



ROSNEFT

**IFRS RESULTS
Q2 2021**

August 13, 2021



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KEY FINANCIAL INDICATORS

233 Rub bn

Q2 2021 Net Income

315 Rub bn

Q2 2021 Free Cash Flow

-5.9 \$ bn

Reduction of financial debt and trading liabilities YTD

KEY EVENTS

- Rosneft commenced construction of a marine terminal in Sever Bay Port
- Rosneft and a consortium headed by Vitol signed heads of terms for a transaction providing for the sale of a 5% stake in the Vostok Oil project
- Rosneft signed 73 cooperation contracts for a total of Rub 616.5 bn at the XXIV St. Petersburg International Economic Forum, including over 50 contracts totaling Rub 558.8 bn to implement the strategic Vostok Oil project



ESG EVENTS

- Rosneft and Baker Hughes signed a strategic Carbon Management Cooperation Agreement
- Rosneft presented its goals within the framework of sustainable approach to preservation of water resources and biodiversity, waste management and remediation position papers
- Rosneft published the Code of Suppliers in the Area of Human Rights Observance
- The number of incidents related to the safety of technological processes decreased in the upstream and oil and gas service blocks. In H1 2021, the number of process safety events PSE-1¹ and PSE-2¹ decreased by 45% by 42% YoY, respectively

Note: (1) PSE - Process safety events (tier1, tier 2)

COMPANY ACHIEVEMENTS IN ESG

Bloomberg



FTSE4Good

S&P Global

CSA¹



a Morningstar company

The global leader – ahead of the major O&G companies

Rating improved to 70.95

Rosneft remains a constituent of the international FTSE4Good Index Series

with strong ESG performance

The rating increased to 44

54 percentile

Rosneft is the best among Russian O&G companies

Rating improved to 33.9

REFINITIV



MSCI



PART OF
Moody's ESG Solutions



Top 10 industry leaders

Rating improved to A

The rating improved to BB

due to improved disclose of information on combating climate change

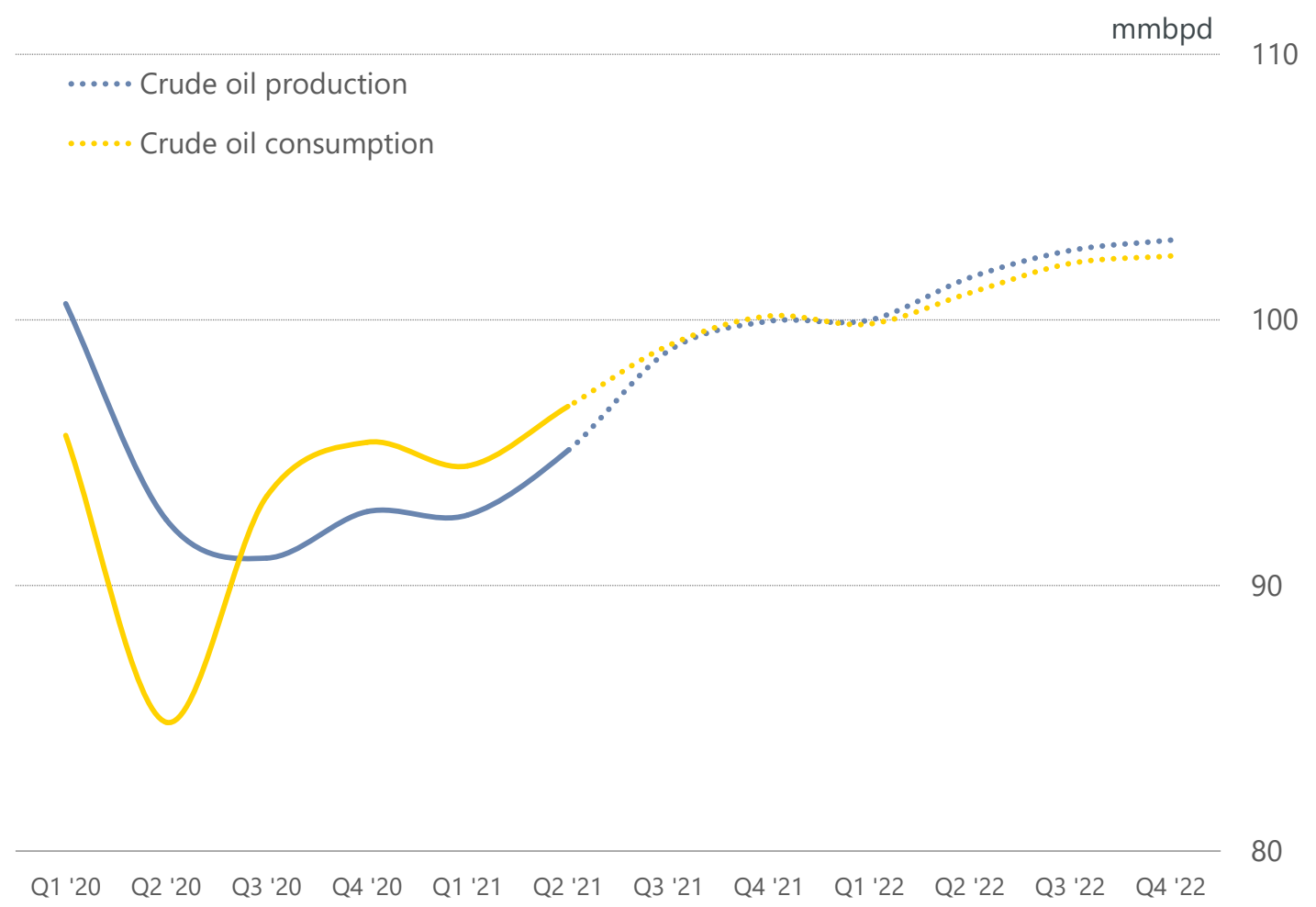
The Company was included in the top 100

of 843 emerging market companies, representing 36 sectors of the economy from 31 countries

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

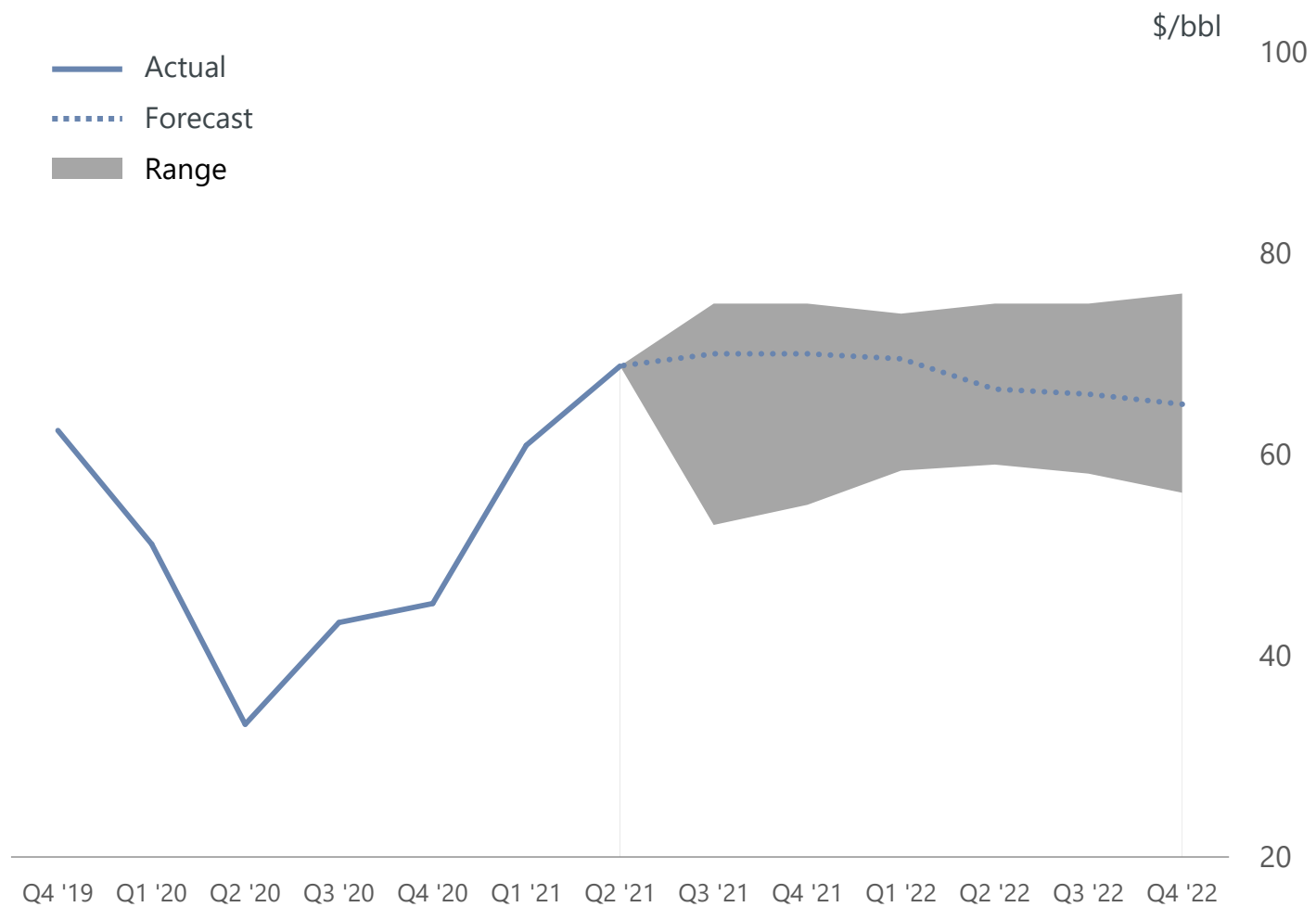
The rating in the Management quality category improved to 3 points out of 4

