



RELEASE

26.10.2020

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For more information, see the Base Prospectus regarding Eurobonds dated October 6, 2020:

https://www.ise.ie/debt_documents/Base%20Prospectus_2024c86c-3913-4f44-b9b3-2fb470e5a5e4.PDF.

Transaction on debut issue of Gazprom's perpetual Eurobonds closed

A transaction on placement of a debut issue of perpetual subordinated Eurobonds of Gazprom expressed in US dollars and euros was closed on October 26, 2020.

The volume of investor demand has exceeded USD 7.4 billion, showing an all-time high for Gazprom's Eurobond offerings since 2013. At the same time, the overall share of foreign investors' applications amounted to 80 per cent of the total volume. The final order book reflected the following investor structure: continental Europe (33 per cent for issue in USD and 52 per cent for issue in EUR), the UK (27 per cent and 21 per cent, respectively), the USA (16 per cent and 5 per cent), Asia and other regions (4 per cent and 3 per cent), Russia (20 per cent and 19 per cent).

As a result of placing two issues, the Company attracted USD 1.4 billion and EUR 1 billion (equivalent to USD 2.575 billion in total). 220 investors took part in the USD-denominated issue, and 170 investors – in the EUR-denominated issue.

The securities were placed with a minimum premium rate (spread) with regard to senior Eurobonds of Gazprom compared to similar securities issued by other companies in 2020. The spread was 180 basis points for the USD-denominated issue and 190 basis points for the EUR-denominated issue (premiums of foreign issuers for placing hybrid instruments ranged from 200 to 320 basis points).

The structure of the transaction, drawing on the best international practices, allows Gazprom to include perpetual Eurobonds in its equity capital in accordance with the international financial reporting standards. This will help decrease the net debt and the net debt-to-EBITDA ratio of the Gazprom Group. In addition, rating agencies will be able to account for these bonds with a 50 per cent weight in the cost of capital.

The attracted funds will be used for general purposes of the Company, primarily, to refinance the current debt burden, subject to all legal restrictions. Reduction of borrowings is an essential part of Gazprom's comprehensive measures aimed at improving its financial stability on the backdrop of the challenging external trends in energy prices observed in 2020.

Considering a high investor interest in hybrid instruments, Gazprom is looking at the possibility of placing the first perpetual subordinated bond issue in rubles in the Russian market.

INFORMATION DIRECTORATE, PJSC GAZPROM

www.gazprom.ru

Media

+7 (812) 609-34-21

+7 (812) 609-34-05

+7 (812) 609-34-31

+7 (812) 609-34-27

pr@gazprom.ru

Investment Community

+7 (812) 609-41-29

ir@gazprom.ru