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Key rating assessment  
factors

## ACRA assigns AAA(RU) to Gazprom Export, outlook Stable

The credit rating assigned to [LLC Gazprom Export](#) (hereinafter, the Company, or Gazprom Export) is due to the very high assessment of the Company's ties to PJSC Gazprom, as well as the strong assessment of the supporting company ([PJSC Gazprom – AAA\(RU\), outlook Stable](#)).

Gazprom Export is the exporting entity of PJSC Gazprom. Taking into consideration the level of connection between the Company and PJSC Gazprom, ACRA believes it is rational to use only the [Methodology for Analyzing Member Company Relationships Within Corporate Groups](#) in its rating analysis of the Company, without determining the Company's standalone creditworthiness assessment.

**The very high assessment of connection to the supporting organization** is due to the strong legal connection between the Company and PJSC Gazprom (share in capital amounts to 100%), full operational integration, as well as the strategic importance of the Company to PJSC Gazprom. Sales outside the Russian Federation of products manufactured by Gazprom PJSC and its subsidiaries are carried out centrally through a single export sales channel, Gazprom Export, with the exception of natural gas supplied to CIS and Baltic counties under contracts concluded by PJSC Gazprom. Gazprom Export owns a network of foreign sales companies (including 100% of shares in Gazprom Germania) that market and trade hydrocarbon in the European market, including gas supplies to final consumers. Gazprom Export also owns shares in underground gas storage (UGS) facilities that are strategically important to PJSC Gazprom: Dambořice (Czech Republic), Banatski Dvor (Serbia), Katharina (Germany), and via Gazprom Germania: Rehden, Etzel, Jemgum (Germany) as well as Haidach (Austria). The Company is located in the physical cash-pooling system of PJSC Gazprom and does not conduct external loans. In compliance with commission agreements, PJSC reimburses the Company for expenses resulting from the execution of the commission agreements, including gas transportation and storage costs. PJSC Gazprom sufficiently ensures the maintenance of the Company's net assets, including making property contributions if necessary.

**Strong assessment of the supporting organization.** PJSC Gazprom, one of the world's largest integrated energy companies, acts as the supporting organization for the Company. PJSC Gazprom is one of the Russian Federation's largest producers of oil (via [PJSC Gazprom Neft – AAA\(RU\), outlook Stable](#)). In addition, PJSC Gazprom has major power generation assets (via LLC Gazprom Energy Holding) as well as an oil transportation system with a length of 171 thousand kilometers. The credit rating assigned to PJSC Gazprom is due to the very high systemic importance of the organization to the Russian economy as well as the high level of government influence on the organization (according to ACRA's methodology). PJSC Gazprom's level of standalone creditworthiness is characterized by a strong business profile, low industry risk, and strong financial profile. PJSC Gazprom's standalone creditworthiness assessment is limited by moderate indicators of debt load and debt servicing as well as weak indicators of free cash flow, which are due to significant capital expenses and paid dividends.

**Key assumptions**

- PJSC Gazprom maintaining shareholder and operational control.

**Potential outlook or rating change factors**

The **Stable outlook** assumes that the rating will most likely stay unchanged within the 12 to 18-month horizon.

**A negative rating action may be prompted by:**

- PJSC Gazprom's loss of shareholder or operational control;
- Decrease in the credit rating of PJSC Gazprom.

**Rating components**

**SCA:** none.

**Adjustments:** none.

**Support:** on par with PJSC Gazprom.

**Issue ratings**

No outstanding issues have been rated.

**Regulatory disclosure**

The credit rating has been assigned under the national scale for the Russian Federation and is based on the [Methodology for Analyzing Member Company Relationships Within Corporate Groups](#), and the [Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities](#).

The credit rating has been assigned to LLC Gazprom Export for the first time. The credit rating and credit rating outlook are expected to be revised within one year following the rating action date (November 19, 2018).

The credit rating was assigned based on the data provided by LLC Gazprom Export, information from publicly available sources, as well as ACRA's own databases. The credit rating is solicited, and LLC Gazprom Export participated in its assignment.

No material discrepancies between the data provided and the data officially disclosed by LLC Gazprom Export in its financial report have been discovered.

ACRA provided no additional services to LLC Gazprom Export. No conflicts of interest were discovered in the course of credit rating assignment.

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