



IFRS FINANCIAL AND
OPERATING RESULTS
FOR SECOND QUARTER 2012

August 13, 2012, Saint-Petersburg

- Highlights, Macro Environment, 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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STRONG FINANCIAL PERFORMANCE WHILE ADVANCING ON STRATEGIC GOALS



- **1H 2012 Financial performance:**
 - Revenue: RUB **579** bln (+19% Y-o-Y)
 - EBITDA*: RUB **149** bln (+7% Y-o-Y)
 - Net Income: RUB **79** bln (+0.4% Y-o-Y)
- **Continued operational progress:**
 - Production up 5% Y-o-Y
 - Refining volumes up 8% Y-o-Y
 - Premium channels sales up 27% Y-o-Y
 - Average retail site throughput in Russia up 32% Y-o-Y
- **Strategic advances:**
 - Started up SeverEnergiya gas production
 - Started up FCC gasoline hydrotreater at Omsk in May
 - Began producing Class 5 high octane gasoline from Yaroslavl refinery and Class 4 from Moscow Refinery
 - Expanded retail network in North-West and Southern regions
- **2Q 2012 vs. 1Q 2012:**
 - Stable hydrocarbons production
 - Refining throughput up 10%
 - Revenue up 8%
 - EBITDA* down 12% on lower prices and negative duty lag

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

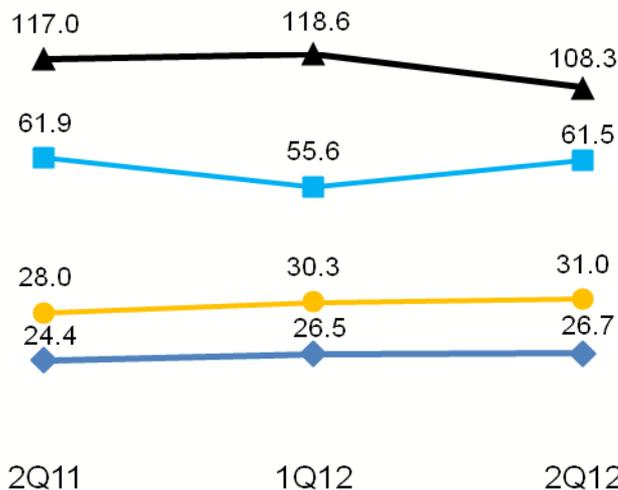
Macro Environment

Strong domestic demand, stable product prices, lower crude prices, appreciating ruble

LOWER CRUDE PRICES; TAXES FAVOR DOWNSTREAM MARGINS

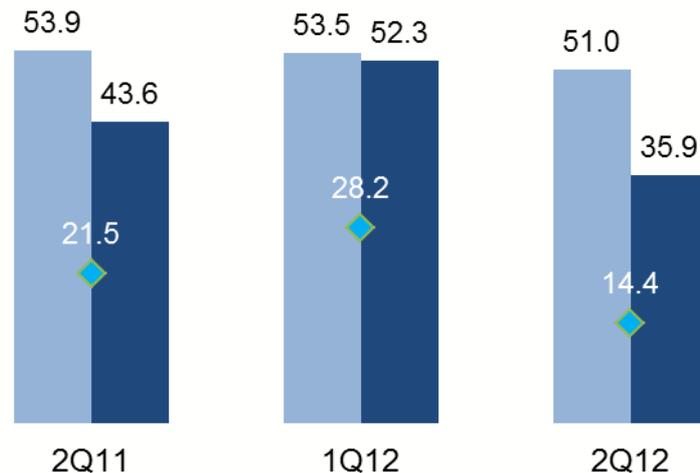


Crude & Product Prices, USD/bbl



▲ Brent, \$/bbl
■ Crude export duty
◆ Oil product domestic prices*
● Average Exchange Rate, rub/\$

Netbacks, \$/bbl



■ Refining Netback ■ Crude export netback ◆ Net upstream price**

- Ruble appreciation had negative effect on Net Income
- Lower global crude prices combined with higher export duty...

- ...Substantially squeezed upstream margins
- Domestic product prices remained steady
- Refining netback remained strong

* 92 gasoline average price (Rub per liter)

** Net upstream price is crude netback minus MET

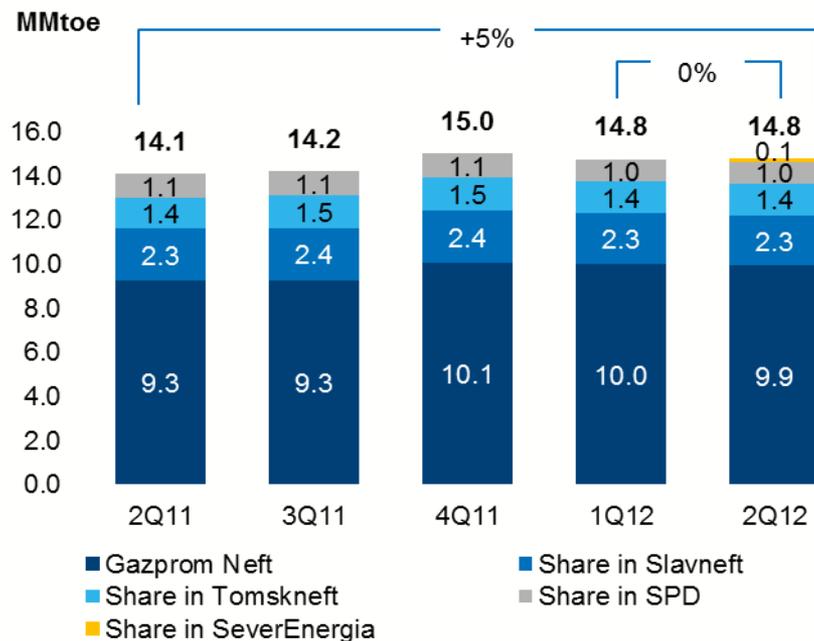
Upstream

New assets and improved technologies offset base decline

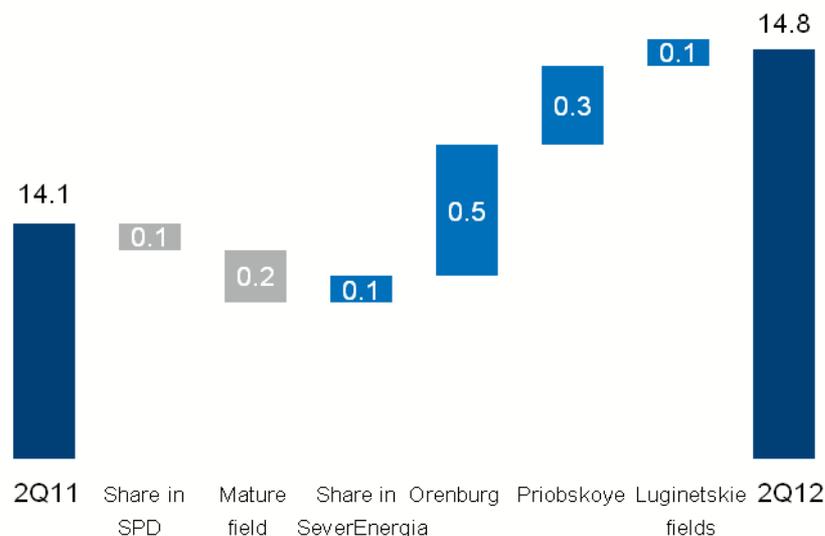
OUTPUT GROWTH FROM SEVERENERGIA, ORENBURG AND IMPROVED TECHNOLOGIES OFFSETS BASE DECLINE



