

The image features the Novatek logo on the left, which consists of a stylized 'N' made of blue and white horizontal bars. To the right of the logo, the word 'NOVATEK' is written in large, bold, blue capital letters. The background is a light blue sky with a faint image of industrial structures, possibly oil rigs or refineries, with smoke or steam rising from them.

NOVATEK

“Harnessing the Energy of the Far North”

Mark Gyetvay, Chief Financial Officer and Member of the Board

Chief Financial Officer and Member of the Board

UBS Investor Trip – New York and Boston

8 – 10 April 2014

Forward-Looking Statements

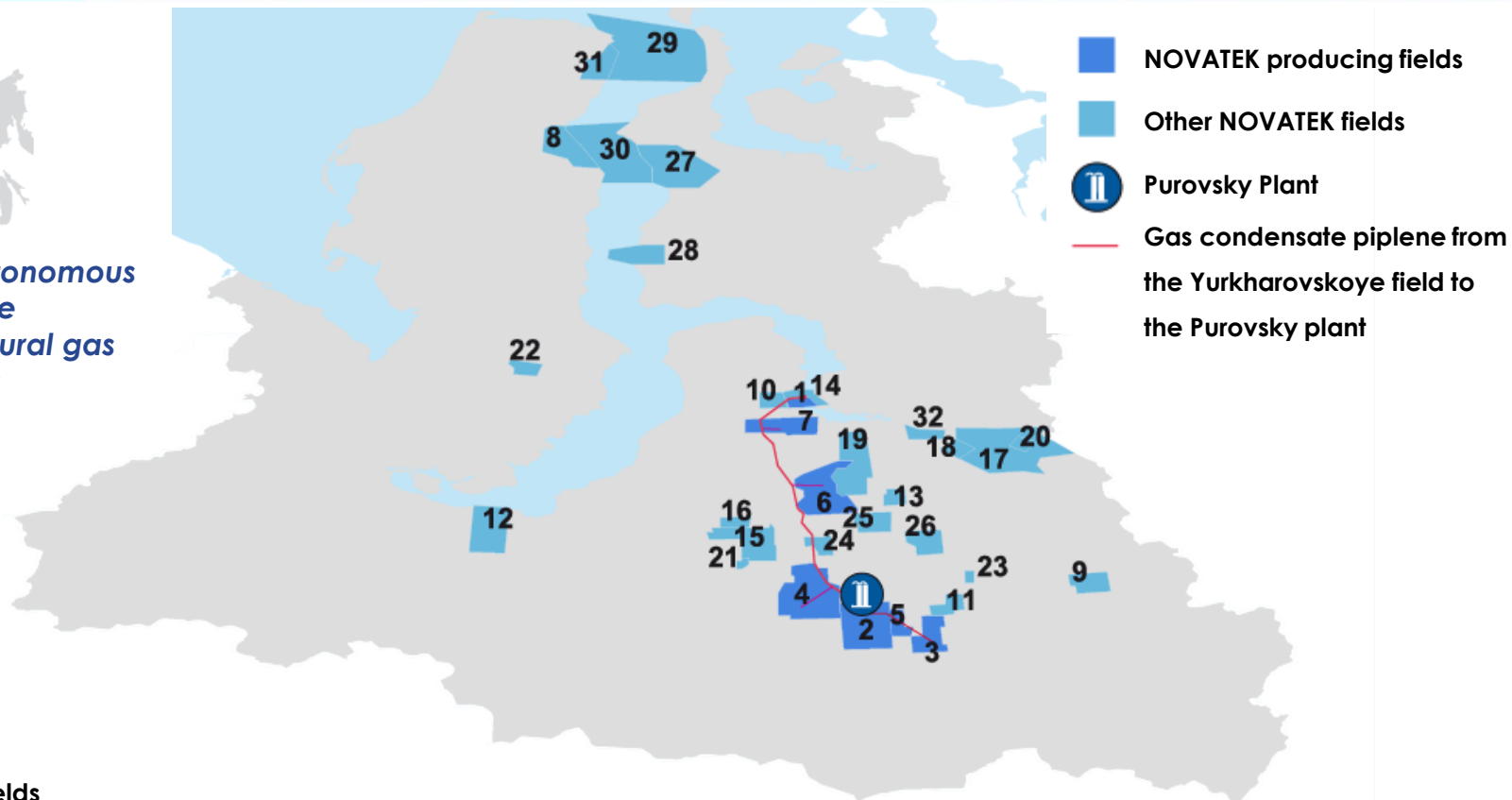


- ❑ Certain statements in this presentation are not historical facts and are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements
- ❑ Words such as “believes”, “anticipates”, “expects”, “estimates”, “intends”, “plans”, “outlook” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements
- ❑ By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements
- ❑ When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario

Fields and License Areas



Yamal-Nenets Autonomous Region – one of the world's largest natural gas producing regions



■ producing fields

1. Yurkharovskoye field
2. East-Tarkosalinskoye field
3. Khancheyskoye field
4. Olimpiyskiy license area
5. Yumantilskiy license area
6. Samburgskiy license area
7. Severo-Urengoyskoye field
8. South-Tambeyskoye field

9. Termokarstovoye field
10. West-Yurkharovskoye field
11. North Khancheyskoye field
12. Yarudeyskoye field
13. Raduzhnoye field
14. New Yurkharovskiy license area
15. Zapadno-Urengoiskiy license area
16. Severo-Yubileynoye field

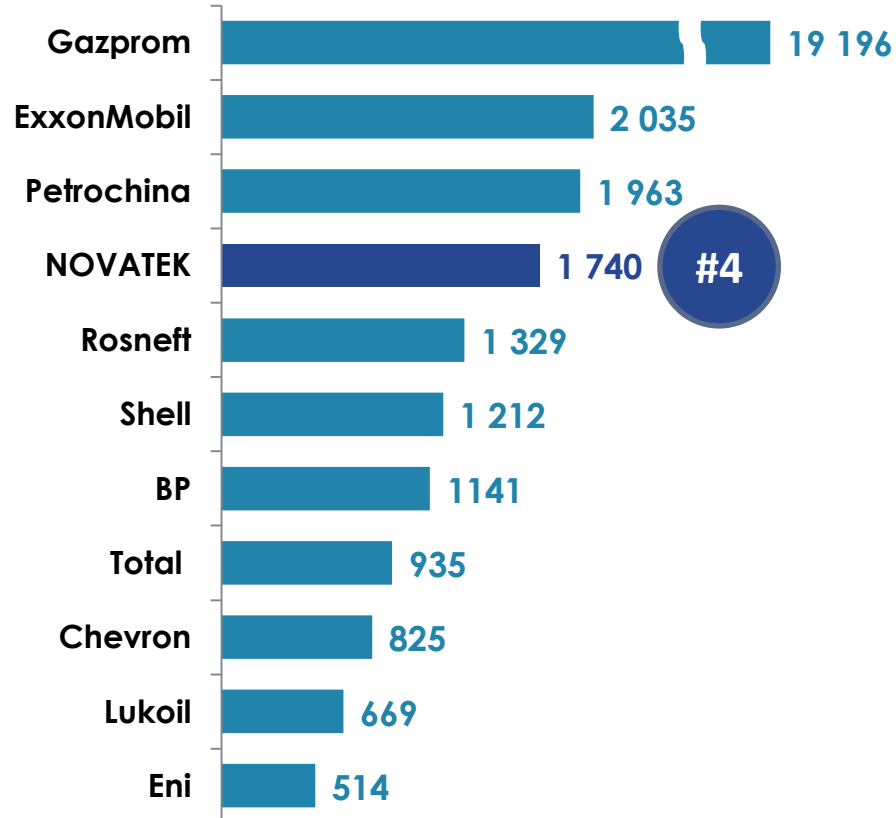
17. Severo-Russkiy license area
18. Severo-Russkoye field
19. Zapadno-Tazovskiy license area
20. Dorogovskiy license area
21. Ukrainsko-Yubileynoye field
22. Malo-Yamalskoye field
23. Zapadno-Chaselskoye field
24. Yevo-Yakhinskoye field

25. Yaro-Yakhinskiy license area
26. Severo-Chaselskiy license area
27. Salmanovskoye (Utrenneye) field
28. Geofizicheskoye license area
29. North-Obskiy license area
30. East-Tambeyskiy license area
31. Severo-Tasiyskiy license area
32. East-Tazovskiy license area

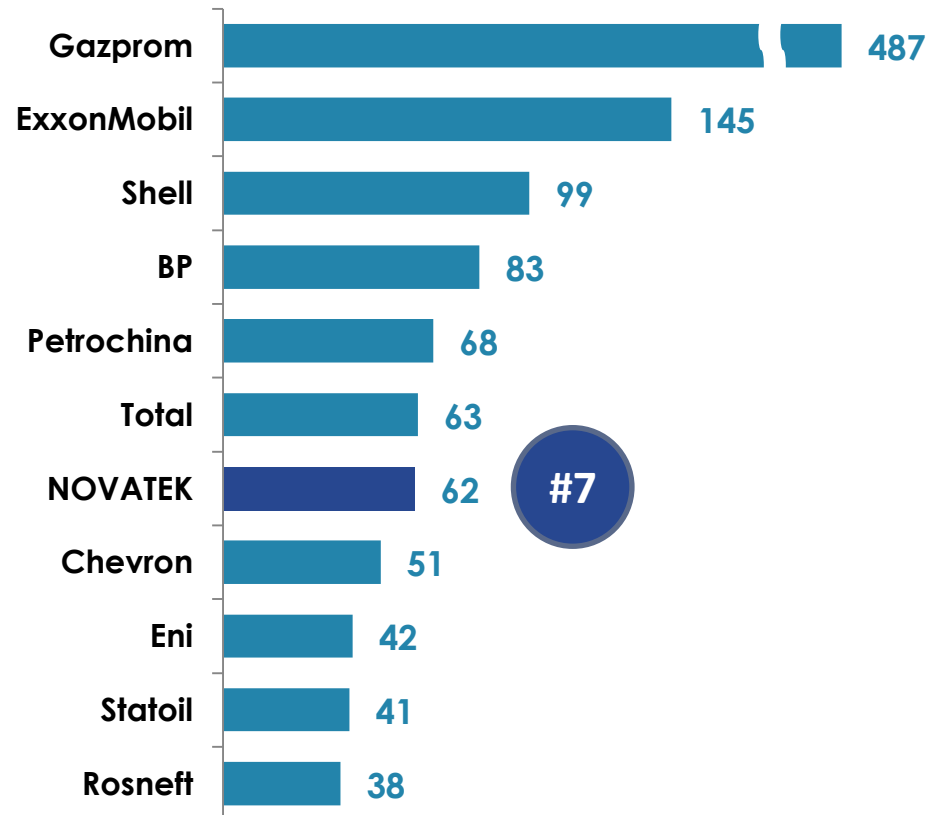
Positions in the World



Proved gas reserves as at 31.12.13 (SEC), bcm



Gas production in 2013, bcm



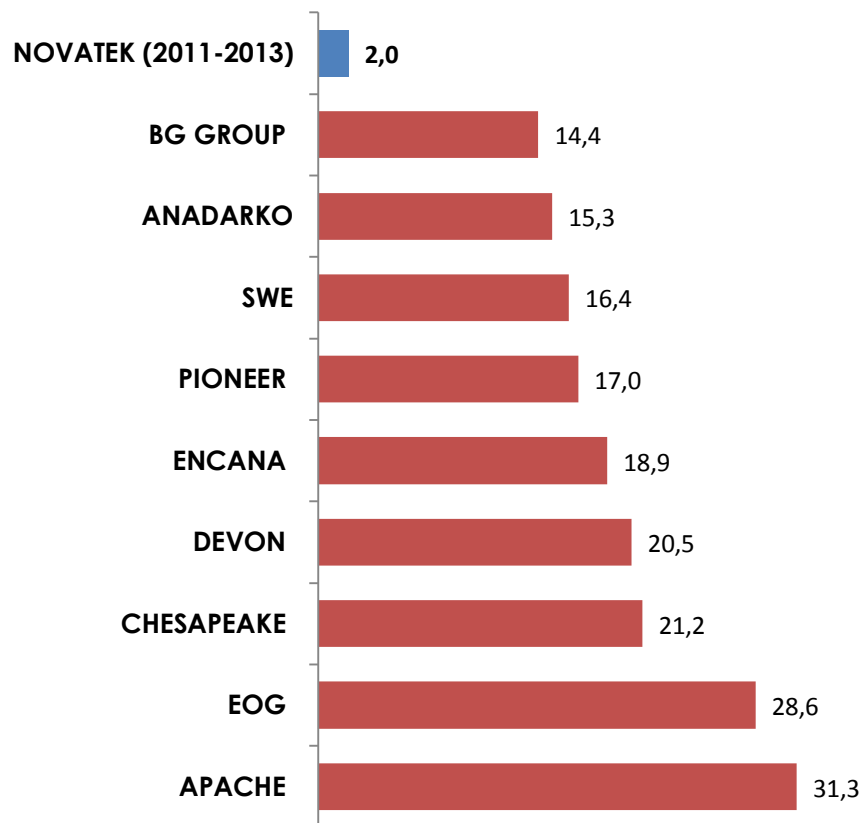
ONE OF THE INDUSTRY LOWEST COST BASE:

2013 LIFTING COSTS OF \$0.59 PER BOE, THREE-YEAR RESERVE REPLACEMENT COSTS OF \$2.0 PER BOE

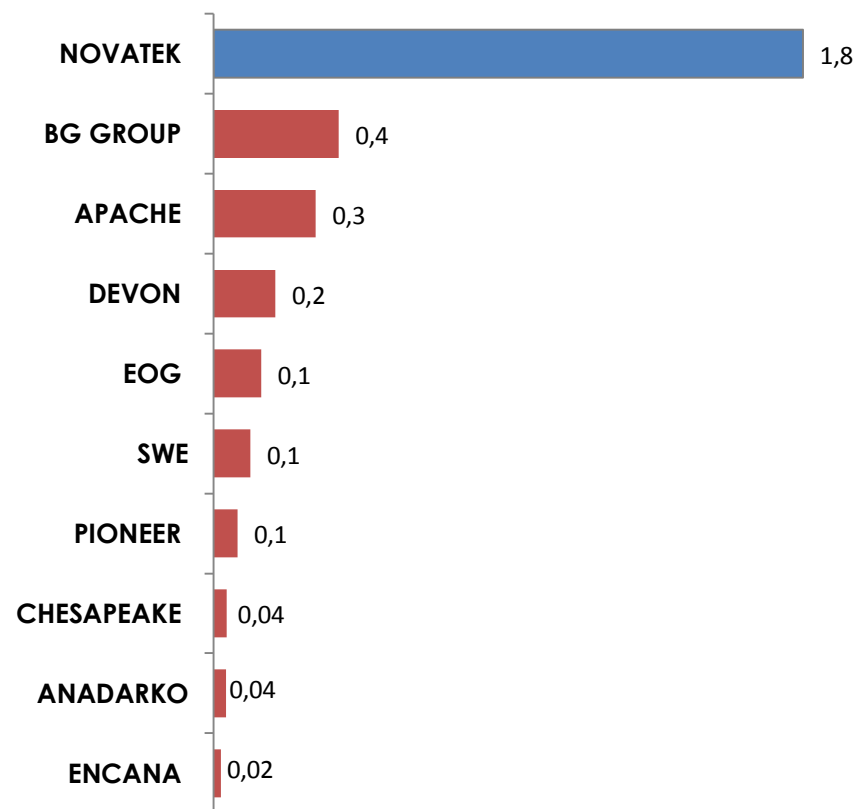
Low Cost Base and High Profitability



3-year average reserve replacement costs (2010-2012), USD/boe



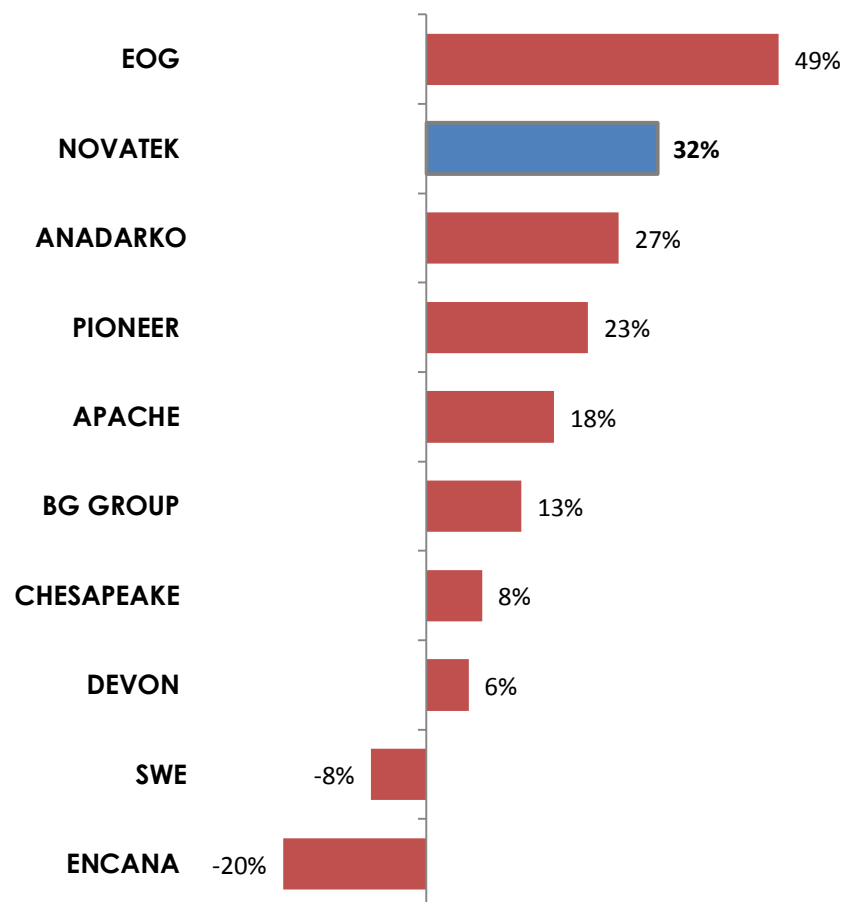
PI (net income to capital expenditures), 2009-2013



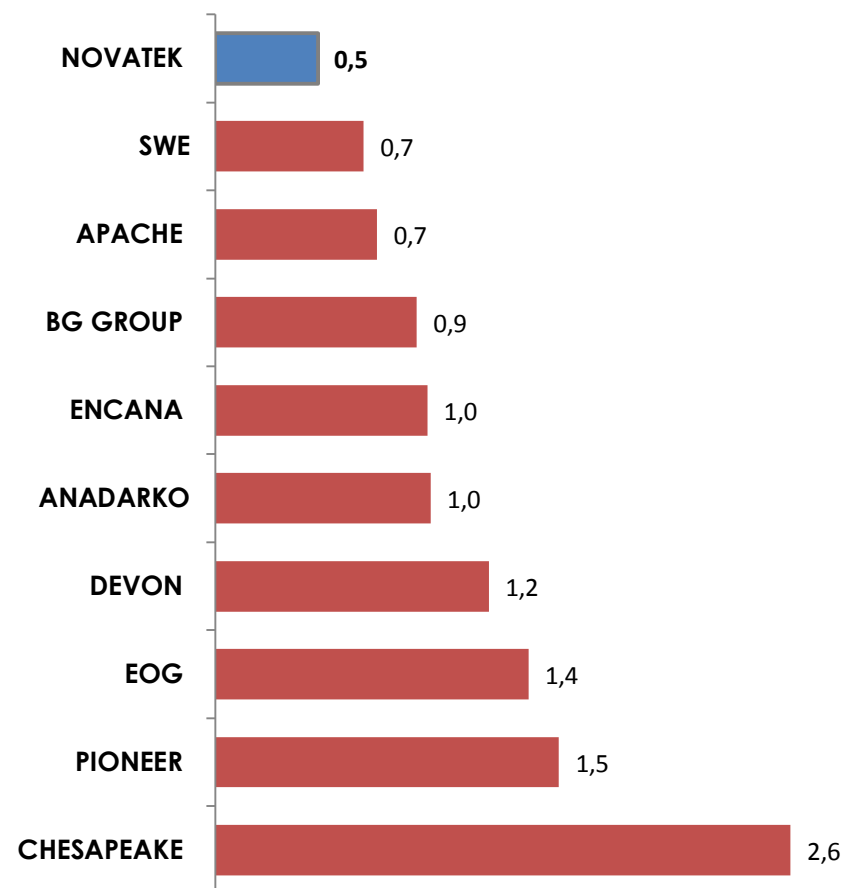
Leading Growth at Lowest Cost



EBITDA CAGR (2009-2013)

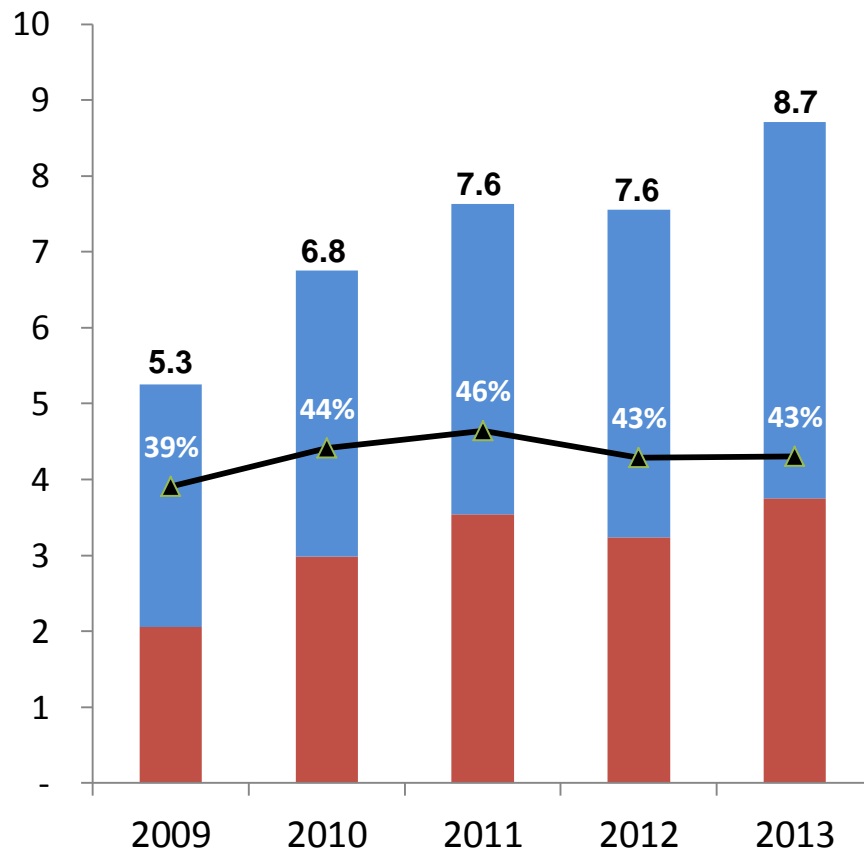


CAPEX/EBITDA (2009-2013)



EBITDA per BOE of Production

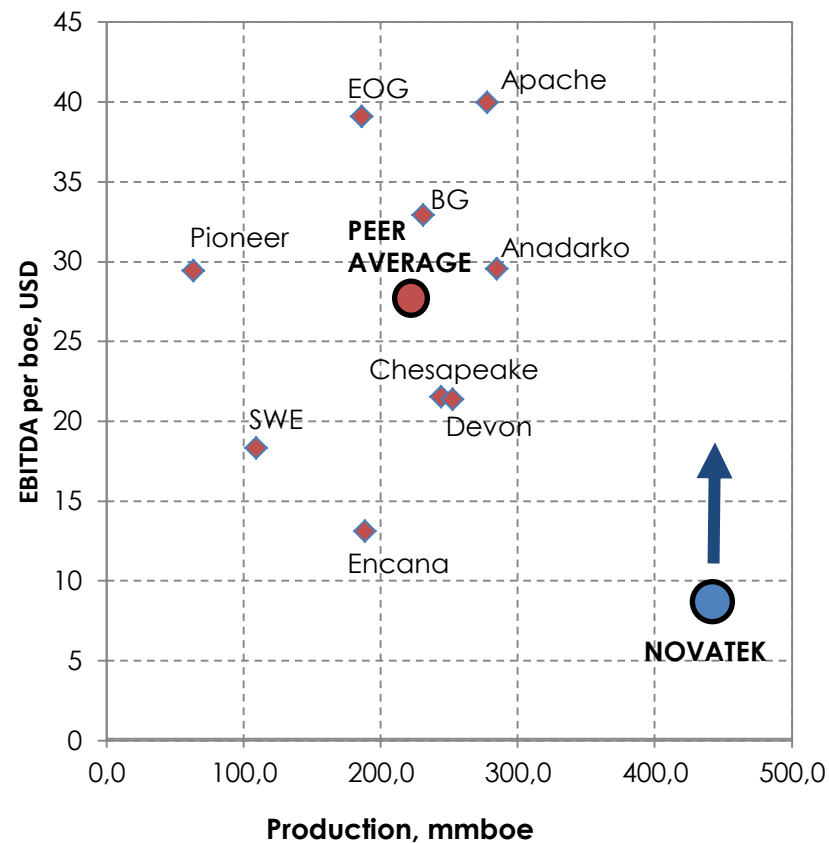
EBITDA structure of NOVATEK, USD per boe



