

Comment by Famil Sadygov, Deputy Chairman of Gazprom Management Committee, on financial statements under IFRS for three months of 2020:

"The external conditions in which both Gazprom and the industry at large are operating in 2020 are assessed by market analysts as very unfavorable. Considering these conditions, the Company's financial results for the first quarter of this year can be characterized as, to put it cautiously, quite good. We have generated a positive free cash flow and kept the debt burden at a comfortable level.

The net loss recorded based on the results of Q1 2020 exists mostly on paper, as it can be attributed mainly to considerable foreign exchange losses caused by a sharp decline in the ruble exchange rate observed in March against the background of a growing pandemic, along with the well-known events in the global oil market.

Let me remind you that the adjustment for non-monetary items like these is provided for by the Company's Dividend Policy, which was approved in late 2019. Taking into account these adjustments, which, let me stress it again, were made in accordance with the already announced rules, the profit gained in the first quarter of this year in the amount of RUB 288 billion will be included in the calculation of the dividends for 2020. It is clear that the ultimate amount of the dividends will be calculated based on the profits for the entire year of 2020.

In Q1, the Gazprom Group's total debt in ruble terms and the net debt (taking into account bank deposits) increased by 17 and 29 per cent, respectively. The currency revaluation of the loan portfolio, which is dominated by borrowings in US dollars and euros, was also among the main growth drivers for the above indicators. However, in dollar terms the net debt went up by a mere 3 per cent, while the total debt did not rise but, in fact, dropped by 7 per cent.

As usual, the debt burden is measured by an adjusted net debt to EBITDA ratio in US dollars. On the back of an expected decrease in EBITDA, this indicator rose from 1.4x to 1.5x in Q4 2019. Market analysts are confident that this debt burden can be considered quite comfortable for the Company.

It is also worth noting that Gazprom has managed to adapt rapidly to the dramatically changed environment of the current year. In particular, the Company promptly developed a package of cost reduction measures, which allows it to maintain stability during the crisis period.”