

**Management's Discussion and Analysis of Financial Condition and Results
of Operations for the three months ended September 30 and June 30, 2015 and nine months
ended September 30, 2014 and 2015**

Definitions and Conversions

The following discussion is intended to assist you in understanding the Group financial position as of September 30, 2015 and results of operations for the three months ended September 30 and June 30, 2015 and nine months ended September 30 2015 and 2014 and should be read in conjunction with the Interim Condensed Consolidated Financial Statements and notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This report represents Group's financial condition and results of operations on a consolidated basis. In this report the terms "Gazprom Neft", "Company", "Group" represent PJSC Gazprom Neft, its consolidated subsidiaries and proportionally consolidated entities (Joint operations as defined in IFRS 11) ("Tomskneft", "Salym petroleum development" (SPD) and Yuzhno-Priobskiy GPZ). The term "Joint ventures" represents entities accounted for by the equity method.

Tonnes of crude oil produced are translated into barrels using conversion rates reflecting oil density from each of our oil fields. Crude oil purchased as well as other operational indicators expressed in barrels are translated from tonnes using a conversion rate of 7.33 barrels per tonne. Translations of cubic meters to cubic feet are made at the rate of 35.31 cubic feet per cubic meter. Translations of barrels of crude oil into barrels of oil equivalent ("boe") are made at the rate of 1 barrel per boe and of cubic feet into boe at the rate of 6,000 cubic feet per boe.

Forward-Looking Statements

This discussion contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements contained in this Report, inclusively (without limitation): (a) price fluctuations in crude oil and gas; (b) changes in demand for the Company's products; (c) currency fluctuations; (d) drilling and production results; (e) reserve estimates; (f) loss of market and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) economic and financial market conditions in various countries and regions; (j) political risks, project delay or advancement, approvals, and cost estimates; and (k) changes in trading conditions.

Key Financial and Operating Data

3Q 2015	2Q 2015	Δ, %		9m		Δ, %
				2015	2014	
Financial results (RUB million)						
434,988	423,225	2.8	Sales ¹	1,238,248	1,246,155	(0.6)
112,457	106,379	5.7	Adjusted EBITDA ²	312,223	285,536	9.3
5,419.6	5,380.8	0.7	RUB per toe of production	5,313.5	5,887.3	(9.8)
11.6	13.8	(15.9)	USD ³ per boe of production	12.1	22.6	(46.6)
18,527	73,225	(74.7)	Profit attributable to Gazprom Neft	130,881	139,531	(6.2)
Operational results						
154.36	146.92	5.1	Hydrocarbon production including our share in joint ventures (MMboe)	436.42	357.03	22.2
20.75	19.77	5.0	Hydrocarbon production including our share in joint ventures (MMtoe)	58.76	48.50	21.2
1.68	1.61	4.4	Daily hydrocarbon production (MMboepd)	1.60	1.31	22.1
107.38	103.25	4.0	Crude oil and condensate production including our share in joint ventures (MMbbl)	310.09	284.89	8.9
281.88	262.07	7.6	Gas production including our share in joint ventures (bcf)	758.01	432.84	75.1
11.55	10.93	5.7	Refining throughput at own refineries and joint ventures (MMtonnes)	32.87	33.45	(1.7)

¹ Sales includes export duties and sales related excise tax

² EBITDA is a non-IFRS measure. A reconciliation of adjusted EBITDA to profit before income taxes is provided in the appendix

³ Translated to USD at the average exchange rate for the period

9m 2015 Highlights

- Obtained control in March over Gazprom Resource Northgas LLC, which holds 50% of Northgas CJSC, increasing share in Northgas from 9.1% to 50%
- Increased share in SeverEnergiya (Arcticgas) from 45.1% to 46.7% in 3Q
- Began production from Yaro-Yakhinskoye, third SeverEnergiya (Arcticgas) oilfield
- Received first two shipments of oil in compensation for expenses at Badra
- Began commercial oil production at Garmian (Kurdistan) in February, producing 71,700 tonnes in February to September 2015
- Awarded exploration and production licenses for Maloyuganskiy, Zapadno-Zimniy, Panlorskiy 5, Nyalinskiy and Yuilskiy 3 areas
- Awarded exploration and production licenses for Rusanda Plitko and Martonosh Zapad gas fields in Serbia
- Startup in September 2015 of Yuzhno-Priobskiy gas processing joint venture with Sibur (UPGPZ), which will utilize associated gas and produce NGLs. Annual capacity of the processing facility is 0.9 bcm.
- China's largest independent rating credit agency, Dagong Global Credit Rating, awarded Gazprom Neft a strong long term credit rating for liabilities denominated in Russian rubles: AA with stable outlook.

Results for 9m 2015 compared with 9m 2014

- Total hydrocarbon production including our share in joint ventures increased 21.2% to 58.76 MMtonnes on continued production growth at SeverEnergiya (Arcticgas) fields, Orenburg region and Prirazlomnoye, gain of controlling interest in Northgas and sustained production at major fields
- The Group optimized crude processing volumes relative to oil and oil products prices and demand conditions. Output of light products remained unchanged from 2014, while total refining throughput declined 1.7%, in part due to reforming plant repairs at Moscow in June 2015 and catalytic cracking reconstruction at Omsk in September-November 2015
- Lower oil and oil products prices on international market resulted in 0.6% decrease in sales
- Adjusted EBITDA rose 9.4% due to increased hydrocarbon production, management actions to offset negative effects of tax manoeuvre effective January 2015, and negative export duty lag
- Profit attributable to Gazprom Neft declined 6.2% in comparison with EBITDA increase due to negative impact of revaluing non-ruble debt at current foreign exchange rates, including at joint ventures.

Results for 3Q 2015 compared with 2Q 2015

- Daily hydrocarbon production including our share in joint ventures increased to 1.68 MMboe
- Total hydrocarbon production including our share in joint ventures increased 5.0% (in boe) due to startup of new wells at Prirazlomnoye and Badra, summer oil shipments from Novoport, and increased utilization at Yaro-Yakhinskoye field gas processing complex (Arcticgas)
- Refining throughput increased 5.7% Q-o-Q due to efficiency improvements at Moscow refinery and completion of planned hydrocracking plant repairs at Yaroslavl in 2Q 2015
- Sales increased 2.8% as Group shifted sales of oil and oil products to more profitable domestic and CIS markets
- Adjusted EBITDA increased 5.7% due to increased hydrocarbon production and sales through premium channels, negative export duty lag effect and management actions
- Profit attributable to Gazprom Neft declined 74.7% in comparison with EBITDA increase due to negative impact of revaluing non-ruble debt at current foreign exchange rates, including at joint ventures.

Operational Data and Analysis

Production Drilling

3Q 2015	2Q 2015	Δ, %		9m 2015	2014	Δ, %
Consolidated subsidiaries						
847	804	5.4	Production drilling ('000 meters)	2,301	2,276	1.1
197	200	(1.5)	New production wells	583	642	(9.2)
39.46	34.14	15.6	Average new well flow (tonnes per day)	36.65	37.70	(2.8)
Proportionally consolidated companies						
196	226	(13.1)	Production drilling ('000 meters)	590	539	9.5
52	52	-	New production wells	153	139	10.1
Joint ventures						
300	311	(3.3)	Production drilling ('000 meters)	872	859	1.6
51	64	(20.3)	New production wells	160	155	3.2

- Production drilling increased 1.1% Y-o-Y and 5.4% Q-o-Q due to:
 - Increased drilling at Novoport field
 - Drilling program realization at Kraynee, Eti-Purovskoye and Vingapurovskoye areas.
- Production drilling by proportionally consolidated subsidiaries decreased 13.1% Q-o-Q due to drilling of less deep wells at Tomskneft and SPD.
- Production drilling by proportionally consolidated subsidiaries increased 9.5% Y-o-Y due to drilling increase at SPD
- Production drilling by joint ventures decreased 3.3% Q-o-Q due to greater share of horizontal and multilateral wells drilled at Slavneft.

