



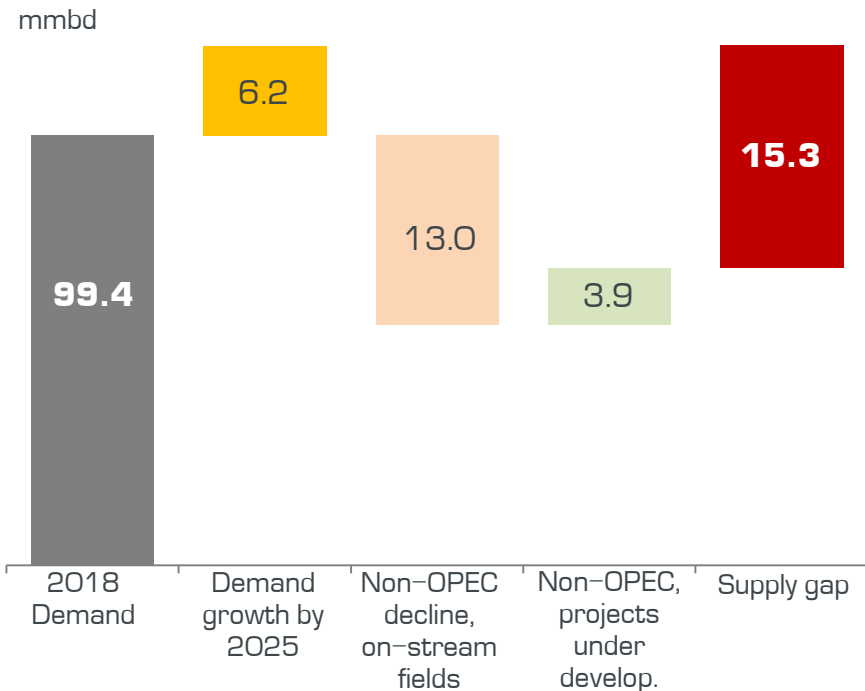
Approval of the Company's Annual Report

Krasnoyarsk
June 21, 2018

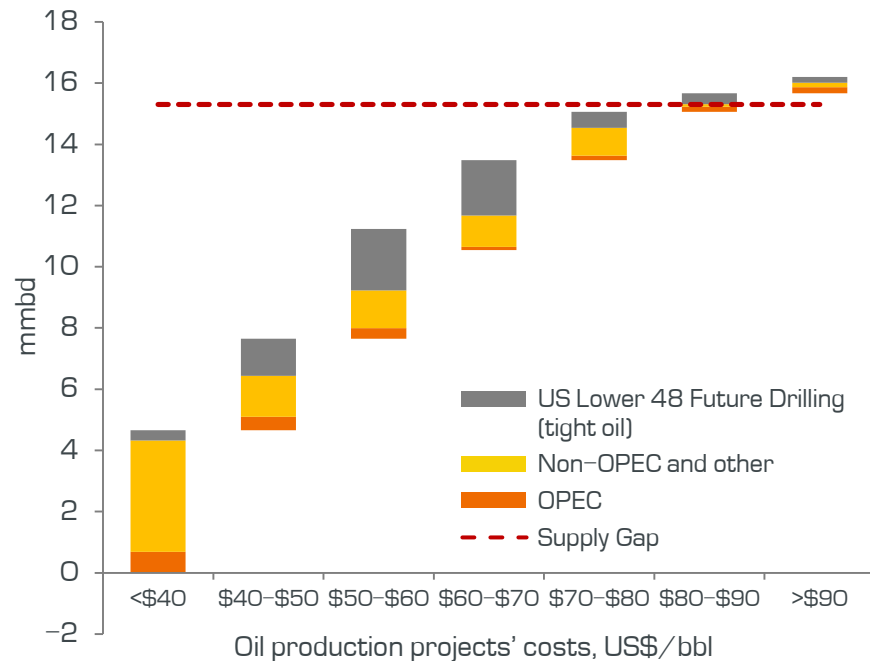
15 million mmbd of new oil supply must be brought on-stream to fill the 'supply gap'



