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ECONOMIC NEWS BULLETIN

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OIL & GAZ

Shah Deniz celebrates 100 billion cubic metres of total gas production

The milestone was achieved at the end of December, exactly 12 years after we first announced the start-up of commercial gas production from the field and start-up of operations of the South Caucasus Pipeline.

First production from the field announced on 15 December 2006 marked the start of Stage 1 of the field development and since then gas has been successfully and reliably delivered to markets in Azerbaijan, Georgia and Turkey.

2018 was destined to become the next biggest milestone year for Shah Deniz. It marked the commencement of commercial gas deliveries to Turkey from Shah Deniz 2 as planned on 30 June



and the achievement of first gas production from Shah Deniz Bravo at the end of July.

Total condensate production from Shah Deniz since 2006 is over 196 million barrels.

Today production is received from about 10 SDA and 6 SDB wells.

Shah Deniz – located in the Azerbaijan sector of the Caspian Sea is the largest ever gas discovery made by BP. The giant field covers approximately 860 square kilometres. The field was discovered in 1999.

The estimation of gas initially in place of the whole Shah Deniz field is over 1 trillion cubic metres and 2 billion barrels of condensate.

Shah Deniz 2 is the starting point of the new Southern Gas Corridor, which will deliver Caspian resources directly to European gas markets for the first time.

At plateau, the project is expected to add 16 billion cubic meters of gas per year (bcma) to the existing production. Total

production from the Shah Deniz field will be up to 26 bcma of gas and up to 120,000 barrels of condensate a day.

Shah Deniz 2 represents the first subsea field development in the Caspian Sea - the largest and most complex subsea infrastructure which BP operates in the world.

Azerbaijan exports more than 2.5 bcm of natural gas to Georgia in 2018

Azerbaijan exported more than 2.5 billion cubic meters of natural gas to Georgia in 2018, according to the Ministry of



Energy.

More than 1.1 billion cubic meters of gas was pumped through the Baku-Tbilisi-Erzurum pipeline, while 1.39 billion cubic meters of gas was transported via Gazimammad-Gazakh pipeline.

Rovnag Abdullayev: SOCAR's revenues and budget payments have been steadily increasing

"Despite the price fluctuations we witness in the market, there has been a progressive rise in SOCAR's revenues and budget payments," said SOCAR President Rovnag Abdullayev as he commented on the improved profitability of the company.



"Following the instructions of President Ilham Aliyev, SOCAR has implemented many important reforms over the past 10 years to transform the company into a modern integrated global energy one and enhance its overall operational efficiency. The company has also started

to diversify the services it delivers and types of commodity it produces throughout the chain of values," Abdullayev mentioned.

"As a result of timely undertaken measures, SOCAR's revenues and budget payments have been enjoying steady growth despite the fluctuations in the market. Today, SOCAR - the global brand of Azerbaijan, receives the largest portion of its revenues from foreign operations and re-invests these revenues for the good of the people of Azerbaijan by increasing its payments to the state budget annually," he added.

Baku to host Fifth Ministerial Meeting of Southern Gas Corridor Advisory Council on February 20

The Fifth Ministerial Meeting of the Southern Gas Corridor (SGC) Advisory Council will take place in Baku on February 20, spokeswoman of Azerbaijan's Energy Ministry Zamina Aliyeva told.

The meeting will be attended by representatives from the Southern Gas Corridor member-states and other countries, shareholders of the project and delegates of international financial institutions.

The First Ministerial Meeting of the SGC Advisory Council was held on February 12, 2015, the second meeting on February 29, 2016, the third meeting on February 23, 2017 and the fourth meeting on February 15, 2018.



Next OPEC meetings due in Baku in March

“The Joint OPEC and non-OPEC Ministerial Monitoring Committee (JMMC), as well as the Joint Technical Committee will convene on 17-18 March in Baku,” the OPEC Secretary General Mohammad Barkindo has told in an exclusive interview.

The meetings will review the oil-producing countries’ commitment to the agreement on reducing the oil output and its impacts on the oil market.

The 5th OPEC and non-OPEC Ministerial Meeting, following deliberations on the immediate oil market prospects and in view of a growing imbalance between global oil supply and demand in 2019, hereby decided to adjust the overall production by 1.2 mb/d, effective as of January 2019 for an initial period of six months. The contributions from OPEC and the voluntary contributions from non-OPEC participating countries of the ‘Declaration of Cooperation’ will correspond to 0.8 mb/d (2.5%), and 0.4 mb/d (2.0%), respectively. According to the agreement, Azerbaijan has also pledged to reduce oil production by approximately 20,000 barrels per day beginning this month.

ENERGY

Azerbaijan, Pakistan discuss energy cooperation

Azerbaijani Ambassador in Islamabad Ali Alizade has met with Pakistani Federal Minister for Petroleum Ghulam Sarwar Khan to discuss cooperation between the two countries in the field of energy.



Ministerial Monitoring Committee (JMMC), as well as the Joint Technical Committee



They agreed that Pakistani oil and gas companies’ participation in the “Caspian Oil and Gas” exhibition and conference traditionally held in Baku would strengthen the bilateral energy cooperation.

