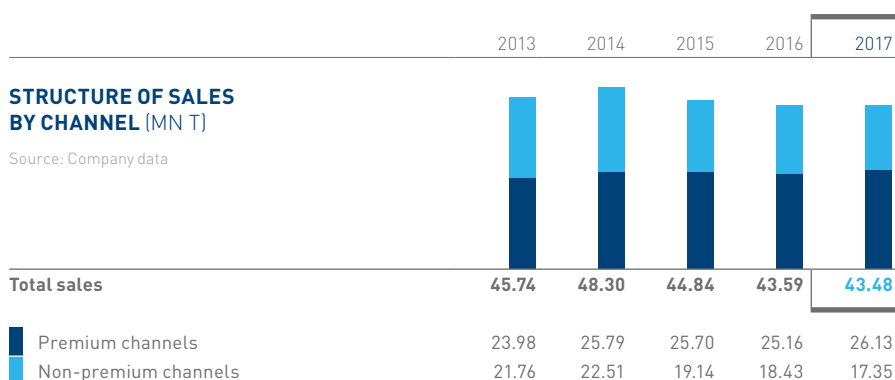


STRUCTURE OF SALES BY CHANNEL



Sales of aviation fuel by the Company via premium channels in 2017 increased by

8%

Premium sales² increased by 3.9% in the reporting period to 26.1 million tonnes. The Company's success in developing premium sales channels and expanding the geography of supplies and the range of its premium products made it possible to increase its share at the end of the year on the retail markets of most petroleum products, including the markets for motor fuels, aviation kerosene, lubricants, and premium bitumen materials.

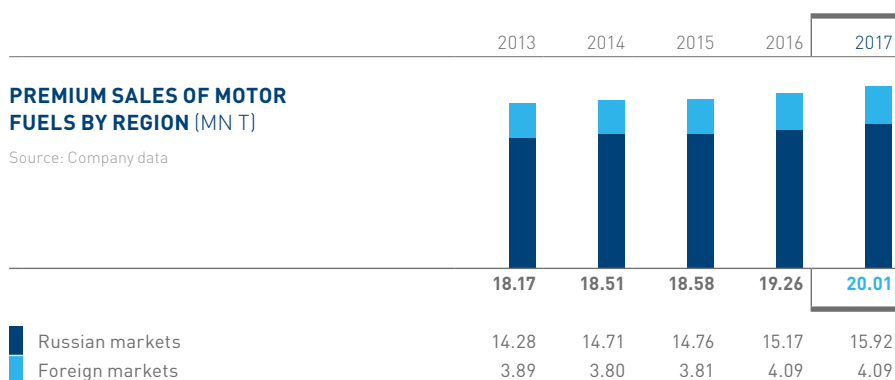
The aviation fuel supply market as well as in the bitumen market accounted for the highest growth rates in the Company's premium sales in 2017.

Sales of the Company's aviation fuel through premium channels increased by 8%, while sales of bitumen rose by 22.0%. Premium sales of oils and motor fuels increased by 6.7% and 3.9%, respectively. Information about the sale of individual petroleum products is provided in the corresponding sections of the Report.



MOTOR FUELS AND FILLING STATIONS

SALES OF MOTOR FUELS

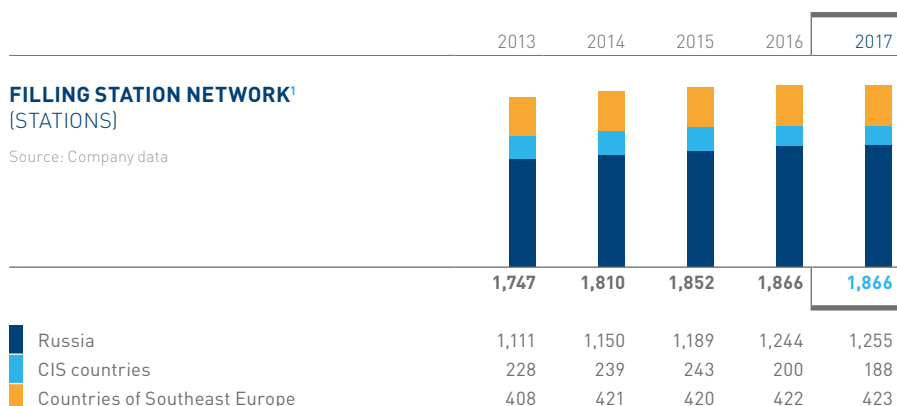


One of the key areas of the Company's activities is the development of the small-scale wholesale and retail segment of petroleum product sales.

