



9M and 3Q 2017 IFRS FINANCIAL AND OPERATING RESULTS

St Petersburg – November 15, 2017



Agenda

Highlights,
Financials

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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.

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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

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Highlights



9M17 financial performance:

- Sales: RUB **1458** bln (+**19.3%** y-o-y)
- EBITDA*: RUB **399** bln (+**22.9%** y-o-y)
- Net Income: RUB **189** bln (+**28.2%** y-o-y)

Operational progress in 9M17:

- Hydrocarbon production up **5.6%** MMTon y-o-y, (**5.3%** y-o-y, MMboe)
- Refining volumes down **4.4%** y-o-y due to scheduled repairs at refineries
- Average throughput per filling station in Russia up **4.5%** y-o-y

3Q17 vs. 2Q17

- Sales up **7.9%**
- EBITDA* up **19.9%**
- Net Income up **57.6%**
- Hydrocarbon production up **4.3%**
- Refining throughput up **11.8%**

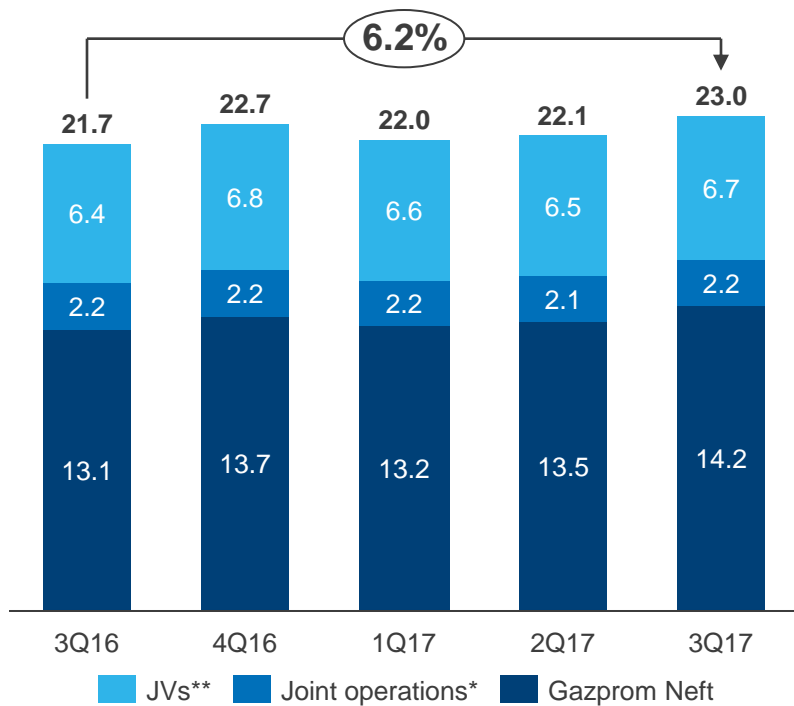
* Including GPN share in EBITDA of associates and joint ventures

Exploration and Production

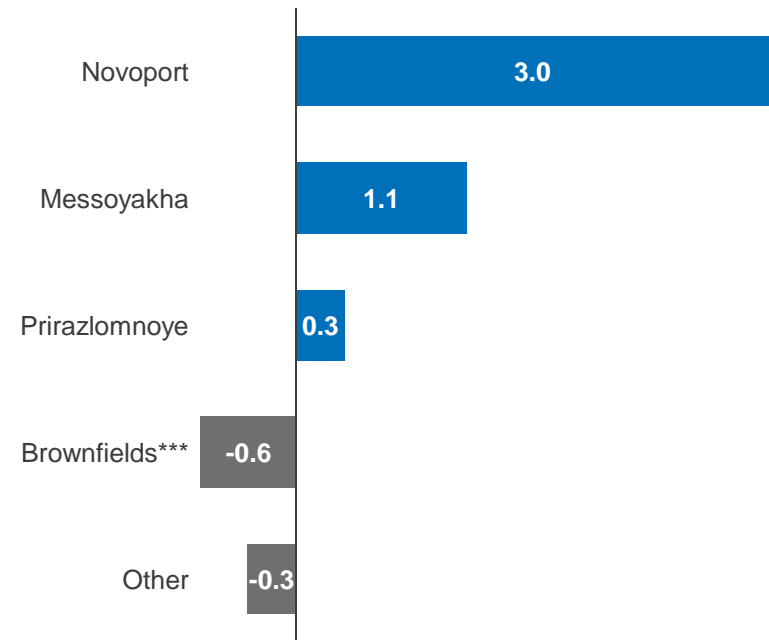
Production growth in greenfields continues

Strong production growth y-o-y, driven by greenfield projects

Hydrocarbon production, MMtoe



Production growth reconciliation (9M17 vs. 9M16), MMtoe



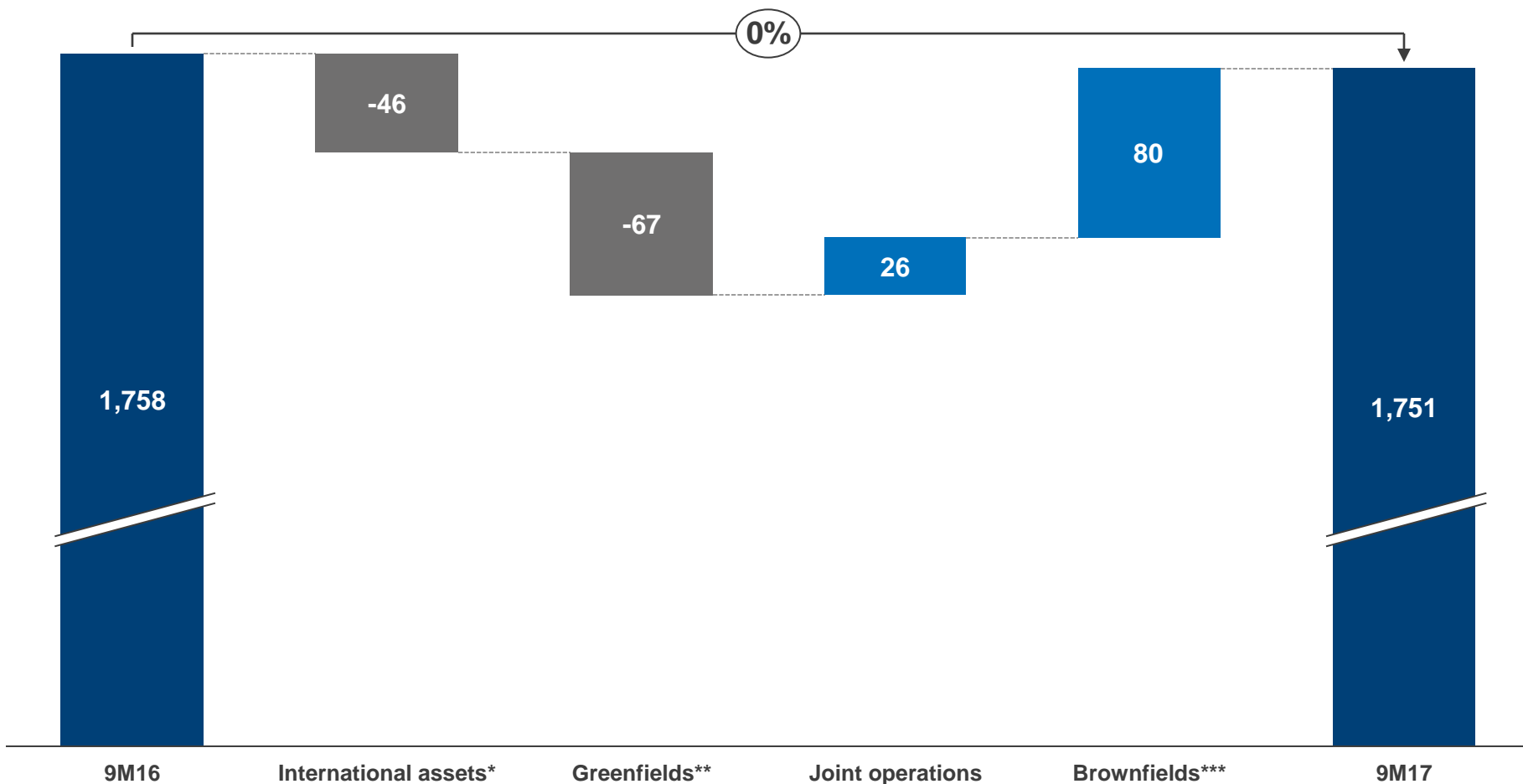
*Joint operations: proportionally consolidated companies (Tomskneft, SPD)

