



GAZPROM: 2018 IFRS RESULTS

APRIL 29, 2019



Alexander Ivannikov

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.

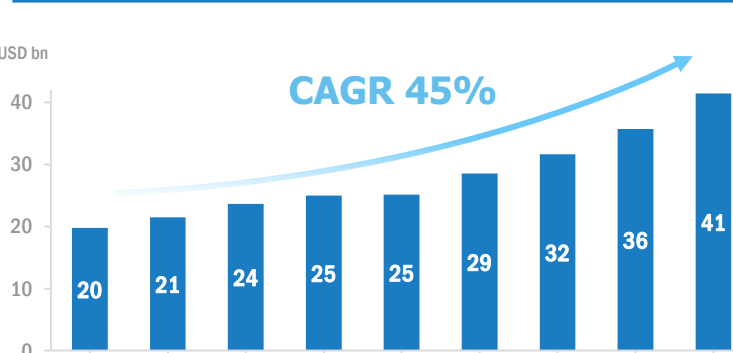
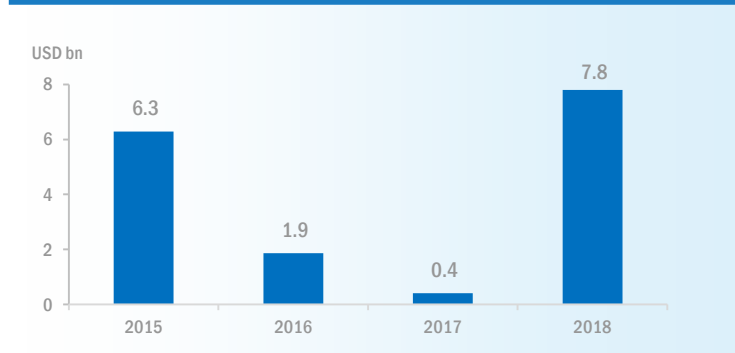
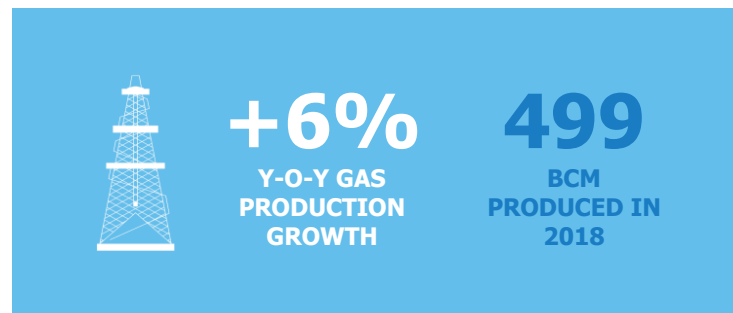
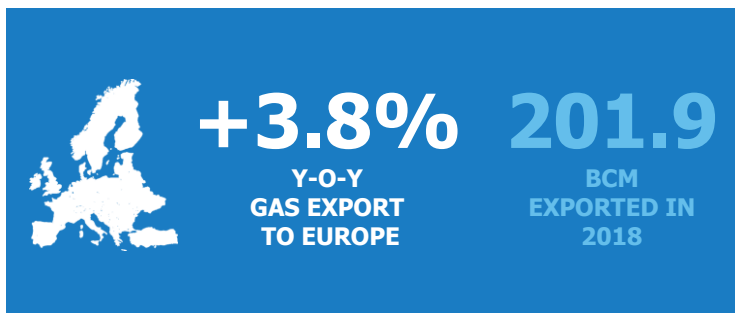
Any viewer of this presentation considering a purchase of such securities is hereby reminded that any such purchase should be made solely on the basis of the information contained in the prospectus or other offering document prepared in relation thereto and will be subject to the selling restrictions 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.

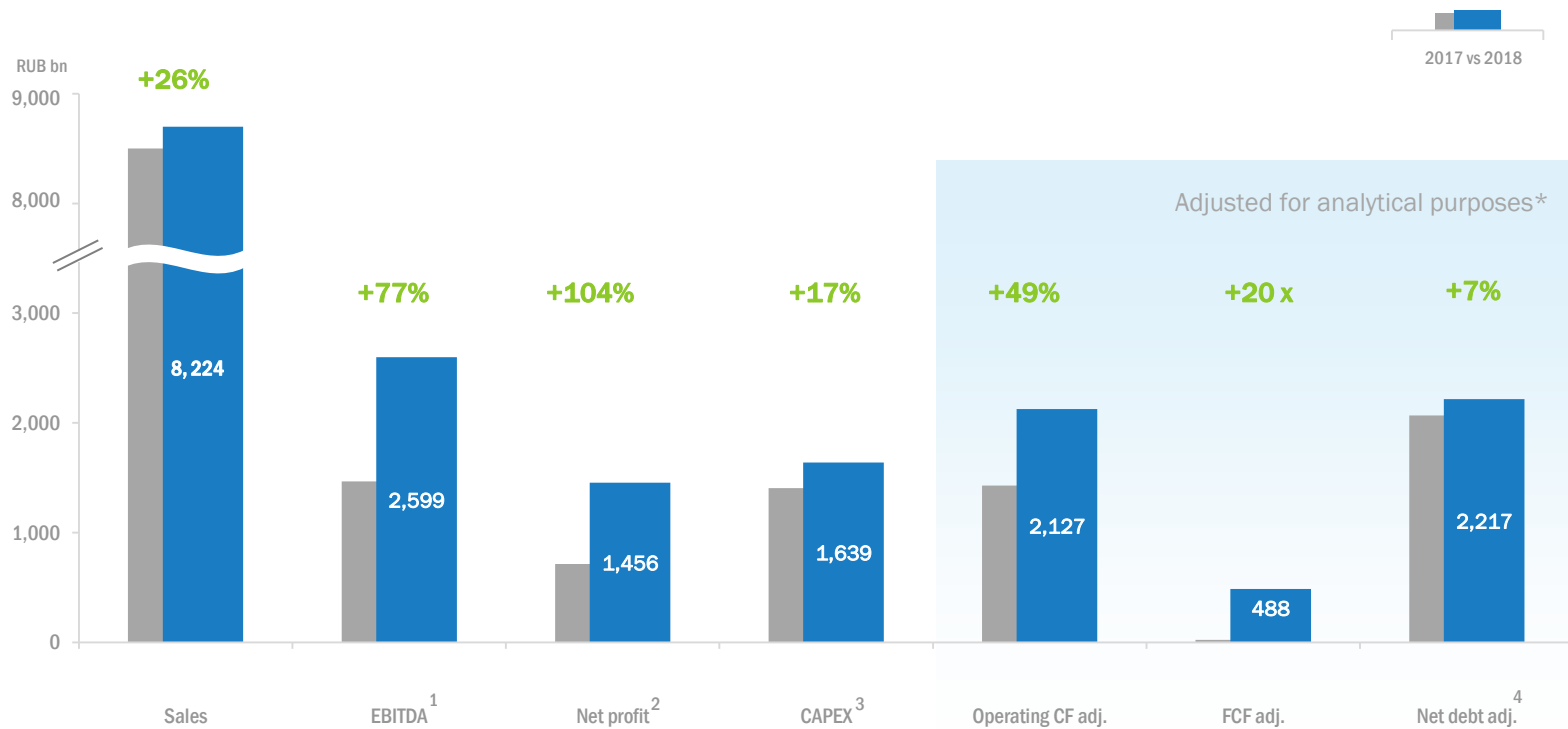
By attending the presentation you agree to be bound by the foregoing limitations.

