1Q 2017 IFRS FINANCIAL AND OPERATING RESULTS

St Petersburg – May 24, 2017

Agenda

Highlights, Financials

Alexey Yankevich
Member of the Management Board, CFO

Upstream

Alexander Mikheev
Head of Economics and Investment Department, Upstream

Downstream

Vladimir Konstantinov
Head of Economics and Investment Department, Downstream

Disclaimer

The presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries.

All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''intend'', ''may'', ''plan'', ''objectives'', ''outlook'', ''probably'', ''project'', ''will'', ''seek'', ''target'', ''risks'', ''goals'', ''should'' and similar terms and phrases.

There are a number of factors that can affect the future operations of Gazprom Neft and can cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation):

(a) price fluctuations in crude oil and oil products

(b) changes in demand for the Company's products

(c) currency fluctuations

(d) drilling and production results

(e) reserve estimates

(f) loss of market and industry competition

(g) environmental and physical risks

(h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions

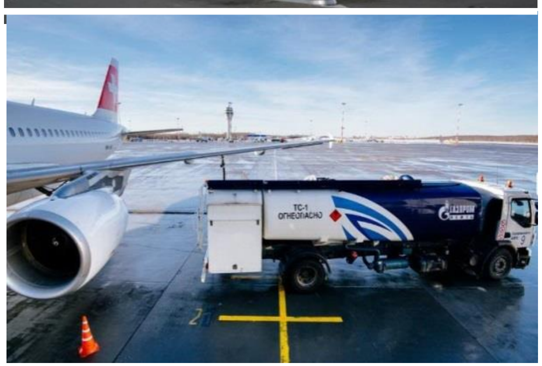
(i) economic and financial market conditions in various countries and regions

(j) political risks, project delays or advancements, approvals and cost estimates

(k) changes in trading conditions

All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on these forward-looking statements. Each forward-looking statement speaks only as of the date of this presentation. Neither Gazprom Neft nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

1Q17 highlights



1Q17 Financial performance:

- Sales: RUB **469** bln (**+28.0%** y-o-y)
- EBITDA*: RUB **118** bln (**+22.2%** y-o-y)
- Net Income: RUB **62** bln (**+49.1%** y-o-y)

Operational progress in 1Q17:

- Hydrocarbon production up **4.8%** MMToe y-o-y, (**5.8%** y-o-y, kboepd)
- Refining volumes down **14.2%** y-o-y due to scheduled repairs at refineries
- Average throughput per filling station in Russia increased by **5.9%** y-o-y

1Q17 vs. 4Q16

- Sales down **1.2%**
- EBITDA* down **10.3%**
- Net Income up **17.6%**
- Hydrocarbon production down **3.2%** MMToe, (**1.1%** q-o-q, kboepd)
- Refining throughput down **17.8%**

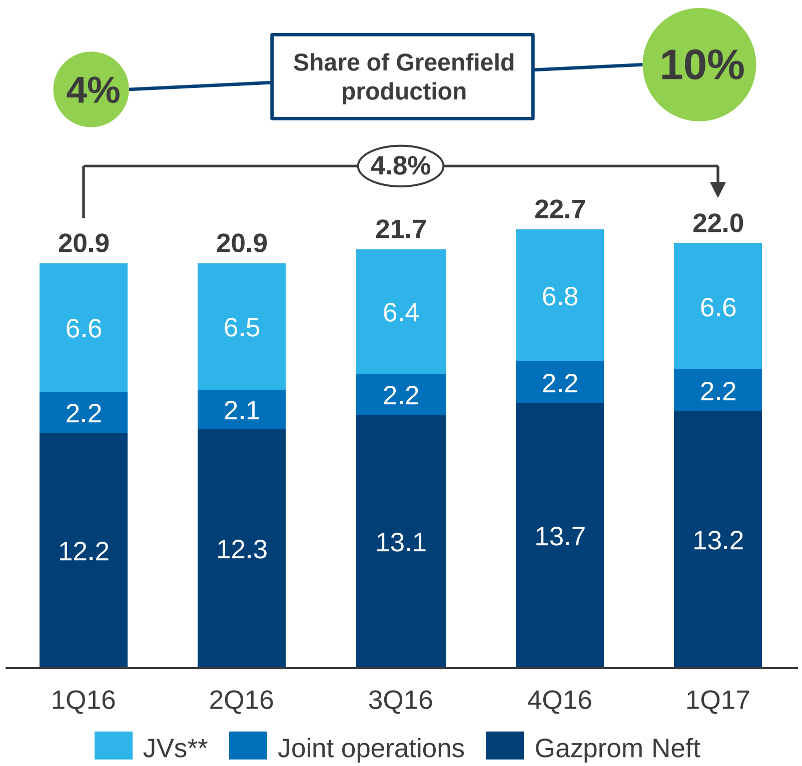
** Including GPN share in EBITDA of associates and joint ventures*

Exploration and Production

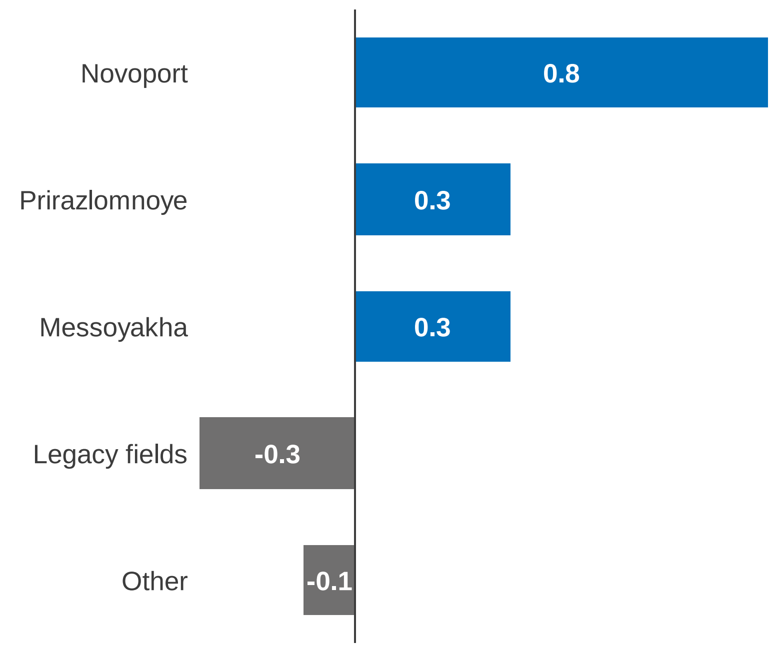
Production growth driven by major startups y-o-y

