



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED
MARCH 31, 2020 AND DECEMBER 31, 2019
AND FOR THE THREE MONTHS ENDED MARCH 31, 2019**

Management's discussion and analysis of financial condition and results of operations of Rosneft for the first quarters of 2020 and 2019, and for the fourth quarter of 2019

The following discussion of Rosneft's financial condition and results of operations is based on, and should be read in conjunction with, the Company's financial statements and the notes thereto for the periods ended March 31, 2020 and 2019, and December 31, 2019 (the "Interim Consolidated Financial Statements"). Such terms as "Rosneft", "Company" and "Group" in their different forms in this report mean PJSC Rosneft Oil Company and its consolidated subsidiaries, and its equity share in associates and joint ventures. This report contains forward-looking statements that involve risks and uncertainties. Rosneft's actual results may materially differ from those discussed in such forward-looking statements as a result of various factors.

Except as otherwise indicated, oil and gas reserves are presented pro-rata for associates and joint ventures and 100% for fully consolidated subsidiaries.

Except as otherwise indicated, all amounts are provided in billions of RUB. All figures are rounded, however, figures per unit of production are provided based on the actual data.

To convert tonnes of liquid hydrocarbon (except gas condensate of JSC "Rosspan International") to barrels a 7.404 ratio is used. To convert Rosspan gas condensate to barrels a 8.3 ratio is used. To convert a thousand of cubic meters of gas to barrels of oil equivalent a 6.09 ratio is used.

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Management's discussion and analysis of financial condition and results of operations of Rosneft for the first quarters of 2020 and 2019, and for the fourth quarter of 2019

Overview

Rosneft is a vertically integrated oil and gas company with core activities and assets located principally in Russia. The Company is primarily engaged in exploration and production of hydrocarbons, oil refining and product marketing mainly in the Russian Federation.

According to oil, condensate, NGL and marketable gas reserve information prepared by DeGolyer and MacNaughton, independent reservoir engineers, proved hydrocarbon reserves reached 42 billion boe per SEC classification and 47 billion boe per PRMS classification as of December 31, 2019 and amounted to 41 billion boe per SEC classification and 47 billion boe per PRMS classification as of December 31, 2018.

For the first quarter of 2020 and the fourth quarter of 2019 the liquid hydrocarbons production of the Company amounted to 57.0 mln tonnes and 58.0 mln tonnes, respectively. The production of natural and associated gas for the first quarter of 2020 and the fourth quarter of 2019 was 16.63 bcm and 17.22 bcm, respectively.

For the first quarter of 2020 and the fourth quarter of 2019, the Company's total crude oil processing amounted to 28.72 mln tonnes and 28.33 mln tonnes at the refineries in Russia and abroad, respectively. The remaining volumes of crude oil are exported to Europe, Asia and the CIS.

Financial and operating highlights

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
Financial results, RUB billion						
Revenues and equity share in profits of associates and joint ventures	1,765	2,224	(20.6)%	1,765	2,077	(15.0)%
EBITDA	309	488	(36.7)%	309	548	(43.6)%
Net income attributable to Rosneft shareholders	(156)	158	-	(156)	131	-
Capital expenditures	185	220	(15.9)%	185	214	(13.6)%
Free cash flow ^{1,2}	219	282	(22.3)%	219	229	(4.4)%
Operational results						
Hydrocarbon production (th. boe per day)	5,753	5,814	(1.0)%	5,753	5,902	(2.5)%
Liquids production (th. barrels per day)	4,640	4,674	(0.7)%	4,640	4,744	(2.2)%
Gas production (th. boe per day)	1,113	1,140	(2.4)%	1,113	1,158	(3.9)%
Crude oil processing at refineries in Russia (th. tonnes per day)	285	277	2.9%	285	263	8.4%
Production of petroleum products and petrochemical products in Russia (mln tonnes)	25.07	24.72	1.4%	25.07	23.67	5.9%
Production of petroleum products and petrochemical products outside Russia (mln tonnes)	2.93	2.99	(2.0)%	2.93	2.50	17.2%

¹Free cash flow estimation includes interest expenses on the prepayment on long-term oil and petroleum products supply agreements. Interest expenses on the prepayment on long-term oil and petroleum products supply agreements are composed of interests accrued for the reporting period and offset against crude oil supply under the contracts in the amount of RUB 9 billion and interests paid of RUB 3 billion in the first quarter of 2020; offsetting of RUB 12 billion and interests paid of RUB 2 billion in the fourth quarter of 2019; offsetting of RUB 19 billion and interests paid of RUB 2 billion in the first quarter of 2019.

² Previous periods have been adjusted for comparability for net change of subsidiary bank operations in operating activity.

For reference only: Financial highlights in USD terms

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
Financial results, USD billion*						
Revenues and equity share in profits of associates and joint ventures	27.6	35.2	(21.6)%	27.6	31.9	(13.5)%
EBITDA	4.9	7.7	(36.4)%	4.9	8.3	(41.0)%
Net income attributable to Rosneft shareholders	(2.0)	2.4	-	(2.0)	1.9	-
Capital expenditures	2.8	3.5	(20.0)%	2.8	3.2	(12.5)%
Free cash flow	3.5	4.5	(22.2)%	3.5	3.5	-

*Calculated using average monthly exchange rates based on the Bank of Russia data for the reporting periods (Attachment 4).

Significant events in the first quarter of 2020

UBS started to purchase Rosneft stocks on the open market

In accordance with the Board of Directors of the Rosneft Oil Company decision amending the terms the share buyback Program UBS acting as an independent bank-agent started to purchase Company stocks and depository receipts on the open market.

Events after reporting date

Rosneft sold Venezuelan assets

On April 30, 2020, the Company closed a previously announced transaction to transfer all assets in Venezuela to a company 100% owned by the Government of the Russian Federation, including interests in Petromonagas, Petroperija, Boqueron, Petromiranda and Petrovictoria, as well as in oilfield services companies, commercial and trading operations. The Company's operations in Venezuela have been completely discontinued. As a result of the transaction 100% subsidiary of Rosneft Group became the owner of 9.6% of the Company's registered ordinary shares.

New OPEC+Aggrement of April 2020

As a result of the agreement reached by the OPEC+ member countries in April 2020, the Russian Federation has committed to reduce oil production in the period from May 1, 2020 to April 30, 2022. In order to ensure the fulfillment of these obligations, the Company started reducing its oil production from May 1, 2020.

Rosneft Board of Directors recommended payout of record dividends for 2019 amounting to RUB 354.1 billons.

The Board of Directors preliminarily approved Rosneft annual report for 2019 and recommended that AGM passes the resolution to pay dividends at 18.07 RUB per one ordinary share of Rosneft. With the dividends paid for the first half of 2019 at 15.34 RUB per share the total dividend per one share for 2019 will amount to 33.41 RUB. Thus, the total dividend amount for 2019 will make up RUB 354.1 billion.

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Macroeconomic factors affecting results of operations

Main factors affecting Rosneft's results of operations are:

- COVID-19 economic impact;
- Changes in crude oil, gas and petroleum products prices;
- USD/RUB and EUR/RUB exchange rates and inflation;
- Market expectation from new OPEC+ Agreement;
- Changes in taxation of mineral extraction tax, excess profit tax, export customs duty and excises;
- Changes in tariffs of natural monopolies (for pipeline and railway transport);
- Changes in electricity prices.

Changes in Crude Oil, Petroleum Product and Gas Prices

The table below sets forth the average crude oil and petroleum products prices worldwide and in Russia in USD and RUB.

	For 3 months ended		%	For 3 months ended March 31,		%
	March 31, 2020	December 31, 2019		Change	2020	
World market	(USD per barrel)			(USD per barrel)		
Brent	50.1	63.3	(20.7)%	50.1	63.2	(20.6)%
Urals (average Med and NWE)	48.1	61.5	(21.8)%	48.1	63.2	(23.9)%
Urals (FOB Primorsk)	46.2	59.8	(22.6)%	46.2	61.6	(25.0)%
Urals (FOB Novorossiysk)	46.2	60.3	(23.5)%	46.2	61.3	(24.7)%
Dubai	50.7	62.1	(18.4)%	50.7	63.5	(20.2)%
	(USD per tonne)			(USD per tonne)		
Naphtha (av. FOB/CIF Med)	389	498	(21.8)%	389	480	(19.0)%
Naphtha (av. FOB Rotterdam/CIF NWE)	410	518	(20.9)%	410	495	(17.2)%
Naphtha (CFR Japan)	439	540	(18.6)%	439	519	(15.4)%
Fuel oil (av. FOB/CIF Med)	232	231	0.6%	232	378	(38.5)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	225	224	0.2%	225	375	(40.0)%
High sulphur fuel oil 180 cst (FOB Singapore)	275	276	(0.3)%	275	407	(32.4)%
Gasoil (av. FOB/CIF Med)	458	576	(20.5)%	458	578	(20.8)%
Gasoil (av. FOB Rotterdam/CIF NWE)	462	576	(19.8)%	462	581	(20.5)%
Gasoil (FOB Singapore)	450	551	(18.3)%	450	559	(19.5)%
	(th. RUB per barrel)			(th. RUB per barrel)		
Brent	3.33	4.03	(17.4)%	3.33	4.18	(20.3)%
Urals (average Med and NWE)	3.19	3.92	(18.5)%	3.19	4.18	(23.6)%
Urals (FOB Primorsk)	3.07	3.81	(19.4)%	3.07	4.08	(24.7)%
Urals (FOB Novorossiysk)	3.06	3.84	(20.3)%	3.06	4.05	(24.4)%
Dubai	3.36	3.96	(15.0)%	3.36	4.20	(19.9)%
	(th. RUB per tonne)			(th. RUB per tonne)		
Naphtha (av. FOB/CIF Med)	25.8	31.7	(18.6)%	25.8	31.7	(18.7)%
Naphtha (av. FOB Rotterdam/CIF NWE)	27.2	33.0	(17.6)%	27.2	32.8	(16.9)%
Naphtha (CFR Japan)	29.2	34.4	(15.2)%	29.2	34.3	(15.0)%
Fuel oil (av. FOB/CIF Med)	15.4	14.7	4.8%	15.4	25.0	(38.3)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	14.9	14.3	4.4%	14.9	24.8	(39.8)%
High sulphur fuel oil 180 cst (FOB Singapore)	18.2	17.6	3.8%	18.2	26.9	(32.2)%
Gasoil (av. FOB/CIF Med)	30.4	36.7	(17.1)%	30.4	38.2	(20.4)%
Gasoil (av. FOB Rotterdam/CIF NWE)	30.7	36.7	(16.5)%	30.7	38.4	(20.2)%
Gasoil (FOB Singapore)	29.9	35.1	(14.9)%	29.9	37.0	(19.2)%
Russian market (net of VAT, including excise tax)	(th. RUB per tonne)			(th. RUB per tonne)		
Crude oil	14.2	19.6	(27.3)%	14.2	20.9	(32.0)%
Fuel oil	8.7	8.2	6.2%	8.7	14.3	(39.3)%
Summer diesel	37.6	38.1	(1.1)%	37.6	38.5	(2.3)%
Winter diesel	40.6	46.3	(12.5)%	40.6	41.8	(3.0)%
Jet fuel	34.4	40.8	(15.7)%	34.4	37.2	(7.4)%
High octane gasoline	39.1	38.8	0.7%	39.1	34.4	13.7%

Sources: average prices and changes are calculated based on the unrounded data of analytical agencies.

The difference between price movements denominated in USD and those denominated in RUB is due to nominal RUB depreciation against USD of 4% in the first quarter of 2020 compared to the fourth quarter of 2019. Against the background of the general volatility of energy prices on world markets, gas prices on the domestic market demonstrate positive dynamics.

The Russian Government regulates the price of the gas sold in Russia by Gazprom and its affiliates, which is considered as the benchmark for the domestic gas market. The indexation of gas price intended for subsequent implementation to all consumer groups is 1.4% effecting from July 2019. Prices for gas supplies from the Company's production projects outside Russia are also stable, as they are mainly determined by contractual terms that do not depend on short-term fluctuations in spot gas prices.

USD/RUB and EUR/RUB Exchange Rates and Inflation

The USD/RUB and EUR/RUB exchange rates and inflation in Russia affect Rosneft's results as most of the Company's revenues from sales of crude oil and petroleum products are denominated in USD and EUR, while most of the Company's expenses are denominated in RUB.

The table below provides information on the exchange rates movements and inflation during the periods analysed:

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
Producer price index (PPI) y-o-y	(1.7)%	(5.6)%	(1.7)%	1.8%
Average RUB/USD exchange rate for the period*	66.38	63.72	66.38	66.13
RUB/USD exchange rate at the end of the period	77.73	61.91	77.73	64.73
Average RUB/EUR exchange rate for the period	73.23	70.54	73.23	75.17
RUB/EUR exchange rate at the end of the period	85.74	69.34	85.74	72.72

Source: the Central Bank of the Russian Federation.

*See Average monthly RUB/USD exchange rates in the Attachment 4.

Mineral Extraction Tax, Excess Profit Tax, Export Duties and Excise Taxes

The table below provides information on actual tax rates of mineral extraction tax and export customs duty of crude oil and petroleum products:

	For 3 months ended		% change*	For 3 months ended March 31,		% change*
	March 31, 2020	December 31 2019		2020	2019	
Mineral extraction tax						
Crude oil (RUB per tonne)	10,569	12,636	(16.4)%	10,569	12,953	(18.4)%
Export customs duty for crude oil						
Crude oil (USD per tonne)	74.1	88.7	(16.4)%	74.1	87.2	(15.0)%
Crude oil (RUB per tonne)	4,894	5,649	(13.4)%	4,894	5,765	(15.1)%
Crude oil (RUB per barrel)	661	763	(13.4)%	661	779	(15.1)%
Export customs duty for petroleum products						
Gasoline (RUB per tonne)	1,464	1,691	(13.4)%	1,464	1,728	(15.3)%
Naphtha (RUB per tonne)	2,686	3,103	(13.4)%	2,686	3,166	(15.2)%
Light and middle distillates (RUB per tonne)	1,464	1,691	(13.4)%	1,464	1,728	(15.3)%
Liquid fuels (fuel oil) (RUB per tonne)	4,894	5,649	(13.4)%	4,894	5,765	(15.1)%

*Calculated based on unrounded data.

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The excise tax rates on the petroleum products are as follows:

Excise duties (RUB per tonne)	Since January 1 through December 31, 2019	Since January 1 through December 31, 2020
High octane gasoline		
High octane gasoline non-compliant with euro-5	13,100	13,100
High octane gasoline euro-5	12,314	12,752
Naphtha	13,912	14,720
Diesel	8,541	8,835
Jet fuel	2,800	2,800
Lubricants	5,400	5,616
Benzol, paraxylene, ortoxylyene	2,929	3,058
Middle distillates	9,241	9,535*

* For the period from 01.01.2020 to 31.03.2020; from 01.04.2020 to 31.12.2020, the excise tax rate for middle distillates will be: $9,585 \text{ RUB/t} - (Cdtexp - 48,300) \times 0.65$, if $Cdtexp \leq 48$, RUB/t, and 9,585 RUB/t, if $Cdtexp > 48,300$ RUB/t ($Cdtexp$ – the average price of an export alternative for class 5 diesel fuel, determined for the tax period in accordance with clause 27 of article 200 of the Tax Code).

The Company's tax burden on revenues was 49.3% in the first quarter of 2020, most part relates to mineral extraction tax, excess profit tax and the export customs duty accounted (for approximately 79.1% in the thirist quarter of 2019). The share of fiscal withdrawals in the Company's financial result (operating income before fiscal payments) amounted to 85.5% for the first quarter of 2020.

