

December 6, 2005

Introducing New Estimates for 2006-07, Selective Names Still Attractive

We have introduced new earnings estimates for the oil and gas sector due to higher oil price assumptions. The overall result is an increase in our estimates for integrated oil companies' earnings of 8-9% for 2006 and 12-14% for 2007. While the valuations of Russian oil stocks have essentially converged with those of global peers, the sector in general does not look expensive to us yet, as companies are trading at roughly the same multiples as they were a year ago. At the same time, Gazprom's valuation is becoming stretched. At present, the stock is trading at a 2006F EV/EBITDA of 7.1, making it more expensive than the global majors. Our top picks in the sector are LUKoil, TNK-BP Holding and Transneft.

- We have raised our forecast for Urals crude in 2006 from an average \$45.00/bbl to \$50.00/bbl, very similar to the \$50.50/bbl averaged YTD this year, and have significantly raised our projection for 2007, from \$33.00/bbl to \$45.00/bbl. Our long-term normalized price remains unchanged at \$33.00/bbl. The overall result is an increase in our estimates for integrated oil companies' earnings of 8-9% for 2006 and 12-14% for 2007.
- Changes in crude and fuel oil prices also affect non-CIS natural gas export prices realized by Gazprom. We have raised our estimates to \$217 per 1,000 cm for 2006 and \$205 per 1,000 cm for 2007, which has prompted increases in our projections for Gazprom's earnings (ex Sibneft) by 10% and 17%, respectively.
- In addition, we have hiked our estimate for Transneft's transportation tariffs for 2007, effectively in line with inflation, which suggests that average rates will be raised not by our original forecast of 5% but by 8%. This has boosted the company's earnings for that year by 6% to \$2.7 bln. We have also removed the 1% premium from Transneft's cost of equity, bringing it to 15.1%, compared with LUKoil's 10.1%. All told, our fair value for Transneft has increased to \$2,400 per preferred share. Transneft remains one of our best ideas in the sector. Despite expanding like a tech company over 2000-05E, with a net income CAGR of 33%, Transneft still trades on multiples that are half those of the oil sector averages.

New fair values for oil companies

	2006F net income, \$ mln			2007F net income, \$ mln			Fair value		
	Old	New	Change	Old	New	Change	Old	New	Change
Gazprom	12,828	14,133	10%	8,930	10,440	17%	5.85	6.60	13%
LUKoil	5,572	6,086	9%	4,626	5,190	12%	67.30	70.50	5%
NOVATEK	539	554	3%	612	645	5%	25.37	26.00	2%
Sibneft	3,132	3,269	4%	2,411	2,658	12%	4.25	4.35	2%
Surgutneftegaz	3,251	3,589	9%	2,851	3,191	12%	1.06	1.10	4%
Tatneft	872	936	7%	756	832	10%	3.46	3.60	4%
TNK-BP Holding	4,185	4,519	8%	3,580	4,069	14%	3.06	3.18	4%
Transneft pref	2,531	2,554	1%	2,556	2,711	6%	2,100	2,400	14%

Source: Troika Dialog estimates

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In accordance with US SEC Regulation AC, the text of the analyst certification can be found on the last page of this report.

We have introduced new earnings estimates for the oil and gas sector due to higher oil price assumptions. We have raised our forecast for Urals crude in 2006 from an average \$45.00/bbl to \$50.00/bbl, very similar to the \$50.50/bbl averaged YTD this year, and have significantly raised our projection for 2007, from \$33.00/bbl to \$45.00/bbl. Our long-term normalized price remains unchanged at \$33.00/bbl. The overall result is an increase in our estimates for integrated oil companies' earnings of 8-9% for 2006 and 12-14% for 2007.

In 10m05, refining throughput rose 7.1% y-o-y to 4.12 mln bpd, while total crude exports remained flat y-o-y as rail exports plummeted. Meanwhile, the growth in refining volumes seen over 2005 is driving up demand for crude on the domestic market, where prices are now higher than netbacks on pipeline exports (the margin was \$3.00/bbl in October). This is because refining is now more profitable than exports and companies have started chasing higher netbacks, a situation that stems partly from more favorable taxation on product sales than on oil exports and partly from unprecedentedly strong product prices in Russia and abroad. As long as it persists, domestic prices look unlikely to fall much below pipeline export netbacks.

Consequently, we have raised our domestic crude oil price forecast for 2006 from \$18.50/bbl to \$23.20/bbl, which implies parity in the domestic price and pipeline export netbacks. For our purposes, this affects primarily Tatneft and, to a lesser extent, NOVATEK, whose estimated earnings have climbed 7% and 3%, respectively.

Changes in crude and fuel oil prices also affect non-CIS natural gas export prices realized by Gazprom, whose contract prices are linked to the rate for oil products, primarily fuel oil. We expect its realized prices to spike further towards the very end of this year, to around \$225 per 1,000 cm, compared with \$179 per 1,000 cm in 2Q05. And given the strong oil price, the price of 3.5% and 1% sulfur fuel oil in Europe, which we use to model Gazprom's non-CIS export prices, looks unlikely to fall significantly below \$200/tonne next year. On this basis, Gazprom's realized prices in Europe may rise as high as \$217 per 1,000 cm in 2006 and \$205 in 2007. These new figures have prompted us to revise our projections for Gazprom's earnings (ex Sibneft) by 10% and 17%, respectively.

