

Press Conference Background
GAS EXPORT AND ENHANCING RELIABILITY OF GAS SUPPLY TO
EUROPE
June 7, 2018

GAS SALES

In 2017, the Gazprom Group sold 242 billion cubic meters of gas (both exports from the Russian Federation and sales of gas purchased abroad, including LNG) outside the former Soviet Union, with the sales revenue totaling RUB 2,824 billion.

2017 saw gas exports from the Russian Federation to countries beyond the former Soviet Union hit a new record of 194.4 billion cubic meters (under the contracts of Gazprom Export and GAZPROM Schweiz AG), which was 15.1 billion cubic meters more (+8.4 per cent) than in 2016.

Natural gas sales by the Gazprom Group in countries beyond the former Soviet Union in 2017, billion cubic meters	
Country	Amount**
<i>Under the contracts of Gazprom Export and GAZPROM Schweiz AG</i>	
Austria	9.1
Bosnia and Herzegovina	0.2
Bulgaria	3.3
Croatia	2.8
Czech Republic	5.8
Denmark	1.8
Finland	2.4
France	12.3
Germany	53.4
Greece	2.9
Hungary	7.0
Italy	23.8
Macedonia	0.3
Netherlands	4.7
Poland	10.5
Romania	1.2
Serbia	2.1
Slovakia	4.6
Slovenia	0.6
Switzerland	0.3
Turkey	29
United Kingdom	16.3
Total	194.4

Other sales of the Gazprom Group	47.6*
Overall	242

* Trading operations and gas sales to end consumers, including LNG

** Pursuant to Gazprom's consolidated financial statements prepared in accordance with IFRS. Rounded off to one decimal place

The Gazprom Group sold 35 billion cubic meters of gas in the former Soviet Union in 2017. The largest importer was Belarus with 18.8 billion cubic meters.

Natural gas sales in the former Soviet Union in 2017, billion cubic meters*	
Armenia	1.8
Azerbaijan	0.4
Belarus	18.8
Estonia	0.5
Georgia	0.1
Kazakhstan	4.8
Kyrgyzstan	0.3
Latvia	1.8
Lithuania	1.4
Moldova	2.7
Ukraine	2.4
Total	35

* Pursuant to Gazprom's consolidated financial statements prepared in accordance with IFRS. Rounded off to one decimal place

GAS TRANSPORTATION

Gazprom supplies natural gas to its European customers via the following transportation routes: the Uzhgorod and Balkan corridors, the gas pipeline to Finland, and the Yamal – Europe, Blue Stream and Nord Stream gas pipelines spanning ten European countries (Austria, Belgium, Bulgaria, the Czech Republic, Germany, Hungary, the Netherlands, Poland, Romania, and Slovakia).

The 1,224-kilometer Nord Stream gas pipeline provides a direct connection between Russian gas fields and European gas buyers across the Baltic Sea. The pipeline's two strings have the aggregate throughput of 55 billion cubic meters per year.

A number of new gas transmission projects are currently in progress.

Nord Stream 2 is the construction project for a gas pipeline with the annual capacity of 55 billion cubic meters from Russia to Germany across the Baltic Sea. The project is implemented by Nord Stream 2 AG. On April 24, 2017, Nord Stream 2 AG, ENGIE, OMV, Royal Dutch Shell, Uniper, and Wintershall signed the financing agreements for the pipeline. Pursuant to the documents, the five European companies will provide long-term financing for 50 per cent of the total cost of the project.

Efforts are being made to obtain construction permits for the gas pipeline. With the documents already received from Germany and Finland, the permitting process is underway in the other countries along the route of Nord Stream 2.

TurkStream is the project for a gas pipeline stretching across the Black Sea from Russia to Turkey and further to Turkey's border with neighboring countries. The first string of TurkStream is intended for Turkish consumers, while the second string will deliver gas to southern and southeastern Europe. Each string will have the throughput capacity of 15.75 billion cubic meters of gas per year.

Offshore construction started in early May 2017. On April 30, 2018, deep-water pipelaying for the first string of TurkStream was completed ahead of schedule, with a total of 1,161 kilometers – 62 per cent of the overall pipeline length – of the two strings completed.

In accordance with the schedule, the project is being simultaneously implemented onshore in Russia and Turkey and offshore in the Black Sea. A receiving terminal is being constructed near the Turkish settlement of Kiyikoy. Upon completion of the landfall sections, the works on the first string will be finished.

On May 26, 2018, Gazprom and the Government of the Republic of Turkey signed a Protocol on the onshore section of the transit string of the TurkStream gas pipeline. The string will deliver Russian gas to European consumers. Gazprom and Botas inked an Agreement detailing the terms and conditions of the construction work. The onshore section will be built by TurkAkim Gaz Tasima A.S., a joint venture that will be established on equal terms.

The TurkStream gas pipeline is expected to be put in operation before the end of 2019.

GAS STORAGE

The Gazprom Group's UGS capacities in Europe amount to 5 billion cubic meters (up from 1.4 billion cubic meters in 2006), with the daily deliverability of 83.3 million cubic meters (against 18.2 million cubic meters in 2006).

Country	UGS facility	Aggregate working gas capacity, billion cubic meters	Group's involvement, UGS facility operator
Germany	Rehden	4.7	Owned by Wingas GmbH. Operator: astora GmbH & Co. KG.
Austria	Haidach	2.8	With GAZPROM Germania GmbH (22.2 per cent) and Wingas Holding GmbH (33.3 per cent) as co-investors. Technical operator: RAG. System operators: astora GmbH & Co. KG (1/3) and GKHA (2/3).
Germany	Katharina	0.4	With Gazprom Export (50 per cent) as a co-investor. Operator: Erdgasspeicher Peissen GmbH.
Serbia	Banatski Dvor	0.5	With Gazprom Export (51 per cent) as a co-investor. Operator: Podzemno skladiste gasa Banatski Dvor d.o.o.
Netherlands	Bergermeer	1.9 (capacities used by Gazprom Export)	UGS capacities used by Gazprom Export under Storage Agreement with TAQA Onshore B.V.
Czech Republic	Damborice	0.2	With Gazprom Export (50 per cent) as a co-investor. Operator: Moravia Gas Storage a.s.

The European subsidiaries* of the Gazprom Group also use the following UGS capacities in Germany:

Germany	Jemgum	0.6	Shared ownership with Wingas GmbH (5/6). Technical operator: Wintershall Deutschland. Commercial operator: astora GmbH & Co. KG.
Germany	Etzel	1	With GAZPROM Germania GmbH as a co-investor (share in the caverns: 33 per cent, share in the pipeline: 16 per cent).

			Operator: Etzel-Kavernenbetriebsgesellschaft mbH & Co. KG.
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** Not in use by Gazprom Export*

In 2017, in the run-up to the heating season, Gazprom rented additional UGS capacities in Europe, thereby increasing its working gas volume to 8.6 billion cubic meters and securing gas supplies during peak demand caused by a cold snap in the region.