



# 1Q2017 IFRS RESULTS

MAY 31, 2017



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Head of Department

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# HIGHLIGHTS



**Jan. 2017**

- High quality of Gazprom's corporate governance confirmed by Moscow Exchange

**Mar. 2017**

- Progress in approaching solution of EU antitrust case
- S&P changed Gazprom's rating outlook from 'Stable' to 'Positive'
- Gazprom placed USD 750 mn Eurobonds. First dollar-denominated issue in the last 3 years
- EUR700 mn loan from Credit Agricole CIB

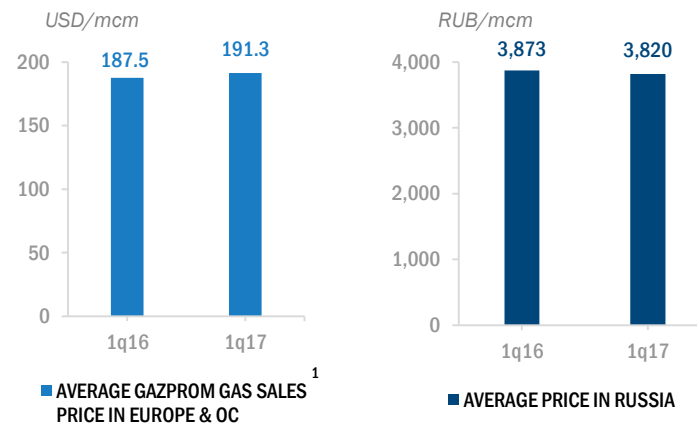
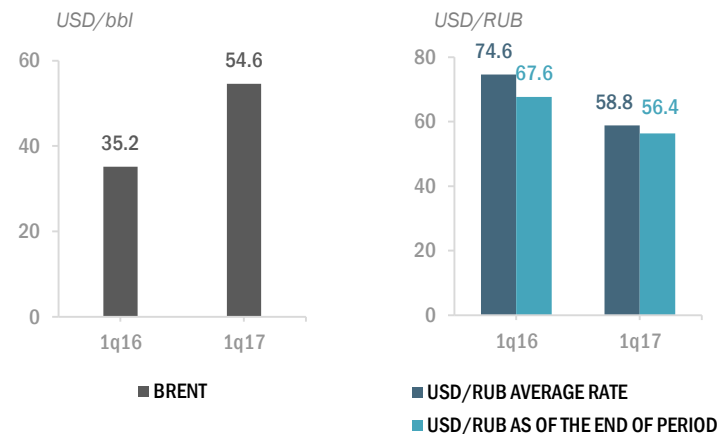
**Apr. 2017**

- Strong gas export volumes in 1q17 (+15% YoY)
- Gazprom placed GBP850 mn Eurobonds
- Nord Stream 2 financing agreements signed with ENGIE, OMV, Shell, Uniper and Wintershall
- Belarus fully paid off its overdue debt of USD 726 mn for the Russian gas supplied by Gazprom in 2016-2017

