

Bashneft Boosts Profit, Sees Output Gains

By [The Moscow Times](#)

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Bashneft, the oil producer controlled by billionaire Vladimir Yevtushenkov, said Monday that it boosted second-quarter profit 27 percent from the previous three months and said production may advance 14 percent this year.

Net income increased to \$376 million from \$296 million in the first quarter, the Bashkortostan-based oil producer said on its web site, without giving a year-earlier comparison. The company did not report second-quarter 2009 financials separately.

Revenue rose 14 percent to \$3.33 billion, led by sales of oil products, Bashneft said.

Sistema, Yevtushenkov's holding company, agreed last year to pay \$2.5 billion to gain control of Bashneft, three refineries and a petrochemicals producer in Bashkortostan. Bashneft output comes mostly from aging fields in the republic.

Bashneft expects to produce 13.8 million to 14 million metric tons of oil this year, beating a previous output target of 13.4 million tons, president Viktor Khoroshavtsev said on a conference call.

Output climbed to 38,400 tons per day, 2.4 percent higher than in the first quarter, mostly by increasing the efficiency at existing wells, Khoroshavtsev said.

Bashneft plans to bid for the Trebs and Titov oil fields in the Arctic Nenets region, which Russia plans to sell at a tender in the fourth quarter, he said.

Net debt jumped 61 percent to \$1.62 billion as of June 30 from \$1 billion at the end of March, the company said. Bashneft said in April that it bought 49 percent of smaller producer Russneft for less than \$100 million.

Operating costs grew by 13.9 percent from the first quarter to \$2.8 billion, and some analysts have voiced concerns about the trend.

"Despite the efficiency measures already undertaken by the new management, we still see room for a reduction in the company's key controllable cost items and are looking forward to progress on that side," VTB Capital analysts said in a note Friday.

(Bloomberg, Reuters)

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