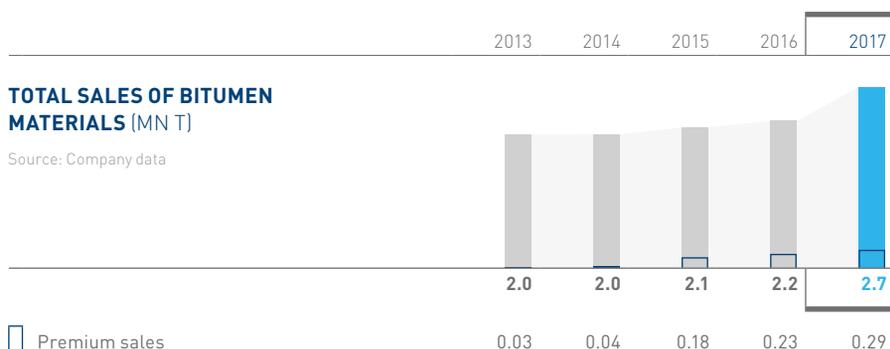




BITUMEN MATERIALS



Gazprom Neft PJSC is one of the biggest producers and suppliers of bitumen products in Russia. The Company's share of the Russian bitumen materials¹ market increased by 3.1 p.p. to 34.4% in 2017. Gazprom Neft sold 2.7 million tonnes of bitumen materials last year, an increase of 22.0% from 2016. The higher bitumen sales is due to growth in demand on the Russian market, entry to new foreign markets, and the expanded geography of processing at third-party sites. Gazprom Neft's bitumen material production facilities are located in Russia (Moscow, Omsk, Yaroslavl, Ryazan, and Vyazma) as well as Serbia and Kazakhstan. The Company launched bitumen production at processing facilities in the Volga, Siberian, Ural, and North-West Federal Districts as well as at two sites in Kazakhstan in 2017, bringing the number of processing sites to seven.

In addition, Gazprom Neft has increased the productivity of its assets: the facility in Kazakhstan almost doubled output (from 550 to 1,000 tonnes/day), while the facility in Ryazan boosted output by one third (from 288 to 384 tonnes/day). In 2016, Gazprom Neft bought a controlling stake in NOVA-Brit LLC (Vyazma), a major producer of innovative bitumen materials. The Company launched the production of innovative products such as protective, regenerative, dipping compounds and primers in 2017. Brit brand products were used to repair runways at the Almaty airport. This product was also approved for use in construction and repair work in the St. Petersburg metro system. In 2017, the Company introduced the premium products to new markets: both developed countries such as Finland as well as developing countries such as Bolivia, Chile, Peru.

Innovative bitumen materials

Technology C.8



10

YEARS

SERVICE LIFE OF PAVEMENT WITH INNOVATIVE BITUMEN



+35%

WATER RESISTANCE COEFFICIENT OF ROAD SURFACES WITH BRIT ZVS SEALANT



-60%

DECREASE IN ROAD MAINTENANCE COSTS

Polymer-bitumen binders (PBB) are made based on bitumen with the addition of polymer and plasticizer.

PBB are used for road construction because they are much stronger and more durable than ordinary asphalt concrete. Such materials reduce road maintenance costs by 60% while simultaneously extending the service life from 3–4 years to 7–10 years.

Gazpromneft-Bitumen Materials opened its own research and development centre to develop innovative bitumen

materials in 2016. Theoretical calculations are tested on a pilot basis on equipment that simulates natural road use conditions.

In addition to the road brands of bitumen, the Company produces the airfield bitumen polymeric sealants BRIT-Nord and BRIT-Arctic. They are required for watertight seams on the surface of runways and highways. Other segments where they can be applied include creating elastic inserts between tram rails and covering city streets.

¹ Overall bitumen market in Russia.