



# ROSNEFT

Q4 and 12M 2011  
US GAAP Financial  
Results

February 7, 2012



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# Factors of Financial Efficiency in 2011

## Results

- Record annual financial results:
  - EBITDA – USD 22 bln (4.8 bln in Q4)
  - Net income – USD 12.5 bln (3.0 bln in Q4)
  - Operating cash flow – USD 15.7 bln (3.5 bln in Q4)
  - Free cash flow – USD 2.5 bln
- Daily crude oil production growth of 2.5% YoY
- Retail sales up 24.5% YoY
- Refining throughput up 14.6% YoY
- 60/66 tax regime introduced

## External factors

### Q4'11 - external factors

- Increase in transportation tariffs
- Fixed domestic prices for petroleum products from the end of October
- Creation of motor fuel stocks to stabilize the market

### 2012 priorities

- Meeting 2012 Business plan targets
- Continued cost control
  - Increase in energy efficiency
  - Work with suppliers and contractors
  - Headcount optimization
  - Capex prioritization
- Continue discussion to develop appropriate tax regime for the new provinces, incl. Arctic Shelf and Eastern Siberia



## Macroeconomic Environment

	2010	2011	Δ, %	Q3'11	Q4'11	Δ, %
Average USD/RUB exchange rate	30.37	29.39	(3.2)%	29.05	31.23	(7.5)%
Inflation for the period, %	8.8%	6.1%		(0.3)%	1.4%	
Real RUB appreciation/(depreciation) against USD compared with the previous period, %	11.6%	12.1%		(3.5)%	(6.3)%	
Urals FOB Primorsk, \$/bbl	76.7	108.2	41.0%	111.6	107.7	(3.4)%
Gasoil 0.1% (FOB/CIF Med), \$/tonne	672.3	931.6	38.6%	945.4	941.2	(0.4)%
Fuel oil 3.5% (FOB/CIF Med), \$/tonne	442.3	609.0	37.7%	631.2	624.0	(1.2)%
High octane gasoline (av. Russia), \$/tonne	685.1	821.5	19.9%	873.0	790.9	(9.4)%
Diesel (av. Russia), \$/tonne (summer)	469.5	670.0	42.7%	678.4	694.0	2.3%



# Results Overview

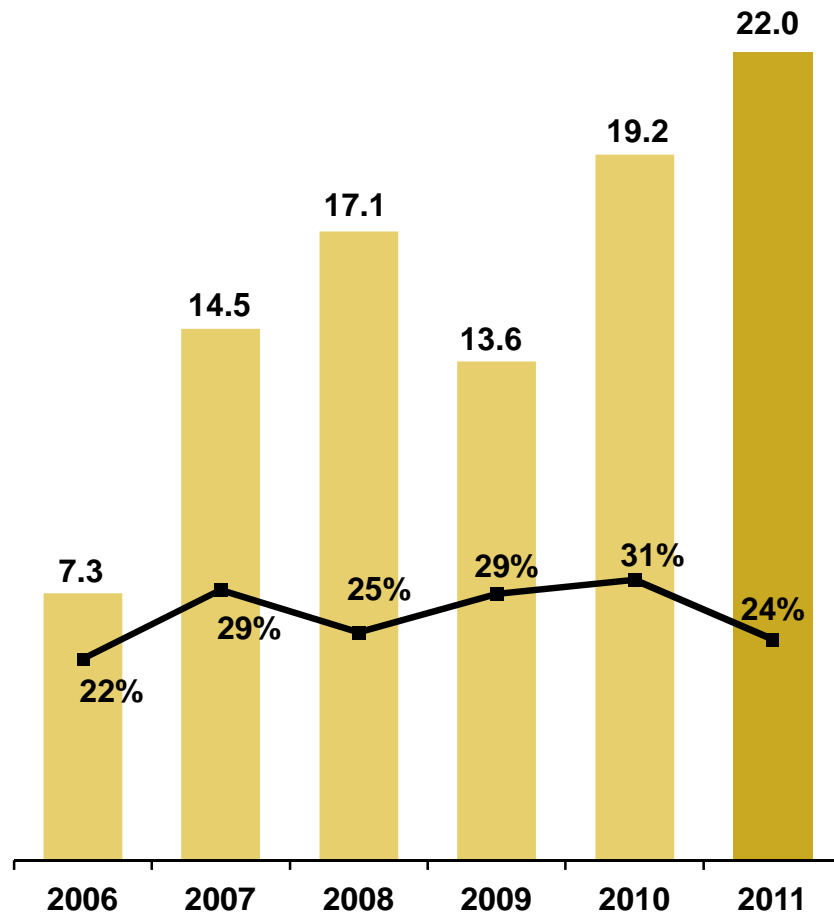
	2010	2011	Δ, %	Q3'11	Q4'11	Δ, %
Daily crude oil production, th. bpd	2,322	2,380	2.5%	2,399	2,396	(0.1)%
Gas production, bcm	12.34	12.79	3.6%	3.00	3.53	17.7%
Petroleum product output, mln t	47.89	55.38	15.6%	14.98	15.21	1.5%
Revenues, USD mln	63,047	91,975	45.9%	24,627	23,951	(2.7)%
EBITDA, USD mln	19,203	22,022	14.7%	5,283	4,753	(10.0)%
Net income, USD mln	10,400	12,452	19.7%	2,778	2,992	7.7%
Operating cash flow <sup>1</sup> , USD mln	14,910	15,838	6.2%	2,897	3,562	23.0%
Capital expenditures, USD mln	8,931	13,246	48.3%	2,768	4,265	54.1%
Free cash flow <sup>1</sup> , USD mln	5,839	2,338	(60.0)%	69	(756)	(1,195.7)%
Net debt , USD mln	13,662	15,864	16.1%	13,991	15,864	13.4%

1. Operating cash flow and free cash flow are adjusted for the effect from operations with trading securities as part of excess cash management (inflow of USD 262 mln in 12M'10, outflow of USD 89 mln in 12M'11, outflow of USD 33 mln in Q3'11, outflow of USD 57 mln in Q4'11)

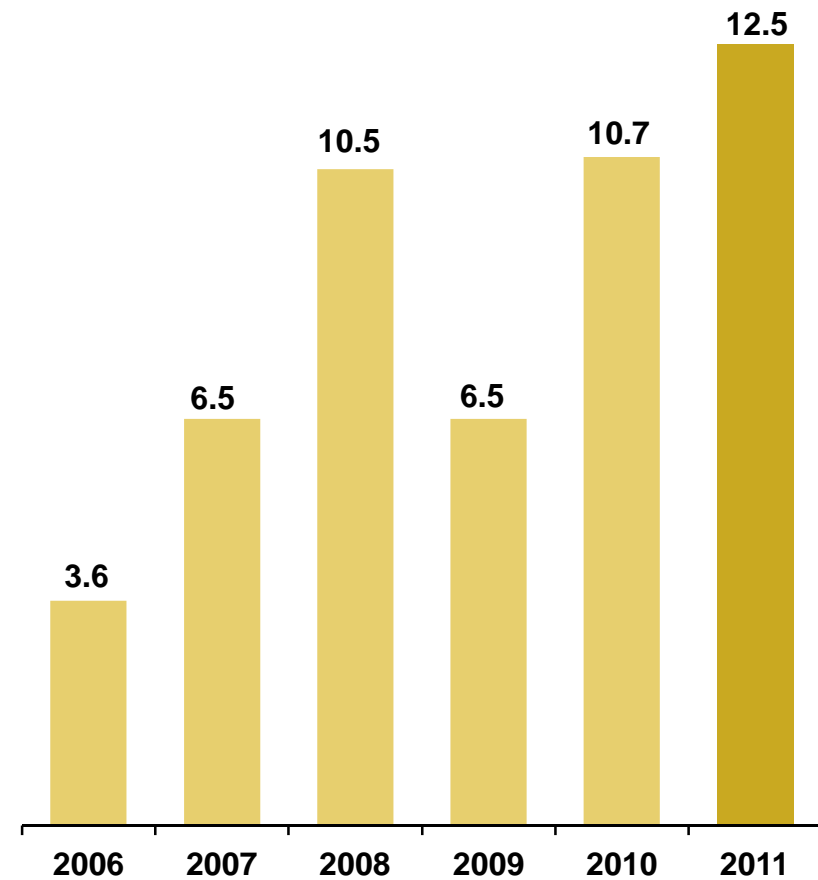


# Record Financial Results

EBITDA (USD bln) and EBITDA margin (%)



