

QUARTERLY REPORT

“Surgutneftegas” Public Joint Stock Company

The issuer’s code: 00155-A

for 1Q2019

The issuer’s location: **628415, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, 1**

The information contained herein is subject to disclosure pursuant to the Securities Legislation of the Russian Federation

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Date: 15 May 2019

signature V.L.Bogdanov

Chief Accountant
Date: 15 May 2019

signature
STAMP A.V.Druchinin

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The information contained herein is disclosed on the website(s): **<http://www.surgutneftegas.ru/investors>;**
<http://www.e-disclosure.ru/portal/company.aspx?id=312>

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Introduction

Grounds for the issuer's obligation to disclose information in the form of a quarterly report

State registration of an issue of at least one issue (additional issue) of the issuer's securities was accompanied by registration of the issue prospectus and such securities were placed through a public or through a private subscription among more than 500 persons.

The issuer is a joint stock company formed through privatization of state and/or municipal enterprises (their business units); under the duly approved privatization plan, which was the issue prospectus of such an issuer as of the date of its approval, the issuer's shares may be disposed of in favor of more than 500 acquirers or the general public.

The issuer is a public joint stock company.

This quarterly report contains estimates and forecasts of the issuer's authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer's main industry and the issuer's operating results, including the issuer's plans, probability of certain events and certain actions. Investors shall not entirely rely on the estimates and forecasts of the issuer's management bodies since the issuer's future actual operating results may differ from the forecast results for many reasons. Acquisition of the issuer's securities may entail risks described in this quarterly report.

Section I. The issuer's bank accounts, auditor (audit organization), appraiser and financial advisor as well as persons who signed the quarterly report

1.1. The issuer's bank accounts

Information concerning not less than 3 settlement and other accounts of the issuer which it considers to be its basic accounts

1. Banking institution

Full corporate name: *Joint Stock Company "Surgutneftegasbank"*

Abbreviated corporate name: *JSC BANK "SNGB"*

Location: *Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut*

INN: *8602190258*

Bank identification code (BIK): *047144709*

Account number: *40702810000000100368*

Corr. account: *30101810600000000709*

Account type: *Settlement*

2. Banking institution

Full corporate name: *Public Joint Stock Company ROSBANK*

Abbreviated corporate name: *PJSC ROSBANK*

Location: *107078, Moscow, ul.Mashi Poryvaevoy, 34*

INN: *7730060164*

Bank identification code (BIK): *044525256*

Account number: *40702810700001013054*

Corr. account: *30101810000000000256*

Account type: *Settlement*

3. Banking institution

Full corporate name: *Uralsky subsidiary of Joint Stock Company "Raiffeisenbank" in Yekaterinburg*

Abbreviated corporate name: *Uralsky subsidiary of JSC "Raiffeisenbank"*

Location: *620075, Sverdlovskaya Oblast, Yekaterinburg, ul. Krasnoarmeyskaya, 10*

INN: *7744000302*

Bank identification code (BIK): *046577906*

Account number: *40702810904000430320*

Corr. account: *301018101000000000906*

Account type: *Settlement*

4. Banking institution

Full corporate name: *Western Siberian subsidiary of Public Joint-Stock Company Bank "Otkritie Financial Corporation"*

Abbreviated corporate name: *Western Siberian subsidiary of PJSC Bank "Otkritie FC"*

Location: *628012, Khanty-Mansiysky Autonomous Okrug – Yugra, Khanty-Mansiysk, ul.Mira, 38*

INN: *7706092528*

Bank identification code (BIK): *047162812*

Account number: *40702810300050001123*

Corr. account: *30101810465777100812*

Account type: *Settlement*

1.2. The issuer's auditor (audit organization)

Information concerning the auditor (audit organization) which is in charge of or has/have prepared independent audit of the accounting (financial) statements of the issuer and the consolidated financial statements of the issuer incorporated into a quarterly report as well as the auditor (audit organization)

approved (selected) for audit of the issuer's annual accounting (financial) statements and consolidated financial statements for the current and the last completed financial year.

Full corporate name: **"Crowe Expertiza" Limited Liability Company**

Abbreviated corporate name: **"Crowe Expertiza" LLC**

Location: **107078, Russian Federation, Moscow, ul.Mashi Poryvaevoy, 34**

INN: **7708000473**

OGRN: **1027739273946**

Telephone: **+7 (495) 721 3883**

Fax: **+7 (495) 721 3894**

E-mail: **office.msc@rosexpertiza.ru**

Auditor's membership in self-regulated audit organizations

Full name: **Self-Regulated Auditor Organization "Russian Union of Auditors (Association)"**

Location: **107031, Russian Federation, Moscow, Petrovsky pereulok, 8, bld. 2**

Reporting year (years) for the period of last five completed financial years and the current financial year for which the auditor has carried out or will carry out independent audit of the issuer's annual accounting (financial) statements

Accounting (financial) statements, Year	Consolidated financial statements, Year
2014	2014
2015	2015
2016	2016
2017	2017
2018	2018

Periods of last five completed financial years and the current financial year for which the auditor has carried out or will carry out independent audit of the issuer's annual accounting (financial) statements

Accounting (financial) statements, Reporting date	Consolidated financial statements, Reporting date
	6 months 2018 ended 30.06.2018

Factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial and business activities of the issuer): **there are no factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial and business activities of the issuer).**

The share of the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization) in the issuer's charter capital: **the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization) have no share in the issuer's charter capital.**

Borrowed funds provided by the issuer to the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization): **no borrowed funds have been provided by the issuer to the auditor (officers of the management bodies and bodies supervising the financial and business activities of the audit organization).**

Close business relations (promotion of the issuer's products (services), joint ventures, etc.) and kinship: **there are no close business relations (promotion of the issuer's products (services), joint ventures, etc.) and kinship.**

Officers of the management bodies and (or) bodies supervising the financial and business activities of the issuer and the issuer who at the same time serve as officers of the management bodies and (or) bodies supervising the financial and business activities of the audit organization: **there are no officers of the management bodies and (or) bodies supervising the financial and business activities of the issuer who at the same time serve as officers of the management bodies and (or) bodies supervising the financial and**

business activities of the audit organization.

Other factors that may affect the auditor's independence from the issuer: ***there are no other factors that may affect the auditor's independence from the issuer.***

Selection of the issuer's auditor

Tender procedure for an auditor selection and its basic terms and conditions: ***no tender has been held.***

Auditor nomination for approval by the shareholders' (members') meeting, including the management body adopting such a resolution: ***the Company's Board of Directors considers the proposals from the various auditing companies received by the date of the meeting. The Board of Directors considers the proposals from the auditing companies and, based on recommendations of the Audit Committee of the Board of Directors, adopts a resolution to recommend an auditor to be further approved by a general shareholders' meeting.***

There was no special engagement of the auditor

Procedure of determination of the auditor's (audit organization's) remuneration, the actual amount of remuneration paid by the issuer to the auditor (audit organization) upon completion of the last completed reporting year for which the auditor (audit organization) has carried out independent audit of the annual accounting (financial) statements and (or) the annual consolidated financial statements of the issuer: ***"Crowe Expertiza" LLC tenders its commercial offer to the Company's Board of Directors which specifies the audit procedure in all substantial aspects and contains an estimation of labor costs to conduct the audit of the Company's annual accounting (financial) statements and the annual consolidated financial statements and estimation of traveling expenses, as well as includes a draft auditing services agreement. If necessary, the Company may request information on additional expenses and explanations from "Crowe Expertiza" LLC. Based on the information provided, the Company's Board of Directors adopts a resolution in regard to the amount of remuneration to be paid to "Crowe Expertiza" LLC.***

The Company has no deferred and overdue payments for the services provided by the auditor.

1.3. The issuer's appraiser(s)

During 12 months prior to the end of the reporting quarter the issuer has engaged no Appraisers to determine the market value of:

***securities being placed and outstanding securities (obligations on which are not fulfilled);
property that is used to pay for securities being placed or that has been used to pay for outstanding securities (obligations on which are not fulfilled);
property that is the collateral for the issuer's collateral bonds being placed or the issuer's outstanding collateral bonds, obligations on which are not fulfilled;
property being objects of major transactions and interested party transactions.***

1.4. The issuer's advisors

With reference to clause 1.4, Appendix 3 to Regulation No. 454-P "On Disclosing Information by Securities Issuers" dated 30 December 2014, the Company has engaged no financial advisors during 12 months prior to the end of the reporting quarter.

1.5. Persons who signed the quarterly report

Name: ***Bogdanov Vladimir Leonidovich***

Year of birth: ***1951***

Primary employment

Company: ***"Surgutneftegas" PJSC***

Position: ***Director General***

Name: ***Druchinin Andrei Vladislavovich***

Year of birth: ***1969***

Primary employment

Company: ***"Surgutneftegas" PJSC***

Position: ***Chief Accountant***

Section II. General information on the issuer's financial and economic position

2.1. The issuer's financial and economic performance

The dynamics of indicators of the issuer's financial and economic performance calculated on the basis of the accounting (financial) statements

Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian Accounting Standards (RSBU)**

Measurement unit of labor productivity: *thousand RUB per person*

Indicator	2018, 3 months	2019, 3 months
Labor efficiency	3,165	3,896
Debt to equity ratio	0.055	0.055
Long-term debt to total long-term debt and equity ratio	0.022	0.022
Debt to operating income (profit)	0.56	0.319
Overdue debts, %	0.0792	0.2612

Indicator	2017	2018
Labor efficiency	11,219	15,018
Debt to equity ratio	0.061	0.062
Long-term debt to total long-term debt and equity ratio	0.023	0.022
Debt to operating income (profit)	0.173	0.177
Overdue debts, %	0.0312	0.1712

The analysis of the issuer's financial and economic performance based on the economic analysis of the above performance

The indicator of labor efficiency proves the effectiveness of labor potential use and production operations. The change in this indicator for 2018 and 1Q2019 is caused by the dynamics of revenues in accordance with the market conditions.

Such indicators as "Debt to equity ratio" and "Long-term debt to total long-term debt and equity ratio" for 2018 and 1Q2019 show a low level of the Company's dependence on raised and borrowed money.

The indicator "Debt to operating income (profit)" remains on a low level, which demonstrates the Company's ability to cover its debts by operating income.

The minimum level of the Company's overdue accounts payable in the reporting periods proves that the Company redeems its obligations in time.

2.2. The issuer's market capitalization

Market capitalization shall be calculated by taking the total number of shares of a certain category (type) and multiplying it by the market price of one share which is disclosed by the securities market trading organizer

Unit of measure: *thousand RUB*

Indicator	As of 31.12.2018	As of 31.03.2019
Market capitalization	1,261,584,898.54	1,199,534,926.73

The securities market trading organizer that provides data for calculation of market capitalization and any other additional information on outstanding securities at the issuer's discretion: *the Company's market capitalization shall be calculated in accordance with data of PJSC "Moscow Exchange".*

2.3. The issuer's liabilities

2.3.1. Borrowed funds and accounts payable

As of 31.12.2018

Structure of borrowed funds: *there are no borrowed funds.*

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	153,736,781
including those overdue	451,073
including	
accounts payable to the budget and state non-budget funds	85,544,570
including those overdue	
accounts payable to suppliers and contractors	22,511,138
including those overdue	451,073
accounts payable to personnel	14,160,836
including those overdue	
other	31,520,237
including those overdue	

Reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed on the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be paid or are expected to be paid.

Non-fulfillment of overdue accounts payable obligations will have no consequences for the Company in the future.

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total (long-term and short-term) borrowed funds: *No such creditors.*

As of 31.03.2019

Structure of borrowed funds: *there are no borrowed funds.*

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	117,993,193
including those overdue	598,953
including	
accounts payable to the budget and state non-budget funds	78,969,930
including those overdue	
accounts payable to suppliers and contractors	18,134,137
including those overdue	598,953
accounts payable to personnel	8,236,216
including those overdue	
other	12,652,910
including those overdue	

Reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed on the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be paid or are expected to be paid.

Non-fulfillment of overdue accounts payable obligations will have no consequences for the Company in the future.

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total (long-term and short-term) borrowed funds: ***No such creditors.***

2.3.2. The issuer's credit history

The issuer's obligations fulfilled under the credit and (or) loan agreements having been in force during the last completed reporting and current years, including those in the form of bonds issued and sold, the principal amount of which equaled to or exceeded five percent of the book value of the issuer's assets as of the last day of the last completed reporting period of 3, 6, 9 or 12 months preceding the conclusion of the relevant agreement as well as obligations under other credit and (or) loan agreements which the issuer deems significant.

The issuer had no such obligations.

2.3.3. The issuer's liabilities related to security provided by the issuer

As of 31.12.2018

Unit of measure: ***thousand RUB***

Indicator	As of 31.12.2018
The total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full)	22,005,525
including liabilities of the third parties	22,005,525
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge	
including liabilities of the third parties	
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee	18,223,138
including liabilities of the third parties	18,223,138

The issuer's liabilities related to security provided to the third parties, including pledge or guarantee, that account for five or more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: ***no such liabilities in this reporting period.***

As of 31.03.2019

Unit of measure: ***thousand RUB***

Indicator	As of 31.03.2019
The total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full)	22,204,950
including liabilities of the third parties	22,204,950
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form	

of pledge	
including liabilities of the third parties	
The amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee	18,557,798
including liabilities of the third parties	18,557,798

The issuer's liabilities related to security provided to the third parties, including pledge or guarantee, that account for five or more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: *no such liabilities in this reporting period.*

2.3.4. Other liabilities of the issuer

There are no other liabilities not shown in the accounting (financial) statements which may significantly affect the issuer's financial position, its liquidity, sources of funds, terms of their use, performance results and expenses.

2.4. Risks related to acquisition of placed securities or those being placed

The issuer's policy in the sphere of risk management: *in the course of its activities, the Company seeks to fulfill its obligations and minimize the impact of the risks.*

2.4.1. Industry risks

"Surgutneftegas" PJSC is exposed to many risks typical of the oil and gas industry, the major of which are the drop in oil and oil products prices and the growth of prices for raw materials and services purchased.

Oil and oil products prices are characterized by their high volatility and depend on a vast number of market factors over which the Company has no influence. The drop in hydrocarbon prices may lead to a decrease in the revenue, income and cash flow of "Surgutneftegas" PJSC. An extended period of low oil and oil products prices may influence the implementation of the scheduled projects in production and processing of hydrocarbons and lead to reduced investments and impairment of the Company's assets.

In order to manage this risk when planning its current activities and taking decisions on the implementation of new projects, "Surgutneftegas" PJSC considers different scenarios for oil and oil products prices, determines projects which are the most vulnerable to the realization of this risk.

Risk of an increase in operational and capital expenditures resulting from the growing cost of raw materials and supplies, equipment, fuel and power as well as of transportation of the finished goods (oil and oil products) may significantly influence the efficiency of the Company's activities. The Company implements measures to mitigate the influence of this risk, including purchase of materials, machinery and equipment on a tender basis, monitors the quality of procurements and services, develops in-house power generation facilities. Besides, the Company thoroughly evaluates the efficiency of investment in projects on production and processing of hydrocarbons, diversifies the ways and routes of transportation of the finished goods.

2.4.2. Country and regional risks

"Surgutneftegas" PJSC carries out its operating activities in several subjects of the Russian Federation and is exposed to the country and regional risks.

The Russian economy is affected by development trends of the global economy and depends on the level of global hydrocarbon prices. An adverse change in the global economic situation may lead to unstable economy in the Russian Federation and affect the operating and financial performance of the Company. In order to mitigate this risk, "Surgutneftegas" PJSC uses a diversified approach to finished goods sales avoiding excessive concentration of the revenue on the level of regional markets and some counterparties.

Basic production assets of "Surgutneftegas" PJSC are located in the regions with stable social and economic conditions and steady labor market. Besides, investments of "Surgutneftegas" PJSC have a positive effect on the economic situation in the regions of its operation.

"Surgutneftegas" PJSC operates in the regions with stable weather conditions and low probability of natural hazards like hurricanes, floods and other natural disasters. Extremely low temperatures may

influence the course of the Company's production activities. The Company is exposed to the risk of untimely delivery of materials and equipment in the regions with underdeveloped infrastructure. There is risk of failure of production equipment and machinery functioning at the Company's facilities in case of adverse weather conditions. When abnormal situations occur on the typical transport routes or due to storms in the seaports there are risks of deviation from the planned production level and violation of delivery terms of the finished goods.

"Surgutneftegas" PJSC is striving to mitigate these risks taking into account the weather conditions at the stage of design and construction of infrastructure facilities by optimization of the terms and times of the delivery of materials and equipment using machinery and equipment that are designed to operate at low temperatures.

2.4.3. Financial risks

"Surgutneftegas" PJSC is typically exposed to such financial risks as currency risk, interest rate risk, inflation risk, credit risk and liquidity risk. These risks can have an adverse effect on the financial performance of "Surgutneftegas" PJSC due to an increase in expenses, impairment of assets, a decrease in profitability and the cash flow of the Company.

Currency risk related to exchange rate fluctuations may influence the Company's financial performance. "Surgutneftegas" PJSC takes into consideration the impact of currency risk on efficiency of its current activities and investments in new projects. In order to mitigate this risk, the Company monitors the key parameters and the structure of financial assets, carries out an analysis and operational planning of cash flows.

Interest rate risk has no material impact on the financial performance of "Surgutneftegas" PJSC as operational expenses and capital expenditures are financed by the Company from its own funds. "Surgutneftegas" PJSC carries out an analysis of the actual level of interest rates and their dynamics, evaluates profitability and the level of risk in money and capital markets to determine the best options for placement of the Company's financial assets.

Inflation risk may lead to the growth of expenses, lower profitability of current activities and failure to reach the expected profitability from projects in implementation. "Surgutneftegas" PJSC considers different scenarios of actual inflation rates fluctuation from the expected parameters, controls the cost increase at all stages of production activities, evaluates investment in production, processing and sales of finished goods with consideration of inflation risk. Besides, the Company regularly holds tenders to choose appropriate options for goods and services delivery considering the purchase cost and reliability of the counterparty.

The Group's exposure to credit risk occurs in relation to trade receivables and financial assets in case counterparties fail to fulfill contract obligations. In order to mitigate this risk, when concluding contracts for products and services delivery "Surgutneftegas" PJSC carries out the integrated assessment of counterparties with the analysis of their financial position, credit history and the state of budget settlement. To secure the payback when making advance payments to counterparties the Company uses bank guarantees. Besides, in order to mitigate credit risk in relation to financial assets, "Surgutneftegas" PJSC monitors the credit quality of financial organizations on the basis of its own formalized method of analysis of different aspects of their activities and financial position.