Production

3Q 2015	2Q 2015	Δ, %		9m 2015	2014	Δ, %
(MMtonnes)			Crude oil and condensate	(MMtonnes)		
3.63	3.61	0.6	Noyabrskneftegaz	10.82	11.26	(3.9)
3.63	3.57	1.7	Khantos	10.72	10.32	3.9
1.25	1.25	-	Tomskneft	3.73	3.69	1.1
0.78	0.76	2.6	SPD	2.31	2.48	(6.9)
0.69	0.64	7.8	Orenburg	1.97	1.73	13.9
0.28	0.29	(3.5)	NIS	0.85	0.91	(6.6)
0.44	0.38	15.8	Vostok**	1.17	1.08	8.3
0.17	0.09	88.9	Novy Port	0.33	0.12	175.0
0.24	0.16	50.0	Prirazlomnoye	0.54	0.02	2,600.0
0.16	0.10	60.0	Badra & Kurdistan	0.33	0.00	-
0.01	0.05	(80.0)	Others	0.15	0.48	(68.8)
11.28	10.90	3.5	Total production by subsidiaries and proportionally consolidated companies	32.92	32.09	2.6
1.94	1.93	0.5	Share in Slavneft	5.81	6.08	(4.4)
0.98	0.82	19.5	Share in SeverEnergiya (Arcticgas)	2.44	0.46	430.4
0.14	0.16	(12.5)	Share in Northgas	0.35	0.03	1,066.7
3.06	2.91	5.2	Share in production of joint ventures	8.60	6.57	30.9
14.34	13.81	3.8	Total crude oil and condensate production MMtonnes	41.52	38.66	7.4
(bcm)			Gas*	(bcm)		
2.06	2.30	(10.4)	Noyabrskneftegaz	6.85	6.82	0.4
0.22	0.15	46.7	Khantos	0.53	0.32	65.6
0.24	0.18	33.3	Tomskneft	0.67	0.64	4.7
0.04	0.03	33.3	SPD	0.10	0.10	-
0.68	0.49	38.8	Orenburg	1.68	1.37	22.6
0.14	0.14	-	NIS	0.42	0.42	-
0.03	0.02	50.0	Vostok	0.07	0.06	16.7
-	0.02	-	Others	0.03	0.03	-
3.41	3.33	2.4	Total production by subsidiaries and proportionally consolidated companies	10.35	9.76	6.1
0.11	0.11	-	Share in Slavneft	0.33	0.32	3.1
3.16	2.61	21.1	Share in SeverEnergiya (Arcticgas)	7.70	1.95	294.9
1.31	1.37	(4.4)	Share in Northgas	3.09	0.23	1,243.5
4.58	4.09	12.0	Share in production of joint ventures	11.12	2.50	344.8
7.99	7.42	7.7	Total gas production	21.47	12.26	75.1
(MMtoe)			Hydrocarbons	(MMtoe)		
14.01	13.57	3.2	Total production by subsidiaries and proportionally consolidated companies	41.22	39.92	3.3
6.74	6.20	8.7	Share in production of joint ventures	17.54	8.58	104.4
20.75	19.77	5.0	Total hydrocarbon production MMtoe	58.76	48.50	21.2
154.36	146.92	5.1	MMboe	436.42	357.03	22.2
1.68	1.61	4.4	Daily hydrocarbon production (MMboepd)	1.60	1.31	22.1

* Production volume includes marketable gas and gas utilized in Company power plants

** Production for Archinskoye and Urmanskoye fields is presented in Gazpromneft – Vostok effective 1 June 2015 due to merger of LLC Archinskoye into Gazpromneft-Vostok in June 2015 (previously were included in Others)

- Daily hydrocarbon production (toe) increased 22.1% Y-o-Y and 4.4% Q-o-Q
- Group oil production increased 7.4% Y-o-Y to 41.52 MMtoe, driven by increased production at SeverEnergiya (Arcticgas), continued growth at Orenburg region fields, growth at Prirazlomnoye, Iraq and Novoport, and consolidation of 50% of Northgas volume

- Group natural gas production increased 75.1% Y-o-Y and 7.7% Q-o-Q primarily due to higher production at Urengoykoye field, startup at Yaro-Yakhinskoye (SeverEnergiya (Arcticgas)) and consolidation of 50% of Northgas volume.

Crude Oil Purchases

3Q	2Q			9m		
2015	2015	Δ, %	(MMtonnes)	2015	2014	Δ, %
2.29	2.16	6.0	Crude oil purchases in Russia *	5.82	3.35	73.7
0.08	-	-	Crude oil purchases internationally	0.08	1.31	(93.9)
2.37	2.16	9.7	Total crude purchased	5.90	4.66	26.6

* Crude oil purchases in Russia exclude purchases from the Group's joint ventures Slavneft and SeverEnergiya

- Crude oil purchases in Russia increased 73.7% Q-o-Q and 6% Y-o-Y due to more effective domestic trading operations.

Refining

3Q	2Q			9m		
2015	2015	Δ, %	(MMtonnes)	2015	2014	Δ, %
5.40	5.41	(0.2)	Omsk	16.02	16.00	0.1
3.10	2.94	5.4	Moscow	8.62	9.05	(4.8)
0.80	0.73	9.6	Pancevo	2.14	1.89	13.2
9.30	9.08	2.4	Total throughput at refineries owned by subsidiaries	26.78	26.94	(0.6)
2.00	1.74	14.9	Share in Yaroslavl	5.64	5.63	0.2
0.25	0.11	127.3	Share in Mozyr	0.45	0.88	(48.9)
11.55	10.93	5.7	Total refining throughput	32.87	33.45	(1.7)

Production of petroleum products

2.46	2.27	8.4	Gasoline	7.04	6.85	2.8
-	-	-	Class 2 and below	0.02	-	-
0.01	-	-	Class 3	0.01	0.10	(90.0)
0.04	0.11	(63.6)	Class 4	0.30	0.53	(43.4)
2.41	2.16	11.6	Class 5	6.71	6.22	7.9
0.32	0.36	(11.1)	Naphtha	1.05	0.96	9.4
3.10	2.93	5.8	Diesel	8.96	9.37	(4.4)
0.04	0.03	33.3	Class 2 and below	0.08	0.04	100.0
-	-	-	Class 3	-	0.14	-
-	-	-	Class 4	-	0.37	-
3.06	2.90	5.5	Class 5	8.88	8.82	0.7
1.72	1.51	13.9	Fuel oil	5.14	5.66	(9.2)
0.90	0.83	8.4	Jet fuel	2.36	2.35	0.4
1.01	1.05	(3.8)	Bunker fuel	2.90	3.05	(4.9)
0.70	0.64	9.4	Bitumen	1.53	1.58	(3.0)
0.11	0.09	22.2	Lubricants	0.30	0.27	9.5
0.66	0.76	(13.2)	Other	2.06	1.97	4.6
10.98	10.44	5.2	Total production	31.34	32.06	(2.3)

- Total throughput declined 1.7% Y-o-Y due to repairs at Moscow reforming plant in June 2015, planned repairs at Yaroslavl plant in April 2015, and reconstruction of Omsk catalytic cracking plant in September-November 2015. The Group optimized refining throughput relative to oil and oil products price and demand conditions. Most of the production decrease was in fuel oil (-9.2%), whereas output of light products was essentially unchanged due to higher gas condensate throughput at Omsk
- Refining throughput increased 5.7% Q-o-Q due to improved efficiency at Moscow refinery and completion of planned repairs at Yaroslavl in 2Q 2015
- Diesel production decreased 4.4% Y-o-Y due to Yaroslavl hydrocleaning plant repairs in May-June 2015

- Jet fuel production increased 8.4% Q-o-Q and bitumen production increased 9.4% Q-o-Q due to seasonal demand
- Gasoline production increased 8.4% Q-o-Q as Yaroslavl returned to normal production levels following completion of April 2015 repairs and Omsk increased Class 5 gasoline production due to higher gas condensate throughput.

Petroleum Products Purchases on International Markets

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Diesel	1,394	0.04	3,387	0.12	(58.8)	(66.7)
Fuel oil	-	-	61	0.00	-	-
Jet fuel	2,740	0.07	2,327	0.07	17.8	-
Bunker fuel	866	0.03	1,143	0.04	(24.2)	(25.0)
Lubricants	281	0.01	323	0.00	(13.0)	-
Total	5,281	0.15	7,241	0.23	(27.1)	(34.8)

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
Naphtha	-	-	2,783	0.09	-	-
Diesel	5,572	0.18	21,840	0.67	(74.5)	(73.1)
Fuel oil	61	0.00	25,836	1.33	(99.8)	-
Jet fuel	7,772	0.21	7,819	0.22	(0.6)	(4.6)
Bunker fuel	3,883	0.14	2,364	0.10	64.3	40.0
Lubricants	864	0.01	602	0.01	43.5	-
Total	18,152	0.54	61,244	2.42	(70.4)	(77.7)

- Purchases on international markets declined Y-o-Y due to reduced international trading operations.