At the same time, the gas company's valuation is becoming stretched. Following the recent share price appreciation, Gazprom is now the fifth largest publicly traded energy company in the world, with an enterprise value of more than \$156 bln, higher than Chevron's. At present, the stock is trading at a 2006F EV/EBITDA of 7.1, making it more expensive than the global majors.

In addition, we have hiked our estimate for Transneft's transportation tariffs for 2007 in line with inflation, which suggests that average rates will increase by 8%, rather than the 5% previously modelled. This has boosted the company's earnings for that year by 6% to \$2.7 bln. We have also removed the 1% premium from Transneft's cost of equity, bringing it to 15.1%, compared with LUKoil's 10.1%. All told, our fair value for Transneft has increased to \$2,400 per preferred share.

Transneft remains one of our best ideas in the sector. We expect the company to build on the estimated 35% growth of net income to \$1.9 bln this year by reporting another 30% rise next year. And despite expanding like a tech company over 2000-05E, with a net income CAGR of 33%, Transneft still trades on multiples that are half those of the oil sector averages. As regards the low dividends, we would not consider them an issue unless the cash piling up on the balance sheet is misspent. Given the company's track record regarding the Baltic Pipeline System, there is no reason to suggest that the Eastern pipeline will be a financial failure.

LUKoil

Vital statistics

RECOMMENDATION	BUY
COMMON PRICE	\$59.48
PREFERRED PRICE	–
FAIR VALUE	\$70.50
UPSIDE	19%
MARKET CAP	\$48,862 mln
ENTERPRISE VALUE	\$51,482 mln
RTS TICKER	LKOH
ADR TICKER (LSE)	LKOD LI

Key data

	2003	2004	2005E	2006F
FINANCIALS (US GAAP), \$ mln				
Revenues	22,299	34,058	55,722	52,632
EBITDA	5,507	7,109	10,715	9,332
EBIT	4,587	6,034	9,426	8,166
Net income	3,701	4,248	6,734	6,086
EPS, \$	4.50	5.17	8.20	7.41
MARGINS				
EBITDA margin	25%	21%	19%	18%
EBIT margin	21%	18%	17%	16%
Net margin	17%	12%	12%	12%
PRICE RATIOS				
P/S	2.2	1.4	0.9	0.9
EV/EBIT	11.2	8.5	5.5	6.3
EV/EBITDA	9.3	7.2	4.8	5.5
P/E	13.2	11.5	7.3	8.0
P/CF	17.4	11.7	8.0	7.6
GROWTH				
Revenues	44%	53%	64%	–6%
EBITDA	58%	29%	51%	–13%
Net income	101%	15%	59%	–10%
SHARES ISSUED				
Common			821,563,255	
Preferred				–

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	4.2	19.5	67.6	93.9
Relative to RTS	–7.1	1.5	8.9	16.4

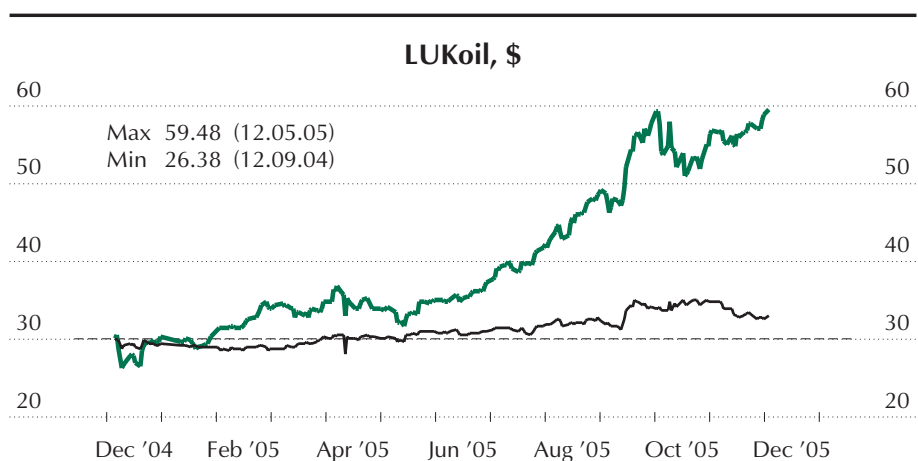
Average daily turnover

ADT, 30 days, \$ mln	383
ADT, 100 days, \$ mln	330
MCap/ADT, days	172

Income statement (US GAAP), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	34,058	55,722	52,632	44,830	39,897	40,518	41,212
Operating costs	28,024	46,296	44,466	37,922	33,707	34,164	34,647
EBIT	6,034	9,426	8,166	6,908	6,190	6,354	6,566
Depreciation	1,075	1,289	1,167	1,245	1,325	1,389	1,452
EBITDA	7,109	10,715	9,332	8,153	7,515	7,743	8,018
Net interest expenses	(120)	(185)	(62)	21	164	292	428
FX gain (loss)	135	(86)	(7)	(29)	(65)	(97)	(122)
Net other gain (loss)	21	21	21	21	21	21	21
Pre-tax income	6,070	9,176	8,117	6,922	6,309	6,570	6,893
Tax	(1,760)	(2,349)	(1,948)	(1,661)	(1,514)	(1,577)	(1,654)
Income before minority interest	4,310	6,828	6,169	5,260	4,795	4,994	5,239
Minority interest	(62)	(94)	(83)	(71)	(64)	(67)	(70)
Net income	4,248	6,734	6,086	5,190	4,731	4,926	5,168