Group hydrocarbon production



2Q12 vs 2Q11 reconciliation



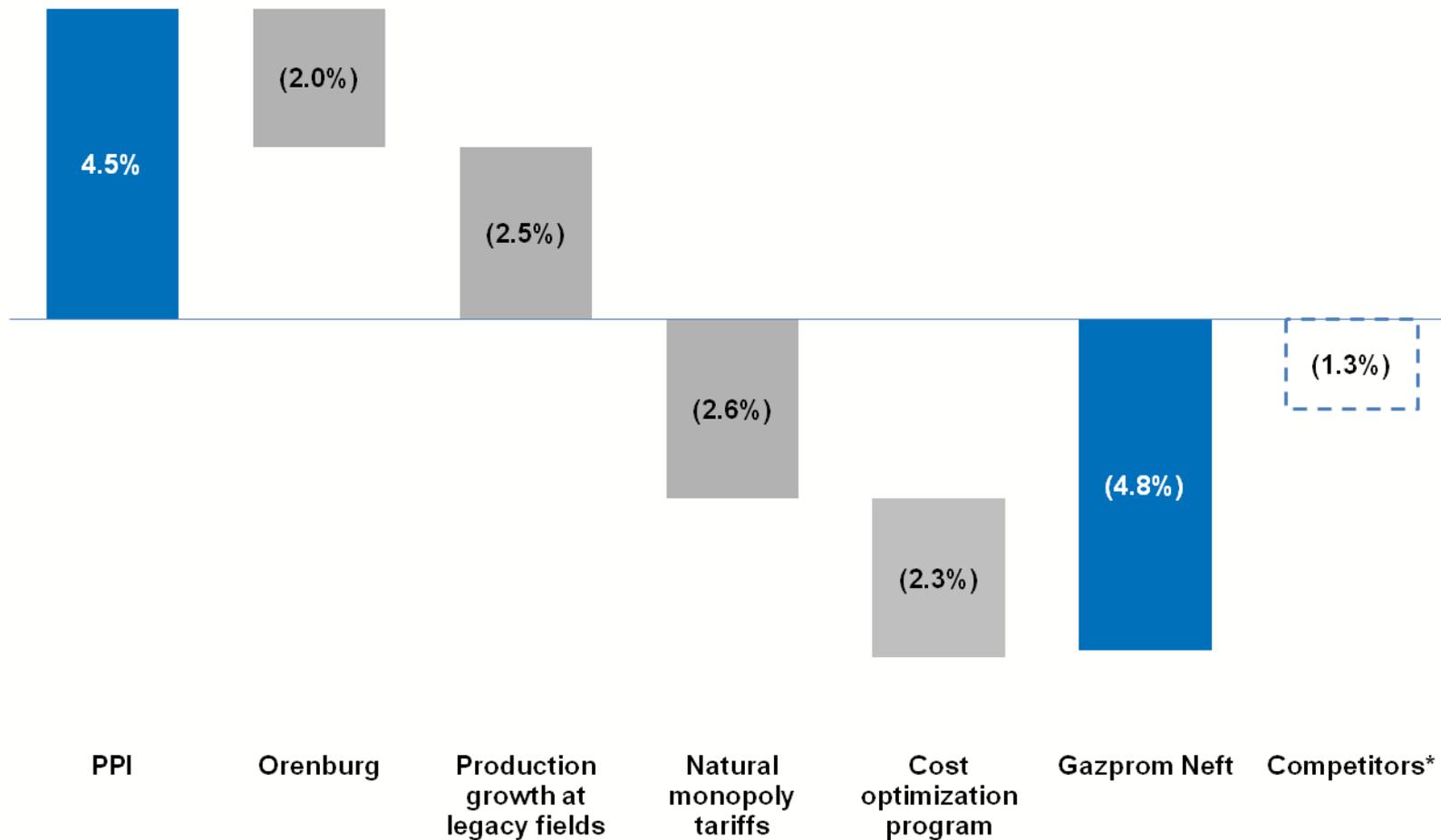
- Increased hydrocarbon production 5% Y-o-Y:
 - Started gas production from SeverEnergia's **Samburgskoye** field of (+0.1 MMToe)
 - Consolidated **Orenburg** fields (+0.5 MMToe)
 - Increased **Priobskoye** field production (+0.3 MMToe)
 - Increased **Luginetskie** fields production (+0.1 MMToe)

- Growth partially offset by:
 - Lower production at mature GPN and SPD fields (-0.3 MMToe)

EFFICIENCY AND OPTIMIZATION EFFORTS DELIVER INDUSTRY-LEADING COST CONTROL



% change OPEX/boe 1H12 Y-o-Y

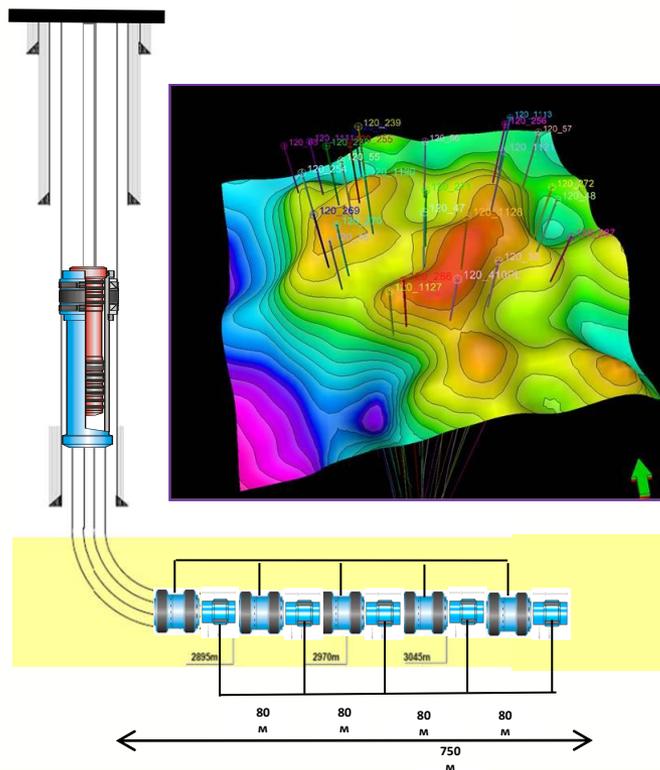


* Rosneft and TNK-BP

INCREASING PRODUCTION WITH HORIZONTAL WELLS AND STATE OF THE ART TECHNOLOGY

- Completed 20 horizontal wells in 1H12 (+25%) with average initial flow of 102.1 tonnes/day (+40% Y-o-Y). Improved initial flow rates by lengthening horizontals, increasing drilling power, and improving formation drilling quality

