



**Gazprom Neft 2007  
Operating and  
Financial Results**

**June 2008**

# 2007 Operating Highlights

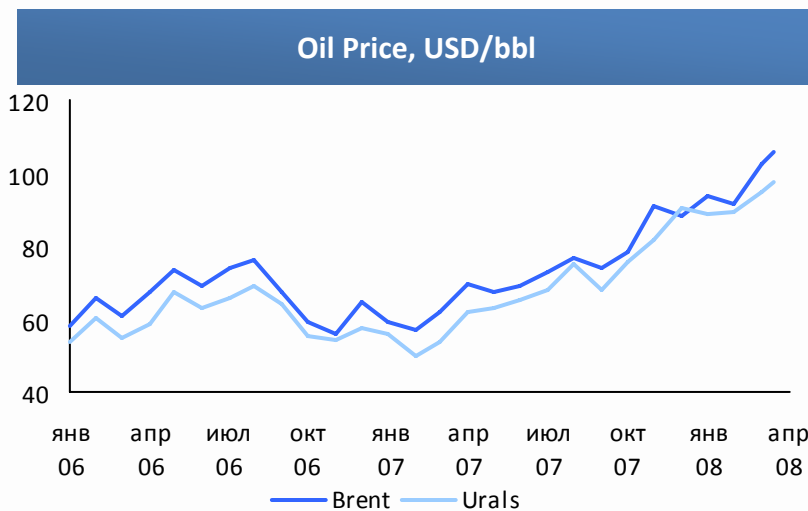


- **Gazprom Neft crude production was 32.7 MMTonn in 2007 unchanged from 2006**
  - The company's production including the Slavneft share amounted to 43.2 MMTonn in 2007
  
- **Refining throughput was 26.2 MMTonn in 2007 vs. 24.4 MMTonn in 2006**
  - ↑ 7% Y-o-Y
  
- **EBITDA was USD 5,828 mln in 2007 vs. USD 5,169 mln in 2006**
  - ↑ 13% Y-o-Y
  
- **Net Income was USD 4,143 mln in 2007 vs. USD 3,661 mln in 2006**
  - ↑ 13% Y-o-Y
  
- **Net Cash provided by operating activities was USD 5,271 mln in 2007 vs. USD 3,301 mln in 2006**
  - ↑ 60% Y-o-Y

# Market Conditions

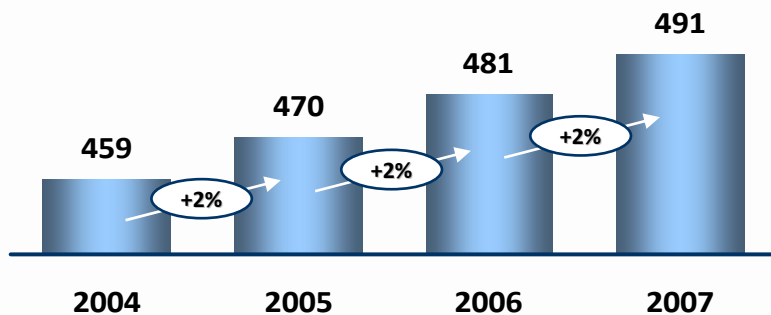


- For 2007, dated Brent averaged \$72.5/bbl, which is 11% Y-o-Y higher than 2006 level.
- Average Urals price increased by 13% Y-o-Y to \$68.7/bbl.
- Real RUB appreciation vs. USD was 15% in 2007
- PPI inflation in Russia was 25%, prices for gasoline and diesel increased by 26% and 31% y-o-y, respectively.

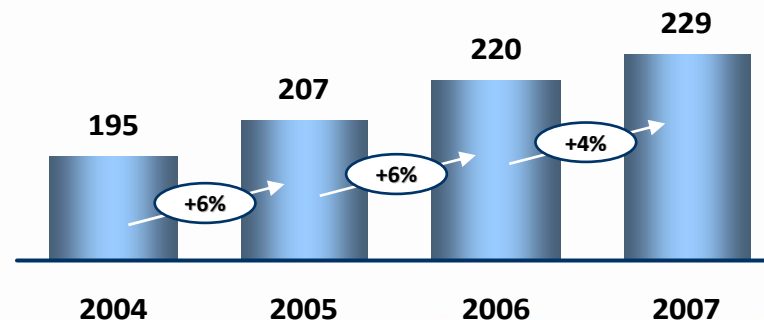


Source: Bloomberg – Europe Brent Dated, Urals MED

Oil Production in Russia, MMTonn



Refining Throughput in Russia, MMTonn

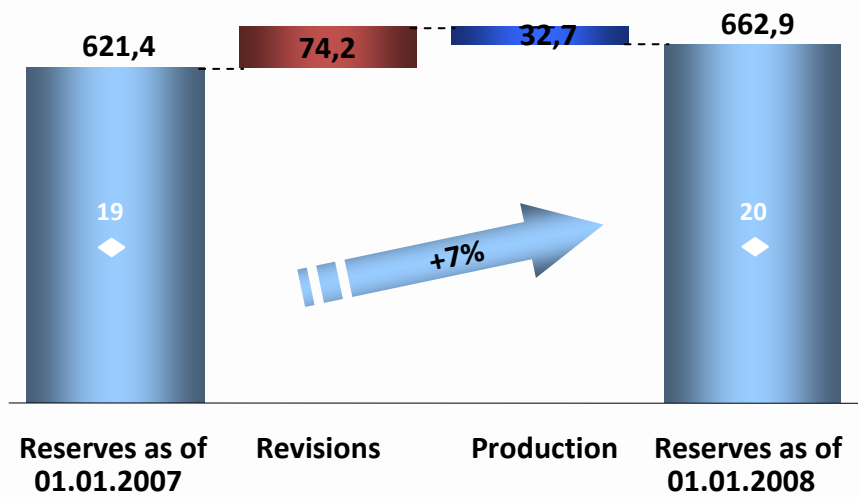


Source: INFOTEK – Oil production & throughput in Russia; MEDTRF – Inflation, RUB appreciation and products prices

