

PAO NOVATEK

Corporate Strategy Day - 2018 through 2030

**12 December 2017
Moscow, Russian Federation**

Ladies and Gentlemen, shareholders; good morning and welcome to our Corporate Strategy Day. It's great to see everyone today as we quickly approach the upcoming holiday season and usher in a New Year. We would like to extend our warm greetings to everyone here in Moscow and to those individuals who couldn't join in person but who will view this presentation online.

DISCLAIMER

We encourage you to read this disclaimer statement before drawing any conclusions or making investment decisions.

Throughout today's event we will make references to forward-looking statements by using words such as our plans, objectives, goals, strategies, and other similar words, which are other than statements of historical facts.

What we will present today reflects our views as of the date of our corporate strategy and we undertake no obligation to revise these forward-looking statements in light of new information or future events.

STRATEGY DAY 2017

Today's strategy presentation will be divided into several sections. We will discuss the factors changing the global gas markets. We will briefly revisit our 2011 strategy. We will discuss our commitment to remain focused on our core domestic business.

We will then take a short 10 to 15 minute break before resuming the second part of our presentation focusing on LNG and other matters.

After the formal presentation is concluded we will take another break for approximately 45 minutes before resuming with a speech from our Chairman of the Management Board, Mr. Leonid V. Mikhelson. Then will proceed directly to our questions and answers (Q&A) session. Joining me on the panel will be Mr. Mikhelson, Mr. Alexander Fridman, and Mr. Lev Feodosyev.

We have issued A5 index cards to write questions. We request that you write your questions legibly and hand the cards to one of our employees. We will use these questions to begin our Q&A session.

So, let's begin.

It's been quite a journey for NOVATEK since we last published our Corporate Strategy in 2011. The global energy markets have evolved significantly over the past 7 years, and our new corporate strategy considers these changes that we believe define the future competitive landscape as we see it today.

It gives us great pleasure to discuss NOVATEK's new corporate strategy to 2030.

Our new strategy takes two different paths yet it focuses on one fundamental truth – natural gas will play a leading role in the future energy mix to 2030 and beyond.

Why two paths?

We have an existing business model that is committed to delivering uninterrupted natural gas to the Russian domestic market. This path generates sustainable operating cash flows to fund our larger LNG ambitions.

Our domestic gas and liquids business generates more than \$2.0 billion of Free Cash Flows per year and this cash generation will be maintained through the strategy period. It's important because it clearly shows our strength in today's macro-environment as well as in periods of severe commodity price volatility. Our low cost base is key and this competitive advantage will remain a recurring theme throughout our strategy period.

The second path is our ambition to be one of the world's largest LNG producers. We will achieve this goal by utilizing technology and innovation to unlock our prolific hydrocarbon resource base on the Yamal and Gydan peninsulas.

We will now begin focusing our attention on Arctic LNG 2. Then, we will proceed to a series of "other" LNG projects to realize our global LNG ambitions. Our long-term LNG strategy is completely congruent with the overall energy strategy of Russia. We believe the governmental will fully support our initiatives. Our big plan is to create a new LNG center from Russia's Arctic zone that will rival the main LNG export centers of Qatar, Australia and the United States.

The process of transforming NOVATEK from a domestically focused gas producer into the next major LNG player began with the successful launch of Yamal LNG. The startup of the first LNG train and the formal first cargo loading represent an extraordinary accomplishment for the Company. Despite all of the doubt, skepticism and criticism, we delivered.

Our new strategy evolved from a very basic question - how would natural gas power megacities in the year 2050? This basic question led to a series of debates about the role of natural gas in the future energy mix considering climate change initiatives, renewables, and technological innovations. Just imagine asking yourself this question. How do you see the world changing three decades into the future and beyond?

We have to take a long-term view of the future because **today we are investing in major projects that will still be operating in 2050 and beyond**. Think about that fact. Every one of our major LNG projects will have an operating life exceeding 30 years!!!

Unfortunately, long business cycles entail volatility and uncertainty. How we view the future today is critically important. What role natural gas plays in driving economic expansion and addressing the concerns of climate change might be different from our future expectations.

Our future vision looked at many factors, some interrelated, some not.

Factors such as population growth, urbanization, GDP growth, and the impact of renewables like solar and wind was considered. We assessed changing demographics, the penetration of electric vehicles, climate change initiatives and governmental policy mandates. We assessed the future of transport fuels as well as many independent forecasts influencing the total energy mix. We reviewed and interpreted many of the published reports by global energy companies and respected industry consultants to draw our conclusions.

In the end it was clear. Natural gas **will play a significant role** in the future energy mix. Natural gas delivered to the markets in the form of LNG will lead the way in a world quickly transforming to a lower carbon, greener environment.

Our strategic vision took visible shape and LNG would be our path to playing a major role in answering **three fundamental questions** – (1) energy affordability; (2) energy security; and (3) energy sustainability.

Our ability to build a world-scale LNG platform monetizing our prolific hydrocarbon resources affirmatively answers these three crucial questions. NOVATEK **can deliver** low cost and competitively priced LNG to key consuming markets addressing **energy affordability**. NOVATEK **has a huge, high quality resource base** addressing **energy security**. And finally, NOVATEK vision to supply the global markets with low carbon natural gas addresses the question of **energy sustainability**.

Climate change is a central issue in today's society. Russia has declared 2017 as the "**Year of the Ecology**", and we fully supported these initiatives. NOVATEK will play a major role in reducing the harmful impacts caused by carbon emissions and we have aligned our business to meet these challenges in a socially and environmentally responsible manner.

Today, we formally publish our strategic plan up to the year 2030. It highlights our future LNG vision. We would like to emphasize, however, that we have not lost sight of our responsibility to supply natural gas to the Russian domestic market. Throughout this past year we have repeatedly asserted that we are not an "Ex-Growth" story despite production declines in our maturing fields. Throughout the past year we outlined our plans to decelerate these declines through remedial works, install compressor booster stations, launch new producing fields, and drill deeper into the Achimov and Jurassic formations.

We achieved extremely encouraging results. The deeper producing formations will play a key role in our future development activities. I made a statement on our last conference call that I would like to repeat today. I said, “**it is no longer a question of “if” but now it is a question of “when”**”. We have found the technical solution to exploit our deeper resources. Now, we need the time to drill and implement a prudent, cost-effective development plan.

We believe our strategy outlined today addresses many of these questions.

Along with our new corporate strategy we simultaneously introduced our new corporate identity. It’s a creative interpretation of vaporizing gas molecules. It represents our symbolic break from our past and a beginning of our new future.

Our new look is bold and contemporary. And, so is our future ambition.

STRATEGIC FRAMEWORK

Our Strategic Framework has been slightly modified from the one published in 2011. We now introduce **technology and innovation** as a key enabler as well as **building a comprehensive LNG platform**. We possess an enormous hydrocarbon resource base at the core of our strategic framework. We unlock economic value by adopting leading edge technologies to monetize these resources and create a portfolio of value accretive projects. It is important that we minimize our environmental footprint as well as support the social activities where we conduct our business operations.

LEVERAGING OUR STENGTHS

Our success comes from leveraging our strengths. Besides resources we have been extremely successful in maintaining our strong focus on cost control and project execution. Let’s look at Yamal LNG as an example. We have successfully developed this large-scale project on time and on budget despite harsh climatic conditions and less than ideal market conditions. This accomplishment is something to be very proud of as company. Many of our global oil and gas peers have experienced massive cost overruns or project delays, or both.

Later today, we will discuss our plans to adopt gravity-based platforms using technology and innovation for our future LNG projects. This new concept will significantly reduce liquefaction costs. Achieving a low-cost solution is important so that our future LNG projects remain cost-competitive in a new pricing paradigm.

It’s also important that we have strengthened our balance sheet. Our current business generates sufficient operating cash flows to internally fund our operations, service our debt and liabilities, and distribute cash to our shareholders in the form of dividends. **We have one of the best credit profiles in the Russian oil and gas industry.** Our strong cash

flows generated from our core domestic business has allowed us to significantly reduce our long-term debt portfolio and maintain strong credit metrics.

HYDROCARBON RESOURCE BASE

Our asset portfolio comprises 42 license areas. There is a clear line between assets developed for pipeline projects within the Unified Gas Supply System and those assets clearly earmarked for export-oriented projects in the form of LNG. Our high-quality, long-life resource base supports our strategic goals and objectives. This gives us a huge competitive advantage to have a highly concentrated asset base for both pipeline and LNG projects.

TECHNOLOGICAL ACCOMPLISHMENTS 1

Since technology and innovation plays a crucial role in our future strategy we would like to briefly highlight some of the technical accomplishments we have achieved over the past 7 years.

We have taken conceptual ideas and transformed these concepts into tangible results. We constructed a world-class LNG project on permafrost, the first of its kind. We developed a test model of a tanker hull and then delivered the Arc7 Ice Class tanker. We introduced long horizontal wells with multi-stage fracturing to drill and completed production wells in high-pressure reservoirs.

TECHNOLOGICAL ACCOMPLISHMENTS 2

We developed the proprietary “Arctic Cascade” liquefaction technology for the 4th LNG train at Yamal LNG. Technology and innovation will be used as a main driver to monetize our massive resource base. It will allow us enter the LNG markets with the new GBS platforms as well as maintaining a strong commitment to deliver natural gas to the Russian domestic market and fully load our processing facilities by drilling deeper into producing layers.

CREATING SUSTAINABLE SHAREHOLDER VALUE

The main highlights of our Strategic Objectives from 2018 to 2030 address our commitments to the Russian domestic market as well as our plans to transition towards LNG in the future.

