

2Q 2015 IFRS FINANCIAL AND OPERATING RESULTS

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Agenda

Highlights, Financials

Alexey Yankevich

Member of the Management Board,
CFO



Upstream

Alexander Miheev

Head of Economics and Investment Department,
Exploration and Production Division



Downstream

Vladimir Konstantinov

Head of Economics and Investment Department,
Refining and Marketing Division



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This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. **Forward-looking statements are statements of future expectations** that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

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- (b) changes in demand for the Company's products;
- (c) currency fluctuations;
- (d) drilling and production results;
- (e) reserve estimates;
- (f) loss of market and industry competition;
- (g) environmental and physical risks;
- (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions;
- (i) economic and financial market conditions in various countries and regions;
- (j) political risks, project delay or advancement, approvals and cost estimates; and
- (k) changes in trading conditions.

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Highlights



1H 2015 Financial Performance:

- Sales: RUB **803** bln (-**1.4%** Y-o-Y)
- EBITDA*: RUB **200** bln (+**12.0%** Y-o-Y)
- Net Income: RUB **112** bln (+**28.3%** Y-o-Y)



Operational Progress in 1H 2015 :

- Hydrocarbon production up **20.5%** Y-o-Y (MMboe) and up **19.4%** Y-o-Y (MMtoe)
- Refining volumes down **-3.1%** Y-o-Y
- Premium sales up **1.0%** Y-o-Y



2Q 2015 vs. 1Q 2015 :

- Hydrocarbon production up **8.7%** (MMboe)
- Refining throughput up **5.2%**
- Sales up **11.4%**
- EBITDA* up **13.9%**

**Including Gazprom neft share in EBITDA of associates and joint ventures*

Exploration and Production

Consistent major projects' execution and steady production levels at legacy fields

Delivering on 2015 growth plans

Major achievements in 1H15:

Legacy fields



- Increased hydrocarbon production **19.4%** Y-o-Y (MMtoe)
- Started production at Kulginskoye and Tabaganskoye fields (**part of Yuzhno-Pudinskiy license block**) and Vostochno-Myginskoye field

Plans for 2015:

- **Achieve 10% Group hydrocarbon production growth Y-o-Y**
- Begin production at Yuzhno-Pudinskiy license block and Valyntoyskoye field
- Stream **Yuzhno-Priobskoye** gas processing plant (projected capacity of 900 Mcm)
- **Maintain technology leadership** and **Increase drilling efficiency**

New projects

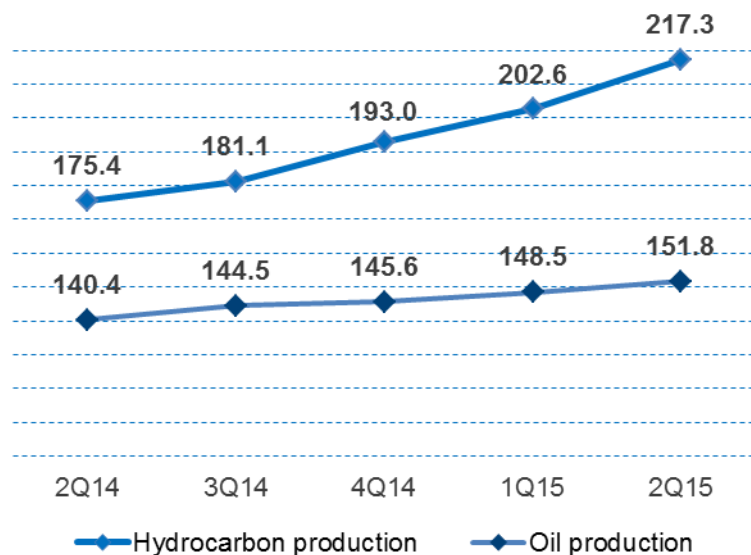


- Launched reservoir pressure maintenance system at **Prirazlomnoye** ice resistant platform
- Completed manufacturing and commissioning operations of marine terminal on work yard (**Novy port**), that ensures year-round shipping of crude. The facility is on the way to Cape Kamenny
- Increased production at **Badra** field (completed wells and commenced oil production at wells P-4 and P-5 – initial production rates of 10,000 and 11,500 bpd)
- Began production from **Yaro-Yakhinskoye**, third **SeverEnergiya** (Arcticgas) oilfield

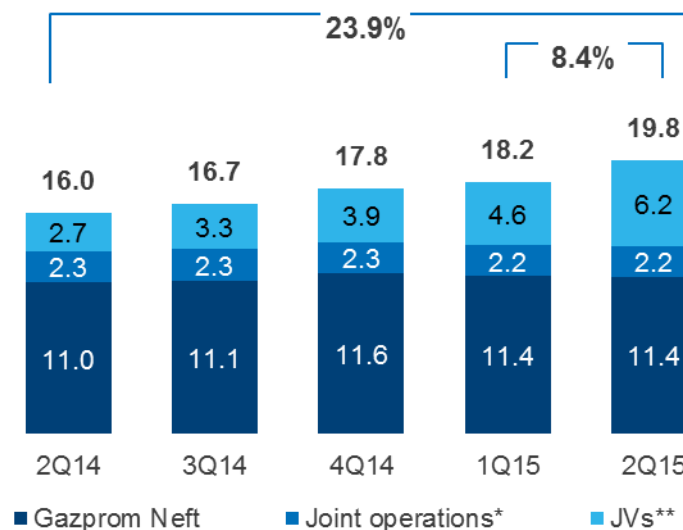
- Increase production up to 230,000 tonnes (Y2014 production volumes 148,000 tonnes) due to mobilization of additional tankers and complete hook-up and commissioning of the terminal (ALT) for the start of year round shipments **at Novoport**
- ✓ **Start operations** at **Yaro-Yakhinskoye** gas processing facility (capacity of 7 bcm/year)
- Continue exploratory drilling and increase production at **Prirazlomnoye** and **Badra fields**

