

PAO NOVATEK

First Quarter 2018

Financial and Operational Results – Earnings Conference Call

26 April 2018

Moscow, Russian Federation

Mark Gyetvay:

Ladies and Gentlemen, Shareholders and colleagues good evening and welcome to our First Quarter 2018 earnings conference call. I would like to thank everyone for joining us this evening.

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 2017, 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

The first quarter began our initial push into the global gas market with our spot sales of LNG from our Yamal LNG project during the ramp-up phase of LNG train #1, underscoring our new corporate theme of “New Horizons” or “New Beginnings”. We have discussed many times of this transformative move and the formal launch of Yamal LNG and the success of the first train ramp-up has caught the attention of many industry observers who now view the Yamal and Gydan peninsulas as a commercially viable center for future LNG production. We are confident that we will be able to deliver this growth from this prolific hydrocarbon basin in Russia, thus making Russia, generally, and NOVATEK, specifically, a major exporter of LNG in the coming years.

We delivered our initial cargos in a very favorable commodity pricing market due to exceptionally cold winter which swept across most of Europe and North America. Moreover, our first quarter domestic gas sales were also favorably impacted by a prolonged period of cold weather in Russia, which essentially meant we withdrew most of our natural gas in underground storage as well as purchased almost 100% of the gas produced by our joint venture, Arcticgas, to meet increased seasonal demand and contractual obligations. We have stated many times in the past that weather is a crucial determinant in seasonal gas demand and the first quarter 2018 highlighted the tightness in the gas markets with the severe cold weather snap that required all gas producers, including NOVATEK, to deliver at full capacity.

The macro-environment was also very positive in the first quarter supported by strong underlying benchmark commodity prices across all of our product range both internationally and domestically. This led to relatively strong prices for both natural gas and liquids.

Despite the positive financial and operational results achieved in the first quarter, geopolitics and the threat of further sanctions negatively impacted overall investor sentiment in Russia and overshadowed the market gains achieved year-to-date. It is becoming increasingly frustrating for all involved to deal with the unpredictability of the US Treasury Department and OFAC's threats of sanctions against companies who have no direct involvement in geopolitical matters and who are only trying to operate in the spirit of open and fair market competition. The recent sanctions on the 6th April against individual Russian companies and holders of both shares and bonds is a mistake and shook market confidence and facilitated a panic selling spree that was unwarranted.

The abnormally cold weather in the first quarter highlighted the need to have multiple supply sources of natural gas, and our Yamal LNG project was able to provide much needed natural gas supplies to key markets during this excessively cold period. We are strong advocates that multiple supply sources from key producing regions around the world will be necessary to meet future expected demand growth, and that LNG will not displace or compete with pipeline gas entering the European markets. Everyone is well aware of Gazprom's increased delivery of natural gas volumes to Europe this past year and continued in the first quarter is largely a function of declines in indigenous production in Europe and the North Sea as well as partial recovery of the Euro Zones economic activities, so we don't believe that geopolitics will be the deciding factor in sourcing natural gas from multiple supply sources.

It's important that our valued investors understand that we will concentrate our efforts on building our LNG and core domestic gas business as outlined in our recently published Corporate Strategy up to

2030. Our strategic imperatives will not change with the recent series of geopolitical events, nor do we believe it will alter or negatively affect any of our recent discussions with potential strategic partners. Our managerial attention will be focused on delivering operational and financial results within our control, and delivering projects according to our strategic plans. Hopefully, the recent geopolitical events will be settled in a rational, constructive and diplomatic manner.

The ramp-up of the first LNG train at Yamal LNG has gone according to plan. We have not hit any major bottlenecks as some of the analysts have wrongfully suggested as potential risks. Instead, since the initial launch in December 2017, we have shipped 25 cargos from the Sabetta port carrying approximately 1.5 million tons of LNG by Arc7 ice-class tankers, along with six (6) cargos of stable gas condensate. All of the initial ramp-up cargos were secured by the partners in proportion to their equity interests, and this process continued until early April when the initial contractual offtake volumes commenced.

At the end of the first quarter the overall project progress was up slightly from 91.2% in the fourth quarter to 92.5% in the current reporting period. We made progress on train #2 and all modules for all three trains are installed on foundations and the initial commissioning process for train #2 has begun. We presently have more than 22,500 construction workers on site and more than 230 contractors still working on the project.

