



Bashneft Group

IFRS Financial Results for 1Q 2012



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

1Q 2012 compared to 4Q 2011

- **Oil production decreased by 0.2%** to 3,840 thousand tonnes
- **Crude oil refining decreased by 4.0%** to 5,120 thousand tonnes

1Q 2012 compared to 1Q 2011

- **Oil production increased by 4.3%** to 3,840 thousand tonnes
- **Crude oil refining increased by 2.5%** to 5,120 thousand tonnes

Financial results

1Q 2012 compared to 4Q 2011

- **Revenue** decreased by 3.9% to US\$ 3,923 million
- **EBITDA** totalled US\$ 824 million and remained at the same level
- **Net profit** increased by 14.7% to US\$ 444 million

1Q 2012 compared to 1Q 2011

- **Revenue** increased by 12.5% to US\$ 3,923 million
- **EBITDA** increased by 16.7% and totalled US\$ 824 million
- **Net profit** increased by 20.0% to US\$ 444 million

Main events

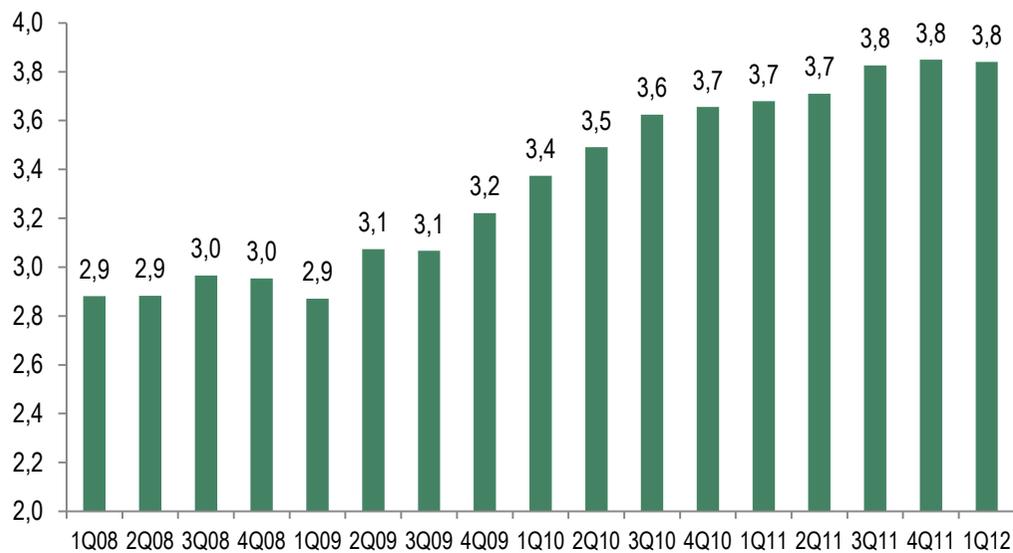
- Bashneft announced the start of reorganisation through the legal merge of its subsidiaries OJSC Ufimsky refinery plant, OJSC Novoil, OJSC Ufaneftekhim, OJSC Bashkirnefteprodukt, and OJSC Orenburgnefteprodukt with the Company.
- In January 2012, Bashneft Group won an auction for the right to geological exploration, prospecting, surveying and production of hydrocarbons of the Priikskiy subsoil block. In February, the Group won an auction for the right to geological exploration, prospecting, surveying and production of hydrocarbons of the Yangareyskiy and Sabriyaginskiy subsoil blocks;
- In February 2012, Bashneft group placed series 04 corporate bonds.

Key indicators for Bashneft Group in 1Q 2012

1Q 2012	4Q 2011	Δ, %	Indicator	1Q 2012	1Q 2011	Δ, %
117,0	108,6	7,7%	Urals price, US\$/barrel	117,0	102,2	14,5%
3 840	3 849	-0,2%	Crude oil production, '000 tonnes	3 840	3 680	4,3%
5 120	5 333	-4,0%	Oil refining, '000 tonnes	5 120	4 993	2,5%
4 337	4 800	-9,6%	Petroleum product sales, '000 tonnes	4 337	4 267	1,6%
3 923	4 083	-3,9%	Revenue, US\$ mln.	3 923	3 486	12,5%
824	824	0,0%	EBITDA, US\$ mln.	824	706	16,7%
444	387	14,7%	Net income, US\$ mln	444	370	20,0%
162	256	-36,7%	Capital expenditures, US\$ mln	162	174	-6,9%
2 346	1 902	23,3%	Adjusted net debt, US\$ mln	2 346	2 699	-13,1%

