



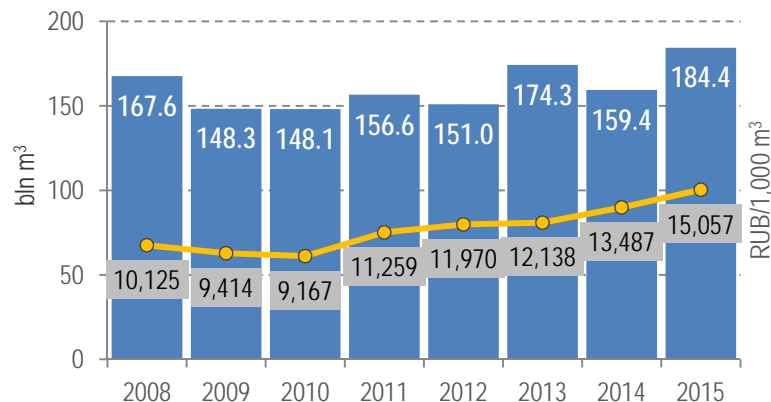
GAS EXPORT AND ENHANCING RELIABILITY OF GAS SUPPLY TO EUROPE

Press Conference, May 31, 2016

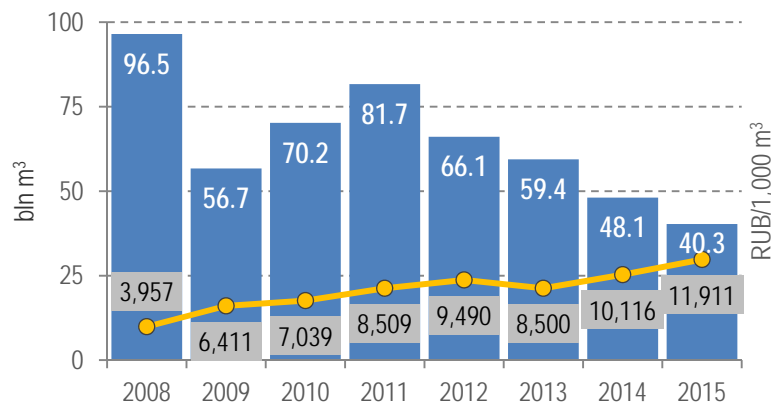


GAS SALES BY GAZPROM GROUP

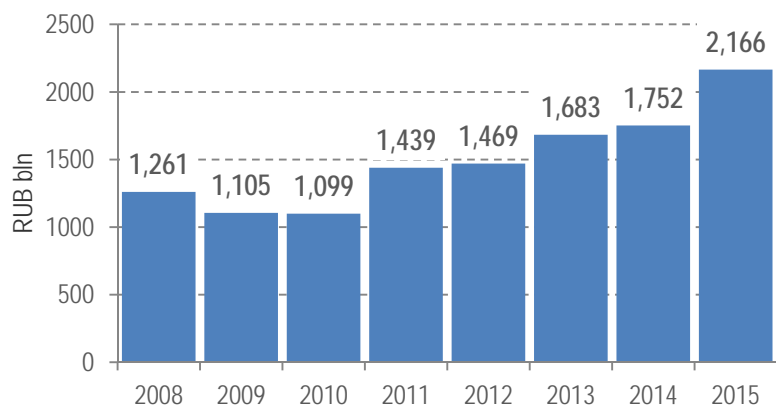
Volume and average price data for Gazprom Group's gas in countries beyond former Soviet Union*



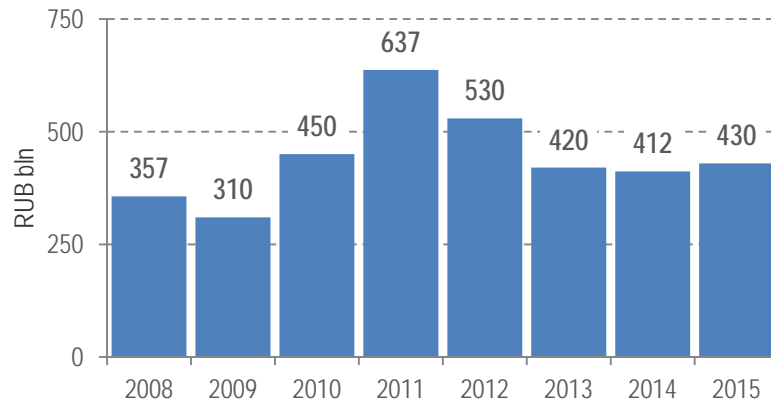
Volume and average price data for Gazprom Group's gas in CIS and Baltic States



