

First Quarter 2021 Operational and Financial Results Conference Call



Mark A. Gyetvay, Deputy Chairman of the Management Board
29 April 2021



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 – 1Q21




- **Total revenues** amounted to RR 244.6 bln, representing an **increase of 32.5%** compared to 1Q20
- **Normalized EBITDA*** totaled RR 143.8 bln, representing an **increase of 42.9%** compared to 1Q20
- **Normalized profit*** excluding the effect of foreign exchange gain (losses) totaled RR 75.8 bln, representing an **increase of 41.5%** compared to 1Q20
- **Free Cash Flow** totaled RR 31.8 bln, representing an **increase of 78.0%** compared to 1Q20
- **Hydrocarbons production** totaled 158.1 mmboe, representing an **increase of 5.3%** compared to 1Q20

*Excluding the effects from the disposal of interests in subsidiaries and joint ventures (recognition of a net gain on disposal and subsequent non-cash revaluation of contingent consideration).

Key Events 1Q21

- NOVATEK obtained the North-Gydanskiy license area
- NOVATEK repaid Ten-Year Eurobonds
- Yamal LNG Arc7 Ice-class tankers completed late seasonal voyages along the Northern Sea Route
- Steel cutting ceremony for new Arc7 Ice-class LNG tanker at Zvezda Shipyard
- NOVATEK and Shenergy Group signed SPA for LNG from Arctic LNG 2

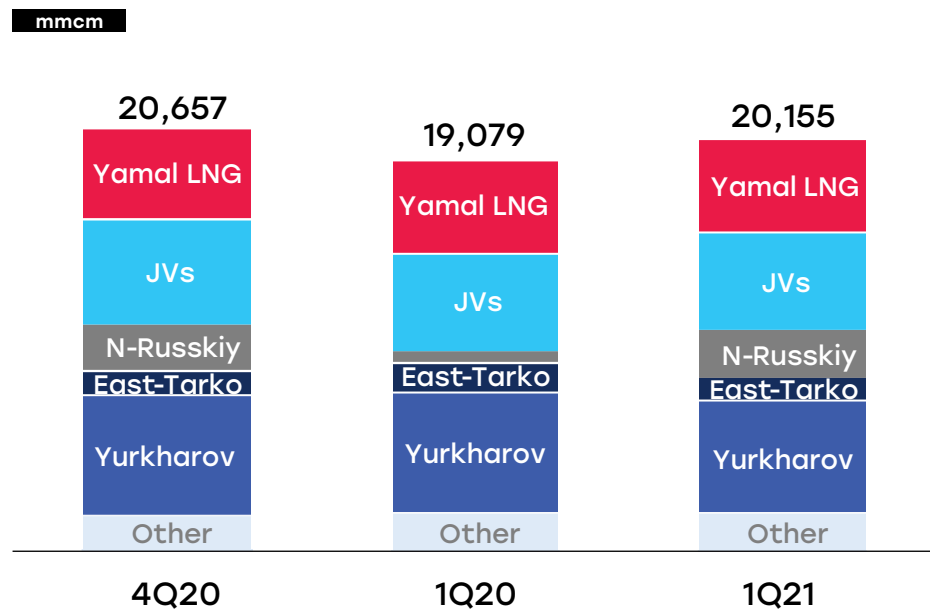
NOVATEK joined the Arctic Economic Council

- NOVATEK signed:
 -  MOU with NLMK on decarbonization
 -  MOU with Uniper on hydrogen production and supply
 -  Cooperation agreement with Nuovo Pignone on CO2 emissions reduction
- Cooperation agreement with the Government of the Kamchatka Territory and Rosprirodnadzor

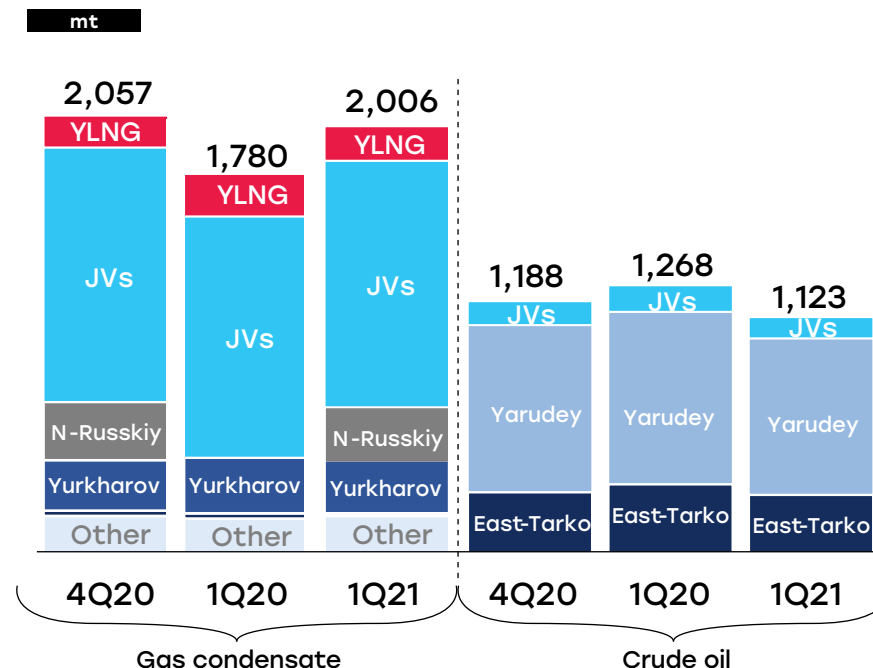
Operational Overview

Hydrocarbon Production

NATURAL GAS PRODUCTION



LIQUIDS PRODUCTION



N-Russkiy includes production at the North-Russkoye, East-Tazovskoye and Dorogovskoye fields

Our total natural gas and liquids production including the proportionate share in the production of our joint ventures increased by 5.6% and 2.7%, respectively, mainly due to the commissioning of gas condensate deposits within the fields of the North-Russkiy cluster (the North-Russkoye and East-Tazovskoye fields) in the third quarter 2020. The increase in the production at these fields completely offset the declines in production at mature fields of our subsidiaries and joint ventures.

Purovsky Plant and Ust-Luga Complex

Purovsky Plant

Total volumes delivered in 1Q21: 3,127 mt

- North-Russkiy cluster: 261 mt
- Yurkharovskoye field: 244 mt
- East-Tarkosalinskoye and Khancheyskoye fields: 105 mt
- Other fields: 118 mt
- Purchases from our joint ventures: 2,399 mt

Total output of marketable products: 3,111 mt

- Stable gas condensate: 2,300 mt
- LPG: 811 mt

Ust-Luga Complex

Total volumes delivered in 1Q21: 1,778 mt

Total output of marketable stable gas condensate refined products: 1,729 mt

- Naphtha: 1,108 mt
- Other products: 621 mt

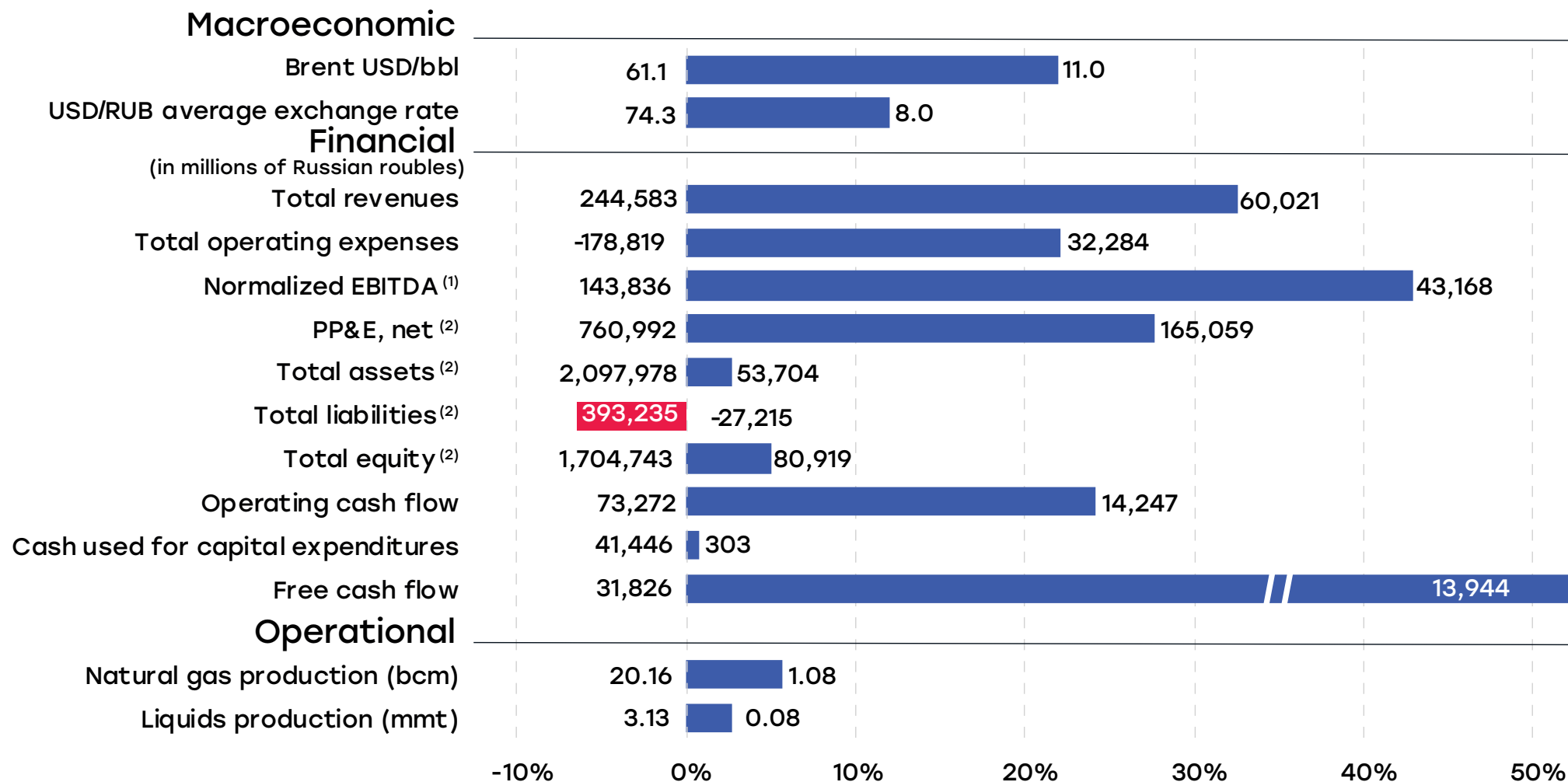
Stable gas condensate refined products sold: 1,613 mt

