

ROSNEFT INVESTOR DAY DOWNSTREAM



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April 23, 2013

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Downstream highlights 2012: Improving performance along the value chain



	Rosneft		TNK-BP		Combined	
		y-o-y		y-o-y		y-o-y
▶ Crude Exports, mln bbls	486	+3.9%	242	-6.6%	728	+0.2%
▶ Refining throughput, kb/d	1,231	+6.4%	670	-10.3% ²	1,901	-0.1%
▶ Refining Cover, %	50%		38%		45%	
▶ Retail fuel sales, mt	6.8	+4.6%	4.2	+16.1%	11.0	+8.7%
▶ Jet Fuel sales ³ , mt	1.6	+45.5%	1.7	+15.5%	3.3	+28.4%
▶ Bitumen Sales ³ , mt	1.2	+107.8%	1.1	+8.1%	2.3	+43.8%

¹ Including share in subsidiaries and equity associates;

² Refining throughput decreased in 2012 due to shutdown of Linik operations in Ukraine

³ Jet fuel and bitumen sales on the domestic market.

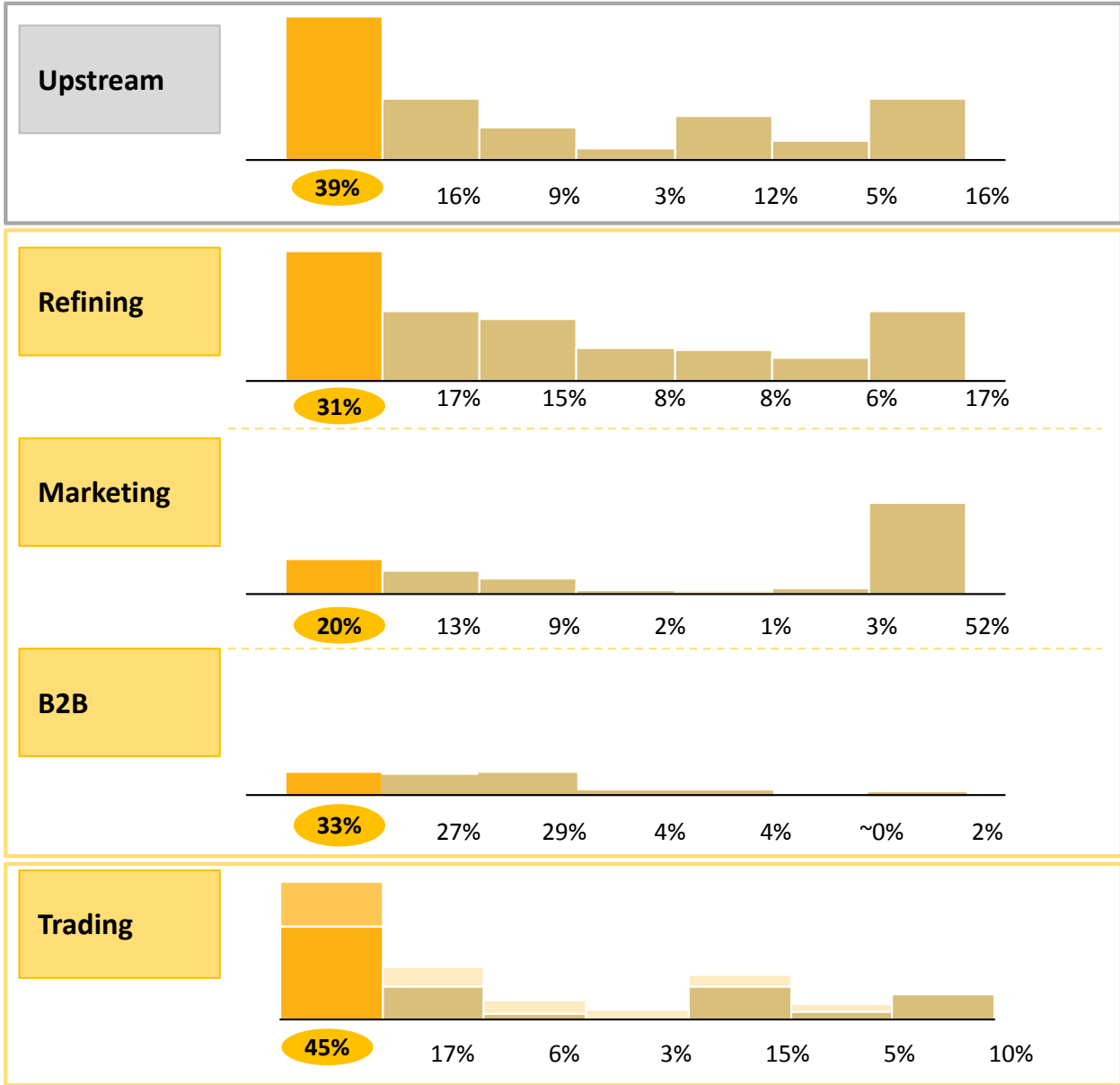
Combined company will become a leader in all Downstream segments



