



GAZPROM: 3Q 2020 IFRS RESULTS

NOVEMBER 30, 2020



Alexey Finikov

Deputy Head of Department

DISCLAIMER



This presentation has been prepared by PJSC Gazprom (the “Company”), and comprises the slides for a presentation to investors concerning the Company. This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities representing shares in the Company, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Any viewer of this presentation considering a purchase of such securities is hereby reminded that any such purchase should be made solely on the basis of the information contained in the prospectus or other offering document prepared in relation thereto and will be subject to the selling restrictions set out therein. The information in this presentation should not be treated as investment advice. Care has been taken to ensure that the facts stated in this presentation are accurate, and that the opinions expressed are fair and reasonable. However, the contents of this presentation have not been verified by the Company. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its members, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in or discussed at this presentation. None of the Company or any of their respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

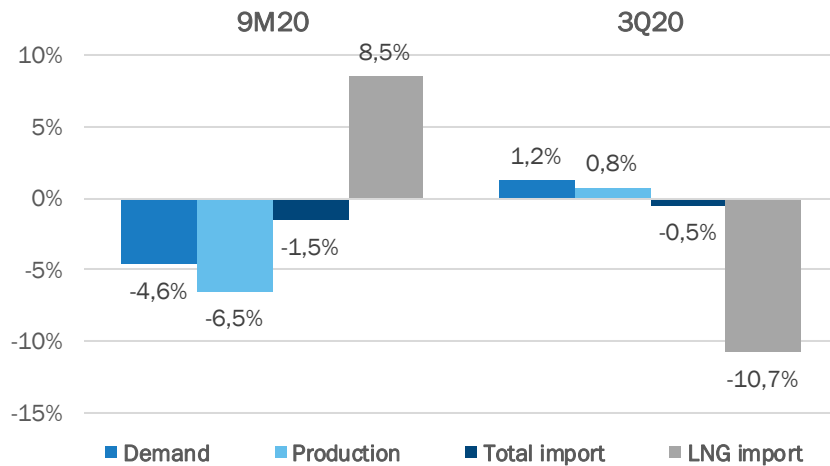
The information in this presentation includes forward-looking statements, such statements may also occur during the Q&A session. These forward-looking statements include all matters that are not historical facts, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward-looking statements involve risks and uncertainties, including, without limitation, the risks and uncertainties to be set forth in the prospectus, because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods.

The information and opinions contained in this presentation are provided as at the date of this presentation and are subject to change without notice. No person is under any obligation to update or keep current the information contained herein.

By attending the presentation you agree to be bound by the foregoing limitations.

MARKET ENVIRONMENT: 3Q20 VS 2Q20

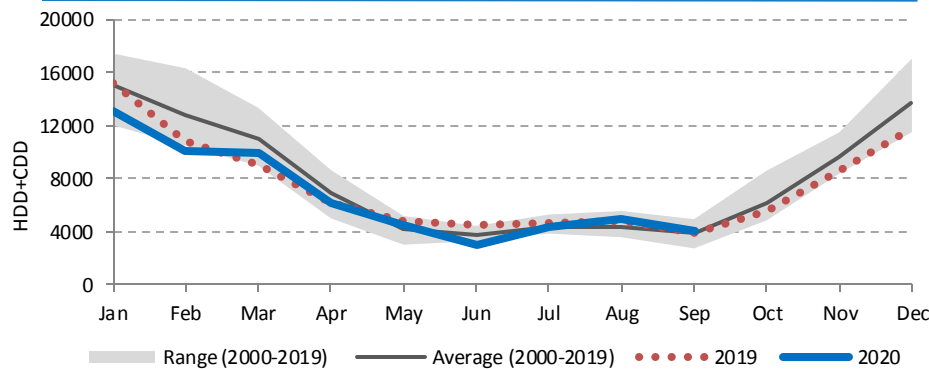
EUROPEAN¹ GAS MARKET IN 2020 (Y/Y)



EUROPEAN GAS MARKET STARTED TO REBALANCE IN 3Q20

- **Demand** in Europe started to bottom out at the end of 2Q20 on the back of partly lifted lockdown measures
- However, **imports** (both pipeline and LNG) to Europe lagged behind
- **LNG deliveries** inflexibility distorted the market in 2Q20 and led to LNG imports decline in 3Q20.

WEATHER INDEX² IN EUROPE



IMPROVED WEATHER TIGHTENED THE MARKET

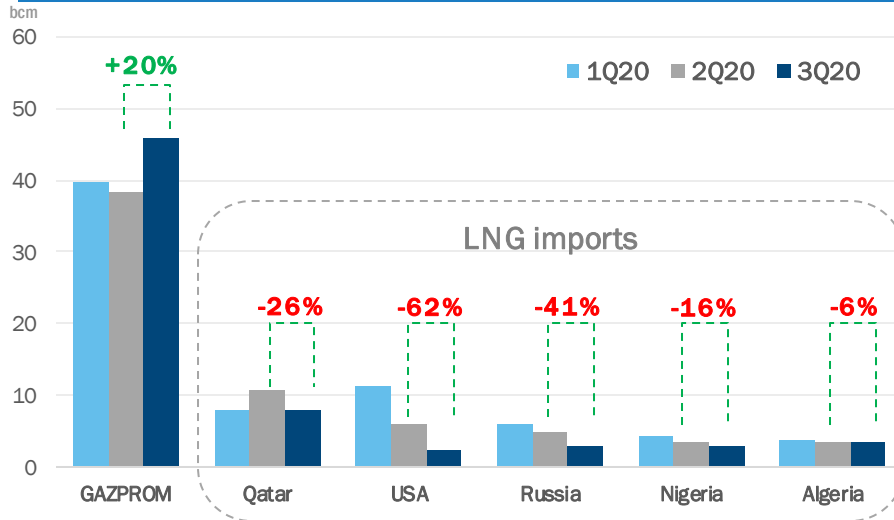
- European market supply / demand rebalancing together with **improving weather conditions** led to earlier start of withdrawal season...
- ... bringing **inventories down** to the levels of 2019 and even lower...
- ...which resulted in remarkable **rebound in gas prices** in 3Q20 and beyond

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

² Weather index is calculated as 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.