** Joint ventures: equity accounted entities (Slavneft, SeverEnergia (Arcticgas), Northgas and Messoyakhaneftegas)

***NNG, MN, Khantos, Vostok

Stable upstream OPEX due to increased production at new projects

Operational expenses: 9M17 vs. 9M16, RUB/Toe



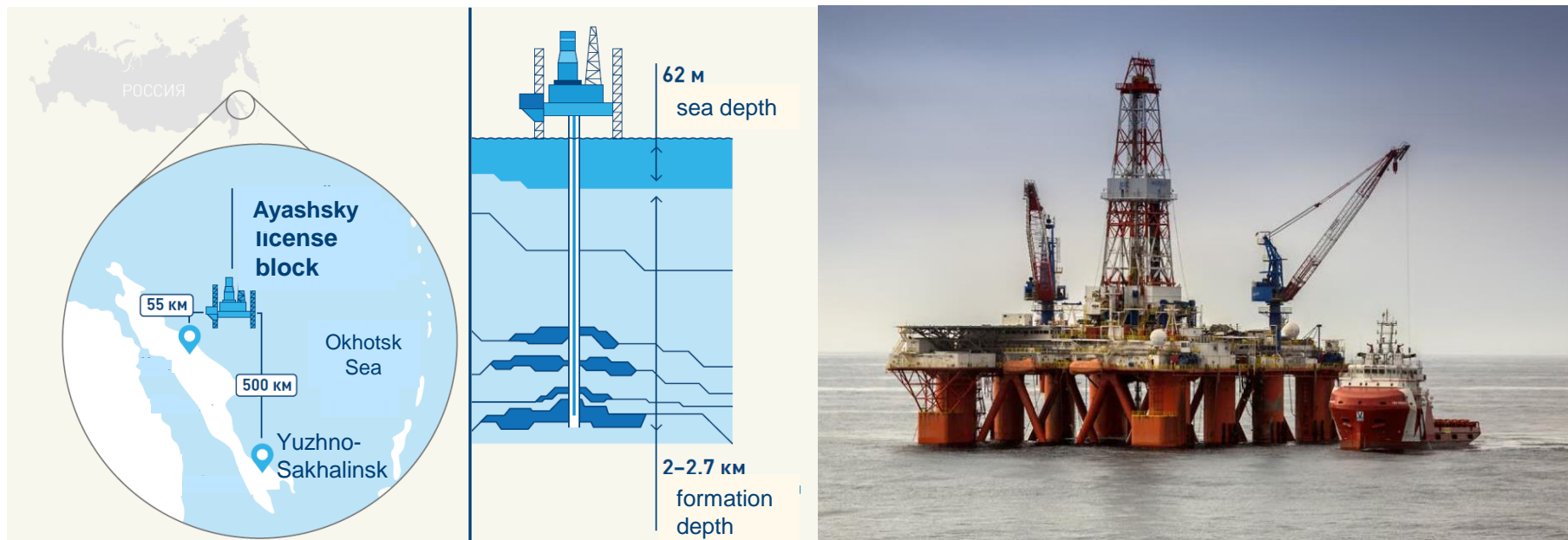
*NIS, Badra, Kurdistan

** Novoport, Prirazlomnoye, Orenburg

***NNG, MN, Khantos, Vostok

Discovered new offshore field in Okhotsk Sea: Neptun

▶ Completed drilling of a prospecting and appraisal well at Ayashsky license block, located on the continental shelf of the Okhotsk Sea. As a result, a new hydrocarbon field has been discovered



255
MMToe

Geological reserves



Cutting-edge technological solutions applied for the construction of the well

162
metres

Core samples

Gas utilization at new projects

Badra

Gas pipeline and first train of gas plant commissioned



GPF



Gas pipeline

29.06.2017 – began filling the gas pipeline with marketable gas

02.07.2017 – the Az-Zubaydiyah power plant started receiving gas

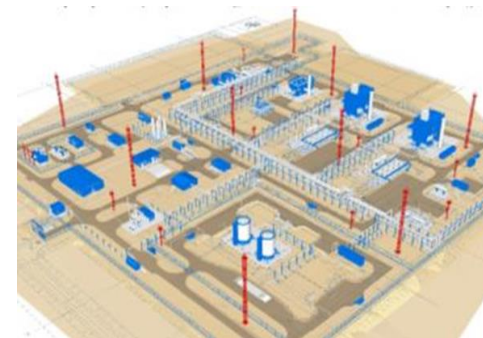
Novy Port and Messoyakha

Construction works on associated gas utilization continues



Technological availability of gas compressor station & GPF at Novy Port , and gas injection start-up is scheduled for 4Q17