Source: Company, Troika Dialog estimates



— Share price

Relative to RTS —

Source: Bloomberg

TNK-BP Holding

Vital statistics

RECOMMENDATION	BUY
COMMON PRICE (IMPLIED)*	\$2.41
PREFERRED PRICE (IMPLIED)*	\$2.10
FAIR VALUE	\$3.18
UPSIDE	32%
MARKET CAP	\$38,747 mln
ENTERPRISE VALUE	\$41,599 mln
RTS TICKER	-
ADR TICKER	-

Key data

	2003	2004	2005E	2006F
FINANCIALS (US GAAP), \$ mln				
Revenues	12,079	17,226	27,859	29,190
EBITDA	3,495	5,741	7,967	7,035
EBIT	2,710	4,696	6,816	5,822
Net income	2,383	3,444	5,256	4,519
EPS, \$	0.15	0.22	0.34	0.29
MARGINS				
EBITDA margin	29%	33%	29%	24%
EBIT margin	22%	27%	24%	20%
Net margin	20%	20%	19%	15%
PRICE RATIOS				
P/S	3.2	2.2	1.4	1.3
EV/EBIT	15.4	8.9	6.1	7.1
EV/EBITDA	11.9	7.2	5.2	5.9
P/E	16.3	11.3	7.4	8.6
P/CF	11.4	9.3	6.1	6.5
GROWTH				
Revenues	32%	43%	62%	5%
EBITDA	28%	64%	39%	-12%
Net income	54%	45%	53%	-14%
SHARES ISSUED**				
Common		15,645,161,290		
Preferred		483,870,967		

* based on average of share prices and announced conversion ratios of TNK-BP's subsidiaries

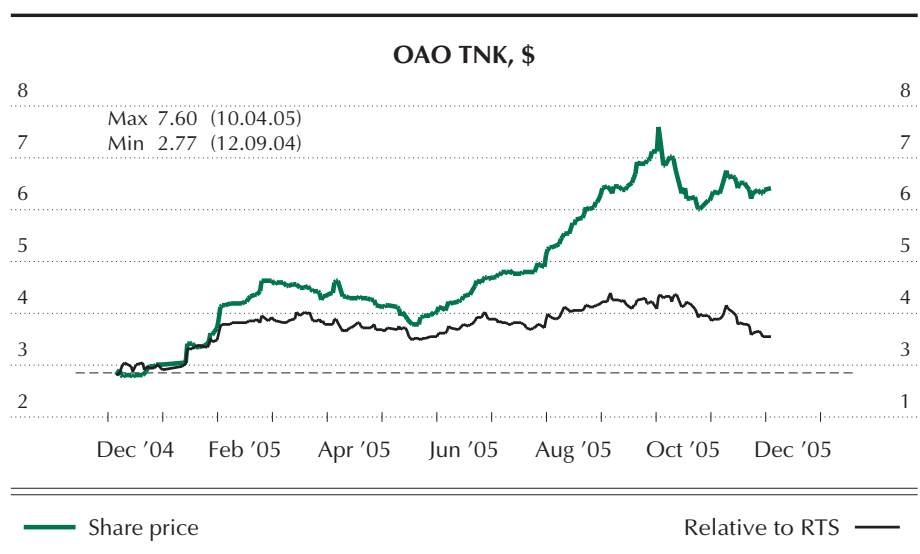
** assumes 7% dilution of the current 15 bln shares outstanding

Income statement (US GAAP), \$ mln*

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	17,226	27,859	29,190	25,073	21,904	22,721	23,368
Operating costs	12,530	21,043	23,368	19,842	17,112	17,581	17,829
EBIT	4,696	6,816	5,822	5,231	4,792	5,140	5,538
Depreciation	1,045	1,151	1,212	1,273	1,311	1,351	1,378
EBITDA	5,741	7,967	7,035	6,504	6,103	6,490	6,916
Net interest expenses	(42)	(77)	(42)	(38)	(38)	(38)	(38)
FX gain (loss)	(6)	-	-	-	-	-	-
Net other expenses	72	76	79	83	88	92	96
Pre-tax income	4,720	6,815	5,860	5,276	4,841	5,193	5,596
Tax	(1,231)	(1,559)	(1,341)	(1,207)	(1,108)	(1,188)	(1,280)
Income before minority interest	3,489	5,256	4,519	4,069	3,734	4,005	4,316
Minority interest	(45)	-	-	-	-	-	-
Net income	3,444	5,256	4,519	4,069	3,734	4,005	4,316

* adjusted from TNK-BP to TNK-BP Holding

Source: Company, Troika Dialog estimates



Source: Bloomberg

Gazprom

Vital statistics

RECOMMENDATION	HOLD
COMMON PRICE	\$6.32
PREFERRED PRICE	–
FAIR VALUE	\$6.60
UPSIDE	4%
MARKET CAP	\$143,080 mln
ENTERPRISE VALUE	\$154,596 mln
RTS TICKER	GSPBEX
ADR TICKER	OGZD LI