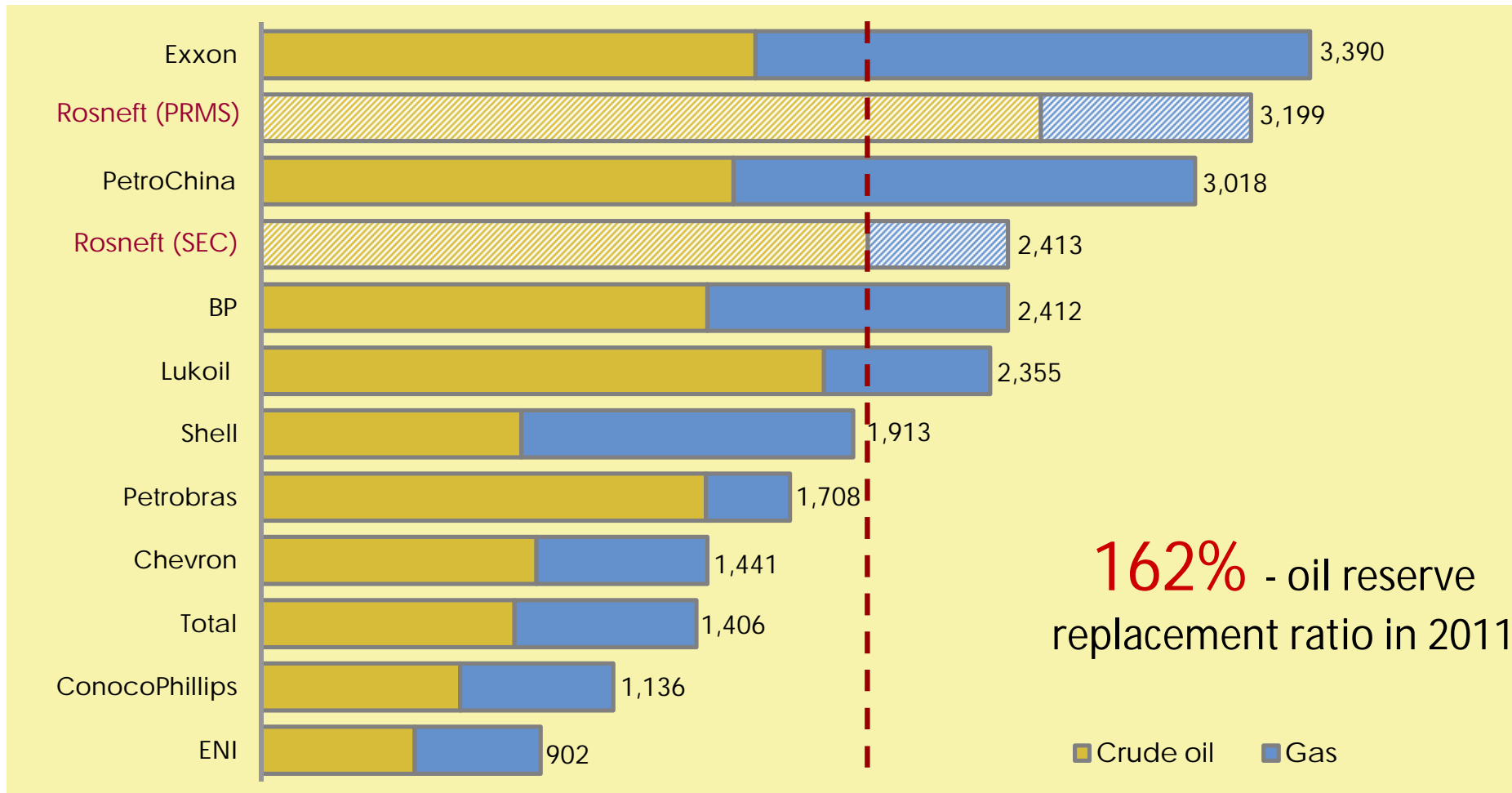
Adjusted net income, USD bln





# Proved Reserves as of the End of 2011

Proved hydrocarbon reserves as of December 31, 2011\*, mln toe



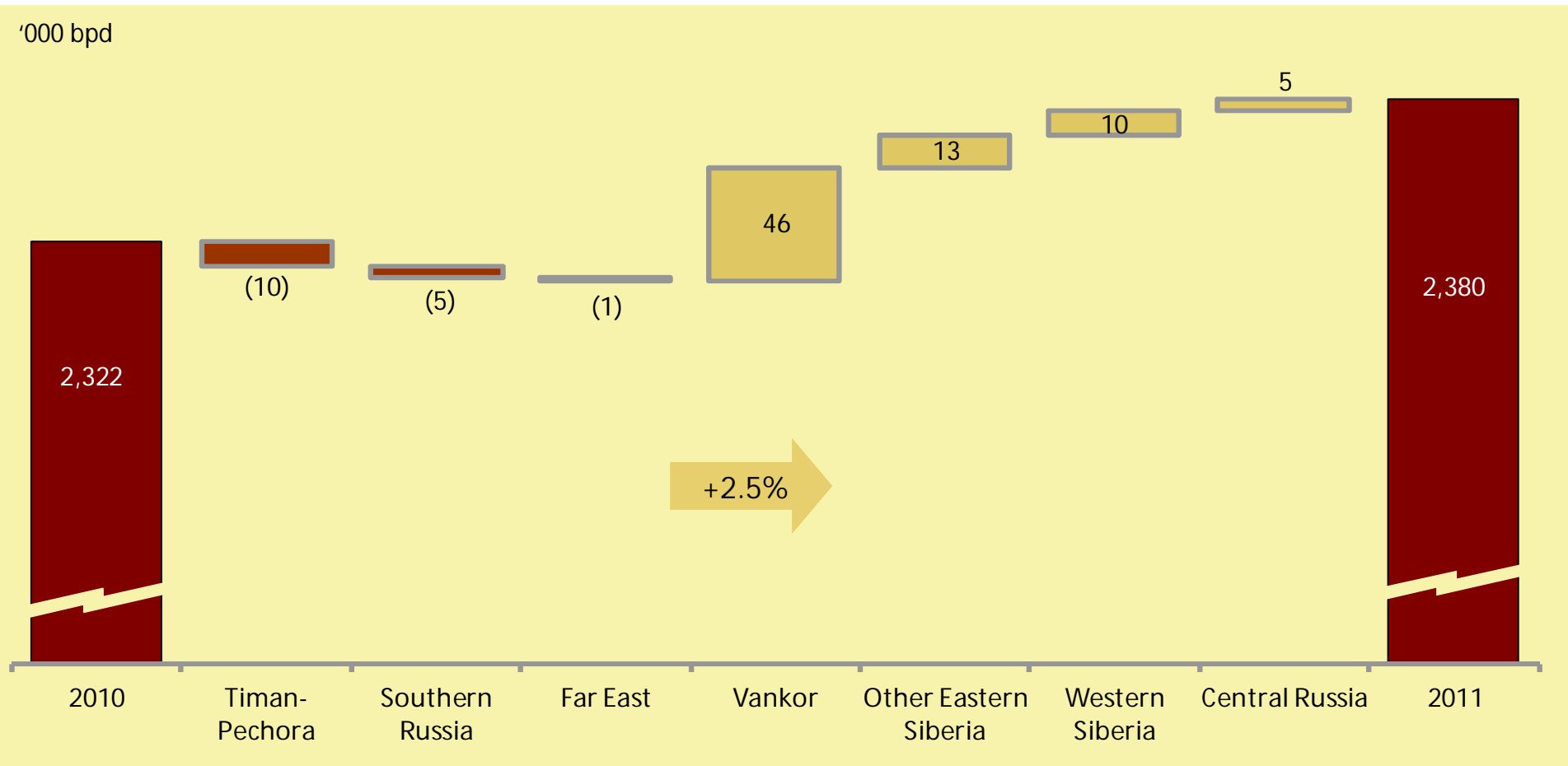
Source: information by the companies.

\* Reserves of international companies as of 31.12.2010.



