



ROSNEFT

Item 1:

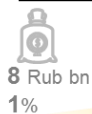
Approval of the Company's Annual Report

Saint Petersburg,
June 4, 2019

1999

2018

Tax payments
% of the Federal budget
spendings¹



x 500



4 Rub trln
28 %

Investments



x 160



1 Rub trln

Revenues

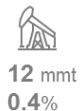


x 115



8 Rub trln

Oil production
Share in global production



x 19

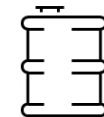


230 mmt
6 %

Company share on the
domestic market of
motor fuels



x 14



38 %

Number of jobs



x 8



339 th.



Note: (1) Rosneft tax payments to the treasuries at all levels as % of the Federal budget spendings (Rub 14.4 trln in 2018)



173%

proved reserve
replacement ratio

2.1%

liquid hydrocarbon
production growth

**Rosneft
Stands
its Word**



17.9 \$ bn

free cash flow
in 2018

2.5_x

dividend growth
year-on-year





**ENHANCING
YIELDS**

**ROSNEFT-2022
A STEP CHANGE
IN EFFICIENCY**



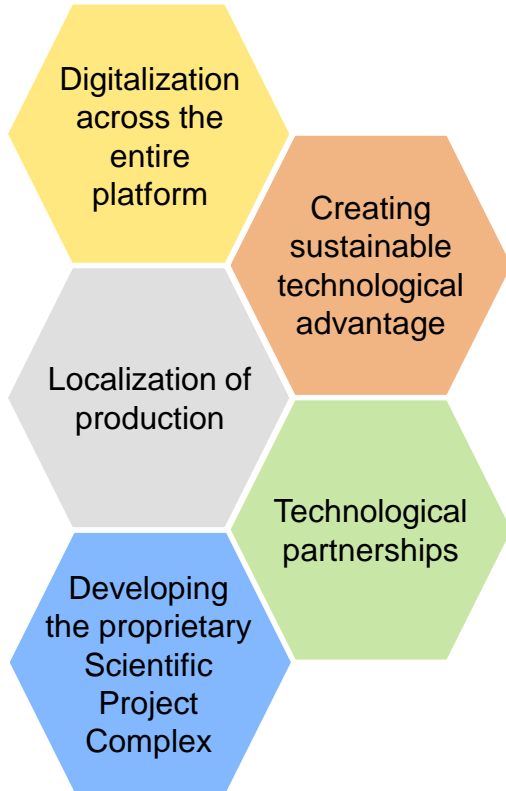
**BEST IN CLASS
PROJECT
MANAGEMENT**

**TRANSFORMING
CULTURE AND
TECHNOLOGICAL
CAPABILITIES**



Rosneft-2022 Strategy





- Digital field, remote drilling and production control centers, Industrial Internet of Things (IIoT), Big Data
- Enhanced in-house technology capabilities, cable-free seismic systems, advanced multi-stage hydraulic fracturing (MSHF) techniques, the establishment of a tech park to test technologies
- Digital Plant, IIoT, Global asset performance management, system to extend functional operation times between refinery facility repairs, automation 2.0, including the use of robots
- Improved accounting systems to reduce losses and fuel consumption for own operational needs
- Bringing partners into capital-intensive high-risk projects
- Rosneft R&D complex consisting of 29 corporate research and design institutes

Application of Advanced Technologies

Rosneft approved the strategic guidelines and public statement on the Company commitment to the 17 Sustainable Development Goals of the United Nations. Of which five goals of strategic priority were determined



Sustainable Development Priority

Achievements

>240 Rub bn

«green» investments over 5 years

9.3 Rub bn

energy savings in 2018

>125 Rub bn

investments in projects aimed at APG utilization for 2013-2018

Goals

4.4 mmtoe

energy consumption reduction by 2022

8 mmt of CO₂ eq.

