



OIL REFINING

STRATEGIC OBJECTIVES

KPI for 2025

40

mn t

oil refining volume
in Russia

95%

refining depth
in Russia

80%

yield of light
petroleum products
in Russia

Implementing programmes to modernise oil refining facilities as well as growth in operating efficiency remain strategic priorities for Gazprom Neft as it develops its oil refining business in Russia. The Company has completed the first stage of the extensive modernisation of its oil refineries, which aims to improve the quality of the petroleum products it manufactures. All the motor fuels it produces correspond to fifth-class emission standards. The Company continues to implement key projects in the second stage of the modernisation programme, which aims to increase oil refining depth and expand the yield of light petroleum products. Work is also being continued on projects to improve operating efficiency and to mitigate the Company's environmental impact.

MILESTONES OF 2016

Continuation of the oil refinery modernisation programme:

- > Active construction of the Euro+ complex and the Biosphera biological treatment complex at the Moscow Oil Refinery
- > Design documentation drafted for the deep oil refining complex and construction launched on a primary oil refining complex at the Omsk Oil Refinery



SALES

STRATEGIC OBJECTIVES

KPI for 2025

100%

volume of products manufactured at the Company's Russian oil refineries sold via its high-margin sales channels

Gazprom Neft has two main sales segments: the sale of motor fuels via the Gazpromneft filling station network and Small-scale wholesale channels as well as the sale of petroleum products to industrial consumers. Specialised goals have been set for each segment. The target scale of Gazprom Neft's sales business should ensure the ability to sell 100% of the petroleum products it manufactures on the market via its own sales channels for maximum coverage of the entire value chain in the oil business.

DYNAMICS OF KEY INDICATORS

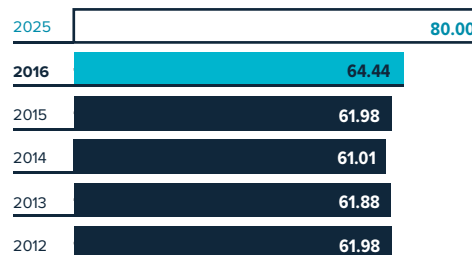
OIL REFINING VOLUME AT RUSSIAN OIL REFINERIES (mn t)



REFINING DEPTH AT RUSSIAN OIL REFINERIES (%)



YIELD OF LIGHT PETROLEUM PRODUCTS AT RUSSIAN OIL REFINERIES (%)



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

SALE OF MOTOR FUELS

STRATEGIC OBJECTIVES

KPI for 2025

19
mn tpremium sales
in Russia and the CIS**1,650**
stationsnumber of retail network
stations in Russia and the CIS,
including franchises

Gazprom Neft plans to increase the total volume of motor fuel sales in Russia and the CIS by 2025 primarily due to growth in the retail sales channel.

MILESTONES OF 2016

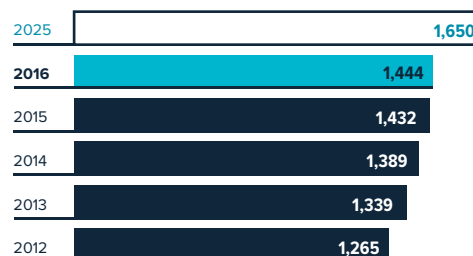
Filling stations:

- > The Company's filling station network in the Russian Federation increased by 55 stations last year and included 1,244 filling stations at the end of 2016. The total number of Gazpromneft filling stations in all regions of operation grew to 1,868
- > The Company has 839 filling stations with a convenience store in the Russian Federation. Revenue from cross-selling goods and services totalled RUB 16.2 billion in 2016 (+15% versus 2015)
- > Successful implementation of a project to transfer filling station convenience stores to the management of the professional retailer Stop Express
- > Approval of the new 'Both Better and Cheaper' communications platform;
- > The 'Going the Same Way' loyalty programme was put online. The total number of loyalty cards surpassed 7.7 million

Corporate sales:

- > Mobile app launched for corporate clients
- > The Company achieved the best corporate client satisfaction level among VIOC – 52.5 p.p. using NPS methodology (client satisfaction index)
- > 599,000 fuel cards accepted at more than 2,370 of the Company's own and partner filling stations in 77 regions of the Russian Federation

DYNAMICS OF KEY PERFORMANCE INDICATORS

NUMBER OF FILLING STATIONS¹ IN RUSSIA AND THE CIS (stations)

¹ Number of filling stations at the end of the year including franchises.