Market share in Russia, %

Other

 Products
 Crude



Key highlights

- Combined share in oil production will be around 40%
- Market share in Marketing is well **below potential** providing room for growth in the segment
- B2B will become a **major segment** due to the well-developed bunkering business in Rosneft and good central region position of TNK (jet and bitumen)
- Trading business will be the **largest** in Russia both in exports and domestic sales

Downstream Russia

In Russia combined Refining and Channels have minimum overlap



Assets map of united company Rosneft - TNK-BP

Refining:



Jet fuel sales:



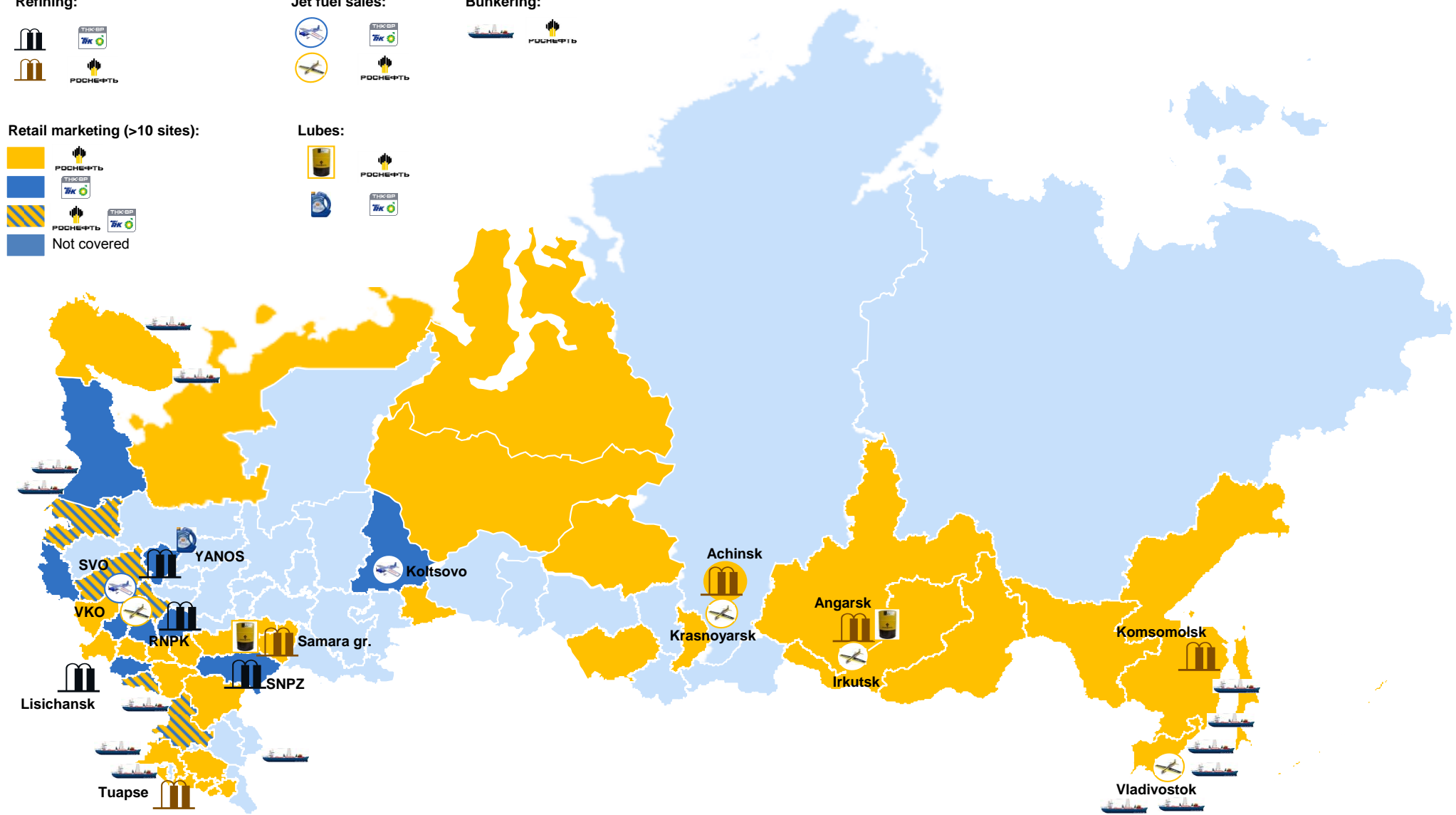
Bunkering:



Retail marketing (>10 sites):



Lubes:

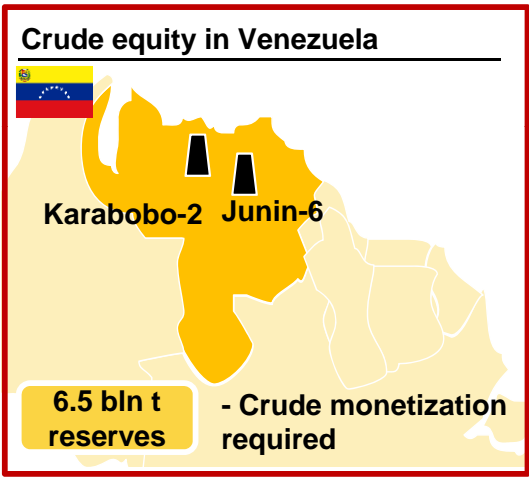
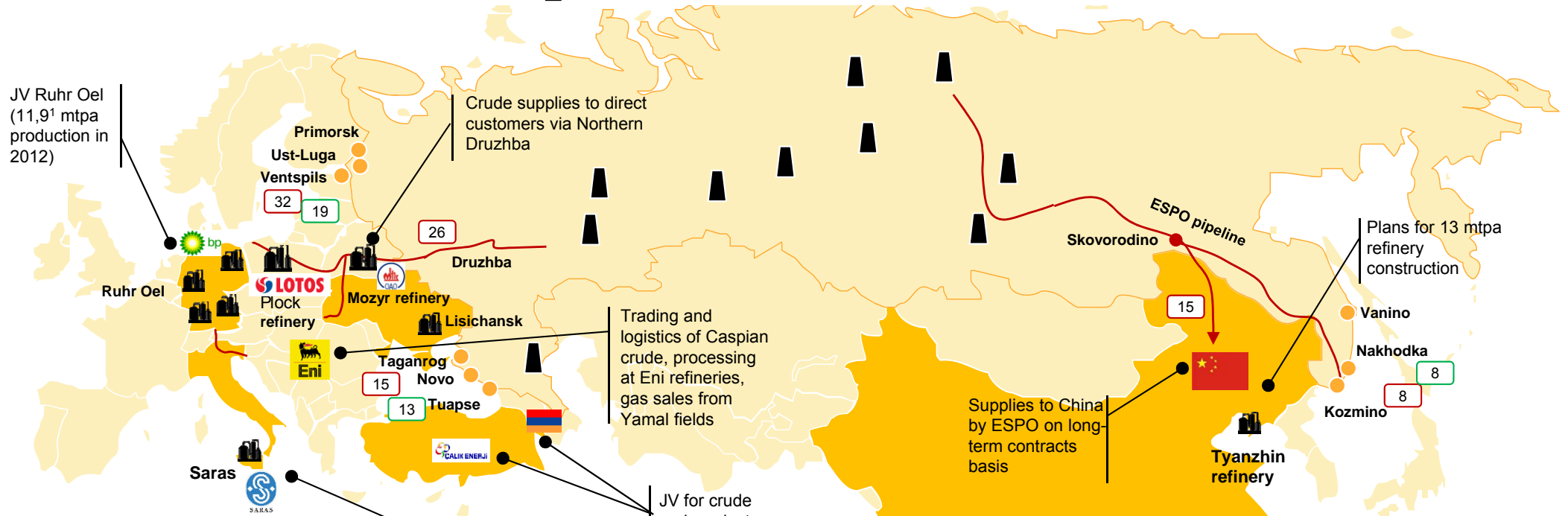


Combined Trading requires increased optionality and security of monetization via direct contracts and asset participation

