PAO NOVATEK

First Quarter 2019

Financial and Operational Results – Earnings Conference Call

26 April 2019

Moscow, Russian Federation

Mark Gyetvay:

Ladies and Gentlemen, Shareholders and colleagues good evening and welcome to our First Quarter 2019 earnings conference call.

We would like to thank everyone for taking your valuable time to join us this evening on tonight's conference call.

DISCLAIMER

Before we begin with the specific conference call details, I would like to refer you to our Disclaimer Statement, as is our normal practice. During this conference call we may make reference to forward-looking statements by using words such as our plans, objectives, goals, strategies, and other similar words, which are other than statements of historical facts. Actual results may differ materially from those implied by such forward-looking statements due to known and unknown risks and uncertainties and reflect our views as of the date of this presentation. We undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events. Please refer to our regulatory filings, including our Annual Review for the year ended 31 December 2018, as well as any of our earnings press releases and documents throughout the past year for more description of the risks that may influence our results.

CONFERENCE CALL TEXT

NOVATEK made tremendous progress over the past year establishing us as a leading provider of competitively priced natural gas to global markets. We successfully transitioned our core domestic business with a complementary LNG platform with the timely launches of all three LNG trains at Yamal LNG, thus accomplishing our strategic goal to be recognized as a major global gas player. LNG produced from our flagship Yamal LNG project contributed meaningfully to global LNG supplies and demonstrated, without question, that logistically our Arctic LNG platform can deliver natural gas to both the Atlantic and Pacific markets. In our first year of operations, we accounted for approximately 17% of LNG entering the UK markets according to UK governmental statistics, a phenomenal achievement for our project start.

We are fulfilling our responsibilities to deliver clean-burning natural gas to the domestic and international markets; however, the first quarter clearly demonstrated the numerous uncertainties and volatilities of the global energy markets. Natural gas and crude oil prices were both negatively impacted as economic slowdowns, trade wars, weaker seasonal demand, and intensifying competition to export markets all contributed to commodity price weakness during the reporting period. However, this underlying commodity price weakness serves as a double-edge sword.

On one edge of the sword we may see a weaker reporting season for most oil and gas producers largely driven by lower commodity prices, but on the other hand, and from our perspective more important, we should view the present weakness in global LNG prices as a harbinger to future demand growth in consuming markets. We have seen this situation in the past. This scenario is somewhat akin to commodity price weaknesses in prior periods whereby demand materialized in new consuming markets, and coal switching was notable in key markets that are highly price sensitive.

One of the core benefits of our low cost operating platform is our ability to deliver natural gas to all markets profitably. This has been the hallmark of our success for many years and will most certainly define our success in the future. For example, at sub-$5 per mmbtu LNG prices, many of our global competitors are struggling to remain cash flow positive, and this value destructive trend has prompted a wave of shareholder activism demanding cash returns in the form of dividends and/or share buybacks.

It is also quite interesting to note the current wave of Analyst's research reports that discuss the cost competitiveness of US LNG arriving to the European markets at ranges between $4.5 and $4.75 per mmbtu. This means the willingness of US LNG exporters to supply LNG to markets as long as they are able to cover their operating costs (defined according to this logic as essentially 115% of Henry Hub plus transport). In my view, this logic is purely a "loss minimization" scheme that ignores the cash costs of liquefaction, representing nothing more than an optical illusion. It is very similar to the "sunk costs" philosophy that was promoted to mask cost overruns and project delays from some of the Australian LNG projects, representing a logic that is based on generating operating cash flows going forward, never mind the large impairment write-offs.

No wonder the oil and gas industry is mired in shareholder activism demanding cash returns back to shareholders instead of promoting capital investments in growth. We have consistently generated positive free cash flows (FCF). We have been FCF positive every year since 2010. We have also increased our absolute dividend payments as just announced at this week's AGM and periodically purchased our shares on the open market when warranted. We achieved these positive results by demonstrating capital discipline and investing capital into value accretive projects, like Yamal LNG and the Ust-Luga processing facility to just name a few. We take a long-term view of the gas markets and are confident that the strategic direction we have outlined in our Corporate Strategy to 2030 of expanding our LNG platform and transforming into a global gas company is correct considering our low-cost, abundant hydrocarbon resource base and successful project execution track record.

We have been asked about the resiliency of our LNG plans considering the current LNG price environment. Our answer is quite simple. We invest capital today to build a world-class LNG platform that spans decades of LNG production. Short-term price volatility, although important, does not guide our longer-term investment horizon. Our operations have historically been one of the lowest-cost producers in the global oil and gas industry, and our position on this matter, both domestically and internationally, has been consistent – low cost producers will be able to sell their production profitably. We are firm believers in the long-term story for natural gas and the specific role LNG will play in delivering natural gas to importing nations. We also believe natural gas will be a key contributor to the global climate initiatives, and underscore our sustainable development principles.

Our First Quarter 2019 (1Q) operational and financial results were relatively strong despite weakening global commodity prices.

Brent crude oil averaged $63 per barrel in 1Q2019 versus $67 per barrel in the prior year, but experienced an 8% decline from $69 per barrel between the first quarter 2019 and the fourth quarter 2018. Brent crude oil prices have since recovered and are fluctuating around $72 to $74 per barrel post the end of the first quarter. We expect commodity prices to remain volatile for the foreseeable period as we experience short-term demand/supply imbalances, technical corrections as well as increasing geopolitical tensions.