# Reserves

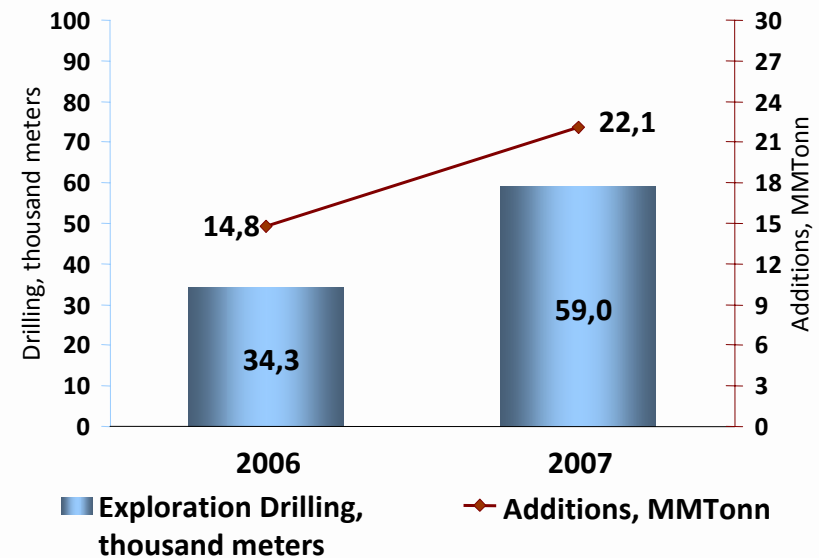


## Proved Reserves, MMTonn; ♦R/P Ratio, years



- Proved Reserves grew by 42 MMTonn (↑7%)
  - 17.6 MMTonn as a result of 2006-2007 Acquisitions:
    - Uzhno-toraveiskoye – 11.477 MMTonn
    - Vakunaiskoye – 0.5 MMTonn
    - Ravninnoye – 5.5 MMTonn

## Exploration



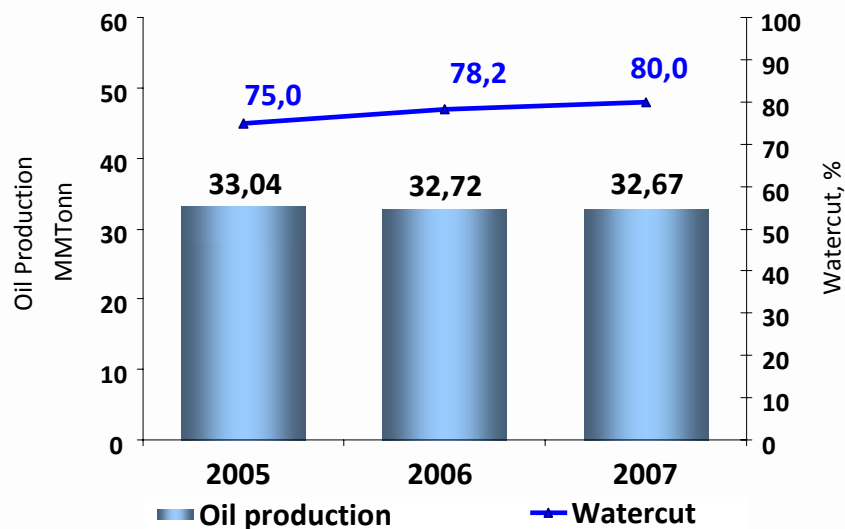
- Exploration Drilling for 2007 was 59 thousand meters (↑72%)
- Resulting Reserves Additions in 2007 were 22.1 MMTonn (↑49%)
- 2 new fields discovered:
  - Vorgenskoye – 4.3 MMTonn (C1+C2)
  - Uzhno-karasevskoye – 5.9 MMTonn (C1+C2)
- 18 new oil reservoirs – 11.6 MMTonn (C1+C2)