Net revenue** from gas sales in countries beyond FSU



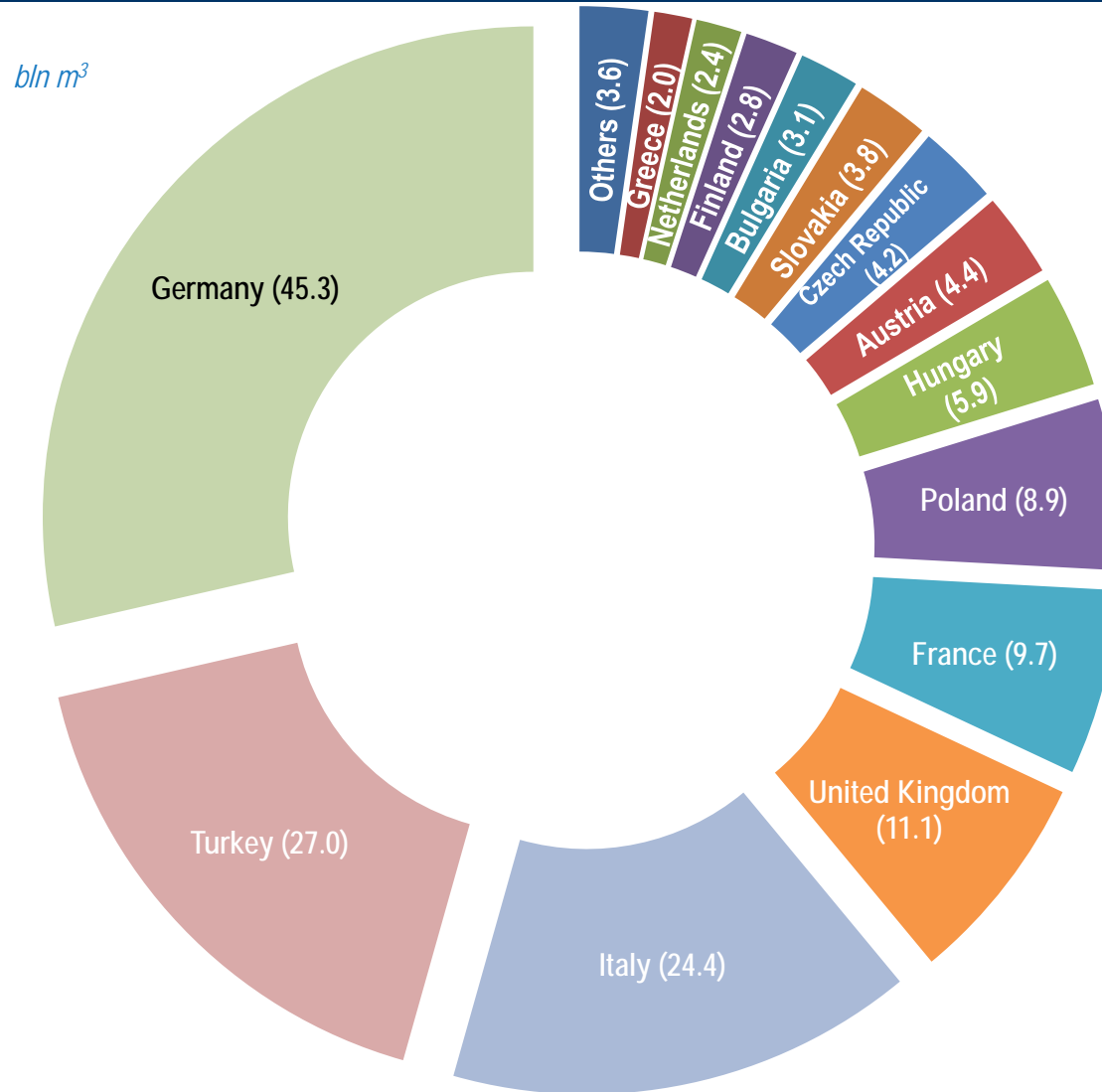
Net revenue** from gas sales in CIS and Baltic States



* Gas supplies, incl. LNG, to foreign countries except for CIS and Baltic States under contracts of Gazprom Export and other Gazprom companies.

