

PERFORMANCE HIGHLIGHTS

Exploration and production



Gazprom Neft banks on the Arctic and “tight” oil production

The Company relies on state-of-the-art technologies and a balanced investment policy to effectively replace its resource base. This is key to further growth despite the volatile oil prices, changing tax environment and the deteriorating structure of remaining commercial reserves across its conventional oil production clusters. Expansion of the Group’s resource base in 2018 was supported by the improved exploration and production drilling technology and introduction of advanced non-seismic exploration techniques.

were 2,841 mtoe, excluding NIS reserves. In 2018, reserves increased 2.2% y-o-y. Gazprom Neft’s ratio of proven reserves to production (PRMS classification) is 17 years. The ratio of hydrocarbons produced in 2018 to new reserves (including new acquisitions) is 165%. Gazprom Neft’s largest discovery of the year was a new field in the Sea of Okhotsk (off the shore of the Sakhalin Island). Named Triton, the new deposit has geological reserves of more than 137 mtoe. Gazprom Neft continues exploration of offshore Sakhalin, and reserves in the region may increase. The Company tapped into four new exploration areas (Yamal, Orenburg Region, Khanty-Mansi Autonomous Area – Yugra, and north-eastern Gydan) while also gaining access to 21 licence blocks.



Oil production at Novoportovskoye field [\(special coverage by Russia 24 TV Channel\)](#)

Reserves of the Company are audited in line with PRMS standards and more conservative SEC5 standards. Based on the Independent Reserves Assessment Report prepared by DeGolyer and MacNaughton, as at 31 December 2018, its aggregate proven and probable reserves (including the Company’s share in subsidiaries’ reserves accounted for by the equity method) estimated in accordance with PRMS standards

The Company strengthens its leadership in hydrocarbon production both in Russia and globally focusing on high-impact technologies and rational development of the Russian Arctic resources. Its total output (including shares in joint ventures) increased

Leading deposits by oil production in 2018

Novoportovskoye

7.1 ^{+20%}
mt

Prirazlomnoye

3.2 ^{+21%}
mt

Messoyakhneftegaz assets¹

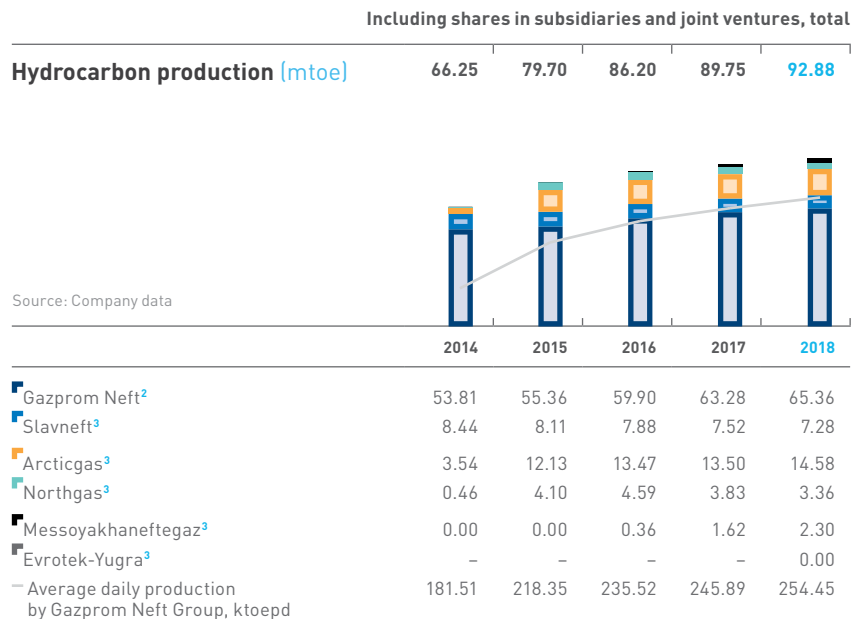
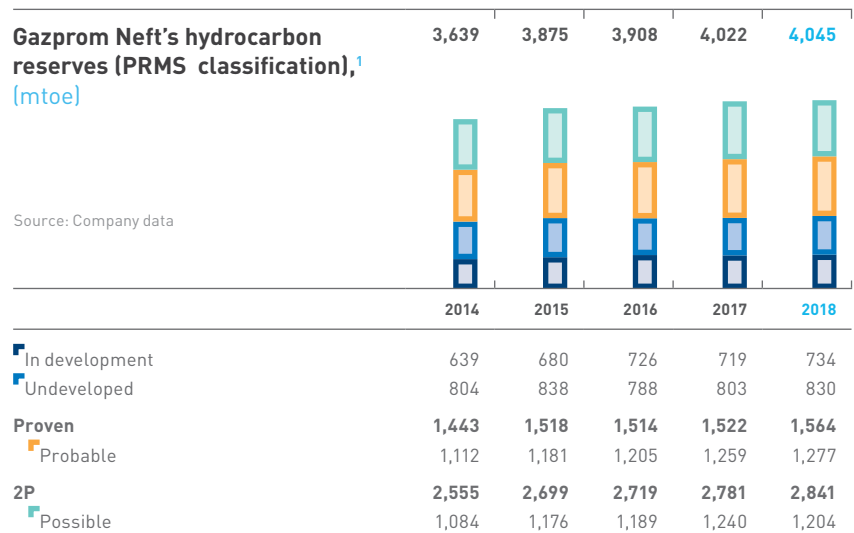
2.2 ^{+41%}
mt