We intend to increase our resource base, increase our core domestic production, and maintain our low cost competitive advantage. We will use our processing facilities to increase our risk-adjusted margins. We will also optimize our marketing channels by maximizing our use of the Northern Sea Route and develop strategic transshipment centers for our LNG business.

By delivering on these strategic objectives we will create long-term, sustainable shareholder value. We have the ability to make quick managerial decisions to capitalize on changing market dynamics. We are confident we can deliver what we promise.

Our new strategy transforms NOVATEK into a global gas power. **We will rival many of the super majors** in hydrocarbon resources and natural gas production. We will **retain our unique distinction as one of the lowest cost producers** in the global oil and gas industry. And, most importantly, **we will open a major new LNG producing center** that places Russia as one of the top LNG producing centers along side Qatar, the United States, and Australia delivering clean energy well into the 21st century.

SECTION 2| STRATEGY 2011: EXECUTION

GLOBAL GAS MARKET FUTURE: AS SEEN FROM 2005 AND 2011

In 2005, the consensus view was that the US would be a major importer of natural gas. Significant capital was invested to build regasification terminals along the Gulf Coast and Eastern seaports. All major gas players were developing projects to supply natural gas to this massively “profitable” market. Unfortunately, technology spoiled the party. Hydraulic fracturing opened tight formations and the **“Shale Revolution” was born.**

Today, the picture is clear. The global gas markets have evolved significantly since 2005 and 2011. What was first perceived as a rush to deliver natural gas to the United States in 2005 has dramatically changed with the success of the “Shale Revolution”. In 2011, it became clear that the US had the potential to become a major exporter of natural gas but a comprehensive energy policy was never formulated. That has changed. The US is on the verge of becoming a major LNG exporter, and the energy policy under President Trump supports this aim.

ACHIEVING 2011 STRATEGY TARGETS

We have achieved an enormous amount of success since we published our last corporate strategy in 2011. Our corporate strategy is our guiding vision. The success of this strategy can only be measured by **“what we said we would do, to what we actually achieved”**. I will briefly highlight what we accomplished. Our 2011 corporate strategy centered on three (3) primary themes: (1) **expand processing capacity**, (2) **increase liquids output**, and (3) **launch Yamal LNG**.

As of today, we completed or exceeded most of our strategic targets as set forth in our 2011 strategy, except for the slight delay in the expected launch of the North-Russkoye field, which is now set to launch in 2019.

Expanding our processing capacity was a prerequisite to launching our core liquid producing assets. We achieved this strategic goal by expanding our Purovsky Processing Plant from five (5) million tons per annum to 11 million tons and by constructing and launching the six (6) million tons per annum Ust-Luga Complex. These projects were

launched on time and on budget and have been the cornerstone of our liquids monetization strategy.

PROJECTS COMPLETED IN 2012 TO 2017

Next, we successfully launched a series of green-field producing assets – the Samburgskoye field in 2012, the North-Urengoykoye field in 2013, the Urengoykoye field in 2014, and the Yarudeyskoye, Yaro-Yakhinskoye and Termokarstoye fields in 2015. These successful launches, again on time and on budget, significantly contributed to the ramp-up of our liquids production and the generation of strong operating cash flows. **Our main short- and mid-term strategic goals were achieved.**

We are now at our third and final theme from our 2011 strategy - the formal launch of LNG Train #1 at Yamal LNG. Implementing all of these projects ensured that we achieved our major strategic goals outlined in 2011. It represents the conclusion of our last strategy and the start of our transformation.

An online news story perfectly summed up this message with this headline, “**Russia’s NOVATEK now a world player with Yamal LNG**”.

RESERVES GROWTH

Our massive hydrocarbon resource position ranks NOVATEK as one of the largest oil and gas companies in the world. From 2010 to 2016, we successfully increased our proved reserves under the SEC reserve classification by 58% to 12.8 billion barrels of oil equivalent. Under the PRMS and Russian reserve classification systems we have approximately 23 billion BOE and 37 billion BOE, respectively.

In June and August of 2017, we successfully added roughly 20 billion barrels of oil equivalent to our Russian resource base by winning the auctions for four (4) new licenses on the Yamal and Gydan peninsulas. These new resources are not reflected in our present resource base as highlighted in these graphs, but will be included over the next several years as we complete exploration work and further develop our future LNG platform.

PRODUCTION AND FINANCIAL METRICS

From 2011 to 2016, we increased our natural gas production by 28% to roughly 69 billion cubic meters and our liquids production by more than 3 times to over 12 million tons. The strong growth in our natural gas and liquids translated into a three-fold increase in our revenues and a 2.8 times growth in our EBITDA. Our Free Cash Flow (FCF) increased at a compound annual growth rate of ~28% from 2011 to 2016.

NOVATEK ranked #3 in the world for reserve replacement costs as well as #3 for finding and development costs by the recently published report by IHS. It’s a consistent theme throughout our story. **We again ranked amongst the lowest cost producers in the global oil and gas industry.**

The financial and operational results we achieved since our last strategy date and the unparalleled execution of our strategic projects is exceptional. We faced many external challenges but we delivered to our shareholders what we promised we would deliver.

The stage is now set for our entrance into the global LNG markets and is the underlying core theme of our new corporate strategy to 2030. We are now entering the next phase of our company's evolution. Developing a strategic vision to 2030 requires assessing many variables, some will materialize as we envision, others will not.

Our investment opportunities are extremely exciting as improving living standards, economic expansion, and growing populations all signal growth in global energy demand, particularly natural gas.

SECTION 3| CORE DOMESTIC ASSETS

The first strategic path we will discuss today relates to our Core Domestic Assets. This represents our legacy gas business and monetizing our liquids.

STRENGTHS IN THE DOMESTIC GAS MARKET

The starting point under both strategic paths – our core domestic business and global LNG – begins with our low-cost, wet gas resource base. This gives us a huge competitive advantage. One of our key strengths is having our massive resource base in close proximity to the unified gas supply system, including the uninterrupted use of the main pipeline corridors to deliver natural gas to the domestic market.

Over the years we have clearly positioned ourselves to be a reliable supplier of natural gas to a diverse base of power, industrial and residential consumers. We feel reasonably confident that our core gas business will remain relatively stable over the strategy period as we have a good mix of customers across Russia.

RESERVES WITHIN REACH OF THE UGSS

We have slightly less than 2 trillion cubic meters of natural gas and 266 million tons of liquids according to our PRMS reserves. In addition, we have the capability to add another 821 billion cubic meters of natural gas and 186 million tons of liquids with additional exploration and development activities.

We will continue to participate in upcoming license tenders to supplement these resources. The close proximity of our producing assets to the UGSS allows us to effectively monetize our resource base through our uninterrupted access to the main pipeline network, thus maintaining our domestic gas market share.

So, what will the Russian domestic look like over the strategy period in our view?

DOMESTIC GAS MARKET

The general conditions on the Russian domestic gas market **remain relatively stable** throughout the strategy period in our view. Although we might be somewhat conservative in our demand assumptions, we believe the domestic market could potentially provide for some upside surprises, but overall, we feel that our estimation is quite reasonable.

We expect stable domestic consumption, inflationary gas price tariff growth, which is partially offset by slower increases in the transport tariff. **Stimulating domestic gas demand will be important.** In this regard we believe the domestic gas market still has room to grow despite its maturity. We see potential market growth with additional regional gasification, conversion of transport fuels to LNG and possibly some conversion of coal to gas to meet climate change targets.

Essentially, the Russian domestic market is a highly gasified mature market, but there are a few bright spots available, as we will discuss later today.

One of the main areas that we believe needs to be addressed is the regulatory framework. **We are advocates of a comprehensive reform** in the domestic gas market. We have stated many times in the past and, we still believe it is true today, that regulatory reform is needed. In our opinion, regulatory reform considers price and transport tariffs, pipeline access, extraction taxes and regional development initiatives in a more holistic manner to implement a comprehensive reform package. If implemented we believe that this reform process corrects an outdated model created with Gazprom as the only main supplier of natural gas.

We also believe that uncertainty over domestic regulations impedes investment decisions and hinders consumption growth. We strongly advocate constructive dialogue amongst industry and government to facilitate investments decisions, stimulate demand and ensure adequate supplies of natural gas on the domestic market.

MARKETING IN THE DOMESTIC GAS MARKET

Our regional marketing presence has not changed drastically over the past several years as we supply natural gas to 39 regions throughout Russia. We supply natural gas to a number of large industrial consumers; power generating companies, regional distributors as well as residential customers in regions where we control the distribution network.

Our strategy today assumes that our regional market presence as well as customer profiles stays relatively consistent up to 2030.

DOMESTIC GAS MARKETING

Our present mix of gas supply contracts supports this assumption. To implement an effective marketing strategy we strive to achieve a good mix of various supply contracts over a range of durations. This essentially ensures a stable customer base and the

flexibility to meet market demand. Over the strategy period to 2030, we already have contracts to **sell about 600 billion cubic meters of natural gas**, with long-term contracts accounting for more than 70% of our gas sales volumes. This implies a solid base of high quality customers underpinning our marketing efforts. We will support our marketing efforts by participating in the gas exchange and potentially developing new marketing opportunities.

NEW DOMESTIC GAS MARKETS AND SERVICES

The market is rapidly changing with the growing electrification of the global economy. We have become accustomed to an interconnected society through the expanded use of digital devices, the Internet of things, and the evolving landscape of power generation. Energy efficiency and structural changes in society are demanding that energy companies' revisit this question and develop innovative solutions to address these new market opportunities.

