
LUKOIL switches focus to increase in free cash flow

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Reuters reported that Russian oil major LUKOIL is to switch its focus from higher production to an increase in free cash flow and will use the extra revenue to buy back shares and pay dividends.

The company, Russia's second biggest oil producer said it would change its strategy for 2010 to 2019 in light of the global economic crisis which has caused a drop in demand for oil. It said it would boost cash flow through the spin off of less efficient assets, geographical diversification and modernizing oil refineries among other measures.

It added that dividends and buy-backs were a priority. LUKOIL paid out RUB 42.5 billion to shareholders as part of its 2008 results 19% higher than the previous year.

Analysts from Metropol brokerage said "The Company acknowledges that the era of growth is over and it is time to reap the profits of past years while capping investments."

LUKOIL 20% owned by US producer ConocoPhillips said it would report the full details of the new plan next month.

(Sourced from Reuters)

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