Rosneft Oil Company
IFRS Results
Q4 and 12M 2016

February 27, 2017

Important Notice

Information herein has been prepared by the Company. The presented conclusions are based on the general information collected as of the date hereof and can be amended without any additional notice. The Company relies on the information obtained from the sources which it deems credible; however, it does not guarantee its accuracy or completeness.

These materials contain statements about future events and explanations representing a forecast of such events. Any assertion in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting such statements.

This presentation does not constitute an offer to sell, or any solicitation of any offer to subscribe for or purchase any securities. It is understood that nothing in this report / presentation provides grounds for any contract or commitment whatsoever. The information herein should not for any purpose be deemed complete, accurate or impartial. The information herein in subject to verification, final formatting and modification. The contents hereof has not been verified by the Company. Accordingly, we did not and do not give on behalf of the Company, its shareholders, directors, officers or employees or any other person, any representations or warranties, either explicitly expressed or implied, as to the accuracy, completeness or objectivity of information or opinions contained in it. None of the directors of the Company, its shareholders, officers or employees or any other persons accepts any liability for any loss of any kind that may arise from any use of this presentation or its contents or otherwise arising in connection therewith.

Macroeconomic Environment

Indicator	2016	2015	%	Q4 16	Q3 16	%
Urals, $/bbl	**42.1**	51.4	(18.2)%	48.3	44.0	9.7%
Urals, ‘000 RUB/bbl	**2.82**	3.14	(10.0)%	3.05	2.85	7.0%
Naphtha, ‘000 RUB/ton	**24.95**	26.86	(7.1)%	26.91	23.93	12.5%
Gasoil 0.1%, ‘000 RUB/ton	**26.22**	29.64	(11.5)%	28.30	26.01	8.8%
Fuel oil 3.5%, ‘000 RUB/ton	**14.06**	15.93	(11.7)%	16.70	14.98	11.5%
Average exchange rate, RUB/$	**67.03**	60.96	(9.1)%	63.07	64.62	2.5%
Inflation for the period (CPI), %	**5.4%**	12.9%	-	1.3%	0.7%	-

Source: Average prices and changes are calculated based on unrounded data of analytical agencies

Overview of Key Developments

Exploration

- Seismic activity jumped by over 50% while the license obligations were exceeded more than two times
- 13 fields and 127 new deposits were discovered with AB1C1+B2C2 reserves of 207 mmtoe[1]. Exploration AB1C1 reserves additions of 322 mmtoe[1]

Production

- Hydrocarbon production rose by 4% to a record high of 265 mmtoe
- Development drilling increased by 35% to 9.3 mln m
- Gas production growth by 7% to 67.1 bcm

Services

- The number of active rigs achieved 280 units, the share of in-house services in development drilling exceeding 50%
- Acquisition of Targin service assets

Note: (1) Proforma data (including Bashneft consolidation)

Overview of Key Developments

Refining

- Fuel oil output at Russian refineries cut by 14.9% while Euro-5 motor fuels production increased by 55.6%
- Light product yield rose by 1.3 p.p. to 56.6%, refining depth improved by 5.5 p.p. to 72%

Commerce & Logistics

- Increase of oil supplies eastwards by 8.6% to 43.1 mmt
- new contracts with key partners for supplies to China, Germany and Belarus

Strategic cooperation

- Acquisition of a 49% stake in Essar Oil
- Acquisition of up to 35% in Zohr gas project (Egypt)
- Restructuring of Ruhr Oel (Germany) completed
- Sale of 49.9% stakes in Vankor and Taas-Yuryakh to Indian companies and BP

Successful Completion of the Integrated Privatization Deal

1	The largest privatization deal in the Russia's modern history – the total effect for the government exceeding $17 bn	>$17 bn[1]
2	Sale of a 19.5% stake at premium multiples	
3	Diversified shareholder structure with 2 new top-class strategic investors represented by Glencore and Qatar Investment Authority (QIA)	GLENCORE QIA
4	Strategic cooperation agreement for joint development of upstream and infrastructure projects, logistics and trading business	
5	Considerable dividend policy improvement: increase of minimum payout ratio (35% of IFRS net income) and payment frequency (twice a year)	>35%
6	The transaction was implemented without negative effect on the Russian FX market	

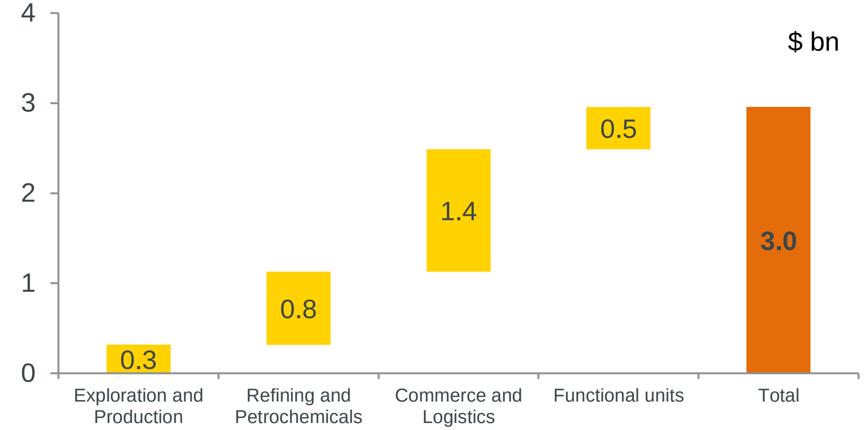
Note: (1) Including $5.3 bn from privatization of the government stake in Bashneft

Bashneft Integration

Assets operating highlights[1]

Indicator	Value
Proved PRMS reserves[2]	2.3 bn bbl
Oil production	19.9 mmt
Refining throughput	19.1 mmt
Nelson index	*9.1*
Light product yield	*68%*
Number of retail sites	744

Expected synergies[3,4]



Key facts and dates

- On October 1, 2016 BoD approved the deal
- On October 12, 2016 the sales and purchase agreement on acquisition of the 50,08% stake in Bashneft owned by the government (60,16% of common stock - CS) for RUB 330 bn ($5.3 bn) was signed
- On November 15, 2016 in accordance with legislative requirements a mandatory offer to Bashneft minorities was sent by the Company
- Minorities owning ~9% of Bashneft common stock accepted the offer; Rosneft following the results of the offer will own c. 69.3% of voting shares

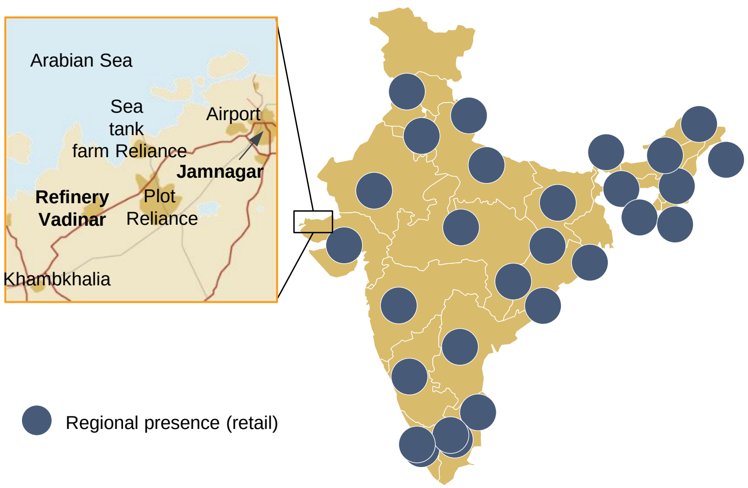
Deal rationale

- Gaining competitive edge through increase of market share and financial indicators
- Attractive asset with growth prospects: one of the industry best refining complex with refining depth c. 90%, production CAGR of 8.9% for 2012-2015
- Improving asset quality via refining portfolio optimization and increase of domestic market share
- Estimated synergy potential above RUB 180 bn[4]; RUB40 bn – included in the Company business plan for 2017

Note: (1) Data for 2015, (2) PRMS reserves as of 01.01.2016 – audit report of Miller and Lents, (3) Discounted effect, (4) Company estimates

Acquisition of 49% in Essar Oil

Asset location



Current assets structure

Essar Oil

- **Existing assets**
  - Refinary (capacity – 20 mmt, Nelson Index – 11.8)
  - Retail network (ca. 2,700 stations)
- **Expansion projects**
  - Refinery optimization (capacity growth by 3.7 mmt)
  - Retail network expansion (up to 5,000 stations)

- Rosneft signed the Sale and Purchase Agreement for a 49% stake in Essar Oil Limited (EOL). 100% of EOL's business was valued at $12.9 bn[1]
- Current owners will sell 98% stake to Rosneft and an outside consortium of international investors
- The deal is subject for creditors approval

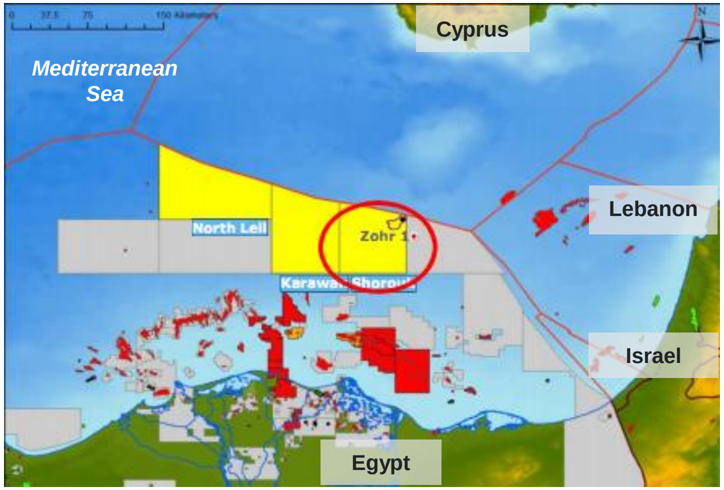
Deal rationale:

- Rosneft gets a significant share in the second largest Indian refinery with Nelson complexity index at 11.8 (Top 10 complex refineries globally):
  - Highly profitable basket of oil products – 8M2017 FY GRM ~$10,5
  - Higher flexibility in feedstock – possibility to process heavy crude oil from Venezuela
  - All necessary infrastructure in place: port, storage terminals and own power station
  - Access to one of the fastest growing markets in Asia – cumulative GDP growth of 29.8% within 2013-16
  - Potential hub for international trading expansion in the Asia Pacific region

Note: (1) Acquisition price is subject to net debt and working capital adjustment at the date of closing the deal

Acquisition of up to 35% in the Concession Agreement for the Development of the Zohr Gas Field

Location



- Rosneft signed a binding agreement to acquire a 30% stake in the concession for the development of the Zohr gas field, an option to increase the share up to 35% was granted
- Acquisition price amounted to $1.1 bn. Rosneft will also reimburse ENI's historical expenses for the period starting January 1, 2016
- The shareholder structure upon the deal completion: **Eni** – 50%[1], **Rosneft** – up to 35%[1], **BP** – up to 15%[1]

Deal rationale:

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

Key features[2]

Year of discovery by ENI	2015
Rosneft share of future investments (next 4 years)	>$3 bn
Project stage	Development
Recoverable reserves[3]	~600 bcm
Production plateau/marketable gas	29/28 bcm

