

The background of the slide is a photograph of Verona, Italy, at dusk. A stone bridge with multiple arches spans across a river in the foreground. In the background, the city's skyline is visible, including a prominent bell tower and a large domed cathedral. The sky is filled with dramatic, dark clouds, and the city lights are beginning to glow.

Pricing the Turbulence

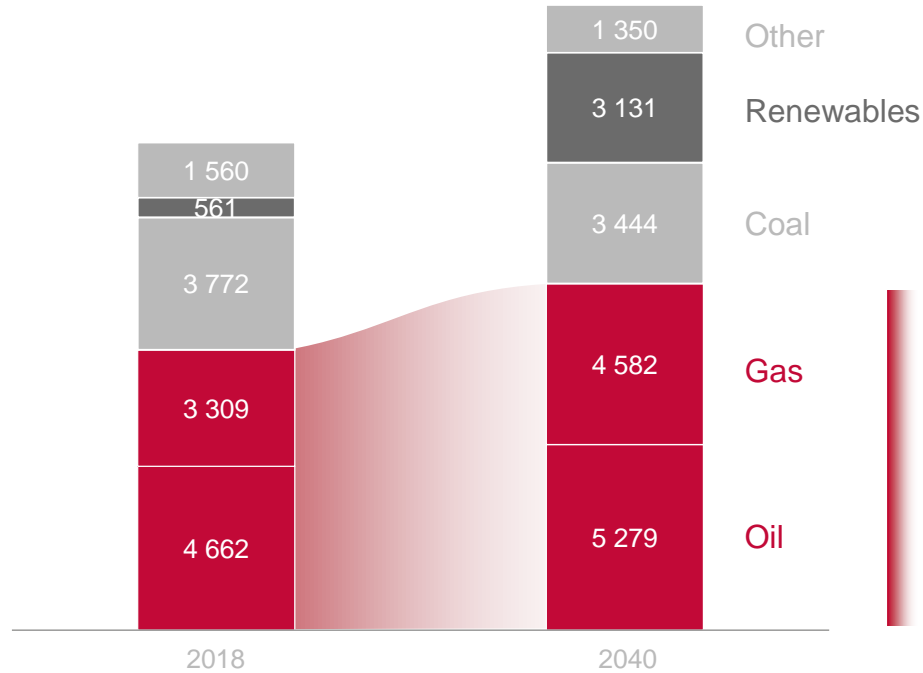
Igor Sechin, Chief Executive Officer
Rosneft

XII Eurasian Economic Forum in Verona
October 24th, 2019

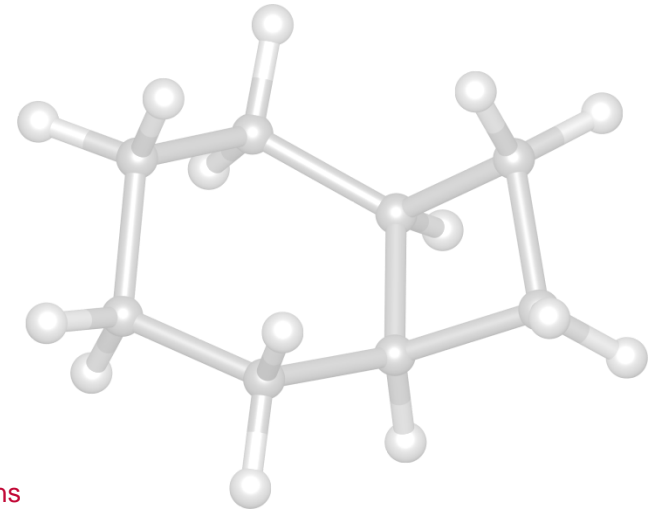
Hydrocarbons Will Remain the Foundation of Global Energy Balance



