

Dear shareholders and investors,

Gazprom Neft has proved more than capable in responding to the unprecedented challenges of 2020 – specifically the COVID-19 pandemic, and the sharp drop in both the oil price and global oil demand. We succeeded in making sure that our employees, partners and clients were well protected against coronavirus, while ensuring the continuity of all operational and production processes, and maintaining the company's financial stability. This challenging year has confirmed the value of placing our bets on a flexible management model: major decisions have been taken promptly, and Gazprom Neft has adapted quickly in the face of the ever-changing external environment.

Despite the collapse in global demand for oil together with the impact of the OPEC+ agreement, the company succeeded in keeping hydrocarbon production volumes at 2019 levels that is largely the result of effective asset management and higher gas production. The nature of our investment portfolio means gas is likely to account for an increasing proportion of Gazprom Neft's total production over the next few years – diversification that will allow us to become still more resilient in the face of changing market dynamics.

The company's hydrocarbon reserves (PRMS) stood at 2.1 billion tonnes of oil equivalent (btoe) in 2020, up 34% year-on-year. In 2020, Gazprom Neft discovered 3 fields in the KhMAO-Yugra and the Orenburg Oblast, and obtained subsoil usage rights to 18 new license blocks. The main contribution to such significant growth in the company's resource base came from those fields designated for development under long-term risk-operatorship agreements with Gazprom PJSC.

₽ 117.7 billion
net profit attributable
to Gazprom Neft shareholders

In the face of highly volatile market conditions, an integrated planning and monitoring system has allowed Gazprom Neft to maintain technological flexibility throughout its refineries – including increasing the light product yield (specifically gasoline and diesel fuels) during 2020. The company is continuing its scalable refineries modernisation programme, including the commissioning of the Euro+ complex at the Moscow Refinery in 2020, and the commissioning of a deep refining complex at Serbia's NIS (in which Gazprom Neft is a shareholder).

Developing bespoke digital services has been a feature of the Gazprom Neft filling station network for several years now: something that proved in considerable demand throughout 2020, with many clients grabbing the opportunity to pay for fuel at our service stations online, filling up as conveniently and as safely as possible.

The company continued developing its "partnership ecosystem" throughout 2020, establishing a joint venture with a longstanding strategic partner, Shell, to undertake geological prospecting at promising locations around the Yenisei river estuary. Gazprom Neft is establishing and developing partnerships not only throughout traditional oil businesses, but also in logistics, digital technologies and many other areas of business activity. Universities and higher educational institutions are front of mind here – not just in supplying us with candidates and employees, but also in helping find solutions to complex technological challenges.

Gazprom Neft recorded a net profit in 2020. More than that, the company remained profitable even during the most challenging first six months of 2020. We maintained our practice of paying interim dividends, increasing the total dividend payout to 50% of net profit (IFRS).

Our 2020 results testify not only to the company's timely response to the crisis, but also to its having become still more efficient. This achievement is down to our employees: a team of like-minded people, bound together by common values and goals. We will be continuing the company's long-term strategy throughout 2021, with a particular focus on sustainable development, and concentrating resources on building shareholder value by implementing new and effective projects, throughout the entire value chain.





Company
profile



Strategic
report



Performance
review



Technological
development



Governance
system



Sustainable
development



Appendices

**ALEXANDER
DYUKOV**

Chairman of the Management Board,
CEO,
Gazprom Neft PJSC