



**Bashneft Group**

**IFRS Financial Results for 4Q and 12M 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

### 4Q 2011 vs 3Q 2011

- Crude oil production increased by **0,3%** to 3,849 thds. tonnes
- Refining volumes increased by **0,6%** to 5,333 thds. tonnes

### 12M 2011 vs 12M 2010

- Crude oil production increased by **6,8%** to 15.106 thds. tonnes
- Refining volumes decreased by **0,6%** to 21.062 thds. tonnes

## Financial results

### 4Q 2011 vs 3Q 2011

- Revenue - US\$ 4,083 million, **decreased by 8,4%**
- EBITDA - US\$ 824 million, **increased by 14,4%**
- Net income- US\$ 387 million, **decreased by 4,9%**

### 12M 2011 vs 12M 2010

- Revenue - US\$ 16,549 million, considerably **increased by 41,4%**
- EBITDA - US\$ 3,192 million, **increased by 16,8%**
- Net income- US\$ 1,696 million, **increased by 18,7%**

## Key events

- At the end of December 2011, Bashneft Group and OJSC Lukoil signed an agreement concerning the Trebs and Titov oilfields. Under the agreement, Bashneft Group sold to OJSC Lukoil a 25.1% stake in LLC Bashneft-polus and signed a JV agreement;
- In December 2011, JSOC Bashneft issued series BO-01 bonds of with a total par value of RUB 10 billion, a two year put option and the final coupon rate of 9.35 % per annum. The maturity period of the bonds is three years after the start of the placement;
- Bashneft acquired 100% stake in SKON Group, which owns an oil storage facility and a network of 25 filling stations in Yekaterinburg and the Sverdlovsk Region;
- In 4Q 2011, Bashneft won an auction for the right to geological exploration, prospecting, surveying, and production of hydrocarbons of the Elanskoe and Znamenskoe-1 subsoil blocks in the Republic of Bashkortostan and an auction for three subsoil blocks in the Nenets Autonomous District.

# Key indicators for Bashneft Group in 4Q 2011

4Q 2011	3Q 2011	Δ, %	Indicator	12M 2011	12M 2010	Δ, %
108,6	111,5	-2,6%	Urals price, US\$/barrel	109,1	78,3	39,3%
3 849	3 839	0,3%	Crude oil production, '000 tonnes	15 106	14 145	6,8%
5 333	5 299	-0,6%	Oil refining, '000 tonnes	21 062	21 193	-0,6%
4 800	5 074	-5,4%	Petroleum product sales, '000 tonnes*	19 349	18 896	2,4%
4 083	4 458	-8,4%	Revenue, US\$ mln.*	16 549	11 707	41,4%
824	720	14,4%	EBITDA, US\$ mln.*	3 192	2 732	16,8%
387	407	-4,9%	Net income, US\$ mln	1 696	1 429	18,7%
256	221	15,8%	Capital expenditures, US\$ mln	851	492	73,0%
1 902	2 327	-18,3%	Adjusted net debt, US\$ mln	1 902	2 289	-16,9%

# Oil Production

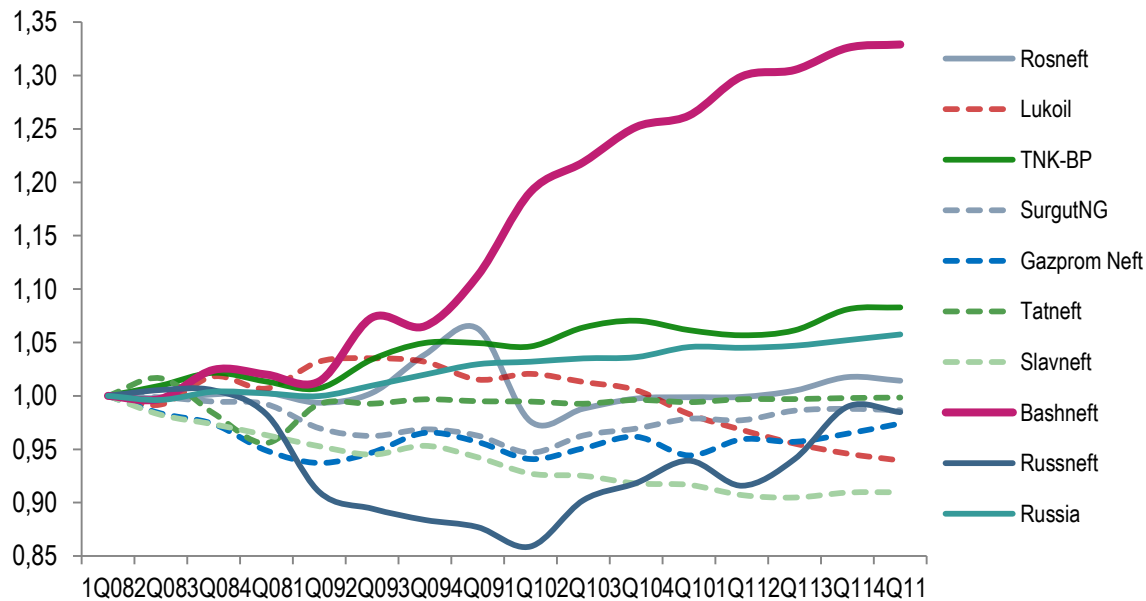
## Total oil production, mln. tonnes



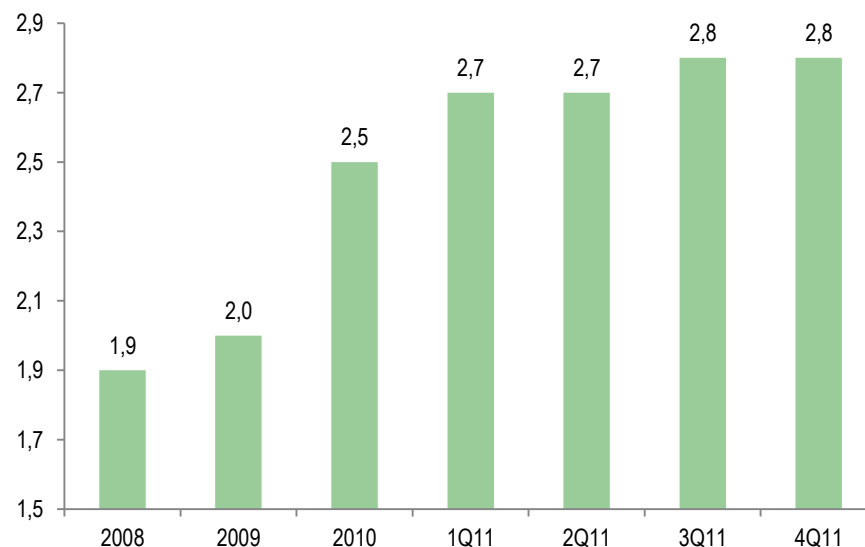
- As of the end of 4Q 2011 Bashneft remained Russia's industry leader in terms of oil production growth rate. Oil production amounted to 3,849 thousand tonnes, which is 0.3% higher than in 3Q 2011 and 5.3% higher than in 4Q 2010.