¹ The Company’s share of production.

3.5% y-o-y to 92.88 mtoe. The average daily production across the Group amounted to 254.45 ktoe (up 3.5%).

The strongest drivers behind production growth were the Company's largest projects: Prirazlomnoye, Novoportovskoye and Vostochno-Messoyakhskoye fields.

The Company continues forming a strong cluster in the Arctic to secure its oil and gas potential for the future. The plan for 2019 is to start development in the northern part of the Novoportovskoye field.



“We are a different company today, whether measured by reserves and production or by the complexity of the projects we deliver. To make another step forward, our business processes should evolve.

We want to become a global leader in technology, efficiency and safety, and a model for others to follow. To make it happen, we need to change too.”

Vadim Yakovlev
 First Deputy CEO
 Gazprom Neft

¹ Including consolidated companies.
² Share in production.

² Excluding NIS reserves.
³ Share of the Company in production.

Triton: new Sakhalin field

In November 2018, Gazprom Neft discovered a new field in the Sea of Okhotsk off the shore of Sakhalin. It was named Triton after the ancient sea god, Neptune's son. Triton contains ultralight oil with no impurities located at low depths. The field was discovered in the Bautinsky formation at the Ayashsky licence block. First production is expected in 2028–2030. The Neptune field discovered there a year

before has 415.8 mt of oil reserves according to an updated estimate. Gazprom Neft continues exploration offshore Sakhalin, with the possibility of increasing reserves in the region. The Triton discovery was a major expected development both for Gazprom Neft and other companies operating in the region. Triton is located in an area where no prospecting has been done before. Gazprom Neft's success may mean that new discoveries are possible.



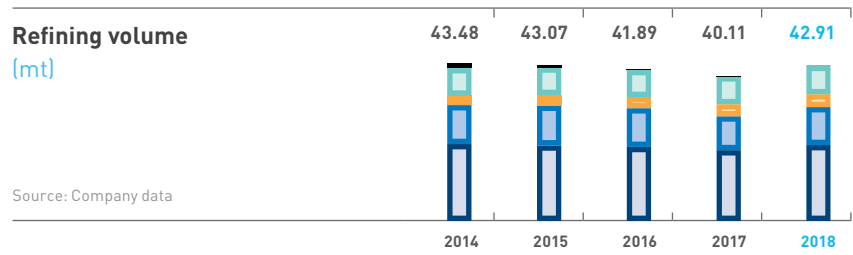
Gazprom Neft opens second field in Ayashsky block

Oil refining

Following the completion of upgrades and capital repairs at the Russian refineries of the Group in 2017, the volume of oil refined in 2018 increased by 7.0%. In 2018, the Company continued implementing the second phase of its environmental compliance and technology upgrade programme. It pursues strategic goals in oil refining and aims to increase oil conversion to 99% by 2025.

The year 2018 saw a sizeable growth in the output of light petroleum products (gasolines, diesel fuel, jet fuel and naphta).

A 14% increase in bitumen production was associated with rising domestic demand and export growth.



	2014	2015	2016	2017	2018
Omsk Refinery	21.28	20.90	20.48	19.58	21.00
Moscow Refinery	10.76	11.00	10.71	9.37	10.50
NIS ¹	2.61	2.94	3.10	3.34	3.55
Slavneft – YANOS ²	7.65	7.63	7.47	7.74	7.86
Mozyr Refinery ²	1.17	0.60	0.13	0.08	0.00

¹ Gazprom Neft holds a 56.15% stake in NIS (Serbia), which operates two refineries – in Pančevo and Novy Sad.

² Gazprom Neft's equity share.



Omsk Refinery:
one step ahead
of the industry
(interview)



Plant for the city:
Moscow Refinery
(coverage by Russia
24 TV Channel)