# Oil Production Growth Drivers

Daily Crude Oil Production Reconciliation, 2011 vs. 2010

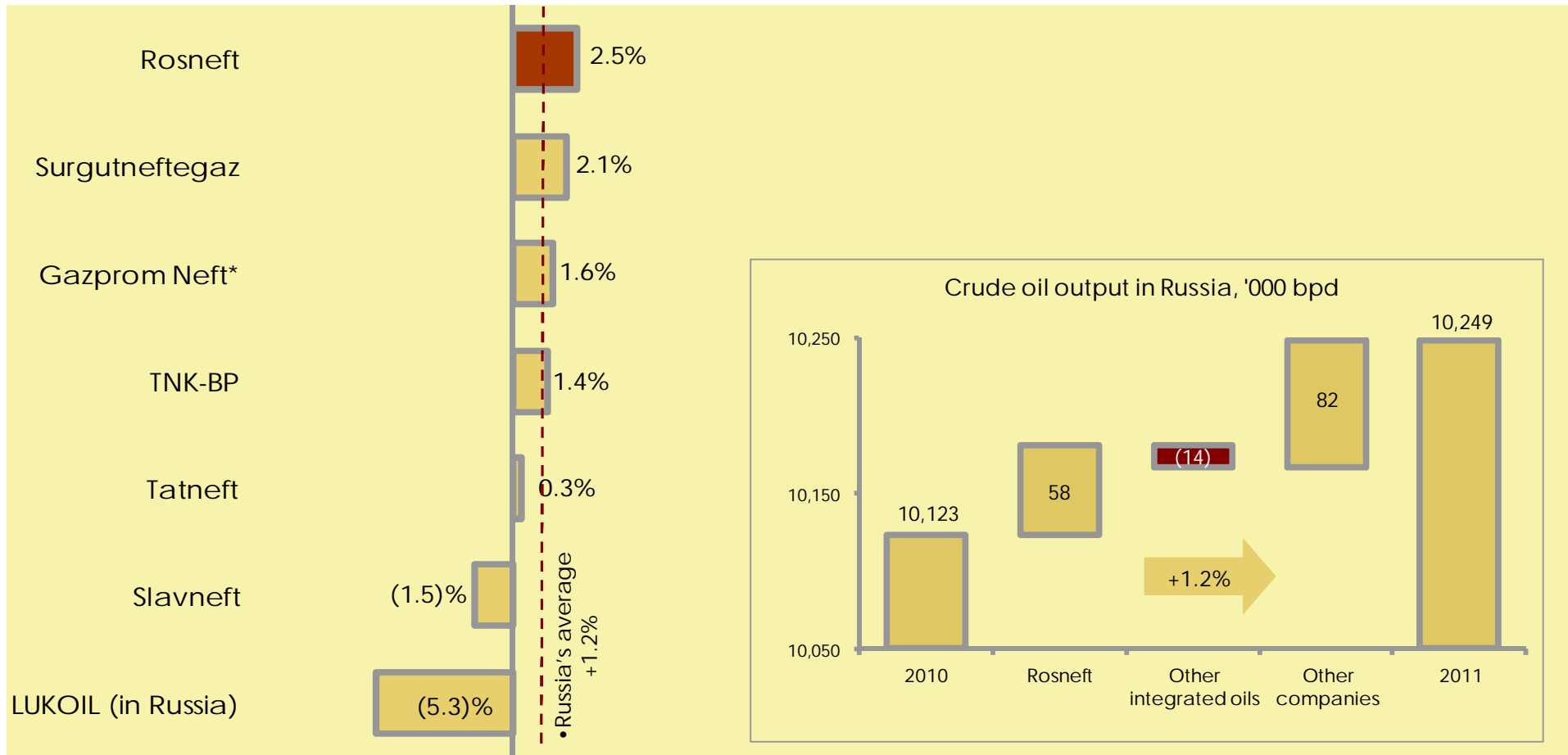






# Sustainable Production Growth in 2011

Daily Crude Oil Production in Russia, 2011 vs. 2010



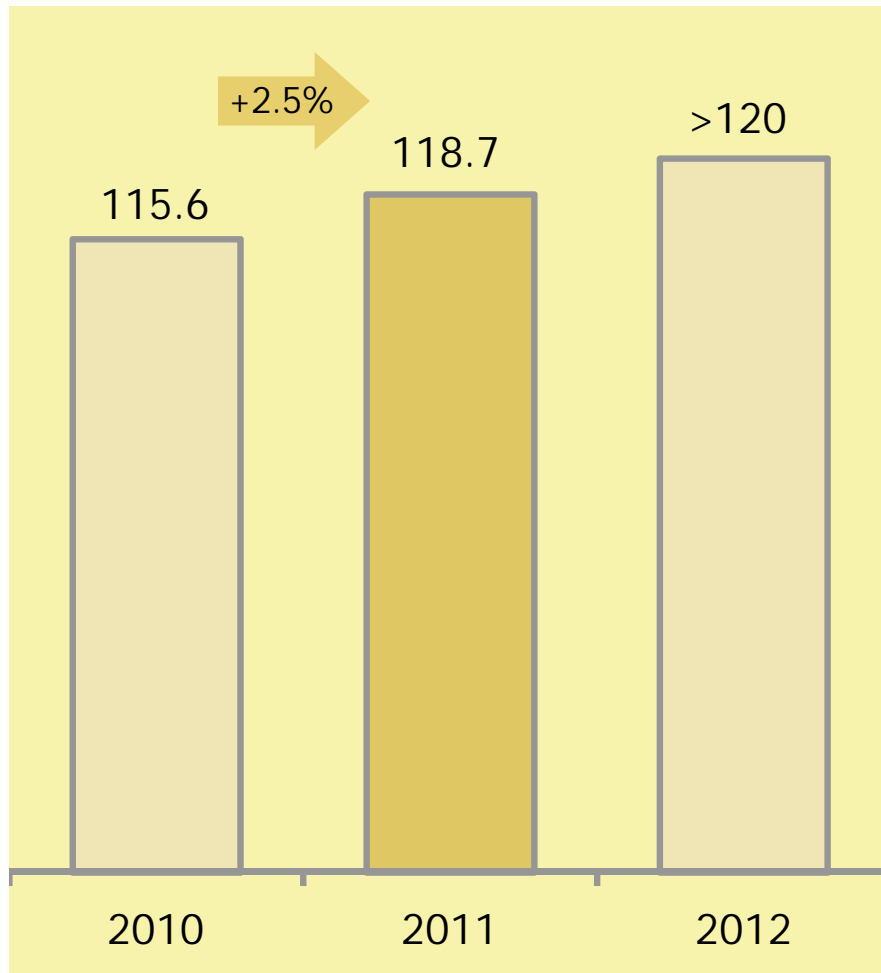
\* Not including share in Tomskneft.



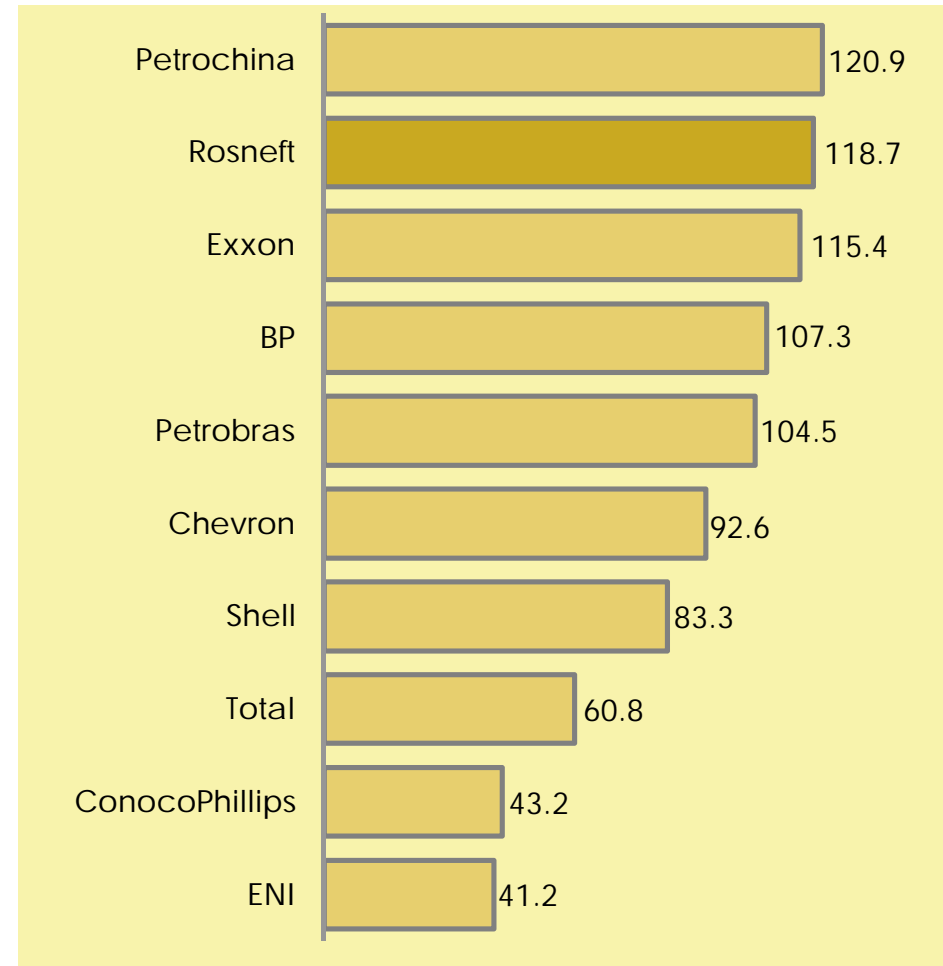
# Sustainable Production Growth in 2011

(continued)

Crude oil production by Rosneft under international standards\*, mln t



Crude oil production by international companies in 2011, mln t



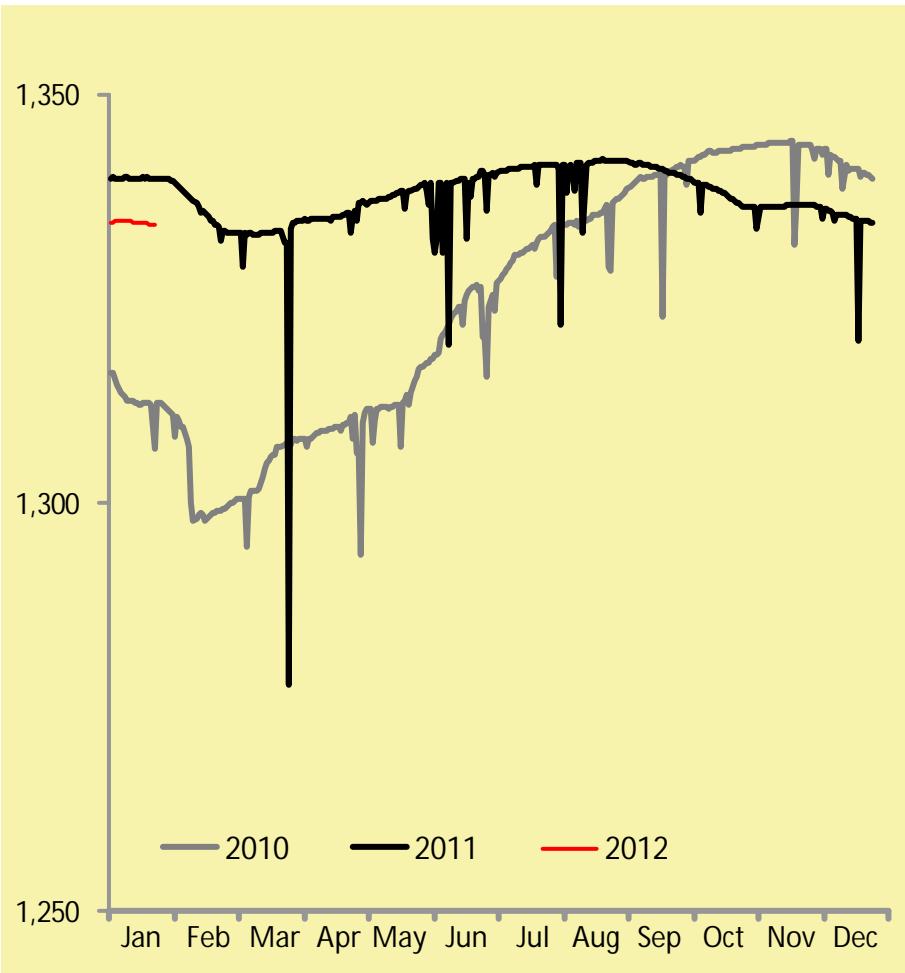
Source: Rosneft.