Key data

	2003	2004	2005E	2006F
FINANCIALS (IFRS), \$ mln				
Revenues	26,718	33,914	44,600	49,044
EBITDA	10,616	13,128	18,373	21,904
EBIT	7,369	9,299	14,126	17,419
Net income	5,184	7,141	15,395	14,133
EPS, \$	0.23	0.32	0.68	0.62
MARGINS				
EBITDA margin	40%	39%	41%	45%
EBIT margin	28%	27%	32%	36%
Net margin	19%	21%	35%	29%
PRICE RATIOS				
P/S	5.4	4.2	3.2	2.9
EV/EBIT	21.0	16.6	10.9	8.9
EV/EBITDA	14.6	11.8	8.4	7.1
P/E	27.6	20.0	9.3	10.1
P/CF	30.9	27.6	11.9	8.8
GROWTH				
Revenues	39%	27%	32%	10%
EBITDA	57%	24%	40%	19%
Net income	782%	38%	116%	–8%
SHARES ISSUED				
Common		22,646,024,512		
Preferred				–

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	25.1	57.2	123.4	120.5
Relative to RTS	13.8	39.2	64.7	43.0

Average daily turnover

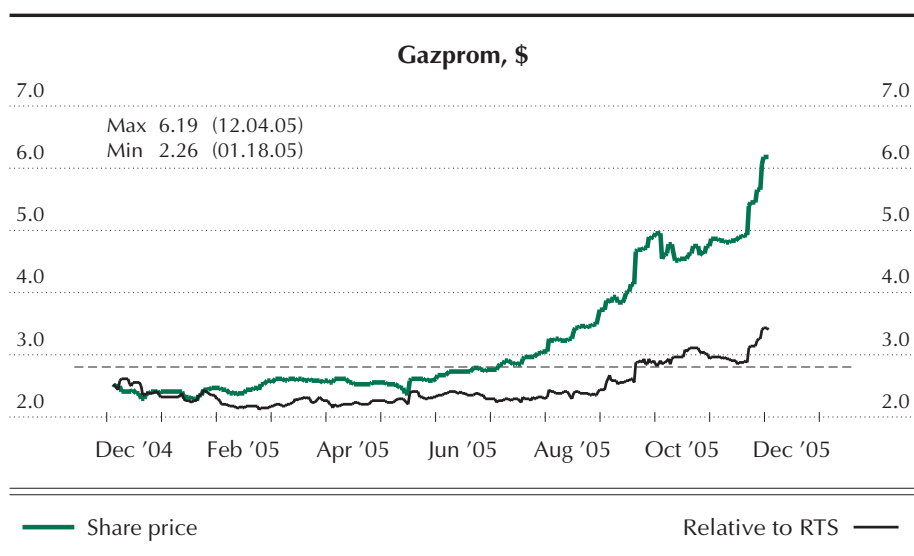
ADT, 30 days, \$ mln	167
ADT, 100 days, \$ mln	176
MCap/ADT, days	855

Income statement (IFRS), \$ mln*

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	33,914	44,600	49,044	49,211	49,106	49,422	51,046
Operating costs	24,615	30,473	31,625	36,547	35,933	36,878	37,341
EBIT	9,299	14,126	17,419	12,664	13,172	12,545	13,705
Depreciation	3,828	4,247	4,485	4,659	4,812	4,953	5,082
EBITDA	13,128	18,373	21,904	17,323	17,984	17,497	18,787
Net interest expenses	(332)	(964)	61	641	1,033	1,432	1,845
FX gain (loss)	530	(327)	7	17	37	40	43
Net other expenses	498	8,139	1,305	561	624	671	688
Pre-tax income	9,995	20,975	18,793	13,883	14,866	14,688	16,280
Tax	(2,774)	(5,413)	(4,510)	(3,332)	(3,568)	(3,525)	(3,907)
Income before minority interest	7,221	15,562	14,283	10,551	11,298	11,163	12,373
Minority interest	(80)	(167)	(150)	(111)	(118)	(117)	(130)
Net income	7,141	15,395	14,133	10,440	11,180	11,046	12,243

* ex Sibneft

Source: Company, Troika Dialog estimates



Source: Bloomberg

Sibneft

Vital statistics

RECOMMENDATION	HOLD
COMMON PRICE	\$3.69
PREFERRED PRICE	–
FAIR VALUE	\$4.35
UPSIDE	18%
MARKET CAP	\$17,472 mln
ENTERPRISE VALUE	\$17,780 mln
RTS TICKER	SIBN
ADR TICKER	SIF LI

Key data

	2003	2004	2005E	2006F
FINANCIALS (US GAAP), \$ mln				
Revenues	6,716	8,887	13,594	14,663
EBITDA	2,338	3,241	4,618	4,363
EBIT	1,845	2,639	3,957	3,693
Net income	2,279	2,045	3,466	3,269
EPS, \$	0.48	0.43	0.73	0.69
MARGINS				
EBITDA margin	35%	36%	34%	30%
EBIT margin	27%	30%	29%	25%
Net margin	34%	23%	25%	22%
PRICE RATIOS				
P/S	2.6	2.0	1.3	1.2
EV/EBIT	9.6	6.7	4.5	4.8
EV/EBITDA	7.6	5.5	3.9	4.1
P/E	7.7	8.5	5.0	5.3
P/CF	6.5	7.3	3.2	4.3
GROWTH				
Revenues	41%	32%	53%	8%
EBITDA	30%	39%	42%	-6%
Net income	96%	-10%	69%	-6%
SHARES ISSUED				
Common		4,741,299,639		
Preferred				–

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	3.2	4.1	19.9	31.3
Relative to RTS	-8.1	-13.8	-38.8	-46.2

