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Rosneft Profits Down as Druzhba Crisis and Weak Oil Prices Hit

The oil major saw a fall in net income of 15% on the same period last year.

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Rosneft's revenue increased to $32.4 billion. **Vladimir Smirnov / TASS**

Russian oil giant Rosneft's second-quarter net income fell due to the effects of weaker oil prices and production cuts, but analysts had expected a more severe decline, Bloomberg reported Wednesday.

Rosneft continues to be affected by the Druzhba oil crisis, in which millions of barrels contaminated with chemicals were exported to Europe via the Soviet-era Druzhba pipeline. Despite the crisis, shares in Rosneft rose thanks to the company's pledged dividend payout.

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“Rosneft shares are growing on the dividend recommendation for the first half of the year, which turned out higher than expected,” Angelina Glazova, an oil and gas analyst at Atonline Ltd, told Bloomberg.

The company reported second-quarter net income of 194 billion rubles ($2.9 billion), 15% lower than the previous year. However, revenue increased to 2.135 trillion ($32.4 billion), Bloomberg reported.

The Druzhba crisis began in April as European customers refused to accept barrels and the ensuing shutdown was exacerbated by a spat with the pipeline’s operator Transneft.

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