Rosneft Oil Company
IFRS Results
Q1 2016

June 8, 2016

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Overview of Key Developments

Macroeconomic environment[1]

Indicator	Q1 2016	Q4 2015	%	Q1 2016	Q1 2015	%
Urals, $/bbl	**32.2**	41.9	(23.3)%	**32.2**	52.8	(39.1)%
Urals, th. RUB/bbl	**2.40**	2.76	(13.2)%	**2.40**	3.28	(26.9)%
Naphtha, th. RUB/t	**22.8**	26.1	(12.3)%	**22.8**	27.6	(17.1)%
Gasoil 0.1%, th. RUB/t	**22.9**	26.1	(12.4)%	**22.9**	31.6	(27.5)%
Fuel oil 3.5%, th. RUB/t	**10.3**	12.5	(17.0)%	**10.3**	17.5	(40.8)%
Average exchange rate, RUB/$	**74.63**	65.94	13.2%	**74.63**	62.19	20.0%
Inflation for the period (CPI), %	**2.1%**	2.3%	-	**2.1%**	7.4%	-

Highlights

- Creation of a unique international consortium on the base of the Vankor project
- Attraction of strategic investors into the Taas-Yuryakh project
- Start of E&A drilling offshore Vietnam as a project operator
- Stake increase in JV Petromonagas (Venezuela) to 40%
- Heads of Agreement with PDVSA on joint gas project offshore Venezuela
- Extension of the agreement with Grupa Lotos (Poland) with the increase in oil supplies to 2.7 mmtpa

Source: average prices were calculated from unrounded data of analytical agencies

Key Operating Indicators

Indicator	Q1 2016	Q4 2015	%	Q1 2016	Q1 2015	%
Hydrocarbon production, incl. kboed	**5,208**	5,207	-	**5,208**	5,200	0.2%
Crude oil and NGL, kbpd	**4,089**	4,107	(0.4)%	**4,089**	4,131	(1.0)%
Gas, kboed	**1,119**	1,100	1.7%	**1,119**	1,069	4.7%
Refining throughput, mmt	**22.61**	23.59	(4.2)%	**22.61**	24.34	(7.1)%
Refining depth, %	**68.9**	66.5	+2.4 pp	**68.9**	65.3	+3.6 pp

Key Financial Indicators (RUB bln)

Indicator	Q1 2016	Q4 2015	%	Q1 2016	Q1 2015	%
Revenue, RUB bln	**1,048**	1,196	(12.4)%	**1,048**	1,321	(20.7)%
EBITDA, RUB bln	**273**	278	(1.8)%	**273**	319	(14.4)%
Net profit attributable to shareholders RUB bln	**14**	53	(73.6)%	**14**	56	(75.0)%
Operating cash flow[1], RUB bln	**234**	326	(28.2)%	**234**	258	(9.3)%
Capital expenditures, RUB bln	**154**	186	(17.2)%	**154**	128	20.3%
Free cash flow[1], RUB bln	**80**	140	(42.9)%	**80**	130	(38.5)%
Net debt, RUB bln	**1,611**	1,694	(4.9)%	**1,611**	2,529	(36.3)%
Urals, th. RUB/bbl	**2.40**	2.76	(13.2)%	**2.40**	3.28	(26.9)%

Note: 1 adjusted for prepayments under long term crude oil supply contracts and effect from operations with trading securities

Key Financial Indicators ($ bln)

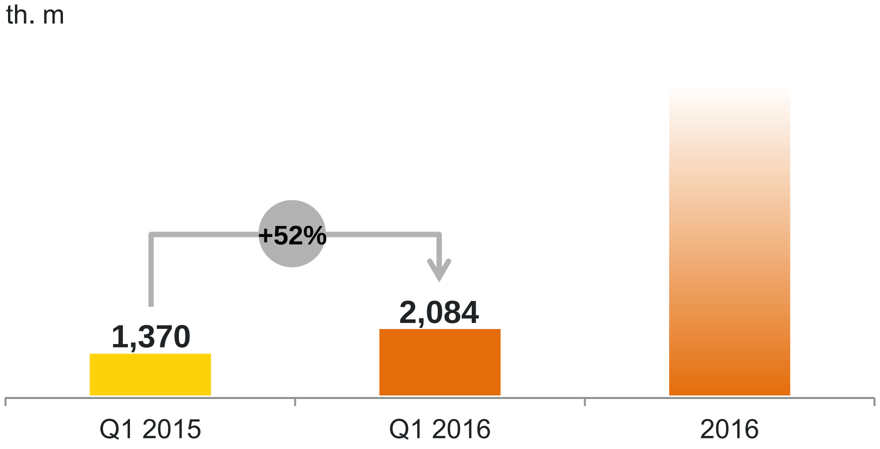
Indicator	Q1 2016	Q4 2015	%	Q1 2016	Q1 2015	%
Revenue, $ bln	**14.5**	18.6	(22.0)%	**14.5**	21.5	(32.6)%
EBITDA, $ bln	**3.7**	4.3	(14.0)%	**3.7**	5.0	(26.0)%
Net profit attributable to shareholders $ bln	**0.2**	0.8	(75.0)%	**0.2**	1.0	(80.0)%
Operating cash flow[1], $ bln	**3.6**	5.3	(32.1)%	**3.6**	4.5	(20.0)%
Capital expenditures, $ bln	**2.1**	2.8	(25.0)%	**2.1**	2.0	5.0%
Free cash flow[1], $ bln	**1.5**	2.5	(40.0)%	**1.5**	2.5	(40.0)%
Net debt, $ bln	**23.9**	23.2	3.0%	**23.9**	43.3	(44.8)%
Urals, $/bbl	**32.2**	41.9	(23.3)%	**32.2**	52.8	(39.1)%

Note: 1 adjusted for prepayments under long term crude oil supply contracts and effect from operations with trading securities

Operating Results

Development Drilling

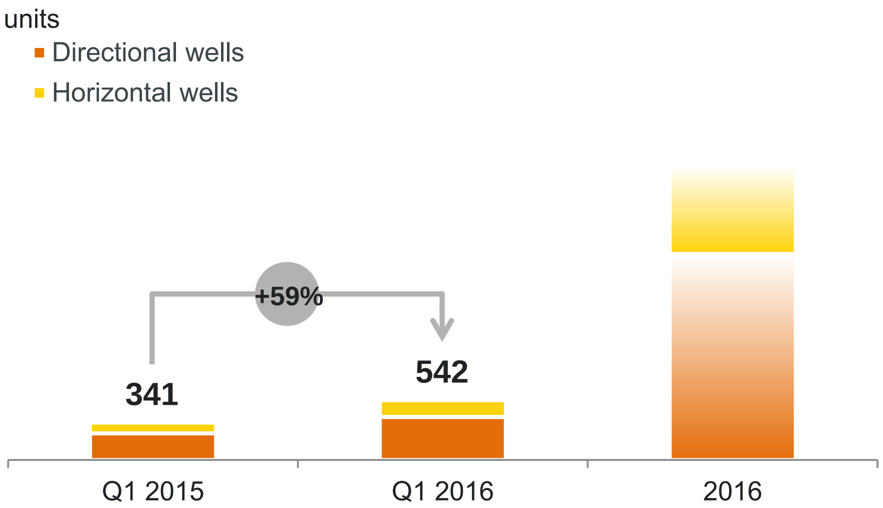
Drilling footage



Key achievements for Q1 2016

- 52% increase in development drilling YoY
- >50% share of in-house service in total drilling volumes
- Record high number of new oil wells completion (542). Delivery of new horizontal wells (HW) increased >57% vs. Q1 2015
- HW drilling rates increased by 18% (vs. Q1 2015) due to lower non-productive time
- Efficient wellwork – horizontal wells with multi-stage hydrofrac increased by >95%; side-tracking operations increased by 28%

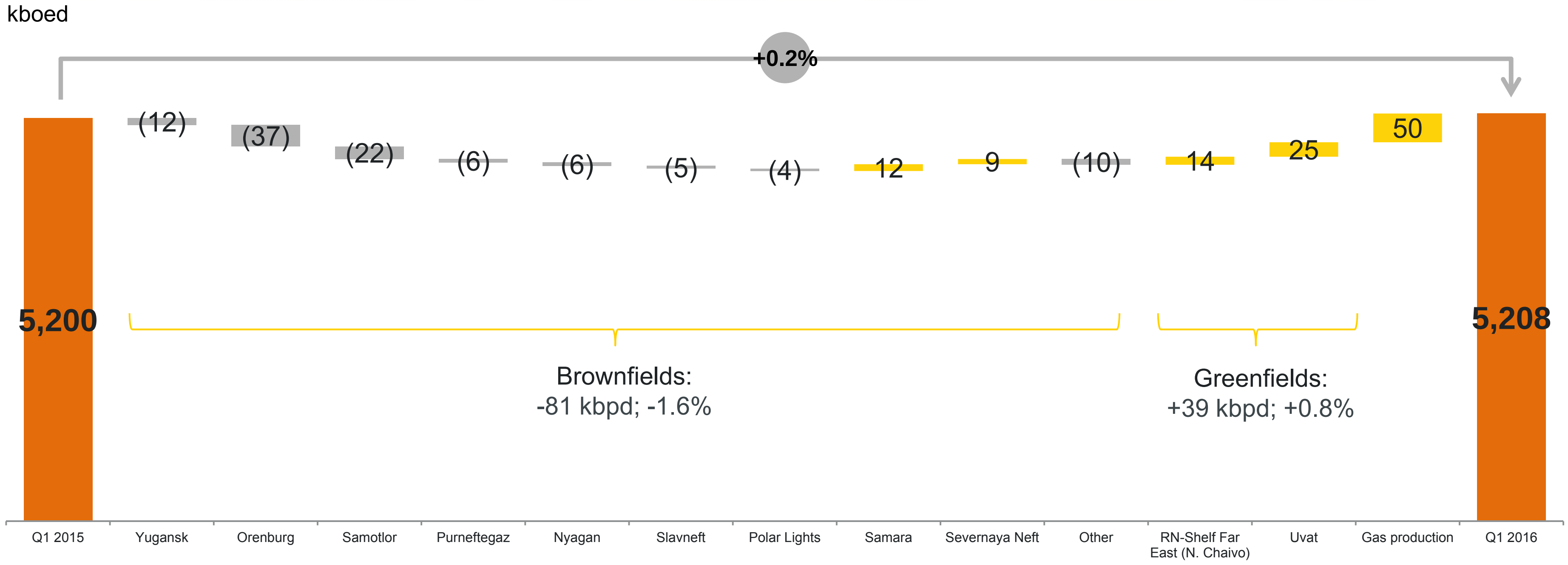
New oil wells completed



Plans for 2016

- Increase in development drilling by at least 30% YoY
- New oil wells target of ~2,500 with share of horizontals up to 30%
- Further enhancement of drilling efficiency:
  - Q3 2016 – managed pressure drilling at Yurubcheno-Tokhomskoe field
  - Q4 2016 – implementation of a pilot project of a two-string horizontal well with multifrac in Yugansk