Global demand for LNG during the First Quarter remained strong and increased by slightly more than 12% to roughly 90 million tons, led again by the strong growth in Chinese natural gas consumption despite a warmer than usual winter season. China imported roughly 16 million tons during the reporting period, increasing imports year-on-year (Y/y) by approximately 23%. China remains the destination of choice for LNG suppliers. However, weaker seasonal winter demand coupled with new LNG supplies entering the market led to margin erosions in the Asian Pacific region and a shift of cargos sent to the European markets.

We expect that the current low LNG prices will persist throughout the upcoming summer season; potentially limiting spot price increases in the third and fourth quarters 2019. Currently, there are high natural gas inventory levels in both Europe and Asia, and this situation combined with new project commissions expected to come online during the year could further exacerbate the current spot price weakness in the market.

The biggest corporate news in the first quarter was the closing of the 10% participation interest in Arctic LNG 2 sold to a wholly owned subsidiary of Total SA. The transaction as disclosed was consistent with the $25 billion valuation as originally announced, so hopefully it dispels all of the analysts who consistently questioned our valuation. We understand that you may have your own views of this valuation, but what is reported in our financial results is the valuation agreed by the respective parties. All transactions relating to Arctic LNG 2 will be based on this initial transaction.

So, as disclosed yesterday, CNOOC and CNODC, a wholly owned subsidiary of CNPC, have each purchased a 10% participation interest in Arctic LNG 2 on terms and conditions consistent with the transaction with Total. We hope this statement is absolutely clear tonight to everyone. We expect the remaining 10% participation interest will be concluded in the near term consistent with our expectation to announce our final investment decision (“FID”) in the early part of the second half of 2019. This represents fantastic news for us and further demonstrates the unlocking of additional economic value to our shareholders. Equally important, we have tremendous hidden value on our balance sheet with our LNG platform that we will eventually unlock with LNG projects beyond Arctic LNG 2.

We recently announced some off-take deals at the LNG2019 event in Shanghai from our LNG portfolio including future LNG output from the Arctic LNG 2 project. Each deal represents off-take volumes of one million tons of LNG for a term of 15 years, with pricing based on benchmark references. Consistent with our commercial policy, we do not disclose the specific terms of these off-take arrangements but they represent some of the pre-marketing success NOVATEK achieved for Arctic LNG 2 as well as the markets confidence in our ability to deliver cost competitive LNG from this area.

We are confident that the market is willing to secure mid- to long-term contracts as well as spot cargos from this project and our future LNG projects. We will actively market LNG from the project, including tenders for long-term supplies as well as direct negotiations with potential buyers, and will announce additional off-takes as is customary with our disclosure policy once they are concluded. It is important to reiterate that we do not need to sell 100% of the LNG output to make our FID decision.

As of today, we are accelerating our procurement plans for the Arctic LNG 2 project, and will shortly award 12 new equipment contracts as well as preparing more than 80 purchases by the end of May 2019. This essentially means that we will have contracted more than 75% of the equipment for the project. We will continue with the contracting process over the next several months, but all tenders are currently in process.

Detailed design of the topside modules and the GBS platform is progressing well, with all contractual terms and work schedules compliant with our towing objective for GBS #1 in the summer of 2022. We are still within the capital costs range of $20 billion to $21 billion for the 19.8 million tons per annum (mtpa) of LNG produced and any uncertainties regarding costs are further reduced with the increasing number of tenders concluded.

The LNG Construction Center in Murmansk is also progressing according to our construction schedule. The first concrete batch plant is completing its commissioning phase and is already producing concrete. We are completing the installation of equipment on the second concrete batch plant and commissioning works have begun. We expect by the end of June all four (4) concrete batch plants will be operational. The commissioning of the first rebar fabrication line is completed and we plan to start testing of the rebar production. In addition, the backfilling for berth #1 (receiving cargos for the GBS construction) is being completed, with work underway to build the berth's upper structures. We are presently working on dry dock #1, and plan to commence GBS #1 fabrication in July.

The tenders for fabrication works on LNG plant modules for GBS #1 in Asia are in final rounds and contractual awards are expected by the end of this month, early May. Tenders for GBS's # 2 and 3 to be fabricated at our Murmansk facility has already been launched. Currently, there are approximately 3,000 people working on site along with 500 construction vehicles.

Arctic LNG 2 attracted strong interest from potential partners. In addition, our pre-marketing roadshow has yielded good initial results. Our LNG projects from the Yamal and Gydan peninsulas are also attractive to potential partners relative to competing global LNG options. Therefore, we are formulating plans to expedite future LNG projects to increase our LNG output from 57 million tons per annum ("mtpa") by 2030 to approximately 70 mtpa. We will keep everyone informed once our new strategic plans are finalized.

We also formally commissioned our Cryogas-Vysotsk LNG plant on the 24th April at a launch ceremony attended by President Putin. Cryogas-Vysotsk, located on the Baltic seaport of Vysotsk, markets LNG from to customers in Northwestern Europe, Scandinavia and the Baltic region as well as provides bunkering fuel to meet the Region's requirements. Cryogas-Vysotsk represents our second successful LNG project launch and reached its full design capacity of 660 thousand tons per annum on the 5th April.

