

## Operating Expenses

### Operating expenses, depreciation and amortisation exclusive, RUB mln

Operating expense (costs)	2020	Share of the total expenses, %	2019	Share of the total expenses, %	Absolute change	Change, %	2018
Employee remuneration, insurance premiums and social expenses	185,955	35.8	172,248	29.8	13,707	8.0	163,591
Electricity	42,613	8.2	48,785	8.4	(6,172)	(12.7)	42,360
Materials	34,112	6.6	36,543	6.3	(2,431)	(6.7)	33,297
Pipeline network repair and maintenance services	20,851	4.0	22,038	3.8	(1,187)	(5.4)	20,057
Insurance expenses	2,836	0.5	2,136	0.4	700	32.8	2,615
Expenses for voluntary insurance of employees	3,695	0.7	4,039	0.7	(344)	(8.5)	3,744
Taxes (income tax not included)	38,974	7.5	36,961	6.4	2,013	5.4	36,843
Pension expenses	5,609	1.1	10,422	1.8	(4,813)	(46.2)	(9,367)
Cost of commercial oil export (including the export customs duty)	140,903	27.1	187,366	32.4	(46,463)	(24.8)	199,847
Cost of oil sales on the domestic market	4,763	0.9	11,306	2.0	(6,543)	(57.9)	5,873
Cost of sales of petroleum products	6,126	1.2	8,259	1.4	(2,133)	(25.8)	6,350
Cost of other sold goods for resale	5,731	1.1	5,172	0.9	559	10.8	5,600
Other operating expenses	27,004	5.3	32,765	5.7	(5,761)	(17.6)	35,273
<b>Operating expenses, depreciation and amortisation exclusive</b>	<b>519,172</b>	<b>100.0</b>	<b>578,040</b>	<b>100.0</b>	<b>(58,868)</b>	<b>(10.2)</b>	<b>546,083</b>
Cost of oil sales for export (including the export customs duty)	(140,903)	(27.1)	(187,366)	(32.4)	46,463	(24.8)	(199,847)
Taxes (income tax not included)	(38,974)	(7.5)	(36,961)	(6.4)	(2,013)	5.4	(36,843)
<b>Operating expenses (excluding depreciation and amortisation, oil sales for export and taxes)</b>	<b>339,295</b>	<b>65.4</b>	<b>353,713</b>	<b>61.2</b>	<b>(14,418)</b>	<b>(4.1)</b>	<b>309,393</b>

Decrease in operating expenses for 2020, excluding depreciation and amortisation, by RUB 58,868 compared to 2019, or 10.2%, is due to the following factors:

- a decrease in the cost for oil export;
- a decrease in the cost of selling oil on the domestic market and in the cost of selling petroleum products;
- an increase of employee remuneration, insurance premiums and social expenses;
- lower electricity costs.

In 2020, operating expenses excluding depreciation and amortisation, taxes and cost of oil sales for export decreased by RUB 14,418 million or 4.1%.

**Operating expenses excluding depreciation and amortisation, adjusted for the inflation rate, RUB mln**

Operating expenses	2020	Share of the total expenses, %	Inflation rate (forecast for 2020 to 2019), %*	2019 (inflated by 2020)	Share of the total expenses, %	Absolute change	Change, %
Employee remuneration, insurance premiums and social expenses	185,955	35.8	3.2	177,760	31.6	8,195	4.6
Electricity	42,613	8.2	3.7	50,590	9.0	(7,977)	(15.8)
Materials	34,112	6.6	2.3	37,383	6.6	(3,271)	(8.7)
Pipeline network repair and maintenance services	20,851	4.0	6.2	23,404	4.2	(2,553)	(10.9)
Insurance expenses	2,836	0.5	3.2	2,204	0.4	632	28.7
Expenses for voluntary insurance of employees	3,695	0.7	3.2	4,168	0.7	(473)	(11.3)
Taxes (income tax not included)	38,974	7.5	2.3	37,811	6.7	1,163	3.1
Pension expenses	5,609	1.1	3.2	10,756	1.9	(5,147)	(47.9)
Cost of oil sales for export (including the export customs duty)	140,903	27.1	(13.5)	162,072	28.8	(21,169)	(13.1)
Cost of oil sales on the domestic market	4,763	0.9	(13.5)	9,780	1.7	(5,017)	(51.3)
Cost of sales of petroleum products	6,126	1.2	(8.3)	7,574	1.3	(1,448)	(19.1)
Cost of other sold goods for resale	5,731	1.1	2.3	5,291	0.9	440	8.3
Other operating expenses	27,004	5.3	2.3	33,519	6.2	(6,515)	(19.4)
<b>Operating expenses, depreciation and amortisation exclusive</b>	<b>519,172</b>	<b>100.0</b>	<b>X</b>	<b>562,312</b>	<b>100.0</b>	<b>(43,140)</b>	<b>(7.7)</b>
Cost of oil sales for export (including the export customs duty)	(140,903)	(27.1)	(13.5)	(162,072)	(28.8)	21,169	(13.1)
Taxes (income tax not included)	(38,974)	(7.5)	2.3	(37,811)	(6.7)	(1,163)	3.1
<b>Operating expenses (excluding depreciation and amortisation, oil sales for export and taxes)</b>	<b>339,295</b>	<b>65.4</b>	<b>X</b>	<b>362,429</b>	<b>64.5</b>	<b>(23,134)</b>	<b>(6.4)</b>

\* The inflation values are based on the Forecast of Social and Economic Development of the Russian Federation for 2021 and for the planned Period of 2022 and 2023 prepared by the Ministry of Economic Development of the Russian Federation.