Gas cycling scheme approved at Messoyakha

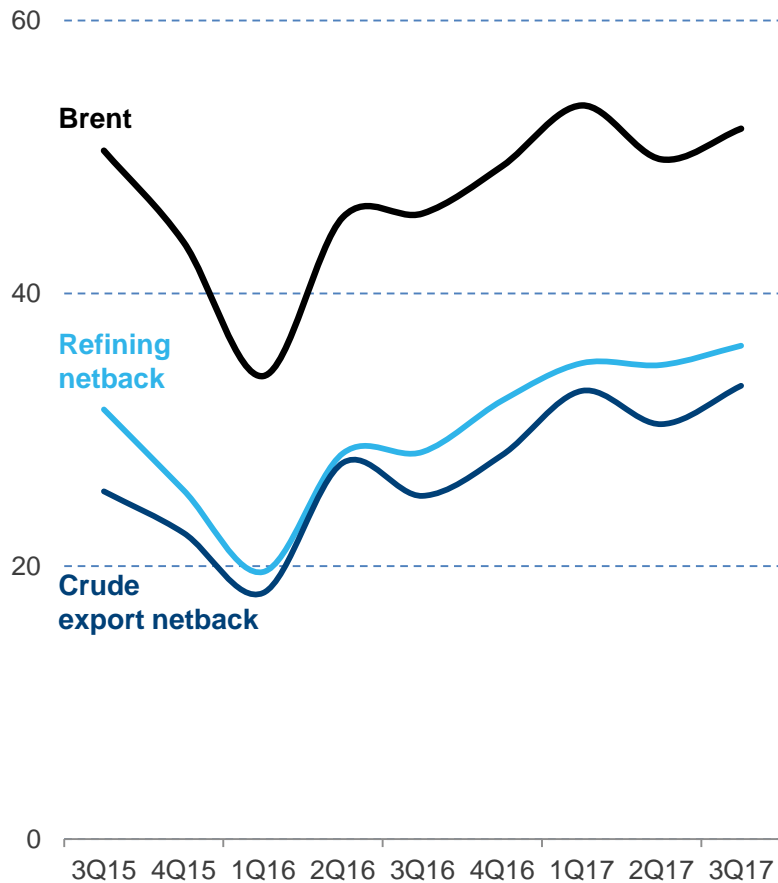


Downstream

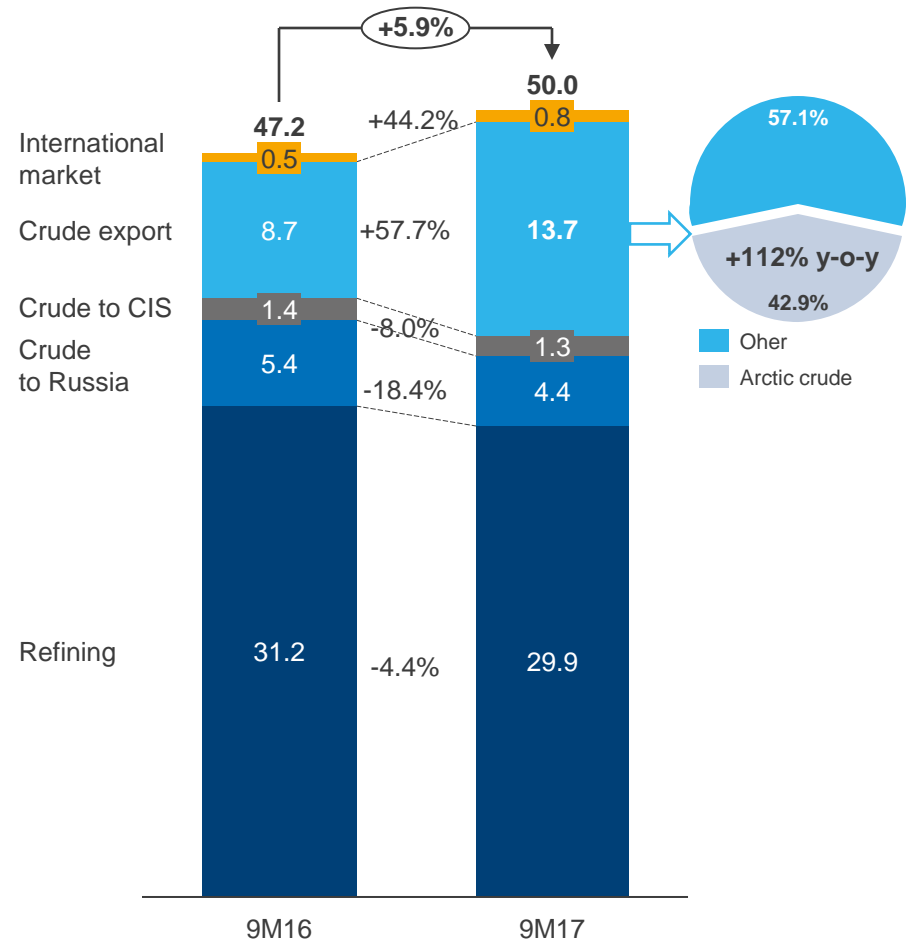
Optimal crude mix in current macro environment

