



GAZPROM: 2017 IFRS RESULTS

APRIL 27, 2018



Alexander Ivannikov

Head of Department

DISCLAIMERS

This presentation has been prepared by PJSC Gazprom (the “Company”), and comprises the slides for a presentation to investors concerning the Company. This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities representing shares in the Company, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Any viewer of this presentation considering a purchase of such securities is hereby reminded that any such purchase should be made solely on the basis of the information contained in the prospectus or other offering document prepared in relation thereto and will be subject to the selling restrictions set out therein. The information in this presentation should not be treated as investment advice. Care has been taken to ensure that the facts stated in this presentation are accurate, and that the opinions expressed are fair and reasonable. However, the contents of this presentation have not been verified by the Company. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its members, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in or discussed at this presentation. None of the Company or any of their respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

The information in this presentation includes forward-looking statements, such statements may also occur during the Q&A session. These forward-looking statements include all matters that are not historical facts, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties, including, without limitation, the risks and uncertainties to be set forth in the prospectus, because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. No person is under any obligation to update or keep current the information contained herein.

By attending the presentation you agree to be bound by the foregoing limitations.

MAJOR 2017 AND RECENT EVENTS

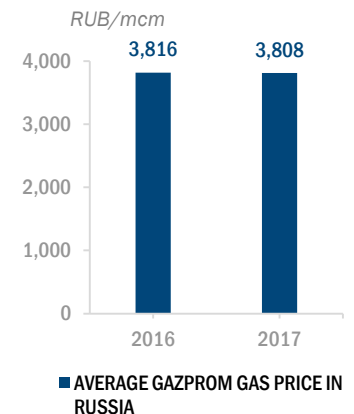
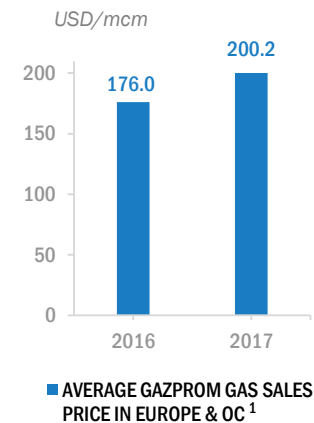
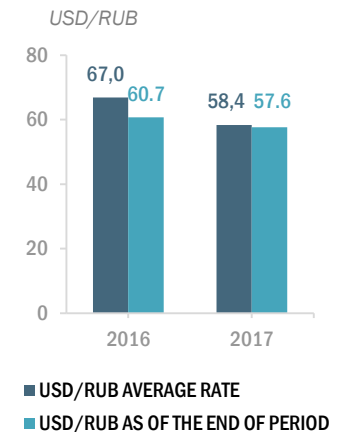
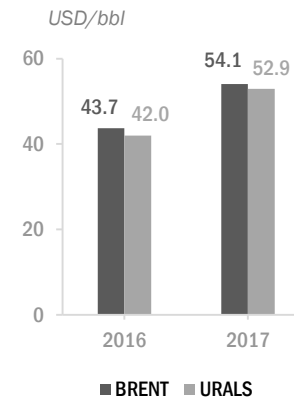
2017
Major
events

- Record-high exports to Europe +8% YoY at 194.4 bcm
- Crude oil production growth +4% YoY at 59.5 mt (incl. JV)
- Supplementary Agreement with CNPC signed to supply gas via Power of Siberia starting December 20, 2019
- Nord Stream 2: €1.6 bn received from European Energy Companies
- Access to OPAL pipeline broadened
- BoD approved 50/50 JV with BOTAS for the construction and operation of the onshore transit gas pipeline in Turkey

