



GAZPROM: 3Q 2018 IFRS RESULTS

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Head of Department

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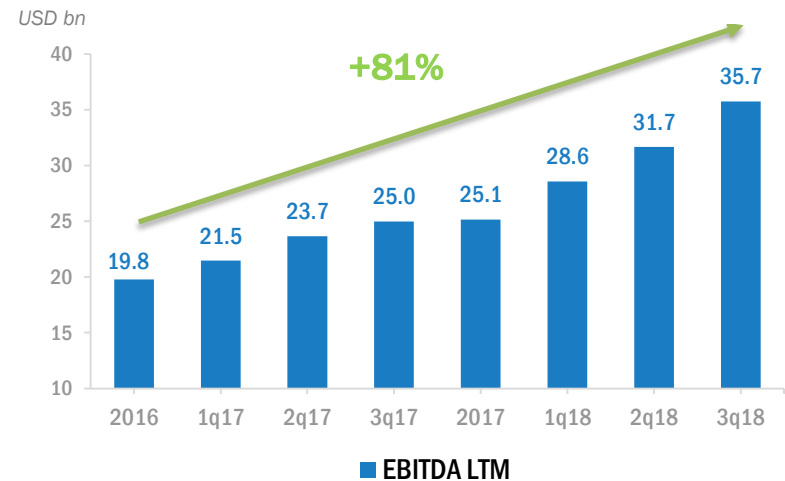
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KEY HIGHLIGHTS: STRONG FINANCIAL RESULTS IN 3Q2018

Key factors:

- Seasonally weakest quarter in a year
- Record high gas exports to Europe
- Gas, oil and oil products price growth
- High level of cost control, optimization and prioritization of CAPEX schedule
- Ruble weakening
- Oil business growth



Key highlights:

- 3q18 EBITDA growth +86% y-o-y in Rubles (+62% in 9m18)
7 consecutive quarters of LTM EBITDA growth in dollar terms
- Marginally positive Free cash flow RUB 3 bn* in 3q (vs. RUB -166* bn in 3q 2017),
RUB 369 bn* in 9m (vs. RUB -53.2* bn in 9m 2017)
- Reduction of leverage continues:
Net debt*/EBITDA decreased to 0.9 q-o-q (1.0 in 2Q2018)*

