

**Management's Discussion and Analysis of Financial Condition and Results
of Operations for the three months ended December 31 and September 30, 2018 and
years ended December 31, 2018 and 2017**

Definitions and conversions

The following discussion is intended to assist you in understanding the Group financial position as of December 31, 2018 and results of operations for the three months ended December 31 and September 30, 2018 and years ended December 31, 2018 and 2017 and should be read in conjunction with the Consolidated Financial Statements and notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This report represents Group's financial condition and results of operations on a consolidated basis. In this report the terms "Gazprom Neft", "Company", "Group" represent PJSC Gazprom Neft, its consolidated subsidiaries and joint operations (as defined in IFRS 11) ("Tomskneft", "Salym petroleum development" (SPD) and Yuzhno-Priobskiy GPZ (UGPZ)). The term "Joint ventures" represents entities accounted for by the equity method.

Tonnes of crude oil produced are translated into barrels using conversion rates reflecting oil density from each of our oil fields. Crude oil purchased as well as other operational indicators expressed in barrels are translated from tonnes using a conversion rate of 7.33 barrels per tonne. Translations of cubic meters to cubic feet are made at the rate of 35.31 cubic feet per cubic meter. Translations of barrels of crude oil and liquid hydrocarbon into barrels of oil equivalent ("boe") are made at the rate of 1 barrel per boe and of cubic feet into boe at the rate of 6,000 cubic feet per boe.

Forward-looking statements

This discussion 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 fact 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 could 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 could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements contained in this Report, inclusively (without limitation): (a) price fluctuations in crude oil and gas; (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 delay or advancement, approvals, and cost estimates; and (k) changes in trading conditions.

Key financial and operating data

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month | | Δ, % |
|--|------------|--------|---|-----------|-----------|------|
| | | | | 2018 | 2017 | |
| Financial results (RUB million) | | | | | | |
| 661,999 | 689,557 | (4.0) | Revenue | 2,489,292 | 1,934,589 | 28.7 |
| 185,044 | 246,262 | (24.9) | Adjusted EBITDA* | 799,506 | 550,967 | 45.1 |
| 7,726 | 10,257 | (24.7) | RUB per toe of production | 8,608 | 6,139 | 40.2 |
| 15.68 | 21.12 | (25.8) | USD** per boe of production | 18.52 | 14.19 | 30.5 |
| 77,998 | 132,194 | (41.0) | Profit attributable to Gazprom Neft | 376,667 | 253,274 | 48.7 |
| Operational results | | | | | | |
| 177.46 | 177.90 | (0.2) | Hydrocarbon production including our share in joint ventures (MMboe) | 688.40 | 665.38 | 3.5 |
| 23.95 | 24.01 | (0.2) | Hydrocarbon production including our share in joint ventures (MMtoe) | 92.88 | 89.75 | 3.5 |
| 1.93 | 1.93 | - | Daily hydrocarbon production (MMboepd) | 1.89 | 1.82 | 3.8 |
| 118.42 | 122.14 | (3.0) | Crude oil and condensate production including our share in joint ventures (MMbbl) | 469.38 | 465.16 | 0.9 |
| 354.26 | 334.54 | 5.9 | Gas production including our share in joint ventures (bcf) | 1,314.24 | 1,201.36 | 9.4 |
| 11.10 | 11.24 | (1.2) | Refining throughput at own refineries and joint ventures (MMtonnes) | 42.91 | 40.11 | 7.0 |

* EBITDA is a non-IFRS measure. A reconciliation of adjusted EBITDA to profit before income taxes is provided in the appendix

**Translated to USD at the average exchange rate for the period

2018 highlights

- In March 2018 the Group increased its share in Arcticgas from 46,67% to 50%
- In September 2018 the Group, Mubadala Petroleum (United Arab Emirates) and Russian Direct Investment Fund completed the deal for joint exploration of fields in West Siberia. As a result of the deal non-controlling interest equals to 49% of share capital of Gazpromneft-Vostok LLC was transferred to investors syndicate
- In November 2018 the Group discovered the second hydrocarbon field «Triton» at the Sea of Okhotsk shelf with total geological reserves up to 137 MMtoe
- In September 2018 State Committee of Mineral Reserves proved total geological reserves of the hydrocarbon field «Neptune» at the Sea of Okhotsk shelf in the amount of 415,8 MMtoe, exceeding the initial estimation by 1.6 times
- Obtained exploration and production license for Novozarinskoye field in Orenburg region (upon field discovery)
- Received exploration licenses for 9 new licence blocks in Khanty-Mansiysk Autonomous Okrug, 3 new licence blocks in Yamalo-Nenets Autonomous Okrug and 2 new licence blocks in Orenburg region
- In May 2018 started production drilling at Severo-Samburg project
- The second technology line of gas processing facility was launched at Badra in Iraq
- In March 2018 the Group placed ruble bonds with total par value of RUB 25 billion
- In June and December 2018 launched icebreakers Alexander Sannikov and Andrey Vilkitsky
- In December 2018 the Group declared 9 months 2018 interim dividend of RUB 22.05 per ordinary share
- In February 2019 Moody's upgraded Company's rating to Baa2, outlook changed to stable.

Results for 12 months 2018 compared with 12 months 2017

- Total hydrocarbon production, including Group's share in joint ventures, increased by 3.5% to 92.88 MMtoe due to production growth at Novoportovskoye, East-Messoyakhskoye and Prirazlomnoye fields and in Iraq and an increase of Group's share in Arcticgas
- Total refining throughput increased by 7.0% due to completion of program of planned capital repairs at Group's refineries in 2017
- Revenue increased by 28.7% mainly due to higher prices for crude oil and petroleum products on the international and domestic markets and higher petroleum product volume sales. The increase was trimmed by crude oil sales volumes decline
- Higher crude oil prices, production growth at major fields (Novoportovskoye, Prirazlomnoye and East-Messoyakhskoye) have resulted in a 45.1% increase in an adjusted EBITDA
- Growth of profit attributable to Gazprom Neft shareholders, supported mainly by growth of EBITDA. The increase was trimmed by foreign exchange losses in 12 months 2018.

Results for Q4 2018 compared with Q3 2018

- Total hydrocarbon production, including Group's share in joint ventures, decreased non-significantly by 0.2%
- Refining throughput decreased by 1.2% due to a demand decline for petroleum products
- Revenue decreased by 4.0% mainly due to lower prices for crude oil on the international and domestic markets and lower petroleum product volume sales. Revenue decrease was partly compensated by crude oil sales volumes growth
- Adjusted EBITDA decreased by 24,9% due to lower crude oil prices, negative export duty lag, decreased refining throughput and petroleum products sales volume that largely associated with seasonal factors
- Profit attributable to Gazprom Neft shareholders decreased mainly due to decrease of EBITDA.

Operational data and analysis

Oil and Gas Reserves

| (MMboe) | Gazprom Neft* | Share in proportionally consolidated companies and joint ventures | | | | | | Total |
|--|------------------|---|-----------|------|------------------|----------|----------------|--------|
| | | Slavneft | Tomskneft | SPD | Sever Energia | Northgas | Messo yakha | |
| <i>Proved Reserves (December 31, 2016)**</i> | 6,275 | 975 | 592 | 177 | 2,455 | 670 | 74 | 11,218 |
| Production | (393) | (55) | (40) | (23) | (105) | (28) | (11) | (655) |
| Revision of previous estimates | 525 | 49 | 23 | 20 | 137 | (64) | 27 | 717 |
| <i>Proved Reserves (December 31, 2017)</i> | 6,407 | 969 | 575 | 174 | 2,487 | 578 | 90 | 11,280 |
| Production | (411) | (53) | (38) | (23) | (114) | (25) | (16) | (680) |
| Purchases of minerals in place | - | - | - | - | 176 | - | - | 176 |
| Revision of previous estimates | 443 | 38 | 4 | 14 | 377 | (84) | 39 | 831 |
| <i>Proved Reserves (December 31, 2018)</i> | 6,439 | 954 | 541 | 165 | 2,926 | 469 | 113 | 11,607 |
| Total group probable reserves | 5,084 | 1,767 | 393 | 150 | 1,486 | 143 | 446 | 9,469 |
| Total group possible reserves | 5,640 | 1,386 | 330 | 83 | 793 | 178 | 458 | 8,868 |

* Reserves above include reserves of Badra and Kurdistan fields on a working interest basis, which differs from net entitlement basis used in the Group consolidated financial statements

** The Company's proved reserves as of December 31, 2016 includes proved gas reserves partly recalculated into liquid hydrocarbons (includes NGL)

- The Company's proved reserves as of December 31, 2018 totaled 6,439 MMboe, including 4,635 MMbbl of crude oil and liquid hydrocarbons and 10,824 bcf of gas
- The Group proved reserves, including shares in joint operations and joint ventures, were 11,607 MMboe as of December 31, 2018, including 7,038 MMbbl of crude oil and liquid hydrocarbons and 27,415 bcf of gas
- Proved reserves figures exclude reserve volumes related to the Serbian subsidiary, NIS due to limitations on disclosure of this information in Serbia
- Reserve estimates are made by independent reservoir engineers DeGolyer and MacNaughton on the basis of standards of the Society of Petroleum Engineers Petroleum Reserves Management System (PRMS)
- PRMS reserves figures provided in the table differ from those reported in the supplementary information on oil and gas activities included with our consolidated financial statements. Oil and gas reserves included in that supplementary information are prepared using definitions provided by the US Securities and Exchange Commission (SEC), which require the use of a 12-month average of the first day of the month price for each month within the reporting period. The PRMS reserves in the above table use management's best estimate of future crude oil and natural gas prices
- Reserves of new fields Neptune and Triton at the Sea of Okhotsk shelf were not included into reserve estimates as of December 31, 2018.

Exploration Drilling and Discoveries

| | 2018 | 2017 | Δ, % |
|--|------|------|--------|
| Consolidated subsidiaries | | | |
| Exploration drilling ('000 meters) | 96 | 40 | 140.0 |
| Exploration wells drilled | 19 | 13 | 46.2 |
| New fields discovered | 3 | 4 | (25.0) |
| New reservoirs discovered | 17 | 31 | (45.2) |
| Proportionally consolidated companies | | | |
| Exploration drilling ('000 meters) | 29 | 16 | 81.3 |
| Exploration wells drilled | 9 | 3 | 200.0 |
| New fields discovered | 1 | 1 | - |
| New reservoirs discovered | 3 | 5 | (40.0) |
| Joint ventures | | | |
| Exploration drilling ('000 meters) | 55 | 39 | 41.0 |
| Exploration wells drilled | 15 | 10 | 50.0 |
| New reservoirs discovered | 7 | 6 | 16.7 |

- Exploration drilling by consolidated subsidiaries (including joint operations and joint ventures) in 2018 resulted in the discovery of 27 new reservoirs. Discoveries were made in Western Siberia (13 reservoirs), Tomsk region (1 reservoirs) and Eastern Europe (13 reservoirs)
- Discovered 3 new fields at consolidated subsidiaries: Blizhnenovoportovskoye (Yamalo-Nenets Autonomous Okrug), Neptun and Triton (the Sea of Okhotsk shelf)
- Discovered Vostochno-Talovoye field (Tomsk region) at Tomskneft.

Production drilling

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month 2018 | 2017 | Δ, % |
|----------------------------------|------------|--------|--|------------------|-------|--------|
| Consolidated subsidiaries | | | | | | |
| 505 | 593 | (14.8) | Production drilling ('000 meters) | 2,123 | 2,530 | (16.1) |
| 149 | 153 | (2.6) | New production wells | 545 | 658 | (17.2) |
| 64.45 | 80.08 | (19.5) | Average new well flow (tonnes per day) | 57.61 | 53.27 | 8.1 |
| Joint operations | | | | | | |
| 203 | 201 | 1.0 | Production drilling ('000 meters) | 759 | 791 | (4.0) |
| 54 | 34 | 58.8 | New production wells | 159 | 175 | (9.1) |
| Joint ventures | | | | | | |
| 467 | 519 | (10.0) | Production drilling ('000 meters) | 1,773 | 1,603 | 10.6 |
| 125 | 96 | 30.2 | New production wells | 378 | 355 | 6.5 |

- Decrease in number of new production wells drilled and production drilling by consolidated subsidiaries Y-o-Y was due to increased number of high-tech wells and a decline of workover operations at brownfields based on limits in line with OPEC+ production cut agreement
- Increase in average new well flow rate by consolidated subsidiaries Y-o-Y was due to commissioning of high flow rate wells at Novoportovskoye, Zapadno-Chatylkinskoye and Otdelnoye fields
- Increase in share of high-tech well drilling resulted in the Y-o-Y decrease of total new wells drilled by joint operations
- Increase in production drilling and new wells by joint ventures Y-o-Y was due to continued development of East-Messoyakhskoye field
- Decrease in production drilling and new wells by consolidated subsidiaries Q-o-Q was due to seasonal factors
- Increase in new wells by joint operations and joint ventures Q-o-Q was in line with schedule of new wells launch.