Source: Company data

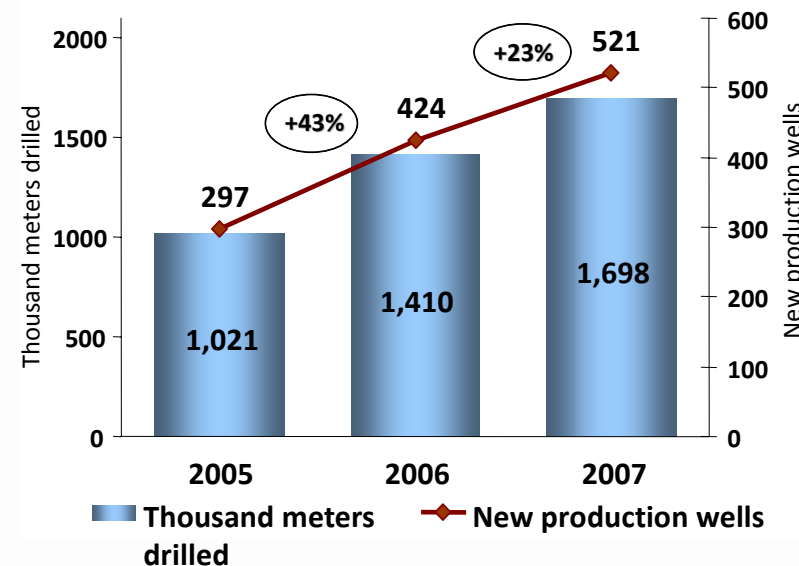
# Oil Production



## Production



## Production Drilling



- Oil production was flat in 2007
- Priobskoye field is a leader in terms of organic production growth (↑ 48%)
- Oil production growth is expected due to:
  - Start of developing left bank part of Priobskoye field
  - Purchase of new oil assets in Eastern Siberia, NAO and other regions
  - Purchase of 50% of Tomskneft

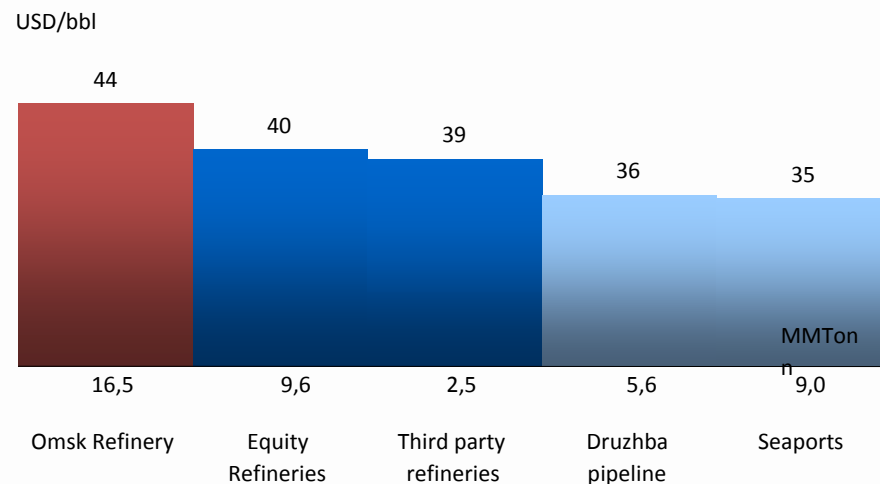
- Production drilling for 2007 was 1 698 thousand meters (↑20%)
- The average amount of active wells for 2007 was 4 809 (↑ 12%)
- New production wells launched in 2007 – 521 (↑23%)
  - 31 with horizontal ending
- 239 Hydraulic fracturings
- 19 Sidetracks

Source: Company data

# Efficiency maximization

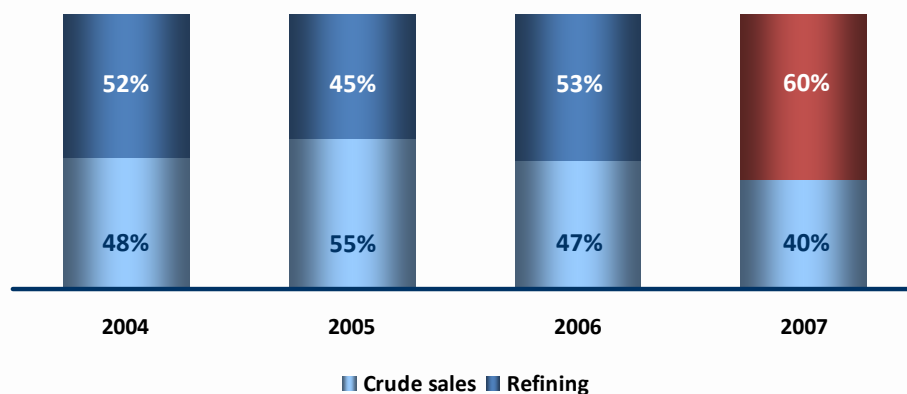


## Netback

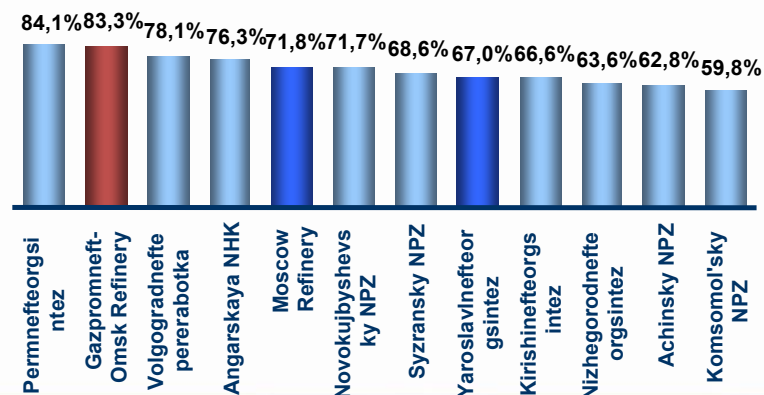


- Compared to its sector peers, Gazprom Neft leads in terms of refining vs crude sales
- High refining margin allows the company to maximize profits per ton of produced oil
- Depth of refining is one of the industry highest at Omsk Refinery and Equity Refineries of Gazprom Neft