Primary Energy Consumption, mtoe



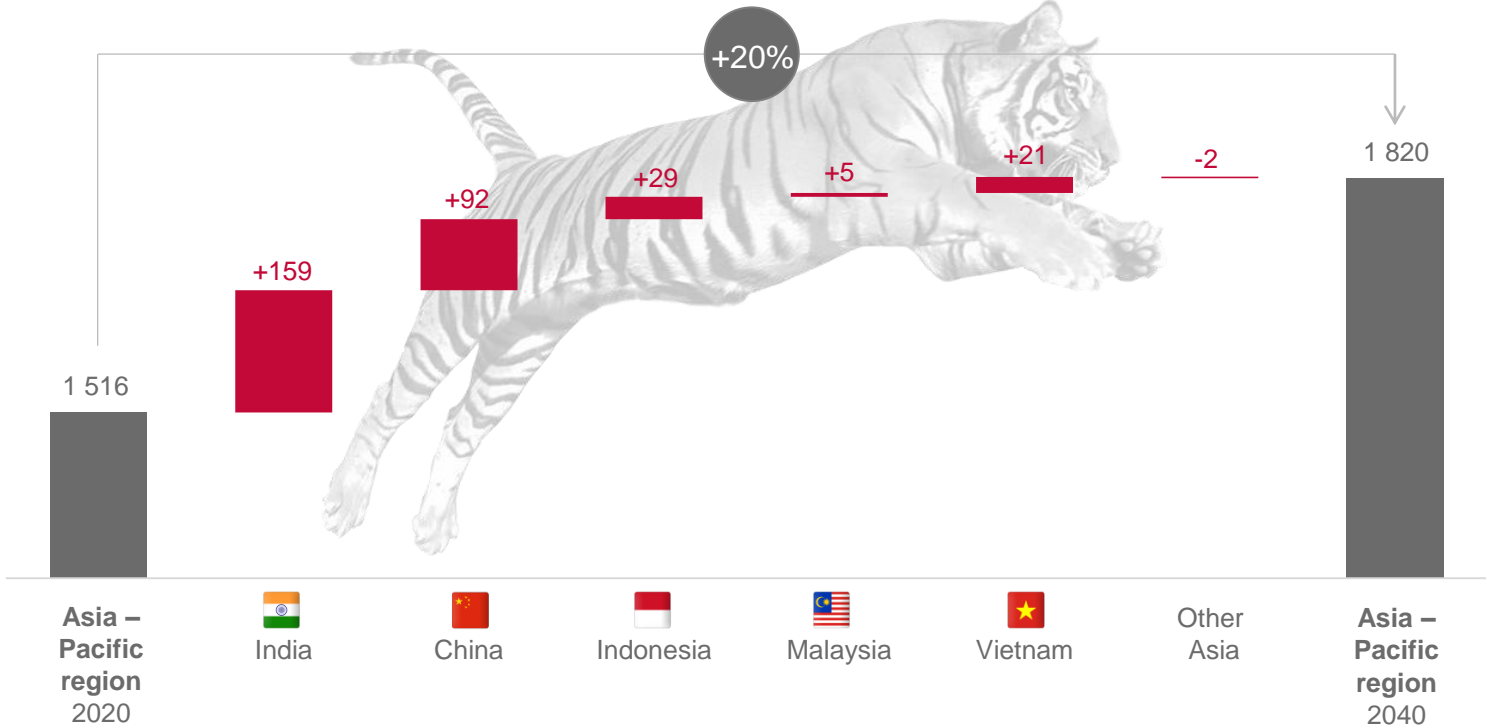
>50%
Hydrocarbons



Asia – Pacific region – Key Driver for Oil Demand Growth



mmt per year

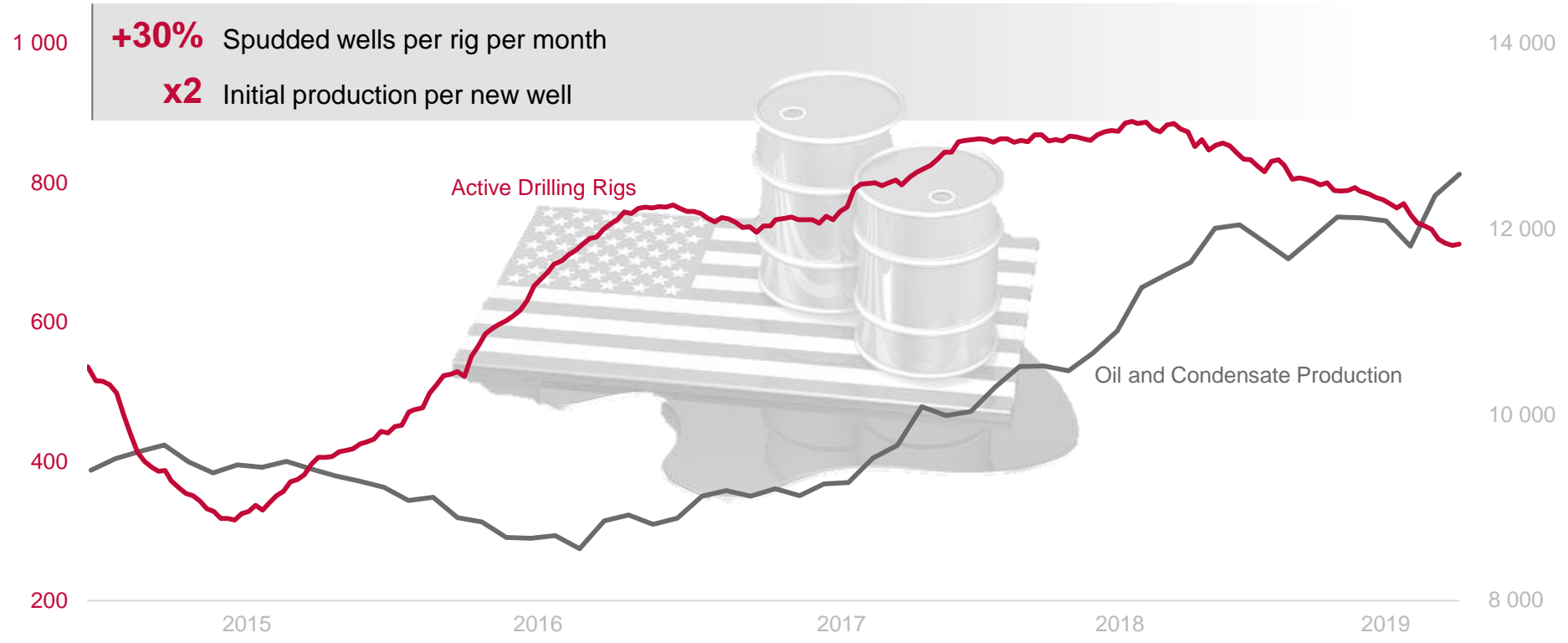


Source: Rosneft analysis based on Wood Mackenzie and IHS Markit

US Crude Production Growth Continues



Left Axis – drilling rigs count, right axis – production, kbpd

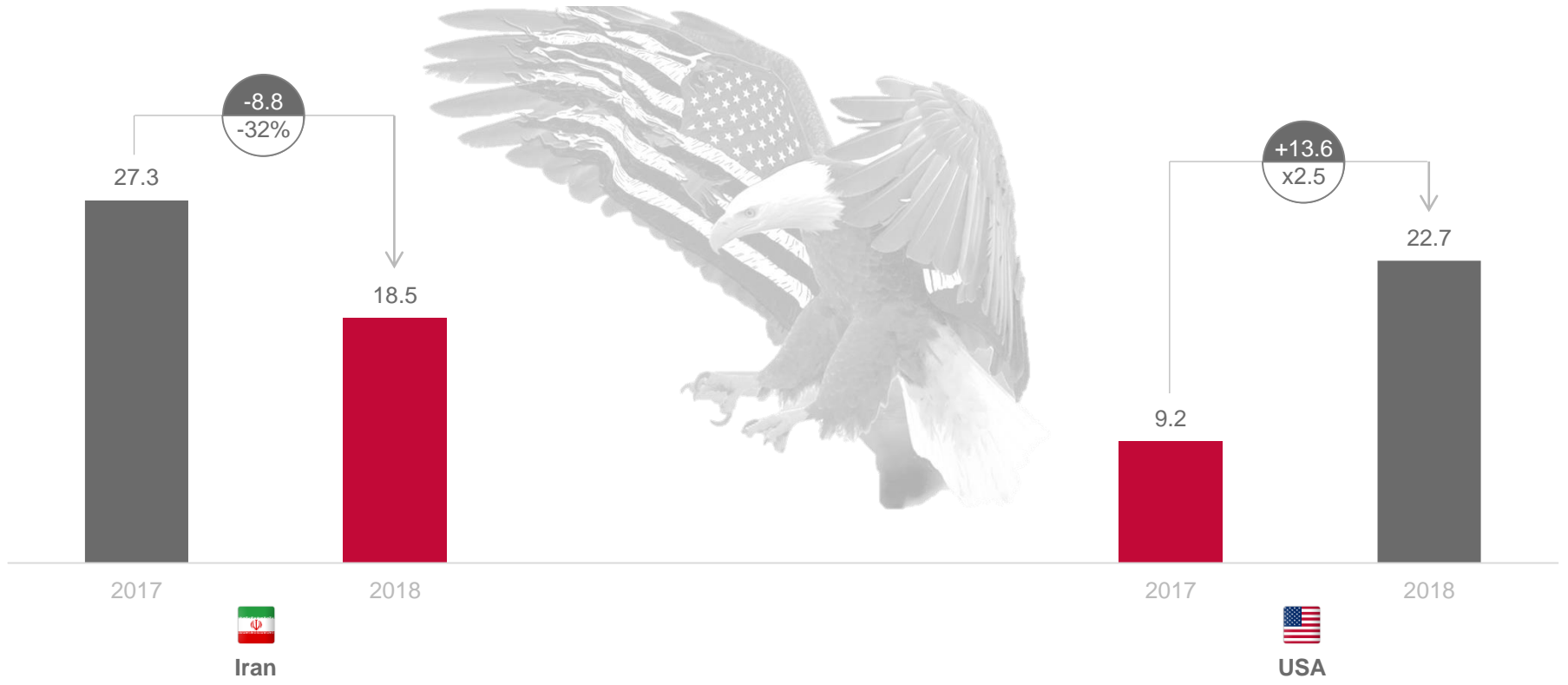


Source: Baker Hughes, DOE USA