Oil Production

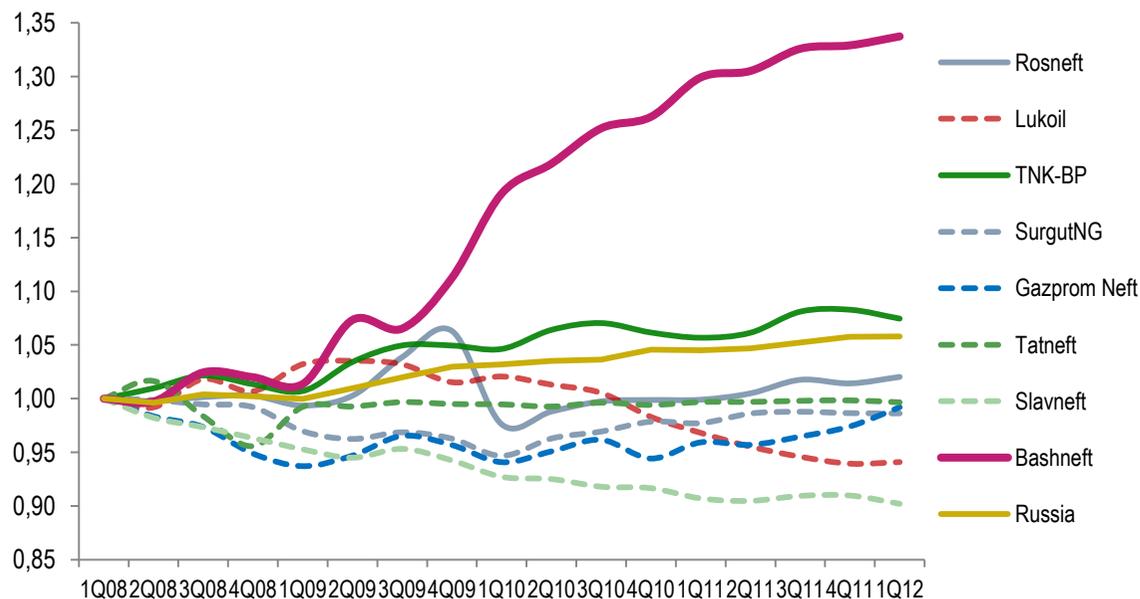
Total oil production, mln. tonnes



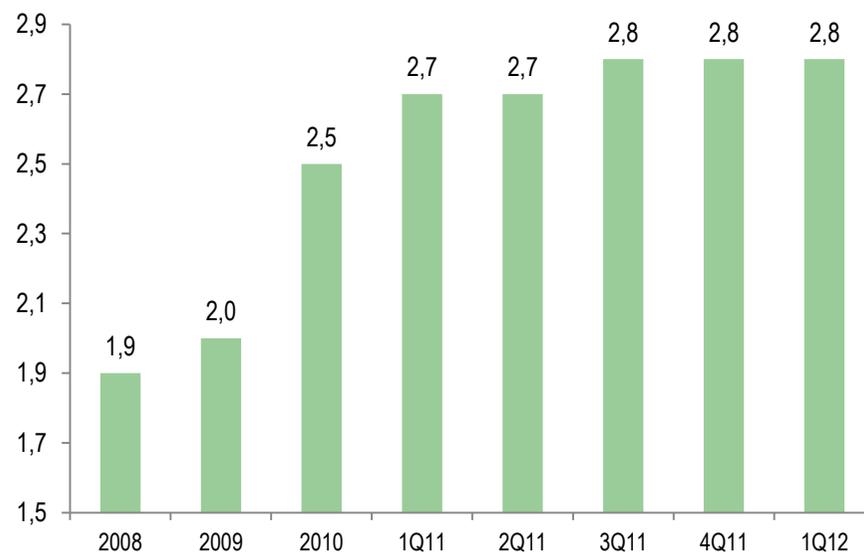
● An increase in crude oil production in the 1st quarter of 2012 as compared to the 1st quarter of 2011 is due to improved efficiency of production drilling and the use of enhanced oil recovery techniques in 2011.

● In the 4th quarter of 2011, crude oil production reached a plateau and remained at the level of 3.8 million tonnes in the 1st quarter of 2012.

Average daily output index (1Q 08 = 1)