Hydrocarbon Production



- Production growth at greenfields and reduction of natural decline rates at brownfields due to development drilling ramp-up efficient use of modern wellworks
- **Samara:** Number of new oil wells doubled vs. Q1 2015
- **North Chaivo:** Delivery of the 3rd (2015 year end) and 4th (Q1 2016) wells at the field
- **Uvat:** commercial production of crude started at the new W. Epasskoe field (ABC1+C2 oil recoverable reserves exceed 17 mmt) of the Uvat project
- **Gas production:** 2nd stage of Novo-Urengoy gas and condensate treatment unit trial run in Q4 2015: GTU capacity increased to 11 mcm per day of gas and 1.7 kt per day of condensate. Commissioning of a gas preparation unit at Barsukovskoye field of RN-Purneftegaz in Dec 2015

Progress in Key Projects in NAO

Labagan

- Commercial production started in 3Q 2015
- Avarage daily production ~2.5 ktpd
- Production to reach ~1 mmtoe in 2016
- PRMS 3P reserves as of Dec 31, 2015 estimated at 35 mmtoe / 241 mmboe
- During 2015 21 well was delivered. In Q1 2016 – additional 11 wells with average flow rates at over 1.1 ktpd

Naul

- Commercial production to start in Q3 2016
- 2016 construction facilities: 2 pads with utilties, pressure pipeline (20 km), multiphase pump station and power park
- Target production in 2017 ~0,4 mmtoe
- PRMS 3P reserves as of Dec 31, 2015 estimated at 36 mmtoe / 239 mmboe
- 7 wells with average expected initial flow rates at 90.3 tpd are to be drilled in 2016. Preparation works are in progress - pads construction for well drilling

Progress in Key Projects in YANAO and North of Krasnoyarsk Region

Suzun

- Field development in 2 stages:
  - Stage 1 - delivery of the key oil treatment and transportation facilities in 2016
  - Stage 2 - delivery of the key gas facilities and external power supply and auxiliary facilities in 2018
- Crude oil production plateau at ~4.5 mmt to be reached in 2017
- PRMS 3P reserves as of Dec 31, 2015 estimated at 75 mmtoe / 570 mmboe
- As part of FFD, 27 wells drilled by Dec 31, 2015, 9 more wells drilled in Q1 2016; in progress – field infrastructure setup, construction of OTF, facilities, oil pipeline Suzun-Vankor

East Messoyakha[1]

- Field to be brought into development in Q4 2016
- Production growth above 5 mmt after 2018
- PRMS 3P reserves as of Dec 31, 2015 estimated at 212 mmtoe / 1,461 mmboe
- As part of FFD, 36 wells drilled by Dec 31, 2016, 7 more wells drilled in Q1 2016; in progress – field infrastructure setup, construction of main facilities: CPF, GTTP, field support base, pressure pipeline for connection with main oil pipeline Zapolyarye - Purpe

Note: (1) Field license is owned by Messoyakhaneftegaz, a JV with Gazpromneft (50%/50%), above data are provided as 100%

Upstream Portfolio Optimization

- Bringing partners to the existing projects
  - Vankor

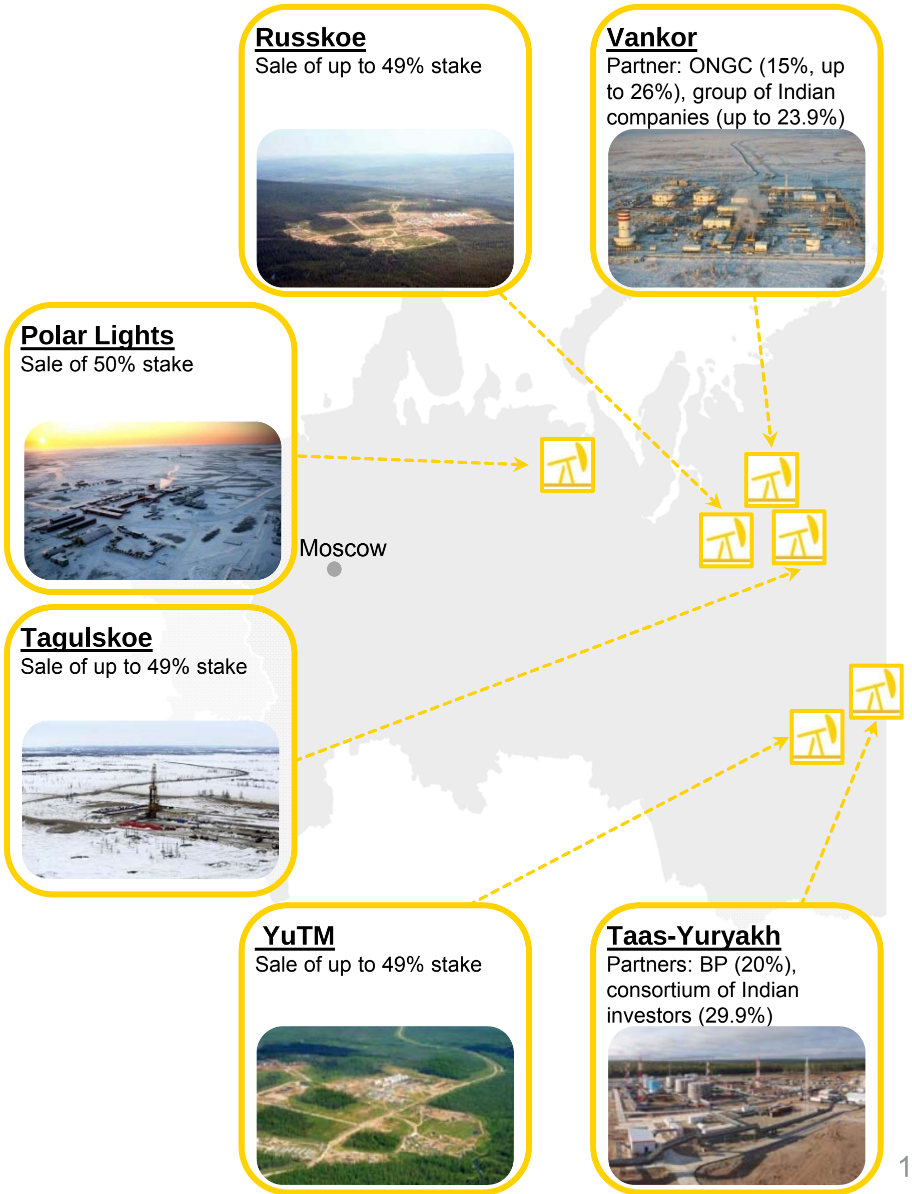
    - Deal on the sale of 15% stake to ONGC closed

    - MoU on cooperation assuming increase of ONGC stake to 26% signed

    - Heads of Terms on sale of 23.9% stake to the group of Indian companies signed
  - Taas-Yuryakh

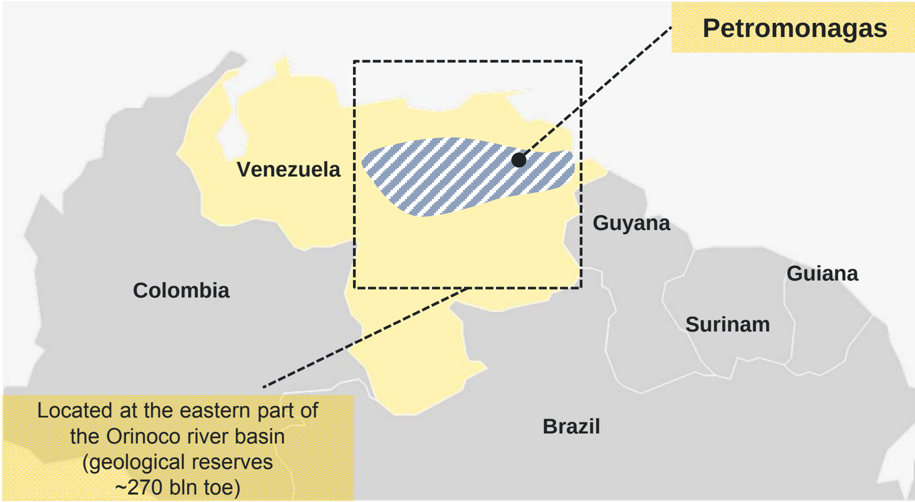
    - Deal on sale of 20% stake to BP closed

    - Agreement on sale of 29.9% stake to consortium of Indian investors signed
- Attracting partners to the new projects to share risks, financing and transfer technologies in order to efficiently develop the fields
  - Sale of 49% stake in Yurubcheno-Tokhomskoe, Russkoe and Tagulskoe fields
- Low-margin assets optimization
  - Regular ranking, and prioritizing process; ongoing work with low-margin assets
  - Sale of 50% stake in Polar Lights closed