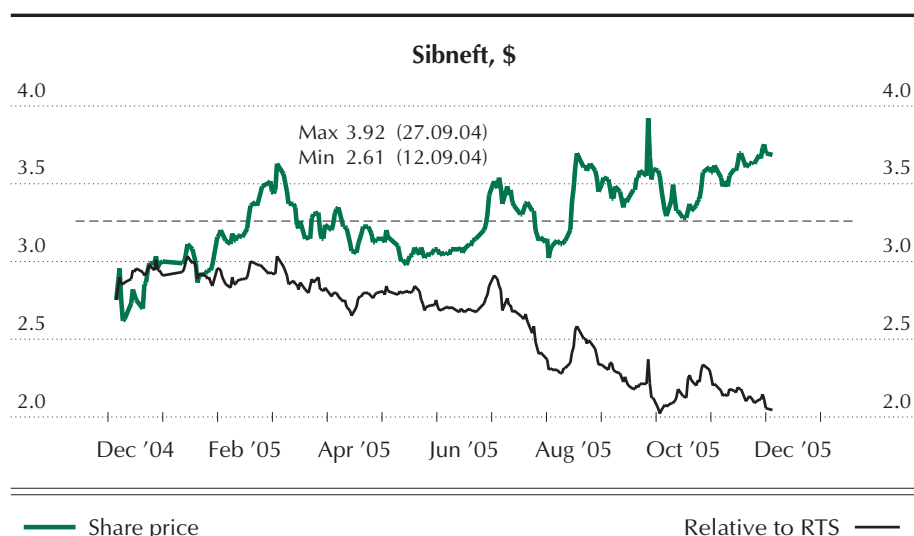
Average daily turnover

ADT, 30 days, \$ mln	7
ADT, 100 days, \$ mln	12
MCap/ADT, days	2,657

Income statement (US GAAP), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	8,887	13,594	14,663	12,330	10,752	10,991	11,240
Operating costs	6,248	9,638	10,970	9,345	8,460	8,670	8,879
EBIT	2,639	3,957	3,693	2,985	2,292	2,321	2,361
Depreciation	603	661	670	663	650	646	647
EBITDA	3,241	4,618	4,363	3,648	2,942	2,967	3,009
Net interest expenses	(106)	(93)	(67)	(27)	10	39	62
FX gain (loss)	8	(28)	4	9	4	5	4
Net other expenses	379	724	672	531	393	399	407
Pre-tax income	2,920	4,560	4,301	3,498	2,699	2,764	2,834
Tax	(875)	(1,094)	(1,032)	(839)	(648)	(663)	(680)
Income before minority interest	2,045	3,466	3,269	2,658	2,052	2,101	2,154
Net income	2,045	3,466	3,269	2,658	2,052	2,101	2,154

Source: Company, Troika Dialog estimates



Source: Bloomberg

Surgutneftegaz

Vital statistics

RECOMMENDATION	HOLD
COMMON PRICE	\$1.08
PREFERRED PRICE	\$0.87
FAIR VALUE	\$1.10
UPSIDE	2%
MARKET CAP	\$26,281 mln
ENTERPRISE VALUE	\$23,832 mln
RTS TICKER	SNGS/SNGSP
ADR TICKER	SGGD LI

Key data

	2003	2004	2005E	2006F
FINANCIALS (US GAAP), \$ mln				
Revenues	7,254	10,459	14,101	13,647
EBITDA	2,883	4,489	5,734	4,961
EBIT	2,261	3,805	5,001	4,199
Net income	1,828	3,092	4,055	3,589
EPS, \$	0.07	0.12	0.16	0.14
MARGINS				
EBITDA margin	40%	43%	41%	36%
EBIT margin	31%	36%	35%	31%
Net margin	25%	30%	29%	26%
PRICE RATIOS				
P/S	3.6	2.5	1.9	1.9
EV/EBIT	10.5	6.3	4.8	5.7
EV/EBITDA	8.3	5.3	4.2	4.8
P/E	14.4	8.5	6.5	7.3
P/CF	9.8	6.8	5.0	5.6
GROWTH				
Revenues	10%	44%	35%	-3%
EBITDA	-1%	56%	28%	-13%
Net income	-2%	69%	31%	-11%
SHARES ISSUED				
Common		18,145,994,705		
Preferred		7,701,998,235		

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	8.4	9.7	54.9	53.1
Relative to RTS	-2.9	-8.3	-3.8	-24.4