One hundred and thirteen production wells have been drilled to date which is higher than the well count necessary to feed natural gas into both trains # 1 and #2. This essentially means that we have completed approximately 54% of the total well stock for this project. In addition, we plan to commence drilling of our first deep layer well targeting the Jurassic formation at the end of April with well number 172, which will include a horizontal leg of 1,500 meters and a six-stage fracking program. This well will be our first test to confirm additional hydrocarbon resources and the production potential of the deeper, liquids rich horizons at the South Tambayskoye field.

There are five (5) Arc7 ice-class LNG carriers in service and 10 more are presently under construction. One of the Arc7 tankers – Boris Vilkitsky – sustained some damage to the one of its azipods motors and will be sent to dry dock for repairs. The tanker was allowed to transport one more cargo of LNG with the assistance of an ice-breaker, and is expected to return back to normal service once the repair works are completed, which, according to our schedule, essentially corresponds to our planned maintenance work at Yamal LNG.

We have scheduled planned maintenance work on LNG train #1 for two weeks in May, meaning that the operations at the plant will cease during this period but it will not impact the delivery of LNG during the period. We were ahead of schedule with the completion and testing of four (4) LNG storage tanks as we previously announced. We will load a few cargos during this period by utilizing the LNG stored from these tanks; therefore, the periodic maintenance works is not expected to impact full year LNG volumes or present delivery schedule.

Global demand for LNG remained strong in the first quarter and continued the robust trend we experienced throughout 2017. Global LNG demand in the first quarter increased year-on-year (Y/y) by roughly 7.8 million tons, or by 10%, reaching a level of 82.8 million tons. China led the surge in demand in 2017 by becoming the number 2 global LNG importer surpassing South Korea as the country embarked on a program to clean the air quality of major cities by reducing the use of coal in the primary energy mix. China again demonstrated robust growth in the first quarter 2018 by increasing LNG consumption by 62% Y/y to 12.75 million tons.

The recent trends in the global gas markets support our strategic initiative to transition NOVATEK from a domestic natural gas producer to a significant global player in the LNG markets. The global LNG markets will evolve as key consuming nation's transition to cleaner burning fossil fuels and shift the energy mix away from coal to natural gas. We have stated many times that we believe the LNG markets offer significant upside demand revisions as natural gas plays an increasing role in combating climate change and addressing shifting mandatory regulations. Just recently, a series of new analytical reports were published as well as comments from major LNG producers that demand is quite robust and is expected remain strong over the next decade as this transition towards natural gas gains momentum.

This past Sunday the global community celebrated "Earth Day" to foster awareness to climate change initiatives and ecologically and environmentally sensitive nature of our planet. NOVATEK fully endorses these initiatives through our sustainable development principles, our carbon and water disclosures, our commitment to operating in a responsible and safe manner, and our support to the social wellbeing in the areas of our operations. We encourage our investors to read our most recent Sustainability Report as it highlights all of our initiatives, and it's becoming increasingly important consideration for many institutional funds and investors.

We are strong believers that the future looks extremely bright for those companies that have a viable, cost competitive LNG business model. Our future prospective on the global LNG markets underscores

our strong belief in the underlying demand fundamentals supporting the transition towards natural gas as a clean burning fuel to meet upcoming climate change challenges. A major LNG portfolio player summed up the situation that correlates with our strategic thinking with a quote: “if we move away from the next one, two or three years, the industry is growing at 20 to 30 million tons every year, but we are not taking FIDs (final investment decisions) for that kind of volume”. This concern merits considerable attention as a new global investment cycle begins. We are at the forefront of this trend and I would like to say a few words about the status of our upcoming work activities at Arctic LNG 2 and the LNG construction yard in the Murmansk region, as these projects are presently underway and represent the next major wave of low-cost, competitively priced LNG output from NOVATEK.

As we previously disclosed, we confirmed that the original LNG output for each gravity based structure, or GBS, has been raised from 6.1 million tons per annum (MTPA) to 6.6 MTPA, without any change in initial cost estimates. This process is part of our value-engineering work and represents many lessons learnt from Yamal LNG and other projects which a clear focus on cost savings and a high regard to health, safety and environmental standards. We are working closely with our partners to develop new standards and norms that will apply to our project and are working closely with governmental entities to modify existing Russian standards and norms that will guide our project specifications and help facilitate and develop the local Russian technical market.

