



# 2Q2017 IFRS RESULTS

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Head of Department

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# HIGHLIGHTS



**Apr.  
2017**

- Nord Stream 2 financing agreements signed with ENGIE, OMV, Shell, Uniper and Wintershall
- Gazprom placed GBP 850 mn Eurobonds

**May  
2017**

- Construction of TurkStream's offshore section commenced

**Jun.  
2017**

- Pipe-laying of TurkStream gas pipeline in deep water commenced
- AGM approves RUB 8.0397 dividends per share (+2% YoY)

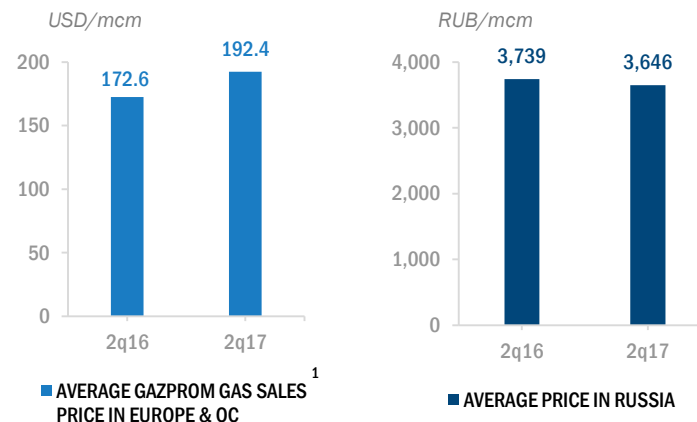
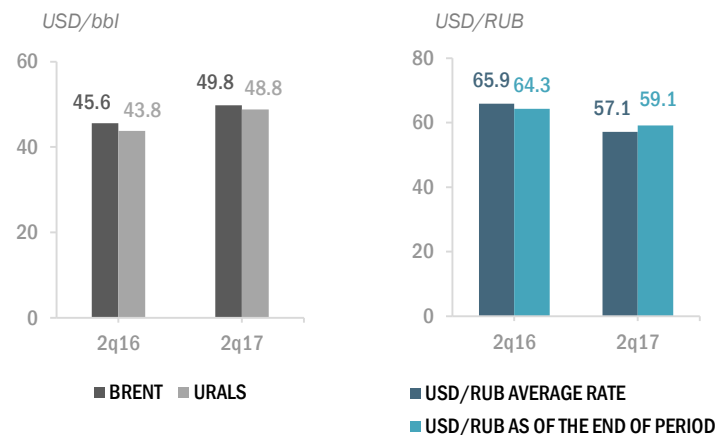
**Jul.  
2017**

- Supplementary Agreement signed with China to supply gas via Power of Siberia starting December 20, 2019
- Gazprom placed CHF 500 mn Eurobonds