Changes in Transport Tariffs of Pipeline and Railway Monopolies

Rosneft transports most of its crude oil and petroleum products via pipeline network owned and operated by PJSC “AK “Transneft” (“Transneft”), which is a natural state-owned pipeline monopoly. Rosneft also transports crude oil and petroleum products via railway network mainly owned and operated by JSC Russian Railways (“RZD”), another natural state-owned monopoly.

Recent changes of Transneft transportation tariffs

Crude oil

Starting from January 1, 2020 Transneft tariffs for oil pipeline transportation increased by 3.4%. Starting from February 1, 2020 transit tariffs through the territory of the Republic of Belarus increased by 6.6%.

Recent changes in railroad transportation tariffs

Starting from January 1, 2020 railroad transportation tariffs increased by 3.5%.

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Consolidated statement of profit or loss for the three months ended March 31, 2020 and December 31, 2019 and for the three months ended March 31, 2019, respectively.

in RUB billions

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
Revenues and equity share in profits of associates and joint ventures						
Oil, gas, petroleum products and petrochemicals sales	1,732	2,177	(20.4)%	1,732	2,031	(14.7)%
Support services and other revenues	22	22	-	22	21	4.8%
Equity share in profits of associates and joint ventures	11	25	(56.0)%	11	25	(56.0)%
Total revenues and equity share in profits of associates and joint ventures	1,765	2,224	(20.6)%	1,765	2,077	(15.0)%
Costs and expenses						
Production and operating expenses	202	193	4.7%	202	162	24.7%
Cost of purchased oil, gas, petroleum products, goods for retail and refining costs	280	444	(36.9)%	280	316	(11.4)%
General and administrative expenses	29	57	(49.1)%	29	65	(55.4)%
Transportation costs and other commercial expenses	215	202	6.4%	215	170	26.5%
Exploration expenses	2	4	(50.0)%	2	1	100.0%
Depreciation, depletion and amortization	176	177	(0.6)%	176	174	1.1%
Taxes other than income tax	633	666	(5.0)%	633	667	(5.1)%
Export customs duty	127	194	(34.5)%	127	181	(29.8)%
Total costs and expenses	1,664	1,937	(14.1)%	1,664	1,736	(4.1)%
Operating income	101	287	(64.8)%	101	341	(70.4)%
Finance income	24	30	(20.0)%	24	40	(40.0)%
Finance expenses	(80)	(51)	56.9%	(80)	(64)	25.0%
Other income	2	4	(50.0)%	2	3	(33.3)%
Other expenses	(46)	(18)	>100%	(46)	(106)	(56.6)%
Foreign exchange differences	(177)	23	-	(177)	15	-
Cash flow hedges reclassified to profit or loss	-	(37)	-	-	(36)	-
Income before income tax	(176)	238	>(100)%	(176)	193	>(100)%
Income tax expense	33	(59)	>(100)%	33	(37)	>(100)%
Net income	(143)	179	>(100)%	(143)	156	>(100)%
Net income attributable to						
- Rosneft shareholders	(156)	158	>(100)%	(156)	131	>(100)%
- non-controlling interests	13	21	(38.1)%	13	25	(48.0)%

Business Segments and Intersegment Sales

Most of all Rosneft's operations and assets are located in the Russian Federation. As geographical regions of the Russian Federation have similar economic and legal characteristics, Rosneft does not present geographical segments separately. Rosneft also carries out projects outside Russia, including exploration and production projects in Norway, Vietnam, Iraqi Kurdistan, Egypt and also stakes in refineries in Germany, Belarus and India.

Operating Segments

As at the reporting date, the activities of Rosneft are divided into two main operating segments based on the nature of their operations:

- *Exploration and production (Upstream)*. Geological exploration and development of fields and crude oil and gas production both onshore and offshore in Russia and abroad, and internal oilfield service entities;
- *Refining and distribution (Downstream)*. Refining of crude oil, as well as the purchase, transportation, sale of crude oil and petroleum products and petrochemicals to the third parties in Russia and abroad;
- Other activities form the "*Corporate*" segment and include banking, financial services and other corporate services.

Intersegment Sales

Intercompany sales present operational activity of segments as if the segments operate separately from each other within the vertically integrated company using transfer prices for settlements between segments.

For the estimation of upstream revenues within vertically integrated company the sale price of Upstream (and the purchase price of Downstream) is recalculated using the export market price minus transportation cost, minus export duty, dispatches and other expenses relating to current sales. The price is established at oil gathering facility (point of sales) or connection point to Gasprom transportation system where Upstream dispatches the oil and gas to Downstream. All intercompany operations, including transactions from internal oilfield service entities and corporate service entities, are eliminated at the consolidated level.

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Upstream Operating Results

The segment includes Rosneft Group entities that provide operating services, the independent enterprises that produce oil, gas and gas condensate in Russia and abroad, the joint ventures and exploration units in Russia and abroad, oil service entities. The segment includes revenues generated by the transfer of oil, gas and NGL to the Downstream segment for subsequent processing and sales to third parties and all operating costs associated with production and exploration, and also revenues and costs of oil service entities that provide services to the Group entities. The results are set in the table below:

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
Operational results						
Hydrocarbon production (th. boe per day)	5,753	5,814	(1.0)%	5,753	5,902	(2.5)%
Liquids production (th. barrels per day)	4,640	4,674	(0.7)%	4,640	4,744	(2.2)%
Gas production (th. boe per day)	1,113	1,140	(2.4)%	1,113	1,158	(3.9)%
Hydrocarbon production (mln boe)*	488.6	498.8	(2.0)%	488.6	493.8	(1.1)%
Hydrocarbon production (mln toe)	70.7	72.2	(2.1)%	70.7	71.7	(1.4)%
Financial results, RUB billions						
EBITDA	269	460	(41.5)%	269	531	(49.3)%
Capital expenditures**	170	195	(12.8)%	170	191	(11.0)%
Upstream operating expenses	93.2	98.0	(4.9)%	93.2	96.3	(3.2)%
Indicators per boe						
EBITDA, RUB/boe*	546	908	(39.9)%	546	1,029	(46.9)%
Capital expenditures, RUB/boe	348	391	(11.0)%	348	387	(10.1)%
Upstream operating expenses, RUB/boe	191	196	(2.6)%	191	195	(2.1)%
Upstream operating expenses, USD/boe***	2.9	3.1	(6.5)%	2.9	3.0	(3.3)%

*Excluding effect of associates and joint ventures.

**Ref. to "Capital expenditures".

*** Calculated using average monthly exchange rates of Bank of Russia for the reporting periods (Attachment 4).

Upstream EBITDA

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
Revenues and equity share in profits of associates and joint ventures	863	1,156	(25.3)%	863	1,223	(29.4)%
<i>Including equity share in profits of associates and joint ventures</i>	2	7	(71.4)%	2	23	(91.3)%
Expenses net of depreciation	626	720	(13.1)%	626	725	(13.7)%
<i>including</i>						
Upstream operating expenses*	93	98	(4.9)%	93	96	(3.2)%
General and administrative expenses	15	18	(16.7)%	15	16	(6.3)%
Hydrocarbon procurement costs	4	5	(20.0)%	4	5	(20.0)%
Pipeline tariffs and transportation costs and other costs**	20	14	42.9%	20	10	100.0%
Exploration expenses	3	7	(57.1)%	3	2	50.0%
Taxes other than income tax	478	579	(17.4)%	478	596	(19.8)%
Effect of increase in stock of crude oil	13	(1)	–	13	–	>100%
<i>Effect of prepayments offsetting</i>	32	24	33.3%	32	33	(3.0)%
EBITDA	269	460	(41.5)%	269	531	(49.3)%

*Percentage is calculated based on the unrounded data.

** Other costs include revision of ecological reserves of RUB 0.1 billion in the first quarter of 2020, RUB 0.7 billion in the fourth quarter of 2019 and RUB 0.5 billion in the first quarter of 2019.

Operating indicators

Production of liquid hydrocarbons

Rosneft has main fully consolidated production and development enterprises, which produce liquid hydrocarbons in Western Siberia, Eastern Siberia, Timan-Pechora, Ural-Volga, Southern part of European Russia and the Russian Far East. The Company also has a 20% stake in the Sakhalin-1 project and a 50% stake in JSC "Tomskneft" VNK, both accounted for using proportionate consolidation method. In addition, Rosneft participates in major production joint ventures accounted for using the equity method: Slavneft – 49.96%, Udmurtneft – 49.57% and Messoyakhaneftegaz – 50.0%. The Company also participates in international projects in Vietnam, Egypt and Iraqi Kurdistan.

The following table sets forth Rosneft's liquid hydrocarbons production:

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
	(million of barrels)			(million of barrels)		
RN-Yuganskneftegaz (Western Siberia)	127.5	131.2	(2.8)%	127.5	128.6	(0.9)%
Samotlorneftegaz (Western Siberia)	35.5	36.5	(2.7)%	35.5	35.5	–
Projects of the Vankor group (Eastern Siberia)	31.2	32.0	(2.5)%	31.2	34.8	(10.3)%
Bashneft-Dobycha (Ural-Volga)	30.5	30.5	–	30.5	30.0	1.7%
Orenburgneft (Ural-Volga)	26.4	26.8	(1.5)%	26.4	27.2	(2.9)%
Samaraneftegaz (Ural-Volga)	23.8	24.0	(0.8)%	23.8	23.2	2.6%
RN-Uvatneftegaz (Western Siberia)	18.5	19.3	(4.1)%	18.5	19.2	(3.6)%
Verkhnechonskneftegaz (Eastern Siberia)	14.6	14.6	–	14.6	14.7	(0.7)%
RN-Nyaganneftegaz (Western Siberia)	13.0	13.0	–	13.0	12.4	4.8%
Varyeganneftegaz (Western Siberia)	11.0	11.6	(5.2)%	11.0	11.5	(4.3)%
Taas-Yuryakh (Far East)	8.4	7.9	6.3%	8.4	6.6	27.3%
Tomskneft (Western Siberia)	7.6	7.5	1.3%	7.6	7.8	(2.6)%
RN-Purneftegaz (Western Siberia)	6.4	6.7	(4.5)%	6.4	6.6	(3.0)%
Vostsibneftegaz (Eastern Siberia)	6.1	6.8	(10.3)%	6.1	7.3	(16.4)%
Kondaneft (Western Siberia)	5.6	5.5	1.8%	5.6	4.7	19.1%
Offshore projects (Far East)*	5.0	5.1	(2.0)%	5.0	5.1	(2.0)%
RN-Severnaya Neft (Timan-Pechora)	4.5	4.6	(2.2)%	4.5	5.2	(13.5)%
Rospan International (Western Siberia)	3.2	2.9	10.3%	3.2	2.9	10.3%
Sorovskneft (Western Siberia)	2.3	2.1	9.5%	2.3	2.6	(11.5)%
Bashneft-Polyus (Timan-Pechora)**	2.1	2.1	–	2.1	2.0	5.0%
Kharampurneftegaz (Western Siberia)	1.9	2.0	(5.0)%	1.9	2.3	(17.4)%
Other	9.2	8.7	5.7%	9.2	7.4	24.3%
Liquids production by fully and proportionately consolidated enterprises	394.3	401.4	(1.8)%	394.3	397.6	(0.8)%
Slavneft (Western and Eastern Siberia)	12.7	12.9	(1.6)%	12.7	12.9	(1.6)%
Udmurtneft (Ural-Volga)	5.5	5.5	–	5.5	5.5	–
Messoyakhaneftegaz (Western Siberia)	5.2	5.5	(5.5)%	5.2	4.6	13.0%
Other	4.5	4.7	(4.3)%	4.5	6.4	(29.7)%
Total share in production of associates and JV	27.9	28.6	(2.4)%	27.9	29.4	(5.1)%
Total liquids production	422.2	430.0	(1.8)%	422.2	427.0	(1.1)%
Daily liquids production (th. barrels per day)	4,640	4,674	(0.7)%	4,640	4,744	(2.2)%

*Net of royalty and government share.

**Refers to 100% consolidated share in production.

For the first quarter of 2020, the average daily liquid hydrocarbons production amounted to 4.64 million barrels per day, having decreased by 0.7% compared with the fourth quarter of 2019 in terms of compliance with the OPEC+ Agreement obligations.

The decrease in daily production of 2.2% compared the first quarter of 2019 is mainly due to lower production cuts in the first quarter of 2019 under the OPEC+ Agreement after easing restrictions in the second half of 2018.

For the first quarter of 2020 development drilling footage amounted to 2.2 mln meters and the number of new wells commissioned amounted to 555 units. The share of newly commissioned horizontal wells grew by 14 p.p. year-over-year to 67% of the total number of newly commissioned wells.

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The number of newly commissioned horizontal wells with multistage hydro fracturing represents 41% of the total number of new wells commissioned during the reporting period.

Production of Gas

The table below sets forth Rosneft's used gas* production:

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
	bcm			bcm		
Sibneftegas (Western Siberia)	2.64	2.84	(7.0)%	2.64	2.86	(7.7)%
Rospan International (Western Siberia)	1.64	1.74	(5.7)%	1.64	1.66	(1.2)%
Samotlorneftegaz (Western Siberia)	1.59	1.59	–	1.59	1.55	2.6%
Projects of the Vankor group (Eastern Siberia)**	1.42	1.47	(3.4)%	1.42	1.68	(15.5)%
RN-Yuganskneftegaz (Western Siberia)	1.28	1.28	–	1.28	1.21	5.8%
Varyeganneftegaz (Western Siberia)	1.04	1.09	(4.6)%	1.04	1.00	4.0%
RN-Purneftegaz (Western Siberia)	1.02	1.08	(5.6)%	1.02	1.09	(6.4)%
Zohr project (Egypt)***	0.91	1.04	(12.5)%	0.91	0.97	(6.2)%
Offshore projects (Far East)**, ***	0.86	0.80	7.5%	0.86	0.71	21.1%
RN-Nyaganneftegaz (Western Siberia)	0.56	0.57	(1.8)%	0.56	0.51	9.8%
RN-Krasnodarneftegaz (Southern Russia)	0.43	0.45	(4.4)%	0.43	0.49	(12.2)%
Verkhnechonskneftegaz (Eastern Siberia)	0.35	0.31	12.9%	0.35	0.31	12.9%
Orenburgneft (Ural-Volga)	0.31	0.29	6.9%	0.31	0.30	3.3%
Kharampurneftegaz (Western Siberia)	0.24	0.25	(4.0)%	0.24	0.22	9.1%
Tomskneft (Western Siberia)	0.24	0.25	(4.0)%	0.24	0.25	(4.0)%
Rosneft Vietnam B.V. (Vietnam)	0.19	0.17	11.8%	0.19	0.21	(9.5)%
Samaraneftegaz (Ural-Volga)	0.13	0.13	–	0.13	0.13	–
Bashneft-Dobycha (Ural-Volga)**	0.13	0.13	–	0.13	0.13	–
RN-Sakhalinmorneftegaz (Far East)	0.10	0.11	(9.1)%	0.10	0.10	–
RN-Uvatneftegaz (Western Siberia)	0.08	0.08	–	0.08	0.08	–
RN-Severnaya Neft (Timan-Pechora)	0.04	0.04	–	0.04	0.04	–
Other	0.29	0.28	3.6%	0.29	0.29	–
Total gas production by fully and proportionately consolidated enterprises	15.49	15.99	(3.1)%	15.49	15.79	(1.9)%
Purgaz (Western Siberia)	0.96	1.05	(8.6)%	0.96	1.12	(14.3)%
Slavneft (Western and Eastern Siberia)	0.12	0.12	–	0.12	0.12	–
Other	0.06	0.06	–	0.06	0.09	(33.3)%
Total share in production of associates and JV	1.14	1.23	(7.3)%	1.14	1.33	(14.3)%
Total gas production	16.63	17.22	(3.4)%	16.63	17.12	(2.9)%
Natural gas	7.75	8.22	(5.7)%	7.75	8.36	(7.3)%
Associated gas	8.88	9.00	(1.3)%	8.88	8.76	1.4%
Daily gas production (mcm per day)	182.7	187.2	(2.4)%	182.7	190.2	(3.9)%

*Production volume equals extracted volume minus flared volume and gas used for NGL production. Gross gas production amounted to 19.6 bcm for the first quarter of 2020; 20.0 bcm for the fourth quarter of 2019 and 19.1 bcm for the first quarter of 2019, respectively.