reduction of greenhouse gas emissions by 2022

170 stations

compressed natural gas retail stations to be built in Russia



Goals

- By the end of 2022, Rosneft intends to enter the first quartile of international oil and gas companies in HSE terms
- Compliance with international standards OHSAS 18001 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management Systems
- Reduction of unit GHG emissions by 5%

Achievements



gas oil and water shows during the drilling works **were excluded**

the number of accidents **reduced by over 45%**

the area of accumulated petroleum contaminated soils **reduced by 14%**

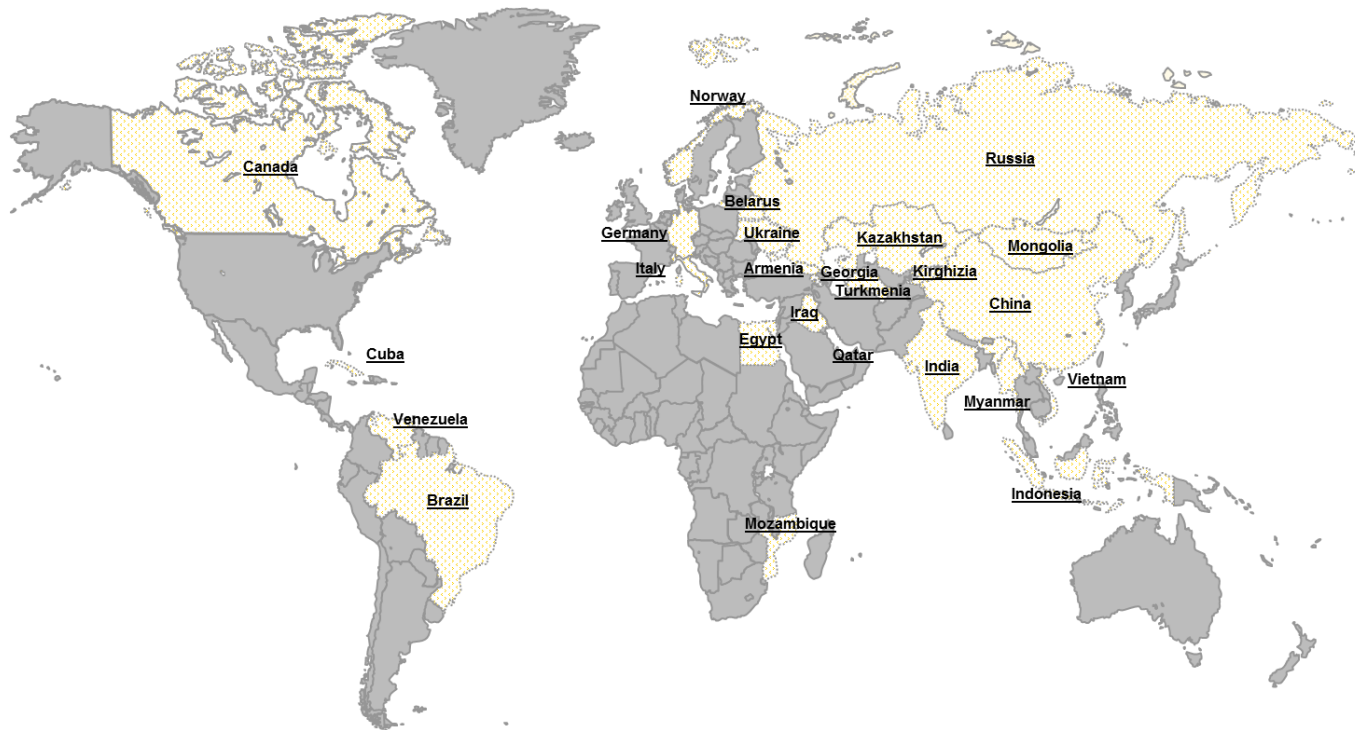
volume of polluted discharge **dropped by 7%**

volume of spilled oil and petroleum products caused by pipeline failures **decreased by 6%**