- to Europe: 570 mt
- to the Asian Pacific Region: 705 mt
- to North America: 253 mt
- Other: 85 mt



Financial Overview – 1Q21 to 1Q20

Performance Summary 1Q21/1Q20

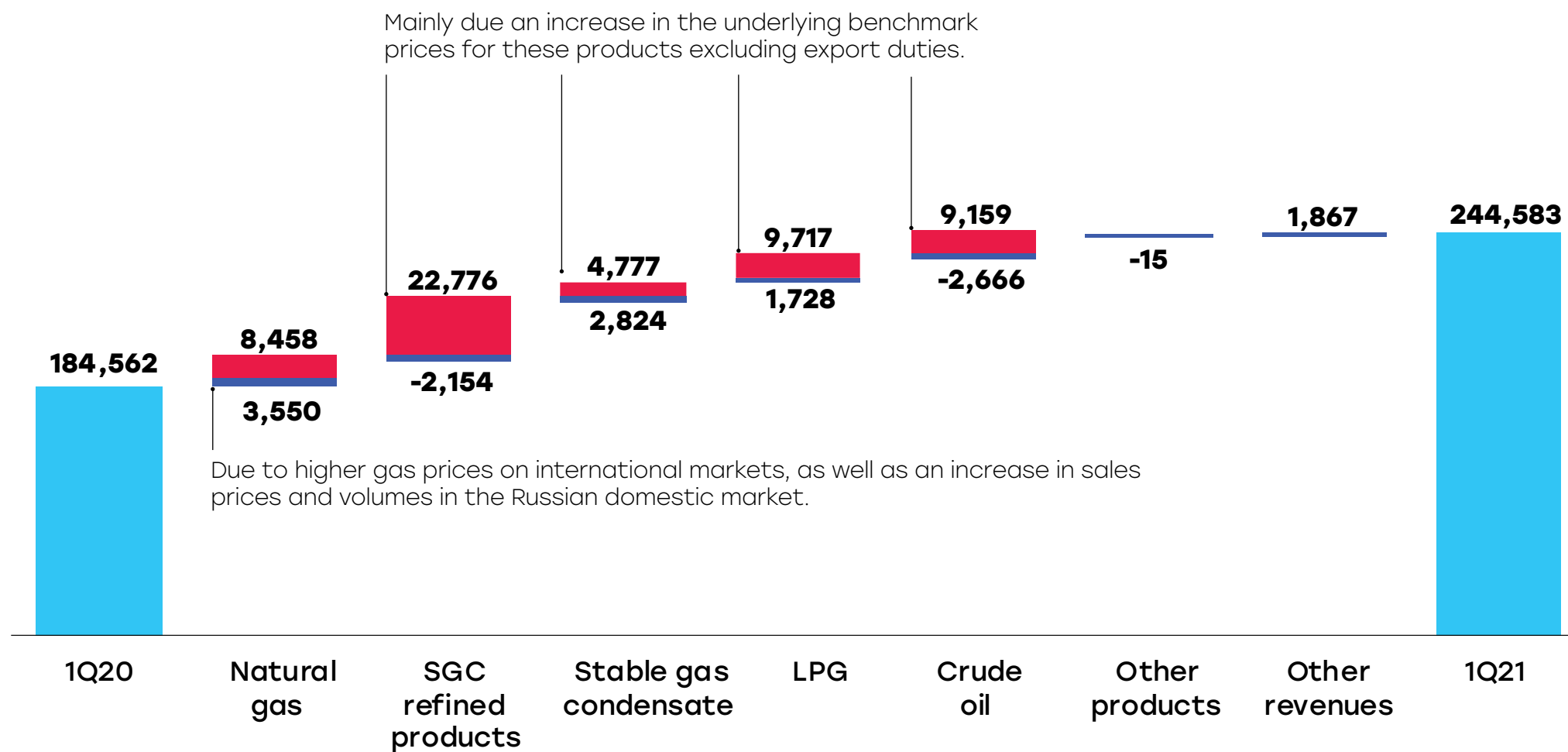


⁽¹⁾ Excluding the effects from the disposal of interests in subsidiaries and joint ventures (recognition of a net gain on disposal and subsequent non-cash revaluation of contingent consideration)

⁽²⁾ 31.03.2021 to 31.03.2020

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

Total Revenues (RR million)

