



RELEASE

November 30, 2018

Gazprom's financial information under International Financial Reporting Standards (IFRS) for the nine months ended September 30, 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 nine months ended September 30, 2018.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income for the nine months ended September 30, 2018 and for the nine months ended September 30, 2017. All amounts are presented in millions of the Russian Rubles.

	Nine months ended September 30,	
	2018	2017
Sales	5,901,591	4,641,596
Net gain (loss) from trading activity	7,048	(14,409)
Operating expenses	(4,450,034)	(3,876,133)
Impairment loss on financial assets	(73,654)	(55,020)
Operating profit	1,384,951	696,034
Finance income	416,893	338,349
Finance expense	(635,122)	(318,337)
Share of profit of associates and joint ventures	149,180	83,830
Profit before profit tax	1,315,902	799,876
Current profit tax expense	(181,390)	(130,819)
Deferred profit tax expense	(70,426)	(53,432)
Profit tax	(251,816)	(184,251)
Profit for the period	1,064,086	615,625
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Gain (loss) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	154,315	(33,089)
Remeasurement of provision for post-employment benefits	84,316	(58,751)
Total other comprehensive income (loss) that will not be reclassified to profit or loss	238,631	(91,840)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates and joint ventures	3,315	2,481
Translation differences	148,670	21,741
Gain (loss) from hedging operations, net of tax	35,292	(3,624)
Total other comprehensive income that may be reclassified subsequently to profit or loss	187,277	20,598
Total other comprehensive income (loss) for the period, net of tax	425,908	(71,242)
Comprehensive income for the period	1,489,994	544,383

Profit for the period attributable to:

Owners of PJSC Gazprom	1,017,250	581,834
Non-controlling interest	<u>46,836</u>	<u>33,791</u>
	1,064,086	615,625

Comprehensive income for the period attributable to:

Owners of PJSC Gazprom	1,434,403	504,183
Non-controlling interest	<u>55,591</u>	<u>40,200</u>
	1,489,994	544,383

Total sales (net of excise tax, VAT and customs duties) increased by RUB 1,259,995 million, or 27%, to RUB 5,901,591 million for the nine months ended September 30, 2018 compared to the same period of the prior year. The increase in sales was mainly due to an increase in sales of gas, refined products, crude oil and gas condensate.

More detailed information concerning the main items of the sales structure for the nine months ended September 30, 2018 and September 30, 2017 is presented below.

in RUB million (unless indicated otherwise)	Nine months ended September 30,	
	2018	2017
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of excise tax and customs duties)	2,140,525	1,547,315
Volumes in bcm	185.4	173.8
Average price, RUB per mcm (including excise tax and customs duties)	14,647.3	11,233.1
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	235,608	202,166
Volumes in bcm	27.1	24.1
Average price, RUB per mcm (including customs duties)	9,635.4	9,259.2
<i>Russian Federation</i>		
Net sales (net of VAT)	636,873	587,978
Volumes in bcm	163.0	157.0
Average price, RUB per mcm (net of VAT)	3,906.5	3,746.2
<i>Total sales of gas</i>		
Retroactive gas price adjustments	37,686	(5,228)
Net sales (net of excise tax, VAT and customs duties)	3,050,692	2,332,231
Volumes in bcm	375.5	354.9
Net sales of refined products (net of excise tax, VAT and customs duties)	1,586,225	1,226,810
Net sales of crude oil and gas condensate (net of VAT and customs duties)	550,711	387,953
Electric and heat energy net sales (net of VAT)	361,769	349,599
Gas transportation net sales (net of VAT)	168,292	174,528
Other sales (net of VAT)	<u>183,902</u>	<u>170,475</u>
Total sales (net of excise tax, VAT and customs duties)	5,901,591	4,641,596

Net sales of gas increased by RUB 718,461 million, or 31%, to RUB 3,050,692 million for the nine months ended September 30, 2018 compared to the same period of the prior year that was mainly due to an increase in average prices (including excise tax and customs duties) in the Europe and other countries and an increase in volumes of gas sold in all geographic segments for the nine months ended September 30, 2018 compared to the same period of the prior year.

Net sales of gas to Europe and other countries increased by RUB 593,210 million, or 38%, to RUB 2,140,525 million for the nine months ended September 30, 2018 compared to the same period of the prior year. The change was due to the increase in average Russian Ruble prices (including excise tax and customs duties) by 30% and the increase in volumes of the gas sold by 7% or 11.6 bcm.

Net sales of gas to Former Soviet Union countries increased by RUB 33,442 million, or 17%, to RUB 235,608 million for the nine months ended September 30, 2018 compared to the same period of the prior year. The change was mainly due to the increase in volumes of gas sold by 12%, or 3.0 bcm, and the increase in average Russian Ruble prices (including customs duties) by 4%.

Net sales of gas in the Russian Federation increased by RUB 48,895 million, or 8%, to RUB 636,873 million for the nine months ended September 30, 2018 compared to the same period of the prior year. This change is explained by the increase in volumes of gas sold by 4%, or 6.0 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 359,415 million, or 29%, to RUB 1,586,225 million for the nine months ended September 30, 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 the Gazprom Neft Group's sales volumes.

Net sales of crude oil and gas condensate (net of VAT and customs duties) increased by RUB 162,758 million, or 42%, to RUB 550,711 million for the nine months ended September 30, 2018 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.

Operating expenses increased by RUB 573,901 million, or 15%, to RUB 4,450,034 million for the nine months ended September 30, 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 274,954 million, or 33% for the nine months ended September 30, 2018 compared to the same period of the prior year. The change was due to an increase in average gas and oil prices and an increase in volumes of gas purchased from external suppliers.

The item "Taxes other than on profit" increased by RUB 185,223 million, or 21%, for the nine months ended September 30, 2018 compared to the same period of the prior year that was mainly due to the increase in mineral extraction tax by RUB 176,003 million, or 28%, for the nine months ended September 30, 2018 compared to the same period of the prior year.

For the nine months ended September 30, 2018 the balance of foreign exchange rate differences reflected within "Net finance income (expense)" produced the loss in the amount of RUB 234,374 million compared to the loss of RUB 6,670 million for the same period of the prior year.

Profit attributable to the owners of PJSC Gazprom for the nine months ended September 30, 2018 totalled RUB 1,017,250 million which is by RUB 435,416 million, or 75%, 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) increased by RUB 229,095 million, or 10%, from RUB 2,397,511 million as of December 31, 2017 to RUB 2,626,606 million as of September 30, 2018. This change was mainly due to an increase in the amount of long-term borrowings denominated in the Russian Ruble caused by the appreciation of US Dollar and Euro against the Russian Ruble.

More detailed information on the IFRS consolidated interim condensed financial information for the nine months ended September 30, 2018 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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