

GAZPROM EXPORT

- Profile: Gazprom Export 2
- General Statistics of Supplies to Europe 6
- Trading Activities Development 24
- Gas Trade with Neighbouring Countries 26
- LNG Supply 30
- Gas Transportation and Storage 34
- Exports of Crude Oil, Petroleum Products, Sulfur and Gas Processing Products ... 44
- Natural Gas as Motor Fuel 49
- Ecology 52
- Charity and Sponsorship 54

GAZPROM EXPORT

PROFILE: GAZPROM EXPORT



WORLD'S LARGEST EXPORTER OF NATURAL GAS

Gazprom Export is one of Russia's most successful and advanced companies. It is a wholly-owned subsidiary of PJSC Gazprom. Its mission is to export Russian natural gas to foreign markets. For more than fifty years, the reliable supplies of Russian gas have been a significant contribution to the energy security in Europe and to Russian federal budget revenues. Gazprom Export adheres to principles of social responsibility, and provides for the development of the gas industry and the Russian economy.

In 2019, natural gas exports to the Far Abroad countries under the contracts of Gazprom Export amounted to 198.97 bcm, including REPO agreements, which amounted to 7.6 bcm.



Source: PJSC Gazprom

OUR COMPANY:

- Supplies natural gas to more than 20 countries;
- Exports gas condensate, crude oil, petroleum products, liquefied petroleum gases, and other oil and gas petrochemicals;
- Opens up new markets for Russian gas, optimizes export flows, analyses, and forecasts gas markets trends;
- Provides reliable and secure natural gas supply for international clients;
- Participates in development and implementation of Gazprom Group's gas and energy investment projects in Russia and worldwide;
- Actively participates in developing cooperation with international partners.

GAS RESERVES OF PJSC GAZPROM

Gazprom Export's global market positions are backed by the world's largest gas reserves of PJSC Gazprom. Its share in the global reserves is around 16%, and in the Russian reserves – approximately 71%.

Gazprom accounts for around two-thirds of Russia's total gas production. In 2019, Gazprom Group companies produced 501.2 bcm of natural gas.

The total length of gas trunk pipelines and gas transmission network has reached 175,200 km. Gas transportation network includes 254 linear compressor stations with total 47,100 MW of pumping capacity.

RUSSIAN GAS AND EUROPE

The shares of gas and renewables in the European energy mix are expected to increase, amid continuing decline of oil and coal. Given Europe's limited domestic gas reserves and decline in indigenous production, the European countries are likely to import more gas from third countries. Gazprom Export is ready to contribute to meeting the European demand by drawing on the huge potential of the Russian natural gas industry.



Source: PJSC Gazprom

RELEVANCE OF THE COMPANY'S ACTIVITIES TO THE INTERESTS OF GAS IMPORTERS:

The company guarantees reliable and sustainable gas supply to importing countries. The history of gas supplies to Europe demonstrates that despite the turbulent political transformations both in consumer countries and in the former Soviet Union, we have always been capable of ensuring uninterrupted gas supply to our clients.

COMPLIANCE OF THE COMPANY'S OPERATIONS WITH RUSSIA'S NATIONAL INTERESTS:

- Contribution to the development of Russia's energy exports and the positive foreign trade balance;
- Strengthening of Russia's positions in the global fuel and energy market;
- Expanding the economic base to improve cooperation with the importers of Russian gas;
- Increasing foreign currency earnings;
- Attracting investment into Russian gas industry;

- Raising employment rate and income levels of Russian citizens;

- Creating employment opportunities in the areas of gas extraction, processing, transmission and distribution.

HISTORY OF OUR COMPANY

The All-Union Foreign Trade Organization V/O Soyuzgazexport was founded on April 23, 1973 in Moscow. In 1991, it was incorporated into the State Gas Concern Gazprom as a state-owned foreign trade enterprise. In 1998, in accordance with a decision of the founder, Gazexport LLC was formed. In 2006, the company was renamed Gazprom Export LLC. It is fully owned by its founding shareholder PJSC Gazprom.

In November 2013, the company's headquarter moved to Saint Petersburg.



Source: PJSC Gazprom

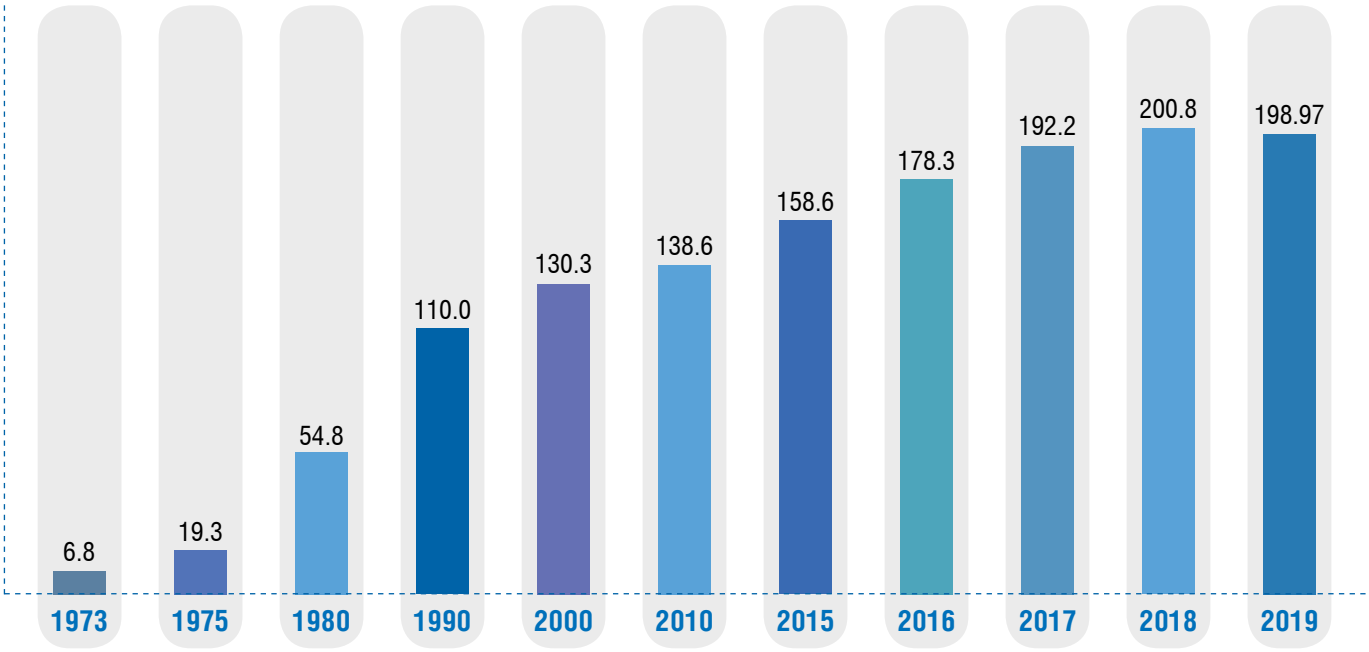
Legal address:
2a, Litera A, Ostrovsky Square, St. Petersburg, 191023, Russian Federation
Headquarters address:
2a, Litera A, Ostrovsky Square, St. Petersburg, 191023, Russian Federation.
Phone: +7 (812) 646-14-14, Fax: +7 (812) 646-14-15
E-mail: info@gazpromexport.gazprom.ru
Media contacts: comm@gazpromexport.gazprom.ru
Website: www.gazpromexport.com



GENERAL STATISTICS OF SUPPLIES TO EUROPE

DYNAMICS OF GAS SUPPLIES TO EUROPE

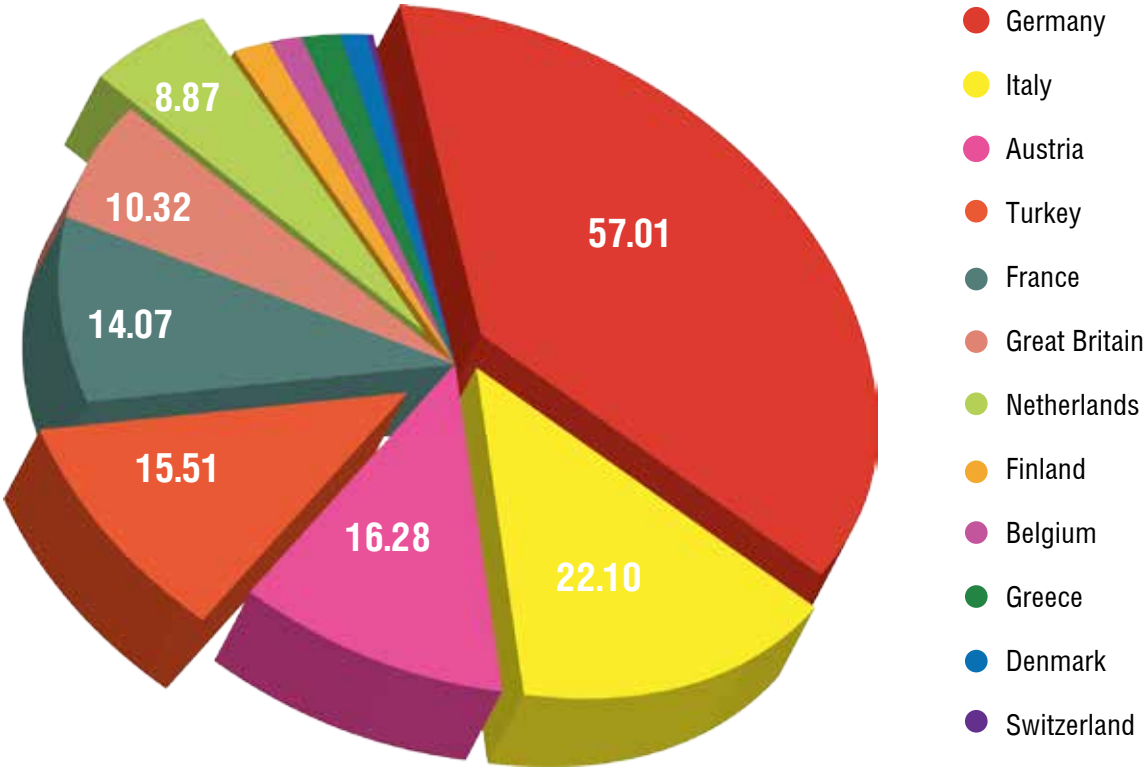
In 2019, Gazprom Export supplied **198.97 bcm of gas** to the European countries. In 2019, around 77% of all supplies from Russia was delivered to the countries of the Western Europe (including Turkey), with the remaining 23% going to the Central European countries. Since 1973, we have supplied more than 5 trillion cubic meters of natural gas to the European countries.



