2016 IFRS RESULTS

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Head of Department
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# MAJOR 2016 AND RECENT EVENTS

## 2016 major events
- Record high gas exports to Europe – 179.3 bcm (+12.5% YoY)
- Oil production growth by 7%
- Corporate governance improvement
- Acquisition of 3.59% of Gazprom shares from VEB
- Increase of gas mineral extraction tax burden in 2016 and 2017

### Jan. 2017
- High quality of Gazprom’s corporate governance confirmed by Moscow Exchange

### Mar. 2017
- Strong gas export volumes in 1Q17 (+13% YoY).
- Progress in approaching solution of EU antitrust case
- S&P changed Gazprom’s rating outlook from ‘Stable’ to ‘Positive’
- Gazprom placed $ 750 mm Eurobonds. First dollar-denominated issue in the last 3 years
- Gazprom placed GBP 850 mm Eurobonds
- EUR 700 mm loan from Credit Agricole CIB

### Apr. 2017
- Nord Stream 2 pipeline financing agreements signed with ENGIE, OMV, Shell, Uniper and Wintershall
- Gazprom’s Management Committee proposed RUB 7.89 per share dividend for 2016
- Belarus fully paid off its overdue debt of $726.2 mln for the Russian gas supplied by Gazprom in 2016–2017
SUMMARY OF 2016 IFRS FINANCIAL RESULTS

1 EBITDA adjusted for changes in impairment provisions
2 Profit for the period attributed to shareholders of PJSC Gazprom
3 Free cash flow is calculated as Net cash provided by operating activities less Capital expenditures
4 Compared to Net debt as of December 31, 2015

Total net sales: 6,111 RUB bn (+1%)
Adjusted EBITDA: 1,322 RUB bn (29%)
Net profit: 952 RUB bn (+21%)
Cash Capex: 1,369 RUB bn (17%)
Free CF: 202 RUB bn (48%)
Net debt: 1,933 RUB bn (7%)
Gazprom Group’s volumes produced in Russia
Calculations may diverge due to rounding.

2016 IFRS RESULTS
GAS SALES

**Russia**

**Europe & OC**

**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

**NET SALES TO RUSSIA**

**NET SALES TO EUROPE & OC**

**NET SALES TO FSU**

2016 IFRS RESULTS
OTHER SALES

Net Sales\(^1\)

Crude oil and gas condensate

Electric and heat energy

Calculations may diverge due to rounding.
\(^1\) Net of value added tax (VAT), excise tax and custom duties.
CAPITAL EXPENDITURES

Cash capex

RUB bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>4q15</th>
<th>4q16</th>
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<tbody>
<tr>
<td>Value</td>
<td>1,397</td>
<td>1,262</td>
<td>1,641</td>
<td>1,369</td>
<td>475</td>
<td>300</td>
</tr>
<tr>
<td>%</td>
<td>(10%)</td>
<td>(30%)</td>
<td>(17%)</td>
<td></td>
<td>(37%)</td>
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</table>

USD bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>4q15</th>
<th>4q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>43.9</td>
<td>33.2</td>
<td>27.1</td>
<td>20.5</td>
<td>7.4</td>
<td>4.8</td>
</tr>
<tr>
<td>%</td>
<td>(24%)</td>
<td>(19%)</td>
<td>(24%)</td>
<td></td>
<td>(35%)</td>
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</tbody>
</table>

The Group’s 2016 capex breakdown

- TRANSPORT: 30%
- PRODUCTION OF NATURAL GAS: 10%
- PRODUCTION OF CRUDE OIL AND GAS CONDENSATE: 14%
- REFINING: 24%
- ELECTRICITY AND HEAT: 17%
- OTHER CAPEX: 5%

1 Capex breakdown as provided in Management Report

2016 IFRS RESULTS
FREE CASH FLOW GENERATION

Conservative financial policy: 11 years of positive FCF

Free Cash Flow generation\(^1\)

Gazprom self funding\(^2\)