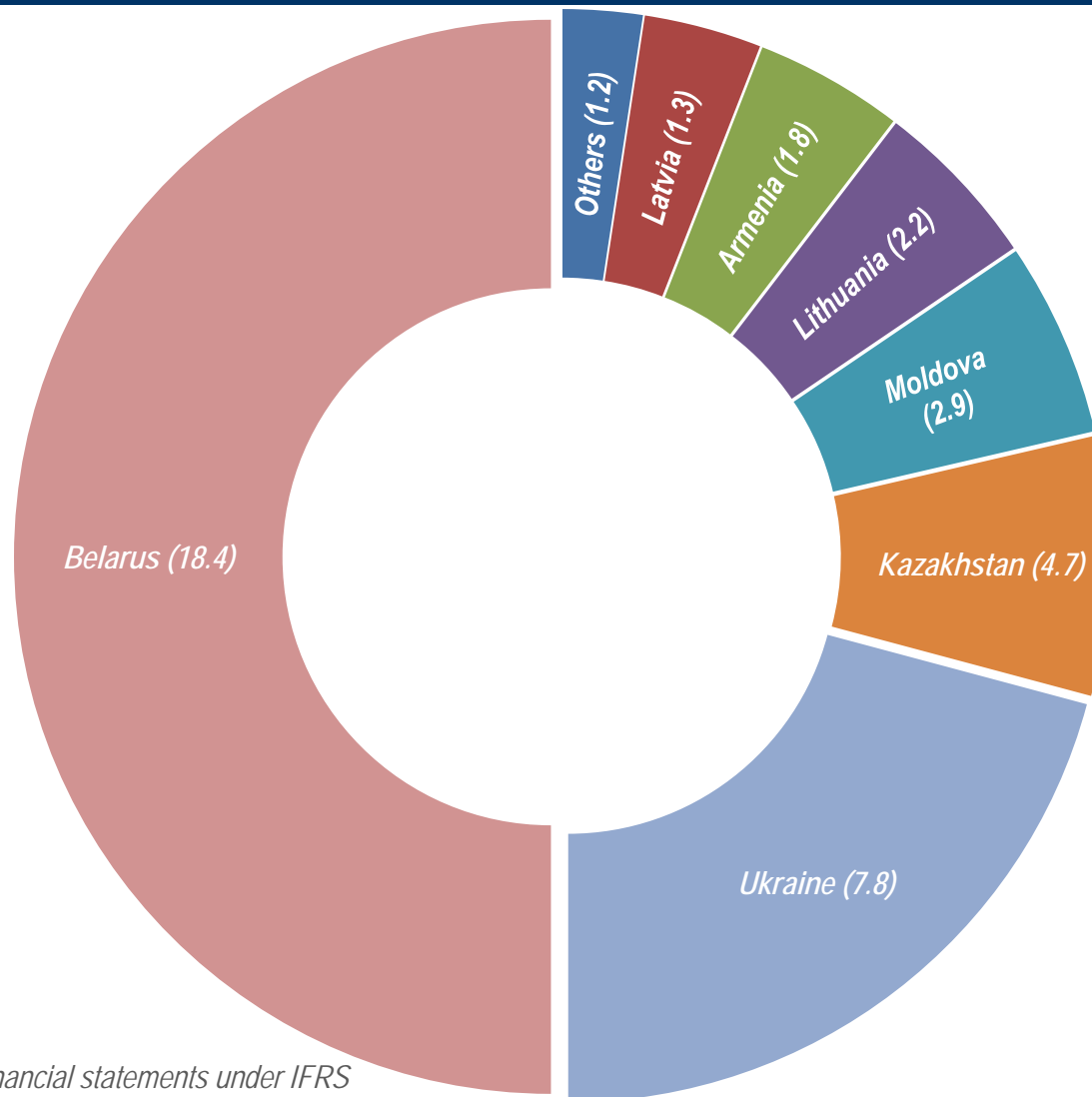
** Net of customs duties.

- Sales under contracts of Gazprom Export in 2015 totaled 158.6 bln m³
- Net revenue from gas sales beyond FSU reached RUB 2.2 trln in 2015
- Germany, Turkey, and Italy were major gas buyers in 2015



- Gas sales in CIS and Baltic States in 2015 totaled 40.3 bln m³
- Net revenue from gas sales in CIS and Baltic States amounted to RUB 430 bln in 2015