■ Liquids
 ■ Gas and other

—▲— Share of liquids

EBITDA per boe and production in 2013

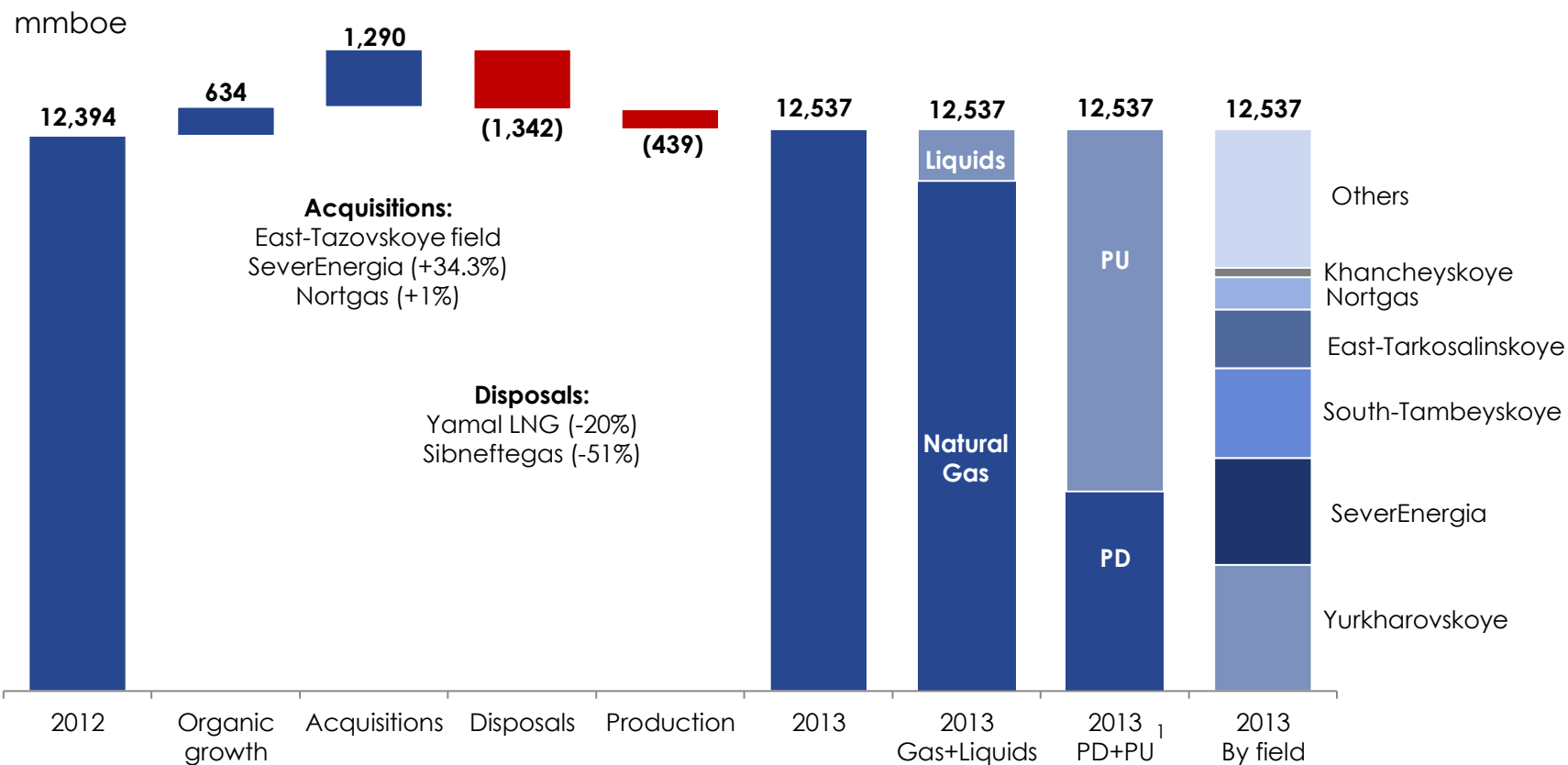


Source: Company data, Bloomberg

2013 Results

SEC Proved Reserves

Reserve replacement ratio in 2013 – 132%
Organic reserve replacement ratio – 144%

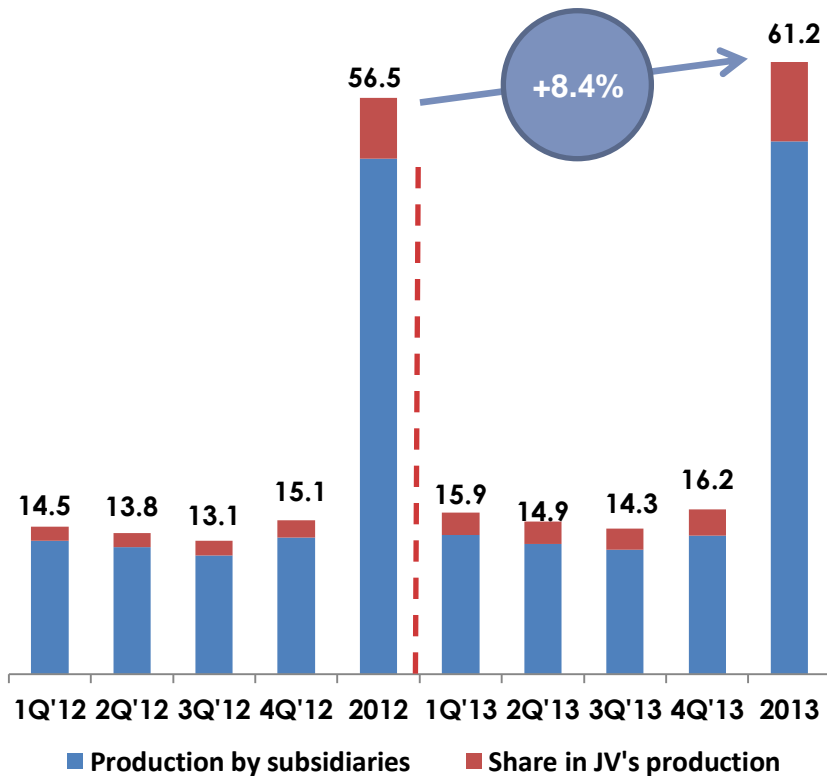


Note:

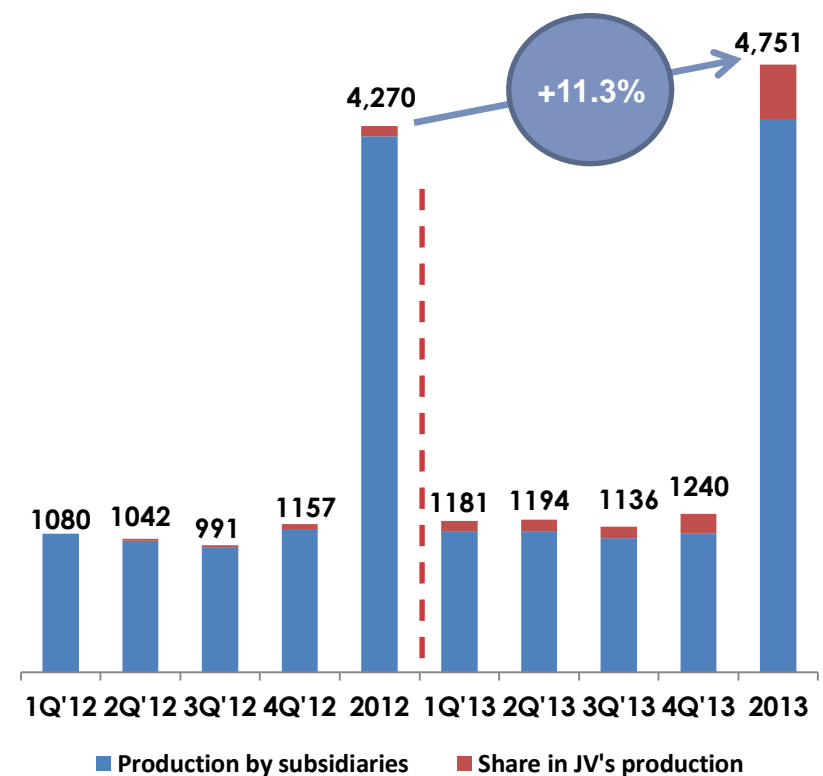
1. Proved developed and proved undeveloped reserves

Hydrocarbon Production Growth

Marketable natural gas production, bcm



Marketable liquids production, mt



Development of Production Capacities

- Launch of **the Eastern Dome of the North-Urengoyskoye field**, developed by Nortgas JV, which allowed to increase production capacity of the field to more than 10 bcm of natural gas and 1.3 mmt of gas condensate per annum
- Launch of **Urengoyskoye and Dobrovolskoye fields** (located within the Olimpiyskiy license area) with overall project production capacity of 1.7 bcm of natural gas and 200 thousand tons of gas condensate per annum
- Launch of **the second stage of the compressor booster station at the Yurkharovskoye field** (3 compressors with overall capacity of 75 MW + 1 reserve compressor), required to keep the existing production capacity of the field