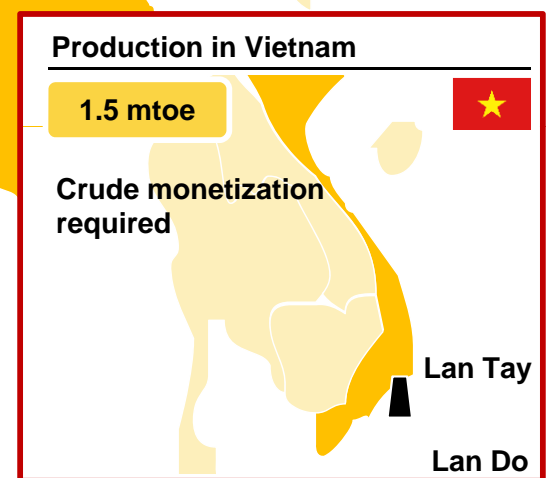


Rosneft international presence

... Crude export 2012, mtpa ... Products export 2012, mtpa ▲ Crude fields



JV to process crude oil + 13,7% stake in Saras refinery



¹ Rosneft share

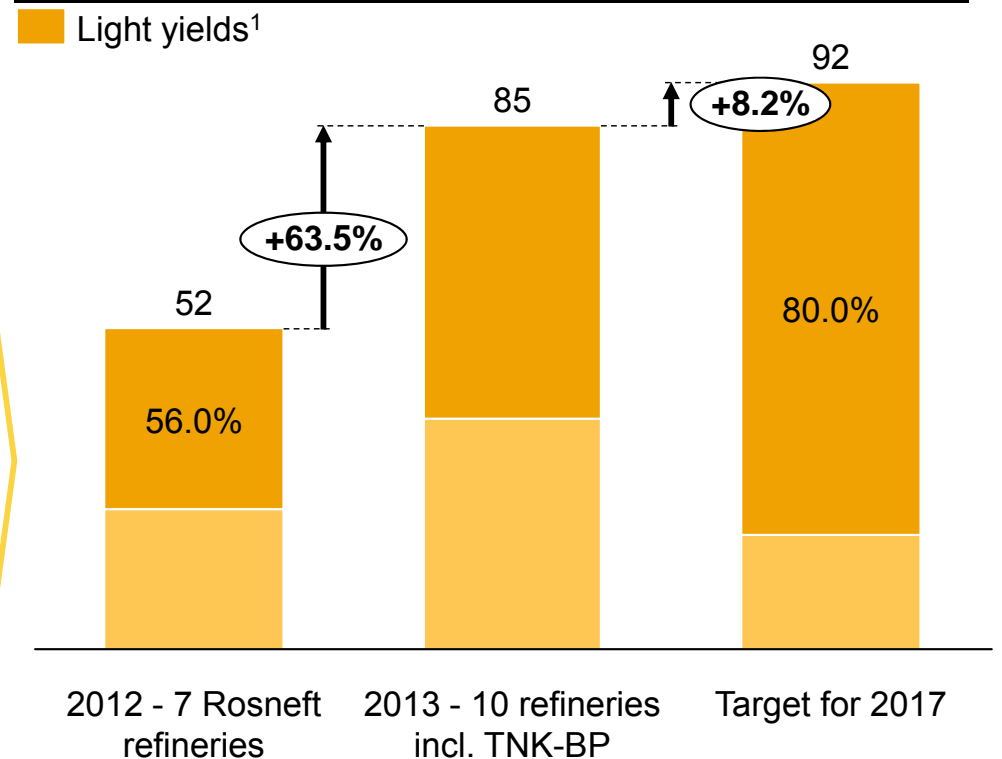
Combined Refining: upgrades in Russia will significantly increase margin per BBL



Refining upgrades program impact in Russia

	Benefits	Program
LTO	<ul style="list-style-type: none"> High HSE standards Maximum possible throughput Continuity of operations 	
Quality	<ul style="list-style-type: none"> Sufficient equity volumes for sales channels development Excise benefits from production ahead of timeline Defense of domestic sales channels margin 	<ul style="list-style-type: none"> new conversion and treatment capacities are under construction with total capacity of 39 mtpa \$25 bln planned investments in upgrades –
Conversion	<ul style="list-style-type: none"> Increase of light yields and yields optimization (fiscal regime risks mitigation) OPEX decrease LTO CAPEX decrease 	

Refining throughput in Russia, mtpa



- Euro-5 requirements since 2016
- Motor fuels growing demand meeting in Russia and abroad
- Light yields growth from 56% to 80%
- Refining gross margin growth from 7.5 \$/bbl to 11 \$/bbl