RECORD HIGH RESULTS IN 2018



STRONG FINANCIAL PERFORMANCE

- RECORD HIGH KEY FINANCIAL INDICATORS: SALES, EBITDA, NET PROFIT
- 8 QUARTERS OF CONSECUTIVE LTM EBITDA GROWTH (IN USD)
- 2016-2018 EBITDA CAGR AT 45% (IN USD)

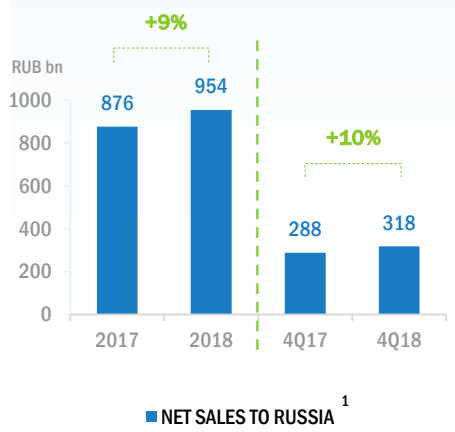
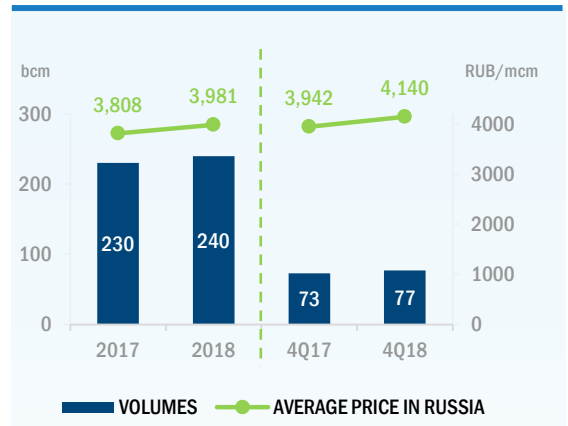


1 EBITDA adjusted for changes in impairment provisions
 2 Profit attributable to PJSC Gazprom's shareholders for the period
 3 Cash capital expenditures
 4 Compared to Net debt as of December 31, 2017

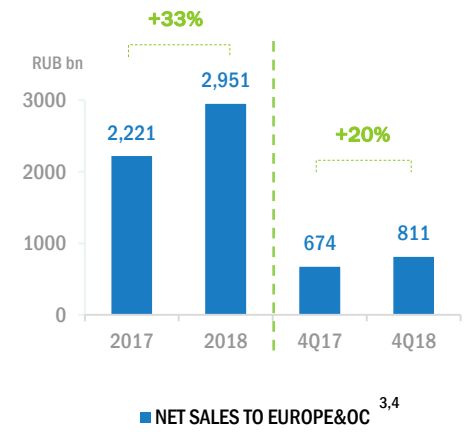
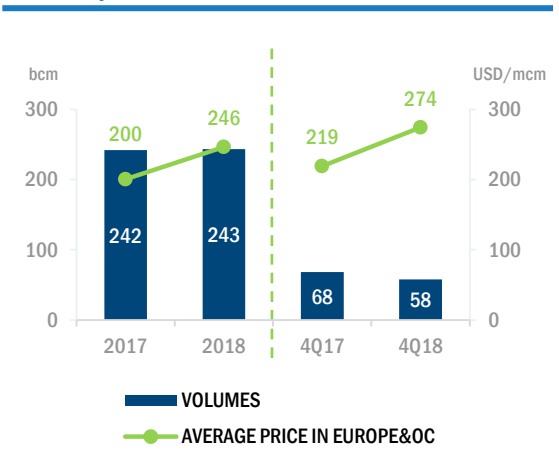
*In order to reflect the effects of the increase in bank deposits (reported as part of Other current and Other non-current assets) increase

GAS BUSINESS

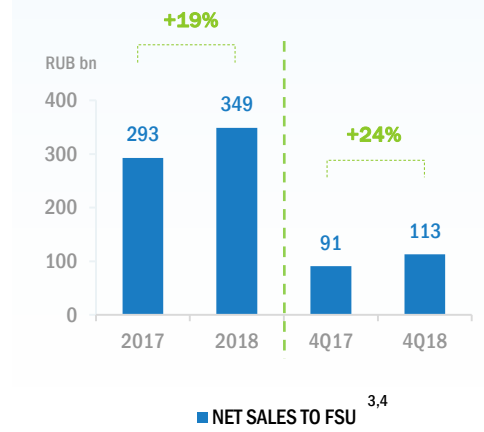
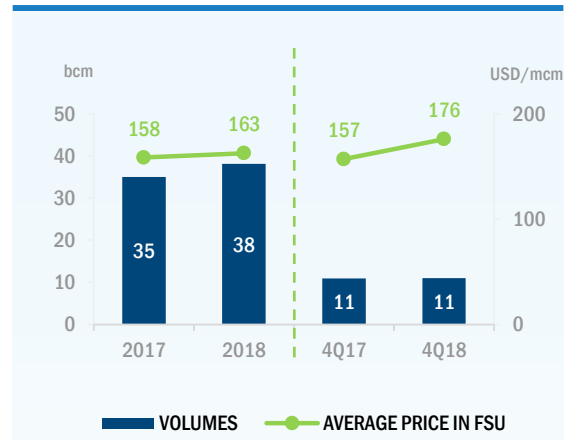
Russia