As electricity is becoming the preferred choice for many end-consumers we have identified a series of potential services utilizing our natural gas resources to deliver market-driven solutions. One area where we believe we can create a new market opportunity and address a consumer need is through the **process of providing bundled power supply services to industrial consumers**. This would allow us to create a seamless, one-stop solution to better integrate our gas business with our consumers to allow our customers to focus on their core businesses.

We also see an opportunity to build an LNG refueling network for transportation within Russia. By building small-scaled LNG facilities at key transport points and using LNG as the fuel choice to power vehicles and trucks, we see market potentially growing by more than 20 billion cubic meters of natural gas by 2030. We can also expand this idea and construct small-scale LNG plants in remote residential areas and industrial facilities that are not connected to the main power grid. These are just a few conceptual ideas that we believe can create high-added value projects in the domestic gas market and provide innovative solutions to our consumers.

SMALL SCALE LNG AND USE OF GAS AS MOTOR FUEL

Let's take an example of a pilot project we are working on in the Chelyabinsk region to convert LNG into a motor fuel. The pilot concept uses natural gas as the primary fuel for large mining trucks that transverse back and forth each day over a set distance. The advantages of using LNG as a fuel source is the potential operating cost savings to the business owner and the increased mileage per tank of LNG.

Our plans call for the design and construction of a mini-LNG project at MMK in 2018. We have already completed research and engineering for the plant and selected the infrastructure for the facility. We recently completed the testing of truck-to-truck fueling at MMK's production facility and are ready to move forward with this initial pilot program.

Our marketing goal is to be viewed as a provider of value-added services to businesses and a partner in developing innovative, comprehensive solutions to improve business performance and increase profitability for our customers. Moreover, this type of pilot program supports a federal initiative and creates an opportunity for us develop a niche segment of the domestic market.

The government forecasts that approximately 4% of all Russian road vehicles, or about 2.5 million vehicles, will be converted to natural gas by 2030. Essentially, a new trend is emerging and gaining traction throughout the world. We forecast that motor transport, namely heavy trucks and fleet vehicles, will partially convert to either compressed natural gas (CNG) or LNG. We also believe this transition will extend to rail transport and marine fuels, which underscores our strategic move into small-scale LNG projects and potential bunkering opportunities.

TECHNOLOGIES TO DEVELOP DEEPER LAYERS

Over the past year we have read many negative comments about our declining production from our mature fields. Many analysts labeled NOVATEK as “ex-growth”. We vehemently disagreed with this comment and have subsequently spoken about concrete steps we plan to take on various conference calls. Now, we will talk more specifics.

Technology will be deployed to solve some of the declining mature production by drilling deeper into the Achimov and Jurassic layers. We will use multi-lateral fracturing techniques to stimulate production flows in low permeable formations. The diagram shown on the screen highlights that we will use existing wellbores in some cases to penetrate the different producing layers as well as increase the horizontal length from around 600 meters to between 1,500 to 2,000 meters.

So far, we have achieved very good flow rates for both natural gas and gas condensate by implementing this development program. We have also achieved a much higher gas condensate factor than earlier wells, which means we can optimize the cost of our development program and sustain production levels.

We will deploy this new program across a range of our fields. For example, at the West-Yurkharovskoye field we plan to drill 13 wells to the Jurassic formation over the next couple of years after the positive test results from drilling well #135. It is reasonable to assume that we would not have been able to achieve this type of drilling results several years ago without improving downhole completion technology.

NORTH-RUSSKOYE CLUSTER

The next big domestic development program is the North Russkoye cluster comprising 4 fields. All of the main exploratory activities have now been completed. We will commence producing natural gas and gas condensate in late 2019 followed by crude oil production from the Kharbeyskoye field in 2020.

We will drill 15 production wells at the North Russkoye field in 2018 and 2019, with first production estimated to commence in the 3Q 2019. We will also drill 8 production wells at the East-Tazovskoye field during the same period. In 2018, we will also commence exploration drilling at the Dorogovskoye and Kharbeyskoye field to test the natural gas and gas condensate bearing zones in the middle Jurassic layers.

Over the next three years we will spend approximately RR 64 billion in capital investments to develop the cluster and commence production. There will be a lot of ongoing exploration and development activities over the next two years to prepare this cluster for production.

The North Russkoye cluster is projected to produce approximately **14 billion cubic meters of natural gas, one million tons of gas condensate and about four (4) million tons of crude oil** as outlined in the production profile through 2030. The Cluster has upside to add potential PRMS reserves of 151 billion cubic meters of natural gas and 71 million tons of liquids.

ARCTICGAS

The next major development program we will discuss today is our joint venture Arcticgas. Arcticgas is also comprised of four fields with the Samburgskiy license area the largest in terms of production and reserves. We have drilled some very promising deeper layer Achimov wells in the northern section of the Samburgsky field, including well #6001 at the Urengoyskoye field.

As a result of the increased liquids output **we decided to build a 1.2 million tons gas condensate de-ethanization unit** to separate the high liquids component at the Samburgskoye field. The new well will be commissioned within the first-half of 2020.

We will drill 26 development wells over the next 2 years to increase production output from the Achimov layers. The JV will maintain a production profile ranging from 26 billion cubic meters to 29 billion cubic meters and 7.7 million tons to 8.6 million tons of liquids. We will also commence the **first phase of our oil development at the Yaro-Yakhinshoye field** by drilling 29 production wells into the Valangian formation. **First crude oil production is expected in 2018.**

Overall, our development activities will peak natural gas and liquids production to over 34 billion cubic meters of natural gas and approximately 9 million tons of liquids, respectively, by mid-2020 as noted on the production profiles.

The joint venture has budgeted gross capital expenditures of approximately RR 95 billion over the next three years to increase production output and launch the Phase 1 crude oil program. We anticipate receiving initial dividends from the joint venture in 2019 and subsequently increasing post 2020.

GEOFIZICHESKOYE/TREKHBUGORNOYE FIELDS

The Geofizicheskoye cluster is the wild card in our asset portfolio. This cluster provides us with the option to develop these resources as either a pipeline project to the domestic market or as an LNG project for export.

As of today, a definitive decision has not been made so **we excluded this cluster from our production profiles** as part of the strategy material. We estimate the cluster can produce approximately **20 billion cubic meters of natural gas** with upside gas condensate potential. The cluster also has the potential to significantly increase the PRMS reserves by 2030 through further exploration and development activities.

We will continue to assess our options for this cluster. Our development decision depends largely on future market demand.

SEVERNEFT-URENGOY

We recently announced the acquisition of Severneft-Urengoy from Eurochem, comprising a series of mature producing fields on the West-Yaroyakhinskiy license area. The asset was acquired for approximately RR 13.1 billion

The main license area holds Russian reserves of 55 billion cubic meters of natural gas, 7.5 million tons of gas condensate and 26.8 million tons of crude oil. In 2016, the license area produced 816 million cubic meters of natural gas and 93 thousand tons of liquids.

The fields are in close proximity to our existing infrastructure. We have revised the prior development plan to now include drilling some horizontal wells. As a result, we have raised the potential production profile to approximately **one billion cubic meters of natural gas and about 150 thousand tons of gas condensate.**

SOUTH KHADYRYAKHINSKIY

We also acquired another set of smaller, producing assets from a joint venture comprised of NeftegazHolding and Repsol, for a net acquisition price of slightly less than RR 3 billion. One of the fields (which I won't even attempt to pronounce) is currently producing 799 million cubic meters of natural gas and almost 7 thousand tons of gas condensate. It is a mature producing field with limited upside potential.

The other field acquired – South Khadyryakhinskiy - is still undergoing exploration activities but **we estimate that it can produce about 1.2 billion cubic meters of natural gas by 2020.** We will focus on completing these activities and put this field on stream by the end of 2020.

We are committed to decelerating our production declines. We have taken concrete actions to achieve this aim. For example, we will significantly increase our exploration budget five-fold in 2018 to bring forward development of our assets. We will also

undertake remedial works as required. We will continue to supplement our production profile through M&A activities if we deem these assets fit within our portfolio and are priced attractively. We will only consider M&A transactions if they are value accretive for our shareholders.

GAS CONDENSATE MONETIZATION MODEL

This next slide is a high level overview of our integrated model to monetize our wet gas resources and maximize risk-adjusted margins. It is essentially our flow diagram of how products move throughout our processing facilities and the approximate end product output.

Sustaining natural gas production is important to retain our domestic market share. **It is also very important to maintain liquid output through our processing facilities.** One of the core objectives of our strategy is to ensure the maximum use of our Purovsky Plant and Ust-Luga Complex. **We are please to report that we will produce sufficient volumes of gas condensate throughout the entire strategy period to fully load our processing facilities.** Our liquids business generates strong operating cash flows and will contribute substantially to our current and future EBITDA.

INCREASE PROCESSING DEPTH AT UST-LUGA

We will increase the processing depth at our Ust-Luga Complex by 2019. We will invest approximately RR 17 billion over the next 3 years. This expansion will **add another one million ton per annum light hydrocracker unit** to further fractionate heavier bunker fuels into lighter products like jet fuels, naphtha, and gasoil.

We believe this type of investment is warranted and economically sound. Marine transport will shift away from using bunker fuels to lighter products like diesel or by converting ships to LNG. We project an average netback margin enhancement of roughly RR 1,000 per ton across our product range with a projected 3 year payout period.

