



# GAZPROM: FY2020 IFRS RESULTS

APRIL 29, 2021

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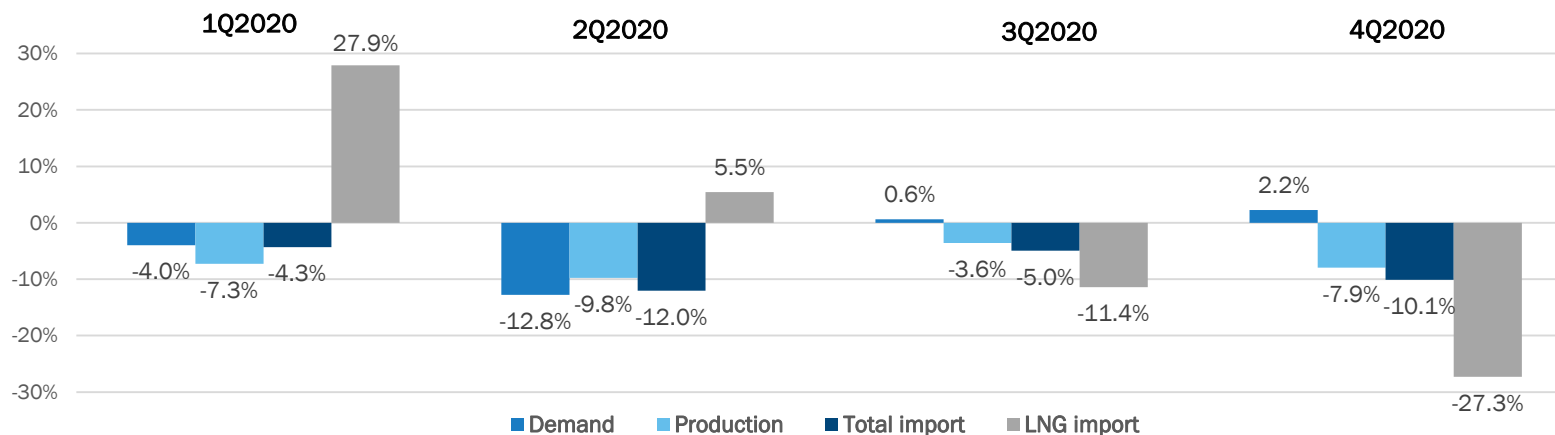
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# MARKET ENVIRONMENT



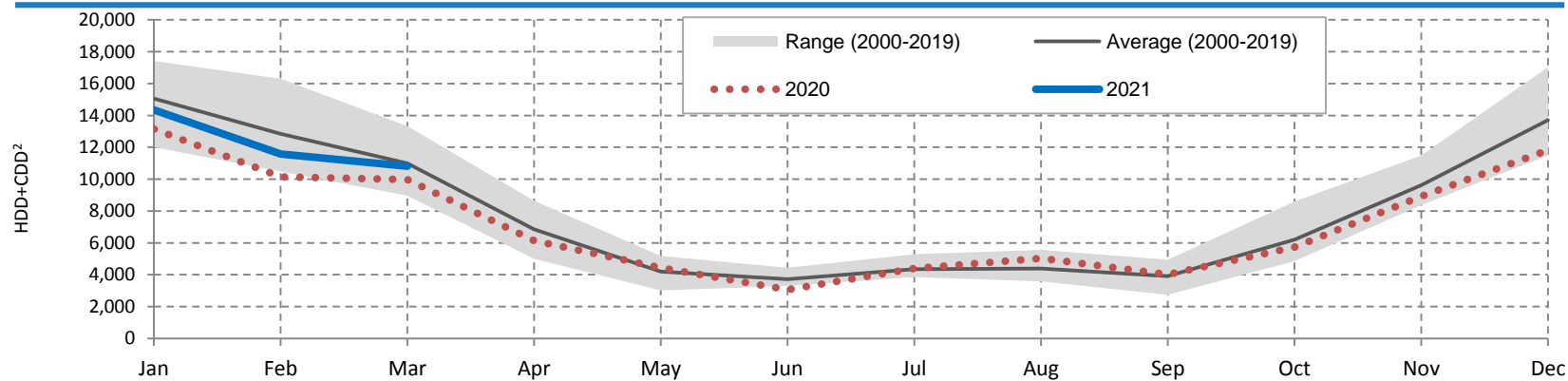
## EUROPEAN<sup>1</sup> GAS MARKET IN 2020 (Y/Y)

Weak dynamics in 1H20 was partially offset by gradual rebound in 2H20



## WEATHER INDEX<sup>2</sup> IN EUROPE

Weather conditions in the winter of 2020/21 winter were weaker than 20yr average, but still supported gas demand