Production

| 4Q | 3Q | | | 12 month | | | | |
|-------------------|---------------|--------------|--|---------------|---------------|-------------------|--|--|
| 2018 | 2018 | Δ, % | | 2018 | 2017 | Δ, % | | |
| (MMtonnes) | | | Crude oil, condensate and NGLs | | | (MMtonnes) | | |
| 2.56 | 3.28 | (22.0) | Noyabrskneftegaz | 11.11 | 12.22 | (9.1) | | |
| 3.32 | 3.46 | (4.0) | Khantos** | 13.70 | 14.43 | (5.1) | | |
| 1.09 | 1.11 | (1.8) | Tomskneft | 4.31 | 4.58 | (5.9) | | |
| 0.78 | 0.79 | (1.3) | SPD | 3.07 | 3.07 | - | | |
| 0.73 | 0.68 | 7.4 | Orenburg | 2.72 | 2.76 | (1.4) | | |
| 0.24 | 0.24 | - | NIS | 0.95 | 0.97 | (2.1) | | |
| 0.42 | 0.42 | - | Vostok*** | 1.65 | 1.65 | - | | |
| 1.99 | 1.94 | 2.6 | Novy Port | 7.26 | 5.95 | 22.0 | | |
| 0.83 | 0.68 | 22.1 | Prirazlomnoye | 3.19 | 2.64 | 20.8 | | |
| 0.43 | 0.42 | 2.4 | Badra & Kurdistan | 1.61 | 1.30 | 23.8 | | |
| 0.01 | 0.01 | - | Others | 0.08 | 0.08 | - | | |
| 12.40 | 13.03 | (4.8) | Total production by subsidiaries and joint operations | 49.65 | 49.65 | - | | |
| 1.79 | 1.77 | 1.1 | Share in Slavneft | 6.91 | 7.15 | (3.4) | | |
| 1.01 | 0.95 | 6.3 | Share in SeverEnergiya (Arcticgas) | 3.89 | 3.67 | 6.0 | | |
| 0.08 | 0.07 | 14.3 | Share in Northgas | 0.31 | 0.38 | (18.4) | | |
| 0.61 | 0.58 | 5.2 | Share in Messoyakha | 2.23 | 1.58 | 41.1 | | |
| 3.49 | 3.37 | 3.6 | Share in production of joint ventures | 13.34 | 12.78 | 4.4 | | |
| 15.89 | 16.40 | (3.1) | Total crude oil, condensate and NGLs production | 62.99 | 62.43 | 0.9 | | |
| (bcm) | | | Gas* | | | (bcm) | | |
| 2.27 | 2.31 | (1.7) | Noyabrskneftegaz | 9.13 | 10.19 | (10.4) | | |
| 0.27 | 0.27 | - | Khantos** | 1.08 | 1.11 | (2.7) | | |
| 0.25 | 0.24 | 4.2 | Tomskneft | 0.95 | 0.94 | 1.1 | | |
| 0.04 | 0.03 | 33.3 | SPD | 0.13 | 0.13 | - | | |
| 0.75 | 0.67 | 11.9 | Orenburg | 2.71 | 2.53 | 7.1 | | |
| 0.12 | 0.12 | - | NIS | 0.48 | 0.52 | (7.7) | | |
| 0.03 | 0.04 | (25.0) | Vostok | 0.15 | 0.15 | - | | |
| 1.62 | 1.35 | 20.0 | Novy Port | 4.63 | 1.30 | >200 | | |
| 0.07 | 0.07 | - | Badra | 0.23 | 0.06 | >200 | | |
| 0.02 | - | - | Others | 0.07 | 0.05 | 40.0 | | |
| 5.44 | 5.10 | 6.7 | Total production by subsidiaries and joint operations | 19.56 | 16.98 | 15.2 | | |
| 0.12 | 0.13 | (7.7) | Share in Slavneft | 0.47 | 0.45 | 4.4 | | |
| 3.46 | 3.26 | 6.1 | Share in SeverEnergiya (Arcticgas) | 13.31 | 12.25 | 8.7 | | |
| 0.98 | 0.97 | 1.0 | Share in Northgas | 3.79 | 4.29 | (11.7) | | |
| 0.03 | 0.02 | 50.0 | Share in Messoyakha | 0.09 | 0.05 | 80.0 | | |
| 4.59 | 4.38 | 4.8 | Share in production of joint ventures | 17.66 | 17.04 | 3.6 | | |
| 10.03 | 9.48 | 5.8 | Total gas production | 37.22 | 34.02 | 9.4 | | |
| (MMtoe) | | | Hydrocarbons | | | (MMtoe) | | |
| 16.78 | 17.12 | (2.0) | Total production by subsidiaries and joint operations | 65.36 | 63.28 | 3.3 | | |
| 7.17 | 6.89 | 4.1 | Share in production of joint ventures | 27.52 | 26.47 | 4.0 | | |
| 23.95 | 24.01 | (0.2) | MMtoe | 92.88 | 89.75 | 3.5 | | |
| 177.46 | 177.90 | (0.2) | MMboe | 688.40 | 665.38 | 3.5 | | |
| 1.93 | 1.93 | - | Daily hydrocarbon production (MMboepd) | 1.89 | 1.82 | 3.8 | | |

* Production volume includes marketable gas and gas utilized in the Company's power plants

** Khantos oil production in 2017-2018 includes NGL in the share of Gazprom Neft (50%). Associated gas utilization excludes gas used for NGL production at UGPZ (50%)

*** Vostok oil production since 2017 includes DGS. Associated gas utilization excludes gas used for DGS

- Group daily hydrocarbon production increased by 3.8% Y-o-Y
- Group oil and condensate production increased non-significantly by 0.9% Y-o-Y to 62.99 MMtonnes in line with OPEC+ agreement regarding oil cut
- The decrease in Group oil and condensate production by 3.1% Q-o-Q was due to production quotas level for Group Gazprom within OPEC+ agreement;
- Group gas production increased by 9.4% Y-o-Y, primarily due to an increase in associated gas utilization resulted from gas processing facility commissioning at Novoportovskoye field and in Iraq, higher natural gas production in Arcticgas and increased Group's share in Arcticgas
- Group's gas production increased by 5.8% Q-o-Q due to an increase in associated gas utilization at Novoportovskoye field and natural gas production increase at Orenburg region and at Arcticgas fields resulted from completion of planned repairs of gas processing facilities in 3Q 2018.

Crude oil purchases

| 4Q 2018 | 3Q 2018 | Δ, % | (MMtonnes) | 12 month | | |
|-------------|-------------|--------------|-------------------------------------|-------------|-------------|------------|
| | | | | 2018 | 2017 | Δ, % |
| 2.11 | 1.91 | 10.5 | Crude oil purchases in Russia * | 7.81 | 7.34 | 6.4 |
| 0.28 | 0.53 | (47.2) | Crude oil purchases internationally | 1.36 | 1.63 | (16.6) |
| 2.39 | 2.44 | (2.0) | Total crude purchased | 9.17 | 8.97 | 2.2 |

* Crude oil purchases in Russia:

- exclude purchases from the Group's joint ventures Slavneft, SeverEnergiya (Arcticgas) and Messoyakha

- include purchase of stable gas condensate from Novatek (25% of Arcticgas production)

- Crude oil purchases in Russia increased Q-o-Q due to production decline at Noyabrsk region
- Crude oil purchases in Russia increased Y-o-Y due to higher production at Group's refineries
- Crude oil purchases at international markets decreased Q-o-Q due to growth of intercompany deliveries and as a result decline of external purchases.

Refining

| 4Q 2018 | 3Q 2018 | Δ, % | (MMtonnes) | 12 month | | |
|-----------------------------|--------------|--------------|---|--------------|--------------|------------|
| | | | | 2018 | 2017 | Δ, % |
| Refining throughput: | | | | | | |
| 5.43 | 5.44 | (0.2) | Omsk | 21.00 | 19.58 | 7.3 |
| 2.67 | 2.76 | (3.3) | Moscow | 10.50 | 9.37 | 12.1 |
| 0.99 | 1.01 | (2.0) | Pancevo | 3.55 | 3.34 | 6.3 |
| 9.09 | 9.21 | (1.3) | Total throughput at refineries owned by subsidiaries | 35.05 | 32.29 | 8.5 |
| 2.01 | 2.03 | (1.0) | Share in Yaroslavl | 7.86 | 7.74 | 1.6 |
| - | - | - | Share in Mozyr | - | 0.08 | - |
| 11.10 | 11.24 | (1.2) | Total refining throughput | 42.91 | 40.11 | 7.0 |

Production of petroleum products

| | | | | | | |
|--------------|--------------|--------------|-------------------------|--------------|--------------|------------|
| 2.15 | 2.34 | (8.1) | Gasoline | 8.86 | 8.60 | 3.0 |
| 2.15 | 2.34 | (8.1) | Class 5 | 8.86 | 8.60 | 3.0 |
| 0.50 | 0.46 | 8.7 | Naphtha | 1.95 | 1.38 | 41.3 |
| 3.18 | 3.19 | (0.3) | Diesel | 12.32 | 11.45 | 7.6 |
| 0.03 | 0.02 | 50.0 | Class 2 and below | 0.10 | 0.12 | (16.7) |
| 3.15 | 3.17 | (0.6) | Class 5 | 12.22 | 11.33 | 7.9 |
| 1.98 | 1.41 | 40.4 | Fuel oil | 6.20 | 5.70 | 8.8 |
| 0.84 | 0.97 | (13.4) | Jet fuel | 3.47 | 3.04 | 14.1 |
| 0.62 | 0.72 | (13.9) | Bunker fuel | 2.58 | 2.67 | (3.4) |
| 0.59 | 0.98 | (39.8) | Bitumen | 2.93 | 2.57 | 14.0 |
| 0.13 | 0.13 | - | Lubricants | 0.49 | 0.48 | 2.1 |
| 0.70 | 0.64 | 9.4 | Other | 2.60 | 2.74 | (5.1) |
| 10.69 | 10.84 | (1.4) | Total production | 41.40 | 38.63 | 7.2 |

- Total throughput decreased by 1,2% Q-o-Q due to seasonal demand decline for petroleum products

- Total throughput increased by 7,0% Y-o-Y due to completion of program for planned capital repairs at Group refineries in 2017
- Fuel oil production increased by 40.4% and bitumen production decreased by 39.8% Q-o-Q due to seasonal decline of demand for bitumen
- Bitumen production increased by 14.0% Y-o-Y due to higher demand on domestic market and geographic expansion of export sales
- High-octane gasoline and diesel production increased by 3.0% and 7.6% Y-o-Y respectively due to higher throughput at Group's refineries
- Naphtha production increased Y-o-Y due to economic effectiveness of its production relative to crude oil and petroleum product prices and demand
- The jet fuel production increased by 14.1% Y-o-Y due to higher crude oil throughput and increased output at refinery in Yaroslavl resulted from optimization of technical processes.

Petroleum product purchases on international markets

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|--------------|--------------|-------------|--------------|-------------|-------------|----------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| Diesel | 2,924 | 0.07 | 3,524 | 0.08 | (17.0) | (12.5) |
| Jet fuel | 3,931 | 0.07 | 2,416 | 0.05 | 62.7 | 40.0 |
| Bunker fuel | 998 | 0.03 | 939 | 0.03 | 6.3 | - |
| Lubricants | 199 | - | 298 | 0.01 | (33.2) | - |
| Total | 8,052 | 0.17 | 7,177 | 0.17 | 12.2 | - |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|--------------|---------------|-------------|---------------|-------------|-------------|--------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| Diesel | 14,246 | 0.35 | 9,460 | 0.33 | 50.6 | 6.1 |
| Jet fuel | 11,373 | 0.24 | 7,485 | 0.21 | 51.9 | 14.3 |
| Bunker fuel | 6,471 | 0.20 | 8,014 | 0.30 | (19.3) | (33.3) |
| Lubricants | 1,055 | 0.01 | 933 | 0.01 | 13.1 | - |
| Total | 33,145 | 0.80 | 25,892 | 0.85 | 28.0 | (5.9) |

- Jet fuel purchases on international markets increased Y-o-Y due to geographic expansion and higher demand for international flights
- Bunker fuel purchases decreased Y-o-Y due to a decline at bunker market in Romania.

