

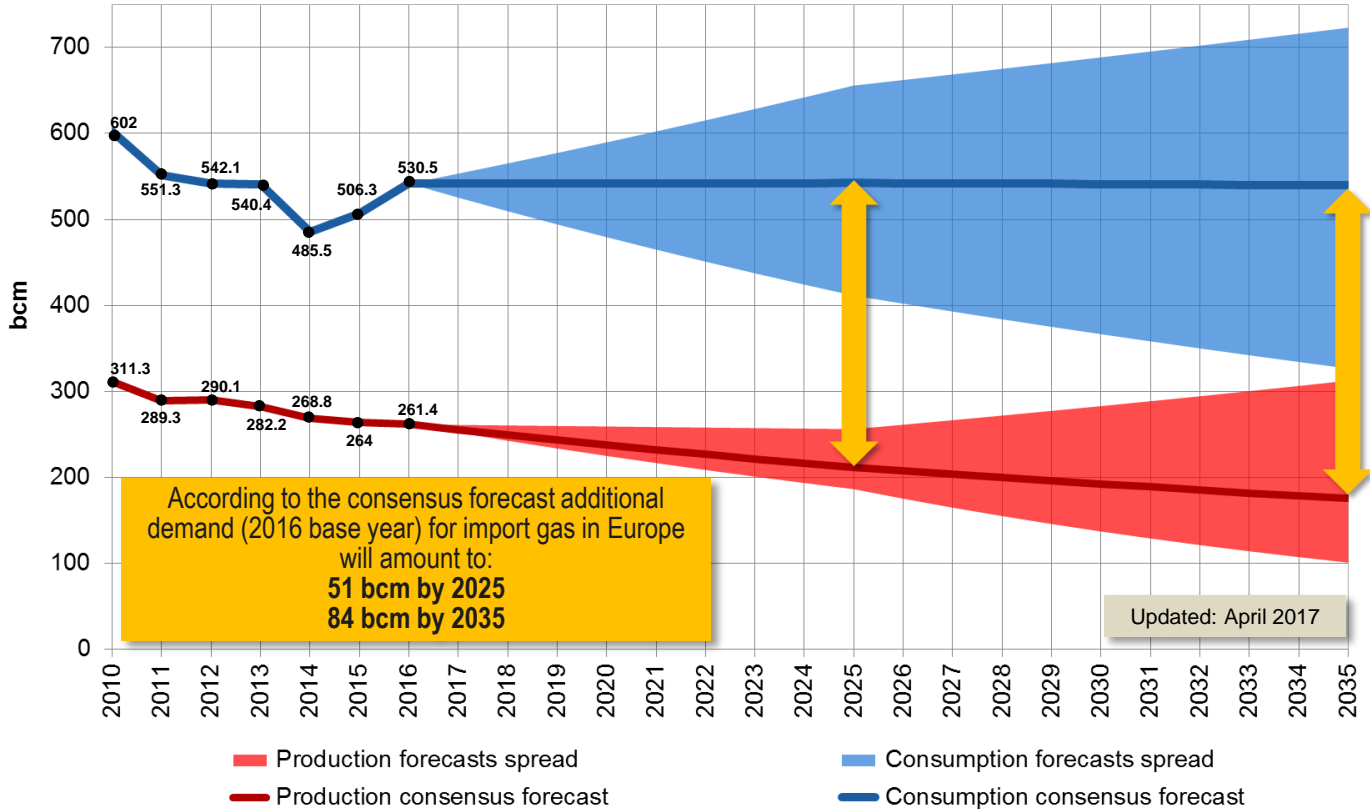
A large, light blue, stylized flame graphic on the left side of the slide, composed of several curved, overlapping shapes that resemble fire or gas flames.

Russia: Gazprom's export strategy – strength and weakness of the European gas market

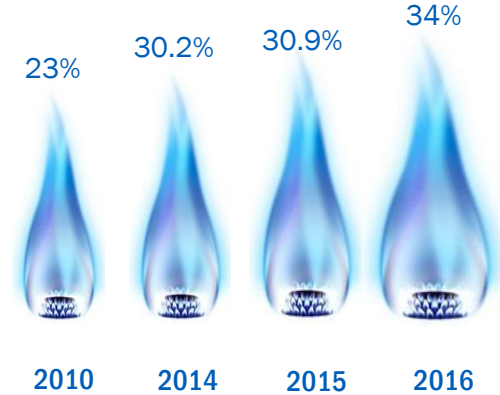
Elena Burmistrova
Director General
Gazprom Export

