Rosneft Oil Company
IFRS Results
Q3 2018

November 6, 2018

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Overview of Key Corporate Developments

Macroeconomic Environment[1]

Indicator	Q3'18	Q2'18	%	9M'18	9M'17	%
Urals, $/bbl	**74.2**	72.5	2.4%	**70.7**	50.6	39.6%
Urals, '000 Rub/bbl	**4.86**	4.48	8.6%	**4.34**	2.95	47.0%
Naphtha, '000 Rub/ton	**42.06**	38.52	9.2%	**37.37**	26.16	42.9%
Gasoil 0.1%, '000 Rub/ton	**43.44**	40.13	8.3%	**38.86**	27.08	43.5%
Fuel oil 3.5%, '000 Rub/ton	**27.94**	25.09	11.4%	**24.35**	16.94	43.7%
Average exchange rate, Rub/$	**65.5**	61.8	6.0%	**61.4**	58.3	5.3%
Inflation for the period (CPI), %	**0.4%**	1.3%	-	**2.5%**	1.7%	-

Key Events

- Efficient daily liquids production recovery in Q3 2018 (+2.6% QoQ) as a result of easing the restrictions under the OPEC+ agreement
- New industry achievements: development drilling footage reached 56,708 meters per day (+7% vs previous period), record high average daily liquids production at Yugansk – over 195 ktd (1.45 mbd)
- Accumulated production of crude oil at Kondinskoe field (part of the Erginsky cluster) exceeded 1 mmt for less that a year owing to accelerated development, average daily production in Q3 2018 of more than 5 ktd
- Start-up of the 5th GTU at the Zohr field (Egypt) ahead of schedule, commissioning of the 2nd transport pipeline – increasing project capacity by over 25% to >56.6 mmcm of gas daily
- Interim dividends approved by the extraordinary shareholders meeting. Shareholders will receive c. Rub 155 bn in the form of dividends for the H1 2018 which is 50% of the Company IFRS net income

Note: (1) Average prices and changes are calculated based on unrounded data of analytical agencies

Key Operational Highlights

Indicator	Q3 2018	Q2 2018	%	9M 2018	9M 2017	%
Hydrocarbon production, incl. kboed	**5,826**	5,706	2.1%	**5,747**	5,720	0.5%
Oil and liquids kbpd	**4,726**	4,604	2.6%	**4,633**	4,585	1.0%
Gas kboed	**1,100**	1,102	(0.2)%	**1,114**	1,135	(1.9)%
Oil refining mmt	**29.8**	28.1	6.0%	**85.5**	84.3	1.4%
Refining depth, %	**75.4**	74.9	+0.6 p.p.	**75.2**	75.2	-

Key Financial Highlights

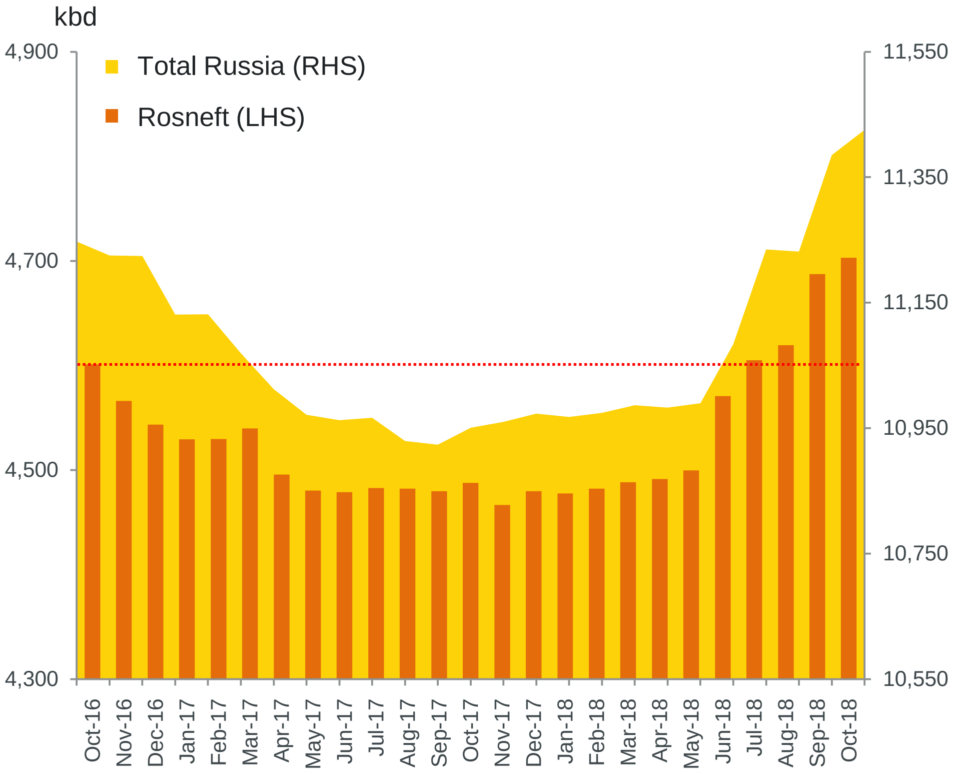
Indicator	Q3 2018	Q2 2018	%	9M 2018	9M 2017	%
EBITDA, Rub bn	**643**	565	13.8%	**1,593**	1,010	57.7%
Net Income, Rub bn *attributable to Rosneft shareholders*	**142**	228	(37.7)%	**451**	131	>100%
Adjusted net income[1], Rub bn *attributable to Rosneft shareholders*	**267**	257	3.9%	**648**	299	>100%
Adjusted operating cashflow[2], Rub bn	**736**	450	63.6%	**1,551**	831	86.6%
CAPEX, Rub bn	**227**	229	(0.9)%	**679**	630	7.8%
Free Cash Flow, Rub bn	**509**	221	>100%	**872**	201	>100%
EBITDA, $ bn	**9.8**	9.1	7.7%	**25.7**	17.3	48.6%
Net Income, $ bn *attributable to Rosneft shareholders*	**2.3**	3.6	(36.1)%	**7.4**	2.2	>100%
Adjusted net income[1], $ bn *attributable to Rosneft shareholders*	**4.1**	4.2	(2.4)%	**10.4**	5.1	>100%
Adjusted operating cashflow, $ bn	**11.3**	7.3	54.8%	**25.0**	14.2	76.1%
CAPEX, $ bn	**3.5**	3.7	(5.4)%	**11.1**	10.8	2.8%
Free Cash Flow, $ bn	**7.8**	3.6	>100%	**13.9**	3.4	>100%
Urals price, th. Rub/bbl	**4.86**	4.48	8.6%	**4.34**	2.95	47.0%

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) and operations with trading securities (Rub equivalent)

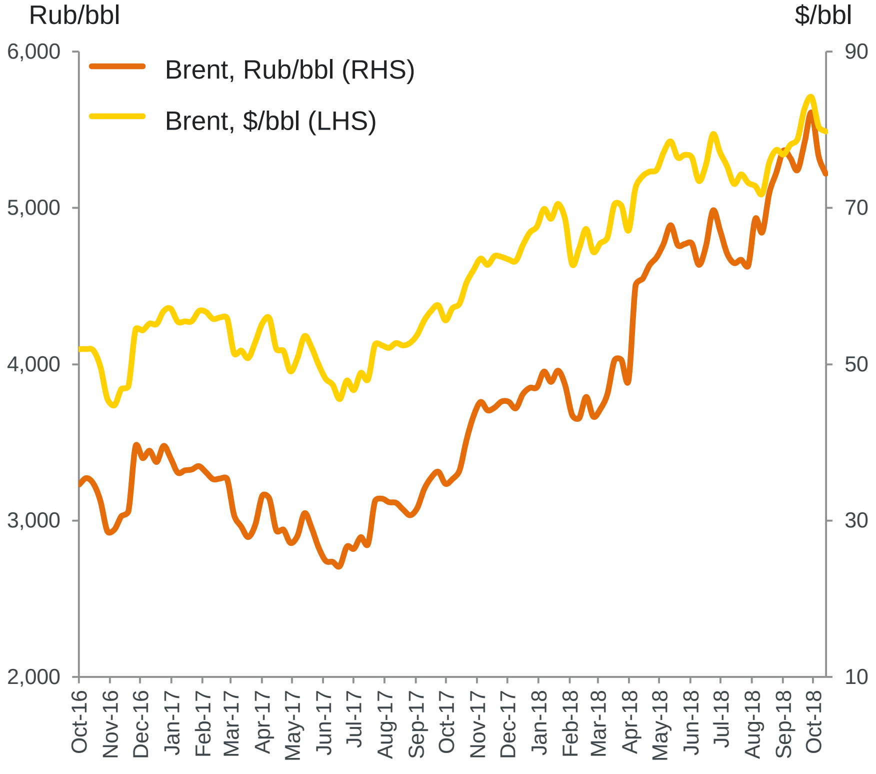
Operating Results

OPEC+ Deal

Liquids production in Russia



Crude oil price

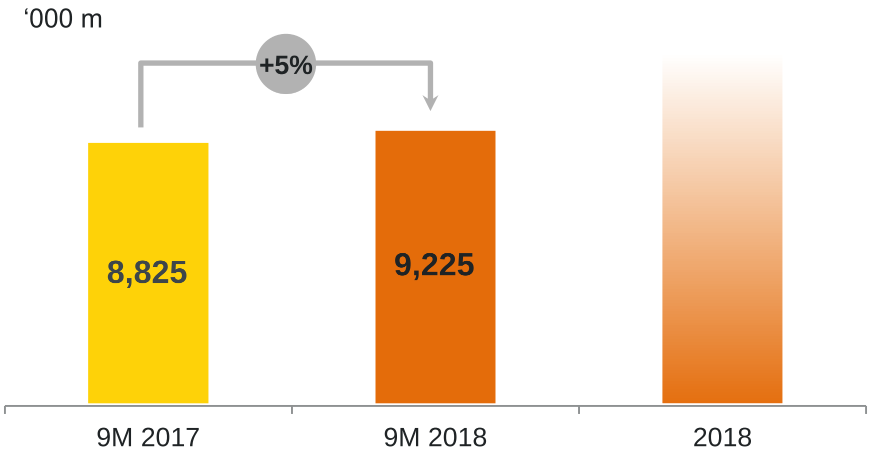


- In October 2018 liquids production in Russia reached its record high of 11.43 mmbd following the easing of the OPEC+ restrictions (+4.4% YoY or >470 kbd)
- Rosneft increased liquids production and was the key contributor to the Russia overall growth – average daily production in October reached 4.7 mmbd[1], which is >200 kbd more than in May 2018 and by >100 kbd exceeds the production levels before the OPEC+ agreement implementation (October 2016)
- Due to successful implementation of OPEC+ agreement and some other factors crude oil price increased by 60% and 70% in USD and Rub terms respectively to $82 and > Rub 5,400 per barrel (average in October 2018)

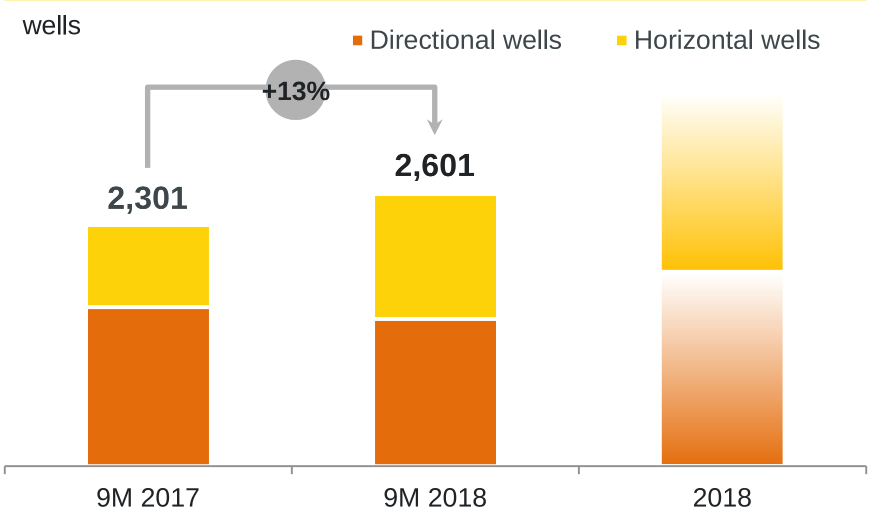
Source: CDU TEK, Company data
Note: (1) Excl. international projects (Rosneft total – 4.78 mmbd)

