

May 30, 2018

**Gazprom's financial information under International Financial Reporting Standards (IFRS)
for the three months ended March 31, 2018**

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, 2018.

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, 2018 and for the three months ended March 31, 2017. All amounts are presented in millions of the Russian Rubles.

	Three months ended March 31,	
	2018	2017
Sales	2,138,331	1,815,301
Net gain (loss) from trading activity	7,001	(14,203)
Operating expenses	(1,651,346)	(1,477,862)
Impairment loss on financial assets	<u>(26,405)</u>	<u>(29,187)</u>
Operating profit	467,581	294,049
Finance income	91,380	183,132
Finance expense	(107,423)	(52,688)
Share of net income of associates and joint ventures	<u>43,680</u>	<u>29,555</u>
Profit before profit tax	495,218	454,048
Current profit tax expense	(46,842)	(67,080)
Deferred profit tax expense	<u>(56,207)</u>	<u>(36,581)</u>
Profit tax	(103,049)	(103,661)
Profit for the period	392,169	350,387
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Gain (loss) arising from change in fair value of financial assets at fair value through other comprehensive income, net of tax	28,077	(26,807)
Remeasurements of post-employment benefit obligations	<u>(11,363)</u>	<u>(36,570)</u>
Total items that will not be reclassified to profit or loss	16,714	(63,377)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates and joint ventures	1,488	447
Translation differences	12,463	(81,672)
Gain (loss) from cash flow hedges, net of tax	<u>7,084</u>	<u>(2,214)</u>
Total items that may be reclassified subsequently to profit or loss	21,035	(83,439)
Other comprehensive income (loss) for the period, net of tax	<u>37,749</u>	<u>(146,816)</u>

Total comprehensive income for the period	429,918	203,571
Profit for the period attributable to:		
Owners of PJSC Gazprom	371,623	333,453
Non-controlling interest	<u>20,546</u>	<u>16,934</u>
	392,169	350,387
Total comprehensive income for the period attributable to:		
Owners of PJSC Gazprom	406,874	191,166
Non-controlling interest	<u>23,044</u>	<u>12,405</u>
	429,918	203,571

Total sales (net of excise tax, VAT and customs duties) increased by RUB 323,030 million, or 18 %, to RUB 2,138,331 million for the three months ended March 31, 2018 compared to the same period of the prior year. The increase in sales revenues was mainly due to an increase in sales of gas and refined products.

More detailed information concerning the main items of the sales structure for the three months ended March 31, 2018 and March 31, 2017 is presented in the table below.

RUB million (unless indicated otherwise)	Three months ended March 31,	
	2018	2017
Sales of gas		
<i>Europe and Other countries</i>		
Net sales (net of excise tax and customs duties)	758,307	593,879
Volumes in bcm	71.5	65.6
Average price, RUB per mcm (including excise tax and customs duties)	13,155.2	11,226.3
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	111,479	102,135
Volumes in bcm	14.1	12.5
Average price, RUB per mcm (including customs duties)	8,809.8	9,089.7
<i>Russian Federation</i>		
Net sales (net of VAT)	350,547	312,255
Volumes in bcm	88.2	81.7
Average price, RUB per mcm (net of VAT)	3,974.2	3,819.9
<i>Total sales of gas</i>		
Retroactive gas price adjustments	192	(249)
Net sales (net of excise tax, VAT and customs duties)	1,220,525	1,008,020
Volumes in bcm	173.8	159.8
Net sales of refined products (net of excise tax, VAT and customs duties)	469,544	393,663
Electric and heat energy net sales (net of VAT)	175,486	159,990
Net sales of crude oil and gas condensate (net of VAT and customs duties)	150,472	138,837
Gas transportation net sales (net of VAT)	58,653	58,587
Other revenues (net of VAT)	<u>63,651</u>	<u>56,204</u>
Total sales (net of excise tax, VAT and customs duties)	2,138,331	1,815,301

Net sales of gas increased by RUB 212,505 million, to RUB 1,220,525 million for the three months ended March 31, 2018 compared to the same period of the prior year. The change was mainly due to the growth in average US Dollar prices (including excise tax and customs duties) in the Europe and Other countries and the growth in volumes of gas sold in all geographic segments for the three months ended March 31, 2018 compared to the same period of the prior year.

Net sales of gas to Europe and Other countries increased by RUB 164,428 million, or 28 %, to RUB 758,307 million for the three months ended March 31, 2018 compared to the same period of the prior year. The change was mainly due to the increase in average Russian Ruble prices (including excise tax and customs duties), by 17 % and the increase in volumes of the gas sold by 9 %, or 5.9 bcm.

Net sales of gas to Former Soviet Union countries increased by RUB 9,344 million, or 9 %, to RUB 111,479 million for the three months ended March 31, 2018 compared to the same period of the prior year. The change was due to the increase in volumes of gas sold by 13 %, or 1.6 bcm, that was partially compensated by the decrease in average Russian Ruble prices (including customs duties) by 3 %.

Net sales of gas in the Russian Federation increased by RUB 38,292 million, or 12 %, to RUB 350,547 million for the three months ended March 31, 2018 compared to the same period of the prior year. This change is explained by the increase in volumes of gas sold by 8 %, or 6.5 bcm, and the increase in average Russian Ruble prices (net of VAT) by 4 %.

Net sales of refined products (net of excise tax, VAT and customs duties) increased by RUB 75,881 million, or 19 %, to RUB 469,544 million for the three months ended March 31, 2018 compared to the same period of the prior year. The increase in sales of refined products was mainly due to an increase in average prices in all geographic segments and an increase in volumes sold by the Gazprom neft Group to customers in the Russian Federation and Former Soviet Union countries.

Operating expenses increased by RUB 173,484 million, or 12 %, to RUB 1,651,346 million for the three months ended March 31, 2018 compared to the same period of the prior year.

The change in operating expenses is primarily explained by an increase in the item "Purchased gas and oil" by RUB 81,871 million, or 26 % for the three months ended March 31, 2018 compared to the same period of the prior year. The change was mainly due to an increase in volumes of gas purchased from external suppliers and an increase in average gas and oil prices.

The line item "Taxes other than on income" increased by RUB 27,594 million, or 9 %, for the three months ended March 31, 2018 compared to the same period of the prior year. The increase is mainly due to an increase in mineral extraction tax by RUB 15,391 million, or 7 %, for the three months ended March 31, 2018 compared to the same period of the prior year.

For the three months ended March 31, 2018 the balance of foreign exchange differences reflected in "Net finance income (loss)" produced the loss in the amount of RUB 21,098 million compared to the gain of RUB 123,205 million for the same period of the prior year, which decreased the profit attributable to owners of PJSC Gazprom.

Profit attributable to the owners of PJSC Gazprom for the three months ended March 31, 2018 totalled RUB 371,623 million which is by RUB 38,170 million, or 11 %, 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 and balances of cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings and other contractual obligations) increased by RUB 12,190 million, or 1 %, from RUB 2,397,511 million as of December 31, 2017 to RUB 2,409,701 million as of March 31, 2018. The change was mainly due to an increase in the amount of long-term borrowings that was partially compensated by an increase in cash and cash equivalents balances.

More detailed information on the IFRS consolidated interim condensed financial information for the three months ended March 31, 2018 can be found on the PJSC Gazprom's site (www.gazprom.ru).

Media

+7 812 609-34-21

+7 812 609-34-05

+7 812 609-34-31

+7 812 609-34-26

pr@gazprom.ru

Investment Community

+7 812 609-41-29

ir@gazprom.ru