

Rosneft Oil Company IFRS Results Q3 2016



November 11, 2016

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Overview of Key Developments



Macroeconomic environment¹

| Indicator | Q3 16 | Q2 16 | % | 9M 16 | 9M 15 | % |
|-----------------------------------|--------------|-------|--------|--------------|-------|---------|
| Urals, \$/bbl | 44.0 | 43.8 | 0.5% | 40.0 | 54.6 | (26.8)% |
| Urals, '000 RUB/bbl | 2.85 | 2.89 | (1.4)% | 2.74 | 3.24 | (15.5)% |
| Naphtha, '000 RUB/ton | 23.9 | 25.4 | (5.7)% | 24.2 | 27.0 | (10.5)% |
| Gasoil 0.1%, '000 RUB/ton | 26.0 | 26.7 | (2.6)% | 25.4 | 30.6 | (17.0)% |
| Fuel oil 3.5%, '000 RUB/ton | 15.0 | 13.4 | 12.2% | 13.1 | 16.9 | (22.8)% |
| Average exchange rate, RUB/\$ | 64.62 | 65.89 | (1.9)% | 68.37 | 59.28 | 15.3% |
| Inflation for the period (CPI), % | 0.8% | 1.2% | | 4.1% | 10.4% | |

Highlights

- ▶ Successfully completed the acquisition of the Government's stake in PJSOC Bashneft
- ▶ Signed the Sale and Purchase Agreement on acquisition of a 49% stake in Essar Oil Limited
- ▶ Closed the deals on the sale of stakes in Vankorneft: 11% - to Indian ONGC, 23.9% - to the group of Indian companies
- ▶ Closed the deal on the sale of a 29.9% stake in Taas-Yuryakh to the consortium of strategic investors from India
- ▶ Signed legally binding documents on the sale of 20% in Verkhnechonskneftegaz to Beijing Enterprises
- ▶ Signed the MoU with Pertamina for cooperation within the Northern Chayvo project (Sakhalin island) and development of the Russkoye field with possible acquisition by Pertamina of the 20% and 37.5% stakes in these projects respectively

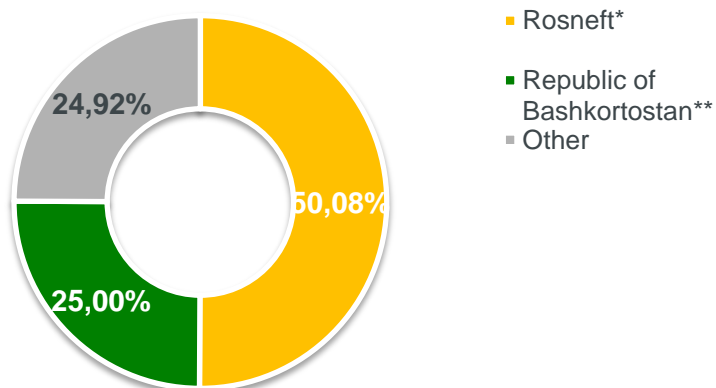
Acquisition of the controlling stake in Bashneft for RUB 330 bn



Assets operating highlights for 2015

| Indicator | Value |
|---|------------|
| Proved oil reserves (PRMS) ¹ | 2.3 bn bbl |
| Oil production | 19.9 mmt |
| Refining throughput | 19.1 mmt |
| <i>Nelson Index</i> | 9.1 |
| <i>Light product yield</i> | 68% |
| No. of retail sites | 744 |

Post deal shareholder structure*



*including preferred stocks

** owned through the Ministry of Land and Property, including 3.54% in preferred stocks

- Rosneft bought 50.08% stake (60.2% of ordinary stocks) in Bashneft owned by the Russian Government for RUB 330 bn (\$5.3 bn)
- On October 1, 2016 Rosneft BoD approved potential acquisition of the Government stake in Bashneft
- On October 12, 2016 the Sale and Purchase Agreement was signed
- Upon the deal completion Bashneft operating and financial figures will be fully consolidated by the Company

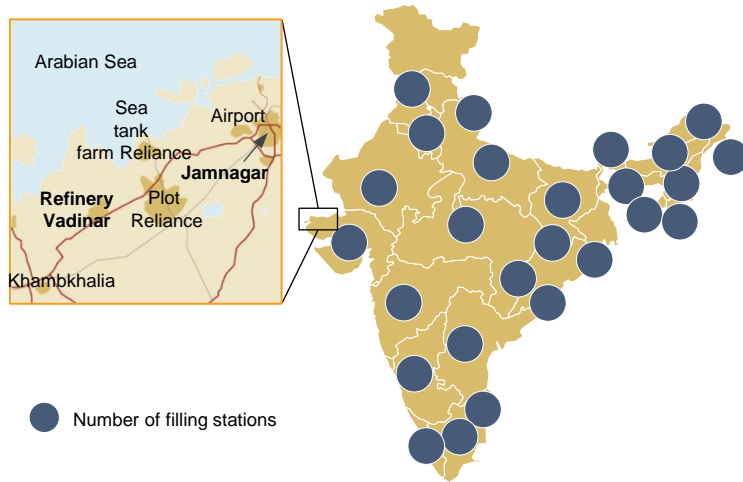
Deal rationale:

- Gaining competitive edge through increase of market share and financial indicators (additional 10% and 20% to the oil producing and refining capacities respectively)
- Attractive asset with growth prospects
- Improving asset quality via refining portfolio optimization and increase of domestic market share
- Significant synergies of c. \$2.5 bn²
- Minor increase in the debt burden while acquiring a controlling stake in Bashneft

Acquisition of 49% in Essar Oil



Asset location

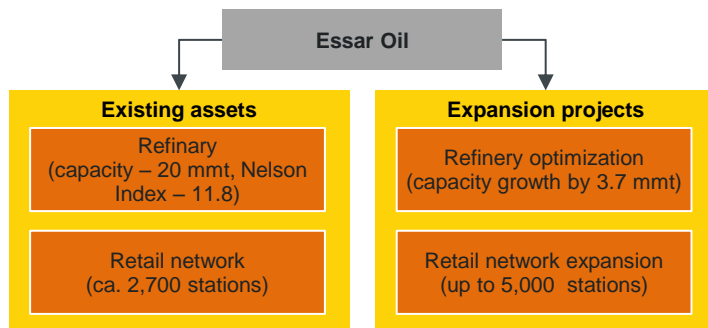


- ▶ Rosneft signed the Sale and Purchase Agreement for a 49% stake in Essar Oil Limited (EOL). 100% of EOL's business was valued at \$12.9 bn¹
- ▶ Current owners will sell 98% stake to Rosneft and an outside consortium of international investors
- ▶ The deal is subject for all regulatory approvals

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 – 5M2017 FY GRM ~\$10
 - 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

Current assets structure



Key Operating Indicators



| Indicator | Q3 16 | Q2 16 | % | 9M 16 | 9M 15 | % |
|--------------------------------------|--------------|-------|----------|--------------|-------|---------|
| Hydrocarbon production, incl. kboepd | 5,217 | 5,216 | 0.0% | 5,213 | 5,143 | 1.4% |
| Oil and liquids production, kbpd | 4,151 | 4,111 | 1.0% | 4,117 | 4,119 | (0.0)% |
| Gas production, kboepd | 1,066 | 1,105 | (3.5)% | 1,096 | 1,024 | 7.0% |
| Refining throughput, mmt | 24.83 | 22.45 | 10.6% | 69.89 | 73.31 | (4.7)% |
| Refining depth, % | 73.6 | 71.2% | +2.4 pp. | 71.3 | 66.4 | +4.9 pp |

Key Financial Indicators (RUB bn)



| Indicator | Q3 16 | Q2 16 | % | 9M 16 | 9M 15 | % |
|---|-------|-------|---------|-------|-------|---------|
| Revenue | 1,223 | 1,232 | (0.7)% | 3,503 | 3,954 | (11.4)% |
| EBITDA | 292 | 348 | (16.1)% | 913 | 967 | (5.6)% |
| Net profit | 26 | 89 | (70.8)% | 129 | 302 | (57.3)% |
| Net profit, adjusted for one-off items ¹ | 104 | 154 | (32.5)% | 352 | 405 | (13.1)% |
| Operating cash flow | 215 | 215 | 0.0% | 664 | 926 | (28.3)% |
| CAPEX | 167 | 154 | 8.4% | 475 | 409 | 16.1% |
| Free cash flow | 48 | 61 | (21.3)% | 189 | 517 | (63.4)% |
| Net debt | 1,651 | 1,507 | 9.6% | 1,651 | 1,622 | 1.8% |
| Urals ² , '000 RUB/bbl | 2.85 | 2.89 | (1.4)% | 2.74 | 3.24 | (15.5)% |

Note: (1) calculated indicator adjusted for FOREX and other one-off effects, (2) calculation based on unrounded numbers

Key Financial Indicators (\$ bn)



| Indicator | Q3 16 | Q2 16 | % | 9M 16 | 9M 15 | % |
|---|-------|-------|---------|-------|-------|---------|
| Revenue | 19.4 | 19.2 | 1.0% | 53.1 | 68.3 | (22.3)% |
| EBITDA | 4.5 | 5.3 | (15.1)% | 13.5 | 16.5 | (18.2)% |
| Net profit | 0.4 | 1.4 | (71.4)% | 2.0 | 5.3 | (62.3)% |
| Net profit, adjusted for one-off items ¹ | 1.6 | 2.3 | (30.4)% | 5.1 | 6.8 | (25.0)% |
| Operating cash flow | 3.9 | 3.6 | 11.1% | 11.1 | 16.6 | (33.1)% |
| CAPEX | 2.6 | 2.3 | 13.0% | 7.0 | 6.9 | 1.4% |
| Free cash flow | 1.3 | 1.3 | – | 4.1 | 9.7 | (57.7)% |
| Net debt | 26.1 | 23.4 | 11.5% | 26.1 | 24.5 | 6.5% |
| Urals ² , \$/bbl | 44.0 | 43.8 | 0.5% | 40.0 | 54.6 | (26.8)% |

Note: (1) calculated indicator adjusted for FOREX and other one-off effects, (2) calculation based on unrounded numbers