FLAME Conference
Amsterdam
May 9, 2017

EUROPEAN NATURAL GAS DEMAND AND PRODUCTION GAP 2025-2035

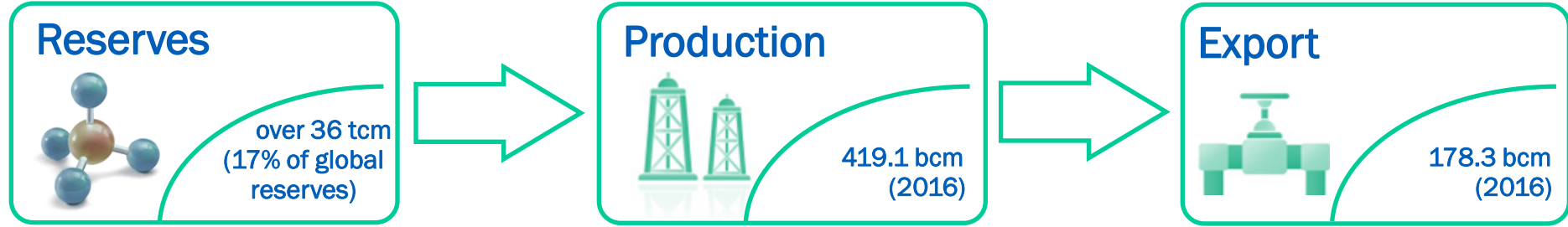


Gazprom's Share is Growing

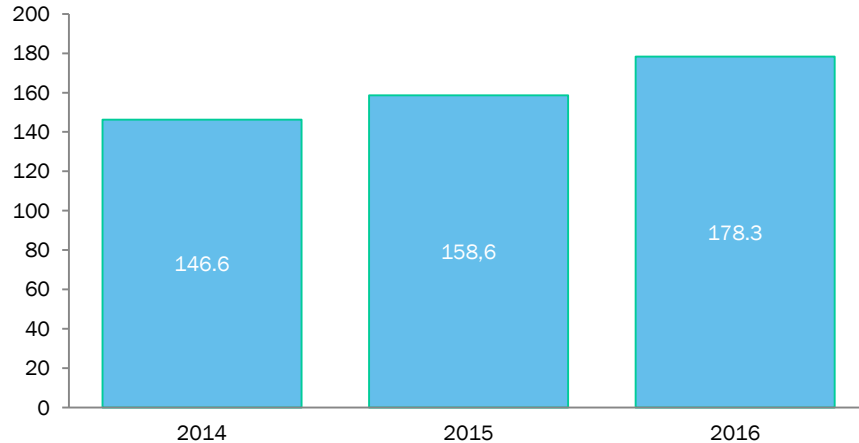


Natural gas European demand and production gap is calculated as the difference between the demand consensus forecast and the production consensus forecast. Definition of European countries slightly differs from one forecast to another. For the purpose of comparison all forecasts and scenarios are restated on compound annual growth rates.

GAZPROM'S STRONG FOOTHOLD



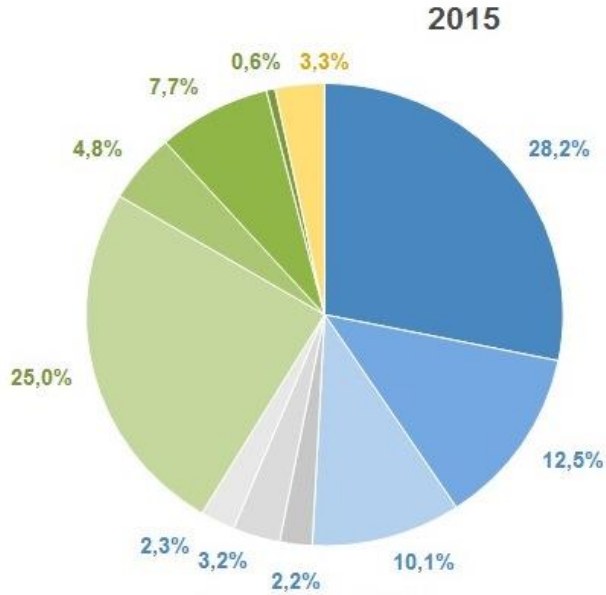
Gazprom Export deliveries to Far Abroad countries, bcm



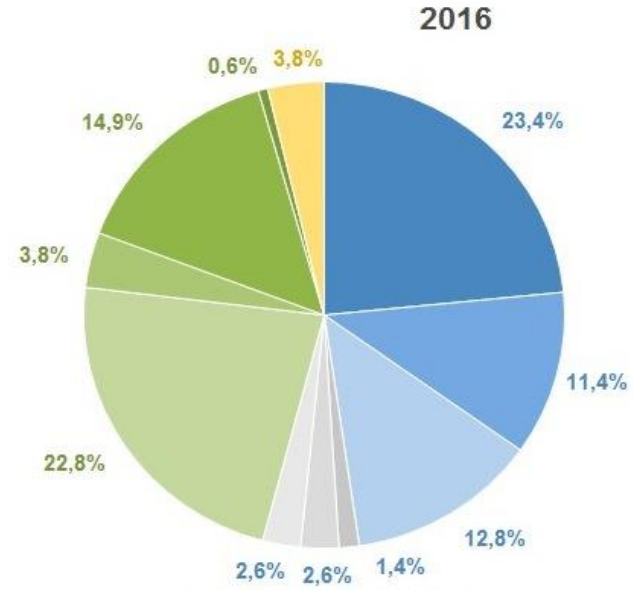
Gazprom export deliveries to Europe increased by 19.9 bcm or by 12.5%