Strong production growth y-o-y, driven by new project startups; seasonal decrease in production q-o-q

Hydrocarbon production, MMtoe

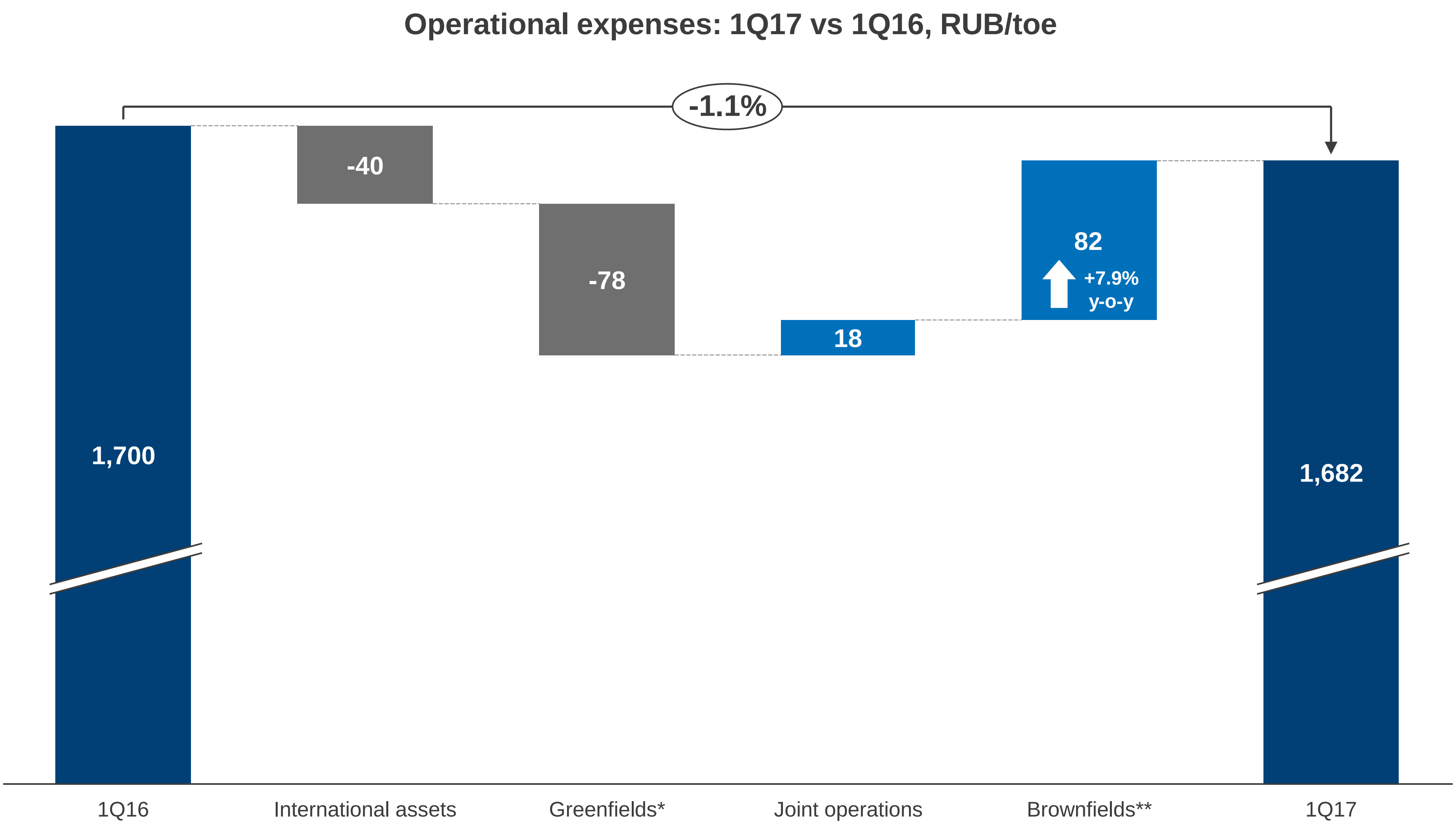


Production growth reconciliation, MMtoe



**Joint operations: proportionally consolidated companies (Tomskneft, SPD)*
*** Joint ventures: equity accounted entities (Slavneft, SeverEnergia (Arcticgas), Northgas and Messoyakhaneftegas)*