- An increase in oil production in 2011 compared to the level of 2010 is due to higher efficiency of production drilling and the use of enhanced oil recovery techniques.

## Average daily output index (1Q 08 = 1)

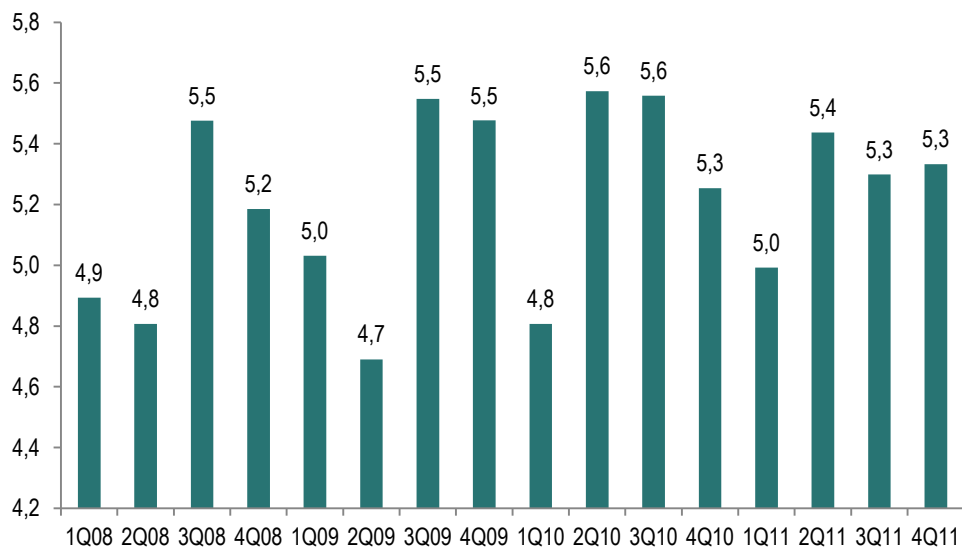


## Average flow rate, tonnes/day



# Oil Refining

## Oil refining, mln. tonnes



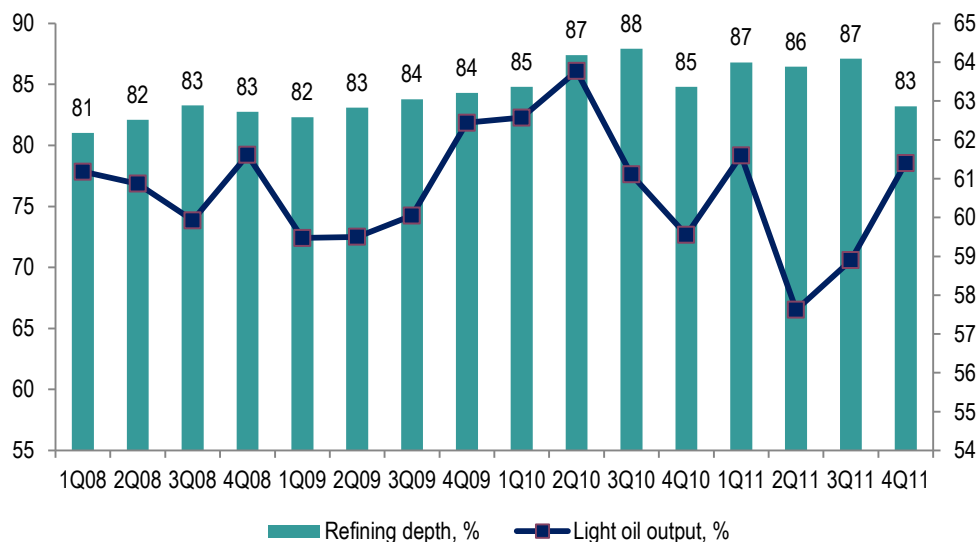
- Refining volumes in 4Q 2011 amounted to 5,333 thousand tonnes, which is 0.6% more than in 3Q 2011. Refining capacity increased to 87.9% in 4Q 2011 compared with 87.3% in 3Q 2011.

- Refining depth decreased to 83.2% in 4Q 2011 compared with 87.1% in 3Q 2011.

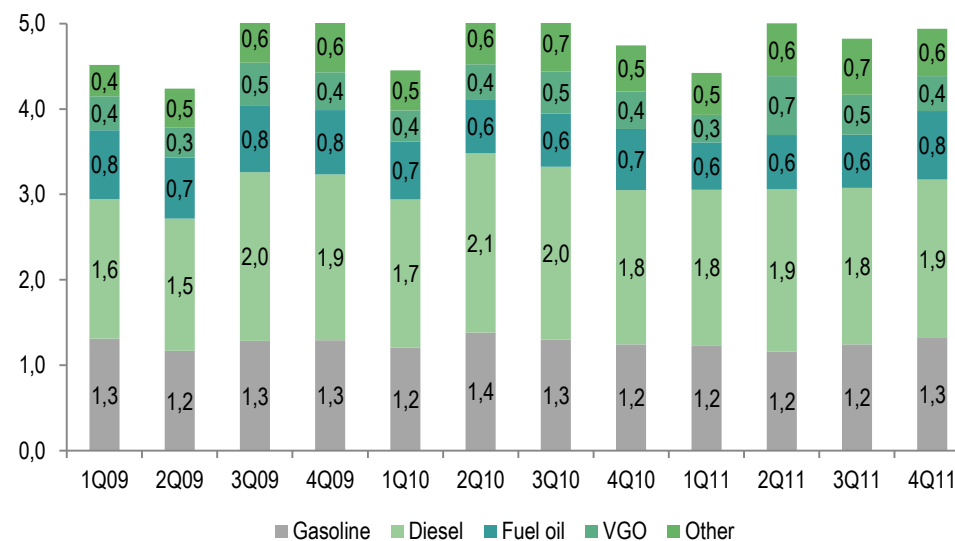
- Light oil output increased to 61.4% in 4Q 2011 compared with 58.9% in 3Q 2011.