Results of 1H12 advanced drilling



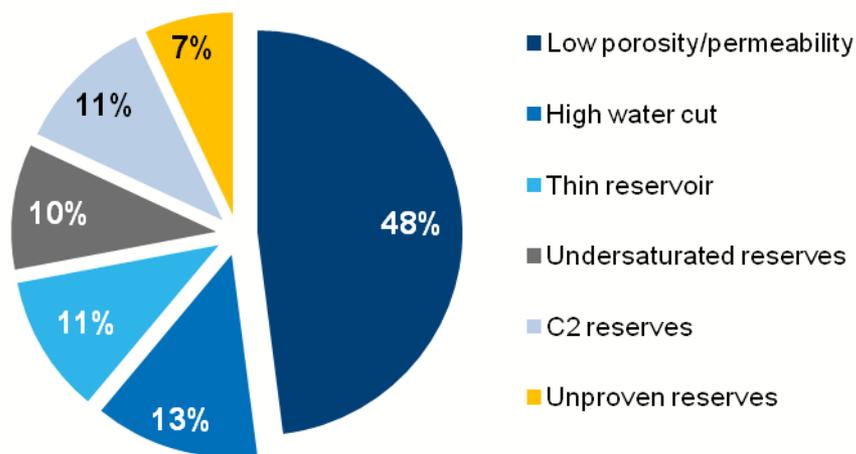
| Field | Without new technology tonnes/ day 1H11 | With new technology tonnes/ day 1H12 | Technology applied |
|-----------------|---|--------------------------------------|---|
| Umseyskoye | 40 | 108 | 3 horizontal wells, 602 m average length, including 1 dual-leg well |
| Ety-Purovskoye | 60 | 465 | Geosteering in high-pressure layer |
| Vingayahinskoye | 35 | 210 | Multi-stage frac |
| Priobskoye | 32 | 101 | Multi-stage frac |

HARD-TO-RECOVER RESERVES DEVELOPMENT PROGRAM STARTED IN 1H12



- Completed 53 drilling/workover operations in 1H12 in fields classified by company experts as 'hard-to-recover'
- As a result 3.2 mln tonnes of oil from these challenging assets are under development; this will grow to 8 mln tonnes by FY12

Classification of hard-to-recover reserves



Hard-to-recover reserves **549 MMTonnes**

| Classification | Well-work activities | Production Δ 1H12, tonnes/ day |
|--|----------------------|---------------------------------------|
| Low porosity/permeability | 23 | 690 |
| Thin reservoir | 14 | 515 |
| Low porosity/permeability + thin reservoir | 9 | 356 |
| Low porosity/permeability + high water cut | 7 | 221 |
| Total | 53 | 1,782 |
| Average | | 33.6 |

Russian Projects



- **Novoport:** Drilling four pilot production wells, selected contractors and started construction of CPF
- **Messoyakha:** Continued exploration, started test production drilling
- **Orenburg:** Increased number of drilling rigs, including sidetracks, to 18 (from six in 1Q12)
- **SeverEnergia:** Began construction of second train of gas processing facility, started drilling pilot oil production wells
- **Kuyumba:** Completed annual plan of 3D seismic (500 km² in 2012 vs. 400 km² in 2011), expanded exploration (2,286 m in 2Q vs 1,408 m in 1Q) and test production (2,013 m in 2Q vs 251 m in 1Q) drilling
- **Chonskiy:** Agreed with JOGMEC to jointly explore southern module; pilot oil well tested

International Projects



- **Eastern Europe:** Increased production at NIS in Serbia (+10% Y-o-Y); awaiting completion of license transfer in Romania
- **Iraq:** Signed mechanical completion contract for Badrah central processing facility and started detailed design engineering ; continued drilling first three wells and contracted for well completions
- **Venezuela:** three rigs at field, built well pads for five stratigraphic wells
- **Cuba:** Evaluating further geophysical prospects of offshore block after drilling dry well in 2Q12

Downstream

Product quality continues to improve as investment program accelerates, driving diverse premium sales

REFINERY MODERNIZATION CONTINUES WHILE PREMIUM SALES SEE SUSTAINED GROWTH



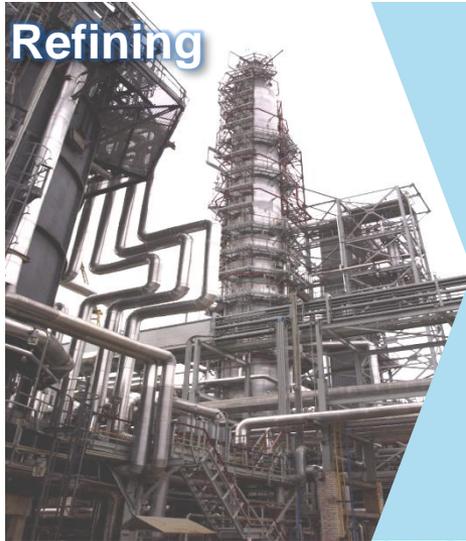
1H12 Key events:

- Increased **Refining volumes** 8% 1H12 over 1H11
- Launched FCC gasoline hydrotreater at **Omsk**
- Constructed lubricants packing complex at **Omsk**
- Began production of Class 4 high-octane motor fuel at **Moscow** and Class 5 motor fuel at **Yaroslavl**

2012 Major goals:

- Stream FCC diesel hydrotreater at **Omsk**, increasing high-quality diesel production
- Reconstruct diesel hydrotreater at **Moscow** to achieve Class 4 & 5 fuel quality
- Continue **NIS** refinery modernization plan, including completion of MHC/DHT unit, allowing transition to Euro-5 product output in 2012