Europe & OC²



FSU

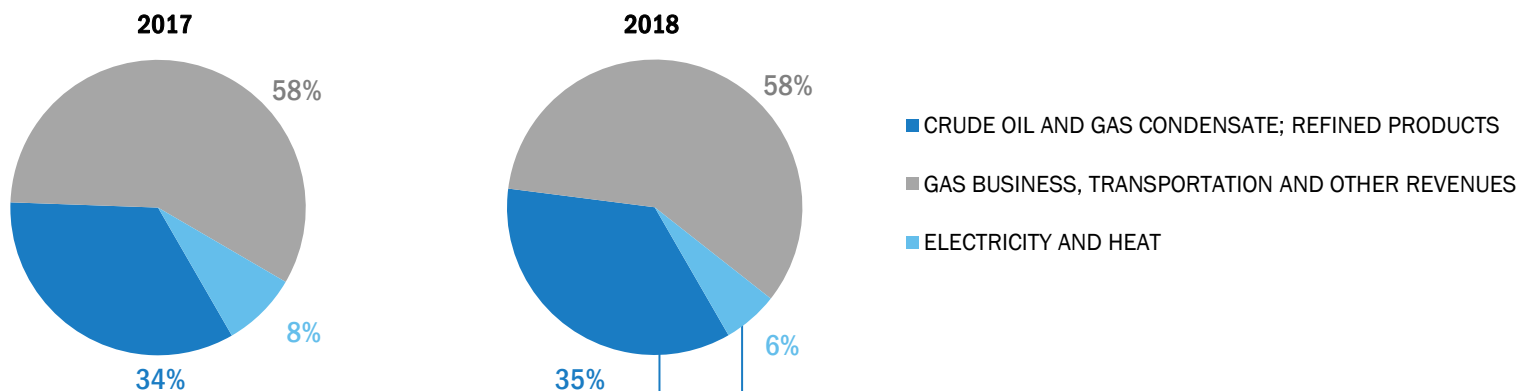


Calculations may differ due to rounding.
 1 Net of value added tax (VAT)
 2 OC - other countries, including LNG sales
 3 VAT is not charged on export sales
 4 Net of custom duties and excise tax on gas exports

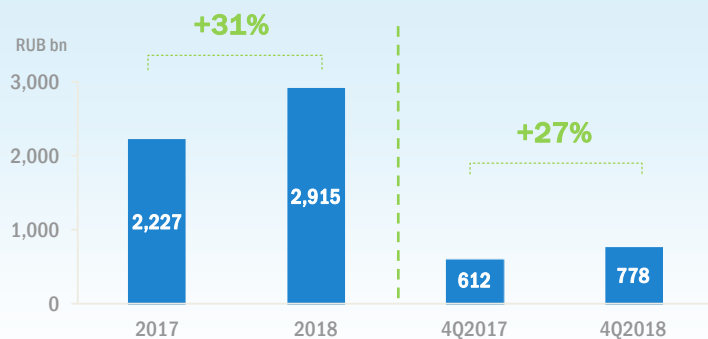
OIL AND ENERGY BUSINESS



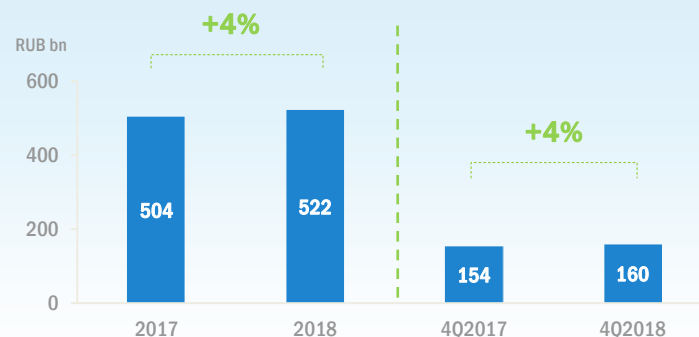
Total sales¹ breakdown



Crude oil and gas condensate; refined products sales



Electricity and heat sales

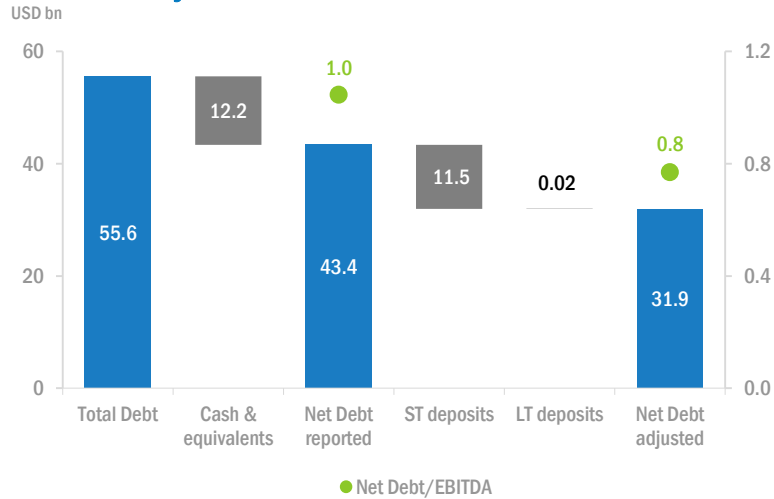


Calculations may differ due to rounding.

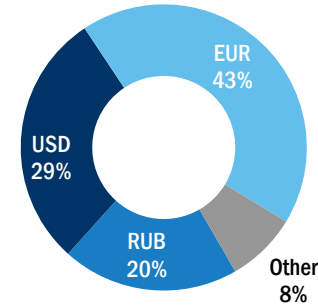
1 Net of value added tax (VAT), excise tax and custom duties.

