THE COMPANY TODAY

GAZPROM NEFT IS A VERTICALLY INTEGRATED OIL COMPANY (VIOC) WHOSE PRINCIPAL ACTIVITIES INCLUDE THE EXPLORATION, DEVELOPMENT, PRODUCTION, AND SALE OF CRUDE OIL AND GAS AS WELL AS OIL REFINING AND THE PRODUCTION AND SALE OF PETROLEUM PRODUCTS.

The Company operates in Russia’s largest oil and gas regions and also has production projects outside of Russia in such countries as Iraq and Venezuela, among others. The Company’s primary refining facilities are located in Russia’s Omsk, Moscow, and Yaroslavl Regions in addition to Serbia.

Gazprom Neft is a major player on the energy market. The Company produces and supplies a broad range of petroleum products for a number of industries both in Russia and abroad.

In terms of proven hydrocarbon reserves according to PRMS-SPE classification, Gazprom Neft is comparable with the world’s largest oil companies.
The common shares of Gazprom Neft circulate in Russia on the main trading platforms of the unified exchange Moscow Exchange PJSC. Globally the Company’s shares trade in the form of American Depository Receipts (ADRs) in OTC trading in the UK via the LSE IOB system and in the U.S. via the OTCQx system as well as in other countries.

According to the dividend policy of Gazprom Neft PJSC, at least 15% of the consolidated IFRS result, or 25% of RAS net profit, is distributed for dividends.4

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BUSINESS MODEL

ADVANTAGES OF THE BUSINESS MODEL

UNIQUE FEATURES OF ASSETS

BALANCED PORTFOLIO OF PRODUCTION ASSETS
Gazprom Neft’s portfolio includes conventional and offshore oil as well as oil and gas fields in different stages of development (ranging from exploration to mature fields) in Russia and abroad, which enables the Company to increase production in an effort to maximize profit based on market conditions.

MODERN AND EFFICIENT OIL REFINERIES
An advantageous location, modernized facilities, and ongoing projects to improve operating efficiency ensure a high level of oil refinery efficiency.

DIRECT SALES NETWORK IN MOST RUSSIAN REGIONS AND TEN COUNTRIES
Having a large sales network in Russia and around the world allows for maximizing the margin from the sale of oil and petroleum products to a wide range of customers – from retail consumers to major traders.

DEVELOPMENT STRATEGY

ENSURING EFFICIENCY IN ANY MARKET CONDITIONS

PROVEN RESERVES
The level of hydrocarbon production was maintained due to revision and successful geological exploration.

89.75 MN TOE

The development of new major fields in the Arctic zone made the biggest contribution to production growth.

36.69 MN T

The refining depth at Russian enterprises will close in on 100% by 2025.

83.51% refining depth in Russia

64.05% yield of light petroleum products in Russia

SALES

16.8% increase in oil sales. Significant growth in sales of light petroleum products and bitumen on the domestic market.

26.53 MN T OF OIL

43.48 MN T OF PETROLEUM PRODUCTS

ADJUSTED EBITDA

Increased production at major projects as well as growth in retail sales and the prices of oil and petroleum products made it possible to generate a record level of adjusted EBITDA over 5 years.

RUB 550,967 MN

+20.8%

1 — According to PRMS-SPE standards.
2 — At oil refineries in Russia.
STRATEGIC GOALS FOR 2025

MAJOR PROGRESS TOWARDS STATED GOALS

1,500 MN TOE OF PROVEN RESERVES

At least 15 years proven reserve life

Implementation risks: 11, 12, 14, 15, 16, 17, 21, 22, 32
Technologies: A1, A2, E2

At least 100% annual replacement ratio of proven and probable reserves excluding acquisitions

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

100 MN TOE PER YEAR

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

40 MN T OF OIL OF OIL AT RUSSIAN OIL REFINERIES

The implementation of the plans outlined in the Strategy until 2025 is designed to create the greatest added value on the invested capital of shareholders in the oil and gas industry of the Russian Federation.

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

95% refining depth in Russia

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

80% yield of light petroleum products in Russia

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

100% PRODUCTS FROM THE COMPANY’S RUSSIAN OIL REFINERIES ARE SOLD VIA SALES CHANNELS TO ENCOMPASS THE ENTIRE VALUE CHAIN

Implementation risks: 11, 12, 14, 15, 16, 21, 22
Technologies: A1, A2, E1, E2, E3, E4, E5

Creating value for stakeholders

“In 2017, Gazprom Neft strengthened its leading position in the Russian oil industry and became one of the top three oil producers in the Russian Federation”.

Alexey Miller
Chairman of the Board of Directors
Gazprom Neft PJSC
CREATING VALUE FOR STAKEHOLDERS

SHAREHOLDERS AND INVESTORS
Long-term growth in the Company’s value and a high level of dividend yield.

CONSUMERS AND CUSTOMERS
Good availability and a stable supply of petroleum products with excellent consumer and environmental properties.

PERSONNEL
Stable employer that allows for effective development.
Respectable compensation package.

SOCIETY AND REGIONS OF OPERATION
Responsible business and development of the regions of operation.

GOVERNMENT
Energy security.
Tax payments.
Technological development of the Russian oil and gas industry.
HOW WE DO IT

- Constant communication with investors, shareholders, and analysts to support a fair price for the Company’s securities.
- Development of a corporate governance system that balances compliance with the best Russian and international practices with a high level of industry specificity.
- Information transparency in covering the results of the development strategy.
- Equitable dividend policy.
- Observance of minority shareholder rights.
- Continuous development of a risk management system with a detailed elaboration of responsibility.

