NOVATEK

"Harnessing the Energy of the Far North"

Mark Gyetvay, Deputy Chairman of the Management Board

UBS Global Emerging Markets One-on-One Conference

New York
2-4 December 2014

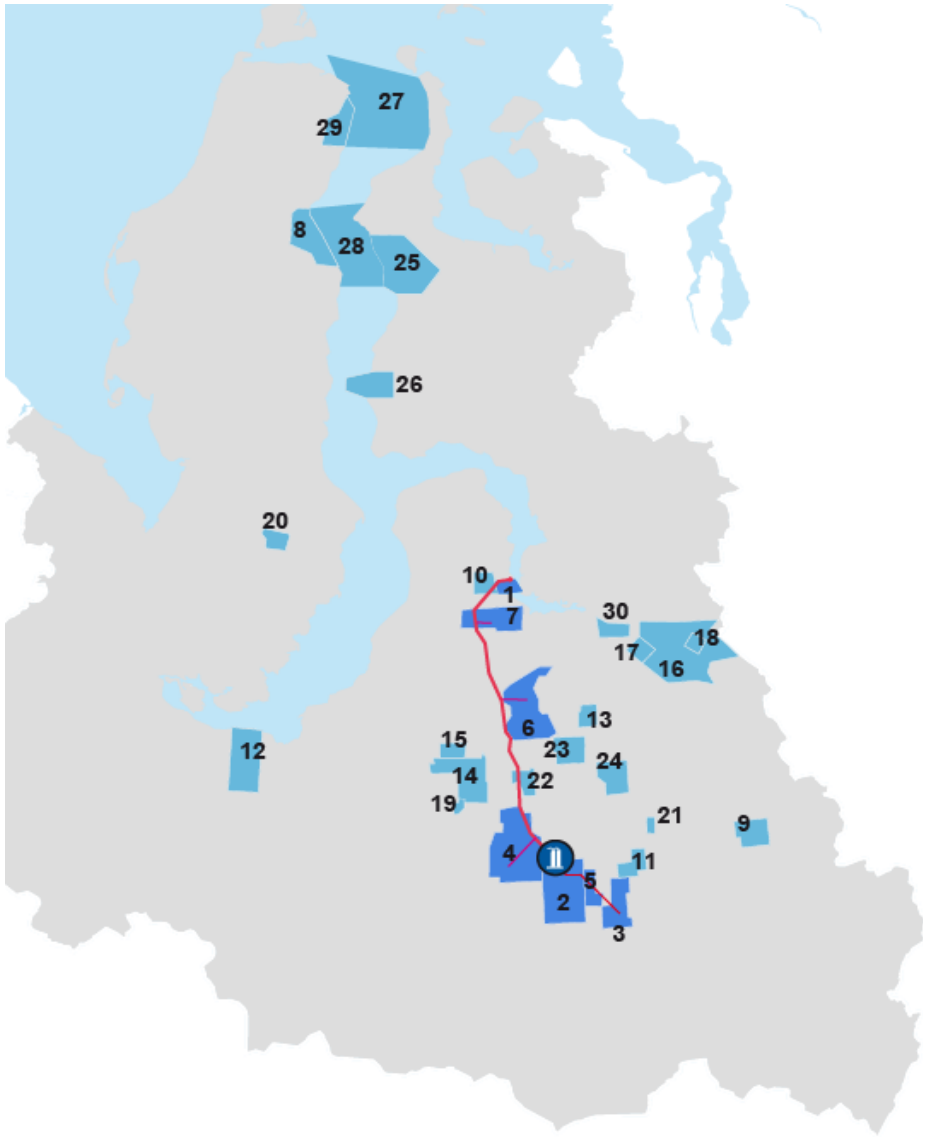
Forward-Looking Statements

- 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

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. North-Urengoyskoye field

Prospective fields:
8. South-Tambeyskoye field
9. Termokarstovoye field
10. West-Yurkharovskoye field
11. North Khancheyskoye field
12. Yarudeyskoye field
13. Raduzhnoye field
14. West-Urengoiskiy license area
15. North-Yubileynoye field
16. North-Russkiy license area
17. North-Russkoye field
18. Dorogovskoye field
19. Ukrainsko-Yubileynoye field
20. Malo-Yamalskoye field
21. West-Chaselskoye field
22. Yevo-Yakhinskoye field
23. Yaro-Yakhinskiy license area
24. North-Chaselskiy license area
25. Utrenneye field
26. Geofizicheskiy license area
27. North-Obskiy license area
28. East-Tambeyskiy license area
29. North-Tasiyskiy license area
30. East-Tazovskiy license area



Yamal-Nenets Autonomous Region – one of the world's largest natural gas producing regions, which accounts for approximately 90% of Russia's natural gas production and approximately 17% of the world's gas production.