CRUDE OIL DEMAND AND SUPPLY

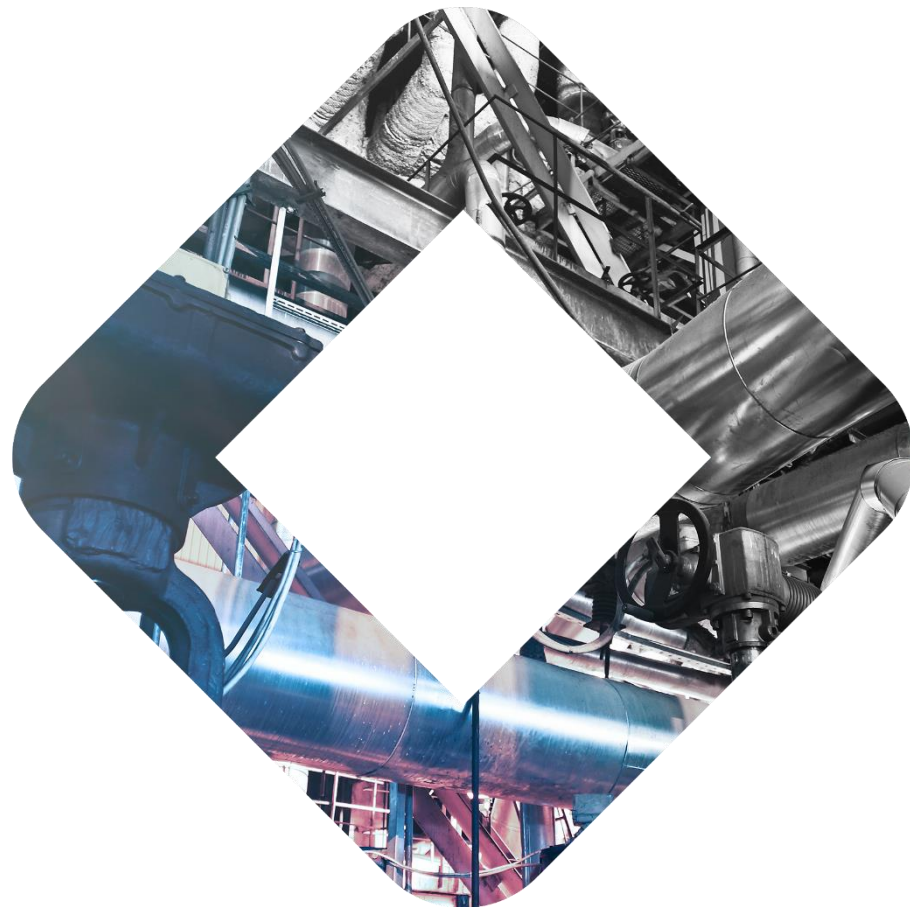
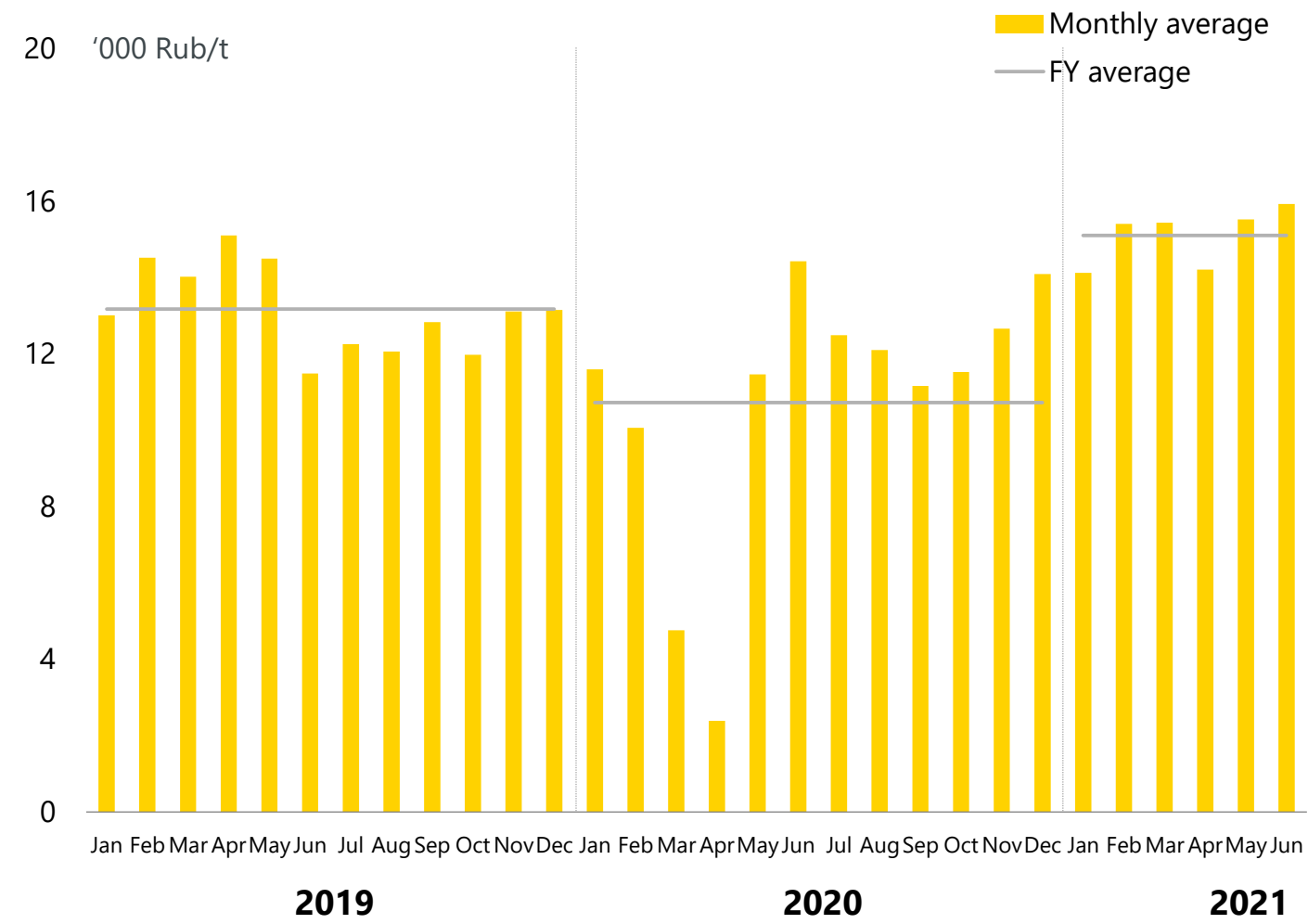




BRENT PRICES



GROSS UPSTREAM MARGIN¹



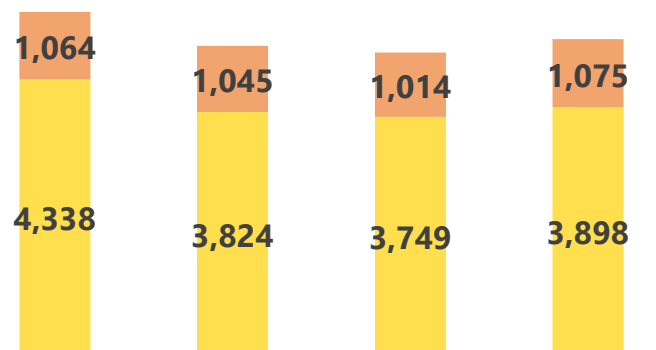
Note: (1) Calculated as Urals price less export customs duty and effective MET rate