Development drilling

Development drilling footage



New well commissioning



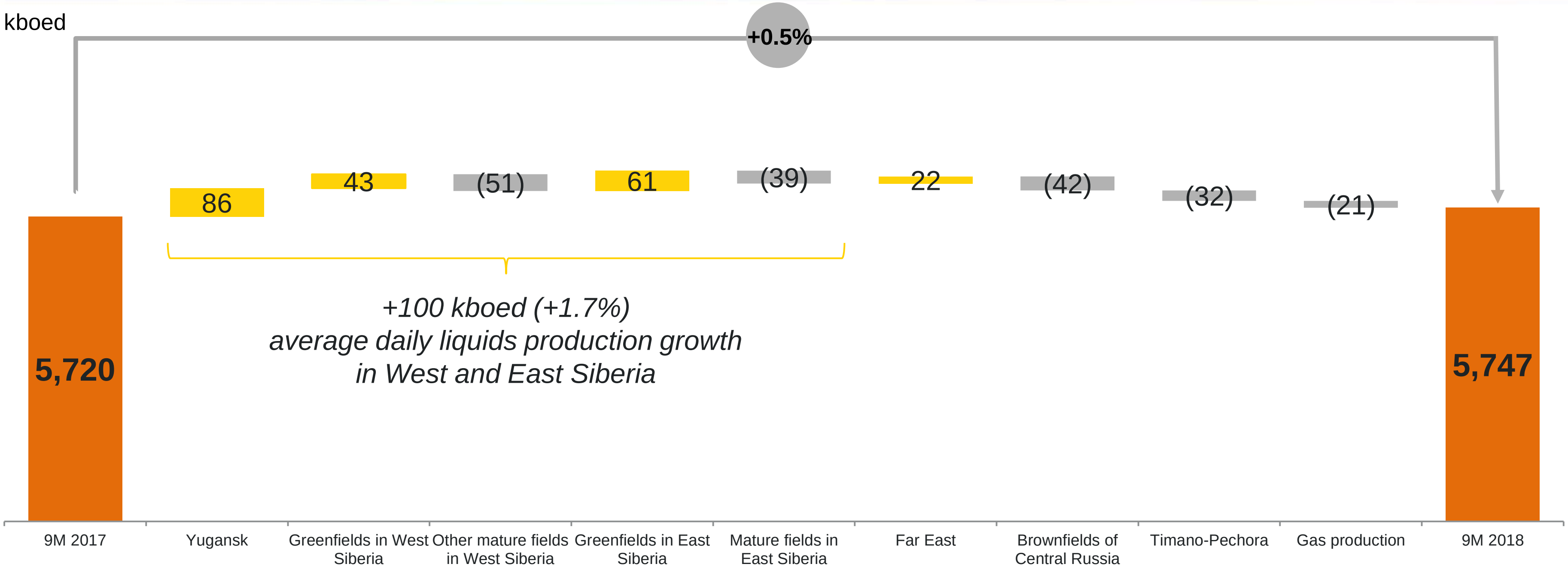
Key achievements in 9M 2018

- Increase in development drilling footage by 5% (vs 9M 2017) to 9.2 mm meters with c. 60% share of in-house service
- 13% increase in new wells commissioning to 2.6 th. wells. Increase in the commissioning of new horizontal wells (HW) by 52% with their share growth to 46%. Growth in the number of HW with multi-stage hydrofracs by 69%
- The Company set a new industry drilling record – in August daily drilling rate amounted to 56,708 m exceeding the previous achievement by 7%
- First horizontal wells were commissioned following the development drilling at the Taltsiyskoe field of RN-Uvatneftegaz with initial flow rates of up to 500 tpd

Plans for 2018

- Maintaining the development drilling footage
- New wells commissioning – not less than 2017 level, maintaining horizontal wells share of not less than 40%
- Further improvement in drilling and completion efficiency

Hydrocarbon Production



- Efficient liquids production recovery following the OPEC+ restrictions easing
- In October 2018 liquids production[1] reached 4.78 mmbd, exceeding the production levels before the OPEC+ agreement implementation (October 2016) by >100 kbd
- Average daily liquids production in West and East Siberia rose by +1.7% vs 9M 2017 (or +100 kbd) on the back of higher production at Yuganskneftegaz and the development of new projects
- RN-Yuganskneftegaz set a new industry record of daily oil production – 1,446 kbd
- Average daily production at the Suzun, East-Messoyakha, Yurubcheno-Tokhomskoye and Kondinskoye fields amounted to over 200 kbd for 9M 2018
- Start-up of the 5th GTU at the Zohr field and commissioning of the 2nd transport pipeline enabled to increase production to c. 7.1 bcm for 9M 2018 (1.3 bcm in the Company's share)

Note: (1) Total Company production (excl./ international projects – 4.7 mmbd)

Progress in Key Projects

Indicator	Yurubcheno-Tokhomskoe field	Kondinskoe field
3P reserves (PRMS)	282 mmtoe / 2,156 mmboe[1]	143 mmtoe / 1,036 mmboe
Commissioning year	2017	2017
Production in H1 2018	1.7 mmt	1.0 mmt
Production plateau (year)	c. 5 mmtpa (2019)	>2 mmtpa (2019)
Tax benefits	MET tax break	Reduced MET (hard-to-recover reserves)

- In 2017, oil treatment facility (OTF-1) pilot operation started at the Yurubcheno-Tokhomskoye field in Eastern Siberia, as wells as the Pipeline offload facility – tie-in point of OPS-2
- For ensuring design level of production and treatment of oil (5 mmt of oil) the construction of OTF-2 and other field facilities is under way, development drilling is ramping up

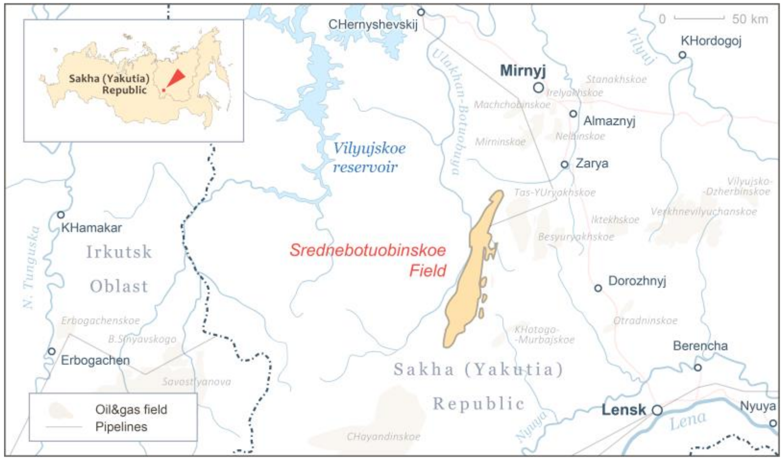
- In November 2017, the Erginsky cluster 1st start-up complex in West Siberia was officially commissioned; the first batch of commercial oil was shipped to the pipeline system of Transneft
- Development drilling, setup of new well pads and infrastructure facilities continue; the program of WW and wells conversion to injection is being successfully implemented.
  In April 2018 GTPP 36 MW was commissioned

Note: (1) Reserves data for the Yurubchensky block

Progress in Key Greenfields: Taas-Yuryakh (Srednebotuobinskoye Field, Stage 2)

Indicator	Value
3P reserves (PRMS)	286 mmtoe / 2,096 mmboe
Commissioning year	Q4 2018
Plateau production (year)	c. 5 mmtpa (2021+)
Tax benefits	MET[1] and export duty tax break

- Second stage facilities were launched (oil pipeline, central processing facility, crude oil delivery and acceptance point), which provide for the treatment and delivery of up to 5 mmtpa of oil
- Construction of the HP gas compressor station and gas turbine power station, preparation of well pads for drilling are underway
- The program of horizontal and multilateral wells drilling is in progress
- The program of pilot oil production from Osinsky horizon that holds hard-to-recover reserves is underway
- Crude oil production exceeded 2 mmt for 9M 2018

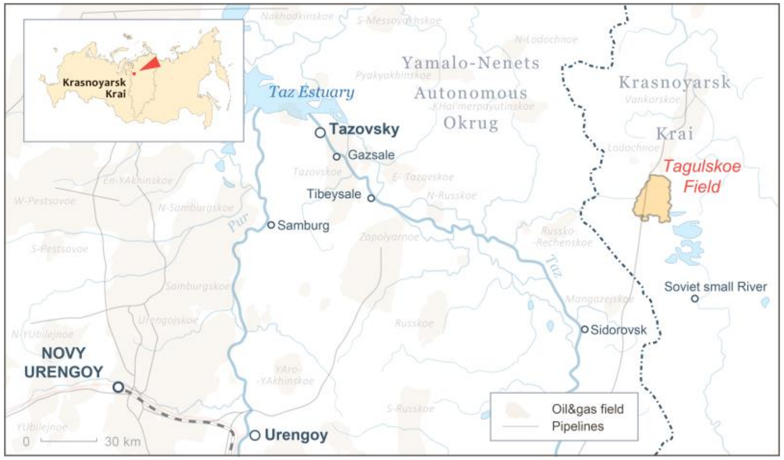


Note: (1) Tax holidays

Progress in Key Greenfields: Tagul Field

Indicator	Value
3P reserves (PRMS)	447 mmtoe / 3,180 mmboe
Commissioning year	Q4 2018
Plateau production (year)	>4.5 mmtpa (2022+)
Tax benefits	MET tax break

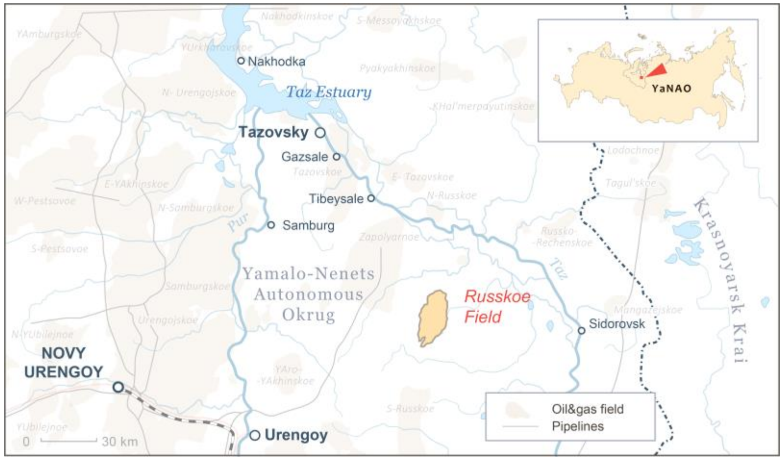
- Work is performed using mobile OTF for minimization of geological risks and ensuring design oil production levels
- Development drilling continues. 4 rigs were additionally mobilized, their total number is increased to 8 units 39 wells were drilled in 9M 2018
- As part of the pilot project, construction of the first start-up complex of the oil treatment facility (OTF) with a design capacity of 2.3 mmtpa continues
- Well pads are being prepared for subsequent drilling; motor roads and energy facilities construction is in progress
- Pilot production in 9M 2018 amounted to 0.9 mmt



Progress in Key Greenfields: Russkoe Field

Indicator	Value
3P reserves (PRMS)	426 mmtoe / 2,874 mmboe
Commissioning year	Q4 2018
Plateau production (year)	>6.5 mmtpa (2022+)
Tax benefits	MET tax break[1]

- As at the end of Q3 2018 over, 170 wells were drilled with more than 9,000 tpd potential of oil production from hard-to-recover reserves. During the pilot, 8 multilateral wells were drilled, incl. 3 wells based on Fishbone technology
- Energy complex for power generation using associated petroleum gas was put into operation
- Construction of pressure pipeline CPF Russkoe - PSP Zapolyarnoe is at final stage
- Construction and installation work at the key production facilities continues: Zapolyarnoye RPS, CPF with injection station at Russkoye field, as well as auxiliary and other infrastructure facilities
- Pilot production in 9M 2018 amounted to 0.2 mmt



Note: (1) For the entire field development cycle (viscous oil)

Progress in Key Greenfields: Kuyumba Field[1]

Indicator	Value
3P reserves (PRMS)	282 mmtoe / 2,154 mmboe
Commissioning year[2]	Q4 2018
Plateau production (year)[2]	>3 mmtpa (2021+)
Tax benefits	MET[3] and export duty tax breaks

- Construction and installation works and pre-commissioning of oil gathering and treatment facilities (CPF and oil gathering line from the right bank of the Podkamennaya Tunguska River)
- As part of implementation of the priority works involving pre-commissioning and integrated testing of the equipment, Central Processing Facilities were filled with oil in October 2018
- Development drilling continues (for 9M 2018 22 wells were drilled)
- Well pads excavation fits the drilling schedule
- Pilot production in 9M 2018 amounted to 0.3 mmt

