



ROSNEFT




The Golden Era of Energy: Protectionism, Free Markets or Micromanagement?

Igor Sechin, Rosneft, Chief Executive Officer


St. Petersburg International Economic Forum, June 6, 2019




Market Risk and Volatility



Electric Vehicles and Environment




Record Levels of Sanctions



The Role of the New Exporter



Industry Response

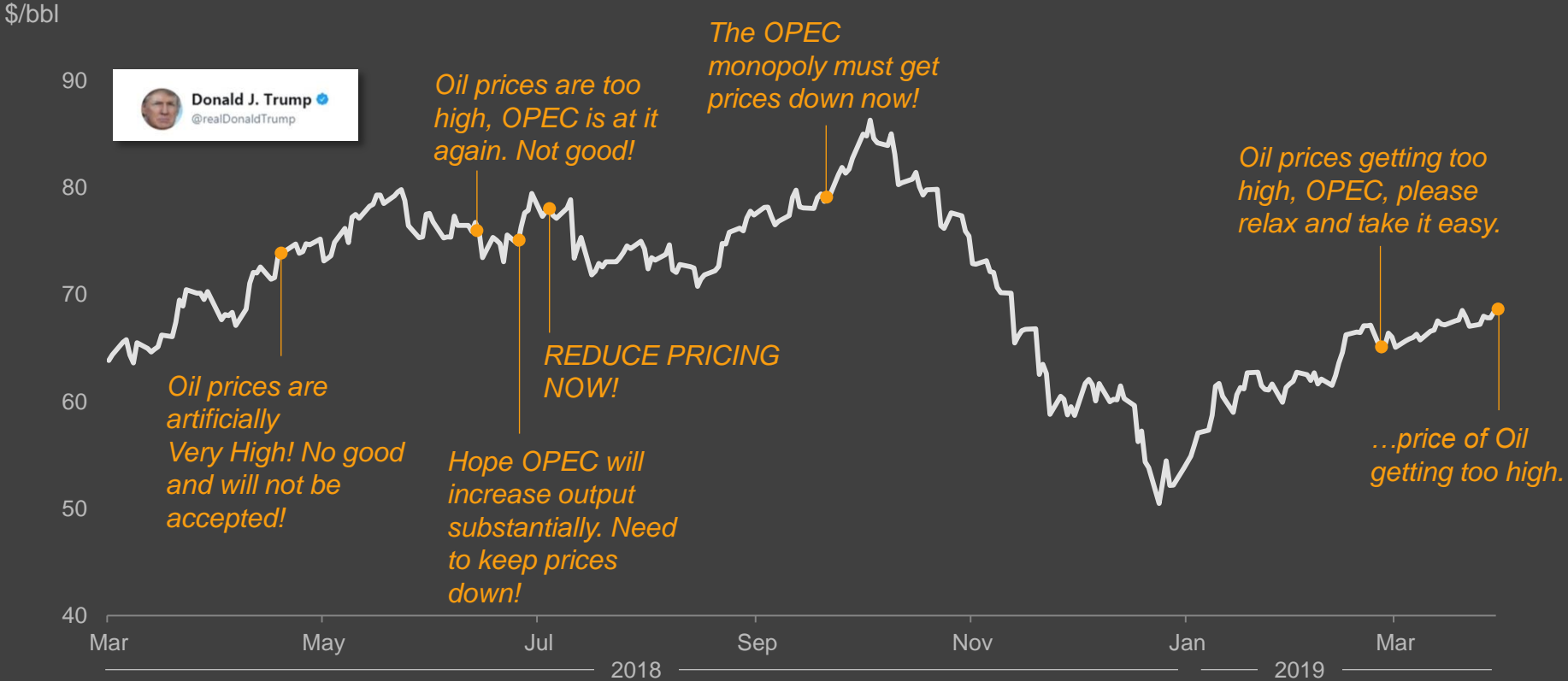


Strategic Success Factors



Market Risk and Volatility

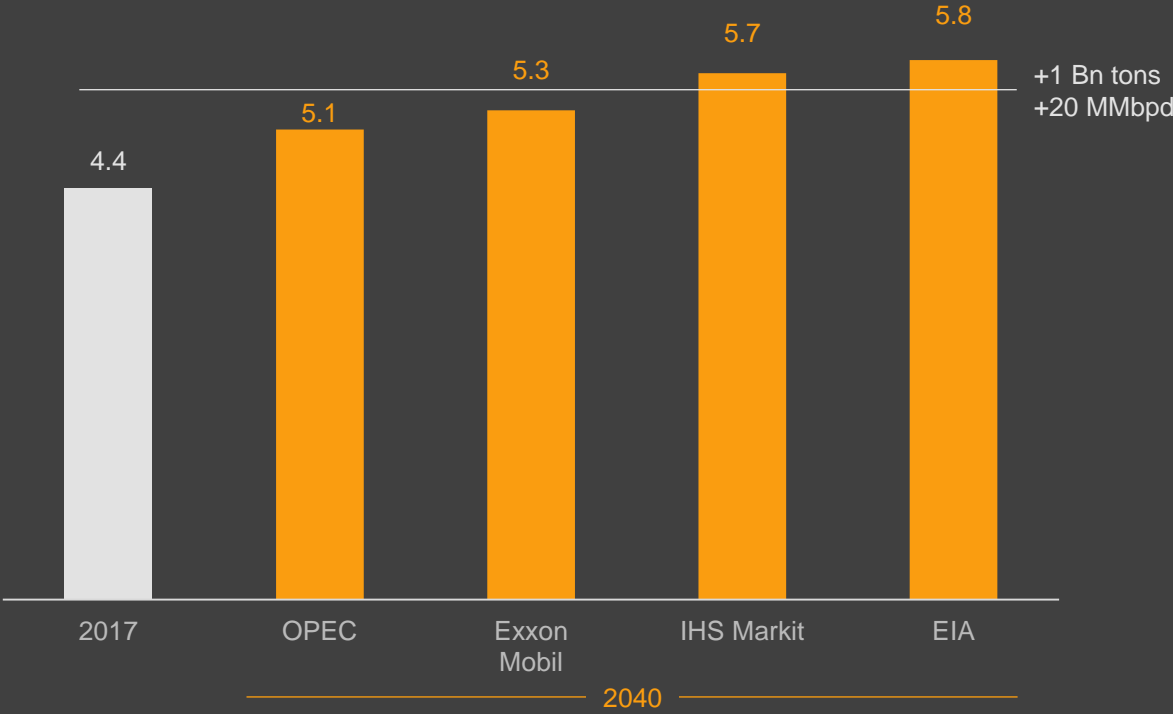
Evolution of Crude Oil Price



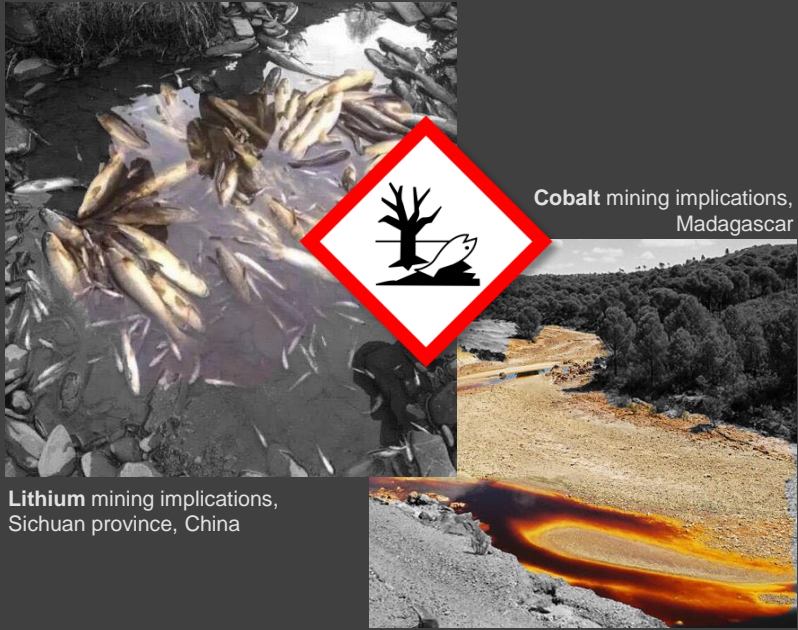
Source: Bloomberg

Forecasting Crude Oil Demand

