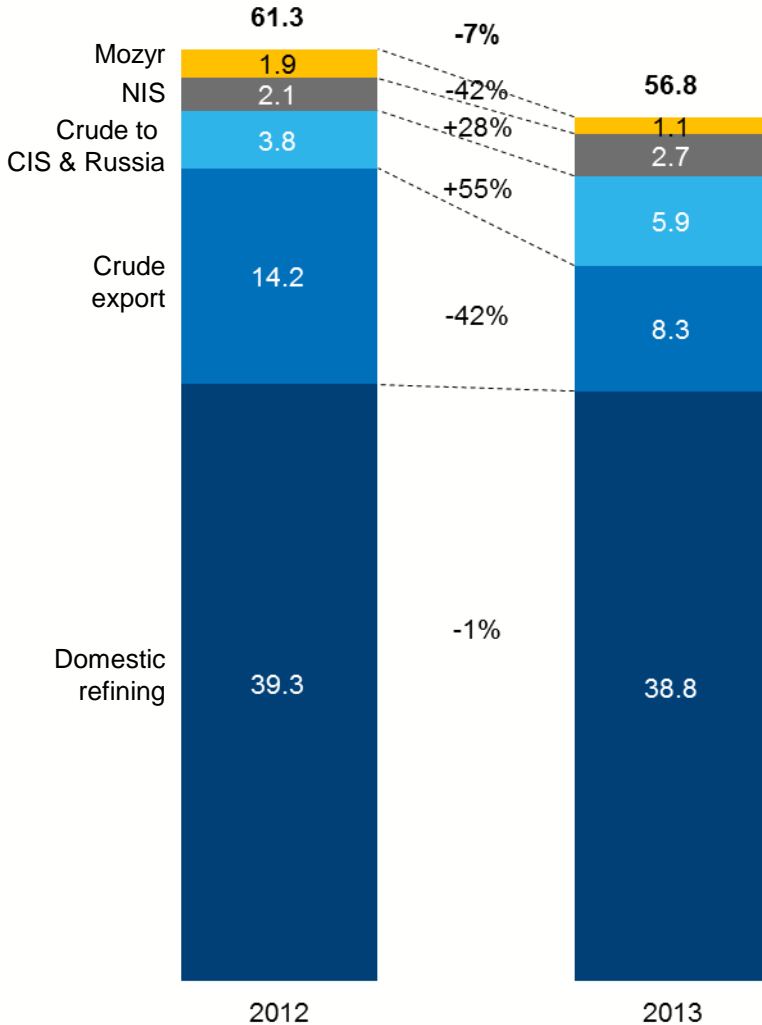
Domestic product retail prices change



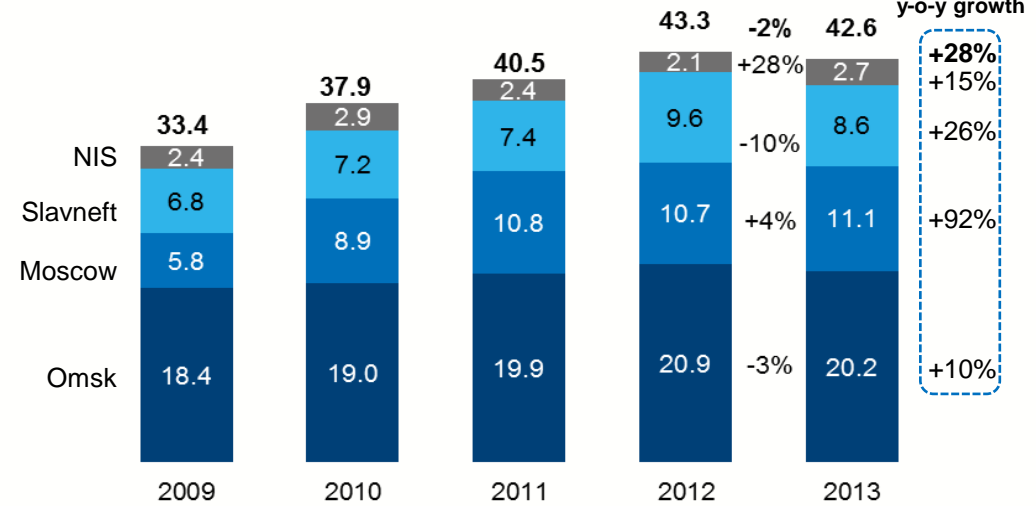
REFINING MAXIMIZES CRUDE VALUE



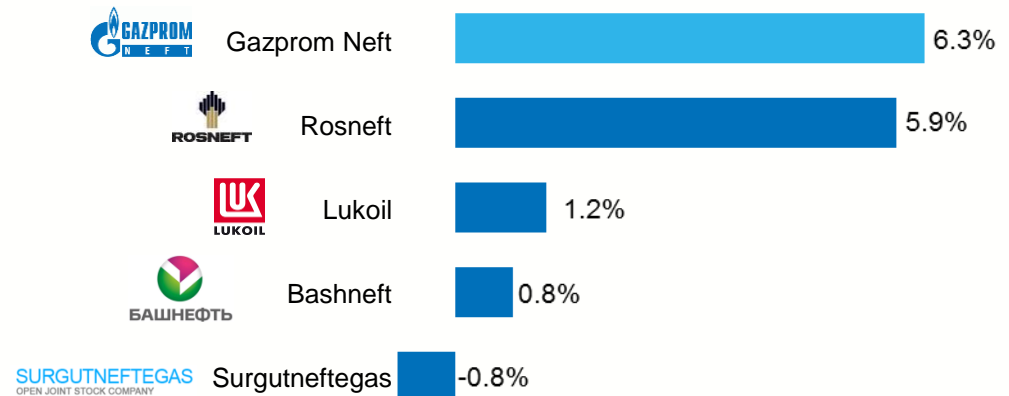
Gazprom Neft crude mix (MMTonnes)