\* - including proportionate share in Udmurtneft, Tomskneft, Polar Lights, Verkhnechonskneftegaz and Sakhalin-1.

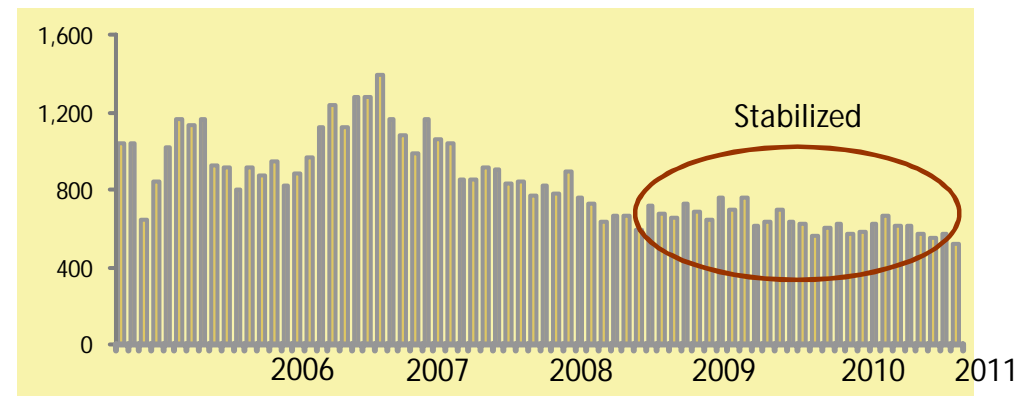


# Yugansk: 2.5% Ahead of Plan in 2011

Yuganskneftegaz Daily Crude Oil Production, '000 bpd



Initial flow rates of new wells, bpd



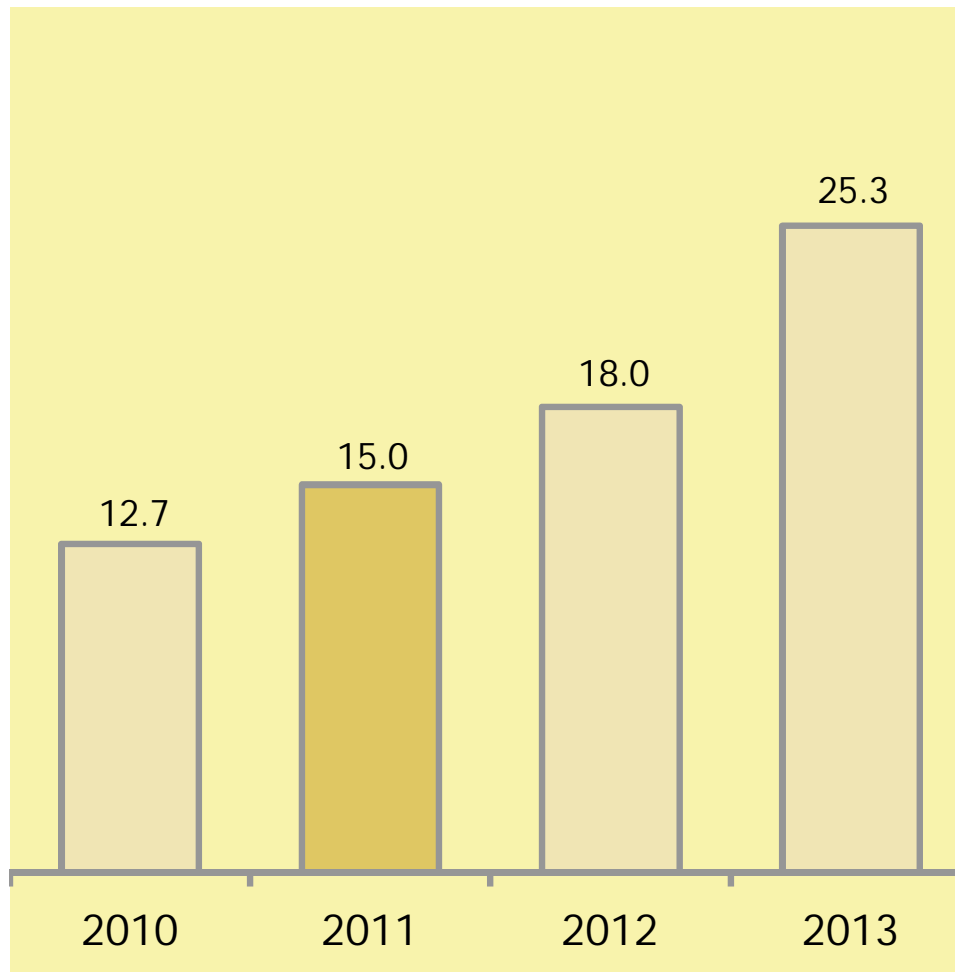
Strategic goal – maintaining production plateau for the maximum period of time

2012 Plans:

- Crude oil production – 65.5 mln t
- Number of new wells – 927
- CAPEX – USD 3.6 bln (at the exchange rate of 30.7)



Vankor crude oil production, mln t



## 2012 plans:

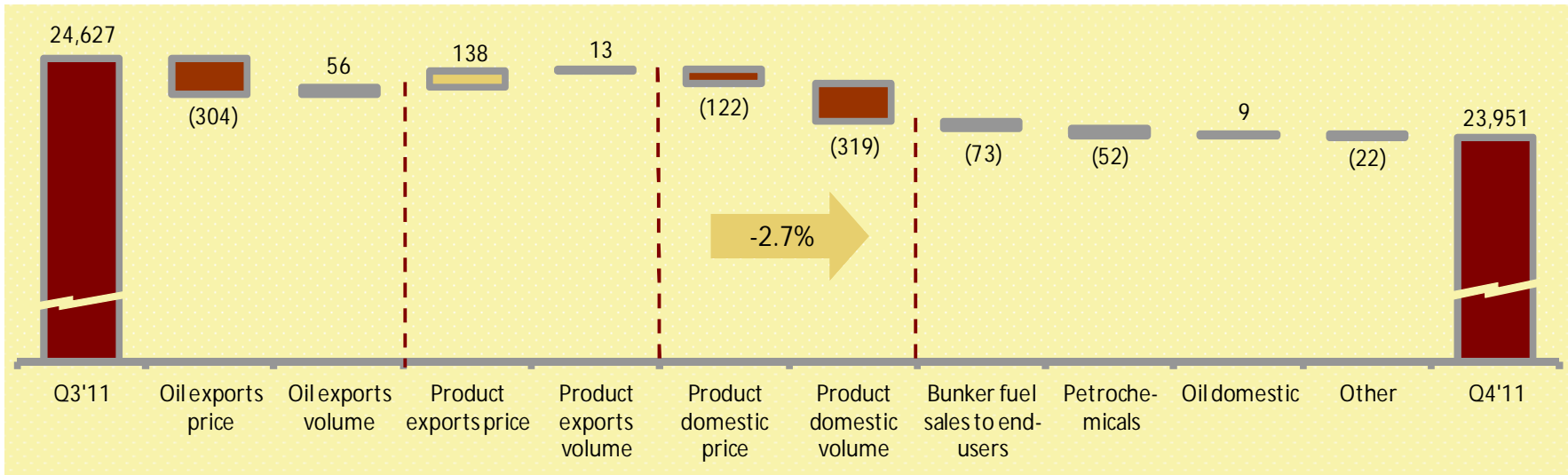
- Crude oil production – 18 mln t
- CAPEX - USD 2.7 bln (at 30.7 RUB/USD)
- Production growth factors:
  - ~100 new production and injection wells
  - Gradual launch of the Central oil treatment unit