Increase in crude exports driven by Northern projects

Crude price and average netbacks, \$/bbl

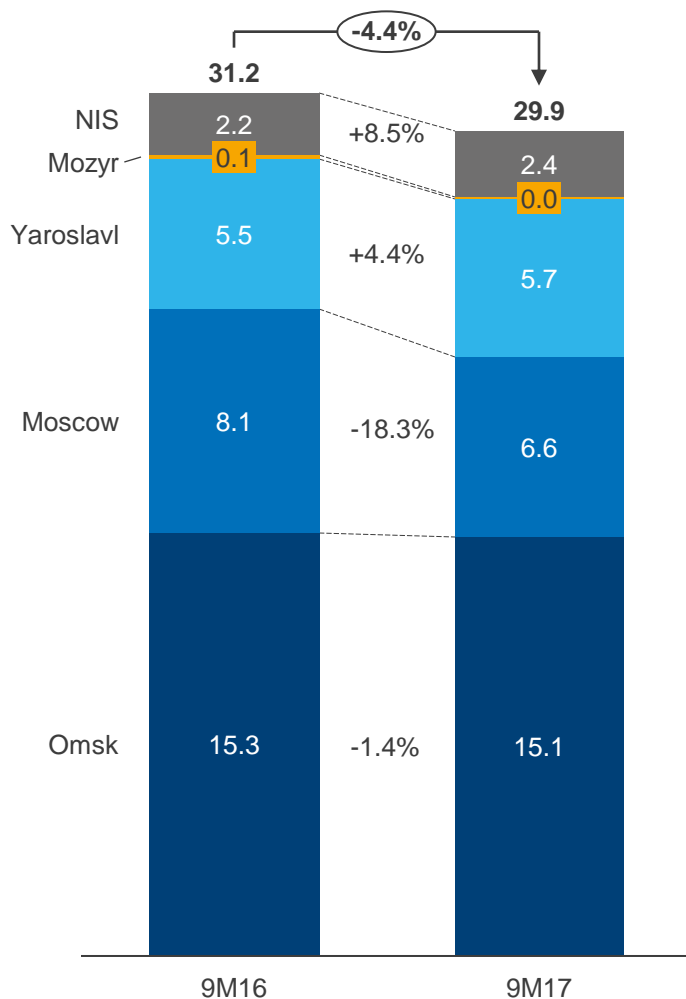


Crude mix, MMTonnes

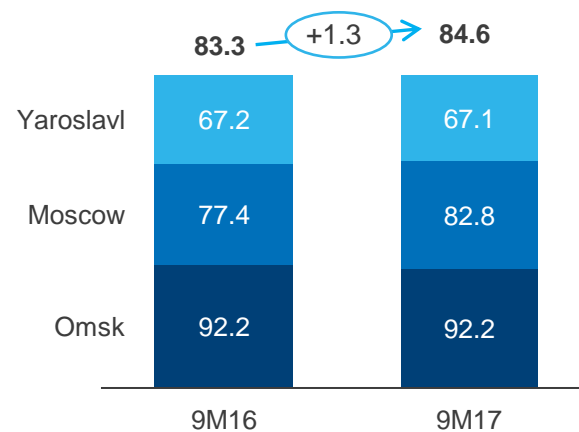


Optimal refining throughput

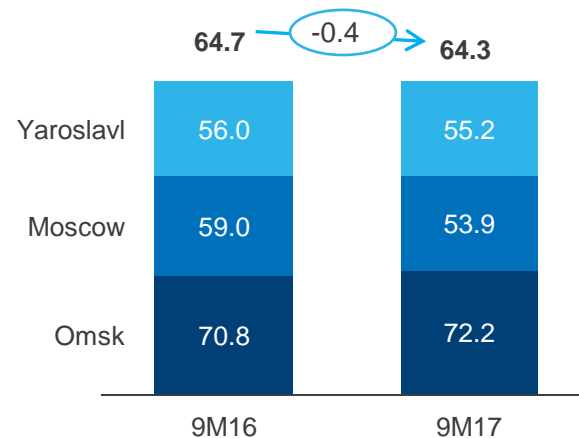
Refining throughput, MMTonnes



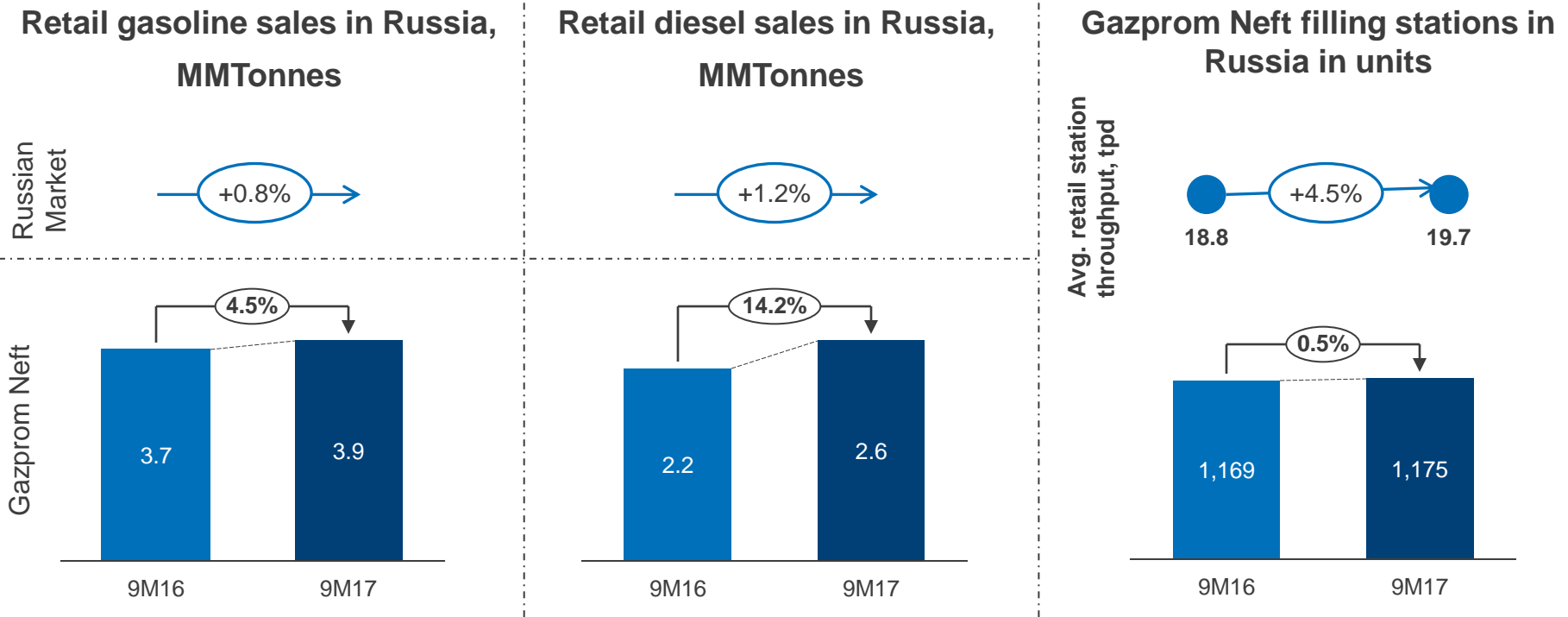
Conversion ratio in Russia, %



Light product yield in Russia, %



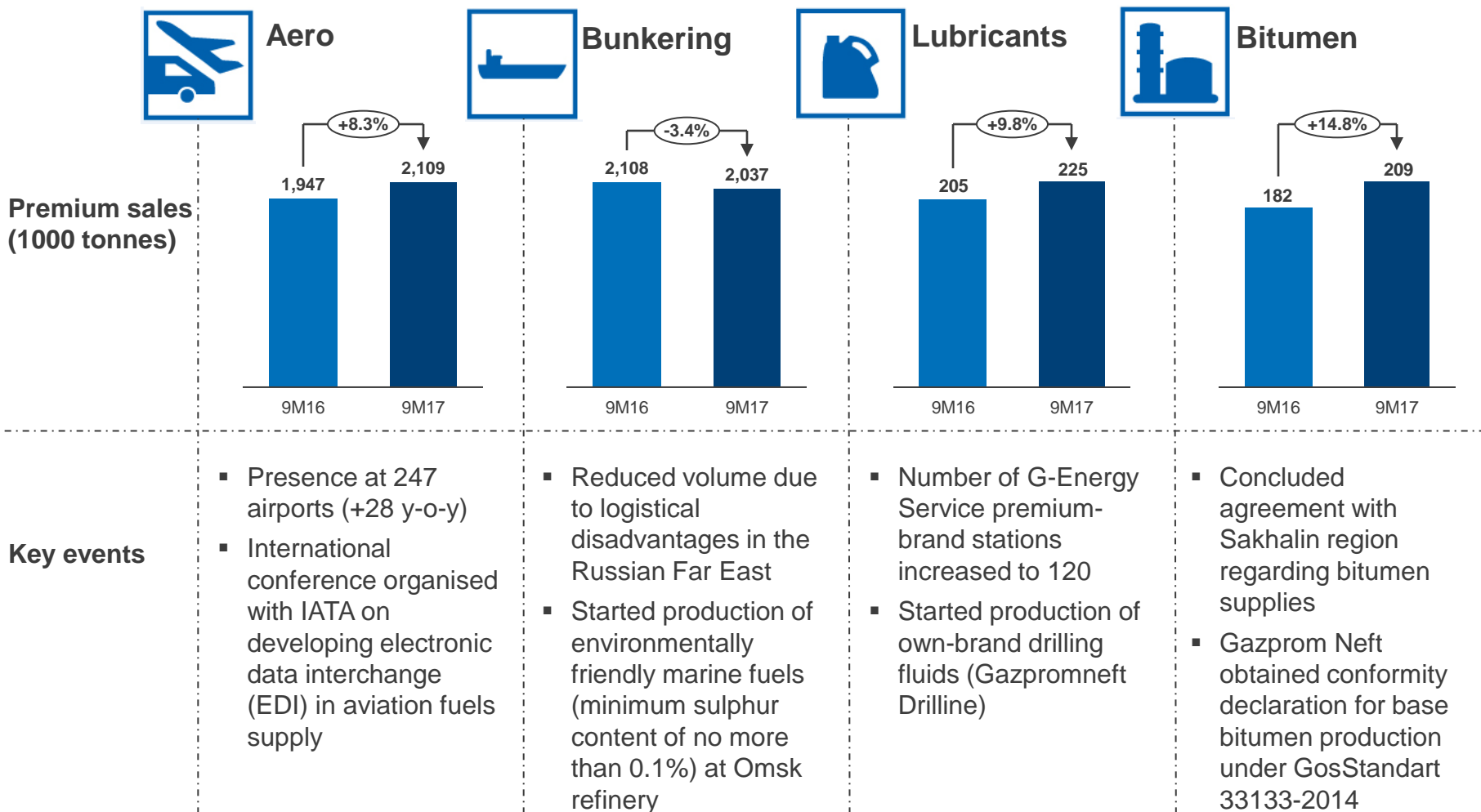
Gazprom Neft retail fuel sales outpace Russian market



