



ROSNEFT

Q1 2012 IFRS Financial results

May 4, 2012



Important Notice

The information contained herein has been prepared by the Company. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been verified by the Company. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this presentation. None of the Company nor any of its shareholders, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.



Q1'12 Highlights

Positives

- Key financial results:
 - EBITDA – 165 RUB bln
 - Net Income – 112 RUB bln
- Crude oil and gas production increased by 3.3% and 9.4% year-on-year, respectively
- 25.0% refining throughput growth year-on-year, including 3.3% growth at Russian refineries
- Retail sales growth of 7.1 % year-on-year
- Reduction of lifting costs
- Positive export duty lag effect

Challenges, Priorities

Q1'12 – challenges

- Growth in transportation tariffs
- Increase in MET base rate
- Increase in excise tax at decreasing domestic prices

2012 priorities

- Meeting 2012 Business plan targets
- Implementation of key investment projects in upstream and downstream segments
- Continued cost control
- Internal optimization: divestment of non-core assets, optimization of business processes



Macroeconomic Environment

	Q1'12	Q4'11	Δ, %	Q1'11	Δ, %
Average USD/RUB exchange rate	30.26	31.23	(3.1)%	29.27	3.4%
Inflation for the period, %	1.5%	1.4%		3.8%	
Urals FOB Primorsk, th. RUB/bbl	3.50	3.36	4.2%	2.94	19.0%
Gasoil 0.1% (FOB/CIF Med), th. RUB/tonne	30.16	29.39	2.6%	25.81	16.9%
Fuel oil 3.5% (FOB/CIF Med), th. RUB/tonne	20.64	19.49	5.9%	16.24	27.1%
High octane gasoline (av. Russia), th. RUB/tonne	23.07	24.70	(6.6)%	22.26	3.6%
Diesel (av. Russia), th. RUB/tonne (summer)	21.81	21.67	0.6%	18.09	20.6%



Q1'12 Results Overview

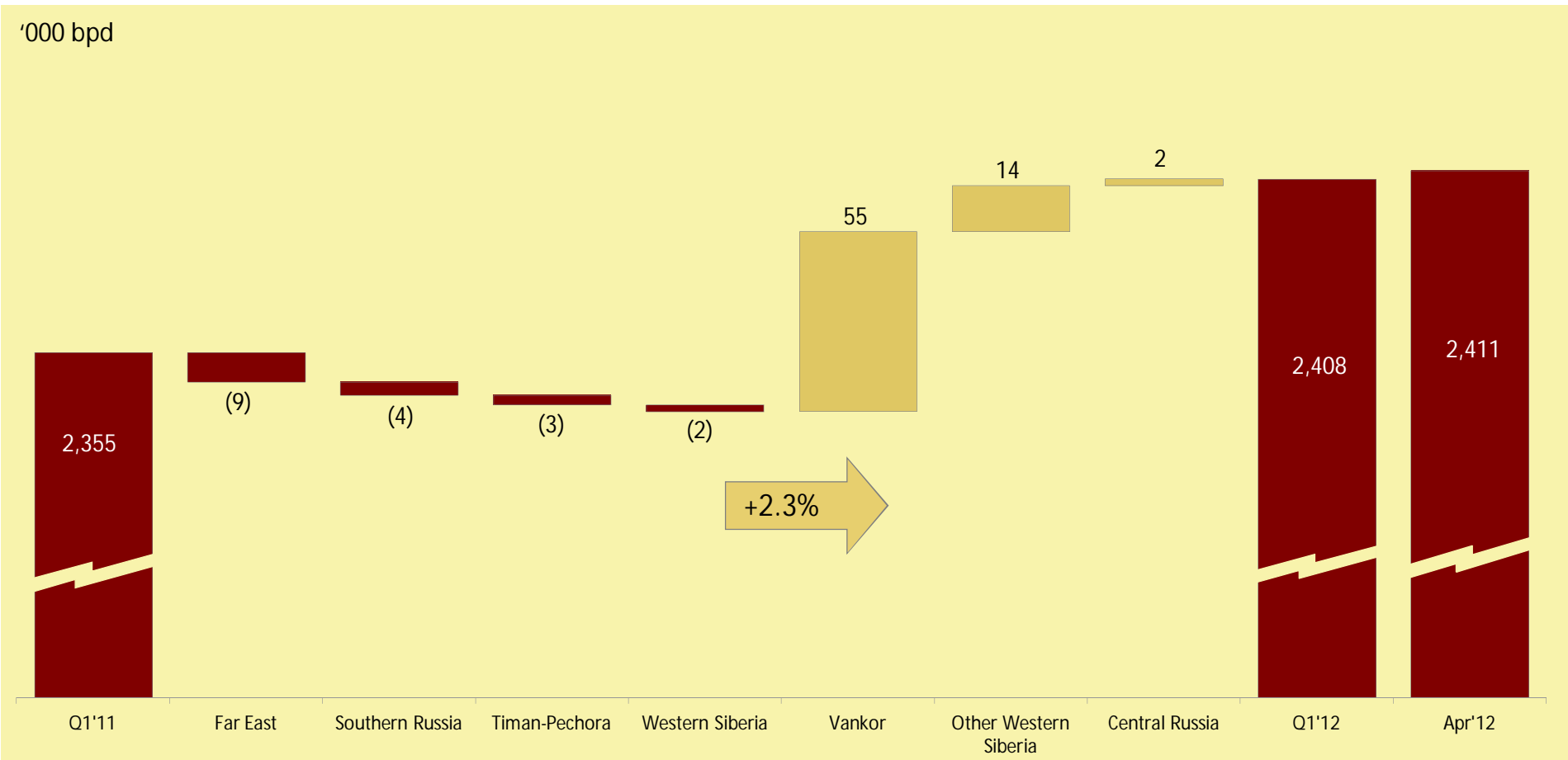
	Q1'12	Q4'11	Δ, %	Q1'11	Δ, %
Hydrocarbon production, th. boe per day	2,634	2,622	0.5%	2,564	2.7%
Crude oil production, th. barrels per day	2,408	2,396	0.5%	2,355	2.3%
Gas production , bcm	3.50	3.53	(0.8)%	3.20	9.4%
Petroleum product output, mln t	14.83	15.21	(2.5)%	11.76	26.1%
Revenues, RUB bln	748	748	-	588	27.2%
EBITDA, RUB bln	165	148	11.5%	194	(14.9)%
Net income, RUB bln	112	72	55.6%	123	(8.9)%
Operating cash flow ¹ , RUB bln	72	119	(39.5)%	180	(60.0)%
Capital expenditures, RUB bln	118	133	(11.3)%	81	45.7%
Free cash flow, RUB bln	(46)	(14)	-	99	-
Net debt, RUB bln	527	497	6.0%	317	66.2 %

¹ Operating cash flow is adjusted for the effect from operations with trading securities as part of excess cash management (inflow of 2 RUB bln in Q1'12, outflow of 2 RUB bln in Q4'11).



Daily Crude Oil Production

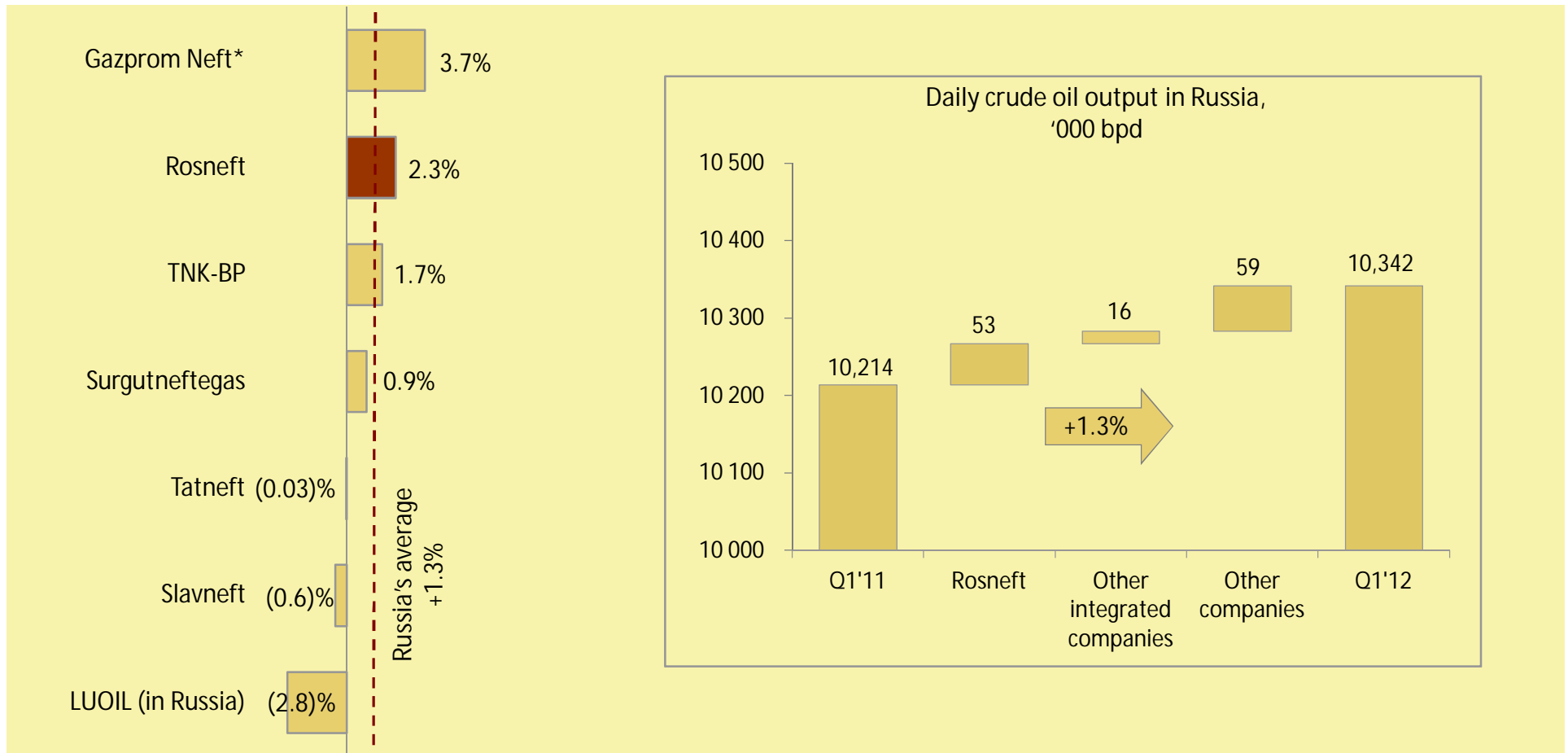
Daily Crude Oil Production Reconciliation, Q1'12 vs Q1'11





Daily Crude Oil Production (continued)

