

KEYNOTE SPEECH

**on the first item on the agenda
of the Annual General Shareholder Meeting
of Rosneft Oil Company
“Approval of the Company’s Annual Report”
(June 4, 2019, Saint-Petersburg)**

Dear shareholders, guests of the Meeting and partners of our Company, **we are pleased to welcome you today at the Annual General Shareholder Meeting of Rosneft Oil Company in St. Petersburg!**

Today's shareholder meeting is held on the eve of one of the most significant economic events in the life of our country—the St. Petersburg International Economic Forum.

The choice of St. Petersburg as a venue for the annual meeting has not been random. More than 11% of Rosneft's shareholders, individuals, live in the North-Western Federal District, most of them are from St. Petersburg and Leningrad Region.

[Last year, the Company **invested 5.8 billion roubles** in the municipal and regional economies. As a part of the expansion of our presence in the region, last Sunday we launched another important **project—the construction of a fuel supply complex at the Pulkovo airport**. It is an important milestone in the development of the entire aircraft fuelling business of Rosneft. The project investments will **exceed 3 billion roubles.**]

Before starting with the main part of my report, I would like to congratulate the shareholders and employees on a remarkable event, the 25th anniversary of the Company, which we are celebrating this year. In this regard, I would like to draw your

attention to Rosneft's outstanding achievements and significant contribution to the social and economic development of Russia! Since the establishment of the Company, its share in the global oil output has increased from 0.4% to 6%, the revenues have increased more than 240 times, and investments 160 times. [With the market capitalization of 4.6 trillion roubles, Rosneft is the leader in terms of capitalization among Russian oil companies, which confirms the validity of the development strategy chosen by the Company.]

Our esteemed shareholders are here today. There are representatives of the controlling shareholder, the Russian Federation, representatives of federal and regional government authorities, our strategic partners and shareholders, including BP and Qatar Investment Authority (QIA), as well as analysts from leading investment banks.

The past year has become a landmark for the development of the Company. In 2018, the Company continued its comprehensive work on the implementation of the goals approved by the Board of Directors as part of the Rosneft-2022 Strategy and completed the **establishment of the stockholder capital structure.** The state holding over 50% of our shares remained the controlling shareholder, while our partners from Qatar Investment Authority increased their direct stake to 18.93% to become the second largest strategic shareholder of Rosneft after BP.

In 2018, the Company proved its effectiveness in ensuring the long-term sustainable development by completing the strategic goal of 100% replacement of reserves. The past year saw the proven reserve replacement ratio of Rosneft at the level of 173%, according to the SEC classification¹. Reaffirming our adherence to the key strategic priorities, the Company **increased the average daily production of liquid hydrocarbons by 2.1%** compared with 2017, which corresponds to our long-term target of 2% annual production growth. Overall, Rosneft showed the highest growth with reference to this indicator among its rivals.

I shall note that this result was achieved in spite of the production cuts agreed upon with OPEC+. The key growth factors are, among others, the achievement of the record output rates at the largest asset of the Company, Yuganskneftegaz, the launch of new large fields, and our flexible handling of the development of our fields under operation.

We have significantly increased the free cash flow. While keeping the volume of our rouble capital expenses at the level of 2017, Rosneft achieved \$18 billion of free cash flow within the reviewed period, which is more than four times higher than the figure for 2017. With reference to this indicator as well, Rosneft showed the highest growth among its rivals.

¹ The US Securities and Exchange Commission standard.

A year ago I told the Company's shareholders about our capability to increase the net income and dividends twofold year-on-year. In the end, the 2018 dividends will increase by 2.5 times year-on-year. Our dividend growth much exceeds the indicator dynamics at the other companies in the sector.

The total sum of the shareholder dividend payments for 2018, including the dividends for H1 2018, will amount to 274.6 billion roubles, with 137.3 billion roubles falling to the share of the state. Such a result shows that we can both set ambitious goals and achieve them with certainty.