- Fuel quality control system of Gazprom Neft filling stations was recognised at the “Safety leaders” awards
- Brand recognition and consumer confidence are maintained through regular advertising campaigns



B2B business development



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

Implementation of best practices in ecological standards



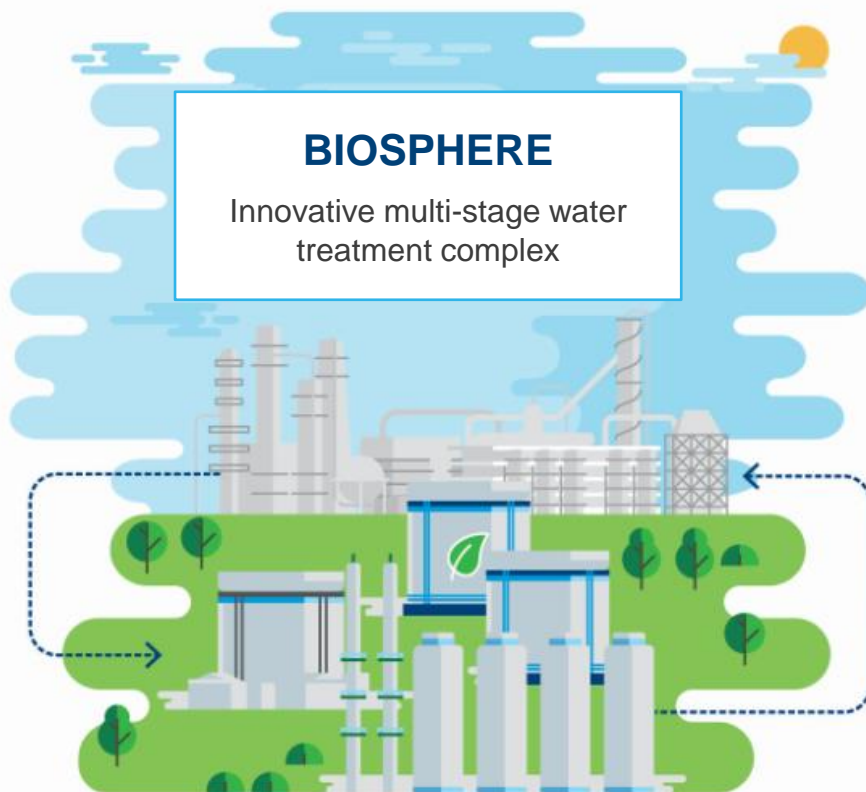
99.9%

Efficiency of
wastewater treatment



x2.5 times

Reduced
intake of river
water



Leak-Proofness

Zero oil products
evaporation into
atmosphere



“Closed-loop” cycle

>70% of treated
effluent returned to
production cycle



Commission

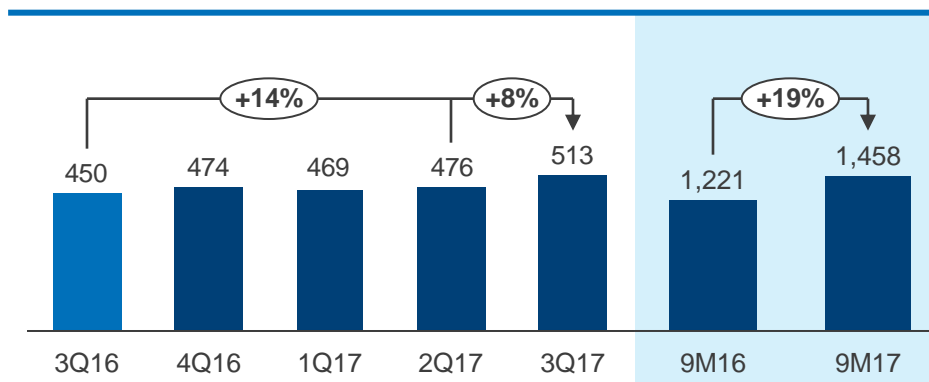
Y2017 Moscow
Y2020 Omsk

Financials

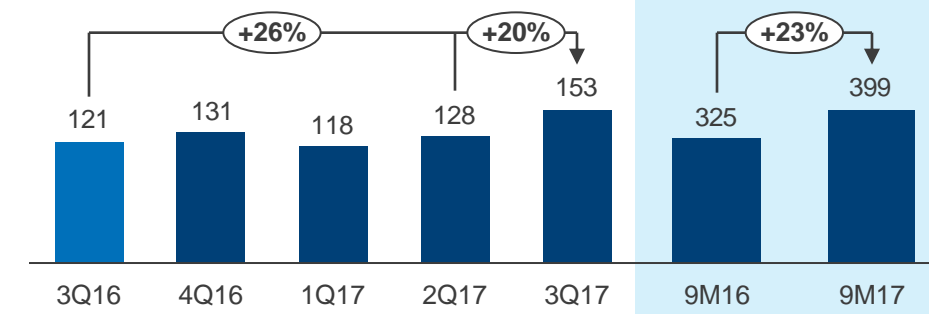
Substantial increase in adjusted EBITDA defined strong bottom line