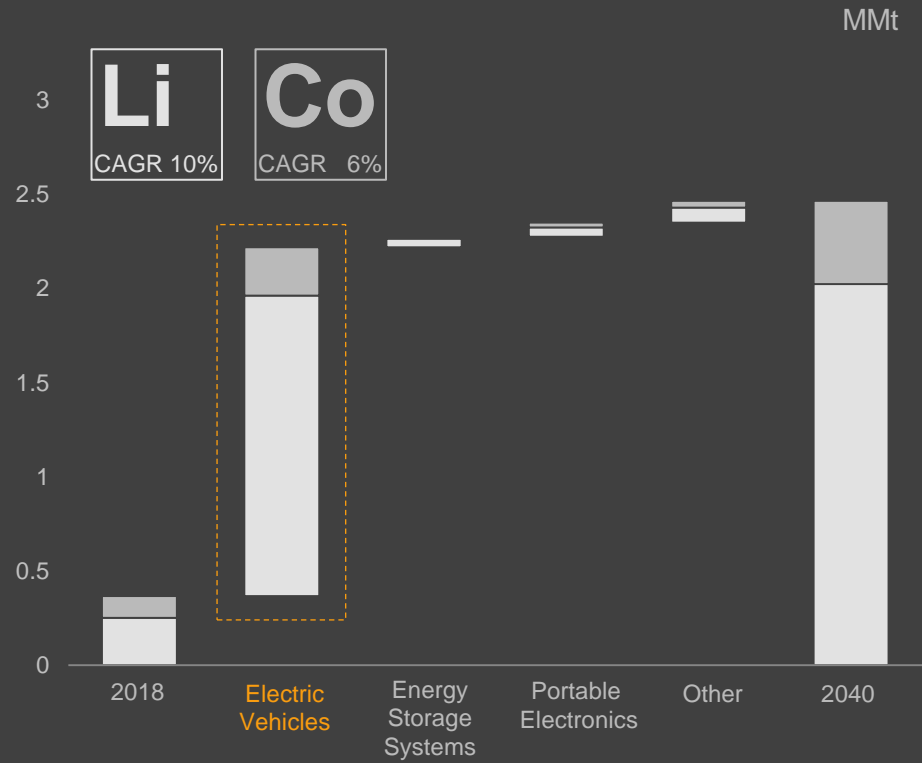
Bn tons



Environmental Costs of EVs



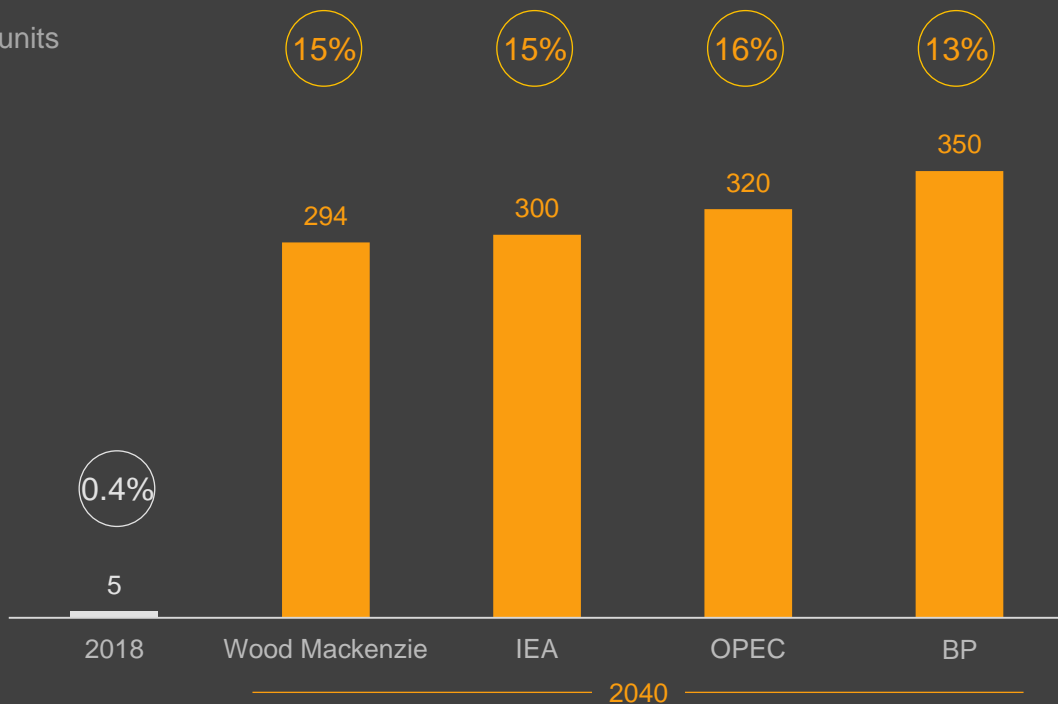
Global Lithium¹ and Cobalt Demand



¹ For lithium – MMt of lithium carbonate equivalent
 Source: Wood Mackenzie, Central Tibetan Administration, Environmental Justice Atlas

Fleet of Electric Vehicles

Million units



(%) share in total vehicle stock

US: Ambitions for Energy Dominance

President Donald J. Trump Is Unleashing American Energy Dominance

— ENERGY & ENVIRONMENT | Issued on: May 14, 2019



The golden era of American energy is now underway.”

