



FROM PEAK INVESTMENTS TO HIGHER FCF

2019 GAZPROM
INVESTOR DAY

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PRESENTATION SPEAKERS



GAS BUSINESS DEVELOPMENT STRATEGY

MR. OLEG AKSYUTIN

Member of the Management
Committee, Head of
Department, Gazprom

SLIDE 4



EXPORT

MS ELENA BURMISTROVA

Director General,
Gazprom Export

SLIDE 17

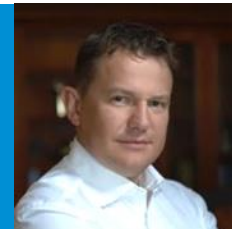


OIL BUSINESS

MR. ALEXEY YANKEVICH

Member of the Management
Board and CFO, Gazprom Neft

SLIDE 27



FINANCE

MR. ANDREY KRUGLOV

Deputy Chairman of the
Management Committee, CFO,
Gazprom

SLIDE 43





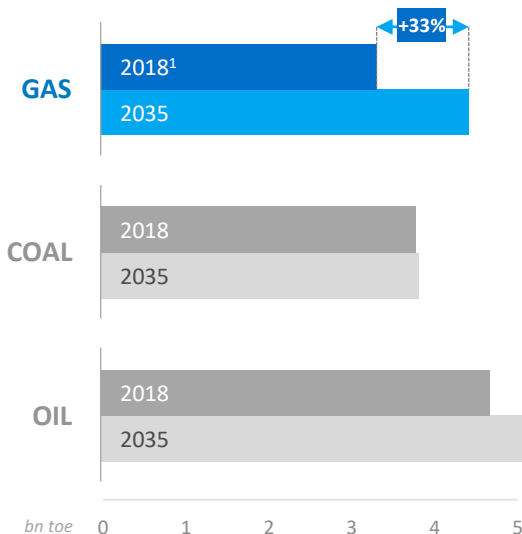
GAS BUSINESS DEVELOPMENT STRATEGY

MR. OLEG AKSYUTIN

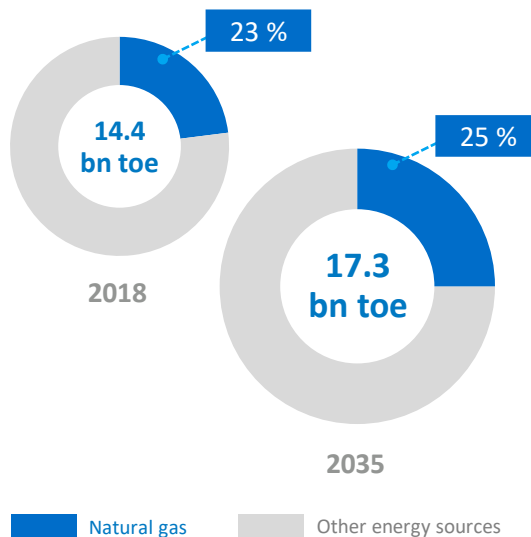
*Member of the Management
Committee, Head of Department,
Gazprom*

NATURAL GAS IS THE RESOURCE OF THE FUTURE

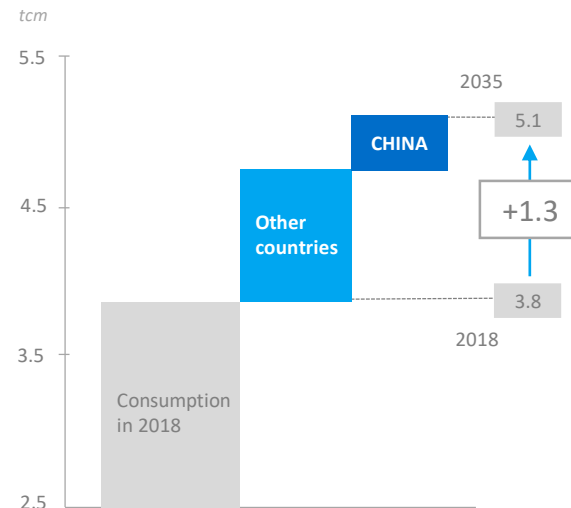
BY 2035, NATURAL GAS DEMAND WILL INCREASE BY A THIRD AND OVERTAKE COAL



BY 2035, THE SHARE OF NATURAL GAS IN THE GLOBAL FUEL MIX WILL REACH ¼



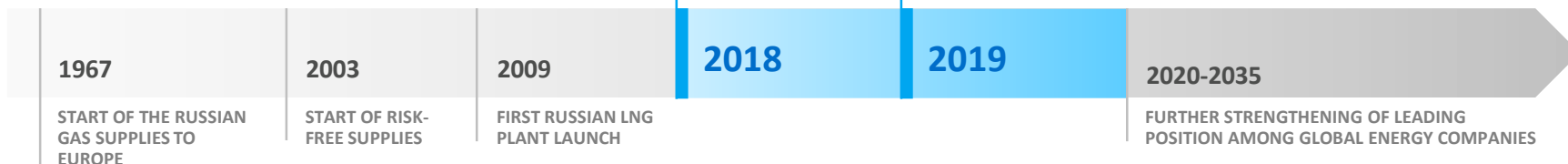
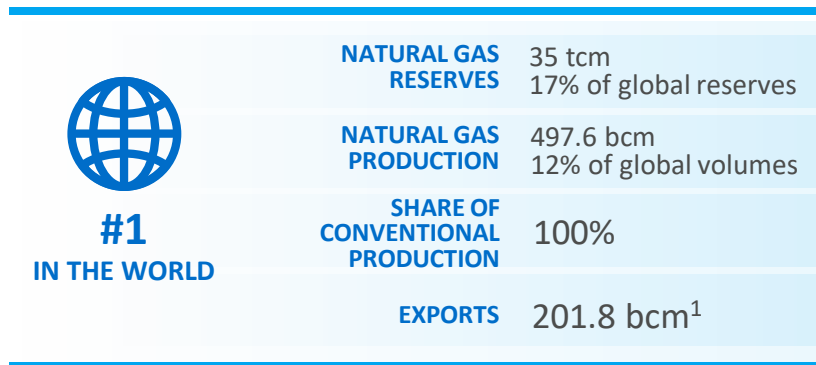
NATURAL GAS CONSUMPTION WILL INCREASE BY 1.3 TCM; ~30% OF INCREASE WILL ORIGINATE IN CHINA



Sources: Gazprom, Cedigaz, GECF, IHS Markit, IEA, Wood Mackenzie

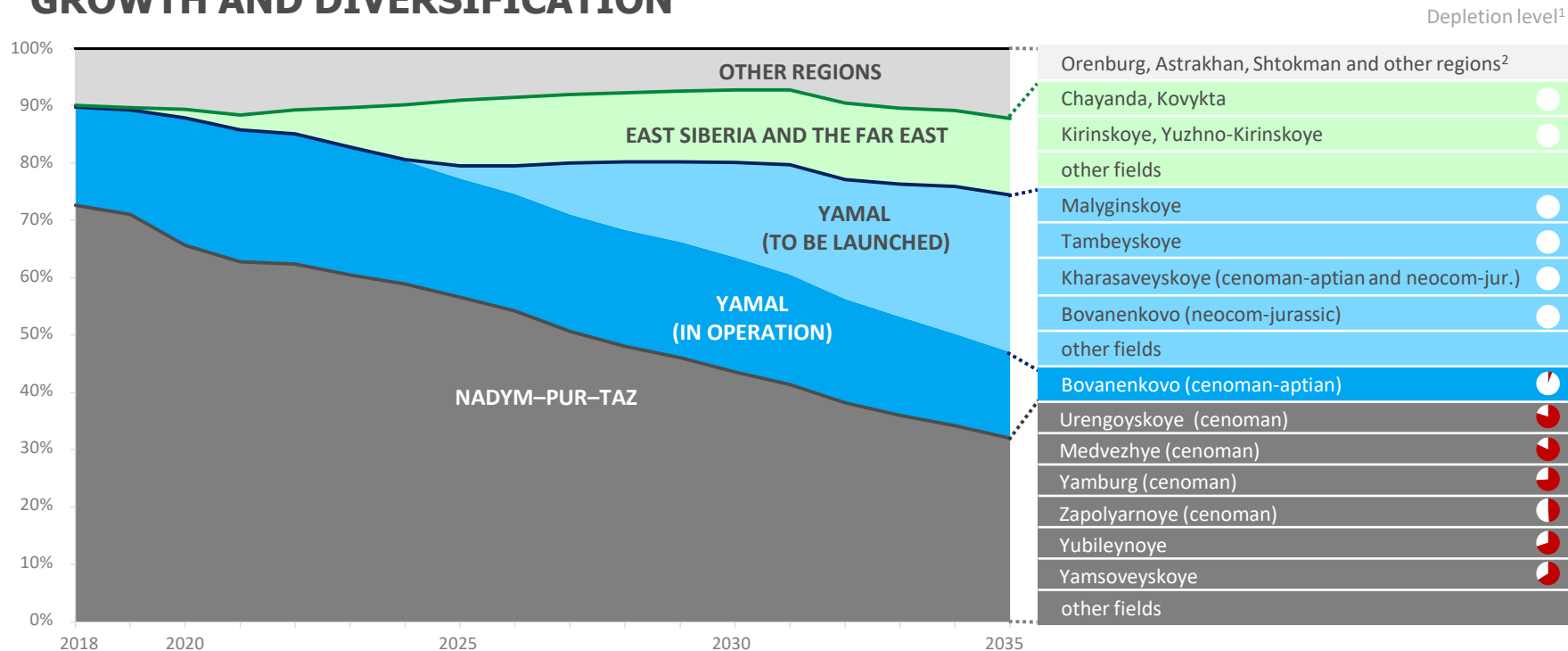
¹ The data for 2018 is preliminary; data is rounded

GAZPROM: THE GLOBAL ENERGY MARKET LEADER


¹ Pipeline exports to far-abroad countries

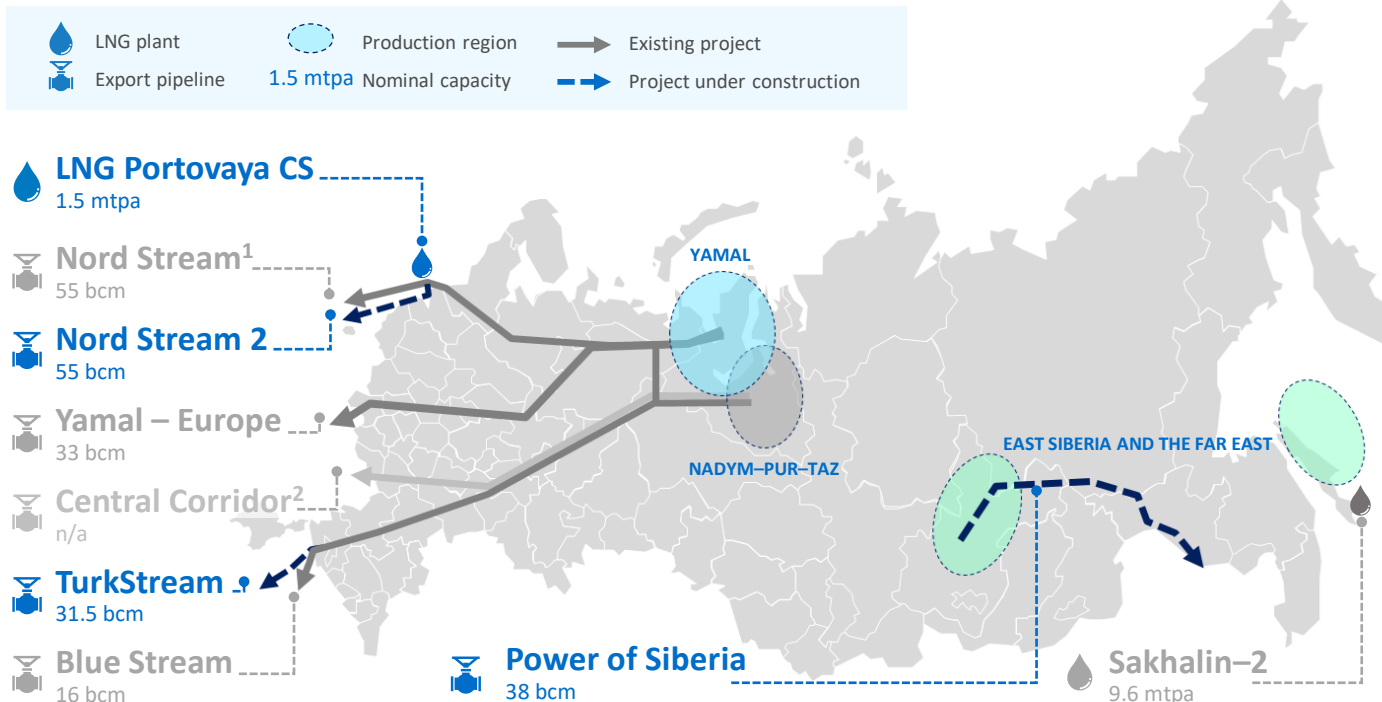
² The quoted figures indicate annual transportation volumes after reaching design capacity

NATURAL GAS PRODUCTION STRATEGY: GROWTH AND DIVERSIFICATION


¹ As of 2018

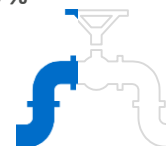
² This category also includes production of associated gas by Gazprom Neft