Refining



Premium Sales



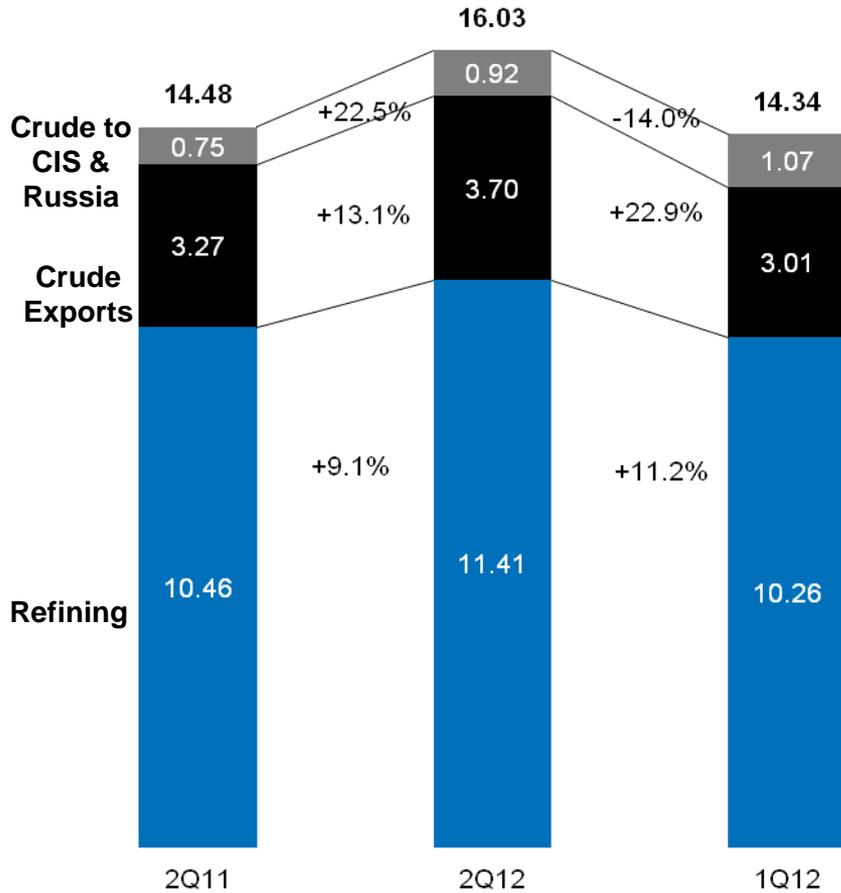
- Increased **premium sales volume** 27% 1H12 over 1H11
- Expanded network through acquisition and construction of **new retail stations**, as well as entry into Ukraine's retail market
- Increased average **daily throughput per station** for Russian & CIS network to 17.0 tpd, up 24% Y-o-Y
- Expanded **non-oil** sales 52%
- Became the **largest supplier** of light products on the domestic market

- Complete retail station **rebranding**
- Optimize network to **increase average per-site throughputs** and related products and services sales
- Continue growth of **premium sales channel**

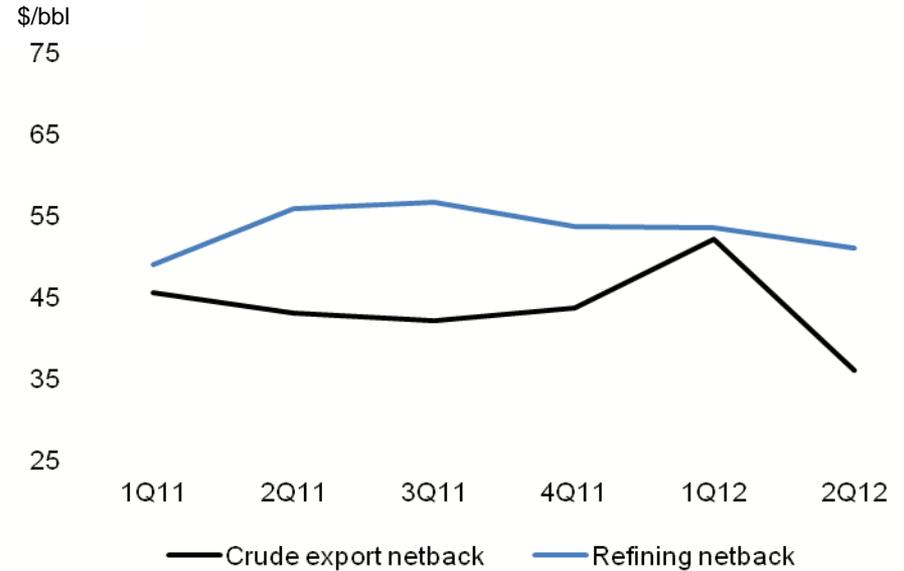
REFINING CONTINUES TO GROW ON STRONG DEMAND



Gazprom Neft crude mix (MMTonnes)



Gazprom Neft average netbacks

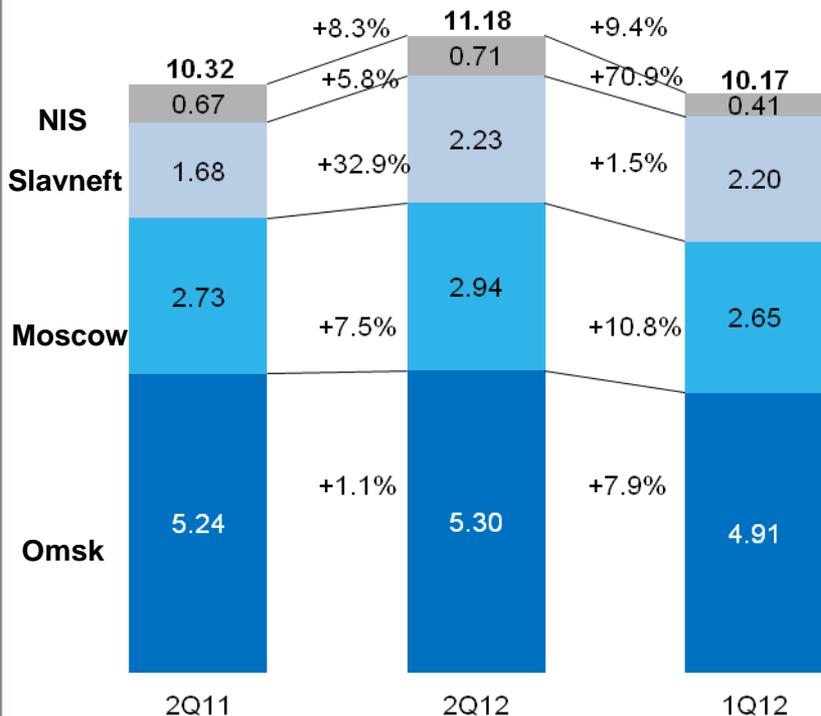


- High refining margins as netbacks stay fairly stable and crude export profitability declines