- This reduction of light oil output for 12 months of 2011 compared with the 12 months of 2010 was due to routine maintenance at refineries.

## Refining depth, light oil output, %

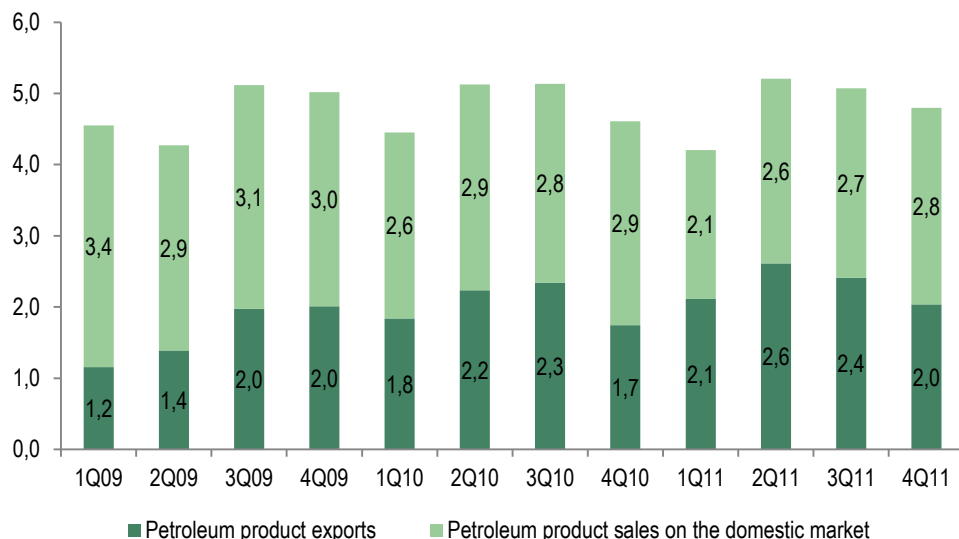


## Petroleum products, mln. tonnes



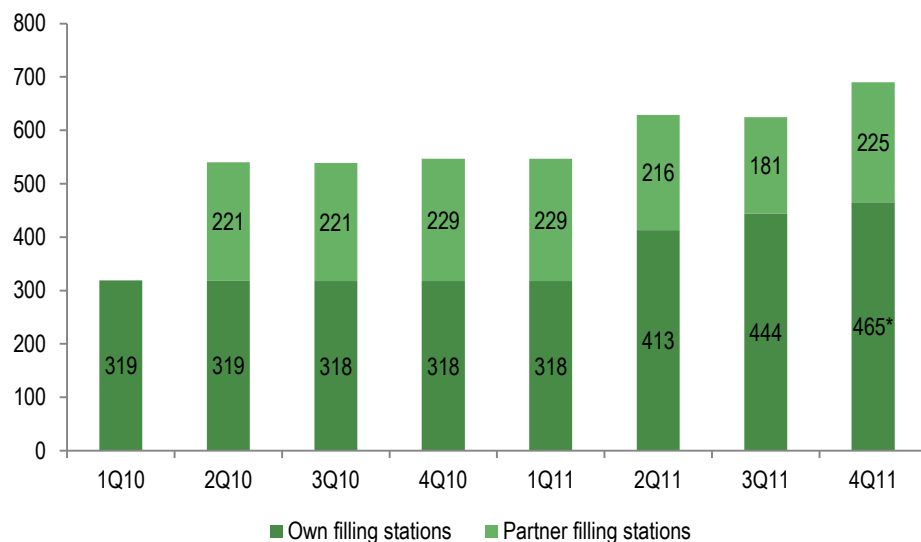
# Group sales

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

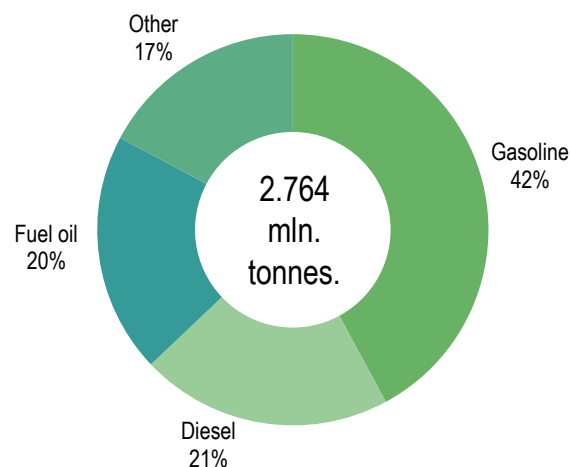


- Total petroleum product sales amounted to 4.800 thousand tonnes in 4Q 2011
- The increase in retail sales by 66.1% for 12 months of 2011 compared with 12 months of 2010 was due to the acquisition of OJSC Orenburgnefteprodukt and consolidation of BN-Nefteprodukt Group.
- Bashneft network expanded to 465 filling stations in 4Q compared with 444 filling stations at the end of 3Q 2011 due to acquisition of 100% in the share capital of SKON Group which owns an oil storage facility and a network of 25 filling stations in Yekaterinburg and in the Sverdlovsk region.