KEY EXPORT ROUTES: LOOKING WEST AND EAST

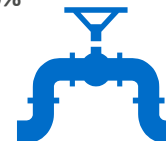


PIPELAY COMPLETION³

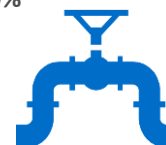
NORD STREAM 2:
>30 %



TURKSTREAM:
100%



POWER OF SIBERIA:
>99%



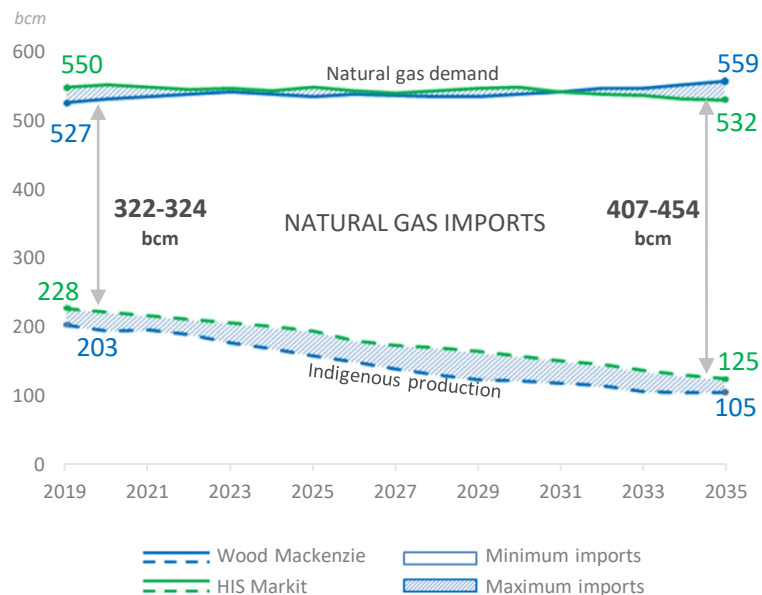
¹ The sum of pipeline transport capacities does not equal to Gazprom's full export capacity due to only largest infrastructure projects being shown on the graph.

² Capacity of the Central Corridor remains unclear due to lack of accurate data on current state of the Ukrainian pipeline system.

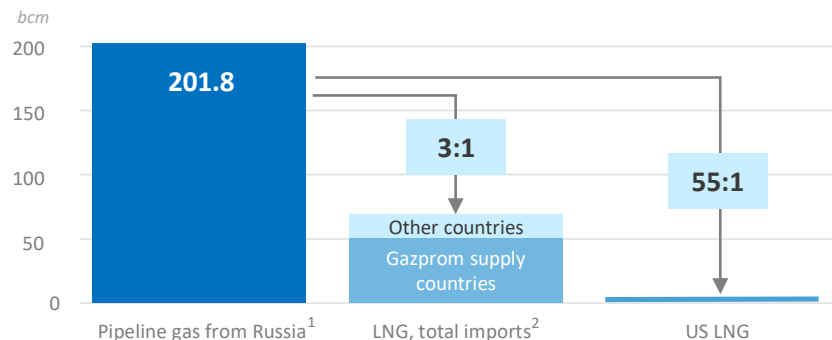
³ As for 20.02.2019, construction status of Nord Stream 2, TurkStream (offshore part), "Chayanda field – Russia-China border" part of Power of Siberia pipeline.

GAZPROM IN EUROPE: STRENGTHENING PARTNERSHIP

EUROPEAN GAS DEMAND AND IMPORTS OUTLOOK



EUROPEAN IMPORTS IN 2018



FIGURATIVE

DAILY RATION



2500 kcal

1 FAST-FOOD MEAL



~900 kcal

1 FIG



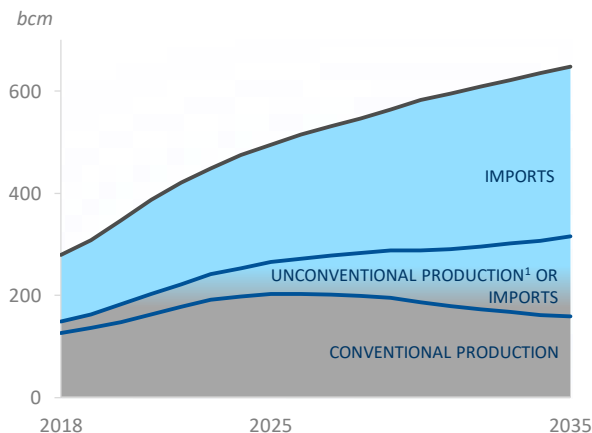
~46 kcal

¹ Including Turkey and excluding the Baltic states

² Total LNG imports include supplies from projects in the US

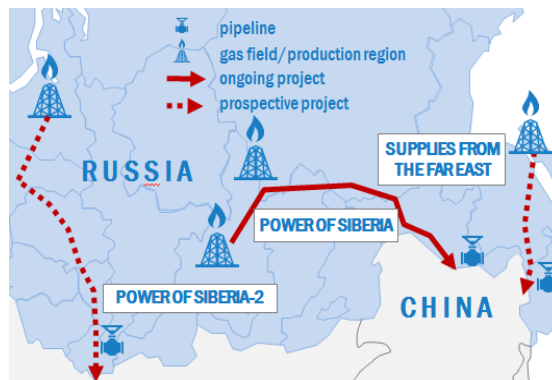
GAZPROM AND CHINA: MARKET LEADERS MEET

CHINA — WORLD'S GAS IMPORTER #1



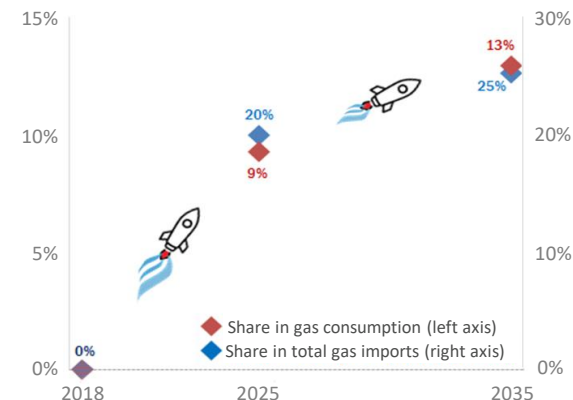
By 2035, gas consumption in China more than doubles. Unclear future of unconventional gas production reveals huge potential for additional gas imports

GAZPROM'S SUPPLY TO CHINA



- The largest gas sales agreement in history
- New projects are coming
- Proximity of resource base to the market
- Risk-free supplies
- Strong political ties

GAZPROM — TO BECOME #1 CHINA SUPPLIER



2019 - start of Gazprom's supply to China

2035 - Gazprom's market share in China


- in gas consumption **13%**
- in gas imports **> 25%**


Sources: Gazprom, IEA, Wood Mackenzie, IHS Markit

¹ Unconventional production includes shale gas, coal bed/mine methane, coal to gas and do not include tight gas

AMUR GAS PROCESSING PLANT: MONETIZATION OF HELIUM AND LPG RESERVES

SCOPE OF THE PROJECT

 Russia's #1 and among top world's gas processing plants

 World's #1 helium production plant









CONSTRUCTION STATUS AND TIMELINE

2015:
Start of
construction

20.02.2019
Now: 30 %

2024:
Reaching 100 %
capacity



-  Pipeline
-  Railway
-  Sea routes
-  Truck
-  Amur gas processing plant
-  Gas supply route
-  Helium supply route
-  LPG supply route

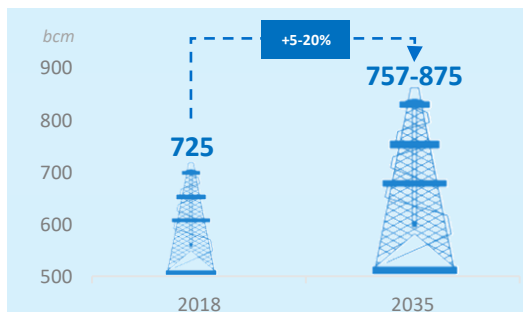
GAZPROM IN RUSSIA: STRENGTHENING THE LEADING POSITION

GAS SHARE IN FUEL MIX IN RUSSIA



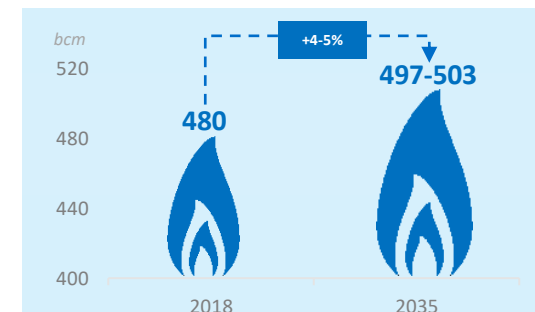
GAZPROM'S SHARE IN 2018

GAS PRODUCTION IN RUSSIA^{1,2}



69% (+4 pp from 2016)

GAS CONSUMPTION IN RUSSIA^{1,2}



58% (+3 pp from 2016)³

SOURCES:

¹ Draft Russian Energy Strategy until 2035 (as of March 2017)

² 2018 data is Gazprom's estimate

³ Share of Gazprom's marketed gas and own use gas in gas consumption in Russia, preliminary estimates

⁴ Draft was approved by Russia's Security Council on November 29, 2018

Alteration of PJSC Gazprom organizational structure is neither expected nor legally stipulated

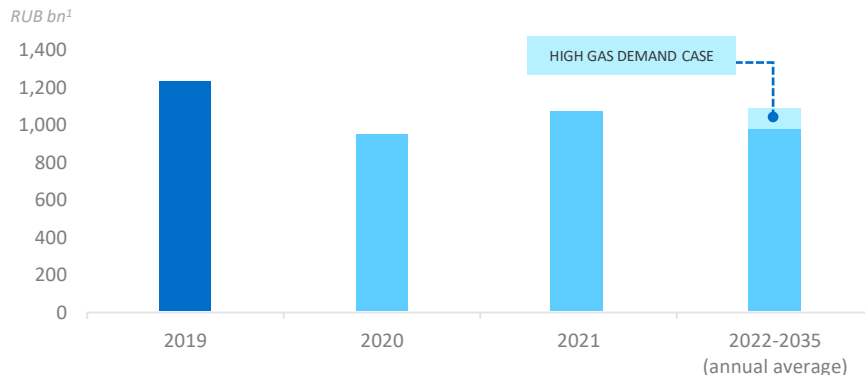
Russia's Energy Security Doctrine⁴

The functions of PJSC Gazprom will be retained in their entirety

Draft Russian Energy Strategy until 2035

INVESTMENT IN SUSTAINABLE DEVELOPMENT OF GAS BUSINESS

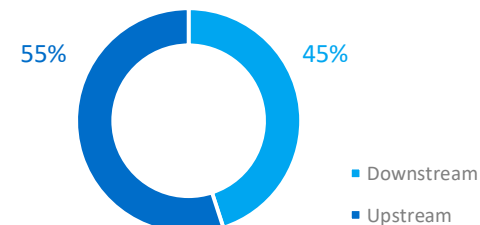
ANNUAL AVERAGE INVESTMENT (IN REAL TERMS)



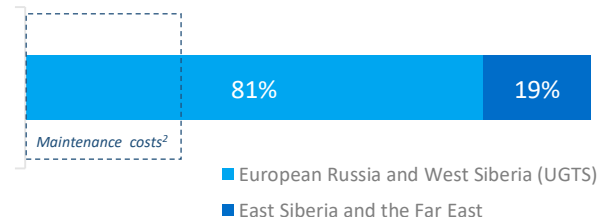
GROWTH TO 2018, %	2035
Production	+[13-23]%
Exports to far-abroad countries	+[22-39]%

ANNUAL AVERAGE INVESTMENT UP TO 2035

BY SEGMENT



BY REGION



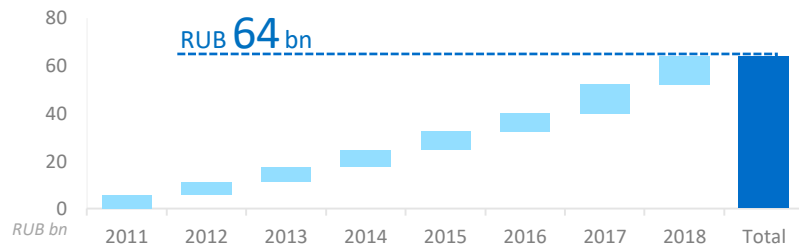
¹ 2018 prices, including VAT

² Costs of modifying of existing operational facilities, within the Unified Gas Supply System zone (including production, transport and processing)

ENVIRONMENTAL POLICY AND ENERGY EFFICIENCY

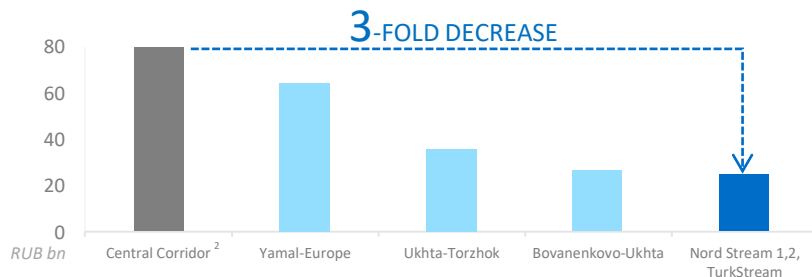
COST OF ENERGY RESOURCES SAVED

through energy efficiency and energy saving programs



GAS USAGE FOR TECHNOLOGICAL NEEDS

of new trunk pipelines (relative comparison¹)



