

Rosneft Oil Company IFRS Results Q4 and 12M 2020



February 12, 2021

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Key Events



1 Positive FY 2020 financial result despite the drop in oil prices and production constraints

2 Global leadership in production efficiency - unit production costs fell to \$2.6 / bbl in Q4 2020

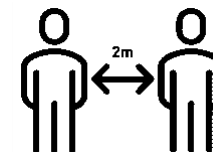
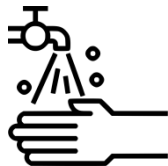
3 2 key new projects, Erginsky license area and Severo-Danilovskoye field, launched in 2020 with liquids production potential of 45 mln bbl per year

4 Finalization of the corporate structure and the start of the Vostok Oil project practical implementation. Sale of a 10% stake to Trafigura for €7 bn

5 Open market share buyback program was extended for 2021



Facing the COVID-19 Challenge: Priority to People's Health and Well-being



Care for employees

- Transition to remote work
- Regular testing (**>683'000 tests**)
- Psychological aid hotline
- **>38.7 mln units** of personal protective equipment
- Strict compliance with sanitary and epidemiological requirements
- **>6.5 mln liters** of disinfectant for offices and workplaces treatment

Care for operations

- **Priority Action Plan** approved by the Board of Directors to ensure operational stability
- Emergency monitoring and response centers in **297** subsidiaries
- Epidemiological alertness regime in **117 rotation camps** and **230 shift camps**
- Rotation period is increased to **60** and **90 days**
- **281 observation rooms** for **24,500 patients** and **398 isolation rooms** for **13,400 patients**

Care for clients

- Production of **two sanitizer components**, ethyl alcohol (ethanol) and acetone
- **41,800 tonnes** of acetone and **3,200 tonnes** of ethyl alcohol sold on the domestic market
- Contactless fuel payment service
- Personal protective equipment and financial support for medical institutions

The Company's Progress in Sustainable Development is Reflected in Designated International ESG Ratings



Bloomberg



FTSE4Good

One of the global leaders, ahead of most O&G companies

Rating improved to 70.1

Rosneft remains a constituent of the international FTSE4GoodIndex Series with strong ESG performance



The Company included in the top 100

of 843 emerging market companies, representing 32 sectors of the economy from 31 countries

REFINITIV 

Among top 10 industry leaders

Rating improved to A

MSCI 

Rating improved to BB

Due to improved disclose of information on combating climate change



The company integrates climate issues into the decision-making process of its operating activity

The rating in the Management quality category was improved to 3 points out of 4

The Carbon Management Plan for the period until 2035

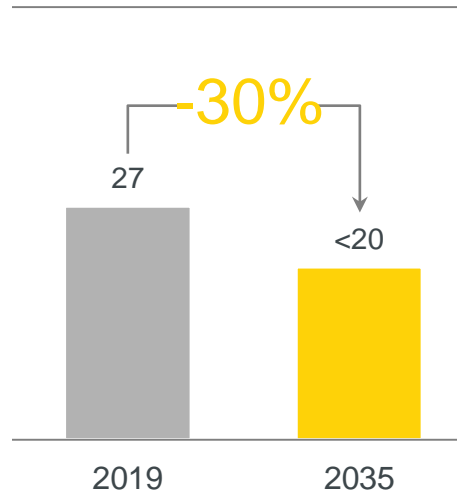


Key features

- The Carbon Management Plan for the period until 2035 forms the foundation for Rosneft's environmental agenda in the context of **low-carbon economy**
- The Plan was reviewed by the Board of Directors on **December 17, 2020**
- The search for additional opportunities to achieve **net carbon neutrality by 2050** continues

Rosneft climate goals by 2035

Reduction of Upstream emissions intensity¹



Preventing emissions²

▶ **-20** mln t CO₂ eq.

Reduction of methane emissions intensity

▶ **<0.25%**

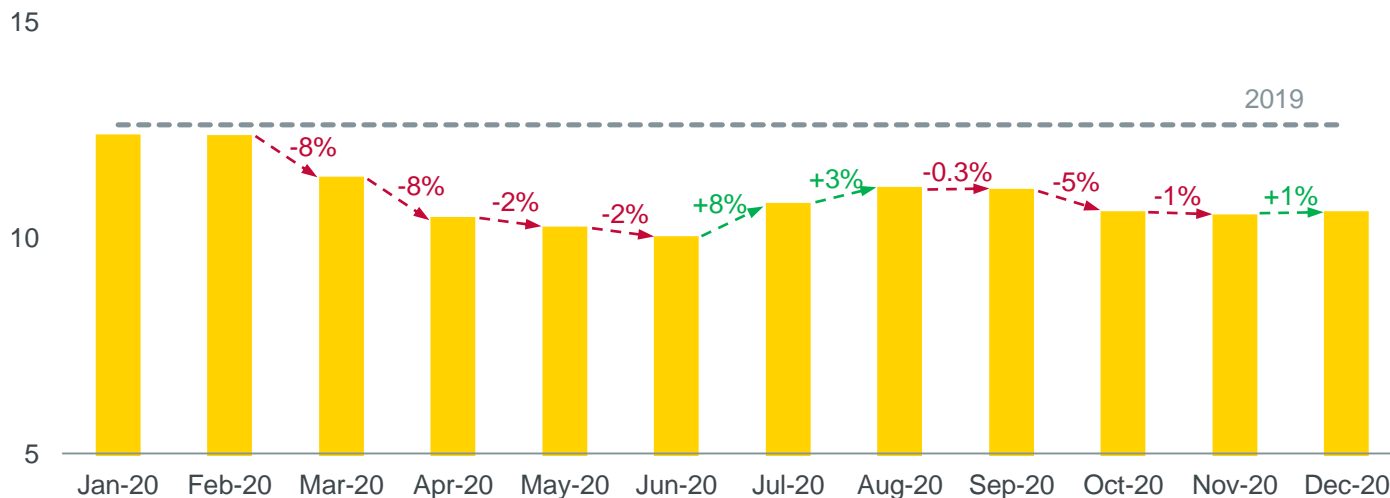
Achieving

▶ **zero routine flaring** of associated gas

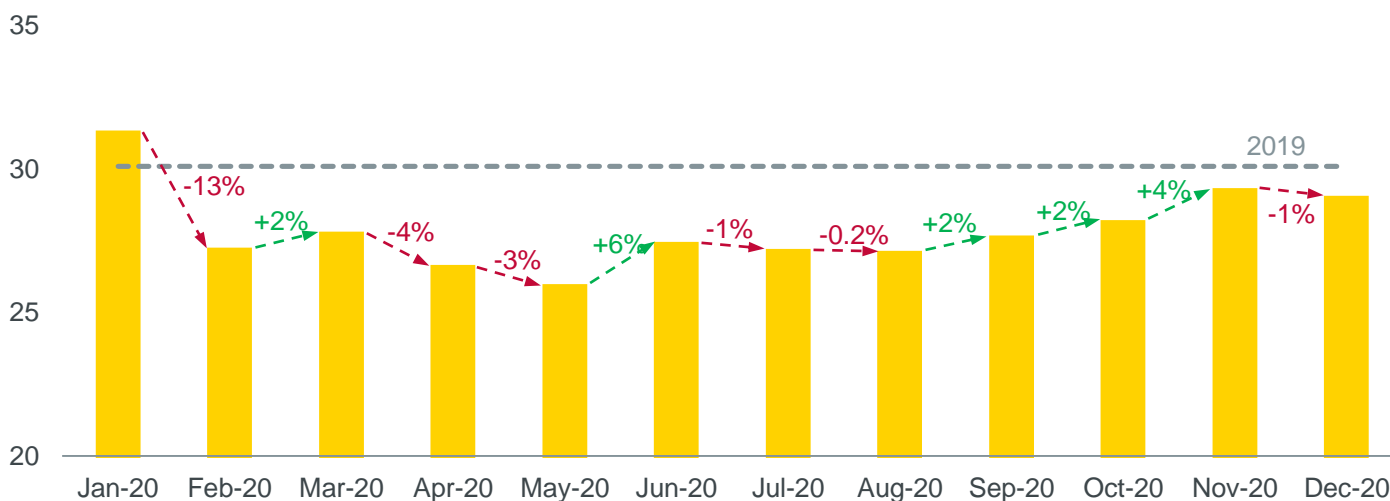
COVID-19 Impact on Crude Oil Demand



Oil demand in Europe, mmbd



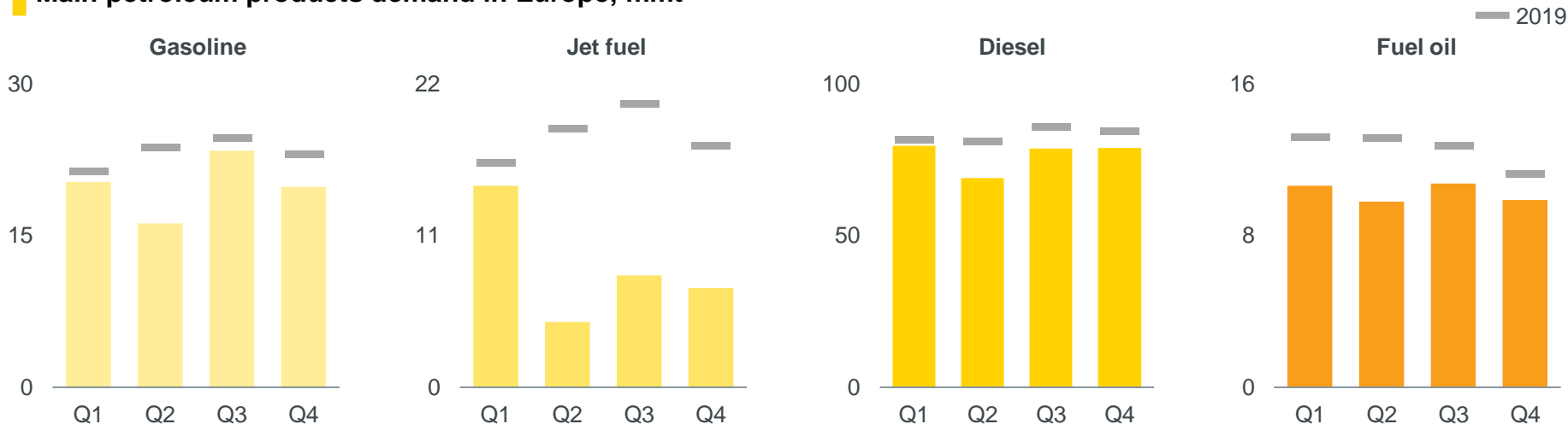
Oil demand in Asia-Pacific region, mmbd



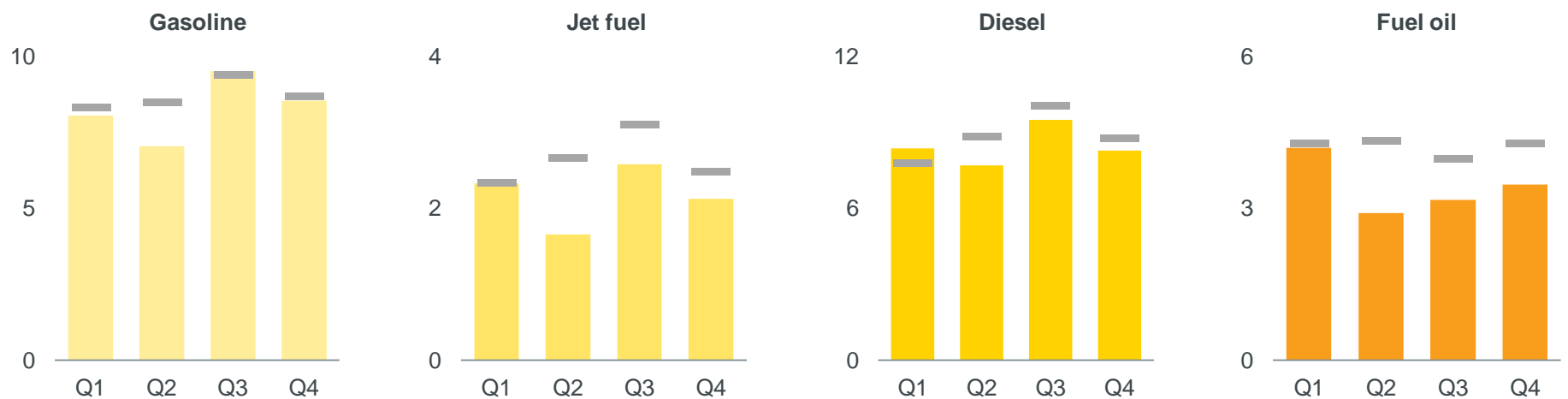
COVID-19 Impact on Petroleum Products Demand