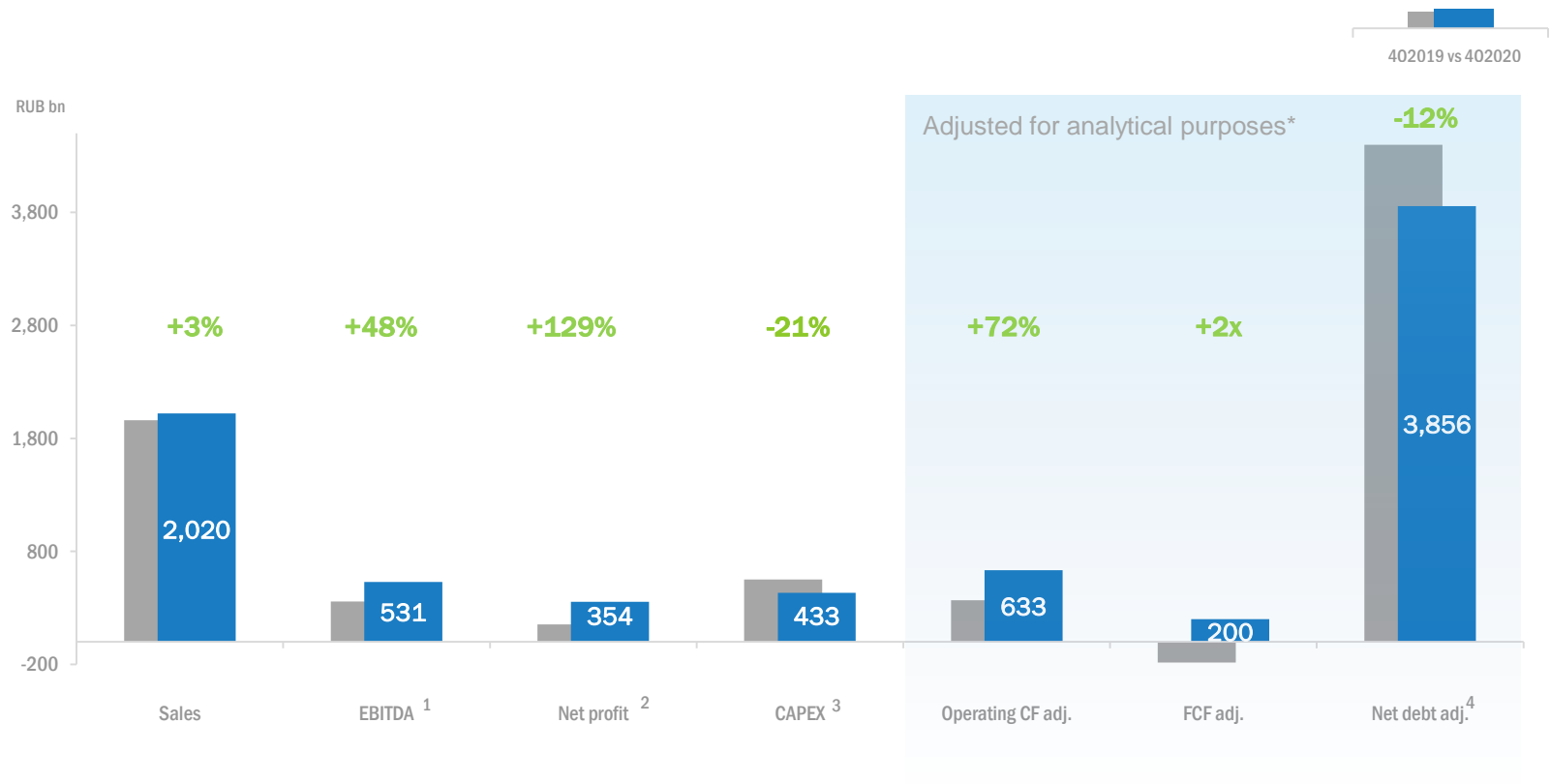
<sup>1</sup> In this presentation "Europe" includes EU-27 countries except Baltic states, plus Albania, Bosnia and Herzegovina, UK, Macedonia, Norway, Serbia, Turkey, Switzerland.

<sup>2</sup> Weather index is calculated as the sum of degree\*days for the corresponding month: HDD (Heating Degree Days) means degree\*days for heating season, CDD (Cooling Degree Days) means degree\*days of cooling season. Calculation is done based on weather conditions in 90 regions of Europe.

# 4Q20 IFRS RESULTS

GAZPROM MANAGED TO COME BACK TO AND EVEN EXCEED PRE-COVID FINANCIAL RESULTS IN 4Q20 DUE TO:

- CONTINUING REBOUND IN OIL&GAS MARKETS,
- ACCUMULATED EFFECT OF THE COSTS OPTIMIZATION MEASURES INTRODUCED IN 2020



<sup>1</sup> EBITDA adjusted for changes in impairment provisions

<sup>2</sup> Profit attributable to PJSC Gazprom's shareholders for the period

<sup>3</sup> Cash capital expenditures

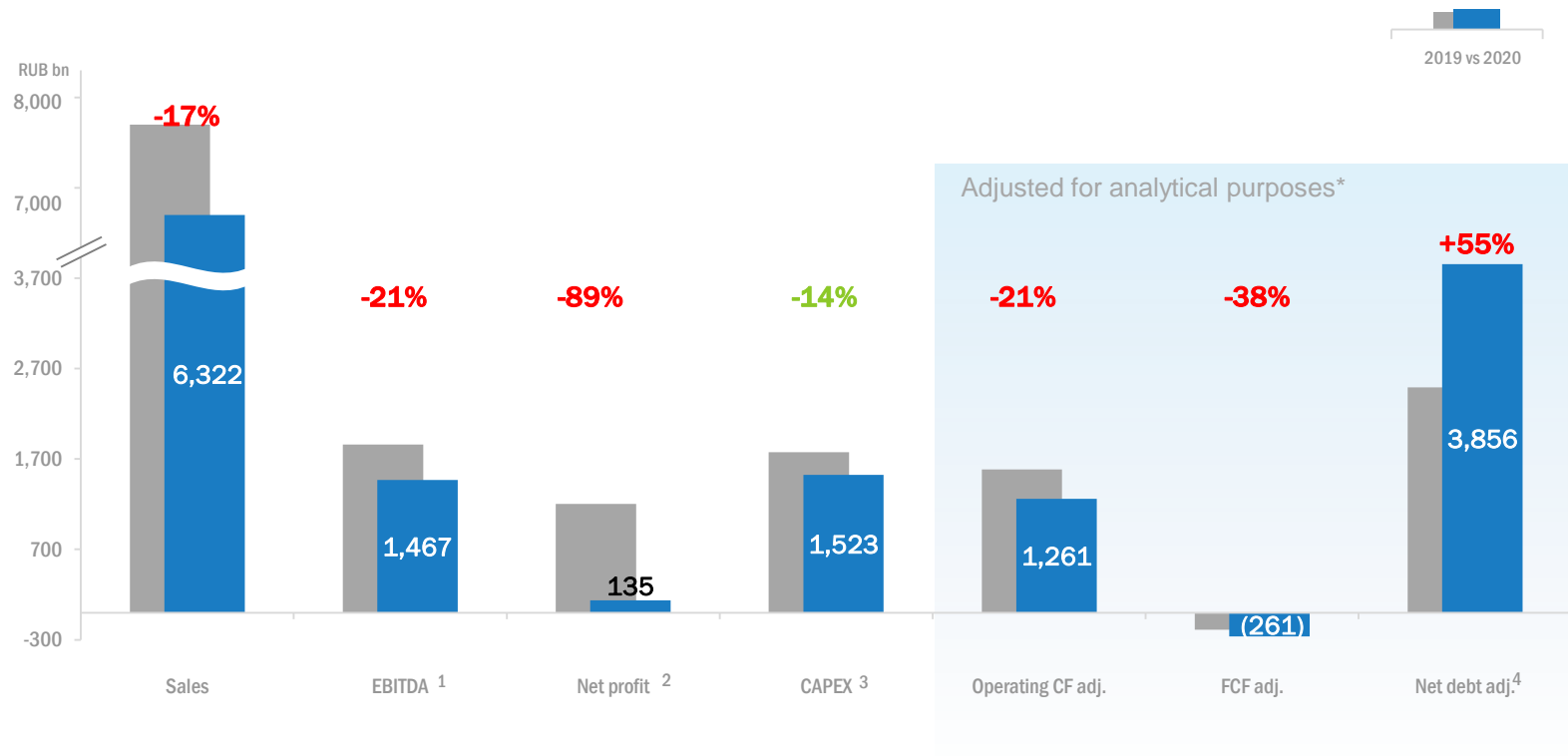
<sup>4</sup> Compared to Net debt as of September 30, 2020

