



Leasing company GAZTECHLEASING Ltd



## Leasing company Gaztechleasing Ltd

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## Contents

- [Activities](#)
- [Group of companies](#)
- [Operational and financial results](#)
- [Market position](#)
- [Credit portfolio](#)
- [Leasing types](#)

### ■ *Gaztechleasing Ltd: authorized leasing company of OAO Gazprom*

In May of 2003 the Board of OAO Gazprom has approved the **Concept of Leasing development in OAO Gazprom** (Board Resolution No. 31 dated 05/22/2003). Main goals of the Concept are control improvement of purposeful use of monies and companies assets, bringing in additional financing, cost optimization by use of tax incentives. According to the decision of OAO Gazprom's Tender Committee (Minutes dated 01/26/2007) Gaztechleasing Ltd. is authorized to conclude *leasing contracts to cover the needs of OAO Gazprom's branches*

### ■ *Gaztechleasing Ltd is multifunctional leasing company*

The Company has commenced its activities in 2001 and is presently one of the leading Russian leasing companies. *Leasing portfolio* includes broad spectrum of equipment classes like buildings and facilities, sea and river vessels, railroad cars, automotive and construction vehicles, oil and gas equipment, aircrafts, electronic computer centres, technological process controls etc. *Presently about 30 000 pieces of equipment are leased.* A variety of projects are being implemented to lease equipment requiring additional work, and also projects of capital industrial facilities leasing.

### ■ *Gaztechleasing Ltd - competitive advantages*

*Company's competitive advantages* are *reliability and stability*, supported by financing of leasing operations by the leading credit institutions, leasing business *openness* and *transparency*, maximal satisfaction of customer's needs, sustainable business reputation and professional *staff*.

## Activities

Equipment leasing is the main activity of the Company. *Main Customers* are OAO Gazprom, gas transporting and gas recovering enterprises of Gazprom group, affiliate companies, where Gazprom is 100% beneficiary and also main Gazprom's contractors.

Gaztechleasing Ltd leases unique versatile set of equipment. *Leasing portfolio* includes *immovables* (buildings and facilities, sea and river vessels, aircraft) and *ready-to-use* equipment (railroad cars, automotive and construction vehicles, oil-and gas equipment, avionics, toolroom machinery, office equipment, monitoring controls etc.). Presently a variety of projects are being implemented to lease *equipment requiring additional work* (modular boiler-houses, modular diesel power stations, modular buildings, various support systems like air-conditioning, video surveillance and access control, fire extinguishing and alarm, continuous power supply, other equipment complexes, including modular facilities) and also projects of *capital industrial facilities leasing* (compressed natural gas refueling stations, newly built buildings and facilities). About *30 000 pieces of equipment* are presently leased. Main scope of the deals in the Company's leasing portfolio is formed by medium-term leases between 3 and 5 years.

Gaztechleasing Ltd is a member of National leasing Association Rosleasing.

## Group of Companies

*The sole principal of Gaztechleasing Ltd is Stroygazconsulting Ltd*, construction holding implementing various projects of gas condensate field development, main pipeline construction and overhaul, highway construction, erection of infrastructural and social facilities in various regions of the country. Main Customers of *Stroygazconsulting Ltd* are OAO Gazprom, Rosavtodor, OAO Lukoil, OAO AK Transneft, Nord Steam AG. Gaztechleasing Ltd takes part in these projects by leasing equipment and machinery of the world's best manufacturers to *Stroygazconsulting Ltd*.

**LeasingStroyInvest Ltd** is Gaztechleasing Ltd subsidiary, that implements the Functions of the developer for capital facilities for subsequent sale to Gaztechleasing Ltd and leasing to Gazprom's branches and affiliates and other lessees.

