



**ROSNEFT**

**Q1 2007  
US GAAP  
Financial Results**

June 18, 2007



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# Q1 2007 Results: Key Highlights

## Positives

- § EBITDA\* up 2x to USD 1,741 mln vs Q4'06
- § Operating cash flow at USD 894 mln vs USD (967) mln in Q4 2006
- § Leading production growth
- § Gas sales
- § Gas prices up 47%
- § Refining volumes growth
- § Retail throughput growth
- § Cost control
  - § Operating expenses down 26% vs Q4'06
  - § SG&A down 7% vs Q4'06

## Challenges, Priorities

### Q1 2007

- § Refined product prices weaker
- § Taxes, rouble appreciation

### 2007-2008

- § Integrating recent acquisitions
- § Optimization of enhanced downstream portfolio to grow netbacks through:
  - § Enhanced MIS/technology solutions
  - § Increased sales/distribution capabilities
  - § Realizing benefits of new flexibility in netback options

\*Adjusted for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 297 mln



## Q1 2007 Results Overview

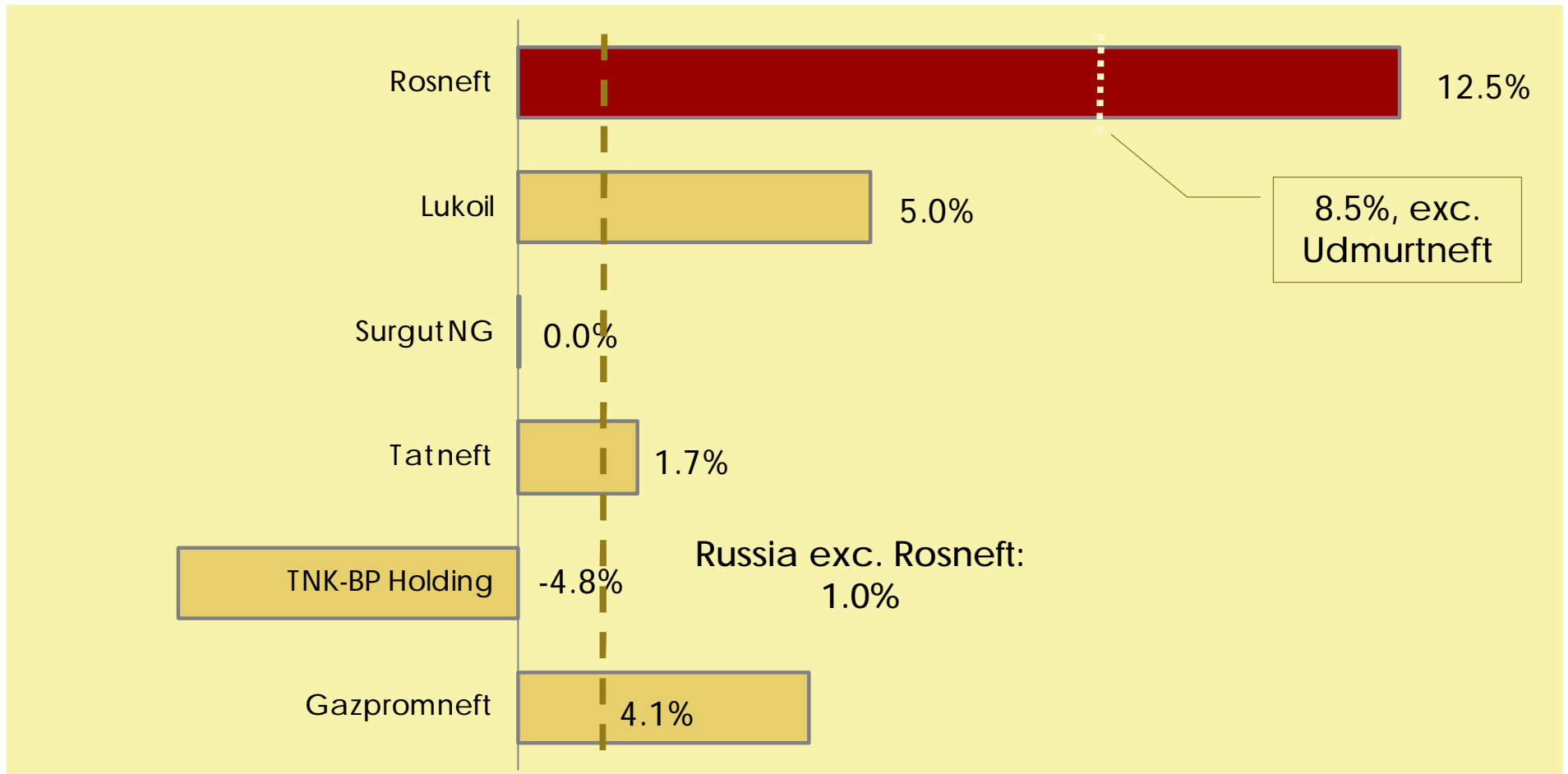
USD mln	Q1 07	Q1 06	Chg. ytd, %	Q4 06	Chg. qoq, %
Production, mln boe	177.85	157.95	13%	171.70	4%
Oil, mln bbl	154.38	137.24	12%	151.47	2%
Gas, bcm	3.99	3.52	13%	3.45	16%
Oil products output, mmt	6.60	5.74	15%	5.77	14%
Revenues	8,220	7,327	12%	8,213	0%
EBITDA*	1,741	1,920	(9%)	880	98%
Net Income*	602	802	(25%)	603	(0%)
Operating cash flow	894	1,413	(37%)	(967)	192%
Capital expenditures	1,033	590	75%	1,331	(22%)

\*Adjusted in Q1 2007 for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 297 mln (EBITDA) and USD 332 mln (Net Income)