Petroleum product purchases in the CIS

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|----------------------|---------------|-------------|---------------|-------------|-------------|--------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 4,811 | 0.14 | 4,451 | 0.16 | 8.1 | (12.5) |
| Low octane gasoline | 14 | - | 16 | - | (12.5) | - |
| Diesel | 5,644 | 0.14 | 5,505 | 0.14 | 2.5 | - |
| Petrochemicals | 359 | 0.01 | 412 | 0.01 | (12.9) | - |
| Other | 69 | - | 84 | - | (17.9) | - |
| Total | 10,897 | 0.29 | 10,468 | 0.31 | 4.1 | (6.5) |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|----------------------|---------------|-------------|---------------|-------------|--------------|-------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 13,863 | 0.44 | 7,251 | 0.21 | 91.2 | 109.5 |
| Low octane gasoline | 90 | - | 237 | 0.01 | (62.0) | - |
| Diesel | 17,417 | 0.46 | 4,019 | 0.17 | >200 | 170.6 |
| Petrochemicals | 1,218 | 0.04 | 937 | 0.04 | 30.0 | - |
| Other | 284 | 0.01 | 529 | 0.05 | (46.3) | (80.0) |
| Total | 32,872 | 0.95 | 12,973 | 0.48 | 153.4 | 97.9 |

- The increase of petroleum product purchases in CIS Y-o-Y was due to higher deliveries from local refineries resulted from higher prices for petroleum products from Group's refineries and prices regulation in CIS.

Domestic petroleum product purchases

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|----------------------|---------------|-------------|---------------|-------------|-------------|----------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 19,969 | 0.45 | 14,044 | 0.34 | 42.2 | 32.4 |
| Diesel | 9,979 | 0.22 | 10,089 | 0.24 | (1.1) | (8.3) |
| Jet fuel | 1,275 | 0.03 | 2,191 | 0.06 | (41.8) | (50.0) |
| Bunker fuel | 1,267 | 0.03 | 1,878 | 0.05 | (32.5) | (40.0) |
| Bitumen | 166 | 0.01 | 653 | 0.03 | (74.6) | (66.7) |
| Petrochemicals | 874 | 0.01 | 1,197 | 0.03 | (27.0) | (66.7) |
| Other | 1,105 | 0.03 | 1,292 | 0.03 | (14.5) | - |
| Total | 34,635 | 0.78 | 31,344 | 0.78 | 10.5 | - |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|----------------------|----------------|-------------|----------------|-------------|--------------|---------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 64,728 | 1.56 | 67,166 | 1.85 | (3.6) | (15.7) |
| Diesel | 40,407 | 0.96 | 42,517 | 1.21 | (5.0) | (20.7) |
| Jet fuel | 6,601 | 0.17 | 9,205 | 0.30 | (28.3) | (43.3) |
| Bunker fuel | 5,309 | 0.15 | 3,685 | 0.15 | 44.1 | - |
| Bitumen | 1,310 | 0.08 | 805 | 0.06 | 62.7 | 33.3 |
| Lubricants | - | - | 176 | 0.01 | - | - |
| Petrochemicals | 3,378 | 0.06 | 162 | 0.01 | >200 | >200 |
| Other | 4,253 | 0.12 | 5,718 | 0.17 | (25.6) | (29.4) |
| Total | 125,986 | 3.10 | 129,434 | 3.76 | (2.7) | (17.6) |

- High-octane gasoline purchases increased Q-o-Q due to lower production at Group's refineries
- Petroleum product purchases decreased Y-o-Y due to higher production at Group's refineries.

Petroleum product marketing through premium channels

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month 2018 | 12 month 2017 | Δ, % |
|--------------|-------------------|--------------|---|---------------|-------------------|------------|
| | (units) | | Active retail stations | | (units) | |
| 1,190 | 1,176 | 1.2 | In Russia | 1,190 | 1,193 | (0.3) |
| 201 | 193 | 4.1 | In CIS | 201 | 188 | 6.9 |
| 410 | 415 | (1.2) | In Eastern Europe | 410 | 416 | (1.4) |
| 1,801 | 1,784 | 1.0 | Total retail stations (as at the end of the period) | 1,801 | 1,797 | 0.2 |
| | | | Average daily sales per retail site in Russia (tonnes per day) | | | |
| 21.41 | 21.28 | 0.6 | | 20.74 | 20.08 | 3.3 |
| | (MMtonnes) | | Sales volume through premium channels | | (MMtonnes) | |
| 5.12 | 5.49 | (6.7) | Gasoline and Diesel | 20.40 | 20.01 | 1.9 |
| 0.76 | 0.90 | (15.6) | Jet | 3.12 | 2.83 | 10.2 |
| 0.79 | 0.82 | (3.7) | Bunkering | 2.92 | 2.71 | 7.7 |
| 0.08 | 0.08 | - | Lubricants | 0.31 | 0.29 | 6.9 |
| 0.08 | 0.14 | (42.9) | Bitumen | 0.35 | 0.29 | 20.7 |
| 6.83 | 7.43 | (8.1) | Total sales volume through premium channels | 27.10 | 26.13 | 3.7 |

- The total number of active retail stations increased by 1.0% Q-o-Q due to a completion of reconstruction and new retail stations commissioning
- Average daily sales per retail station in Russia increased by 3.3% Y-o-Y due to Group's marketing activities
- Sales volume through premium channels decreased Q-o-Q mainly due to seasonal factors
- Gasoline sales through premium channels increased Y-o-Y due to growth of sales to corporate clients
- Jet fuel sales increased Y-o-Y mainly due to higher demand for jet fuel in Moscow and Saint-Petersburg as a result of higher level of air carriage
- Bunker fuel sales increased Y-o-Y due higher demand at North-West and Black Sea

- Bitumen sales increased Y-o-Y due to expansion of complex delivery and logistics services, formation of long-term direct agreements with major market clients.

Results of operations

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month | | Δ, % |
|-----------------------------------|------------------|---------------|---|--------------------|--------------------|-------------|
| | | | | 2018 | 2017 | |
| 642,001 | 672,137 | (4.5) | Crude oil, gas and petroleum products sales | 2,418,717 | 1,870,790 | 29.3 |
| 19,998 | 17,420 | 14.8 | Other revenue | 70,575 | 63,799 | 10.6 |
| 661,999 | 689,557 | (4.0) | Total revenue* | 2,489,292 | 1,934,589 | 28.7 |
| Costs and other deductions | | | | | | |
| (184,628) | (166,581) | 10.8 | Purchases of oil, gas and petroleum products | (617,306) | (456,037) | 35.4 |
| (63,627) | (56,819) | 12.0 | Production and manufacturing expenses | (228,618) | (216,530) | 5.6 |
| (31,778) | (30,481) | 4.3 | Selling, general and administrative expenses | (114,882) | (106,629) | 7.7 |
| (40,904) | (35,492) | 15.2 | Transportation expenses | (147,182) | (141,982) | 3.7 |
| (48,909) | (46,693) | 4.7 | Depreciation, depletion and amortization | (175,451) | (140,998) | 24.4 |
| (162,955) | (182,721) | (10.8) | Taxes other than income tax | (652,784) | (492,269) | 32.6 |
| (32,112) | (20,531) | 56.4 | Export duties | (94,916) | (76,658) | 23.8 |
| (613) | (343) | 78.7 | Exploration expenses | (1,411) | (963) | 46.5 |
| (565,526) | (539,661) | 4.8 | Total operating expenses | (2,032,550) | (1,632,066) | 24.5 |
| 96,473 | 149,896 | (35.6) | Operating profit | 456,742 | 302,523 | 51.0 |
| 21,042 | 29,305 | (28.2) | Share of profit of associates and joint ventures | 90,704 | 45,504 | 99.3 |
| (2,443) | (6,798) | (64.1) | Net foreign exchange loss | (33,558) | (241) | >200 |
| 2,911 | 1,665 | 74.8 | Finance income | 7,506 | 10,098 | (25.7) |
| (5,196) | (4,870) | 6.7 | Finance expense | (21,476) | (25,127) | (14.5) |
| (10,888) | (3,279) | >200 | Other loss, net | (19,796) | (7,557) | 162.0 |
| 5,426 | 16,023 | (66.1) | Total other income | 23,380 | 22,677 | 3.1 |
| 101,899 | 165,919 | (38.6) | (Loss) / Profit before income tax | 480,122 | 325,200 | 47.6 |
| (12,305) | (19,339) | (36.4) | Current income tax (expense) | (59,585) | (43,695) | 36.4 |
| (6,002) | (6,318) | (5.0) | Deferred income tax expense | (19,544) | (11,827) | 65.2 |
| (18,307) | (25,657) | (28.6) | Total income tax benefit / (expense) | (79,129) | (55,522) | 42.5 |
| 83,592 | 140,262 | (40.4) | (Loss) / Profit for the period | 400,993 | 269,678 | 48.7 |
| (5,594) | (8,068) | (30.7) | Less: Profit attributable to non-controlling interest | (24,326) | (16,404) | 48.3 |
| 77,998 | 132,194 | (41.0) | Profit attributable to Gazprom Neft | 376,667 | 253,274 | 48.7 |

* Sales include sales related excise tax

Revenues

| 4Q | 3Q | | | 12 month | | |
|---------------------------|----------------|--------------|---|------------------|------------------|--------------|
| 2018 | 2018 | Δ, % | | 2018 | 2017 | Δ, % |
| Crude oil | | | | | | |
| 143,632 | 151,541 | (5.2) | Export | 552,692 | 413,662 | 33.6 |
| 10,022 | 11,226 | (10.7) | International markets | 37,938 | 22,480 | 68.8 |
| 9,313 | 10,349 | (10.0) | Export to CIS | 38,993 | 30,117 | 29.5 |
| 21,180 | 24,919 | (15.0) | Domestic | 88,848 | 83,393 | 6.5 |
| 184,147 | 198,035 | (7.0) | Total crude oil revenue | 718,471 | 549,652 | 30.7 |
| Gas | | | | | | |
| 129 | 277 | (53.4) | International markets | 1,010 | 1,237 | (18.4) |
| 9,108 | 9,388 | (3.0) | Domestic | 35,805 | 36,351 | (1.5) |
| 9,237 | 9,665 | (4.4) | Total gas revenue | 36,815 | 37,588 | (2.1) |
| Petroleum products | | | | | | |
| 91,810 | 79,034 | 16.2 | Export | 330,290 | 228,346 | 44.6 |
| 47,259 | 51,190 | (7.7) | International markets | 165,880 | 112,912 | 46.9 |
| 71,637 | 76,085 | (5.8) | Sales on international markets | 257,803 | 180,803 | 42.6 |
| (24,378) | (24,895) | (2.1) | Less sales related excise | (91,923) | (67,891) | 35.4 |
| 23,561 | 25,292 | (6.8) | CIS | 91,334 | 76,058 | 20.1 |
| 23,854 | 25,502 | (6.5) | Export sales and sales in CIS | 92,245 | 77,154 | 19.6 |
| (293) | (210) | 39.5 | Less sales related excise | (911) | (1,096) | (16.9) |
| 285,987 | 308,921 | (7.4) | Domestic | 1,075,927 | 866,234 | 24.2 |
| 448,617 | 464,437 | (3.4) | Total petroleum products revenue | 1,663,431 | 1,283,550 | 29.6 |
| 19,998 | 17,420 | 14.8 | Other revenue | 70,575 | 63,799 | 10.6 |
| 661,999 | 689,557 | (4.0) | Total revenue | 2,489,292 | 1,934,589 | 28.7 |