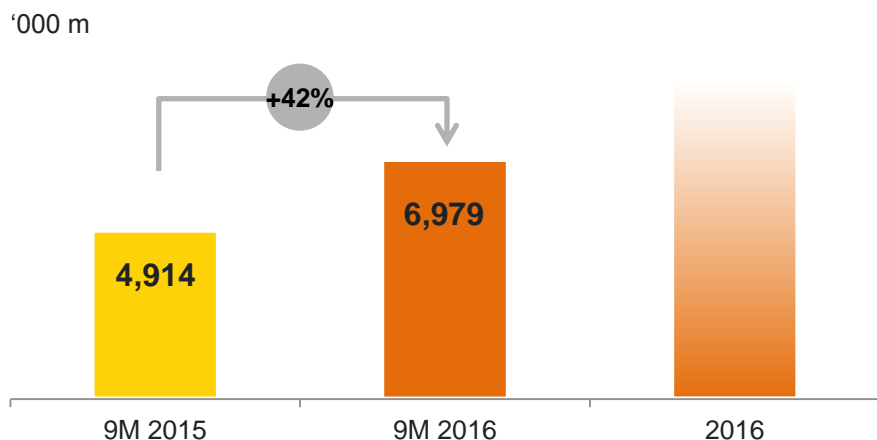


Operating Results

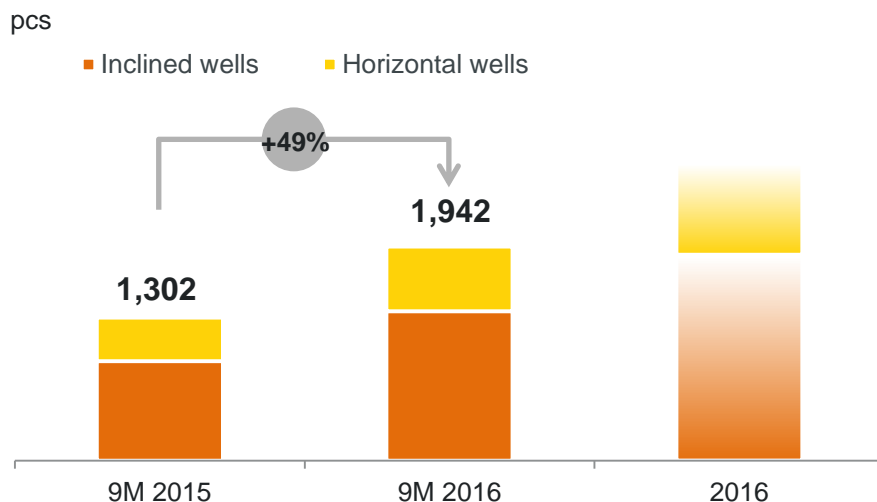
Development Drilling



Development drilling footage



New wells commissioning



Key achievements for 9M 2016

- ▶ Development drilling growth at 42% with sustaining in-house services share above 50%
- ▶ Total number of new wells put into operation increased by 49%, while horizontal wells commissioning increased by 48% vs. 9M 2015
- ▶ Reduced lean non-productive time resulted in the drilling rate increase by 18% compared to 9M 2015
- ▶ The number of new horizontal wells with multi-stage hydrofrac increased by 68%; the number of sidetracking operations increased by 9% with the incremental production of 1.6 mmt
- ▶ Increase in production potential – the new controlled pressure drilling technology was tested at Yurubcheno-Tokhomskiye field, the roll-out prospects are being assessed

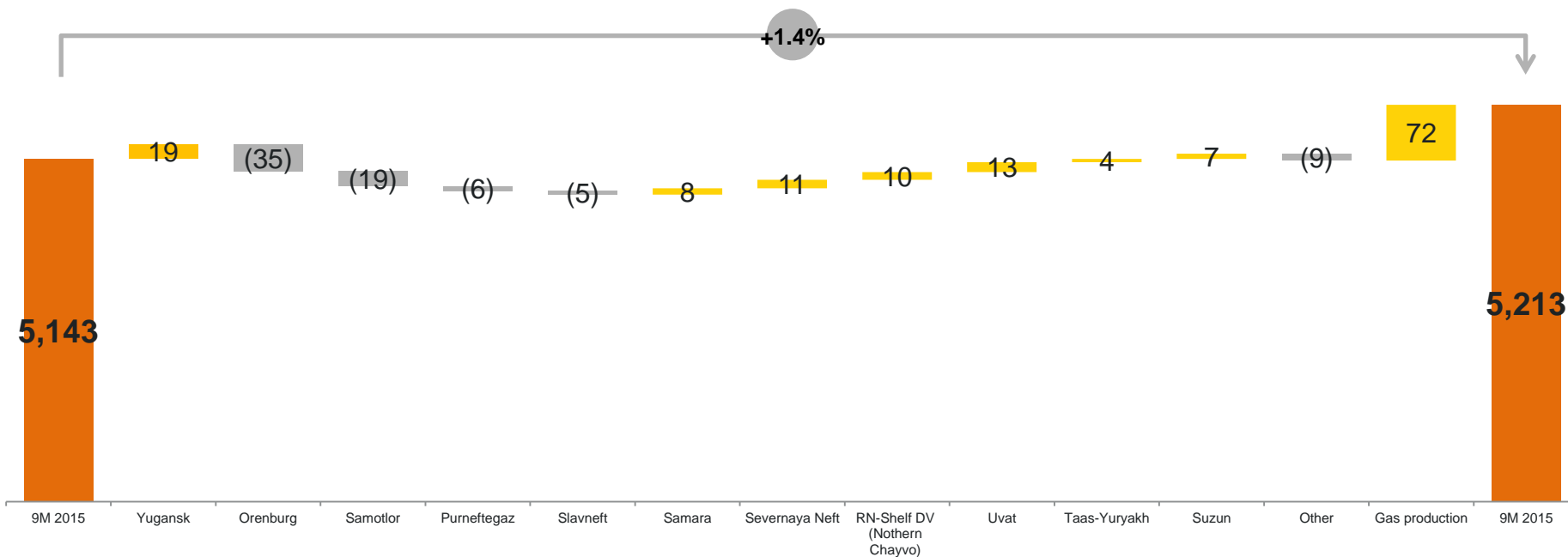
Plans through the end of 2016

- ▶ Increase in development drilling by at least 30%
- ▶ New wells commissioning plan – more than 2,500 wells of which c. 30% are horizontal wells
- ▶ Further enhancement in drilling efficiency:
 - Q4 – implement a pilot project with the two-string horizontal well with multfrac in Yuganskneftegaz

Hydrocarbon Production



kboed



- ▶ Production growth at greenfields and reduction of natural decline rates at brownfields due to development drilling ramp-up and efficient use of modern wellworks
- ▶ **Yugansk:** daily production growth (+1.5% vs. 9M 2015) as a result of development drilling and new wells commissioning ramp-up (+78% vs. 9M 2015)
- ▶ **Uvat and Severnaya Neft:** further development of the fields commissioned in late 2015 and in 1H 2016
- ▶ **Suzun:** as part of phase 1 of the project development the Company started comprehensive testing of Suzun infrastructure facilities
- ▶ **Gas production:** 2nd stage of Novo-Urengoy gas and condensate treatment unit trial run in Q4 2015 at Rospan, increased production capacities in the northern tip of the Chayvo field, commissioning in December 2015 of a gas treatment facility at Barsukovskoye field of Purneftegaz and implementation of the project to increase gas production at Khadyryakhinskoye field at Sibneftegaz

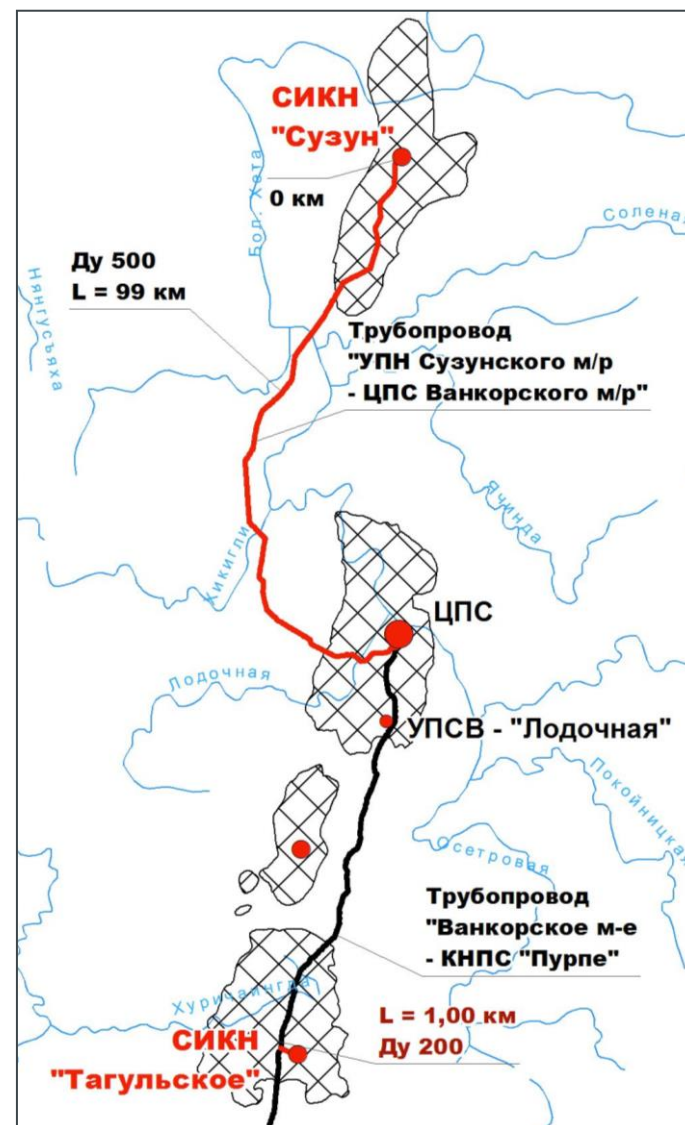
Progress in Key Projects: Suzun



| Indicator | Value |
|--------------------------------------|----------------------|
| 3P запасы (PRMS) ¹ | 75 mmtoe / 570 mmboe |
| Comprehensive testing start | September 2016 |
| Plateau production | c. 4.5 mmt of crude |
| Production plateau to be achieved in | 2017 |

As part of phase 1 of the field development as of Sep 30, 2016:

- The Company started the comprehensive testing of oil treatment and transportation facilities in September 2016
- 59 wells drilled
- 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
- Infrastructure setup at 6 well pads and construction of related sites is underway
- Production forecast by the end 2016 – c. 1.2 mmt