For us and our colleagues, the Rosneft-2022 Strategy means a new quality of the Company. Its implementation contributes to increasing the yield of our shareholders.

I would like to remind you that the Rosneft-2022 Strategy stands upon the idea of a business that takes into account the highest requirements of industrial safety and environmental protection.

To achieve that, we intend to introduce a range of initiatives.

Firstly, we will ensure the hydrocarbon production growth to 330 million tonnes of oil equivalent by 2022, while constantly monitoring our expenses. At the same time, our highly profitable

resource base, one of our main competitive advantages, secures our confidence in our future.

Secondly, **we will develop the technology**—through the accelerated run of field-proven solutions mostly.

The programmes we implement, such as the digital field, digital plant, digital supply chain, and digital fuel-filling station, will deliver us to a new level of modern information business, boost the reliability and efficiency of our production, and reduce our losses.

The introduction of new technology will improve the transparency and manageability and accelerate the decision-making throughout the Company's entire production chain, as well as strengthen the foundation for the emerging digital economy in Russia and increase our competitiveness on the global markets.

Moreover, our Company strives to continuously **improve our own technological competencies** in various areas of the energy business. This work is aimed not only at increasing the production efficiency but also at ensuring the sustainability and adaptability of our business model in the context of the global energy transformation.

As you know, in late December 2018, the Company's Technological Council started its work. It unites representatives of

shareholders, leading universities, and Research and Development centres of our country.

We continue our work to expand the science and technology cooperation with Russian and international universities and R&D centres.

The Company seeks to comply with the principles of socially responsible investment of ESG at improving our investment appeal.

To show that we are prepared to participate in solving the relevant issues of the humankind, the Company presented its public stance “Rosneft: Contribution to the Implementation of the 17 Sustainable Development Goals of the UN” last year. Its strategic priorities are the following: Health and Wellbeing, Affordable and Clean Energy, Good Job and Economic Growth, Climate Action, and Partnership for the Goals.

Rosneft Oil Company takes part in global initiatives to achieve comprehensive sustainable development. The Company is a member of the UN Global Compact, shares the principles of the Social Charter of Russian Business, and supports the Anti-Corruption Charter of Russian Business. Rosneft shares the general principles and values of the Universal Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, supports initiatives aimed at achieving

sustainable development, improving business transparency, fighting corruption, respecting the fundamental human rights, reducing inequalities, and protecting the environment.

Rosneft decided to join the initiative of leading international oil and gas companies and to sign the Guidelines for Methane Emission Reduction in Natural Gas Supply Chain, which proves that we are ready to further reduce emissions consistently in order to solve the issues related to climate change.

Health, Safety & Environment (HSE) is among the cornerstone priorities of Rosneft's Strategy. We commit to providing safe working conditions for our employees and partners in all regions of our operation.

We set an ambitious goal to enter the first quartile of international oil and gas companies by HSE indicators, as well as to reduce unit greenhouse gas emissions by 5%, by the end of 2022.

Rosneft made significant progress in this direction in 2018:

- The Company validated its conformity with the requirements of the international HSE management standards.
- Our investments in training and equipment required for ensuring the industrial safety yielded results. For the first time,

the Company registered no serious gas, oil, or water inflows during drilling, with over 5,000 wells drilled.

- The number of accidents was reduced by over 45%.
- We cut the acreage of our accumulated oil-contaminated soils by 14%.
- We reduced the discharge of contaminated flows by 7%.
- We reduced the volume of crude and petroleum products spilled in pipeline failures by 6%.

Despite the pressure from the outside, **Rosneft remains an effective channel for Russian integration into the global economy** through our active engagement in foreign markets and cooperation with major oil companies in the world. **The Company operates in 25 countries of the world and holds partnerships with seven out of ten global majors.**

Rosneft is the largest oil and gas company in the Russian Federation, as well as globally in terms of reserves and production of liquid hydrocarbons among public oil and gas companies. **Rosneft is demonstrating sustainable growth in economically viable hydrocarbon reserves.** The share of the Company in Russian oil production amounts to approximately 41%, and 6% in the global output.