Acquisition of a 23.33% Stake in Petromonagas

Indicator	Value[1]
2P reserves	136 mmt of oil 12.4 bcm of gas
Oil production	20.8 ktpd up to 22.7 ktpd by 2019
Infrastructure	upgrader GPU pipeline system
23.33% stake valuation	$500 mln ($2.5 per boe of 2P reserves)



- Acquisition of an additional stake in the mature producing asset will ensure incremental oil production of 2 mmtpa
- The asset is able to provide over 15% return on invested capital in the form of expected cash flows in 2017-2018 even in the conservative oil price scenario
- Company stake increase (from 16,67% to 40%) will enable to strengthen control over operating activities through additional positions in the 1st and 2nd lines of the JV management
- Project infrastructure can be used to accelerate the development of the neighbor Carabobo-2 block (JV Pertovictoria) and gain additional synergies in future: increase of existing upgrader capacity from 145 to 210 kbpd will enable to proceed all production volumes of JV Petromonagas and part of heavy crude from JV Pertovictoria

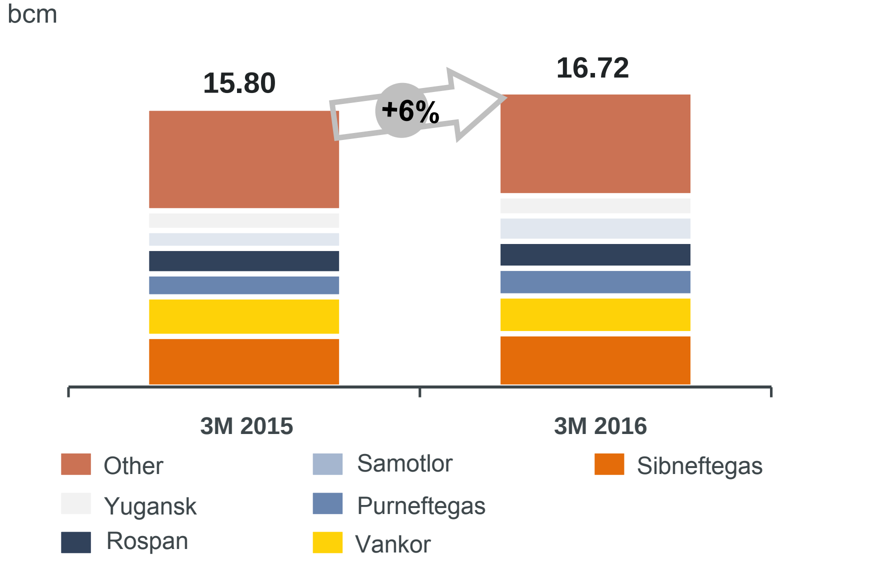
Note: (1) Reserves and production of a 100% stake; reserves as of Dec 31, 2015 according to DeGolyer & MacNaughton report

Gas Business: organic production growth and efficient monetization

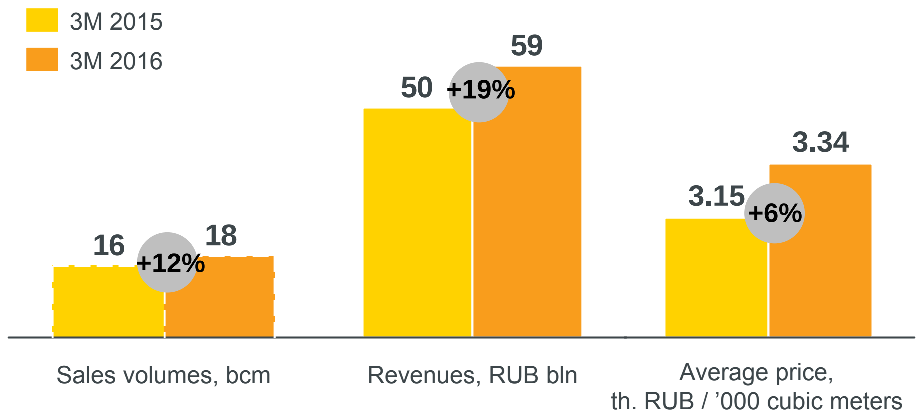
Key achievements for Q1 2016

- 6% increase in gas production, mainly as a result of gas treatment units launch, including trial run, at Rospan and Purneftegaz, and commissioning of two wells in the Northern tip of the Chaivo field
- APG utilization rate grew to 91% in Q1 2016 (vs. 87% in Q1 2015), mainly due to increase in gas intake by Gazprom and Sibur and optimization of gas transportation facilities
- Nyaganneftegaz commissioned a new gas pipeline with a total length of 31.5 km which made it possible to double the throughput capacity of the gas transportation section to 1 bcm pa providing opportunities for further growth in gas production
- In February 2016, Rosneft and PDVSA signed Heads of Terms re establishment of a joint venture for a major project on natural gas production at Venezuela's offshore fields. Rosneft will be the JV Operator. Gas production in the project is expected to achieve up to 9 bcm pa

Gas production

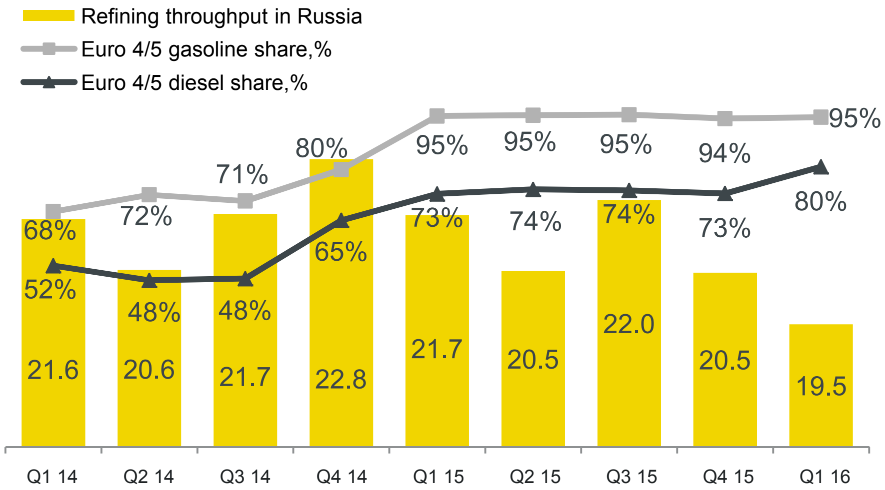


Gas sales in Russia



Refining: conversion to Euro-5 product quality

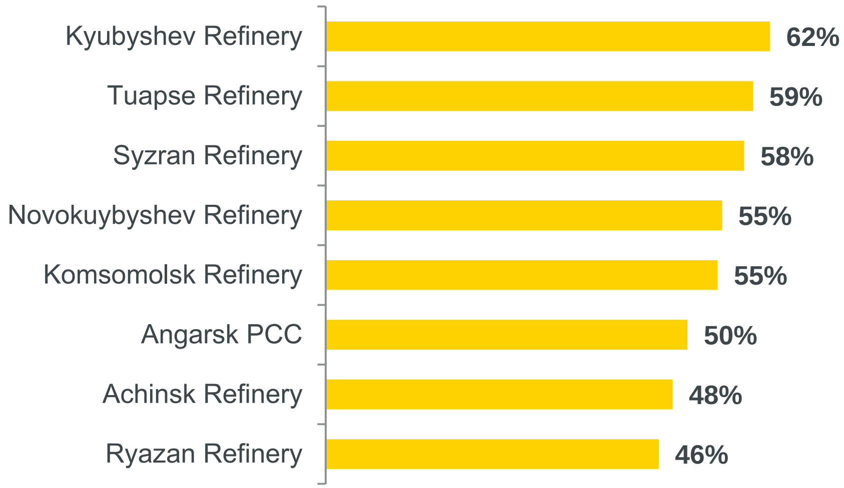
Processing and production of motor fuels



Key achievements for Q1 2016

- Light product yield in Q1 2016 increased to 55.5%, refining depth - to 68.9%.
- Euro-5 motor fuels production grew by 72% YoY
- Tuapse refinery started to accept crude supplied by alternative channels - by sea and rail
- MTBE plant at Angarsk brought to the normal technological mode, composition of the feedstock optimized

Progress in refineries upgrade program

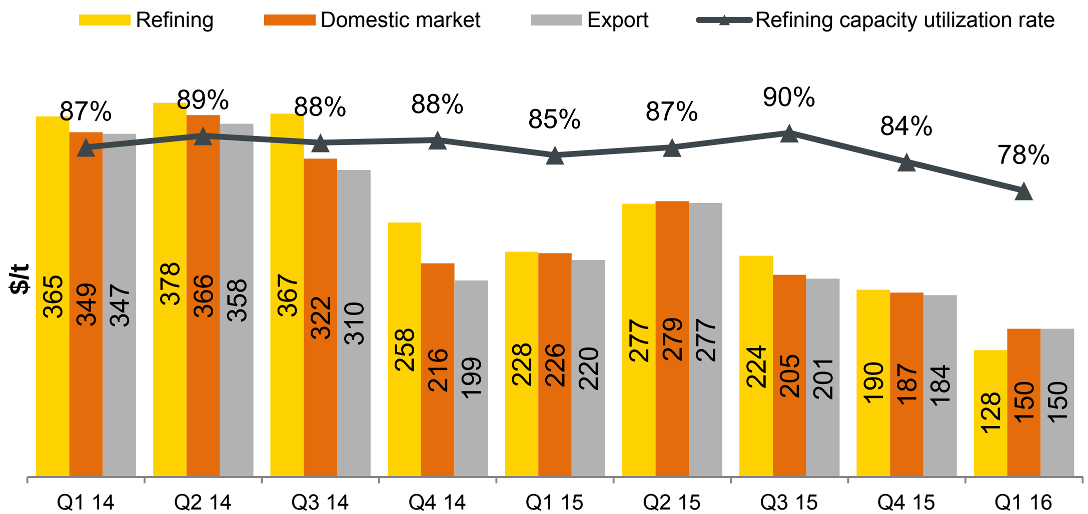


Plans for 2016

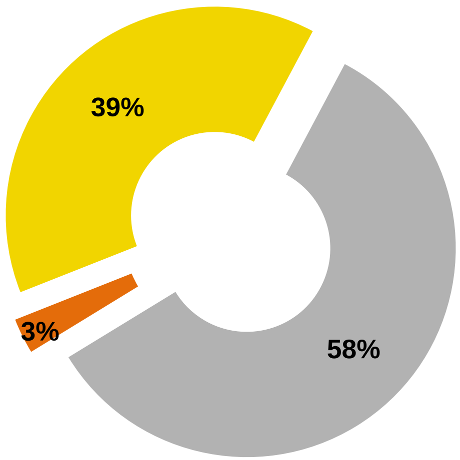
- Increased production of high-margin petroleum products by reducing fuel oil output
- Implementation of the import substitution program - expanding the range and volume of products at AZKiOS, new promising catalyst formulations for the production of Euro-5 diesel fuel
- Continued construction of facilities within the modernization program
- Implementation of action items for improvement of the efficiency and sustaining current assets