Commitment to High HSE Standards





25 countries of operation

6% – share in global crude oil production

1,160 licenses in Russia and abroad

13 refineries in Russia and stakes in **5** foreign refineries

132 tank farms in Russia and **64** abroad

2,897 retail sites in Russia and **5,244** abroad

Global Integrated O&G Company



SEC proved reserves

bn boe

Hydrocarbon production

mmboed

Full-cycle costs

\$ per boe



■ Liquids
■ Gas



■ Liquids
■ Gas



■ F&D
■ OPEX
■ CAPEX



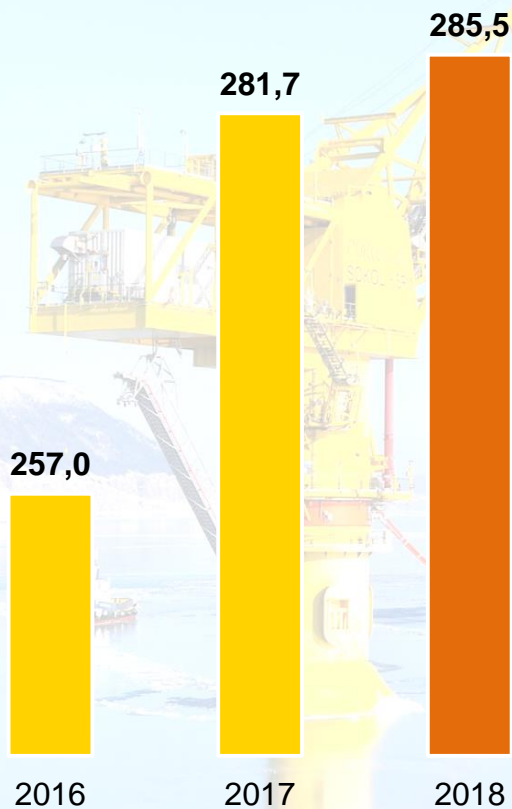
Global Leader by Reserves, Production and Efficiency



