GAZPROM: BUSINESS GROWTH, ENHANCING SUPPLY SECURITY
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GAZPROM’S ANNIVERSARY

Production

13 tcm of gas

>700 bn t of oil and condensate

Exports

>5 tcm

1 According to IFRS standards and taking into account revenue structures of gas, oil and electrical power companies of Gazprom’s Group

2 Including exports to FSU countries
### KEY EVENTS AND DEVELOPMENT TRENDS

#### KEY EVENTS
- Extension of OPEC and Russia’s agreement to cut oil production
- Gradual increase of hydrocarbon prices
- New US, Australian and Russian LNG volumes show up
- Imposition of gas export restrictions mechanism in Australia
- Cancellation of Northern field production cap in Qatar
- Hydrocarbon production growth in Iran after partial lifting of sanctions
- Historic high growth of demand and imports of natural gas in China

#### TRENDS
- Coal-fired generation stalling in some European countries
- Declining global investments in renewable energy
- “Asian LNG premium”
- LNG “marinization”
- EV rush
- Increased demand for Russian gas in Europe

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**Gazprom’s long-term position in the global energy market has a great potential due to:**
- Rich resource base of conventional fields
- Well-developed gas transportation infrastructure
- Low operating costs
- Availability of long-term gas supply contracts
- Active work on diversifying the range of products, supply routes and markets

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**KEY EVENTS OF 2017 CREATED AN ADDITIONAL POTENTIAL FOR STRENGTHENING GAZPROM’S STRATEGIC ADVANTAGES**
2035 GLOBAL ENERGY OUTLOOK

- World energy consumption: +20%
- Gas share in energy mix: +2 p.p.
- New leader in terms of gas consumption: #1
- CAGR: 1.5%

Asia-Pacific region
Gazprom holds exclusive rights for gas pipeline exports from Russia.

“Existing amount of PJSC Gazprom’s functions will be maintained.”

DRAFT RUSSIAN ENERGY STRATEGY UNTIL 2035

1 Source: Draft Russian Energy Strategy until 2035 (as of March 2017), Energy Research Institute of Russian Academy of Sciences.
ARE ANY SUBSTANTIAL CHANGES NEEDED FOR THE RUSSIAN GAS INDUSTRY?

<table>
<thead>
<tr>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass media pressure</td>
<td>Affordable domestic prices</td>
</tr>
<tr>
<td>“Bright future” of the industry in theory</td>
<td>High level of gasification in Russia</td>
</tr>
</tbody>
</table>

The answer is obvious: “NO, not in the foreseeable future”
### GAZPROM’S PRODUCTION STRATEGY

#### New upstream gas projects

<table>
<thead>
<tr>
<th>FIELDS</th>
<th>ANNUAL DESIGN CAPACITY, bcm</th>
<th>YEAR OF LAUNCH</th>
<th>YEAR OF ACHIEVING DESIGN CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kharasaveiskoye (cenoman-aptian)</td>
<td>32</td>
<td>2023-2024</td>
<td>2026-2027</td>
</tr>
<tr>
<td>Kharasaveiskoye (neocomian-jurassic)</td>
<td>18</td>
<td>2026-2027</td>
<td>2028-2029</td>
</tr>
<tr>
<td>Bovanenkovskoye (neocomian-jurassic)</td>
<td>25</td>
<td>2024-2025</td>
<td>2029-2030</td>
</tr>
<tr>
<td>Severo-Kamennomysskoye</td>
<td>14.5</td>
<td>2025-2027</td>
<td>2030-2032</td>
</tr>
<tr>
<td>Kamennomysskoye-sea</td>
<td>15.1</td>
<td>2023-2025</td>
<td>2025-2027</td>
</tr>
<tr>
<td>Chayandinskoye</td>
<td>25</td>
<td>2019</td>
<td>2024</td>
</tr>
<tr>
<td>Kovyktinskoye</td>
<td>25</td>
<td>2022</td>
<td>2025</td>
</tr>
<tr>
<td>Yuzhno-Kirinskoye</td>
<td>21</td>
<td>2023</td>
<td>2033-2034</td>
</tr>
</tbody>
</table>
GAZPROM’S TRANSPORTATION STRATEGY

Projects:

<table>
<thead>
<tr>
<th>PROJECTS</th>
<th>LENGTH, km</th>
<th>ANNUAL CAPACITY, bcm</th>
<th>YEAR OF LAUNCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>TurkStream</td>
<td>&gt; 900 km (offshore section)</td>
<td>31.5</td>
<td>2019</td>
</tr>
<tr>
<td>Nord Stream 2</td>
<td>~1,200</td>
<td>55</td>
<td>2019</td>
</tr>
<tr>
<td>Gryazovets - Slavyanskaya CS</td>
<td>870</td>
<td>~80</td>
<td>2019</td>
</tr>
<tr>
<td>Ukhta-Torzhok 2</td>
<td>970</td>
<td>45</td>
<td>2019</td>
</tr>
<tr>
<td>Bovanenkovo-Ukhta 2</td>
<td>&gt; 1,200</td>
<td>57.5</td>
<td>2016</td>
</tr>
<tr>
<td>Power of Siberia</td>
<td>2,962 km, including 2,158 km of the Chayandinskoye-China border</td>
<td>38 ²</td>
<td>2019</td>
</tr>
</tbody>
</table>

¹ Pipelines Bovanenkovo-Ukhta and Ukhta – Torzhok were launched in 2012
² Export capacity
**EUROPEAN\(^1\) GAS MARKET HOLDS STRONG LONG-TERM POTENTIAL**

- Conventional gas production nearly halves by 2035
- “Shale fail”: little or no unconventional gas expected
- Demand prospects are stable with upside potential
- Gas is essential for success of EU’s ambitious climate policy
- Gazprom will keep further strengthening its market position in Europe in line with previously set targets

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**Sources:** IHS Markit, Wood Mackenzie, Gazprom

\(^1\) Including Turkey

\(^2\) Including exports (both pipeline & Snøhvit LNG), net of UGS stock changes
DESPITE THE MEDIA FUSS, U.S. LNG IN EUROPE WAS ALMOST NON-EXISTENT

Top-10 U.S. LNG destination countries in 2016–2017 and total supply by region

- **Mexico**: 4.6 bcm
- **South Korea**: 2.9 bcm
- **China**: 2.3 bcm
- **Chile**: 1.5 bcm
- **Japan**: 1.3 bcm
- **Jordan**: 1.1 bcm
- **Turkey**: 0.9 bcm
- **India**: 0.9 bcm
- **Argentina**: 0.9 bcm
- **Spain**: 0.8 bcm
- **Other 15 countries**: 4.3 bcm

Sources: IHS Markit, Gazprom estimates

Comparison of Gazprom and U.S. LNG supply volumes to the European market (figurative)

U.S. LNG was mainly supplied to European markets with constrained access to pipeline gas

- **2016**: 16%
- **2017**: 24%

Note: Totals don’t sum due to rounding

Sources: IHS Markit, Gazprom estimates
Indigenous gas production growth is crucially dependent on shale potential, which is yet to be proven countrywide.

Even with shale gas success, demand growth will outstrip it.

In less than a decade Gazprom is set to become a major player in China holding the largest gas supply contract ever.

Further growth expected as new pipeline projects advance.
COMMISSIONING OF LARGE EXPORT-ORIENTED PROJECTS BY 2020

**Nord Stream 2**
- Export capacity, bcm: 55
- Length, km: >1,200
- Construction start-up: 2018
- Commissioning date: 2019

**TurkStream**
- Export capacity, bcm: 31.5
- Length, km: >900
- Construction start-up: 2017 (Q2)
- Commissioning date: 2019

**Power of Siberia**
- Export capacity, bcm: 38
- Length, km: 2,158
- Construction start-up: 2014
- Commissioning date: 2019

Additional Notes:
- Built as of 01.02.2018
- From Chayandinskoe field to the Russia-China border
Average annual investments up to 2035 will be capped at RUB 1 tn

That includes maintenance projects, construction in progress (i.e. Chayanda, Kovykta, Power of Siberia, Nord Stream 2, TurkStream, Amur GPP etc.) and projects with no FID taken yet (Baltic LNG, Sakhalin 2 expansion etc.)