OPERATING RESULTS



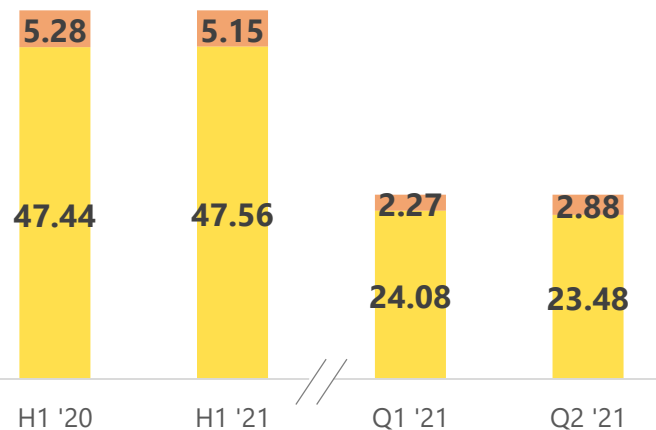
KEY OPERATING INDICATORS

Hydrocarbon production, kboepd



- Liquids
- Gas

Crude oil processing, mmt

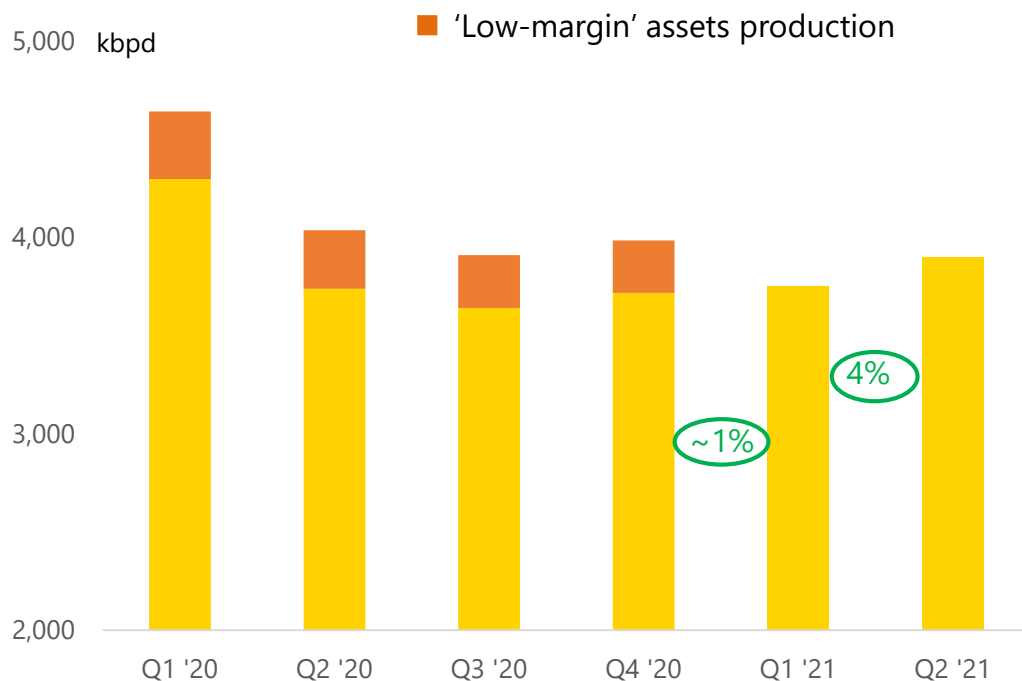


- In Russia
- Abroad



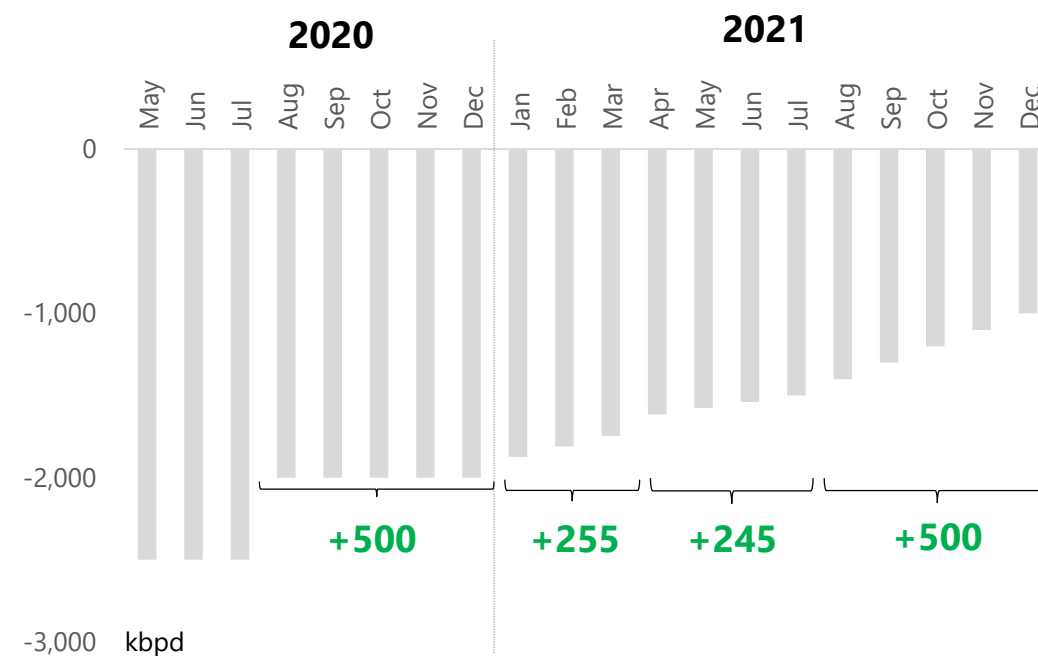
NAVIGATING OPEC+ ENVIRONMENT

Rosneft liquids production



- A 4% increase in liquids production in Q2 2021 amid easing restrictions under OPEC+ Agreement

Russian crude oil production cuts under OPEC+ Agreement¹



- Oil companies' production cuts on a pro rata basis

VOSTOK OIL



- At Zapadno-Irkinsky license area, 500 sq. km of 3D seismic work was conducted to prepare the discovered reserves of the Payakha cluster for further development, exploratory drilling is underway
- A program of pilot work was developed with the start of implementation in 2022
- Locations of priority well pads and production drilling were determined
- A site is being prepared for oil collection and treatment units
- The project for the construction of the marine terminal in Sever Bay Port is being implemented - the construction of hydraulic structures, storage facilities for materials and equipment, berthing facilities on the Yenisei Bay has begun

RESOURCE BASE

52 LA, 13 HC fields
6 bn t of liquids
c. 2 tcm of gas

EXPECTED TRAFFIC VIA THE NORTHERN SEA ROUTE

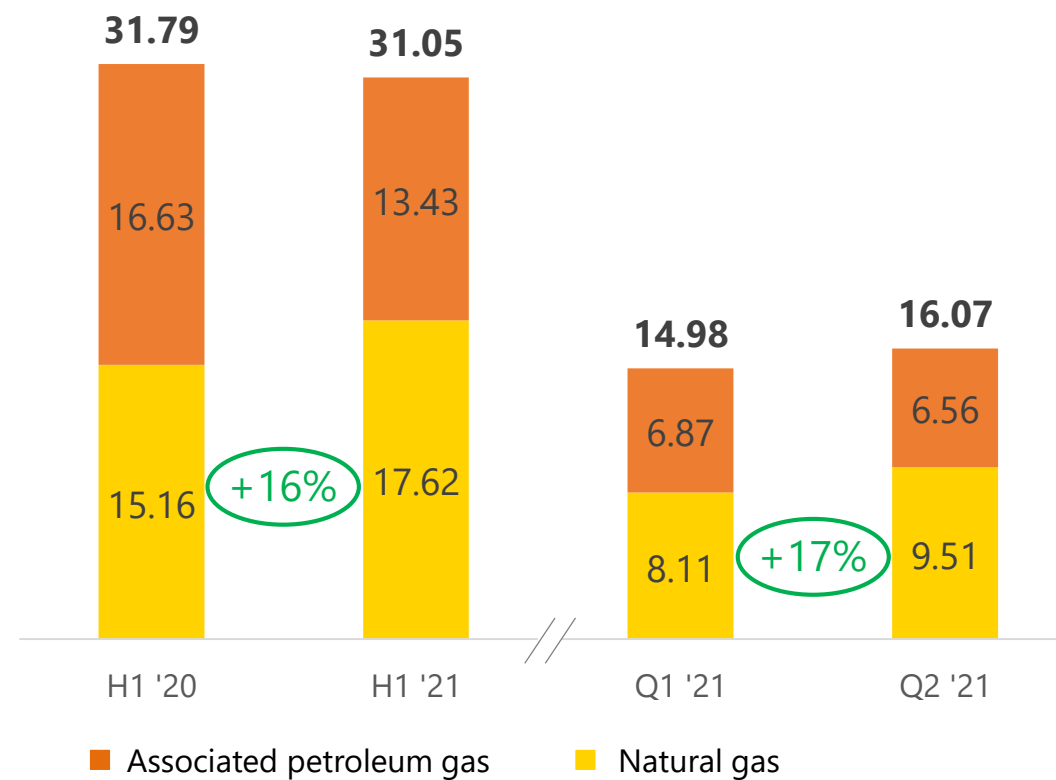
2024 – up to 30 mmt,
2027 – up to 50 mmt,
2030 – up to 100 mmt

