



JOINT STOCK COMPANY GAZPROM NEFT
(JSC GAZPROM NEFT)

PRESS-RELEASE

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Saint Petersburg

Gazprom Neft reports IFRS financial statements for FY 2013

JSC Gazprom Neft has published its consolidated financial results, in accordance with International Financial Reporting Standards for FY 2013.

The company's financial performance in FY2013 as compared to FY2012 was positively affected by an increase in hydrocarbon production volumes and the resulting rise in product sales via premium channels (small wholesale, sales via the Gazprom Neft retail network, aviation and bunkering). The impact of these factors led to a 4.2% Y-o-Y increase in adjusted EBITDA (336.75 RUB bln) and a 0.9% Y-o-Y increase in net profit, which amounted to 177.92 RUB bln. Growth was restrained mainly by foreign exchange losses associated with the reevaluation of the loan portfolio due to fluctuations in the Ruble exchange rate.

Hydrocarbon production volumes in FY 2013 increased by 4.2% Y-o-Y to 457.42 mmmboe (62.2 mmmtoe), due to increased production at Orenburg and Priobskoye, in addition to gas production at Muravlenkovskoye, the launch of the Samburgskoye field at SeverEnergia, and the successful application of high-tech operations at mature fields as well as higher volumes of associated gas utilization.

Refining throughput in FY 2013 reached 42.63 million tonnes, showing little change from FY 2012, due to planned maintenance and construction. Sales through premium channels reached 23.9 million tonnes, and average daily throughputs at Company retail sites in Russia grew by 7.8% to 19 tonnes/day, one of the highest indicators in the sector.

Alexander Dyukov, the Chairman of Gazprom Neft's Management Board, commented:

"Over the past year, Gazprom Neft has continued to strengthen its operational and financial performance. The Company has become an industry leader in terms of operating revenue per boe, in addition to growth in adjusted operating revenue, taking into account our joint ventures. Dividend yields for our shareholders remain some of the highest in the industry.

We have achieved production growth, not only at our new projects, but also at mature fields in traditional regions, using the most modern and high-tech methods. All of our refineries have switched to fuel output that meets the highest environmental standards – Euro-5. We also launched Prirazlomnoye, the first project to extract oil on the Arctic Shelf.

Our main goals for 2014 include the continuation of our refinery modernization program, which will allow us to reach 95% refining depth within several years, as well as beginning production at major international projects, particularly Badra field in Iraq. In addition we expect to continue the expansion of our premium channels, which include our retail network, bunkering operations and “at-the-wing” aviation refueling. We are also preparing to launch new major upstream projects that will help us achieve our strategic goal of 100 mtoe of production by 2020”.

Key Financial Data

	12 months		Δ, %
	2013	2012	
Sales (revenue before export duties and similar payments) (RUB million)	1,504,037	1,519,450	(1.0)
EBITDA (RUB million)	316,463	305,124	3.7
Adjusted EBITDA* (RUB million)	336,752	323,106	4.2
US\$/boe	23.1	23.7	(2.3)
Profit attributable to the shareholders of Gazprom Neft (RUB million)	177,917	176,296	0.9
Cash flow from operations	276,736	247,748	11.7
Net Debt / EBITDA	0.59	0.51	

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

Key Operational Data

	12 Months		Δ, %
	2013	2012	
Hydrocarbon production including our share of joint ventures (Mmboe)	457.42	439.02	4.2
Refining throughput at own refineries and joint ventures (MMtonnes)	42.63	43.34	(1.6)
Sales volume through premium channels (MMtonnes)	23.9	22.85	4.6
Sales volume via retail network (MMtonnes)	9.22	8.11	13.7

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