



# GAZPROM: 1Q21 IFRS RESULTS

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**ALEXEY FINIKOV**

**DEPUTY HEAD OF DEPARTMENT**

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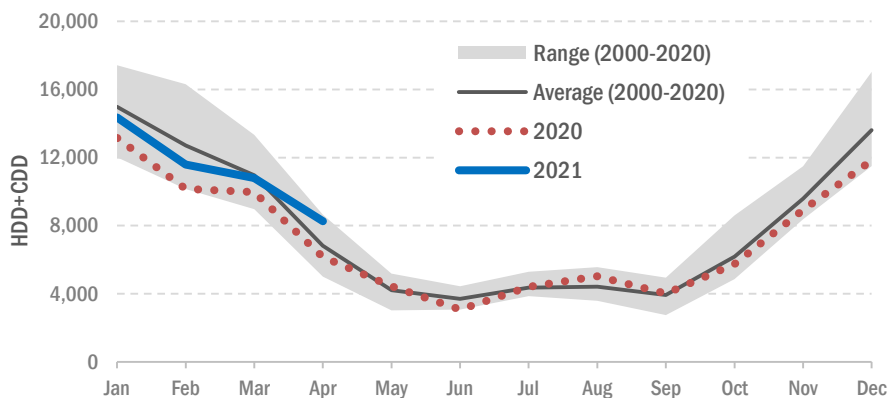
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# EUROPEAN GAS MARKET



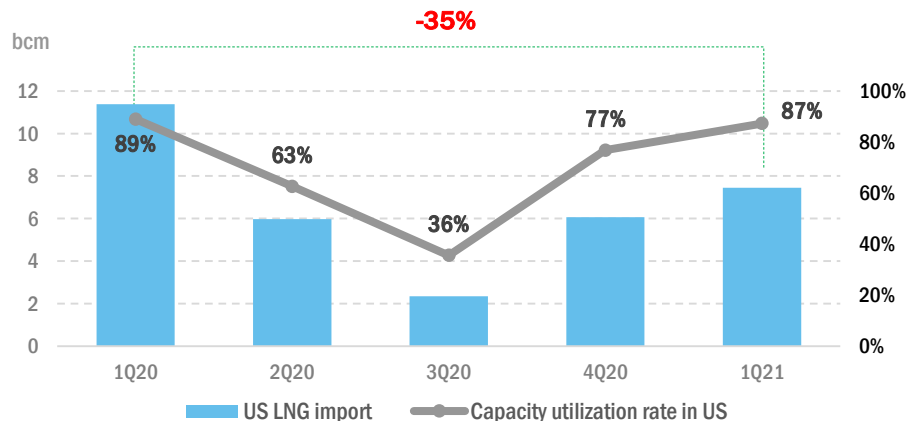
## WEATHER INDEX<sup>1</sup> IN EUROPE<sup>2</sup>



## GAS DEMAND GROWTH DUE TO WEATHER CONDITIONS

- Temperatures in Europe during the 20/21 winter season were lower than a year ago
- However, in **1Q21 weather conditions were still less favorable for gas consumption than in 2000–2020 on average**

## US LNG IMPORT TO EUROPE



## GAS DEMAND IN ASIA ABSORBED BULK OF LNG SUPPLIES

- US LNG capacity utilization rate recovered to 87% in 1Q21...
- ...but US LNG import to Europe decreased by 35% y/y...
- ...due to **increased demand and a remarkable price rally in Asia. It was driven by cold weather, limited storage capacities and continued coal-to-gas switching**
- China saw an 18% y/y increase of gas consumption in 1Q21

1. 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.

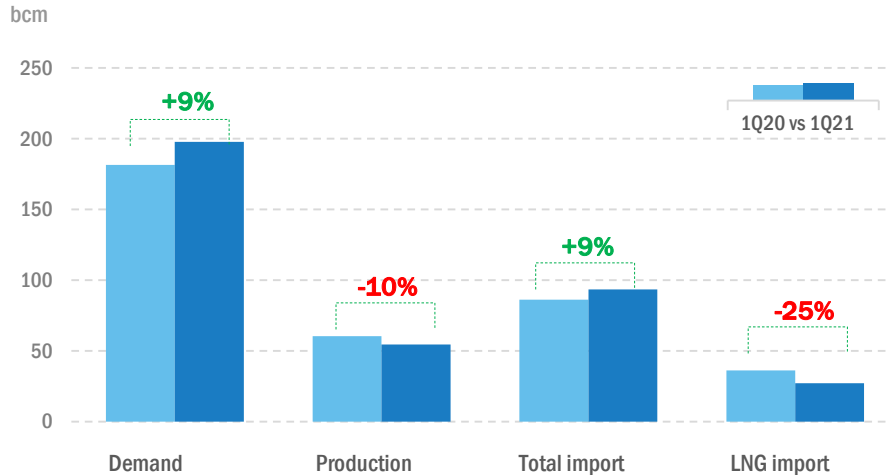
2. In the presentation "Europe" includes EU-27 countries except Baltic states, plus Albania, Bosnia and Herzegovina, UK, Macedonia, Norway, Serbia, Turkey, Switzerland.

Sources: Gazprom Export, Eurostat, National statistical agencies, National Grid, US Department of Energy, International Energy Agency, ENTSOG, Argus, Bloomberg, IHS Markit, S&P Platts.