They also exchanged views over prospects for economic and trade relations between Azerbaijan and Pakistan.

TRANSPORT

Heydar Aliyev International Airport sets a new record for passenger traffic

Heydar Aliyev International Airport has



set a new record for passenger traffic volume - last year it served a total of 4.43 million passengers. This is 9 percent higher than in 2017.

In 2018, base airlines of the Airport - AZAL and Buta Airways carried 1.89 million and 442,000 passengers, respectively.

A total of 3,81 million passengers were carried on international flights and 620,000 passengers on regional flights. 33.4 percent of total number of international passengers accounted for AZAL, while 11.6 percent for Buta Airways, and 55 percent for international airlines.

In addition to AZAL and Buta Airways carrying out international passenger flights in 2018, the top ten airlines also included Turkish Airlines, FlyDubai, Aeroflot, UIA (International Airlines of Ukraine), Air Arabia, S7 Airlines, Qatar Airways, Utair, Lufthansa and SCAT. In

total they served 1.15 million passengers.

The top ten most popular international destinations in 2018 included Istanbul, Moscow, Dubai, Kiev, Sharjah, Tehran, Baghdad, Tbilisi, Doha and Tel Aviv. Some 2.7 million passengers traveled to these destinations.

In total, last year 36 foreign passenger airlines carried out regular flights to Heydar Aliyev International Airport.

Heydar Aliyev International Airport is the largest airport in Azerbaijan and the region in terms of passenger and freight traffic, the airport terminal area and capacity of the cargo complex.

In 2017 and 2018 Heydar Aliyev International Airport was also named the best airport among airports of Russia and CIS countries for the level of the provided services for the second year in a row and awarded the maximum rating of "5 Stars" according to Skytrax World Airport Awards.

FINANCE

Next coupon payments on SOCAR bonds paid

The 9th coupon payment of SOCAR bonds with annual yield of 5% and quarterly payments has been executed, totalling the income of bondholders up to 11 million 250 thousand USD. In the upcoming quarters 11 coupon payments are still outstanding as income for the bondholders with amount totalling to 13 million 750 thousand USD (grand total of 25 million USD).

According to "SOCAR Capital", coupons on SOCAR bonds totalling \$1.25 mln - \$12.5 per bond has been

transferred to the bank account of the National Depository Centre (NDC) at the Central Bank one week earlier, and today these funds will be available in the bondholders' bank accounts.

The main advantages of SOCAR bonds are repurchase guarantee by SOCAR at the nominal amount, simple sale and purchase transactions, payment of coupons on timely basis and high liquidity. The secondary market transactions on SOCAR bonds have exceeded amount of 170 million USD since the emission and currently it is the security with highest liquidity in the local stock exchange with over 800 trades executed in 2018. Due to high demand, the market maker prices have risen to 1045 USD per bond on January 16th.

SOCAR bonds, which can be purchased from ASAN Service Centers No. 1 and 5, make up 24% of the total share of the country's total bond market and 87% of the corporate bond market.

Next coupon payments will be executed on April 17th, it was reported.

Minister Mustafayev: Republic of Korea invested almost USD 180 million in Azerbaijan's economy

"The Republic of Korea has invested almost USD 180 million in Azerbaijan's economy, while the Azerbaijani investments to this country amounted to USD 474 million," said Minister of Economy Shahin Mustafayev.

Mustafayev said that a legal framework was established between the two countries, and 57 documents had been signed so far. He mentioned that 74 Korean companies were registered in



Azerbaijan, which are also involved in state-funded projects as contractors. Minister Mustafayev hailed the expansion of economic ties between the two countries, adding that the trade has increased twice in the 11 months of 2018 than of the same period of previous year.

BUSINESS

Azerbaijan opens trading house in Dubai

Azerbaijan's trading house has opened in Dubai, the UAE.



Created by Azerbaijan's Ministry of Economy, the

trading house supports the promotion of Azerbaijani goods under the "Made in Azerbaijan" brand in Dubai, and engage in marketing research, participation in exhibitions and other activities related to the promotion of Azerbaijani goods.

An Azerbaijani delegation led by Minister of Economy Shahin Mustafayev, the UAE officials and businessmen attended the opening ceremony of the trading house.

Participants in the event viewed the trading house and exhibition of the Azerbaijani goods.

Azerbaijan opened its first trading house in Minsk in 2017.

Azerbaijan has trading houses in Russia, Ukraine, Belarus, Latvia, Poland and China.

TOURISM

Flights between Baku and Beijing to be increased

Azerbaijan Airlines, Azerbaijan Tourism Bureau and the leading Chinese travel company - ETI-Holidays (Beijing HUAYUAN International Travel Co., LTD) signed a trilateral memorandum of understanding in Beijing.



The memorandum envisages increasing the flow of Chinese tourists to Azerbaijan by Beijing-Baku flight and from here to other countries in order to increase Baku's transit capacity.

According to the memorandum, ETI-Holidays undertakes to promote Azerbaijan's tourism potential and support the promotion of a new destination brand among local tourists.

Azerbaijan Airlines operates direct flights from Heydar Aliyev International Airport to Beijing Capital Airport by comfortable Boeing 767-300 liners.