The 2025 supply gap



Filling the 'supply gap' to 2025



Leading positions



5.7
mmboe / day

Hydrocarbon production in 2017



3.2
\$ / boe

Hydrocarbon production costs in 2017



6%

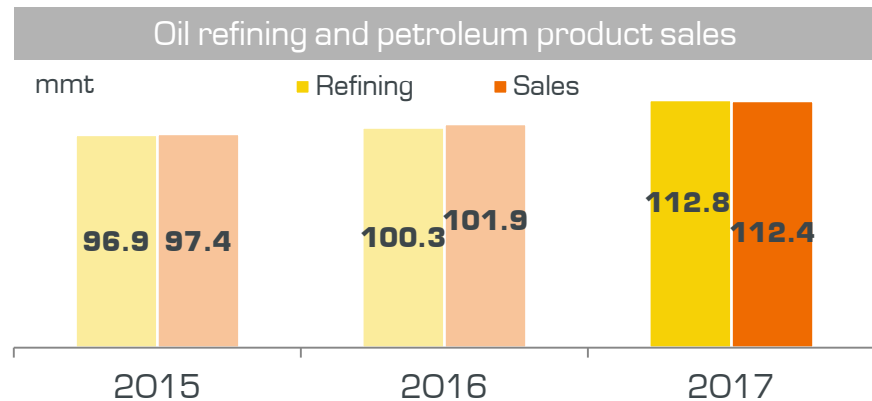
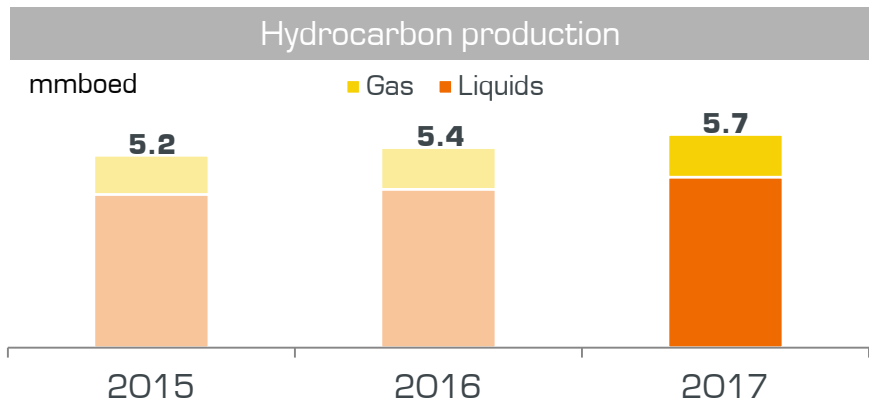
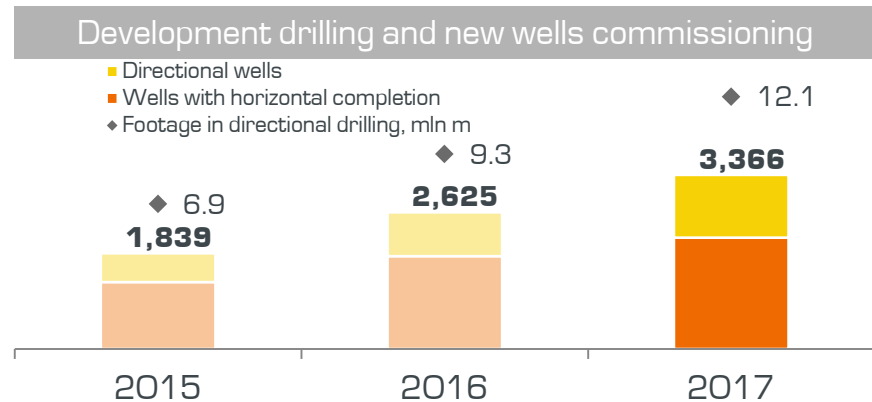
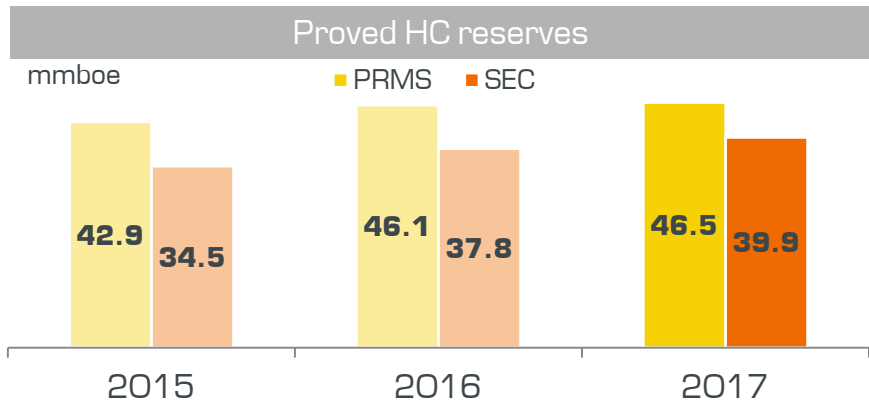
Share of global oil production



64.4⁽¹⁾
\$ bln

The largest Russian O&G company
based on market capitalization

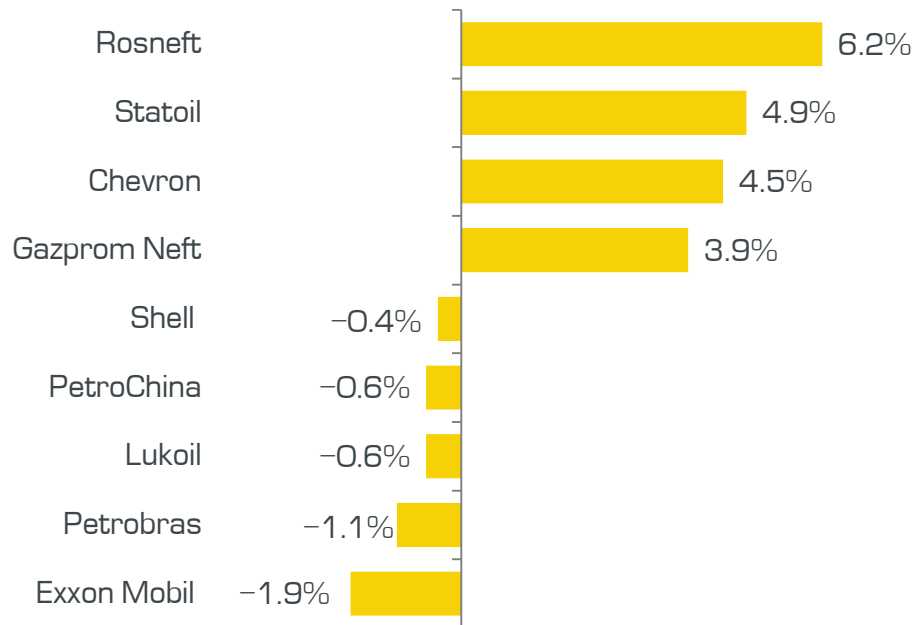
Record operating results



Exceeding production growth



Hydrocarbons production growth, 2017 vs 2016



- ▶ In 2017 Rosneft hydrocarbons production amounts 281,7 mln toe, 6,2% increase vs. 2016