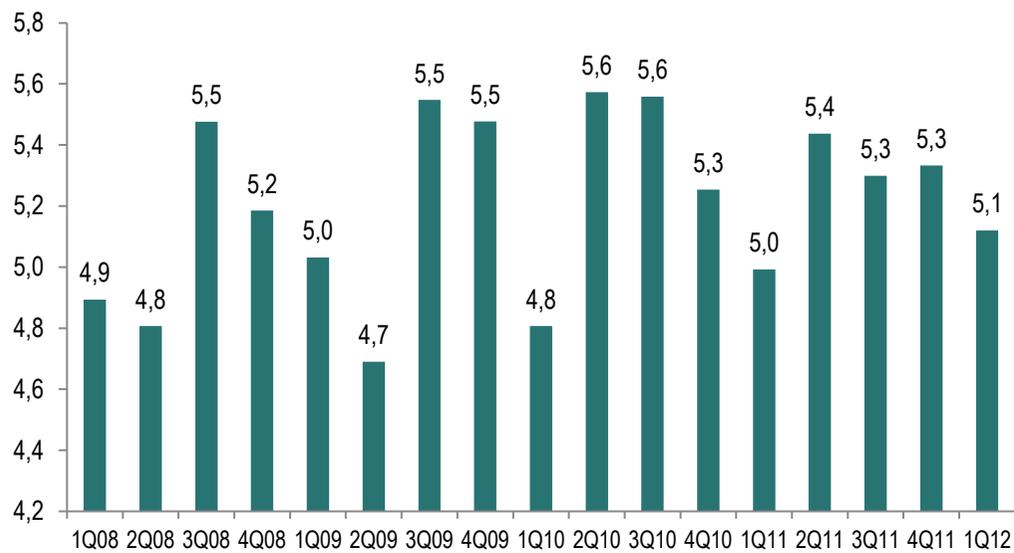


Average flow rate, tonnes/day



Oil Refining

Oil refining, mln. tonnes



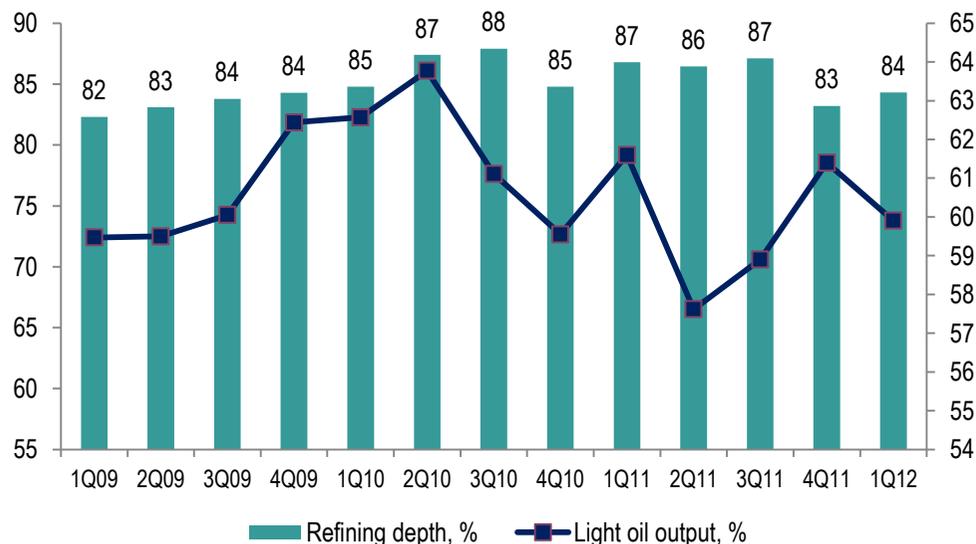
- In the 1st quarter of 2012, crude oil refining amounted to 5,120 thousand tonnes, having decreased by 4.0% compared to the 4th quarter of 2011; this was caused by a seasonal decline in domestic demand for petroleum products.

- Crude oil refining capacity utilization decreased from 87.9% in the 4th quarter of 2011 to 85.5% in the 1st quarter of 2012.

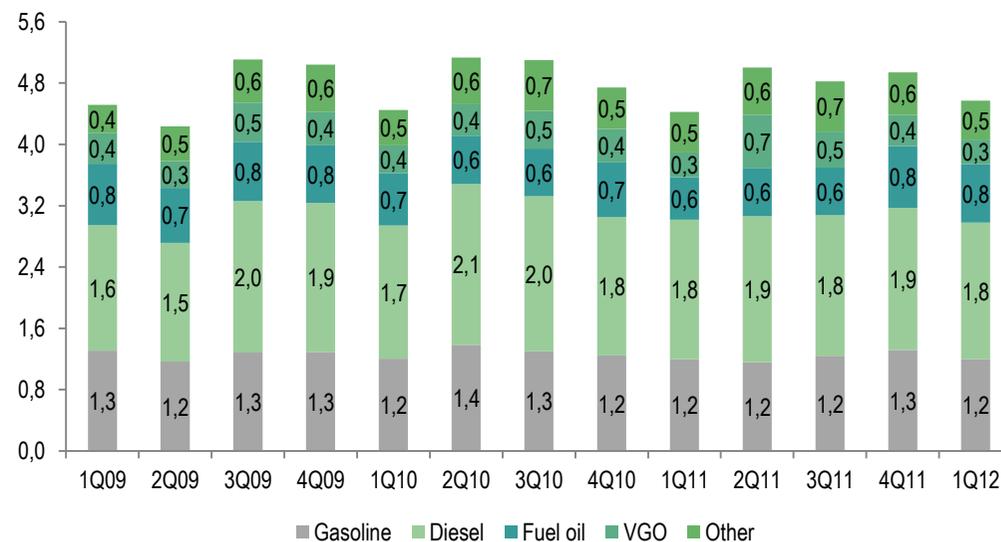
- Refining depth increased from 83.2% in the 4th quarter of 2011 to 84.3% in the 1st quarter of 2012.

- The share of light products decreased from 61.4% in the 4th quarter of 2011 to 59.9% in the 1st quarter of 2012.

