



Bashneft Group

IFRS Financial Results for 3Q and 9M 2011



Certain statements in this presentation may contain assumptions or forecasts with respect to forthcoming events within Bashneft Group. The words “expect”, “estimate”, “intend”, “will”, “could” and similar expressions identify forward-looking statements. We wish to caution you that these statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the above-mentioned date or to reflect the occurrence of unanticipated events. Many factors could cause the actual results of Bashneft Group to differ materially from those contained in our projections or forward-looking statements, including, among others, deteriorating economic and credit conditions, our competitive environment, risks associated with operating in Russia, rapid technological and market change in our industries, as well as many other risks specifically related to Bashneft Group and its operations.

Operating results

3Q2011 Vs 2Q2011

- Crude oil production increased by 2,7% to 3.839 mln. tonnes
- Refining volumes decreased by 2,5% to 5.299 mln. tonnes

9M2011 Vs 9M2010

- Crude oil production increased by 7,3% to 11.257 mln. tonnes
- Refining volumes decreased by 1,3% to 15.729 mln. tonnes

Financial results

3Q 2011 Vs 2Q 2011

- Revenue slightly decreased by 1.4% to US\$ 4 458 mln.
- EBITDA decreased by 23.6% to US\$ 720 mln.
- Net Income decreased by 23.5% to US\$ 407 mln.

9M 2011 Vs 9M 2010

- Revenue considerably increased by 45.2% to US\$ 12 466 mln.
- EBITDA considerably increased by 31.6% to US\$ 2 368 mln.
- Net Income considerably increased by 52.7% to US\$ 1 309 mln.

Key events

- In accordance with the offer JSOC Bashneft has completed acquisition of its series 01, 02, and 03 non-convertible, interest-bearing documentary bonds paying in sum 40.4 billion rubles.
- JSOC Bashneft placed exchange-traded bonds (series BO-01) with nominal value of 10 billion rubles carrying a put option that can be exercised two years after the date of bond placement on the MICEX exchange. The BO-01 bonds mature three years after placement.

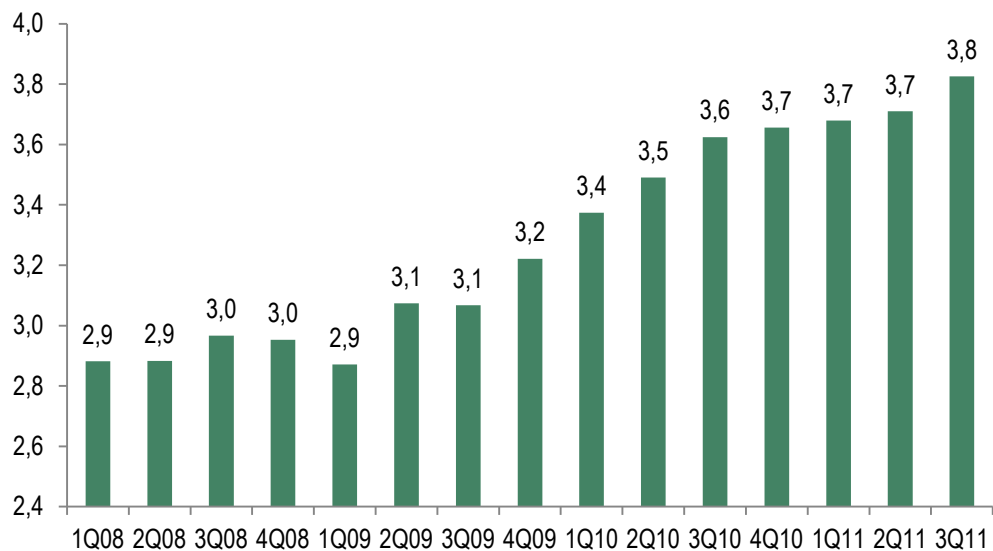
Key indicators for Bashneft Group in 3Q 2011*

3Q 2011	2Q 2011	Δ, %	Indicator	9M 2011	9M 2010	Δ, %
111,5	114,0	-2,2%	Urals price, US\$/barrel	109,2	75,9	43,9%
3 839	3 738	2,7%	Crude oil production, '000 tonnes	11 257	10 489	7,3%
5 299	5 437	-2,5%	Oil refining, '000 tonnes	15 729	15 939	-1,3%
5 074	5 208	-2,6%	Petroleum product sales, '000 tonnes	14 549	14 280	1,9%
4 458	4 522	-1,4%	Revenue, US\$ mln.	12 466	8 584	45,2%
720	942	-23,6%	EBITDA, US\$ mln.	2 368	1 799	31,6%
407	532	-23,5%	Net income, US\$ mln	1 309	857	52,7%
221	200	10,5%	Capital expenditures, US\$ mln	595	230	158,7%
2 327	2 693	-13,6%	Adjusted net debt, US\$ mln	2 327	1 487	56,5%

* Financial results of JSOC Bashneft for the third quarter of 2011, second quarter of 2011, nine months of 2011 and nine months of 2010 are adjusted for financial results of JSOC Bashkirenergo, which was deconsolidated in May 2011