**Aug.  
2017**

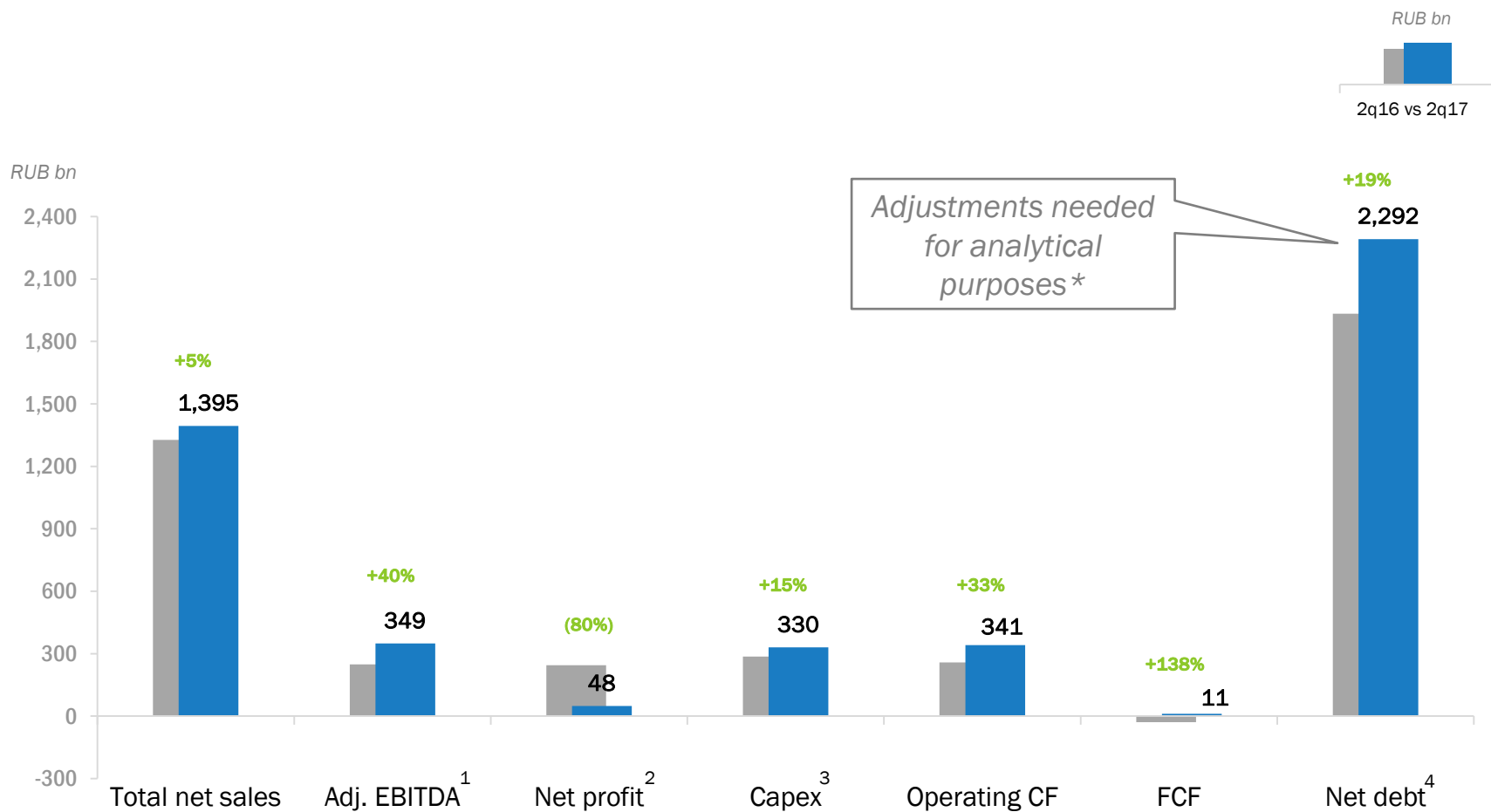
- First foundation laid for Amur GPP
- +40% to access of OPAL pipeline
- Strong gas export volumes to Europe – 118 bcm from 1 Jan to 15 Aug (+12% YoY)
- Daily record of August gas transportation volumes to Europe (590 mncm per day)

## Market environment in 2q16 vs 2q17



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

# SUMMARY OF 2Q17 IFRS FINANCIAL RESULTS



<sup>1</sup> EBITDA adjusted for changes in impairment provisions

<sup>2</sup> Profit for the period attributed to shareholders of PJSC Gazprom

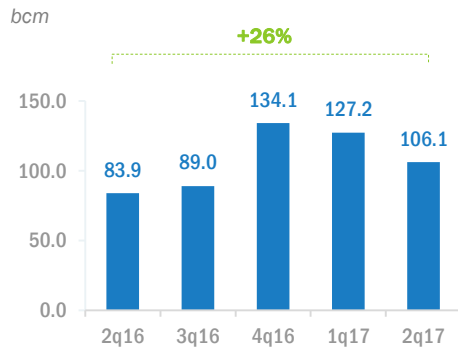
<sup>3</sup> Cash capital expenditures

<sup>4</sup> Compared to Net debt as of December 31, 2016

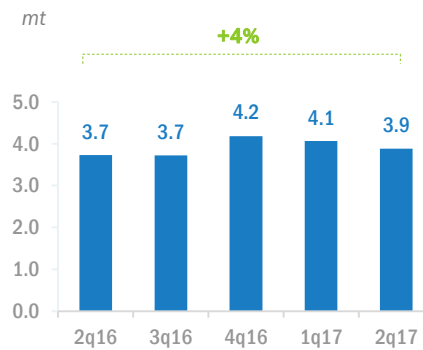
\*In order to reflect the effects of the bank deposits (reported as part of Other current and non-current assets)

