Transforming into a Global Gas Company

From 2018 to 2030

NOVATEK

Corporate Strategy Day
Moscow, Russian Federation
12 December 2017

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, Europe, and Asia;
- 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 event, among other factors, of restrictions on the Company 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, including changes in the foreign countries' and their governments' policy towards the Russian Federation and Russian companies;
- 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.

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Contents

1. Strategic framework

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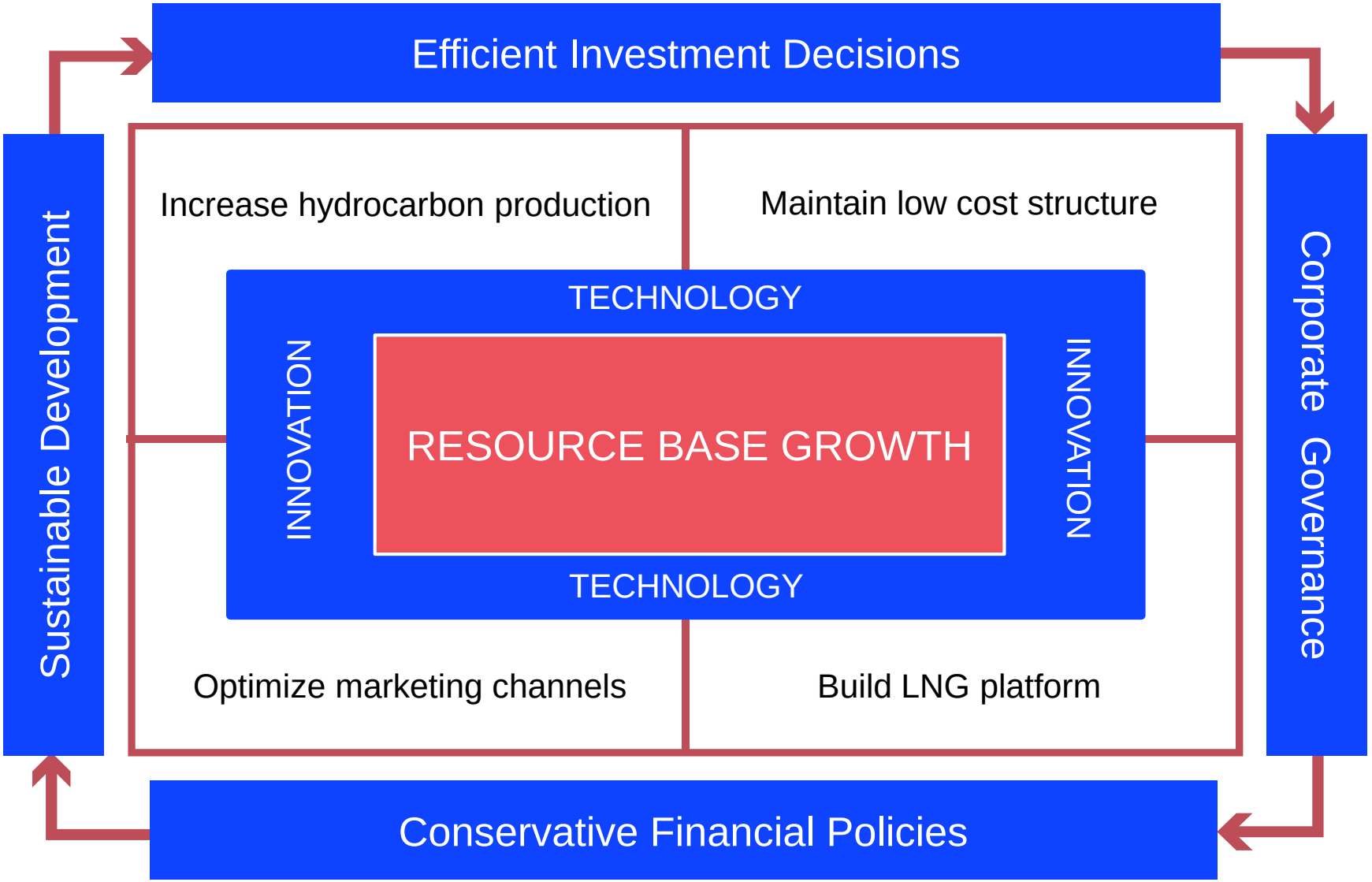
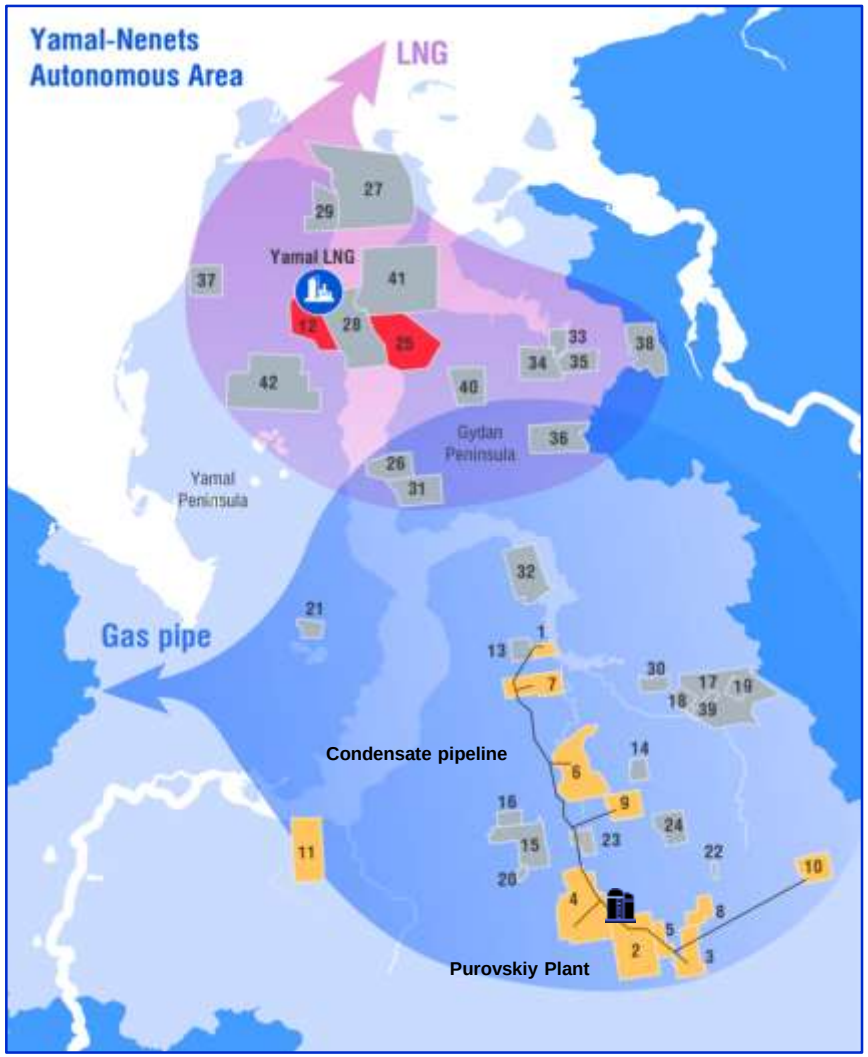
Strategic framework



Leveraging our strengths

Reserves, Production, Processing	▪ Prolific hydrocarbon resources in Western Siberia, including the Yamal and Gydan Peninsulas and within the reach of Unified Gas Supply System ▪ Low cost of processing and production ▪ Long-term, sustainable growth in production ▪ Established liquids processing value chain
Technology and Innovation	▪ Efficient use of state-of-the-art technologies to monetize prolific resource base ▪ Implement high-tech projects in construction of processing facilities ▪ Implement LNG projects in the Arctic Circle ▪ Implement new innovative technology to build LNG plants on GBS ▪ New liquefaction technology adapted for Arctic conditions
Company and People	▪ Transparent governance structure ▪ Experienced management, highly qualified technical specialists and dedicated employees ▪ High standards of corporate governance, transparency and sustainability ▪ Solid track record of project execution
Finance	▪ Strong financial and operational performance ▪ Compelling business model generating sufficient free cash flows ▪ Low financial leverage and strong credit metrics ▪ Low debt levels and strong creditor protection

Hydrocarbon resource base



PRODUCING ASSETS	PROSPECTIVE ASSETS	
1. Yurkharovskoye field	13. West-Yurkharovskoye field	28. East-Tambeyskiy license area
2. East-Tarkosalinskoye field	14. Raduzhnoye field	29. North-Tasiyskiy license area
3. Khancheyskoye field	15 West-Urengoyskiy license area	30. East-Tazovskoye field
4. Olimpiyskiy license area	16. North-Yubileynoye field	31. Trekhbugorniy license area
5. Yumantylskiy license area	17. North-Russkiy license area	32. Nyakhartinskiy license area
6. Samburgskiy license area	18. North-Russkoye field	33. Ladertoiskiy license area
7. North-Urengoiskoye field	19. Dorogovskoye field	34. Nyavuyakhskiy license area
8. North-Khancheiskoye field	20. Ukrainsko-Yubileinoye field	35. West-Solpatinskiy license area
9. Yaro-Yakhinskiy license area	21. Malo-Yamalskoye field	36. North-Tanamskiy license area
10. Termokarstovoye field	22. West-Chaselskoye field	37. Syadorskiy license area
11. Yarudeiskoye field	23. Evo-Yakhinskiy license area	38. Tanamskiy license area
12. South-Tambeyskoye field[1]	24. North-Chaselskiy license area	39. Kharbeyskoye field
	25. Salmanovksoye (Utrenneye) field[2]	40. Gydanskoye field
	26 Geofizicheskiy license area	41. Shtormovoye field
	27. North-Obskiy license area	42. Verkhne-Tiuteyskoye and West-Seyakhinskoye fields

Large, high quality, low-cost hydrocarbon resource base to support strategic objectives

(1) Yamal LNG
(2) Arctic LNG 2

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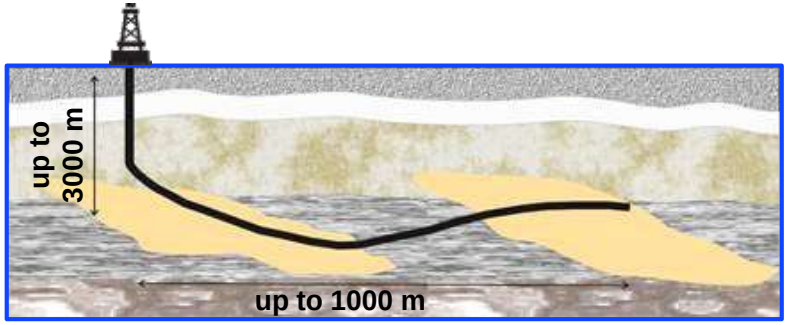
Technological accomplishments I

Start of Yamal LNG project (Apr 2014)

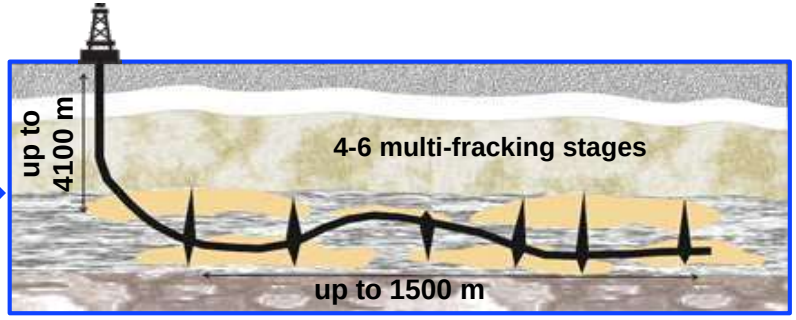
Yamal LNG today (Dec 2017)

ARC7 ice class LNG tanker model (Sep 2014)

First ARC7 ice class LNG tanker (Mar 2017)



Original development plan



Modified to increase well flows by 2-4x fold

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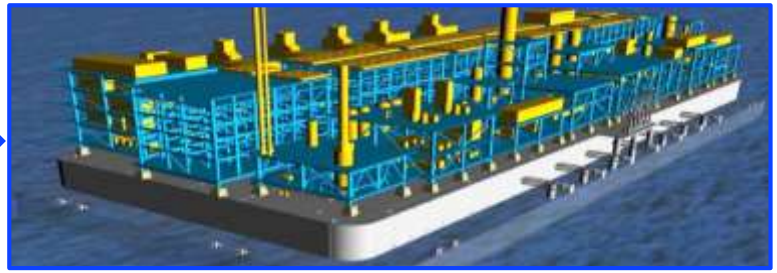
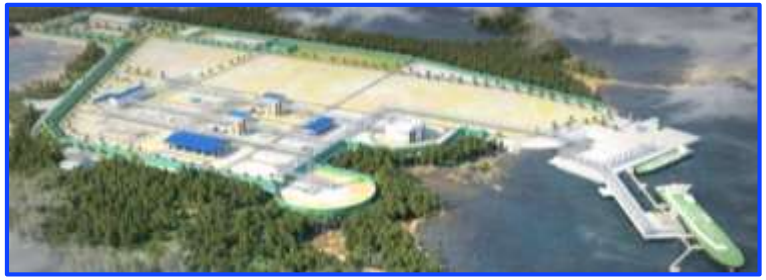
Technological accomplishments II

Yamal LNG plant design



Gravity Based Structure platforms – LNG



LNG plant in Vysotsk

Proprietary “Arctic Cascade” liquefaction

Energy for pipelines: network

Energy for pipelines: renewables

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Creating sustainable shareholder value

Strategic objectives	2018 to 2030
Increase resource base	▪ Organic resource growth from exploration and development activities in the YNAO, including the Yamal & Gydan Peninsulas ▪ Strategic acquisitions and active participation in license tenders
Increase production	▪ Increase production through development of scalable LNG projects and deeper Jurassic and Achimov layers ▪ Fully utilize processing capacity of Purovsky Plant and Ust-Luga complex ▪ Pursue value accretive acquisitions
Maintain low cost structure	▪ Remain one of the lowest cost hydrocarbon producers in the global oil & gas industry ▪ Optimize cost structure through strategic investment of capital ▪ Develop low cost LNG value chain to provide competitively priced LNG to all markets
Maximize margins	▪ Expand margins through value added projects, including deeper processing at Ust-Luga, Yamal LNG, Arctic LNG 2 and other LNG projects ▪ Expand marketing activities throughout the LNG value chain ▪ Develop new market opportunities in marine and transport markets
Optimize marketing channels	▪ Maximize use of Northern Sea Route and develop key transshipment points ▪ Build diversified LNG trading portfolio ▪ Develop strategic partnerships with industry partners in key markets
Sustainable development	▪ Invest in a global low-carbon economy ▪ Reduce and prevent negative environmental impact ▪ Use natural resources and energy rationally and increase energy efficiency

2. Strategy 2011: execution

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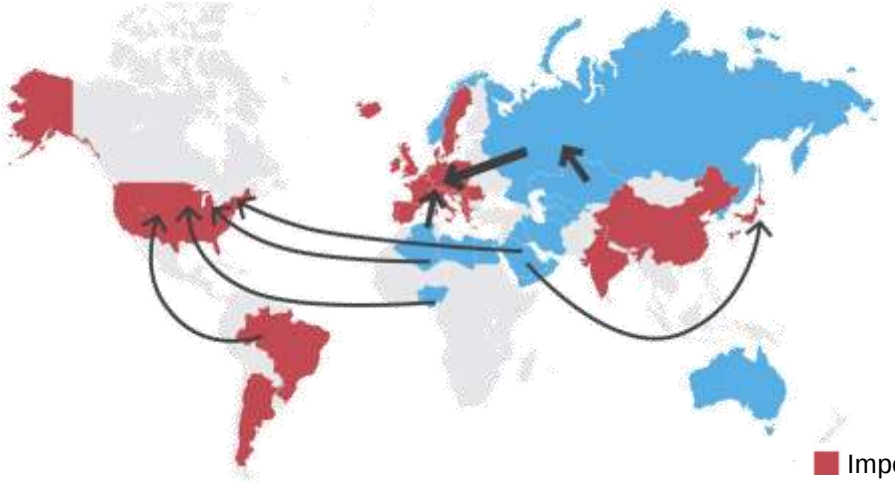
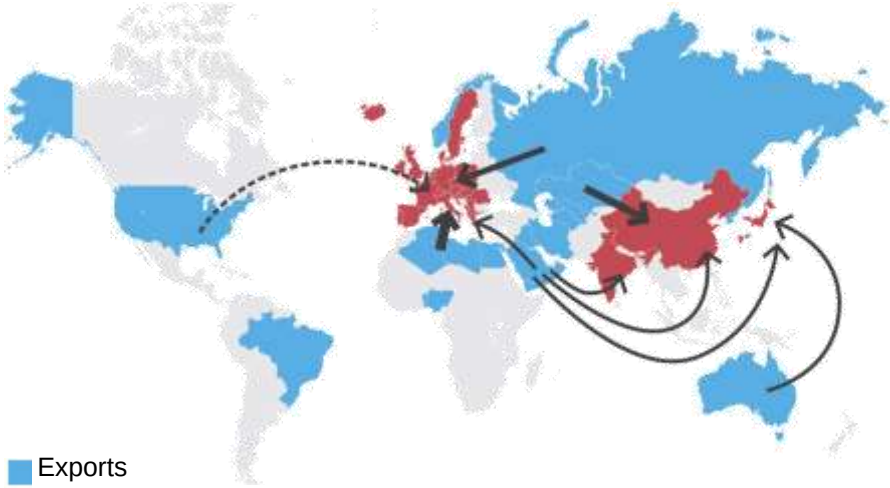
Global gas market future: as seen from 2005 and 2011

from 2005



from 2011



As seen from 2005	As seen from 2011
▪ US is an LNG importer ▪ Russia is strengthening its position on the European gas market ▪ Significant potential to increase Russian gas exports to Europe. Possible gas deficit on the domestic market ▪ China has high gas demand potential ▪ Qatar dominates the global LNG markets	▪ Shale revolution in the US, LNG exports projects under discussion ▪ Diversification of gas deliveries in Europe. Increase in energy efficiency and renewables ▪ Further increase of gas demand in China raises doubts ▪ Qatar does not plan to increase LNG production

Source: PFC Energy, Company data and forecasts

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Achieving 2011 strategy targets

Indicators	2016 targets: set in 2011	Results achieved: 2016	Status
Natural gas production	68.1 bcm	68.6 bcm(1)	Completed
Liquid hydrocarbon production	8.6 mmt	12.4 mmt	Exceeded
Natural gas production (Severenergia)	20.9 bcm	25.7 bcm	Exceeded
Liquid hydrocarbon production (Severenergia)	8 mmt	8.1 mmt	Completed
Purovsky plant capacity	11 mmt	12.4 mmt	Exceeded
Ust-Luga complex	6 mmt	6.9 mmt	Exceeded
Launch of SeverEnergia, Dobrovolskoye, North-Khancheyskoye, Termokarstovoye, and Yarudeyskoye fields	2012 - 2017	Launched	Completed
Launch of North-Russkoye field	2015 - 2017	Work in progress	Expected in 2019
Launch of Yamal LNG	Q417	Work in progress	Train 1 launched

(1) Natural gas production includes own usage

Projects completed in 2012 - 2017

2012
Samburgskoye

2013
Ust-Luga Complex

North-Urengoyskoye

2014
Urengoyskoye

Expanding Purovsky Plant capacity

2015
Yarudeyskoye

Yaro-Yakhinskoye

Termokarstovoye

2017
Yamal LNG Launch

IMPLEMENTATION OF THESE PROJECTS ENSURED THE ACHIEVEMENT OF MAJOR STRATEGIC GOALS

- Resource base expansion
- Production volume increase
- Maintaining low costs
- Margin expansion
- Creating shareholder value

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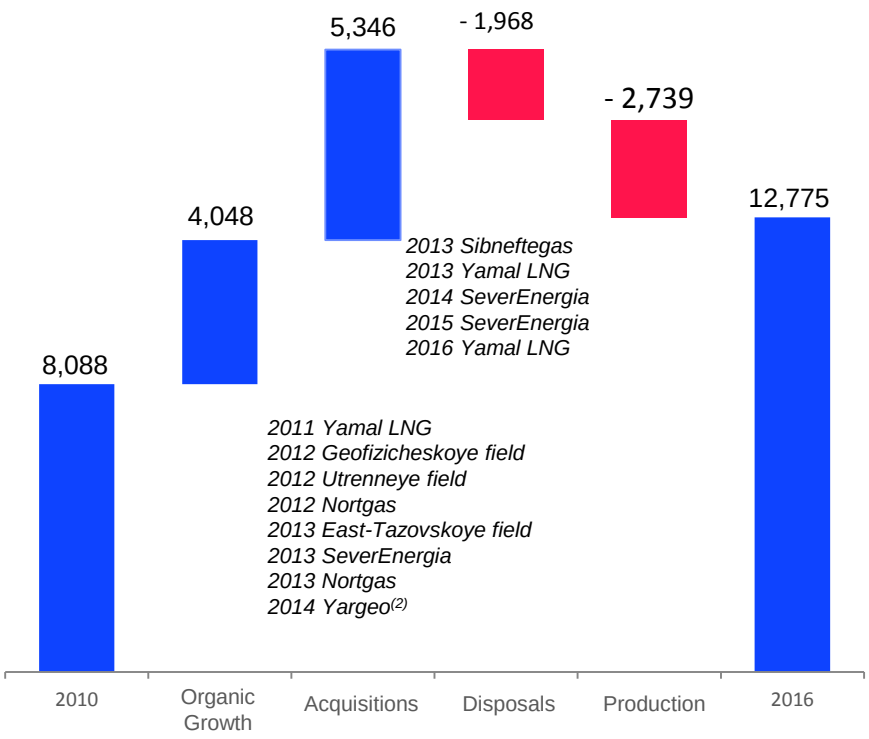
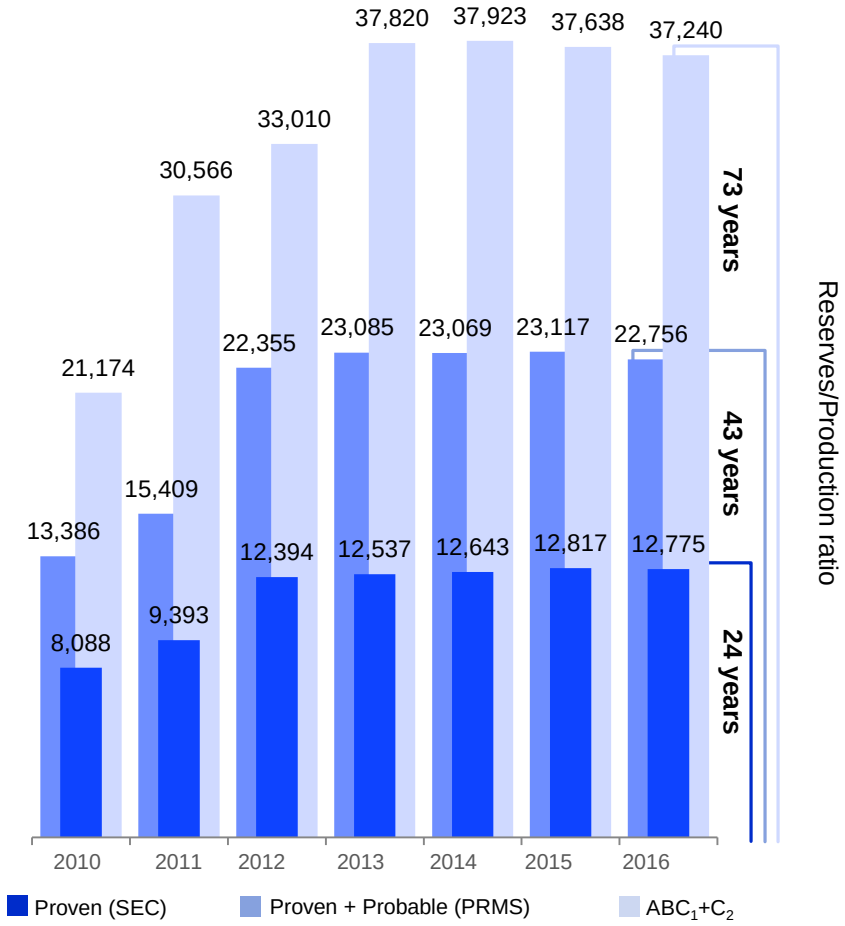
Reserves growth, mmboe