We have dispatched seven tankers representing approximately 68 thousand tons of LNG and three trucks to markets in the Baltic region since commencement of test production at the facility up to 16th April. We have a long-term sales contract for up to 50% of the LNG output to Gasum as well as off-take obligations from our wholly owned trading subsidiary, Novatek Gas & Power Asia. We will pay close attention to the market situation for vessel bunkering and trucks using LNG as their primary fuel source, and decide on our next steps, like potentially expanding the plant's capacity by 1.1 mtpa.

Now, let's discuss Yamal LNG. Yamal LNG is currently operating at full capacity and is considered an overall great success for NOVATEK and our partners. During the 1Q 2019, Yamal

LNG made 61 LNG shipments (representing 4.42 million tons) combined with 14 shipments, or more than 319 thousand tons of stable gas condensate. As of the 31 March, the total cumulative number of LNG shipments reached 177 for a total volume of 13 million tons of LNG as well as 44 shipments of stable gas condensate representing more than 1.036 thousand tons.

Specifically, NOVATEK sold 34 LNG cargos in 1Q 2019, including six (6) under long-term contracts, representing approximately 2.34 million tons of LNG. As comparison, during the fourth quarter, we sold 25 cargos, including three (3) under long-term contract, or roughly 1.73 million tons. We managed to increase our LNG volumes sold quarter-to-quarter as we ramped up to full capacity.

In the 1Q 2019, we used the Norwegian ship-to-ship transfers to optimize our transshipments operations near the port of Honningsvag in Northern Norway. Norway transshipments are a temporary solution but they were actively used throughout the period. We completed 54 ship-to-ship transshipments (77 since commencement) from three separate locations. We plan to ultimately move these operations to the Murmansk region. This temporary approach allows us to optimize our transport cost by decreasing the voyage time of the Arc7 ice-class tankers and to ensure the timely and consistent offloading of LNG from Yamal LNG. Our Arc7 fleet has not changed since we last reported, but another Arc7 tanker has just left South Korea and is heading towards the Sabetta area. By the end of 2019, we expect to receive the remaining five (5) Arc7 ice-class tankers for a full complement of 15 Arc7 ice-class tankers.

At quarter end, overall construction progress for Train #4 using the Arctic Cascade liquefaction technology was about 38% (vs. 27% at 31 December), with approximately 850 people on site. Some of the equipment has already been installed while other work activities are ongoing, such as the Gas Treatment Unit, Gas Liquefaction Unit, and the expansion of the gas gathering network and inlet facilities to name a few. About half of the production wells needed for the 4th train launch has already been drilled. We anticipate that LNG train #4 will be ready by the end of 2019, but no later than the first quarter 2020. With the launch of train #4 we will additionally improve the project economics by 3% to 4%.

We increased our exploration activities consistent with our announcement to get our license areas readied for future development. Specifically, we ran 2,676 square kilometers of three-dimension (3D) seismic, representing a more than five-fold increase over the corresponding prior year period, which we plan to process over the upcoming year. Much of this activity in centered in the Yamal and Gydan peninsulas with increased geophysical works to prepare for eventual exploration drilling operations.

Notably, during the reporting period, we tested well #1 at the Nyakhartinskoye field, where four (4) layers were discovered and tested – one gas layer from the Cenomanian dry gas formation and three layers from the gas and gas condensate layers from the Valanginian formation. We will drill another exploration well in 2019 at this field, and correspondingly, submit reserves appraisal to the State commission, D&M, as well as begin to prepare a development plan for this field, which is in close proximity to our Yurkharovskoye infrastructure.

The Utrenneye field providing feedstock gas to the Arctic LNG 2 project is comprised on three domes – Northern, Central and Southern, as well as an undiscovered/unexplored section that straddles onshore and into the Ob River. We drilled our first production well in the Northern Dome with well #1601, which flowed more than one million cubic meters of natural gas per day at the target zone for approximately a 30 day test period. This flow rate was higher than initial planned and we will drill another well #1602 in the near term. The production from the first well will be used for energy during the construction period.

We plan to run 3D seismic on the undiscovered portion both onshore during the winter months and offshore in the summer months, and will also begin mobilizing drilling rigs for the Central Dome, the largest of the field's three domes.

There are no additional comments regarding our exploration activities for tonight's call but we will give you more information over the course of the year.

We drilled and completed 27 production wells between our subsidiaries and joint ventures versus 22 production wells in the prior period. At the North-Russkoye field, everything is going according to schedule with our plan to commence initial production by the end of 2019. We already completed 12 out of the 17 production wells needed to reach the Field's production plateau, and we are currently constructing the gas separation unit, a gas de-ethanization unit as well as the living camps for personnel. In addition, the pipeline links for both natural gas and gas condensate are also currently under construction.

Investing capital is an important element to grow our business and sustain our core, legacy assets. Historically, we prudently invested capital to grow production, build processing capacity to expand margins, and more recently, invest in our transformative LNG platform. The combination of growth and sustainability from our strategic perspective was clearly outlined in our Corporate Strategy to 2030, but things do not remain static and we will access market opportunities as they arise, or tweak the nature and scope of our capital spending when warranted.