# PRODUCTION

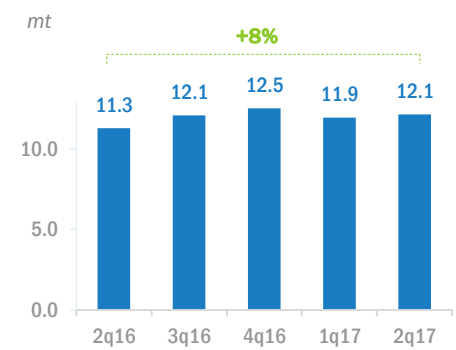
## Natural gas



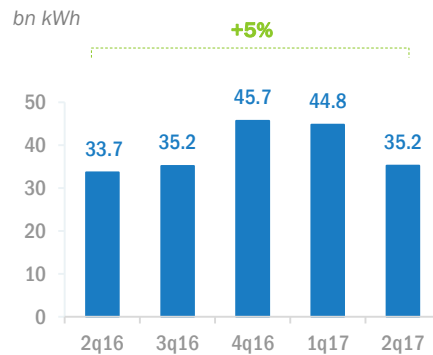
## Gas condensate



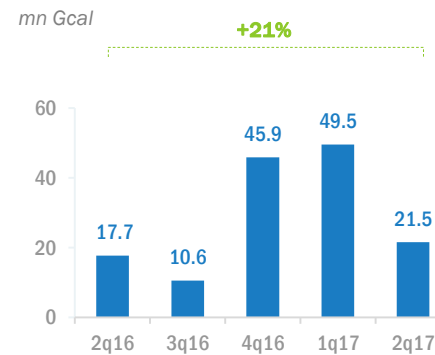
## Crude oil



## Electricity



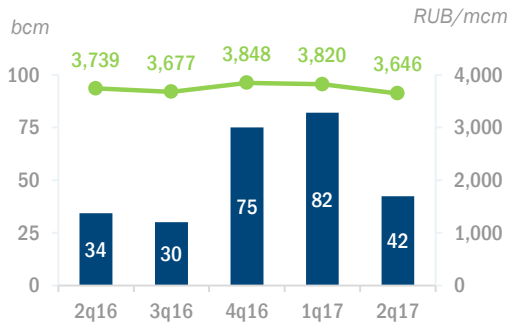
## Heat



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

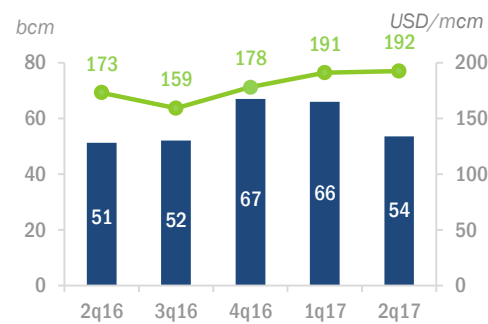
# GAS SALES

## Russia



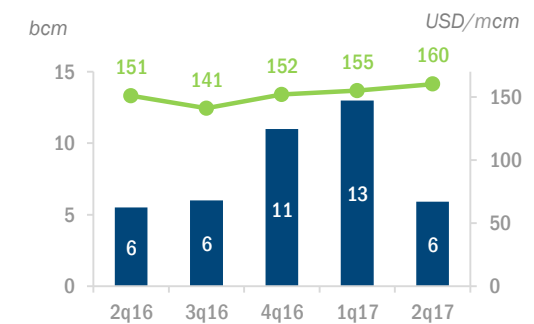
■ VOLUMES ● AVERAGE PRICE IN RUSSIA

## Europe & OC<sup>2</sup>

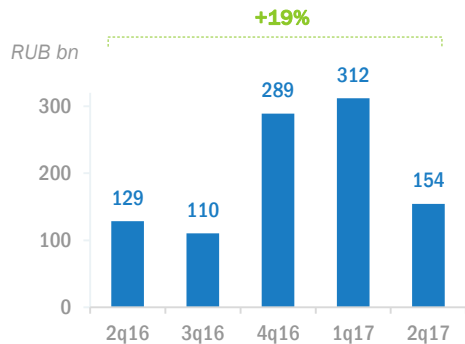