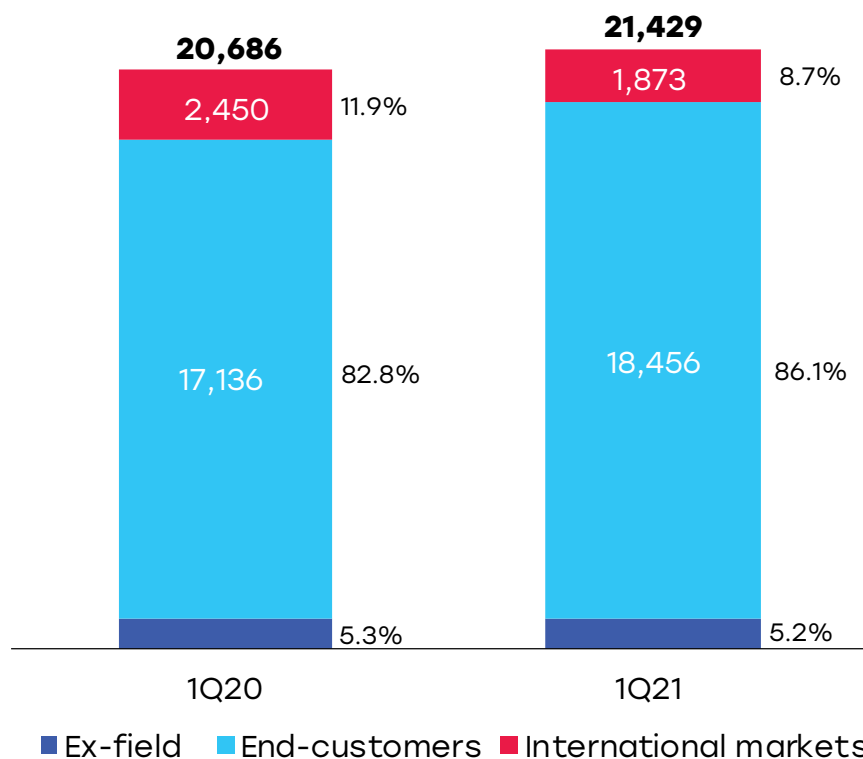


Change due to volume Change due to price

Market Distribution - Sales Volumes

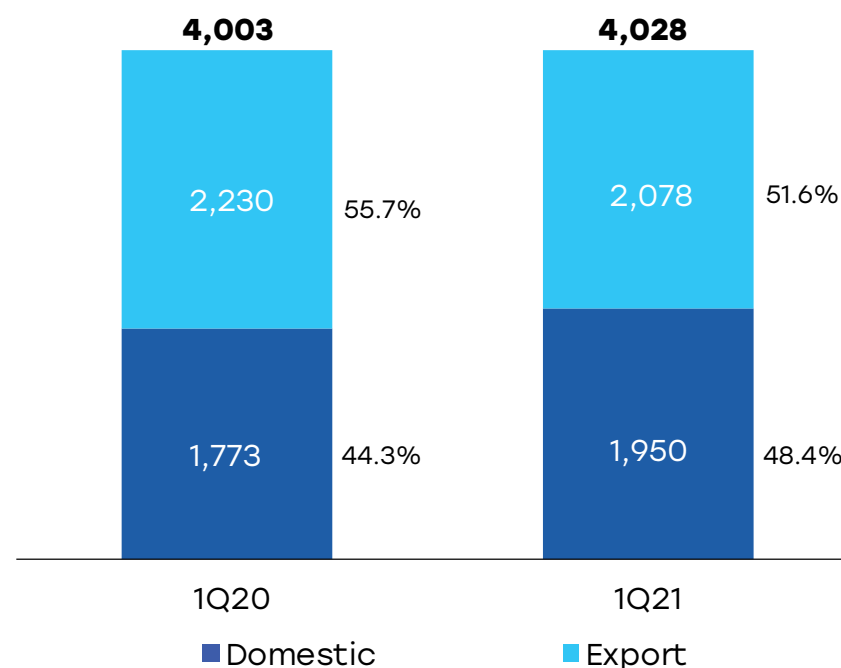
NATURAL GAS SALES VOLUMES

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LIQUIDS SALES VOLUMES

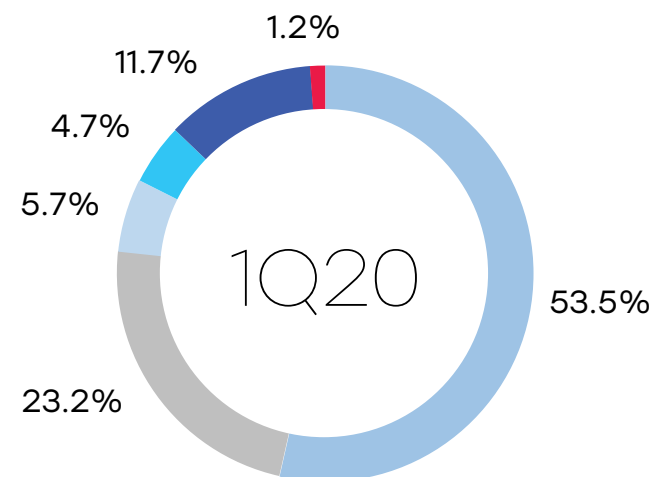
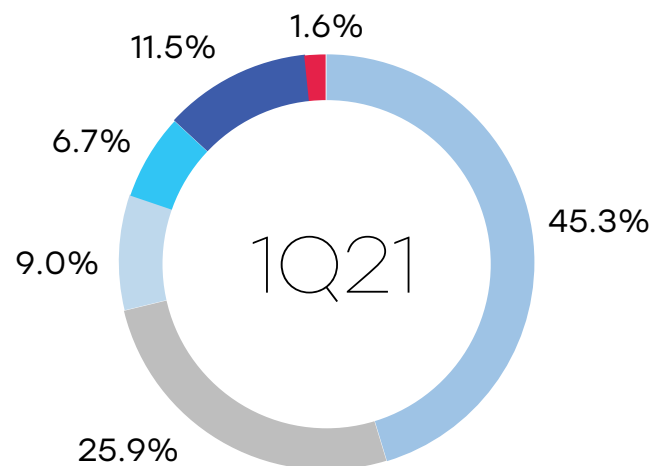
mt



Natural gas sales volumes increased by 3.6% primarily due to an increase in natural gas volumes sold on the domestic market resulting from the launch of additional production facilities, as well as higher demand from end-customers due to colder winter seasonal weather conditions. This positive effect was partially offset by a decline in natural gas volumes sold on the international markets due to a decrease in LNG sales volumes purchased primarily from our joint venture OAO Yamal LNG as a result of an increase in the share of Yamal LNG's direct LNG sales under long-term contracts and the corresponding decrease in LNG spot sales to shareholders, including the Group

Total Revenues Breakdown (RR billion)

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



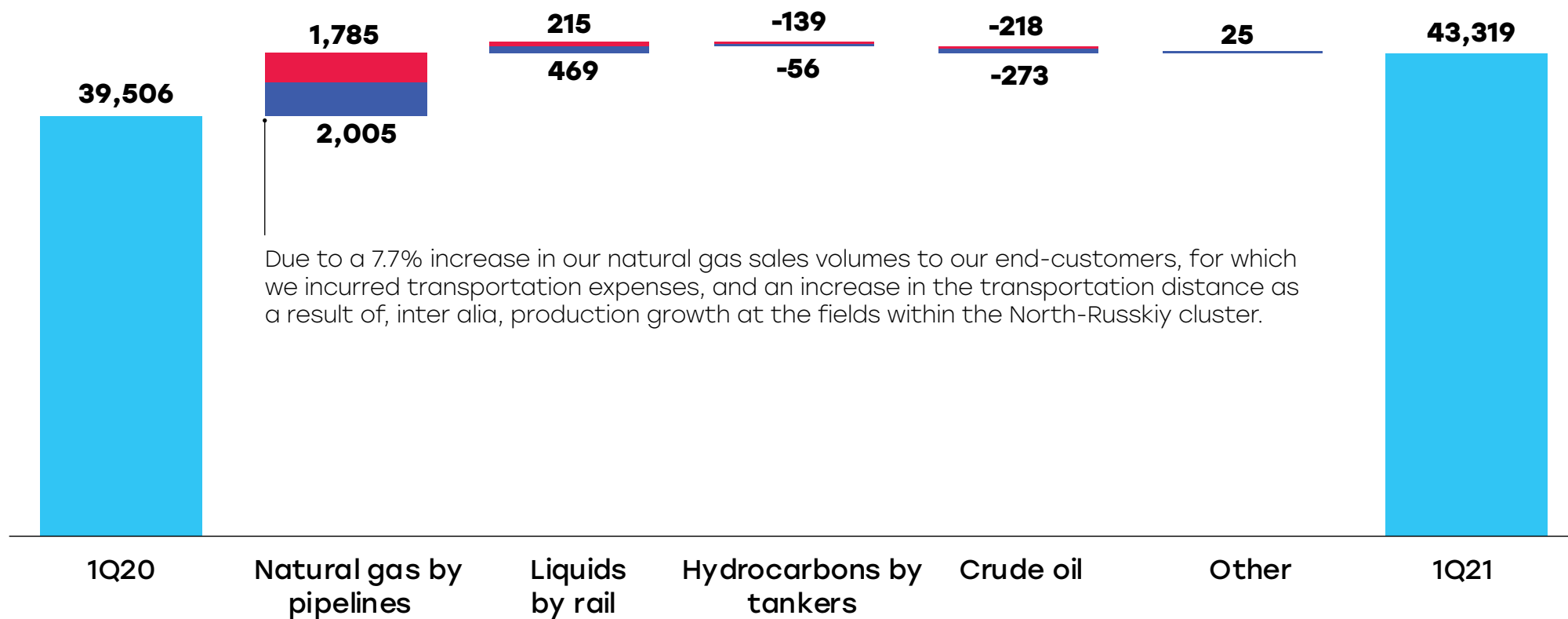
Operating Expenses

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

1Q20	% of TR	1Q21	% of TR		4Q20	% of TR	1Q21	% of TR
39,506	21.4%	43,319	17.7%	Transportation expenses	45,209	20.6%	43,319	17.7%
14,530	7.9%	19,904	8.1%	Taxes other than income tax	15,985	7.3%	19,904	8.1%
54,036	29.3%	63,223	25.8%	Non-controllable expenses	61,194	27.9%	63,223	25.8%
8,871	4.8%	12,420	5.1%	Depreciation and amortization	11,659	5.3%	12,420	5.1%
6,812	3.7%	8,264	3.4%	Materials, services & other	7,996	3.6%	8,264	3.4%
5,664	3.1%	6,034	2.5%	General and administrative	8,381	3.8%	6,034	2.5%
2,788	1.5%	2,473	1.0%	Exploration expenses	555	0.3%	2,473	1.0%
3	n/a	-23	n/a	Net impairment expenses (reversals)	282	n/a	-23	n/a
3,299	1.8%	-6,549	n/a	Change in natural gas, liquids and WIP	1,605	0.7%	-6,549	n/a
81,473	44.1%	85,842	35.1%	Subtotal operating expenses	91,672	41.8%	85,842	35.1%
65,062	35.3%	92,977	38.0%	Purchases of natural gas and liquid hydrocarbons	72,046	32.8%	92,977	38.0%
146,535	79.4%	178,819	73.1%	Total operating expenses	163,718	74.6%	178,819	73.1%

Our total operating expenses increased by 22.0% mainly due to an increase in global hydrocarbon commodity prices which resulted in an increase in average hydrocarbon purchase prices and UPT rates.