Compressor Booster Station at the Yurkharovskoye field

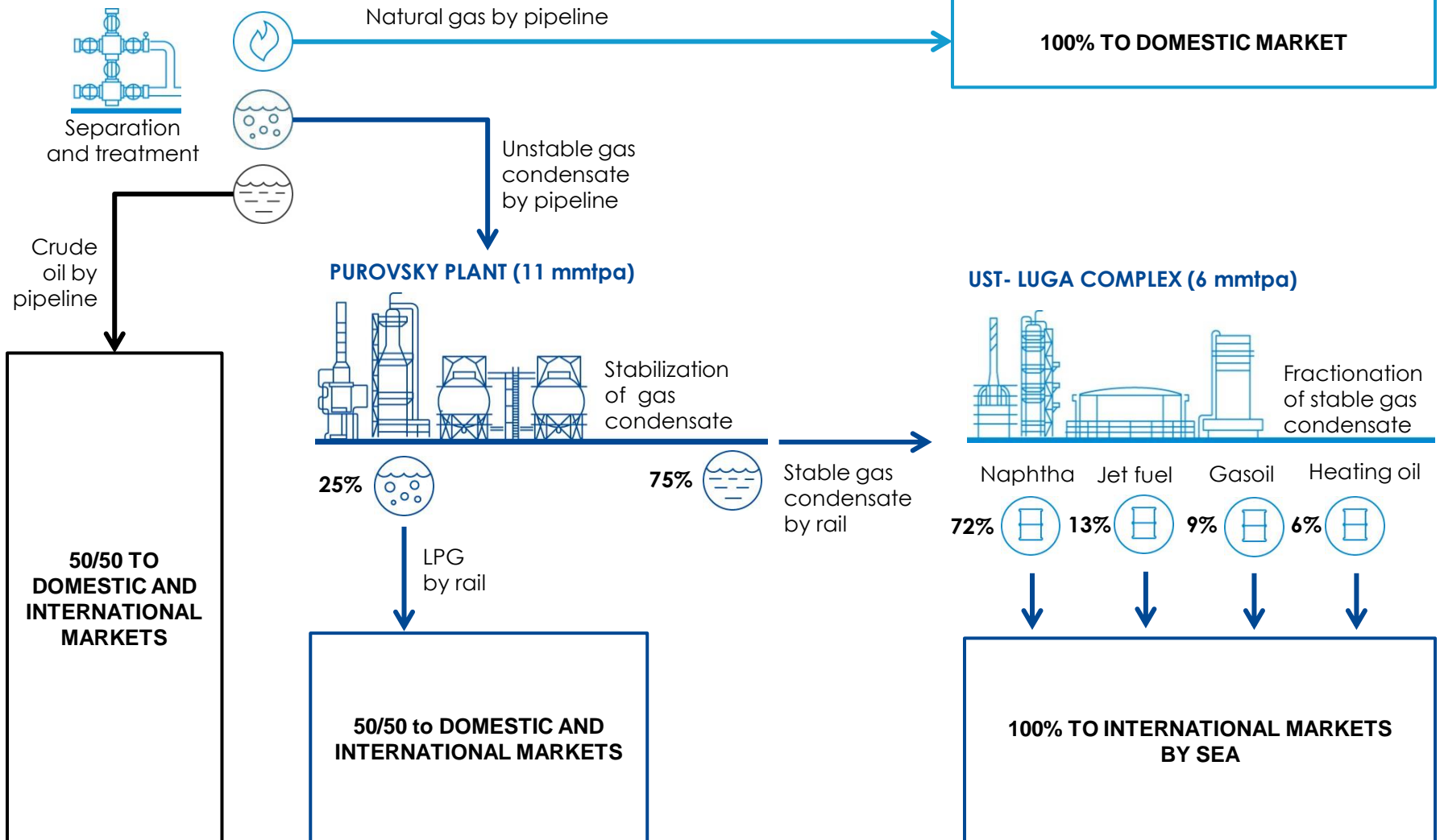


The Eastern Dome of the North-Urengoyskoye field



Value Chain

PRODUCING FIELDS



Purovsky Plant Expansion Completed

Year	Stage	Capacity
2005	First stage 1 st and 2 nd stabilization technological trains	2 mmt per annum of de-ethanized condensate
2008	Second stage 3 rd and 4 th stabilization technological trains	3 mmt per annum Total – 5 mmt per annum of de-ethanized condensate
2009	Second stage 1 st and 2 nd LPG scrubber technological trains	1.3 mmt per annum of LPG
2013	Third stage 5 th and 6 th stabilization technological trains	3 mmt per annum Total – 8 mmt per annum of de-ethanized condensate
2014	Third stage 7 th and 8 th stabilization technological trains	3 mmt per annum <u>Total – 11 mmt per annum of de-ethanized condensate</u>



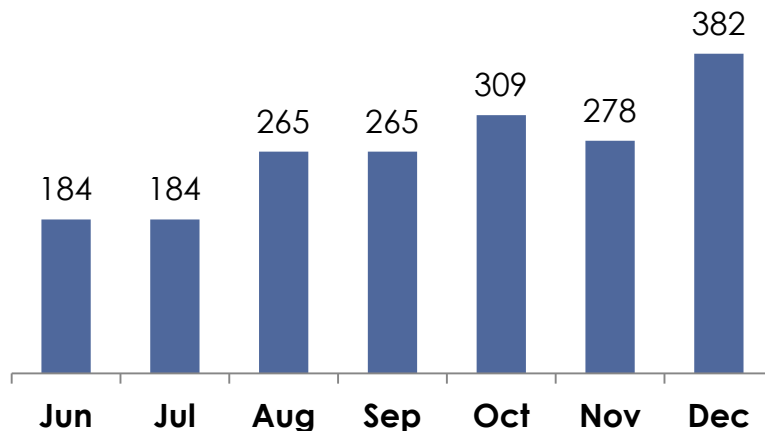
Ust-Luga Gas Condensate Fractionation and Transshipment Complex Completed



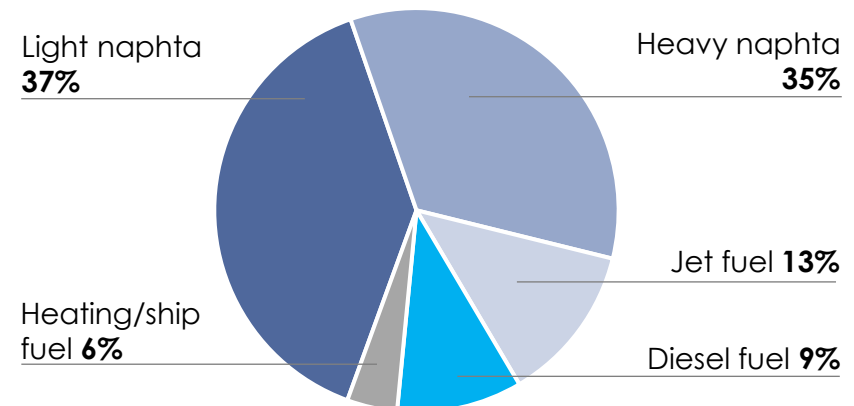
- Nameplate processing capacity – **6 mmt** of stable gas condensate per annum (2 trains of **3 mmt** each)
- **First train launched in June 2013, second train launched in October 2013**
- The complex allows to process stable gas condensate from the Purovsky Plant and ship the products to international markets



Throughput volumes in 2013, mt



Project output structure, %



Integrated Technological Chain and Logistics

Naphta (tankers with deadweight of up to 85 th. t)
Jet fuel (up to 35 th. t)
Diesel (up to 35 th. t)
Heating/ship fuel (up to 15 th. t)
Stable gas condensate (up to 90 th. t)

Barents sea

Stable gas condensate (up to 60 th. t)

Kara Sea

UST-LUGA port

VITINO port

4,178 km

Fractionation of stable gas condensate

3,795 km

Stabilization of gas condensate

Unstable gas condensate

Stable gas condensate

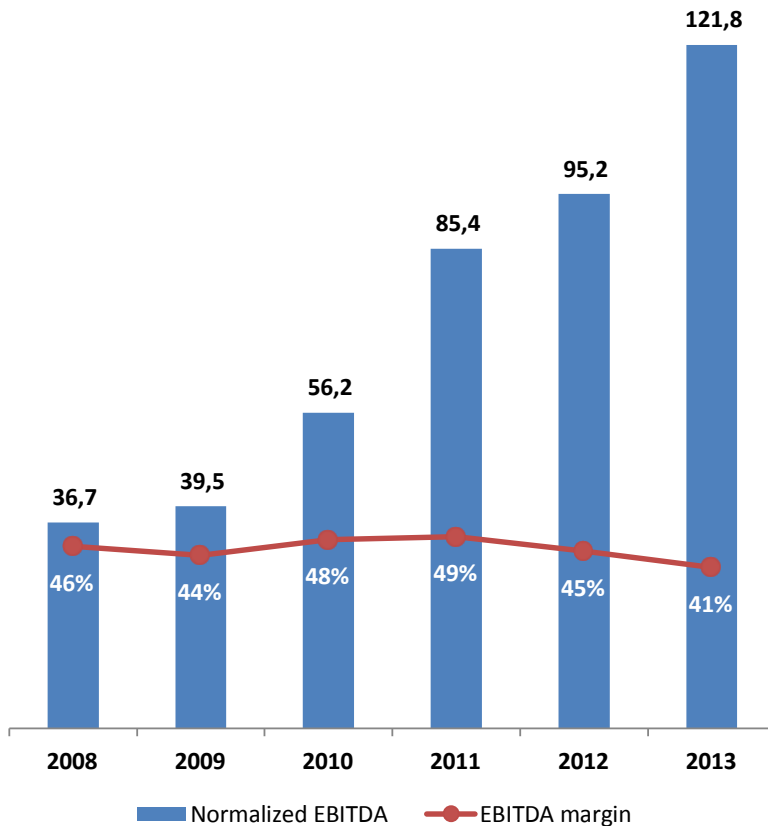
Purovsky Plant

- Producing fields of NOVATEK
- Gas condensate pipeline of NOVATEK
- Railroad transportation to Vitino
- Sea transportation from Vitino
- Railroad transportation to Ust-Luga
- Sea transportation from Ust-Luga

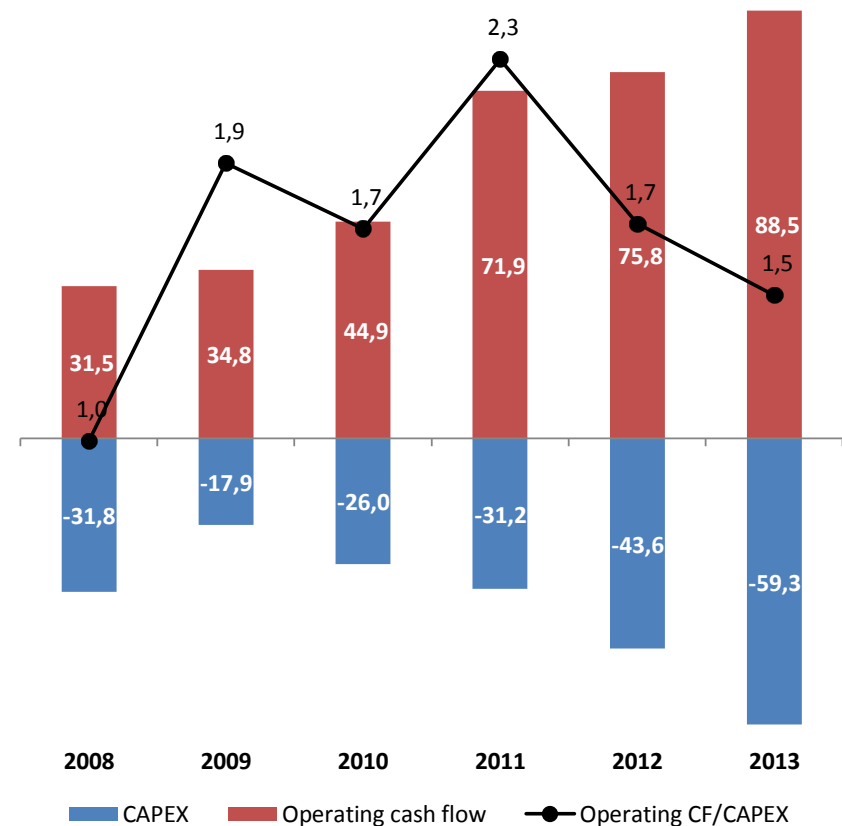
Financial Results



Normalized EBITDA¹, RR bln



Internally Funded Investment Program



Source: IFRS financials (2008 – 2013)

Notes:

1. Normalized EBITDA represents profit (loss) attributable to shareholders of OAO NOVATEK adjusted for the add-back of net impairment expenses (reversals), income tax expense and finance income (expense) from the Consolidated Statement of Income, income (loss) from changes in fair value of derivative financial instruments from the "Financial instruments and financial risk factors" in the notes to the consolidated financial statements and depreciation, depletion and amortization from the Consolidated Statement of Cash Flows, excluding net gain (loss) on disposal of interest in subsidiaries.