■ VOLUMES ● AVERAGE PRICE IN EUROPE & OC

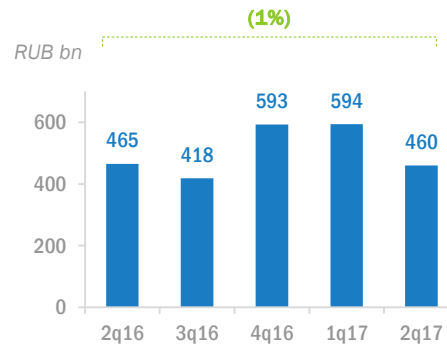
## FSU



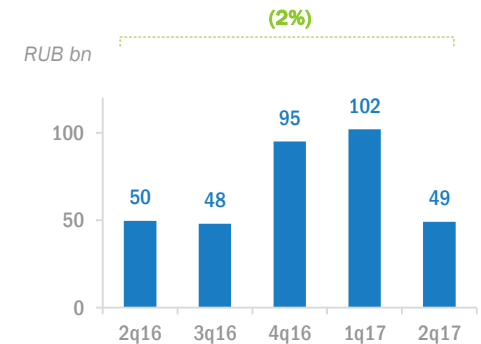
■ VOLUMES ● AVERAGE PRICE IN FSU



■ NET SALES TO RUSSIA<sup>1</sup>



■ NET SALES TO EUROPE & OC<sup>3,4</sup>



■ NET SALES TO FSU<sup>3,4</sup>

Calculations may differ due to rounding.

<sup>1</sup> Net of value added tax (VAT)

<sup>2</sup> OC - other countries: including LNG sales

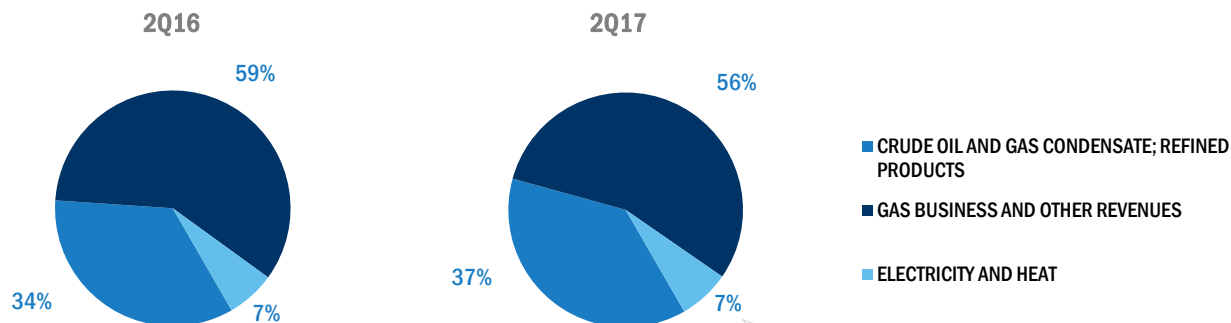
<sup>3</sup> VAT is not charged on export sales