## Crude Balance, %



## Refinery Depth on Russian NPZ (2007, %)

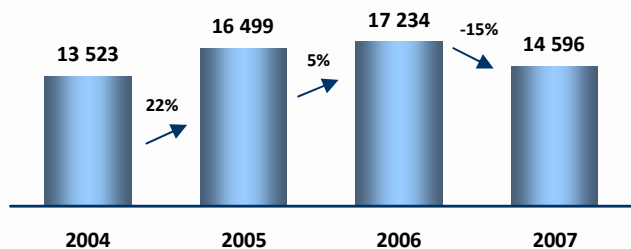


Source: Company data

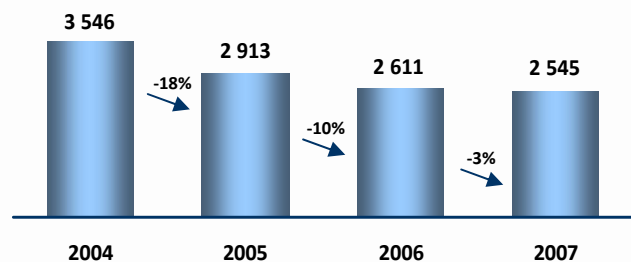
# Export vs. Refining



## Crude oil exports, MTonn

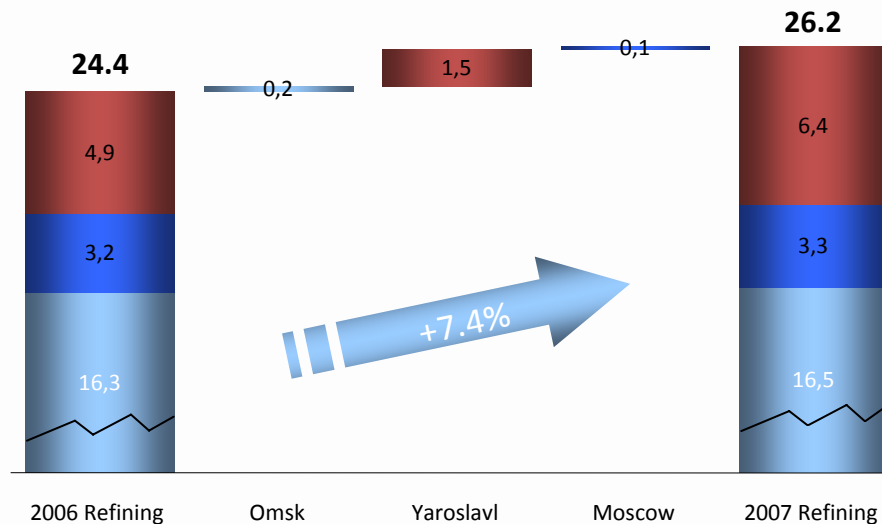


## CIS crude exports, MTonn



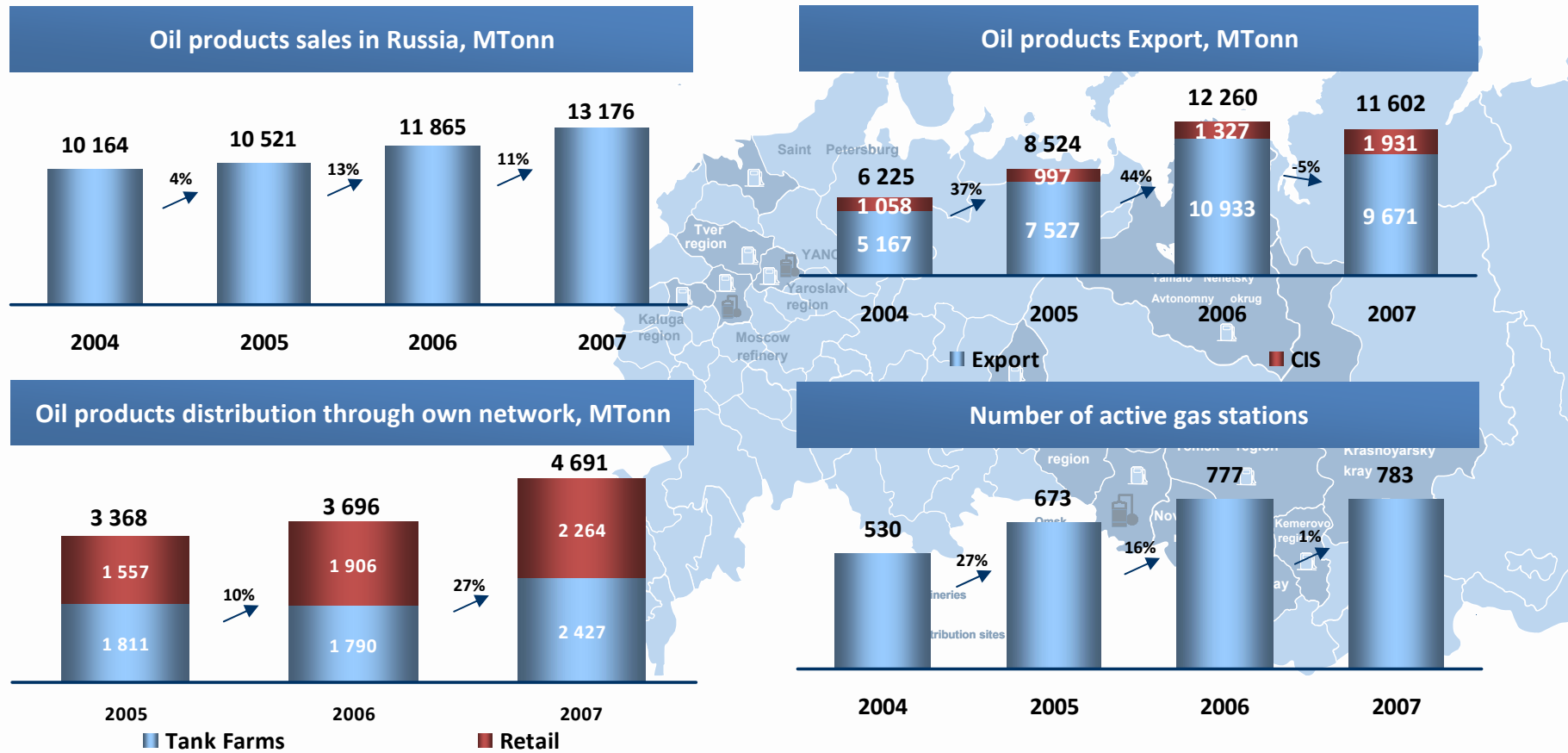
Source: Company data

## Refining, MMTonn



- The company reallocated its export flows to the domestic market in the 2007 to maximize efficiency of its business
- Gazprom Neft increased its Refining throughput by 8% y-o-y to 26.2 MMTonn
- Main transportation routes in 2007 were:
  - 35% shipped from Baltic Sea ports (mainly Primorsk)
  - 38% exported through Transneft's Druzhba pipeline (mainly to Germany, Poland and Slovakia)
  - 27% shipped from Black Sea ports Novorossiysk, Tuapse and Ukrainian port Yuzhniy

# Improving oil products distribution towards Russia



- Significant growth (+11%) in sales of refined products in the domestic market is caused by much higher efficiency, Retail sales are increasing due to expansion of retail network and greater throughputs per station
