

9M 2015 IFRS FINANCIAL AND OPERATING RESULTS

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Agenda

Highlights, Financials

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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



9M 2015 Financial Performance:

- Sales: RUB **1,238** bln (**-0.6%** Y-o-Y)
- EBITDA*: RUB **312** bln (**+9.3%** Y-o-Y)
- Net Income: RUB **131** bln (**-6.2%** Y-o-Y)



Operational Progress in 9M 2015 :

- Hydrocarbon production up **22.2%** Y-o-Y (MMboe) and up **21.2%** Y-o-Y (MMtoe)
- Refining volumes down **1.7%** Y-o-Y
- Premium sales **steady** Y-o-Y



3Q 2015 vs. 2Q 2015 :

- Hydrocarbon production up **5.1%** (MMboe)
- Refining throughput up **5.7%**
- Sales up **2.8%**
- EBITDA* up **5.7%**

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

Exploration and Production

Continued hydrocarbon growth and efficiency gains

Key achievements in Exploration and Production

Major achievements in 9M 2015:

Mature fields



- Increased hydrocarbon production by **21.2% (MMtoe)** year-on-year
- Started production at **Kulginskoye** and **Tabaganskoye** fields (part of Yuzhno-Pudinskiy license block) and **Vostochno-Myginskoye** field
- Completed 11 hydraulic fracking operations at **Priobskoye** field using 'Mongoose' downhole technology and achieved planned targets for start-up flow rates

Plans for 2015:

- **Achieve year-on-year growth in group hydrocarbon production of no less than 15%**
- ✓ Start production at **Yuzhno-Pudinskiy** block and **Valyntoiskoye** field
- ✓ Start-up **Yuzhno-Priobskoye** Gas Processing Plant (nameplate capacity 900 MMm3)
- Maintain technical leadership and improve drilling efficiency to **shorten drilling time by 5%**

New projects



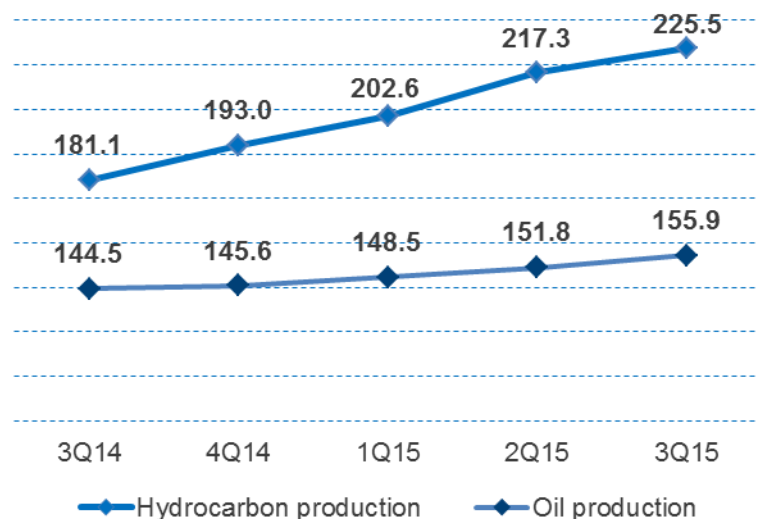
- Since January 2015, the ice resistant stationary platform '**Prirazlomnoye**' has dispatched eight oil tankers, shipping **over 500,000 tonnes**
- Summer and winter shipment schedules completed **at Novy port**; overall this year **293,000 tonnes of crude** were exported via sea
- **Arctic terminal constructed**, commissioning work for the icebreaker 'Baltika' is underway
- **Export duty relief** is approved for Novoportovskoe field
- At **Badra field** **three wells** were completed (av. initial production ~11 kbpd)
- **Licences acquired** for Nyalinskiy, Panlorskiy, Yulskiy-3, Severo-Ityakhskiy, Lyaminskiy-6 blocks (Bazhen)

- ✓ Deploy additional tankers **at Novy port** to increase lifting capacity leading to total commercial production of 293 mtonnes (plan for 2015: 230 mtonnes, actual 2014: 148 mtonnes)
- **Novy port**: Put in place Arctic terminal and finish hook-up and commissioning to prepare for year round shipments of crude from the beginning of 2016
- ✓ **Yaro-Yakhinskoye gas processing plant**: Put into operation (capacity 7 bcm/year)
- **Prirazlomnoye**: Achieve production of 850 mtoe in 2015
- **Badra**: Achieve production of 6.9 MMbbl in 2015