Liquidity risk has no significant influence on "Surgutneftegas" PJSC as the Company owns a sufficient amount of cash and does not raise borrowed funds in money and credit markets to finance its current operating activities and implement long-term investment projects. The budgeting system of the Company helps to build the appropriate structure of cash flows and keep the sufficient level of liquidity to settle all liabilities in a timely manner.

"Surgutneftegas" PJSC does not apply derivative financial instruments to hedge financial risks, but the Company takes into consideration their possible application when taking investment decisions on new projects and making plans and budgets. In order to mitigate financial risks, the Company insures assets and operations as part of its property interests protection in the course of its financial and business activities.

2.4.4. Legal risks

"Surgutneftegas" PJSC is exposed to risks of a change in the legislation in the field of currency, tax, customs and antimonopoly regulation as well as licensing in the oil and gas industry. The outcomes of realization of these risks may be the growth of expenses, a decrease in operating efficiency and financial performance of the Company.

Changes in the current currency legislation of the Russian Federation in the field of currency regulation may result in higher foreign trade transaction expenses, lower competitiveness of the Company and lower efficiency of its operating activities. “Surgutneftegas” PJSC fully meets all requirements of the current currency legislation of the Russian Federation.

Changes in the tax legislation may significantly result in financial performance and long-term development plans of the Company. “Surgutneftegas” PJSC duly fulfills its obligations on tax payment and mandatory payments as per the current legislation. The Company regularly monitors possible changes in the field of taxation of the oil and gas industry, takes them into consideration when planning its financial and business activities. The Company’s representatives take part in discussions and make proposals related to the development of the tax legislation of the Russian Federation.

Being a party to foreign economic relations, “Surgutneftegas” PJSC is exposed to risks of tightening the customs control procedures when transferring goods through the customs border of the Russian Federation. The realization of these risks may lead to growing time expenditures, finance diversion and decreasing operating efficiency of the Company. When planning the foreign trade transactions, “Surgutneftegas” PJSC takes into consideration possible risks related to customs administering, forecasts the level of their influence on the operating and financial activities.

Change in regulations in the field of subsoil licensing is a significant risk for “Surgutneftegas” PJSC and can have an adverse effect on the Company’s plans for extension of the territory of its operations, lead to the growth of expenses and a decrease in profitability. The Company monitors draft laws, it allows to timely evaluate the outcomes of the proposed changes and take them into consideration in the plans. The Company has a great experience in implementing projects in the field of production and processing of hydrocarbons and also has finance, materials and equipment, and personnel needed to perform its obligations on license agreements.

2.4.5. Reputation risk

Reputation risk for “Surgutneftegas” PJSC is forming a bad image and a decrease in trust from the Company’s key stakeholders in case of non-conformity of the produced goods with the declared quality, violation of the agreed periods of payment for goods and services, non-fulfillment of other contractual obligations, business customs and principles of professional ethics.

“Surgutneftegas” PJSC sells products the quality of which is strictly in conformity with the existing standards. The Company provides the quality control of produced and sold oil and gas products by means of monitoring conformity of their specifications with the existing requirements. “Surgutneftegas” PJSC timely informs its clients and counterparties about the quality of the produced goods, communicates with consumers.

“Surgutneftegas” PJSC annually performs a range of measures intended to provide a high level of technological and ecological production safety. The Company controls the technical condition of motor vehicles and equipment, special vehicles, production and transport infrastructure facilities which minimizes the risks of technological accidents, an adverse effect on the environment and harm to the personnel health. “Surgutneftegas” PJSC strictly complies with obligations on tax payment and non-tax payment, salary payment and settlements with counterparties minimizing reputation risk. The Company is a stable and reliable party to the economic relations performing its production activities on the basis of high social and ecological standards.

2.4.6. Strategy risk

Strategy risk is related to making incorrect management decisions on key development directions of the Company the result of which may be failure to achieve its long-term strategic goals.

“Surgutneftegas” PJSC is exposed to the risk of late detection and response to possible internal and external threats which may lead to an insufficient operating change in current business processes and a decrease in financial and operating performance of the Company.

The Company regularly evaluates the external environment, it carries out the macroeconomic and competitive analysis, takes into consideration current and forecasted changes when planning investment projects, evaluates the pricing policy of goods and services suppliers.

Making incorrect management decisions related to investment in new projects may lead to an increase in costs and periods of their implementation, disruption of current activities, a decrease in operating efficiency of the Company and cause the lack of materials and equipment, as well as labor force, finance and management.

The Company has a sufficient amount of resources for successful implementation of current and planned projects. “Surgutneftegas” PJSC applies the investment decision making system which takes into consideration different scenarios of changing the key parameters of projects in question and helps to minimize risks related to the lack of resources for the implementation of current tasks and achievement of long-term goals.

2.4.7. Risks related to the issuer’s operations

In the course of its activities “Surgutneftegas” PJSC is exposed to risks realization of which may affect its production and financial performance, lead to a review of investment plans and a decrease in financial sustainability of the Company.

“Surgutneftegas” PJSC applies a complex risk management system which helps to identify them, evaluate their influence in a quality and quantity manner and timely take measures to minimize their adverse effect. The responsibility for the certain risks management is assigned to the various departments of the Company in accordance with their functions. The evaluation of the efficiency of the risk management system is carried out by the Internal Audit Service. The Audit Committee the basic functions of which are to control the reliability and efficiency of the risk management system and internal control operates in the Board of Directors of “Surgutneftegas” PJSC. The current risk management system of the Company is continually updated, new efficient approaches and means of risk mitigation are developed.

Section III. Detailed information on the issuer

3.1. The history of the issuer’s establishment and development

3.1.1. The issuer’s corporate name (name)

The issuer’s full corporate name: *“Surgutneftegas” Public Joint Stock Company*

Date of introduction of the issuer’s existing full corporate name: *03.07.2018*

The issuer’s abbreviated corporate name: *“Surgutneftegas” PJSC*

Date of introduction of the issuer’s existing abbreviated name: *03.07.2018*

The issuer’s corporate name (name for a noncommercial organization) is registered as a trademark or a service mark.

Trademark registration

Certificate of trademark: *No. 438918 dated 09.06.2011*

Priority (commencement) of the document of title: *06.05.2010*

Validity period of the document of title: *06.05.2020*

Certificate of trademark (logotype): *No. 580396 dated 12.07.2016*

Priority (commencement) of the document of title: *25.03.2015*

Validity period of the document of title: *25.03.2025*

All previous names of the issuer during its existence

Full corporate name: *Production Association “Surgutneftegas”*

Abbreviated corporate name: *PO “Surgutneftegas”*

Introduced: *15.09.1977*

Full corporate name: *Joint Stock Company of Open Type “Surgutneftegas”*

Abbreviated corporate name: *AOOT “Surgutneftegas”*

Introduced: *06.05.1993*

Grounds for introduction: *Decree of the President of the Russian Federation No. 1403 “On Special Provisions for Privatization and Corporization of State Enterprises, Production and Scientific Production Associations in the Petroleum, Petroleum Refining and Petroleum Products Supply Industries” dated 17.11.1992.*

Full corporate name: *Open Joint Stock Company “Surgutneftegas”*

Abbreviated corporate name: *OJSC “Surgutneftegas”*

Introduced: *27.06.1996*

Grounds for introduction: *Resolution of the annual general shareholders’ meeting of OJSC “Surgutneftegas” held on 15.06.1996, Minutes No. 3 dated 15.06.1996.*

3.1.2. State registration of the issuer

Initial state registration

State registration number: *12-4782*

Date of state registration: *06.05.1993*

Body that conducted the state registration: *Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug, Tyumenskaya Oblast*

Registration of the legal entity

Main state registration number of the legal entity: *1028600584540*

Date of entry of the legal entity registered prior to 1 July 2002 into the Uniform State Register of Legal Entities: *18.09.2002*

Name of the registration authority: *Inspectorate of the Ministry of Taxation of Russia for Surgut, Khanty-Mansiysky Autonomous Okrug.*

3.1.3. Establishment and development of the issuer

The issuer is established for an unlimited period of time.

Summary of the issuer’s establishment and development. The issuer’s corporate purposes, the issuer’s mission (if any) and other information about the issuer’s operations essential for a decision to acquire the issuer’s securities

The name of oil and gas producing company “Surgutneftegas” goes hand in hand with the discovery of Big Oil in Western Siberia.

Back in March 1964, the first group of oilmen set foot on Surgut ground. The local climate and terrain made it impossible to use conventional methods for building roads, wells, pipelines and field facilities. In fact, the oil producing division “Surgutneft” was a real testing ground where various technologies and methods were created and applied to develop fields in severe geological and climatic conditions. The division proved to be a true forge of skilled workers for whole Western Siberia. Many oil and gas producing companies, such as “Kogalymneftegas”, “Noyabrskneftegas”, “Yuganskneft”, “Megionneft” and “Pravdinskneft” were once part of “Surgutneft” and later became separate entities.

At present, the Company carries out its business in the territory of constituent entities of the Russian Federation.

The Company’s main corporate objective is profit earning.

3.1.4. Contact information

The issuer’s location: *Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1*

Address of the issuer indicated in the uniform state register of legal entities: *628415, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, 1*

Telephone: *+7 (3462) 42 60 28; 42 61 33*

Fax: *+7 (3462) 42 64 94*

E-mail: *Bogdanov-VL-REF@surgutneftegas.ru*

Website(s) where information about the issuer and securities issued and/or being issued by the issuer is available:

<http://www.surgutneftegas.ru/investors;>

<http://www.e-disclosure.ru/portal/company.aspx?id=312>

The name of the third party for shareholder and investor relations: *Closed Joint Stock Company “Surgutinvestneft”*

The third party's location: **Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**
Telephone: +7 (3462) 55 09 22; +7 (800) 350 38 36
Fax: +7 (3462) 55 09 26
E-mail: info@sineft.ru
Website: <http://sineft.ru/>

The issuer's special subdivision for shareholder and investor relations: **Investor relations and DR program support department of Securities Division of "Surgutneftegas" PJSC**
Subdivision's location: **628415, Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**
Telephone: +7 (495) 698 94 18
Fax: +7 (495) 698 94 14
E-mail: ir-ext@surgutneftegas.ru
Website: www.surgutneftegas.ru

3.1.5. Taxpayer identification number

8602060555

3.1.6. Branches and representative offices of the issuer

Branches and representative offices of the issuer:

Name: **Moscow Representative Office of "Surgutneftegas" PJSC**

Location: **Russian Federation, Moscow, ul.Myasnitskaya, 34**

Opened on: **27.09.1993**

Head of the branch (representative office)

Name: **Boger Veniamin Fridrikhovich**

Term of the Power of Attorney: **31.12.2019**

Name: **St. Petersburg Representative Office of "Surgutneftegas" PJSC**

Location: **Russian Federation, Saint Petersburg, ul.Podkovyrova, 37**

Opened on: **28.05.1998**

Head of the branch (representative office)

Name: **Bandura Sergei Nikolaevich**

Term of the Power of Attorney: **31.12.2019**

Name: **Yakutsk Representative Office of "Surgutneftegas" PJSC**

Location: **Russian Federation, Republic of Sakha (Yakutia), Yakutsk, ul.Ordzhonikidze, 36**

Opened on: **01.06.2009**

Head of the branch (representative office)

Name: **Kruglov Dmitry Valerievich**

Term of the Power of Attorney: **03.04.2019**

3.2. Core operations of the issuer

3.2.1. Core economic activities of the issuer

Code of economic activity which is core for the issuer (OKVED2): **06.10.1**

3.2.2. Core operations of the issuer

Types of operations (business activities, types of products (works, services)) that accounted for at least 10 percent of the issuer's revenue (income) in the reporting period

Unit of measure: **thousand RUB**

Type of operation: **sale of oil**

Indicator	2017	2018
Revenue from sales (volume of sales) related to the specified type of operation, thousand RUB	743,749,709	1,011,114,933
Revenue from sales (volume of sales) related to the specified type of operation in total revenue from sales (volume of sales) of the issuer, %	65	66.3

Indicator	2018, 3 months	2019, 3 months
Revenue from sales (volume of sales) related to the specified type of operation, thousand RUB	208,478,840	250,313,776
Revenue from sales (volume of sales) related to the specified type of operation in total revenue from sales (volume of sales) of the issuer, %	65.2	63.5

Type of operation: *sale of oil products*

Indicator	2017	2018
Revenue from sales (volume of sales) related to the specified type of operation, thousand RUB	362,930,693	474,803,426
Revenue from sales (volume of sales) related to the specified type of operation in total revenue from sales (volume of sales) of the issuer, %	31.7	31.1

Indicator	2018, 3 months	2019, 3 months
Revenue from sales (volume of sales) related to the specified type of operation, thousand RUB	103,226,832	135,681,341
Revenue from sales (volume of sales) related to the specified type of operation in total revenue from sales (volume of sales) of the issuer, %	32.3	34.4

Changes in the issuer's sales revenue (sales volume) equal to or exceeding 10 percent as compared with the same reporting period of the previous year and the reasons for such changes

The Company's sales revenue (sales volume) derived from the core operations increased by more than 10% in 2018 as compared to 2017 and amounted to 33.7%, including 35.9% from the sales of oil and 30.8% from the sales of oil products.

The key factor behind the increase in the Company's revenue is determined by the increase in oil quotations and the increase in quotations and prices for oil products.

The Company's sales revenue (sales volume) derived from the core operations increased by more than 10% for 1Q2019 as compared to the same period of the previous year and amounted to 23.4%, including 20.1% from the sales of oil and 31.4% from the sales of oil products.

The key factor behind the increase in the Company's revenues is a stronger US dollar and 5.2% growth in oil product supplies.

Cost structure of the issuer

Indicator	2017	2018
Raw materials and supplies, %	3.4	2.84
Acquired components and semi-finished articles, %	4.02	3.49
Production works and services performed/rendered by the third parties, %	16.19	13.91
Fuel, %	0.3	0.1

Energy, %	<i>1.62</i>	<i>1.33</i>
Labor costs, %	<i>11.61</i>	<i>9.75</i>
Interests on loans, %	<i>0</i>	<i>0</i>
Rental payments, %	<i>0.03</i>	<i>0.02</i>
Depreciation of fixed assets, %	<i>15.65</i>	<i>11.84</i>
Taxes included in production costs, %	<i>42.85</i>	<i>52.86</i>
Other costs, %	<i>1.4</i>	<i>1.33</i>
amortization of intangible assets, %	<i>0.16</i>	<i>0.22</i>
remuneration for innovation proposals, %	<i>0</i>	<i>0</i>
compulsory insurance payments, %	<i>0.06</i>	<i>0.05</i>
entertainment expenses, %	<i>0</i>	<i>0</i>
other (facility guard and fire protection services, crew transportation services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %	<i>1.18</i>	<i>1.06</i>
Insurance premiums	<i>2.93</i>	<i>2.53</i>
Total: costs of production and sale of goods (works, services) (production costs), %	<i>100</i>	<i>100</i>
For reference only: revenue from sale of goods (works, services), % to cost of production	<i>125.5</i>	<i>134.6</i>

Indicator	2018, 3 months	2019, 3 months
Raw materials and supplies, %	<i>2.72</i>	<i>2.53</i>
Acquired components and semi-finished articles, %	<i>3.55</i>	<i>3.39</i>
Production works and services performed/rendered by the third parties, %	<i>14.69</i>	<i>14.39</i>
Fuel, %	<i>0.2</i>	<i>0.15</i>
Energy, %	<i>1.51</i>	<i>1.48</i>
Labor costs, %	<i>10.28</i>	<i>9.37</i>
Interests on loans, %	<i>0</i>	<i>0</i>
Rental payments, %	<i>0.02</i>	<i>0.02</i>
Depreciation of fixed assets, %	<i>14.07</i>	<i>10.81</i>
Taxes included in production costs, %	<i>48.54</i>	<i>53.58</i>
Other costs, %	<i>1.38</i>	<i>1.52</i>
amortization of intangible assets, %	<i>0.24</i>	<i>0.38</i>
remuneration for innovation proposals, %	<i>0</i>	<i>0</i>
compulsory insurance payments, %	<i>0.06</i>	<i>0.05</i>
entertainment expenses, %	<i>0</i>	<i>0</i>
other (facility guard and fire protection services, crew transportation services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %	<i>1.08</i>	<i>1.09</i>
Insurance premiums	<i>3.04</i>	<i>2.76</i>
Total: costs of production and sale of goods (works, services) (production costs), %	<i>100</i>	<i>100</i>

For reference only: revenue from sale of goods (works, services), % to cost of production	127.5	139.9
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Essential new types of goods (works, services) offered by the issuer in its core market, to the extent that corresponds to publicly available information about such goods (works, services). Specify the development status of such types of products (works, services).

There are no essential new types of products (works, services).

Standards (rules) used for the accounting (financial) statements and calculations shown in this subparagraph

The accounting (financial) statements of the Company have been prepared in accordance with:

- *Federal Law of the Russian Federation No. 402-FZ "On Accounting" dated 06.12.2011;*
- *"Accounting and Reporting Regulations in the Russian Federation" approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29.07.98;*
- *"Accounting Regulations "Reporting of an Enterprise" (PBU 4/99)" approved by Order No.43n of the Ministry of Finance of the Russian Federation dated 06.07.99;*
- *Order No. 66n of the Ministry of Finance of the Russian Federation "Reporting Standards of Enterprises" dated 02.07.2010;*
- *Approved regulations "Accounting Policy of OJSC "Surgutneftegas" for 2018 for Accounting Purposes";*
- *Approved regulations "Accounting Policy of OJSC "Surgutneftegas" for Taxation Purposes for 2018".*
- *Approved regulations "Accounting Policy of "Surgutneftegas" PJSC for 2019 for Accounting Purposes";*
- *Approved regulations "Accounting Policy of "Surgutneftegas" PJSC for Taxation Purposes for 2019".*

3.2.3. The issuer's supplies, goods (raw materials) and suppliers

For 2018

There are no suppliers that provide at least 10 percent of all supplies of materials and goods (raw materials).

Change in prices by more than 10% for basic materials and goods (raw materials) during the relevant reporting period against the same reporting period of the previous year

Price change in 2018 as compared to 2017 by more than 10 percent was observed for these types of basic materials and goods (raw materials) – pipes, fuel, lubricants and chemicals, oil production equipment, building materials, rolled metal products, inert materials, vehicles, tractors and oilfield machinery.

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

Imported materials and goods account for about 5% of total supplies to the Company.

The Company is expecting availability of these and alternative sources in the future.

For 3 months of 2019

There are no suppliers that provide at least 10 percent of all supplies of materials and goods (raw materials).