Refining throughput, MMTonnes



Peer comparison – Refining throughput growth (CAGR) 2013 vs. 2009*

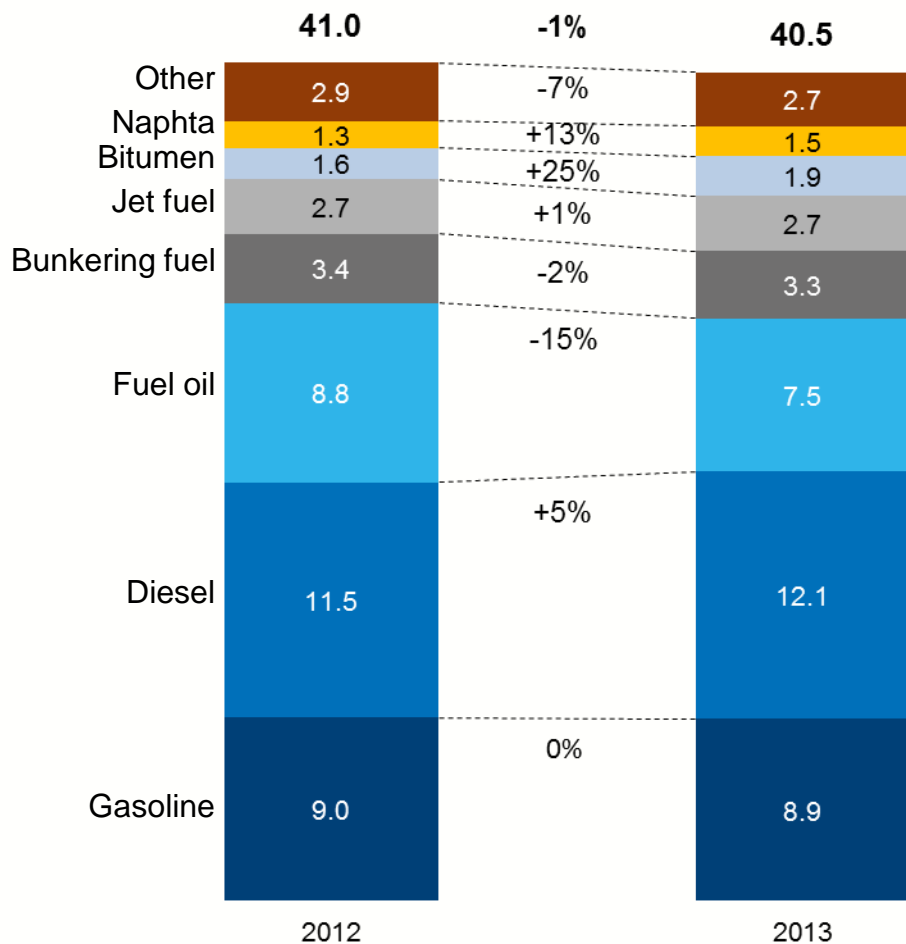


*Source: Company data, INFOTEK

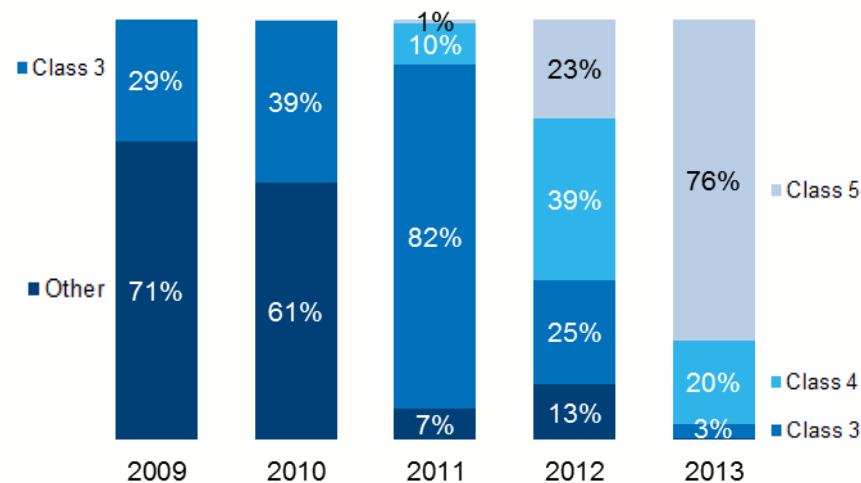
QUALITY PROGRAM DELIVERS HIGHER VALUE PRODUCT MIX



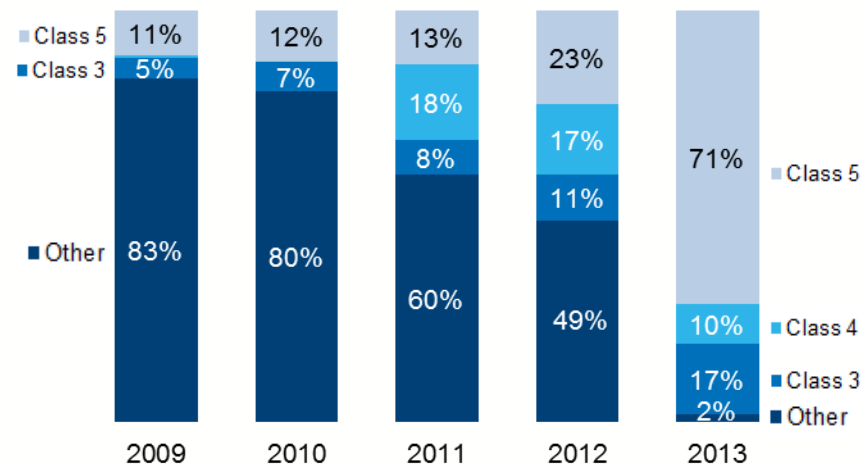
Output by products, MMTonnes



Gasoline yield



Diesel yield



CONVERTING REFINERIES TO ADVANCED OIL PROCESSING CENTERS



		Licensors choice	Base Project	FEED development	Operational documentation	Equipment delivery	Construction & installation
Omsk	Deep processing unit*	✓	✓	✓			
	CDU/VDU unit	✓	✓				
	Delayed coking unit	✓	✓	✓			
Moscow	Complex processing unit**	✓	✓	✓			
	Deep processing unit***	✓	✓				
Yaroslavl	Gasoline pool****, diesel fuel dewaxing	✓	✓		✓	✓	✓
	Group III lube base stock	✓	✓	✓	✓		
NIS	Group III lube base stock at Novi Sad refinery	✓	✓	✓	✓		



