

Yevtushenkov Denies Talks on Bashneft Sale to Rosneft

By [The Moscow Times](#)

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Oil-to-telecom conglomerate Sistema is not in talks to sell its oil unit to Rosneft, its owner said Tuesday, after a newspaper reported that state-owned Rosneft was interested in a deal.

"We are not in talks," Vladimir Yevtushenkov said by telephone, when asked if Sistema was in negotiations to sell its Bashneft oil business to Rosneft.

Bashneft and Rosneft declined to comment.

Business daily Vedomosti earlier said Rosneft was interested in buying mid-sized oil producer Bashneft as part of the Russian government's drive to tighten its control over a key industry.

Rosneft paid \$55 billion in cash and stock for oil group TNK-BP earlier this year, increasing the state's stake in the sector to more than 50 percent and reversing the privatization process launched in 1990s. Possible moves to acquire more assets have long been rumored in the

market.

Tightening state control over Russia's vast oil and gas sector has worried some observers, who say that the Kremlin's increasing role in the economy weakens competition.

Rosneft, the world's biggest listed crude producer, has assessed the value of Bashneft but not made an official offer, Vedomosti said, citing sources close to the conglomerate.

The report comes after Sistema signed a deal last week to sell its 49 percent stake in oil firm Russneft for \$1.2 billion, read by some as a sign it was abandoning its ambitions in oil.

Bashneft's most prized assets are its refineries in the Ural mountains region, with capacity of more than 24 million tons per year. It produces 300,000 barrels of oil per day (bpd), compared with Rosneft's 4.12 million bpd.

Bashneft's core upstream assets are also located in the area, far from Rosneft's key deposits, which minimizes synergies from any possible deal. It is due to launch its newly acquired Arctic fields, Trebs and Titov, with total reserves of 140 million tons, later this year.

Sistema acquired Bashneft from the local government in 2009 for \$2.5 billion after tax authorities filed several lawsuits against the company, alleging tax evasion.

Bashneft's market capitalization stands at \$12.7 billion, according to media data.

"We think the takeover of one more privately-held oil company by a Russian state giant will only deteriorate the investment case for the entire Russian oil industry," Alfa Bank analysts said in a research note.

Some analysts also worry that Rosneft may move to cut Bashneft's dividend, as it did at TNK-BP's traded unit, TNK-BP Holding, waiving the payout.

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