

FINANCIAL AND ECONOMIC POLICY


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Deputy Chairman of the Management Committee

EXTRAORDINARY SITUATION IN OIL AND GAS MARKETS IN 2020

 **DROP IN DEMAND
DUE TO COVID-19
RESTRICTIONS** →

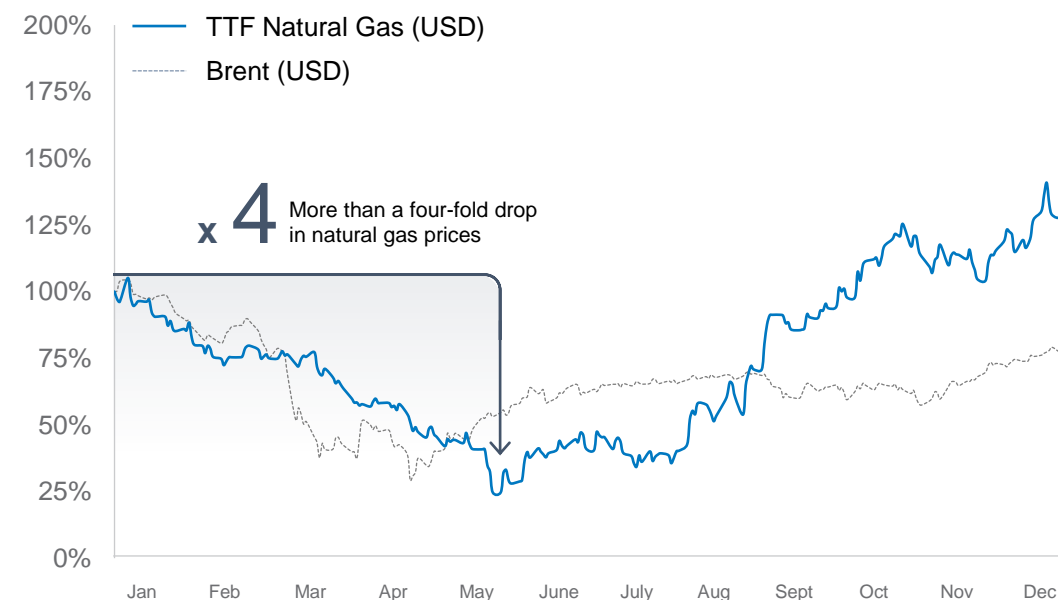
 **DISAGREEMENT
OVER THE OPEC+
DEAL EXTENSION** →

 **ABNORMALLY WARM WINTER** →
+3°C
compared to Europe's average
temperature for 1981–2010*

 **OVERSTRETCHED GAS STORAGE CAPACITIES** →
38% **60%**
Historical level** March
2020**

NATURAL GAS AND OIL PRICES IN 2020

Rebased to 100% as at 1 January 2020



Sources: FactSet as at 31 December 2020, Copernicus Climate Change Service, U.S. Energy Information Administration

* Europe's average temperature in the 2020 winter season (December to February) exceeded the 1980–2010 historical average by 3°C

** Europe's average gas storage capacity utilisation of 38% in March 2016–2020 as compared to 60% in March 2020



GAZPROM TOOK PROMPT ACTION TO RESPOND TO EXTRAORDINARY CIRCUMSTANCES

COST REDUCTION

- OPEX reduced by 20%
- CAPEX reduced by 26%

RESERVE FUND

The 2020 reserve fund (RUB 696 bn) enabled •
Gazprom to finance all its obligations

BUDGET REVISION

- Monthly budget monitoring
- Carefully managing the subholding companies' budgets (primarily Gazprom Neft and Gazprom Energoholding)

LIQUIDITY MANAGEMENT

Consolidating liquidity of the Group's 582 companies: •
539 Russian and 43 foreign entities
Pooling RUB 722 bn on a master account as at 1 January 2021 •
Bank overseeing contracts worth of RUB 2,976 bn •