**Including gas injection to maintain reservoir pressure.

*** Net of royalty and government share.

Gas production for the first quarter of 2020 amounted to 16.63 bcm, having decreased by 3.4% compared with the fourth quarter of 2019. Decrease in production was mainly due to fewer amount of days in the first quarter of 2020 compared with the fourth quarter of 2019 and due to scheduled preventive maintenance of equipment at the southern section of the Gubkinskoye field of Purgaz.

Financial indicators

Equity share in financial results of upstream associates and joint ventures

The equity share in financial results of upstream associates and joint ventures was RUB 2 billion in the first quarter of 2020 and RUB 7 billion in the fourth quarter of 2019, respectively. The equity share in financial results of upstream associates and joint ventures in the first quarter of 2019 amounted to RUB 23 billion.

Upstream production and operating expenses

Upstream production and operating expenses include materials and supplies, equipment maintenance and repairs, wages and salaries, activities to enhance oil and gas recovery, procurement of fuel and lubricants, electricity and other costs of Rosneft consolidated exploration and production units.

In the first quarter of 2020 compared with the fourth quarter of 2019 upstream operating expenses decreased by 4.9% to RUB 93.2 billion (a decrease of 2.6% per boe) mainly due to a seasonal reduction in geological and technical measures, maintenance and repair of pipelines and oilfield equipment, and also due to lower oil production in accordance with new OPEC+ Agreement.

Upstream production and operating expenses decreased by 3.2% (a decrease of 2.1% per boe) in the first quarter of 2020 comparing to the same period of 2019 which corresponds to the rate of producer price index (-1.7%) in terms of lower oil production in accordance with new OPEC+ Agreement.

Exploration Expenses¹

Exploration expenses mainly relate to exploratory drilling, seismic and other geological and geophysical works. Exploratory drilling costs are generally capitalized, if commercial reserves of crude oil and gas are discovered or expensed in the current period in the event of unsuccessful exploration results.

Exploration expenses in the first quarter of 2020 and fourth quarter of 2019 were RUB 2 billion and RUB 4 billion, respectively. In the first quarter of 2019 exploration expenses amounted to RUB 1 billion.

Mineral extraction tax (MET) and Excess profit tax

MET

The following table sets actual mineral extraction tax rates for the periods analysed:

	For 3 months ended		% change	For 3 months ended March 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
	(thousand RUB, except %)					
Average enacted mineral extraction tax rate (per tonne)	10.57	12.64	(16.4)%	10.57	12.95	(18.4)%
Actual mineral extraction tax expense per tonne of oil produced	8.01	9.73	(17.7)%	8.01	10.43	(23.2)%
Actual mineral extraction tax expense per tonne of oil equivalent produced*	6.54	7.90	(17.2)%	6.54	8.48	(22.9)%
	(RUB. except %)					
Actual gas extraction tax rate per thousand cubic meters	529	575	(8.0)%	529	568	(6.9)%
Actual extraction tax rate on gas condensate per tonne**	5,348	5,346	0.0%	5,348	5,632	(5.0)%

*Including consolidated oil and gas volumes.

**The main volumes of condensate assessed at the MET rate for gas condensate are extracted at the fields of Rospan, rates, for which are set in the table.

The actual MET rate is lower than the average enacted tax rate for the periods analysed because of tax incentives and application of excess profit tax starting from the first quarter of 2019, according to which a lower MET rate is applied compared to generally enacted rates. Tax incentives are established in accordance with the tax law in the form of reduced rates and tax deductions (See Attachment 2).

¹ Net of intercompany turnover of RUB 1 billion and RUB 3 billion in the first quarter of 2020 and the fourth quarter of 2019, respectively. In the first quarter of 2019 intercompany turnover was RUB 1 billion.

Excess profit tax

Excess profit tax is enacted since January 1, 2019 and is used at certain Company's fields. The amount of excess profit tax is determined as the difference between estimated revenue and production, preparation and transportation costs by applying a rate of 50%. For the first quarter of 2020 and the fourth quarter of 2019 excess profit tax expense was RUB 29 billion and RUB 31 billion, respectively. In the first quarter of 2019 excess profit tax expense amounted to RUB 16 billion.

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Downstream Operating Results

The segment includes Group entities that provide services for oil and gas processing, petrochemical production in Russia and abroad, joint ventures, sales units of oil, gas and petroleum products to counterparties in Russia and abroad. The segment includes revenue generated from the sale of oil, gas, petrochemical products and petroleum products to third parties, and all operating costs associated with processing, trading and logistics.

The results are set in the table below:

	For 3 months ended			For 3 months ended March 31,		
	March 31, 2020	December 31, 2019	% change	2020	2019	% change
Operational results, mln tonne						
Crude oil processing at refineries	28.72	28.33	1.4%	28.72	26.87	6.9%
<i>Processing at Company's own refineries in Russia</i>	24.04	23.49	2.3%	24.04	22.55	6.6%
<i>Processing at Company's own refineries outside Russia</i>	2.77	2.81	(1.4)%	2.77	2.34	18.4%
<i>Processing at Associates' refineries*</i>	1.91	2.03	(5.9)%	1.91	1.98	(3.5)%
Financial results, RUB billion						
EBITDA	56	53	5.7%	56	22	>100%
Capital expenditures of refineries**	9	10	(10.0)%	9	13	(30.8)%
Operating expenses of processing in Russia	32.2	38.3	(15.9)%	32.2	30.6	5.2%
Operating expenses of processing outside Russia	6.3	6.1	3.3%	6.3	6.6	(4.5)%
Indicators per tonne of the output, RUB per tonne***						
Capital expenditure of refineries	336	380	(11.6)%	336	522	(35.6)%
Operating expenses for processing in Russia	1,339	1,630	(17.9)%	1,339	1,357	(1.3)%
Operating expenses for processing outside Russia	2,274	2,171	4.7%	2,274	2,821	(19.4)%

*Excluding processing at Nayara.

**Refer to "Capital expenditures".

***Calculated from unrounded data.

Downstream EBITDA

	For 3 months ended			For 3 months ended March 31,		
	March 31, 2020	December 31, 2019	% change	2020	2019	% change
	RUB billion			RUB billion		
Revenues and equity share in profits of associates and joint ventures	1,778	2,220	(19.9)%	1,778	2,064	(13.9)%
<i>Including equity share in profits of associates and joint ventures</i>	8	16	(50.0)%	8	0.4	>100%
Expenses net of depreciation including	1,700	2,184	(22.2)%	1,700	2,037	(16.5)%
Operating expenses of processing in Russia	32	38	(15.9)%	32	31	5.2%
Operating expenses of processing outside Russia, cost of additives	18	14	28.6%	18	12	50.0%
Operating expenses of retail entities	9.8	11.5	(14.8)%	9.8	9.1	7.7%
Cost of purchased oil, gas, petroleum products and refining costs including intersegment turnover	1,162	1,619	(28.2)%	1,162	1,544	(24.7)%
Administrative expenses, including loss allowance for expected credit losses	5	26	(80.8)%	5	10	(50.0)%
Pipeline tariffs and transportation costs	214	200	7.0%	214	169	26.6%
Taxes other than income tax	132	81	63.0%	132	81	63.0%
Export customs duty	127	194	(34.5)%	127	181	(29.8)%
EBITDA Downstream	78	36	>100%	78	27	>100%
<i>Effect of intragroup inventory and others</i>	(22)	17	–	(22)	22	–
<i>Reclass of allowance for expected credit losses from Corporate segment</i>	–	–	–	–	(27)	–
Adjusted EBITDA	56	53	5.7%	56	22	>100%

Operating indicators

Petroleum Product Output

Rosneft processes produced and procured crude oil at its refineries: the Tuapse refinery on the Black Sea coast in the South of Russia, the Komsomolsk refinery in the Russian Far East, the Achinsk and Angarsk refineries in Eastern Siberia, the Kuibyshevsk, Novokuibyshevsk and Syzran refineries in the Samara region, the Saratov and Ryazan refineries in the European part of Russia, Bashneft refineries and others. Rosneft also processes crude oil in Belarus and in Germany.

The following table sets forth Rosneft's crude oil processing and petroleum product output volumes:

	For 3 months ended		%	For 3 months ended March 31,		%
	March 31, 2020	December 31, 2019		change	2020	
	mln of tonnes			mln of tonnes		
Crude oil processing at refineries in Russia*	25.95	25.51	1.7%	25.95	24.50	5.9%
Crude oil processing at refineries outside Russia including crude oil processing in Germany**	2.77	2.82	(1.8)%	2.77	2.37	16.9%
including crude oil processing in Belarus	–	0.01	–	–	0.03	–
Total Group crude oil processing	28.72	28.33	1.4%	28.72	26.87	6.9%
Petroleum product output:						
High octane gasoline	3.57	3.60	(0.8)%	3.57	3.82	(6.5)%
Low octane gasoline	0.01	0.01	–	0.01	0.01	–
Naphtha	1.61	1.58	1.9%	1.61	1.29	24.8%
Diesel	8.50	8.23	3.3%	8.50	8.12	4.7%
Fuel oil	6.36	6.49	(2.0)%	6.36	5.83	9.1%
Jet fuel	0.77	0.72	6.9%	0.77	0.79	(2.5)%
Petrochemicals	0.43	0.42	2.4%	0.43	0.43	–
Other	3.82	3.67	4.1%	3.82	3.38	13.0%
Product output at Rosneft's refineries in Russia	25.07	24.72	1.4%	25.07	23.67	5.9%
Product output at refineries outside Russia	2.93	2.99	(2.0)%	2.93	2.50	17.2%
including crude oil output in Germany	2.93	2.98	(1.7)%	2.93	2.47	18.6%
including product output in Belarus	–	0.01	–	–	0.03	–
Total Group product output	28.00	27.71	1.0%	28.00	26.17	7.0%

*Including processing at YANOS refinery.

**Excluding additives received and other raw materials for processing.

Rosneft's total refinery throughput in Russia in the first quarter of 2020 amounted to 25.95 mln tonnes, increasing by 1.7% comparing to the fourth quarter of 2019. The increase was driven by lower scheduled turnarounds.

Reduction of processing by 1.4% at German refineries for first quarter of 2020 in comparison with the fourth quarter of 2019 was due to decreased demand caused by COVID-19 negative impact on the market.

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Financial indicators

Revenues and equity share in profits of associates and joint ventures

Decrease in revenues in RUB terms in the first quarter of 2020 compared with the fourth quarter of 2019 is mainly due to negative market impact (crude oil price down by 21%) and lower export volumes of crude oil caused by COVID-19 impact.

The table below presents revenues from sales of crude oil, gas, petroleum and petrochemical products and other revenues in billions of RUB^{1, 2}:

	For 3 months ended					For 3 months ended March 31,				
	March 31, 2020		December 31, 2019		% change	2020		2019		% change
	% of revenue	% of revenue	% of revenue	% of revenue		% of revenue				
RUB billion, except %										
Crude oil										
International Sales to non-CIS	726	41.2%	996	44.7%	(27.1)%	726	41.2%	903	43.5%	(19.6)%
Europe and other directions	296	16.8%	398	17.8%	(25.6)%	296	16.8%	459	22.1%	(35.5)%
Asia	430	24.4%	598	26.9%	(28.1)%	430	24.4%	444	21.4%	(3.2)%
International sales to CIS	–	–	52	2.3%	(100.0)%	–	–	54	2.6%	(100.0)%
Domestic sales	23	1.3%	33	1.5%	(30.3)%	23	1.3%	32	1.5%	(28.1)%
Total crude oil	749	42.5%	1,081	48.5%	(30.7)%	749	42.5%	989	47.6%	(24.3)%
Gas	63	3.6%	68	3.1%	(7.4)%	63	3.6%	69	3.3%	(8.7)%
Petroleum products										
International Sales to non-CIS	509	28.9%	564	25.5%	(9.8)%	509	28.9%	529	25.4%	(3.8)%
Europe and other directions	392	22.3%	419	19.0%	(6.4)%	392	22.3%	412	19.8%	(4.9)%
Asia	117	6.6%	145	6.5%	(19.3)%	117	6.6%	117	5.6%	–
International Sales to CIS	22	1.2%	30	1.3%	(26.7)%	22	1.2%	33	1.6%	(33.3)%
Domestic sales	353	20.0%	396	17.8%	(10.9)%	353	20.0%	369	17.8%	(4.3)%
Sales of bunker fuel to end-users	13	0.7%	12	0.5%	8.3%	13	0.7%	18	0.9%	(27.8)%
Total petroleum products	897	50.8%	1,002	45.1%	(10.5)%	897	50.8%	949	45.7%	(5.5)%
Petrochemical products	23	1.3%	26	1.2%	(11.5)%	23	1.3%	24	1.2%	(4.2)%
International sales	10	0.6%	12	0.6%	(16.7)%	10	0.6%	10	0.5%	–
Domestic sales	13	0.7%	14	0.6%	(7.1)%	13	0.7%	14	0.7%	(7.1)%
Sales of petroleum products and petrochemicals	920	52.1%	1,028	46.3%	(10.5)%	920	52.1%	973	46.9%	(5.4)%
Support services and other revenues	22	1.2%	22	1.0%	–	22	1.2%	21	1.0%	4.8%
Equity share in profits of associates and joint ventures	11	0.6%	25	1.1%	(56.0)%	11	0.6%	25	1.2%	(56.0)%
Total revenues and equity share in profits of associates and joint ventures	1,765	100.0%	2,224	100.0%	(20.6)%	1,765	100.0%	2,077	100.0%	(15.0)%

¹Under IFRS consolidated financial statements.

²The difference between percentages presented in the above table and other sections is caused by rounding.