Continued strong production growth

Average daily hydrocarbon and oil production, '000 toe/day



Hydrocarbon production, MMtoe

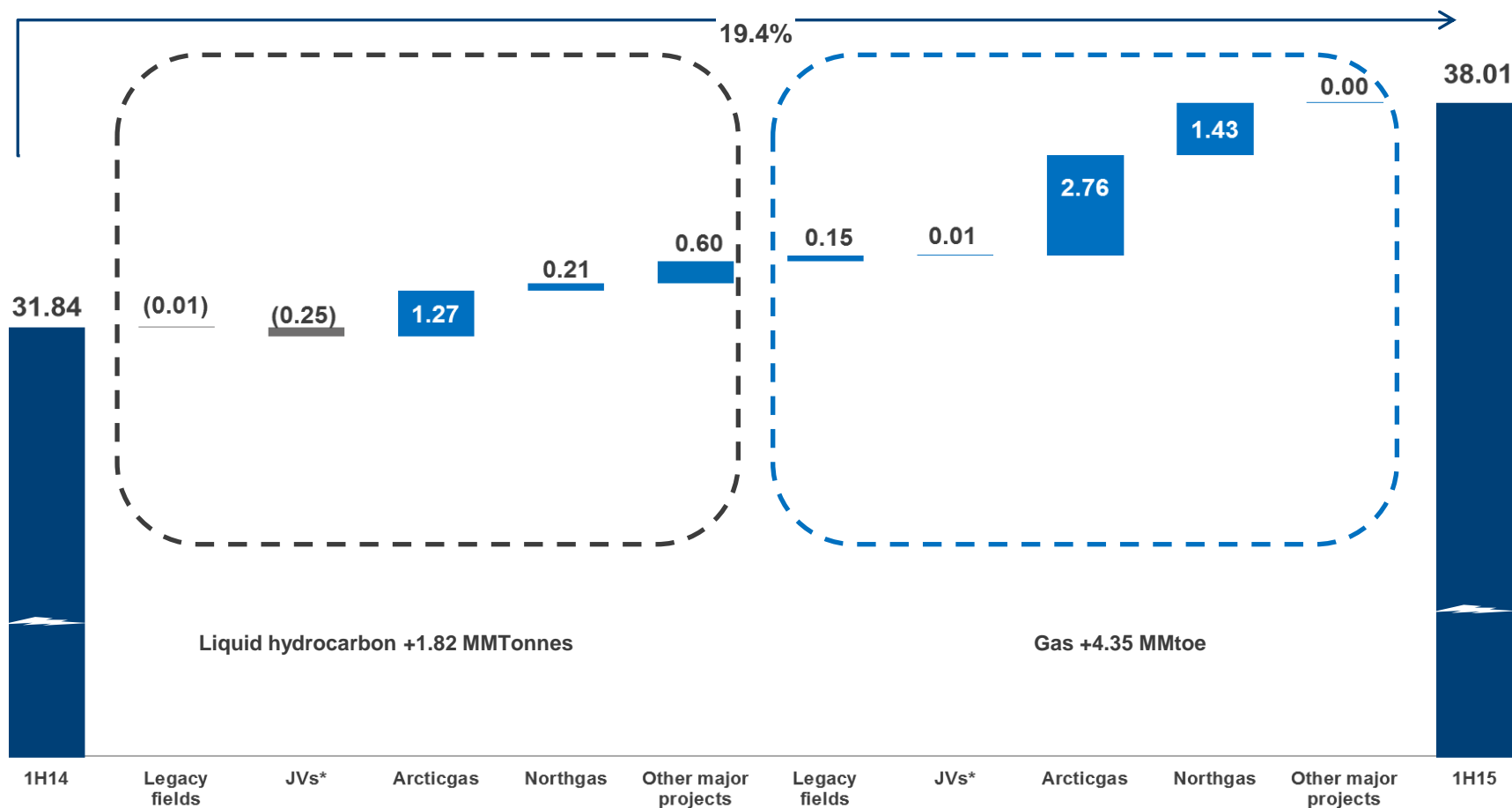


*Joint operations: proportionally consolidated companies (Tomskneft, SPD)

** Joint Ventures: Equity accounted entities (Slavneft, SeverEnergiya (Arcticgas), Northgas)

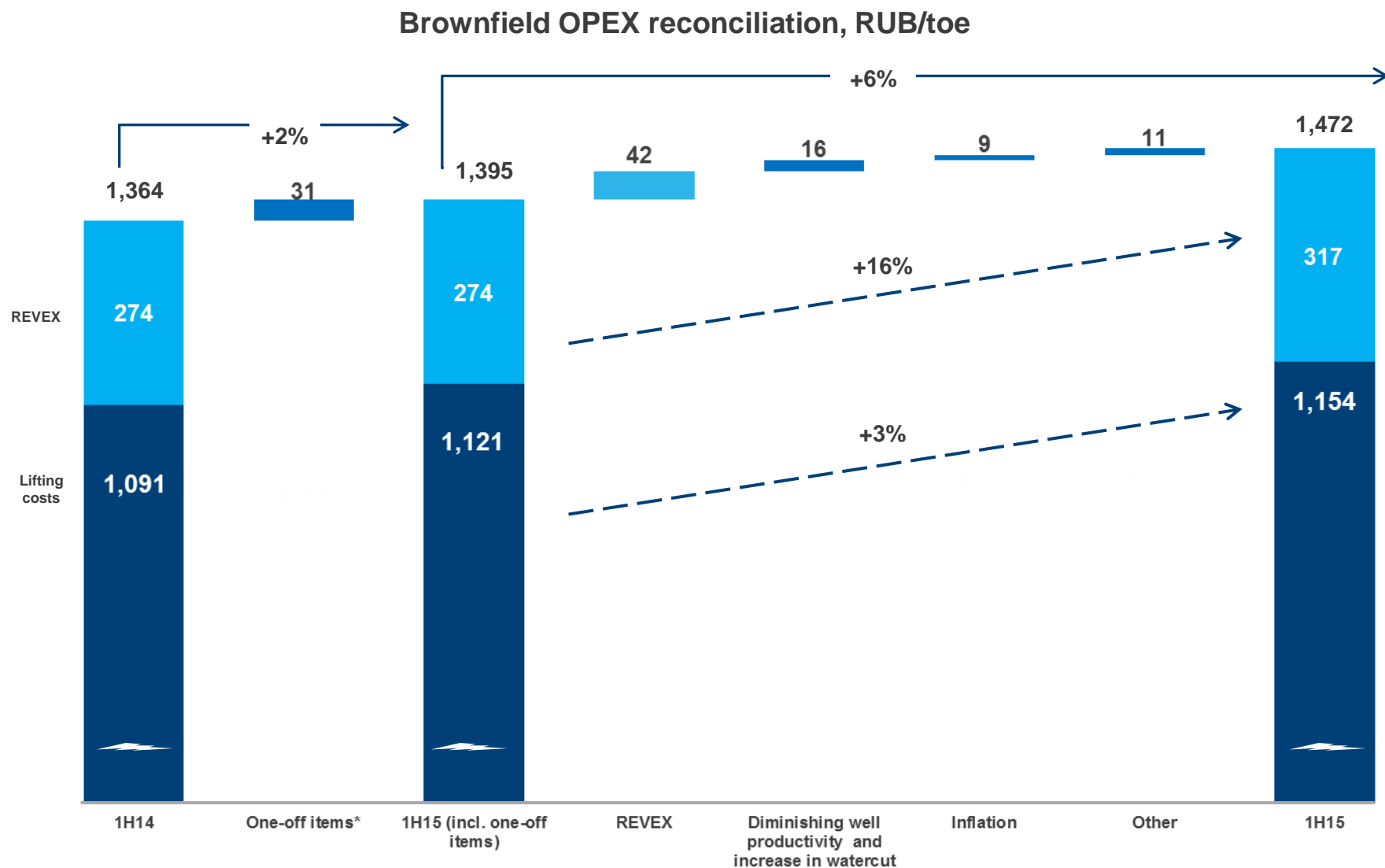
Major projects and acquisitions have driven hydrocarbon production growth

Hydrocarbon production 1H15 to 1H14, MMtoe



*JVs refer to proportionally consolidated and equity accounted entities (Tomskneft, SPD, Slavneft)

The Y-o-Y increase in unit operating costs due to reserves depletion



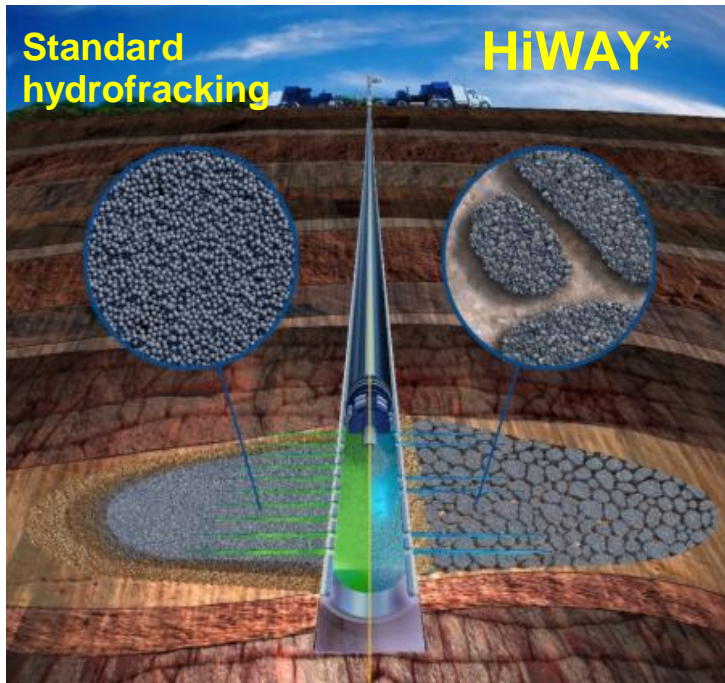
Note: The chart above takes into account the following projects: NNG, MN, Khantos, Vostok