ROSNEFT

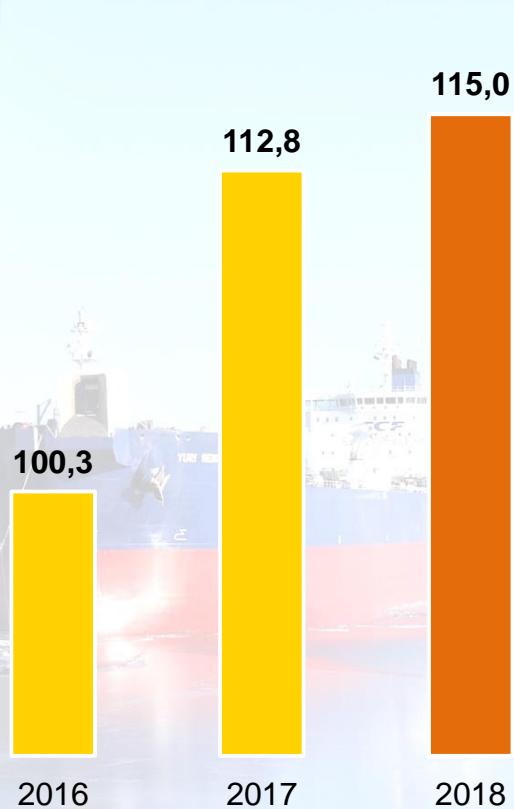
Hydrocarbon production

mmtoe



Refining throughput

mmt

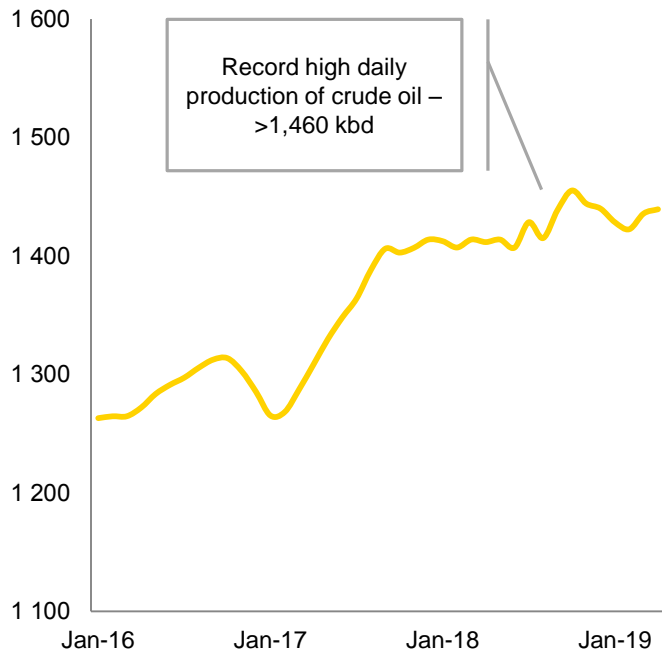


Key Operating Highlights



Yugansk production

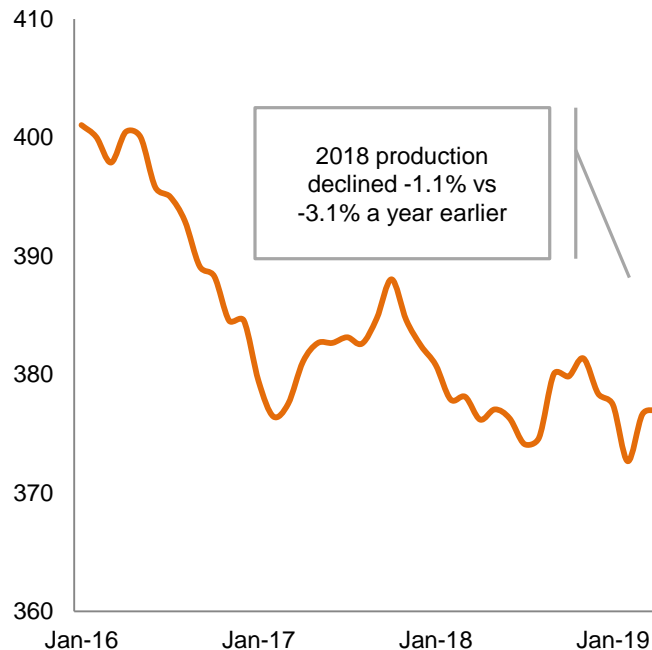
kbd



- Improving the development of hard-to-recover reserves of the Middle Ob region, application of advanced drilling and well-completion techniques