KEY PERFORMANCE INDICATOR (KPI)

target value by 2025 (compared to 2014 basis year)

Reduction of energy resources consumption for own technological usage (per unit)

- 5.9 %

Reduction of greenhouse gases emissions per unit of products sold (CO₂-equivalent per toe)

- 6.6 %

GAZPROM APPLIES CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM (ISO 14001:2015)

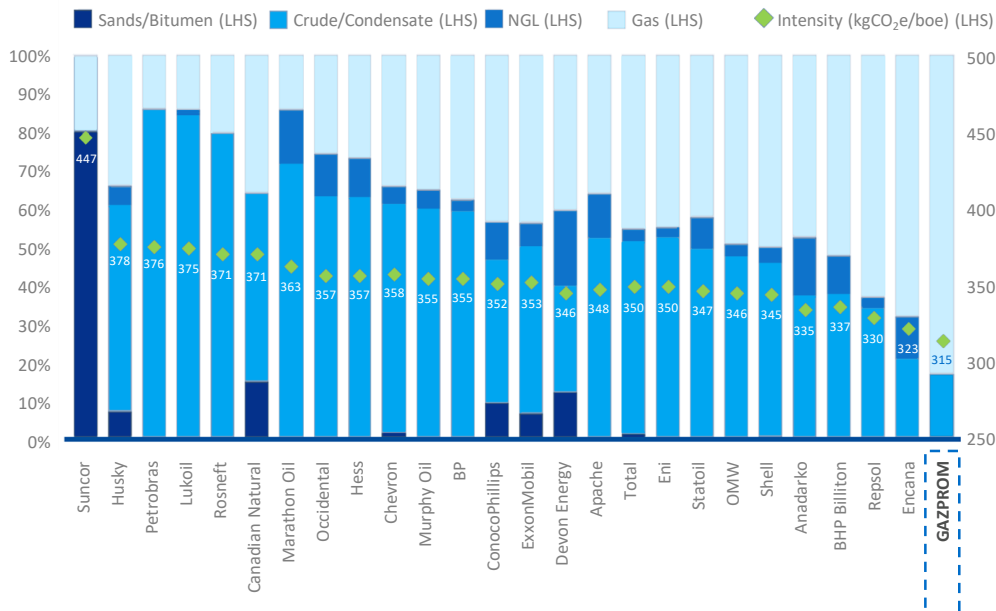


¹ Normalized to same transportation distance (taken as 4,000 km for comparison purposes)

² Urengoy–Pomary–Uzhgorod pipeline (via Ukraine)

LOW CARBON FOOTPRINT LEADER

CARBON FOOTPRINT OF GAZPROM'S PRODUCTION: THE LOWEST AMONG ENERGY COMPANIES



STAGES IN REACHING THE CLIMATE CHANGE GOALS

Proposed measures, if implemented, lead to significant emissions reduction (cumulative, EU example)

SWITCHING TO NATURAL GAS

from less ecologically friendly fuels (coal power, petroleum motor fuels)

Up to 18 %

Introduction of **METHANE-HYDROGEN** in various sectors (without costly infrastructure changes)

Up to 35 %

Transition to hydrogen energy based on efficient low-emission technologies of **HYDROGEN PRODUCTION FROM METHANE**

Up to 80 %

Gazprom's GHG Emissions Reports are verified by KPMG



Gazprom is the leader of annual CDP Russian climate rating



GAZPROM AT A GLANCE

SHARE IN RUSSIA'S GAS PRODUCTION



2018–2035

2/3+

CONVENTIONAL RESERVES

~100 %

VERTICAL INTEGRATION AND SINGLE EXPORT CHANNEL



MARKET SHARE


EUROPE
2018–2035

35%+

CHINA
2018–2035

0% → 13%



ADDITIONAL TRANSPORT CAPACITY²



~125 bcm

TO BE LAUNCHED IN 2019

2035

#1

SUPPLIER
TO EUROPE
AND CHINA

IMPORT INDEPENDENCE PRODUCTION AND TRANSPORT¹

2018

~ 95 %

CONTRACT PORTFOLIO

3+

tcm



2025

#1

HELIUM
PRODUCER
IN THE WORLD


AVERAGE INVESTMENT (GAS BUSINESS)

~RUB 1

2018–2035

trln / year

At 01.01.2019 exchange rate (~ USD 14 bn)

¹ Excluding equipment for LNG complex

² I.e. nominal capacity of Nord Stream 2, TurkStream, Power of Siberia



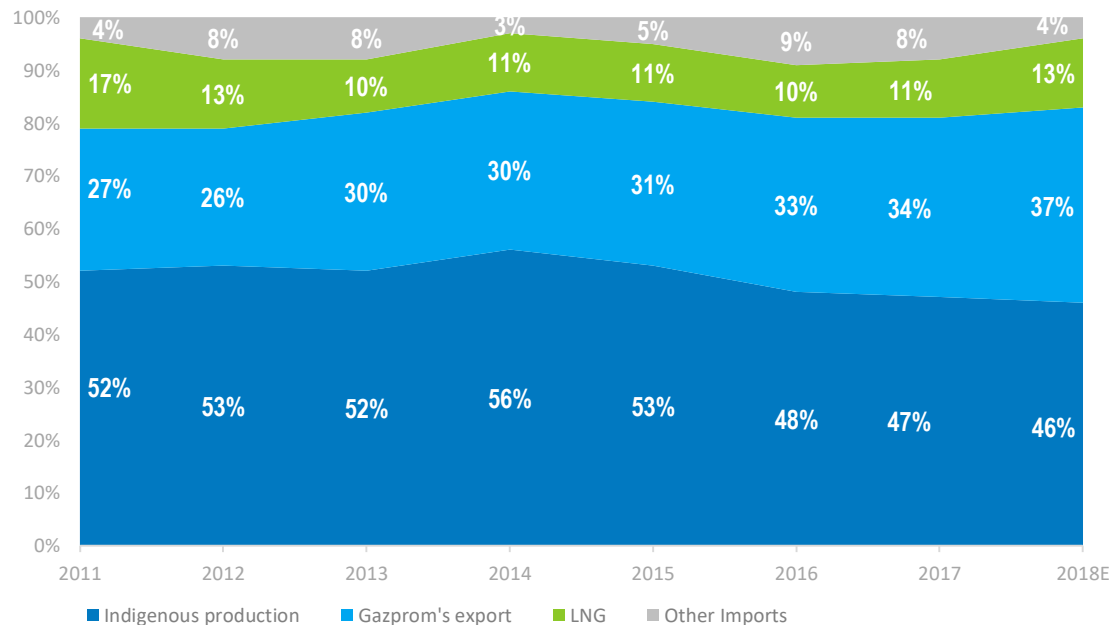
EXPORT

ELENA BURMISTROVA

*Director General,
Gazprom Export*

GAZPROM BREAKS ONE RECORD AFTER ANOTHER

EUROPEAN GAS BALANCE



In 2018 Gazprom's sales to the European market were record high of 201.8 bcm¹ compared with 194.4 bcm in 2017 and 150.3 bcm in 2011.

Gazprom's share in European consumption was up to 36.7% in 2018 vs. 34.2% in 2017 and 27.3% in 2011

Gazprom met about half of the incremental demand in 2018 and proved its ability to fill in growing supply/demand gap

While modestly increasing their share in 2018, LNG supplies to Europe still remain significantly below the 2011 record high level

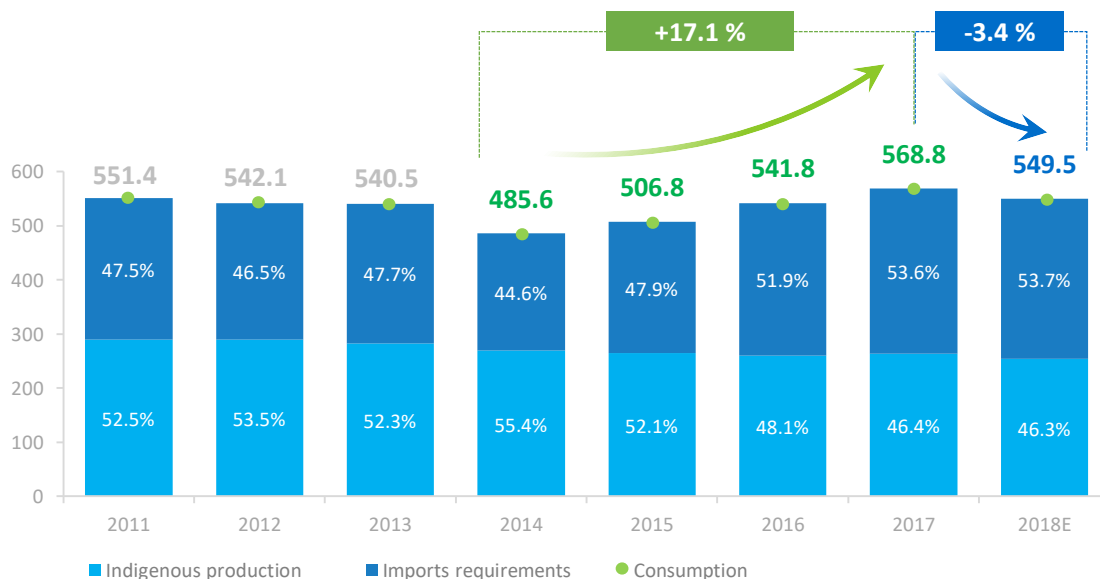
Gazprom average export price increased by 24.6% yoy, up to \$245.5/mcm

Source: PJSC Gazprom, Eurostat, National Statistics, IEA, IHS Markit

¹ Under Gazprom Export and Gazprom Schweiz contracts

UNFAVORABLE WEATHER CONDITIONS STALLED GAS DEMAND GROWTH IN EUROPE

EUROPEAN GAS BALANCE, BCM¹



In 2018 European demand for natural gas was down by 19 bcm compared with 2017 due to unfavorable weather conditions but was still 64 bcm above 2014.

Gas demand recovery trend originated from structural factors. In 2018 natural gas retained its position in European power generation

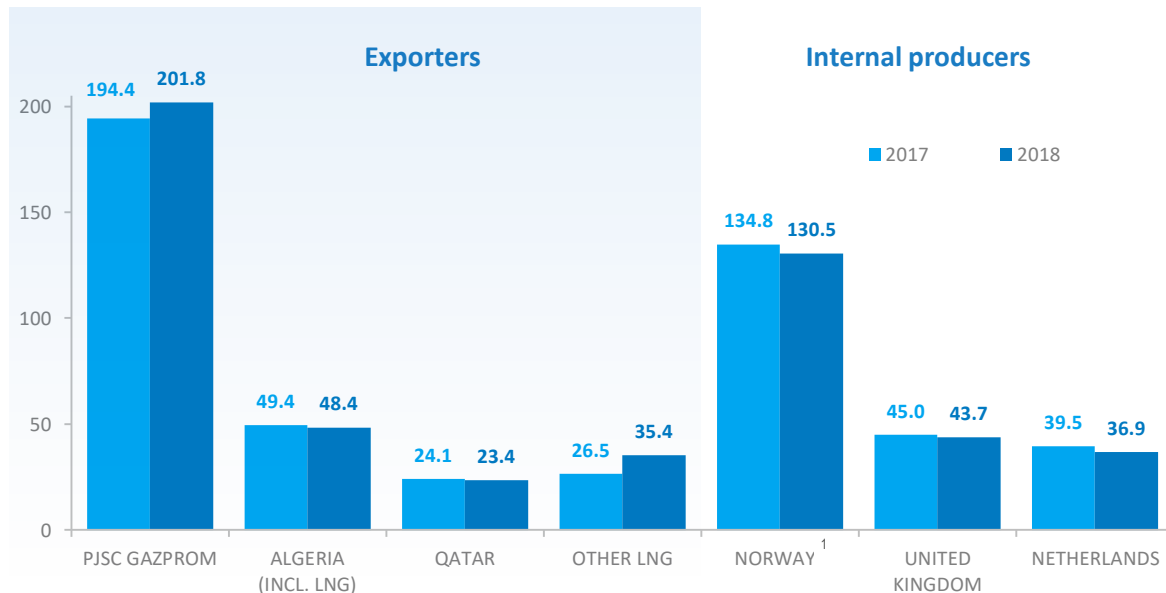
Declining indigenous production over the last years contributed to increased need for import

¹ Hereinafter except as otherwise noted: European countries with Turkey (excluding CIS and Baltics)

GCV = 8,850 kcal/cm, t = 20°C
Source: IEA, Eurostat, National Statistics, IHS Markit

MAJOR SUPPLIERS TO EUROPEAN MARKETS

DELIVERIES BY EUROPE'S MAJOR EXPORTERS AND PRODUCERS, BCM



In 2018, Gazprom marked another record year, while deliveries of other suppliers except for LNG contracted