Petroleum Products Purchases in CIS

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	3,442	0.09	628	0.02	448.1	350.0
Low octane gasoline	356	0.01	15	0.00	2,273.3	-
Diesel	982	0.03	518	0.02	89.6	50.0
Other	103	0.01	152	0.00	(32.2)	-
Total	4,883	0.14	1,313	0.04	271.9	250.0

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	4,286	0.11	4,266	0.16	0.5	(31.3)
Low octane gasoline	379	0.01	568	0.03	(33.3)	(66.7)
Diesel	1,723	0.06	1,516	0.07	13.7	(14.3)
Fuel oil	-	-	165	0.01	-	-
Other	398	0.02	151	0.01	163.6	100.0
Total	6,786	0.20	6,666	0.28	1.8	(28.6)

Domestic Purchases of Petroleum Products

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	11,754	0.33	9,025	0.30	30.2	10.0
Diesel	5,312	0.17	4,088	0.13	29.9	30.8
Fuel oil	110	0.01	314	0.03	(65.0)	(66.7)
Jet fuel	2,762	0.09	3,021	0.11	(8.6)	(18.2)
Bunker fuel	491	0.02	659	0.04	(25.5)	(50.0)
Lubricants	166	0.00	177	0.00	(6.2)	-
Other	267	0.00	513	0.02	(48.0)	-
Total	20,862	0.62	17,797	0.63	17.2	(1.6)

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	28,422	0.90	24,350	0.80	16.7	12.5
Diesel	13,120	0.42	10,360	0.34	26.6	23.5
Fuel oil	803	0.08	437	0.03	83.8	166.7
Jet fuel	7,166	0.26	12,367	0.48	(42.1)	(45.8)
Bunker fuel	1,615	0.08	509	0.03	217.3	166.7
Lubricants	387	0.00	126	0.00	207.1	-
Petrochemicals	-	-	228	0.01	-	-
Other	992	0.03	1,005	0.05	(1.3)	(40.0)
Total	52,505	1.77	49,382	1.74	6.3	1.7

- Domestic jet fuel purchases decreased Y-o-Y due to lower consumption and decreased exports to Kyrgyzstan
- Domestic bunker fuel purchases increased Y-o-Y due to purchases of ultra-low sulfur fuel oil ULS FO connected with adoption of MARPOL standards in North-West Europe resulting in increased demand.

Products Marketing

3Q 2015	2Q 2015	Δ, %		9m 2015	9m 2014	Δ, %
	(units)		Active retail stations		(units)	
1,159	1,161	(0.2)	In Russia	1,159	1,077	7.6
247	249	(0.8)	In CIS	247	232	6.5
422	422	0.1	In Eastern Europe	422	420	0.5
1,828	1,832	(0.2)	Total retail stations (as at the end of the period)	1,828	1,729	5.7
19.7	18.7	5.4	Average daily sales per retail site in Russia (tonnes per day)	18.8	19.4	(3.1)
	(MMtonnes)		Sales volume through premium channels		(MMtonnes)	
5.13	4.74	8.2	Gasoline and Diesel	13.98	13.92	0.4
0.83	0.80	3.8	Jet	2.25	2.21	1.8
1.06	1.02	3.9	Bunkering	3.00	3.16	(5.1)
0.06	0.06	-	Lubricants	0.17	0.14	21.4
7.08	6.62	6.9	Total sales volume through premium channels	19.40	19.43	(0.2)

- Total number of active retail stations increased 5.7% Y-o-Y
- Average daily sales per retail site in Russia decreased 3.1% Y-o-Y due to decline in premium diesel demand
- Average daily sales per retail site in Russia increased 5.4% Q-o-Q due to higher seasonal demand

- Sales volume through premium channels remained essentially unchanged Y-o-Y as:
 - Management actions increased market share in all premium channels under weaker demand conditions
 - Bunkering sales decreased mainly due to lower demand at Russian ports
 - Jet fuel sales increased due to expanded sales network within and outside Russia, including Russian military airports and 100% ownership of Gazpromneft-Aero Sheremetyevo;
- Sales volumes through premium channels increased 6.9% Q-o-Q primarily due to higher seasonal demand
- Lubricants production increased 21.4% Y-o-Y due to full-period operation of the Omsk lubricants plant (Russia's largest) in 2015 compared to operation from April startup in 2014. Lubricants production also increased as domestic markets shifted from imported to locally produced lubricants.

Results of Operations

3Q	2Q			9m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
434,988	423,225	2.8	Sales*	1,238,248	1,246,155	(0.6)
(50,262)	(36,378)	38.2	Less export duties and excise tax**	(138,428)	(183,838)	(24.7)
384,726	386,847	(0.5)	Total revenue	1,099,820	1,062,317	3.5
Costs and other deductions						
(90,392)	(98,291)	(8.0)	Purchases of oil, gas and petroleum products	(251,236)	(275,509)	(8.8)
(52,630)	(50,950)	3.3	Production and manufacturing expenses	(149,723)	(125,034)	19.7
(23,183)	(23,496)	(1.3)	Selling, general and administrative expenses	(67,840)	(57,452)	18.1
(6,469)	58	-	Provision for doubtful accounts	(6,657)	(339)	1,863.7
(33,925)	(34,458)	(1.5)	Transportation expenses	(99,694)	(84,026)	18.6
(24,623)	(23,670)	4.0	Depreciation, depletion and amortization	(70,490)	(63,159)	11.6
(88,408)	(95,383)	(7.3)	Taxes other than income tax	(276,145)	(263,801)	4.7
(229)	(159)	44.0	Exploration expenses	(531)	(716)	(25.8)
(319,859)	(326,349)	(2.0)	Total operating expenses	(922,316)	(870,036)	6.0
(5,899)	15,177	-	Other (loss) / gain, net	7,243	(3,846)	-
58,968	75,675	(22.1)	Operating profit	184,747	188,435	(2.0)
6,984	10,618	(34.2)	Share of profit of associates and joint ventures	24,249	4,576	429.9
(40,238)	8,087	-	Net foreign exchange (loss) / gain	(40,981)	(14,554)	181.6
3,547	3,524	0.7	Finance income	10,493	4,734	121.7
(7,663)	(6,815)	12.4	Finance expense	(21,401)	(9,735)	119.8
(37,370)	15,414	-	Total other (expense) / income	(27,640)	(14,979)	84.5
21,598	91,089	(76.3)	(Loss) / Profit before income tax	157,107	173,456	(9.4)
(11,717)	(7,987)	46.7	Current income tax benefit / (expense)	(26,763)	(26,458)	1.2
10,209	(7,563)	-	Deferred income tax benefit / (expense)	2,950	(3,919)	-
(1,508)	(15,550)	(90.3)	Total income tax benefit / (expense)	(23,813)	(30,377)	(21.6)
20,090	75,539	(73.4)	(Loss) / Profit for the period	133,294	143,079	(6.8)
(1,563)	(2,314)	(32.5)	Less: Profit attributable to non-controlling interest	(2,413)	(3,548)	(32.0)
18,527	73,225	(74.7)	Profit attributable to Gazprom Neft	130,881	139,531	(6.2)

* Sales includes export duties and sales related excise tax

** Includes excise tax calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Revenues

3Q	2Q			9m		
2015	2015	Δ, %	(RUB million)	2015	2014	Δ, %
Crude oil						
24,189	31,927	(24.2)	Export	78,307	78,386	(0.1)
41,917	45,808	(8.5)	Export sales	125,984	150,517	(16.3)
(17,728)	(13,881)	27.7	Less related export duties	(47,677)	(72,131)	(33.9)
2,193	1,718	27.6	International markets	5,405	1,063	408.5
4,691	8,848	(47.0)	Export to CIS	21,530	12,126	77.6
4,994	8,897	(43.9)	Export sales and sales in CIS	22,219	12,126	83.2
(303)	(49)	518.4	Less related export duties	(689)	-	-
18,799	21,181	(11.2)	Domestic	61,230	30,013	104.0
49,872	63,674	(21.7)	Total crude oil revenue	166,472	121,588	36.9
Gas						
535	950	(43.7)	International markets	3,115	1,251	149.0
6,288	8,394	(25.1)	Domestic	20,972	17,182	22.1
6,823	9,344	(27.0)	Total gas revenue	24,087	18,433	30.7
Petroleum products						
42,611	59,430	(28.3)	Export	158,824	222,083	(28.5)
56,812	68,471	(17.0)	Export sales	204,321	305,457	(33.1)
(14,201)	(9,041)	57.1	Less related export duties	(45,497)	(83,374)	(45.4)
30,257	25,420	19.0	International markets	79,216	75,080	5.5
48,271	38,815	24.4	Sales on international markets	123,726	102,943	20.2
(18,014)	(13,395)	34.5	Less excise*	(44,510)	(27,863)	59.7
22,592	18,067	25.0	CIS	57,780	46,319	24.7
22,608	18,079	25.1	Export sales and sales in CIS	57,835	46,789	23.6
(16)	(12)	33.3	Less related export duties	(55)	(470)	(88.3)
215,548	189,680	13.6	Domestic	561,821	544,906	3.1
311,008	292,597	6.3	Total petroleum products revenue	857,641	888,388	(3.5)
17,023	21,232	(19.8)	Other revenue	51,620	33,908	52.2
384,726	386,847	(0.5)	Total revenue	1,099,820	1,062,317	3.5

* Includes excise tax calculated based on petroleum products volumes sold by the Company's subsidiary in Serbia