* One-off items include electric submersible pump leasing and IFRS adjustments

Industrial implementation of HiWay* hydrofracking technology

Description of technology:

Conducting hydraulic fracturing with injection of proppant (granular substance) via clusters



Benefits

- Reduces risk of accidents from 5% to less than 1%
- Reduces development costs up to 10% per well (due to the reduction of hydrofracking work costs)

Experience:

- HiWAY* technology was used at 13 Company wells, including 7 horizontal wells for the duration of work
 - For the first half year HiWAY* hydrofracking was performed on 5 wells, including 2 horizontal wells
- Proppant volume declined by 40-45%

Gazprom Neft – the first in Russia:

- HiWAY* for horizontal wells
- HiWAY* in unconventional reservoirs
- Under development: project HiWAY* with quartz sand (additional cost savings)

Development Outlook (widespread application of technology):

- Materials use reduction by 45%
- Additional savings on hydrofracking materials handling (electricity, transport)
- Reduced environmental impact

New field developments continue to move forward



Prirazlomnoye

- Finished construction of one cuttings disposal and one production wells
- Launched reservoir pressure maintenance system at Prirazlomnoye ice resistant platform
- Commissioned first line of village for shift workers



**SeverEnergiya
Northgas**

- Began production from Yaro-Yakhinskoye, third SeverEnergiya (Arcticgas) oilfield
- Launched gas treatment plant at Yaro-Yakhinskoye field with a capacity of 20 mcm/day



NovyPort

- Ran winter shipment program (between February-May 2015 7 tankers over 111,000 tonnes were shipped)
- After hydrofracs treatment at edge wells initial flows confirmed at project level, technological concept of field development updated
- ~ 96 tpd flow rates (wells drilled in 1H15)
- Completed manufacturing and commissioning operations of marine terminal on work yard, the facility is on the way to Cape Kamenny



**Kurdistan
(Iraq)**

- Started commercial production (field Sarkala) in February 2015
- Confirmed presence of hydrocarbons based on drilling results, approved further exploration program on Shakal block
- Conducted 2D seismic survey on Halabja block



Messoyakha

- Completed drilling exploration well #118 (after exploration work expected clarification of reserves' structure and actualization of geology and development conception)
- Mounted 6 gas turbine units on platform
- 4 drilled wells are expected to be productive until the end of the year



**Badra
(Iraq)**

- Increased production at Badra field (concluded drilling and commenced oil production at wells P-4 and P-5 – initial production rates of 10,000 and 11,500 bpd)
- Held two tenders to drill 13 wells

Downstream

Optimizing crude & product mix, expanding premium channel sales

Refinery modernization continues to progress as premium sales rise

Major achievements in 1H 2015:

Refining



- Increased condensate processing at **Omsk** to **0.6** MMTonnes (+ 0.4 to 1H14)
- Increased share of **Class-5** gasoline output to **94%** (vs. 90% in 1H14) and diesel to **99%** (vs. 93% in 1H14)
- Launched gas fractionation plant at **Moscow**
- Flexi-coker and hydrocracker projects at **Moscow** reach **FEED** stage
- **FID** reached on:
 - **Omsk**: Reconstruction of KT-1/1 catalytic cracker
 - **Omsk**: Delayed coker and CDU/VDU

Plans for 2015:

Moscow:

- Active construction phase of complex processing unit
- FEED on flexicoking and hydrocracker units

Omsk:

- Finish reconstruction of AT-9 unit
- Finish reconstruction of KT-1/1 catalytic cracker
- Select contractors for delayed coking, hydrocracking and CDU/VDU units

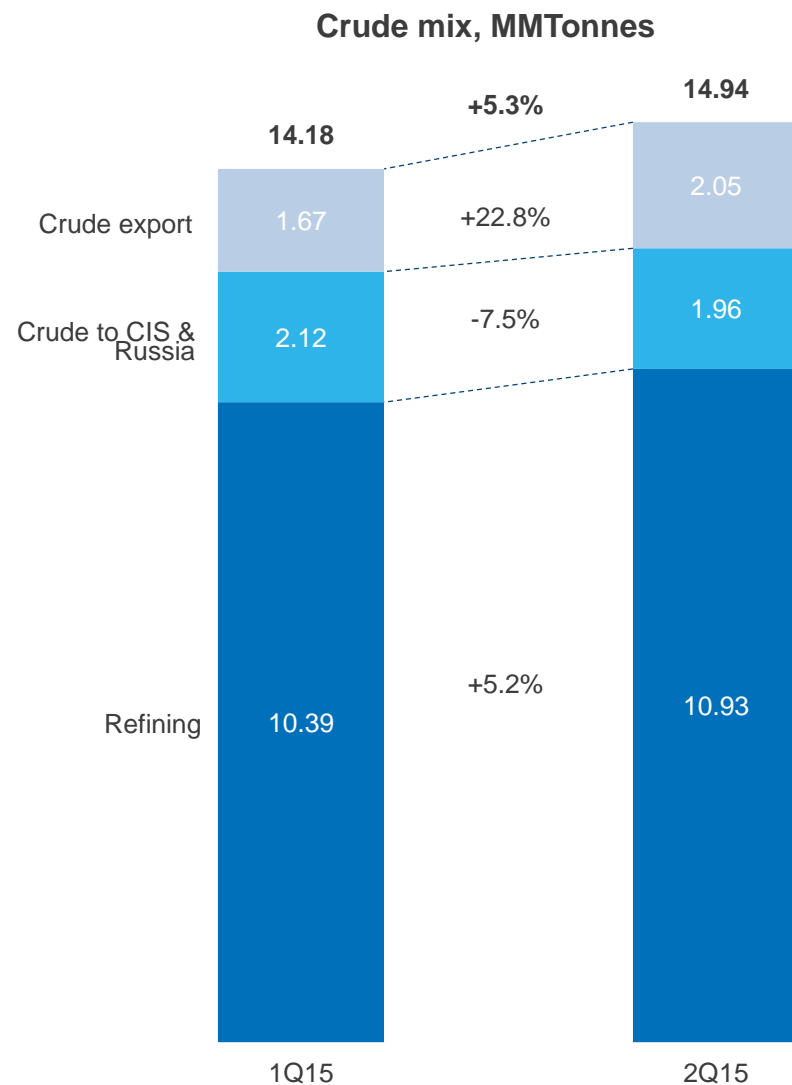
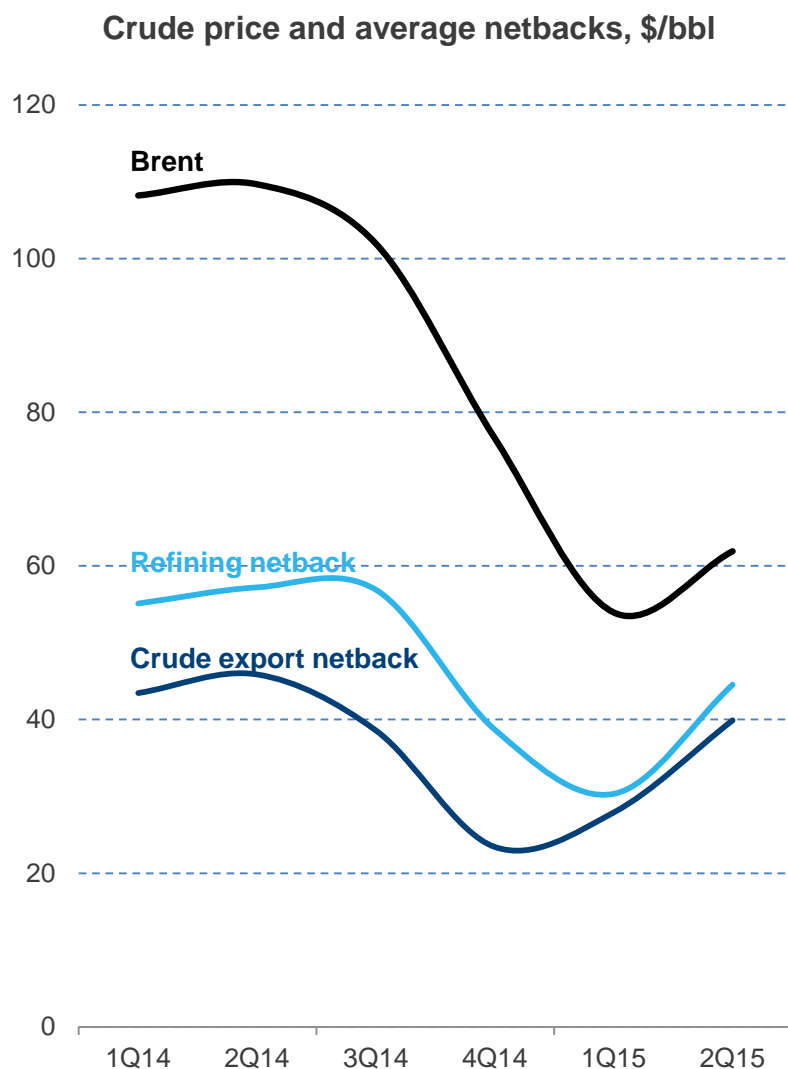
Marketing