<sup>4</sup> Net of custom duties and excise tax on gas exports

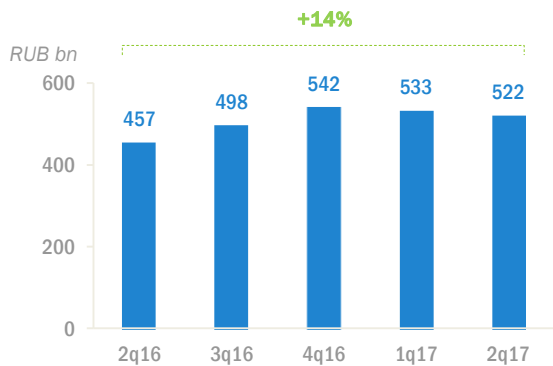
# OIL AND ENERGY BUSINESS



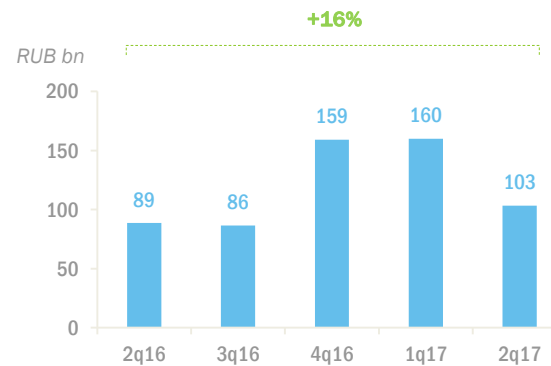
## Net Sales<sup>1</sup>



### Crude oil and gas condensate; refined products



### Electricity and heat



Calculations may differ due to rounding.

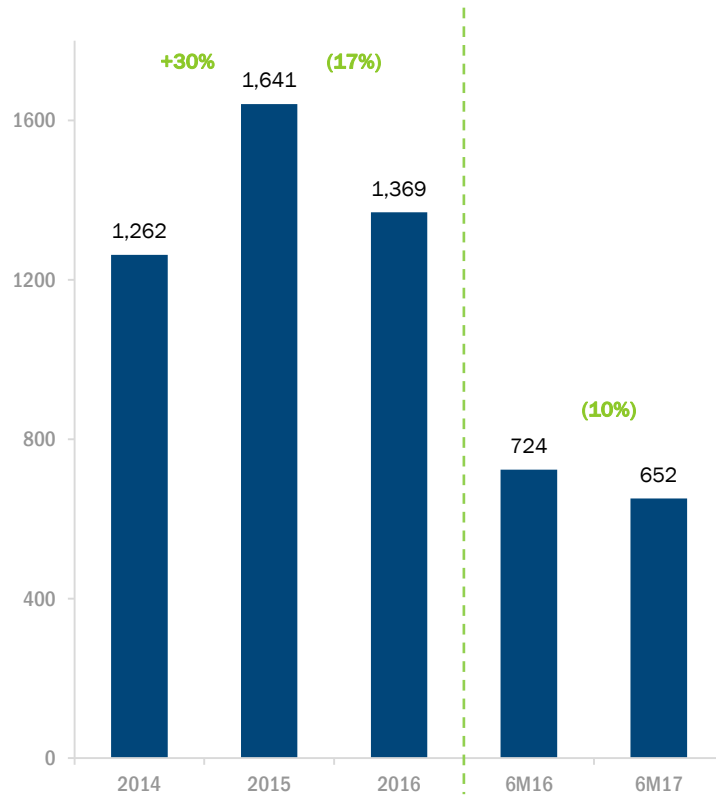
<sup>1</sup> Net of value added tax (VAT), excise tax and custom duties.



