



1 73 737	2,2	25,96	27,07	+0,17	3,32%
1 27 271	25,10	22,73	21,18	+0,26	0,89%
1 23 231	24,78	22,18	27,33	-1,14	-4,08%
1 23 231	26,19	27,17	311,58	+13,53	3,32%
1 23 231	9,22	9,73	96,51	+0,82	0,54%

GAZPROM'S FINANCIAL AND ECONOMIC POLICY PRESS CONFERENCE

JUNE 21, 2019

ST. PETERSBURG

This presentation was prepared by Gazprom (hereafter “the Company”). It contains corporate information for investors. This presentation does not constitute an offer to sell or a solicitation of any offer to purchase any shares or other securities for equity participation in the Company, or a subscription for such. The presentation and information contained herein, as well as the fact of the display or publication thereof, cannot be regarded in connection with any contract or investment decision.

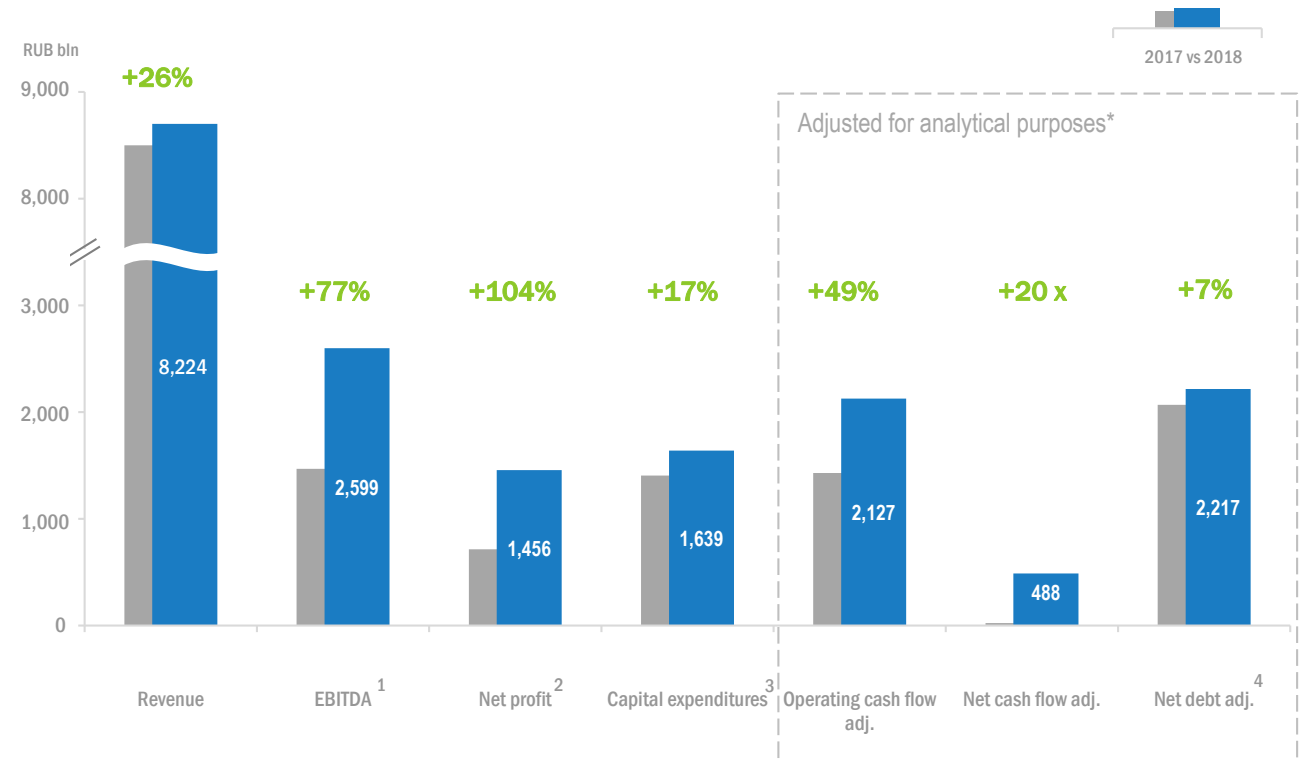
The information contained herein should not be construed as investment advice. The Company made every effort to ensure that the facts contained in this presentation would be reliable and the opinions voiced herein would be reasonable and impartial. However, no guarantees or assurances, either expressed or implied, are provided as to the accuracy and completeness of the information or opinions contained or reviewed herein on behalf of the Company or any of its shareholders, directors, officials, employees or any other persons. None of the Company’s directors, shareholders, officials, employees or any other persons assume any responsibility for any losses that may occur as a result of using this presentation or its contents in any form or in any other way relating to this presentation.