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

# 2020 IFRS RESULTS

...WHILE FY2020 FINANCIAL PERFORMANCE STILL LEFT SUBDUED ON THE BACK OF:

- LOWER AVERAGE OIL&GAS PRICES IN FY2020, AFFECTING THE TOP LINE
- UNFAVORABLE FX RATE DYNAMICS 2020 VS 2019, SQUEEZING THE BOTTOM LINE AND SWELLING THE DEBT LEVEL



<sup>1</sup> EBITDA adjusted for changes in impairment provisions

<sup>2</sup> Profit attributable to PJSC Gazprom's shareholders for the period

<sup>3</sup> Cash capital expenditures

<sup>4</sup> Compared to Net debt as of December 31, 2019

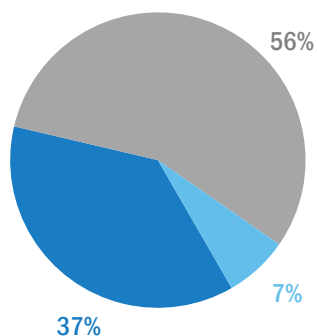
\*In order to reflect the effects of the decrease in bank deposits (reported as part of Other current and Other non-current assets)

# REVENUE BREAKDOWN BY BUSINESS SEGMENTS

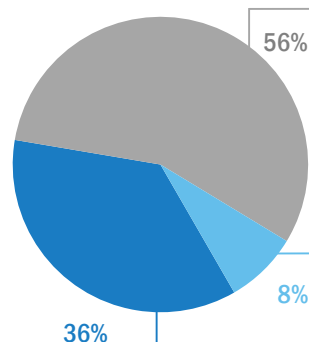


## REVENUE BY SEGMENT<sup>1</sup>

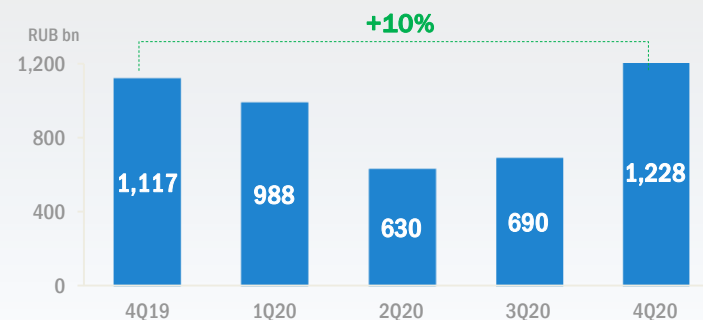
**FY2019**



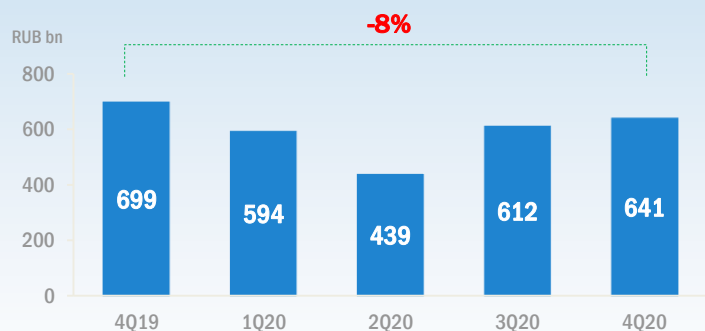
**FY2020**



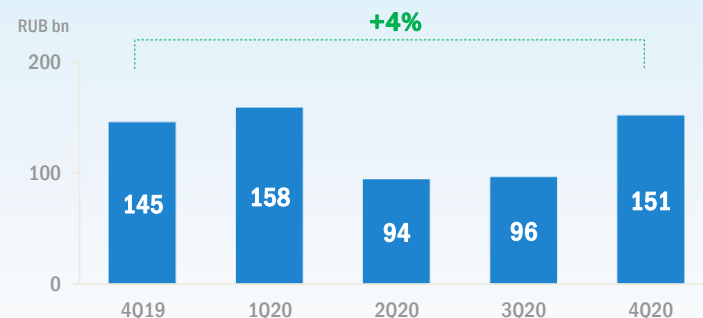
**GAS BUSINESS, TRANSPORTATION AND OTHER**



**OIL AND GAS CONDENSATE, REFINED PRODUCTS**



**ELECTRICITY AND HEAT**



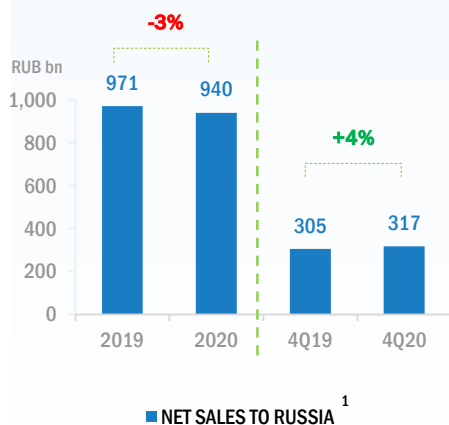
Calculations may differ due to rounding.