Sales Volumes

3Q	2Q			9m		
2015	2015	Δ, %		2015	2014	Δ, %
(MMtonnes)			Crude oil			
1.82	1.96	(7.1)	Export	5.38	5.45	(1.3)
0.12	0.09	33.3	Sales on international markets*	0.28	0.04	600.0
0.36	0.54	(33.3)	Export to CIS	1.45	0.86	68.6
1.50	1.42	5.6	Domestic sales	4.49	2.60	72.7
3.80	4.01	(5.2)	Total crude oil sales	11.60	8.95	29.6
(bcm)			Gas			
0.04	0.06	(33.3)	International markets	0.20	0.11	81.8
3.10	4.01	(22.7)	Domestic sales	10.24	8.83	16.0
3.14	4.07	(22.9)	Total gas sales	10.44	8.94	16.8
(MMtonnes)			Petroleum products			
2.56	2.99	(14.4)	Export	8.80	11.87	(25.9)
0.87	0.78	11.5	Sales on international markets	2.33	2.20	5.9
0.64	0.57	12.3	Export and sales in CIS	1.65	1.64	0.6
7.72	7.17	7.7	Domestic sales	21.02	21.13	(0.5)
11.79	11.51	2.4	Total petroleum products sales	33.80	36.84	(8.3)

* Including production sharing agreement (PSA)

Average Realized Sales Prices

3Q 2015	2Q 2015	Δ, %		9m		
				2015	2014	Δ, %
(RUB per tonne)			Crude oil			
23,031	23,371	(1.5)	Export	23,417	27,618	(15.2)
13,031	16,385	(20.5)	Export and sales in CIS	14,848	14,100	5.3
12,533	14,916	(16.0)	Domestic sales	13,637	11,543	18.1
(RUB per tonne)			Petroleum products			
22,192	22,900	(3.1)	Export	23,218	25,734	(9.8)
55,484	49,763	11.5	Sales on international markets	53,101	46,792	13.5
35,325	31,718	11.4	Export and sales in CIS	35,052	28,530	22.9
27,921	26,455	5.5	Domestic sales	26,728	25,788	3.6

Crude Oil Sales

- Crude export volumes declined 1.3% Y-o-Y due to a shift to domestic sales at better market prices
- Crude export volumes declined 7.1% Q-o-Q due to a shift to domestic sales and increased refining throughput
- Crude export volumes to CIS increased 68.6% Y-o-Y due to beginning exports to Uzbekistan and increased sales to Group's Mozyr refinery
- Domestic crude volumes increased 72.7% Y-o-Y due to more effective domestic trading operations.

Gas sales

- Domestic gas sales increased 16% Y-o-Y due to increased production at SeverEnergiya (Arcticgas) and Northgas.
- Gas sales decreased 22.9% Q-o-Q due to seasonal factors

Petroleum Products Exports

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	-	-	458	0.02	-	-
Low octane gasoline	-	-	201	0.00	-	-
Naphtha	6,144	0.23	8,356	0.31	(26.5)	(25.8)
Diesel	21,412	0.71	25,284	0.85	(15.3)	(16.5)
Fuel oil	17,927	1.21	19,761	1.22	(9.3)	(0.8)
Jet fuel	4,340	0.12	4,918	0.20	(11.8)	(40.0)
Bunker fuel	3,160	0.12	4,760	0.18	(33.6)	(33.3)
Bitumen	149	0.01	162	0.01	(8.0)	-
Lubricants	753	0.02	548	0.02	37.4	-
Petrochemicals	1,120	0.06	3,792	0.17	(70.5)	(64.7)
Other	1,807	0.08	231	0.01	682.3	700.0
Total	56,812	2.56	68,471	2.99	(17.0)	(14.4)

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	1,515	0.05	2,564	0.08	(40.9)	(37.5)
Low octane gasoline	642	0.02	2,278	0.07	(71.8)	(71.4)
Naphtha	20,865	0.78	25,641	0.80	(18.6)	(2.5)
Diesel	77,353	2.51	115,068	3.54	(32.8)	(29.1)
Fuel oil	61,780	3.89	112,243	5.66	(45.0)	(31.3)
Jet fuel	15,138	0.45	17,185	0.53	(11.9)	(15.1)
Bunker fuel	14,835	0.58	16,468	0.64	(9.9)	(9.4)
Bitumen	345	0.02	763	0.04	(54.8)	(50.0)
Lubricants	2,323	0.07	2,798	0.07	(17.0)	-
Petrochemicals	7,010	0.33	6,412	0.31	9.3	6.5
Other	2,515	0.10	4,037	0.13	(37.7)	(23.1)
Total	204,321	8.80	305,457	11.87	(33.1)	(25.9)

- Total petroleum products export volumes declined 14.4% Q-o-Q due to increased petroleum products sales on domestic markets
- Total petroleum products export volumes declined 25.9% Y-o-Y due to lower transactions based on purchased petroleum products
- Bunker fuel exports declined Y-o-Y and Q-o-Q in line with lower market demand.

Petroleum Products Export and Sales in CIS

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	9,117	0.20	8,022	0.23	13.7	(13.0)
Low octane gasoline	1,465	0.04	1,071	0.03	36.8	33.3
Diesel	7,444	0.19	5,887	0.17	26.5	11.8
Fuel oil	186	0.02	32	0.01	481.3	100.0
Jet fuel	1,776	0.05	917	0.03	93.7	66.7
Bitumen	1,014	0.08	794	0.06	27.7	33.3
Lubricants	614	0.02	655	0.01	(6.3)	100.0
Petrochemicals	457	0.02	382	0.02	19.6	-
Other	535	0.02	319	0.01	67.7	100.0
Total	22,608	0.64	18,079	0.57	25.1	12.3

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	25,148	0.61	18,698	0.60	34.5	1.7
Low octane gasoline	3,672	0.10	2,763	0.10	32.9	-
Diesel	18,813	0.49	17,053	0.56	10.3	(12.5)
Fuel oil	218	0.03	586	0.06	(62.8)	(50.0)
Jet fuel	3,729	0.11	2,645	0.08	41.0	37.5
Bitumen	2,173	0.16	1,512	0.11	43.7	45.5
Lubricants	1,840	0.05	1,477	0.05	24.6	-
Petrochemicals	1,011	0.05	956	0.05	5.8	-
Other	1,231	0.05	1,099	0.03	12.0	66.7
Total	57,835	1.65	46,789	1.64	23.6	0.6

Domestic Sales of Petroleum Products

	3Q 2015		2Q 2015		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	93,605	2.44	77,037	2.29	21.5	6.6
Low octane gasoline	617	0.02	561	0.02	10.0	-
Diesel	62,500	2.11	58,421	1.90	7.0	11.1
Fuel oil	2,536	0.32	2,467	0.30	2.8	6.7
Jet fuel	23,855	0.86	19,723	0.75	21.0	14.7
Bunker fuel	15,529	0.93	15,919	0.90	(2.5)	3.3
Bitumen	6,278	0.56	4,841	0.54	29.7	3.7
Lubricants	2,893	0.06	2,701	0.02	7.1	200.0
Petrochemicals	4,874	0.26	5,355	0.27	(9.0)	(3.7)
Other	2,861	0.16	2,655	0.18	7.8	(11.1)
Total	215,548	7.72	189,680	7.17	13.6	7.7

	9m 2015		9m 2014		Δ, %	
	RUB million	MMtonnes	RUB million	MMtonnes	RUB million	MMtonnes
High octane gasoline	237,995	6.81	216,621	6.61	9.9	3.0
Low octane gasoline	1,626	0.06	2,757	0.10	(41.0)	(40.0)
Diesel	168,834	5.58	164,947	5.55	2.4	0.5
Fuel oil	8,887	1.11	12,553	1.20	(29.2)	(7.5)
Jet fuel	58,981	2.20	60,707	2.34	(2.8)	(6.0)
Bunker fuel	42,876	2.53	46,523	2.58	(7.8)	(1.9)
Bitumen	12,331	1.27	13,902	1.35	(11.3)	(5.9)
Lubricants	7,746	0.17	5,654	0.16	37.0	6.3
Petrochemicals	14,429	0.78	14,858	0.78	(2.9)	-
Other	8,116	0.51	6,384	0.46	27.1	10.9
Total	561,821	21.02	544,906	21.13	3.1	(0.5)

- Domestic jet fuel volumes increased 14.7% Q-o-Q due to seasonal factors and expansion of Group's airport network in Russia, including cooperation with military airports
- Domestic jet fuel volumes declined 6% Y-o-Y due to lower market demand
- Domestic bitumen volumes decreased 5.9% Y-o-Y due to reduced public financing of road sector.

Other Revenue

Other revenue primarily includes revenue from transport, construction, and other services.

- Other revenue increased 52.2% Y-o-Y primarily due to an increase in operating services provided by the Group to Messoyakha, in line with project development plan.