**May 2017**

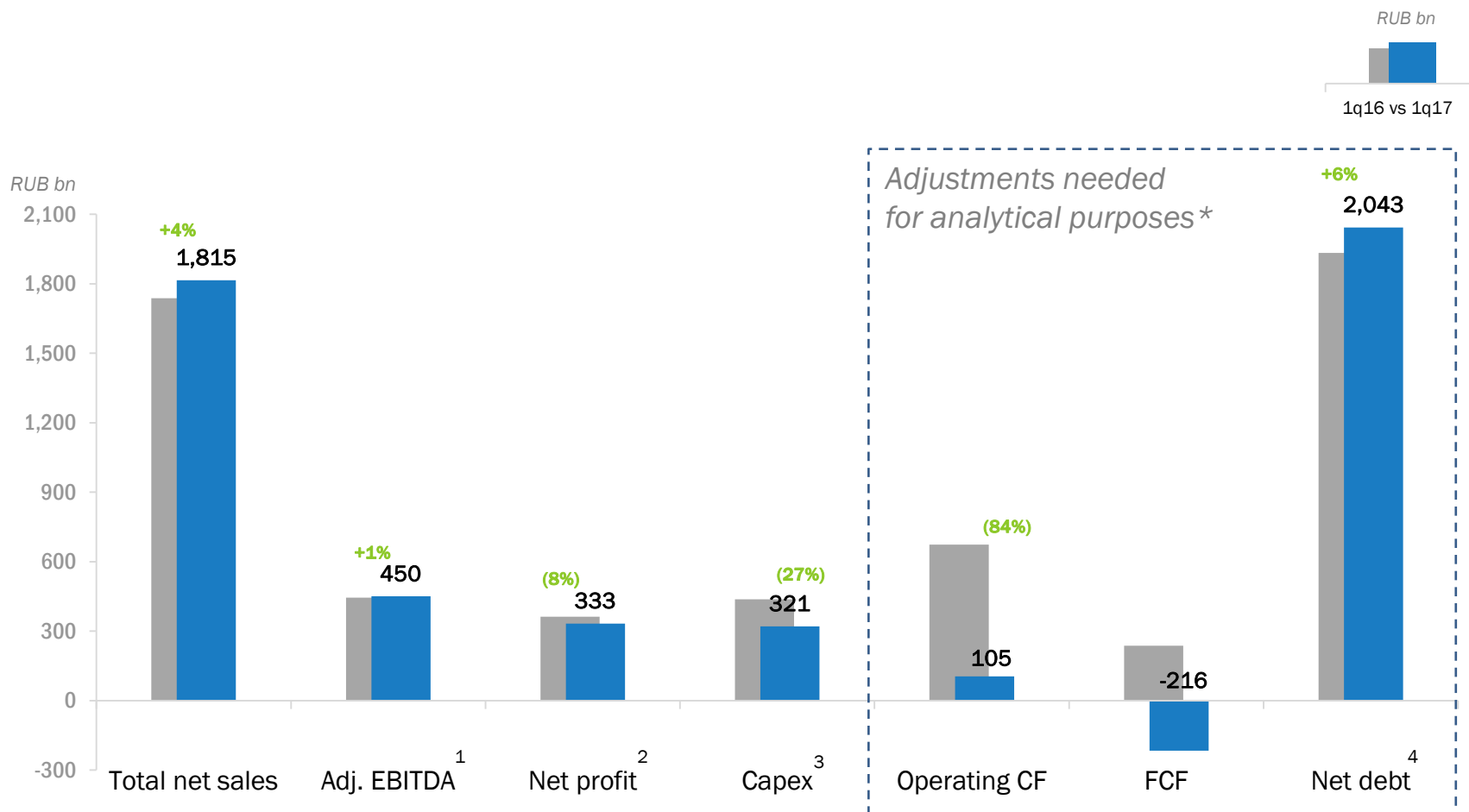
- Construction of TurkStream's offshore section commenced
- The Board of Directors recommended to pay out RUB 8.0397 per share in annual dividends (+2% YoY)

## Market environment in 1q16 vs 1q17



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

# SUMMARY OF 1Q17 IFRS FINANCIAL RESULTS

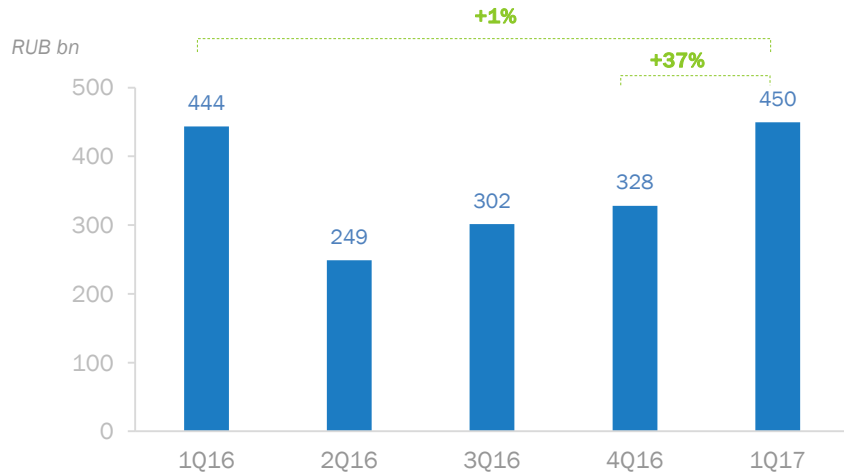


<sup>1</sup> EBITDA adjusted for changes in impairment provisions  
<sup>2</sup> Profit for the period attributed to shareholders of PJSC Gazprom  
<sup>3</sup> Cash capital expenditures  
<sup>4</sup> Compared to Net debt as of December 31, 2016