bln m³

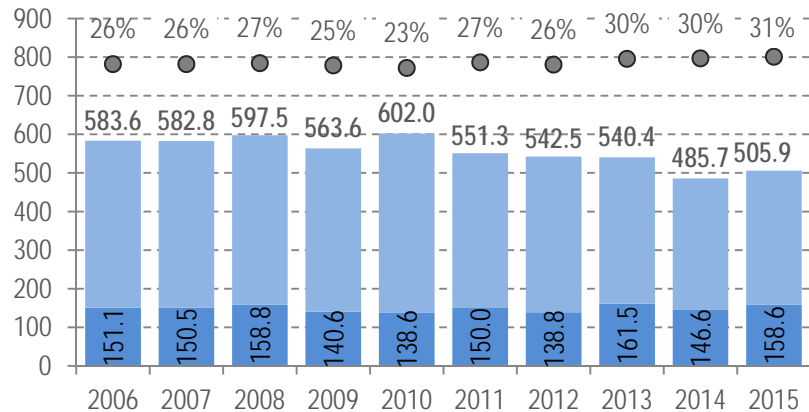


* According to financial statements under IFRS

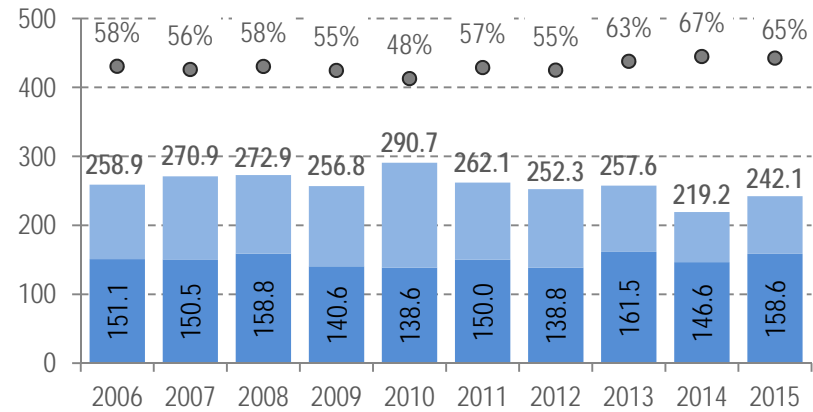


LEADING ROLE OF GAZPROM GROUP'S GAS IN EUROPEAN MARKET

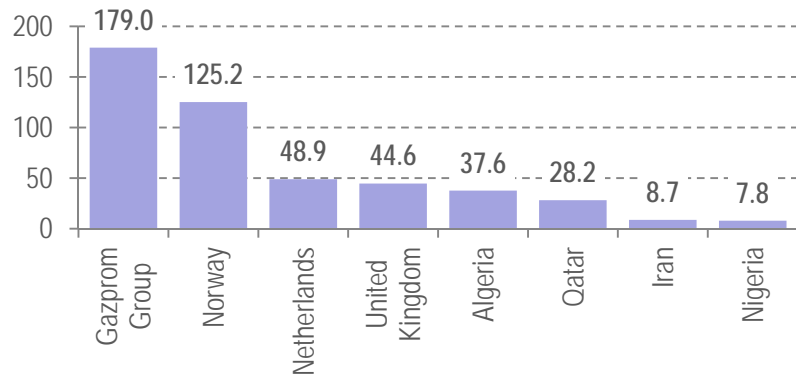
Gazprom's* share in European gas consumption



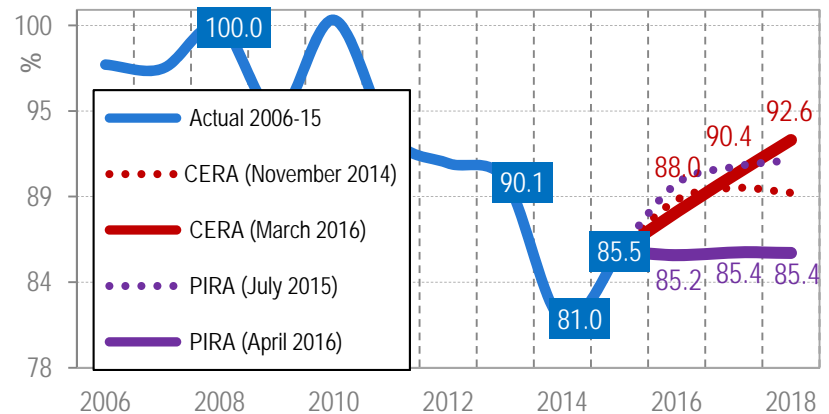
Gazprom's* share in European gas imports**



Gas supplies to Europe by major exporters and producers in 2015 (excluding Baltic States), bln m³



Short-term forecasts for gas consumption from leading global companies (consumption 2008 = 100%)

