

The image features the Novatek logo on the left, which consists of a stylized blue 'N' with three horizontal bars. To the right of the logo, the word 'NOVATEK' is written in large, bold, blue capital letters. The background is a light blue sky with a faint image of an industrial facility, possibly an oil or gas processing plant, with several tall structures and pipes.

NOVATEK

“Harnessing the Energy of the Far North”

Goldman Sachs Top Projects & European Oil Services Symposium

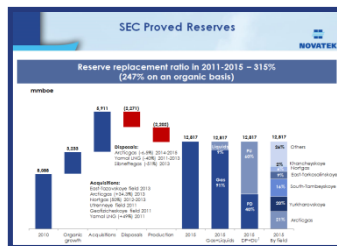
London, UK

22 May 2017

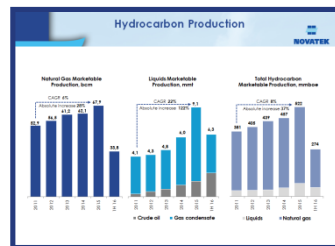
Four Pillars Supporting Sustainable Growth



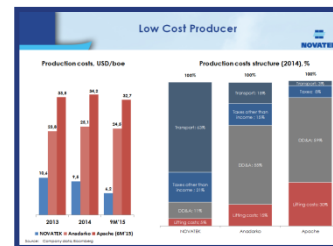
NOVATEK



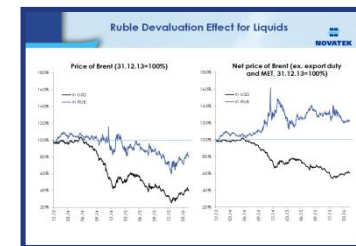
**High Quality
Long Life
Reserves**



**Strong
Production
Growth**



**Low Cost
Producer**



**Low Risk to
Commodity
Price
Movements**

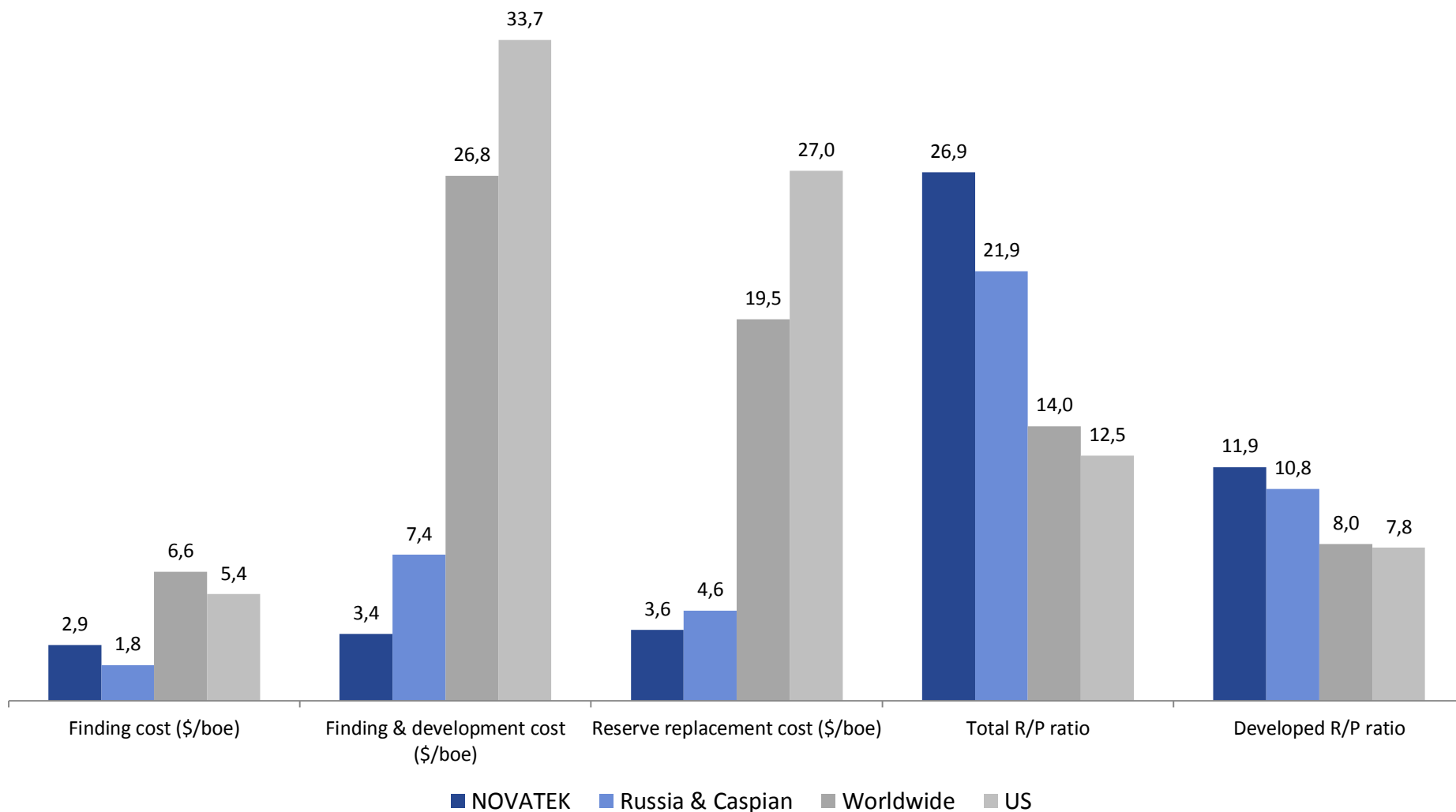
Solid Performance in Changing Macroeconomic Environments



- **We have high quality long life reserve base:** we rank #3 globally by proved natural gas reserves and #6 by gas production
- **We are one of the Lowest Cost Producers in the world,** making us very resilient to any changes in macroeconomic environment
- **Our volume growth is combined with increasing profitability :** we continue growing our hydrocarbon production at industry leading rates and increasing the share of more profitable liquids in the overall volumes mix
- **Our margins are premium in any environment:** we have Russian ruble denominated cost base and more than a half of our revenues – USD denominated, so our margins are supported in any macroeconomic environment.

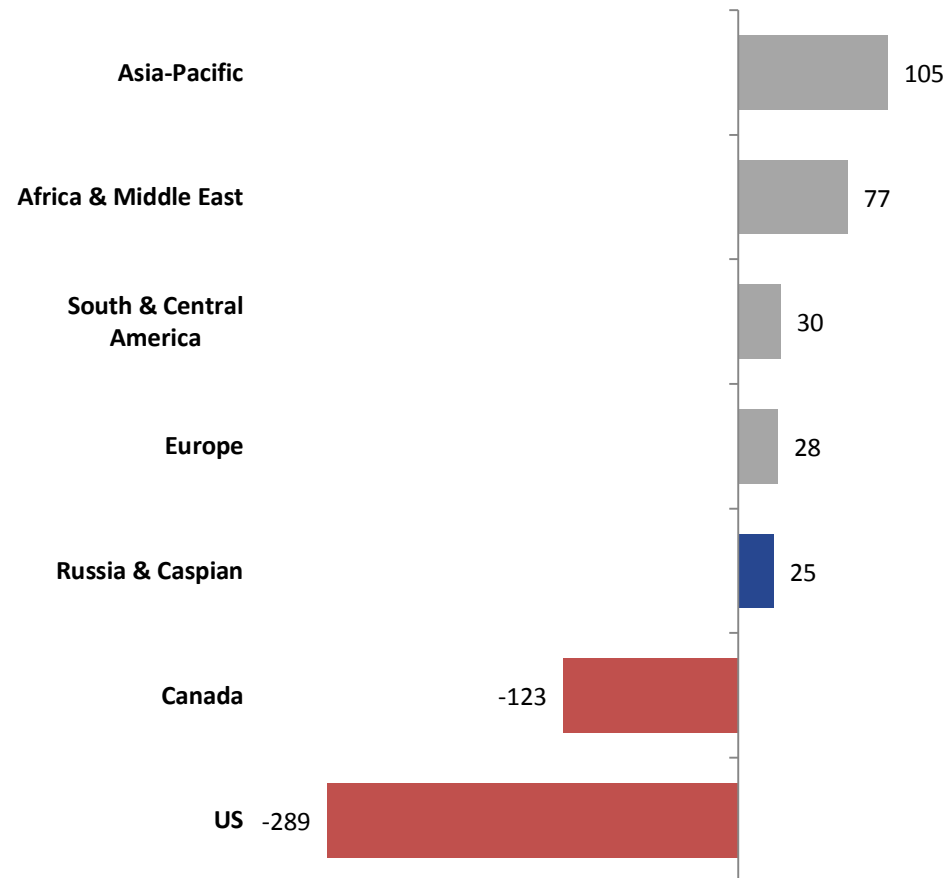
**Yamal LNG will be the first stage shift
towards global LNG market leader**

Oil and Gas Performance Metrics (3-year avg. 2013-2015)