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Sales Volumes

The table below analyses crude oil, gas, petroleum and petrochemical product sales volumes:

	For 3 months ended					For 3 months ended March 31,				
	March 31, 2020		December 31, 2019		% change	2020		2019		% change
	mln bbl	% of total volume	mln bbl	% of total volume		mln bbl	% of total volume	mln bbl	% of total volume	
Crude oil										
International Sales to non-CIS	266.5	54.1%	280.6	52.7%	(5.0)%	266.5	54.1%	236.2	50.0%	12.8%
Europe and other directions	114.0	23.1%	108.1	20.2%	5.5%	114.0	23.1%	118.5	25.1%	(3.8)%
Asia	152.5	31.0%	172.5	32.5%	(11.6)%	152.5	31.0%	117.7	24.9%	29.6%
International Sales to CIS	–	–	16.3	3.1%	(100.0)%	–	–	16.3	3.4%	(100.0)%
Domestic	10.4	2.1%	11.1	2.1%	(6.3)%	10.4	2.1%	10.4	2.2%	–
Total crude oil	276.9	56.2%	308.0	57.9%	(10.1)%	276.9	56.2%	262.9	55.6%	5.3%
	mln tonnes		mln tonnes			mln tonnes		mln tonnes		
International Sales to non-CIS	36.0	54.1%	37.9	52.7%	(5.0)%	36.0	54.1%	31.9	50.0%	12.8%
Europe and other directions	15.4	23.1%	14.6	20.2%	5.5%	15.4	23.1%	16.0	25.1%	(3.8)%
Asia	20.6	31.0%	23.3	32.5%	(11.6)%	20.6	31.0%	15.9	24.9%	29.6%
International Sales to CIS	–	–	2.2	3.1%	(100.0)%	–	–	2.2	3.4%	(100.0)%
Domestic sales	1.4	2.1%	1.5	2.1%	(6.3)%	1.4	2.1%	1.4	2.2%	–
Total crude oil	37.4	56.2%	41.6	57.9%	(10.1)%	37.4	56.2%	35.5	55.6%	5.3%
Petroleum products										
International Sales to non-CIS	17.4	26.1%	18.0	25.1%	(3.3)%	17.4	26.1%	15.9	24.9%	9.4%
Europe and other directions	12.7	19.0%	13.1	18.3%	(3.1)%	12.7	19.0%	11.9	18.6%	6.7%
Asia	4.7	7.1%	4.9	6.8%	(4.1)%	4.7	7.1%	4.0	6.3%	17.5%
International Sales to CIS	0.9	1.4%	0.8	1.1%	0.1% ¹	0.9	1.4%	1.0	1.6%	(10.0)%
Domestic sales	9.7	14.6%	10.3	14.3%	(5.8)%	9.7	14.6%	10.0	15.7%	(3.0)%
Sales of bunker fuel to end-users	0.4	0.6%	0.4	0.6%	–	0.4	0.6%	0.7	1.1%	(42.9)%
Total petroleum products	28.4	42.7%	29.5	41.1%	(3.7)%	28.4	42.7%	27.6	43.3%	2.9%
Petrochemical products	0.7	1.1%	0.7	1.0%	–	0.7	1.1%	0.7	1.1%	–
International sales	0.2	0.3%	0.3	0.4%	(11.4)% ¹	0.2	0.3%	0.3	0.5%	(10.1)% ¹
Domestic sales	0.5	0.8%	0.4	0.6%	4.9% ¹	0.5	0.8%	0.4	0.6%	0.1% ¹
Total crude oil and products, LNG	66.5	100.0%	71.8	100.0%	(7.4)%	66.5	100.0%	63.8	100.0%	4.2%
	bcm		bcm			bcm		bcm		
Gas sales volumes	14.91		16.05		(7.1)%	14.91		16.46		(9.4)%

¹ Calculated from unrounded figures.

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Average Sales Prices

The following table sets forth Rosneft's average export and domestic prices of crude oil, gas, petroleum products and petrochemical products (the average sales prices may differ from official market prices provided by specialized agencies due to different quality of products and sales terms)*:

	For 3 months ended					For 3 months ended March 31,				
	March 31, 2020		December 31, 2019		% change	2020		2019		% change
	th.RUB/ barrel	th.RUB/ tonne	th.RUB/ barrel	th.RUB/ tonne		th.RUB/ barrel	th.RUB/ tonne	th.RUB/ barrel	th.RUB/ tonne	
Average prices on foreign markets										
Crude oil, non-CIS	2.83	21.0	3.63	26.9	(21.9)%	2.83	21.0	3.96	29.3	(28.3)%
Europe and other directions**	2.59	19.2	3.67	27.1	(29.2)%	2.59	19.2	3.87	28.6	(32.9)%
Asia**	3.02	22.4	3.61	26.7	(16.1)%	3.02	22.4	4.05	30.0	(25.3)%
Crude oil, CIS	–	–	3.12	23.1	–	–	–	3.28	24.3	–
Petroleum products, non-CIS		29.2		31.3	(6.7)%		29.2		33.7	(13.4)%
Europe and other directions		30.8		32.0	(3.8)%		30.8		34.9	(11.7)%
Asia		24.7		29.3	(15.7)%		24.7		29.9	(17.4)%
Petroleum products, CIS		24.5		33.5	(26.9)%		24.5		34.2	(28.4)%
Petrochemical products		40.5		42.0	(3.6)%		40.5		36.9	9.8%
Average domestic prices										
Crude oil	2.17	16.1	3.02	22.4	(28.1)%	2.17	16.1	3.20	23.7	(32.1)%
Petroleum products		36.5		38.6	(5.4)%		36.5		37.0	(1.4)%
Gas (th. RUB./th. cubic meter)***		3.61		3.60	0.3%		3.61		3.59	0.5%
Petrochemical products		28.0		31.8	(11.9)%		28.0		32.5	(13.8)%
Sales of bunker fuel to end-users		33.6		29.2	15.1%		33.6		25.2	33.3%

*Average price is calculated from unrounded figures.

**Price excludes the effect of prepayments offsetting under prepaid long-term crude oil supply contracts and revenues from crude oil sales to Transneft (RUB 39 billion in the first quarter of 2020, RUB 38 billion in the fourth quarter of 2019, and 38 billion in the first quarter of 2019).

***Including gas sales outside the Russian Federation average gas prices were 4.23 th. RUB/th. cubic meter in the first quarter of 2020, 4.21 th. RUB/th. cubic meter in the fourth quarter of 2019, and 4.21 th. RUB/th. cubic meter in the first quarter of 2019.

International Crude Oil Sales to non-CIS

Revenue decrease in international crude oil sales to non-CIS countries in the first quarter of 2020 compared to the fourth quarter of 2019 was due to the average sales price downturn by 21.9% (negative impact on revenues of RUB 210 billion) and the decrease in sales volume of 5.0% (negative impact of RUB 52 billion).

Revenue decrease in international crude oil sales to non-CIS countries in the first quarter of 2020 compared with the first quarter of 2019 was due to the average sales price downturn by 28.3% (negative impact of RUB 295 billion) and was partially offset by the increase in sales volume by 12.8% (positive impact of RUB 123 billion).

Domestic Sales of Crude Oil

Revenue decrease in domestic sales of crude oil in the first quarter of 2020 compared with the fourth quarter of 2019 was due to the downturn in average sales price by 28.1% (negative impact of RUB 8 billion) and the decrease in sales volume of 6.3% (negative impact of RUB 2 billion).

Revenue decrease in domestic sales of crude oil in the first quarter of 2020 compared with the first quarter of 2019 was due to the downturn in average sales price by 32.1% (negative impact of RUB 9 billion).

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International Petroleum Product Sales to Non-CIS

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold to non-CIS countries in the first quarter of 2020 and in the fourth quarter of 2019*:

	For 3 months ended						% change		
	March 31, 2020			December 31, 2019			RUB billion	mln of tonnes	Average price th.RUB/tonne
	RUB billion	mln of tonnes	Average price th.RUB/tonne	RUB billion	mln of tonnes	Average price th.RUB/tonne			
High octane gasoline	4	0.1	39.8	5	0.1	40.0	(20.0)%	–	(0.5)%
Naphtha	38	1.5	26.1	50	1.6	32.7	(24.0)%	(6.3)%	(20.2)%
Diesel (Gasoil)	110	3.9	28.0	127	3.7	34.6	(13.4)%	5.4%	(19.1)%
Fuel oil	127	7.0	18.0	137	7.4	18.5	(7.3)%	(5.4)%	(2.7)%
Other	10	0.4	–	7	0.2	–	–	–	–
Petroleum products exported to non-CIS	289	12.9	22.3	326	13.0	25.2	(11.3)%	(0.8)%	(11.5)%
Petroleum products sold from German refineries	135	2.6	51.9	133	2.7	50.0	1.5%	(3.7)%	3.8%
Petroleum products bought and sold outside Russia	85	1.9	45.4	105	2.3	45.7	(19.0)%	(17.4)%	(0.7)%
Trading of petroleum products outside Russia	220	4.5	49.2	238	5.0	46.9	(7.6)%	(10.0)%	4.9%
Total	509	17.4	29.2	564	18.0	31.3	(9.8)%	(3.3)%	(6.7)%

*Average price is calculated from unrounded figures.

Revenue decrease in international sales of petroleum products to non-CIS countries in the first quarter of 2020 compared to the fourth quarter of 2019 was due to the downturn in average sales price of 6.7% (negative impact of RUB 36 billion) and the sales volume decrease of 3.3% (negative impact of RUB 19 billion).

The table below sets forth Rosneft's revenues, volume and average price per tonne of petroleum products sold to non-CIS countries in the first quarters of 2020 and 2019*:

	For 3 months ended March 31,						% change		
	2020			2019			RUB billion	million of tonnes	Average Price th.RUB/tonne
	RUB billion	million of tonnes	Average price th.RUB/tonne	RUB billion	million of tonnes	Average price th.RUB/tonne			
High octane gasoline	4	0.1	39.8	6	0.2	36.3	(33.3)%	(50.0)%	9.6%
Naphtha	38	1.5	26.1	43	1.4	31.3	(11.6)%	7.1%	(16.6)%
Diesel (Gasoil)	110	3.9	28.0	142	4.0	36.4	(22.5)%	(2.5)%	(23.1)%
Fuel oil	127	7.0	18.0	157	6.3	25.3	(19.1)%	11.1%	(28.9)%
Other	10	0.4	–	6	0.2	–	–	–	–
Petroleum products exported to non-CIS	289	12.9	22.3	354	12.1	29.8	(18.4)%	6.6%	(25.2)%
Petroleum products sold from German refineries	135	2.6	51.9	117	2.2	52.9	15.4%	18.2%	(1.9)%
Petroleum product purchased and sold outside Russia	85	1.9	45.4	58	1.6	35.9	46.6%	18.8%	26.5%
Trading of petroleum products outside Russia	220	4.5	49.2	175	3.8	45.7	25.7%	18.4%	7.7%
Total	509	17.4	29.2	529	15.9	33.7	(3.8)%	9.4%	(13.4)%

*Average price is calculated based on the unrounded figures.

Revenue decrease in international sales of petroleum products to non-CIS countries in the first quarter of 2020 compared with the first quarter of 2019 was due to the average price downturn of 13.4% (negative impact of RUB 77 billion) and was partially offset by the sales volume increase of 9.4% (positive impact of RUB 51 billion).

International Petroleum Product Sales to CIS

Revenue decrease in international sales of petroleum products to CIS countries in the first quarter of 2020 compared with the fourth quarter of 2019 was due to the average price downturn of 26.9% (negative impact of RUB 8 billion).

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Revenue decrease in international sales of petroleum products to CIS countries in the first quarter of 2020 compared with the first quarter of 2019 was attributable to the average price downturn of 28.4% (negative impact of RUB 8 billion) and the sales volume decrease of 10.0% (negative impact of RUB 3 billion).

Domestic Sales of Petroleum Products

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russian regions in the first quarter of 2020 and in the fourth quarter of 2019*:

	For 3 months ended						% change		
	March 31, 2020			December 31, 2019			RUB billion	mln of tonnes	Average price th. RUB/tonne
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne			
High octane gasoline	146	3.3	44.1	158	3.5	45.3	(7.6)%	(5.7)%	(2.6)%
Diesel (Gasoil)	152	3.5	44.0	178	3.9	44.5	(14.6)%	(10.3)%	(1.1)%
Fuel oil	11	1.0	10.8	11	1.1	11.2	–	(9.1)%	(3.6)%
Jet fuel	29	0.7	39.6	31	0.7	42.3	(6.5)%	0.0%	(6.4)%
Other	15	1.2	–	18	1.1	–	–	–	–
Total	353	9.7	36.5	396	10.3	38.6	(10.9)%	(5.8)%	(5.4)%

*Average price is calculated from unrounded figures.

Revenue decrease in sales of petroleum products on the domestic market in the first quarter of 2020 compared with the fourth quarter of 2019 was due to the downturn in average sales price of 5.4% (negative impact of RUB 20 billion) and decrease in sales volume of 5.8% (negative impact of RUB 23 billion).

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russian regions in the first quarters of 2020 and 2019*:

	For 3 months ended March 31,						% change		
	2020			2019			RUB billion	million of tonnes	Average price th.RUB/tonne
	RUB billion	million of tonnes	Average price th.RUB/tonne	RUB billion	million of tonnes	Average price th.RUB/tonne			
High octane gasoline	146	3.3	44.1	151	3.7	41.1	(3.3)%	(10.8)%	7.3%
Diesel (Gasoil)	152	3.5	44.0	154	3.5	43.8	(1.3)%	–	0.5%
Fuel oil	11	1.0	10.8	15	1.0	15.3	(26.7)%	–	(29.4)%
Jet fuel	29	0.7	39.6	33	0.8	41.3	(12.1)%	(12.5)%	(4.1)%
Other	15	1.2	–	16	1.0	–	–	–	–
Total	353	9.7	36.5	369	10.0	37.0	(4.3)%	(3.0)%	(1.4)%

*Average price is calculated from unrounded figures.

Revenue decrease in sales of petroleum products on the domestic market in the first quarter of 2020 compared with the first quarter of 2019 was due to the average sales price downturn of 1.4% (negative impact of RUB 5 billion) and decrease in sales volume of 3.0% (negative impact of RUB 11 billion).

Sales of bunker fuel

The Company sells bunker fuel (fuel oil, low-viscosity marine fuel, diesel fuel and others) in the seaports (the Far East, the North, the North West and the South of the European part of Russia) and river ports (the Volga-Don basin and in the rivers of Siberia) of the Russian Federation and in the ports outside the Russian Federation.

Revenues from sales of bunker fuel in the first quarter of 2020 compared with the fourth quarter of 2019 increased due to the average sales price upturn of 15.1% (positive impact of RUB 1 billion).

Revenues from sales of bunker fuel in the first quarter of 2020 compared with the first quarter of 2019 decreased due to the downturn in sales volume by 42.9% (negative impact of RUB 8 billion) and was partially offset by the increase in average sales price by 33.3% (positive impact of RUB 3 billion). The downturn in sales volume of bunker fuel was due to decreased demand for high-sulfur fuel oil caused by IMO restrictive requirements.

Petrochemical Products Sales

Revenues from international sales of petrochemical products in the first quarter of 2020 compared with the fourth quarter of 2019 decreased due to the downturn in sales volume by 11.4% (negative impact of RUB 2 billion).

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Revenues from international sales of petrochemical products in the first quarter of 2020 compared with the first quarter of 2019 decreased due to the downturn in sales volume by 10.1% (negative impact of RUB 1 billion) and was offset by the increase in average sales price by 9.8% (positive impact of RUB 1 billion).

Revenues from domestic sales of petrochemical products in the first quarter of 2020 compared with the fourth quarter of 2019 decreased due to the average sales price downturn of 11.9% (negative impact of RUB 4 billion) and was partially offset by the increase in sales volume of 4.9% (positive impact of RUB 3 billion). Revenues from domestic sales of petrochemical products in the first quarter of 2020 compared with the first quarter of 2019 decreased due to the average sales price downturn of 13.8% (negative impact of RUB 2 billion) and was partially offset by the increase in sales volume of 0.1% (positive impact of RUB 1 billion).

Gas Sales

The table below sets forth revenues, volumes and average price of gas sales by Rosneft*:

	For 3 months ended			For 3 months ended		
	March 31, 2020	December 31, 2019	% change	March 31, 2020	March 31, 2019	% change
Revenue	RUB billion			RUB billion		
In the Russian Federation	49.9	53.4	(6.6)%	49.9	54.9	(9.1)%
Outside the Russian Federation	13.2	14.1	(6.4)%	13.2	14.4	(8.3)%
Total	63.1	67.5	(6.5)%	63.1	69.3	(8.9)%
Sales volumes	bcm			bcm		
In the Russian Federation	13.83	14.85	(6.9)%	13.83	15.29	(9.5)%
Outside the Russian Federation	1.08	1.20	(10.0)%	1.08	1.17	(7.7)%
Total	14.91	16.05	(7.1)%	14.91	16.46	(9.4)%
Average price	th. RUB/th. of cubic metres			th. RUB/th. of cubic metres		
In the Russian Federation	3.61	3.60	0.3%	3.61	3.59	0.6%
Outside the Russian Federation	12.13	11.77	3.1%	12.13	12.32	(1.5)%
Average price of the Company	4.23	4.21	0.5%	4.23	4.21	0.5%

*Average price is calculated from unrounded figures.