Purchases of Oil, Gas and Petroleum Products

- Purchases of oil, gas, and petroleum products declined 8.8% Y-o-Y and 8.0% Q-o-Q due to lower oil prices

Production and Manufacturing Expenses

3Q 2015	2Q 2015	Δ, %	(RUB million)	9m		
				2015	2014	Δ, %
25,176	23,490	7.2	Upstream expenses	71,013	58,703	21.0
18,027	17,405	3.6	Consolidated subsidiaries inside Russia including	52,264	44,721	16.9
15,276	14,420	5.9	Brownfields	43,634	40,730	7.1
1,580	1,442	9.6	<i>RUB per toe</i>	1,521	1,408	8.0
3.42	3.74	(8.4)	<i>USD* per boe</i>	3.50	5.43	(35.5)
2,751	2,985	(7.8)	Greenfields	8,630	3,991	116.2
2,465	1,683	46.5	Consolidated subsidiaries outside Russia (including PSA)**	5,844	2,216	163.7
4,684	4,402	6.4	Proportionally consolidated companies	12,905	11,766	9.7
2,082	2,019	3.1	<i>RUB per toe</i>	1,941	1,743	11.3
4.51	5.23	(13.8)	<i>USD* per boe</i>	4.47	6.72	(33.5)
13,671	12,059	13.4	Downstream expenses	38,006	32,515	16.9
7,467	6,727	11.0	Refining expenses at own refineries	21,195	18,269	16.0
803	741	8.4	<i>RUB per tonne</i>	791	678	16.7
1.74	1.92	(9.4)	<i>USD* per bbl</i>	1.82	2.61	(30.3)
4,071	3,238	25.7	Refining expenses at refineries of joint ventures	10,860	10,291	5.5
1,809	1,750	3.4	<i>RUB per tonne</i>	1,783	1,581	12.8
3.92	4.53	(13.6)	<i>USD* per bbl</i>	4.10	6.09	(32.7)
2,133	2,094	1.9	Lubricants manufacturing expenses	5,951	3,955	50.5
7,628	6,764	12.8	Transportation expenses to refineries	20,968	20,988	(0.1)
6,155	8,637	(28.7)	Other operating expenses	19,736	12,828	53.9
52,630	50,950	3.3	Total	149,723	125,034	19.7

* Translated to USD at average exchange rate for the period

** PSA refers to production sharing agreement

- Upstream expenses include expenditures for raw materials and supplies, maintenance and repairs of producing equipment, labor costs, fuel and electricity costs, activities to enhance oil recovery, and other similar costs at our Upstream subsidiaries.
- Upstream expenses at consolidated subsidiaries in Russia increased 16.9% Y-o-Y due to financial consolidation of Prirazlomnoye and expanded activities to increase yields
- Upstream expenses per toe at Brownfields increased 8.0% Y-o-Y due to:
 - Increase in workovers and other activities to maintain crude production levels
 - Increase in total liquids production volumes due to higher watercut at mature fields
 - Continuing transition to electric submersible pump (ESP) rental program (over time, savings from pump purchases and ownership costs will offset rental expense)
 - Higher tariffs of natural monopolies and inflationary pressures, which were partially offset by cost optimization measures
- Upstream expenses at consolidated subsidiaries outside Russia increased 163.7% Y-o-Y due to commercial production startups in Iraq (Badra) and Kurdistan
- Refining expenses at own refineries include expenditures for raw materials and supplies, maintenance and repairs of productive equipment, labor and electricity costs, and other similar costs
- Refining expenses at own refineries increased 16.0% Y-o-Y primarily due to:
 - Higher tariffs of natural monopolies
 - Higher expenditures for materials and supplies due to inflationary pressures
 - Higher expenditures related to pipeline transport of higher quality diesel
 - Increased repair expenses at Omsk
 - Increased environmental costs
- Refining expenses at refineries of joint ventures increased 5.5% Q-o-Q due to higher expenditures for materials and supplies due to inflationary pressures

- Refining expenses at refineries of joint ventures increased 25.7% Q-o-Q primarily due to 14.9% throughput increase at Yaroslavl following completion planned repair of hydrocracking plant in April 2015
- Transportation expenses to refineries increased 12.8% Q-o-Q due to higher throughput
- Other operating expenses increased 53.9% Y-o-Y as result of increase in operating services provided by the Group to Messoyakha.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include general business expenses, wages, salaries (except wages and salaries at production and refining subsidiaries), insurance, banking commissions, legal fees, consulting and audit services, and other expenses.

- Selling, general and administrative expenses increased by 18.1% Y-o-Y, driven by:
 - Higher expenses at foreign subsidiaries due to weakening of Russian ruble
 - Consolidation of new entities (GPN-Shelf, Information Technology Service Company)
 - Commercial production startup at Iraq (Badra) and Kurdistan
 - Growth number of retail stations and overall business.

Provision for doubtful accounts

Provision for doubtful accounts increased Y-o-Y and Q-o-Q due to accrual related to OJSC Transaero Airlines.

Transportation Expenses

Transportation expenses include costs to transport crude oil and petroleum products to final customers. These costs consist of pipeline transportation, sea freight, railroad, shipping, handling, and other transportation costs.

- Transportation expenses increased 18.6% Y-o-Y due to increased crude oil production and higher tariffs of natural monopolies and weakening Russian ruble, which affected transportation costs for crude and oil product exports.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expenses include depreciation of oil and gas properties, refining and other assets.

- Depreciation, depletion and amortization expenses increased 11.6% Y-o-Y in line with increase in depreciable assets driven by capital expenditure.

Taxes Other than Income Tax

3Q 2015	2Q 2015	Δ, %	(RUB million)	9m		
				2015	2014	Δ, %
63,052	72,518	(13.1)	Mineral extraction taxes	204,236	182,240	12.1
19,691	17,752	10.9	Excise	53,432	64,653	(17.4)
2,369	2,430	(2.5)	Property tax	7,133	6,777	5.3
3,296	2,683	22.8	Other taxes	11,344	10,131	12.0
88,408	95,383	(7.3)	Total taxes other than income tax	276,145	263,801	4.7

- Taxes other than Income tax increased 4.7% Y-o-Y due to increase in mineral extraction taxes (12.1% Y-o-Y) due to higher base tax rate following tax manoeuvre effective January 2015 and increased production at subsidiaries and proportionally consolidated companies, partly offset by 17.4% Y-o-Y reduction in excise tax expenses.

Share of Profit of Equity Accounted Investments

3Q 2015	2Q 2015	Δ, %	(RUB million)	9m		
				2015	2014	Δ, %
442	4,876	(90.9)	Slavneft	8,634	5,093	69.5
5,283	4,131	27.9	SeverEnergia (Arcticgas)	12,039	(1,966)	-
873	890	(1.9)	Nortgaz	2,144	-	-
386	721	(46.5)	Other companies	1,432	1,449	(1.2)
6,984	10,618	(34.2)	Share of profit of associates and joint ventures	24,249	4,576	429.9

- Share of Slavneft profit increased Y-o-Y mainly due to higher oil prices on domestic markets, higher prices charged for processing services and lower foreign exchange losses
- Share of Slavneft profit declined Q-o-Q due to foreign exchange loss in 3Q 2015 and effect of revaluing debt portfolio primarily denominated in USD
- Share of SeverEnergia (Arcticgas) profit for 9 months 2015 increased due to startup of main SeverEnergia fields (Arcticgas).

Other gain

- Other income in 2Q 2015 and 9 months 2015 was primary due to writing off Company's RUB 16 billion share in liability at JSC Tomskneft.

Other Financial Items

- Foreign exchange gains/losses were mainly due to revaluation of portion of Group debt portfolio that is denominated in foreign currencies.

Liquidity and Capital Resources

Cash Flows

(RUB million)	9m		
	2015	2014	Δ %
Net cash provided by operating activities	219,627	228,176	(3.7)
Net cash used in investing activities	(241,816)	(254,537)	(5.0)
Net cash provided by financing activities	21,073	30,289	(30.4)
(Decrease) / Increase in cash and cash equivalents	(1,116)	3,928	-

Net Cash Provided by Operating Activities

(RUB million)	9m		
	2015	2014	Δ %
Net cash provided by operating activities before changes in working capital, income tax, interest and dividends	244,296	256,740	(4.8)
Net changes in working capital	9,725	7,567	28.5
Income tax paid	(16,285)	(25,963)	(37.3)
Interest paid	(20,524)	(11,821)	73.6
Dividends received	2,415	1,653	46.1
Net cash provided by operating activities	219,627	228,176	(3.7)

- Net cash provided by operating activities decreased 3.7 % Y-o-Y due to increased interest paid.

Net Cash Used in Investing Activities

(RUB million)	9m		Δ %
	2015	2014	
Capital expenditures	(234,238)	(180,976)	29.4
Acquisition of subsidiaries, shares in joint operations and equity affiliates	303	(56,893)	-
Net changes in deposits	3,257	(3,181)	-
Other transactions	(11,138)	(13,487)	(17.4)
Net cash used in investing activities	(241,816)	(254,537)	(5.0)

- Net cash used in investing activities declined 5.0% Y-o-Y. Higher capital expenditures were offset by reduction in new assets acquisition.