REACHING FULL PROJECT CAPACITY IN 2013

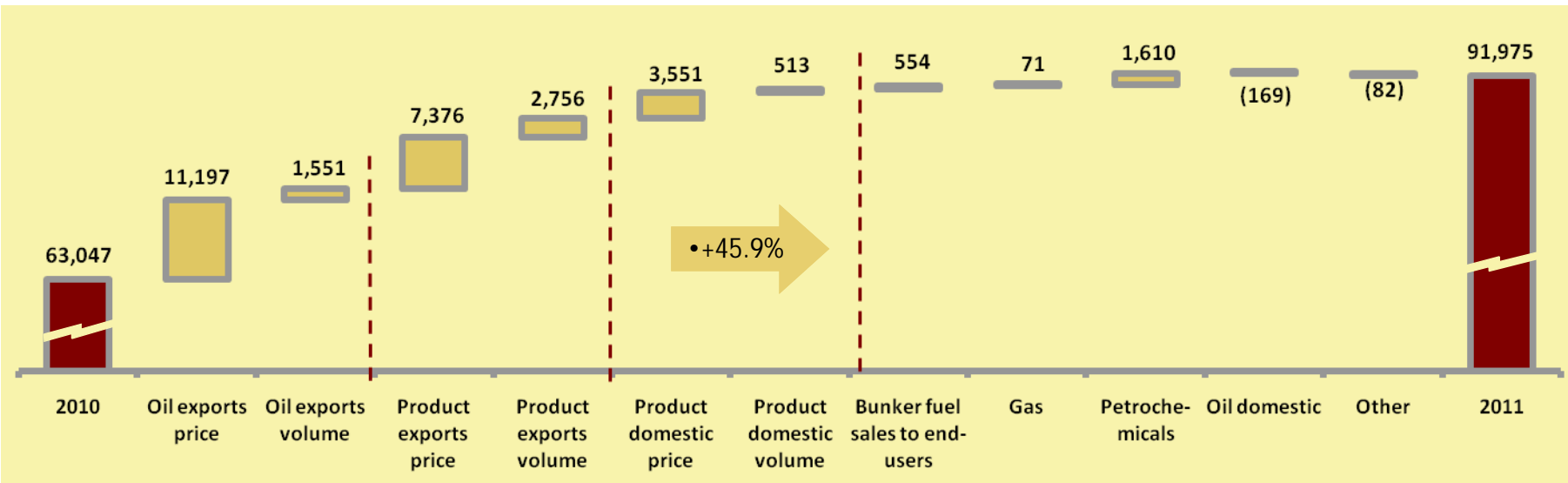


# Revenues Reconciliation, USD mln

Q4'11 vs. Q3'11



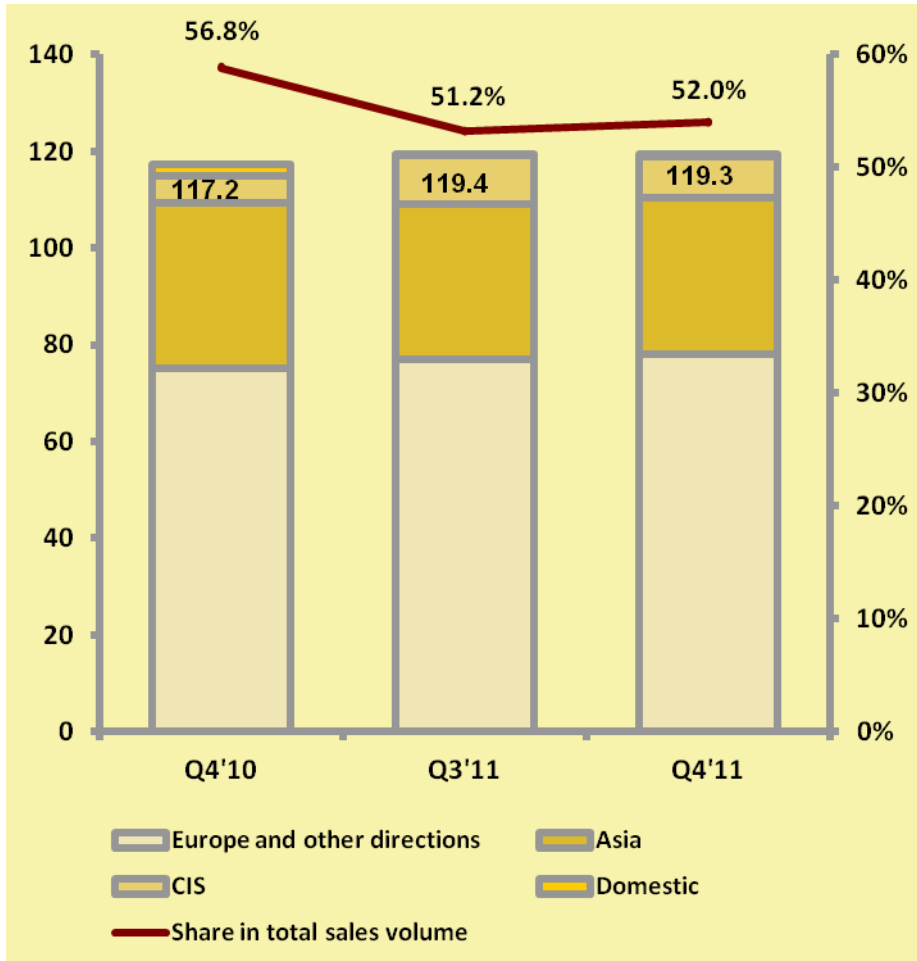
2011 vs. 2010



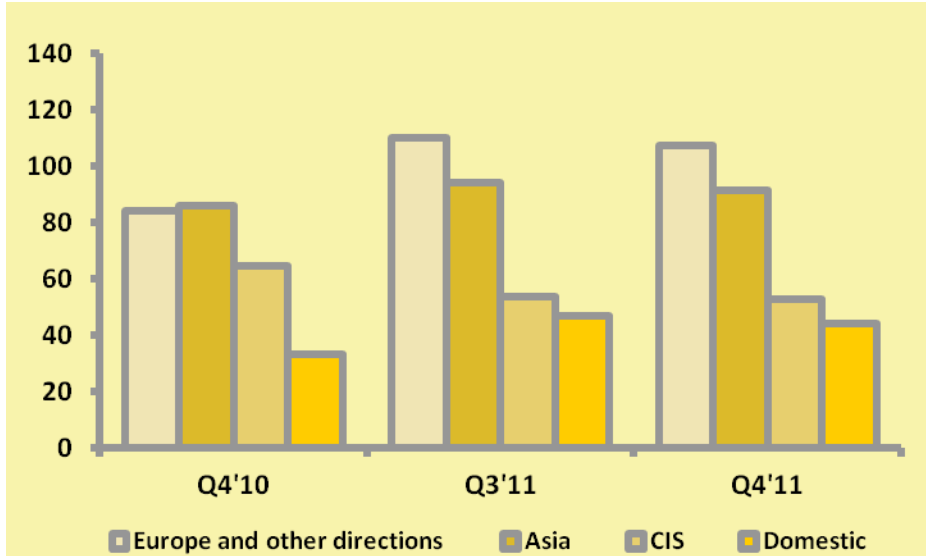


# Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl



Average Prices, USD/bbl

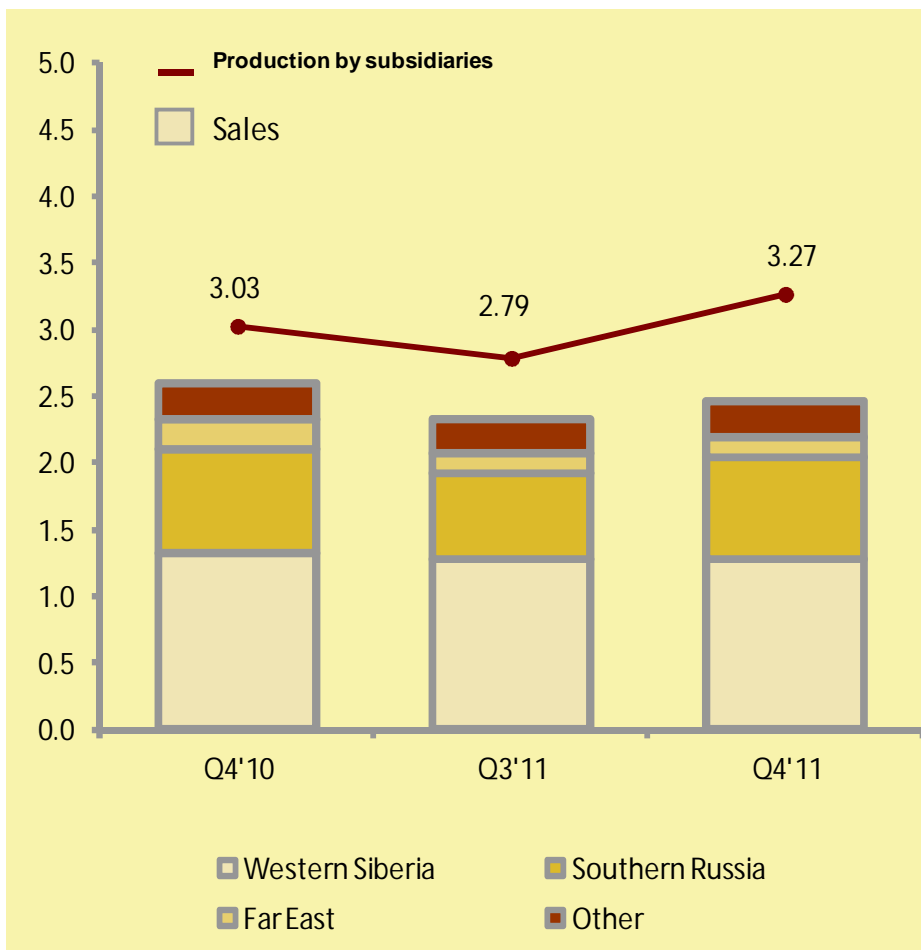


	Q4'10	Q3'11	Q4'11
	USD/bbl		
Average Brent (Platts)	86.5	113.5	109.3
Urals (average Med+NWE) (Platts)	85.2	111.5	108.6
Rosneft export			
Europe and other directions	84.3	110.2	107.5
Asia	86.2	94.3	91.6