# Crude Oil Production

## 2006 Crude Oil Production Growth in Russian Federation



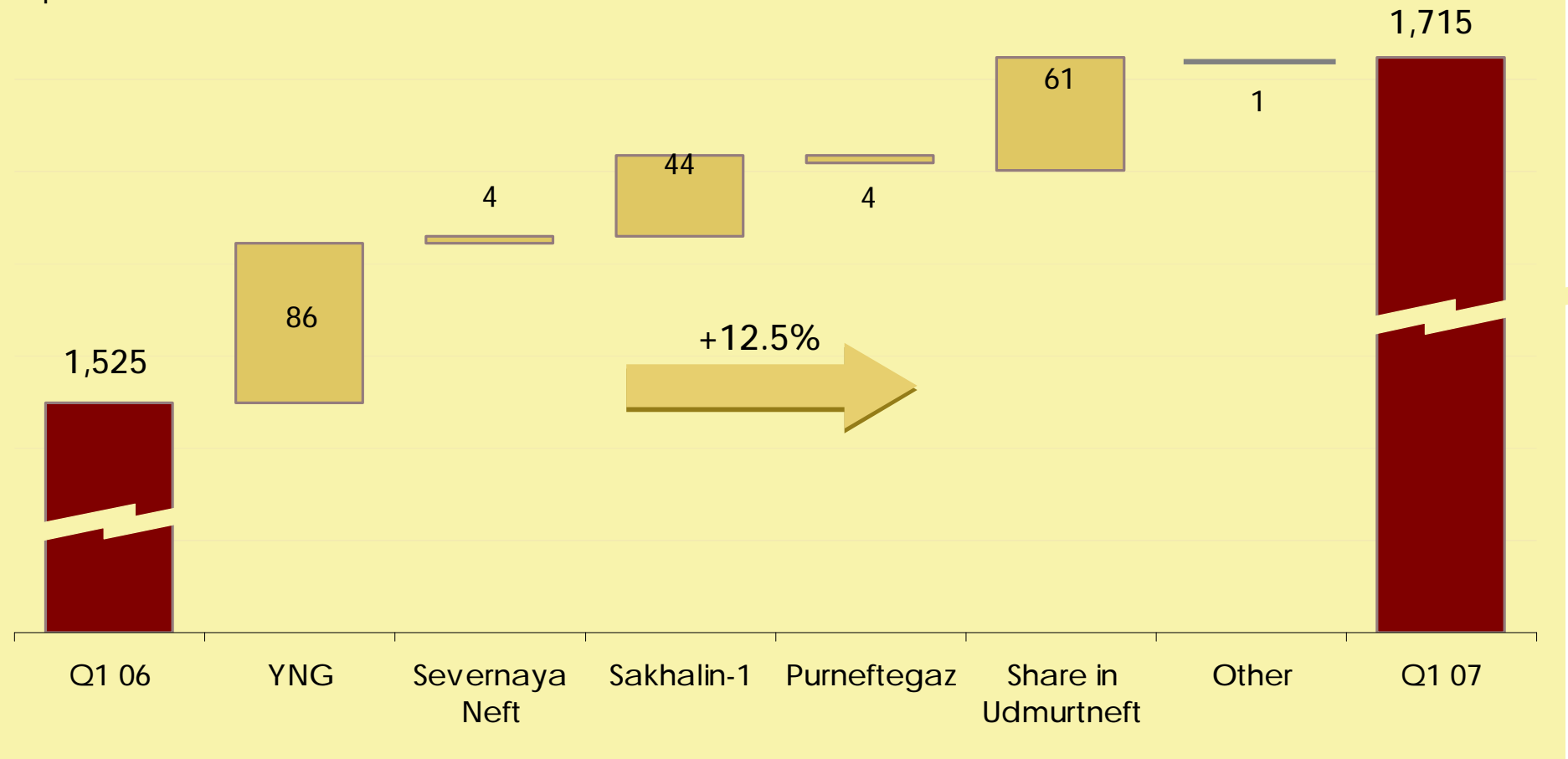
Source: Infotek for peers, company data for Rosneft