*Adjusted for bank deposits

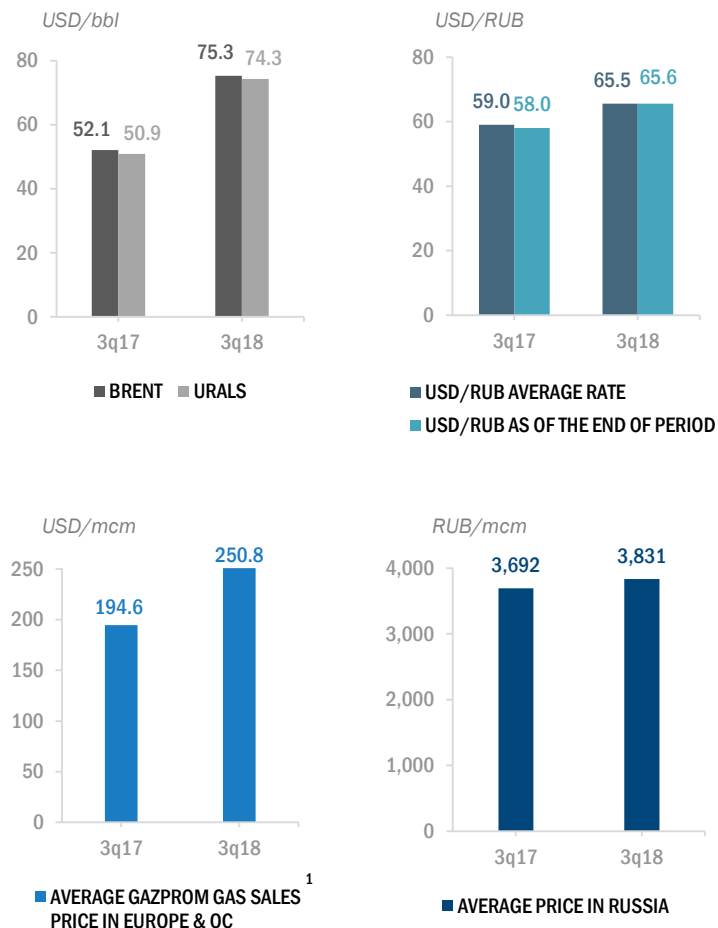
KEY EVENTS AND MARKET ENVIRONMENT



Jan
2018
-
Nov
2018

- Gas production increased by 7.2% YoY to 365 bcm as of 9M2018
- Exports to Europe increased by 6.7% YoY to 185.4 bcm
- Over 96% of the first phase of the Power of Siberia pipeline laid
- Offshore part of the TurkStream completed. Gazprom and Turkey agreed on the onshore section of the second string of the TurkStream
- Germany, Sweden, Finland and Russia granted all required approvals to build the Nord Stream-2 pipeline. More than 300 km of the pipeline built. Financing was received from European energy companies according to the agreements.
- Moody's and S&P upgraded Gazprom's ratings to investment grade

Market environment in 3q18 vs 3q17

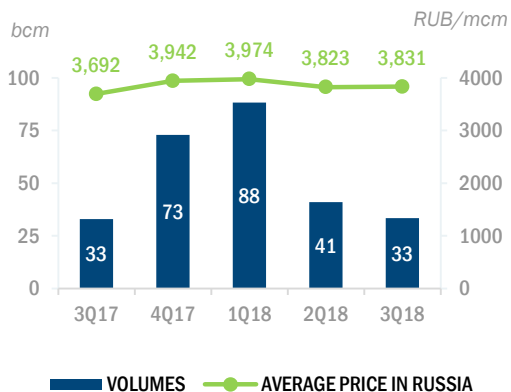


Source: Company data, Bloomberg, Bank of Russia website

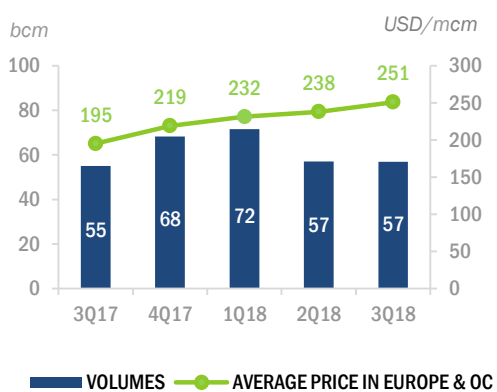
¹ OC - Other countries: including LNG sales

GAS SALES

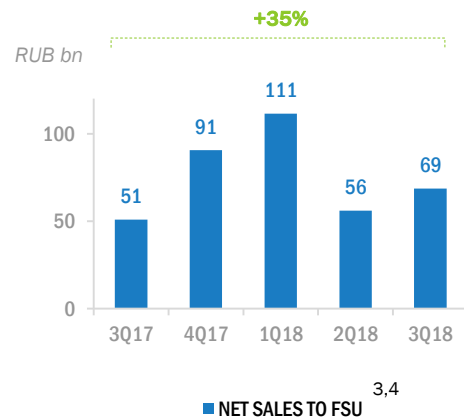
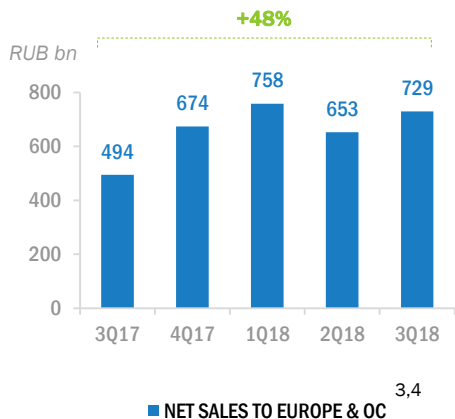
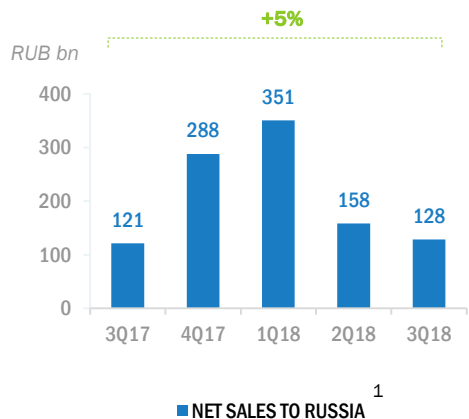
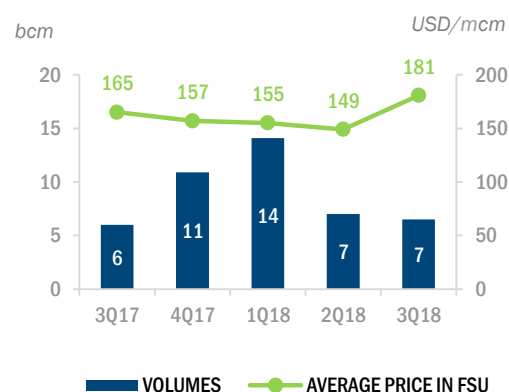
Russia



Europe & OC²



FSU



Calculations may differ due to rounding.