Arctic LNG has recently launched a series of tenders for long-lead items (LLI) such as gas turbines and refrigerants compressors, and other LLI items will be tendered out to suppliers in the upcoming months. Moreover, we are presently conducting qualifications to select bidders for other future tender items as well as start the process for obtaining budgetary quotations from suppliers and fabricators for materials, equipment and construction services for both the GBS platforms and LNG plant modules. This represents a positive signal that our objective of reaching at least a 30% capital cost reduction for Arctic LNG 2 is likely to be achieved or even surpassed.

The FEED process is running according to schedule and we expect to compile many of the bids and quotes by the end of June, subject to further revisions and clarifications, and have a good assessment of project costs by the end of October. These are important preliminary step prior to final investment decision.

Primary infrastructure work activities at the LNG construction center located in the Murmansk Region are ongoing. During the quarter we did civil engineering work on the land plot as well as heavy earth work by

blasting and removing rocks. We also began construction works on the dry dock, and presently have about 500 construction workers on site. The work activities at the LNG construction center will increase in scope and scale as we move forward with our next phase on LNG development and begin actual construction activities at this site.

Besides these large scale projects we also made progress at our Cyrogas-Vysotsk LNG project as all large scale equipment has been delivered to plant site and we are beginning the construction works on pipe racks, power grid, berths, and buildings to name a few major activities. We also completed the construction of the outer tank wall for a 42 thousand ton LNG tank and recently installed the roof on top of the tank. This project will serve as a mid-size LNG facility serving the needs of the Baltic Sea area.

During the first quarter, we substantially increased our geological and geophysical works by running and processing 1,458 linear kilometers of 2D seismic and 1,276 square kilometers of 3D seismic across our new license areas in the Yamal and Gydan peninsulas. This increased exploration activities is clearly reflected in our spending patterns between the respective periods as we significantly increased exploration expenses Y/y and quarter-on-quarter (Q/q) by RR 1.6 billion and RR1.2 billion, respectively. Exploration activities are a precursor to future development activities and we stated that we intend to increase these activities five-fold over the course of this year to ready our license areas and increase our resource base.

At the Utrenneye field, we extended the license acreage through exploration activities as well as prolonged the license term through the year 2120. Yes, that is correct and a record term for NOVATEK's portfolio of licenses. In the first quarter, we got formal approval from Rosnedra to expand the acreage boundary of the license area thus increasing the Russian resource classification for natural gas by roughly 6%.

I mentioned earlier that we will commence the drilling of well #172 at the South Tambeyskoye field targeting the lower Jurassic layers as well as we will commence a new exploration well #72 at the Samburskiy license area targeting the Achimov layer. Our exploratory program at this license area has already yielded positive results in terms of the concentration of liquids within our gas streams as was previously reported.

In terms of development drilling I would like to highlight a few key activities that we will focus on throughout 2018. We increased natural gas output by roughly 2.2% Y/y, which was largely driven by the commencement of LNG production at Yamal LNG and the positive contributions made from the recent

acquisitions. Obviously, this is positive news. Now, we will focus on decelerating production declines at legacy fields that were still quite notable Y/y but significantly reduced Q/q; therefore, representing a positive trend in our development activities. We previously forecasted growth in gas production and we can announce tonight that we plan to produce approximately 65 billion cubic meters of natural gas and remain relatively flat to possible slight growth in liquids for 2018. We reiterate this forecast based on our announced capital expenditure program of RR 90 billion.

At our Yurkharovskoye field, we began a development program to decelerate the declines and sustain production output by planning to drill five (5) side-tracks on existing wellbores and targeting new production horizons. These side-tracks should contribute to decelerating the field's decline rate over the course of the year. At the West Yurkharovskoye field, we will drill an additional three (3) production wells into the Jurassic structure, making for a total of four (4) wells counting well #135, and, as a result, we will commence production at this field in 2018. Planned capital spend at the Yurkharovskoye and West-Yurkharovskoye fields will be approximately RR 2 billion and RR 7 billion, respectively, versus a combined maintenance capital spend of roughly RR 1 billion in 2017.