Forced Substitution by the US



Crude deliveries to EU, mmt

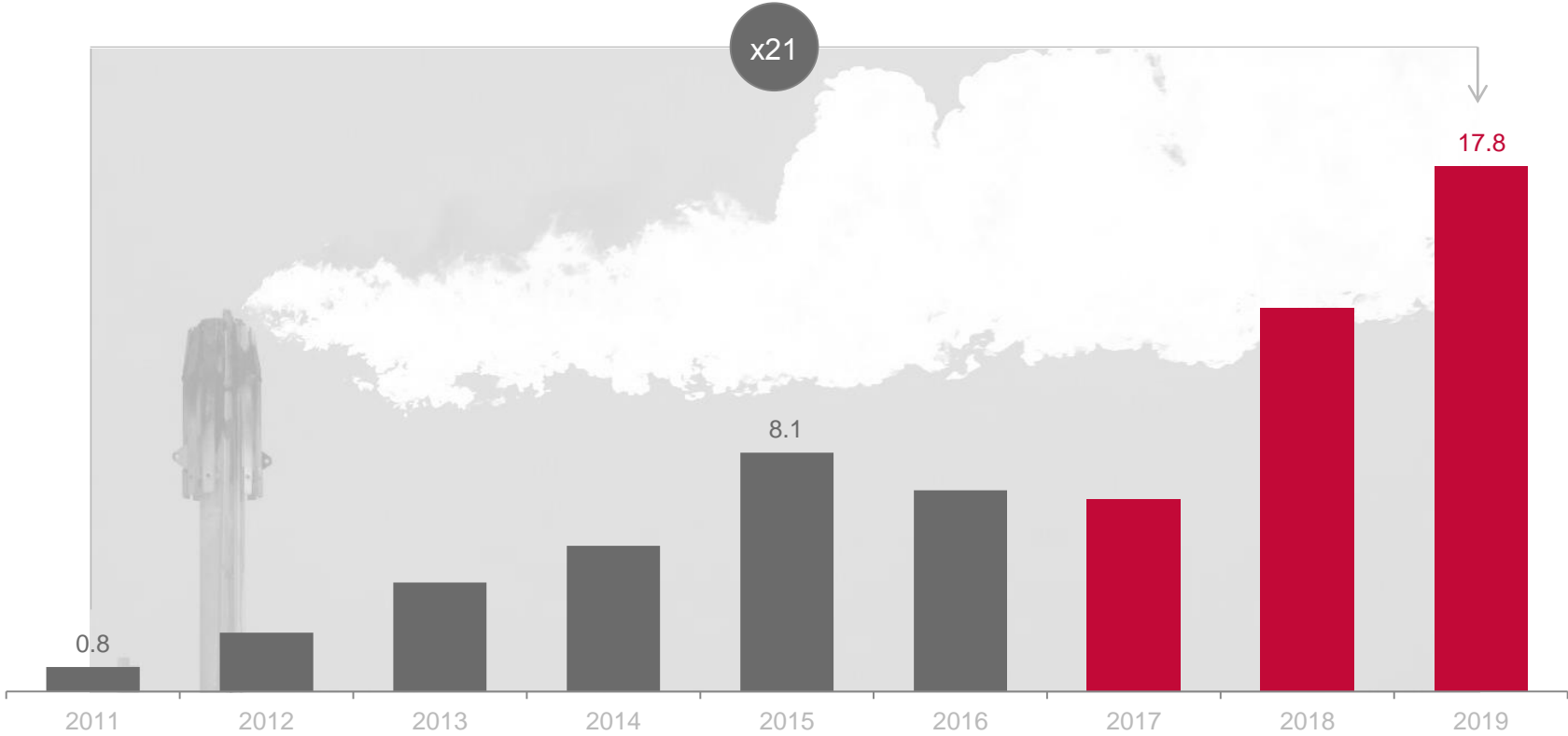


Source: Eurostat

Associated Gas Flaring in Permian basin



mmcm per day

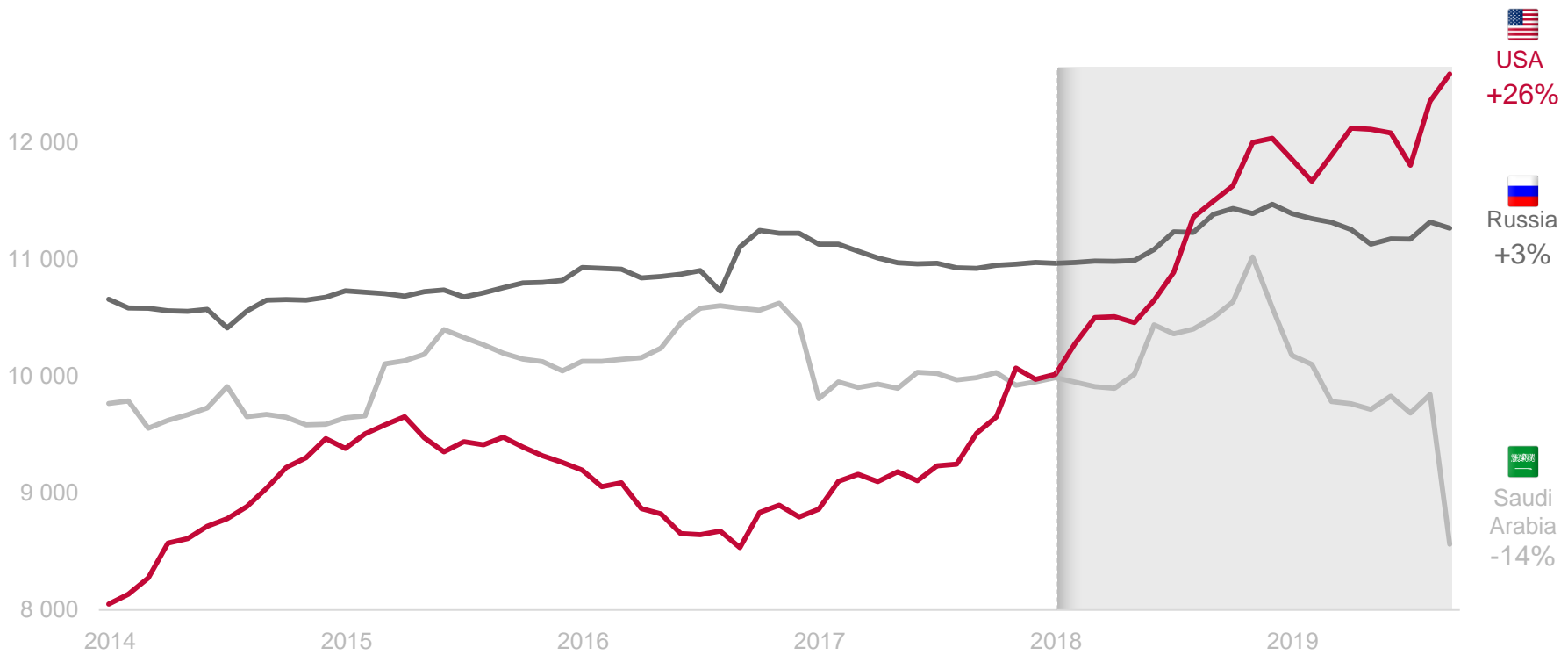


Source: Rosneft analysis based on Rystad Energy

Global Oil Market Production



Crude and condensate production, kbpd



Note. Production of Saudi Arabia is without condensate
Source: Russian Ministry of Energy, DOE, OPEC