GAS BUSINESS



- The rise in natural gas production is primarily attributed to an increase in production at the Rospan project
- The main reason for the decrease in APG production is the sale of a number of 'low-margin' assets at the end of 2020

Gas production, bcm



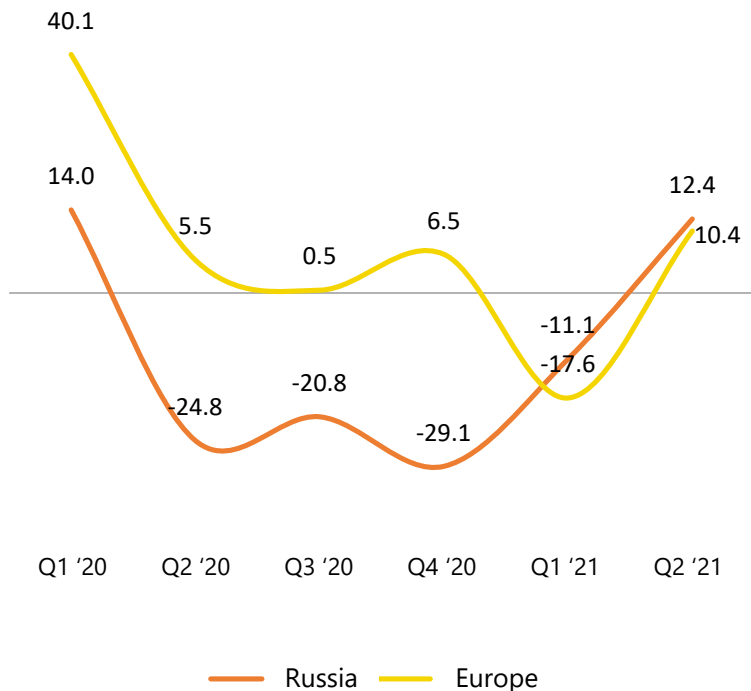
GAS BUSINESS



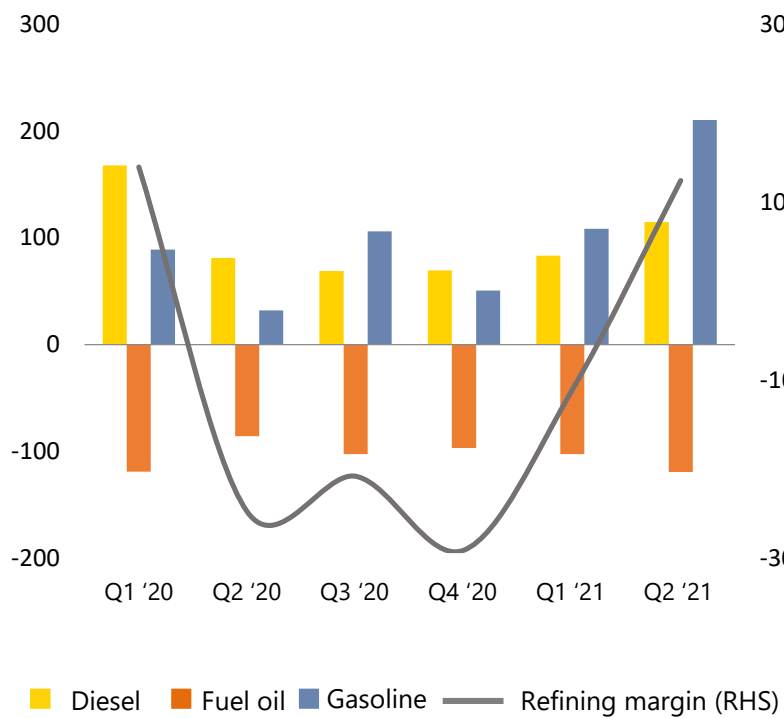
- Rosneft acquired licenses for the Deryabinskoye and Ushakovskoye gas fields, as well as the Severo-Kustarnikovy area in the north of the Yamalo-Nenets Autonomous District and the Krasnoyarsk Region, which will contribute to the development of the Company's gas business
- The work on the Kharampur-gas project is being carried out in accordance with the schedule, a significant increase in construction readiness of the key facilities was achieved: the integrated gas treatment unit is estimated at over 70% complete and external gas pipeline nearly 75% complete