Oil Production

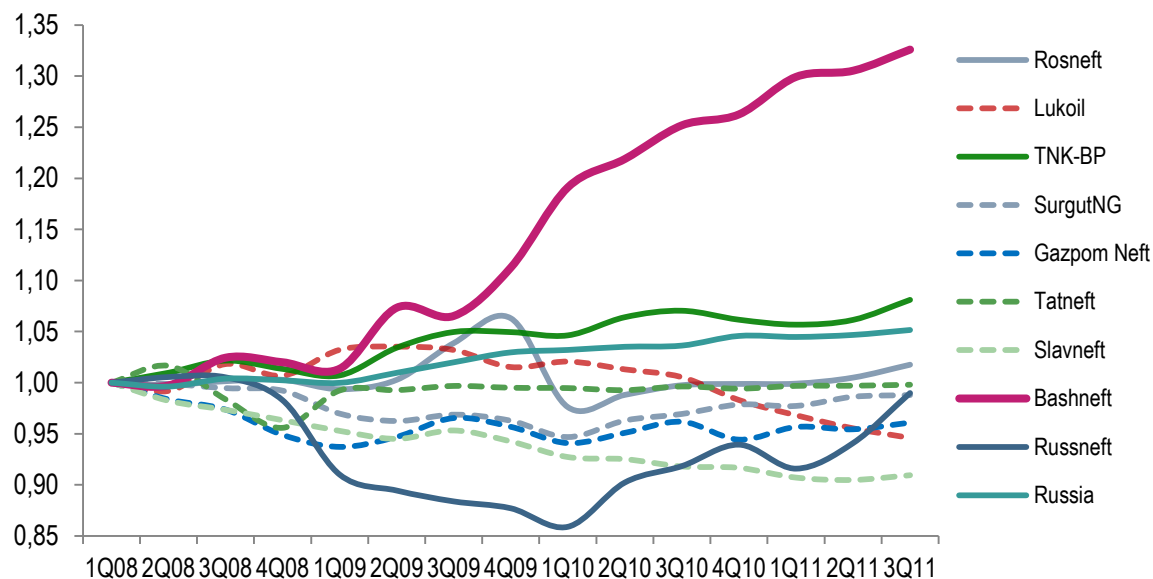
Total oil production, mln. tonnes



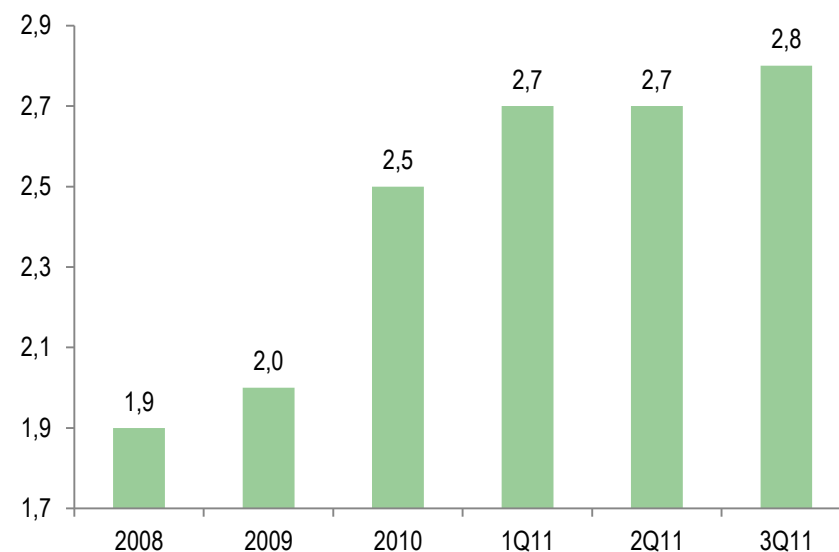
● Bashneft remained the Russian oil sector leader by crude output growth rates in 3Q 2011. Crude output was 3.839 million tonnes, which is 2,7% more than in 2Q 2011 and 5,9% more than in 3Q 2010.

● Growth of crude oil output was due to improved efficiency of geological and technical work (secondary and tertiary recovery) to raise average flow rates at wells. At the same time, actual volumes of such work were reduced in comparison with previous periods

Average daily output index (1Q 08 = 1)