We continued work activities at the North Russkoye cluster by delivering and assembling three drilling rigs at the drilling site to commence drilling activities over the course of the year. In the first quarter, we focused mainly on building infrastructure at the field location by constructing high-voltage power grids, preparing pads for the gas treatment and separation pads, construction of gas and gas condensate pipelines and preparing well pads for subsequent drilling. At the East Tazovskoye field we prepared drilling pads and mobilized drilling rigs, and at the Kharbeyskoye field we began assembling three drilling rigs to continue exploration drilling activities at the field. We expect that this new cluster will commence initial production in 2019, and will represent a significant new development area for the Company once this full cluster reaches full productive capacity in 2022.

We concluded the Alrosa gas acquisition this period through an auction process by acquiring Geotransgas and the Urengoy Gas Company for a purchase price of RR 30.3 billion, which primary assets are in close proximity to our existing production and processing assets. Geotransgas is the holder of the Beregovoye field which produced approximately 1.6 billion cubic meters of natural gas and around 170 thousand tons of gas condensate. We immediately incorporated this production output into our gas marketing efforts and processed the gas condensate through our Purovsky and Ust-Luga facilities. The Beregovoye field will have an immediate impact on our cash flows and production profile, and will not require major capital expenditures to further develop this asset. The Urengoy Gas Company,

on the other hand, comprises two green-field projects and capital investment is required to develop this asset. We will outline a comprehensive development plan over the upcoming year, which we will announce to our investors once finalized, and anticipate that initial production from these two fields will commence around early 2020 producing approximately 2 bcm of natural gas and roughly 300 thousand tons of gas condensate.

Our recent acquisitions in late 2017 and the first quarter of 2018 support our strategic plan to balance new green-field developments, like the North Russkoye cluster and deeper layer horizons in the Jurassic and Achimov horizons with complimentary acquisitions in close proximity to our core asset base. The recent steps taken to acquire producing assets as well as the development and exploration plan we have earmarked for 2018 will achieve our goal of stabilizing and/or decelerating natural gas and liquids production this year before we commence the next wave of growth in 2019 and beyond. More importantly, the quick monetization of these assets into our production streams has already impacted natural gas production year-to-date along with the production contributions from the successful ramp-up of Yamal LNG train #1. Expected production volumes in the latter part of 2018 will be further aided by the expected launch and ramp-up on train #2 at Yamal LNG. We will provide additional comments on future conference call on these important developments.

During the first quarter we spent approximately RR 13 billion on total capital costs, comprised of roughly RR 11 billion for exploration and production projects, RR 227 million on mineral licenses, and RR 2 billion on right-of-use assets, mainly leased tankers. Approximately 60% of our capital program was spent on the Arctic LNG project, infrastructure for future LNG projects, the North Russkoye license area and the East Tarkosalinskoye oil program. Our capital program represents a significant increase Y/y by almost RR 9 billion, or by 224%, but lower Q/q by 5% mainly due to new license acquisitions and higher right of use asset charges in the fourth quarter 2017.

The financial and operational results in the first quarter 2018 were seasonally strong and were supported by very positive commodity prices underlying our liquid sales and the tariff increase on domestic natural gas prices of 3.9% as well as the first full quarter of LNG ramp-up volumes from Train #1 at Yamal LNG. The reporting period was characterized by very cold winter weather, which supported strong domestic gas sales and a significant withdrawal of natural gas from underground storage facilities.

Our total oil and gas revenues in the first quarter (1Q) 2018 were relative strong against both the y/y and quarter-on-quarter (q/q) comparatives. We increased our oil and gas revenues y/y by 16% and q/q by

6% largely driven by seasonal increases in our domestic natural gas sales volumes as well as increases in average commodity prices for all of our liquids products consistent with the positive movements in benchmark reference prices and our ability to market our pro-rata share of LNG volumes during the ramp-up phase of Train#1.

During the reporting period we had significant movements in inventory balances and large purchases of natural gas from our joint ventures to meet our contractual commitments due the extreme cold winter weather. We also had a large increase in inventory movements in transit for liquids in both the y/y and q/q comparatives, which affected sales in the respective reporting periods due to timing differences and the eventual realization of revenues. Our liquid revenues accounted for 50% of our total revenues versus 56% y/y and 57% q/q. This slightly reverses a trend where liquids revenues exceeded that of our domestic gas sales.