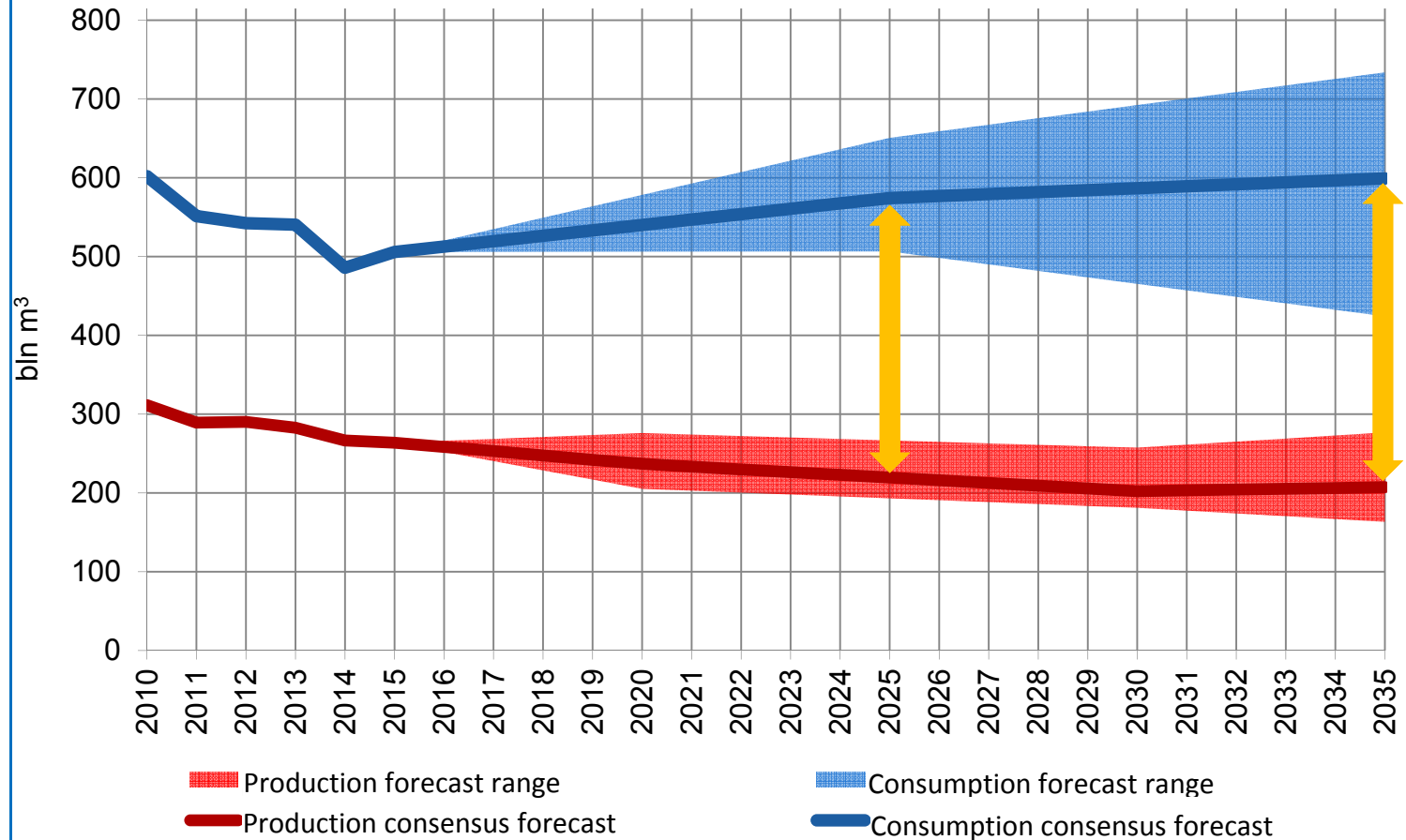


* Gas sales under contracts of Gazprom Export

** Difference between consumption and domestic production

INCREASING GAP BETWEEN CONSUMPTION AND DOMESTIC PRODUCTION IN EUROPE

According to consensus forecast, Europe's demand for extra gas imports versus 2015 will be nearly 113 bln m³ in 2025 and 150 bln m³ in 2035

