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Gazprom Warns More Sanctions Could Cut Exports

By The Moscow Times

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Gazprom and its managers have not been hit by U.S. or European Union sanctions over Russia's role in the Ukraine crisis.

Russian natural gas exporter Gazprom said on Tuesday further Western sanctions over Ukraine could potentially disrupt its gas exports to Europe and hit its business and shares.

Gazprom, headed by Alexei Miller, a longstanding ally of Russian President Vladimir Putin, and its managers have not been hit by U.S. or European Union sanctions over Russia's role in the Ukraine crisis.

But the company, which meets 30 percent of Europe's demand for gas, said in its financial report that a pricing row with Kiev could potentially lead to a disruption of its gas exports to Europe through pipelines crossing Ukraine.

The West has so far imposed limited sanctions on Russian government officials

and businessmen, as well as on several companies.

"An expansion of the U.S., EU and other sanctions programs could adversely impact operations and the financial condition of the Gazprom Group," it said in a management report following its 2013 financial results.

Long seen as a tool of Russian foreign policy, Gazprom has threatened to cut supplies to Ukraine over an unpaid gas bill it puts at more than $2 billion and warned this could lead to reduced deliveries to clients in Europe.

Profit Falls

Gazprom posted a 7 percent drop in 2013 net profit to 1.139 trillion rubles ($35.7 billion using the average 2013 central bank rate of 31.9 roubles per $1), in line with forecasts and reflecting a weaker ruble.

Net debt in ruble terms rose 4 percent to 1.11 trillion rubles.

The ruble declined 7.2 percent year on year against the dollar in 2013 reflecting a weakening economy.

Gazprom said revenue from gas sales to Europe and other countries amounted to 1.68 trillion rubles, or 57 percent of total gas sales.

Last year's sales rose 10 percent to 5.25 trillion rubles from 4.77 trillion in 2012, and above an expected 5.19 trillion.

Analysts were awaiting a post-results conference call on Tuesday for updates on the company's position on Ukraine's gas debt, talks on a gas supply deal with China, plans for gas exports to Europe and liquefied natural gas projects.

Gazprom shares were up 1.05 percent in early trade in line with the broader market.

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