President Donald J. Trump

USHERING IN THE NEW ERA OF AMERICAN ENERGY: President Donald J. Trump has put in place policies that tap into America’s incredible energy resources.

The “Golden Era” of American Energy:

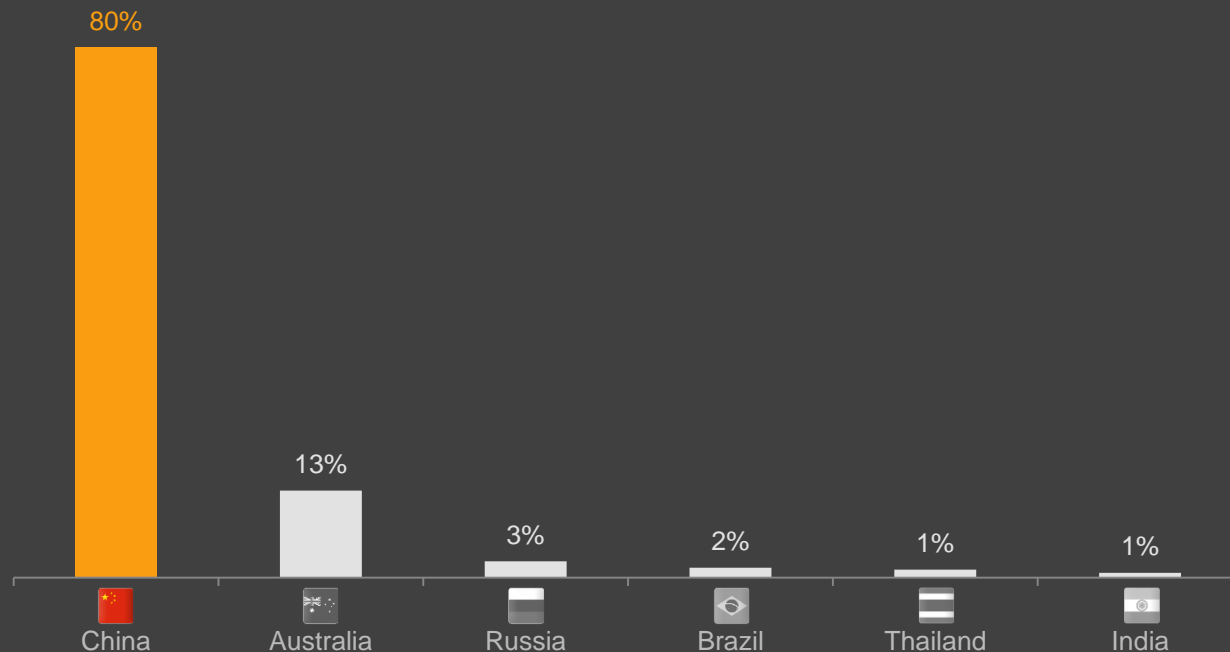
- Withdrawal from the terrible Paris Climate Agreement
- Getting rid of costly ecological initiatives in environmental water resource protection
- End of war on coal power generation
- Signed legislation to accelerate the construction of pipelines (including by easing regulatory and environmental requirements)
- Exploration in wildlife reserves is now permitted
- Thanks to President Trump’s negotiations, the European Union agreed to import more LNG from the United States

“We are independent. We don’t need anybody. And we don’t need to be ripped off by the rest of the world either, because those days are over.” (Donald Trump)

China's Share of Global Rare Earth Metals Production Exceeds 80%

Share of Global Rare Earth Metals Production

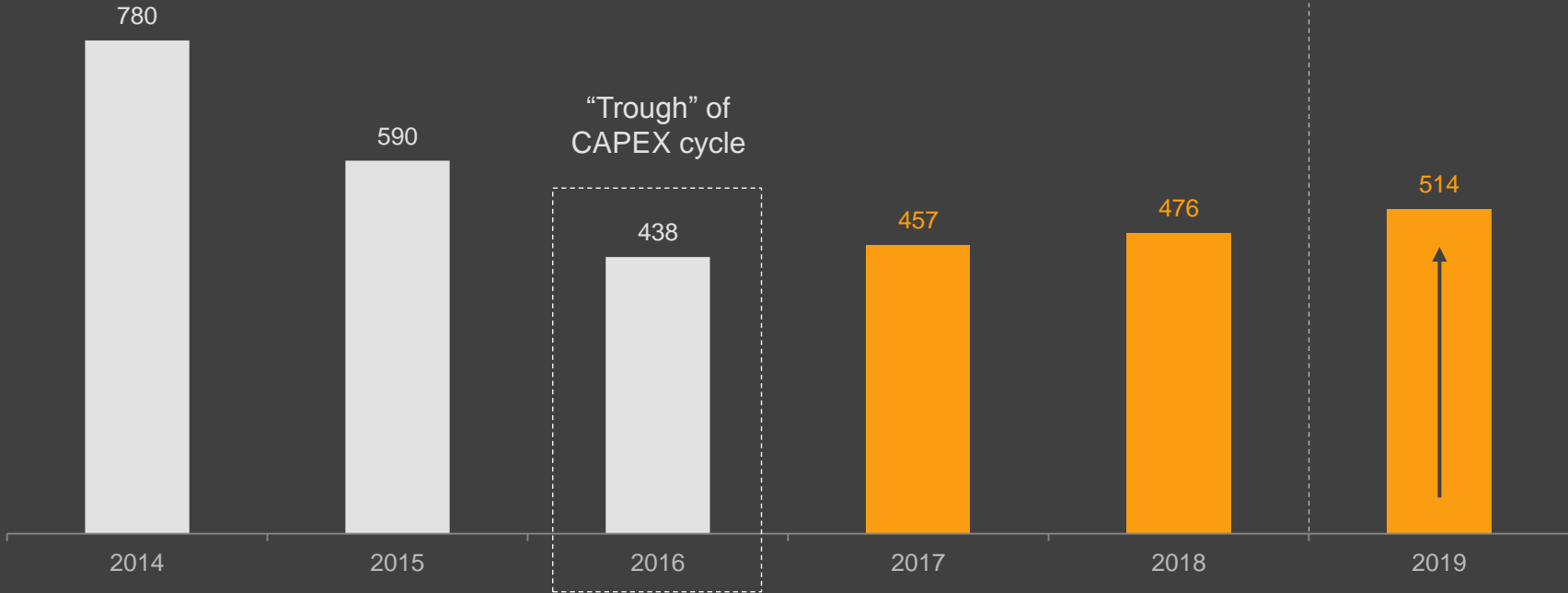
%



Recovering of Upstream Investments

Global Upstream CAPEX

\$ Bn



Source: IEA

Sanctions Have Reached Record Levels



Under Sanctions:

≈33% of world reserves

U.S. moves to stop all nations from buying Iranian oil. "We're going to zero"

*U.S. Secretary of State
Mike Pompeo
April 22, 2019*

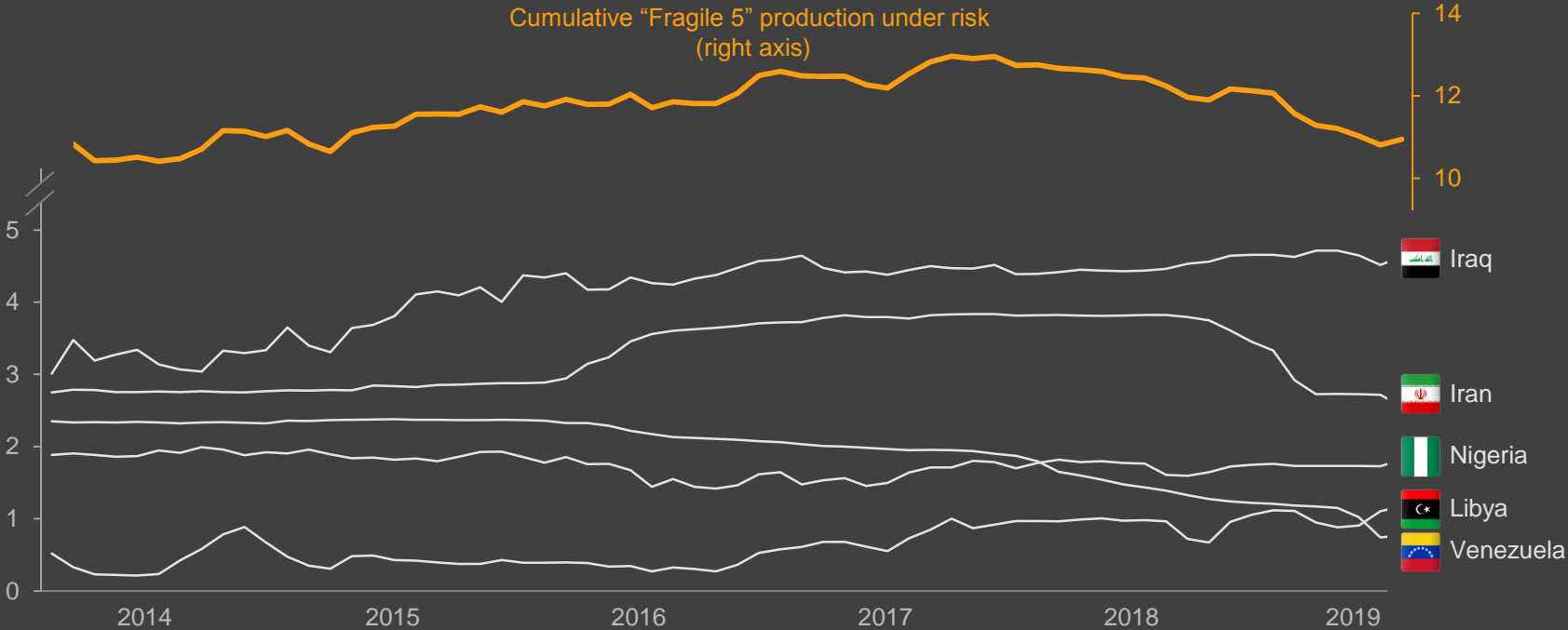
...the toughest sanctions are yet to come. Unless Maduro's usurpation ends, he and his cronies will be strangled financially

*U.S. National Security Adviser
John Bolton
March 21, 2019*

Geopolitical Risks of “Fragile Five”

“Fragile Five” in Crude Oil Production

MMbpd

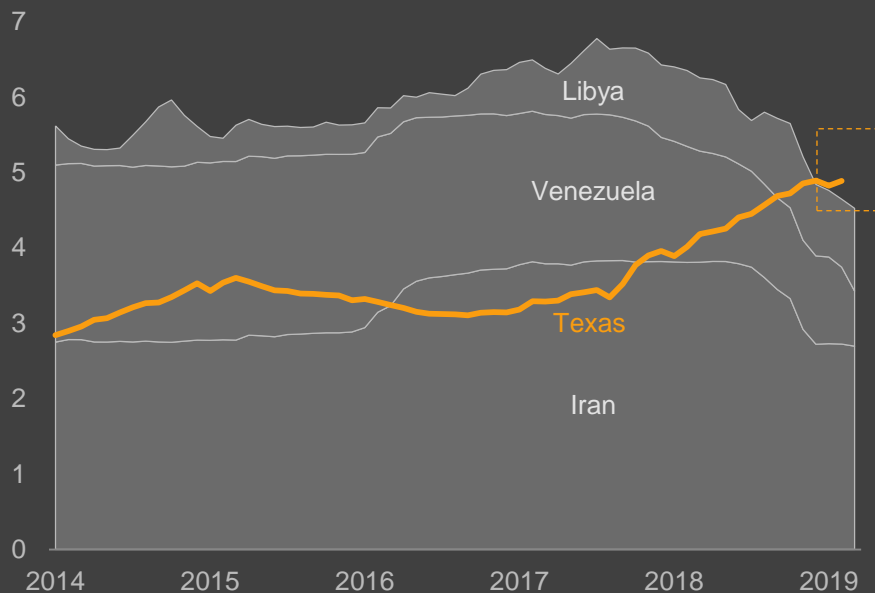


Source: Citigroup analytics

Texas vs Sanctioned Production

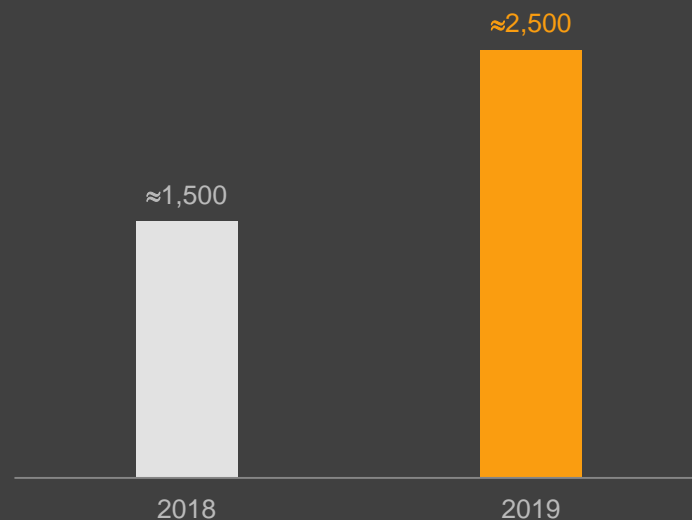
Texas & Production of Sanctioned Countries