MARKET ENVIRONMENT: 3Q20 VS 2Q20

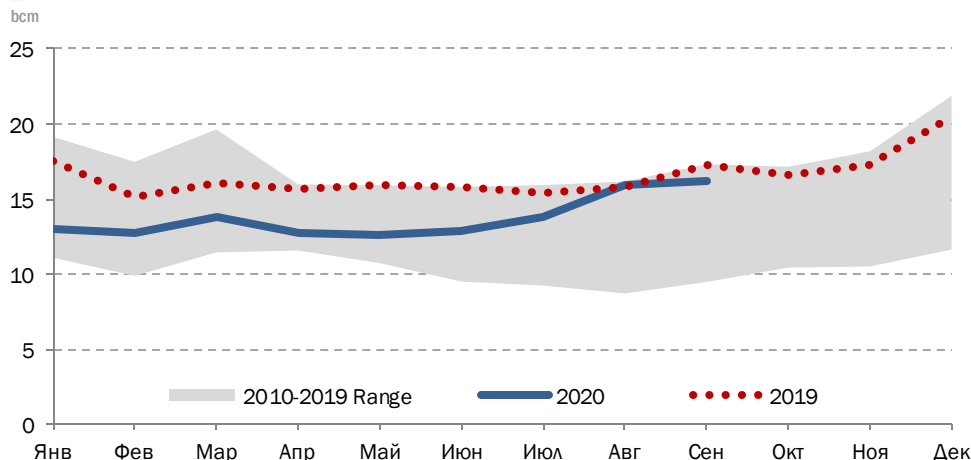
DYNAMICS OF GAS IMPORT TO EUROPE BY KEY SUPPLIERS



LOW PRICES DEPRESSED LNG IMPORTS TO EUROPE ...

- While **all LNG suppliers reduced their deliveries to Europe** in 3Q20,
- **LNG cargoes from the US dropped the most as:**
 - ✓ lower oil production in the US caused decline in associated gas production,
 - ✓ latter pushed gas prices at Henry Hub higher
- Significant drop in liquefaction capacity utilization rate (from 90% to 35%) resulted in noticeable **decline of the US LNG deliveries to Europe** in 3Q20

DYNAMICS OF GAZPROM'S GAS EXPORT TO EUROPE



... MAKING GAZPROM THE MAIN BENEFICIARY

- Low costs allowed **Gazprom to continue deliveries to Europe** even in weak price environment
- Gazprom benefits from the sharp demand recovery and price rebound
- Gas exports to Europe in 3Q20 approached the levels reached in the same period of 2019
- **Gazprom's share in the European gas market** in 3Q20 reverted to the 2019 levels

RECENT DEVELOPMENTS



Revised budget for 2020 was approved by the Board of Directors

Reduced operating costs and CAPEX

2021 budget was endorsed by the Management Committee

Conservative approach to operating costs maintained, investment program reduced



Debut issues of perpetual subordinated Eurobonds were placed by Gazprom

- USD 1.4 bn and EUR 1 bn
- The securities were placed with a minimum spread to senior Eurobonds of Gazprom (180 b.p. for the USD issue and 190 b.p. for the EUR issue) in comparison with peers.
- Perpetual Eurobonds are included in Gazprom's capital in accordance with IFRS and decrease net debt

Working
towards
our common
future



Sustainability Report for 2019 was released

- First time indirect (Scope 3) GHG emissions at a Group level both in Russia and abroad were disclosed.
- New topics were introduced: "Implementation of major gas transportation projects", "Quality management", and "Respect of human rights".



Contracts with 30 regions on gas infrastructure expansion program for 2021-2025 were signed



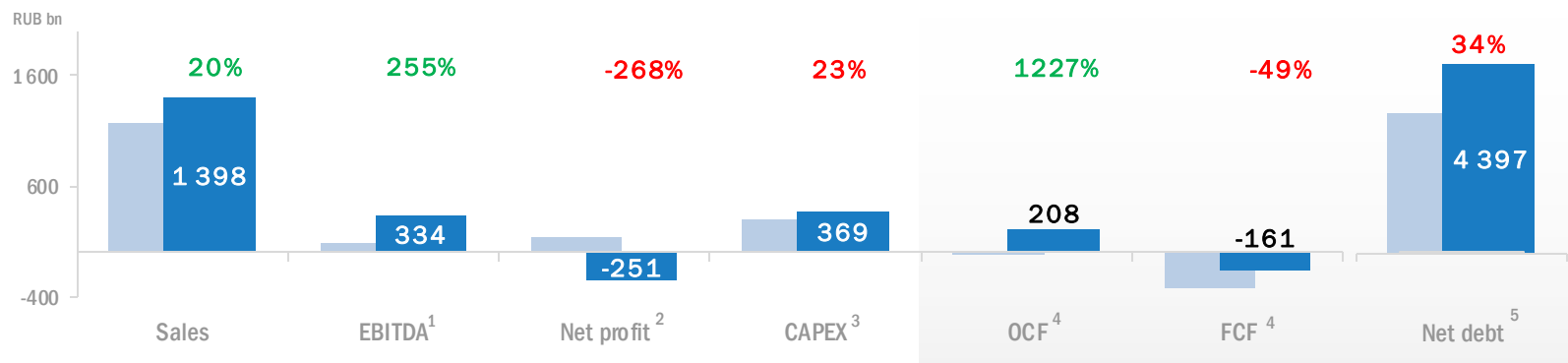
Appeal against the Polish antimonopoly fine has been filed