We sold approximately 20.3 billion cubic meters (bcm) of natural gas in the reporting period versus 18.8 bcm y/y and 18.0 bcm q/q, representing an increase of 8.0% and 12.7%, respectively. Our combined natural gas netbacks were very strong in the reporting period reflecting the blending of domestic and international gas sales for the first time in a full quarter.

Weather played a major role in our natural gas sales volumes in the first quarter as colder winter temperatures across Russia supported volumes sold and resulted in a significant withdrawal of natural gas from inventory as well as increased purchases to meet our demand requirements. We withdrew 954 million cubic meters of natural gas in the quarter, representing a 36% and 147% increase y/y and q/q, respectively, as well as purchased 9.3 bcm of natural gas in the first quarter from joint ventures and third parties to supplement our own natural gas production to meet our contractual sales commitments in the period.

Seventeen (17) LNG cargos were dispatched from the Sabetta sea port during the first quarter 2018. We sold approximately 957 million cubic meters (mmcm) of natural gas from this project by the end of the quarter.

Effective April 2018, the partners began selling contractual volumes of LNG according to executed contracts but there will be residual spot sales from the ramp-up period. We will again revert to partial spot sales during the ramp up phase in proportion to our equity holdings once LNG train #2 is launched in the third quarter of 2018. The same spot sales will also happen during the ramp-up phase when we formally launch LNG train #3.

We sold 3.8 million tons of liquids representing an 8.2% decrease over the prior year and a 6.3% decrease relative to the fourth quarter 2017. The average price we received in dollar terms was higher across our product range because of the increase in international commodity reference prices, but this increase was partially offset by the appreciation of the Russian rouble versus the US dollar as well as the imposition of higher export duties. Despite the partial offsets, our overall netbacks increased in the first quarter relative to the prior y/y on all product sales and for the majority of product sales q/q except for both domestic and export LPG sales, where we saw our LPG netback decrease by 11% and 9%, respectively.

Our first quarter liquids sales were notably impacted by inventory balances and “goods in transit” as we had a relative difference of 230 thousand tons versus the prior reporting period and 146 thousand tons versus the fourth quarter. We had 400 thousand tons of liquids in transit at quarter end and these volumes were realized in the second quarter 2018 at strong underlying commodity prices. This compares to 93 thousand tons at the end of the first quarter 2017 and 314 thousand tons at the end of the fourth quarter.

At the end of the first quarter 2018, we had 1.1 million tons of liquids in various stages of inventory, which ultimately will be realized during the year. Our financial and operational results will always be impacted y/y and q/q by relative inventory movements; so this fact is not unusual but rather merely a timing event.

Our operating expenses increased by 20% and 7%, respectively, in the reporting period which is reflective of the growth in business activities for the Company. This reporting period we purchased LNG from Yamal LNG for the ramp-up volumes at our proportionate ownership share in the joint venture as well as significantly increased our natural gas purchases from our joint ventures to meet our contractual commitments to address the high seasonal demand from the very cold winter weather. Our purchases of hydrocarbons increased by RR 20 billion and RR 11 billion y/y and q/q, respectively, largely driven by volumes of purchased gas condensate and natural gas from our joint ventures. This increase was impacted by higher unit costs for both liquids and natural gas.

The most significant increase in our operating expenses y/y and q/q related to the purchases of hydrocarbons followed by increases in both transportation and taxes other than income. Otherwise, our cost trends have been reasonably consistent over the past several years as operating expenses support our business operations as well as fluctuate due to increases in personnel and the corresponding adjustments to salary indexation and social payments.

Our balance sheet and liquidity position remained very strong in the first quarter 2018 as we generated robust free cash flow of RR 38 billion. Our operating cash flows were marginally lower in the period by less than 2%%, which were offset by a significant increase period-on-period in cash funding for our capital expenditures by 105%. We improved all of our credit metrics during the period, and again demonstrated a solid balance sheet to support our international and domestic credit ratings.