POSITIVE IMPACT FROM MEASURES TAKEN IN 2020 TO RESPOND TO EXTERNAL CHALLENGES

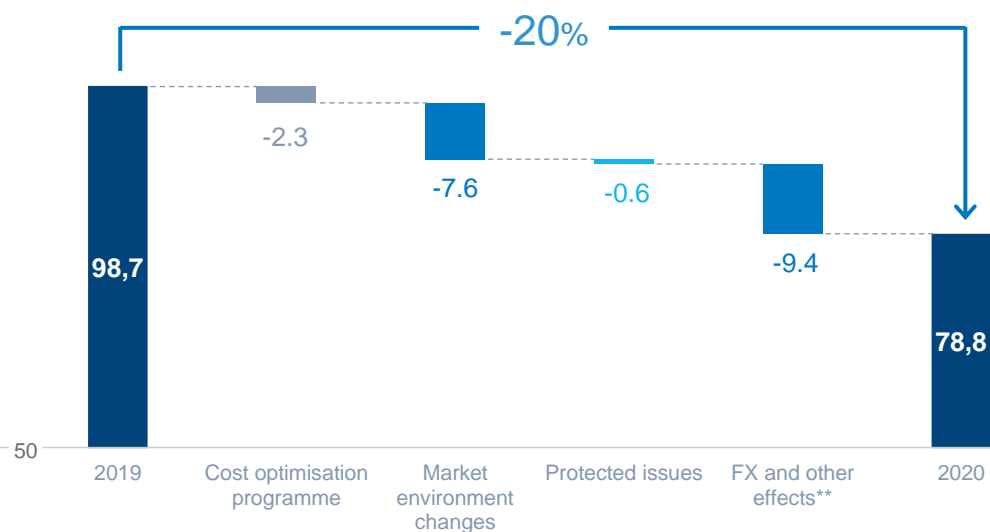


Gazprom significantly reduced
its operating and capital expenses in 2020

Expense caps for 2021
set considering cost reduction in 2020

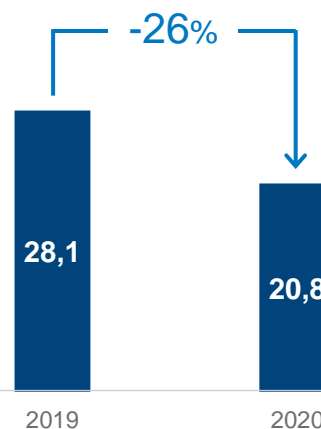
OPEX REDUCTION*

Gazprom Group's OPEX, y-o-y
USD bn

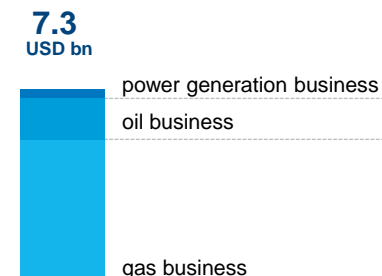


CAPEX REDUCTION

Gazprom Group's
CAPEX, y-o-y***
USD bn



CAPEX REDUCTION BREAKDOWN*



CAPEX reduction

* Based on management accounting, ** Foreign exchange differences and other effects, *** Including capitalised interest

GAZPROM GROUP'S TAXES



Despite the 2020 crisis, Gazprom is still one of the largest taxpayers

- In 2020, Gazprom's total payments to the budgets at all levels amounted to RUB 2.4 tn*
- Lower mineral extraction tax (MET) and customs duty payments were due to reduced prices and sales, and higher excise duties were linked to the damping mechanism

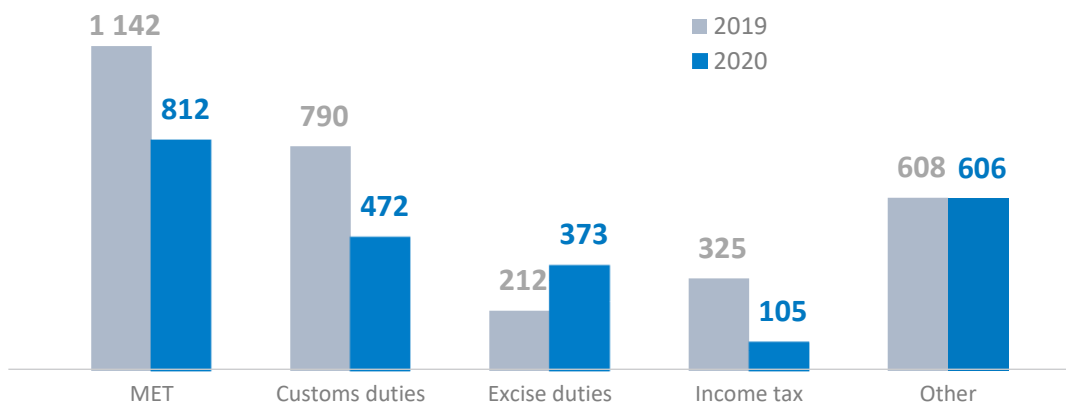


The Group takes measures to prevent tax violations by its contractors and expands cooperation with the Russian Federal Tax Service as part of the tax monitoring process