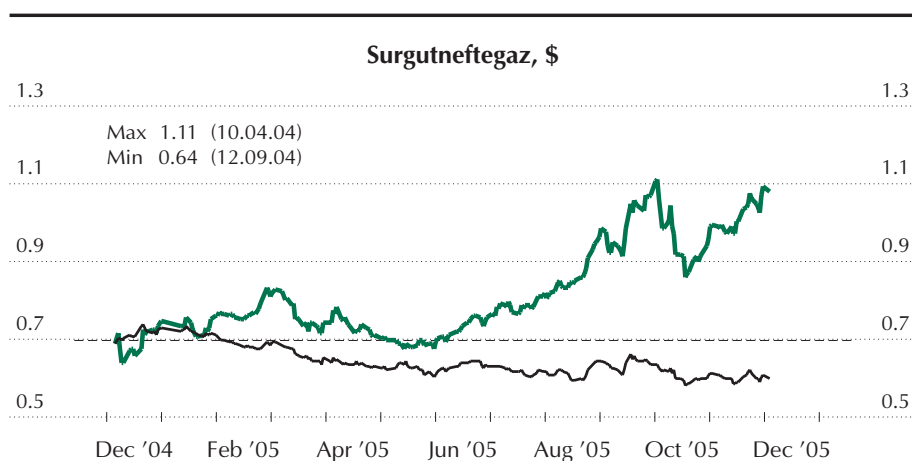
Average daily turnover

ADT, 30 days, \$ mln	59
ADT, 100 days, \$ mln	75
MCap/ADT, days	330

Income statement (US GAAP), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	10,459	14,101	13,647	12,207	11,295	11,643	11,767
Operating costs	6,654	9,101	9,448	8,660	8,094	8,272	8,325
EBIT	3,805	5,001	4,199	3,547	3,201	3,370	3,441
Depreciation	684	734	763	785	809	833	842
EBITDA	4,489	5,734	4,961	4,332	4,010	4,203	4,284
Net interest expenses	257	372	552	702	834	954	1,078
FX gain (loss)	26	(17)	(8)	(30)	(41)	(51)	(59)
Net other expenses	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Pre-tax income	4,068	5,335	4,722	4,199	3,974	4,253	4,440
Tax	(976)	(1,280)	(1,133)	(1,008)	(954)	(1,021)	(1,066)
Income before minority interest	3,092	4,055	3,589	3,191	3,020	3,232	3,375
Net income	3,092	4,055	3,589	3,191	3,020	3,232	3,375

Source: Company, Troika Dialog estimates



— Share price

— Relative to RTS

Source: Bloomberg

Tatneft

Vital statistics

RECOMMENDATION	HOLD
COMMON PRICE	\$3.46
PREFERRED PRICE	\$2.14
FAIR VALUE	\$3.60
UPSIDE	4%
MARKET CAP	\$7,242 mln
ENTERPRISE VALUE	\$8,002 mln
RTS TICKER	TATN/TATNP
ADR TICKER	-

Key data

	2003	2004	2005E	2006F
FINANCIALS (US GAAP), \$ mln				
Revenues	5,079	7,357	10,013	10,264
EBITDA	756	1,283	1,516	1,429
EBIT	468	997	1,262	1,176
Net income	485	757	969	936
EPS, \$	0.23	0.35	0.45	0.43
MARGINS				
EBITDA margin	15%	17%	15%	14%
EBIT margin	9%	14%	13%	11%
Net margin	10%	10%	10%	9%
PRICE RATIOS				
P/S	1.4	1.0	0.7	0.7
EV/EBIT	17.1	8.0	6.3	6.8
EV/EBITDA	10.6	6.2	5.3	5.6
P/E	14.9	9.6	7.5	7.7
P/CF	12.3	4.9	5.8	6.4
GROWTH				
Revenues	9%	45%	36%	3%
EBITDA	-6%	70%	18%	-6%
Net income	13%	56%	28%	-3%
SHARES ISSUED				
Common		18,145,994,705		
Preferred		7,701,998,235		

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	5.7	34.2	97.8	152.6
Relative to RTS	-5.6	16.2	39.1	75.1

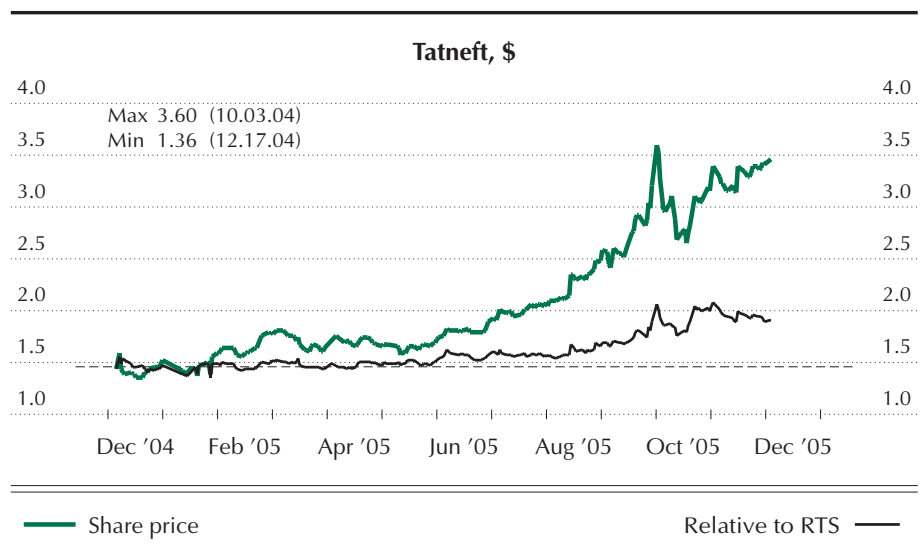
Average daily turnover

ADT, 30 days, \$ mln	12
ADT, 100 days, \$ mln	14
MCap/ADT, days	590

Income statement (US GAAP), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	7,357	10,013	10,264	8,883	7,691	7,730	7,772
Operating costs	6,359	8,751	9,088	7,850	6,761	6,810	6,857
EBIT	997	1,262	1,176	1,034	930	921	915
Depreciation	286	254	253	252	250	249	248
EBITDA	1,283	1,516	1,429	1,285	1,180	1,170	1,163
Net interest expenses	(17)	14	44	73	98	123	148
FX gain (loss)	0	(20)	(9)	(35)	(45)	(55)	(63)
Net other expenses	10	12	14	16	19	22	25
Pre-tax income	990	1,268	1,224	1,088	1,002	1,010	1,025
Tax	(238)	(304)	(294)	(261)	(240)	(242)	(246)
Income before minority interest	752	963	931	827	761	768	779
Minority interest	4	5	5	5	4	4	4
Net income	757	969	936	832	766	772	784

