

MARKET OVERVIEW

Throughout 2018, the global oil market saw mixed trends in demand and supply. The fast growing consumption of liquid hydrocarbons was followed by an oversupply in 2H 2018.

“The macro environment is very uncertain now. The number of global trends affecting energy consumption is increasing, making it hard to predict which one will be game-changing. As such, the global population growth drives consumption, which contradicts with the energy saving trend. Technology advancements make it possible to put on stream new reserves categories globally. It is a serious challenge. In this context, the Company needs to improve its planning and forecasting capabilities while maintaining its flexibility and responsiveness.”

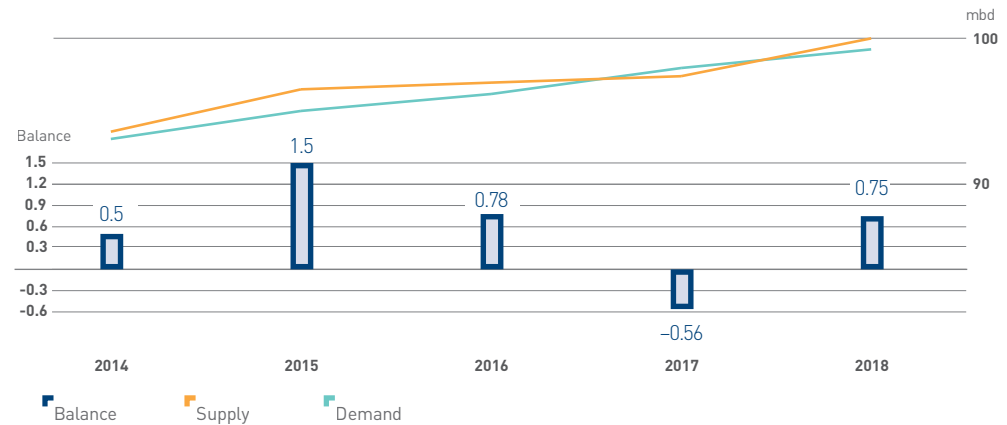
Alexei Yankevich
Deputy CEO
for Economics and Finance

Though the rising supply of crude oil was mainly driven by shale projects in the USA, other oil producing segments were also benefiting from a revival in investments. However, the prices remain volatile due to fast-

changing demand and supply and geopolitical factors. OPEC+ countries were tweaking production volumes in response to market fluctuations. The year-average price of Brent crude stood at \$ 71 per barrel.

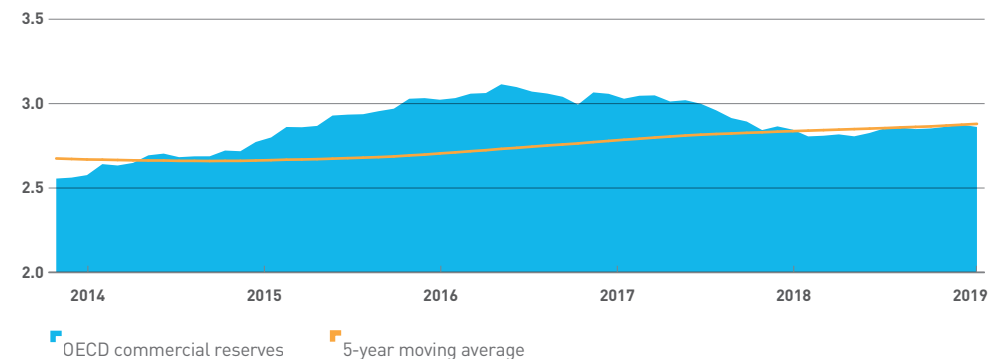
Oil market balance in 2014–2018 (mbd)

Source: International Energy Agency



OECD¹ oil reserves (bln bbl)

Source: Energy Information Administration, U.S. Department of Energy



¹ OECD is the Organisation for Economic Cooperation and Development.