

2020 Operational and Financial Results Conference Call



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18 February 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 – 2020

- **Total revenues** amounted to RR 711.8 bln, representing a **decrease of 17.5%** compared to 2019
 - We produced **608.2 mmboe of hydrocarbons, representing an increase of 3.1%** compared to 2019
 - **Total LNG production** including share in JVs **was 11,553 mt**, representing an **increase of 2.9%** compared to 2019
 - **Total SEC proved reserves**, including the Company's proportionate share in joint ventures, aggregated 16.4 bboe, representing an **increase of 0.6%** compared to the year-end 2019
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Key Events 2020

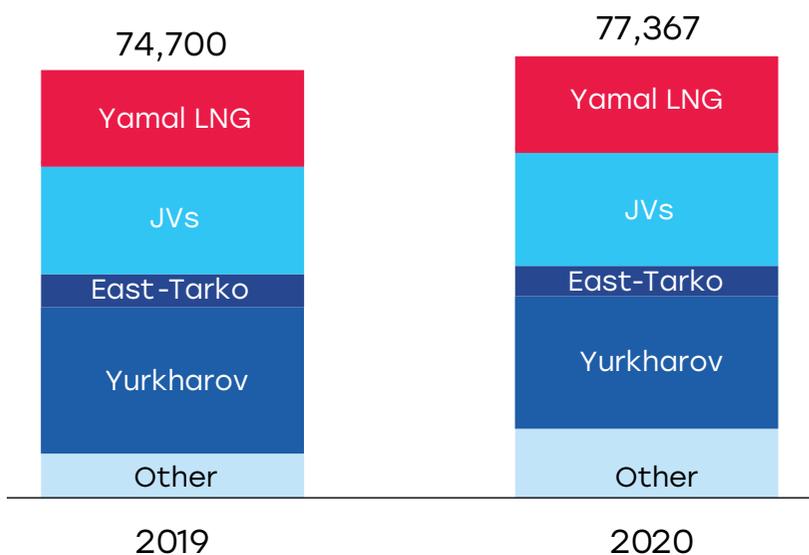
- Board of Directors approved the new Dividend Policy to increase the minimum target pay-out level from 30% to 50% of the adjusted consolidated net profit according to the IFRS
- We approved environmental and climate change targets for the period up to 2030 including atmospheric emissions reduction, associated petroleum gas utilization and waste disposal
- Since the end of 2019, we produce natural gas from the Cenomanian deposits at the North-Russkoye field. In August 2020, we also commenced exploitation of Valanginian horizons at the North-Russkoye and East-Tazovskoye fields within the North-Russkiy cluster, which increased natural gas and gas condensate production of the Group
- Our first small-scale LNG plant was launched in the Chelyabinsk region (Magnitogorsk)
- Yamal LNG Arc7 ice-class tankers completed unique voyages along the Northern Sea Route in June 2020 and January 2021 opening the navigation one month before and ending it two months after the end of the traditional navigation season
- NOVATEK and Siemens Energy signed an agreement to decarbonize LNG production, active de-carbonization work beginning 2021

Operational Overview

Hydrocarbon Production

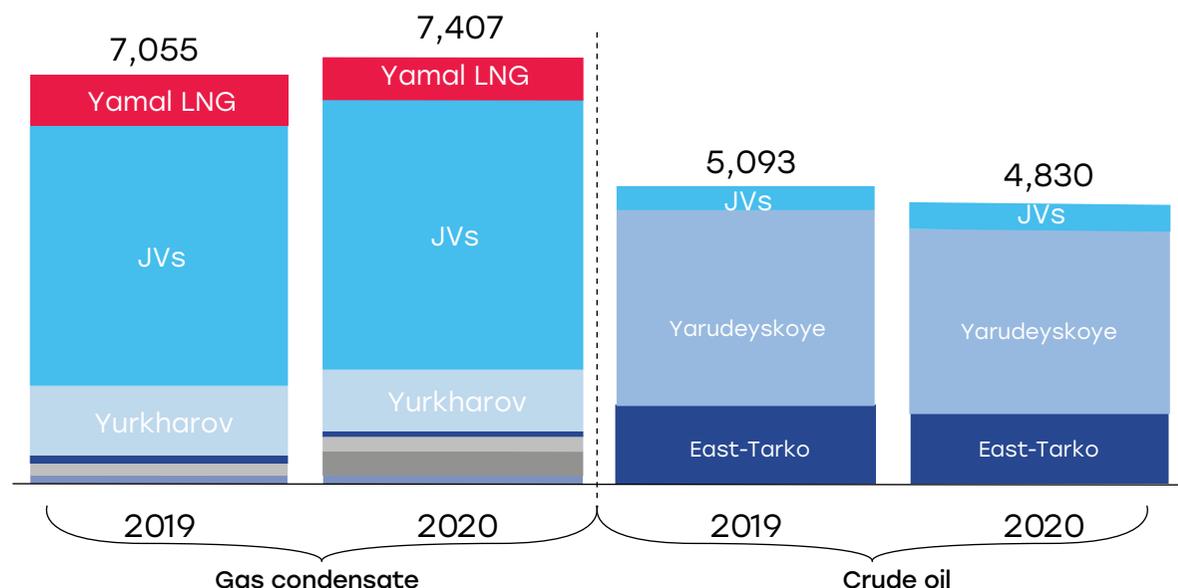
NATURAL GAS PRODUCTION

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LIQUIDS PRODUCTION

mt



Our total natural gas and liquids production including the proportionate share in the production of our joint ventures increased by 3.6% and 0.7%, respectively. The main factors positively impacting our production growth were the launch of the fields within the North-Russkiy cluster at the end of 2019 and in the third quarter 2020 (the Cenomanian and Valanginian horizons of the North-Russkoye field, and the East-Tazovskoye and Dorogovskoye fields), as well as an increase in hydrocarbon production from the Achimov horizons at Arcticgas's Urengovskoye field. An increase in the production at these fields completely offset a decline in production at mature fields of our subsidiaries and joint ventures.

Purovsky Plant and Ust-Luga Complex

Purovsky Plant

Total volumes delivered in 2020: 11,786 mt

- Yurkharovskoye field: 1,012 mt
- East-Tarkosalinskoye and Khancheykoye fields: 458 mt
- Other fields: 815 mt
- Purchases from our joint ventures: 9,501 mt