# Q1'07 Crude Oil Production Growth

## 1Q2007 Crude Oil Production Reconciliation

kbpd

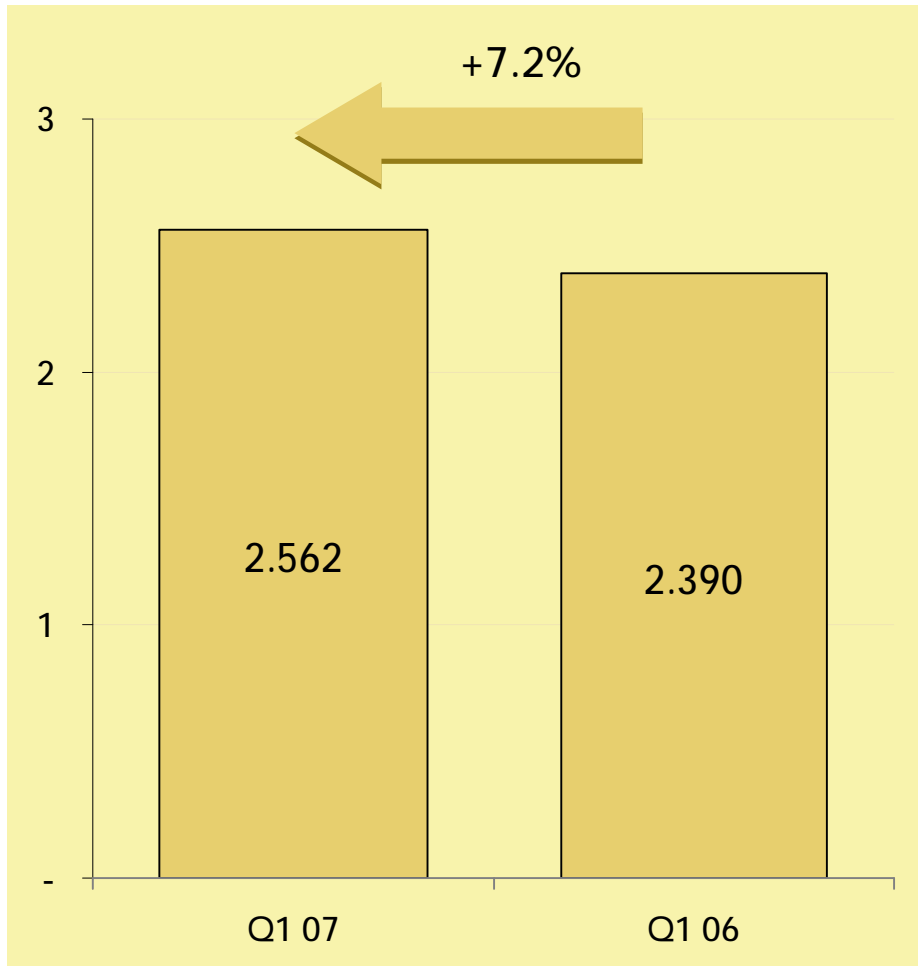


Includes share in production of affiliates

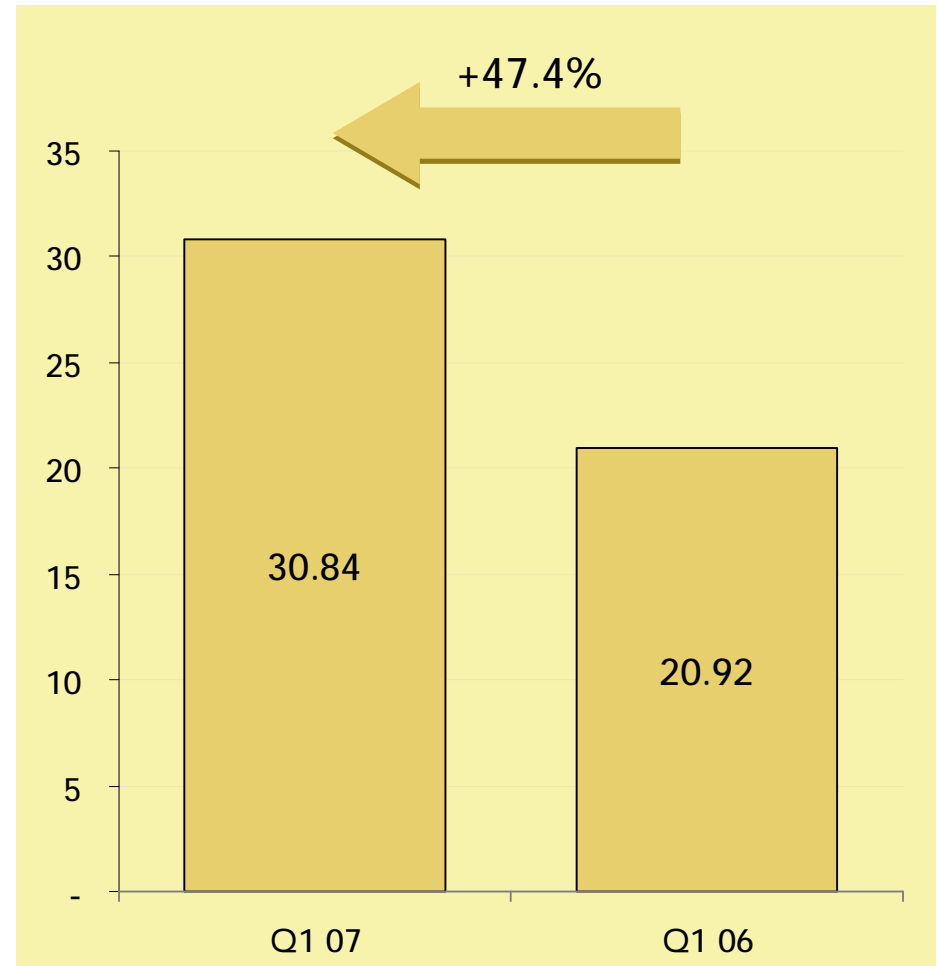


# Gas Sales

### Sales Volumes



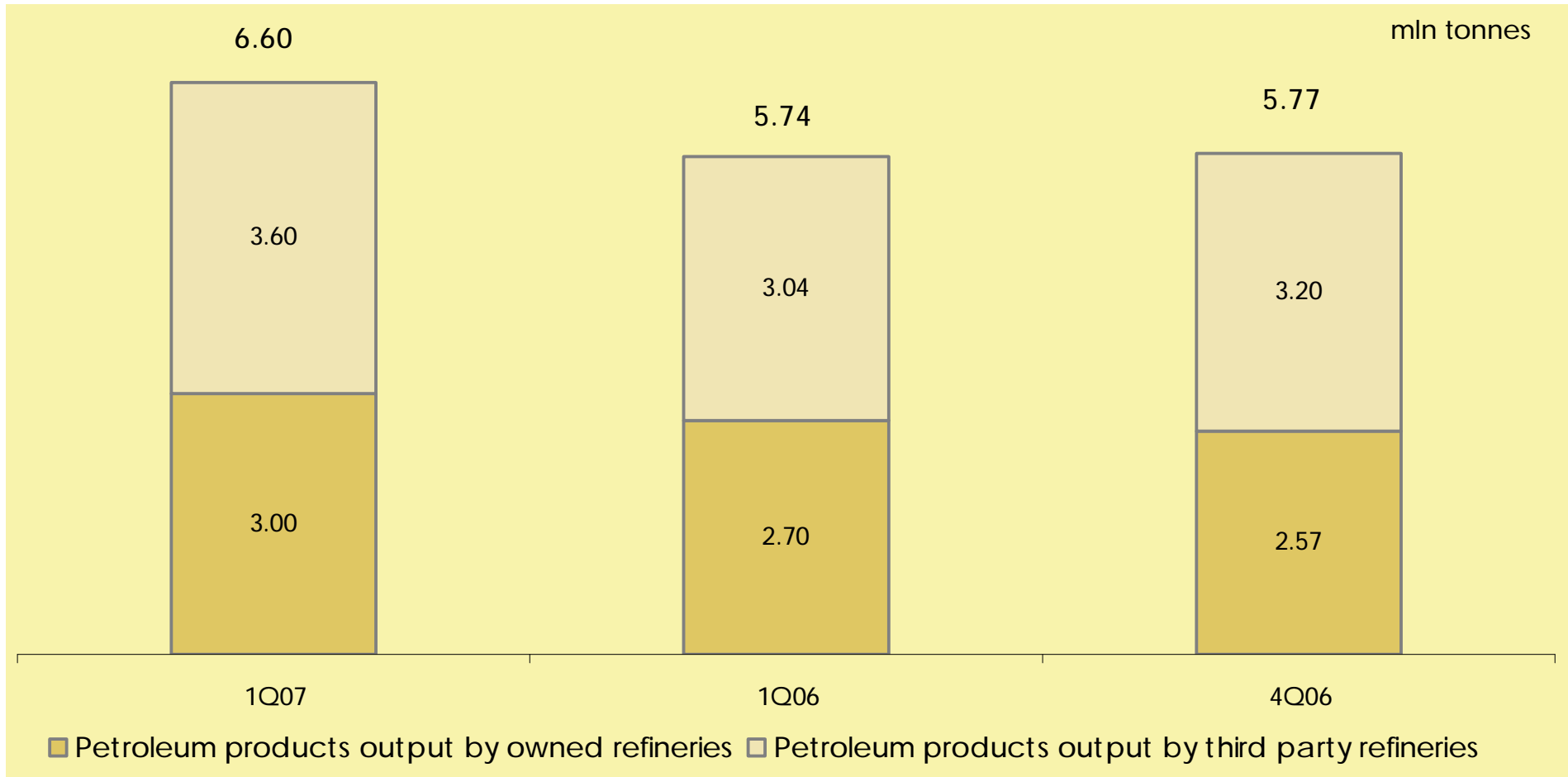
### Sales Prices





# Petroleum Products Output

## Petroleum Products Output



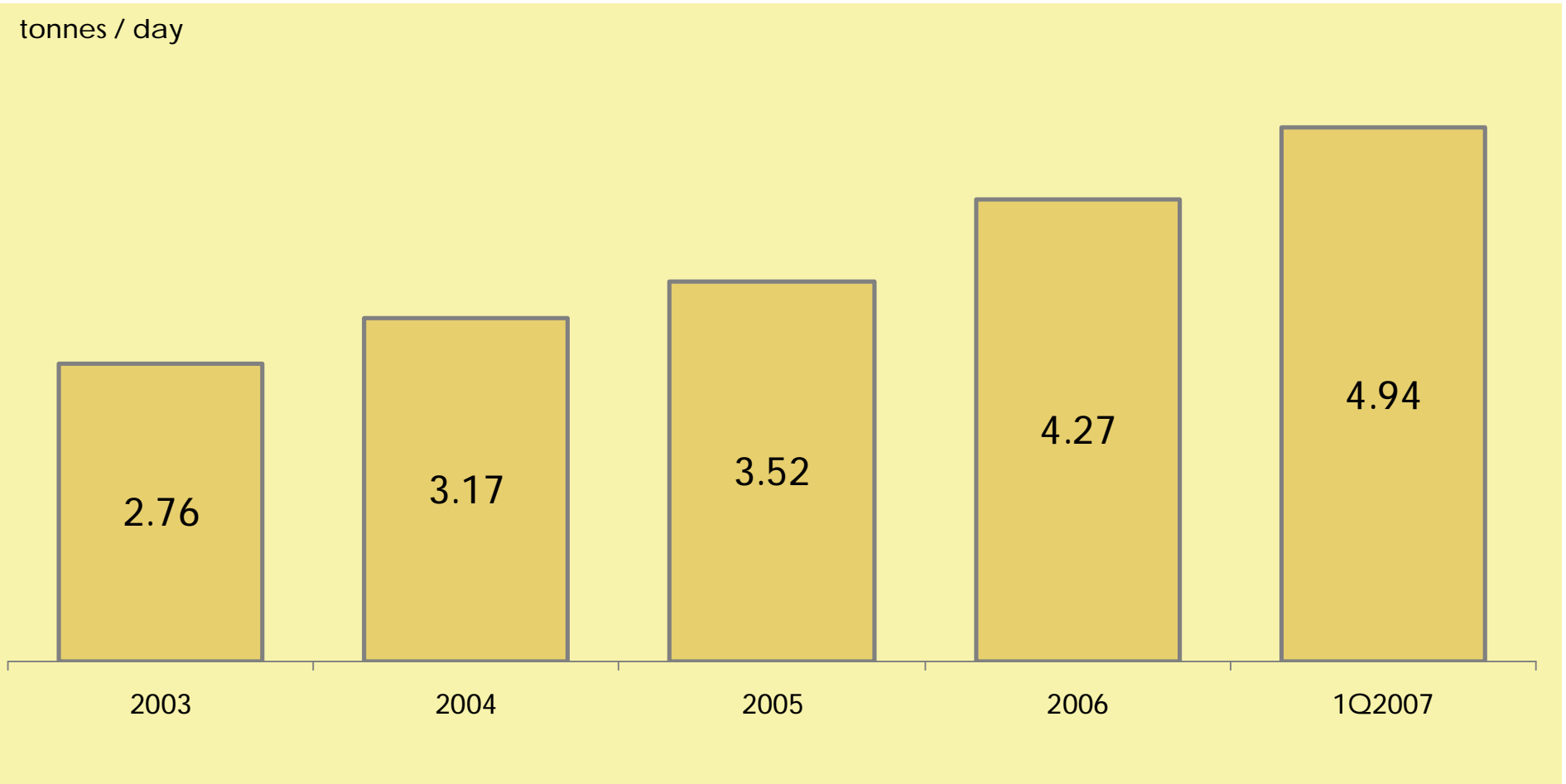




# Retail: Increasing Throughput

Average daily sales per 1 filling station

tonnes / day





## Economic Environment

		Q1 07	Q1 06
Average RUB/USD rate	RUB/USD	26.31	28.16
Annual inflation rate: Q1'06 through Q1'07	%		7.3%
Annual real RUB appreciation vs USD: Q1'06 through Q1'07	%		11.7%
Urals oil price (av. Med and NWE)	\$/bbl	54.3	58.2
Gasoil, 0.2% (av. Med)	\$/tonne	526	552
Diesel fuel (av. RF)	\$/tonne	499	527