Crude Oil and Petroleum Products Sales

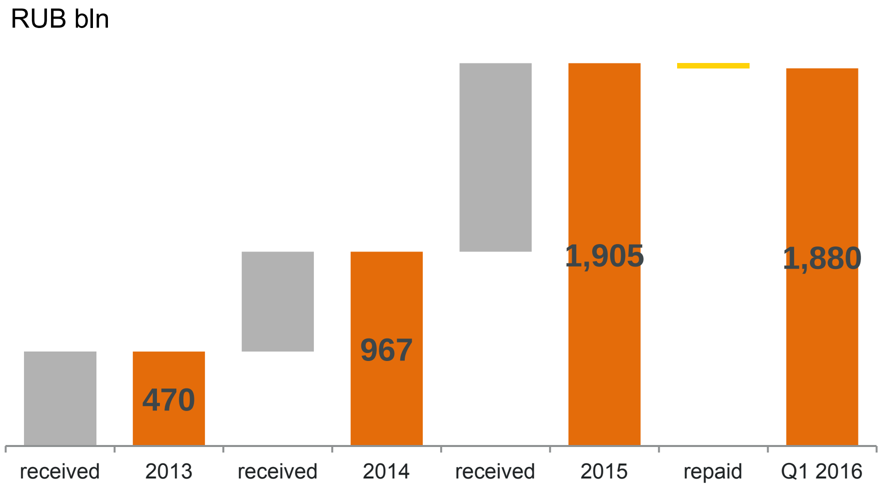
Netbacks of the main oil monetization channels



Oil monetization structure (Q1 2016)[1]



Prepayments under long-term oil supply contracts



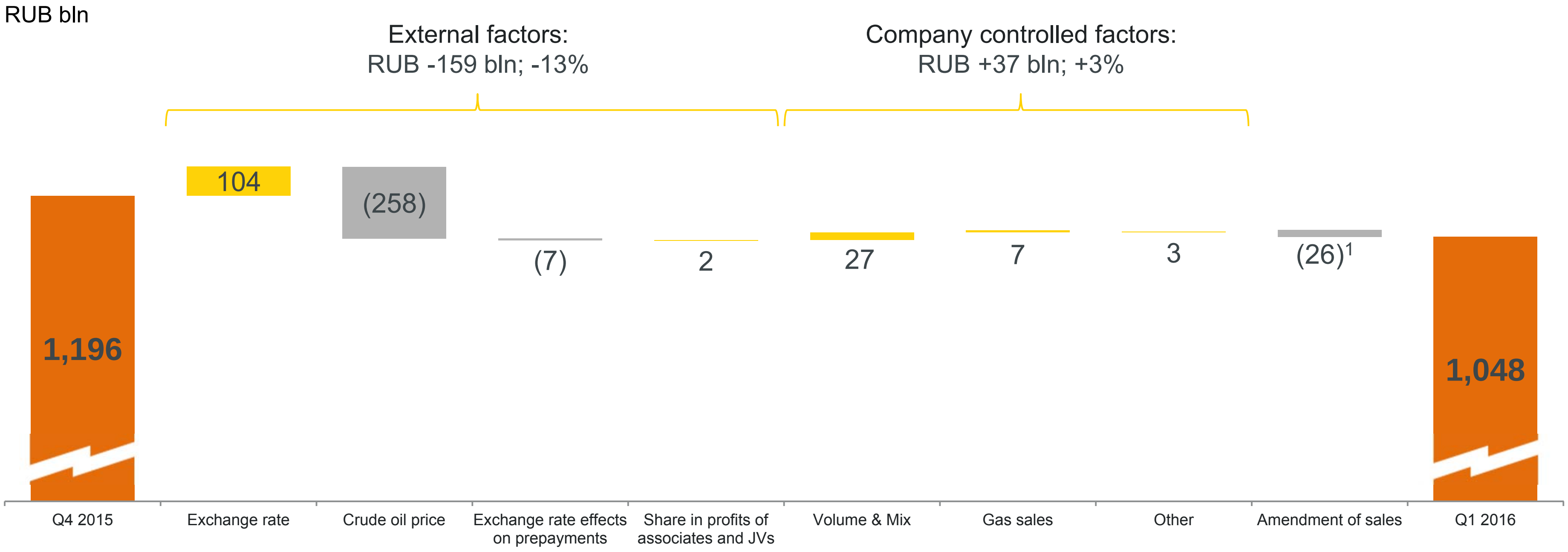
- Increase in the volume of high-margin oil supplies eastwards to almost 11 mmt
- Deliveries were organized for a new premium destination to China by rail
- Expansion of cooperation with the key partners: Rosneft extended the contract with Total for oil supply via Druzhba pipeline to Germany for another 2 years, and the contract with Lotos to continue supplies to the Gdansk refinery (Poland) till the end of 2017

Note: (1) As a percentage of total crude oil supplies

Financial Results

Revenue

Q1 2016 vs Q4 2015

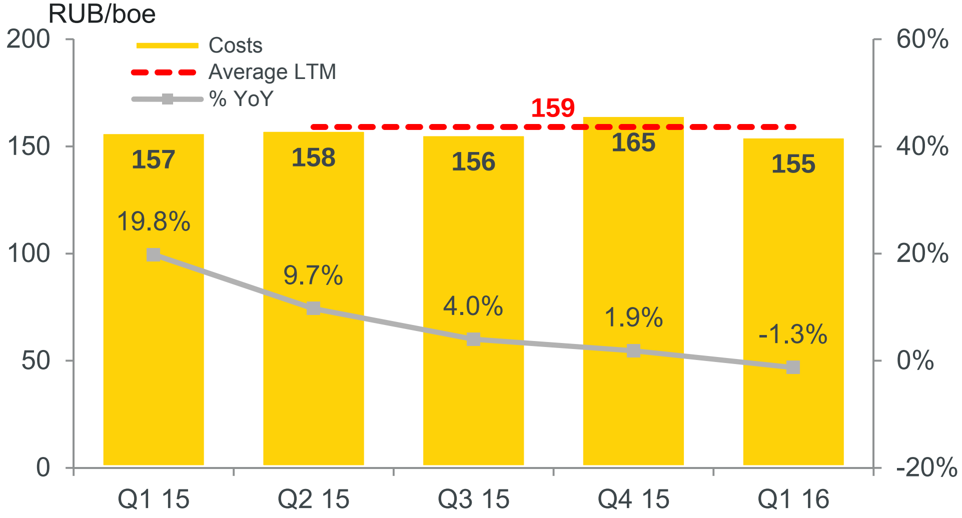


- Decrease in crude oil price by 13% in RUB terms
- Increase of non-CIS crude oil and petroleum product sales by 4.3% QoQ
- Gas sales growth by 11.5%

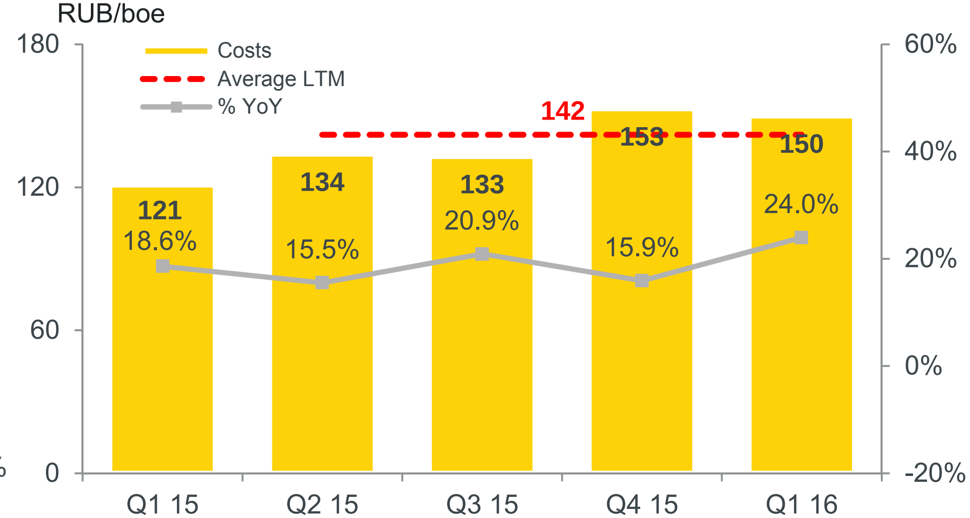
Note: (1) Amendments of sales and cost outside Russia related to update of invoices received from the partner are disclosed on gross basis with net impact of RUB (3.2) bln for the reporting period