Solid financials y-o-y and q-o-q

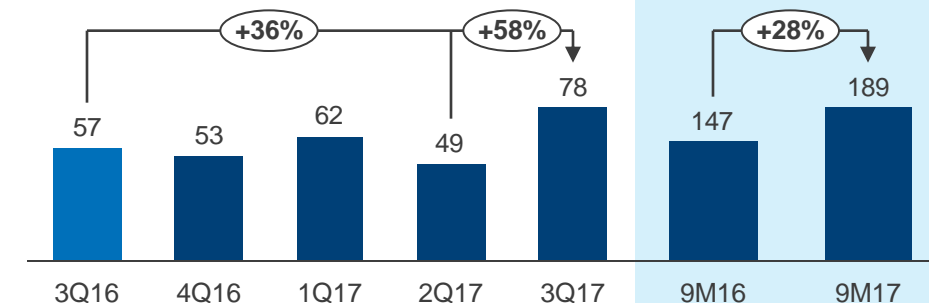
Sales RUB bln



EBITDA* RUB bln



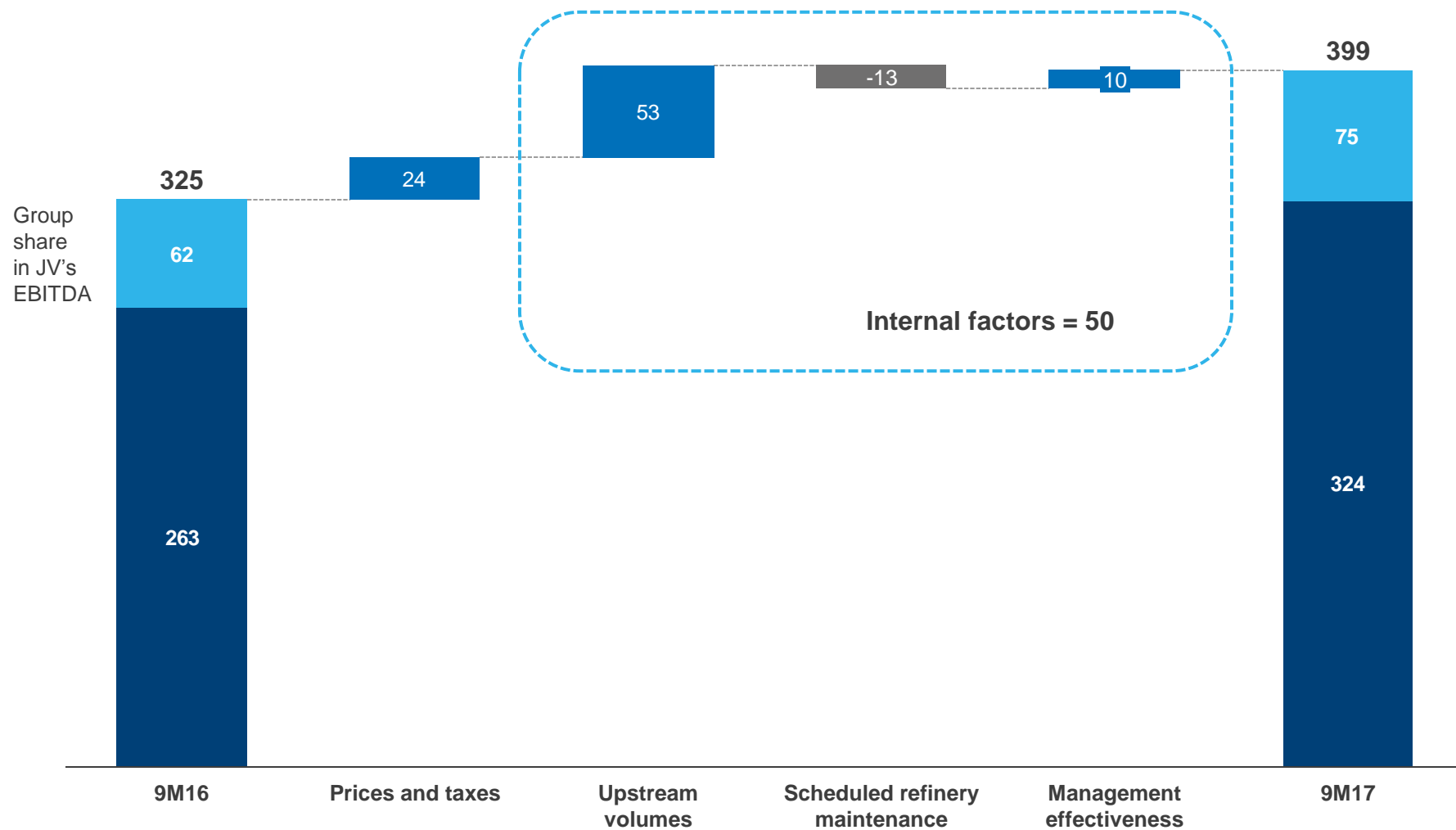
Net income RUB bln



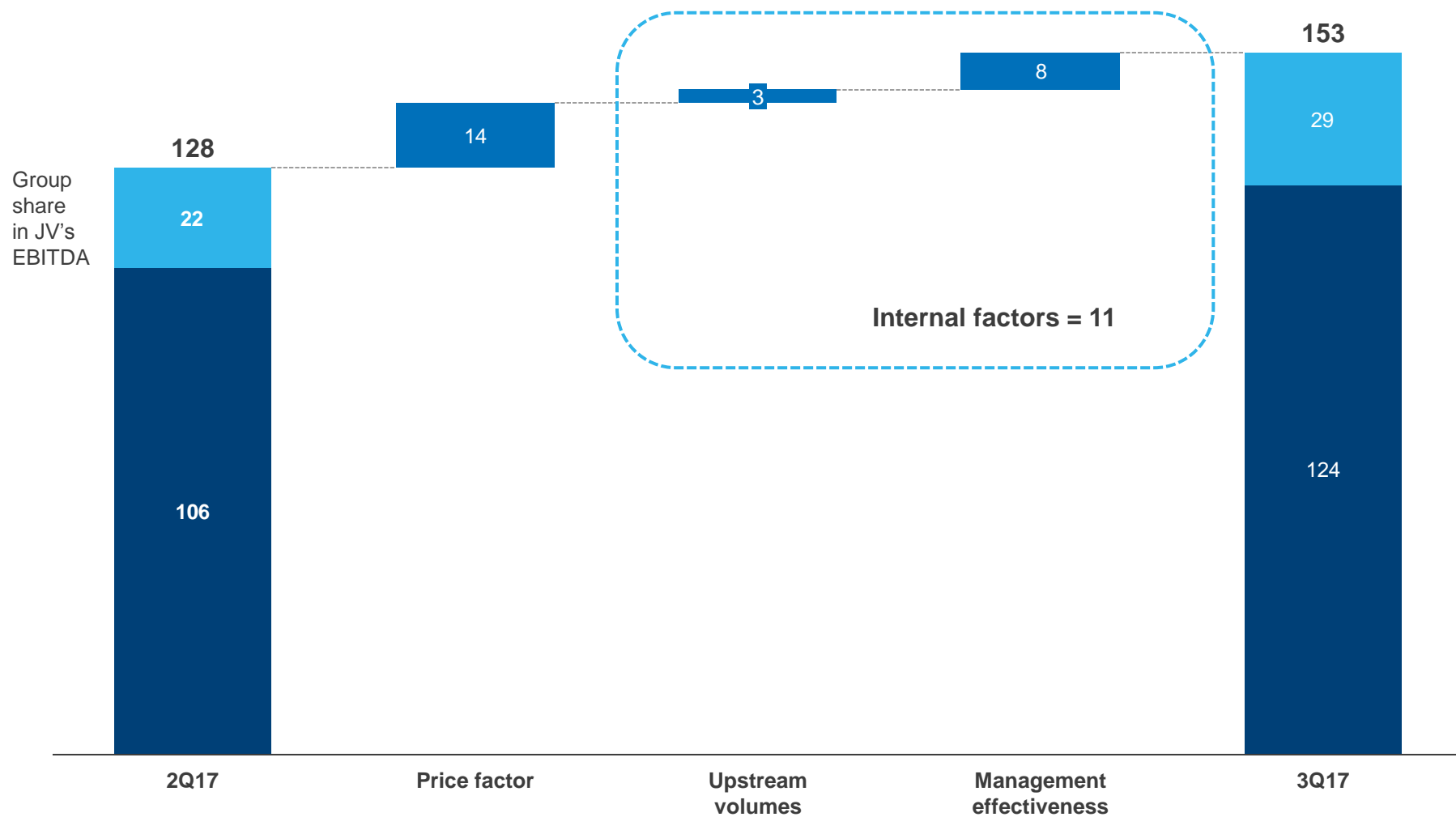
- Sales rose by 19.3% y-o-y due to rising crude production and an increase of crude and petroleum product prices on domestic and international markets
- Increased volume of petroleum product sales and higher crude and petroleum product prices ensured sales growth by 7.9% q-o-q
- Strong rise in production at major projects, retail sales growth and higher crude oil prices boosted adjusted EBITDA by 22.9% y-o-y
- Increased crude oil production and higher refining throughput resulted in 19.9% q-o-q adjusted EBITDA growth
- Net income rose by 28.2% y-o-y, mainly due to higher EBITDA
- Net income increased by 57.6% q-o-q due to higher EBITDA and as a result of FX gain from debt revaluation vs. FX loss for 2Q17