Gas sales in the Russian Federation and outside RF in the first quarter of 2020 compared with the fourth and the first quarters of 2019 decreased due to lower demand of final consumers driven by warm weather condition and due to negative external factors affected consumers. In spite of fall in prices at market, the average price of the Company's gas sales in Q1'2020 grows as compared with 2019.

Support Services and Other Revenues

Rosneft owns service entities that render drilling, construction, repairs and other services mainly to the entities within the Group. Revenues from services rendered to third parties are included in the consolidated statements of profit or loss.

The following table sets forth Rosneft's other revenues for the periods analysed:

	For 3 months ended					For 3 months ended March 31,				
	March 31, 2020		December 31, 2019		% change	2020		2019		% change
	% of total revenue		% of total revenue			% of total revenue		% of total revenue		
	billion RUB, except %									
Drilling services	0.4	1.8%	0.7	3.3%	(42.9)%	0.4	1.8%	0.5	2.4%	(20.0)%
Sales of materials	6.5	29.5%	6.4	29.8%	1.6%	6.5	29.5%	7.0	33.5%	(7.1)%
Repairs and maintenance services	0.8	3.6%	1.0	4.7%	(20.0)%	0.8	3.6%	0.8	3.8%	–
Rent services	1.2	5.5%	1.5	7.0%	(20.0)%	1.2	5.5%	1.3	6.2%	(7.7)%
Transport services	5.6	25.5%	4.5	20.9%	24.4%	5.6	25.5%	4.8	23.0%	16.7%
Electric power sales and transmission	3.6	16.4%	3.5	16.3%	2.9%	3.6	16.4%	3.1	14.8%	16.1%
Other revenues	3.9	17.7%	3.9	18.0%	–	3.9	17.7%	3.4	16.3%	14.7%
Total	22.0	100.0%	21.5	100.0%	2.3%	22.0	100.0%	20.9	100.0%	5.3%

Financial result of associates and joint ventures

Net financial results (profits) of downstream associates and joint ventures amounts to RUB 8 billion and RUB 16 billion for the first quarter of 2020 and for the fourth quarter of 2019, respectively.

Downstream production and operating costs

Downstream operating expenses include*:

	For 3 months ended		% change	For 3 months ended		% change
	March 31, 2020	December 31, 2019		March 31,		
				2020	2019	
	billion RUB, except %					
Operating expenses at refineries in Russia	32.2	38.3	(15.9)%	32.2	30.6	5.2%
Operating expenses at refineries outside Russia	6.3	6.1	3.3%	6.3	6.6	(4.5)%
Additives and materials for processing at refineries outside Russia	12.1	7.6	59.2%	12.1	5.2	>100%
Operating expenses of retail entities	9.8	11.5	(14.8)%	9.8	9.1	7.7%
Downstream operating expenses	60.4	63.5	(4.9)%	60.4	51.5	17.3%

*The difference between percentages presented in the above table and other sections is a result of rounding.

Operating expenses of refineries and retail entities in the first quarter of 2020 compared with the fourth quarter of 2019 decreased by 4.9% to RUB 60.4 billion due to lower volumes of scheduled maintenance works.

The increase of 17.3% in the operating expenses of refineries and retail entities in the first quarter of 2020 compared with the same period of 2019 was mainly caused by refinery throughput increase of 6.9% as well as by growth of tariffs of natural monopolies and indexation of wages and higher retails operating activity. Additives and materials expenses for processing at refineries outside Russia increased due to changes in fuel requirements of European Community (reduce greenhouse gas emissions by 6% from 2020 compared to 4%).

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Operating expenses of Company’s refineries

The table below shows operating expenses at Rosneft’s refineries:

	For 3 months ended		% change	For 3 months ended		% change
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
Operating expenses at refineries in Russia (RUB billion)	32.2	38.3	(15.9)%	32.2	30.6	5.2%
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	1,387	1,683	(17.6)%	1,387	1,401	(1.0)%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	1,339	1,630	(17.9)%	1,339	1,357	(1.3)%
Operating expenses at refineries outside Russia (RUB billion)*	6.3	6.1	3.3%	6.3	6.6	(4.5)%
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	2,150	2,047	5.0%	2,150	2,672	(19.5)%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	2,274	2,171	4.7%	2,274	2,821	(19.4)%
Total operating expenses at Rosneft’s refineries (RUB billion)	38.5	44.4	(13.3)%	38.5	37.2	3.5%

*Refineries outside Russia also procured the additives and materials for processing: in the first quarter of 2020 – RUB 12.1 billion, in the fourth quarter of 2019 – RUB 7.6 billion, in the first quarter of 2019 – RUB 5.2 billion.

Operating expenses of Rosneft’s refineries in Russia in the first quarter of 2020 compared with the fourth quarter of 2019 decreased by 15.9% to RUB 32.2 billion, mainly due to lower volumes of scheduled turnarounds.

Operating expenses of Rosneft’s refineries in Russia in the first quarter of 2020 compared with the same period of 2019 increased by 5.2% mainly due to refinery throughput increase of 6.6% as well as by growth of tariffs of natural monopolies and indexation of wages. Operating expenses per tonne decreased by 1.3% due to lower throughput volumes caused by turnarounds carried out at the Tuapse refinery in the first quarter of 2019.

Operating expenses of Rosneft’s refineries outside Russia were RUB 6.3 billion in the first quarter of 2020. The increase of 3.3% of operating expenses of refineries outside Russia compared with RUB 6.1 billion in the fourth quarter of 2019 was mainly driven by RUB depreciation of 3.8%.

Operating expenses of Rosneft’s refineries outside Russia in the first quarter of 2020 compared with the same period of 2019 decreased by 4.5% mainly due to lower volumes of scheduled turnarounds and RUB appreciation to EUR.

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Cost of Purchased Oil, Gas, Petroleum Products, Goods for retail and Refining Costs

The following table shows Rosneft's crude oil, gas and petroleum products procurement costs and volumes, and third-party refining costs*:

	For 3 months ended		%	For 3 months ended		%
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
Crude oil and gas procurement						
Cost of crude oil and gas procured (RUB billion)**	182	328	(44.5)%	182	247	(26.3)%
<i>including Domestic market</i>	82	98	(16.3)%	82	112	(26.8)%
<i>International market</i>	100	230	(56.5)%	100	135	(25.9)%
Volume of crude oil procured (millions of barrels)	99.2	116.7	(15.0)%	99.2	70.9	39.9%
<i>including Domestic market</i>	32.3	31.5	2.5%	32.3	31.7	1.9%
<i>International market</i>	66.9	85.2	(21.5)%	66.9	39.2	70.7%
Volume of gas procured (bcm)	2.89	3.06	(5.6)%	2.89	3.91	(26.1)%
Petroleum products procurement						
Cost of petroleum products procured (RUB billion)***	87	103	(15.5)%	87	58	50.0%
Volume of petroleum products procured (millions of tonnes)	2.12	2.70	(21.5)%	2.12	1.73	22.5%
Crude oil, gas and petroleum products refining services						
Cost of refining of crude oil, gas and petroleum products under processing agreements (RUB billion)	7.3	8.5	(14.1)%	7.3	7.7	(5.2)%
Volumes of crude oil and petroleum products produced under processing agreements (millions of tonnes)	1.9	2.1	(9.5)%	1.9	2.2	(13,6)%
Volumes of gas produced under processing agreements (bcm)	2.7	2.9	(6.9)%	2.7	2.6	3,8%
Cost of purchase of goods for retail****	3.7	4.1	(9.8)%	3.7	3.4	8.8%
Cost of products procured for blending on retail entities (RUB billion)	8.3	10.5	(21.0)%	8.3	10.4	(20.2)%
<i>Including intercompany purchases (RUB billion)</i>	8.3	10.5	(21.0)%	8.3	10.4	(20.2)%
Total cost of procured oil, gas and petroleum products, goods for retail and refining costs (RUB billion)	280	444	(36.9)%	280	316	(11.4)%

*Cost of purchases under IFRS consolidated financial statements (net of intercompany turnover).

**Including costs of Upstream segment in the amount of RUB 4 billion in the first quarter of 2020, RUB 5 billion in the fourth quarter of 2019; RUB 5 billion in the first quarter of 2019, respectively.

***Average procurement price of petroleum products purchased from third parties may be higher than the average selling price of petroleum products due to differences in the mix of procured and sold petroleum products.

****Reclassification of the cost of goods for retail from "operating expenses" was carried out in the third quarter 2019. Previous periods have been revised considering this effect.

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Crude oil procurement

Rosneft purchases crude oil primarily from its associates to process at its own refineries or export.

The structure of crude oil purchases is set in the table below:

	For 3 months ended		% change	For 3 months ended		% change
	Marh 31, 2020	December 31, 2019		March 31, 2020	2019	
	mln barrels			mln barrels		
International market	66.9	85.2	(21.5)%	66.9	39.2	70.7%
Udmurtneft	6.3	6.6	(4.5)%	6.3	8.4	(25.0)%
Slavneft	13.5	13.1	3.1%	13.5	12.1	11.6%
Messoyahaneftgaz	5.2	5.5	(5.5)%	5.2	4.5	15.6%
Others	7.3	6.3	15.9%	7.3	6.7	9.0%
Total	99.2	116.7	(15.0)%	99.2	70.9	39.9%

In the first quarter of 2020 volumes of the crude oil procured outside the Russian Federation amounted to 66.9 mln barrels, which is 21.5% lower compared to 85.2 mln barrels procured in the fourth quarter of 2019. The decrease was due to lower trading activity.

Rosneft performs oil swap operations in order to optimize transportation costs of deliveries to refineries. Revenues and costs related to these operations are presented on a net basis in the "Transportation Costs and Other Commercial Expenses" line of the consolidated statement of profit or loss.

The volume of swaps was 8.3 mln barrels in the first quarter of 2020 and 9.2 mln barrels in the fourth quarter of 2019, respectively, and 10.0 mln barrels in the first quarter of 2019.

Petroleum products procurement

Petroleum products from third parties are primarily procured to cover current needs of Rosneft's retail subsidiaries. Procurement of petroleum products is exposed to seasonal fluctuations in volumes and mix. Procurement prices may vary significantly depending on regional markets. Petroleum products outside Russia are procured primarily for sale on the international markets.

The table below sets forth Rosneft's costs, volumes and average prices per tonne of petroleum products procured from third parties in the first quarter of 2020 and in the fourth quarter of 2019:

	For 3 months ended						% change		
	March 31, 2020			December 31, 2019			RUB billion	mln tonnes	th. RUB/tonne
	RUB billion	mln tonnes	th. RUB/tonne*	RUB billion	mln tonnes	th. RUB/tonne*			
Petroleum products procurement in Russia	6	0.17		9	0.26		(33.3)%	(34.6)%	
High octane gasoline	2	0.04	44.1	3	0.08	40.3	(33.3)%	(50.0)%	9.4%
Diesel	3	0.08	43.5	5	0.09	44.1	(40.0)%	(11.1)%	(1.3)%
Others	1	0.05	28.6	1	0.09	36.5	–	(44.4)%	–
Petroleum products and petrochemicals procured outside Russia	81	1.95	41.1	94	2.44	38.5	(13.8)%	(20.1)%	6.8%
Total	87	2.12		103	2.70		(15.5)%	(21.5)%	

* Calculated based on unrounded data.

Decrease in purchase costs of petroleum products procured outside Russia was driven by lower trading activity.

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The table below sets forth Rosneft’s costs, volumes and average prices per tonne of petroleum products procured from third parties in the first quarters of 2020 and 2019*, respectively:

	For 3 months ended March 31,						% change		
	2020			2019			RUB billion	mln tonnes	th. RUB/ tonne
	RUB billion	mln tonnes	th. RUB/ tonne*	RUB billion	mln tonnes	th. RUB/ tonne*			
<i>Petroleum products procurement in Russia</i>	6	0.17		6	0.17		–	–	
High octane gasoline	2	0.04	44.1	2	0.05	41.5	–	(20.0)%	6.3%
Diesel	3	0.08	43.5	3	0.07	43.6	–	14.3%	(0.2)%
Others	1	0.05	28.6	1	0.05	16.9	–	–	–
<i>Petroleum products and petrochemicals procured outside Russia</i>	81	1.95	41.1	52	1.56	33.4	55.8%	25.0%	23.1%
Total	87	2.12		58	1.73		50.0%	22.5%	

* Calculated based on unrounded data.

Average purchase prices may be different from average sale prices depending on different regional structure of purchases and mix structure of the petroleum products.

Crude oil and gas processing, petroleum products processing

Associated petroleum gas sales to PJSC “Sibur” and purchases of dry stripped gas from PJSC “Sibur” are presented on a net basis in the Company’s financial statements in processing costs in the amount of RUB 3.2 billion in the first quarter of 2020, RUB 4.2 RUB in the fourth quarter of 2019 and RUB 4.2 billion in the first quarter of 2019.

Transportation Costs and Other Commercial Expenses

Transportation costs are costs incurred by Rosneft to transport crude oil for refining and to end customers and to deliver petroleum products from refineries to end customers (these may include pipeline tariffs and railroad tariffs, handling costs, port fees, sea freight and other costs) and also costs to transport gas via gas pipeline system.

The increase in transportation costs by 6.4% in the first quarter of 2020 compared with the fourth quarter of 2019 was mainly caused by higher transportation tariffs and higher freight costs and commercial expenses due to RUB depreciation.

The table below sets forth the comparison of costs per tonne of crude oil and petroleum products transported by pipeline, railroad and mixed transportation and gas transportation costs via gas pipeline system in the first quarter of 2020 and in the fourth quarter of 2019:

	For 3 months ended								% change		
	March 31, 2019				December 31, 2019				Volume	Cost	Cost per tonne*
Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*				
CRUDE OIL											
International sales											
Pipeline	25.2	96.6%	61.3	2.43	30.5	96.8%	69.3	2.27	(17.4)%	(11.5)%	7.2%
Railroad and mixed	0.5	1.9%	1.7	3.60	0.5	1.6%	1.9	3.80	–	(10.5)%	(5.3)%
Pipeline and FCA	0.4	1.5%	–	–	0.5	1.6%	–	–	(20.0)%	–	–
Transportation to refineries											
Pipeline**	27.3		25.4	0.93	27.3		24.7	0.90	–	2.8%	3.4%
Railroad and mixed	1.1		1.9	1.73	1.2		2.6	2.17	(8.3)%	(26.9)%	(20.4)%
PETROLEUM PRODUCTS											
International sales											
Pipeline	1.8	12.6%	5.0	2.78	1.5	11.1%	3.7	2.47	20.0%	31.5%	12.5%
Railroad and mixed	10.1	70.6%	44.0	4.30	9.8	72.6%	37.5	3.83	3.1%	17.3%	12.2%
Pipeline and FCA	2.4	16.8%	–	–	2.2	16.3%	–	–	9.1%	–	–
GAS											
Pipeline***	bcm		RUB/m3		bcm		RUB/m3				
	8.5		8.9	1.05	9.2		10.2	1.11	(7.6)%	(12.7)%	(5.4)%
Freight and other commercial expenses											
	14.7		47.7		14.8		35.6	–	(0.7)%	34.0%	
Other transportation expenses****											
			18.8				16.0			17.5%	
Total	83.5		215		88.3		202		(5.4)%	6.4%	

* Calculated based on unrounded data.