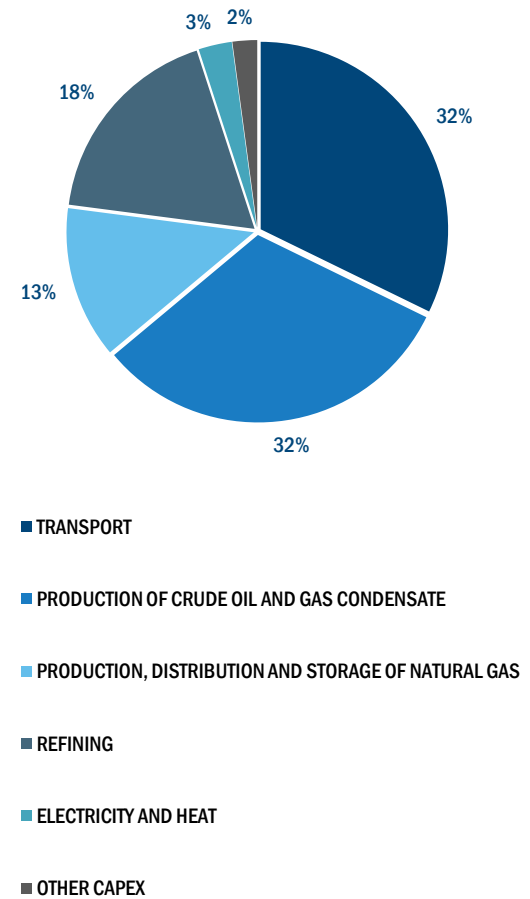
# CAPITAL EXPENDITURES

## Cash Capex

RUB bn



## The Group's 1H17 Capex breakdown<sup>1</sup>



<sup>1</sup> CapEx breakdown as provided in Management Report

# BANK DEPOSITS

According to Gazprom 2q17 IFRS report<sup>1</sup>:

## 12 OTHER CURRENT AND NON-CURRENT ASSETS

Included within other current assets are prepaid taxes, predominantly VAT in the amount of RUB 172,036 million and RUB 97,869 million and profit tax in the amount of RUB 57,429 million and RUB 12,916 million as of 30 June 2017 and 31 December 2016, respectively. Other current assets include short-term deposits in the amount of RUB 503,453 million and RUB 144,035 million as of 30 June 2017 and 31 December 2016, respectively.

Included within other non-current assets are VAT recoverable related to assets under construction totalling RUB 37,530 million and RUB 35,702 million and long-term deposits in the amount of RUB 983 million and RUB 42,230 million as of 30 June 2017 and 31 December 2016, respectively. Other non-current assets include net pension assets in the amount of RUB 21,943 million and RUB 20,499 million as of 30 June 2017 and 31 December 2016, respectively (see Note 20).

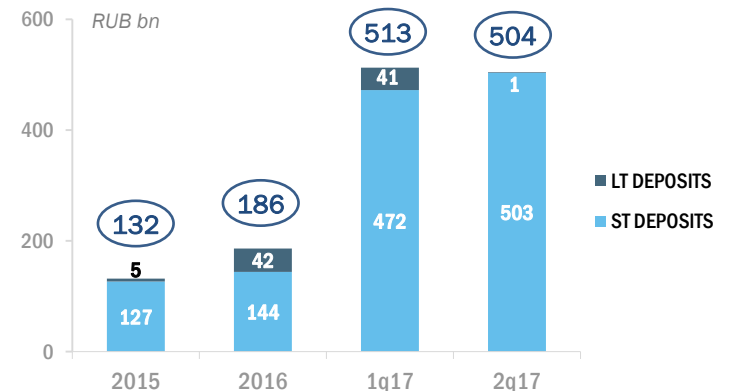
### Key features of bank deposits<sup>2</sup>:

- 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<sup>3</sup> (changes in working capital)
- Decrease in Free cash flow<sup>3</sup>

### In 2q17 Gazprom substantially increased bank deposits volumes



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

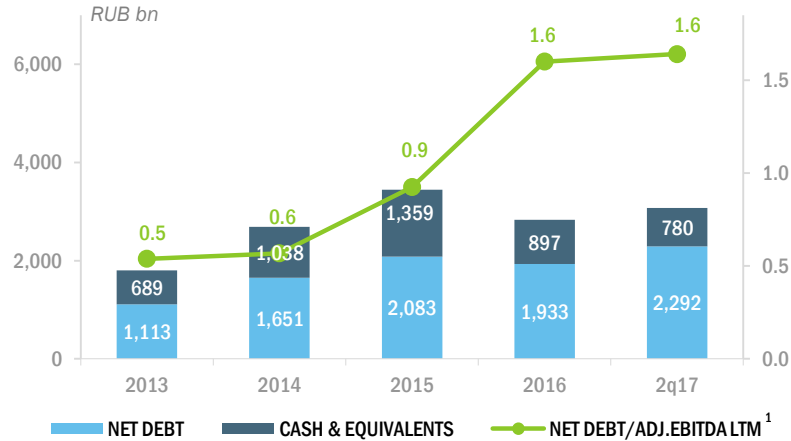
<sup>1</sup> Source: Gazprom 2Q17 IFRS report, page 18