Growth YOY to 2016,%

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAS PRODUCTION VOLUMES</td>
<td>+15%</td>
<td>+27%</td>
<td>+31%</td>
<td>+35%</td>
</tr>
<tr>
<td>EXPORT VOLUMES OF PIPELINE GAS AND LNG (EXCLUDING FSU)</td>
<td>+9%</td>
<td>+34%</td>
<td>+35%</td>
<td>+35%</td>
</tr>
</tbody>
</table>

1 In real terms 2017, incl. VAT
UPSTREAM

VSEVOLOD CHEREPANOV
Member of the Management Committee,
Head of Department
GAZPROM’S RESOURCE BASE

GAZPROM IS A GLOBAL LEADER BY HYDROCARBON RESERVES AMONG PUBLIC COMPANIES


17% of global gas reserves

Proved and probable reserves:
23.9 bcm / 155 bboe of gas
2.4 bn t / 18 bboe of oil & condensate

Natural gas accounts for
89% of total hydrocarbon reserves


Gazprom Group
133 bboe

Supermajors Combined
96 bboe

Major Emerging Markets Combined
97 bboe

TOTAL PROVED RESERVES OF HYDROCARBONS

Source: Company data for Gazprom, Bloomberg for peers
**Key gas production centers**

- **Yamal**: 82.8 bcm
- **Volga-Urals**: 23.2 bcm
- **Sakhalin**: 0.6 bcm
- **Nadym-Pur-Taz**: 348.0 bcm

**Existing production centers, bcm of gas production in 2017**

- Yamal
- Volga-Urals
- Sakhalin
- Nadym-Pur-Taz

**Perspective production centers**

- Yamal
- Volga-Urals
- Sakhalin
- Nadym-Pur-Taz

**Gas production by fields**, bcm

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yamal (Bovanenkovoyskoye)</td>
<td>487</td>
<td>487</td>
<td>444</td>
<td>418</td>
<td>419</td>
<td>471</td>
<td>476</td>
</tr>
<tr>
<td>Zapolyarnoye Field</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medvezhye Field</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yamburgskoye Field</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others of Nadym-Pur-Taz</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other regions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Unique parameters of major fields located in West Siberia and Russia’s Far East ensure Gazprom’s competitive edge amid a period of low prices for hydrocarbons.
- Comprehensive activities aimed at maintaining current production levels at the company’s major fields coupled with bringing new fields into development.
- Cost optimization for projects under implementation.

1. Does not include Sakhalin Energy (Sakhalin-2 project)
2. Excl. share in production of companies, investments in which are classified as joint operations.
**YAMAL PRODUCTION CENTER DEVELOPMENT**

### Bovanenkovskoye group of fields

<table>
<thead>
<tr>
<th></th>
<th>Natural gas</th>
<th>Gas condensate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall reserves¹</td>
<td>7.5 tcm</td>
<td>149 mt</td>
</tr>
<tr>
<td>Annual production</td>
<td>220 bcm</td>
<td>4 mt</td>
</tr>
</tbody>
</table>

### Tambeyskoye group of fields

<table>
<thead>
<tr>
<th></th>
<th>Natural gas</th>
<th>Gas condensate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall reserves¹</td>
<td>7.7 tcm</td>
<td>599 mt</td>
</tr>
</tbody>
</table>

¹Reserves as of January 1, 2018, calculation is based on the Russian reserves classification system.
Forecasted production at Achimov deposits, bcm

Licenses for blocks I–IV of Achimov deposits are owned by Gazprom:

- Block I is developed by Achimgaz, a service joint venture between Gazprom (50%) and Wintershall (50%)
- Block II is developed by Gazprom
- Blocks IV and V are to be developed by Achim Development, a service company owned by Gazprom (74.99%) and Wintershall (25.01%), starting 2020
NEW GAS PRODUCTION CENTERS

KEY DESTINATION — SUPPLY TO THE POWER OF SIBERIA GAS TRUNK PIPELINE

Chayandinskoye gas, condensate and oil field

- Reserves\(^1\)
  - 1.4 tcm of gas
  - 76.7 mn t of oil and gas condensate
  - 7.4 bcm of helium

Kovyktinskoe gas and condensate field

- Reserves\(^1\)
  - 2.7 tcm of gas
  - 90.6 mn t of gas condensate
  - 7.7 bcm of helium

\(^1\) Reserves calculation is based on the Russian reserves classification system
### GAS CONDENSATE – PREMIUM PRODUCT

**Key condensate production centers**

- Astrakhan
- Novy Urengoy
- Yamburg
- Tomsk
- Orenburg
- Yuzhno-Sakhalinsk

**Gas condensate production, mt**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 PLAN</th>
<th>2019F</th>
<th>2020F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.3</td>
<td>15.9</td>
<td>15.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condensate</td>
<td>12.0</td>
<td>11.9</td>
<td>11.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>4.0</td>
<td>4.2</td>
<td></td>
<td>4.9</td>
<td>7.0</td>
</tr>
</tbody>
</table>