Refining depth, light oil output, %

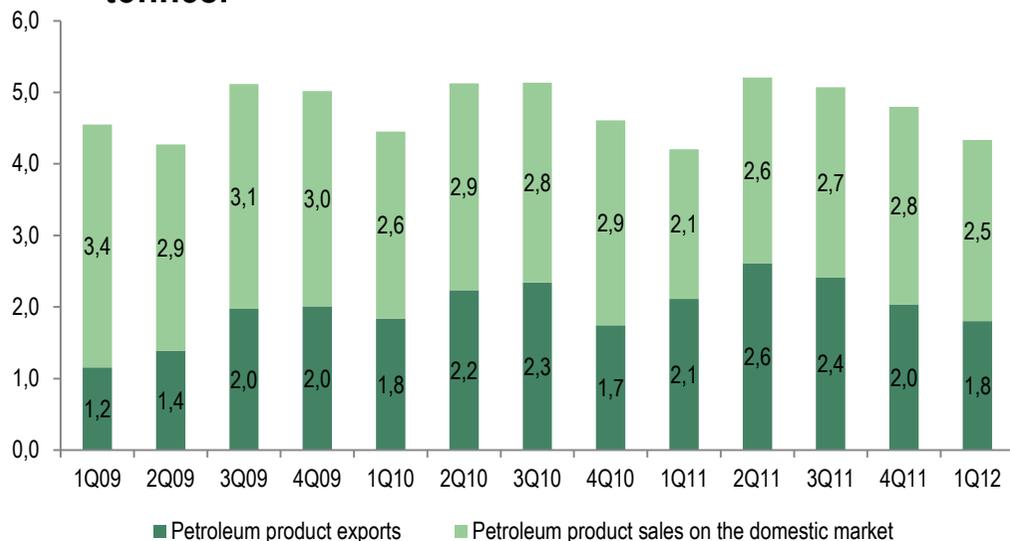


Petroleum products, mln. tonnes



Group sales

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



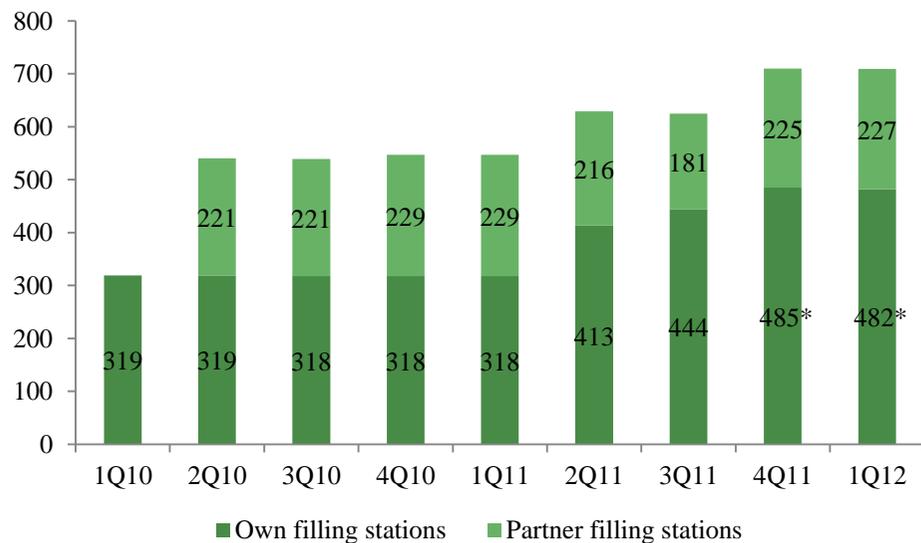
● Total sales of petroleum products in the 1st quarter of 2012 amounted to 4,337 thousand tonnes.

● In the 1st quarter of 2012, domestic sales of petroleum products and petrochemicals decreased to 2,533 thousand tonnes compared to the 4th quarter of 2011 due to a seasonal decline in demand for petroleum products and a fall in wholesale prices.

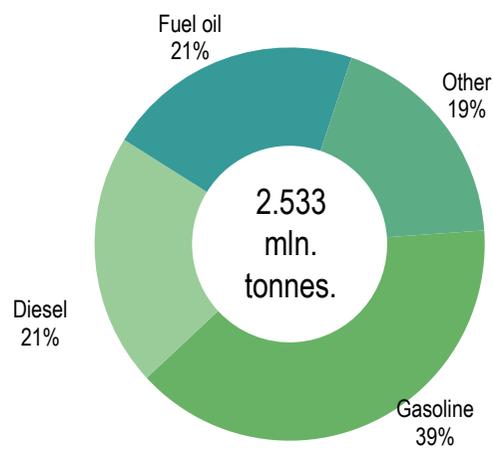
● In the 1st quarter, Bashneft's own network comprised 482 filling stations, 22 of which are leased.

● In April 2012 Bashneft has completed a deal on acquiring a 100% stake in LLC Uraloil owning a network of 12 filling stations in the Kurgan region operating under the brand name TRANSOIL.