3Q20 IFRS RESULTS

3Q20 vs 2Q20

EBITDA remarkably improved due to revenue growth and significant share of fixed costs

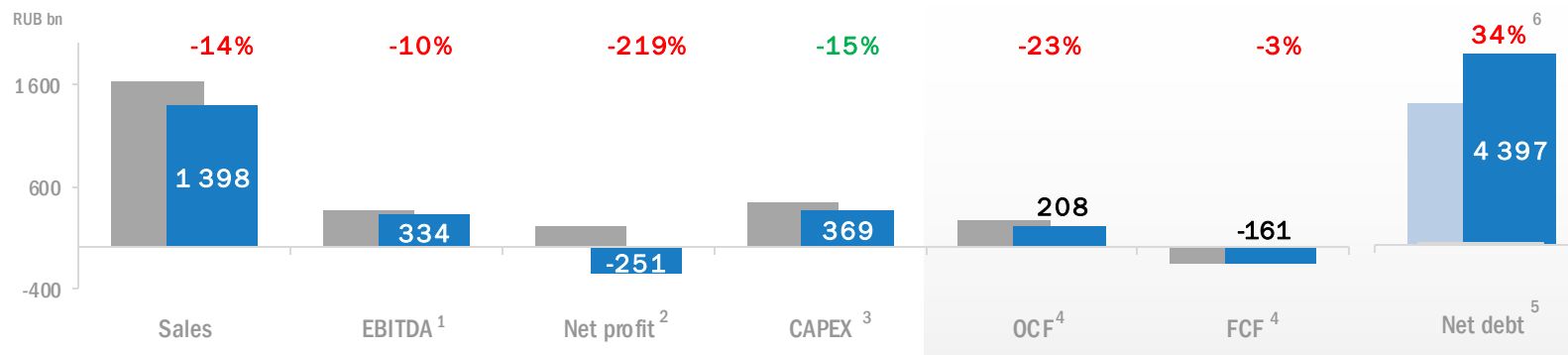
Net income turned negative due to losses resulted from RUB depreciation



3Q20 vs 3Q19

Net sales, EBITDA and OCF remained subdued on the back of weaker market environment Y/Y

Lower CAPEX was not enough to have positive FCF in seasonally weak quarter



1 EBITDA adjusted for changes in impairment provisions

2 Profit attributable to PJSC Gazprom's shareholders for the period

3 Cash capital expenditures

4 Adjusted for changes in ST bank deposits for the period

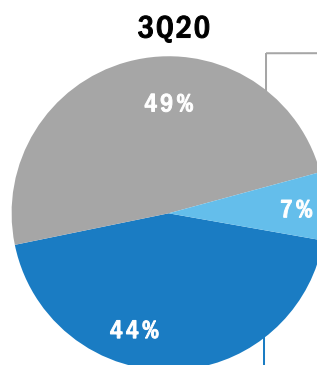
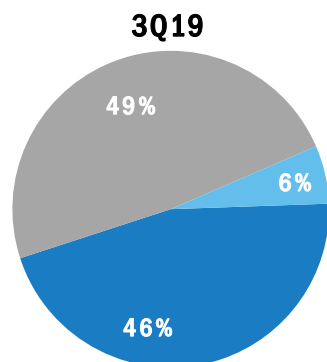
5 Adjusted for amount of ST< bank deposits as of the end of the period

