



OPEN JOINT STOCK COMPANY GAZPROM NEFT  
(JSC Gazprom Neft)

## PRESS RELEASE

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Saint Petersburg

### **Gazprom Neft reports IFRS financial statements for 1H 2014**

JSC Gazprom Neft has published its consolidated financial results for 1H 2014, in accordance with International Financial Reporting Standards.

During the period, the growth in hydrocarbon production and premium channel sales, in addition to rising prices for crude oil and associated products, have helped drive a 13.9% increase in sales to RUB 814.508 bln and a 18.5% increase in adjusted EBITDA\* (earnings before interest, taxes, depreciation and amortization) to RUB 178.383 bln.

Net income attributable to the shareholders of JSC Gazprom Neft for the reporting period rose 12.9% to RUB 87.60 bln. Operating cash flow increased by 15.6% Y-o-Y to RUB 145.559 bln.

Hydrocarbon production volumes in 1H 2014 increased 4.1% Y-o-Y to 234.18 mmboe (31.84 mmtoe). This was due to: the continued growth of production at the Orenburg and Priobskoye fields, Gazprom Neft's increased stake in SeverEnergia, an increase in natural gas production and the rate of associated gas utilization as well as the increasing use of new technology at mature fields. As an example, the number of horizontal wells drilled in 1H 2014 compared to 1H 2013 rose 56.5% to 144 wells, including 81 horizontal wells with multi-stage hydraulic fracturing (+50%) and 16 multilateral wells (+60%).

Refining throughput for 1H 2014 reached 21.99 million tonnes, up 3.8% Y-o-Y. This was due to the volumes recovered at the Company's refineries after scheduled maintenance in 2013 as well as an increase in gas condensate processing at the Omsk refinery and rising bitumen production in 2014.

Sales via premium channels rose by 11.1% Y-o-Y to reach 12.2 million tonnes, with sales volumes via retail sites in Russia rising 7.2% to 4.61 million tonnes.

\* Adjusted EBITDA includes share of EBITDA from associated and jointly controlled companies recorded by the equity accounting method.

### Key Financial Data

2Q 2014	1Q 2014	Δ, %		6 months 2014	6 months 2013	Δ, %
429,338	385,170	11.5	Sales (revenue before export duties and similar payments) (RUB million)	814,508	715,034	13.9
87,135	75,736	15.1	EBITDA (RUB million)	162,871	140,164	16.2
94,350	84,033	12.3	Adjusted EBITDA* (RUB million)	178,383	150,567	18.5
49,783	37,816	31.6	Profit attributable to the shareholders of Gazprom Neft (RUB million)	87,599	77,621	12.9
74,582	70,977	5.1	Cash flow from operations	145,559	125,885	15.6
0.64	0.56	14.0	Net Debt/EBITDA	0.64	0.44	45.9

### Key Operational Data

2Q 2014	1Q 2014	Δ. %		6 months 2014	6 months 2013	Δ. %
117.43	116.75	0.6	Hydrocarbon production including our share of joint ventures (Mmboe)	234.18	224.87	4.1
11.15	10.84	2.9	Refining throughput at own refineries and joint ventures (MMtonnes.)	21.99	21.19	3.8
6.60	5.60	17.9	Sales volumes via premium channels (MMtonnes)	12.20	10.98	11.1
2.39	2.22	7.7	Retail sales (MMtonnes)	4.61	4.30	7.2

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