Change in prices by more than 10% for basic materials and goods (raw materials) during the relevant reporting period against the same reporting period of the previous year

Price change for 3 months of 2019 compared to the same period of 2018 by more than 10 percent was observed for the specific types of basic materials and goods (raw materials) – pipes, fuel, lubricants and chemicals, oil production equipment, building materials, rolled metal products, inert materials, vehicles, tractors and oilfield machinery.

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

Imported materials and goods account for about 5% of total supplies to the Company.

The Company is expecting availability of these and alternative sources in the future.

3.2.4. Marketing outlets for the issuer's products (works, services)

The main markets where the issuer carries out its operations: *the main market where the Company*

carries out its operations is the oil and oil products market. The main oil markets are a number of the federal districts of the Russian Federation, CIS and non-CIS countries. The main oil products markets are some of the federal districts of the Russian Federation and non-CIS countries.

Factors that can adversely affect the issuer's sales of goods (works, services) and steps that may be taken by the issuer to mitigate such an impact: *the factors that adversely affect the sales include changes in global oil prices, tax legislation and natural monopoly prices. To minimize the impact of the mentioned factors on sales, the Company monitors prices in foreign and domestic oil and oil products markets on a routine basis and redirects export flows choosing those with better prices.*

3.2.5. The issuer's permits (licenses) or authorizations for certain types of works

The issuer has no permits (licenses), information about which shall be specified in the quarterly report.

3.2.6. Activity of certain categories of issuers

The issuer is not a stock investment fund, insurance or banking institution, mortgage agent or specialized company.

3.2.7. Additional information on issuers whose core operation is mineral resources extraction

a) Mineral resources

The list of mineral deposits which have significant financial and business importance for the issuer to which the issuer or its subsidiaries hold the right of use

1. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 68,533 thous. tonnes; B2 – 10,404 thous. tonnes*

Production rate for the relevant reporting period (periods): *856.140 thous. tonnes*

2. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 4,146 mn cub m; B2 – 629 mn cub m*

Production rate for the relevant reporting period (periods): *50.056,764 mn cub m*

3. Field: Fedorovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 253,188 thous. tonnes; B2 – 28,507 thous. tonnes*

Production rate for the relevant reporting period (periods): *2,380.299 thous. tonnes*

4. Field: Fedorovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 123,078 mn cub m; B2 – 3,268 mn cub m*

Production rate for the relevant reporting period (periods): *776.990,207 mn cub m*

5. Field: Lyantorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *AB1 – 29,476 thous. tonnes; B2 – 409 thous. tonnes*

Production rate for the relevant reporting period (periods): *961.072 thous. tonnes*

6. Field: Lyantorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *AB1 – 61,506 mn cub m; B2 – 17 mn cub m*

Production rate for the relevant reporting period (periods): **477.755,280 mn cub m**

7. Field: Rogozhnikovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **AB1 – 98,779 thous. tonnes; B2 – 27,445 thous. tonnes**

Production rate for the relevant reporting period (periods): **684.438 thous. tonnes**

8. Field: Rogozhnikovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **AB1 – 7,015 mn cub m; B2 – 2,105 mn cub m**

Production rate for the relevant reporting period (periods): **49.736,004 mn cub m**

9. Field: Russkinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **AB1 – 52,249 thous. tonnes; B2 – 7,898 thous. tonnes**

Production rate for the relevant reporting period (periods): **687.582 thous. tonnes**

10. Field: Russkinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **AB1 – 2,669 mn cub m; B2 – 366 mn cub m**

Production rate for the relevant reporting period (periods): **33.543,525 mn cub m**

11. Field: Severo-Labatyuganskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **AB1 – 47,663 thous. tonnes; B2 – 10,542 thous. tonnes**

Production rate for the relevant reporting period (periods): **1,159.767 thous. tonnes**

12. Field: Severo-Labatyuganskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **AB1 – 3,459 mn cub m; B2 – 847 mn cub m**

Production rate for the relevant reporting period (periods): **95.740,113 mn cub m**

13. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **AB1 – 104,277 thous. tonnes; B2 – 1,146 thous. tonnes**

Production rate for the relevant reporting period (periods): **1,205.120 thous. tonnes**

14. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **AB1 – 36,280 mn cub m; B2 – 386 mn cub m**

Production rate for the relevant reporting period (periods): **136.410,202 mn cub m**

Licenses for subsoil use obtained by the issuer or its subsidiaries for the fields of significant financial and economic importance

Legal entity that obtained a license: *the issuer*

1. Number: YaKU 05848 NE

Date of issue: **07.11.2018**

Term of the license: **31.12.2081**

According to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992**

Description of the subsoil plot provided for use: **the Republic of Sakha (Yakutia), Lensky District, area (sq. km) - 410.57**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under the terms and conditions of the license: **all kinds of payments are made in accordance with the current legislation of the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2019 all terms and conditions are being met.**

Legal entity that obtained a license: **the issuer**

2. Number: KhMN 00408 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2129**

According to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.92**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 1952.07**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under the terms and conditions of the license: **all kinds of payments are made in accordance with the current legislation of the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2019 all terms and conditions are being met.**

Legal entity that obtained a license: **the issuer**

3. Number: KhMN 00406 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2162**

According to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.92**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 1815.72**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under the terms and conditions of the license: **all kinds of payments are made in accordance with the current legislation of the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2019 all terms and conditions are being met.**

Legal entity that obtained a license: **the issuer**

4. Number: KhMN 14906 NR

Date of issue: **27.04.2010**

Valid till: **31.12.2095**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: *according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92*

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 167.45**

Type of the license: *geological survey, including prospecting and estimation of mineral deposits, exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under the terms and conditions of the license: *all kinds of payments are made in accordance with the current legislation of the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019 all terms and conditions are being met.*

Legal entity that obtained a license: *the issuer*

5. Number: KhMN 13143 NR

Date of issue: **18.05.2005**

Valid till: **16.05.2030**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: *according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92*

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) - 407.39**

Type of the license: *geological survey, including prospecting and estimation of mineral deposits, exploration and production of mineral resources*

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under the terms and conditions of the license: *all kinds of payments are made in accordance with the current legislation of the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019 all terms and conditions are being met.*

Legal entity that obtained a license: *the issuer*

6. Number: KhMN 03516 NE

Date of issue: **01.02.2019**

Valid till: **31.12.2100**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: *according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92*

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 1,182.20**

Type of the license: *oil and gas production*

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under the terms and conditions of the license: *all kinds of payments are made in accordance with the current legislation of the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019 all terms and conditions are being met.*

Legal entity that obtained a license: *the issuer*

7. Number: KhMN 03528 NE

Date of issue: **06.02.2019**

Valid till: **31.12.2083**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 959.79**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under the terms and conditions of the license: **all kinds of payments are made in accordance with the current legislation of the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019 all terms and conditions are being met.*

Legal entity that obtained a license: *the issuer*

8. Number: KhMN 03538 NR

Date of issue: **08.02.2019**

Valid till: **31.12.2115**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) - 1,271.50**

Type of the license: **geological survey, including prospecting and estimation of mineral deposits, exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations fulfillment: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under the terms and conditions of the license: **all kinds of payments are made in accordance with the current legislation of the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019 all terms and conditions are being met.*

Legal entity that obtained a license: *the issuer*

9. Number: KhMN 03560 NE

Date of issue: **26.03.2019**

Valid till: **31.12.2087**

According to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92

Basis for license issuance: **according to Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.92**

Description of the subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 1,474.95**

Type of the license: **oil and gas exploration and production**

The main license provisions concerning subsoil user obligations indicating the period of given

obligations fulfillment: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under the terms and conditions of the license: *all kinds of payments are made in accordance with the current legislation of the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2019, all conditions are being met.*

This section provides a list of the Company's main fields

In the lines "Proved reserves" the current recoverable oil and condensate reserves in respect of oil are shown under the Russian classification of hydrocarbon reserves and resources.

In the lines "Proved reserves" the current recoverable associated gas reserves in respect of associated gas are shown under the Russian classification of hydrocarbon reserves and resources.

License KhMN 03516 NE is issued in lieu of License KhMN 00049 NE dated 13.07.1993, KhMN 00435 NE dated 05.03.1997.

License KhMN 00408 NE is issued in lieu of License KhMN 00052 NE dated 14.07.1993.

License KhMN 00406 NE is issued in lieu of License KhMN 00062 NE dated 15.07.1993.

License KhMN 03528 NE is issued in lieu of License KhMN 00054 NE dated 14.07.1993, KhMN 00417 NE dated 14.01.1997.

License YaKU 05848 NE is issued in lieu of License YaKU 12061 NE dated 26.12.2003.

License KhMN 03538 NR is issued in lieu of License KhMN 01525 NR dated 18.04.2001.

License KhMN 03560 NE is issued in lieu of License KhMN 11293 NE dated 05.09.2002.

b) Mineral resources processing

Fixed assets used for processing

The refining and processing sector of the Company is represented by the refinery and the gas processing complex.

c) Products marketing

Permits granted by the authorized government agencies for sale of mineral resources and their processed products and quotas, including export quotas

In accordance with Federal Law of the Russian Federation No. 147-FZ "On Natural Monopolies" dated 17.08.1995, a duly registered oil producer and an organization being a parent company of an oil producer are granted with the right of access to the system of Russian trunk pipelines and terminals to transport oil out of the customs territory of the Russian Federation, proportionally to the volumes of produced oil pumped into the system of trunk pipelines with a 100% trunk pipeline transmission capacity (subject to feasibility).

3.2.8. Additional information on issuers whose core operation is telecommunication services provision

Telecommunication services provision is not the core operation of the issuer. The issuer has no control over organizations whose core operation is telecommunication services provision.

3.3. Plans for the issuer's future activity

The long-term strategy of "Surgutneftegas" PJSC is aimed at strengthening its position of a financially sustainable company with good production growth prospects in the domestic oil and gas sector. To achieve its goal, the Company is developing the following priority areas of business:

Oil and gas production:

- to strengthen and enlarge the mineral resource base through geological exploration and acquisition of new promising subsoil plots;

- to develop and apply innovative solutions, extend the introduction of advanced technologies and

equipment enhancing the efficiency of geological exploration and field development, including fields with low-margin reserves;

- to maintain the volume of hydrocarbon production in accordance with the current conditions in the oil and gas market;*
- to form and develop new centers of hydrocarbon production;*
- to use the produced associated petroleum gas in the most efficient way;*
- to provide a high quality of work and control of costs.*

Oil refining and gas processing:

- to enhance refining and processing efficiency through modernization and reconstruction of production facilities;*
- to increase an oil conversion ratio, the share of light oil products yield and to reduce the volume of low-margin products;*
- to provide a wide range of products in accordance with the market needs.*

Marketing:

- to increase sales of high-margin products;*
- to attract and retain consumers by providing high quality products;*
- to increase the efficiency of retail sales by expanding the range of related services.*

Power generation:

- to develop the energy complex which ensures generation, transmission and sale of electric and thermal energy;*
- to introduce energy saving and energy efficient solutions and technology within every area of the Company's operations.*

Social responsibility:

- to mitigate the environmental impact, ensure environmental safety of production facilities and use natural resources in a responsible and rational way;*
- to assure high industrial and occupational safety standards;*
- to maintain the reputation of an attractive and responsible employer and create the environment for personnel development;*
- to contribute to balanced social and economic development of the areas where the Company operates and preserve the status of a reliable partner and supplier of high quality products;*
- to offer extra social benefits and guarantees for the employees, their families and retired employees.*

In the mid-term, "Surgutneftegas" PJSC plans to keep the volumes of oil production at the level of 60-62 million tonnes depending on the hydrocarbon market environment and terms of agreements between oil-producing countries on the volume of oil production.

Programs for drilling, well construction and workover, well intervention services are designed and optimization of well stock operation modes is continued in the Company to achieve the set levels of production. In 2019, the Company plans to perform prospecting and exploratory drilling in the amount of 217 thousand meters. The amount of development drilling is planned to be 4.8 million meters.

In the field of oil refining and gas processing the Company's efforts will focus on enhancement of the range of products and improvement of the quality of fuel. In 2019, it is planned to process 5.8 billion cubic meters of gas at the Company's gas processing plant. The level of associated petroleum gas utilization at the Company's fields will amount to over 99%. The volume of oil refining at the Company's refinery is planned to be 18.2 million tonnes.

In the marketing sector, the Company will focus on increasing the efficiency of its operation, including the planned implementation of projects on the service quality improvement, development of the related goods and services.

In the energy sector, the Company's efforts will be aimed at further development of its energy facilities and their efficiency and carrying out its energy conservation program. In 2019, power generated in-house by gas turbine and gas reciprocating engine power plants will be about 5.8 billion kWh.

As part of its social responsibility initiatives, the Company will continue implementing the complex of measures on environmental protection, promoting comfortable work and leisure conditions for its employees, implementing social programs and contributing to the social and economic development of the areas of its operation.

3.4. The issuer's share in banking groups, bank holding companies, holdings and associations

Name of group, holding or association: *Association of organizations in the field of subsoil use "National Association for Subsoil Use Auditing" (AOON "NAEN")*

The term of the issuer's participation: *since 13.11.2014*

The issuer's role (position) and functions in the organization: **member of the Association.**

3.5. Organizations under the issuer's control which are material to the issuer

1. Full corporate name: *Limited Liability Company "Novgorodnefteproduct"*

Abbreviated corporate name: *LLC "Novgorodnefteproduct"*

Location: *Russian Federation, Veliky Novgorod*

INN: *5321059365*

OGRN: *1025300788644*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.*

Type of control: *direct control*

The issuer's share in the charter capital of the controlled organization: *100%*

The share of the controlled organization in the charter capital of the issuer: *0%*

The issuer's ordinary shares held by the controlled organization: *0%*

Description of the company's core operations: *procurement, storage and marketing of oil products.*

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Serebrennikov Viktor Georgievich	<i>0.0016</i>	<i>0.0011</i>

The company's collegiate executive body

No provision is made for a collegiate executive body.

2. Full corporate name: *Limited Liability Company "Marketing Association "Pskovnefteproduct"*

Abbreviated corporate name: *LLC "Pskovnefteproduct"*

Location: *Russian Federation, Pskov*

INN: *6027042337*

OGRN: *1026000970049*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.*

Type of control: *direct control*

The issuer's share in the charter capital of the controlled organization: *100%*

The share of the controlled organization in the charter capital of the issuer: *0%*

The issuer's ordinary shares held by the controlled organization: *0%*

Description of the company's core operations: *procurement, storage and marketing of oil products.*

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Maleshin Yury Vladimirovich	<i>0</i>	<i>0</i>

The company's collegiate executive body
No provision is made for a collegiate executive body.

3. Full corporate name: **Limited Liability Company "Marketing Association "Tvernefteproduct"**

Abbreviated corporate name: **LLC "MA "Tvernefteproduct"**

Location: **Russian Federation, Tver, ul. Novotorzhskaya, 6**

INN: **6905041501**

OGRN: **1026900510647**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core operations: **procurement, storage and marketing of oil products.**

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Klinovsky Alexander Eduardovich	0.0025	0.0014

The company's collegiate executive body
No provision is made for a collegiate executive body.

4. Full corporate name: **Limited Liability Company "Kaliningradnefteproduct"**

Abbreviated corporate name: **LLC "Kaliningradnefteproduct"**

Location: **Russian Federation, Kaliningrad, Central District, ul. Komsomolskaya, 22-b**

INN: **3900000136**

OGRN: **1023900589240**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core operations: **procurement, storage and marketing of oil products.**

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Berdnikov Igor Vladimirovich	0	0

The company's collegiate executive body
No provision is made for a collegiate executive body.

5. Full corporate name: **Limited Liability Company “Kirishiavtoservis”**

Abbreviated corporate name: **LLC “Kirishiavtoservis”**

Location: **196084, Russian Federation, Saint Petersburg, ul.Smolenskaya, 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core operations: **procurement, storage and marketing of oil products.**

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Farbman Valery Evseevich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

6. Full corporate name: **Limited Liability Company “Production Association “Kirishinefteorgsintez”**

Abbreviated corporate name: **LLC “KINEF”**

Location: **Russian Federation, Leningradskaya Oblast, Kirishi**

INN: **4708007089**

OGRN: **1024701478735**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core operations: **oil refining, production and marketing of oil products (motor gasoline, diesel and boiler fuels, petroleum bitumen, aromatic hydrocarbons and other refined and petrochemical products).**

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Somov Vadim Evseevich	0.0086	0.0103

The company's collegiate executive body

No provision is made for a collegiate executive body.

7. Full corporate name: **Joint Stock Company “Surgutneftegasbank”**

Abbreviated corporate name: **JSC BANK “SNGB”**

Location: **Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602190258**

OGRN: **1028600001792**

The characteristics of the issuer’s control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer’s control.**

Type of control: **direct control**

The issuer’s share in the charter capital of the controlled organization: **97.7591%**

Fraction of the ordinary shares held by the issuer: **98.2389%**

The share of the controlled organization in the charter capital of the issuer: **0.0015%**

The issuer’s ordinary shares held by the controlled organization: **0.0018%**

Description of the company’s core operation: **banking.**

The Company’s board of directors (supervisory board)

Name	The person’s share in the charter capital of the issuer, %:	The issuer’s ordinary shares held by the person, %:
Barankov Vladislav Georgievich (chairperson)	0.0139	0.0153
Burtsev Gennady Alekseevich	0	0
Zhernovkov Alexander Georgievich	0.0048	0.0001
Pospelova Natalia Evgenyevna	0.0017	0.0002
Druchinin Andrei Vladislavovich	0.0006	0.0004
Sobakinskikh Valery Leonidovich	0.0002	0
Tarasova Olga Ivanovna	0.0001	0

Individual executive body of the company

Name	The person’s share in the charter capital of the issuer, %:	The issuer’s ordinary shares held by the person, %:
Korol Andrei Vitalyevich	0	0

The company’s collegiate executive body

Name	The person’s share in the charter capital of the issuer, %:	The issuer’s ordinary shares held by the person, %:
Korol Andrei Vitalyevich (chairperson)	0	0
Chaplin Dmitry Vladimirovich	0.0003	0
Cherednichenko Marina Vladimirovna	0	0
Chernozhukov Evgeny Nikolaevich	0	0
Krotov Sergei Grigoryevich	0	0

The Board is the collegial executive body of JSC BANK “SNGB”.