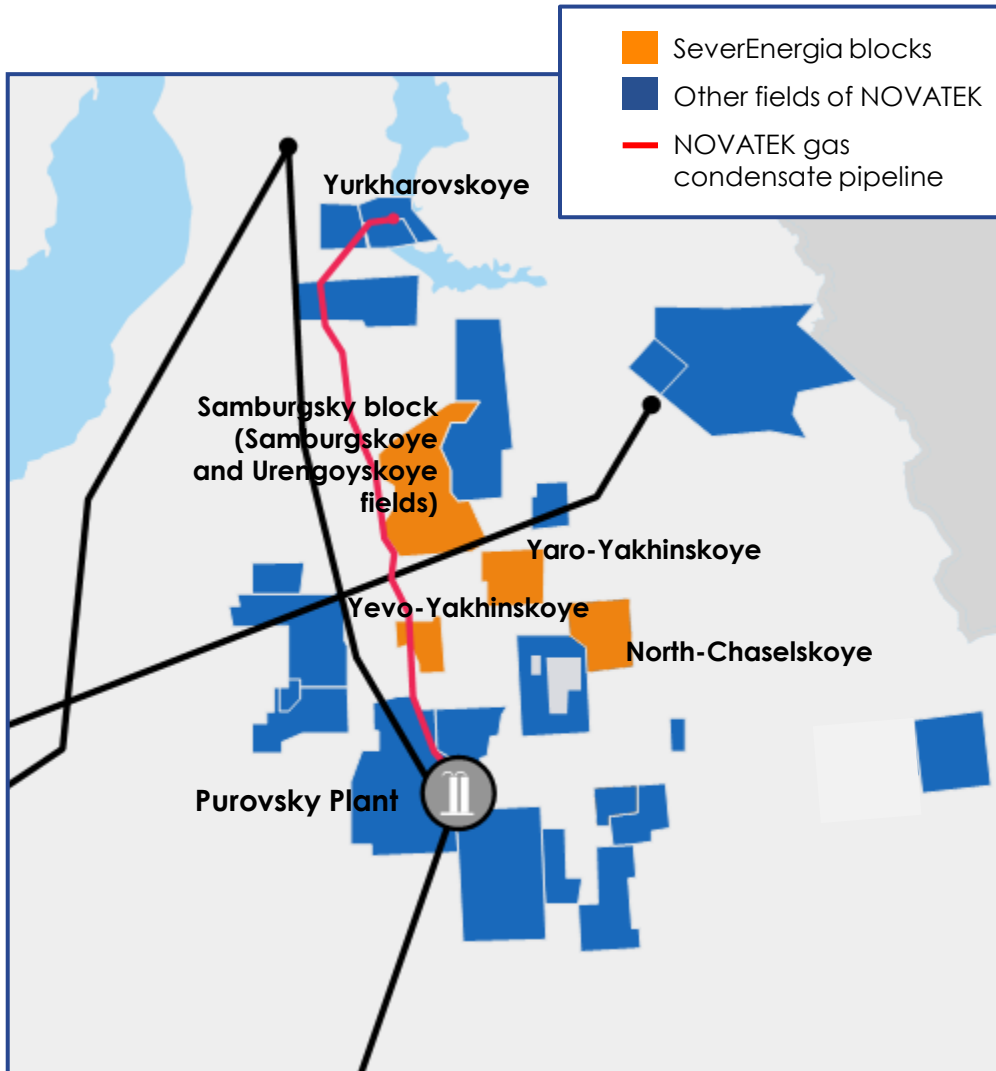
Targets for 2014



- ♦ Launching the Urengoykoye, Yaro-Yakhinskoye fields and third stage of the Samburgskoye field of SeverEnergiya
- ♦ Launching the North-Khancheyevskoye field
- ♦ Increasing gas production by 7-8% y-o-y
- ♦ Increasing liquids production by ~1.5 times y-o-y
- ♦ Capital expenditures in a range of RUB 60 bln (including 51% stake in the Yargeo project)
- ♦ Preparing Yarudeyskoye and Termokarstovoye fields for launch in 2015
- ♦ Exploration drilling on the Gydan peninsula

Major Launches in 2014-2015

Fields of the SeverEnerгия JV



- ❑ **NOVATEK has recently increased its stake in the JV from 25.5 to 59.8%**
- ❑ 4 blocks with proved SEC reserves of **486 bcm** of gas and **91 mmt** of liquids
- ❑ Annual gas and gas condensate production potential: **35 bcm** of gas, **6.5 mmt** of gas condensate
- ❑ Production at the Samburskoye field started in April 2012: current annual production capacity is **~5.0 bcm** of gas and **>600 th. tons** of gas condensate
- ❑ **Production launch at the Urengoyevskoye and Yaro-Yakhinskoye fields is planned for 2014**
- ❑ **100% of gas** is acquired by Gazprom, **100% of gas condensate** is acquired by NOVATEK for further processing at the Purovsky plant

Fields of the SeverEnergy JV: Urengoyskoye Field



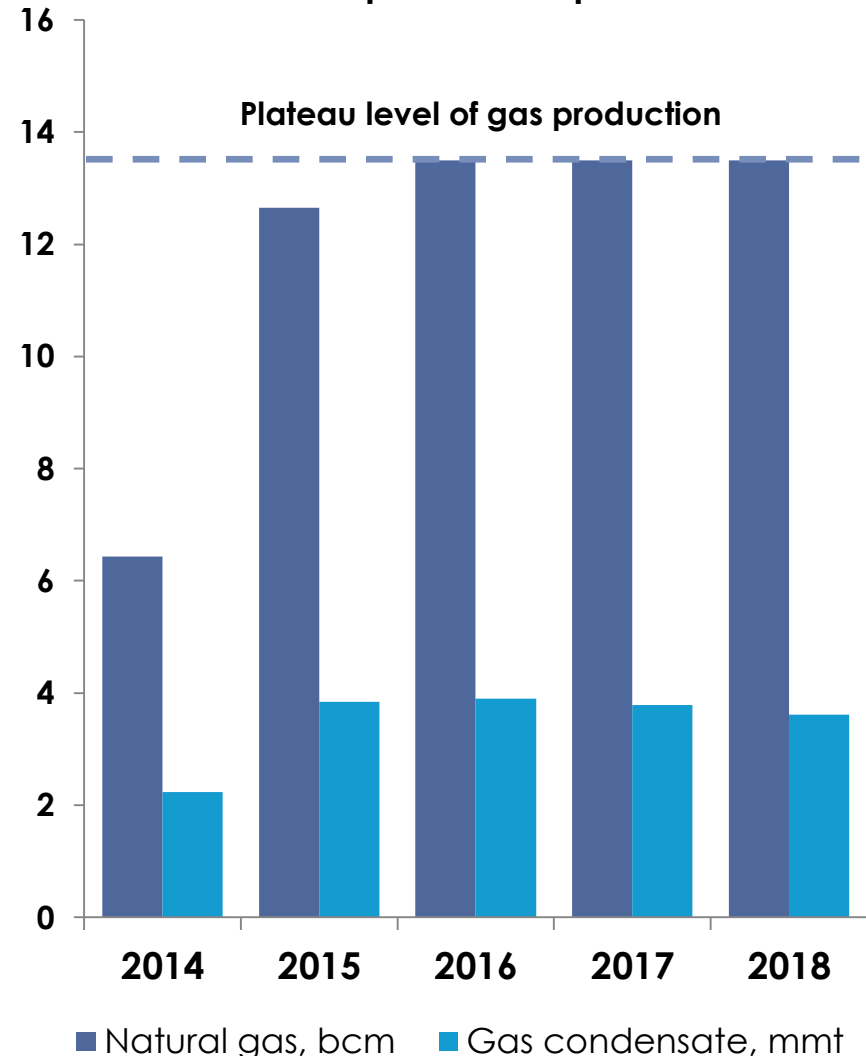
Geology and reserves

- **Achimov deposits:**
 - depth – **3,700 – 3,900 meters**
 - pressure – **abnormally high**
 - permeability – **low**
 - initial condensate factor – **>350 gr. per cm**
- SEC proved reserves – **230 bcm** of gas and **55.4 mmt** of liquids

Development status

- **35** production wells drilled (cumulative), including **5** horizontal wells
- main facilities (gas treatment unit, gas and gas condensate pipelines) completed and are being tested
- **Scheduled launch – mid 1H2014**
- successful horizontal wells drilled for Achimov resulted in a decision to review field development plan by replacing vertical wells by horizontals, which will reduce well count and capex and increase gas condensate production

Estimated production profile



Fields of the SeverEnerгия JV: Yaro-Yakhinskoye Field



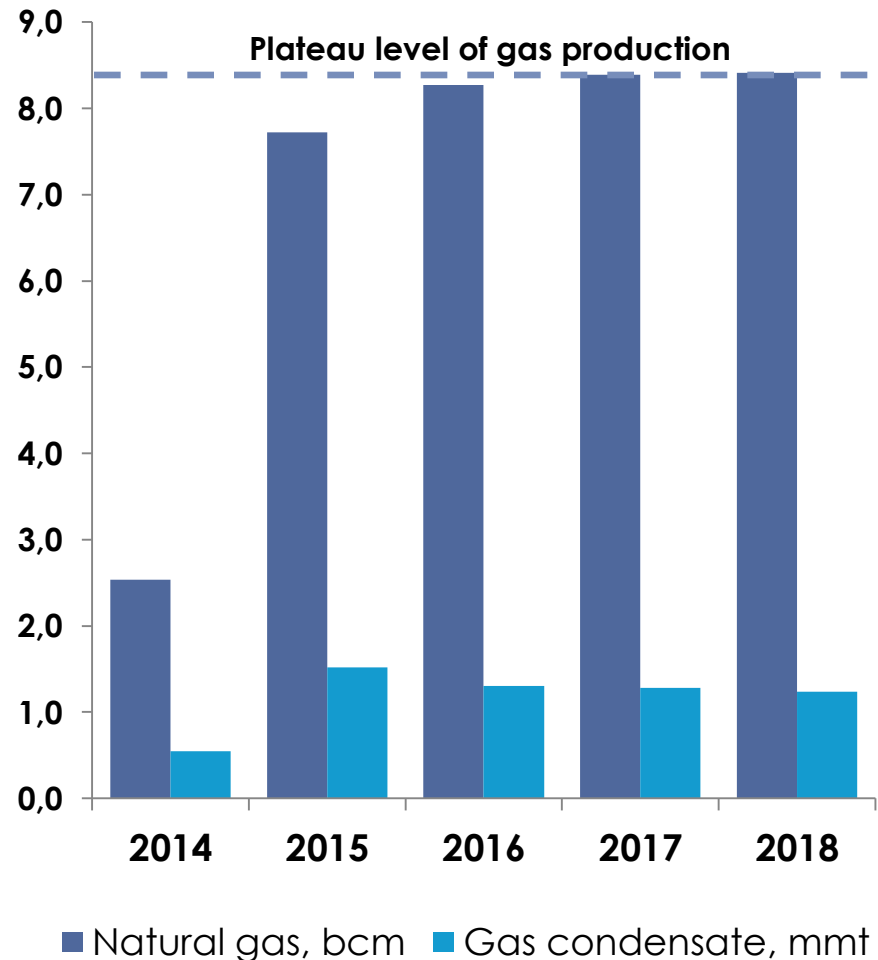
Geology and reserves

- **Valanginian deposits:**
 - depth – **3,000 – 3,300** meters
 - very compact location at the dome of the structure
 - initial condensate factor – **>200 gr. per cm**
- SEC proved reserves – **112 bcm** of gas and **18.8 mmt** of liquids

Development status

- **30** horizontal gas production wells drilled (cumulative) and **5** oil wells
- back filling of well pads, roads, and areas for gas treatment and other units completed, piling underway
- condensate and gas pipelines – under construction
- gas treatment facility – all equipment supplied to the site
- **Scheduled launch – mid 2H2014**

Estimated production profile



Fields of the SeverEnergy JV: Samburgskoye Field



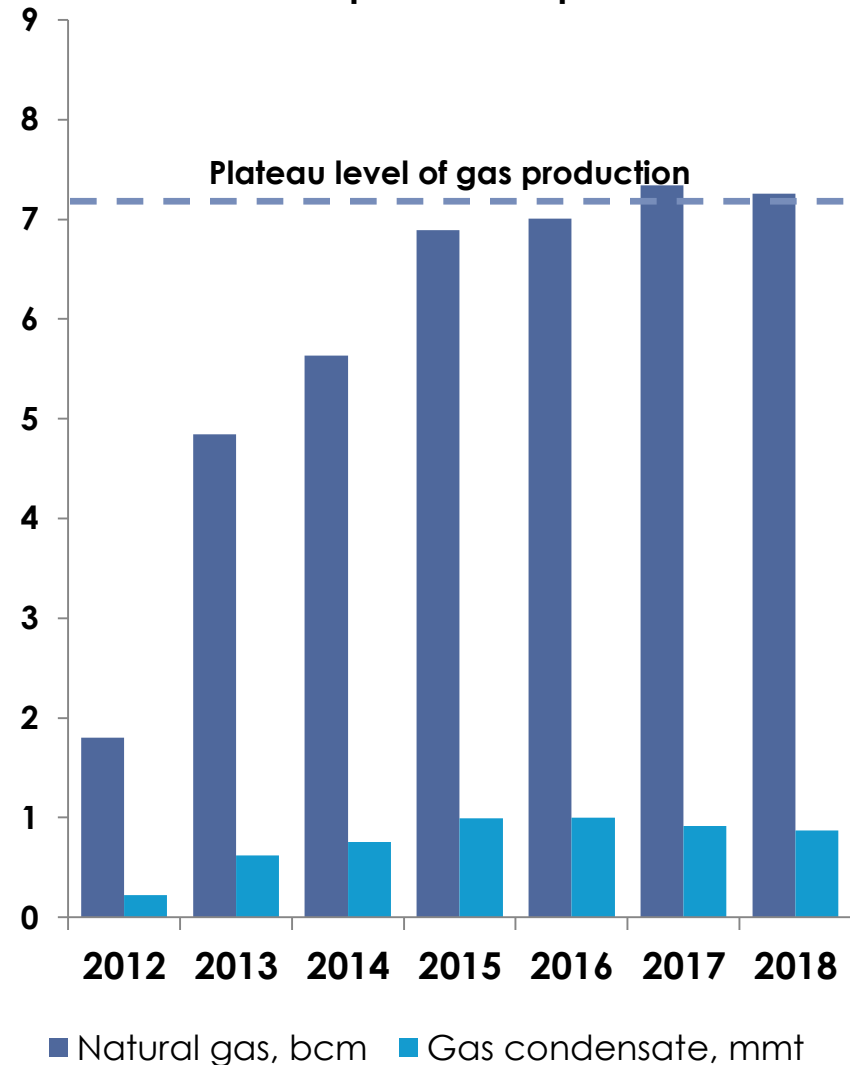
Geology and reserves

- **Valanginian deposits:**
 - depth – **3,000 – 3,450 meters**
 - initial condensate factor – **>150 gr. per cm**
- SEC proved reserves – **90 bcm** of gas and **14.3 mmt** of liquids