- Compared to oil, condensate is a premium product thanks to a low level of heavy impurities
- Diversification of the company’s revenue sources via increased volumes of condensate sales
TECHNOLOGIES FOR MAINTAINING GAS PRODUCTION AT CONVENTIONAL FIELDS

Modular compressor unit
Modular compressor unit allows to produce natural gas at wellhead pressures of up to 0.1 MPa

Hydraulic fracturing
Hydraulic fracturing is one of the most efficient ways to stimulate hydrocarbon inflows, improving oil and gas recovery at the final stage of development

Sidetracking
Sidetracking allows to extend operation of wells that were previously stimulated using various methods to improve the flow
IMPORT SUBSTITUTION AT GAZPROM

PURPOSES OF IMPORT SUBSTITUTION

Cutting costs, increasing economic efficiency

Mitigating risks related to:
- Technology
- Foreign exchange
- Sanctions

Increasing operational efficiency

Import substitution mechanisms:
- R&D by Gazprom
- R&D by manufacturers
- Technology licensing and acquisition
- Engaging in equipment production under long-term agreements with manufacturers

State aid:
- Subsidized R&D
- Subsidized lending
- Special investment contracts, etc.

IMPORT SUBSTITUTION EFFICIENCY

In 2016–2017, efforts in a number of areas generated an aggregate economic effect of RUB 11.8 bn

45.5% Gas production

54.5% Gas transportation

RESULTS ACHIEVED

100% share of domestically produced equipment and materials

Gas production

Gas transportation and distribution

PROSPECTIVE PROJECTS

Scheduled for 2021–2025

Natural gas Liquefaction

Underwater hydrocarbon production

IMPORT SUBSTITUTION EFFICIENCY

Examples of efficient Import substitution in 2016–2017

- Engaging in repairs of imported gas compressor unit engines
- Engaging in production of highly corrosion-resistant underground equipment able to withstand pressures of up to 70 mpa
- Engaging in production of certain types of ball valves (pn = 2.0–10.0 mpa; DN = 50–700 mm)
- Engaging in production of silica gels to be used for ensuring safe underwater transportation of gas
GROWTH VECTOR: EUROPEAN NATURAL GAS DEMAND RECOVERY

European gas balance, bcm\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Indigenous Production</th>
<th>Imports</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>551.4</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2012</td>
<td>542.1</td>
<td>46%</td>
<td>54%</td>
</tr>
<tr>
<td>2013</td>
<td>540.4</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2014</td>
<td>485.5</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>2015</td>
<td>506.6</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2016</td>
<td>541.7</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>2017E</td>
<td>560.5</td>
<td>54%</td>
<td>46%</td>
</tr>
</tbody>
</table>

+15.4%

Gas demand recovered above 2011 level due to:

- Broader use of gas in power generation (+6.2% YOY)
- Drop in demand for coal
- Economic growth in leading European gas markets

Growing demand and declining indigenous production over the last four years led to increased import requirements

Gas prices in Europe rebounded as a result

Source: IEA, Eurostat, National Statistics, IHS Markit

\(^1\) Hereinafter except as otherwise noted: European countries with Turkey (excluding CIS and Baltics)

\[\text{GCV} = 8,850 \text{ kcal/cm}, t = 20^\circ\text{C}\]
GAZPROM INCREASES ITS SHARE IN THE LONG TERM

Gazprom’s share in European consumption was up to 34.7% in 2017 vs. 33.1% in 2016 and 27.3% in 2011

Pipeline gas is the main source meeting the growing demand for imported gas

While modestly increasing in 2017, LNG supplies to Europe still remain significantly below the 2011 record level

Gazprom met two-thirds of the incremental demand in 2017 and proved its ability to fill in any additional supply/demand gap

Gazprom average export price increased by 17.8% yoy, up to $197/mcm
In 2017, Gazprom had another year of record high sales on the back of sluggish deliveries by other suppliers except for Norway.

The Netherlands inched further on the path of becoming a net importer.

On 19 Dec 2017, Gazprom set an absolute record in terms of daily export deliveries at 640 mcm/d, demonstrating its robust ability of being a swing supplier at a time of demand spikes.

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1 Including domestic consumption, pipeline and LNG deliveries from Norway to the European market, but not LNG to Asia and America.