This presentation may contain forward-looking statements. Such forward-looking statements include the following: the data that are not accomplished facts; statements of the Company’s intentions; and suggestions or current expectations in relation to, inter alia, the Company’s operating results, its financial condition and liquidity, prospects, growth, strategy, and development of the industry the Company operates in. Due to being related to future events and depending on the circumstances that may occur in the future, forward-looking statements inherently involve risks and uncertainties. The Company wishes to advise that it provides no guarantees for forward-looking statements to be realized and that the actual operating results, financial condition and liquidity, as well as the development of the industry the Company operates in, may differ essentially from the projections or suggestions contained or implied in the said forward-looking statements. Furthermore, regardless of whether the Company’s operating results, financial condition and liquidity, as well as the development of the industry the Company operates in, conform with forward-looking statements contained herein, such results and circumstances do not reflect the results and circumstances of the future periods.

The data and statements contained in this presentation are relevant as of the time of its display and are subject to change without prior notice. No party is under legal obligation to update and amend the data contained herein.

By attending this presentation, you agree to abide by the limitations mentioned above.

- STRONG OPERATING RESULTS:
PRODUCTION GROWTH, RECORD-HIGH EXPORTS
- RECORD-HIGH FINANCIAL INDICATORS:
REVENUE, EBITDA, NET PROFIT
- SUSTAINABLE GROWTH OF OIL BUSINESS
- EXCELLENT FINANCIAL INDICATORS OF SUBSIDIARIES
- THIRTEEN CONSECUTIVE YEARS OF
POSITIVE FREE CASH FLOW



¹ EBITDA is adjusted by changes in asset impairment reserves

² Net profit for period, attributable to Gazprom's shareholders

³ Cash flow-based capital investments

⁴ Compared to net debt as of December 31, 2017

* To reflect bank deposits' growth in financial statements under IFRS as part of other current and non-current assets.

IMPROVING GAZPROM GROUP'S EFFICIENCY

BUDGETING

DEBT MANAGEMENT

ECONOMIC ANALYSIS

TAX ADMINISTRATION

TREASURY OPERATIONS

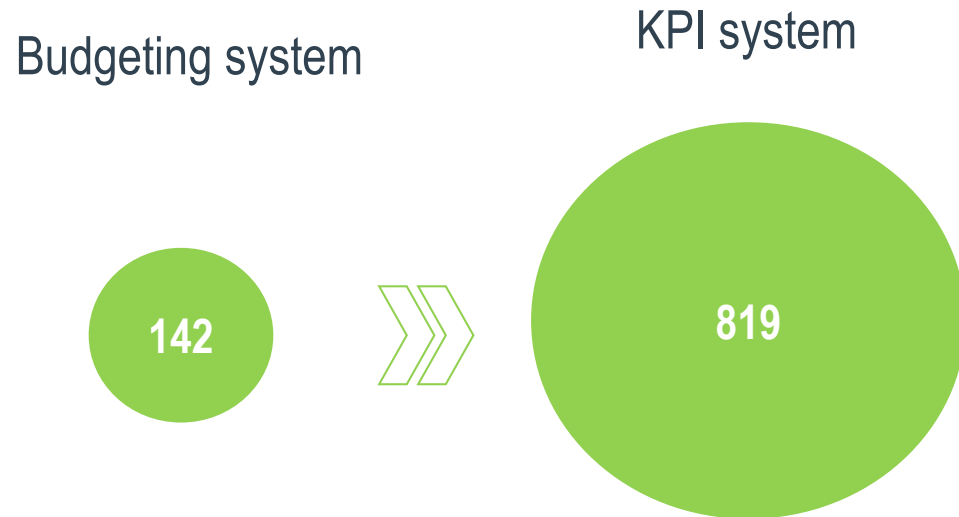
INVESTOR AND
SHAREHOLDER RELATIONS

RATE REGULATION

DIVIDEND POLICY

INVESTMENT ACTIVITY

KPI FRAMEWORK EXPANDED IN 2018



number of companies

MAIN RESULTS OF KPI IMPLEMENTATION IN 2018

RUB bln

Cost reductions in customary activities	11
Net profit increase	17
Savings in compliance with investment limit	12
Dividend increase in favor of Gazprom	10