Operating Costs Dynamics

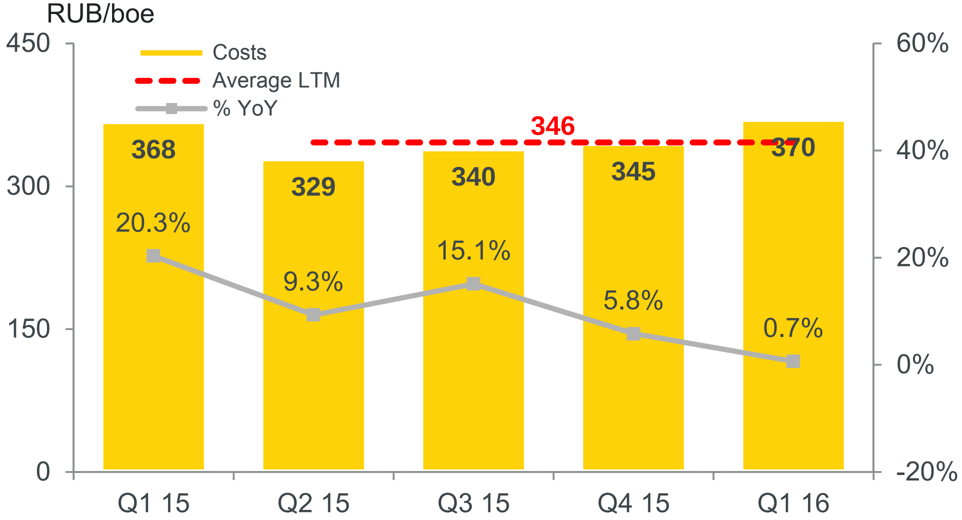
Lifting costs



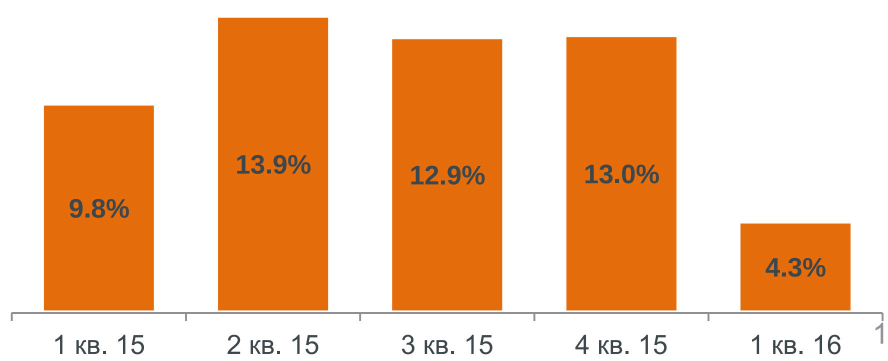
Refining costs in Russia



Transportation costs

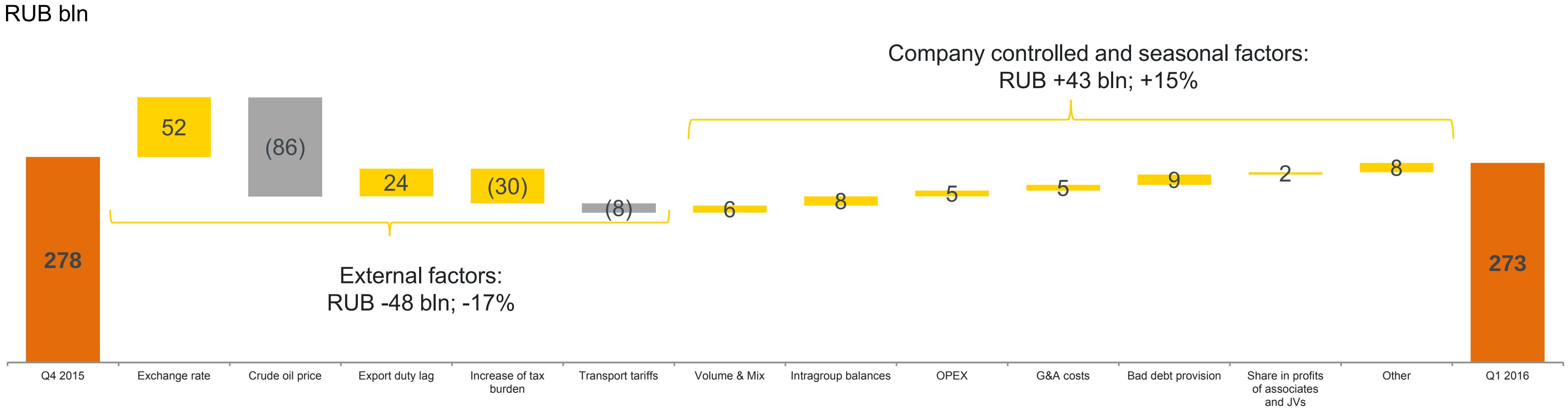


Producer price index (annual basis)

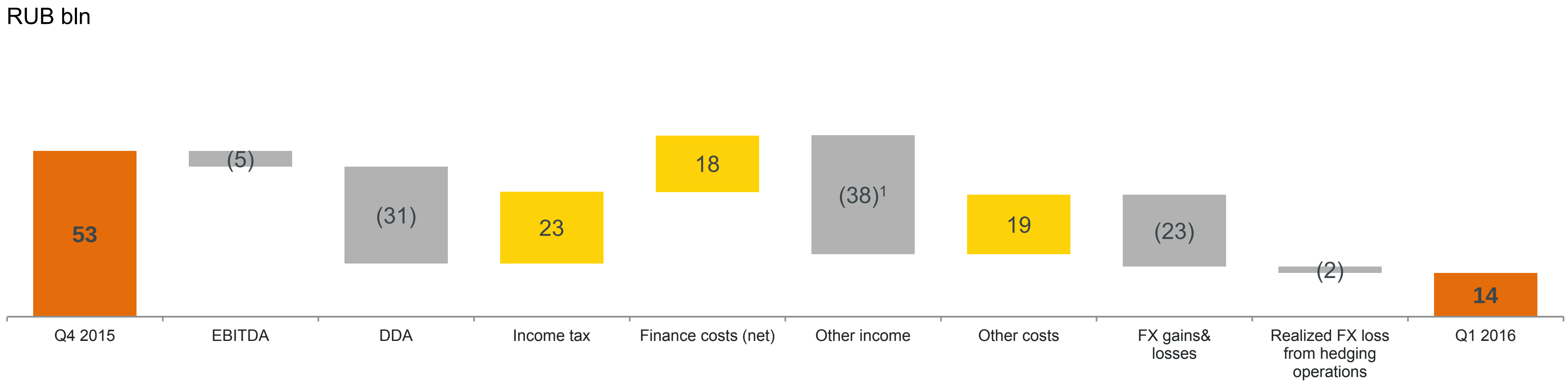


EBITDA & Net Income

EBITDA Q1 2016 vs Q4 2015



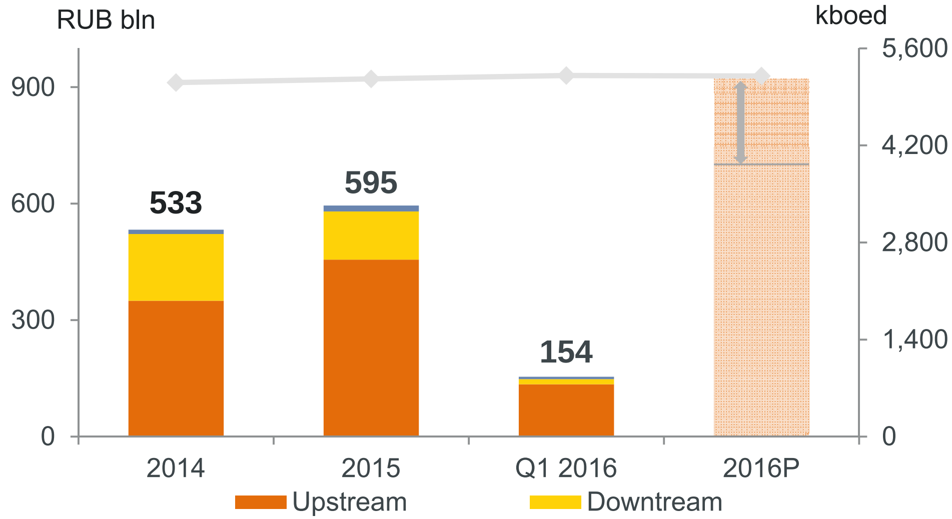
Net income Q1 2016 vs Q4 2015



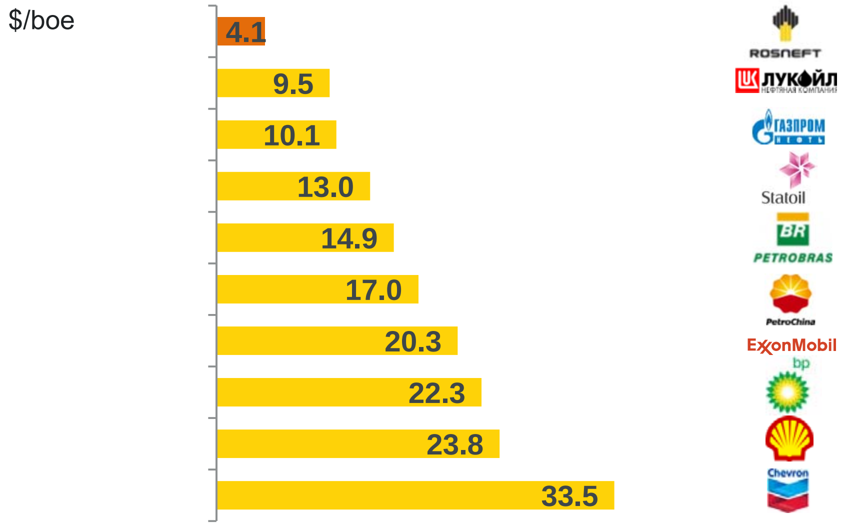
Note: Other income includes income from insurance indemnity, effect of disposal of equity investments and compensations under existing JVs in the amount of RUB 38 bln recognized in Q4 2015

