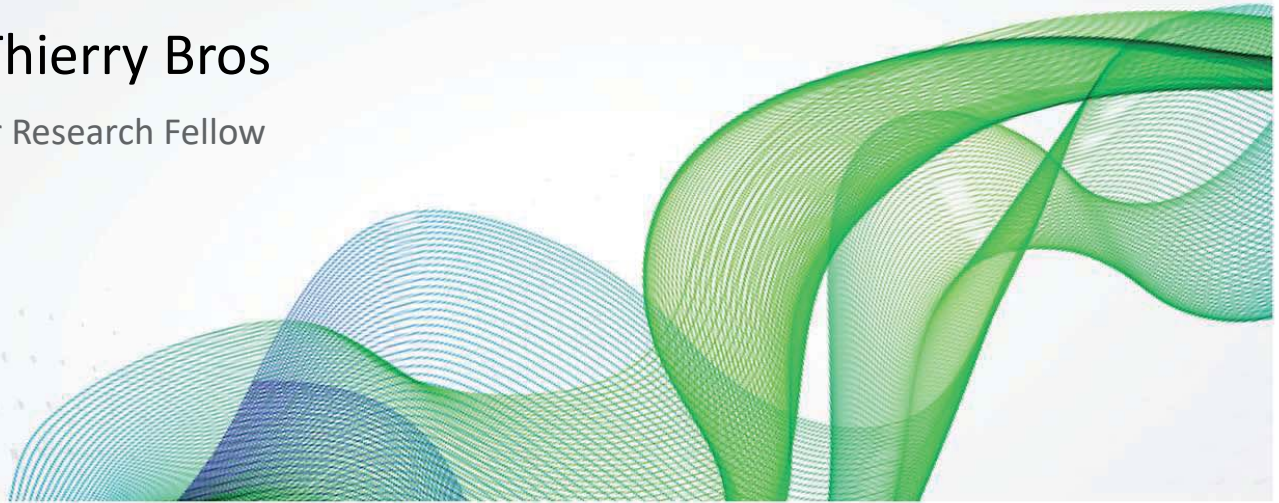


Gazprom face à la baisse de la demande européenne

Dr Thierry Bros

Senior Research Fellow

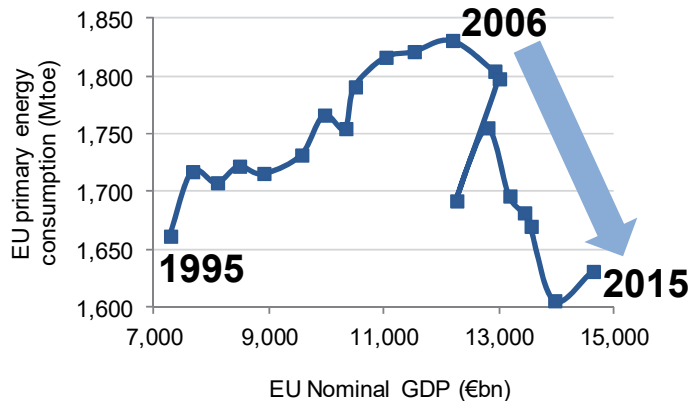


Club de Nice – XVe forum annuel – 24-26 novembre 2016

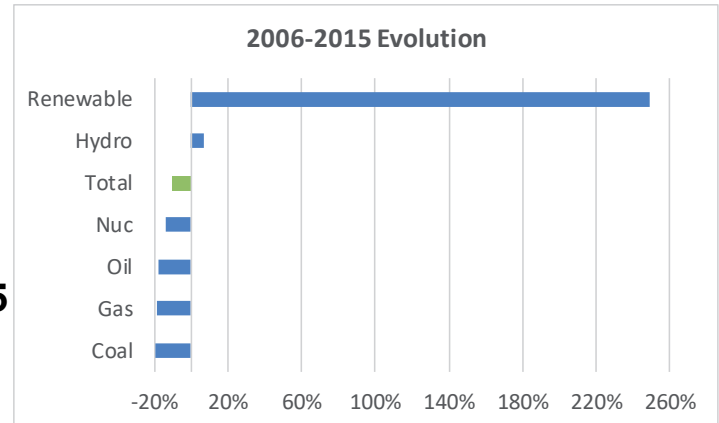


Long term sustainability of gas?