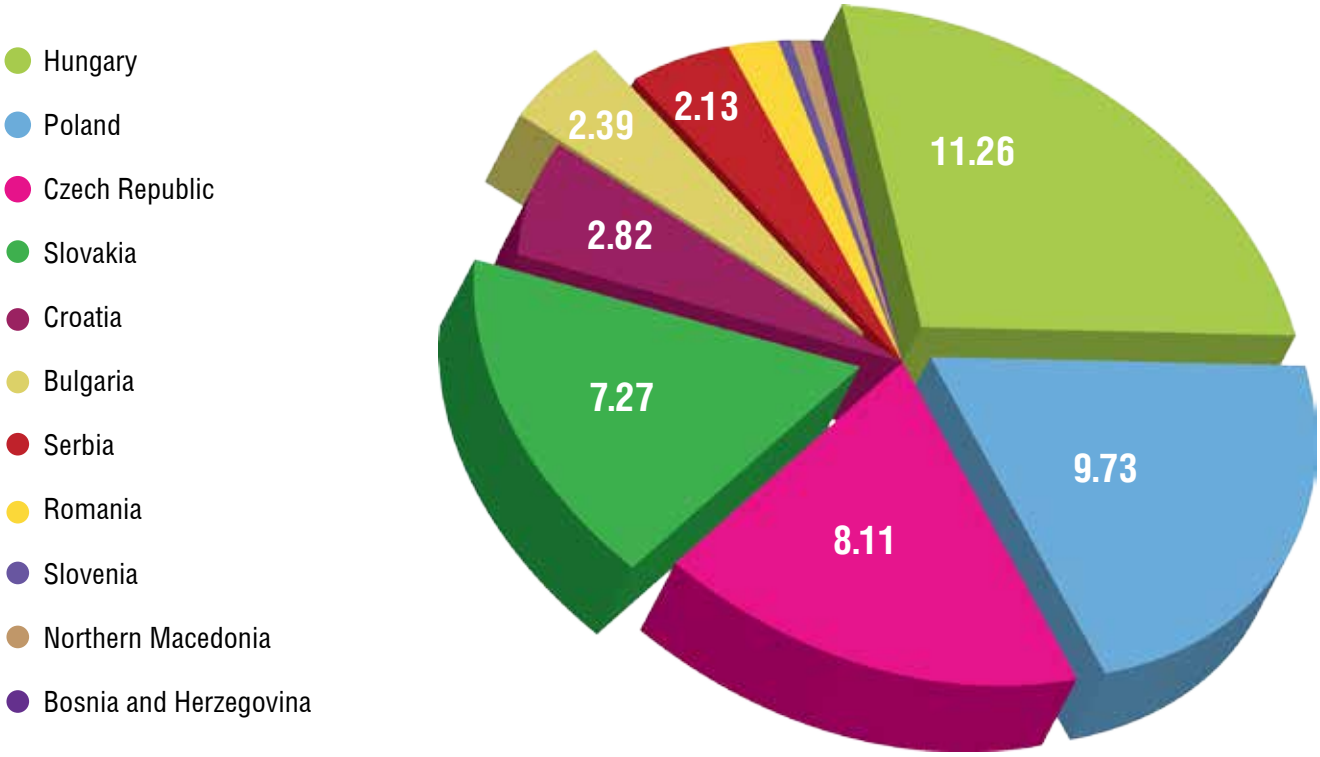
*Volume of natural gas sales via Gazprom Export to the Far Abroad countries (bcm)**



Source: PJSC Gazprom



*Natural gas supplies via Gazprom Export to the countries of Western Europe and Turkey in 2019, bcm**



*Natural gas supplies via Gazprom Export to the countries of Eastern and Central Europe in 2019, bcm **

* including financial instruments / REPO in the amount of 7.6 bcm sold in the markets of Austria, Germany, the Netherlands, Hungary, Slovakia and the Czech Republic.

AUSTRIA

The Republic of Austria became the first country in Western Europe to sign a long-term gas supply contract with the USSR in 1968. Over the past years, the volume of gas exports from Russia to Austria has grown more than tenfold, reaching a record value of 16.28 bcm in 2019. As of January 1, 2020, Austria has received around 239 bcm of Russian natural gas in total since the beginning of supplies.



Source: OMV

For more than 50 years, Austria's largest company, OMV AG, has been Gazprom Export's main business partner in the national market. Currently the purchaser of Russian gas is OMV Gas Marketing and Trading GmbH (a 100% subsidiary of OMV AG).

OMV AG is the largest energy concern in Central Europe. Until 1994, the state owned 100% of the company's shares. Its headquarters is located in Vienna. Today OMV's shareholders are the Austrian government (via the Austrian Industrial Holding) with 31.5% stake, Mubadala Investment Company with 24.9%, shareholding programs with 0.4%, OMV itself with 0.1%, and 43% shares are in free float.

By the end of 2019, the volume of sales of OMV amounted to 23 billion euros, the number of employees reached 20 thousand. The company conducts business in Central and Eastern Europe, the Middle East and Africa, the North Sea, Russia, and the Asia-Pacific Region. OMV is engaged in the production of hydrocarbons, as well as the development of low-carbon energy solutions. Gazprom Group cooperates with OMV in the field of gas production, transportation and supply.

In June 2017, Gazprom and OMV AG signed a Memorandum of understanding on coordinating activities in order to develop gas transportation infrastructure for natural gas supplies to Central and South-Eastern Europe, as well as the Framework agreement on cooperation in the sphere of small-scale LNG.

In June 2018, during the celebration of 50 years anniversary of Russian gas supplies to Austria, Gazprom and OMV Gas Marketing & Trading GmbH extended the long-term contract for gas supplies to Austria through December 31, 2040. Later that year, the parties signed a supplement to this contract increasing the supply volume to Austria by 1 bcm per year for the entire contract term.

BULGARIA

Russia has been the major exporter of natural gas to Bulgaria since 1974. The cooperation between the two countries is based on several documents, the most important of which are the Orenburg and the Yamburg Agreements.

Gazprom Export's key partner in the Bulgarian market is Bulgargaz EAD. Bulgargaz is a 100% subsidiary of Bulgarian Energy Holding EAD. The enterprise was established in 1974.

In December 2006, Gazprom Export and Bulgargaz signed a Memorandum on further development of Russian-Bulgarian relations in gas sector. The Memorandum extended the contract for Russian natural gas transmission via Bulgaria to other countries until 2030, keeping booked transit capacity at the level of 17.8 bcma.

On November 15, 2012, Gazprom Export and Bulgargaz EAD signed a new long-term gas supply contract for up to 2.9 bcma for the period from January 1, 2013 to December 31, 2022.

The Orenburg General Agreement was signed on June 21, 1974 between the USSR and the member countries of the Council for Mutual Economic Assistance (CMEA), including Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia. It provided for the joint development of the Orenburg gas field and construction of the main Orenburg – the Western Soviet Border Gas Pipeline ("Soyuz").

The Yamburg Agreements are a series of agreements on the joint development of the Yamburg gas condensate field and the construction of the Yamburg – Western Border of the USSR Gas Pipeline ("Progress"), signed in 1985–1987 between the USSR and the CMEA member countries, including Bulgaria, Hungary, the GDR, Poland and Czechoslovakia.

In 2019, imported volume of Russian natural gas to Bulgaria amounted to 2.39 bcm, including 47 mcm gas for compressor stations, which has almost completely satisfied Bulgaria's needs in gas. In total, during the entire period of cooperation, about 178 bcm of gas were delivered to Bulgaria as of December 31, 2019.



Source: PJSC Gazprom

BOSNIA AND HERZEGOVINA



Natural gas has been supplied to Bosnia and Herzegovina, part of the former Yugoslavia, since 1978. Until the break-up of the Socialist Federal Republic of Yugoslavia, gas had been supplied under the Intergovernmental Agreement of 1988. From 1993 to 1995, gas was supplied under a contract with Progresgas-Trading, a Russian-Yugoslavian joint venture. Since October 1995, Gazprom Export has been selling gas via the Energoinvest d.d. Sarajevo company (Federation of Bosnia and Herzegovina). Since July 2015 gas is also being supplied to GAS-RES d.o.o. (Republika Srpska). The total volume of gas delivered under the current contract with Energoinvest d.d. Sarajevo between 1997 and 2019 is about 5.33 bcm, including 178.3 mcm in 2019. Under the contract with GAS-RES d.o.o. in 2015–2019, 278.2 mcm of natural gas was supplied, including 57.2 mcm in 2019.

CROATIA



Supply of Russian gas to Croatia started in 1978 within the deliveries to Yugoslavia. On November 10, 1992, an Intergovernmental agreement for Russian natural gas supply in the volume of up to 1.2 bcma through 2010 was signed.

In 2005–2010, Gazprom Export supplied natural gas within the long-term contract with INA Industrija Nafte Company (after the reorganization, rights and obligations of a buyer were conveyed to Prirodni Plin d.o.o.). Actual volumes of Russian natural gas supply to Croatia amounted to 1.1–1.2 bcma.

In 2012, supply of natural gas was performed by Gazprom Schweiz AG within the contracts with Croatian Prvo plinarsko društvo d.o.o. (hereafter – PPD). Since 2017, Gazprom Export delivers natural gas to PPD under the long-term contract valid through 2027.

In 2019, Gazprom Export supplied to Croatia 2.82 bcm of gas.

CZECH REPUBLIC



Russian natural gas supplies to the Czech Republic began in 1967 within the deliveries to Czechoslovakia.

As for today, Gazprom Export's and Gazprom Group companies' key partner in the Czech Republic market is RWE Supply & Trading CZ a.s. (hereafter – RWE). On October 15, 1998, a long-term contract for the supply of Russian natural gas to the Czech Republic was signed with RWE predecessor – Transgas. The contract is valid through 2035.



Source: PJSC Gazprom

For many years, Russian natural gas transit across the Czech territory was based on a long-term contract signed on November 1, 1999 with Transgas. On 1 April 2013, RWE transferred this contract to Net4Gas – the operator of the Czech gas transmission system – in accordance with agreements of the parties. Russian natural gas deliveries for onward transit through the territory of the Czech Republic are carried out mainly through the Yamal – Europe and Nord Stream/OPAL gas pipelines through the VIP Brandov-Gaspool entry point.

In total, 8.11 bcm of gas was supplied to the Czech market in 2019, including gas for compressor stations.

DENMARK

Cooperation with Denmark began in 2006, when an agreement on the supply of natural gas via the Nord Stream gas pipeline was signed. The agreement defined the main conditions for the purchase of Russian gas by the Danish company DONG Naturgaz A/S (currently Ørsted) for 20 years. Russian natural gas supply began on November 8, 2011 with the commissioning of the first string of the Nord Stream gas pipeline.

At the end of 2019, the volume of natural gas supplies to Denmark amounted to 1.67 bcm.

Ørsted Salg & Service A/S (previously DONG) is the largest energy company in Denmark and one of the leaders in the energy market in the Northern Europe. Headquartered in the Danish city of Fredericia, the company employs 6,500 employees. The company was established in 1972 and was originally called Dansk Naturgaz. The monitoring of compliance with state interests in gas purchases in Norway was among its purposes. The discovery of oil and gas reserves in the Danish sectors of the North Sea in the late 1970s led to the expansion of the company's business.



Source: PJSC Gazprom

FINLAND



Natural gas from Russia has been supplied to Finland for over 45 years. The first contract was signed in 1971, for supplying up to 1.4 bcma. Gas actually started arriving in Finland in 1974. In December 2015, Gazprom Export and Gasum extended the contract for gas supply to Finland through December 31, 2031.

As of January 1, 2020, Finland has imported about 130.3 bcm of the Russian gas, including 2.46 bcm in 2019.

