

November 29, 2017

**Gazprom's financial information under International Financial Reporting Standards (IFRS)
for the nine months ended September 30, 2017**

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, 2017.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income prepared in accordance with IFRS for the nine months ended September 30, 2017 and for the nine months ended September 30, 2016. All amounts are presented in millions of the Russian Rubles.

| | Nine months ended September 30, | |
|--|--|--------------------|
| | 2017 | 2016 |
| Sales | 4,641,596 | 4,321,364 |
| Net (loss) gain from trading activity | (14,409) | 71,159 |
| Operating expenses | <u>(3,931,550)</u> | <u>(3,824,703)</u> |
| Operating profit | 695,637 | 567,820 |
| Finance income | 338,349 | 816,264 |
| Finance expense | (318,337) | (499,487) |
| Share of net income of associates and joint ventures | 83,830 | 55,258 |
| Gain on disposal of available-for-sale financial assets | <u>397</u> | <u>1,835</u> |
| Profit before profit tax | 799,876 | 941,690 |
| Current profit tax expense | (130,819) | (134,515) |
| Deferred profit tax expense | <u>(53,432)</u> | <u>(69,784)</u> |
| Profit tax | <u>(184,251)</u> | <u>(204,299)</u> |
| Profit for the period | 615,625 | 737,391 |
| Other comprehensive income (loss): | | |
| Items that will not be reclassified to profit or loss: | | |
| Remeasurements of post-employment benefit obligations | <u>(58,751)</u> | <u>(92,446)</u> |
| Total items that will not be reclassified to profit or loss | (58,751) | (92,446) |
| Items that may be reclassified subsequently to profit or loss: | | |
| (Loss) gain arising from change in fair value of available-for-sale financial assets, net of tax | (33,089) | 34,293 |
| Share of other comprehensive income (loss) of associates and joint ventures | 2,481 | (7,756) |
| Translation differences | 21,741 | (201,260) |
| (Loss) gain from cash flow hedges, net of tax | <u>(3,624)</u> | <u>41,277</u> |
| Total items that may be reclassified subsequently to profit or loss | (12,491) | (133,446) |

| | | |
|--|-----------------|------------------|
| Other comprehensive loss for the period, net of tax | (71,242) | (225,892) |
| Total comprehensive income for the period | 544,383 | 511,499 |

Profit for the period attributable to:

| | | |
|--------------------------|----------------|----------------|
| Owners of PJSC Gazprom | 581,834 | 709,321 |
| Non-controlling interest | <u>33,791</u> | <u>28,070</u> |
| | 615,625 | 737,391 |

Total comprehensive income for the period attributable to:

| | | |
|--------------------------|----------------|----------------|
| Owners of PJSC Gazprom | 504,183 | 491,850 |
| Non-controlling interest | <u>40,200</u> | <u>19,649</u> |
| | 544,383 | 511,499 |

Total sales (net of excise tax, VAT and customs duties) increased by RUB 320,232 million, or 7 %, to RUB 4,641,596 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase in sales was mainly driven by an increase in sales of refined products, crude oil, electric and heat energy and gas transportation.

More detailed information concerning the main items of the sales structure for the nine months ended September 30, 2017 and September 30, 2016 is presented in the table below.

| RUB million (unless indicated otherwise) | Nine months ended September 30, | |
|---|--|------------------|
| | 2017 | 2016 |
| Sales of gas | | |
| <i>Europe and Other countries</i> | | |
| Net sales (net of excise tax and customs duties) | 1,547,315 | 1,546,533 |
| Volumes in bcm | 173.8 | 160.9 |
| Average price, RUB per mcm (including excise tax and customs duties) | 11,233.1 | 11,993.7 |
| <i>Former Soviet Union countries</i> | | |
| Net sales (net of customs duties) | 202,166 | 214,446 |
| Volumes in bcm | 24.1 | 22.0 |
| Average price, RUB per mcm (including customs duties) | 9,259.2 | 10,618.3 |
| <i>Russian Federation</i> | | |
| Net sales (net of VAT) | 587,978 | 530,683 |
| Volumes in bcm | 157.0 | 139.7 |
| Average price, RUB per mcm (net of VAT) | 3,746.2 | 3,797.9 |
| <i>Total sales of gas</i> | | |
| Retroactive gas price adjustments | (5,228) | 33,757 |
| Net sales (net of excise tax, VAT and customs duties) | 2,332,231 | 2,325,419 |
| Volumes in bcm | 354.9 | 322.6 |
| Net sales of refined products (net of excise tax, VAT and customs duties) | 1,226,810 | 1,096,331 |
| Net sales of crude oil and gas condensate (net of VAT and customs duties) | 387,953 | 271,545 |
| Electric and heat energy net sales (net of VAT) | 349,599 | 322,708 |
| Gas transportation net sales (net of VAT) | 174,528 | 145,766 |
| Other revenues (net of VAT) | <u>170,475</u> | <u>159,595</u> |
| Total sales (net of excise tax, VAT and customs duties) | 4,641,596 | 4,321,364 |