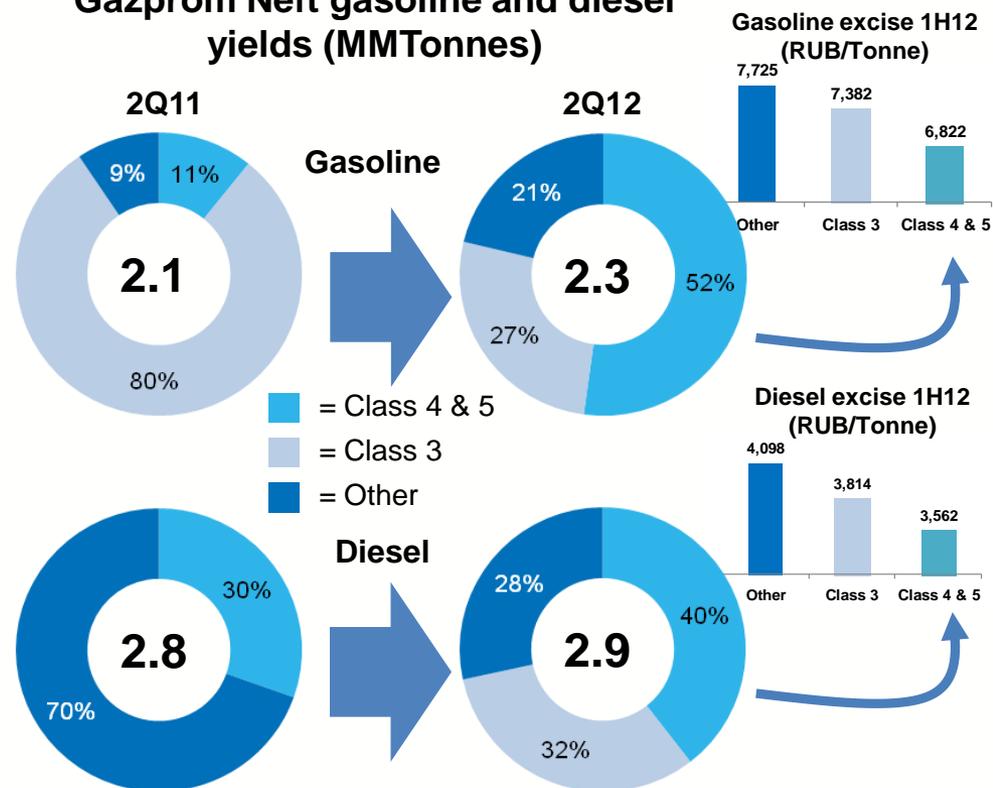
REFINING THROUGHPUTS CONTINUE TO INCREASE, WITH GREATER SHARE OF HIGHER-VALUE PRODUCT



Gazprom Neft refining throughput (MMTonnes)



Gazprom Neft gasoline and diesel yields (MMTonnes)



- Increased throughput at all Russian refineries due to higher domestic market demand and efficiency
- Refining at Mozyr commenced, via tolling operation

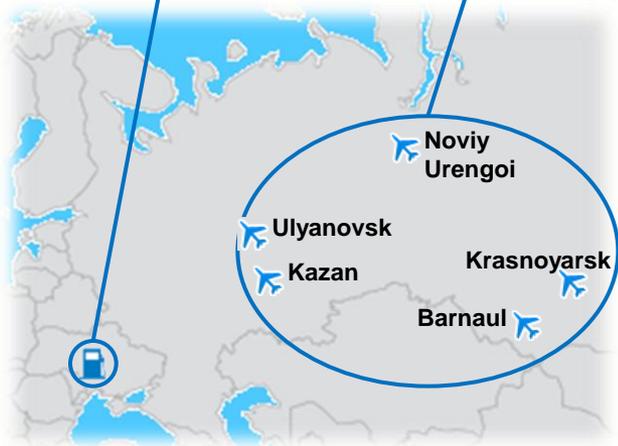
- Class 4 & 5 gasoline production increased by 41 p.p.
- Incremental income from excise tax differentiation between classes reached 1.9 bln RUB in 1H12

DOMESTIC AND INTERNATIONAL PREMIUM CHANNELS DELIVER CONTINUED GROWTH

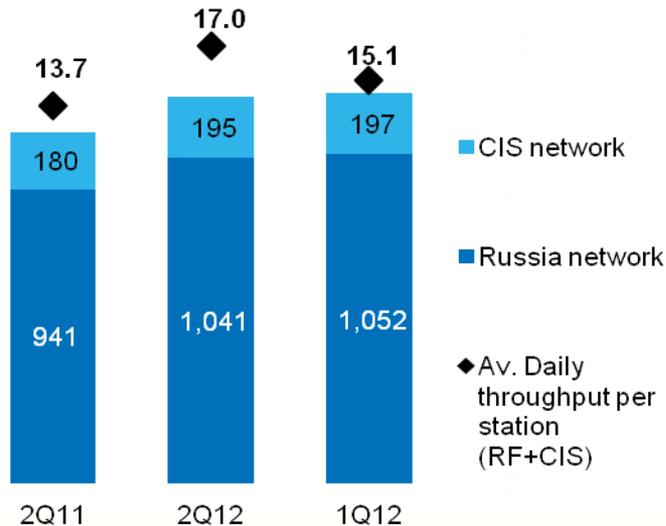


Opened 4 new stations in Ukraine

Expanded aviation refueling operations in RF



Retail metrics



1H11 vs. 1H12 premium sales growth



Retail



Entered Ukraine petroleum retail market via franchising;
Domestic loyalty program: 2.7 mln members



Lubricants



Launched new 35 premium products



Aviation



Expanded domestic refueling operations



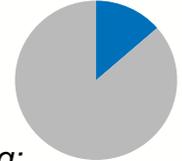
Bunkering



Purchased new bunkering tanker in St. Petersburg;
Expansion in international markets

Market share Δ 1H11 v. 1H12

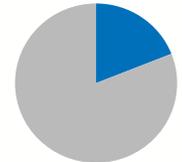
10% → 13.6%



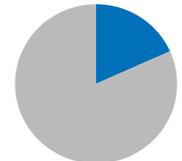
9% → 10.5%



17.6% → 19%



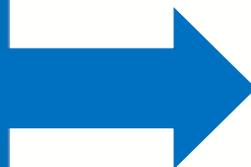
17.5% → 18.3%



POLYMER BITUMEN BECOMING A MORE COMPETITIVE, INTEGRATED INDUSTRIAL SEGMENT



Polymer bitumen is used as an innovative alternative to road bitumen, as a binder in the production of asphalt mixes for the top layer of pavement.



The use of polymer bitumen can improve the operational performance of complex mixtures of asphalt concrete (strength, resistance to the formation of ruts, cracks and frost), significantly extending (2-3 times) the service life of pavement.

2011

- **Omsk Refinery** began high-tech production of polymer bitumen and bitumen emulsions.
- Gazprom Neft has participated in several pilot projects using polymer bitumen, in the Altai, Omsk and Moscow regions.
- The Company is currently conducting long-term monitoring of asphalt pavement longevity in these areas.



