1Q2018 IFRS RESULTS

MAY 30, 2018
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HIGHLIGHTS

- As of May 15th, 2018, gas production increased by 9.8% YoY to 197.8 bcm. Export to Europe increased by 5.9% YoY to 78 bcm

- Gazprom reached agreement with European authorities on the antimonopoly investigation

- The first string of the TurkStream reached Turkish coast

Jan. 2018 - May 2018

- Gazprom and Turkey agreed on the onshore section of the second string of the TurkStream

- Germany and Finland granted all required approvals to build the Nord Stream-2 pipeline. Additional €0.4 bn received from European Energy Companies

- Over 83% of the first phase of the Power of Siberia pipeline laid

- Moody's and S&P upgraded Gazprom's ratings to investment grade

- The BoD recommended the Shareholders Meeting to approve to pay out RUB 8.04 per share in annual dividends

Market environment in 1Q2018 vs 1Q2017

Source: Company data. Bloomberg. Bank of Russia website

1 OC - Other countries: including LNG sales
GAS SALES

Russia

VOLUMES  AVERAGE PRICE IN RUSSIA

Europe & OC

VOLUMES  AVERAGE PRICE IN EUROPE & OC

FSU

VOLUMES  AVERAGE PRICE IN FSU

Calculations may differ due to rounding.
1 Net of value added tax (VAT)
2 OC - other countries: including LNG sales
3 VAT is not charged on export sales
4 Net of custom duties and excise tax on gas exports

1Q2018 IFRS RESULTS
OIL AND UTILITIES BUSINESS

Net Sales\(^1\)

Crude oil and gas condensate; refined products sales

Electricity and heat sales

Calculations may differ due to rounding.
\(^1\) Net of value added tax (VAT), excise tax and custom duties.
## SUMMARY OF 1Q2018 IFRS FINANCIAL RESULTS

<table>
<thead>
<tr>
<th>Metric</th>
<th>1Q2017</th>
<th>1Q2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net sales</td>
<td>2,138 RUB bn</td>
<td>+18%</td>
<td>2,410 RUB bn</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td>630 RUB bn</td>
<td>+40%</td>
<td>630 RUB bn</td>
</tr>
<tr>
<td>Net profit</td>
<td>372 RUB bn</td>
<td>+11%</td>
<td>372 RUB bn</td>
</tr>
<tr>
<td>Capex</td>
<td>436 RUB bn</td>
<td>+36%</td>
<td>436 RUB bn</td>
</tr>
<tr>
<td>Operating CF</td>
<td>462 RUB bn</td>
<td>+33%</td>
<td>462 RUB bn</td>
</tr>
<tr>
<td>FCF</td>
<td>26 RUB bn</td>
<td>+112%</td>
<td>26 RUB bn</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,200 RUB bn</td>
<td>-3%</td>
<td>1,200 RUB bn</td>
</tr>
</tbody>
</table>

1. EBITDA adjusted for changes in impairment provisions
2. Profit for the period attributed to shareholders of PJSC Gazprom
3. Cash capital expenditures
4. Compared to Net debt as of December 31, 2017

*In order to reflect the effects of the bank deposits (reported as part of Other current and non-current assets). See page 13.
1Q2018 ADJUSTED FREE CASH FLOW BREAKDOWN*

Free Cash Flow = Net Cash from operating activities – Cash Capex

FCF adjusted for changes in bank deposits remains positive at RUB 270 bn in 1Q2018

OCF before working capital changes
Net working capital and operating items changes
Tax paid
OCF reported
Capex
FCF reported
Adjustment for increase in ST deposits
FCF adjusted

* Free Cash Flow adjusted for changes in the ST bank deposits
KEY DEBT METRICS

Total Debt and Net Debt

- **CASH & CASH EQUIVALENTS (INCL. DEPOSITS)**
- **NET DEBT ADJ.**
- **NET DEBT ADJ./ADJ.EBITDA**

**1Q2018 adjusted Net Debt structure**

- **NET DEBT ADJ./ADJ.EBITDA**

**Total Debt breakdown by currency**

- **USD 34%**
- **RUB 21%**
- **EUR 37%**
- **Other 8%**

**Cash, cash equivalents, bank deposits breakdown by currency**

- **USD 27%**
- **RUB 53%**
- **Other 4%**
- **EUR 16%**

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1. Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets
2. Calculated using dollar values of Net debt and EBITDA