CAPEX

CAPEX and production



Upstream CAPEX Q1 2016[1]: benchmerking

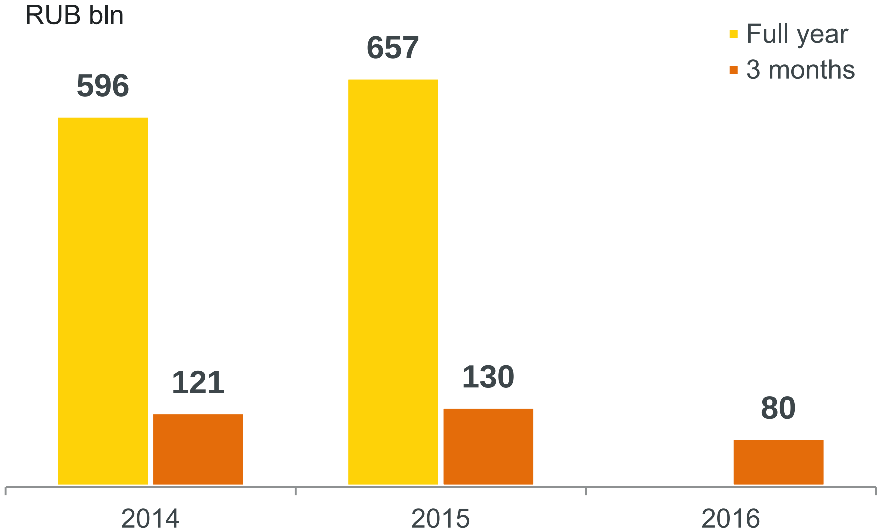


- **20% increase of Q1 2016 CAPEX** (as compared top Q1 2015) towards strategic goals on hydrocarbon production growth implementation:
  - 52% increase in development drilling
  - start of the active phase of the development of new major upstream projects (Suzun, Yurubcheno-Tokhomskoye) on the basis of designing and preparatory work carried out in previous years
- **Confident leadership in unit CAPEX** under investment program increase compared to Russian and global peers:
  - Q1 2016: 4.1 $/boe
  - 2016 forecast: ~6 $/boe

Note: (1) Rosneft, Petrobras, Statoil – data for Q1 2016, all other companies – 2015 data

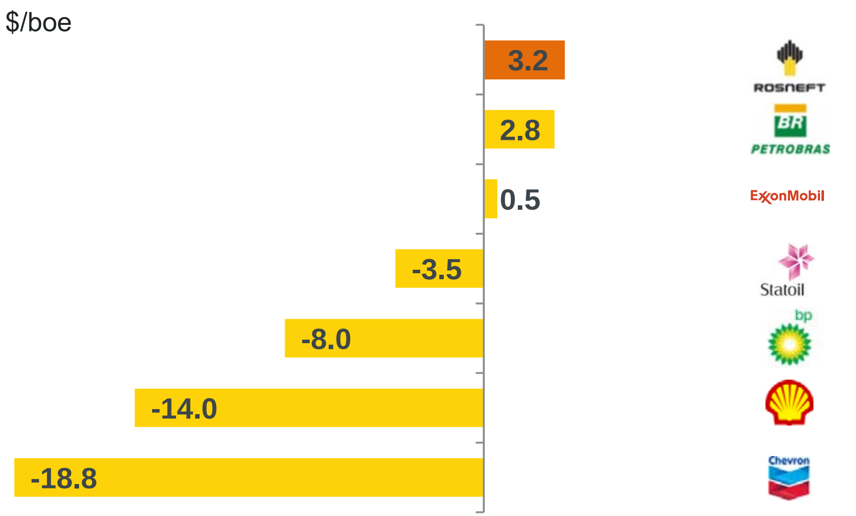
Free Cash Flow

Free cash flow

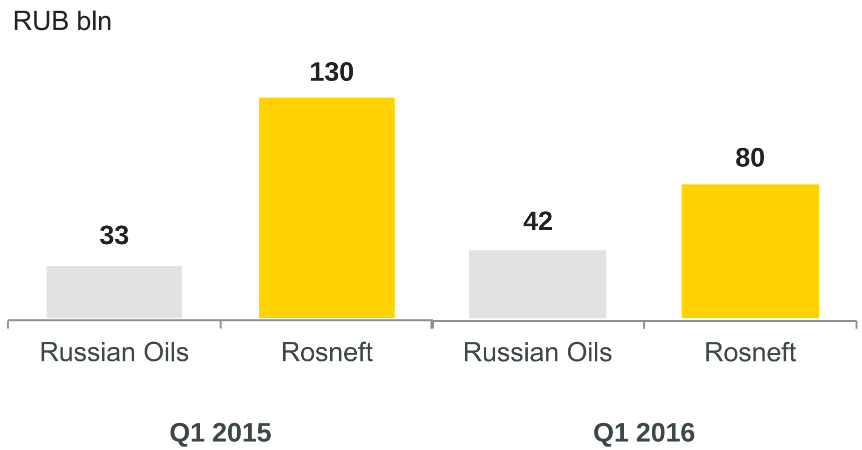


- Due to challenging macro and CAPEX increase Q1 2016 free cash flow decreased by 43% to RUB 80 bln
- With 3.2 $/boe Rosneft is a global leader in terms of free cash flow generation
- Despite CAPEX growth and crude oil price decline in RUB terms in Q1 2016 Rosneft was able to generate free cash flow 2 times higher than its Russian peers combined (those who published financial results for the reporting period)

Free cash flow Q1 2016: benchmarking (majors)



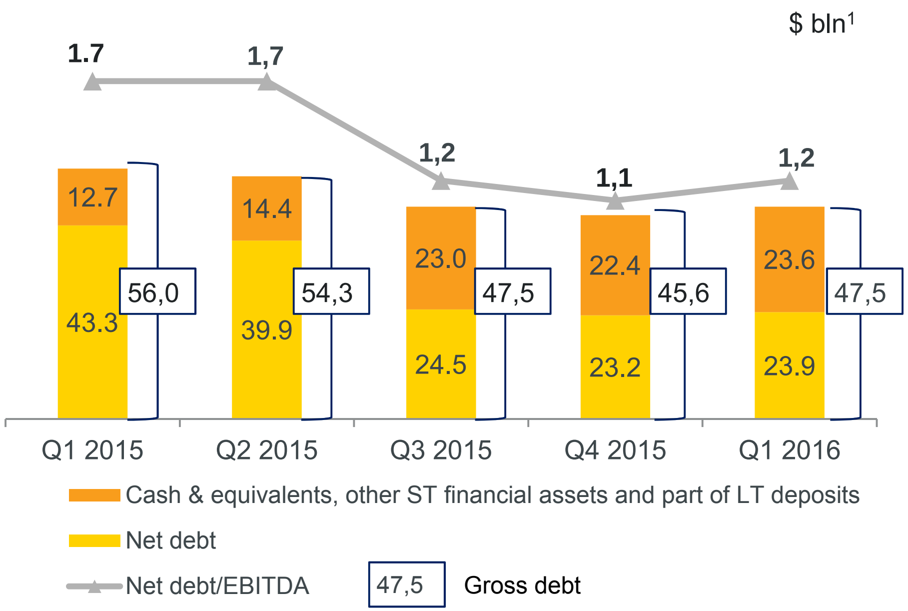
Free cash flow: benchmarking (Russian Oils[1])



Note: (1) Include Lukoil, Gazprom neft and Bashneft

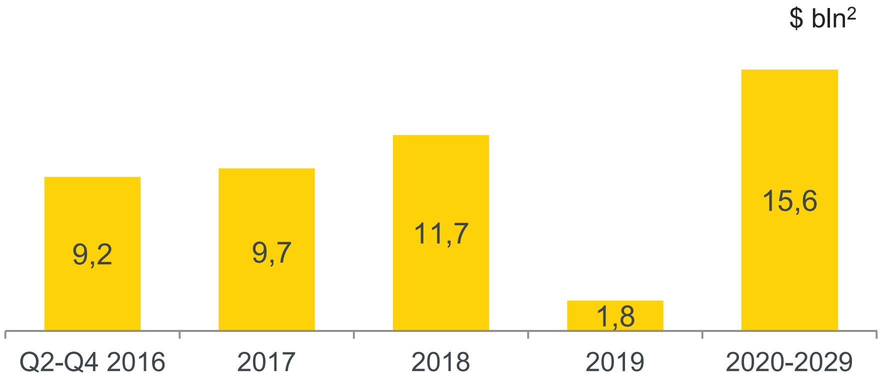
Financial Stability

Debt and net debt dynamics

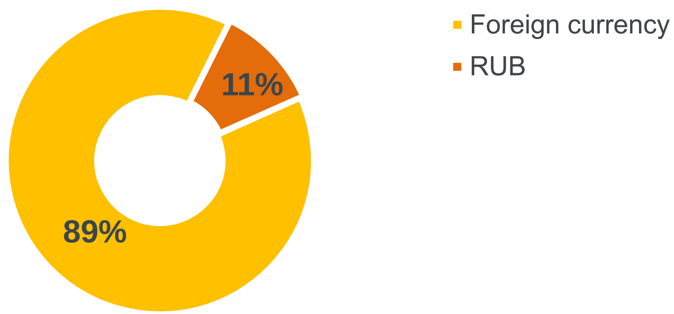


- Credit portfolio management:
  - During 2015 gross debt decreased by 24.6%, net debt – by 47.0%
  - In Q1 2016 gross debt increased by 4.2%[3], net debt – by 3.0%[3]
- Liquidity:
  - Significant amounts of liquid funds[4] on the balance – over $20 bln[1] as of the end of Q4 2015 and Q1 2016
  - Smooth debt maturity profile with no peak repayments

