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Rosneft Ups Dividend, Investment, Output

By The Moscow Times

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Rosneft announced a significant increase in its investment program along with an extra dividend for its shareholders. Above, a Rosneft facility. **Maxim Stulov**

ST. PETERSBURG — State oil giant Rosneft will increase its 2012 investment program to 600 billion rubles ($18.50 billion) from earlier planned 500 billion rubles, the company's deputy chief executive said Wednesday.

"We will spend almost 600 billion rubles on the investment program this year," Dmitry Avdeyev, a recently named Rosneft deputy, said at the company's shareholders meeting.

The company will pay an additional dividend on 2011 results to bring total payout to 25 percent of profits, chief executive Igor Sechin said on Wednesday. The funds are expected to support the acquisition plans of its main shareholder, Rosneftegaz.

"We are working in order for our shareholders to receive already in 2011 dividends of 25

percent from net profit under International Financial Reporting Standards," Igor Sechin said. "Such payment will be fair to our shareholders."

The remarks come days after Russian President Vladimir Putin told Sechin he wanted the state company to increase dividends. Rosneftegaz, the majority stake owner in Rosneft that recently went on an asset acquisition spree, will benefit from the dividends for its acquisition bids.

At the same presentation, the company announced its plans to increase hydrocarbon extraction by 4 percent per year until 2020, Sechin said.

"We expect that with an oil price of over $90 barrel and a favorable tax regime, the company can achieve an average annual growth rate of hydrocarbon extraction of 4 percent in the period until 2020. In this, the most appreciable role in aggregate production will be played by gas products," he said. "Gas accounts for over 20 percent of proven reserves, but production is less than 10 percent. Potential production is over 50 billion cubic meters a year," he said.

(Reuters, Interfax)

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