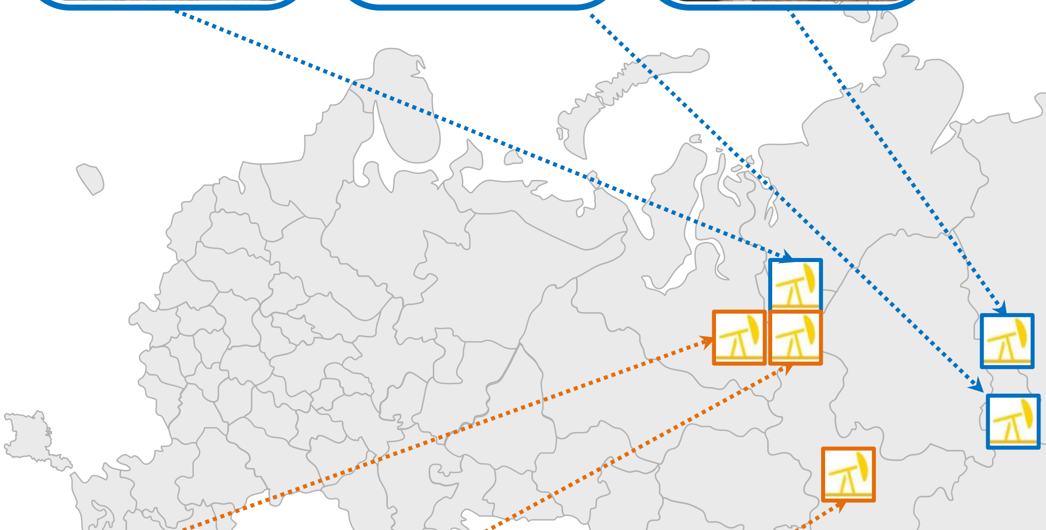
Note: (1) Rosneft and BP have options for additional 5% each, BP joined the project on November 25, 2016 (acquisition of 10% share for ~$530 mln, including historical costs compensation), (2) 100% stake if not specified, (3) ENI's estimates

Upstream Portfolio Optimization

Vankor
Partner: ONGC (26%), pool of Indian investors (23.9%)

VCNG
Partners: Beijing Enterprises (20%)

Taas-Yuryakh
Partners: BP (20%), consortium of Indian investors (29.9%)



Russkoe
Sale of up to 49% stake

Tagulskoe
Sale of up to 49% stake

YuTM
Sale of up to 49% stake

Attracting partners in the current projects:

- Vankor

  - closed the deals on the sale of 26% stake to ONGC and 23.9% stake to the group of Indian companies (~$4.2 bln base price)

- Taas-Yuryakh

  - closed the deals on the sale of 20% stake to BP and 29.9% stake to the group of Indian companies (~$1.9 bln base price)

- Verkhnechonskneftegaz

  - signed binding documents on the sale of a 20% stake to Beijing Enterprises (~$1.1 bln base price)

Attracting partners to new projects in order to share risks, financing and transfer the technology for the most efficient approach to the fields development:

- Sale up to 49% in YuTM, Russkoye and Tagul fields

Key Operating Highlights

Indicator	2016	2015	%	Comment
SEC proven hydrocarbon reserves mmboe	**37,772**	34,465	+9.6%	Stable reserve replacement. Reserve replacement ratio at 148%[1,2]
Hydrocarbon production, incl kboed	**5,369**	5,159	+4.1%	Record high average daily hydrocarbon production
Crude oil and NGL, kbpd	**4,252**	4,116	3.3%	Bashneft integration, comprehensive testing of oil treatment and transportation facilities at Suzun field, launching the East Messoyakhskoye field, consistent improvement at Yuganskneftegaz, Samaraneftegaz and Severnaya Neft
Gas, kboed	**1,117**	1,043	+7.1%	Commisioning of the 2nd stage of Rospan's Novo-Urengoy gas and condensate treatment unit, launch of three wells at the northern tip of the Chayvo field, commissioning of a gas treatment facility at Barsukovskoye field of RN-Purneftegaz, and executing the production increase project at Sibneftegaz's Khadyryakhinskoye field
Hydrocarbon production[2], kboed	**5,701**	5,574	+2.3%	Integrated company production reached 5.7 mmboed in 2016
Refining throughput, mmt	**100.26**	96.90	+3.5%	Bashneft integration, acquisition of an additional stake in PCK Raffinerie GmbH with a 2.4% decrease in processing at Russian refineries under the negative price environment
Refining depth %	**72.0%**	66.5%	+5.5 p.p.	Improved efficiency of facilities operation and optimized operations at Russian refineries

Note: (1) Calculated using metric units, (2) Proforma data (Bashneft consolidated starting January 1, 2015)

Key Financial Highlights

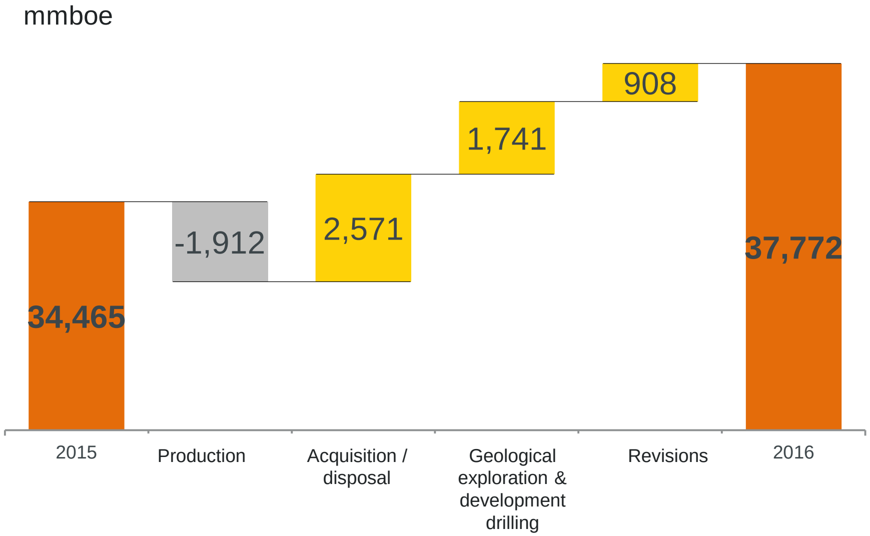
Indicator	2016	2015	%	Q4 16	Q3 16	%
EBITDA, RUB bn	**1,278**	1,245	2.7%	365	292	25.0%
Net income, RUB bn *Attributable to Rosneft shareholders*	**181**	355	(49.0)%	52	26	100.0%
Adjusted net income[1], RUB bn *Attributable to Rosneft shareholders*	**448**	479	(6.5)%	113	93	21.5%
Adjusted operating cash flow[2], RUB bn	**1,011**	1,339	(24.5)%	259	251	3.2%
CAPEX, RUB bn	**709**	595	19.2%	234	167	40.1%
Free cash flow, RUB bn	**302**	744	(59.4)%	25	84	(70.2)%
EBITDA, $ bn	**19.3**	20.8	(7.2)%	5.8	4.5	28.9%
Net income, $ bn *Attributable to Rosneft shareholders*	**2.8**	6.1	(54.1)%	0.8	0.4	100.0%
Adjusted net income[1], $ bn *Attributable to Rosneft shareholders*	**6.7**	7.9	(15.2)%	1.8	1.4	28.6%
Adjusted operating cash flow[2], $ bn	**15.2**	21.9	(30.6)%	4.1	3.9	5.1%
CAPEX, $ bn	**10.7**	9.7	10.3%	3.7	2.6	42.3%
Free cash flow, $ bn	**4.5**	12.2	(63.1)%	0.4	1.3	(69.2)%
Urals price, th. RUB/bbl	**2.82**	3.14	(10.0)%	3.05	2.85	7.0%

Note: (1) Adjusted for FX gains/losses and other one-off effects, (2) Adjusted for prepayments under long term crude oil supply contracts and operations with trading securities (RUB equivalent)

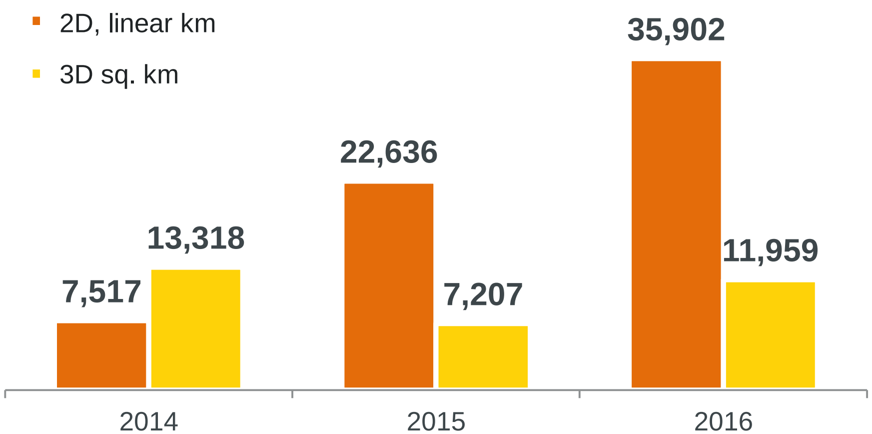
Operating Results

Exploration & Reserves

Reserves[1]



Seismic works



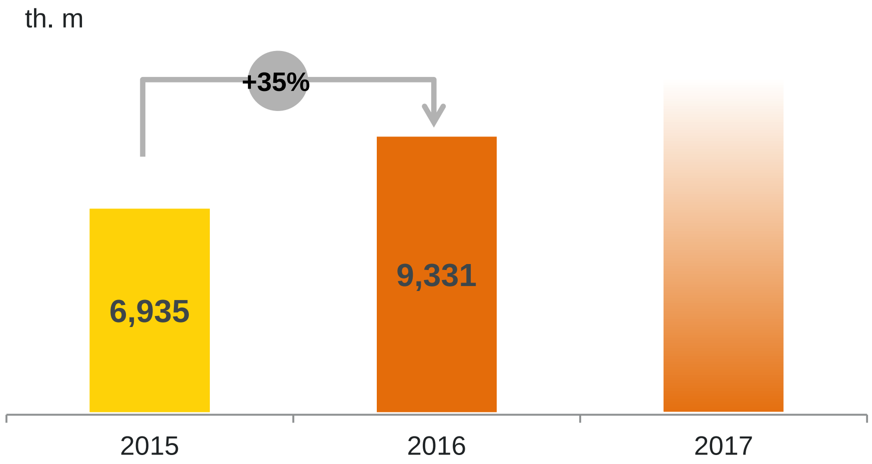
Key achievements for 2016

- 2D and 3D seismic works increased by over >58% vs. 2015. Offshore works exceeded license obligations by more than 2 times
- 79% - onshore exploration drilling success rate
- 13 fields and 127 new deposits were discovered with AB1C1+B2C2 reserves of 207 mmtoe[2]
- AB1C1 reserves additions by exploration of 322 mmtoe[2]
- AB1C1 reserve replacement at 354 mmtoe or 126% of total production in Russia[2]
- SEC proven reserves increased by 9.6% to 37.8 bn boe
- Proven SEC reserves replacement ratio[2,3]:
  - 148% (140% organic) in 2016
  - 142% (139% organic) average in 2014-2016
  - c. 200% average for 10 years
- PRMS reserve (2P) replacement ratio[2,3] amounted to 239% in 2016

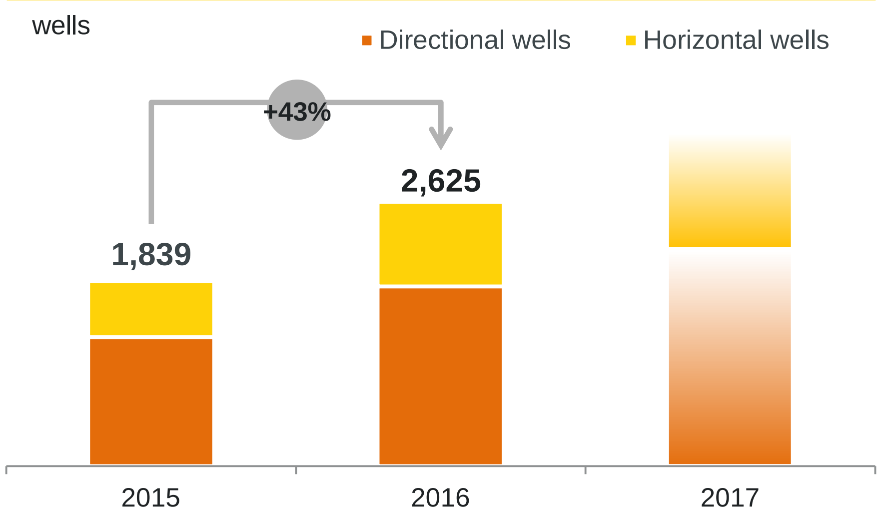
Note: (1) Proven SEC reserves, data provided in accordance with the independent auditor report, (2) Proforma data (including Bashneft consolidation), (3) Calculated using metric units

