

Press Conference Background
GAS EXPORT AND ENHANCING RELIABILITY OF GAS SUPPLY TO
EUROPE
June 18, 2019

GAS SALES

In 2018, the Gazprom Group sold 243.3 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 3,770.3 billion.

2018 saw gas exports to countries beyond the former Soviet Union hit yet another record of 201.9 billion cubic meters (under the contracts of Gazprom Export and GAZPROM Schweiz AG), which was 7.5 billion cubic meters more (+3.8 per cent) than in 2017.

Natural gas sales by the Gazprom Group in countries beyond the former Soviet Union in 2018, billion cubic meters	
Country	Amount¹
<i>Under the contracts of Gazprom Export and GAZPROM Schweiz AG</i>	
Austria	12.3
Belgium	1.8
Bosnia and Herzegovina	0.2
Bulgaria	3.2
Croatia	2.8
Czech Republic	6.5
Denmark	1.7
Finland	2.6
France	12.9
Germany	58.5
Greece	3.3
Hungary	7.7
Italy	22.8
Macedonia	0.3
Netherlands	7.9
Poland	9.9
Romania	1.3
Serbia	2.1
Slovakia	5.1
Slovenia	0.5
Switzerland	0.4

¹ Pursuant to management reports of Gazprom Export. Rounded off to one decimal place.

Turkey	24
United Kingdom	14.3
Total	201.9
Other sales of the Gazprom Group ²	41.4
Overall	243.3

The Gazprom Group sold 38.1 billion cubic meters of gas in the former Soviet Union in 2018. The largest importer was Belarus with 20 billion cubic meters.

Natural gas sales in the former Soviet Union in 2018, billion cubic meters³	
Belarus	20
Kazakhstan	6.2
Moldova	3
Ukraine	2.7
Lithuania	1.4
Armenia	1.8
Latvia	1.3
Estonia	0.4
Azerbaijan	1
Georgia	0.04
Kyrgyzstan	0.3
South Ossetia	0.04
Total	38.1

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. Throughout 2018, Nord Stream AG supplied 58.8 billion cubic meters of gas to European consumers via the Nord Stream gas pipeline (which is above the pipeline's design capacity of 55 billion cubic meters), exceeding the supply

² Trading operations and gas sales to end consumers, including LNG.

³ Pursuant to Gazprom's consolidated financial statements prepared in accordance with IFRS. Rounded off to one decimal place.

volumes attained in 2017 and thus reaching the largest amount of supplies in the entire history of the pipeline's operation.

From the commencement of the Nord Stream gas pipeline's operation and up to June 15, 2019, Nord Stream AG transported 291.8 billion cubic meters of gas in a reliable and safe manner.

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 pipeline's route is more than 1,200 kilometers long. The project is being implemented by Nord Stream 2 AG. In 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 are providing long-term loan-based financing for 50 per cent of the total cost of the project.

As of this date, complete sets of permits have been obtained for the construction of the Nord Stream 2 gas pipeline in Russia, Germany, Finland, and Sweden. Applications from Nord Stream 2 AG are pending approval in Denmark.

More than 58 per cent of the pipeline's total length has been laid by now.

Construction of the Russian and German onshore sections is underway, and deliveries of equipment and materials are nearly completed. The works on concrete coating and distribution of concrete-coated pipes between logistics sites are in their final stages.

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.

Pipelaying for the offshore section of TurkStream was finished in November 2018. Welding of the above-water tie-ins for both strings of the pipeline was completed off the Russian coast in January-February 2019, and off the Turkish coast in March 2019. Construction of a receiving terminal continues near the Turkish settlement of Kiyikoy.

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. On November 5, 2018, Gazprom Export and BOTAS signed a shareholders agreement for the creation of a joint design company, TurkAkım Gaz Tasıma A.S., which was then registered on November 19, 2018.

The TurkStream gas pipeline is planned to be put in operation in late 2019.

GAS STORAGE

Gazprom's own UGS capacities in Europe amount to 5 billion cubic meters (up from 1.4 billion cubic meters in 2006), with the daily deliverability of 85.1 million cubic meters (against 18.2 million cubic meters in 2006).

Preparations are underway for the implementation of the expansion project for the Banatski Dvor UGS facility (jointly with Serbia's Srbijagas) with a view to increasing the facility's aggregate working capacity to 750 million cubic meters.

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	1.8 (capacities used by Gazprom Export)	UGS capacities used by Gazprom Export under Storage Agreement with TAQA Onshore B.V.
Czech Republic	Damborice	0.3	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:⁴

Germany	Jemgum	0.7	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.

By the start of the 2018–2019 withdrawal season, Gazprom rented additional UGS capacities in Europe, thereby increasing its working gas volume in the region to 6 billion cubic meters and meeting gas demand in the winter period.

⁴ Not in use by Gazprom Export.