PROJECTS WITHIN REACH OF THE UGSS

This concludes the section on projects within the reach of the UGSS. To summarize this section we expect to **cumulatively produce approximately 820 billion cubic meters of natural gas, 107 million tons of gas condensate and 72 million tons of crude oil** up through 2030.

We estimate that we will spend approximately RR 700 billion to RR 780 billion, excluding the costs of the Geofizicheskoye cluster projects, to generate operating cash flows from RR 2.4 trillion to RR 2.7 trillion over the strategy period. **We will generate more than USD 2.0 billion annually in sustainable free cash flows from our asset base within reach of the UGSS.**

Our average production profile over the next 13 years unequivocally demonstrates that NOVATEK is not “ex-growth” as prematurely commented throughout the past year. We see potential upside to our production profile. More importantly, **we will generate strong and sustainable operating cash flows.**

In the next section we will discuss our future LNG ambitions but first we propose that we take a 10 to 15 minute intermission break.

We kindly ask everyone to please be back promptly when notified of the resumption of our presentation.

SECTION 4 | LNG DEVELOPMENT

COMMISSIONING OF YAMAL LNG

The first LNG train was successfully launched with the first cargo loaded and discharged on the “Christophe de Margerie” on the 8th December. This ceremonial event is a significant achievement for NOVATEK as the originator of the Yamal LNG project and for all of our partners, contractors and employees whom made this event a reality.

This brings us to our next section of the corporate strategy presentation – our LNG ambitions.

YAMAL LNG: ON TIME AND ON BUDGET

Yamal LNG was delivered on time and on budget. This speaks volumes considering the massive delays and cost overruns on other LNG projects around the world. **Today is a day we celebrate our achievement.** We would like to recognize everyone who has work diligently to make this launch a major achievement for NOVATEK and our partners, and the opening of the next major LNG center in the Arctic zone of Russia.

We will briefly highlight some important facts. Yamal LNG benefited from full governmental support as noted by the tax concessions and export license as well as the comments reported from the subsequent ministerial discussions post the formal launch ceremony. Mr. Mikhelson will make some brief comments about this point.

We were able to deliver train #1 in approximately 52 months, which is an enormous accomplishment when you consider the average time to complete such a project, is between 68 and 72 months.

The South-Tambeyskoye field has the potential for additional PRMS reserves. We will drill some wells into the deeper producing horizons in 2018 to test these layers. The test results from wells #171 and #175 confirm production potential in the Jurassic layers, so in 2018 and 2019, we will run approximately 560 square kilometers of 3D seismic and develop a project to drill to this deeper, condensate rich structure. This upside further supports a long production plateau throughout our strategy period and beyond.

YAMAL LNG: PROJECT OVERVIEW

We will ship LNG to either the European or Asian Pacific markets using the Northern Sea Route. The East-West transport model depends on the seasonal navigational periods. This dramatically affects the time and distance to market. We will transship volumes using a reloading terminal at Zeebrugge to offload cargos to conventional LNG tankers when using the European transport direction to the Asian markets.

YAMAL LNG: PROJECT TIMELINE

We would like to reiterate our plans to move forward the expected launch dates for LNG trains #2 and #3 by roughly three (3) months and six (6) months, respectively. This decision was made after assessing the overall project construction progress to date, and may be revised again based on further progress.

We also expect to launch train #4 by late 2019.

YAMAL LNG: TRAIN #4 – “ARCTIC CASCADE”

We have confirmed that we will expand Yamal LNG by another 900 thousand tons per annum of LNG, using the proprietary “Arctic Cascade” liquefaction technology developed by NOVATEK’s engineers. We have a filed a patent for this new technology and are awaiting approval.

The “Arctic Cascade” liquefaction technology is based on a simplified two-staged cooling process. The first stage uses ethane to preliminary cool the natural gas taking full advantage of the colder Arctic climate to ensure maximum energy efficiency. The second stage uses nitrogen to further cool the natural gas. This simplified process uses a higher input pressure to initially cool the gas and eliminates the use of multi-refrigerants such as propane and methane.

One of the key considerations to expand Yamal LNG was to minimize capital spent and maximize present infrastructure. We estimate the liquefaction cost is between USD 450 to USD 500 million per ton of LNG produced. Moreover, the size of the train #4 expansion doesn’t require changes to current infrastructure at Yamal LNG, which facilitates a relatively quick buildout and minimizes expansion costs. Train 4th will be financed directly by the shareholders in proportion to their shareholding interests.

LNG LOGISTICS: TANKER FLEET

Our tanker fleet slide is a summary of Arc7 and Arc4 ice-class tankers as well as conventional tankers to transport LNG from Sabetta to the ultimate market destinations. The number of tankers required to transport LNG is a function of the buildup of liquefaction capacity and the schedule of offtake contracts.

We see no problem with the proposed tanker fleet matching our LNG output, and we will utilize 15 Arc7 ice-class tankers as previously announced and 11 tankers comprised of Arc4 and conventional tankers.

YAMAL LNG MARKETING: CURRENT STATUS

The early start-up volumes of LNG and our ability to bring forward the construction schedule for LNG trains #2 and #3 as well as launching train #4 in the fourth quarter of 2019 are important marketing points. Why is this important? Initially, we created a financial model that formed the basis of the original business plan provided to lenders. The original financial model incorporates a different ramp-up schedule and start dates that were based on the end of year launches; for example, the end of 2018 for train #2 and the end of 2019 for train #3.

Early start-up generates additional cash flows for the project's partners. This slide incorporates the earlier start dates and the change in volumes as compared to the original model. In addition, the new 2017 business plan includes the launch of train #4, which was not considered in the original lender model.

We will generate approximately USD 1.0 billion to USD 1.3 billion of additional early revenues to the project based on the new launch date assumptions and the commissioning of train #4. The launch of train #4 also **reduces the overall liquefaction cost by about 5%**, and **generates additional revenues of approximately 6%** thus improving overall project economics.

YAMAL LNG FINANCIAL METRICS

In summary, we estimate that **YLNG will generate approximately USD 62 billion in operating cash flow** (before financing costs) through the strategy period as well as **generate enough revenues from the sales of stable gas condensate to cover the majority of the plant's operating expenses.**

GLOBAL GAS DEMAND

The global gas markets are forecasted to increase throughout our strategy period and beyond. The rate of increase depends on the specific assumptions used in the forecasts but the trend is positive. We agree with these assessments as they represent a gradual shift towards cleaner burning fossil fuels.

We spent a lot of time assessing the fundamental shifts in the global markets that drive consumption of natural gas. Analyzing the main drivers was fundamental to our decision to build our LNG platform. We believe a thriving market will be available for our LNG, and those companies that create a competitively priced LNG business model will find consumers for their natural gas.

Global gas demand is expected to increase by roughly 26% from 2017 to 2030 according to research published by IHS, which more or less corresponds to the forecasts by most energy-consulting firms as well as our internal range of 23% to 26%. Not surprising, power generation and industrial companies remain the largest consumers of natural gas throughout our strategy period but we see strong relative movement in the transport sector despite its low starting base.

The consuming nations of the Asian Pacific region represent the largest market opportunity for LNG producers, and **China leads the expected growth in natural gas consumption**. The Chinese Government's 13th Five-Year Plan and the latest Energy Production and Consumption Report support the transition from coal to natural gas. The newly enacted environmentally "Green" policies are designed to reduce carbon emissions and air pollution, yet at the same time foster economic growth.

It is anticipated that **China's gas demand will treble** from roughly 200 billion cubic meters in 2017 to over 600 billion cubic meters by 2030. This demand growth correlates to the Chinese government's objective of **increasing natural gas in the total energy mix to 15% by 2030**.

India and other developing nations of the Asian Pacific region also represent large potential growth opportunities for natural gas. However, infrastructure questions and price sensitivity for consumers are main driving factors for LNG to penetrate these new markets. We have witnessed a new "**renaissance**" over the past couple of years as **many first time LNG buyers have entered the market**. The scope of this growth depends on many variables, but the trend is positive and lower LNG prices will foster further demand growth.

India with its huge expected growth in population and lower GDP per capita represents an ideal market environment for imports of natural gas. Unfortunately, there are still many barriers to overcome. **The Indian government must take a definitive position on climate change mandates versus economic development**. A decision between cheaper coal competing with increased imports of natural gas. Therefore, competitive pricing will strongly influence India's decision to convert from coal to natural gas.

GAS SHARE IN GLOBAL ENERGY BALANCE

Natural gas remains the only fossil fuel with an increasing share in the total global energy mix. The absolute growth in natural gas consumption of 802 million tons of oil equivalent is the largest amongst other energy sources including renewables. LNG is the fastest growth segment within natural gas. Future LNG trade represents the "**bridge**" to connect the global gas markets in the same way the crude oil markets are interconnected. Our LNG projects will help make this connection.

GLOBAL LNG DEMAND

Global LNG demand is forecasted to increase by approximately 214 million tons from 2017 to 2030, with about 79% of this growth focused in the key consuming Asian Pacific

markets and in Europe. The growth in LNG consumption within specific geographical regions is based on specific country drivers, but there is clear move towards cleaner burning energy sources and a rapid penetration of renewables in the energy mix.

Although renewables – solar and wind – tend to garner most of the favorable comments from politicians there are still major barriers to overcome. Issues surrounding battery technology and storage remain a critical issue. Questions of intermittency or “peak” versus “base” loads for power generation need to be answered. Significant advances in technology will obviously facilitate this gradual transition towards renewables but natural gas remains a viable energy source way beyond our strategy period of 2030.

