

Comment by Famil Sadygov, Deputy Chairman of Gazprom Management Committee, on adjustment of investment program and budget for 2022

On the basis of the outcomes of the Management Committee meeting, we recommended that the Board of Directors approve the adjustments to the budget and investment program for 2022. The robust results demonstrated by Gazprom in the first six months of 2022 notwithstanding, we continue to abide by the principles of putting stringent limits on costs and ensuring that cash flows are well-balanced.

The revised draft budget reflects a 34 per cent rise in income from gas sales compared to the initial draft of the budget. It should be noted that the drop in export volumes has been fully offset by the increase in the average price of gas sold beyond the FSU. The rising income can, inter alia, compensate for the higher expenditures on operating activities linked to the growth in severance tax payments in the second half of the year.

The expected income increase has allowed us to continue implementing the investment program in full, focusing on the development of key projects, i.e. the Power of Siberia gas trunkline and its resource base, as well as the Yamal gas production center. Moreover, the amount of investments used will be higher than the amount of financing due to the advance payments made in the previous periods.

Apart from that, a considerable amount of funds are to be allocated for the interim dividend payout based on the first six months of 2022. The total amount of dividend payments is expected to add up to RUB 1.208 trillion, or RUB 51.03 per share. Even taking into account the rise in capital expenditures, the free cash flow of the Gazprom Group will fully cover the dividend payout, which is in line with our long-term financial stability principles.

Although the strong results achieved in the first six months of 2022 have made it possible for us to avoid undertaking external borrowings for the parent company, we consider it necessary to step up our work in the credit markets in the second half of this year. We expect the total debt of the Gazprom Group to remain at the level of last year by the end of 2022.