Daily Crude Oil Production in Russia, Q1'12 vs Q1'11

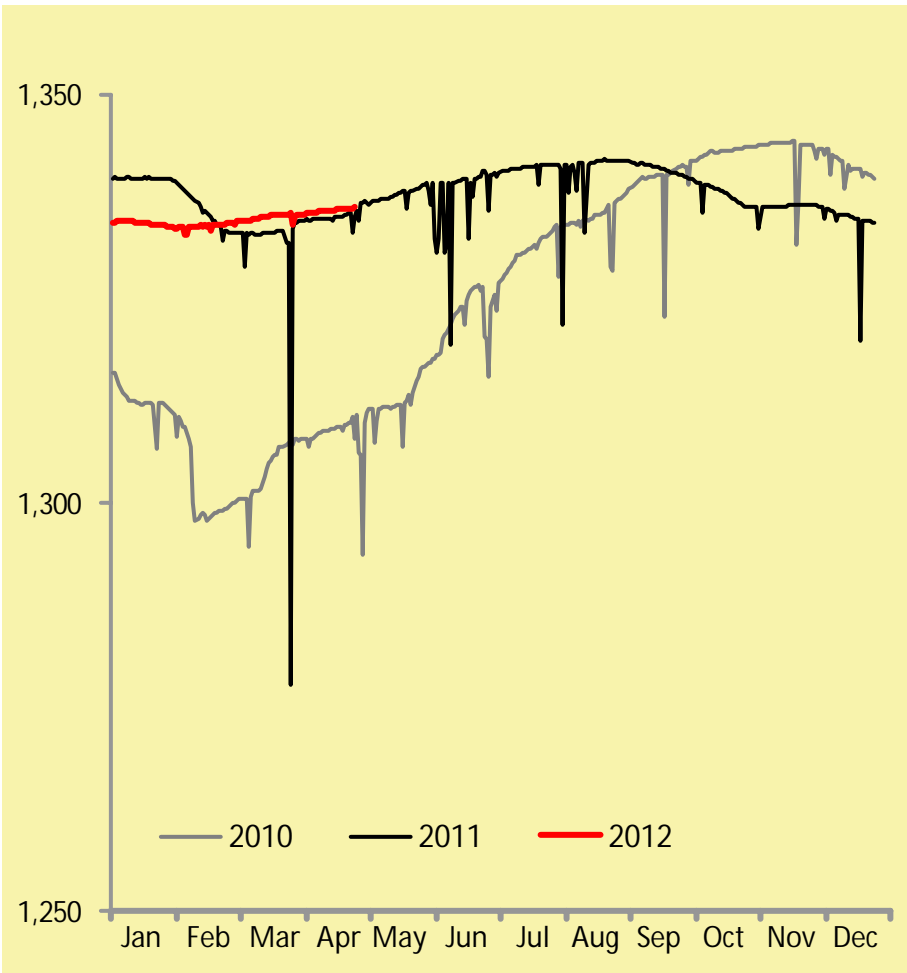


* Not including share in Tomskneft



Yugansk: 2% Ahead of Plan in Q1 2012

Yuganskneftegaz Daily Crude Oil Production, '000 bpd

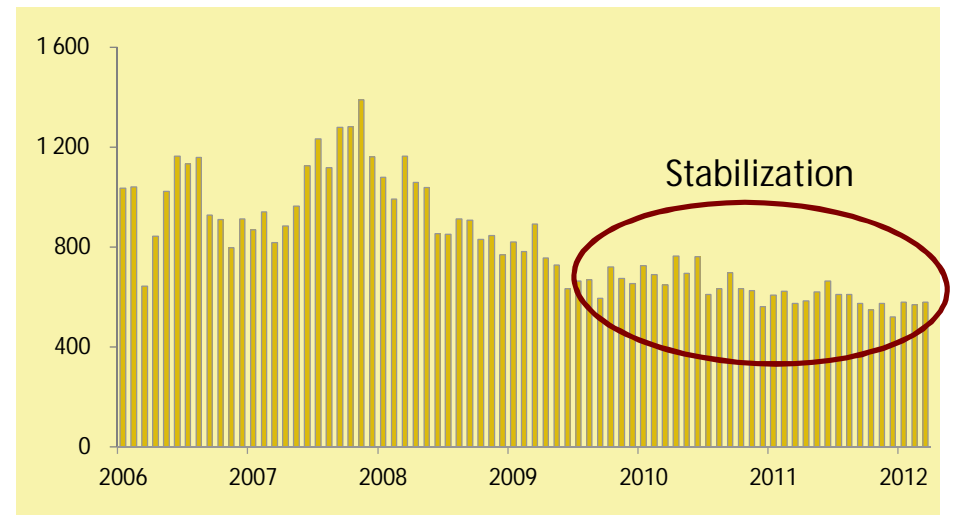


Strategic goal – to keep plateau production for a maximum period of time

Q1 2012 highlights:

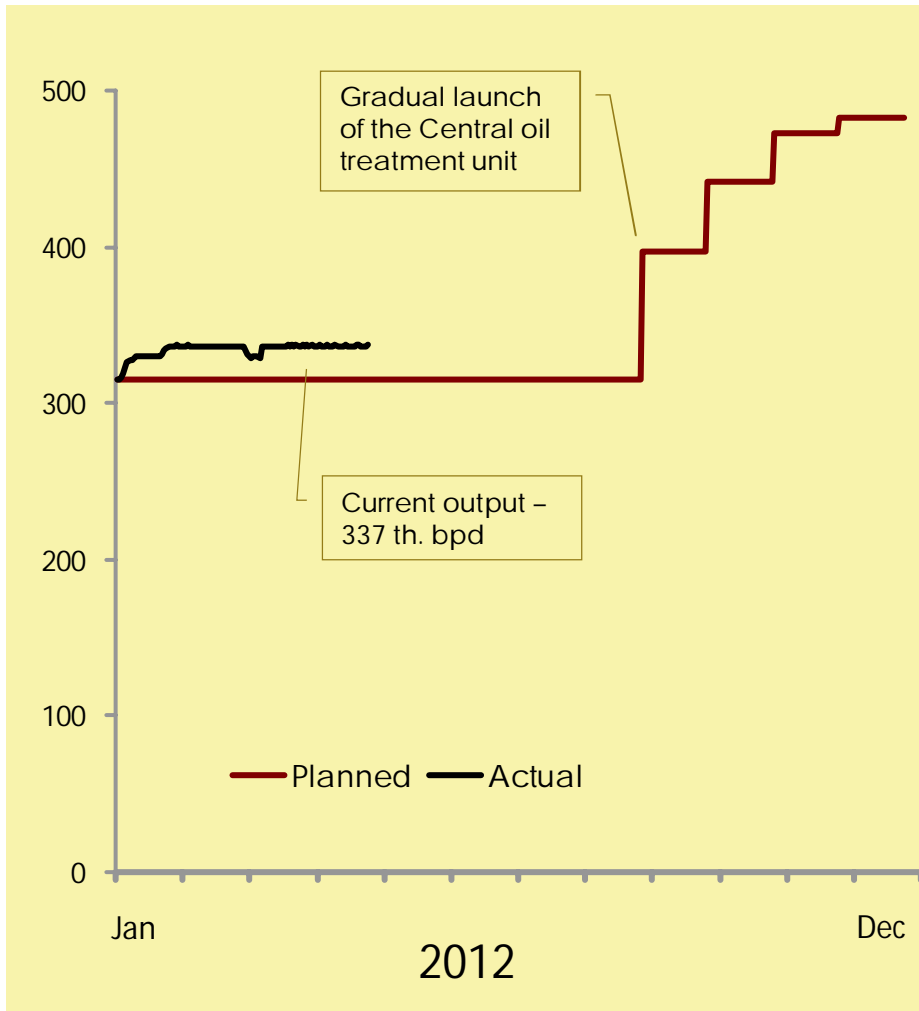
- Crude oil production – 16.6 mln t, or 2% higher than planned
- Number of new wells – 196 (2012 plan – 927)

Initial flow rates of new wells, bpd





Vankor crude oil production, '000 bpd



Reaching full project capacity in 2013

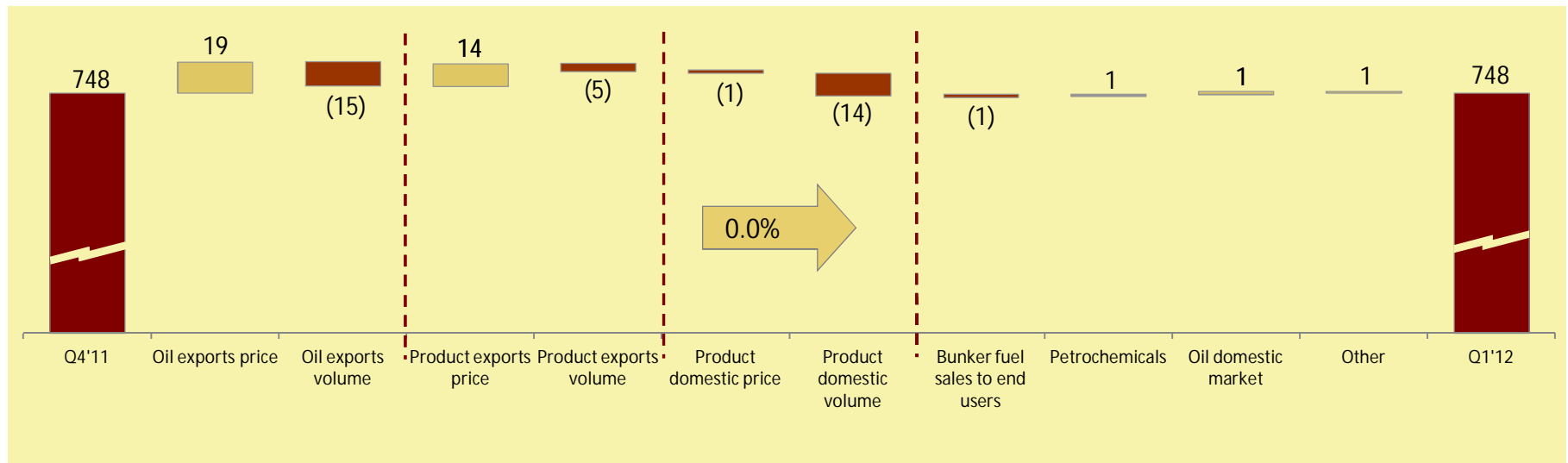
Q1 2012 highlights:

- Crude production – 4.1 mln t, or 6% higher than planned (2012 plan – 18 mln t)
- Number of new wells – 13 (2012 plan – 76)