** Including crude oil purchased on international market, which was delivered to the German refineries.

*** Part of gas volumes was dispatched on terms under which Rosneft does not bear transportation expenses.

**** Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling station.

Crude oil pipeline transportation cost per tonne of international sales increased in the first quarter of 2020 compared with the fourth quarter of 2019 and amounted to RUB 2.43 thousand per tonne.

Crude oil railroad and mixed transportation cost per tonne of supplies to refineries decreased by 20.4% in the first quarter of 2020 compared with the fourth quarter of 2019 that was caused by change in structure of transportation routes.

The increase in railroad and mixed transportation per tonne of petroleum products international sales of 12.2% in the first quarter of 2020 compared with the fourth quarter of 2019 was mainly due to change of transportation structure.

In the first quarter of 2020 indexation of gas transportation tariffs was not carried out.

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The table below sets forth comparison for costs per tonne of crude oil and petroleum products transported by pipeline, railway and mixed transportation and gas transportation costs via gas pipeline system in the first quarters of 2020 and 2019:

	For 3 months ended March 31,								% change		
	2020				2019				Volume	Cost	Cost per tonne ²
	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t ²	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t ²			
CRUDE OIL											
<u>International sales</u>											
Pipeline	25.2	96.6%	61.3	2.43	29.3	85.9%	65.3	2.23	(14.0)%	(6.1)%	9.1%
Railroad and mixed	0.5	1.9%	1.7	3.60	0.7	2.1%	2.6	3.92	(28.6)%	(34.6)%	(8.2)%
Pipeline and FCA	0.4	1.5%	–	–	4.1	12.0%	–	–	(90.2)%	–	–
<u>Transportation to refineries</u>											
Pipeline**	27.3		25.4	0.93	24.1		17.7	0.73	13.3%	43.5%	27.5%
Railroad and mixed	1.1		1.9	1.73	2.7		9.9	1.64	(59.3)%	(80.8)%	5.3%
PETROLEUM PRODUCTS											
<u>International sales</u>											
Pipeline	1.8	12.6%	5.0	2.78	2.3	12.9%	6.1	2.70	(21.7)%	(18.0)%	2.9%
Railroad and mixed	10.1	70.6%	44.0	4.30	13.3	74.7%	38.6	4.05	(24.1)%	14.0%	6.1%
Pipeline and FCA	2.4	16.8%	–	–	2.2	12.4%	–	–	9.1%	–	–
GAS											
Pipeline***	bcm		RUB/m ³		bcm		RUB/m ³				
	8.5		8.9	1.05	9.2		10.6	1.02	(7.7)%	(16.1)%	2.7%
Freight and other commercial expenses											
	14.7		47.7		–		–		–	–	
Other transportation expenses****											
			18.8				19.0			(1.1)%	
Total	83.5		215		78.7		170		6.1%	26.5%	

* Calculated based on unrounded data.

** Including crude oil purchased on international market, which was delivered to German refineries.

*** Part of gas volumes was dispatched on terms where Rosneft does not bear transportation expenses.

**** Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling stations.

Growth of transportation costs in the first quarter of 2020 compared with the same period of 2019 was due to tariff indexation, increased transportation volumes and change of delivery basis.

Excise Taxes

Excise tax in the first quarter of 2020 was RUB 125 billion (including excise tax related to processing outside Russia in the amount of RUB 49 billion) compared with excise tax of RUB 72 billion in the fourth quarter of 2019 due to lower "damping component" of the excise tax deduction in the first quarter of 2020 driven by lower prices of motor gasoline and due to depreciation of the RUB currency.

In the first quarter of 2020 the excise tax increased in comparison with the first quarter of 2019 (RUB 73 billion) due to lower "damping component" of the excise tax deduction, higher excise rates and production growth.

Export Customs Duties

Export customs duties include crude oil and petroleum products export customs duties. Export customs duty rates are presented above under “Macroeconomic Factors Affecting the Results of Operations – MET, Excess Profit Tax, Export Duties and Excise Taxes” and more information on export duty taxation is provided further in the Attachment 2 “Taxation”.

The following table sets forth Rosneft’s export customs duties for the periods analyzed:

	For 3 months ended		% change	For 3 months ended Marh 31,		% change
	March 31, 2020	December 31, 2019		2020	2019	
	RUB billion, except %					
Export customs duty for crude oil	110	138	(20.3)%	110	131	(16.0)%
Export customs duty for petroleum products	47	56	(16.1)%	47	50	(6.0)%
Effect of export customs duty benefit of 2019	(30)	–	–	(30)	–	–
Total export customs duty	127	194	(34.5)%	127	181	(29.8)%

The one-off effect of applying the benefit related to 2019 is associated with the exemption from payment of export customs duties for export deliveries of oil produced in fields where the excess profit tax regime is in effect since 2019, due to the adoption of Federal law No. 24-FZ of 18.02.2020.

Export customs duty (without one-off effect of customs duty benefit) decreased in the first quarter of 2020 compared with the fourth quarter of 2019 due to lower enacted export customs duty rates driven by completion of the tax maneuver and reduction of the average Urals price, and was compensated by negative effect of customs duty lag in terms of sharp decline of crude oil prices.

Export customs duty decrease (without one-off effect of customs duty benefit) in the first quarter of 2020 compared with the same period of 2019 was mainly caused by lower export customs duty rates driven by completion of the tax maneuver and reduction of Urals price.

The following table sets forth certain information about the export customs duty on crude oil:

	For 3 months ended		% change ¹	For 3 months ended March 31,		% change ¹
	March 31, 2020	December 31, 2019		2020	2019	
	th. RUB per tonne, except %					
Enacted export customs duty on crude oil	4.89	5.65	(13.4)%	4.89	5.77	(15.1)%
Actual customs duty on crude oil exports	4.00	5.11	(21.8)%	4.00	4.92	(18.8)%

¹Estimated from unrounded data

The deviation of average actual export customs duty from the enacted one is caused by irregular monthly export volumes, which are subject to differing export customs duty rates, and by application of tariff exemptions and special formulas of calculation of the export customs duty rates (“preferential” rates) according to provisions of Art. 3.1 and Art. 35 of the Act of the Russian Federation “On the customs tariff”.

Operating results of segment "Corporate and others"

Segment includes the Group entities that provide corporate services and holdings' expenses.

	For 3 months ended		%	For 3 months ended		%
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
Financial results, RUB billion						
EBITDA	(16)	(25)	36.0%	(16)	(5)*	–
Capital expenditures**	3	6	(50.0)%	3	5	(40.0)%

*Reclass of allowance for expected credit losses (RUB 27 bln accrued in the first quarter of 2019) in the Downstream segment.

**Refer to "Capital expenditures".

Separate indicators of the consolidated financial statements

Costs and Expenses

General and Administrative Expenses

General and administrative expenses include wages, salaries and social benefits (except for wages and social benefits of technical staff of production and refining entities), banking commissions, third-party fees for professional services, insurance expenses (except for insurance of oil and gas production and refining entities), maintenance of social infrastructure, lease expenses, changes in loss allowance for expected credit losses and other general expenses.

General and administrative expenses, net of the allowance for expected credit losses, were RUB 35.8 billion in the first quarter of 2020 and RUB 44.7 billion in the fourth quarter of 2019.

In the first quarter of 2019 general and administrative expenses, net of the allowance for expected credit losses, were RUB 37.6 billion.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization include depreciation of crude oil and gas producing assets and other production and corporate assets.

In the first quarter of 2020 DDA amounted to RUB 176 decreased by 0.6% (decrease is mainly related to oil equipment) if compared with the fourth quarter of 2019 (DDA was RUB 177 billion).

In the first quarter of 2020 DDA increased by 1.1% compared with the first quarter of 2019. In the first quarter of 2019 DDA amounted to RUB 174 billion.

Taxes Other than Income Tax

Taxes other than income tax include the mineral extraction tax, excess profit tax, the excise tax, the property tax and other taxes. The basis for calculation of mineral extraction and excess profit taxes is set in the section "Taxation" in the Attachment 2.

The following table sets forth Rosneft's taxes other than income tax for the periods:

	For 3 months ended		%	For 3 months ended		%
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
Mineral extraction tax	445	531	(16.2)%	445	548	(18.8)%
Excess profit tax*	29	31	(6.5)%	29	16	81.3%
Excise tax	125	72	73.6%	125	73	71.2%
<i>including accrued excise tax</i>	121	113	7.1%	121	104	16.3%
<i>including "reverse excise tax"</i>	4	(41)	–	4	(31)	–
Insurance contributions	23	18	27.8%	23	18	27.8%
Property tax	10	11	(9.1)%	10	10	–
Other taxes, interest, penalties and other payments to budget	1	3	(66.7)%	1	2	(50.0)%
Total taxes other than income tax	633	666	(5.0)%	633	667	(5.1)%

* Enacted starting from January 2019.

Taxes other than income tax in the first quarter of 2020 compared with the same period of 2019 decreased by 5.1%. The decrease in mineral extraction tax was compensated by higher excise tax due to a change in the "reverse excise tax", which in the first quarter of 2020 became an accrued excise tax because of decline in world prices for gasoline and diesel fuel.

Finance Income and Expenses

In the first quarter of 2020, net finance expenses were RUB 56 billion compared with RUB 21 billion in the fourth quarter of 2019. In the first quarter of 2019 net finance expense were RUB 24 billion. The changes were caused mainly by the fair value re-measurement of derivative financial instruments, re-measurement of other financial assets in accordance with IFRS 9 *Financial Instruments*.

Other Income and Expenses

In the first quarter of 2020, other income amounted to RUB 2 billion compared with RUB 4 billion in the fourth quarter of 2019. In the first quarter of 2019 other income was RUB 3 billion.

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Other expenses include assets impairment, effect of fixed assets disposal in the course of operating activities and other expenses. In the first quarter of 2020 other expenses were RUB 46 billion compared with RUB 18 billion for the fourth quarter of 2019. In the first quarter of 2019 other expenses were RUB 106 billion including the impairment of Downstream assets. Part of impairments recognized in the first quarter of 2019 was recovered in the fourth quarter of 2019.

Foreign Exchange Differences

Foreign exchange effects are mostly attributable to monthly revaluation of assets and liabilities denominated in foreign currency at the exchange rate at the end of the period.

The loss from foreign exchange effects was RUB 177 billion in the first quarter of 2020 compared with the income of RUB 23 billion in the fourth quarter of 2019, respectively. In the first quarter of 2019 profit from foreign exchange effects was RUB 15 billion. Sharp increase in foreign exchange loss resulted from revaluation of foreign currency assets and liabilities, was due to an increase in foreign exchange rate at the reporting date.

Capitalized exchange differences resulting from foreign currency borrowings used for capital construction projects and the acquisition of property, plants and equipment were RUB 18 billion for the first quarter of 2020.

Income Tax

The following table sets forth the Company's effective income tax rate under IFRS for the periods analysed:

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
Effective rate of income tax (IFRS)	18.8%	24.8%	18.8%	19.2%

The Company applies the provisions of IAS 12 "Income taxes" to determine income tax in the consolidated profit or loss statement. The effective income tax rate for reported periods differs from the statutory rate of 20% because of differences in recognition of expenses and income for IFRS and tax purposes and due to application of tax relief.

Net Income/(Loss)

In the first quarter of 2020, the loss was RUB 143 billion (RUB 156 billion of negative income attributable to Rosneft shareholders) in comparison with income of RUB 179 billion (RUB 158 billion attributable to Rosneft shareholders) for the fourth quarter of 2019. Decrease was mainly driven by lower operating income compared to the fourth quarter of 2019 (-64.8%) and due to negative impact of foreign exchange differences.

In the first quarter of 2019, net income amounted to RUB 156 billion (RUB 131 billion attributable to Rosneft shareholders).

Liquidity and Capital Resources

Cash Flows

The principal items of the statement of cash flows for the periods analysed are as follows:

	For 3 months ended		% change	For 3 months ended		% change
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
	RUB billion			RUB billion		
Net cash provided by operating activities	341	342	(0.3)%	341	248	37.5%
Net cash used in investing activities	(185)	(182)	2.2%	(185)	(224)	(17.0)%
Net cash used in financing activities	(131)	(148)	(11.5)%	(131)	(530)	(75.3)%

Net cash provided by operating activities

Net cash provided by operating activity for the analysed periods is presented in the table below:

	For 3 months ended		% change	For 3 months ended		% change
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
	RUB billion			RUB billion		
Net cash provided by operating activity	341	342	(0.3)%	341	248	37.5%
<i>Offset of prepayments received under long term supply contracts at average ex.rate</i>	102	85	20.0%	102	86	18.6%
<i>Offset of other financial liabilities</i>	47	50	(6.0)%	47	41	14.6%
<i>Interest expense for prepayments under long term oil and petroleum products supply contracts¹</i>	12	14	(14.3)%	12	21	(42.9)%
<i>Financing against future deliveries under the long term oil and oil products supply contracts</i>	–	–	–	–	15	–
<i>Net (increase)/decrease in assets and liabilities of subsidiary bank²</i>	(98)	11	–	(98)	32	–
Adjusted net cash provided by operating activity	404	502	(19.5)%	404	443	(8.8)%

¹Free cash flow estimation includes interest expenses on the prepayment on long-term oil and petroleum products supply agreements. Interest expenses on the prepayment on long-term oil and petroleum products supply agreements are composed of interests accrued for the reporting period and offset against crude oil supply under the contracts in the amount of RUB 9 billion and interests paid of RUB 3 billion in the first quarter of 2020; offsetting of RUB 12 billion and interests paid of RUB 2 billion in the fourth quarter of 2019.

²Previous periods have been adjusted for comparability for net change of subsidiary bank operations in operating activity.

Net cash used in investing activities

In the first quarter of 2020 the Company's investing activity mainly referred to capital expenditures and did not change significantly in comparison with the fourth quarter of 2019.

Decrease in investing activity for the first quarter of 2020 in comparison with the same period of 2019, was mainly due to decreased proceeds from sales of current assets and lower capital expenditures.

Net cash used in financing activities

In the first quarter of 2020 net cash used in financing activities was mainly used for the scheduled repayment of loans. In the fourth quarter of 2019 the Company also paid the dividends in the amount of RUB 188 billion (RUB 163 billion to the Company's shareholders).