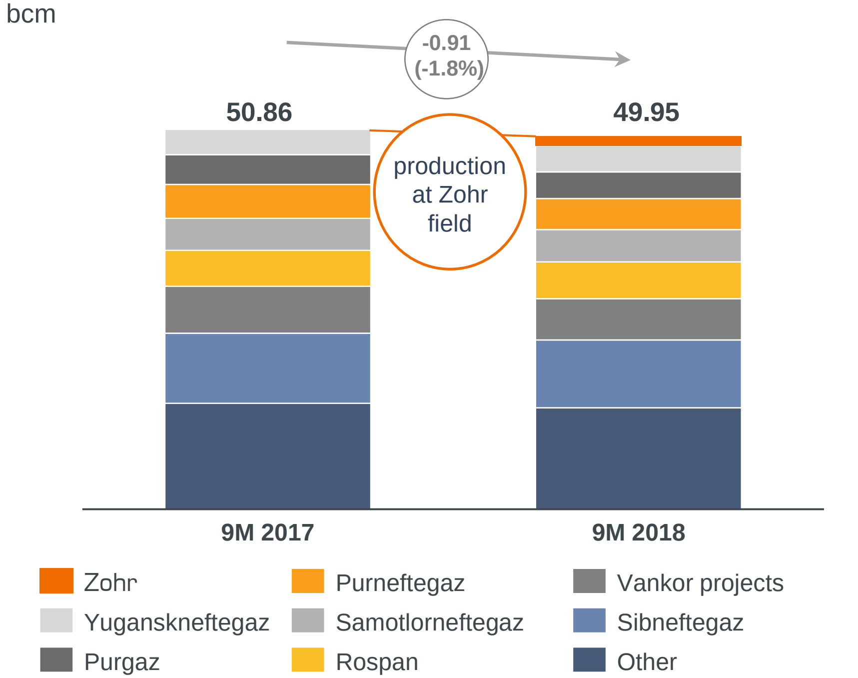
Note: (1) License for the Kuyumba field belongs to OOO «Slavneft-Krasnoyarskneftegaz», a JV with Gazpromneft, data for a 100% of the project; (2) Data on commissioning of the first start-up complex of the Kuyumba field, (3) Tax holidays

Gas Business

Key achievements for 9M 2018

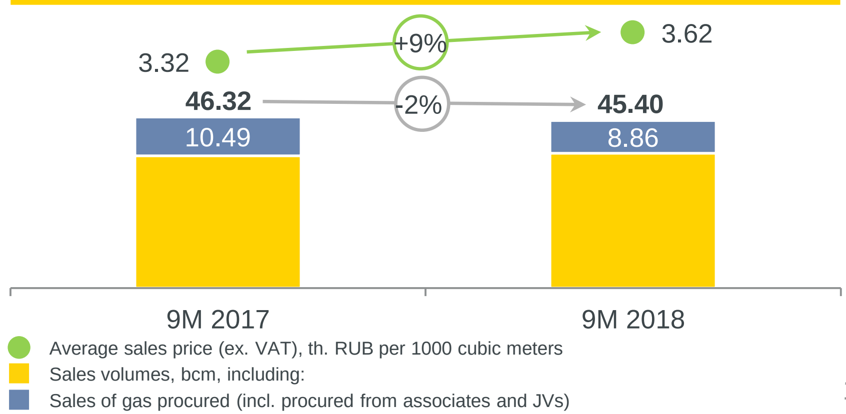
- Revenue from gas sales increased by 6.8% due to increase of regulated price by 3.4% in Q3 2018 among other reasons
- Gas transportation costs reduced by 9% due to logistics optimization
- 1.8% gas production decline, due to a reduction in the production of APG at the fields with developing infrastructure, as well as a number of other assets based on the development cost efficiency of and taking into account the external constraints
- Start-up of the 5th GTU at the Zohr field (Egypt) in Q3 2018, commissioning of the 2nd transport pipeline (from the field to GTU and new wells) – increasing project capacity by over 25% to >56.6 mmcm of gas daily[1]
- Agreement was signed with Beijing Gas fixing the main terms of setup of the joint venture for construction and operation in Russia of a network of car filling compressor stations

Gas production



Gas revenues

Gas sales

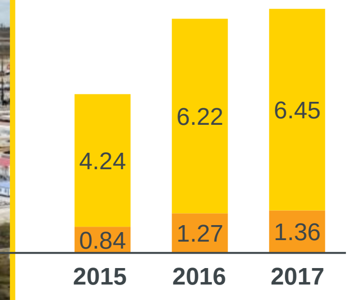


Note: (1) Data for 100% of the project

Progress Key Projects: Rospan

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

Indicator	Value
3P reserves (PRMS) (PRMS)	878 bcm of gas, 191 mmt of gas condensate, LPG and oil
Annual production	Potential: > 19 bcm of gas > 5 mmt of liquids up to 1.3 mmt of LPG
Commissioning year	2019



Key Facilities:

- Gas treatment unit at the Novo-Urengoyskiy license area (launched)
- Gas and condensate treatment unit at the East-Urengoyskiy license area
- Oil treatment facilities for the Valangian deposit, tank farm for oil storage and transshipment
- A loading railroad terminal at Korotchaevo station with a tank farm for LPG storage
- Trunk and field pipelines
- Power supply facilities

Current status:

Key field facilities construction in active phase:

- GTU at Vostochno-Urengoisky LA: work is under way for corrosion protection of pipelines and racks Installation, hydraulic testing and thermal insulation works completed on vertical steel tanks of the first startup complex in the stabilized condensate storage facility Completing installation of process equipment on the 2nd stage methanol recovery unit
- GTPP at Vostochno-Urengoisky LA: work is under way for installation of utility systems, started installation of ventilation and heating systems in the machine hall
- Railroad Terminal: continuing installation of equipment on the loading rack, spherical tanks, work on thermal treatment and hydrotesting is under way installation of pipelines, servicing pads, valves is under way on PBT pump station. Laying of railway lines and track switches, installation of overpasses continues.

At the above facilities, installation of process pipework, cables/conductors is continuing.

- Construction of main and infield pipelines, power supply facilities is continues

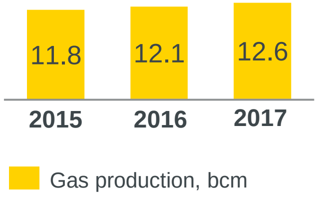
Near-term plans:

- Complete the construction and commission the key facilities
- Project startup in 2019

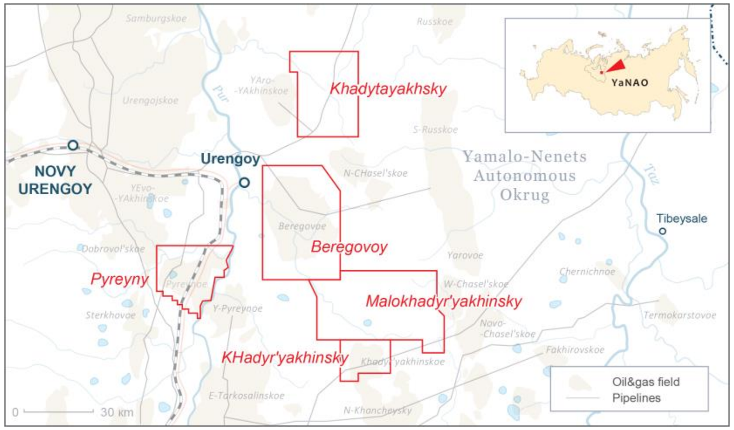
Brownfields Development: Projects at Sibneftegaz

The Company's largest asset in terms of gas production. For 9M 2018, production stood at 9.07 bcm

Indicator	Value
3P PRMS reserves (gas)	514 bcm
Commissioning year	2007 (Beregovoy LA) 2009 (Pyreyny LA) 2014 (Khadyryakhinsky LA)
Plateau production (gas)	>16 bcm
Year of plateau	2022



- Mature gas asset: by the end of Q3 2018, the accumulated gas production was 111 bcm. The key asset of the Company is Beregovoye Oil and Gas Condensate Field
- Additional opportunities for production ramp-up with low capital investments are being implemented: Khadyryahinsky LA development projects and the lower horizons of Beregovoye Oil and Gas Condensate Field
- E&A specified the prospects of production in the new LAs



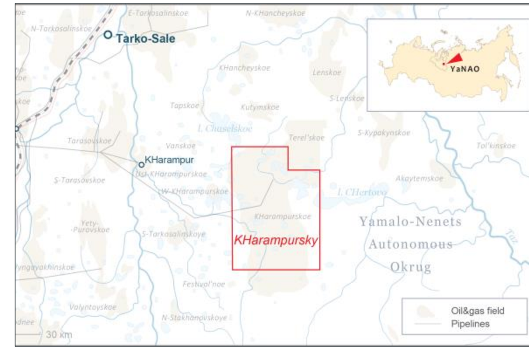
Current status:

- Development drilling continues; construction of GTU and associated infrastructure facilities to ensure the development of the lower horizons at Beregovoye field is underway
- Construction of a booster compressor station at Beregovoye oil and gas condensate field is underway, which will ensure the supply of gas to the main pipelines without involvement of external compression service contractors

Greemfileds Development: Kharampur

The most significant (after Rospan) project of the Company in terms of gas production growth[1]

Indicator	Value
3P reserves (PRMS), gas	636 bcm[2]
Gas production plateau: Phase 1 (Senomanian)	> 11 bcmpa[3]
Commissioning year	2020



Development strategy:

- Phase 1 (Senomanian) : infrastructure pay-off through the development of gas with low lifting costs
- Phase 2 (Turonian): using the created gas infrastructure for efficient extraction of hard-to-recover gas
- Synergies: developed infrastructure of the existing oil field

Current status:

- 34 of 63 wells have been drilled, works at the well pads in progress; gas gathering networks, high voltage power lines are being built
- The gas pipeline: sites prepared for pipeline welding bases, 28 of 156 km of the pipeline are laid
- Site Facilities: excavation at the site completed; gas treatment unit, access road and shift camp constructed
- Work is underway aimed at pilot production from Turonian – long-term testing in 3 development wells, drilling and testing of new wells to determine the design and complete the wells

Near term plans:

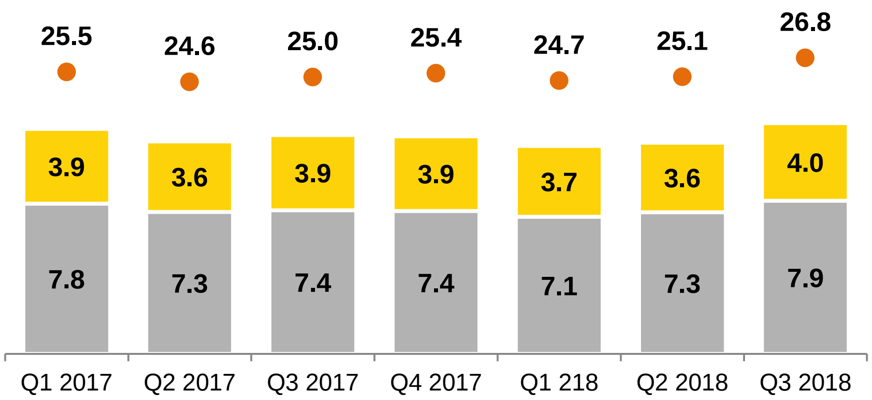
- Gas infrastructure setup to develop Cenomanian gas
- Pre-design study of the Turonian prospects for subsequent full-field development (phase 2)

Note: (1) The project involves a partner - BP, (2) without gas dissolved in oil taking into account reserves of Turonian deposit (3) with the potential of further growth to 25 bcm p.a. through full scale development of Turonian deposit

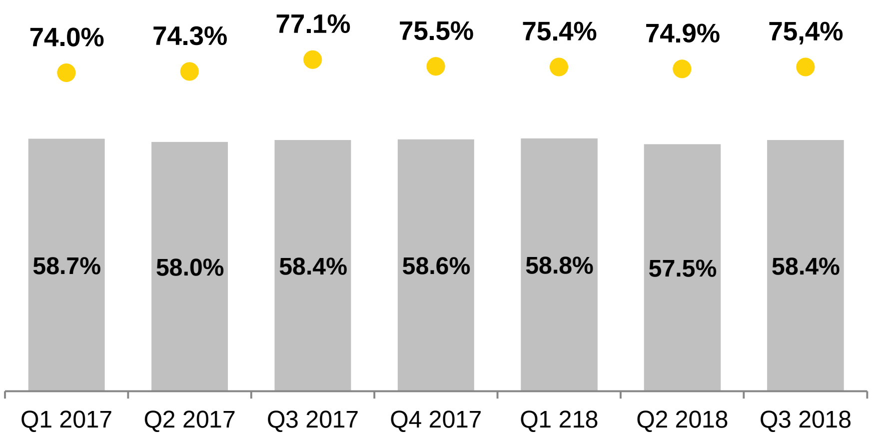
Refining: Further Efficiency Improvement via Units Optimization