Development status

- Production at the Samburgskoye field started in April 2012 - two gas treatment trains are currently in operation
- **41** production wells drilled (cumulative)
 - **38** gas and gas condensate wells and **3** crude oil wells
 - **30** horizontal wells,
 - **11** vertical wells, including **7** horizontal side tracks
- **Launch of the 3rd train rescheduled from 2015 to the end of 2014**

Estimated production profile



Yarudeyskoye Oil Field



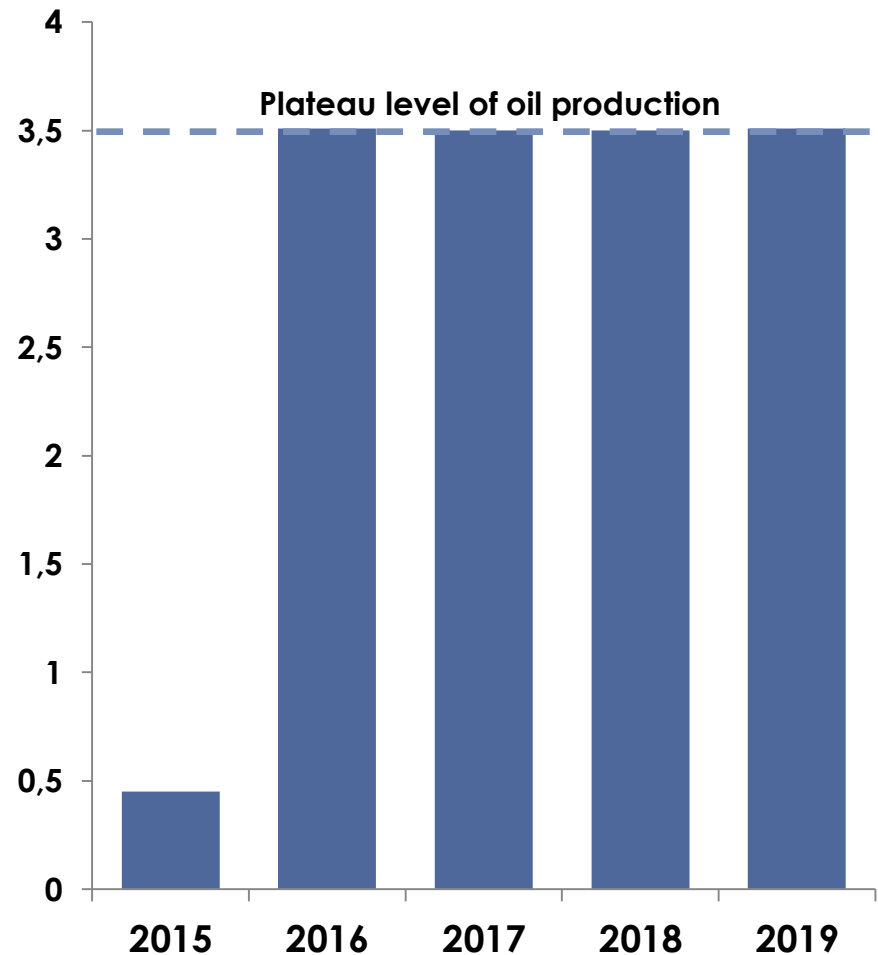
Geology and reserves

- **Sandstone reservoir:**
 - depth – **1,850 – 3,050** meters
 - estimated average initial flow rates – **>450** tons per day per well
- C1+C2 recoverable reserves – **46 mmt** of liquids

Development plan

- **65** new wells and **4** sidetracks from exploration wells
 - **33** horizontal production wells with horizontal parts of **500 – 1,200** meters long
 - **32** injection wells (some of them used as production wells at the initial stage)
- **350-km** pipeline to Purpe
- Backfilling and production drilling began
- **Scheduled launch – 2015**

Estimated oil production profile, mmt



Other Launches in 2014-2015

#	Field	Share	Launch	Peak production
1.	Dobrovolskoye	100%	2014	0.7 bcm of gas, 0.15 mmt of condensate
2.	North-Khancheyevskoye	100%	2014	0.9 bcm of gas
3.	Termokarstovoye	51%	2015	2.15 bcm of gas, 0.85 mmt of condensate

Yamal LNG

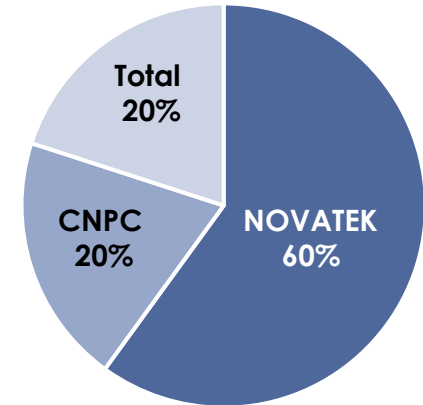
Yamal LNG Project



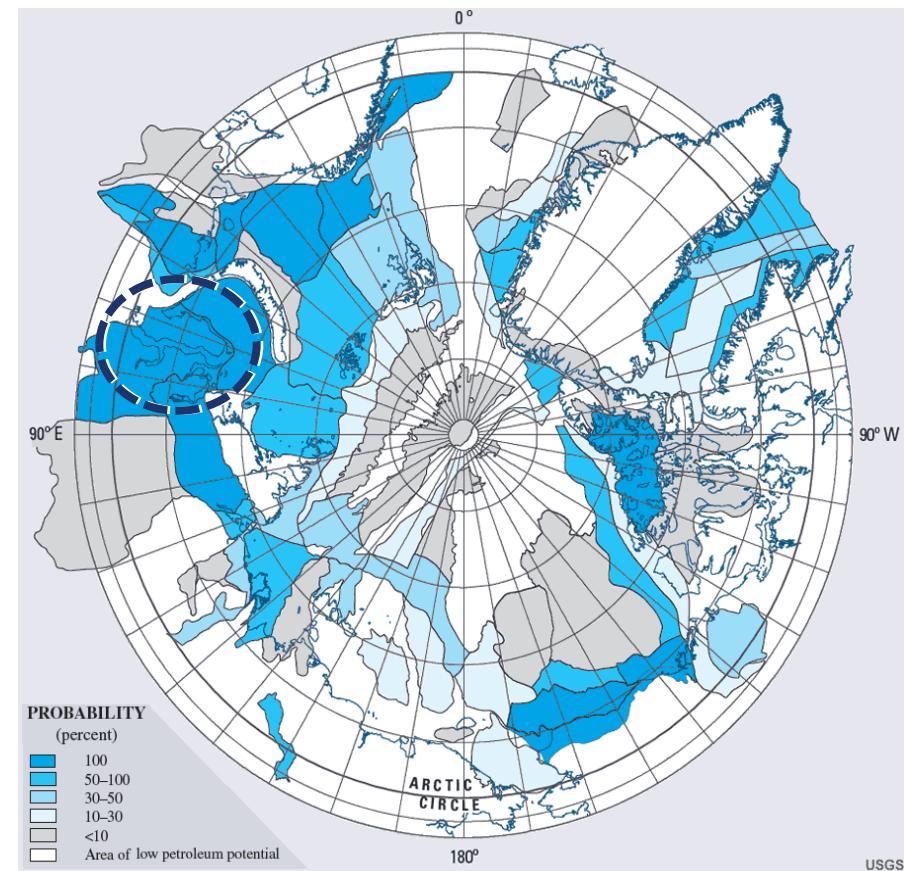
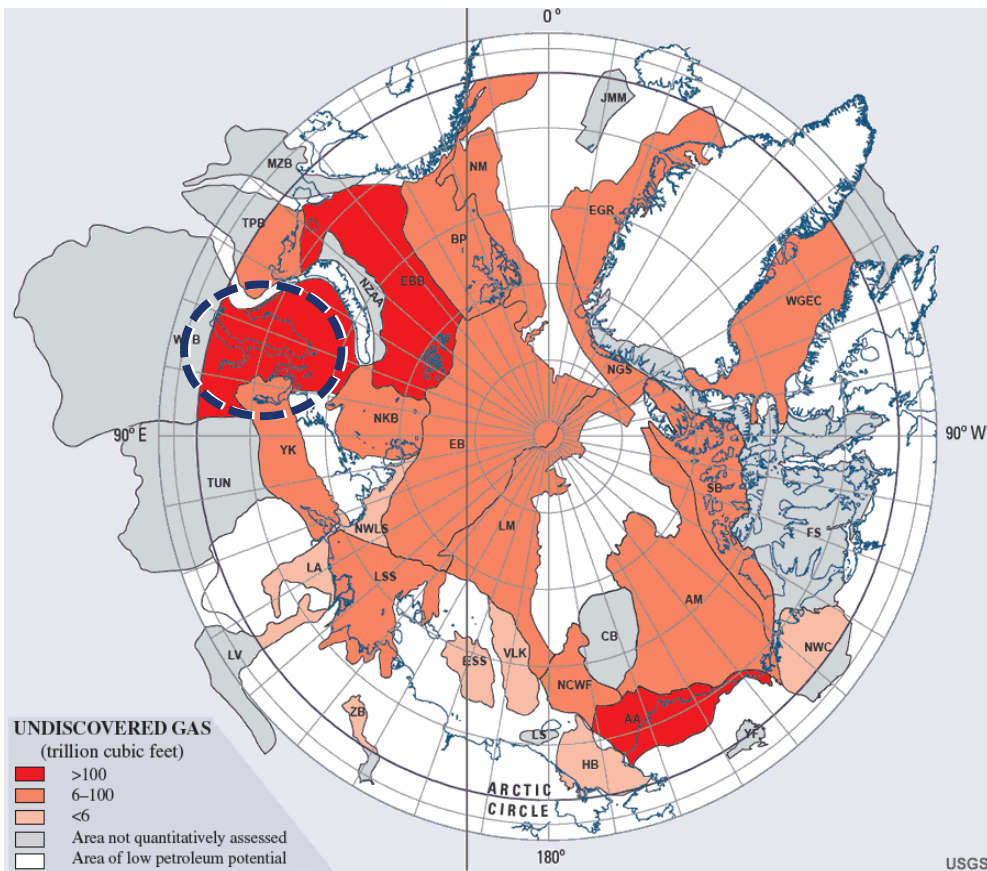
Project for construction of an LNG plant on the Yamal Peninsula:

- ☐ 2P PRMS gas reserves of the South-Tambeyskoye onshore conventional field at 31.12.13 - **927 bcm**
- ☐ Liquefaction capacity - **16.5 mmt** of LNG per annum (3 trains)
- ☐ FID date - **December 2013**
- ☐ Capex estimate - **USD 27 bln**
- ☐ First commercial production is scheduled for **2017**

Shareholders



Unrivalled Resource Potential of the Yamal Peninsula



Drilling Program

Onshore Conventional Gas



- **Five** out of **19** well pads prepared for drilling
- **Two** rigs on-site, 3rd rig to start drilling in summer 2014
- **12** production wells drilled out of **58** wells required for the first train, of which nine wells tested and confirmed geology
- Avg. wells are **3-4** thousand meters long, of which the horizontal sections are **600-1,000** meters
- Average estimated initial flow rate – **>0.5** mmcm per day per well