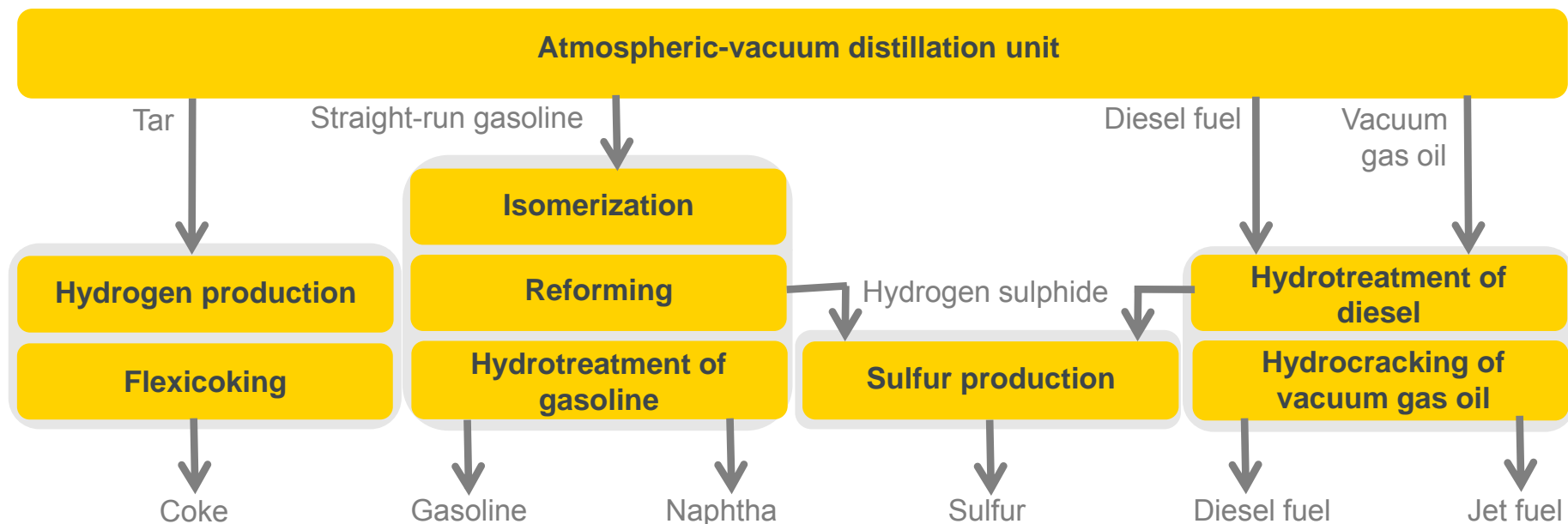
¹ gasoline, diesel, jet fuel

Tuapse refinery – a new star is born



- ▶ **Complete refinery overhaul**, including:
 - Capacity expansion from 5 to 12 mtpa
 - Target light products yield of 90% (10.6 mln t)
 - NCI ≈8
- ▶ **\$4.8 bln** out of \$8.2 bln invested as of today
- ▶ Refining margin as high as **\$25 per bbl**