Main petroleum products demand in Europe, mmt



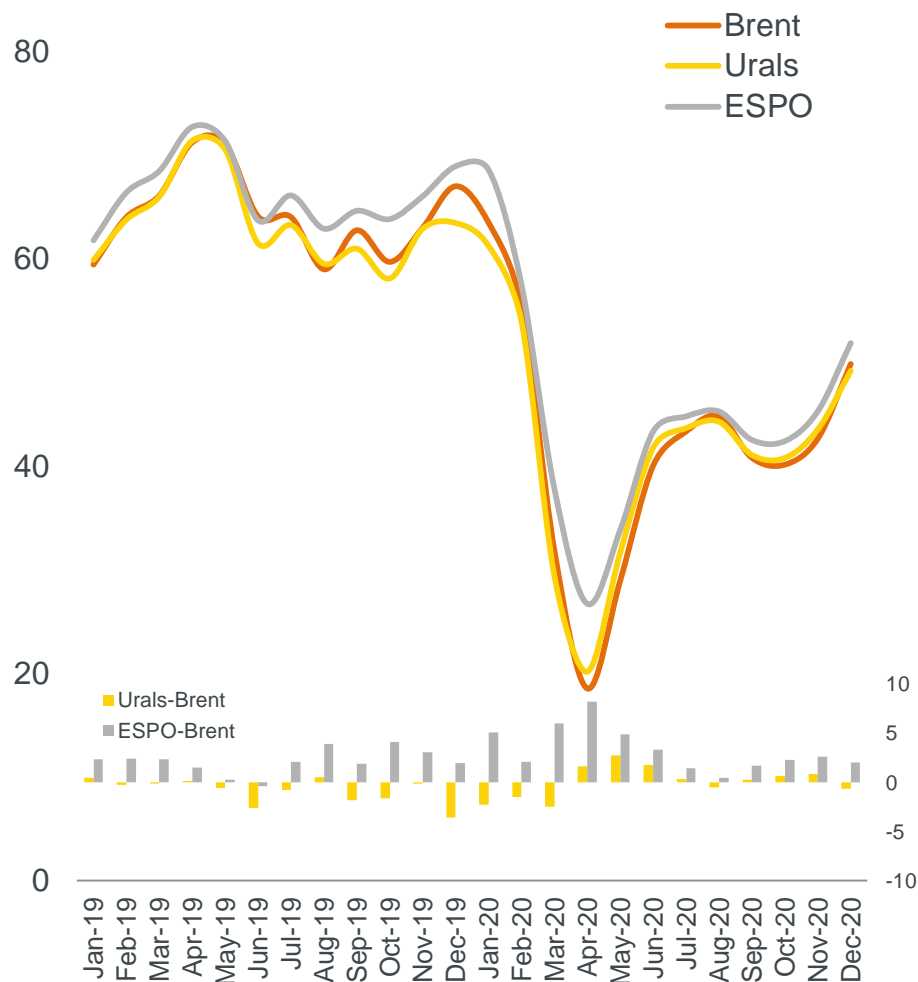
Domestic demand for main petroleum products, mmt



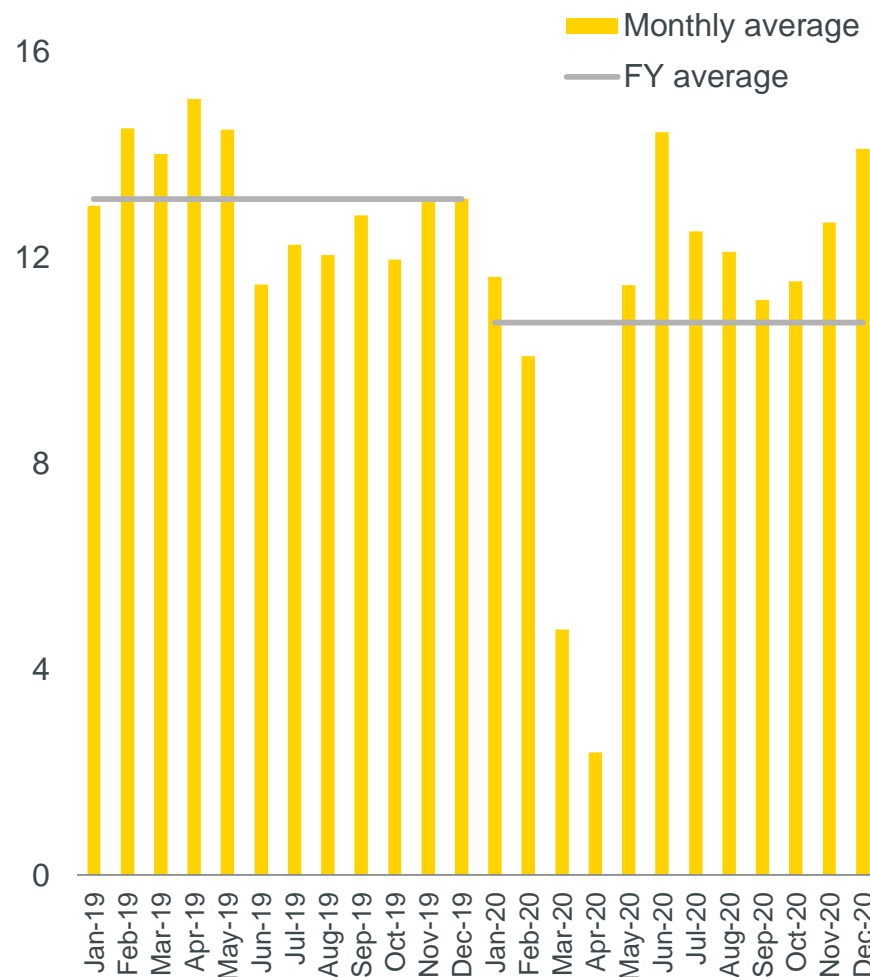
Record Low Oil Prices Followed by Partial Recovery



Oil prices and differentials¹, \$/bbl



Gross Upstream margin², '000 Rub/t

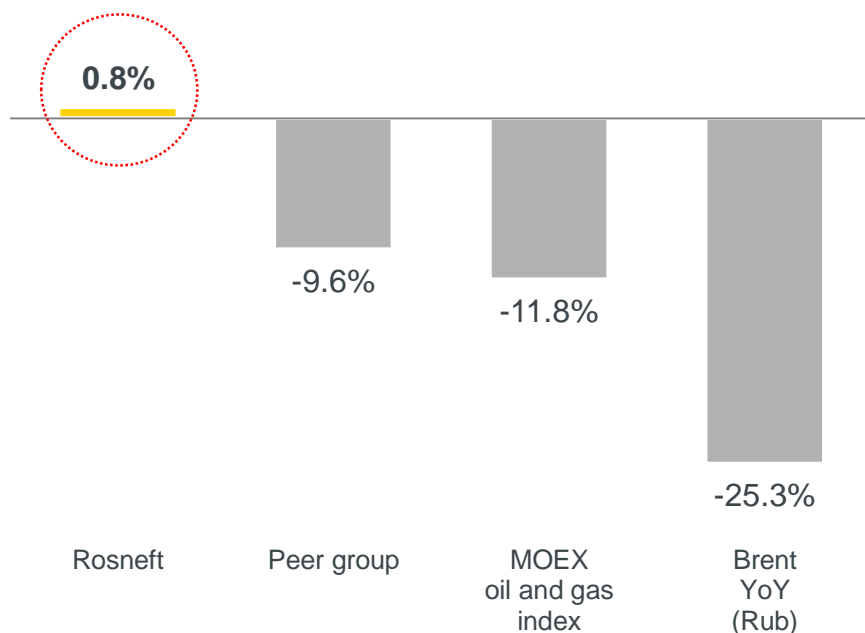


Note: (1) Monthly averages. (2) Calculated as Urals price less export customs duty and effective MET rate.

High Shareholder Return

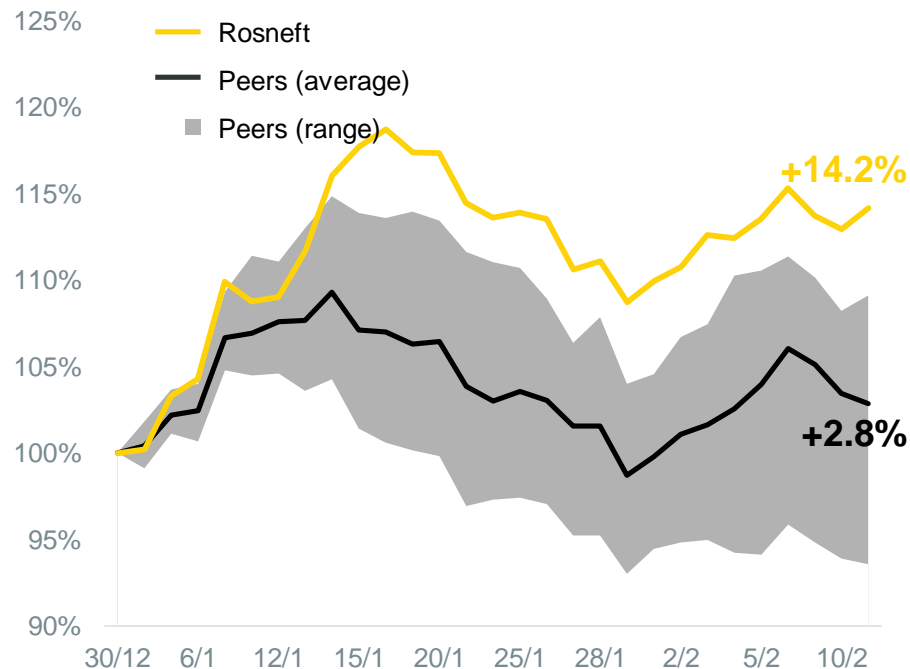


2020 total shareholder return (TSR)



Positive 2020 TSR despite crude oil price drop, more than 10% above the peer average

Stock price performance YTD (MOEX)



Rosneft is the top performer YTD. Shares renewed their all-time high and for the first time since October 2018 exceeded Rub 500

Vostok Oil: Integrated Development of a Unique Resource Base

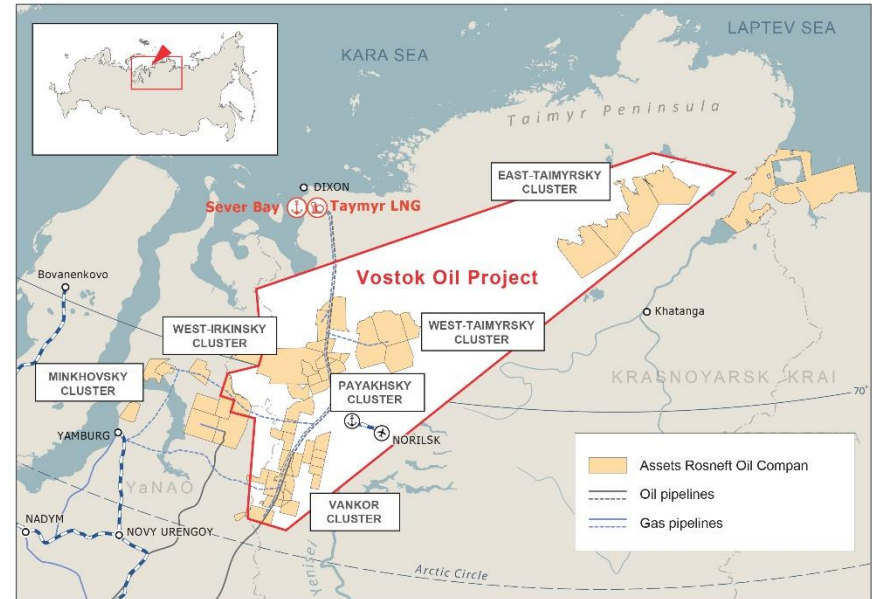


Key features

- **6 bn tonnes of liquids** – confirmed resource base
- **50 license areas** within the scope of the project
- Light (**40° API**) and sweet (sulfur content **<0,05%**) tops the quality of ESPO and Brent blends
- Expected traffic (Northern Sea Route): 2024 – up to **30 mmt**, 2027 – up to **50 mmt**, 2030 – up to **100 mmt**
- International partner Trafigura entered the project (sale of a **10% stake for €7 bn** completed)
- Low carbon footprint (**12 kg/boe**) – **25%** of standard values for large oil projects