# Revenue Reconciliation

## Revenue Reconciliation

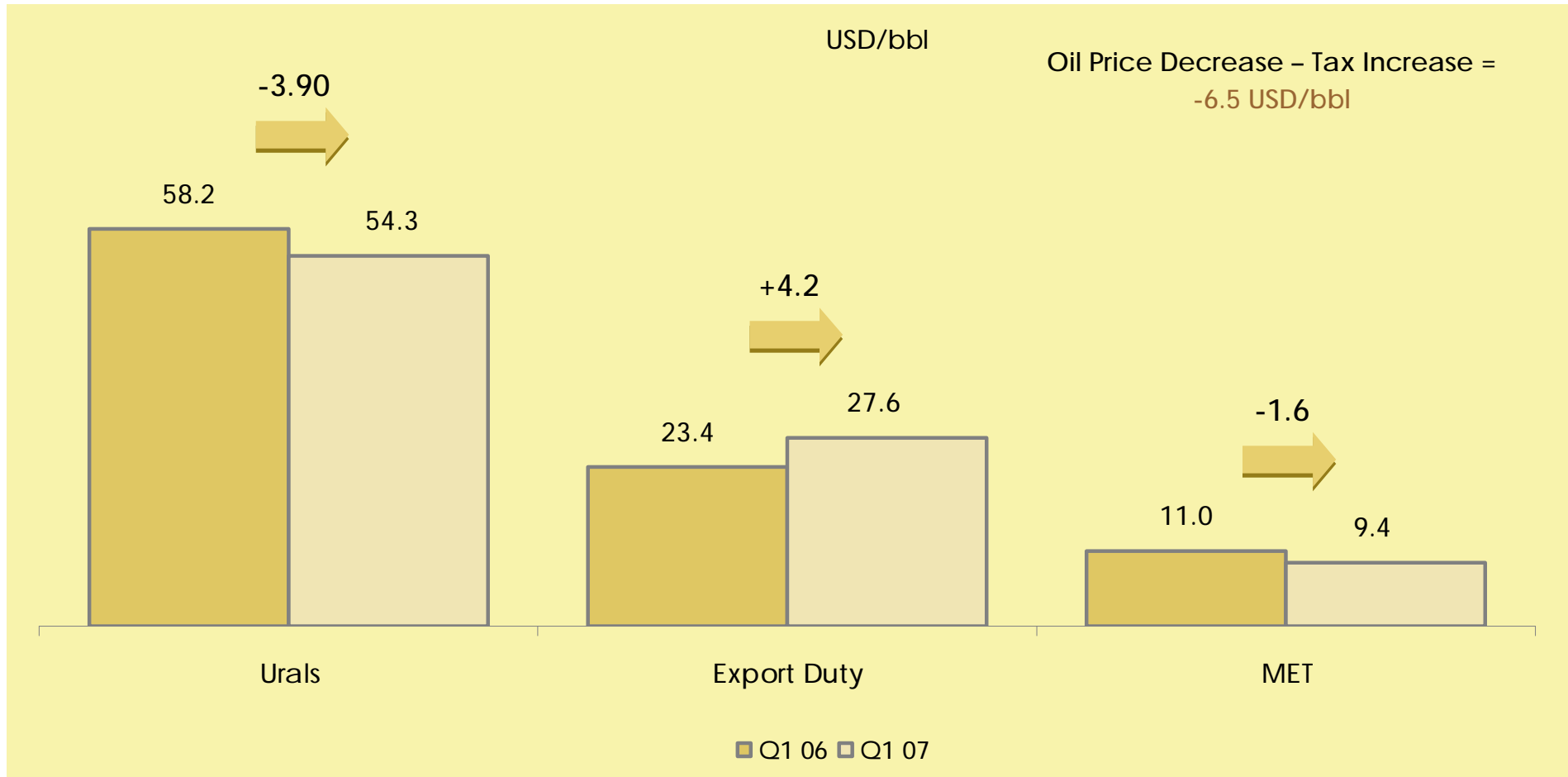
USD mln





# Tax Environment

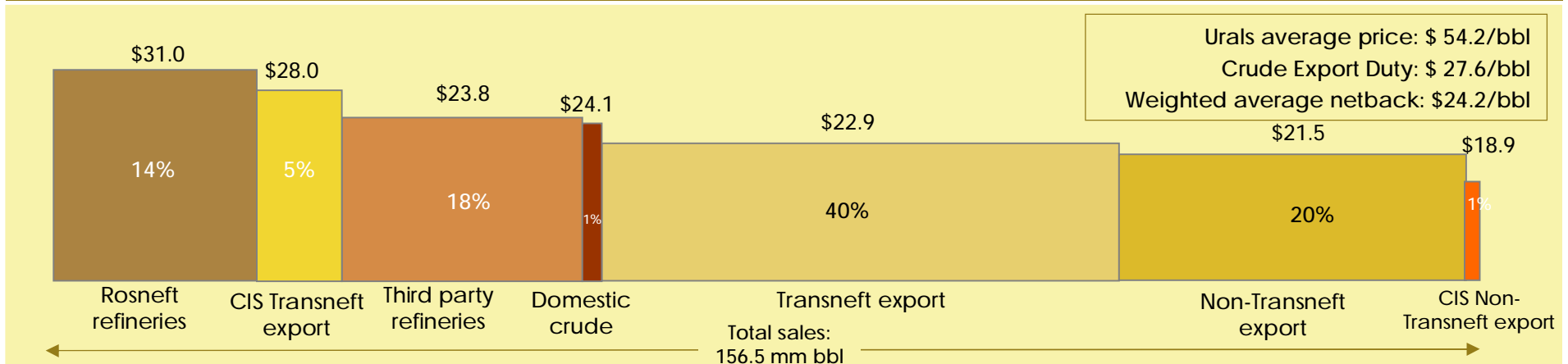
## Oil Price and Taxes in 1Q 2007



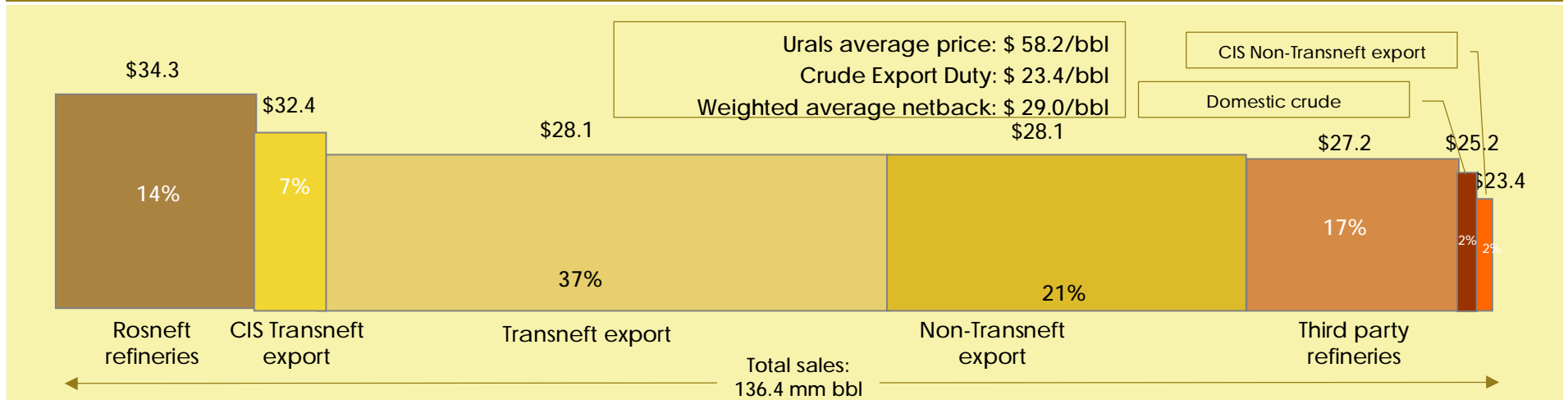


# Q1 2007 Netback Ladder

Q1 2007 Netbacks and crude allocation (\$/bbl), excluding Sakhalin-1



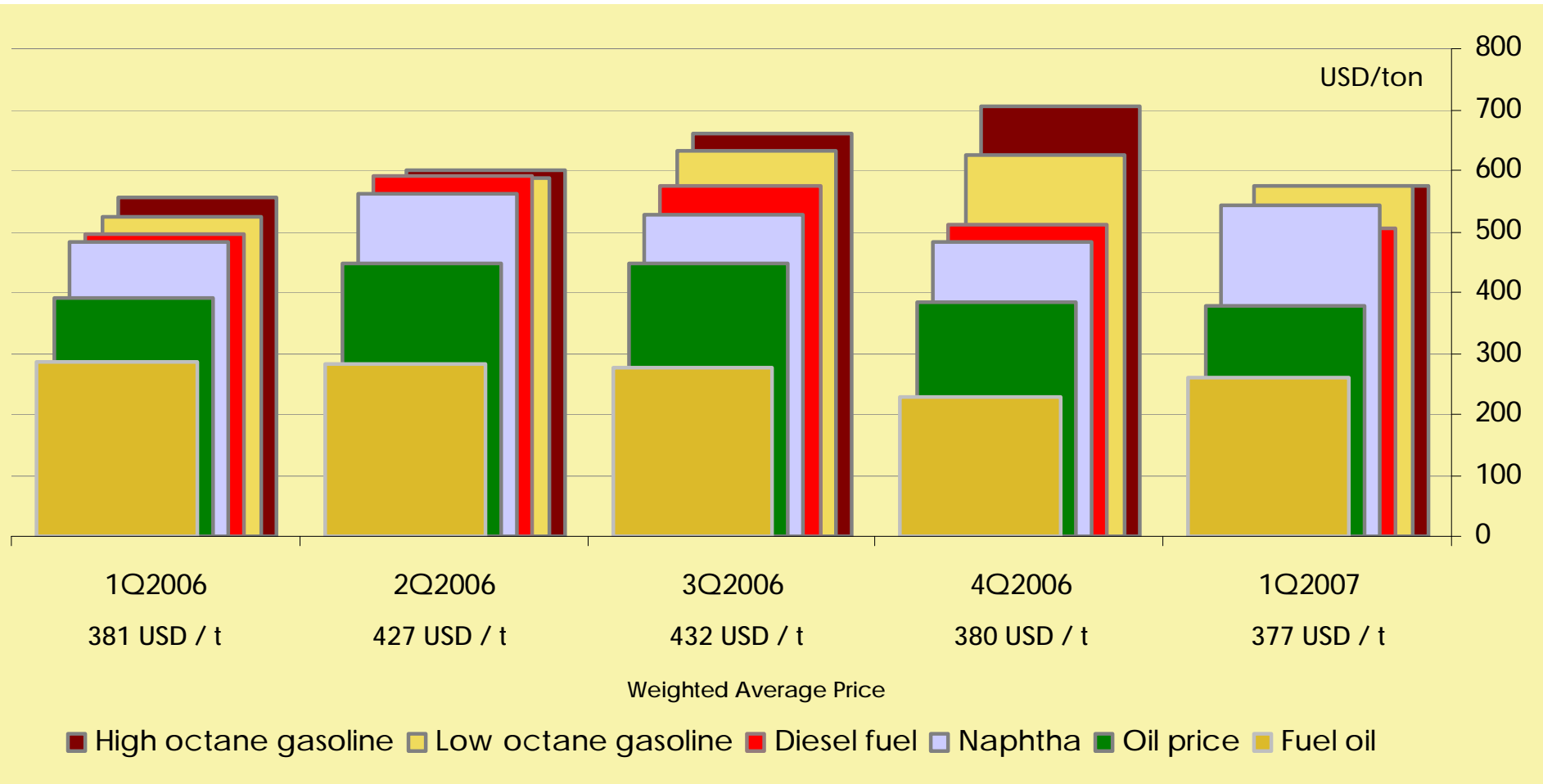
Q1 2006 Netbacks and crude allocation (\$/bbl)