<sup>2</sup> Reported as a part of Other current assets and Other non-current assets

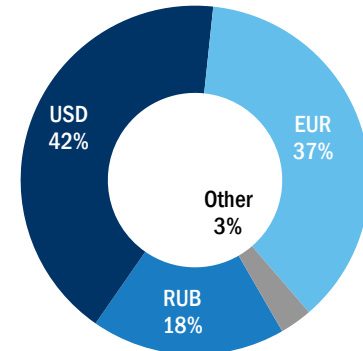
<sup>3</sup> Affected by ST deposits

# KEY DEBT METRICS

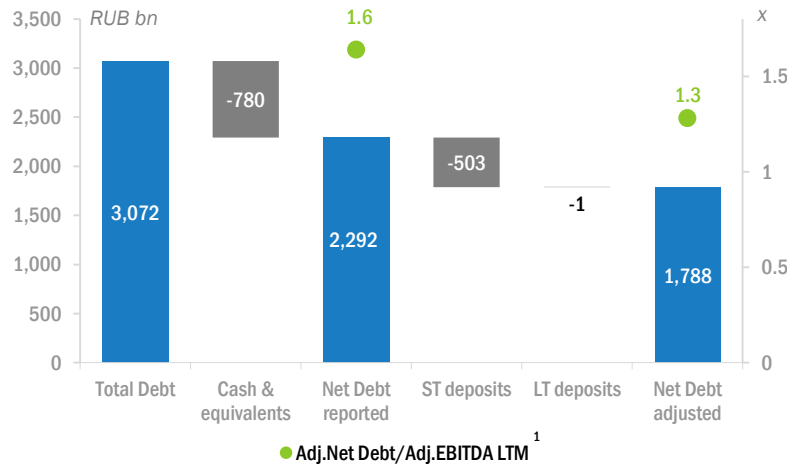
## Total Debt and Net Debt



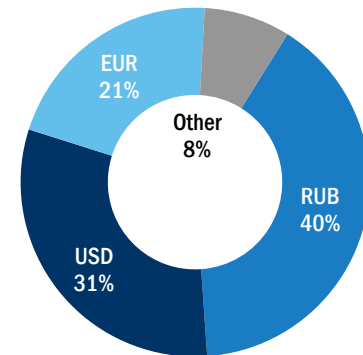
## Total Debt breakdown by currency



## 2Q2017 adjusted Net Debt structure<sup>2</sup>



## Cash & equivalents breakdown by currency



<sup>1</sup> Calculated using dollar values of Net debt and EBITDA

<sup>2</sup> Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets



ADDITIONAL INFORMATION

## RUSSIAN NATURAL GAS BALANCE

Bcm	2Q2016	2Q2017	1H2016	1H2017
<b>Natural gas resources</b>	<b>146.3</b>	<b>169.8</b>	<b>349.3</b>	<b>387.1</b>
Domestic gas production	138.3	160.4	308.0	342.6
Other sources, including gas from Central Asia and Azerbaijan	5.3	6.1	11.0	12.4
Gas from underground storage facilities in Russia, Latvia and Europe	1.7	2.2	28.4	30.1
Decrease in gas volumes of within the gas transportation system	1.0	1.1	2.0	1.9
<b>Natural gas distribution</b>	<b>146.3</b>	<b>169.8</b>	<b>349.3</b>	<b>387.1</b>
Domestic consumption	85.4	94.4	228.4	243.3
including needs of the gas transportation system and underground storage facilities	5.6	7.5	14.4	18.0
Gas pumped into underground storage facilities	10.0	19.8	10.0	20.0
Gas for LNG production	3.5	3.6	7.1	7.8
Foreign supplies	41.1	45.2	86.1	97.5
FSU supplies	5.5	5.8	15.8	16.8
Increase in gas volumes of within the gas transportation system	0.8	1.0	1.9	1.7

Source: Company Operating Data

**THANK YOU!**