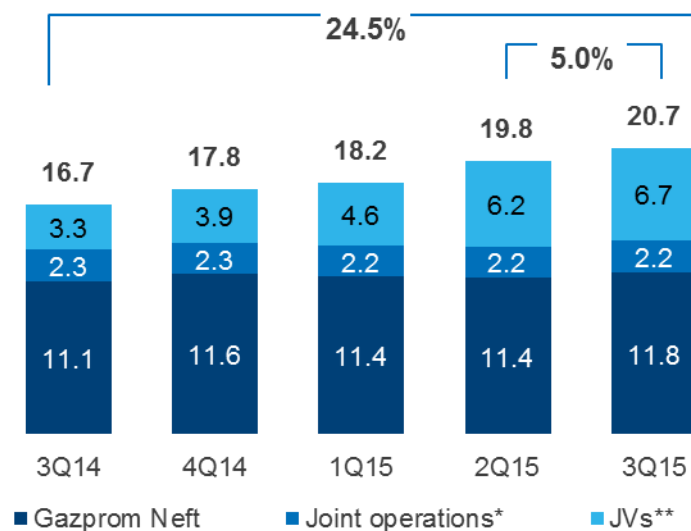
* 100% with respect to the project

Consistent growth in hydrocarbon production

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



Hydrocarbon production, MMtoe

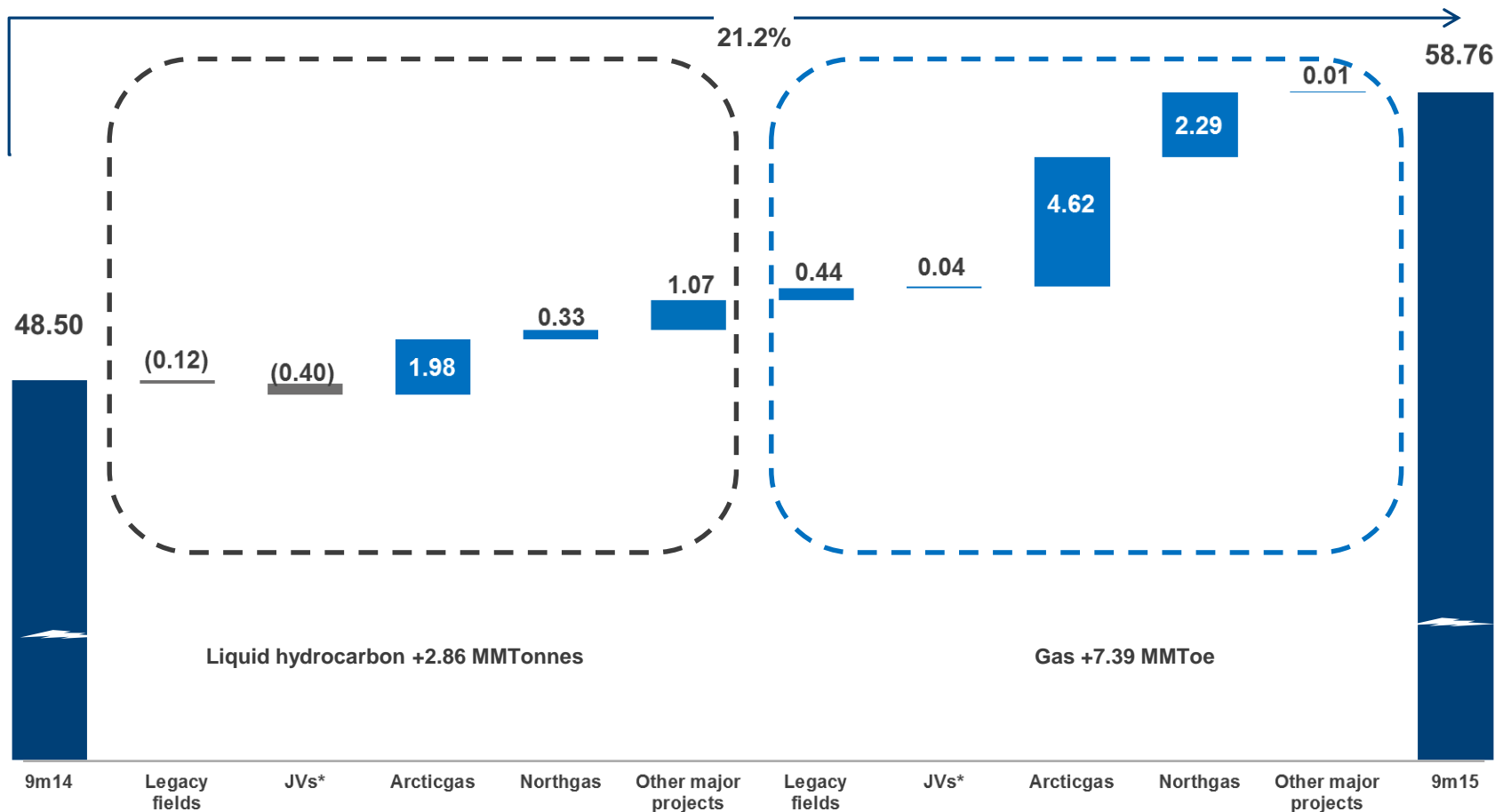


*Joint operations: proportionally consolidated companies (Tomskneft, SPD)

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

Major projects and acquisitions have driven hydrocarbon production growth

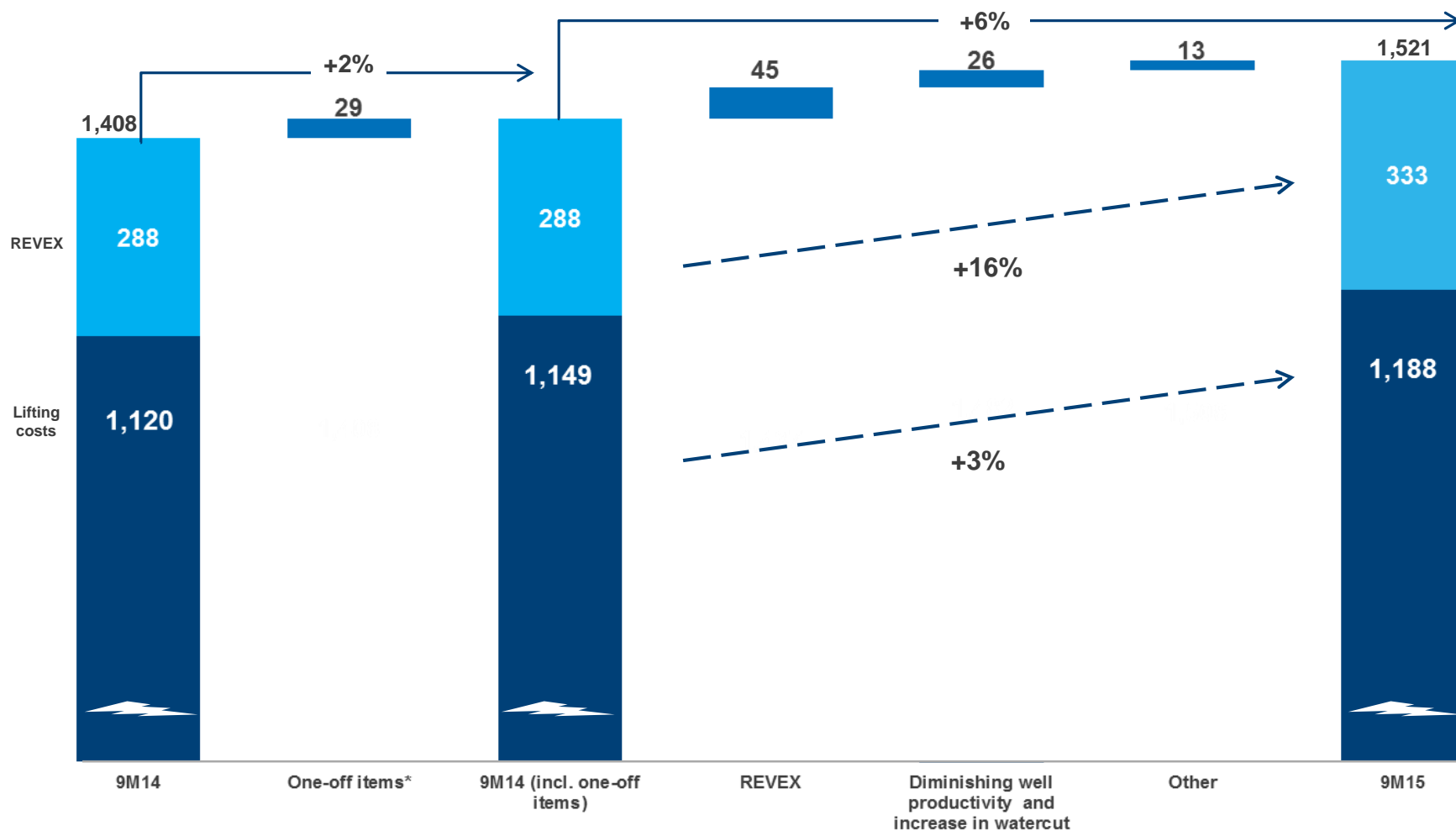
Hydrocarbon production 9M 2014 to 9M 2015, MMtoe



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

OPEX growth contained despite reserves depletion, an increase in watercut level and inflationary pressures

Brownfield OPEX reconciliation 9M15 on 9M14, RUB/toe

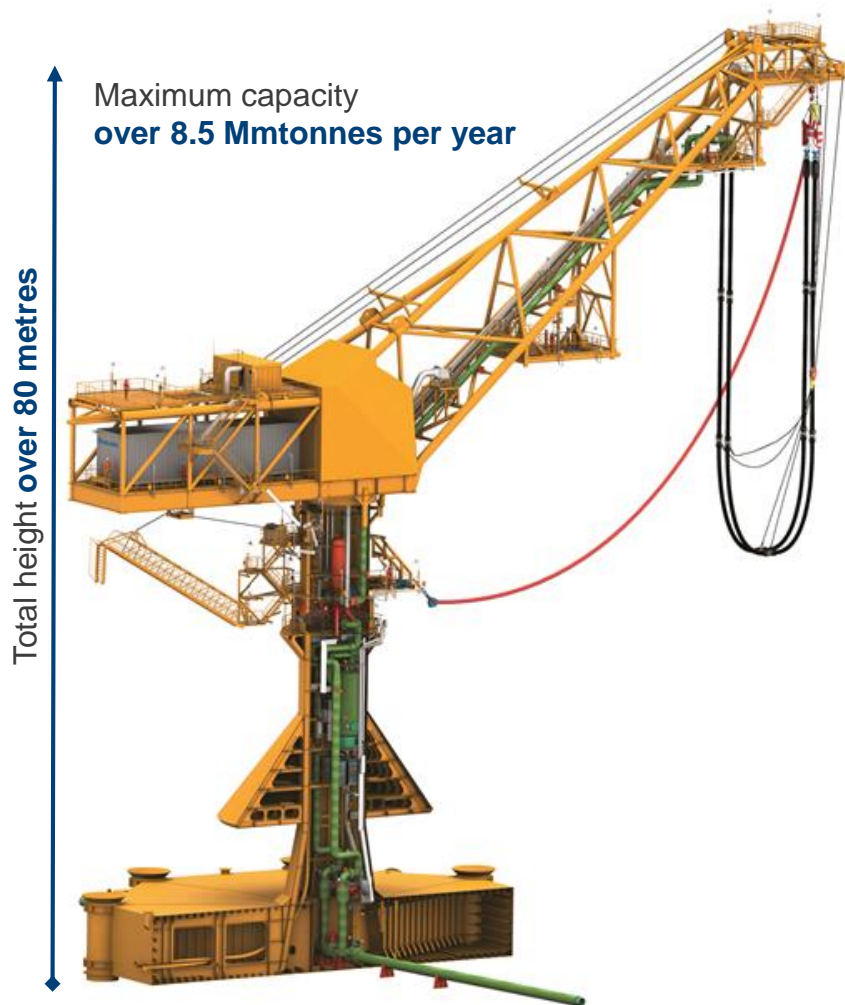


Note: The chart above takes into account the following projects: NNG, MN, Khantos, Vostok