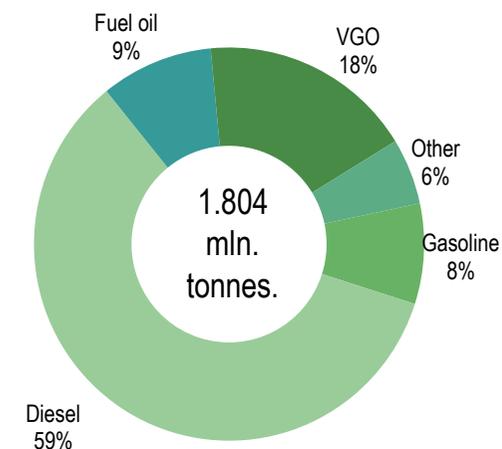
Bashneft retail network



Petroleum product sales on the domestic market, 1Q 2012



Petroleum product exports, 1Q 2012



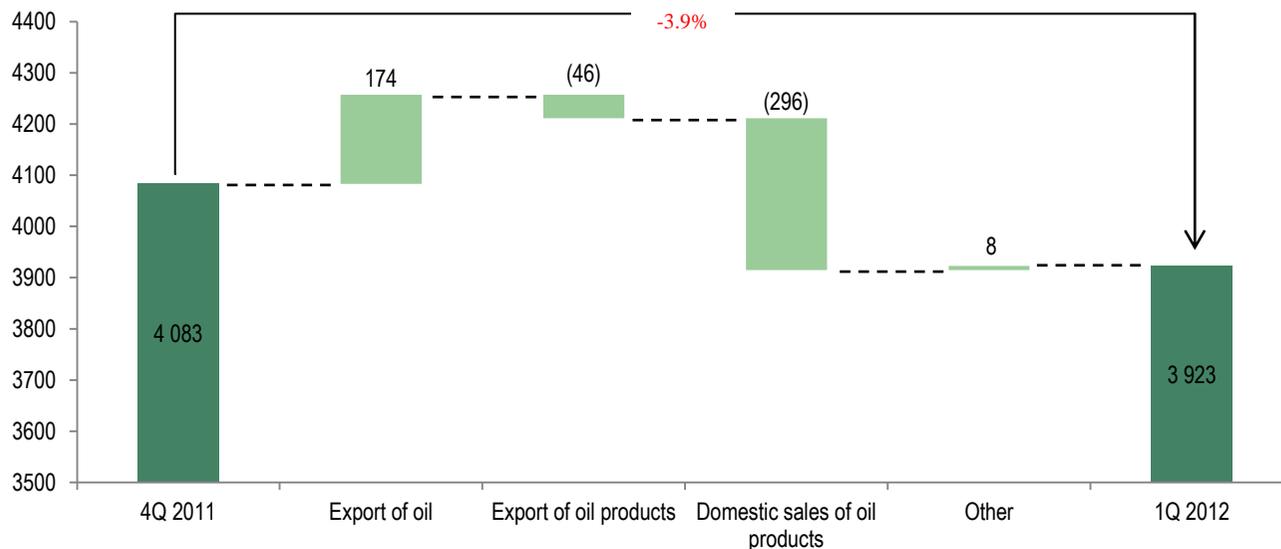
* Including filling stations leased

Macro indicators, 1Q 2012*

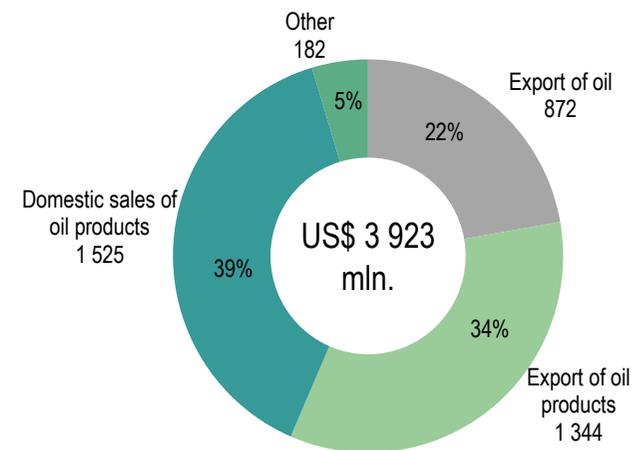
1Q 2012	4Q 2011	Δ, %	Indicator	1Q 2012	1Q 2011	Δ, %
30,3	31,2	-2,9%	Average RUB/USD exchange rate	30,3	29,3	3,4%
1,5%	1,4%	0,1 p.p.	Inflation for the period, %	1,5%	3,8%	-2,3 p.p.
706,3	695,8	1,5%	Diesel fuel - summer (Russia), US\$/tonne	706,3	606,4	16,5%
766,4	787,3	-2,7%	High-octane gasoline (Russia), US\$/tonne	766,4	767,1	-0,1%
295,9	298,0	-0,7%	Fuel oil (Russia), US\$/tonne	295,9	268,0	10,4%
23,9	20,7	15,5%	Mineral extraction tax (oil), US\$/bbl.	23,9	19,1	25,1%
54,9	55,3	-0,7%	Crude oil export duty, US\$/bbl.	54,9	47,0	16,9%
36,3	36,4	-0,4%	Export duty for light and medium distillates, US\$/bbl.	36,3	32,1	13,2%

Revenue

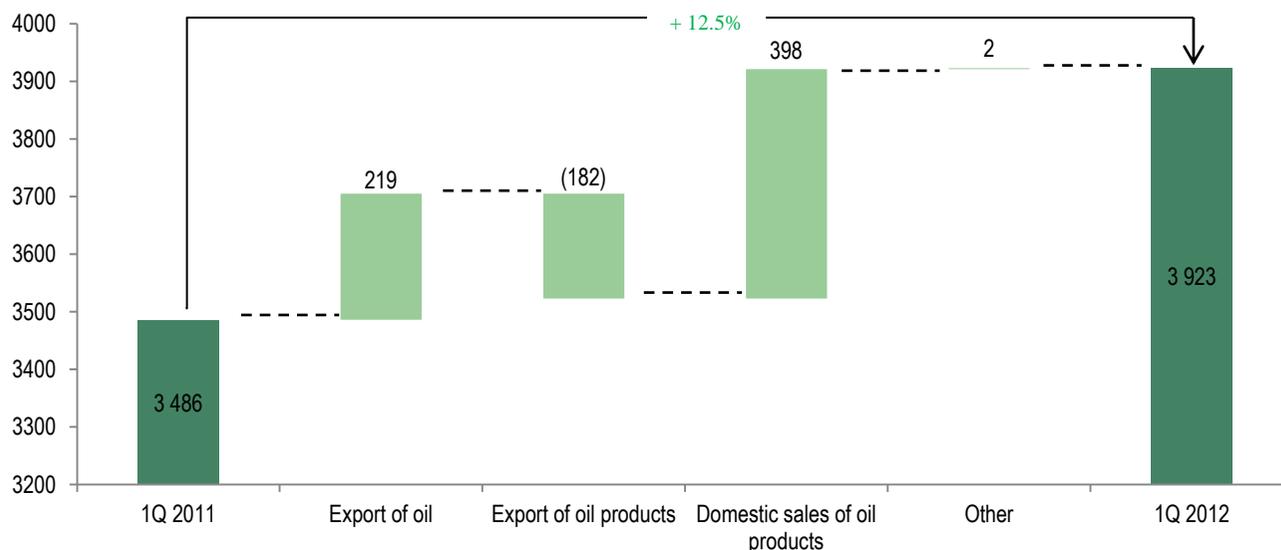
Revenue factor analysis, US\$ mln, 1Q 2012 vs. 4Q 2011



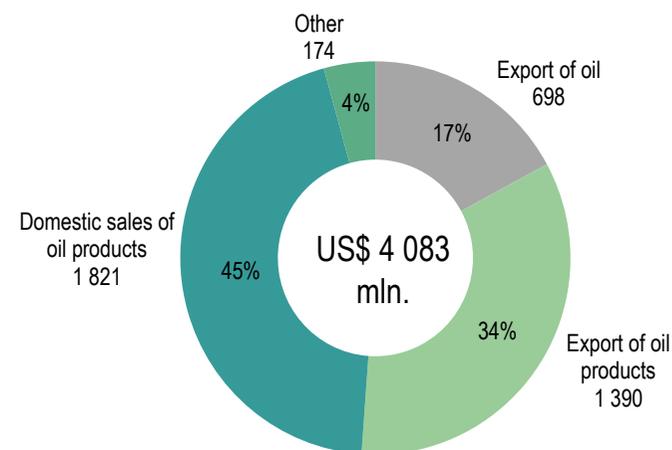
Revenue breakdown 1Q 2012, US\$ mln.