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

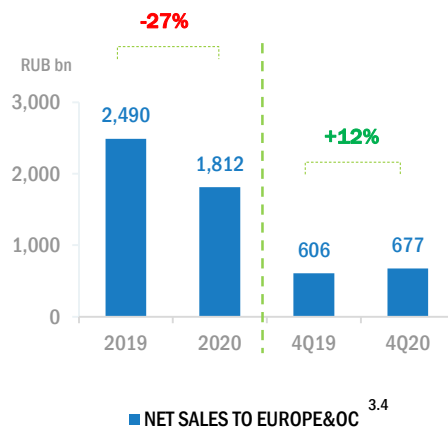
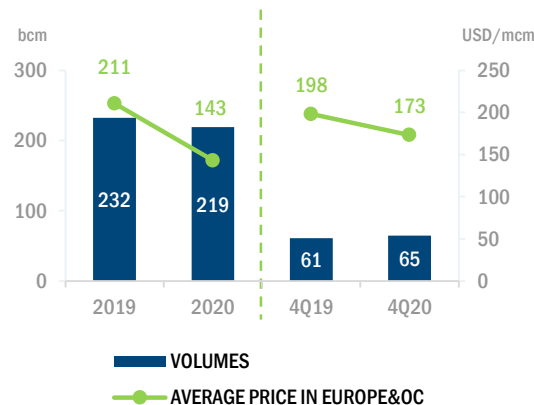
# GAS BUSINESS



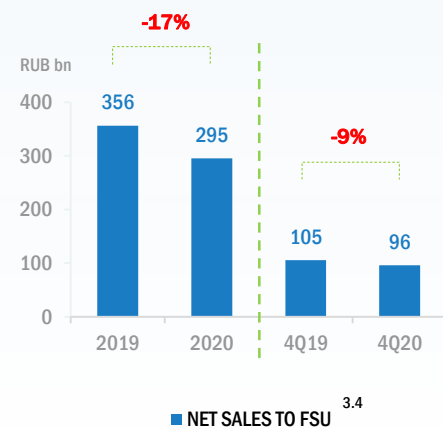
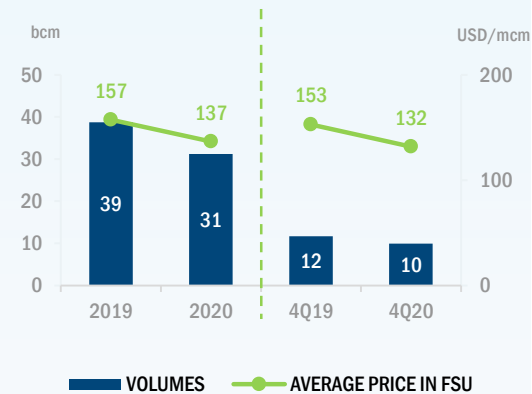
## RUSSIA



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



## FSU



Calculations may differ due to rounding.

<sup>1</sup> Net of value added tax (VAT)

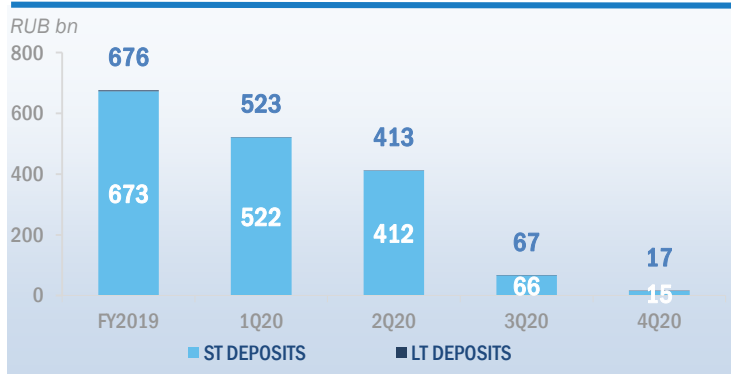
<sup>2</sup> OC — other countries, including LNG sales

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

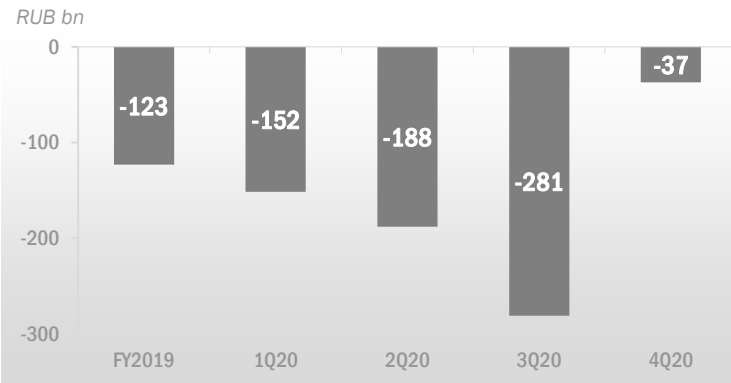
<sup>4</sup> Net of custom duties and excise tax on gas exports

# IMPACT OF BANK DEPOSITS

## ST & LT BANK DEPOSITS



## ST BANK DEPOSIT CHANGES (Y/Y)



## IMPACT OF BANK DEPOSITS<sup>1</sup> ON NET DEBT

- **Bank deposits with the term of over 3 months** are not included in Cash and cash equivalents item of the balance sheet
- **Early withdrawal clause** allows Net Debt and Net Debt/EBITDA to be adjusted for ST and LT deposits for analytical purposes