Total output of marketable products: 11,722 mt

- Stable gas condensate: 8,934 mt
- LPG: 2,788 mt

Ust-Luga Complex

Total volumes delivered in 2020: 6,997 mt

Total output of marketable stable gas condensate refined products: 6,837 mt

- Naphtha: 4,385 mt
- Other products: 2,452 mt

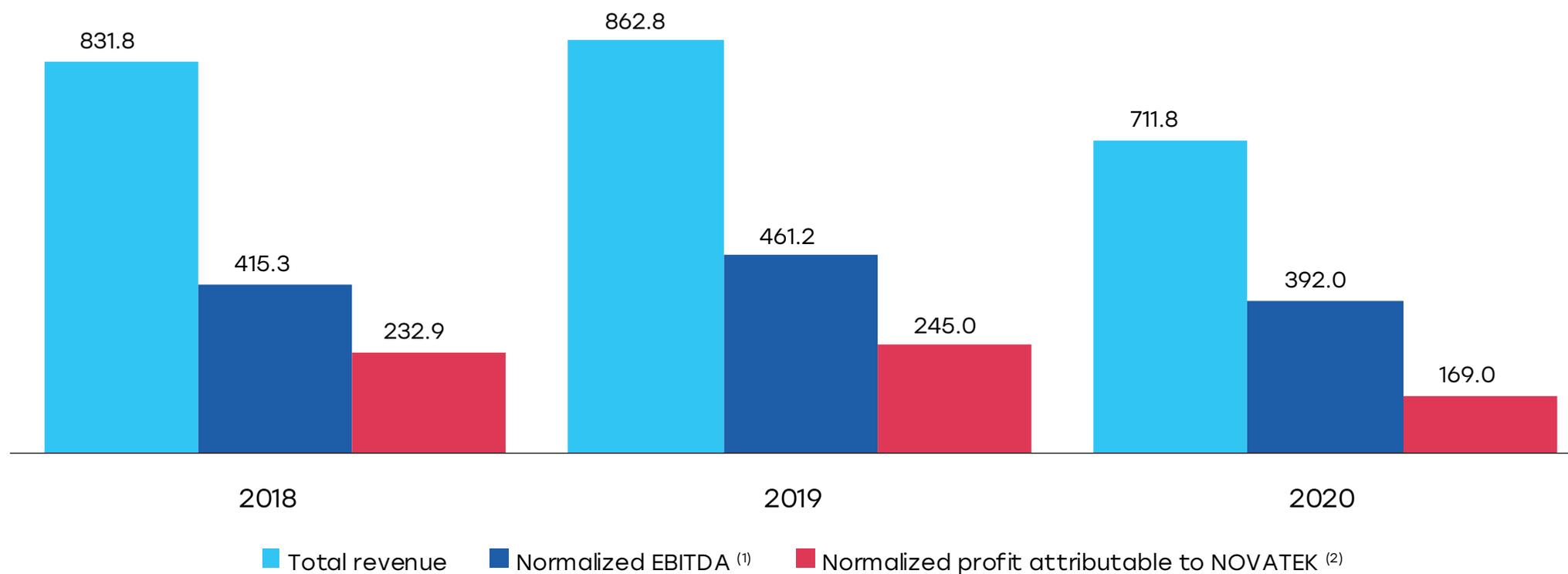
Stable gas condensate refined products sold: 6,773 mt

- To Europe: 3,206 mt
- To the Asian Pacific Region: 2,261 mt
- To North America: 797 mt
- Other: 509 mt



Financial Overview – 2020 to 2019

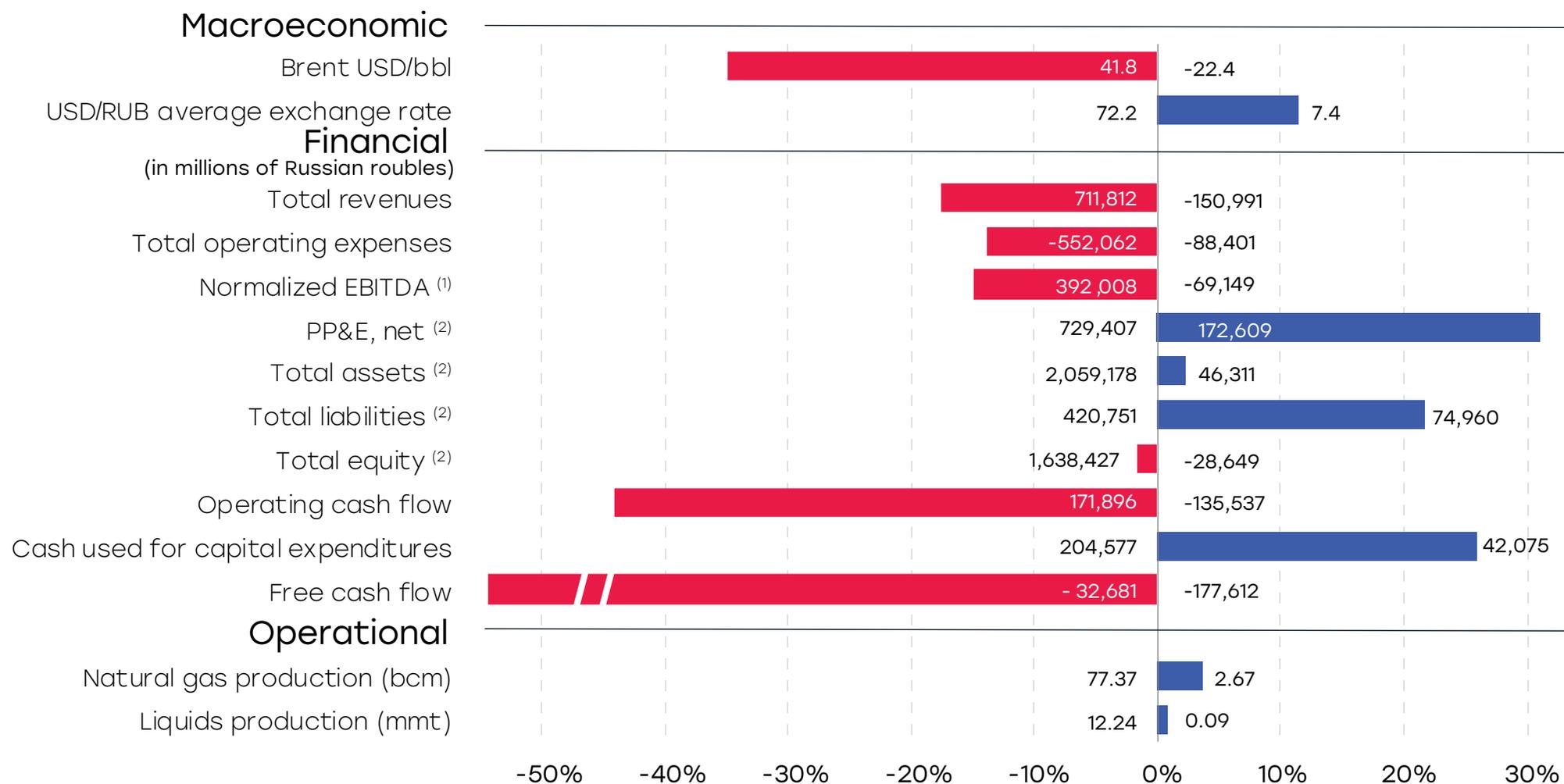
Financial Overview (RR billion)



⁽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⁾ 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). And excluding the effect of foreign exchange gains (losses) of subsidiaries and our proportionate share in foreign exchange gains (losses) of our joint ventures

