

CREATION OF LONG-TERM ADVANTAGES

KEY CHALLENGES

CHANGES IN THE GLOBAL HYDROCARBONS MARKET AS WELL AS THE STATE OF THE RUSSIAN ECONOMY POSE SPECIFIC CHALLENGES FOR THE COMPANY.

1

LOW PRICES IN THE OIL AND PETROLEUM PRODUCTS MARKET

2

GROWING TAX BURDEN IN THE OIL AND GAS SECTOR

3

STAGNATION IN DOMESTIC PETROLEUM PRODUCT CONSUMPTION IN THE RUSSIAN FEDERATION

RAPID ADAPTATION TO EXTERNAL CHALLENGES

Given the financial instability and economic slowdown, the Company's efficiency has become the key to its sustainability and business longevity. Over the past two years, the Company has made significant progress in matters concerning production safety, has also become the leader in operating efficiency in Russia and is now committed to becoming one of the global leaders in terms of efficiency. As part of developing this area, the Company is introducing the ETALON operating activities management system, which contributes to the overall development of the organisation and covers such important areas as improving safety at work, reliability of assets and efficiency, and optimizing the Company's operations as a whole. ETALON is designed to integrate these activities into a single system and strengthen the links between various systems, standards and regulations.

Despite the unfavourable market situation, the Company has demonstrated stable positive dynamics in its production and operating performance and is steadily moving towards its strategic goals. Thanks to a highly efficient business model and timely response to external changes, the Company has maintained stability and investment appeal. The outlook for achieving its strategic goals remains positive.

> EXPLORATION AND PRODUCTION

- > Monitoring of expenses, optimisation of the development of mature fields and the implementation of import substitution programmes
- > Development and replication of new technologies in order to increase the oil recovery factor and integrate hard-to-recover reserves into development
- > Development of major projects on land (Novy Port and Messoyakha, among others) and projects on the shelf of the Russian Federation
- > Expanding competencies to work with unconventional reserves

> REFINING AND SALES

- > Implementation of oil refinery modernisation projects
- > Development of premium sales channels and maximising added value as part of the existing petroleum products resources

> GENERAL AREAS OF WORK

- > Cooperation with government authorities on the reform of the fiscal system and matters concerning the development of the industry.
- > Improvements to the operational activity management system and maximising operating efficiency by enhancing the reliability and safety of production and also involving employees in the culture of continuous improvements. The 'Goal – Zero' is highlighted separately as part of systematic improvements to ensure a continuous improvement in safety levels and consistently reduce accident rates, occupational injuries and occupational diseases.

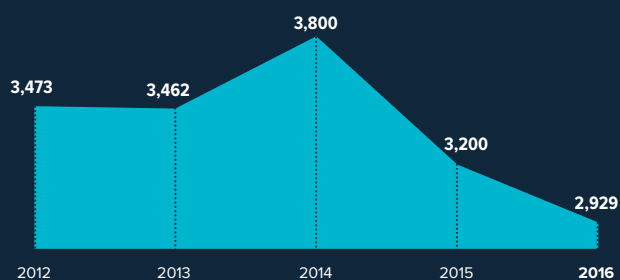
ADVANTAGES OF THE BUSINESS MODEL IN STRATEGY IMPLEMENTATION

EFFICIENCY IN A WIDE RANGE OF OIL PRICES

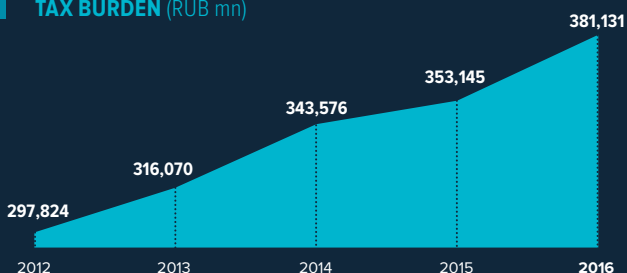
Gazprom Neft's vertically integrated business model comprised of two enlarged segments – Upstream and Downstream – is well-balanced. Any change in oil prices increases profitability in one of the segments.

By consistently developing advantages in each segment, Gazprom Neft achieves the best operating efficiency among Russian VIOCs.

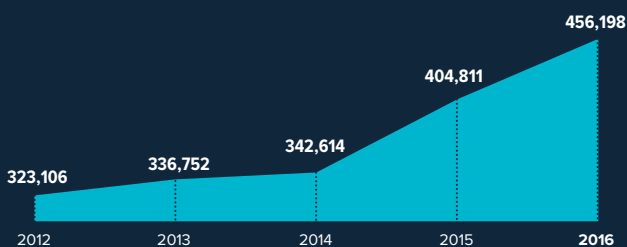
> BRENT OIL PRICES (RUB/barrel)¹



> TAX BURDEN (RUB mn)



> ADJUSTED EBITDA (RUB mn)



KEY SUCCESS FACTORS

> EXPLORATION AND PRODUCTION

- > Growth in production by launching new projects
- > Maintaining production levels at mature fields through technological solutions
- > Enhancing drilling efficiency by using new technologies
- > Portfolio of promising projects to further increase production

> REFINING AND SALES

- > Among the highest oil refining efficiency indicators in Russia
- > Favourable positioning of oil refineries making it possible to sell 100% of petroleum products
- > Company-owned network of high-margin sales and product distribution centres

¹ In accordance with the average weighted RUB/USD exchange rate based on Bank of Russia data.