6 Net debt is compared to net debt as of June 30, 2020

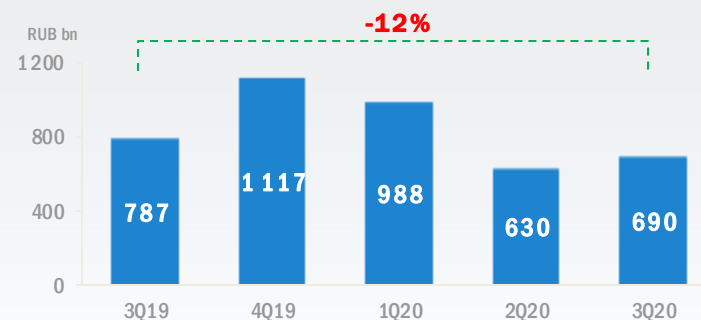
REVENUE BREAKDOWN BY BUSINESS SEGMENTS



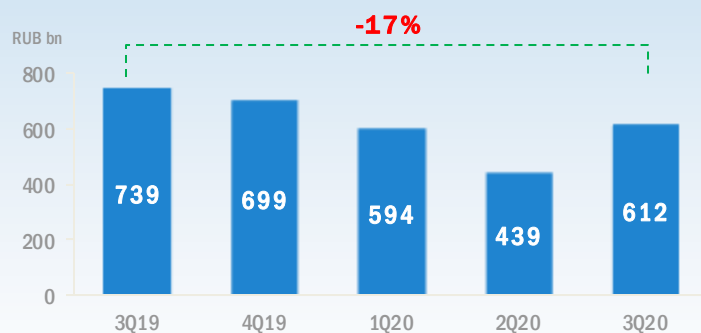
REVENUE BY SEGMENT¹



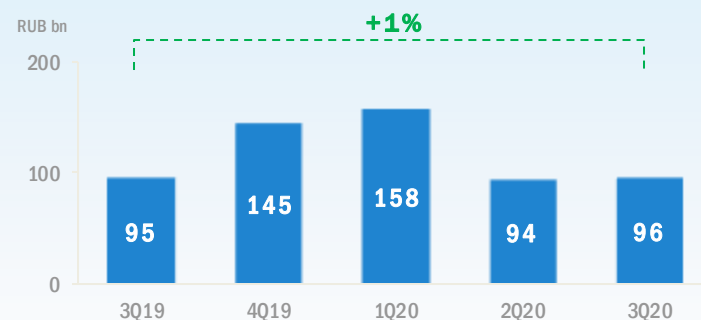
GAS BUSINESS, TRANSPORTATION AND OTHER



OIL AND GAS CONDENSATE, REFINED PRODUCTS



ELECTRICITY AND HEAT



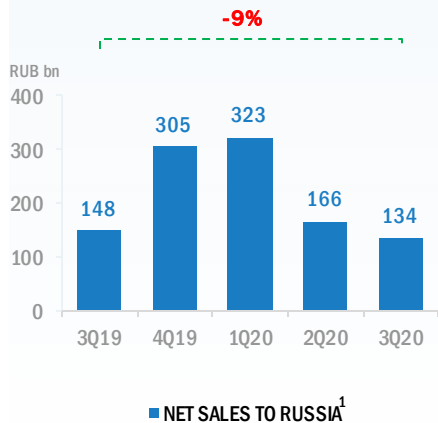
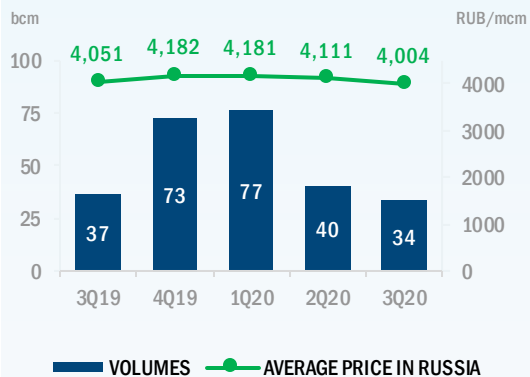
Calculations may differ due to rounding.

¹ Net of value added tax (VAT), excise tax and custom duties.

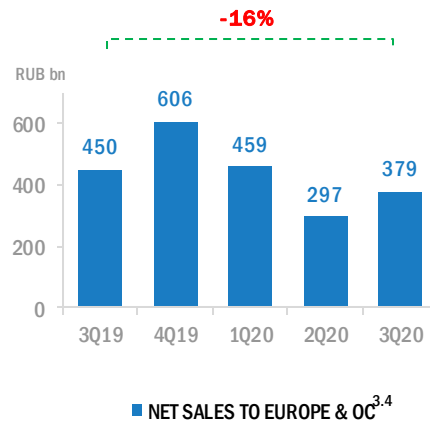
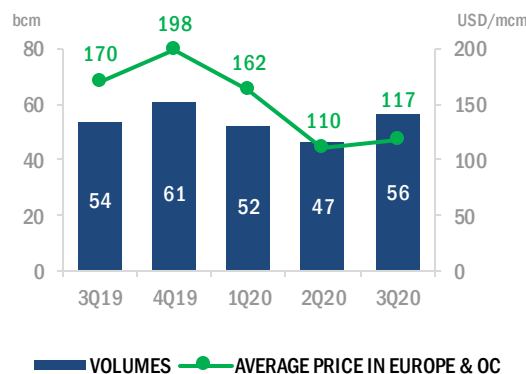
GAS BUSINESS



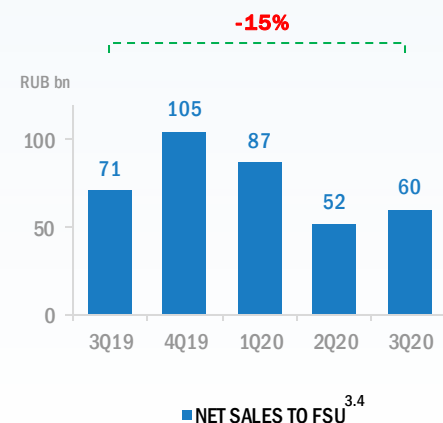
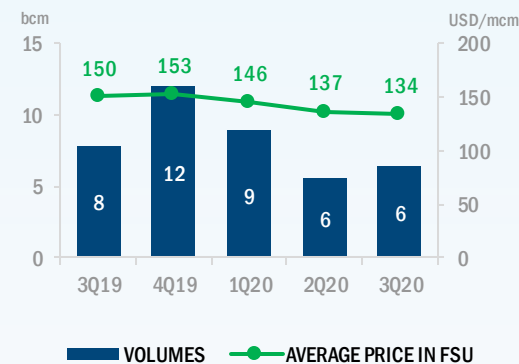
RUSSIA



EUROPE & OC²



FSU



Calculations may differ due to rounding.

¹ Net of value added tax (VAT)

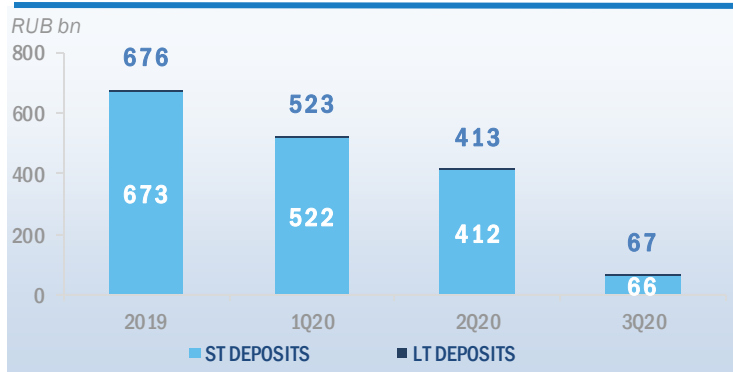
² OC — other countries, including LNG sales