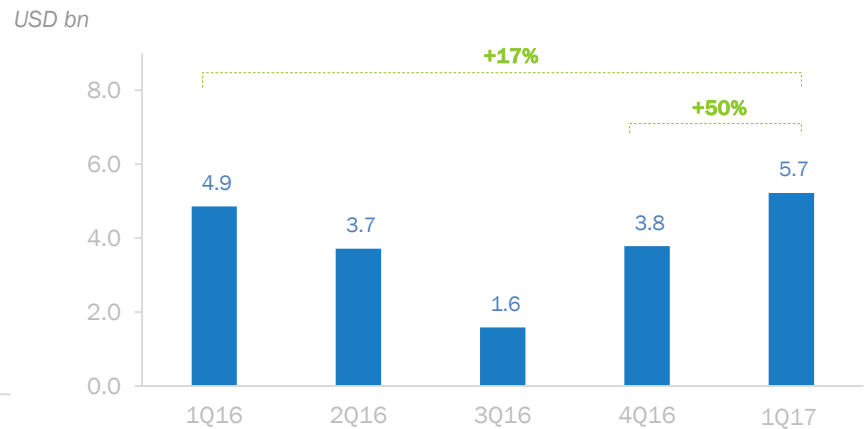
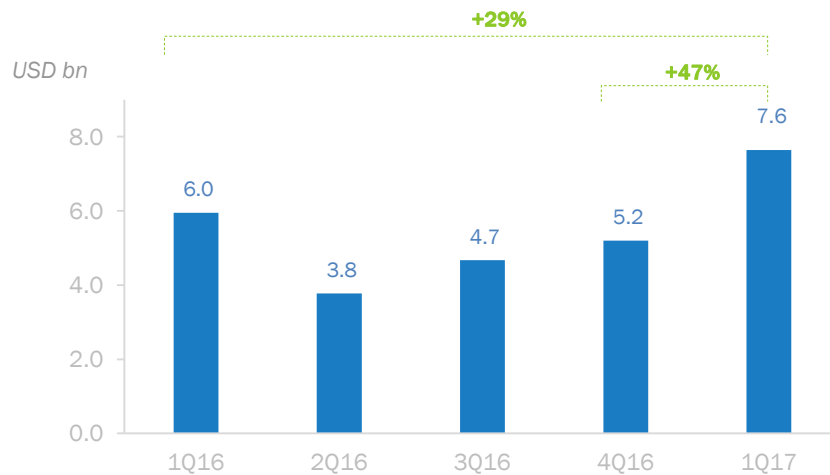
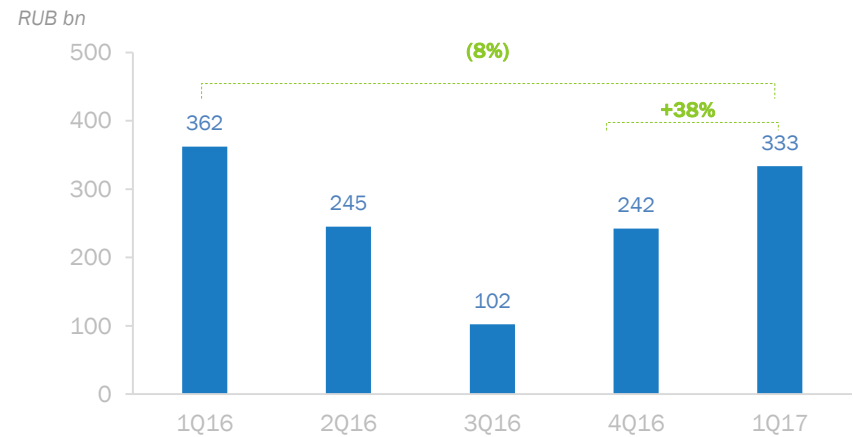
\*In order to reflect the effects of the bank deposits (reported as part of Other current and non-current assets) increase