8. Full corporate name: **Limited Liability Company “Oil Refining and Petrochemical Enterprises Design Institute”**

Abbreviated corporate name: **LLC “Lengiproneftekhim”**

Location: **Russian Federation, Saint Petersburg, nab. Obvodnogo kanala, 94**

INN: 7810327462

OGRN: 1057803105755

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: ***right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.***

Type of control: ***direct control***

The issuer's share in the charter capital of the controlled organization: ***100%***

The share of the controlled organization in the charter capital of the issuer: ***0%***

The issuer's ordinary shares held by the controlled organization: ***0%***

Description of the company's core operation: ***design of buildings and constructions, including process design of facilities and constructions for fuel, mining and processing industry.***

The Company's board of directors (supervisory board)

No provision is made for the board of directors (supervisory board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Lebedskoy-Tambiyev Mikhail Andreevich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

3.6. Constitution, structure and cost of the issuer's fixed assets; information on plans to purchase, replace and dispose of fixed assets as well as on all facts of encumbrance of the issuer's fixed assets

As of 31.12.2018

Unit of measure: ***thousand RUB***

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	13,890,429	
Buildings, structures and transfer mechanisms	2,984,908,698	2,299,711,051
Machinery, equipment and vehicles	665,787,973	544,660,451
Other types of fixed assets	5,681,516	4,085,605
TOTAL	3,670,268,616	2,848,457,107

Depreciation methods for different groups of fixed assets: ***historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of useful life of such assets.***

As of 31.03.2019

Unit of measure: ***thousand RUB***

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	13,890,405	
Buildings, structures and transfer mechanisms	3,014,995,999	2,324,105,807
Machinery, equipment and vehicles	667,439,350	547,741,512
Other types of fixed assets	5,681,995	4,143,609
TOTAL	3,702,007,749	2,875,990,928

Depreciation methods for different groups of fixed assets: *historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with a depreciation rate calculated on the basis of useful life of such assets.*

The results of the last revaluation of fixed assets and long-term leased fixed assets for the last completed financial year, specifying the date of revaluation, full and residual (net of depreciation) of the book value of fixed assets before revaluation and of full and residual (net of depreciation) replacement cost of fixed assets with regard to this revaluation. The information is provided for groups of fixed assets. Information on depreciation methods for different groups of fixed assets.

Unit of measure: *thousand RUB*

Name of fixed assets group	Full cost before revaluation	Residual (net of depreciation) cost before revaluation	Date of revaluation	Full replacement cost after revaluation	Residual (net of depreciation) replacement cost after revaluation
Land and objects of environmental management	13,887,861	13,887,861	31.12.2018	13,890,429	13,890,429
Buildings and structures	2,987,548,680	685,195,200	31.12.2018	2,984,908,698	685,197,647
Machinery, equipment and vehicles	656,992,131	120,316,816	31.12.2018	665,787,973	121,127,522
Other types of fixed assets	5,659,170	1,587,952	31.12.2018	5,681,516	1,595,911
Total	3,664,087,842	820,987,829	31.12.2018	3,670,268,616	821,811,509

Specify the method of fixed assets revaluation (using the factors of the federal statistics body of executive authority or the market value of such fixed assets supported by documents or expert opinions. In case of an expert opinion, specify the assessment procedure): *revaluation of fixed assets was based on the replacement cost of fixed assets.*

Specify any plans to purchase, replace and dispose of fixed assets, the value of which is 10 and more percent of the value of the issuer's fixed assets and other fixed assets at the issuer's discretion. Specify all facts of encumbrance of the issuer's fixed assets (stating the nature of encumbrance, the date when such encumbrance occurred, its duration and other conditions at the issuer's discretion): *as of the last day of the reporting quarter, there are no plans to purchase, replace and dispose of fixed assets, the value of which is 10 and more percent of the value of the Company's fixed assets as well as encumbered fixed assets.*

Section IV. Financial and business activities of the issuer

4.1. Results of the issuer's financial and business activities

The dynamics of indicators characterizing the financial results of the issuer including its profit and loss calculated on the basis of the accounting (financial) statements

Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian Accounting Standards (RSBU)*

The unit of measure for the amount of uncovered loss: *thousand RUB*

Indicator	2017	2018
Net profit margin, %	13.085	54.273
Asset turnover ratio, times	0.309	0.336
Return on assets, %	4.048	18.211
Return on equity, %	4.296	19.331
Uncovered loss as of the reporting date		

Uncovered loss as of the reporting date to the book value of assets, %		
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Indicator	2018, 3 months	2019, 3 months
Net profit margin, %	19.407	
Asset turnover ratio, times	0.085	0.089
Return on assets, %	1.658	
Return on equity, %	1.75	
Uncovered loss as of the reporting date		82,728,408
Uncovered loss as of the reporting date to the book value of assets, %		1.868

All indicators are based on the recommended accounting practices.

The economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies' opinions) led to the loss/profit of the issuer as recorded in the accounting (financial) statements

In 2018, the dynamics of the exchange rates and quotations of oil and oil products in the global market had a positive effect on indicators which characterize the Company's profitability and return. These indicators remain at the high level demonstrating a stable financial position and efficient use of the Company's assets.

Loss from financial and business activities in 1Q2019 is caused by the reflection of the foreign exchange losses in the expenses according to the change in the exchange rates.

Opinions of the issuer's management bodies regarding the reasons or extent of their influence on the financial and business activities of the issuer differ: **no**.

A member of the issuer's board of directors (supervisory board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or extent of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's board of directors (supervisory board) or collegiate executive body considering relative issues, and insists on this opinion to be included in the quarterly report: **no**.

4.2. The issuer's liquidity position, capital and current assets adequacy

The dynamics of indicators of the issuer's liquidity position calculated based on the accounting (financial) statements

Standard (rules) of the accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian Accounting Standards (RSBU)**

The unit of measure for net working capital: **thousand RUB**

Indicator	2017	2018
Net working capital	985,906,581	1,054,123,310
Current liquidity ratio	8.534	7.278
Quick liquidity ratio	7.832	6.601

Indicator	2018, 3 months	2019, 3 months
Net working capital	899,930,815	1,043,105,933
Current liquidity ratio	8.922	8.785
Quick liquidity ratio	8.171	7.983

At the issuer's discretion, the dynamics of indicators of the issuer's liquidity position based on the issuer's consolidated accounting (consolidated financial) statements incorporated in the quarterly report: **no**.

All indicators are calculated based on the recommended accounting practices: **yes**.

The economic analysis of the issuer's liquidity and solvency as well as adequacy of the issuer's equity to fulfill short-term liabilities and cover current operating costs based on the economic analysis of the above performance with a description of factors which (in the opinion of the issuer's management bodies) had the most considerable influence on the issuer's liquidity and solvency

Changes in the net working capital and current and quick liquidity ratios are determined by overestimating investments in accordance with regulatory requirements.

Liquidity ratios are significantly higher than recommended levels, which proves that the Company enjoys a high level of financial solvency.

Opinions of the issuer's management bodies regarding the reasons or extent of their influence on the financial and business activities of the issuer differ: **no**.

A member of the issuer's board of directors (supervisory board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or extent of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's board of directors (supervisory board) or collegiate executive body considering relative issues, and insists on this opinion to be included in the quarterly report: **no**.

4.3. The issuer's financial investments

As of 31.12.2018

Financial investments of the issuer constituting five and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: *there are no investments in equity securities constituting five and more percent of total financial investments.*

Investments in non-equity securities: *there are no investments in non-equity securities constituting five and more percent of total financial investments.*

The amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: **no**.

Losses are included in the issuer's assessment of financial investments recorded in the issuer's accounting statements for the period from the beginning of the reporting year till the last day of the last reporting quarter.

Standards (rules) of the accounting (financial) statements used by the issuer to make calculations recorded in this section of the quarterly report: **in accordance with Order No. 126n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Financial Investments Accounting" PBU 19/02" dated 10.12.2002.**

As of 31.03.2019

Financial investments of the issuer constituting five and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: *there are no investments in equity securities constituting five and more percent of total financial investments.*

Investments in non-equity securities: *there are no investments in non-equity securities constituting five and more percent of total financial investments.*

The amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: **no**.

Losses are included in the issuer's assessment of financial investments recorded in the issuer's accounting statements for the period from the beginning of the reporting year till the last day of the last reporting quarter.

Standards (rules) of the accounting (financial) statements used by the issuer to make calculations recorded in this section of the quarterly report: **in accordance with Order No. 126n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Financial Investments Accounting" PBU 19/02" dated 10.12.2002.**

4.4. The issuer's intangible assets

As of 31.12.2018

Unit of measure: *thousand RUB*

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,383,153	996,925

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007" dated 27.12.2007 .*

As of 31.03.2019

Unit of measure: *thousand RUB*

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,423,860	1,019,106

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007" dated 27.12.2007 .*

4.5. Data on the issuer's policy and expenses for scientific and technical development, licenses and patents, new developments and research

The Company's policy in scientific and technological development is aimed at providing support to the Company's production potential, ensuring effective operations and creating long-term competitive advantages and is implemented in the following directions – introduction of new operating procedures, production methods and equipment, testing new equipment and technologies, import substitution, rationalization and invention activities and acquisition of patents. In 2018, the Company spent RUB 3,090.052 million on scientific and technical activities, for 3 months of 2019 – RUB 733.205 million.

Intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.12.2018**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of the document of title
1	2	3	4	5
1.	Loading control unit for natural gas liquids and propane/butane mixture	Patent (PM) No. 89985 dated 27.12.2009	18.05.2009	18.05.2019
2.	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dated 16.06.2003	02.11.1999	02.11.2019
3.	Trademark	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
4.	Design of an adsorber vessel	Patent (PM) No. 102307 dated 27.02.2011	19.07.2010	19.07.2020
5.	Well stream stimulation method	Patent (I) No. 2209948 dated 10.08.2003	20.11.2000	20.11.2020
6.	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
7.	Sludge pump	Patent (PM) No. 124335 dated 20.01.2013	14.12.2011	14.12.2021

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of the document of title
8.	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
9.	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dated 10.08.2013	10.01.2013	10.01.2023
10.	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
11.	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
12.	Circular casing module	Patent (PM) No. 146266 dated 03.09.2014	19.05.2014	19.05.2024
13.	Trademark (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
14.	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
15.	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
16.	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dated 27.11.2007	10.01.2006	10.01.2026
17.	Method for removing insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
18.	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dated 27.08.2012	22.09.2010	22.09.2030
19.	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032
20.	Method for reclamation of sludge pits without backfilling in the territory of the State Forest Fund of the Russian Federation in the middle taiga subzone of Western Siberia	Patent (I) No. 2617632 dated 25.04.2017	17.06.2015	17.06.2035
21.	Fresh-water based visco-elastic compound for cementing wells made of recycled paper products and polyacrilamide	Patent (I) No. 2625128 dated 11.07.2017	15.02.2016	15.02.2036
22.	Technique and device to identify corrosion-aggressive intervals, rate of corrosion of metal in an active well	Patent (I) No. 2654915 dated 23.05.2018	01.08.2016	01.08.2036
23.	ESP bypass intake module	Patent (PM) No. 176533 dated 22.01.2018	09.01.2017	09.01.2027
24.	Polysalt biopolymer drilling fluid POLY-S	Patent (I) No. 2648379 dated 26.03.2018	22.05.2017	22.05.2037
25.	Electric centrifugal semi-submersible pump unit	Patent (PM) No. 182695 dated 28.08.2018	24.07.2017	24.07.2027
26.	Nipple-to-nipple polymer insert (MNVP) for protection of the internal surface of the element for pipe connection	Patent (PM) No. 182696 dated 28.08.2018	18.12.2017	18.12.2027

Intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.03.2019**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of the document of title
1	2	3	4	5
1.	Loading control unit for natural gas liquids and propane/butane mixture	Patent (PM) No. 89985 dated 27.12.2009	18.05.2009	18.05.2019
2.	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dated 16.06.2003	02.11.1999	02.11.2019
3.	Trademark	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
4.	Design of an adsorber vessel	Patent (PM) No. 102307 dated 27.02.2011	19.07.2010	19.07.2020
5.	Well stream stimulation method	Patent (I) No. 2209948 dated 10.08.2003	20.11.2000	20.11.2020
6.	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
7.	Sludge pump	Patent (PM) No. 124335 dated 20.01.2013	14.12.2011	14.12.2021
8.	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
9.	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dated 10.08.2013	10.01.2013	10.01.2023
10.	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
11.	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
12.	Circular casing module	Patent (PM) No. 146266 dated 03.09.2014	19.05.2014	19.05.2024
13.	Trademark (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
14.	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
15.	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
16.	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dated 27.11.2007	10.01.2006	10.01.2026
17.	Method for removing insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
18.	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dated 27.08.2012	22.09.2010	22.09.2030
19.	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032
20.	Method for reclamation of sludge pits without backfilling in the territory of the State Forest Fund of the Russian	Patent (I) No. 2617632 dated 25.04.2017	17.06.2015	17.06.2035

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of the document of title)	Period of validity of the document of title
	Federation in the middle taiga subzone of Western Siberia			
21.	ESP bypass intake module	Patent (PM) No. 176533 dated 22.01.2018	09.01.2017	09.01.2027
22.	Fresh-water based visco-elastic compound for cementing wells made of recycled paper products and polyacrilamide	Patent (I) No. 2625128 dated 11.07.2017	15.02.2016	15.02.2036
23.	Technique and device to identify corrosion-aggressive intervals, rate of corrosion of metal in an active well	Patent (I) No. 2654915 dated 23.05.2018	01.08.2016	01.08.2036
24.	Polysalt biopolymer drilling fluid POLY-S	Patent (I) No. 2648379 dated 26.03.2018	22.05.2017	22.05.2037
25.	Electric centrifugal semi-submersible pump unit	Patent (PM) No. 182695 dated 28.08.2018	24.07.2017	24.07.2027
26.	Nipple-to-nipple polymer insert (MNVP) for protection of the internal surface of the element for pipe connection	Patent (PM) No. 182696 dated 28.08.2018	18.12.2017	18.12.2027

4.6. Trends analysis in the sphere of Company's core operation

In 2018, the volume of oil production in Russia increased by 1.7% compared to 2017 and totaled 555.9 million tonnes. The level of oil production in Russia was significantly influenced by an agreement between OPEC and non-OPEC countries (the OPEC+ agreement), concluded to stabilize the situation in the oil market.

In 2018, Russian oil and gas producers increased the scope of prospective and exploratory drilling by 8% up to 1,066.9 thousand meters against 2017. The development drilling meterage remained on the level of 2017 and amounted to 27.6 million meters.

In 2018, refined crude oil amounted to 52% of the total oil produced, which is the same as in the previous year. The volume of oil refining at the Russian refineries increased by 2.5% to about 287 million tonnes. At the same time, the production of the main oil products decreased by 1.3%. In 2018, the decrease of the share of fuel oil in the main oil products structure was maintained. In 2018, the production of motor gasolines amounted to 39.5 million tonnes, diesel fuel – 77.5 million tonnes, jet kero – 12.7 million tonnes, fuel oil – 46.4 million tonnes.

In 2018, the export of Russian oil increased by 0.3% to 257.7 million tonnes, including the export to non-CIS countries increasing to 240 million tonnes.

“Surgutneftegas” PJSC is one of the largest vertically integrated oil companies. At the end of 2018, it accounted for 11% of the industry oil production, 6.3% of total Russian oil refining.

In 2018, the volume of the Company's oil production totaled 60.9 million tonnes, which is 0.6% higher than in 2017. The Company continues to actively develop fields in Eastern Siberia. In 2018, the share of this region reached 15% of the total volume of oil produced by “Surgutneftegas” PJSC.

In the existing economic conditions the Company strives to maintain the optimal load of production capacities of its own refinery. In 2018, the amount of oil refined at the refinery amounted to 18.2 million tonnes.

“Surgutneftegas” PJSC pays special attention to the rational use of natural resources and environmental issues. Due to construction of infrastructure facilities for gathering and utilization of associated petroleum gas, the level of its utilization in recent years remains at the level of more than 99%. At the end of 2018, this indicator reached 99.56% and is one of the highest in the industry.

In 2018, the Company performed 17.5% of development drilling and 19.8% of exploratory drilling in

Russia. In 2018, the Company increased the amount of development drilling by 3.4% against 2017 and it reached 4,845.5 thousand meters. The prospecting and exploratory drilling meterage increased by 4.5% to 211.5 thousand meters.

In 1Q2019, the oil production in Russia amounted to 139.2 million tonnes. As compared to 4Q2018, the indicator decreased by 2.9%, and increased by 3.4% as compared to 1Q2018. In the reporting quarter, the Russian refineries refined 70.4 million tonnes of oil. The volume of oil refining, as compared to the previous quarter, decreased by 4%, and increased by 0.4% as compared to 1Q2018. The production of main oil products increased by 0.3% against the previous quarter (the increase in the production of jet kero and fuel oil) and decreased by 1.2% against the same quarter of 2018 (the decrease in the production of fuel oil and motor gasoline).

In the reporting quarter, the volume of exploratory drilling by the Russian oil companies increased by 5.9% against 4Q2018 and by 8% against 1Q2018 to 232.6 thousand meters. The volume of development drilling decreased by 4% against the previous quarter. As compared to the same period of the previous year, the development drilling increased by 0.6% and amounted to 6,290.1 thousand meters.

In 1Q2019, “Surgutneftegas” PJSC produced 15.1 million tonnes of oil which is 10.9% of the industry oil production. In the reporting quarter, the Company’s development drilling amounted to 1,138.8 thousand meters, exploratory drilling – 61.4 thousand meters. The share of “Surgutneftegas” PJSC in the Russian development drilling amounted to 18.1%, exploratory drilling – 26.4%. In 1Q2019, the volume of the Company’s oil refining totaled 4.6 million tonnes which is 6.5% of Russian refining volumes.

4.7. Analysis of the factors influencing the issuer’s operation

The Company’s financial results are affected by the following key factors:

- hydrocarbon price trends in global and domestic markets;*
- tax burden ratio;*
- ruble / foreign currencies rate*
- inflation rate and natural monopoly tariffs.*

Hydrocarbon price trends in global and domestic markets

The Company’s operations are mostly affected by oil and oil products prices.

In 1Q2019, global oil prices continued to decrease:

- by the end of the quarter, the average Brent price amounted to 63.13 USD/bbl, which is 8.3% down against the previous quarter and 5.5% up against 1Q2018;*
- the average Urals price went down by 7.5% compared to the previous quarter and amounted to 63.17 USD/bbl, and decreased by 3.2% against 1Q2018.*

The price in the domestic market of Russia depends on export alternatives and is based on seasonal demand for hydrocarbons, changes in taxes and levies rates, transportation tariffs and other factors. In 1Q2019, the weighted average oil price in the open Russian market decreased by 5.9% against the previous quarter, and increased by 15.8% against the same quarter in 2018 to 25.4 thousand RUB/tonne (Western Siberian oil and gas province).

