



JOINT STOCK COMPANY GAZPROM NEFT  
(JSC GAZPROM NEFT)

## PRESS-RELEASE

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Saint Petersburg

### **Gazprom Neft reports IFRS financial statements for FY 2014**

Gazprom Neft has published its consolidated financial results in accordance with International Financial Reporting Standards (IFRS) for FY 2014.

Overall sales (revenues before deducting export duties and similar payments) grew 12.4% (1,690.56 RUB bln) as a result of increased hydrocarbon production and a significant increase in sales via premium channels (small wholesale, retail network, aviation refueling and bunkering activities), in addition to the acquisition of stakes in several assets in 2014.

Growth in adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) was 1.7% (342.61 RUB bln), limited by significant changes in the macro environment in the second half of 2014. Net profit was significantly affected by foreign exchange losses related to the revaluation of the Company's loan portfolio as a result of changes in the ruble exchange rate. Gazprom Neft net profit, adjusted for losses related to exchange rate differences, increased in 2014 by 3.7% to 188.45 RUB (bln). Net profit before adjustments for exchange rate impacts was 122.09 RUB (bln).

Total hydrocarbon production increased 6.7% year on year to 488.1 million barrels of oil equivalent (66.25 million tonnes of oil equivalent). The major contributors were continued output growth from the Priobskoye and Orenburg fields, higher utilization of associated gas, state-of-the-art technology introduced at the Company's mature assets, the Group's increased share in Arktikgaz and its acquisition of beneficial ownership in the Northgas asset.

Total refining throughput grew 2.0% in 2014 to 43.48 million tonnes as a result of a higher ratio of condensate feedstock and a more efficient refinery maintenance plan at the Omsk refinery. Output of light products was increased and logistical bottlenecks reduced in the shipment of heavy products. Sales through premium channels reached 25.74 million tonnes, an increase of 7.5% year on year. The average throughput of Gazprom Neft retail stations in Russia increased 5.4% to 20.0 tonnes per day, one of the industry's highest daily throughput levels.

Alexander Dyukov, Chairman of Gazprom Neft Management Board, said:

"In 2014 Gazprom Neft remained robust in the changing macroeconomic environment and demonstrated sustainable growth in operating performance.

“Our new project developments both in Russia and internationally have significantly increased crude production volumes by over 6%, while the company achieved a five-fold reserves replacement ratio. Notably, in 2014 we made the first shipment of crude produced from the Prirazlomnoye field, the first offshore project in the Russian Arctic, and launched commercial production and oil deliveries from the Badra field in Iraq, Gazprom Neft’s largest International project. Gazprom Neft also made a summer oil shipment from the Novy Port oil field, delivering crude oil to European consumers by sea for the first time. Unconventional resources were another focus area for Gazprom Neft. Significant progress was made in understanding our Bazhenov formation resources, and we substantially upgraded our technology to develop hard-to-reach resources in our legacy operating regions.

“At our refineries, the Company began the second stage of its modernization program, focused on increasing the depth of refining and raising the output of light products. In 2014, Gazprom Neft’s largest refinery in Omsk retained its position as Russia’s largest refinery by throughput volume. Our Moscow refinery produced Russia’s first new generation polymer-modified bitumen.

“Business development remained a priority in 2014 and the Company retained its leadership in jet fuel sales and increased its daily oil product sales per service station by 7.5%.

“In the changed macroeconomic conditions, Gazprom Neft is focused on increasing the effectiveness of all the Company’s business processes. The primary goals for 2015 are to sustain our high growth rates in both hydrocarbon production and refinery efficiency, further expand our premium distribution channels, and further develop our technological capabilities.”

### ***Key financial data***

	<b>12 months</b>		<b>Δ, %</b>
	<b>2014</b>	<b>2013</b>	
Sales (revenue before deducting export duty and similar payments) (million rubles)	1 690 557	1 504 037	12.4
Adjusted EBITDA* (million rubles)	342 614	336 752	1.7
Profit attributable to the shareholders of Gazprom Neft (million rubles)	122 093	177 917	(31.4)

Adjusted profit attributable to the shareholders of Gazprom Neft (million rubles)** (before exchange rate adjustments)	188 449	181 711	3.7
Operating cash flow	283 965	276 736	2.6
Net debt / EBITDA	1.44	0.59	

*\*Adjusted EBITDA includes the share of EBITDA associated with affiliates controlled by the companies, which are accounted for on an equity share basis*

*\*\* Adjusted net profit attributable to Gazprom Neft of non-cash costs relating to the impact of changes in foreign exchange rates on the Group (including joint ventures).*

#### **Key operating data**

	12 months		Δ, %
	2014	2013	
Proved hydrocarbon reserves including share in reserves of joint ventures (million barrels oil equivalent)	10 694	9 962	7.3
Total hydrocarbon production including share in production of joint ventures (million barrels oil equivalent)	488.10	457.42	6.7
Refining throughput at owned refineries and joint venture refineries (million tonnes)	43.48	42.63	2.0
Sales through premium channels (million tonnes)	25.74	23.95	7.5
Sales through Group service stations (million tonnes)	9.91	9.22	7.5

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