Omsk Refinery

- **Deep processing unit** – increase in production of high-octane gasoline, jet fuel and diesel fuel
- **CDU/VDU unit** – replacement of three old primary distillation units (originally installed in the 1960s)
- **Delayed coking unit** – suspension of fuel oil production and increase in production of light petroleum products and coke



NIS

- **Group III lube base stock Novi Sad refinery** – production of Group III lube base stock

*Hydrocracking, hydrogen and sulphur units
 ** CDU/VDU, diesel hydrotreating and reforming units
 *** Hydrocracking and flexicoking unit, energy block
 **** Reconstruction of FCC, alkylation and MTBE units

Moscow Refinery

- **Complex processing unit** – increase in refining throughput, production of high-octane gasoline, jet fuel and diesel fuel
- **Deep processing unit** – decrease in production of fuel oil and increase in production of light petroleum products

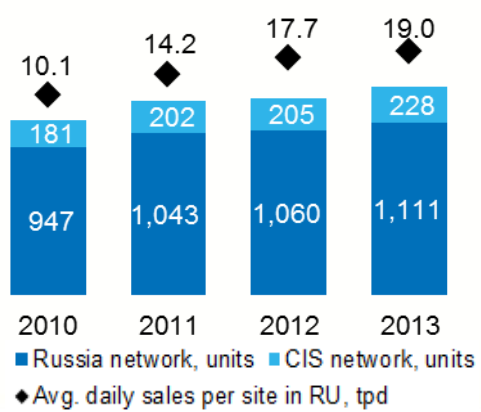
Yaroslavl Refinery

- **Gasoline pool** – increase in production of high-octane gasoline
- **Diesel fuel dewaxing** – increase in production of winter diesel fuel
- **Group III lube base stock** – production of Group III group lube base stock

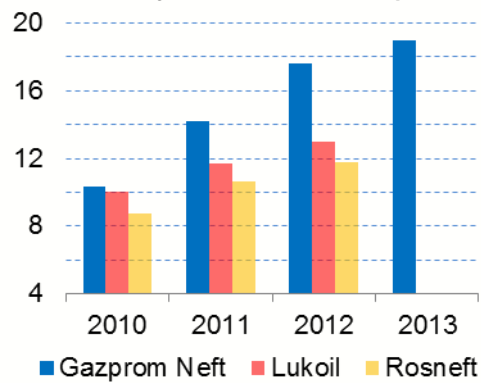
HIGHLY SUCCESSFUL REBRANDING AND MARKETING EFFORT



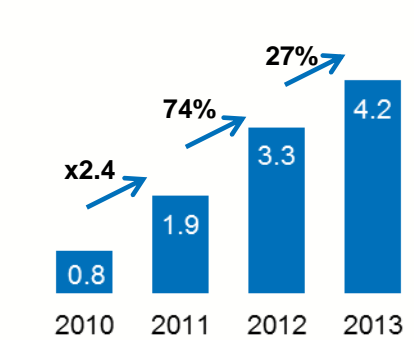
1 Retail metrics



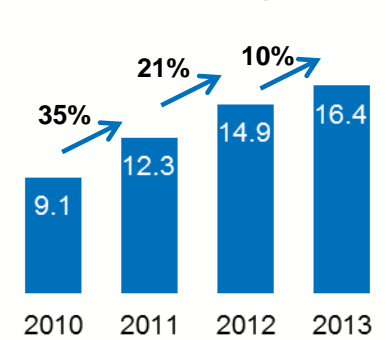
2 Benchmarking, tpd (Avg. daily sales/site in RU)



3 Loyalty program, mln members



4 Non oil sales, 1,000 RUB/sq.m.



INTERNATIONAL AVIATION PRESENCE GROWS

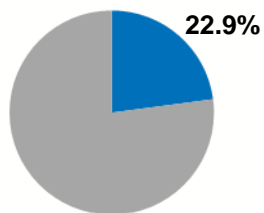
2013 Key events:

- Sales volume increased: **+14.4%** vs. 2012
- Market share increased by 1.6pp vs. 2012 to **22.9%**
- Expanded international presence to **125** airports (**+37 airports in 2013**)
- Proprietary refueling complexes reached **11** (**+ 2 in 2013 Kemerovo and Orsk**)
- Obtained **7 building permits** on refueling complexes in Russia
- Increased number of Russian and foreign contractors to **70**
- Awarded **Emirates Airlines certificate** for “Recognition of High Service Level at Airports in the Russian Federation”