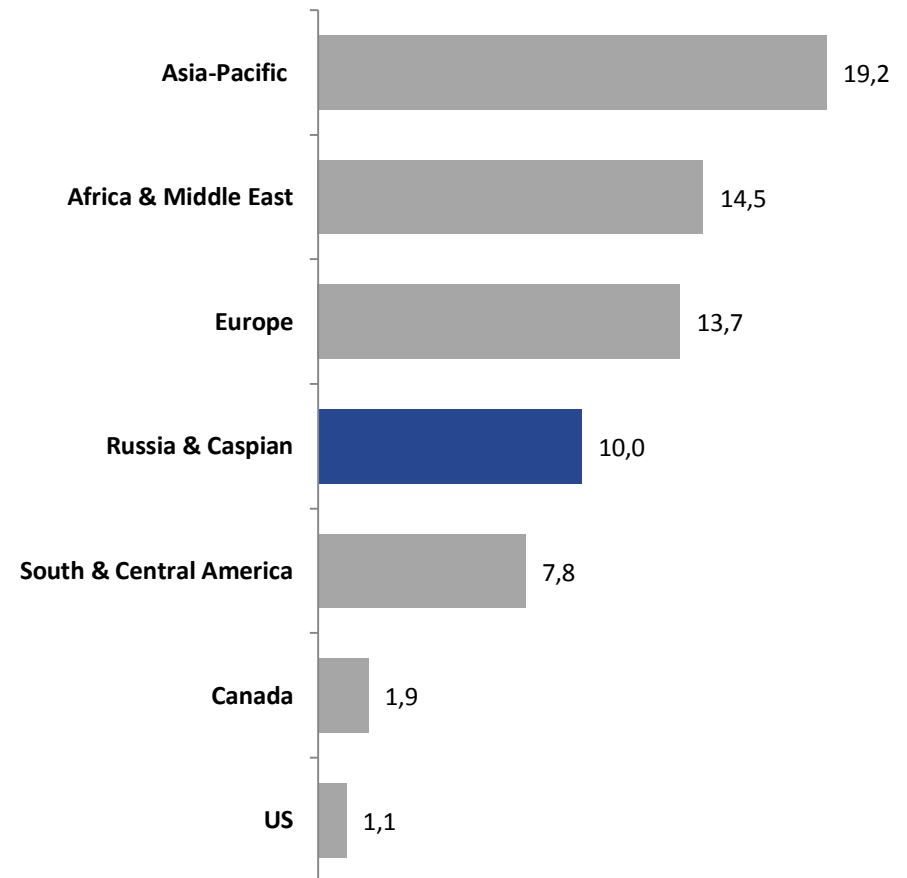


Oil and Gas Profitability

**FCF generation by region, USD billion
(2011-2015)**



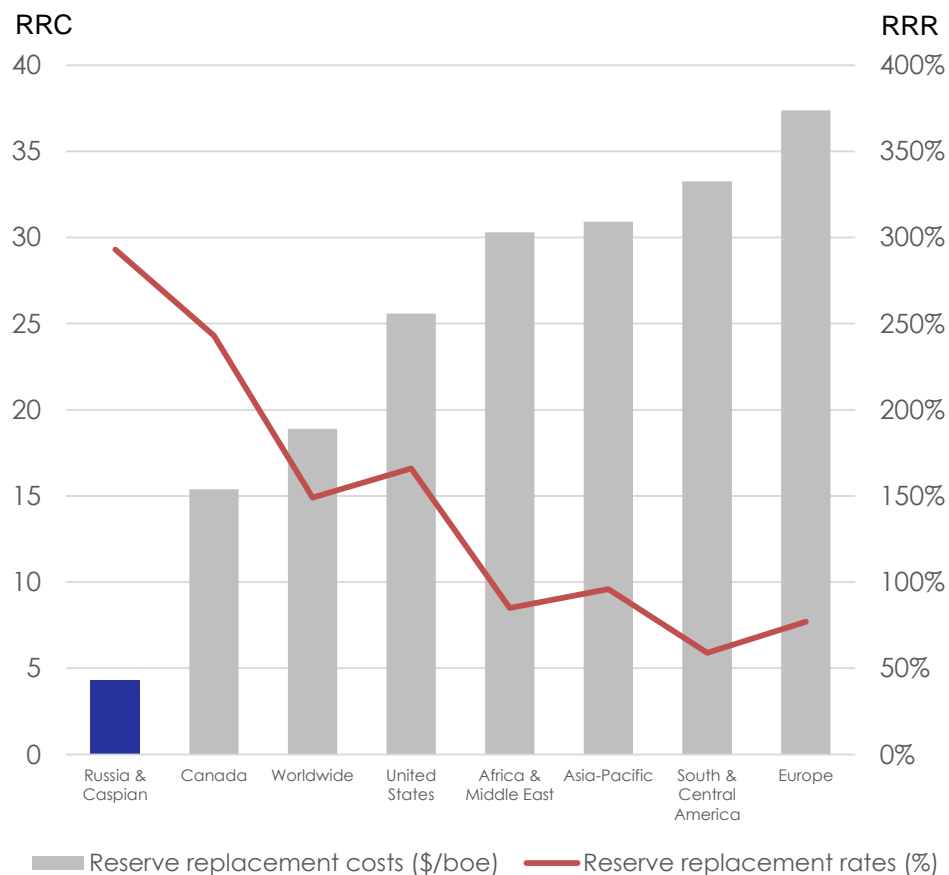
**Net income per boe by region, USD
(5-year avg. 2011-2015)**



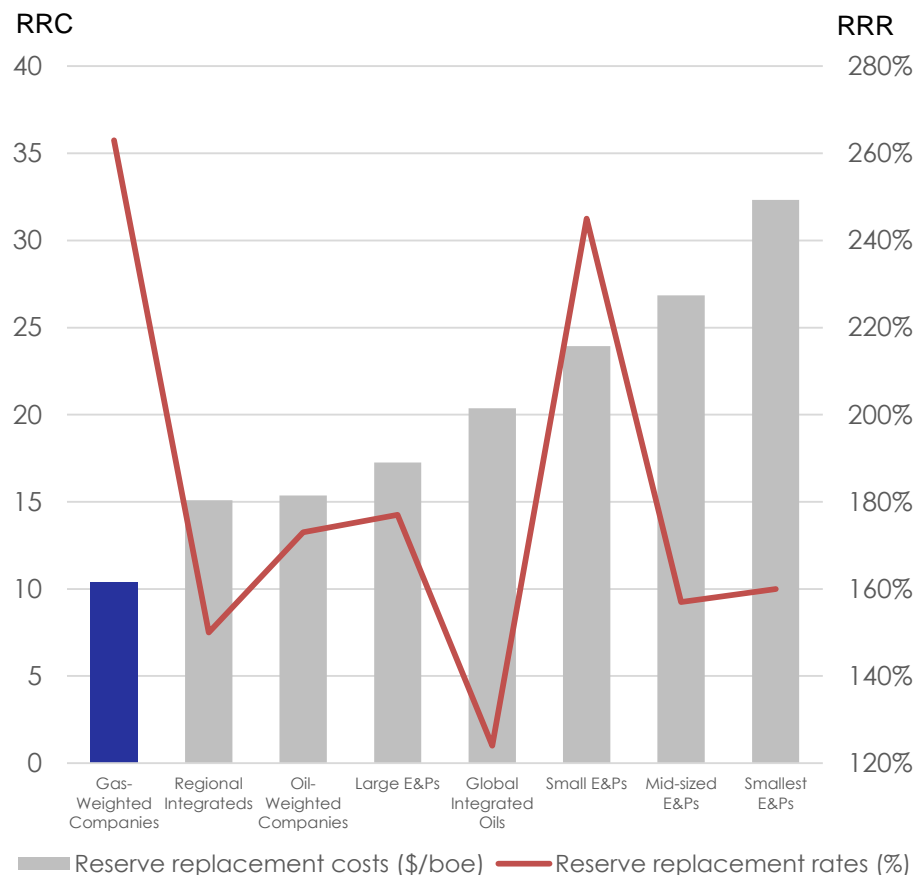
Reserve Replacement Costs and Rates



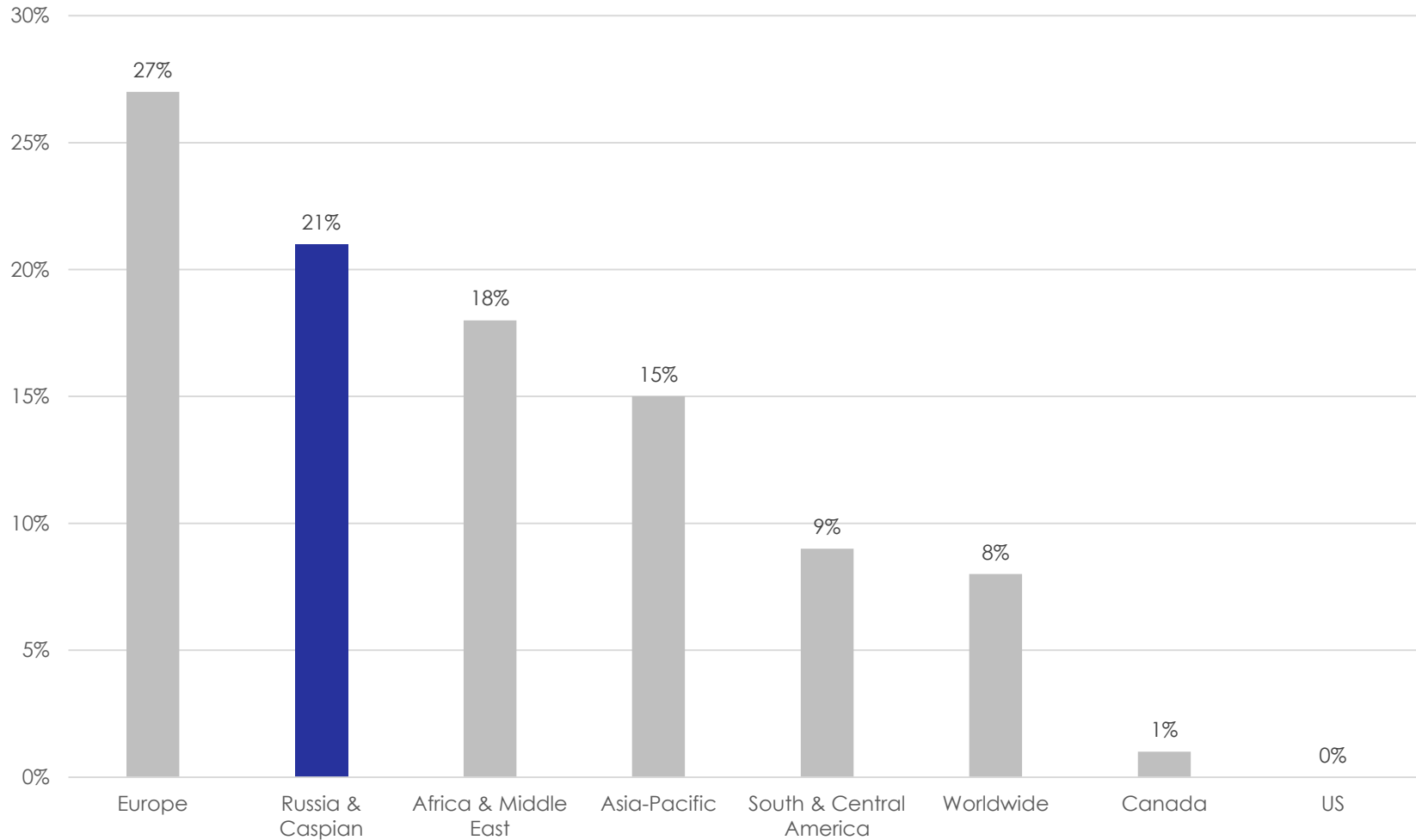
**Reserve replacement costs and rates by region
(5-years 2011-2015 avg.)**



