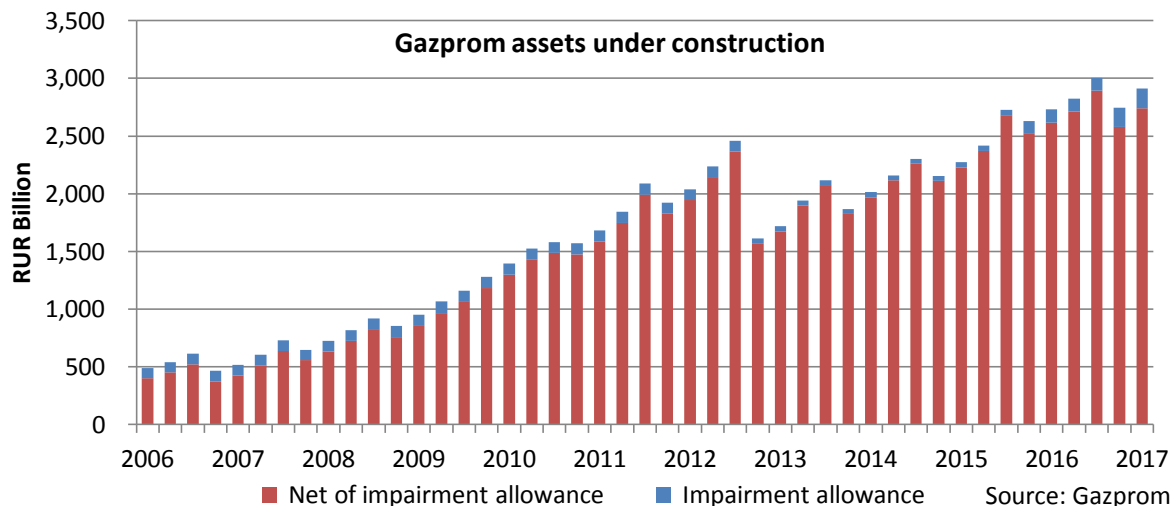
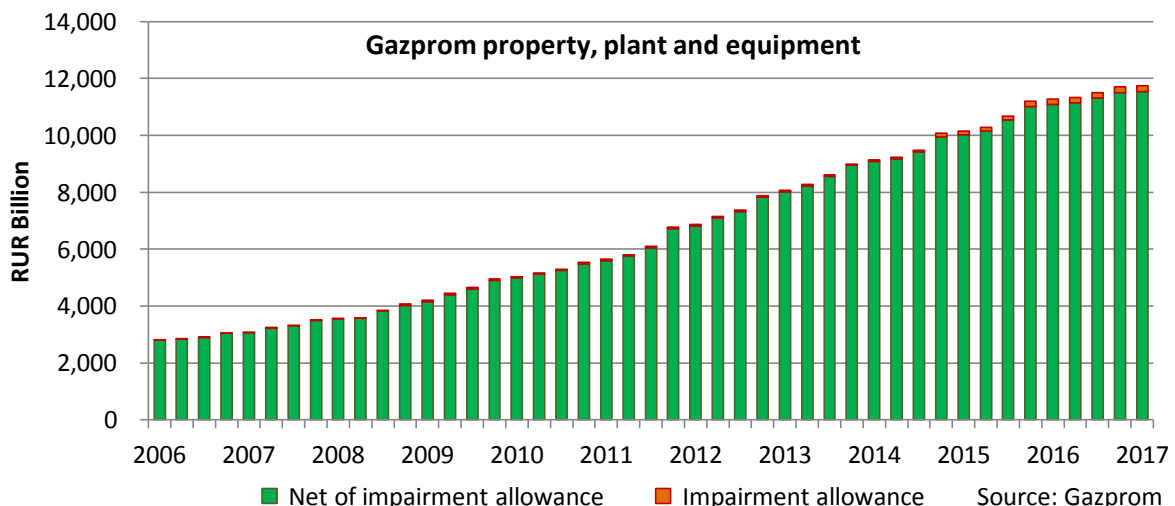


Nearly 3 Trillion Rubles in assets under construction

Gazprom reports a six-fold increase of the value of assets under construction in 2006-2017. The value went up from ₴467 Billion on December 31, 2006, to ₴2909 Bn on March 31, 2017 (\$18 Bn and \$52 Bn, respectively).



In the same period, the total value of company's assets increased from ₴3038 Bn (\$115 Bn) to ₴11743 Bn (\$208 Bn).



Notably, there was a significant drop in the value of assets under construction as of December 31, 2012. However, it was not reflected in the value of property, plant and equipment of Gazprom that continued to grow at a steady rate.

Apparently, most assets under construction are concentrated in the gas transportation segment of Gazprom. It means a guaranteed growth of future depreciation costs of gas transportation.

Russian Gas Insight

East European Gas Analysis

Brief Analysis

June 21, 2017

The latest report shows the value of assets under construction at 25% of the total value of property, plant and equipment of Gazprom. It is no surprise that the minority shareholders *"get the impression that the company works not for its shareholders, not for the consumers or for the state, but for the subcontractors, who build various facilities for them"*¹.

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¹ <http://en.kremlin.ru/events/president/news/53077#sel=140:40:p3r,140:68:3oo>