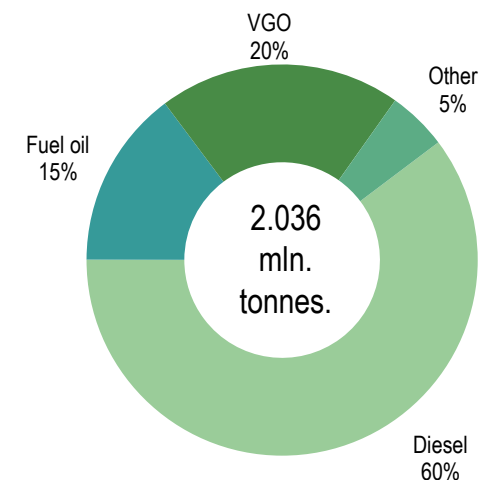
## Bashneft retail network



## Petroleum product sales on the domestic market, 4Q 2011



## Petroleum product exports, 4Q 2011



\* Excluding 20 filling stations leased

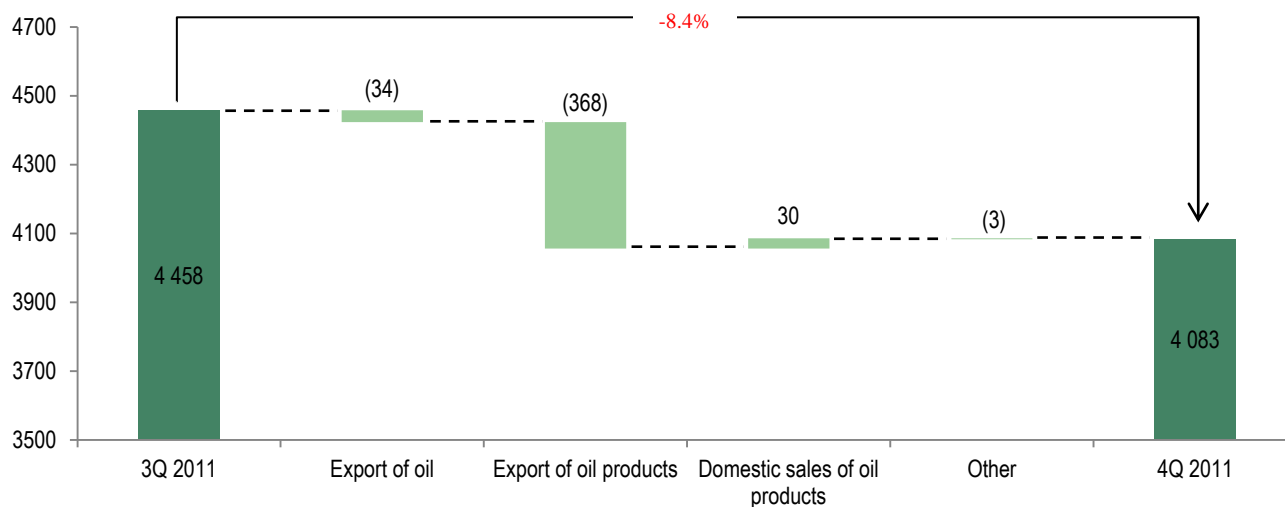
# Macro indicators, 4Q 2011\*

4Q 2011	3Q 2011	Δ, %	Indicator	12M 2011	12M 2010	Δ, %
31,2	29,1	7,2%	Average RUB/USD exchange rate	29,4	30,4	-3,3%
1,4%	-0,3%	1,7 p.p.	Inflation for the period, %	6,1%	8,8%	-2,7 p.p.
694,0	678,4	2,3%	Diesel fuel - summer (Russia), US\$/tonne	670,0	469,5	42,7%
790,9	873,0	-9,4%	High-octane gasoline (Russia), US\$/tonne	821,5	685,1	19,9%
294,3	331,0	-11,1%	Fuel oil (Russia), US\$/tonne	299,5	252,1	18,8%
20,7	21,4	-3,5%	Mineral extraction tax (oil), US\$/bbl.	20,8	13,9	49,8%
55,3	60,6	-8,7%	Crude oil export duty, US\$/bbl.	56,0	37,5	49,3%
36,5	40,6	-10,0%	Export duty for light and medium distillates, US\$/bbl.	37,5	26,9	39,4%

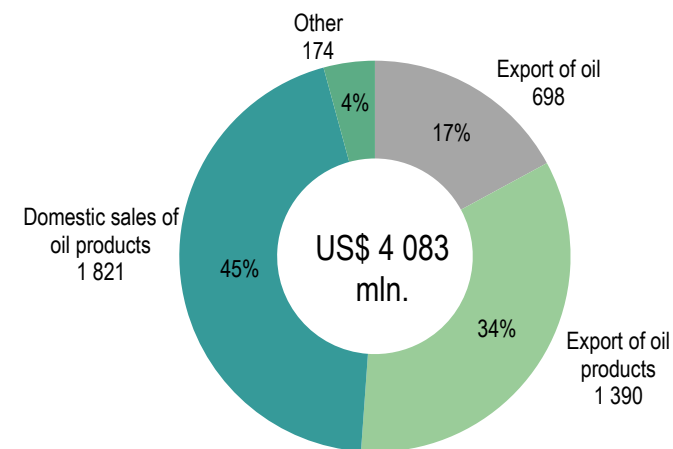


# Revenue

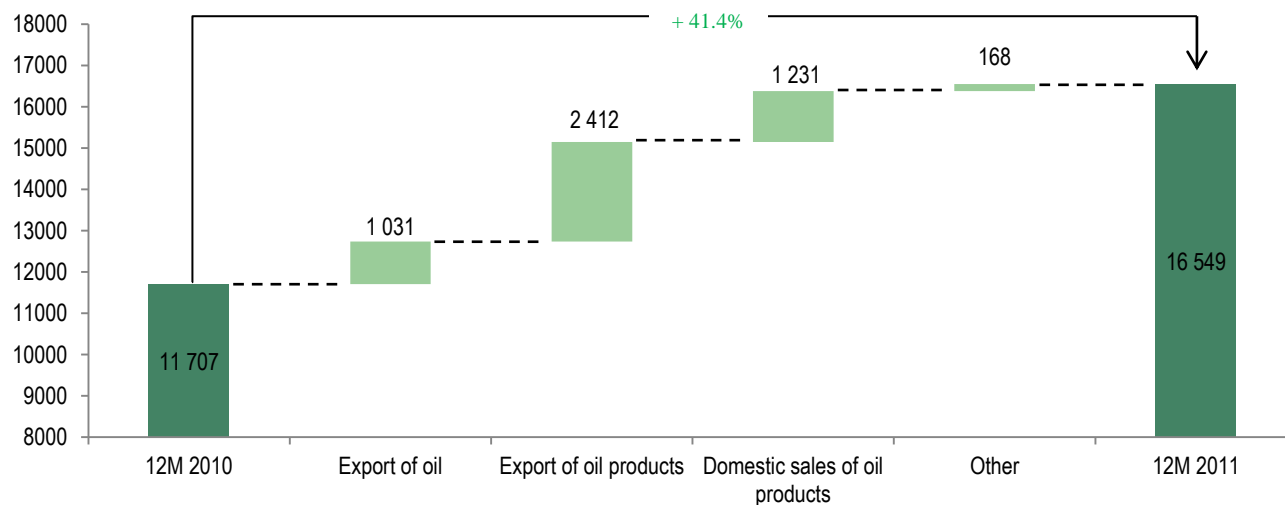
### Revenue factor analysis, US\$ mln, 4Q 2011 vs. 3Q 2011