# Oil Products Prices

## Dynamics of product prices

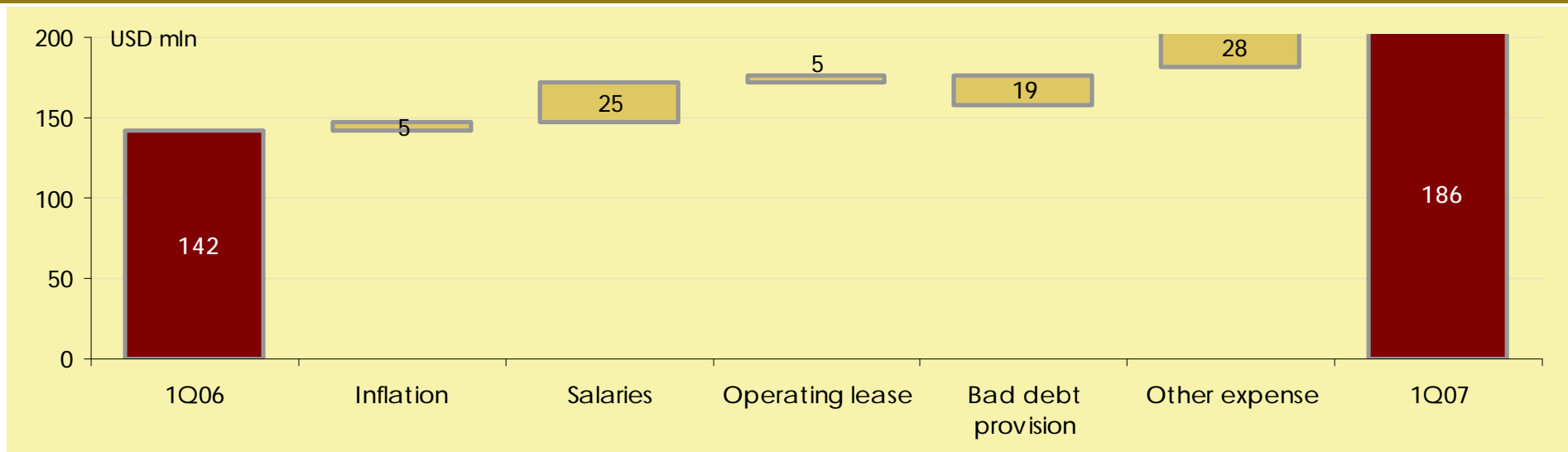




# SG&A and Transportation Expenses

USD mln	Q1 07	Q1 06	ytd, %	Q4 06	qoq, %
General and administrative expenses	186	142	31.0%	200	(7.0%)
Pipeline tariffs and transportation costs	939	735	27.8%	867	8.3%
<b>Total</b>	<b>1,125</b>	<b>877</b>	<b>28.3%</b>	<b>1,067</b>	<b>5.4%</b>

## General and administrative expenses





## Operating Expenses and Purchases

USD mln	Q1 07	Q1 06	ytd, %	Q4 06	qoq, %
Operating expenses	542	443	22%	732	(26%)
- Production	478	315	52%	486	(2%)
- Refining and Marketing	45	118	(62%)	137	(67%)
- Other	19	10	90%	109	(83%)
Value of purchased goods and services	480	288	67%	498	(4%)
- Crude oil & gas	268	83	223%	228	18%
- Oil products	58	100	(42%)	131	56%
- Processing services	154	105	47%	138	12%

