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Russia's Gazprom Says Net Profit Plummeted 70% in 2014

By The Moscow Times

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Gazprom Headquarters in Moscow.

Gazprom's net profit, calculated under Russian Accounting Standards (RAS), fell 70 percent last year to 189 billion rubles ($3.3 billion), Russia's top natural gas producer has said.

Gazprom's net profit under RAS is attributed to the parent company only and not its subsidiaries such as Gazprom Neft or its power business. Gazprom uses the profit figure as a base for dividend payout calculations.

The company also said it had acquired stakes in the $40 billion South Stream gas pipeline project, which Russia scrapped at the end of last year, citing EU objections.

The pipeline was supposed to deliver gas to southern Europe without crossing Ukraine. However, Moscow instead named Turkey as its preferred partner for an alternative pipeline.

Gazprom said it had bought Eni's 20 percent stake in the South Stream charter capital

for 22.42 billion rubles ($388 million), Wintershall's 15 percent for 16.85 billion rubles and EDF's 15 percent for 16.82 billion rubles.

The company also said it had booked reserves of 22.3 billion rubles for possible writedowns on the Shtokman project, which was supposed to produce offshore gas in the Barents Sea. The company scrapped the plans due to cost overruns.

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