



**РОСНЕФТЬ**



# Investor Presentation

23 October 2012

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# Proposed Transaction Terms



## Purchase of TNK-BP

- Rosneft has agreed heads of terms with BP to acquire its 50% stake in TNK-BP for:
  - **\$17.1 billion in cash**
  - **12.84% shares in Rosneft**
- Under the agreed terms, Rosneft shares are valued at \$8 per share, **implying total consideration of \$28.0 billion**
- BP has offered to **re-invest \$4.8 billion** of the cash proceeds to buy a further 5.66% stake in Rosneft from Rosneftegaz
- BP will become the second largest shareholder in Rosneft with a 19.75% stake
- Under Russian law, BP will be entitled to two board seats in Rosneft's nine-member board

## AAR

- Rosneft has agreed heads of terms with the AAR consortium to acquire AAR's 50% interest in TNK-BP for **cash consideration of \$28.0 billion**

## Conditions

- Execution of final transaction documentation for the sale of the TNK-BP stake is conditional upon the approval of the Russian government of the sale of Rosneftegaz shares to BP and approvals of the boards of directors of Rosneft and BP
- Ultimate completion of the transaction would be subject to customary conditions including regulatory approvals – completion expected in 1H 2013

# TNK-BP Overview



**TNK-BP is the 3rd largest vertically integrated oil company in Russia and ranks in the top 10 private oil producers in the world**



## Upstream

- **14.9 bn boe / 30.0 bn boe of 1P / 2P PRMS reserves<sup>(1)</sup>**
- **Reserve Replacement Ratio 2011: 203% (PRMS)**
- **1.9 mmbopd production<sup>(2)</sup>**
- **International assets in Venezuela, Vietnam and Brazil**
- **Liquids**
  - 1.7 mmbopd liquids production<sup>(2)</sup>
  - Main Russian assets located in Western Siberia, Volga-Urals and Eastern Siberia
- **Gas**
  - 0.2 mmbopd gas production<sup>(2)</sup>
  - Rospan main asset; associated gas utilisation and electric power projects

## Downstream

- **Refining and Export**
  - **4 refineries in Russia**
  - **0.5 mmbpd capacity<sup>(2)</sup>**
  - Major exporter to Europe: export sales of crude and refined products account for ~43% and ~28% of total company sales correspondingly
- **Marketing and Sales**
  - **~1,400 retail outlets in Russia and Ukraine**

## Slavneft JV

- **50:50 JV with Gazprom Neft**
- **7<sup>th</sup> Largest Russian oil company in terms of production (0.4 mmbopd)**
- **0.9 bn boe / 2.5 bn boe of 1P / 2P PRMS reserves**
- **YANOS refinery in Russia and Mozyr in Belarus with 0.3 mmbblpd net capacity net to TNK-BP**

Note: (1) Includes Slavneft net (50%) contribution of 0.9 bn boe and 2.5 bn boe to 1P and 2P respectively.

