

Rosneft Q2 Profits Rise Moderately

By [The Moscow Times](#)

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Rosneft said Friday that its second-quarter net income rose 10.8 percent year on year to \$2.83 billion, below analysts' expectations, as rising tax bills offset soaring oil prices.

Rosneft's Moscow-traded shares declined further on the news and had shed 2.7 percent by 4:15 p.m. Moscow time Friday, when shares were already weak on the back of the U.S. debt woes.

Analysts polled by Reuters expected that net income would have risen to \$3.06 billion.

In May the government canceled preferential export duty rates for Rosneft's Vankor oil field, the main source of growth in Russian oil production as older fields decline.

A Rosneft official said the cancellation of tax breaks cost the company \$400 million during the quarter, while the effect of ruble appreciation was \$200 million.

Rosneft also said the company produced a record daily volume of crude, 2.4 billion barrels per

day, in July after an increase in capacity at Vankor.

It had also closed the deal to buy a 50 percent stake in Ruhl Oel, which owns stakes in four German refineries.

Revenues climbed 50.8 percent to \$23.27 billion in April-June, above analysts' average forecast of \$22.41 billion, while earnings before interest, taxes, depreciation and amortization rose 12 percent from the same period last year to \$5.33 billion.

But EBITDA fell from the previous quarter's \$6.65 billion, hurt by the cancellation of the export duty breaks and as the government hiked gasoline export duty to combat fuel shortages.

"We posted good results for the second quarter, including record operating figures. ... EBITDA reduction quarter-on-quarter was anticipated following abolition of export duty for Vankor crude," Rosneft chief executive Eduard Khudainatov said in a statement.

The company also suffered from the state's efforts to cap gasoline prices and compulsory discounted fuel sales to farmers.

The Vankor field will also start paying full mineral extraction tax after it reaches cumulative production of 25 million tons next month.

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