KEY DEBT METRICS

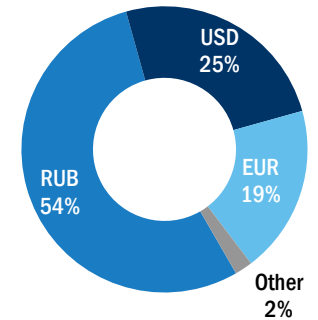
2018 adjusted Net Debt structure¹



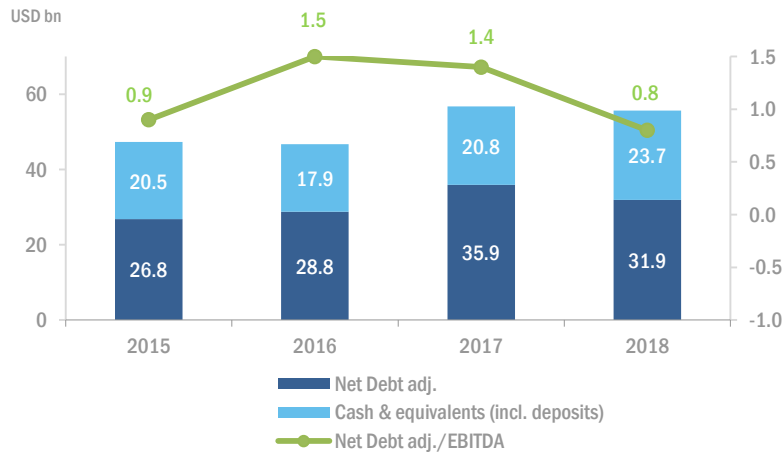
Total Debt breakdown by currency



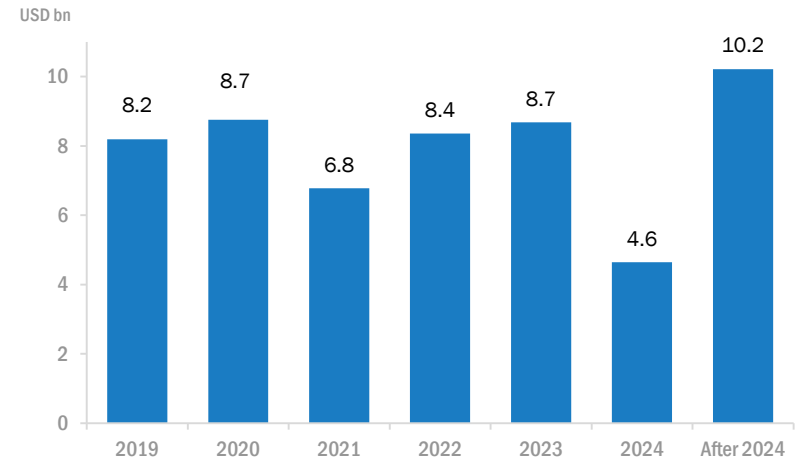
Cash, cash equivalents, bank deposits breakdown by currency



Net Debt adjusted for bank deposits¹



Total Debt maturity profile

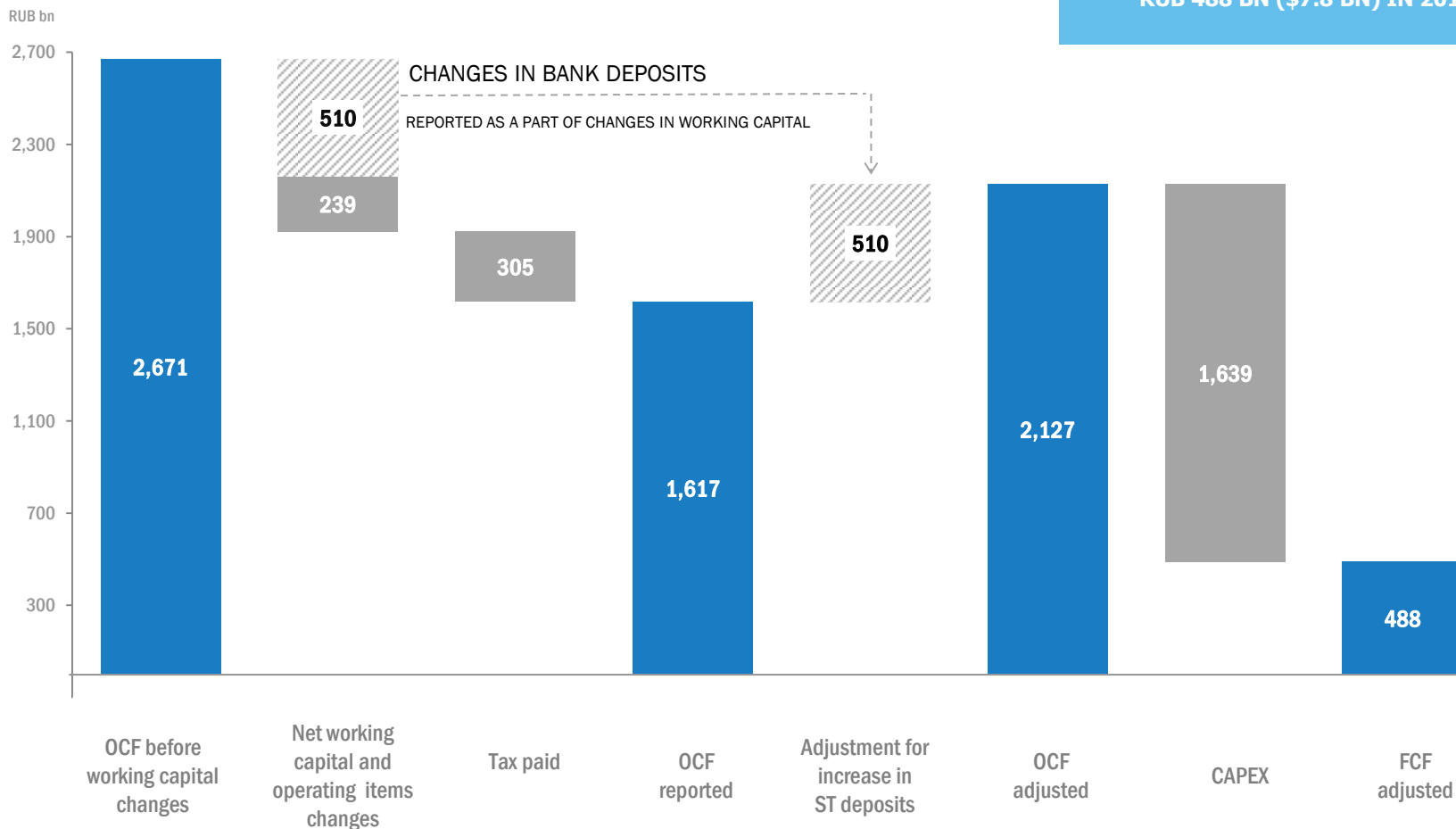


¹ Net Debt adjusted for the bank deposits reported as a part of Other current and non-current assets (see Slide 9 for details). Based on calculations in USD.

