Disclaimer – Forward Looking Statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

• changes in the balance of oil and gas supply and demand in Russia and Europe;
• the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
• the effects of competition in the domestic and export oil and gas markets;
• our ability to successfully implement any of our business strategies;
• the impact of our expansion on our revenue potential, cost basis and margins;
• our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
• the effects of changes to our capital expenditure projections on the growth of our production;
• inherent uncertainties in interpreting geophysical data;
• commercial negotiations regarding oil and gas sales contracts;
• changes to project schedules and estimated completion dates;
• potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
• our ability to service our existing indebtedness;
• our ability to fund our future operations and capital needs through borrowing or otherwise;
• our success in identifying and managing risks to our businesses;
• our ability to obtain necessary regulatory approvals for our businesses;
• the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
• changes in political, social, legal or economic conditions in Russia and the CIS;
• the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
• the effects of international political events;
• the effects of technological changes;
• the effects of changes in accounting standards or practices; and
• inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice. By participating in this presentation or by accepting any copy of this document, you agree to be bound by the foregoing limitations.
Summary Operational Highlights – 1Q19

- **Hydrocarbons production** totaled 147.1 mmboe, representing an increase of 11.0% compared to 1Q18.

- **Revenue** was RR 234.1 bln representing an increase of 30.5% compared to 1Q18.

- **Normalized* EBITDA** was RR 117.9 bln representing an increase of 54.6% compared to 1Q18.

- **Normalized* profit** was RR 110.6 bln representing an increase of 166.6% compared to 1Q18.

- **NOVATEK’s share in LNG production** was 2,586 mt.

- **3,421 mmcm of natural gas** were sold on international markets.

* Excluding the effect from the disposal of interests in subsidiaries and joint ventures.
Key Events 1Q19

- NOVATEK closed sale of 10% interest in Arctic LNG 2 to TOTAL

- Arctic LNG 2 and Siemens signed equipment supply contract

- NOVATEK signed heads of agreements with several international companies for the supply of liquefied natural gas from the Arctic LNG 2 project as well as other Group's projects

- NOVATEK won the sustainability impact assessment award. The Company’s Sustainability Report was recognized as the winner in the category “Disclosure of Information on Corporate Governance”
Operational Overview
The main factors positively impacting our production growth were the increase of natural gas production at Yamal LNG resulting from the start of LNG production at the second and third LNG trains of the LNG liquefaction plant in the second half of 2018, as well as the acquisition of the Beregovoye field by the Group in the first quarter of 2018. These positive factors allowed us to fully compensate for the decrease in production at mature fields of our subsidiaries and joint ventures.

The increase in total liquids production volumes YoY was mainly due to a gas condensate production growth at Yamal LNG resulting from the launch of the second and third LNG trains of the LNG liquefaction plant in the second half of 2018, which allowed us to fully compensate for a decrease in gas condensate production at mature fields of our subsidiaries and joint ventures.
Purovsky Plant and Ust-Luga Complex

**Purovsky Plant**
- **Total volumes delivered in 1Q19**: 2,693 mt
  - Yurkharovskoye field: 309 mt
  - East-Tarkosalinskoye and Khancheyskoye fields: 110 mt
  - Other fields: 21 mt
  - Purchases from our joint ventures: 2,253 mt
- **Total output of marketable products**: 2,679 mt
  - Stable gas condensate: 2,054 mt
  - LPG: 625 mt

**Ust-Luga Complex**
- **Total volumes delivered in 1Q19**: 1,770 mt
- **Total output of marketable stable gas condensate refined products**: 1,726 mt
  - Naphtha: 1,101 mt
  - Other products: 625 mt
- **Stable gas condensate refined products sold**: 1,797 mt
  - to Europe: 1,072 mt
  - to the Asian Pacific Region: 533 mt
  - to North America: 179 mt
  - Other: 13 mt
Financial Overview – 1Q19 to 1Q18
### Performance Summary 1Q19/1Q18