Greenfields drive Upstream OPEX down

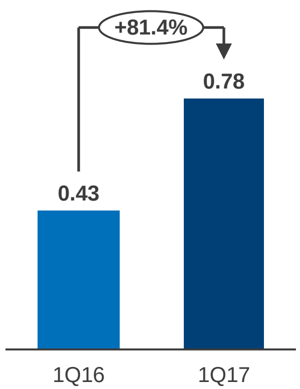


** Novoport, Prirazlomnoye, Orenburg*
***NNG, MN, Khantos, Vostok,*

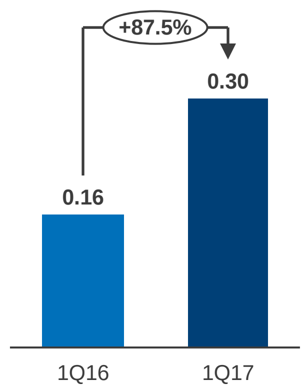
Production at greenfields is ramping up

Crude oil production, MMTonnes

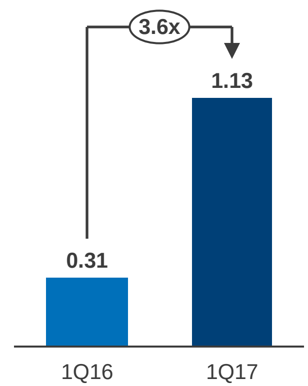
Prirazlomnoye



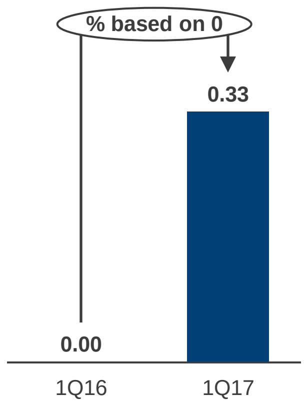
Iraq



Novoportovskoye



Messoyakha



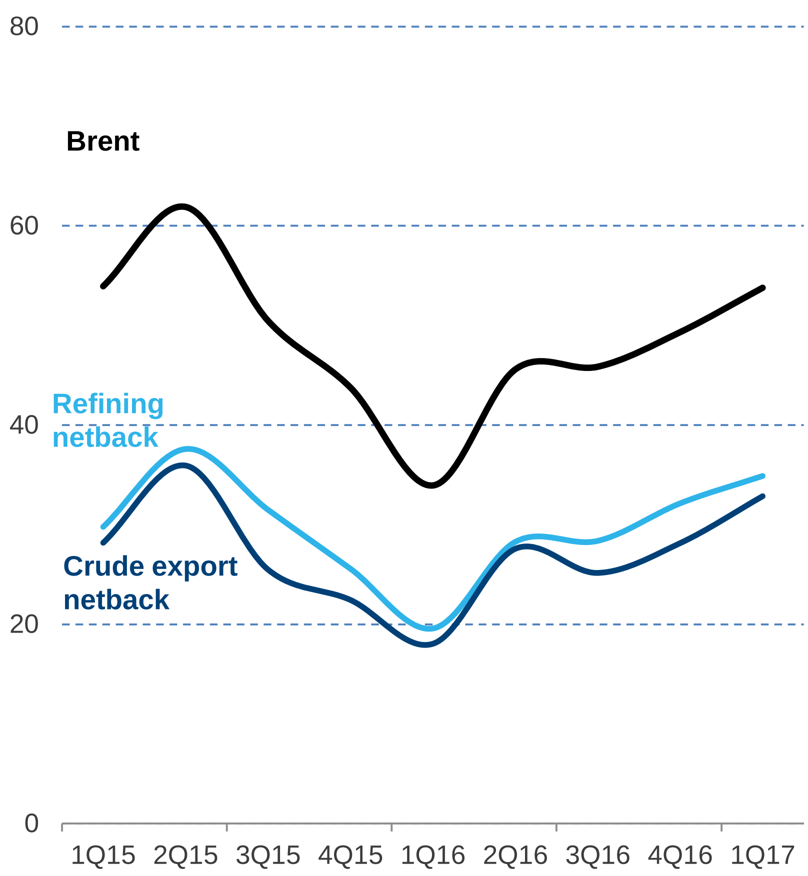
	Prirazlomnoye	Iraq	Novoportovskoye	Messoyakha
Start production	**December 2013**	**August 2014**	**May 2016**	**September 2016**
1Q17 results	▪ Drilled first fishbone injection well	▪ Drilled 3 production wells at Badra ▪ Completed first well acid treatment at Kurdistan	▪ Drilled 2 unique production wells: bilateral wells with isolated bores ▪ Set a record in drilling time for GPN major projects at 4.25 days per 1000 meters	▪ Received 55% increase in initial well flow at multilateral well
Tax breaks	Shelf regime: Exemption from Export duty and reduced MET	-	Reduced Export duty and MET	Reduced Export duty and MET

Downstream

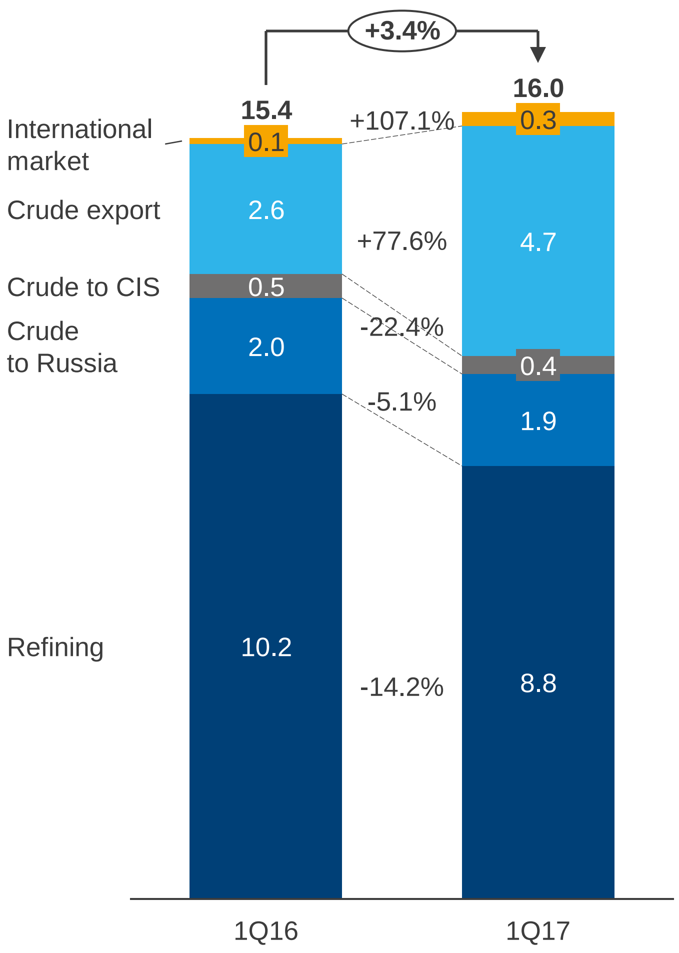
Continued modernization program

Rise in crude export driven by startup of new projects

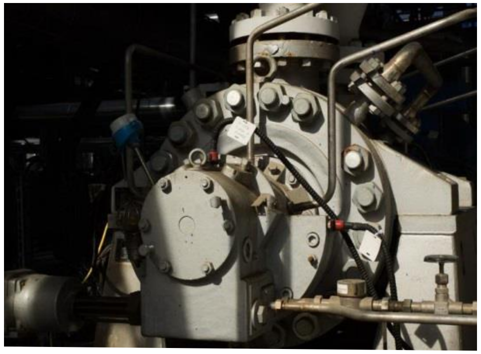
Crude price and average netbacks, $/bbl



Crude mix, MMTonnes



Decreased refining throughput due to scheduled reconstruction of “big ring” at Moscow refinery and maintenance at Yaroslavl refinery