Over the years, Rosneft has been leading, with a notable margin, among the largest listed international oil and gas companies in terms of the SEC² proven reserve life standard and the three-year average proven reserve replacement ratio. In 2018, the proven reserves volume under the standard grew by 4% to 41.4 billion barrels of oil equivalent.

Customarily showing its high efficiency in exploration campaigns, **Rosneft is the leader in terms of the volume and potential of its organic reserves increment** among the largest listed oil and gas companies both in Russia and abroad. In 2018, our SEC proven hydrocarbon reserve life exceeded 20 years.

In the past year, Rosneft not only maintained its global leadership among listed oil companies in terms of production of liquid hydrocarbons but also set new benchmarks in the industry. The Company set a record, having produced 5.8 million barrels of oil equivalent per day and exceeded the 2017 level by 1.3%.

As the restrictions under the OPEC+ agreement were eased mid-year, Rosneft managed to quickly increase its output to a level that was higher than before the introduction of restrictions in October 2016.

² The US Securities and Exchange Commission standard.

The Company ensured the major gain in the daily oil and gas production throughout Russia: **over half of it was the Company's share.**

Such a result was possible to achieve also due to the **improvement of production methods and the use of advanced technology**, including our shift from traditional controlled directional wells to horizontal wells with multi-stage hydraulic fracking in West Siberia and the dynamic development of hard-to-recover reserves. The Company achieved much success in its drilling rate. At the core production asset of the Company, Yuganskneftegaz, the record of drilling a horizontal well was 9.3 days in 2018, while in 2013 similar wells had been drilled in 42 days. Rosneft is consistent in its implementation of the goal to reduce the well cost by 10%, given the comparable conditions, by the end of 2020.

The best project management in the industry and achievement of target synergies are one of the priorities of the Strategy. In this area, in 2018, the production growth was highly contributed to by the **launch of four new major projects**—the Tagul, Russkoye, Kuyumbinskoye fields, and the second phase of Srednebotuobinskoye field.

LIVE BROADCAST: LAUNCH OF WEST-ERGINSKOYE FIELD

Dear colleagues, dear shareholders, many analysts say that the Company has the best range of new projects in the industry. Today, I'd like you to take part in a significant event proving that point.

A new, yet the second, field of the Erginsky cluster, the West-Erginskoye field, has been prepared for commissioning in Khanty-Mansi Federal District. We have Georgy Viktorovich Evgrafov, Director General of Kondaneft Oil Company, via video conference. Please, Georgy Viktorovich.

Dear Igor Ivanovich, dear participants of the Annual General Shareholder Meeting of Rosneft Oil Company, the task to prepare the West-Erginskoye field to commercial operation has been fulfilled. It took us less than a year and a half to go from the first pile to the first tonne of oil produced today. The Kondinskoye field of the Erginsky cluster was commissioned in November 2017. As of today, we are ready to load crude at the second field of the cluster yet. Next in line is the Chaprovskoye field, which is currently being developed at an accelerated pace.

Over 130 thousand tonnes of materials, equipment, and fuel were brought to the West-Erginskoye field during its development. All the equipment was manufactured domestically. Over 500 highly qualified builders and field engineers were working at the field daily.

Igor Ivanovich, I ask you to give the start for the commissioning and loading of the first crude from the West-Erginskoye field.

I.I. Sechin

Please, start the loading of the crude!

I.M. Sidorov, shift foreman

Shift foreman Ivan Sidorov reporting. The crude from the West-Erginskoye field has started to flow to the central production facility of the Kondinskoye field via pressure pipeline.

G.V. Evgrafov

Dear Igor Ivanovich, the West-Erginskoye field has been commissioned.

I.I. Sechin

Congratulations to you and the entire workforce on this wonderful event! Thank you for your coordinated and efficient work! I wish you further success!

