

Sistema Reports Drop in Q2 Net Profit

By [The Moscow Times](#)

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Russian oil-to-telecoms conglomerate Sistema posted a 3.7 percent fall in second-quarter net profit on Thursday due to a one-off gain a year earlier.

Sistema, whose biggest assets are majority stakes in Russia's top mobile operator MTS and mid-sized oil firm Bashneft, reported a net profit of \$509.6 million, down from \$529.1 million a year ago.

However, net profit adjusted for the one-off gain was up 47.7 percent mainly due to increased net income at Bashneft and a gain on foreign currency transactions, Sistema said.

"The key highlights for the period include an 11.5 percent year-on-year increase in oil production at Bashneft, the highest annual growth rate recorded in Russia amongst oil producers," Sistema chief executive Mikhail Shamolin said in a statement.

Bashneft, whose second-quarter net profit rose 20 percent to \$440 million, had been considering listing up to \$2 billion worth of shares in London as early as September. However,

Sistema is currently restricted from transactions with shares in Bashneft due to an investigation.

In the statement on Thursday, Sistema said it and subsidiaries received the notice about the restrictions in July 2014. It did not provide details on the investigation.

Sistema, which also has assets in retail, healthcare, tourism and IT, said revenue rose 4.2 percent to \$8.8 billion, while adjusted operating income before depreciation and amortization, or OIBDA, declined 1.2 percent to \$2.1 billion.

In the second quarter of 2013 its results were boosted by a one-off item: a \$346 million gain from the settlement of a dispute at MTS over the 51-percent stake it had bought in Kyrgyz operator Bitel in 2005.

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