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Capital Expenditures

The table below sets forth Rosneft's capital expenditures by operating segments and license acquisition costs:

	For 3 months ended		% change	For 3 months ended		% change
	March 31, 2020	December 31, 2019		March 31, 2020	March 31, 2019	
	RUB billion			RUB billion		
RN-Yuganskneftegaz	38	33	15.2%	38	46	(17.4)%
Samotlorneftegaz	16	19	(15.8)%	16	17	(5.9)%
Vankor projects	17	14	21.4%	17	16	6.3%
Orenburgneft	7	9	(22.2)%	7	8	(12.5)%
RN-Uvatneftegaz	6	8	(25.0)%	6	6	–
Bashneft-Dobycha	6	7	(14.3)%	6	4	50.0%
RN-Nyaganneftegaz	6	7	(14.3)%	6	5	20.0%
Kondaneft	5	8	(37.5)%	5	5	–
Samaraneftegaz	6	8	(25.0)%	6	8	(25.0)%
Vostsibneftegaz	6	6	–	6	8	(25.0)%
Bashneft-Polyus	6	5	20.0%	6	4	50.0%
Varyoganneftegaz	4	4	–	4	5	(20.0)%
Verkhnechonskneftegaz	4	4	–	4	5	(20.0)%
Upstream projects (Zohr)	6	14	(57.1)%	6	11	(45.5)%
Rospan International	3	8	(62.5)%	3	6	50.0%
RN-Purneftegaz*	5	7	(28.6)%	5	4	25.0%
Taas-Yuryakh Neftegazodobycha	4	6	(33.3)%	4	4	–
Tyumenneftegaz	3	3	–	3	4	(25.0)%
Kharampurneftegaz	2	5	(60.0)%	2	1	100.0%
Upstream projects (Sakhalin-1)	3	3	–	3	3	–
RN-Severnaya Neft	3	2	50.0%	3	5	(40.0)%
Tomskneft VNK	3	3	–	3	3	–
Sorovskneft	2	2	–	2	2	–
Sibneftegaz	1	1	–	1	2	(50.0)%
Other	9	13	(30.8)%	9	9	–
Government grants	(1)	(4)	(75.0)%	(1)	–	–
Total upstream segment	170	195	(12.8)%	170	191	(11.0)%
Bashneft refineries	1	1	–	1	2	(50.0)%
Novokuibyshevsk refinery	1	–	–	1	3	(66.7)%
Komsomolsk refinery	1	1	–	1	1	–
Angarsk refinery	1	1	–	1	1	–
Tuapse refinery	–	2	–	–	1	–
Achinsk refinery	–	1	–	–	1	–
Kuibyshev refinery	–	1	–	–	–	–
Syzran refinery	1	1	–	1	–	–
Ryazan refinery	1	1	–	1	1	–
Saratov refinery	1	–	–	1	–	–
Other refineries	2	1	100.0%	2	3	(33.3)%
Marketing Business Units and others	3	9	(66.7)%	3	5	(40.0)%
Total downstream segment	12	19	(36.8)%	12	18	(33.3)%
Total other activities	3	6	(50.0)%	3	5	(40.0)%
Total capital expenditures	185	220	(15.9)%	185	214	(13.6)%
Acquisition of licenses	1	7	(85.7)%	1	2	(50.0)%

*Including Sevkomneftegaz.

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For the first quarter of 2020 capital expenditures amounted to RUB 185 billion (decreased by 15.9%) compared with RUB 220 billion in the fourth quarter of 2019.

Capital expenditures in Upstream segment decreased by 12.8% to RUB 170 billion if compared with the fourth quarter of 2019 due to seasonal factors. The decrease of 11.0% if compared with the first quarter of 2019 was due to negative macroeconomic environment, continued optimization of the production drilling program in order to increase its efficiency, as well as restrictions on the movement of foreign and Russian contractors.

Capital expenditures of other activities are mainly related to scheduled purchases of IT equipment, vessels, transport and other equipment assets.

The license acquisition costs of RUB 1 billion in the first quarter of 2020 referred to the acquisition of new licenses for research, exploration and production mainly at Khanty-Mansiysk and Yamalo-nents autonomous regions

Financial liabilities and liquid funds

Financial liabilities and liquid funds detailed by currencies are set in the table below*:

As of the date	<i>currency in bln</i>											
	March 31, 2020				December 31, 2019				March 31, 2019			
	USD	RUB	Euro	Other (RUB equivalent)	USD	RUB	Euro	Other (RUB equivalent)	USD	RUB	Euro	Other (RUB equivalent)
Financial liabilities	(24.9)	(1,928)	(4.3)	(0.9)	(26.5)	(1,893)	(4.3)	(0.7)	(26.5)	(1,844)	(3.9)	(0.9)
Liquid funds**	4.6	493	0.5	3.1	5.2	447	0.5	3.0	8.8	389	0.5	3.0
Net financial liabilities	(20.3)	(1,435)	(3.8)	2.2	(21.3)	(1,446)	(3.8)	2.3	(17.7)	(1,455)	(3.4)	2.1

*Calculated based on unrounded data

**Include cash and cash equivalents, short-term financial assets and part of bank deposits

The level of financial assets and liquid funds, which generate additional yield to fulfil the Company's commitments, remained at the point which strongly secured the Company's high financial stability.

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Key consolidated financial highlights (in RUB terms)

Rosneft monitors and evaluates its activities on an ongoing basis. Key financial ratios are set forth below:

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
EBITDA margin	17.2%	21.7%	17.2%	26.0%
Net income margin attributable to Rosneft shareholders	(8.8)%	7.1%	(8.8)%	6.3%
Current ratio	0.79	0.87	0.79	0.94
	RUB / bbl			
EBITDA/bbl*	756	1,153	756	1,315
Upstream capital expenditures/bbl	431	486	431	480
Upstream operating expenses/bbl	236	244	236	242
Free cash flow/bbl	555	703	555	576
	RUB / boe			
EBITDA/boe*	610	928	610	1,059
Upstream capital expenditures/boe	348	391	348	387
Upstream operating expenses/boe	191	196	191	195
Free cash flow/boe	448	565	448	464

*The effect of income from associates and joint ventures is excluded for calculation.

The Company considers EBITDA/bbl, Upstream operating expenses/bbl, Upstream operating expenses/boe and the related indicators as important measures of its operating performance. In addition, these measures are frequently used by financial analysts, investors and other interested parties in the evaluation of oil and gas companies. These measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of the Company's operating results as reported under IFRS.

The following tables set forth relevant numbers relating to these measures for the periods and as of the dates indicated:

Upstream Measures*

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
Liquids production (mln bbl)	394.3	401.4	394.3	397.6
Hydrocarbon production (mln boe)	488.6	498.8	488.6	493.8

*Excluding share in production of associates and joint ventures.

Calculation of EBITDA

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2019	December 31, 2019	2020	2019
	RUB billion			
Revenues and equity share in profits of associates and joint ventures	1,765	2,224	1,765	2,077
Effect of prepayments offsetting	32	24	32	33
Costs and expenses	(1,664)	(1,937)	(1,664)	(1,736)
Depreciation, depletion and amortization	176	177	176	174
EBITDA	309	488	309	548

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Calculation of Free Cash Flow

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	RUB billion			
Operating cash flow	341	342	341	248
Capital expenditures	(185)	(220)	(185)	(214)
Offset of prepayments under long-term supply agreements*	102	85	102	86
Offset of other financial liabilities	47	50	47	41
Interest expense on prepayments under long-term supply agreements ¹	12	14	12	21
Financing of future deliveries	–	–	–	15
Net (increase)/decrease in assets and liabilities of subsidiary bank ²	(98)	11	(98)	32
Free cash flow (RUB equivalent)	219	282	219	229

* Based on average exchange rates during the reporting periods (monthly basis).

¹ Free cash flow estimation includes interest expenses on the prepayment on long-term oil and petroleum products supply agreements. Interest expenses on the prepayment on long-term oil and petroleum products supply agreements are composed of interests accrued for the reporting period and offset against crude oil supply under the contracts in the amount of RUB 9 billion and interests paid of RUB 3 billion in the first quarter of 2020; offsetting of RUB 12 billion and interests paid of RUB 2 billion in the fourth quarter of 2019; offsetting of RUB 19 billion and interests paid of RUB 2 billion in the first quarter of 2019

² Previous periods have been adjusted for comparability for net change of subsidiary bank operations in operating activity.

Calculation of EBITDA Margin

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	RUB billion (except %)			
EBITDA	309	488	309	548
Revenues and equity share in profits of associates and joint ventures	1,765	2,224	1,765	2,077
Effect of prepayments offsetting	32	24	32	33
Adjusted revenues	1,797	2,248	1,797	2,110
EBITDA margin	17.2%	21.7%	17.2%	26.0%

Calculation of Net Income Margin attributable to Rosneft shareholders

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	RUB billion (except %)			
Net income/(loss) attributable to Rosneft shareholders	(156)	158	(156)	131
Revenues and equity share in profits of associates and joint ventures	1,765	2,224	1,765	2,077
Net income margin	(8.8)%	7.1%	(8.8)%	6.3%

Calculation of Current ratio

As of the date	March 31, 2020	December 31, 2019	March 31, 2019
	RUB billion (except ratios)		
Current assets	2,358	2,396	2,492
Current liabilities	2,970	2,755	2,661
Current ratio	0.79	0.87	0.94

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Consolidated financial highlights (in USD terms)

Consolidated statement of profit or loss

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	USD billion*			
Total revenues and equity share in profits of associates and joint ventures	27.6	35.2	27.6	31.9
Costs and expenses				
Production and operating expenses	3.0	3.1	3.0	2.4
Cost of purchased oil, gas, petroleum products, goods for retail and refining costs	4.3	6.9	4.3	4.8
General and administrative expenses	0.5	0.9	0.5	1.0
Transportation costs and other commercial expenses	3.3	3.1	3.3	2.6
Exploration expenses	–	0.1	–	–
Depreciation, depletion and amortization	2.7	2.8	2.7	2.6
Taxes other than income tax	9.7	10.3	9.7	10.1
Export customs duty	1.9	3.1	1.9	2.7
Total costs and expenses	25.4	30.3	25.4	26.2
Operating income	2.2	4.9	2.2	5.7
Finance income	0.4	0.5	0.4	0.6
Finance expenses	(1.2)	(0.8)	(1.2)	(1.0)
Other income	–	0.1	–	–
Other expenses	(0.7)	(0.3)	(0.7)	(1.6)
Foreign exchange differences	(2.9)	(0.1)	(2.9)	(0.3)
Cash flow hedges reclassified to profit or loss	–	(0.5)	–	(0.5)
Income before income tax	(2.2)	3.8	(2.2)	2.9
Income tax expense	0.4	(1.0)	0.4	(0.6)
Net income/(loss)	(1.8)	2.8	(1.8)	2.3
Net income/(loss) attributable to Rosneft shareholders	(2.0)	2.4	(2.0)	1.9

*Calculated using average monthly USD exchange rates based on the Central Bank of Russia data for the reporting period (Attachment 4).

Key consolidated financial highlights (in USD terms)

Key financial ratios in USD equivalent for the periods indicated are set forth below:

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
EBITDA margin	17.8%	21.9%	17.8%	26.0%
Net income margin attributable to Rosneft shareholders	(7.2)%	6.8%	(7.2)%	6.0%
Current ratio	0.80	0.87	0.80	0.94
	USD/bbl*			
EBITDA/bbl	11.9	18.4	11.9	19.9
Upstream capital expenditures/bbl	6.4	7.6	6.4	7.3
Upstream operating expenses/bbl	3.6	3.8	3.6	3.7
Free cash flow/bbl	9.0	11.2	9.0	8.8
	USD/boe			
EBITDA/boe	9.6	14.8	9.6	16.0
Upstream capital expenditures/boe	5.2	6.1	5.2	5.8
Upstream operating expenses/boe	2.9	3.1	2.9	3.0
Free cash flow/boe	7.3	9.0	7.3	7.1

*Calculated from unrounded data.

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Calculation of Free Cash Flow

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	USD billion			
Operating cash flow	5.4	5.4	5.4	3.8
Capital expenditures	(2.8)	(3.5)	(2.8)	(3.2)
Offset of prepayments under long-term supply agreements	1.6	1.4	1.6	1.3
Offset of other financial liabilities	0.7	0.8	0.7	0.6
Interest expense on prepayments under long-term supply contracts	0.2	0.2	0.2	0.3
Financing of future deliveries	–	–	–	0.2
Net (increase)/decrease in assets and liabilities of subsidiary bank	(1.6)	0.2	(1.6)	0.5
Free cash flow	3.5	4.5	3.5	3.5

Calculation of EBITDA Margin

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	USD billion (except %)			
Revenues and equity share in profits of associates and joint ventures	27.6	35.2	27.6	31.9
Operating expenses	(25.4)	(30.3)	(25.4)	(26.2)
Depreciation, depletion and amortization	2.7	2.8	2.7	2.6
EBITDA	4.9	7.7	4.9	8.3
Revenues and equity share in profits of associates and joint ventures	27.6	35.2	27.6	31.9
EBITDA margin	17.8%	21.9%	17.8%	26.0%

Calculation of Net Income Margin

	For 3 months ended		For 3 months ended March 31,	
	March 31, 2020	December 31, 2019	2020	2019
	USD billion (except %)			
Net income/(loss) attributable to Rosneft shareholders	(2.0)	2.4	(2.0)	1.9
Revenues and equity share in profits of associates and joint ventures	27.6	35.2	27.6	31.9
Net income margin	(7.2)%	6.8%	(7.2)%	6.0%

Calculation of Current ratio

As of the date	March 31, 2020	December 31, 2019	March 31, 2019
		USD billion (except ratios)	
Current assets	30.3	38.7	38.5
Current liabilities	38.1	44.5	41.0
Current ratio	0.80	0.87	0.94

Attachment 1: Risks and opportunities associated with climate change

Within the corporate risk management system, the Company identifies and evaluates risks and opportunities, including those related to climate change, on an annual basis. In April 2020, the Board of Directors approved the expansion of the tasks and functions of the Strategic Planning Committee and renamed the Strategy and Sustainable Development Committee. The functions of the Strategy and Sustainable Development Committee, in particular, include analysing risks and opportunities for Rosneft related to climate change and environmental issues (including water management) and communicating relevant information to the Board of Directors of Rosneft.

Since 2009, the Company has been implementing the Rosneft energy saving Program, which aims to reduce energy consumption and improve economic, environmental and production indicators. At the moment, the Company's business development is focused on the world's best practices in combating climate change and is aimed at:

- increasing production of natural gas, the use of which in comparison with other types of fuels can significantly reduce greenhouse emissions;
- implementation of projects for the development of oil refineries(refineries), increasing the production of popular products, raw materials for petrochemicals;
- reducing emissions and improving efficiency at production facilities (in particular by reducing the APG combustion rate to less than 5 % in accordance with the target set by the Government of the Russian Federation as part of the implementation of the Investment gas program.);
- creation and production of new products that allow consumers to reduce emissions and improve fuel efficiency.

In 2017, in order to further improve the effectiveness of activities in the field of industrial safety, labour protection and the environment, a Committee was formed on the industrial safety, labour protection and environment, within which a carbon management subcommittee was subsequently created to help achieve goals to face climate change.

Rosneft develops various forecast scenarios for global energy development, taking into account the risks and opportunities associated with climate change, which in general, allow to conclude that the Company's business model remains stable throughout the forecast period (until 2050) and meets future challenges.

International assessment of Rosneft activity in the field of sustainable development

In December 2018, the Board of Directors confirmed that commitment to the 17 UN sustainable development goals is part of the Company's strategy and approved the public position: "Rosneft: contribution to the implementation of the UN sustainable development goals". In its activities, the Company is committed to the highest principles of sustainable development, which is confirmed by the positive assessment of the world community. Since 2007, Rosneft has published a report on sustainable development in accordance with the international standards of the Global reporting Initiative (GRI). Since 2010, the Company has been a member of the UN Global compact, and in June 2019, it joined the "Guidelines for reducing methane emissions".

In December 2019, the Company was included by the analytical division of the London stock exchange – FTSE Russell in the international stock index FTSE4Good Emerging Index and in January 2020, it became one of the leaders among global oil and gas companies participating in the international climate rating CDP (Carbon Disclosure Project). Based on the results of an independent evaluation, Rosneft was assigned a category B rating - the highest among Russian oil and gas companies and two levels higher than the average rating of European participating companies.

Attachment 2: Taxation

Mineral Extraction Tax (MET)

MET rate calculation for crude oil

The rate of mineral extraction tax (MET) for crude oil is tied to the Urals price in the international market and is calculated in USD per barrel of crude oil produced using average exchange rate established by the Central Bank of Russia for the respective month.