Sales volumes

| 4Q | 3Q | | | 12 month | | | | |
|-------------------|--------------|--------------|---------------------------------------|--------------|--------------|-------------------|--|--|
| 2018 | 2018 | Δ, % | | 2018 | 2017 | Δ, % | | |
| (MMtonnes) | | | Crude oil | | | (MMtonnes) | | |
| 4.31 | 4.22 | 2.1 | Export | 17.05 | 18.19 | (6.3) | | |
| 0.34 | 0.33 | 3.0 | Sales on international markets* | 1.25 | 1.06 | 17.9 | | |
| 0.41 | 0.39 | 5.1 | Export to CIS | 1.65 | 1.71 | (3.5) | | |
| 1.09 | 1.07 | 1.9 | Domestic sales | 4.31 | 5.57 | (22.6) | | |
| 6.15 | 6.01 | 2.3 | Total crude oil sales | 24.26 | 26.53 | (8.6) | | |
| (bcm) | | | Gas | | | (bcm) | | |
| 0.01 | 0.02 | (50.0) | International markets | 0.07 | 0.11 | (36.4) | | |
| 3.31 | 3.42 | (3.2) | Domestic sales | 13.13 | 13.89 | (5.5) | | |
| 3.32 | 3.44 | (3.5) | Total gas sales | 13.20 | 14.00 | (5.7) | | |
| (MMtonnes) | | | Petroleum products | | | (MMtonnes) | | |
| 2.78 | 2.10 | 32.4 | Export | 10.00 | 9.54 | 4.8 | | |
| 1.01 | 1.08 | (6.5) | Sales on international markets | 3.75 | 3.48 | 7.8 | | |
| 0.60 | 0.68 | (11.8) | Export to CIS | 2.49 | 2.50 | (0.4) | | |
| 7.40 | 8.22 | (10.0) | Domestic sales | 29.67 | 27.96 | 6.1 | | |
| 11.79 | 12.08 | (2.4) | Total petroleum products sales | 45.91 | 43.48 | 5.6 | | |

* Sales on international markets include Production-Sharing Agreements

Average realized sales prices

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month 2018 | 2017 | Δ, % |
|------------------------|------------|--------|---------------------------|------------------------|--------|------|
| (RUB per tonne) | | | Crude oil | (RUB per tonne) | | |
| 33,325 | 35,910 | (7.2) | Export | 32,416 | 22,741 | 42.5 |
| 22,715 | 26,536 | (14.4) | Export and sales in CIS | 23,632 | 17,612 | 34.2 |
| 19,431 | 23,289 | (16.6) | Domestic sales | 20,614 | 14,972 | 37.7 |
| (RUB per tonne) | | | Petroleum products | (RUB per tonne) | | |
| 33,025 | 37,635 | (12.2) | Export | 33,029 | 23,936 | 38.0 |
| 39,757 | 37,503 | 6.0 | Export and sales in CIS | 37,046 | 30,862 | 20.0 |
| 38,647 | 37,582 | 2.8 | Domestic sales | 36,263 | 30,981 | 17.0 |

Crude oil sales

- Crude oil export volumes increased Q-o-Q due to growth of crude oil production at Prirazlomnoye and Novoportovskoye fields
- Crude oil export and domestic volumes decreased Y-o-Y due to an increase in crude oil throughput at own refineries
- Crude oil export sales on international market increased Y-o-Y due to a production growth in Iraq.

Gas sales

- Domestic gas sales volumes decreased by 5.5% Y-o-Y due to decreased natural gas production at Noyabrsk region in line with OPEC agreement regarding production oil cut.

Petroleum product exports

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|----------------|---------------|-------------|---------------|-------------|-------------|-------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| Naphtha | 12,888 | 0.36 | 11,897 | 0.28 | 8.3 | 28.6 |
| Diesel | 28,503 | 0.73 | 28,168 | 0.64 | 1.2 | 14.1 |
| Fuel oil | 30,631 | 1.18 | 19,699 | 0.73 | 55.5 | 61.6 |
| Jet fuel | 6,885 | 0.13 | 6,463 | 0.13 | 6.5 | - |
| Bunker fuel | 5,993 | 0.17 | 7,544 | 0.20 | (20.6) | (15.0) |
| Bitumen | 290 | 0.01 | 469 | 0.02 | (38.2) | (50.0) |
| Lubricants | 2,023 | 0.03 | 1,577 | 0.03 | 28.3 | - |
| Petrochemicals | 1,144 | 0.03 | 1,499 | 0.03 | (23.7) | - |
| Other | 3,453 | 0.14 | 1,718 | 0.04 | 101.0 | >200 |
| Total | 91,810 | 2.78 | 79,034 | 2.10 | 16.2 | 32.4 |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|----------------------|----------------|--------------|----------------|-------------|-------------|------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 830 | 0.03 | - | - | - | - |
| Naphtha | 49,911 | 1.34 | 26,434 | 0.94 | 88.8 | 42.6 |
| Diesel | 113,616 | 2.90 | 74,111 | 2.53 | 53.3 | 14.6 |
| Fuel oil | 89,993 | 3.75 | 56,618 | 3.29 | 58.9 | 14.0 |
| Jet fuel | 23,124 | 0.48 | 13,355 | 0.39 | 73.1 | 23.1 |
| Bunker fuel | 32,034 | 0.95 | 32,673 | 1.40 | (2.0) | (32.1) |
| Bitumen | 1,260 | 0.06 | 768 | 0.05 | 64.1 | 20.0 |
| Lubricants | 6,610 | 0.11 | 5,062 | 0.09 | 30.6 | 22.2 |
| Petrochemicals | 6,689 | 0.16 | 5,073 | 0.19 | 31.9 | (15.8) |
| Other | 6,223 | 0.22 | 14,252 | 0.66 | (56.3) | (66.7) |
| Total | 330,290 | 10.00 | 228,346 | 9.54 | 44.6 | 4.8 |

- Petroleum product export volumes increased by 32.4% Q-o-Q due to market conditions and sales efficiency on international market

- Naphtha and fuel oil sales volumes Y-o-Y and Q-o-Q were determined by economic efficiency and were optimized relative to petroleum product prices and demand
- Diesel sales volumes increased Y-o-Y due to planned reconstruction and capital repairs of “large ring” units at Moscow refinery in 2017
- Bunker fuel sales volumes decreased Q-o-Q mainly due to seasonal factors and Y-o-Y due to a decline in bunker market in Romania
- Jet fuel export sales volumes increased Y-o-Y due to geographical expansion.

Petroleum product sales in the CIS

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|--------------------------|---------------|-------------|---------------|-------------|--------------|---------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 8,853 | 0.22 | 8,699 | 0.21 | 1.8 | 4.8 |
| Low octane gasoline | 59 | 0.00 | 154 | 0.01 | (61.7) | - |
| Diesel | 10,521 | 0.23 | 11,038 | 0.26 | (4.7) | (11.5) |
| Jet fuel | 826 | 0.02 | 1,000 | 0.02 | (17.4) | - |
| Bunker fuel | 732 | 0.03 | 268 | 0.01 | 173.1 | 200.0 |
| Bitumen | 1,196 | 0.06 | 2,200 | 0.12 | (45.6) | (50.0) |
| Lubricants | 748 | 0.01 | 1,024 | 0.02 | (27.0) | (50.0) |
| Petrochemicals and Other | 919 | 0.03 | 1,119 | 0.03 | (17.9) | - |
| Total | 23,854 | 0.60 | 25,502 | 0.68 | (6.5) | (11.8) |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|--------------------------|---------------|-------------|---------------|-------------|-------------|--------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 33,945 | 0.87 | 30,484 | 0.89 | 11.4 | (2.2) |
| Low octane gasoline | 405 | 0.01 | 641 | 0.02 | (36.8) | (50.0) |
| Naphtha | - | - | 501 | 0.02 | - | - |
| Diesel | 38,542 | 0.94 | 30,524 | 0.93 | 26.3 | 1.1 |
| Fuel oil | - | - | 210 | 0.02 | - | - |
| Jet fuel | 6,010 | 0.15 | 4,599 | 0.15 | 30.7 | - |
| Bunker fuel | 1,000 | 0.04 | - | - | - | - |
| Bitumen | 5,150 | 0.28 | 4,016 | 0.28 | 28.2 | - |
| Lubricants | 3,529 | 0.07 | 2,794 | 0.07 | 26.3 | - |
| Petrochemicals and Other | 3,664 | 0.13 | 3,385 | 0.12 | 8.2 | 8.3 |
| Total | 92,245 | 2.49 | 77,154 | 2.50 | 19.6 | (0.4) |

Domestic sales of petroleum products

| | 4Q 2018 | | 3Q 2018 | | Δ, % | |
|----------------------|----------------|-------------|----------------|-------------|--------------|---------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 107,636 | 2.42 | 111,629 | 2.48 | (3.6) | (2.4) |
| Low octane gasoline | 21 | 0.00 | 115 | 0.00 | (81.7) | - |
| Naphtha | 1,595 | 0.06 | 1,874 | 0.05 | (14.9) | 20.0 |
| Diesel | 95,770 | 2.06 | 103,124 | 2.41 | (7.1) | (14.5) |
| Fuel oil | 11,201 | 0.67 | 9,247 | 0.56 | 21.1 | 19.6 |
| Jet fuel | 31,476 | 0.73 | 35,706 | 0.87 | (11.8) | (16.1) |
| Bunker fuel | 14,467 | 0.49 | 16,390 | 0.55 | (11.7) | (10.9) |
| Bitumen | 6,316 | 0.42 | 12,029 | 0.71 | (47.5) | (40.8) |
| Lubricants | 4,491 | 0.08 | 4,537 | 0.08 | (1.0) | - |
| Petrochemicals | 7,978 | 0.28 | 8,198 | 0.24 | (2.7) | 16.7 |
| Other | 5,036 | 0.19 | 6,072 | 0.27 | (17.1) | (29.6) |
| Total | 285,987 | 7.40 | 308,921 | 8.22 | (7.4) | (10.0) |

| | 12 month 2018 | | 12 month 2017 | | Δ, % | |
|----------------------|------------------|--------------|----------------|--------------|-------------|------------|
| | RUB million | MMtonnes | RUB million | MMtonnes | RUB million | MMtonnes |
| High octane gasoline | 408,550 | 9.43 | 363,302 | 9.23 | 12.5 | 2.2 |
| Low octane gasoline | 325 | 0.01 | 815 | 0.02 | (60.1) | (50.0) |
| Naphtha | 6,510 | 0.21 | 298 | 0.01 | >200 | >200 |
| Diesel | 360,918 | 8.53 | 292,122 | 8.44 | 23.6 | 1.1 |
| Fuel oil | 31,215 | 2.11 | 16,027 | 1.65 | 94.8 | 27.9 |
| Jet fuel | 120,917 | 3.03 | 86,240 | 2.82 | 40.2 | 7.4 |
| Bunker fuel | 52,476 | 1.90 | 36,477 | 1.89 | 43.9 | 0.5 |
| Bitumen | 31,265 | 2.21 | 23,406 | 1.96 | 33.6 | 12.8 |
| Lubricants | 15,731 | 0.29 | 13,109 | 0.24 | 20.0 | 20.8 |
| Petrochemicals | 29,626 | 1.04 | 22,536 | 0.90 | 31.5 | 15.6 |
| Other | 18,394 | 0.91 | 11,902 | 0.80 | 54.5 | 13.8 |
| Total | 1,075,927 | 29.67 | 866,234 | 27.96 | 24.2 | 6.1 |

- Petroleum product sales volumes decreased Q-o-Q due to seasonal factors and effectiveness of operations on international market
- Petroleum product sales volumes increased Y-o-Y mainly due to the growth of production at own refineries resulted from completion of planned capital repairs during 2017
- Jet fuel sales volumes increased Y-o-Y due to the demand growth (resulted from higher carriage due to FIFA World Cup) and cooperation with airline companies (new agreements and geographic expansion)
- Bitumen sales volumes increased Y-o-Y due to expansion of complex delivery and logistics services, formation of long-term direct agreements with major market clients.

Purchases of oil, gas and petroleum products

- Purchases of oil, gas, and petroleum products increased by 35.4% Y-o-Y due to higher crude oil and petroleum product prices. The growth was partially offset by a reduction of petroleum product volumes purchases resulted from higher throughput.