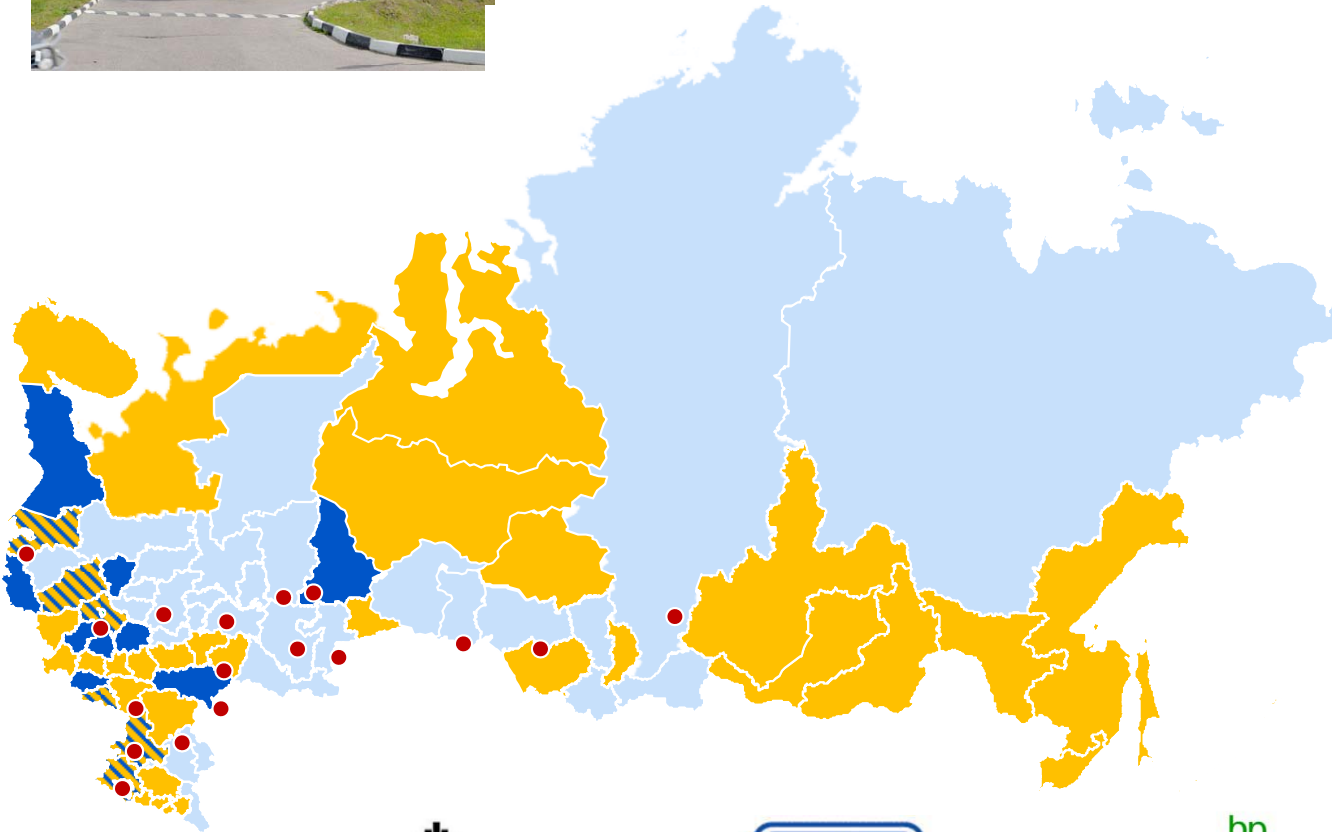
- ▶ **Flexibility** between exports and domestic sales
- ▶ Outstanding **cost efficiency** after upgrade:
 - 5 year run life
 - Siemens gas turbine power units
 - New technologies in water supply, refrigerating and drainage with min losses



Combined Retail: growing network with leading brands across Russia



Rosneft retail presence in Russia by brand



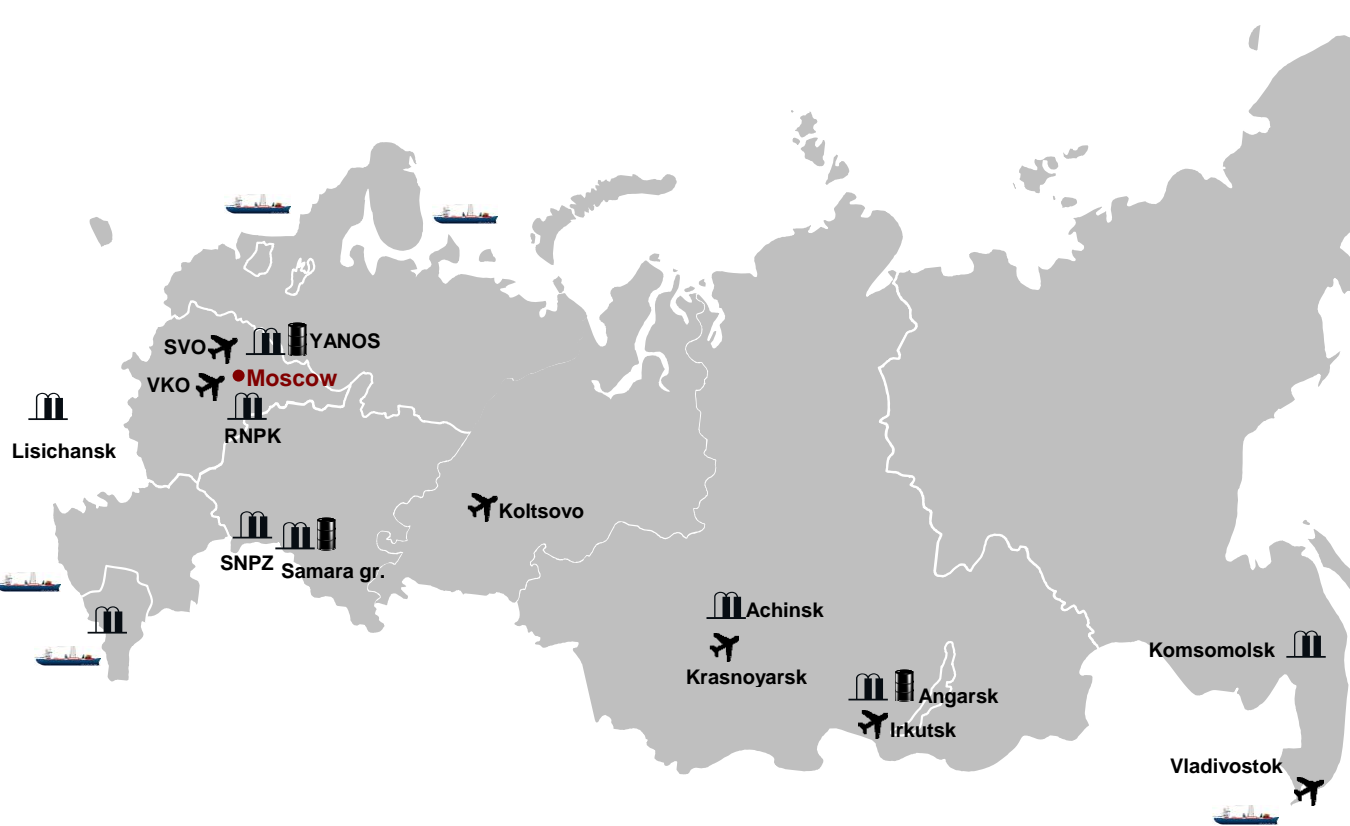
	<u>Rosneft</u>	<u>TNK-BP</u>	<u>Combined</u>
Gas stations in Russia*	1,645	798	2,443
Throughput per station*, t/day	11.8	14.6	12.7
Sales*, mtpa	6.8	4.2	11.0