Change in proven reserves (SEC)[1]



Achieved Overall Reserve Growth of 58%

Total reserves by categories[3]



(1) Refers to NOVATEK's equity stake in Yamal LNG, SeverEnergia, Nortgas, Yargeo
(2) Beginning from 2015, Yarudeyskoye field reserves are recorded as 100%
(3) Data as of 31 December

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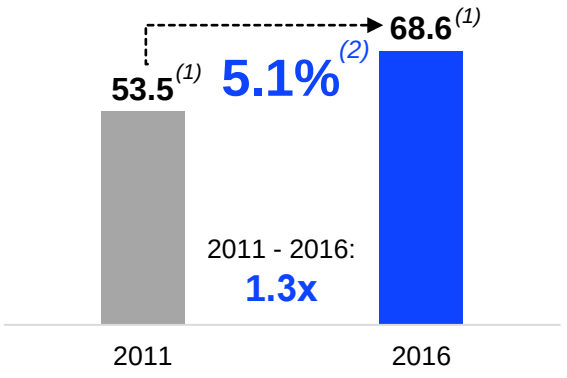
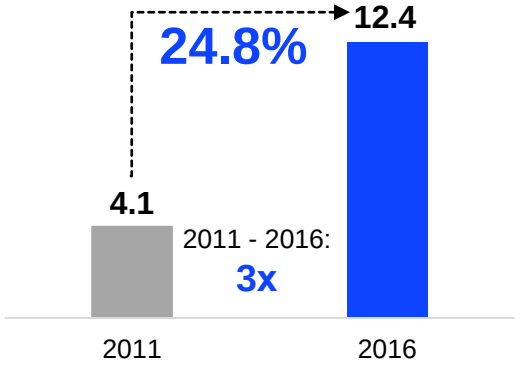
Key production and financial metrics

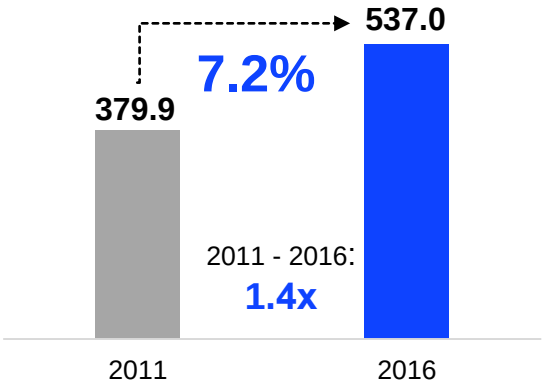
Natural gas production, *bcm*



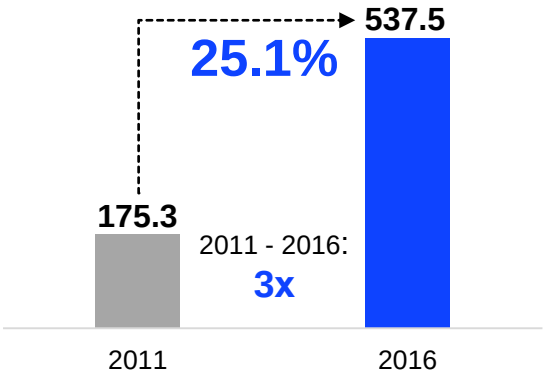
Liquids Production, *mmt*



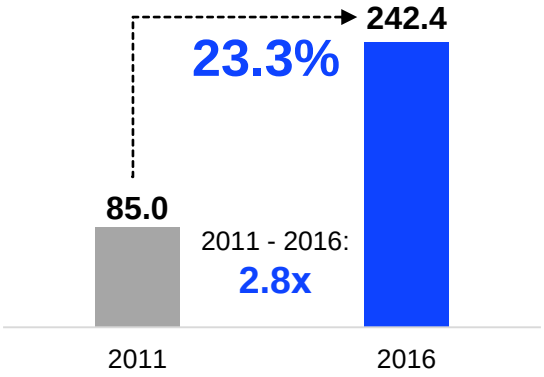
Total production, *mboe*



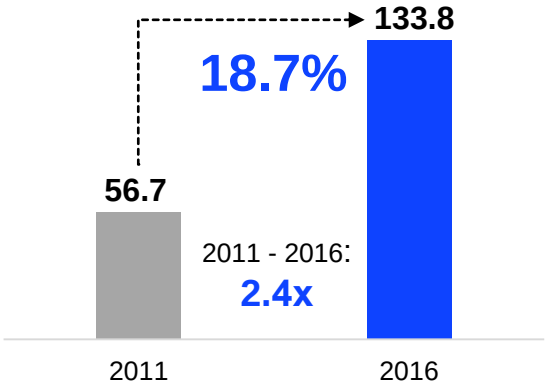
Revenue, *RR bln*



EBITDA, *RR bln*



Normalized profit, *RR bln*



We demonstrated sustainable growth of production volumes and financial indicators

(1) With own consumption
(2) Compound annual growth rate, or CAGR

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3. Core domestic assets

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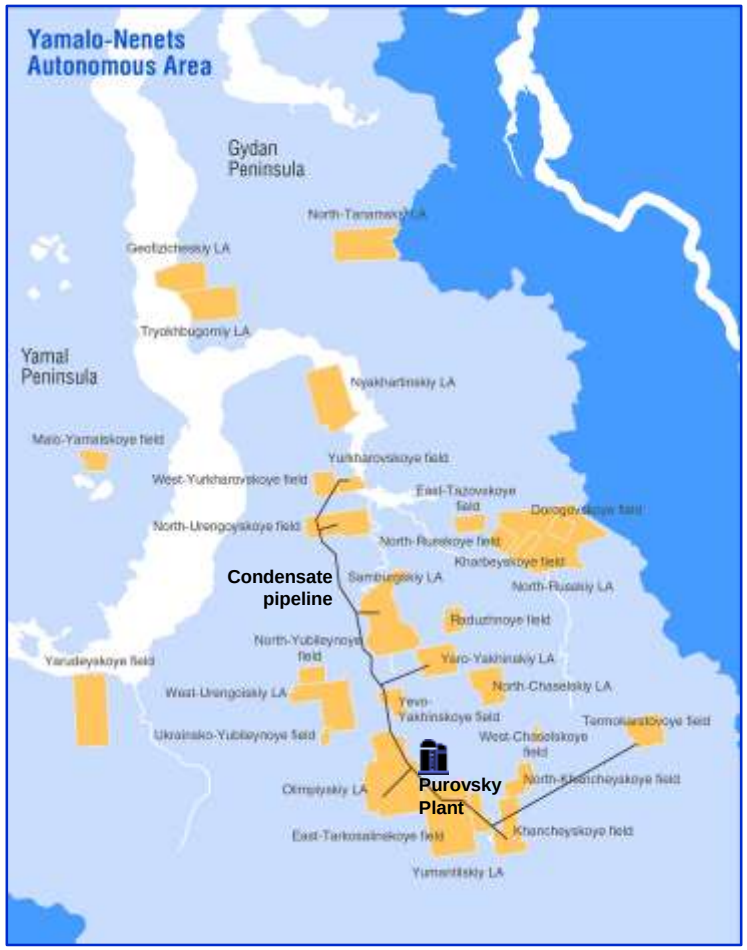
Strengths in the domestic gas market

Resource base	▪ Large hydrocarbon resources within the reach of the Unified Gas Supply System(1) ▪ High proportion of wet gas resources to monetize through liquids value chain
Costs	▪ Low cost conventional natural gas resources ▪ Proven development plan to monetize prolific resources
Infrastructure	▪ Uninterrupted access to the UGSS pipeline structure ▪ Purovsky Plant (stable condensate) and Ust-Luga Complex (refined oil products)
Technology	▪ Leading edge technology to develop deeper producing horizons at existing fields
Market	▪ Reliable supplier of natural gas to the Russian domestic market ▪ Diversified customer base (power, industrial and residential)

(1) UGSS is a pipeline network that covers the territory of Russia and is operated by PAO Gazprom

Reserves within reach of the Unified Gas Supply System (UGSS)



Reserves by **PRMS** as of 01.11.2017	**GAS**, bcm 100%/share[1]	**LIQUIDS**, mmt 100%/share[1]
TOTAL within reach of UGSS:	**2,448 / 1,811**	**386 / 266**
including:		
Samburgskiy LA	669 / 356	148 / 79
North-Russkiy cluster	190 / 190	29 / 29
Yurkharovskoye and West-Yurkharovskoye	402 / 402	19 / 19
Geofizicheskiy and Trekhbugorniy	251 / 251	3 / 3
Others	936 / 612	187 / 136

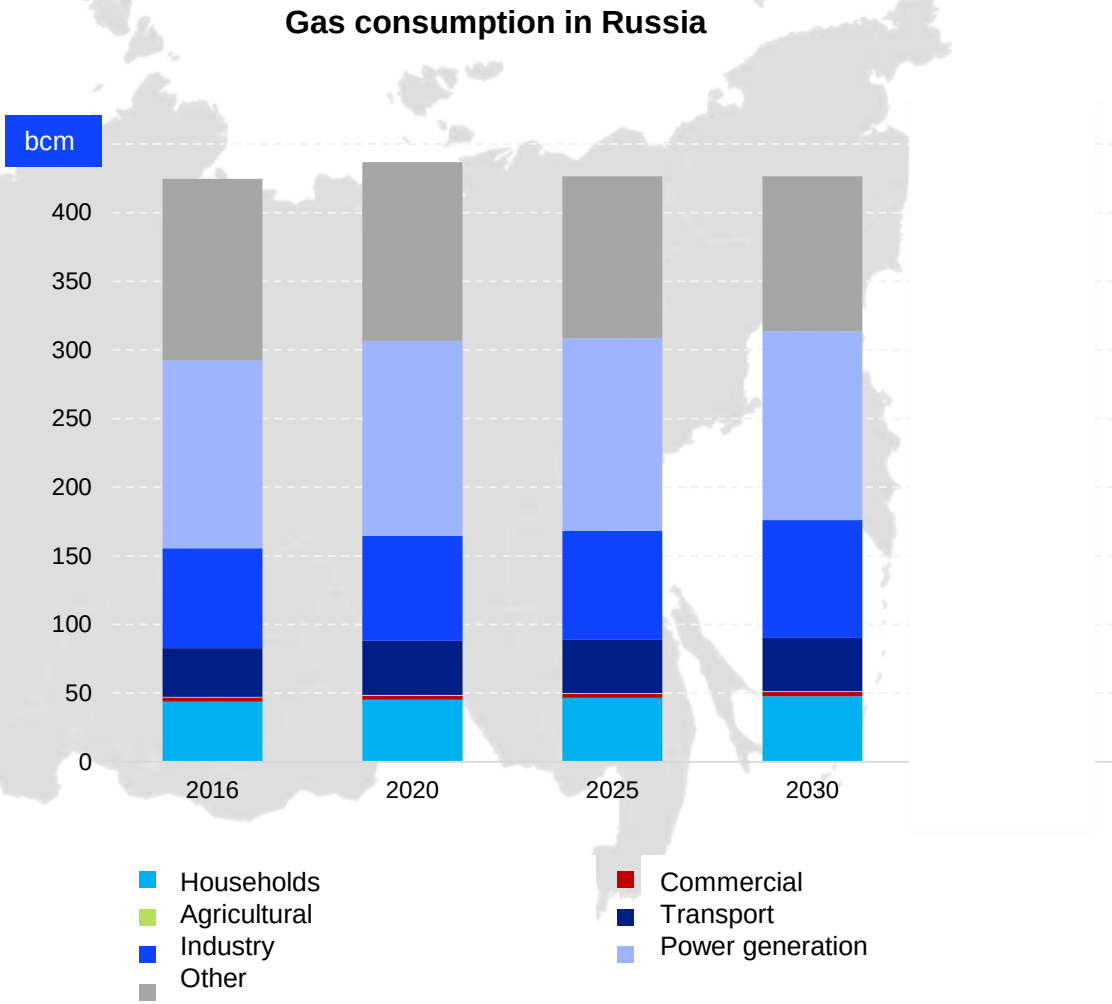
Potential **PRMS reserves additions by 2030**	**GAS**, bcm 100% /share[1]	**LIQUIDS**, mmt 100% /share[1]
	902 / 821	199 / 186

UGSS allows Company to effectively monetize its resource base

1) *Includes NOVATEK proportionate share in JVs*

Domestic gas market

- Domestic natural gas consumption will remain stable
- Uncertainty in the domestic market regulation makes investment decisions difficult
- Domestic gas tariffs will increase in line with inflation, and transportation tariffs will increase at a slower rate than gas tariffs
- Domestic gas market will develop through regional gasification and conversion of transport fuels to LNG



Conditions on the domestic gas market remain stable throughout strategy period

Source: IHS Markit Global Energy Outlook 2040

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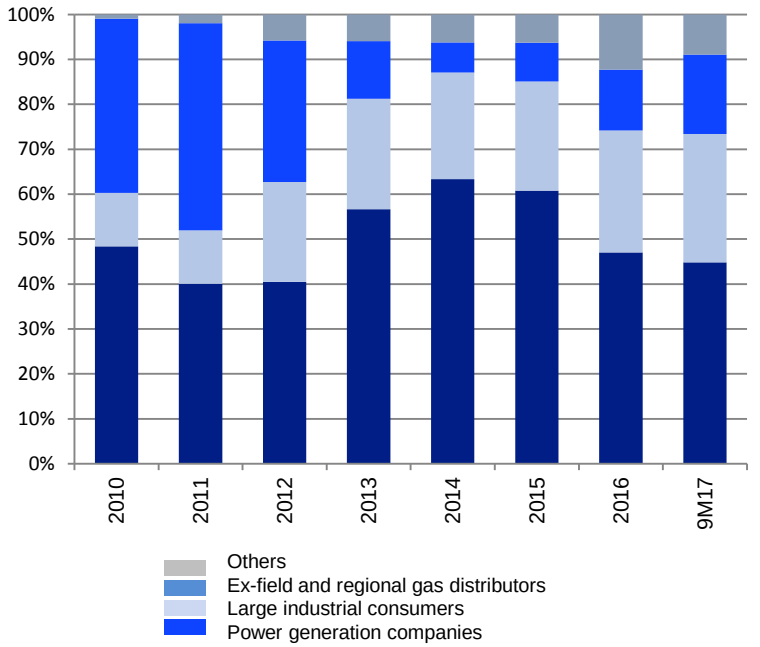
Domestic gas marketing

Number of contracts

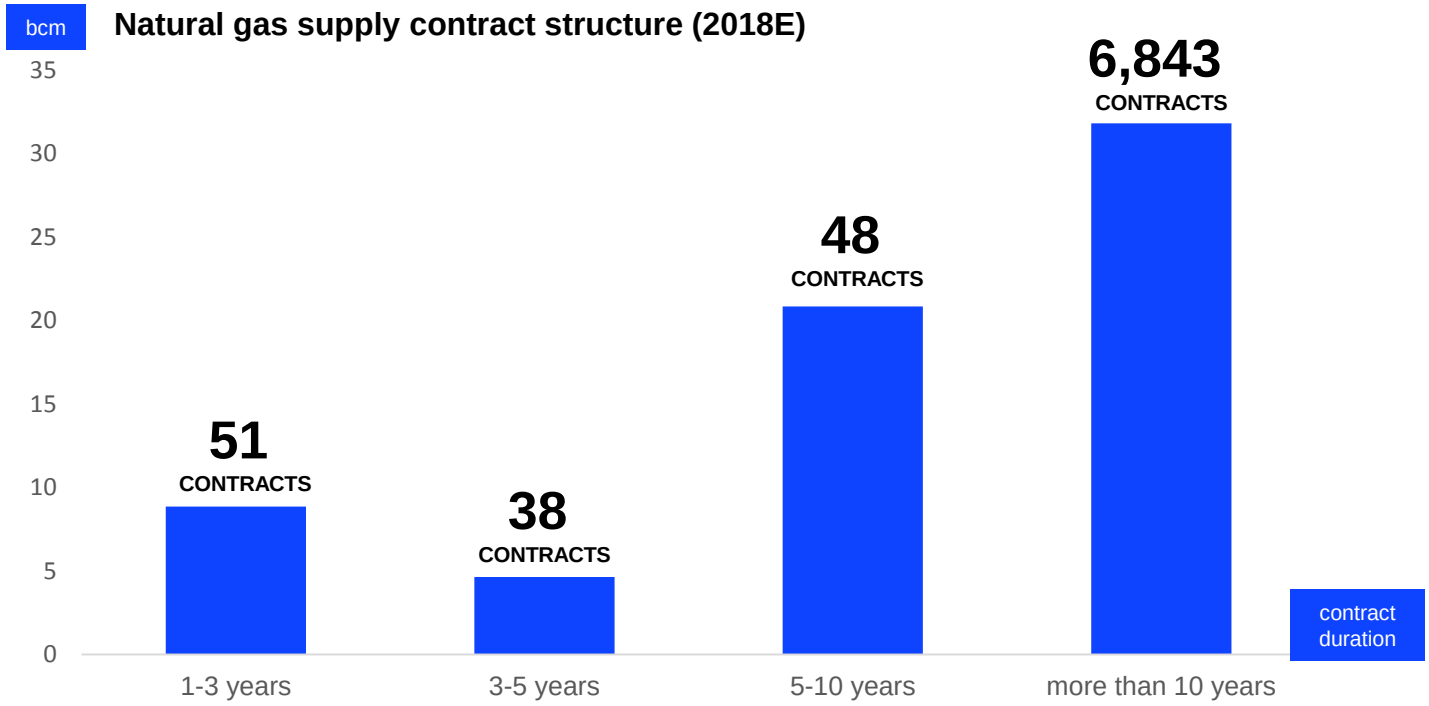
	2011	2016	Increase
TOTAL	**2,866**	**7,020**	**+145%**
< 10 mln m^3	2,784	6,868	+147%
> 10 mln m^3	82	152	+85%

Gas Sales Breakdown



Domestic gas marketing

ABOUT 600 BCM OF GAS IS CONTRACTED UP TO 2030



Long-term agreements cover more than 70% of production up to 2030

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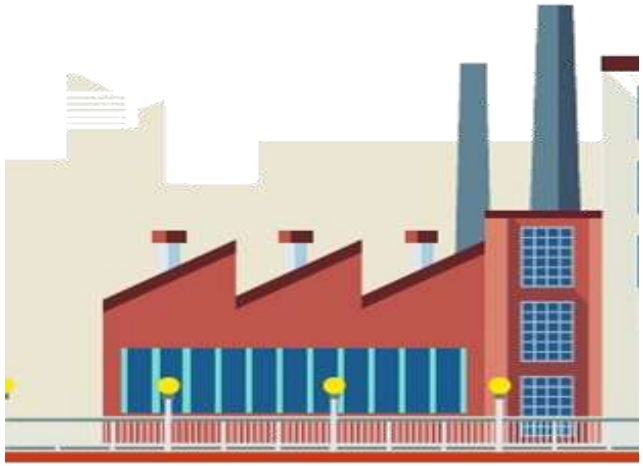
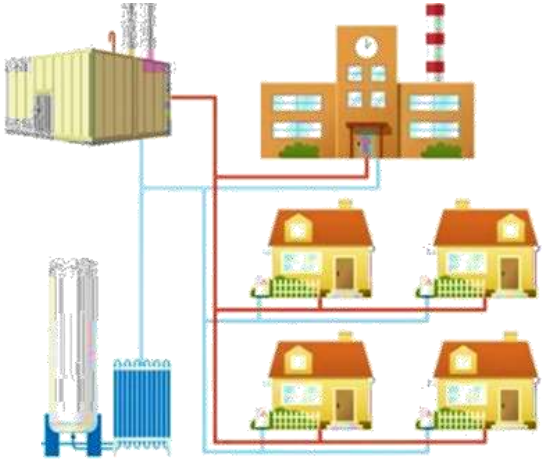
New domestic gas markets and services

BUNDLED POWER SUPPLY SERVICES FOR INDUSTRIAL CONSUMERS	LNG FOR TRANSPORT	LNG FOR REMOTE RESIDENTIAL AREAS AND INDUSTRIAL FACILITIES
		
Potential margin expansion through new bundled supply services	**Consumption of LNG and CNG in transport is expected to exceed 20 bcm by 2030**	**Potential gasification of remote regions and industrial consumers with LNG**

Execute high-value added projects to develop new growth areas in domestic gas market

Source: OOO «Gazprom VNIIGAZ» Adjustment of the general plan of the gas industry development up to 2030