## IMPACT OF CHANGES IN ST DEPOSITS ON CASH FLOWS

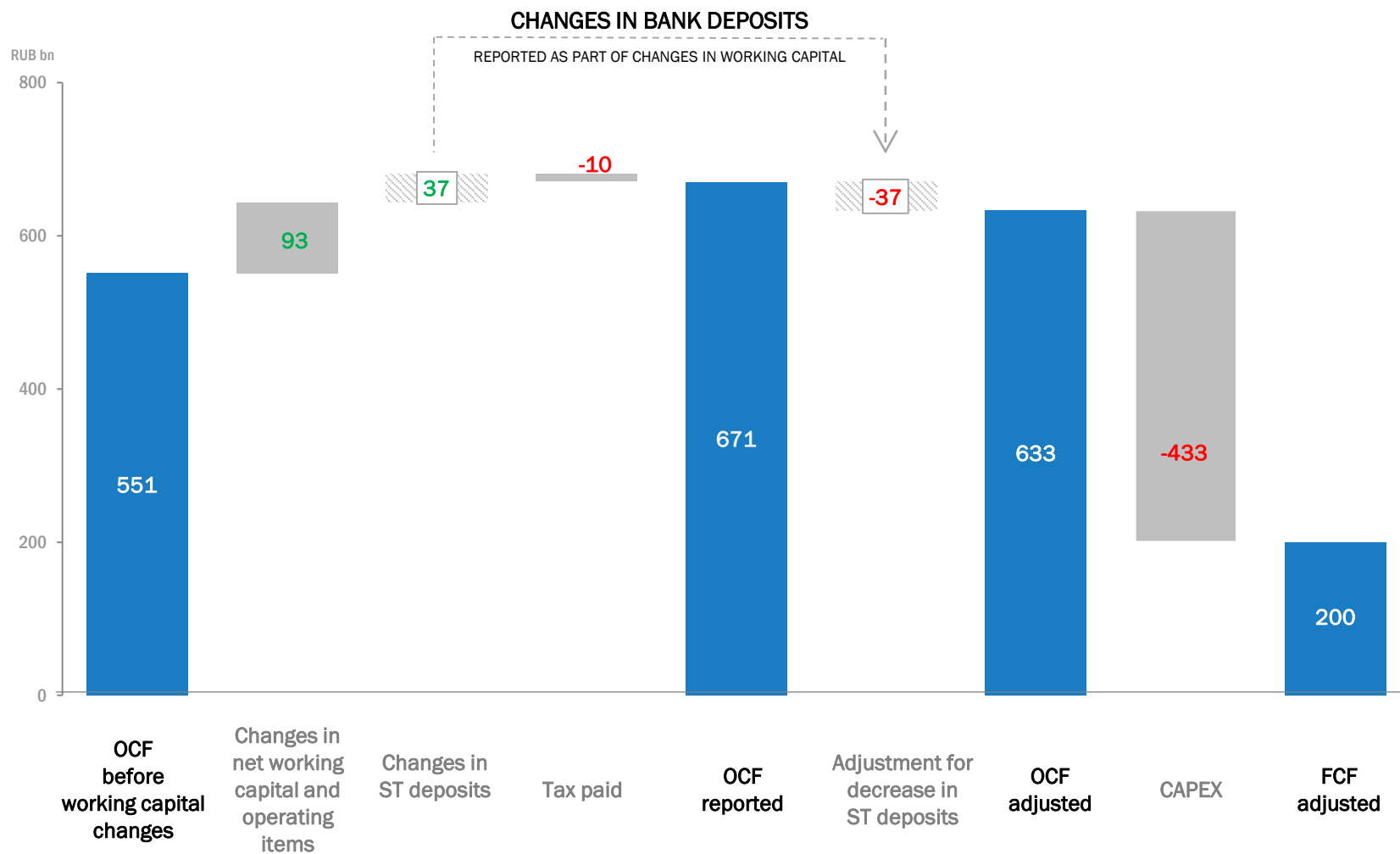
- Changes in working capital (part of Operating cash flow) include **changes in ST bank deposits**
- Operating cash flow and Free cash flow need to be **adjusted for changes in ST bank deposits** for analytical purposes

LT AND ST BANK DEPOSITS IMPROVE THE EFFICIENCY OF LIQUIDITY MANAGEMENT

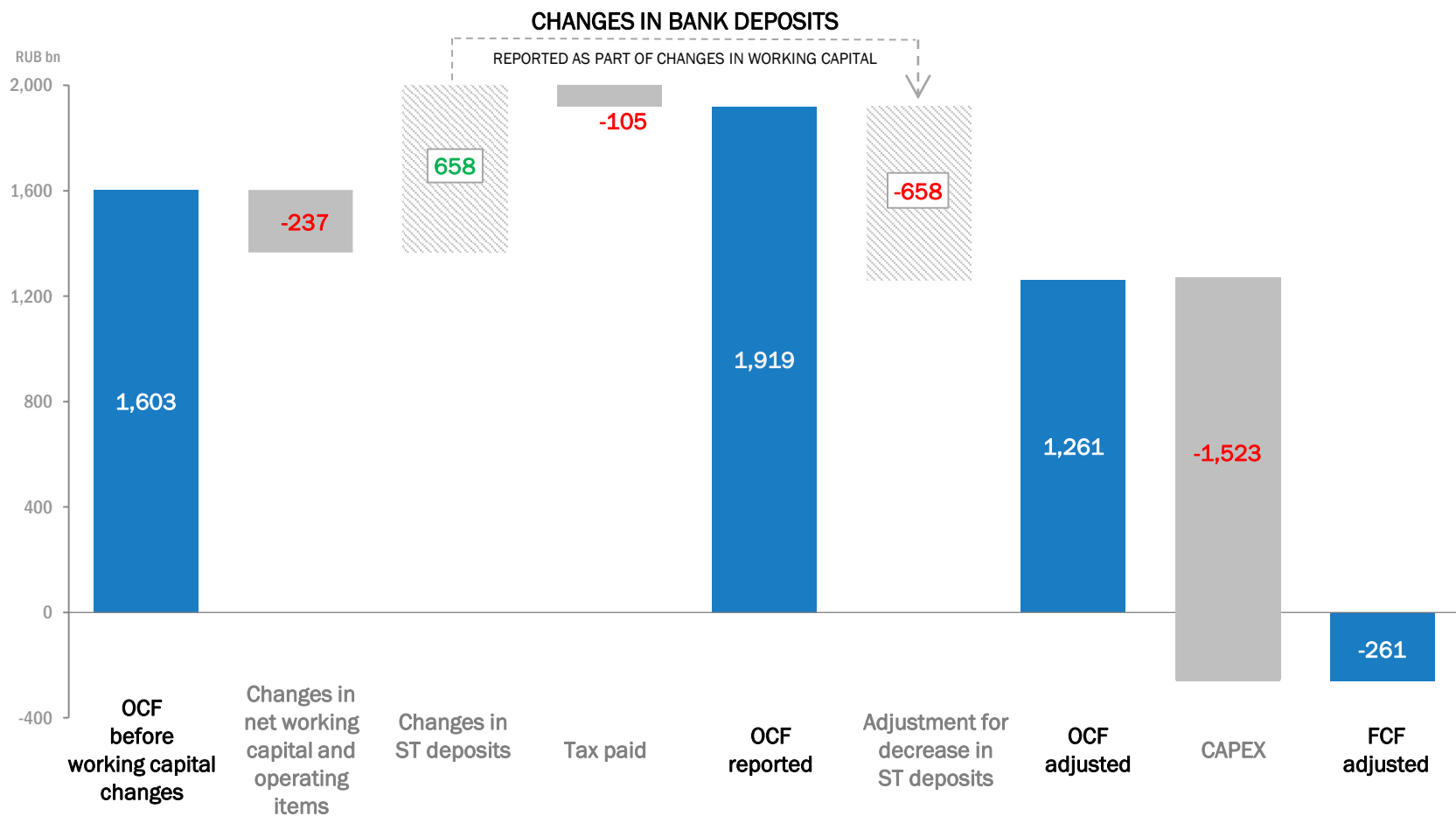
<sup>1</sup> Reported as a part of other current assets and other non-current assets  
Source: Gazprom FY2020 IFRS report, note 12