Trade Conflicts



Mexico



China



EU



Japan



Canada

-0.2...-0.4 pp
of Global GDP Growth

Sanctions*



Russia



Venezuela



Iran



Syria



Cuba



Myanmar



Zimbabwe

-3.0
mmbpd**

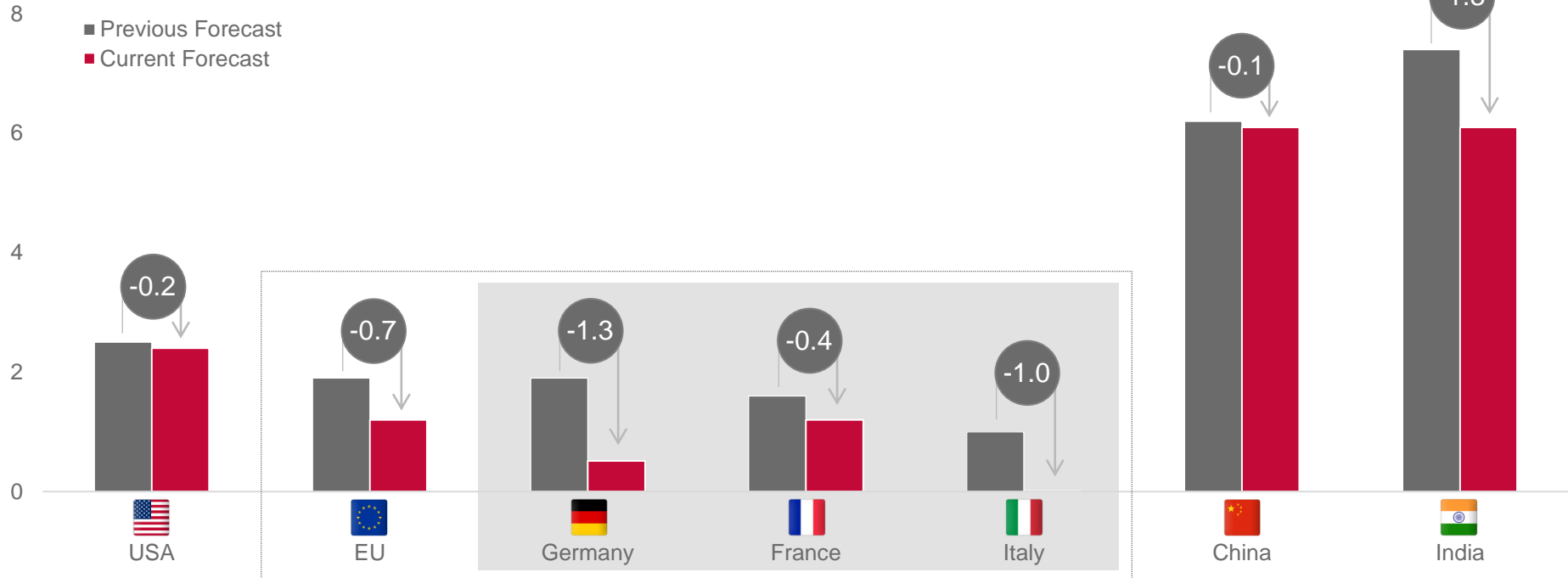
* US sanctions without United Nations Security Council approval

** Iran and Venezuela production reduction in Sep 2019 comparing to Oct 2016 OPEC+ reference level

Global Economy Slowdown



Real GDP Growth Outlook for 2019, change in percentage points

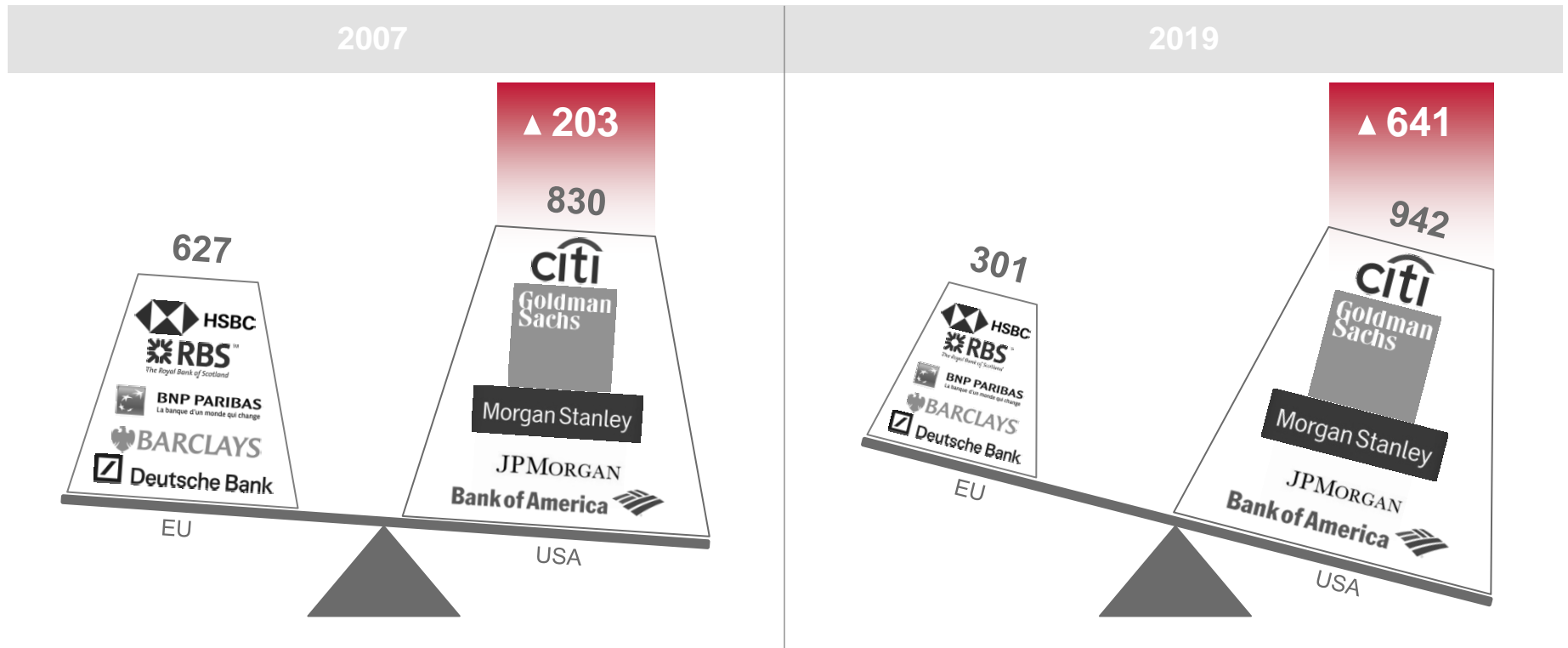


Note. Current and previous forecasts published in October 2019 and 2018, respectively
Source: IMF