#### Macroeconomic
- **Brent US$/$bbl**: 63.1 → -3.7
- **RR depreciation/(appreciation) to US$**: 66.13 → 9.25

#### Financial (in millions of Russian roubles)
- **Total revenues**: 234,106 → 54,703
- **Total operating expenses**: 175,140 → 44,103
- **EBITDA including share in EBITDA of JVs**: 426,520 → 348,569
- **PP&E, net**: 423,545 → 20,832
- **Total assets**: 1,617,714 → 529,706
- **Total liabilities**: 351,168 → 80,807
- **Total equity**: 1,266,546 → 448,899
- **Operating cash flow**: 61,603 → 13,478
- **Cash used for capital expenditures**: 42,476 → 32,764
- **Free cash flow**: 19,127 → -19,286

#### Operational
- **Natural gas production (bcm)**: 18.66 → 2.15
- **Liquids production (mmt)**: 2.99 → 0.05

---

*Note: Number on the right is the absolute change, number on the left is the value for the reporting period, size of bar is % change.

* 31 March 2019 to 31 March 2018.
Mainly due to a 16.3% Russian rouble depreciation relative to the US dollar, as well as a significant decrease in export duty rates as a result of the completion of the tax maneuver in the oil and gas industry, which was partially offset by a decline in benchmark prices on international markets.

Mainly due to changes in inventory balances.

The increase in LNG sales volumes purchased primarily from our joint venture Yamal LNG, as well as an increase in sales prices in the Russian domestic market resulted in an increase in our aggregate average price by 28.9% and sales volumes by 9.5%.
Our total natural gas sales volumes increased by 1,932 mmcm, or 9.5%, due to increased sales of LNG purchased primarily from our joint venture Yamal LNG.

Our liquids sales volumes increased by 199 mt, or 5.3%, mainly due to changes in inventory balances that vary period-to-period depending on shipping schedules and final destinations of our liquid hydrocarbons shipments.
Total Revenues Breakdown

- Natural gas, including LNG
- Stable gas condensate refined products
- LPG
- Stable gas condensate
- Crude oil
- Other

1Q19:
- Natural gas, including LNG: 53.4%
- Stable gas condensate refined products: 25.7%
- LPG: 11.5%
- Stable gas condensate: 3.5%
- Crude oil: 4.6%
- Other: 1.3%

1Q18:
- Natural gas, including LNG: 49.3%
- Stable gas condensate refined products: 26.7%
- LPG: 12.5%
- Stable gas condensate: 5.9%
- Crude oil: 5.0%
- Other: 0.6%
## Operating Expenses

(IRR million and % of Total Revenues (TR))

<table>
<thead>
<tr>
<th>1Q18 % of TR</th>
<th>1Q19 % of TR</th>
<th>4Q18 % of TR</th>
<th>1Q19 % of TR</th>
</tr>
</thead>
<tbody>
<tr>
<td>37,794</td>
<td>21.1%</td>
<td>39,644</td>
<td>16.7%</td>
</tr>
<tr>
<td>13,422</td>
<td>7.5%</td>
<td>15,035</td>
<td>6.3%</td>
</tr>
<tr>
<td>51,216</td>
<td>28.6%</td>
<td>54,679</td>
<td>23.0%</td>
</tr>
<tr>
<td>8,097</td>
<td>4.5%</td>
<td>7,831</td>
<td>3.3%</td>
</tr>
<tr>
<td>5,563</td>
<td>3.1%</td>
<td>5,812</td>
<td>2.5%</td>
</tr>
<tr>
<td>4,593</td>
<td>2.6%</td>
<td>6,670</td>
<td>2.8%</td>
</tr>
<tr>
<td>1,709</td>
<td>1.0%</td>
<td>2,461</td>
<td>1.0%</td>
</tr>
<tr>
<td>-4</td>
<td>n/a</td>
<td>172</td>
<td>0.1%</td>
</tr>
<tr>
<td>-1,952</td>
<td>n/a</td>
<td>2,309</td>
<td>1.0%</td>
</tr>
<tr>
<td>69,222</td>
<td>38.5%</td>
<td>79,934</td>
<td>33.7%</td>
</tr>
<tr>
<td>61,815</td>
<td>34.5%</td>
<td>100,432</td>
<td>42.3%</td>
</tr>
<tr>
<td>131,037</td>
<td>73.0%</td>
<td>180,366</td>
<td>76.0%</td>
</tr>
</tbody>
</table>

