## Gazprom output hits 13-year high in 2021 to meet domestic needs

- Gazprom Group gas production was up 62 billion cubic meters (bcm) to 514.8 bcm in 2021. These additional volumes have mostly stayed in Russia.

- Gazprom sales to domestic customers went up 31.9 bcm YoY to 257 bcm. Export to Europe, Turkey and China was up 5.8 bcm YoY to 185 bcm. Injection into Russian gas storage was up an estimated 28 bcm YoY to 61 bcm in 2021. Russian gas storage was 83% full as of 29 December, at 60.2 bcm.

- In December, Gazprom production might have been close to capacity (47.2 bcm or 1,523 mn cubic meters per day). As in previous three months, the company was sending more gas to domestic consumers and much less gas to export markets compared to last year.

- There was a significant YoY drop in gas export to Europe (including Turkey) in December (down 5.7 bcm or 185 mn cu m/d). This was offset a reduction in Russian storage withdrawal of 6.9 bcm (225 mn cu m/d) vs last year.

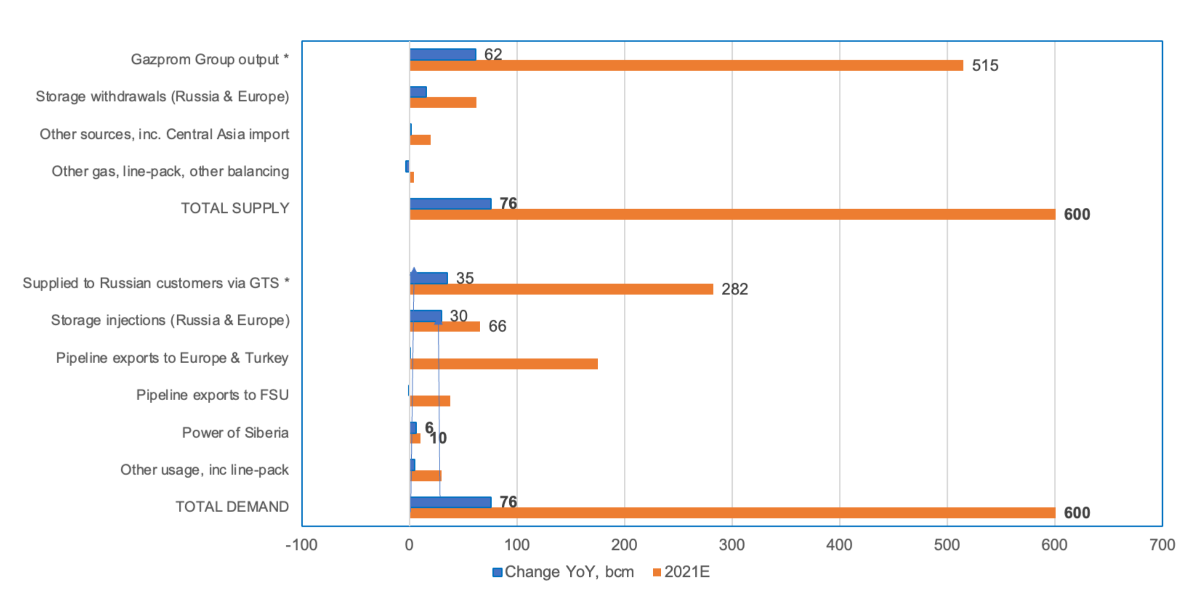
- Over the next three months we assume that Gazprom output will remain at seasonally high level, domestic demand will be at around three-year average and export will remain tagged to long-term contracts. This would mean that Russian gas storage level might be 34 bcm full at the end of March this year, up 19 bcm compared to 2021.

- These volumes could be used for additional export, or, in its absence, it could lead to a drop in Gazprom output and sales in 2022.

- See the report for charts and analysis.

## Gazprom output rises in 2021 to fill Russian storage and meet domestic demand

### Chart 1. Gazprom Group estimated annual gas balance, bcm per year




Source: Gazprom data, RAA research. *Note: * = adjusted for a leap year in 2020*

- Gazprom Group gas production was up over 62 billion cubic meters (bcm) to 514.8 bcm in 2021[1]. These additional volumes have mostly stayed in Russia.