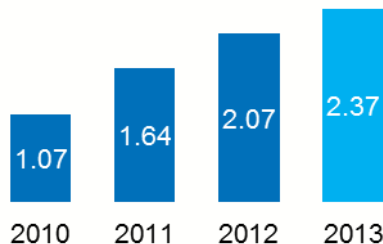
Geographical expansion



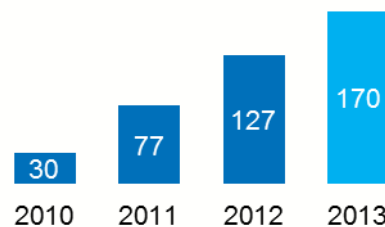
Market share in Russia* in 2013



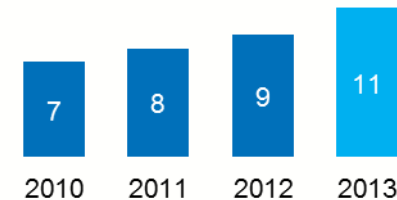
Premium sales volumes, MMTonnes



Airports, units



Refueling complexes, units



*includes Ministry of Defence market share

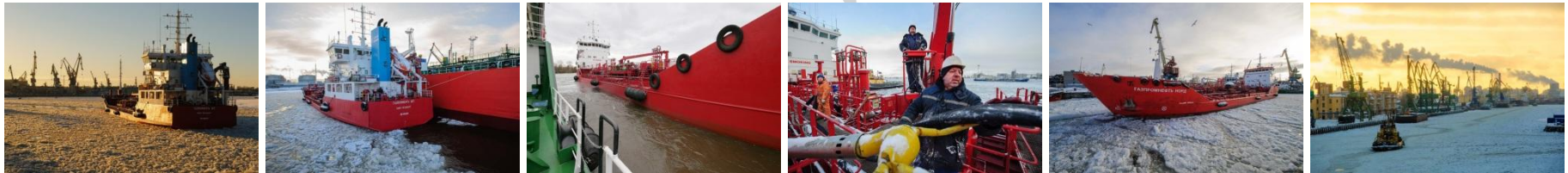
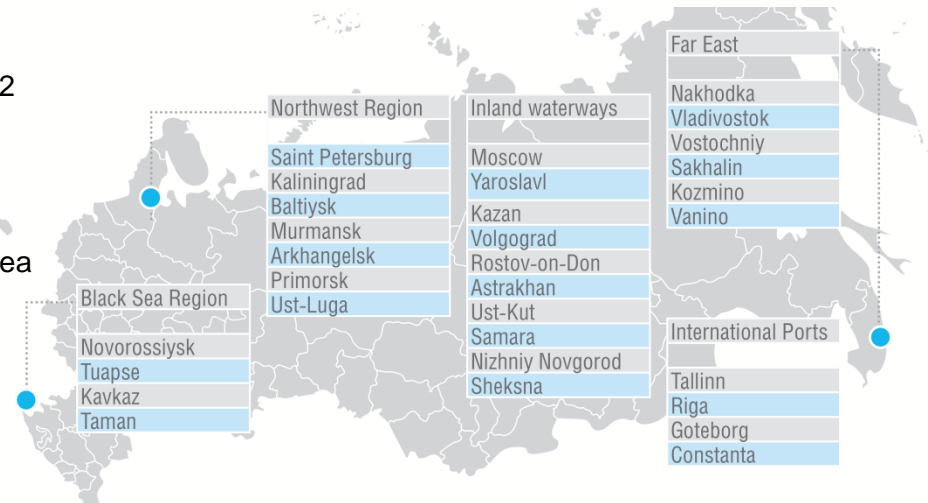
BUNKER SALES INCREASE AS EXPANSION CONTINUES



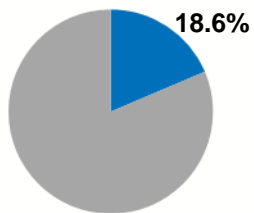
2013 Key events:

- Premium sales increased: **+11.4%** 2013 vs. 2012
- Market share in Russia reached **18.6%**
- Active growth of Black Sea bunker market: **+57%** 2013 vs. 2012
- Expansion in Far East market: **+43%** 2013 vs. 2012
- Finalized acquisition of Estonian bunkering operator **AS Baltic Marine Bunker** and Romanian bunkering operator **Marine Bunker Balkan SABegan**
- Commissioned 2 new **bunker tankers** in Far East and Black Sea region
- Conducted first bunkering operation in **the port of Sochi and Nizhnekamsk**
- Long-term contracts with major container carriers **ZIN, MSC, MAERSK**
- Acquired **terminal in Novorossiysk**

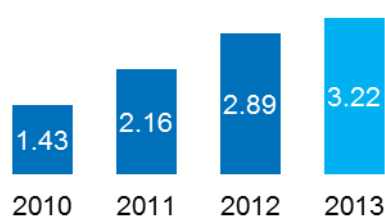
Geographical expansion



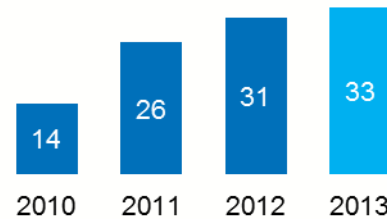
Market share in Russia in 2013



Premium sales volumes, MMTonnes



Ports, units



Bunker tankers, units



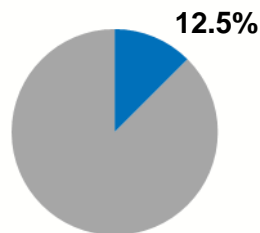
Lubricants

2013 Key events:

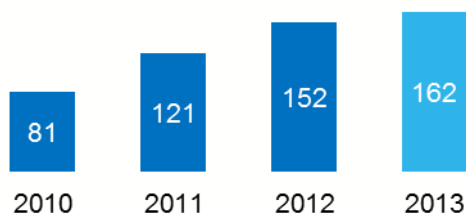
- Sales of G-Family products grew by **26%** Y-o-Y
- Began deliveries to Libya, Nigeria, Turkmenistan, Dominican Republic and Afghanistan, bringing total number of foreign countries to **42 (+7 in 2013)**
- Concluded construction and launched lubricants production line at Omsk



Market share in Russia in 2013



Premium sales volume, MTonnes



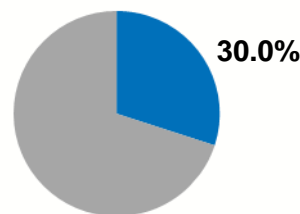
Bitumen

2013 Key events:

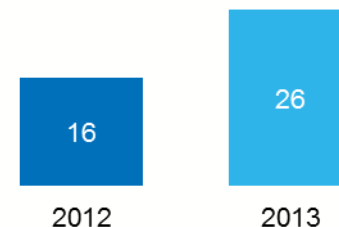
- Began production at **Kazakhstan** bitumen plant
- Created a **JV with Total** to produce polymer-modified bitumen under **G-Way Styrelf** brand
- Became the first Russian company to begin production of bitumen that conforms to provisional national standards at **Moscow Refinery**
- Concluded acquisition of Russia's largest polymer modified bitumen plant
- Launched loading facility for road and rail bitumen transport



