

Q&A

? WHAT IS THE ANTICIPATED LEVEL OF INVESTMENT FOR THE GAZPROM NEFT GROUP IN 2016?

+ The Company's Board of Directors has approved the Gazprom Neft investment programme for 2016 in the amount of RUB 362 billion with RUB 244 billion of that amount to be spent on geological exploration, RUB 75 billion on oil refining, RUB 17 billion on the sale of petroleum products, RUB 19 billion on the projects of NIS and RUB 7 billion on M&A and other projects.

? IS GAZPROM NEFT PLANNING TO EXPAND ITS PROJECT PORTFOLIO GIVEN THE DETERIORATING MACRO PARAMETERS?

+ Given the long-term decline in oil prices, the Company is structuring its investment portfolio in favour of more reliable projects while also providing for long-term development options. Low oil prices and sanctions limit the potential for the Company's international development both in terms of exploration and production as well as processing and sales. The primary option for growth remains implementing production projects within Russia, and options for the joint implementation of projects with the Company's strategic and technological partners are also being considered. At present, the Company's priority projects are the ones in the final investment stage that will be able to provide a positive cash flow in the near future. Such projects include Prirazlomnoye, Novy Port, Badra and Messoyakha.

? WHAT KIND OF RESULTS HAS THE IMPORT SUBSTITUTION PROGRAMME PRODUCED FOR THE COMPANY?

+ Gazprom Neft has developed regulatory mechanisms to increase the number of Russian enterprises involved in the implementation of the Company's projects.

At present, strategic partnership agreements have been signed with leading Russian producers. Gazprom Neft is involved in import substitution projects that aim to develop the domestic production of catalysts, compressors and pumps for oil refining, components for offshore projects, the construction of offshore drilling rigs and support vessels, the introduction of high-tech drilling services and the creation of software tools to support oilfield services and develop production services for shale projects. The Company is also planning to initiate a number of oil production R&D projects, which will help to develop unconditional resources more efficiently.

For more, see the R&D and Innovations section on page 54

? IF THE COMPANY'S NEGATIVE CASH FLOW CONTINUES, WHAT SOURCES OF FINANCING IS GAZPROM NEFT CONSIDERING FOR 2016?

+ The Company has access to the domestic borrowing market (bonds and loans from Russian banks). In addition, the Company is searching for alternative sources of financing. In particular, work is under way to attract debt financing on Asian markets, financing for imported equipment and services as well as project financing.

DISTRIBUTION OF INVESTMENT FUNDS // RUB bn

Source: IEA