- Number of **filling stations** in operation rose to **1,832** (+98 sites vs. 1H14)
- Average **daily throughput per station** for Russian network **18.3 tpd**
- Dynamics of gasoline and diesel sales outpaced Russian market

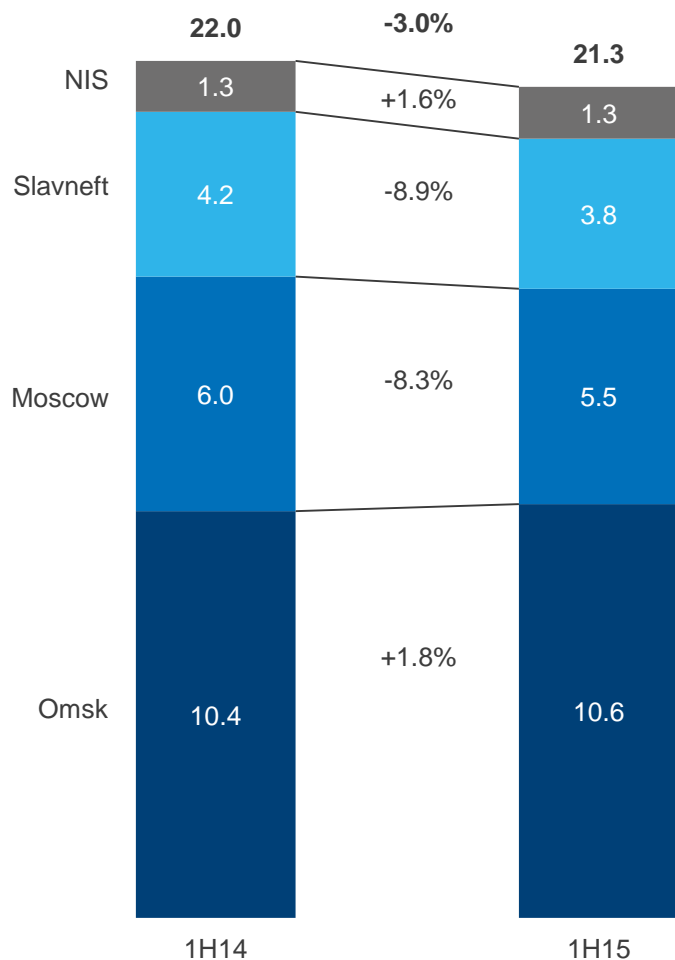
- **Retail network**: acquire **27**, build **13**, reconstruct **23**, rebrand **7** stations (ex.Eur.)
- **Aviation**: Expand airport presence from 150 to **159**
- **Bunkering**: increase production capacity of Novorossiysk terminal
- **Lubricants**: Begin construction of Group III base oils facility at YANOS
- **Bitumen**: expand polymer-bitumen binder sales abroad (Czech Republic, Turkey)