Key refining highlights in Russia

Gasoline production, mmt
Diesel production, mmt
Refining throughput, mmt



Light product yield
Refining depth

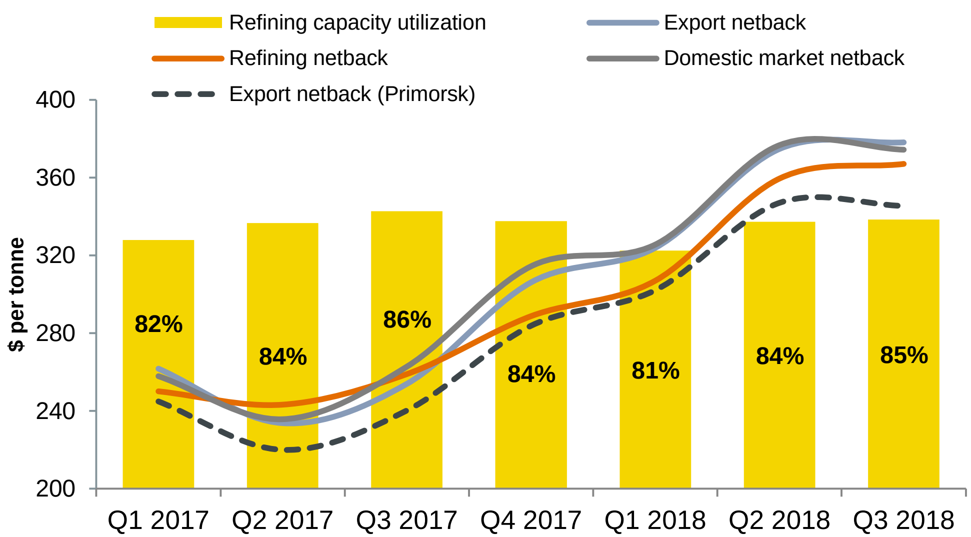


Key achievements in Q3 2018

- Saratov refinery started commercial production of high octane motor gasoline EURO 6 with improved environmental and operational properties
- In August the Company commissioned the second in 2018 environmental water treatment facility - the post-treatment unit with the membrane bioreactor at the wastewater treatment facilities of the Novokuybyshevsk Refinery
- For the development of technological potential of the Company in Q3 2018, the Ufa group of Refineries started to produce road bitumen compliant with the new intergovernmental standard requirements

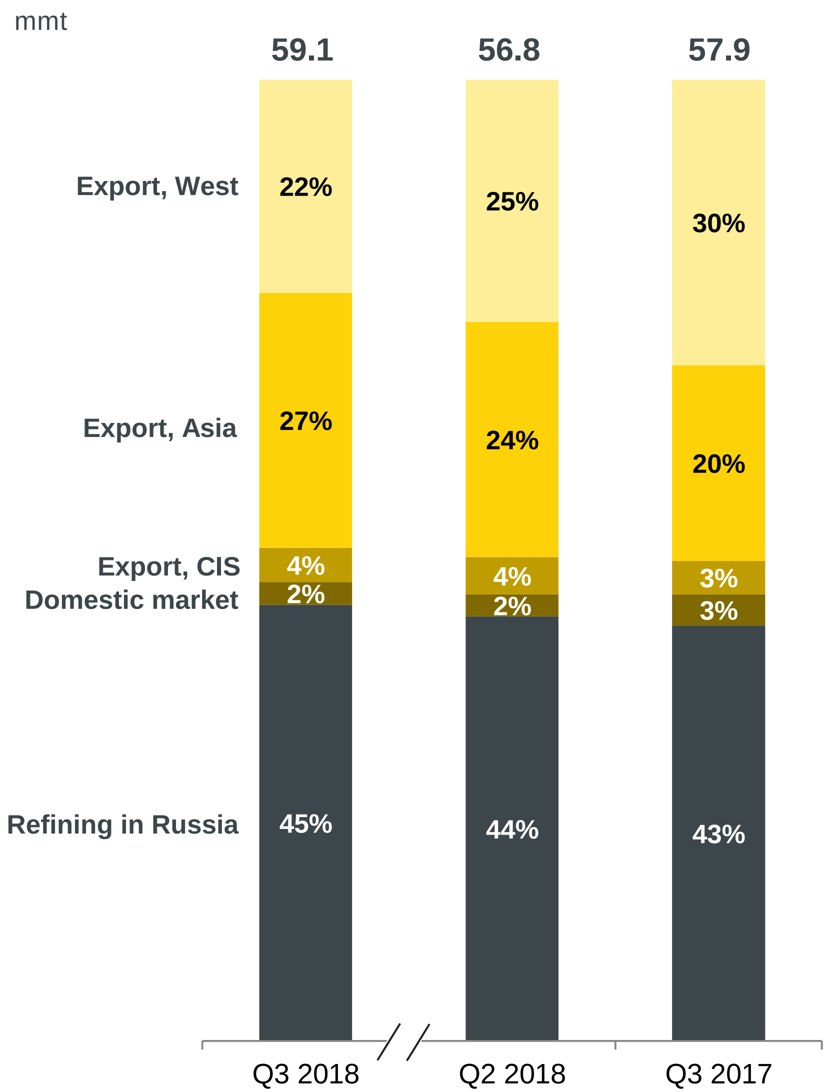
Profit Maximization from Crude Oil Marketing

Netbacks for the main crude oil marketing channels



- Increase in oil supplies eastwards by 22.4% to 43.1 mmt for 9M 2018. In Q3 2018 the supplies equaled to 15.7 mmt (+12.9% QoQ)
- Agreements for delivery of rocket fuel naftil with Roskosmos signed at the Eastern Economic Forum
- In September Rosneft and SOCAR Trading S.A. signed the contract for the delivery of REBCO crude oil to the Turkish refinery under the FOB Novorossiysk terms in the amount of 1 mmt (for the period December 2018 – November 2019)

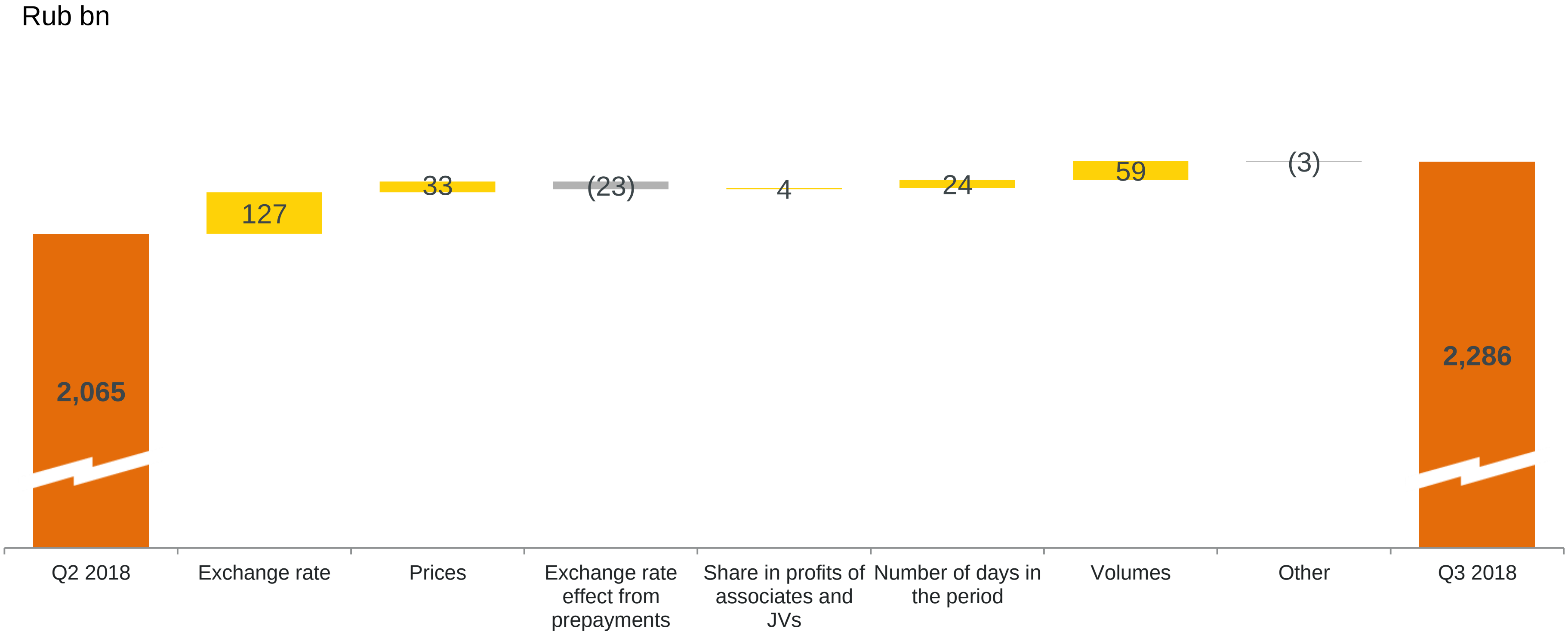
Oil marketing breakdown



Financial Results

Revenue

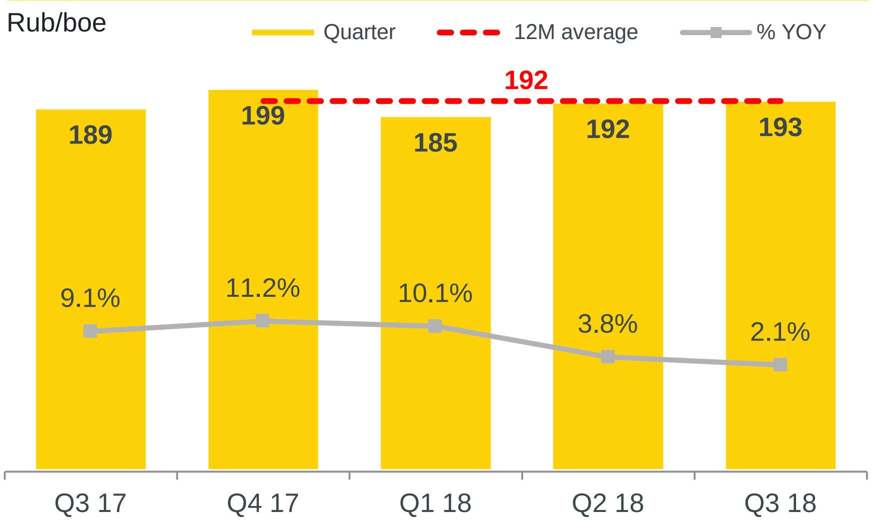
Q3 vs Q2 2018



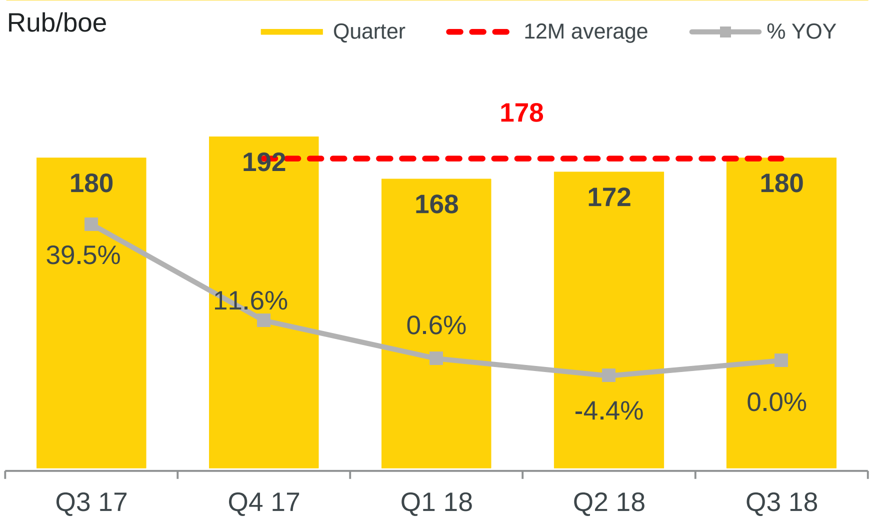
- Temporary positive market environment –Urals price increased by 8.6% in ruble terms to Rub 4.9 thousand per barrel
- Increase in crude oil and petroleum product sales

Operating Costs Dynamics

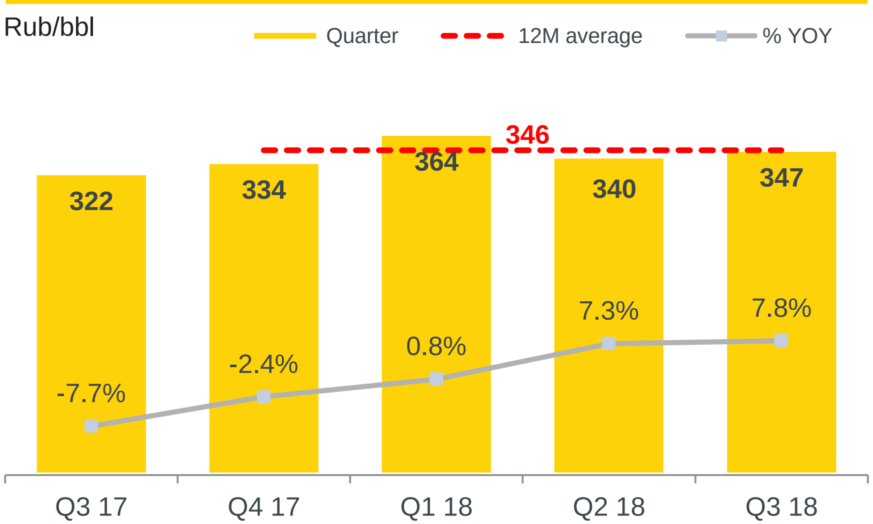
Lifting costs[1]