# EBITDA AND NET PROFIT GROWTH

## EBITDA



## Net profit

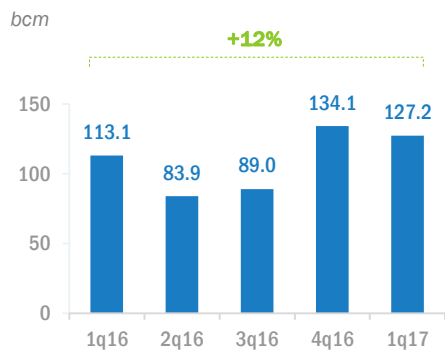


Gradual recovery of key financial indicators

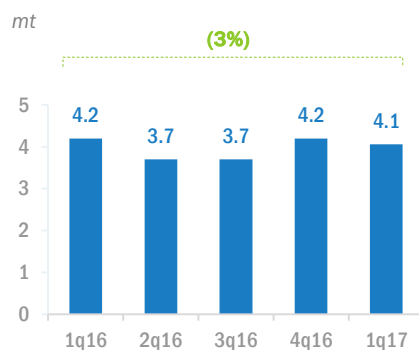
# PRODUCTION



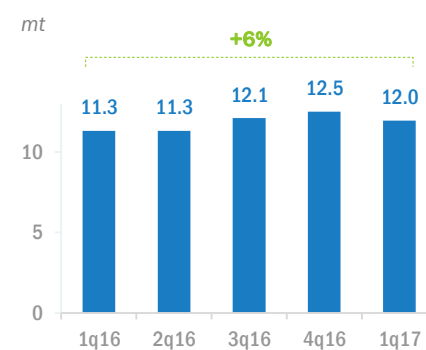
## Natural gas



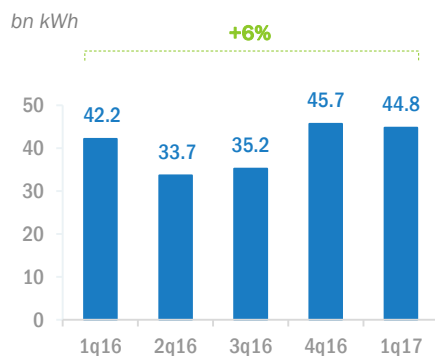
## Gas condensate



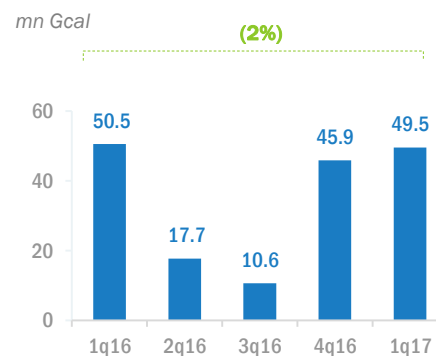
## Crude oil



## Electricity



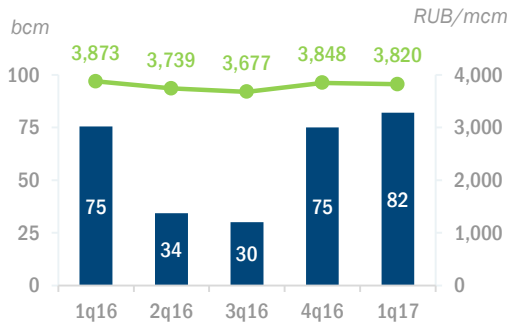
## Heat



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

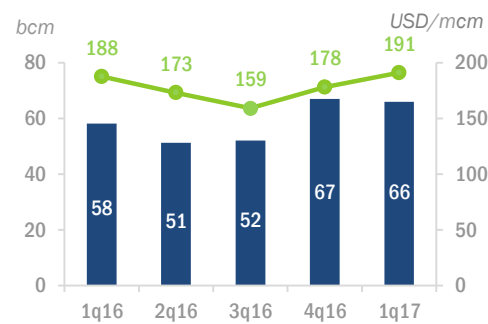