Key operating achievements



- ▶ Seismic operations increase by more than 30%
- ▶ 86% – success rate in onshore exploration and appraisal drilling
- ▶ 162 new deposits and 31 new fields with ~233 mmtoe of AB1C1 + B2C2 reserves discovered, increase in AB1C1 reserves delivered from exploration program amounted to 404 mmtoe



- ▶ Growth in daily hydrocarbon production by 6.5% to 5.7 mmmboe, including 7.6% increase in liquids output to 4.6 mln barrels
- ▶ 12.1 mln meters – industry record in development drilling
- ▶ Gross gas production up to 72.5 bcm



- ▶ Refining throughput reached 112.8 (total) and 100.6 (in Russia) mmt
- ▶ Increase in the production of Euro-5 motor fuels by 23% up to 38.3 mmt at the refineries in Russia
- ▶ Improvement in light product yield by 1.8 p.p. to 58.4% and conversion rate – by 3.2 p.p. up to 75.2% at the refineries in Russia



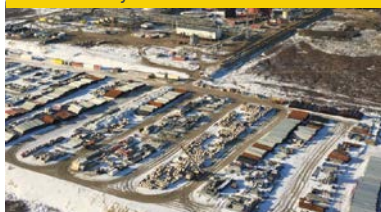
- ▶ Increase in oil supplies eastwards by 10.7% up to 47.7 mmt
- ▶ Agreement on oil supply increase with CNPC
- ▶ High-margin retail channel sales boost by 8%

Progress in implementation of the key projects



Indicator	Suzunskoye field	East Messoyakhskoye field ⁽¹⁾
3P reserves (PRMS)	77 mm toe / 582 mmboe	223 mm toe / 1,537 mmboe
Commissioning year	2016	2016
Production in 2017	4.1 mmt	3.2 mmt
Oil production plateau	>4 mmtpa	>5 mmtpa
Production plateau year	2018 ⁽²⁾	2018+

Suzunskoye field



- ▶ In September 2016, comprehensive technological testing of hydrocarbon production, treatment, and transportation facilities was launched at the field
- ▶ The project's development benefits from synergies with the already-operational Vankor field

East Messoyakhskoye field



- ▶ In 2017, infrastructure main facilities construction, installation and pre-commissioning operations were continued

- ▶ The full-scale development of the East Messoyakhskoye field began on 21 September 2016
- ▶ To meet the resultant growing production volumes, oil treatment facilities were expanded in 2017

Note: (1) data for a 100% stake; (2) production plateau year is presented taking into account OPEC+ agreement

Erginsky cluster set up



On April 17, 2017, the Company closed the deal to acquire 100% stake in Kondaneft project, which is developing Kondinsky, Zapadno-Erginsky, Chaprovsky and Novo-Endyrsky license areas in the Khanty-Mansi Autonomous Region

On July 12, 2017, Rosneft won an auction for Erginsky LA – the largest open acreage block in Russia

Cluster set up:

- ▶ The decision to set up a new production cluster is in line with the Company's strategy aimed at maximizing efficiency in developing the resources of the main oil and gas region of Rosneft's business
- ▶ Proximity to one of the largest fields of Rosneft, Priobskoye, ensures synergy from infrastructure sharing
- ▶ 95% of the reserves are classified as HTR reserves, providing the basis for MET relief application
- ▶ In November 2017, the Erginsky cluster start-up complex was officially commissioned and the first batch of commercial oil was shipped to the Transneft pipeline system

Progress in implementation of the key projects



Indicator	Yurubcheno–Tokhomskiye field	Kondinskoye field
3P reserves (PRMS)	282 mm toe / 2,156 mmboe ⁽¹⁾	143 mm toe / 1,036 mmboe
Commissioning year	2017	2017
Production in 2017	0.7 mmt	0.2 mmt
Oil production plateau	~5 mmtpa	>2 mmtpa
Production plateau year	2019	2019

YTM



- ▶ Oil treatment facility (OTF–1) pilot operation started at the Yurubcheno–Tokhomskiye field in Eastern Siberia, as well as the Pipeline offload facility – tie-in point of OPS–2
- ▶ Comprehensive development of the extended priority section of YTM's Yurubchensky reservoir is continuing: development drilling, associated infrastructure construction

- ▶ In November 2017, the Erginsky cluster start-up complex in West Siberia was officially commissioned
- ▶ Construction of the 1st start-up complex facilities completed. Development drilling and filed infrastructure set-up continue

Kondinskoye field



Note: (1) the reserves data are provided for the Yurubchensky block

Greenfields developments



Indicator	Tagul field	Srednebotuobinskoye field (phase 2)
3P reserves (PRMS)	447 mm toe / 3,180 mmboe	286 mm toe / 2,096 mmboe
Commissioning year	2018	2018
Oil production plateau	>4.5 mmtpa	~5 mmtpa
Production plateau year	2022+	2022+