Production and manufacturing expenses

| 4Q | 3Q | | | 12 month | | |
|---------------|---------------|--------------|--|----------------|----------------|--------------|
| 2018 | 2018 | Δ, % | (RUB million) | 2018 | 2017 | Δ, % |
| 32,400 | 28,102 | 15.3 | Upstream expenses | 112,840 | 111,837 | 0.9 |
| 1,931 | 1,641 | 17.7 | RUB per toe | 1,726 | 1,767 | (2.3) |
| 3.96 | 3.42 | 15.8 | USD per boe | 3.76 | 4.13 | (9.0) |
| 24,967 | 20,938 | 19.2 | Consolidated subsidiaries inside Russia | 85,135 | 85,898 | (0.9) |
| 1,804 | 1,477 | 22.1 | RUB per toe | 1,579 | 1,653 | (4.5) |
| 3.70 | 3.07 | 20.5 | USD per boe | 3.44 | 3.86 | (10.9) |
| | | | including | | | |
| 17,804 | 15,028 | 18.5 | Brownfields | 61,114 | 67,923 | (10.0) |
| 2,127 | 1,623 | 31.1 | RUB per toe | 1,757 | 1,812 | (3.0) |
| 4.36 | 3.38 | 29.0 | USD per boe | 3.82 | 4.24 | (9.9) |
| 7,163 | 5,910 | 21.2 | Greenfields | 24,021 | 17,975 | 33.6 |
| 1,309 | 1,201 | 9.0 | RUB per toe | 1,256 | 1,242 | 1.1 |
| 2.69 | 2.50 | 7.6 | USD per boe | 2.73 | 2.90 | (5.9) |
| | | | Consolidated subsidiaries outside Russia (including | | | |
| 2,386 | 2,546 | (6.3) | PSA)** | 9,311 | 8,381 | 11.1 |
| 2,875 | 3,182 | (9.6) | RUB per toe | 2,975 | 3,059 | (2.7) |
| 5.90 | 6.62 | (10.9) | USD per boe | 6.47 | 7.15 | (9.5) |
| 5,047 | 4,618 | 9.3 | Joint operations | 18,394 | 17,558 | 4.8 |
| 2,415 | 2,178 | 10.9 | RUB per toe | 2,232 | 2,061 | 8.3 |
| 4.96 | 4.53 | 9.5 | USD per boe | 4.86 | 4.82 | 0.8 |
| 16,052 | 14,729 | 9.0 | Downstream expenses | 58,919 | 55,318 | 6.5 |
| 9,255 | 7,659 | 20.8 | Refining expenses at own refineries | 32,251 | 31,191 | 3.4 |
| 1,018 | 832 | 22.4 | RUB per tonne | 920 | 966 | (4.8) |
| 2.09 | 1.73 | 20.8 | USD per bbl | 2.00 | 2.26 | (11.5) |
| 3,175 | 3,170 | 0.2 | Refining expenses at refineries of joint ventures*** | 12,496 | 12,259 | 1.9 |
| 1,580 | 1,562 | 1.2 | RUB per tonne | 1,590 | 1,568 | 1.4 |
| 3.24 | 3.25 | (0.3) | USD per bbl | 3.46 | 3.67 | (5.7) |
| 3,622 | 3,900 | (7.1) | Lubricants manufacturing expenses | 14,172 | 11,868 | 19.4 |
| 8,263 | 8,716 | (5.2) | Transportation expenses to refineries | 32,950 | 29,265 | 12.6 |
| 6,913 | 5,272 | 31.1 | Other operating expenses | 23,909 | 20,110 | 18.9 |
| 63,627 | 56,819 | 12.0 | Total | 228,618 | 216,530 | 5.6 |

*Translated to USD at the average exchange rate for the period

** PSA refers to production sharing agreement

*** Refining expenses of joint ventures is based on processing agreement

- Upstream expenses include expenditures for raw materials and supplies, maintenance and repairs of production equipment, labor costs, fuel and electricity costs, enhanced oil recovery activities and other similar costs at our upstream subsidiaries
- Upstream expenses per toe at consolidated subsidiaries in Russia increased by 22,1% Q-o-Q due to brownfield production decline and an increase in greenfield expenses. The increase in greenfield expenses was driven by launch of production infrastructure facilities at expanding assets in Yamal cluster that resulted in an increase of maintenance expenses, and was also driven by seasonal factor of higher expenses during winter period (costs for energy and transport, maintenance of winter roads and others)
- Upstream expenses per toe at consolidated subsidiaries in Russia decreased by 4,5% Y-o-Y due to decreased brownfields expenses
- Upstream expenses per toe at consolidated subsidiaries at brownfields increased by 31,1% Q-o-Q due to production decline, increase of well workover expenses and seasonal factor (during winter increased expenses for energy and transport, maintenance of winter roads, infrastructure and equipment preparation to winter)
- Upstream expenses per toe at consolidated subsidiaries at brownfields decreased by 3,0% Y-o-Y due to optimisation of expenses:
 - o Shutdown of low-margin wells (low well flows and high watercut)
 - o Decreased workover activities

- Upstream expenses USD per boe at consolidated subsidiaries outside Russia decreased by 9,5% Y-o-Y mainly due to an increase of production in Iraq
- Upstream expenses per boe at joint operations increased by 8.3% Y-o-Y mainly due to production decline in line with OPEC limits
- Refining expenses at the refineries of consolidated subsidiaries include expenditures for raw materials and supplies, maintenance and repairs of production equipment, labor and electricity costs, and other similar costs at Group's refineries
- Refining expenses per tonne at own refineries increased by 22,4% Q-o-Q due to:
 - o Throughput decline
 - o Increase in maintenance expenses
- Refining expenses per tonne at own refineries decreased by 4.8% Y-o-Y primarily due to:
 - o Throughput growth
 - o Cost reduction measures (technical re-equipment of facilities, cost optimization for additives and energy resources)
- Refining unit expenses at joint ventures increased by 1,4% Y-o-Y due to increased processing expenses (new refining units launch and increased natural gas costs)
- Lubricants production expenses increased by 19,4% Y-o-Y due to production volume growth, assortment improvement regarding premium lubricants and higher purchased materials costs (including additives)
- Transportation expenses to refineries increased by 12.6% Y-o-Y mainly due to increased crude oil volumes delivered to refineries
- Other operating expenses increased Y-o-Y in line with other sales growth.

Selling, general and administrative expenses

Selling, general and administrative expenses include general business expenses, wages, salaries (except wages and salaries at production subsidiaries and own refineries), social payments, insurance, legal fees, consulting and audit services, and other expenses.

- Selling, general and administrative expenses increased by 7.7% Y-o-Y, driven mainly by:
 - o Increased commercial expenses resulted from premium sales growth
 - o Increased expenses at foreign subsidiaries due to Russian ruble weakness.

Transportation expenses

Transportation expenses include costs to transport crude oil and petroleum products to final customers. These costs consist of pipeline transportation, sea freight, rail, shipping, handling, and other transportation costs.

- Transportation expenses increased by 3,7% Y-o-Y due to higher petroleum product sales volumes
- Transportation expenses increased by 15,2% Q-o-Q due to higher crude oil and petroleum product export volumes as well as freight rates growth as a consequence of unfavorable weather conditions.

Depreciation, depletion and amortization

Depreciation, depletion and amortization expenses include depreciation of oil and gas properties, refining and other assets and impairment provision.

- Depreciation, depletion and amortization expenses increase by 24.4% Y-o-Y due to in line with an increase in depreciable assets driven by implementation of the investment program and increased production at Novoportovskoye and Prirazlomnoye fields and Iraq.

Taxes other than income tax

| 4Q 2018 | 3Q 2018 | Δ, % | (RUB million) | 12 month | | |
|----------------|----------------|---------------|--|----------------|----------------|-------------|
| | | | | 2018 | 2017 | Δ, % |
| 125,805 | 142,200 | (11.5) | Mineral extraction taxes | 487,492 | 329,579 | 47.9 |
| 27,385 | 30,883 | (11.3) | Excise | 126,779 | 128,229 | (1.1) |
| 5,595 | 5,319 | 5.2 | Social security contributions | 22,113 | 20,433 | 8.2 |
| 4,170 | 4,319 | (3.4) | Other taxes | 16,400 | 14,028 | 16.9 |
| 162,955 | 182,721 | (10.8) | Total taxes other than income tax | 652,784 | 492,269 | 32.6 |

- MET decreased by 11.5% Q-o-Q due to lower oil prices and lower production
- MET increased by 47.9% Y-o-Y due to higher oil prices and higher additional multiplying ratio (Kk in the MET rate formula)
- Excise taxes decreased by 11.3% Q-o-Q due to lower production at refineries
- Excise taxes decreased by 1.1% Y-o-Y due to a decrease of excise rates started from June 2018.

Export duties

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month | | |
|---------------|---------------|-------------|----------------------------------|---------------|---------------|-------------|
| | | | | 2018 | 2017 | Δ, % |
| 14,925 | 9,852 | 51.5 | Crude oil export duties | 46,109 | 46,748 | (1.4) |
| 17,187 | 10,679 | 60.9 | Petroleum products export duties | 48,807 | 29,910 | 63.2 |
| 32,112 | 20,531 | 56.4 | Total export duties | 94,916 | 76,658 | 23.8 |

- Increase of crude oil export duties by 51,5% and petroleum export duties by 60,9% Q-o-Q due to export sales volumes and rates growth, Russian ruble weakness, and negative export duty lag
- Crude oil export duties decreased by 1,4% Y-o-Y due to export sales volumes reduction and decline in share of sales imposed by export duties. The decrease was trimmed by rates growth resulted from higher crude oil prices
- Petroleum products export duties increased by 63,2% Y-o-Y due to rates growth resulted from higher crude oil prices and export sales volumes growth.

Share of profit of equity accounted investments

| 4Q 2018 | 3Q 2018 | Δ, % | (RUB million) | 12 month | | |
|---------------|---------------|---------------|---|---------------|---------------|-------------|
| | | | | 2018 | 2017 | Δ, % |
| 1,227 | 5,871 | (79.1) | Slavneft | 15,025 | 10,347 | 45.2 |
| 7,588 | 9,213 | (17.6) | Messoyakha | 28,172 | 9,976 | 182.4 |
| 10,542 | 12,256 | (14.0) | SeverEnergiya (Arcticgas) | 40,451 | 19,861 | 103.7 |
| 1,010 | 980 | 3.1 | Nortgaz | 3,699 | 3,433 | 7.7 |
| 675 | 985 | (31.5) | Other companies | 3,357 | 1,887 | 77.9 |
| 21,042 | 29,305 | (28.2) | Share of profit of associates and joint ventures | 90,704 | 45,504 | 99.3 |

- The Group's share of Slavneft profit increased Y-o-Y mainly due to higher crude oil prices
- The Group's share of Arcticgas (SeverEnergiya) profit increased Y-o-Y as a result of production growth, higher crude oil prices, reduction of financial expenses in line with debt portfolio optimisation and increase of Group's share in Arcticgas (SeverEnergiya) from 46.67% up to 50% since 21 March 2018
- The Group's share of Messoyakha profit increased Y-o-Y as a result of production growth and higher crude oil prices
- The Group's share of Slavneft, Messoyakha and Arcticgas profit decreased Q-o-Q mainly due to lower crude oil prices.

Other income and expenses

- Other expenses mainly include disposal and write-off of non-current assets.

Other financial items

- Foreign exchange gains/losses were mainly due to revaluation of the portion of the Group's debt portfolio that is denominated in foreign currencies.

Liquidity and capital resources

Cash flows

| (RUB million) | 12 month | | |
|--|----------------|---------------|--------------|
| | 2018 | 2017 | Δ % |
| Net cash provided by operating activities | 537,523 | 421,700 | 27.5 |
| Net cash used in investing activities | (335,038) | (312,889) | 7.1 |
| Net cash used in financing activities | (56,543) | (50,521) | 11.9 |
| Increase in cash and cash equivalents | 145,942 | 58,290 | 150.4 |

Net cash provided by operating activities

| (RUB million) | 12 month | | |
|---|----------------|----------------|-------------|
| | 2018 | 2017 | Δ % |
| Net cash provided by operating activities before changes in working capital, income tax, interest and dividends | 624,783 | 439,319 | 42.2 |
| Net changes in working capital | 326 | 52,809 | (99.4) |
| Income tax paid | (61,157) | (36,530) | 67.4 |
| Interest paid | (46,492) | (39,449) | 17.9 |
| Dividends received | 20,063 | 5,551 | >200 |
| Net cash provided by operating activities | 537,523 | 421,700 | 27.5 |

- Net cash provided by operating activities increased by 27.5% Y-o-Y primarily due to higher operating profit and dividends received from joint ventures.