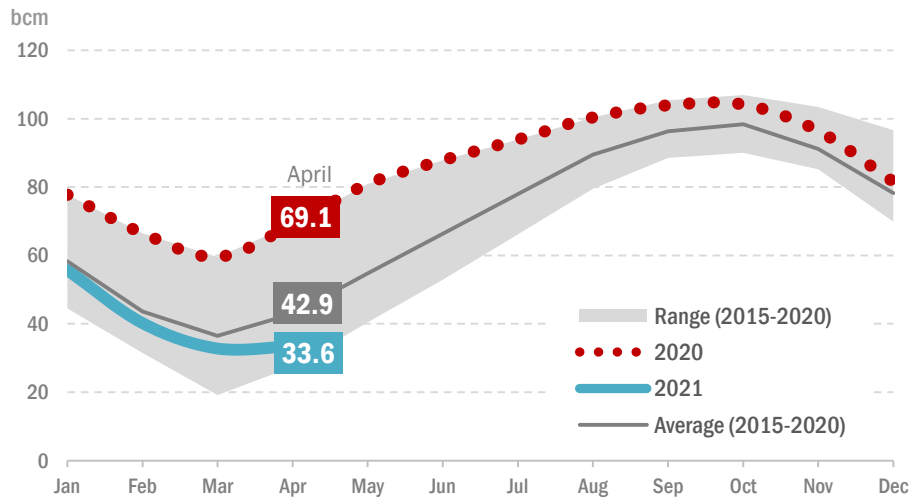
# EUROPEAN GAS MARKET



## EUROPEAN GAS MARKET



## EUROPEAN UNDERGROUND GAS STORAGE CAPACITIES



Sources: Gazprom Export, Eurostat, National statistical agencies, National Grid, US Department of Energy, International Energy Agency, ENTSOG, Argus, Bloomberg, IHS Markit, S&P Platts.

## EUROPEAN GAS MARKET REBOUND GAINED PACE IN 1Q21

- **Demand** in Europe continued gradual recovery in 1Q21 supported by cold weather with the lockdown measures still in place
- **Domestic production** in Europe was not able to keep up with the demand growth...
- ...creating a positive momentum for gas **import**.
- **LNG supplies** were re-directed to Asian market after the Asian premium rally...
- ...making **pipeline gas (and Gazprom in particular)** the main beneficiary of the European gas demand revival

## GAS STORAGE INVENTORIES DEPLETION

- Demand growth and limited LNG supplies left European gas storages depleted and led to...
- ...a later start of the 2021 injection season and a lower pace of re-stocking
- **Low gas inventories will provide significant support for gas demand in summer given the need to re-fill the storages**

## RECENT DEVELOPMENTS



Gazprom began gas deliveries to Serbia through the TurkStream pipeline (via Bulgaria) in January



Two Eurobond issues worth USD 2.0 bn and EUR 1.0 bn were successfully placed by Gazprom in 1Q21



The Investor Day with a separate ESG-session was held online in late April  
Presentation and videos are available on Gazprom's web site



The Sustainable Development Policy of the Gazprom Group was approved by the Board of Directors



Viktor Martynov was appointed as a senior independent director by the Board of Directors



Increase of the dividend payout ratio to 50% was approved by the Board of Directors

RUB 12.55 per share is to be distributed to shareholders in August 2021<sup>1</sup>

The move to a 50% payout ratio is one year ahead of the schedule stated in the Dividend Policy  
Non-cash adjustments made the dividend base 4.4 times higher than Net Income



Gazprom and Wintershall Dea started production from Block 5A in Achimov formations of Urengoy'skoye field in April

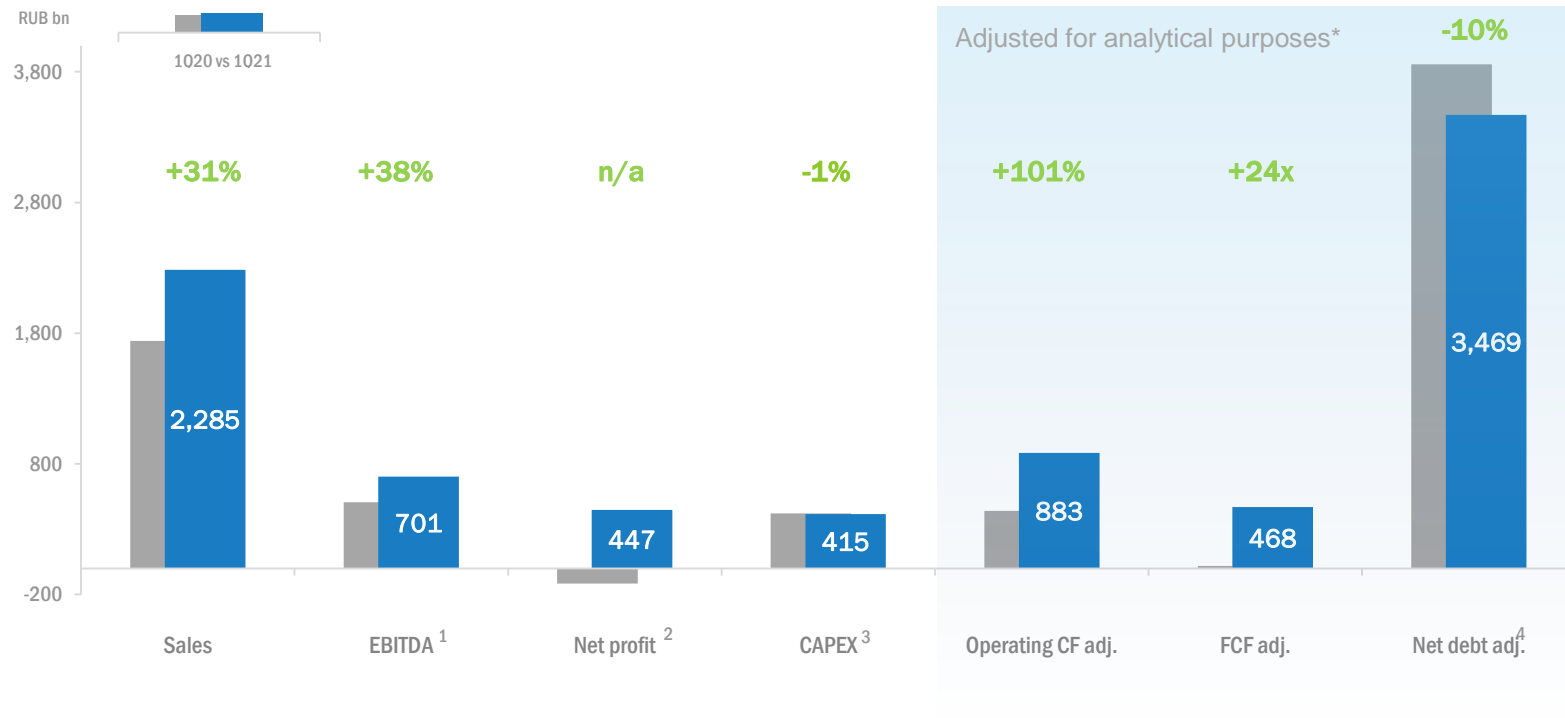


Construction of a gas processing facility in Ust-Luga commenced in May  
Agreement of intent on main terms of the prospective EPSS contract with Linde is signed