Tagul field



Srednebotuobinskoye field



- ▶ As part of the pilot project, construction of the first start-up complex of the oil treatment facility (OTF) with a design capacity of 2.3 mmtpa continues
 - ▶ The OTF will be used for oil treatment to commercial quality and its subsequent transportation by 4.5 km pipeline to the tie-in point at the main oil pipeline Vankor-Purpe
 - ▶ Development drilling is in progress at 4 pads
 - ▶ Site preparation is in progress for further drilling, motor roads and energy facilities construction
- ▶ As part of the pilot project, Phase 1 of the key infrastructure facilities (oil pipeline, central processing facility, offload facility) was launched in 2017
 - ▶ Construction of the HP gas compressor station and gas turbine power station, preparation of well pads for drilling are underway
 - ▶ 5 multilateral wells constructed including 3 wells using the "fishbone" technology (with 18,000 m actual penetration); technical feasibility of building such wells was confirmed to increase the productivity of wells and optimize reservoir engineering
 - ▶ Development drilling is in progress at 8 pads

Greenfields developments



Indicator	Kuyumba field ⁽¹⁾	Russkoe field
3P reserves (PRMS)	282 mmtoe / 2,154 mmboe	426 mmtoe / 2,874 mmboe
Commissioning year	2018 ⁽²⁾	2018
Oil production plateau	~3 mmtpa ⁽²⁾	>6.5 mmtpa
Production plateau year	2021 ⁺⁽²⁾	2022+



- ▶ During the pilot, connection was made to Head Pump Station No.1, and oil is being delivered to Kuyumba–Tayshet main pipeline
 - ▶ Main construction and installation works started at the key facility (CPF): installation of the key process equipment, racks, tanks
 - ▶ Construction and installation work is under way at pipeline oil and gas gathering pipeline "Right Bank of the Podkamennaya Tunguska – CPF"
 - ▶ Development drilling is in progress at 5 pads.
 - ▶ Site preparation is on track with the drilling schedule
- ▶ 83 wells drilled in 2017. As part of the pilot project in 2016–2017, 8 multilateral wells were drilled, including 3 wells based on the fishbone technology. Construction of a well with a unique trajectory was successfully completed (with 867 meters vertical depth, the total length was 2,915 meters)
 - ▶ Construction and installation work at the key production facilities continues: oil pipeline CPF Russkoe – Zapolyarnoye Offload, Zapolyarnoe Offload Facility, CPF with water injection station at Russkoye field, as well as auxiliary and other facilities
 - ▶ Preparation of well pads for further drilling is in progress

Note: (1) License for the Kuyumba field belongs to Slavneft–Krasnoyarskneftegaz, a joint venture with Gazpromneft, the data above are presented as 100%; (2) Data on commissioning of the First start-up complex of the Kuyumba field

The largest Russian refiner



112.8
mmt

Total refining throughput
in 2017

100.6
mmt

Refining throughput
at the Company's
refineries in Russia
in 2017



36%

Share in Russia's total
oil refining capacity

58%
of motor fuels

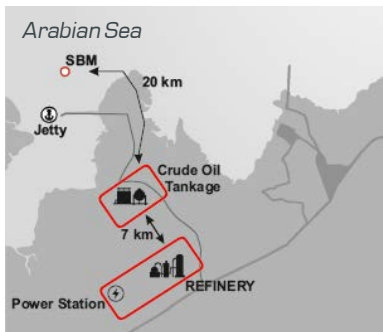
produced at the Company's plants in Russia
are sold in the domestic market



Completion of a 49% stake acquisition in Nayara Energy



Location



SBM – single buoy mooring
Jetty – for shipment

- ▶ Rosneft closed deal to acquire a 49.13% stake in Nayara Energy (former Essar Oil)

Transaction rationale:

- ▶ Rosneft obtained a significant share in the second largest refinery in India with an 11.8 Nelson Index (Top 10 refineries in this metric) and 95.5% conversion rate:
 - High profitability of the petroleum products basket – gross refining margin at ~ \$9
 - High feedstock flexibility – possibility to process heavy Venezuelan oil
 - Availability of all required infrastructure: port, oil terminal, own power plant
 - Access to one of the fastest-growing Asian markets
 - Potential hub for international trading expansion in Asia-Pacific region

Asset structure

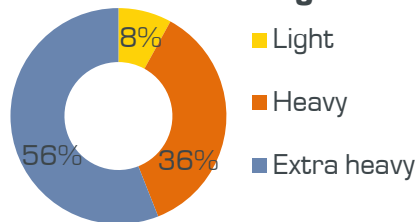


Refinery with 20 mmtpa capacity and 11.8 Nelson index + 3.7 mmt expansion project

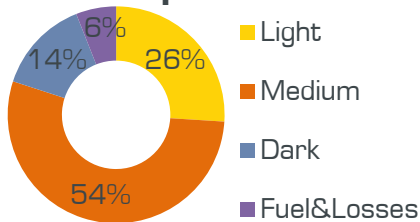


Retail network of more than 4.5 th. sites with an extension to 1 th. sites every year

Oil refining



Oil products



The largest Russian independent gas producer



72.5
bcm

2017 gross gas
production in Russia



20%

Gas share
in hydrocarbon
production in 2017

17%

2017 domestic
market share



Key project for gas business development – Rospan



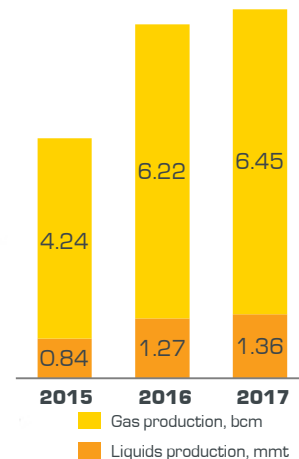
Indicator	Value
3P reserves (PRMS)	0.9 tcm of gas 191 mmt of gas condensate, LPG and oil
Gas production plateau	> 19 bcm of gas > 5 mmt of liquids up to 1.3 mmt of LPG
Production plateau year	2019



