

November 29, 2019

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

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

	Nine months ended September 30,	
	2019	2018
Sales	5,698,339	5,901,591
Net (loss) gain from trading activity	(20,391)	7,048
Operating expenses	(4,617,986)	(4,450,034)
Impairment loss on financial assets	(87,331)	(73,654)
Operating profit	972,631	1,384,951
Finance income	534,853	416,893
Finance expense	(287,964)	(635,122)
Share of profit of associates and joint ventures	179,934	149,180
Profit before profit tax	1,399,454	1,315,902
Current profit tax expense	(242,426)	(181,390)
Deferred profit tax expense	(50,080)	(70,426)
Profit tax	(292,506)	(251,816)
Profit for the period	1,106,948	1,064,086
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	37,598	154,315
Remeasurement of provision for post-employment benefits	(84,595)	84,316
Total other comprehensive (loss) income that will not be reclassified to profit or loss	(46,997)	238,631
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss) income of associates and joint ventures	(5,020)	3,315
Translation differences	(137,745)	148,670
Gain from hedging operations, net of tax	4,654	35,292
Total other comprehensive (loss) income that may be reclassified subsequently to profit or loss	(138,111)	187,277
Other comprehensive (loss) income for the period, net of tax	(185,108)	425,908
Comprehensive income for the period	921,840	1,489,994

Profit for the period attributable to:

Owners of PJSC Gazprom	1,048,286	1,017,250
Non-controlling interest	<u>58,662</u>	<u>46,836</u>
	1,106,948	1,064,086

Comprehensive income for the period attributable to:

Owners of PJSC Gazprom	872,366	1,434,403
Non-controlling interest	<u>49,474</u>	<u>55,591</u>
	921,840	1,489,994

Sales (net of excise tax, VAT and customs duties) decreased by RUB 203,252 million, or 3%, to RUB 5,698,339 million for the nine months ended September 30, 2019 compared to the same period of the prior year. The decrease in sales was mainly due to a change in volumes sold and average prices.

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

in RUB million (unless indicated otherwise)	Nine months ended September 30,	
	2019	2018
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of excise tax and customs duties)	1,883,980	2,140,525
Volumes in bcm	171.4	185.4
Average price, RUB per mcm (including excise tax and customs duties)	13,966.2	14,647.3
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	250,612	235,608
Volumes in bcm	27.0	27.1
Average price, RUB per mcm (including customs duties)	10,361.2	9,635.4
<i>Russian Federation</i>		
Net sales (net of VAT)	666,125	636,873
Volumes in bcm	162.9	163.0
Average price, RUB per mcm (net of VAT)	4,089.5	3,906.5
<i>Total gas sales</i>		
Retroactive gas price adjustments	8,009	37,686
Net sales (net of excise tax, VAT and customs duties)	2,808,726	3,050,692
Volumes in bcm	361.3	375.5
Net sales of refined products (net of excise tax, VAT and customs duties)	1,591,926	1,586,225
Net sales of crude oil and gas condensate (net of VAT and customs duties)	573,381	550,711
Electric and heat energy net sales (net of VAT)	373,195	361,769
Gas transportation net sales (net of VAT)	160,020	168,292
Other sales (net of VAT)	<u>191,091</u>	<u>183,902</u>
Total sales (net of excise tax, VAT and customs duties)	5,698,339	5,901,591

Net sales of gas decreased by RUB 241,966 million, or 8%, to RUB 2,808,726 million for the nine months ended September 30, 2019 compared to the same period of the prior year. The change was mainly due to a decrease in volumes of gas sold and a decrease in average prices on sales of gas in Europe and other countries.

Net sales of gas to Europe and other countries decreased by RUB 256,545 million, or 12%, to RUB 1,883,980 million for the nine months ended September 30, 2019 compared to the same period of the prior year. The change was due to the decrease in volumes of gas sold by 8%, or 14.0 bcm, and the decrease in average prices (including excise tax and customs duties) denominated in the Russian Ruble by 5%. At the same time average prices denominated in the US Dollar decreased by 10%.

Net sales of gas to Former Soviet Union countries increased by RUB 15,004 million, or 6%, to RUB 250,612 million for the nine months ended September 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 8% (average prices denominated in the US Dollar increased by 2%).

Net sales of gas in the Russian Federation increased by RUB 29,252 million, or 5%, to RUB 666,125 million for the nine months ended September 30, 2019 compared to the same period of the prior year. This change is mainly explained by the increase in average prices denominated in the Russian Ruble.

Operating expenses increased by RUB 167,952 million to RUB 4,617,986 million for the nine months ended September 30, 2019 compared to the same period of the prior year.

The increase in operating expenses is primarily explained by a change in the item "Foreign exchange rate differences on operating items". Foreign exchange rate loss on operating items amounted to RUB 68,013 million for the nine months ended September 30, 2019 compared to the foreign exchange gain in the amount of RUB 20,573 million for the same period of the prior year. The change was mainly due to the revaluation of accounts receivable from foreign customers.

The increase in the item "Depreciation" by RUB 48,908 million for the nine months ended September 30, 2019 compared to the same period of the prior year was mainly due to charging of depreciation of right-of-use assets caused by the application of IFRS 16 Leases since January 1, 2019.

The increase in the item "Taxes other than on profit" by RUB 8,218 million for the nine months ended September 30, 2019 compared to the same period of the prior year mainly caused by the increase in mineral extraction tax by RUB 45,371 million that was partially compensated by the decrease in excise tax by RUB 39,639 million for the nine months ended September 30, 2019 compared to 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 230,816 million for the nine months ended September 30, 2019 compared to the loss in the amount of RUB 234,374 million for the same period of the prior year.

Profit attributable to the owners of PJSC Gazprom amounted to RUB 1,048,286 million for the nine months ended September 30, 2019, which is by RUB 31,036 million, or 3%, 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 156,648 million, or 5%, from RUB 3,014,403 million as of December 31, 2018 to RUB 2,857,755 million as of September 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 nine months ended September 30, 2019 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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