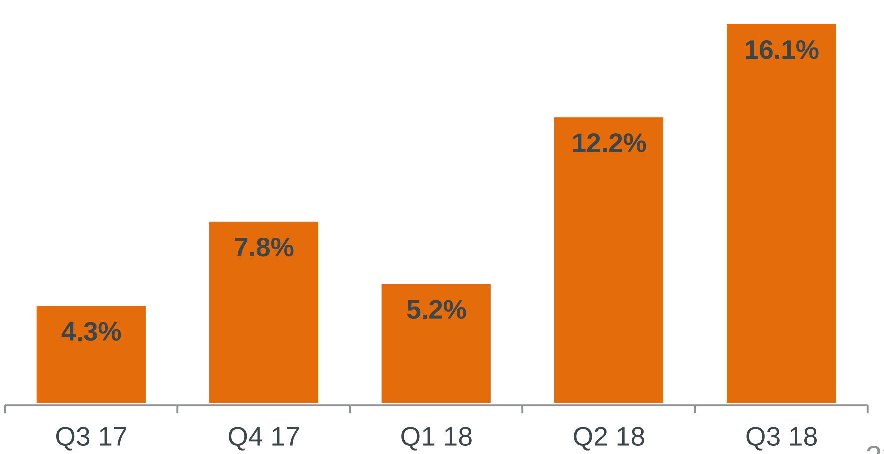
Refining costs in Russia



Transportation costs



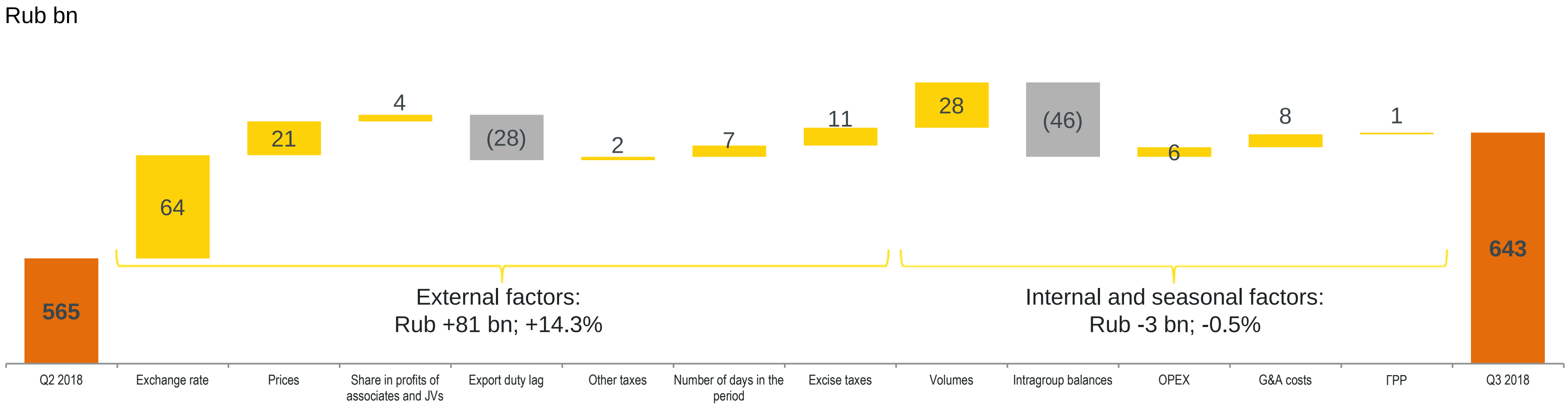
Producer Price Index (annual basis)



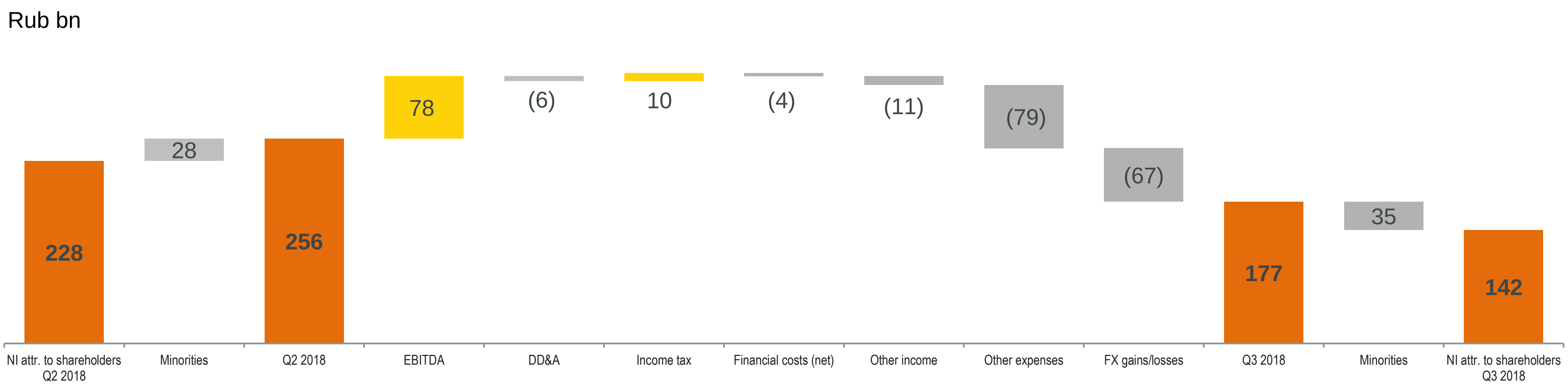
Note: (1) YOY percent change of unit costs in Q3-Q4 2017 calculated excl. Bashneft

EBITDA and Net Income

EBITDA Q3 vs Q2 2018

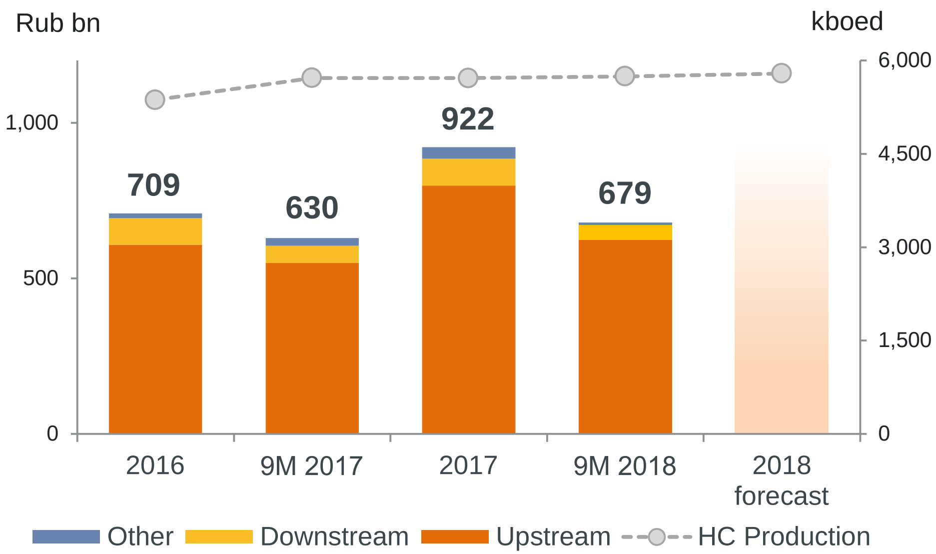


Net income Q3 vs Q2 2018

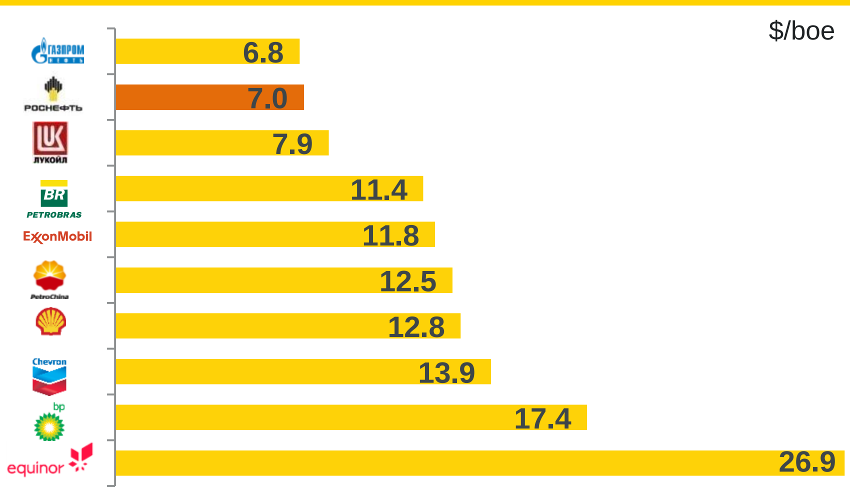


CAPEX

CAPEX and production



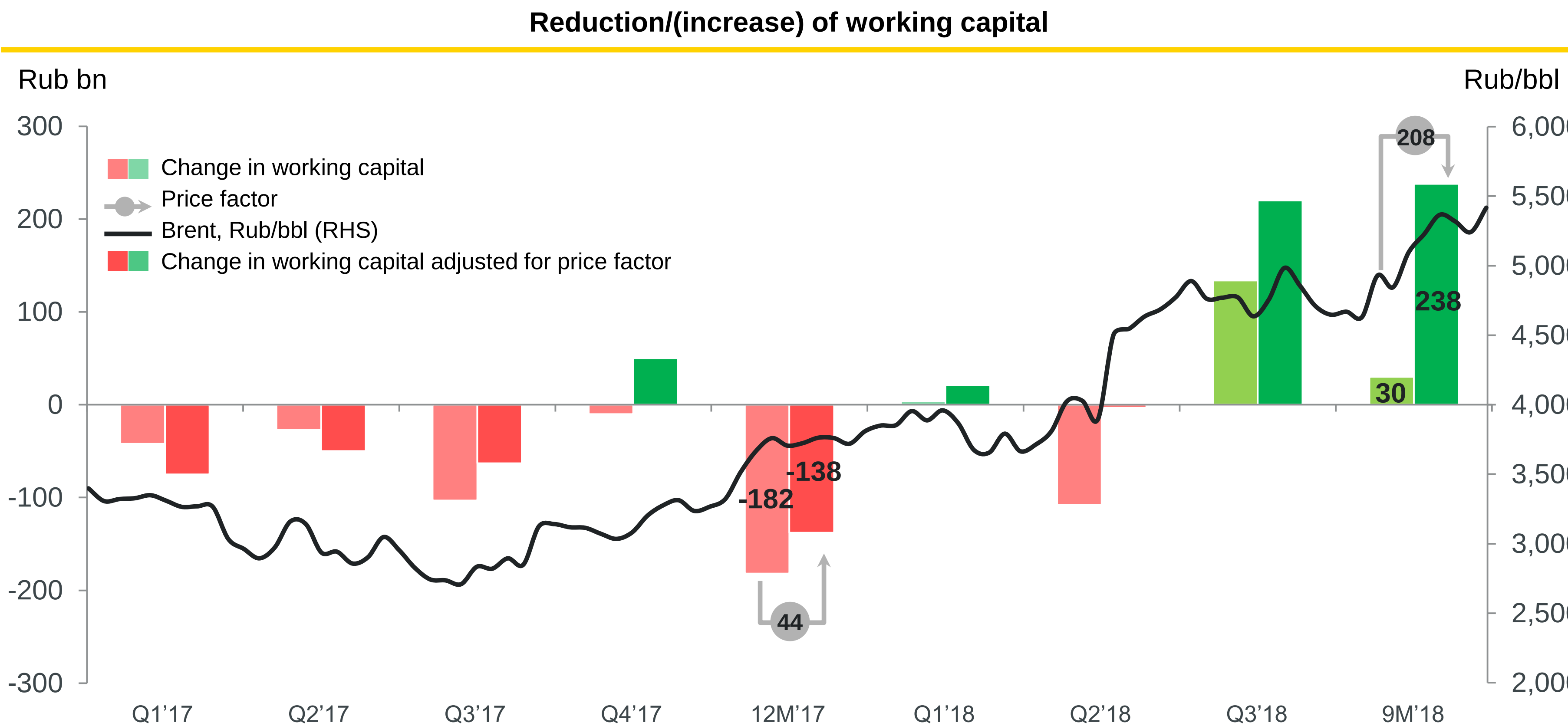
Upstream CAPEX 2018[1]: benchmarking



- 9M 2018 CAPEX was in line with Company strategy and mainly included:
  - development drilling at mature assets to maintain production levels taking into account the OPEC+ restrictions
  - development of new high-quality fields (Vankor cluster, YuTM, Russkoye, Taas-Yuryakh, Erginsky cluster, Rospan)
  - development of in-house OFS
- The Company constantly optimizes its investment program in order to improve returns focusing on monetization of the resource potential
- In May this year CAPEX target cut to Rub 800 bn was announced in line with initiatives aimed at enhancing shareholder returns. This year investments in the upstream projects will increase given the OPEC+ restrictions easing
- The company maintains leadership in unit Upstream CAPEX: $7 per boe in 9M 2018