1. The proposal is to be approved by the AGM

# 1Q21 IFRS RESULTS

- GAZPROM EXCEEDS PRE-COVID FINANCIAL RESULTS IN 1Q21
- 1Q21 EBITDA – 2<sup>ND</sup> HIGHEST HISTORICAL RESULT AND HIGHEST SINCE 4Q18
- OPEX & CAPEX UNDER STRICT CONTROL



<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

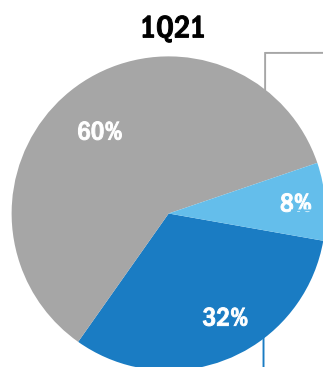
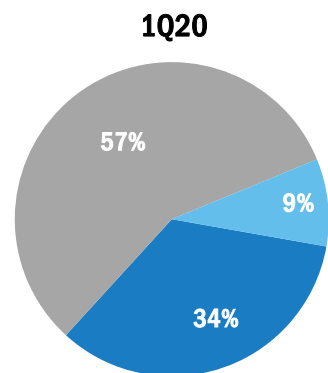
<sup>4</sup> Compared to Net debt as of December 31, 2020

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

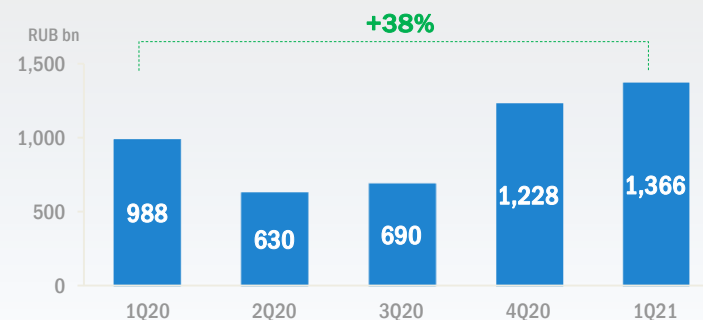
# REVENUE BREAKDOWN BY BUSINESS SEGMENT



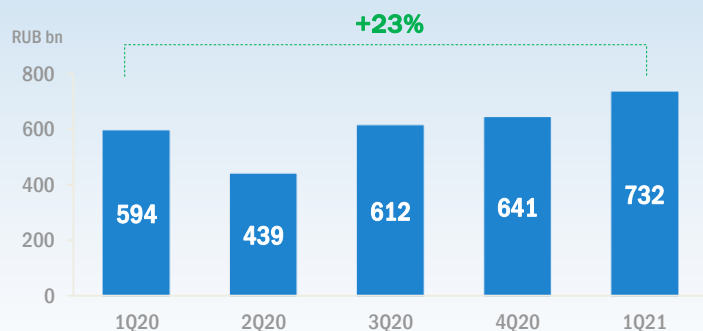
## REVENUE BY SEGMENT<sup>1</sup>



### GAS BUSINESS, TRANSPORTATION AND OTHER



### OIL AND GAS CONDENSATE, REFINED PRODUCTS



### ELECTRICITY AND HEAT



Calculations may differ due to rounding.

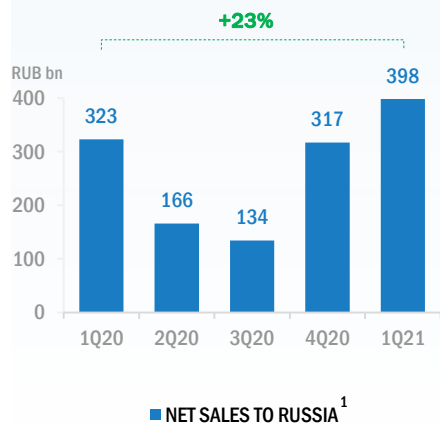
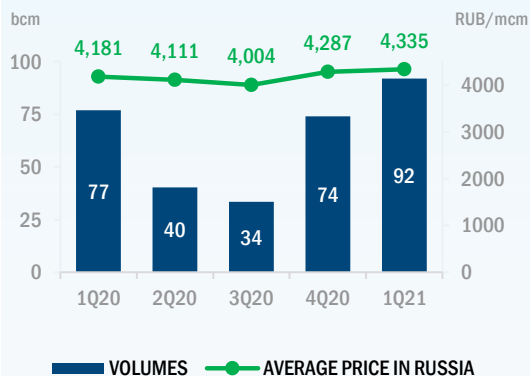
<sup>1</sup> Net of value added tax (VAT), excise tax and custom duties.



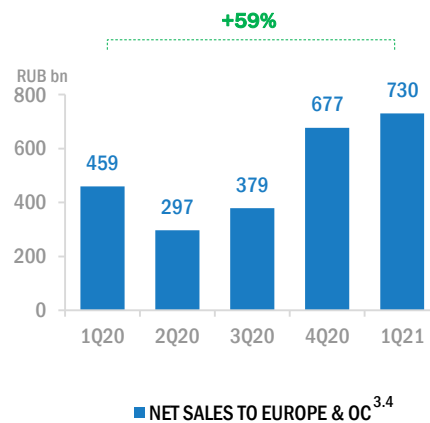
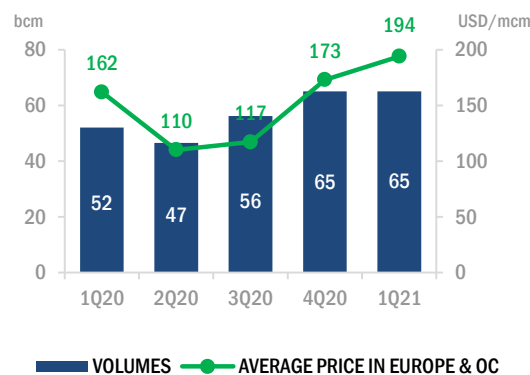
# GAS BUSINESS