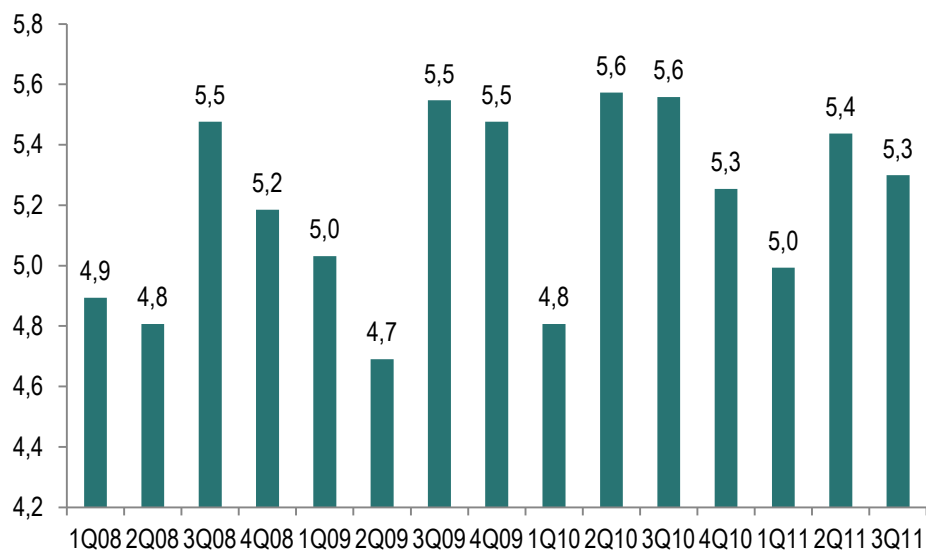


Average flow rate, tonnes/day



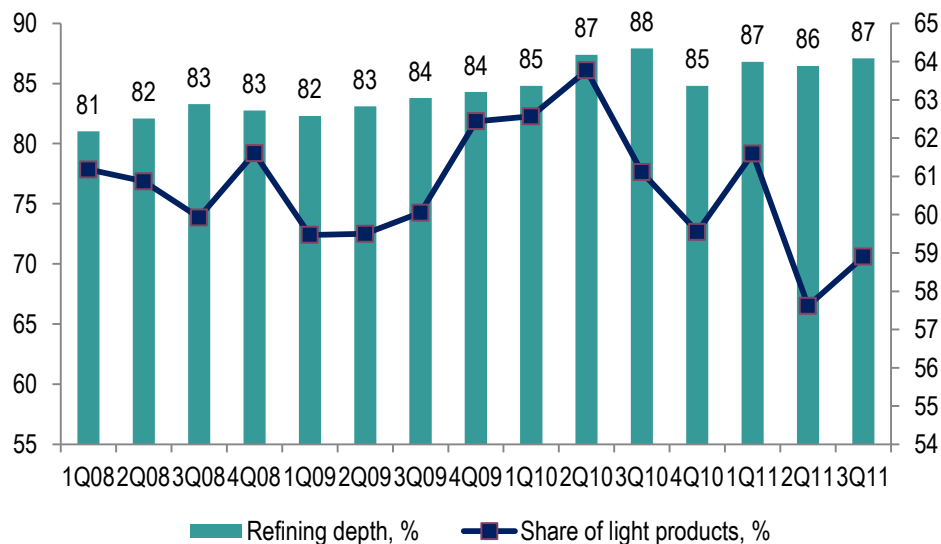
Oil Refining

Oil refining, mln. tonnes

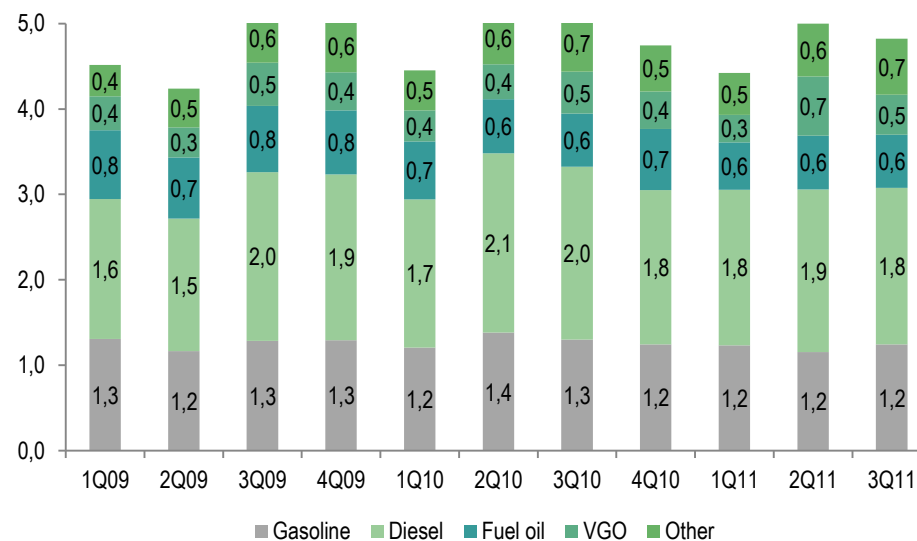


- Refining volumes in Q3 2011 declined by 2.5% q-o-q to 5.299 million tonnes.
- Loading of refinery capacity declined from 90.7% in Q2 to 87.3% in Q3 2011.
- Refining depth and light product yield rose from 86.5% and 57.7% in Q2 2011 to 87.1% and 58.9%, respectively, in Q3 2011, mainly due to reduction of refining volumes and improvement of the market environment (increased output of deep-refining products)
- Bashneft held 8.2% of the Russian domestic market for petroleum products in Q3 2011.

Refining depth, share of light products, %

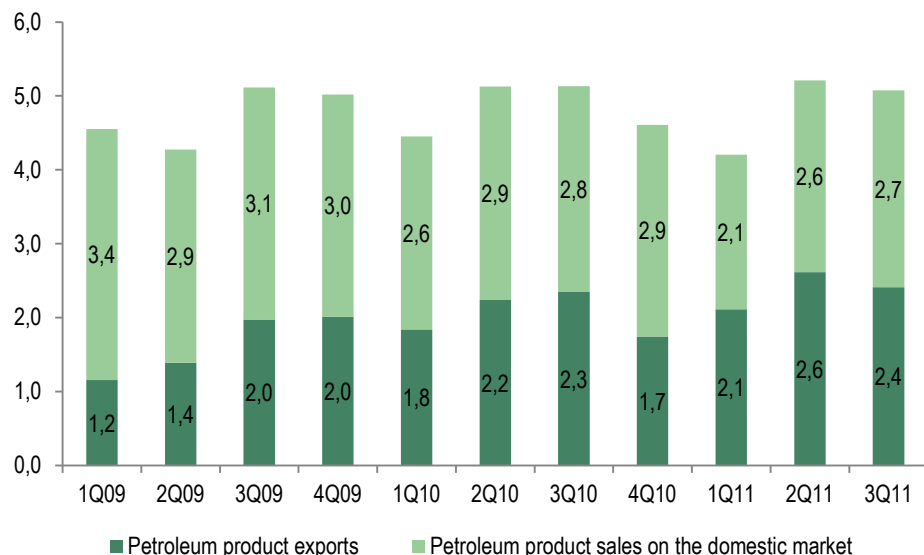


Petroleum products, mln. tonnes



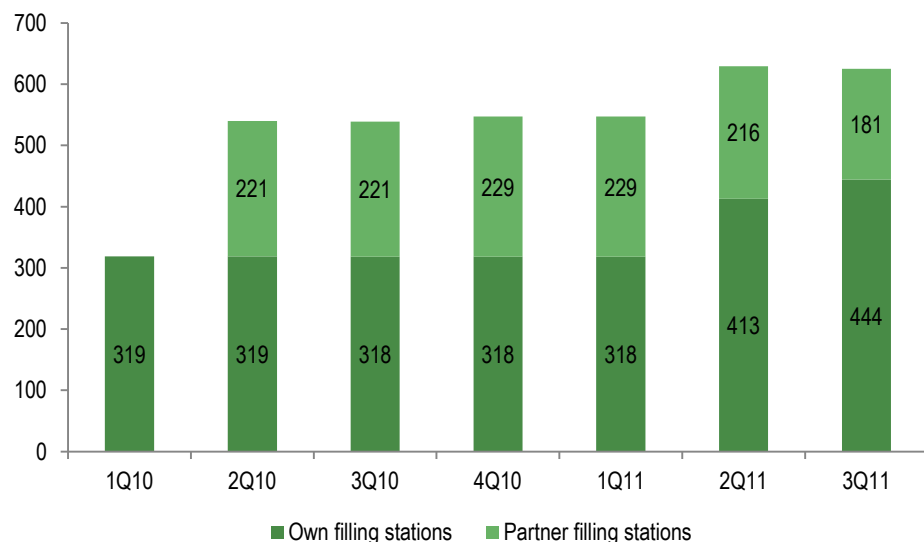
Group sales

Export and domestic sales of oil products, mln. tonnes.

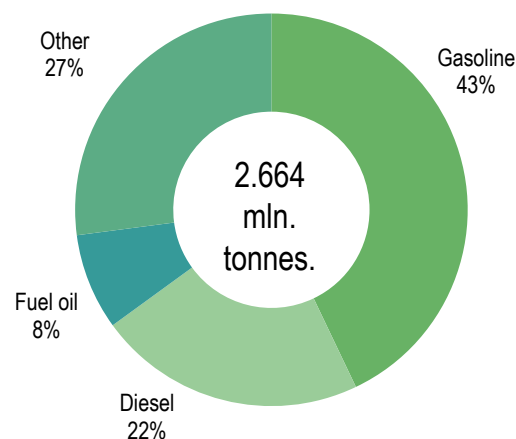


- Total volume of petroleum product sales declined by 2.6% q-o-q in Q3 2011 to 5.074 million tonnes from 5.208 million tonnes in Q2 2011. Petroleum product exports fell by 7.8% to 2.410 million tonnes
- Increase of retail sales by 55.1% y-o-y in 9M 2011 reflected acquisition of Orenburgnefteproduct and consolidation of ASPEK Group.
- Bashneft's own chain of filling stations grew from 413 stations at the end of Q2 2011 to 444 after acquisition of the petroleum product business of ASPEK Group at the start of July 2011.