EU Primary energy consumption
Down by 10,9% since 2006

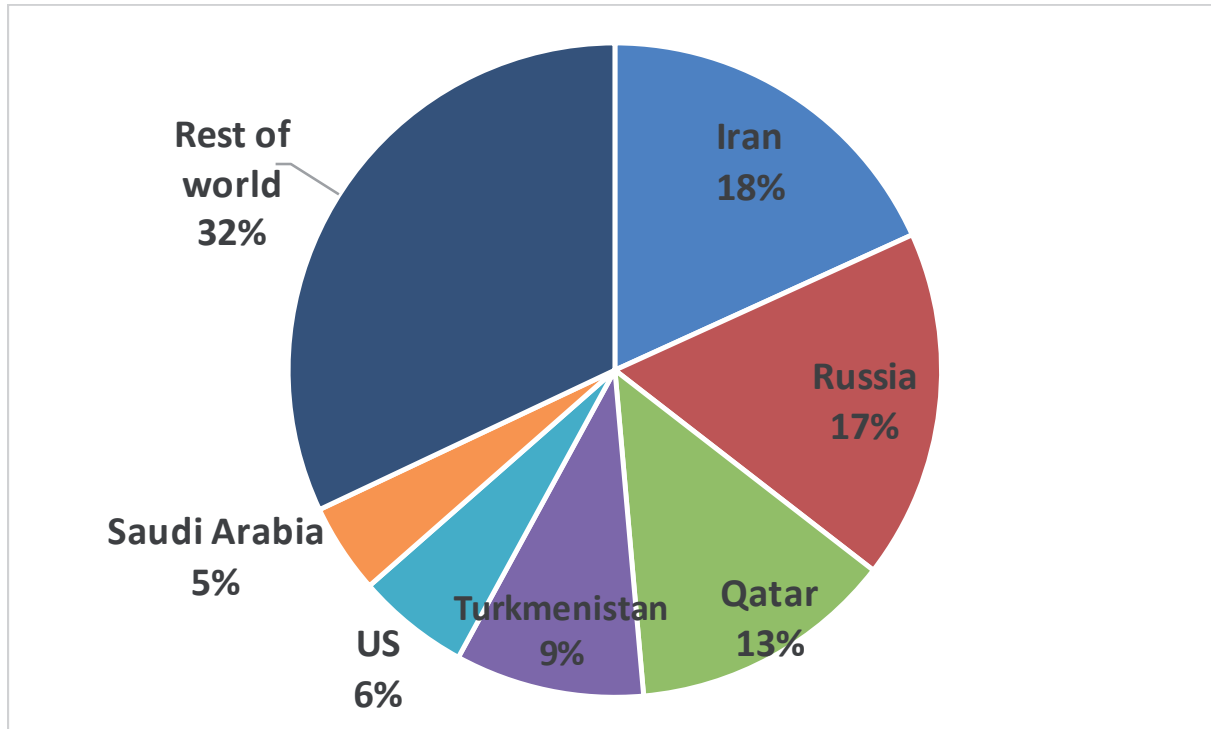


Most fuels down
Renewable x3.5



Source: BP Statistical Review June 2016, Eurostat, thierrybros.com

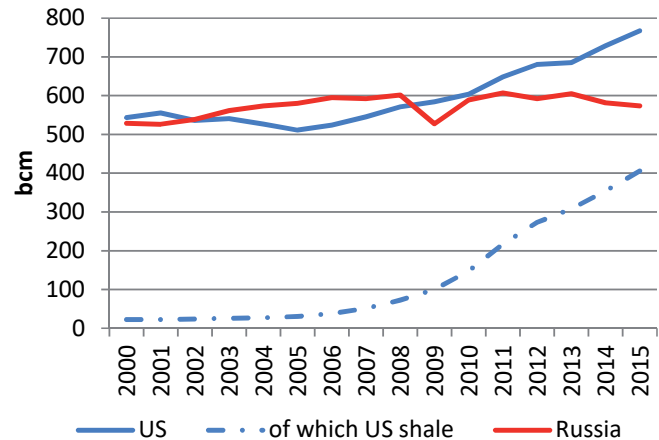
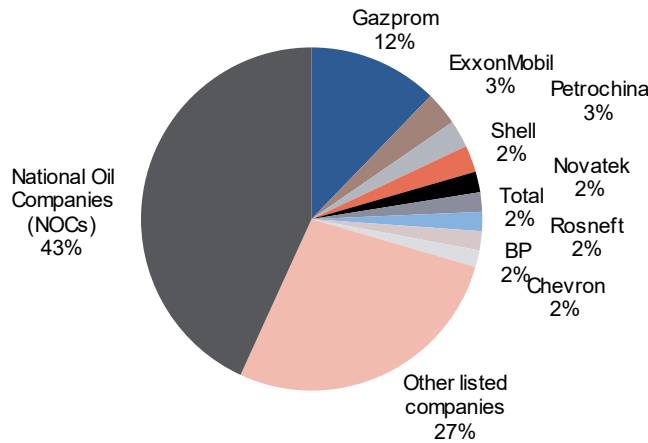
Russia #2 for gas reserves



Source: BP Statistical Review June 2016, thierrybros.com



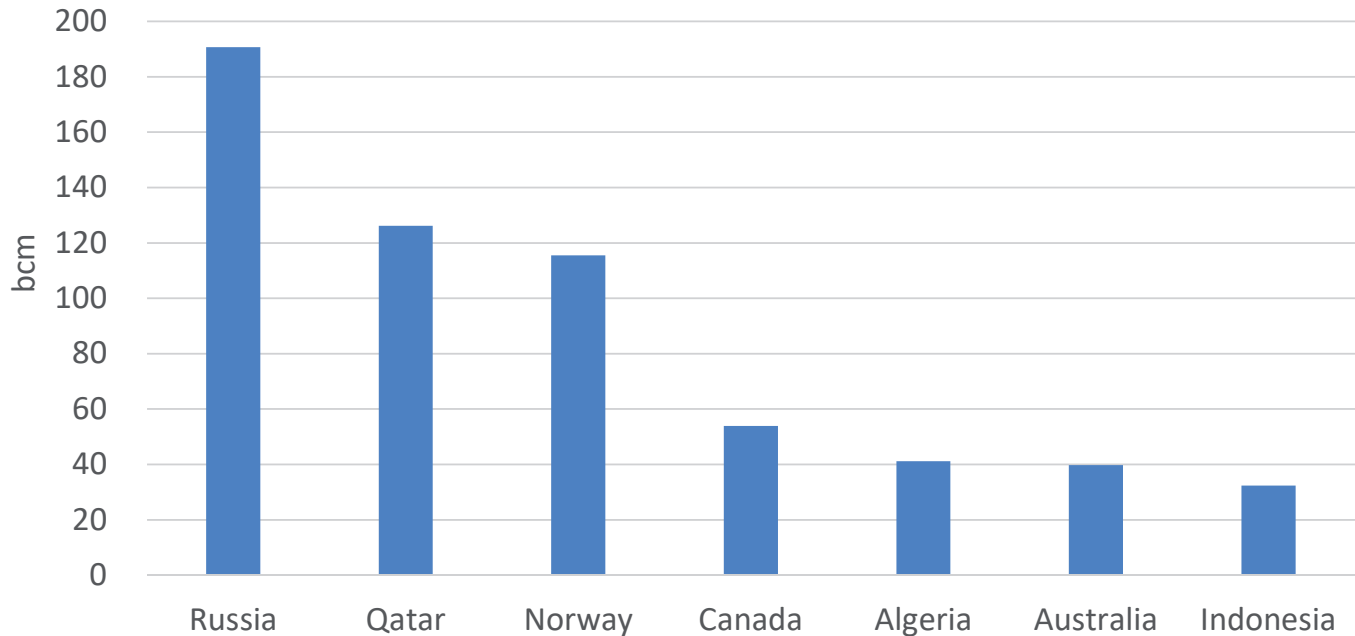
Gazprom: biggest gas producer



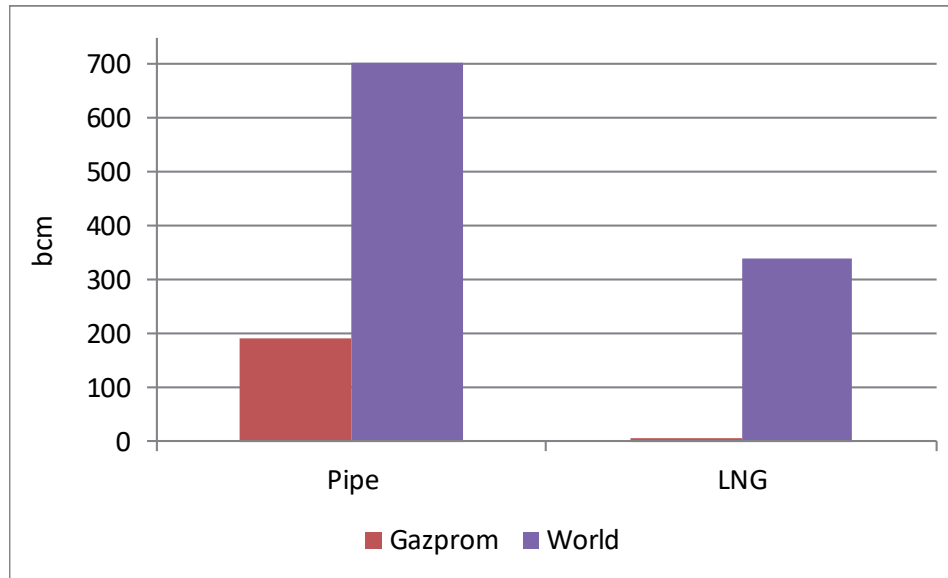
Source: BP Statistical Review June 2016, US DoE, company data, thierrybros.com

Russia: biggest gas exporter...