PURPOSE OF KPI IMPLEMENTATION: Enhancing efficiency and transparency of Gazprom Group's activities by putting in place KPI target system in all of its subsidiaries

IMPROVING TAX ADMINISTRATION

TAX MONITORING

- Strengthening transparency
 - Increasing efficiency
- Reducing financial and tax risks

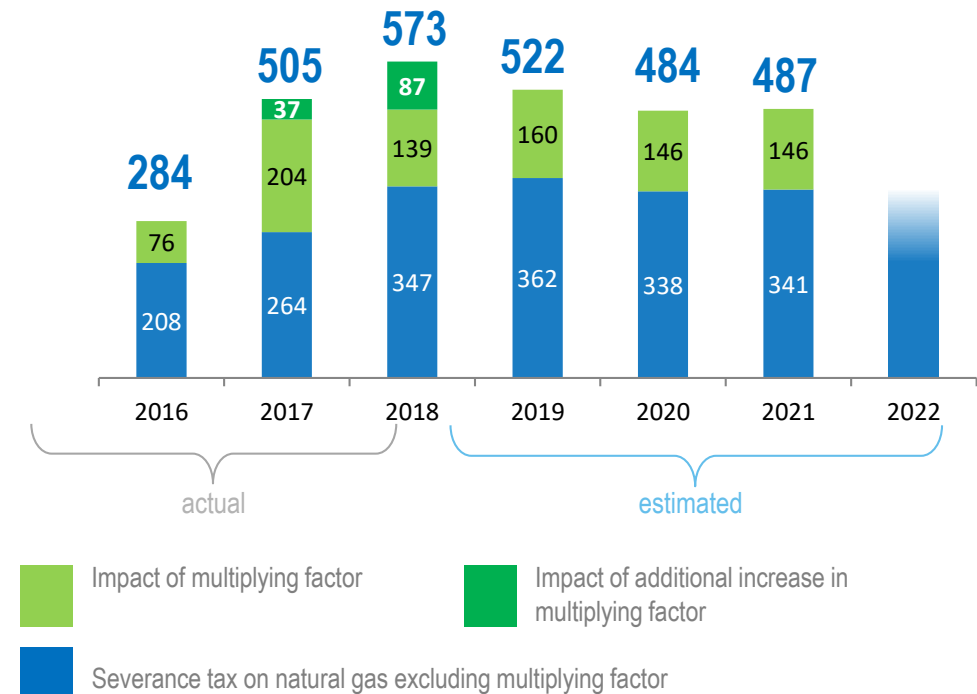
Gazprom is intent on:

- full compliance with regulatory requirements
- using tax incentive mechanisms

Sustainable tax regime required for operational and investment efficiency

SEVERANCE TAX ON NATURAL GAS

RUB bln



Data provided herein refers to main production subsidiaries of Gazprom Group, Severneftegazprom and Purgaz, excluding Gazprom Neft Group.

PRIMARY GOALS AND MEANS TO ACHIEVE THEM

Reasonable pricing

Formulation of proposals for Russia's FAS and executive authorities regarding:

- changes in regulated gas prices and rates;
- improvements in gas pricing and rate-setting methodology.