We spent RR 43 billion in cash on our capital program, representing an increase of RR 33 billion, or 337% over the prior year quarter. The significant increase year-on-year (Y/y) was again primarily confined to three main projects – Arctic LNG 2, the LNG construction yard in Murmansk, and the North-Russkoye license area. These three main projects in aggregate accounted for RR 32 billion, or 74%, of our total capital expenditures in the current reporting period. We also increased capital spending across our whole project portfolio such as the East Tarkosalinskoye oil program, development drilling at the Beregovoye field, the Ust-Luga hydrocracker upgrade, and our new office complexes in Moscow and Novy Urengoy to highlight just a few. We spent roughly RR 39 billion in the fourth quarter 2018, or roughly 11% higher quarter-on-quarter (Q/q).

As noted on our recent full year conference call, we expect our capital program in 2019 to remain higher than historical levels as we expedite works at our LNG construction yard in Murmansk and continue capital spending on Arctic LNG 2, and the North-Russkoye cluster amongst other development projects. Our capital program for 2019 is projected to reach approximately RR 185 billion, or a two-fold increase year-on-year. There are no revisions to this estimate as of tonight's call.

We have consistently delivered good financial and operational results, and the first quarter 2019 was no exception despite a volatile macro environment. Relatively speaking, our financial and operational results were quite strong for the quarter as expected, aided by increasing sales volumes, including LNG sales from Yamal LNG and stable gas condensate refined products. Our total oil and gas revenues were approximately RR 231 billion, or 30% higher than in first quarter 2018. Natural gas represented 54% of our total oil and gas revenues; whereas liquids accounted for the remaining 46%, and these percentages were roughly equivalent Q/q. We produced 147 million barrels of oil equivalent in the first quarter 2019, or approximately 1.63 million barrels of oil equivalent per day. This represented a daily production increase of 11% year-on-year and 2.5% Q/q.

Our Q/q oil and gas revenues decreased by 1.4% primarily through a combination of weaker spot prices for LNG sales as well as some of our liquid products, like stable gas condensate and LPG. Higher volumes sold in the period offset some of the other weaker liquid contractual sales prices. Our international LNG sales revenues increased Y/y by RR 36 billion, or 231%, largely attributable to an increase in volumes sold by 2.5 billion cubic meters with the launch of LNG trains #2 and #3, which was slightly offset by a 7.5% decrease in the average realized price in RR terms. Domestically, our natural gas sales volumes decreased by 532 million cubic meters, or by 3%, which was offset by a 3.7% increase in our average price per mcm. We sold 96% of our domestic gas to end-customers and 4% to ex-field traders.

We sold 18.8 billion cubic meters (bcm) of natural gas on the Russian domestic market and 3.4 billion cubic meters in equivalent LNG sales during the first quarter 2019, accounting for a Y/y increase of 1.9 billion cubic meters, or 9.5%. Our combined average natural gas price of RR 5,631 per mcm increased Y/y by about 29%, reflecting the higher mix of LNG sales in our gas portfolio. Natural gas netbacks (domestic and international) increased by 46% Y/y but declined 7% Q/q. The decrease in the Q/q netbacks was mainly due to the decline in spot LNG prices between periods as we sold approximately 28 cargos under spot sales from early startup volumes.

LNG sales accounted for roughly 15% of our natural gas volumes sold during the current quarter and represented 41% of our total combined gas revenues. Our percentage of LNG sales to total gas sold was consistent Q/q although our equivalent volumes sold was 794 million cubic meters higher, but the average price per mcm sold was 27% lower, reflecting weaker spot LNG prices between the fourth quarter 2018 and the first quarter 2019. We are now selling more contractual volumes from LNG trains #1 and #2, and expect that all three LNG trains will be selling contract volumes linked to benchmark oil prices by early 2020.

We withdrew natural gas in storage by approximately 1.4 billion cubic meters versus 954 million cubic meters in the prior year and 154 million cubic meters in the fourth quarter. We now have approximately 813 million cubic meters in underground storage or LNG tankers in transit at the end of the reporting period versus 2.2 billion cubic meters at year-end.

We sold slightly less than four (4) million tons of liquids in the reporting period representing an increase of 5.3% Y/y and 3.6% Q/q. We exported approximately 59% of our total liquid volumes, which was higher Y/y by over 4% and Q/q by 2%. Our average prices received were generally mixed throughout our whole product range due to weakening underlying contract prices, but were positively impacted by reductions in export duties.

Our operating expenses increased by 34% as compared to prior year period, which was largely attributable to the significant increases in hydrocarbon purchases. Purchases accounted for approximately 75% of the comparative increase and were largely driven by purchases of both LNG and gas condensate, reflecting a higher unit cost paid to our joint ventures for these products as well as increased volumes. We purchase hydrocarbons primarily from our joint ventures rather than third parties. Purchases increased substantially over the past several quarters with the successful launch of Yamal LNG and our ability to purchase LNG at our equity position during the ramp-up phase and before the formal start of the contractual volumes.

Our balance sheet and liquidity position remained extremely strong. We generate robust operating cash flows to fund our business operations, internally finance our capital program and service all of liabilities and debt obligations as they become due. During the first quarter 2019, we generated positive free cash flows of RR 19 billion, which was 50% lower than the prior year, but reflects a significantly higher capital spent in the current reporting period as we invested capital into our future LNG platform, prepare the next large domestic gas and gas condensate field, as well as other ongoing development and exploration projects.