KEYNOTE SPEECH CONTINUED

The Company showed sustainable dynamics of the key operational indicators for 2018. The production rate of exploratory drilling was maintained at a high level of more than 12 million metres. At the same time, the scope of construction of complex multilateral and splitter wells was doubled.

The share of new horizontal wells increased to 48%, while the number of horizontal wells with multi-stage hydraulic fracking went up by 51%. The share of the in-house drilling service in the total drilling footage is maintained at the level over 50%.

As a result of our exploration work, 230 new deposits and 23 new fields were discovered last year, with reserves of 250 million tonnes of oil equivalent.

In 2018, Rosneft retained its leadership in terms of production costs in the oil industry among listed oil and gas companies. **Their annual average was \$3.1 per barrel of oil equivalent,** having dropped by 3% year-on-year.

Due to the high efficiency of our capital investments and the introduction of advanced technology, **our level of unit capital expenditures in the development and production of hydrocarbons is also the best in the world among listed**

companies and amounts to only \$6.8 per barrel of oil equivalent. This was a 4% improvement year-on-year.

Brownfields are the main source of our liquid hydrocarbon production. They create a stable positive cash flow providing a basis for further investments in the development and growth of the shareholder yield.

Yuganskneftegaz maintains the positive production trend in spite of the asset's long history. In October 2018, the subsidiary set another absolute historical record of daily oil production—197.5 thousand tonnes, which is the historic maximum since 1964 and exceeds the peak of the Soviet period recorded in 1986. **The annual production rate of Yuganskneftegaz grew by 5.5% compared to 2017, exceeding the point of 70 million tonnes for the first time in the history of new Russia.**

Yuganskneftegaz achieved its high production indicators through the use of advanced drilling and completion technology, the consistent work on expanding the resource base and the introduction of new infrastructure facilities, as well as the improvement of methods for developing hard-to-recover oil reserves of Middle Ob Region.

I would like to specially mention the contribution to this success made by Director General Khasan Kureyshevich Tatriyev and the entire workforce of the asset.

Thanks to the provision of investment incentives for the Samotlor field by the Government of the Russian Federation, the Company fully implemented an annual program to stabilize production, which provided for slowing down the rate of production decline to 1.1% in 2018 after several years of it falling by 5%.

In 2018, the volume of hard to recover reserves increased by 15% to 18.7 million tonnes. Over the past year, more than 820 wells were drilled at fields with hard to recover deposits. The share of hard to recover deposits production in the Company's overall liquids production in 2018 increased to 8.4% from 7.5% in 2017.

As part of the strategic goal of increasing hard to recover deposits production twofold over the period 2017–2022, the Company continues to improve its exploration technology. **The main area of development is the intensification of production from low permeability formations.** Increasing the number of stages of hydraulic fracturing and the length of horizontal wells allows cost-effective development of previously unprofitable areas.

Rosneft has a top-class portfolio of greenfield projects, which will secure significant new production levels already in the next years. The vast majority of new large greenfields in the Russian Federation are developed with the participation of the Company. In 2018, Rosneft fully implemented previously approved plans for their development.

The overall liquid hydrocarbons production for 2018 at the Suzun, East-Messoyakha, Yurubcheno-Tokhomskoye and Kondinskoye fields, launched in 2016-2017, amounted to more than 10 million tonnes in the Company's share. Notably, production at the Yurubcheno-Tokhomskoye and Kondinskoye fields that were launched just a year ago increased fourfold.

According to previously announced plans, in Q4 2018, the Company ensured phased commission of four greenfields: the Tagul, Russkoye, Kuyumbinskoye fields, as well as the second phase of Srednebotuobinskoye field. The overall average daily production of these assets in December 2018 has already reached 118 thousand barrels, or almost 6 million tonnes in per year terms.

Together with our strategic partner and shareholder BP, Rosneft has commissioned the main facilities of the second stage of development at the **Srednebotuobinskoye field:** an oil pipeline, a central gathering plant, and a crude oil delivery and acceptance point that ensure the capacity of oil processing and delivery in the amount

up to 5 million tonnes per year. Production volume in 2018 was 2.9 million tonnes.

