

Gazprom Q3 Net Falls 9% on Exchange Loss

By [The Moscow Times](#)

February 10, 2011

The  Moscow Times

Gazprom said profit fell 9 percent in the third quarter from a year earlier because of an exchange loss, while rising prices compensated for a decline in European sales.

Net income fell to 159 billion rubles (\$5.4 billion), Gazprom said Thursday on its web site, with a foreign exchange loss of 6.8 billion rubles after a gain of 42.5 billion rubles a year earlier.

"In Europe, the drop was serious, and it will continue in the fourth quarter," said Metropol analyst Alexander Nazarov. "January 2011 export figures give some reason for optimism, but that is the cold winter and favorable situation on the spot market in Europe."

Sales rose 15 percent to 786 billion rubles, as price increases at home and abroad compensated for lower volumes. Gas exports to Europe, the Middle East and Asia plunged 21 percent to 31 billion cubic meters, according to a presentation posted on Gazprom's web site. Volumes

in Russia and former Soviet republics were little changed at 41 bcm and 15 bcm, respectively.

"I don't see Gazprom reaching 150 bcm to Europe in 2011," Nazarov said.

Gazprom deputy chief executive Valery Golubev said Wednesday that exports to Europe could return to the pre-crisis level this year as rising spot prices make competing liquefied natural gas supplies less attractive. The company shipped 158.8 bcm to Europe in 2008, which plunged to 140.6 bcm in 2009.

Russia's move to lift an export duty on gas to Ukraine helped support revenue in the former Soviet Union market, Nazarov said. Net gas sales to the former Soviet Union rose 58 percent to 102 billion rubles, while net export sales to other markets rose about 3 percent to 246 billion rubles, Gazprom said.

Earnings before interest and tax rose 26 percent to 197 billion rubles.

In late April, Russia agreed to slash the price Ukraine pays for gas by 30 percent in exchange for an extension of its navy's lease on a Black Sea port. Prime Minister Vladimir Putin said the government was covering the discount by cutting the export tax.

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