

Shorthand record of speech by Alexey Miller, Chairman of Gazprom Management Committee, at Gazprom's Investor Day

Esteemed colleagues,

Dear friends,

Welcome to our traditional annual event, Gazprom's Investor Day.

Today, we will discuss the results of the year 2020 and our future prospects.

2020 was a challenging year, primarily due to the coronavirus pandemic. And yet Gazprom managed to overcome all difficulties. The Company ensured the continuity of its production activities, demonstrating the flexibility of its management system and maintaining a steady position in its markets. At the same time, we fulfilled all of our obligations to our consumers both in Russia and abroad.

In 2020, we produced 453.5 billion cubic meters of gas and exported over 179 billion cubic meters of gas to countries beyond the former Soviet Union (FSU). In absolute terms, this is the fifth-best result in the history of Russian gas exports.

Based on the results of 2019, the Company paid out RUB 361 billion in dividends.

As for 2020, we need to highlight the launch of TurkStream in January. This ambitious project was launched strictly on schedule. We started supplying Russian gas across the Black Sea to the markets of Turkey and southeastern Europe.

Throughout 2020, we consistently supplied gas to China via the Power of Siberia gas pipeline. In Q4 2020 and Q1 2021, the supplies were in excess of the planned amounts and our contractual obligations.

China is the most dynamic market in the world, and we are negotiating with our Chinese colleagues on creating new export routes.

Currently, we are making slight adjustments to our strategy and paying more attention to setting up new gas processing capacities. This is due to the fact that fields in Eastern Siberia are yielding multi-component, ethane-containing gas. On top of that, we are going deeper and deeper in exploring gas formations within our conventional fields in Western Siberia. These gas formations contain ethane.

Consequently, we intend to monetize the development of ethane-containing gas deposits. We have two projects for that: the complex in Ust-Luga and the Amur Gas Processing Plant. These projects are among the largest in the world. The first two production trains of the Amur Gas Processing Plant will come onstream very shortly this year.

In Q1 2021, Gazprom ramped up its key operating indicators. Gas production rose by 10.5 per cent against the same period of 2020. Domestic gas supplies went up by 21.4 per cent. Meanwhile, supplies to non-FSU countries grew by 30.7 per cent, or 12.5 billion cubic meters of gas in absolute terms. These are excellent figures.

Gazprom's robust performance in early 2021 and the positive year-end forecast for our budget allowed the Management Committee to make the decision to set the dividend payout ratio at 50 per cent. This decision was made ahead of schedule, as we had originally planned to take this step based on the results of 2021. In view of all this, the Management Committee proposed to the Board of Directors that the dividend payout for 2020 be set in the amount of RUB 297 billion.

Our sustainable development efforts deserve a separate mention. Gazprom is implementing a large-scale program for gas supply and gas infrastructure expansion in the regions of the Russian Federation. Among other things, this will lead to environmental improvement.

Environmental performance underpins all of Gazprom's business processes, and its indicators are integrated into the corporate governance system at all levels. The Company is already devising scenarios for its sustainable development until 2050 amid the trend towards a low-carbon economy. At the same time, Gazprom's innovative developments are focused on producing hydrogen from methane with zero CO₂ emissions.

Of course, we need to mention our absolute priorities. They include workplace safety across the Company, professional development, and strict respect for the rights of our employees.

Dear friends,

The management of Gazprom is working to achieve harmonious development of the Company for the benefit of society and our shareholders, so as to make the Company even more attractive to investors. Thank you for paying attention to Gazprom's activities. I now give the floor to my colleagues.