To fairly estimate the impact of the price factor on the Company’s operation, it is essential to take into account the tax burden ratio, since any changes in global oil quotations results in corresponding changes in export customs duties and the Mineral Extraction Tax.

Tax burden ratio

Since 01 January 2019, as part of the tax maneuver, the oil and gas sector witnessed the beginning of a gradual decrease in oil export customs duties down to zero within six years and a simultaneous increase in MET oil rate. Furthermore, in the course of the tax maneuver mechanism, a reverse excise duty for oil was introduced, which includes a damping ratio.

In 2019, for several fields a tax on additional income from hydrocarbon production was introduced. The rate of the tax on additional income from hydrocarbon production is set at 50% and is applied to estimated revenue from sales, excluding actual and estimated expenses. As for the fields to which the tax on additional income from hydrocarbon production is applied, a reduced MET rate is set.

In 2019, the MET base oil rate remained at the level of 2017 and equaled 919 RUB/tonne. An additional indicator Kk increasing the MET rate for oil was fixed at RUB 428 (in 2018 – RUB 357). Moreover, since 01 January 2019, the formula for MET oil rate calculation includes additional coefficients.

In the reporting quarter, against the previous quarter, MET effective rate increased by 3.2% due to

new coefficients in the formula for MET oil rate calculation with the decrease in oil price quotations in the global market and an insignificant strengthening of the national currency against the US dollar. As compared to the same period of 2018, MET effective rate increased by 24.5% due to the introduction of new coefficients into the formula for MET oil rate calculation and weakening of the national currency against the US dollar with the decrease in oil price quotations.

Export customs duty is set according to the formula based on Urals oil prices in the global market. Since 01 January 2019, an adjustive coefficient is applied to the oil export customs duty is set in the amount of 0.833 for 2019.

In 1Q2019, the average export customs duty rate for oil to be exported to non-CIS countries decreased by 38.4% against the previous quarter and amounted to 87.2 USD/tonne, and decreased by 25.4% against 1Q2018. At the same time, the reduced rate of the export customs duty for Eastern Siberian crude oil remained at a zero level.

The excise duties on oil products depend on the fuel ecology class. Since 01 January 2019, the excise duties on gasoline Euro 5, diesel fuel and medium distillates were increased.

Ruble / Foreign currencies Rate

The Company receives a part of its revenue from sales of products in a foreign currency and a part of the Company's assets is denominated in a foreign currency. Therefore, any fluctuations in the exchange rate of the Russian ruble to main currencies influence the Company's financial results, including revenue, other income and expenses.

In 1Q2019, the average USD rate was 66.13 RUB/USD that is 0.5% lower than in the previous quarter and 16.3% higher as compared to 1Q2018.

In the reporting quarter, the average Euro rate was 75.17 RUB/Euro that is 1% lower than in the previous quarter and 7.6% higher as compared to 1Q2018.

The inflation rate and natural monopoly tariffs

The Company's financial and business activity is adversely affected by inflation and higher natural monopoly tariffs because they lead to the price growth and, therefore, the increase in the Company's costs.

In the reporting quarter, the growth of tariffs of PJSC "Transneft" for pipeline transportation and service tariffs for orders and supervision of oil delivery on the routes used by the Company equaled 3.9% compared to 1Q2018.

The inflation rate in 1Q2019 amounted to 1.8%, which is 0.1 percentage points higher than in the previous quarter. As compared to the same period of the previous year, the inflation rate increased 2.2 times.

4.8. The issuer's competitors

"Surgutneftegas" PJSC is a vertically integrated oil company operating in the territory of the Russian Federation. The Company's core business is production and sales of oil and gas, production and marketing of oil products. The competitors of the Company are Russian and foreign oil companies.

Key competitive advantages of the Company in the oil and gas production sector include the sound resource base and availability of advanced equipment and technologies for oil production which ensure achievement of the high level oil recovery at the fields and development of oil reserves with different characteristics.

The competitive advantage of the refining segment includes the high quality of products and advantageous location of the Company's refinery which ensures the efficient supply of oil products. In the domestic market, the Company sales its oil products mainly in the North-West of Russia.

The Company's competitive advantage in the gas sector is the complete cycle for production, gathering and utilization of associated petroleum gas. For several years now, "Surgutneftegas" PJSC has been remaining one of the industry leaders among oil companies in terms of associated petroleum gas utilization which is over 99%.

Section V. Detailed data on members of the issuer's management bodies, the issuer's agencies supervising its financial and business activities, and summary on the issuer's staff (employees)

5.1. Structure and terms of reference for the issuer's management bodies

Full description of the structure of the issuer's management bodies and their terms of reference in accordance with the issuer's charter (constituent documents)

The General shareholders' meeting of the Company is the supreme management body of the Company.

The Company's Board of Directors shall perform general management of the Company's activities and shall have the right to adopt resolutions on any issues of the Company's activities except for those referred by the charter to the terms of reference of the General shareholders' meeting of the Company. The members of the Board of Directors in the number determined by a resolution of the Company's General shareholders' meeting are elected by the annual General shareholders' meeting in the order stipulated by the Company's charter for a term lasting till the next annual General shareholders' meeting. The persons elected to the Company's Board of Directors may be reelected an unlimited number of times.

Director General of the Company is the individual executive body of the Company and manages the Company's current activities in the manner and within the terms of reference stipulated by the Company's charter as well as in accordance with the resolution adopted by the Company's Board of Directors and the General shareholders' meeting of the Company. The Company's Board of Directors appoints Director General of the Company for a five-year period. At expiration of Director General's term of office, the Company's Board of Directors may appoint this person for the same term an unlimited number of times.

Director General of the Company shall report to the Board of Directors and the General shareholders' meeting of the Company.

The powers of the Company's management bodies are determined by the Company's charter.

The terms of reference for the General shareholders' meeting of the Company as determined by the Company's charter.

The following issues, the resolution on which is adopted if the shareholders who own more than 50 percent of the voting shares of the Company participating in the General shareholders' meeting of the Company have voted for it, unless otherwise specified in the Company's charter, fall within the terms of reference of the General shareholders' meeting of the Company:

- 1) to amend the Company's charter or to approve the Company's charter in a new wording, excluding cases stipulated by the Federal Law "On Joint Stock Companies" and the Company's charter;*
- 2) to decrease the charter capital by decreasing the par value of the shares, by means of acquisition of a portion of the Company's shares in order to reduce their total number, as well as by means of redemption of the shares acquired or bought back by the Company;*
- 3) to approve the annual report and the annual accounting (financial) statements of the Company;*
- 4) to distribute profit and losses of the Company based on the results of the reporting year, to pay (declare) dividends;*
- 5) to elect the members to the Company's Auditing Committee and early terminate their powers, to approve the Regulations on the Company's Auditing Committee;*
- 6) to adopt resolutions to restructure the Company;*
- 7) to adopt resolutions to dissolve the Company, to appoint the liquidation committee and approve the interim and final liquidation balance sheets;*
- 8) to determine the number of the Company's Board of Directors, to elect the members to the Company's Board of Directors and early terminate their powers;*
- 9) to determine the amount, the par value, category (type) of the declared shares, and rights granted by these shares;*
- 10) to approve the Company's auditor;*
- 11) to determine the procedure for holding the General shareholders' meeting of the Company;*
- 12) to elect the members to the Ballot Committee and early terminate their powers;*
- 13) to carry out share split and share consolidation;*
- 14) to adopt resolutions to authorize transactions and further approve them in cases specified by Article 83 of the Federal Law "On Joint Stock Companies";*
- 15) to adopt resolutions to authorize major transactions and further approve them in cases specified by Article 79 of the Federal Law "On Joint Stock Companies";*

16) to increase the charter capital of the Company by placement of the additional ordinary shares through a public subscription, in cases when the quantity of the ordinary shares to be placed additionally constitutes over 25 percent of the ordinary shares placed by the Company earlier;

17) to increase the charter capital of the Company by placement of the additional shares through a private subscription;

18) to place equity securities convertible into shares through private subscription. To place, through a public subscription, convertible equity securities which may be converted into ordinary shares constituting over 25 percent of ordinary shares placed earlier;

19) to increase the charter capital of the Company by increasing the par value of the shares;

20) to adopt a resolution to participate in financial and industrial groups, associations and other unions of business organizations;

21) to approve the internal documents regulating the activities of the Company's bodies;

22) to adopt a resolution to file an application for delisting the Company's shares and (or) equity securities of the Company which are convertible into the shares of the Company;

23) other issues stipulated by the Federal Law "On joint stock companies".

Issues within the terms of reference of the General shareholders' meeting shall not be delegated to the Company's Board of Directors and Director General to be resolved.

The terms of reference for the Company's Board of Directors, as determined by the Company's charter.

The terms of reference of the Company's Board of Directors shall be the following:

1) to submit issues stipulated by the Company's charter to a General shareholders' meeting for adopting a resolution;

2) to recommend the size of dividends on shares to be paid to the shareholders and the procedure for paying dividends;

3) to determine priority lines of the Company's activity;

4) to convene annual and extraordinary General shareholders' meetings of the Company;

5) to approve the agenda for General shareholders' meetings of the Company;

6) to determine the date of compiling the list of persons entitled to participate in the General shareholders' meeting, and other issues referred by the Federal Law "On Joint Stock Companies" to the terms of reference of the Company's Board of Directors and related to preparing and holding the General shareholders' meeting of the Company;

7) to make a preliminary approval of the annual report and the annual accounting (financial) statements of the Company;

8) to increase the charter capital of the Company by placement of the following additional shares within the number and categories (types) of the declared shares:

- additional ordinary shares through a public subscription which constitute 25 or less percent of the ordinary shares placed by the Company earlier;

- additional preference shares through a public subscription;

- additional shares at the expense of the Company's property;

9) to approve the report (notice) on the results of the issue (additional issue) of securities;

10) to amend the Company's charter after an increase in the charter capital of the Company resulting from the placement of additional shares under the resolution of the Company's Board of Directors.

11) placement by the Company of:

- bonds and other equity securities convertible into shares if the mentioned bonds (other equity securities) are placed through public subscription and can be converted into the Company's ordinary shares amounting to 25 percent or less of the ordinary shares placed earlier;

- bonds and other equity securities if they are not convertible into the Company's shares under the subscription terms;

12) to determine the price (assessed cash value) of the property and the price of placement or the procedure applied to determine this price and the price of equity securities to be bought back in cases specified by the Federal Law "On Joint Stock Companies".

13) to acquire and buy back shares placed by the Company as well as bonds and other securities in cases specified by the Federal Law "On Joint Stock Companies" or other federal laws;

14) to dispose of shares purchased and bought back by the Company and of shares which came to the disposal of the Company due to the fact that their buyers have not fulfilled their payment obligations;

15) to elect the chairperson of the Company's Board of Directors and the deputy chairperson of the Board of Directors from the members of the Company's Board of Directors;

- 16) to appoint and to early terminate the powers of Director General of the Company, to determine the amount of remuneration and compensation paid to him/her;
- 17) to recommend the amount of remuneration and compensation paid to the members of the Company's Auditing Committee and to determine the amount of auditor's fees;
- 18) to use the reserve and other funds of the Company;
- 19) to approve the Company's internal documents, excluding those internal documents which, in conformity with the Federal Law "On Joint Stock Companies", shall be approved by the General shareholders' meeting of the Company, and other internal documents of the Company which, according to the Company's charter, shall be approved by Director General of the Company;
- 20) to establish branches and to open representative offices of the Company;
- 21) to authorize transactions and further approve them in cases specified by the Federal Law "On Joint Stock Companies";
- 22) to approve the Company's registrar, approve and cancel the contract with the Company's registrar;
- 23) to adopt resolutions on the Company's participation in other organizations and termination of such participation (excluding organizations stated in the Federal Law "On Joint Stock Companies");
- 24) to adopt a resolution to file an application for listing the Company's shares and (or) equity securities of the Company which are convertible into the shares of the Company;
- 25) other issues provided for by the law of the Russian Federation currently in force and the Company's charter.

The terms of reference for the individual executive body of the Company, as provided by the Company's charter.

The terms of reference of Director General of the Company include the following:

- 1) to implement resolutions of a General shareholders' meeting and the Board of Directors of the Company;
- 2) to issue orders, ordinances, guidelines and other acts concerning the Company's activities, which are mandatory for all employees of the Company;
- 3) to take all necessary actions to exercise legal powers to possess, use and dispose of the Company's property, including conclusion of contracts on acquisition and alienation of the Company's property, loan, credit, and other agreements on behalf of the Company and in accordance with the current legislation of the Russian Federation and the Company's charter;
- 4) to act on behalf of the Company in relations to any Russian and foreign legal and natural persons, to sign contracts and agreements in the Russian Federation and abroad, to carry out other transactions on behalf of the Company (including signing contracts on acquisition of property) not exceeding 25 percent of the book value of the Company's assets as per the Company's accounting (financial) statements as of the last reporting date, to employ the reserve fund and other funds of the Company in compliance with the directions of the Company's Board of Directors, to give powers of attorney to carry out transactions, to open settlement accounts and other accounts with banks, to promote interests of the Company in the governmental authorities, judicial bodies as well as in other organizations and institutions;
- 5) to deal with issues concerning investments in development of enterprises and organizations;
- 6) to approve and change the Company's structure, to establish and abolish the Company's business units, to approve the provisions on the Company's business units;
- 7) to approve the personnel list, the budget, the size and forms of payment for labor of the Company's employees, and internal labor regulations of the Company;
- 8) to employ, appoint, dismiss and discharge the Company's employees, heads of the business units, to determine their salaries and bonuses as well as incentives for and sanctions against them, to adopt resolutions on their material responsibility, to sign employment agreements (contracts) with employees on behalf of the Company;
- 9) to resolve issues related to the social development of the Company;
- 10) to adopt resolutions on behalf of the Company to raise claims and take legal actions against legal and physical persons both in the Russian Federation and abroad in accordance with the applicable laws;
- 11) to exercise rights and obligations of the Company being the principal company in relation to the subsidiaries.

Director General of the Company shall have the right to adopt resolutions on any issues concerning the management of the current operations of the Company which do not fall within the terms of reference of the General shareholders' meeting and the Board of Directors of the Company. Director General of the Company shall adopt resolutions on issues within his/her terms of reference independently.

Director General of the Company shall have the right to appoint any of the Company's officials as acting Director General of the Company for a period of his/her absence and under any other circumstances.

The issuer did not approve (adopt) any corporate governance code or any other similar document.

For the last reporting period, the issuer's charter or internal documents governing the activities of the issuer's management bodies were not amended.

5.2. Members of the issuer's management bodies

5.2.1. The issuer's Board of Directors (Supervisory Board)

Name: **Erokhin Vladimir Petrovich**

(Chairperson)

Year of birth: **1949**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	present	"Surgutneftegas" PJSC	Chairperson of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0104**

The issuer's ordinary shares held by the person, %: **0.0126**

Participation in the work of the committees of the Board of Directors: *the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

The person has no kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Bogdanov Vladimir Leonidovich**

Year of birth: **1951**

Education: **higher professional, Doctor of Economics**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	present	"Surgutneftegas" PJSC	Director General
2014	June 2018	"Surgutneftegas" PJSC	Vice Chairperson of the Board of Directors
June 2018	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

Participation in the work of the committees of the Board of Directors: *the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares,

subsidiary's or affiliate's shares.

The person has no kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Bulanov Alexander Nikolaevich**

Year of birth: **1959**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	present	"Surgutneftegas" PJSC	Chief Engineer – First Deputy Director General
2014	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0005**

The issuer's ordinary shares held by the person, %: **0.0002**

Participation in the work of the committees of the Board of Directors: *the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).*

The person *has no share in the charter capital of the issuer's subsidiaries and affiliates.*

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Dinichenko Ivan Kalistratovich**

Year of birth: **1946**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0003**

The issuer's ordinary shares held by the person, %: **0**

Participation in the work of the committees of the Board of Directors: *the member of the Audit Committee of the Board of Directors.*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Egorov Valery Nikolaevich**

Independent Member of the Board of Directors

Year of birth: **1949**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2018	present	“Surgutneftegas” PJSC	Member of the Board of Directors

The person’s share in the charter capital of the issuer, %: **0.0047**

The issuer’s ordinary shares held by the person, %: **0.0050**

Participation in the work of the committees of the Board of Directors: ***Chairperson of the Audit Committee of the Board of Directors.***

The person has no share in the charter capital of the issuer’s subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer’s shares, subsidiary’s or affiliate’s shares.

No kinship with persons who are members of the issuer’s management bodies and/or agencies supervising the issuer’s financial and business activities.

Name: **Krivosheev Viktor Mikhailovich**

Year of birth: **1953**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	“Surgutneftegas” PJSC	Member of the Board of Directors

The person’s share in the charter capital of the issuer, %: **0.0064**

The issuer’s ordinary shares held by the person, %: **0.0072**

Participation in the work of the committees of the Board of Directors: ***the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

The person has no share in the charter capital of the issuer’s subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer’s shares, subsidiary’s or affiliate’s shares.

No kinship with persons who are members of the issuer’s management bodies and/or agencies supervising the issuer’s financial and business activities.

Name: **Matveev Nikolai Ivanovich**

Year of birth: **1942**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	June 2018	“Surgutneftegas” PJSC	Member of the Board of Directors
June 2018	present	“Surgutneftegas” PJSC	Vice Chairperson of the Board of

Period		Organization	Position
			Directors

No share in the charter capital of the issuer/no ordinary shares.

Participation in the work of the committees of the Board of Directors: *the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Mukhamadeev Georgy Rashitovich**

Independent Member of the Board of Directors

Year of birth: **1948**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2018	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0044**

The issuer's ordinary shares held by the person, %: **0.0050**

Participation in the work of the committees of the Board of Directors: *the member of the Audit Committee of the Board of Directors.*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Usmanov Ildus Shagalievich**

Year of birth: **1954**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0018**

The issuer's ordinary shares held by the person, %: **0.0022**

Participation in the work of the committees of the Board of Directors: *the member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).*

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

5.2.2. Individual executive body of the issuer

Name: **Bogdanov Vladimir Leonidovich**

Year of birth: **1951**

Education: **higher professional, Doctor of Economics**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	present	"Surgutneftegas" PJSC	Director General
2014	June 2018	"Surgutneftegas" PJSC	Vice Chairperson of the Board of Directors
June 2018	present	"Surgutneftegas" PJSC	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

5.2.3. The issuer's collegiate executive body

No provision is made for a collegiate executive body.