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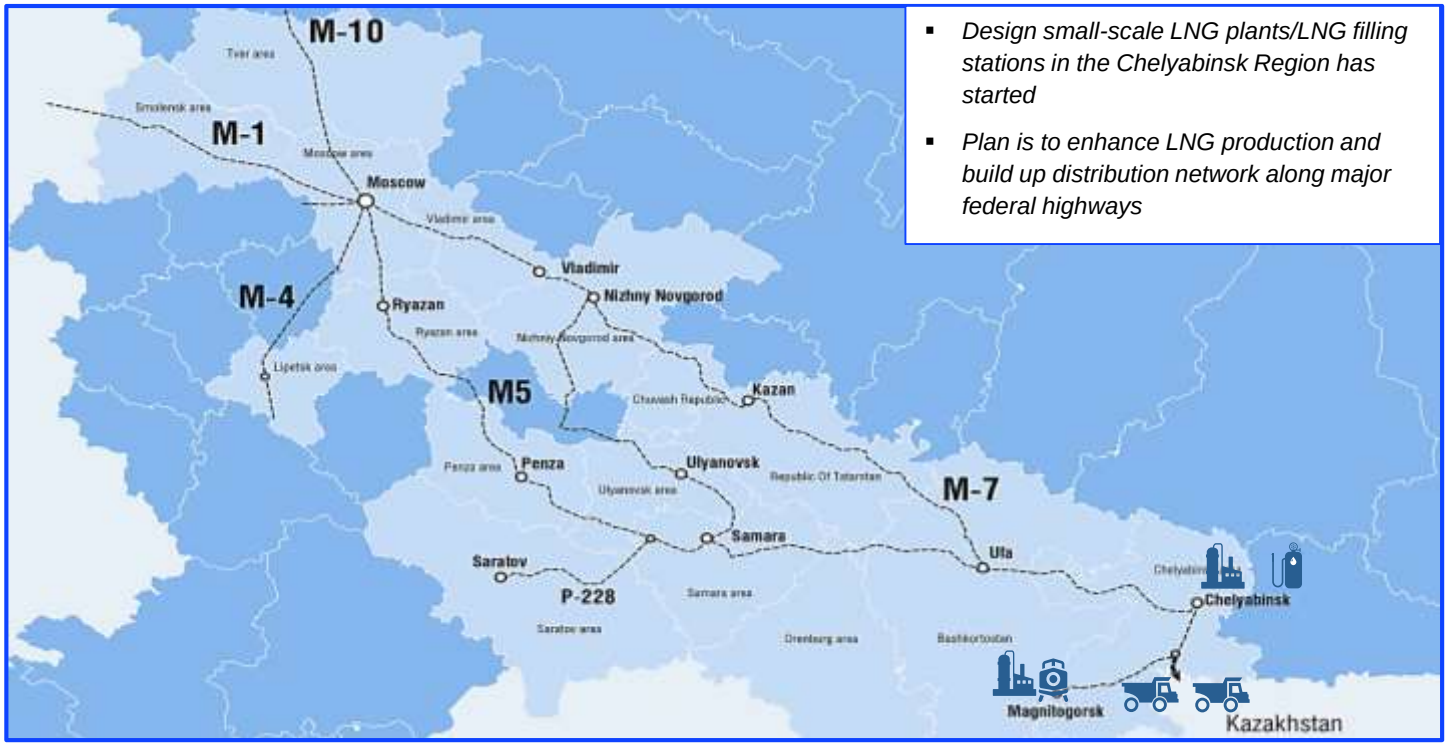
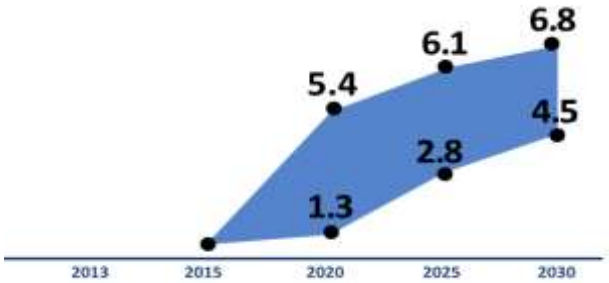
Small-scale LNG and use of gas as motor fuel



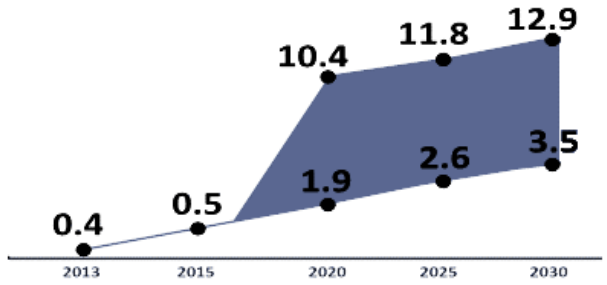
- *Design small-scale LNG plants/LNG filling stations in the Chelyabinsk Region has started*
- *Plan is to enhance LNG production and build up distribution network along major federal highways*

Estimated demand in Russia (min/max), *bcm*

Liquified Natural Gas (LNG)

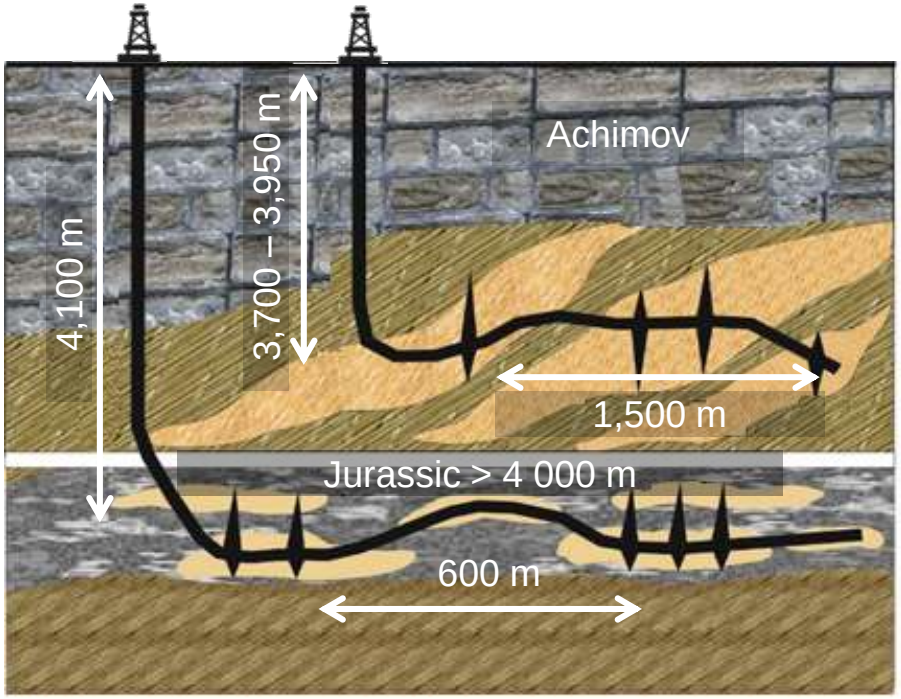


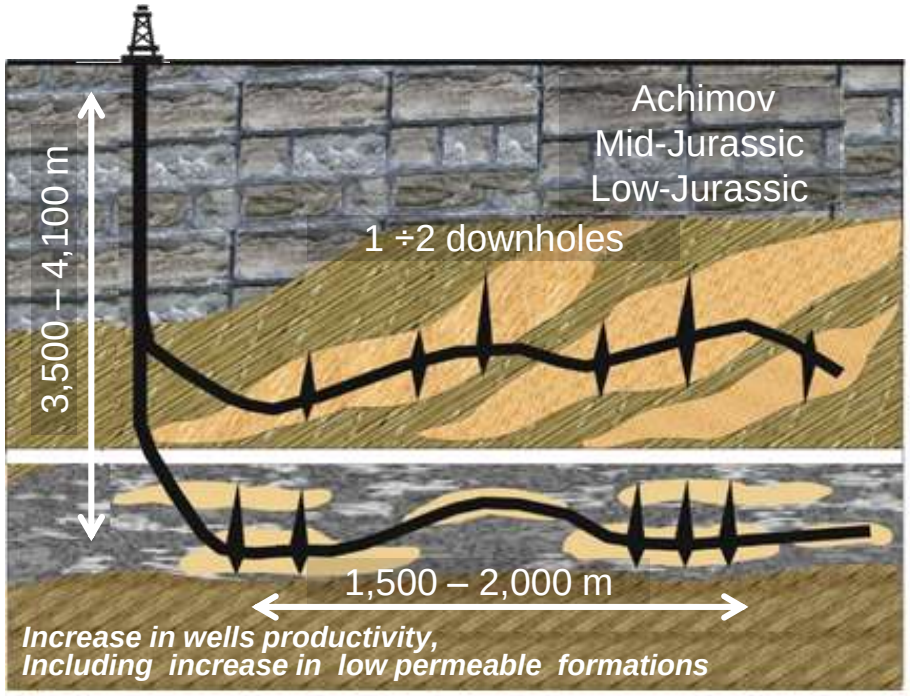
Compressed Natural Gas (CNG)



Source: OOO «Gazprom VNIIGAZ» Adjustment of the general plan of the gas industry development up to 2030

Technologies to develop deep layers





			Urengoyskoye	Yurkharovskoye
Well flows	Gas	mcm/d	1,000 - 1,800	650
	GC	tons/d	350 – 600	90 - 100
Condensate factor		(g/cm)	350 - 800	200 - 400

Main reserves and potential new resource additions from deep layers (Achimov, Jurassic etc.) are located in North-Russkoye cluster, South-Tambeyskoye field, Utrenneye field, Geofizicheskoye field, Olimpiyskiy LA, and West-Urengoyskiy LA

Lifting costs will remain low:

- Additional production from deeper layers utilize existing infrastructure on legacy fields
- Use new technologies

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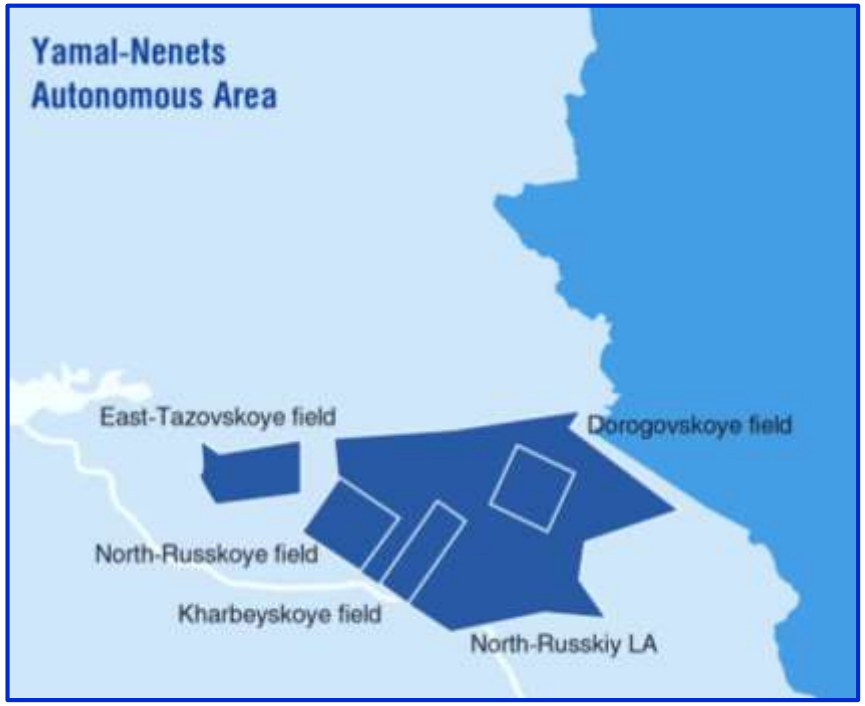
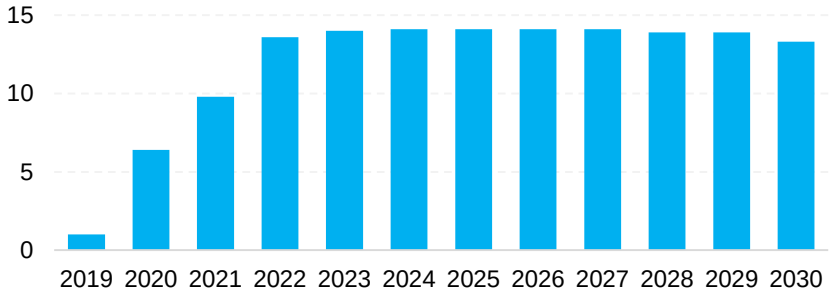
North-Russkoye cluster – a new production center



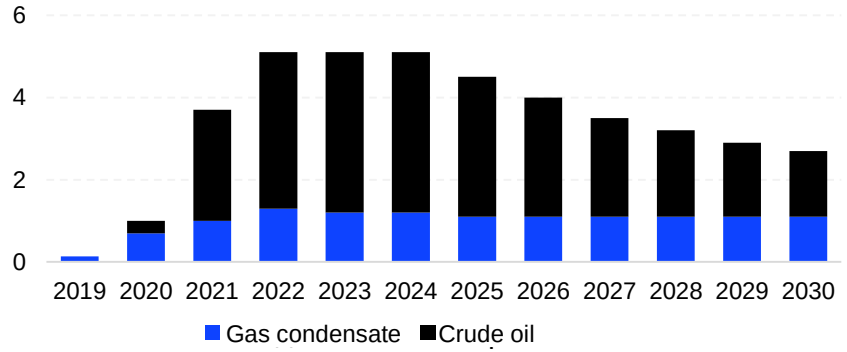
PRMS reserves at 01.11.2017	Gas, *bcm*	Liquids, *mmt*
TOTAL North Russkoye cluster:	**190**	**29**
including:		
North-Russkoye	81	5
Kharbeyskoye	46	16
Dorogovskoye	16	1
East-Tazovskoye	47	7

Potential **PRMS** reserves additions by 2030	Gas, *bcm*	Liquids, *mmt*
	151	71

North-Russkoye Cluster Gas Production Profile, *bcm*[(1)]



North-Russkoye Cluster Liquids Production Profile, *mmt*[(1)]



(1) *Production profile includes potential resources*

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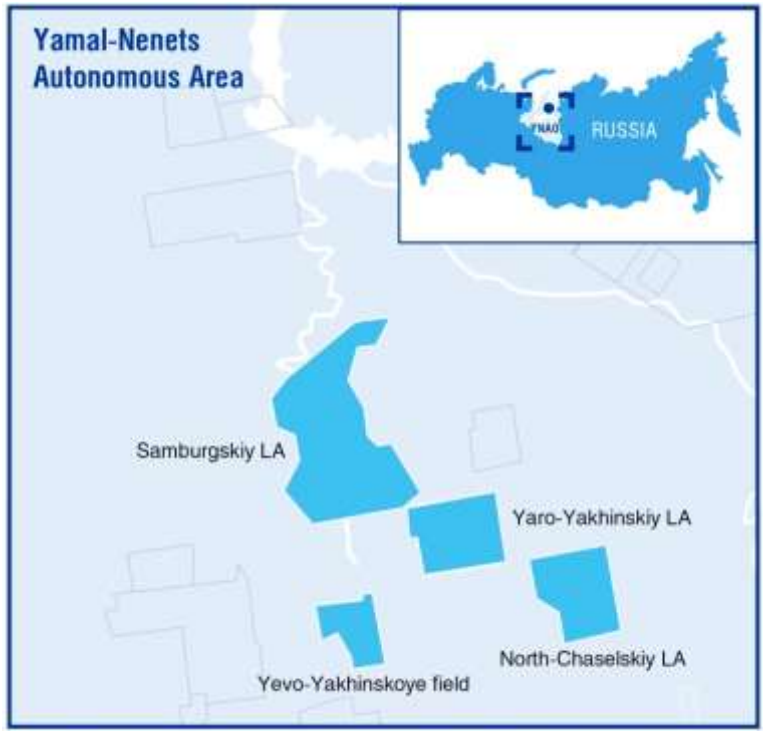
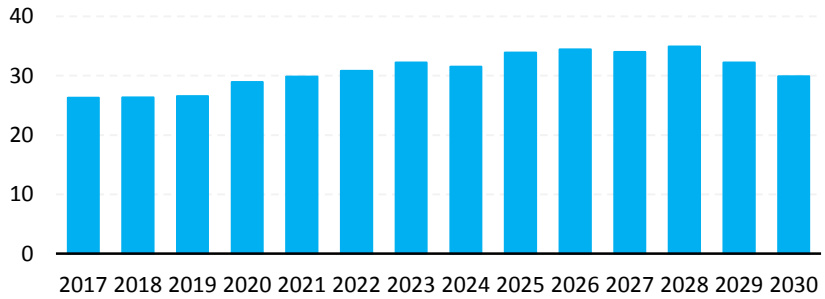
Arcticgas



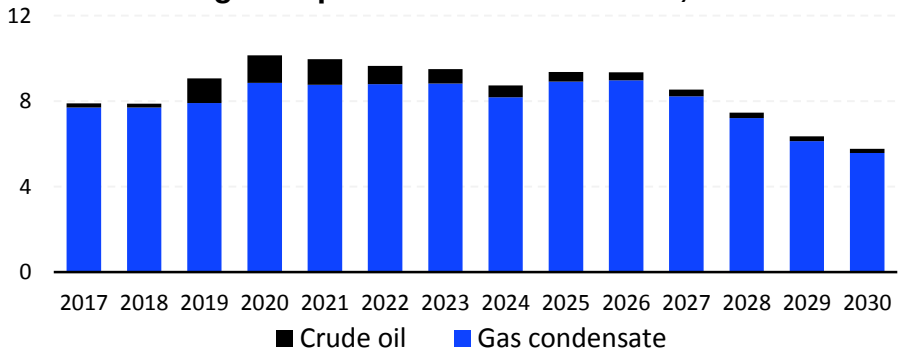
PRMS reserves at 01.11.2017	**Gas,** bcm 100% /share(1)	**Liquids,** mmt 100% /share(1)
TOTAL Arcticgas:	**1,075 / 573**	**215 / 114**
including:		
Samburgskiy	669 / 356	148 / 79
Yaro-Yakhinskiy	192 / 102	40 / 21
Yevo-Yakhinskoye	104 / 56	22 / 12
North-Chaselsky	110 / 59	5 / 2

Potential **PRMS** reserves additions by 2030	**Gas,** bcm 100% /share(1)	**Liquids,** mmt 100% /share(1)
	148 / 79	24 / 13

Arcticgas Gas Production Profile, *bcm(2)*



Arcticgas Liquids Production Profile, *mmt(2)*



(1) Includes NOVATEK proportionate share in JVs
(2) Production profile includes potential resources

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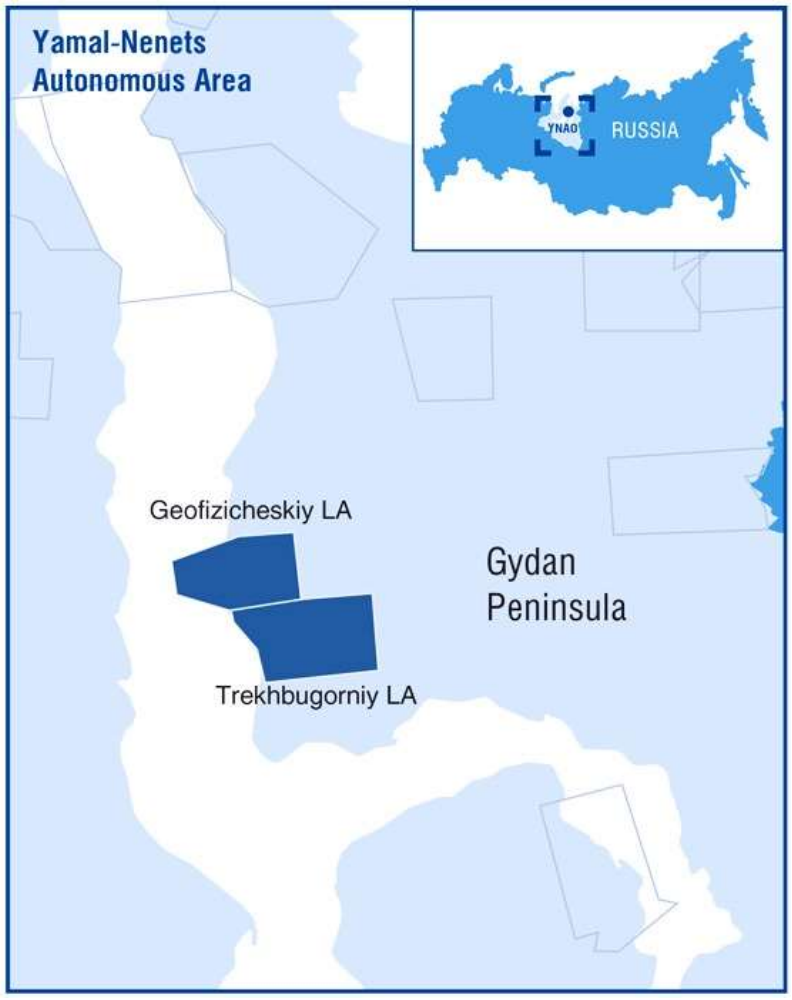
Geofizicheskoye/Trekhbugornoye fields



PRMS reserves at 01.11.2017	**Gas,** bcm	**Liquids,** mmt
TOTAL cluster:	**251**	**3**

Potential **PRMS** reserves additions by 2030	**Gas,** bcm	**Liquids,** mmt
TOTAL cluster:	165	25
including:		
Geofizicheskiy	51	21
Trekhbugorniy	114	4

- Production potential of the Geofizicheskoye and Trekhbugornoye fields amounts to ~20.0 bcm of natural gas
- Optional development plan between pipeline gas to domestic market or LNG to the global market (*fields are not included into production profile*)

NOVATEK

Severneft-Urengoy

Location and license area	▪ Purovsky district of YNAO, 60 km to the East of Novy Urengoy ▪ Acreage – 903.13 square km	
Fields	Fields discovered in the West-Yaroyakhinskiy license area: ▪ East-Urengoyskoye + North-Esetinskoye crude oil and gas condensate field (under development from 2002) ▪ Urengoyskoye crude oil and gas condensate field ▪ Novoentoyskoye crude oil field	
Reserves (C1+C2)	▪ Gas – 55.2 bcm ▪ Gas condensate – 7.5 mln tons ▪ Crude oil – 26.8 mln tons	
Production	**2016:** Gas – 816 mmcm, Condensate – 93 mt	**Potential:** Gas – ~1 bcm, Condensate – ~150 mt
Status	Acquired from EuroChem	

NOVATEK

South-Khadyryakhinskiy and Syskonsinyinskiy

SOUTH-KHADYRYAKHINSKIY		
Location and license area	License area located in the north of the Tyumen region, YNAO	
Reserves (C1+C2)	▪ Gas 29.3 bcm ▪ Gas condensate – 0.4 mln tons ▪ Crude oil – 17 mln tons	
Production	**2016:** Exploration is ongoing	**2020 potential:** Gas – 1.2 bcm

SYSKONSINYINSKIY		
Location and license area	Western part of the Khanty-Mansiysk Autonomous Region	
Reserves (C1+C2)	▪ Gas 7.2 bcm ▪ Gas condensate – 69 mt	
Production	**2016:** Gas – 799 mmcm, Condensate – 6.6 mt	

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Gas condensate monetization model

PRODUCING FIELDS

Separation and treatment

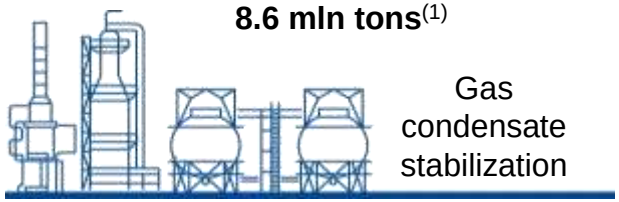
Unstable gas condensate via pipeline

Crude oil via pipeline

69%/31% DOMESTSIC/ INTERNATIONAL MARKET

3.4 mln tons(1)