Trial operation at **the Tagul field** has been completed. In 2018, the production volume with use of mobile oil treatment plants amounted to 1.3 million tonnes, which corresponds to the level of the technological design of field development.

The Russkoye field was commissioned with the use of the latest multi-well and multilateral drilling technology. The production for 2018 amounted to 300 thousand tonnes.

The Kuyumbinskoye field was commissioned; the technological launch of the main facility of the field development—the central gathering plant—was carried out. Production volume in 2018 was 500 thousand tonnes.

In the coming years, Rosneft is planning to continue developing existing fields and to prepare to launch the **Lodochnoye, North-Komsomolskoye, and North-Danilovskoye fields, as well as new fields at the Erginsky cluster.**

In the medium term, the active development of new oil and gas projects will significantly increase the Company's production capacity. **In line with the company's Strategy up to 2022, new projects will account for around 20% of overall liquids**

production, with the potential for further growth dependent on exploration work.

The Company takes a comprehensive approach to the development of foreign projects with active cooperation with partners.

Among the upstream projects of importance to the Company it is possible to single out assets in Venezuela, with its exceptional resource base. We are not expecting a significant drop in production in 2019 at joint projects with PDVSA. Last year, despite the complicated situation, production at the Company's fields in Venezuela grew 7%.

The development of the Zohr project on the Egyptian shelf, where we plan to achieve planned production level already this year, goes ahead of schedule.

The Company continues to implement the project to develop fields in Iraqi Kurdistan in the Middle East, where a geological exploration program is scheduled for this year to ensure production in the future. In the first quarter of 2019, trial production was launched at the Bijeel field at block 11.

The use of the state-of-the-art technologies remains the key strategic priority of the production segment.

Here are just a few examples:

- **In 2018, we continued the introduction of technology for drilling horizontal wells with an increased length and number of hydraulic fracturing stages.** More than 50 wells with increased length and more than 380 wells with an increased number of hydraulic fracturing stages have been launched in Yugansk and Samotlor. In addition, in Yugansk, in less than a week, a horizontal well with a unique multiple-purpose production string with a depth of more than 4,700 metres and with horizontal length of 1,500 metres was built.
- **The batch drilling technology for horizontal wells and the use of mobile drilling rigs are widely adopted.** At the Uvat project, 23 such horizontal wells were built, and the maximum depth of the extension pipe on the Kosukhinskoye field was almost 5,000 metres.
- Successful geological exploration results were achieved through **phased introduction of advanced technologies for processing and interpreting seismic data.** In particular, modelling methods of field seismic survey works were introduced, allowing to obtain optimal recording system. Measures are taken to create our own geophysical service to perform a high-tech research complex in wells. Multilateral drilling technology is used, which allows to reduce the risks of

non-receipt of industrial inflows in complex carbonate reservoirs.

As a result of 2018, overall gas output amounted to 74 billion cubic metres. Associated gas production was slightly reduced due to the current OPEC+ cuts. At the same time, natural gas production increased by 2.4% year-on-year. Production growth is mainly due to the progress of a project to develop the Zohr field on the Egyptian shelf. The level of associated petroleum gas utilization in 2018 was 84.4%.

The launch of the Rospan project—the largest gas project in the Company’s portfolio—is an important step towards increasing the gas share in the Company’s total hydrocarbon production. Taking into account the OPEC+ restrictions, we plan to launch the project at the end of 2019. The project will provide annual gas production of 21 billion cubic metres, as well as the production of liquid hydrocarbons over 5 million tonnes per year and the production of technical propane-butane over 1 million tonnes.

The second largest gas project is the development of Kharampurskoye and Festivalnoye license areas located in the Yamalo-Nenets Autonomous District. Rosneft, together with our partner company BP, began an active phase of its implementation in 2018. The project will provide annual gas production of 11 billion cubic metres. The launch is planned for next year.