MMbpd



Production Under Sanctions¹

Kbpd



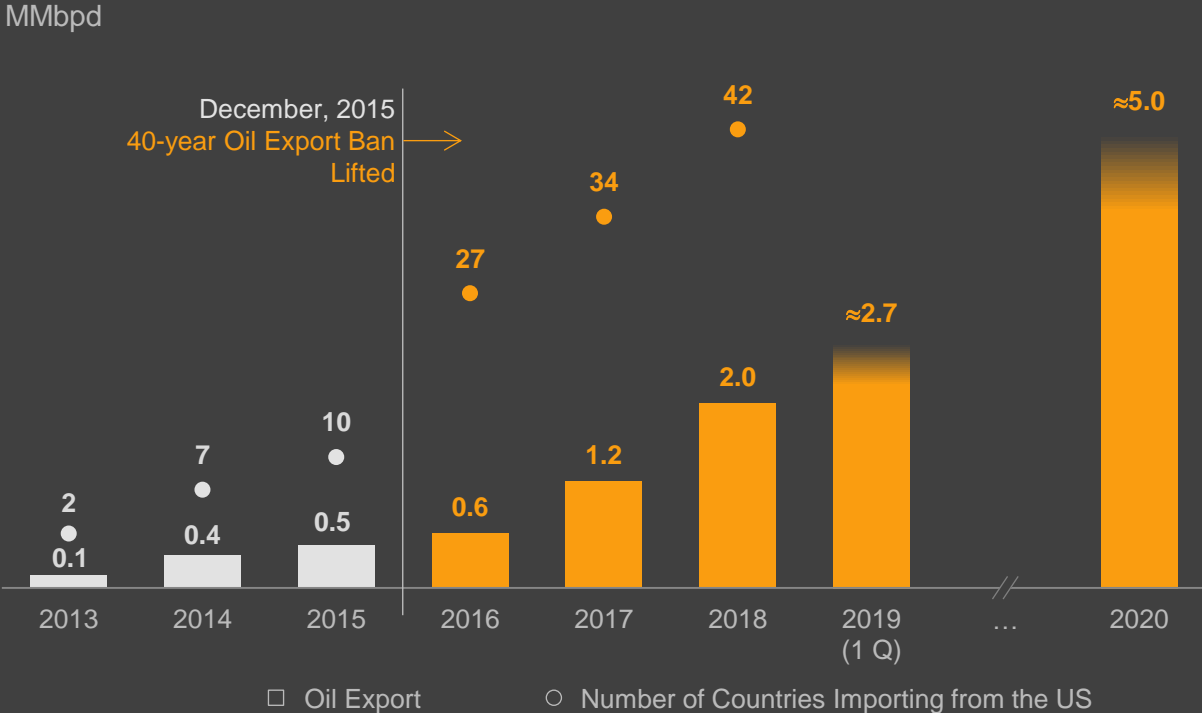
Note. Texas – conventional and shale oil and condensate production, OPEC countries – oil production only

¹ Reduced production of Venezuela and Iran due to US sanctions to the pre-sanctions level of 2017

Source: US DOE, OPEC

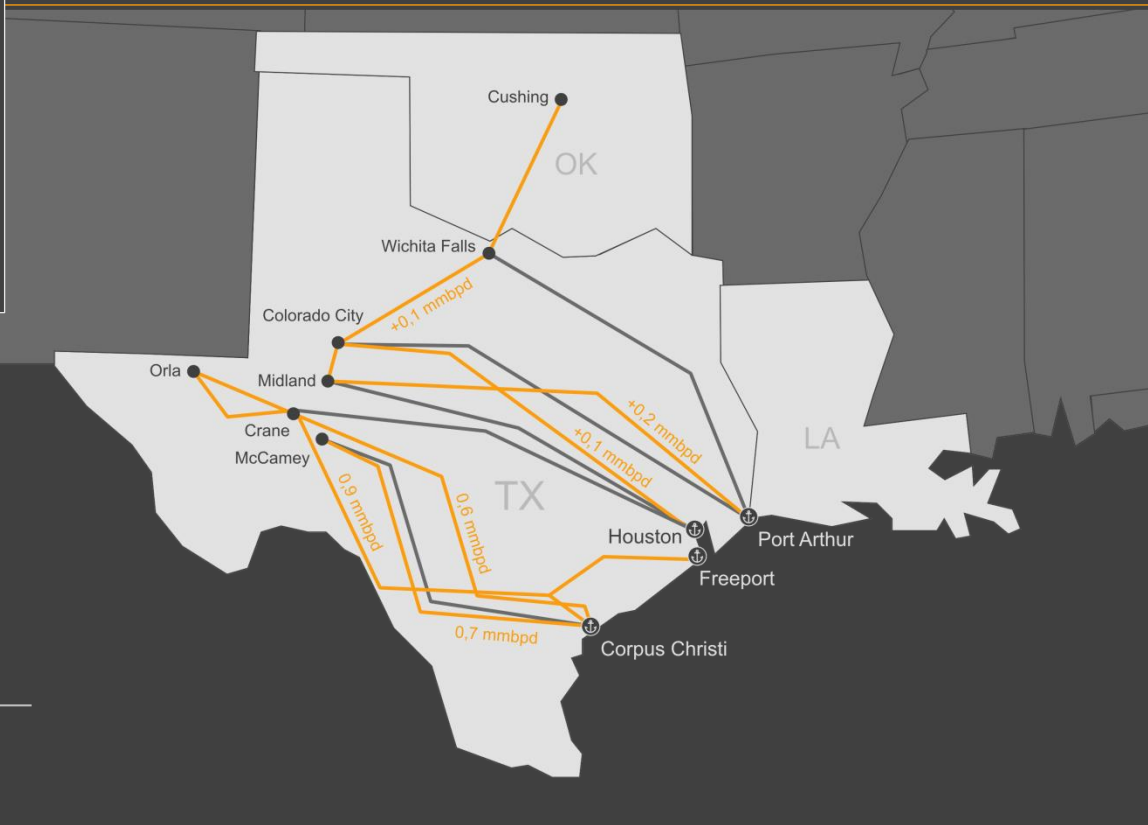
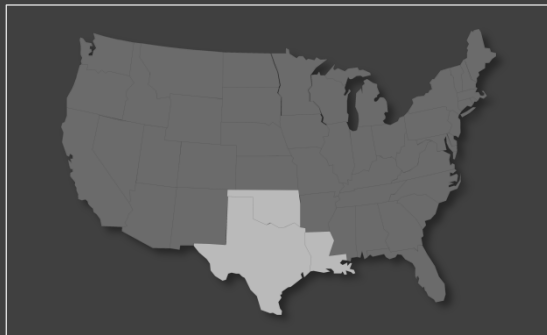
The Role of New Exporter