- Expanded direct sales to corporate clients through the Company’s own distribution network.
- Expanded network of Gazprom Neft petrol stations and a loyalty programme.
- Partnership with leading petroleum product consumers.
- Development and production of products with enhanced consumer and environmental features.
- Increased efficiency of sales channels through the digitization of business processes and the development of communication channels with customers and counterparties.

- Systematic recruitment and rotation of personnel.
- Talent management, competency development, and training.
- Development of motivation systems and establishment of a culture of engagement.
- Growth in labour productivity and organizational effectiveness.
- Enhanced effectiveness of HR relations function.

- In 2017, the Company ranked first among energy sector employers in the Randstad Award-2017 rating.
- Personnel turnover rate of 15.1% (same as in 2016).
- Average monthly salary of RUB 112,900 (+7.6%).
- Corporate University working in based on the innovative marketplace model. 55,900 employees underwent training in 2017 (+6.3%).

- Ensuring a significant volume of tax revenue to local budgets.
- Contribution to the development of social infrastructure.
- Creation of highly efficient jobs.
- Minimizing any negative environmental impact.
- Ensuring a high level of production safety.
- Growth in the energy efficiency of the Company’s enterprises.
- Support for the population and key stakeholders.

- Gazprom Neft is one of the largest taxpayers in the regions where it operates.
- Social investments as part of the ‘Native Towns’ project.
- LTIFR of 0.326 with a downward trend.

- Stable growth in production and effective oil refining with a broad petroleum product sales network in Russia.
- Implementation of the first major offshore project – the Prirazlomnoye platform and the comprehensive development of Russia’s Arctic shelf.
- Development of a centre of technological competencies and technological import substitution.

- Hydrocarbon production of 89.75 mn TOE.
- Availability of petroleum products for the population and business in 51 Russian regions.
- Meeting the demands of the domestic market.
- RUB 721 bn in tax payments¹ in 2017.
- Thanks to the use of modern technologies, Gazprom Neft has extended the service life of mature fields.
- The Downstream Efficiency Control Centre opened (process optimization as a result of an integrated digital platform).

RESULTS

- Fair share valuation: quotes of RUB 244.1 per share as of 31/12/2017.
- Dividend payments of 25% of consolidated IFRS result for 2016.
- Total shareholder return of 14.5% for 2017.
GAZPROM NEFT IN 2017

KEY INDICATORS

LEADING POSITIONS IN EXPANDED HYDROCARBON PRODUCTION

PROVEN HYDROCARBON RESERVES (PRMS-SPE) (MN TOE)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,343</td>
<td>1,443</td>
<td>1,518</td>
<td>1,514</td>
<td>1,522</td>
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HYDROCARBON PRODUCTION (MN TOE)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>62.26</td>
<td>66.25</td>
<td>79.70</td>
<td>86.20</td>
<td>89.75</td>
</tr>
</tbody>
</table>

OIL REFINING (MN TOE)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>42.63</td>
<td>43.48</td>
<td>43.07</td>
<td>41.89</td>
<td>40.11</td>
</tr>
</tbody>
</table>

The resource base of the Company’s current assets has deteriorated in terms of the remaining commercial reserves as most fields are in a late stage of development. Nevertheless, the Company managed to improve the efficient development of these reserves through high-tech drilling and the use of tertiary methods for boosting oil recovery.

For more, see the 'Raw materials base and production' section, p. 52

For more, see the 'Oil and gas production' section, p. 54

For more, see the 'Oil refining' section, p. 64

BALANCED REFINING

SALES REVENUE (RUB BN)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,267.60</td>
<td>1,408.24</td>
<td>1,447.94</td>
<td>1,545.61</td>
<td>1,857.93</td>
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ADJUSTED EBITDA (RUB BN)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>336.75</td>
<td>342.61</td>
<td>404.81</td>
<td>456.20</td>
<td>550.97</td>
</tr>
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</table>

NET PROFIT (RUB BN)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>186.72</td>
<td>126.66</td>
<td>116.20</td>
<td>209.73</td>
<td>269.68</td>
</tr>
</tbody>
</table>

Revenue increased by 20.2% including duties due to increased oil production as well as higher oil and petroleum product prices around the world and on the domestic market.

Increased production at major projects (the Novoportovskoye, Prirazlomnoye, and Messoyakha fields) along with growth in retail sales and higher oil and petroleum product prices resulted in a 20.8% increase in adjusted EBITDA.

The growth in net profit was mainly due to the higher EBITDA.

A unique system of continuous improvements as well as digital technologies ensured the Company’s improved production and financial performance.
A 16.8% YoY increase in oil sales resulted from expanded production at the Novoportovskoye, Messoyakha, and Prirazlomnoye fields and a decrease in supplies to oil refineries in Russia.

Sales of petroleum products decreased slightly in 2017 due to a reduction in refining volume and fuel oil production at Russian oil refineries.

Sales via high-margin channels grew by 3.9% YoY primarily due to an increase in retail sales of motor fuels in Russia. In addition, sales of aviation fuel increased due to greater demand for air transportation. Expanded infrastructure construction in Russia and access to new foreign markets, in turn, resulted in increased sales of premium bitumen products.

The use of the latest technologies and a commitment to occupational safety helped to achieve good results.