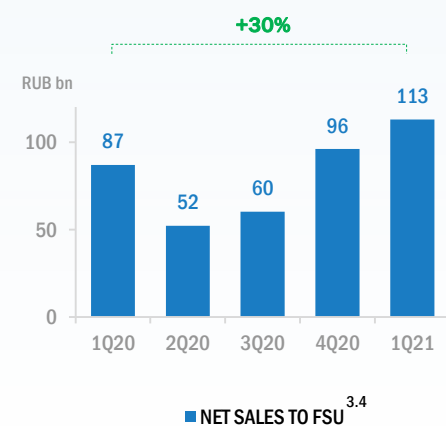
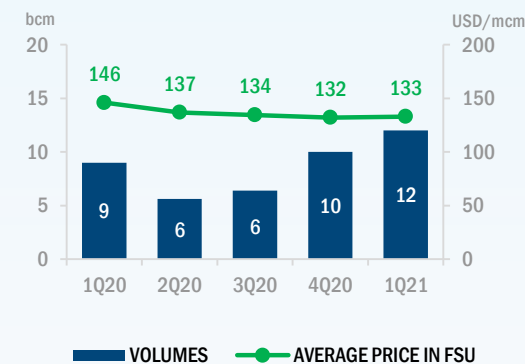
## RUSSIA



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



## FSU



Calculations may differ due to rounding.

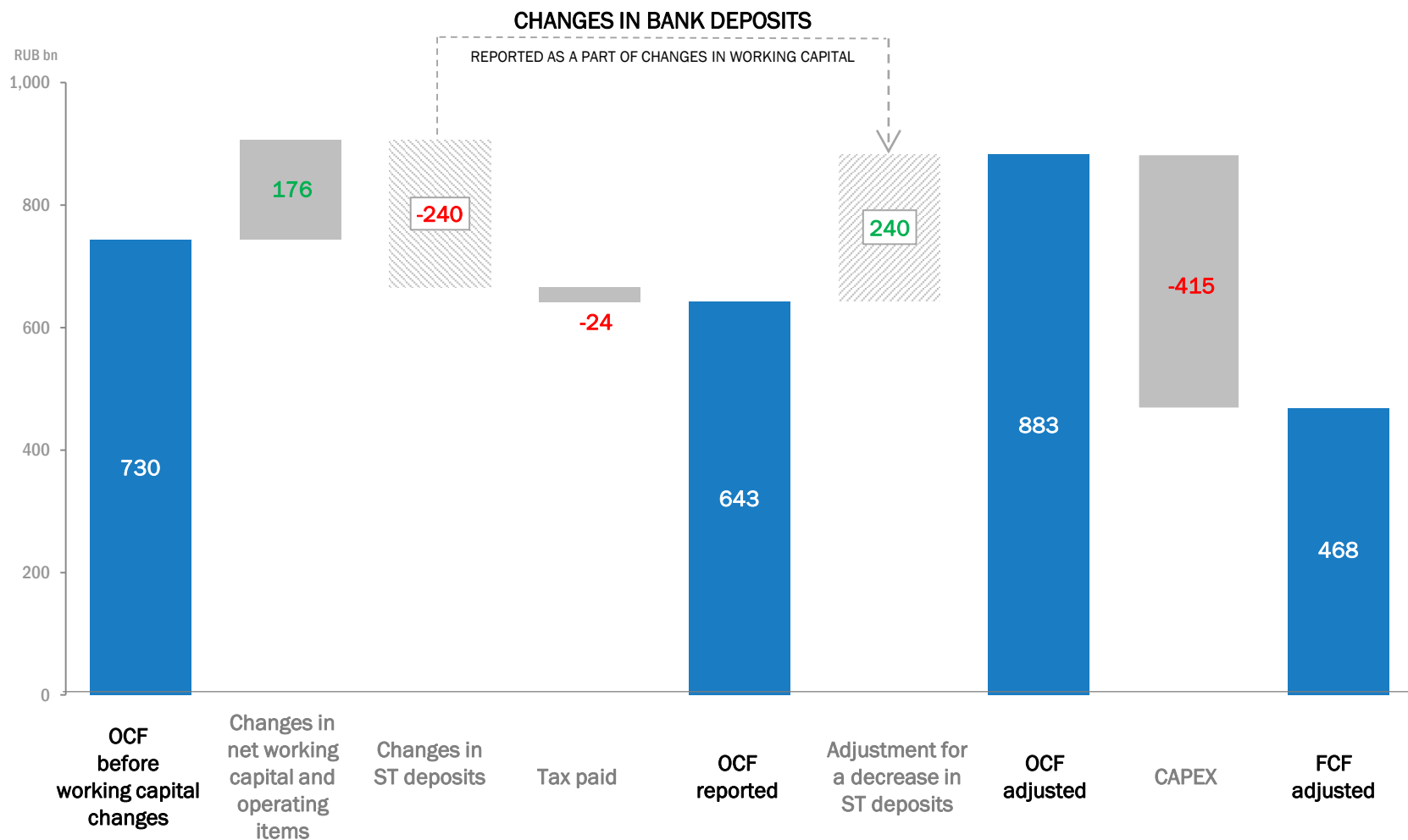
1 Net of value added tax (VAT)

