

# Transparency & Accountability

## Case study on Gazprom

National Oil Companies:  
Performance and Strategy

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# Definitions

- **Transparency of any institution is “access to its information for everyone.”**
- **Accountability of the operations of any business means being subject to “checks and balances” at any time and the obligation to hold periodic, independent, external audits to control financial operations, and an independent evaluation to monitor performance.**

# Gazprom's Transparency & Accountability

- **Joint-Stock Company "GAZPROM" Annual report (available for 2001-2005),** [http://www.gazprom.com/documents/Annual\\_Report\\_Eng\\_2005.pdf](http://www.gazprom.com/documents/Annual_Report_Eng_2005.pdf)
  - **Joint-Stock Company "GAZPROM" Financial Report, Russian accounting standards (available for 2001-2005),** [http://www.gazprom.com/documents/Financial\\_Report\\_Eng\\_2005.pdf](http://www.gazprom.com/documents/Financial_Report_Eng_2005.pdf)
  - **OAo Gazprom IFRS consolidated financial statements (available for 1998-2005),** [http://www.gazprom.com/documents/IFRS\\_eng\\_3\\_Q\\_2006.pdf](http://www.gazprom.com/documents/IFRS_eng_3_Q_2006.pdf)
  - **Management's discussion and analysis of financial condition and results of operations, IFRS accounting standards (available for 2002-2005),** [http://www.gazprom.com/documents/MDA\\_6M2005\\_eng\\_short.pdf](http://www.gazprom.com/documents/MDA_6M2005_eng_short.pdf)
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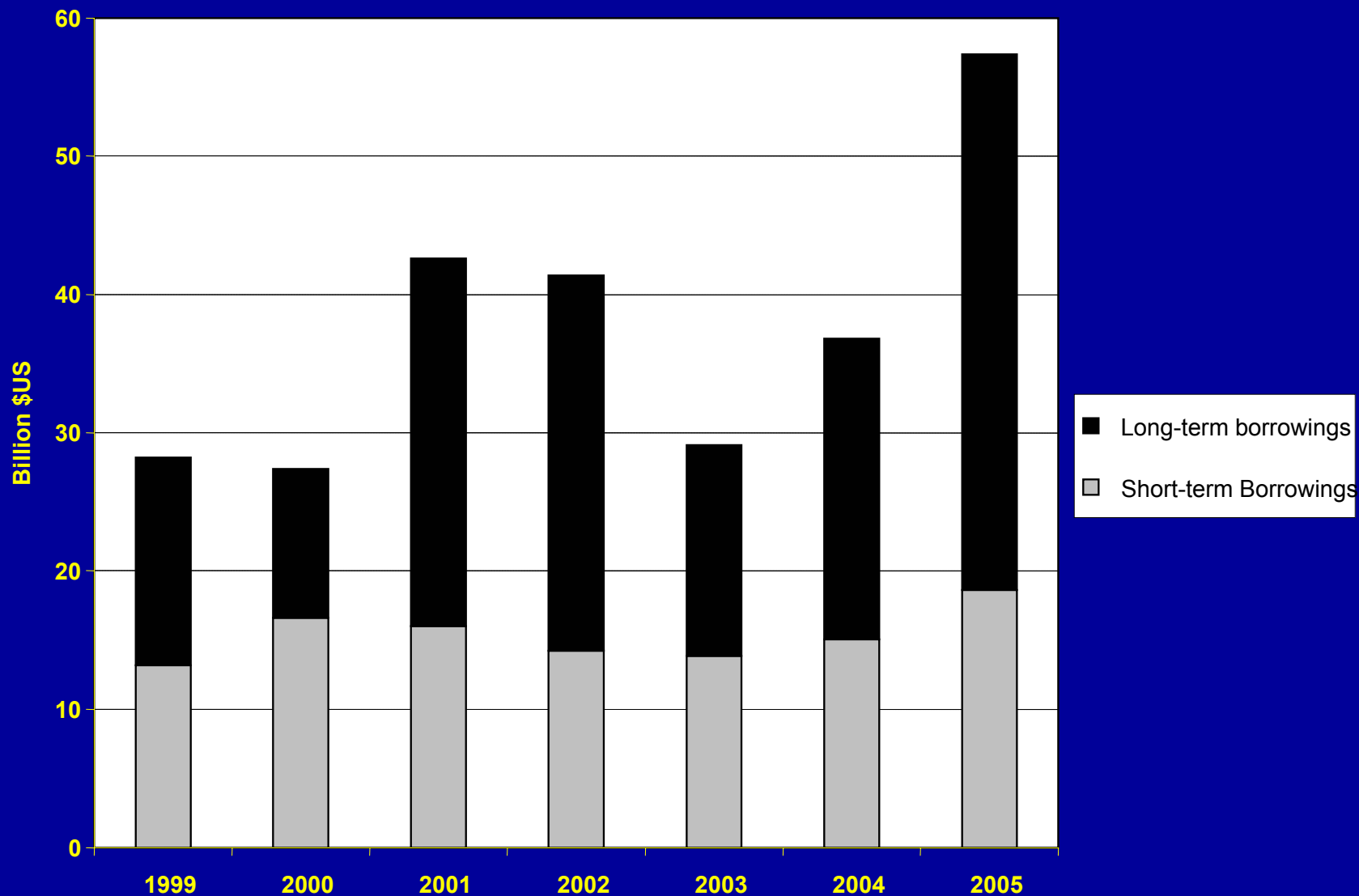
*PricewaterhouseCoopers Audit according IFRS (since 1996)*

