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Gazprom's Board of Directors approves Investment Program, Budget and Cost Reduction Program for 2015

The Gazprom Board of Directors took notice of the information about the Company's preliminary operating results for 2014, projected Investment Program, Budget (Financial Plan) and Cost Optimization (Reduction) Program for 2016–2017.

The Board of Directors approved Gazprom's Investment Program, Budget (Financial Plan) and Cost Optimization (Reduction) Program for 2015. The key performance indicators of the Investment Program grew by RUB 1.11 billion against the version approved by the Gazprom Management Committee this November.

Pursuant to the Investment Program for 2015, the total amount of investments will make up RUB 840.35 billion. At the same time, the amount of capital investments will account for RUB 733.13 billion, of which RUB 733.09 billion and RUB 0.033 billion will be allocated for capital construction and acquisition of non-current assets accordingly. The amount of long-term financial investments will total RUB 107.22 billion.

According to the approved Budget for 2015, gains from operating and investment activities will total RUB 5.887 trillion, while the amount of payments in all activities – RUB 5.978 trillion. The external financial borrowings will stand at RUB 90 billion. The Budget surplus (taking into account intragroup borrowings and beginning balances on Gazprom's accounts as of early 2015) will account for RUB 0.5 billion.

Taking into account the Agreement with CNPC on gas supply to China via the western route, the budget covers the expenditures on pre-investment studies for the Altai project.

The Cost Optimization (Reduction) Program for 2015 envisages measures aimed at cost optimization (reduction) to result in a cumulative effect of RUB 13.1 billion.

Background

The 2015 Investment Program was formed based on the need for implementing Gazprom's major investment projects within the preset timeline. The priority in capital construction and transmission costs allocation will be given to:

- implementing the program for the comprehensive development of the Yamal Peninsula,*
- creating gas production, transmission and processing capacities using gas from the Yakutia gas production center, including the Power of Siberia project,*
- constructing the Southern Corridor gas pipeline system,*
- developing the underground gas storage system.*

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