Infrastructure development

- **15 rotation camps**, several heliports, oil terminal with **100 mmtpa** capacity
- **770 km** of oil trunk and **7,000 km** of infield pipelines
- **2.5 GW** power centers, including wind power generation, and **>3,500 km** of electric grid
- **50 vessels** of various types, including **10 tankers** of high ice class with deadweight of 120,000 t



Tax benefits

- Funding infrastructure through MET tax break for producing fields of the Vankor cluster included in the Vostok Oil project
- Zero crude oil MET rate for greenfields for 16 years starting the year depletion exceeded 1%
- Regional tax incentives – reduced profit and property tax rates for producing and new fields of the project
- Gradual increase of tax burden upon investment recovery

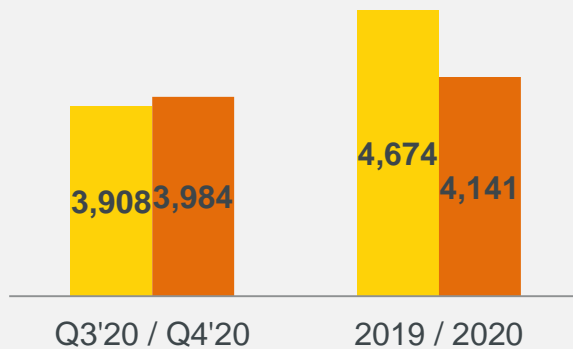
Operating Results



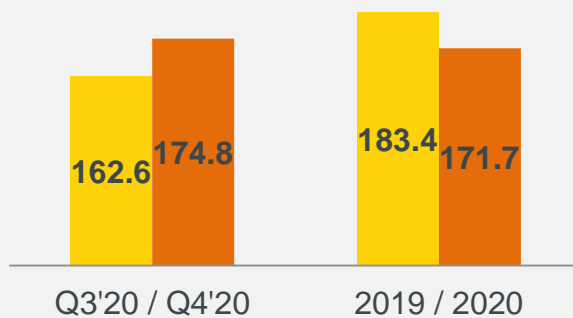
Key Operating Indicators



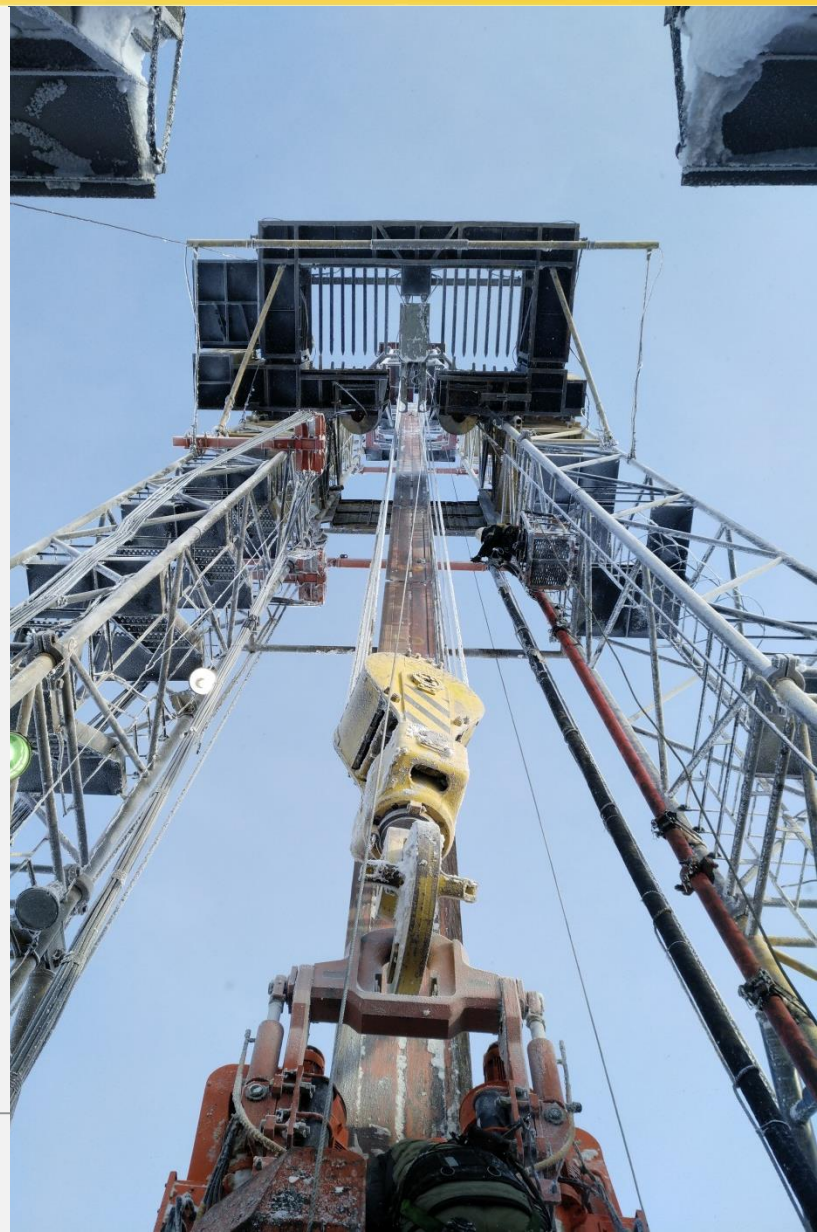
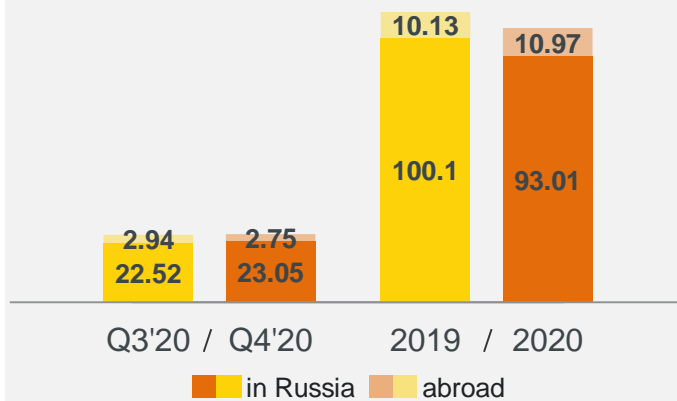
Liquids production,
kbd



Gas production,
mmcmd



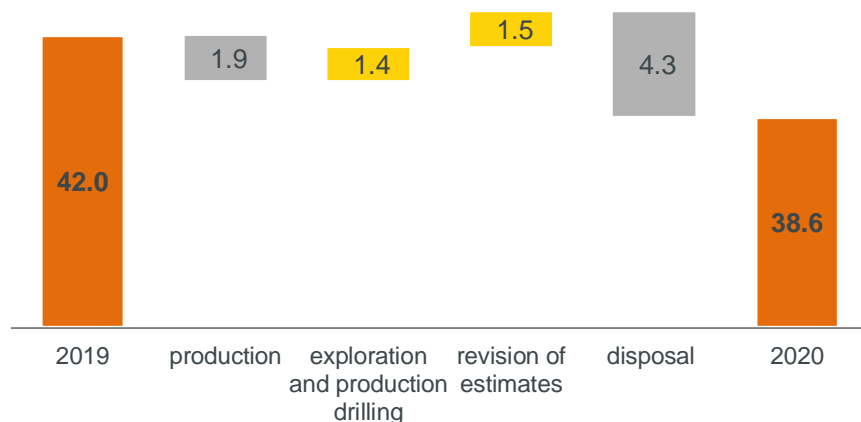
Refining throughput,
mmt



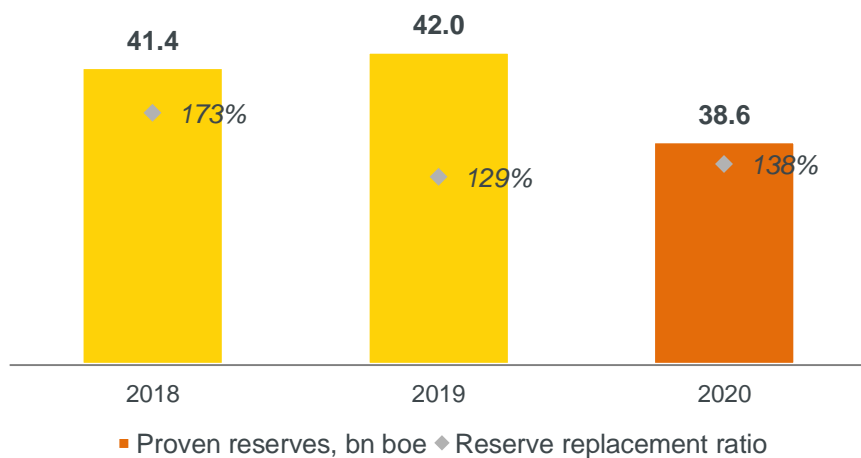
Efficient Reserve Replacement



Proven reserves reconciliation¹, bn boe



SEC proven hydrocarbon reserves volumes and replacement ratios



Key 2020 achievements

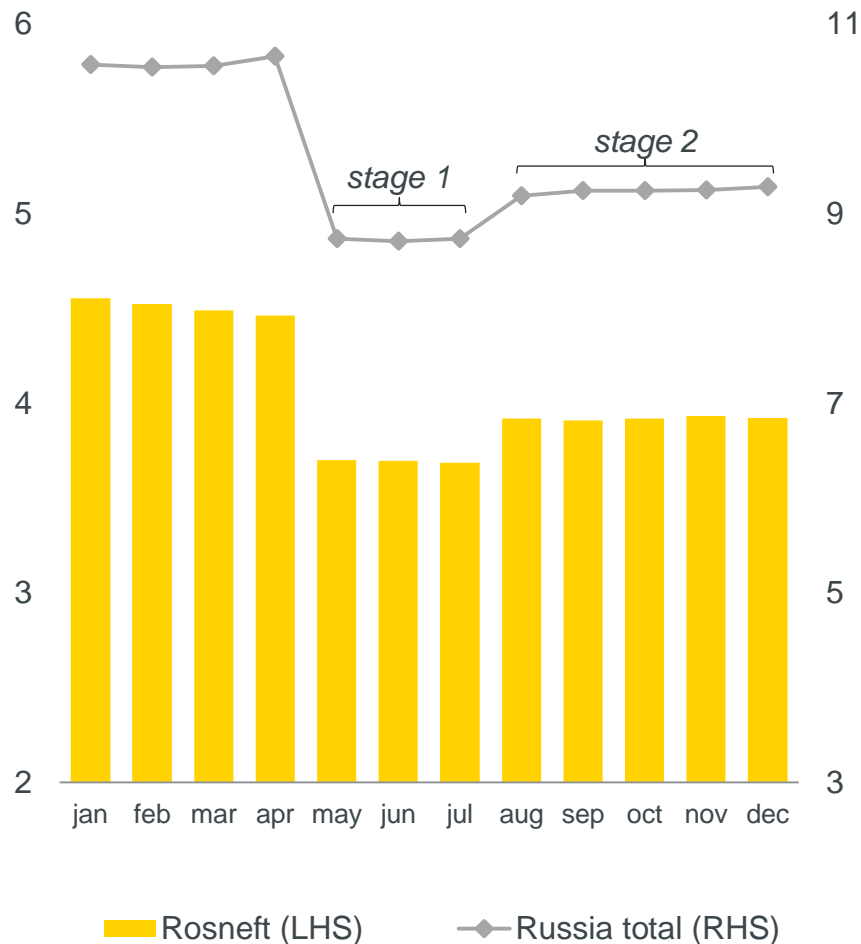
- 19 fields and 208 new deposits were discovered with total AB1C1+B2C2 reserves of over 2 bn toe
- 3 largest global discoveries in 2020: Marshal Zhukov, West Irkinskoye, Marshal Rokossovsky²
- Proven reserve life (SEC) – over 20 years
- Proven hydrocarbon reserves replacement ratio (SEC)³:
 - 138% in 2020 (existing assets)⁴
 - 151% organic
 - 151% organic (average for 2018-2020)
- PRMS (2P) hydrocarbon reserve replacement ratio in 2020 stood at 248%³ (existing assets)