Market share in Russia in 2013



Premium sales volume, MTonnes

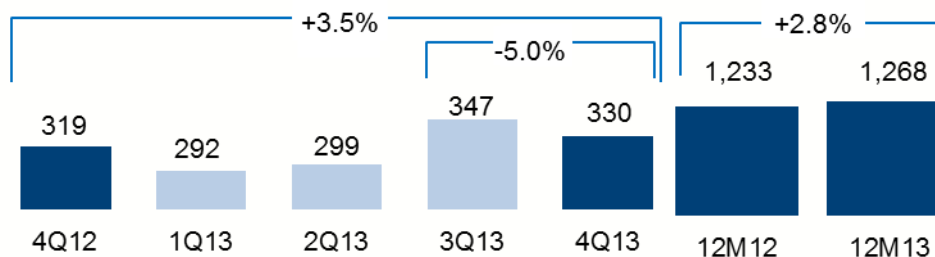


Financials

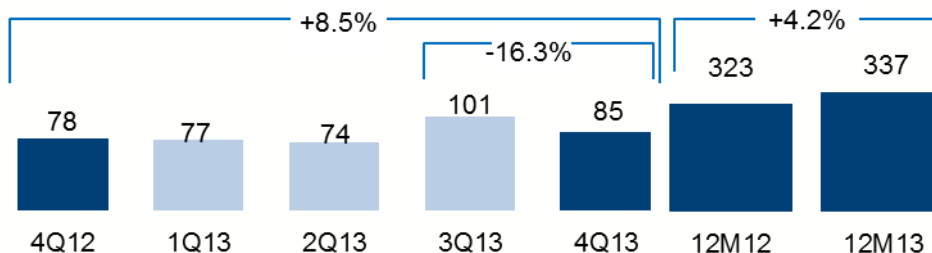
Increased sales in premium channels resulted in EBITDA and revenue growth Y-o-Y; Margin deterioration Q-o-Q, driven by cost inflation

INCREASED SALES IN PREMIUM CHANNELS RESULTED IN EBITDA AND REVENUE GROWTH Y-O-Y

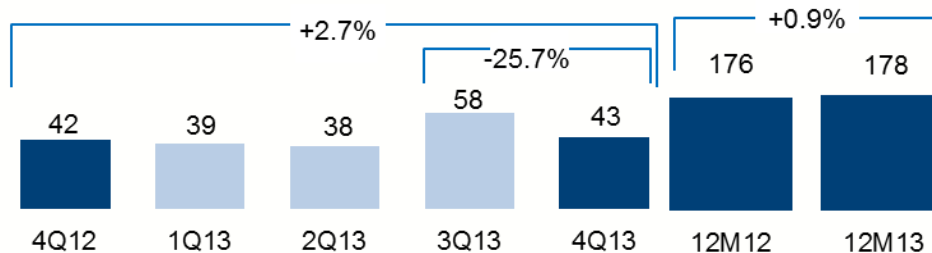
Revenues RUB bln



EBITDA* RUB bln



Net income RUB bln



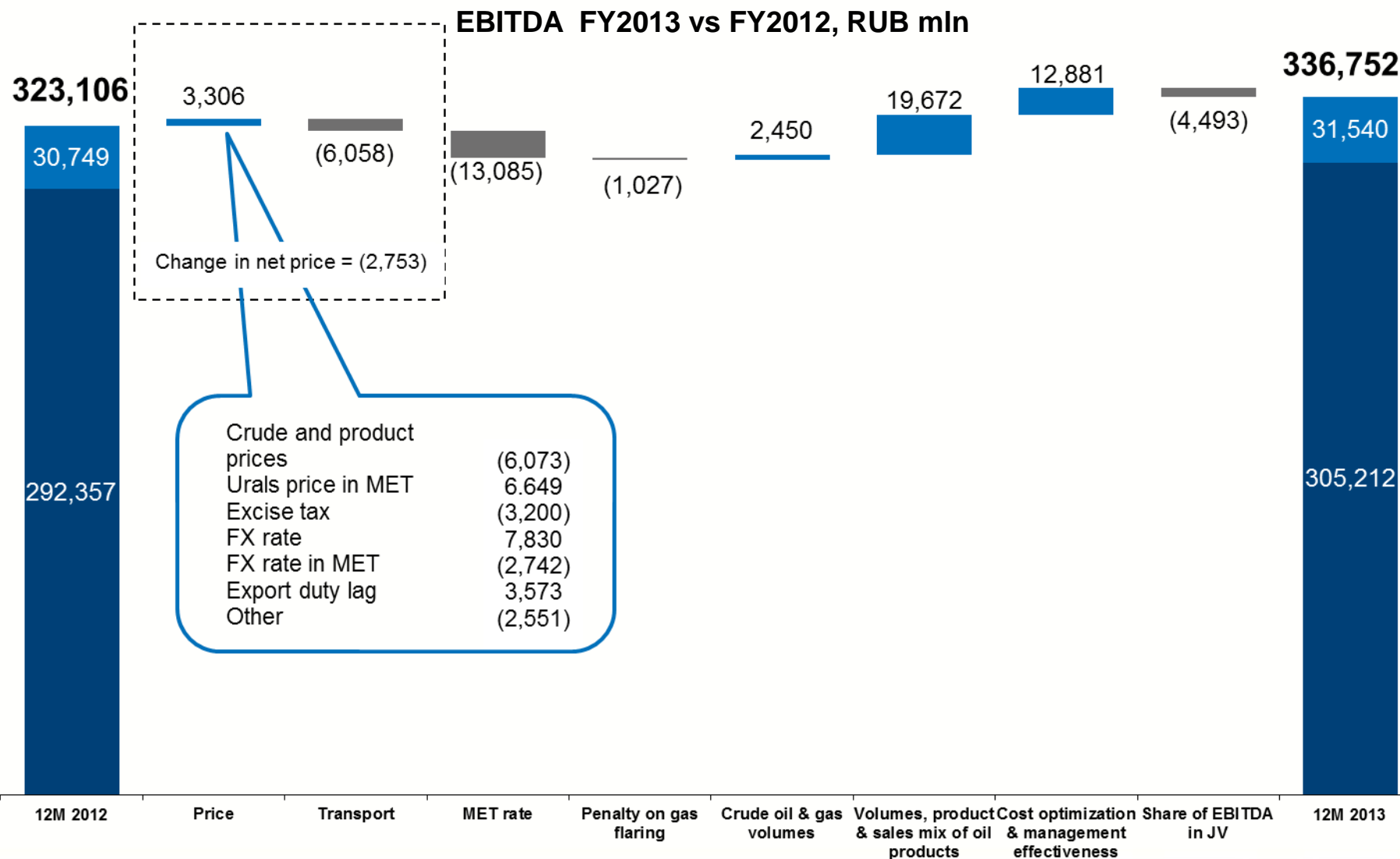
*EBITDA includes share of affiliates' EBITDA