Development Drilling

Development drilling footage



Commissioning of new oil wells



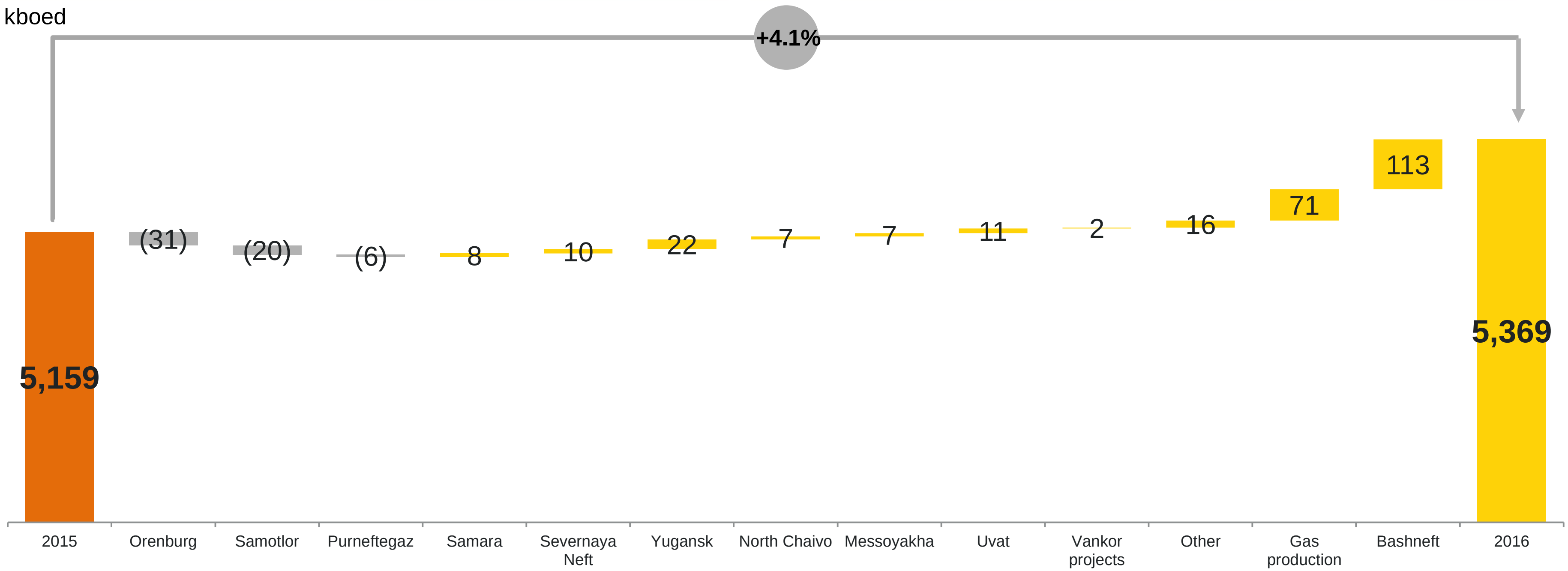
Key achievements for 2016

- Development drilling footage rose by 35% with in-house service share exceeding 50% of the total workscope
- Commissioning of new wells increased by 43%, the number of new completed horizontal wells was up by 52% vs. 2015
- Commercial drilling rate increased by 12% due to reduction of hidden idle time
- 56% growth in new horizontal wells with multi stage hydrofracs; increase in the number of sidetracking operations by 5% with the incremental production of 2.9 mmt
- Drilling technology with the bottom hole pressure control successfully tested at Yurubcheno-Tokhomskoye field – horizontal well section drilling cycle reduced by 30%, overall flow rate is 4.5 times above the pad average
- A pilot project of two-string horizontal well with multi stage hydrofracs was implemented in Yuganskneftegaz - 4 wells were drilled with the average drilling time reduced by 44% compared to 2015

Plans for 2017

- Maintaining the required growth rates of development drilling – over 10 mln m per year
- New wells completion target – c. 3,000 wells of which ~30% horizontal
- Further drilling and completion efficiency improvement

Hydrocarbon Production



- Production growth at greenfields and reduction in natural decline rates at brownfields due to development drilling ramp-up and efficient use of modern wellworks
- **Yugansk:** average daily liquids production growth (+1.7% vs. 2015) due to development drilling and new wells commissioning ramp-up
- **Suzun / E. Messoyakha:** comprehensive testing of oil treatment and transportation facilities at Suzun field, launching the East Messoyakhskoye field
- **Bashneft:** acquisition of Bashneft assets in October 2016 supported the growth in daily hydrocarbon production in Q4 2016
- **Gas production:** 2nd stage of Novo-Urengoy gas and condensate treatment unit launch in Q4 2015 at Rospan, launch of three wells at the northern tip of the Chayvo field (in 2015 and 2016 year end), commissioning of a gas treatment facility at Barsukovskoye field at RN-Purneftegaz in December 2015, and execution of the project to increase gas production at Sibneftegaz's Khadyryakhinskoye field

Commissioning new projects on schedule (Suzun, E. Messoyakha)

Suzunskoye field

- In September 2016 the Company started the comprehensive testing of the oil production, treatment and transportation facilities
- 3P PRMS reserves as of Dec 31, 2016 are estimated at 80 mmtoe / 604 mmboe
- Final works on the main infrastructure facilities: 1st Start Up Complex of Oil Treatment Facility with the rated capacity of 4.5 mmtpa and Suzun-Vankor oil pipeline. The field infrastructure setup is in progress
- 2016 output reached 1.4 mmt
- 2017 production target ~4.5 mmt

East Messoyakhskoe field[1]

- On September 21, 2016 the northernmost onshore field in Russia was put into commercial operation
- 3P PRMS reserves as of Dec 31, 2016 are estimated at 211 mmtoe / 1,451 mmboe
- Construction of main infrastructure facilities completed. The field infrastructure and drilling pads setup is in progress
- 2016 output reached 0.7 mmt
- 2017 production target ~3 mmt

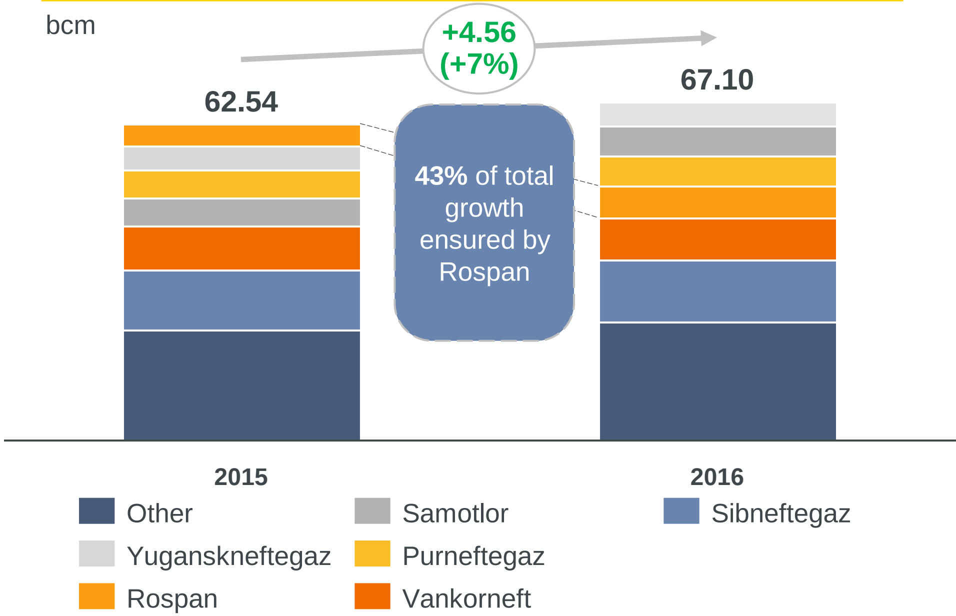
Note: (1) The field license is owned by Messoyakhaneftegaz, a JV with Gazpromneft (50%/50%), data provide for 100%

Gas Business: organic production growth and efficient monetization

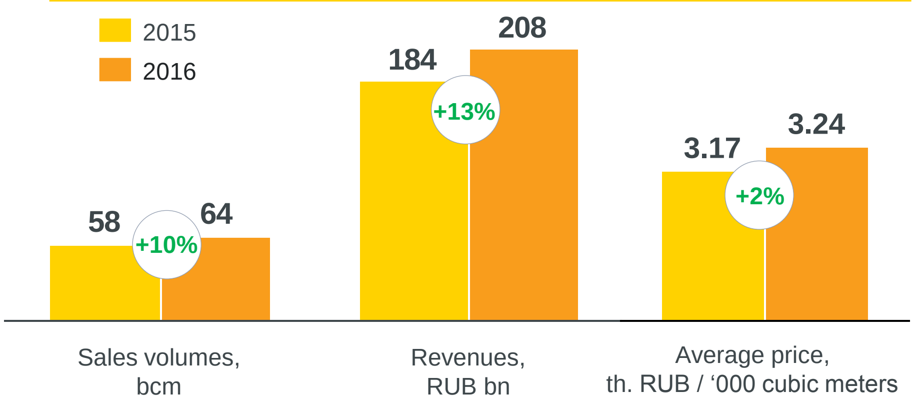
Key achievements for 2016

- Production growth by 7% following the commissioning of gas treatment facilities in Rospan and Purneftegaz, the commissioning of 3 wells at the northern tip of the Chayvo field (Sakhalin) at the end of 2015 and in 2016 and the execution of the project to increase gas production at Sibneftegaz's Khadyryakhinskoye field
- AB1C1+B2C2 gas reserves as of 2016 year end increased by 3% to 7.7 tcm[1]
- Company domestic market share in 2016 reached c.18%[2]
- Associated petroleum gas (APG) utilization rate in 2016 increased to 90% (vs. 88% in 2015) on the back of the launching the gas treatment facilities and higher usage of APG instead of natural gas for power generation at Vankor
- Samaraneftegaz commissioned compressor station with 0.03 bcm annual capacity at the Kozlovskoye field. The new compressor station compresses APG for subsequent transportation to Otradnenskiy gas processing plant

Gas production



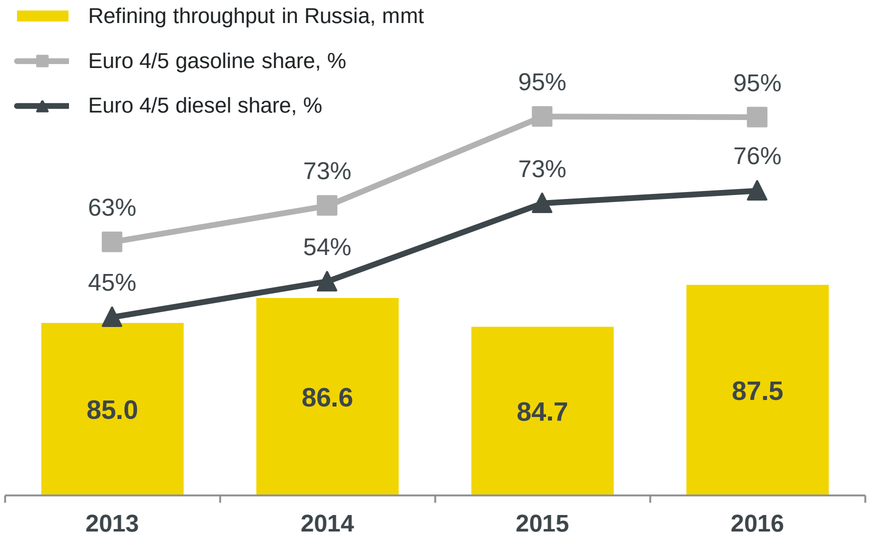
Gas sales in Russia



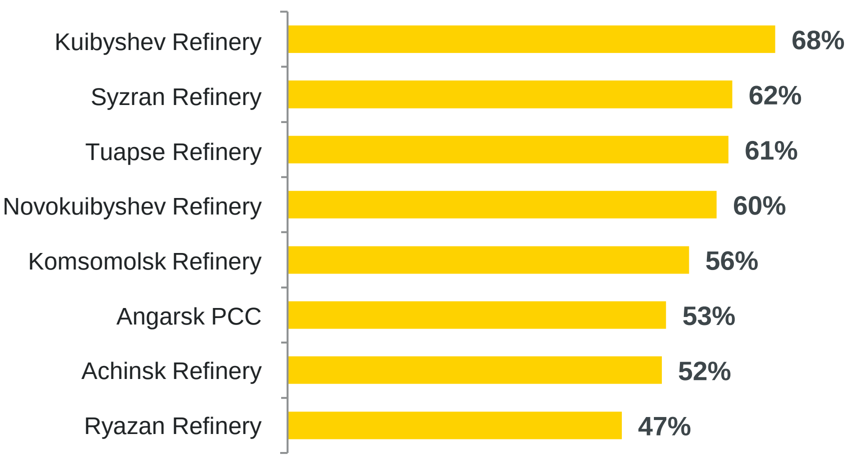
Note: (1) Preliminary data (incl. Bashneft), (2) Preliminary data based on total domestic gas consumption forecast in 2016.