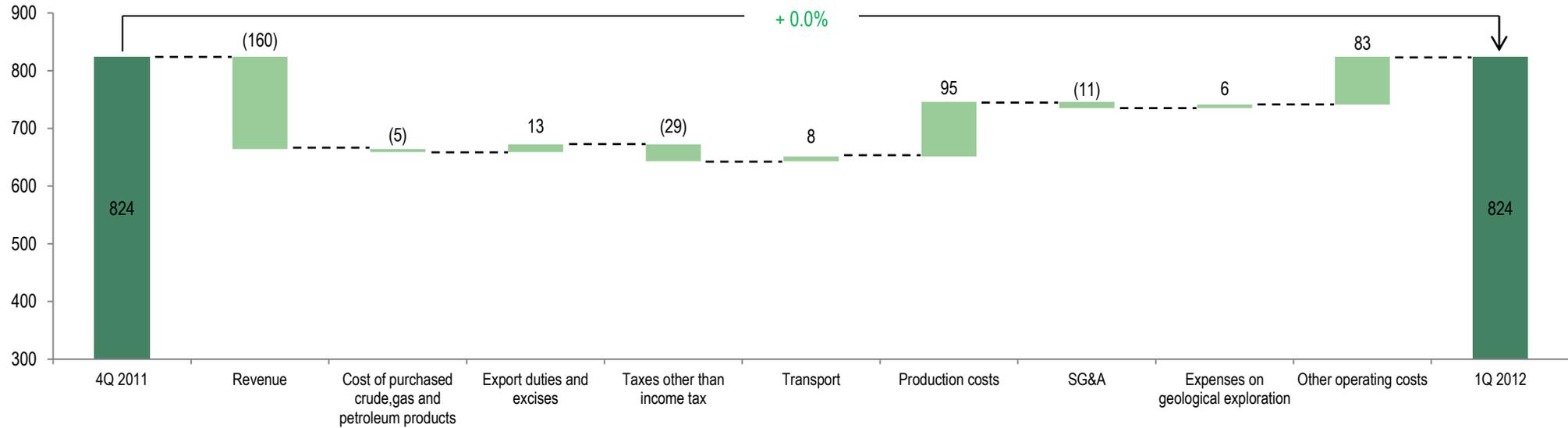
Revenue factor analysis, US\$ mln, 1Q 2012 vs. 1Q 2011



Revenue breakdown 4Q 2011, US\$ mln.



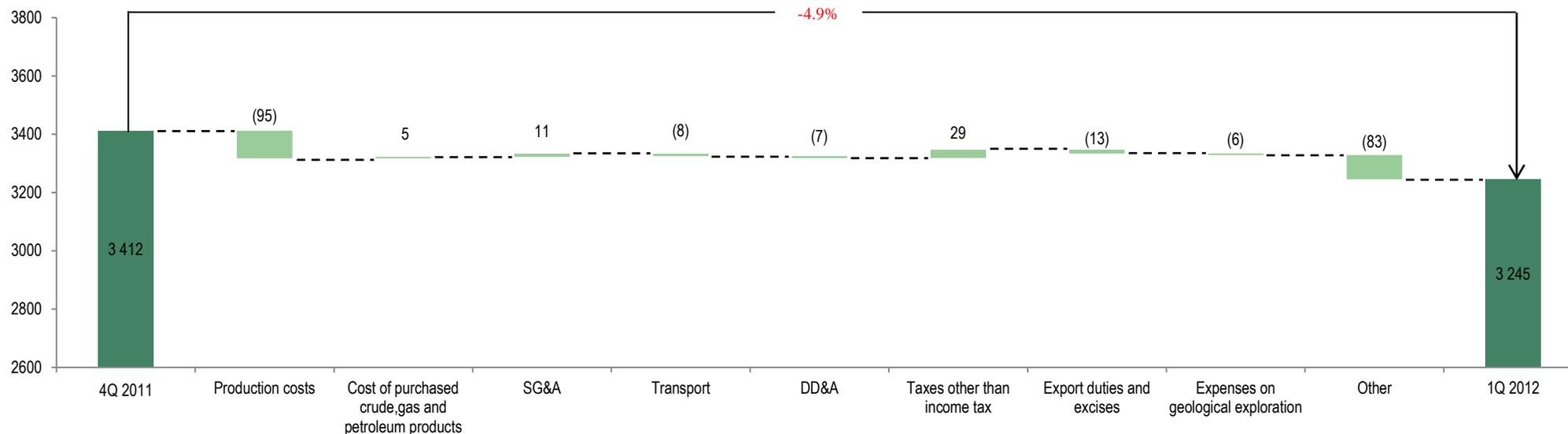
EBITDA breakdown, US\$ mln, 1Q 2012 vs. 4Q 2011



EBITDA breakdown, US\$ mln, 1Q 2012 vs. 1Q 2011



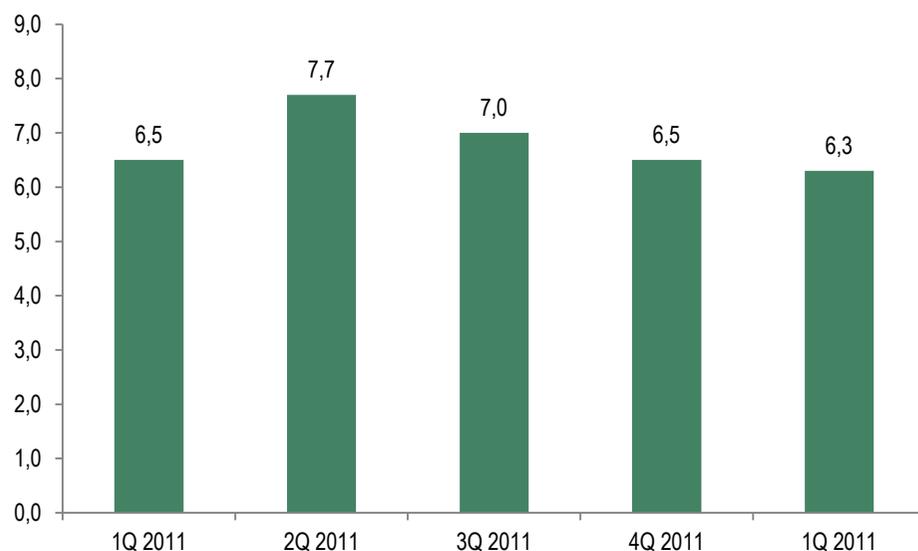
Operating expenses factor analysis, US\$ mln, 1Q 2012 vs. 4Q 2011



Operating expenses factor analysis, US\$ mln, 1Q 2012 vs. 1Q 2011



Unit lifting costs, \$/bbl.*



Unit refining costs, \$/bbl.*



- In the 1st quarter of 2012, unit costs for extraction of crude oil decreased by 3.1% compared to the 4th quarter of 2011 and amounted to US\$ 6.3 per barrel. This was caused mainly by a decrease in electricity costs after the Group established its own power supply company and switched over to direct wholesale purchases of electric power, as well as by a seasonal decline in well service costs.