**Reserve replacement costs and rates by peer group
(5-years 2011-2015 avg.)**

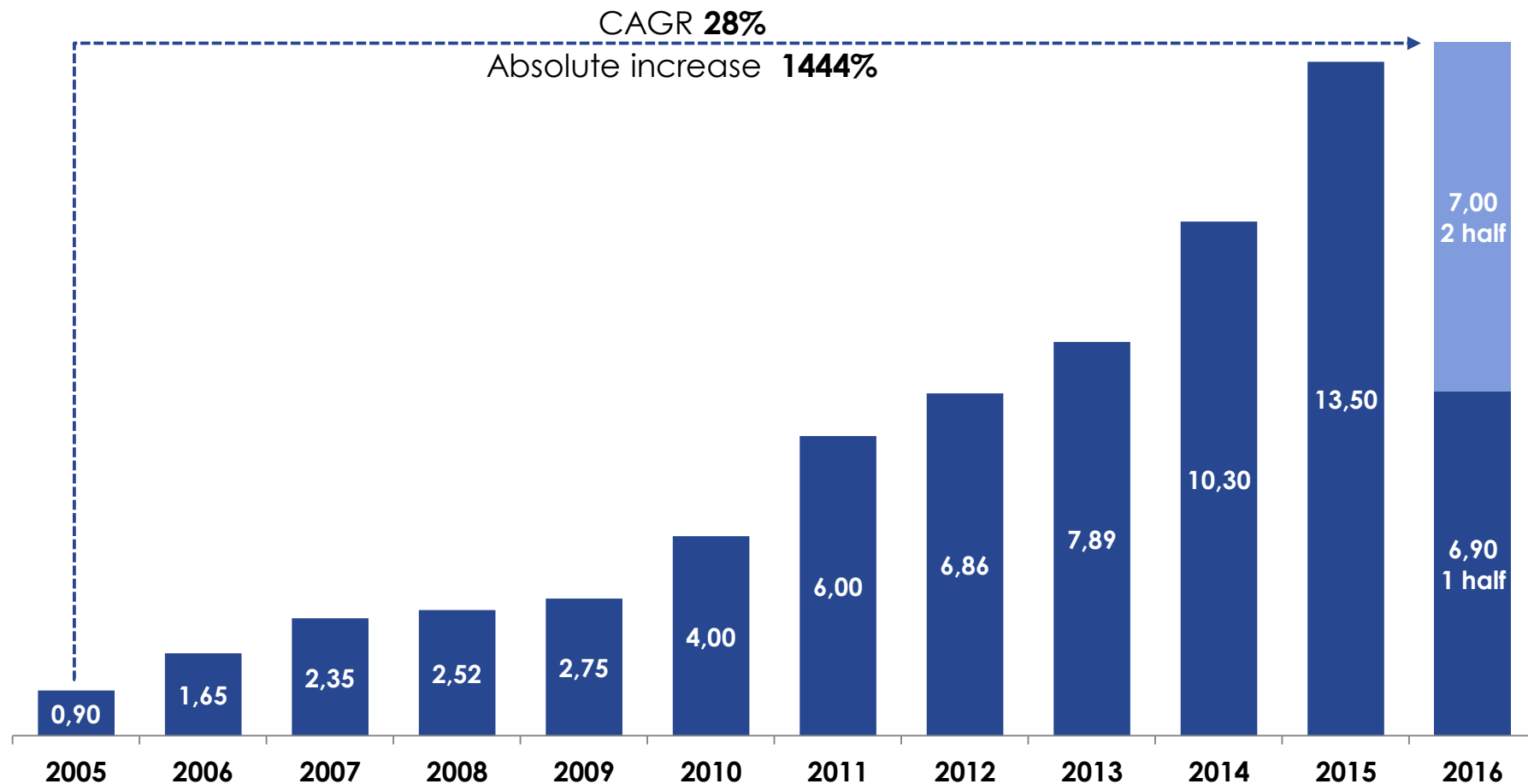


5-year (2011-2015) Return on Cumulative Capitalized Costs by Region

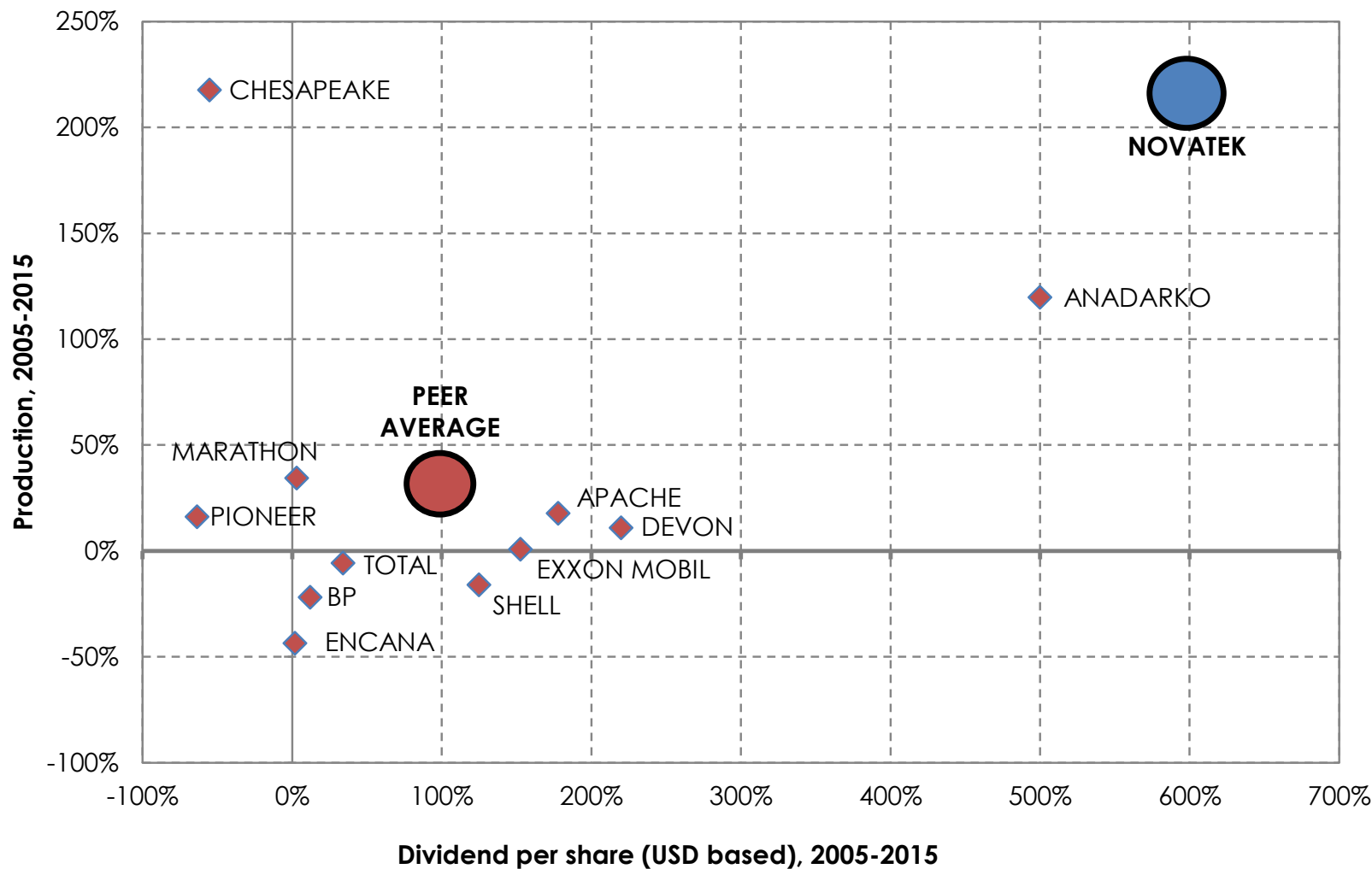


Dividends: Continuous Growth

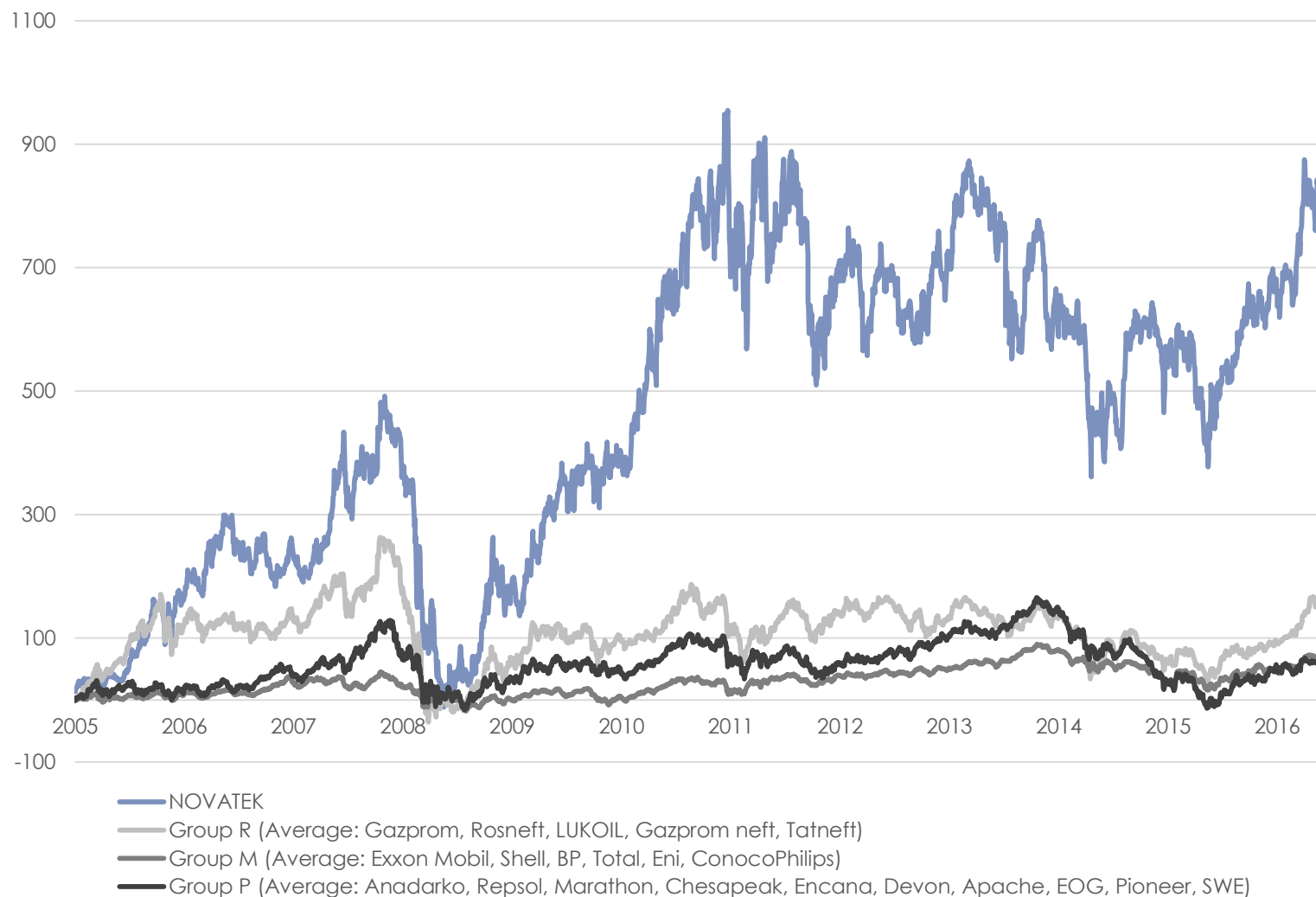
Dividend Payment History (RR per ordinary share)



Dividend and Production Growth Simultaneously



Cumulative Total Shareholder Return (%)



Delivering on Core Strategy (mid-term review)



Strategic Goals

Results: 2010 – 2016

Increasing Resource Base

- Total P1 reserves increased by 58%
- Increased our stake in the SeverEnergiya JV and acquired a 50% stake in the Nortgas JV
- Acquired the Trekhbugorny license area and the East-Tazovskoye field as well as 7 new license areas on Yamal and Gydan peninsulas

Increasing Production

- Increased gas production by 77% and liquids production by 3.4 times to 66 bcm and 12 mmt respectively
- Expanded processing capacity of the Purovsky plant from 5 to 11 mmt

Maintaining Low Cost Structure

- #2 among reserve replacement cost leaders, #3 among lifting cost leaders according to IHS Herold
- Lifting costs per boe – \$0.57 in 2016 vs. \$0.53 in 2010
- Optimized cost structure through infrastructure investments

Maximizing Margins

- The share of end-customers in gas sales increased from 64% to 92%
- Launched the Ust-Luga gas condensate fractionation facility