1Q2018 IFRS RESULTS
CAPITAL EXPENDITURES

Cash CapEx

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (RUB bn)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,641</td>
<td>(17%)</td>
</tr>
<tr>
<td>2016</td>
<td>1,369</td>
<td>+3%</td>
</tr>
<tr>
<td>2017</td>
<td>1,406</td>
<td></td>
</tr>
<tr>
<td>1Q2017</td>
<td>321</td>
<td></td>
</tr>
<tr>
<td>1Q2018</td>
<td>436</td>
<td>+36%</td>
</tr>
</tbody>
</table>

The Group’s 1Q2018 CapEx breakdown

- TRANSPORT: 46%
- PRODUCTION OF CRUDE OIL AND GAS CONDENSATE: 16%
- PRODUCTION, DISTRIBUTION AND STORAGE OF NATURAL GAS: 12%
- REFINING: 16%
- ELECTRICITY AND HEAT: 3%
- OTHER CAPEX: 7%

1 CapEx breakdown as provided in Management Report

1Q2018 IFRS RESULTS
INVESTMENT CASE

BUSINESS GROWTH, ENHANCING SUPPLY SECURITY

Conservative financial policy, cost control

Improving FCF profile

Balanced dividend policy

STRONGER FINANCIAL OUTLOOK

Strategic transformative projects (capex peaking in 2018 - 2019)

Business growth in gas and oil segments; further growth potential

Improving gas markets outlook. Spare production and export capacity

BUSINESS GROWTH

Outstanding resource base and infrastructure

Low cost base

High competiveness of Gazprom’s gas. Record exports

UNIQUE FUNDAMENTALS

1Q2018 IFRS RESULTS
ADDITIONAL INFORMATION
BANK DEPOSITS

According to Gazprom 1Q2018 IFRS report:

Key features of bank deposits:
- Early withdrawal clause
- Deposit term of over 3 months
- Are NOT included in Cash and cash equivalents

Impact of substantial increase in bank deposits:
- Decrease in Cash and cash equivalents
- Increase in Net Debt and Net Debt/EBITDA
- Reduction in Cash flows from operating activities (changes in working capital)
- Decrease in Free cash flow

In 1Q2018 Gazprom substantially increased bank deposits volumes

Increase in LT and ST bank deposits is aimed at improving the efficiency of liquidity management

1 Source: Gazprom 1Q2018 IFRS report, page 21
2 Reported as a part of Other current assets and Other non-current assets
3 Affected by ST deposits
Gazprom Group’s volumes produced in Russia
Calculations may differ due to rounding.
## RUSSIAN NATURAL GAS BALANCE

<table>
<thead>
<tr>
<th>Bcm</th>
<th>2016</th>
<th>2017</th>
<th>1Q2018</th>
<th>1Q2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natural gas resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic gas production</td>
<td>640.40</td>
<td>691.19</td>
<td>190.69</td>
<td>182.29</td>
</tr>
<tr>
<td>Other sources including Central Asian and Azerbaijani gas</td>
<td>22.97</td>
<td>25.33</td>
<td>6.40</td>
<td>6.27</td>
</tr>
<tr>
<td>Gas withdrawn from underground storage in Russia, Latvia and Europe</td>
<td>50.98</td>
<td>50.45</td>
<td>36.54</td>
<td>27.92</td>
</tr>
<tr>
<td>Decrease in the amount of gas within the gas transportation system</td>
<td>3.85</td>
<td>3.31</td>
<td>0.55</td>
<td>0.84</td>
</tr>
<tr>
<td><strong>Natural gas distribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic consumption</td>
<td>456.68</td>
<td>468.01</td>
<td>161.08</td>
<td>148.96</td>
</tr>
<tr>
<td>including needs of the gas transportation system and underground storages</td>
<td>32.29</td>
<td>37.81</td>
<td>11.07</td>
<td>10.50</td>
</tr>
<tr>
<td>Gas pumped into underground storages</td>
<td>28.54</td>
<td>53.02</td>
<td>0.26</td>
<td>0.16</td>
</tr>
<tr>
<td>Gas for LNG production</td>
<td>14.70</td>
<td>15.46</td>
<td>4.29</td>
<td>4.14</td>
</tr>
<tr>
<td>Foreign supplies</td>
<td>181.68</td>
<td>197.40</td>
<td>55.12</td>
<td>52.30</td>
</tr>
<tr>
<td>FSU supplies</td>
<td>32.11</td>
<td>32.88</td>
<td>0.79</td>
<td>1.29</td>
</tr>
<tr>
<td>Increase in the amount of gas within the gas transportation system</td>
<td>4.49</td>
<td>3.52</td>
<td>12.83</td>
<td>11.05</td>
</tr>
</tbody>
</table>

Source: Company Operating Data
THANK YOU!