*PricewaterhouseCoopers Audit according Russian accounting standards (since 2002)*

# Gazprom Performance 2004-2005

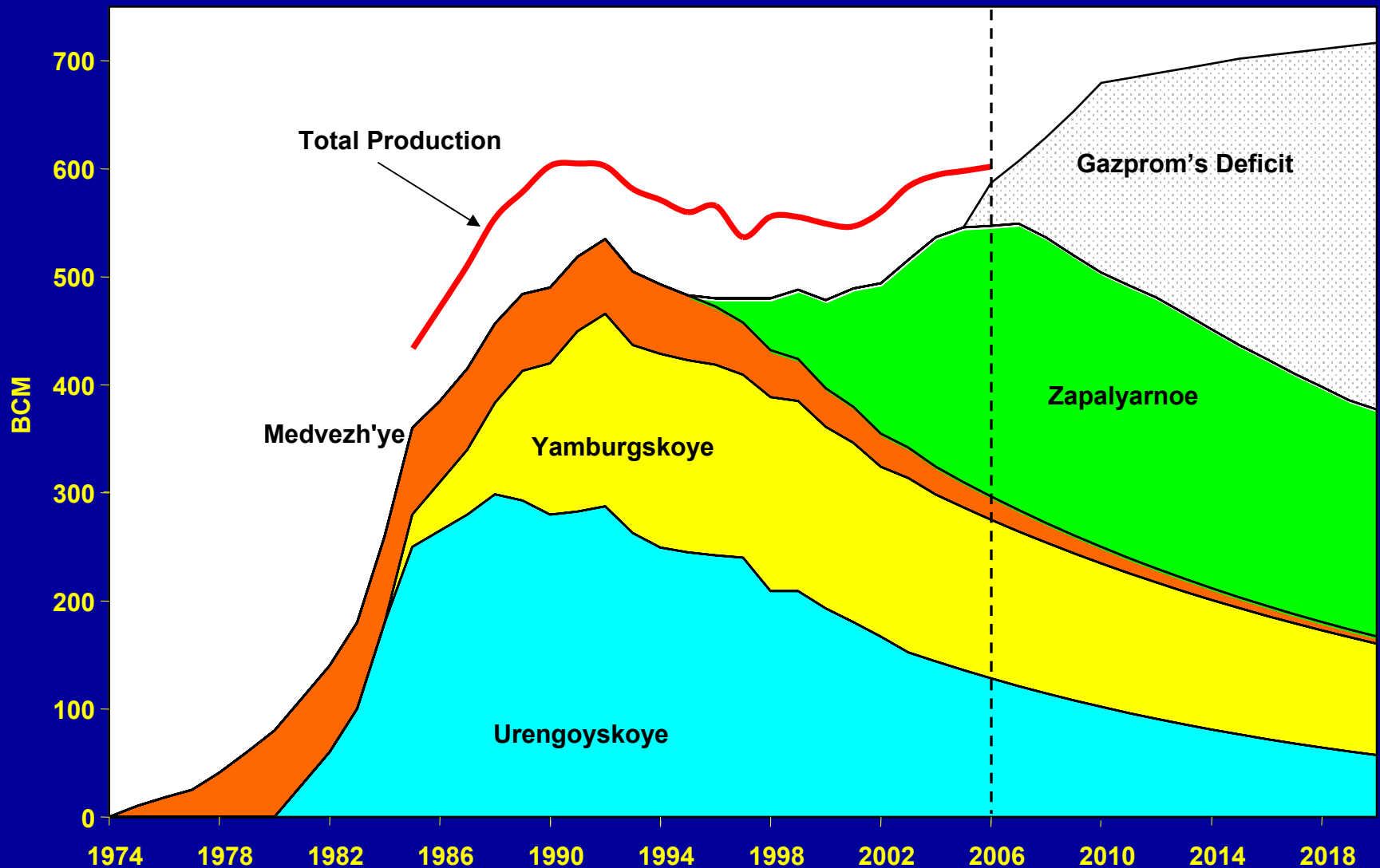
	2004	2005	%
<b>Sales Revenues</b>			
Europe			
Net Revenue from sales, million \$US	16,009	22,111	38%
Sales, bcm	153.2	156.1	2%
Average price, \$US/thousand cm	137.7	192.4	37%
FSU			
Net Revenue from sales, million \$US	2,456	3,871	58%
Sales, bcm	65.7	76.6	17%
Average price, \$US/thousand cm	46.7	60.7	30%
Russia			
Net Revenue from sales, million \$US	8,944	11,071	24%
Sales, bcm	209	211	1%
Average price, \$US/ thousand cm	30	36	23%
<b>Gas Sales Revenue</b>			
Net Revenue from gas sales, million \$US	27,409	37,053	35%
Sales, bcm	524.6	539.7	3%
Other Sales Revenues			
Gas condensate & refineries sales (net VAP, excise, export duties), million \$US	4,366	7,623	75%
Crude oil sales (net VAP, export duties), million \$US		1,378	
Transportation services (net VAP), million \$US	1,037	895	-14%
Other sales (net VAP), million \$US	2,073	2,464	19%
<b>Total Sales Revenues (net VAP, excise, export duties), million \$US</b>	<b>34,885</b>	<b>49,412</b>	<b>42%</b>
<b>OPEX</b>			
OPEX without taxes, million \$US	-22,925	-29,129	27%
Taxes			
Mineral resource taxes, million \$US	-2,054	-3,115	52%