- Ongoing transition of the Gazprom Group entities to tax monitoring
- Document submission requests reduced more than by 90%
- Higher reliability of financial statements due to improvements to the internal control system

GAZPROM BUDGET PAYMENTS BREAKDOWN

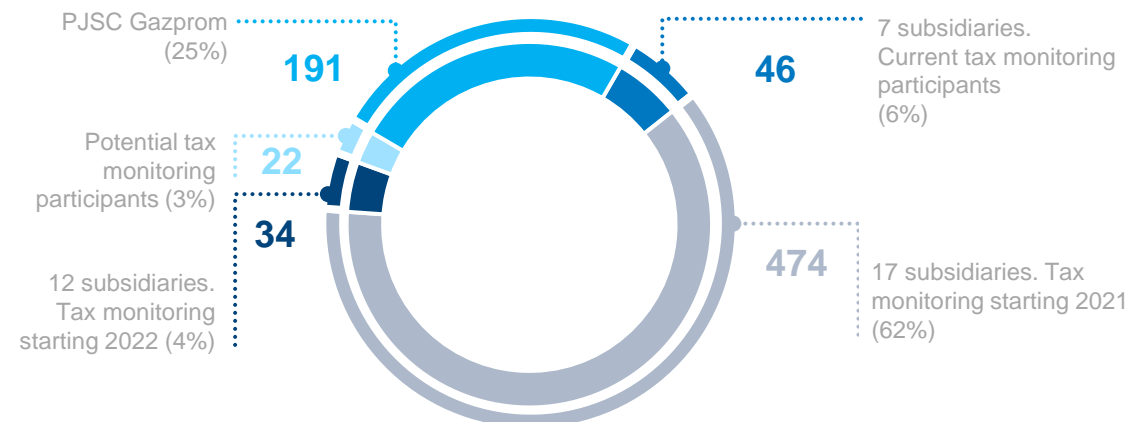
RUB BN



* According to IFRS

TAXES PAID BY THE CONSOLIDATED GROUP OF TAXPAYERS IN 2020**

RUB BN

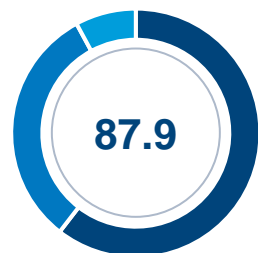


** MET, excise duties, income tax, property tax

2020 RESULTS: MAINTAINED FINANCIAL STRENGTH

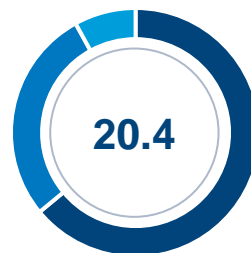
2020 FINANCIAL HIGHLIGHTS BY SEGMENT*

Revenue
USD bn

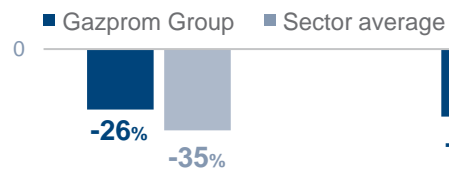


- Gas business (incl. miscellaneous segments)
- Oil business
- Power generation business