Moscow refinery

January-March 2017, planned maintenance/ reconstruction of “big ring”:

- Reconstruction of crude distillation unit (AVT-6) and fluid catalytic cracking (G-43-107)
- Maintenance of hydrotreater, catalytic reforming and isomerization units

Planned outcome:

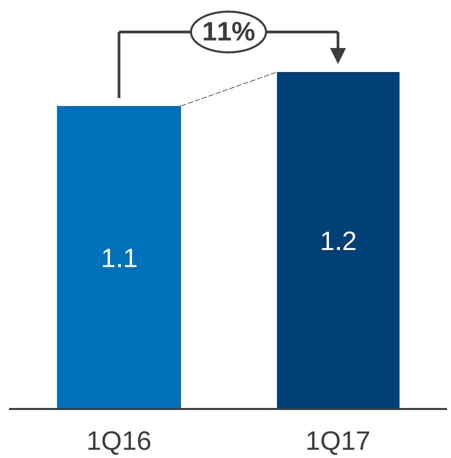
- Increase energy efficiency and decrease consumption of process fuel at crude distillation unit (AVT-6)
- Increase light products yield by 353 thousand tonnes per year, including motor gasoline – by 170 thousand tonnes per year

Yaroslavl refinery

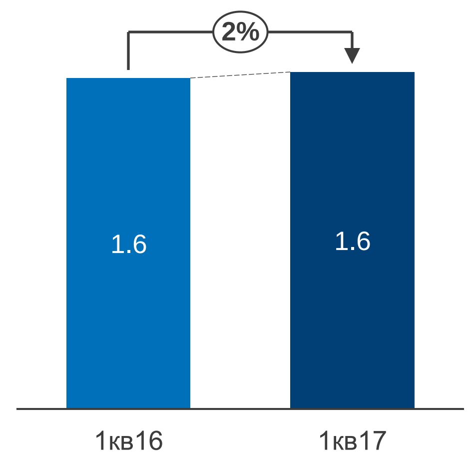
- Maintenance of crude distillation unit (AVT-4)
- Maintenance of fluid catalytic cracking unit (1A-1M), catalytic reforming unit, gasoline and diesel hydrotreaters

Increased production of premium fuels at Omsk refinery

High-octane gasoline output, MMTonnes



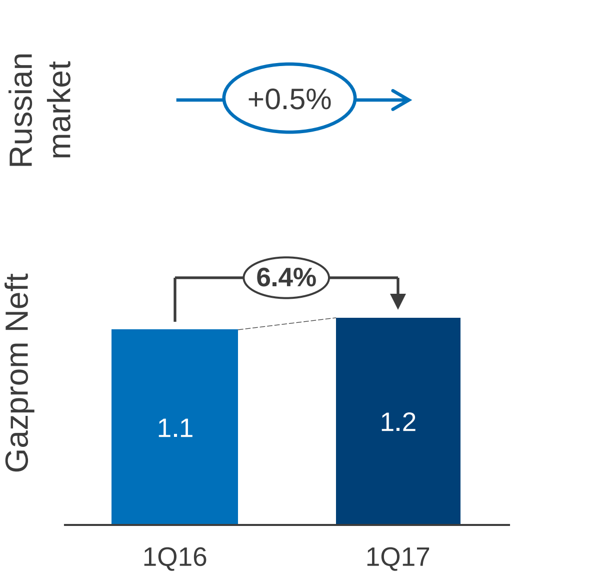
Diesel output, MMTonnes



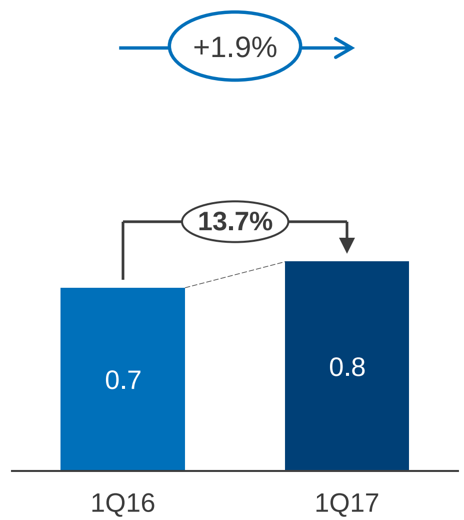
- High-octane gasolines production increased by 11.1% to 1.2 million tonnes
- Production of premium-brand Premium Euro-95 gasolines was up 40%, and Super Euro-98 up 8%
- Production of diesel fuels was up 2% y-o-y to 1.61 million tonnes

Gazprom Neft retail fuel sales outpace Russian market

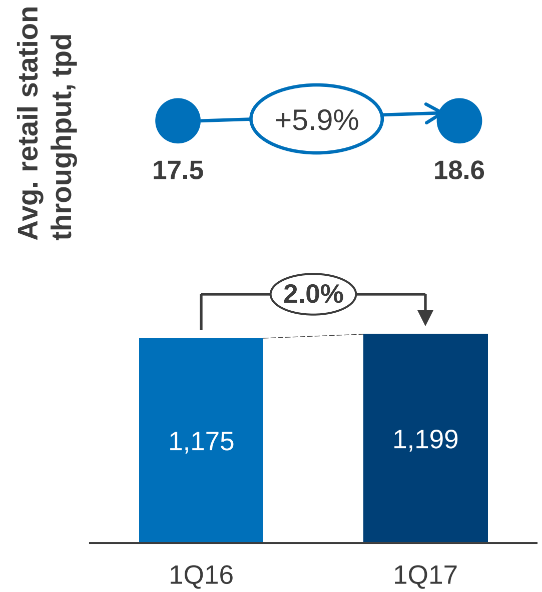
Retail gasoline sales in Russia, MMTonnes