For 25 years, Russia's partner has been Finland's Neste company, later renamed into Fortum. For many years, the companies have developed the Finnish natural gas market together. In 1994, the fruitful cooperation between Gazprom and Fortum resulted into the establishment of the joint-stock company Gasum, committed to importing and selling natural gas as well as operating and developing Finland's gas transmission system. In 2016, Gazprom sold its stake in the company, and the Finnish state became the only shareholder of Gasum.

FRANCE



Russia and France have enjoyed over 40 years of successful and mutually beneficial cooperation in the area of natural gas supply. Within this, over 406.8 bcm of "blue fuel" has been exported to France. In 2019, exports to this country reached 14.07 bcm.

Engie is an energy company engaged in exploration, production, processing and marketing of natural gas. On July 22, 2008, Gazprom Export's historical partner, Gaz de France, merged with the SUEZ concern and became GDF Suez. In 2015 the company renamed into Engie S.A. The concern, headquartered in Paris, operates in almost 70 countries on five continents.

The main partner of Gazprom Export in France is Engie (formerly Gaz de France, GDF Suez). There are currently five major long-term contracts between Gazprom Export and Engie for the Russian gas supply to France.

The first two contracts were signed on September 3, 1975 and provided for gas deliveries to the Slovak-Austrian border. Within the 'Gas for Pipes' project, a third contract was signed on October 28, 1983 for gas delivery to the border of Czechoslovakia and West Germany.

On December 19, 2006, Gazprom Export and Engie signed a major package of commercial agreements which covered the extension of their contracts through 2031, relocating delivery points to the French border, transferring part of the natural gas volumes – and the corresponding transmission capacities – to Gazprom Export, for the purpose of operating in France's retail market; and selling new volumes delivered through the Nord Stream pipeline.



Source: PJSC Gazprom

In March 2010, in the presence of the Presidents of Russia and France, a Memorandum of Interest for purchase of additional gas within the scope of the Nord Stream project was signed. On June 18, 2015, Gazprom and Engie signed a Memorandum of Understanding and Cooperation on the Nord Stream 2 project.

As part of Gazprom's strategy of entering the retail market, a new Gazprom Group company was registered in France in July 2006: the Gazprom Marketing & Trading France, engaged in supplying gas to final consumers in France.

GERMANY



Germany remains the largest buyer of Russian natural gas. Since the start of deliveries in 1973, more than 1 trillion cubic meters of gas has been delivered to German partners, including 57.01 bcm in 2019.

The main partners of Gazprom Export LLC in Germany are Uniper Global Commodities SE, WIEH GmbH, WINGAS GmbH, VNG AG and Shell Energy Europe Ltd.

Four main contracts of Gazprom Export and Uniper are valid until 2035. In total, more than 702 bcm of Russian gas has been delivered to Uniper and its predecessors since the beginning of deliveries.

The Uniper SE ("Uniper" – "Unique Performance") company was established on January 1, 2016 within the reorganization of the E.ON concern. E.ON's predecessor in relations with Gazprom was the Ruhrgas AG concern – the first West German company that signed a contract for the imports of Russian natural gas in 1970. In 2003, E.ON Global Commodities SE became a sole shareholder of Ruhrgaz, and in 2010 the concern was divided into a trading and a transport companies. Today, Uniper is an energy company specializing in natural gas, power generation and global energy trade. Uniper imports natural gas from Russia, the Netherlands, Norway and Denmark, providing about 48–50% of total gas imports to the German market. The company's headquarters is located in Düsseldorf.

To enhance the efficiency of natural gas sales and increase its share in the German market, Gazprom PJSC and Wintershall Dea (earlier Wintershall AG, a subsidiary of BASF AG concern) established two joint ventures in Germany – WIEH in 1990 and WINGAS in 1993. As a result of the asset exchange transaction between Gazprom PJSC and Wintershall AG, which was finalized on October 1, 2015, Gazprom PJSC increased its stake in the European gas trading and storage companies WINGAS, WIEH and WIEE to 100%.

VNG AG (Verbundnetz Gas AG) is the leading gas company in the Eastern part of Germany and Russia's oldest partner. The company's history began in 1958, when the 'Technische Leitung Ferngas' gas company was established as a part of the Verbundnetz West energy company. In 1973, the company became the first recipient of Russian gas in Germany. In 1990, the company was made public. Today, VNG AG is a pan-European group that unites more than 20 companies and offers a large portfolio of services in the fields of trade, sale, transportation and storage of gas, as well as production of biogas. Its headquarters is located in Leipzig.

A number of long-term contracts for the supply of natural gas has been signed with WINGAZ GmbH and WIEH GmbH, including those in act until 2030. In 2013, gas supplies to WINGAS GmbH within the Nord Stream project started.

In June 2019, the Main terms of gas supply were signed with the VNG Handel und Vertrieb company (a subsidiary of VNG AG). According to the document, in 2021–2022, Gazprom Export will supply up to 3.4 bcma of gas to VNG Handel und Vertrieb.

In the German market, Gazprom Export LLC also cooperates with Shell Energy Europe Ltd. The companies signed a contract for annual supplies of 1.2 bcm of gas until 2031.



Source: PJSC Gazprom

GREAT BRITAIN



Gazprom Group is represented in the British market by Gazprom Marketing & Trading (GM&T). Along with Russian gas, its trade portfolio includes gas from other producers. In addition, GM&T purchases and sells significant volumes of gas directly on trading platforms.

To optimize the supply of Russian gas to the British market, GM&T uses the capacities of the Interconnector and BBL gas pipeline, as well as swap (exchange) operations that allow to reduce transportation costs. GM&T has repeatedly participated in operations such as exchanging pipeline gas for LNG.

Selling gas to end consumers allows the company to diversify its revenue sources and provide additional guarantees for natural gas sales in the liberalized market of the United Kingdom. In 2019, the volume of gas sales to end consumers in the UK through the Gazprom Marketing & Trading Retail subsidiary amounted to about 4.9 bcm.

Gazprom Marketing & Trading was established in May 1999 under the name Gazprom UK Trading to optimize capacity utilization in the Interconnector gas pipeline connecting the UK with the European continent, as well as to develop trading activities in the liberalized markets of Europe. Gazprom PJSC has been a shareholder of the Interconnector since 1994. The main activities of the company today include selling physical volumes of Russian gas on trading platforms in the Western Europe; trading gas, electricity, oil and petroleum products on the main trading platforms in Europe; sales of gas and electricity to the end consumers in the UK, France, Germany and the Netherlands; development of LNG trading activities in the Atlantic and Pacific Basins' markets. Managing its gas portfolio of more than 320 bcm per year, GM&T performs its own booking of transport and UGS capacities, as well as conducts swap (exchange) operations. This allows to effectively optimize the product portfolio, as well as to generate additional revenue from the price difference between different European markets and delivery periods.

Having started with a volume of 260 mcm in 2006, Gazprom Group delivered 10.32 bcm of Russian natural gas to the British market in 2019.

GREECE



Founded in 1988, the State Gas Corporation DEPA is the main importer of gas to Greece. In 2005, within the liberalization of natural gas market in Greece, its subsidiary DESFA engaged in gas transportation was established as a separate company. DEPA continues to distribute gas and supply it to major consumers.

Russian gas deliveries to Greece began in 1996 under a contract between V/O Soyuzgazexport and DEPA Public Gas Corporation of Greece signed in 1988. It covered a delivery of up to 3 bcma through 2016. In 2014, the contract was extended through 2026.

Prometheus Gas S.A. was established in 1991 for the purposes of development of the Russian-Greek cooperation in the gas industry with equal stakes owned by Gazprom Export and Copelouzos Bros Group Ltd. Initially, the company was engaged into the construction of energy facilities in Greece. To date, eight gas pipeline branches, the Florina TPP with an output capacity of 300 MW, and a compressor station in Nea Mesimvria have been commissioned by the company.

Since October 2016, natural gas deliveries to Prometheus Gas S.A. have started under a contract with Gazprom Export LLC. In October 2017, the companies signed a long-term contract for the supply of up to 1 bcma of natural gas in the period from January 1, 2018 to December 31, 2027.

Since 2017, Gazprom Export LLC has also been supplying natural gas to Mytilineos S.A. The cooperation was based on short-term contracts.

Mytilineos S.A. is one of Greece's leading companies in such sectors as metallurgy, construction of power facilities, and trading of power and gas. The company was founded in 1990 and is listed on the Athens Exchange.

As of December 31, 2019, more than 49 bcm of Russian natural gas was exported to Greece over the entire period of cooperation. In 2019, supplies to the country amounted to roughly 2.41 bcm, including 692 mcm via Prometheus Gas S.A. and 588 mcm via Mytilineos S.A.

HUNGARY



Cooperation in the area of natural gas supplies to Hungary began in 1975. Until 1998, gas was exported under the Orenburg Agreement.



Source: PJSC Gazprom

Today, the main importer of the Russian gas to Hungary is Panrusgaz company. In 1996, two long-term contracts for the supply of natural gas to Hungary were signed between Gazprom Export LLC and Panrusgaz for the period up to 2015. They were further extended until 2021. Under these contracts, natural gas exports are carried out in two directions — through Beregovo at the Ukrainian-Hungarian border, and Baumgarten at the Slovak-Austrian border.

From October 2018, Gazprom Export LLC supplies gas to Hungary via its subsidiary WIEE Hungary Kft, on the basis of short term contracts. Moreover, the short-term agreements with the MET International AG company were signed for providing additional gas supplies.

In 2017, a Memorandum of Understanding was signed between Gazprom Export LLC and Hungarian Gas Trade Ltd. on the parties' intention to continue the long-term cooperation in the field of Russian gas supplies to Hungary. At the same time, Alexey Miller, Chairman of the Gazprom Management Committee,

Russian-Hungarian joint-stock company Panrusgaz was founded in 1994 to ensure reliable and efficient supply of natural gas to Hungary, develop mutually beneficial trade relations and maintain the strategic nature of partnership. The company's shareholders are Gazprom Export LLC, MVM Hungarian Electric Power Company and Centrex Hungaria Zrt.

and Peter Szijjarto, Minister of Foreign Affairs and Trade of Hungary, signed a roadmap to implement a number of measures aimed at developing Hungary's gas transmission system. In accordance with these agreements, consultations are held with the Hungarian side on the extension of existing gas supply contracts to Hungary, and on the implementation of the onshore section of TurkStream gas pipeline via the territory of Hungary.

As of December 31, 2019, a total of 261 bcm of natural gas was exported to Hungary. In 2019, supplies to this country amounted to 11.26 bcm, including 1.33 bcm via WIEE Hungary Kft. and 0.78 bcm of natural gas via MET International A.G.

ITALY



Italy is one of key export markets for Gazprom Group. In 2019, natural gas supply to Italy amounted to 22.1 bcm under all contracts. The country has become the second largest buyer or Russian gas, following Germany. 679.7 bcm has been supplied to Italy since 1974.

Gazprom Group's main partner in the Italian market is ENI S.p.A., founded in 1953. Gazprom Group supplies natural gas under three long-term contracts with ENI.