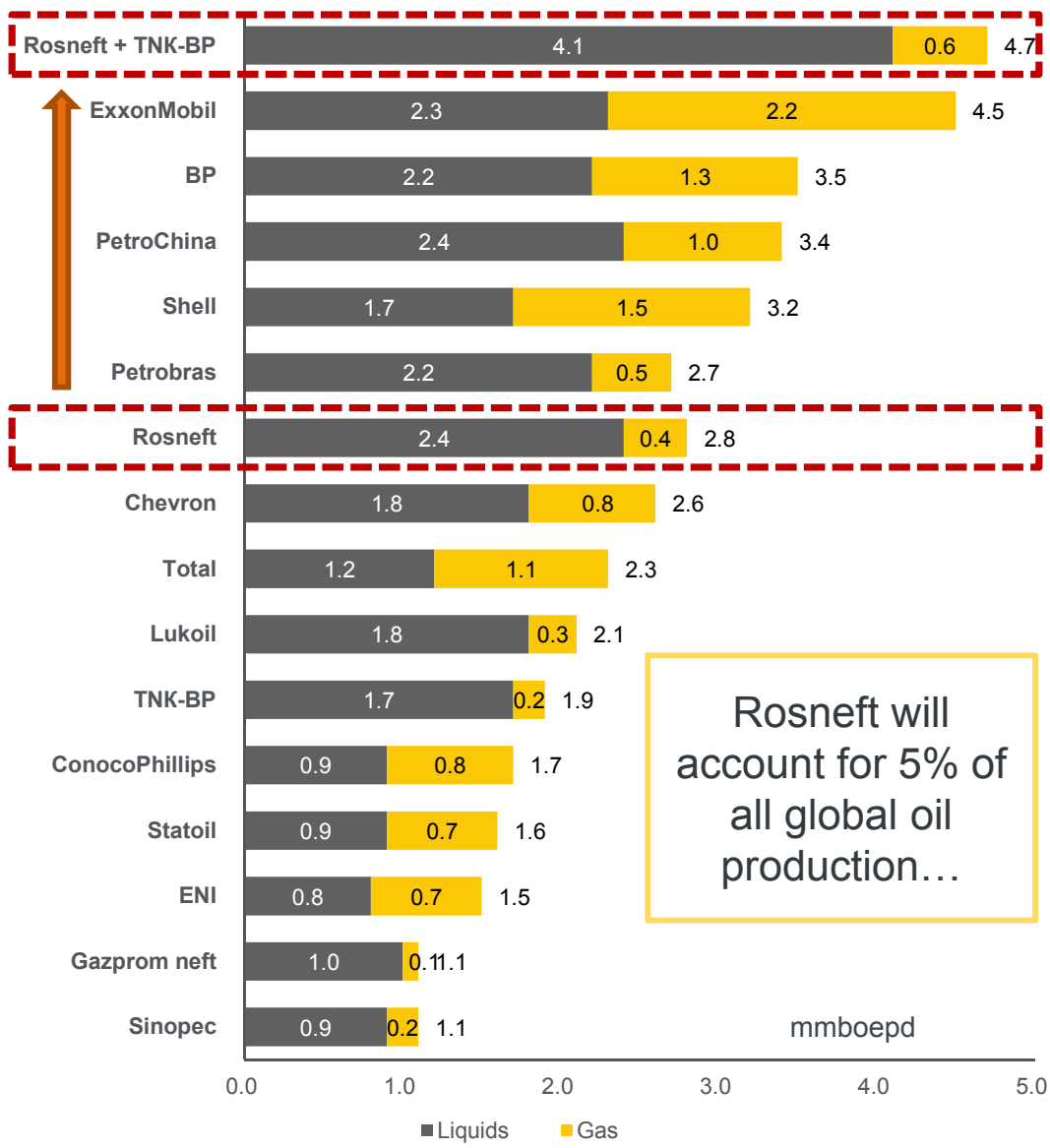
(2) Includes 50% of Slavneft

Source: Company.