PUROVSKY PLANT
capacity 11 mmtpa
8.6 mln tons(1)



Gas condensate stabilization

22%

LPG

80%/20% DOMESTIC/ INTERNATIONAL MARKET
2.0 mln tons(1)

78%

Gas condensate

21%

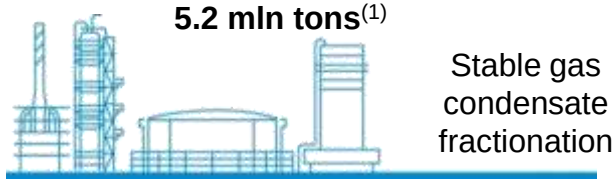
82%/18% DOMESTIC/ INTERNATIONAL MARKET
1.4 mln tons(1)

Stable gas condensate via railroad

79%

UST-LUGA COMPLEX
capacity 6 mmtpa

5.2 mln tons(1)



Stable gas condensate fractionation

Naphtha 62%
Jet fuel 16%
Fuel oil 14%
Gasoil 8%

~100% SHIPPING TO INTERNATIONAL MARKET
5.1 mln tons(1)

WE WILL PRODUCE ENOUGH CONDENSATE TO FULLY LOAD PUROVSKY PLANT AND UST-LUGA COMPLEX

Integrated infrastructure model to monetize wet gas resources and maximize risk-adjusted margins

(1) Volumes based on 9M17 IFRS results

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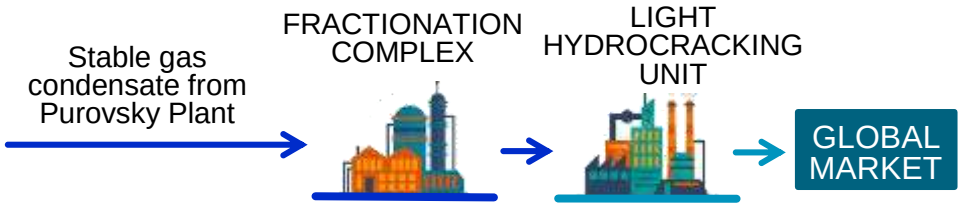
Project to increase processing depth at Ust-Luga



Processed products	Current product slate	Projected product slate
Light naphtha	28.4%	28.8%
Heavy naphtha	32.2%	34.1%
Jet fuel	15.6%	21.8%
Gasoil	7.6%	12.0%
Bunker fuel	14.0%	0.7%

Design	▪ 310°C Cut Light Hydrocracker
Capacity	▪ 1 mmtpa
Site	▪ The Plant is located in the Leningrad Region, at a site owned by NOVATEK in the port of Ust-Luga, with all-season access to the Baltic Sea
Additional margin	▪ Additional refining margin of ~RR 1,000/ton from deeper processing of bunker fuels to jet fuel and light/heavy naphtha

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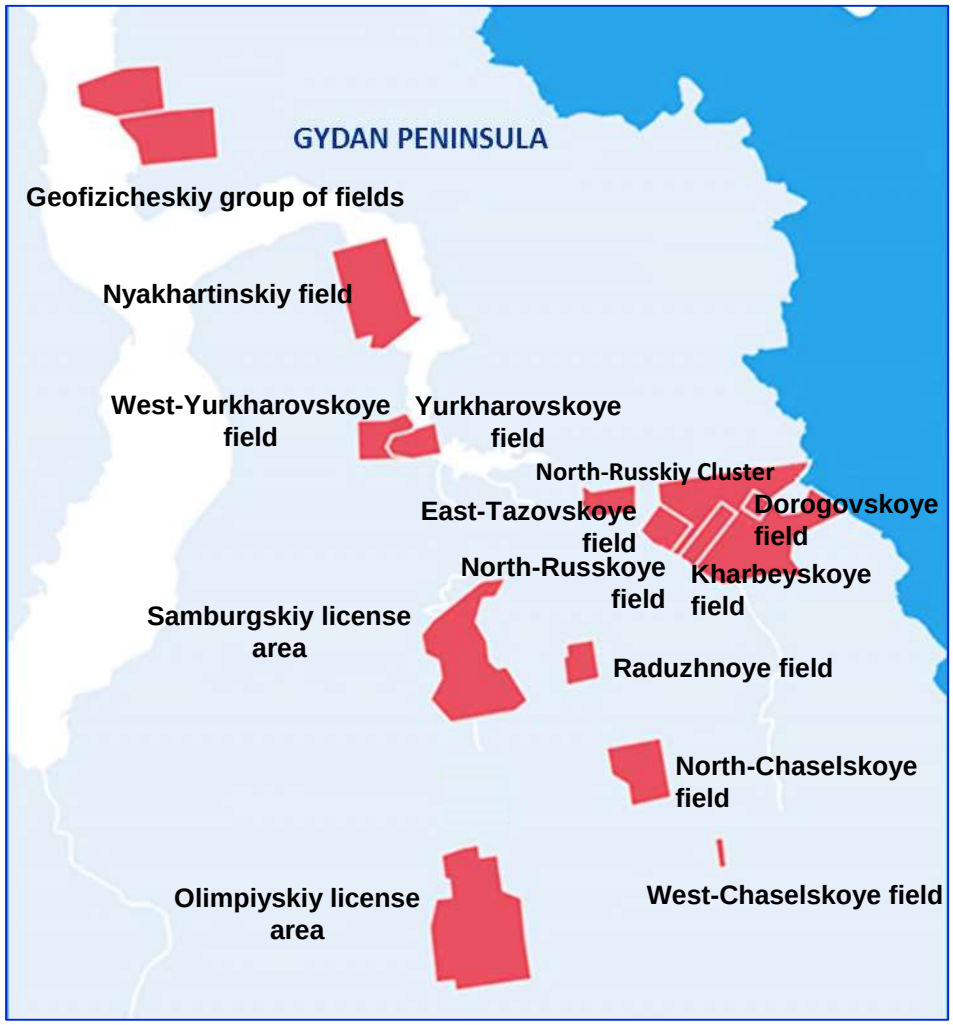
Projects within reach of UGSS



Through strategy period 2030

	PRODUCTION
GAS	~ **820** bcm
CONDENSATE	~**107** mmt
CRUDE OIL	~**75** mmt

TOTAL CAPEX UNTIL 2030

RR 700 to 780 BILLION(1)

OPERATING CASH FLOW UNTIL 2030

RR 2.4 to 2.7 TRILLION

(1) Excluding capital expenditures for Geofizicheskoye and Trekhbugornoye fields

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4. LNG development

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Commissioning of Yamal LNG

YAMAL LNG: TRAIN 1 LAUNCHED
FIRST LNG SHIPPED

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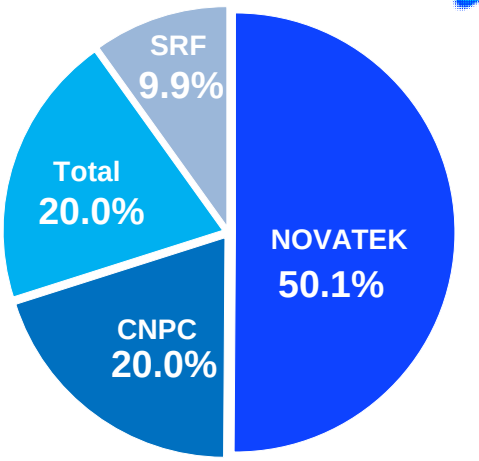
Yamal LNG: currently on time and on budget

SOUTH-TAMBEYSKOYE FIELD	GAS, bcm 100% /share(1)	CONDENSATE, mmt 100% /share(1)
PRMS reserves at 01.11.2017	942 / 472	31 / 16
Potential PRMS reserves addition through 2030	213 / 107	14 / 7

Current Project Status:

- 3 Trains – 16.5 mtpa; 4th Train – 0.9 mtpa
- 96% of LNG contracted
- Project cost $27 bln
- Project financing from Russia, China, France, Japan, Italy, Germany, Sweden, Austria in total amount of $19 bln equivalent
- Tax holidays:
  - ✓ 0% MET for natural gas and gas condensate(2)
  - ✓ reduced income tax rate(2)
  - ✓ no property tax(3)
  - ✓ 0% export duty for LNG and gas condensate
- LNG export license obtained

Shareholding structure



NOVATEK
TOTAL
CNPC
Silk Road Fund
丝路基金

NOVATEK

(1) Based on NOVATEK's proportionate share
(2) 12 years from the start of production or until cumulative production of 250 bcm of gas and 20 mln tons of gas condensate is reached
(3) 12 years

Yamal LNG: project overview

UPSTREAM

LNG PLANT

PORT

GAS AND GAS CONDENSATE

LNG AND GAS CONDENSATE

RELOADING AT ZEEBRUGGE

TRANSPORT

NSR

NSR

NSR

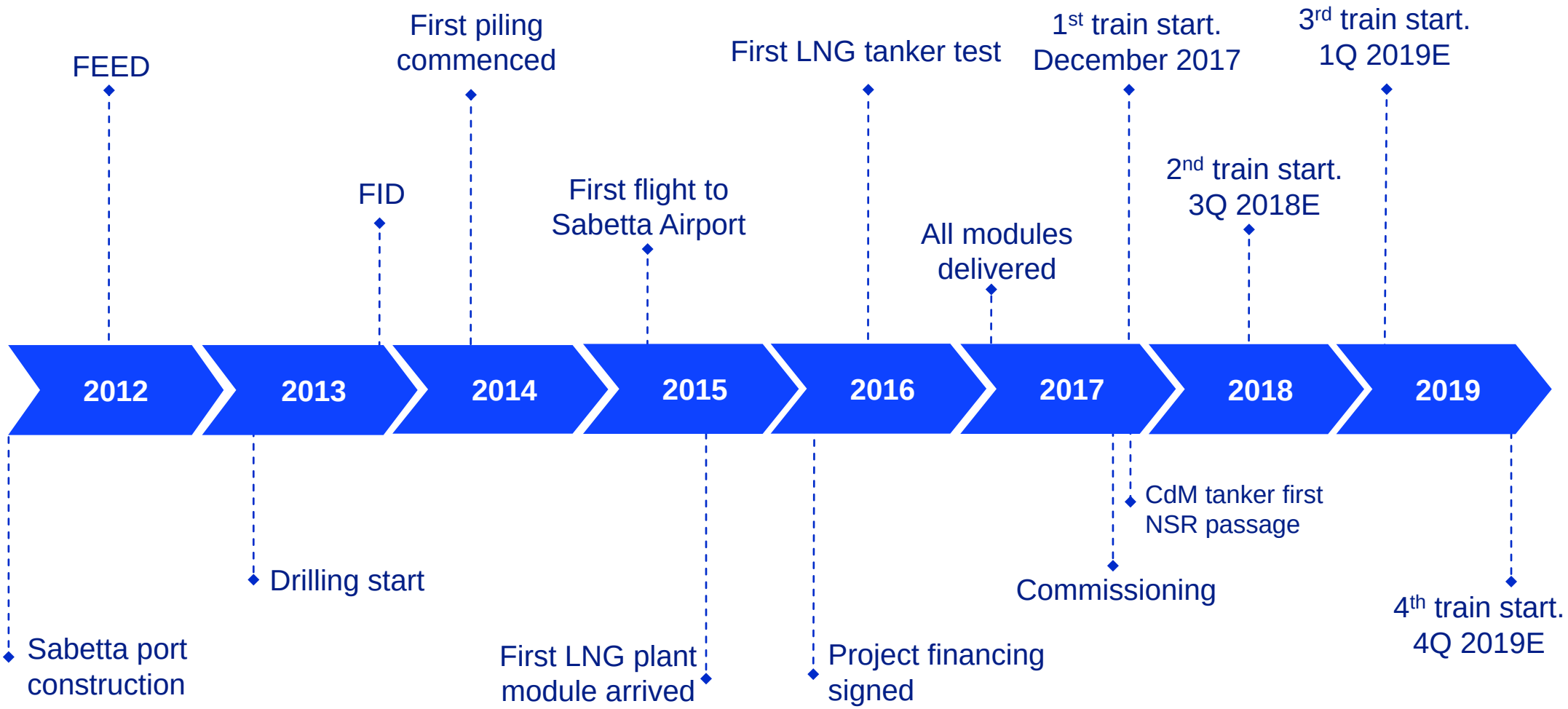
ASIA

EUROPE

LNG markets

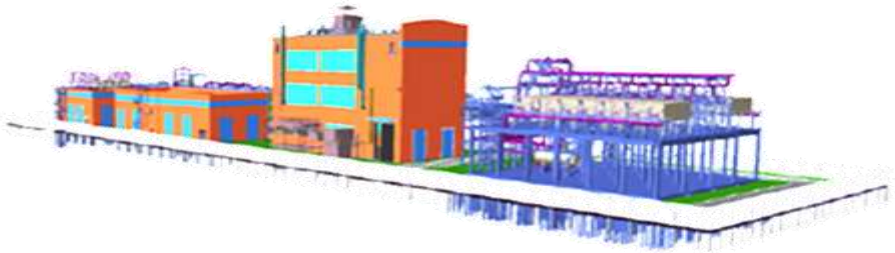
NOVATEK

Yamal LNG: project timeline



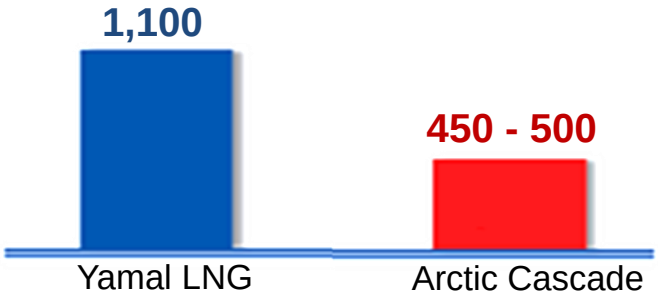
Yamal LNG Train 4 – "Arctic Cascade" proprietary liquefaction technology

Liquefaction train, 0.9 mtpa



start-up in **4Q 2019**

Target LNG train CAPEX, $/t



- ✓ Preliminary cooling of natural gas with ethane (first cooling stage) provides maximum energy efficiency through full use of advantages afforded by the Arctic environment
- ✓ Cooling with nitrogen (second stage cooling) allows using single-phase heat exchanger
- ✓ Liquefaction with the feed gas at high pressure improves heat exchange and allows small footprint, leading to low metal intensity

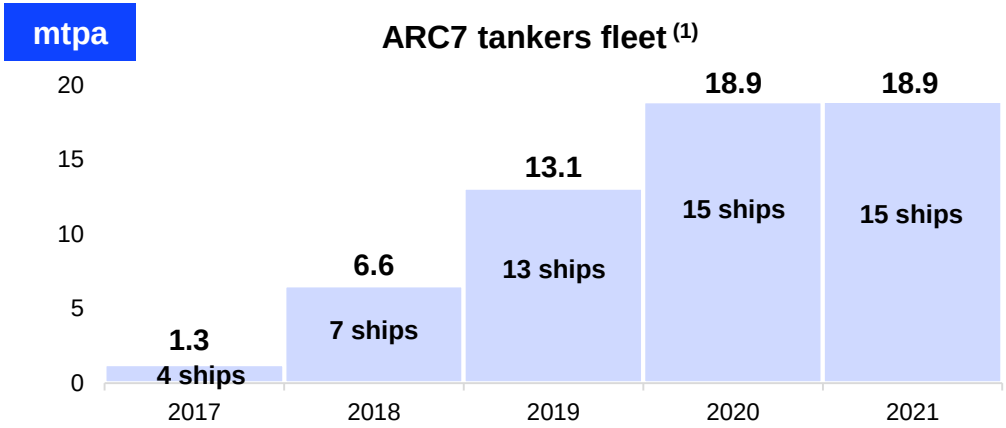
Train #4 utilizes existing infrastructure to lower LNG production costs

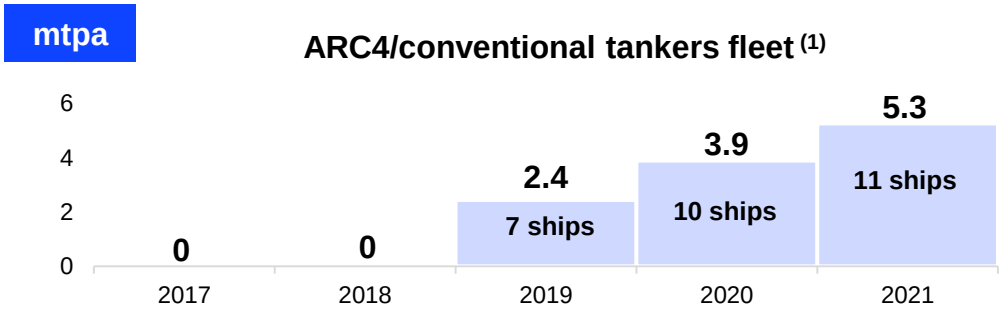
LNG logistics: tanker fleet

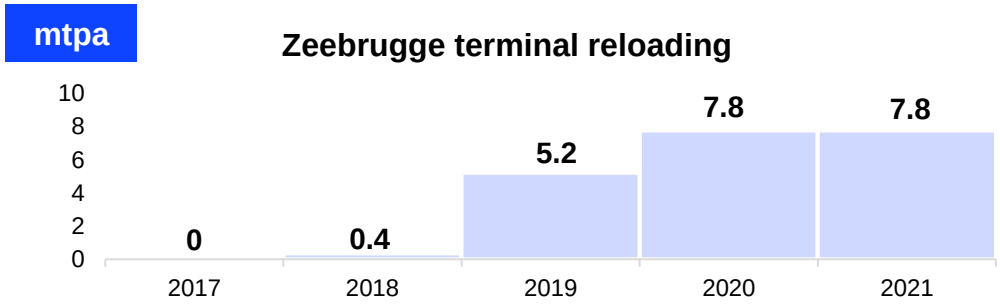
Ice-class tanker ARC7

Ice-class ARC4 and conventional tankers

Reloading at Zeebrugge







(1) Based on current offtake contracts

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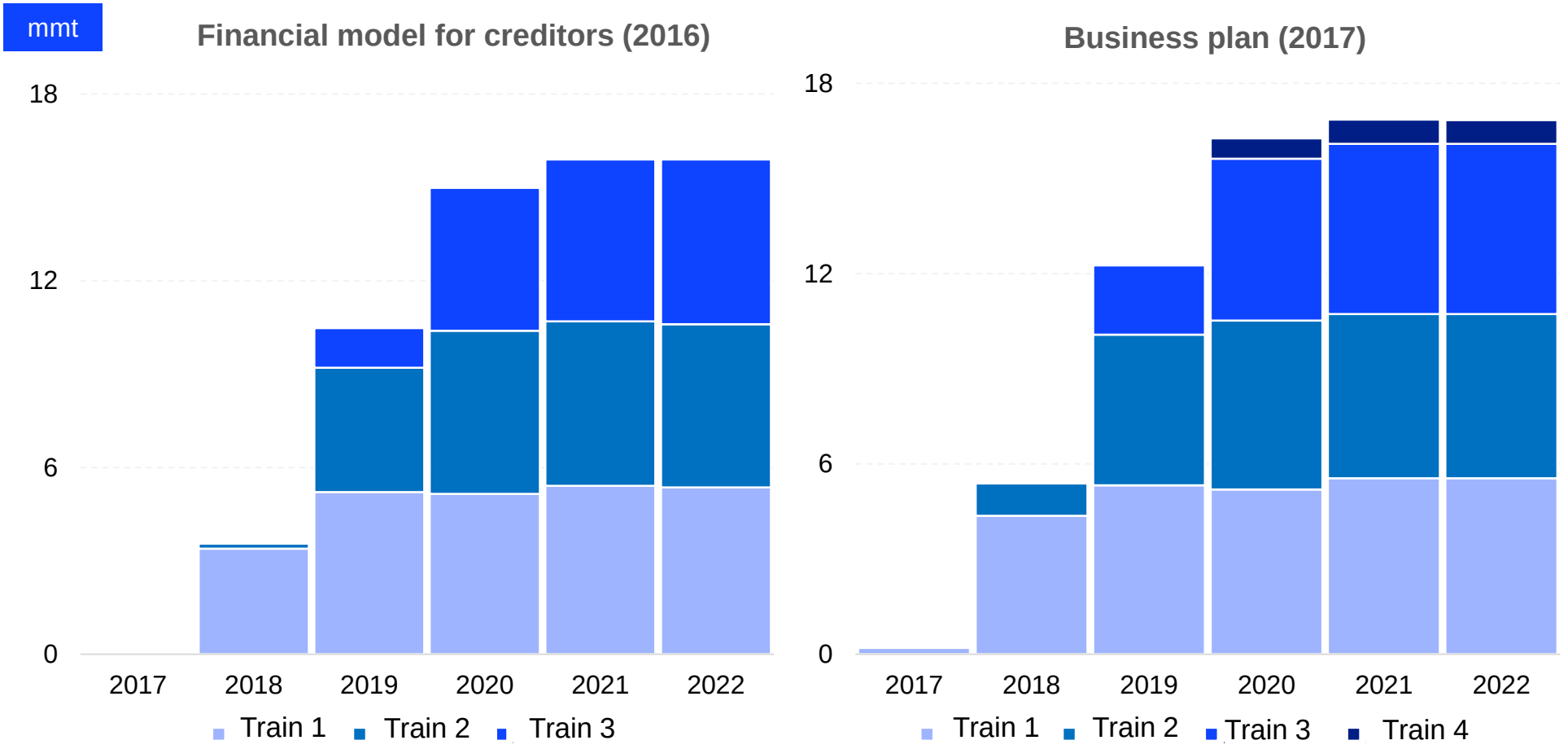
Yamal LNG marketing: current status



Early start-up and expansion to 4th train brings additional revenues of ~$1.0bln - 1.3bln

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Yamal LNG financial metrics

OPERATING CASH FLOWS(1)

about **$62 bln** up to 2030

OPERATING EXPENSES(2)

$400 - $450 mln(1) per annum

MAJORITY COVERED BY REVENUES DERIVED FROM GAS CONDENSATE

(1) *In the current macroeconomic trends*
(2) *Excluding taxes other than income*