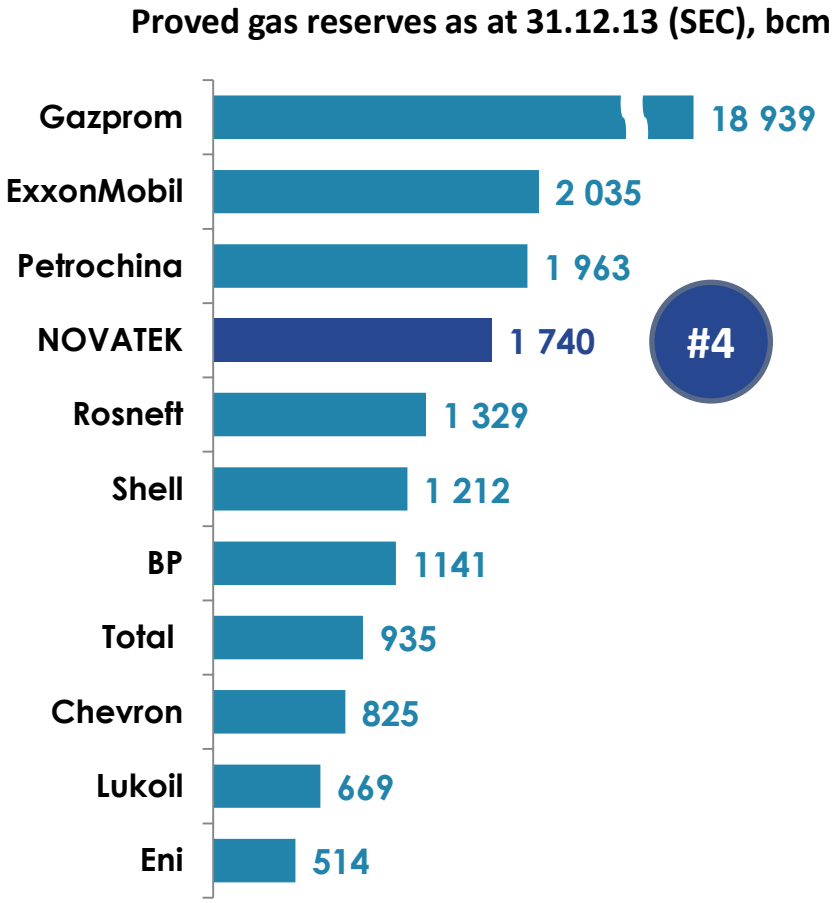
NOVATEK producing fields

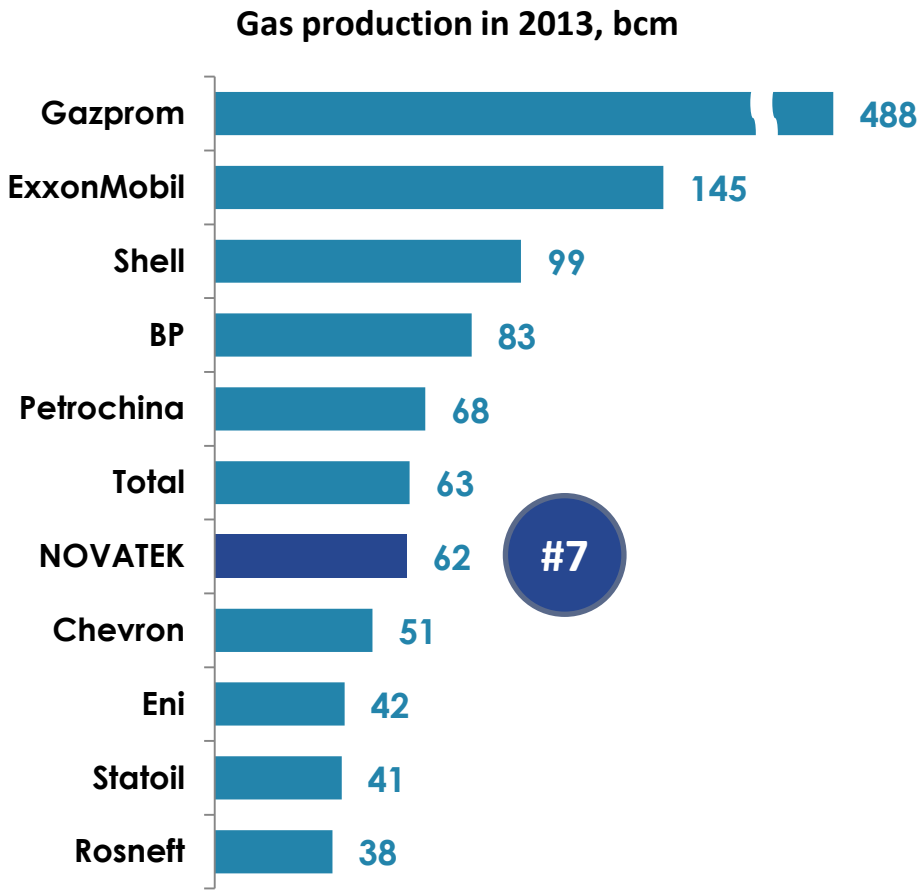
Other NOVATEK fields

Purovsky Plant

Gas condensate pipeline from the Yurkharovskoye field to the Purovsky plant

Positions in the World



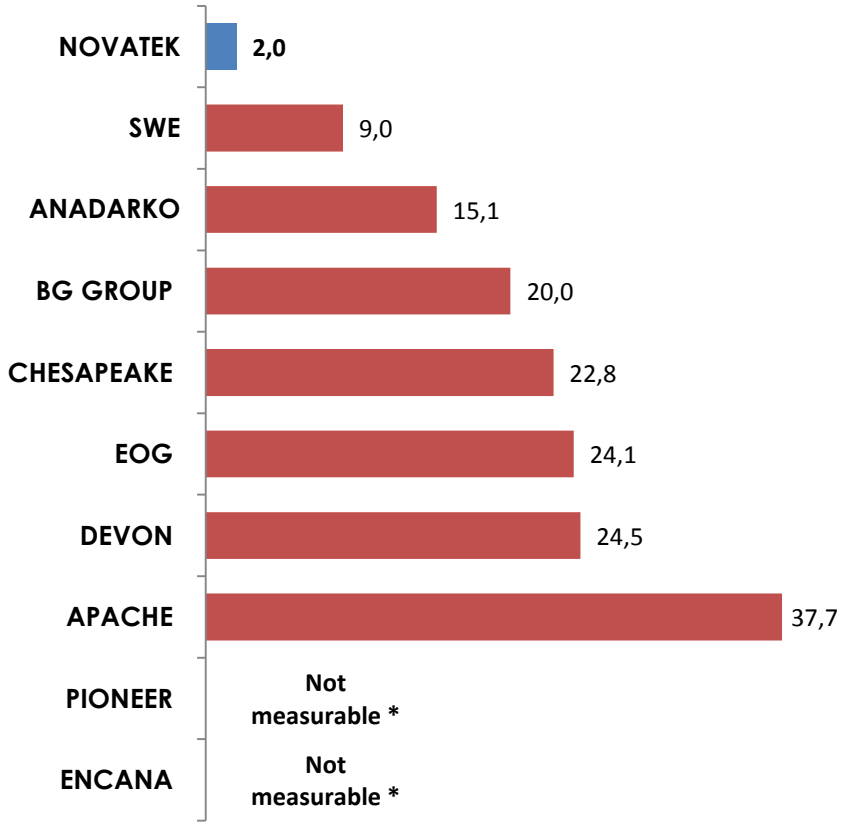


ONE OF THE LOWEST FINDING & DEVELOPMENT AS WELL AS LIFTING COSTS IN THE GLOBAL OIL & GAS INDUSTRY

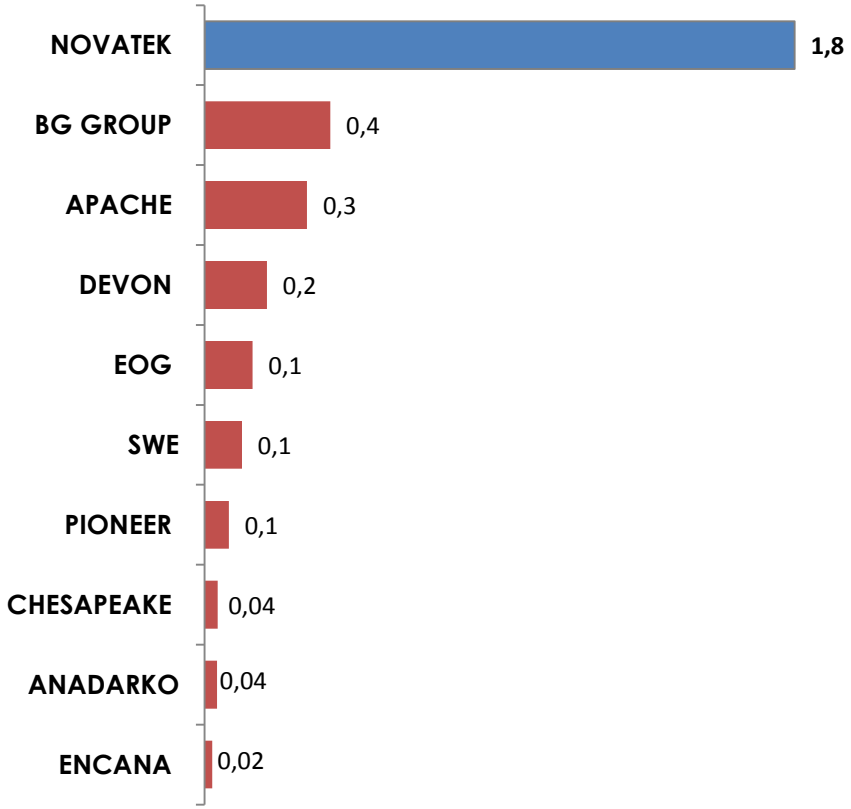
Source: Bloomberg, company data.

Low Cost Base and High Profitability

3-year average reserve replacement costs (2011-2013), USD/boe

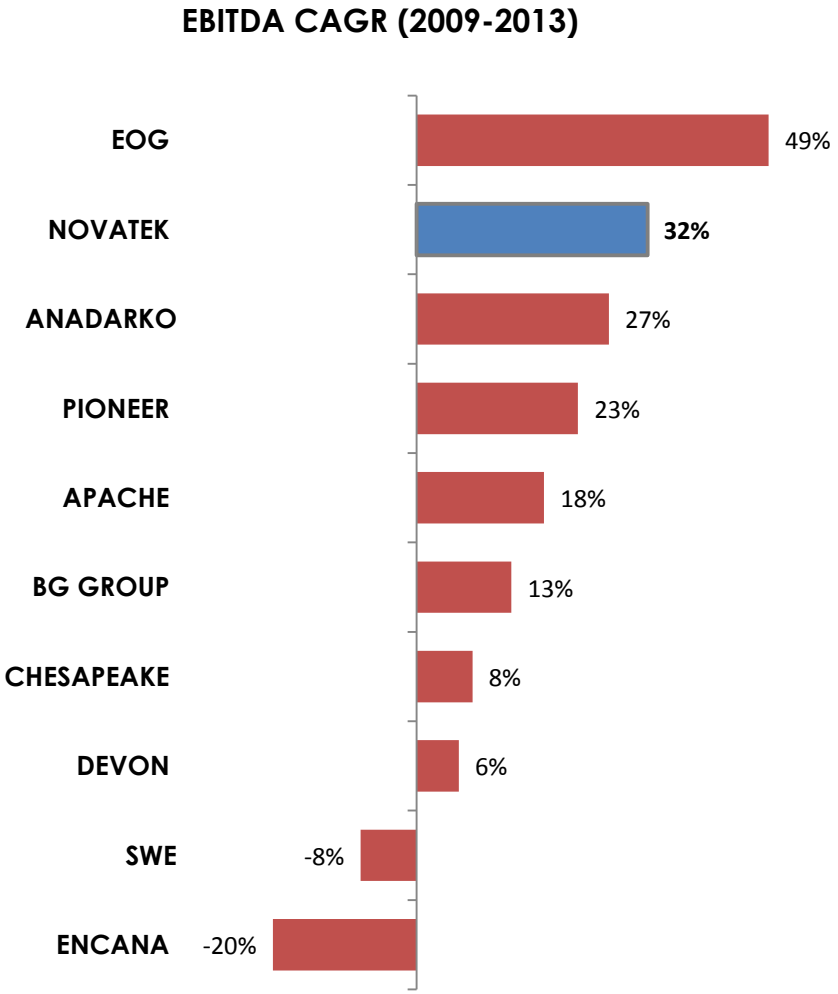


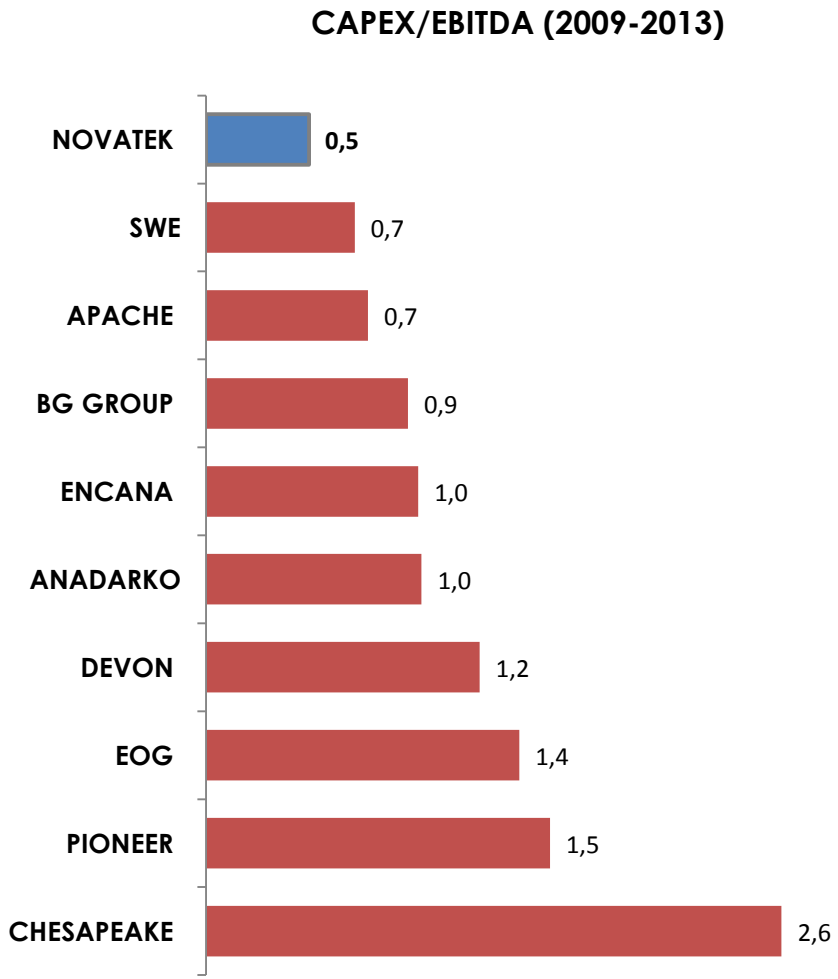
PI (net income to capital expenditures), 2009-2013



Note: Not measurable due to the negative reserve changes in 2011-2013.
Source: Company data, IHS, Bloomberg