¹ Net of value added tax (VAT)

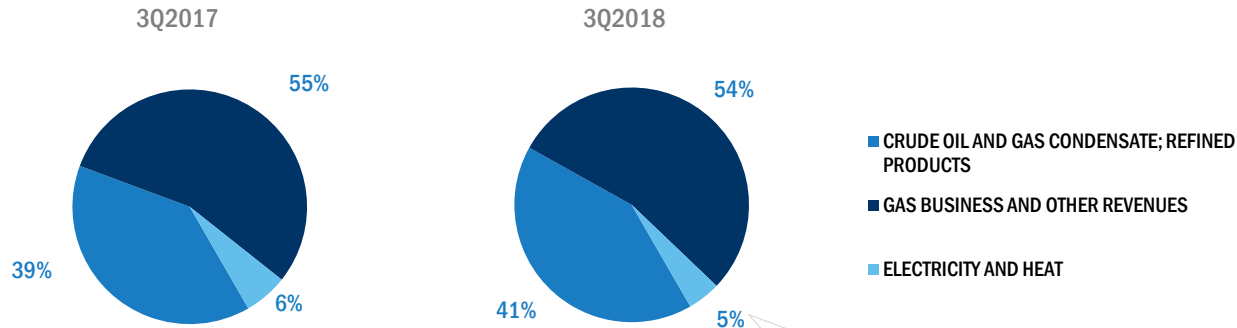
² OC - other countries: including LNG sales

³ VAT is not charged on export sales

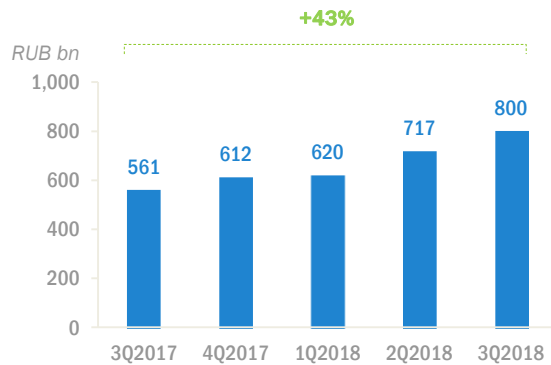
⁴ Net of custom duties and excise tax on gas exports