We achieved a Normalized EBITDA of RR 118 billion, which were 55% higher than the prior year and slightly more than one percent lower relative to the fourth quarter 2018. Our operating cash flows exceeded our cash used to finance capital expenditures by 1.5 times, despite the fact that we significantly increased our cash spent on our capital program Y/y by 337%. We improved all of our credit metrics during the period, and again demonstrated a solid balance sheet to easily support our international and domestic credit ratings. Our net debt to normalized EBITDA stood at 0.24 times.

In conclusion, our financial and operational results were very good in the first quarter 2019. Yamal LNG represented our pivotal move into the international gas markets, and the impact to our results is positive. We are now positioned to move forward with Arctic LNG 2. It’s important that we don’t rest on our past successes. We must also look beyond Arctic LNG 2 and begin prepping a series of value accretive LNG projects that comprise our current asset portfolio. Arctic LNG 2 is just one in a series of future LNG projects that we will introduce in the upcoming years as outlined in our Corporate Strategy.

This week’s successful launch of Cryogas-Vysotsk represents our belief that the bunkering market for LNG will be strong in the Baltic Sea region as well as our commitment to supply LNG to our future transshipment terminal at the Port of Rostock in Germany. Transport fuels are transitioning toward cleaning burning natural gas and we believe we can capture a niche market in this area.

With our growing LNG ambitions NOVATEK will emerge as a portfolio player and, as such, we are developing our plan to penetrate the whole natural gas value chain and market LNG to the fast growing Asian Pacific Region. We will develop the necessary infrastructure and core capabilities to achieve these marketing and commercial objectives.

We are closer to beginning our next large-scale LNG project – Arctic LNG 2. Our transaction with Total established the crucial benchmark for this project, and now, we have now executed binding agreements with CNOOC and CNODC to each purchase a 10% participation interest in Arctic LNG 2 at a market valuation consistent with the Total transaction. This was a very eventful week for the Company.

We have reiterated many times that the interest in Arctic LNG 2 as well as our broader LNG platform on the Yamal and Gydan peninsulas is very attractive to potential investors, as our ability to deliver cost-competitive LNG to all major consuming nations is without debate. Our actual results prove that we are one of the lowest cost LNG providers in the market today, generating positive margins and free cash flows even at today’s lower spot prices. Many of the current LNG projects today (or those still on the drawing board) can’t make that affirmative statement at current prices. We can.

A sustained period of lower LNG prices creates market demand and we are optimistic that future LNG demand will be stronger than current estimates. As noted in our annual financial results, NOVATEK has one of the lowest lifting costs in the global oil and gas industry. Thanks to some of the new technology that will be deployed at Arctic LNG 2, we believe we will achieve some of the lowest liquefaction costs in the industry. Moreover, optimizing our logistical model with the proposed transshipment terminals in Murmansk and Kamchatka will further decrease our transport costs to key importing markets.

NOVATEK remains competitive in the Asian, Latin American and the European markets. Low LNG prices will stimulate LNG demand. It is already evident in the energy strategies of many countries – they are switching their energy mix to clean burning natural gas. LNG prices will eventually rebound but we do not believe LNG prices will revert back to the $15 per mmbtu levels as previously seen. This means future LNG projects must be cost-competitive to achieve sufficient profitability to justify investment decisions.

Arctic LNG 2 will be an industry game changer. Our strategic vision is to be a leader in the global LNG market not a follower. We have an enormous opportunity with our large, low-cost, conventional hydrocarbon resource to redefine the global LNG landscape and establish the Russian Arctic zone as one of the main LNG producing centers. The Yamal and Gydan peninsulas hydrocarbon resources have the potential to produce up to 140 million tons per annum of LNG. We outlined our strategy of reaching 57 mtpa's by 2030, but this was based on conservative estimates of future gas demand and our role within the global gas market. We will revise our goal to reach 70 mtpa by 2030 in the near future and, this underscores the transformation of NOVATEK into one of the largest natural gas companies in the world.

Ladies and gentlemen, dear shareholders, we would like to thank everyone for attending tonight's conference call and for your continued support of NOVATEK. Last year was an exciting time in our corporate history, especially with the full launch of Yamal LNG. We had a very successful year in terms of Total Shareholder Returns (TSR). Our TSR in 2018 was 45% in USD terms, and represented the highest TSR amongst our global oil and gas peers.

Two Thousand and Nineteen (2019) will be another exciting year as we launch our first new major field in quite some time – the North Russkoye field, and begin the construction of the first GBS unit at Arctic LNG 2.

We stated before that many key events would converge in 2019 that will unlock shareholder value. We are close to finalizing the shareholder structure of Arctic LNG 2, and this week's announcements were very important steps in this direction.

Thank you.

Operator: If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speaker phone, please make sure your mute function is switched off to allow your signal to reach our equipment. Again, please press star one to ask a question. We will now take our first question, from Karen Kostanyan from Bank of America. Please go ahead.

Karen Kostanyan: Hello Mark, thank you very much for the presentation and congratulations on all the exciting news that you guys got this week. I have two questions. My first question would be, when do you expect the closing of the transaction with the CNPC and CNODC, approximately? And whether bringing forward of those closings will actually revise the timeline for your FID?

