

OIL SALES

Oil sales increased by 36.7% in 2016 compared with 2015 to 22.71 million tonnes, in particular:

- > the growth in exports to non-CIS countries is attributable to increased oil production at the Novoportovskoye and Prirazlomnoye fields and the start of production at the Messoyakha field;
- > the growth in international sales is the result of increased production in Iraq;
- > the higher sales in the Russian Federation is due to the improved efficiency of trading operations on the domestic market and increased production in the Orenburg region;
- > the reduction in exports to the CIS is attributable to a reduction in the schedule for oil supplies to the Republic of Belarus.

GAS SALES

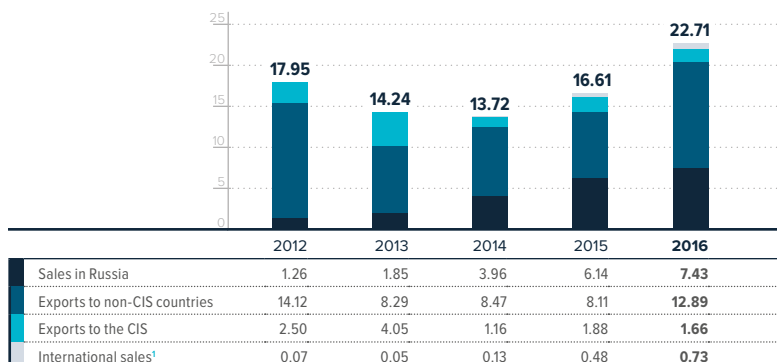
International sales refer to gas sales by Gazprom Neft's foreign subsidiaries.

PETROLEUM PRODUCT SALES

The Company sold 43.6 million tonnes of petroleum products in 2016, a 2.8% decrease from 2015. On the domestic market, the Company's sales units sold 27.11 million tonnes of petroleum products (-1.4% versus 2015). At the same time, motor fuel sales increased by 2.7% on the domestic market to 16.82 million tonnes. The decline in petroleum product sales on the domestic market was primarily caused by a reduction in marine fuel sales due to decreased demand. Despite the decrease in petroleum product consumption domestically in 2016, Gazprom Neft increased sales of bitumen

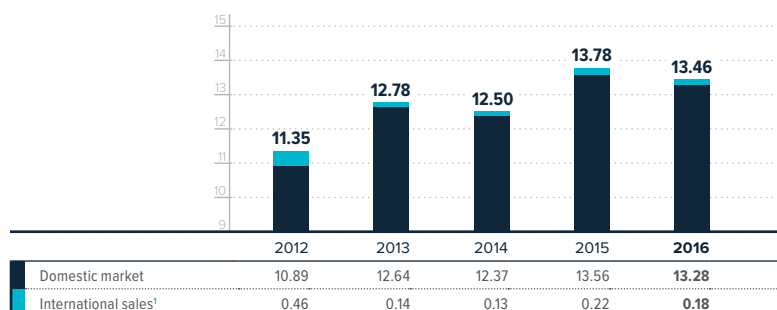
OIL SALES (mn t)

Source: Company data



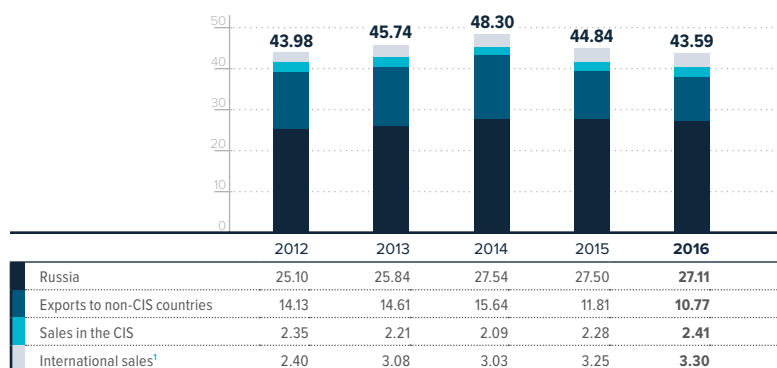
GAS SALES (bn m³)

Source: Company data



PETROLEUM PRODUCT SALES BY REGION (mn t)

Source: Company data



¹ International sales refer to sales by Gazprom Neft's foreign subsidiaries.

products and lubricants as well as motor fuel via small-scale wholesale and retail distribution channels.

Petroleum product exports to non-CIS countries declined by 1 million tonnes to 10.8 million tonnes in 2016. The main reasons for the lower exports are:

- > a decrease in fuel oil sales due to the reduced production of dark petroleum products;
- > a reduction in jet fuel sales as a result of lower demand for international travel (a decrease in tourism traffic).

SALES STRUCTURE BY CHANNEL

Premium sales decreased by 2.1% to 25.16 million tonnes during the reporting period due to the ongoing negative trends on the jet fuel supply and bunkering markets in Russia. The capacity of the retail markets for jet fuel and bunkering shrank by 7.7% and 25.3%, respectively.

Nevertheless, the Company's successful development of premium sales channels and expansion in the geography of supplies and the range of premium products it manufactures made it possible to increase its share on the retail markets for most petroleum products, including the markets for aviation kerosene, lubricants and premium bitumen materials.

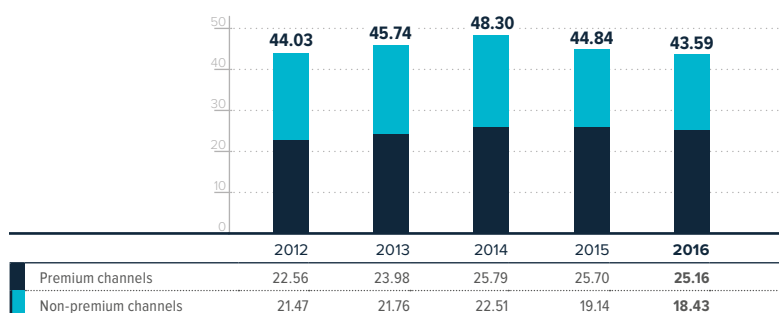
Premium sales:

- > sales of petroleum products via premium distribution channels for retail and small-scale wholesale. This group includes all petroleum product sales via filling stations and petroleum storage depots as well as wet wing aircraft fuelling, ship fuelling and small-scale wholesale from refuelling complexes at airports and port terminals;
- > sales of packaged petroleum products. This group covers all sales of oils in barrels and cans as well as bitumen sales in clovertainers, among other sales;

- > sales of premium petroleum products, i.e. petroleum products that generate added value due to the presence of certain qualitative features compared with other products of their kind. This group includes the sale of premium bulk lubricants (Gazpromneft, G-Family, Texaco), premium bituminous materials (polymer-bitumen binders, PMB, bituminous emulsions, etc.) and the possible wholesale of premium motor fuels – G-Drive, etc.

SALES STRUCTURE BY CHANNEL (mn t)

Source: Company data



SALES STRUCTURE BY PRODUCT (mn t)

Source: Company data