OIL AND UTILITIES BUSINESS

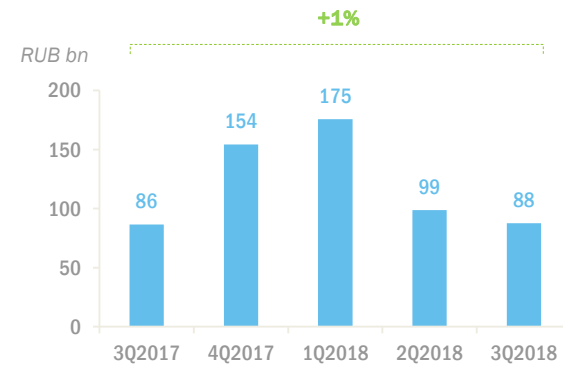
Net Sales¹



Crude oil and gas condensate; refined products sales



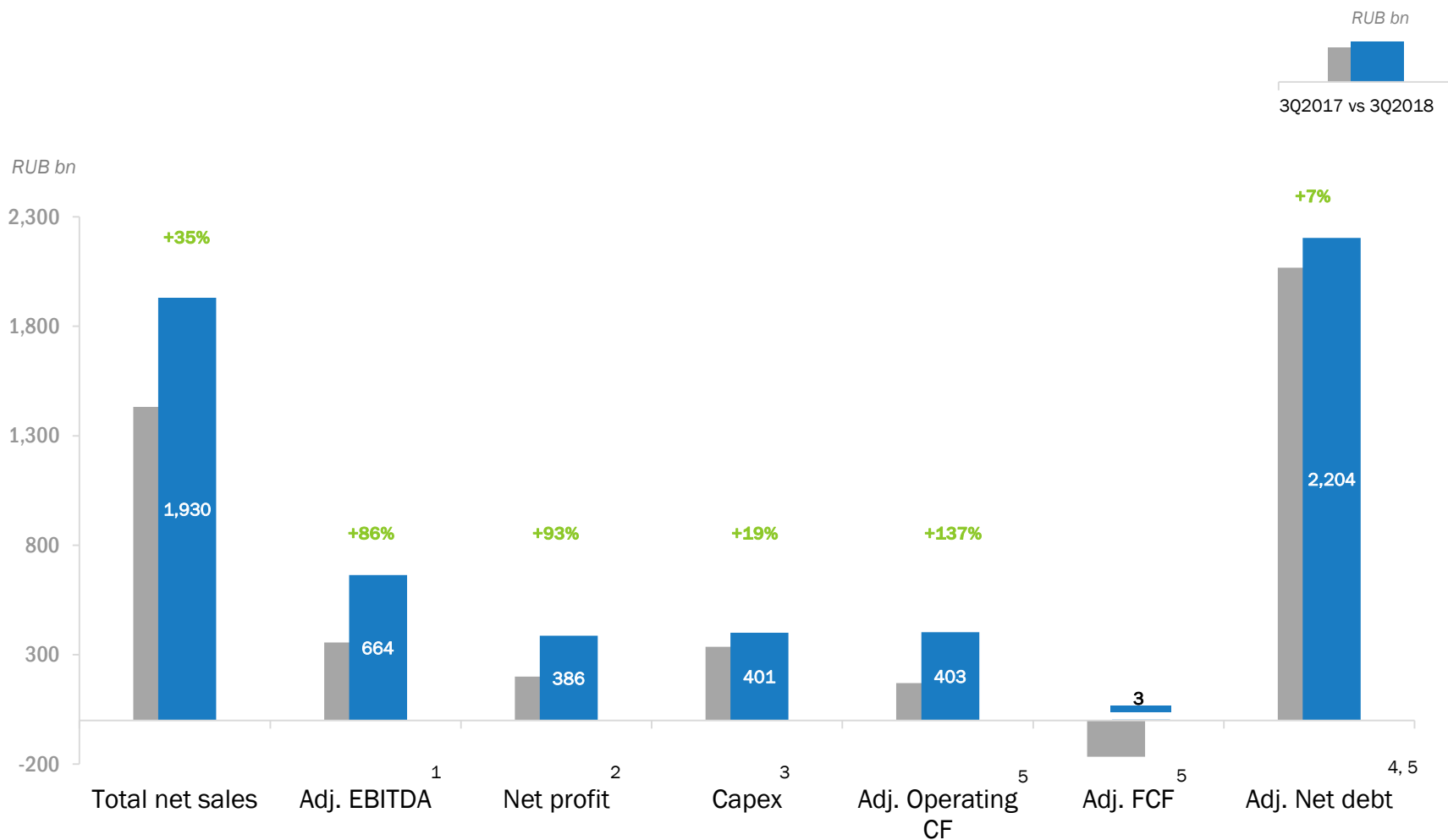
Electricity and heat sales



Calculations may differ due to rounding.

¹ Net of value added tax (VAT), excise tax and custom duties.