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

Key step towards year-round oil shipments from Novoport

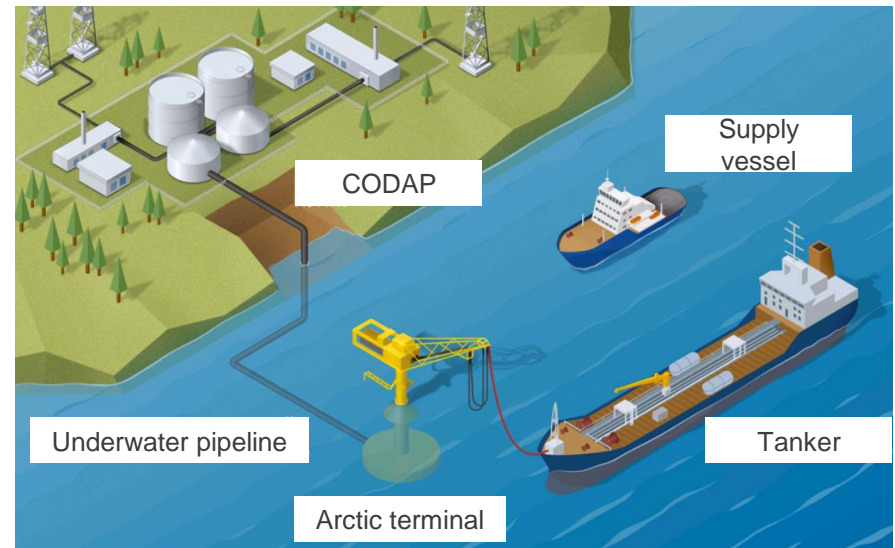
Arctic terminal



Completed assembly of the **Arctic terminal in the offshore in the Gulf of Ob**

Built **accompanying infrastructure** for oil shipments:

- Underwater and above ground pipeline with a length of over 10.5 km
- Tank farm
- Pumping stations with hydroshock protection system



Yuzhno-Priobskoye gas processing plant project reaches full utilization following completion of phase 2

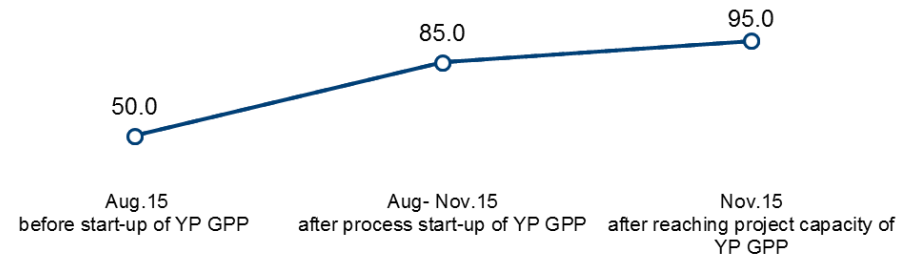
Project (GPN and Sibur JV): Yuzhno-Priobskoye gas processing plant (YP GPP)

Target: Full processing of associated petroleum gas (APG) from the Yuhzno-Priobskoye field

Capacity: 900 MMm3/year

Plant output: Dry topped gas (750 MMm3) and broad fraction of light hydrocarbons (340 thousand tonnes)

GPP utilization across GPN-Khantos, %



Phase 1

August 2013 – December 2014

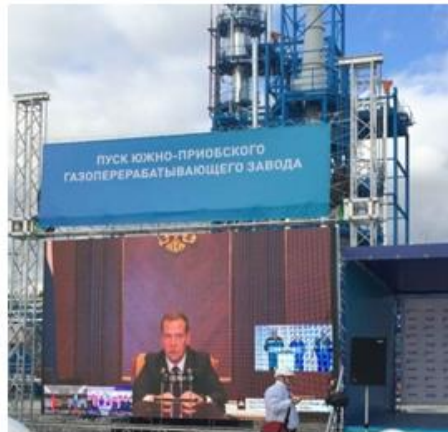
- Gas compression station
- Internal transport system
- APG collection system



Phase 2

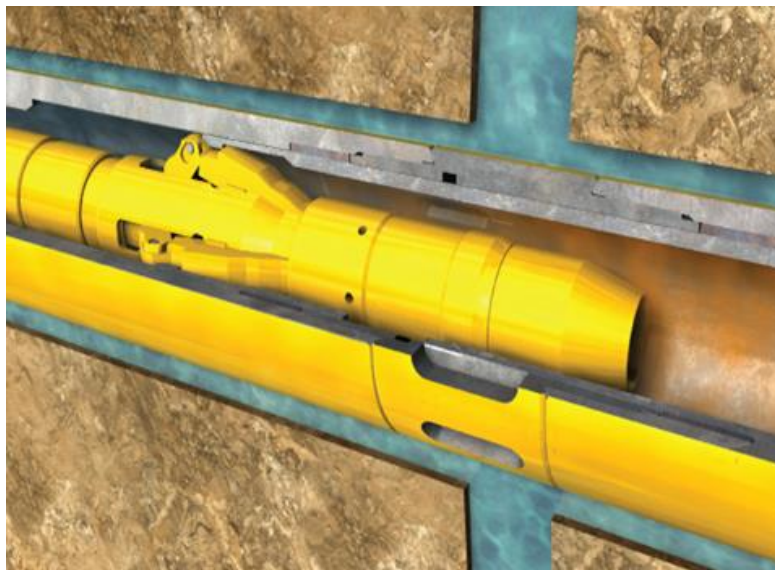
February 2014 – September 2015

- Expansion of compression station
- Gas processing plant
- Junction point from dry topped gas to gas transmission network
- Junction point from NGLs to product pipeline



Mongoose Frac System Technology* to help boost efficiency

Successfully completed a Gazprom Neft record of multi-stage fracking (11) operations at Priobskoye field, using the **“Mongoose Frac System”*** internal borehole instrument



Compared to currently-used ball and socket multi-stage fracking arrangements, ‘Mongoose’ technology allows:

- **Unlimited number of fracking stages**
- Capability to carry out repeated **multi-stage fracking**
- No need to mill balls and couplings for fracking, optimization of bottom-hole normalization
- **Ease of back-flushing of the borehole** to restore productivity after ‘STOP’ mode

Thanks to these technological benefits, this method could lead to lowering development and production costs and commercialization of additional marginal reserves:

- The technology has proven its efficiency
- Multi-stage fracking is technologically successful
- Wells have been launched according to planned targets

** Technology developed by NCS*

New field developments continue to move forward



Prirazlomnoye

- Completed construction of three wells - production (starting production rate 1,800 tpd), water injection and cuttings injection
- Eight tankers with volume of 0.5 MMTonnes dispatched since the start of 2015
- Commissioned the first stage of the base camp



**Arcticgas
Northgas**

- Streamed Yaro-Yakhinskaya gas treatment plant with a capacity of 20 mcm/day and hydrocracking capacity of 4.4 mtonnes/day
- Started design and engineering of surface facilities for oil production at Yaro-Yakhinskoye field
- Passed state technical review for the main technical solutions for Yaro-Yakhinskoye oil infrastructure projects



Novy port

- Completed summer and winter oil shipment programs; 293 thousand tonnes of oil have been exported this year
- Arctic terminal erected, the ice-breaker 'Baltika' arrived for the deployment of staff for pre-commissioning activities
- Received export duty relief
- Began construction of second-phase facilities (CPF and CODAP, 5.5 MMTonnes/year)
- Began construction of icebreaking supply vessels



**Kurdistan
(Iraq)**

- Produced millionth barrel of oil at Sarkala field at the beginning of October
- Confirmed the presence of hydrocarbons at the Shakal block
- Interpretation of results of the 2-D seismic survey at the Halabja block and 3-D survey at the Shakal block