Leading Growth at Lowest Cost

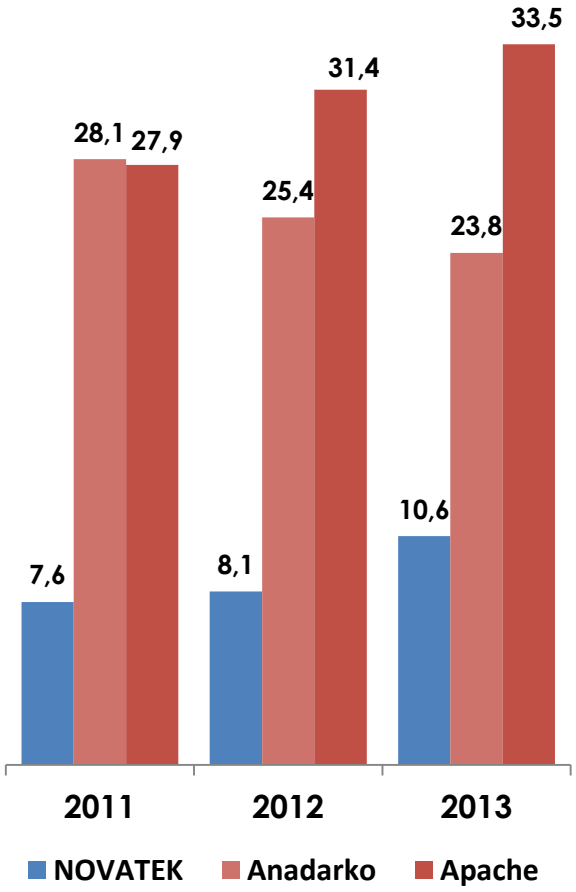




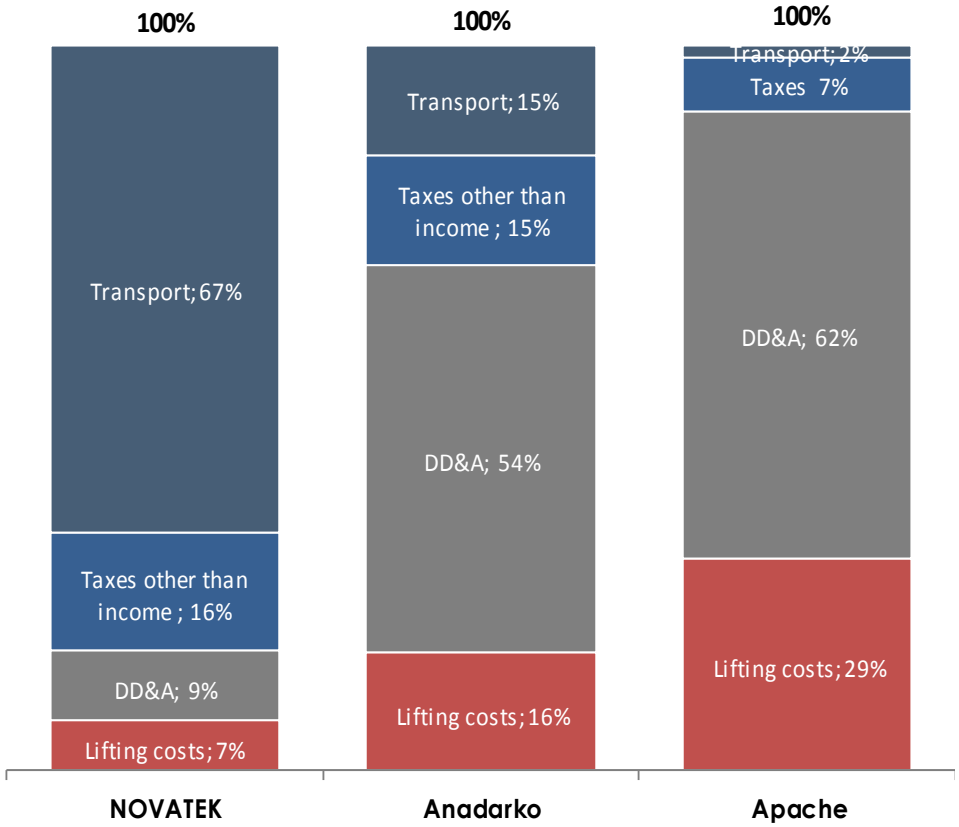
Source: Company data, Bloomberg

Low Production Costs

Production costs, USD/boe



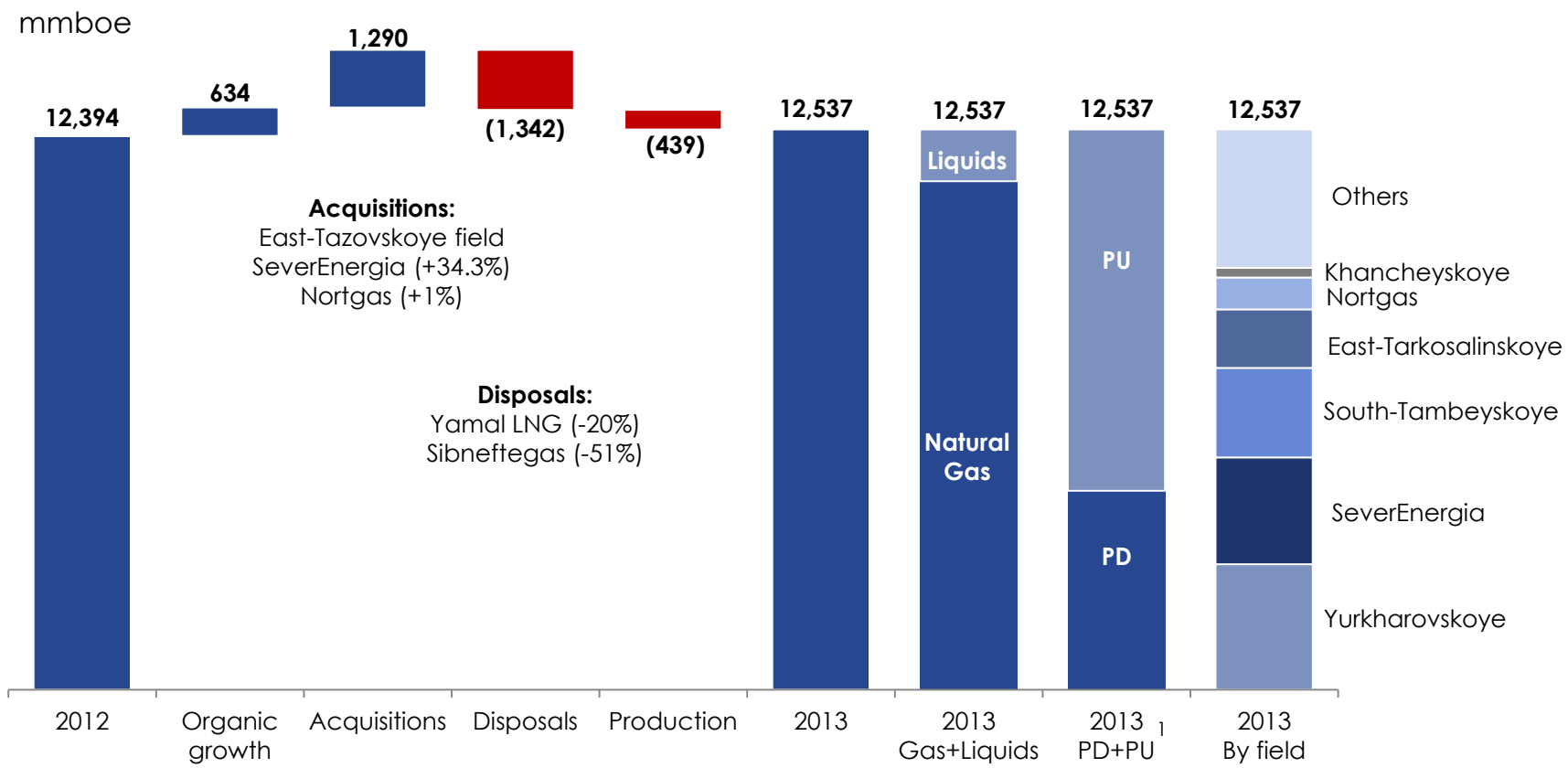
Production costs structure (2013), %



Source: Company data, Bloomberg

SEC Proved Reserves

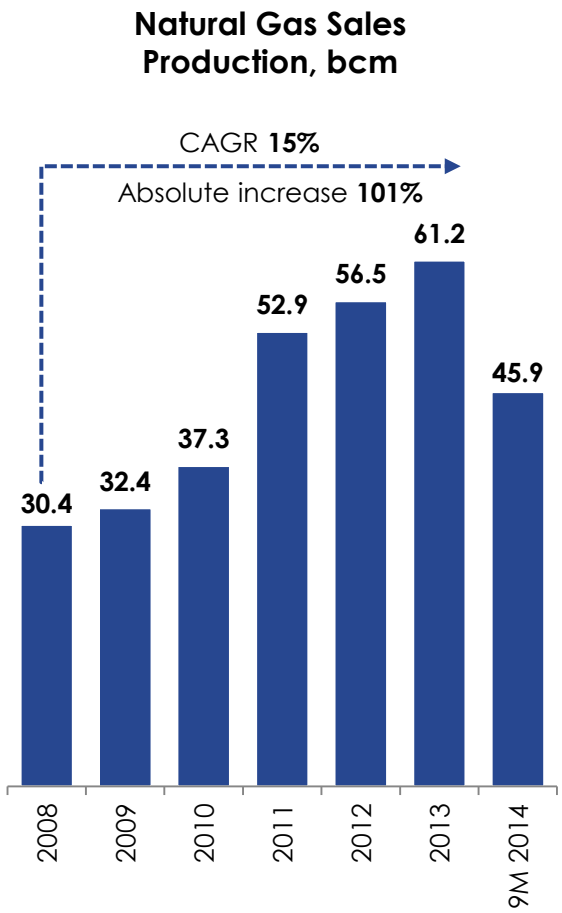
Reserve replacement ratio in 2013 – 132%
Organic reserve replacement ratio – 144%