**Gaztechleasing-Ukraine Ltd** was founded on 09/28/2010 for project implementation in Ukraine.

**Gaztechleasing-Trans Ltd** was founded on 10/04/2010 for leased equipment transportation and delivery.

## Gaztechleasing, LTD

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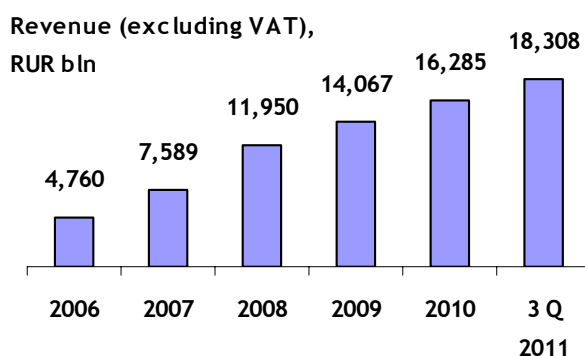
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## Operational and financial results

### High rates of operational growth

Every year Company exhibits positive annual dynamics of earnings from main activity. Annual report for 2009 in accordance with Russian accounting system RSBU the proceeds totaled 14.067 billion roubles without VAT, which is 18% higher, than in 2008 (11.95 billion roubles). Earnings in 2010 without VAT totaled 16.285 billion roubles, which is 15.77% higher than in 2009. Earnings for 9 months in 2011 without VAT totaled 18.308 billion roubles, which is 60% higher than for 9 months in 2010 (11.455 billion roubles).



### Key performance indicators of Gaztechleasing Ltd, without VAT, million roubles

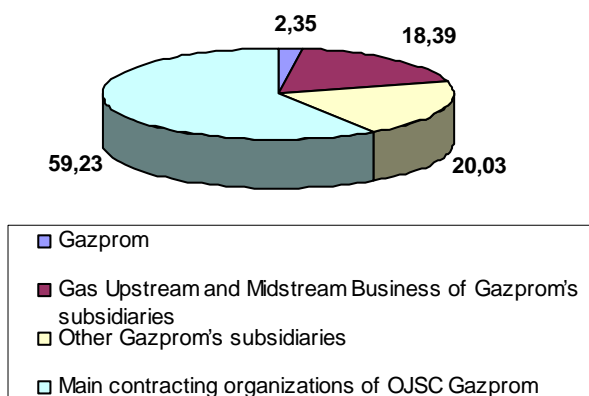
Показатели на отчетную дату	12/31/2009	12/31/2010	On 09/30/2011
Leasing portfolio	23.833,00	38.268,52	65.787,27
Total cost of current leasing contracts	50.763,06	67.408,83	100.284,57
New business volume	In 2009: 11.167,15	In 2010: 31.268,62	For 9 months in 2011: 45.465,87
Amount of leasing payments received	In 2009: 13.200,25	In 2010: 16.307,43	For 9 months in 2011: 17.591,92

Source: Company's data

**Leasing portfolio**

Leasing portfolio of the Company as at the end of 2010 totaled 45.157 billion roubles incl. VAT. Main scope of the deals in the leasing portfolio is formed by medium term deal between 3 and 5 years. After the expiration of leasing term the equipment becomes the property of the lessee. For 10/01/2011 leasing portfolio of the Company totaled 77.63 billion roubles incl. VAT.

**Leasing portfolio structure of  
GAZTECHLEASING LTD.  
by types of lessees as of 01.10.2011, %**



## Financial results of Gaztechleasing Ltd in accordance with RSBU and GAAP

Financial results of Gaztechleasing Ltd are being prepared both in accordance with RSBU and GAAP (since 2004 GAAP account is audited by BDO, leading national auditing and consultant group since 2006. RSBU audition is performed since 2007 by MRD auditing company.