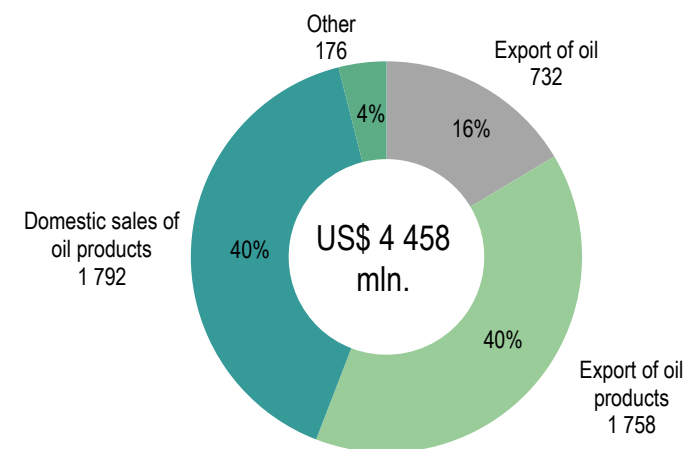
### Revenue breakdown 4Q 2011, US\$ mln.



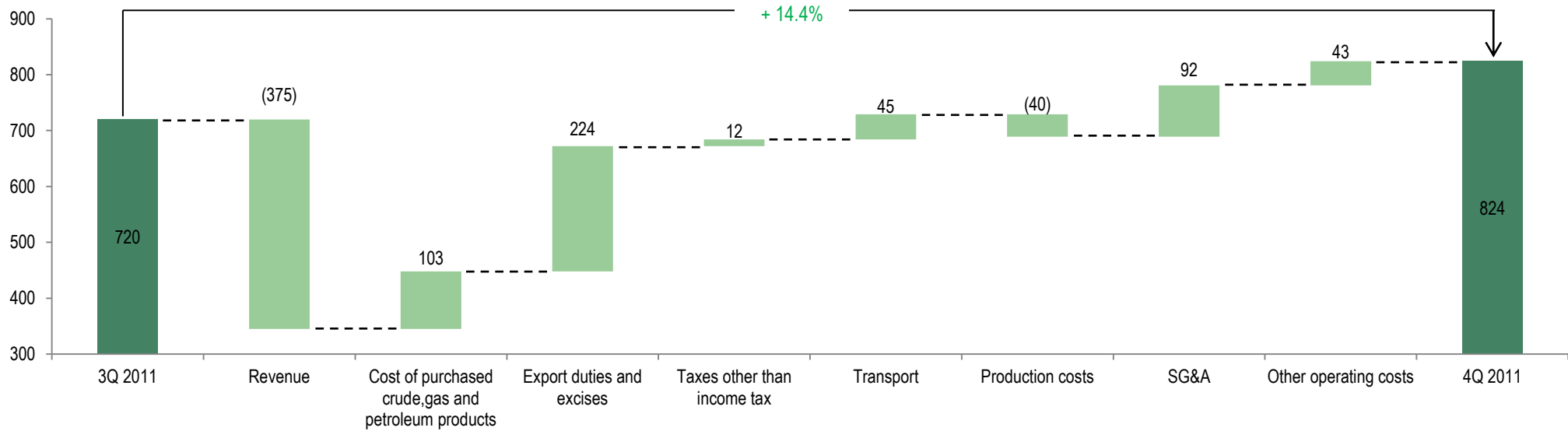
### Revenue factor analysis, US\$ mln, 12M 2011 vs. 12M 2010



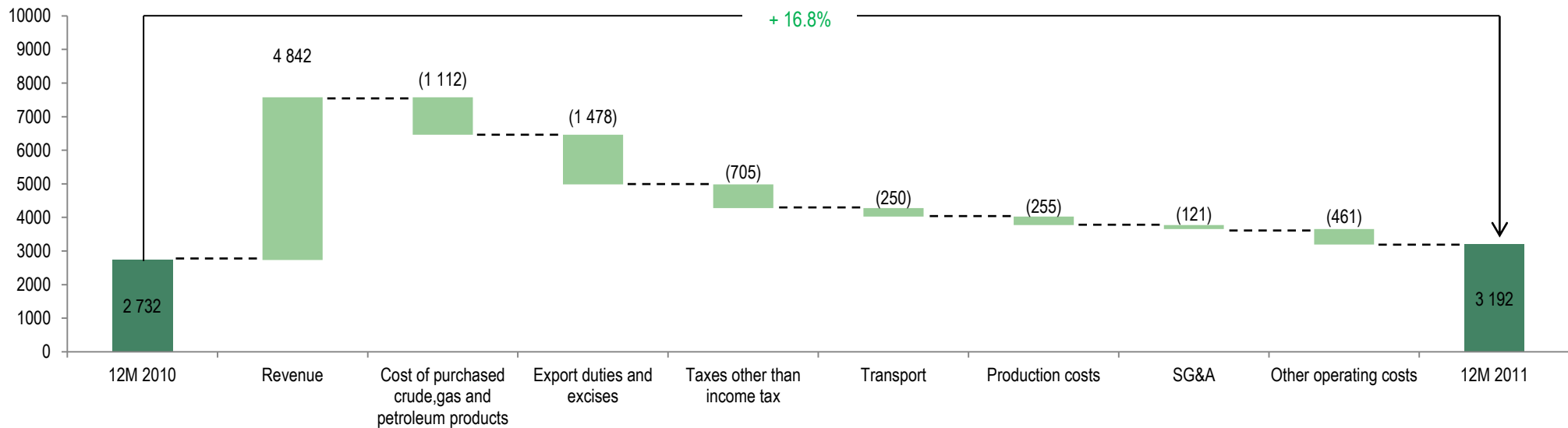
### Revenue breakdown 3Q 2011, US\$ mln.