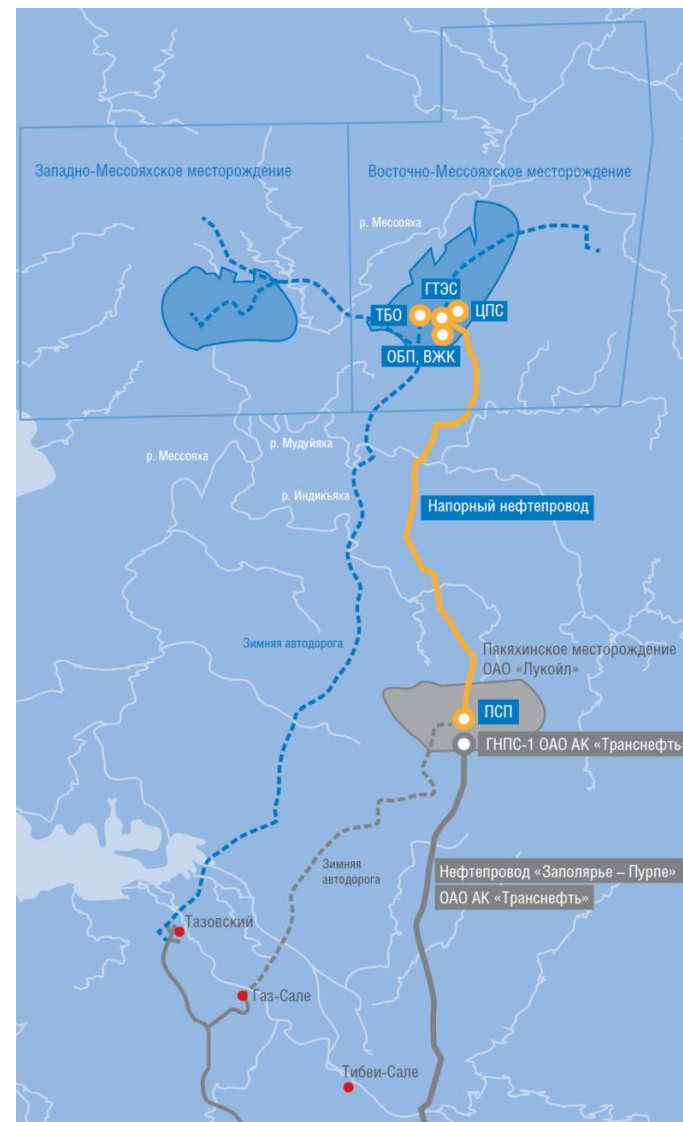
Progress in Key Projects: East Messoyakha¹



| Indicator | Value |
|--------------------------------------|-------------------------|
| 3P reserves (PRMS) ² | 212 mmtoe / 1,461 mmboe |
| Commissioning | September 2016 |
| Plateau production | c. 5.8 mmt of crude |
| Production plateau to be achieved in | 2022 |

As part of the field commercial development as of Sep 30, 2016:

- On September 21, 2016 the northernmost onshore field in Russia was put into commercial operation
- Well stock in service: 65
- The following main infrastructure facilities were completed: CPF, relay pumping station, 98 km long pressure pipeline to connect the field with Zapolyarye-Purpe trunk pipeline, 84 MW GTPP. The field infrastructure setup is in progress: expanding the field support base and constructing new pads for well drilling
- Crude oil export duty relief obtained (qualifying volumes – 28.9 mmt)
- Production forecast by the end 2016 c. 0.6 mmt



Note: (1) field license is owned by Messoyakhaneftegaz, a JV with Gazpromneft (50%/50%), data provide for 100%, (2) according to an independent audit of reserves conducted by DeGolyer & MacNaughton as of Dec 31, 2015

Upstream Portfolio Optimization



Vankor

Partner: ONGC (15%, to 26%), pool of Indian investors (up to 23.9%)



VCNG

Partners: Beijing Enterprises (20%)



Taas-Yuryakh

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



Polar Lights

Sale of 50% stake



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:

■ Vankorneft

- closed the deals on the sale of 26% stake to the Indian ONGC;
- 23.9% stake sale to the group of Indian companies completed

■ Taas-Yuryakh Neftegazodobycha

- deal on sale of 20% stake to BP closed;
- 29.9% stake sale to the group of Indian companies completed

■ Verkhnechonskneftegaz

- legally binding documents on the sale of a 20% stake to Beijing Enterprises signed

■ **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

Optimizing low margin assets:

- Sale of 50% stake in Polar Lights closed

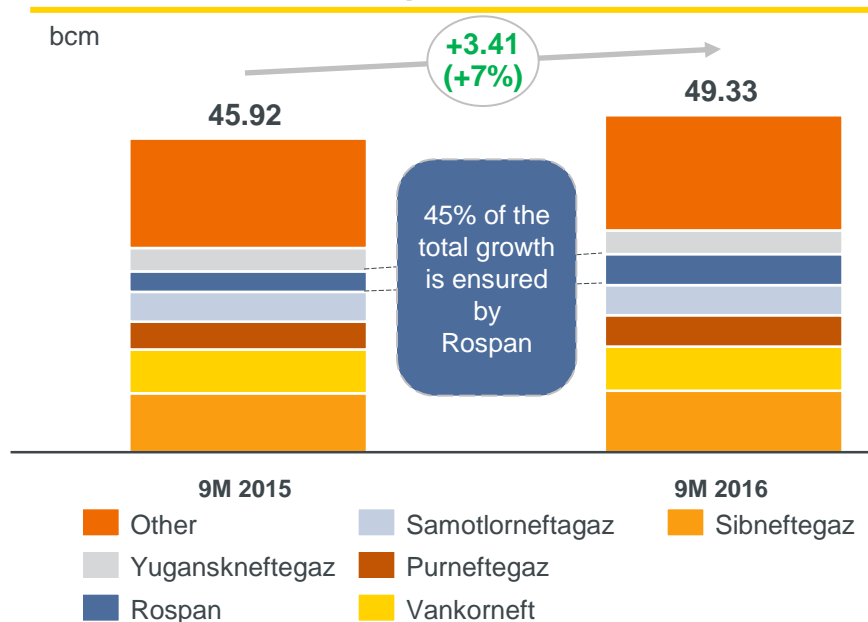
Gas Business: organic production growth and efficient monetization



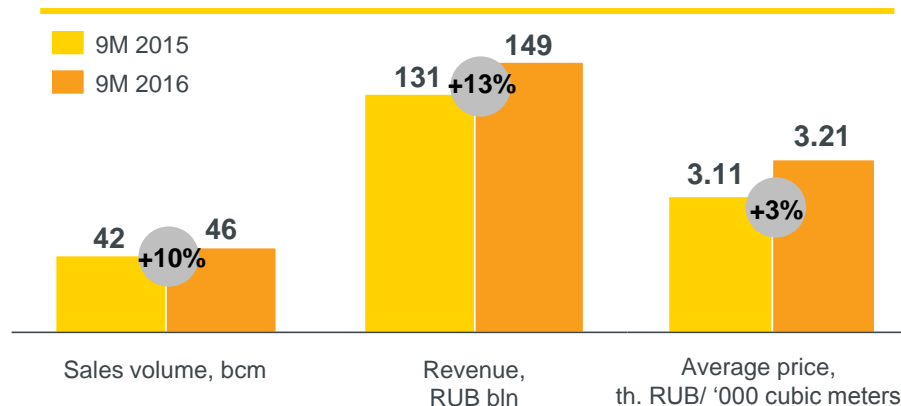
Key achievements for 9M 2016

- 7% increase in gas production as a result of gas treatment facilities launch at Rospan and Purneftegaz at the end of 2015, and commissioning of 3 new wells in the northern tip of Chayvo field, and implementation of the project to increase gas production at Khadyryakhinskoye field of Sibneftegaz
- APG utilization improvement of up to 90% for 9M 2016 (87% for 9M 2015) mostly due to the launch of gas treatment facilities and increased use of APG instead of natural gas for power generation in RN-Vankor
- Samaraneftegaz put into operation the compressor station at Sologaevskoye field with capacity of 16.3 mmcma
- Messoyakhaneftegaz put into operation GTPP using APG as a fuel with capacity of 84 MW in the East Messoyakha oil and gas condensate field in YaNAO

Gas production

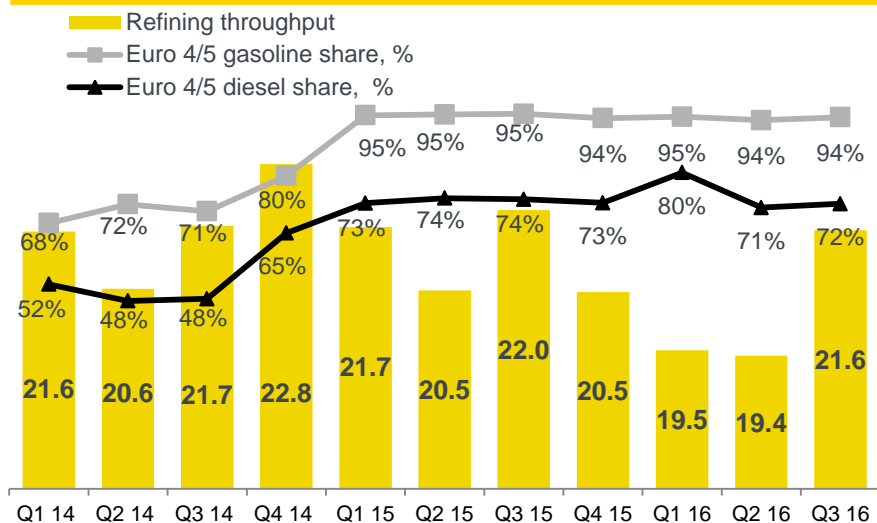


Gas sales in Russia

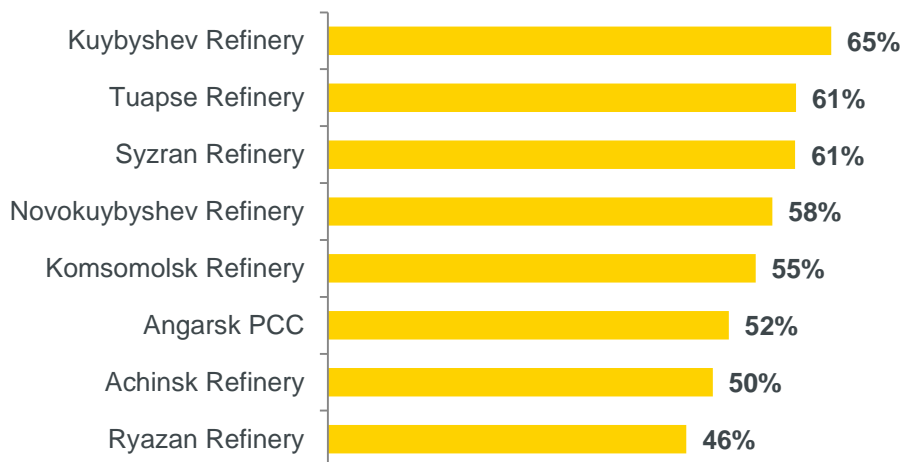




Processing and production of motor fuel



Status of Refineries Upgrade Program delivery



Key achievements for 9M 2016

- ▶ Light products yield increased to 56.7%, refining depth - to 73.6% in Q3 2016
- ▶ 44% yoy increase in production of Euro-5 motor fuels
- ▶ As part of the import substitution program the jet fuel fraction hydrotreatment unit at Achinsk Refinery and catalytic reforming unit at Ryazan Refinery switched to catalysts produced at AZKiOS
- ▶ Formalized catalyst production development program for 2016-2025