Messoyakha

- Completed 2015 infrastructure construction program: site and right-of-way preparation for construction of 60 km high pressure oil pipeline and gas-turbine electric power plant system has been completed
- Fully completed geological exploration program (seismic exploration, drilling and testing of two wells)



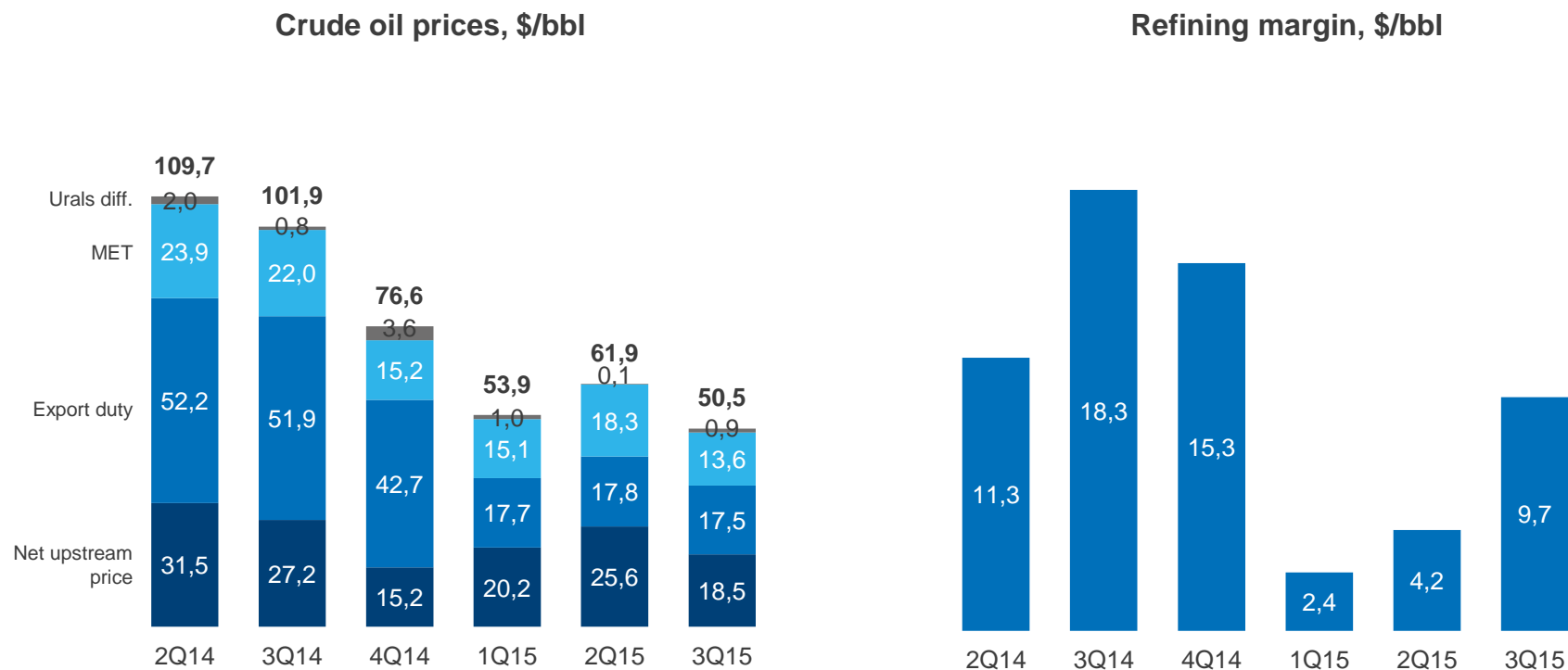
**Badra
(Iraq)**

- Completed drilling and development of three wells (average initial output – 11 mbbl/day)
- Shipped two loads (ca. 1.5 MMbbl) of cost recovery oil
- Finished the main share of construction and erection work on the second oil line
- Engaged an additional drilling unit, with four rigs drilling at present

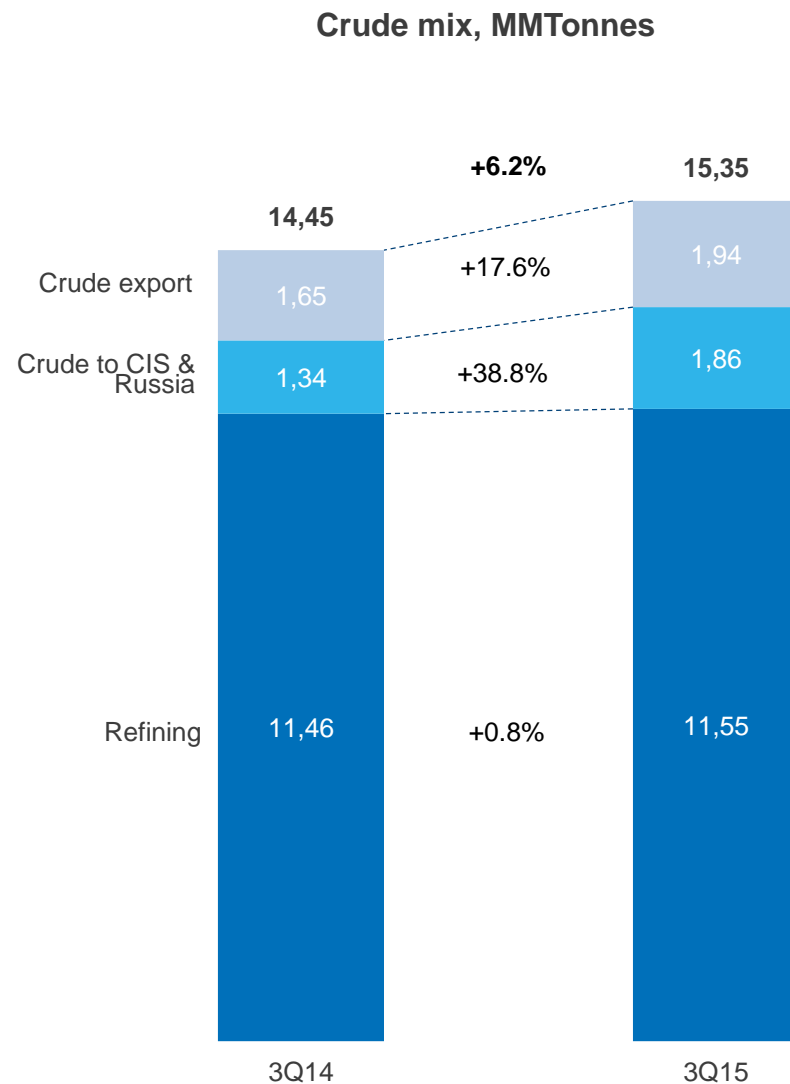
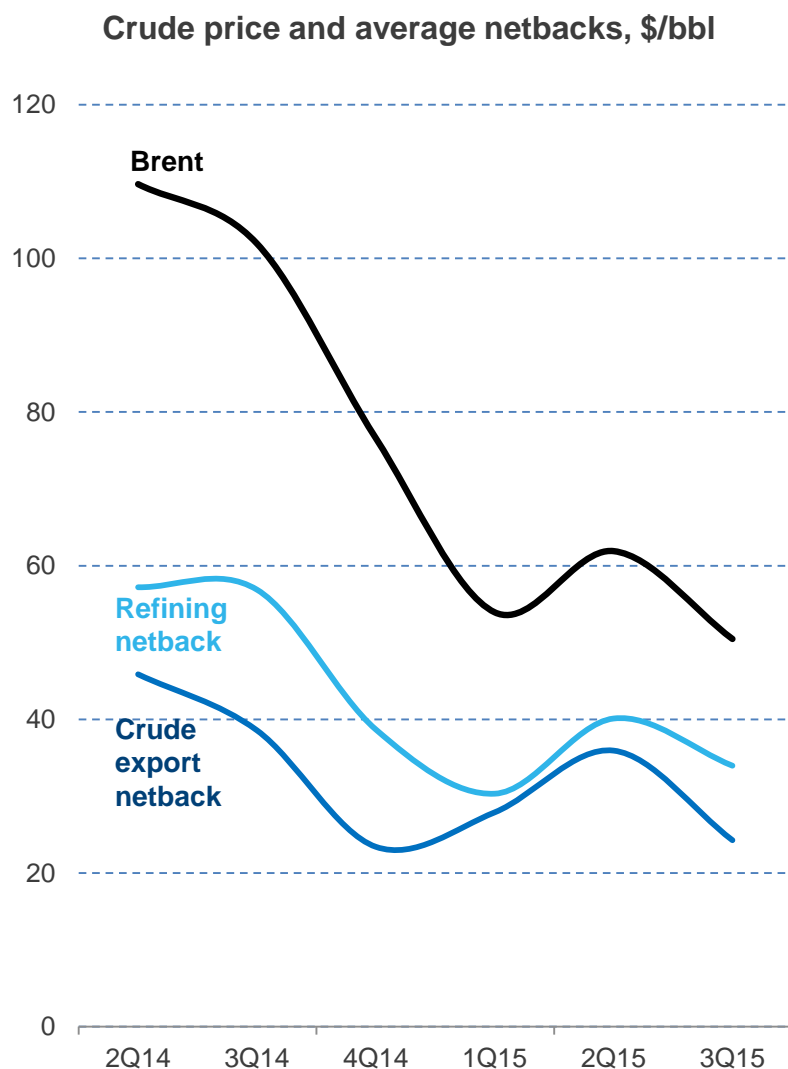
Downstream