# GAS SALES

## Russia



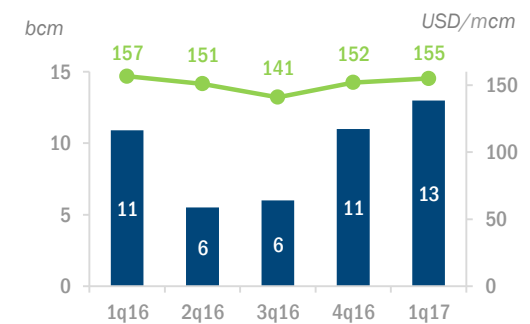
■ VOLUMES ● AVERAGE PRICE IN RUSSIA

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

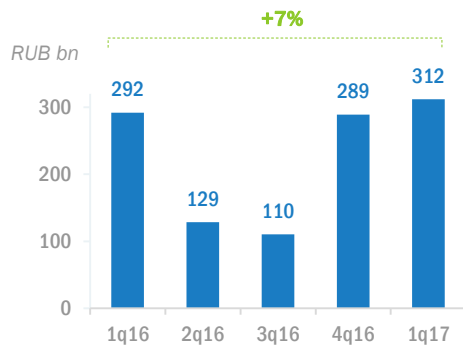


■ VOLUMES ● AVERAGE PRICE IN EUROPE & OC

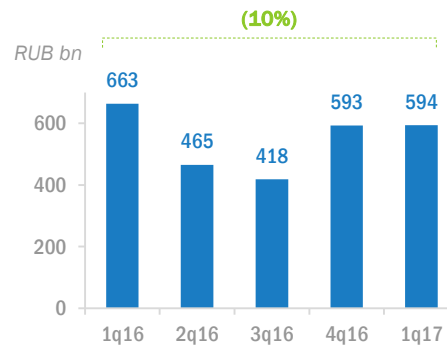
## FSU



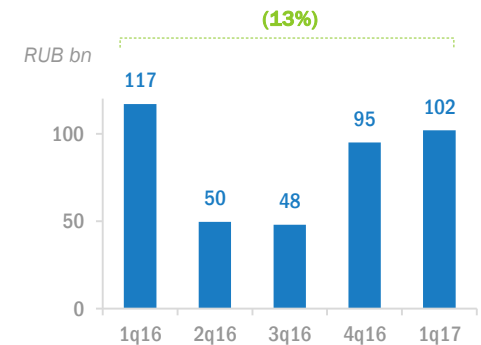
■ VOLUMES ● AVERAGE PRICE IN FSU



■ 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

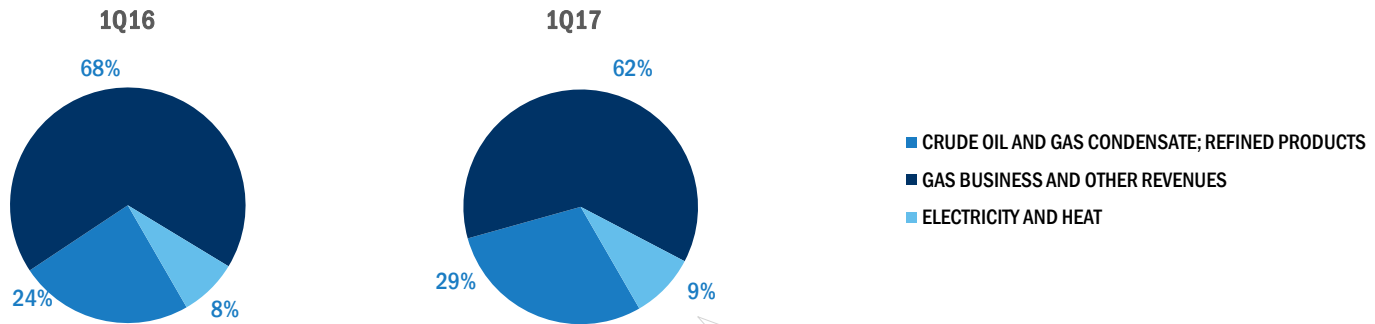
<sup>3</sup> VAT is not charged on export sales