Source: PJSC Gazprom, Eurostat, National Statistics, IEA.
Utilization rates of Gazprom transport routes reached their maximum level in 2017, which requires capacity extension for the pipelines running to Europe.

Utilization rate of the competing routes was below capacity or even declined (i.e. Libya, Algeria).

Utilization rate of LNG terminals in Europe stood at 26% of their capacity in 2017.

1 Physical flow volumes, including fuel gas, UGS injection, gas for Moldova transited through Ukraine, gas for Lithuania transited through Belarus
2 Pipeline exports
3 Including LNG trading between European countries and capacity of FSRUs, excluding small-scale LNG supplies
Source: ENTSOG, Bloomberg, IHS Markit
GROWTH VECTOR: GAS DEMAND IN CHINA IS GROWING FASTER THAN IN OTHER MARKETS

Gas demand in China in 2012-2017, bcm

Gas supply in China, bcm

China is the main driver of demand growth in Asia:

- Gas demand: +14% YOY
- LNG imports: +47% YOY
- Pipeline imports: +8% YOY
- Total imports: +27% YOY

In 2017 Chinese imports surged and China became the second largest net importer of natural gas in the world.

China could take over Japan as the world’s largest natural gas importer in coming years.

1 Pipeline exports in Macao and Hong Kong
2 The statistical difference in consumption and gas supply is due to gas in transit, volumes in storage, losses and statistical discrepancies

Source: IEA; General Administration of Customs, National Bureau of Statistics, National Development and Reform Commission, National Energy Administration, People’s Republic of China; CNPC Research Institute of Economics and Technology
US LNG IS ATTRACTION BY PREMIUM NON-EUROPEAN MARKETS

Although European hub prices significantly increased above short-run marginal costs, they are still below full-cycle costs of US LNG.

For the off-takers with deliveries to Europe, it is a loss making exercise.

European market is not a first choice for LNG from the USA.

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1 Calculated on the basis of Henry Hub Futures prices, $P = HH \times 115\% + X$, where $X$ = costs of liquefaction, shipping to Europe, regasification.

Source: IMF, Korea Customs Service, Bloomberg, IHS Markit.
LNG DEMAND GROWTH IN 2017 WAS SLIGHTLY HIGHER THAN LIQUEFACTION CAPACITY INCREASE

In 2017, demand for LNG caught up with liquefaction capacities expansion.

Over 70% of total LNG demand growth in the world came from Asia, mainly from China and South Korea.

Higher spot prices on the European gas market attracted more LNG in 2017 compared with 2016.

Incremental liquefaction capacities and demand in 2017, YOY, bcm

<table>
<thead>
<tr>
<th>Region</th>
<th>LNG Demand Increase</th>
<th>Liquefaction Capacity Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>31.0</td>
<td>41.1</td>
</tr>
<tr>
<td>Europe</td>
<td>11.5</td>
<td>6.2</td>
</tr>
<tr>
<td>North America</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Total LNG Demand</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Surplus</td>
<td>13.3</td>
<td></td>
</tr>
<tr>
<td>Total Liquefaction</td>
<td>12.4</td>
<td></td>
</tr>
<tr>
<td>Capacities Increase</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1Excluding Mexico
Source: IHS Markit
Gazprom is committed to building a diversified LNG trading portfolio to continue reliable and timely deliveries of LNG to its customers.

In 2017:
- Gazprom delivered 48 cargoes to customers in 9 countries;
- Japan was the biggest importer of LNG from Gazprom’s portfolio.

Gazprom LNG portfolio overview:

- **Gazprom’s LNG projects in operation:**
  - **Sakhalin 2 (T1,2) – 9.6 mmt/year**
    - 11.3 mmt$^2$ of LNG supplied in 2017
    - In 2017 Gazprom took delivery of 1.5 mmt$^3$ of LNG from Sakhalin which was sold to customers in Asia Pacific

- **Gazprom’s LNG projects under development:**
  - **Sakhalin 2 T3 – up to 5.4 mmt/year**
    - In 2015, Gazprom signed MOU with Shell on project implementation
    - The project’s FEED is currently under development
  - **Baltic LNG - 10 mmt/year**
    - Signed HOA to set up a Joint Venture with Shell
    - Joint Feasibility Study with Shell is currently under development

1 - Nominal capacity. Gazprom holds 50% + 1 share in SEIC (project operator company).
2 - Calculated as per SEIC reporting methodology.
3 - Under SPA and spot tenders. Calculated as per PJSC Gazprom reporting methodology.
Gazprom continues to expand its natural gas business in Asia Pacific by developing new projects for both LNG and pipeline gas deliveries.