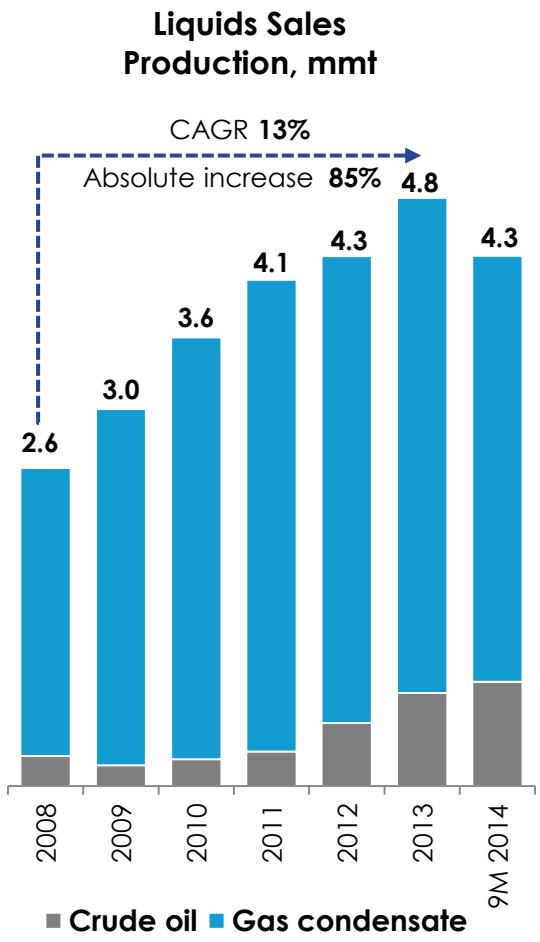


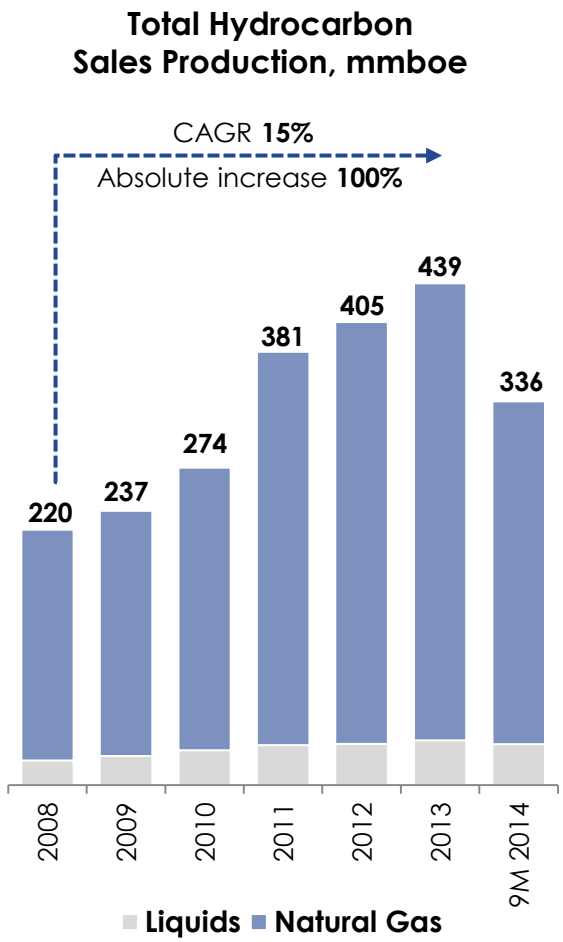
Note:
1. Proved developed and proved undeveloped reserves

Hydrocarbon Production

NOVATEK







SUSTAINABLE PRODUCTION GROWTH

Development of Production Capacities in 2013

- 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

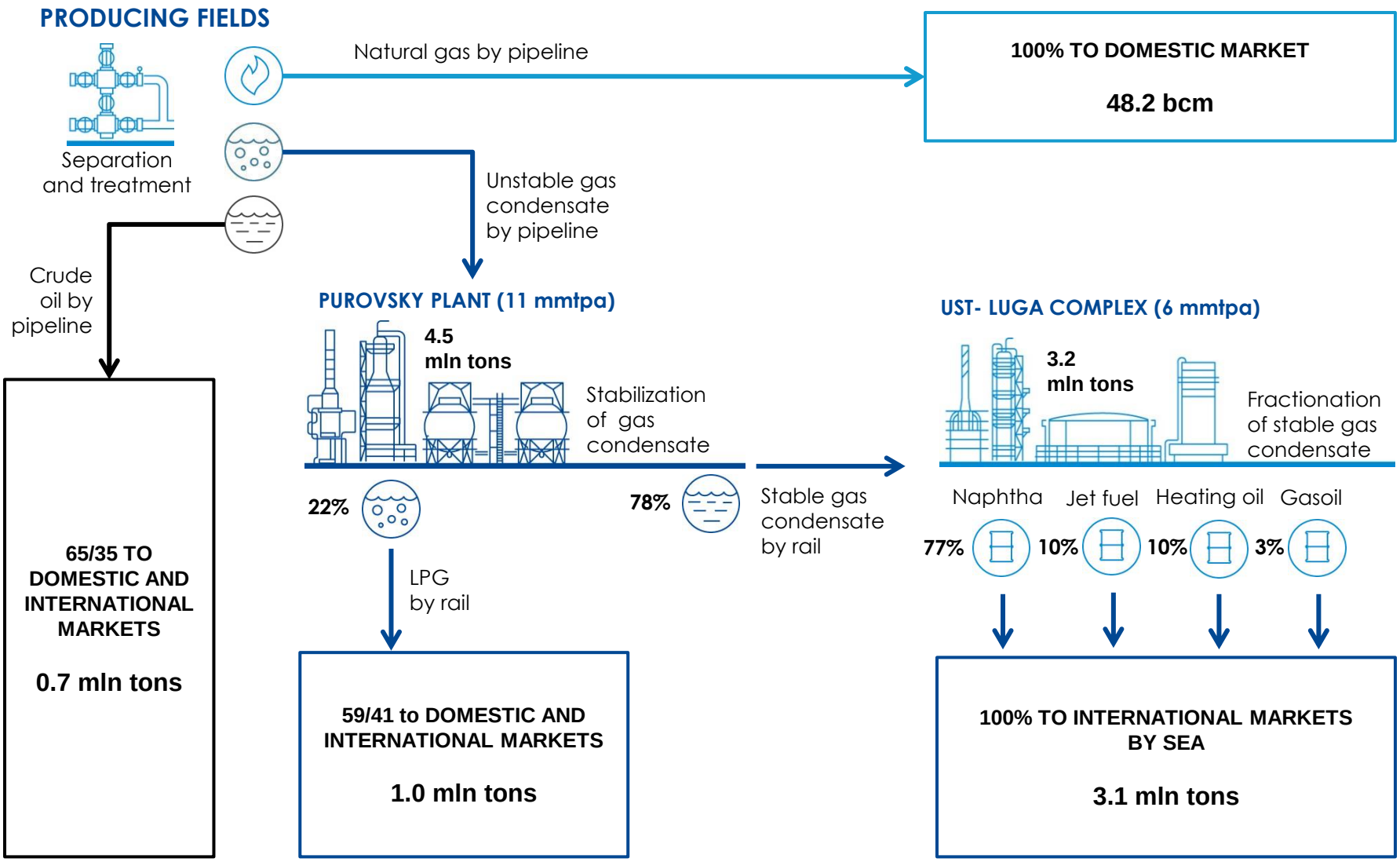
The Eastern Dome of the North-Urengoyskoye field

Development of Production Capacities: Plans for 2014-2015

Plan	Timing	Status
Launching two stages of the **Urengoyskoye field** of SeverEnergia	April 2014 – first stage Q4 2014 – second stage	**First stage launched in April 2014**, production restarted at limited capacity in July following a fire at the de-ethanization facility. The facility to be fully restored in Q4 2014, which will enable to achieve full capacity of the first stage and launch the second stage of the field. Main equipment installed at the second stage of the field development.
Launching the third stage of the **Samburgskoye field** of SeverEnergia	Q4 2014	**Launched in September 2014**
Launching the **North-Kancheyskoye field**	Q4 2014	Installation of main equipment finalized
Launching the **Yaro-Yakinskoye field** of SeverEnergia	Beginning of 2015	Gas and condensate pipelines built, installation of equipment at the gas treatment facility finalized, equipment is being installed at the de-ethanization facility. 40 wells drilled (cumulative).
Preparing the **Termokarstovoye field** for launch in 2015	1H 2015	Gas and gas condensate pipelines completed and tested, installation of equipment at the gas treatment facility practically finalized. 19 wells drilled (cumulative).
Preparing the **Yarudeyskoye field** for launch in 2015	2H 2015	Backfilling and piling for oil treatment facility completed. 350-km oil pipeline to Purpe 70% complete, gas pipeline 55% complete. Three drilling rigs in operation on site – 9 wells and 2 side tracks drilled.