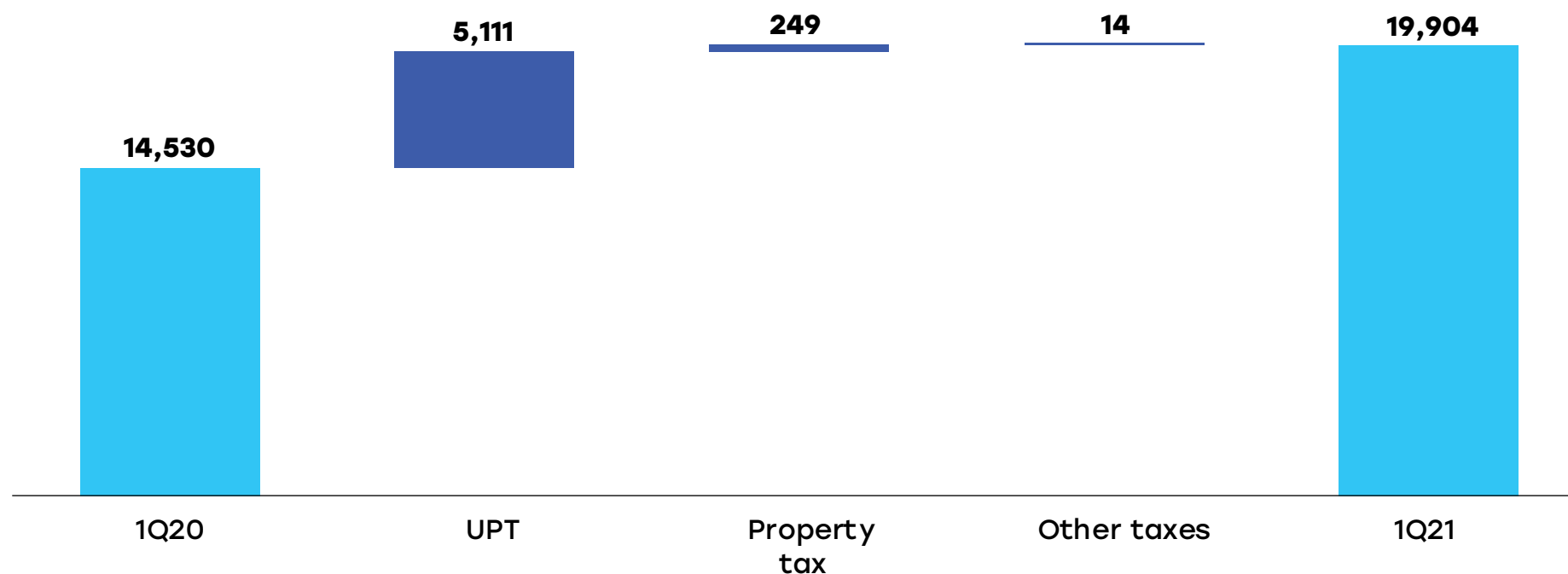
Transportation Expenses (RR million)



■ Change due to volume ■ Change due to tariff/geography

Taxes Other Than Income Tax Expense

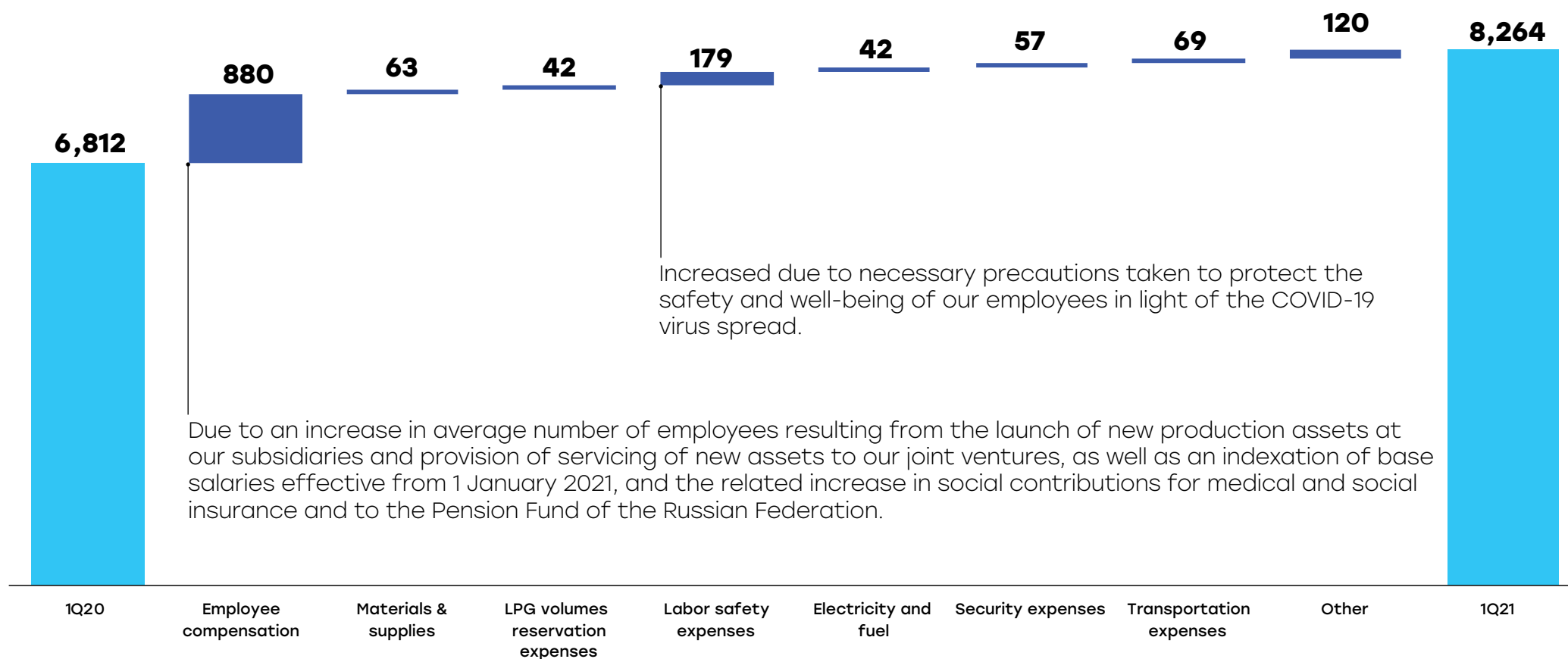
(RR million)



Our UPT expense increased primarily due to an increase in UPT rates, as well as an increase in gas condensate and natural gas production volumes. The increase in UPT rates was due to an increase in benchmark crude oil prices and changes in the UPT rates formulas caused by the completion of the tax maneuver in the oil and gas industry.

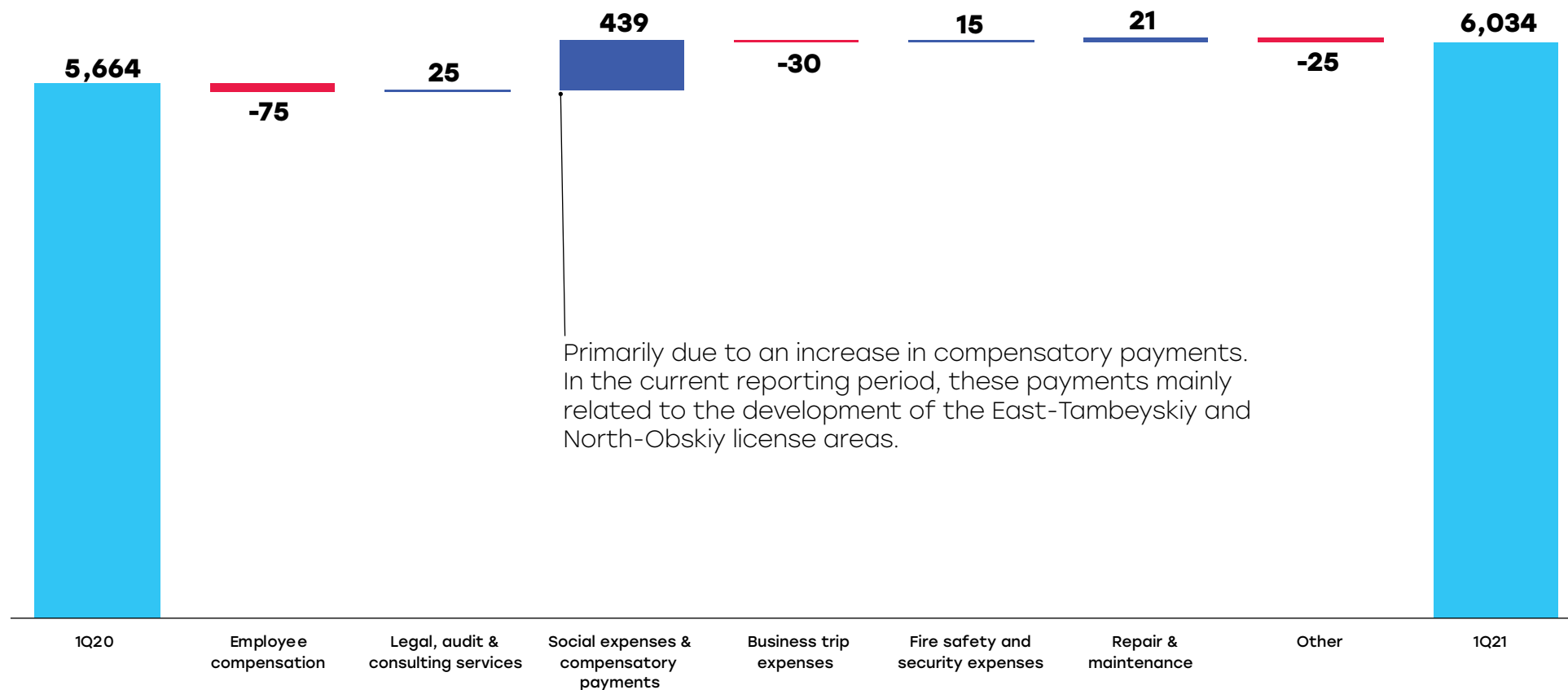
Materials, Services and Other Expenses

(RR million)