Retail diesel sales in Russia, MMTonnes



Filling stations in Russia, units

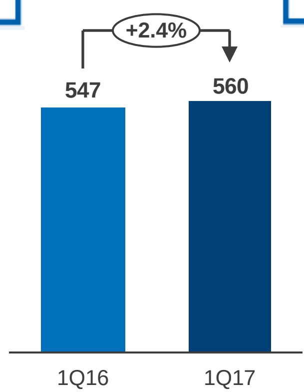


- The most popular loyalty program "On Our Way" counted about 7.7 million people
- Successful advertising campaigns increased brand awareness
- Partnership with the G-Drive Racing team helps to test products under extreme conditions

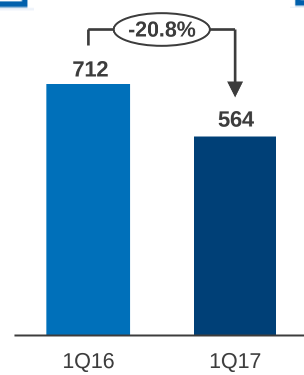
B2B business

Premium sales (1000 tonnes)

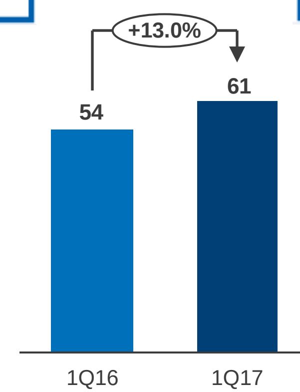
Aero



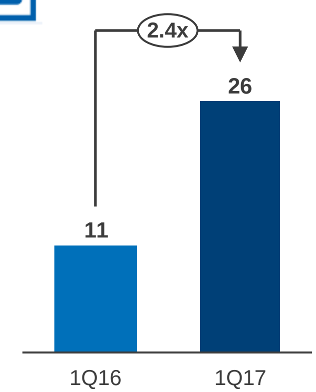
Bunkering



Lubricants



Bitumen



Key events

Aero
- Presence at 240 airports (+28 q-o-q)
- Arranged international conference with IATA concerning the development of electronic data exchange in jet fuel supply

Bunkering
- Decreased volume due to the lack of logistic advantage in the Russian Far East
- Extended cooperation with Royal Caribbean and Shell

Lubricants
- Number of service stations in G-Energy Service premium branded chain increased to 77 (+7 q-o-q)
- Import substitution agreements arranged with Sakhalin, Tyumen and Krasnodar regions

Bitumen
- Concluded agreement with Sakhalin region regarding bitumen supplies
- Renewed strategic contract to supply coke with Rusal

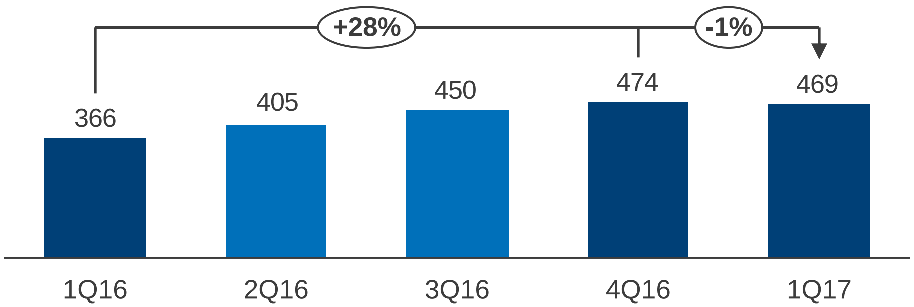
Note: Percentage changes of premium sales volumes may differ from data presented in Management's Discussion and Analysis due to rounding differences

Financials

Strong bottom line y-o-y and q-o-q

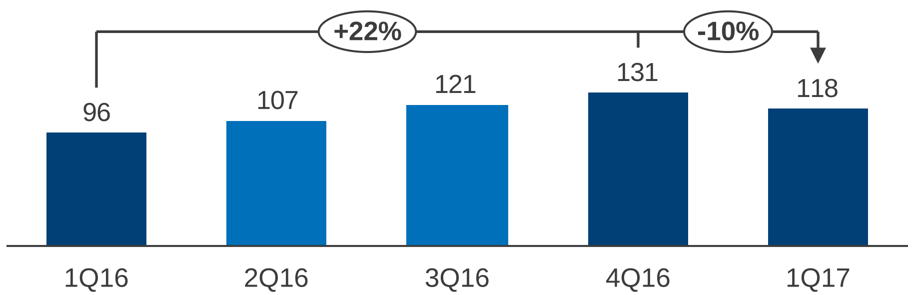
Delivering growth from startups led to a rise in adjusted EBITDA y-o-y

Sales RUB bln



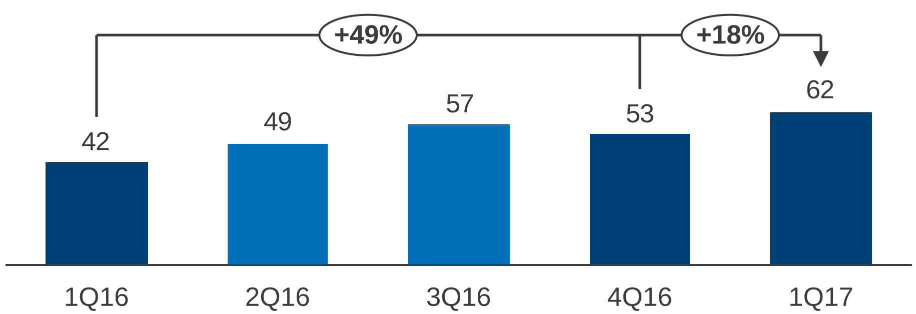
- Crude production growth and rising prices for oil and petroleum products ensured sales growth by 28.0% y-o-y
- Sales decreased by 1.2% q-o-q due to lower volume of petroleum product sales

EBITDA* RUB bln



- Strong rise in production, driven by startup of new projects and rising crude oil prices pushed up adjusted EBITDA by 22.2% y-o-y
- Adjusted EBITDA decreased by 10.3% q-o-q mainly due to increases of MET and excise rates, and lower domestic sales margins