ENI S.p.A., which is the largest Italian oil and gas company headquartered in Rome, was established in 1953. Its main production regions are Egypt, North Africa, Sub-Saharan Africa, UAE, Kazakhstan, Europe and Mexico, and its main sales market are Italy and other European countries. ENI operates in more than 80 countries. Eni Gas & Power S.p.A. carries out gas purchase and trading. The first agreement on the long-term gas supply from Russia to Italy was signed in December 1969. The first gas pipeline that connected the two countries was put into operation in 1974.



Source: ENI

Gazprom Italia S.p.A. was established in June 1993 by Gazprom and ENI on a parity basis and initially named Promgaz S.p.A. Gazprom purchased ENI's stake in late 2011, and the company was renamed into Gazprom Italia on January 25, 2018.

In addition, Russian gas is delivered to Italy through Gazprom's subsidiary Gazprom Italia S.p.A.

Russian gas is also exported to other companies operating in the Italian market: Sinergie Italiane S.r.l. in liquidazione, Axpo Solutions AG, Vivigas S.p.A.

NETHERLANDS



Russian gas is supplied to the Netherlands under a 20-year contract signed with Gasunie in September 2000. The first deliveries started on October 1, 2001 via the Yamal – Europe gas pipeline system. After restructuring of Gasunie, the GasTerra company has become Gazprom Export's partner under the contract for natural gas supply to the Netherlands.

In 2019, Gazprom supplied 8.87 bcm of gas to the Netherlands.

The basis of Gazprom's business cooperation with Gasunie were laid by the framework agreement of 1996. Along with the Russian natural gas supply to the Netherlands, the agreement covers various forms of partnership in transmission, storage, enhancing flexibility of gas supply etc. In 2005, Gasunie was divided into a gas trading company (currently GasTerra) and a gas transportation company that inherited the name Gasunie Transport Services B.V. The contract for the Russian natural gas supply was transferred to GasTerra B.V. (50% of the company's shares are held by the state, other shareholders are ExxonMobil and Shell with 25% share each).

NORTH MACEDONIA



The cooperation with North Macedonia in the gas sector began in 1991 with signing of a contract with Makpetrol A.D. for the construction of a gas trunkline and branches in the country on general contracting terms. Construction of the pipeline was completed in 1997, and Russian gas supplies began.

Natural gas supply is covered by annually concluded contracts with the Makpertrol A.D. company; and by the short-term agreements with TE-TO A.D. Skopje for gas supplies to the power plant of the same name. As of December 31, 2019, total sales to the country amounted to approximately 2 bcm of gas, including 296 mcm delivered in 2019.

POLAND

Polskie Gornictwo Naftowe i Gazownictwo (PGNiG) is Poland's largest oil and gas company headquartered in Warsaw. It is involved in oil and gas field development, production, storage, and transmission of these primary energy products, construction and development of the national oil and gas transmission system, and gas imports and exports. The company was established as a state enterprise in 1982. In 1990, it was transformed into a joint-stock company. After consequential privatization 71,88% of the company's shares are held by the state.

Russian natural gas supply to Poland is covered by a long-term contract with Polskie Gornictwo Naftowe i Gazownictwo (PGNiG). The first volumes of Russian gas were supplied to Poland from 1944. Poland is one of the leaders among Eastern European States in terms of Russian gas purchases and plays an important role in its transit to Western Europe.

As of December 31, 2019, over the course of cooperation over 333.5 bcm of natural gas has been sold in Poland, including 9.73 bcm in 2019, 0.37 bcm of this being fuel gas.

ROMANIA

Russian natural gas has been supplied to Romania since 1979 within the Orenburg Agreement. Its share on the Romanian market has varied from 2% to 25% of total consumption. Gas supplies from the Russian Federation are performed under long-term contracts concluded with the companies Gazprom Schweiz AG and Conef Energy for natural gas supplies to Romania through 2030.

As of December 31, 2019, in the course of cooperation over 131.82 bcm of gas has been supplied to Romania, including 994 mcm in 2019.



Source: PJSC Gazprom

SERBIA

Russian natural gas deliveries to Serbia started in 1978. Following the breakup of the Socialist Federal Republic of Yugoslavia in the early 1990s, the separate intergovernmental agreements were signed with the emerging sovereign states on cooperation in the gas industry. A new Russian-Serbian joint venture, Yugorosgaz was established in July 1996 under an Intergovernmental Agreement.

Yugorosgaz is a Russian-Serbian joint venture. Its business includes construction of pipeline transmission system, transport and supplying gas to consumers as well as participation in joint energy projects. Since January 2007, the company has been purchasing Russian natural gas for Serbia under conditions of transfer and acceptance at the Beregovo point, and since February 2012 also at the Banatski Dvor UGS facility. The shareholders of the company are PJSC Gazprom (50%), Srbijagas (25%), Centrex Europe Energy Gas AG, Vienna (25%).

On October 13, 2012, Russia and Serbia concluded an Intergovernmental Agreement on natural gas supplies in 2012–2021. Based on it, on March 27, 2013, Gazprom Export and Yugorosgaz signed a long-term contract for supply of natural gas to Serbia through 2021. In 2017, Gazprom Export and Yugorosgaz signed a supplement to this long-term contract, foreseeing an increase of supply volumes from 1.5 to 2 bcma from 2018. As of December 31, 2019, roughly 11.8 bcm of gas had been delivered, including 2.09 bcm in 2019, under this contract.

Another partner of Gazprom Group in the Serbian market is the state-owned enterprise Serbijagas, established by the Government of the Republic of Serbia in the course of the reorganization of the state-run enterprise Naftna Industrija Srbije (NIS) on October 1, 2005. The company focuses on transportation, distribution and storage of natural gas in Serbia. On October 28, 2015, Gazprom and Srbijagas signed a Memorandum of Understanding reflecting the parties' intent to consider the options to extend the cooperation into the gas storage and into NGV sectors, as well as in small-scale LNG shipments.



Source: PJSC Gazprom

SLOVAKIA

Slovakia is a long-standing and reliable partner of Russia in the field of gas exports. Deliveries of Russian natural gas to Slovakia began back in 1967 within gas deliveries to Czechoslovakia, and continue to this day. Slovenský plynárenský priemysel a.s. (SPP) is Gazprom Export's main partner in Slovakia.

Gas is supplied to the Slovak Republic on the basis of the Framework Agreement signed in 2008 and effective to 2032.

In 2019, 7.27 bcm of gas was supplied to Slovakia (including gas supplies for compressor stations).

Slovenský plynárenský priemysel a.s. (SPP) is the major shareholder in Slovakia's gas transmission system operator, Eustream a.s., as well as in a number of other companies engaged in gas distribution, transmission, and storage. SPP is 100% state-owned through the State Property Fund.

SLOVENIA

Natural gas deliveries to Slovenia started in 1978. On November 5, 1992, the Intergovernmental Agreement was signed, foreseeing Russian natural gas supplies to Slovenia in the volume of up to 0.8 bcma.

In 2017, Gazprom Export and its partner Geoplin d.o.o. Ljubljana signed a new contract for natural gas supply within the period of 2018–2022.

As of December 31, 2019, approximately 14.9 bcm of natural gas were delivered to Slovenia since the beginning of supplies, including 336 mcm in 2019.



Source: PJSC Gazprom

TURKEY

The first deliveries of natural gas to Turkey from the Soviet Union began in June 1987, by transit via Romania and Bulgaria through the dedicated Trans-Balkan pipeline.

In February 1986, based on an Intergovernmental Agreement dated September 18, 1984, a contract was signed with Turkey's BOTAŞ for increasing gas supplies over 25 years (1987–2011), up to 6 bcma. In 1998, a long-term contract was signed with BOTAŞ for the supply of additional 8 bcma via the same route through 2022.

Until 2003, natural gas was arriving to Turkey only by transit through Ukraine, Moldova, Romania and Bulgaria. In 2003, following the contract of December 15, 1997 between Gazexport and BOTAŞ, and based on the Intergovernmental Agreement, the gas exports through the Blue Stream pipeline started.

The state pipeline company BOTAŞ was established by the state oil company TPAO in 1974, in accordance with a resolution of the Turkish government. Following the need to diversify energy supplies to the country, BOTAŞ has been engaged in gas trading and transportation since 1986. Until 2001, BOTAŞ had exclusive rights to control and to shape the gas market in Turkey. The market liberalization performed by the government entailed the gradual elimination of the gas import monopoly, by the transfer of pre-contracted gas volumes from BOTAŞ to private sector importers, on a tender basis, and subject to the gas seller's consent. Today BOTAŞ remains one of Turkey's biggest players in the natural gas market.



Source: PJSC Gazprom

Against the backdrop of Turkish gas market liberalization and the admission of new private players, Gazprom Export signed in 2007 and 2012 long-term contracts with private Turkish companies for supplying up to 10 bcma of Russian gas to Turkey. A number of these contracts are valid through 2042.

As of 31 December 2019, over the entire cooperation Turkey had been supplied with over 470 bcm of the Russian natural gas. In 2019, supply volumes amounted to 15.51 bcm.



TRADING ACTIVITIES DEVELOPMENT

Along with traditional supplies under long-term contracts, Gazprom Export is developing new trade instruments.

In September 2018, Gazprom Export launched its own Electronic Sales Platform (ESP) for natural gas sales both on standard market conditions as well as on its own terms directly to market participants. The ESP provides the possibility to conclude contracts for gas supply to any available delivery point (both trading hubs and non-liquid border points) with different periods of delivery, ranging from "within day" to "season ahead" and "calendar year". Therefore, via ESP Gazprom Export is able to promptly sell gas on market conditions, taking into account the current market situation, and offering flexible and competitive product.

ESP offers to its clients not only different sales instruments, but the option to pay in different currencies as well. Thus, on March 7, 2019, the first deal on gas sales priced in rubles was successfully concluded.

In April 2019, Gazprom Export introduced its own index, the ESP European Gas Index (ESPGazEX). It is calculated as a weighted average price of all transactions on the ESP with deliveries in the corresponding month.

In 2019, over 15 bcm of gas under the contracts concluded at the ESP was delivered to points NCG and Gaspool in Germany, TTF in the Netherlands, Baumgarten and VTP in Austria, Arnoldstein in Italy, VTP in Slovakia, Beregovo in Hungary, and Olbernhau in the Czech Republic. As of December 31, 2019, the total volume of gas sold via the ESP exceeded 16 bcm.

In addition, in order to diversify gas-trading instruments and for the development of trading activity, the first EFET[1] contract with the Vitol S.A. company was signed. Within this contract, the first deal was completed in December 2019. Furthermore, in 2019 the agreement with "Griffin Markets" gas broker was signed.

[1]European Federation of Energy Traders



GAS TRADE WITH NEIGHBOURING COUNTRIES

ARMENIA

Russian natural gas supply to Armenia started in 2003. As for today, the supply is performed under the mid-term contract for 2014–2019 between Gazprom Export and Gazprom Armenia companies, extended through 2020. In 2019, the volume of natural gas supplied to Armenia under this contract amounted to 2.17 bcm.

AZERBAIJAN

In November 2017, Gazprom Export and the State Oil Company of Azerbaijan Republic (SOCAR) signed a contract on natural gas supply to Azerbaijan in 2017–2018. Supply started on November 22, 2017. Under this contract, 1 bcm of natural gas was delivered to Azerbaijan in 2018. In 2019, no supply of natural gas to Azerbaijan was performed.