Note: (1) Proven SEC reserves (including fuel gas). (2) According to Wood Mackenzie. (3) All ratios calculations based on metric units. (4) For the comparable scope (disposals taken into account)

Navigating OPEC+ Environment

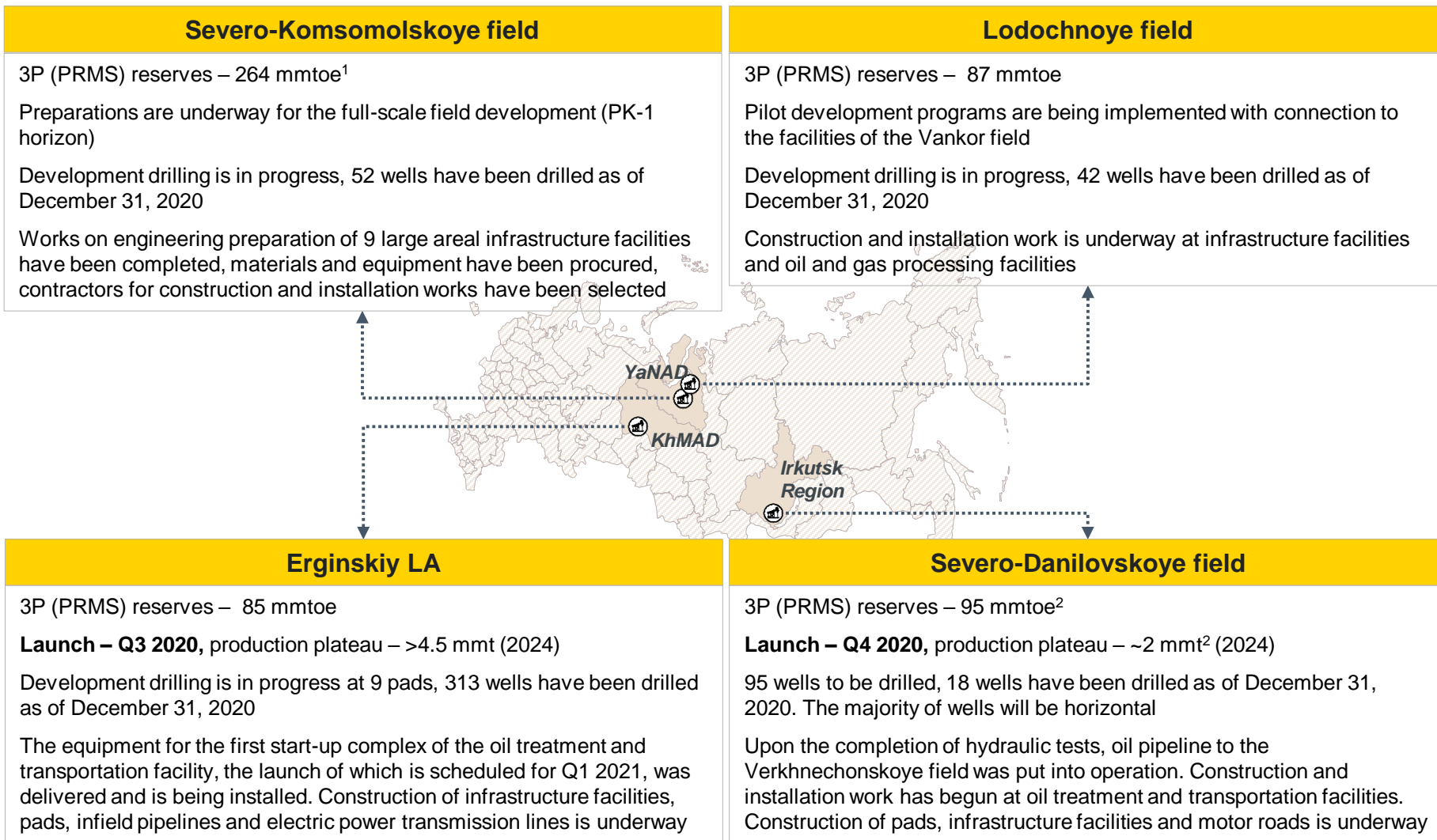


Crude oil production in Russia (2020), mmbd



- The Company has started oil production cuts under the new OPEC+ agreement since May 2020
- Production cuts on a pro rata basis
- According to the agreements reached at the 12th and 13th Ministerial meetings, the level of production cuts for Russia will be::
 - Starting Jan. 2021 – 1.875 mmbd (+125 kbd vs Dec. 2020)
 - Starting Feb. 2021 – 1.81 mmbd (+65 kbd vs Jan. 2021)
 - Starting Mar. 2021 – 1.75 mmbd (+65 kbd vs Feb. 2021)
- Commitment to successful execution of the chosen approach to cut production:
 - Asset selection (to cut production) is based on economic efficiency
 - Continued development of new fields
 - Efficient long-cycle wellworks to be continued according to schedule
 - Efficient well stock management

Development of Key Oil Projects

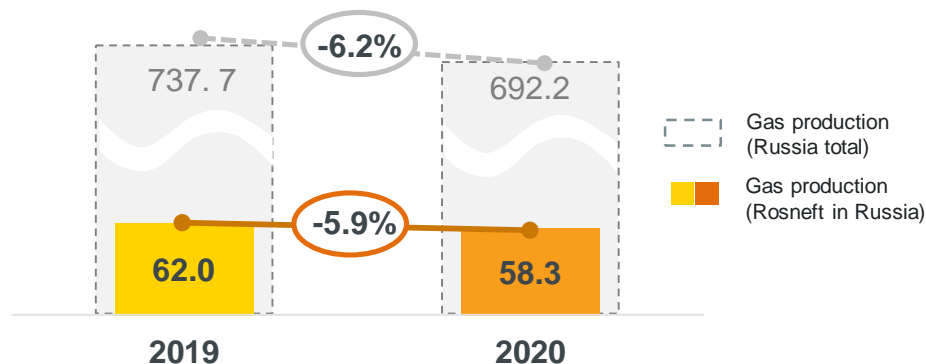


Note: (1) Reserves volume of the entire field. (2) Reserves volume and production plateau of the entire field.

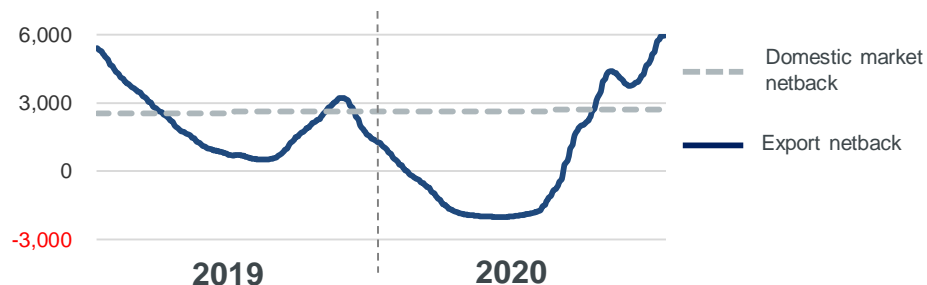


Gas production in Russia, bcm

(OPEC+ limitations caused the output of associated gas reduction)



Market indicators of gas sales on the domestic market compared to export supplies at spot prices, Rub/'000 cubic meters²



- Despite negative gas production dynamics in Russia in 2020 the Company was able to limit the decline rates¹
- The key factor of gas production dynamics was reduction of associated gas production following the restrictions set by the new OPEC+ agreement as well as demand decline caused by COVID-19 pandemic and warm weather conditions
- In Q4 2020, the construction of key facilities of the first start-up complex of the the Rospan project was completed. The commissioning works are in the final stage. The commercial gas production is expected in Q1 2021
- Works at the Kharampur field are being carried out in accordance with the project schedule; in 2020, the completion of construction and installation work at the key project's facility, Gas Processing Unit, exceeded 40%
- Domestic gas sales are not exposed to negative external environment. Gas supplies to domestic customers remained more efficient throughout the bulk of 2020 compared to pipeline exports

Development of Key Gas Projects



Rospan

3P (PRMS) reserves – 1,246 bcm of gas; 313 mmt of gas condensate, LPG and oil

Production plateau – >21 bcm of gas, >5 mmt of stable condensate and oil, up to 1.3 mmt of LPG

Launch of the 1 start-up complex of the gas and condensate processing facility and LPG transshipment terminal – Q1 2021, 2 start-up complex of the gas and condensate processing facility – Q3 2021

At the key facilities, the 1 start-up complex of the gas and condensate processing facility and LPG transshipment terminal, main construction and installation works have been completed, individual and complex testing of technological equipment for launching facilities have started. Construction works at the 2 start-up complex are underway (the launch is scheduled for Q3 2021).

Kharampur field (gas formations)

3P (PRMS) reserves – 739 bcm of gas

Gas production plateau: 1st stage (Senoman) - ~11 bcm

Project launch – 2021; Production plateau year – 2022

In accordance with the project schedule, in 2020, for the key facility of the GPP construction readiness of the key gas processing facility of >40% was ensured. On the external transport gas pipeline, the crossing using the directional drilling method across the Ayvasedapur river was completed. Work has begun on the crossing of the Kharampur River. The work on the tie-in to the GTS of PJSC Gazprom was completed.

Construction works on the site and linear facilities, as well as other ground infrastructure facilities is scheduled for 2021

Sibneftegaz

3P (PRMS) reserves – 498 bcm of gas

12M 2020 production – 9.8 bcm

Gas production plateau – >13 bcm. Production plateau year – 2022

The readiness of construction and installation works has been ensured, commissioning is being carried out to launch the booster compressor station (stage 1) of the Beregovoye oil and gas condensate field. High construction readiness has been achieved for the gas and condensate processing facility of the Beregovoye oil and gas condensate field.

Production drilling, work on the construction of gas and gas condensate processing and transportation facilities to be continued in 2021

Kynsko-Chaselskoye Neftegaz

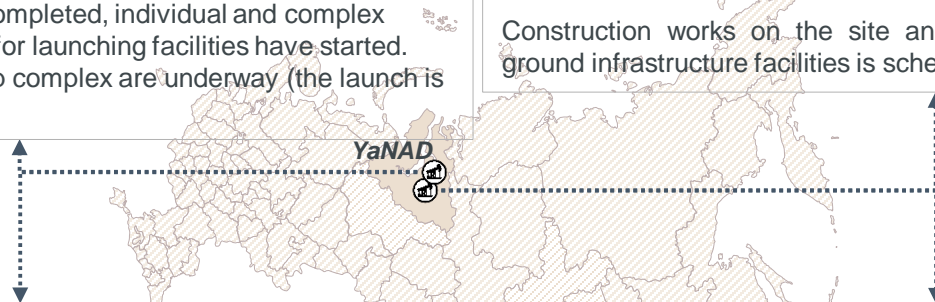
3P (PRMS) reserves – 313 bcm of gas

Production plateau – 8.7 bcm – Stage 1, >15 bcm – KChLA exploration

Project launch – 2026

In 2020, in accordance with the project schedule, engineering surveys for the main site facilities were completed, the main sections of the project documentation were developed

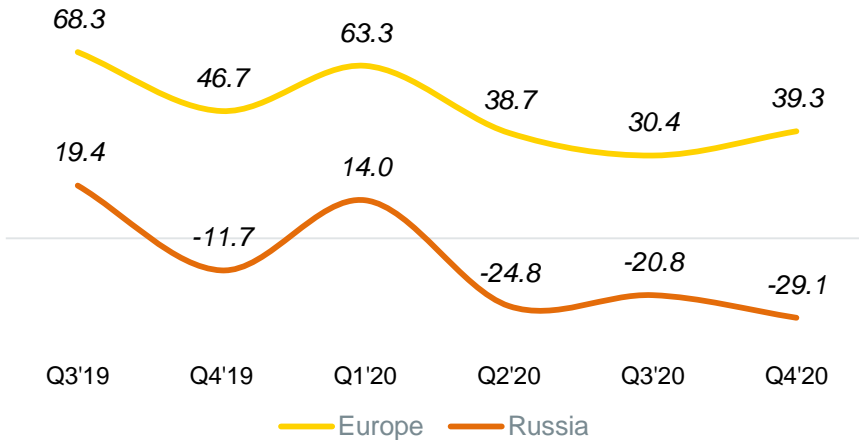
In 2021, it is planned to complete integrated engineering surveys for linear facilities, complete the development of design documentation and submit to the Main Environmental Impact Audit