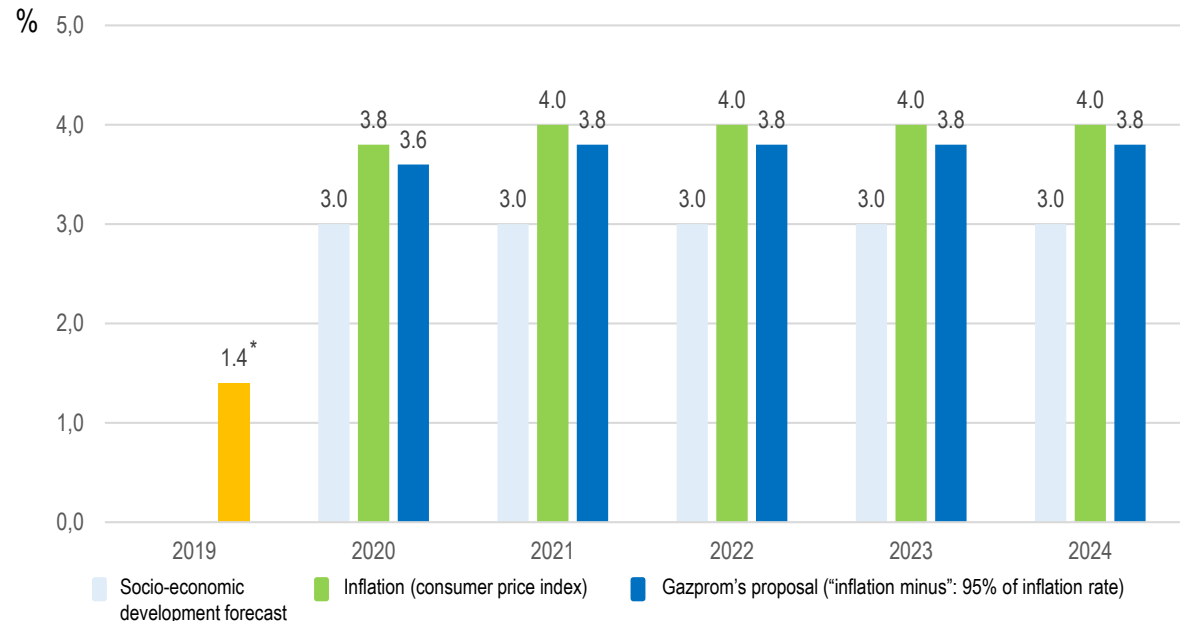
Consideration for Gazprom Group's strategic interests by Eurasian Economic Union (EEU)

Drafting of EEU's legal acts together with federal executive authorities and Eurasian Economic Commission.

Liberalization of domestic gas market

Preparation of proposals to ensure smooth transition from regulated wholesale gas prices to regulated transmission rates, selling more gas through exchange trading, and formula-based gas pricing.

PROPOSALS ON GAS PRICE AND TRANSMISSION RATE INDEXATION IN RUSSIA



* In 2019, Russian Federal Antimonopoly Service made a decision on indexation of gas prices for consumers by 1.4% starting from July 2019. No decision was made on indexation of gas transmission rates.

PRIMARY GOALS AND MEANS TO ACHIEVE THEM

Increase in operational efficiency and cost reduction

- Systematization, development of methodology and approaches to further streamline operational efficiency and cost reduction
- Interaction with manufacturers of priority materials and equipment in order to optimize costs

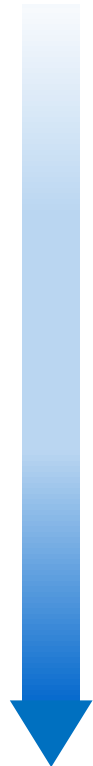
Ensuring of required returns on investments, optimization of capital investments

- Monitoring of investment projects' cost effectiveness in line with corporate requirements
- Development of price and rate formulas to ensure required returns on investments
- Improvement of design solutions to cut down on specific capital investments

2018 RESULTS

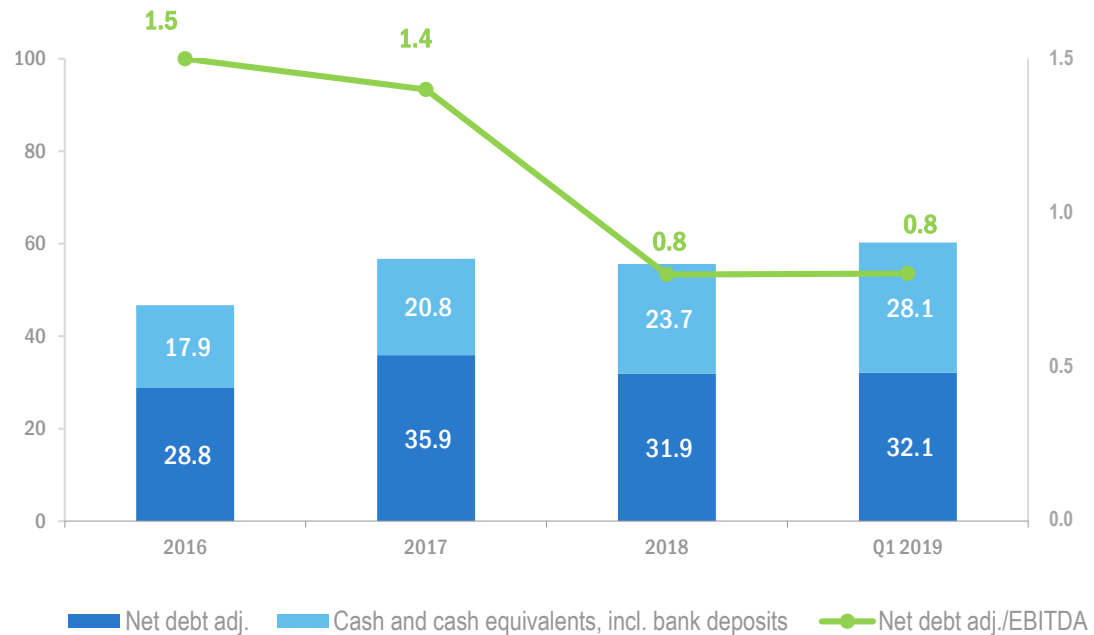
- Operational Efficiency and Cost Reduction Program of Gazprom is issued annually starting from 2009. In 2018, economic benefit from its implementation amounted to RUB 247 billion, including operating and investment costs
- Work was carried out to have manufacturers of priority equipment and materials optimize prices for Gazprom. Cost savings in 2018 totaled RUB 96 billion