- Revenue grew 2.8% Y-o-Y on higher hydrocarbon production volumes and increased sales through premium channels, partially offset by decreased external crude oil sales
- Lower prices, lower refining and sales volumes resulted in lower revenues Q-o-Q

- EBITDA up 4.2% due to production growth, increase in retail and other premium channel sales
- EBITDA decline Q-o-Q reflects lower prices, lower refining and sales volumes and negative duty lag effect

- Net Income growth 0.9% Y-o-Y as limited by negative FX effect
- Net income decline Q-o-Q reflects lower prices, lower refining and sales volumes and negative duty lag effect.

EBITDA RECONCILIATION FY2013 VS. FY2012

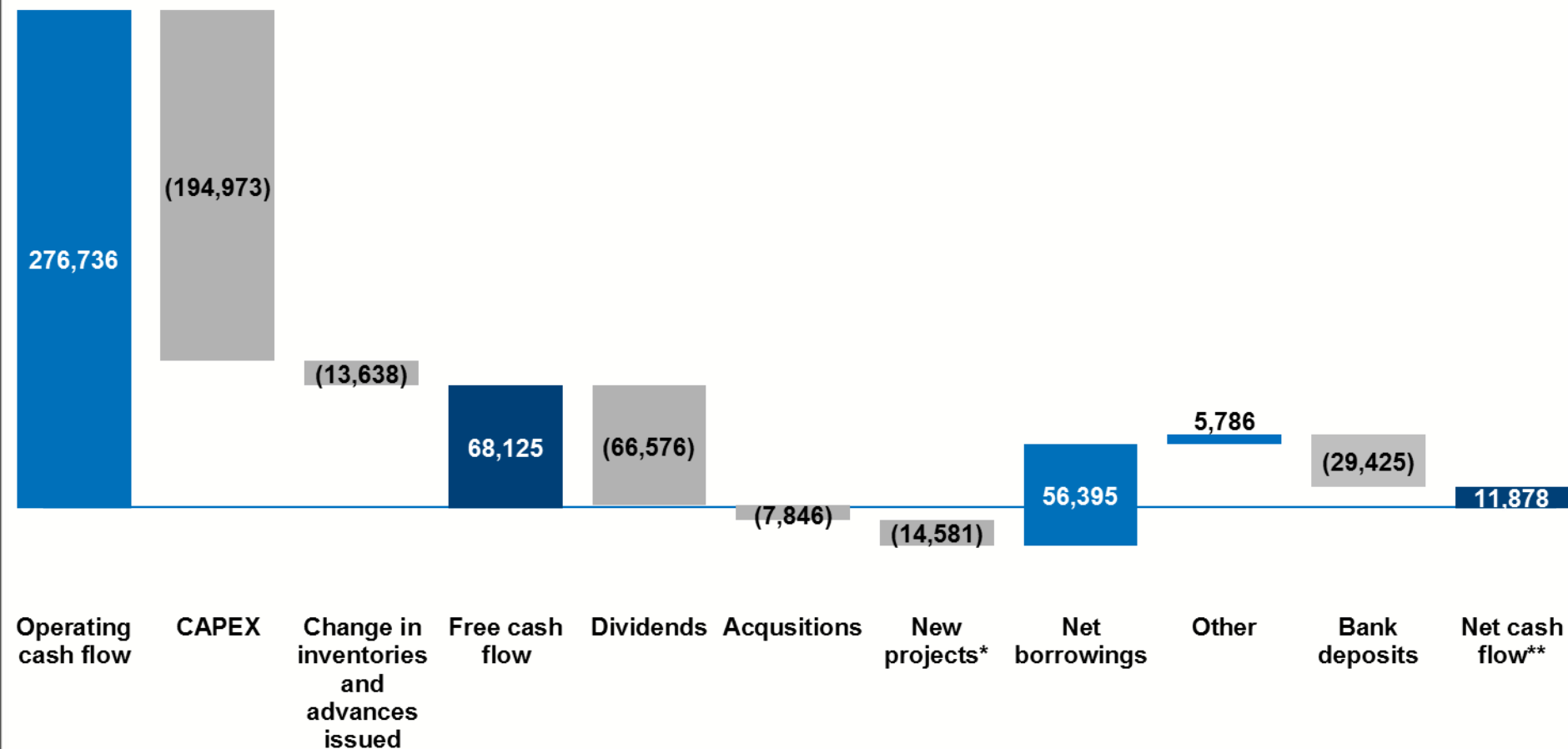


STRONG FREE CASH FLOW GENERATION



RUB million

Cash Flow Reconciliation FY2013



* Projects that are not consolidated under IFRS. ** Including effect of foreign exchange on cash and cash equivalents

INVESTMENTS SUPPORT STRATEGIC GOALS AND UPSTREAM PRODUCTION IN MATURE FIELDS



32% Y-o-Y growth in **brownfield** capex due to increase in use of new technologies in legacy fields

Active development of **Novoport field, Orenburg cluster** and offshore projects drove **54% Y-o-Y** increase in **greenfield** capex

Refining capex decreased **35% Y-o-Y** as quality improvement projects reached completion at all refineries