The project provides the major contribution to the Company gas production growth by 2020

Active phase of the key facilities construction:

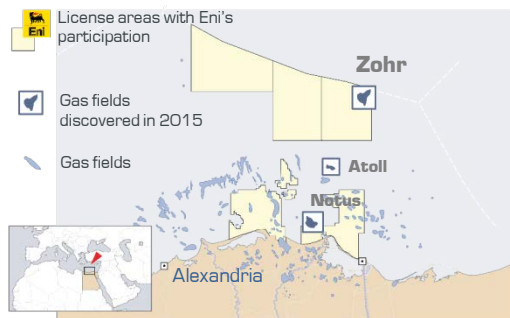
- ▶ Gas and condensate processing plant at the East-Urengoykiy license area: completed installation of the main process equipment at the condensate stabilization unit, low-temperature separation, installation of propane-butane stripping from methanol; installation of metalwork, process pipework and cable-carrying systems is continuing; work is underway at the booster compressor station – piping of the process equipment
- ▶ Gas turbine power plant at the East-Urengoykiy license area: 7 gas turbine units are installed; installation of exhaust systems process pipelines and cable support systems continues
- ▶ Valanginian OTF: installation of 8 tanks and steel structures of process racks completed
- ▶ Construction of Railroad Terminal at Korotchaevo station, main and infield pipelines and power supply facilities continues



Acquisition of a 30% stake in Zohr project



Location



Acquiring a stake:

- ▶ Participation in one of the largest discoveries of the recent years (more than 30% of the estimated gas reserves in Egypt)
- ▶ Entering a project of unique scale with low cost of proved reserves
- ▶ Developed infrastructure
- ▶ Access to the strategically important gas consumption market and possibility of further expansion in the region
- ▶ Diversification of the international projects portfolio

- ▶ Rosneft closed a deal to acquire a 30% stake in the concession agreement for the development of Zohr field from the Italian Eni
- ▶ Current shareholder structure in the concession agreement: Eni – 50%, Rosneft – 30%, BP – 10%, Mubadala Petroleum – 10%
- ▶ Gas production at the Zohr field began in December 2017. Currently the project produces c. 32 million cubic meters of gas per day

Properties of the field⁽¹⁾

Year of discovery by Eni	2015
Rosneft share in the future investments (during 4 years)	>\$2 bln
Project Stage	Development
Geological reserves ⁽²⁾	~850 bcm
Production plateau	29 bcm

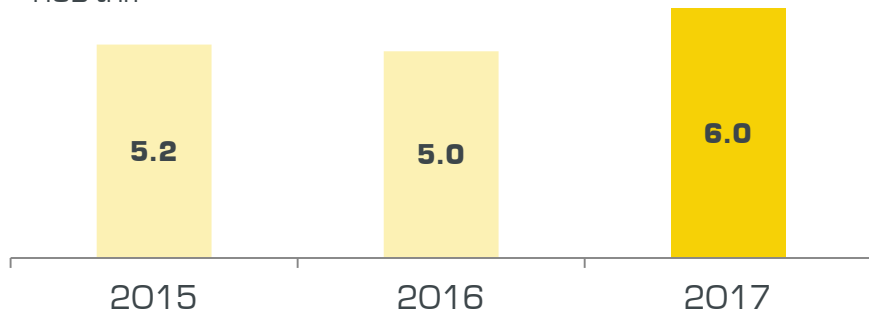
Note: (1) Evaluation of 100% of the project, unless otherwise specified; (2) Eni's estimate