Net cash used in investing activities

| (RUB million) | 12 month | | |
|---|------------------|------------------|------------|
| | 2018 | 2017 | Δ % |
| Capital expenditures | (375,197) | (357,090) | 5.1 |
| Acquisition of subsidiaries, shares in joint operations and equity affiliates | (1,360) | (8,345) | (83.7) |
| Net changes in deposits | 6,710 | (5,933) | - |
| Net changes in loans issued and other investments | 11,511 | 44,938 | (74.4) |
| Interest received | 18,885 | 9,149 | 106.4 |
| Other transactions | 4,413 | 4,392 | 0.5 |
| Net cash used in investing activities | (335,038) | (312,889) | 7.1 |

- Net cash used in investing activities increased by 7.1% Y-o-Y primarily due to capital expenditures growth.

Net cash used in financing activities

| (RUB million) | 12 month | | |
|--|-----------------|-----------------|-------------|
| | 2018 | 2017 | Δ % |
| Net changes in debt | 5,484 | 3,556 | 54.2 |
| Payment of dividends to shareholders | (70,774) | (50,382) | 40.5 |
| Proceeds from sale of non-controlling interest in subsidiaries | 22,348 | - | - |
| Other transactions | (13,601) | (3,695) | >200 |
| Net cash used in financing activities | (56,543) | (50,521) | 11.9 |

- Net cash used in financing activities increased by 11.9%. Dividends paid for 2017 (15 RUR per share) exceed dividends for 2016 FY (10.68 RUR per share).

Capital expenditures

| (RUB million) | 12 month | | Δ, % |
|---|----------------|----------------|------------|
| | 2018 | 2017 | |
| Exploration and production | 227,883 | 223,916 | 1.8 |
| Consolidated subsidiaries | 211,169 | 207,900 | 1.6 |
| Joint operations | 16,714 | 16,016 | 4.4 |
| Refining | 94,263 | 81,370 | 15.8 |
| Marketing and distribution | 16,060 | 12,466 | 28.8 |
| Others | 19,937 | 16,227 | 22.9 |
| Subtotal capital expenditures | 358,143 | 333,979 | 7.2 |
| Change in advances issued and material used in capital expenditures | 17,054 | 23,111 | (26.2) |
| Total capital expenditures | 375,197 | 357,090 | 5.1 |

- Capital expenditures for exploration and production increased by 1.8% Y-o-Y due to:
 - o Launched hi-tech icebreakers
 - o Participation in tender procedures for licence blocks (Savitskiy, Pokhivistnevskiy, Karabashskiy).
- Capital expenditures for refining increased by 15.8% Y-o-Y mainly due to the modernisation of plant in Serbia (construction of delayed coking unit).

Debt and liquidity

| (RUB million) | December 31 2018 | December 31 2017 |
|--|---------------------|---------------------|
| Short-term loans and borrowings | 90,923 | 131,760 |
| Long-term loans and borrowings | 684,530 | 548,654 |
| Cash and cash equivalents | (247,585) | (90,608) |
| Short-term deposits | - | (5,779) |
| Net debt | 527,868 | 584,027 |
| Short-term debt / total debt, % | 11.7 | 19.4 |
| Net debt and financial lease liabilities/ EBITDA for 12 months preceding | 0.73 | 1.19 |

- The Group's diversified debt structure includes syndicated and bilateral loans, bonds and other instruments
- The average debt maturity increased from 3.60 years as at December 31, 2017 to 3.84 years as at December 31, 2018
- The average interest rate increased from 5.54% as at December 31, 2017 to 6.29% as at December 31, 2018.

Financial appendix

EBITDA reconciliation

| 4Q | 3Q | | | 12 month | | |
|----------------|----------------|---------------|---|----------------|----------------|-------------|
| 2018 | 2018 | Δ, % | (RUB million) | 2018 | 2017 | Δ, % |
| 83,592 | 140,262 | (40.4) | Profit for the period | 400,993 | 269,678 | 48.7 |
| 18,307 | 25,657 | (28.6) | Total income tax benefit / (expense) | 79,129 | 55,522 | 42.5 |
| 5,196 | 4,870 | 6.7 | Finance expense | 21,476 | 25,127 | (14.5) |
| (2,911) | (1,665) | 74.8 | Finance income | (7,506) | (10,098) | (25.7) |
| 48,909 | 46,693 | 4.7 | Depreciation, depletion and amortization | 175,451 | 140,998 | 24.4 |
| 2,443 | 6,798 | (64.1) | Net foreign exchange loss | 33,558 | 241 | >200 |
| 10,888 | 3,279 | >200 | Other loss, net | 19,796 | 7,557 | 162.0 |
| 166,424 | 225,894 | (26.3) | EBITDA | 722,897 | 489,025 | 47.8 |
| (21,042) | (29,305) | (28.2) | less Share of profit of associates and joint ventures | (90,704) | (45,504) | 99.3 |
| 39,662 | 49,673 | (20.2) | add Share of EBITDA of equity accounted investments | 167,313 | 107,446 | 55.7 |
| 185,044 | 246,262 | (24.9) | Adjusted EBITDA | 799,506 | 550,967 | 45.1 |

Financial ratios

Profitability

| | December 31 | December 31 | Δ, p.p. |
|--|-------------|-------------|---------|
| | 2018 | 2017 | |
| Adjusted EBITDA margin, % | 32.12 | 28.48 | 3.6 |
| Net profit margin, % | 16.11 | 13.94 | 2.2 |
| Return on assets (ROA), % | 12.43 | 9.84 | 2.6 |
| Return on equity (ROE), % | 21.97 | 17.38 | 4.6 |
| Adjusted Return on average capital employed (ROACE), % | 19.66 | 13.90 | 5.8 |

Adjusted ROACE calculation

| | December 31 | December 31 |
|--|------------------|------------------|
| For 12 months preceding | 2018 | 2017 |
| Adjusted EBITDA | 799,506 | 550,967 |
| Depreciation, depletion and amortization | (216,480) | (178,449) |
| Effective income tax charge on EBIT | (114,725) | (71,605) |
| Adjusted EBIT* | 468,301 | 300,913 |
| Average capital employed | 2,381,424 | 2,164,614 |
| Adjusted ROACE | 19.66 | 13.90 |

*Adjusted EBIT represents the Group's EBIT and its share in associates and joint ventures' EBIT

Liquidity

| | December 31 2018 | December 31 2017 | Δ, % |
|---------------|---------------------|---------------------|-------|
| Current ratio | 1.18 | 0.88 | 34.1 |
| Quick ratio | 0.67 | 0.42 | 59.5 |
| Cash ratio | 0.44 | 0.21 | 109.5 |

Leverage

| | December 31 2018 | December 31 2017 | Δ, p.p. |
|---------------------------------|---------------------|---------------------|---------|
| Net debt/ Total Assets, % | 14.99 | 19.93 | (4.9) |
| Net debt/ Equity, % | 26.50 | 35.20 | (8.7) |
| Gearing, % | 20.74 | 25.97 | (5.2) |
| | | | Δ, % |
| Net debt/ Market Capitalization | 0.32 | 0.51 | (37.3) |
| Net debt/ EBITDA | 0.73 | 1.19 | (38.7) |
| Total debt/ EBITDA | 1.07 | 1.39 | (23.0) |

Main macroeconomic factors affecting operational results

The main factors affecting the Group's operational results include:

- Changes in market prices for crude oil and petroleum products
- Changes in the exchange rate between the Russian Ruble and the US dollar; inflation
- Taxation
- Changes in transportation tariffs for crude oil and petroleum products.

Changes in market prices for crude oil and petroleum products

Prices for crude oil and petroleum products on international and Russian markets are the primary factor affecting the Group's operational results.

Petroleum product prices on international markets are primarily determined by world prices for crude oil, petroleum product supply and demand, and competition on different markets. Petroleum product price trends on international markets in turn determine domestic prices. Price trends are different for different types of petroleum products.

The increase in crude oil and petroleum product prices on international markets in 12 months 2018 had a positive impact on the Group's results.

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month 2018 | 2017 | Δ, % |
|-----------------------|------------|--------|--------------------------------|-----------------------|--------|------|
| (US\$/ barrel) | | | International market | (US\$/ barrel) | | |
| 67.76 | 75.27 | (10.0) | Brent | 71.16 | 54.09 | 31.6 |
| 67.30 | 74.27 | (9.4) | Urals Spot (average Med + NWE) | 69.86 | 52.94 | 32.0 |
| (US\$/ tonne) | | | | (US\$/ tonne) | | |
| 607.77 | 732.73 | (17.1) | Premium gasoline (average NWE) | 674.67 | 557.58 | 21.0 |
| 543.06 | 645.89 | (15.9) | Naphtha (average Med. + NWE) | 595.99 | 477.10 | 24.9 |
| 647.52 | 667.20 | (2.9) | Diesel fuel (average NWE) | 641.23 | 493.65 | 29.9 |
| 631.53 | 662.43 | (4.7) | Gasoil 0.1% (average Med.) | 632.07 | 483.49 | 30.7 |
| 394.45 | 415.73 | (5.1) | Fuel oil 3.5% (average NWE) | 387.07 | 290.96 | 33.0 |
| (RUB/ tonne) | | | Domestic market | (RUB/ tonne) | | |
| 43,352 | 42,704 | 1.5 | High-octane gasoline | 41,724 | 36,820 | 13.3 |
| 41,761 | 37,128 | 12.5 | Low-octane gasoline | 37,249 | 31,931 | 16.7 |
| 45,734 | 42,455 | 7.7 | Diesel fuel | 41,070 | 32,619 | 25.9 |
| 17,070 | 15,785 | 8.1 | Fuel oil | 14,319 | 9,594 | 49.2 |

Sources: Platts (international), Kortes (domestic)

Ruble vs. US dollar exchange rate and inflation

The Group's presentation currency is the Russian ruble. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. For most entities, this is the Russian ruble.

| 4Q 2018 | 3Q 2018 | | 12 month 2018 | 2017 |
|------------|------------|---|------------------|--------|
| 1.8 | 0.4 | Change in Consumer Price Index (CPI), % | 4.3 | 2.50 |
| 66.48 | 65.53 | Average RUB/US\$ exchange rate for the period | 62.71 | 58.35 |
| 65.59 | 62.76 | US\$/ RUB exchange rate as of the beginning of the period | 57.60 | 60.66 |
| 69.47 | 65.59 | US\$/ RUB exchange rate as of the end of the period | 69.47 | 57.60 |
| 0.06 | 0.05 | Depreciation (appreciation) of Russian rouble to US\$, % | 0.21 | (0.05) |

Hydrocarbon taxes

Average tax rates effective in reporting periods for the taxation of oil and gas companies in Russia

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month 2018 | 2017 | Δ, % |
|----------------------|------------|--------|-------------------------------|----------------------|-------|------|
| (US\$/ tonne) | | | Export duty | (US\$/ tonne) | | |
| 141.53 | 134.83 | 5.0 | Crude oil | 128.48 | 86.74 | 48.1 |
| 42.43 | 40.43 | 4.9 | Light petroleum products | 38.52 | 25.99 | 48.2 |
| 42.43 | 40.43 | 4.9 | Diesel | 38.52 | 25.99 | 48.2 |
| 42.43 | 40.43 | 4.9 | Gasoline | 38.52 | 25.99 | 48.2 |
| 77.83 | 74.13 | 5.0 | Naphtha | 70.63 | 47.67 | 48.1 |
| 141.53 | 134.83 | 5.0 | Heavy petroleum products | 128.48 | 86.74 | 48.1 |
| | | | Mineral extraction tax | | | |
| 12,541 | 14,026 | (10.6) | Crude oil (RUB/ tonne) | 12,455 | 8,134 | 53.1 |

Crude oil and petroleum products export duty rates

Resolution of the Russian Government No. 276 (March 29, 2013) establishes a methodology for the Ministry of Economic Development of the Russian Federation to calculate export duty rates for crude oil and certain petroleum products.