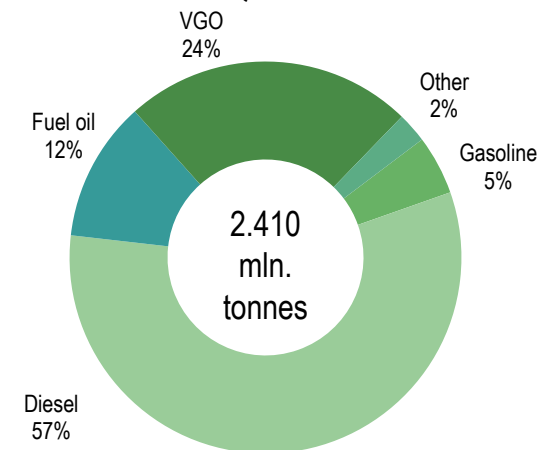
Bashneft retail network



Petroleum product sales on the domestic market, 3Q 2011



Petroleum product exports, 3Q 2011



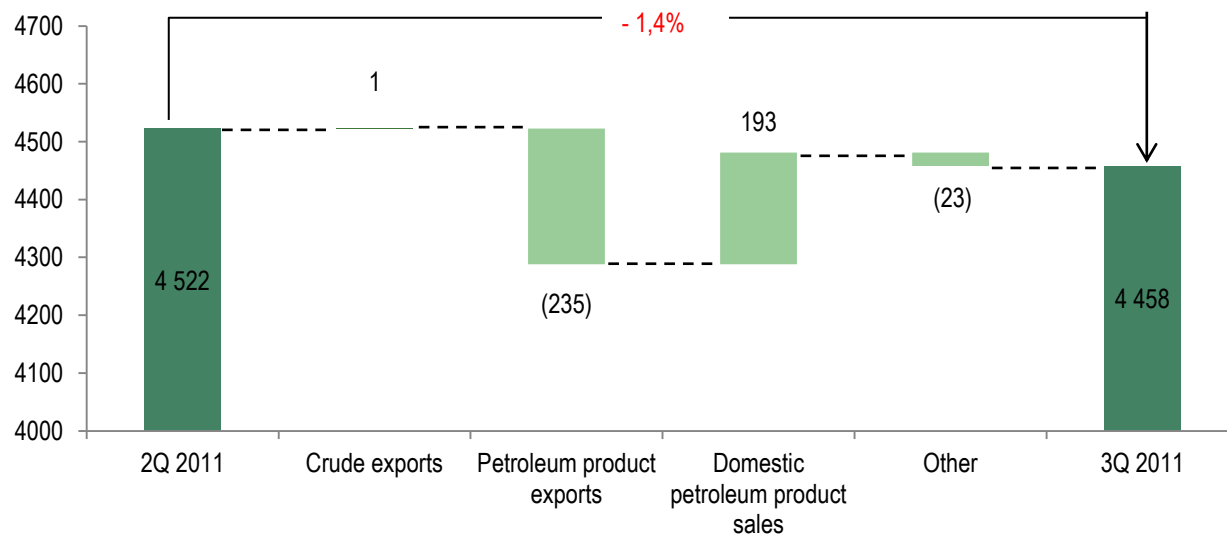
Macro indicators, 3Q 2011*

3Q 2011	2Q 2011	Δ, %	Indicator	9M 2011	9M 2010	Δ, %
29,1	28,0	3,9%	Average RUB/USD exchange rate	28,8	30,3	-5,0%
-0,3%	1,2%	-1,5 p.p.	Inflation for the period, %	4,7%	6,2%	-1,5 p.p.
678,4	689,2	-1,6%	Diesel fuel - summer (Russia), US\$/tonne	662,0	457,2	44,8%
873,0	861,3	1,4%	High-octane gasoline (Russia), US\$/tonne	831,7	678,7	22,5%
331,0	304,2	8,8%	Fuel oil (Russia), US\$/tonne	301,2	248,3	21,3%
21,4	21,9	-2,3%	Mineral extraction tax (oil), US\$/bbl.	20,8	13,3	56,4%
60,6	61,2	-1,0%	Crude oil export duty, US\$/bbl.	56,3	36,9	52,6%
40,6	41,0	-1,0%	Export duty for light and medium distillates, US\$/bbl.	37,9	26,5	43,0%

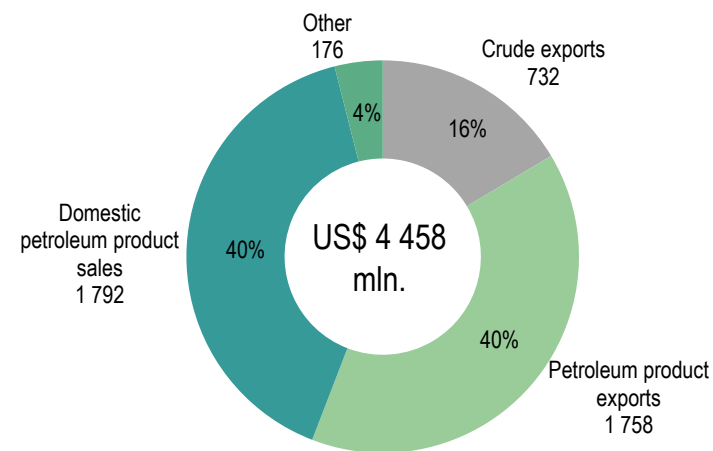
* Prices of oil and petroleum products on this slide are averages for the industry. Tax breaks are not included in Oil MET and Oil export duty rates. Data on prices and tax rates are not for company valuation