Refining: modernization program progress

Refining and production of motor fuels at Russian refineries



Progress in Refinery modernization program



Note: All figures include Bashneft starting October 2016

Key achievements for 2016

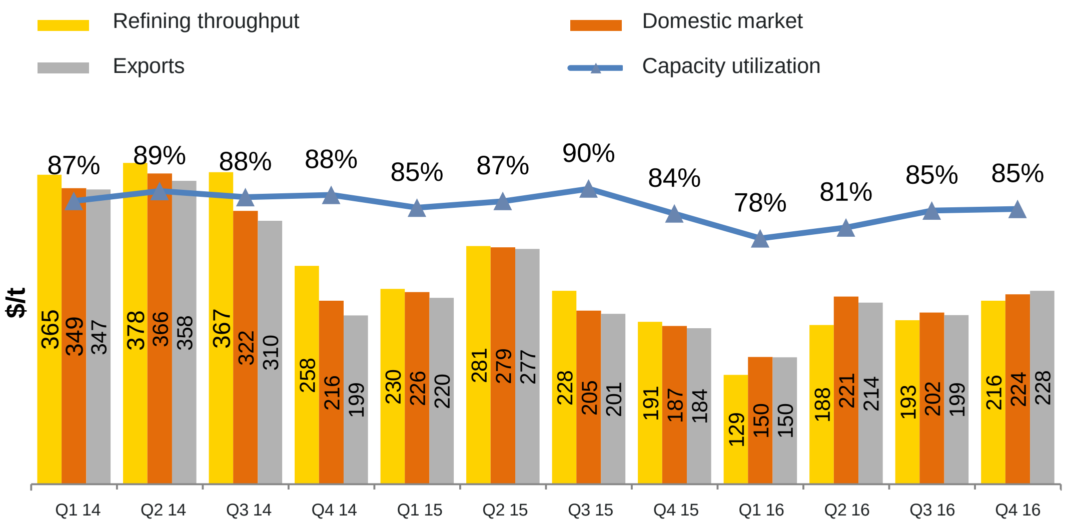
- Light product yield improvement from 55.3% to 56.6%, refining depth – from 66.5% to 72% (2016 vs. 2015)
- Euro 5 motor fuels production growth by 56% (2016 vs. 2015)
- Commissioning of the catcracking facility and MTBE at Kuybyshev refinery; stabilization of MTBE production facility at ANKhK
- Commissioning of catalyst regeneration facility at NZK, PSA installation at Syzran refinery
- The import replacement program including kerosene fractions hydro treatment facilities at Achinsk refinery and catalytic reforming at Ryazan refinery switched to the catalysts, produced by AZKiOS

Plans for 2017

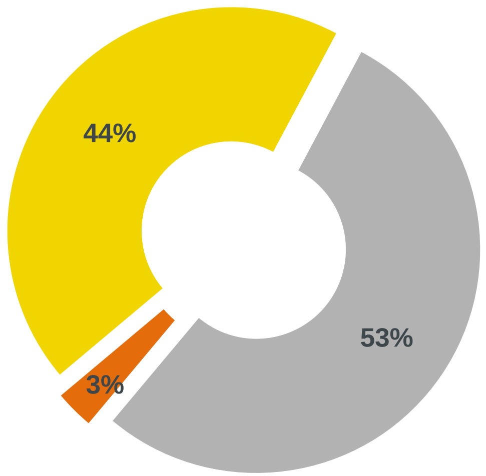
- Further progress in construction of facilities within the Refinery modernization program
- Implementation of highly efficient debottlenecking projects of bitumen production configuration and development
- Bashneft integration activities
- The import substitution program
- Efficiency improvement and maintaining current assets

Crude Oil and Petroleum Product Sales

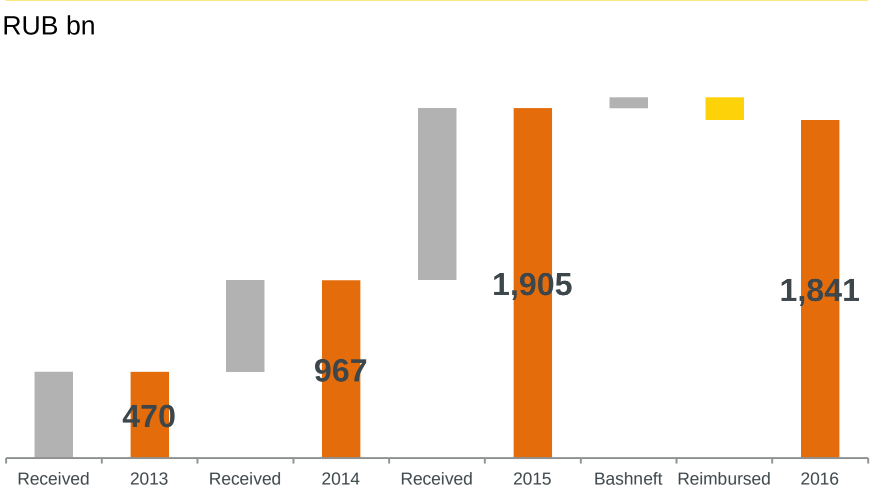
Netbacks of the main oil monetization channels



Oil monetization structure (Q4 2016)[1]



Prepayments under LT supply contracts



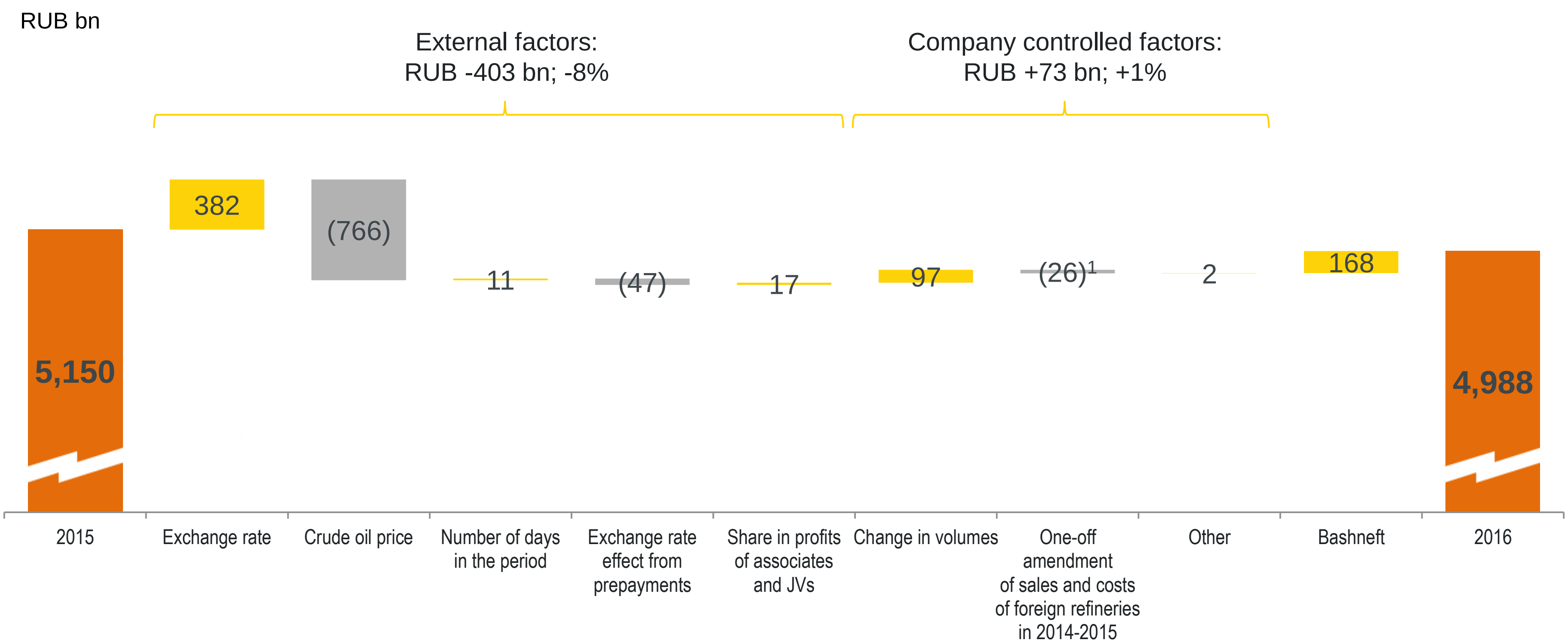
- Increase in high-margin oil supplies eastwards by 8.6% to 43.1 mmt in 2016 YoY
- Signed contracts for 2017 crude oil supplies in Belarus up to 10.2 mmt and up to 7.3 mmt in Germany
- Signed additional agreement for an increase of oil supplies to China transited through Kazakhstan for 3 mmtpa (up to 10 mmt), with the contract being extended till 2019-2023
- Signed an argeement with JX Nippon Oil & Energy Corporation for straight-rub gasoline of up to 1.1 mmt in 2017

Note: (1) As % of the total crude oil supplies

Financial Results

Revenues

2016 vs 2015

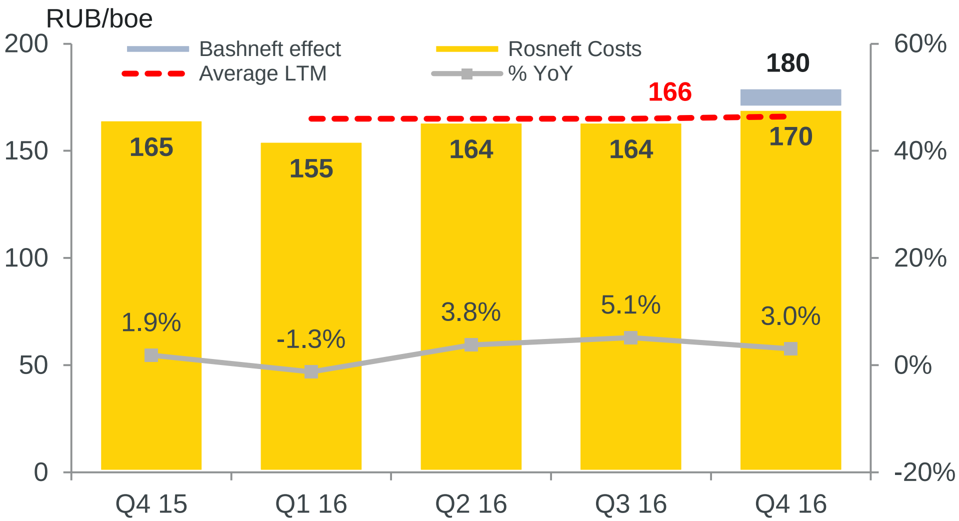


- Crude oil price declined by 10% in RUB terms
- Crude oil sales volumes (non-CIS) increased by 6.8%
- Domestic petroleum product sales rose by 10.4%
- Gas sales volumes were up by 10.8%