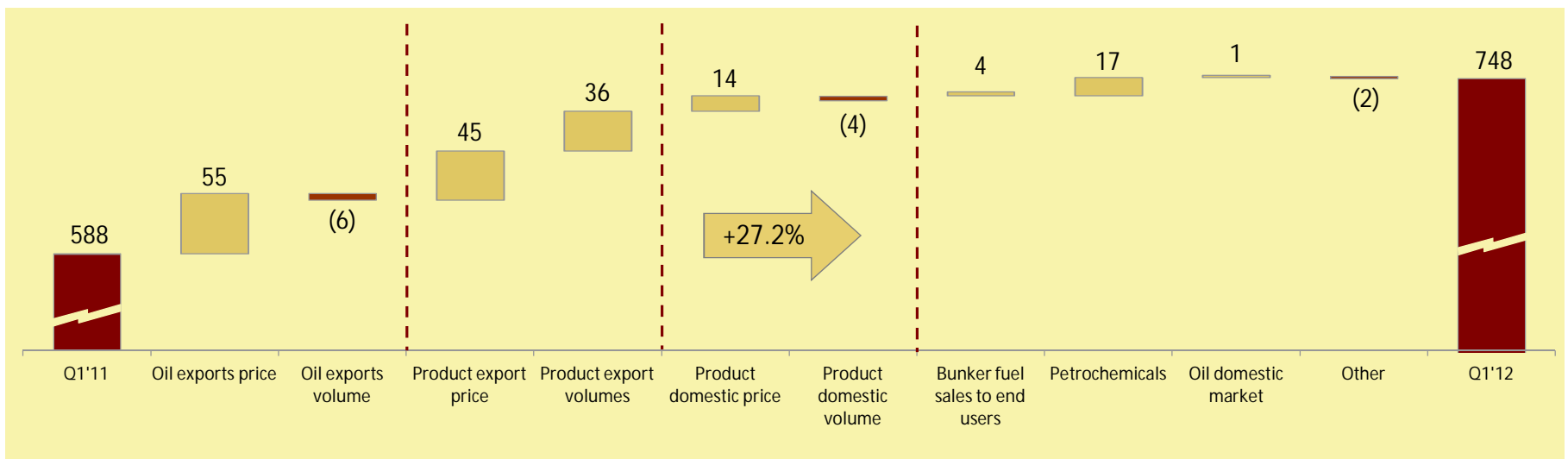


Revenues Reconciliation, RUB bln

Q1'12 vs Q4'11



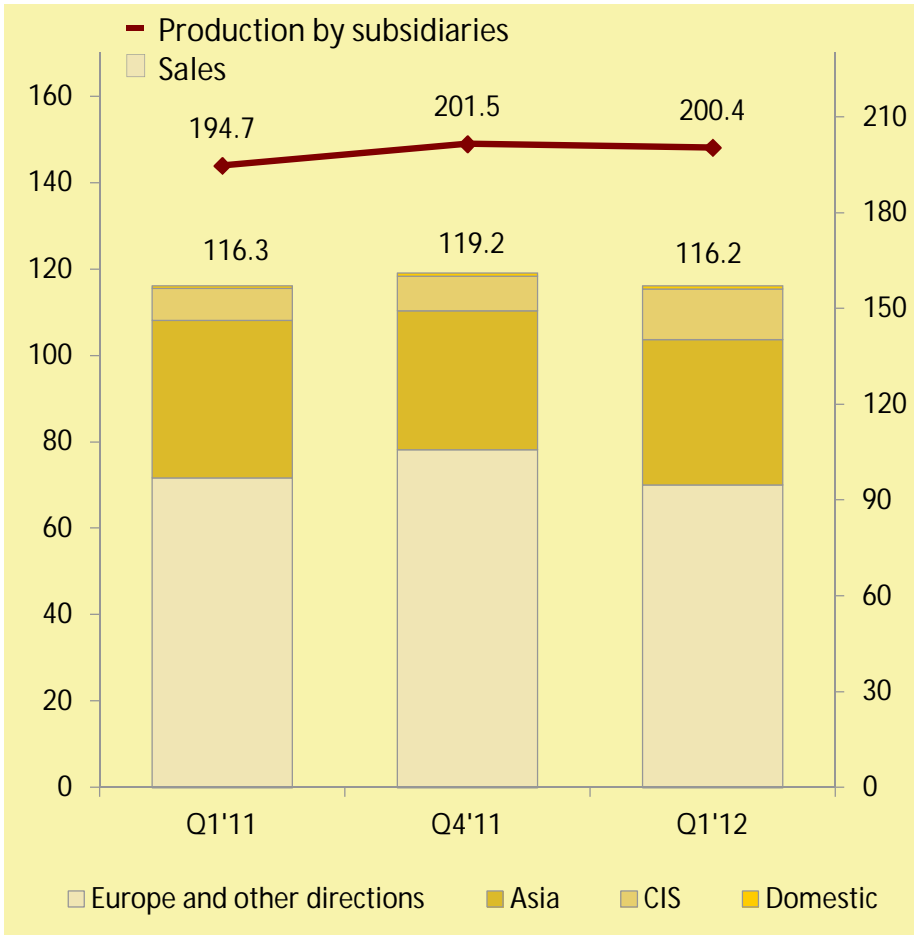
Q1'12 vs Q4'11



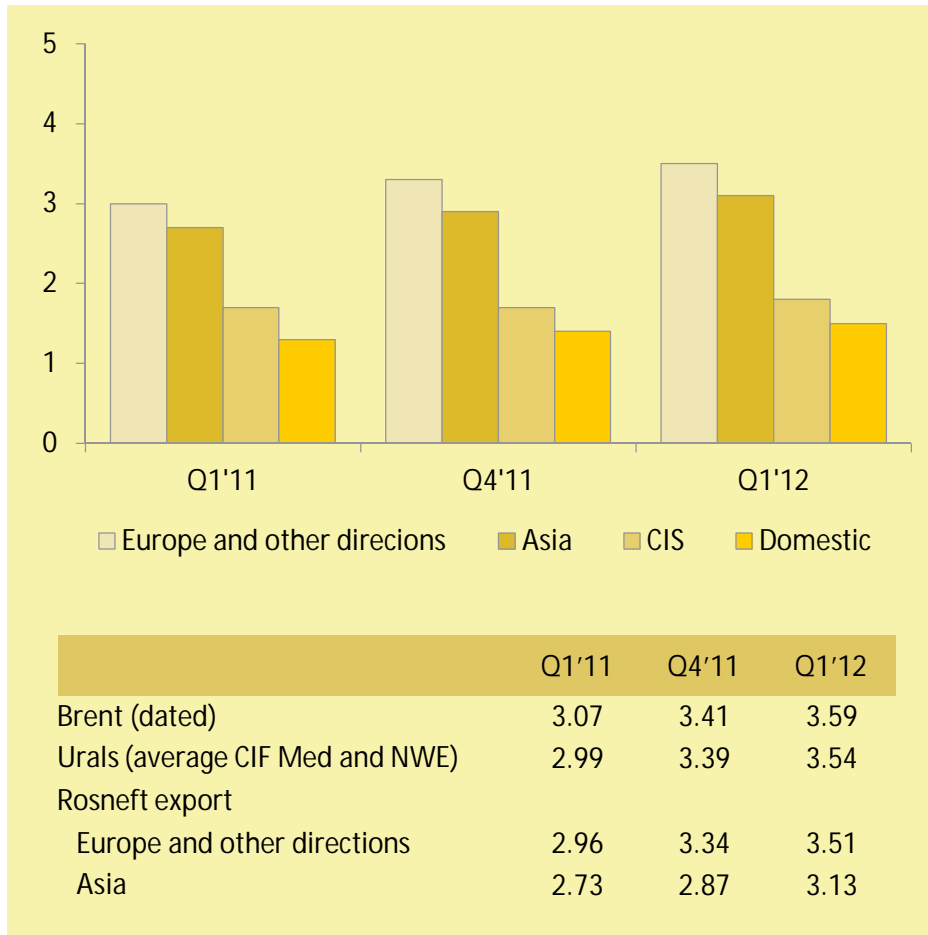


Crude Oil Sales

Crude Oil and Condensate Sales Volumes, mln bbl



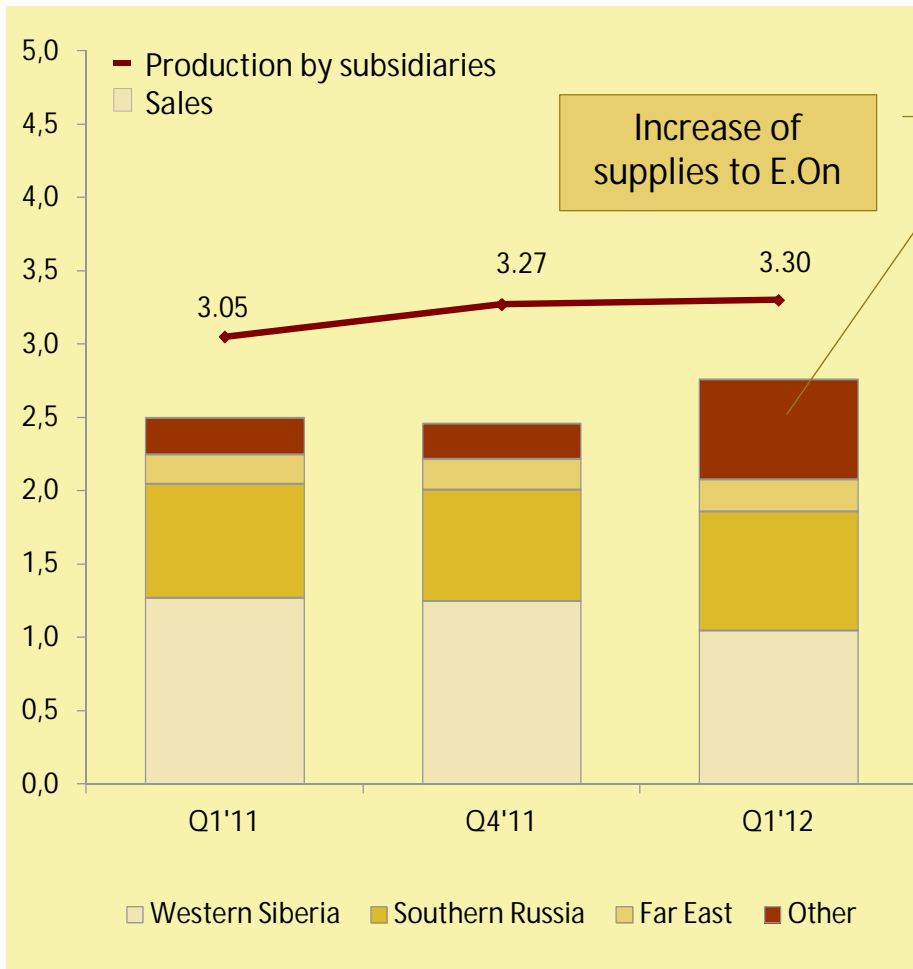
Average Prices, th. RUB./bbl.