Net Cash Used in Financing Activities

(RUB million)	9m		Δ %
	2015	2014	
Net changes in debt	31,975	61,725	(48.2)
Payment of dividends to shareholders	(8,735)	(24,959)	(65.0)
Acquisition of non-controlling interest in subsidiaries	-	(4,118)	-
Other transactions	(2,167)	(2,359)	(8.1)
Net cash provided by financing activities	21,073	30,289	(30.4)

- Net cash provided by financing activities declined 30.4% due to reduced borrowing.

Capital Expenditure

(RUB million)	9m		Δ, %
	2015	2014	
Exploration and production	169,676	126,444	34.2
Consolidated subsidiaries	157,414	115,499	36.3
Proportionally consolidated companies	12,262	10,945	12.0
Refining	16,956	16,957	-
Marketing and distribution	7,071	6,254	13.1
Others	9,389	6,456	45.4
Subtotal capital expenditures	203,092	156,111	30.1
Change in advances issued and material used in capital expenditures	31,146	24,865	25.3
Total capital expenditures	234,238	180,976	29.4

- Capital expenditure for Exploration and Production increased 34.2% Y-o-Y due primarily to
 - Construction of major infrastructure for Novoport
 - Exploration expenses in Iraq
 - Purchase of new licenses in Orenburg and Khanty-Mansiysk regions
 - Increased production drilling at Priobskoye
 - Capital expenditures at Prirazlomnoye.

Debt and Liquidity

(RUB million)	September 30, 2015	December 31, 2014
Short-term loans and borrowings	133,251	61,121
Long-term loans and borrowings	539,597	502,306
Cash and cash equivalents	(56,202)	(53,167)
Short-term deposits	(88,952)	(76,658)
Net debt	527,694	433,602
Short-term debt / total debt, %	19.8	10.8
Net debt / EBITDA ttm	1.69	1.44

- The Group's diversified debt structure includes syndicated and bilateral loans, bonds, and other instruments
- Average debt maturity decreased from 4.49 years at December 31, 2014 to 3.95 years at September 30, 2015.
- Average interest rate increased from 3.48% at December 31, 2014 to 4.17% at September 30, 2015.

Financial Appendix

EBITDA Reconciliation

3Q 2015	2Q 2015	Δ, %	(RUB million)	9m		Δ, %
				2015	2014	
20,090	75,539	(73.4)	Profit for the period	133,294	143,079	(6.8)
1,508	15,550	(90.3)	Total income tax benefit / (expense)	23,813	30,377	(21.6)
7,663	6,815	12.4	Finance expense	21,401	9,735	119.8
(3,547)	(3,524)	0.7	Finance income	(10,493)	(4,734)	121.7
24,623	23,670	4.0	Depreciation, depletion and amortization	70,490	63,159	11.6
40,238	(8,087)	-	Net foreign exchange (loss) / gain	40,981	14,554	181.6
5,899	(15,177)	-	Other (loss) / gain, net	(7,243)	3,846	-
96,474	94,786	1.8	EBITDA	272,243	260,016	4.7
(6,984)	(10,618)	(34.2)	less Share of profit of associates and joint ventures	(24,249)	(4,576)	429.9
22,967	22,211	3.4	add Share of EBITDA of equity accounted investments	64,229	30,096	113.4
112,457	106,379	5.7	Adjusted EBITDA	312,223	285,536	9.3

Financial ratios

Profitability

	9m		Δ, p.p.
	2015	2014	
Adjusted EBITDA margin, %	28.39	26.88	1.5
Net profit margin, %	12.12	13.47	(1.3)
Return on assets (ROA), %	5.55	11.53	(6.0)
Return on equity (ROE), %	9.97	18.50	(8.5)
Return on average capital employed (ROACE), %	11.85	16.07	(4.2)

Liquidity

	9m		Δ, %
	2015	2014	
Current ratio	1.34	1.86	(28.2)
Quick ratio	0.68	1.03	(33.7)
Cash ratio	0.38	0.63	(39.4)

Leverage

	9m		Δ, p.p.
	2015	2014	
Net debt/ Total Assets, %	22.09	14.91	7.2
Net debt/ Equity, %	42.08	24.91	17.2
Gearing, %	32.96	22.59	10.4
			Δ, %
Net debt/ Market Capitalization	0.77	0.40	92.2
Net debt/ EBITDA	1.69	0.80	111.3
Total debt/ EBITDA	2.15	1.23	74.8

Main Macroeconomic Factors Affecting Results of Operations

The main factors affecting the Group's results of operations include:

- Changes in market prices of crude oil and petroleum products
- Changes in exchange rate between the Russian ruble and US dollar and inflation
- Taxation
- Changes in transportation tariffs for crude oil and petroleum products.

Changes in Market Prices of Crude Oil and Petroleum Products

Prices for crude oil and petroleum products on international and Russian markets are the primary factor affecting the Group's results of operations.

Petroleum products prices on international markets are primarily determined by world prices for crude oil, supply and demand of petroleum products, and competition in different markets. Petroleum product price trends on international markets in turn determine domestic prices. Price dynamics are different for different types of petroleum products.

The sharp drop in oil and oil products prices on international markets in US dollar terms since 2014 negatively affected Group results, but oil price declines were largely offset by changes in the exchange rate for the US dollar relative to the Russian ruble.

3Q 2015	2Q 2015	Δ, %		9m 2015	2014	Δ, %
			International market	(US\$/ barrel)		
50.47	61.88	(18.4)	Brent	55.31	106.52	(48.1)
49.55	61.73	(19.7)	Urals Spot (average Med + NWE)	54.61	105.04	(48.0)
				(US\$/ tonne)		
599.03	671.00	(10.7)	Premium gasoline (average NWE)	605.51	984.34	(38.5)
419.54	525.60	(20.2)	Naphtha (average Med. + NWE)	465.67	901.41	(48.3)
485.24	580.66	(16.4)	Diesel fuel (average NWE)	530.33	907.51	(41.6)
471.36	570.63	(17.4)	Gasoil 0.2% (average Med.)	515.87	892.29	(42.2)
234.76	314.81	(25.4)	Fuel oil 3.5% (average NWE)	271.29	561.06	(51.6)
			Domestic market	(RUB/ tonne)		
36,597	31,497	16.2	High-octane gasoline	32,476	31,406	3.4
31,219	27,188	14.8	Low-octane gasoline	28,267	27,564	2.6
29,492	29,279	0.7	Diesel fuel	28,756	27,675	3.9
7,448	8,383	(11.2)	Fuel oil	7,758	9,302	(16.6)

Sources: Platts (international), Kortes (domestic)

Ruble vs. US Dollar Exchange Rate and Inflation

The Group presentation currency is the Russian ruble. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates, which for most entities is the Russian ruble.

3Q 2015	2Q 2015		9m 2015	2014
2.0	1.0	Change in Consumer Price Index (CPI), %	10.4	6.3
-	2.3	Change in Producer Price Index (PPI), %	11.5	5.2
66.24	55.52	US\$/ RUB exchange rate as of the end of the period	66.24	39.39
62.98	52.65	Average RUB/US\$ exchange rate for the period	59.28	35.39

Hydrocarbon Taxes

Average tax rates effective in reporting periods for taxation of oil and gas companies in Russia

3Q 2015	2Q 2015	Δ, %		9m 2015	2014	Δ, %
			Export customs duty			
						(US\$/ tonne)
128.47	130.57	(1.6)	Crude oil	129.56	383.87	(66.2)
61.60	62.63	(1.6)	Light petroleum products	62.12	253.32	(75.5)
61.60	62.63	(1.6)	Diesel	62.12	249.46	(75.1)
100.17	101.80	(1.6)	Gasoline	101.01	345.43	(70.8)
109.17	110.93	(1.6)	Naphtha	110.08	345.43	(68.1)
97.57	99.20	(1.6)	Heavy petroleum products	98.42	253.32	(61.1)
			Mineral extraction tax			
6,262	7,072	(11.5)	Crude oil (RUB/ tonne)	6,736	6,019	11.9

Crude and oil products export duty rates

Resolution of the Russian Government # 276 (March 29, 2013) establishes a methodology for the Ministry of Economic Development of the Russian Federation to calculate export duty rates for crude oil and certain oil products.