*Including GPN share in EBITDA of associates and joint ventures

EBITDA reconciliation 9M17 vs. 9M16, RUB bln

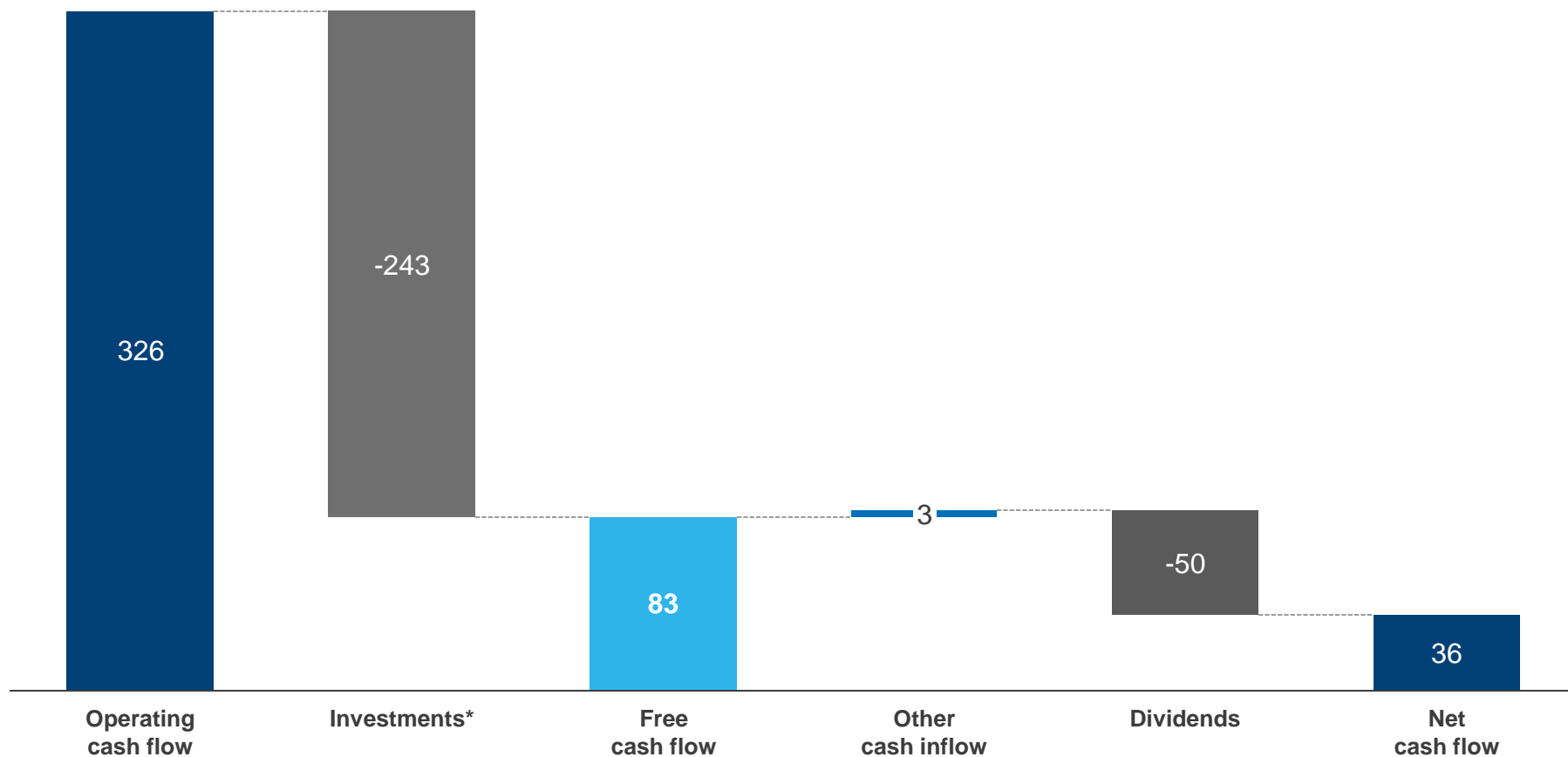


EBITDA reconciliation 3Q17 vs. 2Q17, RUB bln



Free cash flow demonstrates superior performance






9M 2017 Cash flow reconciliation, RUB bln

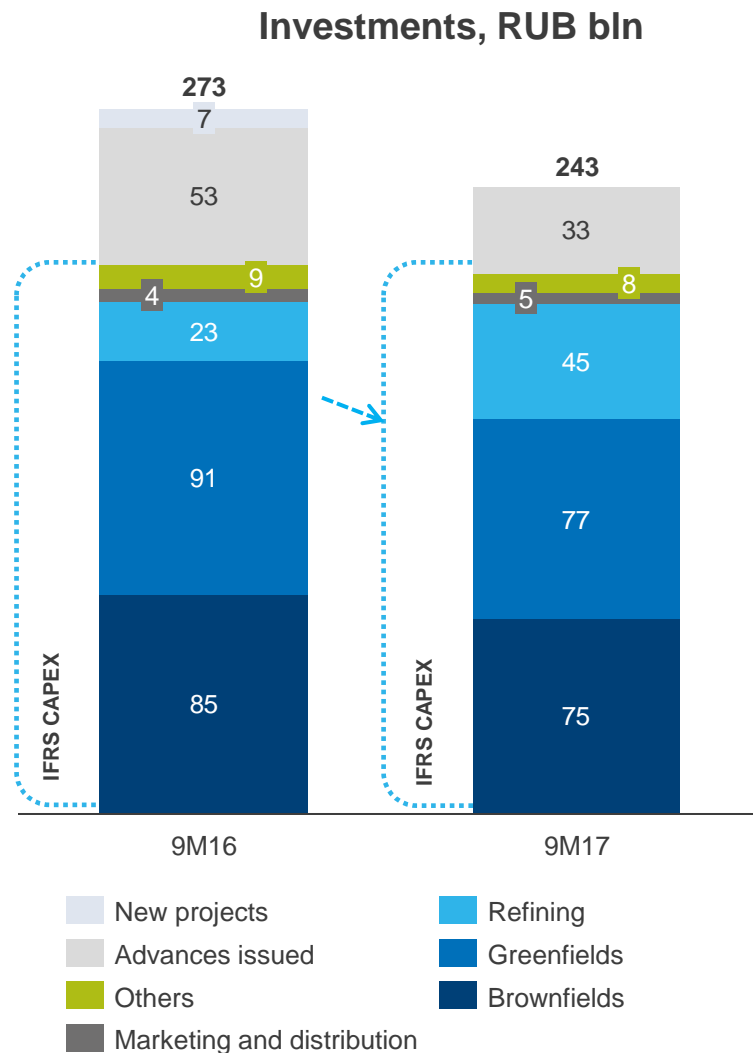


* Includes changes in the amount of prepayments and materials for capital construction

Balanced CAPEX: deceleration in Upstream investments while downstream ramps up

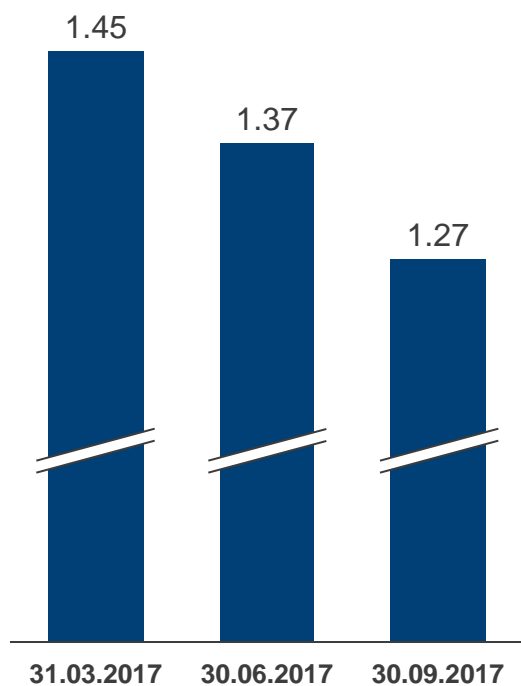
1.3% Y-o-Y decrease in IFRS CAPEX

-  **Brownfield CAPEX** declined **11%** Y-o-Y due to decrease in drilling volumes
-  **Greenfield CAPEX** decreased by **15%** Y-o-Y due to completion of infrastructure construction at Novoport
-  **Refining CAPEX** increased by **93%** Y-o-Y as the modernization projects continue at the Moscow and Omsk refineries