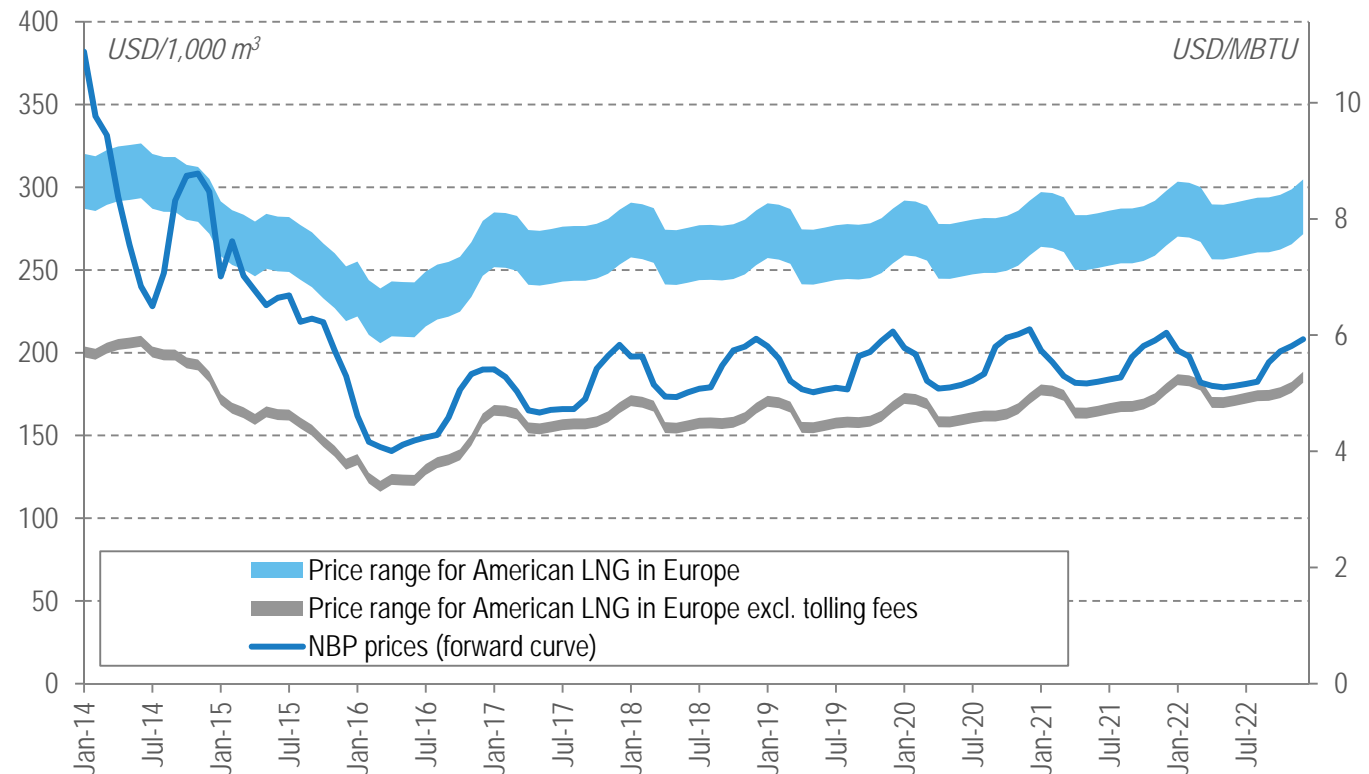


Source: forecasts by top consulting and analytical companies as well as leaders of petroleum industry

DECLINING ATTRACTIVENESS OF U.S. LNG SUPPLIES TO EUROPE

Forward contract prices in Europe are compromising commercial attractiveness of future LNG supplies linked to Henry Hub prices

Estimated price range* for U.S. LNG supplies to Europe versus forward prices** in European gas market