Note: (1) Data for Rosneft for 9M 2018, for Equinor, Petrochina, Petrobras, Lukoil and Gazpromneft – for H1 2018, for other companies – for 2017

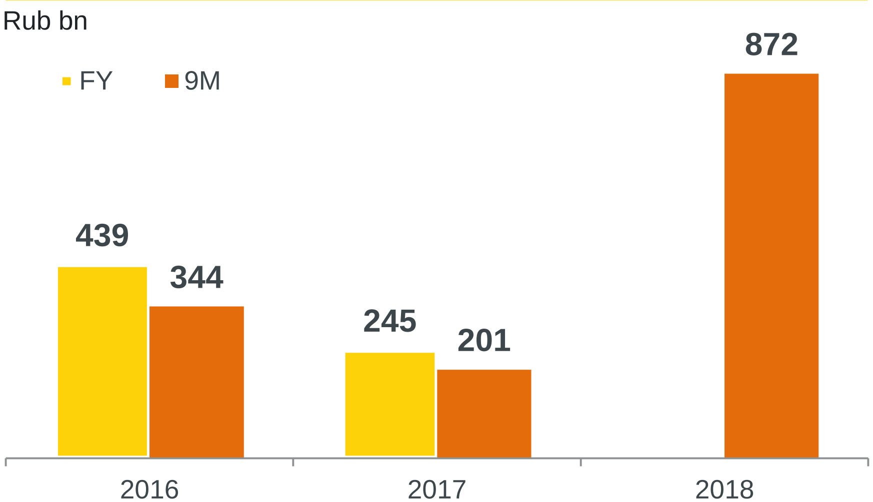
Early Execution of the Working Capital Reduction Target



- In May 2018 Rosneft announced its target to reduce working capital by Rub 200 bn by the year end via a number of initiatives in the trading business and optimization of the procurement function
- Company efforts to optimize trading activities and improve the payment terms and cooperation efficiency with the major suppliers and contractors ensured working capital reduction by over Rub 200 bn year to date

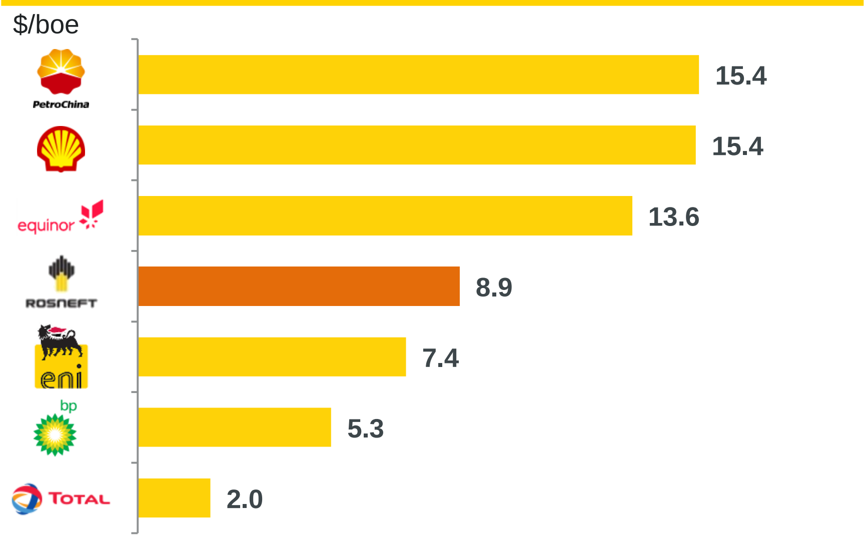
Free Cash Flow and Reimbursement of Prepayments

Free cash flow

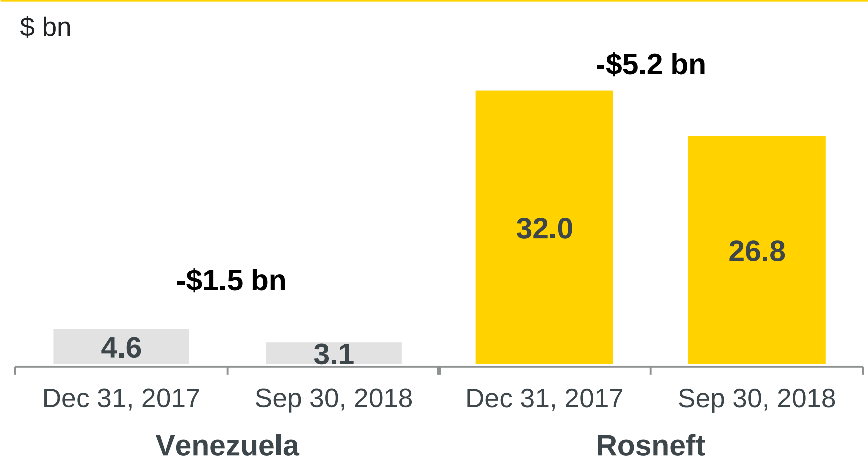


- Free cash flow growth by over 4x times YoY to Rub 872 bn ($13.9 bn) for 9M 2018
- Industry-leading free cash flow and net income growth
- Organic free cash flow and reduction of debt burden are the Company strategic priorities

FCF 9M 2018: benchmarking (majors)[1]

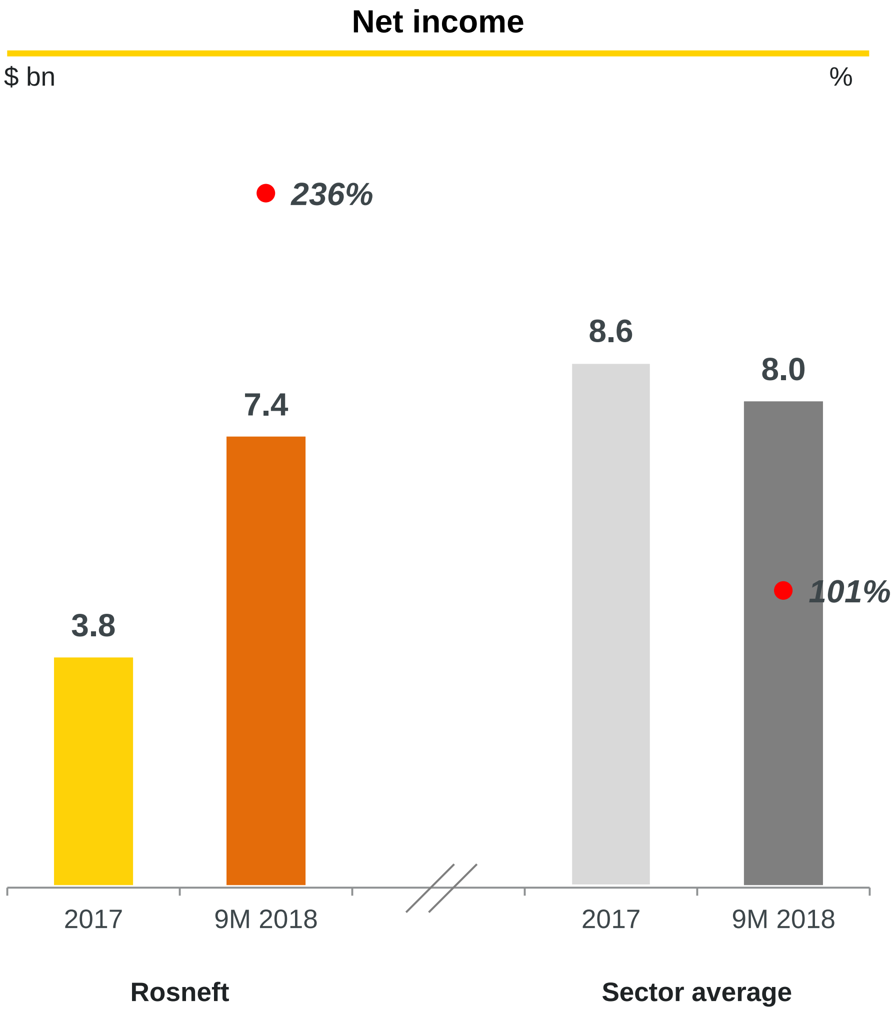


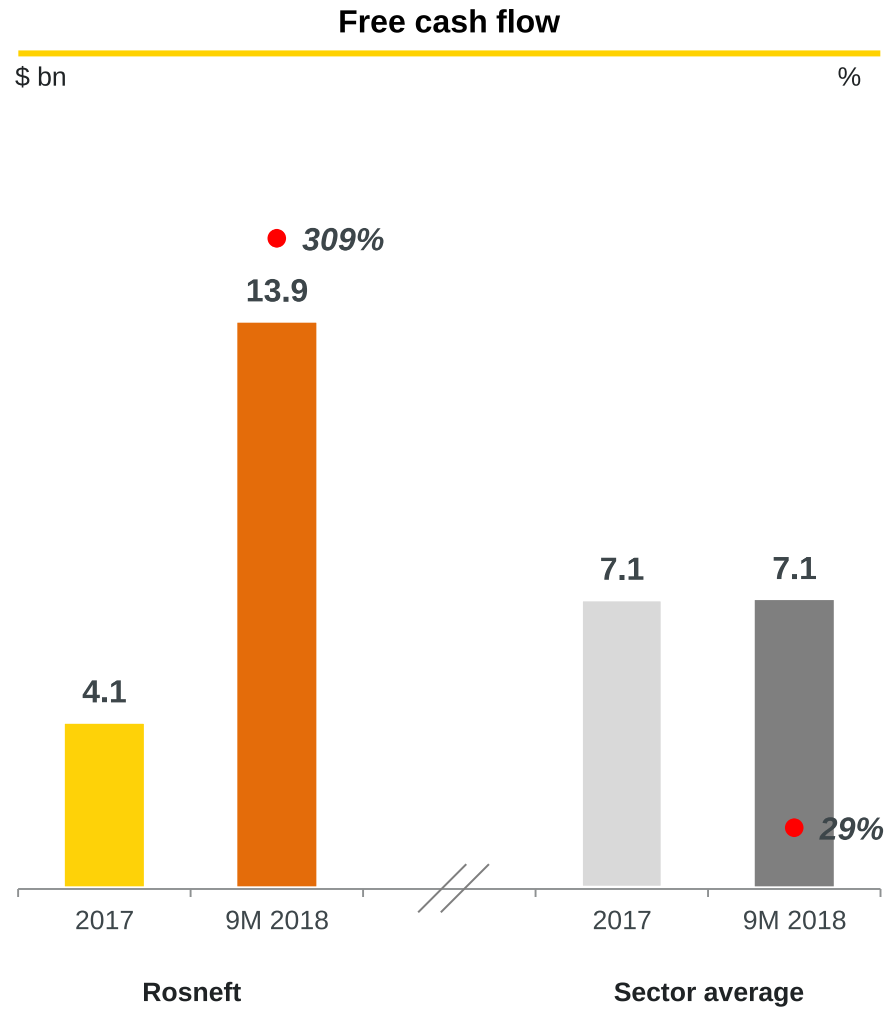
Reimbursement of prepayments[2]



Note: 1) Calculated using total production (incl. associates and JVs), (2) Principal amount, excluding interest accrued and reclassification of the part of other financial obligations