The Netherlands inched further on the path of becoming a net importer

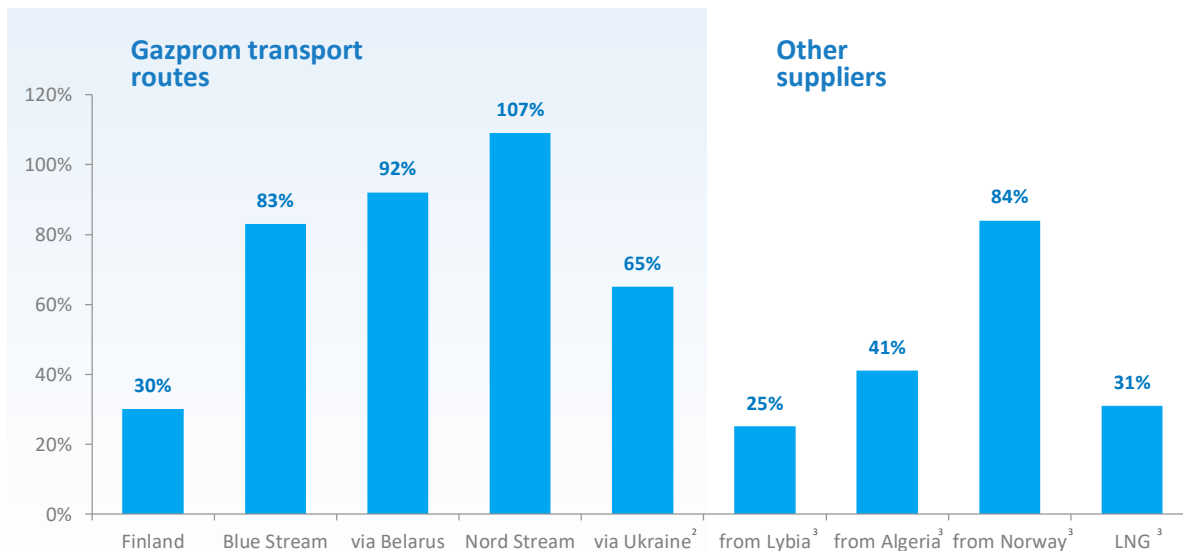
On 2 March 2018, Gazprom set an absolute record in terms of daily export deliveries at 713.4 mmcm/d, demonstrating its robust ability of being a swing supplier at a time of demand spikes

¹Including domestic consumption, pipeline and LNG deliveries from Norway to the European market, but not LNG to Asia and America

Source: PJSC Gazprom, Eurostat, National Statistics, IEA

GAZPROM'S EXPORT ROUTES

CAPACITY UTILIZATION OF MAIN ROUTES FOR GAS SUPPLIES TO EUROPE IN 2018¹



Gazprom transport routes demonstrated high level of capacity utilization in 2018

Utilization rate of the competing routes was at the same level or even declined

Utilization rate of LNG terminals in Europe increased from 29% in 2017 to 31% in 2018 as a result of increased LNG deliveries

¹ Deliveries under the contracts of Gazprom Export LLC

² Capacity remains unclear due to lack of accurate data on current state of the Ukrainian pipeline system

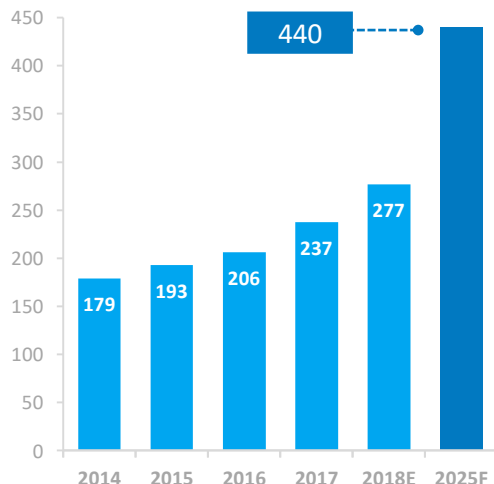
³ Pipeline exports

⁴ Including LNG trading between European countries and capacity of FSRUs

Source: ENTSOE, Bloomberg, IHS Markit

GROWTH VECTOR: CHINA IS NOW WORLD'S TOP NATURAL GAS IMPORTER

GAS DEMAND IN CHINA, BCM

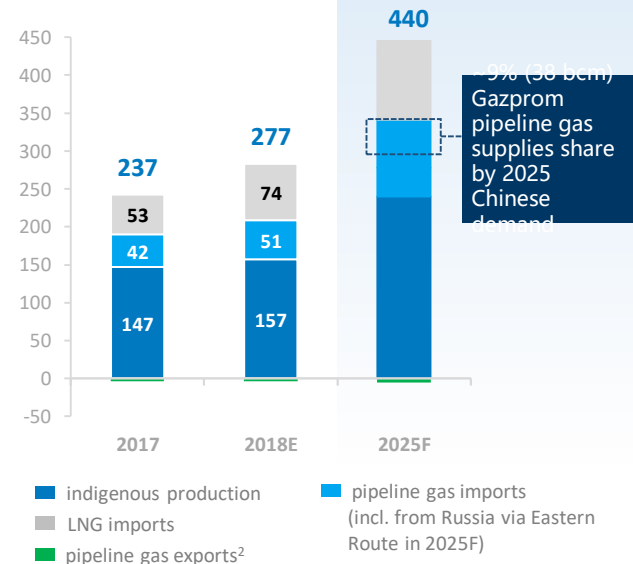


CHINA REMAINS THE KEY DRIVER OF NATURAL GAS DEMAND GROWTH IN ASIA:

- Gas demand: **+17% YOY¹**
- LNG imports: **+40% YOY**
- Pipeline gas imports: **+21% YOY**
- Total gas imports: **+32% YOY**
- Gas production: **+7% YOY**

In 2018 Chinese gas import growth continued and China became the largest net importer of natural gas in the world (overtaking Japan).

GAS SUPPLY IN CHINA, BCM



¹ Numbers below reflect 2018 growth as compared to 2017

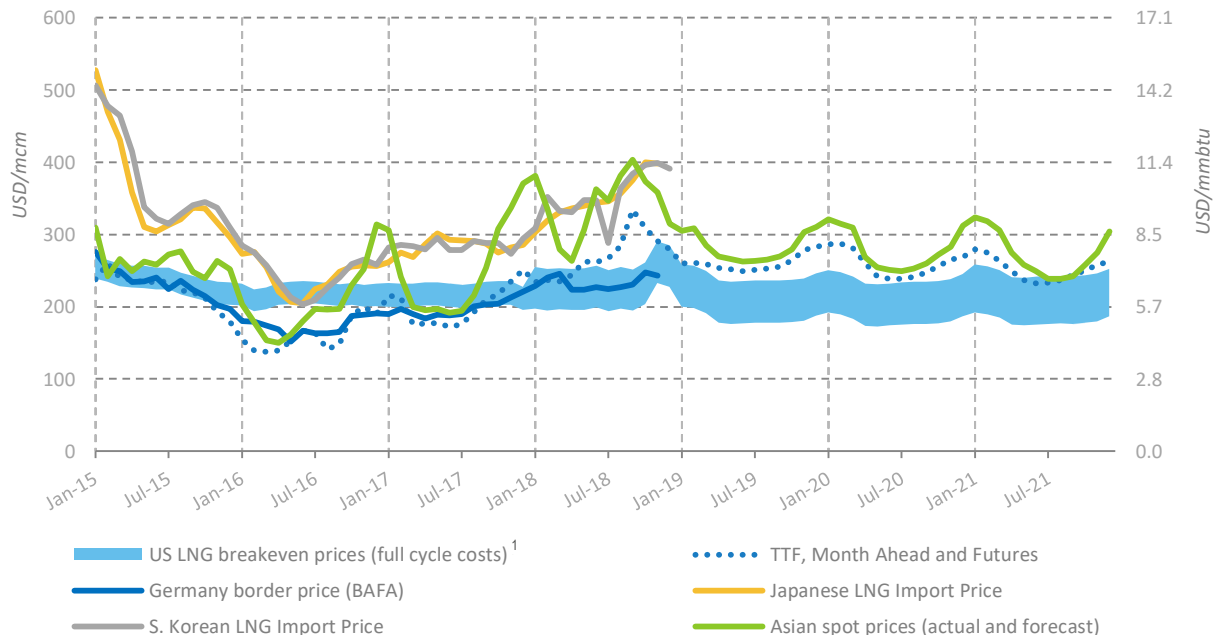
² Pipeline gas exports from mainland China to Hong Kong and Macau

*The difference between gas consumption and total gas supply is due to gas in transit, volumes in storage, losses and statistical discrepancies

Source: IEA; General Administration of Customs, National Bureau of Statistics, National Development and Reform Commission, National Energy Administration, People's Republic of China; CNPC Research Institute of Economics and Technology

EUROPEAN MARKET IS NOT THE FIRST OPTION FOR US LNG

ECONOMICS OF LNG SUPPLIES FROM USA



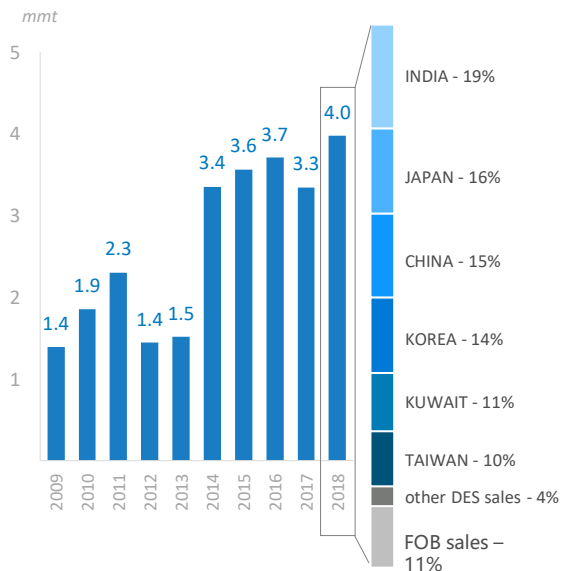
Hub prices significantly increased above both short-run marginal and full cycle costs of US LNG making its deliveries to Europe economically viable

However, European market is not a first choice for LNG from the USA due to higher attractiveness of other markets

¹ Calculated on the basis of Henry Hub Futures prices, $P = HH * 115\% + X$, where X – costs of liquefaction, shipping to Europe, regasification
Source: IMF, Korea Customs Service, Bloomberg, IHS Markit

GAZPROM'S LNG BUSINESS

GAZPROM PORTFOLIO LNG SUPPLIES



GAZPROM LNG PROJECTS

OPERATIONAL

SAKHALIN 2 (T1,2) – 9.6 mmt/year¹

- 11.4 mmt of LNG produced in 2018.
- In 2018 Gazprom took delivery of 1.5 mmt of LNG from Sakhalin which was sold to customers in Asia Pacific.²

CONSTRUCTION

PORTOVAYA LNG – 1.5 mmt/year

- Mid-sized LNG Plant currently being constructed in the vicinity of Portovaya Compressor Station;
- Expected to start up in H2 of 2019;
- Oriented towards both small and large scale LNG demand in the region.

PROSPECTIVE

SAKHALIN 2 T3 – up to 5.4 mmt/year

- In 2015, Gazprom signed MOU with Shell on project implementation.
- The project's FEED was finalized in 2018.

BALTIC LNG – 10 mmt/year

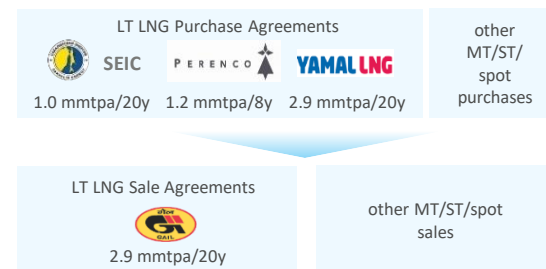
- In 2017, Gazprom signed JVA Key terms with Shell for Joint Venture.
- Concept select study is under development

GAZPROM IS COMMITTED TO BUILDING A DIVERSIFIED LNG TRADING PORTFOLIO TO CONTINUE RELIABLE AND TIMELY DELIVERIES OF LNG TO ITS CUSTOMERS

IN 2018:

- Gazprom Group delivered 57 cargoes to customers in 8 countries throughout the world;
- Gazprom Group started deliveries to India under LT contract with GAIL. India became the biggest importer of LNG sourced from Gazprom's portfolio.
- Gazprom Group started offtake under LT contracts from Yamal LNG and Cameroon FLNG.