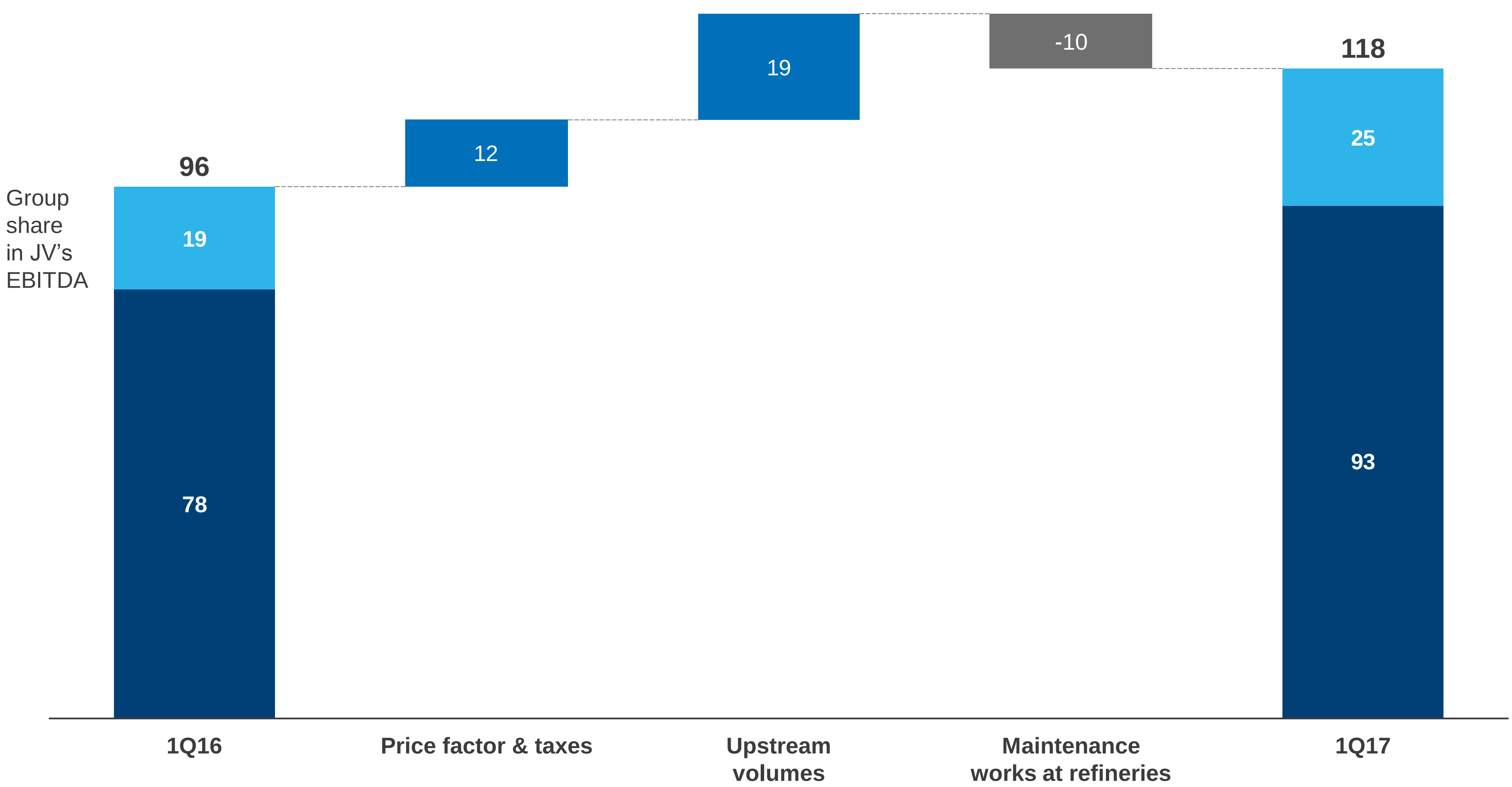
Net income RUB bln



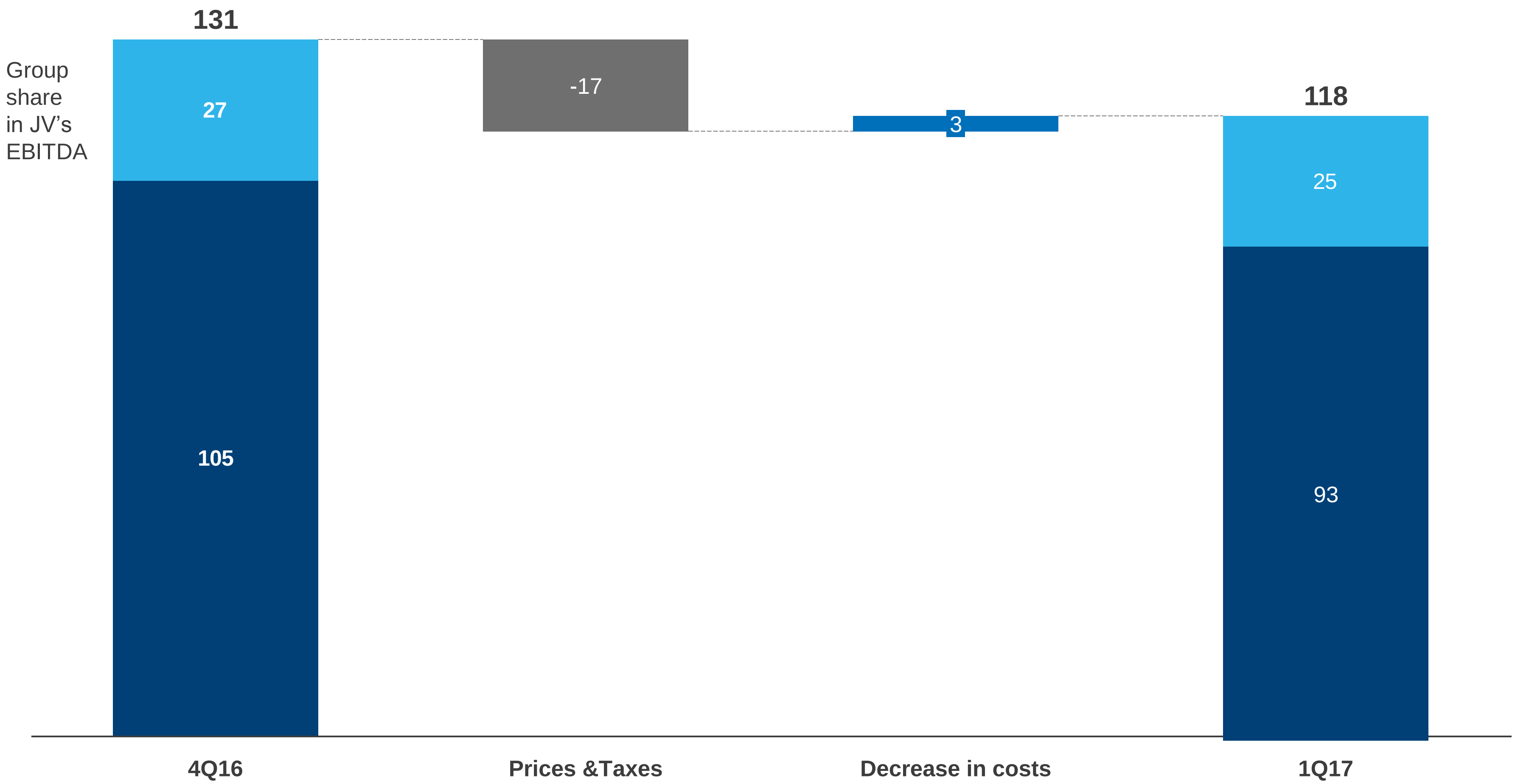
- Net income rose by 49.1% y-o-y due to higher EBITDA, FX gains and increased share of profit of associates and JV
- Net income increased 17.6% q-o-q as a result of FX gains and decreased depreciation of foreign assets