Refining operations optimized for current economic and price environment

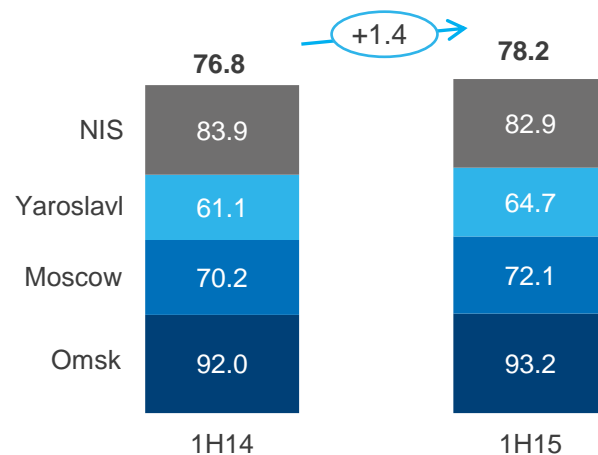


Improvements in refining depth driving increased light product yields

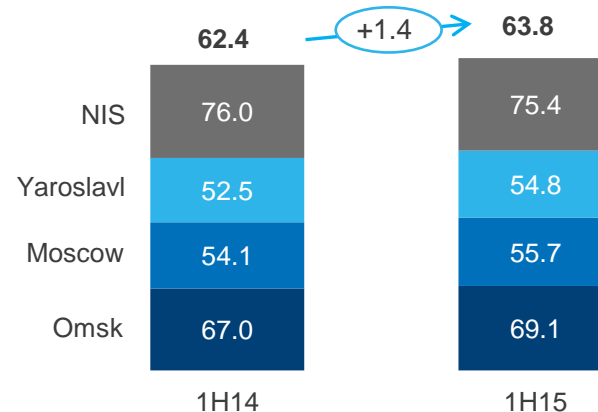
Refining throughput, MMTonnes



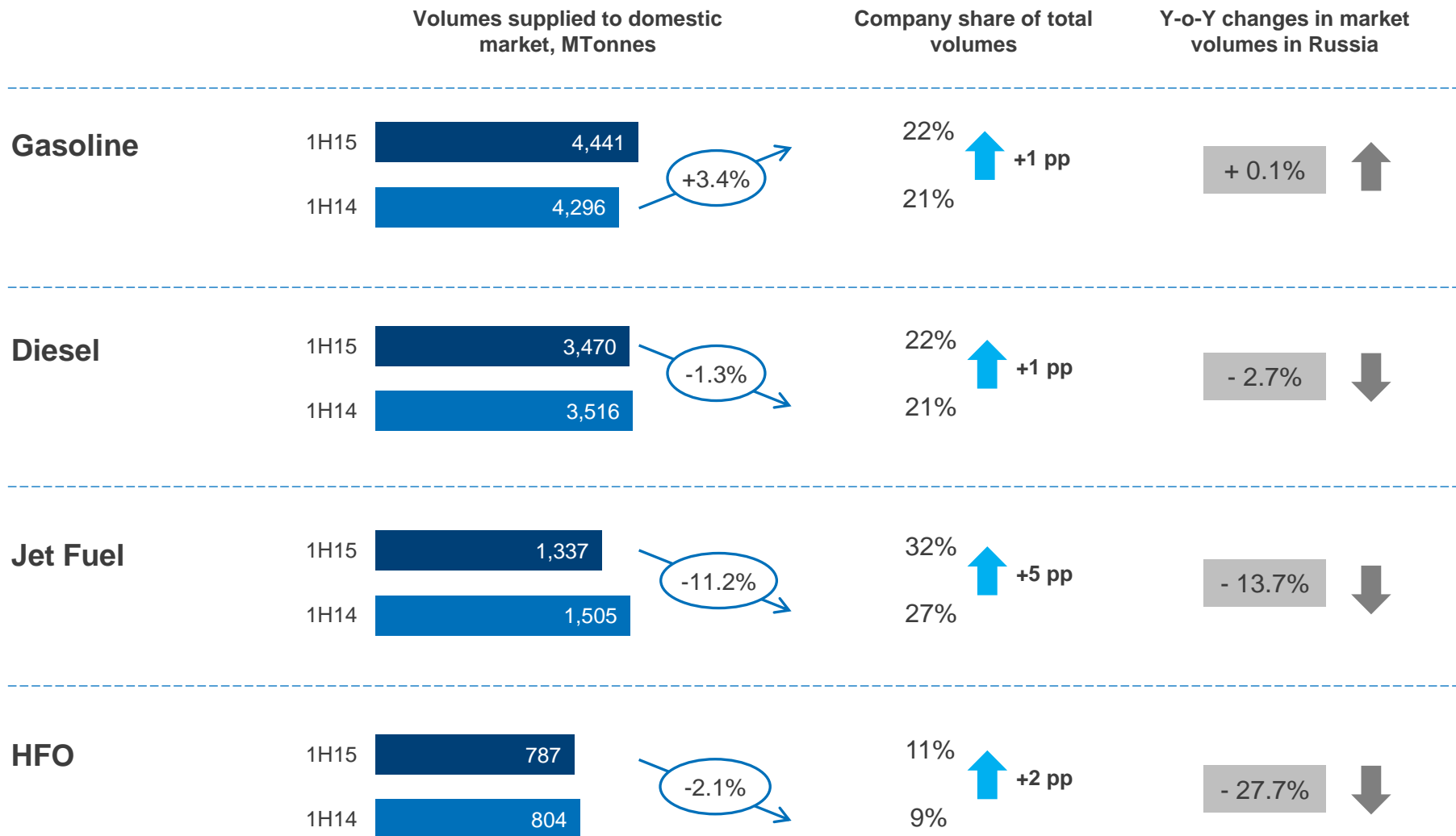
Depth of refining, %



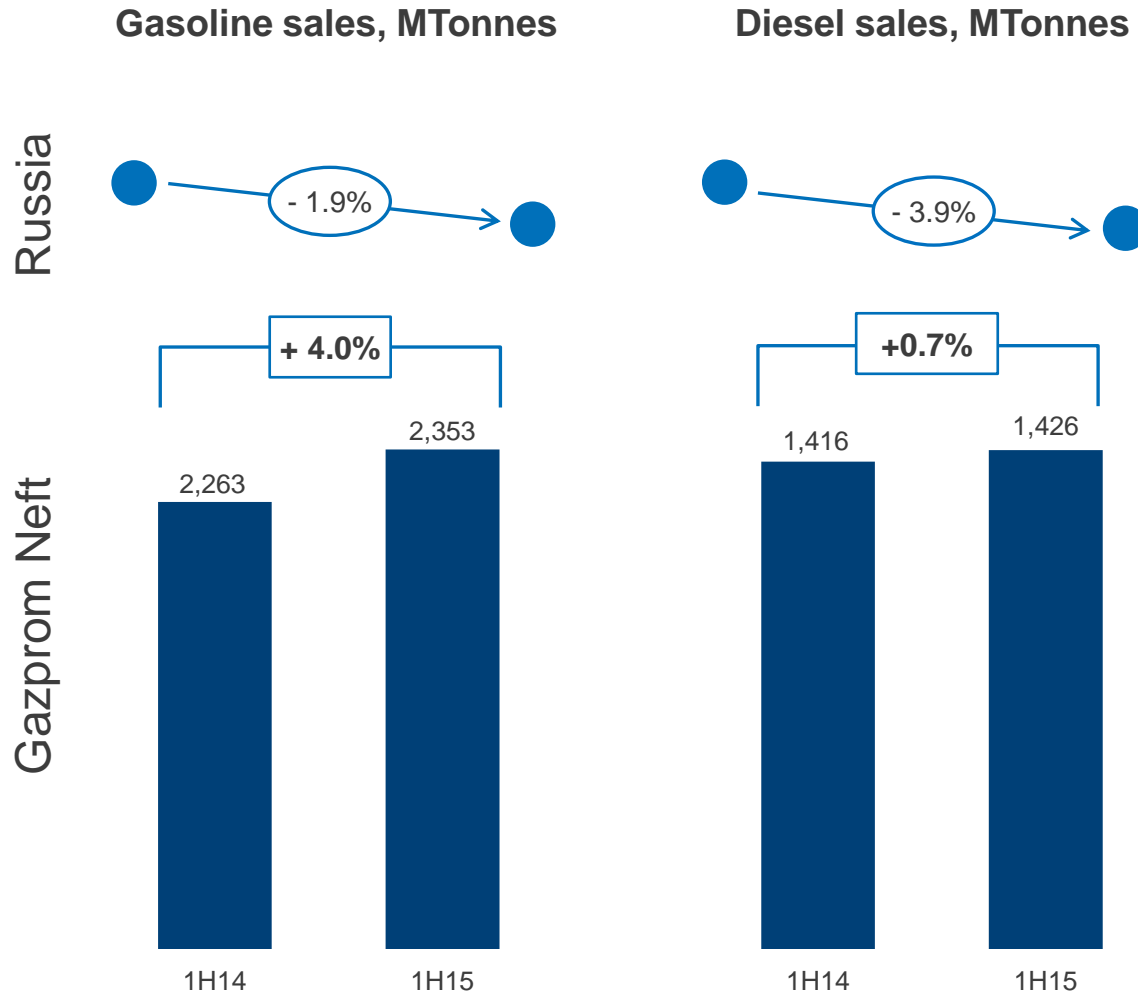
Light products yield, %



Gazprom Neft increasing light product sales volumes and market share



Gazprom Neft's retail strategy is driving motor fuel sales outperformance versus the Russian market



Growth drivers:

- Retail chain expansion
- G-Drive fuel sales growth
- Non-cash payment system
- Loyalty program
- Increase non-oil sales

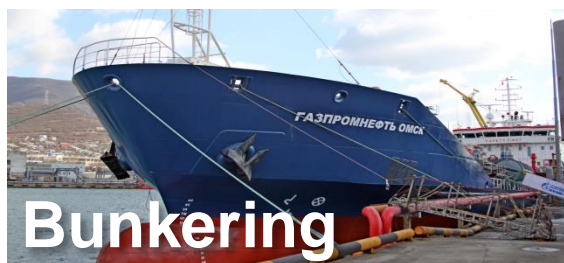
Domestic and global expansion via premium channels



- Average throughput of Russian service stations reached **18.7 tonnes/day** in 2Q15
- Increased network size to **1,832** as of 2Q 2014
- Increased revenue from non-oil sales by **16%** Y-o-Y



- Increased share of Russian retail market by 4.4 percentage points from end-2014 to **28.9%**, retaining leading market share
- Increased international presence to **158** airports (+8 in 1H 2015)
- Increased number of **Aeroflot** overseas service locations to **12** (+2 in 1H 2015)



- Overall Russian market size contracted **(-7.5% y-o-y**, while the Northwest and Far East markets declined by 7.4% and 11% respectively; the Black Sea market rose by 1.6%
- Signed contract with **Mediterranean Shipping Company** and **Royal Caribbean International**