REFINING

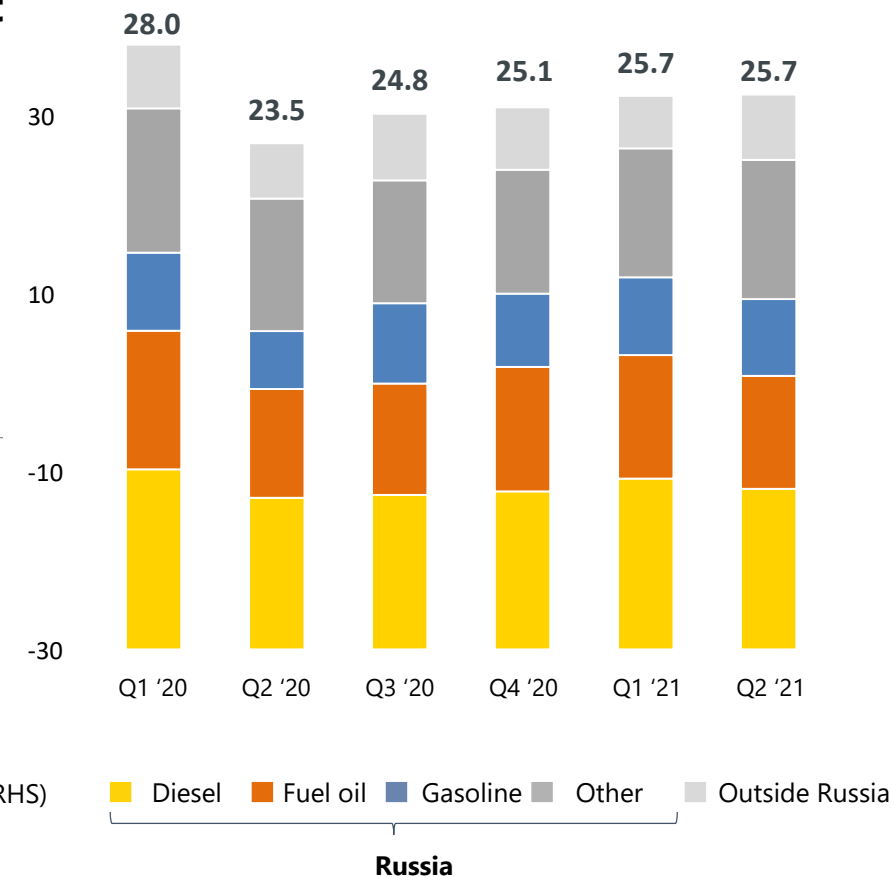
Refining margins¹, \$/t



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

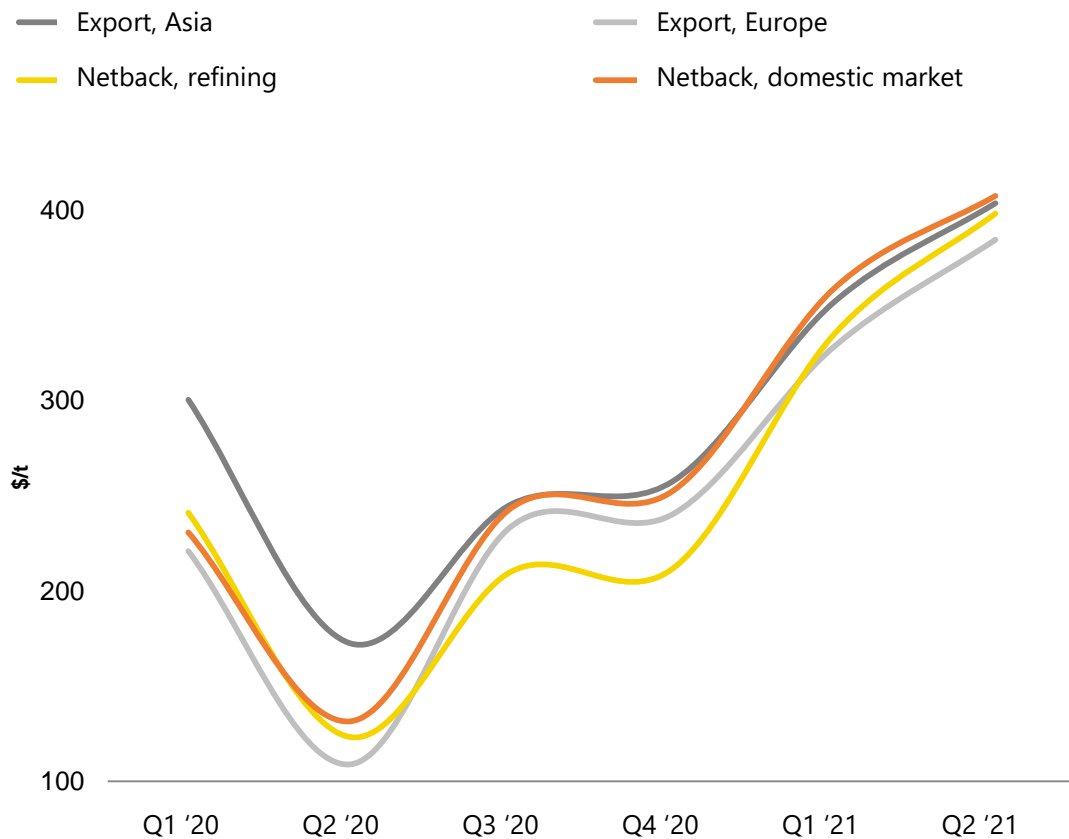


Product output, mmt

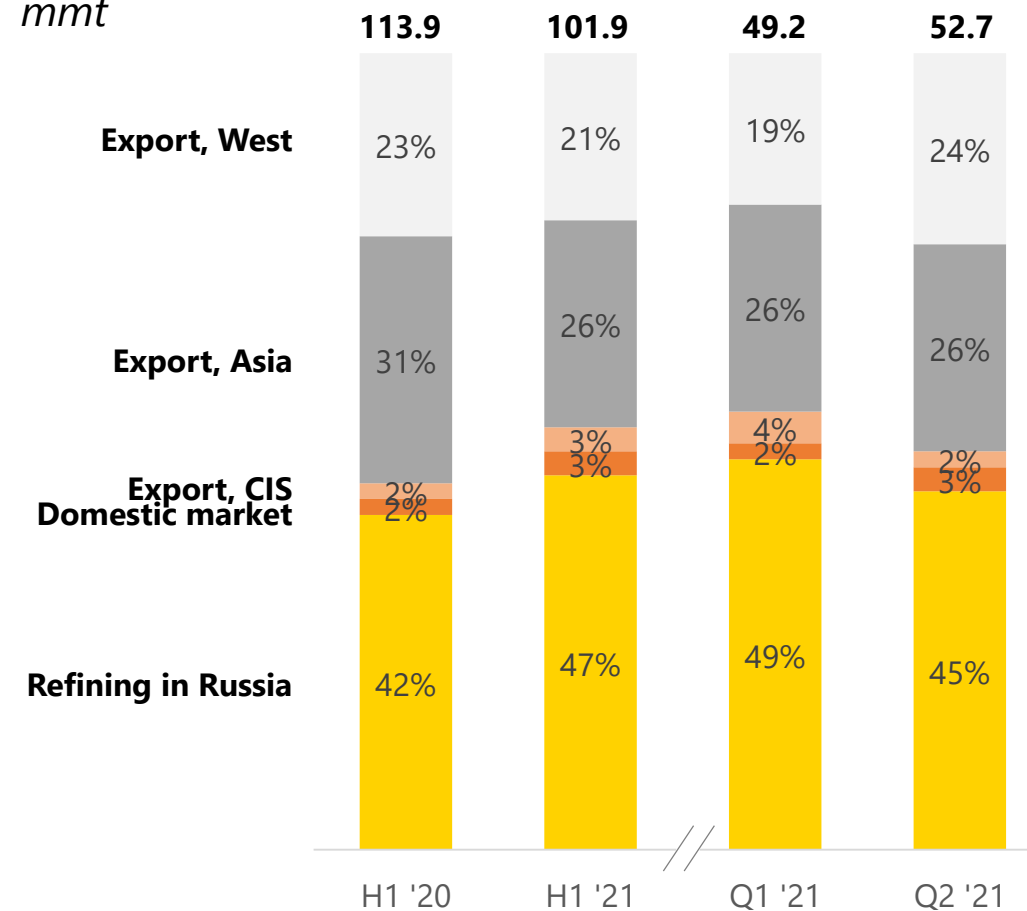


FOCUS ON DISTRIBUTION CHANNELS DEVELOPMENT

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



Crude oil marketing breakdown, mmt

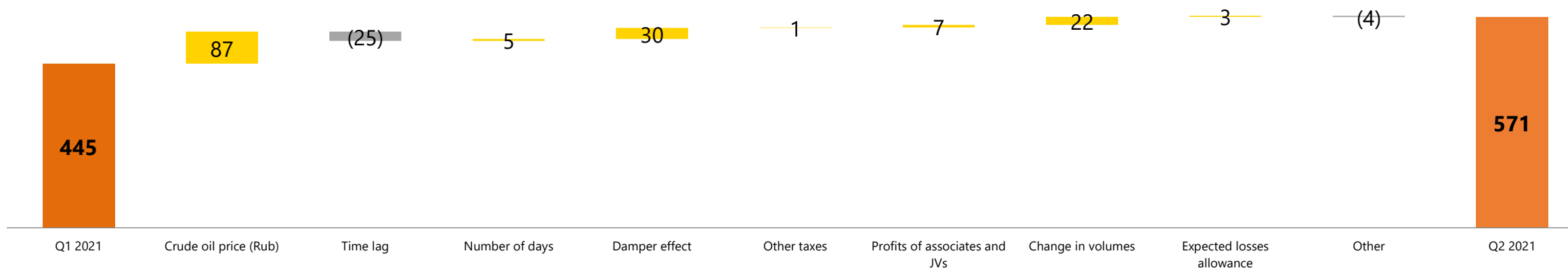


FINANCIAL RESULTS

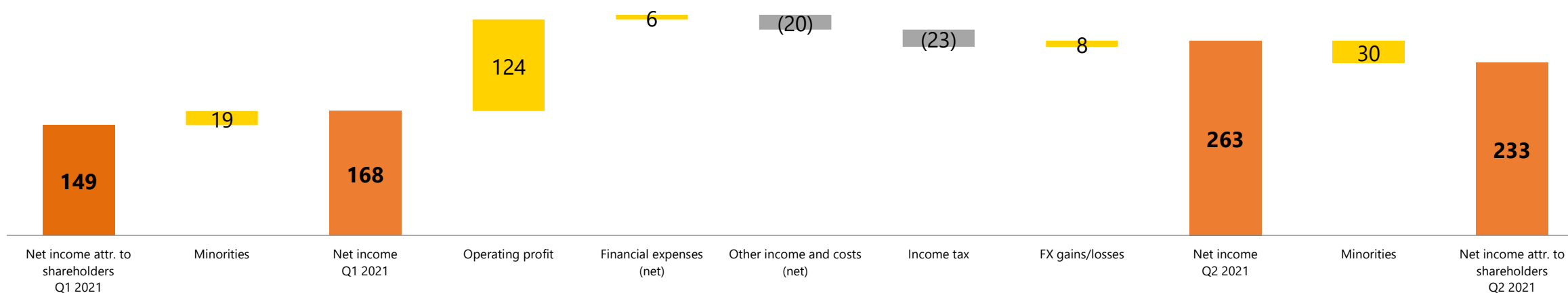


EBITDA AND NET INCOME DYNAMICS

EBITDA Q2 2021 vs. Q1 2021, Rub bn

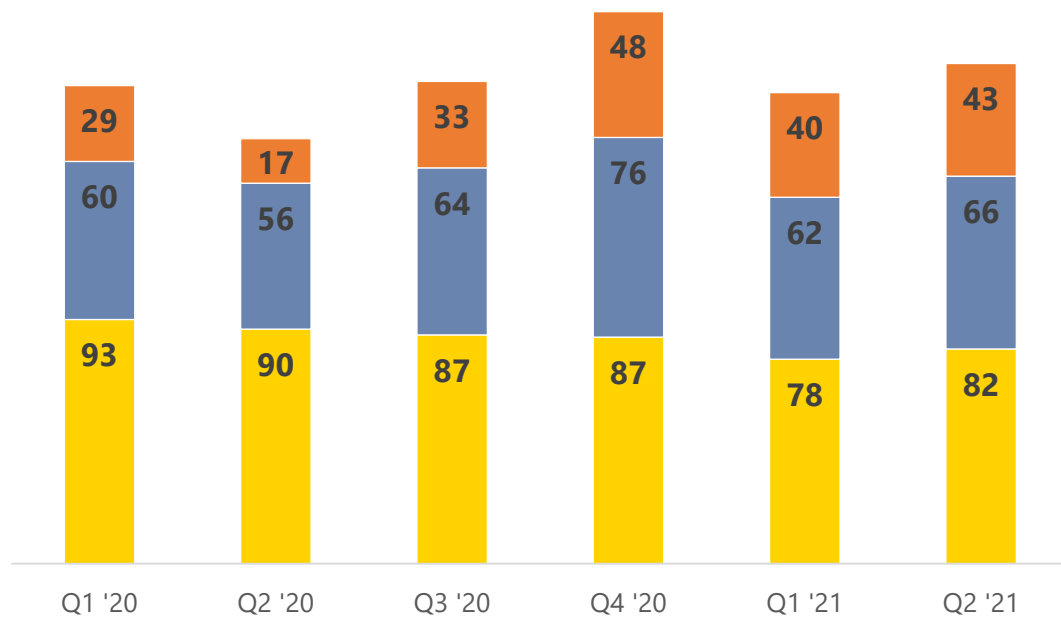


Net Income Q2 2021 vs. Q1 2021, Rub bn



COSTS DYNAMICS

'Controlled' costs, Rub bn



- Maintaining unit lifting costs at a minimum level of \$2.6 per boe (Rub 194 per boe) with a 5.2% production increase