Many commentaries label natural gas as a transition fuel until renewables take a larger piece of the total primary energy mix. We would disagree with this statement. Natural gas is a major fuel source empowering economic expansion and prosperity. It will a key part of the primary energy mix for many decades to come.

LNG CONTRACT PROFILES

The overall structure of LNG contracts is undergoing a radical change. **A new LNG pricing paradigm is emerging.** The future LNG market will be characterized by shorter contract durations, lower volume off-takes and higher credit risk customers as new market entrants emerge to off-take increasing volumes of LNG. This doesn't necessarily signal a bad situation but LNG producers must adjust to secure willing buyers in the market.

We will repeat many times today that low-cost LNG will be important in the future. You can already see this point being discussed by our competitors. **Our next wave of LNG projects will be competitively priced in any market,** and this will be one of our major strengths to attract partners and successfully market our LNG output.

We expect that about 80 million tons of LNG will expire over the strategy period combined with an absolute growth of approximately 214 million tons as discussed earlier. This chart conservatively defines the potential market as we see it today although **we strongly believe there will be further revisions upward** in total natural gas consumption, including LNG, post 2020.

The LNG glut is quickly fading as demand growth materializes quicker and the market absorbs the present supplies of LNG. We know there will be statements to the contrary, but the forecasted tightness in the LNG markets absent new Final Investment Decisions is a real concern. Based on current supply and demand forecasts the expected LNG supply deficit corresponds to the mid-2020's or possibly earlier. This timing corresponds exactly to our expected launch of Arctic LNG 2.

FOUR MAIN LNG PRODUCTION CENTERS

This naturally leads us to the next analysis and that meant **assessing the Four Main LNG Production Centers.** We may debate the absolute size of LNG consumption or future

LNG pricing but there is little doubt regarding the main LNG players in the market. The competitive landscape has evolved with the Australian “LNG boom” and emergence of the US as potentially one of the main LNG exporters, but our recent launch of Yamal LNG combined with our future LNG ambitions squarely places Russia in the center of these discussions.

From our analysis **there are definitely two low cost producers** in the market today, **Russia** and **Qatar**. The US is clearly moving towards this lower cost distinction. However, if US LNG projects continue to use Henry Hub prices, we would competitively place the US as a moderate cost producer. We would classify Australia as one of the highest cost producers in the world.

We read recent reports of so-called “free gas” in the US but we don’t give much credence to these exaggerated claims. What we see emerging out of the US is the reintegration of LNG projects back upstream like Tellurian to make their projects more competitive in today’s pricing environment. Qatar will certainly debottleneck some of their current LNG plants as noted, but nothing else emerges that represents significant scale.

This forms the emerging competitive landscape from our perspective and sets the stage for the second wave of LNG projects to be commissioned post 2020 and beyond.

LNG STRATEGIC GOALS

Today, natural gas in the form of **LNG has morphed into the “next evolution” of the “golden age of natural gas”**. A more liquid LNG market is needed to facilitate sustained demand growth. Price sensitivity remains a big concern for producers and suppliers. Climate change initiatives and governmental policy mandates will drive a move towards renewables to reduce carbon emissions and greenhouse gases. Technological advancements will reduce the need for fossil fuels in power generation, industrial consumption and the transport sectors. Distributed power generation, smart meters, the internet of things, electric vehicles, efficiency gains, advances in energy management, biomass, battery storage and carbon capture will all influence demand responses to natural gas.

The **competitive landscape is formidable** as cheap coal and the reducing costs of renewables affect the wider gas markets. **A new global gas order is emerging** and market challenges exit beyond our control. How we define our LNG strategic goals to address these many challenges will ultimately determine our competitiveness and success in the today’s evolving market environment.

We must:

- Remain a low cost provider of natural gas to be competitively priced in all key consuming markets;
- Adopt a LNG marketing strategy that is flexible to meet the new demands of the consumers;

- Build the Kamchatka transshipment terminal to establish a Russian hub price and alternative trading option for consumers and portfolio players;
- Scale our future LNG projects to adopt to market demand; and
- Innovate to lower our transport costs to market.

STRENGTHS IN LNG PRODUCTION

We can achieve our long-term LNG ambitions by **leveraging our core strengths. NOVATEK is uniquely positioned.** We have one of the largest conventional hydrocarbon resource bases in the world to support our future LNG growth platform. Moreover, we have consistently demonstrated that we can develop our asset base and competitively produce natural gas in Russia's Arctic. We have gained invaluable experience at Yamal LNG in implementing a large-scale LNG project in the Arctic region where, despite the harsh climatic conditions, the colder temperature provides us with a competitive advantage to lower the cost of liquefaction.

One of the main challenges confronting every LNG producer today is the cost of liquefaction to make LNG prices competitive against alternative fuel sources. The upcoming second wave of LNG projects post 2020's must substantially reduce liquefaction cost as **the industry transitions from the old price paradigm of oil linkage to one that is based on mixture of price formula but largely comprising hub gas pricing.**

The "Arctic Cascade" proprietary liquefaction process is one way **we are utilizing technology and innovation to drive down costs.** Another way is building the Kamchatka transshipment facility to reduce transport costs and provide more flexibility to consumers. We are presently looking at new designs to lower the construction cost of Arc7 ice-class tankers and improve their operating efficiencies as well as optimizing the passage through the Northern Sea Route.

We will use technology and innovation to develop our new concept to build our future LNG platform using gravity-based platforms. This innovation combined with our LNG Construction Center in the Murmansk region is aimed at maximizing the use of local content and equipment to optimize logistics, construction and fabrication costs. We will search for innovative ways to further optimize our future LNG projects to reduce liquefaction costs while increasing the efficiency and effectiveness of our workflow streams.

YAMAL AND GYDAN RESERVES

The Yamal and Gydan peninsulas hold enormous hydrocarbon resource potential of approximately 8.4 trillion cubic meters of conventional natural gas under the Russian reserve classification scheme, and has the potential to produce more than 70 million tons of LNG annually. This geographical zone will emerge as Russia's main LNG production center and **we are well positioned strategically to capture this opportunity** with our proposed LNG platform.

We have amassed an enviable resource base with our various license areas in the region. Under the PRMS reserve system we currently hold approximately 1.3 trillion cubic meters of natural gas and 53 million tons of liquids on a net basis. More importantly, **we have the ability to more than double our PRMS resource base up to 2030** through exploration and developments activities. This past year we acquired the equivalent of about 20 billion barrels of oil with the four license areas purchased via State tender in June and August 2017. These new license acquisitions consolidate our resources holdings and form the core of our reserve base for future LNG projects.

We will significantly increase our geophysical work on the Yamal and Gydan peninsulas in 2018 and 2019 by running and processing a series of 2D and 3D seismic activities on newly acquired fields. For example, at the Gydanskiy license area we will run and process 1,000 square kilometers of 3D seismic in the 2017/2018 seasons and then another 1,900 square kilometers in 2018/2019. This will allow us to prepare and drill 3 to 4 exploratory wells into the Cretaceous and Jurassic deposits as well as build a detailed 3D geological model to outline an appropriate development for the field.

We will provide additional information on upcoming conference calls on the results of these activities.

OB BAY INFRASTRUCTURE

We will also utilize our shared infrastructure to reduce cost. This represents another important step to ensure our low-cost LNG platform. Infrastructure like the Sabetta international airport, the deepening and widening of the Ob River approach channel and our private/public partnership with the Russian government to build the Sabetta port facilities will all be leveraged on our future LNG projects to save costs and make our projects competitive.

ARCTIC LNG 2

Arctic LNG 2 is our next major LNG project. It will represent our first LNG project launch post-2020 during the so-called “second-wave” of global projects.

The underlying resource base is the prolific Utrenneye field. It is larger than Yamal LNG’s South Tambeyskoye field in terms of potential resources and production output. From 2011 to 2015, we ran and processed approximately 1,850 square kilometers of three-dimensional (3D) seismic to gain a thorough understanding of the field’s subsurface characteristics. We have drill, completed and tested 5 exploration wells in the Valangian formation to confirm the field’s potential. We also drilled an exploration well (#294) into the deeper Jurassic formation but, as of today, we have not completed our test results. We will complete these results in mid-2018.

The Utrenneye field is made up of **three primary domes – the south, central and north.** In addition, the field contains an undefined section in the southern part of the license area that awaits further exploration activities to confirm. The field has approximately 784

billion cubic meters of natural gas and 37 million tons of liquids as reported under the PRMS reserve methodology. We believe the reserve base could conservatively add another 277 BCM of natural gas and 15 million tons of liquids by 2030, as well as potentially increasing the gas reserves by another 40% by developing the deeper Jurassic layer.

The present development plan will feature about 20 drilling pad clusters utilizing six (6) drilling rigs to drill roughly 245 to 260 producing wells over the field estimated life. The estimated production plateau is 30 billion cubic meters per annum and we estimate a minimum plateau life of 15 years. It will also produce gas condensate, which similar to Yamal LNG, will generate sufficient revenues to more than offset the project's operating expenses.

The field's natural gas production will feed three (3) LNG trains at 6.1 million tons per annum utilizing the gravity-based structure platforms, or GBS, which we will shortly discuss. The Front End Engineering and Design, or FEED, is currently in progress and we anticipate that this important step to optimize the project will be completed in late 2018.

Although Arctic LNG 2 is relatively close in proximity to our flagship Yamal LNG project there are enormous differences in the project development concept that is intended to significantly reduce the project's capital intensity combined with minimizing its environmental footprint. The project also benefits from the same fiscal tax regime and LNG export rights as Yamal LNG.