- The share of liquids in the Company's EBITDA about 60%

Creating Shareholder Value

- Total Revenue CAGR 28,9%
- EBITDA CAGR 27,6%
- FCF CAGR 39,6%

Fields and License Areas

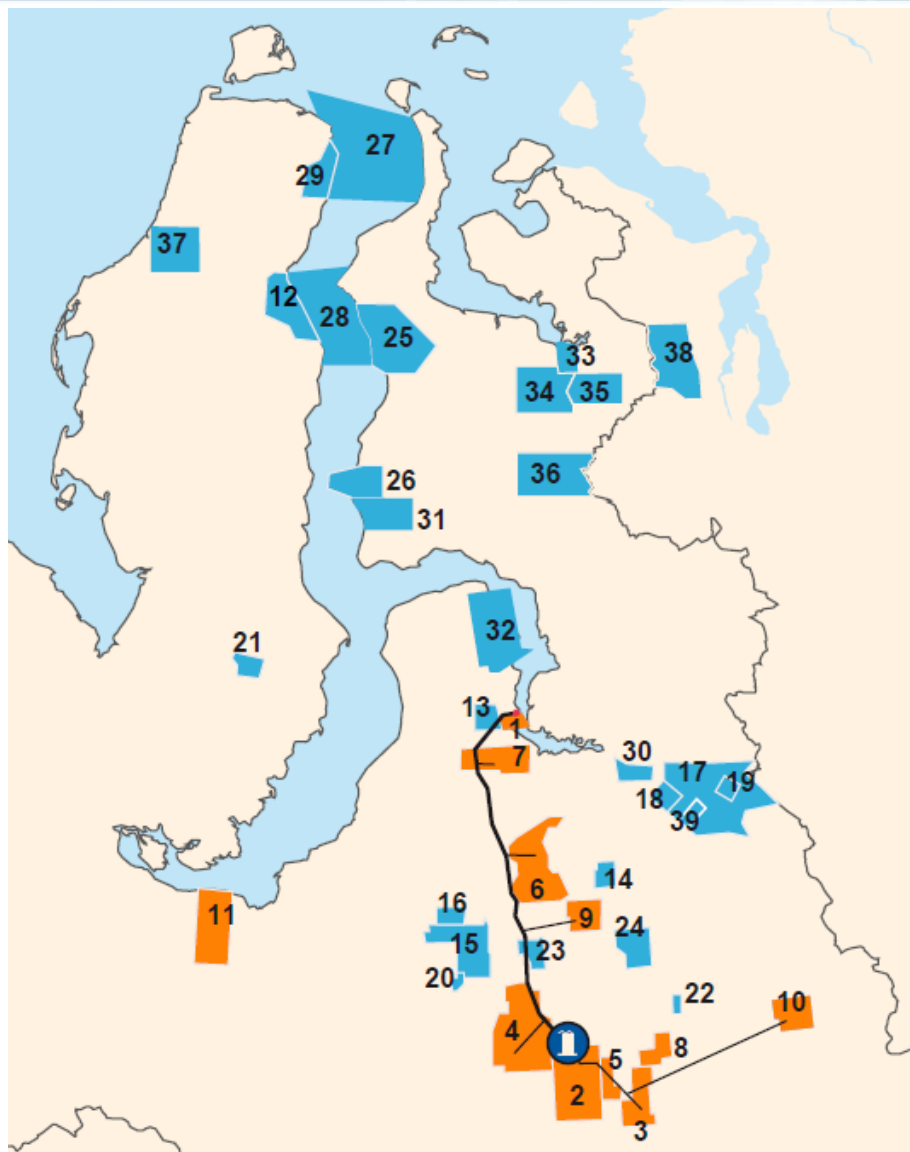


Producing fields:



1. Yurkharovskoye field
2. East-Tarkosalinskoye field
3. Khancheyskoye field
4. Olimpiyskiy license area
5. Yumantilskiy license area
6. Samburgskiy license area
7. North-Urengoyskoye field
8. North Khancheyskoye field
9. Yaro-Yakhinskiy license area
10. Termokarstovoye field
11. Yarudeyskoye field

Prospective fields:

12. South-Tambeyskoye field
13. West-Yurkharovskoye field
14. Raduzhnoye field
15. West-Urengoiskiy license area
16. North-Yubileynoye field
17. North-Russkiy license area
18. North-Russkoye field
19. Dorogovskoye field
20. Ukrainsko-Yubileynoye field
21. Malo-Yamalskoye field
22. West-Chaselskoye field
23. Yevo-Yakhinskoye field
24. North-Chaselskiy license area
25. Utrenneye field
26. Geofizicheskoye license area
27. North-Obskiy license area
28. East-Tambeyskiy license area
29. North-Tasiyskiy license area
30. East-Tazovskiy license area
31. Trekhuborniy license area
32. Nyakharfinskiy license area
33. Ladertoyskiy license area
34. Nyavuyahskiy license area
35. West-Solpatinskiy license area
36. North-Tanamskiy license area
37. Syadorskiy license area
38. Tanamskiy license area
39. Kharbeyskoye field



