



RELEASE

11.02.2020

Gazprom's 15th Investor Day launched in New York

- Sustainable operational and financial results achieved in 2019.
- Positions in target sales markets expected to strengthen further.
- Attention focused on increasing economic efficiency of activities.

Today, Gazprom's 15th annual Investor Day was launched in New York.

Taking part in the event are Famil Sadygov, Deputy Chairman of the Gazprom Management Committee, Elena Burmistrova, Deputy Chairman of the Gazprom Management Committee and Director General of Gazprom Export, Kiril Polous, Head of Directorate, and representatives of the Company's relevant subdivisions and its subsidiaries.

These executives are meeting with investors and analysts of international investment funds and credit institutions from the US, the UK, Russia, continental Europe, and the Asia-Pacific region.

Gazprom's representatives made presentations on the main outcomes of the Company's work in 2019 with regard to its key activities, gave their assessments of the trends observed in the target sales markets, and spoke about the plans for further development.

Kiril Polous delivered a presentation on Gazprom's strategy, outlining the Company's development goals for the next decade. It was noted that the Company will ensure stable growth in gas production over the long term mainly through developing fields in new gas production centers located in the Yamal Peninsula and eastern Russia. Transmission capacities will be launched concurrently with the implementation of new production projects. The launch of large gas processing facilities in the Amur and Leningrad Regions will make it possible to diversify sources of income and monetize the reserves of multi-component gas.

In the domestic market, Gazprom's priorities are to provide reliable gas supplies to consumers and continue to expand gas infrastructure. In the primary export market, i.e. in Europe, Gazprom intends to strengthen its leading positions by using flexible market mechanisms and enhancing supplies via high-tech gas pipelines, which leave a minimal carbon footprint. In a longer-term perspective, carbon footprint from supplies will be additionally reduced through the use of methane-hydrogen fuel. Increased exports of Russian pipeline gas to China will allow Gazprom to diversify the directions of its sales, and the launch of new facilities for natural gas liquefaction will extend the Company's access to remote gas markets.

Elena Burmistrova reported on the prospects and benefits of work in a dynamic gas market. Gazprom closely follows the ongoing developments and takes the necessary measures to mitigate a number of adverse factors affecting the suppliers today. By commissioning its ambitious pipeline projects, i.e. Power of Siberia and TurkStream, Gazprom is further enhancing its position as the world's largest supplier of natural gas – the most eco-friendly fossil fuel.

Gazprom remains the leading exporter in Europe. Despite the weather factor and growing LNG supplies to European countries, the Company's pipeline exports to countries beyond the former Soviet Union (including China) were maintained near the record highs at 199.3 billion cubic meters in 2019. According to provisional data, Gazprom's share in the gas consumption of Europe and Turkey stands at 35.6 per cent. Elena Burmistrova described the tools being used by the Company to meet the new challenges and trends in the global gas market. These include the promotion of e-trading via the Electronic Trading Platform. More than 16.5 billion cubic meters of gas has been sold through the ETP since September 2018.

Elena Burmistrova paid special attention to the issues of pricing and the export contract model. Gazprom's contract model offers favorable prices coupled with reliable and flexible supply conditions, which makes Russian pipeline gas the most competitive in the market. The pricing mechanism embedded in the Company's export contracts can be easily adjusted to European market changes. Low operating costs, efficient gas pipeline routes, and Gazprom's vast resources guarantee profitability even amid low prices.

Famil Sadygov outlined the key results of the implementation of Gazprom's financial strategy, stressing that the Company's financial performance was consistent in the previous year despite unfavorable market conditions. According to estimates, the Group's net profit in 2019 exceeded USD 21 billion, revenues surpassed USD 120 billion, and the free cash flow remained positive. Such results were produced, inter alia, through continuous optimization of operating and investment costs, as well as rigorous cost control.

Famil Sadygov also recalled that Gazprom's share price underwent a fundamental reevaluation by Russian and foreign investors in 2019. Over that year, the volume of trading in the Company's securities grew 2.5-fold at London Stock Exchange and more than 3-fold at Moscow Exchange. In 2019, Gazprom's share price skyrocketed by 87 per cent in dollar terms, and the Company took the lead in the Russian stock market in terms of capitalization. It should be noted that Gazprom considers its securities to have considerable potential for further price growth.

Among the most important events of 2019 was the adoption of the new revision of Gazprom's Dividend Policy. According to the document, dividends will be calculated on the basis of the net profit of the Group under International Financial Reporting Standards adjusted with regard to five non-monetary items. The target level of dividend payouts is at least 50 per cent of the net profit under IFRS, and the dividends will be financed primarily from free cash flow. This is why Gazprom will make even more efforts towards sustainable generation of positive free cash flow in the medium and long term.

Among other things, the Company intends to keep improving the effectiveness of its capital expenditures, including through a flexible investment program and more expansive application of project financing methods. Work will continue on reducing operating costs, with the ultimate goal of bringing them down by 2 per cent per year. In addition, a substantial contribution to Gazprom's strong financial performance will come from the new and yet-to-be-implemented projects of the Company, namely Power of Siberia, TurkStream, Nord Stream 2, the Amur Gas Processing Plant, and the integrated complex for gas processing and liquefaction in Ust-Luga. According to the Company's estimates, these projects, when running at their full capacity, will add a total of USD 9 billion per year to Gazprom's EBITDA.

The Company is intent on developing its relationships with the investment community. Its plans include arranging more meetings of Deputy Chairmen of the Gazprom Management Committee with analysts and investors, upping the amount and improving the quality of disclosed information on issues such as sustainable development, and introducing new formats for engaging with the investment community.

Gazprom's representatives noted that the increase in major performance indicators – gas production and supplies to Russian and foreign consumers – will help the Company strengthen its foothold in the global energy industry. Meanwhile, optimization of capital expenditures and implementation of a flexible and well-balanced investment strategy will further raise the economic efficiency of Gazprom's activities and boost its investment attractiveness in the long term.

Currently, Gazprom's representatives are answering questions from investors and analysts.

The second meeting within the framework of the Investor Day will take place on February 13 in London.

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