### RSBU report

Last reporting date is [09/30/2011](#)

Last audition date is [03/31/2010](#) (report audit for [2010](#))

### Gaztechleasing Ltd account balance, billion roubles

Balance line	as for 12/31/2009	as for 12/31/2010	as for 09/30/2011
Non-current assets	18,621	33,582	56,716
Current assets	3,437	9,192	11,546
<b>Total assets</b>	<b>22,058</b>	<b>42,774</b>	<b>68,262</b>
Capital and reserves, incl.:	2,079	2,460	2,796
Statutory and additional capital	1,531	2,030	2,400
Not distributed profit	0,548	0,430	0,396
Long-term obligations	15,612	33,272	53,077
Short-term obligations	4,367	7,042	12,389
<b>Total liabilities</b>	<b>22,058</b>	<b>42,774</b>	<b>68,262</b>

Activities results in accordance with RSBU, million roubles

Indicator	2009	2010	For 9 months 2011
Net wealth as at the end of the reporting period	2.079	2.460	2.460
Sales proceedings, without VAT	14.067	16.285	16.285
Clear profit	518	381	381

Source: audited RSBU report

GAAP report

Last reporting date: [12/31/2010](#)

Last audition date: [05/18/2010](#) (report audit for [2010](#))

Main financial results of Gaztechleasing Ltd in accordance with GAAP, million roubles

Indicator	2006	2007	2008	2009	2010
Financial income from leasing	1.343	2.324	3.344	3.434	4.484
Clear profit	209	499	515	373	496
Clear leasing investment	6.363	11.353	18.724	17.031	28.351
Total assets	9.660	18.712	23.410	20.263	40.589
Net Assets Attributable to the Company's Participants	478	941	1.351	1.724	2.226

Source: audited GAAP report

## Market position

Up to 2008 *Russian leasing market* was rapidly growing and left behind virtually all main financial sectors. Total volume of new leasing business has shown annual growth of 50-80% annually. In 2007 increase of new business has hit a record high of 149,6%. In 2008 instability of financial markets had its negative effect upon the leasing activities: new business has shrunk by 27,8% to 720 billion roubles (as compared to 997.5 billion roubles in 2007). At the end of 2009 the volume of new leasing deals in the Russian leasing market has fallen another 56.2% to 315 billion roubles. Simultaneously to the end of the year a trend for market recovery has started to show. 41% of new leasing contracts were concluded in the 4th quarter 2009.

The results of 2010 have shown the pre-crisis dynamics of new business volume. Growth rate was comparable to 2007. The volume of new contracts in 2010 grew 2,3 times as compared to 2009 to 725 billion roubles. Total leasing portfolio of leasing companies increased by 23% to 1 108 billion roubles.

Source: RA Expert Agency

### Leasing market development indicators

Indicator	2007	2008	2009	2010
<b>New business volume</b>	<b>997,5</b>	<b>720</b>	<b>315</b>	<b>725</b>
Growth rate, %	149,6	-27,8	<b>-56,2</b>	<b>130,2</b>
<b>Total leasing portfolio of leasing companies, billion roubles</b>	<b>1.202</b>	<b>1.390</b>	<b>960</b>	<b>1.180</b>
Growth rate, %	126,8	15,6	<b>-31</b>	<b>23</b>

Source: RA Expert rating Agency

In spite of competition intensification in the Russian leasing branch from the affiliates of the largest banking groups (VTB Leasing, Sberbank-Leasing, VEB Leasing) Gaztechleasing Ltd kept its market position in the end of 2010 from the standpoint of new business volume, leasing payments received and from the standpoint of leasing portfolio.

According to the study of RA Expert agency in 2010 Company had the *6-th largest leasing portfolio*, was the *4-th by the new business volume and the 3-rd by payments received*.

In the first half year 2011 Company had the *4-th largest leasing portfolio*, was the *5-th by the new business volume and the 3-rd by payments received*.

For 9 months 2011 Company had the *4-th largest leasing portfolio*, was the *4-th by the new business volume and the 4-rd by payments received*.

## Credit portfolio

- Credit financing is the main source for the development of Company's operations. At the end of 3 quarter 2011 Company's debt totaled 59.925 billion roubles (as compared to 25.576 billion roubles at the end of 3 quarter 2010).
- Main partner banks of the company are Sberbank, AB Rossiya, TransCreditbank, Bank of Moscow, Sobinbank, Gazprombank. The Company's largest creditors at 10/01/2011 are Sberbank (44.49% of credit portfolio), AB Rossiya (16.54% of credit portfolio), TransCreditbank (13.01% of credit portfolio), Bank of Moscow (11.91% of credit portfolio). As at 10/01/2011 the terms of credit obligations of the credit portfolio corresponded to the leasing portfolio of the company.