One of the key areas of the Company's activities is the development of the small-scale wholesale and retail segment of petroleum product sales. Having its own national brand as well as a high level of awareness and trust in the quality of its product helps Gazprom Neft achieve one of its strategic goals of joining the leaders in Russia and the CIS in terms of the volume of retail sales and efficiency of the filling station network by 2025.

The growth in sales via premium channels in Russia primarily resulted from more sales to corporate customers due to increased sales to existing customers as well as the recruiting of new customers.

FILLING STATION NETWORK



In Russia, the Company has one of the largest and most geographically diversified sales networks on the retail petrol market. As of the end of 2017, the Gazpromneft filling station network included 1,255 filling stations, including 1,193 Company-owned stations and 62 stations managed by franchise partners. The filling station network increased by 11 stations in 2017 and expanded its presence to 40 regions of the Russian Federation taking into account franchise operations. Developing the network and improving its efficiency has enabled the Company to increase its market share in the regions where it operates. As of the end of the year, the Company had a 23.2% share of the retail motor fuel market in the regions where it has a presence.

On foreign markets, the Company's filling station network consists of 611 stations, including 188 filling stations in CIS countries (Belarus, Kazakhstan, Tajikistan,

and Kyrgyzstan) and 423 stations in Southeast Europe (Serbia, Bosnia, Bulgaria, and Romania). The decrease in the number of filling stations abroad was due to the optimization of the retail network in CIS countries in 2017 in order to increase its economic efficiency.

The growth in the Company's retail motor fuel sales in Russia significantly outpaced the market growth rate. In particular, the Company increased retail sales of motor petrol in Russia by 3.6%, while the market grew by 1.1%. Retail sales of diesel fuel expanded by 14% versus market growth of 2.3%. The Company had a 14.9% share of the retail motor petrol market in Russia, an increase of 0.4 p.p. from 2016, while its market share in the diesel fuel segment grew to 19.1% (+2 p.p. versus 2016).

¹ — The Company did not have a franchise network of filling stations until 2015; starting from 2016 data includes franchises.

Digital platform for filling station management

Technology D.1



-45%

DECREASE IN FILLING STATION COSTS DUE TO DIGITALIZATION



58

FILLING STATIONS
SWITCHED TO AUTOMATED OPERATIONS IN 2017



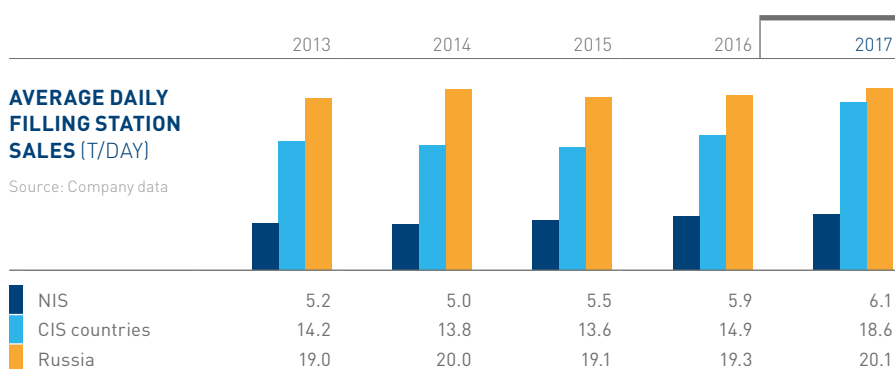
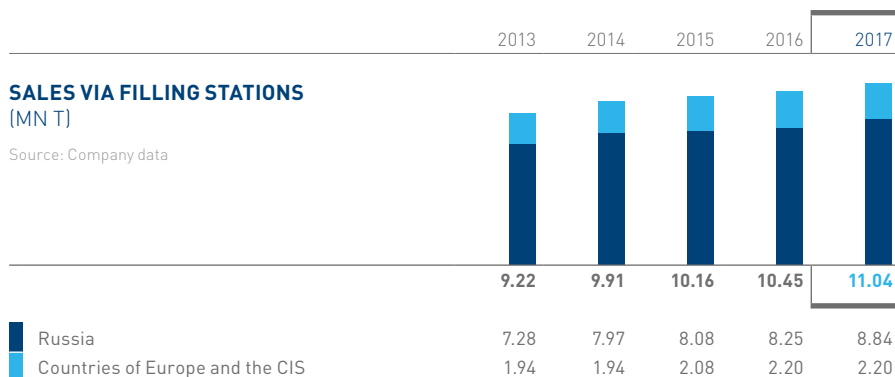
3

MIN
AVERAGE SERVICE TIME AT AUTOMATED FILLING STATIONS

Gazprom Neft is systematically switching its gas stations to an automated format of operations. Autonomous operations reduce direct costs by almost 45% per station.