2018 ADJUSTED FREE CASH FLOW BREAKDOWN

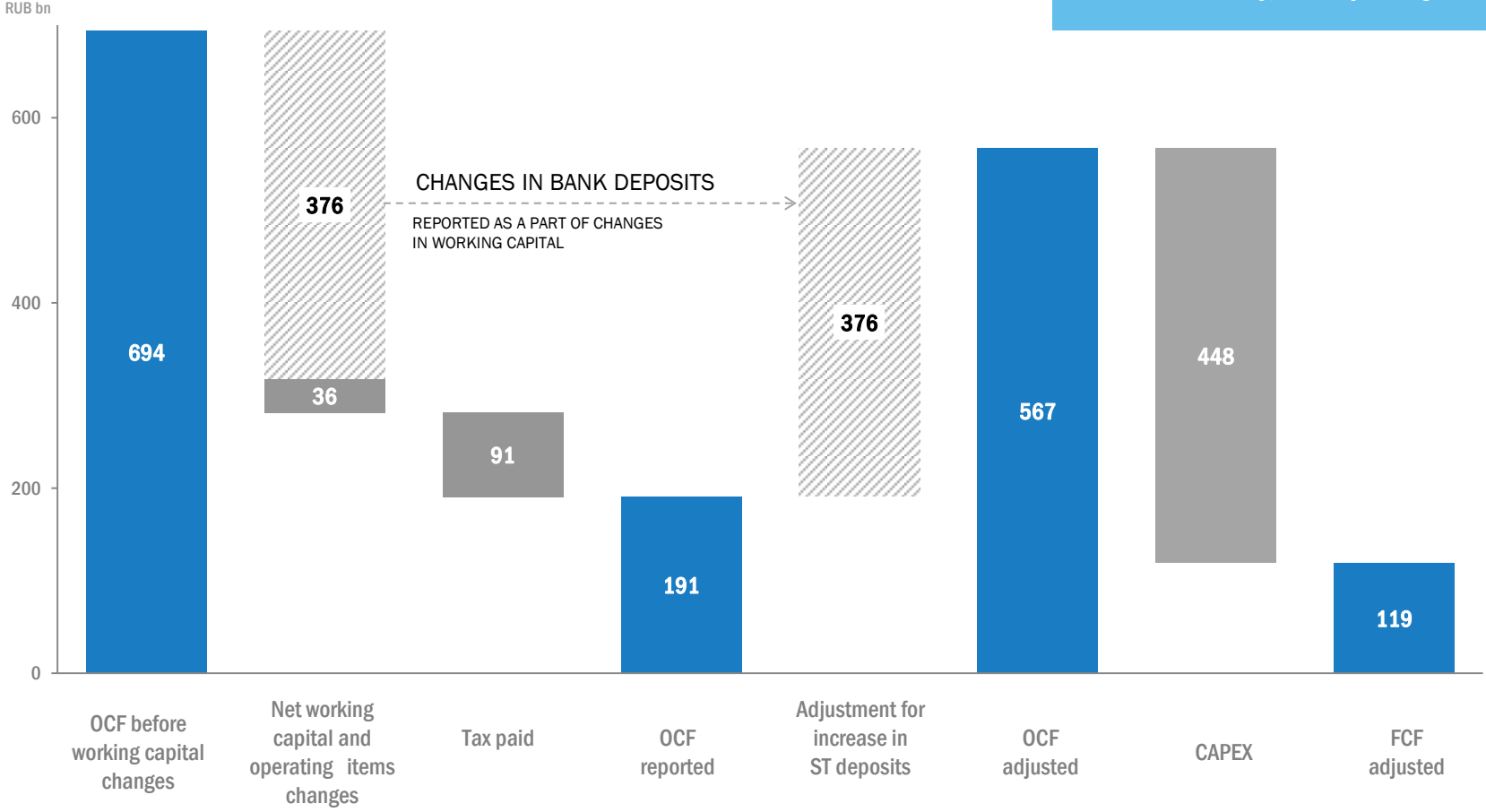


FCF ADJUSTED FOR CHANGES IN BANK DEPOSITS REMAINS POSITIVE AT RUB 488 BN (\$7.8 BN) IN 2018



4Q2018 ADJUSTED FREE CASH FLOW BREAKDOWN

FCF ADJUSTED FOR CHANGES IN BANK DEPOSITS REMAINS POSITIVE AT RUB 119 BN (\$1.8 BN) IN 4Q2018