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

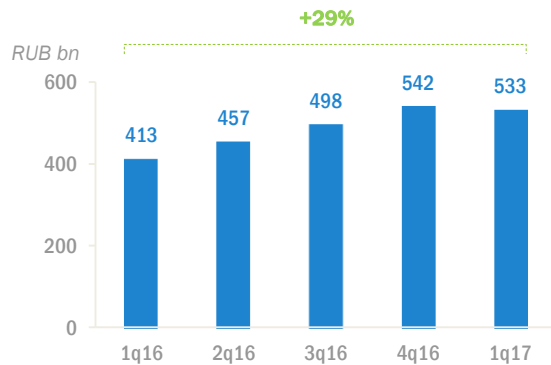


# OIL AND ENERGY BUSINESS

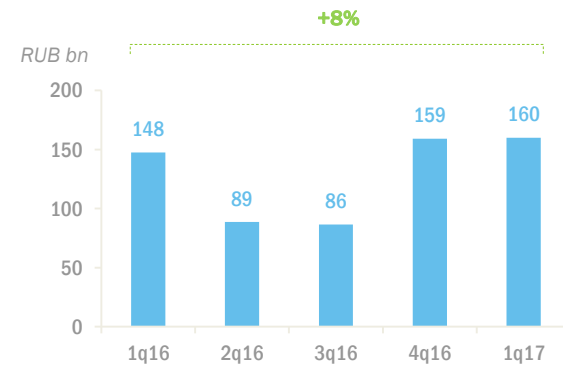
## Net Sales<sup>1</sup>



### Crude oil and gas condensate; refined products



### Electricity and heat



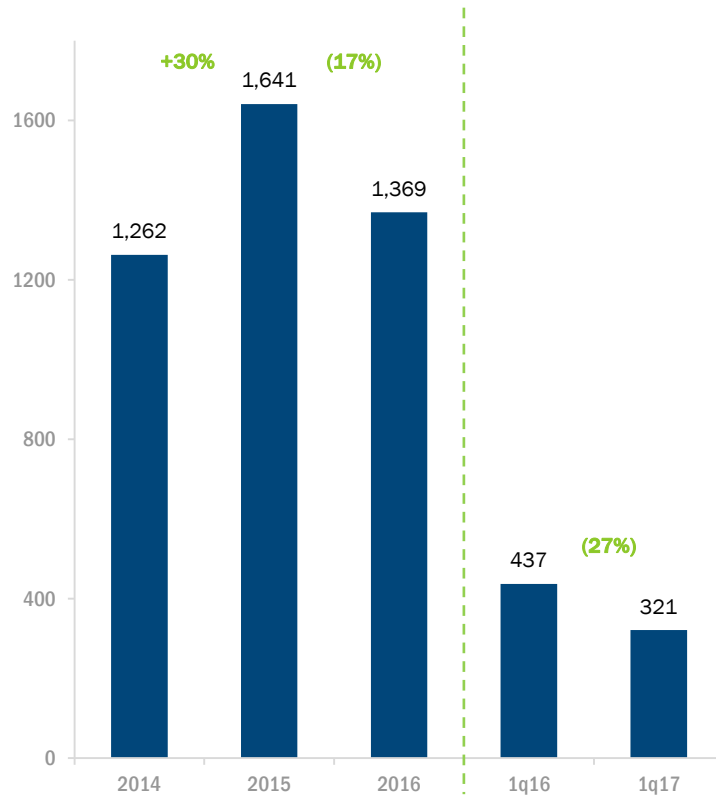
Calculations may differ due to rounding.

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

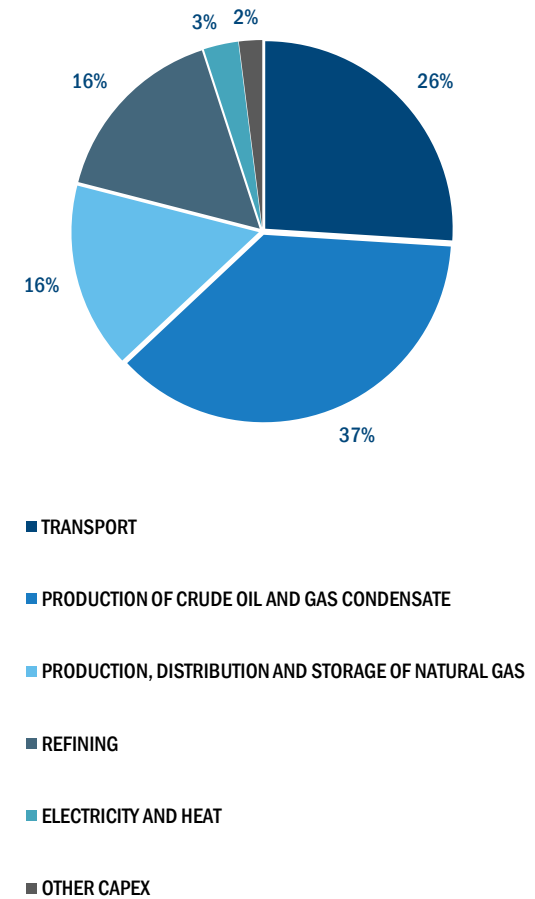
# CAPITAL EXPENDITURES

## Cash Capex

RUB bn



## The Group's 1q17 Capex breakdown<sup>1</sup>



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

# BANK DEPOSITS

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

## 12 OTHER CURRENT AND NON-CURRENT ASSETS

Included within other current assets are short-term deposits in the amount of RUB 472,112 million and RUB 144,035 million as of 31 March 2017 and 31 December 2016, respectively.

Included within other non-current assets are VAT recoverable related to assets under construction totalling RUB 36,486 million and RUB 35,702 million and long-term deposits totalling RUB 40,733 million and RUB 42,230 million as of 31 March 2017 and 31 December 2016, respectively.

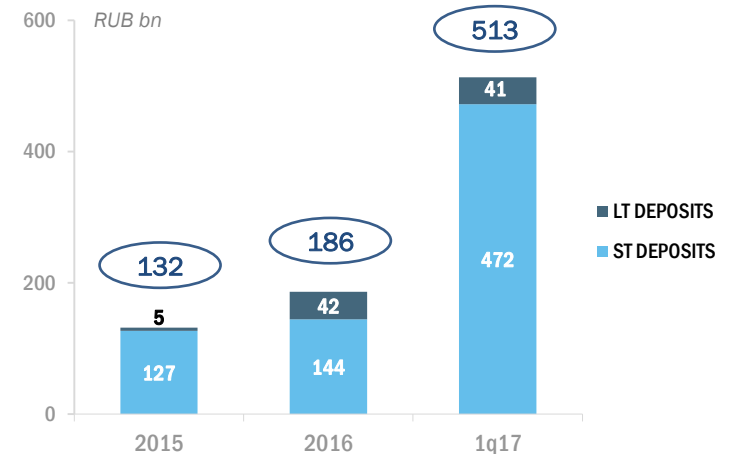
### Key features of bank deposits<sup>2</sup>:

- 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 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 1q17 Gazprom substantially increased bank deposits volumes