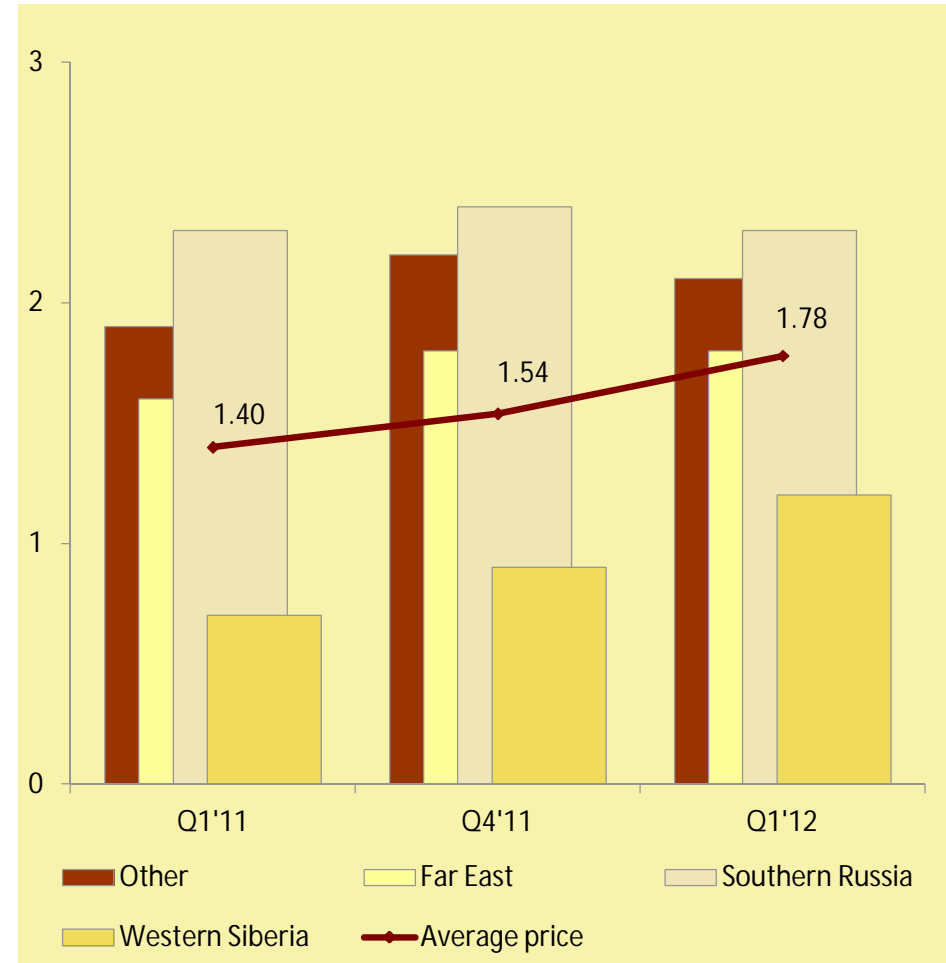


Gas Production and Sales

Gas Sales vs. Production, bcm



Gas Sales Prices, th. RUB per 1,000 cubic meters



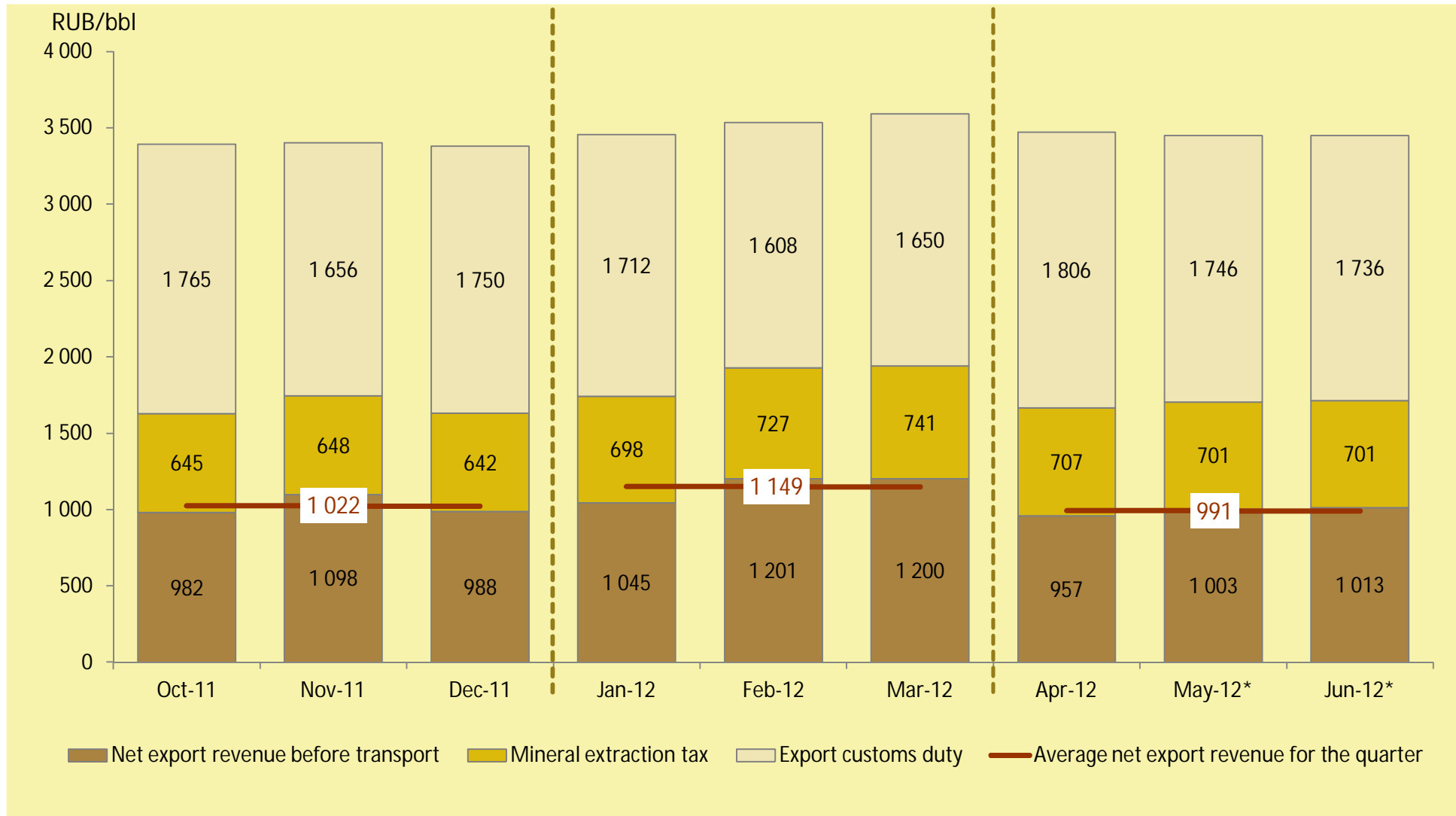


Non-controlled Expenses

		Q1'12	Q4'11	Δ, %	Q1'11	Δ, %
Urals FOB Novorossiysk	USD/bbl	116.0	107.5	7.9%	100.9	15.0%
Urals FOB Novorossiysk	th. RUB/tonne	25.68	24.58	4.5%	21.58	19.0%
Export customs duty	th. RUB/tonne	12.13	12.61	(4.0)%	10.04	21.0%
Yugansk – Novorossiysk tariff	th. RUB/tonne	1.49	1.48	0.7%	1.44	3.5%
MET	th. RUB/tonne	5.28	4.72	12.8%	4.09	29.3%
Total non-controlled expenses	th. RUB/tonne	18.89	18.78	0.6%	15.54	21.6%
Non-controlled expenses/ Urals FOB Novorossiysk	%	73.5%	76.3%		71.9%	



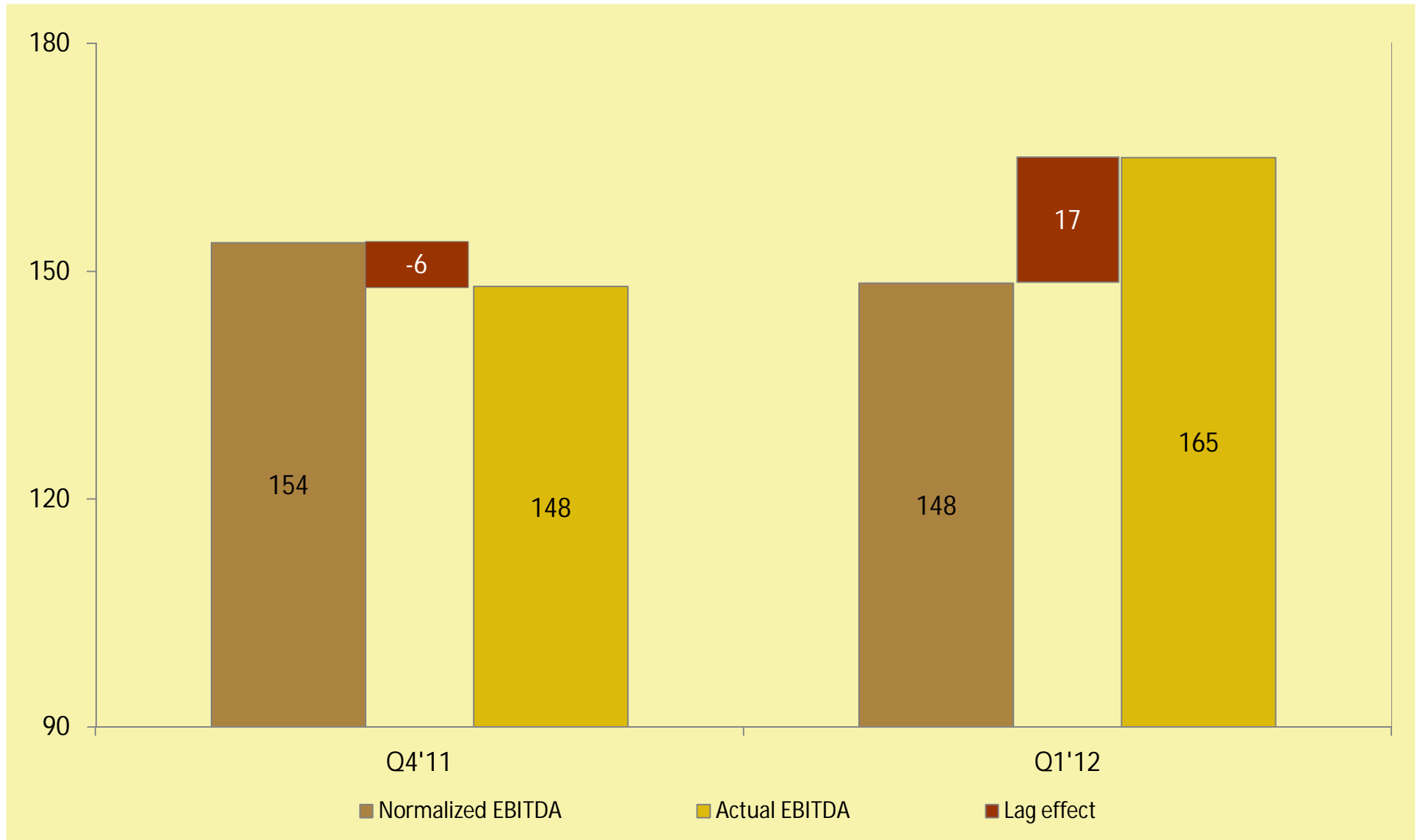
Upstream Margins, RUB/bbl



* Assuming Urals price of 115 USD/bbl and exchange rate of 30.0 USD/RUR in May and June