In 2017 Gazprom and CNPC signed a number of key milestone agreements:

- **Eastern Route**
  - Jul’17 Additional Agreement to the Eastern Route SPA narrowing the delivery start period to December 2019.
  - Dec’17 The final pack of specialized technical agreements governing the implementation of natural gas supplies via the Eastern Route.

- **Far Eastern Route**
  - Dec’17 Heads of Agreement for natural gas supplies from Russia to China via the Far Eastern Route.

- **Underground Natural Gas Storage**
  - May’17 Three contracts for pre-development surveys of prospective underground gas storage sites in China (Gazprom being the contractor).

- **Natural Gas Power Plants**
  - May’17 Memorandum of Understanding between Gazprom, CNPC, and China Huaneng Group on cooperation in the power sector within China.

1 - more specifically, Gazprom VNIGAZ and Gazprom Geotechnology will perform the services under the contracts; 2 - the document reflects the intention of the parties to explore the possibility of implementing joint projects for the construction of thermal power plants.
COMPETITIVE ADVANTAGES

- RELIABLE SUPPLIER
- GEOGRAPHICAL DIVERSIFICATION
- COMPETITIVE PRICES
- NEW APPLICATIONS FOR NATURAL GAS
FINANCIAL AGENDA

Management focus for 2018 – 2020

Conservative financial policy
- Conservative budgeting
- Budgeted oil prices are lower than current prices
- Cost control
- Risk control

Peak of CAPEX cycle in 2018 – 2019
- Launch of key strategic projects in 2019
- Additional profit growth after 2019

Optimization of debt repayment schedule
- Wide access to debt capital markets
- Significant liquidity cushion
Key priorities of financial policy

- Conservative budget assumptions
- Prioritization of investment projects
- Optimization of OPEX

- Risk control
- Effective debt management
- Balanced dividend policy
**COMFORTABLE LEVERAGE**

- **Net Debt adjusted on bank deposits**

  - **USD bn**
    - 2014: 20.9
    - 2015: 26.9
    - 2016: 28.8
    - 9M17: 36.7

- **Debt maturity profile in 2018 – 2020**

  - **USD bn**
    - 2018: 13.4
    - 2019: 7.9
    - 2020: 5.5

- **3Q2017 adjusted Net Debt structure**

  - **USD bn**
    - Total Debt: 54.1
    - Cash & Equivalents: 8.6
    - Net Debt: 45.5
    - ST Deposits: 8.7
    - LT Deposits: 0.05
    - NET DEBT ADJUSTED: 36.7

**GAZPROM’S RATING | RUSSIAN SOVEREIGN RATING**

- **MOODY’S**
  - Baa3 / positive (investment grade)
  - Ba1 / positive

- **FITCH**
  - BBB- / positive (investment grade)
  - BBB- / positive

- **S&P**
  - BB+ / positive
  - BB+ / positive

- **DAGONG**
  - AAA / stable
  - A / stable

1 Existing loans, data based on 9M17 IFRS report
2 Calculated using dollar values of Net debt and EBITDA
3 According to 9M17 IFRS report
Gazprom’s Bank Deposits: A $9 BN Issue

According to Gazprom 9M2017 IFRS report¹:

- Early withdrawal clause
- Deposit term of over 3 months
- Are NOT included in Cash and cash equivalents

Key features of bank deposits²:

- 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)³
- Decrease in Free cash flow³

Impact of substantial increase in bank deposits:

In 9M2017 Gazprom substantially increased bank deposits volumes

Key features of bank deposits²:

- Early withdrawal clause
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- Increase in Net Debt and Net Debt/EBITDA
- Reduction in Cash flows from operating activities (changes in working capital)³
- Decrease in Free cash flow³

¹ Source: Gazprom 9M2017 IFRS report, page 19
² Reported as a part of Other current assets and Other non-current assets
³ Affected by ST deposits

Increase in LT and ST Bank Deposits is Aimed at Improving the Efficiency of Liquidity Management
KEY GAS BUSINESS INVESTMENT PROJECTS

PJSC Gazprom (parent company) 2018 Investment Program
1,279 RUB BN (INCL. VAT)