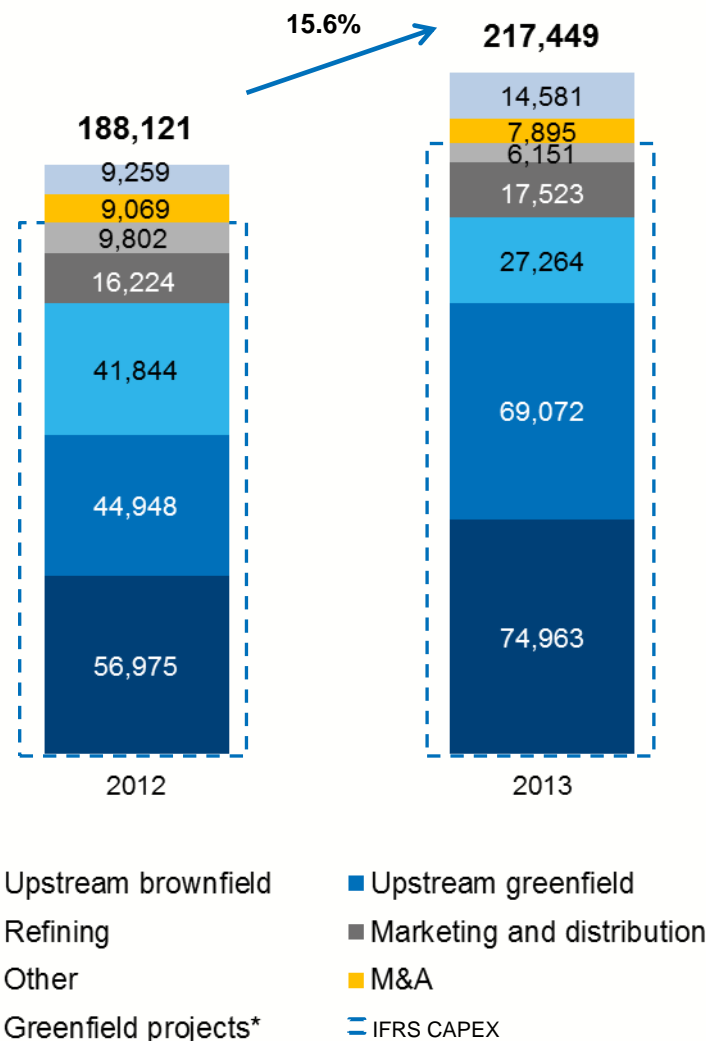
8% Y-o-Y increase in **marketing** capex due to continued reconstruction of the Group **retail sites** in Russia

Investments in new projects* increased **58%** as a result of new project active development (mainly **offshore projects and Messoyaha field development**)

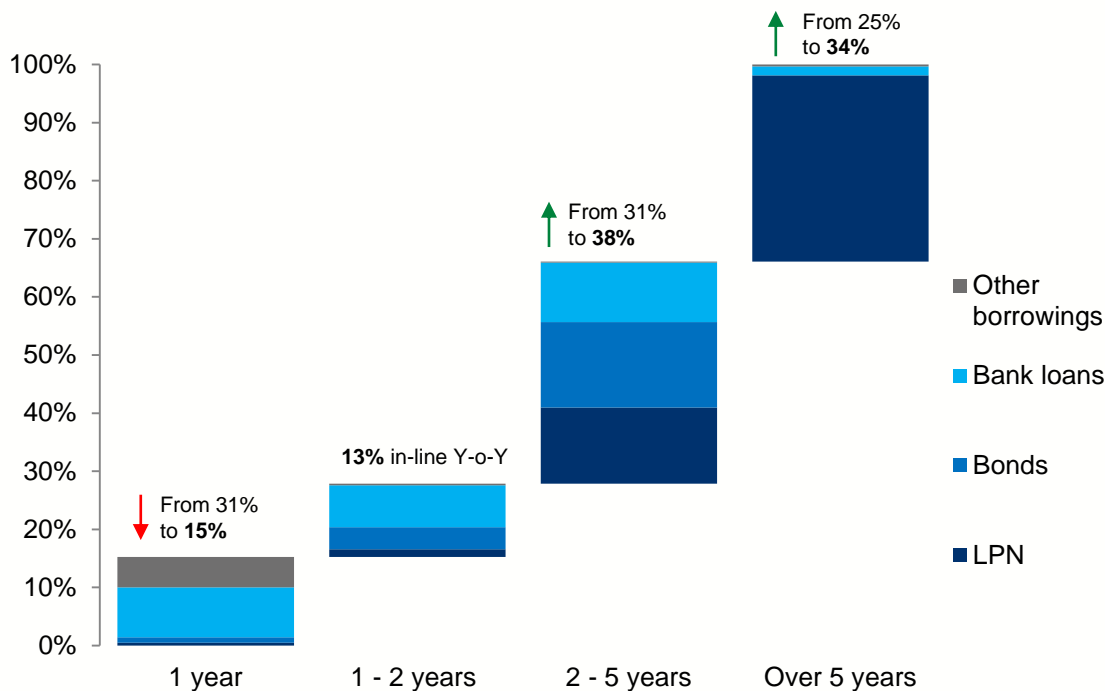
M&A includes **premium channels network expansion** and increase in shares of subsidiaries

* Projects that are not consolidated under IFRS

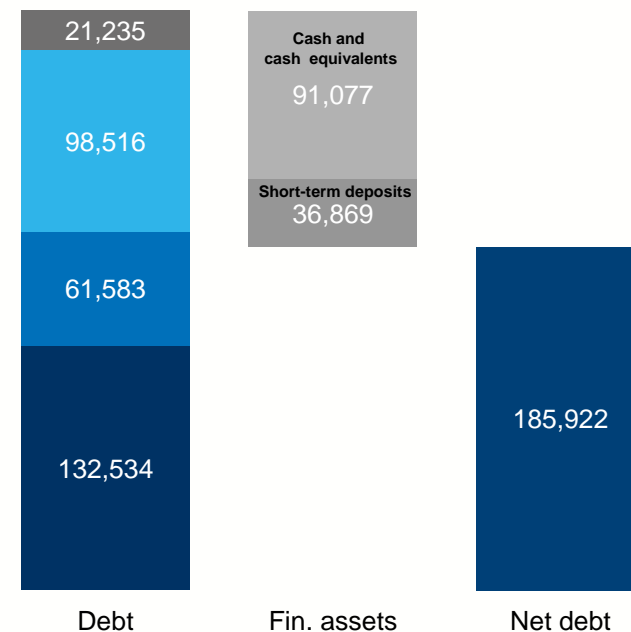
Investments (RUB mln)