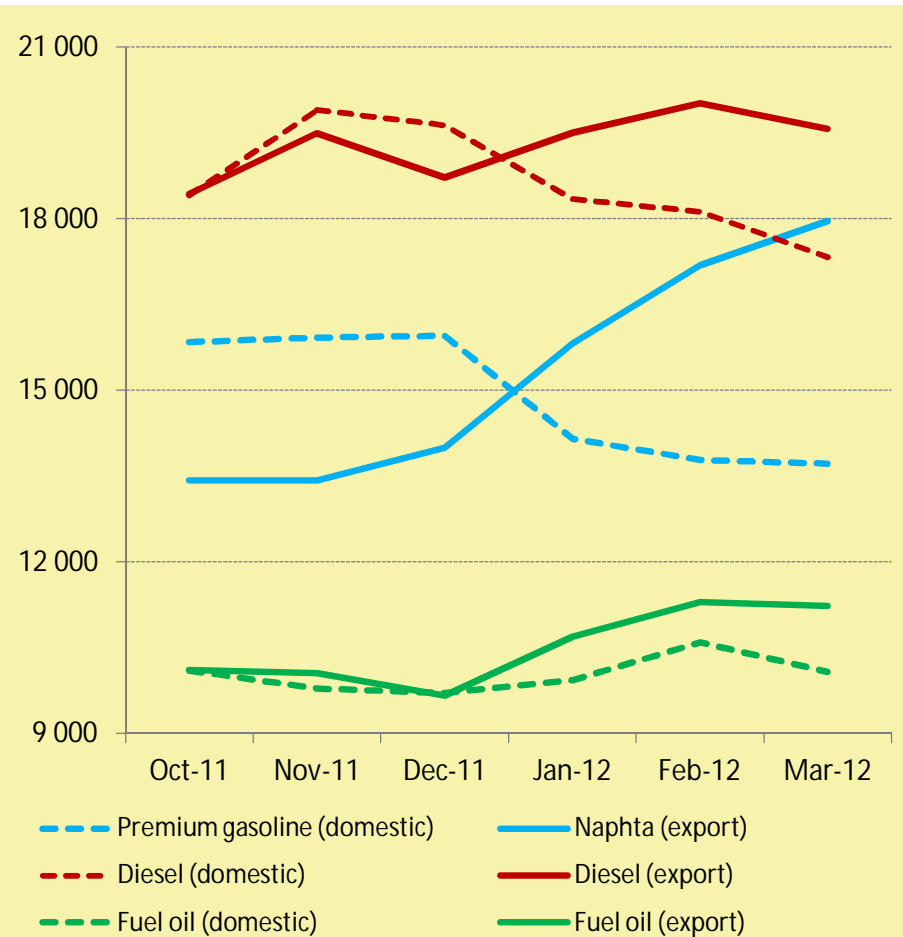
Export Duty Lag Effect, RUB bln



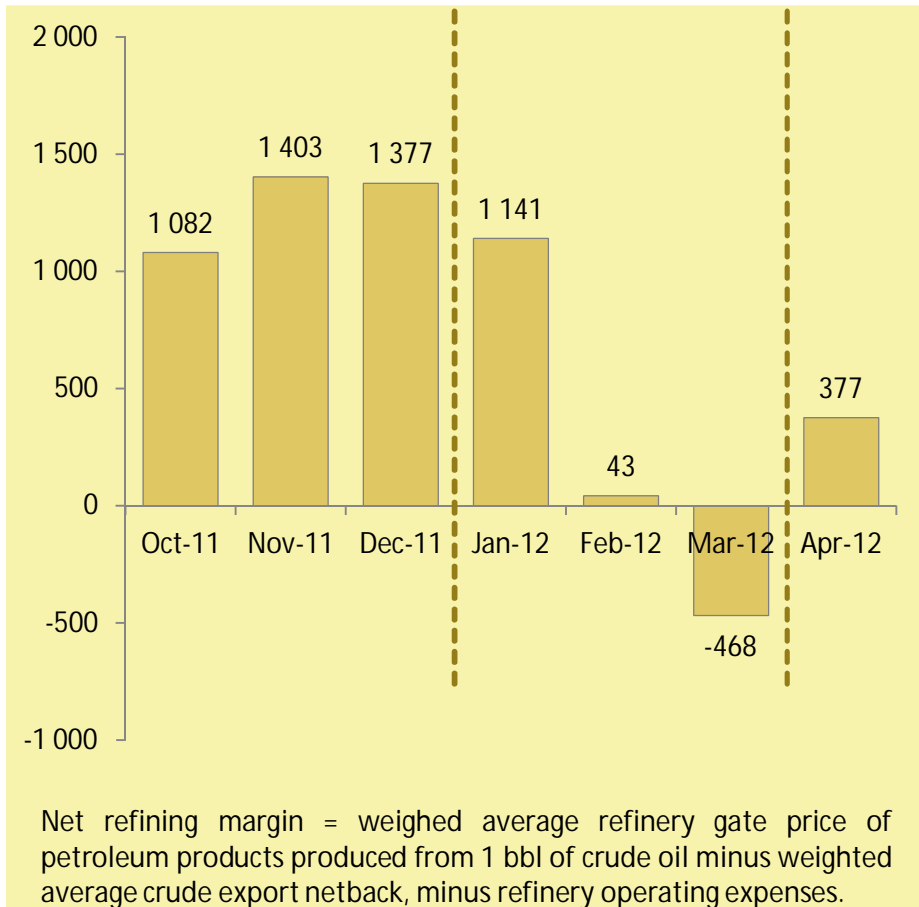


Petroleum Product Prices & Refining Margin

Petroleum product prices*, RUB per tonne



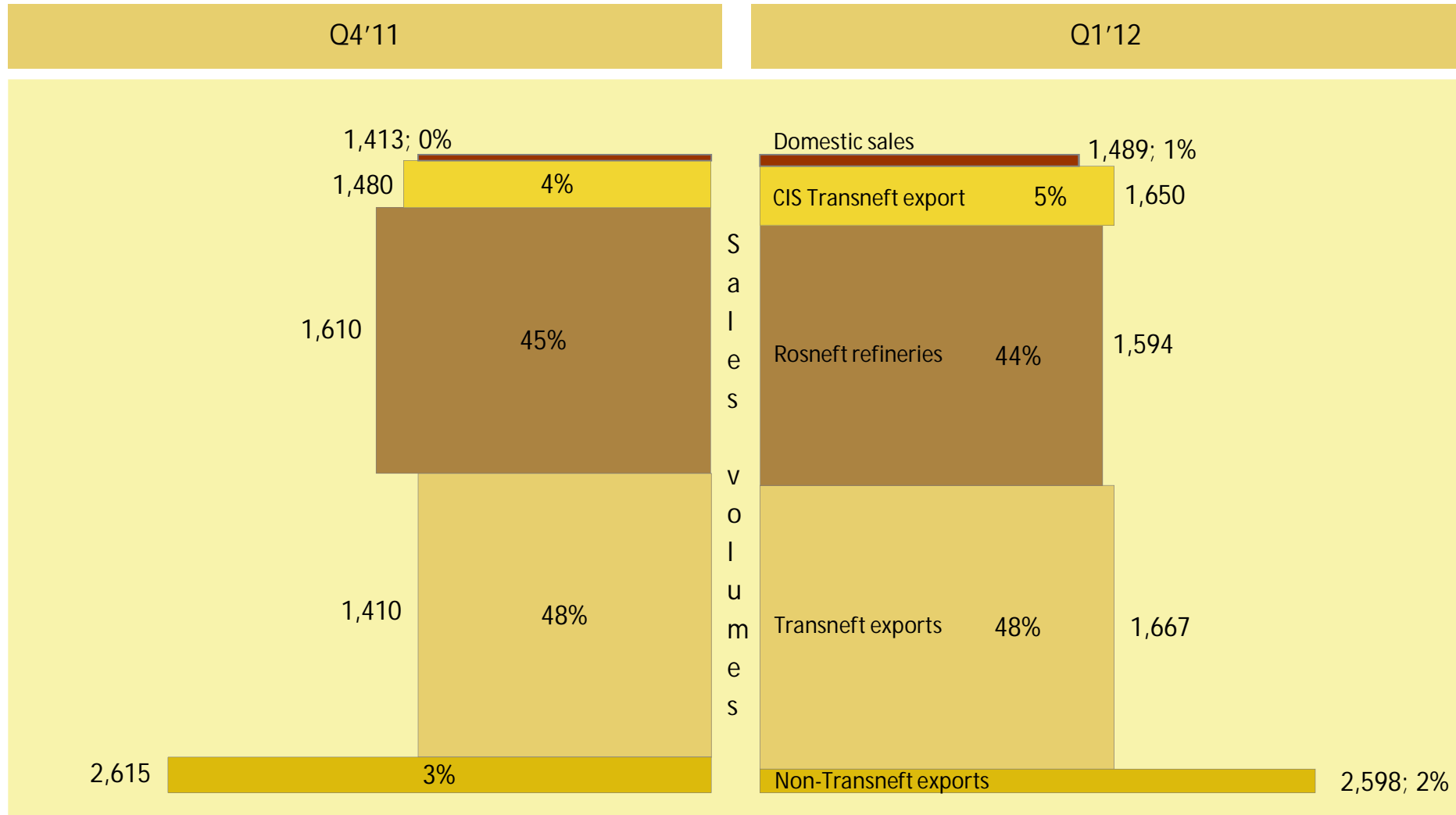
Net Refining margin, RUB per tonne



* Weighed average refinery-gate net price



Netback Ladder*, RUB/bbl

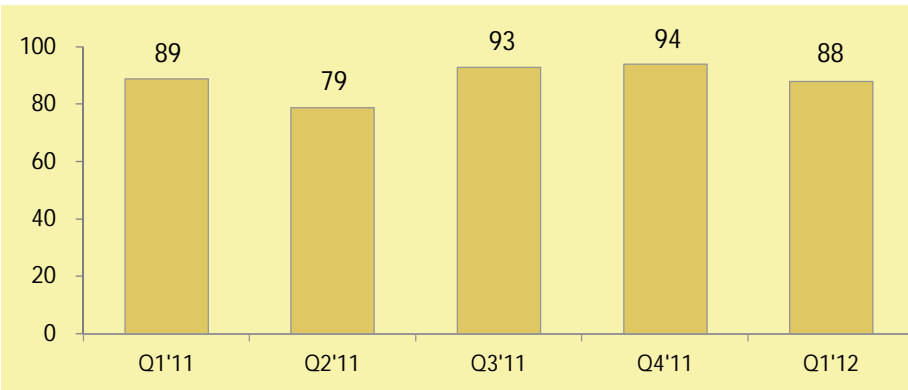


* Excluding German refineries.

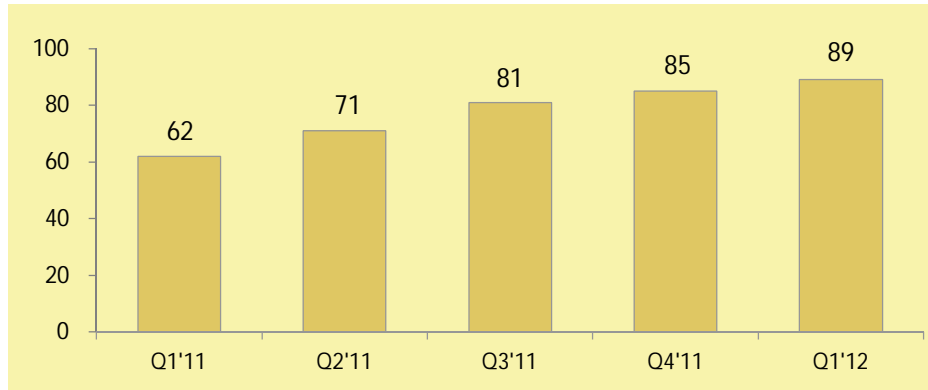


Expenses Dynamics

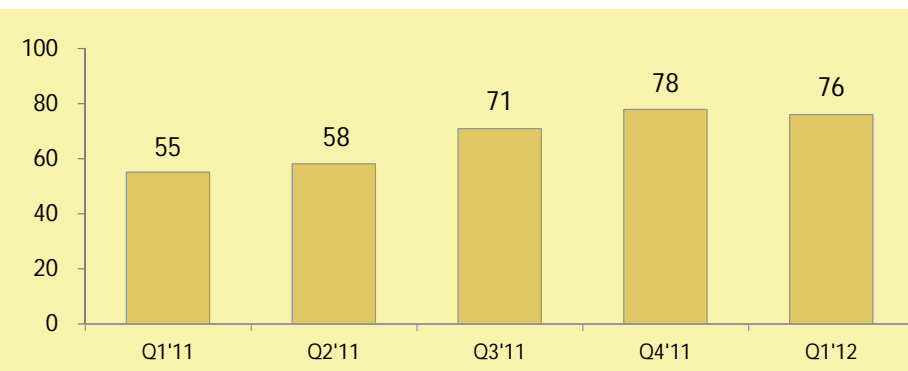
Upstream Operating Expenses, RUB/bbl of oil produced



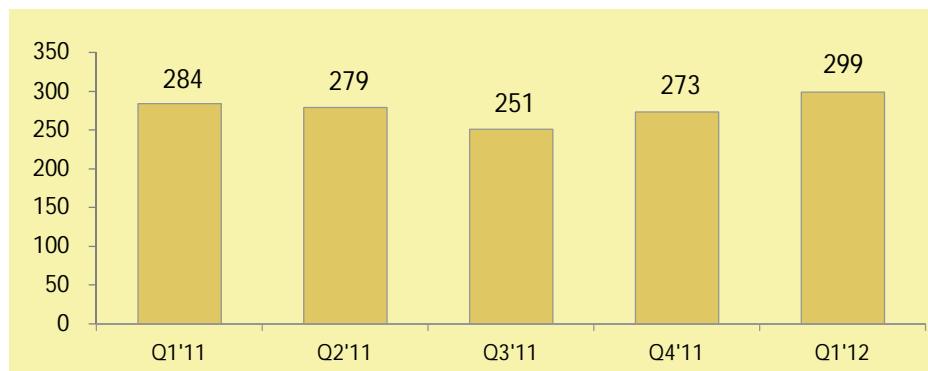
Refining Operating Expenses, RUB/bbl of oil processed



SG&A Expenses, RUB/bbl of oil produced



Transportation Expenses, RUB/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).



Interest Expense

RUB bln	Q1'12	Q4'11	Q3'11	Q2'11	Q1'11
1. Interest accrued according to loan agreements	5.7	5.6	5.1	4.9	5.1
2. Interest paid (cash)	5.6	5.6	5.1	4.9	8.1
3. Change in interest payables (1-2)	0.1	0	0	0	(3.0)
4. Interest capitalized*	4.6	4.3	3.7	3.0	2.8
5. Interest SWAP loss/(gain)	0.3	(0.4)	0.2	1.0	0
6. Debt issue cost	0.2	0.2	0.2	0.2	0.2
7. Other	0.7	1.1	0.9	0.5	1.4
8. Interest expense as reflected in P&L (1-4+5+6+7)	2.3	2.2	2.7	3.6	3.9

* Capitalized interests are estimated in accordance with FASB ASC 835-20 'Capitalization of interest'.
 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.



FX loss/gain

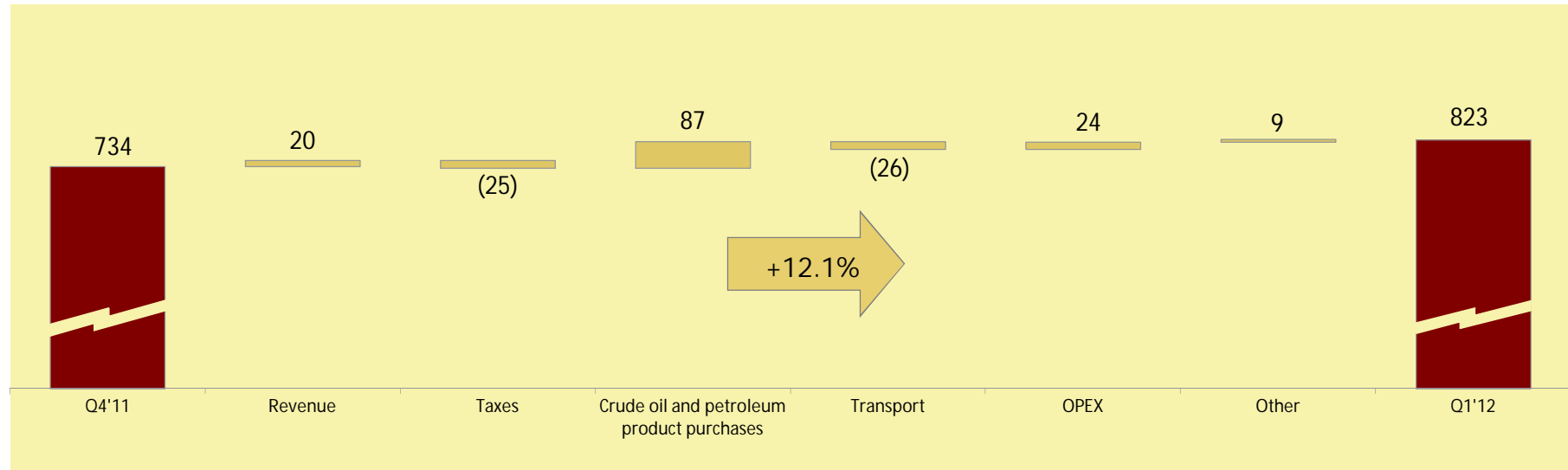
	31 Dec.11 USD mln	30 Mar.12 USD mln	Average monetary position	FX gain, RUB bln
Cash in foreign currencies	2,857	2,384	2,621	(6)
Accounts receivable and payable and other monetary items in foreign currencies	6,724	7,910	7,317	(22)
Deposits in foreign currencies	1,398	715	1,056	(3)
Long-term loans and borrowings in foreign currencies	(20,439)	(19,948)	(20,193)	57
FX gain				26