Crude oil export duty rate

Export duty rate for crude oil is to be determined via one of the following orders:

a) According to Russian Federal Law No. 5003-1 (May 21, 1993) clause 3.1 subclause 4, export duty rates for oil shall not exceed the marginal export duty rates calculated according to the following formulas:

| Quoted Urals Price (P), USD/ tonne | Maximum Export Customs Duty Rate |
|------------------------------------|---|
| ≤109.50 | 0% |
| 109.50 < P ≤ 146.00 | 35% x (P – 109.50) |
| 146.00 < P ≤ 182.50 | 12.78 + 45% x (P – 146.00) |
| >182.50 | 29.20 + 30% x (P – 182.50) for 2017-2018 years K _{oil} * x (29.2 + 30% x (P – 182.5)) from 2019 |

* K_{oil} = 0.833 for 2019, 0.667 for 2020, 0.5 for 2021, 0.333 for 2022, 0.167 for 2023, 0 from 2024

Crude oil exports to Kazakhstan are not subject to oil export duties. Crude oil export to Kyrgyzstan and Belarus under indicative limits is not subject to oil export duties.

b) According to Russian Federal Law No. 305-FZ (August 3, 2018) the Government of the Russian Federation has the right to establish protective export duty rate for crude oil which is calculated according to the following formulas:

| Quoted Urals Price (P), USD/ tonne | Maximum Export Customs Duty Rate |
|------------------------------------|----------------------------------|
| ≤ 182.50 | 0% |
| P > 182.50 | 29.20 + 45% x (P – 182.50) |

The order can be for 6 months starting from the month following the 3-month period during which the crude oil prices change more than 15% in each month.

c) According to Federal Law No. 239-FZ (December 3, 2012), the Government of the Russian Federation establishes formulas for lower export duty rates for crude oil with special chemical and physical properties, identified by the specific customs codes (TN VED TS 2709 00 900 1 and 2709 00 900 3). According to Russian Government Resolution No. 276 (March 29, 2013), these lower export duty rates are calculated based on the average Urals price in the monitoring period using the following formula:

$$Ct = (P - 182.5) \times K - 56.57 - 0.14 \times P$$

where P is the Urals price (USD/tonne) and K is an incremental coefficient equal to 30% from 2017.

Resolution of the Russian Government No. 846 (September 26, 2013) sets out the rules for applying specific export duty rates and monitoring their use for crude oil produced, inter alia, at fields located in Sakha Republic (Yakutia), Irkutsk Oblast, Krasnoyarsk Krai, and to north of latitude 65° in Yamalo-Nenets Autonomous Okrug.

Order No. 868 (December 3, 2013) of the Ministry of Energy establishes the application form and methodology to analyze the applicability of these special rates for crude oil.

Russian Federal Law No. 305-FZ (August 3, 2018) clarifies the applicability of export duty rates for crude oil with special chemical and physical properties produced within borders of geographical objects established by Russian Federal Law No. 5003-1 (May 21, 1993), article 3.1, clause 5 subclause 4. In particular, from January 1, 2019 an export duty benefit is applied till the determined volumes of crude oil exported with lower export duty rates is achieved for each geographical object.

d) According to Federal Law No. 5003-1 (May 12, 1993) clause 35 subclause 1.1 crude oil produced at new offshore fields is exempt from export duties until:

- March 31, 2032 – for fields located entirely in the Sea of Azov, or located 50% or more in the Baltic Sea, Black Sea (at water depths of less than 100 meters), Pechora Sea, White Sea, Sea of Okhotsk (to south of 55°N), or the Caspian Sea
- March 31, 2042 – for fields located 50% or more in the Black Sea (at depths exceeding 100 meters), Sea of Okhotsk (to north of 55°N), or Barents Sea (to south of 72°N)
- Indefinitely – for fields located 50% or more in the Kara Sea, Barents Sea (to north of 72°N), or the Eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea)

According to clause 11.1 subclause 5 of the Russian Federation Tax Code, a new offshore field is a field where commercial hydrocarbon production has commenced no earlier than January 1, 2016.

Export duty rate on petroleum products

In accordance with clause 3.1 of Russian Federal Law No. 5003-1 (May 21, 1993), the export duty rate on petroleum products is determined by the Government. Exports of petroleum products to Tajikistan, Belarus, Armenia and Kyrgyzstan within the indicative limits are not subject to export duties.

According to Resolution of the Russian Government No. 276 (March 29, 2013), the export duty rate on petroleum products is calculated using the following formula:

$R = K * R_{crude}$, where R_{crude} is the export duty rate per tonne of crude oil and K is a coefficient depending on the type of petroleum product.

The coefficients, K, for different petroleum products are as follows:

| | from 2017 |
|------------------------------|-----------|
| Light and middle distillates | |
| Diesel | 0.3 |
| Lubricants oil | |
| Naphtha | 0.55 |
| Gasoline | 0.3 |

According to Russian Federal Law No. 305-FZ (August 3, 2018), the Government of the Russian Federation has the right to establish protective export duty rate for certain petroleum products, which is equal to 60% of crude oil export custom duty. The order can be applied for 6 months starting from the month following the 3-month period during which the oil prices change more than 15% in each month.

Excise duties on petroleum products

In Russia, excise duties are paid by producers of refined products. Excise duties are also applied to petroleum products imported into Russia.

Clause 193 of the Russian Federation Tax Code (as amended by Russian Federal Law No. 301-FZ (August 3, 2018)) established the following excise duty rates for petroleum products (in rubles/tonne):

| | 2017 | 2018 | | 2019 | 2020 | 2021 |
|-------------------|--------|--------------|--------------|--------|--------|--------|
| | | 01.01.-31.05 | 01.06.-31.12 | | | |
| Gasoline | | | | | | |
| Below Class 5 | 13,100 | 13,100 | 13,100 | 13,100 | 13,100 | 13,100 |
| Class 5 | 10,130 | 11,213 | 8,213 | 12,314 | 12,752 | 13,262 |
| Naphtha | 13,100 | 13,100 | 13,100 | 13,912 | 14,720 | 15,533 |
| Diesel fuel | 6,800 | 7,665 | 5,665 | 8,541 | 8,835 | 9,188 |
| Motor oil | 5,400 | 5,400 | 5,400 | 5,400 | 5,616 | 5,841 |
| Middle distillate | 7,800 | 8,662 | 6,665 | 9,241 | 9,535 | 9,916 |

Russian Federal Law No. 301-FZ (August 3, 2018) introduces a new product subject to excise duty effective from January 1, 2019 – crude oil materials. The new excise duty is payable by companies – owners of crude oil materials, which has obtained special registration certificate of a company refining crude oil materials at own refining facilities or at refining facilities of other companies under processing agreements. Crude oil materials excise rate calculated according to the following formulas:

$$A_{COM} = ((P_{crude\ oil} \times 7.3 - 182.5) \times 0.3 + 29.2) \times R \times S_{PU} \times K_{ADJ} \times K_{REG}$$

$P_{crude\ oil}$ – average Urals price at international markets

R – average USD/RUB ex-rate

S_{PU} – specific coefficient defining the set of petroleum products produced from the crude oil materials

K_{ADJ} - equal to 0.167 for 2019, 0.333 for 2020, 0.5 for 2021, 0.667 for 2022, 0.833 for 2023, 1 from 2024

K_{REG} – coefficient reflecting regional specifics for petroleum products market. K_{REF} is equal to 1.05 for refining facilities located in Omsk region

An excise duty on crude oil materials is subject to deduction. The amount of deduction is defined as the amount of crude oil materials excise duty multiplied by coefficient 2 and increased by K_{DEMP} .

$$K_{DEMP} = ((D_G + F_G) \times V_G + (D_{DF} + F_{DF}) \times V_{DF}) \times K_{COMP}$$

V_G / V_{DF} – gasoline with octane value 92 and above class 5 / diesel fuel class 5 volumes sold in the Russian Federation.

K_{COMP} – equal to 0.6 for 2019 r., 0.5 from 2020.

D_G / D_{DF} – difference between the average export alternative price and nominal average wholesale price of gasoline with octane value 92 class 5 / diesel fuel class 5 in the Russian Federation

F_G, F_{DF} – compensating allowance for gasoline / diesel fuel equal to:

- 0, if value of D_G, D_{DF} is less or equal to 0 or
- $F_G = 5,600$ и $F_{DF} = 5,000$, if value of D_G, D_{DF} is more than 0 respectively.

Mineral extraction tax (MET) on crude oil

- c) According to clause 342 of the Russian Federation Tax Code (as amended by Russian Federal Law No. 301-FZ (August 3, 2018)), the MET rate on crude oil (in rubles/tonne) is calculated using the following general formula:

| | From 2017 |
|---------|----------------------|
| MET oil | $919 \times Kc - Dm$ |

$Dm = Kmet \times Kc \times (1 - Kv \times Kz \times Kd \times Kdv \times Kkan) - Kk$ for 2017 - 2018

$Dm = Kmet \times Kc \times (1 - Kv \times Kz \times Kd \times Kdv \times Kkan) - Kk - K_{MAN} \times S_{OV} - K_{GDF}$ from 2019 г.

, where

Kmet – 559.

Kc reflects the volatility of crude oil prices at the global market. $Kc = (P - 15) \times D / 261$, where P is the average monthly Urals oil price at the Rotterdam and Mediterranean markets (in USD/bbl.) and D is the average monthly ruble/ US dollar exchange rate.

Kv characterizes the degree of depletion of the specific field, providing lower tax rates for highly depleted fields. Depletion is measured by N/V , where N is the cumulative production volume of the field and V is the total volume of initial extractable reserves as at January 1, 2006. For fields with depletion between 0.8 and 1, $Kv = 3.8 - 3.5 \times N / V$. Where depletion is greater than 1, Kv is 0.3. In all other cases $Kv = 1$. Where fields include deposits with $Kd < 1$, Kv is equal to 1.

Kz characterizes the size of the field (by reserves) and provides lower tax rates for small fields. For fields with initial reserves (designated by $V3$, defined as total extractable reserves for all categories as at January 1 of the year preceding the tax period) below 5 MMtonnes and depletion as at January 1, 2012 (or as at January 1 of the year of issuance of a licence if the licence is issued after January 1, 2012) less than 0.05, $Kz = 0.125 \times V3 + 0.375$

Kd is designed for specific deposits with hard-to-recover oil. It varies between 0.2 and 1 depending on the deposit as follows:

- 0.2 – for oil produced from deposits with permeability not greater than $2 \times 10^{-3} \mu^2$ and effective formation thickness not greater than 10 meters
- 0.4 – for oil produced from deposits with permeability not greater than $2 \times 10^{-3} \mu^2$ and effective formation thickness greater than 10 meters
- 0.8 – for oil produced from deposits classified in the state mineral reserves balance as related to the Tyumen formation
- 1 – for oil produced from other deposits.

Kdv characterizes the degree of depletion of the deposit, providing lower tax rates for highly depleted deposits. Kdv is applied when the oilfield contains any deposit with Kd less than 1. For deposits with Kd less than 1, depletion is measured by Ndv/Vdv , where Ndv is the cumulative production volume from the deposit and Vdv is total initial extractable reserves (total reserves for all categories as at January 1 of the year preceding the tax period). For deposits with depletion between 0.8 and 1, $Kdv = 3.8 - 3.5 \times Ndv / Vdv$. Where depletion is greater than 1, Kdv is 0.3. In all other cases, $Kdv = 1$. Kdv for all other deposits of the field (for which the coefficient $Kd=1$) is the value of Kv as calculated for the entire area.

Kkan characterizes the oil production region and oil quality. This coefficient provides lower tax rates for fields located partly or completely in regions with challenging climate and geological conditions (specifically, Yamal Peninsula in Yamalo-Nenets Autonomous Okrug, Irkutsk Oblast, and Sakha Republic (Yakutia)). The Kkan coefficient is set at 0 until the first day of the month following a month in which one of the following conditions is met: (1) Achieving a particular cumulative production level of the field; (2) Expiration of the stipulated term. When the tax incentive period expires Kkan is equal to 1.

Kk – 357 for 2018 and 428 for 2019-2021.

$$K_{MAN} = K_E \times R \times K_{ADJ} - K_{FM}$$

K_E – coefficient calculated as follows:

| Quoted Urals Price (P), USD/ tonne | Ke, USD/ tonne |
|------------------------------------|------------------------------------|
| ≤ 109.50 | 0% |
| $109.50 < P \leq 146.00$ | $35\% \times (P - 109.50)$ |
| $146.00 < P \leq 182.50$ | $12.78 + 45\% \times (P - 146.00)$ |
| > 182.50 | $29.20 + 30\% \times (P - 182.50)$ |

R – average USD/RUB ex-rate

K_{ADJ} - equal to 0.167 for 2019, 0.333 for 2020, 0.5 for 2021, 0.667 for 2022, 0.833 for 2023, 1 from 2024

K_{FM} – coefficient of special circumstances and applied in case the decision of Government of the Russian Federation regarding the application of protective export duty rate for crude oil is adopted (for more details please refer to «Export duty rate for crude oil» section, clause b).