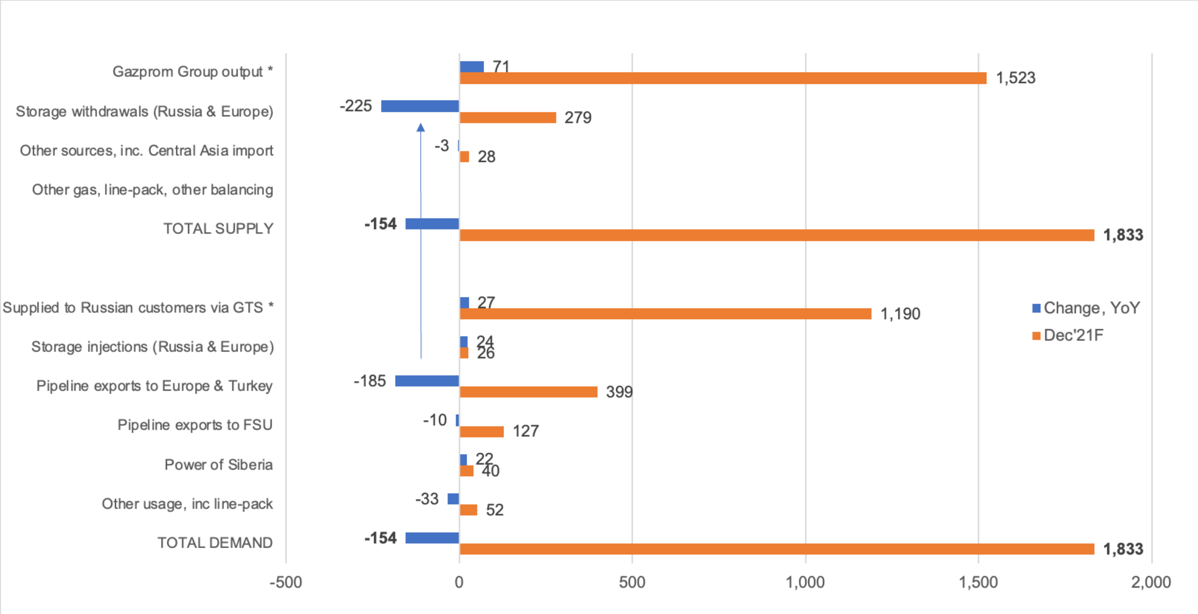
- Gazprom reported sales to domestic customers up 31.9 bcm to 257 bcm. We estimate that adjusted sales (to Russian accounts) were up 35 bcm to 282 bcm. Gas export to Europe, Turkey and China was up 5.8 bcm to 185 bcm. Additional gas export went primarily to China, with sales up 6.3 bcm to 10.4 bcm in 2021.

- Injection into Russian and European gas storage was up an est. 30 bcm to 66 bcm in 2021. Net injection (injection less withdrawal) was around 15 bcm, in our estimates.

- Russian gas storage was 83% full as of 29 December at 60.2 bcm, according to Gazprom management. This is est. 9 bcm above the level at the same time last year.

[1] https://telegra.ph/miller-itogi-01-02

Chart 2. Gazprom Group estimated gas balance in December 2021, mn cu m/d



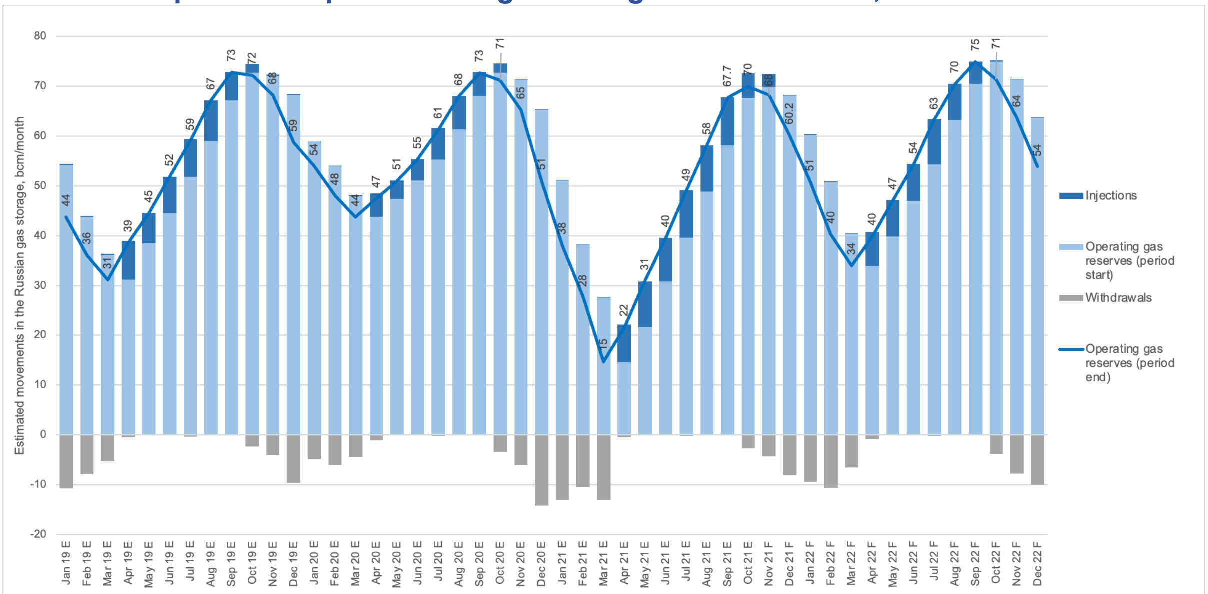

Source: Gazprom data, RAA research

- In December, Gazprom production might have been close to capacity (at 47.2 bcm or 1,523 mn cubic meters per day). As in previous months, the company was sending more gas to domestic consumers (up est. 27 mn cu m/d) and much less gas to export markets (down 185 mn cu m/d) compared to last year. However, in December domestic demand growth flattened out YoY despite a cold spell at the end of the month.

- A significant YoY drop in gas export to Europe and Turkey in December (down 5.7 bcm or 185 mn cu m/d) was offset by a YoY decline in gas storage withdrawal in Russia. Gas export to China was up 0.68 bcm YoY to 1.24 bcm (+22 mn cu m/d to 40 mn cu m/d) in December.

- We estimate that Gazprom withdrawal from Russian gas storage was down 6.9 bcm (225 mn cu m/d) YoY in December.

### Chart 3. Gazprom Group estimated gas storage level in Russia, bcm/month




Source: Gazprom data, RAA research.

- If we assume that Gazprom output will remain at a seasonally high level, domestic demand at around the three-year average and export subject to long-term contract constraints, Russian gas storage might stand at around 34 bcm at the end of March this year, up 19 bcm compared to 2021.

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