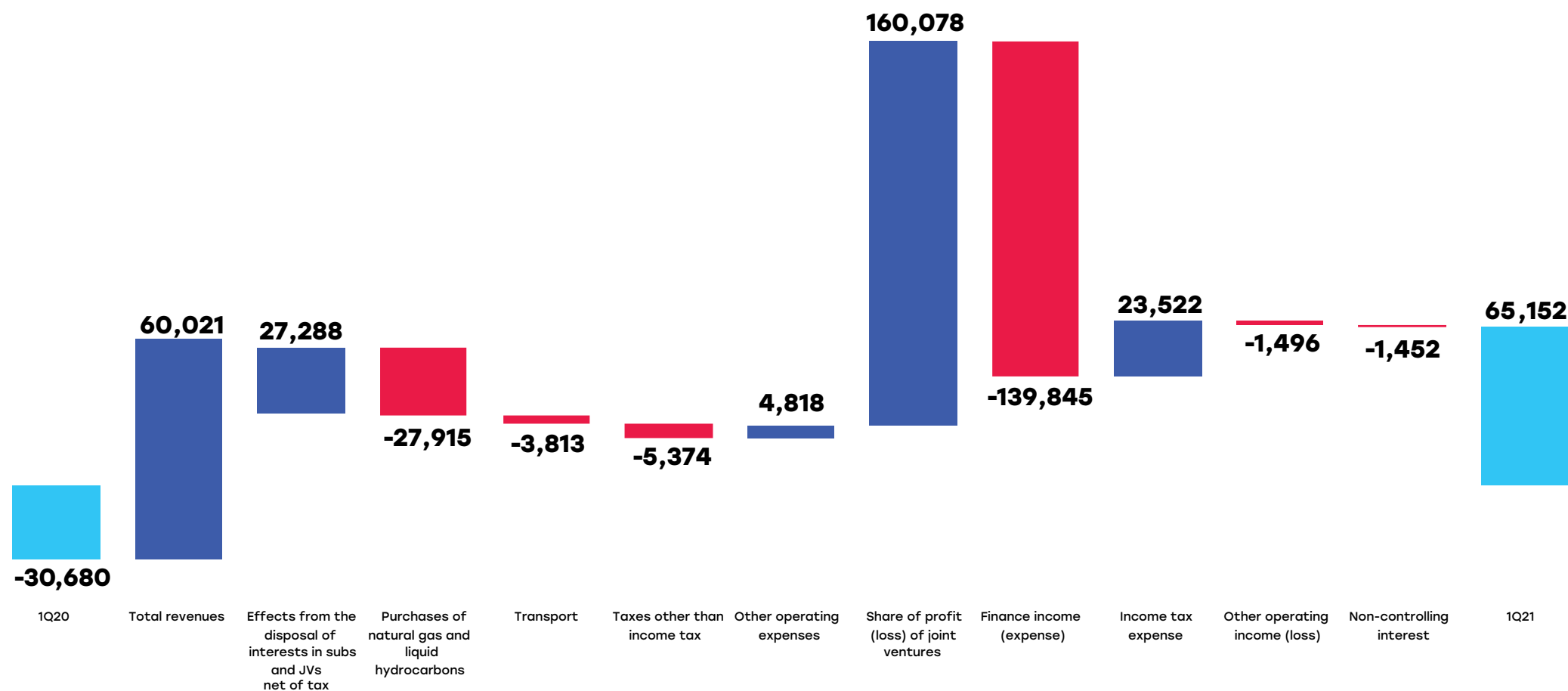


General and Administrative Expenses

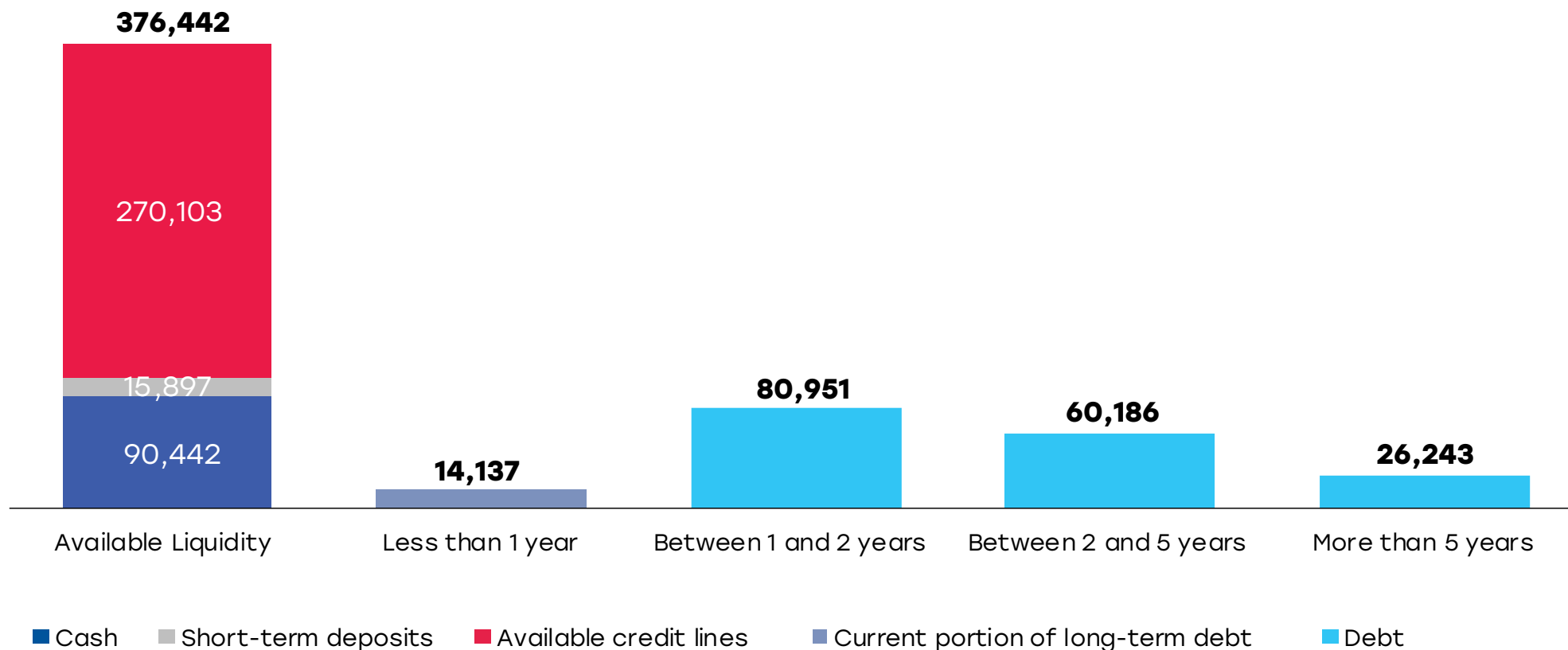
(RR million)



Profit Attributable to NOVATEK Shareholders (RR million)



Total Debt Maturity Profile (RR million)



DEBT REPAYMENT SCHEDULE:

Up to 31 March 2022 – Loan from the Silk Road Fund and Other loans

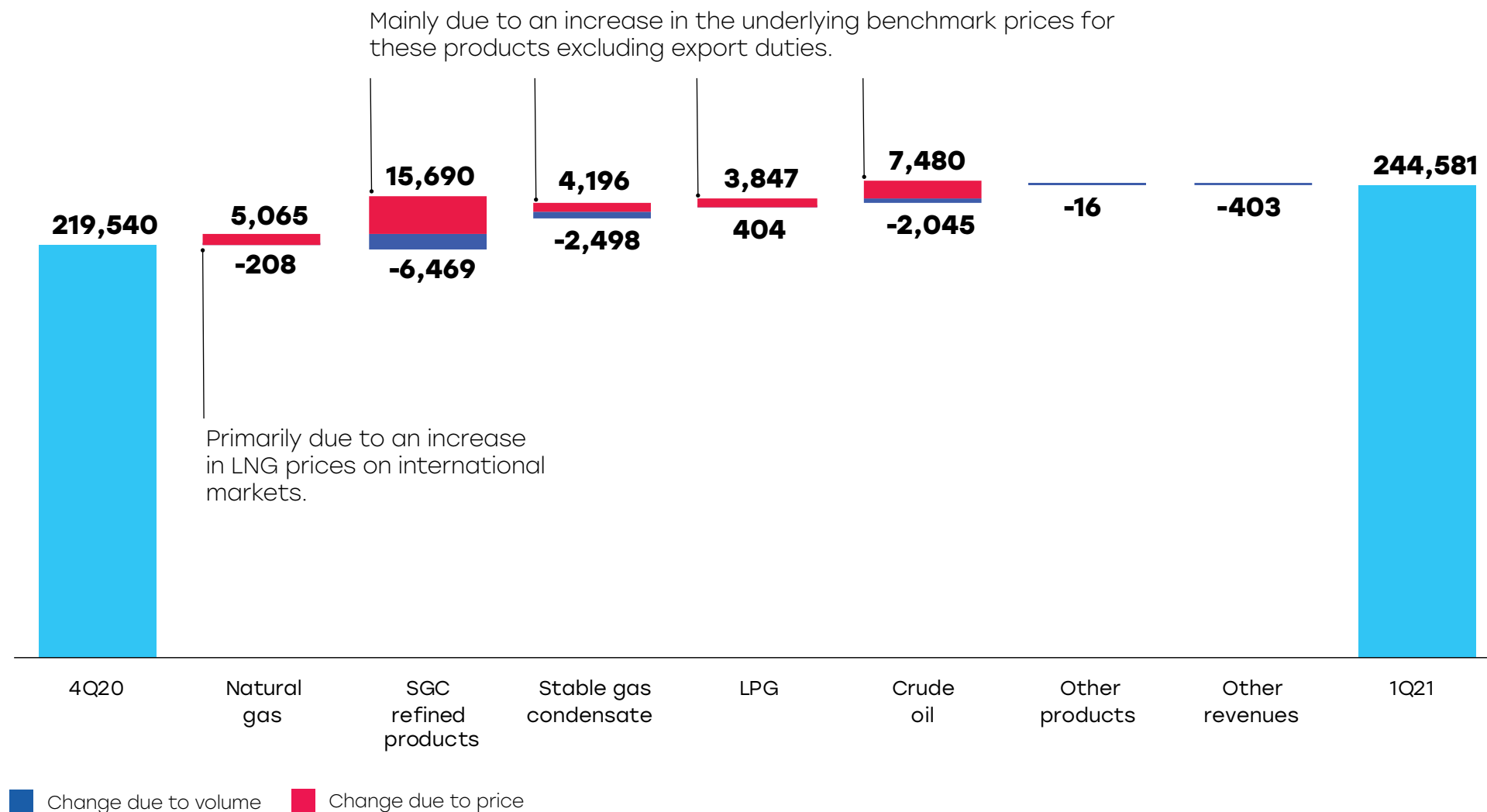
Up to 31 March 2023 – Loan from the Silk Road Fund and Eurobonds Ten-Year (USD one bln)

After 31 March 2023 – Loan from the Silk Road Fund and Other loans

Financial Overview – 1Q21 to 4Q20

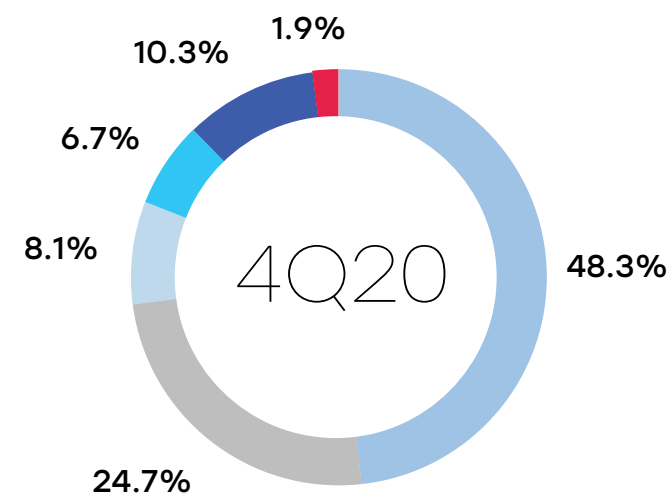
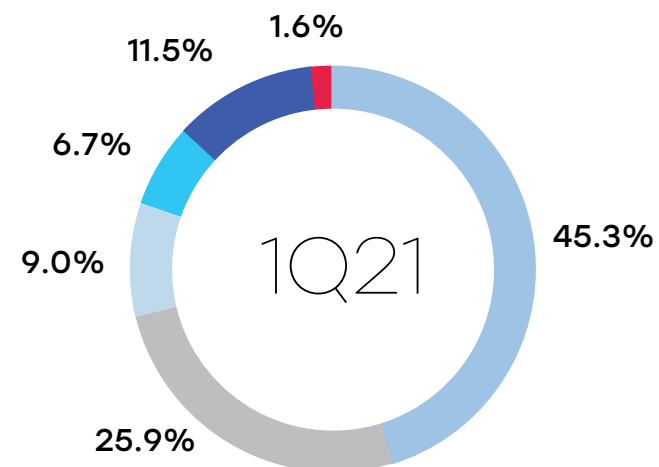
Total Revenues

(RR million)

