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Gazprom Considers September Eurobond Issue Amid Lending Drought

By The Moscow Times

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Russian gas producer Gazprom plans to start investor meetings at the end of September to test the market for a possible eurobond issue, two banking sources said Tuesday.

Although Gazprom is not directly affected by sanctions, the move comes as Western markets are largely closed for Russian borrowers due to sanctions on some of Russia's biggest companies, banks and individuals over Moscow's stance in the Ukraine crisis.

The sources said Gazprom planned to start meeting investors from Sept. 23. Deutsche Bank and Credit Agricole are acting as arrangers, they added.

One source said that Gazprom was looking to raise up to 1 billion euros ($1.3 billion). A spokesman for the company did not immediately reply to a request for comment.

The second source said Gazprom was looking at eurobonds in Swiss francs.

Gazprom's oil producing wing Gazprom Neft was put on the European Union's latest sanctions list preventing it from raising medium and long-term financing on the European market. The sanctions are not yet in force.

The sanctions, however, do not encompass the gas sector and in particular state-owned Gazprom, the world's biggest gas producer which is also the biggest gas supplier to Europe.

One of the bankers said Gazprom Neft sent a request to bankers to propose taking part in a syndicated loan. Gazprom Neft declined to comment.

"If sanctions on Gazprom Neft are implemented, banks will not take part in the deal," the banker said.

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