SMALL-SCALE LNG AT PORTOVAYA CS
46 RUB BN

NORD STREAM 2
115 RUB BN

TURKSTREEM
182 RUB BN

ST. PETERSBURG

MOSCOW

UKHTA-TORZHOK 2
48 RUB BN

KRYAZOVETS-SLAVYANSKAIA
99 RUB BN

BOVANENKOVO FIELD
67 RUB BN

POWER OF SIBERIA
218 RUB BN

AMUR GPP
89 RUB BN

RUSSIA

CHINA

TURKEY

GERMANY

Small-scale LNG at Portovaya CS

Anapa

Kiyikoy

BOVANENKOVO FIELD

RUSSIA

AMUR GPP

GERMANY

ITALY

TURKEY

UNITED STATES

CHINA
GROUP INVESTMENT PROGRAM IN 2018 – 2020

Gas business¹ (PJSC Gazprom – parent company)

Key projects:
- Power of Siberia (incl. upstream)
- Nord Stream 2
- TurkStream
- Amur GPP

Oil business¹ (Gazprom Neft)

Key projects:
- Key greenfields developments
- Brownfields maintenance
- Downstream projects: Moscow and Omsk Refineries

Power generation business¹ (Gazprom Energoholding)

Key projects:
- Grozny TPP
- Amur TPP
- Panchevo TPP
- Maintanence

¹ Incl. VAT
2018 GAZPROM INVESTOR DAY

STRATEGIC PROJECTS TO DELIVER PROFIT GROWTH

GAZPROM’S KEY STRATEGIC PROJECTS TO START CONTRIBUTING TO EBITDA AND FCF SINCE 2020

Gas export growths
Supplies to China via Power of Siberia pipeline

- 20% of additional gas export volumes
- 8% of additional gas production volumes
- Start of deliveries in 2019
- Rouble cost base
- Export revenues linked to USD denominated oil product prices
- Mineral extraction tax breaks
- Sales of liquids from Chayanda field
- Sales of helium, LPG, ethane from Amur GPP

TRANSPORTATION COSTS REDUCTION

- Positive effects of full consolidation of Nord Stream 2 and TurkStream

Nord Stream 2
- 2,000 km shorter export route from field to Germany
- Modern high pressure fuel-efficient pipeline corridor: lower transportation costs for Russian part of the route and especially for Nord Stream 2 from consolidation and lower transportation costs
- > $1.0 bn per year positive effect on EBITDA and FCF level
- Positive effect on net income

TurkStream
- Currently deliveries to Turkey go via Ukraine, Romania and Bulgaria
- Highly efficient 280 atm trunk pipelines

1 At target level of gas exports of 38 bcm, compared to 2017 non-CIS gas exports
FREE CASH FLOW GENERATION

Key factors of FCF dynamics in 2018 - 2021:

- Strong market positions
  - Strong foothold on the European market
  - Strong oil and gas prices, improved outlook

- Revenue growth
  - Start of gas exports to China from 2019
  - Oil and condensate production growth

- CAPEX optimization
  - Lower CAPEX after 2019
  - CAPEX optimization and prioritization
  - Favorable currency structure of OCF and CAPEX
  - Transition of oil and power generating businesses to positive FCF territory

- Costs optimization
  - Additional transportation costs reduction in 2020 (TurkStream, Nord Stream – 2)
  - Mineral extraction tax reduction of c.RUB100 bn per year in 2018 and further reduction after 2020
  - Cost control and optimization

Gazprom FCF generation

USD bn

2.2 12.2 3.2 13.7 2.9 4.0 10.8 16.9 6.4 3.0

Gazprom’s FCF: Bloomberg consensus

USD bn

2017 2018 2019 2020 2021
-1.6 -0.3 -0.7 7.2 6.8
### POTENTIAL IMPACT OF U.S. AND EU UKRAINE-RELATED SANCTIONS ON GAZPROM’S BUSINESS