- 3 leading retail brands covering main customer segments (from premium to popular)
- Opportunity to optimize country-wide logistics of the merged company
- Post-merger market share limitations imposed by FAS affect only a limited number of regions, minimal divestments required for compliance
- New opportunities for expanding presence in core markets of St. Petersburg, south of Russia and Volga regions

Combined B2B: Rosneft becomes the leader in B2B segment



Map of Rosneft B2B assets



Key highlights

Jet fuel

- Strategic position secured in Moscow air hub
- Expanded network coverage in Russia and CIS
- Optimization of assets and CAPEX programs (fuelling complexes in airports)
- “Best of both” sales machines and “offers” to airlines

Lubes

- Motor and industrial lubes expansion
- Premium packaged lubes sales in Russia and CIS

Bitumen

- Access to core demand markets in Central and South Russia
- Quality improvement programs (e.g. polymer-modified bitumen)

Bunkering

- Presence in all key ports of Russia (East, West, South)
- High margin channel for fuel oil monetization

Downstream TNK BP integration synergies will come from all the segments



Refining

- ▶ Harmonization of refineries investment program (greenfield development plans review, optimization of planned units capacities)
- ▶ Optimization of existing units loads
- ▶ G&A expenses reduction through centralization and unification
- ▶ Procurement unification
- ▶ “Best of both” principle effect (turnarounds, benchmarking, energy efficiency, etc)

Retail

- ▶ Logistics and supply chain optimization (e.g. lower third party purchasing, netting of flows)
- ▶ Higher utilization of logistics facilities (depots, trucks)
- ▶ G&A expenses reduction due to centralization and unification of standards (including IT platforms, marketing spend, category management, etc.)

Trading and Logistics

- ▶ Combined sales flows optimization to the most profitable channels
- ▶ Diversification and increased number of alternatives in trading (increased optionality)
- ▶ New scale and cover advantage (East and West routes, international)
- ▶ Sizeable player on the global market



B2B

- ▶ Network expansion of Jet “In Wing” business
- ▶ Bunkering fuel supply optimization
- ▶ Increase of bitumen sales through “Best of Both” channels (focusing on regions of high demand – Moscow, South)

Synergy example: Product logistics optimization within combined company may provide up to \$30–60 mln EBITDA