- Increased Downstream OPEX amid seasonal maintenance cost growth in Q2 2021

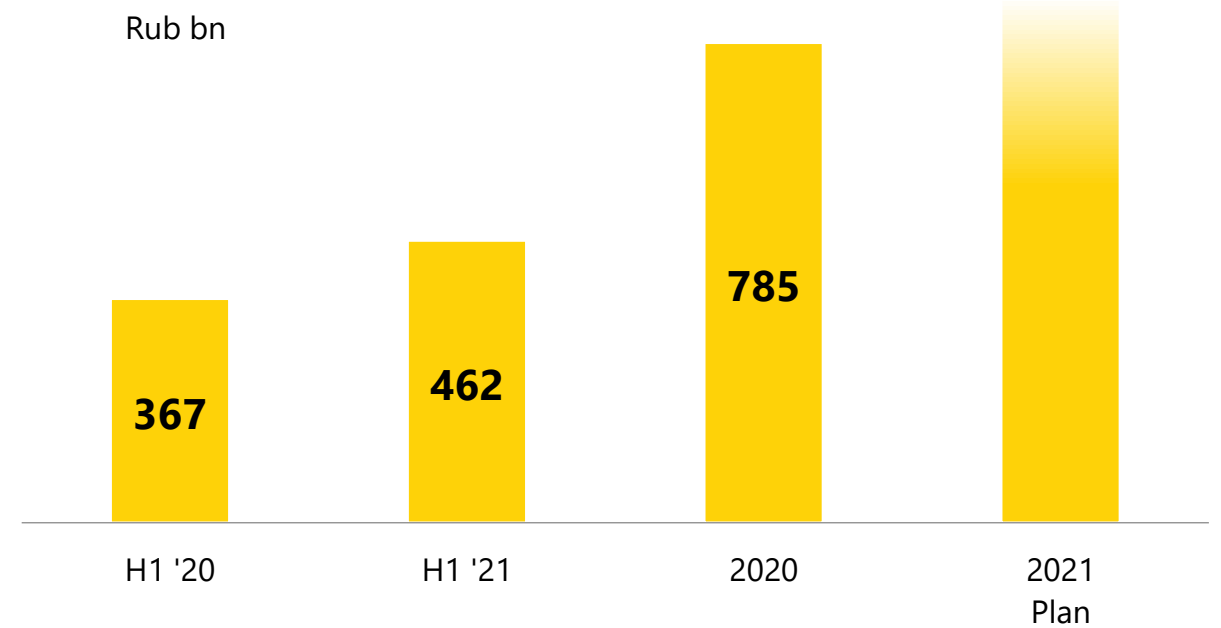
■ Upstream OPEX

■ General and administration costs

■ Downstream OPEX

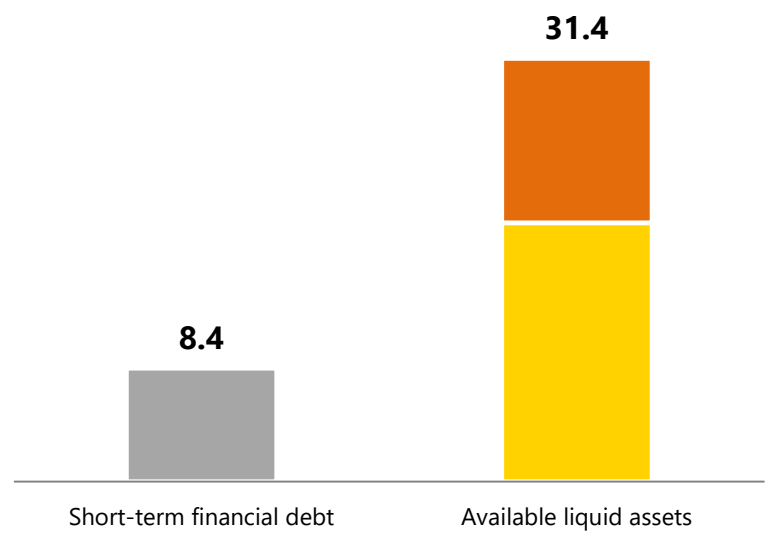
CAPEX

- H1 2021 CAPEX growth YoY was attributed to the planned implementation of the integrated Vostok Oil project and an increase in drilling volumes at Yuganskneftegaz
- >90% of investment program accounts for Upstream projects:
 - Maintaining stable production at mature fields
 - Development of highly efficient greenfields

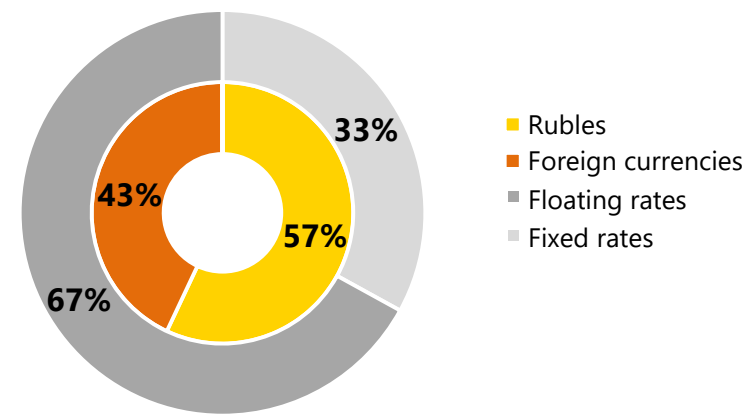


EFFICIENT DEBT MANAGEMENT

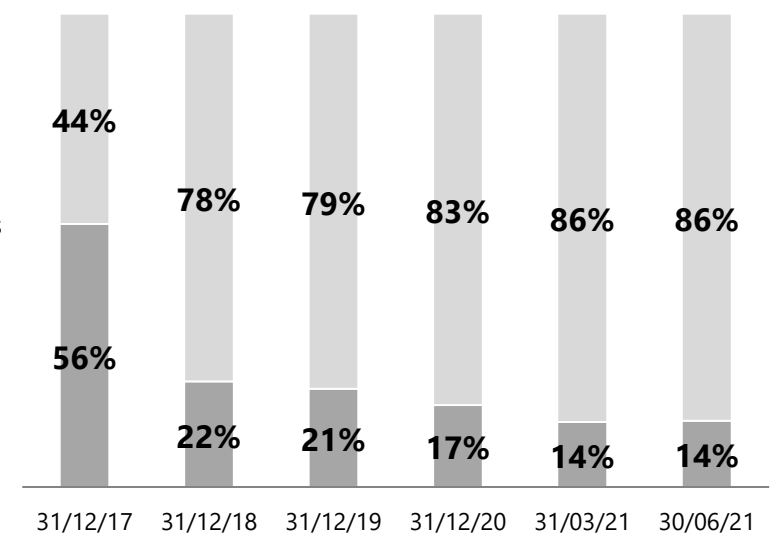
**Liquidity position
as of June 30, 2021, \$ bn**