Our total operating expenses increased YoY by 33.7% to RR 175,140 million mainly due to an increase in volumes of LNG purchased from our joint venture Yamal LNG with the launch of LNG production at the second and third LNG trains in the second half of 2018, as well as an increase in the average purchase prices for hydrocarbons, which in turn allowed us to earn higher revenues from hydrocarbons sales.
Mainly due to a 2.2% decrease in our domestic natural gas sales volumes to our end-customers, for which we incurred transportation expenses.

Due to an 8.0% increase in volumes of liquids sold and transported via rail and a 7.1% increase in weighted average transportation cost per unit.

The increase was due to an increase in sales volumes of stable gas condensate refined products delivered by tankers, freight rates, as well as a depreciation of the Russian rouble average exchange rate. In addition, our tankers transportation expenses include short-term vessels time charter expenses related to our revenues from LNG and liquids transportation by tankers rendered to our joint ventures and third parties, which tend to fluctuate period-to-period depending on the volume of such services.
Our unified natural resources production tax expense increased by 17.7% mainly due to an increase in UPT rates for crude oil and gas condensate. The increase was mainly the result of changes in the UPT rates formulas effective 1 January 2019 caused by the completion of the tax maneuver in the oil and gas industry.
Materials, Services and Other Expenses (RR million)

Increase due to:
- the acquisition of a new production asset in 1Q18 (the Beregovoye field);
- an increase in average number of employees in NOVATEK-Energo due to the expansion its operations and servicing new assets;
- an indexation of base salaries effective from 1 July 2018;
- the related increase in social contributions for medical and social insurance and to the Pension Fund.

Primarily due to an increase in the contract rate for services performed at the Tobolsk Refining Facilities from January 2019.
In the corresponding period of prior year, besides social expenses, we made compensatory payments of RR 375 million, which mainly related to the development of the Salmanovskoye (Utrennye) field. Social expenses and compensatory payments fluctuate period-on-period depending on the implementation schedules of specific programs we support.

Increase due to:

• an increase in accrued provision for bonuses to key management;
• an indexation of base salaries effective from 1 July 2018;
• the related increase in social contributions for medical and social insurance and to the Pension Fund.
In the three months ended 31 March 2019, we recognized a gain on the disposal of a 10% participation interest in OOO Arctic LNG 2 to a subsidiary of TOTAL S.A. in the amount of RR 308,578 million before income tax.

* Net of income tax of RR 37,372 million associated with the disposal of 10% interest in Arctic LNG 2 in March 2019
The Group has available credit line facilities from banks with credit limits in the amount of RR 184 billion and the equivalent of USD 750 million and EUR 50 million.

**Debt repayment schedule:**
- Up to 31 March 2020 – Loan from the Silk Road Fund and Other loans
- Up to 31 March 2021 – Loan from the Silk Road Fund, Eurobonds Ten-Year (USD 650 mln) and Other loans
- Up to 31 March 2022 – Loan from the Silk Road Fund
- Up to 31 March 2023 – Loan from the Silk Road Fund and Eurobonds Ten-Year (USD one bln)
- After 31 March 2024 – Loan from the Silk Road Fund

### Available Liquidity

<table>
<thead>
<tr>
<th>Period</th>
<th>Cash</th>
<th>Available credit lines</th>
<th>Current portion of long-term debt</th>
<th>Short-term debt</th>
<th>Long-term debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April 2019 - 31 March 2020</td>
<td>3,215</td>
<td>96,538</td>
<td>54,042</td>
<td>3,968</td>
<td>236,187</td>
</tr>
<tr>
<td>1 April 2020 - 31 March 2021</td>
<td>3,968</td>
<td></td>
<td>68,606</td>
<td>3,968</td>
<td>332,725</td>
</tr>
<tr>
<td>1 April 2021 - 31 March 2022</td>
<td>3,968</td>
<td></td>
<td></td>
<td></td>
<td>96,538</td>
</tr>
<tr>
<td>1 April 2022 - 31 March 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 April 2023 - 31 March 2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After 31 March 2024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>332,725</td>
</tr>
</tbody>
</table>
Financial Overview – 1Q19 to 4Q18
Mainly due to a decrease in benchmark prices on international markets for almost all our liquid hydrocarbons which was partially offset by decrease in export duty rates as a result of the completion of the tax maneuver in the oil and gas industry.