Refining

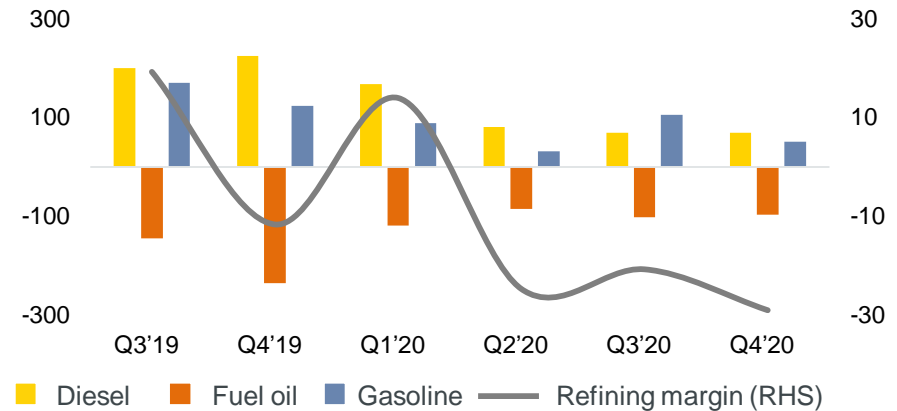


Refining margins¹, \$/t

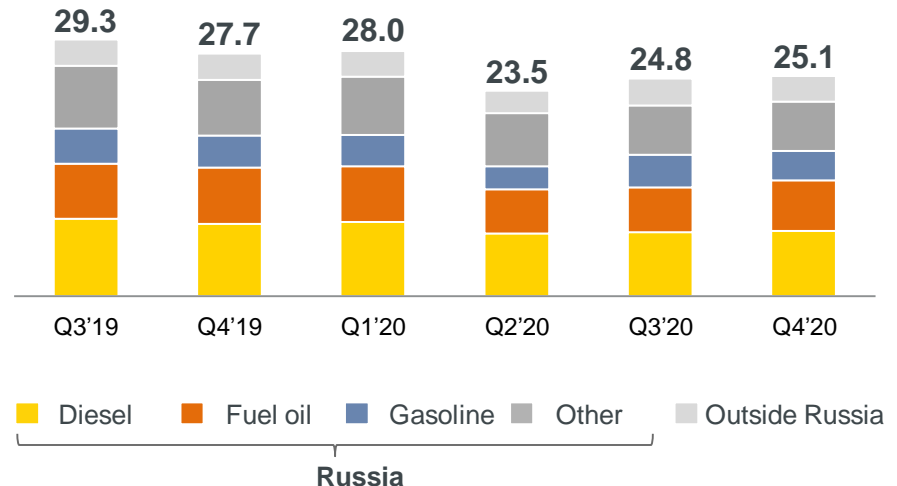


- Negative refining margin in Russia in Q4 2020 was caused by poor market environment:
 - crude oil prices recovery
 - decrease of wholesale prices starting Q3 2020
 - damper effect that remained in the negative zone. While the figure was better than in Q3 2020 it did not fully compensated the negative margin dynamics
- Refining margin improvement in Germany in Q4 2020 due to positive crack spreads for main petroleum products

Key product prices less cost of feedstock, Russian refineries¹, \$/t



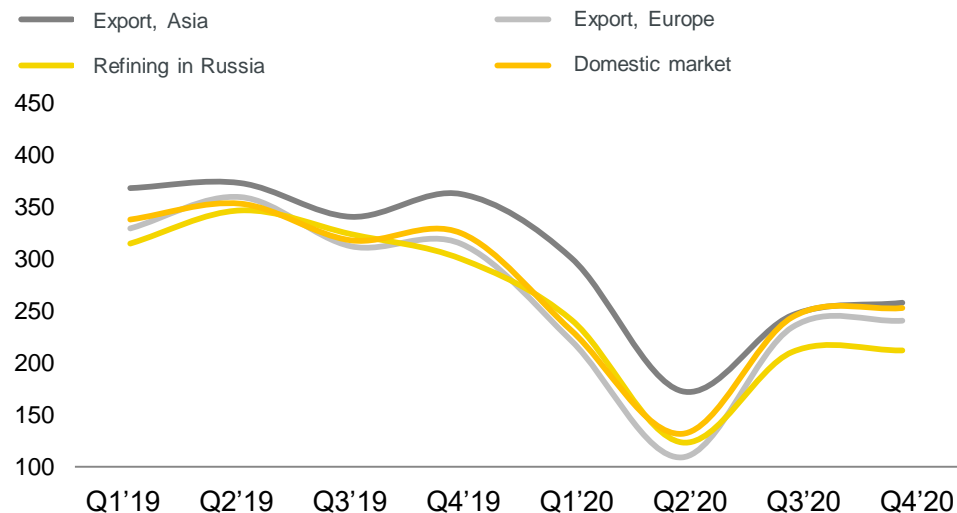
Product output, mmt



Focus on Distribution Channels Development

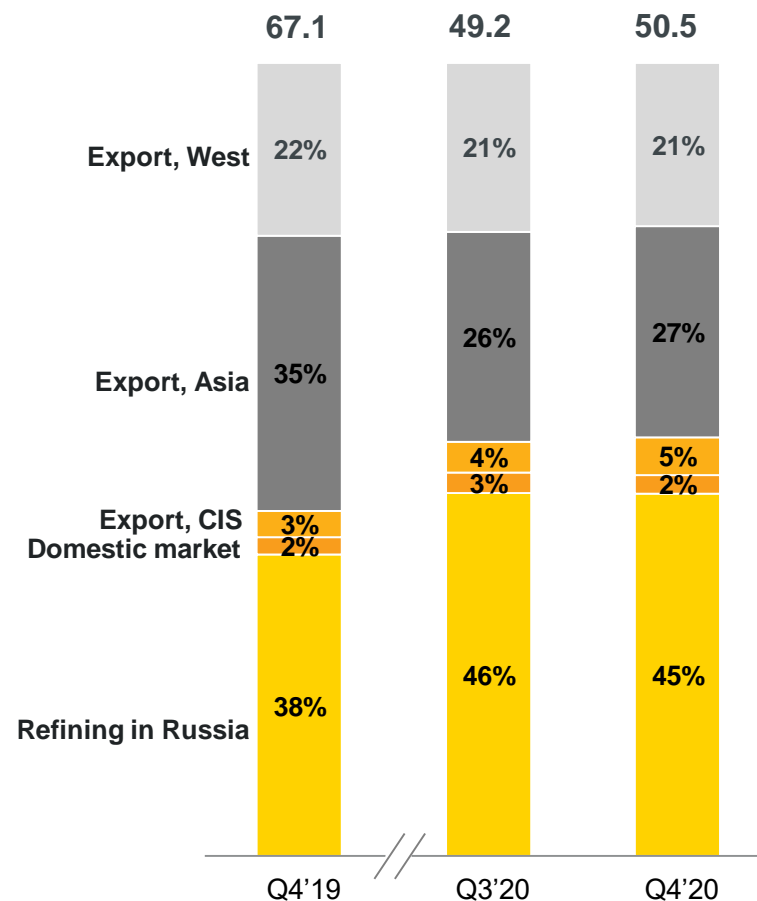


Netbacks of the main crude oil marketing channels, \$/t



- In Q4 2020, crude oil supplies to non-CIS countries amounted to 23.8 mmt (+1.2% QoQ), including crude oil supplies eastwards that reached 13.4 mmt, i.e. 56.3% of total sales to non-CIS countries
- In Q4 2020, crude oil exports from Russia to non-CIS countries amounted to 22.1 mmt while the share of 1+ years term contracts amounted to over 90% of the indicated volume
- In Q4 2020 motor fuel sales via the exchange exceeded the required level by 3x times

Crude oil marketing breakdown, mmt



Premium Marketing Channels Development



Avia

In 2020, the network of gas stations in Russia and abroad was expanded.

Refueling has begun at the airports of Barcelona (Spain), Stuttgart (Germany), Dubai (UAE), Beijing (China) and Ulan-Ude (Russia).

The number of airports served by the Company increased to 44 in 2021.



Bunker fuel

The volume of bunkering with a new product - low-sulfur residual marine fuel RMLS 40 - amounted to 0.6 mmt.

The sulfur content in the fuel does not exceed 0.5%, fully complying with the updated requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL), that entered into force in 2020.



Lubes

In 2020, "RN-SM" became a supplier for OJSC "BELAZ", OJSC "MAZ" for the first filling, as well as a supplier for JSC "Ulan-Bator Railway".

The total sales of packaged oils increased by 10% YoY, reaching 0.13 mmt. At the same time, total sales, including base oils and by-products, were kept at the level of 1.1 mmt, despite a decrease in demand amid an unfavorable epidemiological situation



Bitumen

Polymer-bitumen binders sales more than doubled (from 0.1 to 0.2 mmt)

Sales volumes

2.7 mmt of
jet fuel¹

1.9 mmt of
bunker fuel

1.05 mmt of
lubes²

2.9 mmt of
bitumen

Development of the Retail Channel



Retail

~**1,500** filling stations connected to the contactless fuel payment service

Pulsar gasolines are sold at **>1,100** filling stations

Key achievements

- Retail sales volumes in H2 2020 exceeded the level of H1 2020 by 17%, despite the resumption of a number of restrictive measures related to the spread of the COVID-19 pandemic
- About 1,500 filling stations were connected to the contactless fuel payment service through the Yandex.Fuel, Yandex.Navigator, and Yandex.Maps mobile applications, while contactless food payment service was available at 50 BP multi-purpose filling station
- Compressed natural gas is sold at 13 modules at existing filling stations, a separate CNG station and 14 charging stations for cars are in operation



By-product sales

15.5 mln loyalty program participants, incl.

1.7 mln – virtual loyalty cards holders

Efforts undertaken

- More than 5,000 fuel quality tests are carried out daily in 74 stationary and 17 mobile laboratories, which allows the Company to ensure the quality of its products from refinery tank farm to car tank
- The Company arranged additional services provision for filling stations and complexes' clients: postal terminals installed in partnership with OZON, contactless car washing, banking and insurance services
- A pilot project was implemented to put into operation seven facilities (kiosks/stores with cafes) under corporate "Zerno" brand