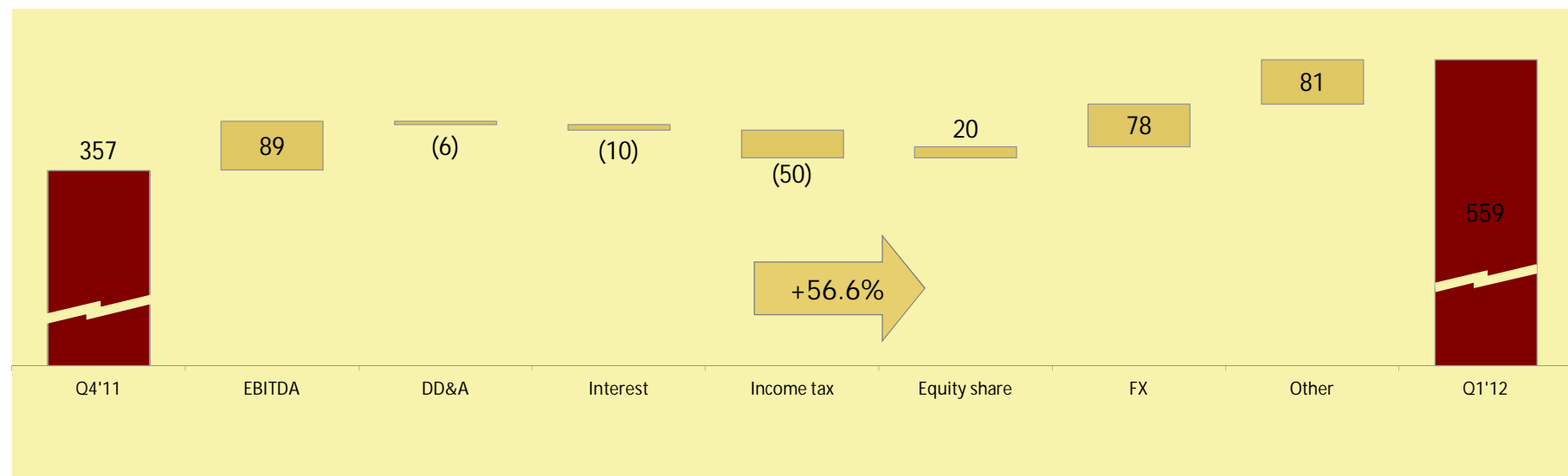
EBITDA and Net Income per bbl Reconciliation