<table>
<thead>
<tr>
<th>SANCTIONS PACKAGES</th>
<th>KEY CONSTRAINTS</th>
<th>SANCTIONS EFFECT</th>
</tr>
</thead>
</table>
| • Technological Restrictive measures: Gazprom Group’s oil exploration and production activities | • Arctic offshore projects<sup>1</sup>  
• Shale projects<sup>1</sup>  
• Deepwater projects<sup>1</sup>  
• Yuzhno-Kirinskoye field development<sup>2</sup> | • Covers below 1% of Gazprom Group’s production |
| • Financial Restrictive measures: Gazprom Group’s financing activities | • Raising international long term debt finance by Gazprom Neft  
• Raising international long debt finance by Gazprombank<sup>3</sup> | • No restrictions for Gazprom's raising finance in capital markets, with the Company being an active player in debt markets (except for Canada’s market) |
| • New restrictive measures under the US law of August 2017 | • No explicit prohibitions on Gazprom, but the new US law touches upon possible secondary sanctions to be imposed on a making significant investments in Russian energy export pipelines or in a special Russian crude oil project. | • The guidance published by the US Department of State on October 31, 2017 “grandfathers” Russian energy export pipeline projects “initiated” prior to August 2, 2017 |

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<sup>1</sup> Projects that have the potential to produce oil in the Russian Federation or that are initiated on or after January 29, 2018, outside Russia where the Gazprom has control or has an interest not less than 33% (US Directive 4 as amended on October 31, 2017)  
<sup>2</sup> According to the US BIS designation as of August 2015  
<sup>3</sup> Gazprom Group’s associated company

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THE US AND EU SANCTIONS DO NOT LIMIT GAZPROM’S ACCESS TO THE GLOBAL CAPITAL MARKETS
## IMPROVING CORPORATE GOVERNANCE

**BRINGING CORPORATE GOVERNANCE STANDARDS IN LINE WITH THE BEST PRACTICES**

### 2017 results

<table>
<thead>
<tr>
<th>• First time assessment of the Board of Directors and its committees performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Independent audit of corporate governance on a regular basis</td>
</tr>
<tr>
<td>• Third-party assessment of anti-corruption initiatives</td>
</tr>
<tr>
<td>• Corporate governance road shows in Europe, UK and US, as well as ESG road show</td>
</tr>
<tr>
<td>• Annual sustainability reporting (biennial prior to 2017)</td>
</tr>
</tbody>
</table>

### 2018 plans

<table>
<thead>
<tr>
<th align="center">• To develop and gradually implement a corporate governance improvement plan based on independent audit recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td align="center">✓ To make a larger number of documents available prior to shareholder meetings and launch electronic voting</td>
</tr>
<tr>
<td align="center">✓ To launch an induction programme for newly-elected directors</td>
</tr>
<tr>
<td align="center">✓ To use a personal attendance criteria for directors remuneration</td>
</tr>
<tr>
<td align="center">✓ To make further steps to prevent conflict of interest of the Board members</td>
</tr>
<tr>
<td align="center">✓ To amend respective internal regulations in order to allow the Board committees to engage advisors</td>
</tr>
<tr>
<td align="center">• To introduce communication between shareholders, investors and independent directors</td>
</tr>
</tbody>
</table>
DIVIDEND PAYOUT

GAZPROM PURSUES BALANCED DIVIDEND POLICY

Outlook for 2018 – 2019:
• Keeping the DPS equal to the level of the previous payment
• Maintenance of conservative financial strategy
• Balanced approach to the dividend policy
• Increasing the Company’s investment attractiveness

12M dividend yields of major oil & gas companies¹

Dividend per share
Over the past few years, Gazprom consistently increased its dividend payments:

Source: companies data. Bloomberg
¹ Dividend yield is defined as approved dividends for the period divided by the share price as of January 31, 2018.
## INVESTMENT CASE

**BUSINESS GROWTH, ENHANCING SUPPLY SECURITY**

<table>
<thead>
<tr>
<th>UNIQUE FUNDAMENTALS</th>
<th>BUSINESS GROWTH</th>
<th>STRONGER FINANCIAL OUTLOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding resource base and infrastructure</td>
<td>Business growth in gas and oil segments; further growth potential</td>
<td>Strategic transformative projects (capex peaking in 2018 - 2019)</td>
</tr>
<tr>
<td>Low cost base</td>
<td>Improving gas markets outlook. Spare production and export capacity</td>
<td>Improving FCF profile</td>
</tr>
<tr>
<td>High competitiveness of Gazprom’s gas. Record exports</td>
<td>Balanced dividend policy</td>
<td>Conservative financial policy, costs control</td>
</tr>
</tbody>
</table>

- **High competiveness** of Gazprom's gas.
- **Record exports**.
- **Outstanding resource base and infrastructure**.
- **Low cost base**.
- **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**.
- **Conservative financial policy, costs control**.
- **Improving FCF profile**.
- **Balanced dividend policy**.