The first quarter of 2018 represented the start of transforming NOVATEK from a pure play domestic gas producer with limited upside today on the Russian domestic market to a company that has large ambitions to be a major global LNG player in a growing market space. This transition doesn't diminish our important role as a reliable supplier of natural gas in Russia, but instead represents a new benchmark for us to achieve and an opportunity to monetize our resource base.

Now, the game has changed and the stakes are much higher for us. The successful ramp-up of train #1 at Yamal LNG repositions NOVATEK internationally thus creates an additional level of media exposure and industry focus. The launch of Yamal LNG has received its share of positive and negative international new flows, which to some degree borders on hysteria. As I mentioned earlier, we must remain focused on our core business and expand our LNG business. We will not be disrupted by things out of our control. Our strategic aim is clear.

We are not interested in dealing with the present geopolitics nor do we believe we are targets for future sanctions. We cannot operate in an environment based on speculations. We want to be recognized as a premier global gas producer delivering clean burning LNG to key consuming regions of Asia and Europe. The recent geopolitical events and the sanctions that were just introduced on certain Russian entities are not positive developments and the capital markets responded accordingly. If we learned any lessons over the years it is that the capital markets do not like surprises and market uncertainty. I believe the recent announcement by the US Treasury this week on possible sanction relief is a testament to the fact that many US institutional investors were negatively impacted by these sanctions, and that the full supply chain did not act positively to this event. Reversing this decision is the right course of action to take.

We are ready to make positive steps toward moving our Arctic LNG 2 and Kamchatka transshipment projects forward, and we are working very diligently and constructively with potential partners to realize our strategic goals. The global gas markets welcome the emergence of multiple sources of supplies as a means to ensuring security of supplies for many years to come. Our core hydrocarbon asset base in

the Yamal and Gydan peninsulas provides affordable, secure and sustainable supplies of natural gas to meet the future needs of the market. We are certain of this fact. Our potential partners realize this fact. And more importantly, the consumers of natural gas understand this fact.

Despite the recent volatility in our share price caused by external events, we are confident that NOVATEK represents a compelling investment case and a great success story in a global oil and gas market space with very limited options. When you compare our investment case as a growth story with strong free cash flow generation and a portfolio of assets second to none, you will truly understand why we believe the strategy that we outlined in December is both compelling and realistic in a market where demand is growing and the opportunity sets are limited. Many investors are focused on dividend payouts as a part of the total shareholders return. We understand this point as I mentioned this point specifically on our strategy day presentation. It is our intention to eventually increase dividends commensurate with our strong cash flows but first we must clear some debt service hurdles and finalize our completion tests.

We clearly recognize that there are immense opportunities ahead of us as does our current and future potential partners. These opportunities will eventually be translated into tangible benefits for all of our shareholders.

We were extremely active in our share buyback program post the announced sanctions as we felt that our equity value was negatively impacted in an environment where our operating and financial fundamentals remain strong. There were no changes to our business fundamentals other than a panic reaction by the capital markets. We will continue to use our share buyback program to support our share price when warranted.

Ladies and gentlemen, dear shareholders, we are ready to meet our new challenges and our new market opportunities. The remainder of 2018 will offer a glimpse into the transformation of NOVATEK into a global LNG player and the repositioning of our asset portfolio to decelerate production declines and resume our growth trajectory that was the hallmark of our past success. The market dynamics are positive as hydrocarbon prices are attractive and LNG demand is growing. Equally important, we see a return back to a growth cycle in the global economy that was declining or stagnant at best, and this positive trend should support the future consumption growth of natural gas.

I would like to thank everyone for attending tonight's conference call and for your continued support of NOVATEK. We know the last several weeks have been a stressful period for anyone investing in the

Russian capital markets but we remain optimistic about the upcoming year and our future LNG prospects. Your patience and perseverance will be rewarded.

Thank you.

Mark Gyetvay: I'd like to turn to questions and answers.

Operator: Thank you. If you would like to ask a question, please signal by pressing star 1 on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, please press star 1 to ask a question. We'll pause for just a moment to allow everyone to signal for questions. Thank you.

We can now take our first question. It comes from Ron Smith at Citi. Please go ahead, sir.