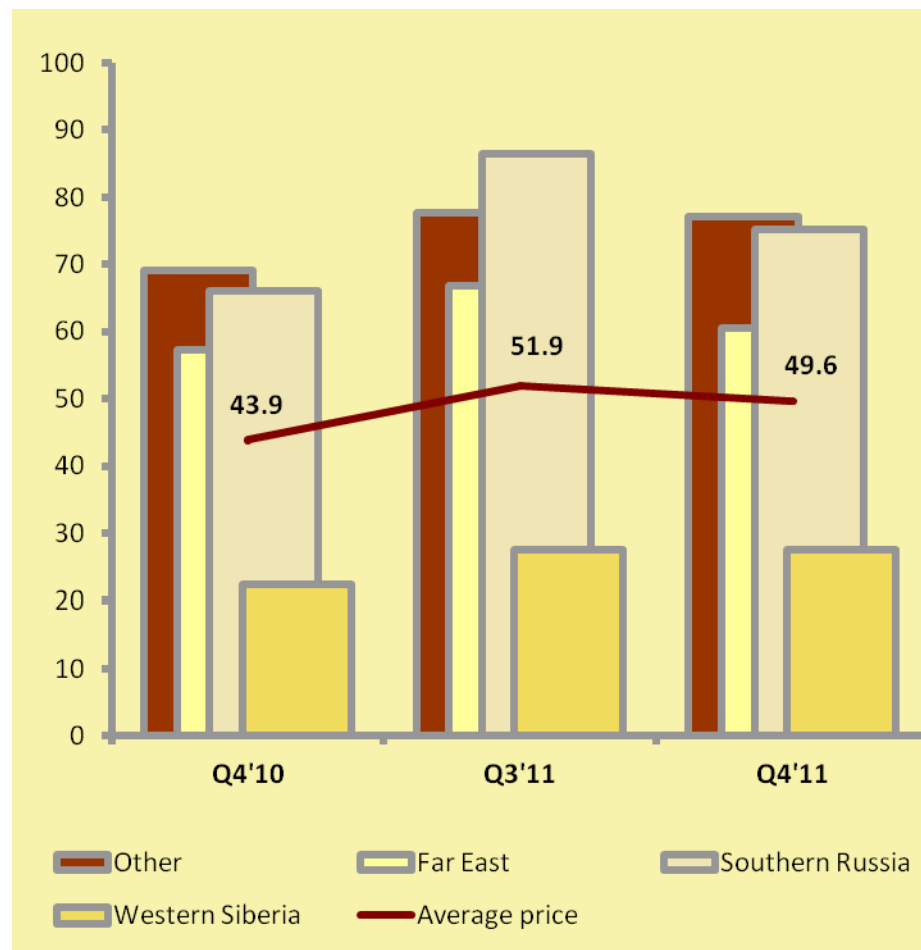


# Gas Production and Sales

Gas Sales vs. Production, bcm



Gas Sales Prices, USD per 1,000 cubic meters





## Non-controlled Expenses

		2010	2011	Δ, %	Q3'11	Q4'11	Δ, %
Export customs duty	USD/bbl	37.40	55.90	49.5%	60.49	55.18	(8.8)%
Yugansk – Novorossiysk tariff	RUB/t	1,307	1,457	11.5%	1,453	1,484	2.1%
Yugansk – Novorossiysk tariff	USD/bbl	5.88	6.78	15.3%	6.84	6.50	(5.0)%
MET	USD/bbl	13.84	20.73	49.8%	21.40	20.65	(3.5)%
Total non-controlled costs	USD/bbl	57.12	83.41	46.0%	88.73	82.33	(7.2)%
Non-controlled costs / Urals FOB Novorossiysk	%	74.4%	77.0%		79.5%	76.6%	

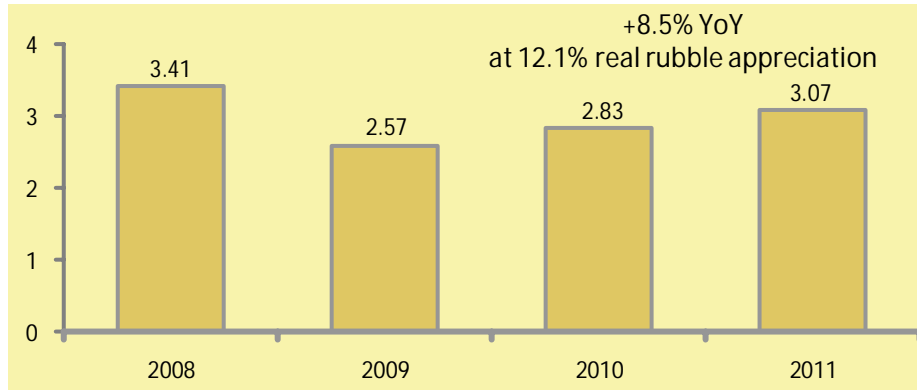
- Pipeline (Transneft) tariffs increased by 2.85% from September 1 and by 5% from November 1, 2011
- Railroad (RZHD) tariffs increased by 8.0% from January 1, 2011
- Preferential export duty on Vankor crude oil expired from May 1, 2011, standard MET rate for Vankor crude oil from August 6, 2011
- A unified 66% export duty for light and dark petroleum products introduced from October 1, 2011. Export duty for naphta and gasoline remained at 90% of crude oil export duty
- Marginal export duty rate for crude oil reduced from 65% to 60% from October 1, 2011



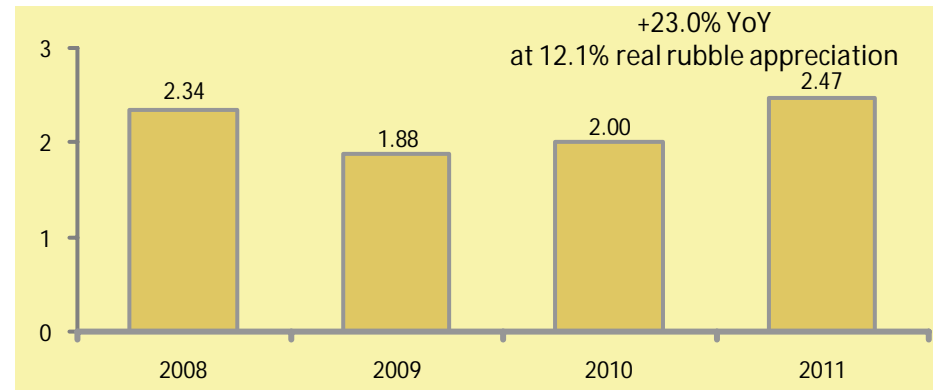


# Expenses Dynamics

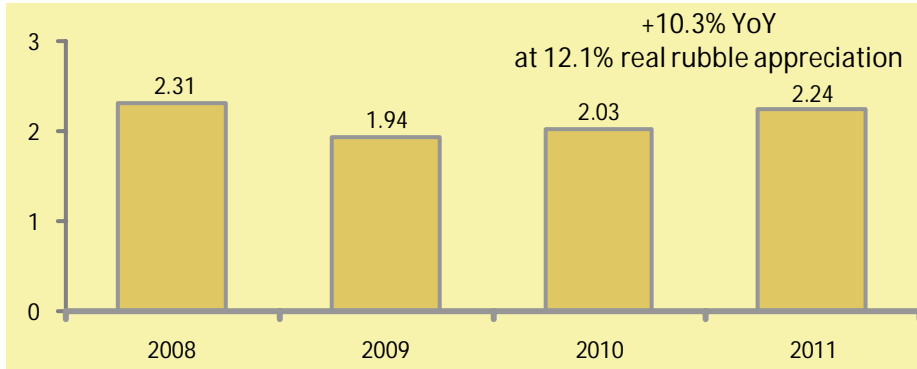
### Upstream Operating Expenses, USD/bbl of oil produced



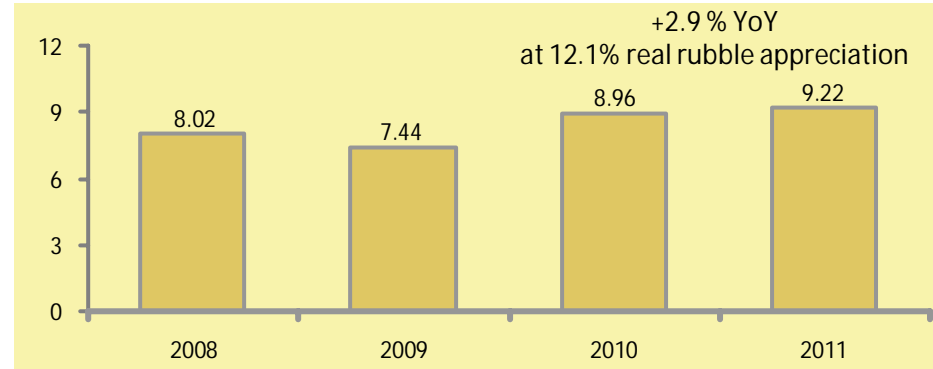
### Refining Operating Expenses, USD/bbl of oil processed



### SG&A Expenses, USD/bbl of oil produced



### Transportation Expenses, USD/bbl of oil produced



Upstream operating expenses include materials and electricity, workover, wages and salaries, and cost of transport to a trunk pipeline.

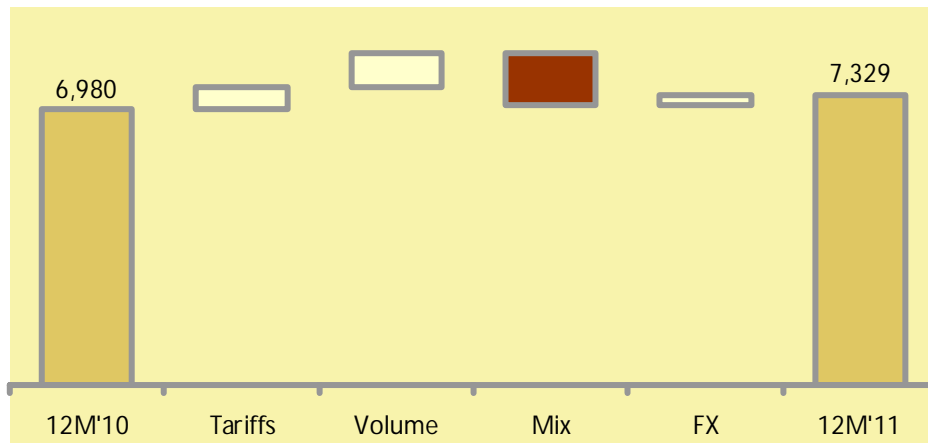
Selling, general and administrative expenses include payroll at headquarters and management-related subsidiaries, payroll of top management of operating subsidiaries, audit & consulting expenses, bad debt allowance and other costs.