GAZPROM LNG PORTFOLIO OVERVIEW


¹ Nominal capacity. Gazprom holds 50%+1 share in SEIC (project operator company);



² Under SPAs and spot purchases. Calculated as per PJSC Gazprom reporting methodology

GAZPROM'S NATURAL GAS BUSINESS IN ASIA PACIFIC



LNG IMPORTERS

-  - EXISTING
-  - POTENTIAL



GAZPROM'S LNG ASSETS

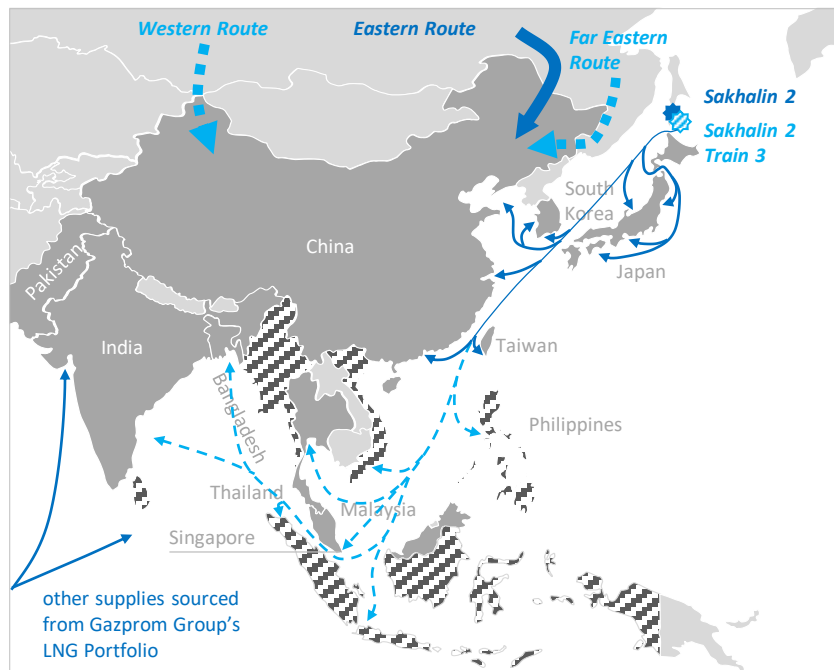
-  - EXISTING
-  - POTENTIAL

GAZPROM'S LNG SUPPLY ROUTES

-  - EXISTING
-  - POTENTIAL

GAZPROM'S PIPELINE NATURAL GAS SUPPLY ROUTES

-  - UNDER CONSTRUCTION
-  - POTENTIAL



Gazprom continues to expand its natural gas business in Asia Pacific by developing new projects for both LNG and pipeline gas deliveries.

On December 1, 2019 Gazprom will commence pipeline natural gas supplies to China via the Eastern Route pipeline (Power of Siberia) under the Sales and Purchase Agreement signed with CNPC in 2014.

Annual supply volumes via Eastern Route will ramp-up year by year and will reach level of 38 bcm per year by 2025.

Gazprom also continues working on other projects for increasing supply of Russian gas to China.

COMPETITIVE ADVANTAGES

RELIABLE SUPPLIER

**GEOGRAPHICAL
DIVERSIFICATION**

**COMPETITIVE
PRICES**

**NEW APPLICATIONS
FOR NATURAL GAS**





OIL BUSINESS

MR. ALEXEY YANKEVICH

*Member of the
Management Board and
CFO, Gazprom Neft*

DISCLAIMER

THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS CONCERNING THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND BUSINESSES OF GAZPROM NEFT AND ITS CONSOLIDATED SUBSIDIARIES

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases.

There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, inclusively (without limitation):

- (a) price fluctuations in crude oil and oil products;
- (b) changes in demand for the Company's products;
- (c) currency fluctuations;
- (d) drilling and production results;
- (e) reserve estimates;
- (f) loss of market and industry competition;
- (g) environmental and physical risks;
- (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions;

- (i) economic and financial market conditions in various countries and regions;
- (j) political risks, project delay or advancement, approvals and cost estimates; and
- (k) changes in trading conditions.

All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on these forward-looking statements.

Each forward-looking statement speaks only as of the date of this presentation. Neither Gazprom Neft nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

BEST IN CLASS AND FULLY INTEGRATED OIL MAJOR AFTER 10 YEARS OF DEVELOPMENT

2005

A REGIONAL COMPANY



672 filling stations
6.6 tpd average filling-station throughput
1 airport presence
0 sea port presence

2018

NATIONWIDE PLAYER

NO.3
in hydrocarbon
production and
refining¹

LEADER
in the Russian Arctic

1,801
filling stations
20.7 tpd
filling-station throughput
(No.1)¹

¹ in Russia


Present at
260 airports

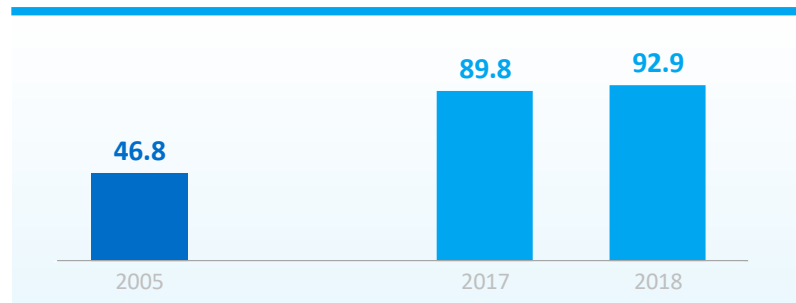
37 ports

LEADING in the domestic
bitumen market

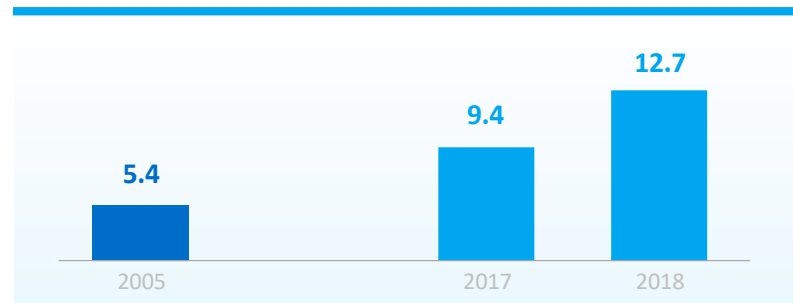
Oil exports to
78 countries

CONSISTENTLY DELIVERING STRONG RESULTS

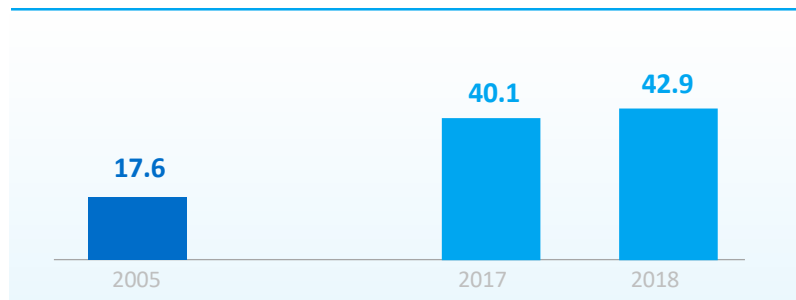
HYDROCARBON PRODUCTION, MTOE



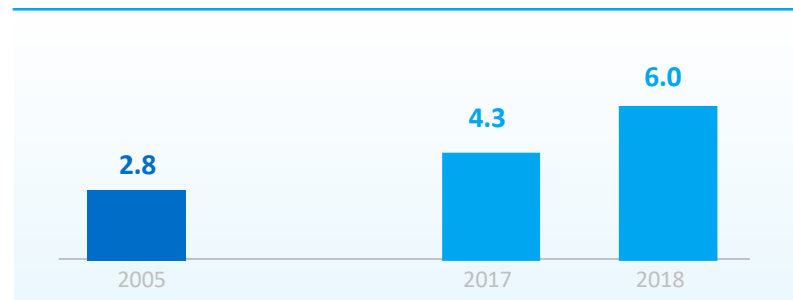
ADJ. EBITDA, US\$ BN



REFINING THROUGHPUT, MT



NET INCOME, US\$ BN



GROWING SHARE OF HIGH MARGIN NEW PROJECTS IN THE PORTFOLIO

SUCCESSFUL LAUNCH OF MAJOR UPSTREAM PROJECTS



GAZPROM NEFT – A PRIORITY PARTNER



DOWNSTREAM DEVELOPMENT

Quality programmes completed at all company refineries

- 100% output of Euro-5 fuels

Retail network development

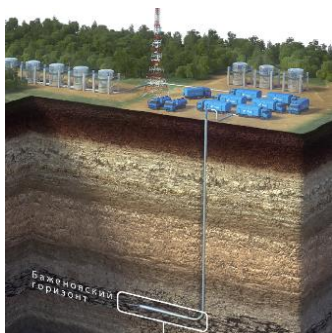
- "On Our Way" – Russia's leading loyalty programme
- G-Drive 100 gasoline is "Golden prize" winner of "Russia's 100 best products"

New product lines developed

- The largest directly-owned sales network of any VIOC
- Wide product range

THE LEADER IN TREND-SETTING TECHNOLOGY PROJECTS

BAZHEN



A technological breakthrough:
the key to 760 mt of
unconventional reserves

NATIONAL PROJECTS

CATALYSTS



The biggest and most
advanced production
facilities in Russia

CHEMICAL ENHANCED OIL RECOVERY



A “second life” for
brownfields in Western
Siberia

**+17% OIL RECOVERY
FACTOR**

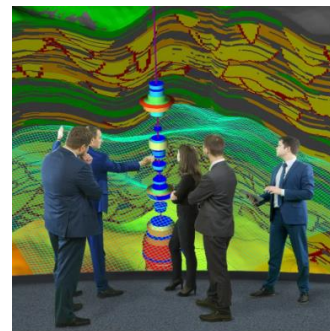
DRILLING AND WELL COMPLETION



High-tech wells – the
cornerstone for major
projects

>500 WELLS/YEAR

DIGITISATION



A new level in business
efficiency

**“THE DIGITAL ENERGY”
PROGRAMME**

FIT FOR THE FUTURE

A NEW APPROACH TO COMPANY DEVELOPMENT

2025 GROWTH STRATEGY

- Production - 100 mtoe
- Refining volumes – 40 mt¹
- Sales via directly-owned channels – 100%

2030 EXCELLENCE STRATEGY

- Maximizing added value from every barrel
- Maintaining the Top-10 position among public hydrocarbon producers (assuring annual production growth in line with industry)
- Leading the market by ROACE (at least 15%)
- Securing industry leadership in technology, efficiency and HSE



**VOLATILE EXTERNAL
ENVIRONMENT**

INDUSTRY CHALLENGES

NEW RULES OF THE GAME

MARKET LEADERSHIP

MANAGING THE UPSTREAM PROJECT PORTFOLIO IN A CHANGING WORLD

POTENTIAL DEVELOPMENT SCENARIOS

Increasing oil
consumption under
ongoing price volatility



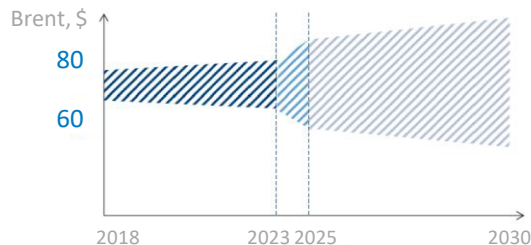
**SPEED AND
FLEXIBILITY**

Structural drop in
demand in the face of
technological change

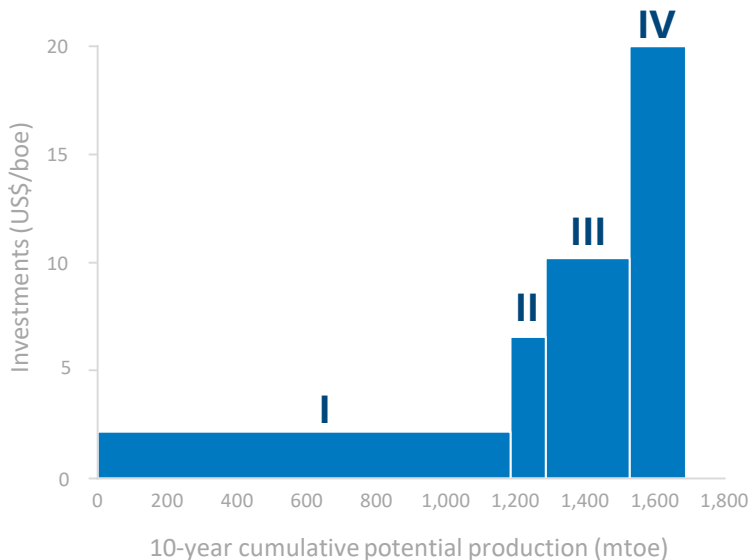






**OPERATIONAL
EFFICIENCY**


PRICE UNCERTAINTY



PORTFOLIO RANKING



I	Basic assets	 0.8%
II	Major exploration projects	 1.5%
III	New exploration areas	 4.2%
IV	New technologies	 2.4%

 10-year hydrocarbon potential
production CAGR

ATTRACTIVE PORTFOLIO OF OPTIONS TO DELIVER THE STRATEGY POST 2020

DEVELOPING YAMAL:

Pipeline construction from Novoportovskoye to the unified gas-supply system, resource-base development on the Yamal Peninsula

 140 mtoe

TECHNOLOGICAL DEVELOPMENT:

Bringing currently unprofitable residual reserves into production at existing company assets

 47 mtoe

UNCONVENTIONAL RESOURCES:

Development of unprecedentedly high volumes of non-traditional reserves as Bazhenov Formation, Domanic and Paleozoic deposits

 88 mtoe

MONETISING LIQUIDS IN NADYM-PUR-TAZ:

Development and monetisation of uniquely large hydrocarbon reserves in a strategically important region for the company Assets include: the Yamburg, Severo-Samburg, Tazovsky and fringe-oil accumulations