Samotlor field production

kbd



- Successful implementation of production stabilization program

Successful Development of Key Brownfields

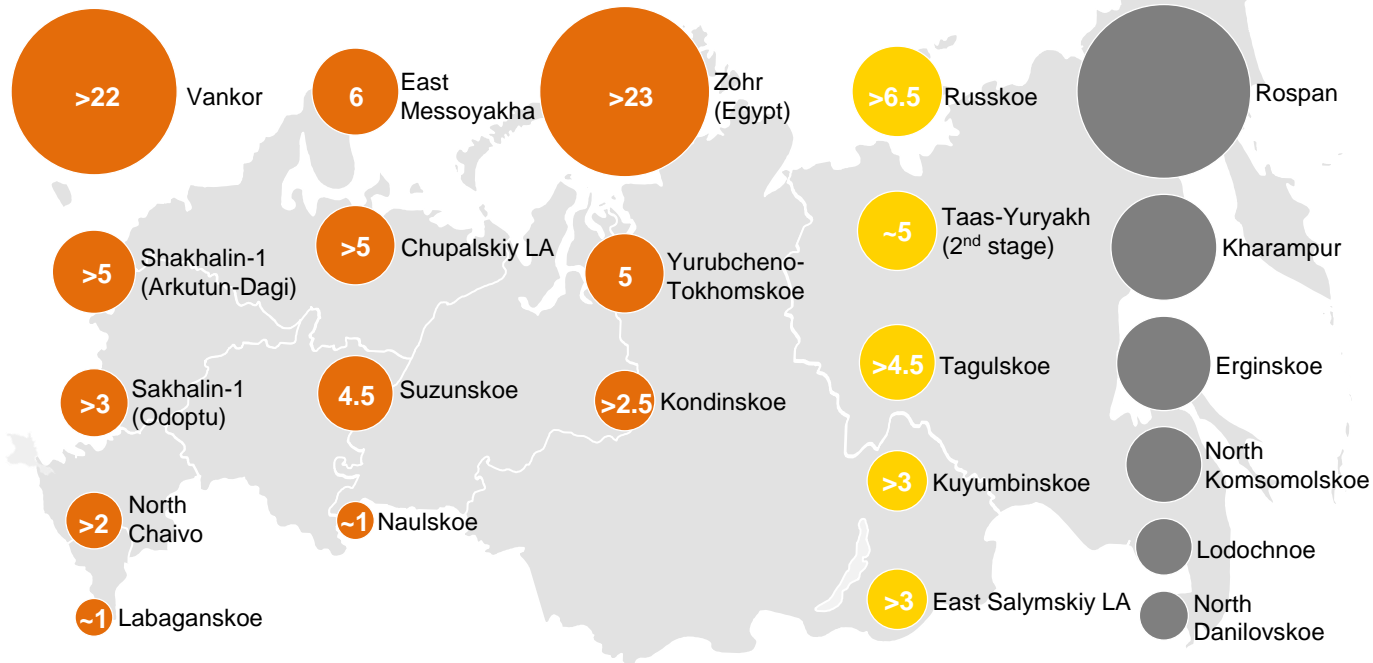


27%

share of Company's investments in Russian greenfields in 2018

>20 mmt

greenfields production in 2018



Leadership in Launching New Projects

2009-2015	2015	2016	2018	2019-2022
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Area of circle corresponds to plateau production, the figures inside circle are shown for oil projects in million tonnes per annum; for gas projects (Zohr, Rospan and Kharampur) in million tonnes of oil equivalent per annum. 100% of production



ROSNEFT'S STRATEGIC GOAL

in gas business development involves a consistent increase in the Company's shareholder value through higher gas production, supported by a highly efficient long-term sales portfolio