5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Remuneration for each management body (except for the individual who performs the functions of the individual executive body of the issuer). Specify all types of remuneration, including salary, bonuses, commissions, benefits and/or compensations for expenses and other material representations

Remuneration

The Board of Directors

Unit of measure: **thousand RUB**

Indicator	2018	2019, 3 months
Remuneration for the participation in the work performed by the management body	48,103.5	4,600.6
Salary		
Bonus		
Commission		
Other types of remuneration	453.6	17.6
TOTAL	48,557.1	4,618.2

Existing agreements in relation to such payments in the current financial year: **remunerations are paid to the members of the Company's Board of Directors in accordance with the Company's charter and the Regulations on the Board of Directors.**

Compensation

Unit of measure: *thousand RUB*

Management body	2018	2019, 3 months
The Board of Directors	5,039.6	1,743.4

Additional information: *none*.

5.4. Structure and terms of reference for the agencies supervising the issuer's financial and business activities and organization of risk management system and internal control

The full description of the structure of the agencies supervising the issuer's financial and business activities and their terms of reference in accordance with the issuer's charter (constituent documents) and internal documents

The Company's Auditing Committee shall be elected to supervise the Company's financial and business activities. The Company's Auditing Committee shall consist of three members elected by the General shareholders' meeting of the Company from the candidates nominated by the shareholders. The shares owned by the members of the Company's Board of Directors or Director General of the Company may not participate in voting when electing the members to the Company's Auditing Committee. The activity of the Company's Auditing Committee shall be determined by the internal document of the Company approved by the General shareholders' meeting of the Company.

A member of the Company's Auditing Committee may not concurrently be a member of the Company's Board of Directors and Director General of the Company. The Company's Auditing Committee shall perform inspection (audit) of the Company's activities based on the results of the Company's annual performance. Unscheduled inspection (audit) may be conducted by the Company's Auditing Committee at any time on its own initiative, under the resolution of the General shareholders' meeting of the Company, upon written request of the Company's shareholder (shareholders) owning in the aggregate at least 10 percent of the voting shares of the Company, or under the resolution of the Company's Board of Directors. Upon request of the Company's Auditing Committee, the persons holding offices in the management bodies of the Company shall timely provide the Company's Auditing Committee with all necessary information and documents on the Company's financial and business activities. The Company's Auditing Committee shall prepare an opinion based on the results of inspection (audit) of the financial and business activities of the Company.

The Company's Auditing Committee shall have the right to request for an extraordinary General shareholders' meeting of the Company to be convened in the manner prescribed by the Company's charter.

The Company established the Audit Committee of the Board of Directors

Key functions of the Audit Committee

The Audit Committee of the Company's Board of Directors (hereinafter – the Committee) was formed under the Company's Board of Directors.

The Committee shall be elected from among the members of the Company's Board of Directors and shall consist of 3 (three) members. The Committee shall be comprised of independent members of the Company's Board of Directors and ultimately accountable to the Board of Directors. If the Committee cannot be formed only from among the independent members of the Board of Directors due to objective reasons, other members of the Board of Directors who do not act as Director General of the Company and are not employees of the Company may be elected to the Committee. The Chairperson of the Committee shall be elected from among the independent directors.

The members of the Committee shall be elected at a meeting of the Board of Directors for a period until new members of the Board of Directors are elected by the ordinary general shareholders' meeting of the Company. A resolution to elect the members to the Committee shall be adopted by a simple majority of the total number of the members of the Board of Directors.

The key objective of the Committee is effective supervision by the Board of Directors of the Company's financial and business activities.

The key functions of the Committee are as follows:

- to control completeness, accuracy and authenticity of financial statements of the Company;*
- to control reliability and efficiency of the Company's risk management and internal control system;*

- to ensure independence and objectiveness of functions of internal and external audit of the Company's financial and business activity.

When performing its duties, the Committee may communicate with the Company's Auditor, Auditing Committee, the Internal Audit Service, other subdivisions and the management of the Company.

The Committee shall annually report to the Board of Directors on its performance results.

The Committee's annual report shall include the following:

- evaluation by the Committee of the Company's Auditor candidates;*
- evaluation of the opinion of the Company's Auditor on the financial and business activities of the Company for the year.*

Members of the Audit Committee of the Board of Directors: *Egorov Valery Nikolaevich (Chairperson), Mukhamadeev Georgy Rashitovich, Dinichenko Ivan Kalistratovich*

The issuer's separate business unit(s) for risk management and internal control (body (business unit) other than the Auditing Committee (Auditor), performing internal audit of the issuer's financial and business activities), its objectives and functions: *none*.

The issuer's separate business unit (service) for internal audit, its objectives and functions

The structure and staff of the Internal Audit Service (hereinafter – the Service) are approved by Director General.

The Service's main tasks are:

- to assist Director General of the Company and the Company's employees to develop and monitor implementation of procedures and measures on improvement of the Company's risk management system, internal control system and corporate governance;*
- to prepare and submit to the Board of Directors and Director General of the Company reports on the results of the Service's activities, including, but not limited to, information on significant risks, deficiencies, results and efficiency of measures implemented to eliminate identified deficiencies, results of the Service's activity plan execution, results of assessment of the factual state, reliability and effectiveness of the risk management system, internal control system and corporate governance;*
- to check compliance by the Company's employees with the provisions of the legislation and internal document of the Company.*

Functions of the Internal Audit Service:

- to assess effectiveness of the internal control system regarding efficiency and performance of the Company's business units, completeness and reliability of financial and management information, compliance of the Company, including all its subdivisions, with the current legislation of the Russian Federation, the Company's Charter and internal documents of the Company when carrying out business and financial transactions;*
- to assess efficiency of the risk management system;*
- to assess corporate governance;*
- to make an activity plan of the Service, which complies with the Service's objectives and is based on the performed risk analysis, for preliminary consideration by the Audit Committee of the Board of Directors and approval by the Board of Directors in coordination with Director General of the Company;*
- to determine the objects and frequency of internal audits in the Company's business units;*
- to carry out internal audits based on the approved activity plan of the Service;*
- to timely submit reports on the results of the Service's performance to the Board of Directors and Director General of the Company;*
- to analyze the results of the internal audits in the Company, monitor development and implementation of measures aimed at correction of infringements found in the course of previous audits, coordinate interaction of the Company and an external auditor in order to eliminate duplication of actions and mitigate audit expenses of the Company;*
- to assist in investigating infringements found in the course of internal audits and submit information on such infringements and taken corrective measures to the Board of Directors and Director General of the Company;*
- to cooperate with other divisions, departments and services of the administrative office of the Company on the issues relating to the Service's activity;*
- to perform other tasks and participate in other projects relating to the Service's activity and on the instruction of the Company's Board of Directors or the Audit Committee of the Board of Directors and at the request of Director General of the Company;*

- to prepare all necessary information related to performance of the Service's functions and submit it to the Board of Directors;
- other functions necessary for accomplishing the tasks entrusted to the Service.

In order to ensure independence and objectivity of internal control, the Internal Audit Service reports to the Company's Board of Directors on the functional level and to Director General of the Company on the administrative level.

The Company pays much attention to risk management.

The issuer's policy in the sphere of risk management and internal control is given in clause 2.4 of this quarterly report.

The issuer ratified (approved) the issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information.

The issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information: *"Regulations on Insider Information of Surgutneftegas" PJSC* are in free access on the Company's website in the Internet.

Additional information: *none.*

5.5. Members of the agencies supervising the issuer's financial and business activities

Agency supervising the issuer's financial and business activities: *Auditing Committee*

Name: *Oleynik Tamara Fedorovna (Chairperson)*

Year of birth: *1947*

Education: *Average professional*

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		

No share in the charter capital of the issuer/no ordinary shares.

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: *Prishchepova Lyudmila Arkadyevna*

Year of birth: *1951*

Education: *higher professional*

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	December 2015	"Surgutneftegas" PJSC	Deputy Head of Audit Department Administrative Office

No share in the charter capital of the issuer/no ordinary shares.

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Name: **Musikhina Valentina Viktorovna**

Year of birth: **1960**

Education: **Average professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		

No share in the charter capital of the issuer/no ordinary shares.

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

No kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

Agency supervising the issuer's financial and business activities: **the Internal Audit Service**

Head of such a separate business unit (body) of the issuer

Position of the head of the business unit: **Head of Service**

Name: **Arteeva Alexandra Ivanovna**

Year of birth: **1959**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2014	present	"Surgutneftegas" PJSC	Head of Internal Audit Service

No share in the charter capital of the issuer/no ordinary shares.

The person has no share in the charter capital of the issuer's subsidiaries and affiliates.

The person has no options that, when their rights are exercised, may be used to acquire the issuer's shares, subsidiary's or affiliate's shares.

The person has no kinship with persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities.

5.6. Remuneration and (or) compensation for expenses for the agency supervising the issuer's financial and business activities

Remuneration

Agency supervising the issuer's financial and business activities: **Auditing Committee**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: **thousand RUB**

Indicator	2018	2019, 3 months
Remuneration for the participation in work performed by the agency supervising the issuer's financial and business activities	2,100	
Salary		
Bonus		
Commission		

Other types of remuneration		
TOTAL	2,100	

Existing agreements in relation to such payments in the current financial year: *none*.

Agency supervising the issuer's financial and business activities: **Internal Audit Service**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: *thousand RUB*

Indicator	2018	2019, 3 months
Remuneration for the participation in work performed by the agency supervising the issuer's financial and business activities		
Salary	<i>10,871.8</i>	<i>2,253.2</i>
Bonus	<i>2,234.8</i>	<i>474.9</i>
Commission		
Other types of remuneration		<i>258.4</i>
TOTAL	<i>13,106.6</i>	<i>2,986.5</i>

Existing agreements in relation to such payments in the current financial year: *none*.

Compensation

Unit of measure: *thousand RUB*

Supervising body (of the business unit)	2018	2019, 3 months
Auditing Committee	<i>117.5</i>	<i>0</i>
Internal Audit Service	<i>1,663.1</i>	<i>0</i>

Additional information: *none*.

5.7. Number and summary records of the issuer's employees (workers), their categories and changes in their number

Unit of measure: *thousand RUB*

Indicator	2018	2019, 3 months
Average number of employees, people	101,601	101,290
Gross payroll for the reporting period	125,762,435.8	28,909,287.9
Social payments for the reporting period	2,498,015.7	164,117.9

The employees (workers) of the Company formed a trade union body.

5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer's charter capital

The issuer has no obligations to its employees (workers) relating to their possible participation in the issuer's charter capital, and neither provides nor makes provisions for the possibility of granting the issuer's employees (workers) with the issuer's options, and nor did it enter into agreements with its employees (workers) regarding the possible participation in the issuer's charter capital.

Section VI. The issuer's members (shareholders) and interested party transactions conducted by the issuer

6.1. Total number of the issuer's shareholders (members)

The total number of persons having non-zero balance accounts registered in the issuer's shareholder register as of the date when the reporting quarter ended: **31,779**

The total number of the issuer's nominee shareholders: **6**

The total number of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **28,912**

Date when the list of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting is compiled (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **04.06.2018**

Holders of the issuer's ordinary shares who were to be included in such a list: **28,912**

Holders of the issuer's preference shares who were to be included in such a list: **0**

Information on the number of treasury shares on the issuer's balance as of the date when the reporting quarter ended: ***there are no treasury shares on the issuer's balance.***

Information on the number of the issuer's shares held by its subordinates

Category of shares: ***ordinary***

Number of the issuer's shares held by its subordinates, shares: **650,000**

6.2. The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares as well as persons controlling such members (shareholders) and in absence of such persons – members (shareholders) of such persons who hold at least 20 percent of the charter capital or at least 20 percent of their ordinary shares

The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares

1. Nominee holder

Information on the nominee holder

Full corporate name: ***Non-banking credit organization Joint-Stock Company "National Settlement Depository"***

Abbreviated corporate name: ***NCO JSC NSD***

Location: ***105066 Russia, Moscow, ul.Spartakovskaya, 12***

INN: ***7702165310***

OGRN: ***1027739132563***

Telephone: ***+7 (495) 232-0273***

Fax: ***(495) 956-0938***

E-mail: ***reginfo@nsd.ru***

License of securities market professional participant

Number: ***045-12042-000100***

Date of issue: ***19.02.2009***

Valid till: ***unlimited***

Issuing authority: ***Federal Financial Markets Service (FSFR) of Russia***

Number of the issuer's ordinary shares registered in the issuer's shareholder register in the name of the said nominee holder, shares: **3,931,398,775**

Number of the issuer's preference shares registered in the issuer's shareholder register in the name of the said

nominee holder, shares: **5,098,419,479**

Other information as the issuer may wish to disclose: *none*.

6.3. Share of the state or a municipal formation in the issuer's charter capital; any special right ("golden share")

Persons who administer blocks of shares owned by the state, municipal formations

Municipal ownership

Name: *Municipal unit City district, the city of Surgut as represented by the Administration of the city of Surgut*

Location: *628408, ul. Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %: **0,0278**

Municipal ownership

Name: *Department of Municipal Property Management and Housing Policy of Surgutsky District Administration*

Location: *Surgutsky District, urban-type settlement Bely Yar, ul. Mayakovskogo 1 A*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %: **0,0127**

Persons who exercise functions of the issuer's member (shareholder) on behalf of the Russian Federation, an entity of the Russian Federation, or municipal formation

Municipal ownership

Name: *Municipal unit City district, the city of Surgut as represented by the Administration of the city of Surgut*

Location: *628408, ul. Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %: **0,0278**

Municipal ownership

Name: *Department of Municipal Property Management and Housing Policy of Surgutsky District Administration*

Location: *Surgutsky District, urban-type settlement Bely Yar, ul. Mayakovskogo 1 A*

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership, %: **0,0127**

Special right of the Russian Federation, the constituent territories of the Russian Federation or municipalities to participate in the administration of the issuer – joint stock company ("golden share") and duration of the special right ("golden share")

No such right.

6.4. Restrictions on participation in the issuer's charter capital

There are no restrictions on participation in the issuer's charter capital.

6.5. Changes in the list and participation of the issuer's shareholders (members) holding at least five percent of its charter capital or at least five percent of its ordinary shares

The issuer's shareholders (members) holding at least five percent of the issuer's charter capital, and for issuers as joint stock companies also holding at least five percent of the issuer's ordinary shares determined as

of the date when the list was drawn up of persons entitled to participate in each general shareholders' (members') meeting of the issuer held in the last completed financial year preceding the end of the reporting quarter, and for the period from the date when the current financial year started till the date when the reporting quarter ended based on the list of persons entitled to participate in each of such meetings.

Additional information: *none*.

6.6. Interested party transactions conducted by the issuer

No such transactions.

6.7. Accounts receivable

As of 31.12.2018

Unit of measure: *thousand RUB*

Indicator	Indicator value
Accounts receivable from buyers and customers	111,618,945
including those overdue	324,748
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	199,652,673
including those overdue	9,677
Total accounts receivable	311,271,618
including total overdue accounts receivable	334,425

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period: *no such debtors.*

As of 31.03.2019

Unit of measure: *thousand RUB*

Indicator	Indicator value
Accounts receivable from buyers and customers	93,859,832
including those overdue	55,440
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	194,520,811
including those overdue	675
Total accounts receivable	288,380,643
including total overdue accounts receivable	56,115

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period: *no such debtors.*

Section VII. The issuer's accounting (financial) statements and other financial information

7.1. Annual accounting (financial) statements of the issuer

The information is provided in appendix No. 1 to this quarterly report.

Contents of annual accounting (financial) statements of the issuer attached to this quarterly report: *balance sheet, income statement, statement of changes in equity, cash flow statement, notes to the balance sheet and the income statement (table form), notes to the balance sheet and the income statement for 2017 (text form), audit report.*

7.2. Interim accounting (financial) statements of the issuer

The information is provided in appendix No. 2 to this quarterly report.

Contents of interim accounting (financial) statements of the issuer attached to this quarterly report: *balance sheet, income statement.*

7.3. Consolidated financial statements of the issuer

Consolidated financial statements were not prepared by the Company in the reporting quarter.

7.4. Accounting policy of the issuer

Information on Accounting Policy of "Surgutneftegas" PJSC for 2019 for Accounting Purposes

1. Accounting policy of the Company is developed in compliance with the requirements of the laws of the Russian Federation on accounting, federal and industry standards.

2. Intangible Assets Accounting

The Company's IA includes:

exclusive rights to invention, industrial prototype, utility model;

exclusive rights to computer programs and databases;

exclusive rights to trademarks and service marks;

other protected results of intellectual activities and individualization means

IA is recorded at its actual (historical) cost determined as of the date when it was recorded.

The cost of IA is redeemed through amortization under the straight-line method within the fixed period of their useful life.

The useful life of IA is determined when an item is entered in accounting records based on the term of a patent or certificate, and other limitations for the useful life of intellectual property under the law of the Russian Federation, and the expected useful life of such item during which the Company can obtain economic benefits (profit).

The useful life of IA is checked by the Company annually during inventory to see whether it needs to be adjusted. If the duration of the period during which the Company expects to use the asset changes by more than 5%, the useful life of such asset is to be adjusted.

Changes in estimated values caused by this are shown in prospect.

Intangible assets are not revalued and not tested for impairment.

3. Research, development and technological works accounting

The historical cost of R&D assets is the actual amount spent on their acquisition or development.

R&D cost is written off as cost of manufacturing of goods (performing of works, rendering of services) within the fixed period of their expected useful life (but not more than 5 years) from the first day of a month following the month when the R&D results were first applied.

Once R&D results have ceased to be used and when there is a clear proof that the use of R&D results will not bring economic benefits in the future, the residual value of R&D assets is subject to a write-off as other expenses.

4. Intangible Prospecting and Exploration Assets Accounting

Intangible prospecting assets include prospecting costs (costs of prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration) associated with acquisition of licenses and paid for discovery of hydrocarbon fields and preliminary appraisal of reserves.

Prospecting costs, paid by the Company for discovery of hydrocarbon fields and preliminary appraisal of reserves before production was proved to be commercially feasible are accumulated by target at every license block against the field section and shown as investments in non-current assets.

Intangible prospecting assets are not amortized during prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration, except for licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration.

Part of the cost of licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration is transferred equally during the term of these licenses and is included in the costs for creation of exploration assets.

As of the end of the reporting period the Company analyzes factors which imply possible impairment of intangible prospecting assets. If prospecting assets show signs of devaluation, the cost of intangible prospecting assets is lowered by means of other expenses.