Starting from 2019 the mineral extraction tax rate was calculated as follows:

$919 \times K_p - 559 \times K_p \times K_{rel} + K_k + K_{man} \times S_{vn}$ and K_{abdt} , where

919 – the base tax rate in RUB per tonne;

K_p – the coefficient characterizing the dynamics of world oil prices equal to $(P - 15) \times \text{Exchange rate} / 261$), where “P” is the average Urals price per barrel in USD and “Exchange rate” is the average RUB/USD exchange rate established by the Central Bank of Russia in the respective month;

K_{rel} – the reduction coefficient, defined as the difference between 1 and the result of multiplication of the coefficients characterizing the degree of depletion of a particular field, a specific hydrocarbon deposit, the amount of reserves of a particular field, the degree of complexity of production, region of production and oil properties;

K_k – the additional term, increasing MET rate, in the amount of RUB 428 RUB (starting from January 01, 2019).

$K_{man} \times S_{vn}$ and K_{abdt} have been added to the formula for calculating MET rate for oil in connection with the introduction of “reverse excise duty”.

For the fields that pay excess profit tax, the MET rate is calculated as follows: $(P - 15) \times 7.3 \times 0.5 \times “K” \times “\text{Exchange rate}” - “\text{Export duty}” \times “\text{Exchange rate}”$,

Where:

“P” – Urals price (see above);

“Export duty” – export customs duty rate on crude oil in USD per tonne;

“K” – the coefficient characterizing the period of time elapsed from the date of the start of commercial oil production at the field (further “grace period”):

Groups	“K”	Note
	0.4	prior to the expiration of the first 5 years of commercial production
1,2	0.6	the 6 th year of commercial production
	0.8	the 7 th year of commercial production
	1.0	from the 8 th year of commercial production
3	1.0	Not applicable
	0.5	before the end of the 1 st year of commercial production
4	0.75	the 2 nd year of commercial production
	1.0	from the 3 rd year of commercial production

In 2020, the Company applies various tax incentives for production and special tax treatment for MET on crude oil:

MET incentives for production in 2020	Applicable to the Company
Reduced rate due to the $P=0$	Oil fields of bazhenov, abalak, khadum, domanic formations.
MET reduced by “Dm” coefficient, which characterizes crude oil production at a particular oil field	Oil fields with high-viscosity crude oil (in-situ viscosity more than 10 000 mPa·s). Oil fields located: <ul style="list-style-type: none"> In Irkutsk region, the Republic of Sakha (Yakutia) and Krasnoyarsk Territory which is applicable for the first 25 million tonnes of production On the territory of the Nenets Autonomous district, Yamalo-Nenets Autonomous district – for the first 15 million tonnes of production Okhotsk sea fields subject to zero mineral extraction tax rate which is applicable for the first 30 million tonnes of production Oil fields with reserve depletion rate of over 80%. Oil fields with the volume of initial recoverable reserves being less than 5 million tonnes. Oil fields with high-viscosity crude oil (in-situ viscosity more than 200 mPa·s and less than

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	10 000 mPa·s)
Tax deduction	Oil fields with permeability less than $2 \times 10^{-3} \mu\text{m}^2$ and deposits of the Tyumen suite. At fields located entirely within the boundaries of the Nizhnevartovsk region of KHMAO – Yugra, the initial recoverable oil reserves of which amount to 450 million tonnes or more as of January 1, 2016 (the amount of the deduction is determined in aggregate for the specified fields and amounts to RUB 2,917 million for the tax period (calendar month)). Oil production at fields with export duty exemptions under “general” tax regime. The deduction is aimed at compensating the loss of economic effect from the granted export duty benefits in connection with the completion of the tax maneuver (due to which the duties are gradually reduced to zero by 2024).
Special tax regime for offshore projects in the Russian Federation	The offshore projects are categorized into one of four groups depending on its complexity and special MET rates for each project group ranging from 5% to 30% of hydrocarbon prices are applied.
Special tax regime exempting the Company from paying mineral extraction tax.	Exploration projects in the Sakhalin-1 PSA.

MET rate calculation for natural gas and gas condensate

The production of gas condensate is mainly subject to MET rate for crude oil because the purification of gas condensate is compounded in the crude oil production. Gas condensate mineral extraction tax rate is applied in case of separate purification of gas condensate.

In line with the formula the base rate for gas condensate is RUB 42 per 1 tonne and for natural gas – RUB 35 per 1 th. cubic meters. The base rates are multiplied by a basic rate of standard fuel unit and reduced coefficient which estimates the difficulty level of natural gas and (or) gas condensate production. Starting from January 1, 2017 the tax rate for mineral extraction gas condensate is adjusted by the multiplying coefficient 6.5. Starting from 2019 the mineral extraction tax rate increased by the amount of reduction in export customs duties on crude oil multiplied by 0.75.

Reducing coefficient in 2020	Applicable to the Company
0.5	License areas: Rospan and Russko-Rechenskoe licensed fields and also at fields of Krasnodar and Stavropol regions
0.64	License areas: Kynsko-Chaselskoye fields and at a number of fields of Sibneftegaz, and also at Nenets Autonomous District, the Chechen republic and Krasnodar region
0.1	License areas: Irkutsk region, Krasnoyarsk region and the region of Far East or the sea of Okhotsk
0.21	License areas: Turon deposits reserves of the Kharampurskoye field
0.5-1	Fields with reserve depletion rate of over 70%.

Excess profit tax (Tax on additional income from hydrocarbons production)

Since January 1, 2019 the tax on additional income from production of hydrocarbons was enacted. The tax is charged at the rate of 50% of the hydrocarbons production income calculated as the difference between the estimated revenue and costs (losses). The new tax regime requires paying the MET but at a reduced rate and paying export duties with exemption from their payment for a certain period for Greenfields in Eastern Siberia and other new regions of oil production (groups 1-2).

New tax regime is applicable to the following groups of oil fields:

Groups	Geographic location	Depletion as of 01.01.17
Greenfields of Eastern Siberia and other new regions of oil production		
1	The Republic of Sakha, Irkutsk region, NAO, KHMAO, the Caspian Sea, The Yamal-Nenets Autonomous district, Krasnoyarsk region	Not exceeding 5%
2		Deposits specified in the Note 8 to the Common Customs Tariff as of 01.01.2018.
Brownfields of Western Siberia		
3	KHMAO, YANAO, Komi Republic, Tyumen region	From 20% to 80% or from 10% to 80% provided that on 01.01.2011 worked out >1%. List of fields is determined by the Law.
Greenfields of Western Siberia		
4	KHMAO, YANAO, Komi Republic, Tyumen region	Not exceeding 5%. List of fields is determined by the Law.

Excise tax

Petroleum products producers are taxpayers of an excise on petroleum products in the territory of the Russian Federation. Besides, the tax is paid by legal entities when importing excise goods into the territory of the Russian Federation.

The Company as an owner of raw materials applies excises deductions for particular types of petroleum products in the cases provided by the legislation, as well as "reverse excise" mechanism (deduction of the accrued excise tax with an increasing coefficient) for oil raw material.

Starting from January 1 2019 new excisable goods (oil raw material and dark bunker fuel) and new operations subject to excise taxation were introduced, with the possibility of applying the mechanism of "reverse excise" (deduction of the accrued excise tax with an increasing coefficient):

- for oil raw material (for the organizations-owners of crude oil raw material processed in the Russian Federation which received special certificate from the tax authorities);
- dark bunker fuel (when using fuel for bunkering (refuelling) of vessels and (or) machinery and constructions located in the internal sea waters and continental shelf of the Russian Federation, etc.).

The law sets the procedure of application of "reverse excise tax" on oil raw material, including:

- arrangements for obtaining a special certificate, required for the application of "reverse excise";
- the approach for calculating the excise rate on oil raw material (based on market oil prices, forex rates, the number and types of oil products, increased regional coefficients for certain subjects of Russian Federation);
- the approach for calculating the "damping component" of the excise deduction aimed at reducing the effect of macroeconomic fluctuations on the domestic market of motor fuels.

Export Customs Duty

Export Customs Duty on Crude Oil

The rate of export customs duty on crude oil is tied to the Urals price in the international market and is denominated in USD per tonne.

The table below sets forth the calculation of the ordinary export customs duty for crude oil:

<i>Urals price (USD per tonne)</i>	<i>Export customs duty (USD per tonne)</i>
Below and including 109.5 (15 USD per barrel)	Export customs duty is not levied
From 109.5 to 146 including (15 to 20 USD per barrel)	35% of the difference between the average Urals price in USD per tonne and USD 109.5
From 146 to 182.5 including (20 to 25 USD per barrel)	USD 12.78 <i>plus</i> 45% of the difference between the average Urals price in USD per tonne and USD 146
From 182.5 (25 USD per barrel)	USD 29.2 <i>plus</i> 30% of the difference between the average Urals price in USD per tonne and USD 182.5

The export customs duty changes every month and the duty for the next month is based on the average Urals price denominated in USD for crude oil for the period from the 15th day of the previous month to the 14th day (inclusive) of the current month and are applied starting from the 1st day of the month, following the monitoring period.

The export custom duties, calculated for the sequent month, are reported through the official informational resources not later than 4 days before the enforcement.

Since January 1, 2019, Federal law # 305-FZ of 03.08.2018 " on amendments to article 3.1 of the Law of the Russian Federation "on customs tariff" has added an addition to the formula for calculating export duty on oil: since January 2019, the duty rate is calculated as the product of the marginal rate (the calculation formula is given above) and a correction coefficient that reflects a gradual reduction in the export duty rate until it is reset in 2024. The value of the correction coefficient for 2020 is 0.667

At the same time, from January 1, 2019, the Government of the Russian Federation is entitled to impose "protective" duties on crude oil (in an amount not exceeding the level of 29.2 + 45% x (the price of "Urals" (USD /t) - 182.5) USD/t) if there is a significant change in oil prices and the price of oil is higher than USD 182.5

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per ton. "Barrier" duties are applied for six consecutive calendar months, starting from the calendar month following the calendar month in which a significant change in oil prices is recorded in accordance with the procedure established by law

By the Federal law N 268-FZ, dated September 30, 2013, introducing a special tax regime in respect of the projects on the continental shelf of the Russian Federation a full exemption of hydrocarbons produced at offshore fields from the export customs duties is provided. Mainly thus exemption relates to the fields which commercial production starting from January 1, 2016. Such an exemption is set for various terms depending on complexity of a field development project.

The law names the Vostochno-Messoyakhskoye field (the total volume of oil that can be exported from 01.01.2019 using a "preferential" rate is 32.08 million tons), the Srednebotuobinskoye field (32.742 million tons) and the kuyumbinskoye field (76.433 million tons).

According to the Federal law of 19.07.2018 № 201-FZ "On amendments to articles 3.1 and 35 of the Law of the Russian Federation "On customs tariff", the export of oil produced in the subsoil areas that have passed on excess profit tax from production of hydrocarbons (1,2 group), since January 1, 2019 is exempt from payment of export customs duties before the expiration of 7 years of industrial production, after the expiration of the exemption - standard duty rates. Federal law No. 24-FZ of 18.02.2020 " On amendments to article 35 of The law of the Russian Federation "On customs tariff" clarified the procedure for applying this exemption, according to which persons who are not tax payers of excess profit tax in the relevant subsoil area can export oil with an exemption from payment of export customs duty if there is a corresponding written confirmation of the organization – taxpayer of excess profit tax. The provisions of Federal law No. 24-FZ of 18.02.2020 apply to legal relations that have arisen since 01.05.2019.

Export customs duty on crude oil export to countries that are members of Eurasian Economic Agreement

In accordance with the Eurasian Economic Agreement dated May 29, 2014 and effective from January 1, 2015 export duties are not payable on crude oil export to countries-participants of Eurasian Economic Agreement. Meanwhile, the Eurasian Economic Agreement enables some export limits on oil and oil products.

Export duties are not payable on crude oil exports to countries that are members of Eurasian Economic Agreement. At the same time quotes for tax-free sale of crude oil and petroleum products are set. In accordance with agreement with Armenia and the Kyrgyz republic all supplies above the quotes are subject for the duties.

In accordance with agreement between the Governments of Russian Federation and the Kazakhstan Republic on trade and economic cooperation in crude oil and petroleum products supplies dated December 9, 2010 the export ban was set for a specified list of petroleum products exported from Russian Federation to the Kazakhstan Republic.

The Protocol on amendments to the Agreement between the Government of the Russian Federation and the Government of the Republic of Belarus on measures to regulate trade and economic cooperation in the export of oil and oil products dated January 12, 2007 introduced quotas for duty-free export of oil and oil products to the Republic of Belarus and a ban on export in excess of the established quotas from November 1, 2018.

Export Customs Duty on Petroleum Products

Export customs duty on petroleum products except liquefied petroleum gas (LPG) is set every month as the marginal export customs duty rate on crude oil multiplied by the estimated ratio depending on the type of petroleum product.

Export customs duty on LPG is based on the average price of LPG at Poland board (DAF Brest) denominated in USD per tonne for the period from the 15th day of the previous month to the 14th day (inclusive) of the current month.

Marginal export customs duties for petroleum products are set as a percentage of the marginal export customs duty for crude oil as listed in table below:

Type of petroleum product	Marginal export customs duty (% of the marginal export customs duty for crude oil) for the period
	Since January 1, 2017
Light and middle distillates (excluding: naphtha and gasoline), benzene, toluene, xylenes, lubricants, diesel	30
Naphtha	55
Gasoline	30
Fuel oil, bitumen oil, other dark oil products	100

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In 2018 and 2019, marginal export customs duties are set for estimation of customs duty, depending on the type of oil product.

By the Federal law of 03.08.2018 № 305-FZ "On amendments to article 3.1 of the law of the Russian Federation "On customs tariff" the Government of the Russian Federation additionally to the right to impose "protective" duties on crude oil (in an amount not exceeding the level of $29.2 + 45\% \times (\text{the price of "Urals"})/t - \text{USD } 182.5$) / t with a significant change in oil prices and the price of oil above USD 182.5 per ton has the right to impose "protective" duties to the oil products.

When applying the "protective" duty on crude oil, the rates of export duties on petroleum products may be set by the Government of the Russian Federation in the amount of 60% of the duty on crude oil.

Attachment 3: EBITDA by segment

	<i>For 3 months ended March 31, 2020</i>				
	Exploration and Production	Refining and distribution	Corporate segment	Intersegment	Consolidated P&L
Total revenues and equity share in profits of associates and joint ventures	863	1,778	52	(928)	1,765
Total costs and expenses	626	1,722	68	(928)	1,488
Effect of prepayments offsetting	32	–	–	–	32
EBITDA	269	56	(16)	–	309

	<i>For 3 months ended December 31, 2019</i>				
	Exploration and Production	Refining and distribution	Corporate segment	Intersegment	Consolidated P&L
Total revenues and equity share in profits of associates and joint ventures	1,156	2,220	53	(1,205)	2,224
Total costs and expenses	720	2,167	78	(1,205)	1,760
Effect of prepayments offsetting	24	–	–	–	24
EBITDA	460	53	(25)	–	488

	<i>For 3 months ended March 31, 2019</i>				
	Exploration and Production	Refining and distribution	Corporate segment	Intersegment	Consolidated P&L
Total revenues and equity share in profits of associates and joint ventures	1,223	2,064	36	(1,246)	2,077
Total costs and expenses	725	2,042	41	(1,246)	1,562
Effect of prepayments offsetting	33	–	–	–	33
EBITDA	531	22	(5)	–	548

Attachment 4: Average monthly RUB/USD exchange rates, calculated using the Bank of Russia data

	2020	2019
	RUB/USD	
January	61.78	67.35
February	63.88	65.86
March	73.32	65.15
April		64.62
May		64.82
June		64.23
July		63.20
August		65.53
September		64.99
October		64.36
November		63.87
December		62.94