We will now take a closer look at the GBS concept.

GBS LNG PLANT CONCEPT

Our proposed concept is to develop a LNG platform utilizing a large barge structure that is a self-contained unit. The GBS will include the liquefaction unit, LNG and gas condensate storage tanks, power unit, and offloading arms amongst various other operating units. The proposed baseload liquefaction process is Linde's MFC (Mixed Fluid Cascade) process technology utilizing three independent mixed-refrigerant cycles of pre-cooling, liquefaction and sub-cooling that are combined in a cascade system. The MFC liquefaction process can accommodate up to eight (8) million tons per annum, so the liquefaction technology is perfectly suitable for the GBS design and our initially proposed LNG output of 6.1 million tons annually.

The GBS concept will maximize the use of local content to reduce logistics and construction costs and minimize onshore work to limit our environmental footprint. The GBS unit is approximately 300 meters in length by 150 meters in width. We plan to invest more engineering time at the FEED stage to value engineer both the GBS unit as well as the topside modules, and, equally important, involve as early as possible fabricators and local contractors.

Each GBS platform will contain 15 modules from 5 to 11 thousand tons each. We plan to anchor each platform approximately 500 meters from the shoreline. The depth required is approximately 15 meters and will be positioned on solid soil with no permafrost and silt. We will need to dredge the surrounding area from roughly 6 meters to 15 meters, and construct some form of ice barrier to protect the units.

Our primary goal is to significantly reduce our overall liquefaction cost to a range of USD 650 million to USD 750 million per million tons of capacity, and we believe the GBS LNG concept will achieve this goal.

FACTOR ANALYSIS: LOWERING THE COSTS OF LNG TRAINS

Our target is to reduce the Arctic LNG 2 plant construction cost by at least 30% from the cost of constructing Yamal LNG. We will achieve this target by reducing the costs of items no longer required by the GBS concept and by localizing the fabrication and construction of items in Russia as much as feasible. We fully anticipate that some of the module units will be built internationally but our primary aim – either locally or internationally - is to reduce the overall cost to construct these platforms.

There is also further scope to potentially reduce costs through the scalable construction of the GBS platforms. As we increase the number of platforms produced, we believe the construction cost per GBS may potentially be decreased as we factor in learning experience, design modifications and bulk purchase of basic items.

LNG CONSTRUCTION CENTER: DEVELOP LOCALIZED LNG EXPERTISE

One of our core goals is to develop an LNG center of excellence in Russia. We will develop in-house LNG technical expertise as well as foster the broader scientific research and technical LNG expertise within Russia. This will stimulate regional economic development, contribute to GDP growth and secure future technical expertise.

How will we achieve this goal? The LNG construction center located in the Murmansk region will be the center of these efforts. The idea is quite simple – we will strive to develop localized LNG expertise and reduce our costs. The LNG construction center will manage the overall process of fabricating and constructing the GBS LNG platforms as well as some of the topside modules.

The new facility will be located on a land plot of over 150 hectares housing various fabrication facilities, dry docks, workshops, 150-kilowatt substation, and concrete batch plant and housing accommodations. **We believe the underlying economic multiplier effect will create new jobs** for about 5,000 engineers and over 10,000 jobs for laborers, construction workers, welders and other technical personnel. It will also create an economic stimulus for many companies inside of Russia to bid and work on our projects. This job creation benefit and economic multiplier effect receives positive endorsement and support from the government.

We formed a joint venture consortium called NovaEngineering LNG, which includes NIPIGAZ, TechnipFMC and Linde as well as other subcontractors like Saipem. They are presently conducting the FEED work which we expect to be completed in latter part of 2018.

LNG TRANSPORT COSTS: EAST VERSUS WEST ROUTES

The overall LNG markets are rapidly growing with new consuming nations emerging but **two main consuming regions - the Asian Pacific region and the European markets are most relevant for our discussions.** Transportation costs between Europe and Asia vary depending on the time of season, the markets, and, specifically for us, the duration of time we can use of the Northern Sea Route.

We have provided a couple of different transport scenarios using the East versus West routes. We will **optimize our transport cost by considering different navigable periods of 5, 9 and 12 months usage of the Northern Sea Route.** Our proposed optimization scheme obviously impacts transport costs due to type of vessel used, the time of transit and various fees, such as the transit cost to pass through the Suez Canal. We will also need to consider time chartering arrangements and potential sub-leasing of underutilized tankers.

Our average transport rate to Asia varies from the high of approximately \$2.22 per mmbtu (5 month use) to the low of \$1.65 per mmbtu (12 month use). Our blended average transport cost across our portfolio is roughly \$1.40 per mmbtu (5 months use) and \$1.32 per mmbtu (9 months use).

FUTURE LNG PROJECT LOGISTICS

Our future LNG transport model uses the Kamchatka transshipment terminal as an integral part of our Asian logistical model. Under this scenario, we reduce our transport cost by approximately \$0.80 per mmbtu between the Eastern and Western routes. Moreover, we save a significant amount of travel time between routes, lowering the boil-off gas due to the shorter transport distance. Our boil-off gas will be sold to the local gas network in Kamchatka, and more or less cover the complete operating costs of running the transshipment facility.

The Kamchatka transshipment terminal establishes a benchmark Russian FOB hub price. It also provides security of supply for Asian countries requiring flexibility to purchase volumes on short notice and short delivery times. Let's use the developed Asian markets of Japan and South Korea as an example. Both countries are established LNG markets. Each has its own market characteristics and different consuming requirements. Both countries are only 3 days shipping from Kamchatka. This **maximizes security of supplies and allows for delivery of LNG to their respective regasification terminals on short notice.** This point is often overlooked in market analysis but nonetheless is a very important marketing consideration from both a seller and buyer perspective, and from the vantage point of security of supplies.

What is the Kamchatka transshipment terminal?

LNG TRANSSHIPMENT COMPLEX: KAMCHATKA

The Kamchatka transshipment terminal planned capacity is 20 million tons per annum. It is less than 4,000 nautical miles from the Sabetta port and takes about 12 days to reach Kamchatka depending on the specific time of year. GT Morstroy is presently conducting the Pre-FEED and is expected to be completed by the end of 2017. We expect to move directly from Pre-FEED to FEED work. The FEED work phase is projected to be completed during the first half 2018. The concept selected is based on a moored (or floating) transshipment complex using a LNG storage facility, such as a Q-Max ship. It's a relatively straightforward project so it could be implemented rather quickly once a positive decision is made to proceed. We expect the FID to be made right after the FEED work.

We have tentatively set a commissioning date of 2022 or 2023 to correspond with the projected first launch of Arctic LNG 2. We also have the capability to expand this complex to accommodate an additional LNG storage ship as we increase our future LNG output. This provides enormous flexibility to this proposed facility and further supports the creation of a Russian benchmark LNG hub price.

There has been a lot of interest in this project. We recently signed a MOU with Marubeni and Mitsui O.S.K. Lines, or MOL. We have also received other "expressions of interest" for this transshipment complex, confirming the importance of this complex to future LNG trading and security of supplies in the Asian Pacific markets.

LNG UTILIZING EXISTING RESOURCE BASE

Our target over the strategy period to 2030 is to produce approximately 270 million tons of LNG. This equates to roughly 432 billion cubic meter of natural gas, and about 28 million tons of gas condensate utilizing our existing resource base. We have now entered the global gas market with the formal launch of Yamal LNG. Yamal LNG combined with our future LNG projects catapult NOVATEK to the status of a major LNG producer and fulfills the broader Russian energy strategy of becoming a major player in LNG.

Our LNG volumes are **expected to generate between RR 4.0 trillion to RR 4.3 trillion of operating cash flows**, or approximately USD 72 billion up through the period 2030. Our forecasted LNG volumes are scaled based on our projected launch dates but essentially cover our net share in Yamal LNG and 100% ownership in our planned LNG projects.

Our capital investment program is forecasted to range between RR 2.5 trillion to RR 2.8 trillion **based on 100% of the costs** associated with our new LNG projects, excluding primary capital for the 4th LNG train at Yamal LNG. **Our intention is clearly not to finance 100% of the capital cost programs.** We will sell interests in each of our future LNG projects at value accretive multiples for our shareholders.

We are currently discussing Arctic LNG 2 with potential parties and the interest is quite high. **Arctic LNG 2 has many positive attributes** – large conventional resource base, low feedstock costs, low liquefaction cost, and proven logistical model. The license also includes the tax concessions and export rights. We will obviously keep the capital markets informed of any future equity sales through our normal communication channels.

We are very excited about our LNG future as well as the evolving LNG markets. LNG will facilitate a more global gas market with unique regional characteristics. Converging demographics, urbanization, commodity and economic cycles and sustainable development initiatives support future LNG growth. **Natural gas will be the fossil fuel of choice for many decades to come.**

As we move through various cycles we will no doubt witness periods of price volatility. This reality is a fact of doing business. The emerging and developing economies where we see the largest consumption potential will all experience increasing GDP per capita growth from low levels to higher levels. **This movement through this economic expansion phase drives demand for natural gas** and increased energy intensity. Empirical data unequivocally supports increased energy intensity through these economic expansion cycles, and many of the emerging or developing economies exhibiting high potential natural gas consumption fits this model pattern.