Map of logistic synergies



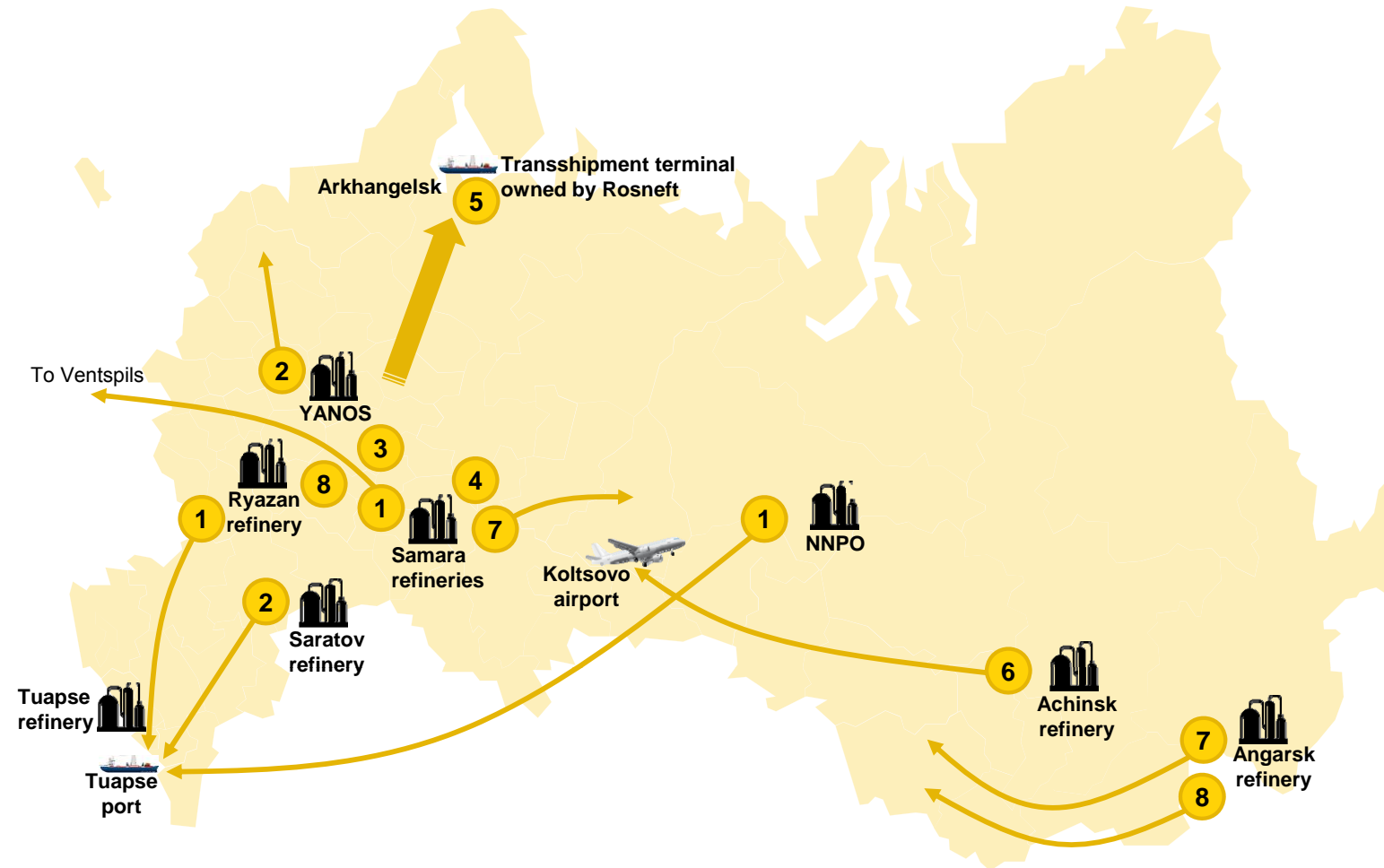
Refining



Ports



Airports



Description of logistic synergies

- 1 Naphtha from NNPO and RNPk to Tuapse and from Samara refineries to Ventpils
- 2 Motor fuel from YANOS/RNPk to North-West region and from SNPZ to Kuban and Stavropol
- 3 Geographical fuel oil swaps (RNPk, YANOS, SNPZ, Samara) in the domestic market
- 4 Organization of the navigation for the Samara refineries
- 5 Increase of Arkhangelsk transshipment terminal utilization using 3-d party recourses
- 6 The substitution of 50% third-party resources in Koltsovo by supplies from Achinsk
- 7 Supplies of TNK standard lubes from Angarsk and Samara refineries
- 8 Logistic optimization of propylene/propane-propylene fraction supply

Total additional EBITDA \$30-60 mln

Special focus of integration – reinforcing existing and building new capabilities



People

- “Best of both” principle in selecting people
- New efficient organizational structures

Processes

- Updated efficient processes and operating models (e.g. planning, performance management, investments)
- “Best of both” practices

Culture

- More responsibility and accountability
- Result (EBITDA) oriented



Thank you for your attention!