Performance Summary 2020/2019

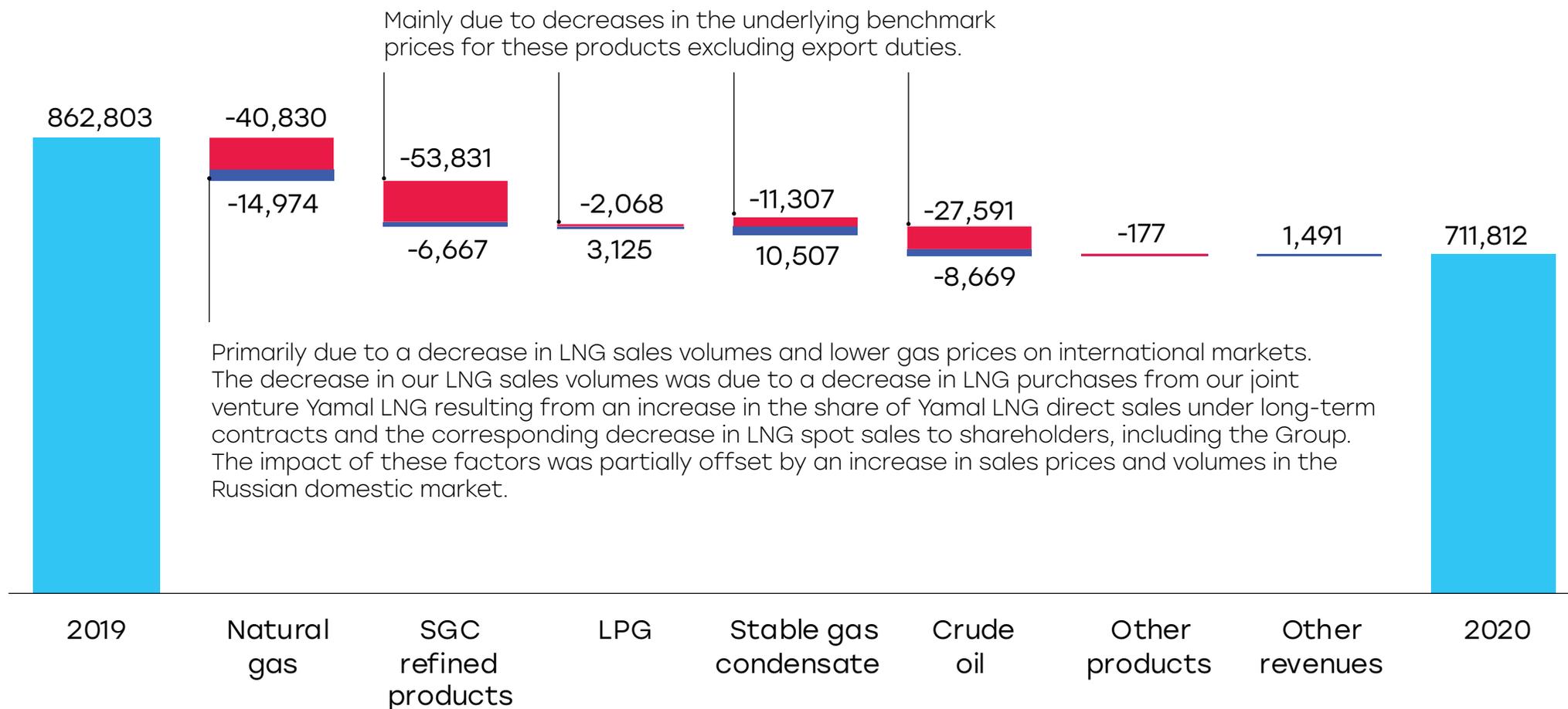


(1) Excluding the effects from the disposal of interests in subsidiaries and joint ventures (recognition of a net gain on disposal and subsequent non-cash revaluation of contingent consideration)

(2) 31.12.2020 to 31.12.2019

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)

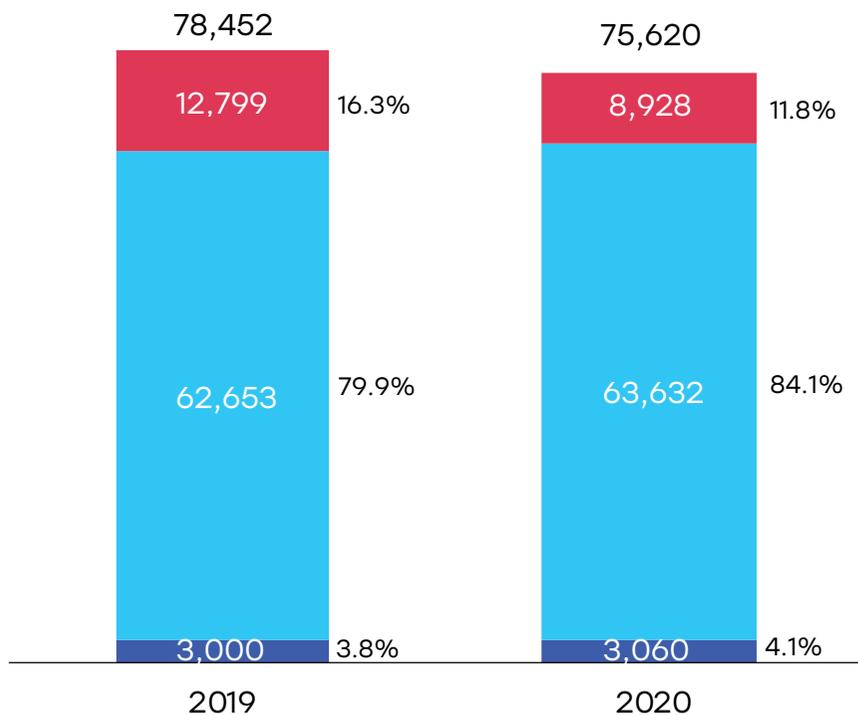


■ Change due to volume ■ Change due to price

Market Distribution - Sales Volumes

NATURAL GAS SALES VOLUMES

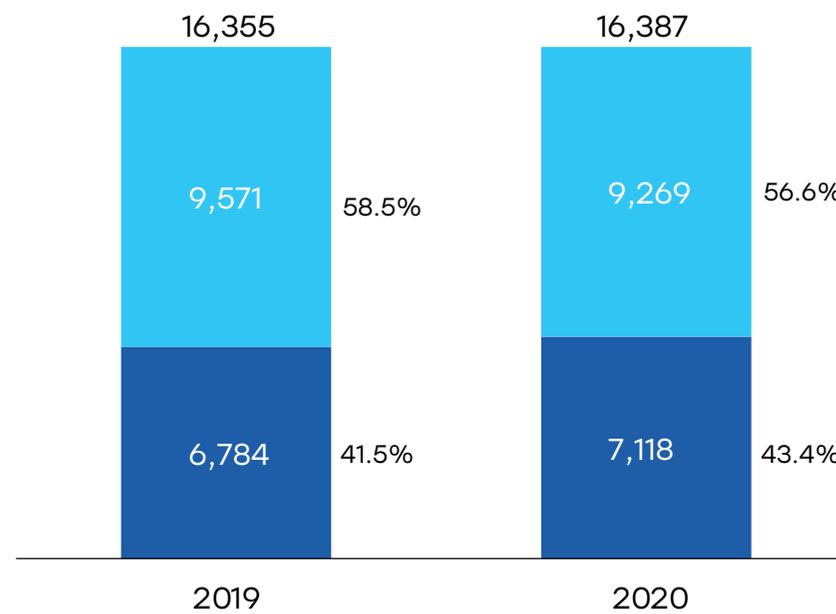
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■ Ex-field ■ End-customers ■ International markets

LIQUIDS SALES VOLUMES

mt

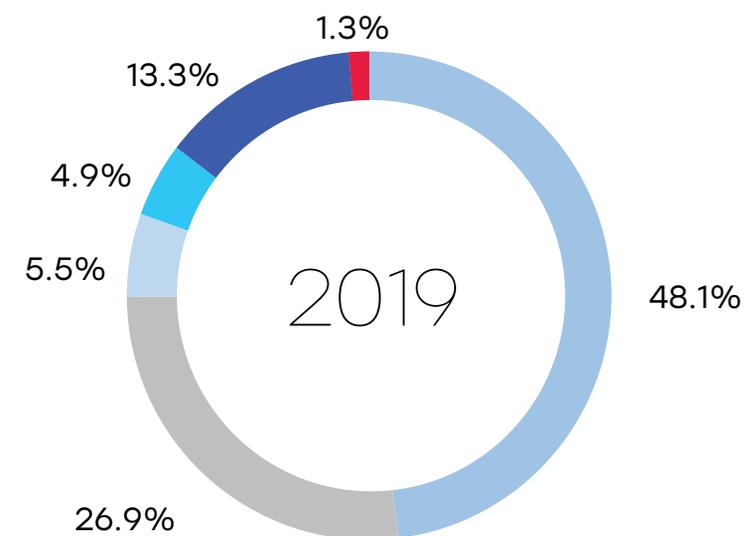
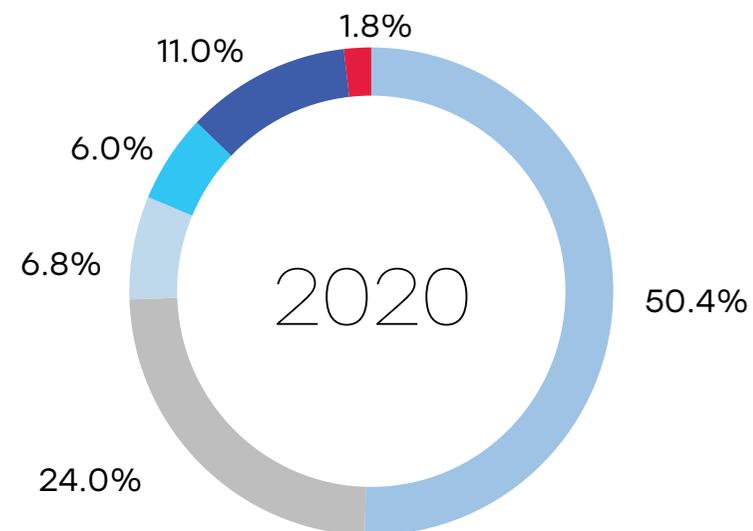