 220 mtoe


SAKHALIN:

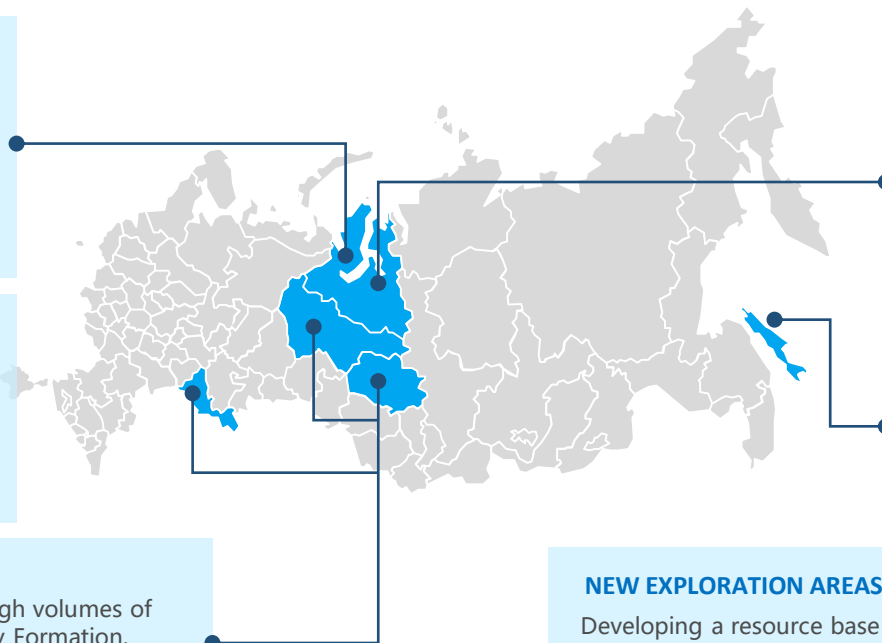
Development of a production centre offshore in Sakhalin Island

 25 mt

NEW EXPLORATION AREAS:

Developing a resource base to ensure production beyond 2025 (the Krasnoyarsky Krai, the Volga-Urals region, the KhMAO and the YaNAO)

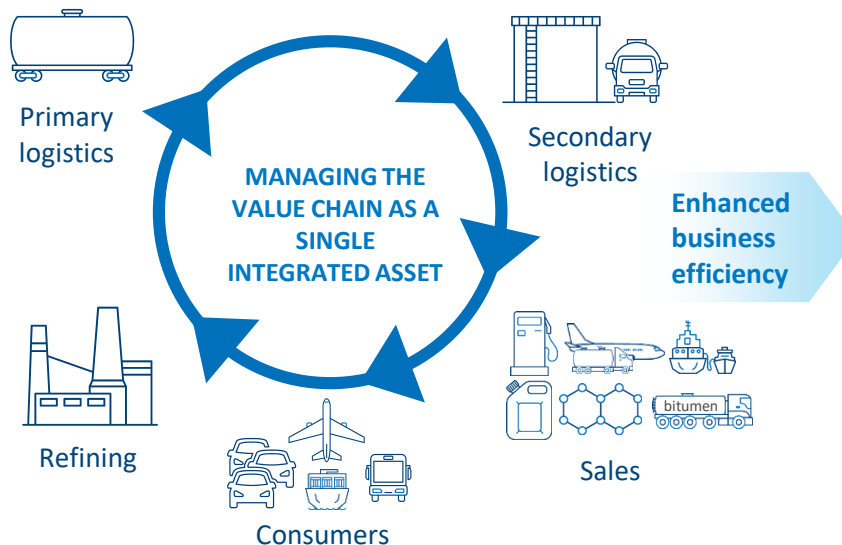
 60 mtoe



EFFICIENT TRANSFORMATION AND DEVELOPMENT – KEY PRIORITY IN DOWNSTREAM BUSINESS

CURRENT BUSINESS

- Cutting-edge refining capacity
- A balanced and diverse product slate
- An international retail network
- Strong brands portfolio
- A wide product range
- A developed client base



**New downstream driver:
focusing on
INTENSIVE DEVELOPMENT**

**Transformation of
management system**

through cutting-edge
technological and innovative
solutions

- Minimising costs and losses at every stage
- Improving asset safety, reliability and sustainability
- Optimising use of resources

INTEGRATED PROJECT MANAGEMENT ACROSS KEY DOWNSTREAM STRATEGIC AREAS



POTENTIAL PROJECTS IN DEVELOPING STRATEGIC AREAS

- Increasing the conversion rate
- Control systems
- Developing refining technologies
- Developing energy infrastructure
- Petrochemistry development as part of refineries
- Developing infrastructure assets
- Expanding the product range
- Developing the company's own resource base
- Geographical expansion

CREATING ADVANTAGED MANUFACTURING

MOSCOW REFINERY

COMPLEX PROCESSING UNIT (EURO+)

- Pre-commissioning 1Q–2Q 2019
- Increase of throughput up to 12 million tonnes
- Increase in light product yield
- Transition to four-year maintenance period
- Better energy efficiency and lower environmental impacts

DEEP PROCESSING UNIT (DPU)

- Operational availability 4Q 2023
- Conversion rate up to 98%

x3

Refining
margin

NCI

7.3 10.5

OMSK REFINERY

CDU/VDU UNIT

- Operational availability 3Q 2020
- Separate refining of crude oil and gas condensate

DEEP PROCESSING UNIT (DPU)

- Operational availability 2Q 2020
- Conversion rate up to 97.4% (together with the DCU)
- Production of raw materials for Group 2 and Group 3 base oils

DELAYED COKING UNIT (DCU)

- Operational availability 3Q 2020
- Conversion rate up to 97.4% (together with the DPU)
- Increased production of Anodic-grade coke

x1.5

Refining
margin

NCI

8.5 10.4

NIS

DELAYED COKING UNIT (DCU)

- Operational availability 3Q 2019
- Conversion rate up to 96.9%
- Getting the best out of existing capacity and infrastructure at Panchevo refinery
- 2'000 tpd unit capacity (raw materials)

x1.4

Refining
margin

NCI

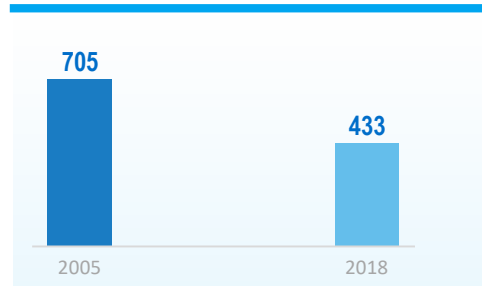
8.5 9.6

SUSTAINABLE TRANSFORMATION

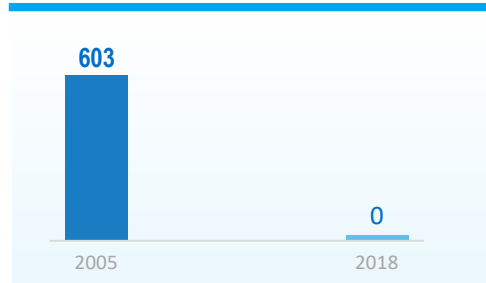
LTIFR INJURY RATE



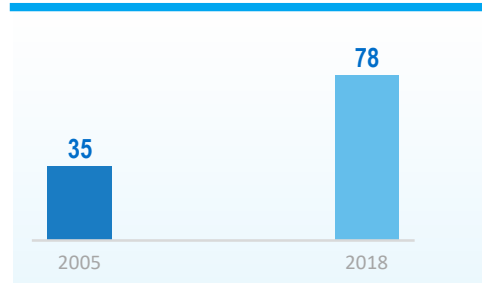
GROSS ATMOSPHERIC EMISSIONS (000 T)



SLUDGE PITS (NO.)



APG UTILISATION (%)



TRAINING

12,886 employees

completed courses on occupational, industrial and environmental safety in 2018

ENVIRONMENT SAFETY AND PROTECTION

RUB 19.0 bn

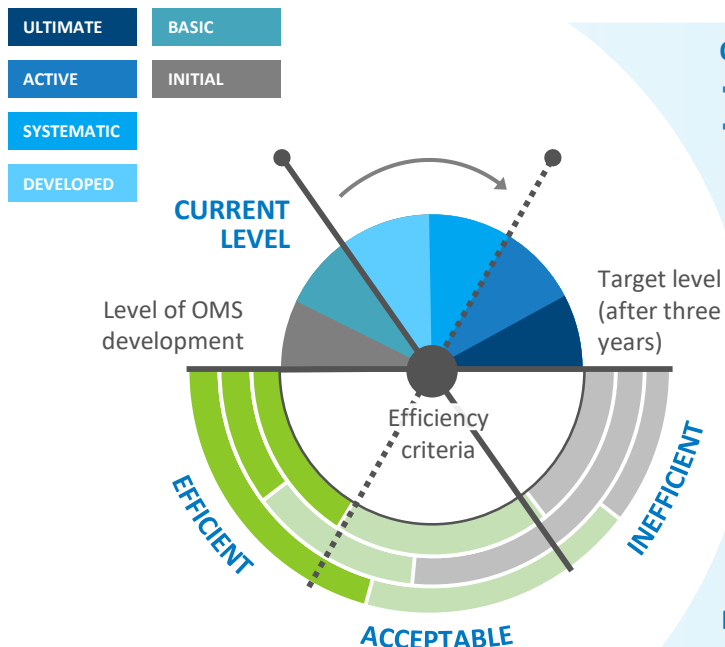
spent to ensure environmental safety and protection in 2018

SOCIAL PROJECTS

4,773 employees

participated in social projects as volunteers

SAFE, RELIABLE AND EFFICIENT EXECUTION



OPERATIONAL RELIABILITY

- Reaching Q₁ operational availability
- Criticality analysis and reduction of the risks' occurring probability

OPERATIONAL EFFICIENCY

- Maximum disclosure of asset potential through integrated evaluations – EBITDA growth up to 15%

CORPORATE CULTURE AND LEADERSHIP

- 100% dissemination and adoption of Regular Management Practices (RMP)
- Empowering employees in a culture of continuous improvement

CONTRACTOR MANAGEMENT

- Proactive management of contractual obligations and the contracting ecosystem

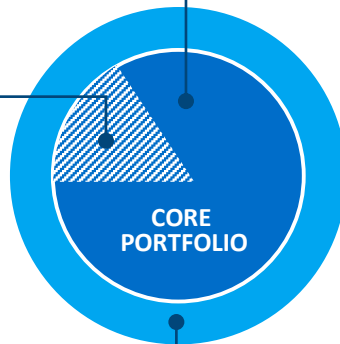
MANAGING INDUSTRIAL SAFETY

- Planning and implementation of a Safety Framework
- Independent inspection and certification

A NEW APPROACH TO MANAGING THE CAPITAL INVESTMENTS

CORE PORTFOLIO

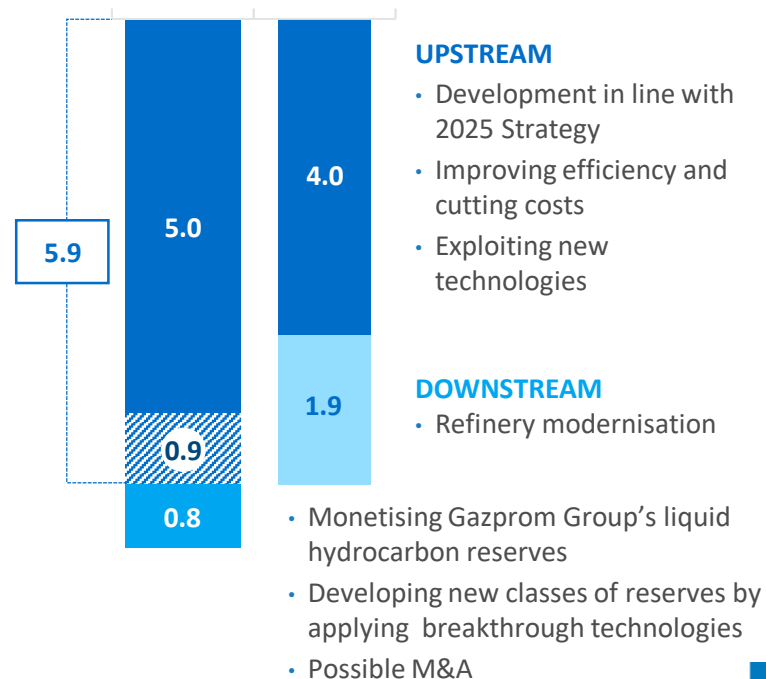
- Base: sustainable projects under all development scenarios
- Strategic bets: removing uncertainty in key parts of new projects leading to FID



OPEN OPTIONS

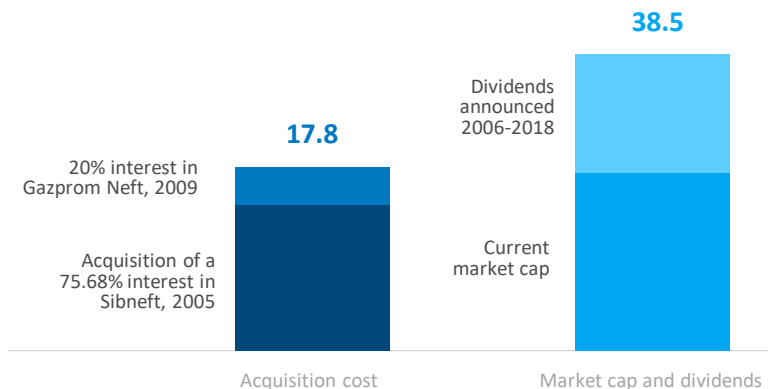
- new oil- and gas-industry projects dependent on external environment