- In May, 2007 Gazprom Neft established LLC Gazprom Neft – Tajikistan and LLP Gazprom Neft – Kazakhstan for oil product sales on the territory of CIS.
- The Company is working on increasing its brand awareness and is actively developing large-scale re-branding program

Source: Company data



# Summary Financial Highlights



2006	2007	Change, %	USD mln	4Q2006	4Q2007	Change, %
19,894	21,100	+6%	Revenues	4,363	6,423	+47%
15,528	16,201	+4%	Operating expenses	3,235	4,864	+50%
4,366	4,899	+12%	EBIT	1,129	1,560	+38%
5,168	5,828	+13%	EBITDA	1,192	1,669	+40%
3,661	4,143	+13%	Net Income	834	1,324	+59%
3,301	5,271	+60%	Operating Cash Flow	881	1,656	+88%
1,525	2,211	+45%	Capex	511	772	+51%
1,775	3,060	+72%	Free cash flow	369	884	+140%
26%	28%	+8%	EBITDA Margin	27%	26%	-4%
18%	20%	+11%	Net Margin	19%	21%	+11%

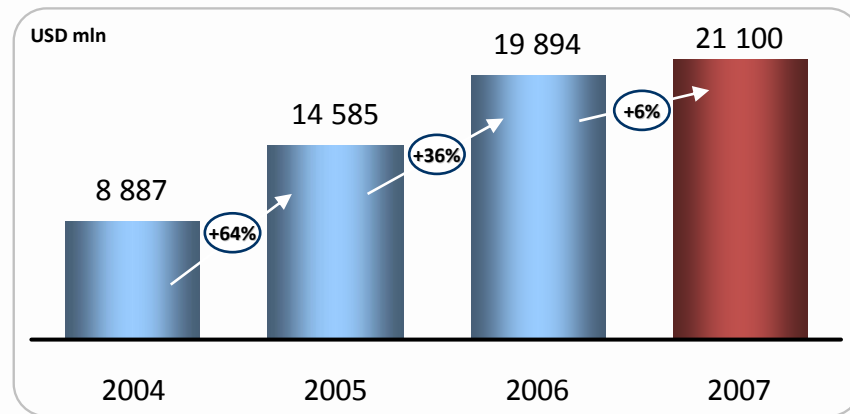
Source: Company Data

- In 2007, Gazprom Neft showed moderate revenue growth (+6% y-o-y) and continued strong EBITDA (+13% y-o-y) and cash flow generation (+60% y-o-y) growth, suggesting a strong increase in operational efficiency
- Gazprom Neft has one of the industry highest margins