■ Domestic ■ Export

Our total natural gas sales volumes decreased by 3.6% primarily due to a decrease in LNG sales volumes purchased mainly from our joint venture OAO Yamal LNG for subsequent sale on international markets. We reduced our purchases of spot LNG volumes as Yamal LNG increased direct sales under long-term contracts. Natural gas volumes sold on the domestic market increased by 1.6% due to the launch of additional production facilities.

Total Revenues Breakdown (RR billion)

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



Operating Expenses

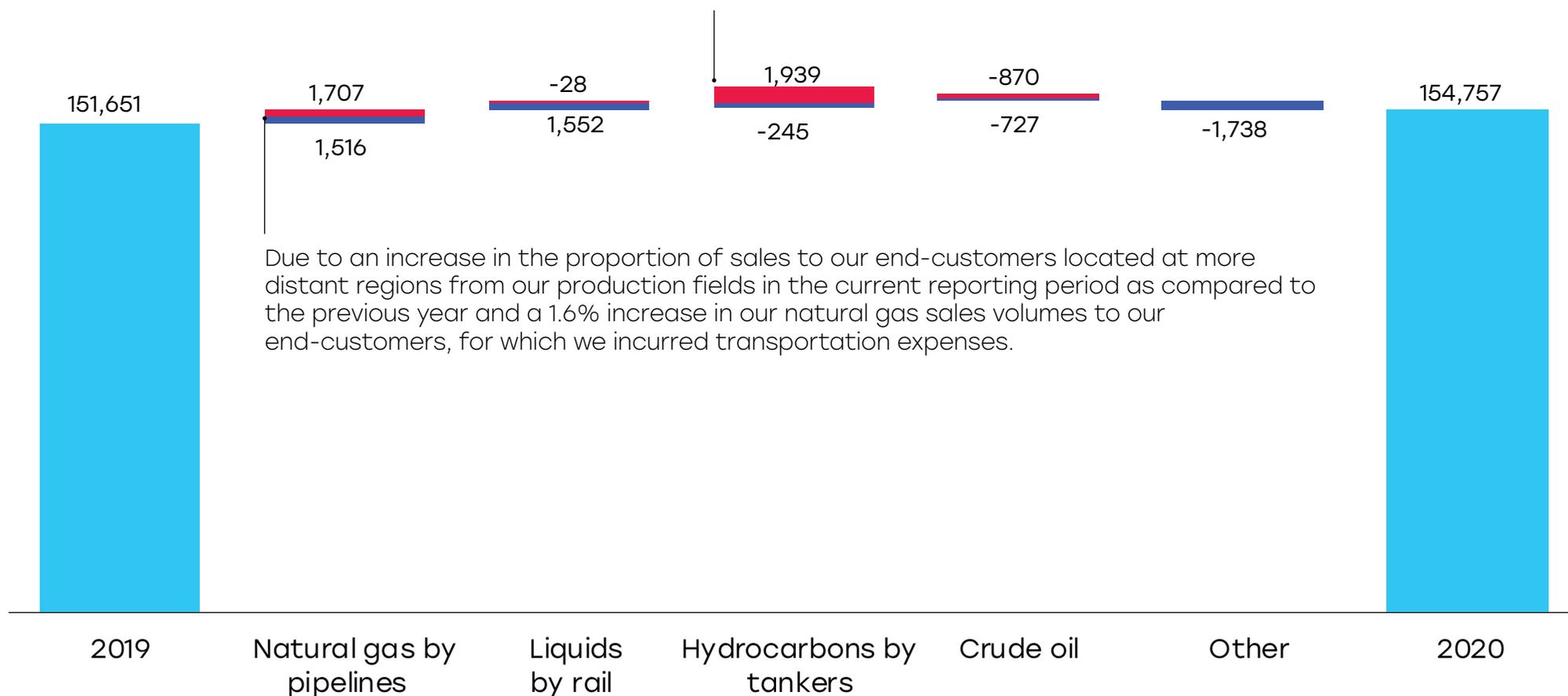
(RR million and % of Total Revenues (TR))

	2019	% of TR	2020	% of TR
Transportation expenses	151,651	17.6%	154,757	21.7%
Taxes other than income tax	61,981	7.2%	54,501	7.7%
Non-controllable expenses	213,632	24.8%	209,258	29.4%
Depreciation and amortization	32,230	3.7%	39,238	5.5%
Materials, services & other	25,183	2.9%	29,577	4.2%
General and administrative	24,568	2.8%	26,795	3.8%
Exploration expenses	8,386	1.0%	9,103	1.3%
Net impairment expenses (reversals)	162	n/a	254	n/a
Change in natural gas, liquids and WIP	5,484	0.6%	2,613	0.4%
Subtotal operating expenses	309,645	35.9%	316,838	44.5%
Purchases of natural gas and liquid hydrocarbons	330,818	38.3%	235,224	33.0%
Total operating expenses	640,463	74.2%	552,062	77.6%

Our total operating expenses decreased mainly due to a decrease in average purchase prices for hydrocarbons resulted from a decline in commodity prices on international markets and a decrease in volumes of LNG purchased from our joint venture Yamal LNG due to the reallocation of Yamal LNG sales volumes in favor of long-term contracts sales.

Transportation Expenses (RR million)

Due to a 11.4% depreciation of the Russian rouble average exchange rate relative to the US dollar since all our tankers transportation expenses are US dollar denominated, as well as changes in the LNG delivery terms and points of destination.