Industry-leading
Free Cash Flow and Net Income Growth



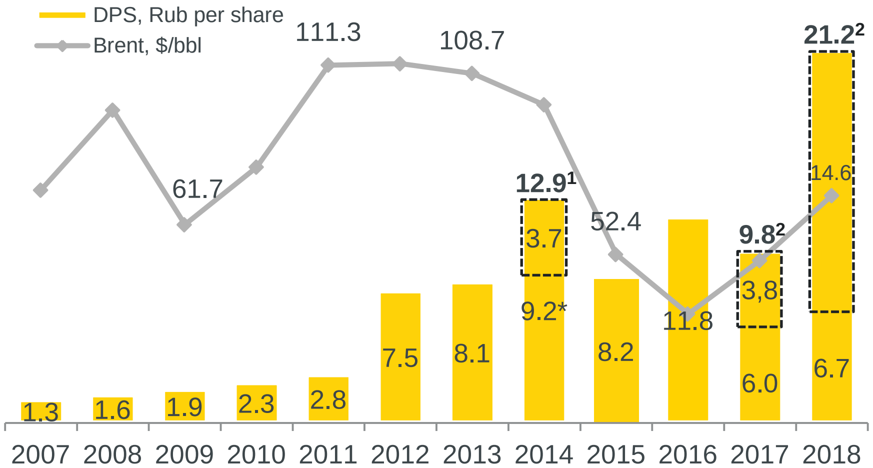


● Growth rates, year on year

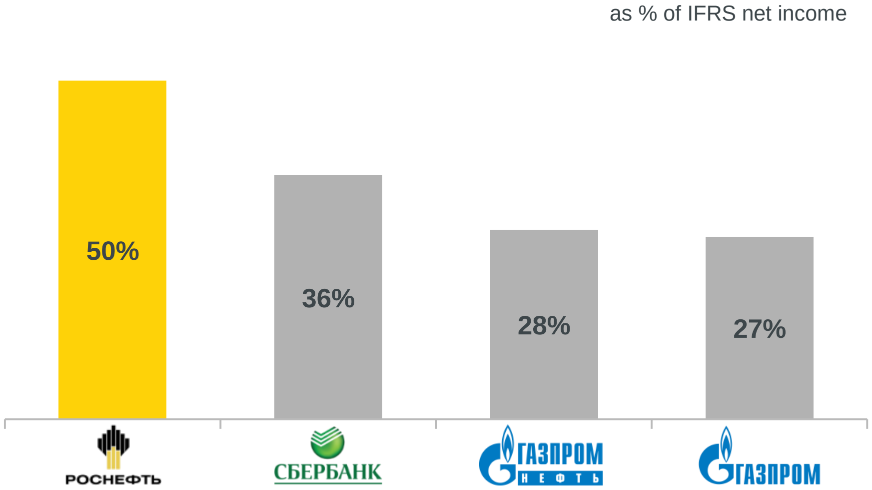
Note: (1) Sector average calculation includes data for BP, Shell, Equinor, ENI , Total and Petrochina

Dividend Policy

Dividend payments and oil prices



Payout ratios of the largest state controlled companies[3]



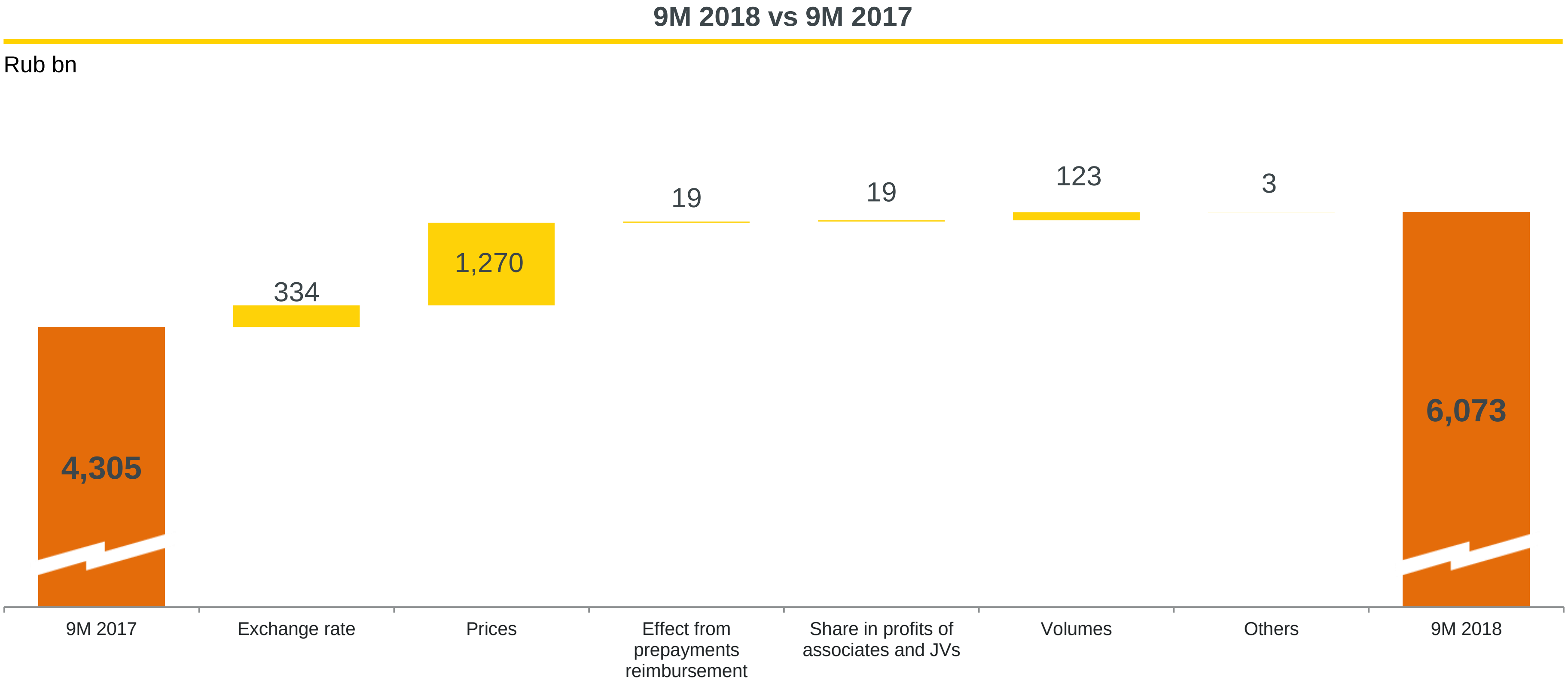
- In 2017 the new Dividend policy was approved:
  - Target payout ratio – minimum 50% of IFRS net income (the largest in the industry)
  - Frequency – at least twice a year
- On September 28, 2018 interim dividends were approved by the EGM. For the H1 2018 shareholders will receive c. Rub 155 bn in the form of dividends (14.58 per share) representing 50% of the Company's IFRS net income

Company	Minimum payout ratio[4]
Rosneft	**50% IFRS**
Gazprom	17.5-35% RAS
Lukoil	25% IFRS
Novatek	30% IFRS
Surgutneftegas	10% IFRS
Gazprom neft	15% IFRS or 25% RAS
Tatneft	50% IFRS or RAS

(1) Adjusted for RUB 167 bn revaluation effect of acquired TNK-BP assets; (2) Including interim dividends for H1 2017 and H1 2018; (3) As % of 2017 IFRS net income; (4) As % of net income, according to dividend policy

Appendix

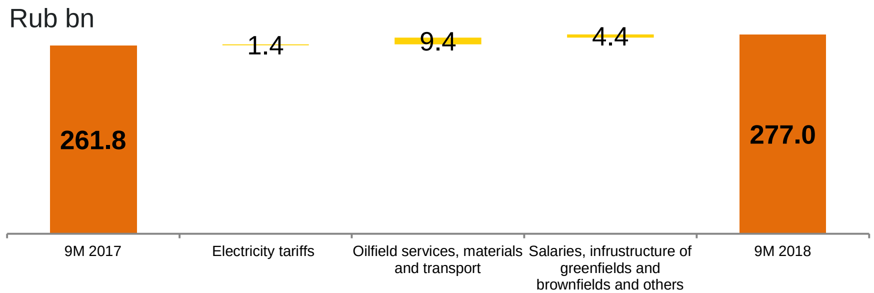
Revenue



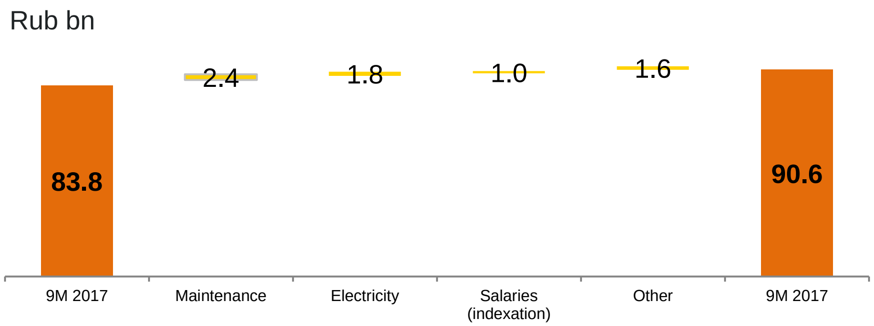
- Positive market environment – Urals price growth by 47.0% in ruble terms
- Increase of petroleum product sales by 4.3%
- Share in profits of associates and JVs grew by Rub 19 bn
- Reduction of the negative FX effect from prepayments reimbursement

Costs in 2018 vs. 2017

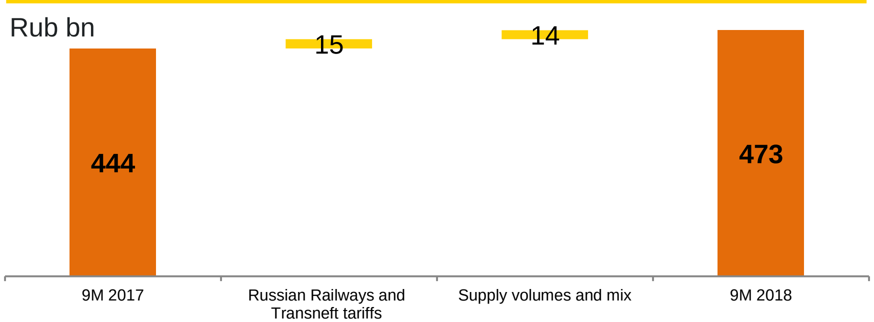
Lifting costs



Refining costs in Russia



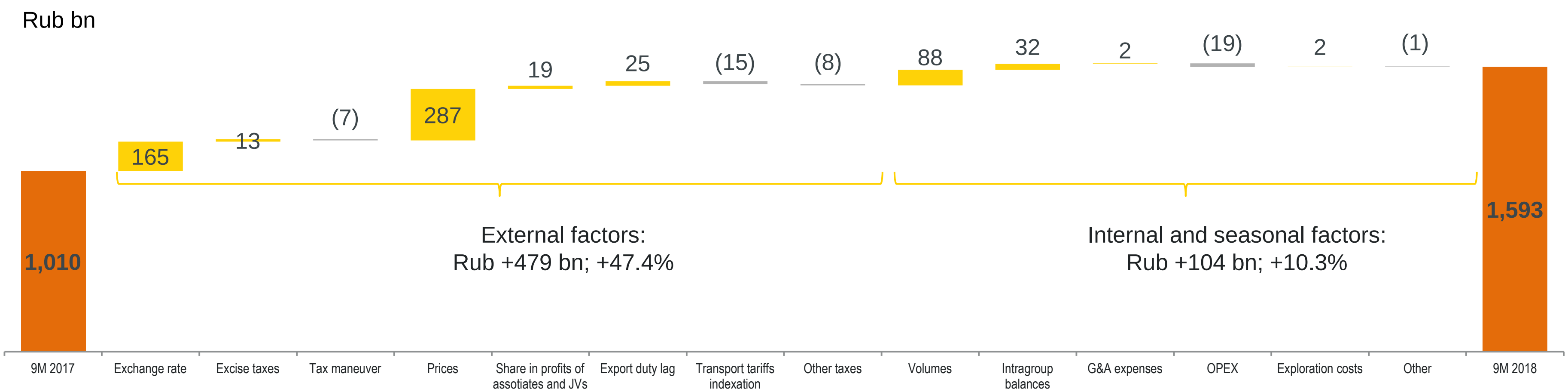
Transportation costs



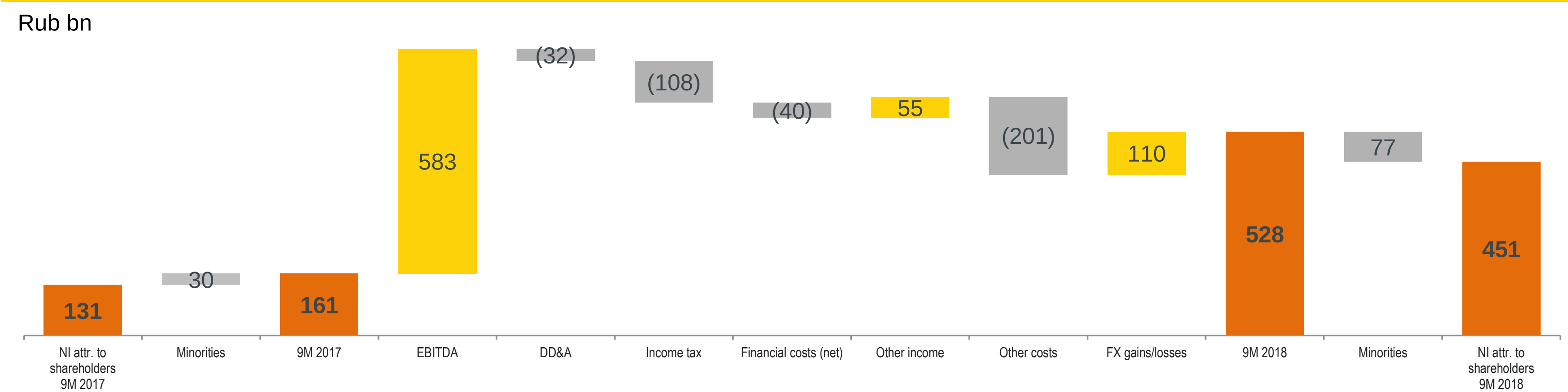
- 9M 2018 lifting costs growth was mainly driven by higher electricity tariffs, repair and maintenance costs of growing well stock as well as other oilfield services
- Growing refining costs in Russia on higher capacity load, increase of maintenance expenses (as planned) and indexation of natural monopolies' tariffs
- The indexation of Transneft tariffs for oil transportation via trunk pipelines by 3.95% effective from January 2018
- The indexation of railroad tariffs by 5.4% starting January 2018 (vs. December 2017)
- PPI growth YOY was at 16.1%