**Including GPN share in EBITDA of associates and joint ventures*

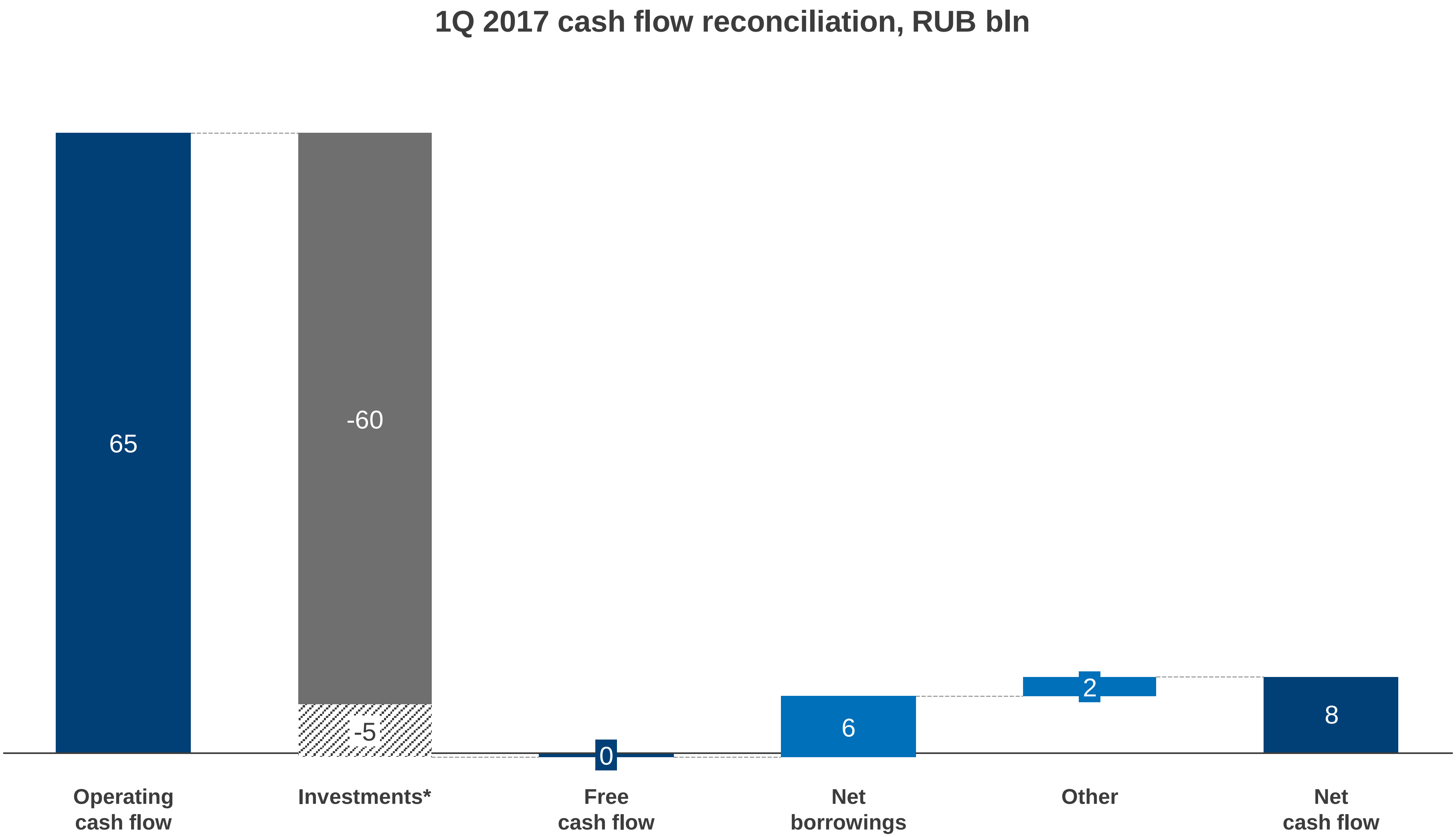
EBITDA reconciliation 1Q17 vs. 1Q16, RUB bln



EBITDA reconciliation 1Q17 vs. 4Q16, RUB bln



Decrease in investments stabilizes free cash flow



* Includes changes in the amount of prepayments and materials for capital construction

IFRS capex decelerates on Upstream investments while downstream ramps up

9.3% Y-o-Y decrease in **IFRS capex**

Brownfield capex declined **19%** Y-o-Y due to decrease in drilling volumes as a consequence of extreme weather conditions