2 OC — other countries, including LNG sales

3 VAT is not charged on export sales

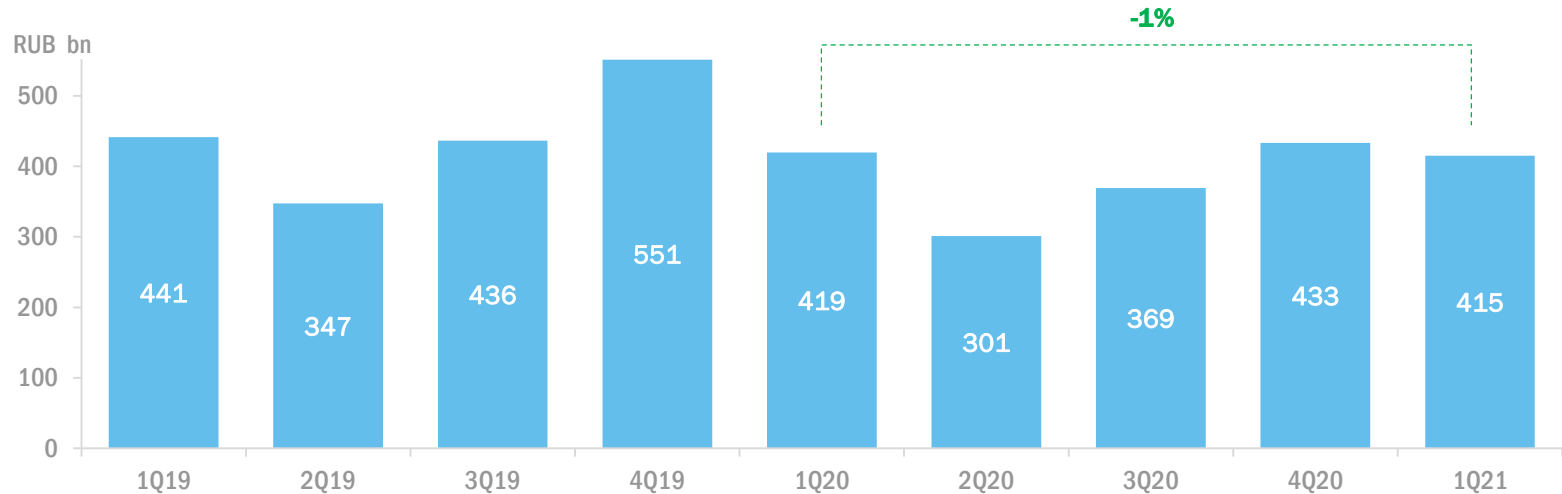
4 Net of custom duties and excise tax on gas exports