Major net exporters in 2015



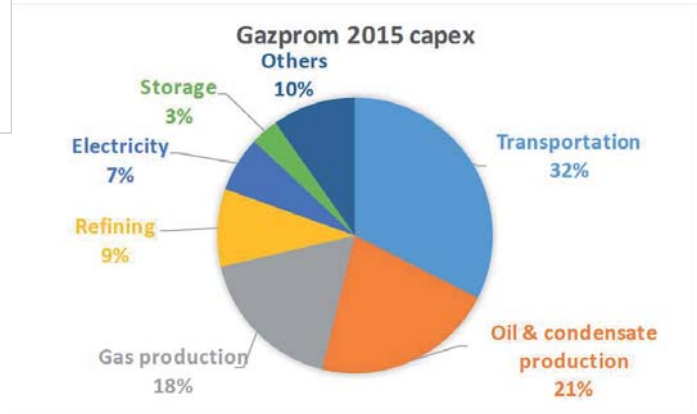
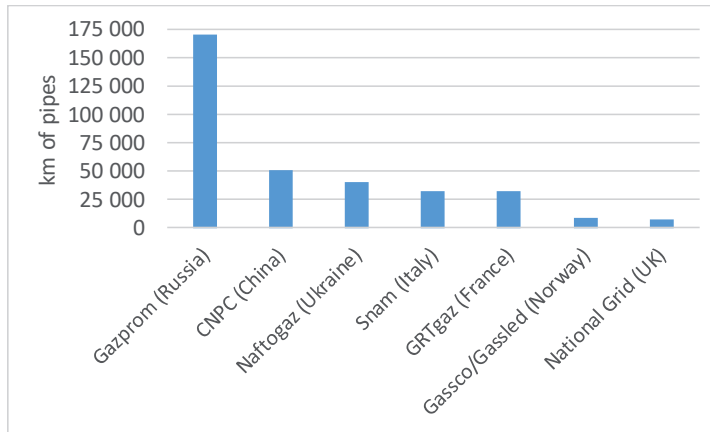
... but very small in LNG



Source: BP Statistical Review June 2016, thierrybros.com

- ... But transit issue in Ukraine & Belarus

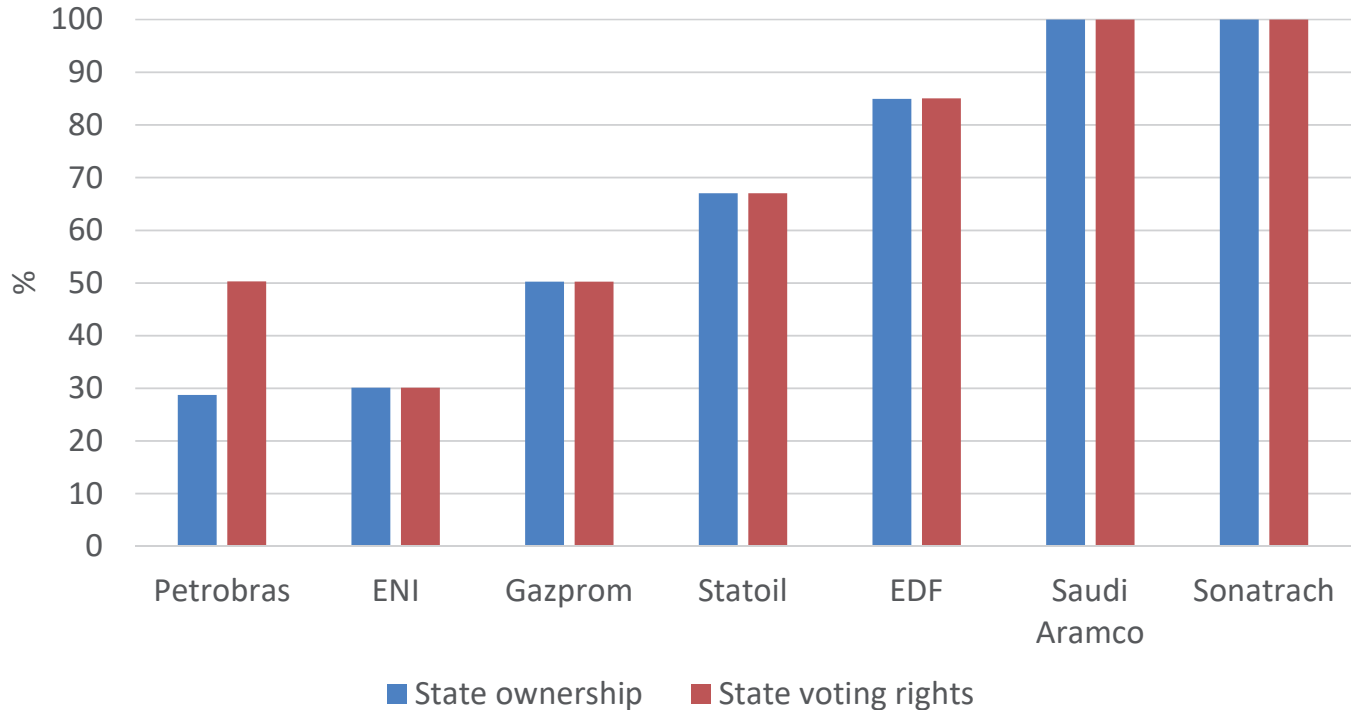
Gazprom: biggest gas transporter



Source: thierrybros.com, company data



Gazprom: state company...



Source: company data, thierrybros.com

... with difficulty to adapt...