- Returns on equity surpassing target values for 2018 approved by Gazprom's Board of Directors



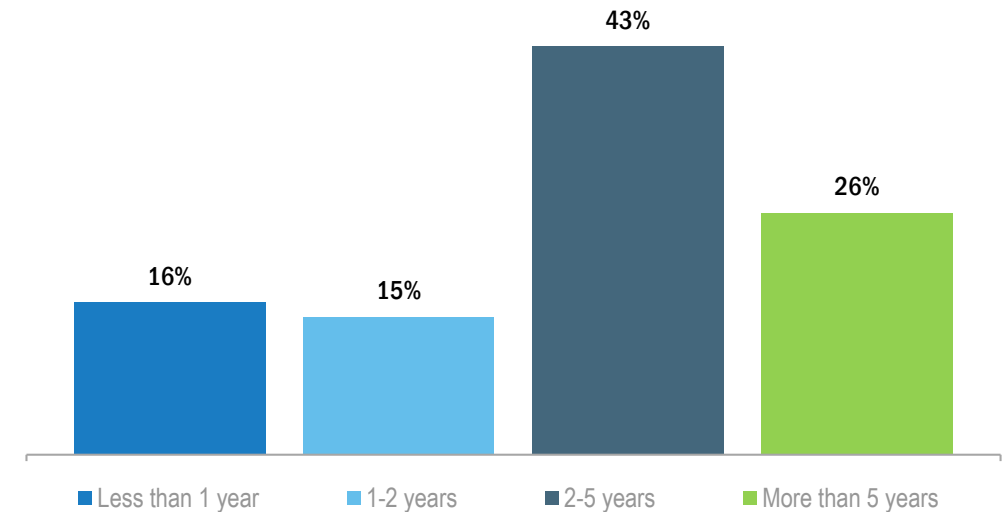
Stages of investment activity	Role of financial and economic unit
<ul style="list-style-type: none"> Drafting of project 	<ul style="list-style-type: none"> Economic analysis and investment optimization at drafting stage Monitoring of investment projects' cost effectiveness in line with corporate requirements Development of project's funding structure
<ul style="list-style-type: none"> Strategic planning for 10-year period 	<ul style="list-style-type: none"> Approval of financial and economic parameters of Long-term Development Program
<ul style="list-style-type: none"> Gazprom's 3-year budget and investment program 	<ul style="list-style-type: none"> Establishment of limits for investment program Maintenance of financial sustainability Securing of funds for projects
<ul style="list-style-type: none"> Gazprom's budget and investment program for coming year 	<ul style="list-style-type: none"> Establishment of limits for investment program Budgeting
<ul style="list-style-type: none"> Project implementation 	<ul style="list-style-type: none"> Approval of agreements Control of project expenditures Securing of funds for projects

NET DEBT, USD



- Comfortable net debt/EBITDA ratio: 1.0x – 2.0x
- Liquidity cushion – guarantee of Gazprom Group's fulfillment of all of its obligations

DEBT REPAYMENT PERIODS, AS OF Q1 2019



* In line with statements for Q1 2019 under IFRS

- Comfortable debt repayment profile
- Use of wide range of debt instruments
- Project financing