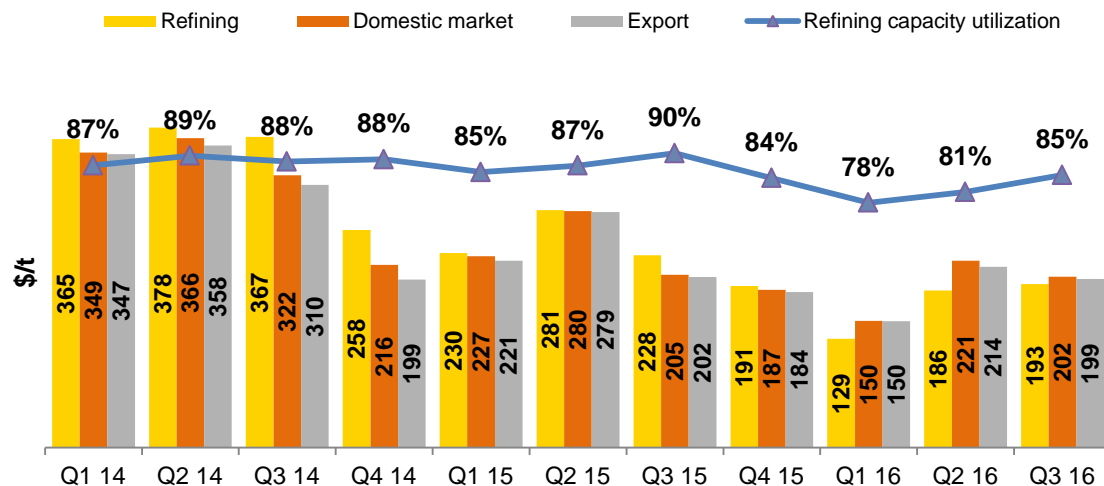
Plans for 2016

- ▶ Optimizing capacity utilization for efficiency gains, increase in high-margin product output and fuel oil output reduction
- ▶ Implementation of the import substitution program in the area of chemicals, catalysts and additives to motor fuels
- ▶ Further construction of facilities within the refinery modernization program
- ▶ Implementation of the program for efficiency improvement and maintaining assets

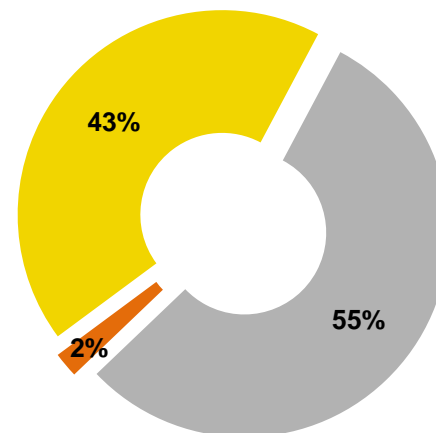
Crude Oil and Petroleum Product Sales



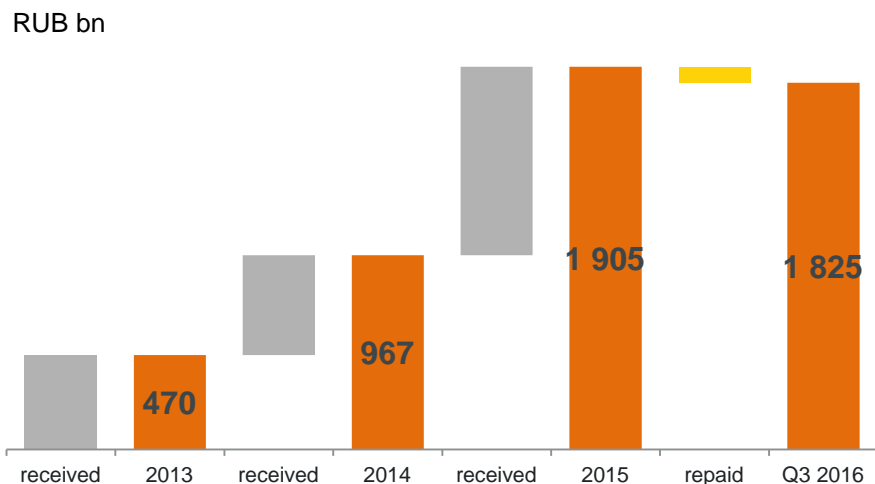
Netbacks of the main oil monetization channels



Oil monetization structure (Q3 2016)¹



Profile of repayments for long term contacts



- Increase in high-margin oil supplies eastwards by 8% for 9M 2016 to almost 31 mmt
- In September 2016 carried out the first supplies of 85 kt of CPC Blend crude oil and 33 kt of fuel oil to the Greek refineries of Hellenic Petroleum SA
- The efficiency per 1 ton of sold petroleum products increased by 6% over 9M 2016 with the wholesale and retail sales volumes maintained y/y

Note: (1) as a percentage of total crude oil supplies



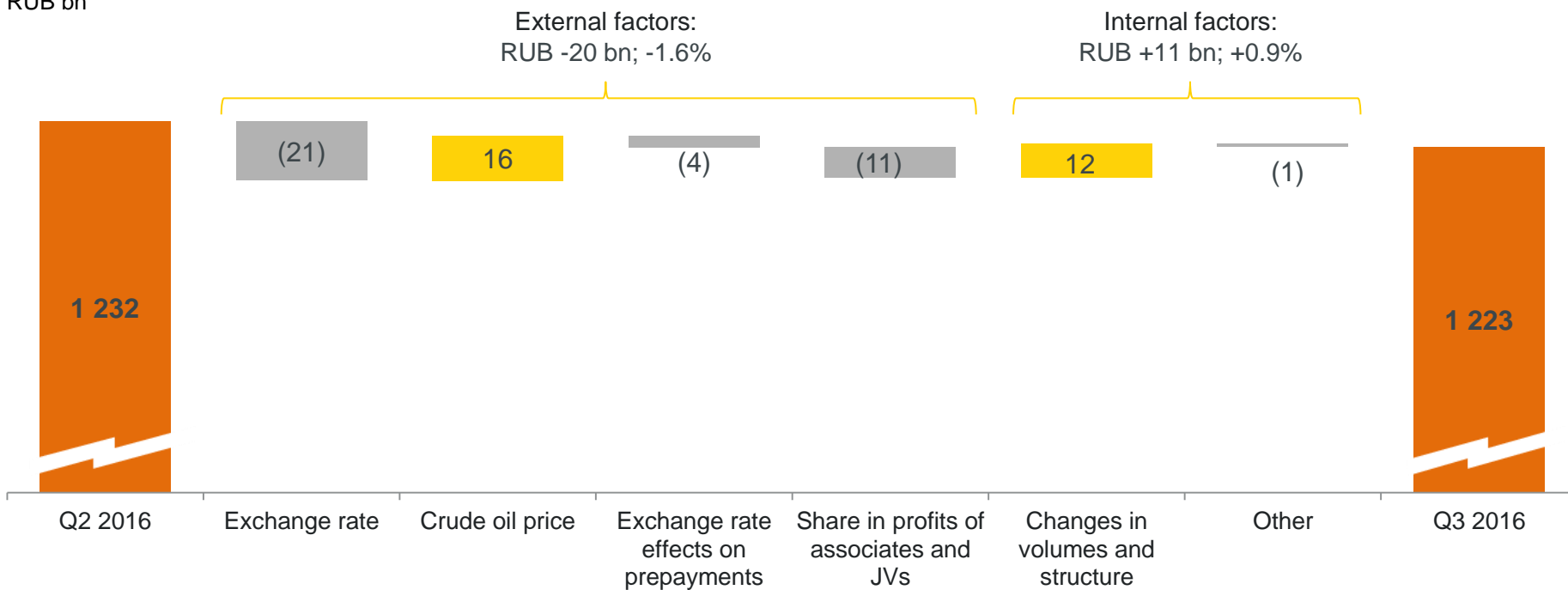
Financial Results

Revenue



Q3 2016 vs Q2 2016

RUB bn

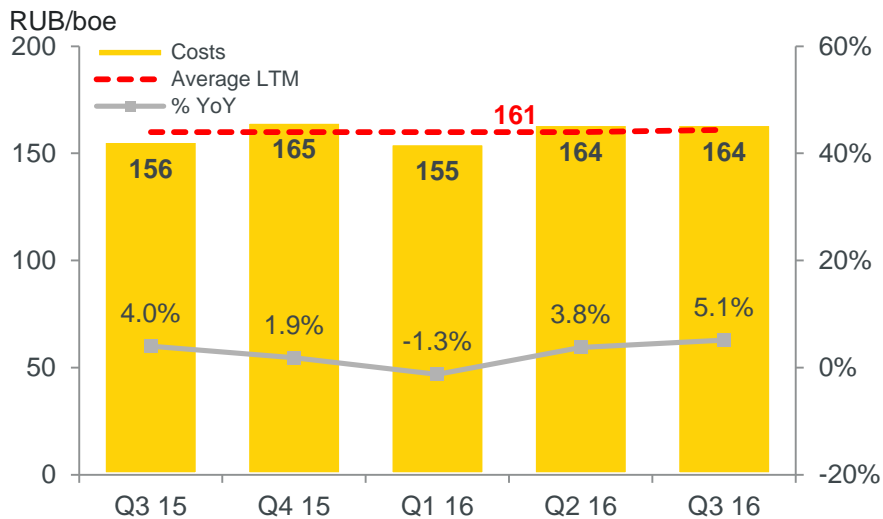


- Increase in petroleum products sales by 8%
- Positive trend in product sales prices on the domestic market
- Reduced income from associates due to FX effects