Global Financial System – Shifting Gears



Top-5 Banks Market Capitalization, bn USD



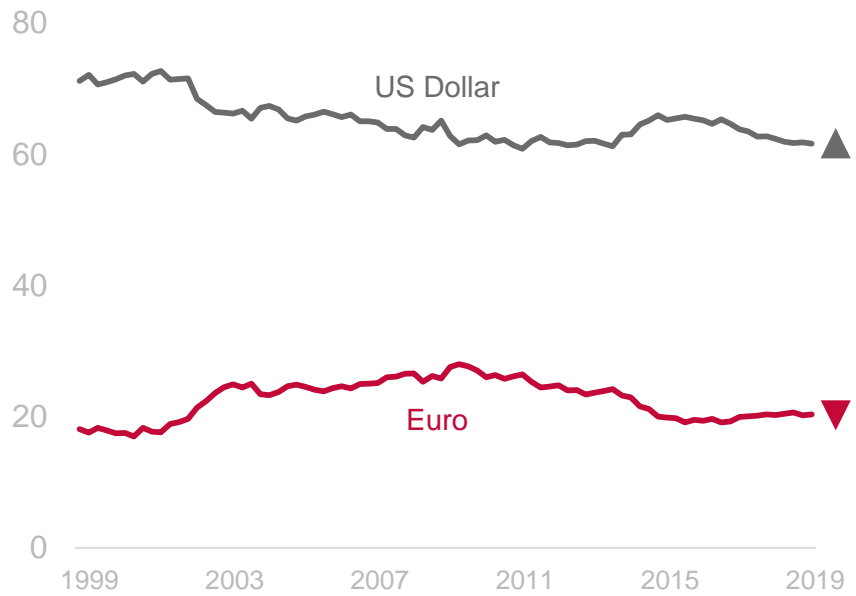
Source: Bloomberg

World Reserve Currencies

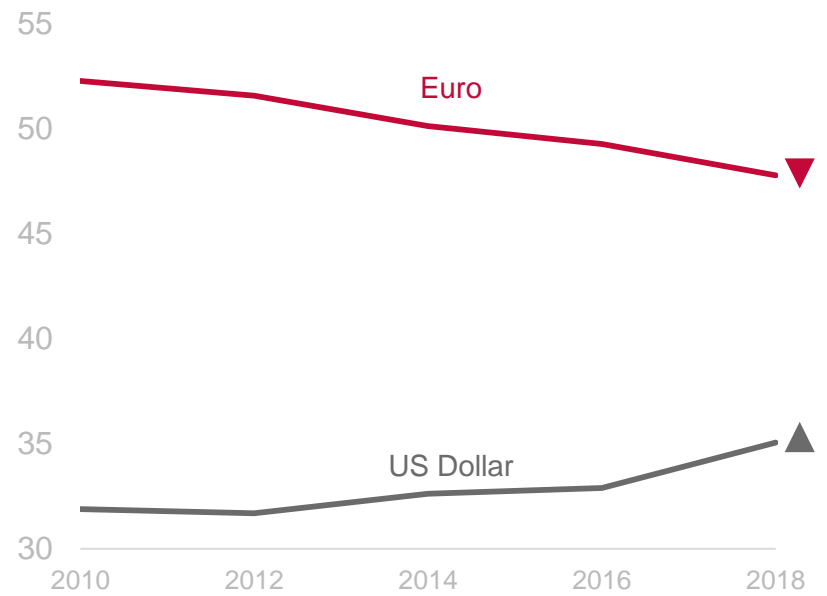


Share of USD and Euro, %

In Central Banks' Reserves



In EU Trade



Source: IMF, Eurostat



Pricing the Turbulence

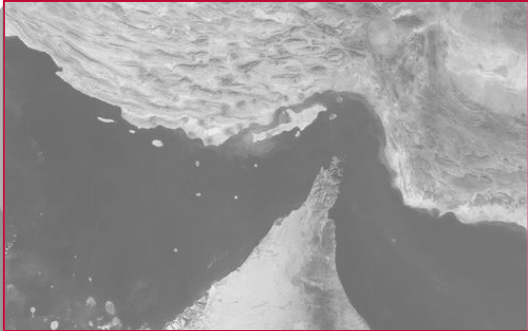


VLCC capacity



\$120 mm

Strait of Hormuz



\$1 bn per day