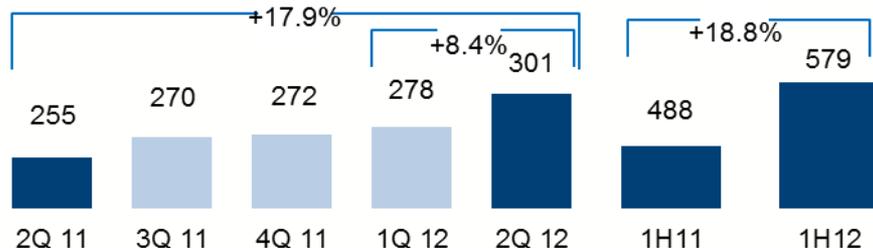
Financials

6.6% EBITDA Increase Y-o-Y

LOWER CRUDE PRICES AND EXCHANGE RATE VOLATILITY AFFECT FINANCIAL RESULTS

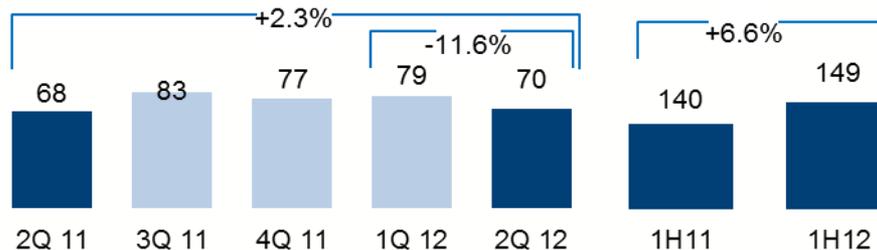


Revenues RUB bln



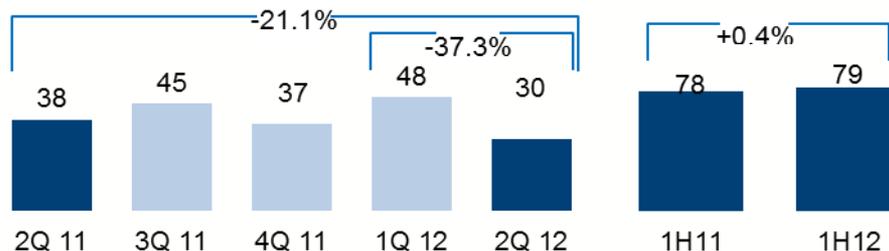
- 8.4% revenue increase Q-o-Q on higher sales volumes, partially offset by lower crude and petroleum products prices
- Revenue rose 18.8% Y-o-Y on higher crude and petroleum products prices and increased sales volumes

EBITDA* RUB bln



- 11.6% EBITDA* decrease Q-o-Q driven by lower oil price and negative duty lag
- 6.6% EBITDA* increase Y-o-Y driven by higher price environment, increased refining throughput, and product mix optimization

Net income RUB bln



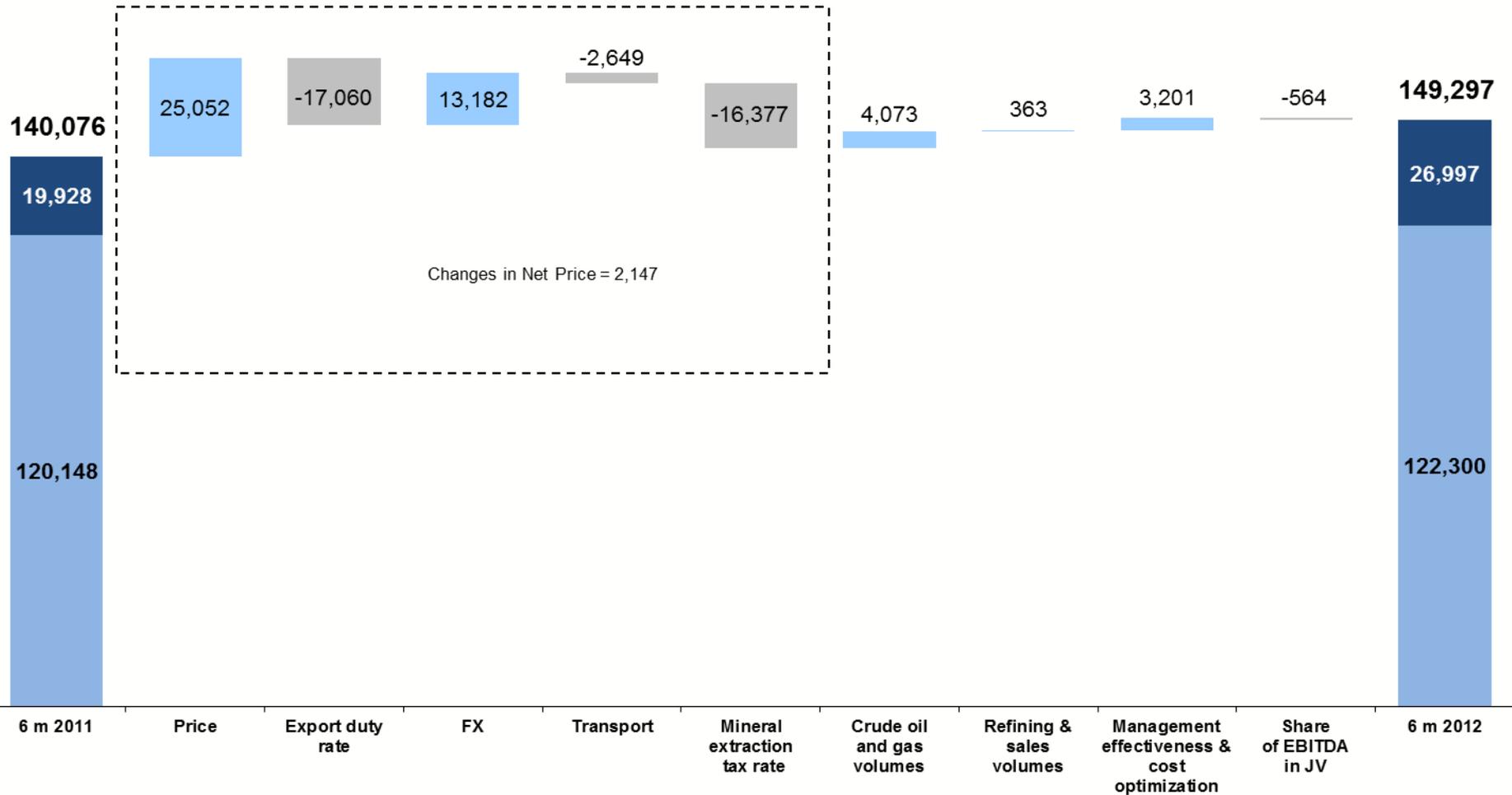
- 37.3% decline Q-o-Q driven by:
 - Lower EBITDA
 - FX loss more than reversed 1Q gain
- Steady net income Y-0-Y
 - Higher EBITDA
 - Negative FX Δ

