

Rosneft Income Up 59%

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Rosneft on Monday reported a 59 percent rise in net income and lower debt levels in the second quarter as output rose at its new and established Siberian fields.

The group's \$2.56 billion net profit narrowly missed the \$2.66 billion average forecast from analysts, but earnings before interest, taxation, depreciation and amortization rose 33 percent to \$4.75 billion, beating expectations.

The company posted a record free cash flow of \$2.8 billion, some of which it will tap as it extends capital expenditure during the second half, vice president Peter O'Brien said.

The company plans between \$9 billion and \$10 billion in capex this year, compared with \$3.8 billion spent during the first half.

O'Brien also said the company would meet its target to increase output between 4.5 percent and 5 percent this year despite the reintroduction of a reduced export duty on crude from East Siberian deposits, which it had been exempt from in the first half.

"The second half will be good, and production will continue to grow, but we will be paying

higher taxes. So with all else being equal, I think it is fair to say profit on an after-tax basis will be reduced by between \$400 [million] and \$500 million," O'Brien said.

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