Selected Contractors

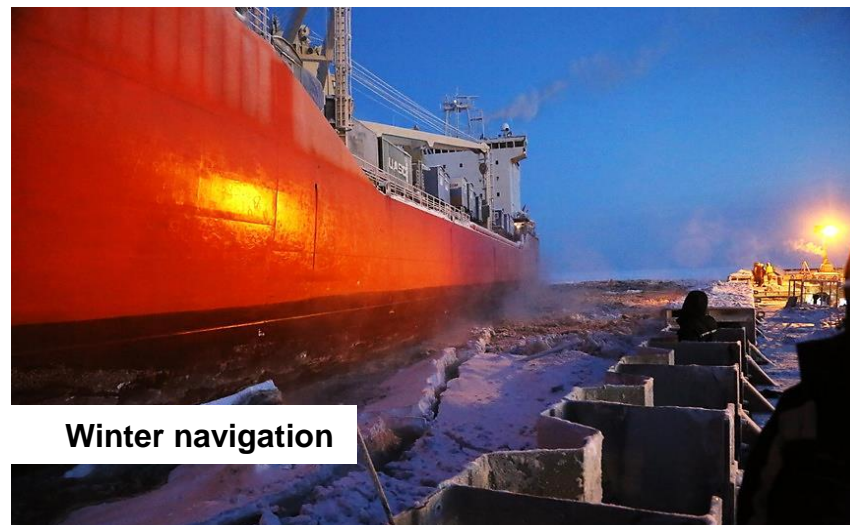


#	Equipment	Contractor
	EPC	Technip/JGC
1.	Cryogenic Heat Exchangers	APCI
2.	Turbine Cryogenic Compressors	General Electric
3.	Boil-Off Gas Compressors	Siemens
4.	Integrated Control & Safety System	Yokogawa
5.	Gas Turbines for the Power Plant	Siemens
6.	LNG Tanks	Entrepose/Vinci
7.	Power Plant	Technopromexport
8.	Acid Gas Removal System	BASF
9.	Arc-7 LNG Carriers	Daewoo Shipbuilding & Marine Engineering

Construction Works



Dredging



Winter navigation



Airstrip



Living camp

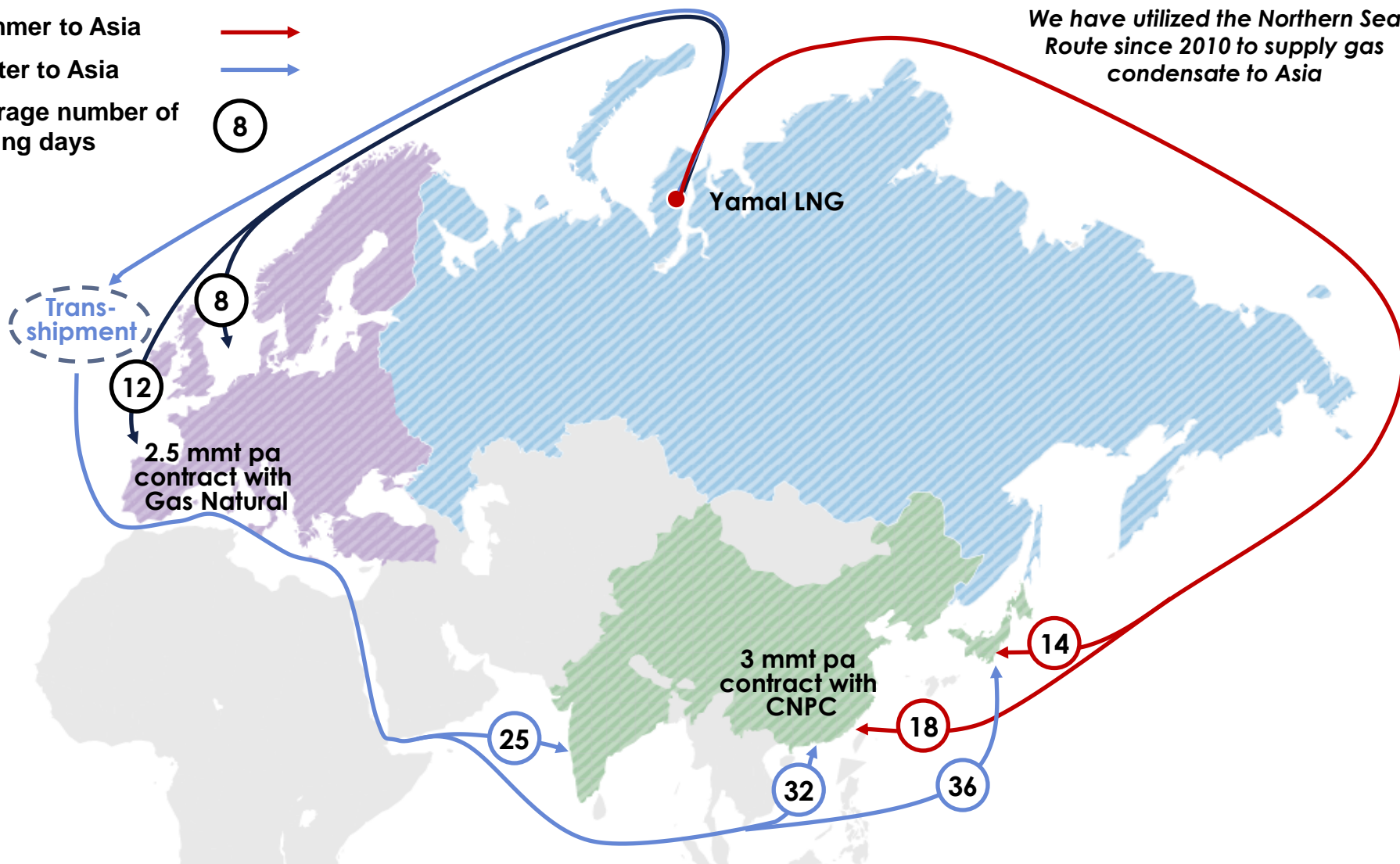
Shipping and Marketing

Year-round to Europe →

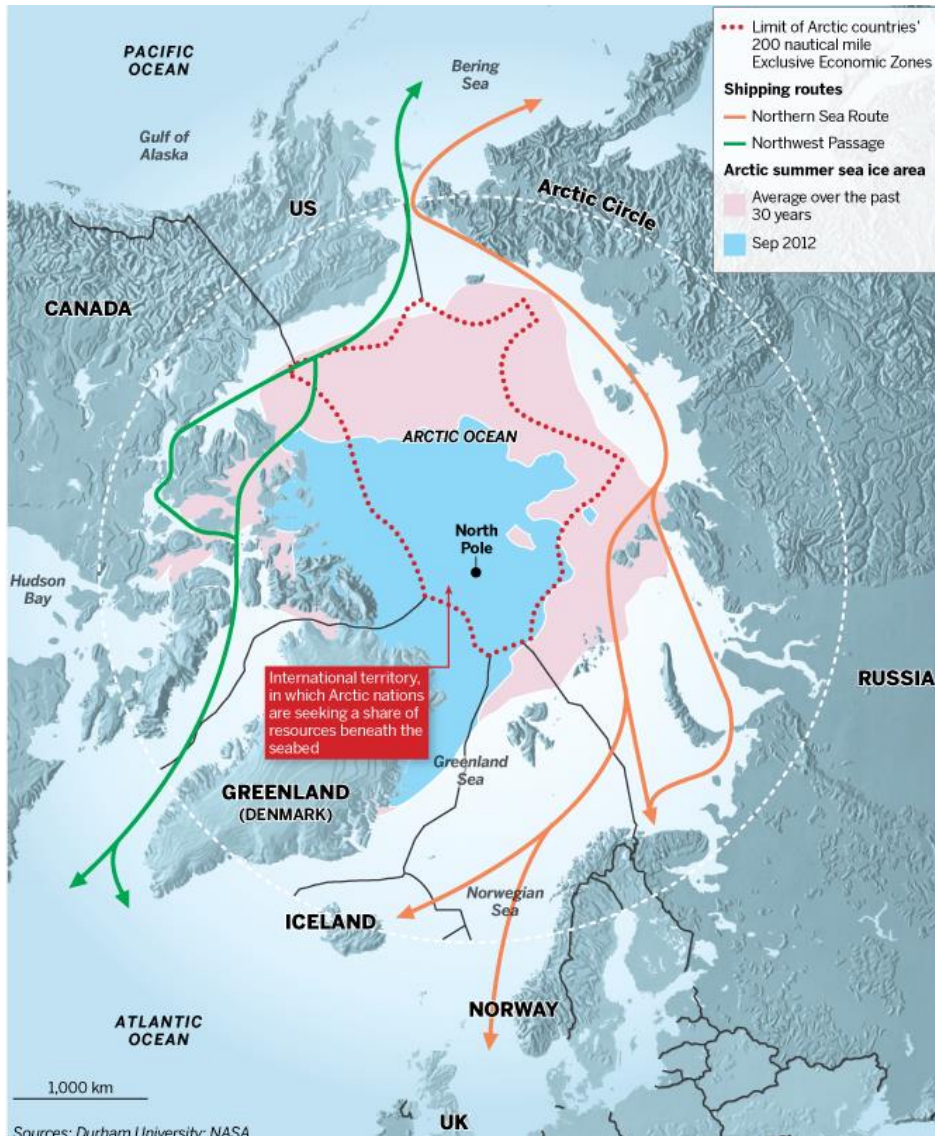
Summer to Asia →

Winter to Asia →

Average number of sailing days (8)



Northern Sea Route



- Ice conditions at the Northern Sea Route significantly softened during the last decade
- **21** condensate and naphtha cargoes (~1.4 mmt) successfully delivered to the Asian-Pacific countries during navigational windows in 2010-2013
 - August 2010 - first large scale condensate shipment (71,000 tons)
 - September 2011- large Vladimir Tikhonov tanker passed through the Northern Sea Route in 7 days, delivering 120,000 tons of condensate
- November 2012 - first Arctic LNG transportation by Gazprom - 147,500 cubic meters of LNG delivered from Norway to Japan in 16 days at the very end of the navigation period

ARC7 Ice-Class LNG Carriers



- **15-16** ice-class tankers required for the project
- Slot reservation agreement concluded
- Order for the first tanker placed with ex-works delivery scheduled for 1H'16
- Shipping tender – third stage

Our ARC7 ice-class Arctic LNG carriers are designed for safe and efficient operation in ice conditions as well as in open water:

- Propulsion system designed to sustain ice impact as normal ship operation
- Moderate ice bow for optimum open sea/ice performance compromise
- Tri-fuel diesel-electric propulsion with optimal fuel consumption

Key Project Advantages



- **Low-cost, long-lived feedstock**

- Large onshore conventional reserve base with high concentration of reserves
- Well known geology and proven development technologies
- Very low F&D and lifting costs

- **Convenient location**

- Reserves are located at the coast line and highly concentrated – minimal capital expenditures on gas transportation from the wells to the LNG plant
- High efficiency factor of gas liquefaction process due to sub-zero temperatures – relatively low liquefaction capital expenditures per unit of LNG production
- Access to both European and Asian markets

- **Strong Russian State support**

- Tax concessions – 12 years
- Financing of new strategic arctic port infrastructure

Appendix

Another Record Year (RR million)



	2013	2012	+/(%)	+/(%)
Oil and gas sales	297 499	210 246	87 253	41,5%
Total revenues	298 158	210 973	87 185	41,3%
Operating expenses	(192 761)	(125 775)	(66 986)	53,3%
EBITDA ⁽¹⁾	159 440	95 106	64 334	67,6%
Normalized EBITDA ⁽²⁾	121 791	95 166	26 625	28,0%
EBITDA margin	53,5%	45,1%		
Normalized EBITDA margin ⁽²⁾	40,8%	45,1%		
Effective income tax rate	19,8%	19,5%		
Profit attributable to NOVATEK	110 006	69 458	40 548	58,4%
Normalized profit attributable to NOVATEK ⁽²⁾	79 825	69 518	10 307	14,8%
Profit margin	36,9%	32,9%		
Normalized profit margin ⁽²⁾	26,8%	33,0%		
Earnings per share	36,31	22,89	13,42	58,6%
Normalized earnings per share ⁽²⁾	26,35	22,91	3,44	15,0%
CAPEX ⁽³⁾	59 254	43 554	15 700	36,0%
Net debt ⁽⁴⁾	157 732	114 067	43 665	38,3%