Strong financial performance



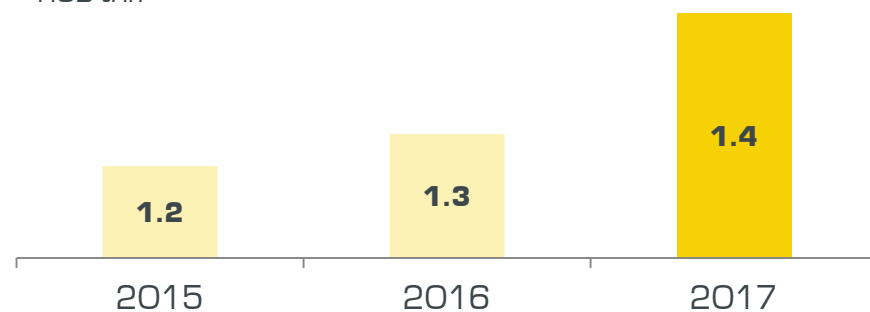
Revenue

RUB trln



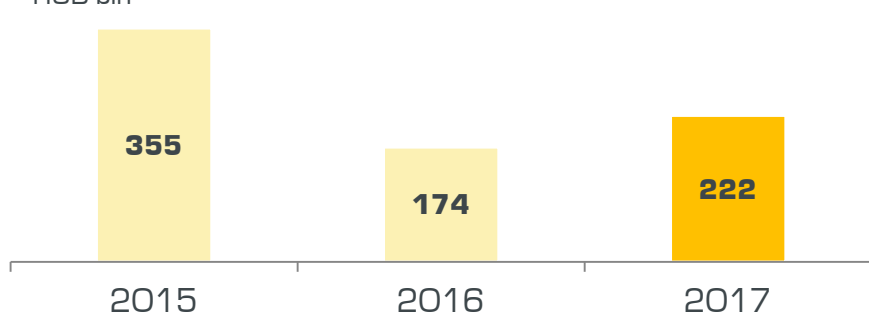
EBITDA

RUB trln



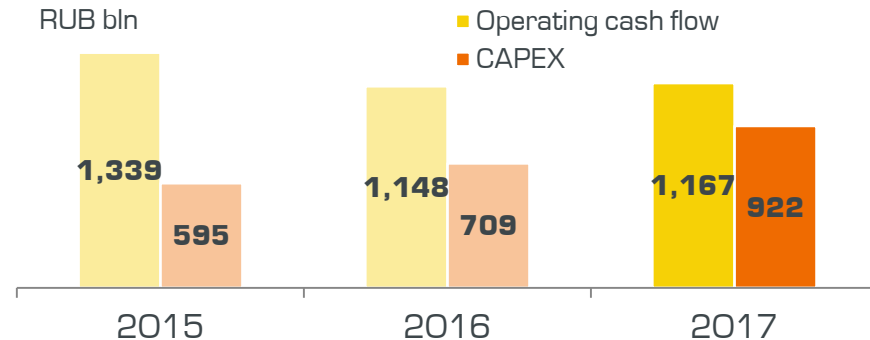
Net income of shareholders

RUB bln

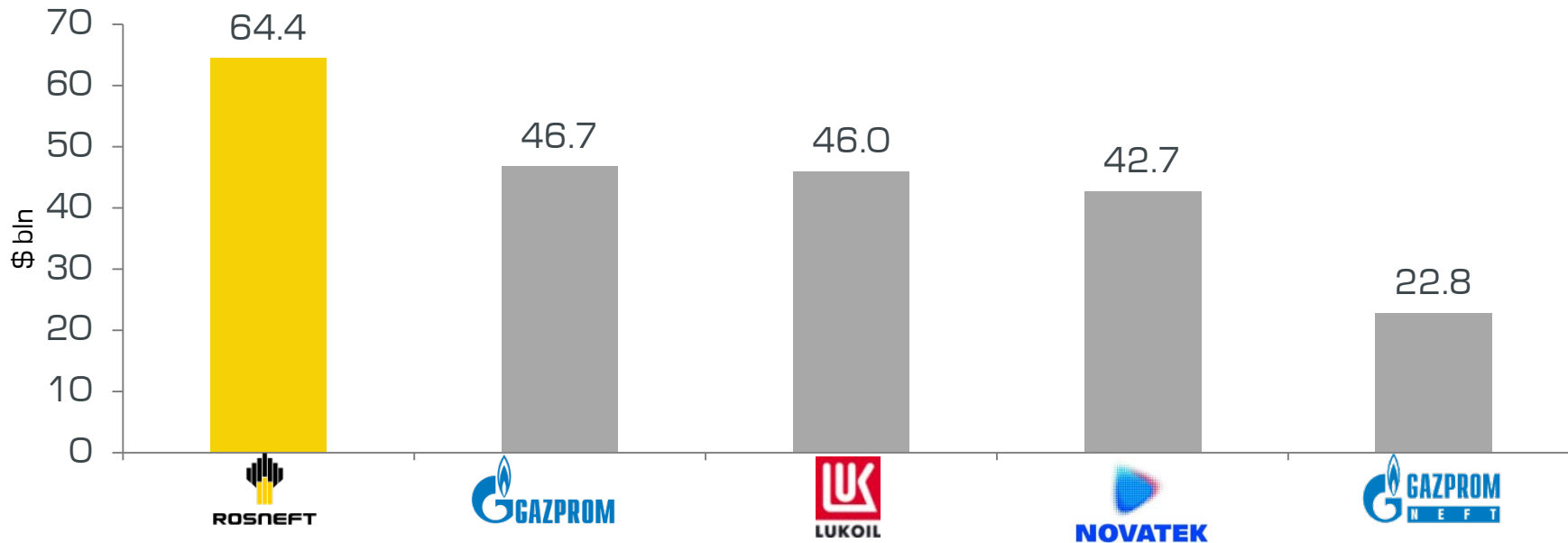


Operating cash flow and CAPEX

RUB bln



Rosneft – the leading Russian O&G company by market capitalization



Note: as of June 20, 2018; adjusted on treasury shares

Safety and environmental activities are the key priorities



>1,700
workshops

internal corporate HSE courses held in the Group's Subsidiaries in 2017

>56
RUB bln

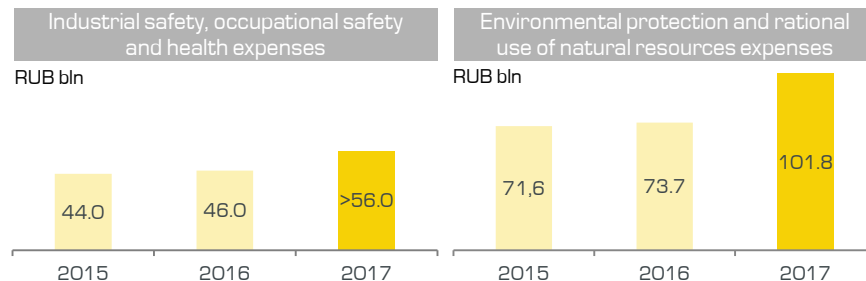
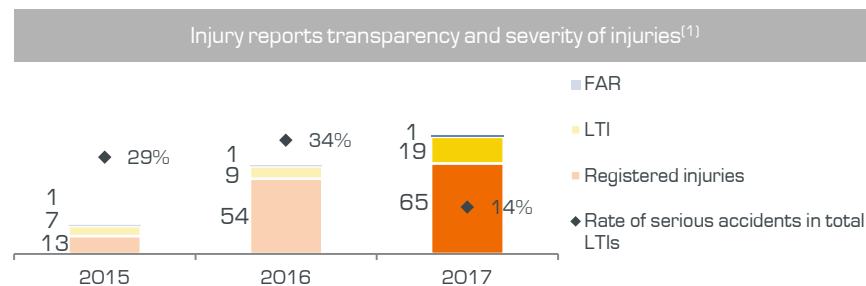
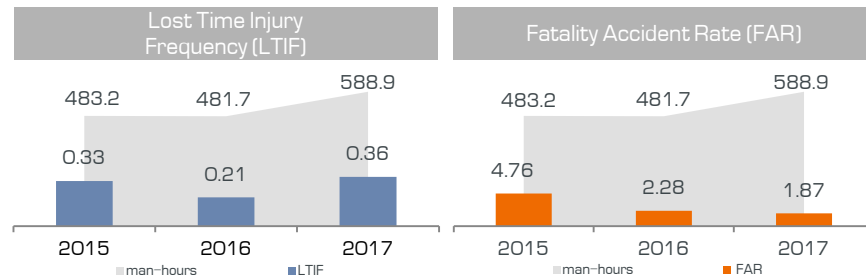
the Company's expenses on industrial safety and occupational safety and health (+24% vs. 2016)

102
RUB bln

the Company's expenses on environmental protection and rational use of natural resources (+38% vs. 2016)

69
RUB bln

capital investments ensuring reduction in negative environmental footprint (+47% vs. 2016)



Note: (1) the indicators do not reflect absolute values

Human resources, social support and charity



318

th.
people

jobs at the Company



>20

th.
students

participated in vocational guidance activities at Rosneft

28.1

RUB bln

social programs expenses



>8

RUB bln

charity payments



1.2

RUB bln

sponsorship expenses



New Strategy – “Rosneft–2022”



ENSURING ORGANIC GROWTH IN LIQUID HYDROCARBON PRODUCTION



MAINTAINING THE LOWEST LIFTING COSTS PER BARREL AMONG THE PEERS



ACHIEVING GAS PRODUCTION ABOVE 100 BCM



ENHANCING EXPERTISE AND TECHNOLOGICAL COMPETENCE IN OILFIELD SERVICE BUSINESS

**ROSNEFT
2022**

**NEW COMPANY
QUALITY**



DEVELOPING PETROCHEMICAL AND GAS CHEMICAL BUSINESSES



ADOPTING A HOLDING MANAGEMENT STRUCTURE, PILOT A RETAIL PROJECT



STRENGTHENING THE ON TIME / ON BUDGET INVESTMENT AND PROJECT MANAGEMENT PROCESS



ACCELERATING THE TECHNOLOGICAL BREAKTHROUGH AND DIGITIZING THE ENTIRE BUSINESS