EBITDA
USD bn

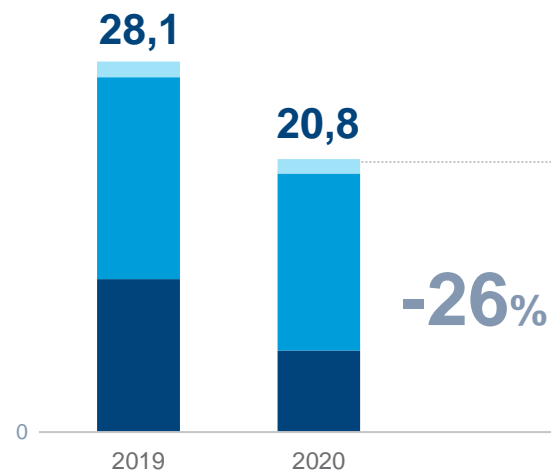


Revenue and EBITDA, 2020 vs 2019**



CAPEX***
USD bn

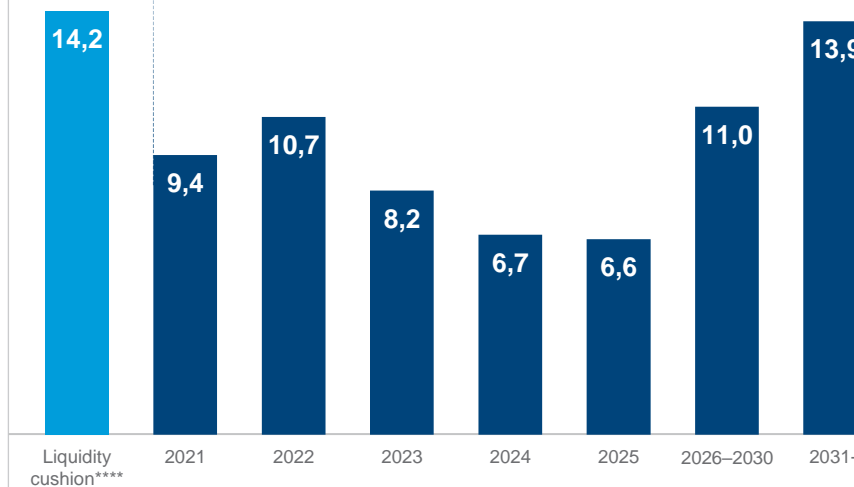
- Power generation business
- Gas business (incl. miscellaneous segments)
- Oil business



COMFORTABLE LIQUIDITY POSITION

USD bn

← Debt repayment schedule →



DEBT MANAGEMENT



Without additional measures, Net debt / EBITDA could have exceeded 3.0x as at the end of 2020



