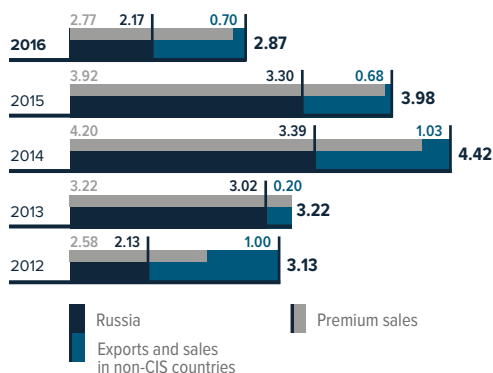


## BUNKERING

### BUNKERING (mn t)

Source: Company data



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, Gazprom Neft 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 in the port of Constanta (Romania) and the port of Tallinn (Estonia). The Company's fleet consists of nine bunkering tankers.

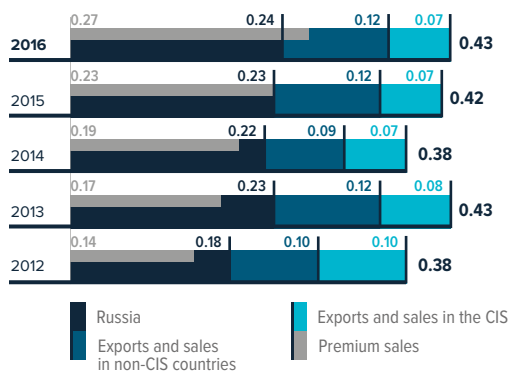
Gazprom Neft further expanded the geography of its operations last year as it started providing bunkering for the Arctic fleet transporting oil from the Novoportovskoye field and also conducted its first bunkering at the ports of Ust-Luga and Bronka (St. Petersburg).

The domestic bunkering market continued to shrink in 2016 due to diminished demand for bunkering from companies that own major container vessels. As a result, market capacity decreased by 25.3%. As of the end of the year, the Company's market share stood at 19.1%.

## OILS AND LUBRICANTS PRODUCTION AND SALES

### OILS AND LUBRICANTS SALES (mn t)

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. Growth in the premium sales of lubricant materials was due to an expansion in sales channels and geography as well as the continued process of import substitution. Despite an overall decline in the market's capacity by 1.1% in 2016, the Company managed to increase its market share by 2.9 percentage points to 20%. Premium sales grew by 16% over 2015, while sales of the G-Family brand increased by 31%.

In 2016, the Company significantly expanded the range of lubricants it supplies to the market through the acquisition of the Rospolikhim group of companies, a developer and manufacturer of specialised lubricants. The acquisition of Rospolikhim made it possible to start supplying lubricants for pipe-rolling production (including the pipeline projects of Gazprom PJSC) special machinery working in the Far North and plastic manufacturing. As a result of this acquisition, Gazprom Neft became the only Russian manufacturer of extreme pressure oils that are used in the manufacture of large-diameter pipe and also acquired a significant share of the domestic market in the plasticiser segment for the chemical industry.

The geographical presence of Gazprom Neft oils increased to 65 countries over the last year. Gazprom Neft began supplying oils to such countries as Colombia, Vietnam, South Korea, Poland, South Africa and the United Arab Emirates.

In 2016, the Company continued actively developing the international chain of G-Energy Service premium branded service stations. The number of service stations in the Company's network increased from 26 to 70 stations as of the end of the year. Today, the service stations of G-Energy Service operate in nine countries, including Russia, CIS countries (Kazakhstan, Belarus and Armenia), Georgia and European nations (Italy, Hungary, Greece and Bosnia and Herzegovina).

↑ 2.9 p.p.

**20.0%**

market share of the Russian Federation<sup>1</sup>

↑ 2.9 p.p.

**70**

stations  
branded partner service stations