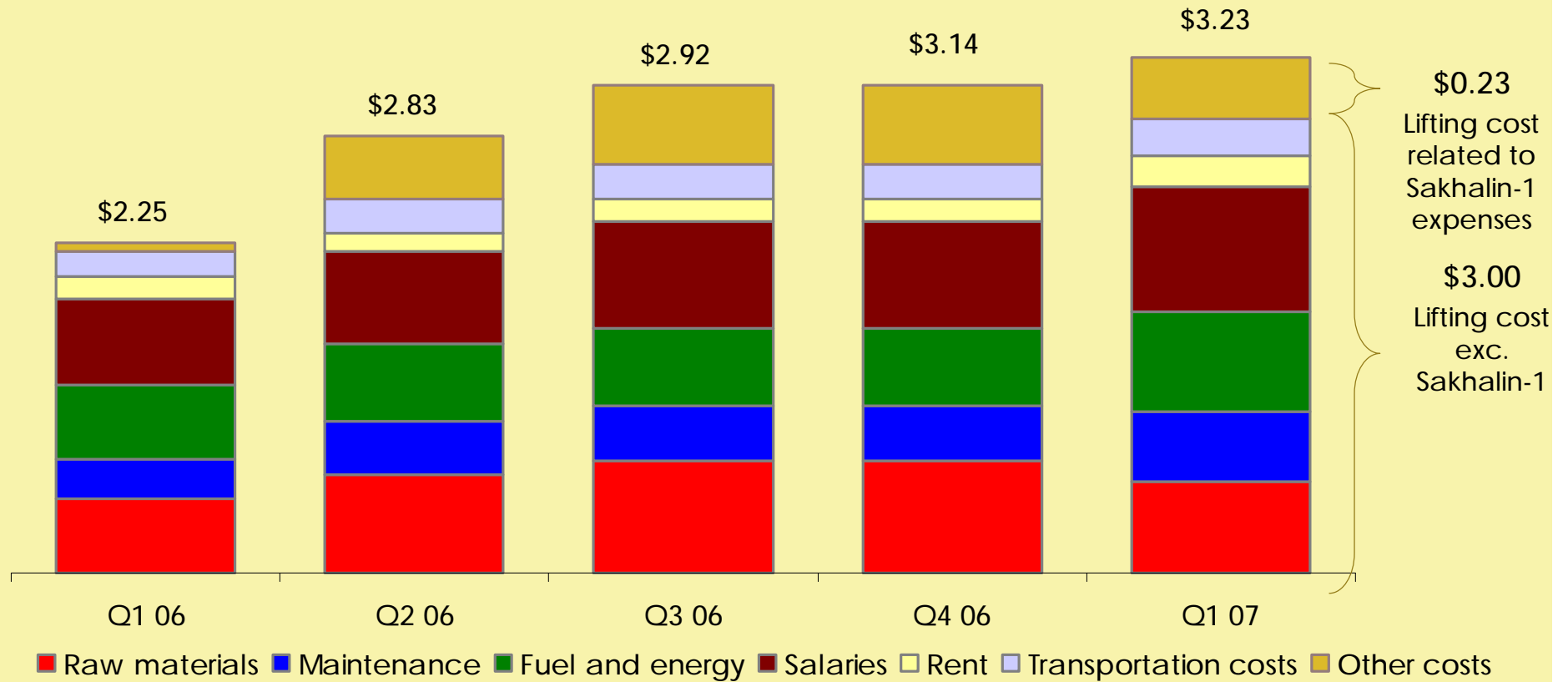




# Lifting Cost

## Liquids Lifting Cost Breakdown

USD/bbl

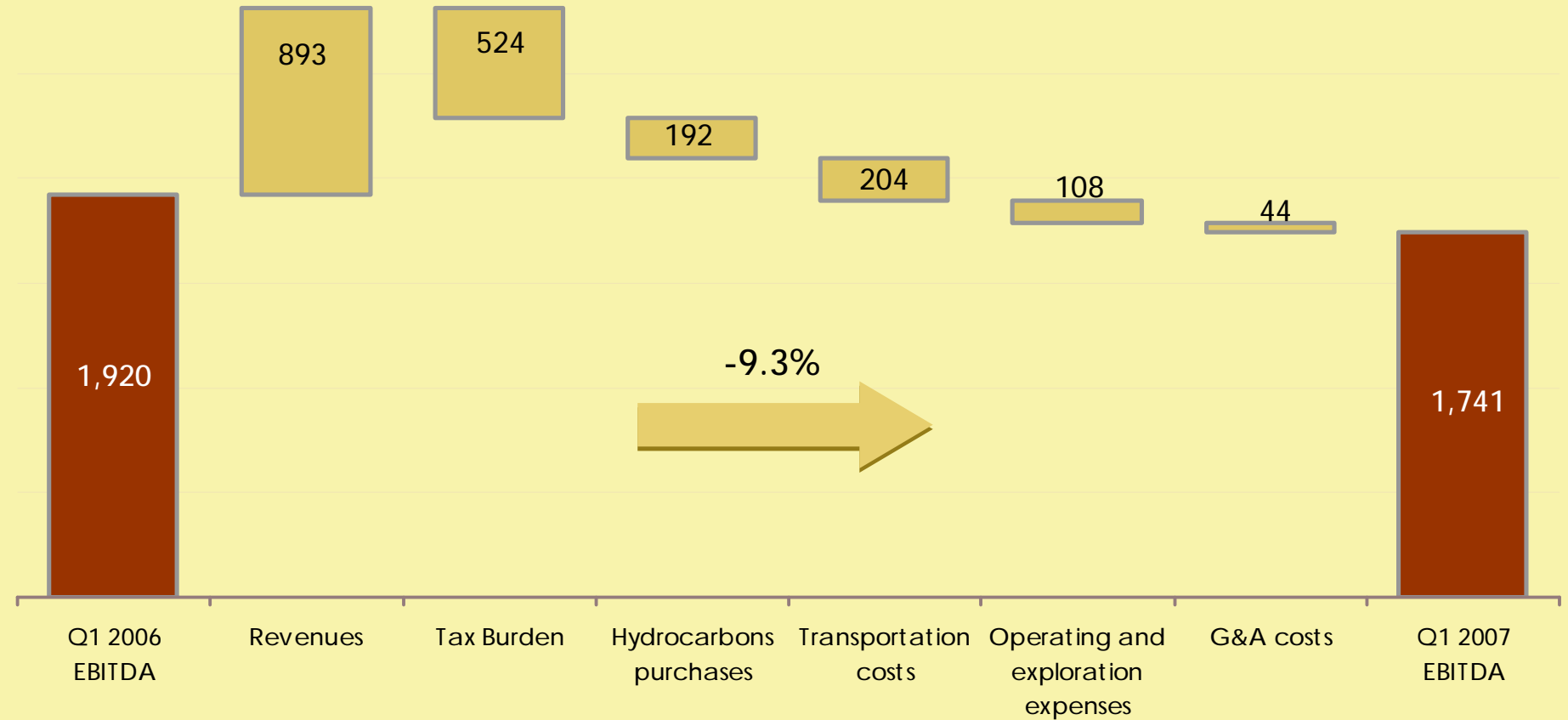




# EBITDA

## EBITDA Reconciliation

USD mln



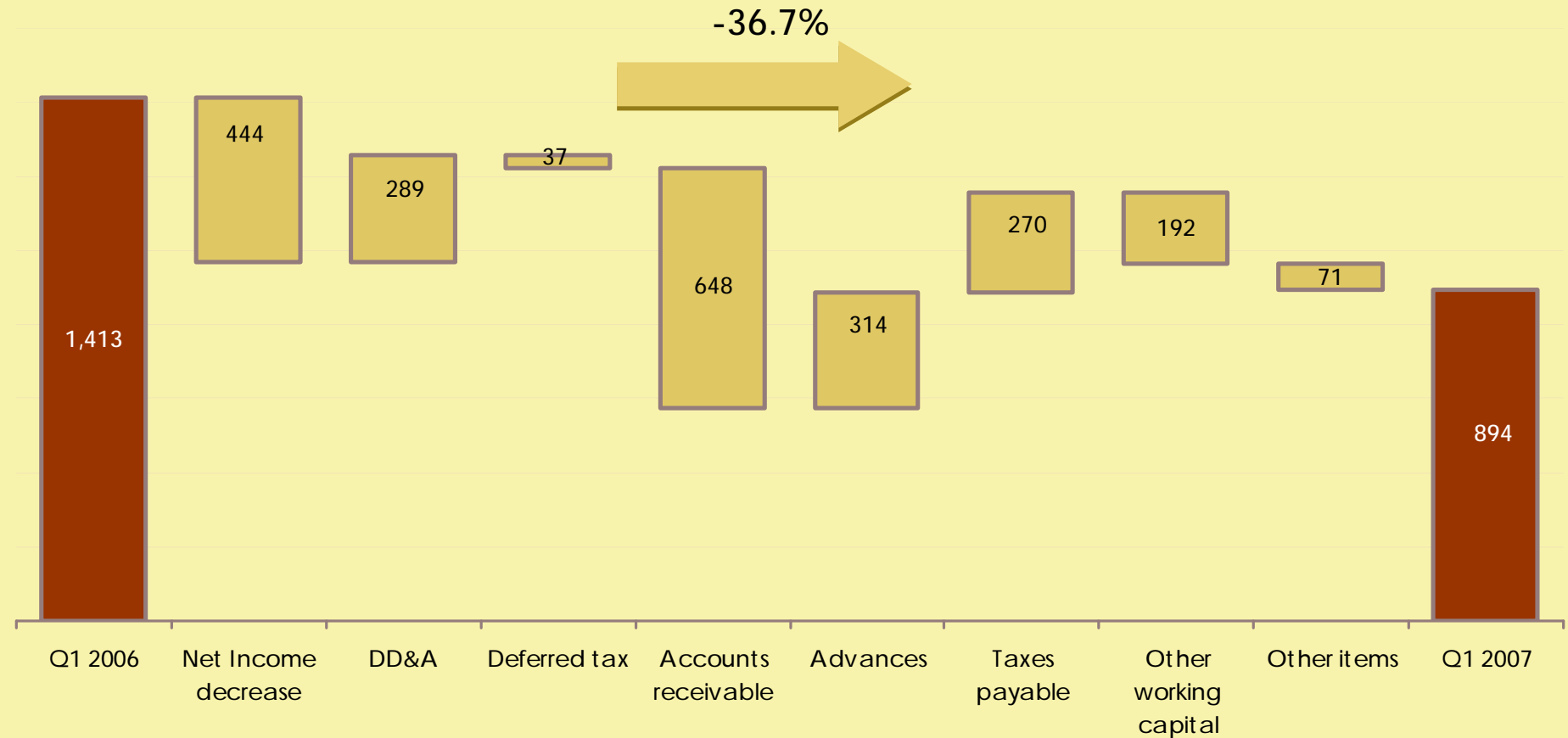
\*Adjusted for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 297 mln



