

Rosneft Doubles Q3 Income

By [The Moscow Times](#)

October 26, 2010

The  **Moscow Times**

Rosneft, Russia's largest oil company, said Tuesday that it raised its output growth target for 2010 after third-quarter earnings beat estimates on tax-exempt production.

The company posted net income of \$2.57 billion, up from \$1.16 billion in the same period a year earlier. That beat the \$2.38 billion average estimate of six analysts. Revenue climbed 19 percent to \$15.5 billion.

"We can increase our estimated oil output growth target for the year from 4.5 percent to 5.5 percent to 6 percent," chief executive Eduard Khudainatov said in an e-mailed statement.

Prices for the Urals export blend advanced 11 percent to an average of \$75.64 a barrel in the third quarter. Rosneft boosted oil production 5.3 percent to 2.33 million barrels a day in the third quarter and oil-product output by 3.4 percent to 12.4 million metric tons.

"Ramping up Vankor was the key," said Ildar Davletshin, an oil and gas analyst at Renaissance Capital. "Any positive news about an extension of tax relief for this field beyond

this year would be a big catalyst for the stock.”

Production from the Vankor oil field that started in August last year reached about 264,000 barrels of oil a day as of September, according to Energy Ministry statistics. Oil produced at the Vankor field was exempt from export duties, Russia’s most burdensome oil tax, until July 1 when the state imposed a discounted tax.

Rosneft pays almost no tax on oil exported from the deposit under discounted duties at prices of \$60 to \$70 a barrel, said Peter O’Brien, Rosneft’s vice president for finance.

Net debt fell 26 percent to \$14 billion at the end of the third quarter, Rosneft said. That is about the net debt level Rosneft had before becoming the country’s biggest oil producer through the acquisition of bankrupt Yukos’ assets in 2007. Rosneft is “confident” about reaching its leverage target by the end of 2010, O’Brien said.

The company spent about \$6.2 billion in the first nine months of the year and expects capital expenditure to be in the bottom end of a range of \$9 billion to \$10 billion by the end of the year, O’Brien said.

Rosneft will release a more complete set of results and hold an investor conference call on Nov. 2, according to the company’s web site.

Shares in Rosneft were at 218.23 rubles, up 1.25 rubles, at the Moscow close.

Original url: <https://www.themoscowtimes.com/2010/10/26/rosneft-doubles-q3-income-a2511>