GEORGIA

In March 2019, a new contract for natural gas transportation through the territory of Georgia for 2019–2020 on terms of booked capacity in the volume of 2.2 bcma was signed between Gazprom Export and Georgian Gas Transport Company (GGTC). In 2019, 2.17 bcm of gas was transported by the Georgian company.

Along with this gas transportation contract, another contract for supply of up to 200 mcm of natural gas per year to Georgia in 2019–2020 was signed with GGTC in March 2019. Under this new contract, 160 mcm of natural gas was supplied to Georgia in 2019.



Source: PJSC Gazprom

KAZAKHSTAN

In 2003, Gazprom Group started purchasing natural gas from Kazakhstan. In 2019, the company purchased 11.5 bcm of Kazakh gas, including 264 mcm for the further delivery to the North of Kyrgyzstan.

Due to specific features of gas transmission system in Kazakhstan, swap (exchange) operations are used extensively in gas trading with this country. Thus, Gazprom Export and its subsidiary Gazprom Schweiz AG not only purchase the Kazakh gas, but also supply gas from Russia and Uzbekistan to Kazakhstan's Aktobe and Kostanay regions, as well as to consumers in the southern regions of Kazakhstan.

In 2019, 2.7 bcm of Uzbek gas and 5.1 bcm of the Russian gas has been delivered to Kazakhstan.

KYRGYZSTAN

Since 2017, Gazprom Export has been delivering natural gas to the consumers in the Northern regions of Kyrgyzstan under a mid-term contract with Gazprom Kyrgyzstan company. Another mid-term contract for supplying natural gas to consumers in the South of Kyrgyzstan was signed in December 2017.

In 2019, 264 mcm of gas was supplied to consumers in Northern Kyrgyzstan, the volume of supplies to the Southern Kyrgyzstan amounted to 36 mcm.



Source: PJSC Gazprom

SOUTH OSSETIA



Direct supply of natural gas from the Gazprom PJSC portfolio to the Republic of South Ossetia started in 2009. Gazprom Export has been delivering gas to the Republic on the basis of annual contracts since 2014. In 2019, under the contract with Energoresurs – South Ossetia, 40 mcm of Russia natural gas was delivered to South Ossetia. In December 2019, the contract was extended through 2020.

TURKMENISTAN



Purchases of Turkmen gas started in January 2004 under the contract between Gazprom Export and the State Concern Turkmengas expiring in 2028. In 2016–2018, no purchase of Turkmen gas was performed. It was resumed on April 15, 2019, when a contract with State Concern Turkmengas for purchases of Turkmen gas through 30 June, 2019 was signed.

Since 1 July 2019, Turkmengas and Gazprom signed a new 5-year mid-term contract for purchase of 5.5 bcma.

In 2019, the volume of gas purchased from Turkmenistan amounted to 4 bcm.

UZBEKISTAN



Gas purchases from Uzbekistan started in 2003. The volumes and the terms of supply were regulated by the Agreement on strategic cooperation in the gas sector between PJSC Gazprom and National Holding Company Uzbekneftegaz, signed on 17 December 2002.

In 2019, Gazprom Export and its subsidiaries purchased a total of 7.6 bcm of gas, including purchases of 2.7 bcm for the further supply to consumers in the southern regions of Kazakhstan as a part of swap operations and for the supply of 36 mcm of gas to the South of Kyrgyzstan.

GAZPROM EXPORT

LNG SUPPLY



LNG business development is one of the key priorities of Gazprom Group operations. Its aim is to increase natural gas export volumes by entering new markets inaccessible to pipeline supplies. For over a decade now, Gazprom Group has been actively ramping up volumes of its LNG trading portfolio both through the implementation of its own projects as well as through LNG purchases from third parties.

The aggregator of LNG volumes and operator of the Group's trading portfolio is Gazprom Marketing & Trading company. Taking a portfolio approach to LNG trade operations makes it possible to react quickly to changing market conditions, follow the geographical diversification of supplies, and to optimize transportation costs.

LARGE-SCALE LNG

The basis of Gazprom Group's LNG trading portfolio currently consists of LNG supply from the Sakhalin II project. Additionally, LNG is also purchased from third parties under fixed-term agreements and spot deals. In 2005–2019, Gazprom Marketing & Trading delivered over 450 LNG shipments (including 190 from the Sakhalin II project) of total volume around 32 mln t to the markets of over 15 countries. In 2019, Gazprom Group sold 54 LNG shipments of a total volume of 3.8 mt.



Source: PJSC Gazprom

Gazprom Group is actively operating in LNG markets of the Asia-Pacific Region, delivering both to traditional markets, like Japan, South Korea, Taiwan, as well as to the fast-growing markets of China, India, and Southeast Asia. In 2012, Gazprom Marketing and Trading Singapore, and India's leading gas transmission and gas distribution company, GAIL Limited, signed an LNG Sale and Purchase Agreement for the supply of 2.9 mt of LNG per year for 20 years. Deliveries under the contract started in June 2018.

For Gazprom Group, the key source of LNG supplies to the Asia-Pacific Region is the Sakhalin II project. Its nominal output capacity, including two production trains, amounts to 9.6 mt per year; however, actual LNG production at the plant consistently exceeds its nominal output capacity. Thus, in 2019, 11 mt of LNG was supplied to customers from the Sakhalin II plant. In 2019, the share of Sakhalin LNG on the Asia-Pacific Region market amounted to 4.4%, on the global market – to 3.1%.



Source: PJSC Gazprom

To expand its market presence in the countries of the Atlantic basin, Gazprom is also working to develop its own LNG project in Leningrad Region. In March 2019, PJSC Gazprom and JSC RusGazDobycha have started the implementation stage of the large-scale complex project aimed at processing ethane-containing gas and producing LNG near the settlement of Ust-Luga, Leningrad Region. The project envisages construction of capacities for the processing of 45 billion cubic meters of gas and for production and shipping of 13 million tons of LNG, up to 4 million tons of ethane and over 2.2 million tons of liquefied petroleum gases (LPG) per year. The gas remaining after the processing will be sent into Gazprom's gas transmission system. The first train of the complex is expected to be put into operation in the second half of 2023 and the second train in late 2024.

Another project that can increase the volume of Gazprom Group's LNG trading portfolio in the Atlantic region is a complex for the production, storage, and shipment of LNG in the Portovaya compressor station (CS Portovaya), with a capacity of 1.5 mt of LNG per year. The construction of the project is nearing its completion.

Gazprom Export, being in charge of marketing the LNG from the Portovaya project, concludes contracts, including those on remote delivery basis; and develops its own competences in the sea logistics and operational support of LNG deliveries. In April 2019, Gazprom Export and OMV Gas Marketing and Trading have signed a Sales and Purchase agreement that foresees supply of 12 LNG cargoes with a total volume of 0,9 mt for the Austrian company in 2020. In June 2019, a framework agreement with another potential LNG buyer from the Portovaya LNG plant, the Gazprom Marketing and Trading company, was concluded. To provide sea transportation of large-scale LNG cargoes, in October 2019, a freight agreement for the floating regasification unit "Marshal Vasilevsky" was concluded. This was the first LNG tanker freight agreement for Gazprom Export.

Gazprom Group is also expanding its LNG portfolio through purchases from third-party projects. For instance, in January 2015, Gazprom Marketing & Trading Singapore signed a long-term contract with

Yamal Trade company for purchase of 2.9 mt of LNG per annum from the Yamal LNG project for a period of 20 years, with delivery to a reloading point in Europe. The first cargo under this contract was delivered in May 2018.

Moreover, in November 2015, a contract for LNG purchase was signed by GM&T Singapore, Perenco Cameroon and SNH (La Société Nationale des Hydrocarbures du Cameroun), implying Gazprom Group's exclusive offtake rights for the entire LNG volume of the Cameroon LNG floating plant project – up to 1.2 mt of LNG per annum over 8 years since the plant commissioning. LNG supplies under the agreement with Perenco Cameroon and SNH began in May 2018.

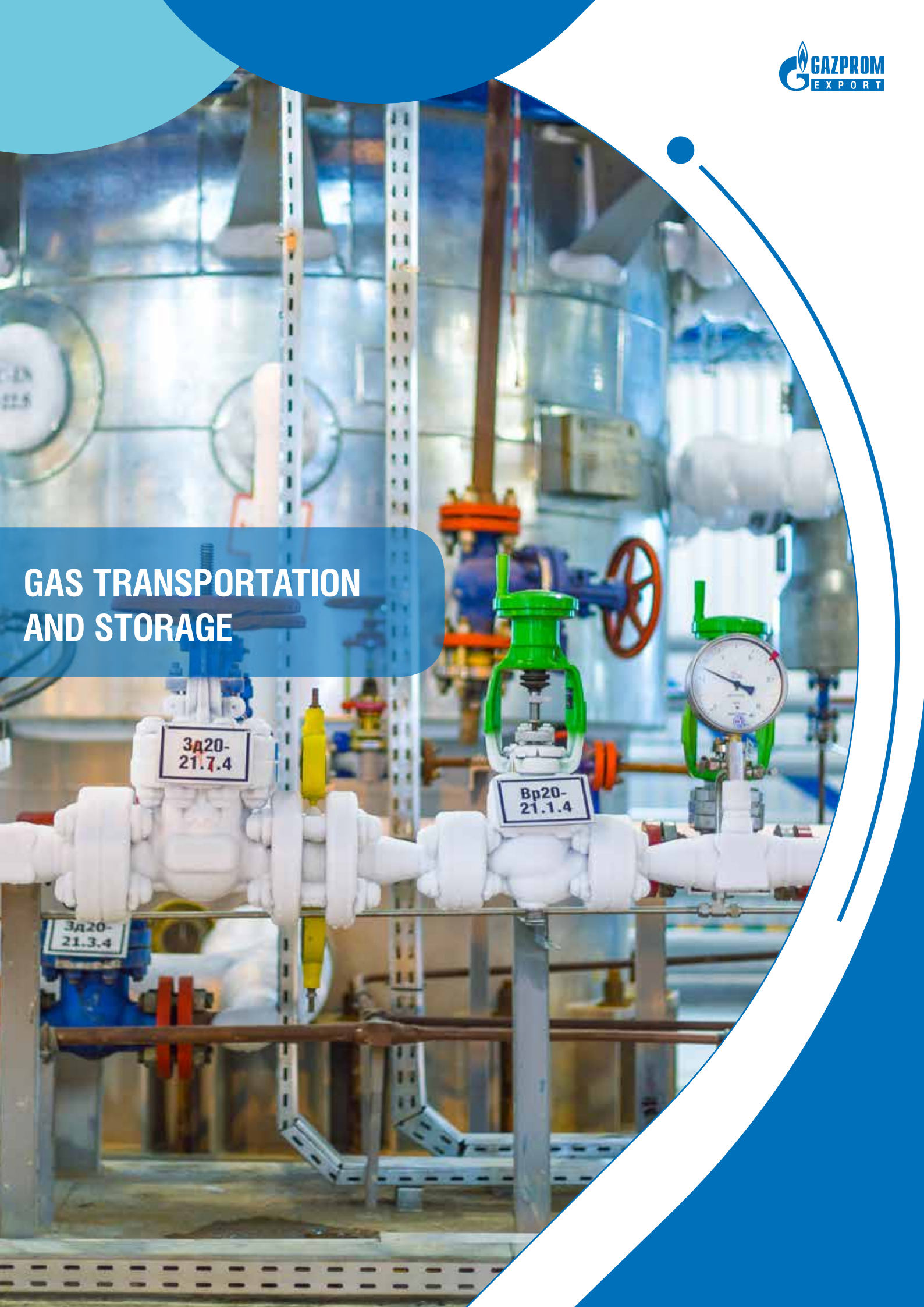
SMALL SCALE LNG (SSLNG)

In 2019, Gazprom Export has exported 443,5 mt of ssLNG, which is over 9 times more than in 2018. The most of this growth resulted from the start of ssLNG sea shipping from the Vysotsk LNG plant, the first medium-scale LNG project on the Baltic sea. From March through December 2019, in 96 ship entries, altogether 381,5 mt of ssLNG was loaded.