# 1Q21 ADJUSTED FREE CASH FLOW

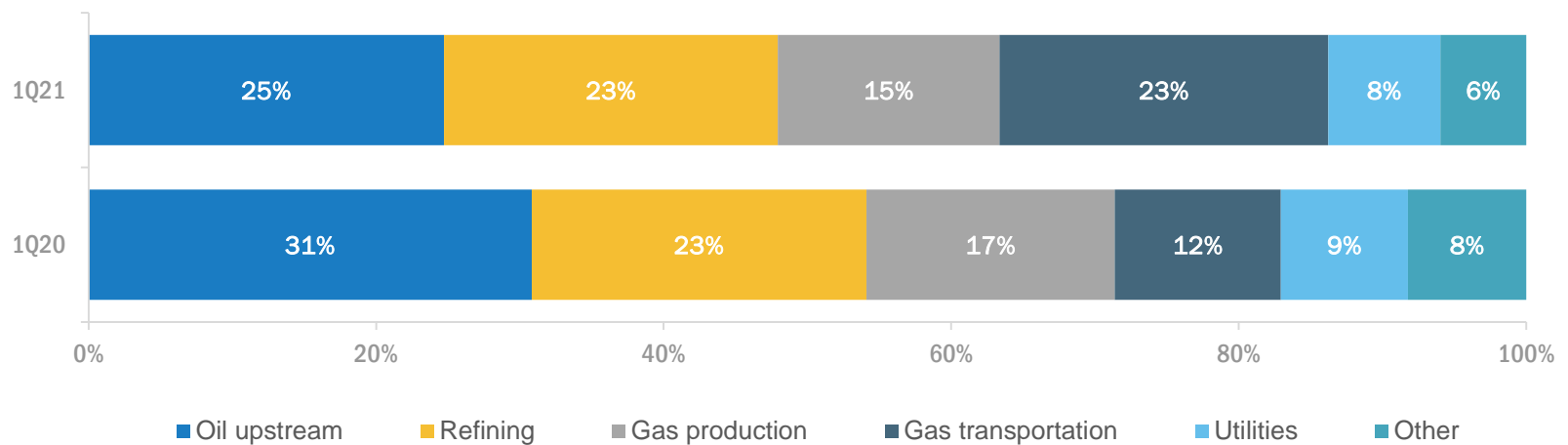


# CAPITAL EXPENDITURES

## CASH CAPITAL EXPENDITURES

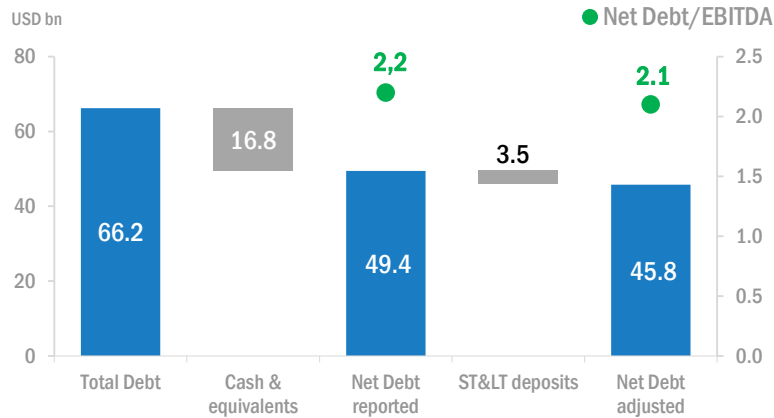


## CAPITAL EXPENDITURES

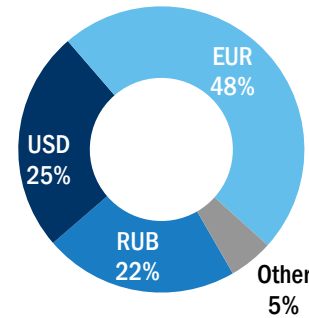


# KEY DEBT METRICS

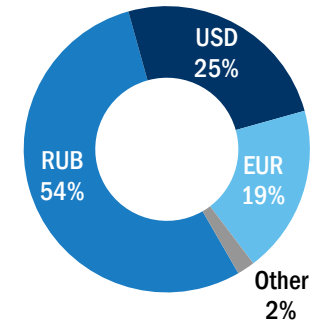
## NET DEBT IN 1Q21<sup>1</sup>



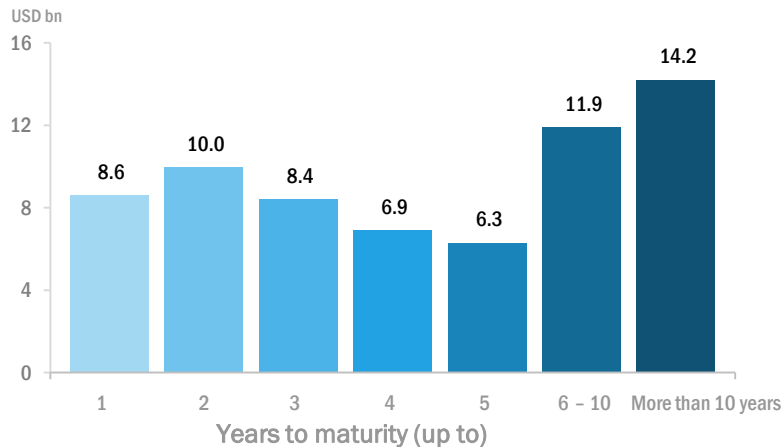
## TOTAL DEBT



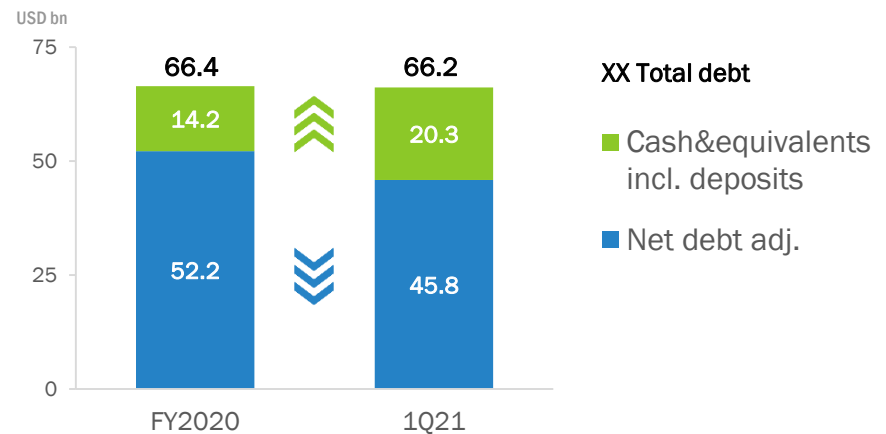
## CASH & EQUIVALENTS (INCL. DEPOSITS)



## DEBT MATURITY PROFILE AS OF 1Q21



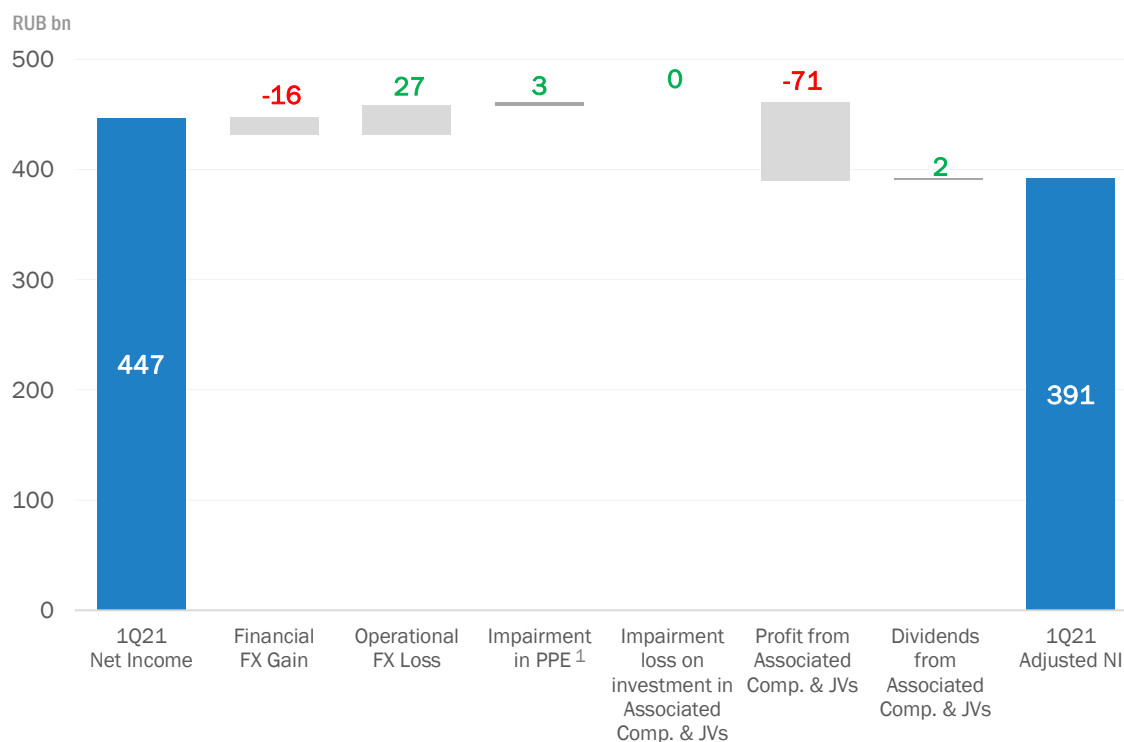
## NET DEBT DECREASE VS. CASH CUSHION GROWTH



<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.