# 4Q2020 ADJUSTED FREE CASH FLOW

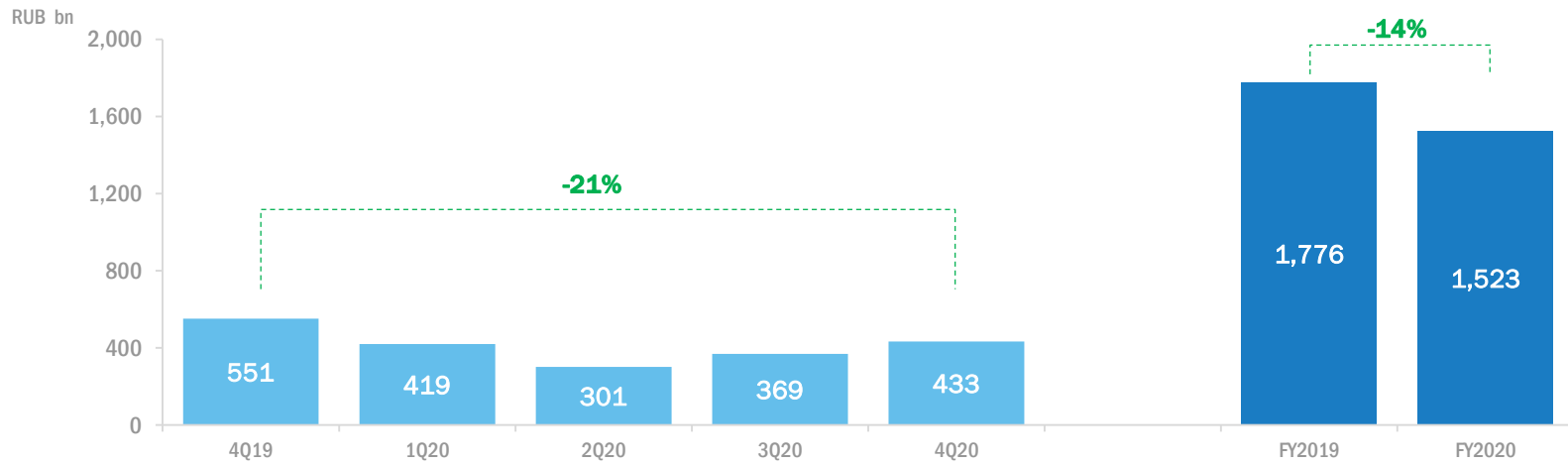


# FY2020 ADJUSTED FREE CASH FLOW

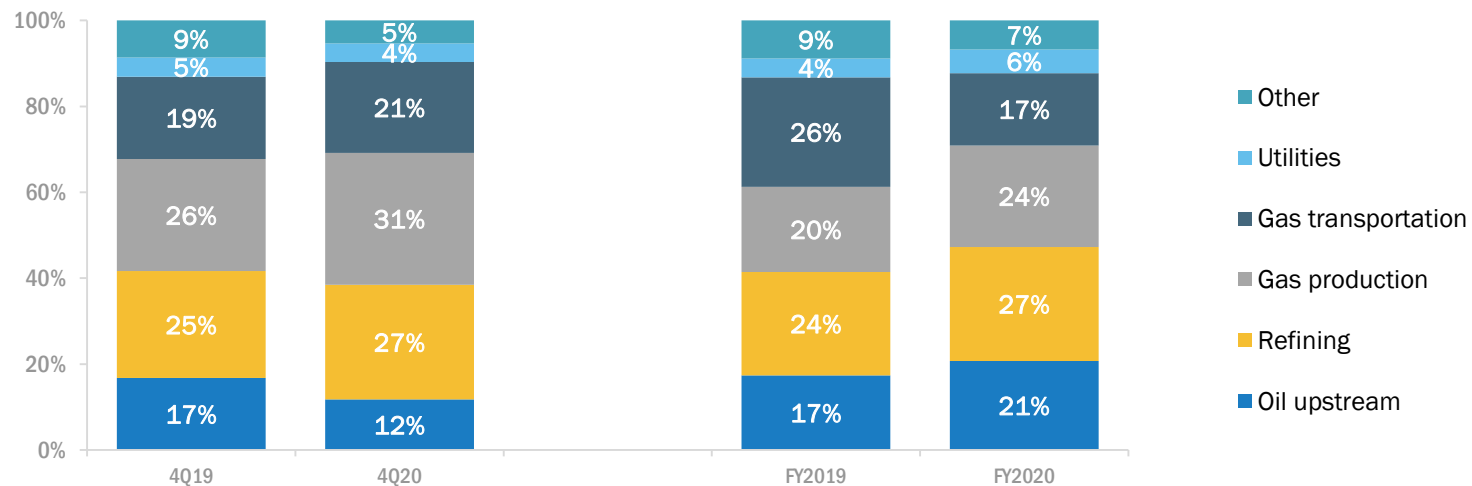


# CAPITAL EXPENDITURES

## CASH CAPITAL EXPENDITURES

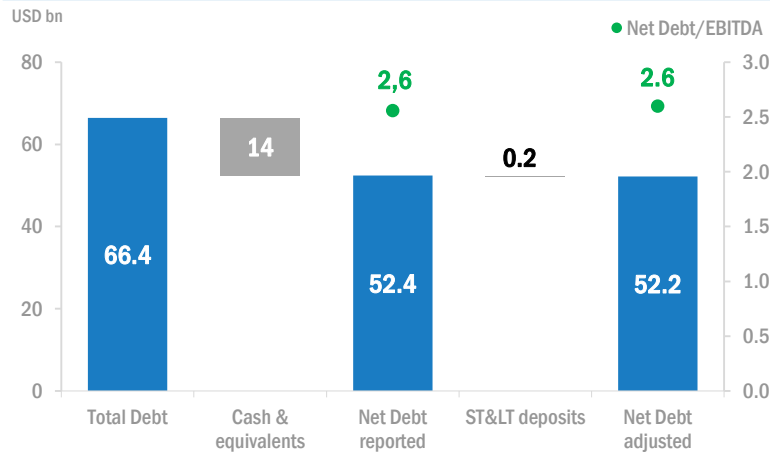


## CAPEX BREAKDOWN

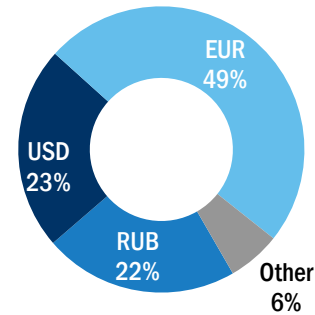


# KEY DEBT METRICS

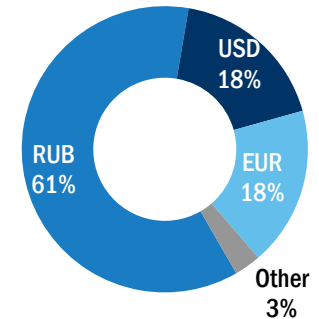
## NET DEBT IN FY2020<sup>1</sup>



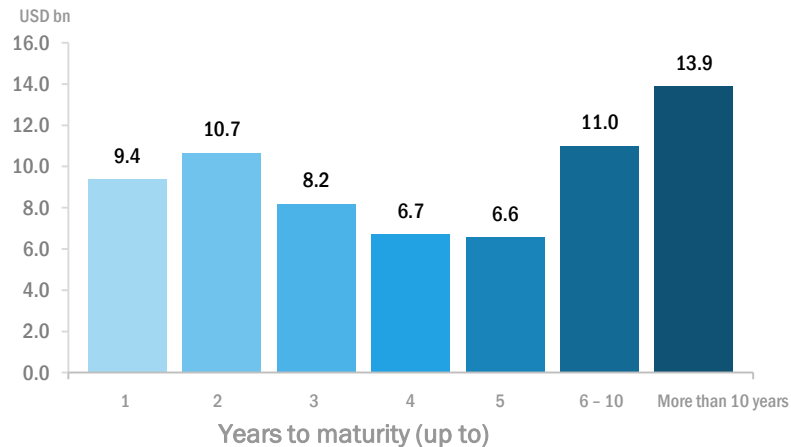