Increase of LT and ST bank deposits is aimed to improve the efficiency of liquidity management

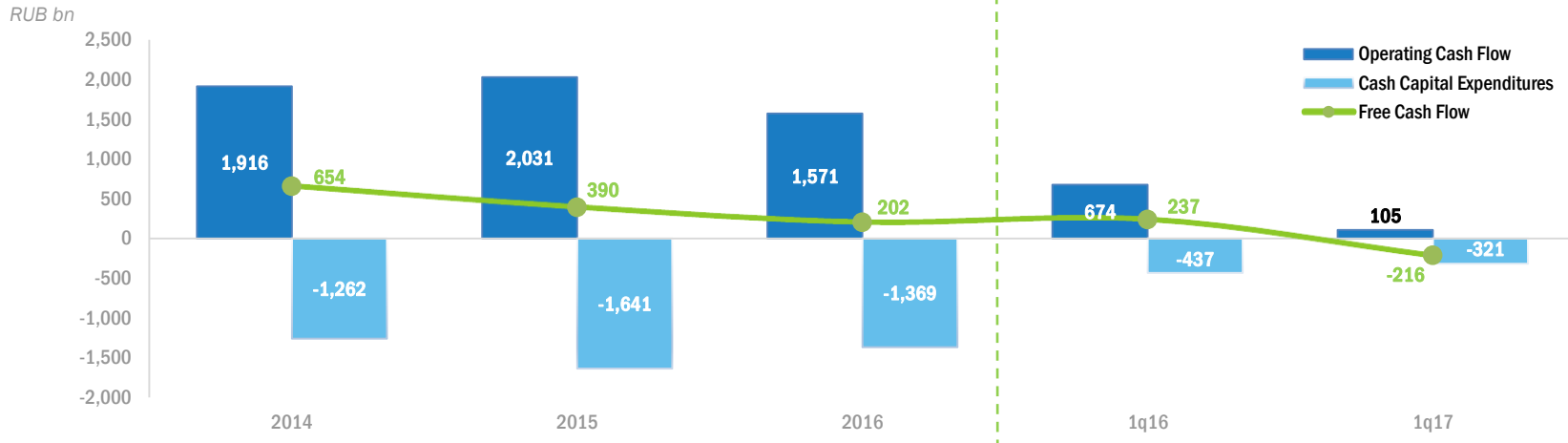
<sup>1</sup> Source: Gazprom 1Q17 IFRS report, page 17