Volatility and Uncertainty Increase



140 characters in tweets

Saudi Arabia



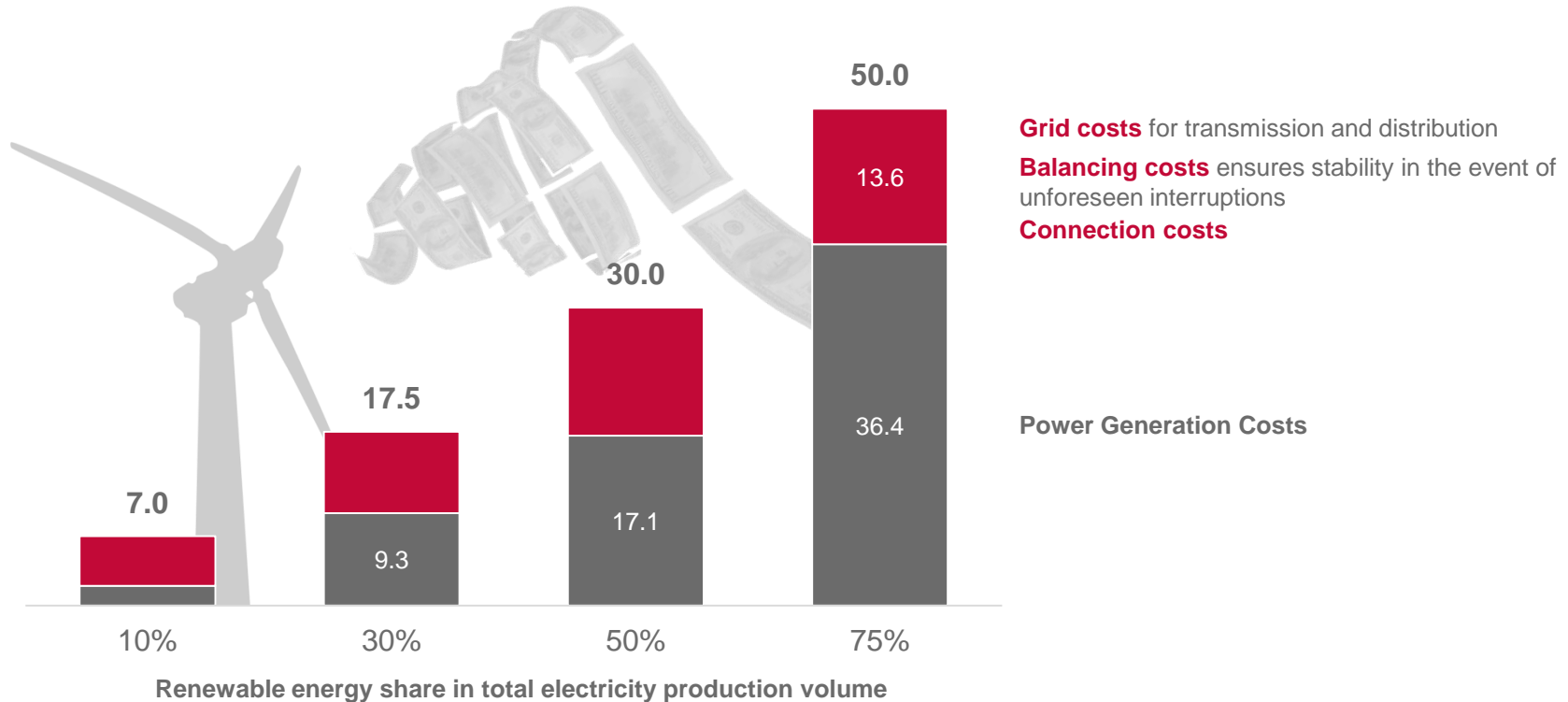
\$300 mm per day



Price of Decarbonisation: Additional Costs for Stable Energy Supply



USD per 1 MWh



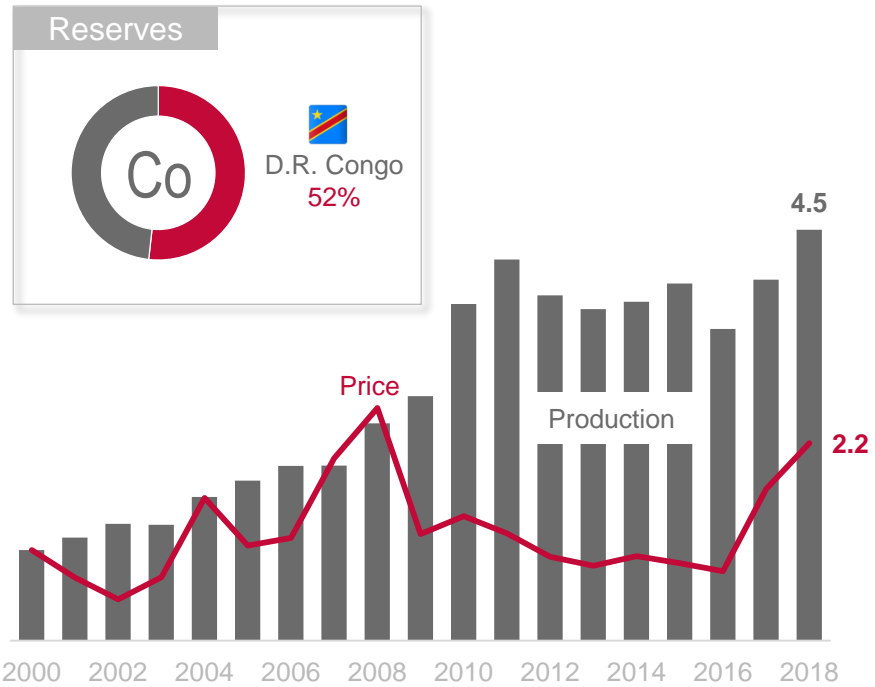


EV: Availability of Raw Materials for Batteries Production

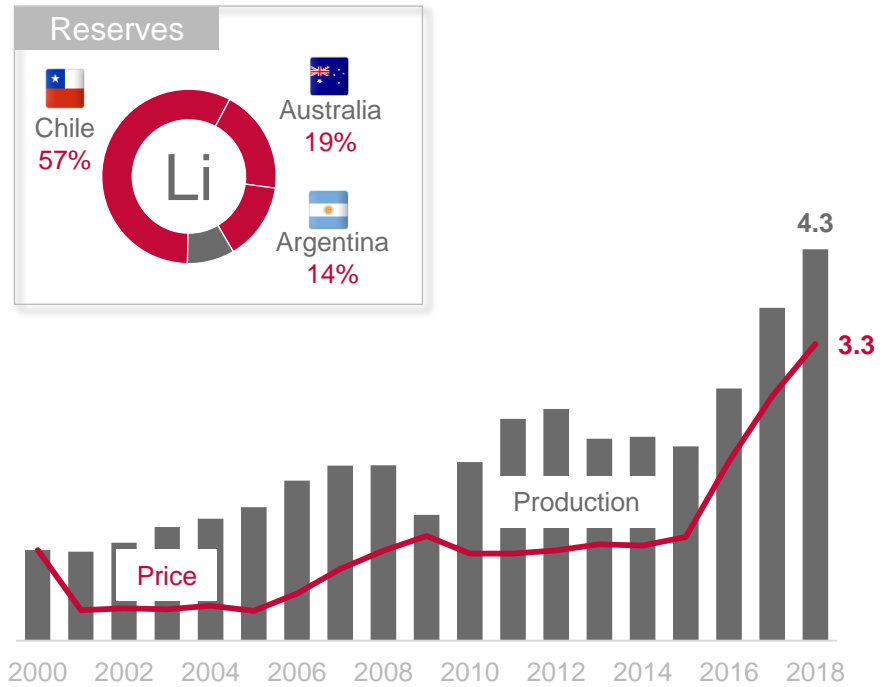


Indexed to production in 2000
(production in 2000 = 1)