Measures taken by the management helped contain the ratio growth



EBTIDA RECOVERY

Increase in gas exports and prices in 2H

DECREASE IN BORROWINGS

Borrowings through traditional instruments down by RUB 129 bn

PERPETUAL BONDS

USD 1.4 bn
EUR 1 bn

PROJECT FINANCING

Yuzhno-Russkoye field, RUB 40 bn,
Semakovskoye field, up to RUB 70 bn

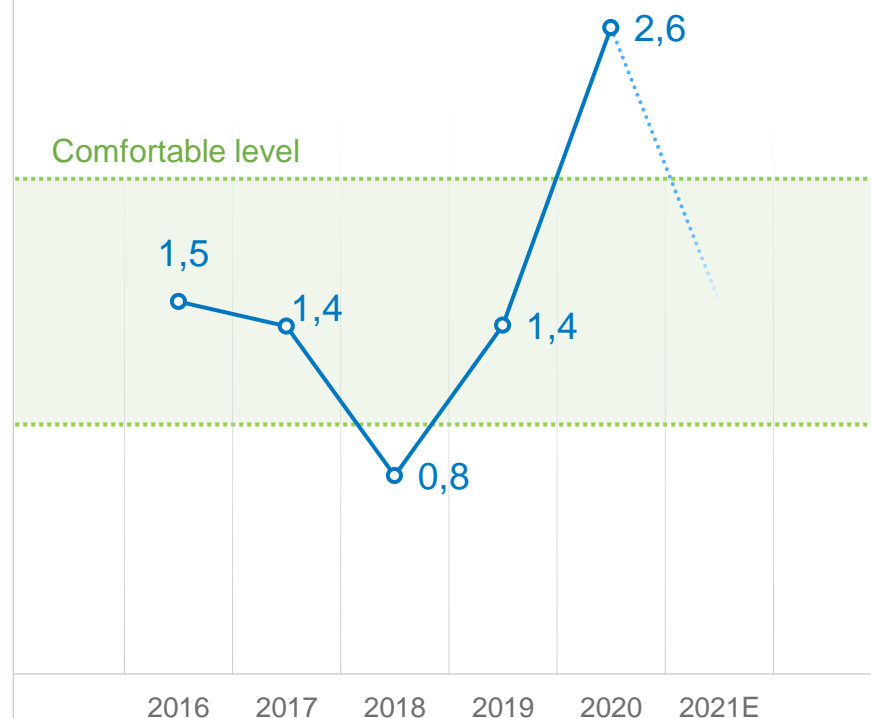


2.6x

Net debt / EBITDA in 2020

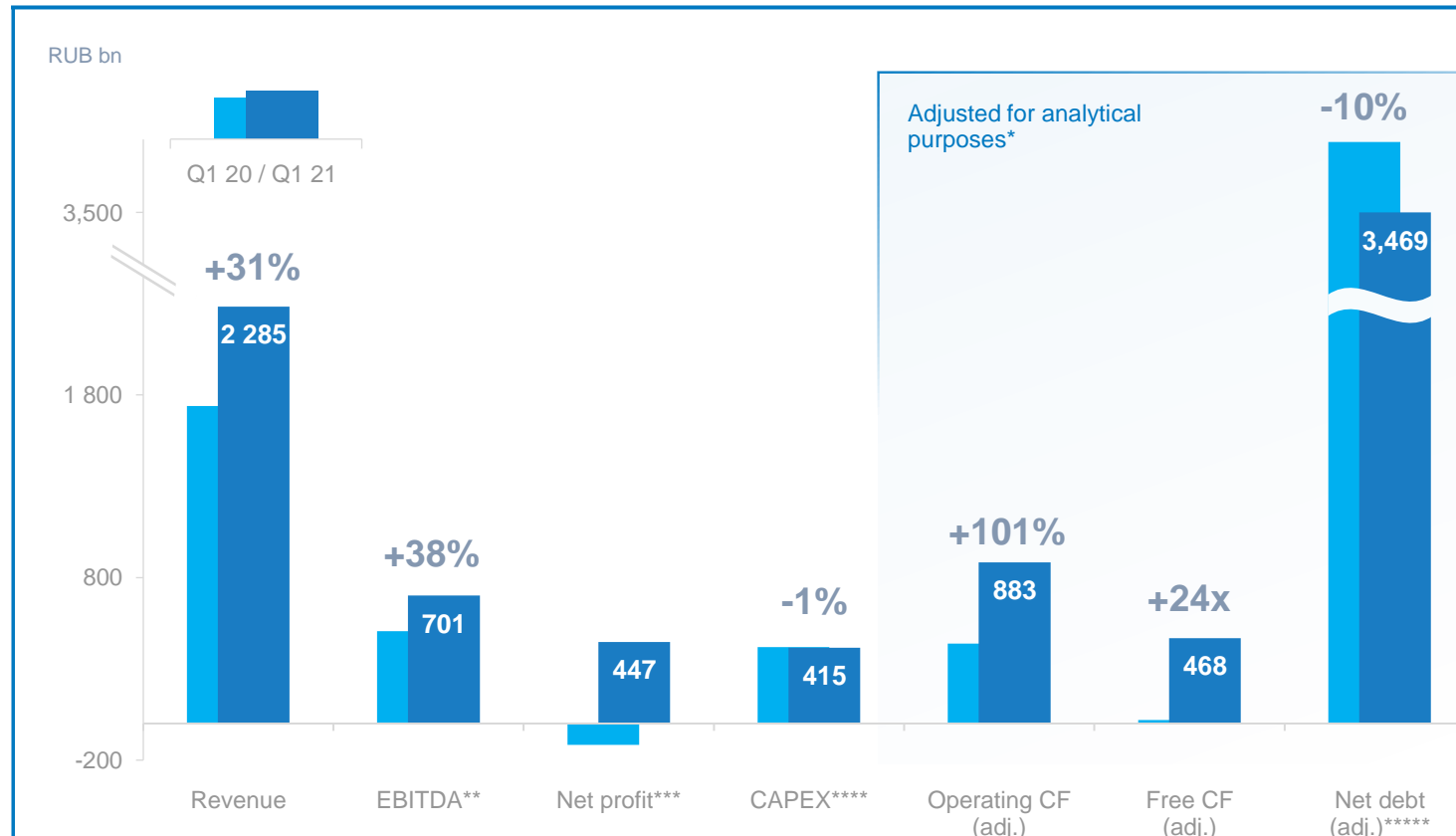


NET DEBT / EBITDA



GAZPROM'S STRONG FINANCIAL PERFORMANCE IN Q1 2021

- ✓ Q1 2021 EBITDA – **second highest result in history and the highest since 2018**
- ✓ **Record-high** free cash flow
- ✓ Net debt / EBITDA **down to 2.1x**
- ✓ **Stringent control** over operating and capital expenses



* To reflect the effect of the increased bank deposits (included in other current and other non-current assets)