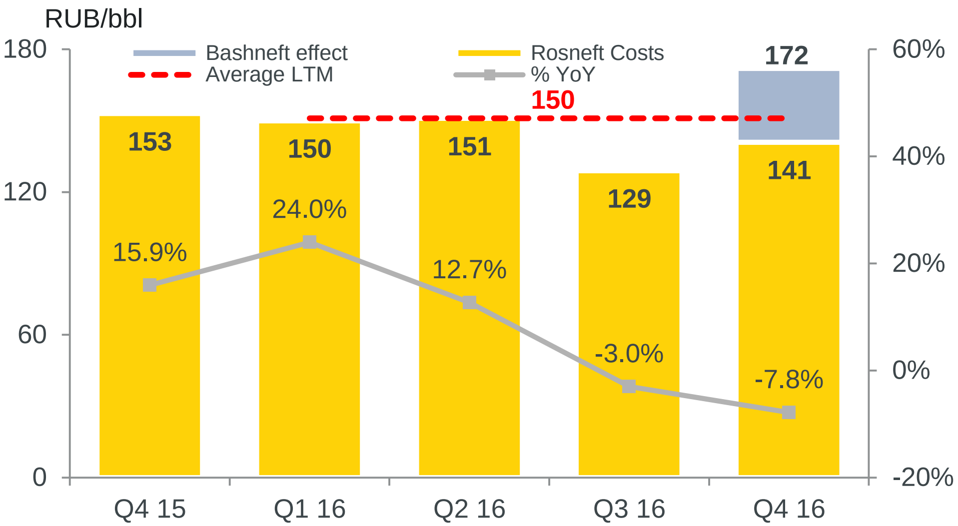
Note: (1) Amendments of sales and cost outside Russia related to update of invoices received from the partner are disclosed on gross basis with net impact of RUB (3.2) bln in 2015

Operating Costs Dynamics

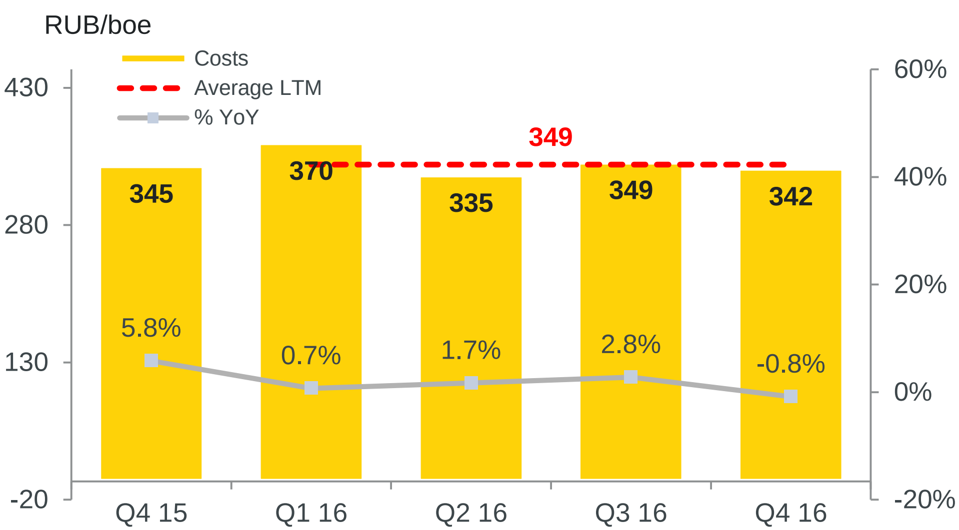
Lifting costs



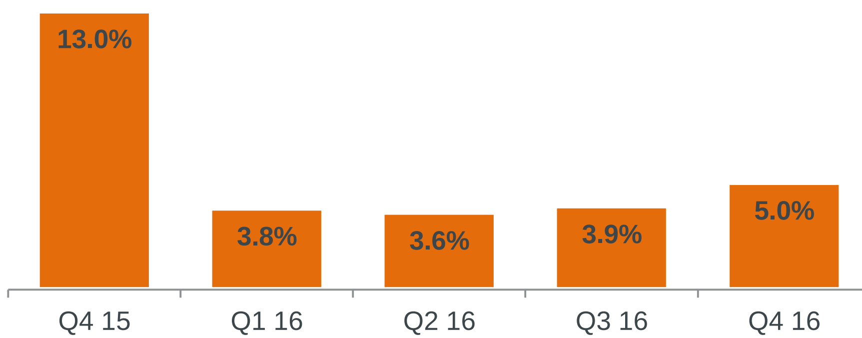
Refining costs in Russia



Transportation costs

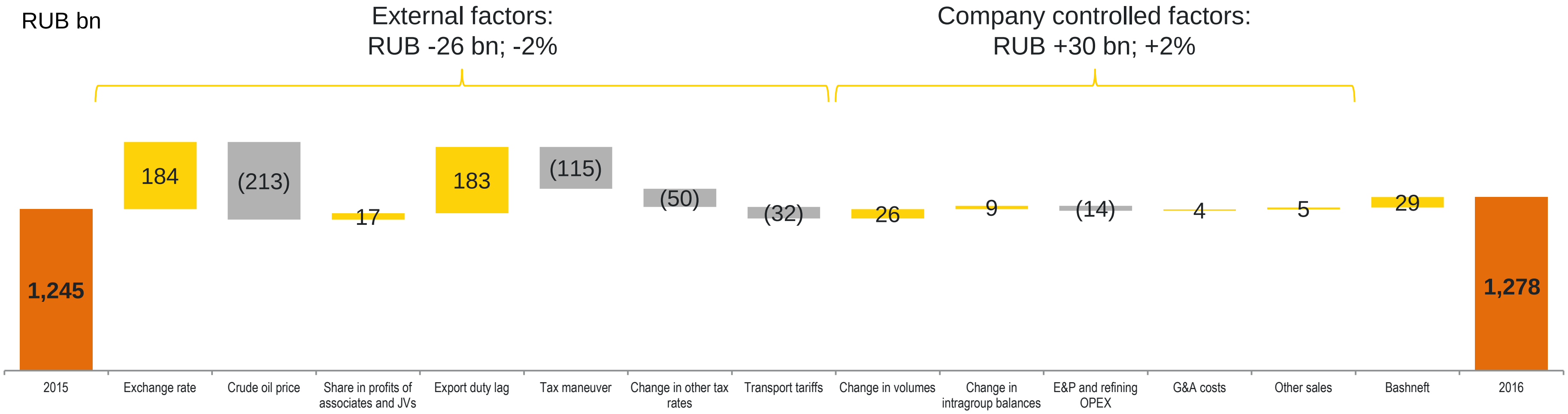


Producer price index (annual basis)

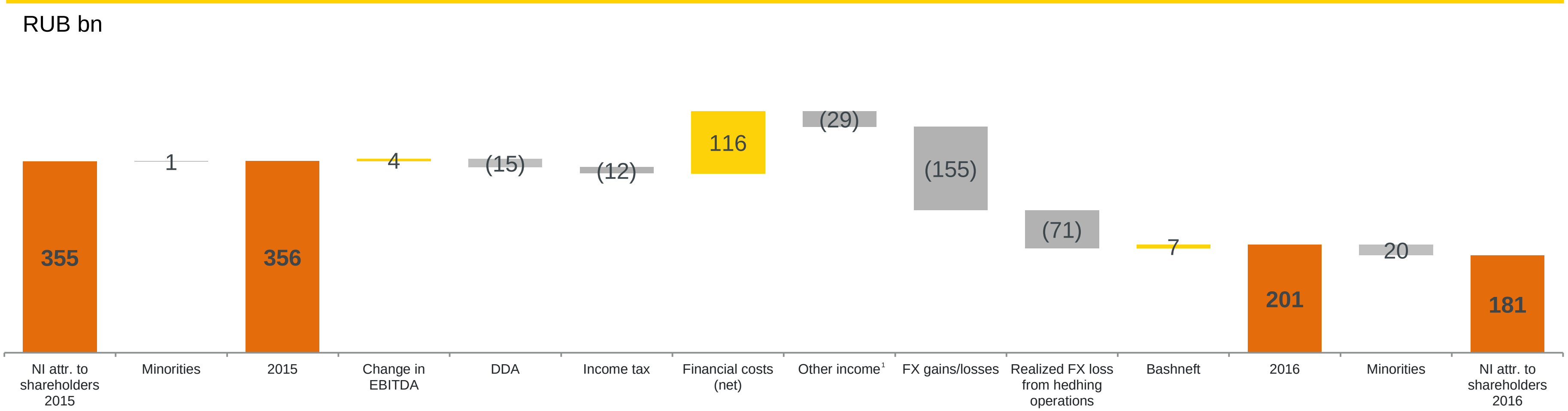


EBITDA and Net Income

EBITDA 2016 vs 2015



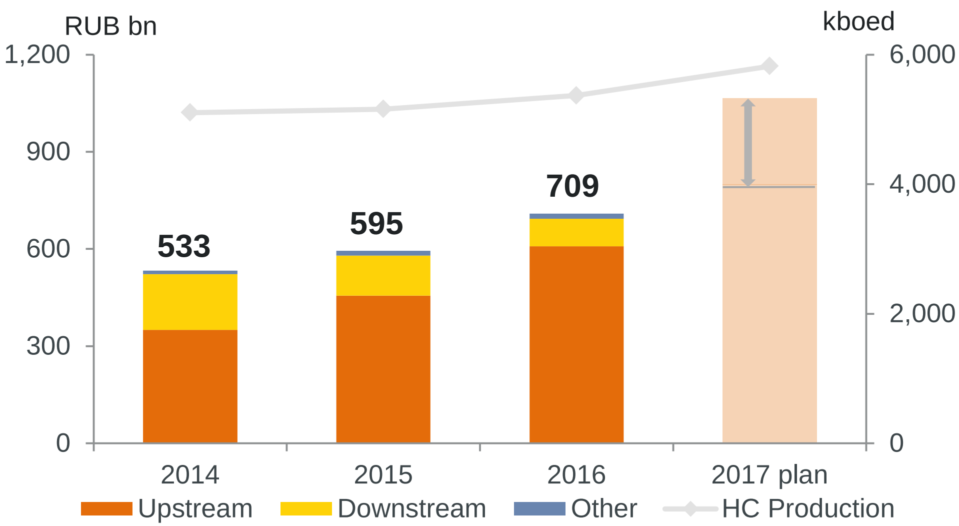
Net income 2016 vs 2015



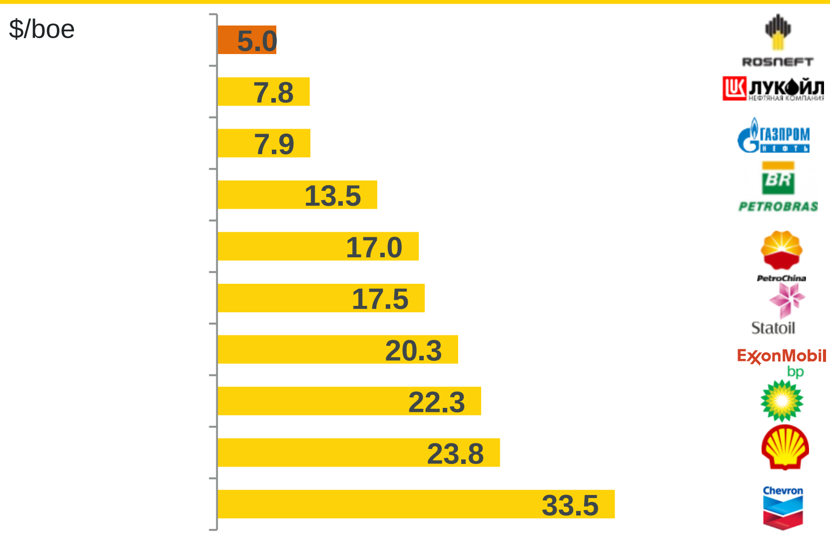
Note: (1) Other incomes include revenue from litigations debt relief in H1 2015 in the amount of RUB 37 bn and income from insurance premium, effect of sale of shares in subsidiaries and investments in associates and joint ventures in Q4 2015 in the amount RUB 38 bn and one-off effect from ROG reorganization in Q4 2016