Cobalt



Lithium

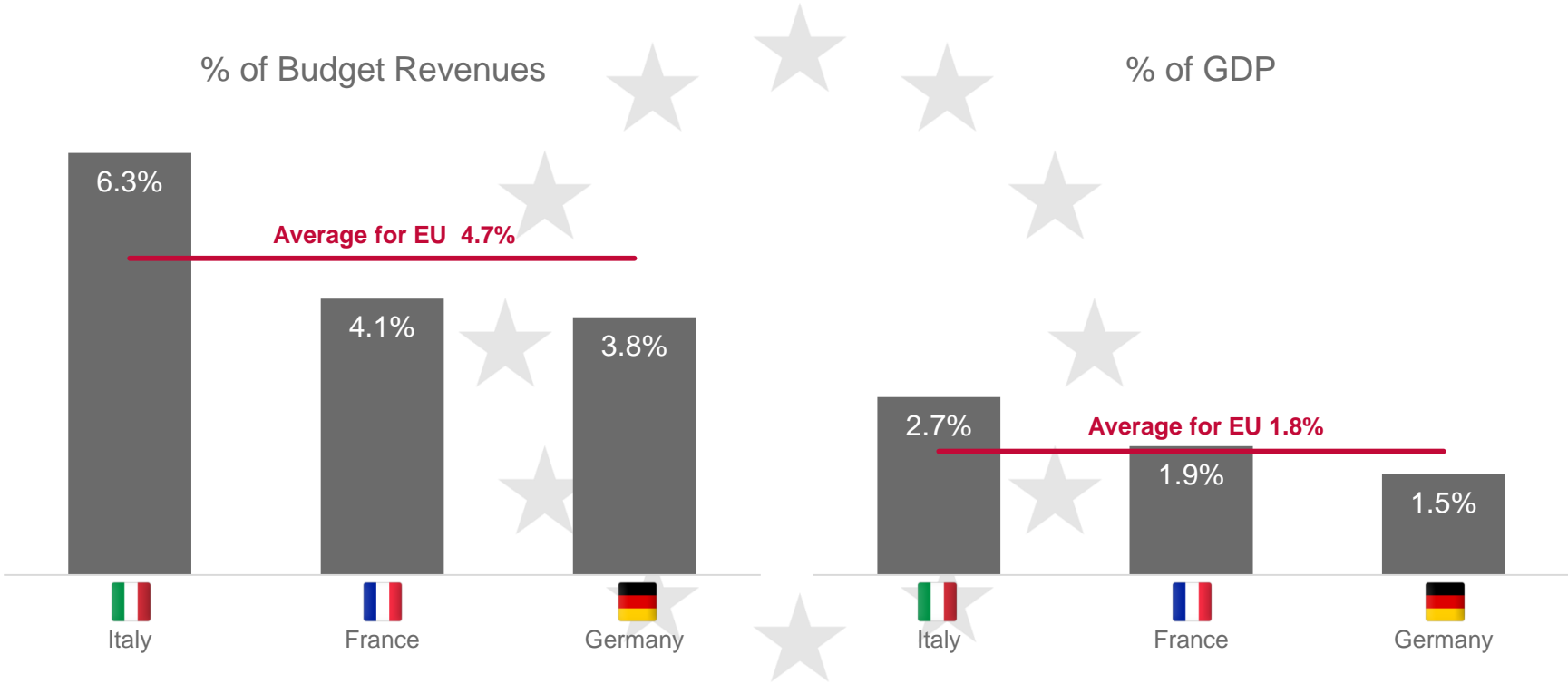


Source: BP Statistical Review of World Energy

Motor Fuel Taxation



EU Taxes on Motor Fuel: 283 bn EUR



Note. Data for 2017
Source: Eurostat

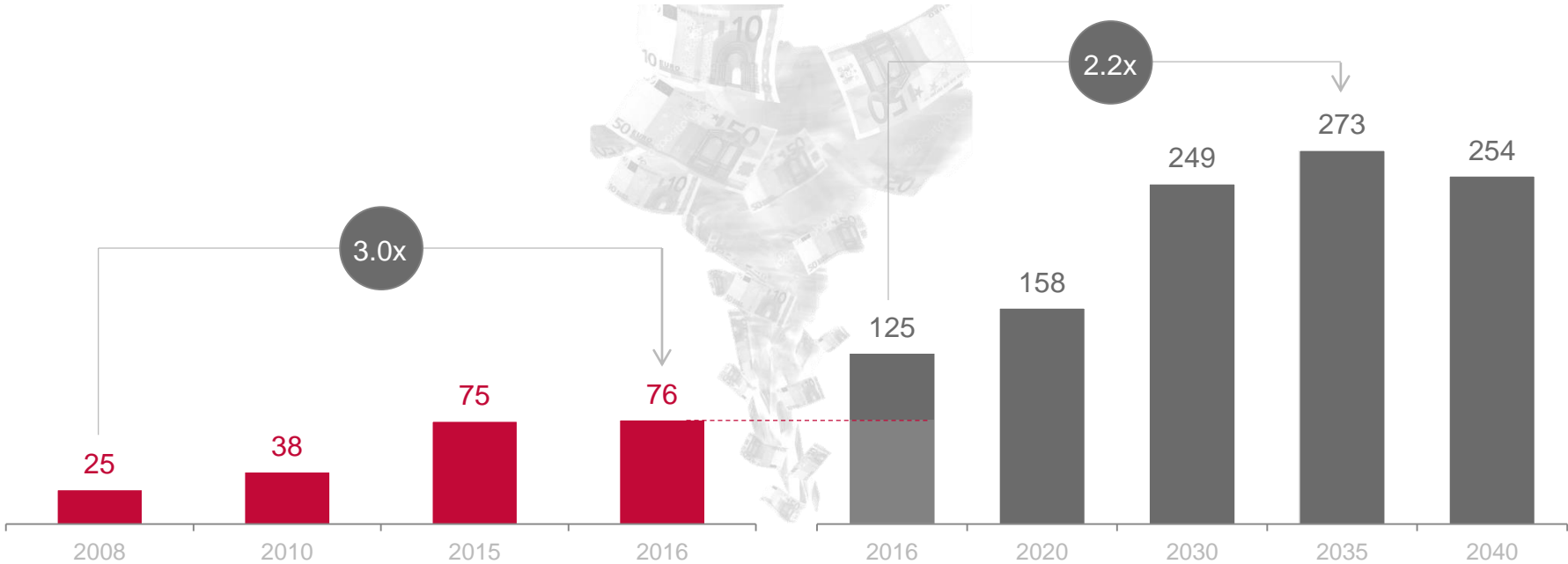
The True Price of Renewables



Renewables Energy Subsidies, bn EUR

European Union

World



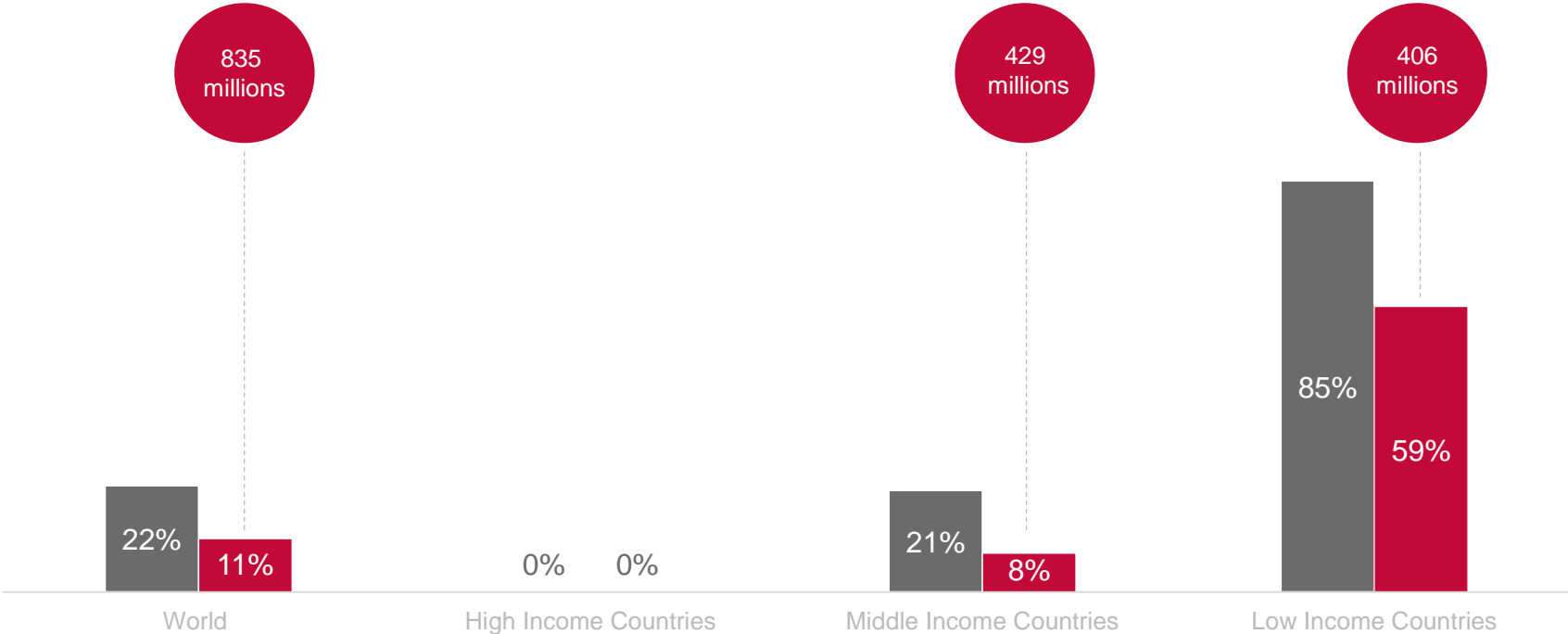
Note. Real prices, 2017
Source: European Commission, IEA