Crude oil export customs duty rate

a) According to Russian Federal Law # 5003-1 (May 21, 1993) clause 3.1. subclause 4, amended by Russian Federal Law # 366-FZ (November 24, 2014) export custom duty rates should not exceed the marginal export duty rates calculated according to the following formulas:

Quoted Urals price (P), USD/ tonne	Maximum Export Custom Duty Rate
≤109.50	0%
109.50 < P ≤ 146.00	35.0% x (P – 109.50)
146.00 < P ≤ 182.50	12.78 + 45.0% x (P – 146.00)
>182.50	29.20 + 59.0% x (P – 182.50) for 2014 29.20 + 42.0% x (P – 182.50) for 2015

Crude oil exports Kazakhstan, Belarus are not subject to oil export duties.

b) Under Federal Law # 239-FZ (December 3, 2012) the Government of the Russian Federation established formulas for lower customs duty rates for crude oil that meets certain chemical and physical conditions, identified by the codes TN VED TS 2709 00 900 1 and 2709 00 900 3. According to Russian Government Resolution # 276 (March 29, 2013) these lower duty rates are calculated based on the average Urals price in the monitoring period using the following formula:

Quoted Urals price (P), USD/ tonne	Export duty rate
≤365	0
>365	45.0% x (P – 365)

Russian Federal Law # 366-FZ (November 24, 2014) and Resolution of the Russian Government # 1274 (November 29, 2014) amended the formulas described above. Under the new standards the reduced custom duty rates for specified crudes are calculated according to the following formula:

$$Ct = (P - 182.5) * K - 56.57 - 0.14 * P$$

Where P is the Urals price (USD/tonne) and K is an incremental coefficient equal to 42% for 2015.

Resolution of the Russian Government # 846 (September 26, 2013) sets the rules for applying specific crude oil export duty rates and monitoring their use in respect of Group investment projects in Sakha Republic (Yakutia), Irkutsk Oblast, Krasnoyarsk Krai, and Yamalo-Nenets Autonomous Okrug north of Latitude 65°.

Order # 868 (December 3, 2013) of the Ministry of Energy establishes the application form and methodology to analyze the applicability of these special rates for crude oil.

c) Under Federal Law # 5003-1 (May 12, 1993) "Custom tariffs" crude oil produced from new offshore fields is exempted from export duties until:

- March 31, 2032 – for offshore fields located entirely in the Azov Sea, or located 50% or more in the Baltic Sea, Black Sea (at water depths less than 100 meters), Pechora Sea, White Sea, Sea of Okhotsk (south of 55° N), or the Caspian Sea
- March 31, 2042 – for offshore fields located 50% or more in the Black Sea (at depths exceeding 100 meters), Sea of Okhotsk (north of 55°), Barents Sea (south of 72°N)
- Indefinitely – for offshore fields situated 50% or more in the Kara Sea, Barents Sea (north of 72° N), or the Eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea).

According to the Russian Federation Tax Code clause 11.1 subclause 5, a new offshore field is a field where commercial hydrocarbon production commences no earlier than 1 January 2016. The taxpayer may elect to designate any offshore field as a "new offshore field" provided no more than 1% of hydrocarbons (not including associated gas) have been produced from the field.

Export customs duty rate on petroleum products

In accordance with clause 3.1 of Russian Federal Law # 5003-1 (May 21, 1993) the export customs duty rate on petroleum products is determined by the Government. Petroleum products exported to Kazakhstan, Belarus and Kyrgyzstan are not subject to customs duties. Exports of petroleum products to Tadzhikistan and Armenia within the indicative limits are not subject to customs duties from November 13, 2013 and January 19, 2015 respectively.

According to Resolution of the Russian Government # 276 (March 29, 2013) the export customs duty rate on petroleum products is calculated using the following formula:

$R = K * R_{\text{crude}}$, where R_{crude} is the export customs duty rate per tonne of crude oil and K is a coefficient depending on the type of petroleum product.

Under Resolution of the Russian Government #2 (January 3, 2014), the coefficient K is set at 0.65 for diesel fuel, 0.90 for gasoline and naphtha, and 0.66 for other oil products.

From 1 January 2015, in accordance with Federal Law # 366-FZ (November 24, 2014) and Resolution of the Russian Government #1274 (November 24, 2014), the coefficients K for different petroleum products are as follows:

	2015	2016	from 2017
Light and middle distillates			
Diesel	0.48	0.4	0.3
Lubricants oil			
Naphtha	0.85	0.71	0.55
Gasoline	0.78	0.61	0.3

Excise duties on petroleum products

In Russia, excise duties are paid by the producers of refined products. Excise duties are also applied to petroleum products imported into Russia.

Tax Code RF clause 193 established the following excise duty rates for petroleum products (in rubles/tonne):

	2014	2015	2016	2017
Gasoline				
Below Class 3	11 110	7 300	7 530	5 830
Class 3	10 725	7 300	7 530	5 830
Class 4	9 916	7 300	7 530	5 830
Class 5	6 450	5 530	7 530	5 830
Naphtha	11 252	11 300	10 500	9 700
Diesel fuel				
Below Class 3	6 446	3 450	4 150	3 950
Class 3	6 446	3 450	4 150	3 950
Class 4	5 427	3 450	4 150	3 950
Class 5	4 767	3 450	4 150	3 950
Heating oil	6 446	3 000	3 000	2 800
Motor oil	8 260	6 500	6 000	5 400

Mineral extraction tax (MET) on crude oil.

According to Russian Federation Tax code clause 342 as amended in Federal Law # 366-FZ November 24, 2014 the mineral extraction tax rate on crude oil (R) is calculated using the following general formula:

	2014	2015	2016	2017
MET oil - R	$493 * Kc * Kv * Kz * Kd * Kdv$	$766 * Kc - Dm$	$857 * Kc - Dm$	$919 * Kc - Dm$

$Dm = Kmet * Kc * (1 - Kv * Kz * Kd * Kdv * Kkan)$, where

$Kmet = 530$ for 2015 FY, 559 starting from 2016 FY.

Kc reflects the volatility of crude oil prices on the global market. $Kc = (P - 15) * D / 261$, where P is average monthly Urals oil price on the Rotterdam and Mediterranean markets (in USD/bbl.) and D is the average ruble/ US dollar exchange rate.

Kv characterizes the degree of depletion of the specific field, providing lower tax rates for highly depleted fields. Depletion is measured by N/V , where N is cumulative production volume from the field and V is total initial reserves (ABC1 + C2 reserves volume at January 1, 2006). For fields with depletion between 0.8 and 1, $Kv = 3.8 - 3.5 * N / V$. Where depletion is greater than 1, Kv is 0.3. In all other cases $Kv = 1$. Where fields include deposits with $Kd < 1$, Kv is equal to 1.

Kz characterizes the relative size of the field (by reserves) and provides lower tax rates for small fields. For fields with initial reserves (designated by V_3 , defined as ABC1 + C2 reserves volume at January 1 of the year preceding the tax period) below 5 MMtonnes and depletion (N / V_3 where N is the cumulative production volume from the field) less than 0.05, $Kz = 0.125 * V_3 + 0.375$

Kd characterizes the effort required to recover oil. It varies between 0.2 and 1 depending on recovery complexity from the deposit as follows:

- 0.2 – for oil produced from deposits with permeability no greater than $2 * 10^{-3} \mu^2$ and effective formation thickness no greater than 10 meters

- 0.4 – for oil produced from deposits with permeability no greater than $2 \cdot 10^{-3} \mu^2$ and effective formation thickness greater than 10 meters
- 0.8 – for oil produced from deposits classified in the state mineral reserves balance as related to the Tyumen formation
- 1 – for oil produced from other deposits.

Kdv characterizes the degree of depletion of the deposit, providing lower tax rates for highly depleted deposits. Depletion is measured by Ndv/Vdv , where Ndv is cumulative production volume from the deposit and Vdv is total initial reserves (ABC1 + C2 reserves at January 1 of the year preceding the tax period). For deposits with depletion between 0.8 and 1, $Kdv = 3.8 - 3.5 \cdot Ndv / Vdv$. Where depletion is greater than 1, Kdv is 0.3. In all other cases $Kdv = 1$. For areas containing deposits for which the coefficient Kd is less than 1, the coefficient Kdv for all other deposits in the area (for which the coefficient $Kd=1$) is the value of Kv as calculated for the entire area.

Kkan characterizes the oil production region and oil quality. This coefficient provides lower tax rates for fields located partly or completely in regions with challenging climate and geological conditions (specifically, Yamal Peninsula in Yamalo-Nenets Autonomous Okrug, Irkutsk Oblast, and Sakha Republic (Yakutia)). Coefficient $Kkan$ is set at 0 until the first day of the month following the month when one of the following conditions is met:

- 1) Achieving maximum cumulative stipulated production from the field;
- 2) Expiration of the stipulated term.

When the tax exemption term expires $Kkan$ is equal to 1.

b) According to the Russian Federation Tax Code clause 342 subclause 2.1 and clause 338 subclause 6 the following ad valorem MET rates should be used for oil produced from new offshore fields (as a % of price):

- 30% from start of commercial hydrocarbon production until a five-year termination period, but not later than 31 March 2022 – for fields located entirely in the Sea of Azov or for fields located more than 50% in the Baltic Sea
- 15% from start of commercial hydrocarbon production until a seven-year termination period, but not later than 31 March 2032 – for fields located more than 50% in the Black Sea (at water depths less than 100 meters), the Sea of Japan, Pechora Sea, White Sea, Sea of Okhotsk (south of 55° N), Caspian Sea
- 10% from start of commercial hydrocarbon production until a ten-year termination period, but not later than 31 March 2037 – for fields located more than 50% in the Sea of Okhotsk (north of 55° N), Black Sea (at depths exceeding 100 meters), Barents Sea (south of 72° N)
- 5% from start of commercial hydrocarbon production until a 15-year termination period, but not later than 31 March 2042 – for fields located more than 50% in the Kara Sea, Barents Sea (north of 72° N), and eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea).