Source: Company, Troika Dialog estimates



Source: Bloomberg

NOVATEK

Vital statistics

RECOMMENDATION	HOLD
COMMON PRICE	\$22.54
PREFERRED PRICE	–
FAIR VALUE	\$26.00
UPSIDE	15%
MARKET CAP	\$6,844 mln
ENTERPRISE VALUE	\$7,084 mln
RTS TICKER	NVTK
ADR TICKER	NVTK LI

Key data

	2003	2004	2005E	2006F
FINANCIALS (IFRS), \$ mln				
Revenues	562	875	1,526	1,958
EBITDA	150	288	797	929
EBIT	136	264	669	749
Net income	107	198	496	554
EPS, \$	35.22	65.11	163.29	182.30
MARGINS				
EBITDA margin	27%	33%	52%	47%
EBIT margin	24%	30%	44%	38%
Net margin	19%	23%	32%	28%
PRICE RATIOS				
P/S	12.2	7.8	4.5	3.5
EV/EBIT	52.1	26.8	10.6	9.5
EV/EBITDA	47.3	24.6	8.9	7.6
P/E	64.0	34.6	13.8	12.4
P/CF	43.9	29.3	21.1	15.0
GROWTH				
Revenues	234%	56%	74%	28%
EBITDA	634%	92%	177%	17%
Net income	460%	85%	151%	12%
SHARES ISSUED				
Common			3,036,306	
Preferred				–

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	0.4	2.3	71.1	–
Relative to RTS	–10.8	–15.7	12.4	–

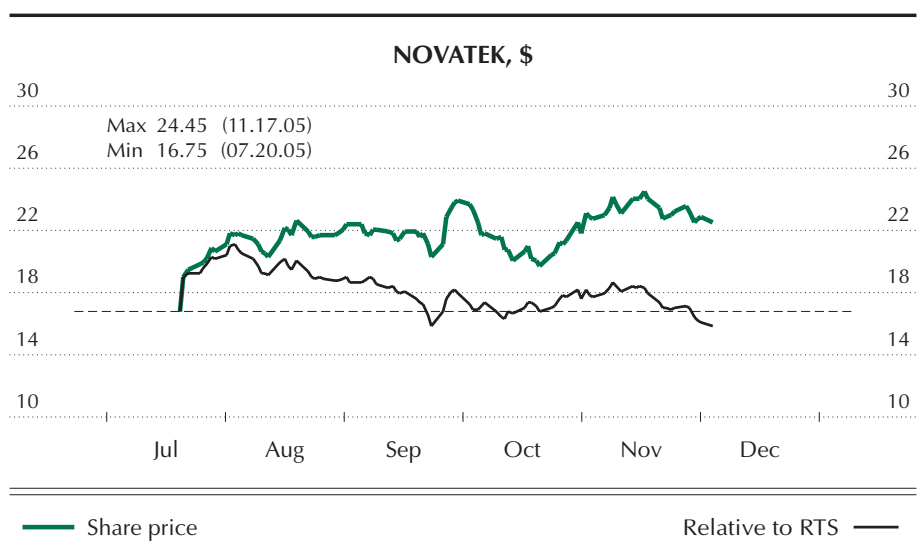
Average daily turnover

ADT, 30 days, \$ mln	4
ADT, 100 days, \$ mln	6
MCap/ADT, days	17

Income statement (IFRS), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	875	1,526	1,958	2,261	2,525	3,047	3,308
Operating costs	611	857	1,209	1,392	1,652	1,938	2,066
EBIT	264	669	749	869	873	1,109	1,242
Depreciation	24	128	180	203	226	259	262
EBITDA	288	797	929	1,072	1,100	1,369	1,504
Net interest expenses	(14)	(7)	(21)	(21)	(21)	(21)	(21)
FX gain (loss)	4	(9)	–	–	–	–	–
Net other gain (loss)	25	7	–	–	–	–	–
Pre-tax income	279	659	728	848	852	1,088	1,221
Tax	(72)	(164)	(175)	(204)	(204)	(261)	(293)
Income before minority interest	207	495	554	645	648	827	928
Minority interest	(10)	1	–	–	–	–	–
Net income	198	496	554	645	648	827	928

Source: Company, Troika Dialog estimates



Source: Bloomberg

Transneft

Vital statistics

RECOMMENDATION	BUY
COMMON PRICE	–
PREFERRED PRICE	\$1,881
FAIR VALUE	\$2,400
UPSIDE	28%
MARKET CAP	\$11,699 mln
ENTERPRISE VALUE	\$11,909 mln
RTS TICKER	TRNFP
ADR TICKER	–

Key data

	2003	2004	2005E	2006F
FINANCIALS (IFRS), \$ mln				
Revenues	3,721	5,223	6,702	7,773
EBITDA	1,977	2,678	3,424	4,281
EBIT	1,511	2,111	2,733	3,580
Net income	996	1,429	1,931	2,554
EPS, \$	160.2	229.7	310.4	410.6