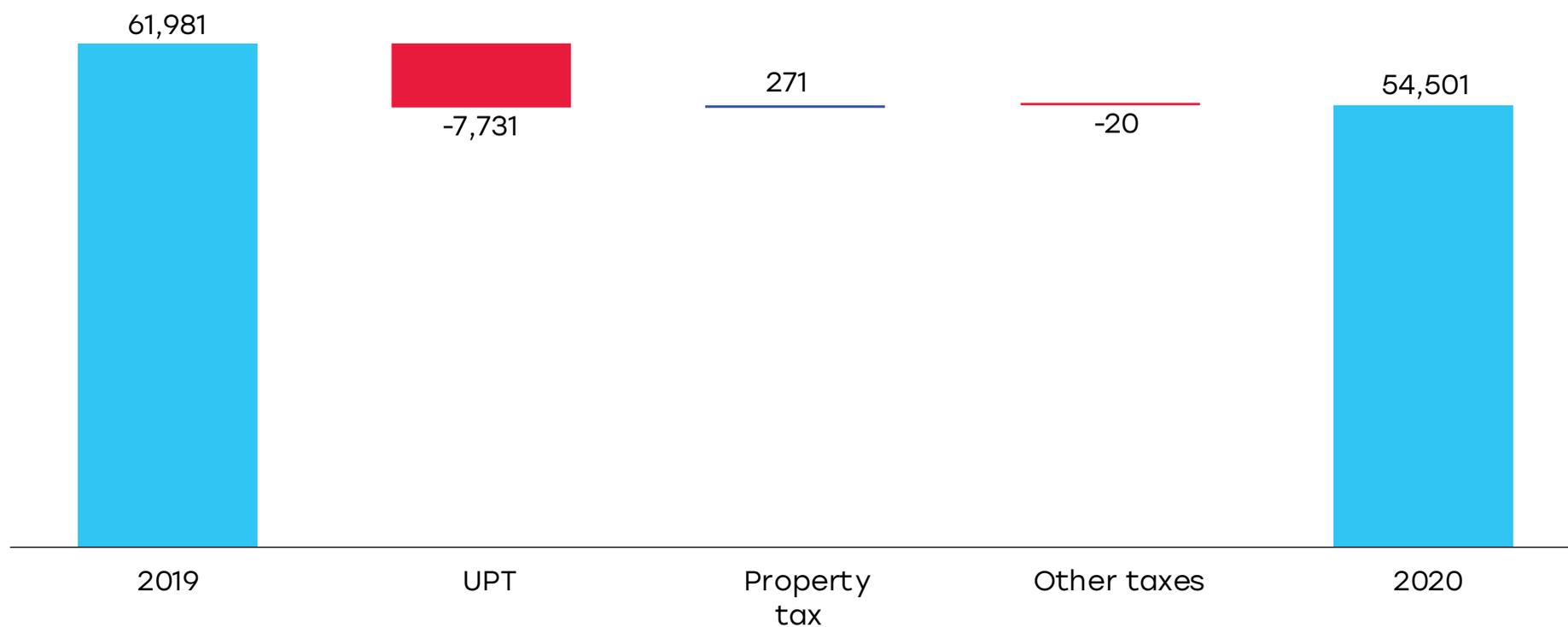


Due to an increase in the proportion of sales to our end-customers located at more distant regions from our production fields in the current reporting period as compared to the previous year and a 1.6% increase in our natural gas sales volumes to our end-customers, for which we incurred transportation expenses.

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

Taxes Other Than Income Tax Expense

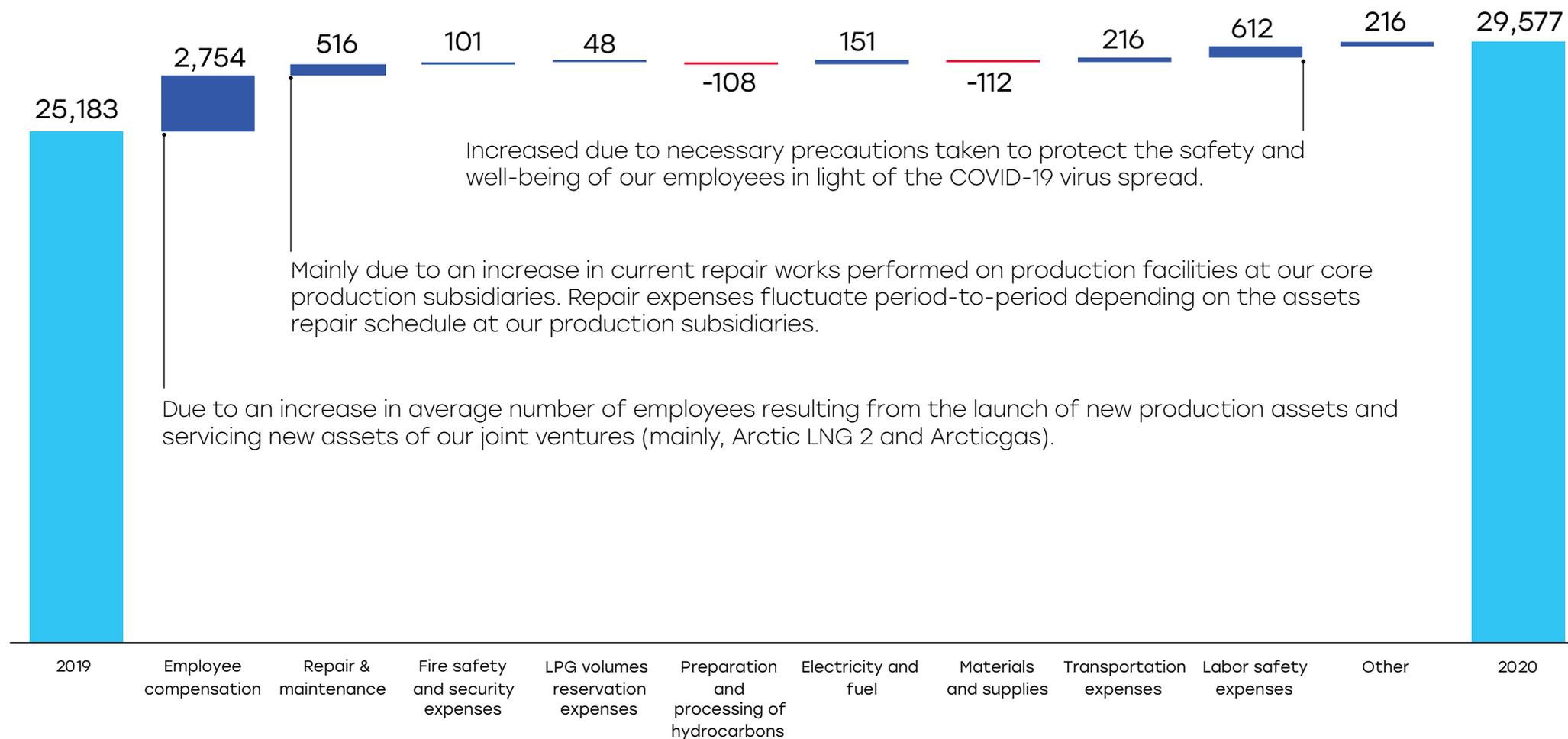
(RR million)



Our UPT expense decreased primarily due to a decline in benchmark crude oil prices, which are used for UPT rates calculation.