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

## 1Q21 ADJUSTED NET INCOME (DIVIDEND BASE)



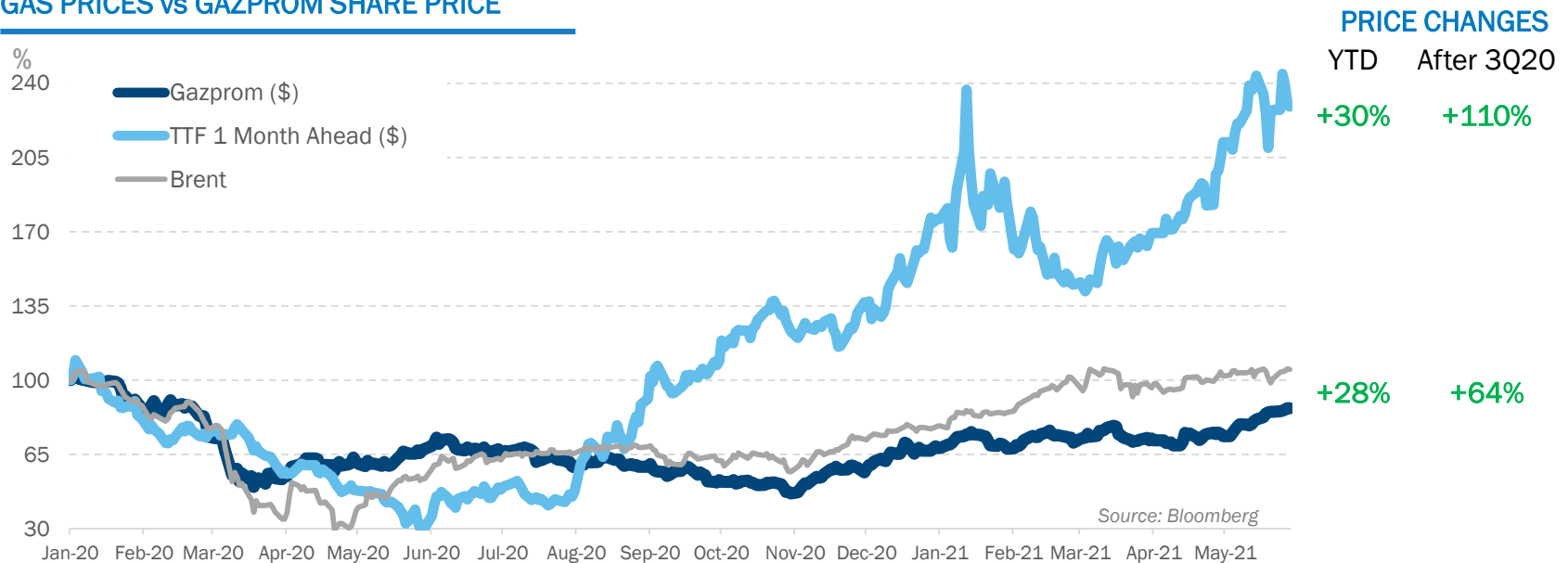
- **BoD recommended** switching to a 50% dividend payout ratio **ahead of the schedule** stated in the Dividend Policy
- Payout ratio – **not less than 50%** of adjusted net income for 2021 and beyond
- Dividend payouts are planned to be fully covered by the **Free Cash Flow**
- 50% of 1Q21 adjusted net income per share = **RUB 8.26**

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

# GAZPROM MARKET CAPITALIZATION

- Gas market shows **fundamentally sustainable recovery** in terms of demand and price levels since 2Q20 trough
- Low gas volumes in European storages to **support demand** for Gazprom's export deliveries in 2021
- Gazprom's solid **FCF** in 4Q20 and 1Q21 backed by tight oil&gas markets and **cost optimization**
- **Strong commitment to the Dividend Policy** reaffirmed by switching to a 50% payout ratio ahead of schedule

## GAS PRICES vs GAZPROM SHARE PRICE



- While European gas prices showed a remarkable rebound since 2Q20 and reached maximum levels since 2018...
- ... the gas price growth, the Company's solid financial performance, ESG improvements and expected robust dividend growth are not fully priced in Gazprom's shares yet



## ADDITIONAL INFORMATION

# GAZPROM INVESTMENT CASE





# MARKET ENVIRONMENT



## EUROPEAN GAS MARKET STARTED TO REBALANCE IN 3Q20...

|                                  | 1Q19  | 2Q19  | 3Q19  | 4Q19  | 1Q20   | 2Q20   | 3Q20   | 4Q20   | 1Q21   |
|----------------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| <b>Gas demand in EU</b>          | 189.0 | 110.1 | 97.6  | 163.5 | 181.5  | 96.0   | 98.2   | 167.2  | 197.7  |
| y/y change, %                    |       |       |       |       | -4.0%  | -12.8% | 0.6%   | 2.2%   | 8.9%   |
| <b>Gas production in EU</b>      | 65.0  | 58.9  | 51.8  | 60.7  | 60.3   | 53.2   | 50.0   | 55.8   | 54.4   |
| y/y change, %                    |       |       |       |       | -7.3%  | -9.8%  | -3.6%  | -7.9%  | -9.7%  |
| <b>Total gas import in EU</b>    | 90.0  | 87.2  | 82.5  | 101.0 | 86.1   | 76.7   | 78.4   | 90.8   | 93.5   |
| y/y change, %                    |       |       |       |       | -4.3%  | -12.0% | -5.0%  | -10.1% | 8.6%   |
| <b>LNG import in EU</b>          | 28.3  | 29.7  | 24.2  | 33.0  | 36.3   | 31.3   | 21.6   | 24.0   | 27.2   |
| y/y change, %                    |       |       |       |       | 27.9%  | 5.5%   | -11.4% | -27.3% | -25.0% |
| <b>Gas inventories in EU</b>     | 44.4  | 80.0  | 105.0 | 96.7  | 59.5   | 87.8   | 103.9  | 81.5   | 32.8   |
| y/y change, %                    |       |       |       |       | 34.1%  | 9.7%   | -1.4%  | -15.6% | -45.0% |
| <b>Brent price</b>               | 63.2  | 68.8  | 61.9  | 63.3  | 50.1   | 29.6   | 42.9   | 44.3   | 61.1   |
| y/y change, %                    |       |       |       |       | -20.7% | -57.1% | -30.7% | -29.9% | 22.0%  |
| <b>Average TTF 1-month ahead</b> | 247.7 | 168.5 | 125.0 | 167.4 | 130.4  | 74.4   | 75.0   | 161.7  | 223.2  |
| y/y change, %                    |       |       |       |       | -47.4% | -55.9% | -40.0% | -3.4%  | 71.2%  |