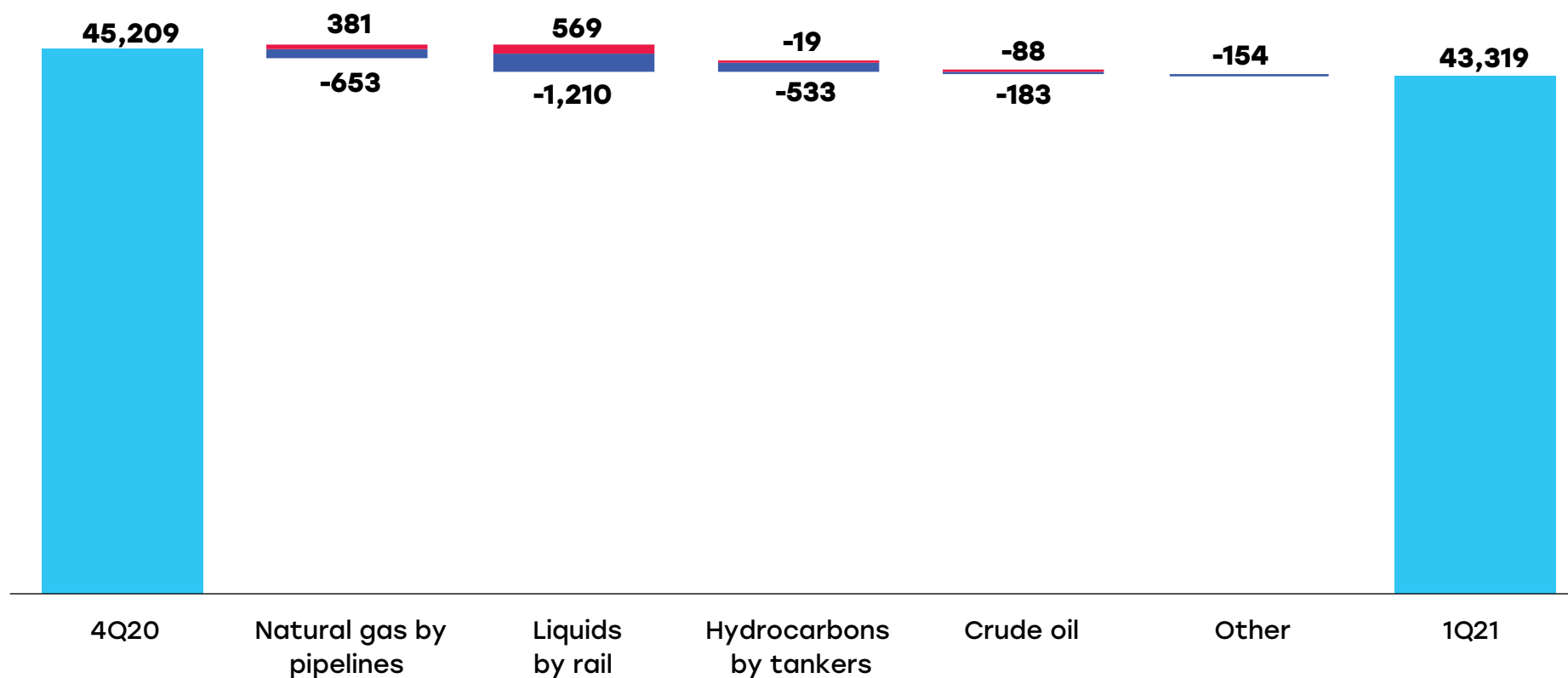


Total Revenues Breakdown

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

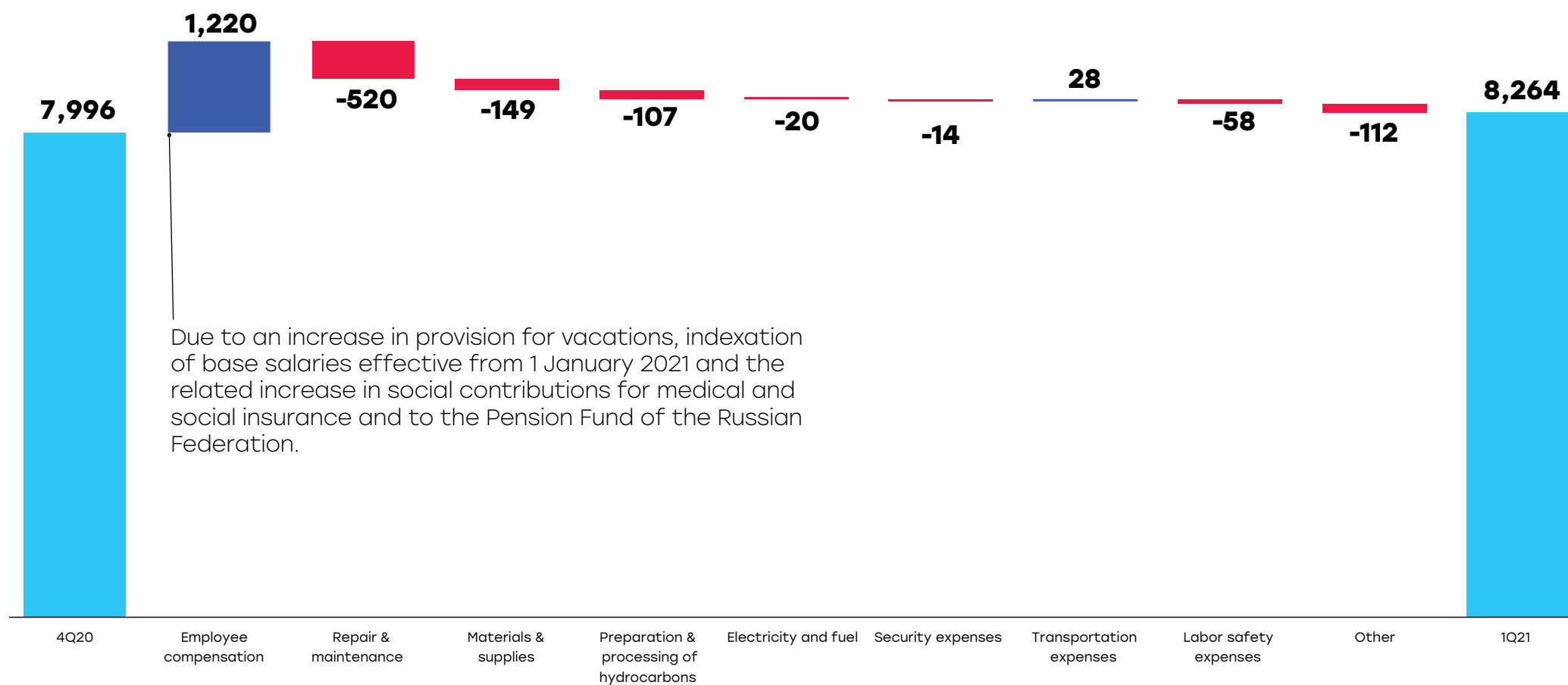


Transportation Expenses (RR million)



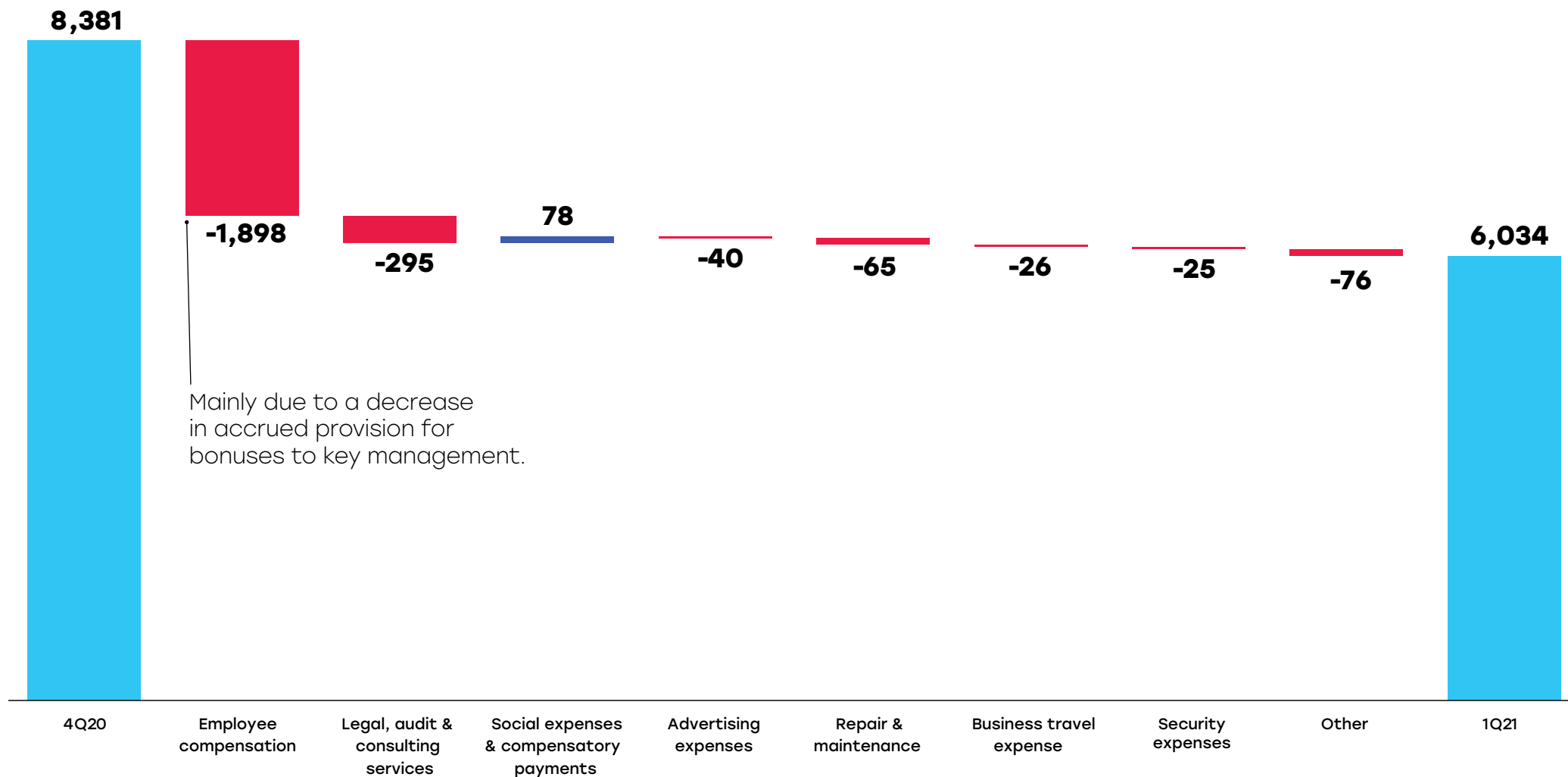
■ Change due to volume ■ Change due to tariff/geography

Materials, Services and Other Expenses (RR million)



General and Administrative Expenses







(RR million)