³ VAT is not charged on export sales

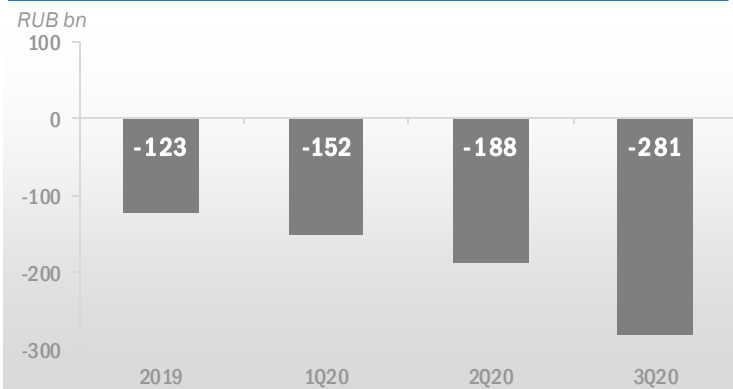
⁴ Net of custom duties and excise tax on gas exports

IMPACT OF BANK DEPOSITS

ST & LT BANK DEPOSITS



ST BANK DEPOSIT CHANGES (Q/Q)



IMPACT OF BANK DEPOSITS¹ ON NET DEBT

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

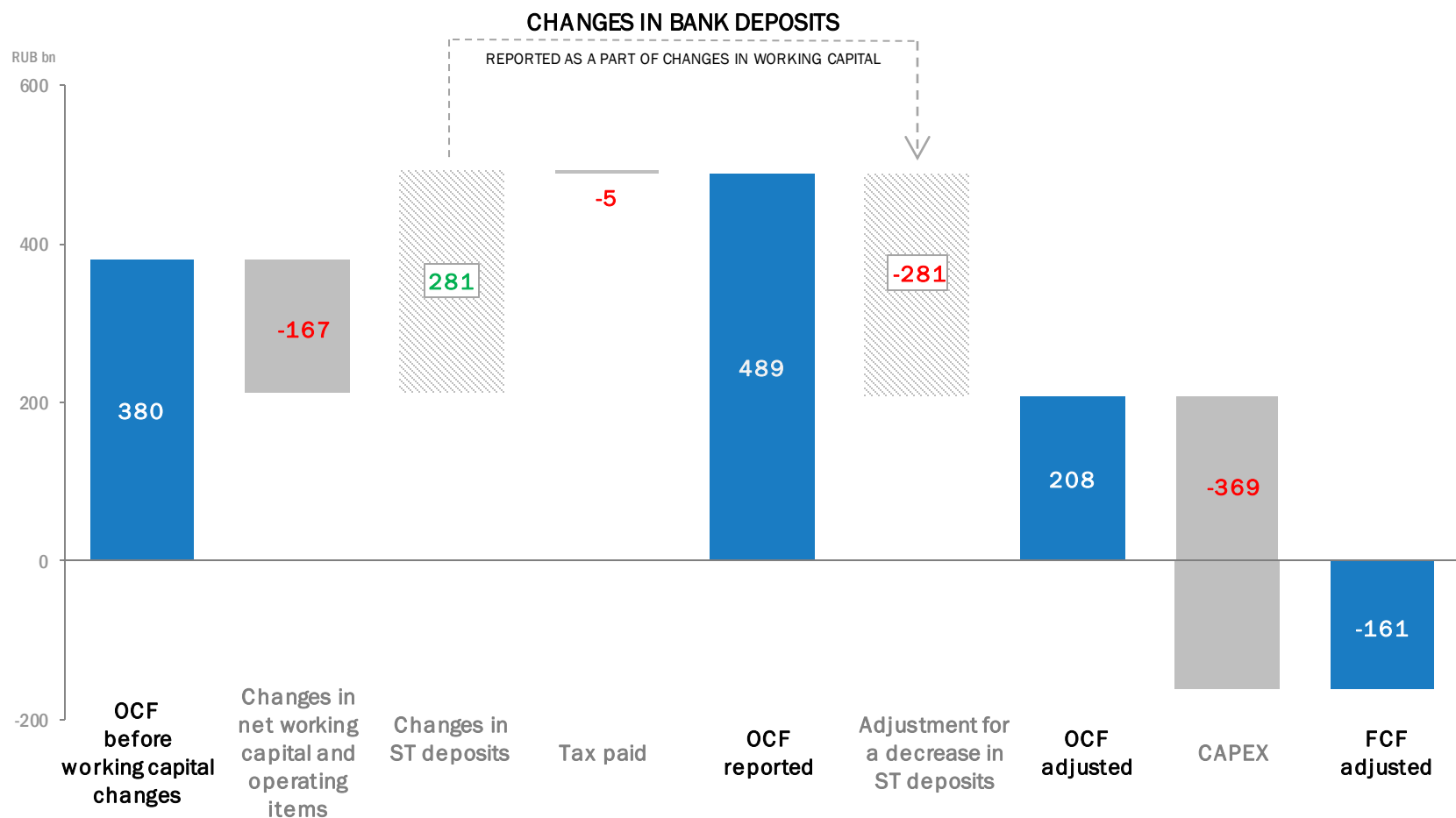
IMPACT OF CHANGES IN ST DEPOSITS ON CASH FLOWS

- 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

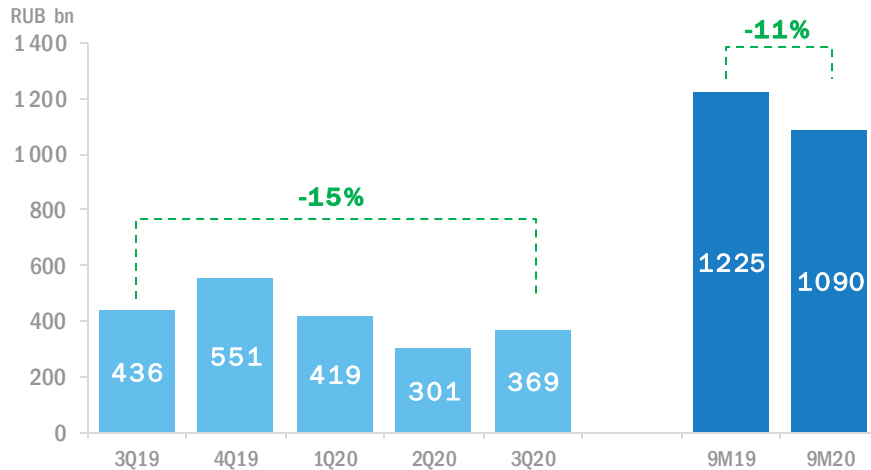
¹ Reported as a part of other current assets and other non-current assets
Source: Gazprom 3Q20 IFRS report, note 13