US Crude Oil Export



Source: US DOE, IHS Markit, Wood Mackenzie, Rosneft

US Export: Infrastructure Investments



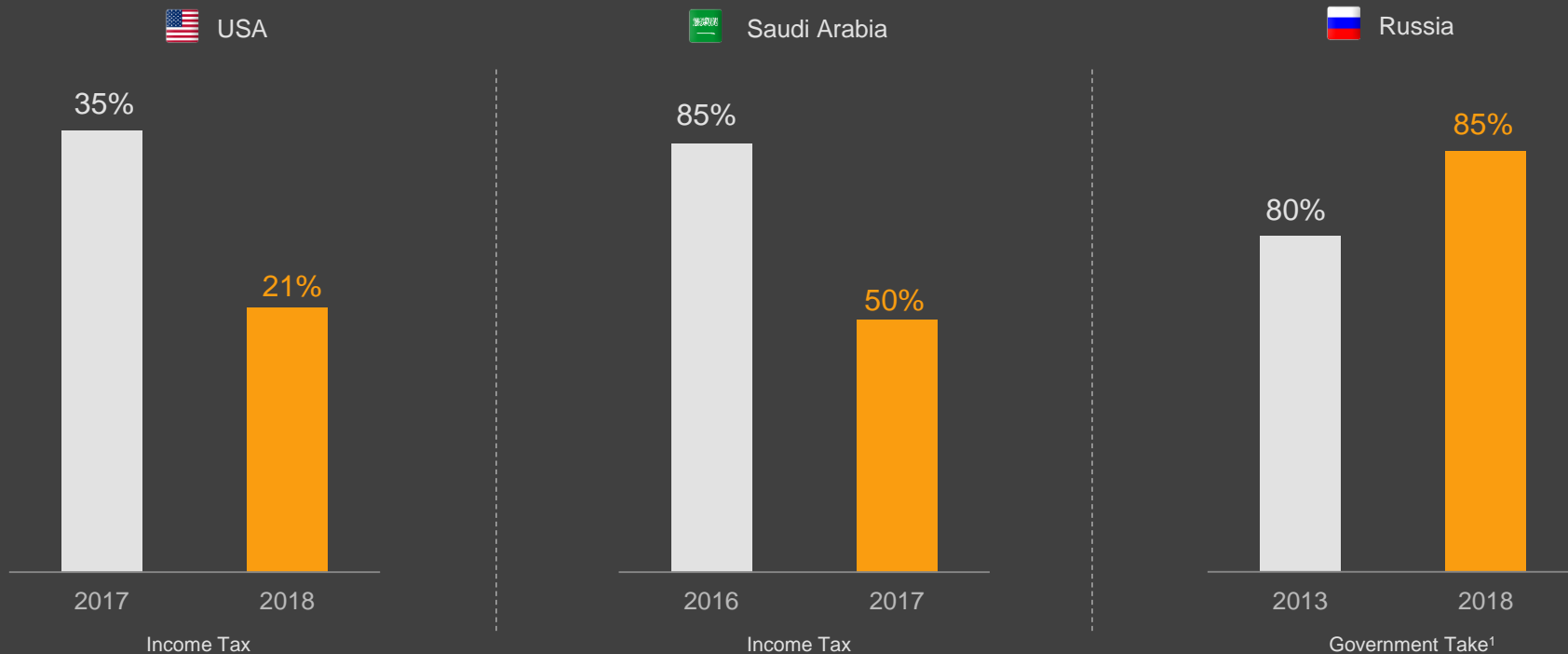
Main US Permian export pipelines

+2.5 MMbpd
(new construction and expansions¹)

¹ Growth by the end of 2020, based on open data May, 2019
Source: IHS Markit, Wood Mackenzie, corporate reports

Global Competition of Fiscal Regimes

Change in Upstream Taxes

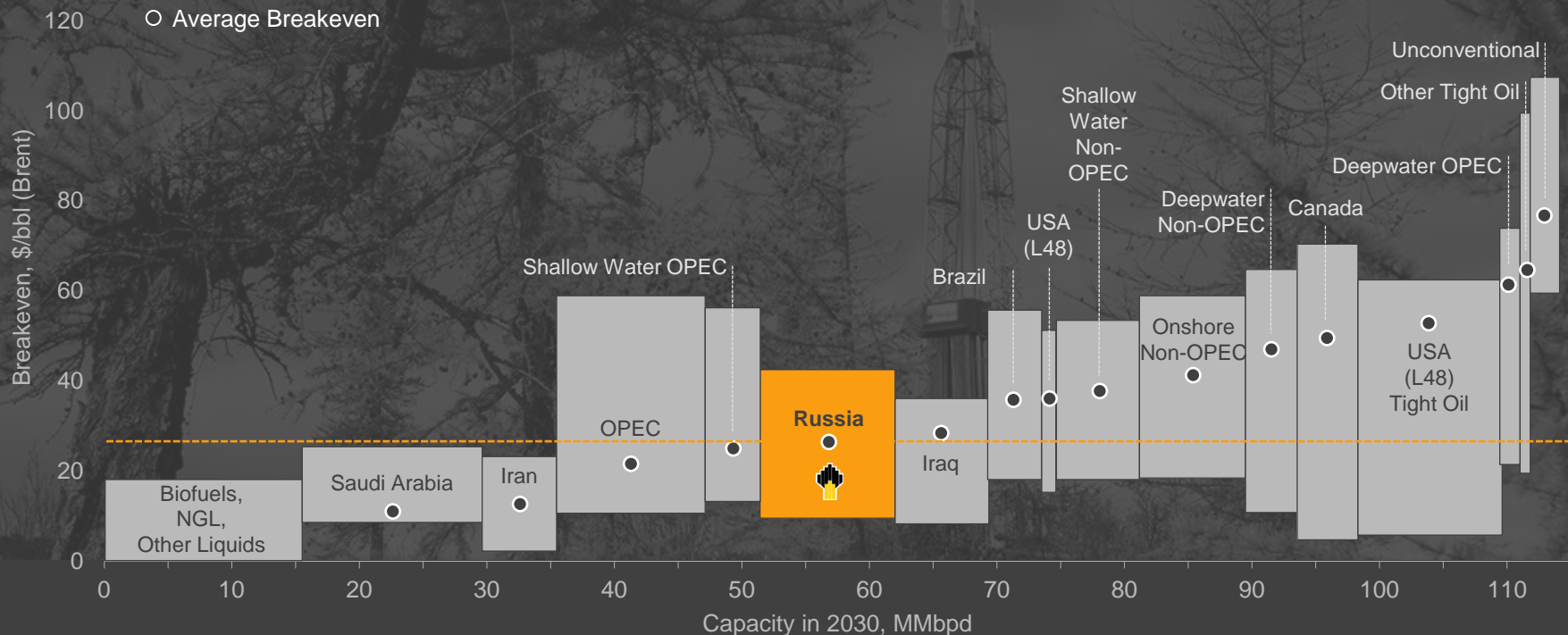


¹ Ernst & Young assessment of government take in the financial results of the projects in Western Siberia without tax relief. The indicator is calculated as the share of fiscal payments in the net cash flow of the project before tax



