

LUKoil Q2 Net Income Drops by 16%

By [The Moscow Times](#)

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LUKoil, Russia's second-largest oil producer, said profit in the second quarter fell 16 percent from the same period last year as taxes and costs climbed more than crude prices.

Net income dropped to \$1.95 billion from \$2.32 billion a year earlier, the Moscow-based company said in a regulatory filing Tuesday. That missed the \$2.05 billion mean estimate of five analysts surveyed by Bloomberg.

Russian export and extraction taxes, tied to the price of oil, rose in the second quarter as Urals, Russia's benchmark export blend, rose 31 percent to \$76.66 a barrel, according to Bloomberg data.

"Costs, including purchased oil and taxes, increased dramatically against the same period the previous year," said Pavel Sorokin, an oil and gas analyst at Alfa Bank in Moscow.

LUKoil spent \$10.8 billion on purchases of oil, gas and products, a 36 percent jump from a year earlier. Excise and export tariffs rose 64 percent to \$4.76 billion. Transportation

expenses grew 20 percent to \$1.43 billion.

Revenue advanced 29 percent to \$25.9 billion, LUKoil said. Oil production fell 1.7 percent in the period to 1.95 million barrels a day, while gas available for sale rose 28 percent to 4.5 billion cubic meters.

Earnings before interest, taxation, depreciation and amortization — a measure of profitability — fell 10 percent to \$3.7 billion.

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