SMALL SCALE LNG

I would like to briefly shift from large-scale LNG projects to small-scale LNG projects. We see a potential niche market opportunity to exploit this market space in Russia and abroad. There are many discussions surrounding smaller LNG projects but no real consensus on the potential size of global demand; therefore, we have reviewed a series of forecast and estimate that global demand could potentially reach more than 120 million tons per annum from various market segments.

Bunkering and motor transport are areas of interest for us as we mentioned previously about our pilot program in the Chelyabinsk region. **The marine transport sector is changing due to regulatory mandates to reduce carbon emissions.** This appears to be a logical choice but there are still questions on the ultimate size of this market.

If we assess the number of vessels in construction yards that are either converting to LNG or are being built specifically to use LNG as the primary fuel source, **the market gives us optimism.** This conversion impacts both cargo vessels and cruise ships navigating rivers and coastal areas.

In 2016, there were approximately 157 vessels using natural gas as a fuel source and this number is forecast to increase to approximately 220 vessels by 2020, representing a 40% increase in gas fueled vessels. This trend has already impacted the Baltic Sea and many shipping lanes in Europe. The regulations approved by the International Maritime

Organization, as well as regional governments, will enforce this conversion policy to expedite this transition to natural gas.

LNG PLANT IN VYSOTSK

This emerging trend correlates with our investment decision to acquire a 51% equity stake in the LNG plant in the Cryogas-Vysotsk project for RR 1.6 billion. The LNG plant and transshipment terminal is considered a mid-scale project comprised of one LNG train of 660 thousand tons based on Air Liquide's "Smartfin" technology. The Smartfin technology process uses a single mixed refrigerant technology and brazed aluminum heat exchanger to allow for an efficient process to liquefy natural gas and is compact and modular in its design approach. The project's available land plot allows us to expand to a second train of equal size of 660 thousand tons, for a potential total of 1.32 million tons.

This project serves a niche market in the Baltic and Northern Europe markets, the Russian domestic market, and the Baltic Sea area marine fuels. We have already contracted approximately 50% of the first LNG train and we are confident that we will successfully market our remaining volumes. This will allow us to build a complimentary small-scale LNG business. The total capital program remaining is approximately RR 24 billion, and the first train will be commissioned in 2019.

SECTION 5| FINANCIAL TARGETS

FINANCIAL MANAGEMENT OBJECTIVES

Our main financial objectives have not changed substantially from our 2011 strategy. They reflect our conservative financial policies we originally adopted when we went public in 2005. Naturally, as we have increased the scale and size of our business operations we have modified some of the financial targets to reflect the new realities of our business.

The primary guiding principle is to maintain a strong balance sheet that can withstand severe changes in the macro-environment. At the same time, providing credit and liquidity targets that support our internal and external goals of achieving investment grade credit ratings commensurate with our financial position, cash flows, and the mix of our debt profile. In essence, our goal is maintain a strong balance sheet and liquidity position so that we can service our debt, pay our liabilities, internally fund our capital program, and increase dividend payouts over time.

The next several slides highlight some of the specific financial metrics we have achieved as well as provide our projected guidance for 2018. We won't go into specifics on each and every one of these metrics but we will highlight one's we feel are important or distinguishing ones for the Company.

FINANCIAL POLICIES

Our debt/normalized EBITDA metric is well within range to support an investment grade rating and highlights the fact that we have reduced our debt position according to the debt payment schedules. Both our cash position and our lines of credit have expanded consistent with the growth of our business operations. **We have a strong established track record of adhering to our creditor-friendly financial policies.** We believe NOVATEK's financial position; credit profile and cash flow generation warrants an investment grade rating beyond the sovereign cap. **We request our credit ratings reassess their present positions and take the correct rating upgrades as warrants.**

FINANCIAL METRICS

We have maintained a reasonably consistent range of financial margins over time reflecting growth in revenues and maintaining operating expenses that we believe supports our business operations. **The metrics that we believe really differentiates NOVATAK from our global peers are the ones focused on returns - returns on equity, returns on capital employed, returns on invested capital.** We have delivered financial returns that are **almost double the global oil and gas industry averages**, which is consistent with high-growth revenue generation and our low cost of capital employed to deliver these stellar results.

OPERATING METRICS

We are one of the lowest cost producers in the global oil and gas industry and have ranked in the top quartile in many of the important industry metrics, like reserve replacement costs, finding and development costs, and lifting costs. These are the general benchmarks that compare the effectiveness and efficiency of our operations relative to our peers. **They also support our proposition that the lowest cost producers will always find a market for their hydrocarbon products.** This distinction is extremely important today as many of the key consuming nations are highly price sensitive.

Many of the metrics listed on this table fluctuate for various reasons but they are very low in relative terms to our peers. For example, if you look at our three-year average reserve replacement costs in 2016 at \$2.70 per barrel of oil equivalent versus the global oil and gas average of \$23.13 per BOE, you can see we have a significant competitive advantage vis-a-vis our competitors. **We will apply this same cost competitiveness to build our future LNG platform.**

DIVIDENDS: SHARING OUR SUCCESS

Many analyst and investors have focused much attention this past year on the dividend payout stories surrounding state-owned enterprises (SOE's), or, more recently, to entities with limited growth opportunities. This logic is quite reasonable but it does not fit perfectly with each and every case. Some of the SOE's, like Gazprom and Transneft, have

lobbied for exemptions to this 50% SOE dividend payout based on capital investment requirements.

Others companies have already reached their peak capital investment cycles and offer limited growth opportunities, so reverting to a higher dividend payout makes absolute sense. **NOVATEK is not such a company.** We are still a growth-oriented story with great opportunities to invest capital and significantly increase our operating cash flows as outlined in our corporate strategy.

We have also read comments that our dividend policy is “obsolete” or “outdated” in today’s environment to maximize total shareholders returns. Increasing our dividend payout might re-rate our investment case, de-risk some skepticism on our long-term projects as well as provide a positive signal to the market. We understand this logic. **Our goal is to increase our dividend payout.** However, this goal **must be balanced against our strategic priorities.**

Over the next couple of years we will increase our capital spending to fund Arctic LNG 2, as well as the LNG construction center to build the GBS platforms. We will also fund the capital requirements for the Kamchatka transshipment terminal. **These new capital investment programs over the next 3 years are fundamental for us to deliver our future LNG platform.** We will fund these projects until such time as we sell equity interests in our LNG projects and the Kamchatka facility. We have strong potential partner interests in both of these core projects, so we don’t believe funding will be a major issue.

We also have another important counter-balancing factor influencing our ability to immediately raise our dividend payout. The Yamal LNG loan facilities require that certain completion tests be performed for each phase of the project. These types of completion tests are standard practice for project financing commitments. We will need to complete these completion tests before the Debt Servicing Underwriting, or DSU, will be released. We anticipate that the completion test will be satisfied by late 2019 or early 2020.

So, right now we have a dilemma. This dilemma is our trade-off between short-term cash payouts versus our longer term LNG story. As we presented today, **we are very optimistic in our base case scenarios and our ability to deliver these value accretive projects.** There are also specific “**windows of opportunity**” that require us to act fast and capture market share. We will do this successfully with our proposed strategy.

Dividends are important for everyone. We will eventually increase our dividends commensurate with the growth of our business and the generation of strong cash flows from our newly launched projects. **So, let me make myself absolutely clear – our goal is to increase dividend payouts at the right moment in time.** We are committed to increasing total shareholder returns.

SECTION 6| SUSTAINABLE DEVELOPMENT

Climate change and sustainable development initiatives are increasingly important issues facing energy companies. **Society and governmental policies demand a move towards cleaner burning energy to reduce carbon emissions.** There is no escaping this fact. We understand this new reality and have adopted a new sustainable development framework that guides our actions. It fosters an open dialogue with all of our stakeholders, and underlies our reporting and disclosure requirements. We will highlight concrete steps we are doing to reduce greenhouse carbon emissions and mitigate the risk of climate change.

SUSTAINABILITY FOCUS FRAMEWORK

NOVATEK was an early adopter in Russia of reporting under the carbon disclosure and water initiatives, and this year marked our 10th Annual Sustainability Report that can be found online, in both the Russian and English languages. **It's a comprehensive assessment of our sustainability principles and our commitment to social activities in the areas of our operations.** We would encourage you to read this report to get a better understanding of what we are doing in this important area. More importantly, we are committed to improving our reporting and disclosure standards, and have made sustainable development principles a core part of our strategic objectives.

We believe that **climate change initiatives will be one of the major drivers in the conversion from coal to natural gas.** It will foster in a new era and ultimately influence the total primary energy mix. We will witness a changing landscape in the future that is more focused on less-carbon intensive energy sources like natural gas and nuclear, and a rapid rise of renewables consisting of wind, solar and bio fuels.

As a low carbon emitting fuel source, **natural gas will play a key role in reducing carbon emissions in the future energy mix.** Two of the world's largest populations - China and India - will make big strides towards reducing carbon emissions but their respective methods of achieving this end goal might be drastically different. China has already embarked on a governmental mandated program to reduce coal usage in major cities. India has yet to embark on a similar path; instead it might opt for cheaper coal to stimulate economic growth. Their difference approaches to achieving a "greener society" could have a profound impact on the forecasted demand growth in global natural gas consumption.

ENVIRONMENTAL ACHIEVEMENTS (2016/2017)

NOVATEK is well positioned to take an active role in combating climate change by significantly increasing our lower carbon LNG output from the Yamal and Gydan peninsulas. We have already been recognized for our commitment to sustainable development but we have more room to improve. We will continuously improve our reporting standards to meet "best practices" in sustainable development disclosures.

