

Sale of petroleum products by the filling station network and by product business units

GOALS AND RESULTS IN 2015

Goals	Results
Continued development of the filling station network: purchase of 21 stations, construction of 12 stations, and rebranding of three stations (not including in Europe)	The number of filling stations in operation in Russia and the CIS increased by 43 stations. The Company acquired 11 filling stations, built 11, rebuilt 24 and rebranded 12.
CONTINUED DEVELOPMENT OF:	
➤ AVIATION FUEL – network of refuelling stations	The sales network of CJSC Gazpromneft-Aero is the largest among Russian VIOCs and consists of 41 refuelling complexes in Russia and the CIS. Over the last year, the Company expanded the geography of sales on the internal and external markets. Aircraft are refuelled in 62 countries (210 airports) compared with 59 countries (198 airports) in 2014.
➤ BUNKERING – network of terminals and the Company's own fleet	LLC Gazpromneft Marine Bunker has a broad geographic reach that covers 20 sea and 14 river ports in Russia and also operates at three foreign ports – Tallinn, Riga and Constanta. Over the last year, the Company: <ul style="list-style-type: none"> ➤ began bunkering at the Omsk river port; ➤ expanded the line of marine fuels and offered its customers a new type of ultra-low-sulphur fuel oil (ULSFO); ➤ commissioned the new Gazpromneft Omsk large-tonnage bunkering tanker.
➤ OILS AND LUBRICANTS – modernisation of production and diversification of range	The Omsk lubricants plant launched a new lubricant production facility with capacity of 5,000 tonnes per year and developed the production of 73 types of new products, including 12 high-tech lubricants.
➤ BITUMEN MATERIALS – reaching target markets	A number of strategic agreements were signed during the reporting year on cooperation with the governments of the Stavropol Region and YNAD, the company Northern Capital Highway as well as the Kazakhstan Road Research Institute (KRRI). Two experimental sections were built outside of Russia for the first time – in the northern and southern part of the Republic of Kazakhstan. In 2015, the Company began developing exports and supplied polymer bitumen materials to the foreign markets of eight European and Central Asian countries. The Omsk Oil Refinery shipped cumulative coke to China for the first time.

SALES OF PETROLEUM PRODUCTS VIA THE FILLING STATION NETWORK

Developing the petroleum product retail sale segment is one of the key priorities of the Company's business. The Company believes having its own national brand with a high level of brand awareness and trust in the quality of its products – the Gazpromneft filling station network – will help achieve one of its strategic goals of becoming a leader in Russia and the CIS in terms of the volume of retail sales and the efficiency of the filling station network by 2025.

In 2015, the Company's share on the retail motor fuel market in the regions where it operates increased 1.3% to 27.8%.

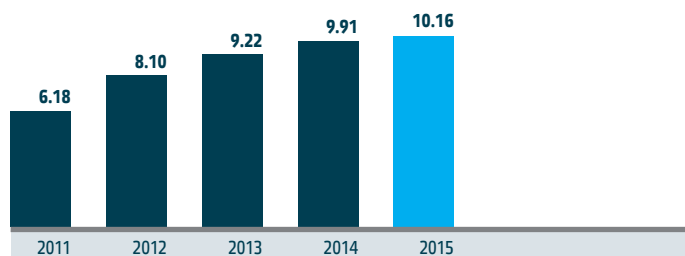
During the reporting period, Gazprom Neft continued implementing projects to sell premium branded fuel at its filling stations. In 2015, 565,000 tonnes of premium class G-Drive 95 fuel were sold, or 27% of the overall sales of Ai-95 fuel. Sales of G-Drive 98 premium class motor fuel totalled 63,000 tonnes in 2015.

The Company is developing sales of gas motor fuels, in particular LPG and CNG (liquefied petroleum gas and compressed natural gas), to increase the environmental friendliness and economic efficiency of transportation. These factors are particularly important for municipal and commercial transport in major cities, which offer broad prospects for using this type of fuel.

The Company sold 12,000 tonnes of CNG and 105,000 tonnes of LPG in 2015, an increase of 15% and 7%, respectively, compared with 2014.

SALES VIA FILLING STATIONS IN RUSSIA AND ABROAD // mn t

Source: Company data



63,000 t $\nearrow 11\%$
of G-Drive 98 premium class motor fuel sales in 2015

565,000 t $\nearrow 11\%$
of G-Drive 95 premium class motor fuel sales in 2015

12,000 t $\nearrow 15\%$
of CNG sold by the Company in 2015

105,000 t $\nearrow 7\%$
of LPG sold by the Company in 2015

SALES OF PREMIUM PRODUCTS

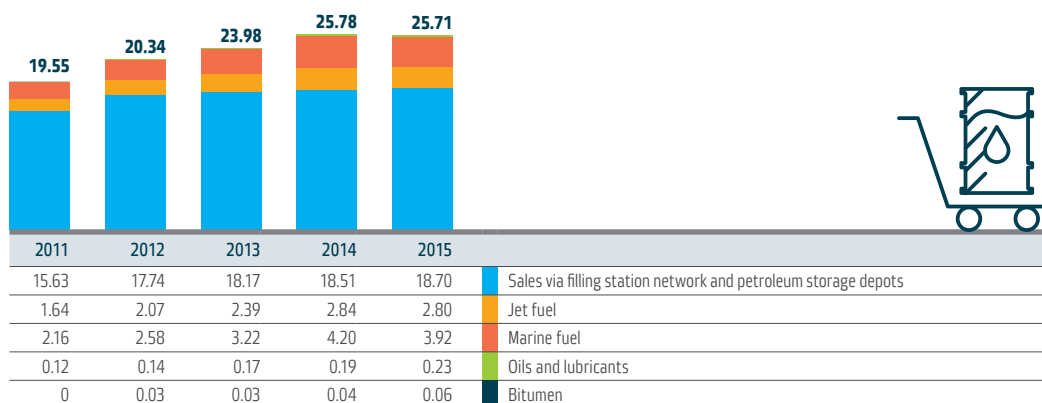
Despite an overall decline in the market's capacity in all business segments in 2015 and a reduction in funding for the road industry, the Company managed to not only maintain leading positions, but increase its market share in this segment.