Properties taxes, million \$US	-347	-545	57%
Other taxes ,million \$US	-180	-410	128%
OPEX, million \$US	-25,506	-33,199	30%
<b>Sales Profit, million \$US</b>	<b>9,379</b>	<b>16,214</b>	<b>73%</b>
<b>Net profit, million \$US</b>	<b>7,562</b>	<b>11,283</b>	<b>49%</b>
<b>Net Debt, million \$US</b>	<b>17,852</b>	<b>28,481</b>	<b>60%</b>
<b>Investments, million \$US</b>	<b>9,790</b>	<b>12,594</b>	<b>29%</b>

# Gazprom: Long-term and Short-term Borrowing, 1999-2005



Note: Total debts (not a net debt balance).

# Russian Natural Gas Production from Major Gas Fields: Historical and Projections



# **The Gazprom's Investments Needs in 2007-2010**

*(without M&A)*

- **Refurbishing Depreciated Pipelines ~ \$2 bln. annually**
- **Paying for previous loans ~ \$3 bln. annually**
- **The Irkutsk Oblast gasification ~ \$1 bln.**
- **Baltic Pipeline ~ \$12 bln.**
- ***Sakhalin-2 ~ \$20 bln***
- ***Kovykta Filed Development (for internal consumption) ~ \$18 bln.***
- ***Shtockman Filed Development ~ \$20 bln.***
- ***Yamal Filed Development ~ \$80 bln.***

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***Gazprom's 2005 net profit ~ \$11 bln.***

***Gazprom's 2005 net debt ~ \$29 bln.***

***Gazprom's 2005 investments ~ \$13 bln.***

# Conclusions