19 %

share of gas in the total hydrocarbon production in 2018

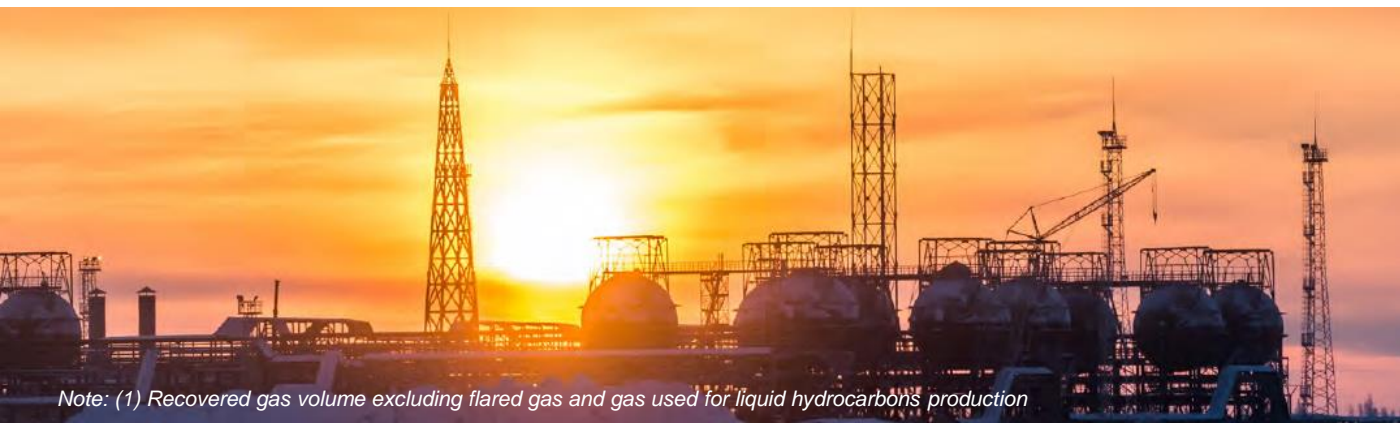
67.3 bcm

total gas production in 2018¹

7.9 tcm

recoverable AB1C1 + B2C2 gas reserves as of January 1, 2019

Gas Business Development



Note: (1) Recovered gas volume excluding flared gas and gas used for liquid hydrocarbons production



Novokuibyshevsk Refinery

- Vacuum gasoil hydrocracking complex (2.0 mmtpa)
- Delayed coking unit (1.5 mmtpa)

Ufa Refinery Complex

- Restoration of hydrocracking complex (1.6 mmtpa)
- Diesel hydrotreating reconstruction (3.2 mmtpa)

Achinsk Refinery

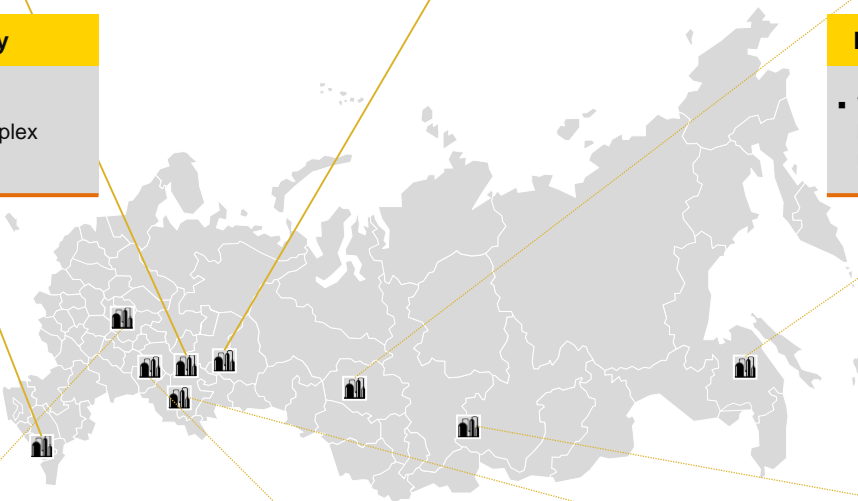
- Vacuum gasoil hydrocracking complex (2.0 mmtpa)
- Delayed coking unit (1.0 mmtpa)

Tuapse Refinery

- 2nd stage of diesel hydrotreating complex (4.0 mmtpa)

Komsomolsk Refinery

- Vacuum gasoil hydrocracking complex (2.0 mmtpa)



Ryazan Refinery

- Vacuum gasoil hydrocracking complex (capacity – 2.0 mmtpa)

Kuibyshev Refinery

- Vacuum gasoil hydrotreating facility (2.0 mmtpa)

Syzran Refinery

- Catalytic cracking complex (1.15 mmtpa)

Angarsk Refinery

- Diesel fuel hydrotreating unit (4.0 mmtpa)
- Gasoline hydrotreating unit (0.5 mmtpa)



Improving Downstream Efficiency



2.1
Rub trln

EBITDA

↑ 47%

549
Rub bn

Net income

↑ 2.5x

17.4
%

ROACE

↑ 6 p.p.