2019F INVESTMENTS (US\$ BN)



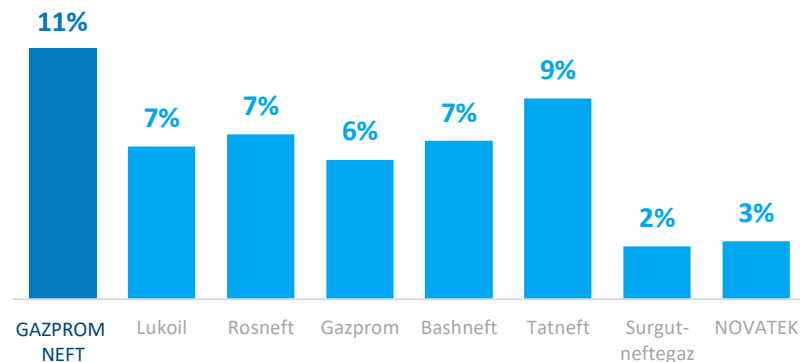
HIGHER DISTRIBUTIONS TO SHAREHOLDERS ARE BOOSTING SHAREHOLDER VALUE

ACQUISITION COSTS VS MARKET CAP AND DIVIDENDS, US\$ MLN



- Gazprom Neft paid more than US\$14 bn in dividends to PJSC Gazprom from 2006 through 2018, and more than US\$600 mln to minority shareholders

ATTRACTIVE DIVIDEND YIELD¹



- Gazprom Neft has announced an interim dividend every year since 2013 (with the sole exception of 2016)

Source: Company data, Bloomberg

¹ Dividend yield calculated as a ratio of all announced dividends through 2018 and a share price as of 1/1/2018

A blue-tinted background image showing a person's hand writing on a document with a pen. There are two laptops on the desk, one in the foreground and one in the background. The image is overlaid with a blue grid pattern.

FINANCE

MR. ANDREY KRUGLOV

*Deputy Chairman of
the Management
Committee, CFO,
Gazprom*

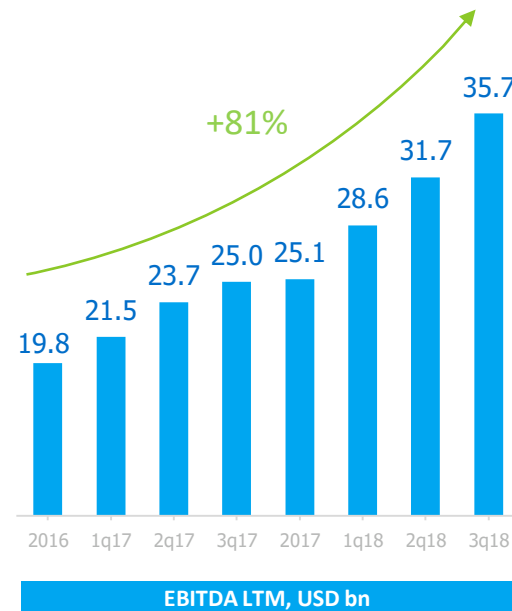
STRONG FINANCIAL RESULTS

KEY HIGHLIGHTS:

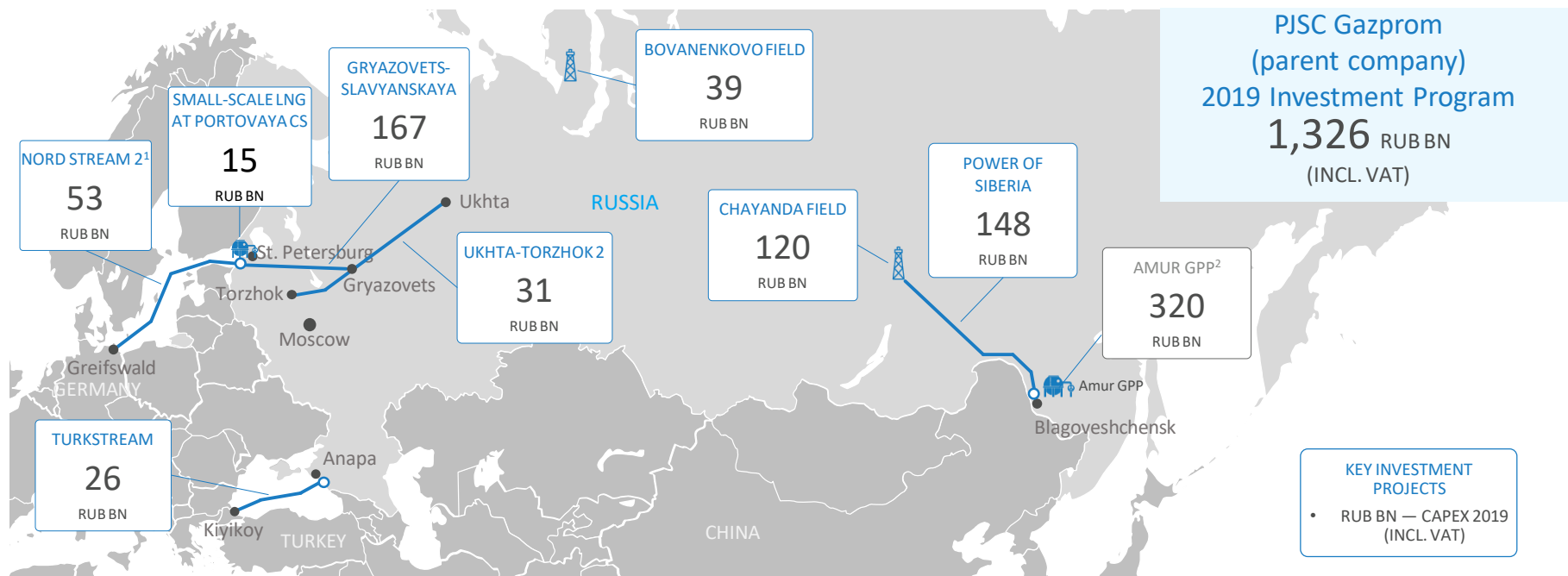
- 9m2018 EBITDA growth +54% y-o-y in dollar terms
- 7 consecutive quarters of LTM EBITDA growth in dollar terms
- \$6 bn¹ positive Free cash flow in 9m2018 (vs. -\$0.9 bn¹ in 9m 2017)
- Reduction of leverage continues: Net debt¹/EBITDA decreased to 0.9 vs 1.4 in 2017

KEY FACTORS:

- Record high gas exports to Europe in 2018
- Gas, oil and oil products price growth
- High level of cost control, optimization and prioritization of CAPEX schedule
- Lower costs due to Ruble weakening
- Robust oil business growth



KEY GAS BUSINESS INVESTMENT PROJECTS, 2019



¹ PJSC Gazprom's Share in Nord Stream 2 financing in 2019

² 2019 project CAPEX amount. Financing source is a bridge facility. Project is not included in PJSC Gazprom's Investment program, actual spending will be reflected in Gazprom Group CAPEX volumes.

STRATEGIC PROJECTS TO DELIVER PROFIT GROWTH

2019

Commissioning
of strategic
projects



Expansion of direct
access to European
and Turkish markets



Expansion to
Asia- Pacific region



Nord Stream 2,
TurkStream and
Power of Siberia put
into operation

SAVINGS
>>\$1.5_{bn}



- Annual positive effect of Nord Stream 2 and TurkStream on EBITDA and FCF;
- NPV >\$17 bn @ 9% discount rate

PROJECT DESIGN
VOLUMES OF GAS
DELIVERIES TO
CHINA
via Power of Siberia
pipeline

38
BCM

2019 ... 2025

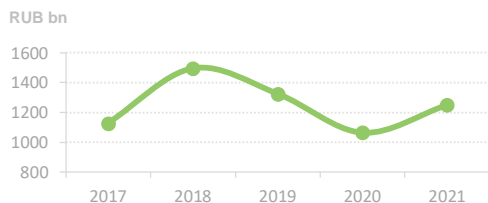


By 2025

- Additional export volumes to China
- Up to 10% gas production and 20% gas exports growth¹

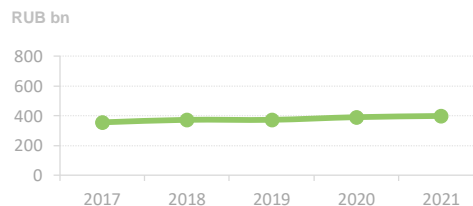
CAPEX¹ OUTLOOK

PJSC GAZPROM – PARENT COMPANY (MOST OF GAS BUSINESS PROJECTS)



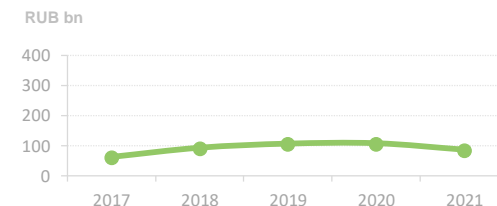
- KEY PROJECTS:**
- Power of Siberia incl. upstream
 - Nord Stream 2
 - TurkStream
 - Kharasaveyskoye field

GAZPROM NEFT (OIL BUSINESS)



- KEY PROJECTS:**
- Key greenfields development
 - Brownfields maintenance
 - Downstream projects: Moscow and Omsk Refineries

GAZPROM ENERGOHOLDING (POWER GENERATION BUSINESS)



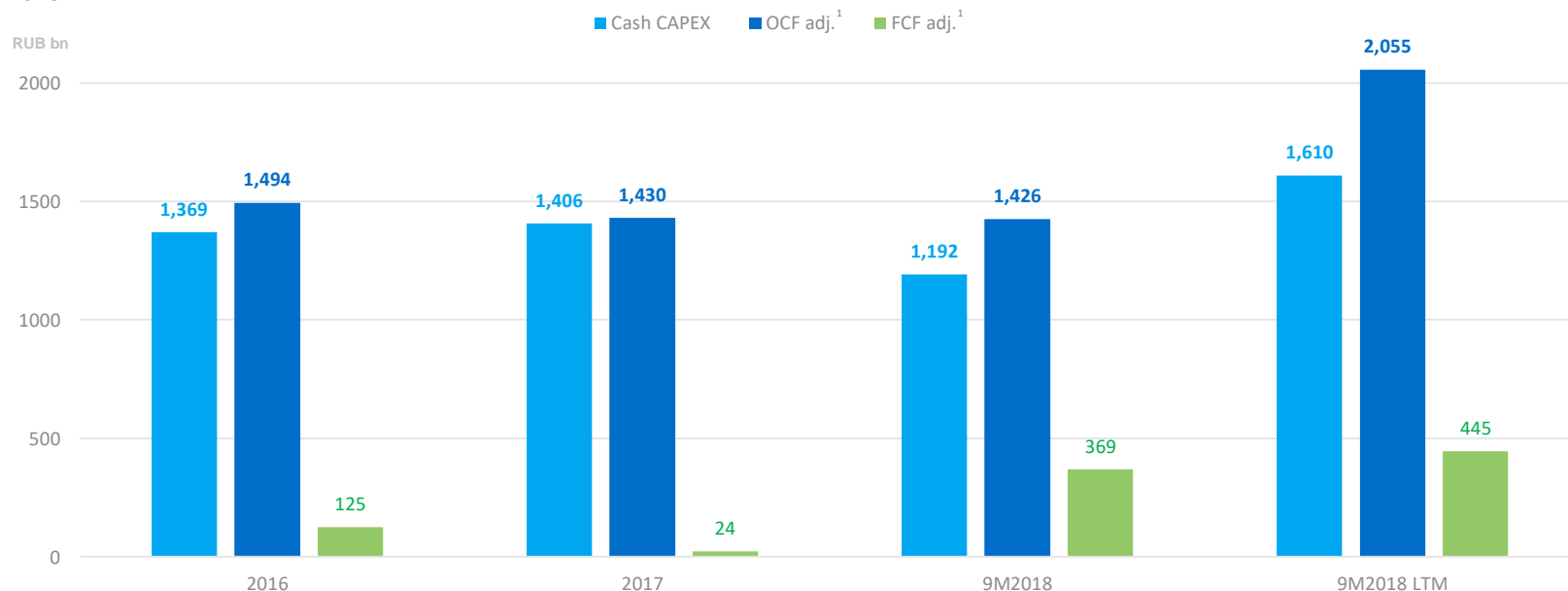
- KEY PROJECTS:**
- Grozny TPP
 - Svobodnenskaya TPP
 - Panchevo TPP
 - Maintenance

- COMPLETION OF 2010-2020 INVESTMENT CYCLE:**
- Start of production at Yamal Peninsula
 - Direct export routes to Europe
 - Beginning of export to China
 - Development of oil and utilities business

- KEY PRIORITIES: 2020-2030**
- Ramp up of exports to China incl. Amur GPP
 - Additional gas export projects to China
 - Yamal fields and Northern corridor development
 - Baltic LNG and 3rd train of Sakhalin 2

