OJSC Rosneft
Q3 and 9M 2013
IFRS Results

29 October, 2013
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Q3 2013 Key Operating and Financial Highlights

- **4,884 kboepd** – hydrocarbon production, growth by 2.0%
- **4,193 kbpd** – crude oil production, ~5% of global oil consumption in 2012
- **10.82 bcm** – gas production, the country’s third gas producer
- **26.0 mln t** – refinery throughput, growth by 10.2%
- **3.0 mln t** – domestic retail sales, growth by 7.1%
- **1,356 RUB bln** – revenue, 15.3% growth
- **303 RUB bln** – record high EBITDA, 40.9% growth
- **280 RUB bln** – net income, x8 higher
- **84 RUB bln** – free cash flow, more than x2 higher

Crude oil production in Q3

40% of the total production in Russia

Refining throughput in Q3

32% of the total refining in Russia

Note: (1) Compared to Q2’13; (2) According to BP Statistical Review; (3) Including the effect of TNK-BP assets revaluation related to previous 2013 periods; (4) Net income includes preliminary gain recognition of 167 RUB bln on revaluation of TNK-BP assets and other effects of revaluation in the total amount of 30 RUB bln; (5) Adjusted for operations with trading securities (outflow of 3 RUB bln in Q2’13), and one-off effect from prepayments under long-term oil supply contracts (26 and 49 RUB bln in Q2 and Q3 2013 respectively); (6) According to CDU TEK
Key Events (1)

▸ Consolidation of NGK Itera and getting full control over Taas-Yuryakh Neftegazodobycha, acquisition of Alrosa gas assets and 19.6% stake in SeverEnergia agreed, heads of agreement on acquisition of a 51% interest in Petroresurs signed

▸ 2013 business plan of the integrated Company approved by the BoD


▸ Agreements with Fortum and Enel on long-term gas supplies and with Sinopec on long-term crude oil supplies signed

▸ Jointly with ExxonMobil design subcontractors for the Russian Far East LNG project selected

▸ The package of agreements with Transneft on Skvorodino-Mohe pipeline capacity increase for 15 mln t from 2018 to 2037 signed

▸ Rosneft top managers significantly increased stakes in Company’s charter capital

Note: (1) For the period starting July 29, 2013 till October 29, 2013
## Macroeconomic Environment

<table>
<thead>
<tr>
<th></th>
<th>Q3’13</th>
<th>Q2’13</th>
<th>∆</th>
<th>9M’13</th>
<th>9M’12</th>
<th>∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average USD/RUB exchange rate</td>
<td>32.80</td>
<td>31.61</td>
<td>3.8%</td>
<td>31.62</td>
<td>31.10</td>
<td>1.7%</td>
</tr>
<tr>
<td>Inflation for the period, %</td>
<td>1.2</td>
<td>1.6</td>
<td></td>
<td>4.7</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>Urals (FOB Primorsk), th. RUB/bbl</td>
<td>3.58</td>
<td>3.17</td>
<td>12.7%</td>
<td>3.36</td>
<td>3.40</td>
<td>(1.3)%</td>
</tr>
<tr>
<td>Gasoil 0.1% (FOB/CIF Med), th. RUB/t</td>
<td>30.5</td>
<td>27.5</td>
<td>10.8%</td>
<td>29.0</td>
<td>29.7</td>
<td>(2.4)%</td>
</tr>
<tr>
<td>Fuel oil 3.5% (FOB/CIF Med), th. RUB/ton</td>
<td>19.6</td>
<td>18.4</td>
<td>6.7%</td>
<td>18.9</td>
<td>20.1</td>
<td>(6.0)%</td>
</tr>
<tr>
<td>High octane gasoline (av. Russia), th. RUB/t</td>
<td>29.4</td>
<td>25.1</td>
<td>16.9%</td>
<td>26.9</td>
<td>24.8</td>
<td>8.3%</td>
</tr>
<tr>
<td>Diesel (av. Russia), th. RUB/t (summer)</td>
<td>25.9</td>
<td>24.9</td>
<td>3.9%</td>
<td>25.1</td>
<td>22.8</td>
<td>9.9%</td>
</tr>
</tbody>
</table>
## Financial Results Overview

<table>
<thead>
<tr>
<th>Item name (1)</th>
<th>Q3’13</th>
<th>Q2’13</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and equity share in profits of associates and joint ventures</td>
<td>1,356</td>
<td>1,176</td>
<td>15.3%</td>
</tr>
<tr>
<td>Oil, gas, petroleum products and petrochemicals sales</td>
<td>1,339</td>
<td>1,158</td>
<td>15.6%</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>1,173(2)</td>
<td>1,054</td>
<td>11.3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>303(2)</td>
<td>215</td>
<td>40.9%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>22.3%</td>
<td>18.3%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>280(3)</td>
<td>35</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Net Income margin</td>
<td>20.6%</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>CAPEX</td>
<td>130</td>
<td>153</td>
<td>(15.0)%</td>
</tr>
</tbody>
</table>