SUMMARY OF 3Q2018 IFRS FINANCIAL RESULTS



¹ EBITDA adjusted for changes in impairment provisions

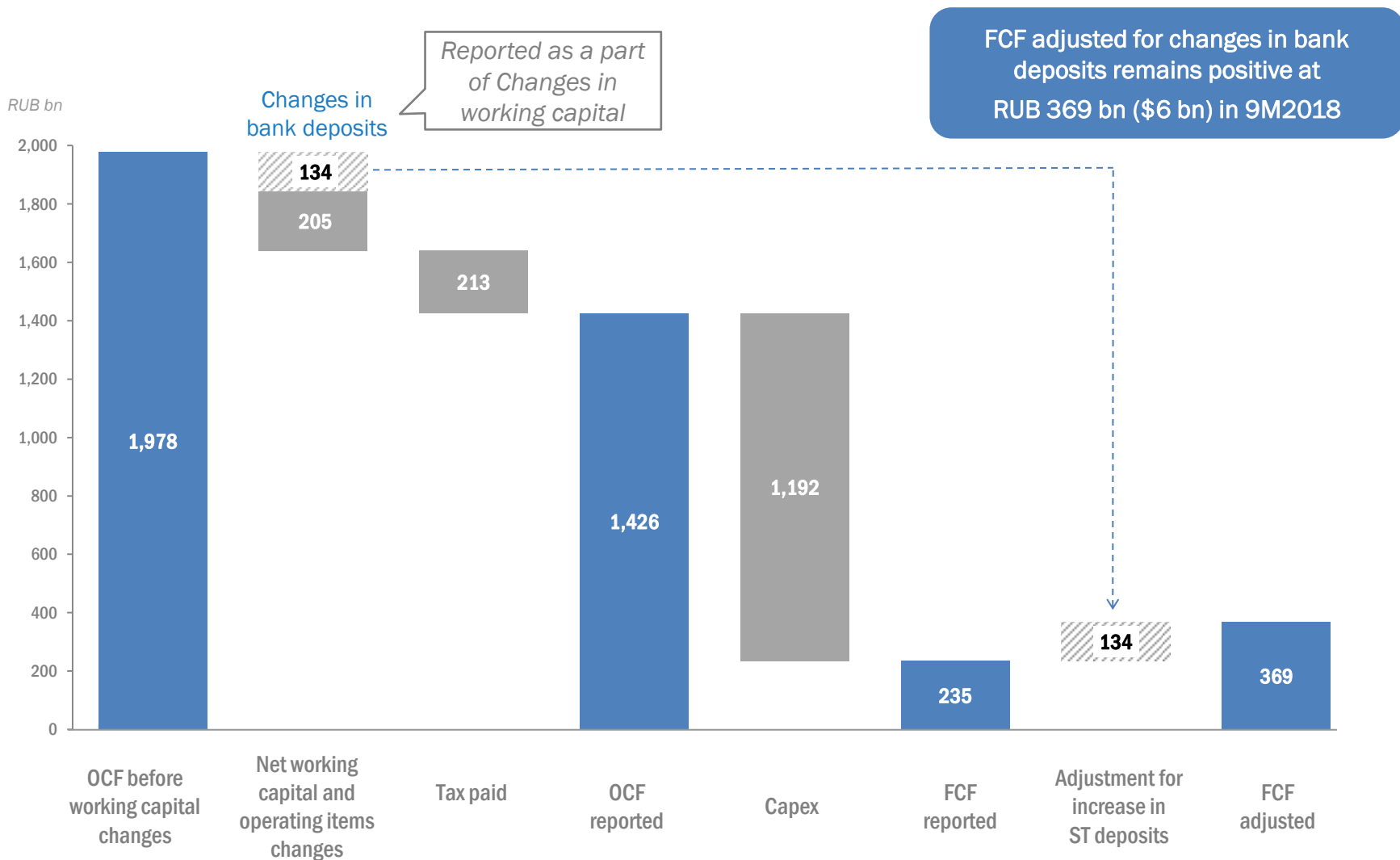
² Profit for the period attributed to shareholders of PJSC Gazprom

³ Cash capital expenditures

⁴ Compared to Adj. Net debt as of December 31, 2017

⁵ In order to reflect the effects of the bank deposits (reported as part of Other current and non-current assets). See page 14

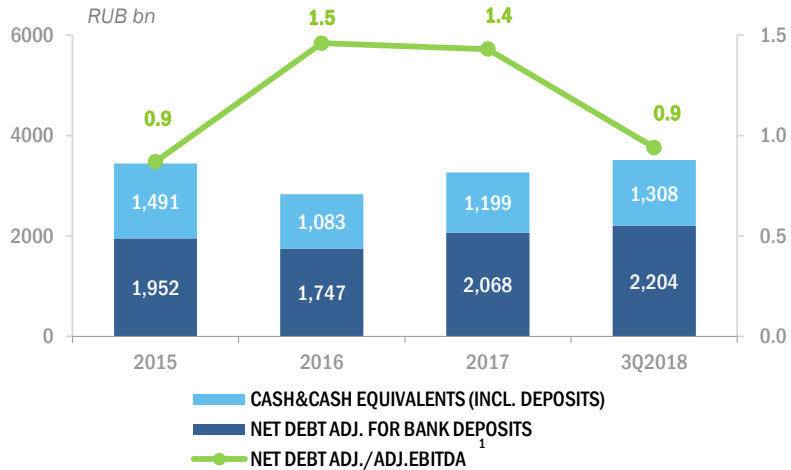
9M2018 ADJUSTED FREE CASH FLOW BREAKDOWN*