5 energy revolutions in the last 10 years

Shale Gas

- Started in the US in 2005

Shale Oil

- Ongoing in the US

Efficiency

- Started in Europe in 2006

Renewable

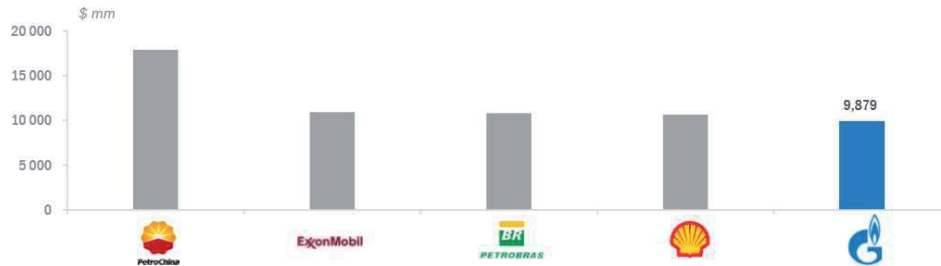
- Started in Europe, now worldwide

Energy Storage

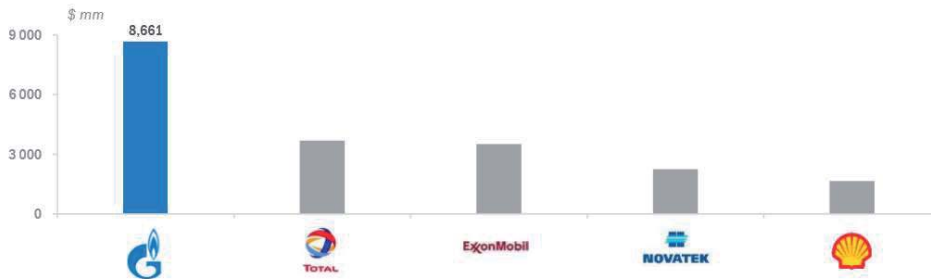
- Jury still out

... but still with high profitability

Top-5 by EBITDA, 1H2016



Top-5 by net income¹, 1H2016

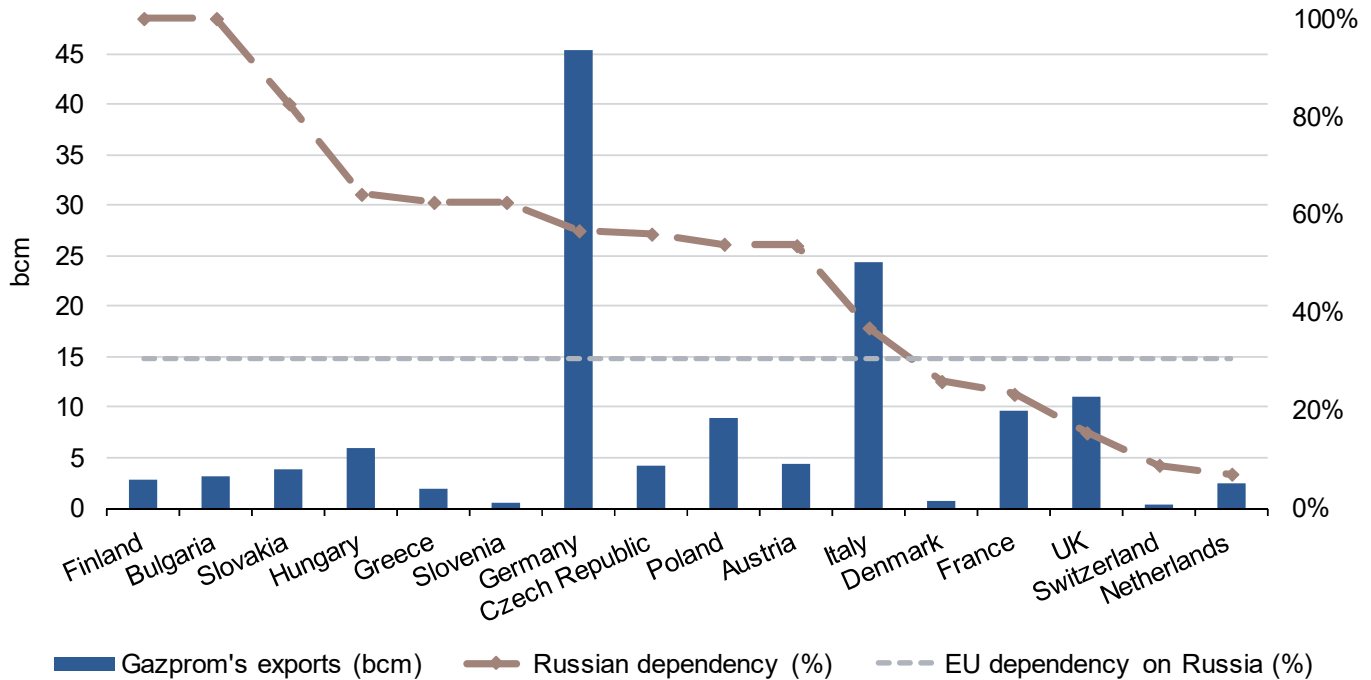


Source: Companies' reports, Bloomberg, Factset
¹Attributed to shareholders

Source: Gazprom Q2 2016 presentation

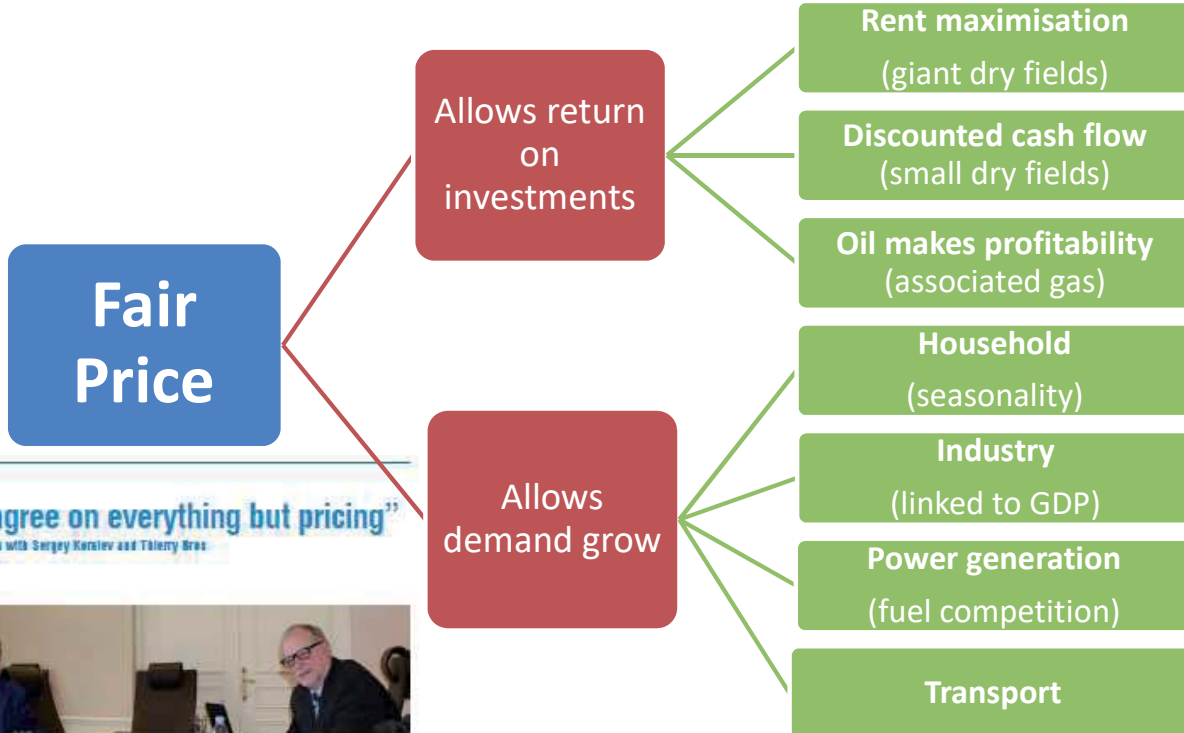


European dependency



Source: BP Statistical Review June 2016, Gazprom, thierrybros.com

What is a fair price?



