

Novatek Q3 Profit Rises 37%

By [The Moscow Times](#)

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Novatek, Russia's second-largest natural gas producer, said Friday that third-quarter profit increased 37 percent, beating analyst estimates on higher sales and prices.

Net income rose to 10.1 billion rubles (\$328 million) from 7.35 billion rubles a year earlier, the gas producer said. That beat the 9.6 billion ruble average estimate of 10 analysts.

Novatek, Russia's fastest-growing gas producer, has this year ramped up production at existing facilities, acquired new assets and received government support for potential tax breaks, while benefiting from higher energy prices.

"Novatek's recently aggressive M&A activity and its ability to ramp up production are the main factors supporting the company's high valuations," Pavel Sorokin and Alexander Bespalov, analysts at Alfa Bank, said in a note earlier this week. "Novatek's ability to increase its domestic market share, in contrast to the overall decline in Russia's natural gas production, is another major factor."

In October, Novatek expanded production at the Yurkharovskoye field. The producer added reserves on the northern Yamal Peninsula by buying a license holder of the Malo-Yamalskoye field in July and has also approved the acquisition of controlling stakes in two Siberian gas projects.

Sales advanced 34 percent to 29.4 billion rubles as prices and volumes of natural gas, liquefied petroleum gas and gas condensate increased.

Natural gas production and purchase volumes rose to 8.36 billion cubic meters in the period from 8 billion a year earlier. Liquid gas output and purchase volumes rose to 889,000 metric tons from 744,000 tons.

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