Appendices

Liquids in Tankers

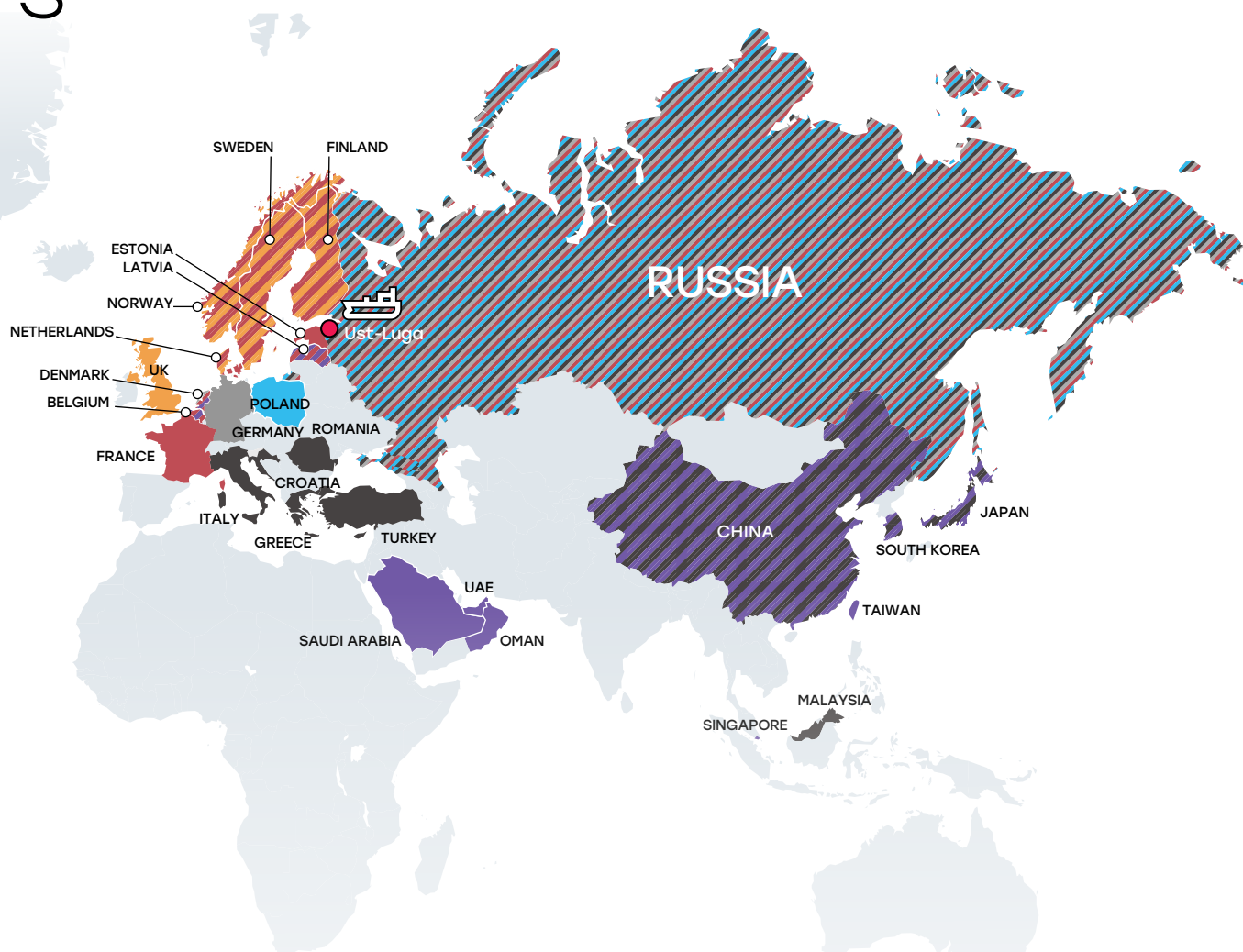
Liquids sales

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

“Goods in transit” 31.03.2020
~ 127 thousand tons



Asia-Pacific Region (Naphtha)



“Goods in transit” 31.12.2020
~ 190 thousand tons



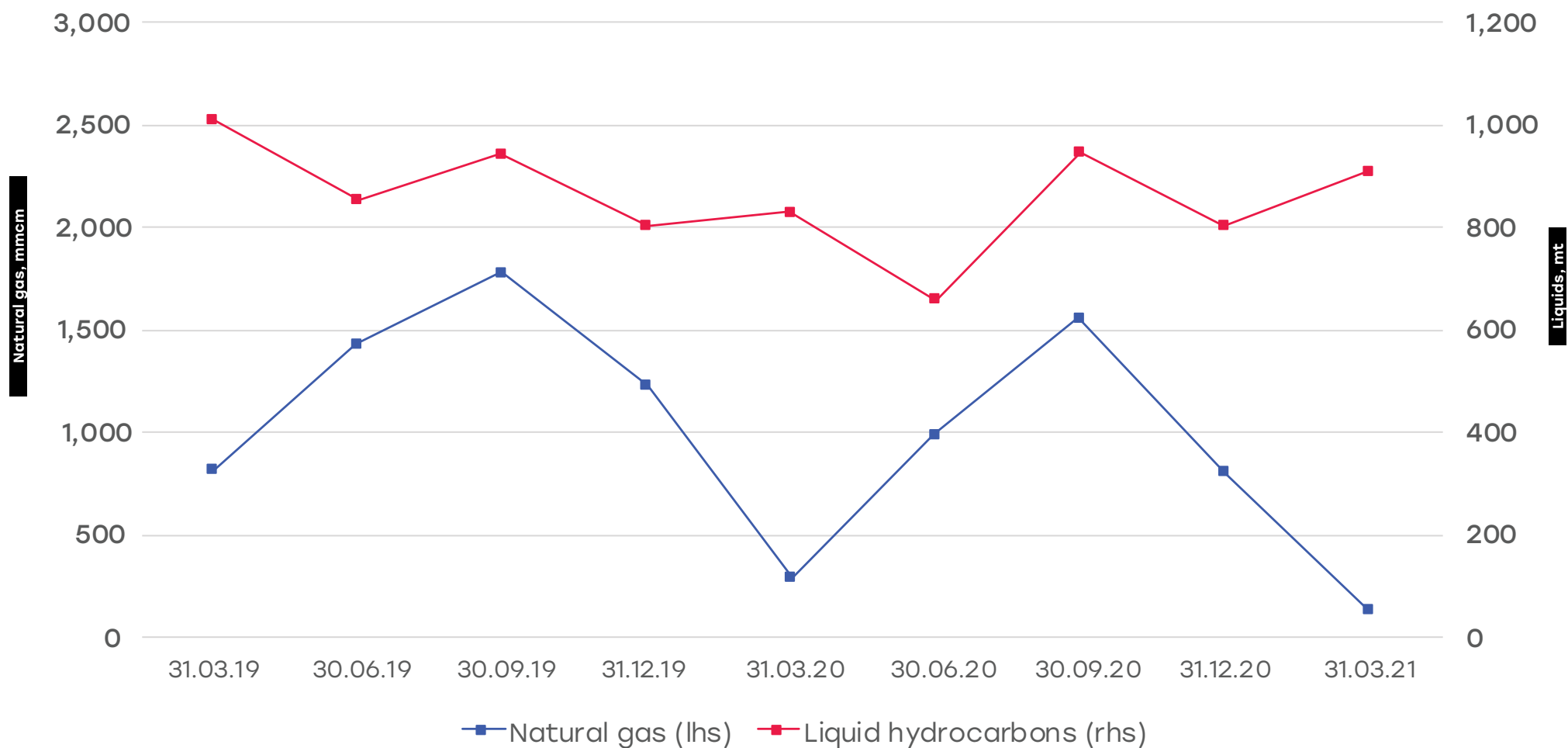
Asia-Pacific Region (Naphtha)

“Goods in transit” 31.03.2021
~ 330 thousand tons

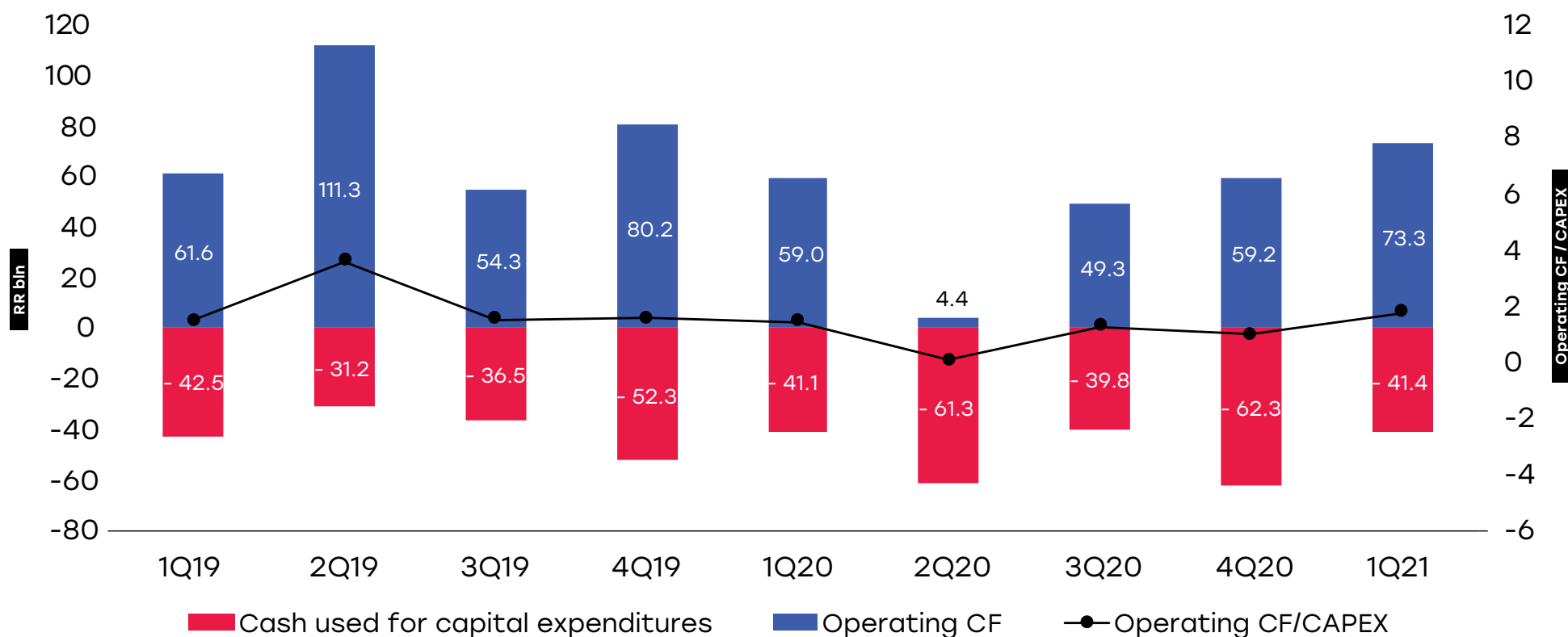


Asia-Pacific Region (Naphtha)

Change in Inventories



Internally Funded Investment Program



Questions and Answers