Jan
2018
-
Apr
2018

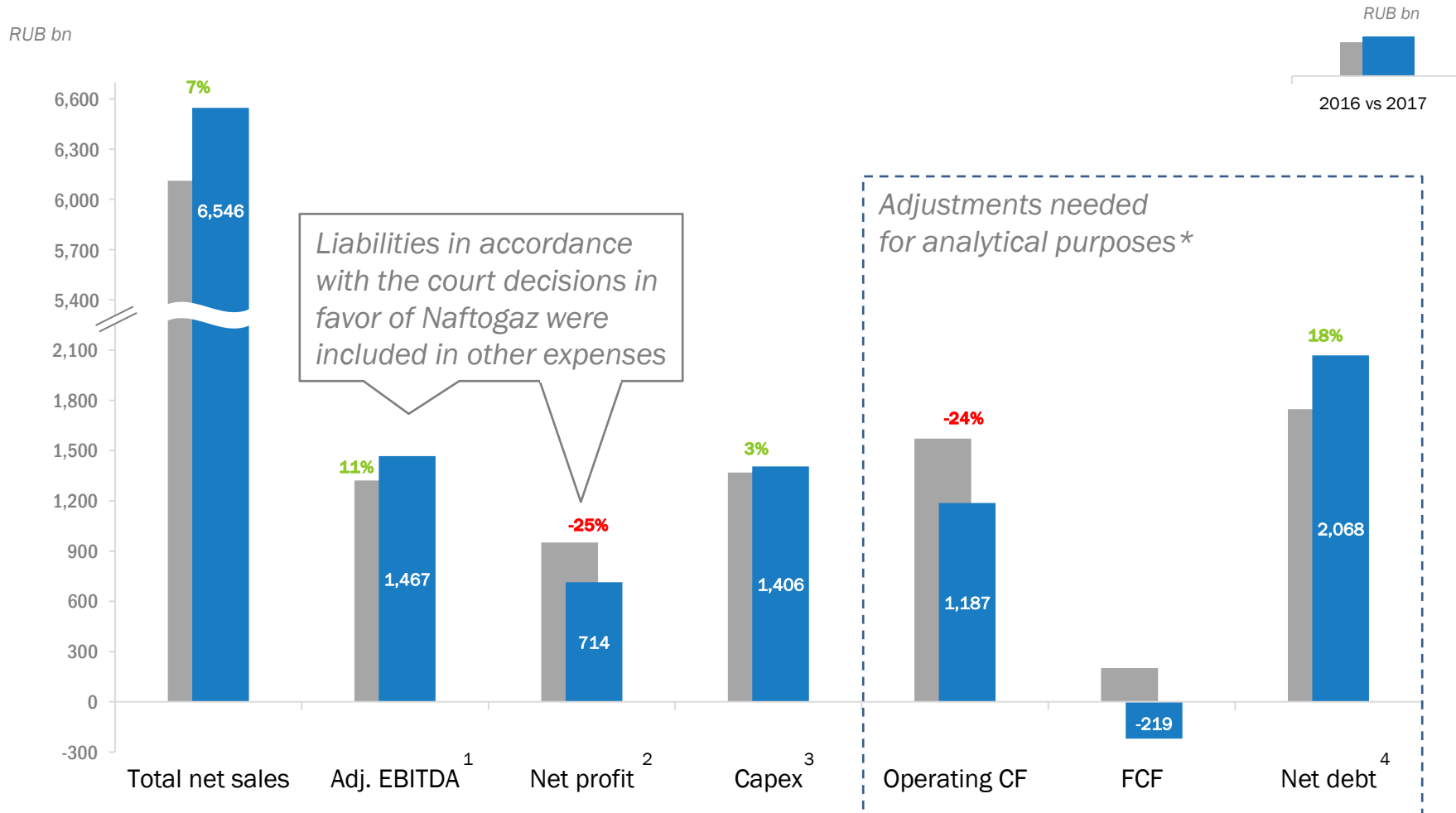
- Construction of the TurkStream pipeline continues, first string is expected to approach Turkish coast in May 2018
- Construction of the Power of Siberia pipeline continues, over 75% of the first phase laid
- Germany and Finland granted all required approvals to build the Nord Stream-2 pipeline, additional €0.4 bn received from European Energy Companies
- Moody's and S&P upgraded Gazprom's ratings to investment grade
- Management Committee proposed RUB 8.04 per share dividend for 2017

Market environment in 2017 vs 2016



Source: Company data, Bloomberg, Bank of Russia website
¹ OC - Other countries: including LNG sales

SUMMARY OF 2017 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 Net debt as of December 31, 2016

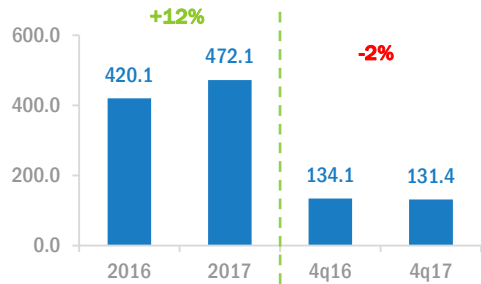
*In order to reflect the effects of the bank deposits (reported as part of Other current and non-current assets) increase