1 Free Cash Flow = Net Cash from operating activities – Cash CAPEX
2 Net Cash from operating activities / Cash CAPEX

2016 IFRS RESULTS
DIVIDEND PAYOUT

Dividend per share

RUB/Share

0.36  2.39  3.85  8.97  5.99  7.2  7.2  7.89  7.89

1 As proposed by the Management Committee

2016 IFRS RESULTS
# KEY DEBT METRICS

## Debt breakdown by currency

- **USD**: 46%
- **RUB**: 17%
- **EUR**: 13%
- **Other**: 3%

## Debt maturity profile

- **2013**: 33% LESS THAN 1 YEAR, 36% 1-2 YEARS, 13% 2-5 YEARS, 18% MORE THAN 5 YEARS
- **2014**: 32% LESS THAN 1 YEAR, 36% 1-2 YEARS, 15% 2-5 YEARS, 17% MORE THAN 5 YEARS
- **2015**: 25% LESS THAN 1 YEAR, 42% 1-2 YEARS, 14% 2-5 YEARS, 19% MORE THAN 5 YEARS
- **2016**: 25% LESS THAN 1 YEAR, 34% 1-2 YEARS, 25% 2-5 YEARS, 16% MORE THAN 5 YEARS

## Cash & equivalents breakdown by currency

- **RUB**: 60%
- **USD**: 28%
- **EUR**: 10%
- **Other**: 2%

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1. Calculated using dollar values of Net debt and EBITDA
2. Excluding promissory notes

2016 IFRS RESULTS
INVESTMENT CASE

GAZPROM
STRONG FOOTHOLD IN CURRENT MARKET ENVIRONMENT

- Unique fundamentals
- Low cost base
- Diversified resource base and consumer pool
- Gas export growth
- Prudent financial policy, balanced dividend policy
- Naturally hedged against adverse price changes by RUB exchange rate
**RUSSIAN NATURAL GAS BALANCE**

<table>
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<tr>
<td><strong>Natural gas resources</strong></td>
<td>694.45</td>
<td>718.20</td>
<td>199.20</td>
<td>219.75</td>
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<tr>
<td>Domestic gas production</td>
<td>634.90</td>
<td>640.40</td>
<td>185.68</td>
<td>190.99</td>
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<tr>
<td>Other sources including Central Asian and Azerbaijani gas</td>
<td>25.84</td>
<td>22.97</td>
<td>6.21</td>
<td>6.66</td>
</tr>
<tr>
<td>Gas withdrawn from underground storage in Russia, Latvia and Europe</td>
<td>29.62</td>
<td>50.98</td>
<td>6.32</td>
<td>21.23</td>
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<tr>
<td>Decrease in the amount of gas within the gas transportation system</td>
<td>4.10</td>
<td>3.85</td>
<td>0.99</td>
<td>0.87</td>
</tr>
<tr>
<td><strong>Natural gas distribution</strong></td>
<td>694.45</td>
<td>718.20</td>
<td>199.20</td>
<td>219.75</td>
</tr>
<tr>
<td>Domestic consumption</td>
<td>443.67</td>
<td>456.68</td>
<td>134.75</td>
<td>147.19</td>
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<tr>
<td>including needs of the gas transportation system and underground storages</td>
<td>32.28</td>
<td>32.29</td>
<td>11.26</td>
<td>11.22</td>
</tr>
<tr>
<td>Gas pumped into underground storages</td>
<td>31.54</td>
<td>28.54</td>
<td>2.73</td>
<td>2.06</td>
</tr>
<tr>
<td>Gas for LNG production</td>
<td>14.54</td>
<td>14.70</td>
<td>3.91</td>
<td>4.24</td>
</tr>
<tr>
<td>Foreign supplies</td>
<td>163.00</td>
<td>181.68</td>
<td>44.48</td>
<td>53.64</td>
</tr>
<tr>
<td>including Baltic states</td>
<td>3.56</td>
<td>2.34</td>
<td>1.15</td>
<td>1.11</td>
</tr>
<tr>
<td>FSU supplies</td>
<td>37.58</td>
<td>32.11</td>
<td>12.28</td>
<td>10.81</td>
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<tr>
<td>Increase in the amount of gas within the gas transportation system</td>
<td>4.12</td>
<td>4.49</td>
<td>1.05</td>
<td>1.82</td>
</tr>
</tbody>
</table>

Source: Company Operating Data
THANK YOU!