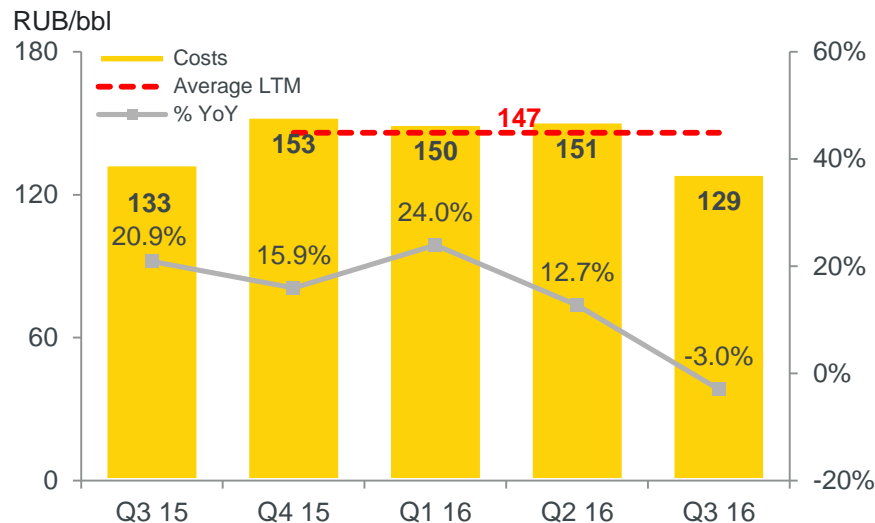
Operating Costs Dynamics



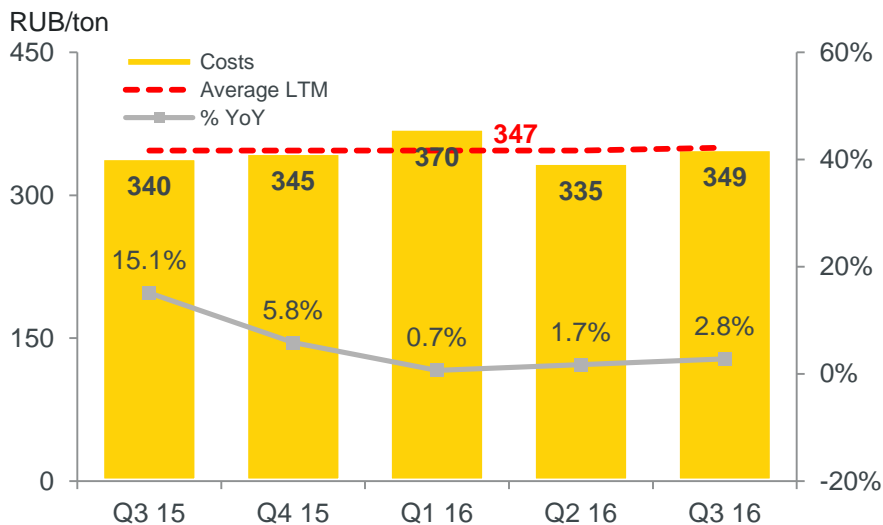
Lifting costs



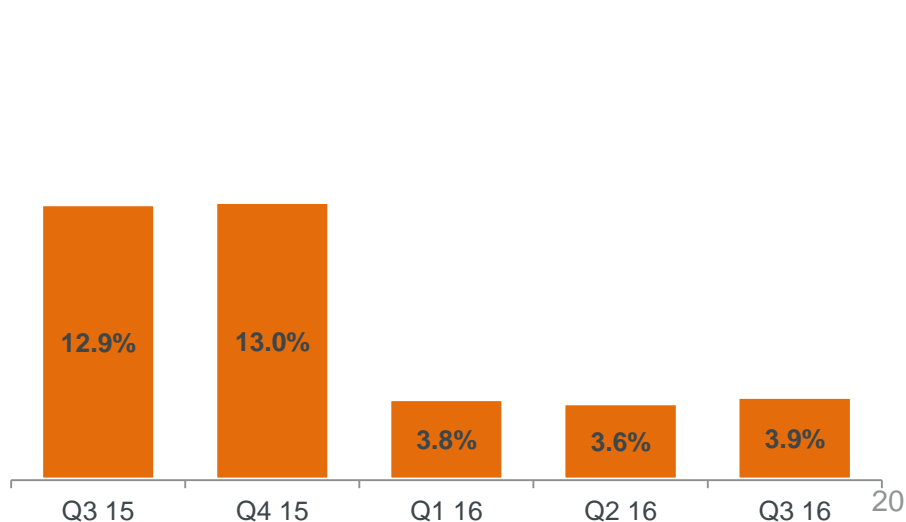
Refining costs in Russia



Transportation costs



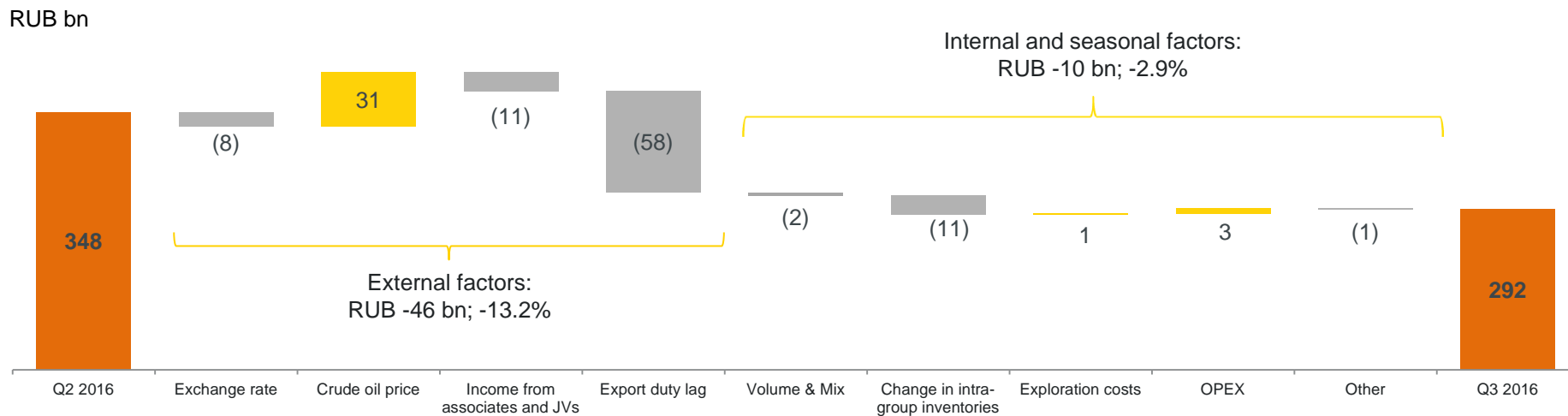
Producer price index (annual basis)



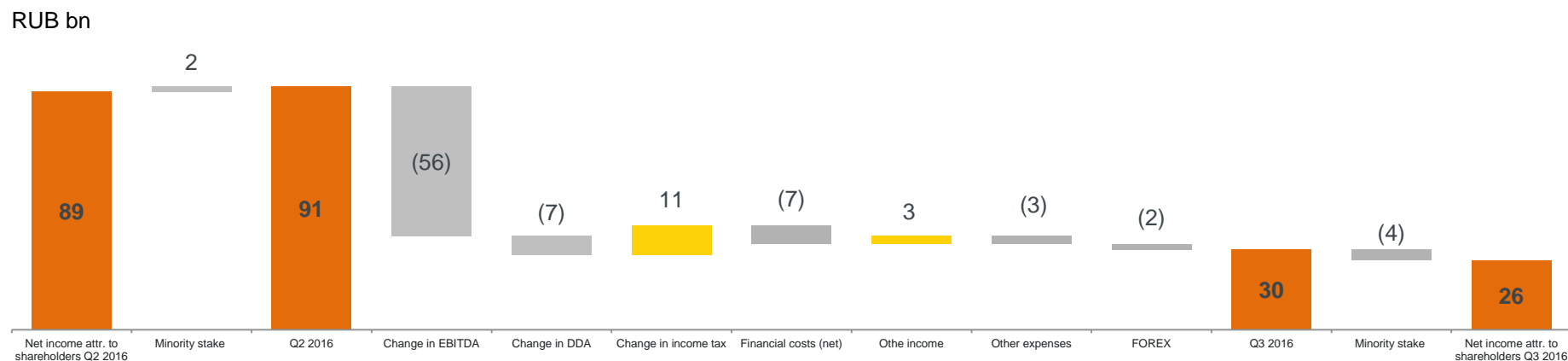
EBITDA and Net Income



EBITDA Q3 2016 vs. Q2 2016



Net Income Q3 2016 vs. Q2 2016

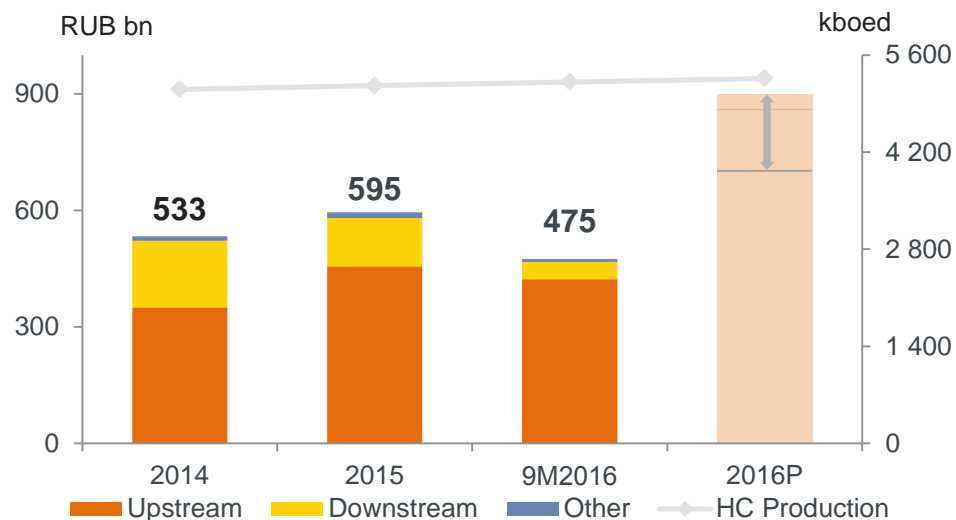


Note: (1) including changes in the effective rate caused by factoring in the effect on the full-year financial results from the sale of the stake in Vankorneft