CASH POOLING SYSTEM OF GAZPROM GROUP AS OF MAY 31, 2019

Ruble-based
cash pooling system

316 participants
9 time zones
2 banking platforms

Cash pooling system
based on accounts
abroad

41 participants
13 legal systems
4 banking platforms

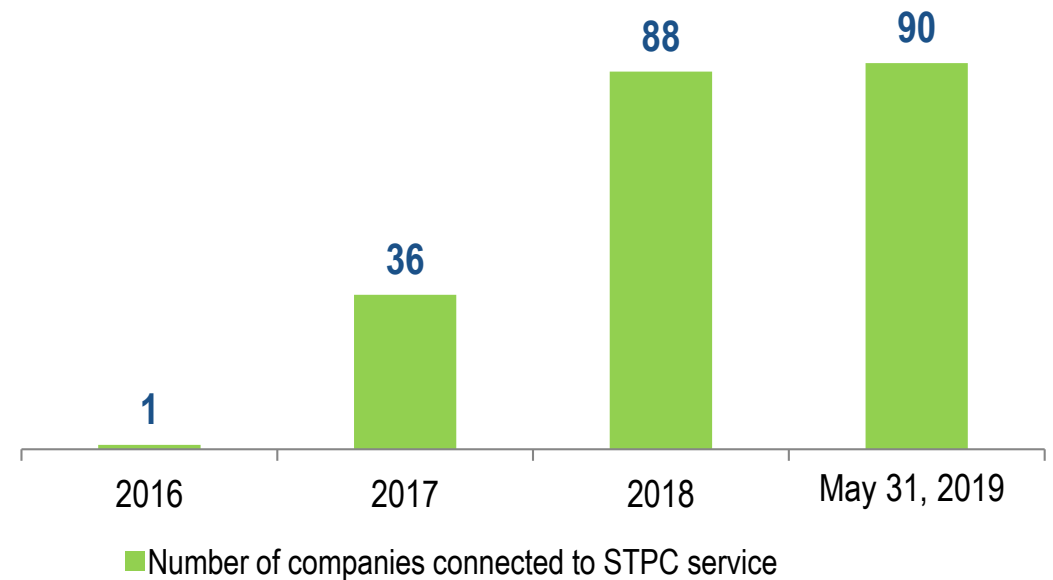
Cross-border
cash pooling system

1 participant
2 currencies

GOALS:

- EXPANDING LIST OF CASH POOLS' PARTICIPANTS
- ENHANCING TRANSPARENCY OF GAZPROM GROUP'S CASH FLOWS
- INCREASING REVENUES FROM LIQUIDITY MANAGEMENT

SINGLE TRANSACTION PROCESSING CENTER OF GAZPROM GROUP



GOALS:

- CONSOLIDATING GAZPROM GROUP'S PAYMENT OPERATIONS
- ENSURING OPERATIONAL CONTROL OVER PAYMENTS ACROSS GAZPROM GROUP
- PROVIDING NEW SERVICES ACROSS GAZPROM GROUP

DEVELOPING NEW DIVIDEND POLICY

Reaching target level of
50% net profit
of Gazprom Group under IFRS **in 3 years**

- Dividend policy will be developed before late 2019
- In 2020, dividend payouts are expected to be in line with new policy

- Non-cash adjustments to net profit
- Dividends are not linked to absolute amounts of preceding year

ENHANCING TRANSPARENCY AND PREDICTABILITY
INCREASING REVENUES OF SHAREHOLDERS AND INVESTORS

DEEPENING COOPERATION WITH INVESTMENT COMMUNITY

KEY AREAS OF FURTHER WORK

- Focusing IR activities on key regions of shareholders' presence (USA, UK, continental Europe)
- Further developing relations with Asian investment institutions
- Expanding investor database
- Increasing involvement of top management and independent directors in relations with investment community
- Diversifying formats of investor interactions
- Scaling up information disclosure
- Taking consistent steps towards sustainable development

GEOGRAPHIC CONCENTRATION OF GAZPROM'S INVESTORS



- **ENHANCING TRANSPARENCY AND EFFICIENCY OF GAZPROM GROUP'S FINANCIAL AND ECONOMIC ACTIVITIES**
- **STRENGTHENING RESPONSIBILITY OF MANAGERIAL STAFF AT ALL LEVELS FOR REACHING ESTABLISHED TARGETS**
- **ENSURING GROWTH OF SHAREHOLDERS' RETURNS, PROMOTING GAZPROM'S INVESTMENT ATTRACTIVENESS**
- **SUSTAINABLE DEVELOPMENT**

THANK YOU FOR YOUR ATTENTION!