GAZPROM: 2017 IFRS RESULTS

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MAJOR 2017 AND RECENT 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

Market environment in 2017 vs 2016

- 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

Source: Company data. Bloomberg. Bank of Russia website

1 OC - Other countries: including LNG sales
**SUMMARY OF 2017 IFRS FINANCIAL RESULTS**

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 ($)</th>
<th>2017 ($)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net sales</td>
<td>6,546</td>
<td>6,600</td>
<td>7%</td>
</tr>
<tr>
<td>Adj. EBITDA</td>
<td></td>
<td>1,467</td>
<td>11%</td>
</tr>
<tr>
<td>Net profit</td>
<td>714</td>
<td>1,406</td>
<td>-25%</td>
</tr>
<tr>
<td>Capex</td>
<td>1,187</td>
<td>1,187</td>
<td>-24%</td>
</tr>
<tr>
<td>Operating CF</td>
<td>1,200</td>
<td>1,200</td>
<td>0%</td>
</tr>
<tr>
<td>FCF</td>
<td>-219</td>
<td>-219</td>
<td>0%</td>
</tr>
<tr>
<td>Net debt</td>
<td>2,068</td>
<td>2,068</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Liabilities in accordance with the court decisions in favor of Naftogaz were included in other expenses*

- **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*
Gazprom Group’s volumes produced in Russia
Calculations may diverge due to rounding.

2017 IFRS RESULTS
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

2017 IFRS RESULTS
OIL AND ENERGY BUSINESS

Net Sales\(^1\)

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.
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

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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

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In 2017 Gazprom substantially increased bank deposits volumes

Increase in LT and ST bank deposits is aimed at improving the efficiency of liquidity management
2017 ADJUSTED FREE CASH FLOW BREAKDOWN*

FCF adjusted for changes in bank deposits remained positive at RUB 24 bn in 2017.

Free Cash Flow adjusted for changes in the ST bank deposits

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

Net Debt adjusted on bank deposits¹

![Graph showing Net Debt adjusted on bank deposits from 2015 to 2017.]

Total Debt breakdown by currency

![Pie chart showing Total Debt breakdown by currency.]

Cash, cash equivalents, bank deposits breakdown by currency

![Pie chart showing Cash, cash equivalents, bank deposits breakdown by currency.]

2017 adjusted Net Debt structure¹

![Bar chart showing 2017 adjusted Net Debt structure.]

Credit ratings of Gazprom

<table>
<thead>
<tr>
<th>Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch *</td>
<td>BBB–</td>
</tr>
<tr>
<td>Moody's</td>
<td>Baa3</td>
</tr>
<tr>
<td>S&amp;P *</td>
<td>BBB–</td>
</tr>
<tr>
<td>Dagong</td>
<td>AAA</td>
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<tr>
<td>ACRA</td>
<td>AAA (RU)</td>
</tr>
</tbody>
</table>

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

2017 IFRS RESULTS
CAPITAL EXPENDITURES

Cash Capex

The Group’s 2017 Capex breakdown¹

¹ CapEx breakdown as provided in Management Report

2017 IFRS RESULTS
2017 IFRS RESULTS

KEY GAS BUSINESS INVESTMENT PROJECTS

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

NORD STREAM 2
115 RUB BN

SMALL-SCALE LNG AT PORTOVAYA CS
46 RUB BN

GRYAZOVETS-SLAYANSKAYA
99 RUB BN

UKHTA-TORZHOK 2
48 RUB BN

BOVANENKOVO FIELD
67 RUB BN

CHAYANDA FIELD
116 RUB BN

POWER OF SIBERIA
218 RUB BN

AMUR GPP
89 RUB BN

TURKSTREAM¹
190 RUB BN

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

¹ Incl. onshore part

KEY INVESTMENT PROJECTS
RUB BN — CAPEX 2018 (INCL. VAT)
DIVIDEND PAYOUT

Dividend per share

**DIVIDENDS AS % OF IFRS NET INCOME**

**RAS BASED DIVIDEND PAYOUT RATIO**

1 As proposed by the Management Committee

2017 IFRS RESULTS
INVESTMENT CASE

BUSINESS GROWTH, ENHANCING SUPPLY SECURITY

STRONGER FINANCIAL OUTLOOK

- Conservative financial policy, cost control
- Improving FCF profile
- Balanced dividend policy

BUSINESS GROWTH

- 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

UNIQUE FUNDAMENTALS

- Outstanding resource base and infrastructure
- Low cost base
- High competitiveness of Gazprom’s gas. Record exports
ADDITIONAL INFORMATION
## RUSSIAN NATURAL GAS BALANCE

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

Source: Company Operating Data
THANK YOU!