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

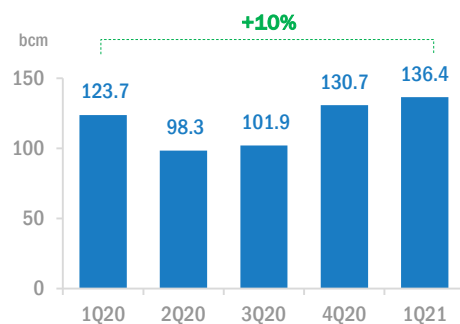
|  | 1Q19  | 2Q19  | 3Q19  | 4Q19  | 1Q20   | 2Q20   | 3Q20   | 4Q20   | 1Q21   |
|--|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| <b>US LNG import in EU</b>                     | 4.0   | 3.6   | 2.7   | 7.9   | 11.4   | 6.0    | 2.4    | 6.1    | 7.5    |
| y/y change, %                                  |       |       |       |       | 181.9% | 65.9%  | -13.7% | -23.1% | -34.5% |
| <b>Liquefaction capacity utilization in US</b> | 79.9% | 77.2% | 67.5% | 79.6% | 89.6%  | 63.5%  | 35.5%  | 76.8%  | 87.3%  |
| y/y change, %                                  |       |       |       |       | 11.4%  | -18.9% | -47.3% | -3.5%  | -1.9%  |
| <b>Oil production in US</b>                    | 12.0  | 12.2  | 12.2  | 12.7  | 13.0   | 11.6   | 10.7   | 10.8   | 10.8   |
| y/y change, %                                  |       |       |       |       | 8.3%   | -4.9%  | -12.3% | -15.1% | -17.1% |
| <b>Henry Hub gas price</b>                     | 2.9   | 2.6   | 2.4   | 2.4   | 1.9    | 1.7    | 2.0    | 2.5    | 3.4    |
| y/y change, %                                  |       |       |       |       | -34.6% | -33.6% | -16.5% | 2.5%   | 76.6%  |

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

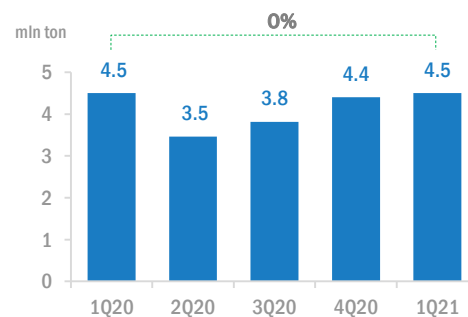
# OPERATING METRICS



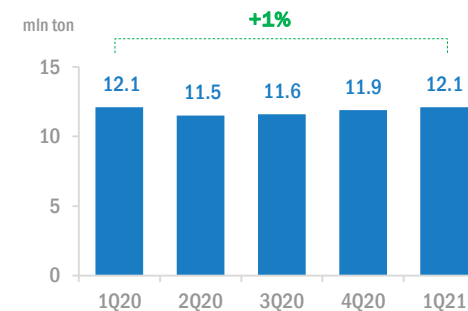
## Natural gas



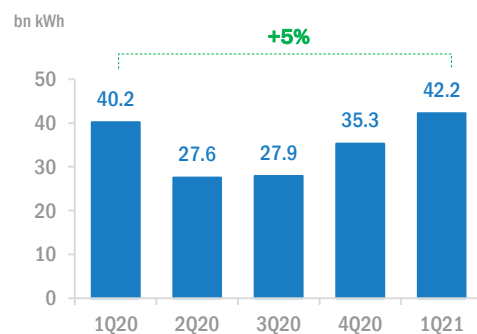
## Gas condensate



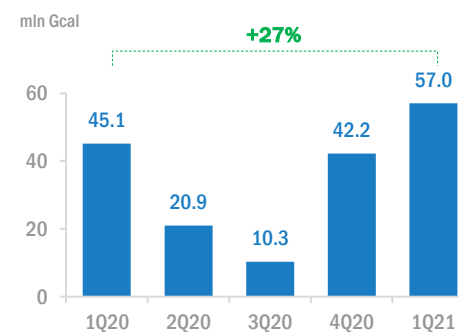
## Crude oil



## Electricity



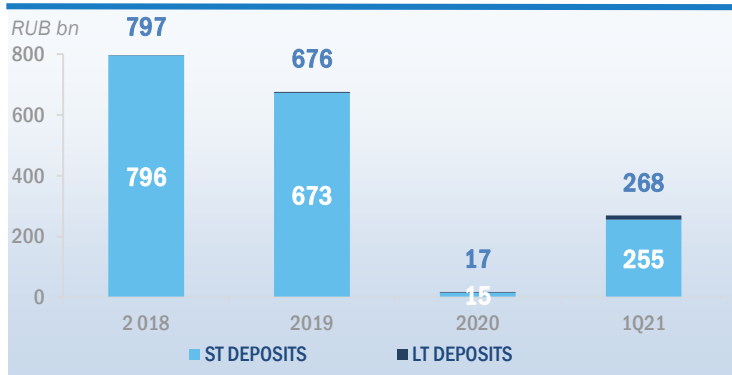
## Heat



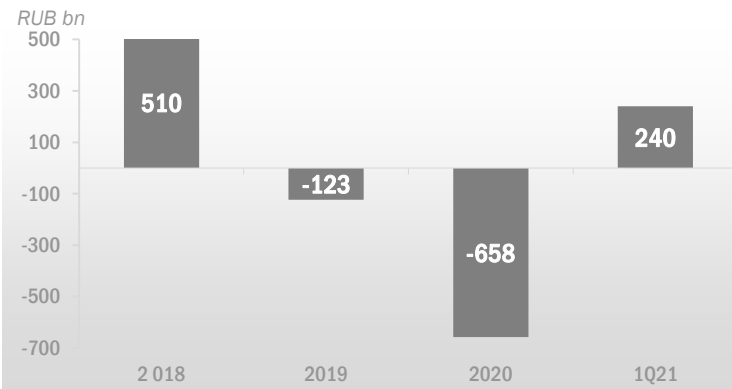
Gazprom Group's volumes produced in Russia  
Calculations may diverge due to rounding.

# IMPACT OF BANK DEPOSITS<sup>1</sup>

## ST & LT BANK DEPOSITS



## ST BANK DEPOSIT CHANGES (PART OF OPERATING CF)



## IMPACT OF BANK DEPOSITS ON NET DEBT

- Bank deposits with a term of over 3 months are not included in Cash and cash equivalents item in 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 1Q21 IFRS report, note 13

**THANK YOU!**