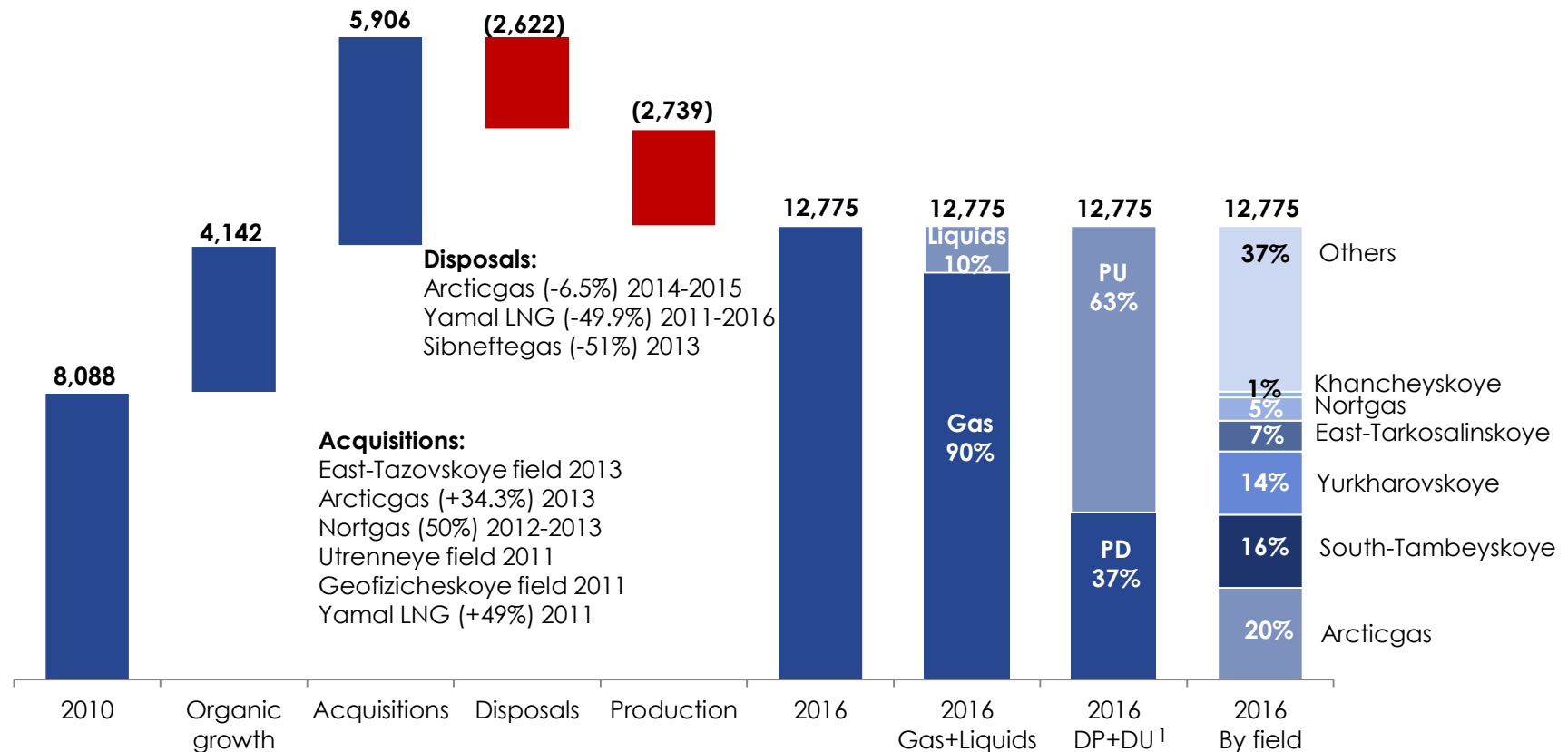
Yamal-Nenets Autonomous Region – one of the world's largest natural gas producing regions, which accounts for approximately 80% of Russia's gas production and approximately 16% of the world's gas production.

- NOVATEK producing fields
- Other NOVATEK fields
-  Purovsky Plant
-  Gas condensate pipeline from the Yurkharovskoye field to the Purovsky plant

High Quality Long Life Reserves



mmboe



Note:

1. Proved developed and proved undeveloped reserves

**Reserve replacement ratio in 2011-2016 – 271%
(251% on an organic basis)**

Our Major Field Launches



East-Tarkosalinskoye



Yurkharovskoye



Urengoyskoye



Yaro-Yakhinskoye



1994

2001

2003

2012

2013

2014

2015

Khancheyenskoye



Samburgskoye



North-Urengoyskoye,
Eastern Dome



Yarudeyskoye

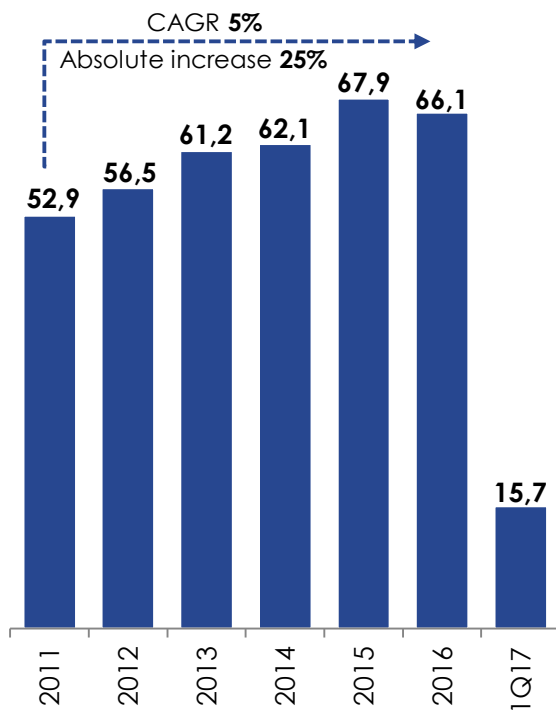


Termokarstovoye

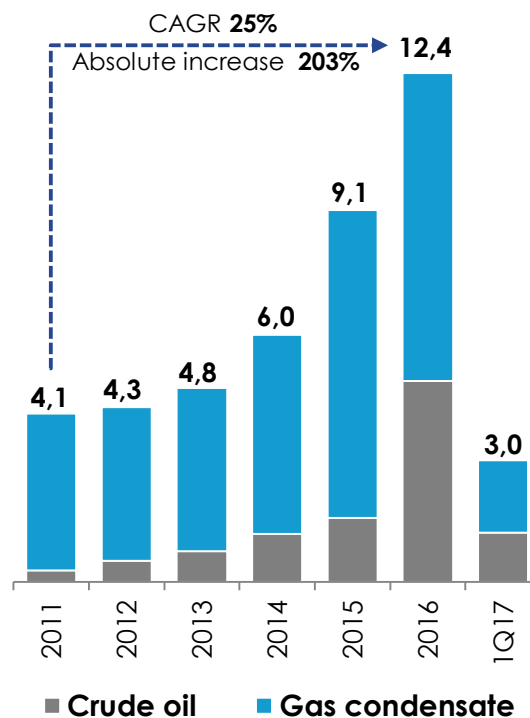


Strong Production Growth

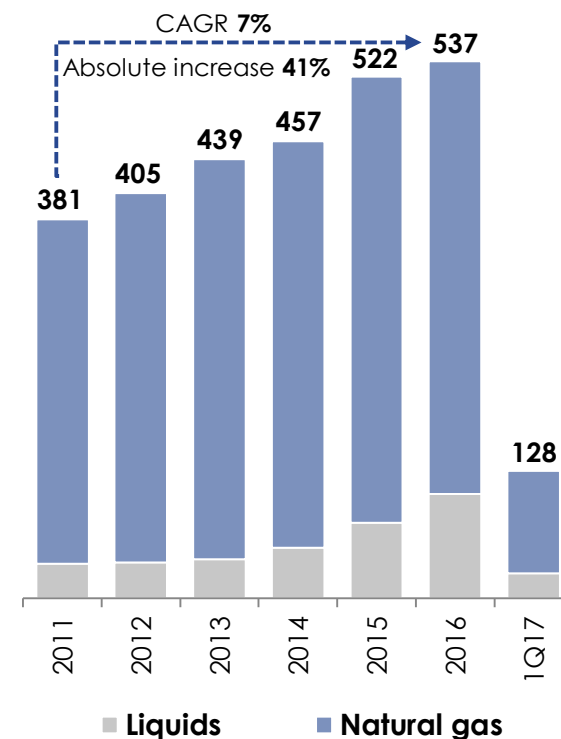
Natural Gas Marketable Production, bcm



Liquids Marketable Production, mmt



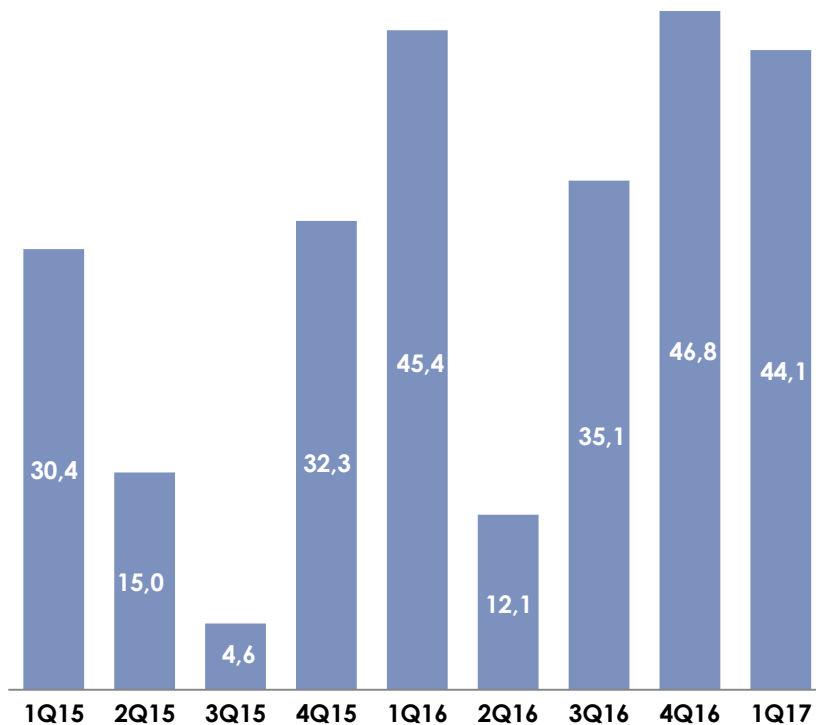
Total Hydrocarbon Marketable Production, mmboe



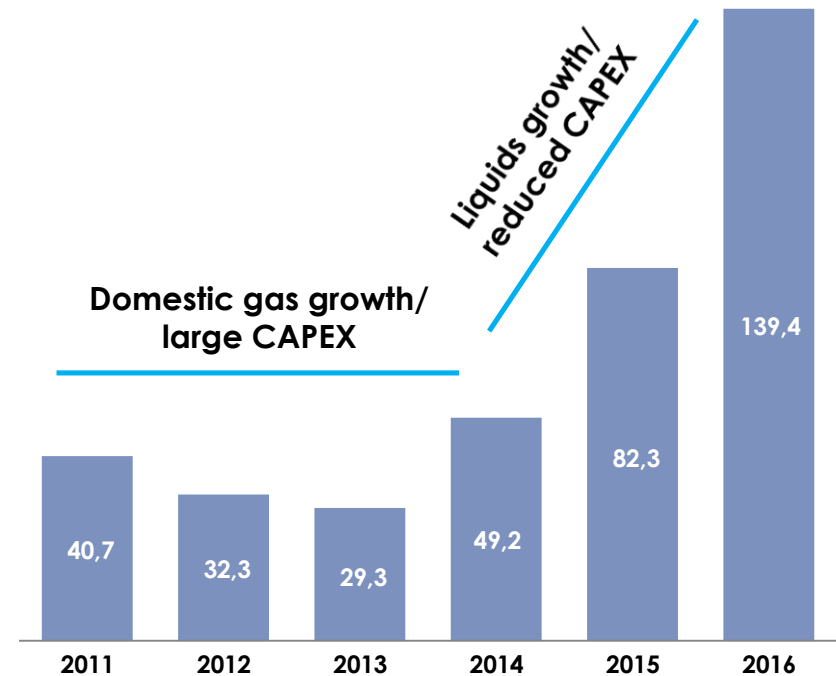
Robust Free Cash Flow



Quarterly (RR bln)