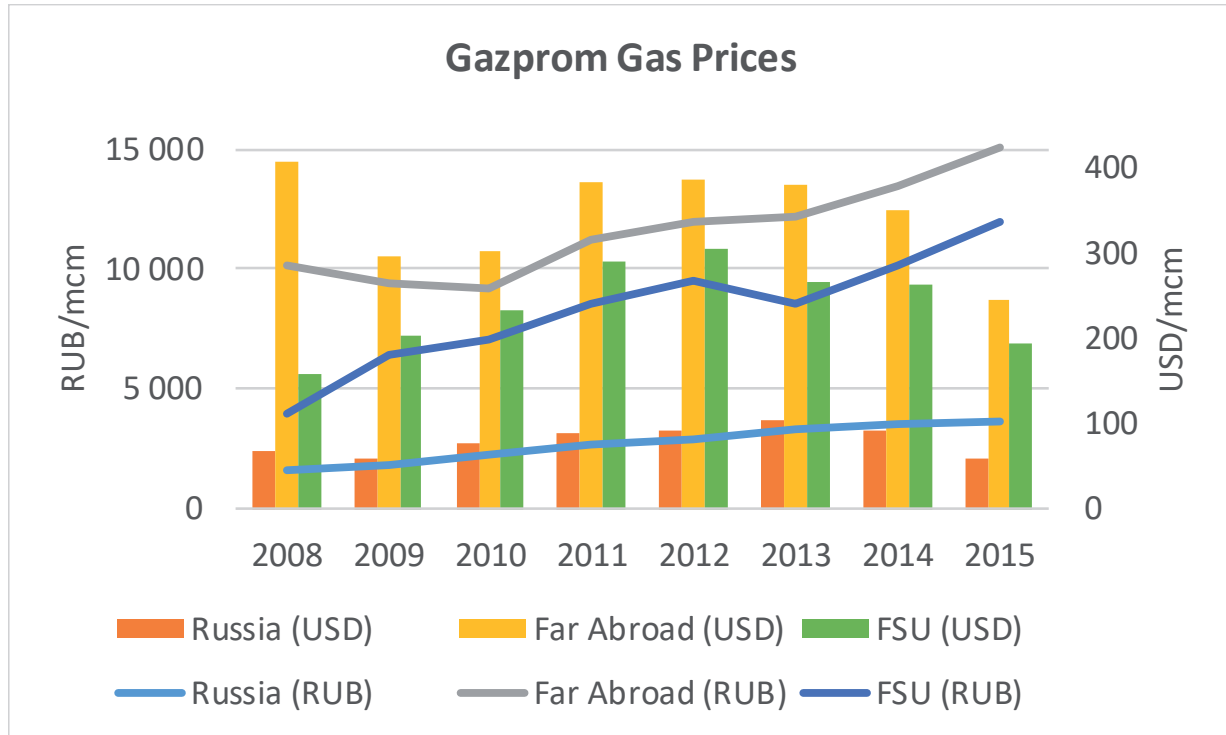
"We agree on everything but pricing"
A conversation with Sergey Korneev and Thierry Bras



Picture: Blue Fuel July 2016



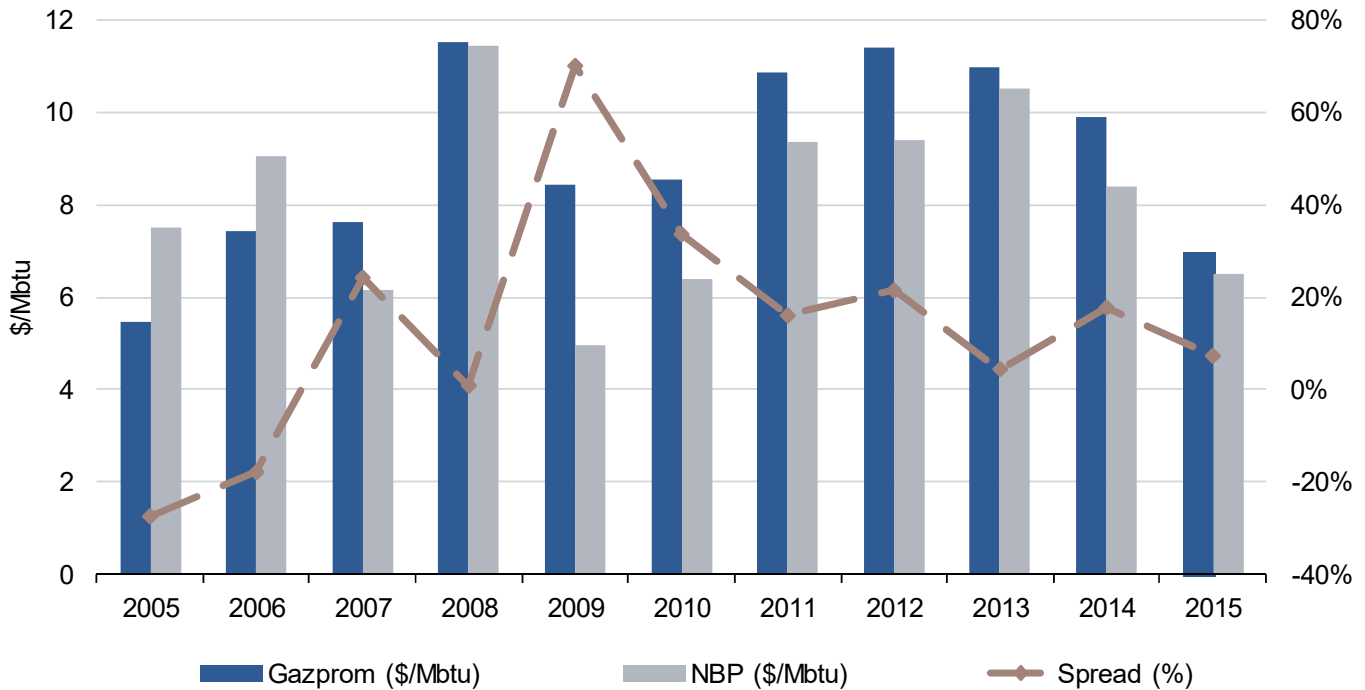
... But many prices!