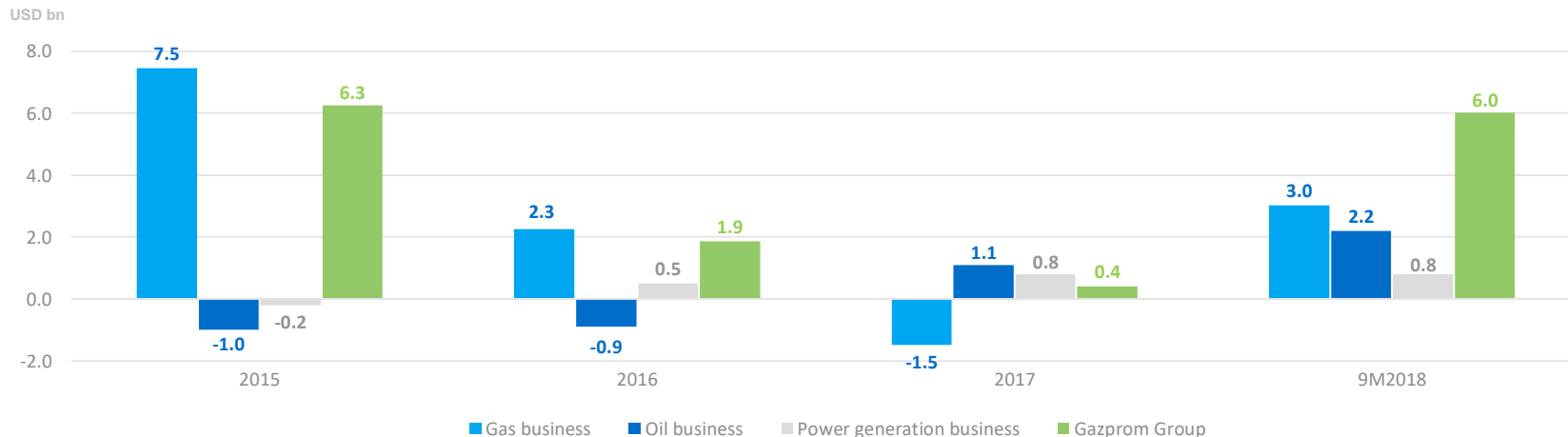
FCF RECOVERS DESPITE PEAK CAPEX

FCF vs. CAPEX



FCF FROM GAS BUSINESS, OIL AND POWER GENERATION

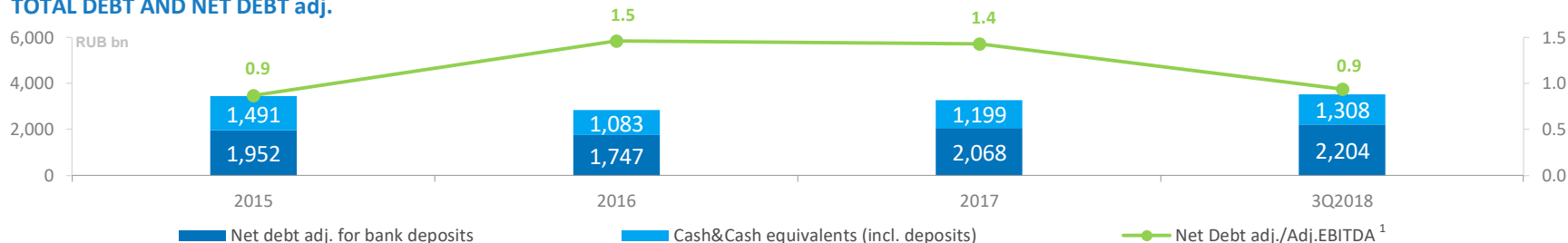
ADJ. FCF BREAKDOWN¹



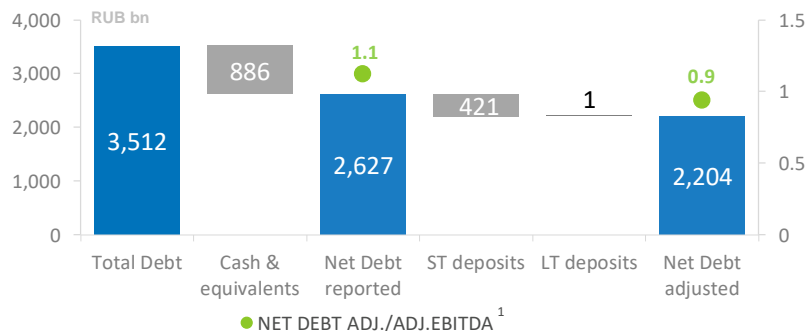
- In 9M2018 50% of FCF was generated by oil and power business segments
- Peak capex in gas business in 2018-2019, capex moderation after 2020
- Past investments in oil and power generation now bring healthy returns

KEY DEBT METRICS

TOTAL DEBT AND NET DEBT adj.



3Q2018 ADJUSTED NET DEBT STRUCTURE



CREDIT RATINGS OF GAZPROM

	Gazprom's rating	Sovereign rating of Russia
Fitch²	BBB- (positive) (investment grade)	BBB- (positive) (investment grade)
Moody's²	Baa2 (stable) (investment grade)	Baa 3 (positive) (investment grade)
S&P²	BBB- (stable) (investment grade)	BBB- (stable) (investment grade)
Dagong	AAA (stable)	A (stable)
ACRA	AAA (RU) (stable)	-

¹ Calculated using dollar values of Net debt and EBITDA. Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets

² Gazprom's ratings are capped by sovereign ceiling of Russia

IMPACT OF BANK DEPOSITS: A \$6 BN ISSUE

ACCORDING TO GAZPROM 3Q2018 IFRS REPORT¹

KEY FEATURES OF BANK DEPOSITS²:

- Early withdrawal clause;
- Deposit term of over 3 months

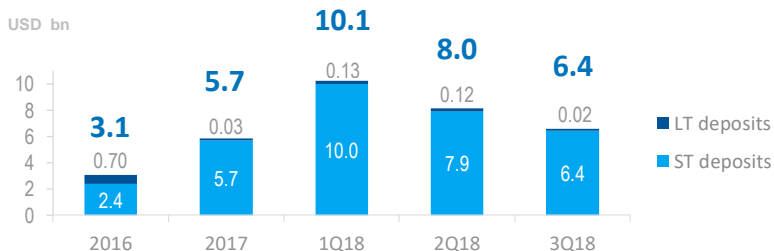
IMPACT OF BANK DEPOSITS ON NET DEBT:

- Bank deposits are NOT included in Cash and cash equivalents
- Net Debt and Net Debt/EBITDA need to be adjusted for bank deposits for analytical purposes

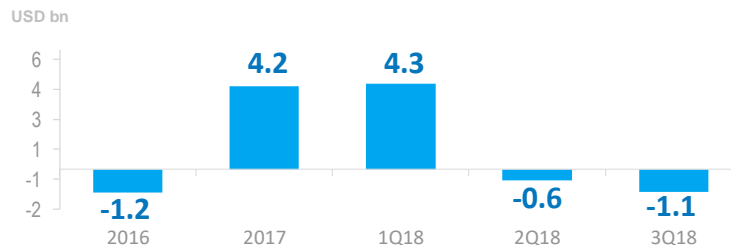
IMPACT OF CHANGES IN ST BANK DEPOSITS ON CASH FLOWS:

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

ST AND LT BANK DEPOSITS VOLUMES



ST BANK DEPOSITS CHANGES



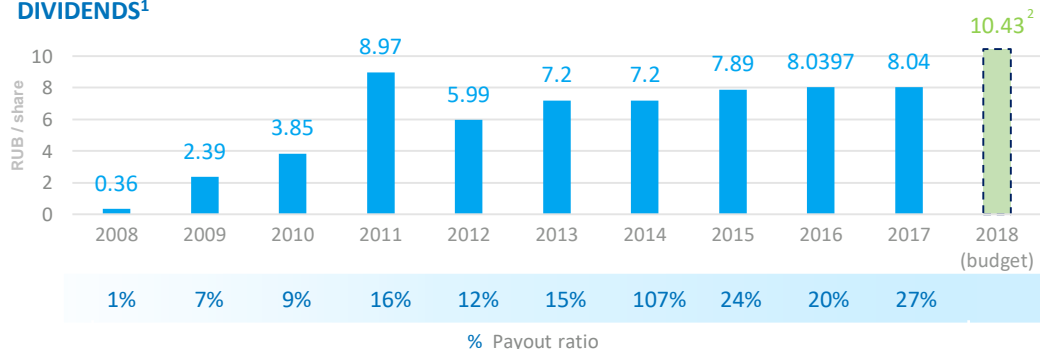
APPLYING OF LT AND ST BANK DEPOSITS IS AIMED AT IMPROVING THE EFFICIENCY OF LIQUIDITY MANAGEMENT

¹ Source: Gazprom 3Q2018 IFRS report, page 21

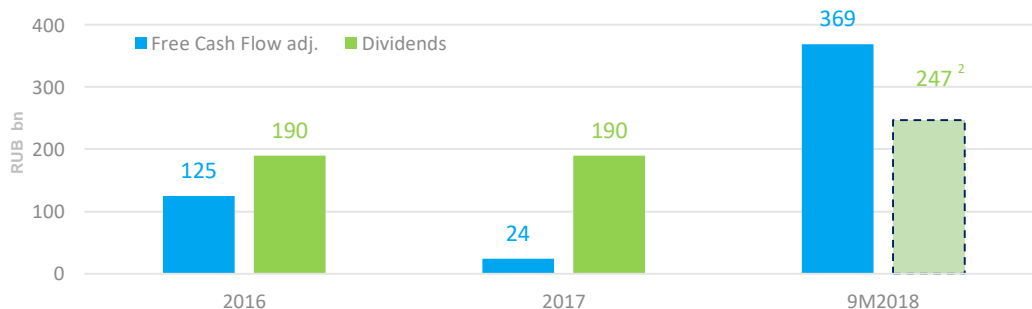
² Reported as a part of Other current assets and Other non-current assets

DIVIDEND GROWTH

DIVIDENDS¹



FCF VS. DIVIDENDS¹


¹ Dividends based on the results of the respective year

² According to 2019 Budget. Dividend payable in respect of FY2018

OUTLOOK FOR 2019 – 2020:

- Keeping the DPS not lower than the level of the previous payment in Ruble terms
- Maintenance of conservative financial strategy
- Balanced approach to the dividend policy

DIVIDEND PER SHARE

- Historically record-high dividends in 2019 expected
- Over the past few years, Gazprom consistently increased its dividend payments

POTENTIAL IMPACT OF SANCTIONS ON GAZPROM'S BUSINESS



SANCTIONS PACKAGES	KEY CONSTRAINTS	SANCTIONS EFFECT
 <ul style="list-style-type: none"> Technological Restrictive measures: Gazprom Group's oil exploration and production activities 	<ul style="list-style-type: none"> Arctic offshore projects¹ Shale projects¹ Deepwater projects¹ Yuzhno-Kirinskoye field development² 	<ul style="list-style-type: none"> Covers below 1% of Gazprom Group's production
 <ul style="list-style-type: none"> Financial Restrictive measures: Gazprom Group's financing activities 	<ul style="list-style-type: none"> Raising international debt finance by Gazprom Neft Raising international debt finance by Gazprombank³ 	<ul style="list-style-type: none"> No restrictions for Gazprom raising finance in capital markets, with the Company being an active player in debt markets (except for Canada market)
 <ul style="list-style-type: none"> New restrictive measures under the US law of August 2017 	<ul style="list-style-type: none"> No explicit prohibitions on Gazprom, but the new US law touches upon possible secondary sanctions to be imposed on making significant investments in Russian energy export pipelines or in a special Russian crude oil project. 	<ul style="list-style-type: none"> The guidance published by the US Department of State on October 31, 2017 "grandfathers" Russian energy export pipeline projects "initiated" prior to August 2, 2017
 <ul style="list-style-type: none"> Extension of the OFAC's SDN list in April 2018 	<ul style="list-style-type: none"> Chairman of Gazprom management Committee Mr. Alexey Miller was included into the US sanction list as a private individual 	<ul style="list-style-type: none"> There is no impact on Gazprom's business operations

THE US AND EU SANCTIONS DO NOT LIMIT GAZPROM'S ACCESS TO THE GLOBAL CAPITAL MARKETS

¹ Projects that have the potential to produce oil in the Russian Federation or that are initiated on or after January 29, 2018, outside Russia where Gazprom has control or has an interest not less than 33 % (US Directive 4 as amended on October 31, 2017); ² According to the US BIS designation as of August 2015; ³ Gazprom Group's associated company

INVESTMENT CASE

FROM PEAK INVESTMENTS TO HIGHER FCF

	Conservative financial policy, costs control	Improving FCF profile	Dividend growth potential	STRONGER FINANCIAL OUTLOOK	
	Strategic transformative projects (capex peak in 2018 - 2019)	Business growth in gas and oil segments and potential for further growth	Improvement in gas markets outlook. Production and export growth.	BUSINESS GROWTH	
	Outstanding resource base and infrastructure	Low cost base	High competitiveness of Gazprom's gas. Record high exports	World largest producer and exporter of natural gas – the cleanest fossil fuel	UNIQUE FUNDAMENTALS