Financial Results



Key Financial Indicators



147 Rub bn

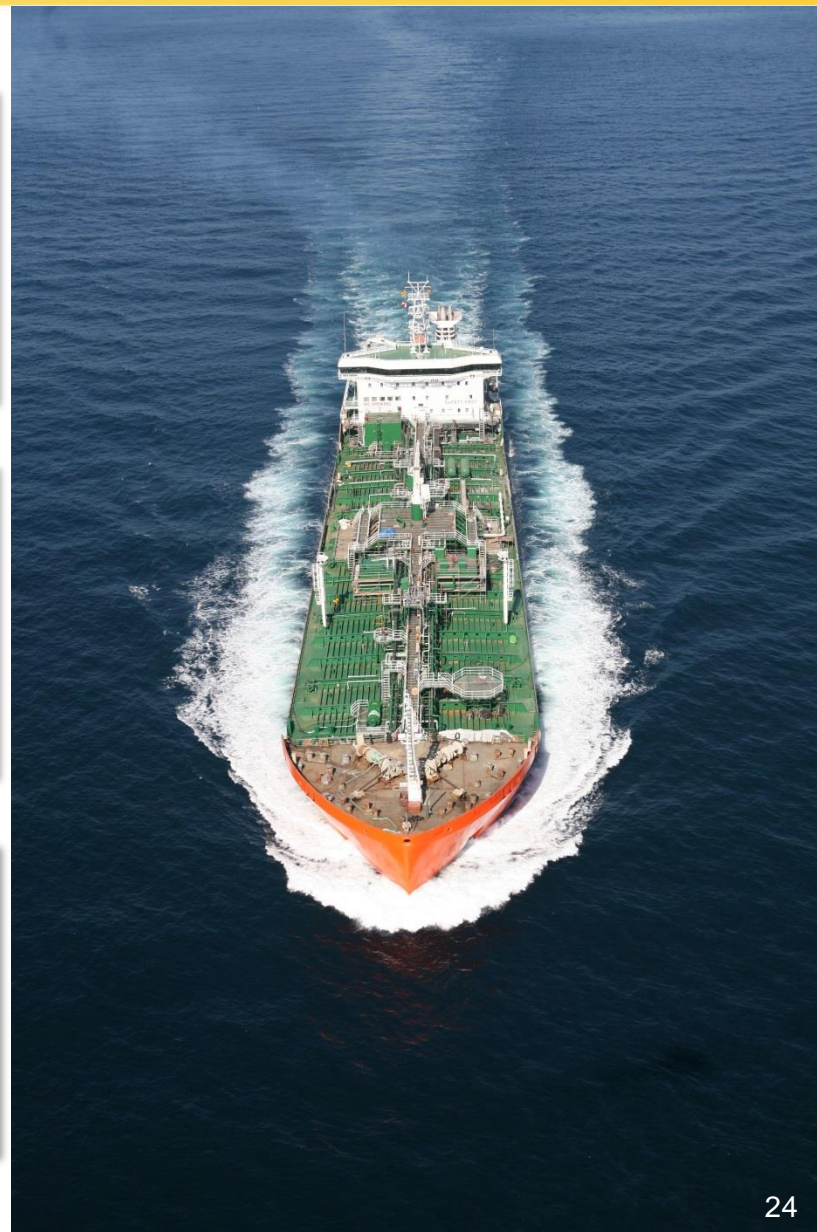
Positive net income for 2020

425 Rub bn

FY 2020 free cash flow

-9.7 Rub bn

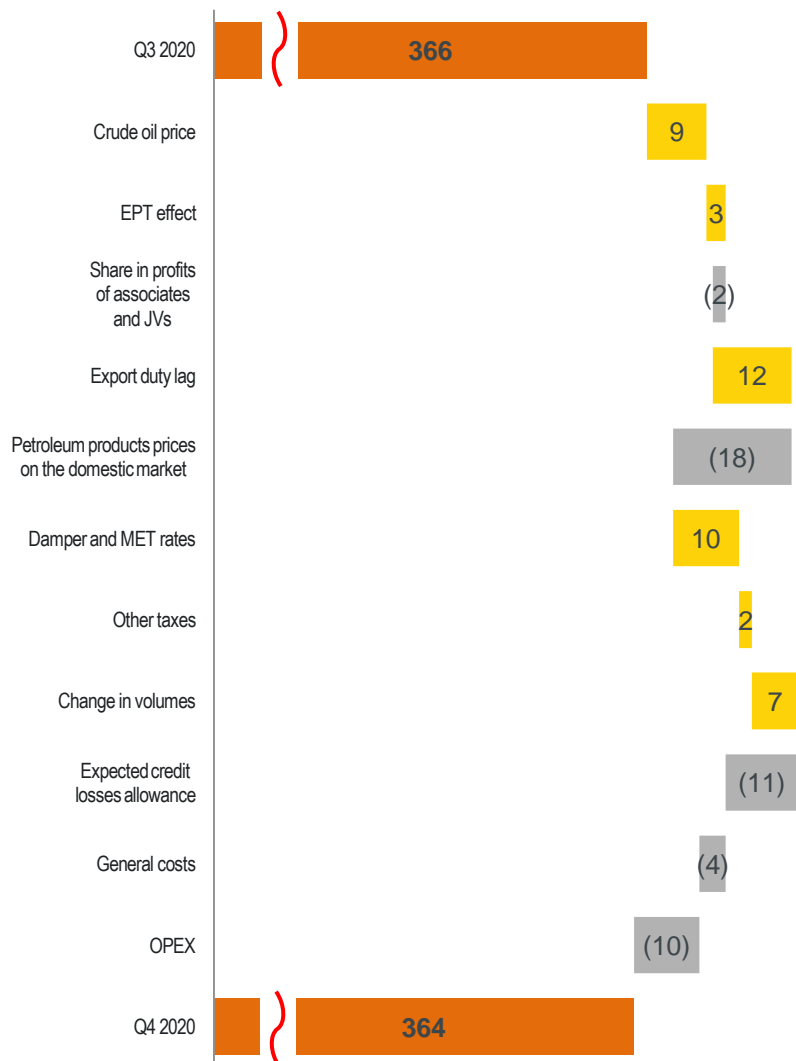
Reduction of net financial debt during 2020