Also in 2019, the first ever shipment of ssLNG from Russia to Mongolia in the railway cryocontainers was performed.



Source: Gazprom flot


GAZPROM
EXPORT
GAS TRANSPORTATION
AND STORAGE
Зд20-
21.7.4
Вр20-
21.1.4
Зд20-
21.3.4

TRANSPORTATION

Gas is delivered to the European customers through a unique gas transmission system that links gas field of the Russian North with neighboring countries; and also through the Power of Siberia pipeline. Its commissioning in December 2019 was one of the key events of the year.

TRANSPORTATION CORRIDORS THROUGH UKRAINE

A number of trunk pipelines crossing Ukrainian territory deliver natural gas from Russia to European customers.

Soyuz

This pipeline, following the route from Orenburg to Western border of USSR, resulted from the Orenburg Agreement.The pipeline with design capacity of 26 bcma came onstream in 1980. The Soyuz can transport gas towards Slovakia, Hungary and Romania.

Urengoy – Pomary – Uzhgorod

The trunkline Urengoy – Pomary – Uzhgorod, reaching over 4500 kilometers, became world's first transcontinental gas pipeline. Its construction resulted from the "Gas for pipes" deal. Its design capacity is 32 bcma. Supplies through the pipeline started in 1984.

Progress

The pipeline on the route from Yamburg to Western border of USSR was built within the Yamburg agreements in 1988. Its design capacity is 26 bcma. On the Ukrainian territory, it follows the route of the "Urengoy – Pomary – Uzhgorod" pipeline.



Source: PJSC Gazprom

Together, these pipelines compose a major transportation corridor that delivers gas towards Slovakia and further to Austria. This country plays an important role in gas transit towards Italy, Hungary, Slovenia and Croatia. First gas deliveries in this direction started in 1967 via the Brotherhood pipeline.

On November 11, 2008, the Agreement on gas transmission across Slovakia's territory was signed with Eustream a.s., covering transmission of around 1 trillion cubic meters of gas through Slovakia in total over 20 years.

Another route of Russian gas transit through Ukraine runs towards Moldavia and Romania. Under an Intergovernmental Agreement signed in 1986, a transit pipeline was built through Romanian territory to deliver gas to Bulgaria, Turkey, Greece and North Macedonia. In 2002, the second string of this pipeline was built.

To provide uninterrupted gas supplies from Russia to the Far Abroad countries, on December 30, 2019, with the direct participation of Gazprom Export, an agreement between Gazprom PJSC and "Naftogas Ukrainy" was concluded. It provides transportation of natural gas through Ukrainian territory through December 31, 2024.

VYBORG - IMATRA

Gas supplies through the "Leningrad – Finnish border" pipeline started in January 1974. This project allowed, among others, to supply gas to domestic consumers in the northern part of Leningrad Region. Soviet experts also worked in Finland on the creation of gas transportation system to receive gas from the USSR. Today the export pipeline to Finland, with its annual capacity of 6 bcm, is part of gas transportation system of the Leningrad Region.

BLUE STREAM



Source: PJSC Gazprom

The Blue Stream gas pipeline is designed to supply natural gas from Russia directly to Turkey across the Black Sea. It has substantially contributed to supply security of Turkey, and facilitates the development of Turkey's gas market and gas infrastructure. Blue Stream also makes it possible to cover demand spikes in Turkey due to cold snaps in winter. The main partner in building Blue Stream was Italy's ENI, which has extensive experience in building offshore pipelines. The pipeline is operated by a Russo-Italian joint stock Blue Stream pipeline company. The pipeline capacities are equally distributed between Gazprom and Eni.

The deepwater subsea section of the Blue Stream is a unique construction. The pipelaying was successfully completed in an aggressive hydrogen sulfide environment, with the depth of the offshore section reaching 2.15 km. In December 2002, the construction was completed, and the first commercial supplies started in February 2003. In 2010, the pipeline has reached its designed throughput capacity of 16 bcma.

In 2019, the volume of gas transported via Blue Stream totaled about 11 bcm.

YAMAL – EUROPE

The Yamal – Europe transnational gas pipeline crosses the territory of four countries: Russia, Belarus, Poland, and Germany. This export corridor has added flexibility and security to the gas supplies to Western Europe. Construction of the pipeline began in 1994 in German and Polish border regions, and in 1996, first sections of the pipeline were commissioned. Gazprom invested in Belarusian section of the pipeline. Its construction began in 1997. With the final compressor station coming online in 2006 in Belarus, the Yamal-Europe reached its designed annual capacity of 32.9 bcm.

The Polish sector of the pipeline, 684 kilometer long, is owned by EuRoPol GAZ, a joint Russian-Polish venture. The EuRoPol GAZ was created in Poland in 1993 to design, finance and construct a system of transit gas pipelines through Poland.



Source: PJSC Gazprom

The pipeline's starting point is the Torzhok gas transmission junction in Russia's Tver Region. The pipeline's westernmost point is the Mallnow compressor station near Frankfurt (Oder) on the German-Polish border, where the pipeline connects to the JAGAL Nord gas transmission system. This further connects to the STEGAL West – MIDAL – Rehden UGS transmission system; and STEGAL East – Olbernhau, where the German and Czech gas transmission systems link up.

To guarantee gas transmission to delivery points, additional capacity was booked with German gas transmission system for deliveries towards the Netherlands, Belgium, and France.

NORD STREAM

The Nord Stream is an export pipeline with capacity of 55 bcm per year that allows direct gas transportation for clients in Western Europe, bypassing transit states. It provides high reliability of Russian natural gas supplies and meets the growing demand for it in Europe.

The Nord Stream construction began in April 2010. The pipeline consists of two lines with a throughput capacity of 27.5 bcma each. Its route lies under the Baltic Sea, from Portovaya Bay near the city of Vyborg



Source: PJSC Gazprom

to the German coast near Greifswald. The Portovaya compressor station, being unique in its total capacity of 366 MWh, allowed Nord Stream to become world's first pipeline able to transport gas for 1,224 kilometers without additional compressing.

The first string of Nord Stream came into operation in November 2011, the second string in October 2012.

The Nord Stream AG (Switzerland) gas transportation company was established to plan, build, own, finance, and operate the gas pipeline. The shareholders of Nord Stream AG are Gazprom (51%), E.ON (15.5%), Wintershall (15.5%), Gasunie (9%), and Engie (9%).

POWER OF SIBERIA

The Power of Siberia gas pipeline has opened the way for natural gas from Russia to China, a brand new market for the Gazprom Group. Supplies via Power of Siberia started in December, 2019. Altogether, 328 mcm gas was delivered to China through this pipeline in 2019.

The pipeline crosses three regions of Russia, including Irkutsk Region, Republic of Sakha (Yakutia) and Amur Region. The first weld of Power of Siberia was completed already on 1st September 2014 in Yakutsk, less than 4 months after the 30-year Purchase and Sale Agreement to supply Russian gas to China through the "Eastern route" was signed between Gazprom and China National Petroleum Corporation (CNPC) in May 2014.



Source: PJSC Gazprom

Currently, the first section of Power of Siberia gas trunkline is launched; it runs around 2,200 km from the Chayandinskoye field – the basis for the Yakutia gas production center – to Blagoveshchensk at Russian-Chinese border. It supplies gas to domestic consumers in Russia's Far East and exports to China. In late 2022, Power of Siberia will start to receive gas from another field – Kovyktinskoye, which serves as the basis for the Irkutsk gas production center.

TURKSTREAM

TurkStream is an export gas pipeline stretching from Russia to Turkey across the Black Sea. Gas deliveries to consumers in Turkey via TurkStream gas pipeline started in January 2020.

Construction of the TurkStream gas pipeline was commenced in May 2017 in the Black Sea. The offshore section was completed in November 2018.

The first of the pipeline's two strings is intended for Turkish consumers, the second one – for the supplies to the Southern and the Southeastern Europe. Total capacity of TurkStream is 31.5 bcma (15.75 bcma of each string).



Source: PJSC Gazprom

The pipeline's offshore section is laid on the bottom of the Black Sea at depth of up to 2,200 meters between Russkaya CS near Anapa and the town of Kiyikoy in the European part of Turkey. The length of the subsea section is 910 km.

The project meets all environmental safety standards. The construction and utilization technologies for the subsea gas pipeline are designed to have as minimal as possible impact on the ecology, seafloor's geology, water quality, and the marine environment including the natural habitat of marine organisms, mammals, sea birds and fisheries.

NORD STREAM 2

In September 2015, Gazprom, E.On, Shell, OMV, Wintershall and Engie reached a principal agreement on Nord Stream 2 pipeline project with signing the corresponding Shareholders' Agreement.



Source: Nord Stream 2 AG

The new pipeline almost follows the Nord Stream route. Only the entry point was changed: the new pipeline runs from Ust-Luga in Leningrad oblast'. The capacity of Nord Stream 2 will be 55 bcma.

The project operator is Nord Stream 2 AG. In April 2017, the operator signed a funding agreement with Engie, OMV, Shell, Uniper and Wintershall.

Pipelaying started in the Baltic sea in September 2018. In October 2019, Danish Energy Agency granted Nord Stream 2 a construction permit in the Danish Exclusive Economic Zone (EEZ) southeast of Bornholm Island.



1 **"YAMAL-EUROPE" GAS PIPELINE**
Design capacity per annum 32.9 bcm
Length > 2000 km
Pipe diameter 1420 mm

Ukrainian Corridor

2 **"URENGOY-POMARY-UZHGOROD" GAS PIPELINE**
Design capacity per annum 32 bcm
Length 4451 km
Pipe diameter 1420 mm

3 **"SOYUZ" GAS PIPELINE**
Design capacity per annum 26 bcm
Length 2750 km
Pipe diameter 1420 mm

4 **"PROGRESS" GAS PIPELINE**
Design capacity per annum 26 bcm
Length 3473 km
Pipe diameter 1420 mm

5 **"TRANS-BALKAN" GAS PIPELINE**
Design capacity per annum 20 bcm
Length 2750 km
Pipe diameter 800-1200 mm

6 **"NORD STREAM" GAS PIPELINE**
Design capacity per annum 55 bcm
Length 1224 km
Pipe diameter 1220 mm

7 **"BLUE STREAM" GAS PIPELINE**
Design capacity per annum 16 bcm
Length I Offshore section 1213 km I 396 km
Pipe diameter 600-1400 mm

8 **"NORD STREAM - 2" GAS PIPELINE** (project)
Design capacity per annum 55 bcm
Length ~1200 km
Pipe diameter 1220 mm

9 **"TURKSTREAM" GAS PIPELINE**
Design capacity per annum 31,5 bcm
Length > 900 km
Pipe diameter 813 мм

10 **"POWER OF SIBERIA" GAS PIPELINE**
Design capacity per annum 38 bcm
Length 3000 km
Pipe diameter 1420 mm

GAS STORAGE

To ensure uninterrupted gas supply to European consumers in peak demand periods or during gas transmission system maintenance, and in order to increase gas sales, Gazprom Group has adopted an underground gas storage (UGS) system development strategy. Potential storage facilities must be located close to pipelines used for natural gas transporting. As a rule, Gazprom Export builds UGS facilities in cooperation with local partners.