Note: (1) In RUB bln unless otherwise stated (2) Including the effect of TNK-BP assets revaluation related to previous 2013 periods (3) Net income includes gain recognition of 167 RUB bln on revaluation of TNK-BP assets and other effects of revaluation in the total amount of (30) RUB bln
Efficient Maintenance of Production Levels

Stable production at brownfields:

- ~1% production growth at Yuganskneftegaz and RN-Nyagan

- 2.5% and 1.6% production growth at Samaraneftegaz and Orenburgneft, respectively

Greenfields – 18.7% of total production

Production growth at greenfields – 3.5%:

- Uvat: Integration of Tyamkinsky Hub into operation, commissioning of new wells and further progress in efficient drilling program

- Verkhnechonsk and Vankor: efficient drilling program and commissioning of new wells

- Accelerated commissioning of Suzun, Tagul, Russkoe and Lodochnoe fields: plan of cluster pad allocation developed, H1’14 – approval of field infrastructure development general scheme planned

Note: (1) Compared to Q2’13
Progress in Gas Business Development

Production

- Acquisition of 49% stake in Itera completed
- Agreement on acquisition of gas assets: 100% in Geotransgaz, Urengoi Gas Company, Irelyakhneft, ~100% in ALROSA -Gas
- Binding agreement with Enel on acquisition of 19.6% stake in SeverEnergia

LNG

- Jointly with ExxonMobil design contractors for the Russia’s Far East LNG project selected: CBi, FW

Sales

- Agreement with QAO on gas supplies in 2014-2025
- Agreement with Fortum on 8.3 bcm additional gas supplies up to 2019

Note: (1) In 2020 (2) Launch of LNG plant is planned for 2018
Refinery Modernization Program: On Track

- **CAPEX**
  - 867 RUB bln
  - 366 RUB bln financed as of Sep 30, 2013

- **Capacity commissioning**
  - 70 mln t
  - 19(1) mln t commissioned since 2008

- **Euro-3 output by 2014**
  - 9 mln t
  - 9 mln t of Euro-3 gasoline and diesel produced in 9M’13(2)

- **Euro-4,5 by 2015**
  - 28 mln t
  - 13 mln t Euro-4,5 gasoline and diesel produced in 9M’13(2)

**Q3’13 key events**

- CDU-12 crude distillation unit commissioned at Tuapse refinery

- Euro-5 gasoline and jet production increased at Achinsk refinery due to optimization of process units operations along with naphtha cut down

- Additional **positive effect** for 9M’13 totaled 10 RUB bln mainly due to product slate optimization

- **1,322 RUB/t** – refining margin in Q3’13

*Note: (1) Including upgrades with capacity increase (2) Including TNK-BP refineries from January 1, 2013*
Increasing Marketing Efficiency

- Starting supplies to **Czech refineries** – premium market as compared to common export channels

- Starting supplies to **CNPC** under the new long-term oil supply contract

- **1.2 mln t** of crude sold on the domestic market under long-term contracts at a premium to the export netback

- Fuel oil sales through commodity exchange started in July 2013: **160 th. t** sold at **30-50 USD/t premium** to export parity

- **4 filling stations** of the ‘Olympic’ format put into operation

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**Sales via own network**

<table>
<thead>
<tr>
<th></th>
<th>Q1'13</th>
<th>Q2'13</th>
<th>Q3'13</th>
</tr>
</thead>
<tbody>
<tr>
<td>tpd</td>
<td>11.5</td>
<td>12.2</td>
<td>13.1</td>
</tr>
</tbody>
</table>

**Steady B2B business development**

<table>
<thead>
<tr>
<th></th>
<th>Q2'13</th>
<th>Q3'13</th>
</tr>
</thead>
<tbody>
<tr>
<td>th. t</td>
<td>2.2</td>
<td>2.8</td>
</tr>
<tr>
<td>Jet</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Bunker fuel</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Bitumen</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Efficient gas monetization policy resulted in a revenue growth of **RUB 16 bln**

- Enjoying **high netbacks** on effective allocation of crude and petroleum product

- Domestic petroleum products sales volume in Q3’13 amounted to 9.7 mln t (+15.5% vs. Q2’13) – accounting for more than 44% of Rosneft total output in Russia

*Note: (1) Including revenues and equity share in profits of associates and joint ventures*
Cost Control