** EBITDA adjusted to account for changes in the impairment provisions

*** Profit for the period attributable to Gazprom's shareholders

**** Cash capital expenses

***** Versus net debt as at 31 December 2020

RAPID DIVIDEND GROWTH

✓ **RUB 12.55**
per share (RUB 297.1 bn) –
dividend for 2020*

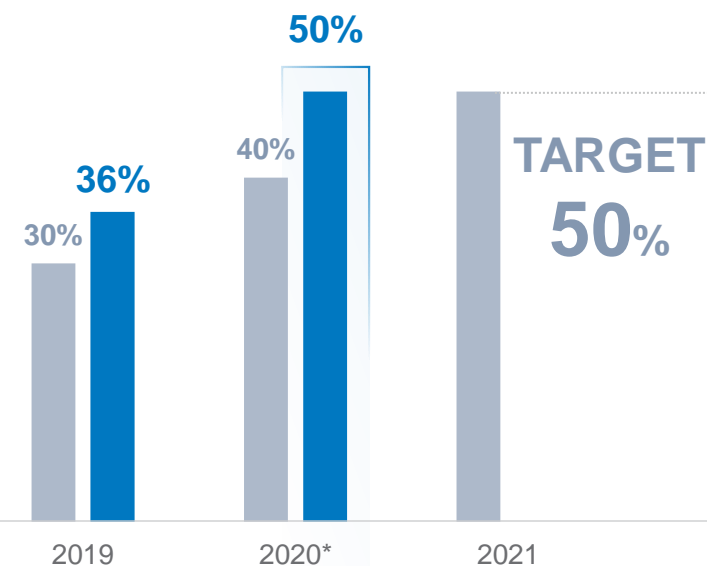
✓ **50%**
adj. net profit 2020 – the target
achieved one year ahead of
schedule

✓ **at least 50%**
starting from the payment of
dividends for 2021

✓ Payment of dividends from **positive
free cash flow**

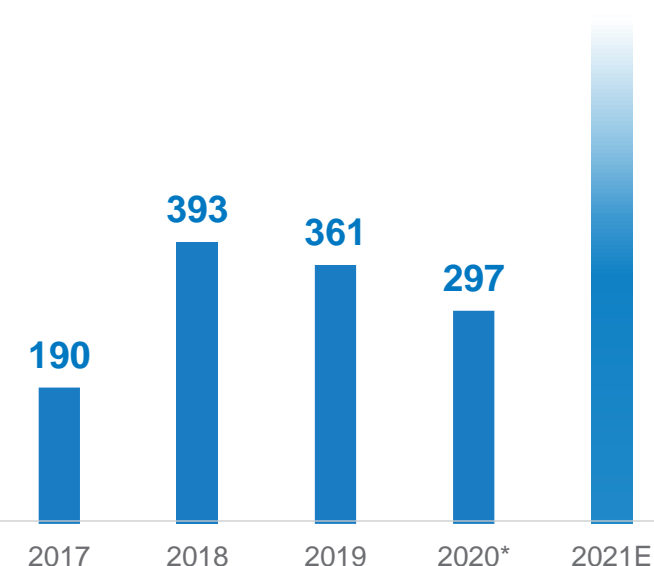
\$ DIVIDEND AS % OF ADJUSTED NET PROFIT

■ Minimum under Dividend Policy ■ Actual



\$ GAZPROM'S DIVIDEND PAYMENTS GROWTH

■ Amount of dividend declared
RUB bn



GAZPROM'S SHARES UPSIDE POTENTIAL UNDERPINNED BY STRONG INVESTMENT CASE

COMPETITIVE EDGE

- Low gas production cost and unique gas transportation infrastructure
- Leadership in the European gas market
- Growing gas supplies to China

FINANCIAL STRENGTH

- Conservative financial policy
- Growing income coming from strategic projects launched as planned and favourable market environment
- Dividend of at least 50% of adjusted net profit
- Dividend payable from free cash flow
- Comfortable leverage

SUSTAINABLE DEVELOPMENT

- Natural gas is the cleanest fossil fuel
- Leading CDP Climate Change and CDP Water Security scores among Russian oil and gas companies
- Project to evaluate low-carbon development scenarios through 2050 launched
- Included in MSCI ESG Leaders Indexes
- Sustainable Development Policy approved
- Senior independent director appointed
- Ongoing improvement of ESG disclosure