Debt maturity profile



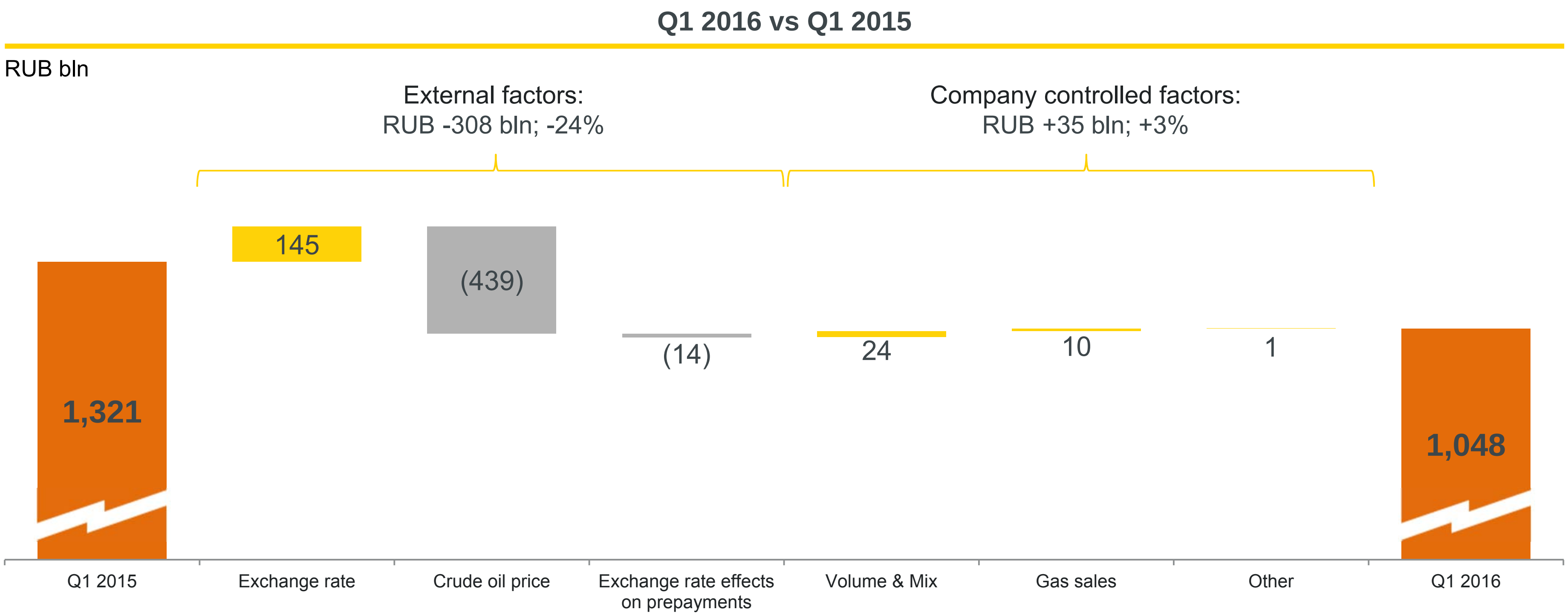
Debt profile by currency[5]



Note: (1) Based on the CBR exchange rate as of the end of the relevant reporting period, (2) Based on exchange and interest rates as of Mar 31, 2016 (excluding future interests accrued, including future lease payments), (3) As compared to the end of 2015, (4) Including free cash short-term financial assets and part of long term deposits, (5) As of Mar 31, 2015

Appendix

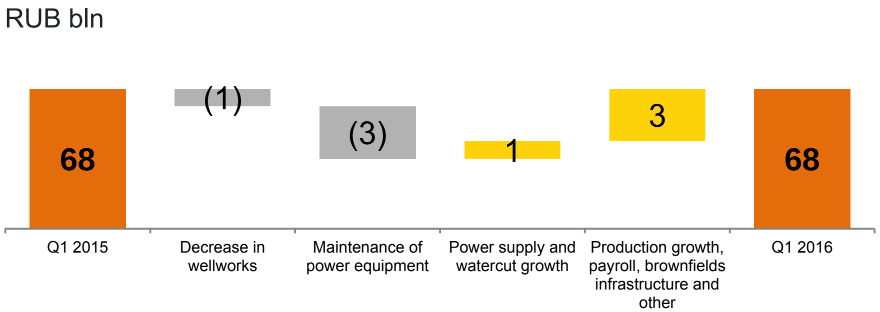
Revenues



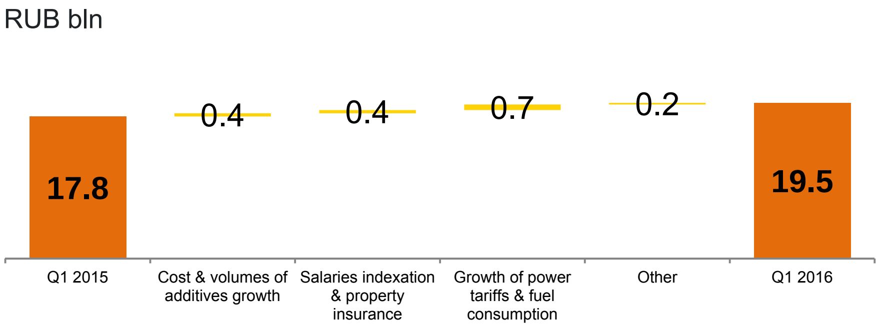
- 27% drop in crude oil price in RUB terms
- Increase of non-CIS crude oil sales by 8.7% and domestic petroleum product sales by 2.9%
- Gas sales volumes and price growth by 11.7% and 6.9% respectfully

Costs Dynamics Q1 2016 vs Q1 2015

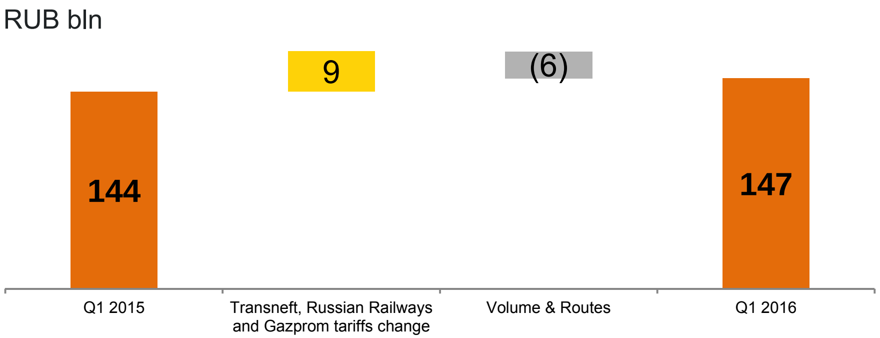
Lifting costs



Refining costs in Russia



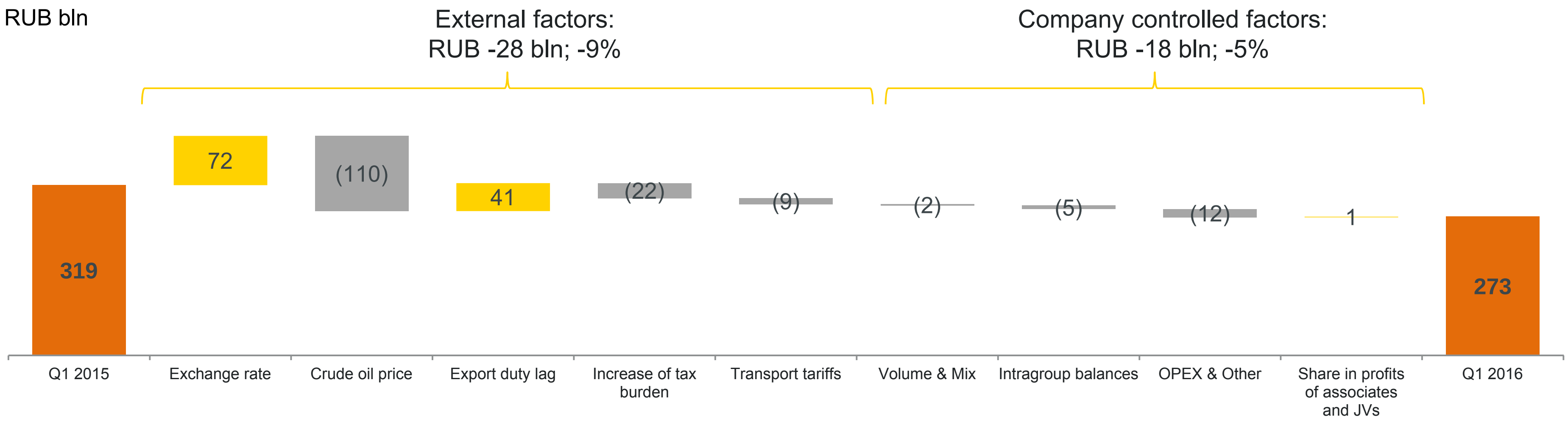
Transport costs



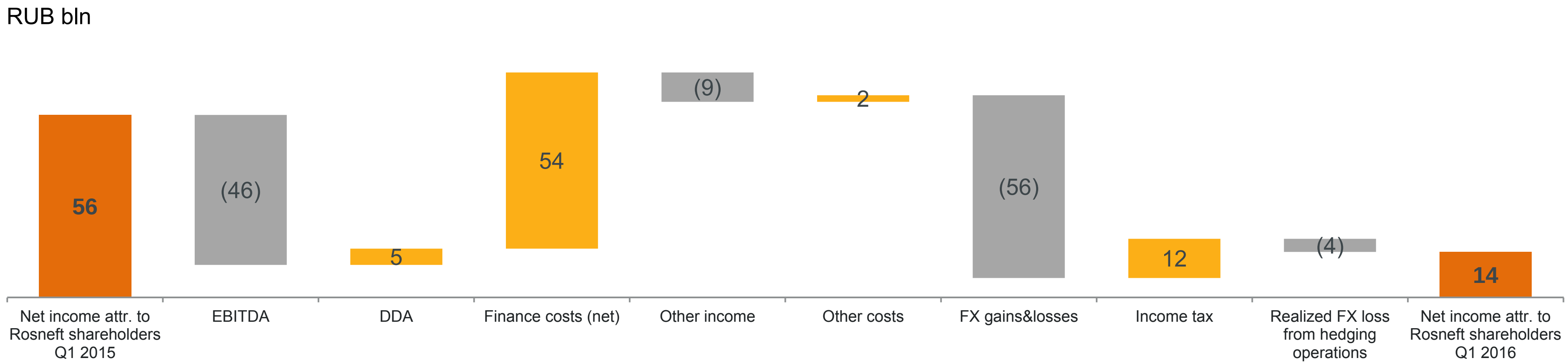
- Planned reduction of wellwork as well as oilwell and power equipment maintenance costs with drilling program expansion
- From April 1, 2015, wages of subsidiaries employees were increased by 7.5%
- Refining costs increased due to product slate improvement, growth in natural monopolies' tariffs and indexation of wages
- Growth in Transneft crude transportation by trunk pipelines tariffs by 5.76% and change in network rates starting Jan 1, 2016
- Growth in Transneft petroleum product tarnsportation tariffs for most destinations by 12% starting Jan 1, 2016
- 9% growth of Russian Railways tariffs, charges and payments for cargo transportation and infrastructure utilization (vs. 2015)
- 7,3% CPI growth YoY

