

August 10, 2016

Gazprom's financial information under International Financial Reporting Standards (IFRS) for the three months ended March 31, 2016

Today PJSC Gazprom issued its unaudited consolidated interim condensed financial information prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) for the three months ended March 31, 2016.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income prepared in accordance with IFRS for the three months ended March 31, 2016 and for the three months ended March 31, 2015. All amounts are presented in millions of the Russian Rubles.

	Three months ended March 31,	
	2016	2015
Sales	1,737,364	1,648,253
Net gain (loss) from trading activity	18,508	(18,013)
Operating expenses	(1,453,899)	(1,171,585)
Operating profit	301,973	458,655
Finance income	403,339	683,675
Finance expense	(236,552)	(683,588)
Share of net income of associates and joint ventures	12,845	37,314
Gains on disposal of available-for-sale financial assets	355	38
Profit before profit tax	481,960	496,094
Current profit tax expense	(71,514)	(74,584)
Deferred profit tax expense	(37,105)	(31,892)
Profit tax expense	(108,619)	(106,476)
Profit for the period	373,341	389,618
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	(30,781)	(54,348)
Total items that will not be reclassified to profit or loss	(30,781)	(54,348)
Items that may be reclassified subsequently to profit or loss:		
Gains arising from change in fair value of available-for-sale financial assets, net of tax	4,391	598
Share of other comprehensive (loss) income of associates and joint ventures	(3,557)	4,117
Translation differences	(97,948)	(10,826)
Gains from cash flow hedges, net of tax	26,775	2,770
Total items that may be reclassified subsequently to profit or loss	(70,339)	(3,341)
Other comprehensive loss for the period, net of tax	(101,120)	(57,689)
Total comprehensive income for the period	272,221	331,929

Profit for the period attributable to:

Owners of PJSC Gazprom	362,309	382,112
Non-controlling interest	<u>11,032</u>	<u>7,506</u>
	373,341	389,618

Total comprehensive income for the period attributable to:

Owners of PJSC Gazprom	265,181	328,199
Non-controlling interest	<u>7,040</u>	<u>3,730</u>
	272,221	331,929

Total sales (net of excise tax, VAT and customs duties) increased by RUB 89,111 million, or 5%, to RUB 1,737,364 million for the three months ended March 31, 2016 compared to the same period of the prior year. The increase in sales is mainly driven by the increase in sales of gas to Europe and Other countries.

More detailed information concerning the main items of the sales' structure for the three months ended March 31, 2016 and March 31, 2015 is presented in the table below.

(RUB million unless indicated otherwise)	Three months ended March 31,	
	2016	2015
Sales of gas		
<i>Europe and Other countries</i>		
Net sales (net of excise tax and customs duties)	663,176	542,993
Volumes in bcm	58.1	39.1
Average price, RUB per mcm (including excise tax and customs duties)	14,049.3	17,959.1
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	116,935	155,638
Volumes in bcm	10.9	12.9
Average price, RUB per mcm (including customs duties)	11,741.3	13,427.7
<i>Russian Federation</i>		
Net sales (net of VAT)	291,850	286,553
Volumes in bcm	75.4	80.3
Average price, RUB per mcm (net of VAT)	3,872.9	3,567.7
<i>Total sales of gas</i>		
Retroactive gas price adjustments	893	16,425
Net sales (net of excise tax, VAT and customs duties)	1,072,854	1,001,609
Volumes in bcm	144.4	132.3
Net sales of refined products (net of excise tax, VAT and customs duties)	337,940	364,681
Net electric and heat energy sales (net of VAT)	147,570	133,204
Net sales of crude oil and gas condensate (net of VAT and customs duties)	75,529	59,511
Net gas transportation sales (net of VAT)	47,596	44,507
Other revenues (net of VAT)	<u>55,875</u>	<u>44,741</u>
Total sales (net of excise tax, VAT and customs duties)	1,737,364	1,648,253

Net sales of gas increased by RUB 71,245 million, or 7%, to RUB 1,072,854 million for the three months ended March 31, 2016 compared to the same period of the prior year.

Net sales of gas to Europe and Other countries increased by RUB 120,183 million, or 22%, to RUB 663,176 million for the three months ended March 31, 2016 compared to the same period of the prior year. This was mainly driven by the increase in volumes of gas sold by 49%, or 19.0 bcm, which was partially

compensated by the decrease in average Russian Ruble prices (including excise tax and customs duties) by 22%.

Net sales of gas to Former Soviet Union countries decreased by RUB 38,703 million, or 25%, to RUB 116,935 million for the three months ended March 31, 2016 compared to the same period of the prior year. The change was due to the decrease in volumes of gas sold by 16%, or 2.0 bcm, and the decrease in average Russian Ruble prices (including customs duties) by 13%.

Net sales of gas in the Russian Federation increased by RUB 5,297 million, or 2%, to RUB 291,850 million for the three months ended March 31, 2016 compared to the same period of the prior year. This is primarily explained by the increase in average prices by 9%, that was partially compensated by the decrease in volumes of gas sold by 6%, or 4.9 bcm.

Operating expenses increased by RUB 282,314 million, or 24%, to RUB 1,453,899 million for the three months ended March 31, 2016 compared to the same period of the prior year.

The increase in operating expenses is explained by an increase in a number of items such as:

“Purchased gas and oil” — an increase by RUB 138,804 million due to an increase in expenses for gas as a result of the change in the scope of consolidation related to the completion of the Swap Agreement between PJSC Gazprom and Wintershall Holding GmbH on 30 September 2015;

“Transit of gas, oil and refined products” — an increase by RUB 41,306 million, or 33%.

Moreover, the change in foreign currency exchange rates in the reporting period resulted in an increase in expense disclosed in the line item “Foreign exchange rate differences on operating items” by RUB 25,211 million, or 145%.

Profit attributable to the owners of PJSC Gazprom for the three months ended March 31, 2016 totaled RUB 362,309 million which is RUB 19,803 million, or 5% less than for the same period of the prior year.

Net debt balance (defined as the sum of short-term borrowings, current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable, net of cash and cash equivalents and balances of cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings and other contractual obligations) decreased by RUB 300,102 million, or 14%, from RUB 2,083,120 million as of December 31, 2015 to RUB 1,783,018 million as of March 31, 2016. This decrease resulted from an increase in cash and cash equivalents and change in foreign currency exchange rates (depreciation of US Dollar and Euro).

More detailed information on the IFRS consolidated interim condensed financial information for the three months ended March 31, 2016 can be found on the PJSC Gazprom’s site (www.gazprom.ru).

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