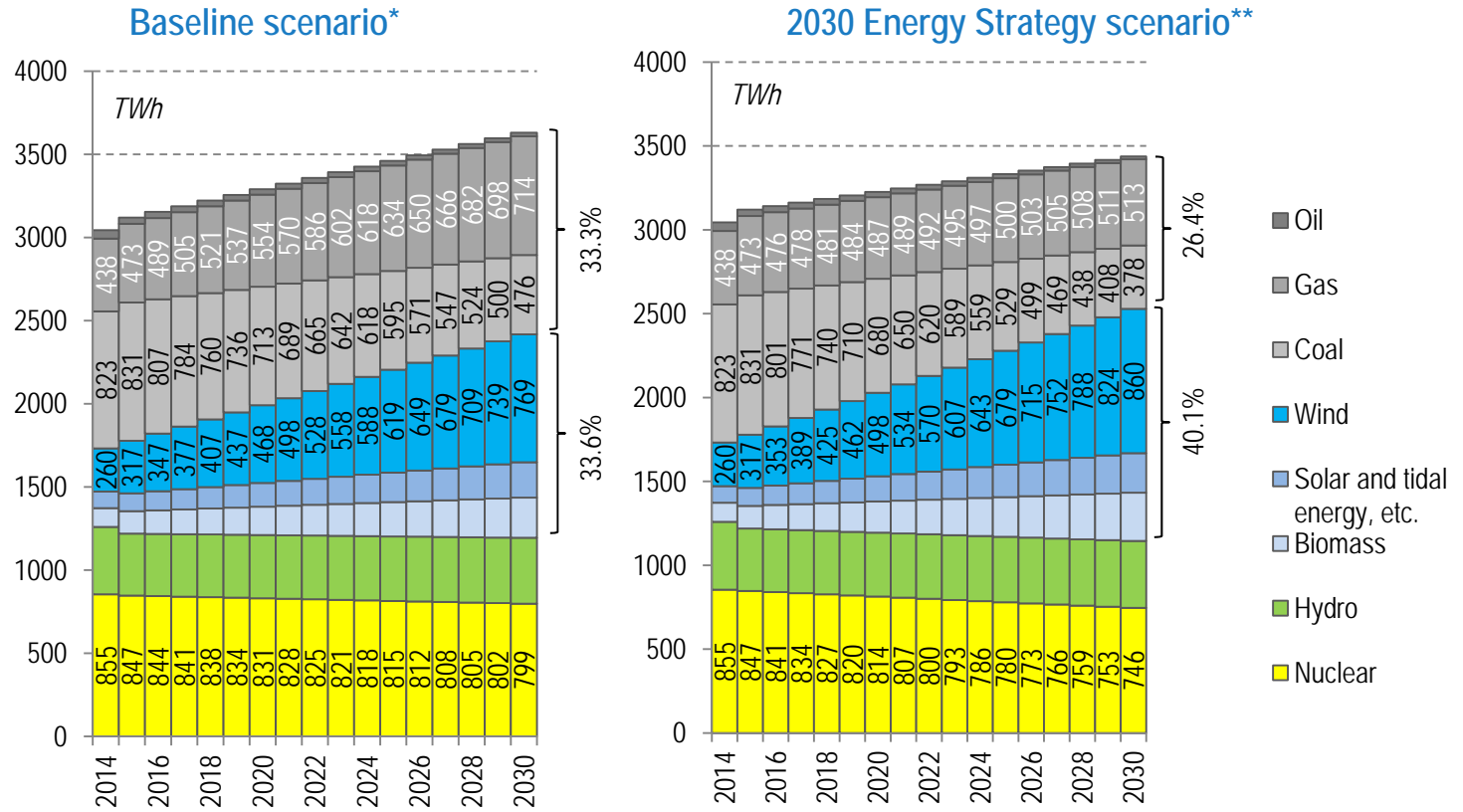
* Based on Henry Hub forward prices, $P = HH * 115\% + X$, where X – costs (liquefaction, shipments, regasification)

** NBP forward prices

Sources: Bloomberg, Wood Mackenzie

FORECASTED GROWTH IN GAS-FIRED POWER GENERATION

Power industry shows greatest growth in gas consumption across Europe. Even EC's most radical ecology-oriented scenario, with highest subsidies for RES, envisages increased gas use for power generation. According to baseline scenario, by 2025 gas-fired power generation in EU will grow by one-third versus 2015.



* 21% increase in energy efficiency by 2030, 33% reduction of greenhouse gas emissions by 2030 versus 1990, 24.4% share of RES in primary energy consumption by 2030.

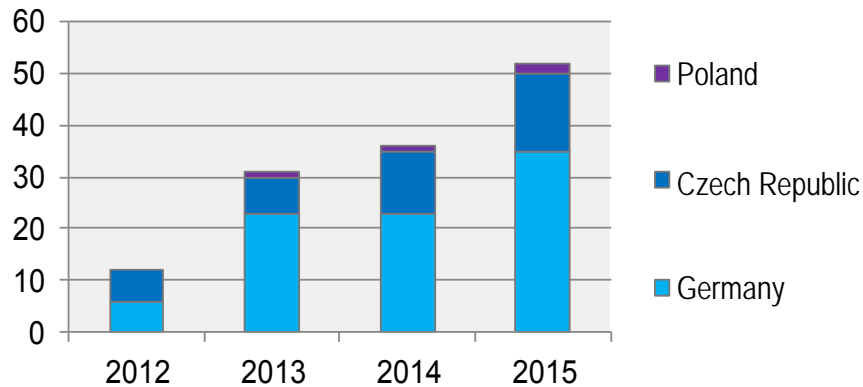
** 27% increase in energy efficiency by 2030, 40% reduction of greenhouse gas emissions by 2030 versus 1990, 27% share of RES in primary energy consumption by 2030.