MARGINS

	2003	2004	2005E	2006F
EBITDA margin	53%	51%	51%	55%
EBIT margin	41%	40%	41%	46%
Net margin	27%	27%	29%	33%

PRICE RATIOS

	2003	2004	2005E	2006F
P/S	3.1	2.2	1.7	1.5
EV/EBIT	7.9	5.6	4.4	3.3
EV/EBITDA	6.0	4.4	3.5	2.8
P/E	11.7	8.2	6.1	4.6
P/CF	10.3	5.2	4.9	3.5

GROWTH

	2003	2004	2005E	2006F
Revenues	28%	40%	28%	16%
EBITDA	23%	35%	28%	25%
Net income	20%	43%	35%	32%

SHARES ISSUED

Common	–
Preferred	6,219,502

Price performance, %

	1 mo	3 mo	6 mo	1 yr
Common	12.7	26.4	107.8	130.3
Relative to RTS	1.4	8.4	49.1	52.8

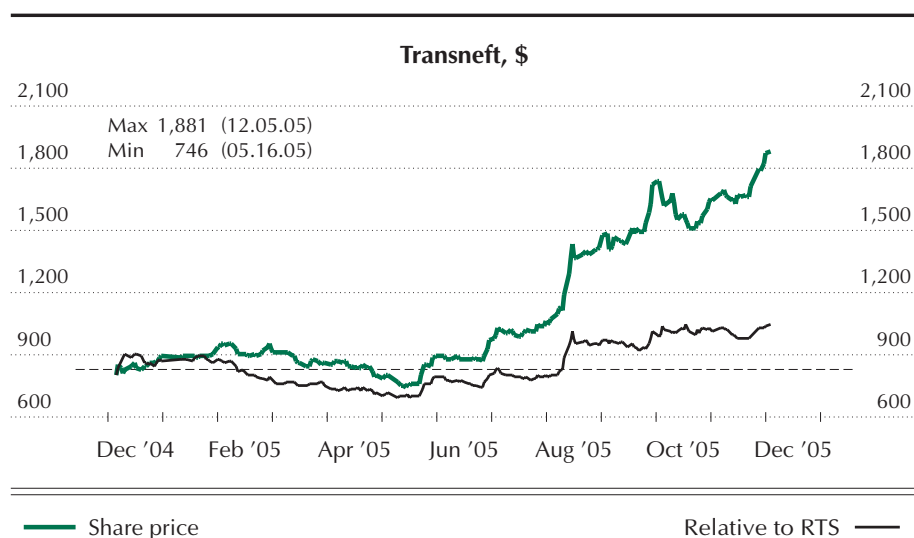
Average daily turnover

ADT, 30 days, \$ mln	5
ADT, 100 days, \$ mln	6
MCap/ADT, days	2,129

Income statement (IFRS), \$ mln

	2004	2005E	2006F	2007F	2008F	2009F	2010F
Revenues	5,223	6,702	7,773	8,513	9,466	10,029	11,126
Operating costs	3,112	3,970	4,193	4,674	5,198	5,756	6,237
EBIT	2,111	2,733	3,580	3,838	4,268	4,273	4,889
Depreciation	566	691	701	849	1,028	1,189	1,260
EBITDA	2,678	3,424	4,281	4,687	5,296	5,462	6,149
Net interest expenses	(79)	(30)	(114)	(157)	(194)	(191)	(189)
FX gain (loss)	8	(18)	(3)	(7)	3	4	(0)
Pre-tax income	2,059	2,689	3,500	3,716	4,110	4,117	4,754
Tax	(548)	(677)	(840)	(892)	(987)	(988)	(1,141)
Income before minority interest	1,511	2,012	2,660	2,824	3,124	3,129	3,613
Minority interest	(82)	(82)	(106)	(113)	(125)	(125)	(144)
Net income	1,429	1,931	2,554	2,711	2,999	3,004	3,469

Source: Company, Troika Dialog estimates



Source: Bloomberg

DISCLOSURE APPENDIX

IMPORTANT US REGULATORY DISCLOSURES

WITHIN THE LAST 12 MONTHS, AN AFFILIATE OF TROIKA DIALOG USA MANAGED OR CO-MANAGED A PUBLIC OFFERING OF THE SECURITIES OF NOVATEK.

WITHIN THE LAST 12 MONTHS, AN AFFILIATE OF TROIKA DIALOG USA HAS RECEIVED COMPENSATION FOR INVESTMENT BANKING SERVICES FROM NOVATEK.

IN THE NEXT 3 MONTHS, AN AFFILIATE OF TROIKA DIALOG USA EXPECTS TO RECEIVE OR INTENDS TO SEEK COMPENSATION FOR INVESTMENT BANKING SERVICES FROM GAZPROM, NOVATEK, SIBNEFT.

WITHIN THE LAST 12 MONTHS, AN AFFILIATE OF TROIKA DIALOG USA HAS RECEIVED COMPENSATION FOR PRODUCTS AND SERVICES OTHER THAN INVESTMENT BANKING SERVICES FROM GAZPROM.

AN AFFILIATE OF TROIKA DIALOG USA MAKES A MARKET IN THE SECURITIES OF GAZPROM, LUKOIL, NOVATEK, OAO TNK, SIBNEFT, SURGUTNEFTEGAZ, TATNEFT, TRANSNEFT.

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