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

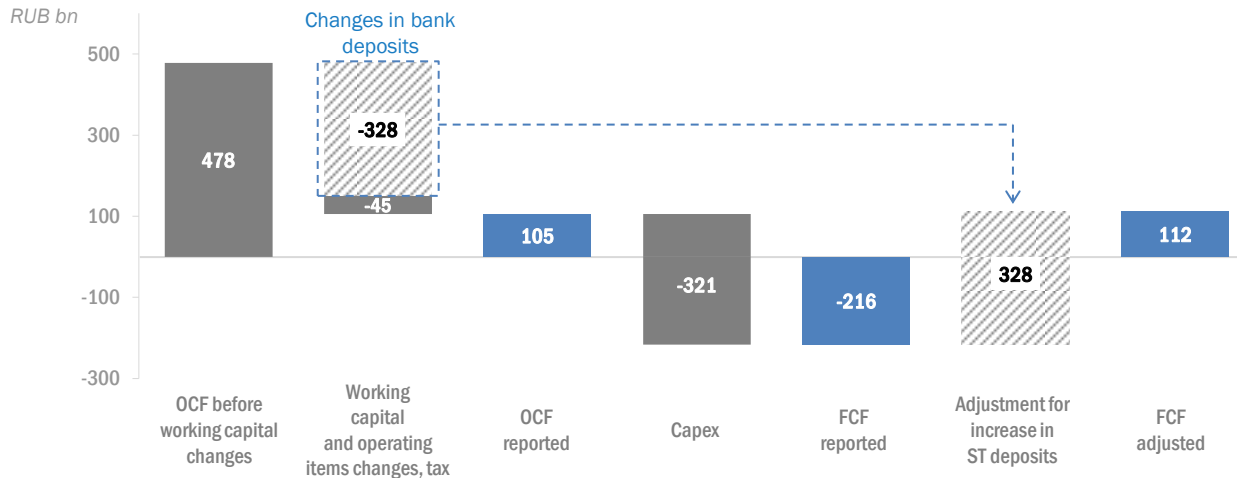
<sup>3</sup> Affected by ST deposits

# FREE CASH FLOW GENERATION

## Free Cash Flow<sup>1</sup>



## 1Q2017 adjusted Free Cash Flow breakdown<sup>2</sup>



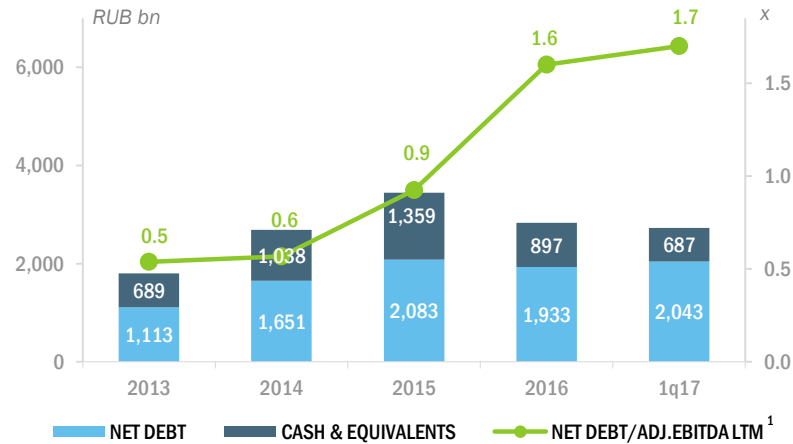
FCF adjusted for changes in bank deposits remains positive at \$1.9 bn in 1q17 (RUB112 bn)

<sup>1</sup> Free Cash Flow = Net Cash from operating activities – Cash Capex

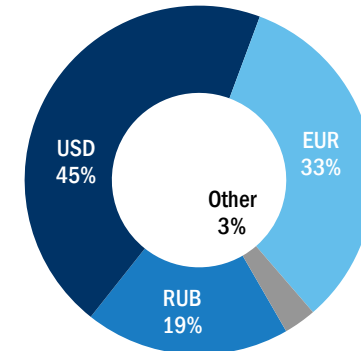
<sup>2</sup> Free Cash Flow adjusted for changes in the ST bank deposits

# KEY DEBT METRICS

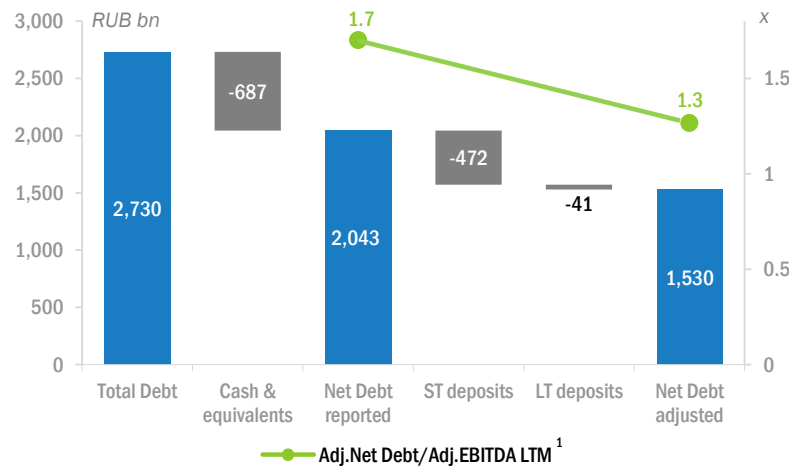
## Total Debt and Net Debt



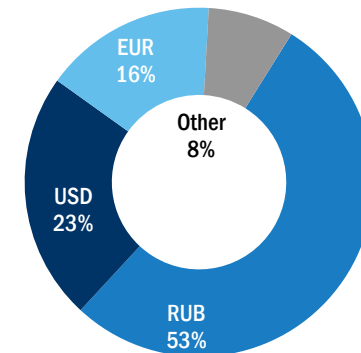
## Total Debt breakdown by currency



## 1Q2017 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	1Q2016	1Q2017
<b>Natural gas resources</b>	<b>203.0</b>	<b>217.3</b>
Domestic gas production	169.6	182.3
Other sources, including gas from Central Asia and Azerbaijan	5.7	6.3
Gas from underground storage facilities in Russia, Latvia and Europe	26.7	27.9
Decrease in gas volumes of within the gas transportation system	1.0	0.8
<b>Natural gas distribution</b>	<b>203.0</b>	<b>217.3</b>
Domestic consumption	143.0	148.9
including needs of the gas transportation system and underground storage facilities	8.8	10.5
Gas pumped into underground storage facilities	0.01	0.17
Gas for LNG production	3.5	4.1
Foreign supplies	45.0	52.3
FSU supplies	10.3	11.0
Increase in gas volumes of within the gas transportation system	1.1	0.7

Source: Company Operating Data

**THANK YOU!**