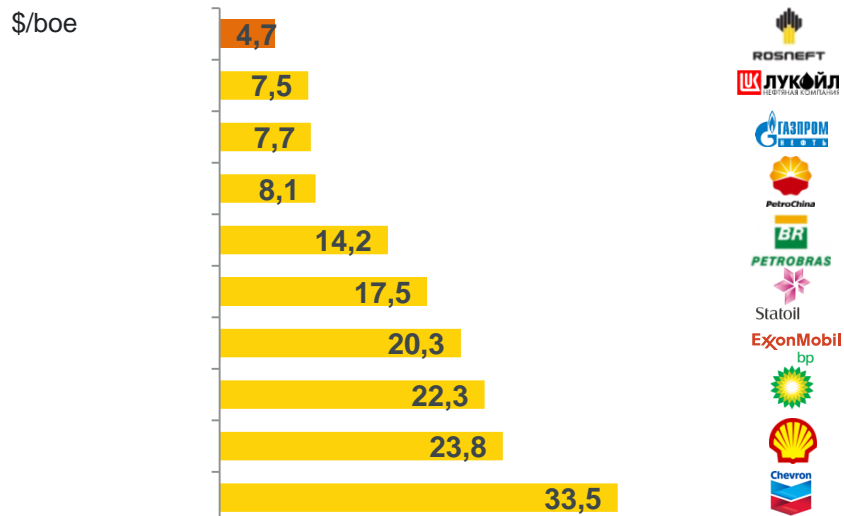
CAPEX



CAPEX and production¹



E&P CAPEX for 9M 2016²: benchmarking



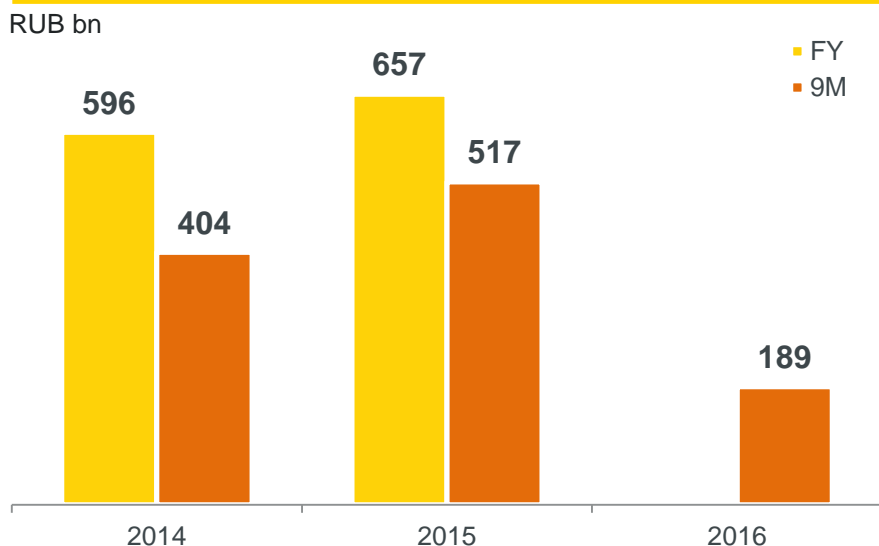
- Increase in upstream CAPEX for 9M 2016 (+34%) yoy, focusing on meeting the strategic goals in hydrocarbon production growth:
 - intensification in development drilling and oilfield development
 - start of active development phase of new major oil and gas production projects (Suzun, Srednebotuobinskoye, Yurubcheno-Tokhoms koye)
- 2016 investments in the oil refining and petrochemical plants are mostly focused on development projects at Samara group Refineries, Tuapse Refinery as well as maintaining existing capacities of the Company Russian refineries
- Confident leadership in unit upstream CAPEX with build-up of the investment program as compared with the key local and international players:
 - 9M 2016: \$4.7 per boe
 - Expected level in 2016: below \$6 per boe

Note: (1) plan for 2016 doesn't include Bashneft, (2) Rosneft, Statoil – data for 9M 2016, Petrobras, PetroChina, Lukoil, Gazprom neft – data for H1 2016, other companies – data for 2015

Free Cash Flow

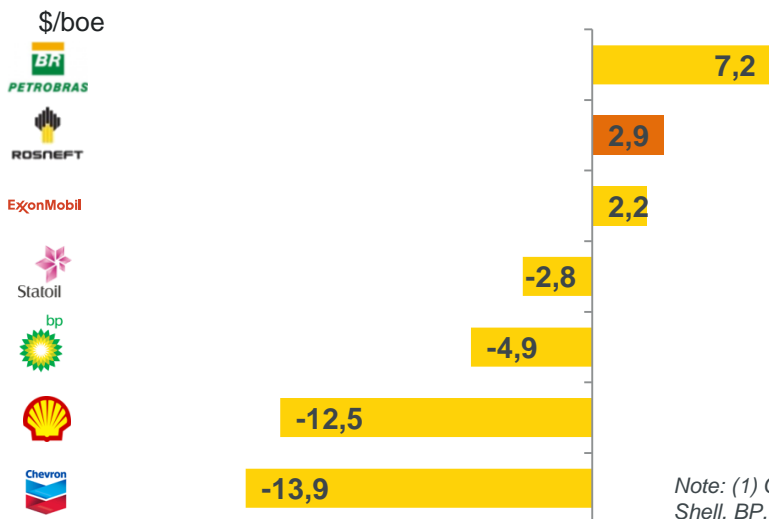


Free cash flow

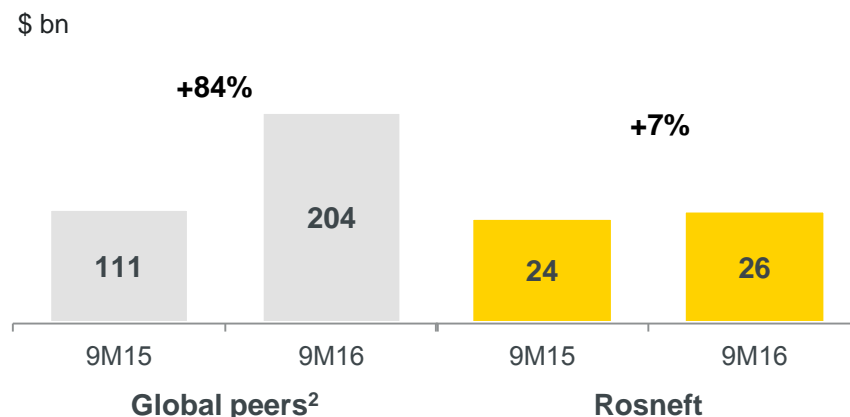


- ▶ Despite market volatility and higher tax burden the Company generates positive free cash flow for 18 consecutive quarters
- ▶ With FCF at \$2.9 per boe Rosneft (for 9M 2016) remains one of the global leaders in free cash flow generation
- ▶ Rosneft sustains comfortable level of financial leverage compared to substantial increase of debt burden by its peer group

FCF 9M 2016: benchmarking (majors)¹



Net debt dynamics

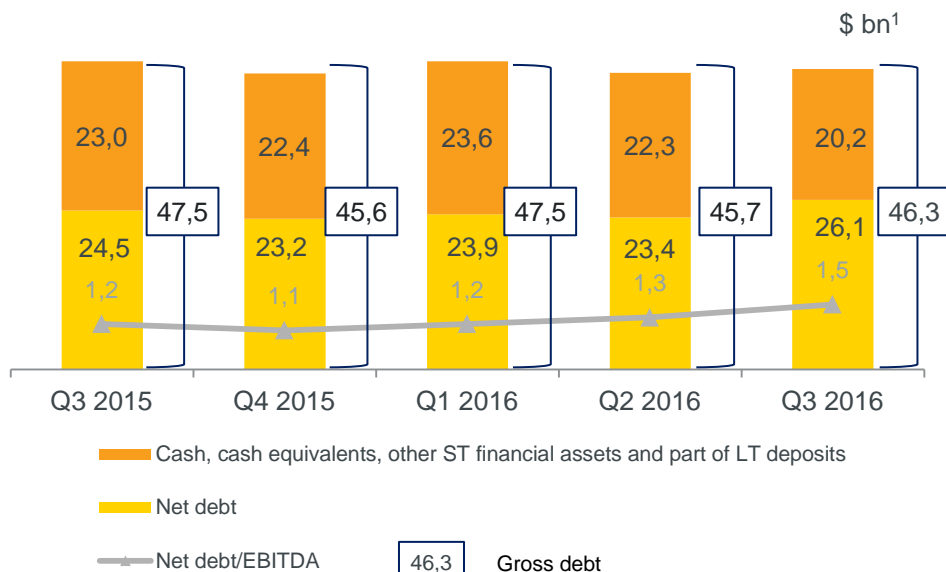


Note: (1) Chevron, Petrobras – data for H1 2016, other companies – for 9M 2016, (2) Including ExxonMobil, Chevron, Shell, BP, Statoil. ExxonMobil, Chevron – data for H1 2016, other companies – for 9M 2016

Financial Stability



Debt and net debt dynamics



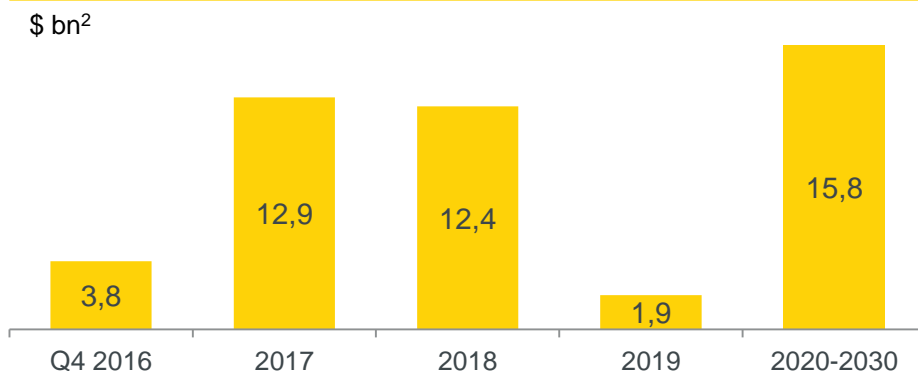
► Credit portfolio management:

- Over the last 12 months, ended September 30, 2016, total debt decreased by 2.5%, net debt increased by 6.5%
- In Q3 2016, total debt increased by 1.3%³, net debt – by 11.5%³

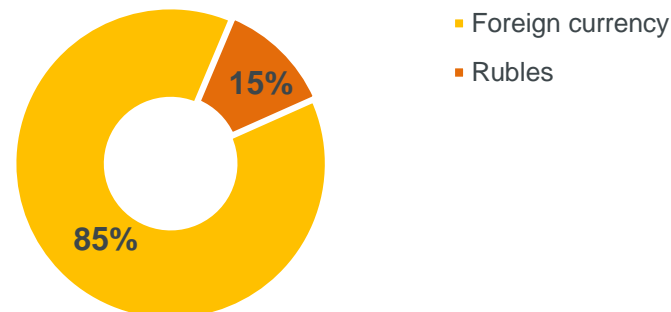
► Liquidity:

- Sustaining significant amount of liquid funds⁴ – more than \$20 bn¹ at the end of Q3 2016
- Smooth debt repayment schedule, no peak repayments

Debt maturity profile



Debt profile by currency⁵



Notes: (1) based on the CBR exchange rate as of the end of the relevant reporting period, (2) at the exchange rates and interest rates as of September 30, 2016 (excluding future interest accrued, but taking into account future lease payments), (3) compared to the end Q2 2016; (4) including free cash short-term financial assets and part of long term deposits, (5) As of September 30, 2016.