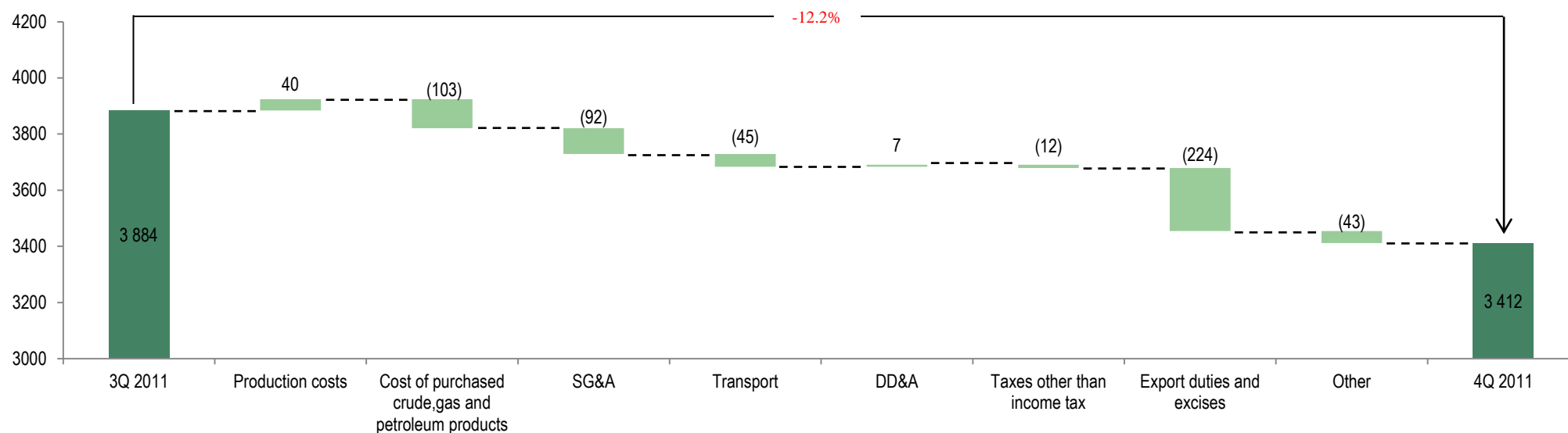
## EBITDA breakdown, US\$ mln, 4Q 2011 vs. 3Q 2011



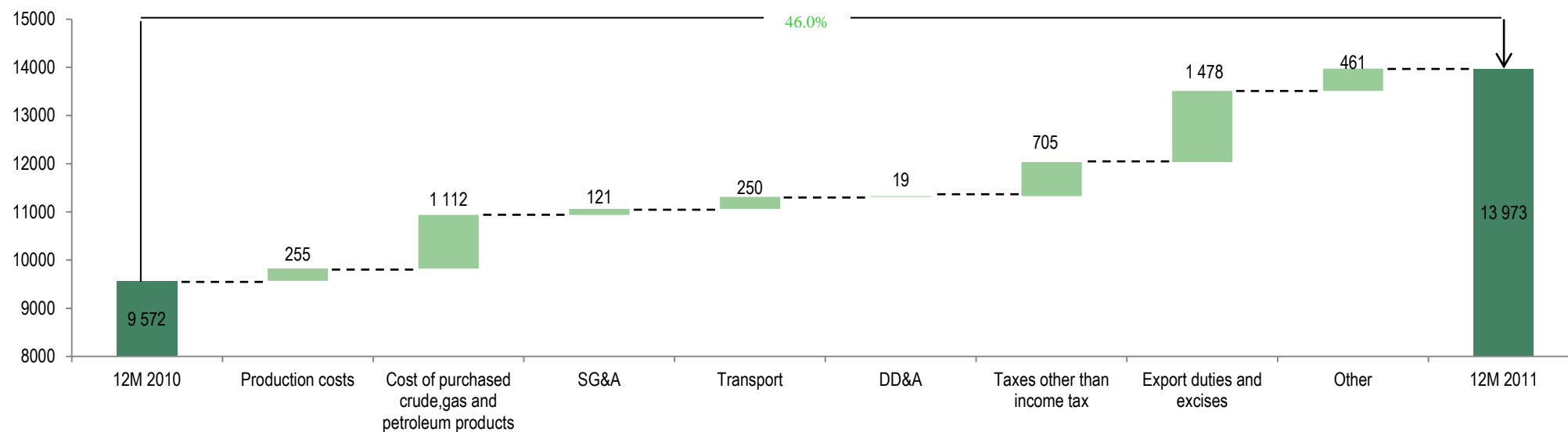
## EBITDA breakdown, US\$ mln, 12M 2011 vs. 12M 2010



## Operating expenses factor analysis, US\$ mln, 4Q 2011 vs. 3Q 2011



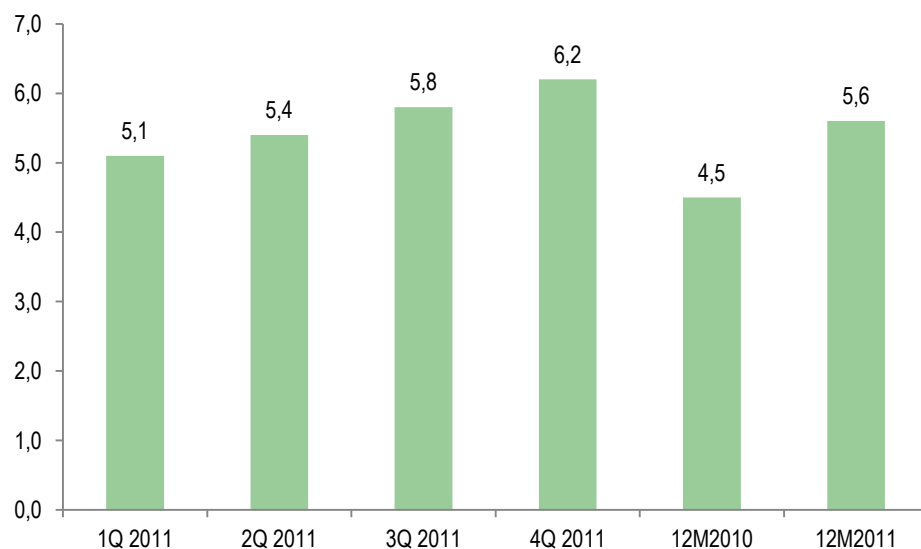
## Operating expenses factor analysis, US\$ mln, 12M 2011 vs. 12M 2010