Transportation costs include costs to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (cost of pipeline and railroad transportation, handling, port fees, sea freight and other costs).

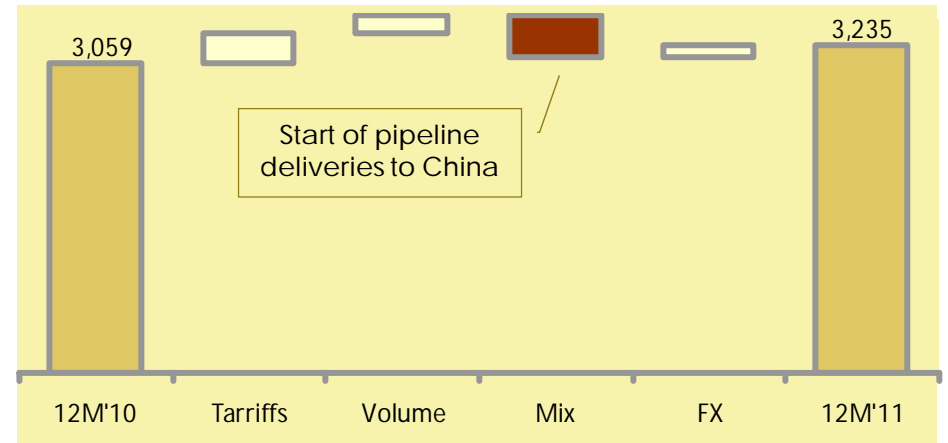


# Transportation Costs

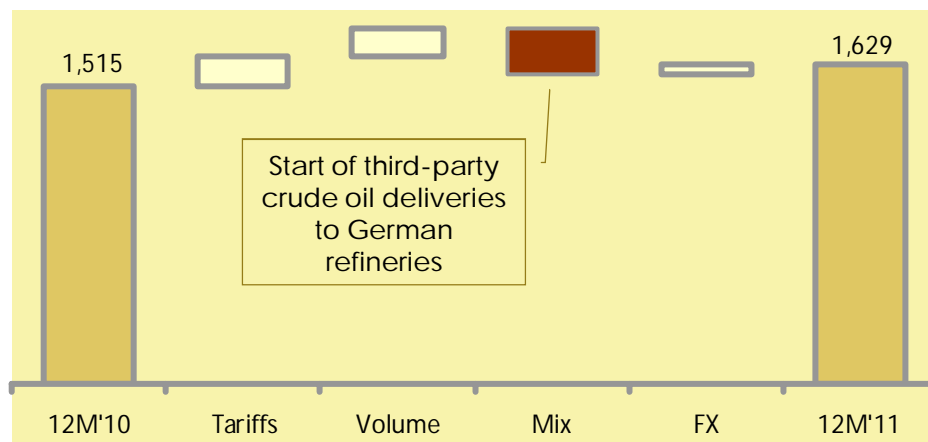
Total Transportation Costs, USD mln



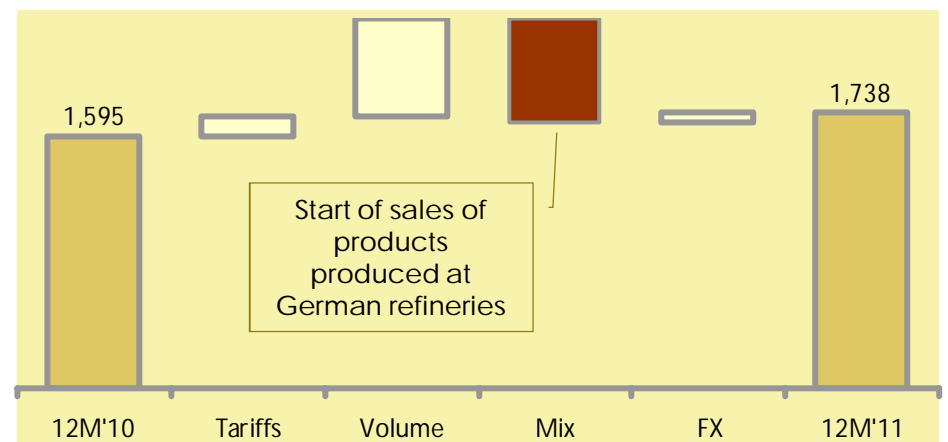
Transportation Costs for Crude Exports, USD mln



Transportation Costs for Crude Deliveries to Refineries, USD mln



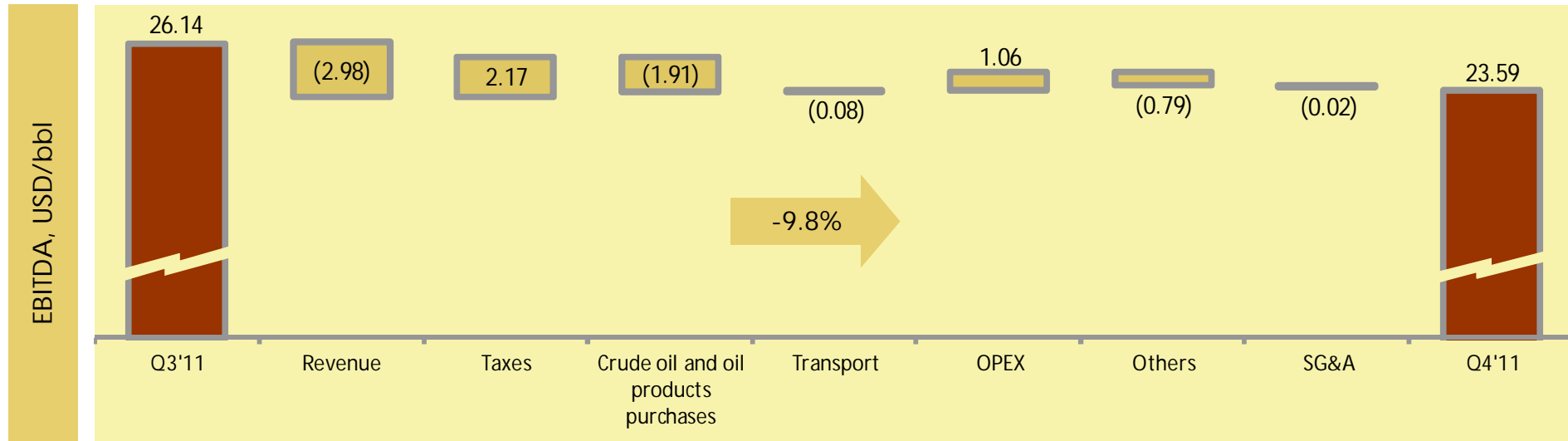
Transportation Costs for International Product Sales, USD mln





# EBITDA and Net Income per bbl Reconciliation

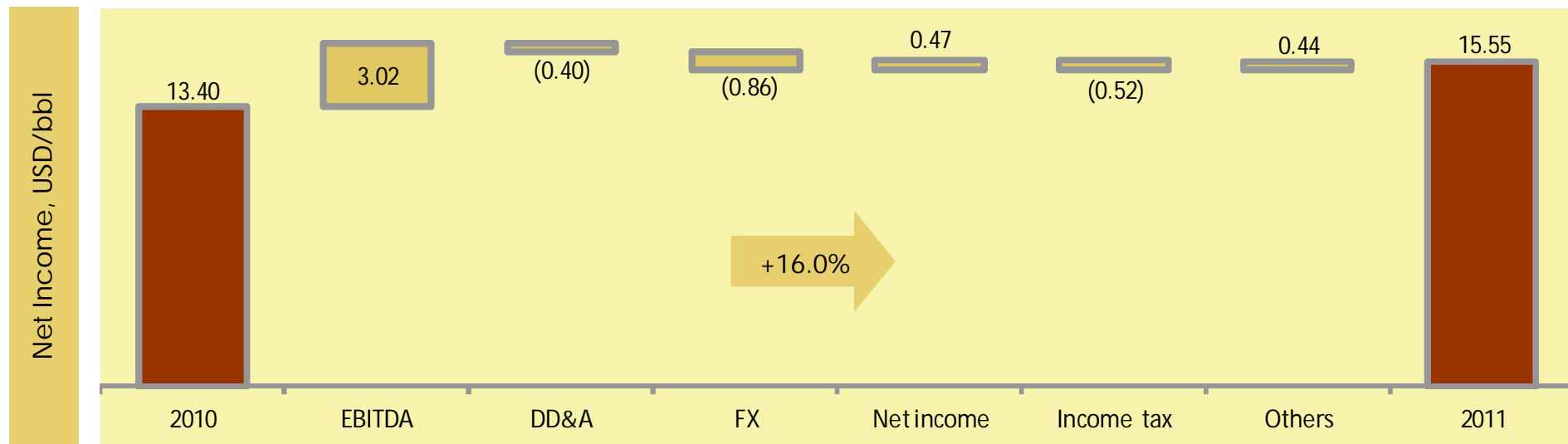
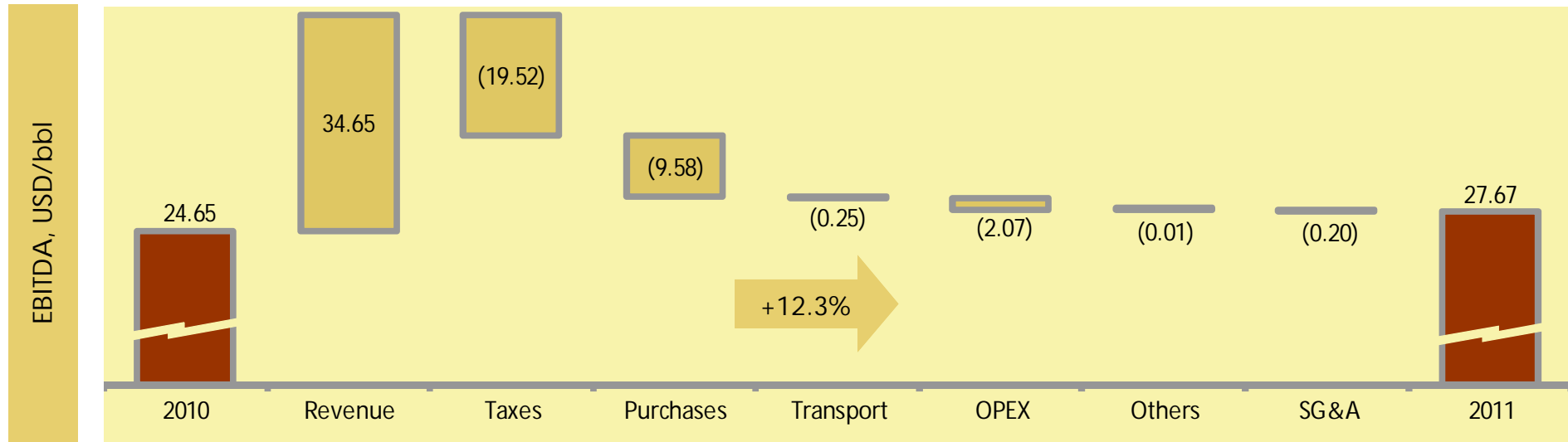
Q4'11 vs. Q3'11