-  **Marketing CAPEX** increased by **3%** 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 for ongoing projects

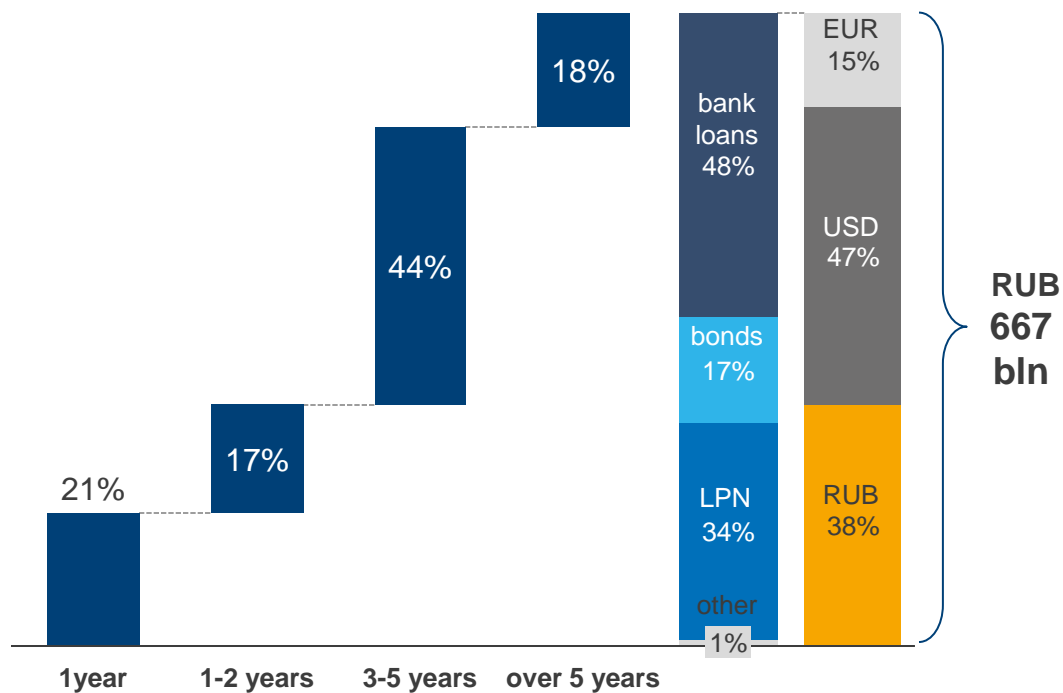


Better perception of Gazprom Neft on debt capital markets

Net debt/EBITDA dynamics



Debt maturity profile at the end of 3Q17



- Gazprom Neft Board of Directors recommended **interim dividend payment** for 9M17, at Rub 10 per ordinary share
- In September 2017, **Dagong** revised Company's outlook from negative to stable (credit rating AA-) and **Fitch** - from stable to positive (credit rating BBB-)
- In October 2017, Gazprom Neft successfully completed bond-placement: **RUB 25 bln 5-year 7.85% p.a. bonds** (record low coupon rate for 5-year corporate Russian bonds at the time of the deal since the end of 2013 and the lowest rate in Gazprom Neft placement history). Credit Rating Agency (ACRA) assigns **AAA(RU) rating** to new bond issue