CAPEX

CAPEX and production



E&P CAPEX 2016[1]: benchmarking



- Further enhancement of the investment program in 2016, overall CAPEX growth at +19%, Upstream spending increase at +33% (in line with the target), driven by:
  - start of an active development phase at major oil and gas greenfields (Suzun, Russkoe, Taas-Yuryakh, Yurubcheno-Tokhomskoe, Rospan)
  - increase in development drilling at Western Siberia mature fields
  - Bashneft and other new assets consolidation
- Retaining leadership in Upstream unit CAPEX efficiency: $5 per boe
- Further growth in 2017 investment program expected in the following areas:
  - development drilling increase to meet the strategic targets for hydrocarbon production growth
  - ongoing development of new major oil and gas upstream greenfields (Russkoe, Tagul, Trebs&Titov, Taas-Yuryakh)
  - intensifying of highly efficient refining upgrade program execution

Note: (1) Data for ExxonMobil, Chevron, Shell, BP, Petrochina for 2015, all other peers – for 9M 2016

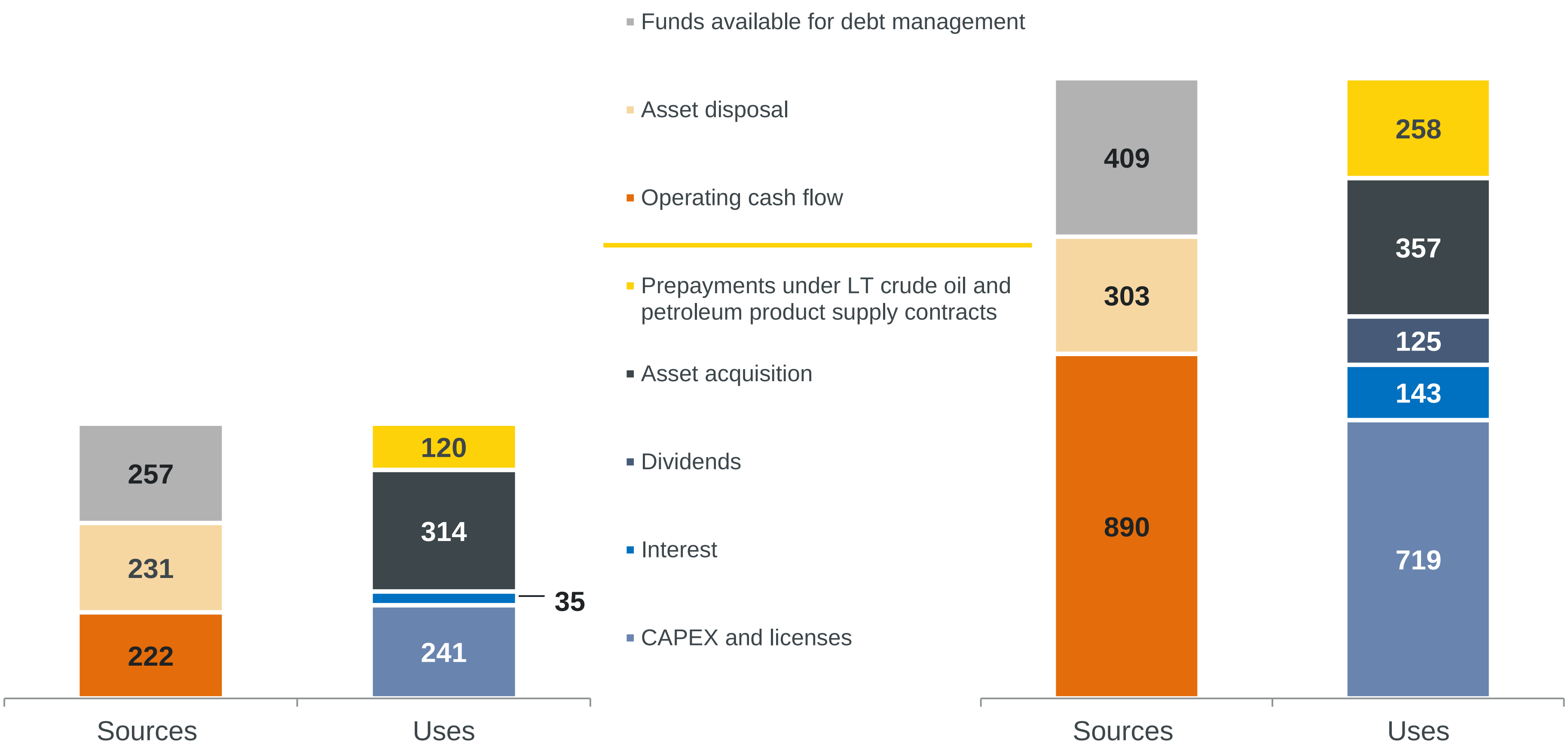
Sources & Uses of Cash

Q4 2016

RUB bn

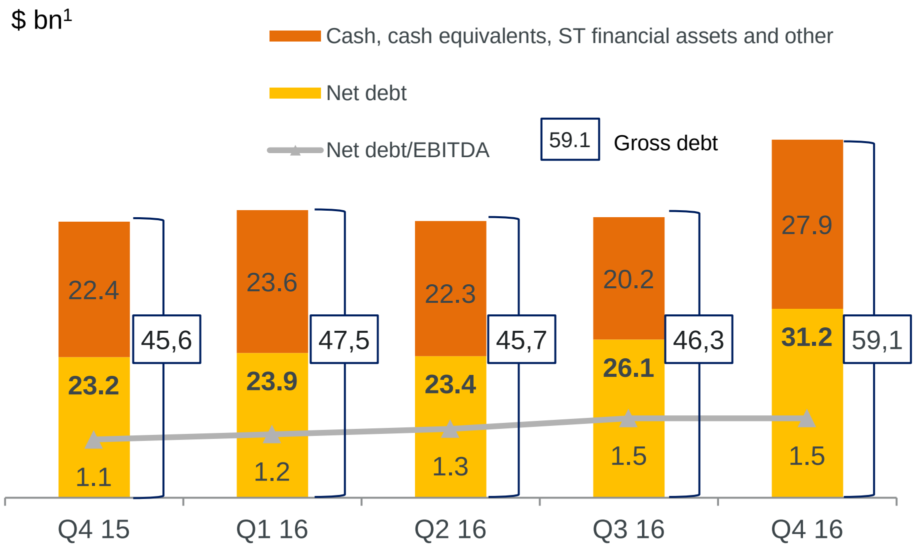
12M 2016

RUB bn



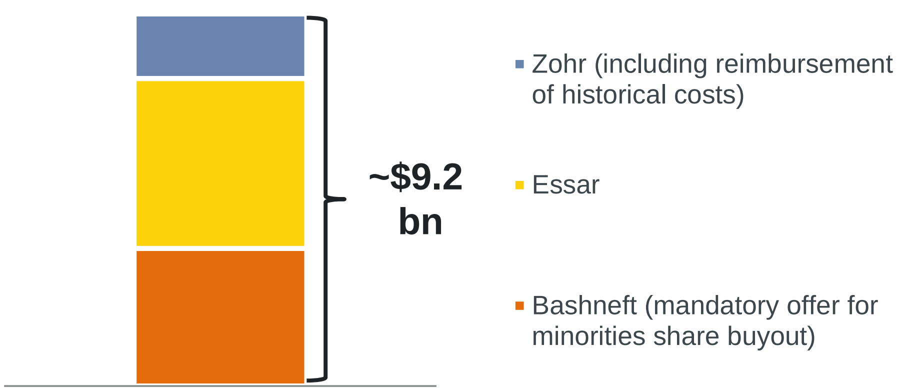
Financial Stability

Debt and net debt dynamics

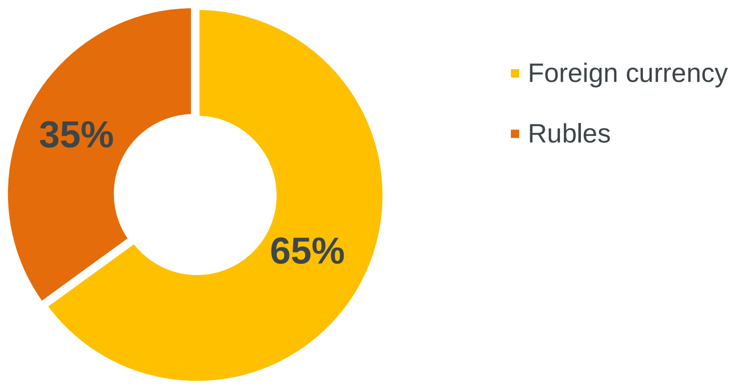


- Net debt increased by $5.1 bn in Q4 2016 due to the acquisition of the controlling stake in Bashneft
- Sustaining significant amount of liquidity on the balance (over $27.9 bn[2] for the end of Q4 2016) considering:
  - the repayment schedule
  - potential costs related to completion of M&A transactions expected in H1 2017 (maximum potential at above $9 bn)

Provisions for M&A deals



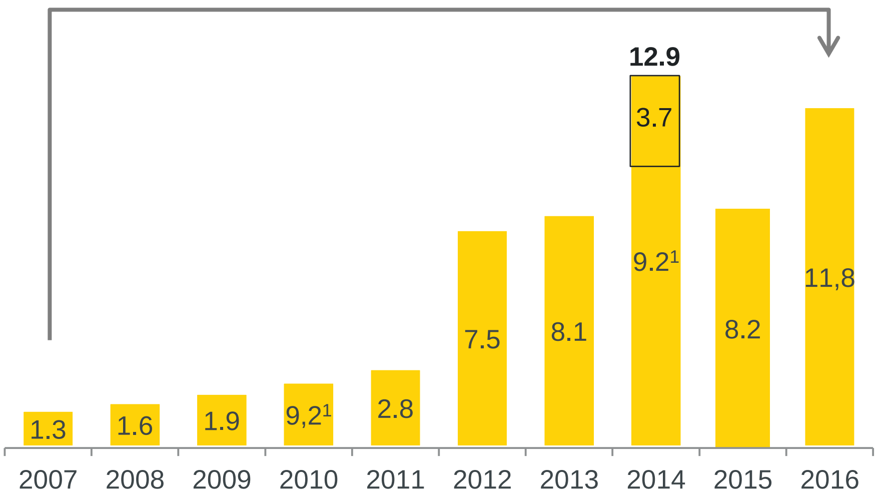
Debt profile by currency



Note: (1) Based on the CBR exchange rate as of the end of the relevant reporting period, (2) Including free cash short-term financial assets and part of long term deposits

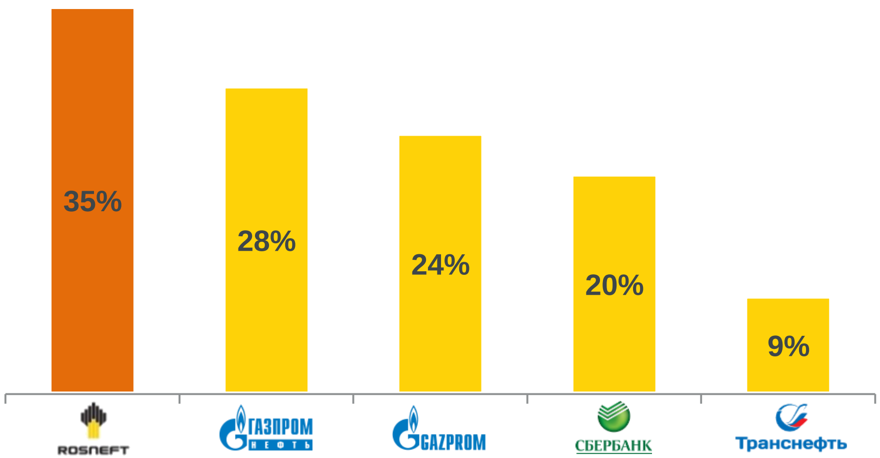
Dividend Policy

Dividend per share



- DPS CAGR since the IPO >25%
- On Dec 7, 2016 the BoD approved the changes in the dividend policy: minimum payout ratio – 35% of IFRS net income (the highest in the sector)
- The policy assumes the dividend payments twice a year

State controlled companies payout ratio (2015)



Company	Minimum payout[2]
Rosneft	**35% IFRS**
Gazprom	17.5-35% RAS
Lukoil	25% IFRS
Novatek	30% IFRS
Surgutneftegas	10% IFRS
Gazprom neft	15% IFRS or 25% RAS
Tatneft	30% RAS