Reducing Energy Inequality



Population without Access to Electricity

■ 2000 ■ 2017



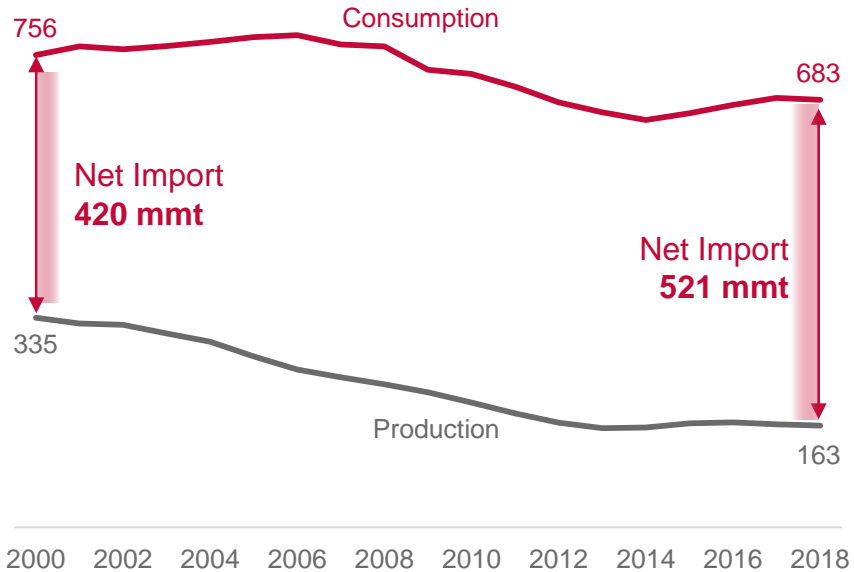
Source: World Bank

Russia – the Largest and the Most Reliable Supplier of Energy to Europe

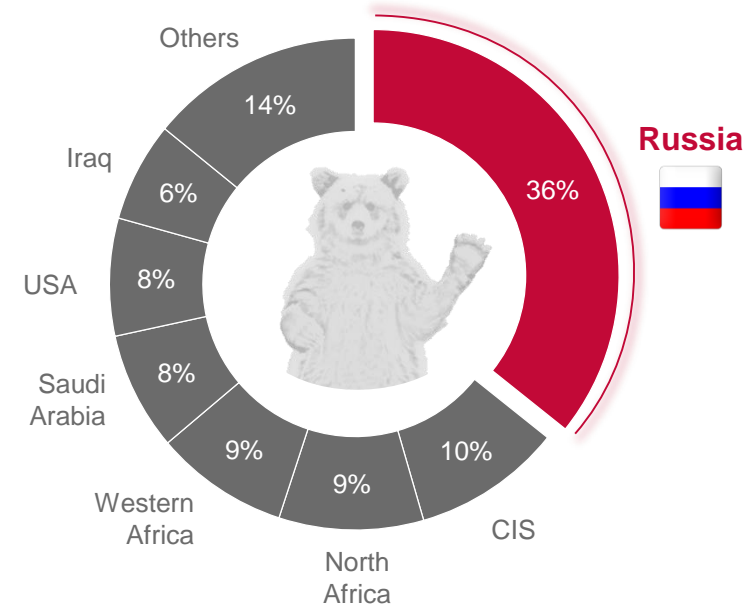


mmt

EU Crude Oil Production and Consumption



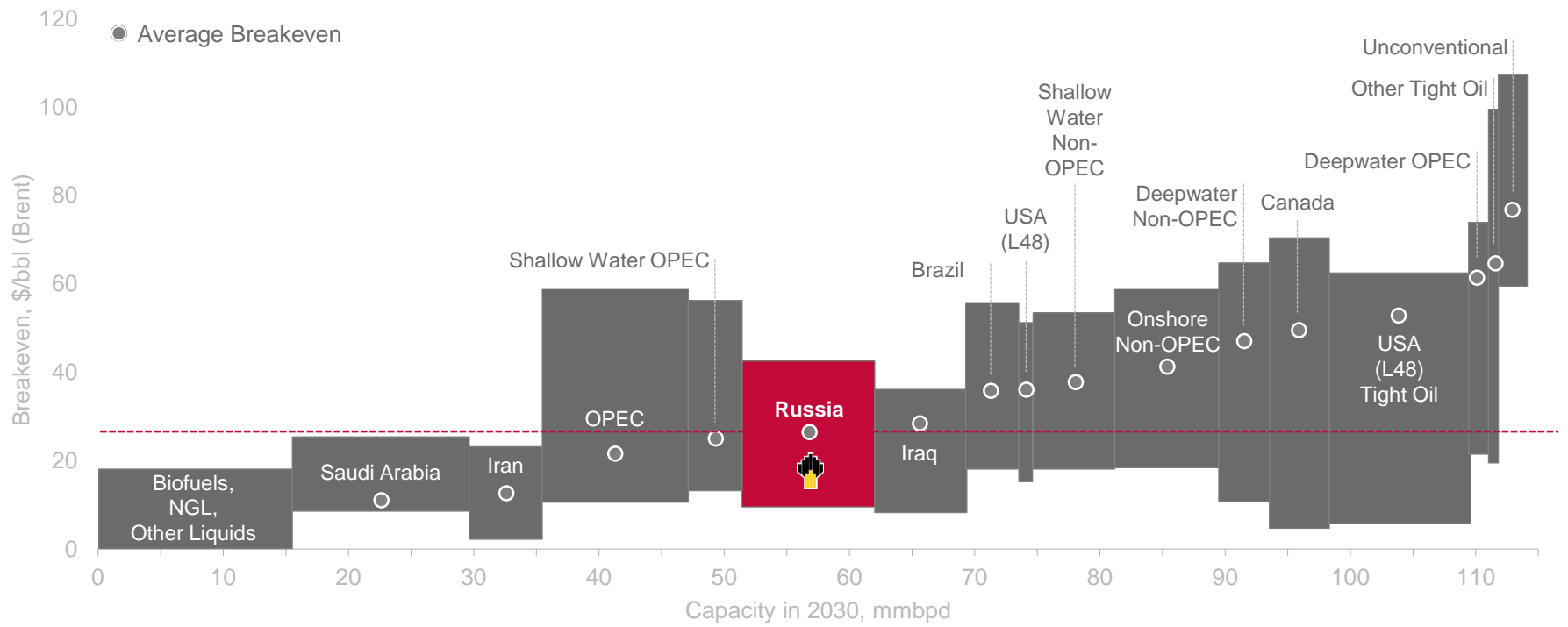
Crude and Oil Products Supply to EU by Origin



Efficiency and Reliability of the Russian Oil Industry



Global Liquid Hydrocarbons Capacity by Breakeven in 2030

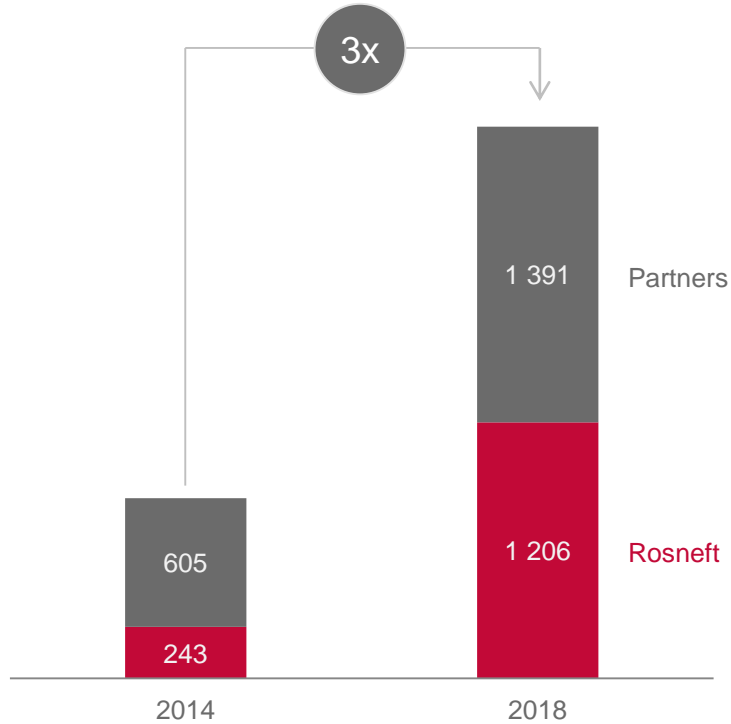


Source: Rosneft estimates based on IHS Markit and Wood Mackenzie data

Rosneft – Leader in Global Integration

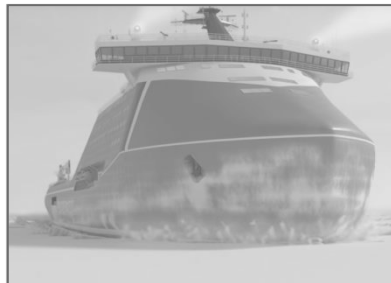


JVs Hydrocarbon Reserves, mmtoe



Note. The data presented according to the PRMS classification for 3P reserves (proved, probable and possible) in proportion to ownership
 Source: Rosneft (DeGolyer & MacNaughton)

“Vostok Oil” – New Horizons



Rosneft's Strategic Priority – Leading Peer Positions in Sustainable Development



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



Achievements

>240 bn RUB

«green» investments over 5 years

9.3 bn RUB

energy savings in 2018

>125 bn RUB

investments in projects aimed at APG utilization for 2013-2018

Goals

4.4 mmtoe

energy consumption reduction by 2022

8 mmt CO₂

reduction of greenhouse gas emissions by 2022

Up to 170 stations

compressed natural gas volumes growth





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