Between 2006 and 2019, Gazprom Export's gas storage capacity in Europe increased from 1.4 to 8.7 bcm. In 2019, available capacity including short-term storage contracts amounted to 11.7 bcm.

Gazprom Group participated in underground gas storage projects in the countries along Russia's main gas export routes:

- WINGAS GmbH operates **UGS facilities Rehden and Jemgum** in Germany with total capacity of **4.2 bcm and 0.84 bcm**, respectively;
- Gazprom Germania together with international partners is working on **the Etzel UGS** project with total active capacity of **nearly 1 bcm**;
- Gazprom Export, WINGAS, and RAG Austria AG operate **the Haidach UGS** in Austria. Its active gas volume is **nearly 3,1 bcm**. **The Haidach UGS** is strategically important to Gazprom Group and ensures security of natural gas supply to the Baumgarten hub, as well as consumers in Slovenia, Croatia, Hungary, Austria, Germany, Slovakia and Italy;
- Gazprom Export and VNG AG work on **the Katharina UGS** project in Germany. Its design daily output is **26 mcm** with an active gas volume of about **650 mcm**. At the moment, the available active volume is **470 mcm**;



Source: Gazprom Germania



Source: Gazprom Germania

- In Serbia, Gazprom Group and Serbiagas have completed **the Banatski Dvor UGS** with active volume of **450 mcm**. Gazprom owns 51% share of the project. This UGS facility ensures natural gas supply security for Hungary, Serbia, Bosnia and Herzegovina. At the moment, project partners are also working on **the Banatski Dvor UGS** expansion up to **750 mcm**;

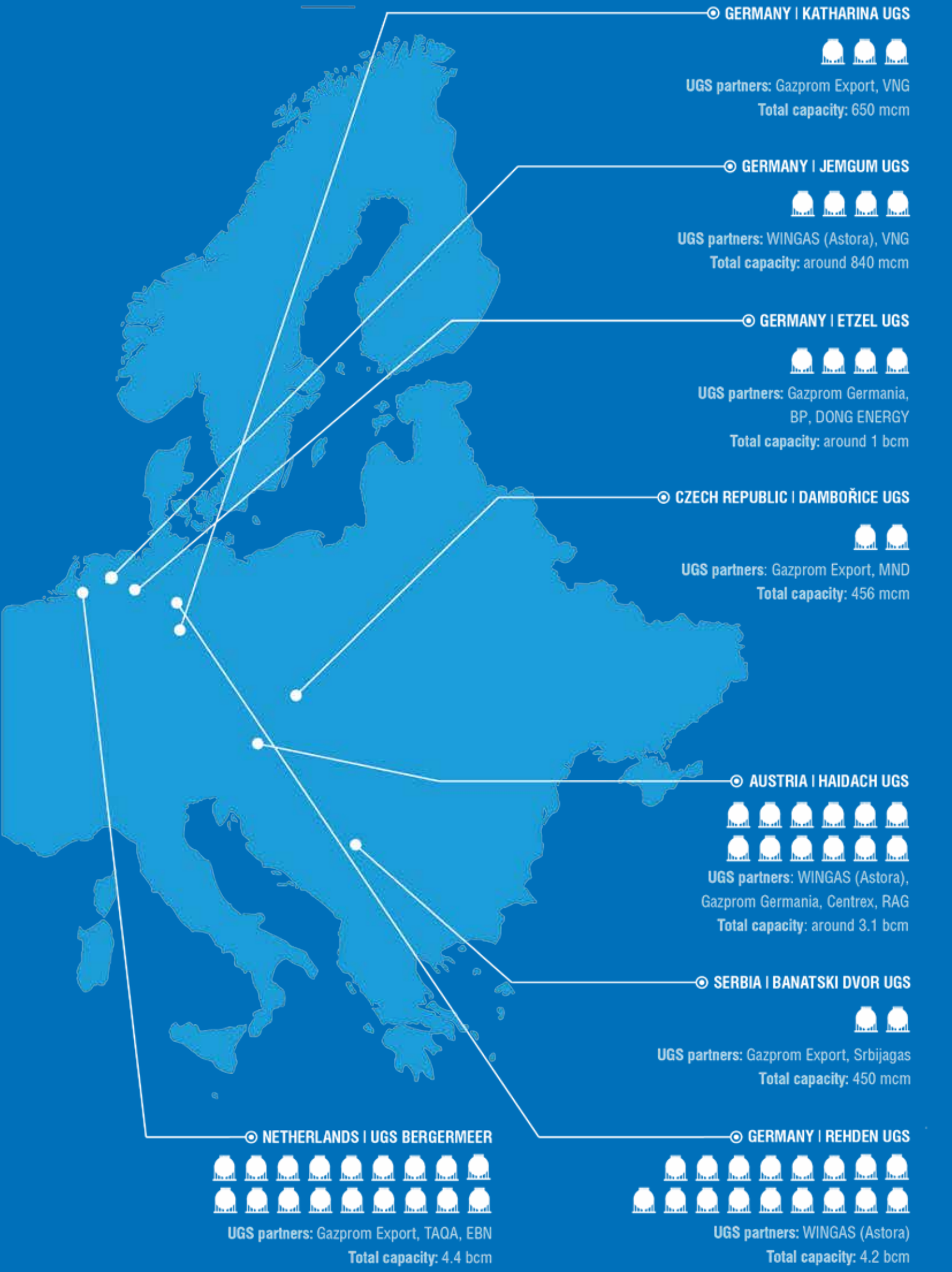
- In Netherlands, Gazprom has booked **1.9 bcm** in **the Bergermeer UGS**, which was commissioned in 2014. Bergermeer is a strategically located UGS that ensures stable operation of the Nord Stream pipeline and gas supplies security;

- Together with Moravské Naftové doly (MND) in the Czech Republic, Gazprom Export continues the development of the **Dambořice UGS** facility, which was commissioned in the summer of 2016. The active volume of the UGS is **325 mcm**, while the maximal project capacity is **456 mcm**. This project ensures the security of Russia's natural gas supply via OPAL and Nord Stream pipelines.



Source: PJSC Gazprom

Gazprom Group is also conducting feasibility studies of potential participation in UGS projects in Austria, Slovakia, China and other countries.


GERMANY | KATHARINA UGS
UGS partners: Gazprom Export, VNG
Total capacity: 650 mcm
GERMANY | JEMGUM UGS
UGS partners: WINGAS (Astora), VNG
Total capacity: around 840 mcm
GERMANY | ETZEL UGS
UGS partners: Gazprom Germania, BP, DONG ENERGY
Total capacity: around 1 bcm
CZECH REPUBLIC | DAMBOŘICE UGS
UGS partners: Gazprom Export, MND
Total capacity: 456 mcm
AUSTRIA | HAIDACH UGS
UGS partners: WINGAS (Astora), Gazprom Germania, Centrex, RAG
Total capacity: around 3.1 bcm
SERBIA | BANATSKI DVOR UGS
UGS partners: Gazprom Export, Srbijagas
Total capacity: 450 mcm
NETHERLANDS | UGS BERGERMEER
UGS partners: Gazprom Export, TAQA, EBN
Total capacity: 4.4 bcm
GERMANY | REHDEN UGS
UGS partners: WINGAS (Astora)
Total capacity: 4.2 bcm



EXPORTS OF CRUDE OIL, PETROLEUM PRODUCTS, SULFUR AND GAS PROCESSING PRODUCTS

CURRENT ACTIVITY

Alongside natural gas, Gazprom Export LLC sells abroad crude oil, petroleum products, liquefied petroleum gases (LPG), sulfur and a broad spectrum of gas processing products.

Gazprom Export's product portfolio includes gas-derived sulfur, stable gas condensate (SGC), gas condensate distillate, benzene, diesel fuel, fuel oil, liquefied petroleum gas (LPG) and small-scale LNG (ssLNG), helium, carbon black, and other petroleum products and petrochemicals. Main producers are the Astrakhan gas refinery, the Orenburg gas refinery, the Surgut condensate stabilization plant (CSP), the Urengoy CTPP, the Sosnogorsk gas refinery and the Salavat oil refinery.

In 2019, Gazprom Export LLC exported 6.6 mln t of liquid hydrocarbon and refined products, worth a total of around $1.72 bn. These commodities were sold under commission contracts with Gazprom, its subsidiaries, and independent producers of oil and gas chemistry products, on different supply terms including FCA, FOB, CPT.

In 2019, total sales rose by 37% in comparison to the previous year.

Petroleum products and stable gas condensate

In 2019, Gazprom Export exported 2.65 mln t of petroleum products and SGC, worth a total of $1.29 bn. The volume of exported products increased by 0.37 mln t or 16% compared to 2018 as a result of resumption of oil fuel sales produced at Astrakhan gas refinery, which amounted to 273 000 t, and the increase of gas condensate distillate sales by 100 000 tons. While the sales of other petrochemical products remained stable, the company expanded their range and sales geography. In 2019, the main export destinations for petrochemical products were European countries, China, the US, the Republic of Korea, Azerbaijan, Mongolia, and Georgia.



Source: PJSC Gazprom

Sulfur

In 2019, Gazprom Export exported around 3.254 mln t of gas-derived, technical, and granulated sulfur, which is 47.85% more than in 2018.

Gazprom Group has retained its positions in the key markets of sulfur of Far Abroad countries (Brazil, Israel, the US, China) and Former Soviet Union Countries (Lithuania, Belorussia), and completely restored sales to Morocco, the key contract market for Russian sulfur. At the same time, over the year Gazprom further diversified the geography of exports by selling sulfur to customers in Salvador, Mexico, Benin and Jordan.



Source: PJSC Gazprom

Efficiently using the positive market situations, timely concluding the deals together with switching to remote basis contracts, the company managed to increase the revenues to $207 mln. despite the generally unfavorable conditions of the global sulfur market. The decline in prices had started in October 2018, and from October 2018 to December 2019, average prices of CFR Northern Africa and CFR Brazil fell almost threefold.

Helium

Gazprom Export LLC sells Gazprom Group's helium to international markets. Today, the commercial helium is produced by the helium plant of Gazprom Dobycha Orenburg in gaseous and liquid forms in total volume of up to 5 mcm annually.

Up to 80% of helium produced is consumed in the internal market of Russia and the rest is exported. The traditional export markets of gaseous helium are the Customs Union countries; of liquid helium – the EU countries and Turkey.