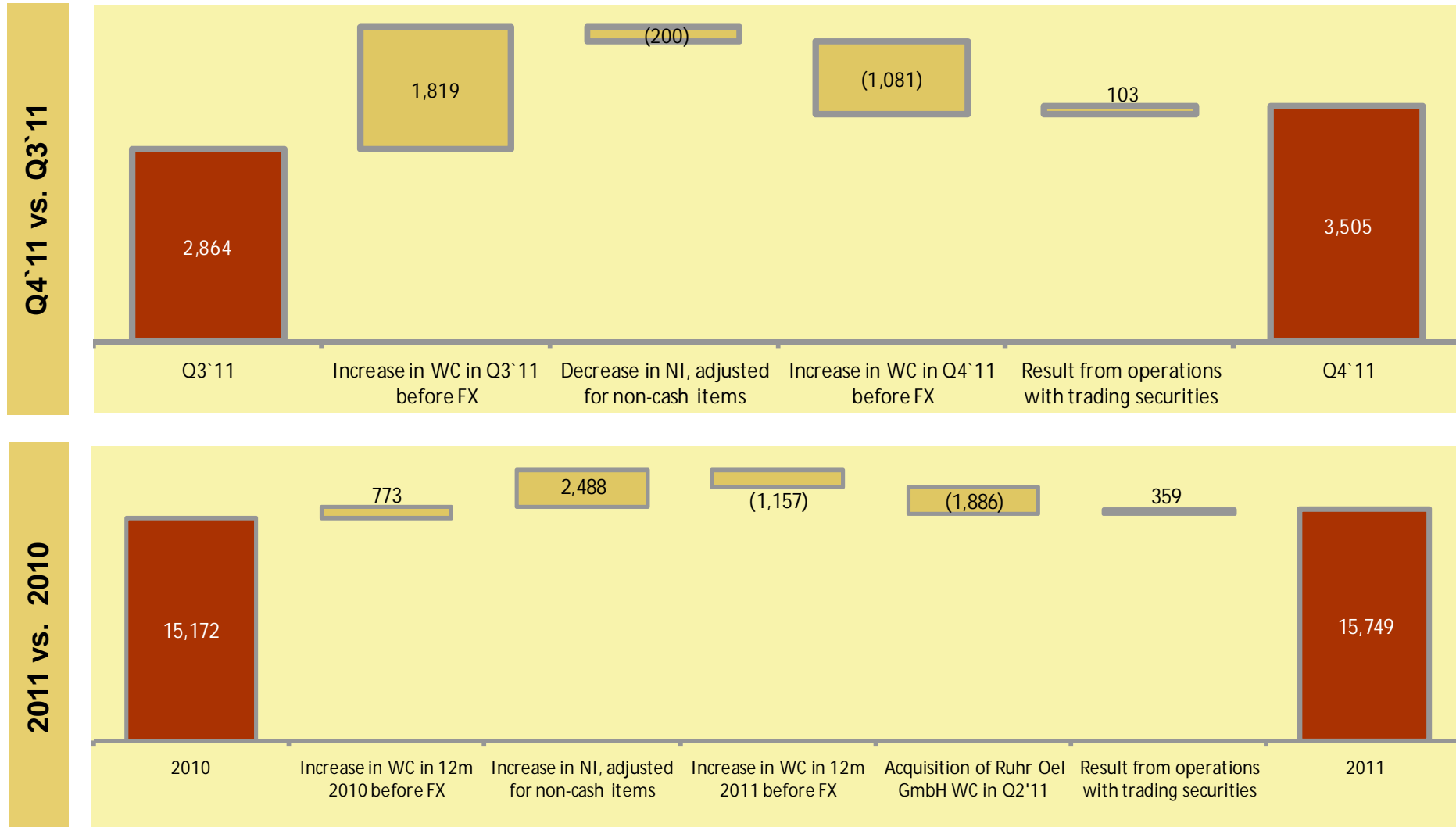
# EBITDA and Net Income per bbl Reconciliation

2011 vs. 2010





# Operating Cash Flow Reconciliation, USD mln





# Credit Profile

	Dec. 31, 2011	Dec. 31, 2010
Total debt, USD bln	23.3	23.6
Net debt, USD bln	15.86	13.66
Long-term debt, %	79.7%	76.7%
USD denominated debt, %	85.2%	88.4%
Gearing (Net Debt to Net Debt + Equity)	19.5%	20.0%
Weighted av. cost of debt	3.81%	3.53%
LTM EBITDA interest coverage	31.6	28.2
Net debt / LTM EBITDA	0.72	0.71

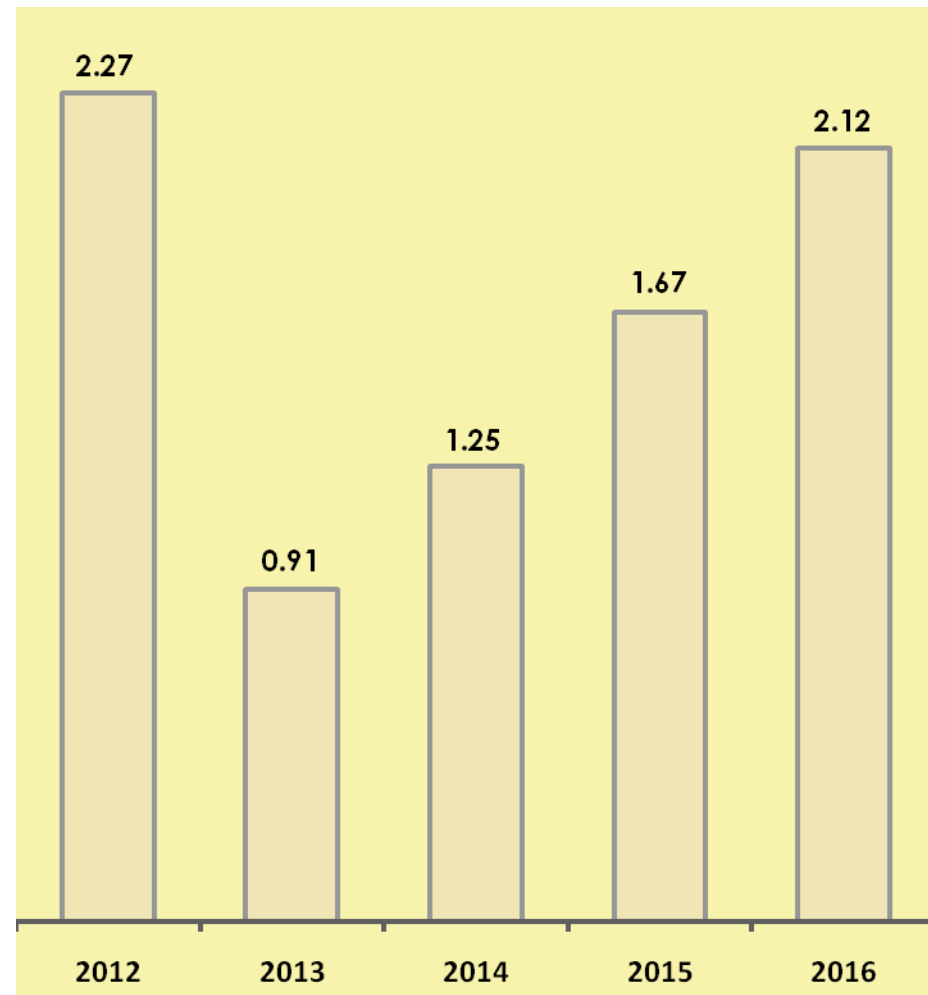
- Credit rating

S&P                      BBB- (positive)

Moody's                      Baa1 (stable)

Fitch                      BBB- (positive)

## Repayment profile\*, USD bln



\* Future repayments include only long-term debt with its current portion