



RELEASE

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Gazprom Board of Directors discusses dividend policy approaches for 2018–2020

The Gazprom Board of Directors took note of the information about the Company's dividend policy for 2018–2020.

It was noted that the Company pursued a well-balanced dividend policy. When drafting recommendations on dividend payout for the General Shareholders Meeting, Gazprom follows a number of basic principles aimed at, inter alia, increasing the Company's investment attractiveness and capitalization while retaining the balance of interests between dividend payments and long-term development plans.

In order to implement its dividend policy and preserve financial stability and conditions for steady development, Gazprom makes systematic efforts to improve the efficiency of its operations. To that effect, the Company applies a conservative approach to financial planning and uses a range of tools to control cost growth, namely optimizes costs when drawing up and revising budgets and the Investment Program, widely uses competitive procedures in procurement, executes cost reduction programs, and implements cost optimization plans for individual business sectors.

Over the past few years, Gazprom consistently increased its dividend payouts, with RUB 5.99 per share paid in annual dividends based on the Company's operating results in 2012, followed by RUB 7.2 per share for 2013 and 2014, RUB 7.89 per share for 2015, and RUB 8.0397 per share for 2016. Pursuant to the decision of the annual General Shareholders Meeting, Gazprom allocated RUB 190.3 billion for dividend payout based on the operating results in 2016, which was the largest such amount among public Russian companies. Gazprom's dividend yield is commensurate to, and sometimes higher than, that of global energy majors.

The Company's management intends to maintain the conservative financial strategy and balanced approach to the dividend policy in 2018–2020. Gazprom seeks to keep the dividend amount in rubles equal to or higher than the level of the previous payout. Furthermore, decisions on dividend payments have to take into account the situation in the international oil and gas and financial markets, the amount of net profit secured by the free cash flow, the planned repayments of Gazprom's debt obligations, and the Company's funding needs for the simultaneous implementation of a number of ambitious investment projects.

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