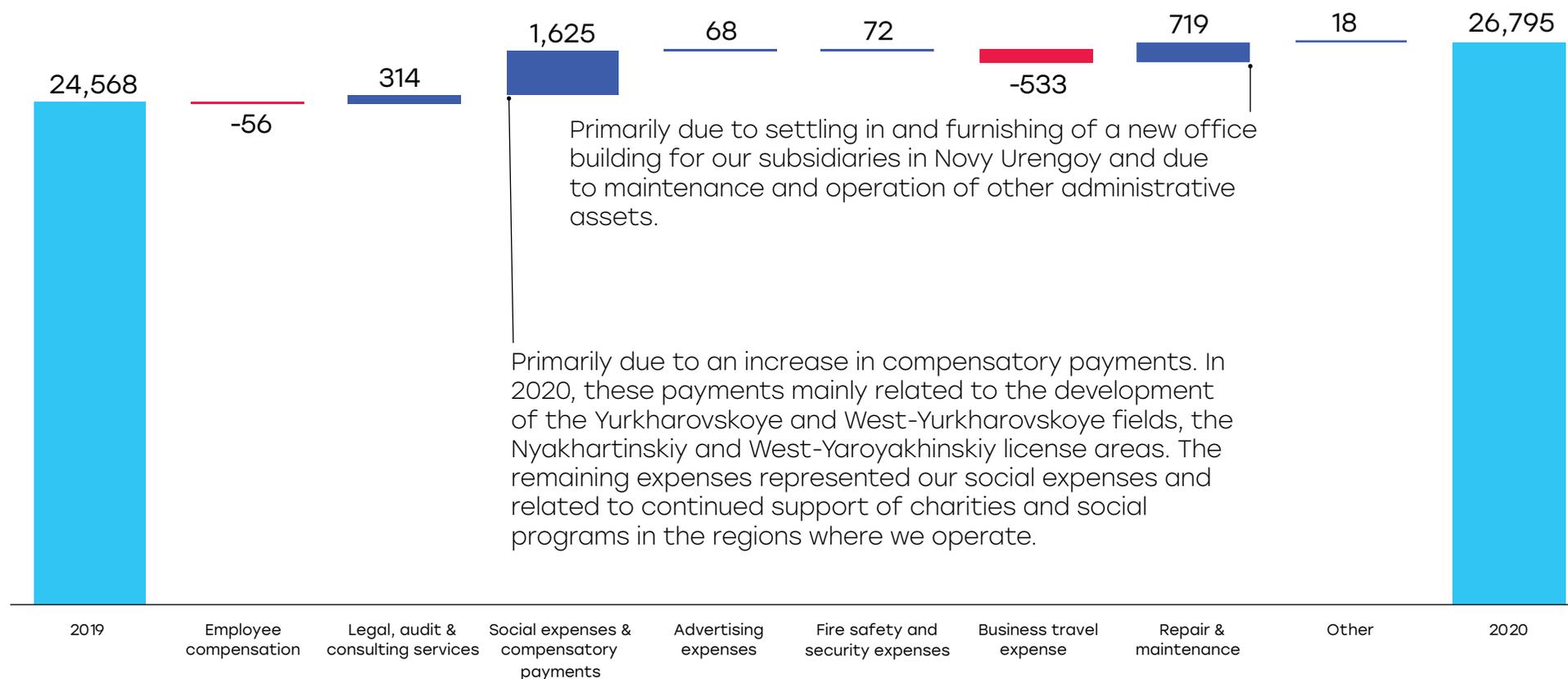
Materials, Services and Other Expenses

(RR million)

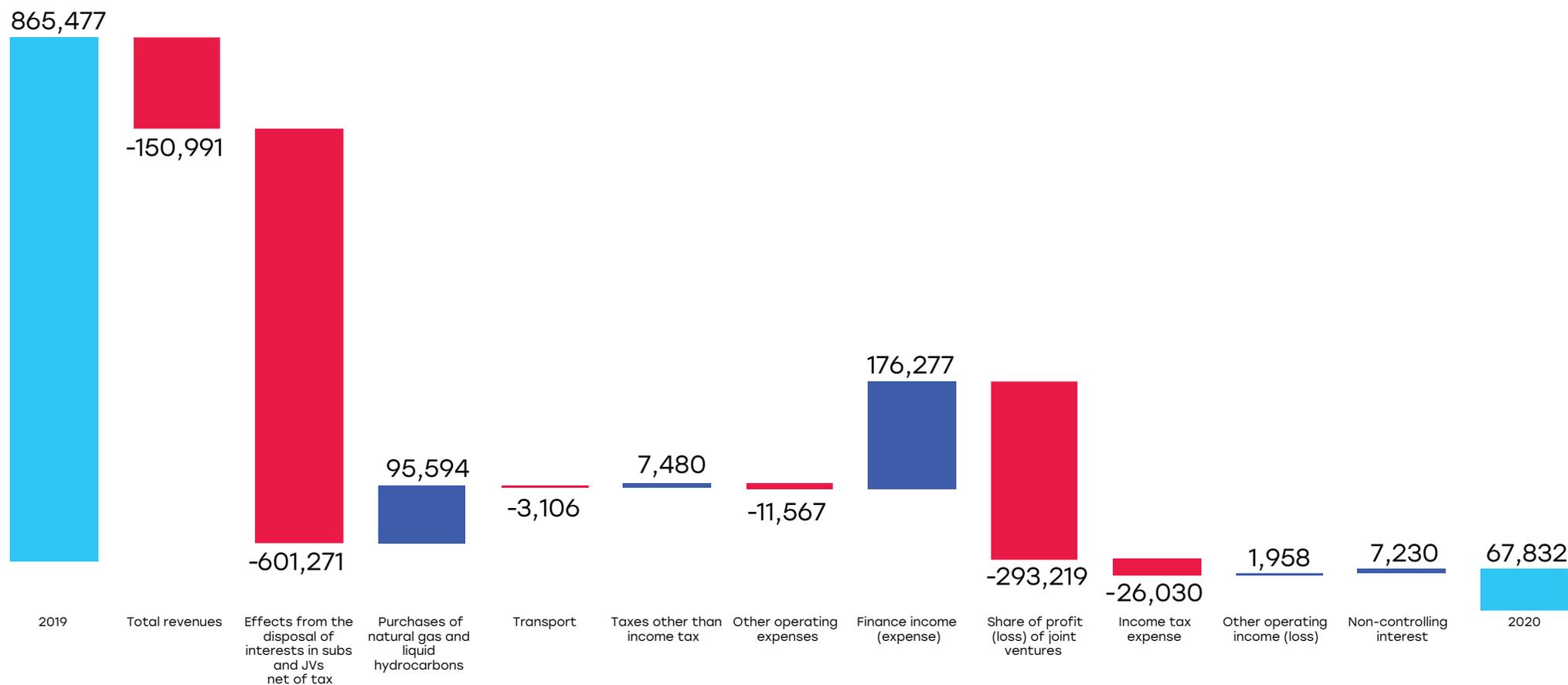


General and Administrative Expenses

(RR million)