That's my first question. And my second question, regarding the new 70 million tons, when do you expect the plans for these new LNG projects to be disclosed to the market, or at least go to – on a drawing board? Thank you.

Mark Gyetvay: Thank you, Karen. On your first question, we expect to close within two months, possibly maximum three months, as was stated yesterday. Will this revise the FID decision? I don't believe so, I think it will be taken in the first part of the second half of the year as we originally noted. I don't think we'll see any revisions on that timeline.

In terms of coming out with the updated strategy, we're presently working on that, and we'll let everybody know as soon as we have a date. I suspect it will be sometime probably second half of next year, not in 2019 but more likely second half of 2020. Thank you.

Karen Kostanyan: Thanks.

Operator: The next question comes from Thomas Adolff from Credit Suisse, please go ahead.

Thomas Adolff: Good afternoon. Three questions for me, please. Just in regards to the future projects, the third one, and the fourth, do you plan to have a similar structure in place whereby you sell about 40% of the project, and do the agreements with the Chinese you signed yesterday also include an option for the Chinese to buy into these future projects, similar to the deal signed with Total?

And secondly, I may have missed your comments earlier on, but I wondered whether you can confirm that the Chinese deal you signed were on similar terms as the Total deal, and if so I wonder why, considering the project had been somewhat more de-risked since Total's deal was announced first in May 2018?

And then I guess finally, if you don't mind, just on the third project, because you've talked about, you know, we have to look beyond Arctic LNG 2 now, can you perhaps share some initial thoughts on potential timeline of FID and start-up of the project? Thank you.

Mark Gyetvay: Okay, Thomas, on your first question, the structures of future projects, obviously right now they're probably going to be similar, but I would not hold us to that. I think the 60/40 structure is actually ideal for us at this particular point in time, but I would not say that is in concrete stone; we may change that as time moves on.

Your second question, yes, I can confirm that the terms are consistent and similar with Total. We felt that at that particular time, CNPC was a partner with us in Yamal LNG and we said before that, they represent a big market, and we had no plans on changing the terms with them. This was discussed from the very beginning, that their entrance to the project would be similar to Total's deal.

Your third question –

Thomas Adolff: Can I go back to the first question?

Mark Gyetvay: Yes.

Thomas Adolff: Does the Chinese deal you signed yesterday also include an option for them to buy into the third- and the fourth-train project, similar to Total. I mean Total brought into the project 10%, but they also have an agreement, if you, you know, take FID on the third and fourth project, that they can also take an equity stake. Does the Chinese agreement also have this clause?

Mark Gyetvay: The option question was related to Total because they (Total) wanted to maintain their relative position with Novatek, so that is why the option was given to them, so they have both a direct and indirect stake. There was no option given to – in my understanding, the Chinese in their deal. It was just purely an additional term given to Total, so that they can maintain a certain percentage that they wanted to achieve based on their direct and indirect interests with Novatek.

And your third one you're saying is – your third question is in relation to will we use our technology or –

Thomas Adolff: Yeah, the last question was just related to the third project. What are your latest thoughts on timeline, in particular targeted FID. Is it two or three years from now, or is it a bit later than that?

Mark Gyetvay: That is why we're going to come out with the revised strategy. We'll advise you on that, but I think what we were talking about previously, it could be just around the same time as the launch of Arctic LNG 2, but that would be based on using the Arctic Cascade technology, not based on the GBS platform. We'll redefine that when we come up with the revised strategy to give you a timeline on some of the projects.

Now, what you see in the 2030 strategy, that's not really changing much. I think what we're actually planning to do is just implement another project around Arctic LNG 2. That was probably going to be post-2030, because we believe that Arctic Cascade will give us the competitive advantage once we launch the pilot program at train number four. In other words, we can actually expedite one of the smaller satellite fields, rather than wait to do all three of the major big LNG projects tha5t we talked about in our strategy. We have Arctic LNG 2; we have ALNG LNG 1, ALNG LNG 2 and ALNG 3 that we're going to do.

I would just wait on the timeline to see how it changes, but nothing drastically changes from the 2030 strategy, other than we probably plan to implement another project around the same time as potentially the Arctic LNG 2 start.

Thomas Adolff: Perfect, thank you very much.

Operator: The next question comes from Ron Smith from Citi. Please go ahead.

Ron Smith: Hello Mark, and congratulations on what looks like a very busy and successful week or two. I have a question going back to Yamal LNG. If you remember, last year you told us that you had run a test on train one in the middle of February, if memory serves, a capacity test, and it came out at like 109% nameplate. Now that you have more than a year of running that unit, can you give us an idea of what the actual year-round capacity is of the unit relative to the 5.5 mtpa nameplate capacity?

Mark Gyetvay: It's hard to give you just that number on a train-by-train basis, I mean, I think we wanted to wait to see all three trains running all through the season, because obviously there'd be some maintenance work done at certain parts of the year that may alter that number. But, I think to give you a reasonable number, we're looking at about a 105% range over nameplate capacity, that's what we're budgeting for this year.

Ron Smith: Sounds good, that's about what I've got in the model. Appreciate it.

Mark Gyetvay: You're welcome.

Operator: The next question comes from Alex Comer from JP Morgan. Please go ahead.