- Unit costs for extraction of crude oil decreased by 3.1% compared to the 1st quarter of 2011, which was due to the weakening of the rouble against the US dollar.

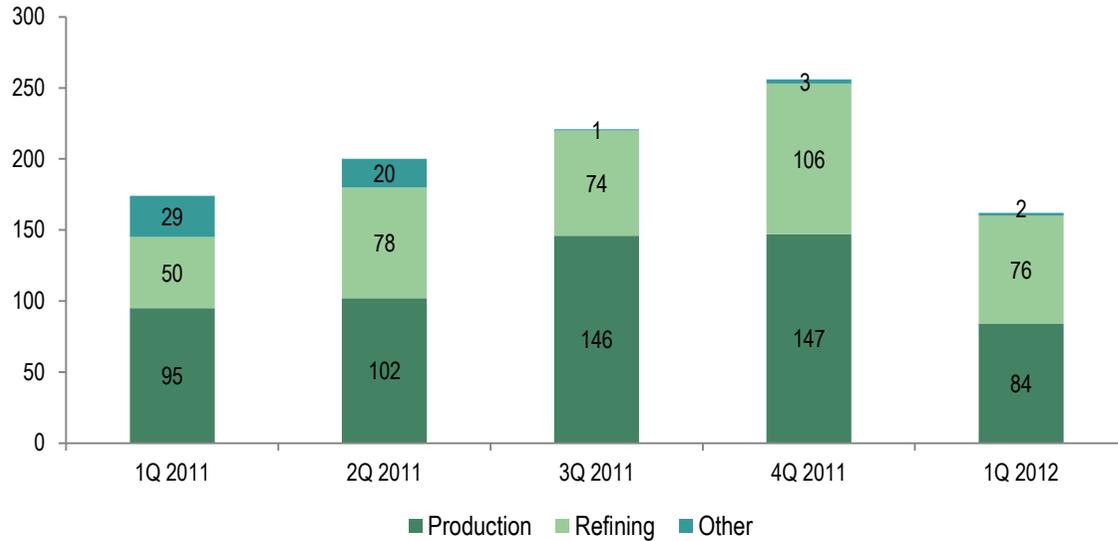
- Unit refining costs decreased by 27.4% and amounted to US\$ 4.5 per barrel in the 1st quarter of 2012 compared to the 4th quarter of 2011. This decline was due to a decline in repair work in the 1st quarter of 2012 compared to the 4th quarter of 2011, as well as to a decrease in electricity costs after the Group established its own power supply company and switched over to direct wholesale purchases of electric power.

- Unit refining costs decreased by 10.0% compared to the 1st quarter of 2011 and amounted to US\$ 4.5 per barrel. This decline was related to the weakening of the rouble against the US dollar, as well as to a decrease in electricity costs after the Group established its own power supply company and switched over to direct wholesale purchases of electric power.

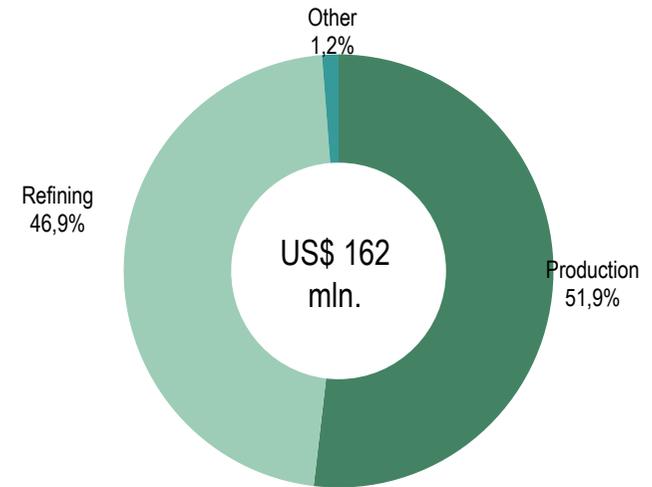
* 1 tonne = 7.3 barrels of crude oil



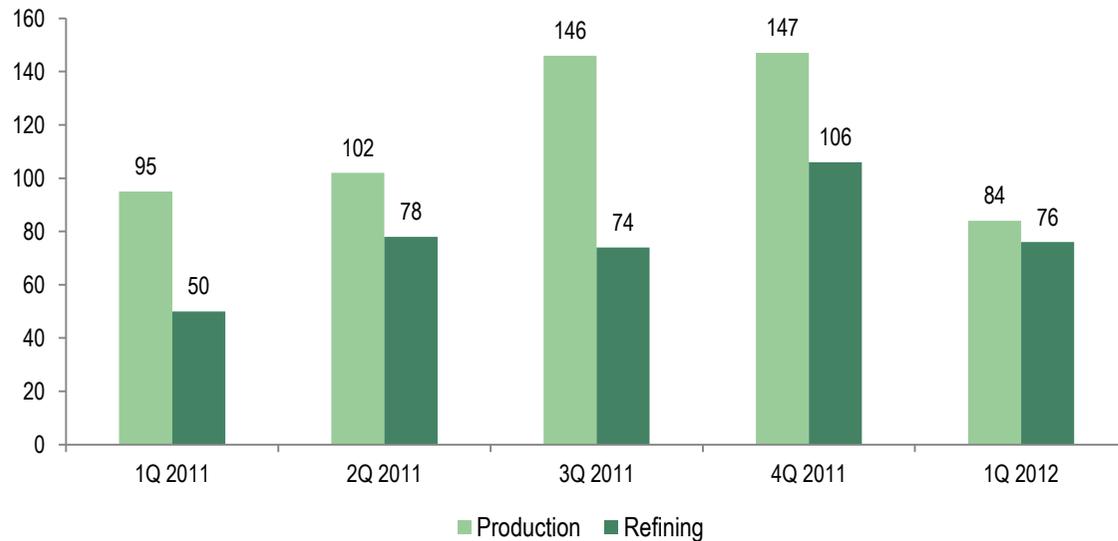
CAPEX, US\$ mln.



