

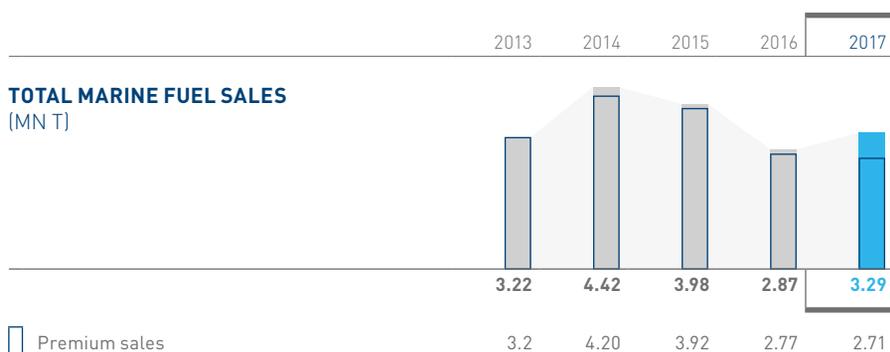


BUNKERING

The Company provides bunkering for ships at all key sea and river ports in the Russian Federation (20 sea and 14 river ports). At present, Gazpromneft Marine Bunker has the most extensive geographical operations in Russia among all domestic bunkering companies. The Company's clients include major Russian and foreign shipping companies. Besides Russia, the Company provides bunkering at the ports of Constanta (Romania), Riga (Latvia), and Tallinn (Estonia). The Company's fleet consists of eleven bunkering tankers.

BUNKERING

Source: Company data

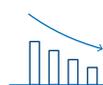


Key focuses for developing the Company's bunkering business in 2017:

- the release of the new eco-friendly product TSU-80 produced by the Omsk Oil Refinery to the market to comply with legislative requirements on the sulphur content of marine fuels;
- provision of bunkering for vessels as part of projects being implemented by Gazprom PJSC, including vessels involved in the construction of Turkish Stream as well as offshore projects in the Arctic, the Sea of Okhotsk, and the Black Sea.

Eco-friendly marine fuel

Technology C.6



<0,1%

SULPHUR
AMOUNT THAT MARINE FUEL SHOULD CONTAIN FOR EMISSION CONTROL ZONES



27%

COMPANY'S SHARE ON THE MARINE FUEL MARKET IN THE BALTIC REGION



0.158

MN T PER YEAR
POTENTIAL OF THE ECO-FRIENDLY MARINE FUEL MARKET

The Omsk Oil Refinery launched production of TCU-80 marine fuel with sulphur content of less than 0.1% in 2017.

The product is suitable for use in emission control zones as defined by MARPOL¹ due to its minimum sulphur content. Such zones include the Baltic and North Seas, the English Channel, and the coastal waters of North America and the Caribbean.

Omsk Oil Refinery specialists developed the technology for the production of low-sulphur marine fuel

from hydrotreated catalytic cracking vacuum gas oil in 2016. The new brand's formula includes an additive that reduces the flow temperature and prevents paraffin waxes from settling in marine fuel.

The new product has quickly gained recognition: the entire 48,000 tonnes of the new brand that was produced was sold in just six months after sales began. Plans for 2018 include increasing sales to 102,000 tonnes.

¹ — MARPOL – International Convention for the Prevention of Pollution from Ships.



The bunkering market in Russia expanded by 2.5% compared with 2016. The Company's share of the Russian market was 16.6% in 2017.

The 14.6% increase in the total volume of ship fuel sales compared to 2016 resulted from a twofold increase in exports and sales in non-CIS countries. Premium sales of marine fuel amounted to 2.7 million tonnes in 2017, a decrease of 2.2%, or 60,000 tonnes, versus 2016. The decline in premium sales primarily resulted from reduced business in the Far East since negative market factors made this region unprofitable for supplies. The remaining fuel was distributed to more high-margin regions such as northwest Russia and the Black Sea. Furthermore, the decrease in sales was partially offset by a revival in sales on inland waterways.

Share of the Russian market in 2017

16.6%

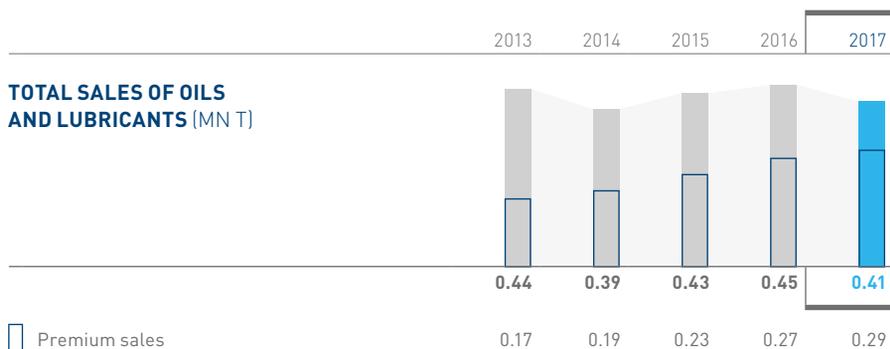
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OILS AND LUBRICANTS PRODUCTION AND SALES

SALES OF OILS AND LUBRICANTS

Source: Company data



Gazprom Neft sells oils and lubricants via its own filling station network and also supplies products to retail chains, online stores, service stations, and the assembly lines of automotive manufacturers. The Company manufactures oils and lubricants at five production facilities in Russia and Italy.

The Company sold 0.4 million tonnes of oils and lubricants in 2017. Premium sales amounted to 0.29 million tonnes, an increase of 7.4% from last year's figure. The growth in premium sales was mainly due to a 10% increase in sales in Russia¹ compared with 2016, including products under the G-Family brand (+11% versus 2016). For the year, Gazprom Neft increased its share of the oils and lubricants market in Russia by 1.3 percentage points to 21.3%.

¹ — Packaged oils market.