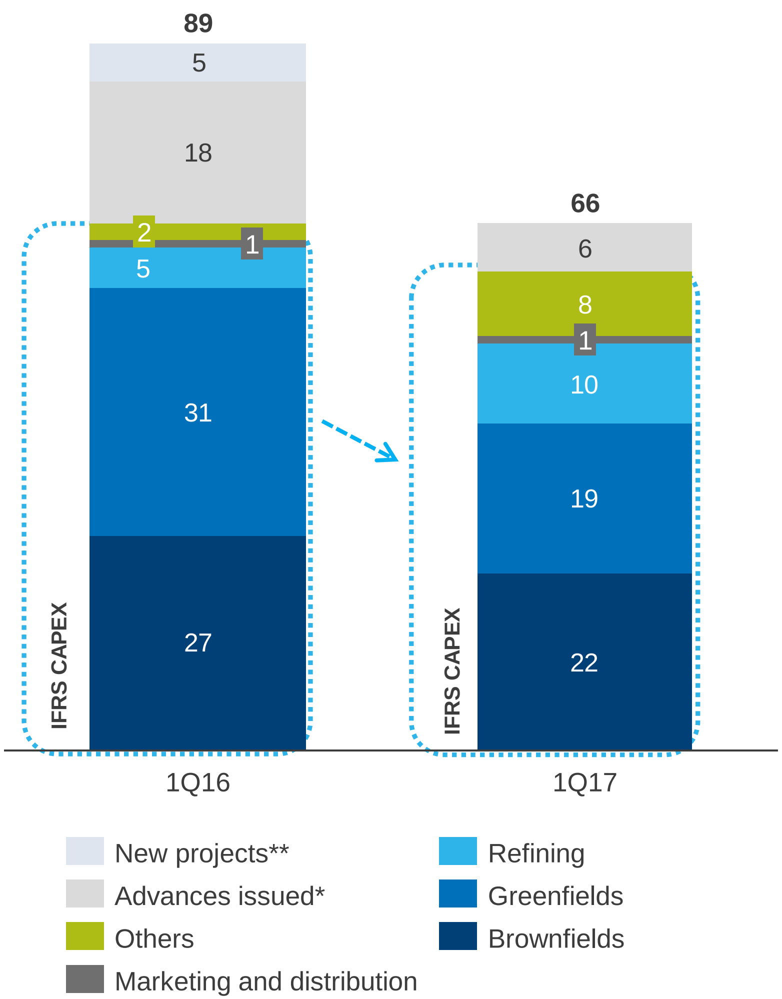
Greenfield capex decreased **by 39%** Y-o-Y due to completion of infrastructure construction at Novoport

Refining capex increased by **96%** Y-o-Y as the modernization projects continue at the Moscow and Omsk refineries

Marketing capex increased by **21%** Y-o-Y driven mainly by continued modernization of retail stations and expansion in retail and aviation business infrastructure

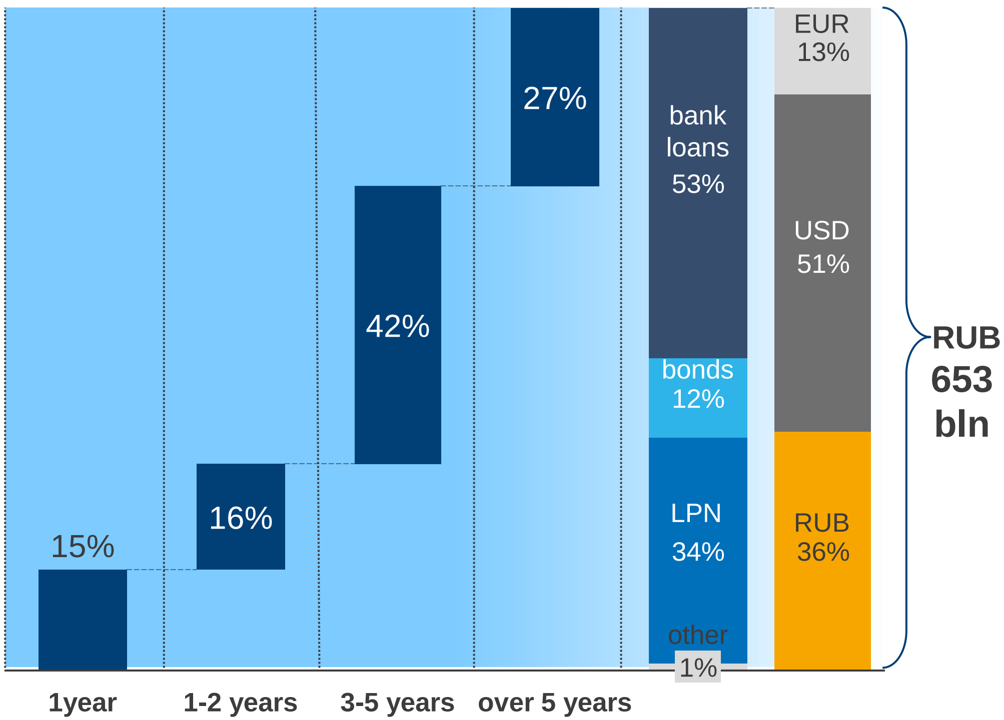
Changes in the amount of prepayments and materials for capital construction includes the cost of materials and equipment at ongoing projects

Investments, RUB bln



Better perception in debt capital markets

Debt maturity profile at the end of 1Q17



Credit ratings

Credit ratings at sovereign level:

S&P	**BB+ POSITIVE**
Moody's	**Ba1 STABLE**
Fitch	**BBB- STABLE**
Dagong	**AA- NEGATIVE**

- Slightly decreased average debt maturity from 3.60 years at December 31, 2016 to 3.43 years at March 31, 2017
- In February 2017, **Moody's** revised Company's outlook from negative to stable
- In March 2017, **Standard & Poor's** revised Company's outlook from stable to positive
- In April 2017, Gazprom Neft successfully completed bond-placement: **RUB 15 bln 5-year 8.7% p.a. bonds** (lowest coupon rate for 5-year corporate Russian bonds at the time of the deal since the end of 2013)