Alex Comer: Hi, thanks for taking my questions. A couple of questions really. Firstly, you gave some valuations in the financial statements with regard to your – or based on the DCF of Arctic LNG 2. With reference to the previous question, in your models, what utilisation rate do you assume that your project runs at, this is Arctic LNG 2, and for what period of time do you assume that that runs in your estimates? And that's the first question.

And then just as an ask, I was wondering if going forward, you might consider just publishing the revenues and EBITDA from Yamal LNG, as that's now quite a big provider for you, and it's slightly difficult to tease it out on a quarterly basis. Thanks.

Mark Gyetvay: Okay, the run rate, I would just assume it's flat at 100% with the nameplate capacity until such time as we run these facilities and see if Arctic LNG 2 will be different, than what we experienced at Yamal LNG. I would just assume when we talk about 19.8 million tonnes per annum, that's the one you should use at this particular point in time.

Alex Comer: Okay.

Mark Gyetvay: In terms –

Alex Comer: You assume in your model the plant runs at 100%?

Mark Gyetvay: Yes, absolutely. Yes.

Alex Comer: Okay.

Mark Gyetvay: Okay, and obviously there'll be some maintenance period throughout the time, but the run rate should be pretty consistent at its nameplate capacity. Whether or not we'll disclose the information, I mean, we appreciate the question, but Yamal issues its own set of financial statements and highly unlikely that we'll alter any of our disclosures and add any additional disclosures in our current financial statements based on Yamal activity.

Alex Comer: Okay, thanks.

Operator: As a reminder, to ask a question please press star one. The next question comes from Igor Kuzmin from Morgan Stanley. Please go ahead.

Igor Kuzmin: Good afternoon everyone. Mark, thanks again for all the details around the economics of the Arctic LNG 2 in the financial statements and MD&A. I'd like to follow up on this area as well, and one particular question that I had in my head is about the prices, realized prices, for LNG volumes from Arctic LNG 2 that you had in mind when you were compiling the DCF valuation of the project and putting this into the financials. Thank you.

Mark Gyetvay: Igor, we don't disclose. Unfortunately, we're not going to disclose all our details that we use in our assumptions and models. I mean, you folks have all done your own modeling work and have all come up with your own individual valuation which is not consistent with ours, and we basically have outlined to you what the numbers were and what has been agreed to with our partners, but we're not going to provide specific details of pricing, CAPEX, etc. So I think we're just not going to disclose that information.

Igor Kuzmin: Okay. No, that's fine. Thank you.

Mark Gyetvay: You're welcome.

Operator: The next question comes from Alexander Burgansky from Renaissance Capital. Please go ahead.

Alexander Burgansky: Yes, hello, Mark. Thank you for the presentation. I have two questions if I may. First of all, the details of the Total deal included an $800 million payment that will be contingent on the oil price reaching a certain level. I was wondering if you can disclose a bit more information on that? What is the level of the oil price that you have in mind here and whether there will be one payment or a series of payments?

And the second question is that you have announced you've made a loan to Yamal LNG. It's a relatively small loan, I believe, for the construction of the fourth train. So what are the terms of this loan, and also I was wondering that the size appears to be quite small so whether we should expect another payment in the second quarter? Thank you very much.

Mark Gyetvay: Okay, just as we mentioned to Igor Kuzmin from Morgan Stanley, we're not going to provide the details of the model. I think we should just all cut questions off in relation to that particular point. We're not going to provide the model inputs.

As to your second one, yes, we all provided financing which was essentially a loan that we had on our books, and I don't believe we'll see any more financing at this particular point in time, but let's see what it looks like in the second quarter.

Alexander Burgansky: Okay, thank you.

Operator: The next question comes from Henry Patricot from UBS.

Henry Patricot: Yes, Mark, thank you for the update. I just have one question left. Given the other Total transaction that was announced, with them taking a stake in the Kamchatska and Murmansk sites, should we expect these other partners to take a few more stakes in the projects? I know that you go to 60:40 split just like for Arctic LNG 2.

Mark Gyetvay: That was a comment that Patrick made at one of the meetings he had here in Russia recently. We'll give everybody the opportunity to enter into the Murmansk and Kamchatka facilities based on their respective interest, but until we make such announcement directly from Novatek, saying that that is indeed the case, I think we shouldn't assume anything at this particular point in time.

Henry Patricot: Okay, thank you.

Mark Gyetvay: Okay, you're welcome.

Operator: The next question comes from Anna Kotelnikova from Sberbank. Please go ahead.

Anna Kotelnikova: Hello Mark, congratulations on the agreement with new partners. I just have three questions. The first one is, maybe you can make some comments on what could be potential candidates for the 10% stake that remains on sale in Arctic LNG 2?

And my second question is that we saw in disclosure that Arctic Gas made a dividend to Novatek of 600 million, so is this the only payment that we should expect this year or can we expect more payments? And maybe you could give some guidance on the dividend flow from your JVs including – for this year next – including Yamal LNG that comes in the form of loan repayment? Thank you.

Mark Gyetvay: On the first question, we're not going to really disclose the potential partners – you already know the general range of companies that have been looking at the particular project, so you know this already, we're not going to really disclose where we stand in negotiations with any one particular candidate but we are in a process of final negotiations for that 10% stake, and as soon as we're done with it, we'll make announcements as we did yesterday.

In terms of your questions on dividends related to Arctic Gas, are you referring after the balance sheet date?