All automatic filling stations are controlled centrally from a single dispatch centre that monitors all equipment and petroleum product quality parameters in real time. Even coffee machines at Gazpromneft filling stations are managed from a single automated centre that monitors compliance with the recipe and the number of cups sold.

The experience gained from introducing this system can be used in the future to create a single sales platform that unites all segments of the fuel sales chain. Any market participant could immediately get the needed solution using this digital platform. For the Company, this would translate into a multi-fold increase in the number and speed of transactions at minimum costs.



At the end of the year, total retail sales of motor fuels were up by 6.2% compared with 2016 and totalled 11.0 million tonnes, including 8.8 million tonnes in Russia.

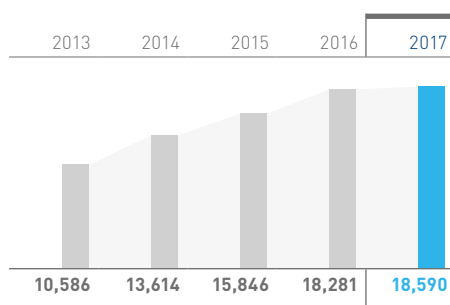
Average daily sales at one station in Russia increased by 4.1% in 2017 and amounted to 20.1 tonnes/day. Meanwhile, measures to optimize and improve the economic efficiency of the Gazpromneft petrol station retail network in CIS countries ensured an increase in daily petrol pumping in this region by 24.8% compared with 2016 to 18.6 tonnes. Average daily sales in European countries increased to 6.1 tonnes/day in 2017 (+3.4% versus 2016).

CROSS-SELLING

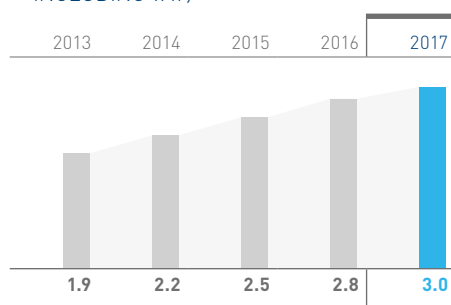
EFFECTIVENESS OF CROSS-SELLING IN RUSSIA AND CIS COUNTRIES

Source: Company data

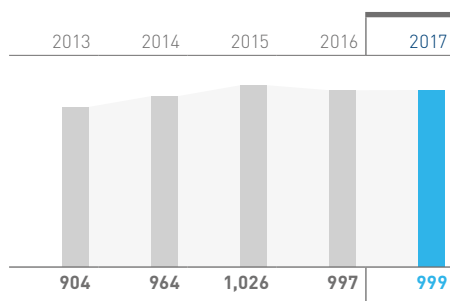
CROSS-SELLING REVENUE (RUB MN INCLUDING VAT)



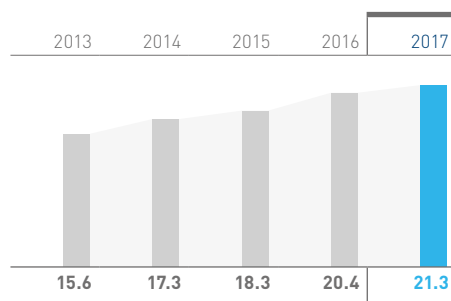
CROSS-SELLING REVENUE PER 1 T OF PETROLEUM PRODUCTS SOLD TO INDIVIDUALS (THOUSAND RUB INCLUDING VAT)



NUMBER OF FILLING STATIONS WITH A STORE AT END OF YEAR (STATIONS)



CROSS-SELLING REVENUE PER 1 M² OF COMMERCIAL SPACE (THOUSAND RUB INCLUDING VAT)



The Company is paying more and more attention to the development of cross-selling, which is one of the most promising segments of retail business in Russia and CIS countries. Total revenue via the 'Cross-selling Business' channel increased by 2% compared with the previous year and amounted to RUB 18.59 billion. The increase in cross-selling ensured growth in this business's key performance indicators (KPI).

The growth drivers included new café products, the use of point pricing, the development of the Company's own private label product range, the launch of new coffee machines with an expanded menu, and the development of the 'TV-Media' project.

LOYALTY PROGRAMME

The 'Going the Same Way' loyalty programme for clients of the Gazpromneft filling station network remains the undisputed leader among vertically integrated oil companies in terms of the number of members. The loyalty programme had 12.4 million cardholders in Russia and the CIS at the end of 2017, a 16.2% increase from 2016.

Loyalty programme members account for 83% of total sales to individuals at the Company's filling station network in the Russian Federation, a 3 p.p. increase compared with the previous year.