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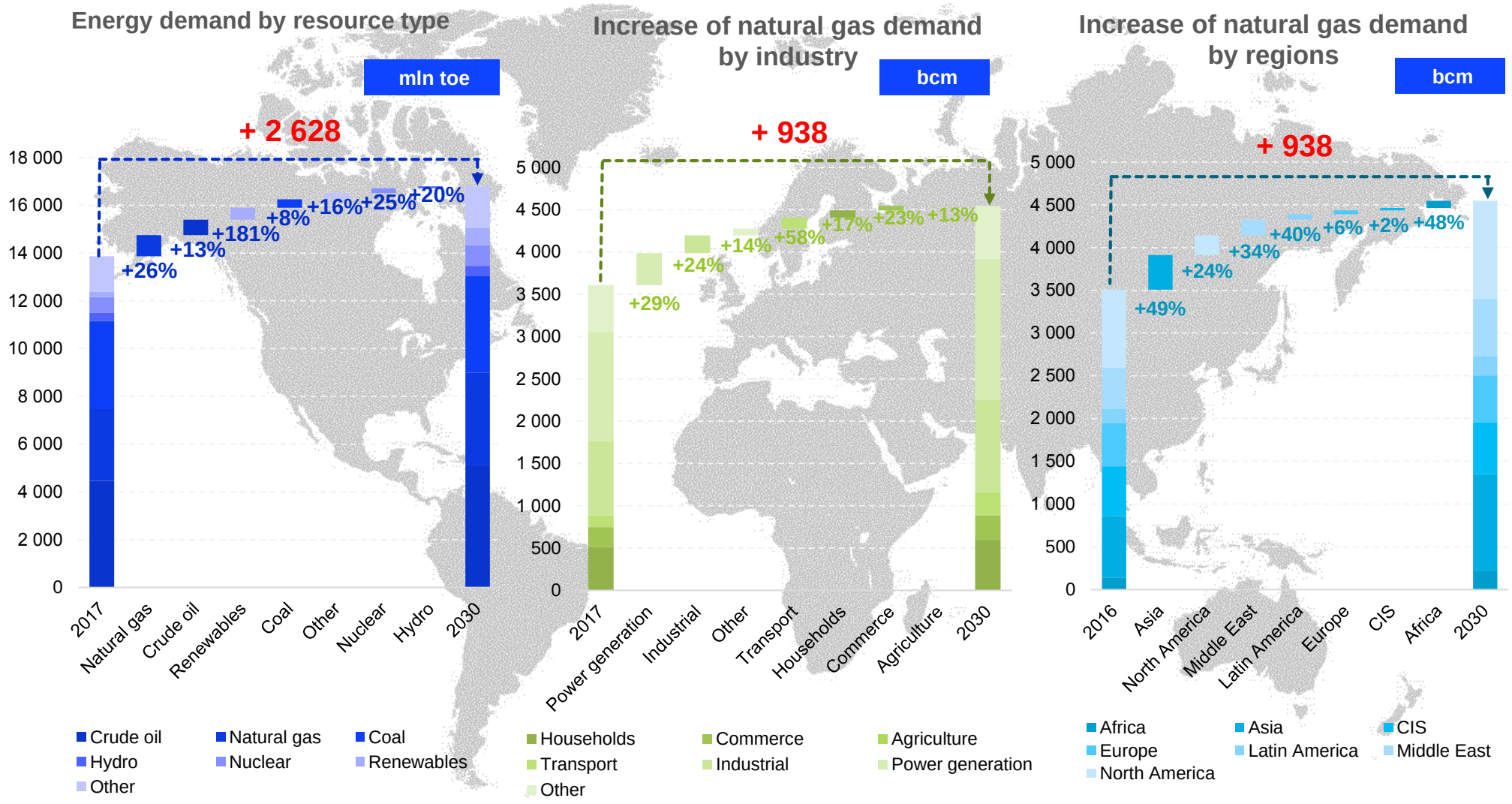
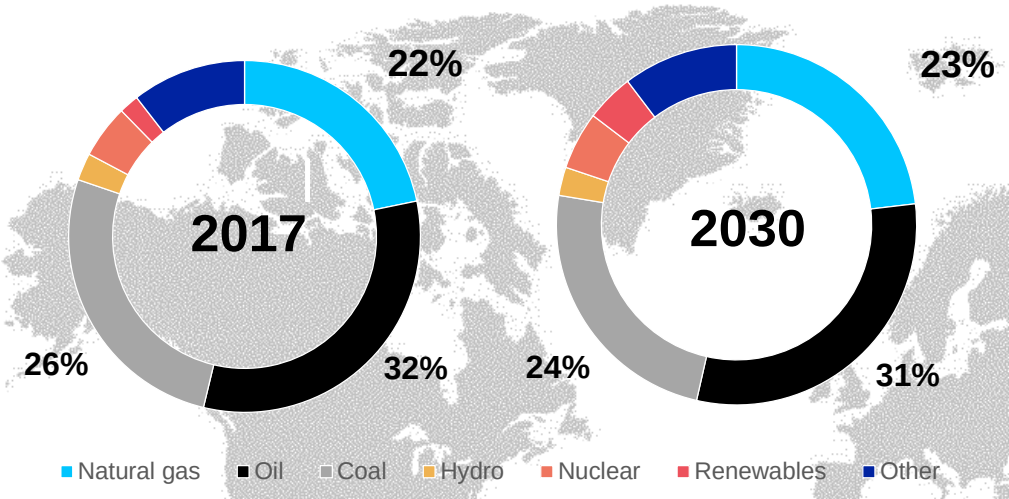
Global gas demand



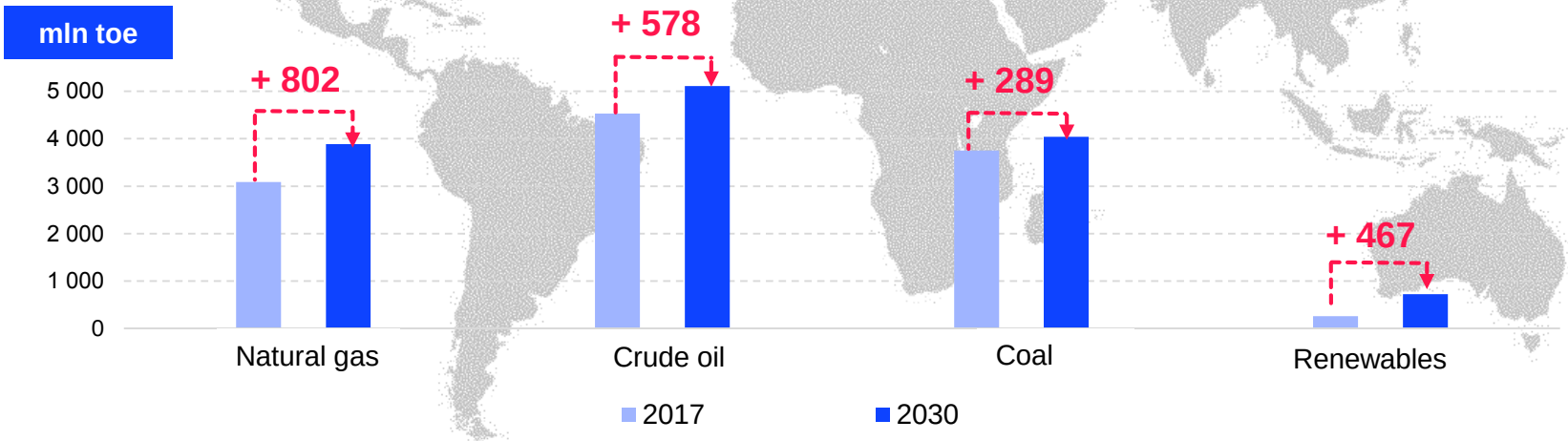
Source: IHS Markit Global Energy Outlook 2040, NOVATEK

NOVATEK

Gas share in global energy balance



- Natural gas is the only “fossil fuel” with an increasing share in global energy balance
- Increase in absolute volumes of natural gas consumption will be higher than other energy sources, including renewables



Source: IHS Markit Global Energy Outlook 2040, NOVATEK

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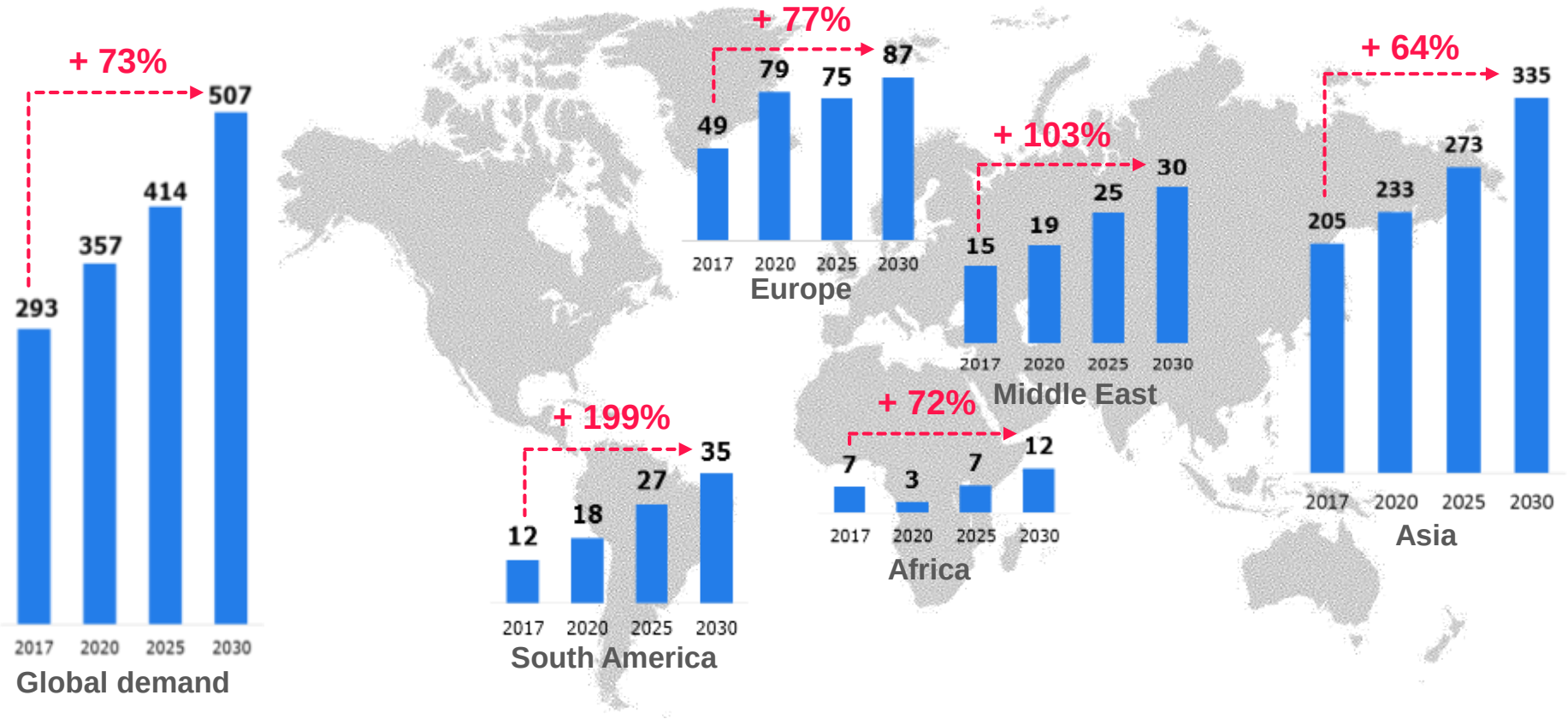
Global LNG demand

mmtpa

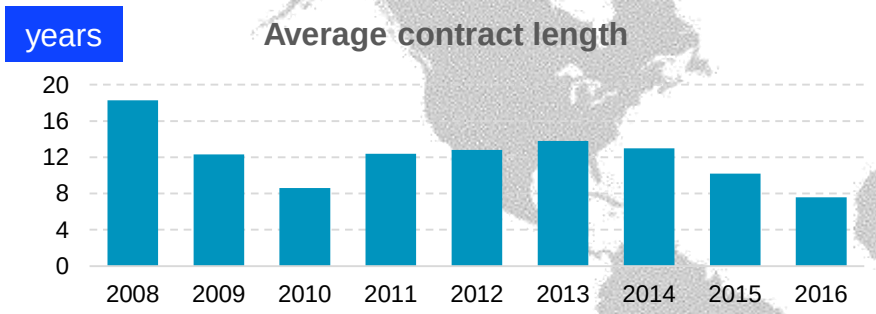


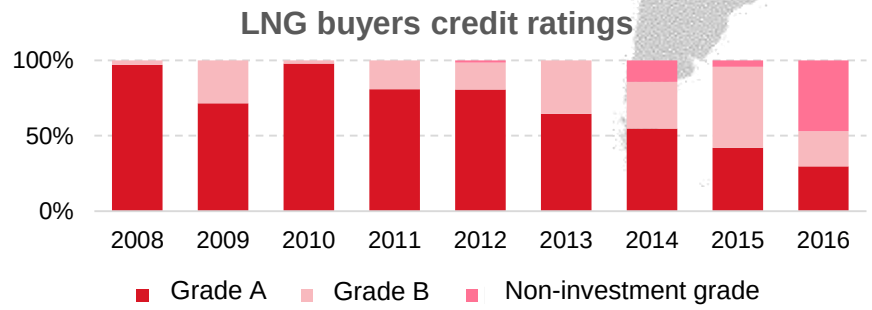
Asia and Europe will account for 79% of incremental LNG demand

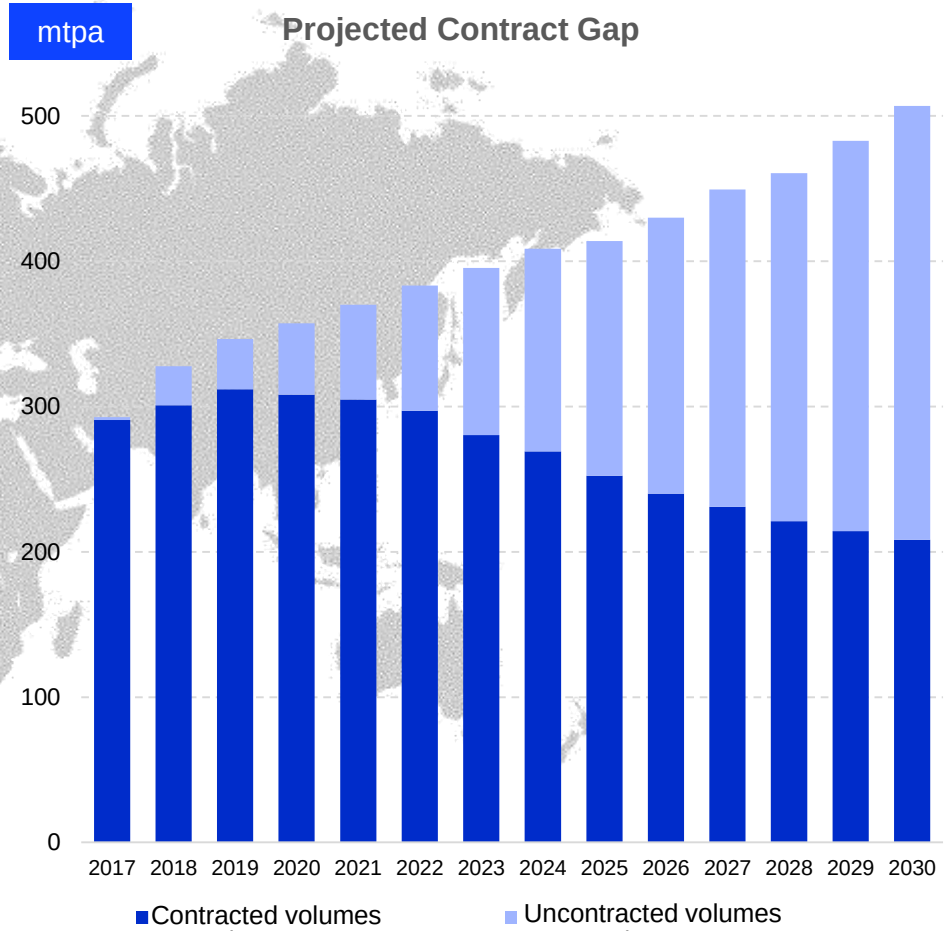
Source: IHS Markit Global Energy Outlook 2040, NOVATEK

NOVATEK

LNG contract profiles







Expiring contracts create marketing opportunities for low costs and flexible LNG supplies

Source: IHS Markit Long-term LNG Market Outlook, Shell interpretation of IHS (Energy LNG Sales Contracts Database)

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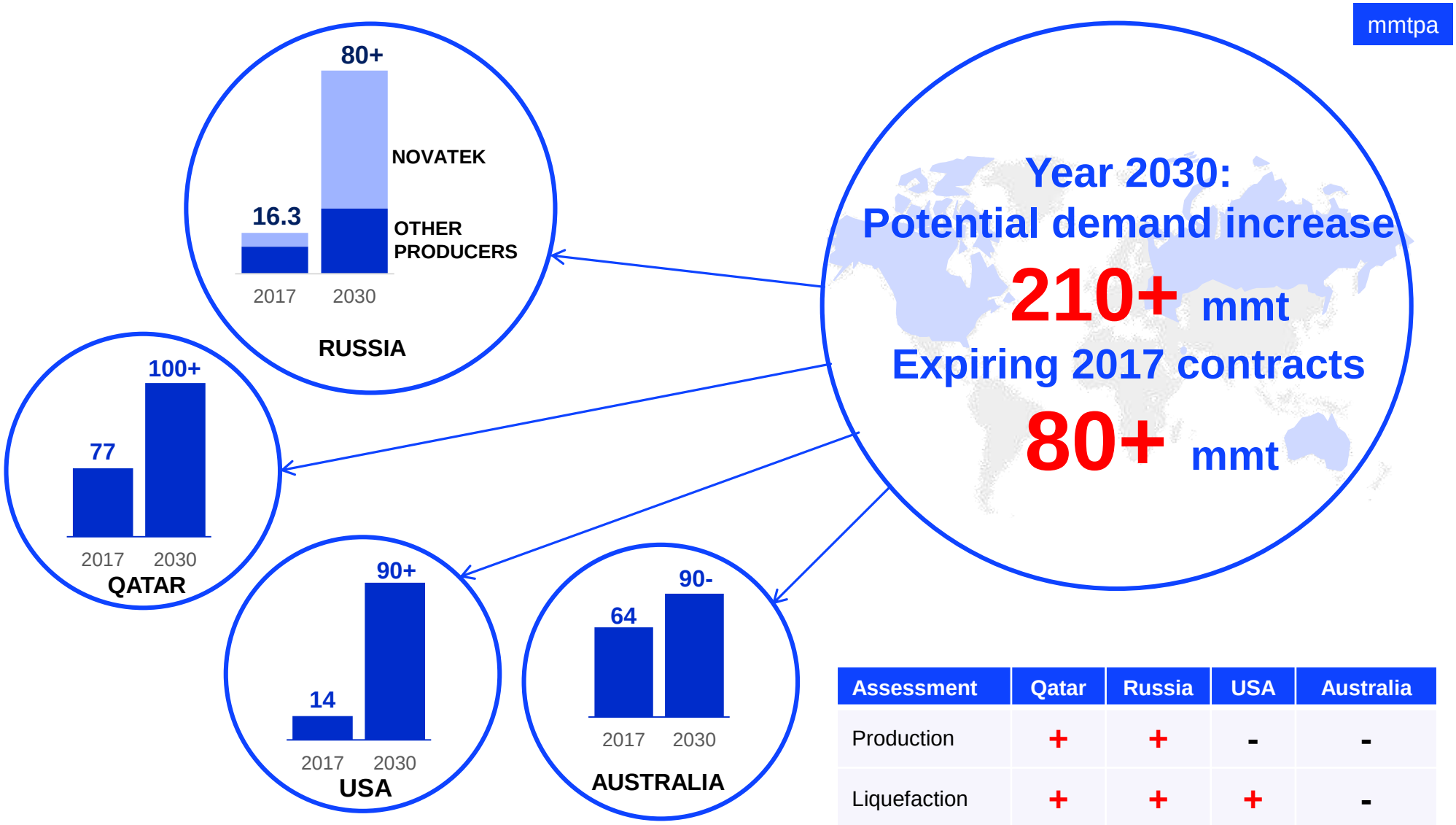
Four main LNG production centers



Assessment	Qatar	Russia	USA	Australia
Production	+	+	-	-
Liquefaction	+	+	+	-
Transportation	+	-	+	+

Source: IHS Markit Long-term LNG Market Outlook, NOVATEK

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LNG strategic goals

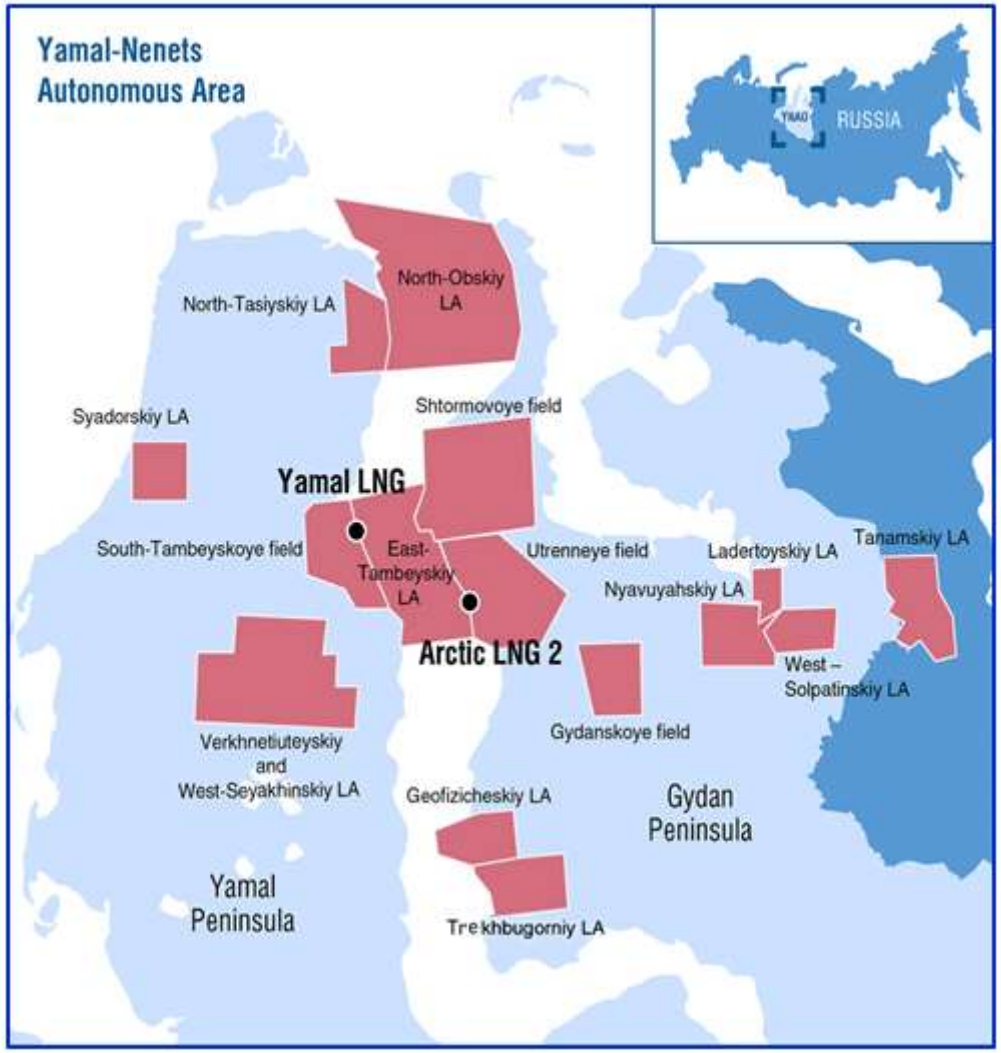
Low cost provider of LNG	▪ Low upstream costs ▪ Low liquefaction costs ▪ Competitively priced LNG at all key-consuming markets
Adopt LNG marketing strategy	▪ Flexible duration terms ▪ Flexible pricing formulas ▪ Flexible volume sizes ▪ Flexible destination clause
Build Kamchatka transshipment terminal	▪ Establish Russian hub price ▪ Provide shorter delivery time to reach perspective LNG market ▪ Attractive for potential partners
Scalable LNG projects	▪ Adopt projects to market demand ▪ Opportunity to create fully integrated projects (upstream, liquefaction, transport, marketing)
Lower logistic costs	▪ Build new tankers with lower costs ▪ More efficient usage of NSR with longer navigation period ▪ Lower usage of icebreakers ▪ Use reloading terminals (Kamchatka, Zeebrugge etc.)