Anna Kotelnikova: Yes.

Mark Gyetvay: We disclosed that – yes, so we disclosed that we received about 38.5 billion. So what do you want to know about that? I mean, are we expecting more?

Anna Kotelnikova: Yes, do you expect –

Mark Gyetvay: Is that your question?

Anna Kotelnikova: Yes.

Mark Gyetvay: Well, of course, I mean, as Arctic Gas continues operations, of course there'll be more dividends paid. I mean, we're at that state now that we said before. We said before that there is a point in time where we should be receiving dividends back from our joint ventures.

And then your other question was a little confusing on Yamal LNG. I wasn't quite sure what you were trying to get at with your question on the last one, your third question.

Anna Kotelnikova: So my question is basically how much can we expect in dividends from JV for this year and for next.

Mark Gyetvay: From Yamal LNG for this year, I think we're basically looking to start repayment of debt and interest and I think once we announced that we're receiving dividends from them, we'll disclose that, but I think this year for us it's mainly cash flow coming in from interest and potentially starting the debt repayment.

Anna Kotelnikova: So how much can we expect in terms of cash flow?

Mark Gyetvay: I don't have that number in front of me right now to be able to give that to you. We've just finished the first quarter, we just finished a busy week, and of all these transactions and I don't have what's going to happen at the end of the year from Arctic Gas or Yamal LNG paying back, so, you know... When it comes in and we have the exact number, we'll report it in that particular quarter.

Anna Kotelnikova: Okay, thank you.

Mark Gyetvay: Okay.

Operator: Once again as a reminder, please press star one. The next question comes from Ildar Khaziev from HSBC.

Ildar Khaziev: Hi everyone, thanks very much, Mark. One question about the disposal of 10% of Arctic LNG 2. So one of – the third basically payment which Total is supposed to pay, which is capital contribution, it has a range of – a pretty wide range in the footnotes. Could you explain, if you can of course, what explains such a wide range? Because my understanding was that you kind of have a good idea about the project CAPEX by now. That's my first question.

And the second question is about the possible disposal of stakes in Kamchatka. How – again, if you can, of course – how should we think about economics of those assets basically? If we decide to value, to kind of include this in our models? Thank you.

Mark Gyetvay: Ildar, I mean, again it's – we give you the capital contributions, we gave you the number and we said that the range would be, between $20-21 billion and that's where we are right now. And I try to give you a reasonable update tonight on where we stand in terms of the number of tenders and contracts, and I said we're at 75% already of the items and I said that we – the more tenders we get out and close, the more likely we're going to be able to finalize that number and get closer to the $20-21 billion as we outlined. So I don't have it. That's just a range that we put in based on assessment of various capital expenditures, but I'm not going to go into the specifics of that range.

Ildar Khaziev: Okay.

Mark Gyetvay: You know, the Murmansk or Kamchatka project as you mentioned – we're just waiting. If we have some good proposals, we're going to consider them. I mean, that's where we stand right now, just like anything else. We have an asset that has economic value that as you can see already, people have an interest in being part of, whether it's Murmansk to the European markets or Kamchatka going to the Far East, Asian Pacific markets. And we're just going to assess proposals that are going to be submitted to us by our partners and their interest in that particular project. Right now, it's too premature. We've already heard Total's interest stated by Patrick Pouyanné, but right now I think we're just waiting until we actually tell you via a press release, which is our customary practice, where we stand on that particular question. Okay?

Ildar Khaziev: Understood. Thanks very much.

Mark Gyetvay: You're welcome.

Operator: There are no further questions from the phone, but once again as a reminder, please press star one. As there are no further questions, I'll now turn the call back to your hosts for any additional or closing remarks.

Mark Gyetvay: Okay, thank you very much. And again we apologize, we were cut off for a couple minutes and we had a hard time getting back into the line, so I hope it wasn't too disruptive to everybody. As I said, it's been an extremely, extremely busy week for us this week, with the AGM, the launch of Cryogas-Vysotsk, the announcements of the two sales – the 10% stake in both Chinese entities and as well as getting ready for the first-quarter results in this conference call. We just hope that everybody was happy that we've finally been able to confirm the 25 billion, and as I mentioned before, I know everybody has their own models and that we view this as being the entrance cost to get into the particular project. How you want to value the project on a standalone project within your models, I mean, that is up to you to decide. We know that the discussions that we had with each of our partners, they accept the valuation that's been presented to them and the deals that were closed yesterday are consistent with that $25 billion valuation, and I believe they'll be consistent when we sell the last 10%. So I'm going to say that it's been a very, very busy, important week for the company in terms of getting everything done, and I know we're very happy from our perspective and obviously the share price has reacted positively to this particular news.

So I think it's, again, thank you very much for your patience. I know everybody was really waiting to see the numbers so they could confirm it and hopefully, although I know from the call today, we may have some disagreements about what that number is, but the number of $25 billion is the amount that our partners agree to, to enter this particular project.

So as I said, we look forward to addressing you again on the second-quarter conference call and hopefully by that time we'll have the final sale completed and some information related closer to the FID decision. Again, thank you very much and for all my Russian colleagues, have a happy May holidays forthcoming and we'll address everybody again in the second-quarter conference call. Thank you.

Operator: That will conclude today's call. Thank you for your participation, ladies and gentlemen, you may now disconnect.