

# Gazprom Dividend Might Be Doubled

By [The Moscow Times](#)

April 12, 2012

**The  Moscow Times**

Gazprom recommended doubling its dividend for 2011, beyond the level of the payout that directors budgeted for in December.

Management on Thursday recommended that the board approve a dividend of 8.97 rubles (30 cents) a share, Russia's natural gas export monopoly said in a statement. Gazprom paid 3.85 rubles a share in 2010.

State-controlled Gazprom budgeted 199 billion rubles (about \$7 billion) at its Dec. 20 board meeting, while cutting investments for 2012 by 39 percent to 777 billion rubles.

The 2011 dividend announced Thursday would mean a total payment of 211 billion rubles, according to Bloomberg calculations based on 23.7 billion outstanding shares.

Net income of 880 billion rubles under Russian accounting standards, after higher prices for Gazprom's long-term export contracts track crude oil and refined products with a time lag, implied a payout of 9.29 rubles a share, based on company guidance that 25 percent of its

earnings would go to dividends.

"The new dividend policy should significantly raise the attractiveness of Gazprom's shares for investors," Daria Kozlova, an analyst at Rye, Man & Gor Securities, said Thursday in a note. "The current yield of 5 percent is well above the traditional 2 percent paid in previous years. We expect next year's dividends to grow further due to a favorable gas market."

The annual shareholders' meeting will be held June 29.

Meanwhile, Gazprom exports to Europe fell 12 percent in the first quarter from a year earlier because of warmer-than-usual weather at the start of the year, according to two people with knowledge of the preliminary data.

Export volumes to Europe, not including former Soviet republics, dropped to 39.1 billion cubic meters from 44.2 bcm, the people said, asking not to be identified because the information isn't yet public.

European natural gas prices may rise this year as Gazprom's exports remain steady amid higher demand, according to Sanford C. Bernstein & Company.

Europe will need 15.3 bcm more of Russian gas in the next eight months relative to the same period last year, Oswald Clint, a London-based analyst, wrote in a research note Thursday.

"Recent statements from Gazprom management suggest the company may maintain flat exports into Europe year on year, in order to gain bargaining power over future gas pricing," Clint said. "We rate Gazprom as outperform and favor exposure to European gas."

Russian oil and condensate production will grow less than previously forecast because of delays at an Arctic offshore field developed by Gazprom, the International Energy Agency said.

Output is likely to rise 1.1 percent this year, one percentage point less than earlier estimated, as the start of the Prirazlomnoye oil field, Russia's first Arctic offshore project, is postponed from this year, the IEA said Thursday in its monthly oil market report.

"The often-delayed field is now expected to come online in 2013, although we remain skeptical of Gazprom's timelines," said the Paris-based energy adviser to 28 industrialized nations.

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