Note: (1) Adjusted for RUB 167 bn revaluation of IFRS net income, (2) % of net income, according to the dividend policy

Plans for 2017

Exploration & Production	Reserve replacement at above 100% Oil and gas production growth
Refining, Marketing and Sales	Further optimization and efficiency improvement
Efficiency improvement	Maintaining the controlled cost growth below the inflation rates
CAPEX	Efficient business development focused on top-class assets with CAPEX growth of over 30% YoY Compliance with the highest HSE standards through maintenance costs management
Debt management	Reducing the amount of cash balances Meeting all the obligations

Appendix

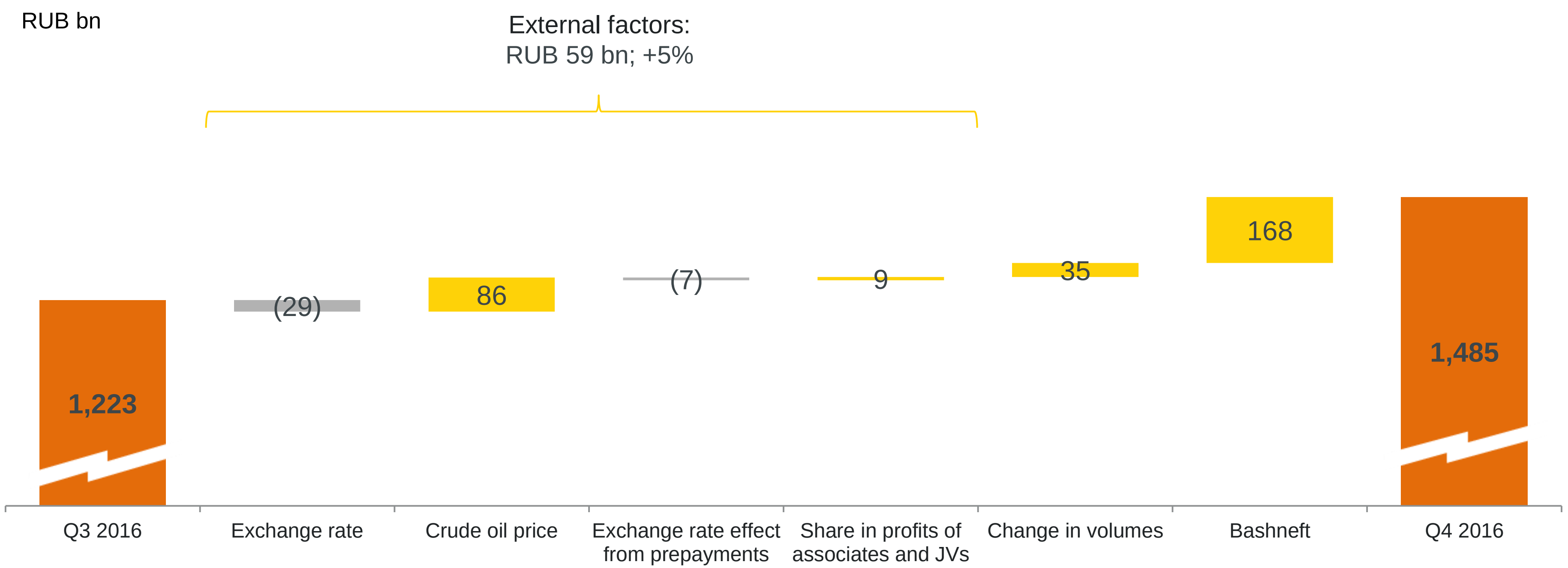
Key Indicators
(excl. Bashneft)

Indicator	2016	2015	%
SEC proven hydrocarbon reserves mmboe	**35,425**	34,465	+2.8%
Hydrocarbon production, incl kboed	**5,256**	5,159	+1.9%
Crude oil and NGL, kbpd	**4,142**	4,116	+0.6%
Gas, kboed	**1,114**	1,043	+6.8%
Refining throughput, mmt	**95.44**	96.90	(1.5)%
Refining depth %	**71.3%**	66.5%	+4.8 p.p.
EBITDA, RUB bn	**1,249**	1,245	+0.3%
Net income[1], RUB bn	**172**	355	(51.5)%
Adjusted net income[1,2], RUB bn	**433**	479	(9.6)%

Note: (1) Attributable to Rosneft shareholders, (2) Adjusted for FX gains/losses and other one-off effects

Revenues

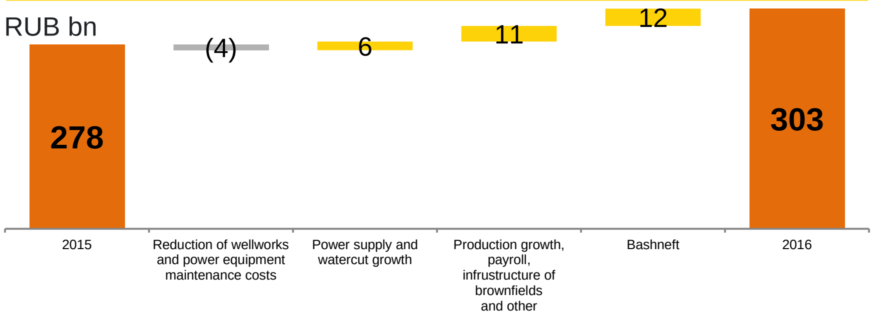
Q4 2016 vs. Q3 2016



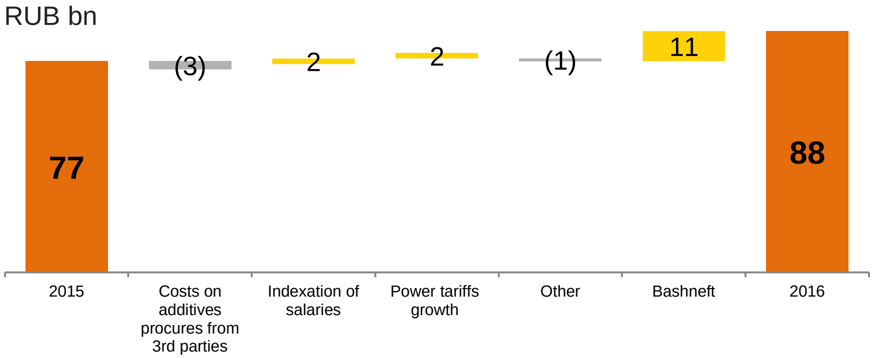
- Crude oil price growth by 7% in RUB terms
- Crude oil sales volumes (non-CIS) increased by 10.6%
- Petroleum product non-CIS exports were up by 19.3% and domestic product sales by 23.2% on the back of the market environment improvement
- Gas sales volumes jump by 23.7%

Operating Cost Dynamic 2016 vs 2015

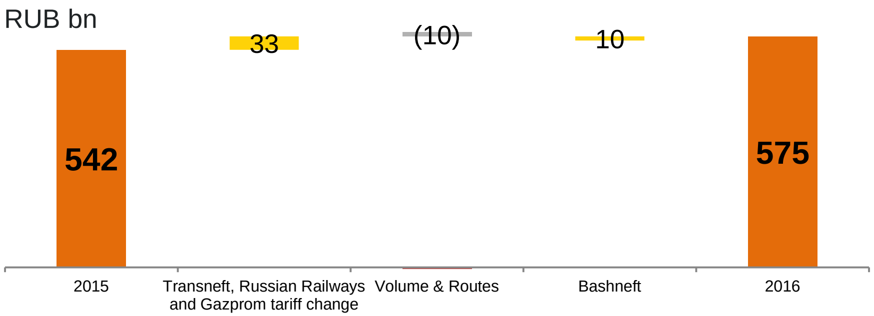
Lifting costs



Refining costs in Russia



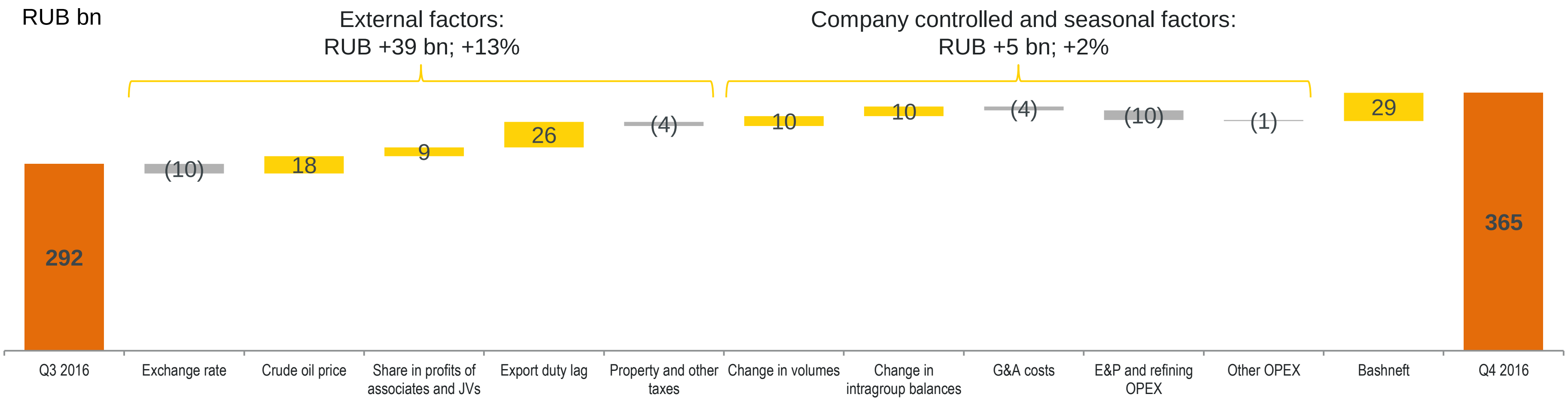
Transportation costs



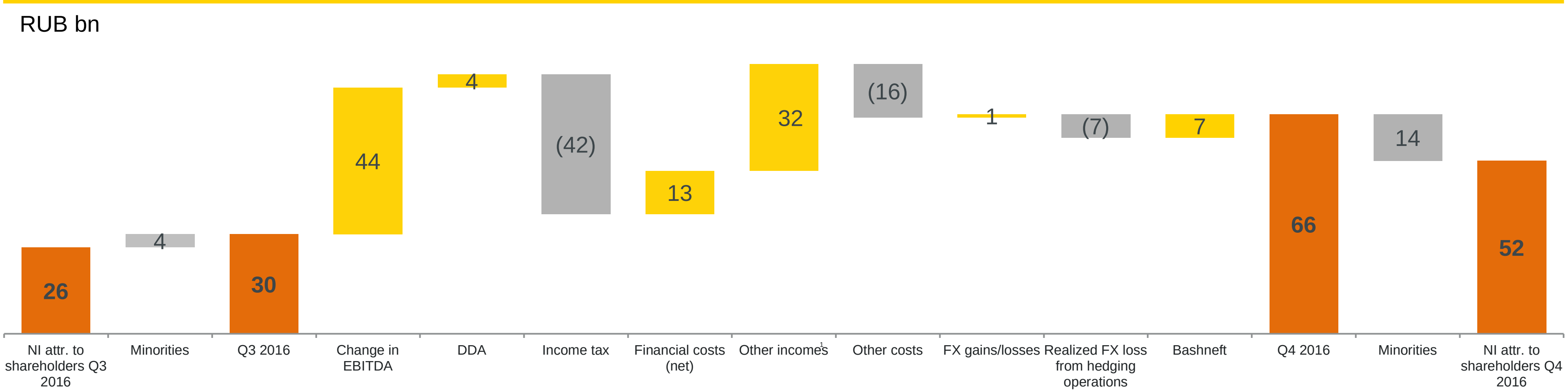
- Power supply costs increase (increase in tariffs and watercut) and overall OPEX growth due to higher HC production was partially offset by reduction of wellworks and power equipment maintenance costs
- Refining cost increase given natural monopolies tariffs growth as well as indexation of salaries
- Growth in Transneft crude transportation tariffs through trunk pipelines by 5.76% and changes in the network tariffs effective from January 1, 2016
- Indexation in Transneft products transportation tariffs for most destinations by 12% effective from January 1, 2016
- 9% growth of Russian Railways tariffs, charges and payments for cargo transportation and infrastructure utilization vs. 2015
- 7.1% CPI growth YoY