Source: Gazprom, thierrybros.com

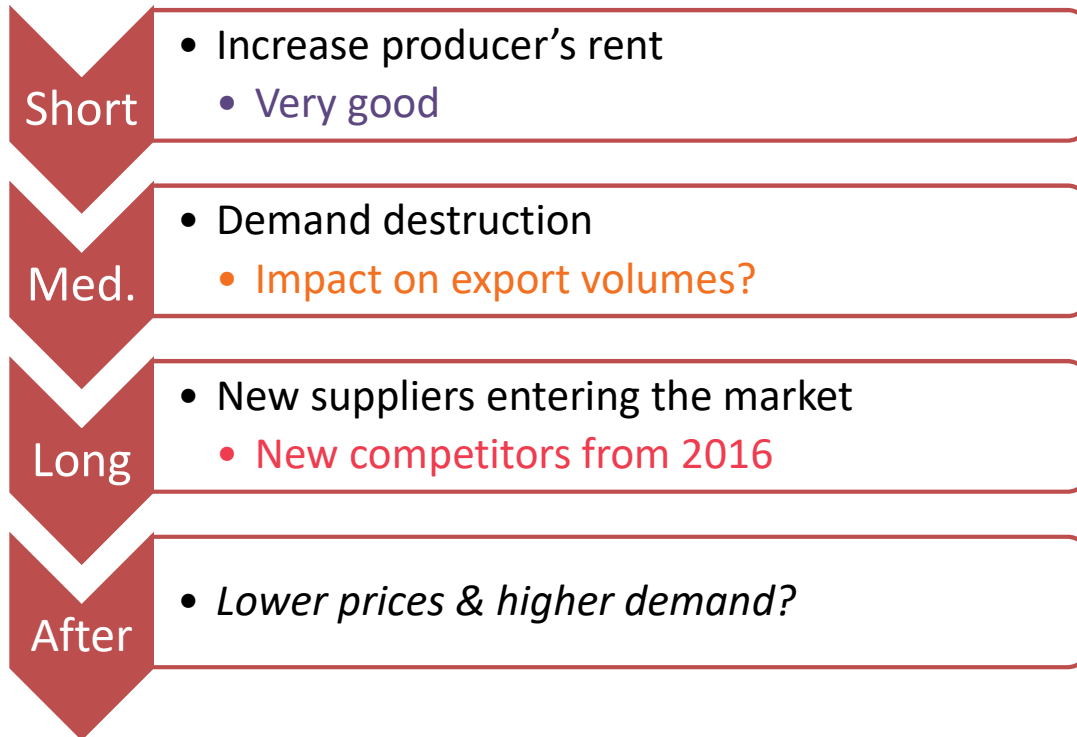


Spot oil-indexation!



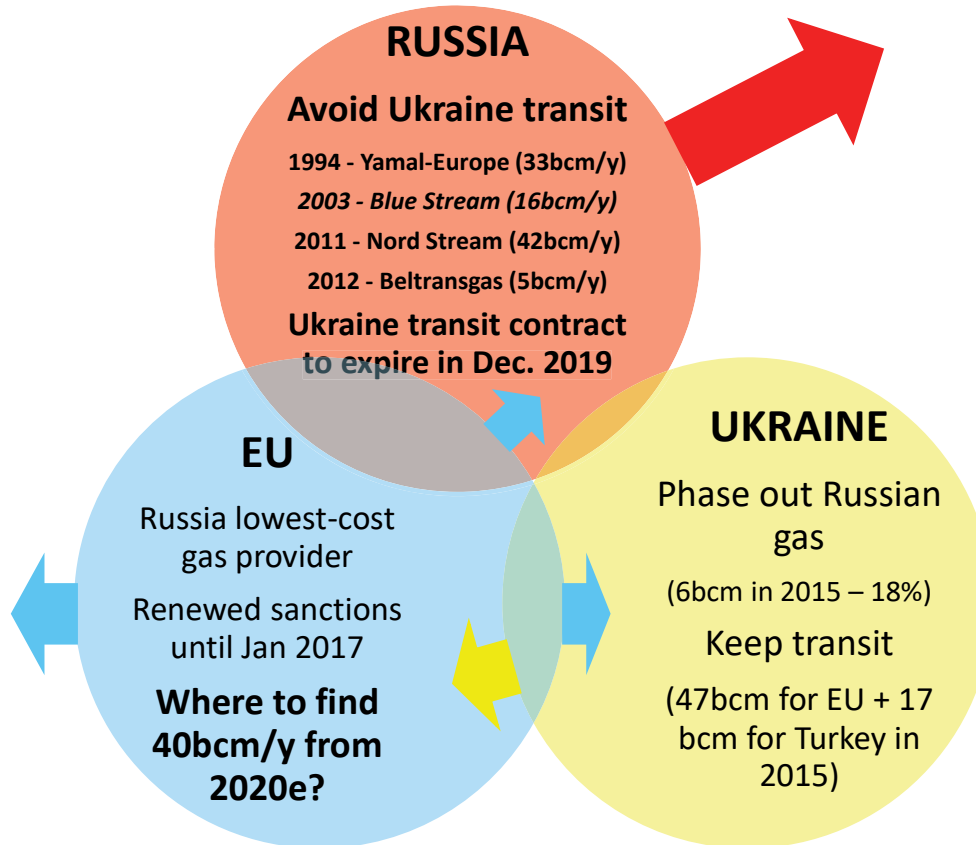
Source: Gazprom, Datastream

Affordability?

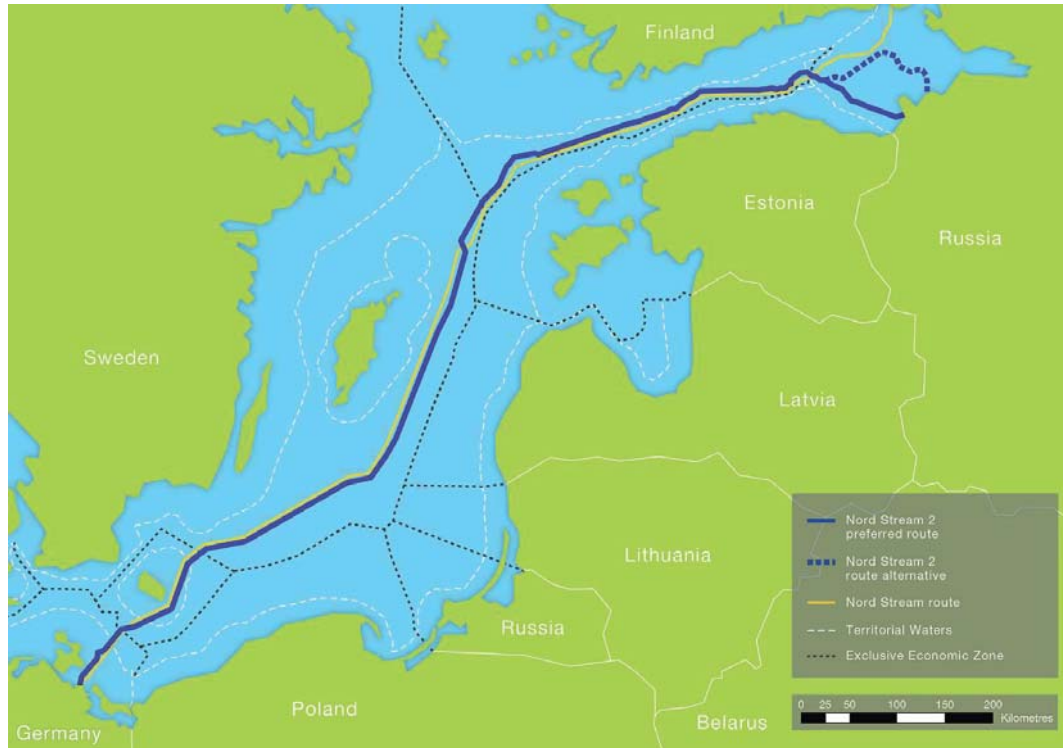


Russia-Ukraine-EU

An unstable ménage à trois



Nord Stream 2



Source: Nord Stream 2



Change in Gazprom's mind-set...