IMPROVING PROFITABILITY

and improve existing assets Performance

COMPLETING KEY PROJECTS

on time and on budget, achieve target synergies

TRANSFORMING CULTURE AND TECHNOLOGICAL CAPABILITY

to further strengthen Rosneft's competitive position



Strategic targets and priorities



≥ 100% liquid hydrocarbons reserve replacement (based on its economic viability) and reserves fast-track development

Liquid hydrocarbons production organic growth (intensification)



Efficient and competitive in-house oil field service development



Capex and Opex optimization

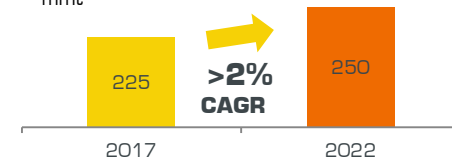


Setting up a sustainable technological advantage and digital technologies application

Long-term goals

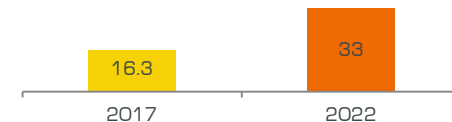
Total liquid hydrocarbons production

mmt



Production from hard-to-recover reserves

mmt



+30 mmt – growth in liquid hydrocarbons production vs. 2016 level

~20% – new projects' production share in Russia in total liquid hydrocarbons production⁽¹⁾ by 2022

+180 bln RUB – 5Y FCF effect



Strategic targets and priorities



Commissioning projects on time and on budget



Improving the cost efficiency of gas sales



Technological production leadership maintenance

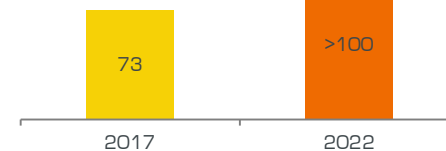


Monetizing gas reserves in Eastern Siberia and in the Far East, including gas–chemical capacity development

Long-term goals

Gross gas production

bcm



>100 bcm – gas production increase

>3x – gas EBITDA growth



Strategic targets and priorities



Substantial profitability growth

- ▶ Completing ongoing refinery development projects in Russia to substantially increase profitability
- ▶ Debottlenecking to unlock potential
- ▶ Improving performance and optimize OPEX



Development options

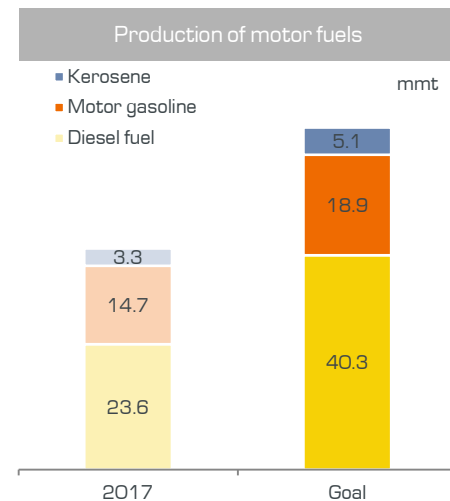
- ▶ Building modern complexes for converting fuel oil into light products in Russia
- ▶ Expanding on the emerging Asian markets
- ▶ Developing major petrochemical greenfield projects in three clusters in Russia