Revenue

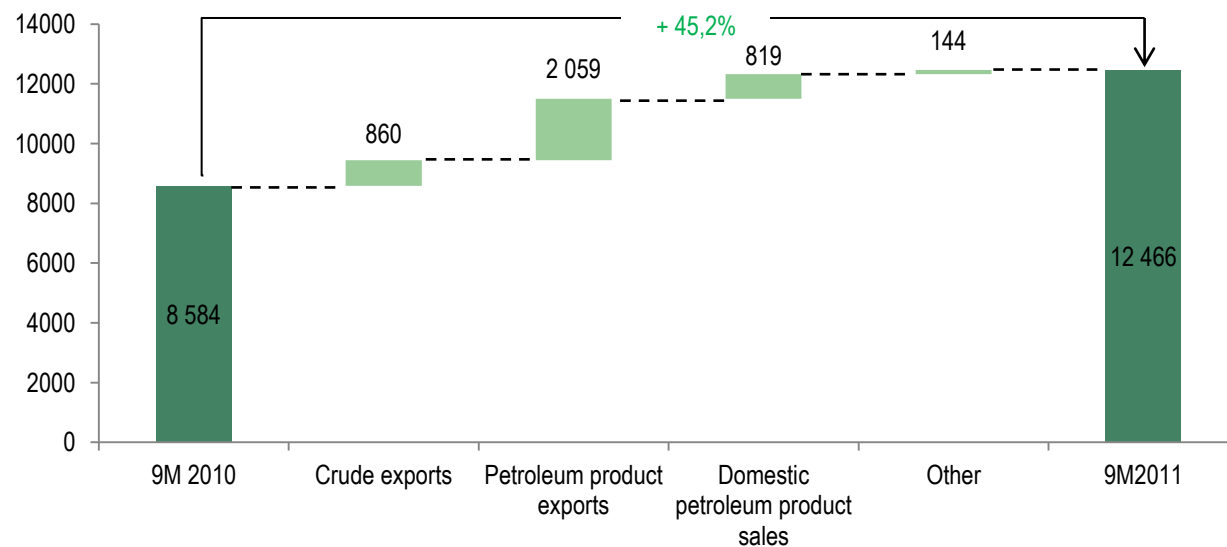
Revenue factor analysis, US\$ mln, 3Q 2011 vs. 2Q 2011



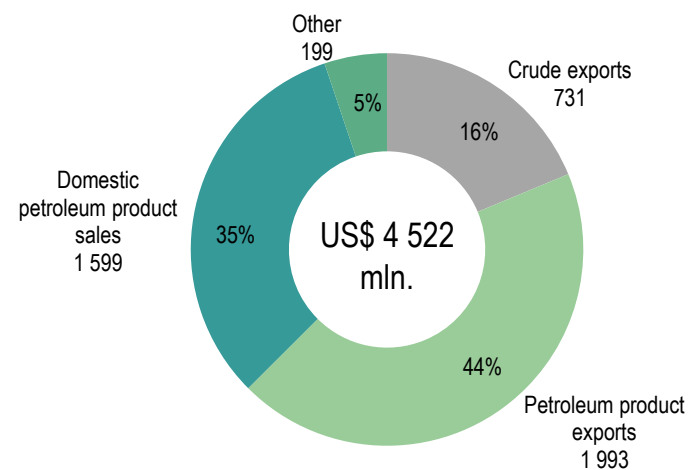
Revenue breakdown 3Q 2011, US\$ mln.



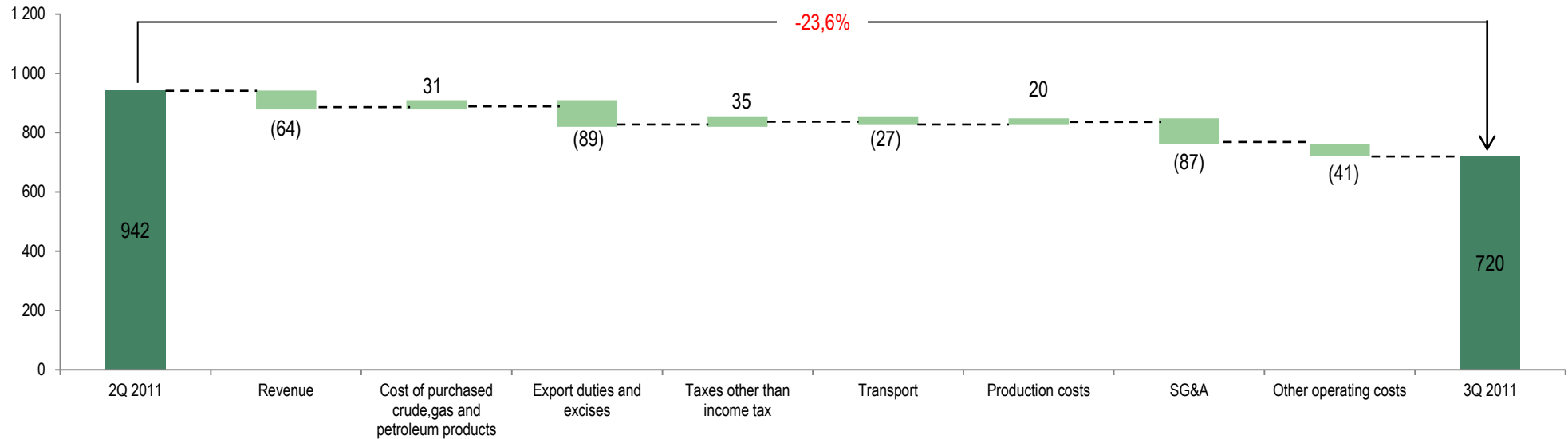
Revenue factor analysis, US\$ mln, 9M 2011 vs. 9M 2010



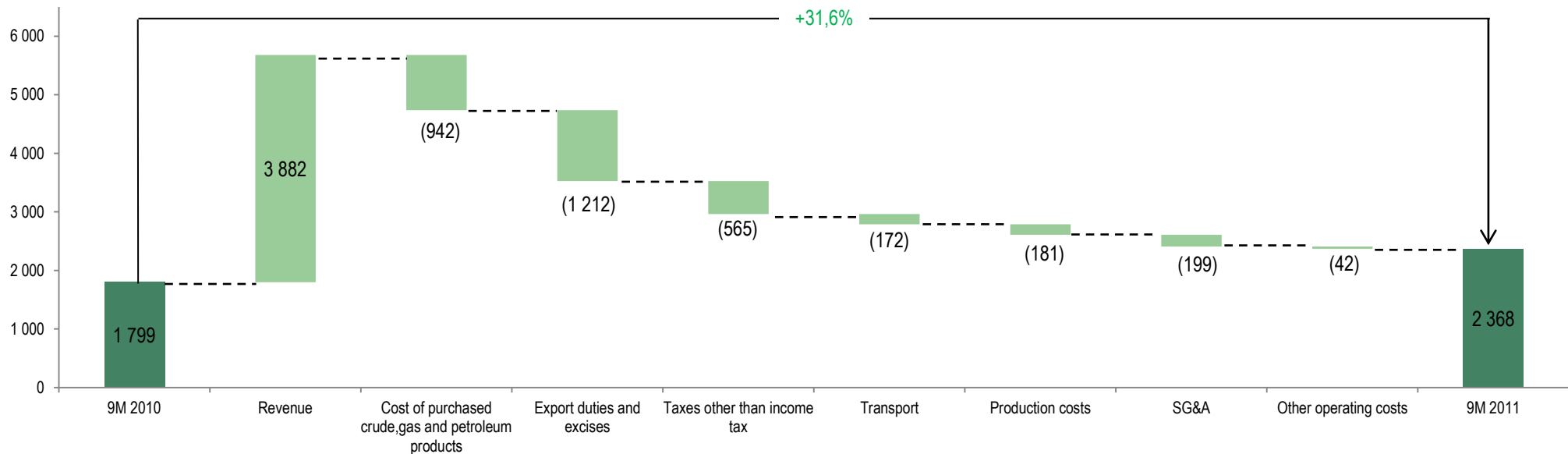
Revenue breakdown 2Q 2011, US\$ mln.