Q1'12 vs. Q4'11

EBITDA, RUB/bbl



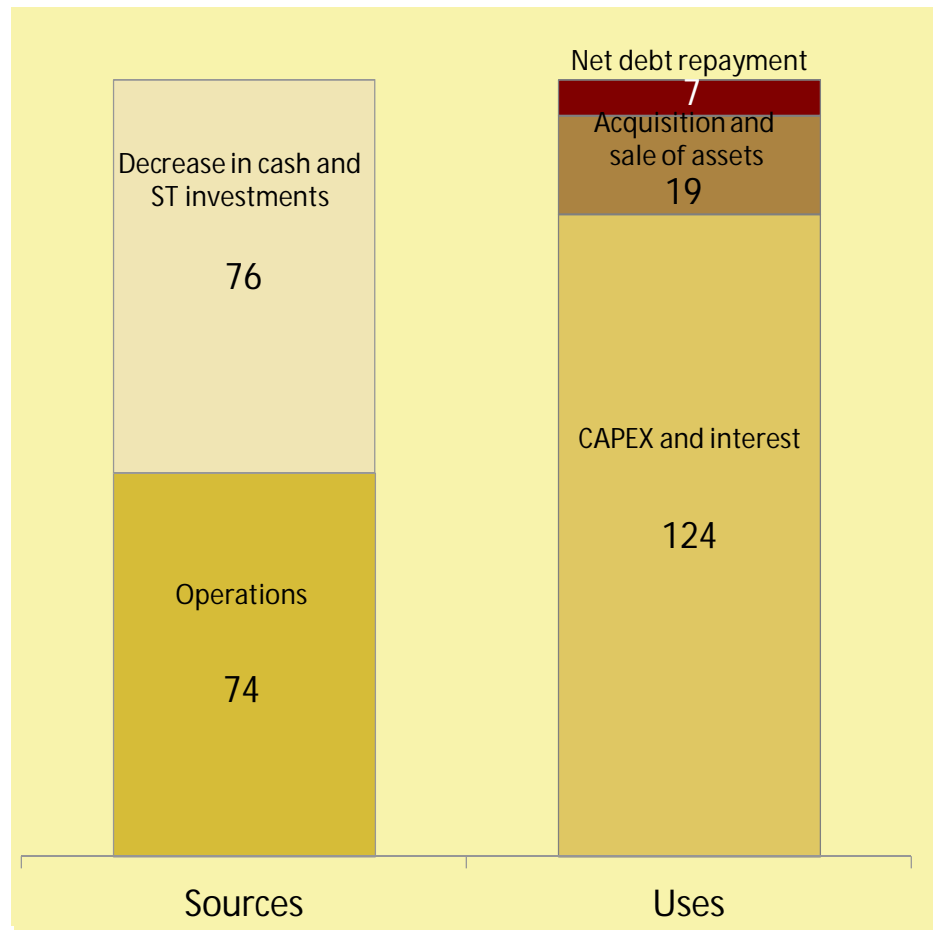
Net Income, RUB/bbl



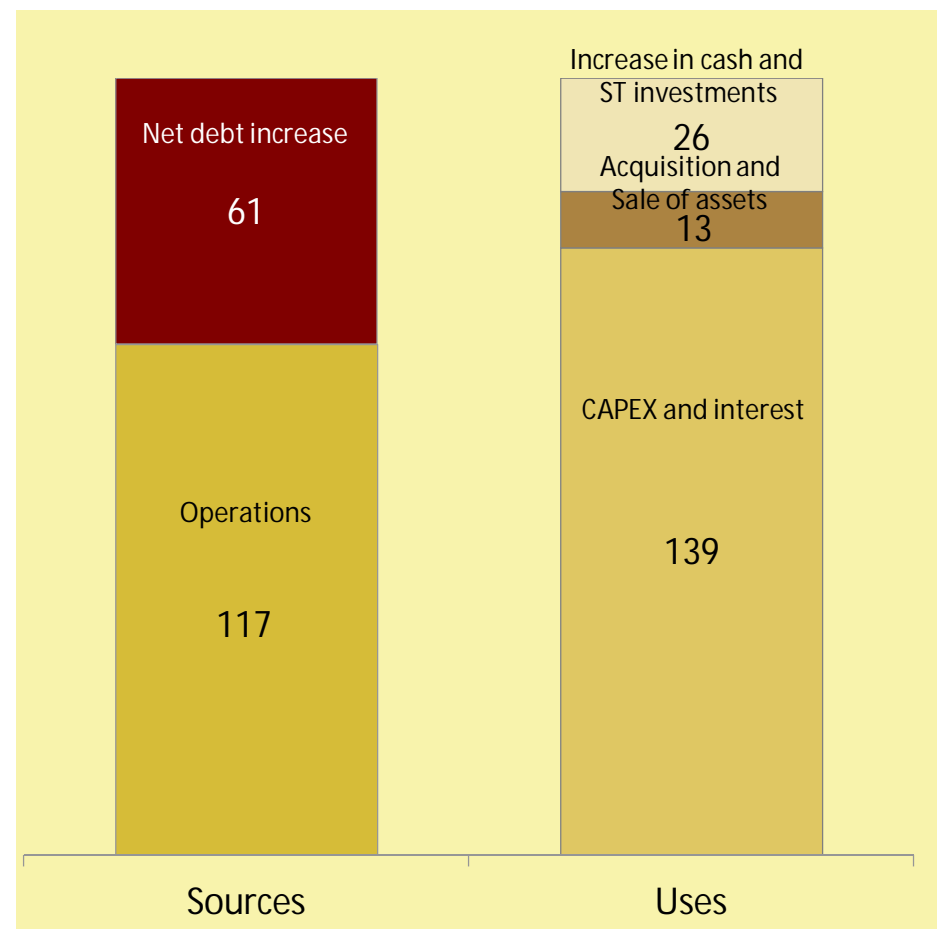


Sources and Uses of Cash

Q1'12

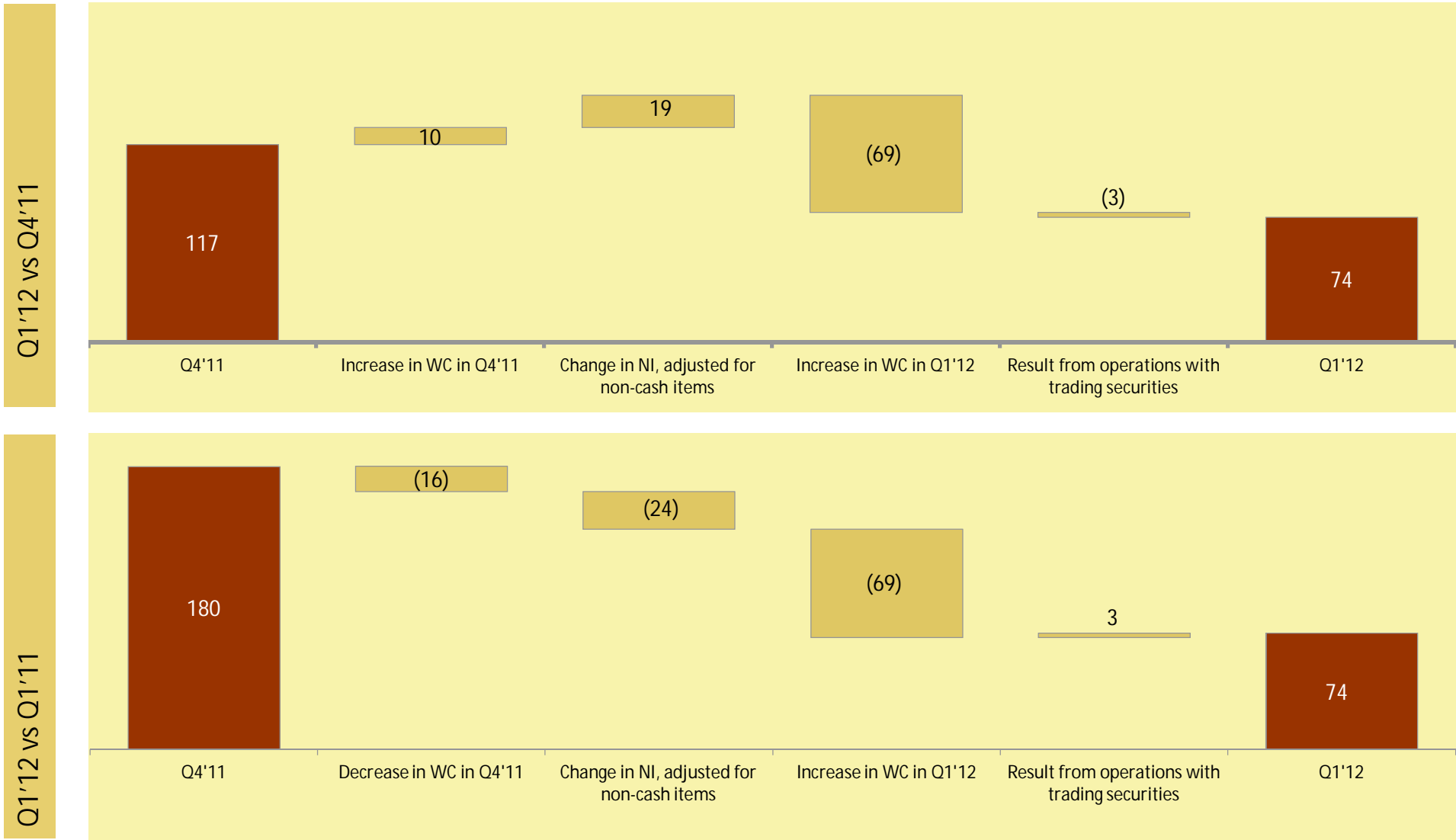


Q4'11



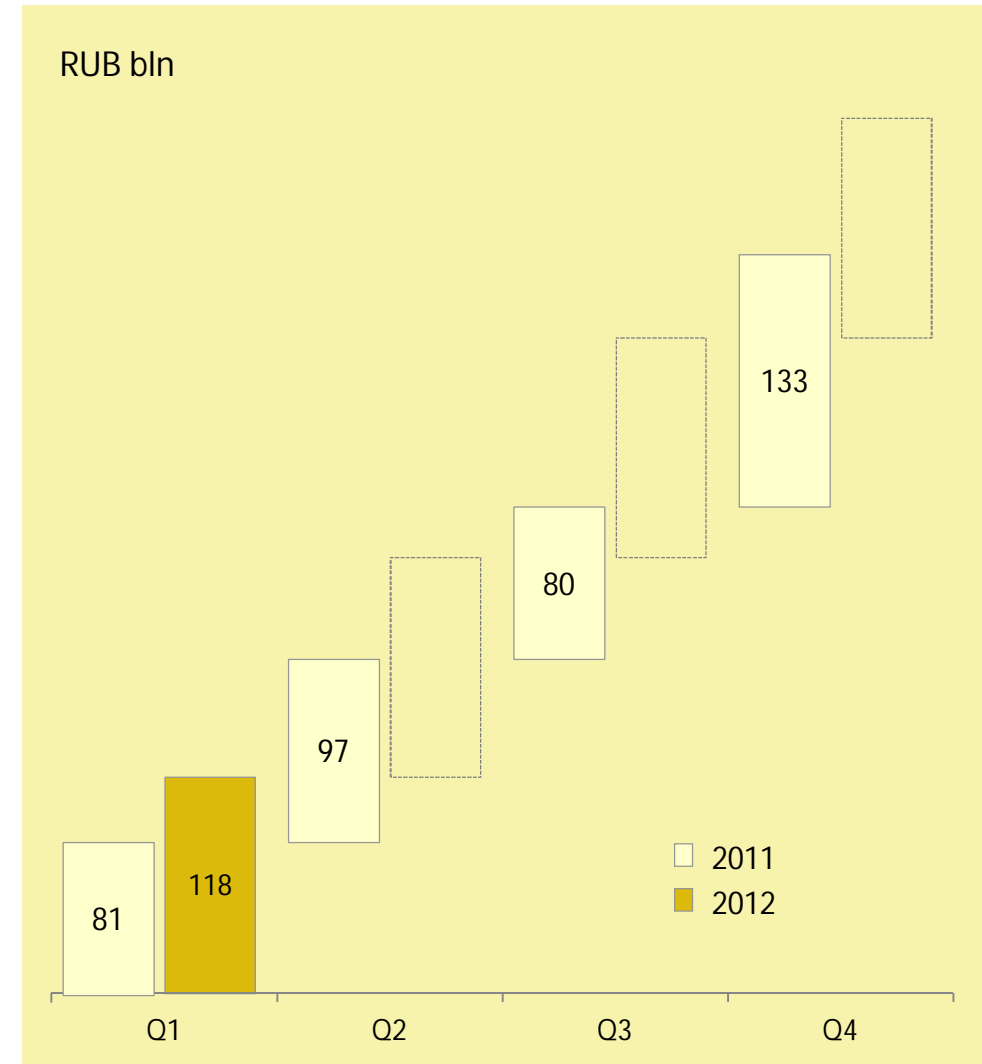
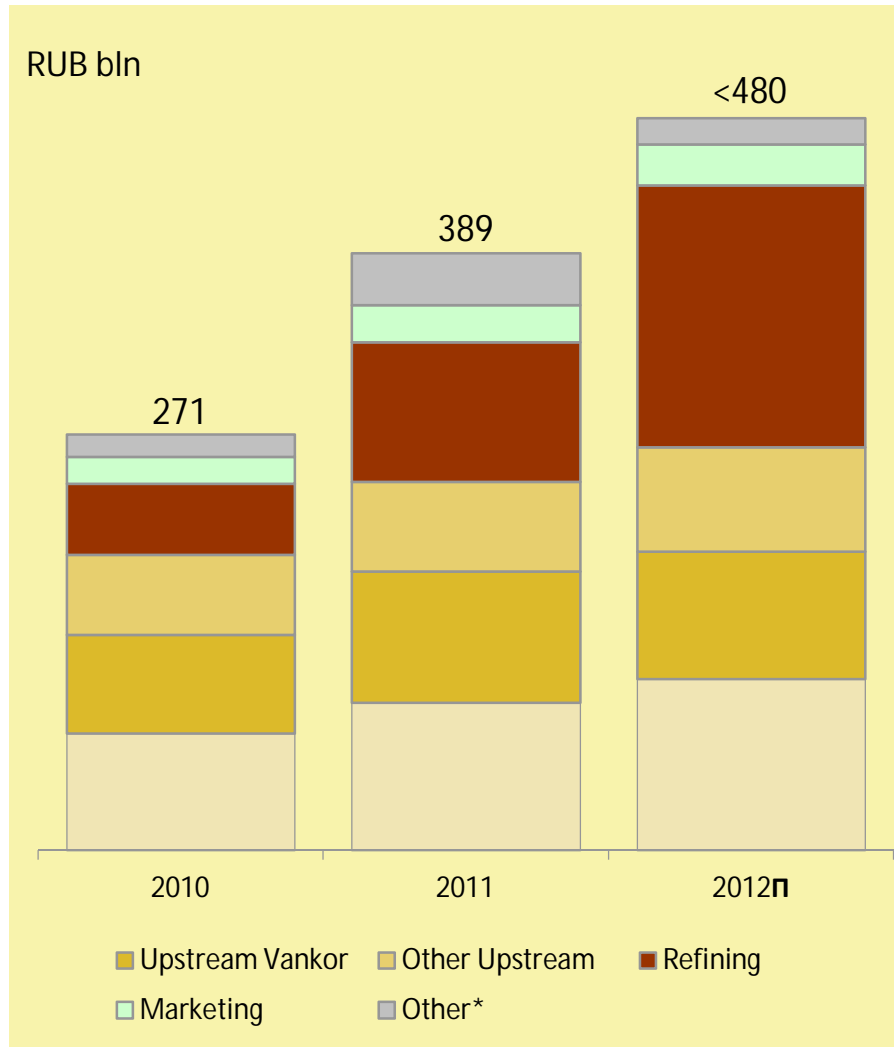


Operating Cash Flow Reconciliation, RUB bln





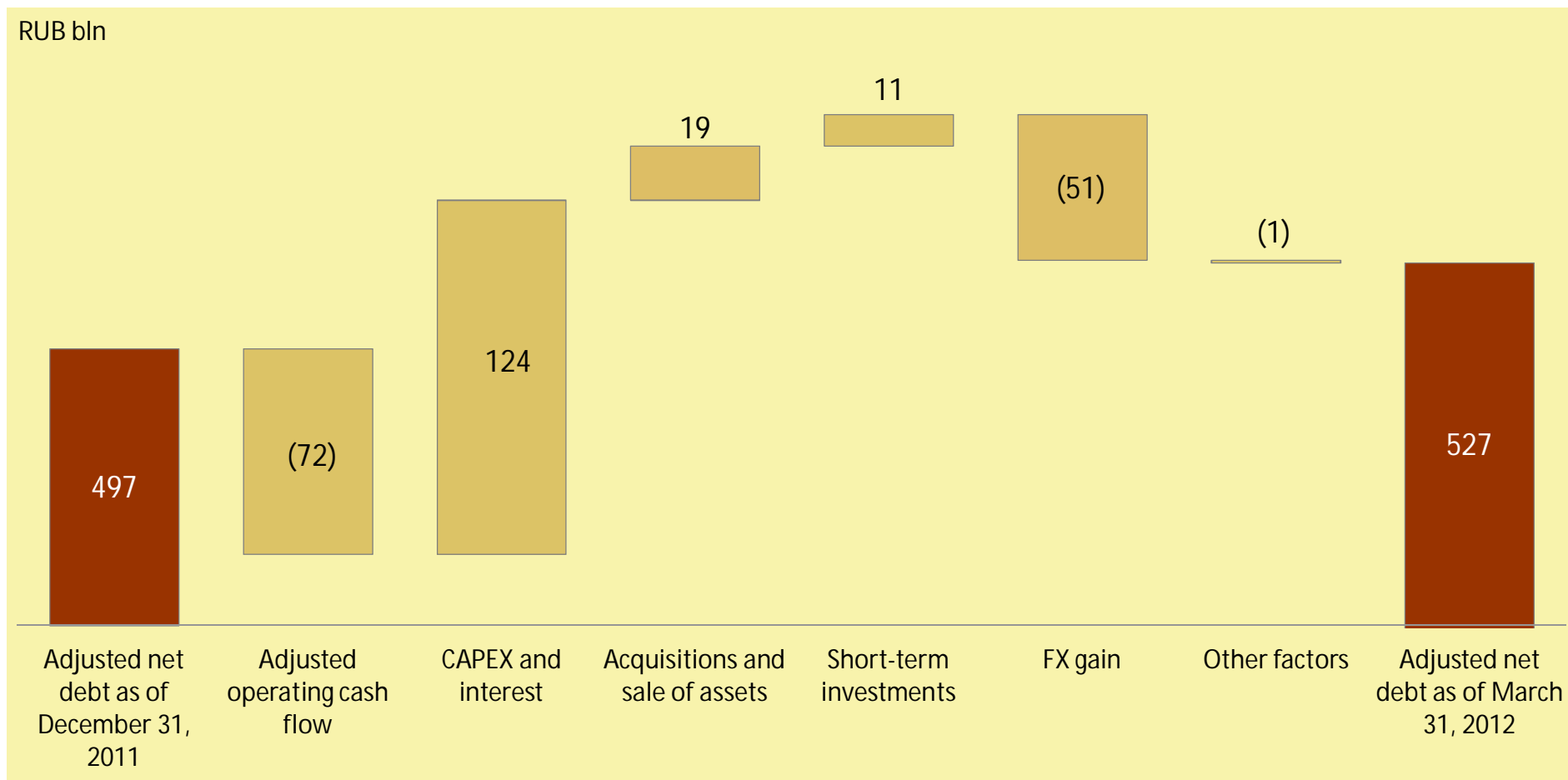
Capital Expenditures



* Other includes net change in construction materials.