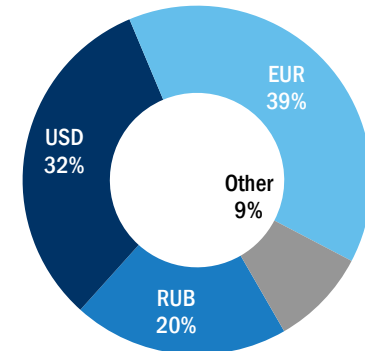
* Free Cash Flow adjusted for changes in the ST bank deposits

KEY DEBT METRICS

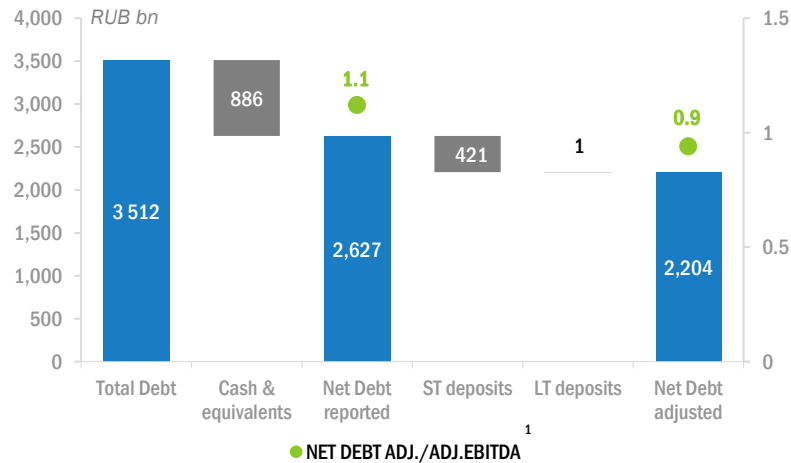
Total Debt and Net Debt adj.



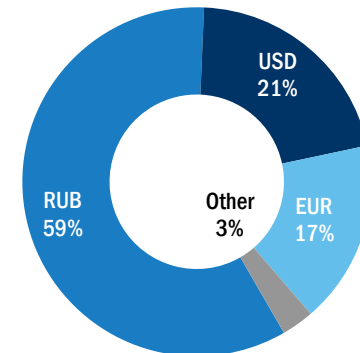
Total Debt breakdown by currency



3Q2018 adjusted Net Debt structure



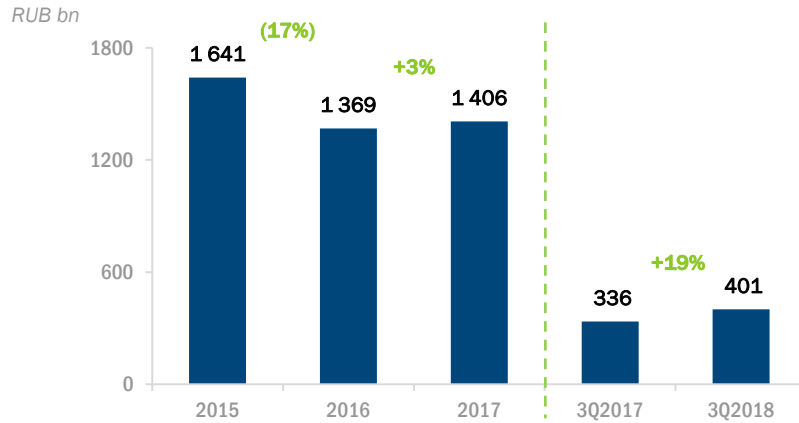
Cash, cash equivalents, bank deposits breakdown by currency



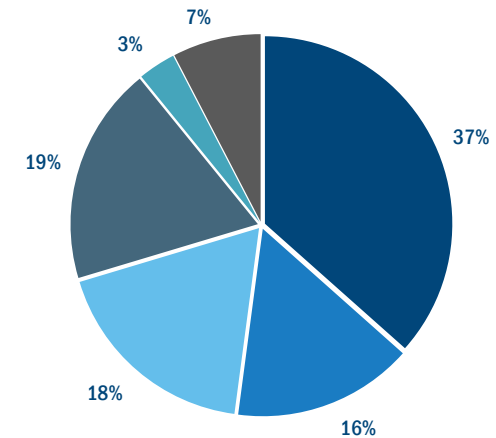
¹ Calculated using dollar values of Net debt and EBITDA. Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets

CAPITAL EXPENDITURES

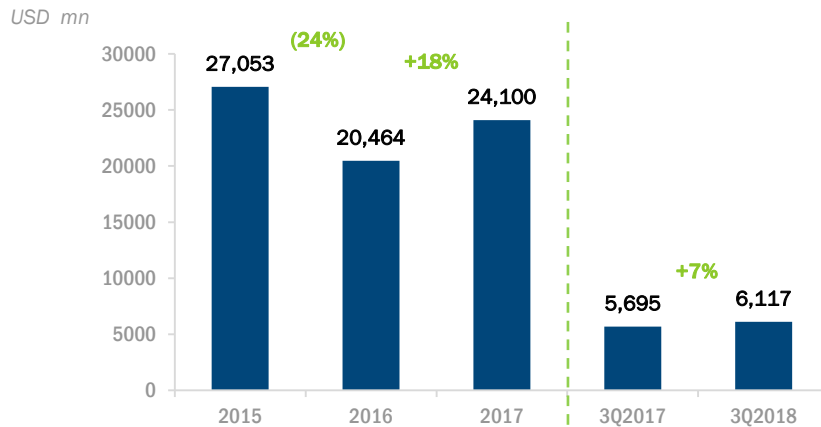
Cash CapEx



The Group's 3Q2018 CapEx breakdown¹



- TRANSPORT
- PRODUCTION OF CRUDE OIL AND GAS CONDENSATE
- PRODUCTION, DISTRIBUTION AND STORAGE OF NATURAL GAS
- REFINING
- ELECTRICITY AND HEAT
- OTHER CAPEX



¹ CapEx breakdown as provided in Management Report

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 competitiveness
of Gazprom's gas.
Record exports**

**UNIQUE
FUNDAMENTALS**



ADDITIONAL INFORMATION

IMPACT OF BANK DEPOSITS

According to Gazprom 3Q2018 IFRS report¹:

Key features of bank deposits²:

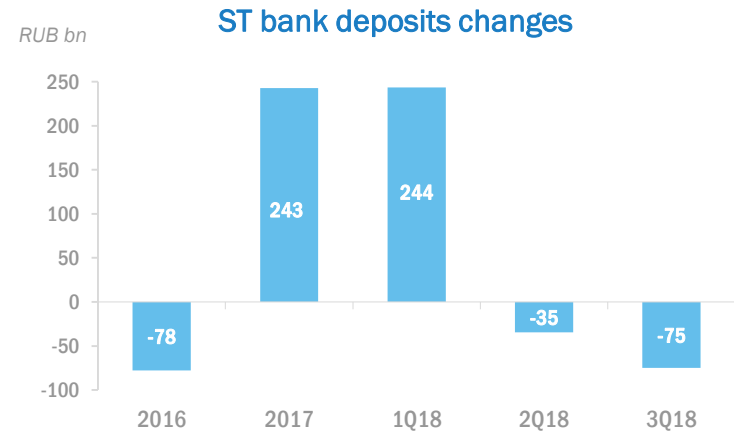
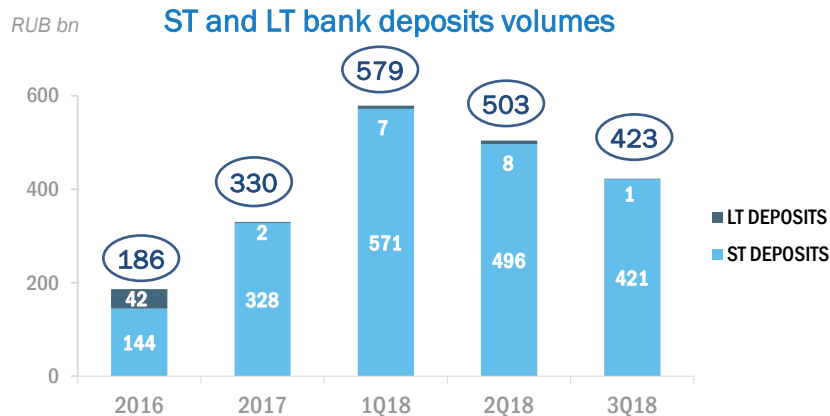
- Early withdrawal clause
- Deposit term of over 3 months

Impact of bank deposits on Net debt:

- Bank deposits are NOT included in Cash and cash equivalents
- Net Debt and Net Debt/EBITDA need to be adjusted for bank deposits for analytical purposes