Russian Federation tax law also provides for a zero rate of MET on oil produced from deposits classified in the state mineral reserves balance as related to the Bazhenov formation, provided all other Tax Code conditions are met.

Group effective MET rate

3Q	2Q		9m			
2015	2015	$\Delta, \%$	2015	2014	$\Delta, \%$	
6,262	7,072	(11.5)	Nominal crude oil MET rate, RUB/tonne	6,736	6,019	11.9
5,855	6,682	(12.4)	Effective crude oil MET rate, RUB/tonne	6,347	5,775	9.9
407	390		Difference between nominal and effective rates, RUB/tonne	389	244	
6.5%	5.5%		Difference between nominal and effective rates, %	5.8%	4.1%	

In 9 months 2015 the Group's effective MET rate was 6,347 RUB/tonne, or 389 RUB/tonne lower than the nominal MET rate established in Russian legislation. The difference results from the application of certain factors (Kv , Kz and Kd) that reduce the MET rate.

Mineral extraction tax (MET) on natural gas and gas condensate

Russian Federation Tax Code clause 342 as amended in Federal Law # 366-FZ of November 24, 2014 established mineral extraction tax rates for natural gas and gas condensate as follows:

	2014 (January - June)	2014 (July - December)	2015
MET on natural gas (RUB/mcm)	471*	35 * Eut * Kc	35 * Eut * Kc + Tg
	700		
MET on gas condensate (RUB/tonne)	647	42 * Eut * Kc	42 * Eut * Kc * Kkm

* The lower rate of MET applies to taxpayers that do not own the central gas transportation system and that are not more than 50% owned directly or indirectly by the owners of the central gas transportation system.

Eut is the base rate per fuel-equivalent unit calculated by the taxpayer depending on natural gas and gas condensate prices and their relative production amounts.

Kc characterizes the effort required to recover hydrocarbons from the particular deposit. The coefficient is designed to reduce the tax rate on natural gas and gas condensate and is equal to the lowest of the following concessionary coefficients: Kr – depending on location, Kvg – for highly depleted deposits, Kgz – for deposits at depths of more than 1,700 meters, Kas – for deposits related to the regional gas supply system and Korz – for deposits classified as Turonian formations.

Tg reflects gas transportation costs (set at zero for 2015 according to Federal Tariff Service of the Russian Federation).

Kkm is a correction coefficient that for 2015 is equal to 4.4.

Tax concessions

Under effective tax legislation Group subsidiaries apply the following tax concessions (including lower tax rates and coefficients that reduce the MET rate):

Tax concessions, applied during 9 m 2015	Subsidiaries (oil fields) belonging to the Group
MET for Oil	
Small fields factor Kz	OJSC Gazpromneft-Noyabrskneftegaz (Vorgentskoye, Vostochno-Vyngayakhinskoye, Severo-Karamovskoye, Valyntoyskoye, Yuzhno-Purpeyskoye) CJSC Zhivoy Istok (Baleykinskoye)
Depletion factor Kv	OJSC Gazpromneft-Noyabrskneftegaz (Pogranichnoye, Kholmogorskoye, Chatilkinskoye, Muravlenkovskoye, Sugmutskoye) LLC Gazpromneft-Vostok (Zapadno-Luginetskiy area, Shinginskoye) OJSC Yuzhuralneftegas (Kapitonovskoye)
Hard-to-recover factor Kd	OJSC Gazpromneft-Noyabrskneftegaz (Vyngayakhinskoye, Etu-Purovskoye, Zapadno-Noyabrskoye, Kraynee) LLC Gazpromneft-Vostok (Urmanskoye, Archinskoye) LLC Zapolyarneft (Vyngapurovskoye, Novogodnee) LLC Gazpromneft-Khantos (Priobskoye)

Oil production region and oil quality factor Knan	LLC Gazpromneft-Angara (Tympychikanskoye, Ignyalinskoye) LLC Novy-Port (Novoport)
Zero MET rate for fields classified as belonging to Bazhenov formation	LLC Gazpromneft-Khantos (Krasnoleninskoye)
Lower MET rate for new offshore fields in the Pechora Sea	LLC Gazpromneft-Shelf (Prirazlomnoye)
MET for Gas	
Hard-to-recover factor Kc	LLC Novy Port (Novoport) CJSC Gazpromneft Orenburg (East part of Orenburg oilfield)
Profit tax	
16% rate (4% concession under regional legislation of Khanty–Mansiysk Autonomous Okrug)	LLC Gazpromneft-Khantos OJSC Gazpromneft-Noyabrskneftegaz
15.5% rate (4.5% concession under regional legislation of Yamalo-Nenets Autonomous Okrug)	OJSC Gazpromneft-Noyabrskneftegaz
Property tax	
Exemption from property tax for investment projects in Khanty–Mansiysk Autonomous Okrug under applications filed before January 1, 2011 (under regional legislation of Khanty–Mansiysk Autonomous Okrug)	LLC Gazpromneft-Khantos
Exemption from property tax for fields with exploration startup after January 1, 2011 (under regional legislation of Khanty–Mansiysk Autonomous Okrug)	LLC Gazpromneft-Khantos
1.1% rate on property purchased/constructed for investment projects in Yamalo-Nenets Autonomous Okrug (under regional legislation of Yamalo-Nenets Autonomous Okrug)	OJSC Gazpromneft-Noyabrskneftegaz LLC Zapolyarneft
Exemption from property tax for investment projects in Orenburg region (under Orenburg regional legislation)	CJSC Gazpromneft Orenburg, CJSC Center Naukoemkih Technologiy

Transportation of Crude Oil and Petroleum Products

Transportation tariff policies are established by the state authorities to ensure a balance between the interests of the state and all participants in the transportation process. Transportation tariffs for natural monopolies are set by the Federal Tariff Service of the Russian Federation (FTS). Tariffs are dependent on transport destination, delivery volume, transportation distance, and several other factors. Changes in tariffs depend on inflation forecasts made by the Ministry of Economic Development of the Russian Federation, investment needs of the owners of transportation infrastructure, other macroeconomic factors, and compensation of economically reasonable expenses incurred by entities of natural monopolies. Tariffs are to be revised by FTS at least annually, and comprise dispatch, loading, transshipment, pumping, and other tariffs.

The following table shows average transportation costs per tonne for the Group's crude oil for export and use at its refineries, as well as costs per tonne for transportation of its petroleum products from refineries for export:

3Q 2015	2Q 2015	Δ, %	(RUB per tonne)	9m		
				2015	2014	Δ, %
Crude oil						
Export						
1,463	1,574	(7.1)	Pipeline	1,626	1,710	(4.9)
CIS						
1,062	1,118	(5.1)	Pipeline	1,142	1,164	(1.9)
Transportation to Refineries						
384	402	(4.6)	ONPZ	424	511	(17.1)
904	1,047	(13.7)	MNPZ	1,045	1,022	2.2
1,088	1,139	(4.5)	YaNPZ	1,047	1,063	(1.4)
Petroleum products						
Export from ONPZ						
2,747	2,749	(0.1)	Gasoline	2,762	2,362	16.9
4,028	4,684	(14.0)	Fuel oil	4,360	3,931	10.9
5,000	4,500	11.1	Diesel fuel	4,463	3,304	35.1
Export from MNPZ						
1,944	1,885	3.1	Gasoline	1,915	1,662	15.3
2,651	2,787	(4.9)	Fuel oil	2,464	1,489	65.5
1,559	1,801	(13.5)	Diesel fuel	1,832	1,869	(2.0)
Export from YaNPZ						
1,363	1,389	(1.9)	Gasoline	1,380	1,195	15.4
1,809	1,809	-	Fuel oil	1,820	1,663	9.5
1,906	1,801	5.8	Diesel fuel	1,798	1,503	19.7

The Group's crude oil export route mix (tonnes) in 9 months 2015 and 9 months 2014 is presented below:

	9m	
	2015	2014
Crude oil export		
Primorsk Baltic Sea port	3.0%	28.2%
Druzhba pipeline	18.6%	12.3%
Port of Novorossiysk	32.1%	22.6%
ESPO pipeline and the port of Kozmino	34.0%	34.7%
Exported without using Transneft system, including:	12.3%	2.2%
Prirazlomnoye	8.1%	1.2%
Novoport	4.2%	1.0%
Total	100.0%	100.0%
Crude oil export to CIS countries		
Belarus	95.3%	100.0%
Uzbekistan	4.7%	0.0%
Total	100.0%	100.0%

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