Net sales of gas increased by RUB 6,812 million, to RUB 2,332,231 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The change was due to the growth in volumes of gas sold in all geographic segments and the growth in average US Dollar prices (including excise tax and customs duties) in the Former Soviet Union countries and Europe and Other countries, that was partially offset by the appreciation of the average exchange rate of Russian Ruble

against US Dollar and Euro by 15 % and 15 %, respectively, for the nine months ended September 30, 2017 compared to the same period of the prior year.

Net sales of gas to Europe and Other countries increased by RUB 782 million, to RUB 1,547,315 million for the nine months ended September 30, 2017 compared to the same period of the prior year. This was mainly driven by the increase in volumes of gas sold by 8 % or 12.9 bcm that was partially compensated by the 6 % decrease in average Russian Ruble prices (including excise tax and customs duties).

Net sales of gas to Former Soviet Union countries decreased by RUB 12,280 million, or 6 %, to RUB 202,166 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The change was due to the decrease in average Russian Ruble prices (including customs duties) by 13 % that was partially compensated by the increase in volumes of gas sold by 10 %, or 2.1 bcm.

Net sales of gas in the Russian Federation increased by RUB 57,295 million, or 11 %, to RUB 587,978 million for the nine months ended September 30, 2017 compared to the same period of the prior year. This is mainly explained by the increase in volumes of gas sold by 12 %, or 17.3 bcm, that was partially compensated by the decrease in average Russian Ruble prices by 1 %.

Net sales of refined products increased by RUB 130,479 million, or 12 %, to RUB 1,226,810 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase in sales of refined products was due to an increase in average prices.

Net sales of crude oil and gas condensate increased by RUB 116,408 million, or 43 %, to RUB 387,953 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase in sales of crude oil was mainly due to an increase in volumes of crude oil sold by Gazprom Neft Group to customers in Europe and Other countries due to crude oil production growth at Novoport, Messoyakha and Prirazlomnoye fields, decreased oil supplies to the refinery and increased production in Iraq as well as an increase in average prices in all geographic segments.

Gas transportation net sales increased by RUB 28,762 million, or 20 %, to RUB 174,528 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase of gas transportation sales was due to an increase in volumes of independent suppliers gas transported.

Electric and heat energy net sales increased by RUB 26,891 million, or 8 %, to RUB 349,599 million for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase of electric and heat energy sales was due to an increase in volumes of heat energy and capacity.

Operating expenses increased by RUB 106,847 million, or 3 %, to RUB 3,931,550 million for the nine months ended September 30, 2017 compared to the same period of the prior year.

The change in operating expenses is primarily explained by an increase in an item "Taxes other than on income" by RUB 225,191 million, or 35 %, for the nine months ended September 30, 2017 compared to the same period of the prior year. The increase is due to an increase in mineral extraction tax by RUB 191,010 million, or 44 %, for the nine months ended September 30, 2017 compared to the same period of the prior year, mainly as a result of changes in the elements of the natural gas and crude oil MET formulas introduced with effect from January 1, 2017.

For the nine months ended 30 September, 2017 the balance of translation differences reflected in "Net finance income (loss)" produced a loss in the amount of RUB 6,670 million compared to a gain of RUB 294,142 million for the same period of the prior year, which affected the decrease of the profit attributable to owners of PJSC Gazprom.

Profit attributable to the owners of PJSC Gazprom for the nine months ended September 30, 2017 totalled RUB 581,834 million which is by RUB 127,487 million, or 18 %, less 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 705,861 million, or 37 %, from RUB 1,932,895 million as of December 31, 2016 to RUB 2,638,756 million

as of September 30, 2017. This increase was due to an increase in borrowings and a decrease in cash and cash equivalents. A decrease of cash balances was mainly due to an increase of deposits in the amount of RUB 323,576 million for the nine months ended 30 September, 2017.

More detailed information on the IFRS consolidated interim condensed financial information for the nine months ended September 30, 2017 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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) 609-34-26

pr@gazprom.ru

Investment Community

+7 (812) 609-41-29

ir@gazprom.ru