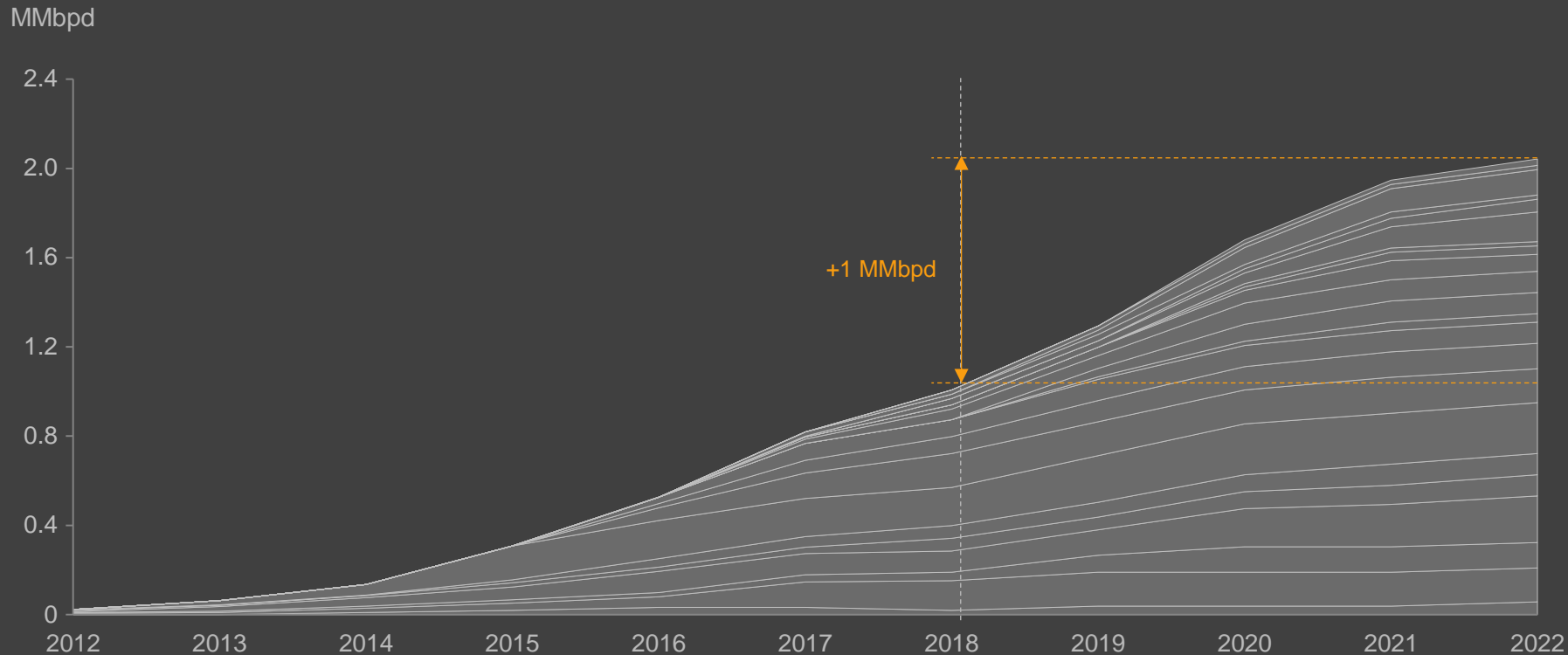
Efficiency and Reliability of Russian Oil and Gas Industry

Global Liquid Hydrocarbons Capacity by Breakeven in 2030

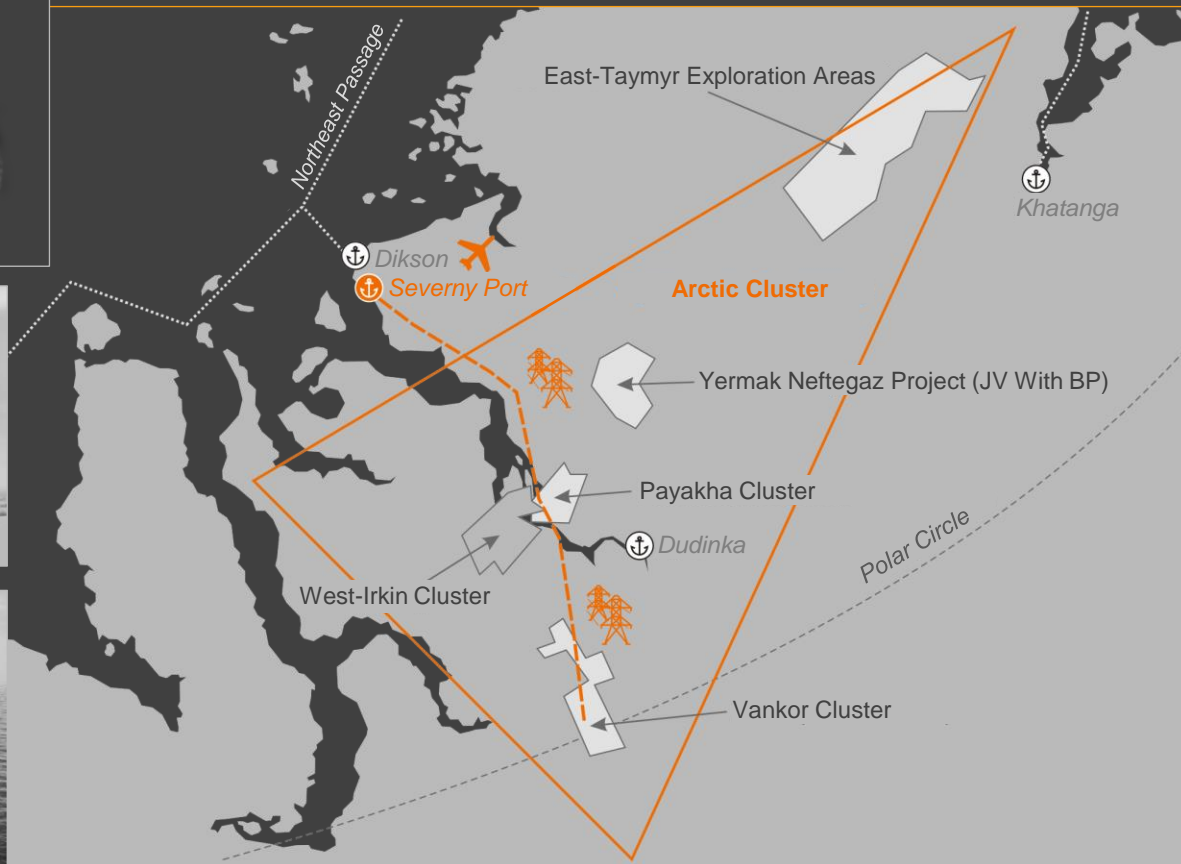
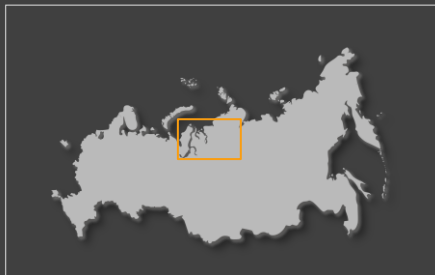