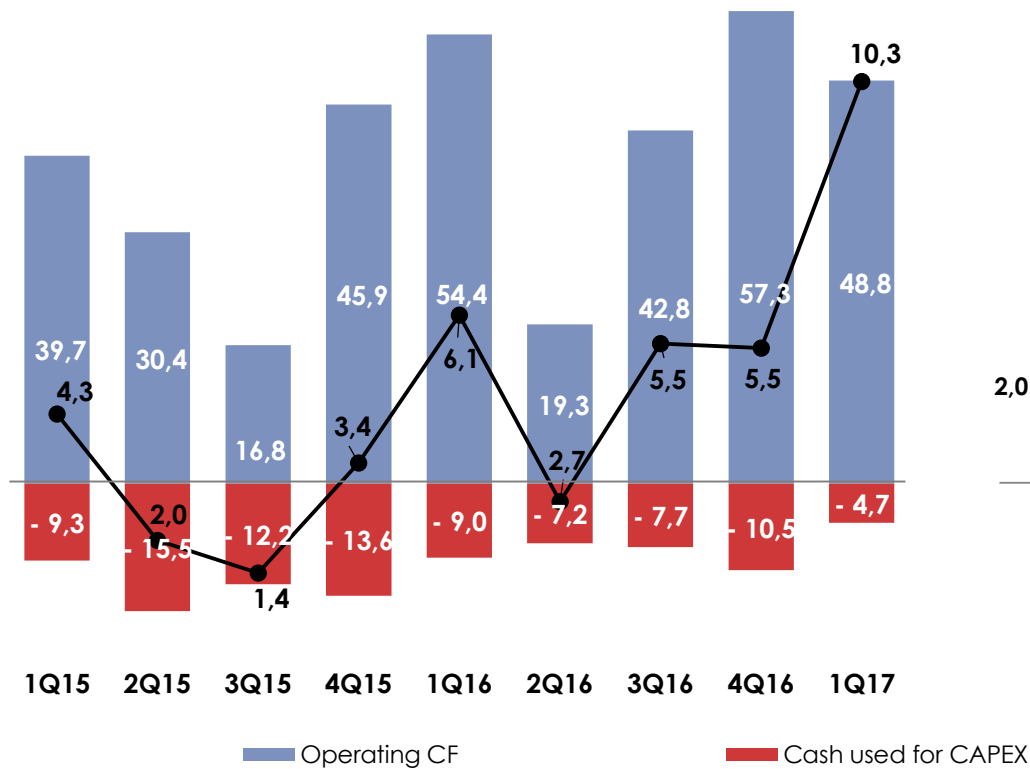
Annually (RR bln)



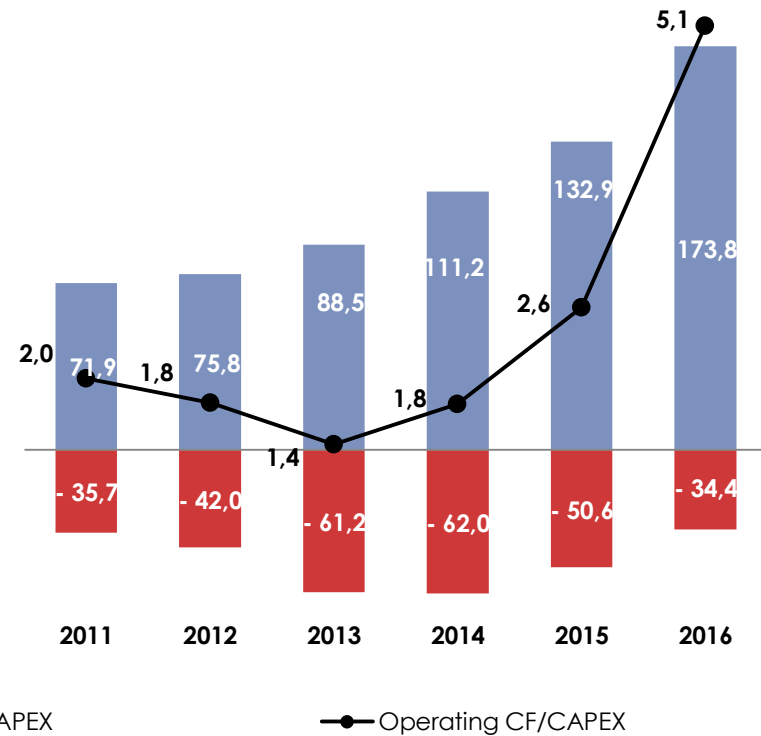
Significant growth YoY in Free Cash Flow

Internally Funded Investment Program

Quarterly (RR bln)

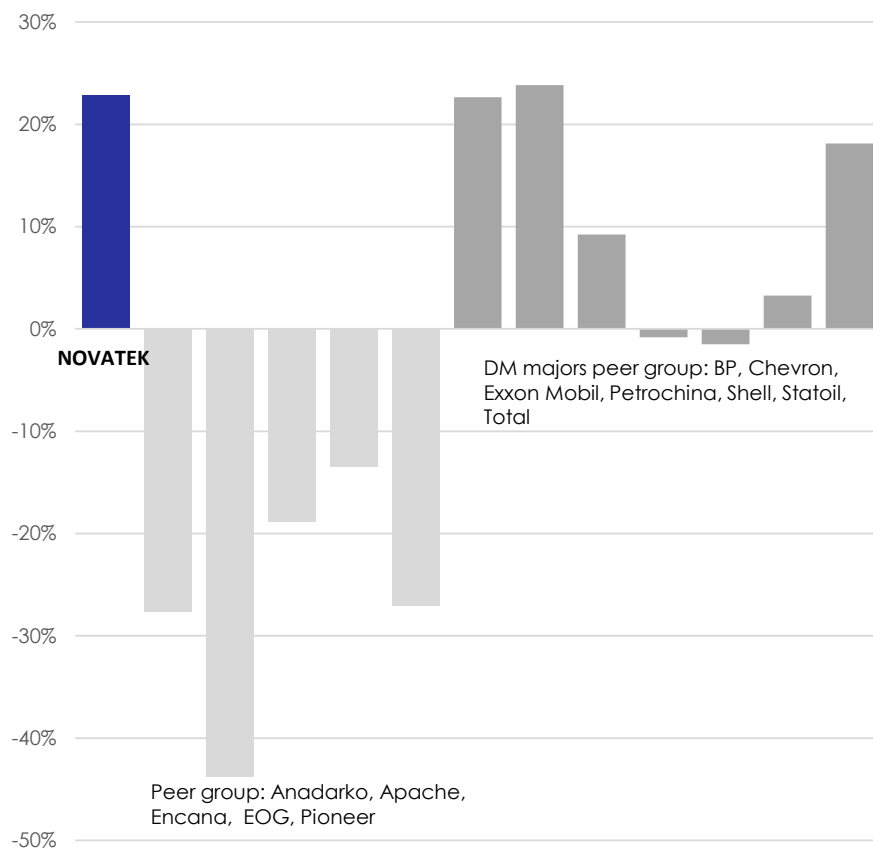


Annually (RR bln)

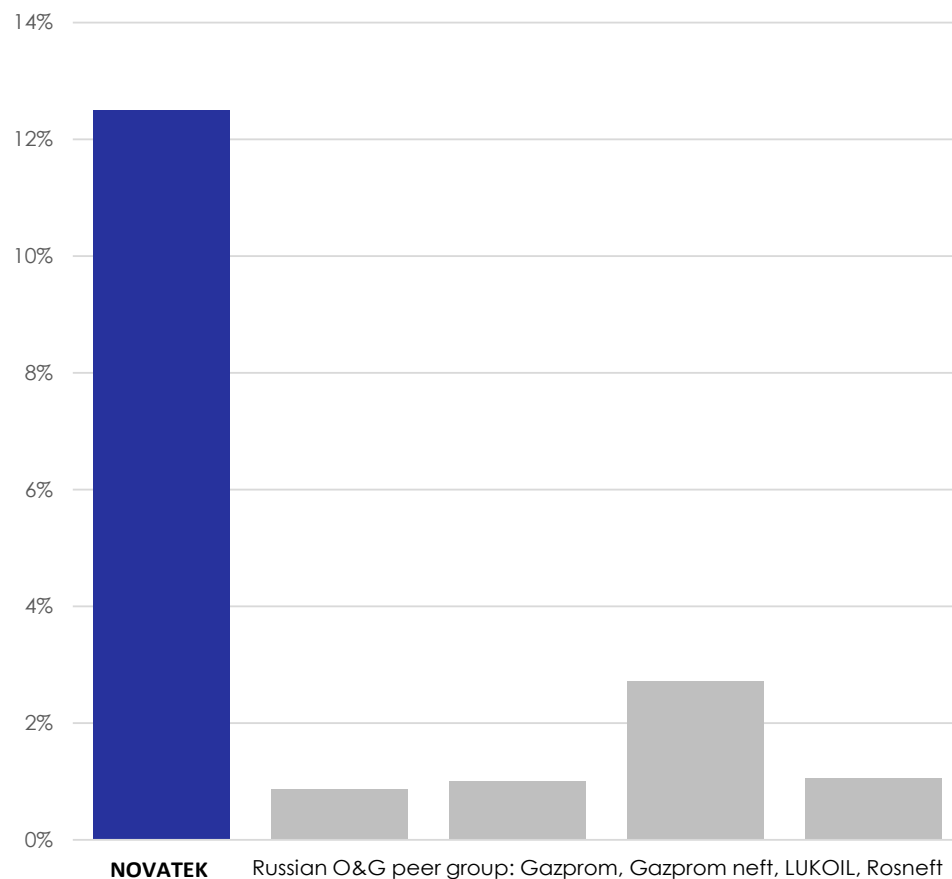


Outstanding FCF Generation Ability

**FCF to Market Capitalization (USD based)
2011-2015**



**FCF to Market Capitalization (RUB based)
2011-2015**



Yamal LNG

Yamal LNG Project Timeline



Total
acquired
20% stake



CNPC
acquired
20% stake

Financing received
from the Russian
National Welfare Fund
(\$2.4 bln equivalent)



Silk Road Fund
丝路基金

SRF
acquired
9.9% stake

2011

2012

2013

2014

2015

2016

2017

FEED completed,
tenders for LNG EPC
contract started

Final Investment
Decision (FID)

Russian-Chinese
Inter-governmental
Agreement came
into force

Loan agreements signed and
withdrawals started:

- Sberbank and Gazprombank (\$4 bln equivalent)
- China Development Bank and the Export-Import Bank of China (\$12 bln equivalent)

Docking of the first
Arc7 LNG tanker in
the port of Sabetta

Loan agreements signed :

- Intesa Sanpaolo covered by SACE and COFACE (EUR 750 mln)
- JBIC (EUR 200 mln)

Equipment Delivery

Main equipment for Train 1 already on site.