S_{OV} – equal to 0.1 for crude oil production with oil viscosity not less than 10,000 mPa (in formation conditions). In other cases S_{OV} is equal to 1.

$$K_{GDF} = N_G \times I_G + N_{DF} \times I_{DF}$$

N_G – markup coefficient for gasoline equal to 125 for 2019 and 105 from 2020.

N_{DF} – markup coefficient for diesel fuel equal to 110 for 2019 and 92 from 2020.

I_G и I_{DF} - binary coefficient for gasoline / diesel fuel equal to 0 if amount of D_G , D_{DF} not more than 0. If D_G , D_{DF} are more than 0 than I_G и I_{DF} are equal to 1.

b) According to the Russian Federation Tax Code clause 342 subclause 2.1 and clause 338 subclause 6 the following ad valorem MET rates should be used for oil produced at new offshore fields (as a % of price):

- 30% from the start of commercial hydrocarbon production for a five-year period – for fields located entirely in the Sea of Azov or for fields located for 50% or more of its areain the Baltic Sea
- 15% from the start of commercial hydrocarbon production for a seven-year period – for fields located for 50% or more of its area in the Black Sea (at water depths of less than 100 meters), the Sea of Japan, Pechora Sea, White Sea, Sea of Okhotsk (to south of 55° N), Caspian Sea
- 10% from the start of commercial hydrocarbon production for a ten-year period – for fields located for 50% or more of its area in the Sea of Okhotsk (to north of 55° N), Black Sea (at depths exceeding 100 meters), Barents Sea (to south of 72° N)
- 5% from the start of commercial hydrocarbon production for a 15-year period – for fields located for 50% or more of its area in the Kara Sea, Barents Sea (to north of 72° N), and Eastern Arctic (Laptev Sea, East Siberian Sea, Chukchi Sea, Bering Sea).

The Russian Federation tax law also provides for a benefit MET rate on oil produced from deposits classified in the state mineral reserves balance as related to the Bazhenov formation, provided all other Tax Code conditions are met.

Effective MET rate for the Group

| 4Q 2018 | 3Q 2018 | Δ, % | | 12 month | | |
|------------|------------|--------|--|----------|-------|------|
| | | | | 2018 | 2017 | Δ, % |
| 12,541 | 14,026 | (10.6) | Nominal crude oil MET rate, RUB/tonne | 12,455 | 8,134 | 53.1 |
| 10,779 | 11,484 | (6.1) | Effective crude oil MET rate, RUB/tonne | 10,301 | 6,825 | 50.9 |
| | | | Difference between nominal and effective rates, RUB/tonne | 2,154 | 1,309 | |
| 14.0% | 18.1% | | Difference between nominal and effective rates, % | 17.3% | 16.1% | |

In 12 months 2018 the Group's effective MET rate was 10,301 RUB/tonne, or 2,154 RUB/tonne lower than the statutory nominal MET rate. The difference results from the application of certain coefficients (Kv, Kz, Kd and Kkan) that reduce the MET rate.

Mineral extraction tax (MET) on natural gas and gas condensate

Clause 342 of the Russian Federation Tax Code (as amended by Russian Federal Law No. 301-FZ (August 3, 2018)) establishes mineral extraction tax rates for natural gas and gas condensate as follows:

| | |
|-----------------------------------|--|
| MET on natural gas (RUB/mcm) | $35 * Eut * Kc + Tg$ |
| MET on gas condensate (RUB/tonne) | $42 * Eut * Kc * Kkm + 0.75 * K_{MAN}$ |

Eut is the base value per fuel-equivalent unit calculated by the taxpayer depending on natural gas and gas condensate prices and their relative production amounts.

Kc characterizes the degree of difficulty of the extraction of natural gas and gas condensate. The coefficient is designed to reduce the tax rate on natural gas and gas condensate, and is equal to the lowest of the following reducing coefficients: Kr – depending on location, Kvg – for depleted deposits, Kgz – for deposits at depths of more than 1,700 meters, Kas – for deposits related to the regional gas supply system, and Korz – for deposits classified as Turonian formations.

Tg reflects gas transportation costs (set at zero for 2017-2018 according to the Federal Tariff Service of the Russian Federation).

Kkm is a correction coefficient equal to 6.5/Kg, where Kg is a coefficient characterising export return per fuel-equivalent unit.

In 12 months 2018 the Group's effective MET rate for natural gas was 596 RUB per thousand m³, which is 43 RUB per thousand m³ lower than the statutory nominal MET rate. The difference results from the application of tax benefits, especially coefficient Kc that reduce the MET rate.

Tax benefits

According to the effective tax legislation, the Group's subsidiaries apply the following tax benefits (including lower tax rates and coefficients that reduce the MET rate):

| Tax benefits applied during 2018 | Subsidiaries (Oil Fields) belonging to the Group |
|----------------------------------|---|
| MET for gas | |
| Hard-to-recover coefficient Kc | JSC Gazpromneft-Noyabrskneftegaz Zapolyarneft LLC Gazpromneft Yamal LLC Gazpromneft Orenburg LLC |
| MET for oil | |

| | |
|---|---|
| Small fields coefficient Kz | JSC Gazpromneft-Noyabrskneftegaz Gazpromneft Orenburg LLC |
| Depletion coefficient Kv | JSC Gazpromneft-Noyabrskneftegaz Gazpromneft-Vostok LLC JSC Yuzhuralneftegas Gazpromneft-Khantos LLC |
| Hard-to-recover coefficient Kd | JSC Gazpromneft-Noyabrskneftegaz Gazpromneft-Vostok LLC Zapolyarneft LLC Gazpromneft-Khantos LLC Gazpromneft Orenburg LLC |
| Highly depleted deposits coefficient Kdv | JSC Gazpromneft-Noyabrskneftegaz Gazpromneft-Vostok LLC |
| Oil production region and oil quality factor Kkan | PJSC Gazprom neft Gazpromneft-Angara LLC Gazpromneft-Yamal LLC |
| Zero MET rate for fields classified as belonging to Bazhenov formation | Gazpromneft-Khantos LLC JSC Gazpromneft-Noyabrskneftegaz |
| Lower MET rate for new offshore field in the Pechora Sea | Gazprom neft shelf LLC |
| Profits tax | |
| 16% rate (4% tax rate decrease under Khanty-Mansiysk Autonomous Okrug regional legislation) | Gazpromneft-Khantos LLC JSC Gazpromneft-Noyabrskneftegaz |
| 17% rate (3% tax rate decrease under Orenburg regional legislation) | JSC Yuzhuralneftegas |
| 16.5% rate (3.5% tax rate decrease under Yamalo-Nenets Autonomous Okrug regional legislation) | JSC Gazpromneft-Noyabrskneftegaz Zapolyarneft LLC Gazpromneft-Yamal LLC |
| 19.475% rate (0.525% tax rate decrease under Tumen regional legislation) | Gazpromneft-Khantos LLC |
| 16.5% rate (3.5% tax rate decrease under St. Petersburg regional legislation) | PJSC Gazprom neft JSC Gazpromneft Aero LLC Gazpromneft-NTC LLC Gazpromneft-Razvitie LLC Gazpromneft Bisness-service LLC Gazpromneft-Regionalnie prodazhi LLC Gazpromneft Marine Bunker LLC MFC Lakhta Center Gazpromneft Shipping LLC Gazprom neft shelf LLC * |
| Property tax | |
| Property tax exemption for hydrocarbon fields in Khanty-Mansiysk Autonomous Okrug with the first hydrocarbon extraction after January 1, 2011 (under Khanty-Mansiysk Autonomous Okrug regional legislation) | LLC Gazpromneft-Khantos LLC JSC Gazpromneft-Noyabrskneftegaz |
| Reduced tax rate 1.1% on property purchased/constructed in the course of investment projects in Yamalo-Nenets Autonomous Okrug (under Yamalo-Nenets Autonomous Okrug regional legislation) | JSC Gazpromneft-Noyabrskneftegaz Zapolyarneft LLC |
| Property tax exemption on property purchased/constructed in the course of investment projects in Orenburg region (under Orenburg regional | Gazpromneft-Orenburg LLC |

| | |
|--|------------------------|
| legislation) | |
| Property tax decrease on properties purchased/constructed and put into operation in the course of investment projects in Tomsk region in the amount of 50% of tax to be paid to Tomsk region budget (under Tomsk regional legislation) | Gazpromneft-Vostok LLC |
| Property tax exemption on property purchased/constructed and put into operation in the course of R&D work on technologies for exploration of pre-Jurassic reserves in Tomsk region (under Tomsk regional legislation) | Gazpromneft-Vostok LLC |

**Regarding other activities connected with Consolidated taxpayers group of PJSC Gazprom*

Transportation of crude oil and petroleum products

Transportation tariff policies are established by the state authorities to ensure a balance between the interests of the state and all participants in the transportation process. Transportation tariffs for natural monopolies are set by the Federal Tariff Service of the Russian Federation (FTS). Tariffs are dependent on transport destination, delivery volume, transportation distance, and several other factors. Changes in tariffs depend on inflation forecasts made by the Ministry of Economic Development of the Russian Federation, the investment needs of the owners of transportation infrastructure, other macroeconomic factors, and compensation of economically reasonable expenses incurred by natural monopolies. Tariffs are revised by the FTS at least annually, and comprise dispatch, loading, transshipment, pumping, and other tariffs.

The following table shows average transportation costs per tonne for the Group's crude oil for export and use at its refineries, as well as costs per tonne for transportation of its petroleum products from refineries for export:

| 4Q 2018 | 3Q 2018 | Δ, % | (RUB per tonne) | 12 month | | |
|------------------------------|------------|--------|-----------------|----------|-------|--------|
| | | | | 2018 | 2017 | Δ, % |
| Crude oil | | | | | | |
| Export | | | | | | |
| 2,277 | 2,333 | (2.4) | Pipeline | 2,289 | 2,054 | 11.4 |
| CIS | | | | | | |
| 1,608 | 1,608 | - | Pipeline | 1,599 | 1,554 | 2.9 |
| Transportation to Refineries | | | | | | |
| 736 | 737 | (0.1) | Omsk | 749 | 721 | 3.9 |
| 1,585 | 1,597 | (0.8) | Moscow | 1,558 | 1,522 | 2.4 |
| 1,327 | 1,324 | 0.2 | Yaroslavl | 1,323 | 1,268 | 4.3 |
| Petroleum products | | | | | | |
| Export from ONPZ | | | | | | |
| 4,118 | 4,149 | (0.7) | Gasoline | 3,848 | 2,673 | 44.0 |
| 5,580 | 5,542 | 0.7 | Fuel oil | 5,495 | 5,247 | 4.7 |
| 4,735 | 4,705 | 0.6 | Diesel fuel | 4,540 | 3,920 | 15.8 |
| Export from MNPZ | | | | | | |
| 1,125 | 1,620 | (30.6) | Gasoline | 1,357 | 2,692 | (49.6) |
| 3,355 | 3,411 | (1.6) | Fuel oil | 3,273 | 3,085 | 6.1 |
| 2,937 | 2,907 | 1.0 | Diesel fuel | 2,858 | 2,302 | 24.2 |
| Export from YaNPZ | | | | | | |
| 3,031 | 3,149 | (3.7) | Gasoline | 3,088 | 2,726 | 13.3 |
| 3,187 | 3,167 | 0.6 | Fuel oil | 3,099 | 2,899 | 6.9 |
| 2,534 | 2,540 | (0.2) | Diesel fuel | 2,446 | 2,061 | 18.7 |

The Group's crude oil export route mix (tonnes) for 12 months 2018 and 12 months 2017 is presented below:

| | 12 month | |
|---|---------------|---------------|
| | 2018 | 2017 |
| Crude oil export | | |
| Primorsk Baltic Sea port | 9.8% | 19.1% |
| Ust-Luga Baltic Sea port | 0.0% | 1.4% |
| Druzhba pipeline | 14.5% | 11.4% |
| Port of Novorossiysk | 6.8% | 13.7% |
| ESPO pipeline and the port of Kozmino | 12.9% | 11.3% |
| Meget (pipeline and railway) China | 0.0% | 0.2% |
| Exported without using Transneft system, including: | 56.0% | 42.9% |
| Prirazlomnoye | 17.0% | 13.1% |
| Novoport | 39.0% | 29.8% |
| Total | 100.0% | 100.0% |
| Crude oil export to CIS countries | | |
| Belarus | 97.1% | 100.0% |
| Uzbekistan | 2.9% | 0.0% |
| Total | 100.0% | 100.0% |

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