The increase in LNG sales volumes purchased primarily from our joint venture Yamal LNG, as well as an increase in sales volumes in the Russian domestic market were fully offset by a decrease in LNG prices on international markets.

Due to changes in inventory balances. Due to a decrease in export sales volumes resulted from a decrease in purchased of SGC for subsequent sale on international markets, including purchases from our joint venture Yamal LNG.

Mainly due to a decrease in benchmark prices on international markets for almost all our liquid hydrocarbons which was partially offset by decrease in export duty rates as a result of the completion of the tax maneuver in the oil and gas industry.
Total Revenues Breakdown

- Natural gas, including LNG
- Stable gas condensate refined products
- LPG
- Stable gas condensate
- Crude oil
- Other
Transportation Expenses (RR million)

<table>
<thead>
<tr>
<th></th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas by pipelines</td>
<td>39,644</td>
<td>40,103</td>
</tr>
<tr>
<td>Liquids by rail</td>
<td>500</td>
<td>79</td>
</tr>
<tr>
<td>Hydrocarbons by tankers</td>
<td>-1,344</td>
<td>-85</td>
</tr>
<tr>
<td>Crude oil</td>
<td>-810</td>
<td>-1,344</td>
</tr>
<tr>
<td>Other</td>
<td>-596</td>
<td>-85</td>
</tr>
<tr>
<td></td>
<td>1,108</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>-20</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td></td>
</tr>
</tbody>
</table>

Change due to tariff/geography
Change due to volume
### Materials, Services and Other Expenses (RR million)

<table>
<thead>
<tr>
<th>Category</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee compensation</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Repair &amp; maintenance</td>
<td></td>
<td>-356</td>
</tr>
<tr>
<td>Materials &amp; supplies</td>
<td>-138</td>
<td></td>
</tr>
<tr>
<td>Rent expenses</td>
<td>-8</td>
<td></td>
</tr>
<tr>
<td>Preparation, transportation &amp; processing</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>LPG volumes reservation expenses</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Electricity and fuel</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Transportation expenses</td>
<td>-9</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>6030</td>
</tr>
</tbody>
</table>

Mainly due to an increase in average number of employees in NOVATEK-Energo due to the expansion of its operations and servicing new assets and the related increase in social contributions for medical and social insurance and to the Pension Fund of the Russian Federation.
Due to a decrease in accrued provision for bonuses to key management.
Appendices
**Liquids in Tankers**

**Liquids sales**
- Naphtha
- Jet fuel
- Gasoil and fuel oil
- LPG
- Crude oil
- Stable gas condensate

**“Goods in transit”**
- **31.03.2019** ~ 372 thousand tons
  - Asia-Pacific Region (Naphtha)
  - Europe (Fuel oil)
- **31.03.2018** ~ 400 thousand tons
  - Asia-Pacific Region (Naphtha)
- **31.12.2018** ~ 313 thousand tons
  - Asia-Pacific Region (Naphtha)
Change in Inventories

- Natural gas (lhs)
- Liquid hydrocarbons (rhs)

Liquids, mt

Natural gas, mmcm

31/03/17  30/06/17  30/09/17  31/12/17  31/03/18  30/06/18  30/09/18  31/12/18  31/03/19

0  500  1,000  1,500  2,000  2,500  3,000

0  200  400  600  800  1,000  1,200

Natural gas (lhs)  Liquid hydrocarbons (rhs)
Core investments in upstream exploration, production and processing facilities funded primarily through internal cash flows
Questions and Answers