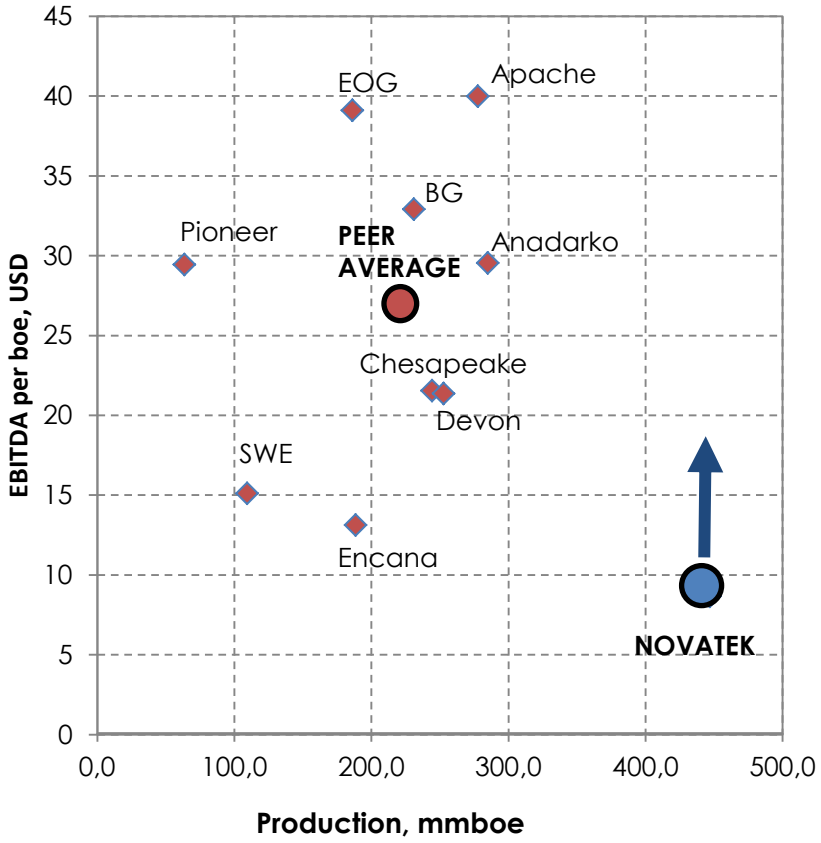
Monetizing Our Resource Base
9M 2014

NOVATEK



EBITDA per BOE of Production

EBITDA per boe and production in 2013



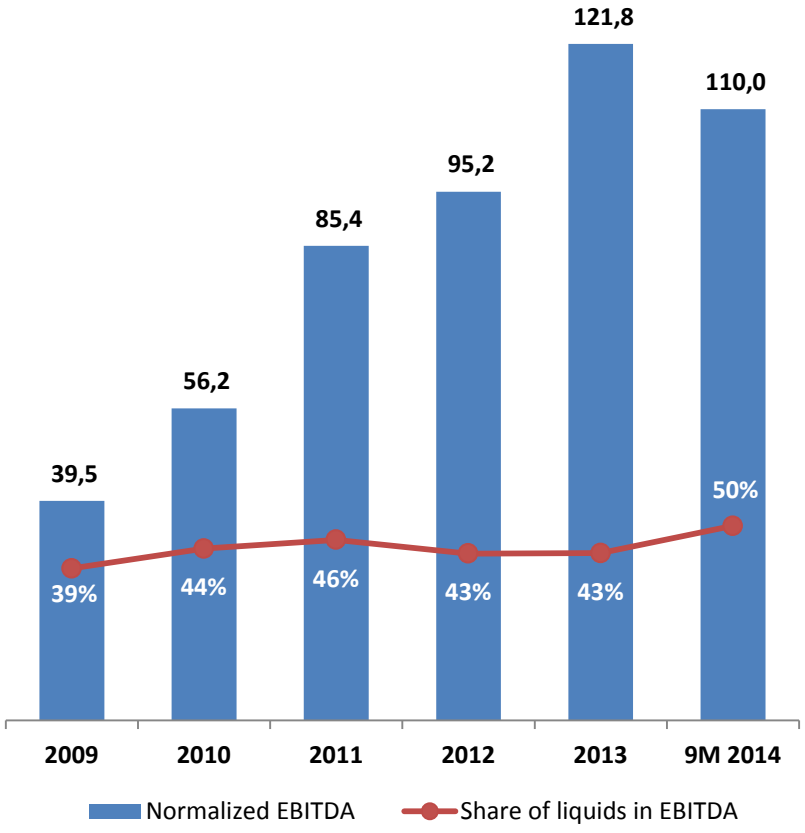
2013 production breakdown

	Total production, mmboe	Share of Natural Gas	Share of Liquids
NOVATEK	439	93%	7%
Anadarko	285	58%	42%
Apache	278	47%	53%
Devon	253	59%	41%
Chesapeake	244	76%	24%
BG Group	231	71%	29%
Encana	189	91%	9%
EOG	186	46%	54%
SWE	109	100%	0%
Pioneer	64	42%	58%

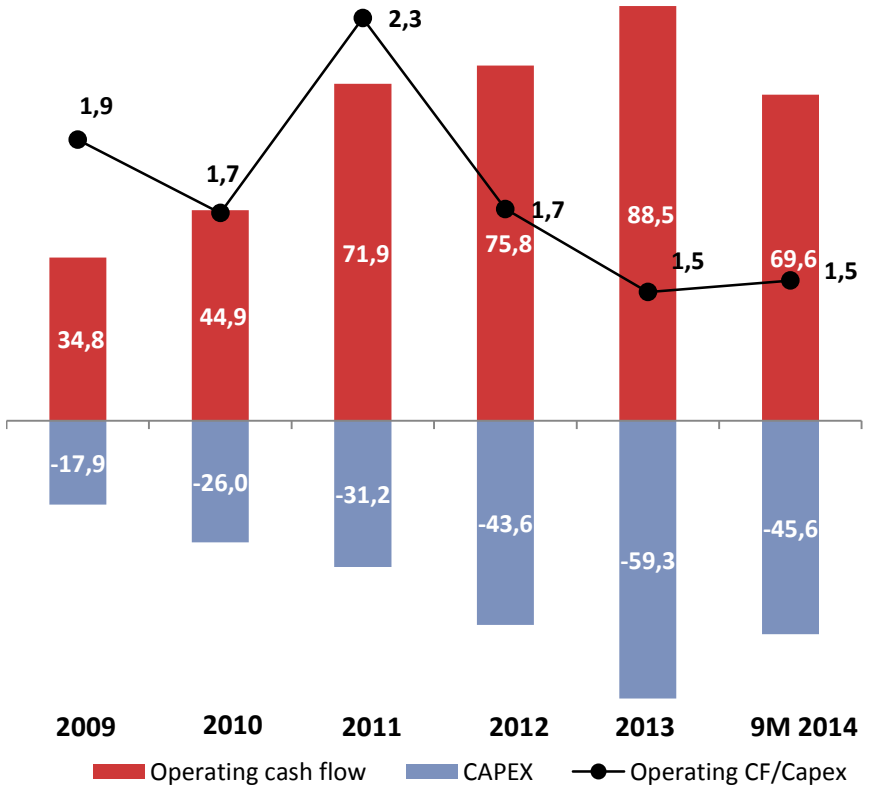
Source: Company data, Bloomberg, SWE ex. midstream.

Financial Results

Normalized EBITDA of subsidiaries[1], RR bln



Internally Funded Investment Program



Source: IFRS financials (3M2014 (unaudited), 2009 - 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.

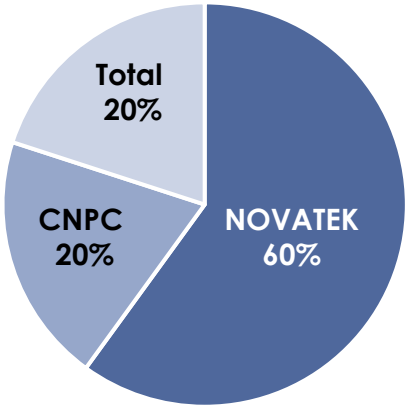
Yamal LNG

Yamal LNG Project

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

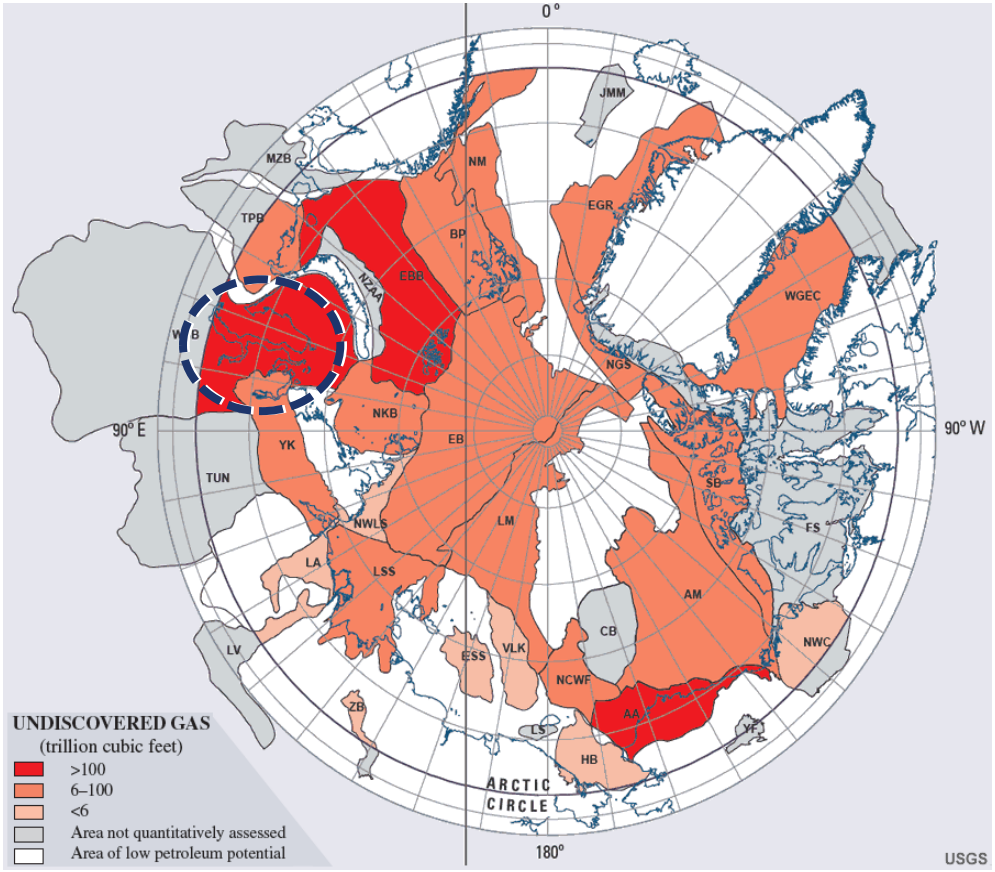
- 2P PRMS gas reserves of the South-Tambeyskoye onshore conventional field at 31.12.13 - **927 bcm**
- Liquefaction capacity - **16.5 mmt** of LNG per annum (3 trains)
- FID date - **December 2013**
- Capex estimate - **USD 27 bln**
- First commercial production is scheduled for **2017**