EBITDA and Net Income

EBITDA Q4 vs Q3 2016



Net Income Q4 vs Q3 2016



Note: (1) Other incomes include one-off effect from ROG reorganization in Q4 2016

FX Risk Hedge

	2016, RUB bn			2015, RUB bn		
	Before tax	Profit tax	Net of income tax	Before tax	Profit tax	Net of income tax
Recognized within other funds and reserves as of the start of the period	**(590)**	**118**	**(472)**	**(498)**	**100**	**(398)**
Foreign exchange risk management instruments gains/(losses) for the period	8	(2)	6	(215)	43	(172)
Exchange rate differences materialized for foreign exchange risk management tools	147	(29)	118	123	(25)	98
Total, recognized as part of other aggregate income (loss), over the period	**155**	**(31)**	**124**	**(92)**	**18**	**(74)**
Recognized within other funds and reserves	**(435)**	**87**	**(348)**	**(590)**	**118**	**(472)**

For reference:

Hedging amounts	$ mln	CBR exchange rate, RUB/$
As of December 31, 2015	3,918	72.8827
As of March 31, 2016	0	67.6076
As of June 30, 2016	0	64.2575
As of September 30, 2016	5,100	63.1581
As of December 31,2016	1,763	60.6569

Adjusted Operating Cash Flow Calculation

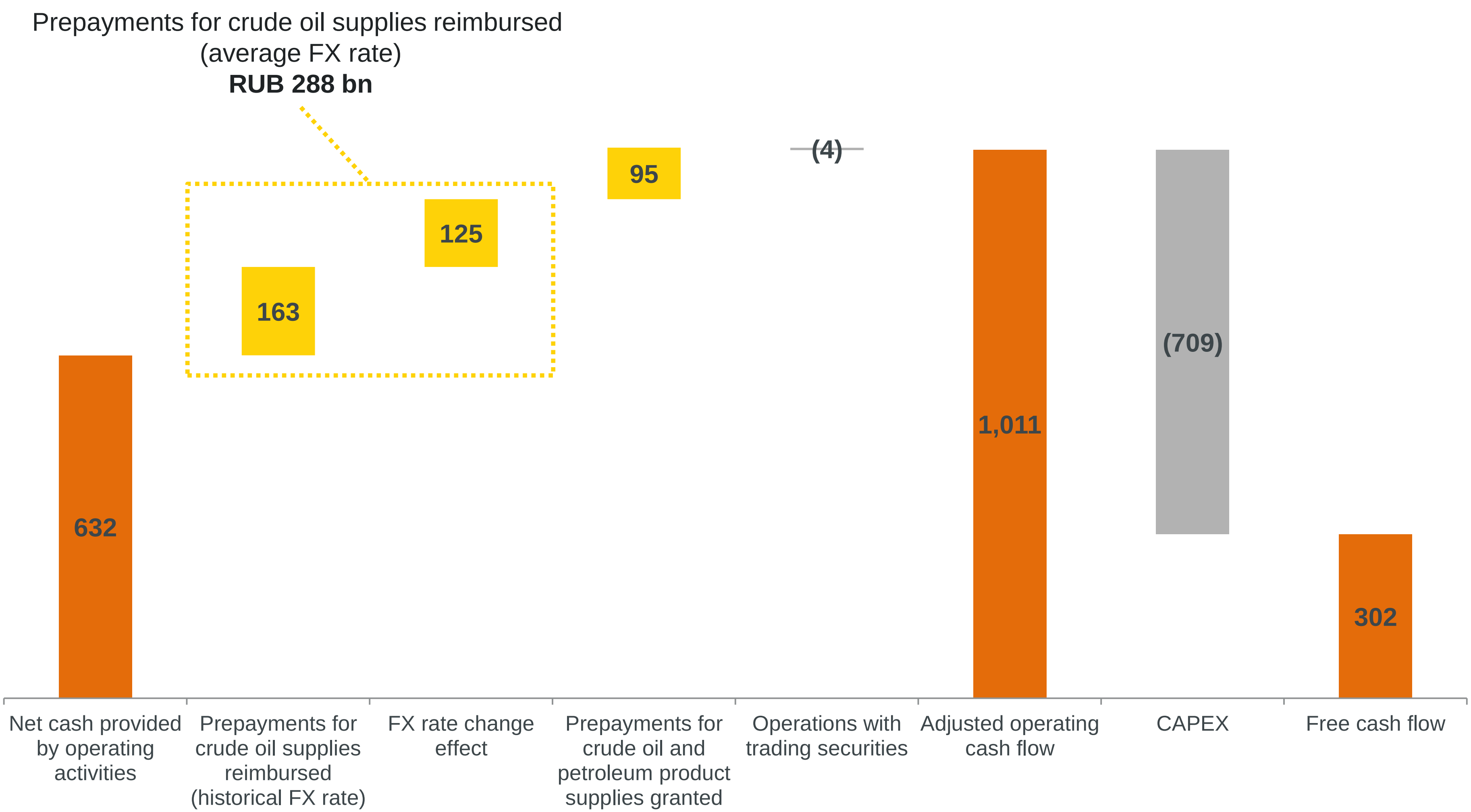
Profit and loss statement

#	Indicator	2016, $bn
1	**Revenue, incl.**	**77.2**
	Prepayments reimbursed	4.4
2	Costs and expenses	(65.2)
3	**Operating profit (1+2)**	**12.0**
4	Expenses before income tax	(7.1)
5	Income before income taxes (3+4)	4.9
6	Profit tax	(1.9)
7	**Net income (5+6)**	**3.0**

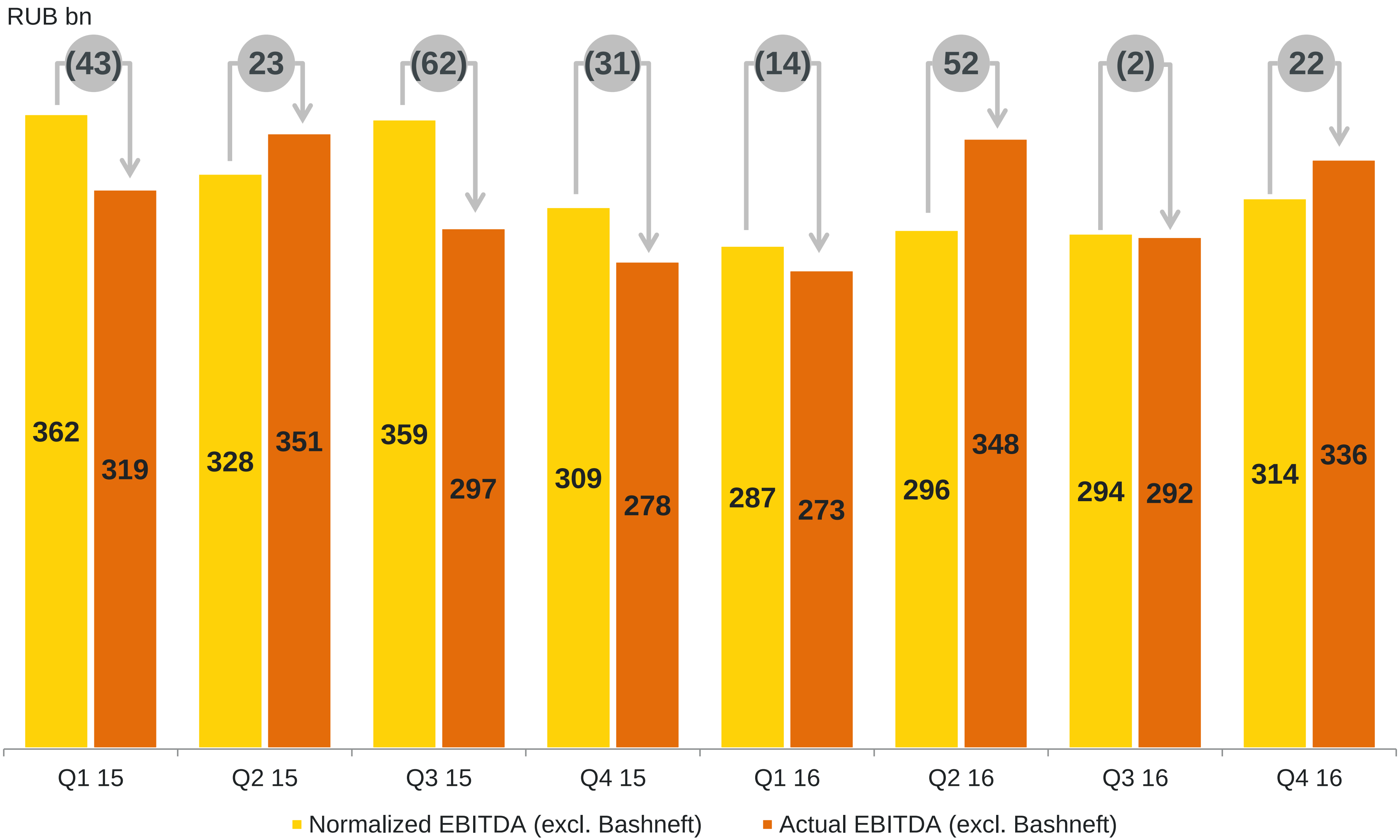
Cash flow statement

2016, $bn	Indicator	#
3.0	**Net income**	**1**
12.6	Adjustments to reconcile net income to cash flow from operations	2
(5.9)	Changes in operating assets and liabilities, including	3
(4.4)	Prepayments reimbursed	
(1.5)	Financing against future deliveries	
(0.3)	Income tax payments, interest and dividends received	4
9.4	**Net cash from operating activities (1+2+3+4)**	**5**
(0.1)	Operations with trading securities	6
5.9	Effect from prepayments and advances	7
15.2	**Adjusted operational cash flow (5+6+7)**	**9**

Adjusted Operating Cash Flow



Export Duty Lag



Note: The effect of the time lag in the establishment of import duties on the Company's EBITDA stands apart on this slide, i.e. (unlike the factor analysis) it is calculated for certain quarters and based on the volumes and the USD average exchange rate of respective quarter

Financial Costs, RUB bn

	Indicator	2016	2015	%	Q4 16	Q3 16	%
1.	**Interest accrued[1]**	**144**	**139**	**3.6%**	**40**	**34**	**17.6%**
2.	Interest paid	**143**	137	4.4%	35	37	(5.4)%
3.	Change of interest payable (1-2)	**1**	2	(50.0)%	5	(3)	–
4.	Change of interest payable[2]	**64**	48	33.3%	20	15	33.3%
5.	Net (income)/loss from operations with financial derivatives[3]	–	104	–	–	–	–
6.	Increase of provisions as a result of time passing	**15**	13	15.4%	4	3	33.3%
7.	Interest for using cash payable under advance payment contracts	**90**	58	55.2%	23	22	4.5%
8.	Other financial costs	**8**	3	>100%	5	1	>100%
9.	**Total financial costs (1-4+5+6+7+8)**	**193**	**269**	**(28.3)%**	**52**	**45**	**15.6%**

Note: (1) Including interest charged on credits and loans, promissory notes, ruble bonds and Eurobonds; (2) Capital costs 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; (3) Net-effect changes in operations with financial derivatives resulted from fluctuations of currency component of the deals

EBITDA and Net Income Sensitivity

Urals price change

RUB bn	-12 $/bbl	+12 $/bbl
EBITDA	**(243)**	**243**
Net income	**(195)**	**195**

Exchange rate change

RUB bn	-7 RUB/$	+7 RUB/$
EBITDA	**(237)**	**237**
Net income	**(190)**	**190**

- Average Urals price in 2016 was 42 $/bbl. If the average price had increased by $12 to the level of 54 $/bbl, EBITDA would have increased by RUB 243 bn
- Average USD exchange rate in 2016 was 67 RUB/$. If the average exchange rate for the specified period was 7 RUB/$ below, EBITDA would have decreased by RUB 237 bn

Questions & Answers