PREMIUM SALES VOLUME², RUSSIA AND THE CIS (mn t)

² Retail market sales.

> For more, see the 'Motor fuel and filling stations' section, p. 46

PETROLEUM PRODUCTS SALES TO INDUSTRIAL CONSUMERS BY PRODUCT BUSINESS UNITS

STRATEGIC OBJECTIVES

KPI for 2025



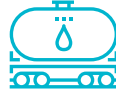
5.5
mn t

sales of jet fuel in Russia and on the global market



3.4
mn t

sales of marine fuel in Russia and on the global market



2.3
mn t

sales of bitumen in Russia and on the global market



1.37
mn t

sales of petrochemical products in Russia and on the global market



0.75
mn t

sales of oils and lubricants in Russia and on the global market

In an effort to improve the efficiency of petroleum product sales, Gazprom Neft has spun off separate business units to sell jet and marine fuel, lubricants and bitumen materials, and petrochemical products and LPG.

The Company plans to further increase sales in the business units and boost its market share. In addition, Gazprom Neft plans to introduce new products to the market and also develop its distribution capacity.

JET FUEL SALES

STRATEGIC OBJECTIVES

Development of the Company's own distribution network:

- > To expand the activities of jet fuel supply facilities in the Russian Federation by building and acquiring refuelling complexes in target Russian regions
- > To expand the activities of jet fuel supply facilities abroad by developing reselling and acquiring refuelling complexes in target regions abroad

Expansion of the product range:

- > To produce jet fuel on a give-and-take basis and promote it in the sales network
- > To promote the RT brand in the sales network

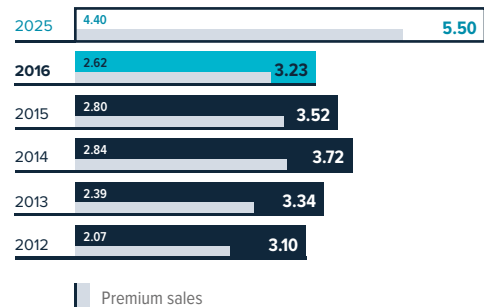
MILESTONES OF 2016

The sales network in the Russian Federation was increased to 56 refuelling complexes and:

- > A transaction was concluded to acquire three refuelling complexes at airports in the Chukotka Autonomous District: Anadyr, Pevek and Kerpeyevm
- > The Company organised wet wing aircraft fuelling at airports in Yekaterinburg and Saransk

DYNAMICS OF KEY INDICATORS

JET FUEL SALES (mn t)



For more, see the 'Aircraft fuelling' section, p. 49

BUNKERING

STRATEGIC OBJECTIVES

Development of the bunkering fleet:

- > Renovations to the fleet of bunkering vessels
- > Implementation of a liquefied natural gas (LNG) project: construction of LNG bunkering vessels prior to 2025

Outsourcing:

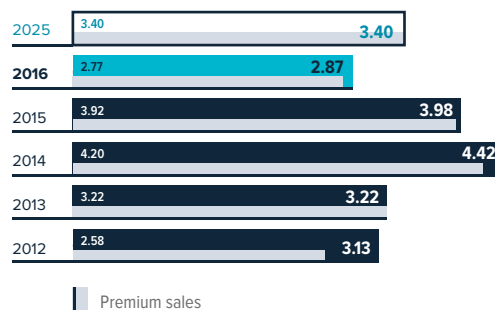
- > Active work with fuel oil outsourcing starting in 2021 due to the implementation of a modernisation programme at the Company's oil refineries