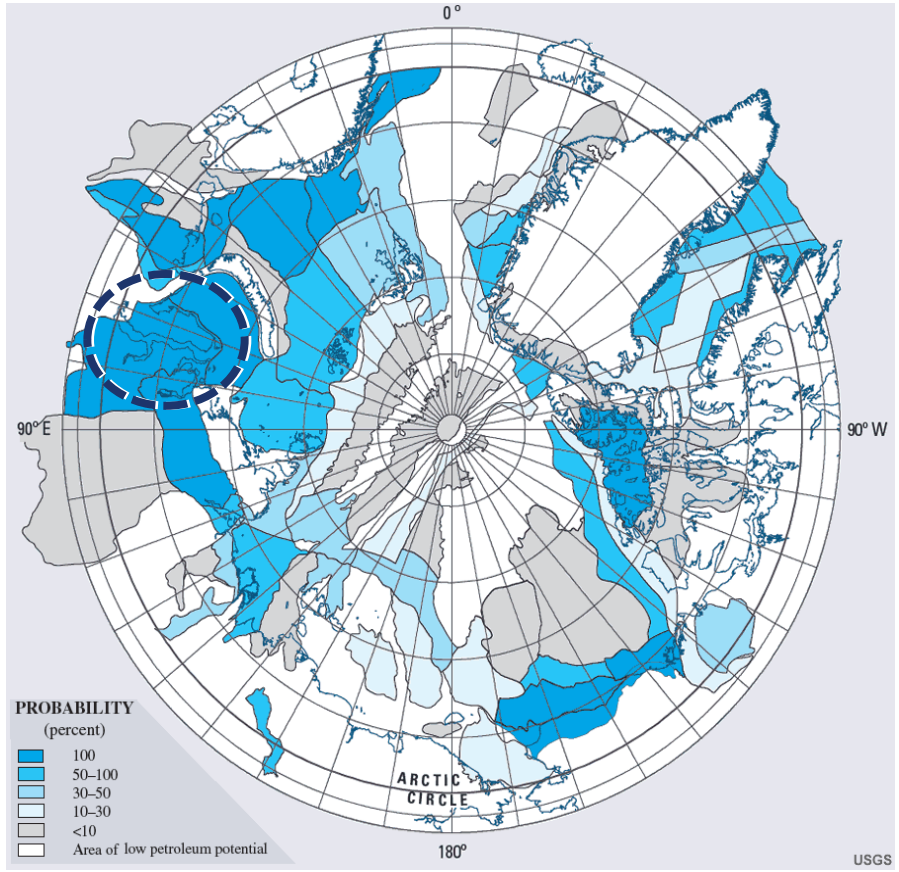
Shareholders



Unrivalled Resource Potential of the Yamal Peninsula

NOVATEK





Drilling Program
Onshore Conventional Gas

- **Five** out of **19** well pads prepared for drilling
- **Three** rigs on-site
- **23** production wells drilled out of **58** wells required for the first train, of which 20 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

NOVATEK

#	Equipment	Contractor	Contract signed
	EPC	Technip/JGC/Chiyoda	✓
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

NOVATEK

Construction cargo at the port

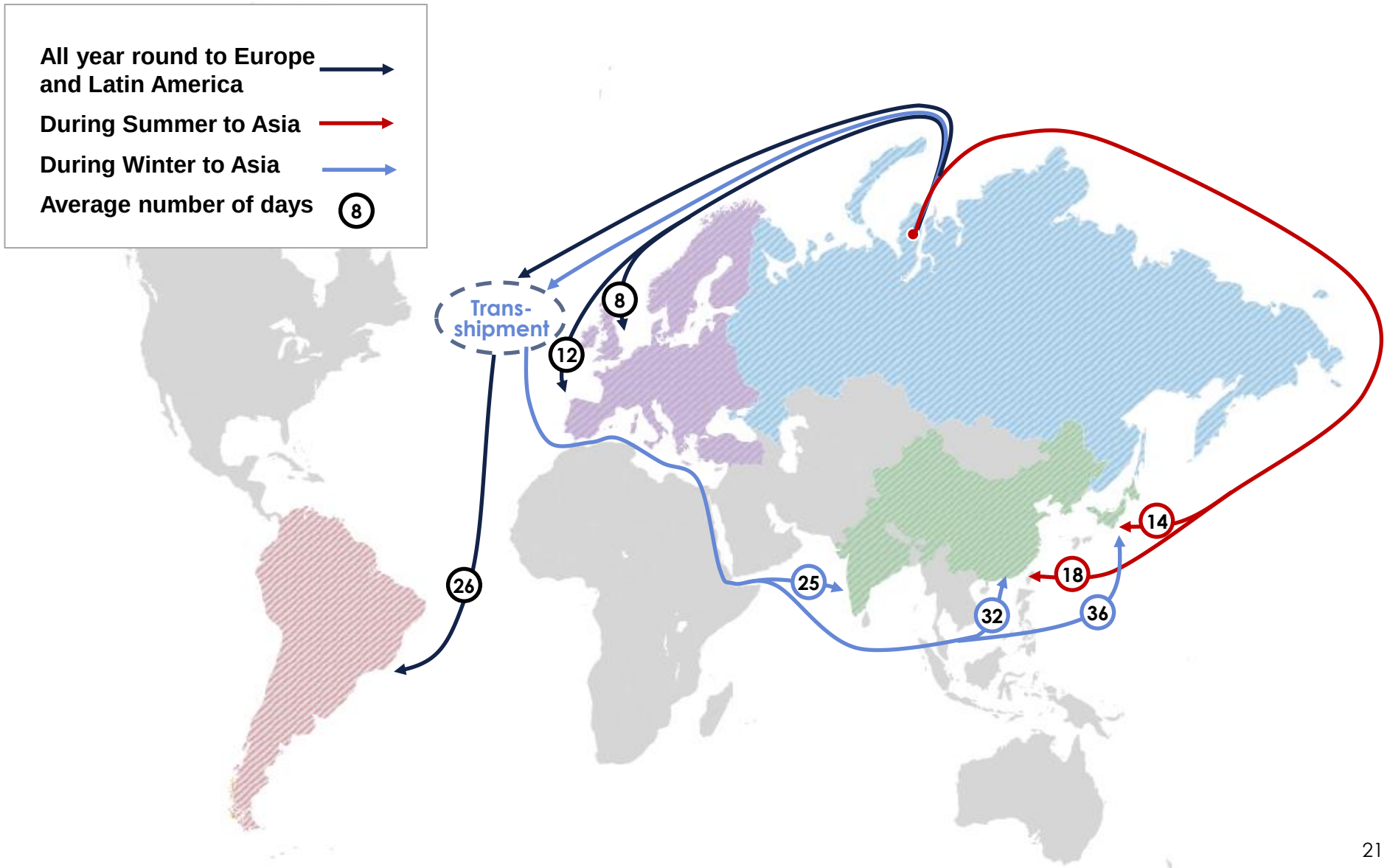
Living camp

Construction of roads

LNG tanks

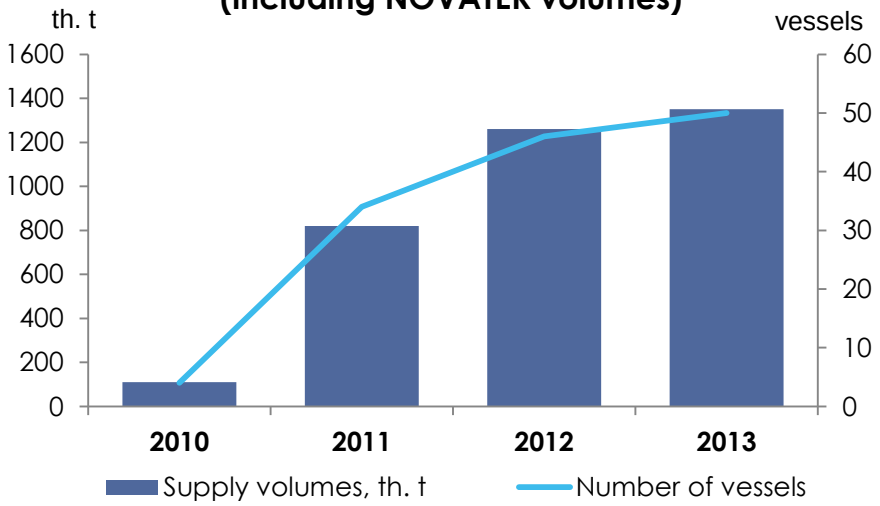
LNG Transportation Routes from the Yamal Peninsula

NOVATEK



Northern Sea Route (NSR)

Navigation via the NSR (including NOVATEK volumes)



- Length of the NSR – **3,000** miles
- Reduces delivery time to the Asian-Pacific region by **up to 2.5 times**
- In 2010, NOVATEK sent the first cargo of gas condensate from the port of Vitino on the Barents Sea to the Asian-Pacific region via the Northern Sea Route
- In September 2011, the large "Vladimir Tikhonov" tanker passed through the Northern Sea Route in seven days, delivering 120,000 tons of NOVATEK's condensate to the Asian-Pacific region
- Two large LNG cargoes were delivered through the Northern Sea Route from Norway to Japan in 2012-2013
- Over the period 2010-2013, NOVATEK delivered 1.4 million tons of gas condensate and naphtha through the NSR, which accounted for approximately 40% of total cargo turnover on this route

ARC7 Ice-Class LNG Carriers

- **15-16** ice-class tankers required for the project
- Slot reservation agreement concluded
- Shipping tender finalized
- Orders for the first 10 tankers placed by the shipping companies
- Steel cut for the first tanker done