## Unit lifting costs, \$/bbl.\*



## Unit refining costs, \$/bbl.\*



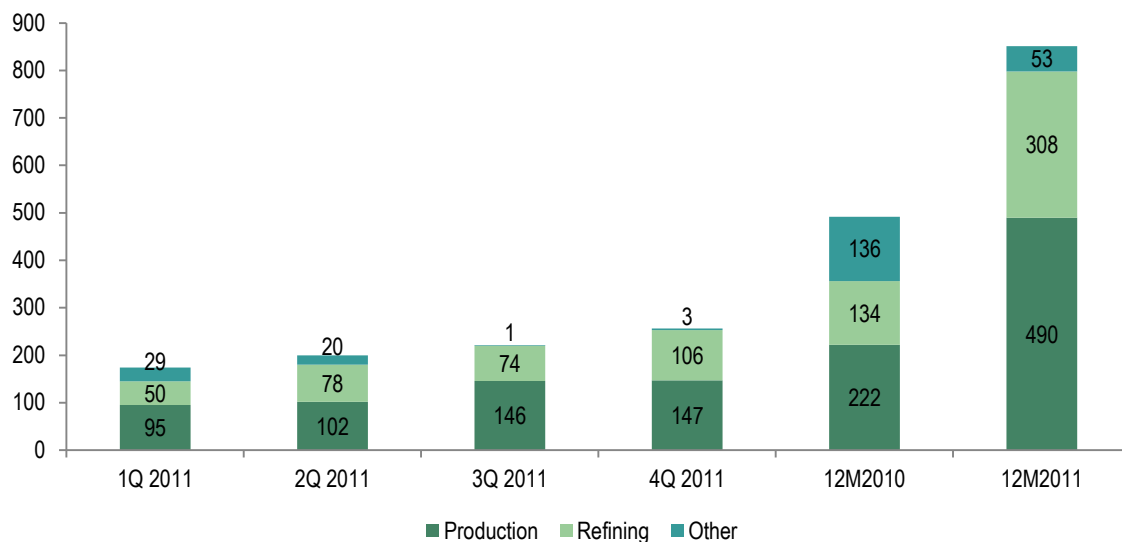
- For the 12 months of 2011, unit lifting costs increased by 13.9% as compared to the 12 months of 2010 and totaled US\$ 6.9/bbl. This was due to the increase in oil production by 6.8%, strengthening of the ruble against US\$, the growth of prices for electricity and materials for 12 months of 2011 as compared to the 12 months of 2010.
- Unit operating costs for production in 4Q 2011 decreased by 7.3% vs. 3Q 2011 to US\$ 6.5/bbl. due to the depreciation of the ruble against US\$.
- In 12 months 2011 unit refining costs increased by 23.9% as compared to the 12 months of 2010 and totaled US\$ 5.6/bbl. The increase in costs is due to maintenance works at OJSC Ufaneftekhim, OJSC Ufimsky Refinery and OJSC Novoil, growth of prices for electricity and materials, as well as appreciation of the ruble against US\$.
- In 4Q 2011, unit operating costs for refining increased by 7.9% q-o-q to US\$ 6.2/bbl. This increase was due to maintenance works in 4Q 2011 and to an increase in refining volumes. The effect of this was partly offset by the depreciation of the ruble against US\$ for 4Q 2011 as compared to 3Q 2011.