Debt maturity profile at the end of FY2013 and comparison of profile's structures 2013 vs. 2012



Debt structure at the end of FY2013, RUB mln



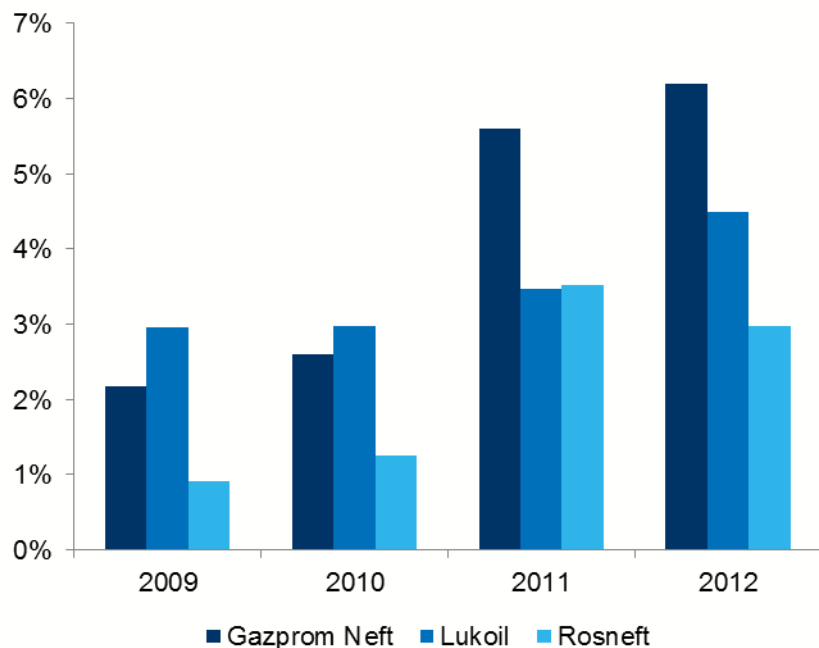
- Net debt/EBITDA 0.59x vs. target <1.5x
- Increased average debt maturity from 3.81 years in 4Q12 to 5.15 years in 4Q13
- Increased average interest rate from 3.48% at December 31, 2012 to 3.68% at December 31, 2013
- Diversified debt portfolio: bank loans, bonds, PXF (pre-export finance facility), LPN (loan participation notes)

CONTINUED COMMITMENT TO SHAREHOLDERS VIA INTERIM DIVIDENDS

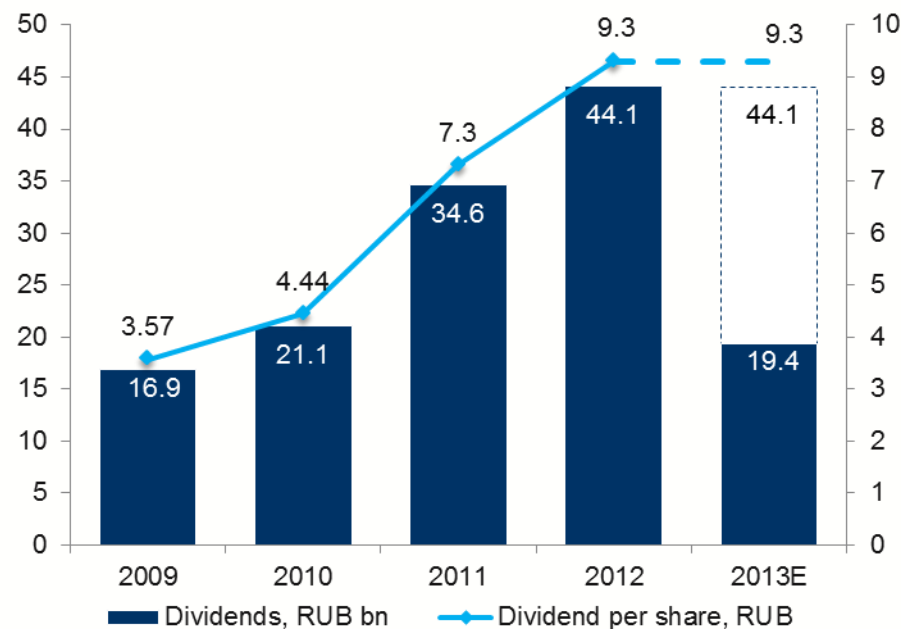


- In 2013, the expected amount of annual dividends is **25% of IFRS Net Income**
- Launched interim dividend program via **payment of 6-month interim dividends**

Dividend Yield Benchmarking, %



Dividends, 2009-2013, RUB bln



Questions & Answers

Attachment

The Group reclassified costs of transportation services from Other operating expenses to Transportation expenses in order to present expenses of similar nature in one PL line

Costs and other deductions (RUB million)	2013, as reported		2012, restated	
Purchases of oil, gas and petroleum products	319,051		340,453	
Production and manufacturing expenses	144,552		126,639	
Upstream expenses	72,491	Cost of transportation services	63,926	Cost of transportation services
Downstream expenses	37,293		32,737	
Transportation expenses to refineries	23,747		21,946	
Other operating expenses	11,021	(6,939)	8,030	(9,743)
Selling, general and administrative expenses	72,005		68,389	
Transportation expenses	107,837	6,939	103,556	9,743
Depreciation, depletion and amortization	76,785		69,163	
Taxes other than income tax	316,070		297,824	
Exploration expenses	2,876		3,431	