Ron Smith: Thank you. Mark, good evening. Thank you for the presentation. I've got a couple of questions, both of them involving Yamal LNG. First, you mentioned in the presentation that there was a - the 72 hour performance test that showed you how to - it could run at 109% of nameplate capacity. Could you give us a few more details on that? First, is that something that can only be done in the depths of winter, in other words when it's extremely cold, or is it something that's likely to be able to do year round?

And second, could you have a number you could suggest to us in terms of modeling this, in terms of how - what percentage versus nameplate capacity could it run on a full year basis, including typical maintenance shutdowns? That's one question.

The second has to do with the development of the deeper horizons there at Yamal. You were mentioning you were about to drill your first well testing the Jurassic. Could the trains as constructed now take a higher liquids content if you started mixing in some of those deeper horizon gas, which presumably would be - have higher liquids content like they do elsewhere? Would you be able to increase your actual output of condensate from Yamal LNG without tweaking the equipment?

Mark Gyetvay: Thank you, Ron. In terms of the 72-hour performance test, you've got to understand, as we mentioned many times in the past that the ambient temperature difference in the arctic zone is actually a positive aspect of this particular project, although many people initially thought it was a detriment. I think the 72-hour test in this part of the winter months demonstrated that we're able to exceed the nameplate capacity.

The ramp up, as you can appreciate; the ramp up at first train was extremely fast. And we essentially expect that this will be continued even when we ramp up the second LNG train, but to be able to give you a definitive answer on whether or not this impacts the overall year, I don't think I can do it at this particular time. I think we just need to wait a little bit to see how it runs over the summer months. But clearly, during the winter months or the colder temperatures, this will definitely be the case.

To answer your second question on the deeper horizons, yes, the existing facilities will be able to handle the extra condensate going through. But I think more importantly, what this allows us to do is to extend out the plateau of the gas condensate over a longer period of time. As you know, historically, as pressure changes in the reservoir, condensate tends to decline at a quicker rate than gas, so this will allow us to continue to maintain a longer stream of condensate on the particular project.

Ron Smith: Makes sense. Thank you.

Operator: Thank you. We can now move along to our next question. It comes from Alex Fak of Sberbank. Please go ahead, sir.

Alex Fak: Mark, hi. I wanted to ask you about the timing of the announcement of the new partners to the second LNG project, Arctic LNG 2, especially vis-à-vis the FID. Is it the case that you will want to take the FID with the new partners on board or at least one of the new partners on board? And therefore, can we hear the announcement on the new partners by the end of this year? Thank you.

Mark Gyetvay: Thank you, Alex. Let's look at it pragmatically. Obviously, it would be better if we have the partners on board before we take FID. That's usually the standard case. But as I mentioned today, we're moving forward with this project pretty rapidly and I think we will have some positive announcements in the near future in terms of partner selection.

I mentioned currently, FEED is ongoing. Significant progress has already been made. We've been able to increase the capacity without increasing cost; that's an extremely positive step. The field license was also prolonged. When you ask that question I was more alluding to whether or not you were concerned maybe sanctions might have a delay in the discussion, but that doesn't appear to be the case right now. We are basically having fruitful discussions with our partners.

So I think it would be ideal if we can make the announcement before an FID decision is made, but I believe the partners that are looking at the particular project already understand what's going on. They're in the data room. They're in discussions with us. They know what's happening in terms of the current stage of development, et cetera. So I believe they're already up to speed on the status of the project. I think it would be pretty much concurrent. I can't give you a definitive date right now. It's impossible.

Alex Fak: Okay, I do appreciate that. If I may, just a quick follow-up on the ALROSA assets. You know, they're already producing 1.6 billion cubic meters and you were guiding for, earlier in the call you said that you're guiding for 2 billion cubic meters and 0.3 million tons of condensate. So it doesn't seem like there's much of an upside there unless you're maybe being very kind of cautious about the guidance.

Mark Gyetvay: Alex, let me interrupt you. I think what you misunderstood. There are two assets. Geotransgas is currently producing 1.6 billion cubic meters and 170,000 tons. The upside comes from the Urengoy Gas Company, which would be the 2 billion additional volume of natural gas, as well as the 300,000 tons. So I'm not saying we're going from 1.6 billion to 2 billion. I'm saying we already have 1.6 billion cubic meters, which we believe we'll be able to sustain that production level, plus the other 2 billion cubic meters that will come from the two green field developments.