EBITDA and Net Income

EBITDA 9M 2018 vs 9M 2017



Net income 9M 2018 vs 9M 2017



FX Risk Hedge

	Q3 2018, Rub bn			9M 2018, Rub bn		
	Before tax	Income tax	Net of income tax	Before tax	Income tax	Net of income tax
Recognized within other funds and reserves as of the start of the period	**(216)**	**43**	**(173)**	**(290)**	**58**	**(232)**
Foreign exchange effects recognized during the period	-	-	-	1	-	1
Foreign exchange effects reclassified to profit or loss	36	(7)	29	109	(22)	87
Total recognized in other comprehensive income/(loss) for the period	**36**	**(7)**	**29**	**110**	**(22)**	**88**
Recognized within other funds and reserves as of the period end	**(180)**	**36**	**(144)**	**(180)**	**36**	**(144)**

For reference:

Nominal hedging amounts	**$ mm**	**CBR exchange rate, Rub/$**
As of December 31, 2017	873	57.6002
As of March 31, 2018	818	57.2649
As of June 30, 2018	0	62.7565
As of September 30, 2018	0	65.5906

Calculation of Adjusted Operating Cash Flow

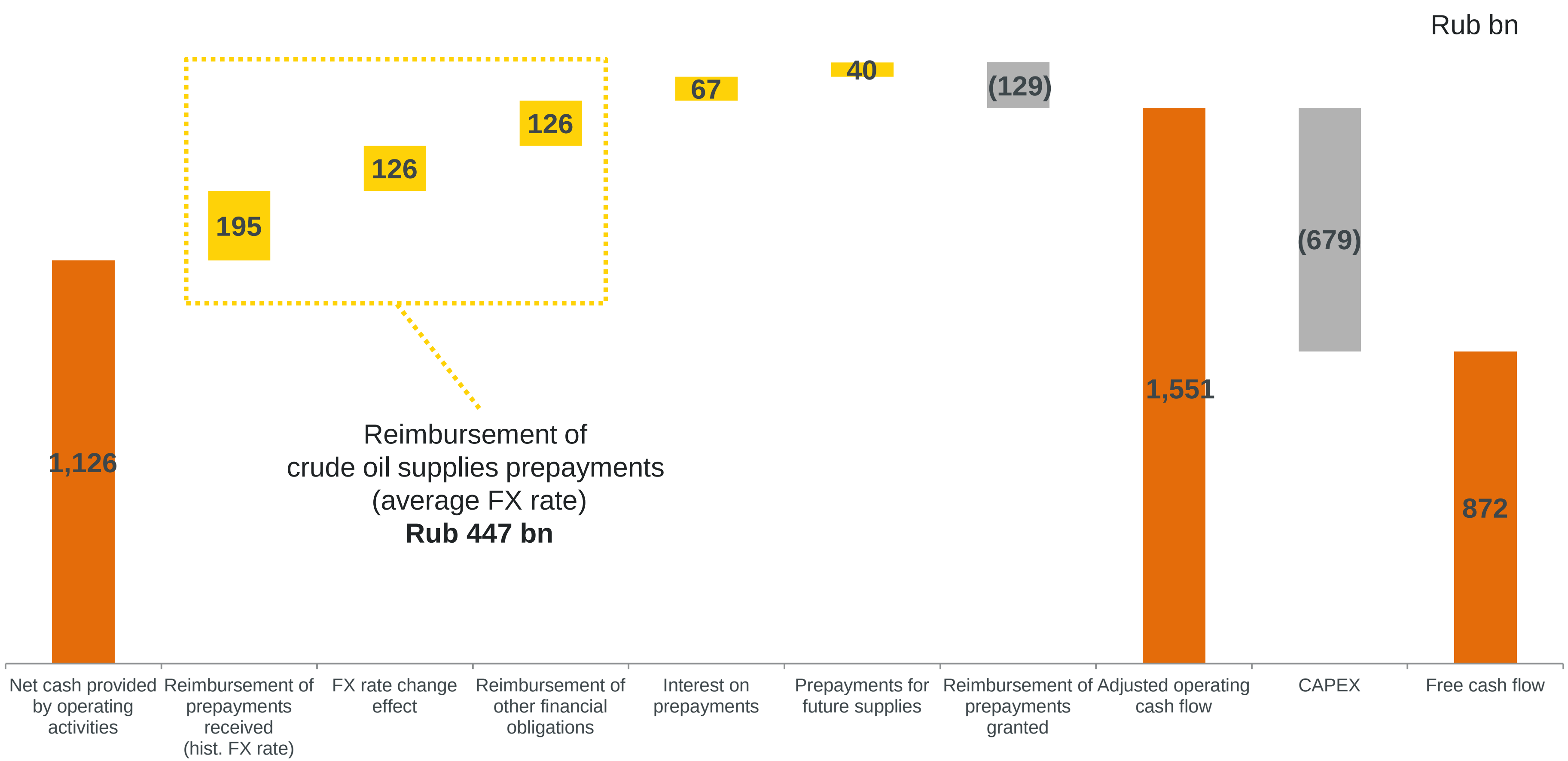
Profit and Loss Statement

№	Indicator	9M 2018, $ bn
1	**Revenue, incl.**	**100.6**
	Reimbursement of prepayments and other financial obligations received	7.2
2	Costs and expenses, incl.	(82.6)
	Reimbursement of prepayments granted	(2.1)
3	**Operating profit (1+2)**	**18.0**
4	Expenses before income tax	(6.9)
5	Income before income tax (3+4)	11.1
6	Income tax	(2.5)
7	**Net income (5+6)**	**8.6**

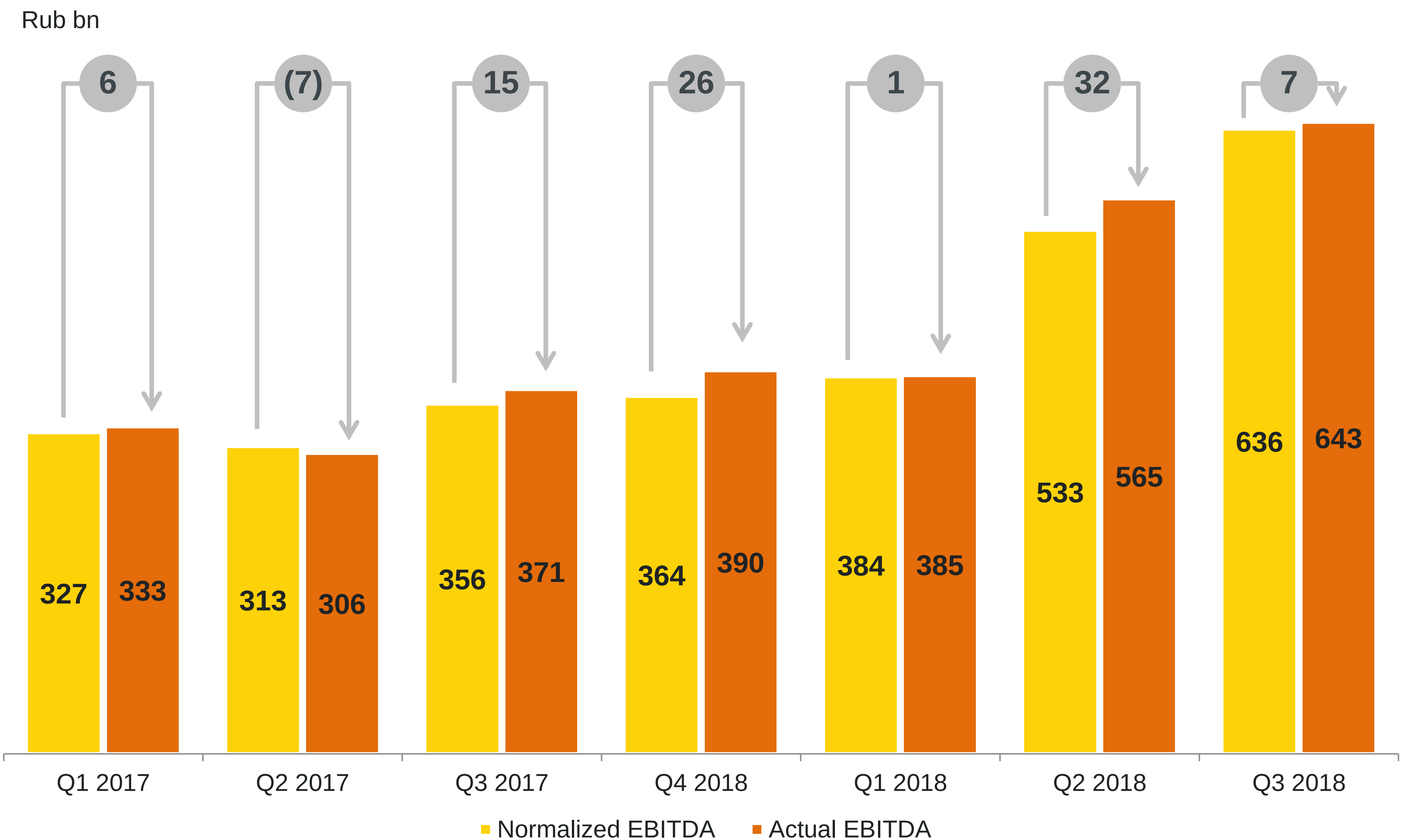
Cash Flow Statement

9M 2018, $ bn	Indicator	№
8.6	**Net income**	**1**
11.8	Adjustments to reconcile net income to cash flow from operations, incl.	2
(5.2)	Reimbursement of prepayments received under crude oil and petroleum products supply contracts	
(2.0)	Reimbursement of other financial obligations received	
2.2	Reimbursement of prepayments granted under crude oil and petroleum products supply contracts	
(0.4)	Changes in operating assets and liabilities, incl.	3
(1.2)	Interest on prepayments under long-term crude oil supply contracts	
(1.8)	Income tax payments, interest and dividends received	4
18.2	**Net cash from operating activities (1+2+3+4)**	**5**
0.6	Prepayments for future supplies	6
6.2	Effect from prepayments	7
25.0	**Adjusted operational cash flow (5+6+7)**	**8**

Operating Cash Flow Adjustment, 9M 2018



Export Duty Lag



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

Financial Expenses, Rub bn

	Indicator	Q3 2018	Q2 2018	%	9M 2018	9M 2017	%
1.	**Interest accrued**[1]	**72**	70	2.9%	**207**	162	27.8%
2.	Interest paid[2]	**78**	63	23.8%	**202**	154	31.2%
3.	Change in interest payable (1-2)	**(6)**	7	–	5	8	(37.5)%
4.	Interest capitalized[3]	**38**	37	2.7%	**108**	78	38.5%
5.	Net loss from operations with financial derivatives[4]	**5**	9	(44.4)%	**14**	–	–
6.	Increase of provisions as a result of time passing	**5**	4	25.0%	**14**	13	7.7%
7.	Interest on prepayments under long term crude oil supply contracts	**24**	23	4.3%	**67**	61	9.8%
8.	Revaluation of other financial assets in accordance with IAS 9 *Financial Instruments*	**11**	4	>100%	**15**	–	–
9.	Other finance expenses	**2**	3	(33.3)%	**8**	10	(20.0)%
	Total finance expenses (1-4+5+6+7+8+9)	**81**	76	6.6%	**217**	168	29.2%

Note: (1) Including interest charged on credits and loans, promissory notes, ruble bonds and eurobonds; (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 rate fluctuations of cross-currency interest rate swaps

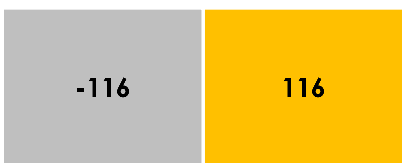
EBITDA and Net Income Sensitivity

Urals price change for 9M 2018

Rub bn **-7.1 $/bbl** **+7.1 $/bbl**

EBITDA

Net Income



Rub/$ exchange rate change for 9M 2018

Rub bn **-6.1 Rub/$** **+6.1 Rub/$**

EBITDA

Net Income

- Average Urals price in 9M 2018 stood at 70.6 $/bbl. If the average price for the period had been 10% below (63.5 $/bbl), EBITDA would have decreased by Rub 145 bn, including the negative export duty lag effect of Rub 22 bn
- Average exchange rate in 9M 2018 was 61.4 Rub/$. If the average ruble rate for nine month had weakened by 10% to Rub 67.5 per dollar, EBITDA would have gone up by Rub 190 bn

Questions and Answers