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

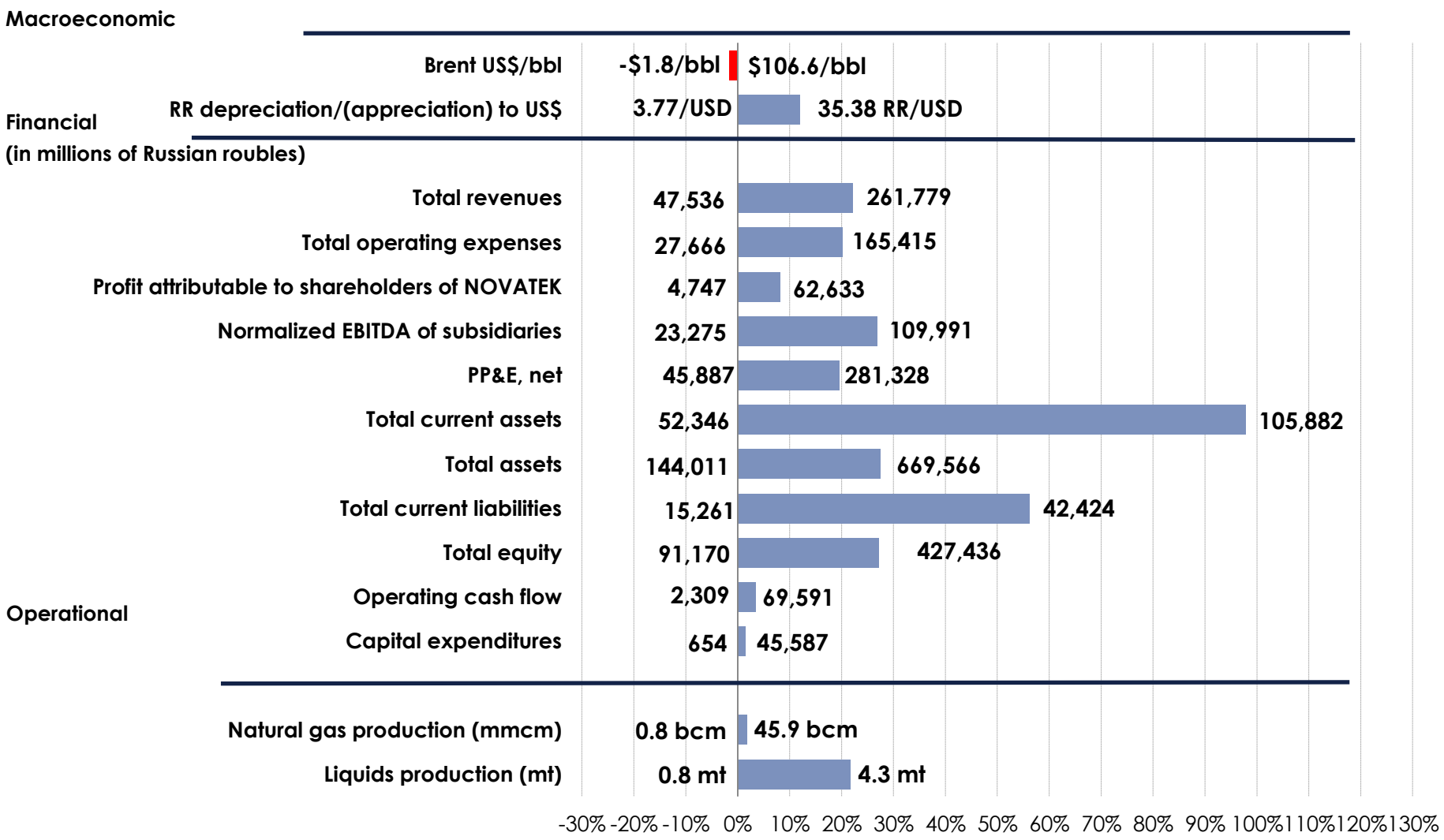
Appendix

Financial Summary 9M 2014 (RR million)

	9M 2014	9M 2013	+/(-)	+/(-)%
Oil and gas sales	260,504	213,907	46,597	21,8%
Total revenues	261,779	214,243	47,536	22,2%
Operating expenses	(165,415)	(137,749)	(27,666)	20,1%
EBITDA of subsidiaries [1]	109,991	86,716	23,275	26,8%
EBITDA margin [1]	42,0%	40,5%		
EBITDA including share in EBITDA of joint ventures [1]	122,059	92,714	29,345	31,7%
Effective income tax rate	20.9%	19.8%		
Profit attributable to NOVATEK [1]	62,633	57,886	4,747	8,2%
Profit margin [1]	23.9%	27.0%		
Earnings per share [1]	20.72	19.10	1.62	8.5%
CAPEX [2]	45,587	44,933	0,654	1,5%
Net debt [3]	147,580	130,408	17,172	13,2%

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

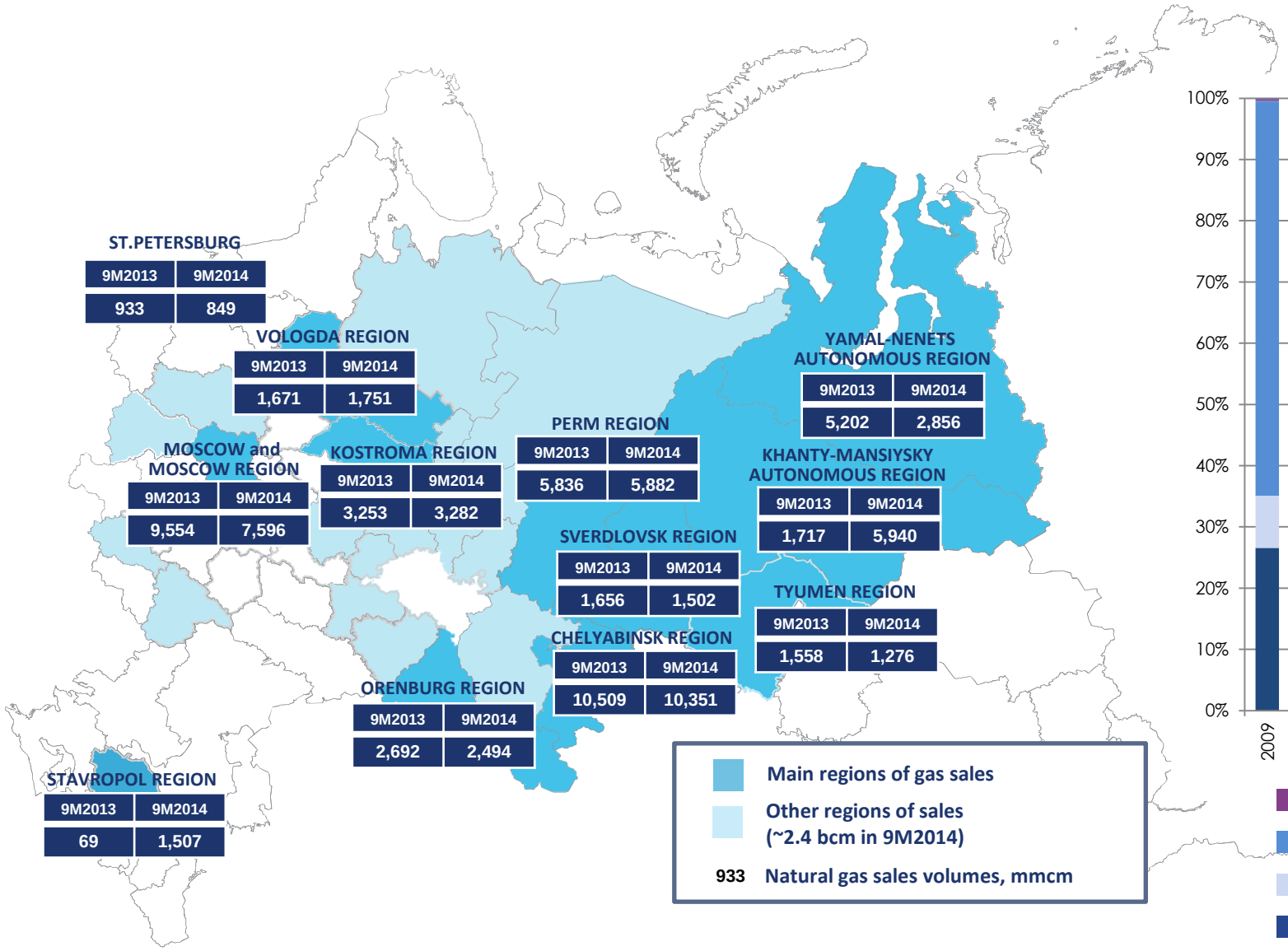
9M14/9M13 Performance Summary



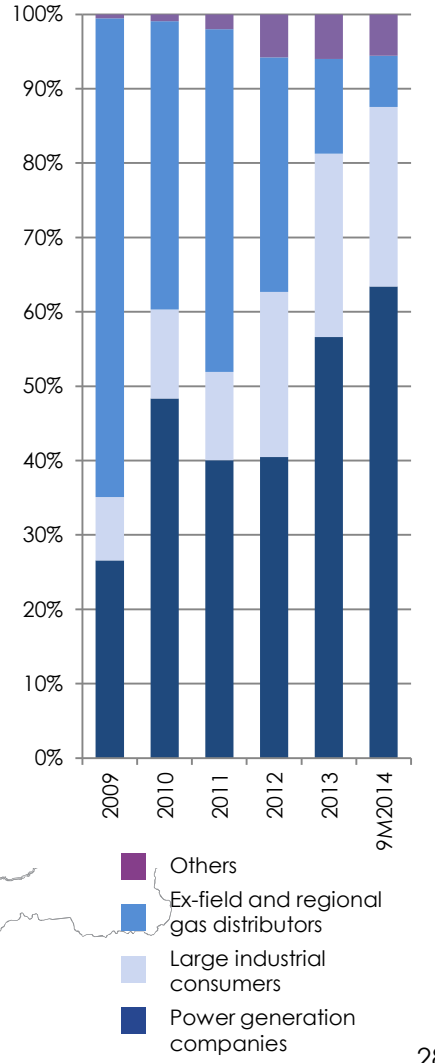
Note: Number on the left is the absolute change, number on the right is the value for the reporting period, size of bar is % change