Alex Fak: Okay. I got you. Thanks.

Operator: Thank you. We can now move along to our next question. It comes from Artem Konchin of Sova Capital. Your line is open. Please go ahead.

Artem Konchin: Good afternoon. Thank you for this opportunity and congratulations on the strong results. My question actually comes with regard to your production guidance, the 65 BCM. Would you be willing to provide a bit more details on this, for example, a consolidated production versus equity subsidiaries or maybe production for Yamal LNG that you would anticipate for the full year? Or is 65 billion cubic meters the only number we can deal with? Thank you.

Mark Gyetvay: Today, you're going to have to deal with 65 billion cubic meters and that's it. Okay?

Artem Konchin: All right, sure. No problem. Thanks a lot.

Mark Gyetvay: You're welcome.

Operator: Thank you. As a reminder, at this time, it's star 1 from your telephone keypad if you'd like to ask a question today. We can now move along to our next question. It comes from Alexander Kornilov of Aton. Your line is open, sir. Please go ahead.

Alexander Kornilov: Thank you, good evening. I have a couple of questions. First of all, a more general question. Currently, are the oil prices going ahead of the curve to some extent and this promises to you in particular that you will become extremely cash generated this year. In this regard, don't you consider any changes to your strategic goals and the investment program in particular, i.e. maybe speeding up some of the projects, maybe putting them on stream earlier than planned or maybe you would consider some M&A? This is my first question.

The second question is related to your LNG business. What kind of sales volumes you are looking forward to see from Yamal LNG in the second quarter given the maintenance work planned for May? Thank you.

Mark Gyetvay: Thank you for your questions. On the first part, I don't really see any changes, to be honest, on our strategic plan. We just outlined a fairly comprehensive strategy in December that's quite aggressive targeting both assets within the Unified Gas Supply System, or UGSS, as well as our LNG targets. As for M&A, as you can appreciate, we don't budget or anticipate these activities in advance. M&A is mostly an opportunistic situation for us and if something comes up that's an attractive fit, in close proximity to our existing assets, our existing processing facilities, et cetera, we consider those opportunities. But we really don't plan ahead of time to see how we're going to build these potential opportunities into our asset base; instead we assess them when an opportunity presents itself.

So I don't really see any major changes, nor do I see any acceleration of any of our work activities. I think we have a full plate ahead of us trying to get Arctic LNG 2 up and running and get that process started, as well as the work activities we're doing at the LNG construction center. Next year, the big focus will be on launch and the first phase of the North Russkoye Field. So I think everything is pretty much set as we've discussed already in our strategy.

If any changes, of course we'll outline them on the conference calls and that's, like, almost the same question as the 65 BCM of gas. You know, if there's any adjustment to any of our forecasts, et cetera, plans, we're always going to make these announcements on these conference calls. In terms of LNG, we have a couple things that are going to start happening. I said in April, we have a combination of both a partial continuation of the ramp up volumes, but also we start going into the off take contracts, the long-term off take contracts.

And so in the first quarter, you have to understand that as a 60% shareholder, we were able to off take a substantial amount of the ramp up volumes. We don't really see that happening to a large extent in Q2. So, we believe that we'll actually see probably lower spot sales in Q2. And, as you know, it's not going to change substantially -- as I mentioned earlier, there won't be any changes to the delivery schedule that's been planned already for the project but we will move away from basically procuring our 60% share of the ramp up volumes, go back more into the contractual terms, and then hopefully in the third quarter, we'll be able to ramp that up again by buying additional volumes once we launch train number 2.

That's really the best answer I can provide at this moment in time because I don't have the actual delivery schedules in front of me right now, but I'm just anticipating that we'll be rolling off the 60% in the Q2. So you should anticipate a lower volume of LNG output in the second quarter as it relates specifically to NOVATEK.

Alexander Kornilov: This is fair enough. Thank you.

Mark Gyetvay: You're welcome.

Operator: Thank you. We have no further questions at present, but as a final reminder today, it's star 1 to ask a question. Thank you very much.

Mark Gyetvay: If there's no further questions this evening, I'd just like to thank everybody for attending tonight's conference call, remain patient as we deal with this uncertain time in geopolitics, and we look forward to addressing everyone again in July for our six months and second quarter conference call..

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