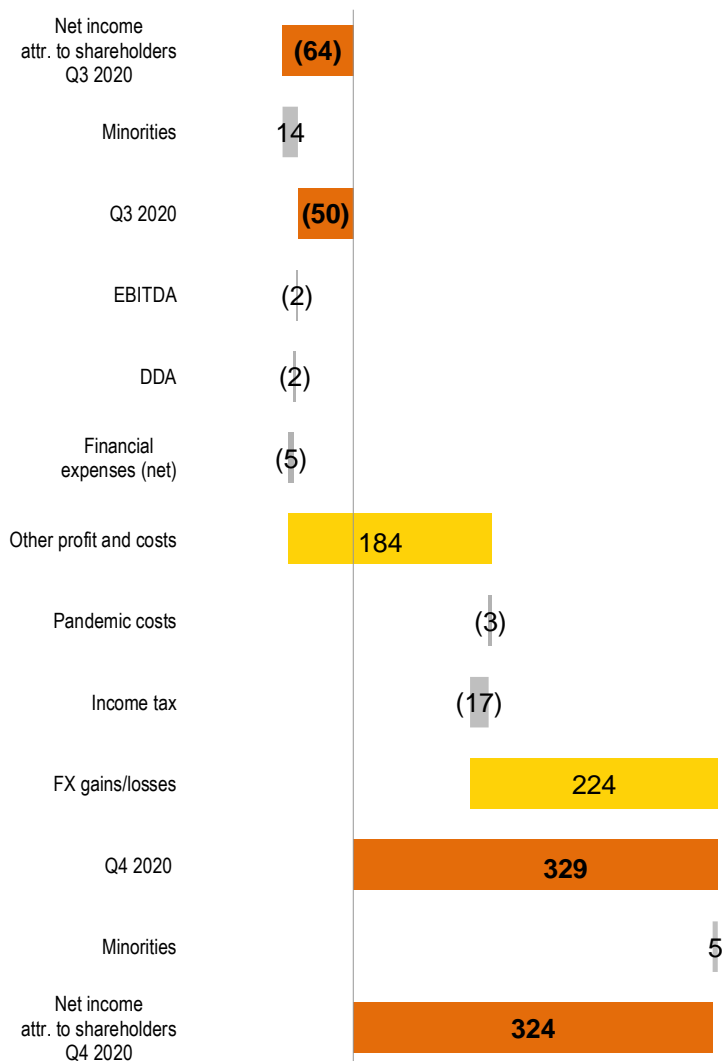
EBITDA and Net Income Dynamics



EBITDA Q4 2020 vs. Q3 2020, Rub bn



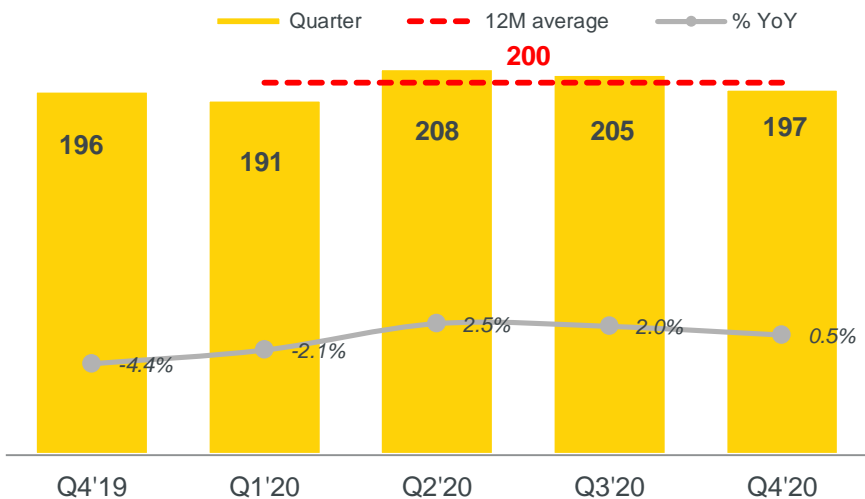
Net Income Q4 2020 vs. Q3 2020, Rub bn



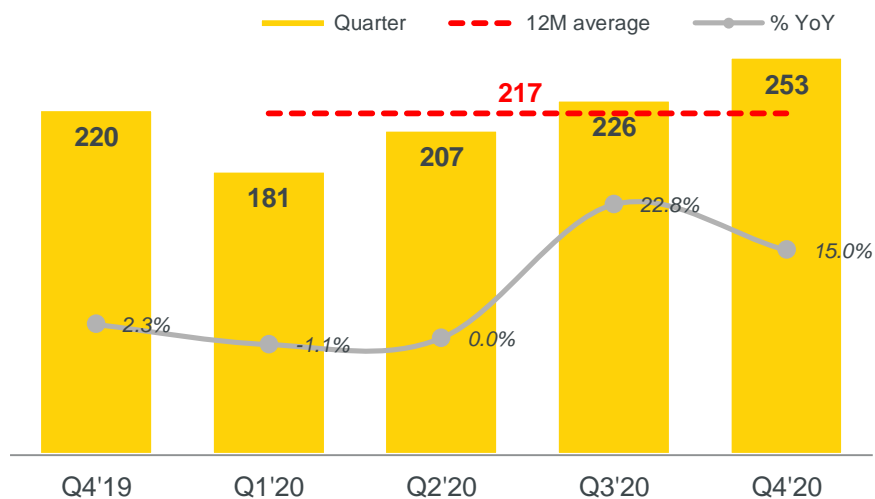
Costs Dynamics



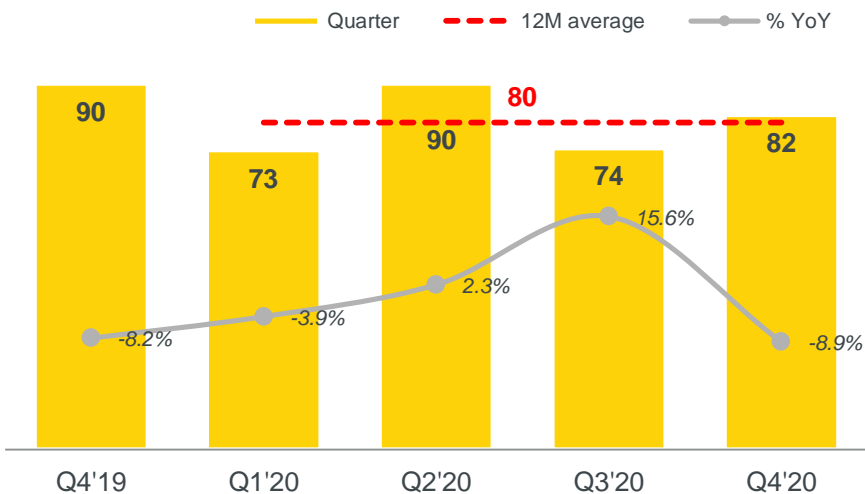
Lifting costs, Rub/boe



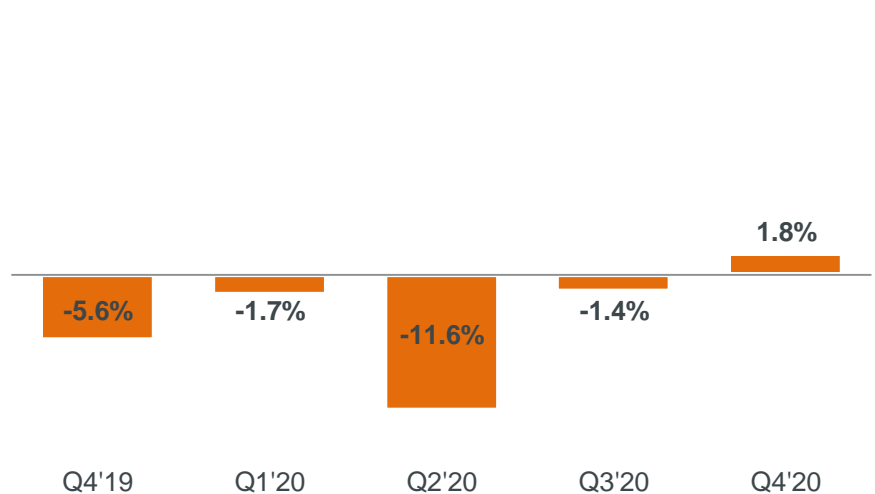
Refining costs in Russia, Rub/bbl



General and administrative costs¹, Rub/boe



Producer Price Index (annual basis), %

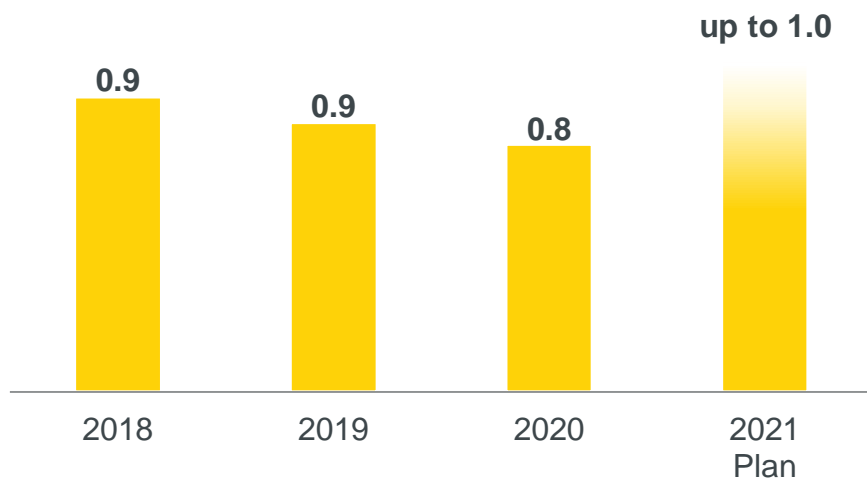


Note: (1) Excluding provisions

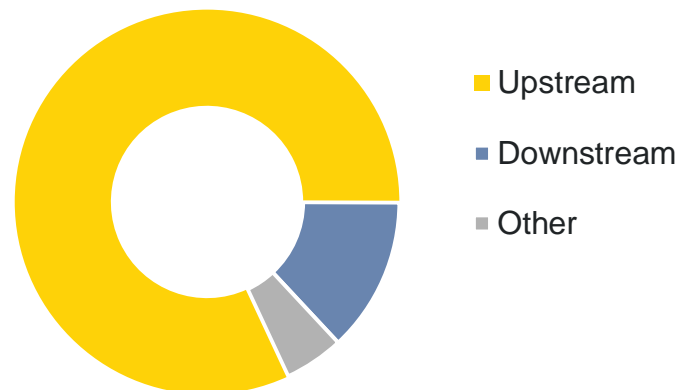
CAPEX



CAPEX evolution, Rub trln



2021 CAPEX breakdown



>20 %

2020 CAPEX program optimization

- Investment portfolio was optimized vs initial plan through raising the hurdle rates among others

≈90 %

Share of Upstream CAPEX in 2020

- Maintaining stable production at mature fields
- Development of highly efficient greenfields

5.5 \$/boe

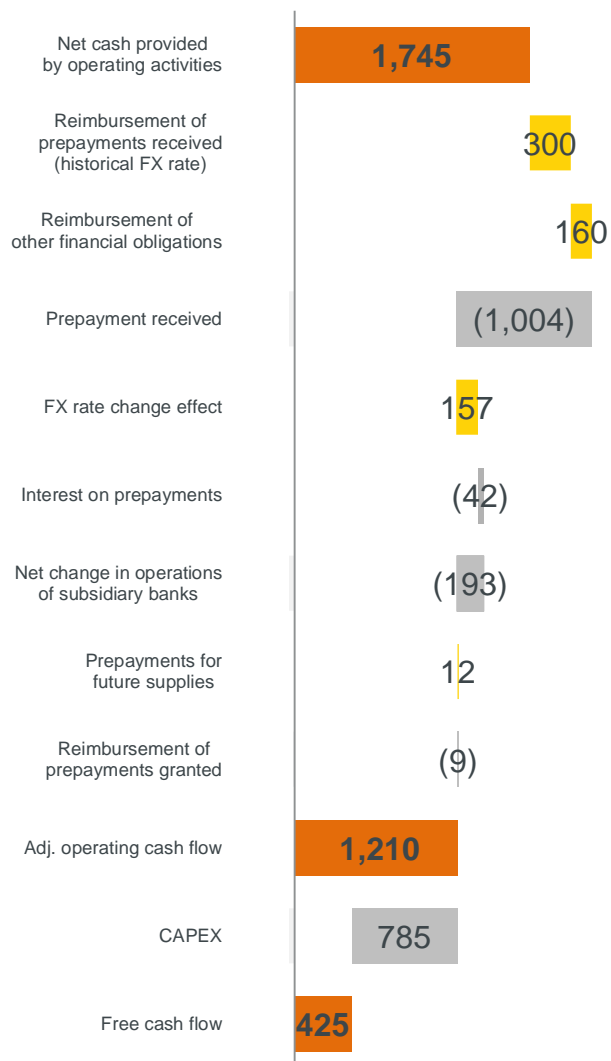
Unit Upstream CAPEX in 2020

- Leadership in unit CAPEX

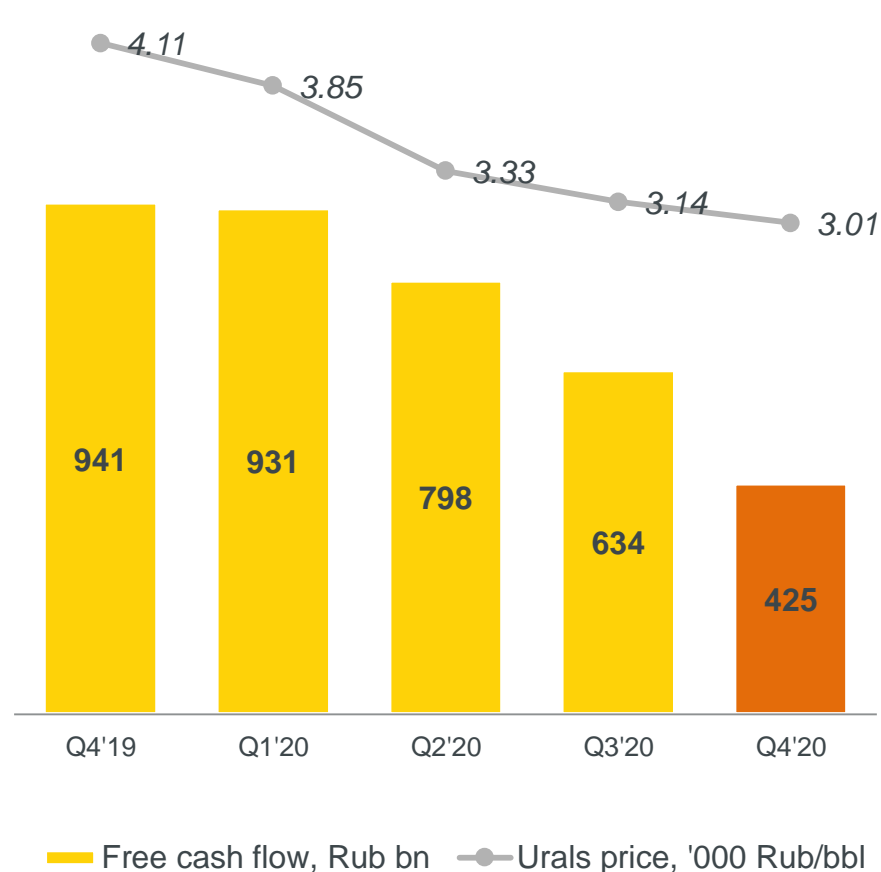
Sustainable Free Cash Flow



Free cash flow calculation, Rub bn



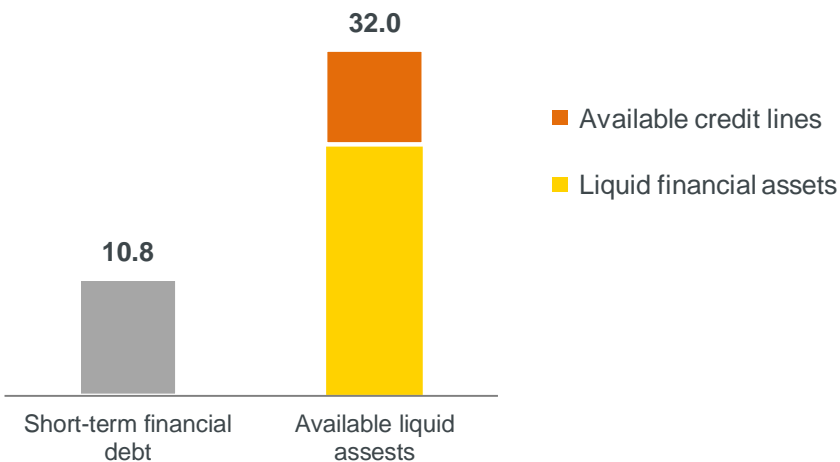
Crude oil price and free cash flow dynamics, LTM



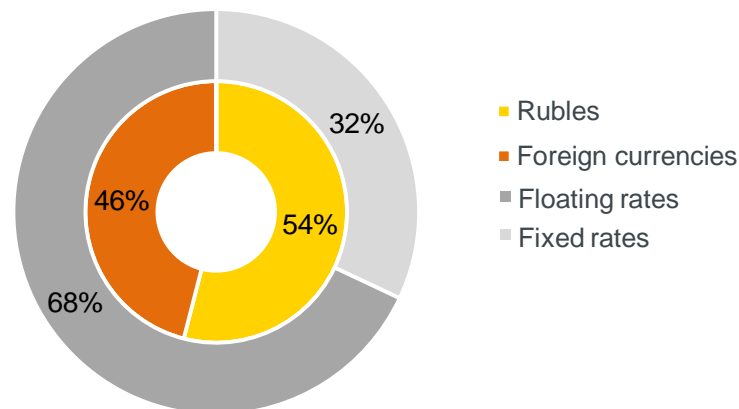
Efficient Debt Management



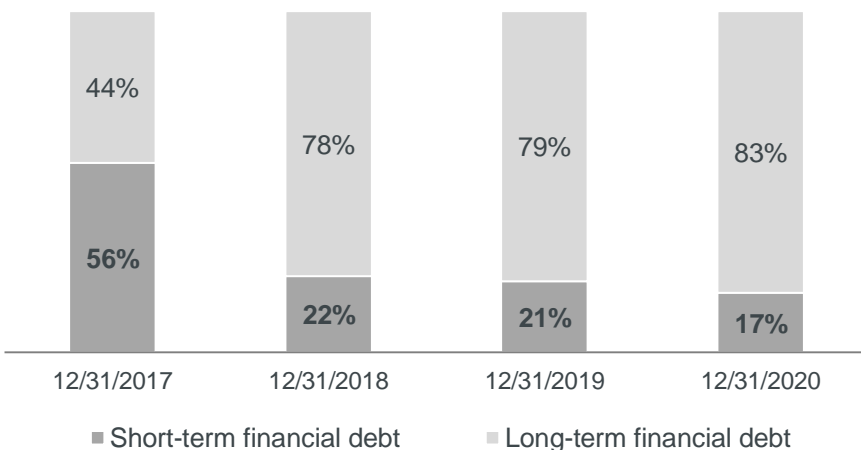
Liquidity position as of December 31, 2020, \$ bn