**Financial debt breakdown
as of June 30, 2021**



**Reducing the short-term
financial debt**



■ Available credit lines
 ■ Liquid financial assets

■ Short-term financial debt
 ■ Long-term financial debt

APPENDIX



KEY OPERATIONAL HIGHLIGHTS

INDICATOR	Q2 '21	Q1 '21	%	H1 '21	H1 '20	%
Hydrocarbon production, incl. kboed	4,973	4,763	4.4%	4,869	5,402	(9.9)%
Liquids kbpd	3,898	3,749	4.0%	3,824	4,338	(11.8)%
Gas kboed	1,075	1,014	6.1%	1,045	1,064	(1.8)%
Oil refining mmt	26.36	26.35	0.0%	52.71	52.72	(0.0)%
Product output in Russia mmt	25.70	25.65	0.2%	51.35	51.47	(0.2)%

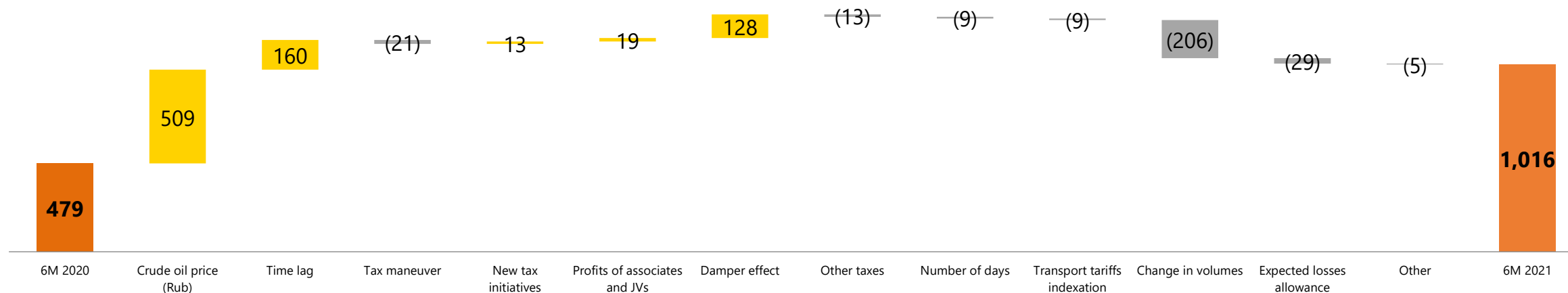
KEY FINANCIAL HIGHLIGHTS

INDICATOR	Q2 '21	Q1 '21	%	H1 '21	H1 '20	%
EBITDA, Rub bn	571	445	28.3%	1,016	479	>100%
Net Income, Rub bn <i>attributable to Rosneft shareholders</i>	233	149	56.4%	382	(113)	-
Adjusted net income ¹ , Rub bn	265	179	48.0%	444	(22)	-
Adjusted operating cashflow ² , Rub bn	552	415	33.0%	967	573	68.8%
CAPEX, Rub bn	237	225	5.3%	462	367	25.9%
Free Cash Flow, Rub bn	315	190	65.8%	505	206	>100%
EBITDA, \$ bn	7.7	6.0	28.3%	13.7	7.4	85.1%
Net Income, \$ bn <i>attributable to Rosneft shareholders</i>	3.1	2.0	55.0%	5.1	(1.3)	-
Adjusted net income ¹ , \$ bn <i>attributable to Rosneft shareholders</i>	3.6	2.4	50.0%	6.0	(0.3)	-
Adjusted operating cashflow ² , \$ bn	7.5	5.5	36.4%	13.0	8.7	49.4%
CAPEX, \$ bn	3.1	3.0	3.3%	6.1	5.3	15.1%
Free Cash Flow, \$ bn	4.4	2.5	76.0%	6.9	3.4	>100%
Urals price, '000 Rub/bbl	4.95	4.41	12.2%	4.68	2.75	70.2%

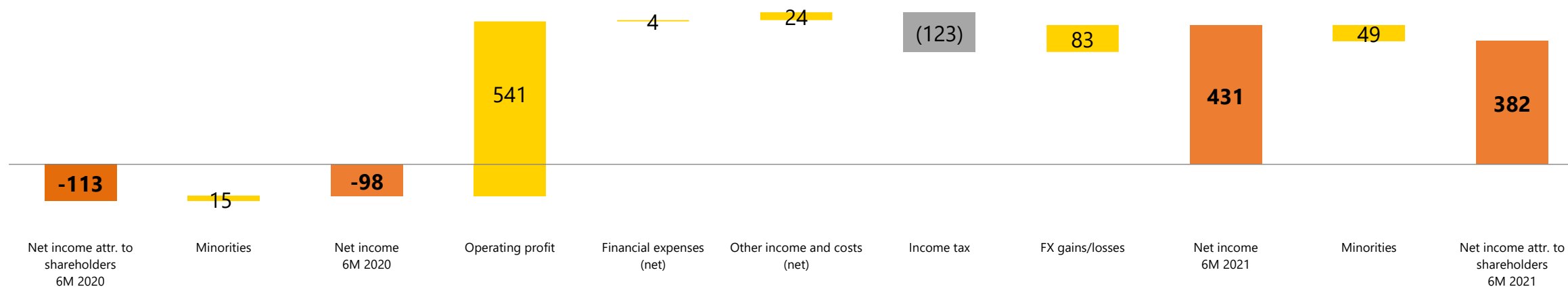
Note: (1) Adjusted for FX gains/losses and other one-off effects. (2) Adjusted for prepayments under long-term crude oil supply contracts (including accrued interest), net change in operations of subsidiary banks and operations with trading securities (RUB equivalent)

EBITDA AND NET INCOME DYNAMICS

EBITDA H1 2021 vs H1 2020, Rub bn



Net Income H1 2021 vs H1 2020, Rub bn



OPERATING CASH FLOW CALCULATION

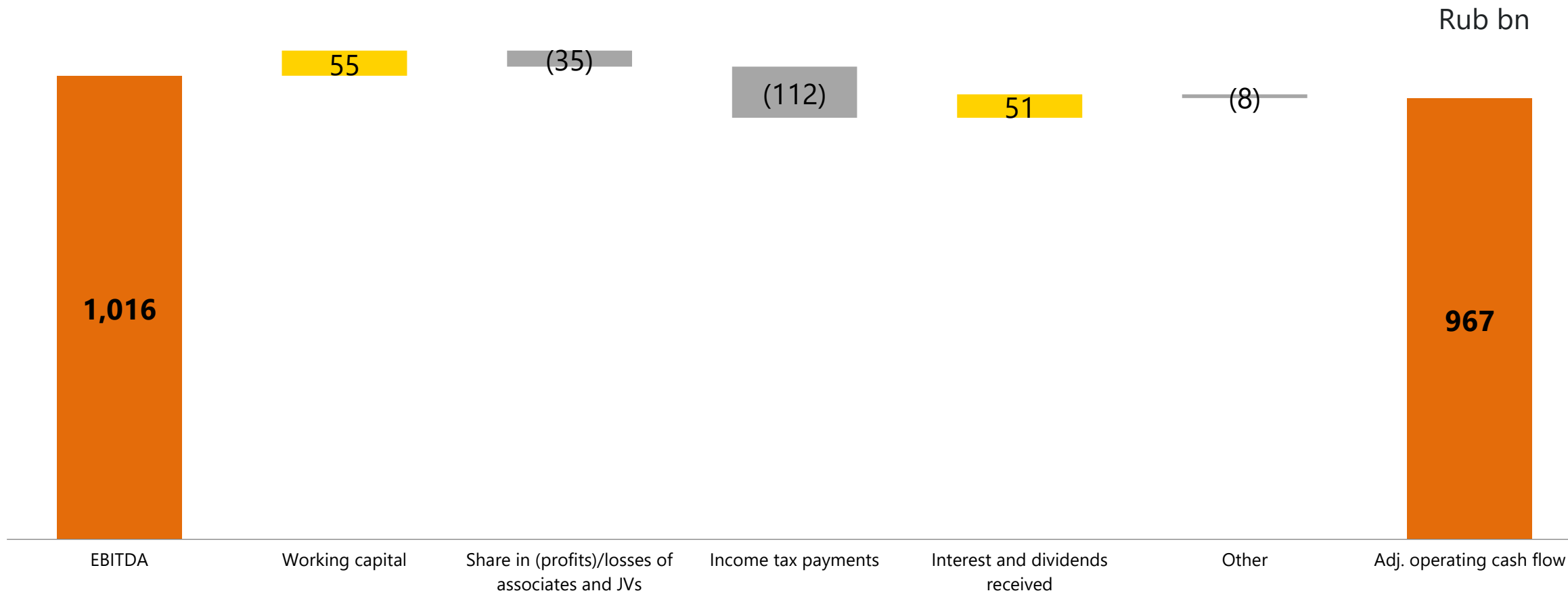
Profit and Loss Statement

Nº	INDICATOR	6M 21, \$ BN
1	Revenue, incl.	53.7
	Reimbursement of prepayments and other financial obligations received	4.4
2	Costs and expenses, incl.	(44.3)
3	Operating profit (1+2)	9.4
4	Expenses before income tax	(2.2)
5	Income before income tax (3+4)	7.2
6	Income tax	(1.4)
7	Net income (5+6)	5.8