Refining margins recover as premium sales continue to rise

Refining margins see a boost as year progresses

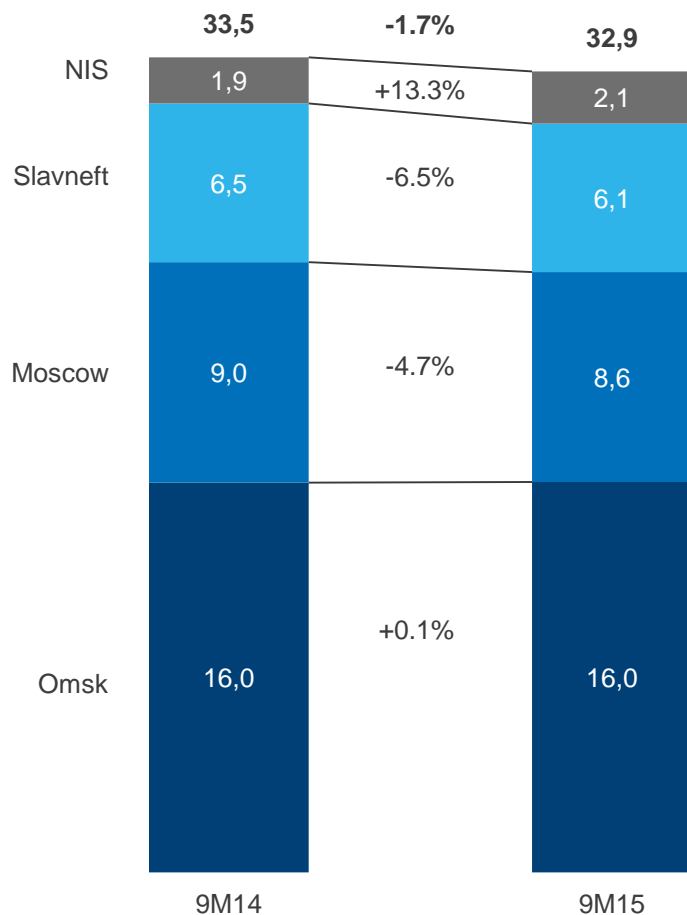


Adjusting crude and product mix in export basket to economic and price environment

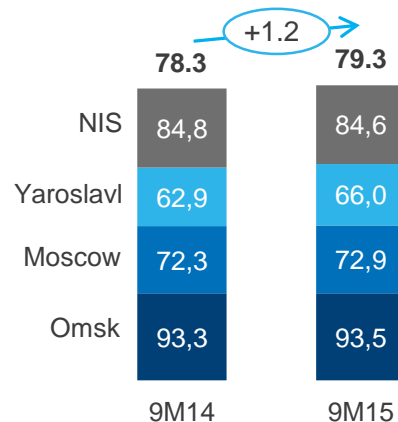


Light product yields and depth of refining continue to rise

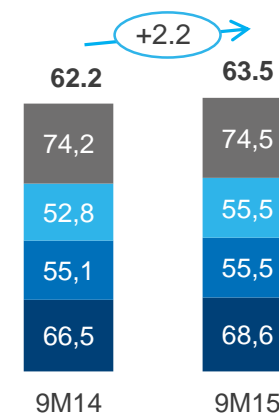
Refining throughput, MMTonnes



Depth of refining, %



Light products yield, %



Refining achievements in 9M 2015:

- Refining throughput **32.9 MMTonnes**
- Increased condensate processing at **Omsk** to 1.0 MMTonnes
- Increased share of **Class-5** output of gasoline to **95%** and diesel to **99%**
- Launched gas fractionation plant at **Moscow**
- **Moscow**: Completed construction of additives mixing unit for gasoline to produce G-Drive 95 gasoline
- **Moscow**: Completed turnaround maintenance of the “small ring” technological installations
- **NIS**: Launched diesel dewaxing unit
- **Omsk**: Began production of new oil products: MTBE, light gasoil for bunkering, polymer bitumen binding-130

Refinery reconstruction proceeds on-schedule



Moscow:

- Reconstruction of the **combined catalytic cracking unit G-43/107**
- **Project “Biosphere”** (treatment facility complex).
- Development of detailed documentation and construction of **complex oil refining units**

Omsk:

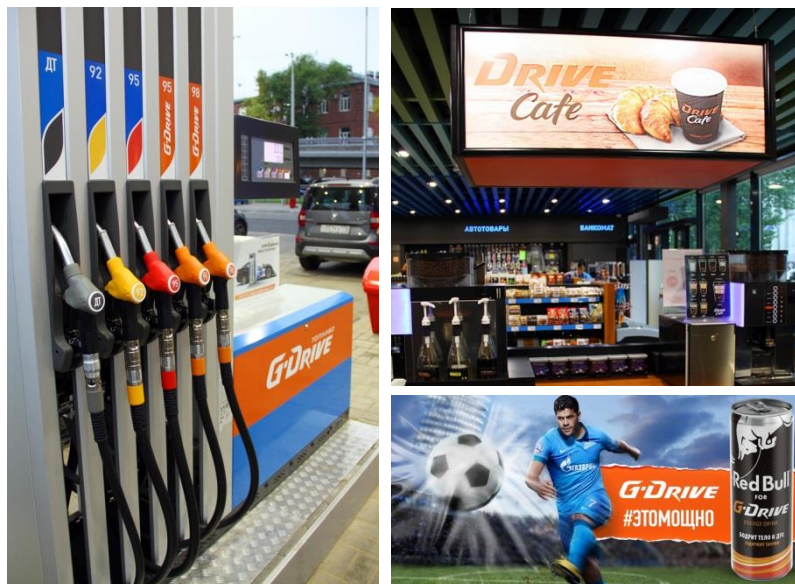
- Completed **water unit** for **catalytic cracking unit**
- Completed reconstruction of AT-9 unit
- Completed reconstruction of unit KT-1/1

Yaroslavl:

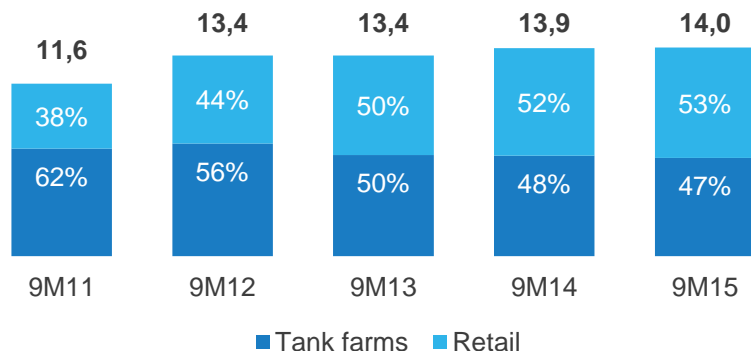
- Completed construction of a **diesel loading rack**