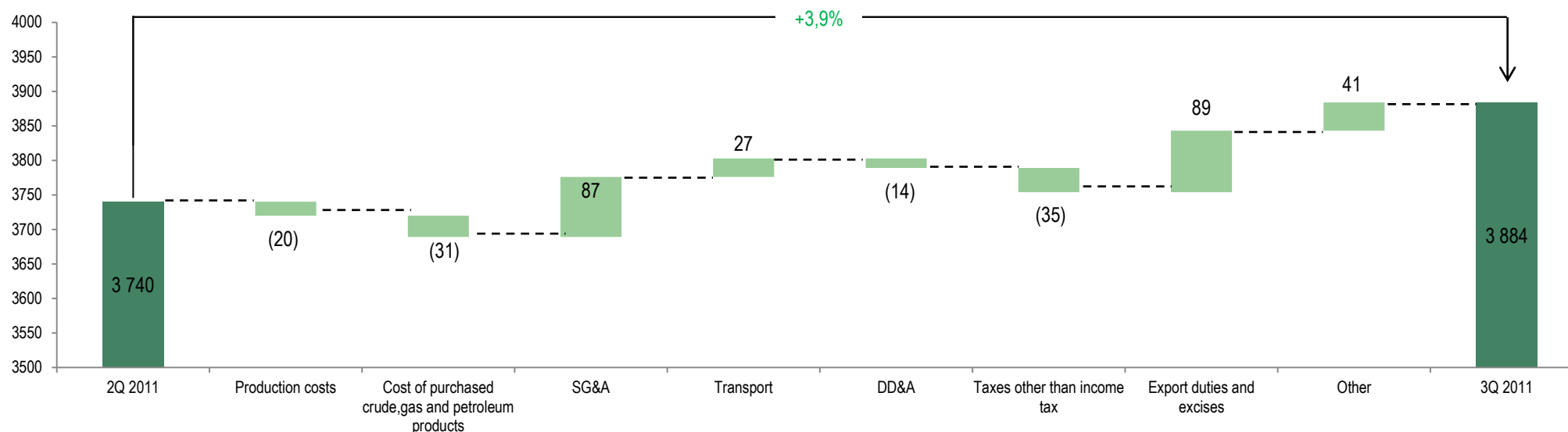
EBITDA breakdown, US\$ mln, 3Q 2011 vs. 2Q 2011



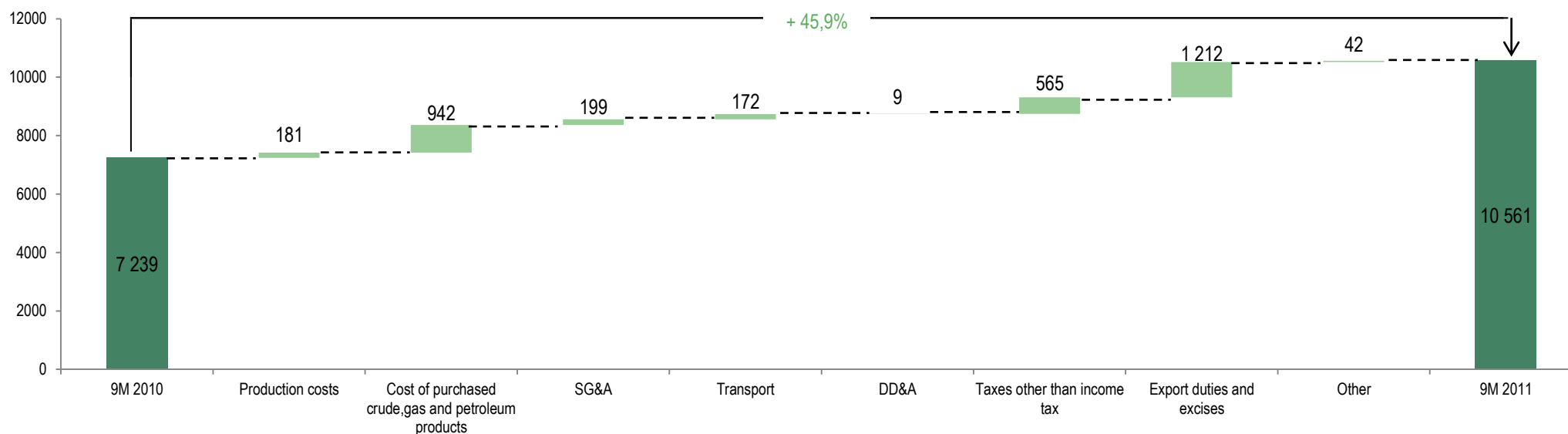
EBITDA breakdown, US\$ mln, 9M 2011 vs. 9M 2010



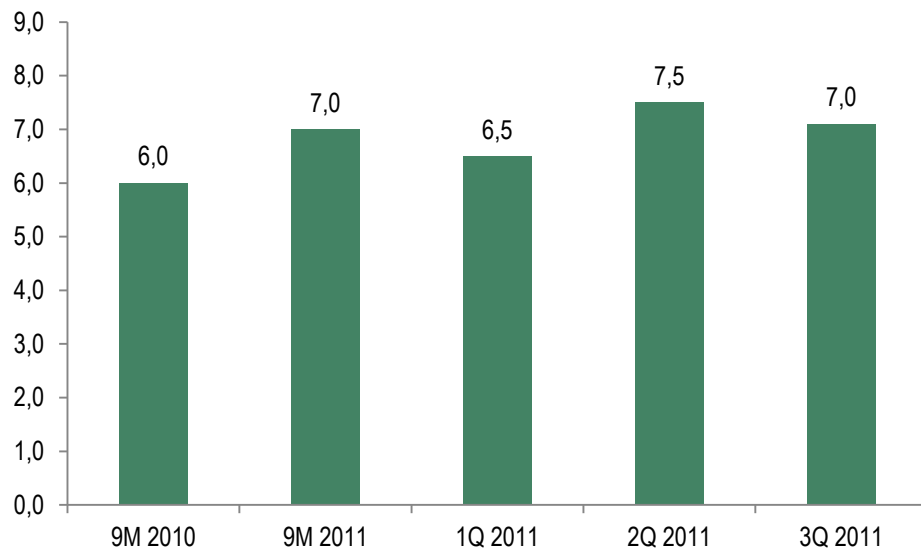
Operating expenses factor analysis, US\$ mln, 3Q 2011 vs. 2Q 2011



