

August 29, 2019

**Gazprom's financial information under International Financial Reporting Standards (IFRS)
for the six months ended June 30, 2019**

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 six months ended June 30, 2019.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income for the six months ended June 30, 2019 and for the six months ended June 30, 2018. All amounts in the table are presented in millions of Russian Rubles.

	Six months ended June 30,	
	2019	2018
Sales	4,076,751	3,971,555
Net loss from trading activity	(32,615)	(2,294)
Operating expenses	(3,196,687)	(3,035,649)
Impairment loss on financial assets	<u>(66,571)</u>	<u>(54,339)</u>
Operating profit	780,878	879,273
Finance income	353,638	259,939
Finance expense	(124,493)	(394,832)
Share of profit of associates and joint ventures	<u>115,255</u>	<u>91,583</u>
Profit before profit tax	1,125,278	835,963
Current profit tax expense	(197,494)	(103,221)
Deferred profit tax expense	<u>(49,140)</u>	<u>(69,191)</u>
Profit tax	(246,634)	(172,412)
Profit for the period	878,644	663,551
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Gain arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	47,499	71,006
Remeasurement of provision for post-employment benefits	<u>(77,852)</u>	<u>15,343</u>
Total other comprehensive (loss) income that will not be reclassified to profit or loss	(30,353)	86,349
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss) income of associates and joint ventures	(4,329)	1,658
Translation differences	(140,628)	90,937
Gain from hedging operations, net of tax	<u>10,024</u>	<u>26,951</u>
Total other comprehensive (loss) income that may be reclassified subsequently to profit or loss	(134,933)	119,546
Total other comprehensive (loss) income for the period, net of tax	(165,286)	205,895

Comprehensive income for the period	713,358	869,446
Profit for the period attributable to:		
Owners of PJSC Gazprom	836,497	630,804
Non-controlling interest	<u>42,147</u>	<u>32,747</u>
	878,644	663,551
Comprehensive income for the period attributable to:		
Owners of PJSC Gazprom	679,588	831,384
Non-controlling interest	<u>33,770</u>	<u>38,062</u>
	713,358	869,446

Sales (net of excise tax, VAT and customs duties) increased by RUB 105,196 million, or 3%, to RUB 4,076,751 million for the six months ended June 30, 2019 compared to the same period of the prior year. The increase in sales was mainly due to an increase in sales of refined products, crude oil and sales of gas.

More detailed information concerning the main items of the sales structure for the six months ended June 30, 2019 and June 30, 2018 is presented in the table below.

in RUB million (unless indicated otherwise)	Six months ended June 30,	
	2019	2018
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of excise tax and customs duties)	1,433,591	1,411,305
Volumes in bcm	117.9	128.5
Average price, RUB per mcm (including excise tax and customs duties)	15,331.0	13,858.9
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	179,738	167,024
Volumes in bcm	19.1	20.6
Average price, RUB per mcm (including customs duties)	10,637.1	8,935.2
<i>Russian Federation</i>		
Net sales (net of VAT)	518,256	508,765
Volumes in bcm	126.4	129.6
Average price, RUB per mcm (net of VAT)	4,100.8	3,925.8
<i>Total gas sales</i>		
Retroactive gas price adjustments	8,009	37,795
Net sales (net of excise tax, VAT and customs duties)	2,139,594	2,124,889
Volumes in bcm	263.4	278.7
Net sales of refined products (net of excise tax, VAT and customs duties)	1,043,371	991,573
Net sales of crude oil and gas condensate (net of VAT and customs duties)	382,947	345,656
Electric and heat energy net sales (net of VAT)	277,895	274,173
Gas transportation net sales (net of VAT)	110,154	113,754
Other sales (net of VAT)	<u>122,790</u>	<u>121,510</u>
Total sales (net of excise tax, VAT and customs duties)	4,076,751	3,971,555

Net sales of gas increased by RUB 14,705 million, or 1%, to RUB 2,139,594 million for the six months ended June 30, 2019 compared to the same period of the prior year. The change was mainly due to an increase in average prices.

Net sales of gas to Europe and other countries increased by RUB 22,286 million, or 2%, to RUB 1,433,591 million for the six months ended June 30, 2019 compared to the same period of the prior year. The change was due to the increase in average prices (including excise tax and customs duties)

denominated in the Russian Ruble by 11% that was partially compensated by the decrease in volumes of gas sold by 8% or 10.6 bcm. At the same time average prices denominated in US Dollar increased by 1%.

Net sales of gas to Former Soviet Union countries increased by RUB 12,714 million, or 8%, to RUB 179,738 million for the six months ended June 30, 2019 compared to the same period of the prior year. The change was mainly due to the increase in average prices (including customs duties) denominated in the Russian Ruble by 19% (average prices denominated in US Dollar increased by 9%). At the same time, volumes of gas sold decreased by 7%, or 1.5 bcm.

Net sales of refined products (net of excise tax, VAT and customs duties) increased by RUB 51,798 million, or 5%, to RUB 1,043,371 million for the six months ended June 30, 2019 compared to the same period of the prior year. The increase in net sales of refined products was mainly due to an increase in average prices denominated in the Russian Ruble in all geographic segments.

Net sales of crude oil and gas condensate (net of VAT and customs duties) increased by RUB 37,291 million, or 11%, to RUB 382,947 million for the six months ended June 30, 2019 compared to the same period of the prior year. The increase in sales of crude oil was mainly due to an increase in average prices denominated in the Russian Ruble and an increase in Gazprom neft Group's crude oil sales volumes in all geographic segments.

Operating expenses increased by RUB 161,038 million, or 5%, to RUB 3,196,687 million for the six months ended June 30, 2019 compared to the same period of the prior year.

The change in operating expenses is primarily explained by an increase in the items "Taxes other than on income" and "Foreign exchange rate differences on operating items".

The line item "Taxes other than on profit" increased by RUB 65,024 million, or 10%, for the six months ended June 30, 2019 compared to the same period of the prior year, that was mainly due to an increase in mineral extraction tax by RUB 96,719 million, or 20%, for the six months ended June 30, 2019 compared to the same period of the prior year.

Foreign exchange rate loss on operating items amounted to RUB 51,390 million for the six months ended June 30, 2019 compared to the foreign exchange gain in the amount of RUB 8,791 million for the same period of the prior year.

The balance of foreign exchange rate differences reflected within the item "Net finance income (expense)" produced the gain in the amount of RUB 218,487 million for the six months ended June 30, 2019 compared to the loss in the amount of RUB 146,062 million for the same period of the prior year.

Profit attributable to owners of PJSC Gazprom amounted to RUB 836,497 million for the six months ended June 30, 2019 which is by RUB 205,693 million, or 33%, more 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) decreased by RUB 457,760 million, or 15%, from RUB 3,014,403 million as of December 31, 2018 to RUB 2,556,643 million as of June 30, 2019. This change was mainly due to an increase in cash and cash equivalents balances.

More detailed information on the IFRS consolidated interim condensed financial information for the six months ended June 30, 2019 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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