Digital solutions and management

- ▶ Digital Plant
- ▶ Automation, including use of robots
- ▶ Global asset performance management system to extend turnaround cycle
- ▶ Improving accounting systems to reduce losses and fuel consumption for own operational needs

Long-term goals



+55% – motor fuels production growth

2–3x – EBITDA growth

Rosneft–2022: Synchronization with Executive Order of the President of Russia ‘On National Goals and Strategic Objectives of the Russian Federation through to 2024’



Human Resources

- Developing Leaders — “Leader of the Future” program
- Cooperation in education (from school to university) and development of mentoring
- Long-term motivation system aimed at performance improvement

Smart City

- Gas stations — new services (significant expansion for supply of non-fuel goods and services, digital and "green" services)
- Wide usage of energy efficiency solutions and renewable sources of energy at Company's sites

Social Development

- “Advanced Medicine” program, telemedicine network, new medical examinations program
- “Active Longevity” program — retirees support, medical services for Company's pensioners over OMI standards
- Improving young mothers qualifications in partnership with Russian universities

Digital Rosneft

- Speed increase and transparency growth of interaction between the Company and external contractors
- Creation of Digital Cluster

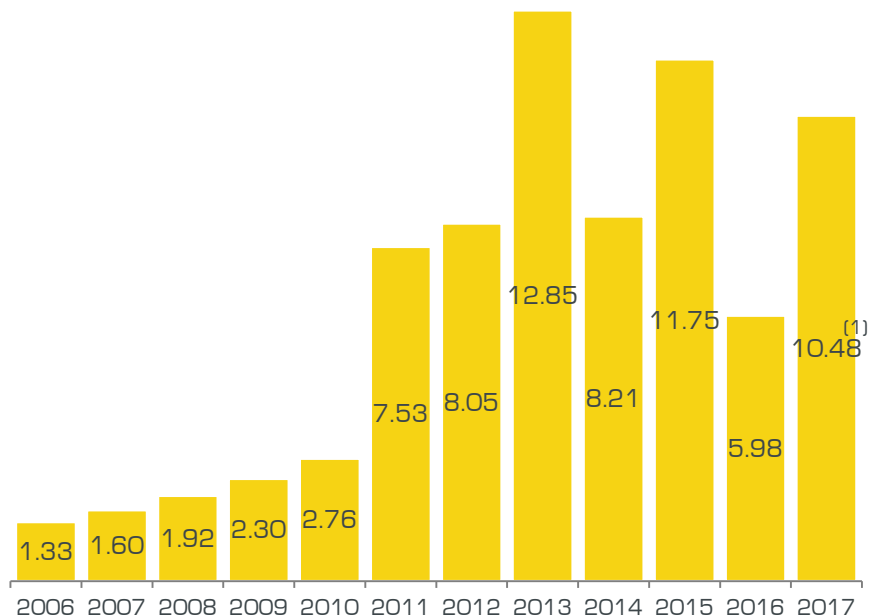


Work for the shareholders' benefit



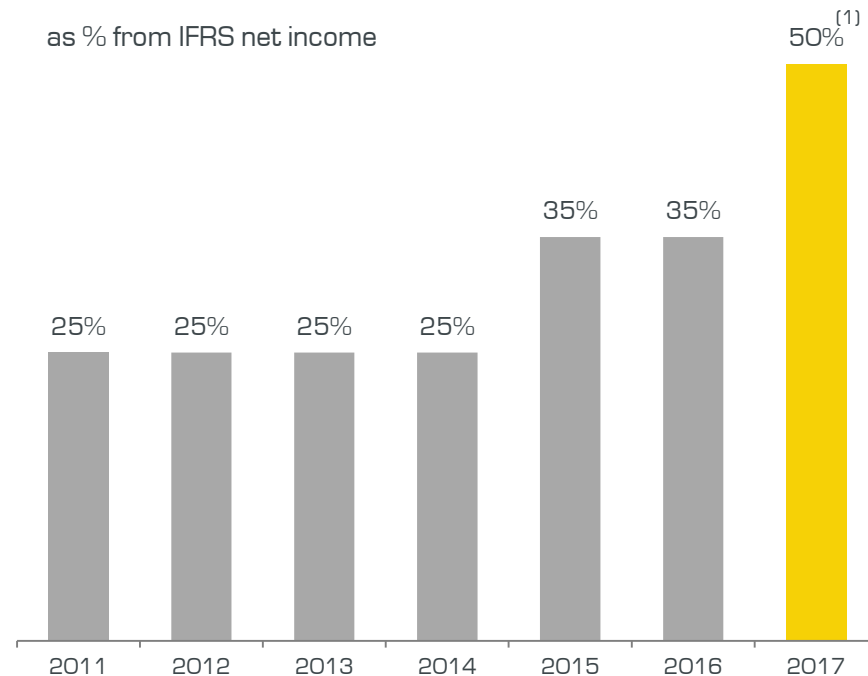
Dividend per share

RUB



The minimum target level of dividend payments

as % from IFRS net income



Note: (1) if the amount of dividends is approved by the General Shareholders Meeting



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