PRODUCTION



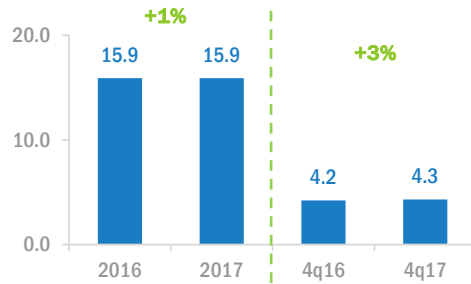
Natural gas

bcm



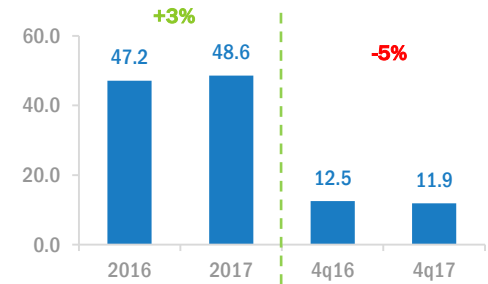
Gas condensate

mln ton



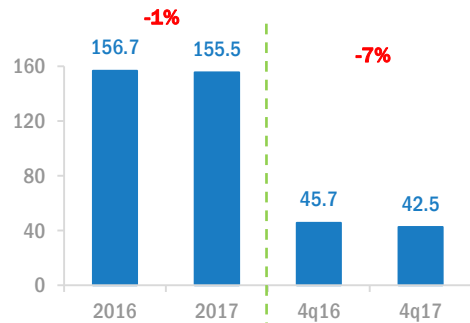
Crude oil

mln ton



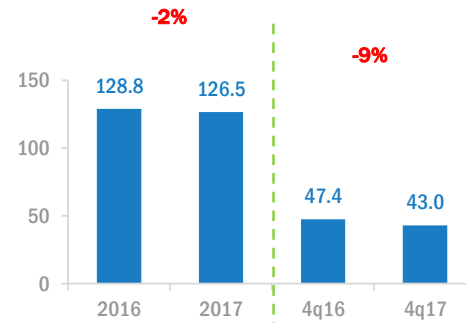
Electricity

bn kWh



Heat

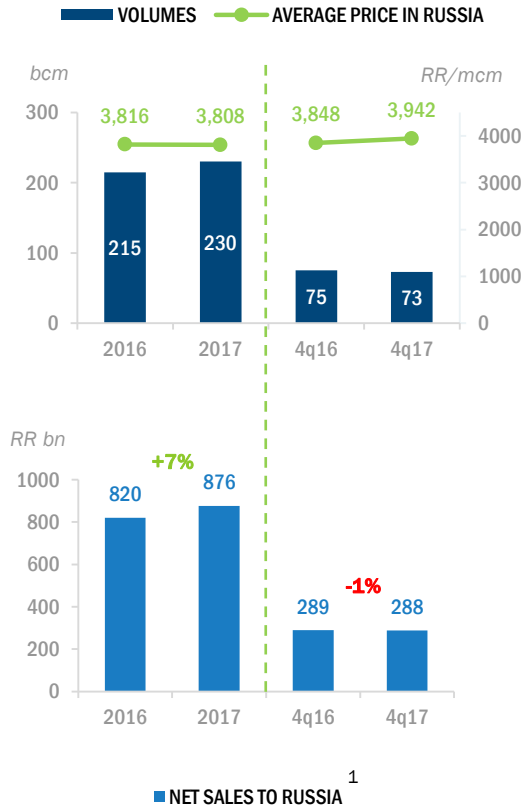
mln Gcal



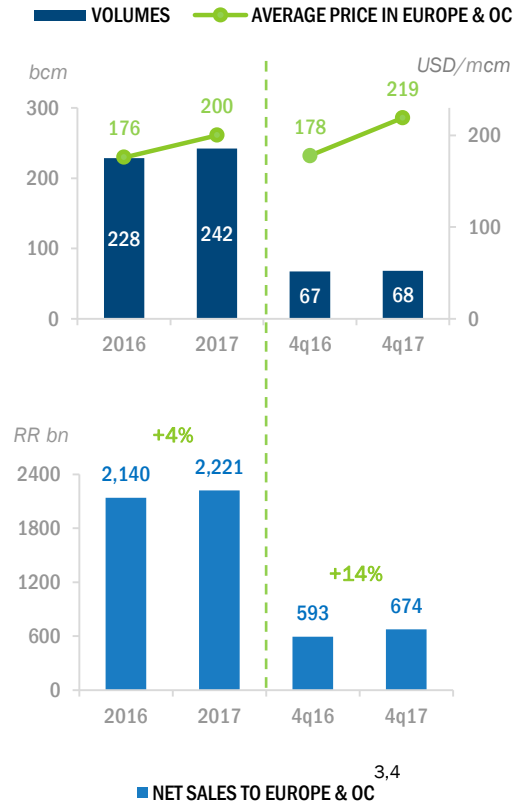
Gazprom Group's volumes produced in Russia
Calculations may diverge due to rounding.

GAS SALES

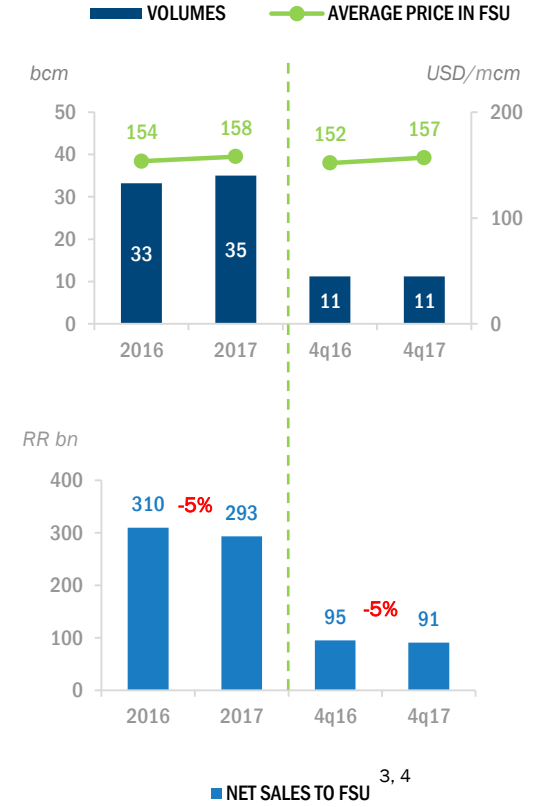
Russia



Europe & OC²



FSU



Calculations may diverge due to rounding.