If there are beneficial consequences for the Company, occurred after recognizing losses from intangible prospecting assets devaluation or expected in the near future due to an increase of economic efficiency of intangible prospecting assets use or due to restructuring of activity in which the intangible prospecting asset is used, the adjustment of previously recognized losses by means of other expenses is made.

Intangible prospecting assets are not revalued.

The Company's intangible prospecting assets are ceased to be recognized in relation to a certain subsurface area when hydrocarbons production is proved to be commercially feasible or recognized as unpromising.

If production of hydrocarbons in the relative license block (field) is recognized as unpromising, the cost of intangible prospecting asset constitutes the part of the Company's other expenses.

If production of hydrocarbons in a relevant license area (of an oil field) is proved to be commercially feasible, intangible prospecting asset is tested for impairment and transferred to fixed assets or other non-current assets:

prospecting and exploration wells built when developing intangible prospecting assets recognized by the Company as suitable for further use in production activity, are recorded as fixed assets;

prospecting costs for discovery of hydrocarbon fields and preliminary appraisal of reserves form the value of exploration assets.

The value of the exploration asset is charged to the cost of oil and gas production evenly within the fixed period of their useful life starting from the month following the month when exploration assets were entered in accounting records. Useful life is determined when an asset is entered in accounting records based on the expected term of its use during which the Company can obtain economic benefits (profit).

5. Fixed Assets Accounting

Asset is recorded as fixed assets if the requirements defined in Clause 4 of Accounting Regulations "Accounting of Fixed Assets" PBU 6/01 approved by Order of the Ministry of Finance of the Russian Federation No. 26n dated March 30, 2001 are met.

The historical (replacement) cost of fixed assets recorded on and after 01.01.2002 is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of the useful life of such assets determined when such assets are entered in accounting records.

The historical (replacement) cost of fixed assets recorded before 01.01.2002 is redeemed according to the procedure valid at the time when such assets were recorded, through straight-line depreciation in conformity with depreciation rates for complete repair approved by Resolution No. 1072 of the USSR Council of Ministers dated 22.10.1990.

Revaluation is conducted annually as of 31 December of the reporting year.

6. Financial Investments Accounting

Financial investments are recorded at their historical cost. The historical cost of financial investments acquired at a charge is the amount of the actual costs of their acquisition excluding value-added tax and other reimbursed taxes (except for cases stipulated by the tax and levy legislation of the Russian Federation).

The Company does not evaluate the discounted value of debt securities and loans granted.

When financial investments with current market value that cannot be determined are retired, their value is determined on the basis of the historical cost of each unit of financial investments accounting.

When financial investments with current market value that can be determined are retired, their value is determined on the basis of their current book value.

Income from sales of securities, interest and other income are recognized as other income.

7. Stocks Accounting

The Company accepts the following assets as stocks:

*assets used as feedstock, materials, etc. to manufacture products, perform works or render services;
assets meant to be sold;*

assets used for management needs.

Stocks are recorded at their actual cost.

Inventories (except for goods and assets with maximum value of RUB 40 000 per item) are written off to production or otherwise retired at their average cost of production. Assets with value not exceeding RUB 40 000 per item are retired at their cost of production per item.

8. Formation and Use of Reserves, Recording of Estimated Liabilities

An estimated liability is recorded in order to account for expenses for vacation payments to employees. The reserve for future expenses for vacation payments to employees is created from costs of manufacturing of products (performing of works, rendering of services). Reserves at the end of a reporting year are adjusted in line with the inventory check results. Reserves are additionally created from costs of manufacturing of goods (performing of works, rendering of services). Over-accrued reserves are adjusted against other expenses.

As of 31 December, the Company carries out an inspection for devaluation of financial investments (not traded publicly) with current market value that cannot be determined. If the inspection confirms that the cost of financial investments is substantially and persistently reducing (by more than 5%), an impairment reserve for financial investments is formed; reserves for doubtful debts are formed for loans granted, accounts receivable acquired on the basis of the assignment of claim agreement.

As of 31 December, a reserve is formed for decreases in the value of tangible assets for slow moving stocks the market price for which went down during the reporting year or which became obsolete or which lost, either fully or partially, their original qualities. The reserve is formed out of other expenses

Reserves for doubtful debts are formed if any accounts receivable are deemed doubtful. Accounts receivable are deemed doubtful if they are not redeemed, or if there is high risk of their non-redemption within the period established by the contract, and if they are not duly guaranteed. Such reserves are formed out of other expenses.

Estimated liabilities are created to dispose of facilities constructed (purchased) in the course of prospecting, hydrocarbon fields appraisal, hydrocarbon resources exploration, and to restore disturbed lands. The sums of the reserves are included in intangible prospecting assets (explorations assets).

9. Definition of Revenue from Sale

For accounting purposes, the Company's revenue from sale of products (goods), performance of works, rendering of services to other organizations and natural persons is recognized provided that the requirements stipulated by Item 12 (including requirements of Item 14) of the Accounting Regulations "Income of an Enterprise" PBU 9/99 approved by Order No. 32n of the Ministry of Finance of the Russian Federation of 06 May 1999 are met.

Revenue from sale of products (goods), performance of works, rendering of services does not include VAT, excises and export duties.

10. Selling Expenses Accounting

Selling expenses related to the sale of oil, gas, oil and gas products are included in the cost of sales or in other expenses subject to the type of sold assets at the end of a reporting period.

7.5. Total export and share of export in total sales

Total earnings of the issuer from export of products (goods, works, services) are indicated in the accounting (financial) statements of the Company (Appendix).

7.6. Substantial changes in the issuer's property after the end of the last completed reporting year

Substantial changes in the issuer's property during 12 months prior to the end of the reporting quarter

There were no substantial changes in the issuer's property during 12 months prior to the end of the reporting quarter.

Additional information: none.

7.7. The issuer's participation in litigations in case such participation may substantially affect financial and business activities of the issuer

The issuer did not/does not participate in any litigations which affected/may affect financial and business activities for the period from the beginning of the last completed financial year and up to the end of the reporting quarter.

Section VIII. Additional information on the issuer and equity securities placed by the issuer

8.1. Additional information on the issuer

8.1.1. Size and structure of the issuer's charter capital

The issuer's charter capital as of the end of the reporting quarter, RUB: **43,427,992,940**

Ordinary shares

Total nominal value, RUB: **35,725,994,705**

Share in the charter capital, %: **82,2648994034**

Preference

Total nominal value, RUB: **7,701,998,235**

Share in the charter capital, %: **17,7351005966**

Specify if the amount of charter capital shown in this paragraph corresponds to the issuer's constituent documents: ***the amount of the Company's charter capital corresponds to the constituent documents.***

The issuer's shares are traded outside the Russian Federation by means of depository securities trading (foreign issuers' securities which represent such shares of the Russian issuer).

Category (type) of shares traded outside the Russian Federation

Type of securities: ***shares***

Category of shares: ***ordinary***

Shares traded outside the Russian Federation in the total number of shares of the same category (type), %: **5.26**

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Foreign issuer whose securities approve the rights in respect of the issuer's shares of this category (type)

Full corporate name: ***The Bank of New York Mellon.***

Location: ***USA, NY 10286, New York, 101 Barclay Street***

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the relevant category (type): **sponsored, level I, each American depository share represents 10 ordinary registered shares of the Company.**

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the same category (type) outside the Russian Federation: ***not applicable.***

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): ***Berlin Stock Exchange, Frankfurt Stock Exchange, London Stock Exchange, Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: **the date when the program was launched is 30 December 1996.**

Type of securities: ***shares***

Category of shares: ***preference***

Type of shares: -

Shares traded outside the Russian Federation in the total number of shares of the relevant category (type), %: **6.88**

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Full corporate name: ***The Bank of New York Mellon.***

Location: ***USA, NY 10286, New York, 101 Barclay Street***

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the relevant category (type): ***sponsored, level I, one American depository share represents***

10 preference registered shares of the Company.

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the same category (type) outside the Russian Federation: ***not applicable.***

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): ***Berlin Stock Exchange, Frankfurt Stock Exchange, Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: **the date when the program was launched is 19 March 1998.**

8.1.2. Changes in the size of the issuer's charter capital

There were no changes in the size of the issuer's charter capital for the last completed financial year preceding the date when the reporting quarter ended, and for the period from the date when the current financial year started till the date when the reporting quarter ended.

8.1.3. Convening and holding a meeting (session) of the issuer's supreme management body

Supreme management body of the issuer: ***General Shareholders' Meeting***

Notification of shareholders (members) about a meeting (session) of the issuer's supreme management body

Notification of the General shareholders' meeting of the Company shall be given not later than 30 days prior to the date thereof, unless another term is specified by the Federal Law "On Joint Stock Companies". Notification shall be published on the official website of the Company www.surgutneftegas.ru in the information and telecommunication network "Internet".

Notification of the General shareholders' meeting shall include:

full corporate name and location of the Company;

the form of the General shareholders' meeting (a meeting or absentee voting);

the date, venue and time of the General shareholders' meeting of the Company as well as the mailing address for sending completed ballot papers to the Company; or in case the General shareholders' meeting of the Company is held by way of absentee voting – the final date when the ballot papers are accepted and the mailing address for sending the completed ballot papers;

the date as of which the persons entitled to participate in the General shareholders' meeting are determined (set);

the agenda for General shareholders' meetings of the Company;

categories (types) of shares the holders of which have the right to vote on all or some issues of the agenda of the General shareholders' meeting.

the procedure for reviewing the information (materials) to be submitted while arranging the General shareholders' meeting of the Company, and address(es) where this information is available;

other information as provided for by the current legislation of the Russian Federation.

Persons (bodies) entitled to convene (request) an extraordinary meeting (session) of the issuer's supreme management body and the procedure for submitting (filing) such requests

The extraordinary General shareholders' meeting of the Company may be convened by the Company's Board of Directors either on its own initiative or at the written request of the Auditing Committee, the Company's auditor, or the shareholders (shareholder) owning in the aggregate at least 10 percent of the voting shares of the Company as of the date the request is submitted. Such a request shall state the issues to be included in the agenda of the meeting. The request shall be signed by the person (persons) requesting to convene an extraordinary General shareholders' meeting of the Company.

Determination of the date of a meeting (session) of the issuer's supreme management body

The Company's Board of Directors shall set (determine) the date, venue and time of the General shareholders' meeting of the Company, its agenda and procedure for conducting the General shareholders' meeting, the date of determining (setting) persons entitled to participate in the General shareholder's meeting; the procedure for notifying the shareholders of the General shareholder's meeting; the list of materials (information) to be submitted while arranging the General shareholders' meeting of the Company and the form and text of the ballot paper.

Persons entitled to propose the agenda of a meeting (session) of the issuer's supreme management body and the procedure for such proposals

The shareholders (shareholder) owning in the aggregate at least two percent of the voting shares of the Company shall have the right to introduce issues to the agenda of the annual General shareholders' meeting of the Company and to nominate candidates to the Company's Board of Directors and the Company's Auditing Committee, provided that the number of candidates does not exceed the number of members of the relevant body not later than 30 days after the end of the reporting year.

The proposal to include the issues in the agenda of the General shareholders' meeting of the Company and to nominate candidates shall include the full name (names) of the shareholders (shareholder), the number and category (type) of shares owned by them, and shall be signed by the shareholders (shareholder) or by their proxies.

The proposal to include the issues in the agenda of the General shareholders' meeting of the Company shall contain every proposed issue being formulated, and the proposal to nominate candidates shall include the name and details of the identification document (series and (or) number, date and place of its issue, the authority that issued the document) of every nominated candidate, the name of the body which he/she is nominated to be elected to, and other information about him/her as provided for by the current Regulations on the General shareholders' meeting of the Company. The proposal to include the issues in the agenda of the General shareholders' meeting of the Company may contain formulated resolutions on each proposed issue.

The Company's Board of Directors shall be obliged to consider submitted proposals and adopt a resolution to include them or reject including them in the agenda of the annual General shareholders' meeting of the Company not later than five days after the deadline for proposals to include the issues in the agenda and to nominate candidates. A motivated resolution of the Company's Board of Directors to reject including an issue in the agenda of the General shareholders' meeting of the Company or a candidate in the candidate list for voting shall be submitted to the shareholders (shareholder) who proposed an issue or nominated a candidate not later than three days after it is adopted.

Persons who have the right to review information (materials) presented in order to arrange and hold a meeting (session) of the issuer's supreme management body and the procedure for review of such information (materials)

In accordance with the Federal Law "On Joint Stock Companies", persons who have the right to review the information presented in order to arrange and hold a shareholders' meeting are the persons who have the right to participate in a general shareholders' meeting. The list of persons who have the right to participate in a general shareholders' meeting is compiled on the basis of the Company's shareholder register.

Review of the information presented in order to arrange a shareholders' meeting shall be made in compliance with Article 52 of the Federal Law "On Joint Stock Companies".

Procedure for announcement (communication to the issuer's shareholders (members)) of resolutions passed by the issuer's supreme management body and vote returns

Resolutions adopted by the General shareholders' meeting of the Company as well as the results of voting may be announced at the General shareholders' meeting at which voting is held and shall be brought to notice of the persons, included in the list of persons entitled to participate in the General shareholders' meeting, in the form of the report on the voting results in the manner prescribed by the current legislation of the Russian Federation.

8.1.4. Commercial organizations where the issuer holds at least five percent of the charter capital or at least five percent of ordinary shares

Commercial organizations where the issuer holds at least five percent of the charter (share) capital (mutual fund) or at least five percent of ordinary shares as of the end of the last reporting quarter

1. Full corporate name: **Limited Liability Company "Novgorodnefteproduct"**

Abbreviated corporate name: **LLC "Novgorodnefteproduct"**

Location: **Russian Federation, Veliky Novgorod**

INN: **5321059365**

OGRN: **1025300788644**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

2. Full corporate name: ***Limited Liability Company "Syrgutmebel"***

Abbreviated corporate name: ***LLC "Syrgutmebel"***

Location: ***Russian Federation, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, poselok Barsovo, Vostochnaya industrial 1 territory, 2***

INN: ***8617013396***

OGRN: ***1028601679688***

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

3. Full corporate name: ***Limited Liability Company "Marketing Association "Pskovnefteproduct"***

Abbreviated corporate name: ***LLC "Pskovnefteproduct"***

Location: ***Russian Federation, Pskov***

INN: ***6027042337***

OGRN: ***1026000970049***

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

4. Full corporate name: ***Limited Liability Company "Marketing Association "Tvernefteproduct"***

Abbreviated corporate name: ***LLC "MA "Tvernefteproduct"***

Location: ***Russian Federation, Tver, ul.Novotorzhskaya, 6***

INN: ***6905041501***

OGRN: ***1026900510647***

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

5. Full corporate name: ***Limited Liability Company "Kaliningradnefteproduct"***

Abbreviated corporate name: ***LLC "Kaliningradnefteproduct"***

Location: ***Russia, Kaliningrad, Central District, ul.Komsomolskaya, 22-b.***

INN: ***3900000136***

OGRN: ***1023900589240***

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

6. Full corporate name: ***Limited Liability Company "Oil Refining and Petrochemical Enterprises Design Institute"***

Abbreviated corporate name: ***LLC "Lengiproneftekhim"***

Location: ***Russian Federation, Saint Petersburg, nab.Obvodnogo kanala, 94***

INN: ***7810327462***

OGRN: ***1057803105755***

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

7. Full corporate name: **Limited Liability Company “Kirishiavtoservis”**

Abbreviated corporate name: **LLC “Kirishiavtoservis”**

Location: **196084, Russian Federation, Saint Petersburg, ul.Smolenskaya, 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

8. Full corporate name: **Limited Liability Company “Media-Invest”**

Abbreviated corporate name: **LLC “Media-Invest”**

Location: **Russian Federation, Moscow**

INN: **7704667322**

OGRN: **1077762407580**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

9. Full corporate name: **Limited Liability Company “Insurance Company “Surgutneftegas”**

Abbreviated corporate name: **LLC “Insurance Company “Surgutneftegas”**

Location: **Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602103061**

OGRN: **1028600581811**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

10. Full corporate name: **Limited Liability Company “Production Association “Kirishinefteorgsintez”**

Abbreviated corporate name: **LLC “KINEF”**

Location: **Russian Federation, Leningradskaya Oblast, Kirishi**

INN: **4708007089**

OGRN: **1024701478735**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

11. Full corporate name: **Joint Stock Company “Surgutneftegasbank”**

Abbreviated corporate name: **JSC BANK “SNGB”**

Location: **Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602190258**

OGRN: **1028600001792**

The issuer's share in the charter capital of commercial organization: **97.7591%**

The Company's ordinary shares held by the issuer: **98.2389%**

The person's share in the charter capital of the issuer: **0.0015%**

The issuer's ordinary shares held by the person: **0.0018%**

12. Full corporate name: **Limited Liability Company “Invest-Zaschita”**
 Abbreviated corporate name: **LLC “Invest-Zaschita”**
 Location: **628400, Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1**
 INN: **8602102332**
 OGRN: **1028600581680**
 The issuer’s share in the charter capital of commercial organization: **15.13%**
 The person’s share in the charter capital of the issuer: **0.1152%**
 The issuer’s ordinary shares held by the person: **0.0236%**
13. Full corporate name: **Joint Stock Company “St. Petersburg International Mercantile Exchange”**
 Abbreviated corporate name: **JSC “SPIMEX”**
 Location: **Russian Federation, Saint Petersburg**
 INN: **7840389730**
 OGRN: **1089847188903**
 The issuer’s share in the charter capital of commercial organization: **8%**
 The Company’s ordinary shares held by the issuer: **8%**
 The person’s share in the charter capital of the issuer: **0%**
 The issuer’s ordinary shares held by the person: **0%**
14. Full corporate name: **Open Joint Stock Company “Airport Surgut”**
 Abbreviated corporate name: **OJSC “Airport Surgut”**
 Location: **628422, Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Aeroflotskaya, 49/1**
 INN: **8602060523**
 OGRN: **1028600603998**
 The issuer’s share in the charter capital of commercial organization: **5%**
 The Company’s ordinary shares held by the issuer: **5%**
 The person’s share in the charter capital of the issuer: **0%**
 The issuer’s ordinary shares held by the person: **0%**

8.1.5. Major transactions conducted by the issuer

No such transactions in the period under review.

8.1.6. Credit ratings of the issuer

There are no credit ratings known to the issuer.