In the reporting year, Gazprom Neft increased sales of premium bitumen products due to the improved productivity of the Company's Ryazan Bitumen Materials Plant following the modernisation of production facilities and an expansion in the range of products that comply with Russian and international quality standards.

Sales of lubricants grew thanks to the development of premium sales channels, the expanded geography of sales and the active implementation of an import substitution programme.

TOTAL PREMIUM SALES BY PRODUCT BUSINESS UNITS IN RUSSIA AND ABROAD¹ // mn t

Source: Company data



25.71 mn t
total sales via premium channels in 2015



CONTEST VICTORY

The products manufactured by Gazprom Neft's Ryazan Bitumen Materials Plant won the "100 Best Russian Products" contest. Two product lines were given high praise: innovative and traditional bitumen materials - polymer-bitumen binders (PBB) and viscous road construction bitumen.



¹ Premium sales include:

– sales of petroleum products via premium sales channels – retail and small wholesale.

This group includes all petroleum product sales via petrol stations and petroleum storage depots as well as aircraft and ship fuelling and small wholesale from refuelling complexes at airports and from terminals at ports;

– sales of packaged petroleum products.

This group includes all sales of oils in barrels and canisters, sales of bitumen in clovertainers, etc.;

– sales of premium petroleum products, i.e. petroleum products that generate additional value due to the existence of certain high-quality advantages over other products of its kind.

This group includes sales of bulk premium lubricants (Gazpromneft, G-Family, Texaco), premium bitumen materials (PBB, polymer-modified bitumens, bitumen emulsions, etc.) as well as possible wholesales of the premium motor fuels G-Drive, etc.

SHARES OF THE RUSSIAN MARKET OCCUPIED BY GAZPROM NEFT BUSINESS UNITS IN 2014-2015 // %

Business unit	Change in market capacity	Change in market share		
		2014	2015	Deviation
AERO	-10	25.2	26.3	1.1 p.p.
Marine Bunker	-13	18.5	21.0	2.5 p.p.
Lubricants	-5	13.6	17.1	3.5 p.p.

AGREEMENT ON COOPERATION

In 2015, Gazprom Neft, SIBUR and Kazakhstan Road Research Institute (KRRI) signed an agreement on the use of polymer bitumen materials in the road industry of Kazakhstan. As part of this cooperation, two experimental road sections were built outside of Russia for the first time using polymer-bitumen binders (PBB) produced by the Company. These materials have better quality indicators compared with traditional bitumen: increased resistance to deformation, improved properties at high and low temperatures and increased resistance to aging. During the road operation process, the parties will analyse the condition of the roadbed to compare the surface conditions using PBB and traditional bitumen. The monitoring results will demonstrate the advantages of using PBB on motorways with high traffic intensity and in harsh climatic conditions and helped draft requirements for binders taking into account the experience of their use in Kazakhstan.

DMITRY ORLOV

CEO of Gazpromneft-Bitumen Materials

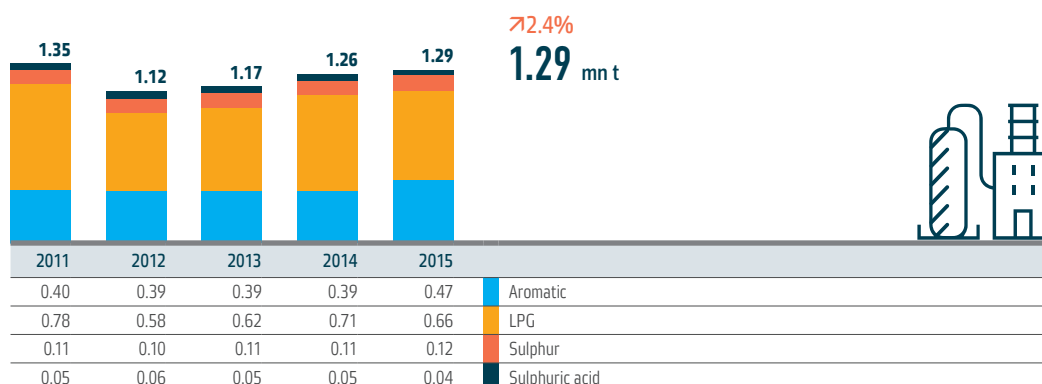


"Gazprom Neft is one of the leaders in bitumen production and sales in Russia and Kazakhstan. We are consistently working to build long-term partnership relations with the consumers of our products and the government authorities in all regions of operation. Cooperation with Kazakhstan Road Research Institute is an important step towards applying the newest technologies in road construction in the country. I am confident that using PBB on the public roads of Kazakhstan in the harsh climatic conditions will promote the development of the nation's road industry".

Petrochemistry

PRODUCTION OF BASIC PETROCHEMICALS PRODUCTS // mn t

Source: Company data



20%

Company's share of the Russian petrochemicals market by sales of aromatic hydrocarbons in 2015

38%

Company's share of the Russian petrochemicals market by sales of propane-propylene fraction in 2015