¹ Net of value added tax (VAT)

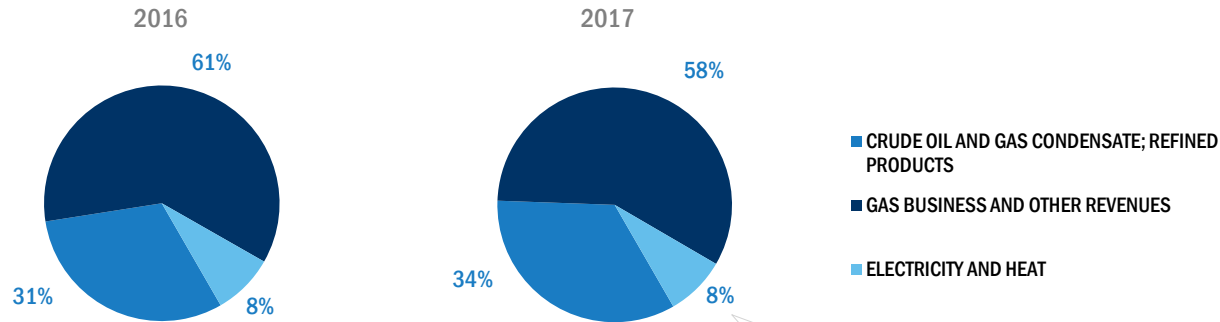
² OC - Other countries: include LNG sales

³ VAT is not charged on sales

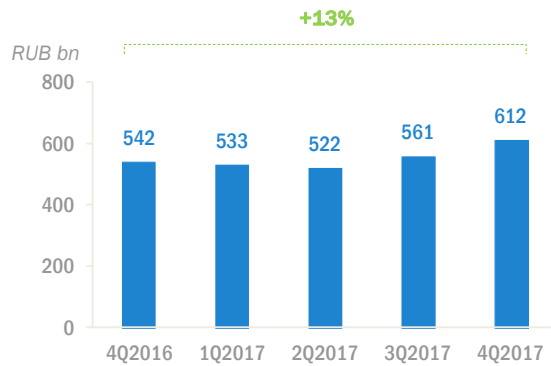
⁴ Net of custom duties and excise tax

OIL AND ENERGY BUSINESS

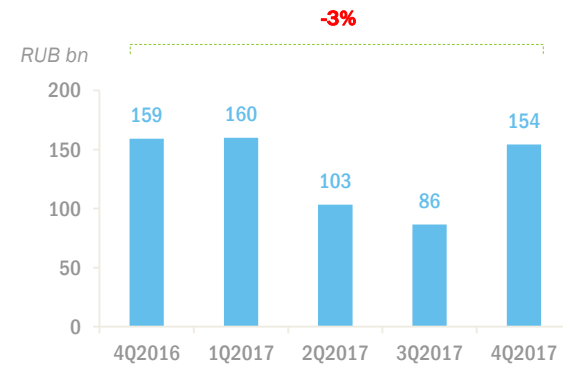
Net Sales¹



Crude oil and gas condensate; refined products



Electricity and heat



Calculations may differ due to rounding.

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

BANK DEPOSITS

According to Gazprom 2017 IFRS report¹:

12 OTHER CURRENT AND NON-CURRENT ASSETS

Included within other current assets are prepaid taxes, predominantly VAT in the amount of RUB 150,511 million and RUB 97,869 million and profit tax in the amount of RUB 6,271 million and RUB 12,916 million as of 31 December 2017 and 31 December 2016, respectively. Other current assets include short-term deposits in the amount of RUB 327,969 million and RUB 144,035 million as of 31 December 2017 and 31 December 2016, respectively.

As of 31 December 2017 and 31 December 2016 other non-current assets include:

- intangible assets in the amount of RUB 52,174 million and RUB 46,126 million;
- VAT recoverable related to assets under construction totalling RUB 36,681 million and RUB 35,702 million;
- net pension assets in the amount of RUB 27,173 million and RUB 20,499 million (see Note 24);
- long-term deposits in the amount of RUB 1,559 million and RUB 42,230 million.

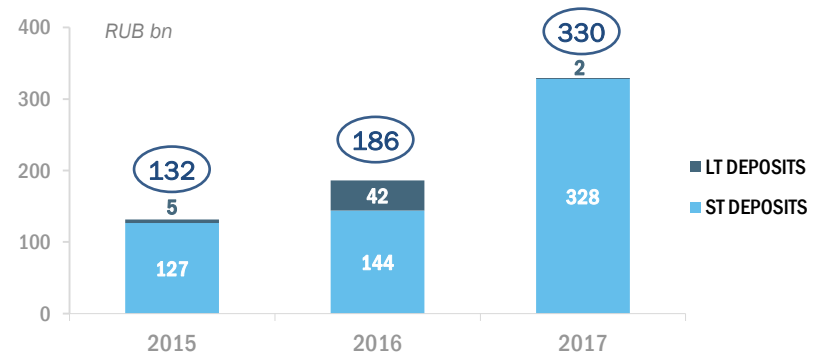
Key features of bank deposits²:

- 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 activities³ (changes in working capital)
- Decrease in Free cash flow³

In 2017 Gazprom substantially increased bank deposits volumes



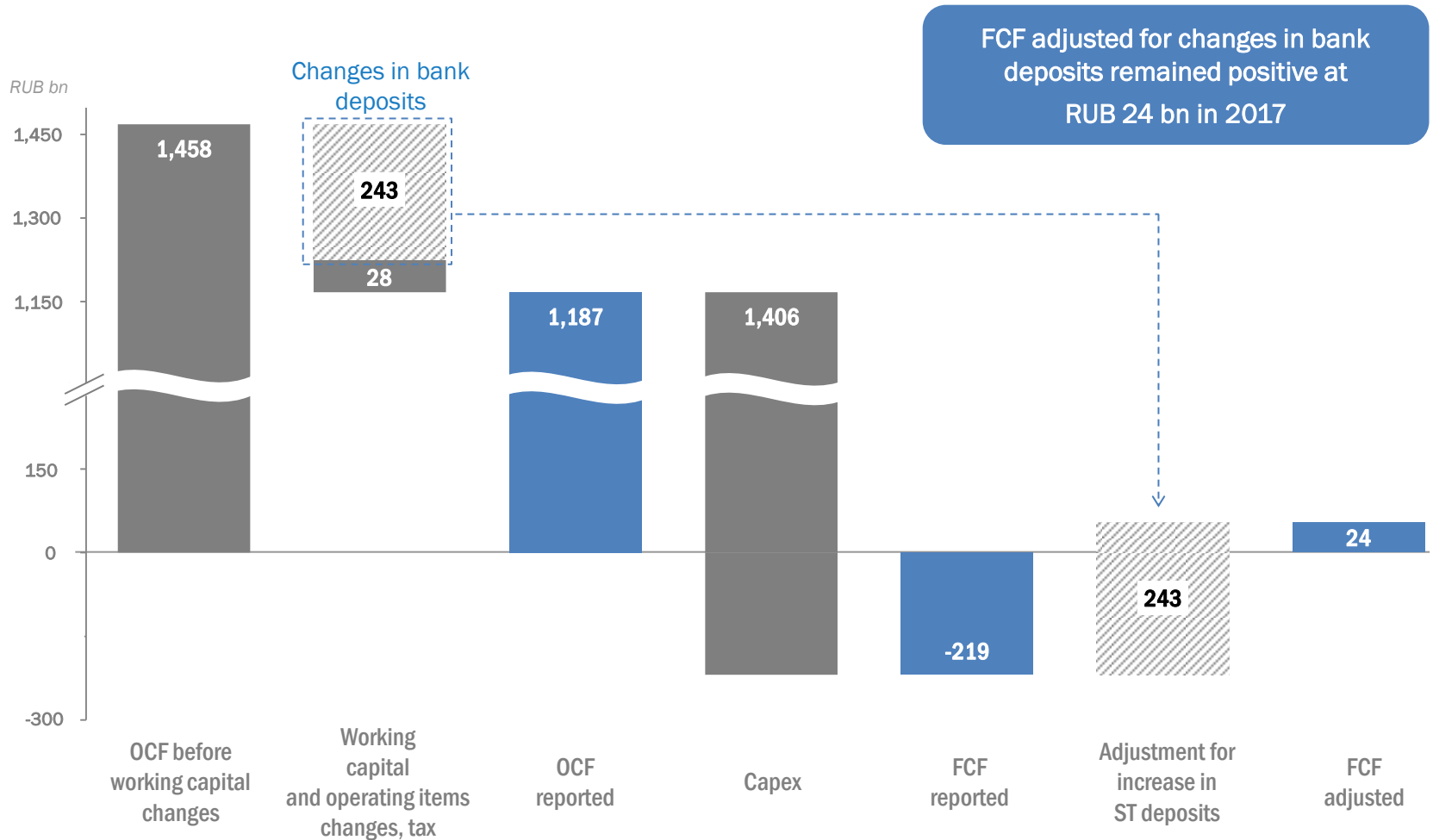
Increase in LT and ST bank deposits is aimed at improving the efficiency of liquidity management