3Q20 ADJUSTED FREE CASH FLOW



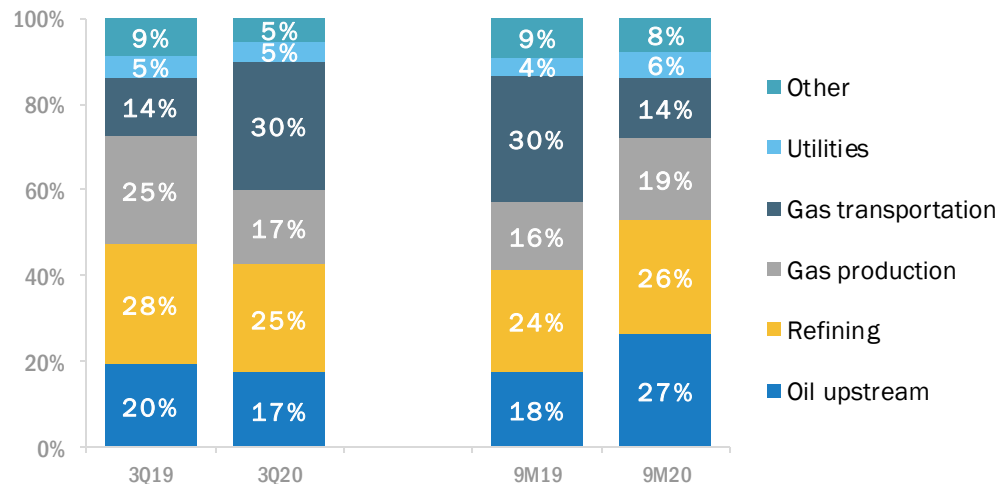
CAPITAL EXPENDITURES

CASH CAPITAL EXPENDITURES



- PJSC Gazprom (parent company) investment program¹ for 2020 was revised down to RUB 922 bn vs. 2019 level of RUB 1,323 bn (-30%)
- 2021 investment program¹ assumes further reduction to RUB 902 bn (-2%)

CAPEX BREAKDOWN

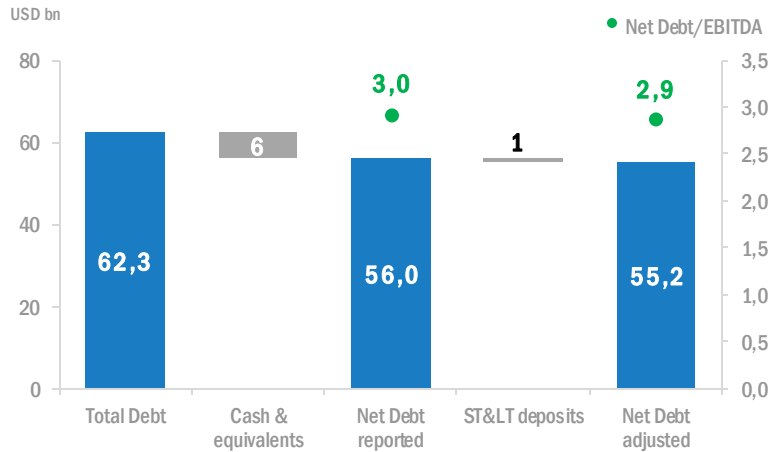


- In 3Q20 gas transportation segment increased its contribution to the total group CAPEX as a result of the specifics of projects timeline
- In 9M20 oil upstream and oil&gas refining segments contributed significantly to the overall group CAPEX

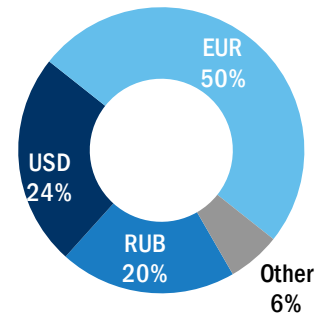
¹ Including VAT

KEY DEBT METRICS

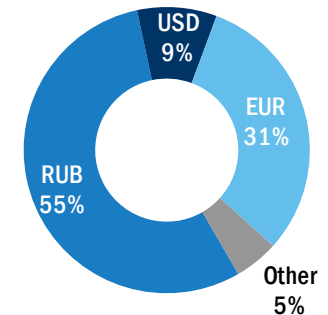
NET DEBT IN 3Q20¹



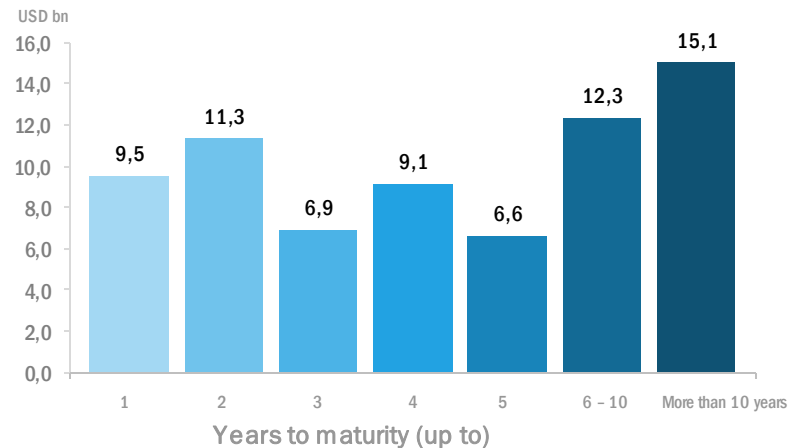
TOTAL DEBT



CASH&EQUIVALENTS (INCL. DEPOSITS)