Overall, we see that **the previously set goal of increasing gas production to 100 billion cubic metres is within reach**, and we are steadily moving towards it. The key success factor in achieving this goal is the availability, in addition to a high-class resource base, of a portfolio of effective long-term contracts that ensure sales of major volumes of gas. In 2018, the Company's share at the domestic market was about 16%.

At the end of 2018, the volume of throughput at the Company's refineries in Russia increased by 3% compared with the level of 2017 and amounted to 103.3 million tonnes. Taking into account the Company's foreign assets, the throughput volume increased by 2% to 115 million tonnes last year.

The Company continues to invest heavily in the development of the refining complex and infrastructure in Russia. The overall investment will exceed 1.4 trillion roubles. To date, more than 60% of this amount has been invested. In addition, I would like to inform you about a significant event for the development of the petroleum product supply system in the Far East – Rosneft signed an agreement with Transneft PJSC to supply up to 8 million tonnes of oil per year to the Komsomolsk refinery through a leadaway pipe (an agreement worth 59 billion roubles is designed for 14.5 years).

According to the Rosneft-2022 Strategy, most construction and renovation projects at refineries in Russia should be completed under the business plan for 2019-2023. **As a result, the production of light petroleum products at the Company's Russian refineries could rise to 70% of total output by 2023.**

In the next few years, the Company is planning to commission four hydrocracking complexes at the Novokuibyshev, Tuapse, Komsomolsk, and Achinsk refineries, complete the restoration of the hydrocracking facility at the Bashneft-Ufaneftekhim refinery, build new capacity for delayed coking at Achinsk, and expand current capacities at the Novokuibyshev refinery.

The key effect from these projects is **an increase of the profitability of the oil-refining segment through increasing production of high-quality oil products and decreasing output of fuel oil**, which will also allow us to wipe out the negative effect of the introduction of new quality standards by the International Maritime Organization.

It should also be noted that **Rosneft's refineries abroad, in Germany and India, are already oriented toward maximizing production of diesel and minimizing fuel-oil production**, which will lead to a positive effect amid the introduction of new standards.

In line with the Rosneft 2022 Strategy, the Company constantly continues to improve production of high-tech fuels and petroleum-based products. Last year, the Ufa group's plants and Saratov refinery started production of Euro 6 motor fuel, and Ryazan Oil Refining Company started **production of high-octane Pulsar gasoline, which was named as "Product of the Year" in the nomination "Most Popular Novelty Product of the Year"**.

Last year we continued to successfully develop acquired foreign assets. For example, Nayara Energy showed EBITDA at \$1 billion. This indicator is expected to grow in the coming years, in particular, as a result of the adoption of new quality standards by the International Maritime Organization. A phased expansion program for Vadinar refinery is currently being developed, the first stage of which involves organization of petrochemical production and entering the Indian petroleum products market. The retail network in India is being actively developed. The number of filling stations has already exceeded 5,000 units.

Rosneft continues to ensure price stability and a reliable supply of the Russian domestic market for petroleum-based products with a stake of more than 40%. The Company strictly observes the instructions of the Government of the Russian Federation to maintain price stability and the supply level to the domestic market. In 2018, the Company increased motor fuels sales

on the domestic market by 3.7% to more than 28 million tonnes. **The exchange standards for motor fuels sales were exceeded twofold, diesel fuel by more than 1.5 times.**

In 2018, the **record petroleum products retail sales** were achieved through the Company's retail network. Sales volume amounted to 13.8 million tonnes, which exceeds the previous year's numbers by 16% and by 28% the results of 2015. **The growth in retail sales outpaces the growth rates of the market.** As a result, in terms of sales volumes, the Company's share on the Russian motor fuels retail market reached 25% and 30% in the regions where the Company operates. The growth in volumes is due to the strict quality control of the Company's fuel, increase in refuel accuracy, and an effective loyalty program. The growth vector of retail business is focused on increase in consumer confidence and satisfaction will continue through implementation of key retail network development projects, primarily of the highway type, constant updating of service package, and introduction of new categories of goods and services, expansion of cafe's menu items, formation of new digital channels of interaction with customers.