¹ Source: Gazprom 2017 IFRS report, page 33

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

³ Affected by ST deposits

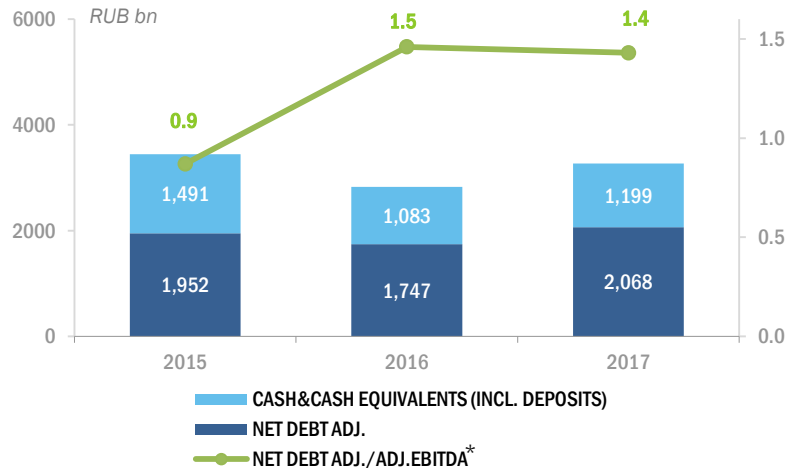
2017 ADJUSTED FREE CASH FLOW BREAKDOWN*



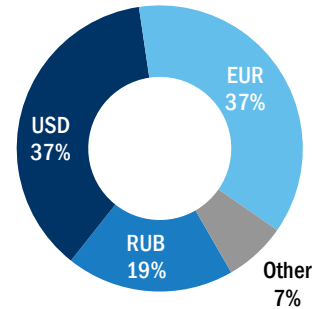
* Free Cash Flow adjusted for changes in the ST bank deposits

KEY DEBT METRICS

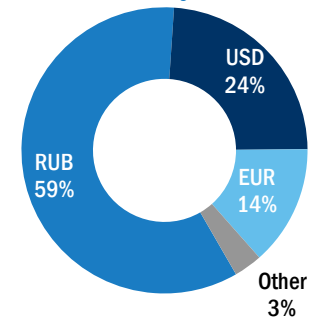
Net Debt adjusted on bank deposits¹



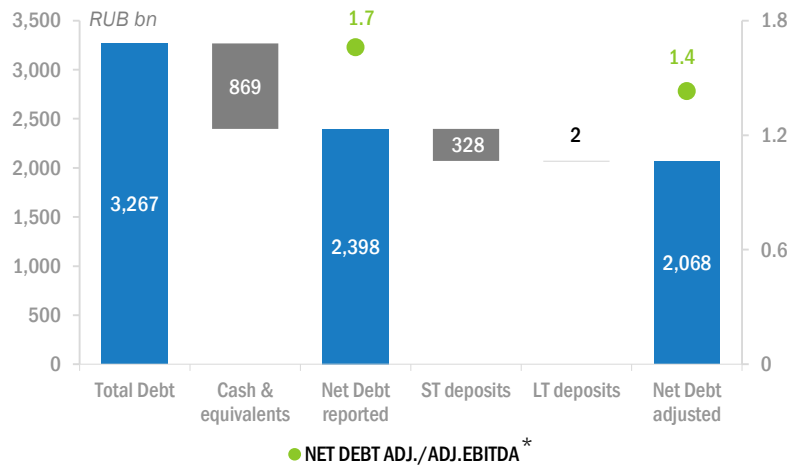
Total Debt breakdown by currency



Cash, cash equivalents, bank deposits breakdown by currency



2017 adjusted Net Debt structure¹



Credit ratings of Gazprom

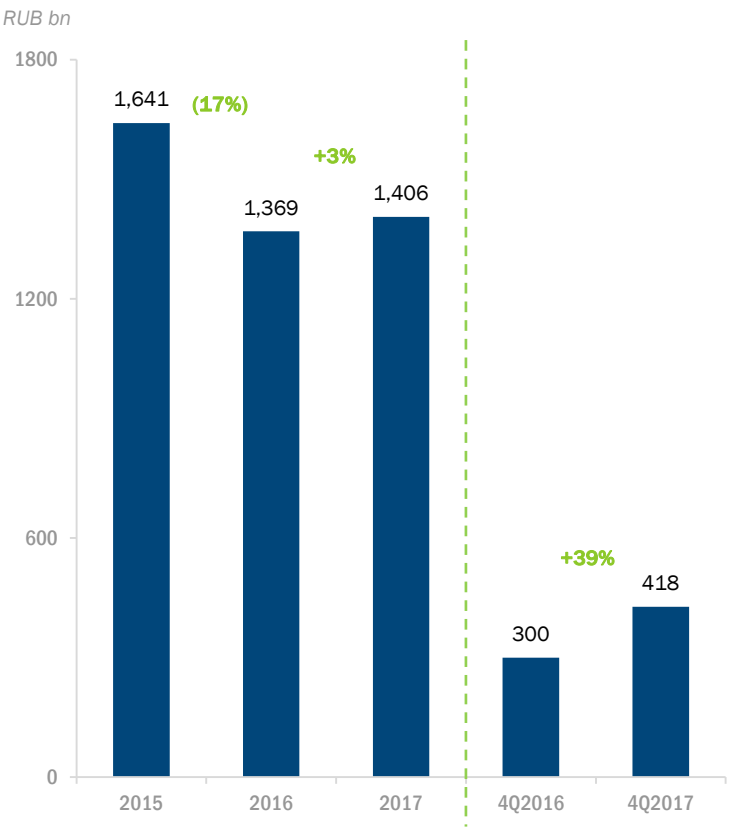
	Rating	Outlook
Fitch *	BBB- (investment grade)	positive
Moody's	Baa3 (investment grade)	positive
S&P *	BBB- (investment grade)	stable
Dagong	AAA	stable
ACRA	AAA (RU)	stable