In a challenging market, Gazprom Neft retail fuel sales continue to see growth



Sales of gasoline and diesel, MMTonnes



Retail achievements in 9M 2015:

- Retail sales in 3Q 2015:
 - Russia 2.1 MMTonnes **+2%** Y-o-Y
 - International 0.6 MMTonnes **+2%** Y-o-Y
- Throughput per station in Russia stood at **19.7 tpd** in 3Q 2015
- Acquired 13** stations, **built 2** stations, **reconstructed 3** stations, **rebranded 1** station
- Total number of active stations reached **1,828**

Sales growth drivers:

- Rebranding
- Advertising campaign
- Loyalty program
- G-Drive fuel sales growth
- Retail chain expansion

Domestic and global expansion via premium channels continues



- Expanding into new markets for the sales of **polymer-bitumen binders**: arranged deliveries to Czech Republic, Lithuania, Turkey and Mongolia
- Official opening of the **Ryazan bitumen plant**
- Produced a pilot batch of **needle coke** at the Omsk refinery



- Increased international presence to **160** airports (+10 in 9M 2015)
- Signed an annual contract for the delivery of jet fuel to **Lufthansa**. Total delivery volume – **17 thousand tonnes**



- Signed contract with **Mediterranean Shipping Company** and **Royal Caribbean International**
- Continuing work with major **international shipowners** (CMA CGM, ZIM, CSCL, Thenamaris, HMM, SCF)



- Increasing number of «**G-Energy Service**» stations from 10 to **23**, opened new stations in Belarus, Kazakhstan and Georgia
- 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
9M15 vs. 9M14

37,2%

4,1%

-4,9%

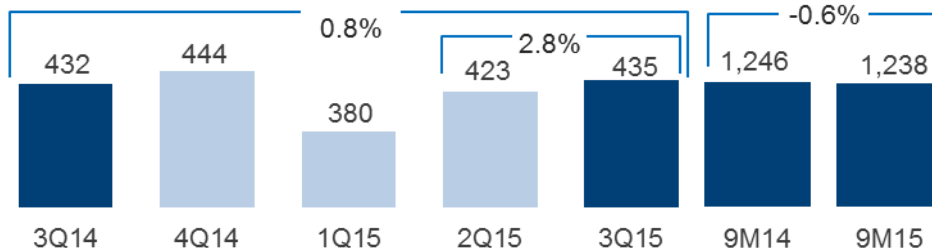
22,7%

Financials

Continued robust growth across segments and operational efficiency drive higher Y-o-Y EBITDA

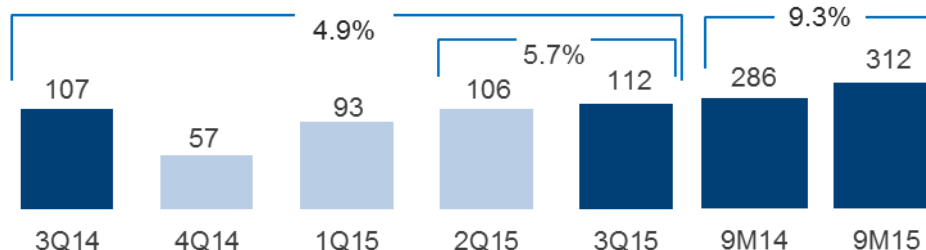
Increased production and premium sales driving Y-o-Y EBITDA growth

Sales RUB bln



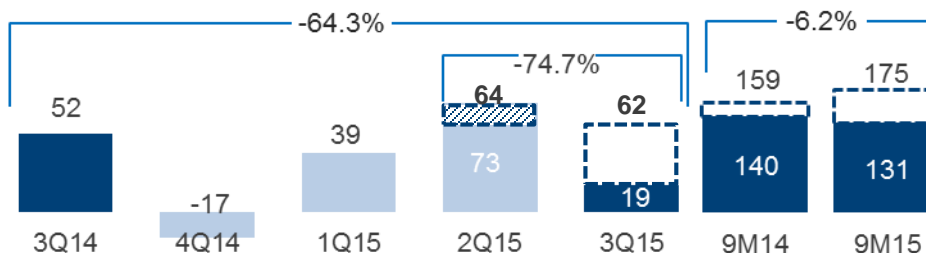
- Sales decreased 0.6% Y-o-Y due to the decline in crude and oil product prices on international markets
- Sales increased 2.8% Q-o-Q due to an increase in sales volumes, particularly via premium channels and expanded hydrocarbon production

EBITDA* RUB bln



- Increase in hydrocarbon production and management effectiveness drove 9.3% EBITDA increase Y-o-Y
- Despite negative duty lag effect and Transaero write-off, EBITDA increased 5.7% Q-o-Q driven by increasing production volumes and sales via premium channels

Net income RUB bln

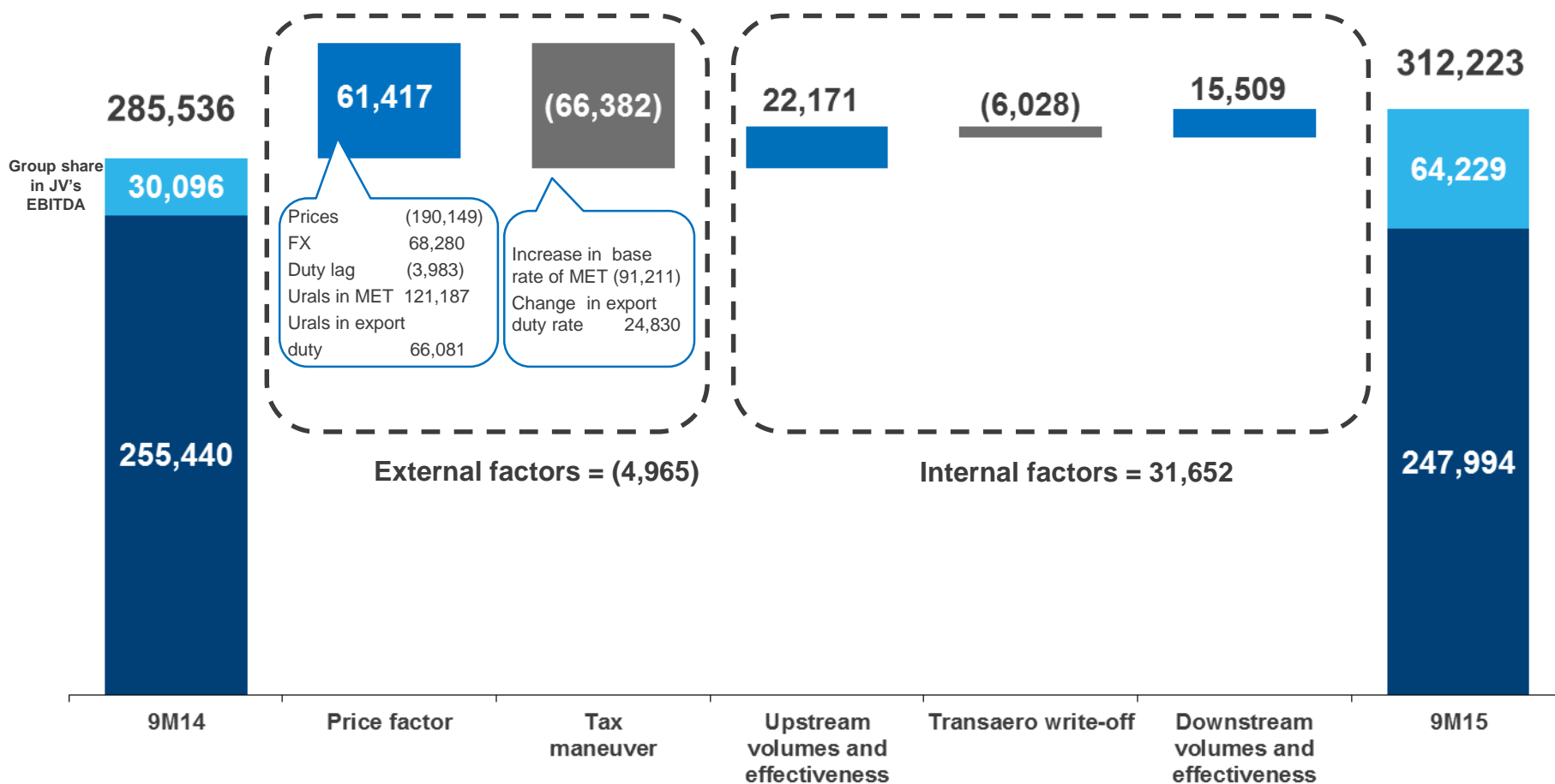


- Net income decreased 6.2% Y-o-Y due to debt revaluation forex loss, despite increase in EBITDA
- Net income decreased on 74.7% Q-o-Q due to debt revaluation forex loss, despite increase in EBITDA