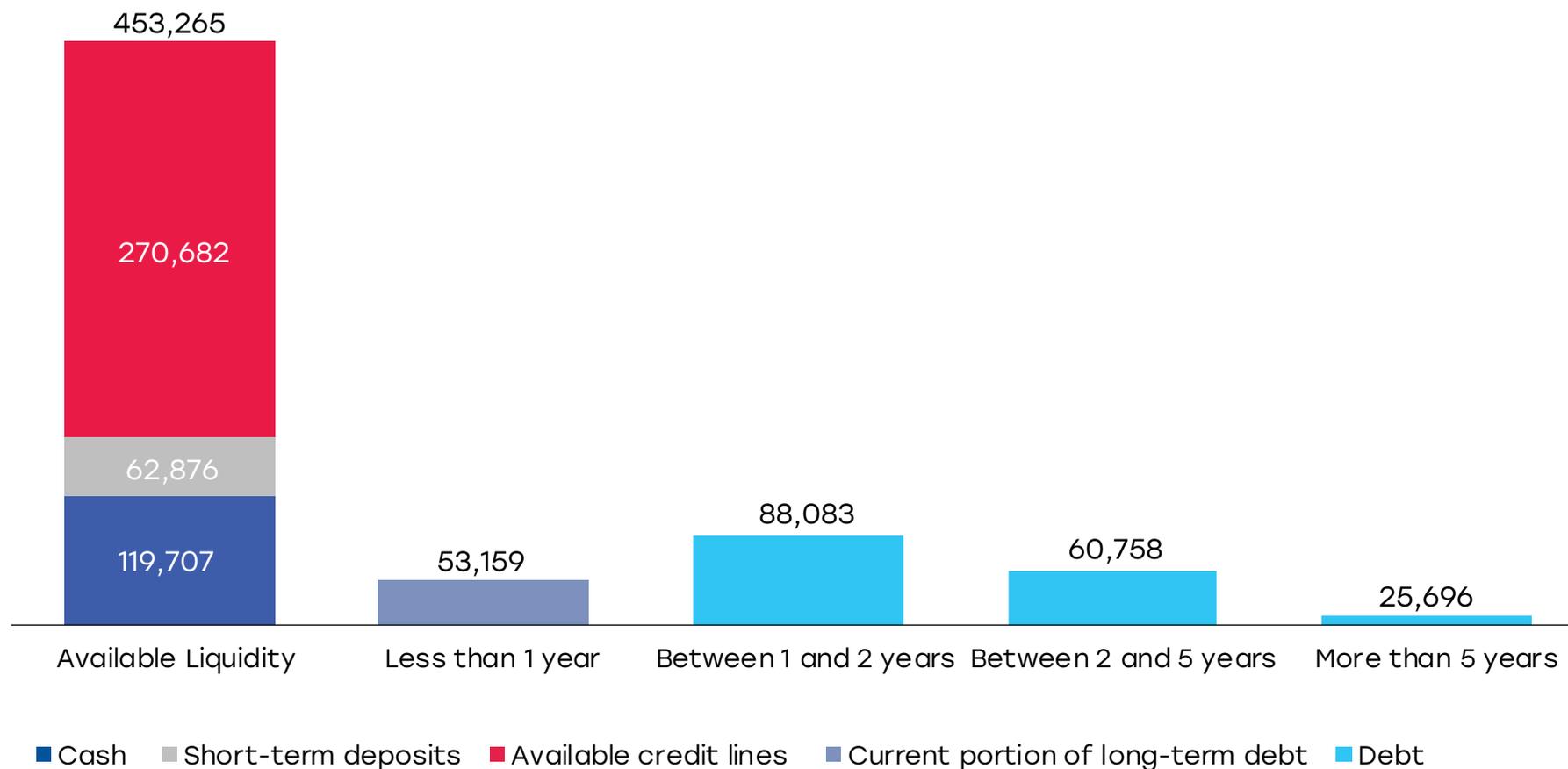


Profit Attributable to NOVATEK Shareholders (RR million)



The Group's financial results in the current reporting period were significantly impacted by unfavorable macroeconomic conditions, which led to a decrease in our hydrocarbons sales prices and a recognition of substantial foreign exchange effects. In addition, in both years, we recorded the effects from the disposal of interests in the Arctic LNG 2 project. In 2019, we also recognized a gain from the reorganization of our joint venture AO Arcticgas. Excluding the effects from the disposal of interests in subsidiaries and joint ventures and foreign exchange gains (losses), our profit attributable to shareholders of PAO NOVATEK amounted to RR 169.0 billion.

Total Debt Maturity Profile (RR million)



DEBT REPAYMENT SCHEDULE:

Up to 31 December 2021 – Loan from the Silk Road Fund and Eurobonds Ten-Year (USD 650 mln, repaid in February 2021)

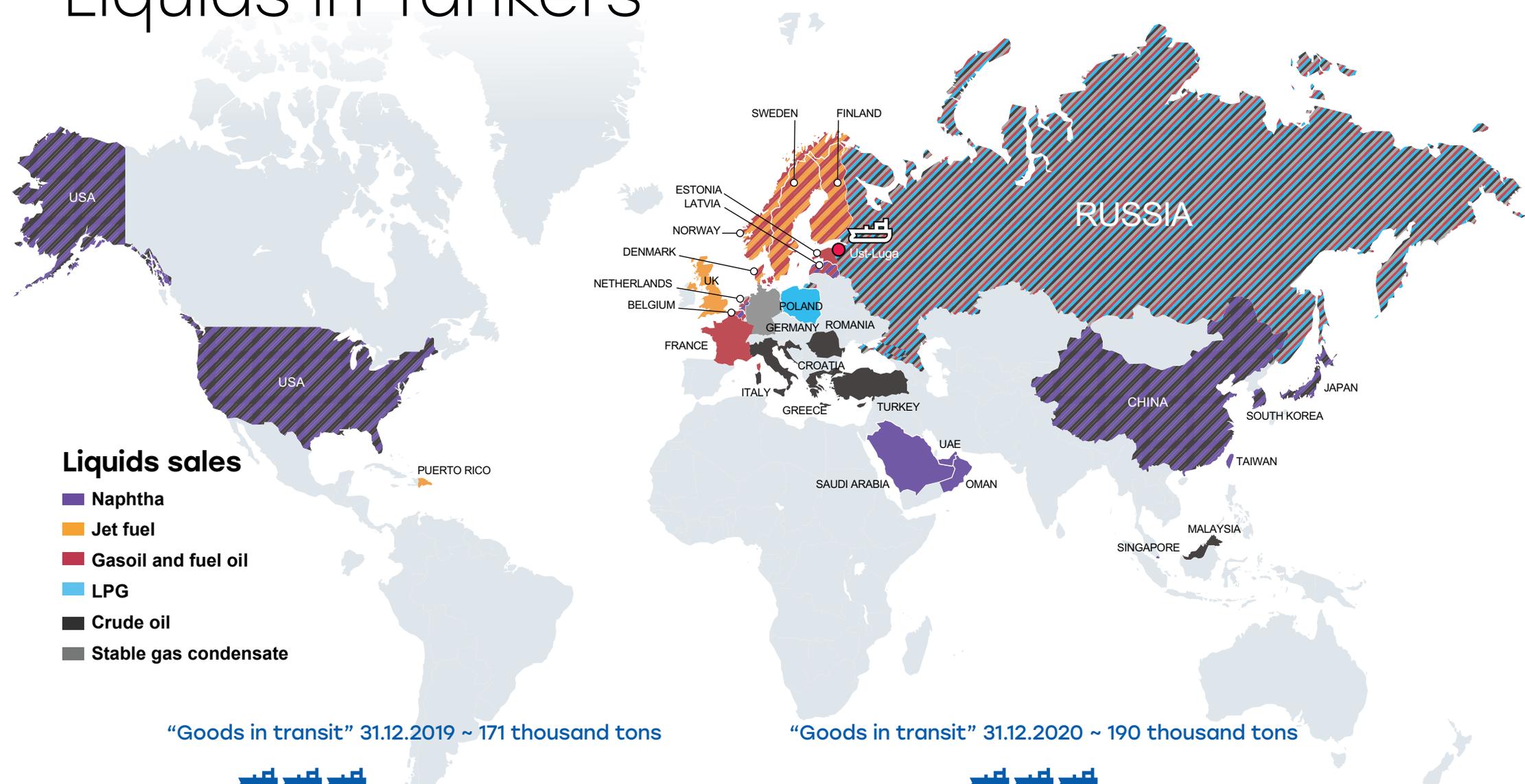
Up to 31 December 2022 – Loan from the Silk Road Fund, Eurobonds Ten-Year (USD one bln) and Other loans

Up to 31 December 2023 – Loan from the Silk Road Fund

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

Appendices

Liquids in Tankers



Liquids sales

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

“Goods in transit” 31.12.2019 ~ 171 thousand tons



Asia-Pacific Region
(Naphtha)