DEBT MATURITY PROFILE IN 3Q20



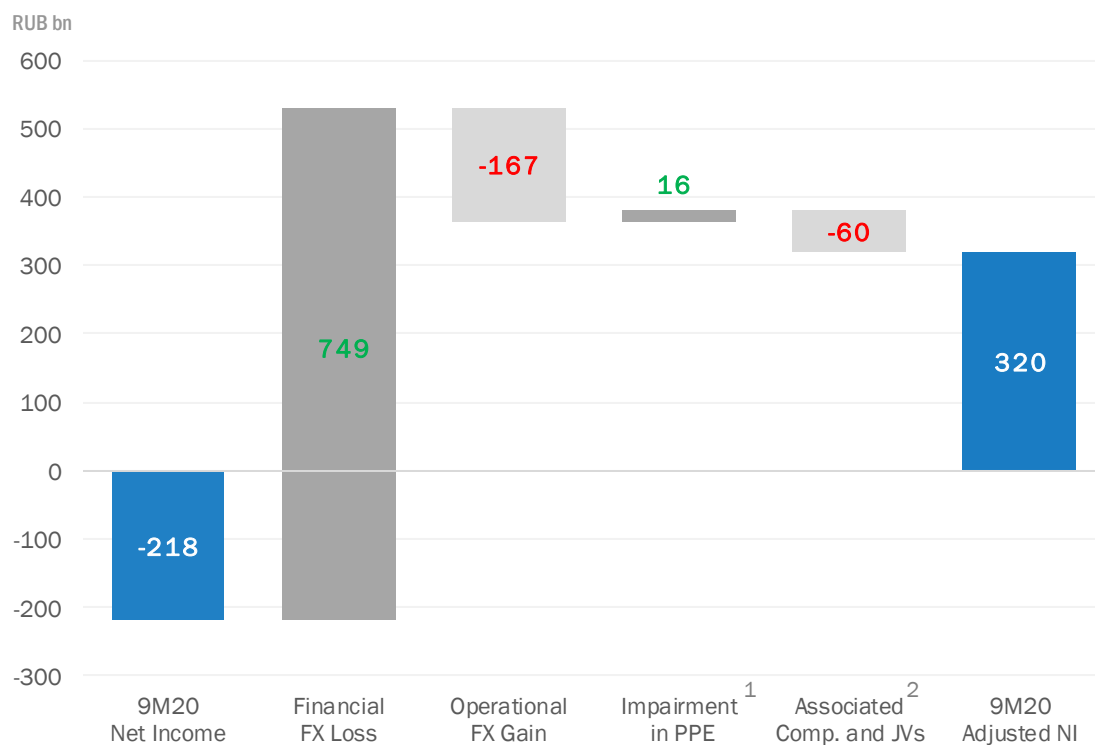
CREDIT RATINGS

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

¹ 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.

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

9M 2020 ADJUSTED NET INCOME



1 – Impairment loss on property, plant and equipment and assets under construction

2 – The difference between the share in the profit of affiliated entities and JVs and proceeds from affiliated entities and JVs

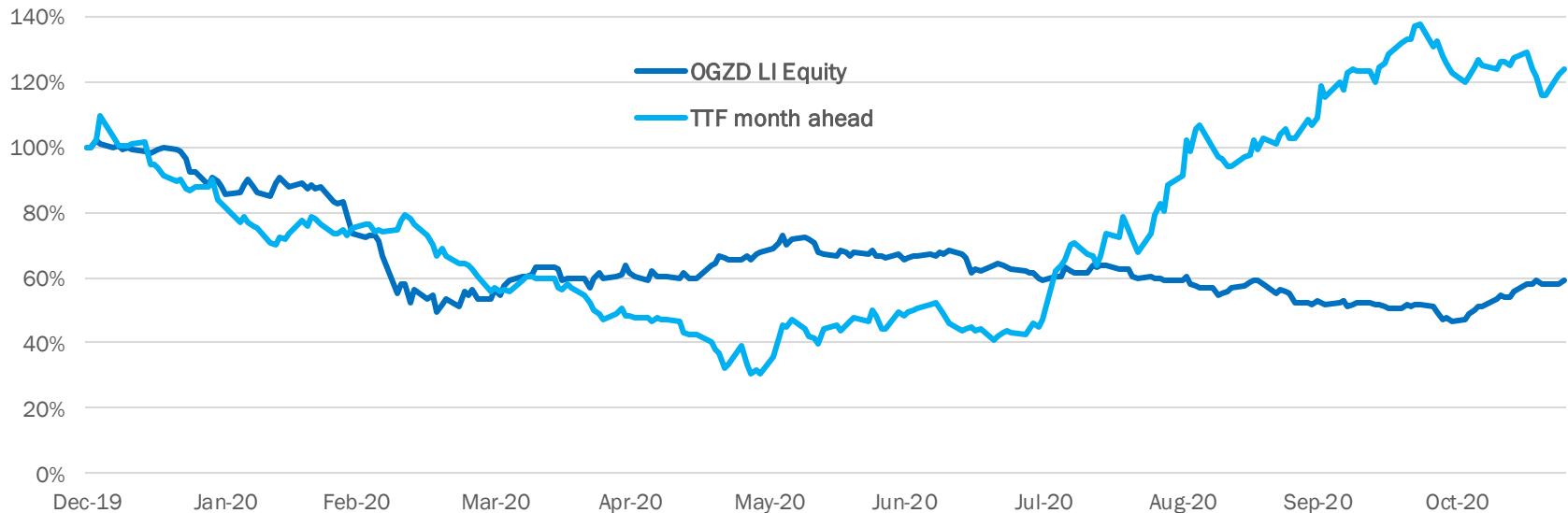
OUTLOOK

- **Strong commitment to the Dividend Policy** despite challenging market environment
- **Conservative financial policy** aimed at securing dividend payouts out of free cash flow
- **Target payout ratio – 50%** of adjusted net income for 2021 and beyond