# Rosneft Becomes the Largest Public Oil and Gas Company by Reserves and Production Globally

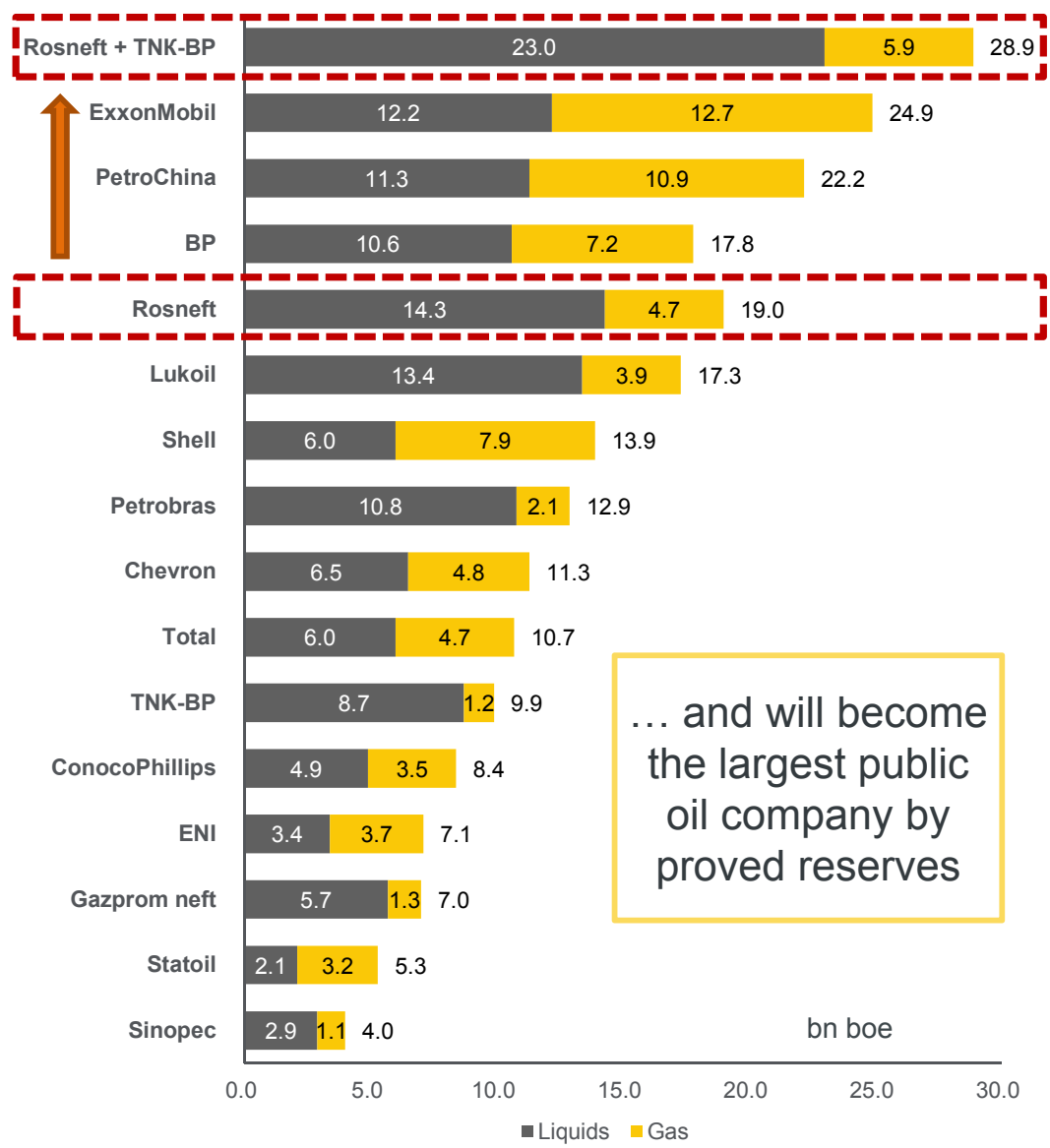


## Advances to #1 Hydrocarbon Producer<sup>(1)</sup> ...



Rosneft will account for 5% of all global oil production...

## ...and Becomes #1 Global Player by Proved Reserves<sup>(1)</sup>



... and will become the largest public oil company by proved reserves

Sources: Company data; Rosneft production includes ITERA and other affiliates. (1) Excluding Gazprom (predominantly gas) and Saudi Aramco (not public) with 9.2 mmboepd and 9.1 mmboepd production and 123.4 bn boe and 259.7 bn boe of proved reserves, respectively.



# Rosneft and TNK-BP Combined

	Rosneft	TNK-BP	Combined
1P hydrocarbon reserves (bn boe) <sup>(1)</sup>	23.4	14.9	38.3
2P hydrocarbon reserves (bn boe) <sup>(1)</sup>	35.1	30.0	65.1
Oil production 2011 (kbpd) <sup>(2)</sup>	2,380	1,742	4,122
Gas production 2011 (kboepd) <sup>(2)</sup>	206	245	451
# of refineries in CIS <sup>(3)</sup>	7	5 <sup>(4)</sup>	12
Total net capacity (kbpd) <sup>(3)</sup>	1,048	772 <sup>(5)</sup>	1,820