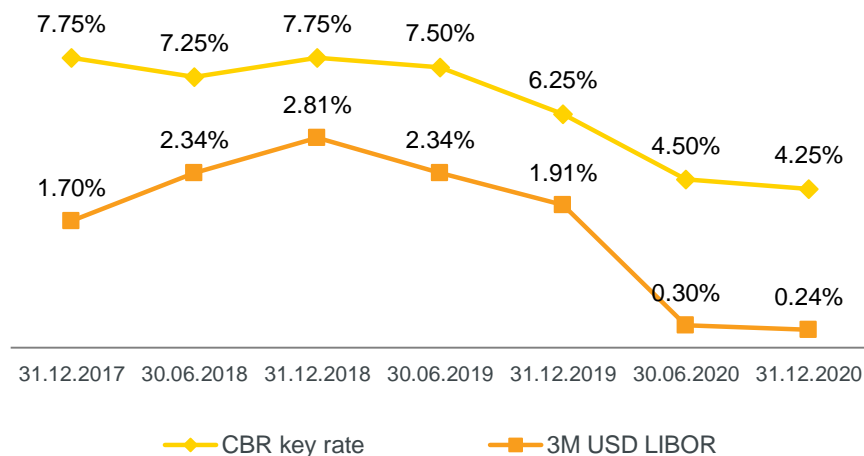
Financial debt breakdown as of December 31, 2020



Reducing the short-term financial debt share



CBR key rate and LIBOR



Appendix



Key Operational Highlights



Indicator	Q4'20	Q3'20	%	2020	2019	%
Hydrocarbon production, incl. kboed	5,048	4,898	3.1%	5,186	5,791	(10.4)%
Liquids kbpd	3,984	3,908	1.9%	4,141	4,674	(11.4)%
Gas kboed	1,064	990	7.5%	1,045	1,117	(6.4)%
Oil refining mmt	25.80	25.46	1.3%	103.98	110.23	(5.7)%
Product output in Russia mmt	22.25	21.76	2.3%	90.01	96.78	(7.0)%

Key Financial Highlights



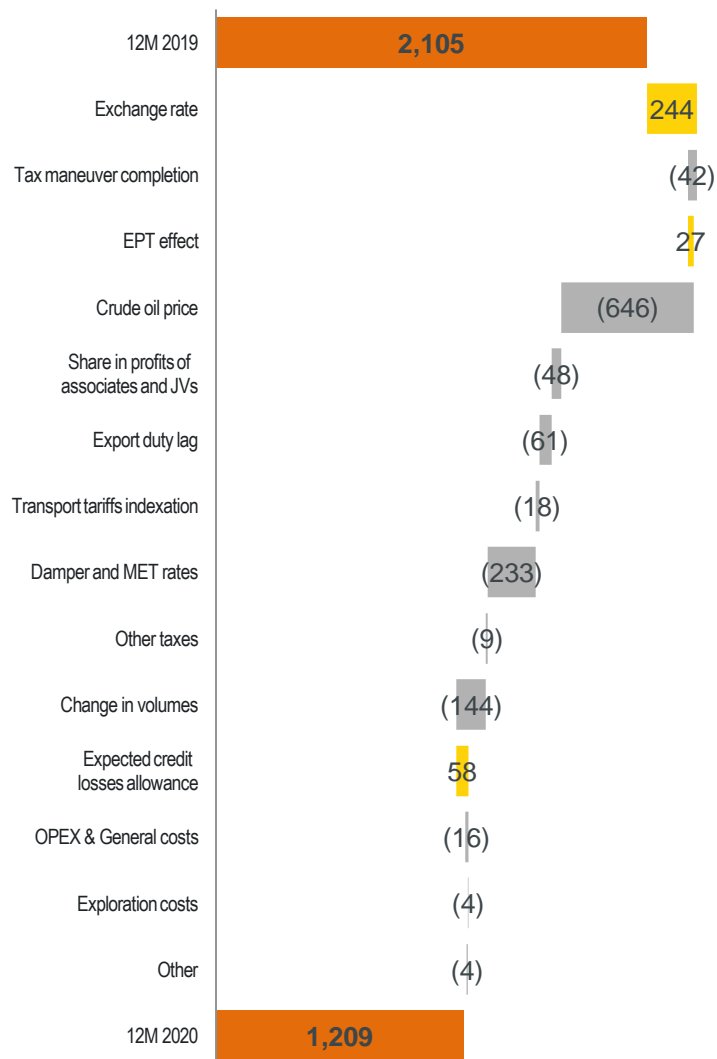
Indicator	Q4'20	Q3'20	%	2020	2019	%
EBITDA, Rub bn	364	366	(0.5)%	1,209	2,105	(42.6)%
Net Income, Rub bn <i>attributable to Rosneft shareholders</i>	324	(64)	–	147	705 ³	(79.1)%
Adjusted net income ¹ , Rub bn	85	108	(21.3)%	168	914 ³	(81.6)%
Adjusted operating cashflow ² , Rub bn	289	348	(16.9)%	1,210	1,738	(30.4)%
CAPEX, Rub bn	216	202	6.9%	785	854	(8.1)%
Free Cash Flow, Rub bn	73	146	(50.0)%	425	941	(54.8)%
EBITDA, \$ bn	4.8	5.0	(4.0)%	17.2	32.5	(47.1)%
Net Income, \$ bn <i>attributable to Rosneft shareholders</i>	4.3	(0.8)	–	2.2	10.9	(79.8)%
Adjusted net income ¹ , \$ bn <i>attributable to Rosneft shareholders</i>	1.1	1.5	(26.7)%	2.3	14.2	(83.8)%
Adjusted operating cashflow ² , \$ bn	3.6	4.7	(23.4)%	17.0	27.7	(38.6)%
CAPEX, \$ bn	2.8	2.7	3.7%	10.8	13.2	(18.2)%
Free Cash Flow, \$ bn	0.8	2.0	(60.0)%	6.2	14.5	(57.2)%
Urals price, '000 Rub/bbl	3.39	3.17	7.2%	3.01	4.11	(26.7)%

Note: (1) Adjusted for FX gains/losses and other one-off effects. (2) Adjusted for prepayments under long-term crude oil supply contracts (including accrued interest), net change in operations of subsidiary banks and operations with trading securities (RUB equivalent). (3) Net income is adjusted for the effect of the fair value measurement of the subsidiary acquisition in 2019

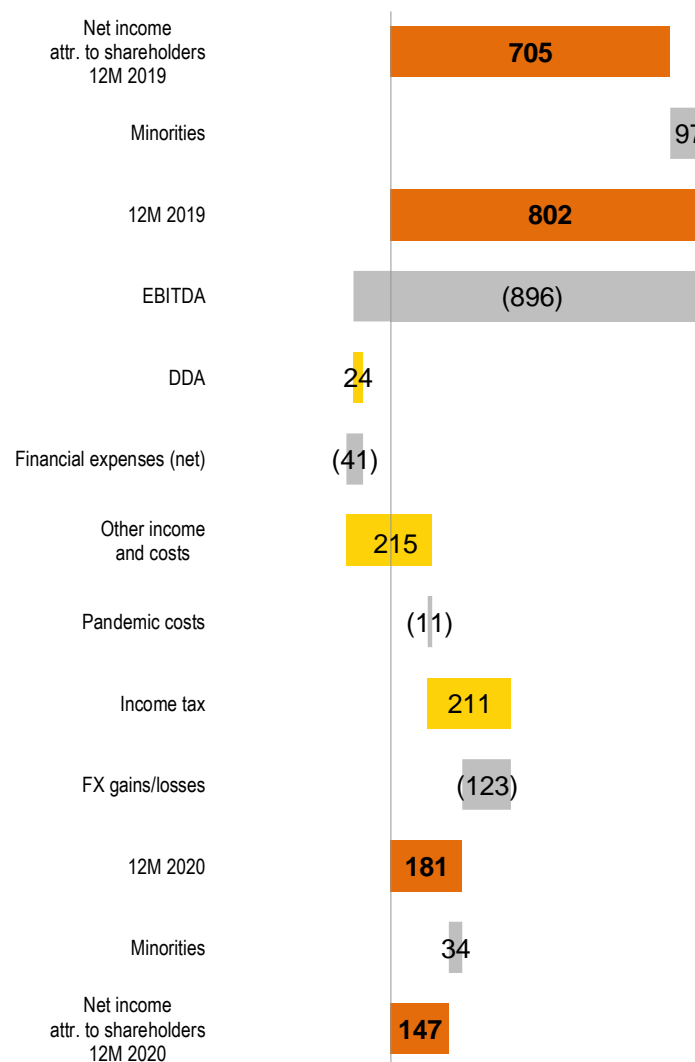
EBITDA and Net Income Dynamics



EBITDA 2020 vs. 2019, Rub bn



Net Income 2020 vs. 2019, Rub bn



Calculation of Adjusted OCF



Profit and Loss Statement

No	Indicator	2020, \$ bn
1	Revenue, incl.	83.2
	Reimbursement of prepayments and other financial obligations received	8.5
2	Costs and expenses, incl.	(75.5)
	Reimbursement of prepayments granted	(0.1)
3	Operating profit (1+2)	7.7
4	Expenses before income tax	(5.2)
5	Income before income tax (3+4)	2.5
6	Income tax	0.2
7	Net income (5+6)	2.7

Cash Flow Statement

2020, \$ bn	Indicator	No
2.7	Net income	1
12.2	Adjustments to reconcile net income to cash flow from operations, incl.	2
(6.3)	Reimbursement of prepayments received under crude oil and petroleum products supply contracts	
(2.2)	Reimbursement of other financial obligations received	
0.1	Reimbursement of prepayments granted under crude oil and petroleum products supply contracts	
13.5	Prepayments received	
9.3	Changes in operating assets and liabilities, incl.	3
(0.6)	Interest on prepayments under long-term crude oil supply contracts	
(0.1)	Income tax payments, interest and dividends received	4
24.2	Net cash from operating activities (1+2+3+4)	5
(2.9)	Net change in operations of subsidiary banks	6
0.2	Prepayments for future supplies	7
(4.5)	Effect from prepayments	8
17.0	Adjusted operational cash flow (5+6+7+8)	9

Finance Expenses, Rub bn



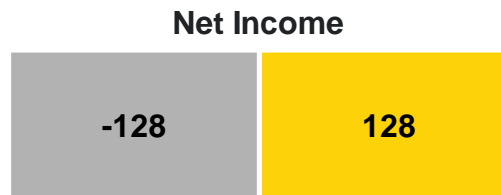
Indicator	Q4'20	Q3'20	%	2020	2019	%
1. Interest accrued ¹	65	66	(1.5)%	259	282	(8.2)%
2. Interest paid and offset ²	69	64	7.8%	259	283	(8.5)%
3. Change in interest payable (1-2)	(4)	2	–	–	(1)	–
4. Interest capitalized ³	31	32	(3.1)%	131	158	(17.1)%
5. Net loss from operations with financial derivatives ⁴	5	3	66.7%	11	–	100.0%
6. Increase in provision due to the unwinding of a discount	6	6	–	24	19	26.3%
7. Interest on prepayments under long-term oil and petroleum products supply contracts	13	8	62.5%	42	70	(40.0)%
8. Change in fair value of financial assets	(1)	(1)	–	–	–	–
9. Increase in loss allowance for expected credit losses on debt financial assets	3	4	(25.0)%	8	5	60.0%
10. Other finance expenses	–	1	(100.0)%	7	9	(22.2)%
Total finance expenses (1-4+5+6+7+8+9+10)	60	55	9.1%	220	227	(3.1)%

Note: (1) Interest accrued on credits and loans and other financial obligations. (2) Interest is paid according to the schedule. (3) Interests paid shall be capitalized in accordance with IAS 23 standard Borrowing Costs. 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. (4) Net effect on operations with financial derivatives was related to FX component fluctuations of cross-currency interest rate swaps.

Variance Analysis

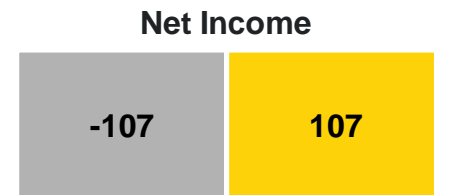


2020 EBITDA and net income sensitivity to +/-10% change in Urals price, Rub bn



■ -10% 41.7 \$/bbl ■ +10%

2020 EBITDA and net income sensitivity to +/-10% change in Rub/\$ exchange rate, Rub bn



■ -10% 72.1 Rub/\$ ■ +10%

Questions & Answers