## TOTAL DEBT



## CASH&EQUIVALENTS (INCL. DEPOSITS)



## DEBT MATURITY PROFILE IN 4Q2020



## CREDIT RATINGS

Fitch	BBB / stable
Moody's	Baa2 / stable
S&P	BBB- / stable
Dagong	AAA / stable
ACRA	AAA (RU) / stable

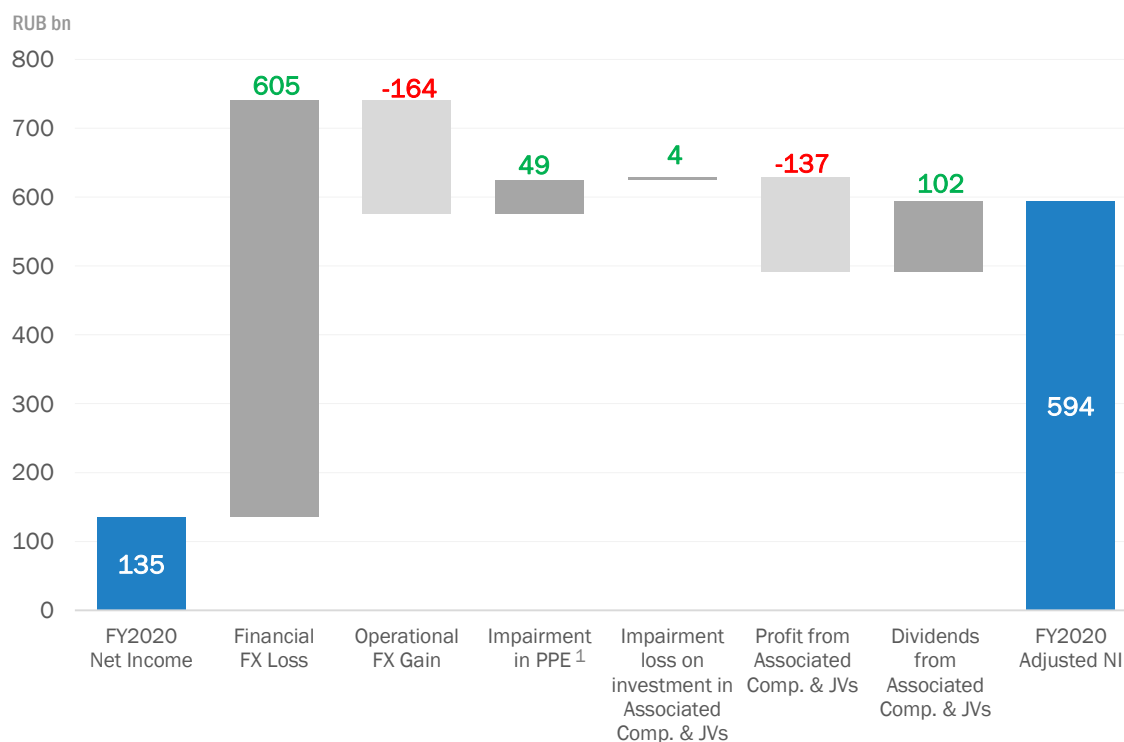
<sup>1</sup> Net Debt adjusted for the bank deposits reported as a part of Other current assets and Other non-current assets (see Slide 10 for details). Based on calculations in USD.