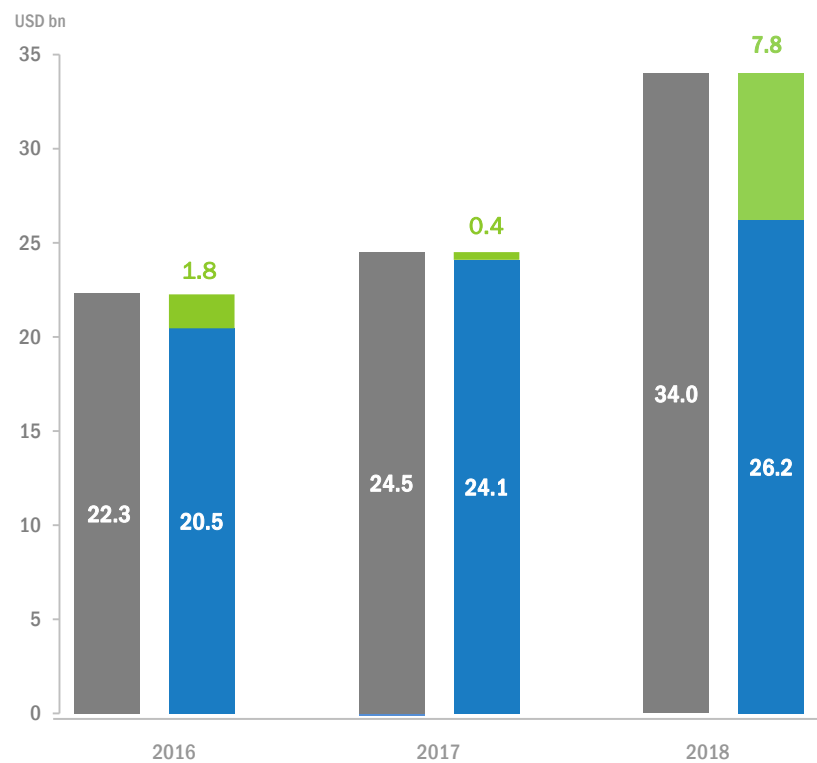
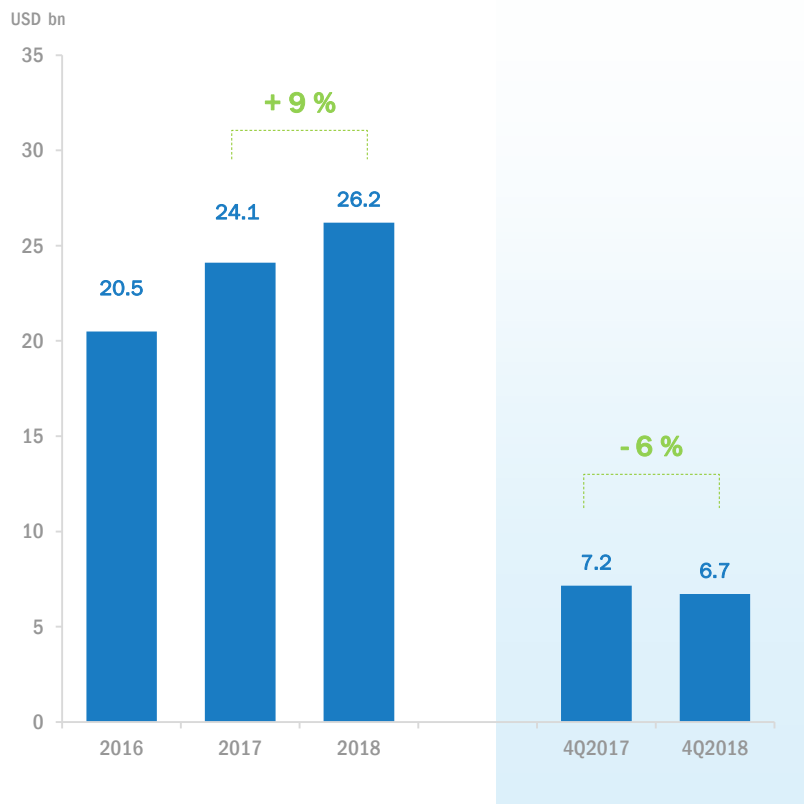


CAPITAL EXPENDITURES



Cash Capex

Positive FCF adj. despite high CAPEX level

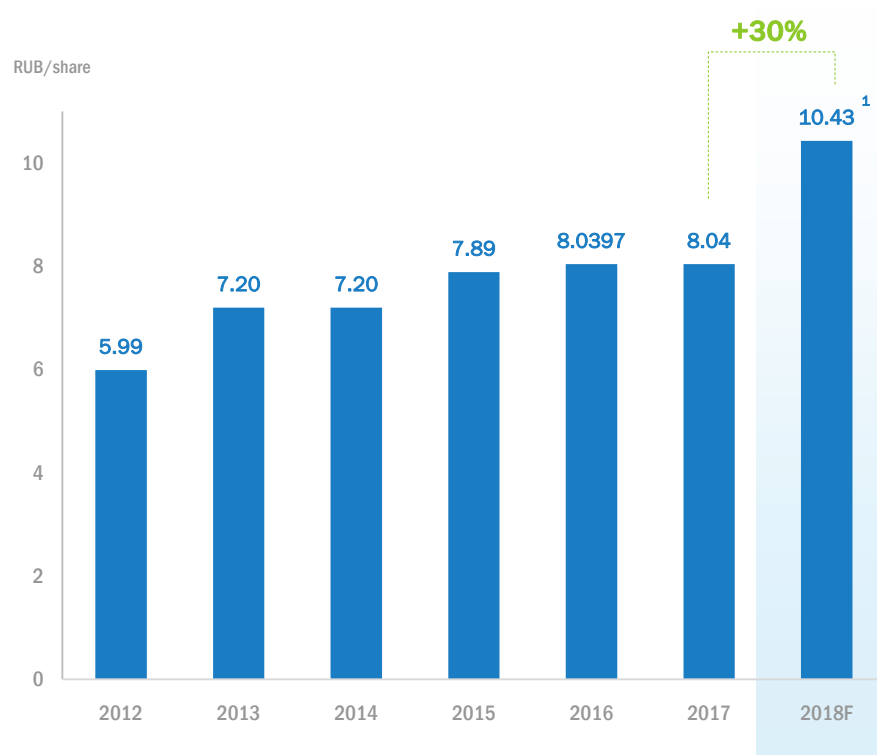


1 Capex breakdown as provided in Management Report

- Operating cash flow adj.
- CAPEX
- Free cash flow adj.