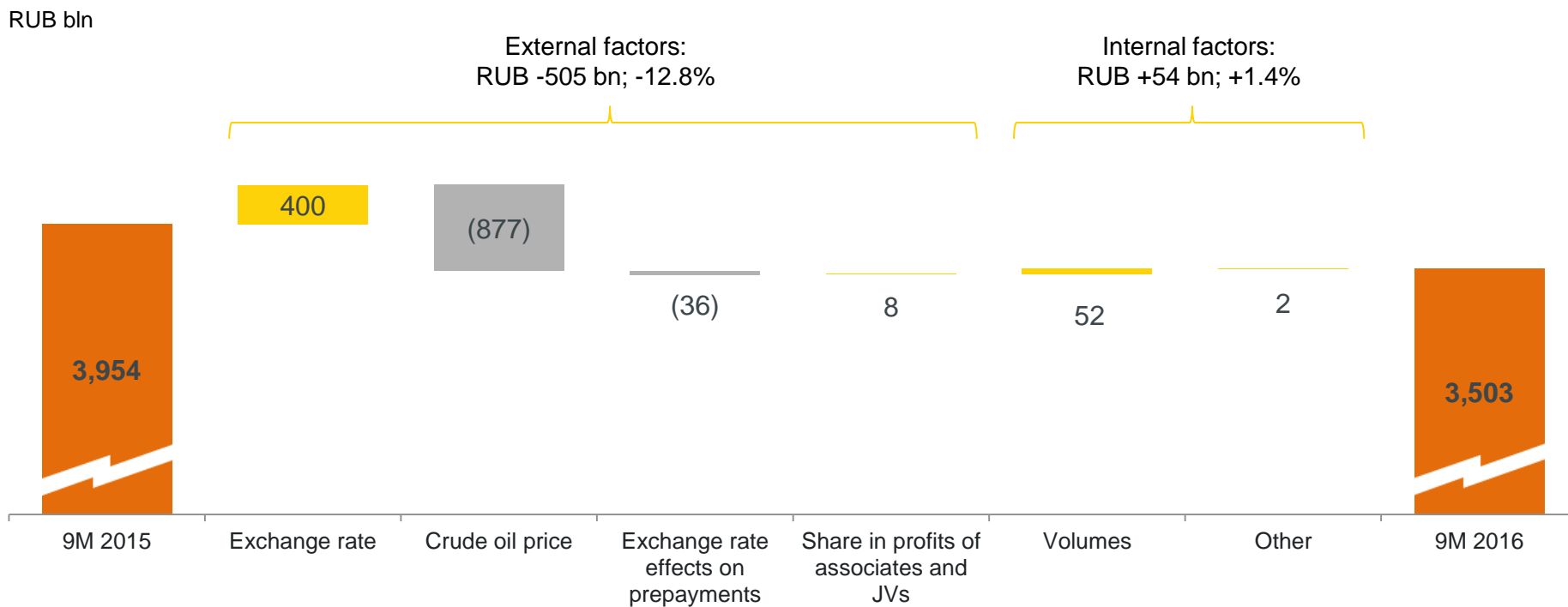


Appendix

Revenues



9M 2016 vs 9M 2015

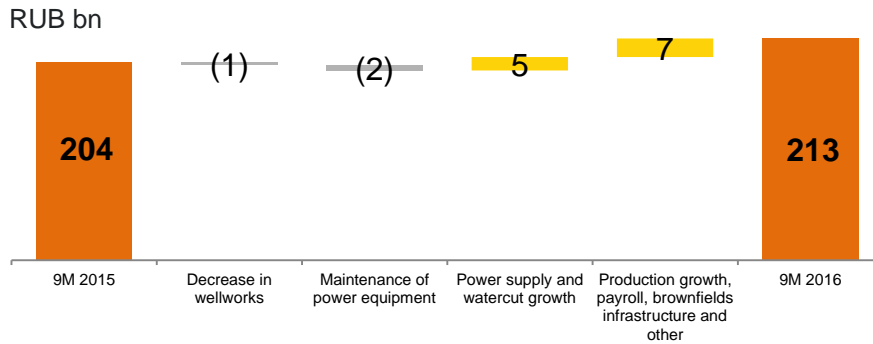


- ▶ Decline in oil prices by 15.5% in RUB terms
- ▶ Increase in the oil sales volumes by 4.8%, including export to foreign countries (excl. CIS) by 5.5%
- ▶ Increase in the oil products sales volumes on domestic market by 1.8%
- ▶ Increase in gas supplies by 10.0%

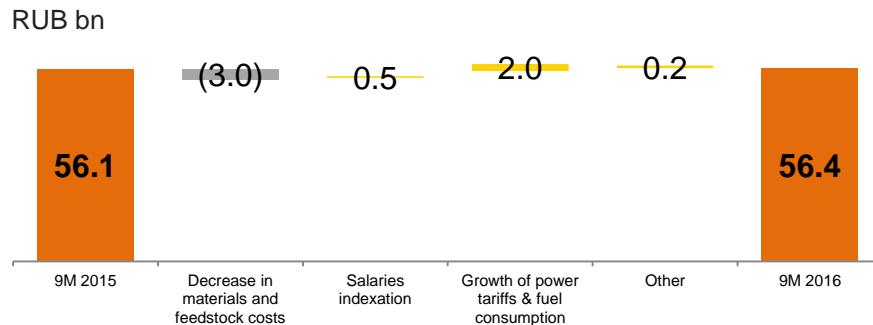
Costs Dynamics 9M 2016 vs 9M 2015



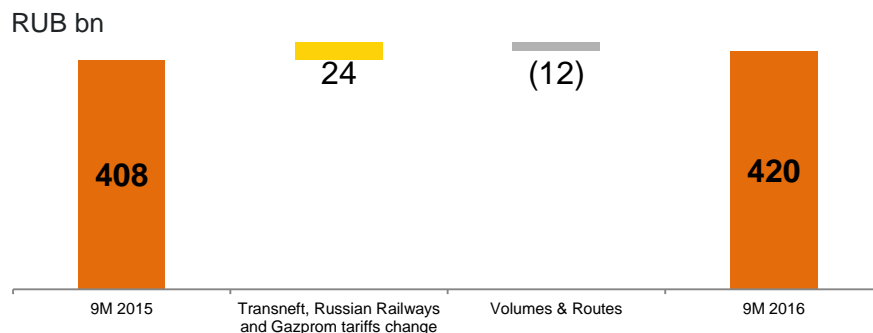
Lifting costs



Refining costs in Russia



Transportation costs

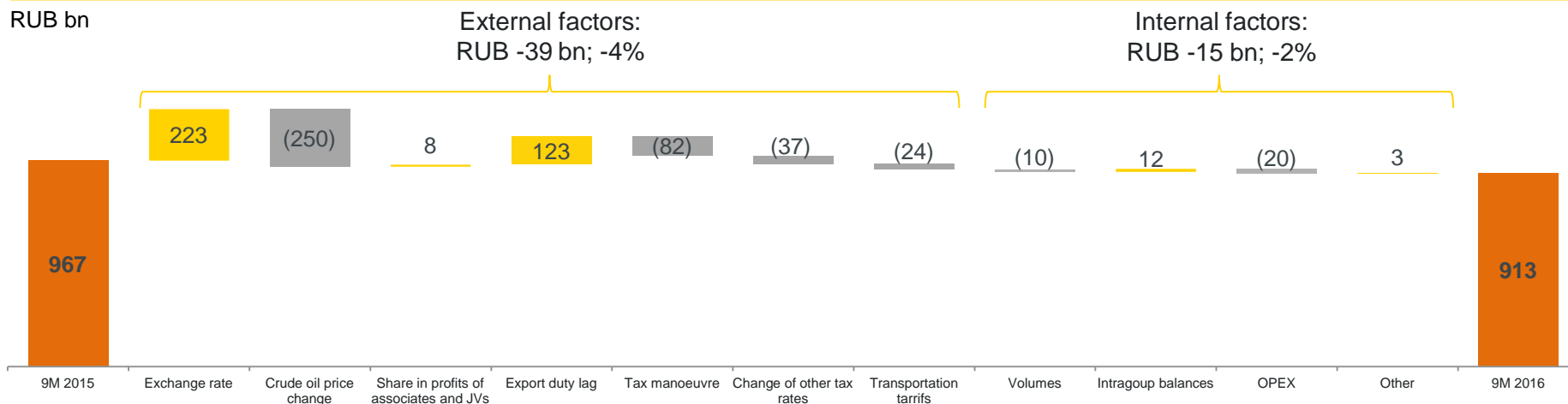


- ▶ Growing electricity costs (increased tariffs and watercut) and higher HC lifting expenses were partially offset by the planned reduction in wellwork costs and current workovers and power equipment maintenance costs coupled with the drilling program expansion
- ▶ Growth in refining expenses because of a change in the structure of products, growth of natural monopolies' tariffs and salaries indexation
- ▶ 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
- ▶ 6.8% CPI growth, 3.9% PPI growth YoY

