

KEY INDICATORS



LEADING POSITIONS IN HYDROCARBON PRODUCTION GROWTH

PROVEN HYDROCARBON RESERVES (PRMS-SPE)¹ (mn TOE)

2016	1,514
2015	1,518
2014	1,443
2013	1,343
2012	1,200

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 development. An increase in high-tech drilling and the use of tertiary methods to boost oil recovery has enhanced the efficient development of these reserves.

> For more, see the 'Raw materials base and production' section, p. 36

HYDROCARBON PRODUCTION (mn TOE)

2016	86.20
2015	79.70
2014	66.25
2013	62.26
2012	59.71

The launch of the Gates of the Arctic export terminal at the Novoportovskoye field, the start of production at the East Messoyakha field, increased output at the Prirazlomnoye field, Orenburg Region fields and SeverEnergy (Arcticgas), the consolidation of 50% of the production of Northgas CJSC, growth in the use of associated gas at fields in the Khanty-Mansi region and expanded production in Iraq all combine to provide the Company with high growth rates in hydrocarbon production volumes from year to year.

> For more, see the 'Oil and gas production' section, p. 36



BALANCED REFINING

OIL REFINING² (mn t)

2016	41.89
2015	43.07
2014	43.48
2013	42.63
2012	43.34

The volume of oil refined in 2016 was optimal given the existing demand and price situation for oil and petroleum products. The Company also increased the production volume of light petroleum products, while fuel oil and marine fuel accounted for the biggest decrease in output.

> For more, see the 'Oil refining' section, p. 40



STRONG FINANCIAL RESULTS DESPITE LOW OIL PRICES

SALES REVENUE (RUB mn)

2016	1,545,608
2015	1,467,943
2014	1,408,238
2013	1,267,603
2012	1,232,649

Sales revenue increased by 5.3% due to growth in the production and sales volume of the Company's own oil and oil acquired from third-party manufacturers, growth in petroleum product prices on the domestic market and a decrease in the customs duty rate for oil and petroleum products. Growth in revenue was also constrained by lower oil and petroleum product prices on global markets.

¹ Data does not include the reserves and production volume of NIS.

ADJUSTED EBITDA (RUB mn)

2016	456,198
2015	404,811
2014	342,614
2013	336,752
2012	323,106

Increasing hydrocarbon production, maintaining the Company's positions on petroleum product sales markets and management's actions to improve cost effectiveness and optimisation in 2016 led to a 12.7% increase (RUB 51.4 bn) in operating profit (EBITDA) in 2016 compared with 2015.

NET PROFIT (RUB mn)

2016	209,725
2015	116,198
2014	126,656
2013	186,720
2012	184,152

The growth in net profit was mainly due to an increase in EBITDA and positive exchange rate differences from the revaluation of the loan portfolio.

> For more, see the 'Financial results' section, p. 52

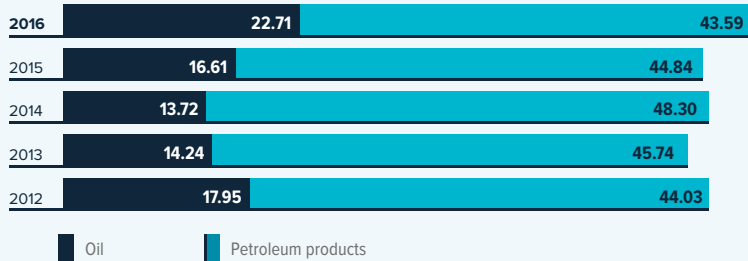
² At the Company's oil refineries and joint venture assets.



STRONG GROWTH IN OIL AND PETROLEUM PRODUCT SALES

OIL AND PETROLEUM PRODUCT SALES

(mn t)



The 36.7% year-on-year growth in oil sales is due to increased oil production at the Novoportovskoye, Pirirazlomnoye and Messoyakha fields, in Iraq and the Orenburg Region as well as a decrease in refining volumes in the Russian Federation.

The decrease in petroleum product sales in 2016 resulted from:

- > a decrease in refining volume;
- > a decrease in the sales volume of marine fuel due to diminished demand among ship owners for transit bunkering;
- > a decrease in jet fuel sales due to reduced demand for international travel and the suspension on charter flights to Turkey and Egypt.

> For more, see the 'Sale of oil and petroleum products' section, p. 43

SALES VIA PREMIUM CHANNELS

(mn t)



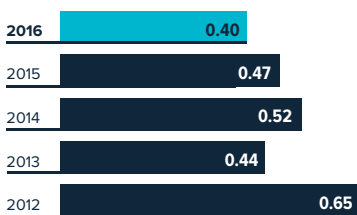
Sales volume via premium channels decreased by 2.1% year-on-year primarily due to a reduction in sales of marine fuel due to lower demand for transit bunkering from ship owners and the introduction of an excise tax on medium distillates. An effective marketing strategy led to a 3.7% increase in motor fuel sales despite an overall decline in demand on the market.

> For more, see the 'Sale of oil and petroleum products' section, p. 43

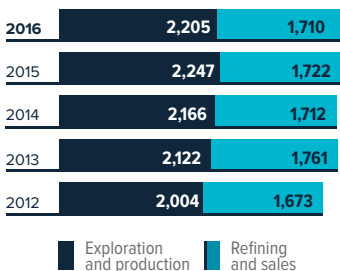


RESPONSIBLE APPROACH TO SUPPORTING PRODUCTION SAFETY, RESOURCES AND THE ENVIRONMENT

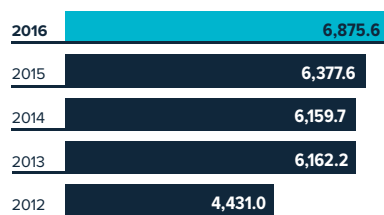
LTIFR INJURY RATE



ENERGY EFFICIENCY IN PRODUCTION AND REFINING (1,000 t of standard fuel)



EXPENSES ON SUPPORTING ENVIRONMENTAL SAFETY AND PROTECTION³ (RUB mn)



Production and environmental safety is a priority in the Company's activities. Gazprom Neft's strategy in industrial, environmental and occupational safety aims to achieve the 'Goal – Zero: No Harm to People, Objects or the Environment'.

SOCIAL INVESTMENTS⁴ (RUB mn)



³ This report presents updated statistics on environmental safety expenses taking into account the current overall expenses on all environmental protection activities and expenses on environmental services in accordance with state statistical reporting 4-OS 'Information about current expenses on environmental protection and environment payments'. The new form was approved by Order No. 387 of the Federal State Statistics Service dated 4 August 2016.

The information is presented without taking into account expenses on capital construction, reconstruction and the repair of fixed assets which had a positive environmental effect.

⁴ Includes social projects, volunteer and charitable events and grant contests.