GREEN TECHNOLOGIES – COMMITTED TO SUSTAINABLE DEVELOPMENT

Green technologies will play an increasing role in our operations as we have instituted various steps to reduce our carbon footprint in all of our operations. We have introduced solar panels to monitor almost 1,000 kilometers of inter-field pipelines. We have substantially reduced flaring and venting by capturing the associated gas and delivering this gas to the market. This past year we introduced a Greenhouse Gas Emission Management System to capture, monitor and analyze greenhouse emissions in our operations.

Our goal is to reduce our carbon footprint and remain a leader as a socially and environmentally responsible company.

SECTION 7| CONCLUSIONS

It's been an enormous and rewarding journey to build NOVATEK into a world-class natural gas company. From our humble beginnings in 1994 to the beginning of the transformative steps into the global gas markets, we have taken each step along this journey with humility and a keen focus on cost control and project execution.

Our transition from purely a Russian domestic gas producer to our ambitions to be one of the largest LNG producers in the world has been a dream we envisioned even before we presented our last major strategy in 2011. Our journey to realize this dream and transform NOVATEK into a respected global gas company has underscored our decision making process each and every year thereafter.

NOVATEK's vision is to build a formidable LNG platform. Today, we offered a glimpse of our future strategy to 2030. If one thing is certain there will be many changes along this journey. New technologies will emerge. Government mandates will facilitate a change toward a greener society with less focus on fossil fuels. Energy efficiencies will continuously improve. We will witness an unprecedented societal shift as populations grow and new economic centers emerge.

It's almost impossible to capture the multitude of variables that could impact our corporate strategy. The long-term strategy presented today is our best assessment and reflects our present view of this dynamically changing world. Change is certain and we must adapt to these realities.

Renewable energy and climate change is the new mantra. Some of the more ambitious targets of transforming the energy landscape and significantly increasing renewables may be wishful thinking. They may be politically correct statements rather than statements of fact or reality. We are not here today to dispute these comments. We are here today to make the case for natural gas. To outline our future strategy built on the foundation of natural gas.

Fossil fuels have powered an economic transition that was unimaginable a century ago. The moral imperative of delivering billions of people out of economic poverty through coal, crude oil and natural gas is unquestionable. Fossil fuels have led an unprecedented global economic expansion and we should not lose sight of this fact. Instead, we should be proud of our contributions to this economic reality.

NOVATEK believes that natural gas will play a major role in the forecasts for economic expansion in the decades to follow. Natural gas is the largest growing fossil fuel source and will represent slightly more than a quarter of the total primary energy mix for many decades to come. It's abundant and versatile. **It's the fossil fuel of choice.** We have an enormous hydrocarbon resource base comprised largely of natural gas and the successful monetization of this endowment will largely be in the form of our future LNG platform.

Natural gas will play a leading role in contributing to climate change initiatives. It will represent the principle shift amongst fossil fuels toward less carbon-emitting source of energy for electricity generation, industrial demand and an emerging option for transportation like marine and large trucks.

RESERVE GROWTH POTENTIAL

The various exploration and development projects we highlighted today will conservatively increase our PRMS reserves from approximately 23 billion barrels of oil equivalent in 2016 to slightly more than 30 billion barrels of oil equivalent in 2030. Over the years we have a great track record of converting our resources into production. It is safe to say that resources will not be an issue for us but rather **an enviable competitive advantage.**

Our asset portfolio as we highlighted today is a mix of various projects. Our traditional mature legacy producing assets will slowly decline over time. This decline process is consistent with resource depletion and will be fully offset by our assets within the reach of the UGSS.

NATURAL GAS PRODUCTION PROFILE

As outlined today, we will sustain our natural gas production over the strategy period as well as grow production with the emergence of our LNG platform. We forecast that our natural gas production will increase from approximately 63 billion cubic meters in 2018 to around 126 billion cubic meters by 2030. This implies a 5.9% compound annual growth over the strategy period, and, hopefully, **alleviates concerns about "Ex-Growth" once and for all.**

LIQUID HYDROCARBON PRODUCTION PROFILE

Our liquids production will remain strong through the strategy period and fully load our Ust-Luga Complex. We will sustain the profitability of our liquids value chain and

generate above average returns and strong operating cash flows. We forecast that our liquids will grow from about 11 million tons in 2018 to approximately 18 million tons in 2030, representing a growth of approximately 59% over the strategy period.

PROJECT IMPLEMENTATION SCHEDULE

Next, we highlighted our expected timeline for project launches. We will launch Arctic LNG 2 from 2022 to 2025 and then launch a series of new LNG projects post-2025. The ramp-up of our future LNG output will be market driven so scalability is important.

This leads us to one the final questions – what does this mean for shareholders?

OUR INVESTMENT CASE

Our investment story is strong. It remains compelling. It is based on monetizing our world-class resource base by applying innovative solutions to remain a low-cost producer as outlined in our Strategic Framework. A new pricing paradigm has emerged in the global gas markets. **This change will redefine our relationships with consumers.** This shift requires destination flexibility; hub-based pricing, shorter-term contracts and spot cargo availability. This will determine successful market penetration and facilitate the conversion of coal to gas in price sensitive markets.

A global LNG trading market will emerge. **It will be liquid and provide gas-importing nations with the flexibility to call on LNG supplies when needed in a timely manner.** This emerging trend underscores our decision to build our Kamchatka transshipment facility as an economically and strategically viable investment decision.

The emergence of LNG as the fastest source of growth in global natural gas is not a new phenomenon. Since 2010, the global oil and gas industry has invested a significant amount of capital in the “shale revolution” in the United States and the liquefaction “boom” in Australia. The United States and Australia have clearly changed the competitive landscape of LNG. **NOVATEK is well positioned to capture our share of this market space with our low-cost competitive operating model.**

The expected increase in liquefaction through 2020 and the second-wave of LNG projects post-2020 will create a more liquid and robust gas market. The significant increase in liquidity will force the decoupling of gas price formulation from traditional oil-linked prices. It will facilitate the rise of portfolio players and open the door to newly emerging LNG importing countries. The low gas prices of the past several years combined with climate change initiatives has already had a dramatic impact on the global gas markets. We have witnessed the growth in LNG importing countries from 15 at the time of our IPO in 2005 to over 40 today.

Our experienced management team has consistently delivered stellar financial and operational results year after year. We have an excellent track record of project execution

and decision-making. **Management is fully committed and aligned with our shareholders to grow total shareholder returns.**

One of the most important distinctions that we offer potential partners interested in our future vision is the size and scale of our LNG platform. **We offer an unparalleled opportunity** to invest in our large resource base with low-cost natural gas feedstock to the liquefaction facility. We offer our potential partners the ability to scale LNG projects to meet the growing energy needs of gas-consuming nations, while sufficiently addressing the important questions of **Energy Affordability, Energy Security, and Energy Sustainability.**

FIVE PILLARS SUPPORTING SUSTAINABLE GROWTH

In July 2005 we made our debut on the London Stock Exchange. It was our first step as a publicly traded company. We used the analogy of the four pillars model to highlight the attractiveness of NOVATEK as an investment opportunity. It defined our core strengths in one simple picture. **Today, we proudly add a fifth column – scalable LNG projects – further strengthening our foundation, our uniqueness, and our investment story.**

Our esteemed Chairman of the Management Board and founder of NOVATEK, Mr. Leonid Mikhelson, **challenged us to think big, think boldly.** He remains the guiding visionary behind creating this amazing company called NOVATEK. His leadership, his perseverance, and his total dedication to building a world-class natural gas company is without comparison amongst his peers.

It's truly been an honor and a privilege to work along-side of Mr. Mikhelson for the past 20 years. I have witnessed firsthand the evolution of NOVATEK from a small domestic gas producer with our roots firmly planted in Tarko-Sale to the "the largest gas company in the world that no one has heard of". And now, our new vision to be one of the world's largest LNG producers as we outlined in our corporate strategy today.

It's also important to recognize the management team of NOVATEK and the many, many dedicated employees of the Company based here in Moscow and, at each of the subsidiary locations. **We would never achieve our strategic goals without their commitment, dedication and hard work.** We truly value their contributions to our success. And finally, to our Board of Directors who are tasked with the fiduciary responsibility to oversee the achievement of our broader strategic vision. Their wisdom, guidance and stewardship representing the interest of all of stakeholders is much appreciated.

Ladies and Gentlemen, shareholders, colleagues and friends, **today, is a great moment for NOVATEK. Today, we can proudly state that we delivered one of the largest projects in post-Soviet history on time and on budget.** It is an amazing accomplishment for the Company against all odds.

I would like to paraphrase a statement President Putin made Friday at our first loading ceremony in Sabetta. He said, "**many people told him to not do this project, it was not**

possible. However, the project originator (NOVATEK) said that **it could be done.**” Yes, it was done.

We had a dream. And now, we **have realized that dream by transforming NOVATEK into a global gas company.**

Today, we start a new chapter in our Company’s history. Like our new corporate identity, it represents our bold and contemporary vision to meet the energy challenges of tomorrow and for decades to come.

Our strategic decision to transition towards the global LNG markets is **the right move.** It firmly establishes a new LNG production center in Russia’s Arctic zone and, **today, NOVATEK will lead the way.** This opportunity is our legacy. When they rewrite the history of the Russian oil and gas industry, **this moment will be immortalized.**

Ladies and gentlemen, shareholders, and friends, we have finally outlined our long-awaited new journey, our new corporate strategy. **What we presented today is how we will create sustainable shareholder value through 2030 and beyond.**

Thank you very much.