Net Debt Reconciliation



Net debt is adjusted for short- and medium-term bank deposits and other short-term investments (85 RUB bln as of December 31, 2011 and 44 RUB bln as of March 31, 2012) as a part of the excess cash management

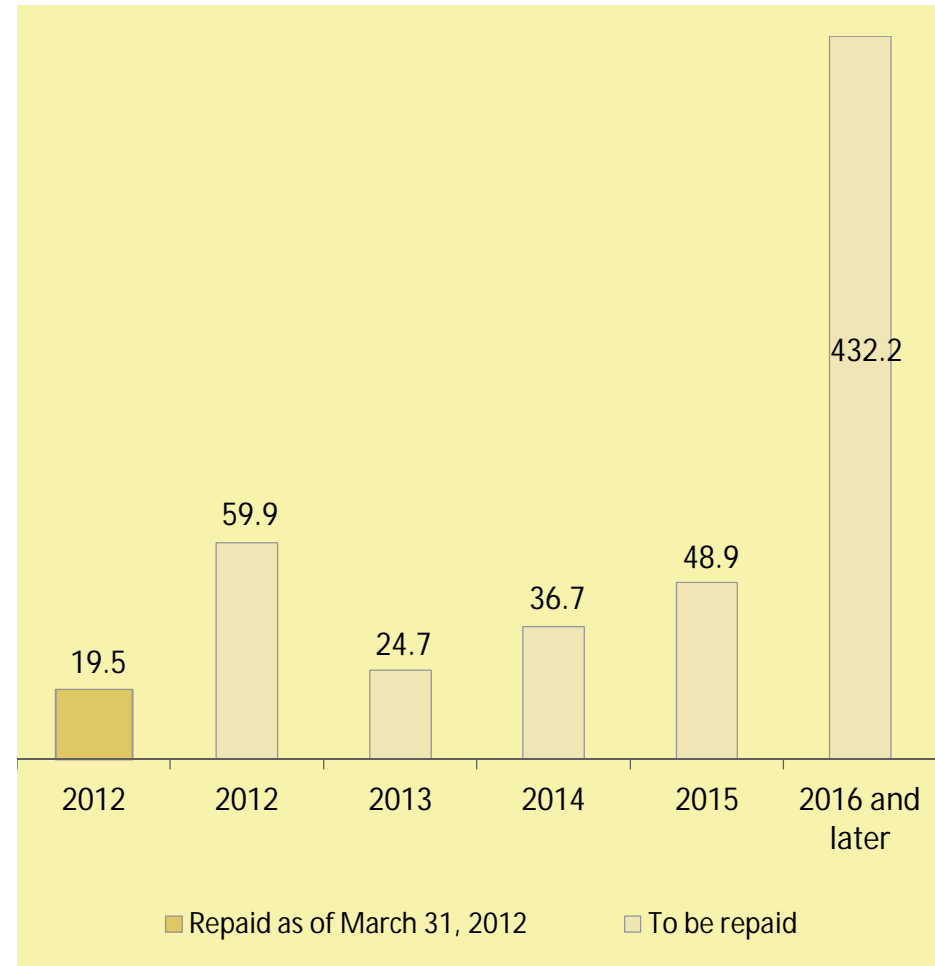
Operating cash flow is adjusted for operations with trading securities as a part of the excess cash management



Credit Profile

	Mar. 31, 2012	Dec. 31, 2011
Total debt, RUB bln	684	748
Net debt, RUB bln	527	497
Long-term debt, %	77.8%	79.7%
USD denominated debt, %	82.2%	84.5%
Gearing (Net Debt to Net Debt + Equity)	19.5%	19.4%
Weighted av. cost of debt	3.94%	3.81%
LTM EBITDA interest coverage	28.9	31.2
Net debt / LTM EBITDA	0.85	0.77
Credit rating		
S&P	BBB- (stable)	
Moody's	Baa1 (stable)	
Fitch	BBB (stable)	

Repayment profile, RUB bln





Cash Management

- Rosneft's total cash position including cash and equivalents and short-term investments related to cash management was RUB 199.5 bln as of March 31, 2012
- Cash management is based on analysis of different alternatives (including risk analysis) to choose the best investment for a specific period of time
- Cash portfolio includes:
 - RUB 113.0 bln of cash and equivalents
 - RUB 12.0 bln of short-term structured deposits denominated in foreign currency placed in leading local bank
 - RUB 22.0 bln of short-term deposits denominated in RUB and FCY placed in leading local and foreign banks
 - RUB 10.0 bln of short-term investments into state and corporate bonds and other securities
 - RUB 42.5 bln of short-term securities (are not included in net debt calculation)

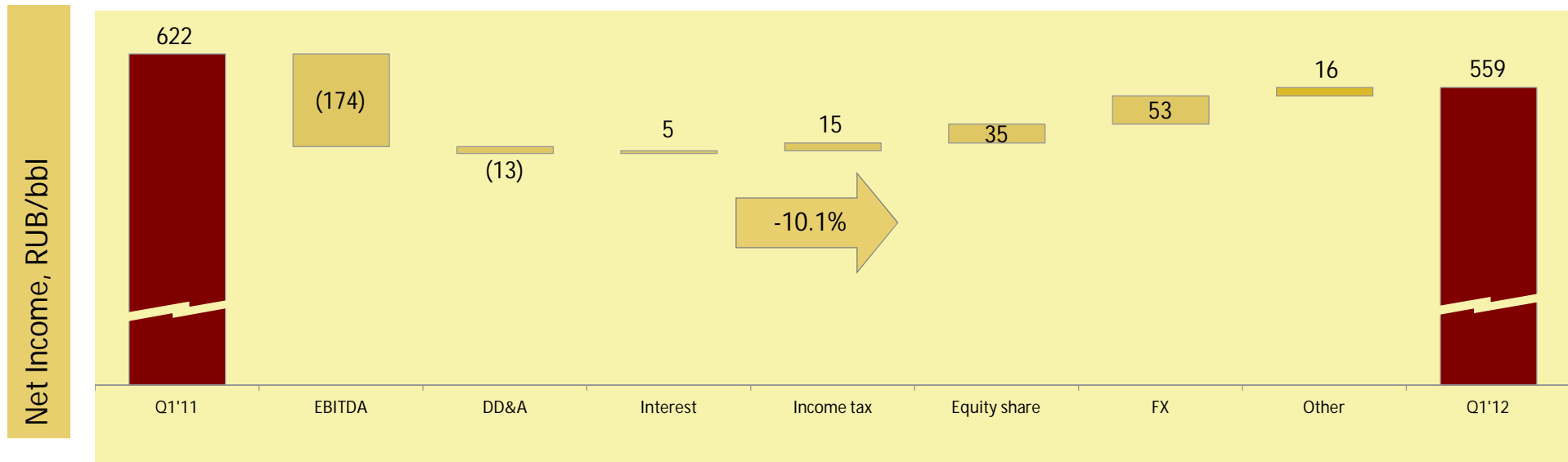
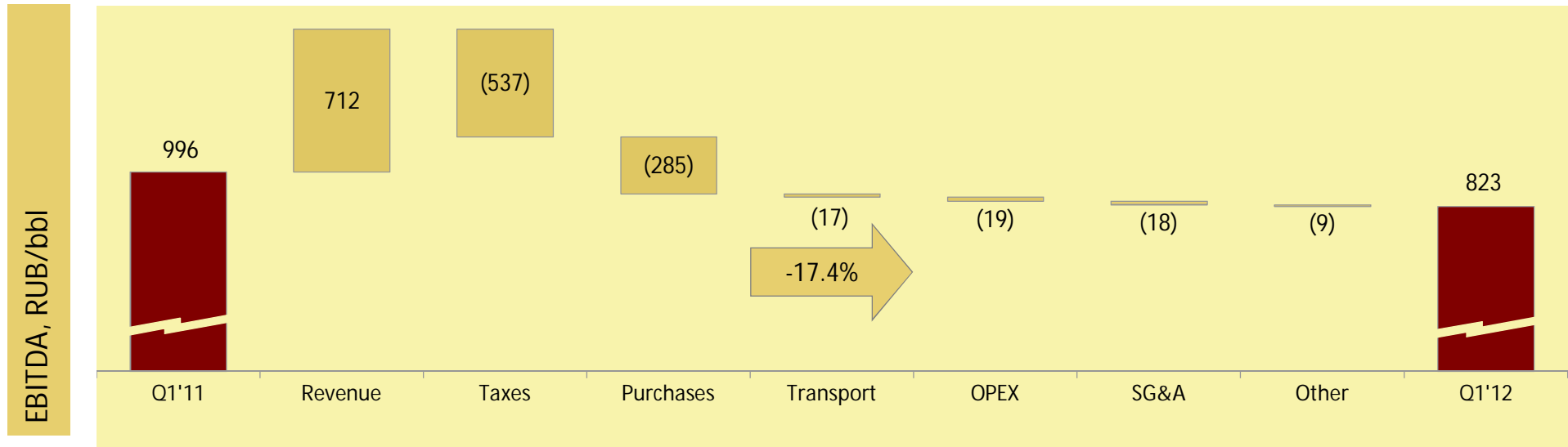


Appendix



EBITDA and Net Income per bbl Reconciliation

Q1'12 vs. Q1'11

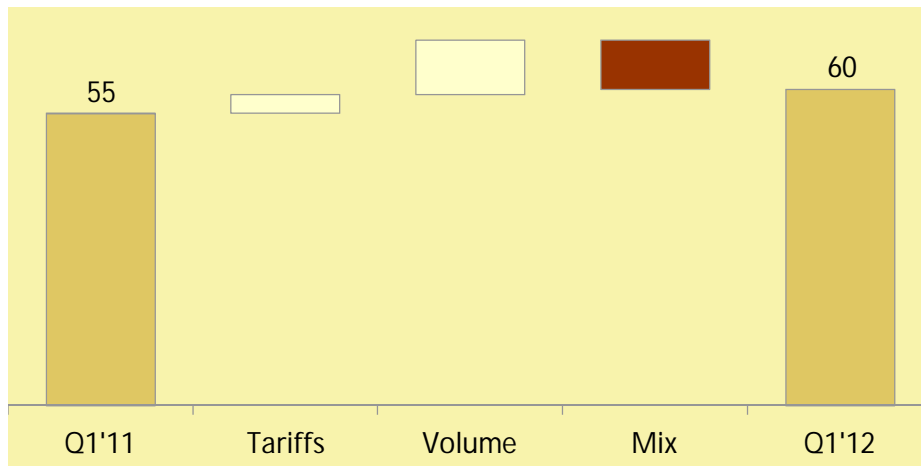




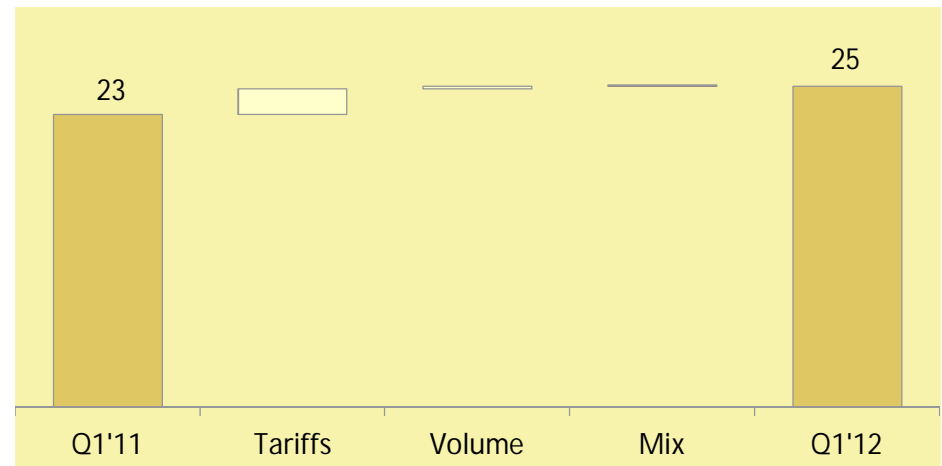
Transportation Costs

Q1'12 vs. Q1'11

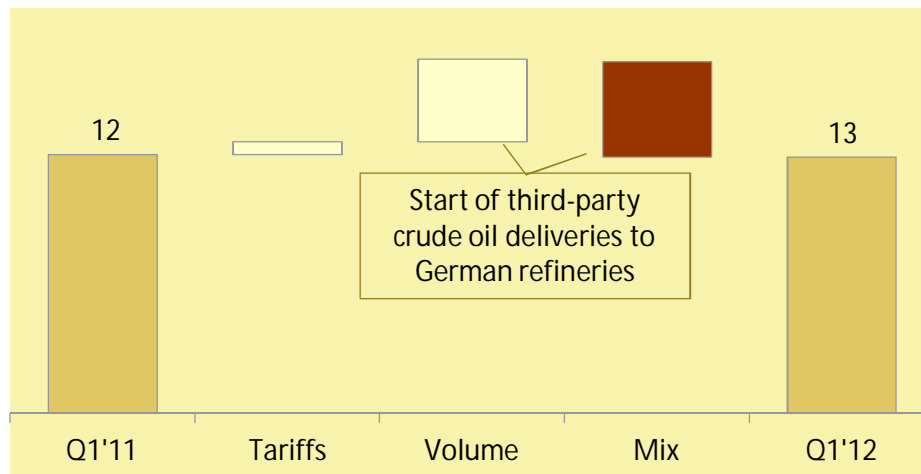
Total Transportation Costs, RUB bln



Transportation Costs for Crude Exports, RUB bln



Transportation Costs for Crude Deliveries to Refineries, RUB bln



Transportation Costs for Product Exports, RUB bln