Cash Flow Statement

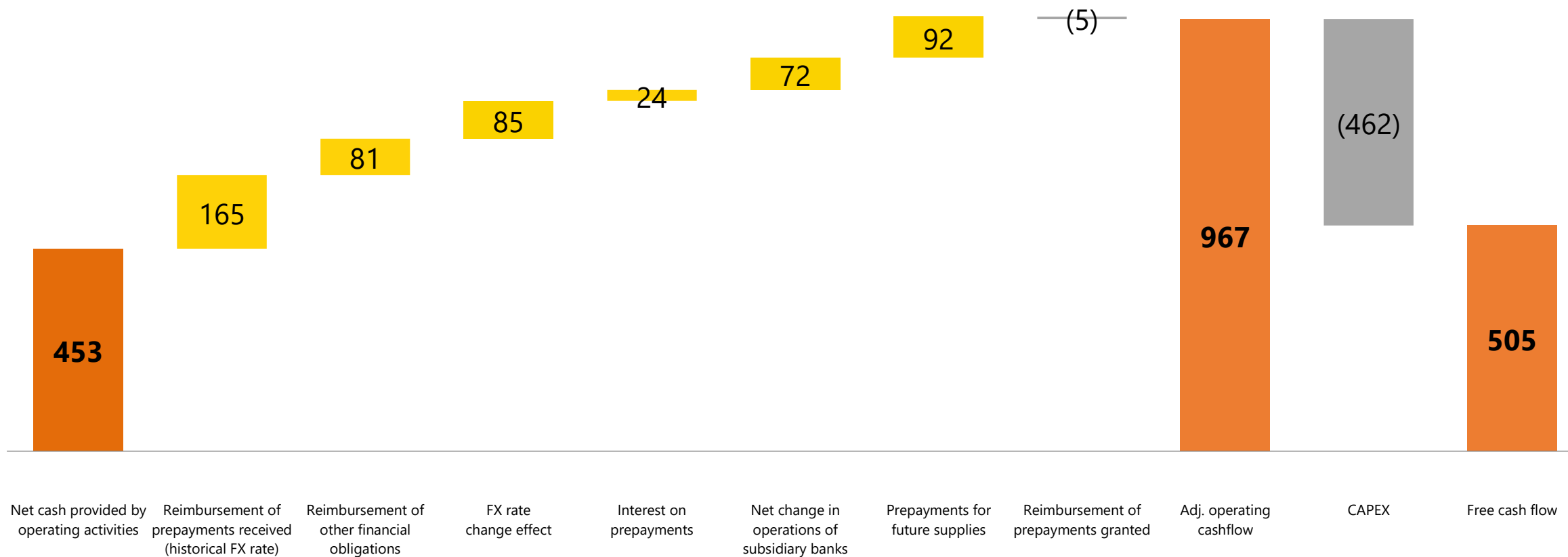
6M 21, \$ BN	INDICATOR	Nº
5.8	Net income	1
2.5	Adjustments to reconcile net income to cash flow from operations, incl.	2
(3.3)	Reimbursement of prepayments received under crude oil and petroleum products supply contracts	
(1.1)	Reimbursement of other financial obligations received	
(1.4)	Changes in operating assets and liabilities, incl.	3
(0.3)	Interest on prepayments under long-term crude oil supply contracts	
(0.8)	Income tax payments, interest and dividends received	4
6.1	Net cash from operating activities (1+2+3+4)	5
1.0	Netchange in operations of subsidiary banks	6
1.2	Prepayments for future supplies	7
4.7	Effect from prepayments	8
13.0	Adjusted operational cash flow (5+6+7+8)	9

OPERATING CASH FLOW CALCULATION



FREE CASH FLOW CALCULATION

Rub bn



FINANCE EXPENSES

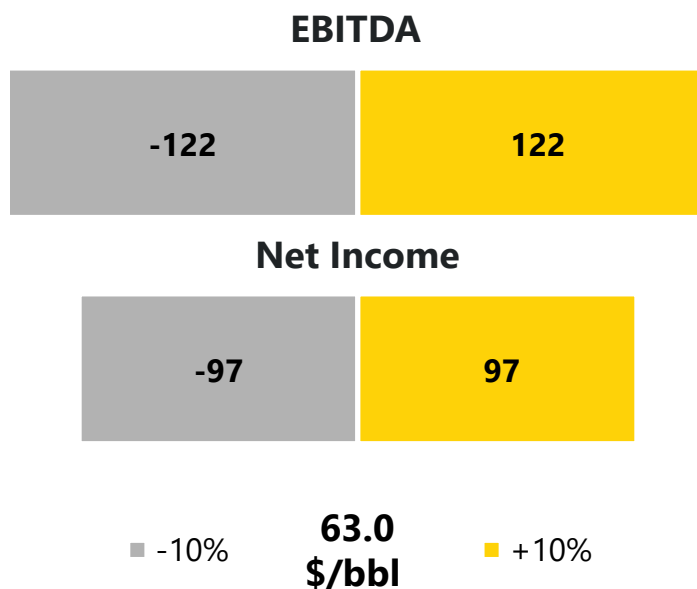
INDICATOR, RUB BN		Q2 '21	Q1 '20	%	H1 '21	H1 '20	%
1.	Interest accrued ¹	66	64	3.1%	130	130	–
2.	Interest paid and offset ²	63	61	3.3%	124	126	(1.6)%
3.	Change in interest payable (1-2)	3	3	–	6	4	50.0%
4.	Interest capitalized ³	34	31	9.7%	65	68	(4.4)%
5.	Net loss from operations with financial derivatives ⁴	–	–	–	–	3	(100)%
6.	Increase in provision due to the unwinding of a discount	6	6	–	12	12	–
7.	Interest on prepayments under long-term oil and petroleum products supply contracts	11	13	(15.4)%	24	21	14.3%
8.	Change in fair value of financial assets	1	5	(80.0)%	6	2	>100%
9.	Increase in loss allowance for expected credit losses on debt financial assets	1	–	100%	1	1	–
10.	Other finance expenses	1	1	–	2	4	(50.0)%
Total finance expenses (1-4+5+6+7+8+9+10)		52	58	(10.3)%	110	105	4.8%

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.

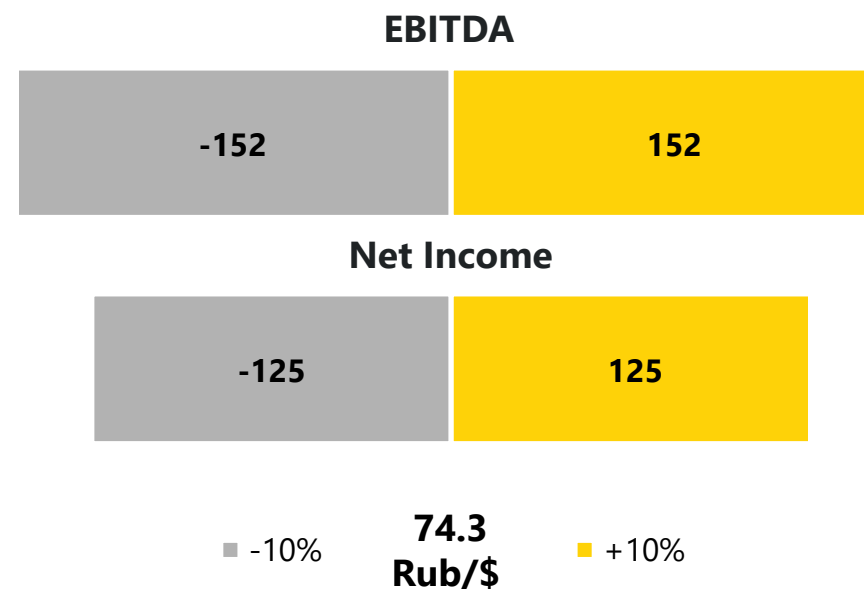
VARIANCE ANALYSIS

H1 2021 EBITDA and net income sensitivity

to +/-10% change in Urals price, Rub bn



to +/-10% change in Rub/\$ exchange rate, Rub bn





ROSNEFT

THANK YOU FOR YOUR TIME!