Cost structure in Q3’13

1,173 RUB bln

- Export customs duty: 8.4%
- Cost of purchased oil and petroleum products: 10.2%
- Depreciation, depletion and amortization: 9.2%
- Production and operating expenses: 11.8%
- Transportation costs: 24.8%
- Exploration expenses: 2.8%
- General and administrative expenses: 0.4%
- Taxes in cost: 32.4%

Controlled expenses

- Lifting costs (1)
  - Q2’13: 158 RUB/blb
  - Q3’13: 159 RUB/blb

- Processing costs (2)
  - Q2’13: 101 RUB/blb
  - Q3’13: 102 RUB/blb

Note: (1) The unit cost value per barrel of oil produced (2) At Russian refineries (using conversion ratio from tonnes to barrels of 7.362) (3) Among public oil companies

- **Taxes, customs duty and transportation costs** account for c. 66% Rosneft’s costs
- Upstream and downstream Opex growth is **below the inflation rate**
- **4.9 USD/blb** – the lowest lifting costs **globally** (3)
EBITDA Reconciliation

RUB bln

Q2’13  Revenue             180  (26)  (20)  (39)  (5)  (2)  303  Q3’13

Q3’13  Revenue             215  (26)  (20)  (39)  (5)  (2)  303  Q3’13

Revenue  MET  Export duty  Purchase of oil, petroleum products and gas  Transport  Other  Q3’13
Stable Cash Flow to Finance Investment Program

Operating cash flow$^{(1)}$ and CAPEX

Note: $^{(1)}$ Adjusted for the effect from operations with trading securities, working capital change and the prepayments received under long-term oil supply contracts.
Credit Profile

Weighted average cost of debt, %

- December 31, 2011: 3.8%
- December 31, 2012: 3.5%
- September 30, 2013: 3.1%

Repayment profile(1)

- RUB bln
- 2013: 229
- 2014: 619
- 2015: 587
- 2016: 253
- 2017 and beyond: 961

- Long-term debt represents 77.8% of the total portfolio, including other short-term liabilities in the amount of RUB 6 bln
- Substantial cash on the Company’s accounts (246 RUB bln as of September 30, 2013)

Note: (1) Including future interest accrued based on exchange and interest rates as of September 30, 2013 (excluding debt to other companies of Yukos group)
Increasing Dividend Yield

Rosneft’s Dividend per share (DPS) growth

- Revaluation of TNK-BP assets increases DPS by RUB 3.94
- As a result of the management remuneration program Rosneft’s top managers acquired more than 13 mln shares in August. It exemplifies management confidence in the Company’s further successful development
Appendix
### Non-controlled Expenses

<table>
<thead>
<tr>
<th></th>
<th>Q1'12</th>
<th>Q2'12</th>
<th>Q3'12</th>
<th>Q4'12</th>
<th>Q1'13</th>
<th>Q2'13</th>
<th>Q3'13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export duty</td>
<td>12.13</td>
<td>13.74</td>
<td>11.73</td>
<td>12.64</td>
<td>12.36</td>
<td>12.01</td>
<td>12.56</td>
</tr>
<tr>
<td>MET</td>
<td>5.28</td>
<td>4.83</td>
<td>5.15</td>
<td>5.01</td>
<td>5.26</td>
<td>4.96</td>
<td>5.63</td>
</tr>
<tr>
<td>Yugansk-Novorossiysk tariff</td>
<td>1.49</td>
<td>1.49</td>
<td>1.49</td>
<td>1.55</td>
<td>1.59</td>
<td>1.59</td>
<td>1.59</td>
</tr>
<tr>
<td>Net exporter revenue</td>
<td>6.78</td>
<td>3.86</td>
<td>7.01</td>
<td>5.38</td>
<td>5.45</td>
<td>5.00</td>
<td>6.70</td>
</tr>
</tbody>
</table>

- Non-controlled expenses in crude oil price accounted for **75%**
- Net export revenue **up 34%**
Transportation Costs

### Transportation costs per unit\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Q2'13</th>
<th>Q3'13</th>
<th>9M 2012</th>
<th>9M 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB/t</td>
<td>2,085</td>
<td>2,160</td>
<td>2,004</td>
<td>2,143</td>
</tr>
</tbody>
</table>

### Transportation costs

<table>
<thead>
<tr>
<th></th>
<th>Q2'13</th>
<th>Change in routes structure</th>
<th>Volume increase</th>
<th>Q3'13</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB bln</td>
<td>103</td>
<td>1</td>
<td>4</td>
<td>108</td>
</tr>
</tbody>
</table>

- **Changes of Transneft transportation tariffs:**
  - In January 2013 Transneft increased tariffs in comparison to December 2012 by 6.6% on average for export transportation and by 4.6% on average for domestic transportation of petroleum products.
  - Starting from February 1, 2013 Transneft increased tariffs for crude oil transportation by 9.7% on average in Belarus.