Natural Gas Sales

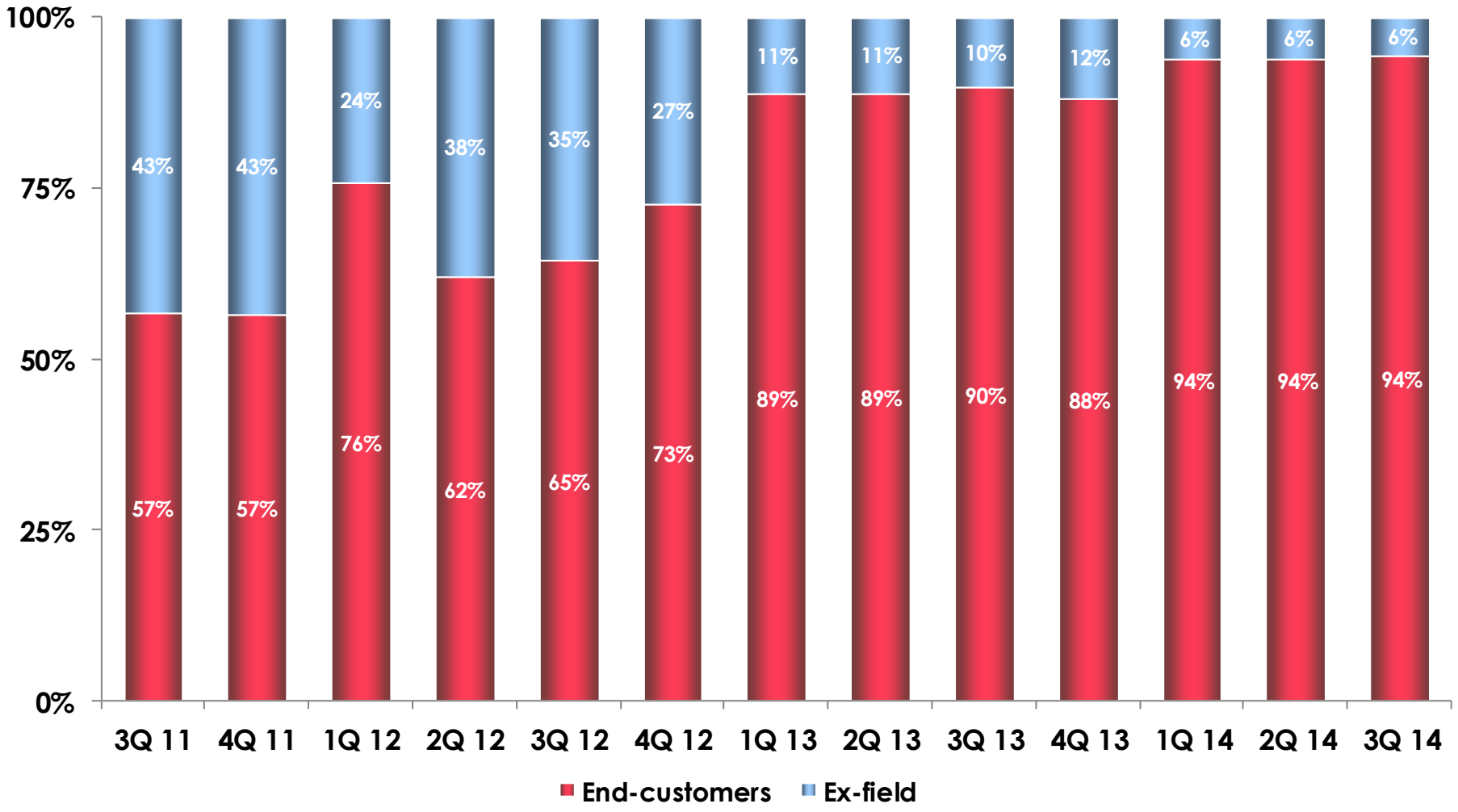
NOVATEK



Gas Sales Breakdown

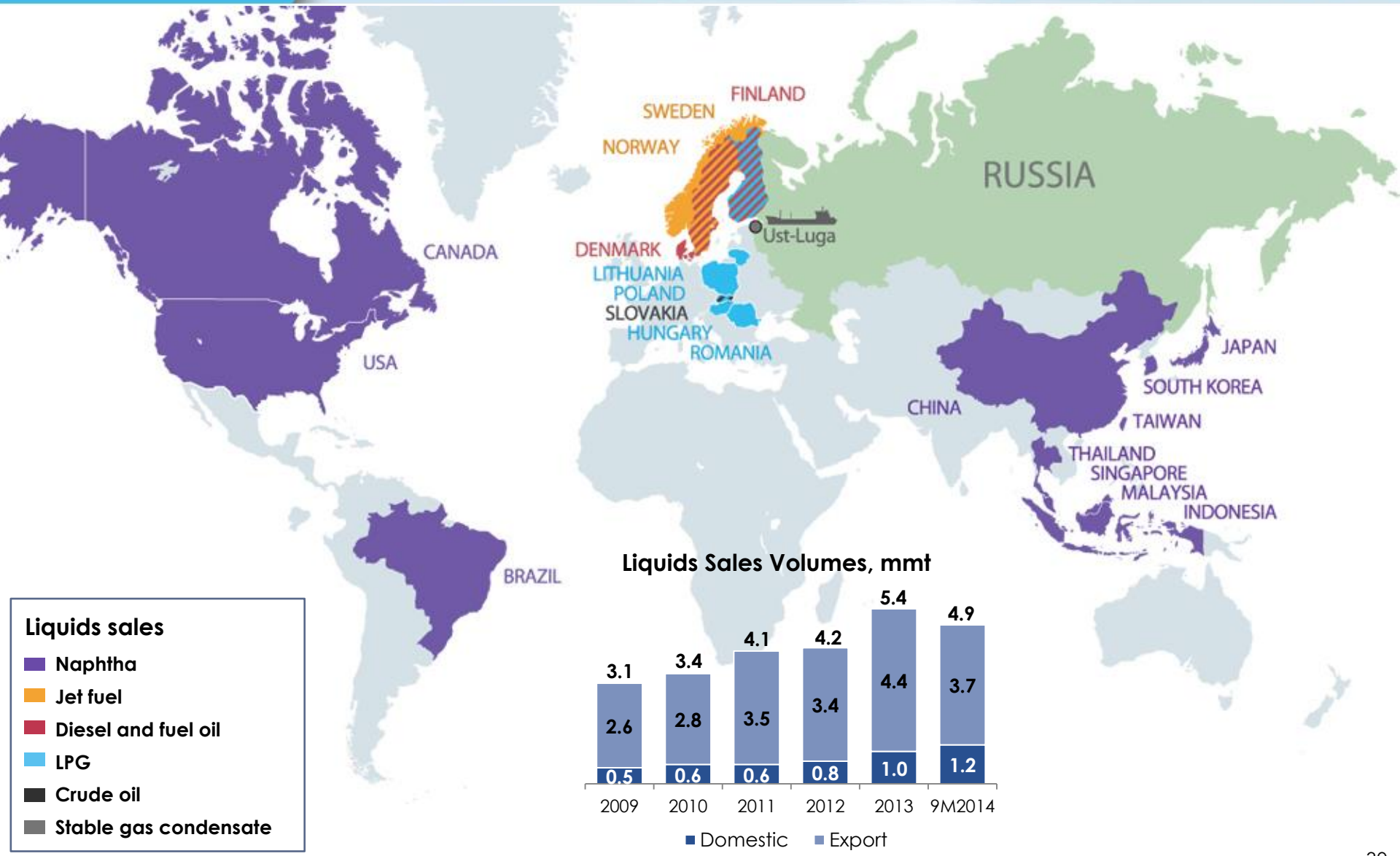


Increase in End-Customer Sales



Liquids Sales

NOVATEK



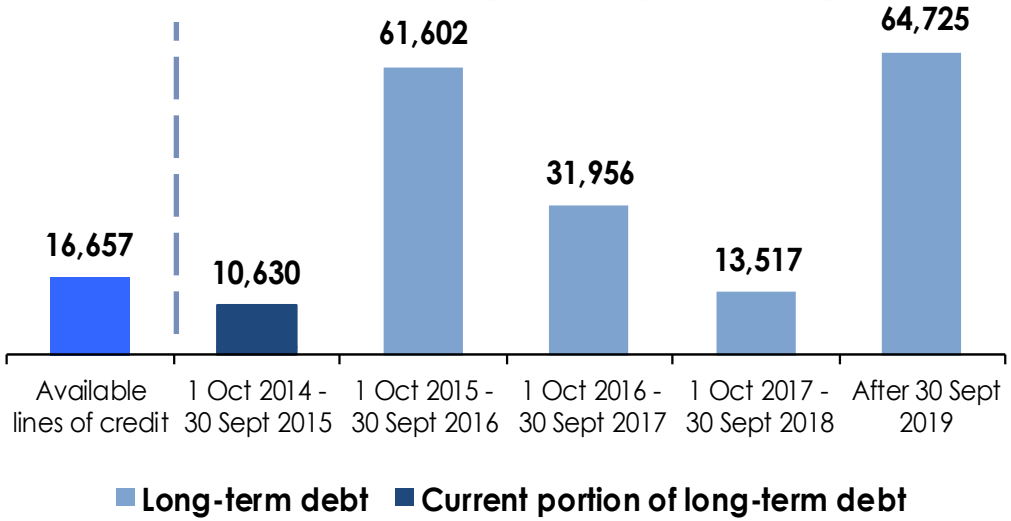
Liquids sales

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

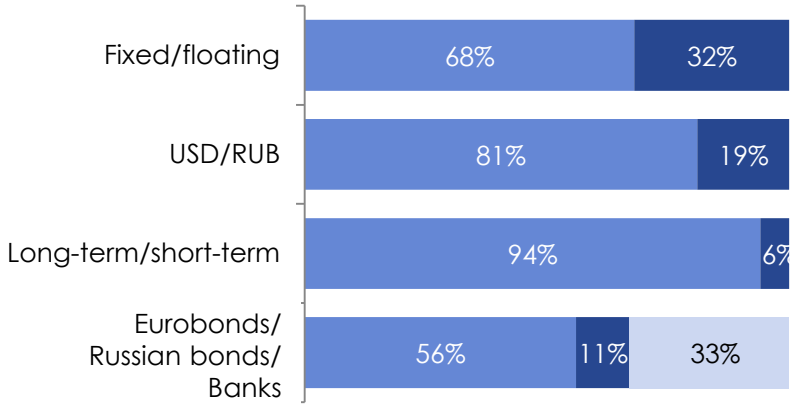
Liquids Sales Volumes, mmt

Debt Composition as at 30 September 2014

Total Debt Maturity Profile (RR million)



Debt Structure (Total Debt = RR 182.4 billion)



Established track record of adhering to financial policies

Metric	Policy Target	2009	2010	2011	2012	2013	9M 2014
Debt/Normalized EBITDA, (x)	~1.0x	1.0	1.3	1.1	1.4	1.4	1.1
Net debt/Normalized EBITDA, (x)	<1.0x	0.7	1.1	0.8	1.2	1.3	0.9
Cash Balance, million $	$100 - $150	348	336	740	607	241	885
Lines of credit, million $	$300 - $500	579	500	1,592	1,538	569	423

Source: IFRS financials (9M2014 (unaudited), 2009 - 2013)

Questions and Answers

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