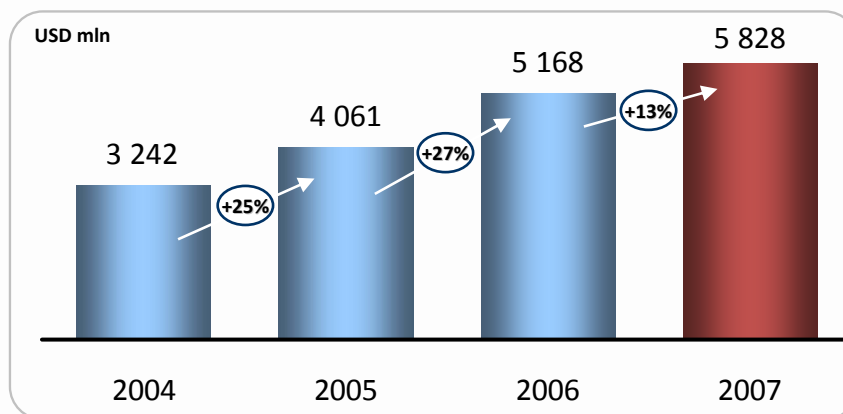
# Strong Financial Performance



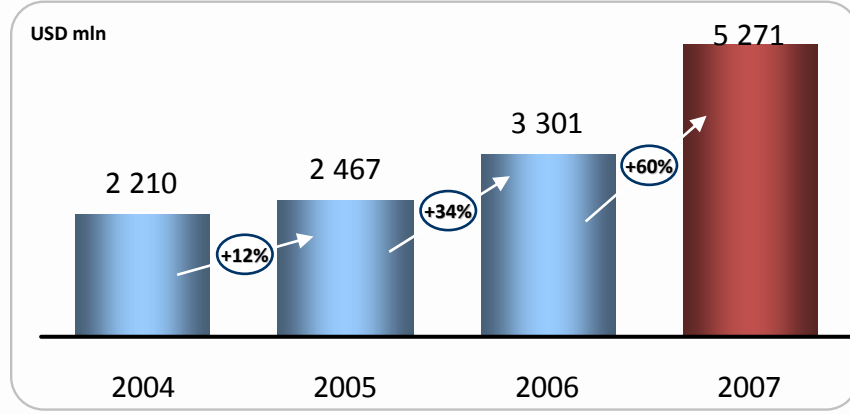
## Revenues



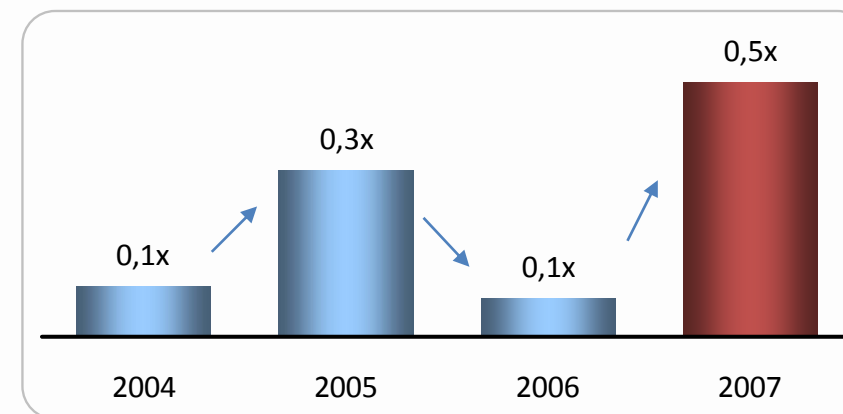