✓ Energy Affordability ✓ Energy Security ✓ Energy Sustainability

Strengths in LNG production

Resource base	▪ Prolific conventional hydrocarbon resources located onshore in the Yamal and Gydan peninsulas and in the Ob Bay
Costs	▪ Low cost of production
Experience	▪ Experience in implementing large-scale LNG projects in the Arctic region ▪ Experience in exploring, developing and marketing production in the Arctic climate
Technologies	▪ Develop new technology to construct GBS platforms for LNG trains ▪ Pilot plant based on our proprietary technology for liquefaction of natural gas
Logistics	▪ Experience of transporting cargoes along the Northern Sea Route ▪ Project of constructing transshipment facility in Kamchatka

Yamal and Gydan reserves



PRMS Reserves at 01.11.2017	**Gas,** bcm 100% /share(1)	**Condensate,** mmt 100% /share(1)
TOTAL for LNG:	1,726 / 1,256	69 / 53
including:		
South-Tambeyskoye	942 / 472	31 / 16
Utrenneye	784 / 784	37 / 37

Potential **PRMS** reserves addition through 2030	**Gas,** bcm 100% /share(1)	**Condensate,** mmt 100% /share(1)
	1,599 / 1,493	102 / 95

(1) Includes NOVATEK proportionate share in JVs

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Ob Bay infrastructure

AIRPORT

Regular flights	Since February 2015
Number of flights made	~7,300
Cargo flow	~680,000 passengers and 8,000 tons of cargo deliveries

APPROACH CHANNEL

Scope of dredging	68 mln m^3

The infrastructure will be used for implementation of new projects in Yamal and Gydan

PORT

Year-round operation	> 4 years
Number of permanent berths in operation	6
Cargo flow	17 mmt

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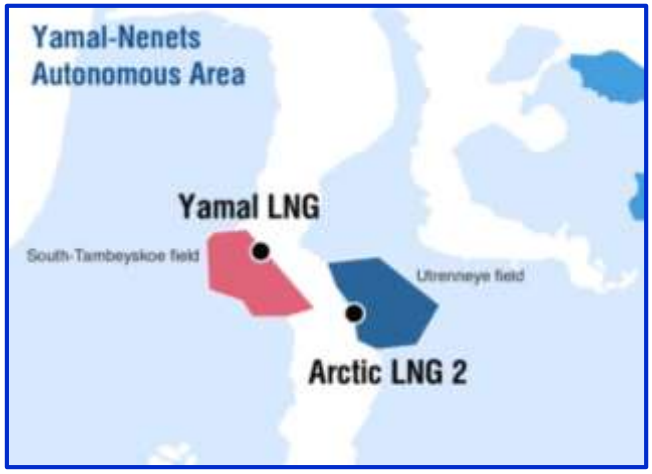
Arctic LNG 2

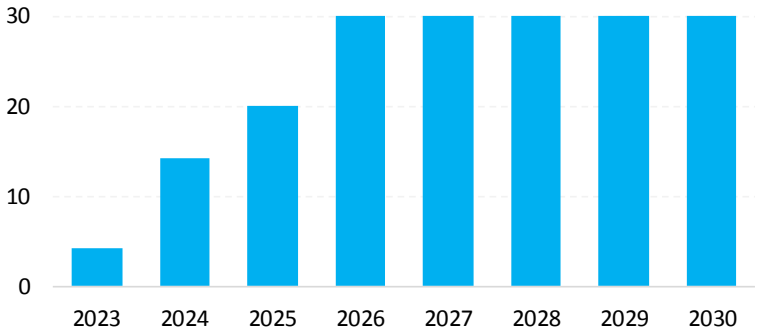


Utrenneye	Gas, bcm	Liquids, mmt
PRMS Reserves at 01.11.2017	784	37
Potential **PRMS** reserves addition by 2030	277	15

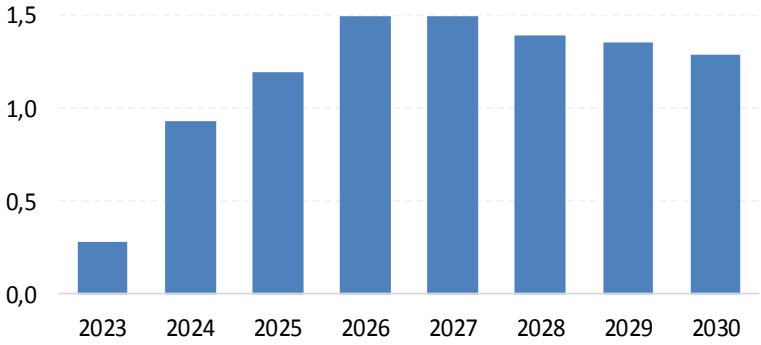
Jurassic layers development may increase gas reserves by 40%

Concept	▪ Utrenneye feeder field for Arctic LNG 2 ▪ New concept of LNG trains based on GBS platforms ▪ Three LNG trains at 6.1 mtpa each utilizing Linde liquefaction license ▪ GBS platforms built at LNG construction center (Murmansk) ▪ FEED in progress (expected completion late 2018)
Advantages	▪ Tax concessions approved per RF legislation, the same as for Yamal LNG ▪ Optimize and reduce CAPEX per ton of LNG liquefaction ▪ Low cost, onshore conventional natural gas ▪ Leverage existing infrastructure ▪ Minimize environmental impact

Natural gas production at Utrenneye field, *bcm*



Gas condensate production at Utrenneye field, *mmt*



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GBS LNG plant concept

Parameters for each GBS train

- GBS dimensions: 300 m x 152 m
- GBS weight: 440 thousand tons
- Overall LNG tanks volume: 213 thousand m^3
- Mixed Fluid Cascade (MFC) process by Linde
- 4 gas turbine drives x 55 MW,
- 3 gas turbine drives the power plant 165 MW

Concept of the future plant	▪ Construct LNG trains based on gravity-based structures (GBS) ▪ GBS platforms will be fabricated and assembled at LNG construction center
Implementation stage	▪ Pre-FEED stage completed; FEED stage commenced in Q2 2017 ▪ FEED stage will define optimal layout of the LNG train ▪ FEED estimated to be completed by the end of 2018
Advantages of the chosen concept	▪ Reduce construction and logistical costs as main LNG equipment is built and installed at the LNG construction center ▪ High local content; reduced construction schedule risks; and minimized external risk exposure ▪ Minimize scope of work in the Arctic area

GBS LNG concept will significantly reduce overall liquefaction cost

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Factor Analysis: lowering the cost of LNG trains

1	Landscape preparation, including land works, piles and thermal stabilizers installation	x
2	Construction of living modules	x
3	LNG train modules logistics, including the construction of special vessels for large scale modules	x
4	Logistics and testing of large scale modules	x
5	Construction in Arctic climatic conditions	x
6	Yards supervision	x
7	Contingency costs	x
8	Decrease of cost of metal construction, pipelines and infrastructure due to localization	✓
9	Increase of LNG train capacity	✓

Targeted decrease of Arctic LNG 2 plant construction cost compared to Yamal LNG at least

30%

Additional costs reduction potential through the scalable construction of GBS platforms

x - not required and will lead to cost reduction
✓- will lead to cost reduction

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LNG construction center: develop localized LNG expertise

LNG construction center to provide scalable construction of LNG trains on GBS platforms

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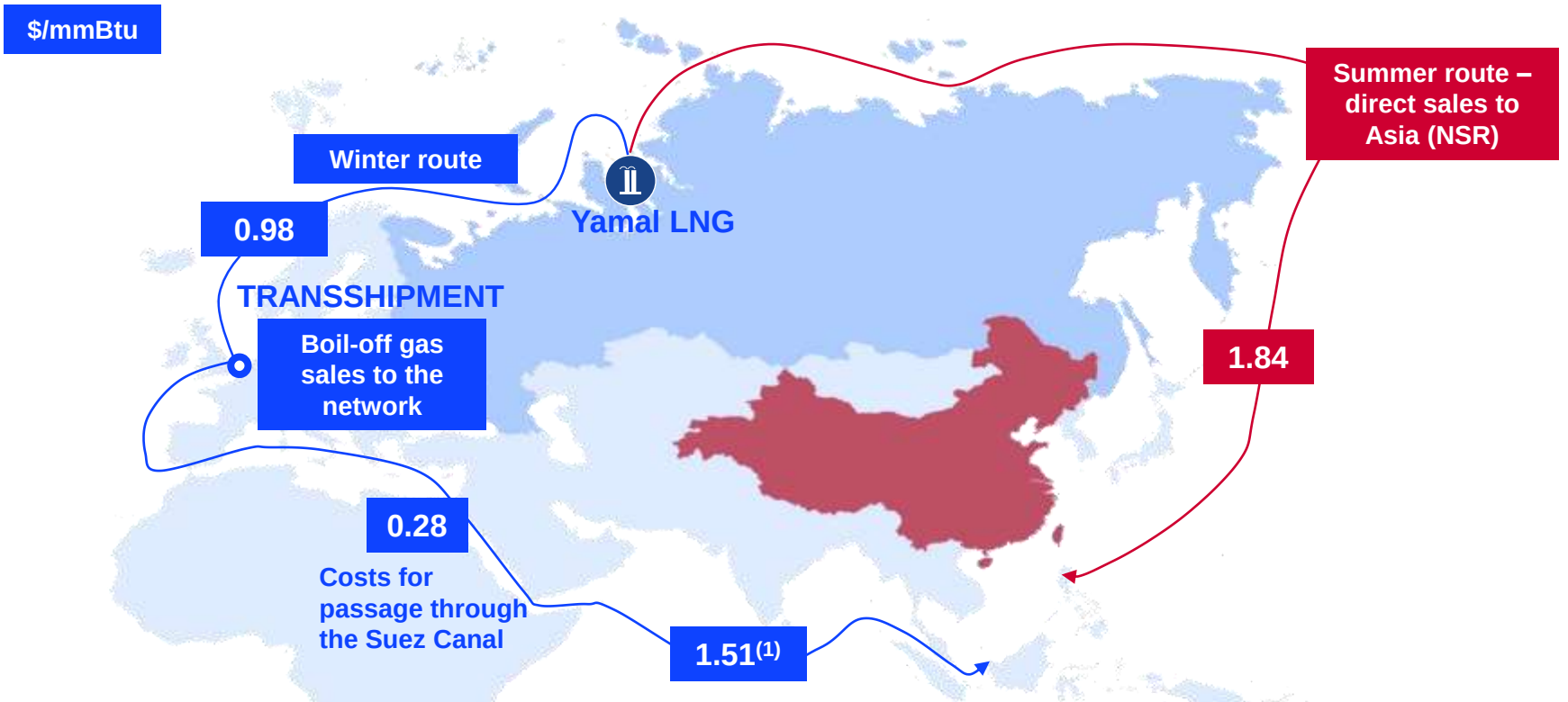
LNG transportation costs: East versus West routes



Transportation costs to Asia(2)	YAMAL LNG		Navigation via NSR 12 months (Kamchatka)
	Navigation via NSR 5 months	Navigation via NSR 9 months	
$/mmBtu	**Costs**	**Costs**	**Costs**
Western route via transshipment	2.49	2.49	NA
Eastern route via NSR	1.84	1.84	1.65
Average costs to Asia	**2.22**	**2.00**	**1.65**
Average costs across the portfolio including sales to France and Spain	**1.40**	**1.32**	**NA**

(1) Including costs for passage through the Suez Canal
(2) NOVATEK

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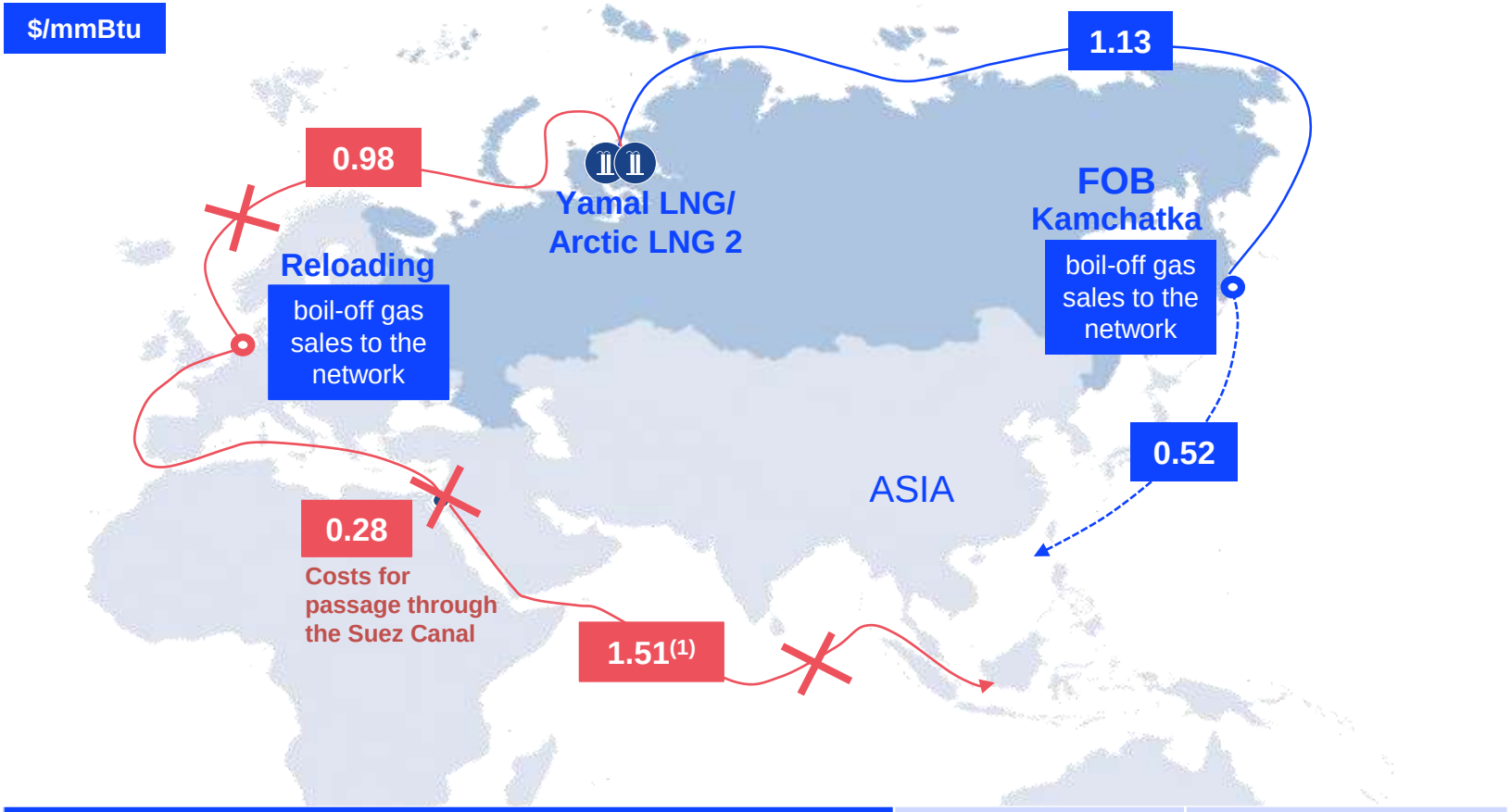
Future LNG project logistics



Western route to Asia(2)	36 days	2.49 $/mmbtu
Eastern route to Asia (via transshipment on Kamchatka)	19 days	1.65 $/mmbtu

- Decrease costs by ~ 0.8 $/mmbtu for volumes delivered via the Suez Canal
- Increase LNG sales volumes due to lower boil-off gas volumes from the shorter transport distance
- Direct access to premium markets and full control of the supply chain

(1) *Including costs for passage through the Suez Canal*
(2) *NOVATEK*

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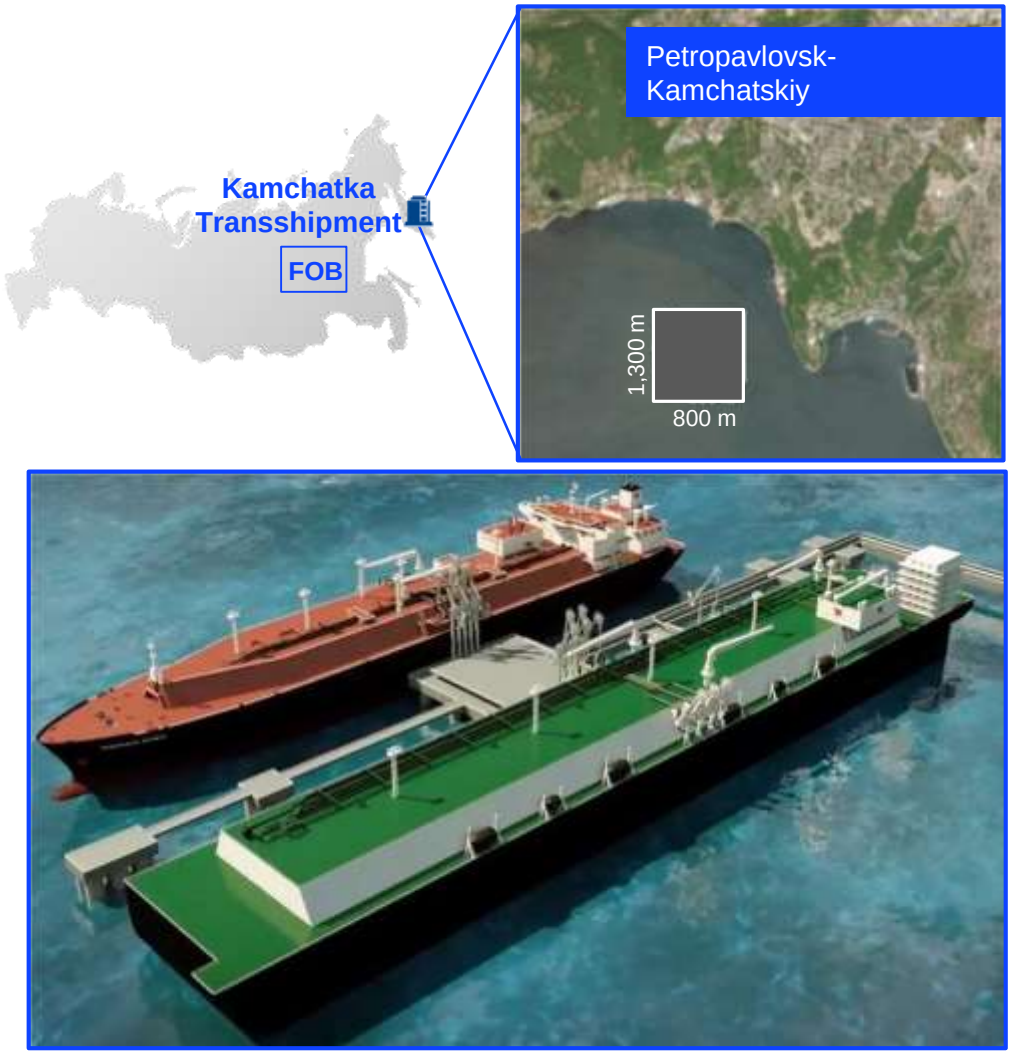
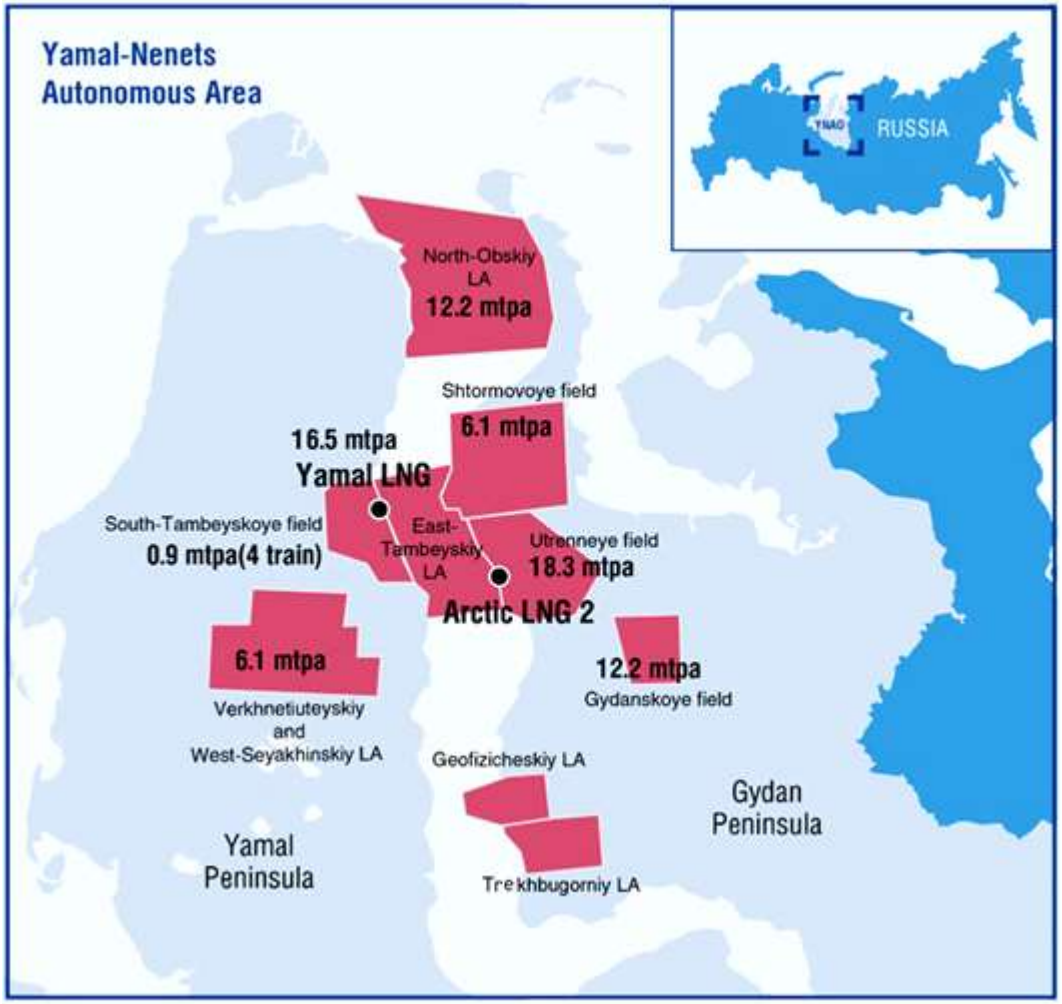
LNG transshipment complex on the Kamchatka peninsula