Liquefied petroleum gas

In 2019, Gazprom Export exports 139.8 thousand t of LPG. Poland, Hungary, Bulgaria, Latvia, Serbia and Estonia remained the traditional and main markets for Gazprom's LPG.

Due to LPG sales diversification, the company also restored its exports to Finland.

As a part of preparation for exports from Amur gas processing plant, the company for the first time ever supplied LPG to China by rail. Moreover, a test cargo with LPG was delivered with rail and road transport via gas-filling station near Ussuriysk.



Amur Gas Processing Plant / Source: PJSC Gazprom

Petrochemical products

In 2019, Gazprom increased exports of petrochemical products to 107.6 thousand t, which is by 39.4 thousand t more than in 2018, as a result of the conclusion of contract for styrene sales to Finland. Major consumer markets for the company's petrochemical products are the EU, Turkey, India, as well as Northern and Southern American countries.

Activities under the European REACH Regulations

Gazprom Export and its Special Representative in the EU, Gazprom Marketing & Trading France, are continuing to work on tracking Gazprom Group products registered in compliance with the requirements of REACH/CLP Regulations. The companies perform constant monitoring of the updates in applicable legislation of the EU and other countries regarding chemical substances. The safety certificates are being updated in line with the new requirements, including classification and labeling; additional research into the component composition and physical-chemical properties in line with the European Chemical Agency (ECHA) standards is performed. New products are being registered reasonably in advance to ensure their reliable exports to the EU.

Due to the withdrawal of the UK from the EU and anticipated adoption of a new REACH – UK Regulation, the company is working on its strategy for registration of products that are sold to the UK.

Gazprom Export started its preparations for export products registration in compliance with China's and Turkey's regulations for chemical substances trade.

FUTURE AREAS OF ACTIVITY

Within its Eastern Gas Program, Gazprom aims to create gas production, transportation and processing facilities on the basis of Eastern Siberian gas fields.

In accordance with plans to start exports of oil-gas condensate mixture and stable gas condensate from Chayanda gas condensate field via East Siberia – Pacific Ocean pipeline to China, Gazprom Export studies the oil and petroleum products markets of Asia Pacific Region.

Commissioning of the Amur gas processing plant in 2021, planned to reach its maximal production of 60 mcm of helium by 2026, will diversify Gazprom's helium portfolio and turn the company into one of the leading helium supplier to global markets. The helium from Amur plant will be mainly exported. The main customers are expected to be Japan, China, the Republic of Korea, Taiwan and other countries of Asia Pacific Region.

Gazprom Export is working on helium and LPG marketing, as well as conclusion of long-term export contracts. Together with other companies and partners of Gazprom Group, it participates in creation of necessary logistic infrastructure that secure stable helium and LPG supplies to international markets. For helium logistics in Far East, a special center for cryogenic container preparation will be established. Gazprom Export actively participates in developing functional tasks for this special infrastructural facility.



Source: PJSC Gazprom

GAZPROM EXPORT



NATURAL GAS AS MOTOR FUEL

Reducing harmful emissions in transport is an important global challenge. Among other ways, it can be met through the use of more environmentally friendly fuels. Broader use of natural gas is an efficient way to reduce emissions in transport. Gas is a readily available, technically and environmentally safer, and less expensive fuel compared to conventional petroleum products. The engine of a vehicle running on natural gas meets the highest Euro-5 and Euro-6 standards.

Passenger vehicles are fueled with compressed natural gas (CNG) while large commercial vehicles, municipal public transport and marine or river vessels are usually fueled with liquefied natural gas (LNG).

In 2019, according to Global Gas Engine Fuel Association, the total number of natural gas vehicles (NGVs) exceeded 28 million. According to International Gas Union forecasts, by 2030, the share of vehicles on natural gas could total to 4% of the global engine fuel balance, while demand for gas as motor fuel in Europe could climb to 40 bcm.

Gazprom Group is interested in the development of the natural gas engine fuel market, both in Russia and abroad, including the European market; and makes a significant contribution to the development of gas filling infrastructure. Gazprom Group companies are engaged in marketing of gas engine fuel, its production and retail sales in European countries.

In Europe, the Gazprom Group is represented on the markets of Germany and the Czech Republic by Gazprom NGV Europe GmbH company (a member of Group Gazprom Export), as well as through NIS (a member of the Gazprom Neft Group) which sells CNG on the Serbian market. At the beginning of 2020, the Gazprom Group owned 64 gas filling compressor stations in Germany and the Czech Republic, as well as 3 stations in Serbia. Sales of CNG and LNG through Gazprom Group's own stations in Germany, the Czech Republic, Serbia and Poland in 2019 amounted to 13.8 mcm. Gazprom owns over 11.500 vehicles running on 'blue fuel', the largest corporate vehicle fleet of the kind in the world.



Source: Blue Corridor

The Gazprom Group actively participates in the work of international and national associations on the implementation of small-scale LNG as a fuel for commercial and cargo trucks, public and municipal transport, as well as for marine and river vessels.



Source: Blue Corridor

Since 2008, Gazprom Group together with the German company Uniper regularly organize the Blue Corridor rally. Within the project's history, other players of the European and Russian gas and car markets have joined the rally as well. In total, over 12 years, the project involved more than 200 OEM gas vehicles using CNG and LNG. They covered the distance of more than 60,000 km and visited 130 cities of 26 countries of Europe and Asia, from the Atlantic to the Pacific Ocean. Each year, a caravan of gas-fueled cars travels thousands of kilometers, proving that the huge traffic flows can be much less harmful to the environment if they use the 'blue fuel'. In 2019, the route of the rally crossed the territory of Turkey, Bulgaria, Serbia, Croatia, Slovenia, Italy, Belgium, Austria, Germany and Russia. Participants of the European and Russian parts of the rally covered a total distance of more than 8,000 km. During the rally, 10 round tables were held in various European cities to promote natural gas as motor fuel.



Source: Blue Corridor



ECOLOGY

Environmental responsibility is a key element in the Gazprom Group's sustainable development strategy. Being world's largest natural gas supplier, Gazprom Export makes significant contribution to reduction of harmful environmental impact. Beside Europe, large volumes of Gazprom's pipeline gas now reach the largest Asian market, China.

At the COP21 conference on climate in Paris, the global community expressed its commitment to the reduction of harmful emissions into the atmosphere. Together with renewable energy sources, natural gas, being an environmentally friendly fuel, can play a significant role in the development of low-carbon economy of the future, and in achievement of targets stipulated at COP21.

The substitution of coal by natural gas in power generation can significantly reduce greenhouse gas emissions ("carbon footprint") and pollutant emissions ("toxic footprint"): nitrogen oxides – by up to 32%, sulfur dioxide – by up to 99%, carbon monoxide – by up to 68%, ash and soot – by up to 100%, carbon dioxide – by up to 50%. In many regions of the world, use of gas can prevent smoke fog and impact positively on the environment and people's health.

Natural gas can become a basis for the future low-carbon energy. Gazprom already performs practical work to develop innovative technologies to product methane hydrogen mixes and hydrogen from natural gas without carbon dioxide emissions.

Gasification of transport also offers good opportunities. It is estimated that using gas as motor fuel can reduce greenhouse gas emissions by 25-30% in comparison with petrol and diesel fuel. The "toxic footprint" of an NGV for the whole production chain is three times smaller than of petrol-engine cars, and five times smaller than of diesel ones.



Source: PJSC Gazprom



CHARITY AND SPONSORSHIP

Charity and sponsorship are integral to activities of Gazprom Export. Annually, basing on the effective and constant development of a dialogue between society and business, the company provides support for various social, cultural, sport, educational, and other projects.

One of the Gazprom Export charity priorities is working with social institutions for children and other organizations on implementation of long-term projects providing aid to challenged children. These projects are aimed at integrated approach to treatment and rehabilitation as well as to children's involvement in various adaption programs allowing them to obtain new social skills and to facilitate their integration into a full child and later, adult life.



Source: House of the Future

For many years, Gazprom Export has cooperated with Independent Non-commercial Charity Organisation "House of the Future". In 2019, the active collaboration, among other major results, allowed the implementation of social projects for rehabilitation and social integration of children suffering from CP and other disorders, orphans and children deprived of parental care. Moreover, centers for children with special needs have been modernized and provided with special, educational and development equipment; a number of social, recreational and educational activities were organized.

In 2019, in cooperation with charitable organization MASK Gazprom Export has also conducted many offsite events for children from social and rehabilitation centers.



Source: MASK

In 2019, Gazprom Export continued collaboration with several charitable foundations. It provided support for a program "Help for the family", which is organized by the "Life as Miracle" Charity Fund that helps children with serious hepatic disorders. Within the program, the foundation purchases necessary medical drugs, covers medical examinations, as well as operations and rehabilitation. The company also supported charitable foundations "AdVita", which helps people with cancer diseases, and "Hospital for children" under the biggest Russian Center for burns treatment. Through this collaboration, the medical institutions were supplied with essential drugs and equipment.

The International Open World project for children, successfully implemented for many years in Austria and Germany, holds a special place among Gazprom Export's social programs. The main goal of this integration project is the development of potential and communicative skills of creative children. The program was developed and is being implemented by Gazprom Export and Austrian social foundation "Energy for life". Within this cooperation, events of the International Kids Media House project were held in Russia and Austria throughout 2019. This project's main goal is to create an original form of creative media space, where children who want to develop in journalism can communicate with each other and develop their skills. Its main principles are education and practical application of the gained knowledge. Professional journalists, cameramen and directors from Russia, Austria, Germany and other European countries are involved in the educational process. Besides that, in 2019 Leipzig hosted events of the Open World international culture project. Singers and dancers, as well as Russian and German performance groups took part in it. The key events of the projects were concerts that took place on the stage of the Central Drama Theater of Leipzig.



Source: Social Foundation Energy for Life

In 2019, we held a number of events of the long-term cooperation program between Gazprom Group and the Austrian company OMV AG under the Memorandum of Understanding on the implementation of a joint cultural project. In October, the Grand Hall of the D.D. Shostakovich St. Petersburg Academic Philharmonia hosted a music and visual art event "Imperial Capitals: St. Petersburg – Vienna. 20th Century". The emphasis was on the musical and visual arts of Russia and Austria of the last century. Traditionally, Vienna and St. Petersburg hosted two New Year's social events for children. "Magic Ball of Johann Strauss in Strelna" was organized in the ceremonial halls of the Konstantinovsky Palace, while the Vienna State Opera hosted the performance of the children's opera Rapunzel. The guests of both



Source: Gazprom Export LLC

events were children from social and rehabilitation centers.

In 2019, Gazprom Export LLC supported the exhibition “Guardians of time. Conservation at the Moscow Kremlin Museums”. Within the project, unique pieces were demonstrated: state regalia, objects that belonged to the monarchs, ceremonial arms, ancient icons and jewels made by Russian and West-European masters.



Source: Gazprom Export LLC



Source: Formula TX

One of the integral elements of Gazprom Group sponsorship strategy is support for sport projects – hockey and football teams, tennis tournaments as well as youth sports schools and student teams.

Gazprom Export constantly and actively participates in various charity and sponsorship projects proving that social responsibility is an essential component of a modern company’s development.