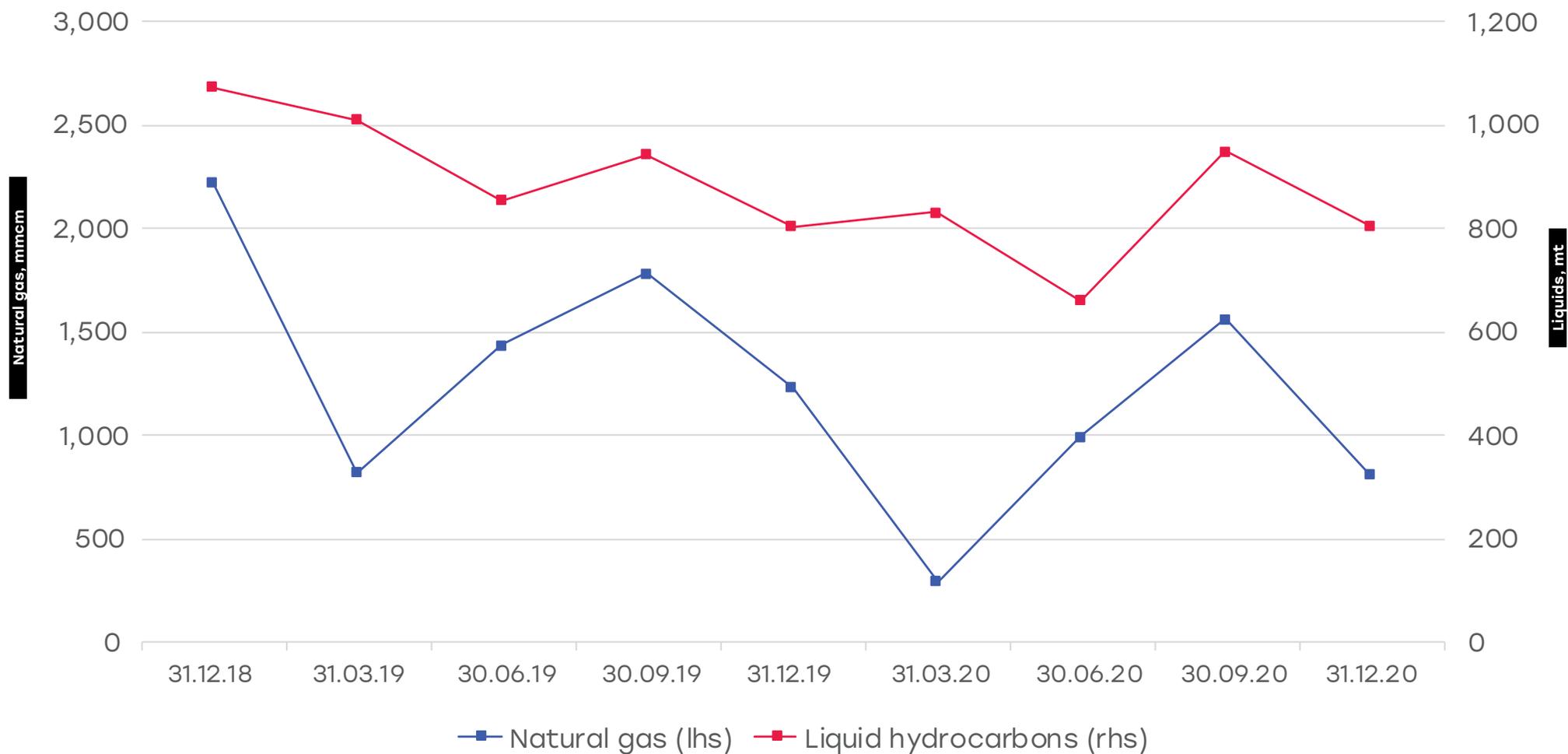
Europe
(Fuel oil)

“Goods in transit” 31.12.2020 ~ 190 thousand tons

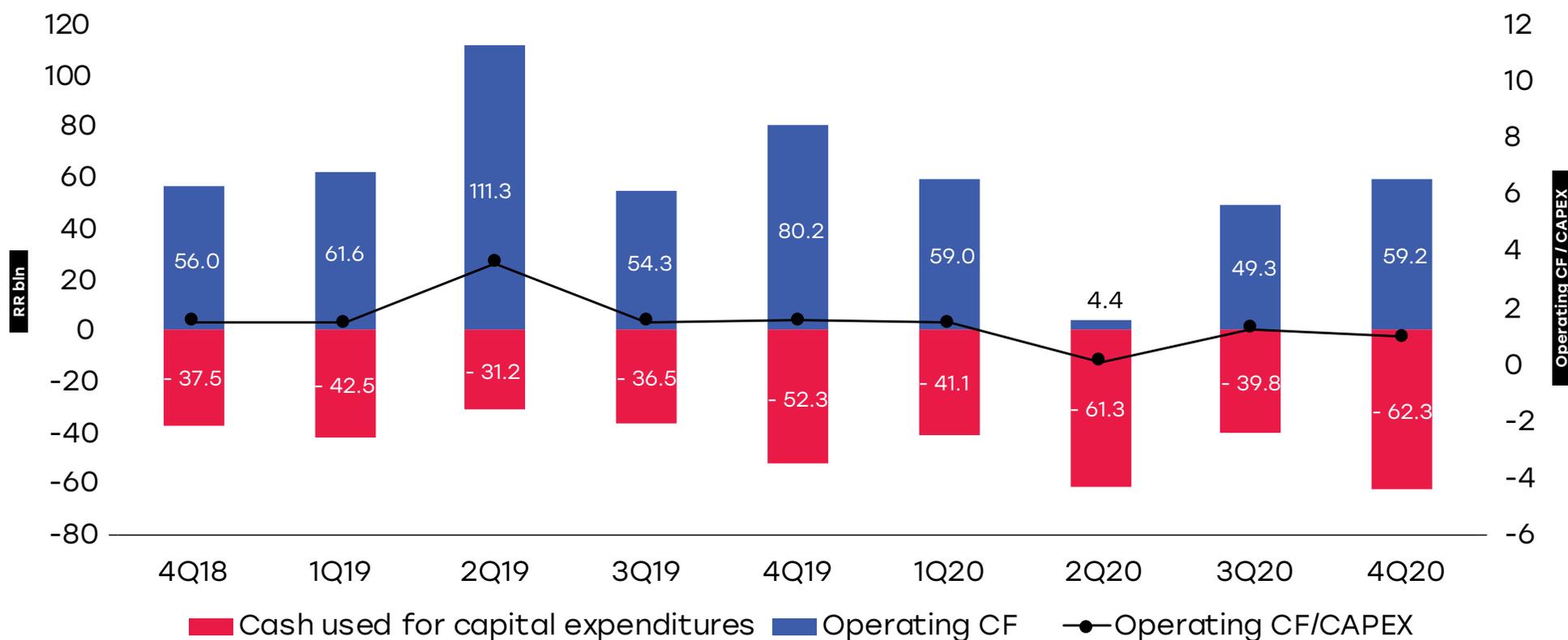


Asia-Pacific Region
(Naphtha)

Change in Inventories



Internally Funded Investment Program



CORE INVESTMENTS FUNDED PRIMARILY THROUGH INTERNAL CASH FLOWS

Creating sustainable value

Our corporate purpose is to create sustainable value for our stakeholders across all value chain

AFFORDABLE, SAFE AND CLEAN ENERGY

- Secure supplier of clean fuel
- Mitigation of negative environmental impact
- Implementation of energy-efficient technologies
- Biodiversity conservation
- Occupational safety



LONG-TERM SHAREHOLDER VALUE

- Return on capital
- Responsible business
- Competitive advantages
- High economic value added
- Implementation of innovations
- Efficiency and transparency of corporate governance
- Climate change management
- Informational security



VALUE FOR SOCIETY

- Health and safety for personnel and contractors
- Creating new jobs
- Tax payments
- Educational programs
- Cooperation with local communities
- Charity
- Compliance with human rights



CAPITALIZATION AND INCREASE OF SHAREHOLDERS PROFIT ARE DUE TO FINANCIAL AND OPERATIONAL INDICATORS' GROWTH AS WELL AS COMPANY'S COMMITMENT TO SUSTAINABILITY.

Environmental and Climate Targets

		2019	2030
	Reduce Methane Emissions per unit of production in the production, processing and LNG segments	10.44 TONS / MMBOE	-4% ↓
	Reduce Air Pollutant Emissions per unit of production	0.128 TONS / MBOE	-20% ↓
	Reduce GHG emissions per unit of production facilities in the Upstream segment	12.58 tons of CO ₂ equivalent per 1 mboe	-6% ↓
	Reduce GHG emissions per ton of LNG produced	0.263 tons of CO ₂ equivalent per ton of LNG	-5% ↓
	Increase of Associated Petroleum Gas Utilization Rate	95% legal requirement in Russia	↑
	Increase the share of waste directed to utilization and disposal	75%	↑

Questions and Answers