## Rosneft Assets

■ Greenfield Projects    ◆ Gas Projects    ▲ Brownfield    ● Refining Assets

## TNK-BP Assets

■ Greenfield Projects    ◆ Gas Projects    ▲ Brownfield    ● Refining Assets

Source: Company information

Note: (1) PRMS reserves as of 31-Dec-2011

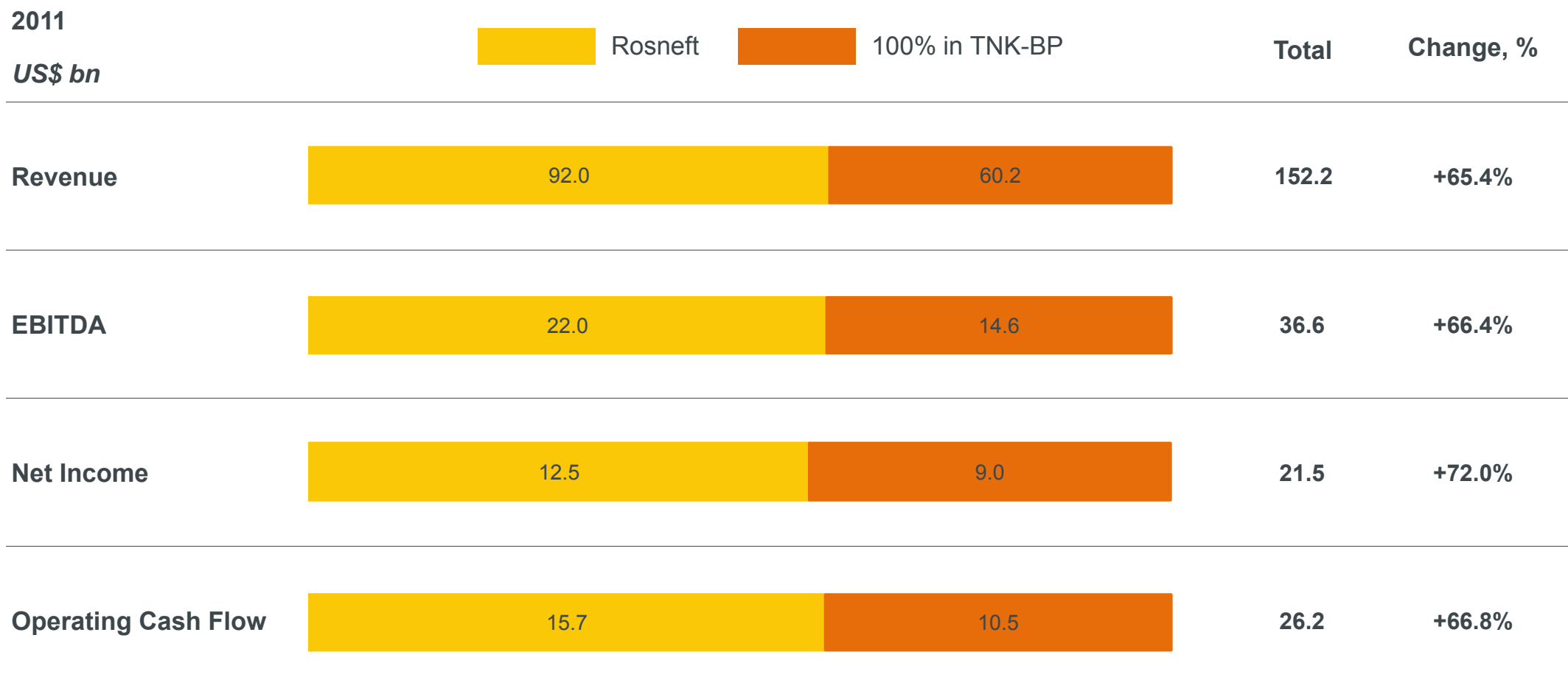
(2) Including shares in affiliated companies, not including ITERA

(3) Including non-controlling stakes and Rosneft's four mini-refineries in Russia

(4) Excluding Nizhnevartovsk and Krasnoleninsk refineries

(5) Excluding share in Mozyr refinery

# Potential Improvement in Rosneft's Financial Metrics Post Transaction



# Scope to Exploit Synergies



## Integration Plan Under Way

### Joint Development Areas

- Joint development of Suzun, Tagul and Russkoye using Vankor field infrastructure and joint development of Verkhnechonsk and Irkutsk region assets
- Joint future infrastructure solutions for Kuyumbinskoye and Yurubcheno-Tokhomskoye fields (peak production – about 7 mn tonnes)
- Coordinated development of Rospan, Kynsko-Chaselsk block, Kharampurskoye field and ITERA

### Crude and Product Supply Optimisation

- Products swaps and optimisation of refineries supply

### Gas

- Increased scale and enhanced commercial position

### Cost Optimisation

- Joint tendering and procurement to achieve capex savings
- Substantial scope for management overhead reduction
- Tax benefits from removing unnecessary offshore structures

### Asset Portfolio Optimisation

- Asset portfolio rationalisation, including the sale of less profitable and non-core assets

# Progress Towards Strategic Objectives



## Rosneft's stated strategic objectives...

1

Global leadership in oil production

2

Completion of refinery modernization program

3

Gas business development

4

Efficient domestic and export marketing of crude oil and products

5

Technological leadership

## ...will advance by this transaction

#1 amongst publicly traded crude producers by production and reserve base

Increased scale and coverage, opportunities for investment optimization

Addition of Rospan and TNK-BP associated gas assets

Expanded sales channels, logistics optimization

Combined research efforts and greater capacity for major projects



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