Equipment delivered:

- cryogenic heat exchanger
- full equipment package for compressor lines of Train 1 and Train 2
- boil-off gas compressors
- backup heater
- power plant turbines
- packages of steel work pipe racks
- packages of piping spools

Oversized equipment unloading in the port and its transportation to the installation site have been successfully streamlined.

Cryogenic heat exchanger being installed inside the liquefaction module



Unloading of Cryogenic Heat Exchangers for Trains #2 and #3



Ice protection barrier with pipe rack and LNG loading berth



First Arc7 LNG tanker



Arc7 tanker docked in the port of Sabetta



LNG Transportation Routes from the Yamal Peninsula

Number of days in navigation

Destination	Summer Route	Winter Route
China	18	32
Japan	14	36
India	25	
Central Europe	8	
South-Western Europe	12	
Latin America	26	



Appendix

1Q17/1Q16 Performance Summary



Macroeconomic

Brent US\$/bbl 53.7 19,8

RR depreciation/(appreciation) to US\$ 58.84 -15,79

Financial

(in millions of Russian roubles)

Total revenues 154,628 15 277

Total operating expenses 109,364 12 205

Normalized EBITDA including share in EBITDA of JVs 68,180 6 044

PP&E, net 328,332 -4 318

Total assets 995,061 54 304

Total liabilities 265,412 -125 707

Total equity 729,649 180 011

Operating cash flow 48,842 -5 582

Cash used for capital expenditures 4,738 -4 238

Free cash flow 44,104 -1 344

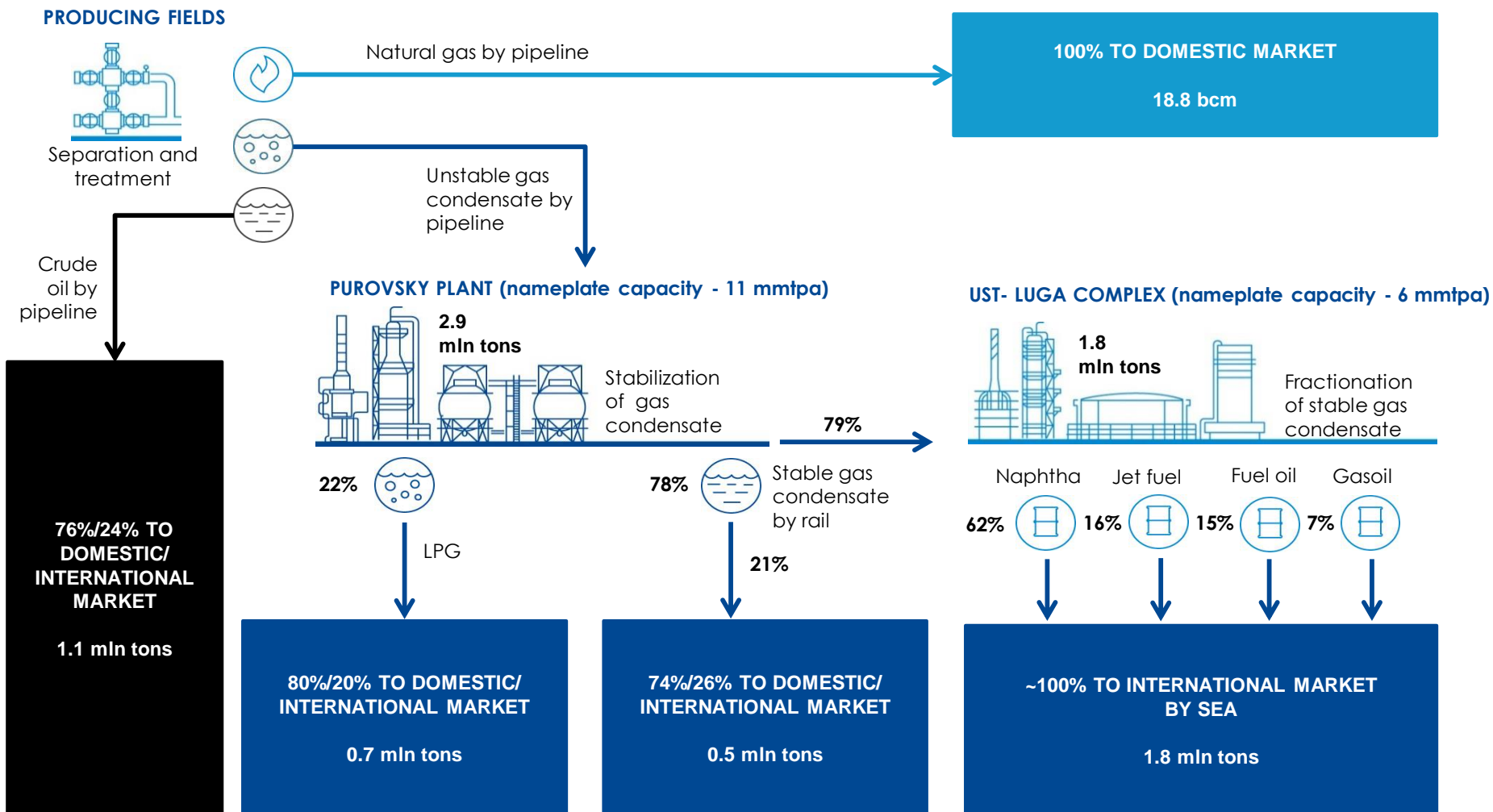
Operational

Natural gas production (bcm) 15.7 -1,5

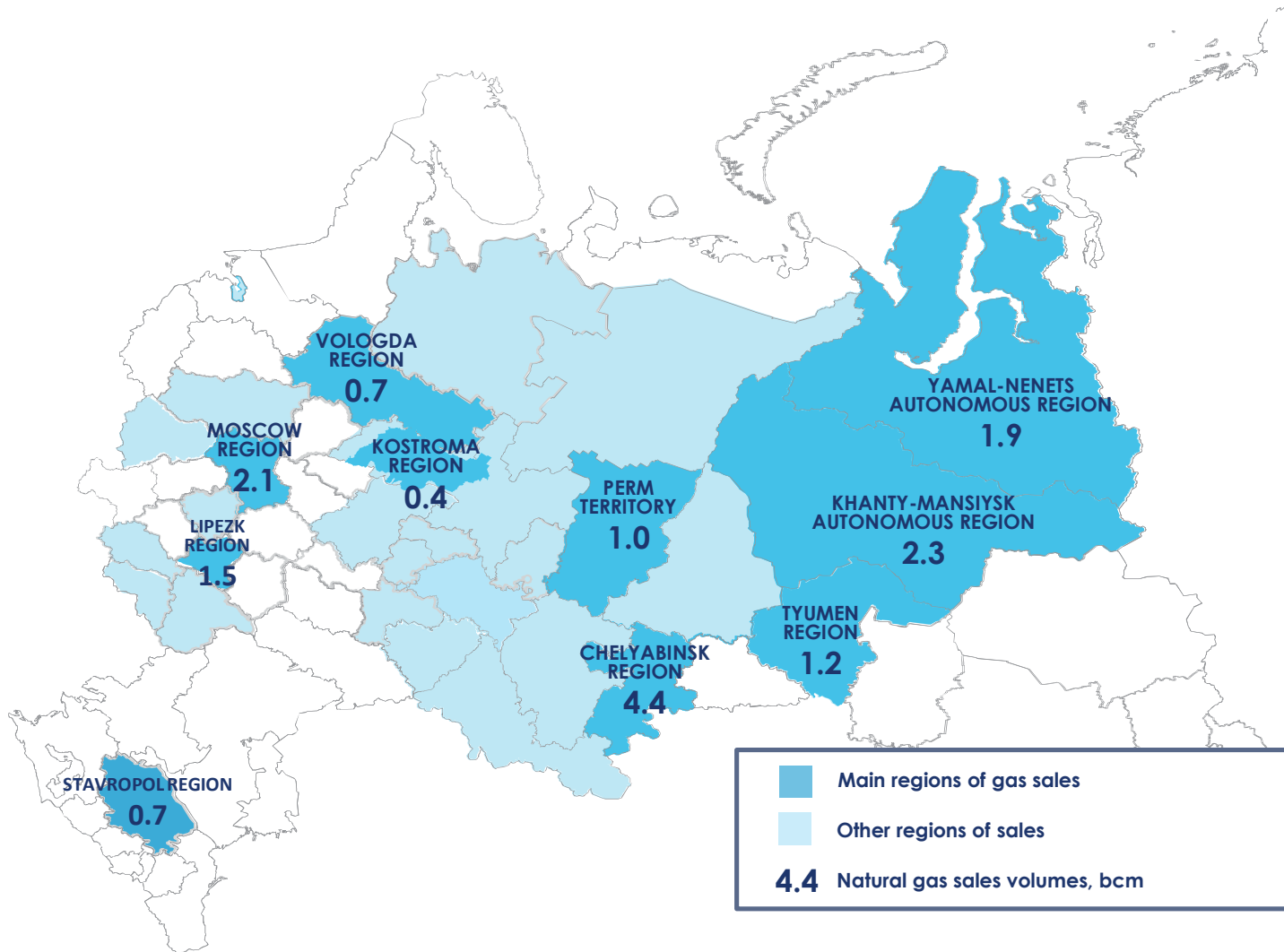
Liquids production (mmt) 3.0 -0,2

-50% -40% -30% -20% -10% 0% 10% 20% 30% 40% 50% 60%

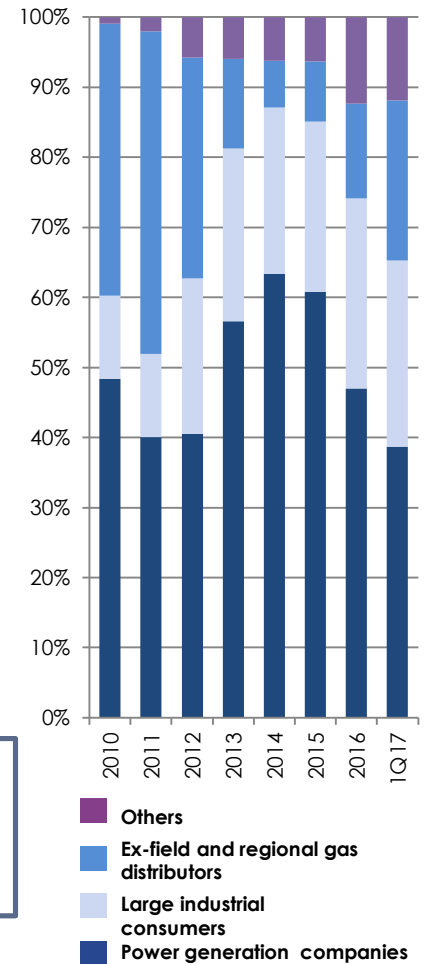
Monetizing Our Resource Base (1Q17)