Planned transshipment capacity	▪ **20 mln tons per annum**
Location	▪ Mokhovaya Harbor in Avacha Bay, in close proximity to Petropavlovsk-Kamchatskiy ▪ 4,000 nautical miles from Sabetta
Concept	▪ Moored LNG storage ship ▪ Option to sell FOB Kamchatka
Project status	▪ Pre-FEED to be completed by year-end 2017 ▪ FEED to be completed in 2018 ▪ Launch – 2022 and 2023



LNG utilizing existing resource base



Through strategy period 2030

	Production(1)
LNG	~270 mmt
Gas condensate	~28 mmt

TOTAL CAPEX UNTIL 2030

RR 2.5 to 2.8(2) TRILLION

OPERATING CASH FLOW UNTIL 2030

RR 4.0 to 4.3(1) TRILLION

(1) *Assuming current NOVATEK's share in Yamal LNG and planned LNG projects.*
(2) *Total CAPEX represents 100% of costs, excluding primary CAPEX for Yamal LNG except Train #4*

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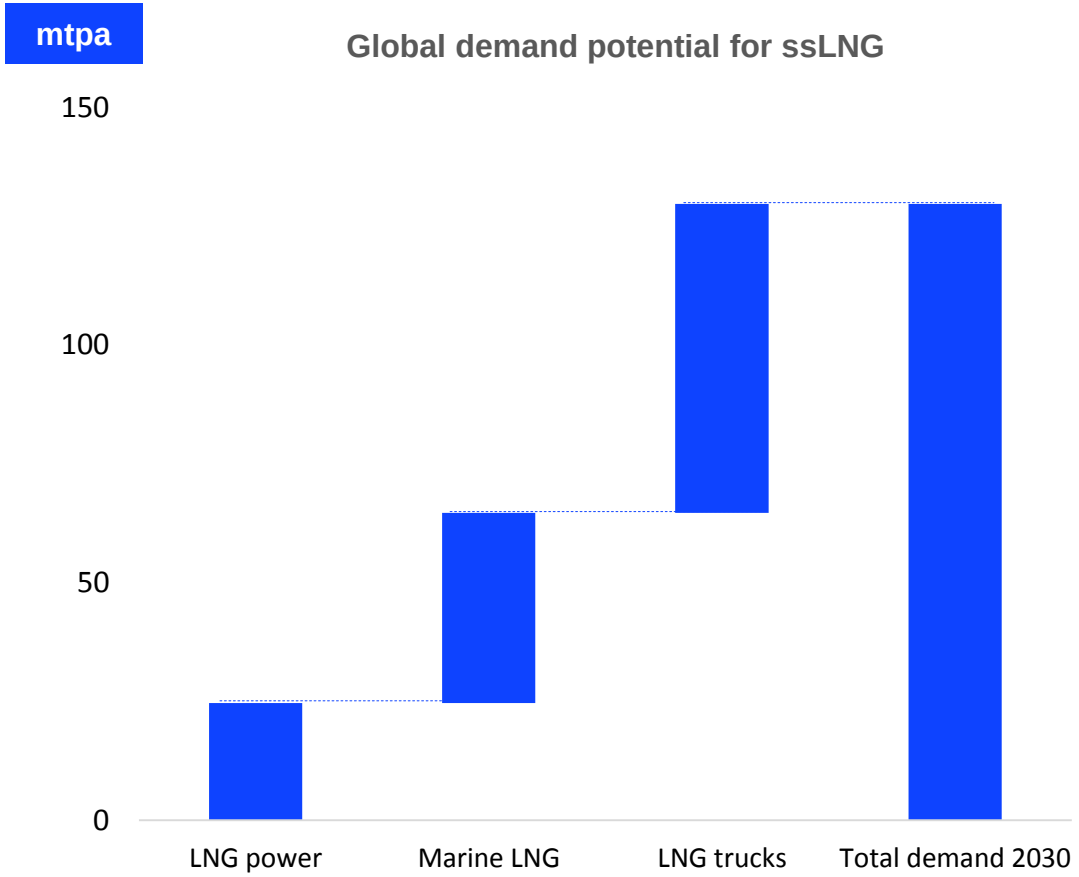
Small scale LNG (ssLNG) markets

Drivers of ssLNG growth

Bunkering	▪ Regulation (International Maritime Organization) ▪ Lower cost for ship owners ▪ LNG availability in key ports
Auto transport	▪ Lower cost for truck owners ▪ Low carbon emission
Off-grid power	▪ Lower cost for end-users ▪ Low carbon emission ▪ Infrastructure development: LNG stations

Global demand potential for ssLNG



Potential global demand for ssLNG is more than 120 mtpa by 2030

Source: NOVATEK interpretation of data from Engie, PwC, Sberbank, IHS Markit Global Energy Outlook 2040

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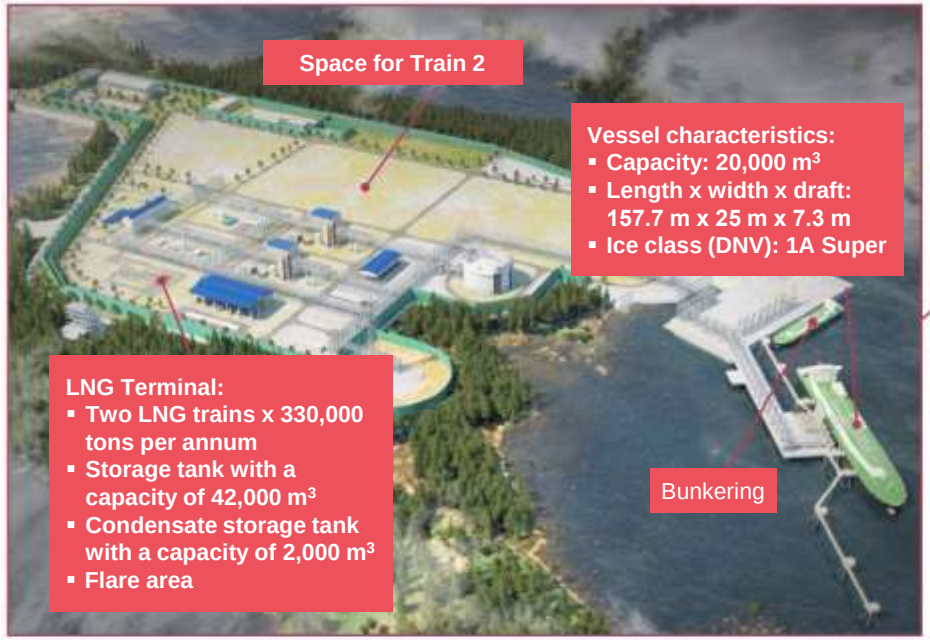
LNG plant in Vysotsk



Shareholders	▪ 51% NOVATEK ▪ 49% Gazprombank
Project	▪ LNG production and transshipment terminal ▪ Gas pipeline branch from the Leningrad–Vyborg–State Border trunk gas pipeline
Capacity	▪ Train 1: 660,000 tons per annum (50% contracted) ▪ Train 2: 660,000 – 800,000 tons per annum ▪ FID for 2nd train - 2018
Marketing	▪ Russian Domestic market ▪ North European and Baltic markets ▪ Bunker fuel markets

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5. Financial Targets

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Financial management objectives

Financial targets	▪ Maintain Net Debt – to – EBITDA target of 1.0x over the cycle(1) (excluding potential acquisitions) ▪ Maintain EBITDA Net Interest Coverage of 10x to 15x over the cycle(1) ▪ Maintain Operating Cash flow/Capex coverage of 100% over the cycle(1)
Liquidity targets	▪ Conservative management of excess liquidity ▪ Top tier banks placements, limit cash concentrations ▪ Aim to maintain available bank line credit in the range of not less than US$300 million
Funding targets	▪ Centralized funding strategy with NOVATEK sole entity for raising external funding ▪ No direct borrowing by operating subsidiaries is envisaged(2) ▪ Establish diversified sources of funding by instrument, maturity and market segment (where applicable)
Debt structure	▪ Increase reliance on unsecured borrowings at the Group level ▪ Aim to maintain secured debt below 15% of total debt ▪ Optimize cost of borrowings by establishing flexible, long-term debt funding profile ▪ Target average maturity of 5 years or longer
Dividend policy	▪ At least 30% of net income of NOVATEK (according to IFRS adjusted net income)

(1) The cycle period is defined as three to five years
(2) Except for potential project financing at joint ventures and future LNG related projects and infrastructure

Financial policies

Established track record of adhering to creditor-friendly financial policies

Metric	Policy Target	2011	2012	2013	2014	2015	2016	9M17	2018 Guidance
Debt/Normalized EBITDA(1), (x)	~1.0x	1.1	1.4	1.3	1.5	1.7	0.9	0.7	**0.6 - 1.0**
Cash balance, million $	> 150	740	607	241	734	400	796	1,274	**600 - 1,100**
Lines of credit, million $	> 300	1,592	1,538	569	733	986	2,728	2,818	**c. 2,000**
Dividend, %	30%(2)	32%	30%	30%	30%	30%	30%	30%	**30%**

(1) Target over the cycle period, which is defined as three to five years (excluding potential acquisitions)
(2) Dividends are paid twice a year based on the first half and full year results, and are adjusted for non-cash and one-off items

Financial metrics

Metric	2011	2012	2013	2014	2015	2016	9M17	2018 Guidance
Normalized EBITDA Margin, %(1)	49%	45%	43%	45%	45%	45%	44%	**35% - 45%**
Normalized EBITDA Margin (ex JVs), %	49%	45%	41%	39%	34%	35%	34%	**30% - 35%**
Effective Tax Rate	12%	20%	20%	30%	19%	20%	20%	**15% - 20%**
Normalized Profit Margin, %(2)	32%	33%	28%	29%	28%	25%	27%	**20% - 25%**
ROE, %(3)	28%	26%	26%	28%	33%	25%	22%	**20% - 25%**
ROCE, %(4)	20%	19%	19%	19%	20%	17%	18%	**15% - 20%**
Net Debt / Total Capitalization(5)	20%	26%	28%	31%	41%	19%	10%	**10% - 20%**

(1) Normalized EBITDA = profit (loss) adjusted for the add-back of depreciation, depletion and amortization, net impairment expenses (reversals), finance income (expense), income tax expense, as well as income (loss) from changes in fair value of derivative financial instruments. Normalized EBITDA includes EBITDA from subsidiaries and our proportionate share in the EBITDA of our joint ventures and excludes the effect from disposal of interests in joint ventures
(2) Normalized profit margin = Normalized profit/Total revenue
(3) ROE (return on equity) = Normalized profit / Average total equity
(4) ROCE (return on capital employed) = (Normalized profit + Interest expense) / (Average total debt + Average total equity)
(5) Net debt = total debt less cash and cash equivalents. Total capitalization = total debt, total equity and deferred income tax liability

Operating metrics

Metric	2011	2012	2013	2014	2015	2016	2017E	2018 Guidance
Lifting costs, $/boe	0.53	0.57	0.59	0.65	0.49	0.57	0.6 - 0.8	**0.6 - 0.8**
F&D costs, $/boe (3Y Avg.)	1.4	2.2	2.6	4.1	3.4	2.7	2.5 - 2.9	**2.5 - 3.5**
RR costs, $/boe (3Y Avg.)	1.1	1.4	2.0	2.4	3.6	2.7	2.5 - 2.9	**2.7 – 4.0**
RR rate[(1)] (3Y Avg.)	597%	623%	463%	350%	130%	116%	> 100%	**> 100%**

(1) Based on marketable production for all fields

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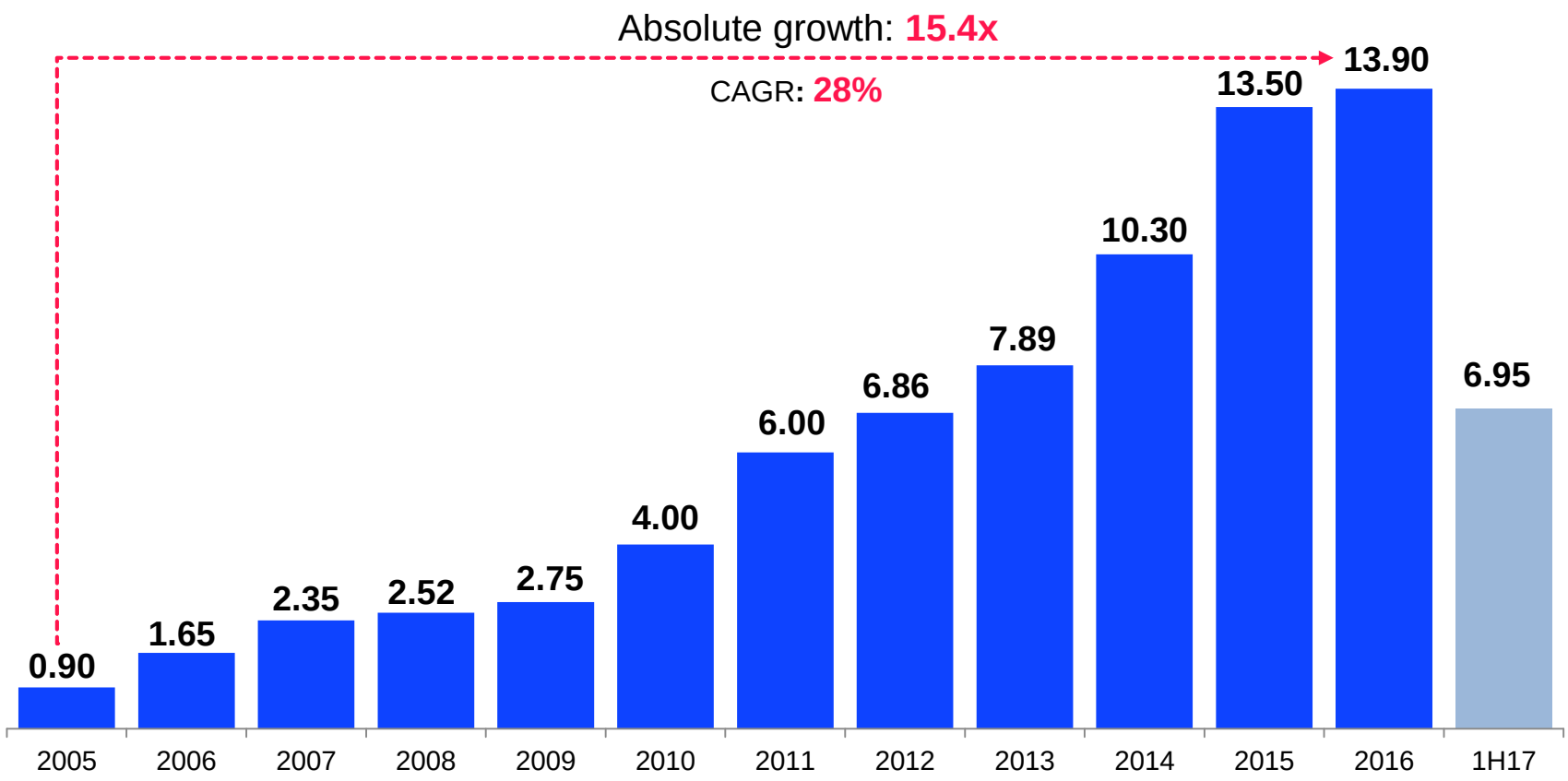
Dividends: sharing our success

DIVIDEND PAYOUT[(1)], (RR per ordinary share)



Committed to increasing shareholder returns

(1) Dividend payout is adjusted for non-recurring items and items not related to core activities

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6. Sustainable development

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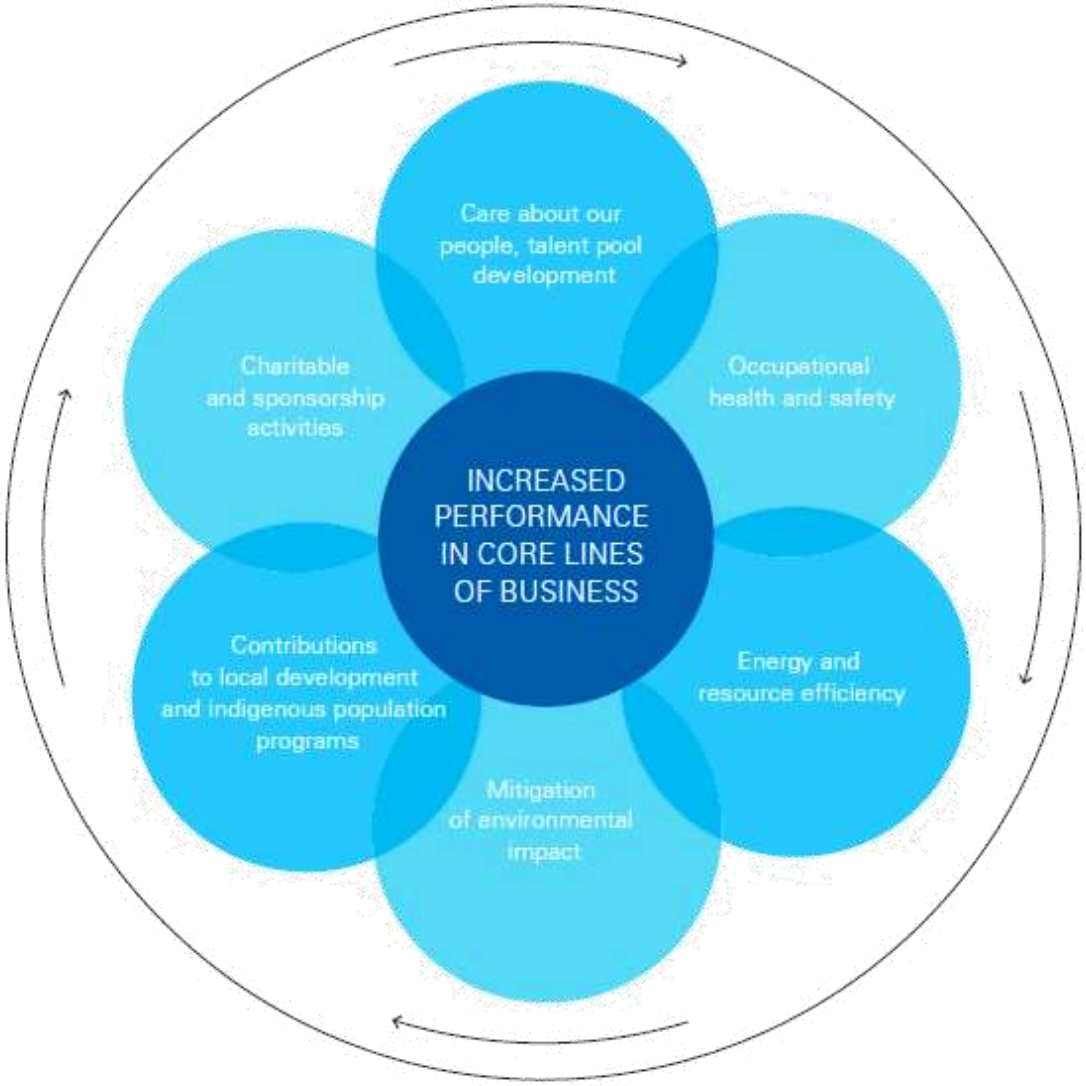
Sustainability focus framework

OBJECTIVES

- Comply with applicable laws and adopt international best practices
- Respect and take into consideration stakeholder interests
- Improve corporate governance policies and procedures
- Enforce ethical business conduct and maintain good business reputation
- Develop and implement advanced technologies to reduce carbon footprint
- Operate in a responsible manner to protect environment and ecologically sensitive areas
- Ensure workplace safety and respect human rights
- Ensure transparency



Environmental achievements (2016/2017)

FTSE Russel Ratings confirms that NOVATEK remains a constituent of the FTSE4Good Emerging Index in 2017	Newsweek listed NOVATEK among the Top 500 largest publicly traded companies globally in green rankings in 2016	NOVATEK maintained in the Vigeo Eiris Best Emerging Markets performers ranking (the 100 most advanced companies in Emerging Markets universe) in 2017
FTSE4Good	**NEWSWEEK GREEN RANKINGS**	vigeo eiris BEST EM PERFORMERS

Green technologies – committed to sustainable development

CCGT cogeneration power plants

NOVATEK has used CCGT cogeneration at almost all of its facilities. Combustion heat utilization ratio is up to 85-90%, which reduces combustion product emissions, including greenhouse gases

Enclosed flare system

The system has been in operation at the Ust-Luga Transshipment and Fractionation Complex. It ensures smokeless flaring of the heaviest hard-to-burn gaseous and liquid waste. The enclosed flare achieves more than a 99.9% efficiency in the removal of gaseous and liquid waste combustion products, which is the highest efficiency in reducing emissions of sulfur oxides (SOx), nitrogen oxides (NOx) and other fugitive carcinogenic emissions

Development of the natural gas filling stations network and converting vehicles to natural gas

Using natural gas as fuel helps cut emissions by more than a factor of 3

Rational APG Use Program

Systematic work is underway to reduce emissions during APG flaring. The Rational APG Use Program reached the 96.2% utilization level at the Samburgskoye field and 95% at the East-Tarkosalinskoye field. A soot-less APG flare is planned to be built in 2017 at the Yarudeyskoye field

Renewables

Linear telemetric systems on pipelines (NOVATEK-Yurkharovneftegas, Terneftegas, Yargeo) have relied on renewables (solar panels), which reduced indirect emissions of power generation. The total length of the pipelines where renewable energy sources are used is 991 km

NOVATEK
Year of Ecology
2017

Greenhouse gas emission management system

In implementing the Russian Federation's "Climate Doctrine" and the "Year of Environment" commitments, NOVATEK introduced a Greenhouse Gas Emission Management System. A list the GHG emission sources was compiled, emission ratios were computed and an automated GHG emission quantifier was developed