DIVIDENDS GROWTH

Dividend per share



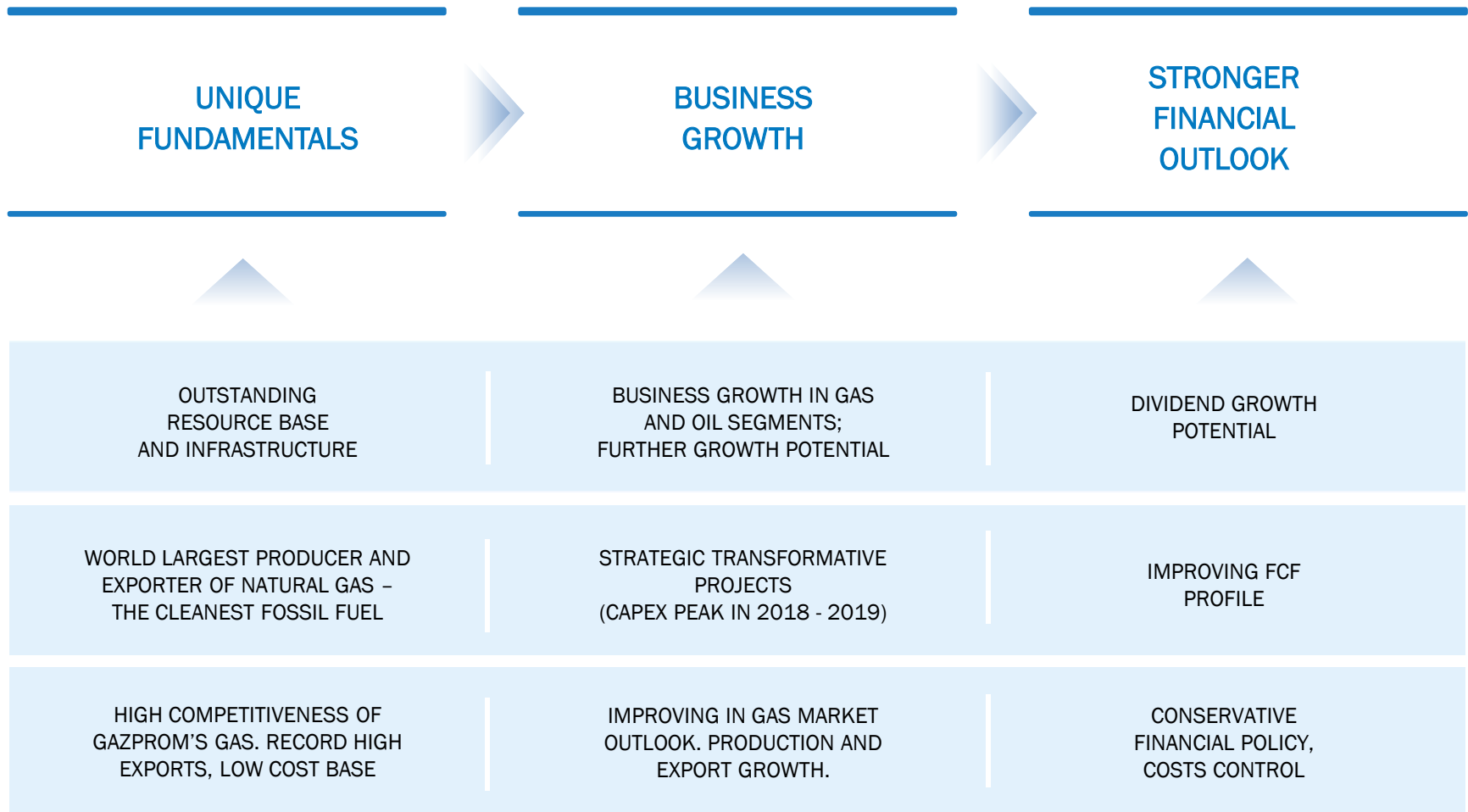
- HISTORICALLY RECORD-HIGH DIVIDENDS IN 2019
- OVER THE PAST FEW YEARS, GAZPROM CONSISTENTLY INCREASED DPS IN RUBLE TERMS

Outlook

- KEEPING DPS IN RUBLE TERMS NOT LOWER THAN THE LEVEL OF THE PREVIOUS PAYMENT
- MAINTENANCE OF CONSERVATIVE FINANCIAL STRATEGY
- BALANCED APPROACH TO THE DIVIDEND POLICY

¹ Proposed by the Management Committee

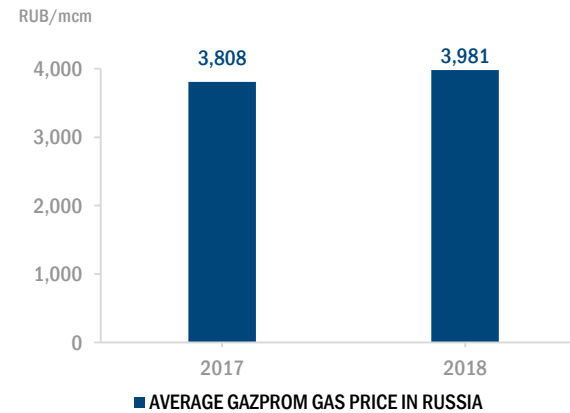
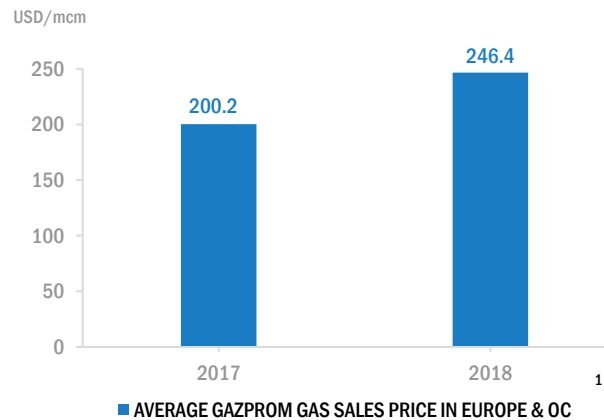
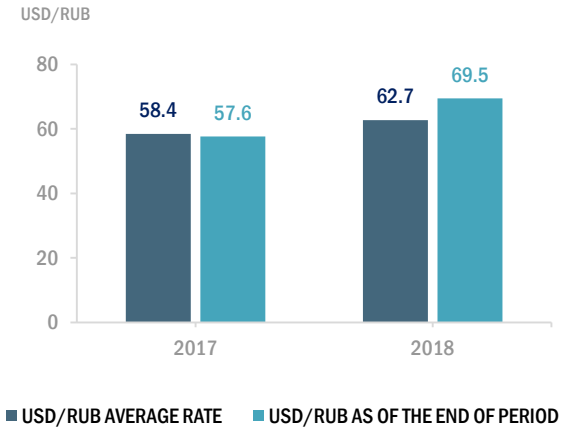
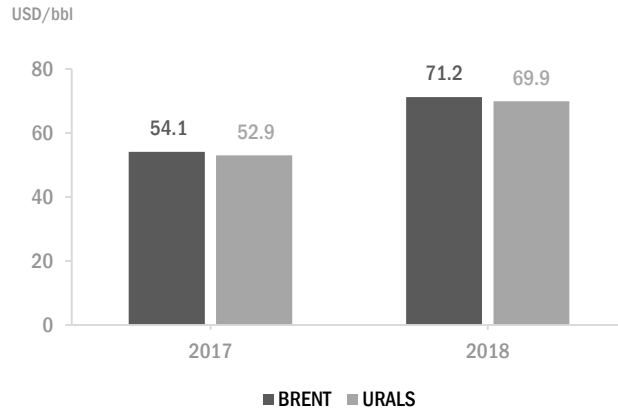
INVESTMENT CASE FROM PEAK INVESTMENTS TO HIGHER FCF