\* 1 tonne = 7.3 barrels of crude oil

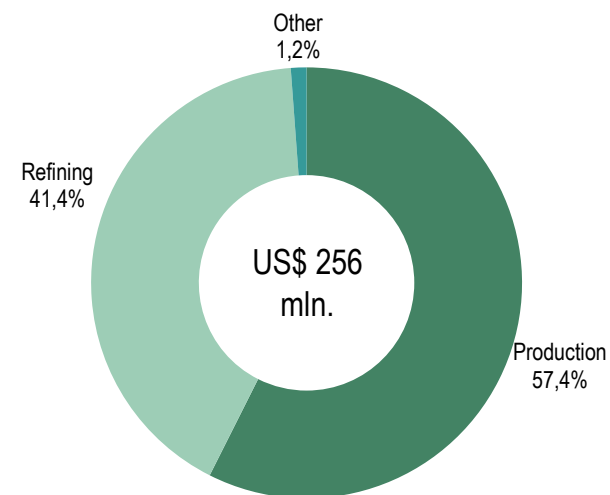


# Capital Investments

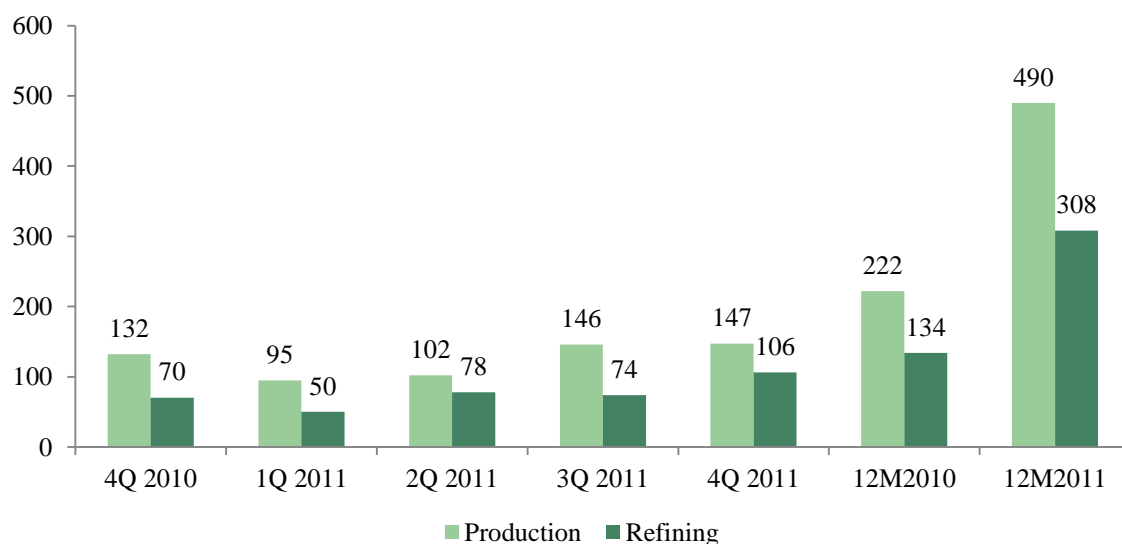
### CAPEX, US\$ mln.



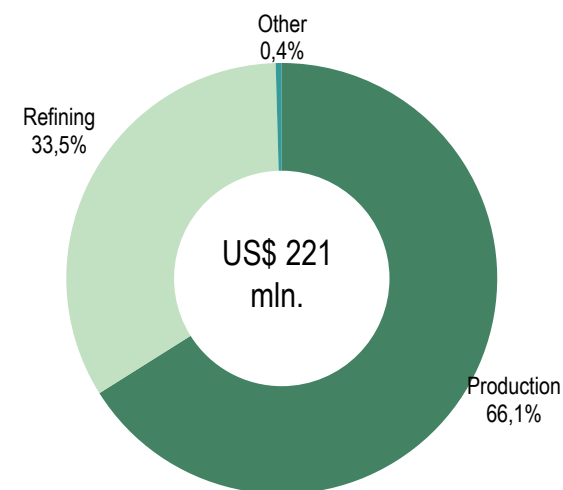
### CAPEX breakdown in 4Q 2011, US\$ mln.



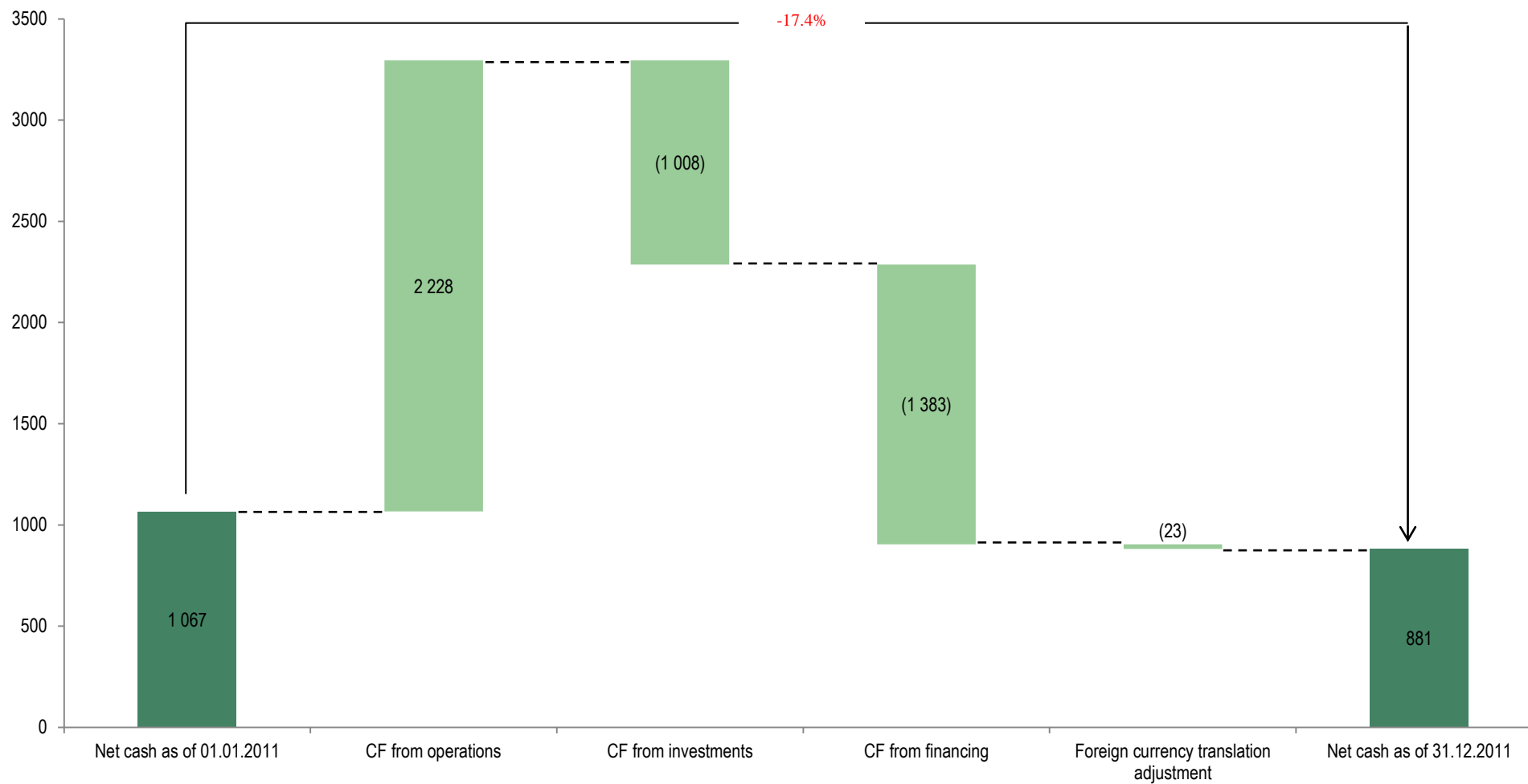
### CAPEX in production and refining, US\$ mln.



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



## Cash flow in 12M 2011, US\$ mln.





**Thanks for your attention**

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