- Increasing number of «**G-Energy Service**» stations from 10 to 13, opened stations in Saint Petersburg, Belorussia and Kazakhstan
- Opened warehouse in **Novorossiysk** (2,000 tonnes of storage) for shipments to Turkey and the Middle East
- Launched new site for premium lubricants production at **Omsk** (5,000 tonnes/year)

Growth in premium sales
1H15 vs. 1H14

3.4%

2.5%

0.0%

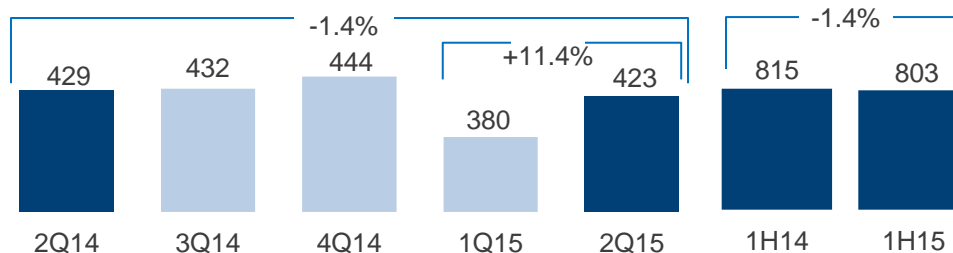
21.4%

Financials

Continued growth and operational performance drive higher Y-o-Y EBITDA and net income

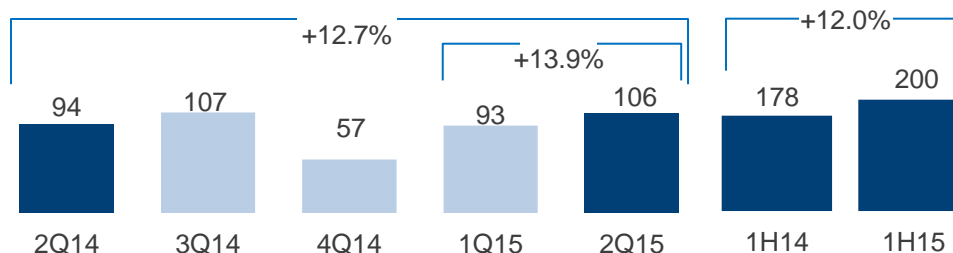
Increased production and premium sales driving Y-o-Y revenue, EBITDA and net income growth

Sales RUB bln



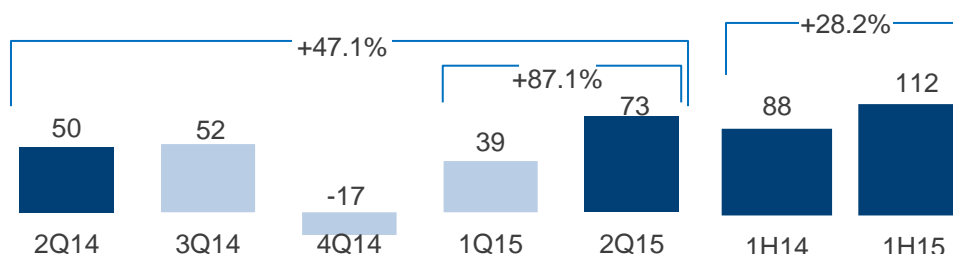
- Sales decreased 1.4% Y-o-Y due to the decline in crude and oil products prices at international markets
- Sales increased 11.4% Q-o-Q caused by increase in sales volumes, particularly via premium channels and expanded hydrocarbon production

EBITDA* RUB bln



- Increase in sales volumes, expanded hydrocarbon production and management effectiveness drove 12% EBITDA increase Y-o-Y
- Production volumes and product mix, positive duty lag and price grow caused 13,9% EBITDA increase Q-o-Q

Net income RUB bln

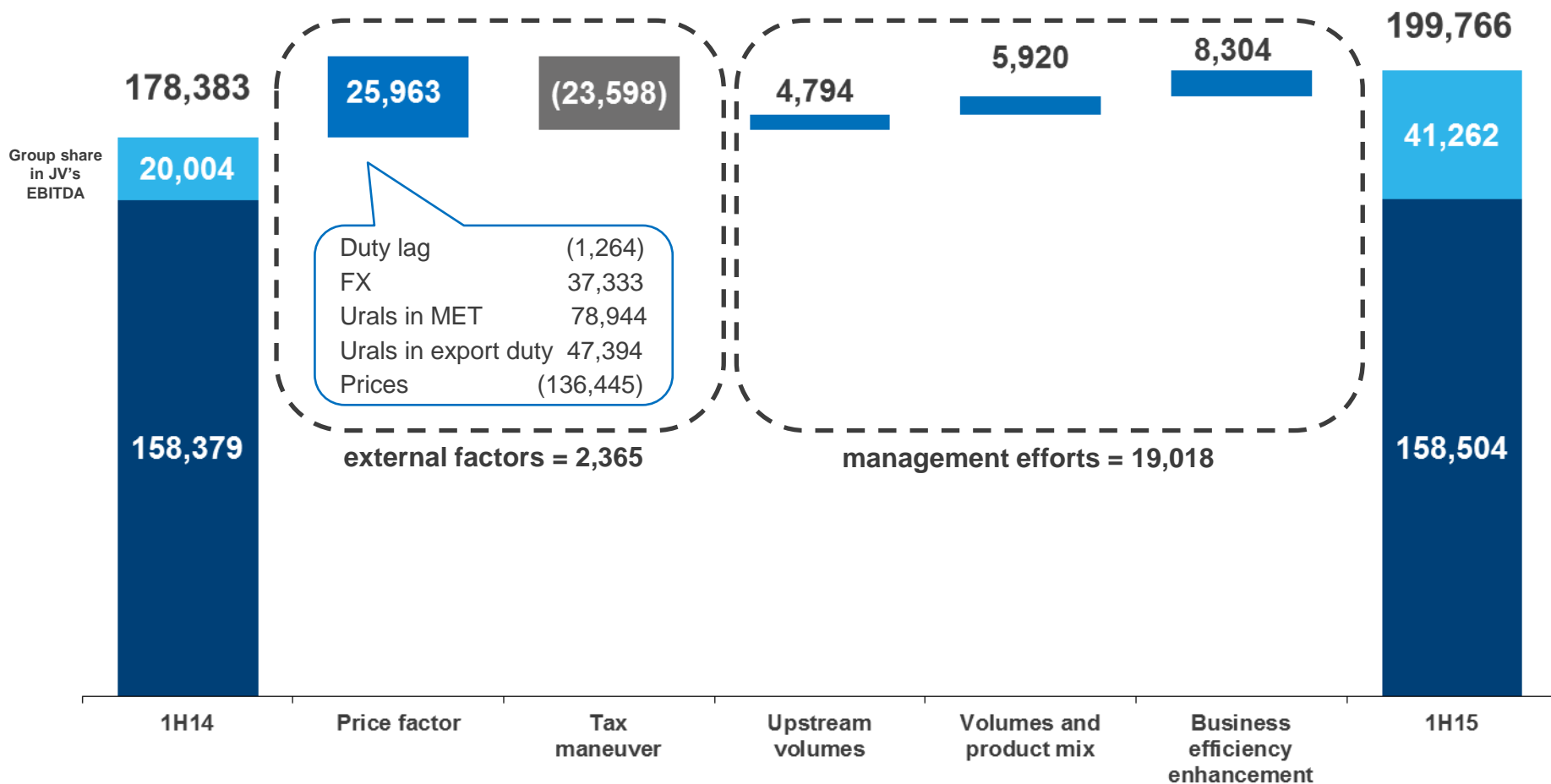


- Net income increased 28.2% Y-o-Y based on EBITDA increase and forex gain
- Net income increased on 87.1% Q-o-Q after increase in EBITDA and decrease in debt revaluation forex loss