# DIVIDENDS



DIVIDEND PAYMENT AS PER THE APPROVED POLICY IS GAZPROM'S PRIORITY

## FY2020 ADJUSTED NET INCOME



<sup>1</sup> Impairment loss on property, plant and equipment and assets under construction

## OUTLOOK

- **Strong commitment to the Dividend Policy** even under stressful market conditions
- **Management Committee recommended** to move towards 50% payout ratio **ahead of schedule** stated in the Policy
- **Payout ratio – not less than 50%** of adjusted net income for 2021 and beyond
- Dividend payouts are planned to be fully covered by **Free cash flow**



## ADDITIONAL INFORMATION

# GAZPROM INVESTMENT CASE

## FUNDAMENTAL ADVANTAGES



- Low cash cost of gas production
- **Leadership** in the European gas market
- **Increasing diversification** of the gas export portfolio (due to ramp-up of supplies to China)
- **Balanced portfolio** of long-term gas contracts (gas hub and oil basket linked prices)
- **Diversified business structure**: strong oil and low-risk utilities segments

## ROBUST FINANCIAL POSITION



- **Conservative financial policy** (stringent debt management)
- Large short-term **liquidity buffer**
- **Favorable FX breakdown** of cash flows (natural hedge in P&L and balance sheet)

## FCF SUPPORT EFFORTS



- **OPEX optimization program** to underpin OCF in 2020-2021
- **CAPEX budget tightening** to bolster FCF in 2020-2021
- Launch of key projects to boost FCF in the mid-term

## FOCUS ON DIVIDENDS



- **Commitment to the Dividend Policy** despite challenging market conditions
- **Recommendation to pay 50% of 2020 adjusted net income** – **ahead of initial schedule**

## SUSTAINABLE DEVELOPMENT PRIORITY



- **Initiatives in all aspects of ESG**: Environmental, Social and Corporate Governance
- Focus on transparency, accountability and investor relations
- Responsible corporate citizen with **focus on sustainability and green technology**

# MARKET ENVIRONMENT: FY2020 VS FY2019



## EUROPEAN GAS MARKET STARTED TO REBALANCE IN 3Q20

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Gas demand in EU</b>	189.0	110.1	97.6	163.5	181.5	96.0	98.2	167.2
y/y change, %					-4.0%	-12.8%	0.6%	2.2%
<b>Gas production in EU</b>	65.0	58.9	51.8	60.7	60.3	53.2	50.0	55.8
y/y change, %					-7.3%	-9.8%	-3.6%	-7.9%
<b>Total gas import in EU</b>	90.0	87.2	82.5	101.0	86.1	76.7	78.4	90.8
y/y change, %					-4.3%	-12.0%	-5.0%	-10.1%
<b>LNG import in EU</b>	28.3	29.7	24.2	33.0	36.3	31.3	21.6	24.0
y/y change, %					27.9%	5.5%	-11.4%	-27.3%
<b>Gas inventories in EU</b>	44.4	80.0	105.0	96.7	59.5	87.8	103.9	81.5
y/y change, %					34.1%	9.7%	-1.4%	-15.6%
<b>Brent price</b>	63.2	68.8	61.9	63.3	50.1	29.2	43.0	44.2
y/y change, %					-20.7%	-57.6%	-30.6%	-30.1%
<b>Average TTF 1-month ahead</b>	216.6	150.4	132.8	156.6	108.9	63.7	99.6	152.9
y/y change, %					-49.7%	-57.6%	-25.0%	-2.4%

## WHILE LNG SUPPLIES TO EUROPE LAGGED BEHIND DUE TO INTERNAL REASONS

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
<b>US LNG import in EU</b>	4.0	3.6	2.7	7.9	11.4	6.0	2.4	6.1
y/y change, %					181.9%	65.9%	-13.7%	-23.1%
<b>Liquefaction capacity utilization in US</b>	79.9%	77.2%	67.5%	79.6%	89.6%	63.5%	35.5%	76.8%
y/y change, %					11.4%	-18.9%	-47.3%	-3.5%
<b>Oil production in US</b>	12.0	12.2	12.2	12.7	13.0	11.6	10.7	10.8
y/y change, %					8.3%	-4.9%	-12.3%	-15.1%
<b>Henry Hub gas price</b>	2.9	2.6	2.4	2.4	1.9	1.7	2.0	2.5
y/y change, %					-34.6%	-33.6%	-16.5%	2.5%

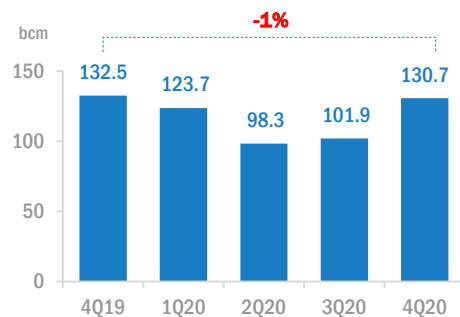
Sources: Bloomberg, Eurostat, US Department of Energy, IEA, national statistical bodies, ENTSOG, IHS, S&P Platts



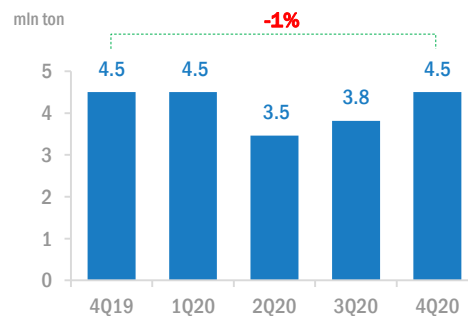
# OPERATING METRICS



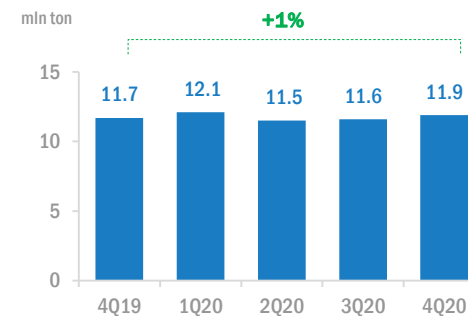
## Natural gas



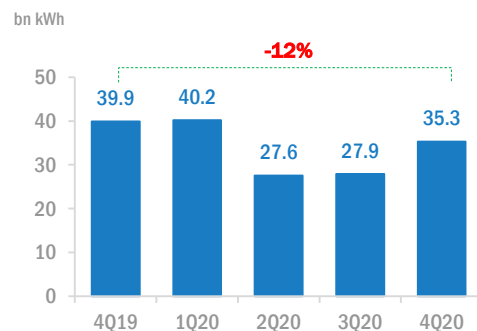
## Gas condensate



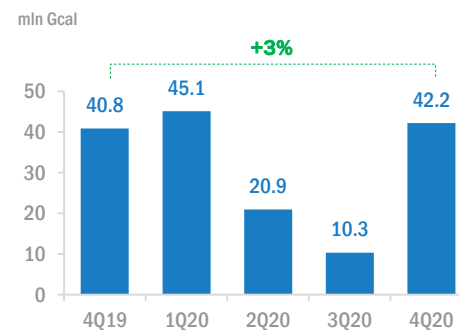
## Crude oil



## Electricity



## Heat



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

**THANK YOU!**