## Leasing types

Gaztechleasing Ltd leases all types of equipment both **ready-to-use** and **requiring additional work, immovables**. **Investment leasing** schemes are being implemented and also **leasing for capital construction projects**.

### ■ Leasing of ready-to-operate equipment (ROE)

**Here is the ready-to-operate equipment:** automotive vehicles and road construction machinery, rolling stocks and other railway system service equipment, oil-and-gas equipment, drilling and exploration equipment, avionics equipment, industrial machinery, office hardware and computer systems, process control tools, laboratory and office furniture and any property related to fixed assets.

### ROE scheme features

- The Lessor purchases and leases **an asset (leased asset), which is ready to operate**.
- The Scheme is supposed to **exclude** any additional works in regard to the leased asset.
- The ROE leaseback scheme differs from the traditional one by the fact that the Lessee assumes Supplier's function.

### ■ Leasing of equipment requiring assembly (ERA)

**ERA types:** block-module boiler houses, module-built diesel power plants, module-type pre-fabricated buildings, various systems: conditioning, video surveillance and access control, fire suppression and alarm, uninterruptable power supply and other equipment complexes including the module-built ones.

### ERA scheme features

- Under this Scheme, the Lessor purchases **equipment requiring execution of additional works to put it to the ready-to-operate condition**.
- Such equipment is considered to include any equipment commissioned upon **assembly** of its **components, basement or support mounting**. Instrumentation and other devices that are mounted together with the installed equipment are included in ERA as such.
- Equipment assembly requires **consumables**, which are excluded from the primary equipment content, but included in the cost of additional works.
- **Additional works** are performed by **Contractor's efforts** under a Contractor Agreement between the Lessor and the Contractor. The Lessee receives the ready-to-operate asset upon completion of these works. Leasing payments will include additional work cost.

#### ■ Leasing of assets to be commissioned (ATC)

**Leasing of assets to be commissioned in future** is Gaztechleasing's know-how. This scheme was introduced to allow implementation of "2007-2015 Special-Purpose Comprehensive Development Program of Gas-Filling Network and Natural Gas-Powered Machinery Fleet", adopted in March 2007 by OAO Gazprom's Board Chairman A. B. Miller, and under which 200 facilities are to be commissioned by 2015. This scheme applies to a broad category of other facilities: manufacturing buildings, warehouses and office buildings, industrial facilities, compressor stations, gas compressor units, gas-generators, electric generators, gas transmission infrastructure facilities, low and medium pressure network and other facilities and property.

The model suggests development of ready-to-lease ("turnkey") manufacturing and infrastructure facilities including production capacities and immovable property with an **extended investment duration** or their modernization within the investment project frames.

#### Scheme features

- The Lessor transfers **immovable assets under construction** (under modernization) to the Lessee based on the Lessee's application and outsources engineering companies/contractors/construction companies/regulatory authorities.
- Project comprises **an investment stage** (design and exploration work, equipment supply, construction or modernization, assembling and pre-commissioning) and **the leasing period** (as a part of **the operation stage**).
- To create a leasing asset at the **investment stage**, the parties enter into a **provisional leasing agreement**. **The principal leasing agreement** will be made to cover **the leasing period**.
- As per the effective legislation of RF, the Lessor undertakes to purchase an asset selected by the Lessee from the vendor under **a sales and purchase agreement**. For this purpose, the project will also involve Construction Customer to ensure construction of a facility; Design Engineer; General Contractor; Subcontractors. The Customer will repurchase the assets requiring modernization from the Owner at the initial phase of the project. **The initial asset value** is booked on the Customer's balance.
- The Lessee initiates a technical supervision over the whole project implementation, if necessary.
- **The leasing payments** will include the asset value, modernization and other costs.

#### ■ Leasing of immovables (IMM)

#### Scheme features

- The standard scheme allows leasing **ready-to-operate immovables**.
- Leasing of immovables to be commissioned.