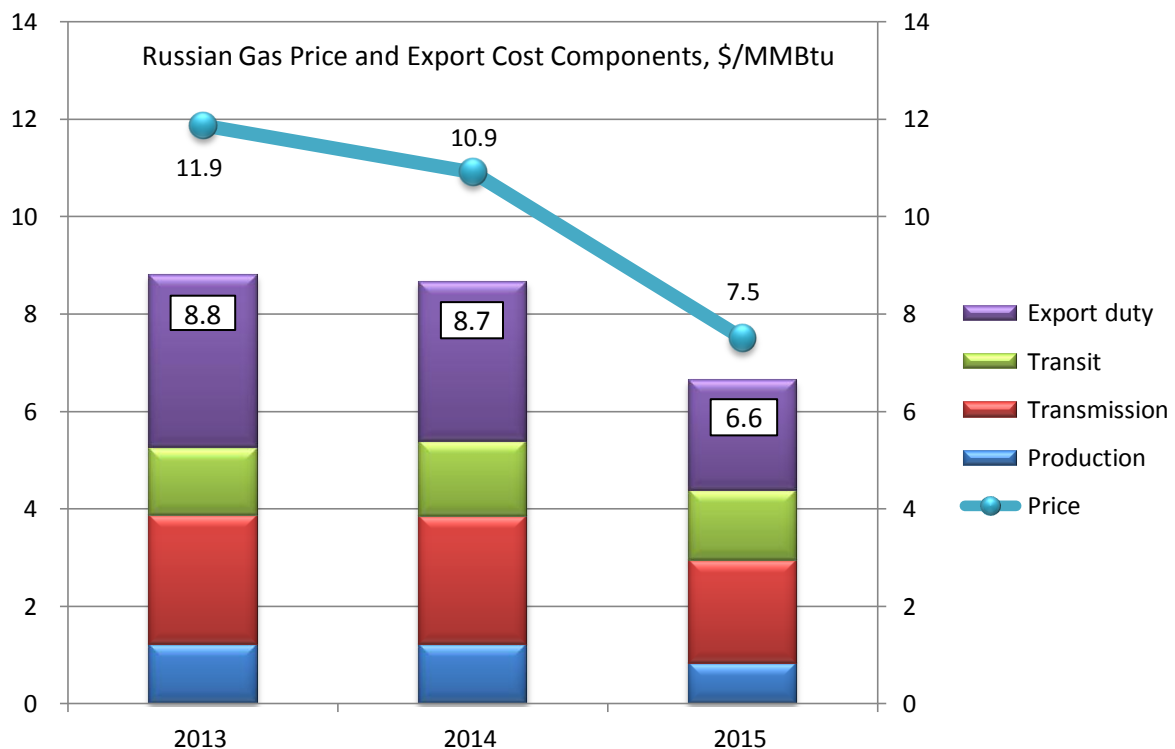


Price of Russian gas in Europe declines faster than export cost

Export cost of Gazprom is not declining fast enough to match the drop in the price of Russian gas in Europe. The figure below illustrates results of our calculations based on the financial reports of Gazprom and documents of the Russian Federal Antimonopoly Service.



Sources: Gazprom, FAS, eegas.com

Profitability of gas exports to Europe dropped from 35 percent in 2013 to 13 percent in 2015. The profit rate plunged to 5 percent in Q4-2015 (the latter number is the author's estimation).

Cubic meters are converted to British thermal units with the help of official conversion factors of the IFRS reports of Gazprom.

1000 cubic meters of Gazprom = 32.056 MMBtu

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