*Including GPN share in EBITDA of associates and joint ventures

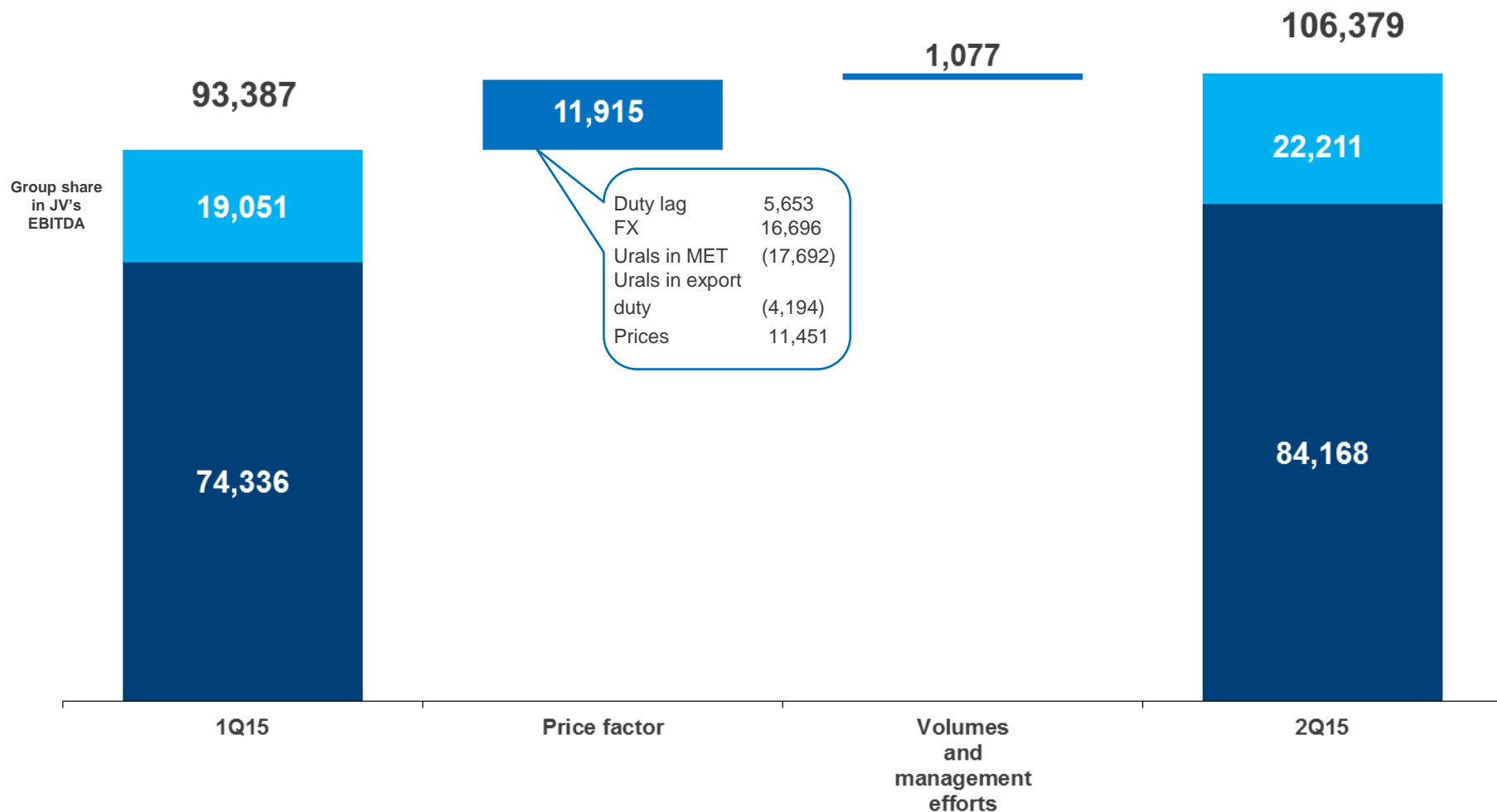
EBITDA reconciliation 1H15 vs. 1H14

EBITDA 1H15 vs 1H14, RUB mln

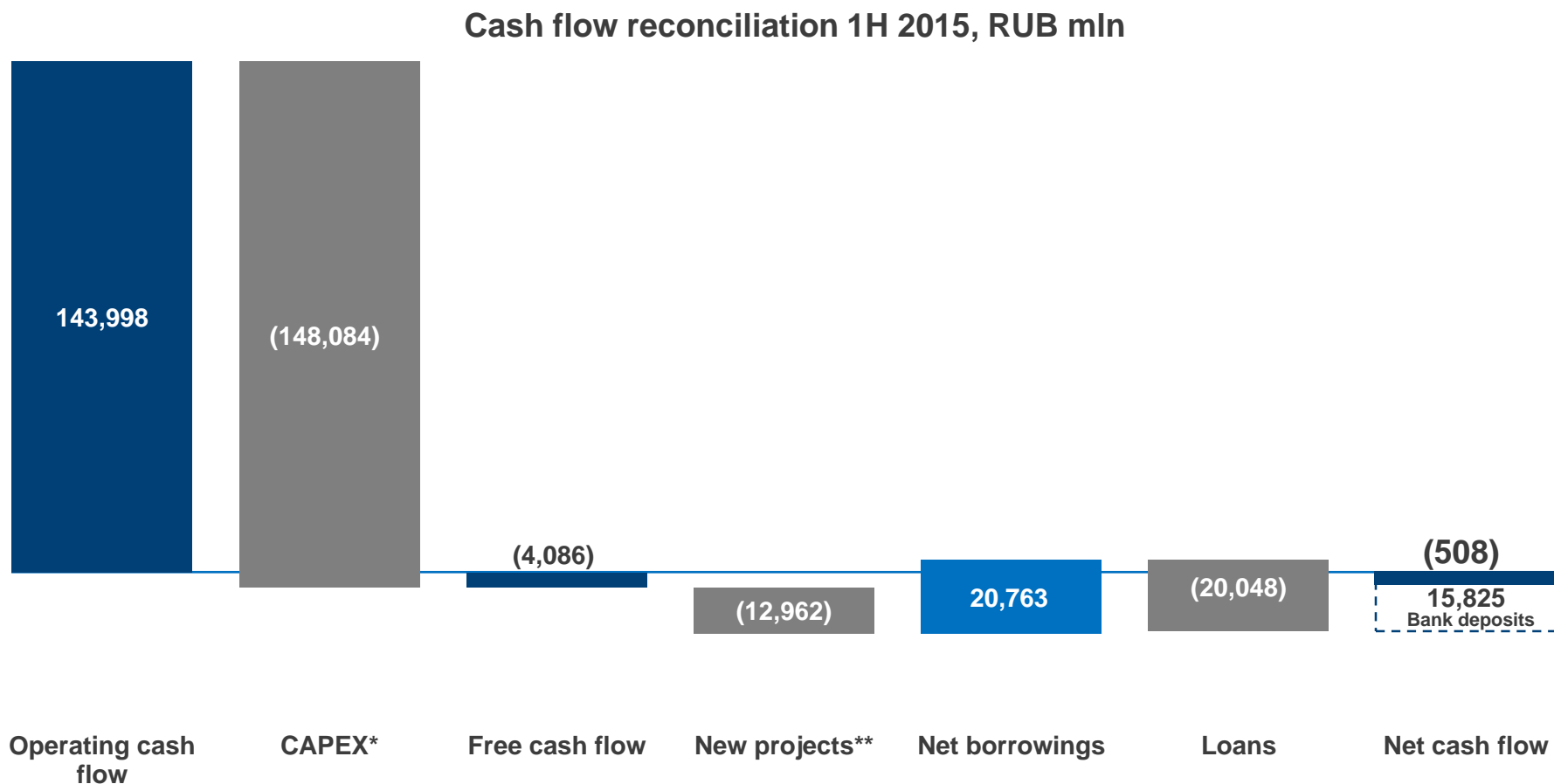


EBITDA reconciliation 2Q15 vs. 1Q15

EBITDA 2Q15 vs 1Q15, RUB mln



FCF is slightly negative due to peak investments in greenfield development



* CAPEX includes change in inventories and advances issued

** Projects not consolidated under IFRS

Upstream capex growth driven by greenfield development



32% increase in **IFRS capex**

51% Y-o-Y higher **brownfield** capex reflects reclassification of Priobskoye fields to brownfield category