Average price of gas delivered to Europe is \$167/mcm in 2016

THE PRICING STRUCTURE OF THE EUROPEAN GAS MARKET



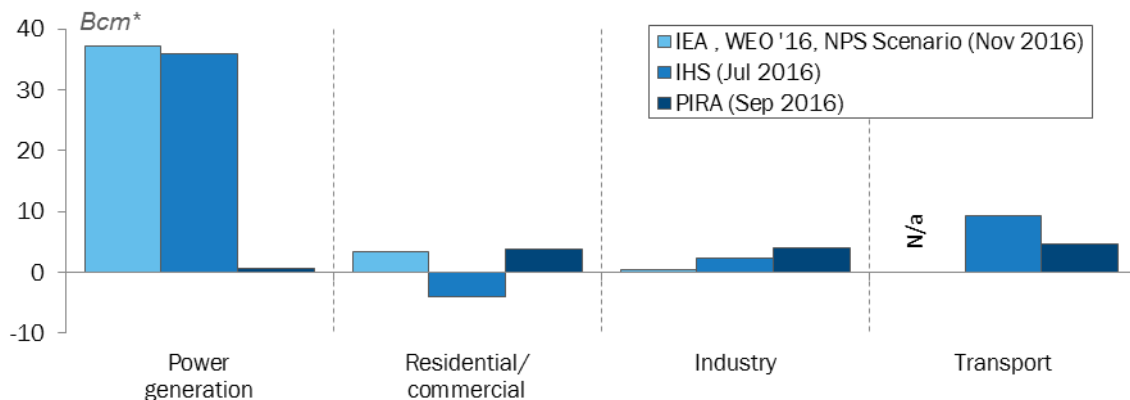
- 58.6% {
 - Gazprom - oil- and quasi-oil-indexed
 - Norway 1/3 oil-indexed
 - Algeria - oil-indexed
 - Libya - oil-indexed
 - Qatar - oil-indexed
 - Other - oil-indexed
- 38.1% {
 - Norway 2/3 hub-indexed
 - Qatar - hub-indexed
 - Gazprom - hub-indexed
 - Other - hub-indexed
- 3.3% {
 - Gazprom - fixed price



- 54.1% {
 - Gazprom - oil- and quasi-oil-indexed
 - Norway 1/3 oil-indexed
 - Algeria - oil-indexed
 - Libya - oil-indexed
 - Qatar - oil-indexed
 - Other - oil-indexed
- 42.1% {
 - Norway 2/3 hub-indexed
 - Qatar - hub-indexed
 - Gazprom - hub-indexed
 - Other - hub-indexed
- 3.8% {
 - Gazprom - fixed price

BRIGHT SPOTS AND NEW APPLICATIONS FOR GAS IN EUROPE

2015-2025 growth:



By 2025, bright spots – power generation and transport sectors - could add 45 bcm to total demand or 9% above 2015 levels

By 2025 “bright spots” generate additional 9% of demand growth :

Power generation

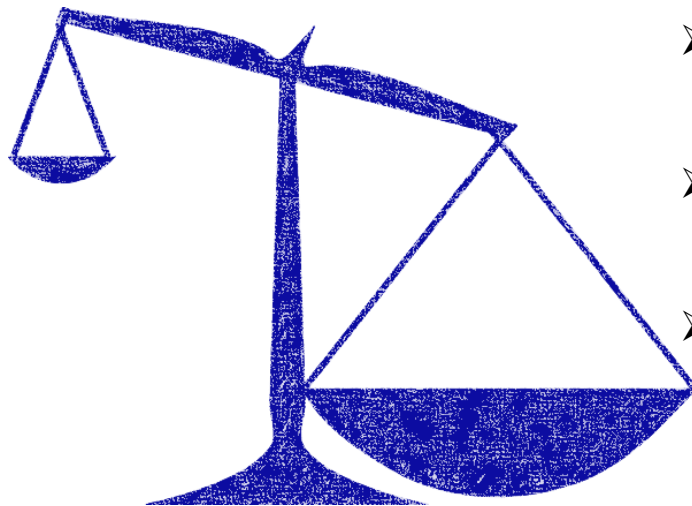
- Aging of coal and nuclear plants
- Introduction of capacity remuneration mechanisms
- Adjustment of the carbon emission allowances market and carbon taxation schemes

Transportation sector and ssCHP

- Small-scale combined heat and power plants (CHP) offer low-cost energy and tax benefits
- Environmental restrictions and lower costs encourage broader use of LNG in bunkering and road transport

Challenges

- Imbalanced regulation;
- Lack of political will to promote gas for the future.



Opportunities

- Market is well-developed, flexible and sustainable;
- Competition is growing and market is secured from manipulations ;
- Market offers new innovative niches.

Solution – a common response of the whole gas industry!

Thank you for your attention!