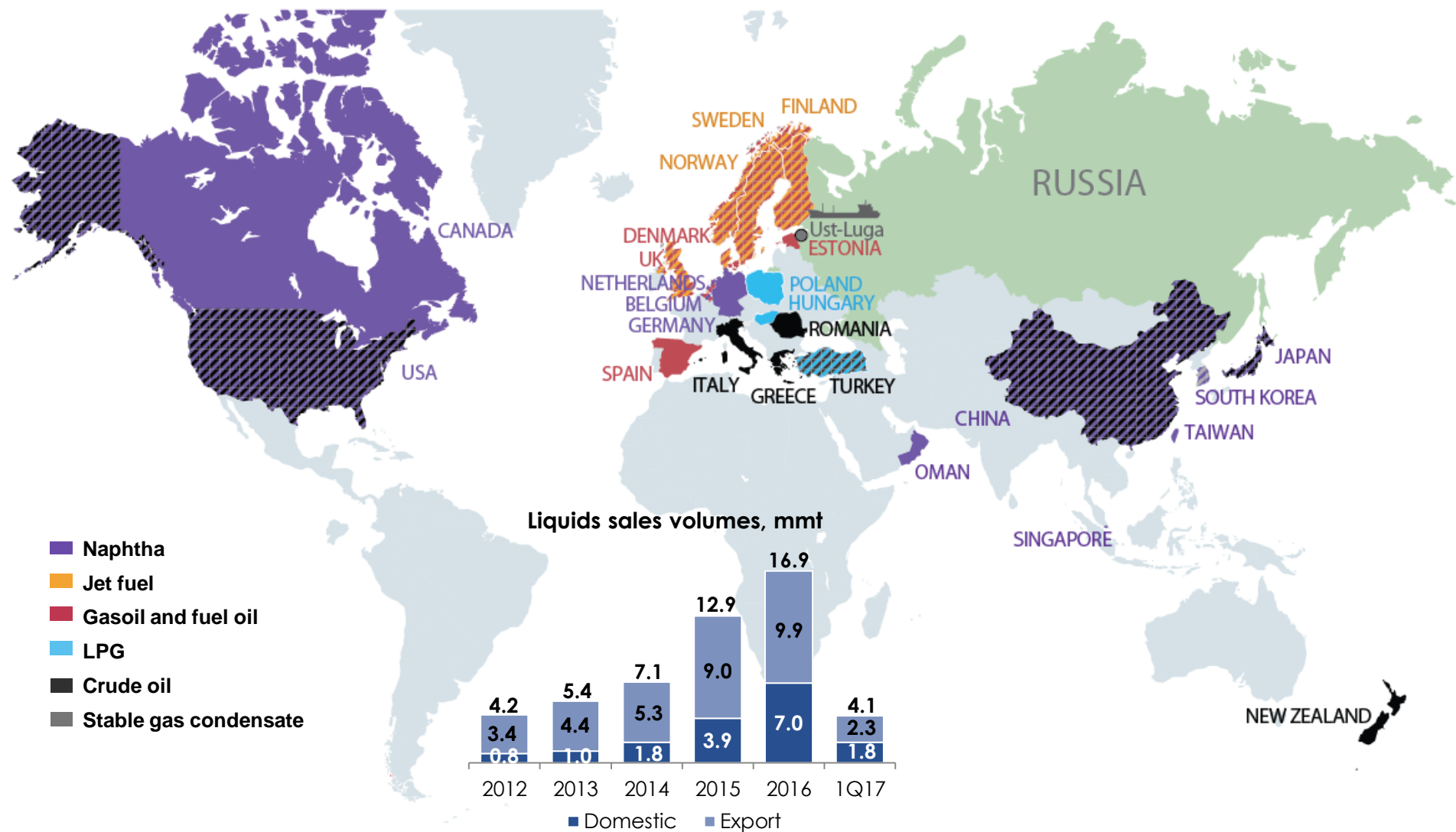
Natural Gas Sales (1Q17)



Gas Sales Breakdown



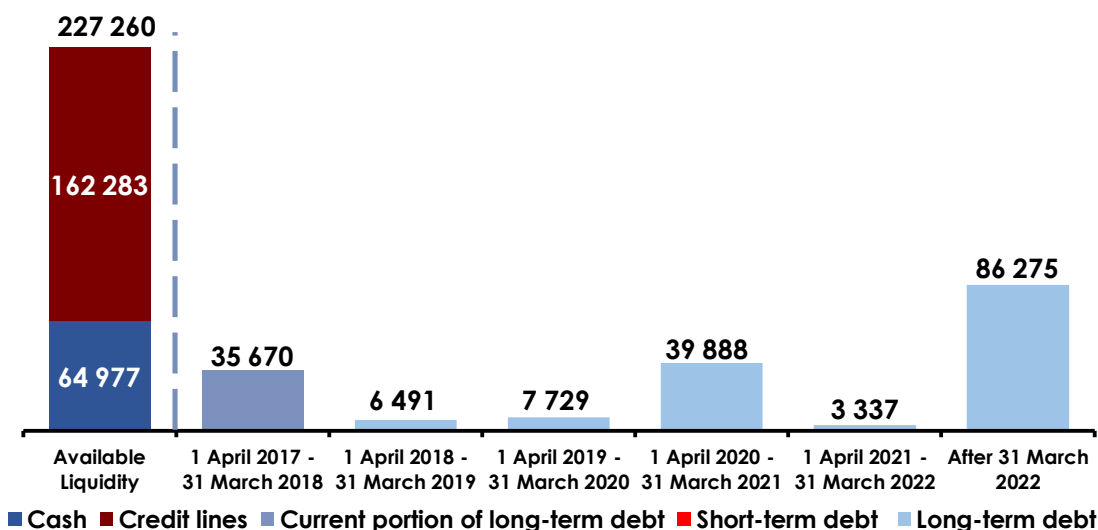
Liquids Sales (1Q17)



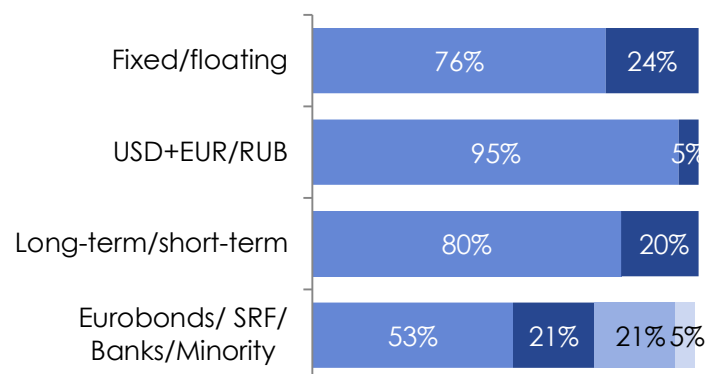
Debt Composition as at 31 March 2017



Total Debt Maturity Profile (RR million)



Debt Structure (Total Debt = RR 179.4 billion)



Established track record of adhering to financial policies

Metric	Policy Target	2010	2011	2012	2013	2014	2015	2016	1Q 2017
Debt/Normalized EBITDA, (x)	~1.0x	1.3	1.1	1.4	1.3	1.5	1.7	0.9	0.7
Net debt/Normalized EBITDA, (x)	<1.0x	1.1	0.8	1.2	1.2	1.3	1.5	0.7	0.5
Cash Balance, million \$	\$100 - \$150	336	740	607	241	734	400	796	1,152
Lines of credit, million \$	\$300 - \$500	500	1,592	1,538	569	733	986	2,728	2,878

Forward-Looking Statements



- ❑ Certain statements in this presentation are not historical facts and are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
 - projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios;
 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements
- ❑ Words such as “believes”, “anticipates”, “expects”, “estimates”, “intends”, “plans”, “outlook” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements
- ❑ By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements
- ❑ 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, and 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 image features the NOVATEK logo in large, bold, blue capital letters. To the left of the logo is a stylized blue graphic consisting of several horizontal, curved bars. The background is a faded image of industrial structures, possibly oil rigs or refineries, with smoke or steam rising from them.

NOVATEK

Questions and Answers

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