Concerning petrochemistry, work continues on the core assets development that is aimed at increasing their competitiveness and the share of high-margin products.

We continue to search for partners that are interested in business development in Russia and long-term cooperation. Our competitive advantage is the significant reserves of petrochemical feedstocks.

The strategic priorities of the Rosneft Investment Program are constant and include **hydrocarbon production growth and launch of new large-scale projects that provide high investment and operational efficiency.**

Our capital investments amounted to 936 billion roubles in 2018, which corresponds to the level of 2017. Most of the Company's investments are concentrated in Russia with a share of more than 92% of the total volume. In 2018, about 90% of investments were channelled to upstream, including gas projects, and 8% were directed to downstream. **I want to note that the Company's Investment Program consists of development projects for more than 80%.**

Last year, Rosneft showed good financial results. This was possible due to increased production, more favourable external environment, as well as management's efforts to improve the efficiency of the Company.

In 2018, the average annual cost of Brent oil increased by about 30% in dollars and 40% in roubles, which certainly had a positive impact on the dynamics of financial results. At the same time, it is

worth noting the extremely high price volatility. The maximum price was \$86 in October, and by the end of Q4 there was a decrease to \$50 per barrel.

In 2018, the revenue increased by 37%, reaching 8.2 trillion roubles. Due to work on reducing operating costs, and despite the growth of tax burden **earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by almost half in the reporting year to 2.1 trillion roubles**, with margin increase up to 25%.

Despite the recognition of some impairments due to the freezing of prices for petroleum products on the domestic market, our net profit attributable to shareholders of the Company **exceeded the level for 2017 2.5 times and amounted to 549 billion roubles last year.**

Our free cash flow increased by 4.6 times and amounted to 1.13 trillion roubles in the past year. I'd like to note separately that, on the date of publication of the 2018 results, it has been in the positive range for 27 quarters straight.

In 2018, Rosneft confirmed its position as the largest Russian taxpayer and the core company of Russia. Our annual tax payments reached a historical record level and amounted to four trillion roubles, which is 1.5 times more than in 2017.

The main asset of the Company is its highly competent staff encouraged for efficient work. In 2018, the average number of employees of the Rosneft Group of Companies was 308,000 people. The average number increased by 6,000 people year-on-year. The main reasons for the increase in the average number of employees of the Company are the acquisition and addition of new assets in 2018 and the increase in the number of group entities with reference to the expansion of the scale of business.

For years, Rosneft has been one of the most socially responsible employers of Russia. In 2018, in accordance with the additional initiatives to the Rosneft-2022 Strategy approved by the Board of Directors, the work to improve the motivation and social security of the Company's employees and retirees was significantly intensified.

In the past year, the Company allocated 33 billion roubles to ensure optimal working conditions in production, health protection, support for a healthy lifestyle, and social guarantees for its employees, which exceeded the level of 2017 by 17%.

Compliance with high standards of social protection of workers is a bedrock stance of the management of Rosneft.

The growth of the market capitalization of Rosneft Oil Company that has exceeded 40% since the Strategy approval despite the oil

market volatility signifies the high level of appreciation of the Strategy by the investment community. **As a result, Rosneft entered the world's top-10 oil companies by capitalization for the first time.**

On April 16, the Company's Board of Directors issued a recommendation on the final dividends for 2018. Considering the payments for the first half of the year, the total dividend for 2018 can be almost 26 roubles. **Should you approve of this recommendation, the dividend per share will increase by 2.5 times year-on-year and over 4 times compared with payments for 2016.**

The dynamics of profit distribution shows that the Company works for the benefit of its shareholders and will strive to achieve the highest levels of production growth rates, investment efficiency, and financial sustainability.

Dear shareholders, 2018 was a milestone year of new achievements and strong operational and financial results, the year we completed developing the stakeholder capital structure and establish tasks for the future, which we strive to fulfil.

Thank you for your attention!