*EBITDA includes share of affiliates' EBITDA

EBITDA RECONCILIATION 1H12 VS.1H11



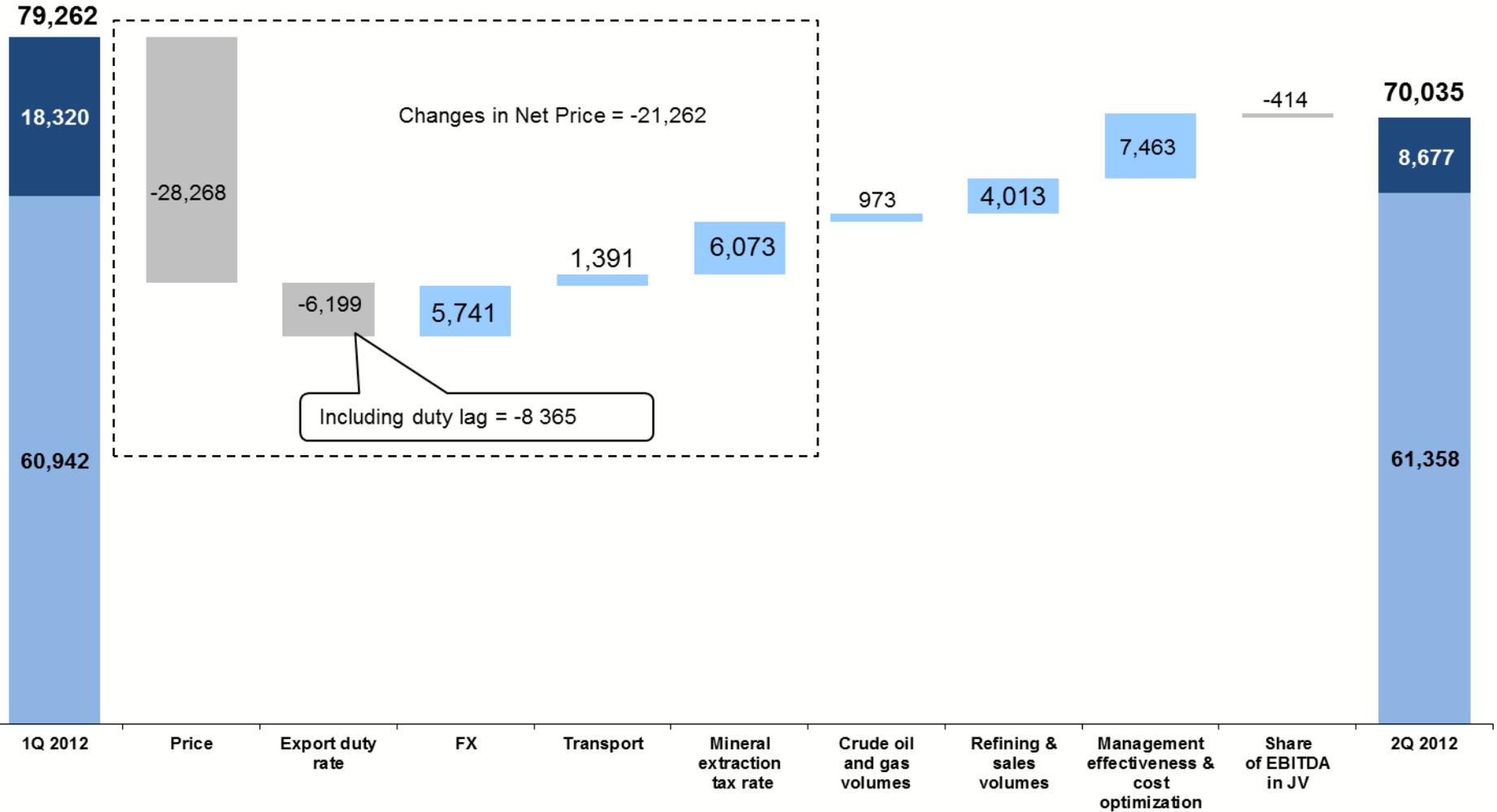
EBITDA 1H 2012 vs 1H 2011, RUB mln



EBITDA RECONCILIATION 2Q12 VS.1Q12



EBITDA 2 Q 2012 vs 1 Q 2012, RUB mln

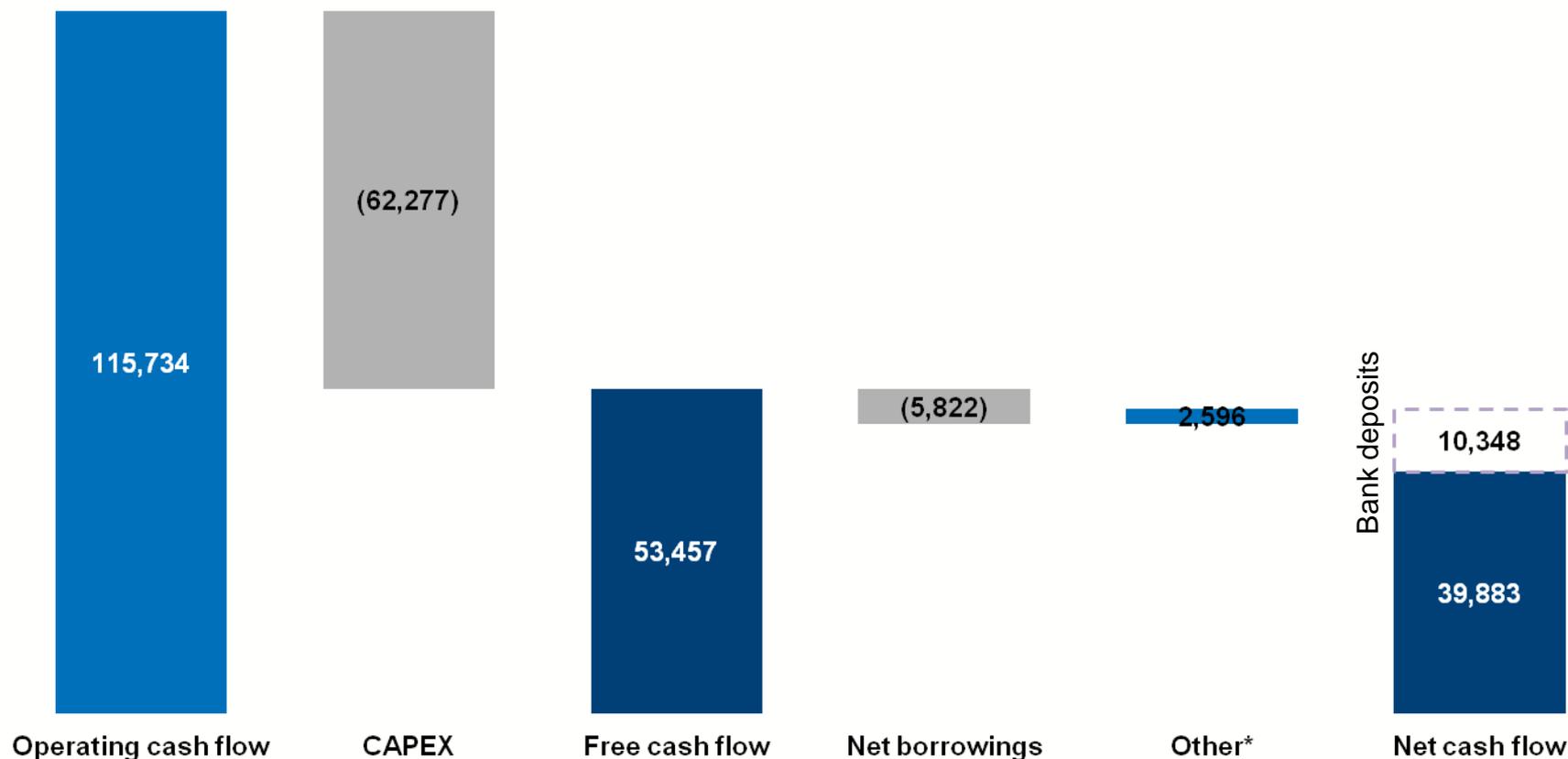


US\$ 1.7** BILLION FREE CASH FLOW GENERATED IN FIRST SIX MONTHS OF 2012



Cash flow reconciliation 1H12

RUB million



* Includes changes in investments in associated companies and proceeds from such investments