- Gazprom faces tough stakeholders...
 - ❖ Outside Russia: US LNG, the EU Commission
 - ❖ Inside Russia: the “independent” gas producers
- ... That have the same goal
 - ❖ Reduce its market power
 - Third party access to its export pipes
- Acts differently going forward

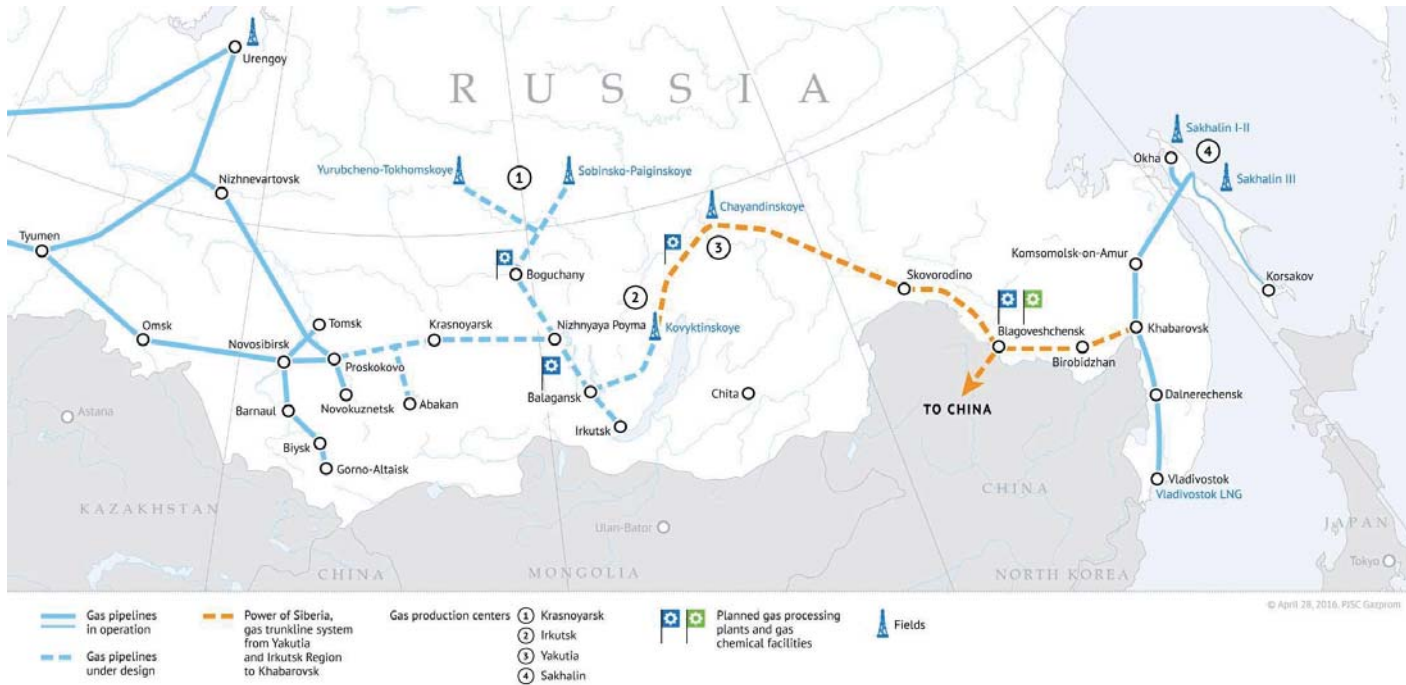
...TurkStream: no more designed spare capacity