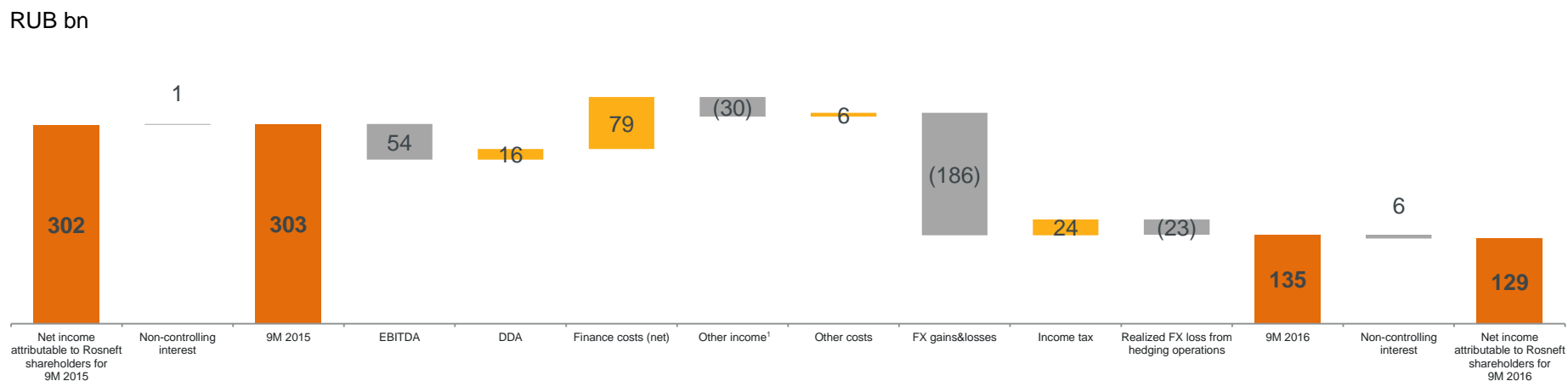
EBITDA and Net Income



EBITDA – 9M 2016 vs 9M 2015



Net income – 9M 2016 vs 9M 2015



Note: (1) Including income from litigations debt relief in H1 2015 totaling RUB 37 bn

FX Exchange Risk Hedge



| | Q3 2016, RUB bn | | | 9M 2016, 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 | (516) | 103 | (413) | (590) | 118 | (472) |
| Foreign exchange risk management tools gains/(losses) for the period | 9 | (2) | 7 | 9 | (2) | 7 |
| Exchange rate differences materialized for foreign exchange risk management tools | 37 | (7) | 30 | 111 | (22) | 89 |
| Total, recognized as part of other aggregate income (loss), over the period | 46 | (9) | 37 | 120 | (24) | 96 |
| Recognized within other funds and reserves as of Sep 30, 2016 | (470) | 94 | (376) | (470) | 94 | (376) |

| Nominal amounts of the item and hedging instruments | USD mln |
|---|---------|
| As of 31 December 2014 | 29,490 |
| As of 31 March 2015 | 28,016 |
| As of 30 June 2015 | 15,999 |
| As of 30 September 2015 | 1,275 |
| As of 31 December 2015 | 3,918 |
| As of 31 March and 30 June 2016 | 0 |
| As of 30 September 2016 | 5,100 |

For reference:

Forecast transfer of the accumulated losses from revaluation of foreign exchange risk management tools as recognized in other comprehensive income to gains and losses as of the end of Q3 2016, RUB bn

| Year | Q4 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------------|---------------|--------------|--------------|--------------|------------|--------------|
| Reclass | (37) | (145) | (145) | (145) | 2 | (470) |
| Profit tax | 7.4 | 29 | 29 | 29 | (0.4) | 94 |
| Total net of income tax | (29.6) | (116) | (116) | (116) | 1.6 | (376) |

Adjusted Operating Cash Flow Calculation



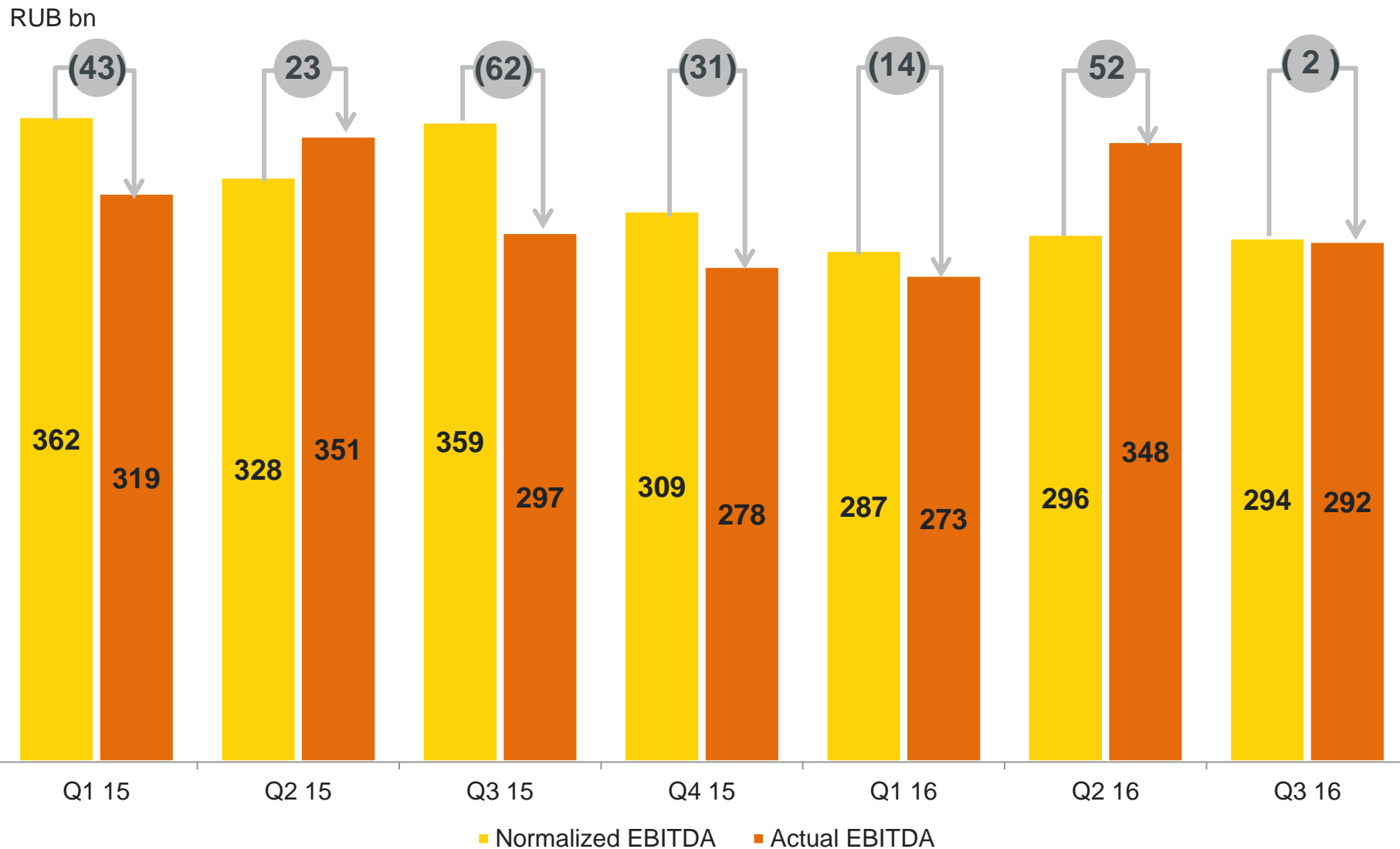
Profit and loss statement

| # | Indicator | 9M 2016, \$ bn |
|---|----------------------------------|-------------------|
| 1 | Revenue, incl. | 53.1 |
| | Prepayment offset amount | 3.0 |
| 2 | Costs and expenses | (44.7) |
| 3 | Operating profit (1+2) | 8.4 |
| 4 | Expenses before income tax | (5.5) |
| 5 | Income before income taxes (3+4) | 2.9 |
| 6 | Profit tax | 0.8 |
| 7 | Net income (5+6) | 2.1 |

Cash flow statement

| 9M 2016, \$ bn | Indicator | # |
|-------------------|--|----------|
| 2.1 | Net income | 1 |
| 10.4 | Adjustments to reconcile net income to cash flow from operations | 2 |
| (4.6) | Changes in operating assets and liabilities, including | 3 |
| (3.0) | Prepayment offset amount | |
| (0.5) | Financing against future deliveries | |
| (0.2) | Income tax payments, interest and dividends received | 4 |
| 7.7 | Net cash from operating activities (1+2+3+4) | 5 |
| (0.1) | Operations with trading securities | 6 |
| 3.5 | Effect from prepayments and advances | 7 |
| 11.1 | Adjusted operational cash flow (5+6+7) | 8 |

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 | Q3 16 | Q2 16 | % | 9M 16 | 9M 15 | % |
|----|---|-----------|-----------|-------------|------------|------------|----------------|
| 1. | Interest accrued ¹ | 34 | 34 | – | 104 | 107 | (2.8)% |
| 2. | Interest paid | 37 | 29 | 27.6% | 108 | 106 | 1.9% |
| 3. | Change of interest payable (1-2) | (3) | 5 | – | (4) | 1 | – |
| 4. | Capitalized interest ² | 15 | 14 | 7.1% | 44 | 35 | 25.7% |
| 5. | Net (income)/loss from operations with financial derivatives ³ | – | (2) | – | – | 81 | – |
| 6. | Increase of provisions as a result of time passing | 3 | 4 | (25.0)% | 11 | 9 | 22.2% |
| 7. | Interest for using cash payable under advance payment contracts | 22 | 21 | 4.8% | 67 | 36 | 86.1% |
| 8. | Other finance costs | 1 | 1 | – | 3 | 3 | – |
| 9. | Total financial costs (1-4+5+6+7+8) | 45 | 44 | 2.3% | 141 | 201 | (29.9)% |

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



Q3 2016 Urals price change

RUB bn -4 \$/bbl +4 \$/bbl

EBITDA



Net income



Q3 2016 Exchange rate change

RUB bn -1.6 RUB/\$ +1.6 RUB/\$

EBITDA



Net income



- ▶ Average Urals price in Q3 2016 was 44 \$/bbl. If the average price had increased to the level of 48 \$/bbl, EBITDA would have increased by RUB 30 bn, including the positive effect of the export duty lag in the amount of plus RUB 15 bn
- ▶ Average USD exchange rate in Q3 2016 was 64.6 RUB/\$. If the average exchange rate for the specified period was at the level of 63 RUB/\$, EBITDA would have decreased by RUB 12 bn



Questions and Answers