High Potential of Russia's New Projects

Russia's Greenfield Ramp-ups



New Horizons: Arctic Oil Cluster





Rosneft Strategic Priority – 1st Quartile Among Global Leaders in HSE



↓ **-3% LTIF**
lost time injury frequency

↓ **-20% Oil Spills**
spilled oil and petroleum products
per ton of oil produced

↓ **-0.3 t CO₂-equivalent/kboe GHG**
relative greenhouse gas emissions



Rosneft Strategic Priority – Delivery of Superior Performance in Sustainable Development

Implementation of 17 UN Sustainable Development Goals
in Strategic Principles with Selection of **5 Strategic Priorities**

GOOD HEALTH
AND WELL-BEING



AFFORDABLE AND
CLEAN ENERGY



DECENT WORK AND
ECONOMIC GROWTH



CLIMATE ACTION



PARTNERSHIPS
FOR THE GOALS



Rosneft – 20 Years in Retrospective



Investments



1 ₺ Trillion

Revenues



8 ₺ Trillion

Hydrocarbons production



286 Bn toe
6 %

Motor fuels sales share in Russia



38 %

Headcount



339 Thousand

Note. Figures are rounded, but the share and specific indicators are calculated using actual figures before rounding

Technological Development (2018)



>3 Bn tons

recoverable reserves of hard-to-recover and high viscosity oil

19 MMt (+16%)

hard-to-recover and high viscosity oil production

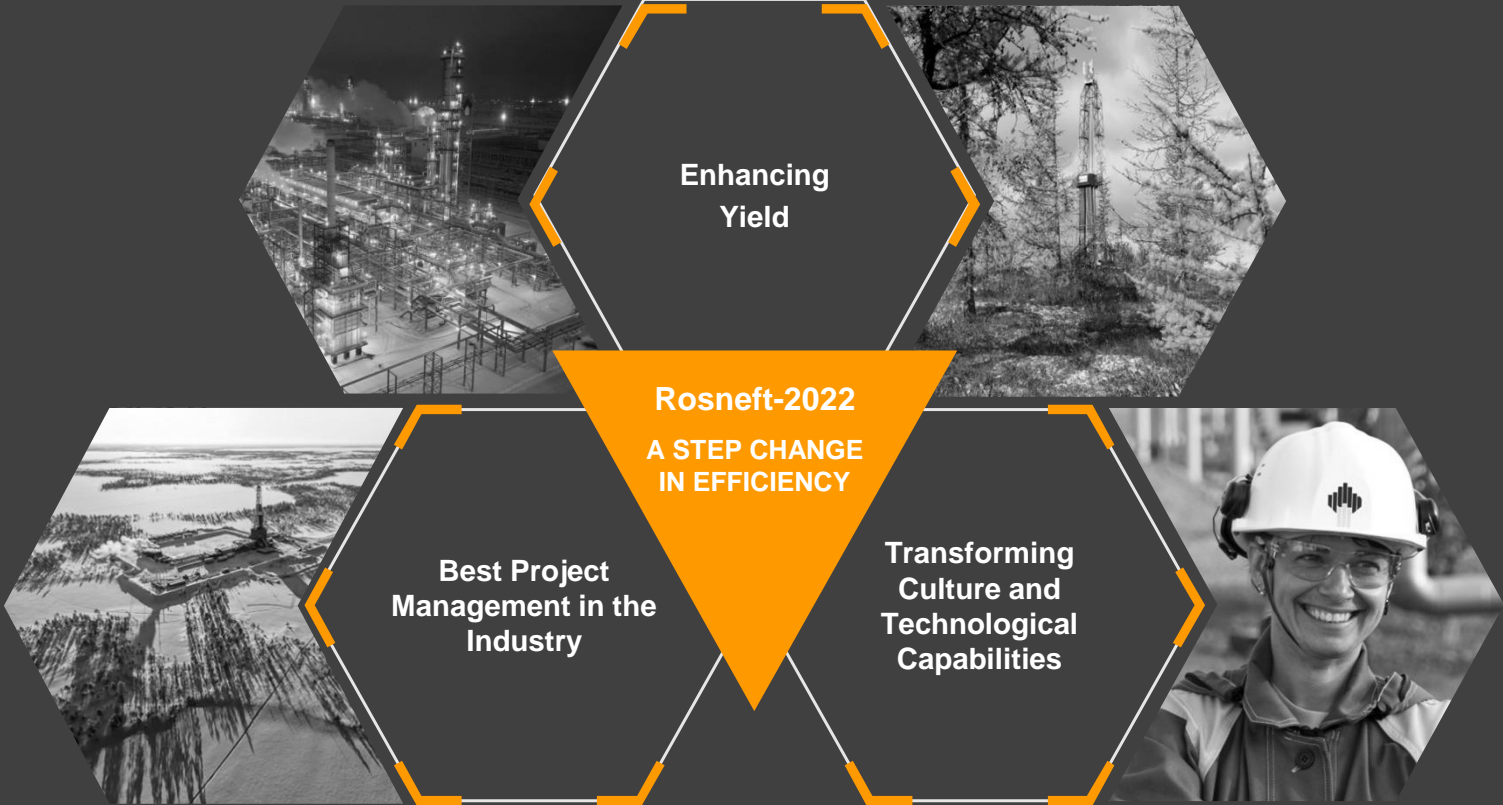
100 wells

with an increased number of hydraulic fracturing stages and horizontal section of more than 1 km

81 multilateral wells

drilled using “fishbone” technology with up to 7 wellbores and a total length of 6 km (of total 300 existing multilateral wells)

Rosneft-2022 Strategy





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