# Operating Cash Flow Reconciliation

## Operating cash flow waterfall

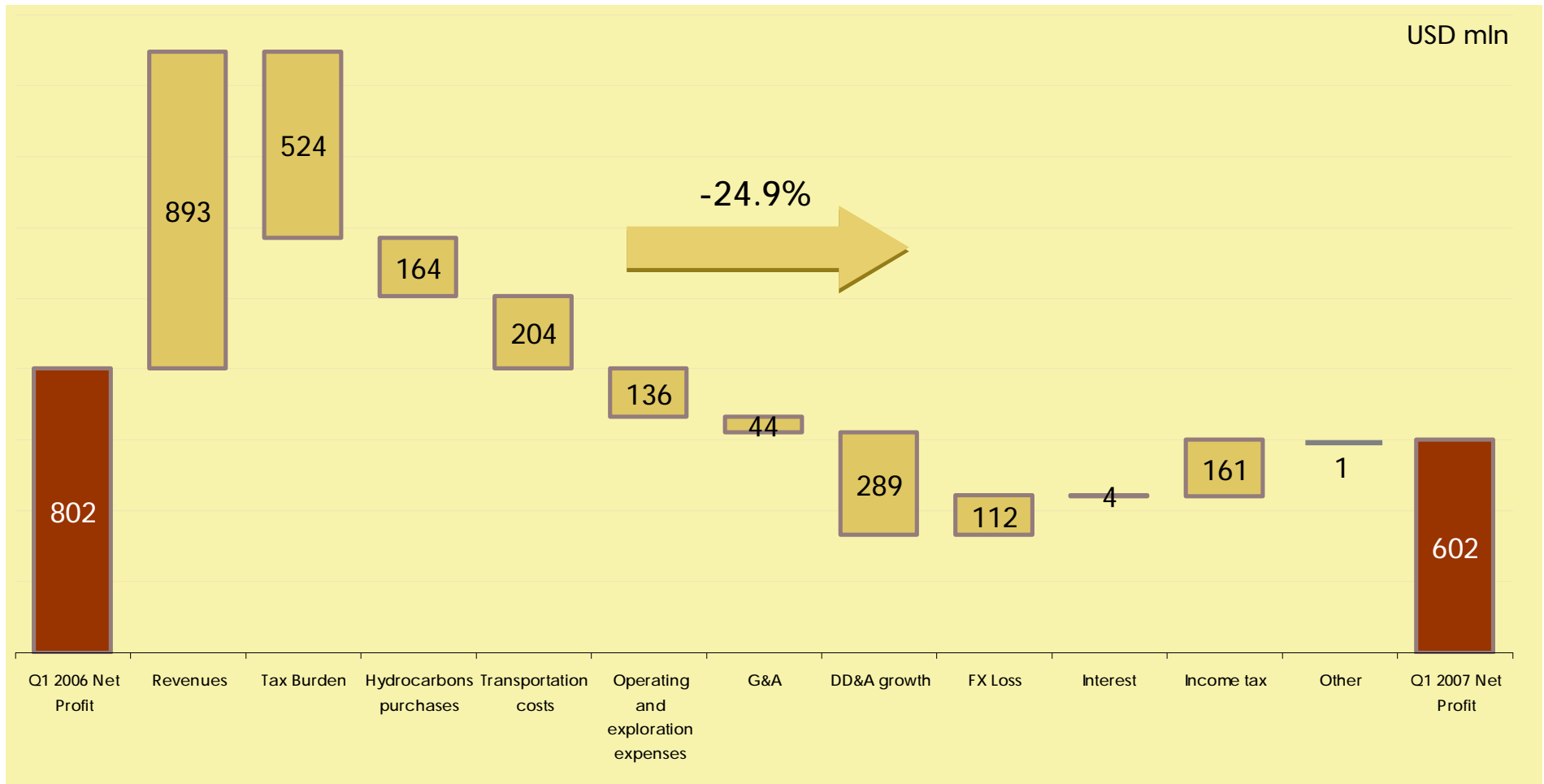
USD mln





# Net Income Reconciliation

Net income\*



\*Adjusted for accrual of fines and penalties related to pre-acquisition Yuganskneftegaz tax debt of USD 332 mln



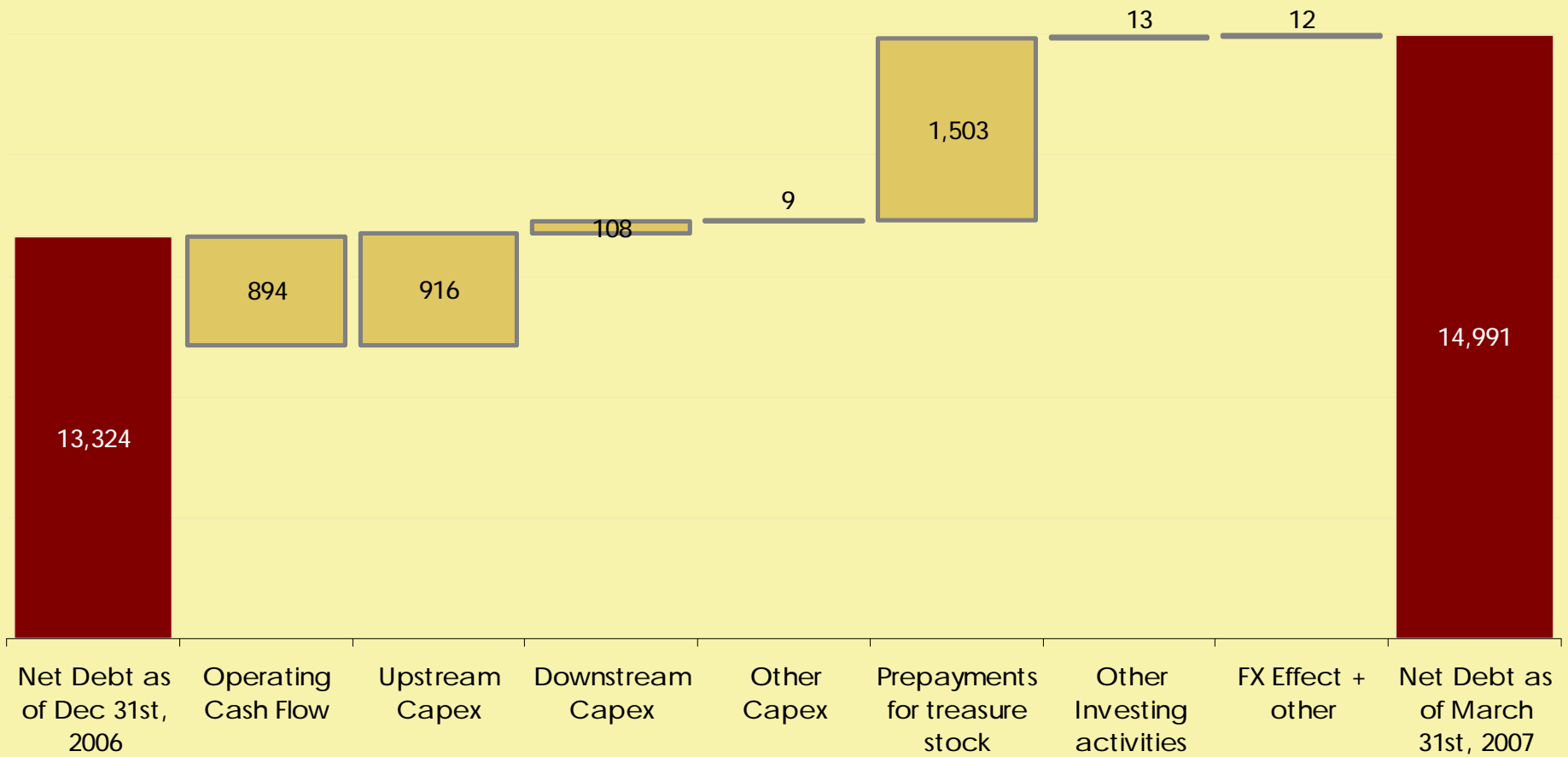
## Capital Expenditures

USD mln	1Q07	1Q06
Exploration and production	916	466
Yuganskneftegaz	457	317
Vankor	276	1
Purneftegaz	51	36
Sakhalin-1	39	-
Severnaya Neft	39	30
Other upstream	54	82
Refining and marketing	108	32
OJSC NK Rosneft	50	14
Tuapse Refinery	14	1
Komsomolsk Refinery	7	0
Marketing Retail	29	16
Other downstream	8	1
Other	9	92
<b>Total</b>	<b>1,033</b>	<b>590</b>
Acquisition of entities	8	105
Acquisition of licenses	-	258



# Net Debt Reconciliation

USD mln





# YUKOS receivables

## Key Considerations

- § Total claims now amount to RUB 278.1 bn:
  - § RUB 263.7 bn of Rosneft and Yuganskneftegaz claims
  - § RUB 14.5 bn of additional claims acquired with Samaraneftgaz, Tomskneft and other YUKOS assets
- § USD 1.3 bn were recognized under US GAAP as of March 31<sup>st</sup>, 2007
  - § USD 820 mln as accounts receivable
  - § USD 483 mln as acquired debt receivable
- § RUB 33.8 bn (USD 1,285 mln) of related income tax has been paid in Q4 '06
- § Reserve was created for the receivables resulting in RUB 19.5 bn (USD 741 mln) of 2006 income tax payment delayed until 2007
- § Resulting net advance tax payment: RUB 14.3 bn (USD 544 mln)

## 2007 Impact

- § Rosneft expects full settlement of RUB 278.1 bn in 2007
  - § 100% will be recognized in CF statement
  - § Up to RUB 176 bn will be recognized in P&L statement, net of tax
- § Tax of RUB 19.5 bn will be paid