## EBITDA



## Operating Cash Flow

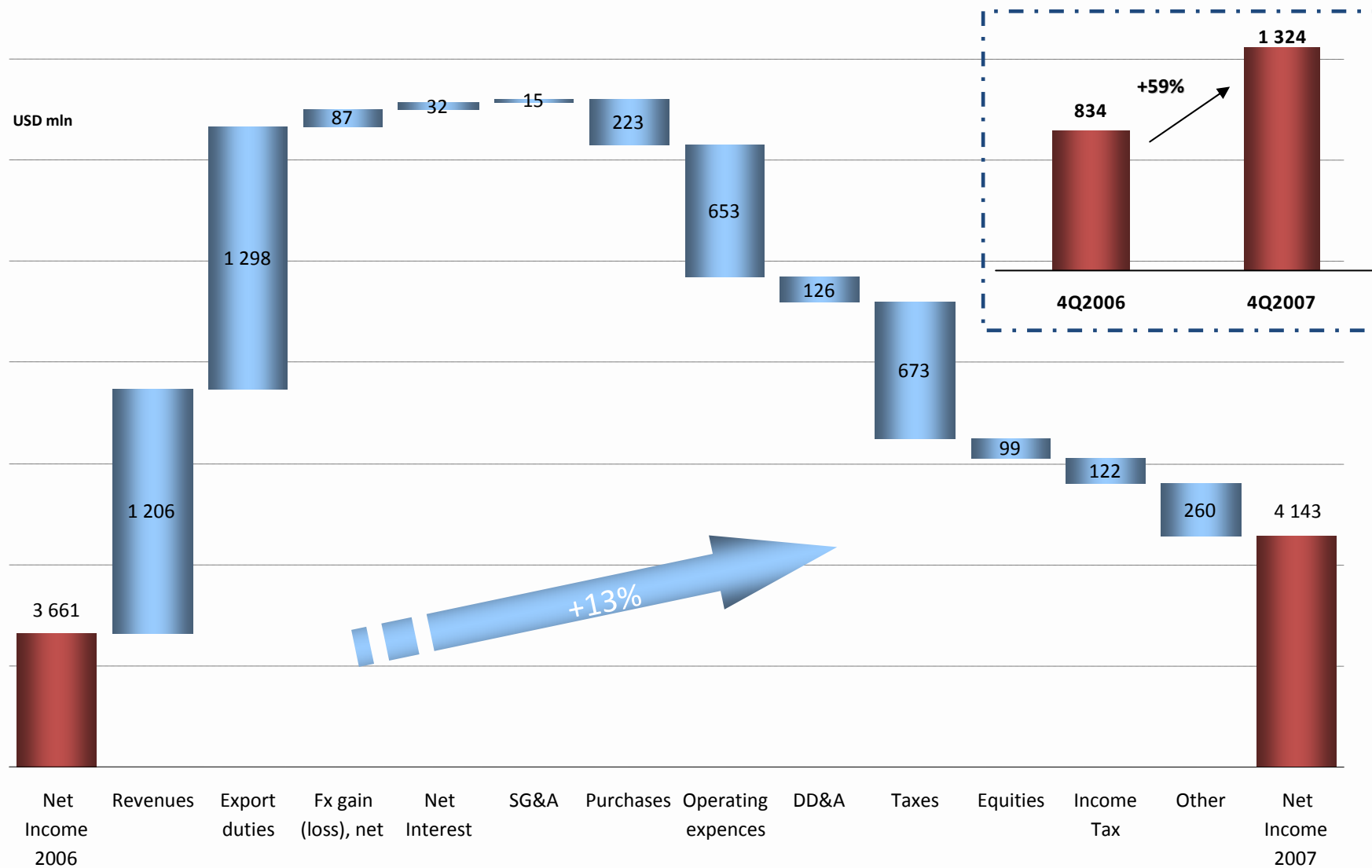


## Net Debt / EBITDA



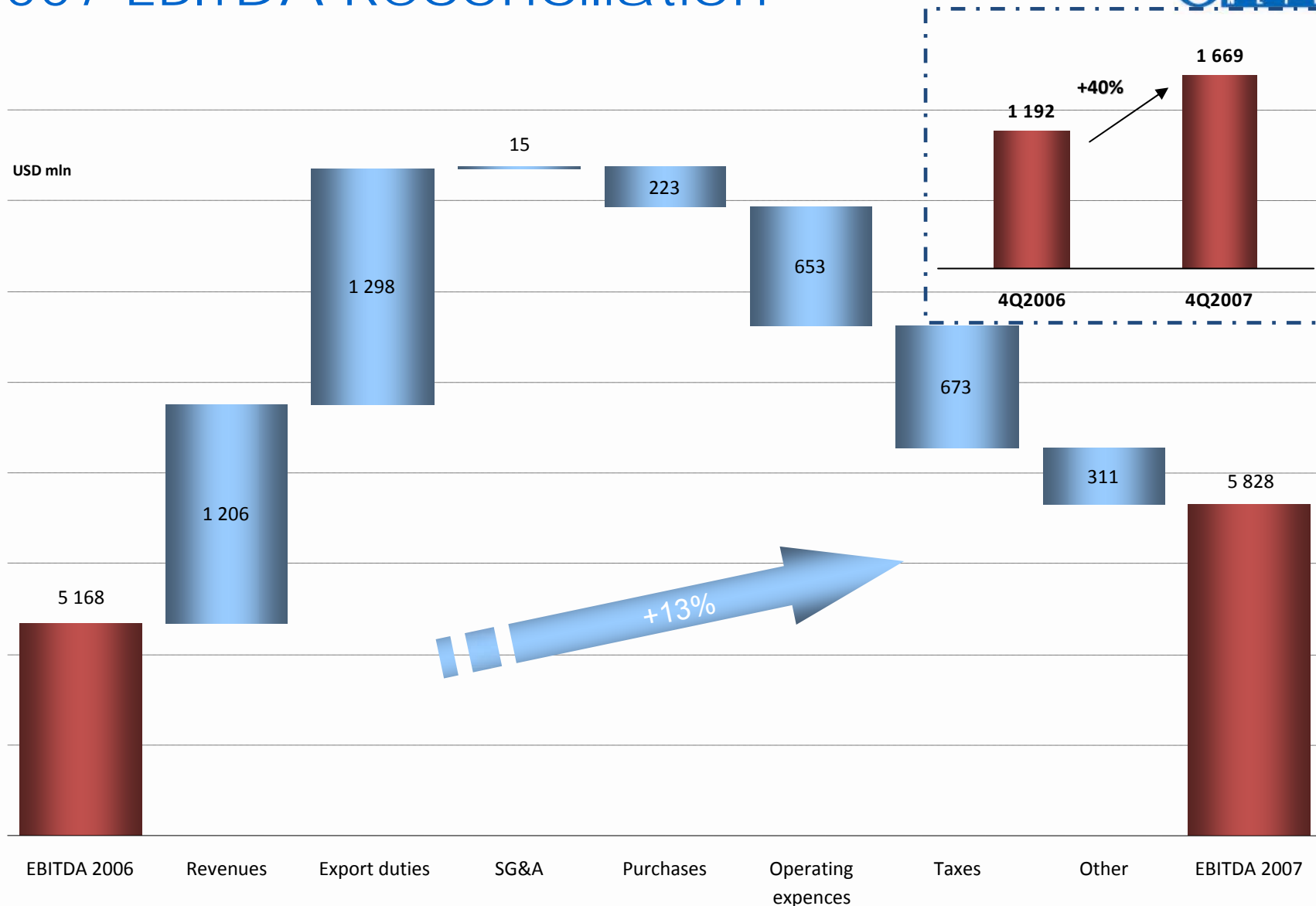
Source: Company Data

# 2007 Net Income Reconciliation



Source: Company data

