

RESULTS OF 2015 AND STRATEGIC PRIORITIES FOR 2016

The actions taken by the Company to develop its business in 2015 correspond to the long-term plans, growth areas and goals set forth in the Strategy. The Company has consistently improved its key production indicators: each year it has managed to increase the volume of proven reserves and hydrocarbon production, maintain refining volumes and expand sales of petroleum products via premium sales channels.

Sustained growth in production and operating indicators has been achieved despite the deteriorating situation on global oil markets as well as a number of factors that are specific to Russia. The latter include sanctions of a financial and technological nature that have been imposed on the oil industry, the subsequent drop in oil prices, the devaluation of the rouble, accelerated inflation as well as a decline in GDP and the domestic consumption of petroleum products.

The current economic situation is a significant factor for the Company and may require local changes such as an adjustment to the project implementation schedule and sequence. The Company concedes that short-term priorities may be displaced in favour of projects with short payback periods and projects that generate a positive cash flow in the medium term. However, the key long-term goals of Gazprom Neft remain important, attainable and unchanged. The strategy pursued by Gazprom Neft demonstrates its resilience to changes in the external environment.

STRATEGIC PRIORITIES FOR 2016

- investment in current production projects with a short payback period to maximise cash flows in coming years;
- implementing projects that are nearing completion;
- keeping all options open for the development of the resource base to ensure new areas of production;
- modernising primary oil refinery complexes at the Omsk and Moscow Oil Refineries;
- establishing strategic and technological partnerships for the joint development of fields in Russia and abroad and improving the efficiency of hydrocarbon production;
- updating the schedule for the implementation of depth processing projects to optimise cash flows;
- implementing only the most profitable projects to develop its sales business;
- balanced investment activities for foreign development projects while maintaining the ability to step up operations in the medium term taking into account international risks.