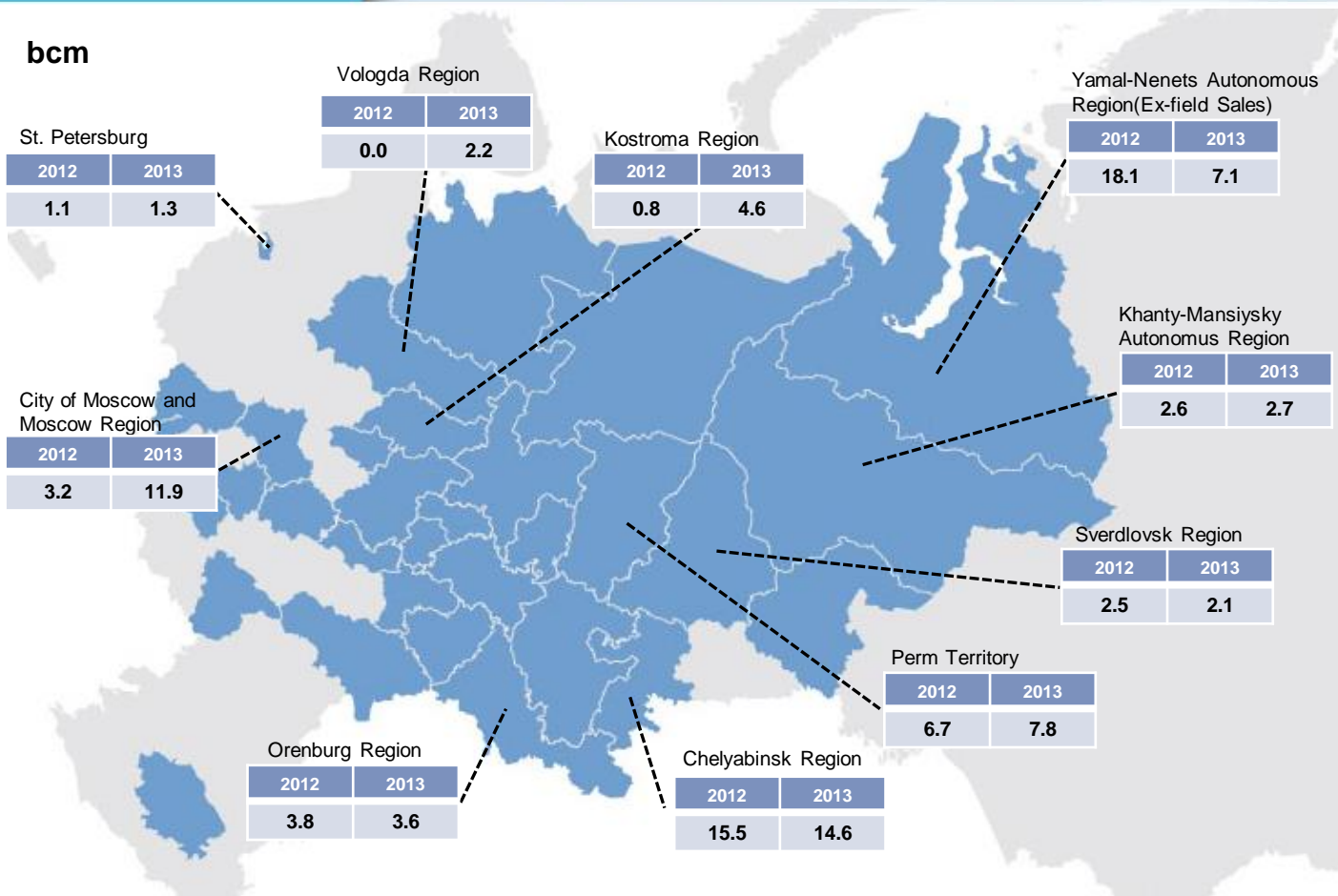
Notes:

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2. Excluding the effect from the disposal of interest in joint ventures and subsidiaries
3. CAPEX represents additions to property, plant and equipment excluding payments for mineral licenses
4. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

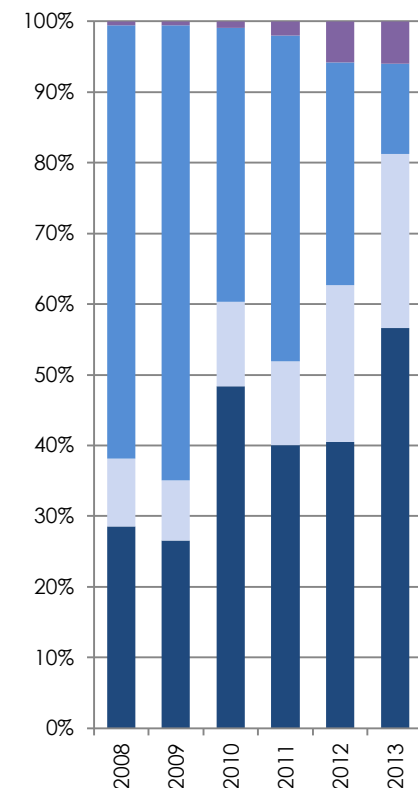
Natural Gas Sales



bcm



Gas Sales Breakdown



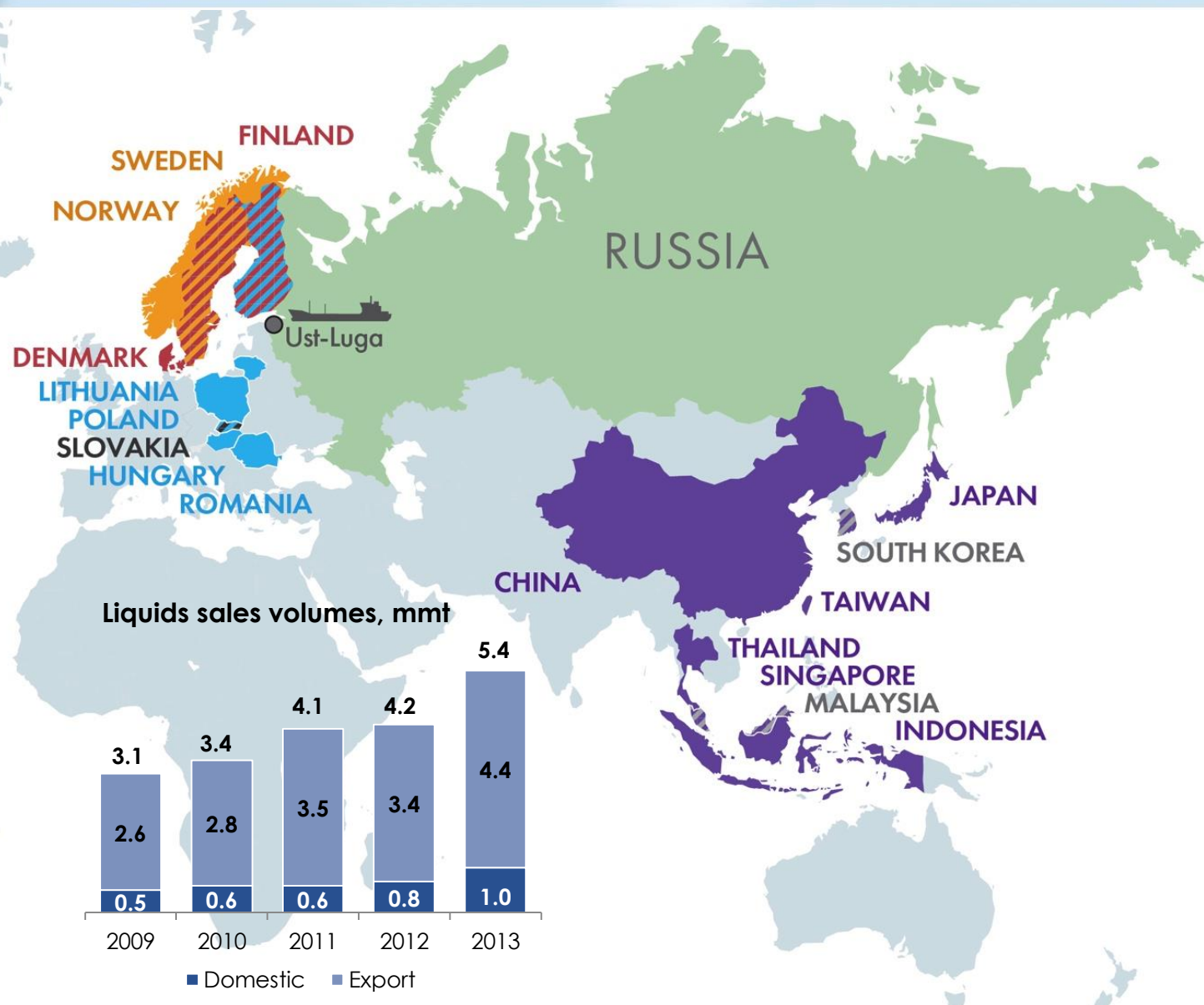
New contracts concluded in 2012 and acquisition of a stake in Gazprom Mezhtregiongas Kostroma resulted in the increase of the share of end consumers in NOVATEK's total natural gas sales volumes mix to a record high of 88.9% compared to 69.3% in 2012.

- Others
- Ex-field and regional gas distributors
- Large industrial consumers
- Power generation companies

Liquids Sales

2013 Liquids sales

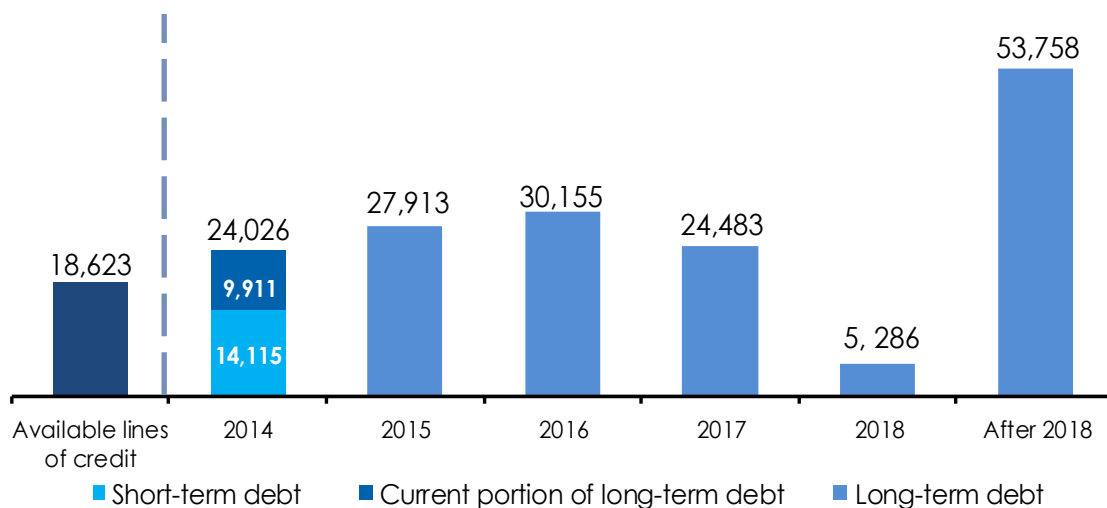
- Naphtha
- Jet fuel
- Diesel and fuel oil
- LPG
- Crude oil
- Stable gas condensate



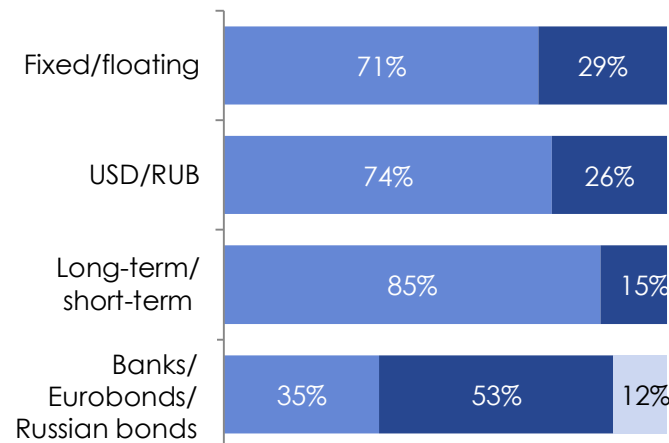
Financial Position at 31 December 2013



Total Debt Maturity Profile (RR million)



Debt Structure (Total Debt = RR 165.6 billion)



Established track record of adhering to financial policies

Metric	Policy Target	2009	2010	2011	2012	2013
Debt/Normalized EBITDA, (x)	~1.0x	1.0	1.3	1.1	1.4	1.4
Net debt/Normalized EBITDA, (x)	<1.0x	0.7	1.1	0.8	1.2	1.3
Cash Balance, million \$	\$100 - \$150	348	336	740	607	241
Lines of credit, million \$	\$300 - \$500	579	500	1,592	1,538	569

Source: IFRS financials (9M2013 (unaudited), 2009 - 2013)

The image features the NOVATEK logo in large, bold, blue capital letters. To the left of the logo is a stylized blue graphic consisting of three horizontal, curved bars. The background is a faded image of an industrial facility with several tall, cylindrical structures and scaffolding, set against a light blue sky with some white smoke or steam rising from the facility.

NOVATEK

Questions and Answers

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