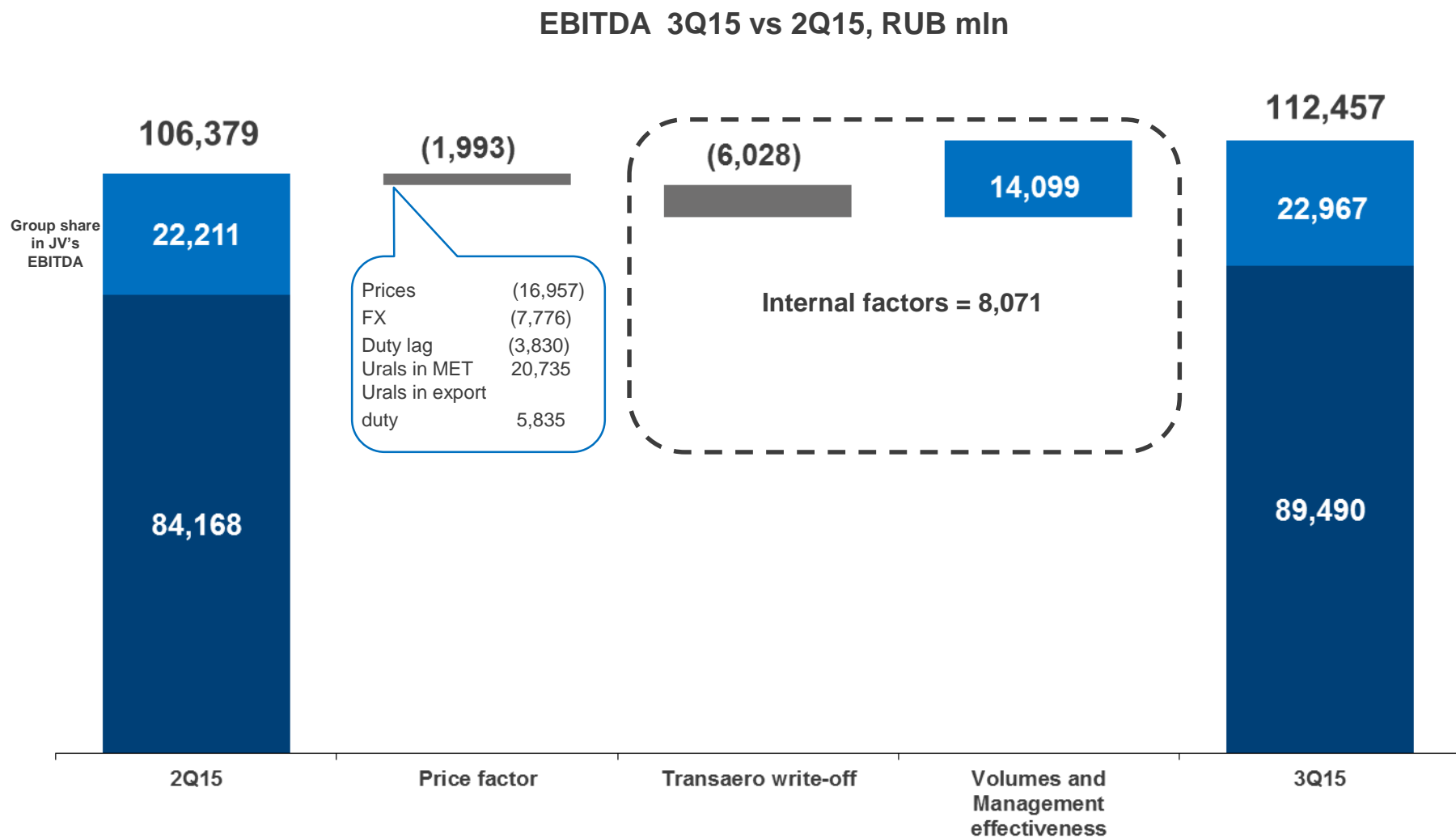
*Including GPN share in EBITDA of associates and joint ventures

EBITDA reconciliation 9M15 vs. 9M14

EBITDA 9M15 vs 9M14, RUB mln

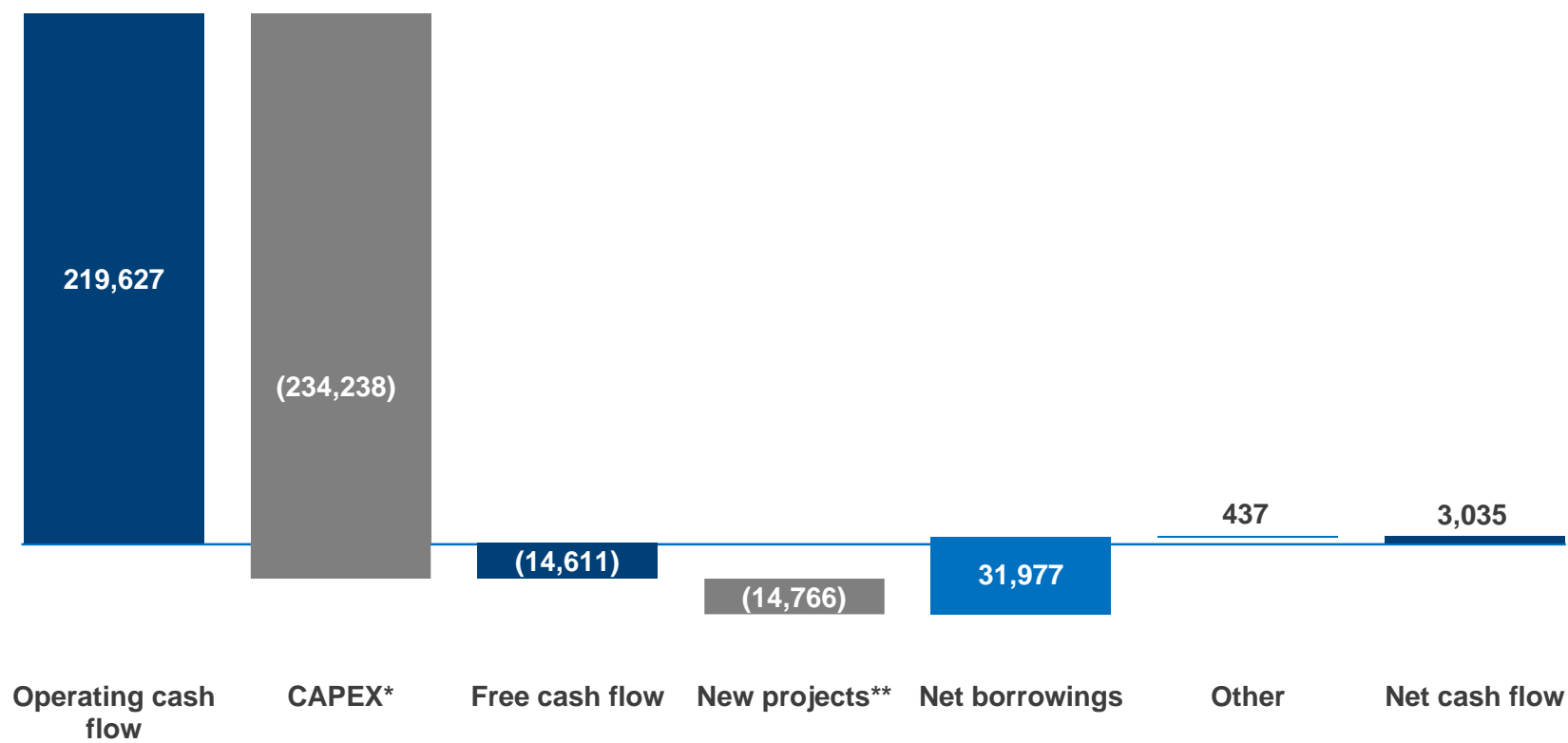


EBITDA reconciliation 3Q15 vs. 2Q15



Balanced cash flow in volatile price environment

Cash flow reconciliation 9M 2015, RUB mln



* CAPEX includes change in inventories and advances issued

** Projects not consolidated under IFRS

Upstream capex growth driven by greenfield development



30% Y-o-Y increase in **IFRS capex**

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



Greenfield capex (adjusted for Priobskoye field) rose by **72%** Y-o-Y due to active development of **Novoport, foreign projects** and consolidation of **Prirazlomnoye**