Source: TurkStream



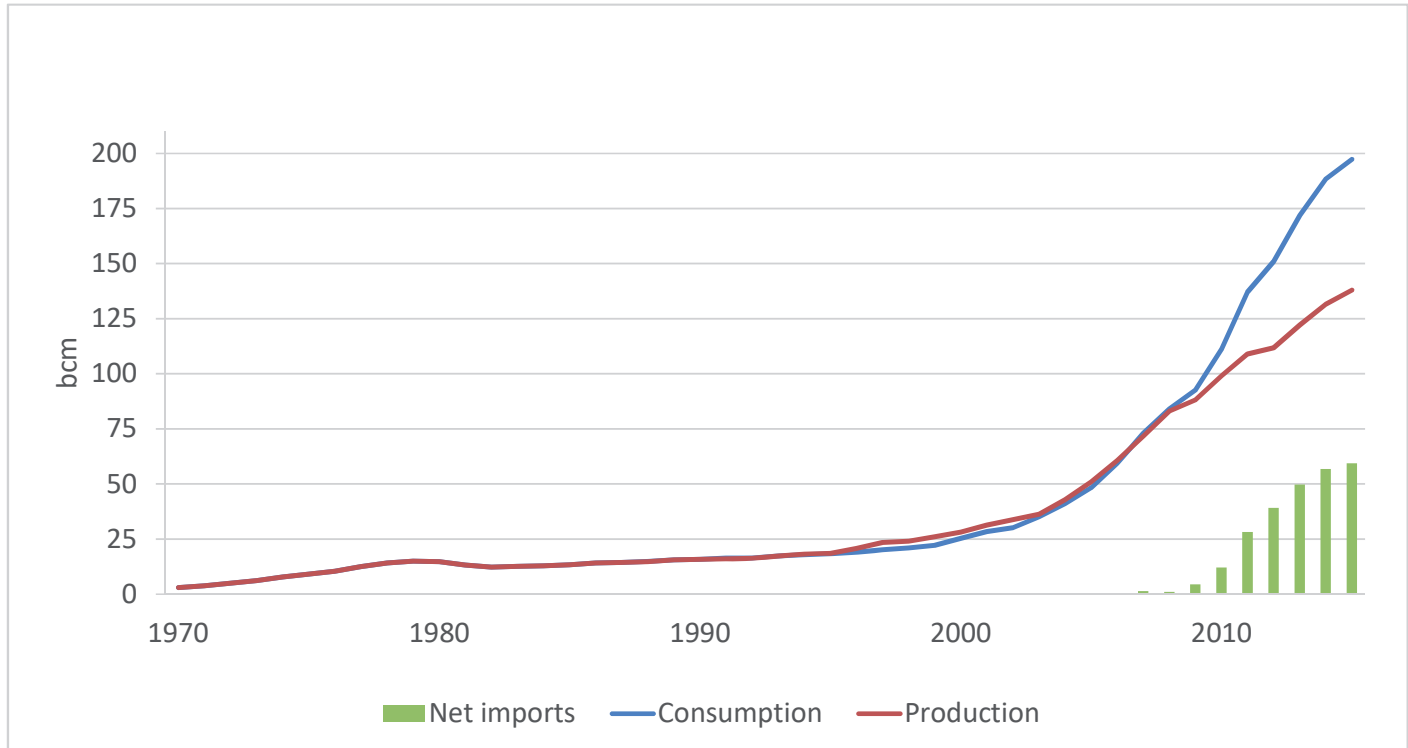
Power of Siberia 1



Source: Gazprom



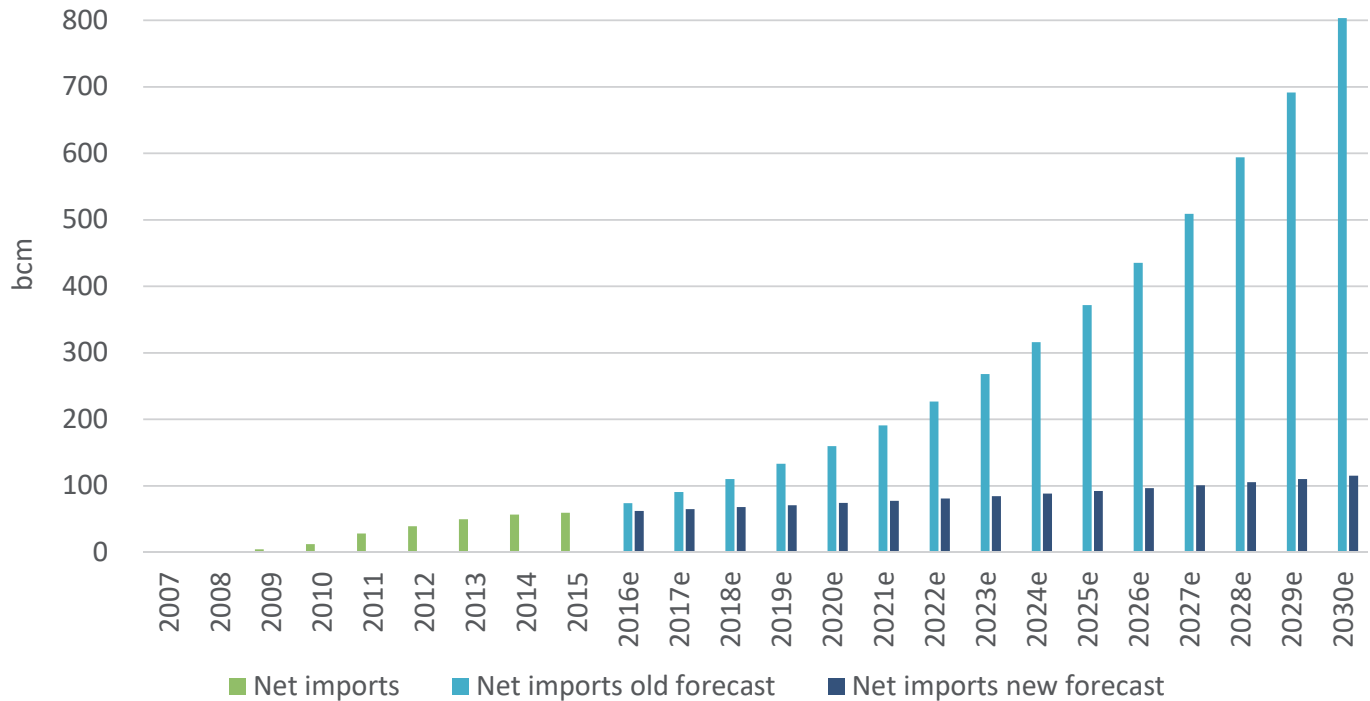
A change in China in 2015...



Source: BP Statistical Review June 2016, thierrybros.com



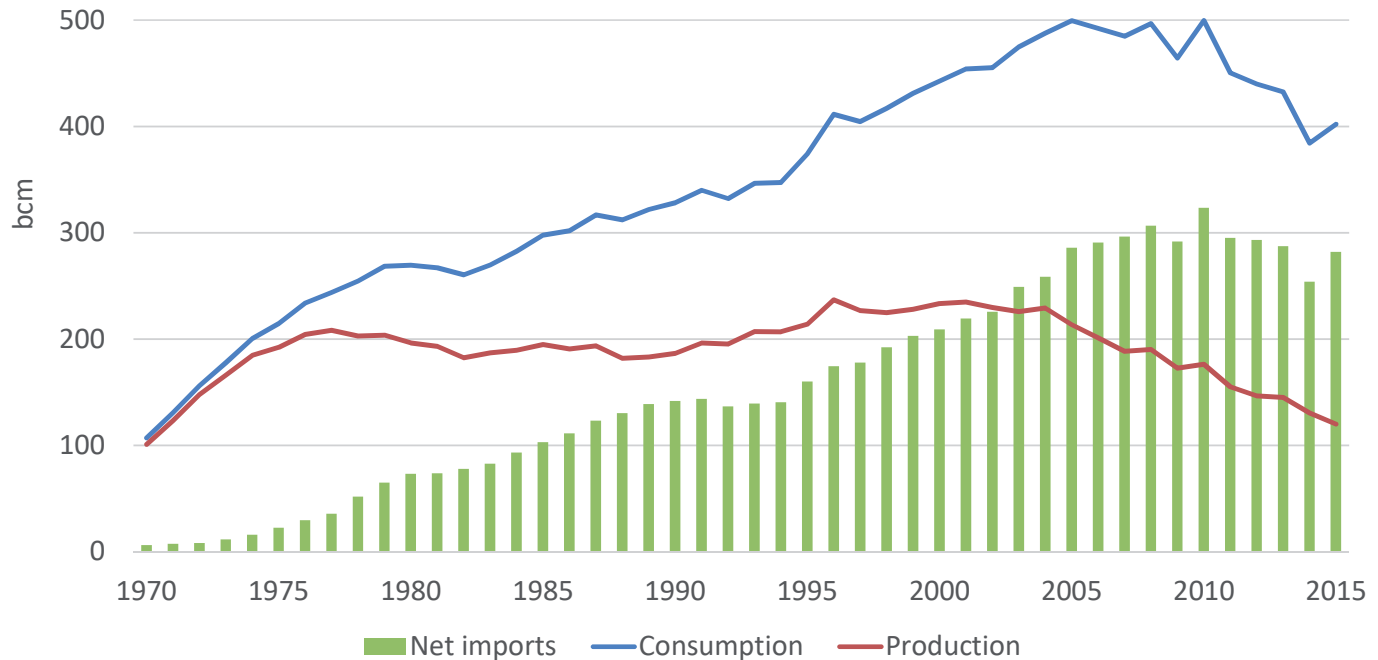
... leads to a downward revision



Source: BP Statistical Review June 2016, thierrybros.com



What if China₂₀₁₅ is like Europe₂₀₀₅ ?



Source: BP Statistical Review June 2016, thierrybros.com

Thank you



Source: Gazprom, thierrybros.com