EBITDA & Net Income

EBITDA Q1 2016 vs Q1 2015



Net income Q1 2016 vs Q1 2015



FX Exchange Risk Hedge

	Q1 2016, RUB bln		
	Before tax	Income tax	Net of income tax
Recognized as a part of other comprehensive income/(loss) as for Dec 31, 2015	**(590)**	**118**	**(472)**
Exchange gains/(losses) for the period	–	–	–
Recognized in revenues for the period	37	(7)	30
Recognized as a part of other comprehensive income/(loss) for Q1 2016	**37**	**(7)**	**30**
Recognized as a part of other comprehensive income/(loss) as for Mar 31, 2016	**(553)**	**111**	**(442)**

For reference:
A schedule of the expected reclassification of the accumulated loss from the remeasurement of hedging instruments recognized in other comprehensive income or loss to profit or loss as of March 31, 2016 is as follows:

	Q2-Q4 2016	2017	2018	2020	Total
Reclassifications	(110.5)	(147.5)	(147.5)	(147.5)	**(553)**
Income tax	22.5	29.5	29.5	29.5	**111**
Total net of income tax	**(88)**	**(118)**	**(118)**	**(118)**	**(442)**

Adjusted Operating Cash Flow Calculation

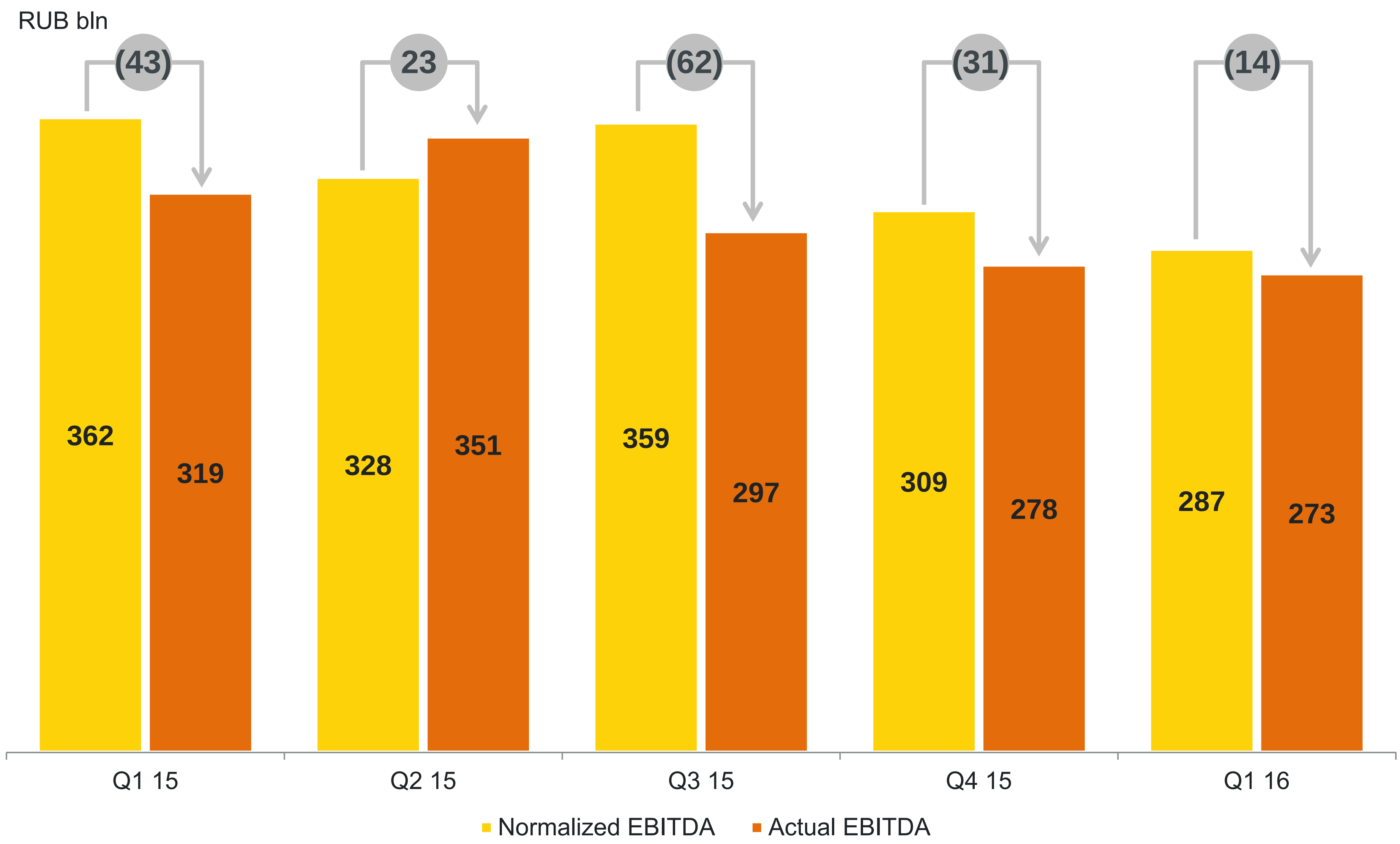
Profit and loss statement

#	Indicator	Q1 2016 $ bln
1	**Revenues, incl.**	**14.5**
	Offsetting of prepayments	0.8
2	Costs and expenses	(12.4)
3	**Operating profit (1+2)**	**2.1**
4	Other expenses before income tax	(1.9)
5	Profit before income tax (3+4)	0.2
6	Income tax	0
7	**Net income (5+6)**	**0.2**

Cash flow statement

Q1 2016 $ bln	Indicator	#
0.2	**Net income**	**1**
2.7	Adjustments to reconcile net income to net cash provided by operating activities	2
(0.1)	Changes in operating assets and liabilities, incl.	3
(0.8)	Prepayments reimbursed	
0	Prepayments received	
0	Other adjustments	4
0	Income tax payments, interest and dividends received	5
2.8	**Net cash provided by operating activities (1+2+3+4+5)**	**6**
0	Operations with trading securities	7
0.8	Net effect from prepayments	8
3.6	**Adjusted operating cash flow (6+7+8)**	**9**

Export Duty Lag



Note: Export duty lag represented above should be treated separately from the factor analysis as it was calculated on a quarterly basis using exchange rates and volumes of the respective period

Financial Costs, RUB bln

	Indicator	Q1 2016	Q4 2015	%	Q1 2016	Q1 2015	%
1.	**Interest accrued[1]**	**36**	32	12.5%	**36**	41	(12.2%)
2.	Interest paid	**42**	31	35.5%	**42**	44	(4.5%)
3.	Change in interest payable (1-2)	**(6)**	1	–	**(6)**	(3)	–
4.	Interest capitalized[2]	**15**	13	15.4%	**15**	11	36.4%
5.	Net loss from operations with financial derivatives[3]	**2**	23	(91.3%)	**2**	58	(96.6%)
6.	Increase in provisions due to time passing	**4**	4	–	**4**	3	33.3%
7.	Interest on prepayments under long term supply contracts	**24**	22	9.1%	**24**	12	100.0%
8.	Other finance costs	**1**	–	–	**1**	–	–
9.	**Total financial costs (1-4+5+6+7+8)**	**52**	68	(23.5%)	**52**	103	(49.5%)

Note: (1) Including interest charged on credits and loans, promissory notes, ruble bonds and Eurobonds , (2) Interests costs shall be capitalized in accordance with IAS 23 standard - «Cost of Loans». Capitalization rate is calculated by dividing the interest costs for borrowings related to capital expenditures by the average balance of loans. Capitalized interest shall be calculated by multiplying average balance of construction in progress by capitalization rate (3) Quarterly net effect in operations with financial derivatives resulted from fluctuations of currency component of the deals with cross-currency

EBITDA and Net Profit Sensitivity

Urals price

RUB bln

	-7.9 $/bbl	+ 7.9 $/bbl
EBITDA	**(64)**	**64**
Net profit	**(51)**	**51**

Exchange rate

RUB bln

	-4.6 RUB/$	+4.6 RUB/$
EBITDA	**(33)**	**33**
Net profit	**(26)**	**26**

- Average Urals price in Q1 2016 was 32.2 $/bbl. In case it was 40 $/bbl Q1 2016 EBITDA would increase by RUB 64 bln, including positive export duty lag effect of RUB 26 bln
- Average exchange rate in Q1 2016 was 74.63 RUB/$. In case it was 70 RUB/$ Q1 2016 EBITDA would decrease by RUB 33 bln

Questions and Answers