Operating expenses factor analysis, US\$ mln, 9M 2011 vs. 9M 2010

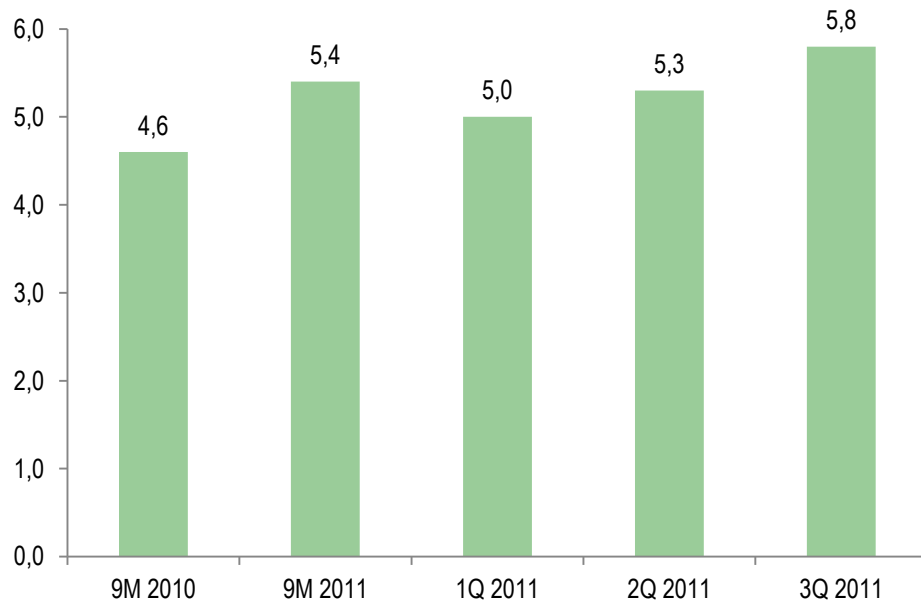


Unit lifting costs, \$/bbl.*



- Unit lifting costs rose by 16,7% y-o-y in 9M 2011 to US\$ 7.0/barrel, mainly due to increase of electricity tariffs and cost of materials as well as strengthening of the ruble against the US dollar
- Unit lifting costs declined by 6.7% q-o-q in Q3 2011 to US\$ 7.0/barrel due to weakening of the ruble against the US dollar
- Unit refining costs increased by 17.4% y-o-y in 9M 2011 to US\$ 5.4/barrel
- Unit refining costs increased by 9,4% q-o-q in Q3 2011 to US\$ 5.8/barrel
- The main reason for growth of unit refining costs was scheduled overhaul of various facilities at the Ufa group of refineries