Source: European Commission, ENTSO-E

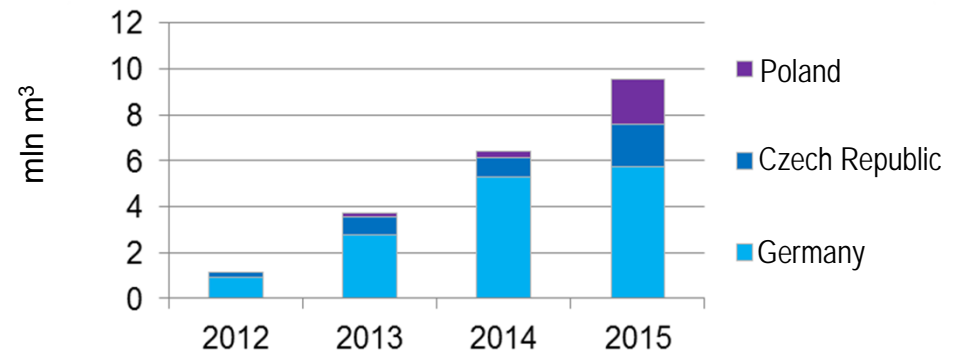


GAZPROM IN INTERNATIONAL NGV MARKETS

Gazprom Group's filling stations in Europe



Gas sales through Gazprom's filling stations



Gazprom intends to expand its presence in international NGV markets through:

- further developing CNG and cryogenic gas filling network;
- increasing small-scale LNG supplies to international markets;
- boosting NGV business beyond Europe if Gazprom implements international production projects with a view to commercialize gas produced abroad.

Gazprom is developing logistics infrastructure in order to establish itself in international NGV markets

- construction of small-scale LNG terminal is underway in port of Rostock;
- Gazprom entered into Framework Agreements with Nederlandse Gasunie (Netherlands) and Fluxys (Belgium) to expand small-scale LNG infrastructure.

2015: development of Europe's underground gas storage system



During 2015/2016 withdrawal season, Gazprom operated **5.0 bln m³** of gas storage capacities in Europe.

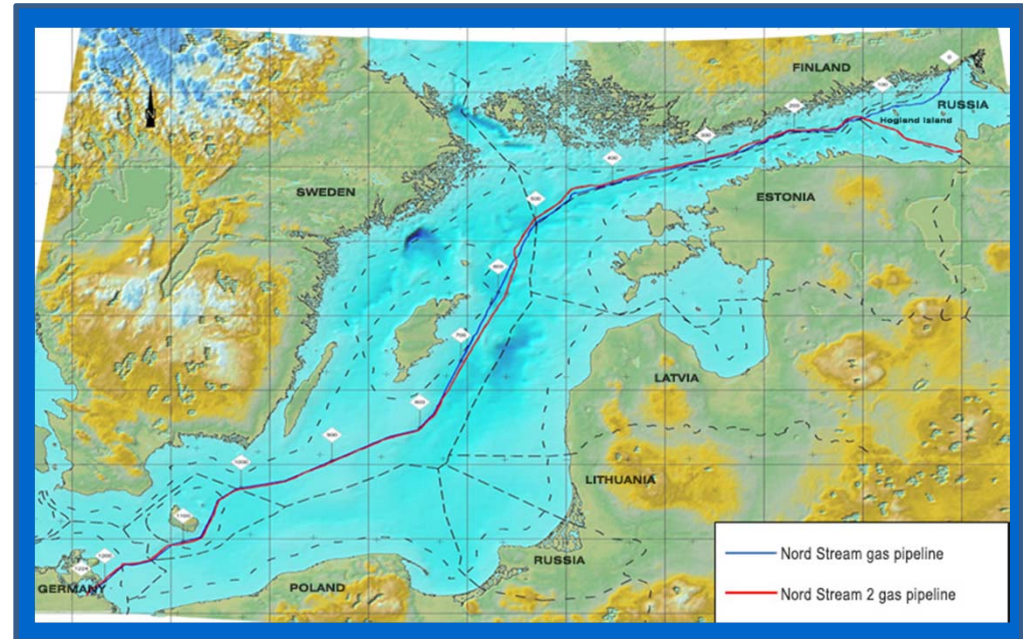
Maximum daily deliverability of UGS facilities in Western Europe was **61.5 mln m³** during 2015/2016 withdrawal season.

Construction is currently in progress at Katharina and Damborice UGS facilities:

- Katharina UGS project is on track (4 caverns are functioning; working gas capacity is 219 mln m³);
- construction of Damborice UGS facility with design working gas capacity of 456 mln m³ is nearing completion in Czech Republic.

NORD STREAM 2

- Nord Stream 2 project envisages construction of gas pipeline across Baltic Sea with entry point in Kingisepp District of Leningrad Region and exit point near Greifswald in Germany
- Length of gas pipeline – around 1,200 km
- Annual capacity – 55 bln m³ of gas
- In addition to higher reliability of supplies, Nord Stream 2 project is consistent with EU objectives for energy security and harmful emissions reduction
- Nord Stream 2 AG project company was set up for project implementation



Project partners





THANK YOU FOR YOUR ATTENTION!