936
Rub bn

CAPEX

↑ 2%

1.1
Rub trln

Free cash flow

↑ 4.6x

**Strong
Financial
Results**



33 млрд руб.

Company spendings for creating optimal working conditions, promoting healthy lifestyles, and providing its employees with healthcare and social guarantees

11.5 Rub bn

charity expenses
in 2018

2.1 Rub bn

total sponsorship expenses
of the Company in 2018

4 Rub trln – taxes and duties paid in 2018



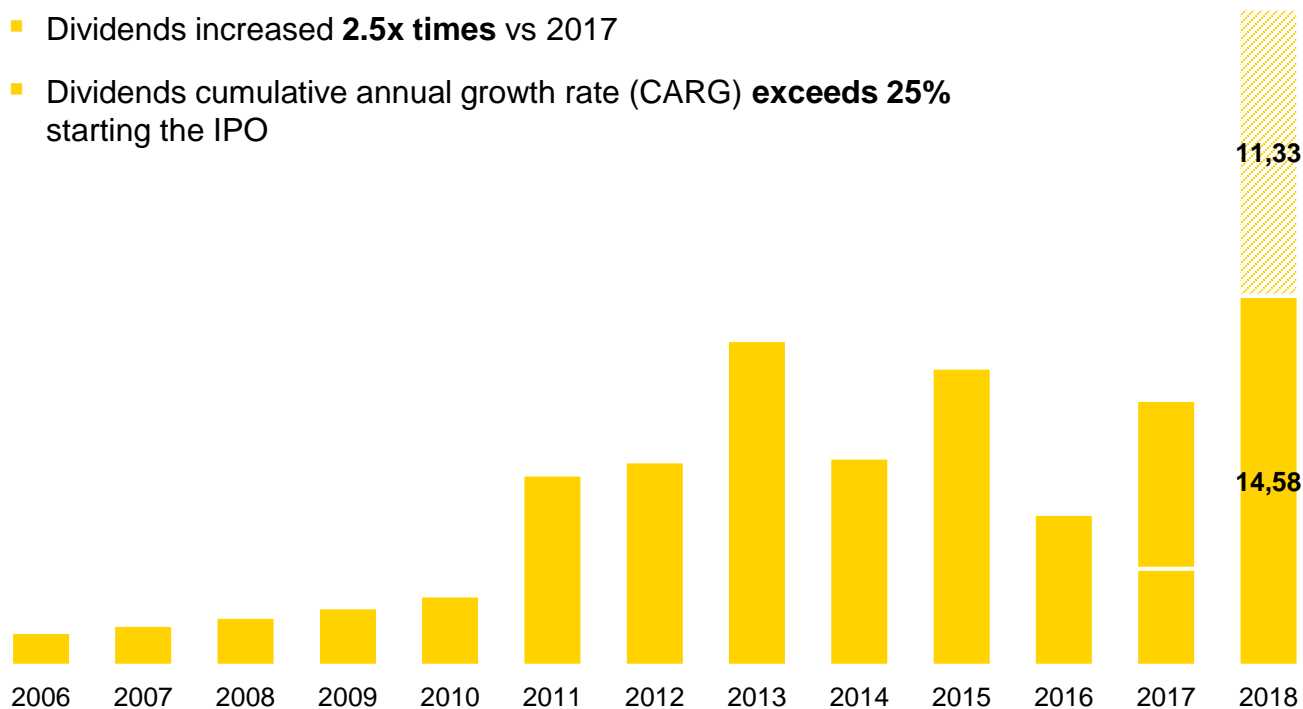
Social Responsibility

The Company's leading asset is its highly-qualified professionals who are focused on efficiency

Dividends evolution

Rub/share

- Competitive dividend policy: payout of **not less than 50%** of IFRS net income **semi-annually**
- Dividends increased **2.5x times** vs 2017
- Dividends cumulative annual growth rate (CARG) **exceeds 25%** starting the IPO



Improving Shareholder Returns



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