We are committed to reducing our carbon footprint in all areas of our operations

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7. Conclusion

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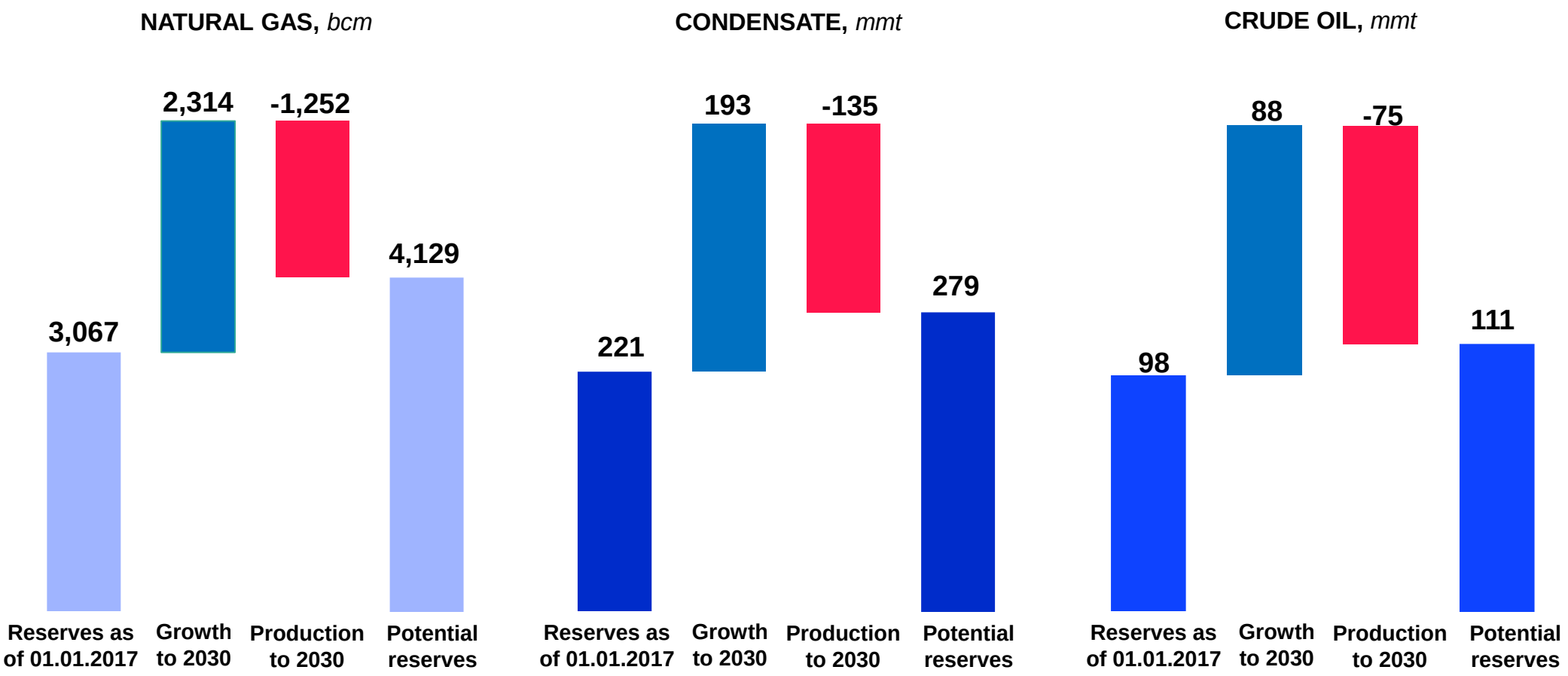
Reserves growth potential (as per PRMS)



Total PRMS reserves are expected to increase from 22.8 bln BOE in 2017 to 30.2 bln BOE in 2030

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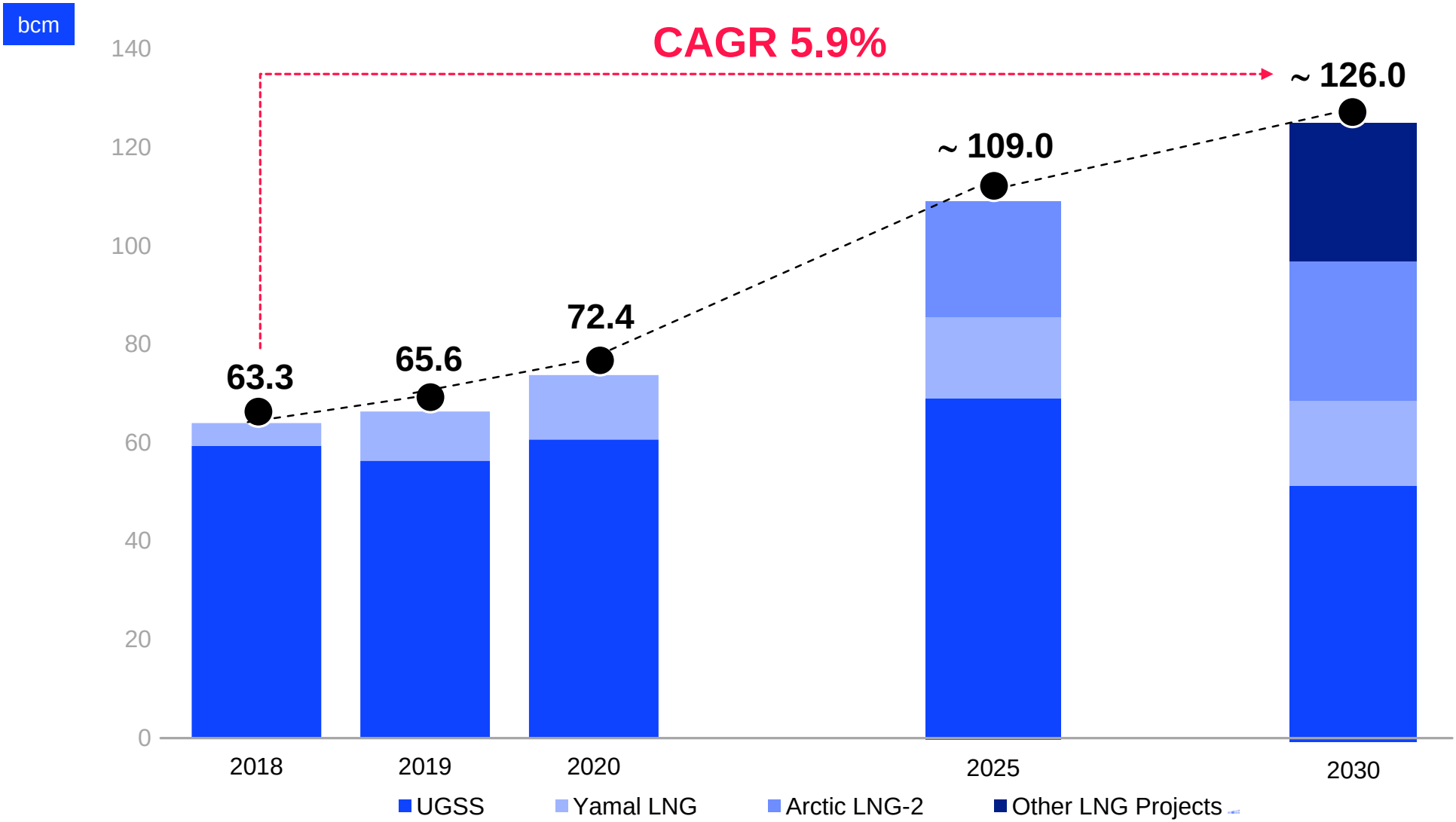
Natural gas production profile(1)



(1) Natural gas production profile is based on NOVATEK's share in JV production

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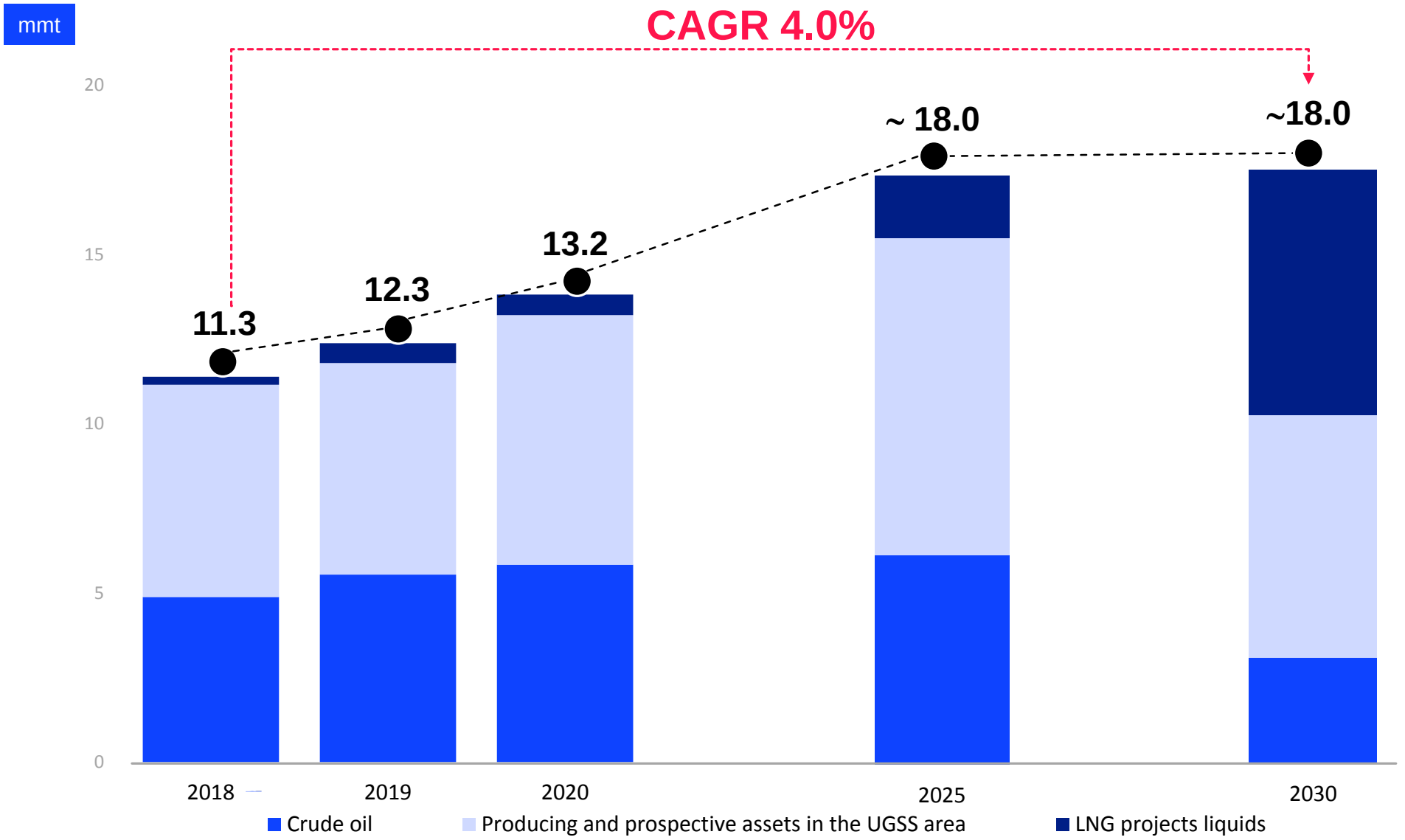
Liquid hydrocarbons production profile (1)



(1) Liquid hydrocarbons production profile is based on NOVATEK's share in JV production

Project implementation schedule

Start of work at the LNG construction center

Launch of the North-Russkoye cluster

Launch of the Geofizicheskoye field

(subject to requisite conditions in the domestic market)

Start-up of three LNG trains

Start of Vysotsk LNG Train 1

Start of Vysotsk LNG Train 2

2017 | **2018** | **2019** | **2021** | **2022-2023** | **2024** | **2025** | **2026-2030**

Start-up of Yamal LNG Trains III-IV

Start-up of Arctic LNG 2 Train III

Start-up of Yamal LNG Train II

Start-up of Arctic LNG 2 Train II

Commissioning of Kamchatka transshipment complex

Start-up of Yamal LNG Train I

Start-up of Arctic LNG 2 Train I

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Our investment case

- World-class resource base – one of the largest globally
- Low-cost production – one of the lowest in the industry
- Close proximity to infrastructure – gas/liquids transportation & processing
- Experienced management team – excellent project delivery track record
- Exceptional financial results – among the highest returns on capital employed
- Strong FCF generation – self-funded investment program at any commodity price
- Capacity to grow shareholder returns – growth-oriented business model with balanced dividend policy
- Sustainable development principles – recognized by stakeholders
- Scalable LNG projects – create new market opportunities

Creating Shareholder Value

Transforming into a Global Gas Company

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Five pillars supporting sustainable growth

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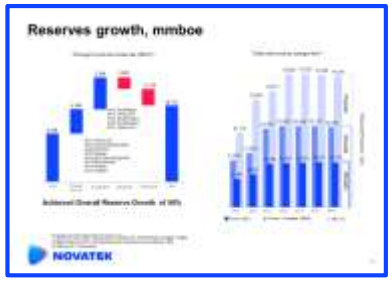
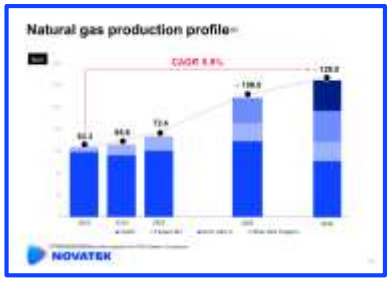
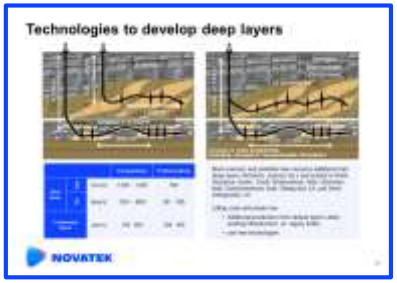


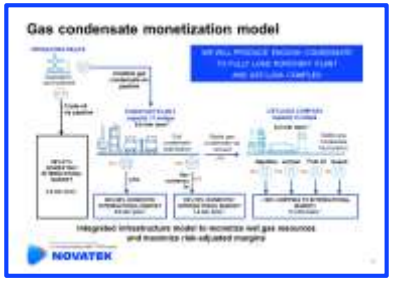
High Quality Long Life Reserves



Strong Production Growth



Low Cost Producer



Low Risk to Commodity Price Movements

Scalable LNG projects

8. Appendix

NOVATEK

Strong credit metrics

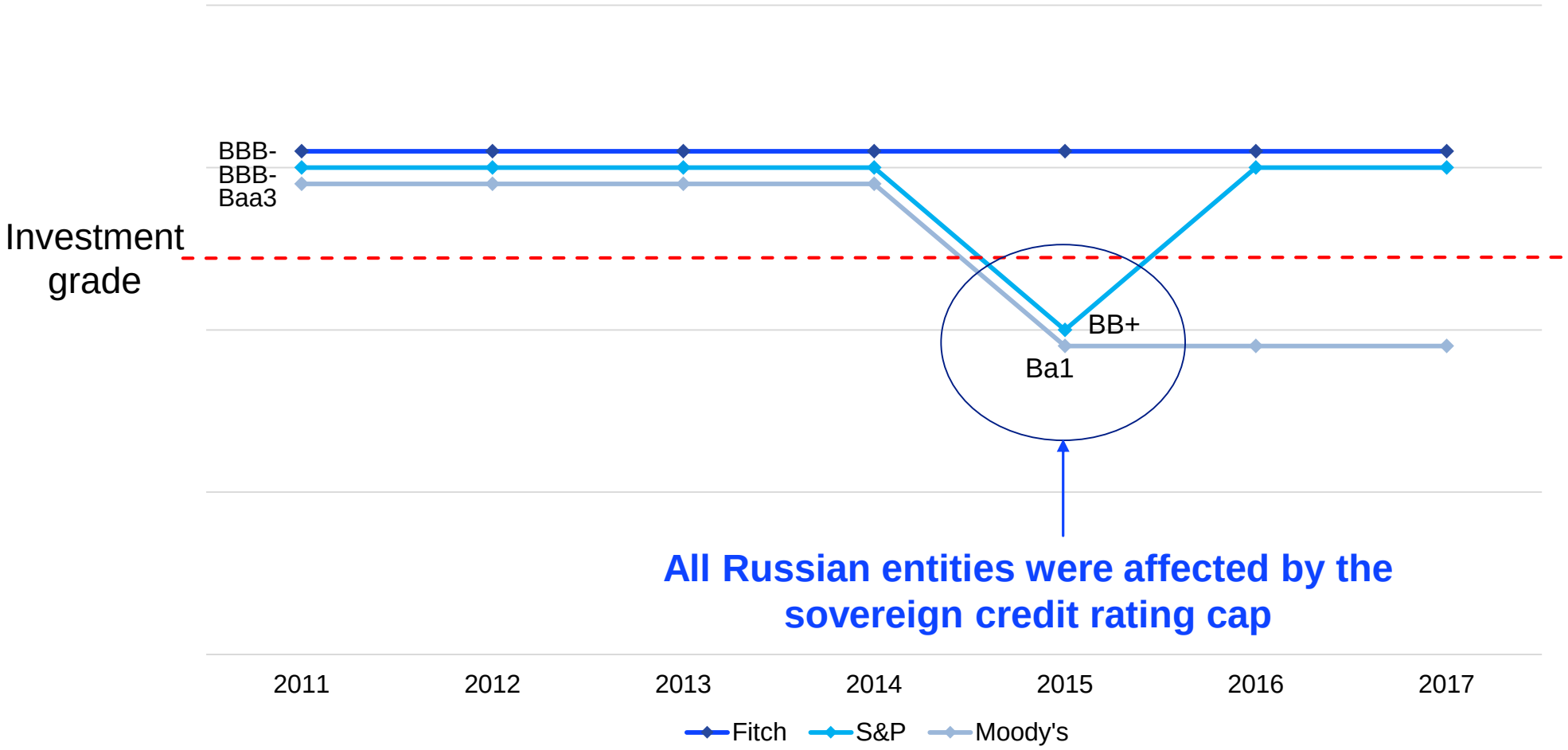
Criteria used to support credit rating	Company Rating
Scale of business (Reserves and Production)	Aa
Business Profile	Baa
Profitability and efficiency	Aa
Leverage and Coverage (Debt metrics)	A – Aaa
Financial Policy	Baa
INDICATED CORPORATE RATING	**A1**
Actual rating	Ba1

Moody's Comments:

- Strong financial metrics
- Sizeable conventional low-cost reserves and well monetized
- Integrated business model
- Yamal LNG project is fully funded and on track

Source: Moody's estimates

Credit ratings



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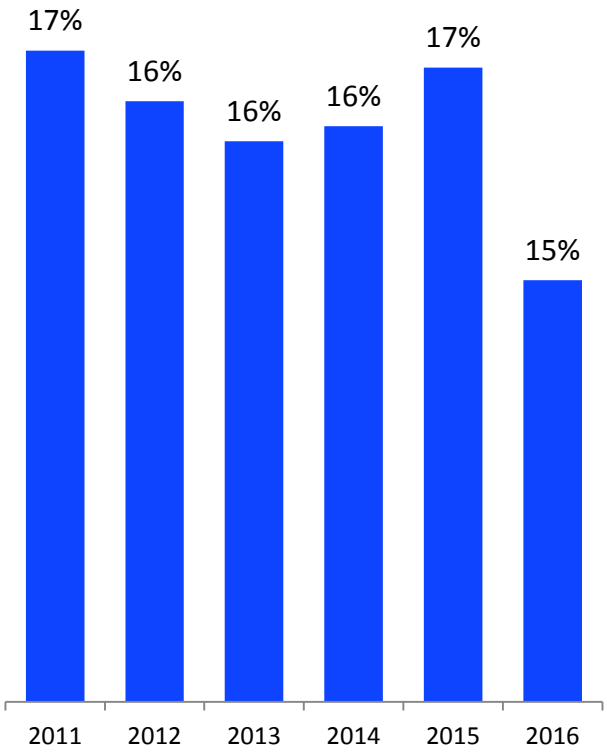
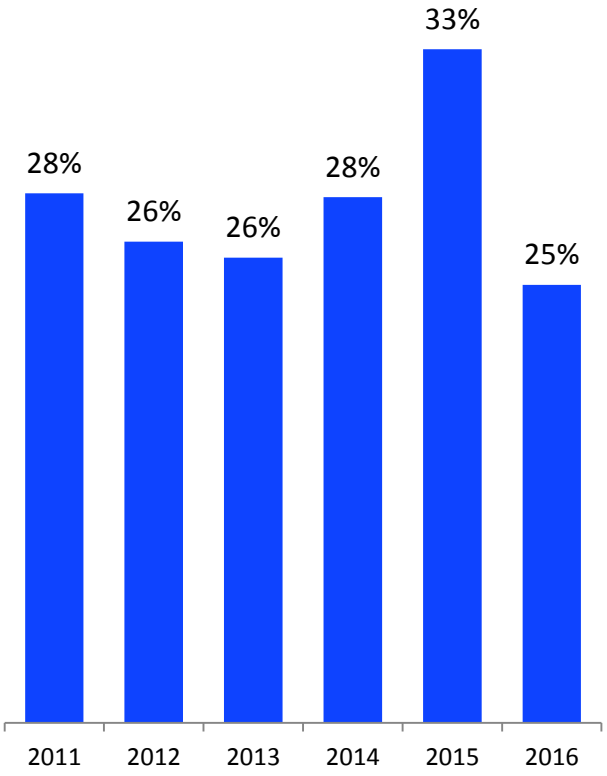
Leading industry returns

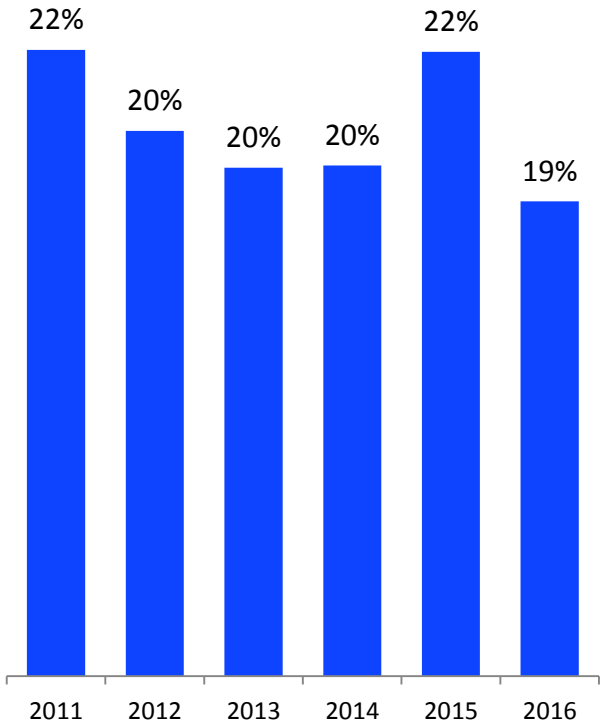
Return on Assets



Return on Equity



Return on Investment



Rounded to the whole number

High quality reserve base and prudent investment decisions ensure strong returns

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Cumulative total shareholder return (%)