- **Changes of railroad transportation tariffs:**
  - In January 2013 tariffs for railroad transportation in Russia were increased by 9.0% on average. Railroad transportation tariffs in direction to ground export border-terminals were changed depending on the type of cargo from -15% to +6%.

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Note: (1) The total transportation costs per tonne of crude oil, petroleum products and petrochemicals sales, excluding supplies on FCA terms as well as from Tuapse refinery using own pipeline.
## Finance Expenses, RUB bln

<table>
<thead>
<tr>
<th></th>
<th>Q3`13</th>
<th>Q2`13</th>
<th>Q1`13&lt;sup&gt;(3)&lt;/sup&gt;</th>
<th>∆ Q3 – Q2 2013</th>
<th>∆ Q2 – Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Interest accrued</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>19</td>
<td>19</td>
<td>14</td>
<td>–</td>
<td>35.7%</td>
</tr>
<tr>
<td><strong>2. Interest paid</strong></td>
<td>22</td>
<td>14</td>
<td>15</td>
<td>57.1%</td>
<td>(6.7)%</td>
</tr>
<tr>
<td><strong>3. Change in interest payables (1-2)</strong></td>
<td>(3)</td>
<td>5</td>
<td>(1)</td>
<td>(160.0)%</td>
<td>(600.0)%</td>
</tr>
<tr>
<td><strong>4. Interest capitalized</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>8</td>
<td>9</td>
<td>8</td>
<td>(11.1)%</td>
<td>12.5%</td>
</tr>
<tr>
<td><strong>5. (Gain)/Loss from changes in fair value of financial assets</strong></td>
<td>(5)</td>
<td>7</td>
<td>3</td>
<td>(171.4)%</td>
<td>133.3%</td>
</tr>
<tr>
<td><strong>6. Increase in provision due to the unwinding of discount</strong></td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>200.0%</td>
<td>–</td>
</tr>
<tr>
<td><strong>7. Other</strong></td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>(50.0)%</td>
<td>300.0%</td>
</tr>
<tr>
<td><strong>8. Finance expenses (1-4+5+6+7)</strong></td>
<td>11</td>
<td>22</td>
<td>11</td>
<td>(50.0)%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Note:**

(1) Including interest accrued on loans and borrowings, promissory notes payable, RUB bonds and eurobonds. (2) Capitalized interests are estimated in accordance with IAS 23 ‘Borrowing Costs’. The capitalization rate is calculated by dividing interest expenses on loans related to capital expenditures by the average balance of these loans. Interests capitalized are calculated by multiplying the average balance of construction in progress by the capitalization rate. (3) Including TNK-BP data from Jan 1, 2013 according to integrated Company’s proforma.
FX (loss)/gain

Average monetary position

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, accounts receivable and payable and other monetary items in foreign currencies USD mln</td>
<td>21,487</td>
<td>19,880</td>
<td>25,330</td>
<td>27,795</td>
<td>24,548</td>
<td>30,229</td>
<td>32,051</td>
<td>27,407</td>
<td>31,686</td>
</tr>
<tr>
<td>Loans and borrowings in foreign currencies USD mln</td>
<td>(25,049)</td>
<td>(24,899)</td>
<td>(43,488)</td>
<td>(62,208)</td>
<td>(62,106)</td>
<td>(63,077)</td>
<td>(64,132)</td>
<td>(64,349)</td>
<td>(64,534)</td>
</tr>
<tr>
<td>Foreign exchange rate change RUB /USD</td>
<td>0.3</td>
<td>(0.6)</td>
<td>(0.5)</td>
<td>(0.2)</td>
<td>(0.3)</td>
<td>(1.1)</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>0.9</td>
</tr>
<tr>
<td>FX gain/(loss) RUB bln</td>
<td>1</td>
<td>(4)</td>
<td>(8)</td>
<td>(6)</td>
<td>(12)</td>
<td>(37)</td>
<td>(6)</td>
<td>(14)</td>
<td>29</td>
</tr>
</tbody>
</table>
Sources and Uses of Cash\(^{(1)}\)

- **Decrease in cash and short term investments**: 34
- **Operating cash flow**: 263
- **Payments in respect of the debt**: 9
- **Dividends payout**: 85
- **Acquisition of assets**: 51
- **CAPEX and interests**: 152

Note: \(^{(1)}\) Q3’13, RUB bln
Net Debt Reconciliation

RUB bln

Net debt as of June 30, 2013

Operating cash flow
CAPEX and interests
Itera abd Taas-Yuryakh acquisition
Dividends payout
Net debt of Itera, TZK Sheremetyevo and other ST liabilities
FOREX
Other

Net debt as of September 30, 2013

1,862
(263) 152 85 26 (23) (32) 1,909
Thank you for your attention