Unit refining costs, \$/bbl.*

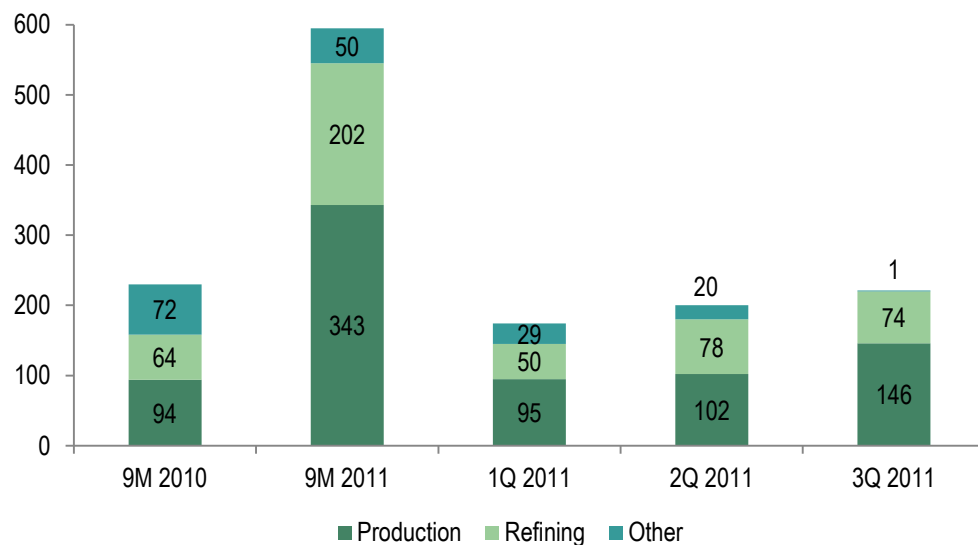


* 1 tonne = 7.3 barrels of crude oil

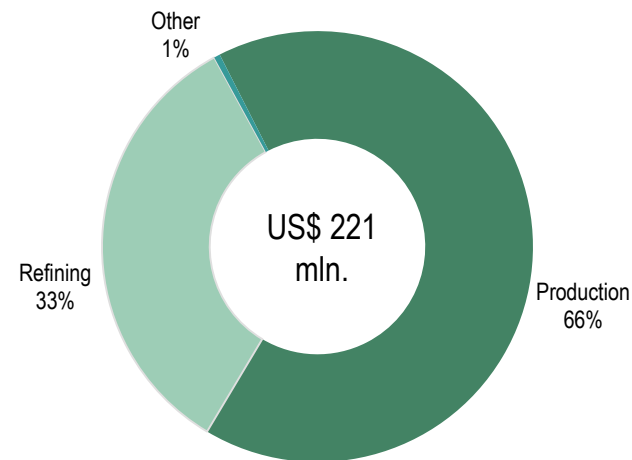


Capital Investments

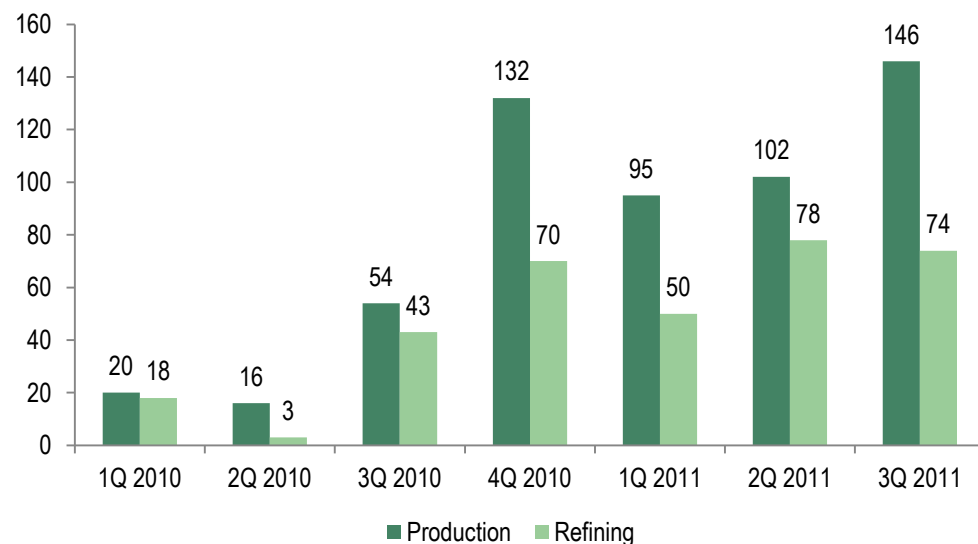
CAPEX, US\$ mln.



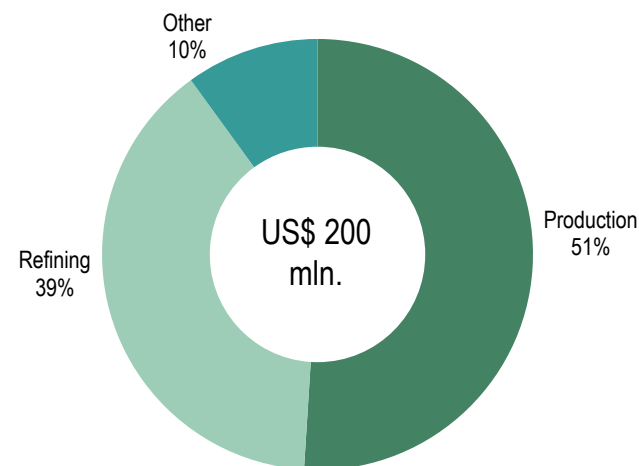
CAPEX breakdown in 3Q 2011, US\$ mln.



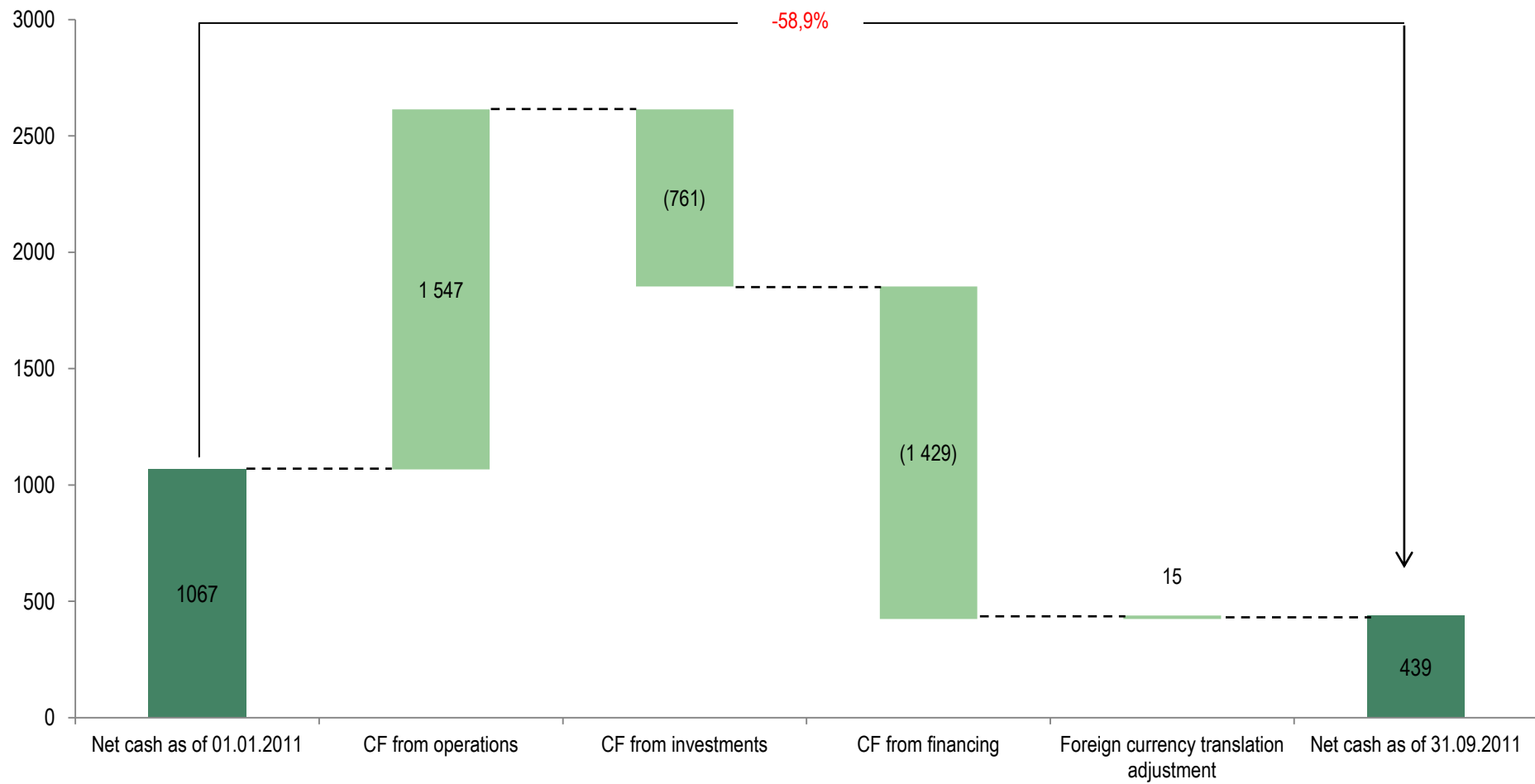
CAPEX in production and refining, US\$ mln.



CAPEX breakdown in 2Q 2011, US\$ mln.



Cash flow in 9M 2011, US\$ mln.





Thanks for your attention

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