8.2. Data on each category (type) of the issuer’s shares

Category of shares: **ordinary**

Par value of each share (RUB): **1**

Number of outstanding shares (number of shares that are placed and are not redeemed): **35,725,994,705**

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law “On Securities Markets” does not prescribe state registration of additional issue report: **0**

Number of declared shares: **0**

Number of shares which came to the disposal (are on the balance) of the issuer: **0**

Number of additional shares that can be placed through conversion of previously placed securities convertible into shares or by virtue of fulfillment of the issuer’s option obligations: **0**

Issues of shares of this category (type):

Date of state registration	State registration number of the issue
24.06.2003	1-01-00155-A

Shares grant shareholders the following rights:

An ordinary share of the Company entitles its owner to the same amount of rights:

- *the right to participate in the General shareholders' meeting of the Company with the right to vote on all issues within his/her terms of reference;*
- *the right to receive dividends and, in case of dissolution of the Company, the right to receive a portion of its property.*
- *the right to dispose of shares without consent of other shareholders and the Company.*
- *exercising of his/her rights, including the right to participate in the General shareholders' meeting of the Company both in person and by proxy.*

Each ordinary share shall provide its owner with the right to one vote when the issues put to vote at the General shareholders' meeting of the Company are resolved, except when the members of the Company's Board of Directors are elected. The election of the members to the Company's Board of Directors shall be held by cumulative voting. When conducting cumulative voting the number of votes for each Company's voting share shall be equal to the total number of the Board of Directors of the Company. A shareholder has the right to cast all the votes carried by his/her share for one candidate or distribute them among several candidates to the Company's Board of Directors.

The shareholders who own the voting shares shall have the right to demand from the Company to buy back all or a portion of the shares owned by them in cases specified by the current legislation of the Russian Federation.

The shares shall be bought back by the Company in accordance with the current legislation of the Russian Federation.

A shareholder shall have no ownership right to the property of the Company except as in the event of distribution of the property upon dissolution of the Company.

A shareholder of the Company who owns ordinary shares of the Company shall have the pre-emptive right to acquire additional ordinary shares and equity securities placed through a public subscription, convertible into ordinary shares, in the amount proportional to that of the ordinary shares of the Company held by them.

Other information about the shares as the issuer may wish to disclose

In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated June 24, 2003, the additional issues of equity securities of Open Joint Stock Company "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of ordinary registered non-documentary shares of Open Joint Stock Company "Surgutneftegas":

87-1-664 dated 19.07.1994;

MF 67-1-01430 dated 30.09.1996;

1-05-00155-A dated 25.08.1997;

1-06-00155-A dated 22.12.1997;

1-07-00155-A dated 18.04.2000.

Category of shares: **preference**

Type of shares:

Par value of each share (RUB): **1**

Number of outstanding shares (number of shares that are placed and are not redeemed): **7,701,998,235**

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law "On Securities Markets" does not prescribe state registration of additional issue report: **0**

Number of declared shares: **0**

Number of shares which came to the disposal (are on the balance) of the issuer: **0**

Number of additional shares that can be placed through conversion of previously placed securities convertible into shares or by virtue of fulfillment of the issuer's option obligations: **0**

Issues of shares of this category (type):

Date of state registration	State registration number of the issue
24.06.2003	2-01-00155-A

Shares grant shareholders the following rights:

A preference share of the Company entitles its owner to the same amount of rights:

A shareholder shall have no ownership right to the property of the Company except as in the event of distribution of the property upon dissolution of the Company.

The shareholders shall have the right to dispose of shares owned by him/her without consent of other shareholders and the Company.

The shareholders who own preference shares shall have the right to receive an annual fixed dividend.

The total amount payable as dividend on each preference share shall be set at the rate of 10 percent of the Company's net profit based on the results of the last reporting year divided by the number of shares accounting for 25 percent of the charter capital of the Company.

If the amount of dividend paid by the Company on each ordinary share in a certain year exceeds the amount payable as dividends on each preference share, the dividend rate paid on the latter shall be increased up to the dividend rate paid per ordinary share.

The Company is not entitled to pay out preference dividends in a manner differing from the procedure stipulated by the Company's Charter.

The shareholders of the Company who own preference shares of the Company shall have no right to vote at the General shareholders' meeting of the Company, unless otherwise established by the Federal Law "On Joint Stock Companies".

- in case of acquisition of the voting right, the owner of preference shares shall have the right to demand that the Company buy back his/her shares if:

- the Company is being restructured or a major transaction is being conducted, the resolution about which is adopted by the general shareholders' meeting in compliance with the Company's Charter, if he/she voted against such resolution or transaction or did not vote on these issues;

- the Company's Charter is amended or approved in a new wording to restrict his/her rights if he/she voted against the corresponding resolution or did not participate in voting.

A shareholder of the Company who owns preference shares of the Company shall have the pre-emptive right to acquire additional preference shares and equity securities placed through a public subscription, convertible into preference shares, in the amount proportional to that of the preference shares of the Company held by them.

Other information about the shares as the issuer may wish to disclose

In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated June 24, 2003, the additional issues of equity securities of Open Joint Stock Company "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of preference registered non-documentary shares of Open Joint Stock Company "Surgutneftegas":

87-1-664 dated 19.07.1994;

MF 67-1-01184 dated 05.04.1996;

MF 67-1-01431 dated 30.09.1996;

2-05-00155-A dated 25.08.1997;

2-06-00155-A dated 24.10.1997.

8.3. Previous issues of the issuer's equity securities excluding the issuer's shares

8.3.1. Issues with all securities redeemed

No such issues.

8.3.2. Issues with securities that are not redeemed

No such issues.

8.4. Person(s) who offered security for the issuer's secured bonds and security offered for the issuer's secured bonds

As of the date when the reporting quarter ended, there are no outstanding issuer secured bonds with not fulfilled obligations in respect of which the prospectus and (or) admission to trading were registered.

8.4.1. Additional information on the issuer's mortgage bonds

The issuer did not place any mortgage bonds with obligations not fulfilled yet.

8.4.2. Additional information on collateral for collateral bonds that includes money claims

The issuer did not place any collateral cash secured bonds with obligations not fulfilled yet.

8.5. Organizations keeping records of rights for the issuer's equity securities

Information about the registrar

Full corporate name: *Closed Joint Stock Company "Surgutinvestneft"*

Abbreviated corporate name: *CJSC "Surgutinvestneft"*

Location: *Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut*

INN: *8602039063*

OGRN: *1028600588246*

License for keeping the register of security holders

Number: *10-000-1-00324*

Date Issued:

Date of issue: *24.06.2004*

Valid till: *unlimited*

Issuing authority: *Russian Federal Commission for the Securities Market (FKTsB) (Federal Financial Markets Service (FSFR) of Russia)*

The date when the registrar started keeping the register for holders of the issuer's registered securities: *02.04.1994*

8.6. Legislative acts regulating import and export of capital which may influence the payment of dividends, interests, and other payments to non-residents

As of 31.03.2019, the following legislative acts were in force regulating import and export of capital which may influence the payment of dividends, interests, and other payments to non-residents:

Federal Law No. 173-FZ dated 10.12.2003 "On Currency Exchange Regulation and Control";

Federal Law No. 208-FZ dated 26.12.1995 "On Joint Stock Companies";

Federal Law No. 160-FZ dated 09.07.1999 "On Foreign Investments in the Russian Federation";

Federal Law No. 39-FZ dated 25.02.1999 "On Investment Activities in the Form of Capital Investments in the Russian Federation";

Tax Code of the Russian Federation;

Federal Law No. 115-FZ dated 07.08.2001 "On Counteraction of the Legitimization of Proceeds of Crime and the Financing of Terrorism";

Double taxation treaties between the Russian Federation and foreign states where holders of the Company's securities reside.

8.7. Declared (accrued) and (or) paid dividends on the issuer's shares and the issuer's bond yield

8.7.1. Dividends declared and paid on the issuer's shares

Information for last five completed reporting years or for each completed reporting year if the issuer conducts its business for less than five years, and for the period from the date when the current financial year started till the date when the reporting quarter ended.

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015
Dividends declared per one share, RUB	0.65
Total dividends declared on all shares of this category (type), RUB	23,221,896,558.25
The date as of which the persons entitled to dividends are (were) determined	16.07.2015
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2014, full year
The due period (date) for declared dividend payment	dividends shall be paid not later than 20 August 2015
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	2.6
Total dividends paid on shares of this category (type), RUB	23,208,648,207.83
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2014 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	Declared unclaimed dividends are reinstalled as part of the Company's undistributed profits.

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's	The resolution was adopted at a general shareholders' meeting 27.06.2015,

management body when such a resolution was adopted	Minutes No. 26 dated 30.06.2015
Dividends declared per one share, RUB	8.21
Total dividends declared on all shares of this category (type), RUB	63,233,405,509.35
The date as of which the persons entitled to dividends are (were) determined	16.07.2015
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2014, full year
The due period (date) for declared dividend payment	dividends shall be paid not later than 20 August 2015
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	7.09
Total dividends paid on shares of this category (type), RUB	62,619,662,368.77
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.03
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2014 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	Declared unclaimed dividends are reinstalled as part of the Company's undistributed profits.

Indicator	Indicator value for the relevant reporting period – 2015, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016
Dividends declared per one share, RUB	0.6
Total dividends declared on all shares of this category (type), RUB	21,435,596,823.00
The date as of which the persons entitled to dividends are (were) determined	18.07.2016
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2015, full year
The due period (date) for declared dividend payment	22.08.2016
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year

Declared dividends ratio in the net profit of the reporting year, %	2.85
Total dividends paid on shares of this category (type), RUB	21,423,289,840.06
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2015 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2015, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016
Dividends declared per one share, RUB	6.92
Total dividends declared on all shares of this category (type), RUB	53,297,827,786.20
The date as of which the persons entitled to dividends are (were) determined	18.07.2016
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2015, full year
The due period (date) for declared dividend payment	22.08.2016
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	7.09
Total dividends paid on shares of this category (type), RUB	52,784,783,409.81
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.04
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2015 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2016, full year
Category of shares, for preference shares – type	ordinary

The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2017, Minutes No. 28 dated 29.06.2017
Declared dividends per one share, RUB	0.6
Total dividends declared on all shares of this category (type), RUB	21,435,596,823
The date as of which the persons entitled to dividends are (were) determined	19.07.2017
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2016, full year
The due period (date) for declared dividend payment	23.08.2017
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	retained profit of previous years
Declared dividends ratio in the net profit of the reporting year, %	-
Total dividends paid on shares of this category (type), RUB	21,422,994,629.10
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2016 on the Company's ordinary shares were fulfilled except for the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2016, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2017, Minutes No. 28 dated 29.06.2017
Declared dividends per one share, RUB	0.6
Total dividends declared on all shares of this category (type), RUB	4,621,198,941
The date as of which the persons entitled to dividends are (were) determined	19.07.2017
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2016, full year
The due period (date) for declared dividend payment	23.08.2017
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	retained profit of previous years
Declared dividends ratio in the net profit of the reporting year, %	-
Total dividends paid on shares of this category (type), RUB	4,575,514,602.78

Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.01
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2016 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2017, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2018 Minutes No. 29 dated 29.06.2018
Declared dividends per one share, RUB	23,221,896,558.25
Total dividends declared on all shares of this category (type), RUB	0.65
The date as of which the persons entitled to dividends are (were) determined	19.07.2018
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2017, full year
The due period (date) for declared dividend payment	23.08.2018
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	15.51
Total dividends paid on shares of this category (type), RUB	23,196,586,514.26
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.89
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2017 on the Company's ordinary shares were fulfilled except for the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2017, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such a resolution was adopted, date	The resolution was adopted at a general shareholders' meeting 29.06.2018 Minutes

and number of the minutes of the meeting (session) of the issuer's management body when such a resolution was adopted	No. 29 dated 29.06.2018
Declared dividends per one share, RUB	10,628,757,564.3
Total dividends declared on all shares of this category (type), RUB	1.38
The date as of which the persons entitled to dividends are (were) determined	19.07.2018
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid	2017, full year
The due period (date) for declared dividend payment	23.08.2018
Form of declared dividend payment (cash, other property)	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	7.1
Total dividends paid on shares of this category (type), RUB	10,519,811,849.31
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	98.97
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2017 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market"
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Obligations to pay dividends for 2015 – 2017 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with the legislation of the Russian Federation.

8.7.2. Accrued and paid yield on the issuer's bonds

The issuer did not issue any bonds.

8.8. Miscellaneous information

no.

8.9. Represented securities and the issuer of represented securities title to which is evidenced by Russian Depositary Receipts

The issuer does not issue any represented securities title to which is evidenced by Russian Depositary Receipts.

Appendix No. 1 to this quarterly report. Annual accounting (financial) statements of the issuer

Appendix No. 2 to this quarterly report. Interim accounting (financial) statements of the issuer

**Balance Sheet
as of 31 March 2019**

Company **“Surgutneftegas” PJSC**
Taxpayer identification number
Type of economic activity **crude oil production**
Form of legal organization/form of ownership
public joint stock company/private property
Unit of measure: **thousand RUB**

Form by OKUD
Date (day, month, year)
by OKPO
INN
OKVED2
by OKOPF/OKFS
by OKEI

Codes		
0710001		
31	03	2019
05753490		
8602060555		
06.10.1		
12247	16	
384		

Location (address) **628415, Russian Federation, Tyumenskaya Oblast,**

Khanty-Mansiysky Autonomous Okrug – Yugra,

Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1

Notes	Indicator	Code	As of 31 March	As of 31 December	As of 31 December
			2019	2018	2017
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	461 901	443 364	572 897
	R&D results	1120	56 438	99 755	267 803
	Intangible prospecting assets	1130	62 361 495	57 899 221	47 979 317
	Tangible prospecting assets	1140	-	-	-
	Fixed assets	1150	872 997 236	866 873 313	836 009 871
	including buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	812 126 416	807 921 080	772 133 643
	Income yielding investments in tangible assets	1160	2 395 552	2 456 728	2 672 188
	Financial investments	1170	2 172 383 282	2 256 249 325	1 539 907 397
	including other financial investments, excluding investments in organizations and loans granted	1171	2 097 080 607	2 180 334 781	1 409 937 695
	Deferred tax assets	1180	37 576	39 534	8 693 537
	Other non-current assets	1190	52 107 290	53 984 986	59 352 979
	Total for Section I	1100	3 162 800 770	3 238 046 226	2 495 455 989
	II. CURRENT ASSETS				
	Stocks	1210	101 415 356	107 540 945	86 965 050
	Value Added Tax on acquired valuables	1220	6 115 240	6 098 816	4 921 233
	Accounts receivable	1230	288 380 643	311 271 618	281 648 471
	Financial investments (excluding cash equivalents)	1240	780 741 666	807 894 926	765 615 792
	including other financial investments, excluding investments in organizations and loans granted	1241	712 405 373	732 775 889	738 351 384
	Cash and cash equivalents	1250	87 798 030	71 923 660	62 235 108
	Other current assets	1260	660 891	2 070 149	1 960 542
	Total for Section II	1200	1 265 111 826	1 306 800 114	1 203 346 196
	BALANCE	1600	4 427 912 596	4 544 846 340	3 698 802 185

Notes	Indicator	Code	As of 31 March	As of 31 December	As of 31 December
			2019	2018	2017
	LIABILITIES				
	III. CAPITAL AND RESERVES				
	Charter capital (share capital, authorized fund, partners' contributions)	1310	43 427 993	43 427 993	43 427 993
	Treasury shares	1320	-	-	-
	Revaluation of non-current assets	1340	513 538 565	514 666 175	518 252 396
	Additional capital (no revaluation)	1350	192 511 786	192 511 786	192 511 786
	Reserve capital	1360	6 514 198	6 514 198	6 514 198
	Retained profit (uncovered loss)	1370	3 442 624 751	3 524 225 549	2 725 058 334
	Total for Section III	1300	4 198 617 293	4 281 345 701	3 485 764 707
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410	-	-	-
	Deferred tax liabilities	1420	94 241 281	94 495 005	81 281 076
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	176 860	174 768	199 902
	Total for Section IV	1400	94 418 141	94 669 773	81 480 978
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510	-	-	-
	Accounts payable	1520	117 816 333	153 562 013	117 173 980
	Deferred income	1530	894 230	927 073	689 238
	Estimated liabilities	1540	16 001 807	14 025 450	13 339 290
	Other liabilities	1550	164 792	316 330	353 992
	Total for Section V	1500	134 877 162	168 830 866	131 556 500
	BALANCE	1700	4 427 912 596	4 544 846 340	3 698 802 185

First Deputy
Director General "Surgutneftegas" PJSC
on Finance and Taxation

(signature)

V.G.Barankov

(printed name)

Chief Accountant
"Surgutneftegas" PJSC

(signature)

A.V.Druchinin

(printed name)

" 30 " April 2019

Income Statement
for January – March 2019

Company **“Surgutneftegas” PJSC**
Taxpayer identification number
Type of economic activity **crude oil production**
Form of legal organization/form of ownership **public joint stock company/private property**
Unit of measure: **thousand RUB**

Form by OKUD
Date (day, month, year)

by OKPO

INN

by OKVED2

by OKOPF/OKFS

by OKEI

Codes		
0710002		
31	03	2019
05753490		
8602060555		
06.10.1		
12247	16	
384		

Notes	Indicator	Code	For January – March	For January – March
			2019	2018
1	2	3	4	5
	Revenue	2110	394 415 499	319 888 388
	Cost of sales	2120	(255 722 173)	(227 518 162)
	Gross profit (loss)	2100	138 693 326	92 370 226
	Selling expenses	2210	(26 240 758)	(23 450 713)
	Management expenses	2220	-	-
	Sales profit (loss)	2200	112 452 568	68 919 513
	Income from participation in other organizations	2310	-	-
	Interest receivable	2320	29 392 942	22 070 624
	Interest payable	2330	-	-
	Other income	2340	263 446 040	305 272 430
	Other expenses	2350	(488 285 428)	(322 418 971)
	Profit (loss) before tax	2300	(82 993 878)	73 843 596
	Current profit tax	2410	(-)	(7 388 143)
	including permanent tax liabilities (assets)	2421	13 523 698	324 621
	Change in deferred tax liabilities	2430	253 724	116 539
	Change in deferred tax assets	2450	(1 958)	(5 847 525)
	Other	2460	(8)	803
	Reallocation of profit tax within the consolidated group of taxpayers	2465	13 712	1 354 809
	Net profit (loss)	2400	(82 728 408)	62 080 079

Notes	Indicator	Code	For January – March	For January – March
			2019	2018
1	2	3	4	5
	Results of revaluation of non-current assets not included in net profit (loss) for the period	2510	-	-
	Results of other operations not included in net profit (loss) for the period	2520	-	-
	For reference only Comprehensive income for the period	2500	(82 728 408)	62 080 079
	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910	-	-

First Deputy
Director General “Surgutneftegas” PJSC
on Finance and Taxation

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(signature)

A.V.Druchinin
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” 30 ” April 2019