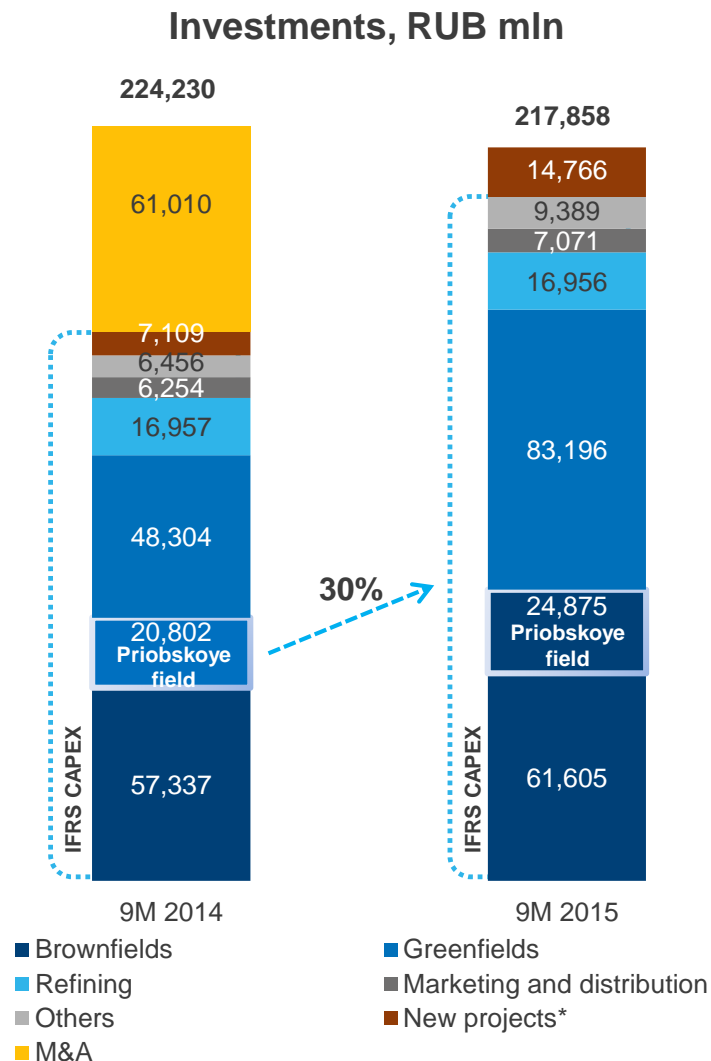
Refining capex remained steady, in line with 9M 2014

13% Y-o-Y higher **marketing** capex, driven mainly by expansion of aviation business and tank farm reconstruction



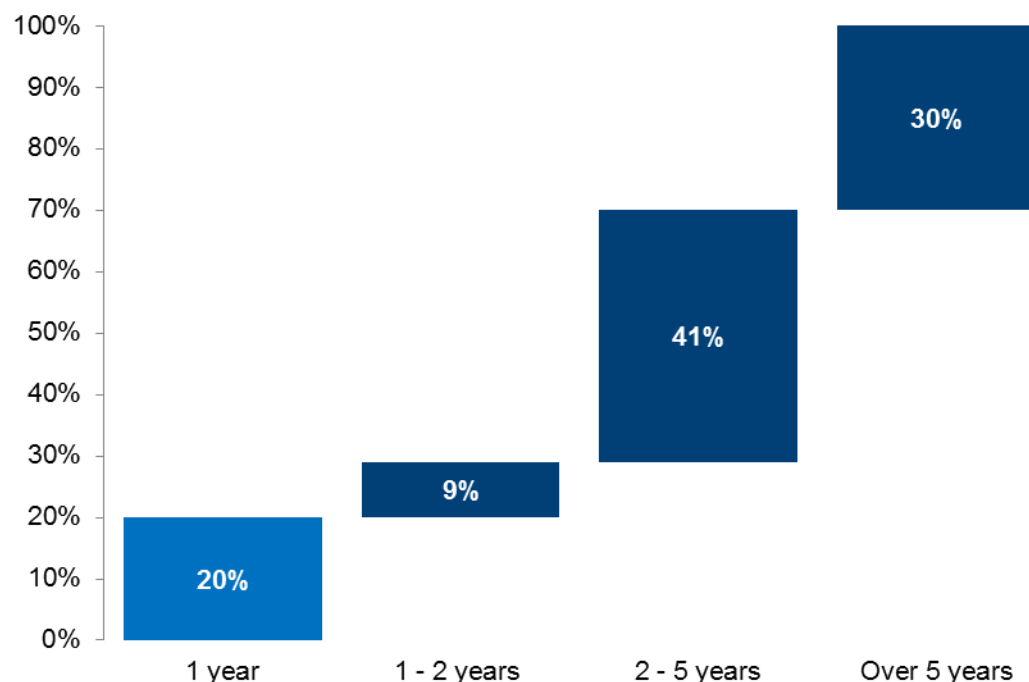
Investments in **new projects*** increased by **108%** Y-o-Y due to active development of **Messoyakha**

** Projects not consolidated under IFRS*

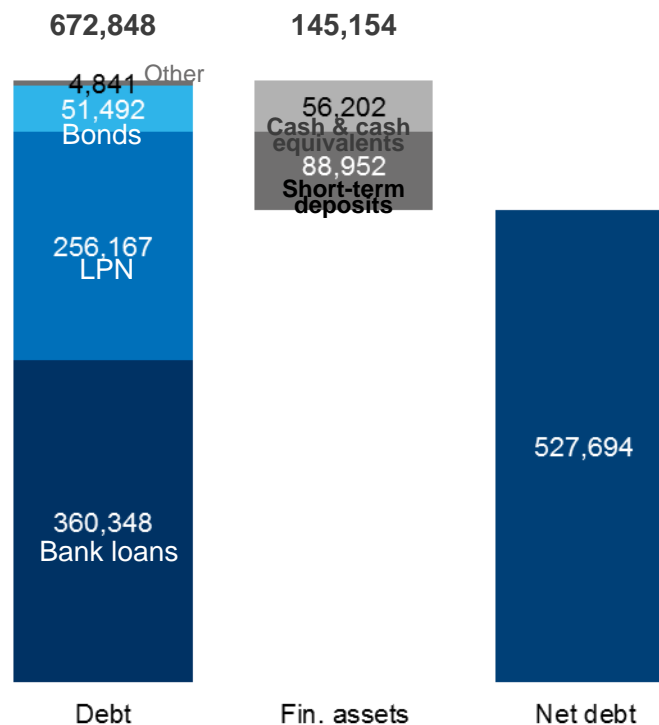


Commitment to strong and proactive capital management

Debt maturity profile at the end of 3Q15



Debt structure at the end of 3Q15, RUB mln



- Slightly decreased average debt maturity from 4.49 years at December 31, 2014 to 3.95 years at September 30, 2015
- Increased average interest rate from 3.48% at December 31, 2014 to 4.17% at September 30, 2015
- Diversified debt portfolio: bank loans, bonds, LPN (loan participation notes)