MILESTONES OF 2016

- > A five-year fuel supply contract was extended with one of the world's largest container carriers ZIM Integrated Services
- > Six Gazpromneft Marine Bunker bunkering vessels were inspected according to Shell and ExxonMobil standards, creating additional growth of 42,000 tonnes in retail sales
- > Gazprom Neft was the first among all bunkering companies to conduct bunkering at the new Bronka port
- > The Company conducted pilot integrated bunkering of marine oils and fuel at the Ust-Luga port
- > The capacity of the transshipment terminal in St. Petersburg was increased by 120,000 tonnes of petroleum products
- > Bunkering operations were established with the Nord handling complex for Arctic fleet vessels

DYNAMICS OF KEY INDICATORS

MARINE FUEL SALES (mn t)



> For more, see the 'Bunkering' section, p. 50

LUBRICANTS

STRATEGIC OBJECTIVES

Development of production:

- > To increase the range of different groups of oils at Slavneft-YANOS and the Omsk Lubricants Plant
- > To modernise the production facilities of the Moscow Lubricants Plant

Development of premium sales:

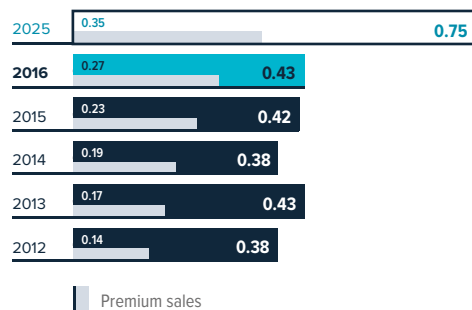
- > To enter new oils segments for the pipe and oil and gas industries
- > To expand the range of synthetic oils
- > To develop an international network of branded service stations

MILESTONES OF 2016

- > A programme was continued to develop a premium network of branded service stations: the Company has a total of 70 service stations
- > The number of countries in which the Company operates was increased to 65
- > The Company acquired the asset Rospolikhim – a plant that manufactures special oils to meet the needs of the Gazprom Group – as well as metallurgical enterprises
- > The Company continues to develop an import substitution programme: it concluded agreements with a number of regions in 2016 under which more than 1,500 tonnes of premium oils were supplied to replace imported oils

DYNAMICS OF KEY INDICATORS

SALES OF OILS AND LUBRICANTS (mn t)



> For more, see the 'Oils and lubricants production and sales' section, p. 50

BITUMEN MATERIALS

▶ STRATEGIC OBJECTIVES

Expansion in the product range:

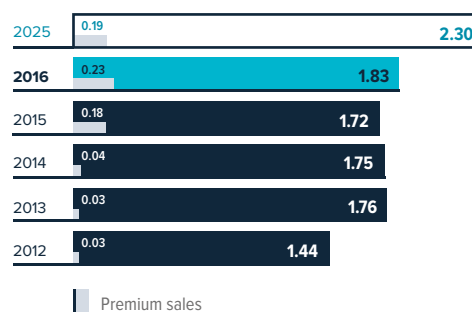
- > To increase the range of bitumen produced at the Company's oil refineries
- > To manufacture a product range that meets the new industry standards
- > To develop the Scientific Research Centre

▶ MILESTONES OF 2016

- > The number of foreign markets was increased to 21
- > The Company organised the work of a unique inter-industry Scientific Research Centre at the site of the Ryazan Bitumen Materials Plant
- > The Company acquired the asset NOVA-Brit LLC – a plant that manufactures high-tech bitumen derivative materials
- > An agreement was concluded with FSUE Civilian Airport (Airfield) Administration and FSUE Main Road and Airfield Construction Department under the Russian Federal Agency for Special Construction on the use of innovative products in road and airfield construction

▶ DYNAMICS OF KEY INDICATORS

TOTAL SALES OF BITUMEN MATERIALS (mn t)



▶ For more, see the 'Bitumen materials' section, p. 51