Increased **greenfield** capex **17%** Y-o-Y due to active development of **Novoport**, **foreign projects** and consolidation of **Prirazlomnoye**



2% lower **Refining** capex Y-o-Y as refineries completed quality improvement projects

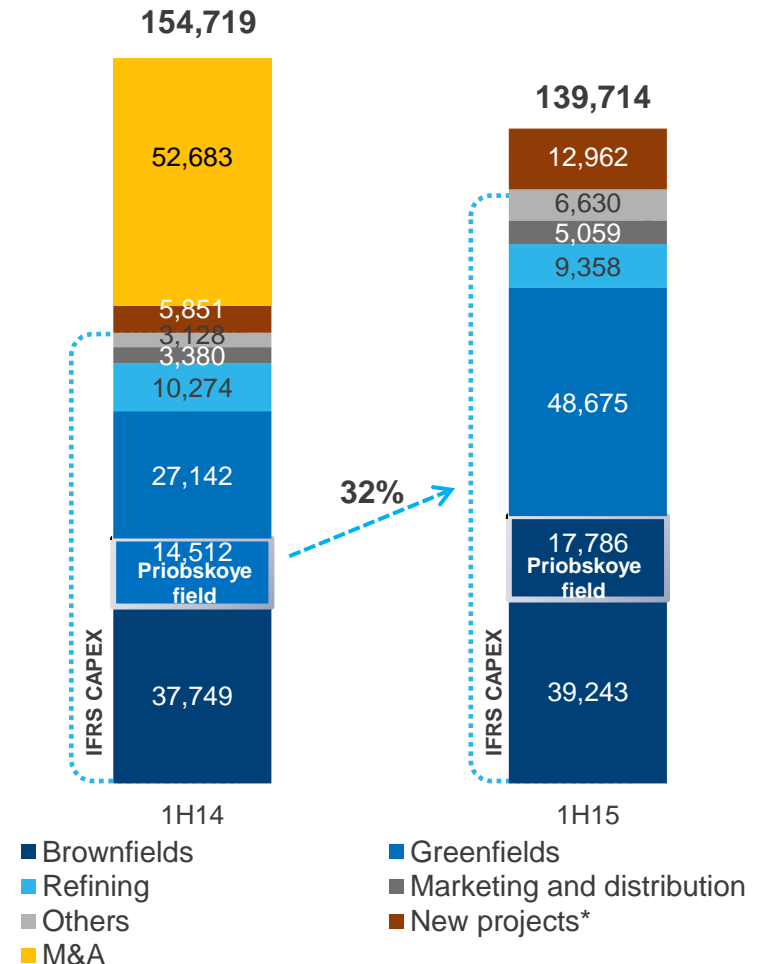
50% Y-o-Y higher **marketing** capex, mainly due to the expansion of aero-fueling business and tank farms reconstruction works



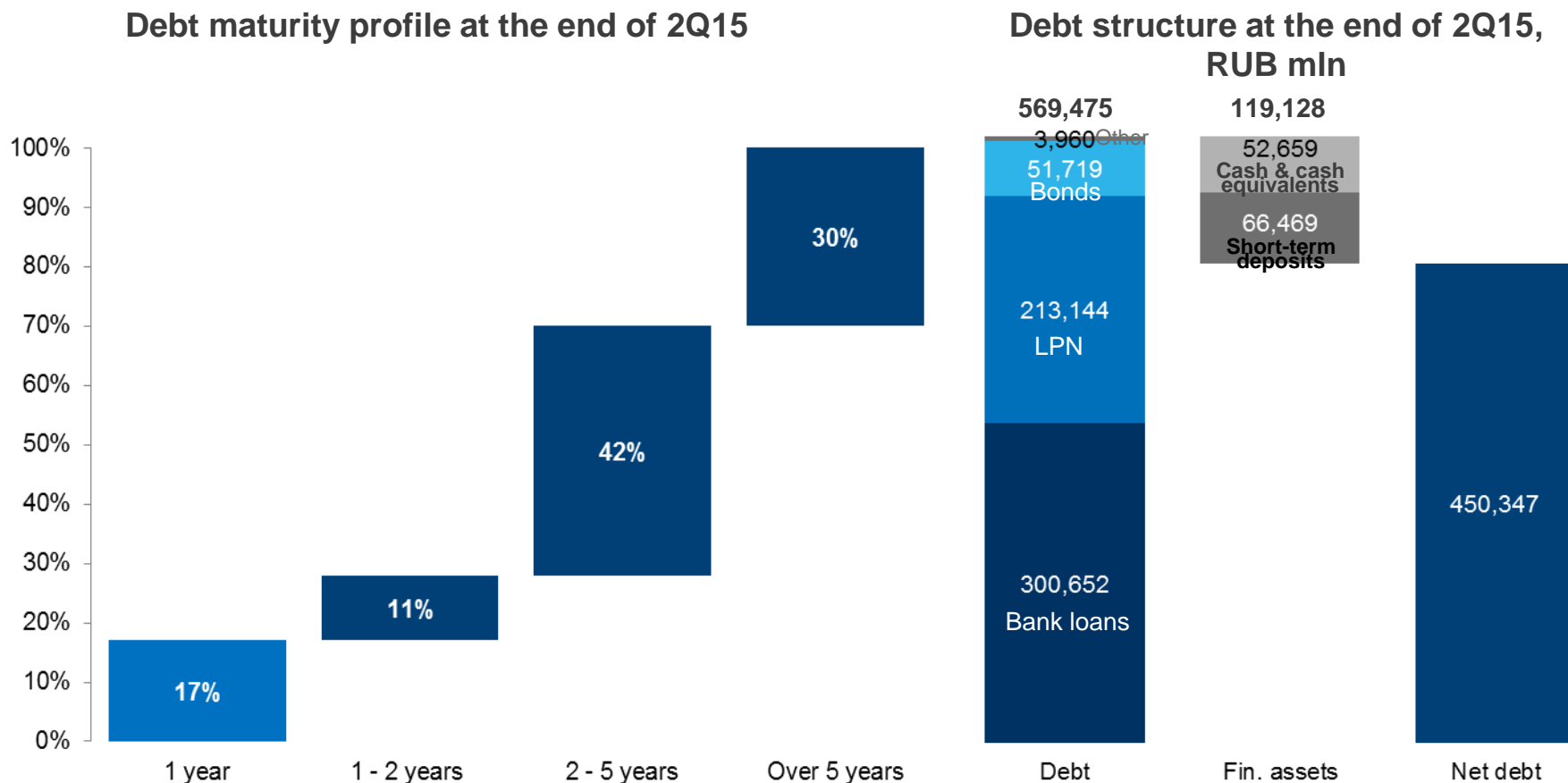
Investments in **new projects*** increased **121%** due to active development of **Messoyakha project**

* Projects not consolidated under IFRS

Investments, RUB mln



Commitment to strong and proactive capital management



- Slightly decreased average debt maturity from 4.49 years at December 31, 2014 to 4.12 years at June 30, 2015
- Increased average interest rate from 3.48% at December 31, 2014 to 4.22% at June 30, 2015
- Diversified debt portfolio: bank loans, bonds, LPN (loan participation notes)