The NPS index – the key customer loyalty indicator for the Gazpromneft filling station network – was 59 points in 2017, which is two points higher than in 2016. This indicates that customers are highly willing to recommend the Gazpromneft filling station network.

Given the high level of competition on the retail petroleum products market, advertising and marketing activities remain the primary tool for maintaining loyalty among existing customers and attracting new ones. A total of 13 federal and regional advertising campaigns were conducted

in 2017 and the overall effect from these campaigns amounted to 67,200 tonnes of additional fuel sales. Marketing activities helped attract 440,400 new customers.

The Company launched the first targeted marketing campaigns (TMC) in 2017. A total of 11 CMCs were held from March to December 2017 and encompassed 3.2 million customers of Gazpromneft filling stations, or 74% of the network's active clientele. Additional fuel sales from targeted campaigns amounted to 114,000 tonnes.

BRANDED FUEL

SALES OF PREMIUM FUEL IN RUSSIA AND CIS COUNTRIES

Source: Company data

Indicator	2015	2016	2017
G-DRIVE 95 (THOUSAND T)	565	594	622
share of sales in the 95 petrol basket via filling stations (%)	27	27	27
G-DRIVE 98 (THOUSAND T)	63	62	64
share of sales in the 98 petrol basket via filling stations (%)	96	95	91
G-DRIVE 92 (THOUSAND T)	21	25	23
share of sales in the 92 petrol basket via filling stations (%)	1	1	1
G-DRIVE 100 (THOUSAND T)	-	-	2
share of sales in the 100 petrol basket via filling stations (%)	-	-	100

Branded G-Drive fuel was introduced to the Russian market in 2010 and from the very start of sales have become increasingly popular, in part thanks to the brand's promotion using the platform of the G-Drive Racing motor racing team, which has become a leader at global and European endurance racing championships.

The Company increased sales of premium branded fuel at its own filling stations by 4% in 2017. The total volume of branded fuel sales in Russia and CIS countries amounted to 711,000 tonnes last year, or 7.4% of total motor fuel retail sales. For the year, G-Drive accounted for every third litre of AI-95 and higher petrol sold at filling stations.

Number of filling stations offering branded fuel in 2017

1,182 +5%
STATIONS

In 2017, Gazprom Neft PJSC continued to actively develop its product line of branded motor fuel. The Company introduced new branded gasoline to the market – G-Drive 100, Opti 92, and Opti 95 – and also began promoting the Diesel Opti brand in several regions.

The number of filling stations offering branded fuel increased by 5% to 1,182 stations in 2017.

Premium petrol

Technology D.2



711,000

TONS

SALES OF BRANDED FUEL IN RUSSIA
AND THE CIS IN 2017



29%

PERCENTAGE OF BRANDED FUEL
IN SALES OF AI-95 AND HIGHER
PETROL

Gazprom Neft began selling G-Drive petrol with an octane rating of 100 in 2017. This premium product is designed for modern engines that have mostly been adapted to run on gasoline with an octane rating of 95 and above.

G-Drive 100 petrol improves car engine performance and increases its power and acceleration dynamics. In addition, this fuel cleans engines and provides protection against wear.

G-Drive fuel contains an active set of additives that increase engine efficiency. Its latest generation friction modifier helps to significantly improve efficient engine operation. The attributes of G-Drive 100 petrol have been confirmed by the National Scientific Research Institute for Oil Refining, a leading institute in the industry, while its compliance with European quality standards has been confirmed the prominent international laboratory SGS.

GAS ENGINE FUELS

SALES OF GAS ENGINE FUEL AND NUMBER OF VEHICLE STATIONS

Source: Company data

Indicator	2013	2014	2015	2016	2017
LPG (thousand t)	93	97	105	115	97
CNG (thousand m ³)	12,749	15,106	17,080	17,500	19,314
Number of VFS ¹	123	136	153	156	151
Number of NGVFS ²	4	7	7	7	7

Environmental friendliness and cost-effectiveness play a key role in municipal and commercial transportation in large cities, making these segments major consumers of gas engine fuels. Gazprom Neft pays close attention to developing sales of gas engine fuels, in particular liquefied petroleum gas (LPG) and compressed natural gas (CNG).

Sales of LPG decreased by 16% to 97,000 tonnes in 2017. The key reason for this was the optimization of the vehicle filling station network in CIS countries, which are a major market for LPG retail sales. Sales of CNG increased by 10% to 19.314 million m³ in the reporting year compared with 2016.

The number of vehicle filling stations under the Gazpromneft brand within multi-fuel filling complexes decreased by five to 151 stations in 2017.

¹ — Number of vehicle filling stations under the Gazpromneft brand within multi-fuel fuelling complexes.

² — Number of natural gas vehicle filling stations (NGVFS).