Impact of changes in ST bank deposits on Cash flows:

- Changes in working capital (a part of Operating cash flows) include changes in ST bank deposits
- Operating cash flows and Free cash flow need to be adjusted for changes in ST bank deposits for analytical purposes



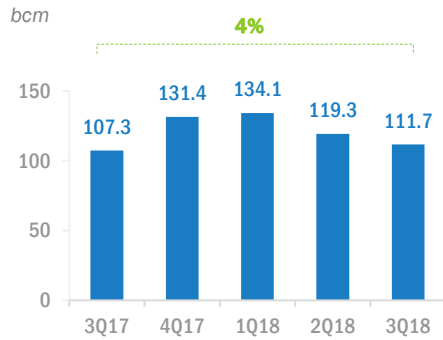
Applying of LT and ST bank deposits is aimed at improving the efficiency of liquidity management

¹ Source: Gazprom 3Q2018 IFRS report, page 21

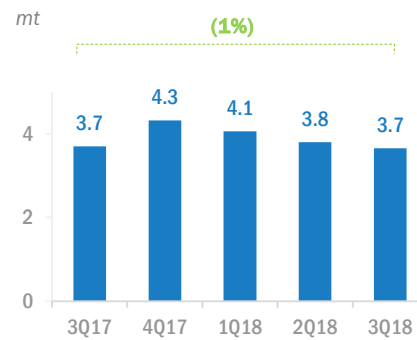
² Reported as a part of Other current assets and Other non-current assets

PRODUCTION

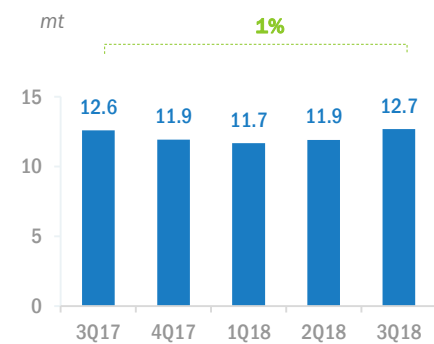
Natural gas



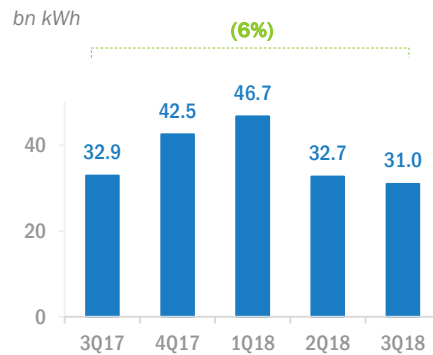
Gas condensate



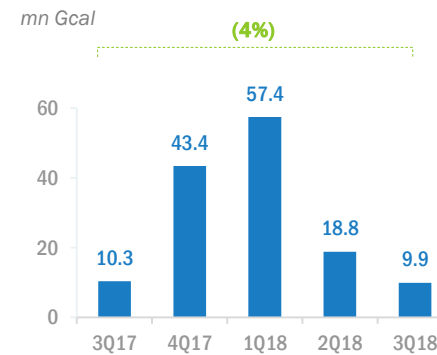
Crude oil



Electricity



Heat



Gazprom Group's volumes produced in Russia
Calculations may differ due to rounding.

RUSSIAN NATURAL GAS BALANCE

Bcm	2016	2017	9M2017	9M2018
Natural gas resources	718.20	770.29	556.2	591,6
Domestic gas production	640.40	691.19	502.9	531,8
Other sources including Central Asian and Azerbaijani gas	22.97	25.33	19.2	19,2
Gas withdrawn from underground storage in Russia, Latvia and Europe	50.98	50.45	31.4	38,7
Decrease in the amount of gas within the gas transportation system	3.85	3.31	2.7	2,0
Natural gas distribution	718.20	770.29	556.2	591,6
Domestic consumption	456.68	468.01	327.2	348,7
including needs of the gas transportation system and underground storages	32.29	37.81	26.7	29,8
Gas pumped into underground storages	28.54	53.02	48.9	52,2
Gas for LNG production	14.70	15.46	11.3	11,3
Foreign supplies	181.68	197.40	143.9	151,5
FSU supplies	32.11	32.88	22.3	26,1
Increase in the amount of gas within the gas transportation system	4.49	3.52	2.5	1,8

Source: Company Operating Data

THANK YOU!