GAZPROM PRICE DYNAMICS

- With market trough reached in 2Q20, **gas market shows sustainable recovery** in terms of demand and price levels in 3Q20
- **Gazprom internal optimization measures**, including OPEX and CAPEX reduction for 2020 and 2021, are to further support financial performance
- Strong **commitment to the Dividend Policy** is to be supported with conservative financial policy, aimed to underpin FCF

GAS PRICES vs GAZPROM SHARE PRICE



- While TTF prices showed remarkable rebound in 3Q20 and even managed to outreach pre-COVID levels...,
- ... Gazprom share price has not reflected the gas price dynamics and remained at levels even lower than in 2Q20,



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 new Dividend Policy despite challenging market conditions
- 50% target payout ratio starting from 2021 net income adjusted

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: 9M20 VS 9M19

EUROPEAN GAS MARKET STARTED TO REBALANCE IN 3Q20

	1Q19	2Q19	3Q19	1Q20	2Q20	3Q20
Gas demand in EU	188,8	110,1	97,6	182,2	97,3	98,8
y/y change, %				-3,5%	-11,6%	1,2%
Gas production in EU	65,6	58,9	51,7	61,8	50,8	52,1
y/y change, %				-5,8%	-13,8%	0,8%
Total gas import in EU	96,6	88,8	76,3	97,7	84,1	75,9
y/y change, %				1,1%	-5,3%	-0,5%
LNG import in EU	28,3	29,7	24,2	36,3	31,3	21,6
y/y change, %				28,3%	5,4%	-10,7%
Gas inventories in EU	44,4	80,0	105,0	59,5	87,8	104,1
y/y change, %				34,0%	9,7%	-0,9%
Brent price	63,2	68,8	61,9	50,1	29,2	43,0
y/y change, %				-20,7%	-57,6%	-30,6%
Average TTF 1-Month ahead	216,6	150,4	132,8	108,9	63,7	99,6
y/y change, %				-49,7%	-57,6%	-25,0%

WHILE LNG SUPPLIES TO EUROPE LAGGED BEHIND DUE TO INTERNAL REASONS

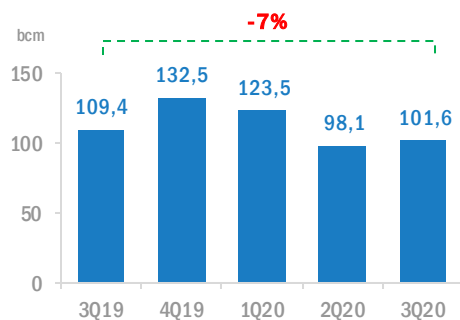
	1Q19	2Q19	3Q19	1Q20	2Q20	3Q20
US LNG import in EU	4,0	3,6	2,8	11,4	6,0	2,3
y/y change, %				185,0%	66,7%	-17,9%
Liquefaction capacity utilization in US	79,9%	77,2%	67,5%	89,6%	63,5%	35,5%
y/y change, %				12,1%	-17,7%	-47,4%
Oil production in US	12,0	12,2	12,2	13,0	11,6	10,7
y/y change, %				8,3%	-4,9%	-12,3%
Henry Hub gas price	2,9	2,6	2,4	1,9	1,7	2,0
y/y change, %				-34,6%	-33,6%	-16,5%

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

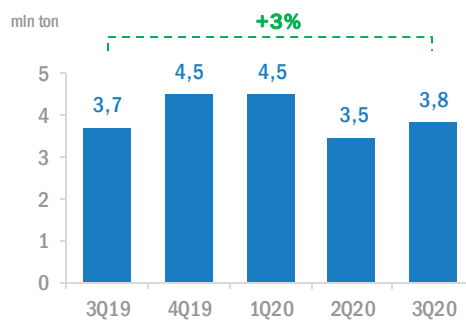
OPERATING METRICS



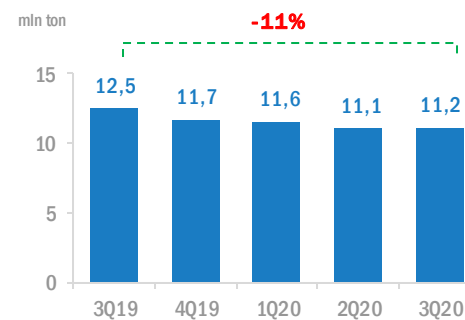
Natural gas



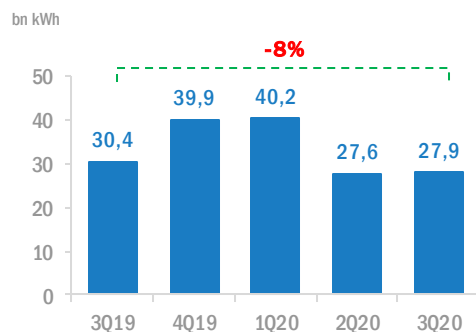
Gas condensate



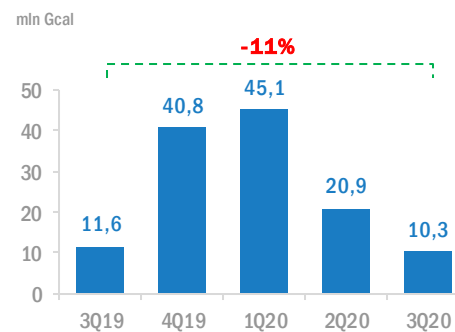
Crude oil



Electricity



Heat



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

THANK YOU!