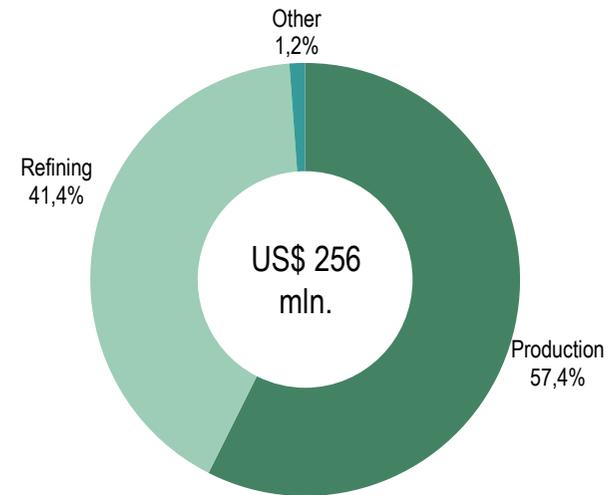
CAPEX breakdown in 1Q 2012, US\$ mln.



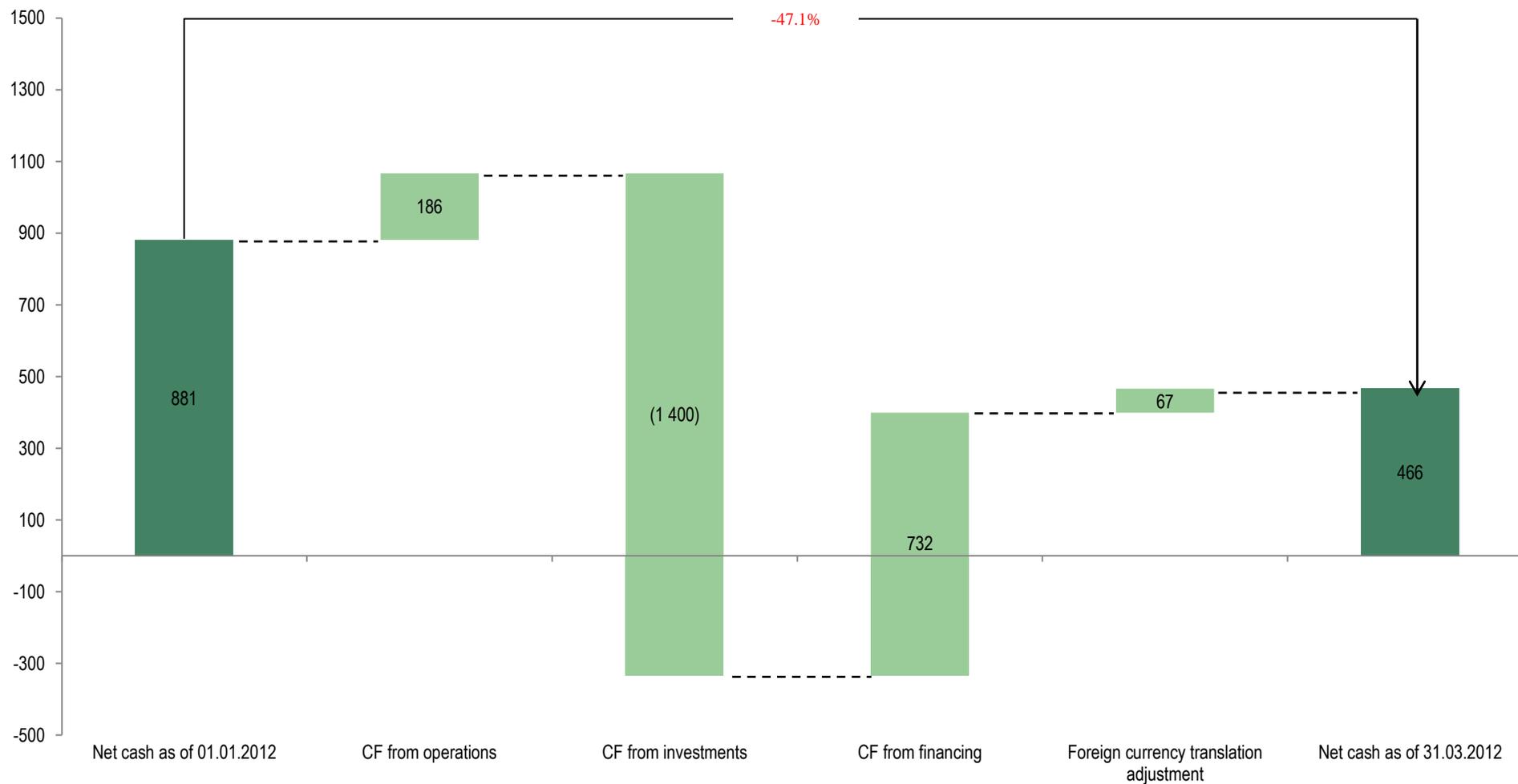
CAPEX in production and refining, US\$ mln.



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



Cash flow in 1Q 2012, US\$ mln.



Thanks for your attention

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