ADDITIONAL INFORMATION

MARKET ENVIRONMENT IN 2018 VS 2017

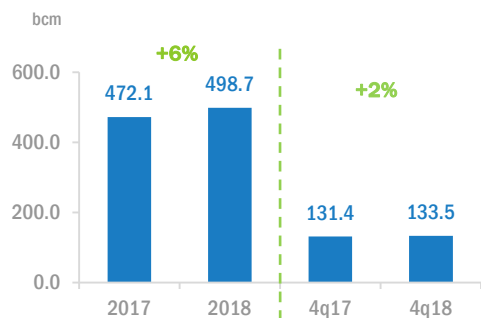


Source: Company data, Bloomberg, Bank of Russia website
 1 OC - Other countries: including LNG sales

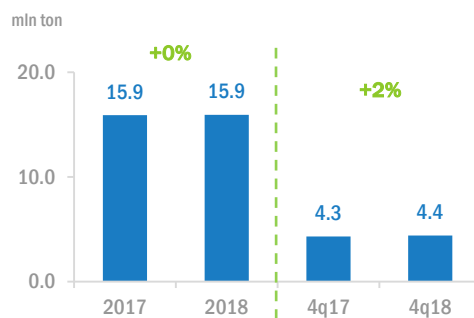
PRODUCTION



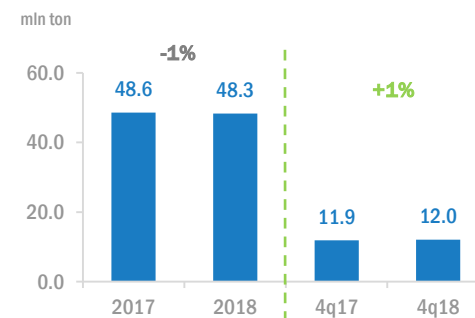
Natural gas



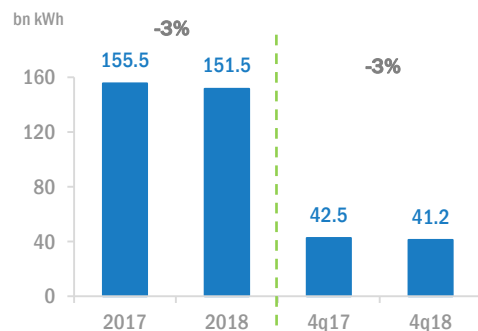
Gas condensate



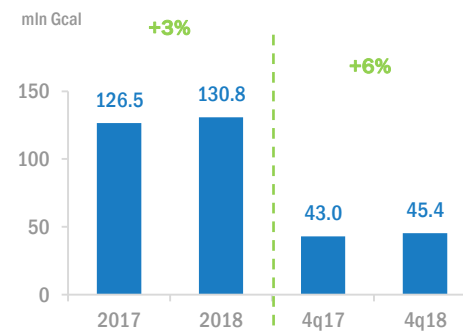
Crude oil



Electricity



Heat



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

IMPACT OF BANK DEPOSITS

Key features of bank deposits²:

- Early withdrawal clause
- Deposit term of over 3 months

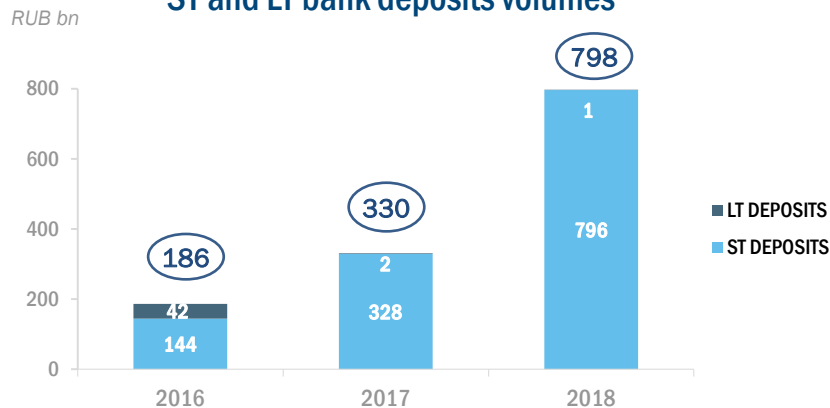
Impact of bank deposits on Net debt:

- 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

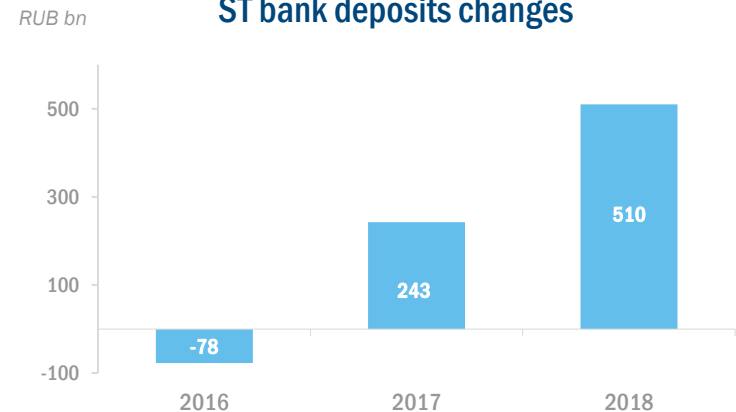
Impact of changes in ST bank deposits on Cash flows:

- 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 FY2018 IFRS report, note 12

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

RUSSIAN NATURAL GAS BALANCE



Bcm	2017	2018	4Q2017	4Q2018
Natural gas resources	770.29	810.64	214.09	219.02
Domestic gas production	691.19	725.41	188.29	193.61
Other sources including Central Asian and Azerbaijani gas	25.33	23.49	6.13	4.34
Gas withdrawn from underground storage in Russia, Latvia and Europe	50.45	59.33	19.05	20.66
Decrease in the amount of gas within the gas transportation system	3.31	2.42	0.61	0.41
Natural gas distribution	770.29	810.64	214.09	219.02
Domestic consumption	468.01	493.18	140.81	144.48
including needs of the gas transportation system and underground storages	37.81	40.55	11.11	10.77
Gas pumped into underground storages	53.02	56.17	4.13	3.97
Gas for LNG production	15.46	20.94	4.16	9.60
Foreign supplies	197.40	200.29	53.50	48.82
FSU supplies	32.88	36.70	10.58	10.62
Increase in the amount of gas within the gas transportation system	3.52	3.07	1.02	0.84

Source: Company Operating Data

THANK YOU!