¹ Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets (see Slide 9 for details)

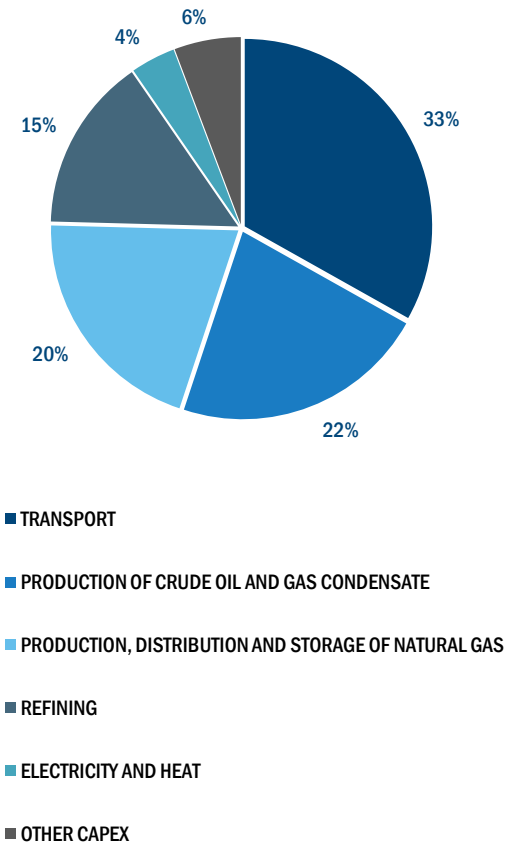
* In USD terms

CAPITAL EXPENDITURES

Cash Capex

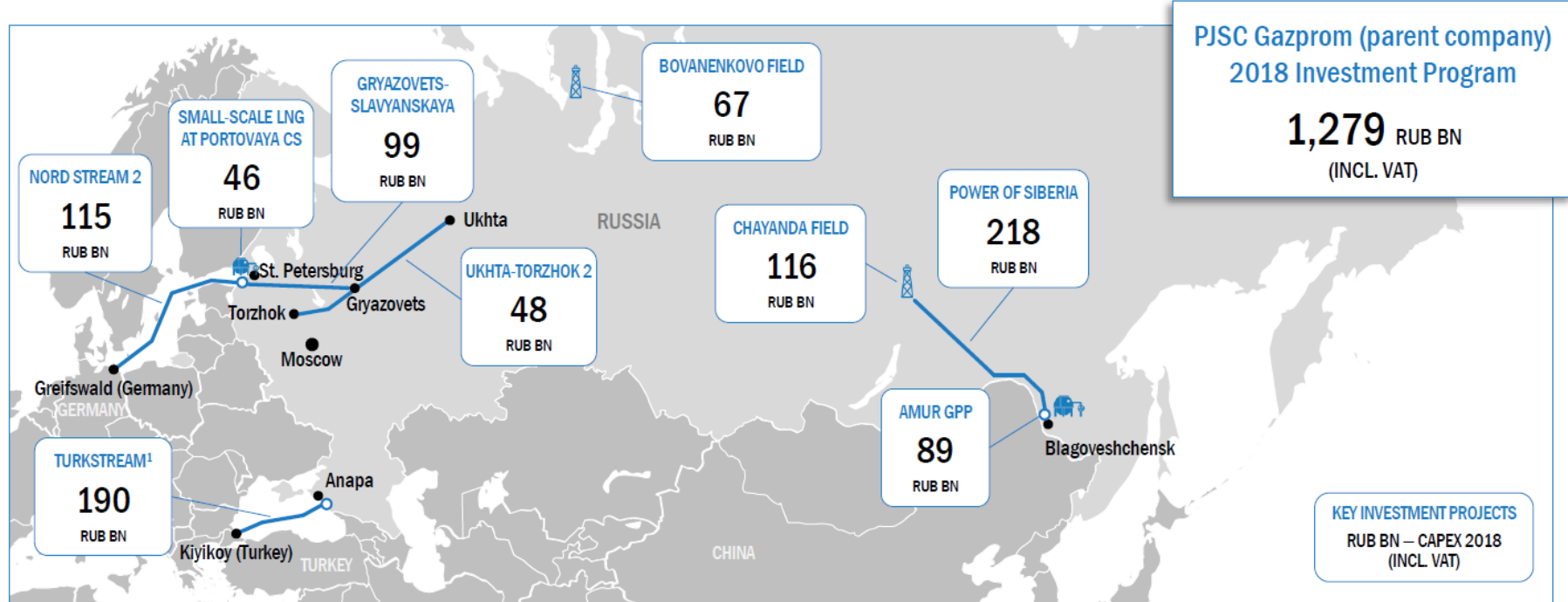


The Group's 2017 Capex breakdown¹



¹ CapEx breakdown as provided in Management Report

KEY GAS BUSINESS INVESTMENT PROJECTS

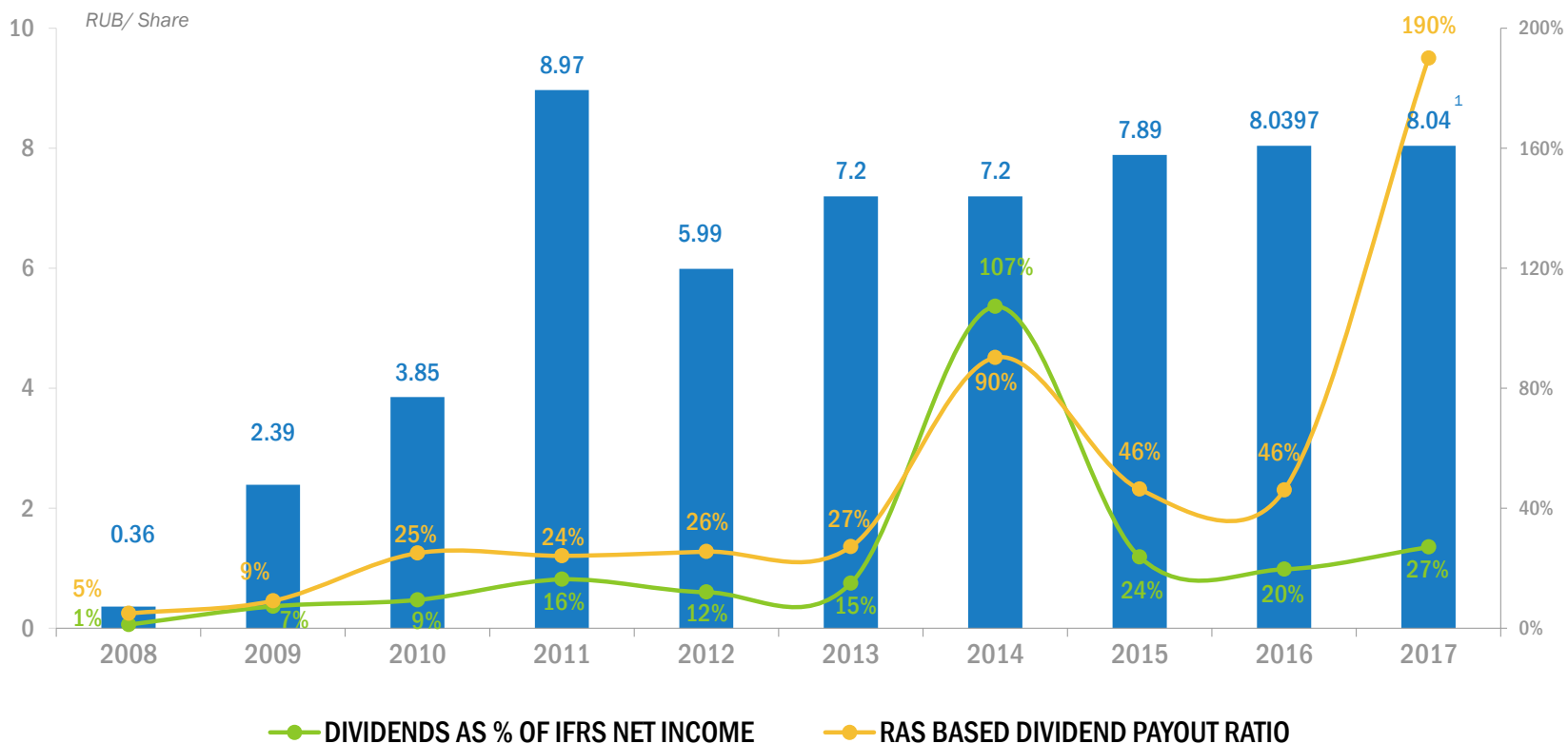


¹ Incl. onshore part

DIVIDEND PAYOUT



Dividend per share



¹ As proposed by the Management Committee

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

RUSSIAN NATURAL GAS BALANCE

Bcm	2016	2017	4Q2016	4Q2017
Natural gas resources	718.20	770.29	219.75	214.09
Domestic gas production	640.40	691.19	190.99	188.29
Other sources including Central Asian and Azerbaijani gas	22.97	25.33	6.66	6.13
Gas withdrawn from underground storage in Russia, Latvia and Europe	50.98	50.45	21.23	19.05
Decrease in the amount of gas within the gas transportation system	3.85	3.31	0.87	0.61
Natural gas distribution	718.20	770.29	219.75	214.09
Domestic consumption	456.68	468.01	147.19	140.81
including needs of the gas transportation system and underground storages	32.29	37.81	11.22	11.11
Gas pumped into underground storages	28.54	53.02	2.06	4.13
Gas for LNG production	14.70	15.46	4.24	4.16
Foreign supplies	181.68	197.40	53.64	53.50
FSU supplies	32.11	32.88	10.81	10.58
Increase in the amount of gas within the gas transportation system	4.49	3.52	1.82	1.02

Source: Company Operating Data

THANK YOU!