** At 30.64 RUB/US\$ 1H12 average exchange rate

HIGHER INVESTMENT REFLECTS GREENFIELD PROJECT DEVELOPMENTS, REFINERY UPGRADES AND REBRANDING



Investments in new upstream projects, refinery upgrades and premium products outlets increased total capex (excl. M&A) 24.1% vs. 2011



Marketing and distribution capex increased 76.0% Y-o-Y for extension of retail network and rebranding



Refining capex increased 128.8% due to ongoing modernization program at Company refineries



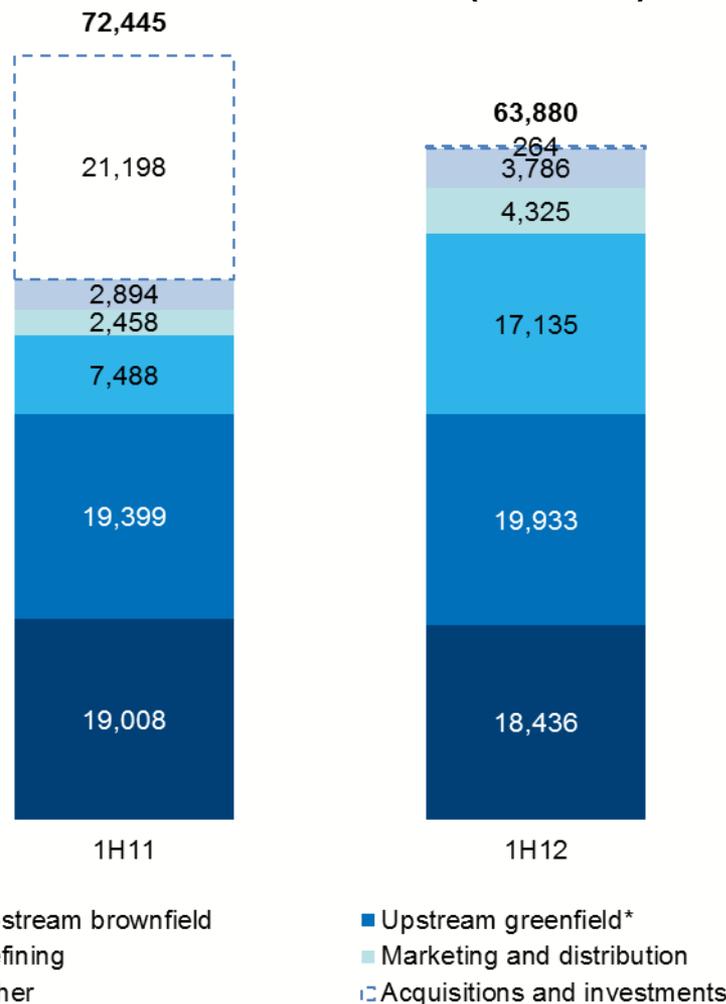
Upstream greenfield capex increased 2.8% due to active development of new upstream projects



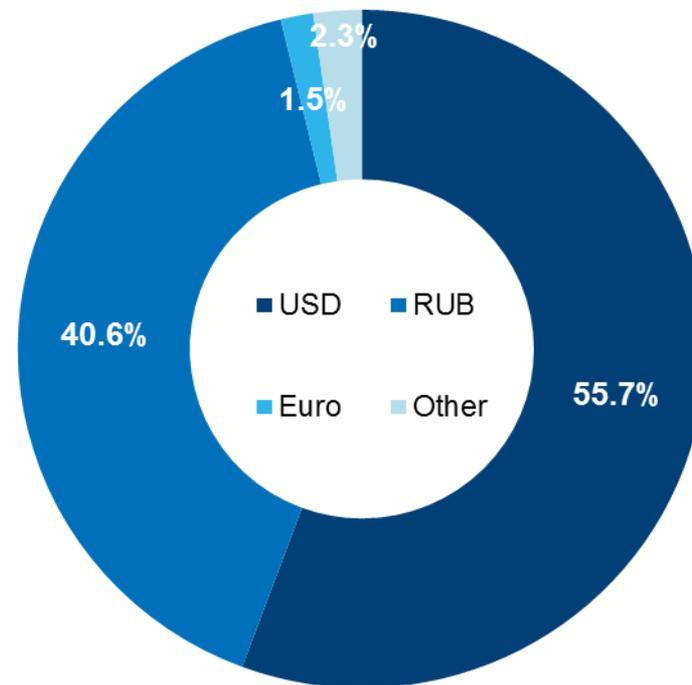
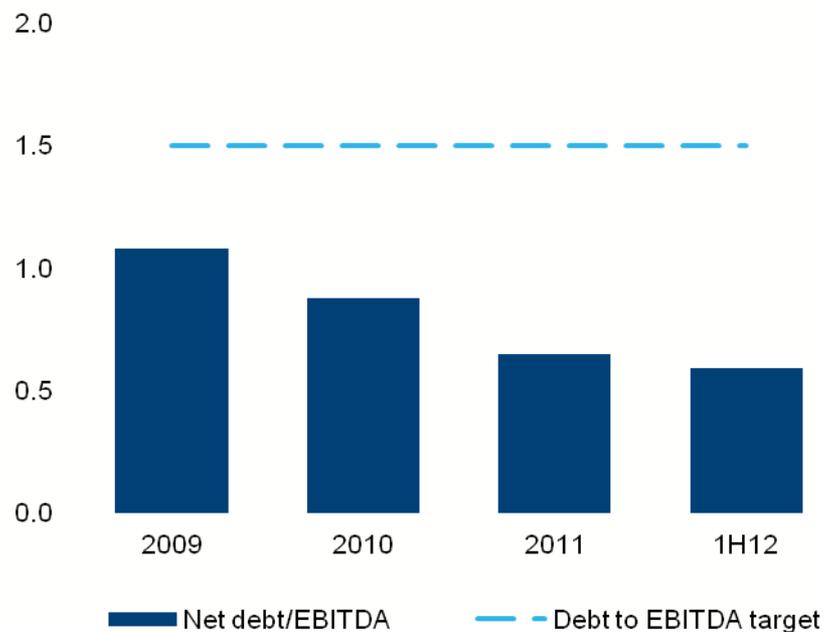
Upstream brownfield capex was in line Y-o-Y as Company focused our brownfield investment activity on implementing state-of-the-art technologies for hard-to-recover reserves

**Including investments in JV projects*

1H12 vs 1H11 CAPEX (RUB mln)



CONTINUED IMPROVEMENTS IN BALANCE SHEET AND DEBT PORTFOLIO



- Net debt/EBITDA 0.6x vs. target <1.5x
- Exercising commitment received for 10-year export credit financing will extend debt maturity profile
- Reduced average interest rate to 3.19% Y-o-Y

Questions & Answers