# 2007 EBITDA Reconciliation

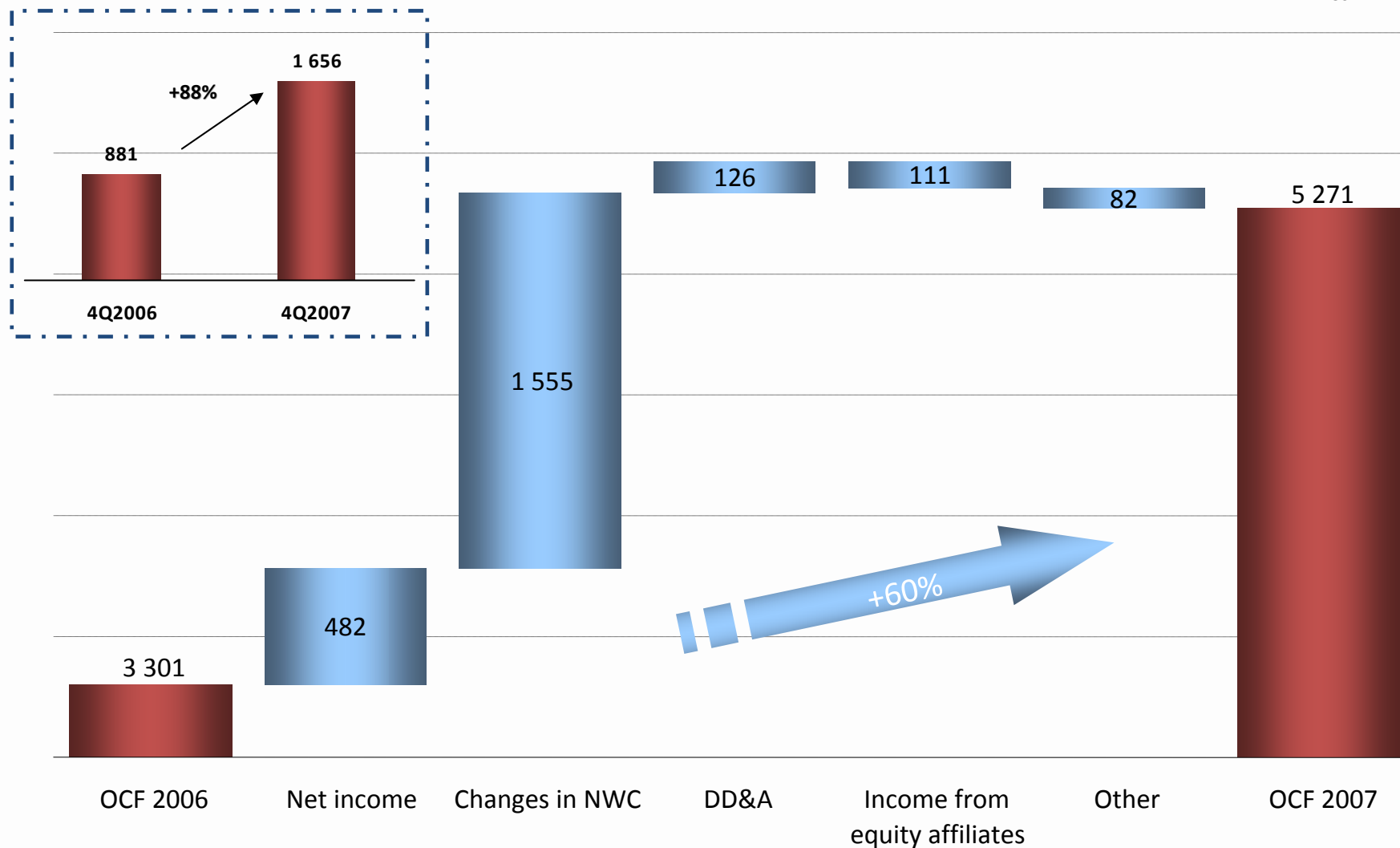


Source: Company data

# 2007 OCF Reconciliation



USD mln

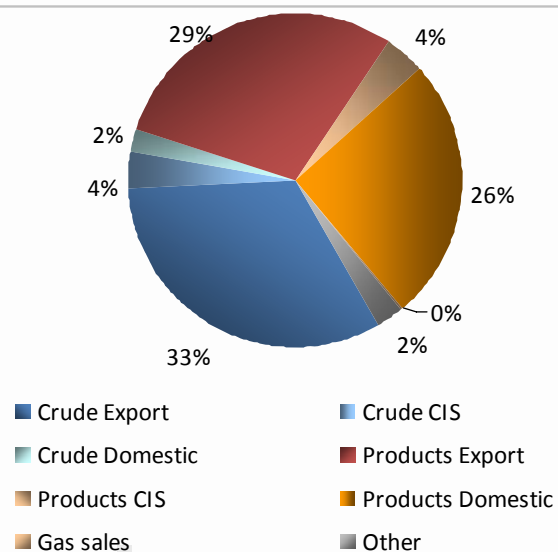


Source: Company data

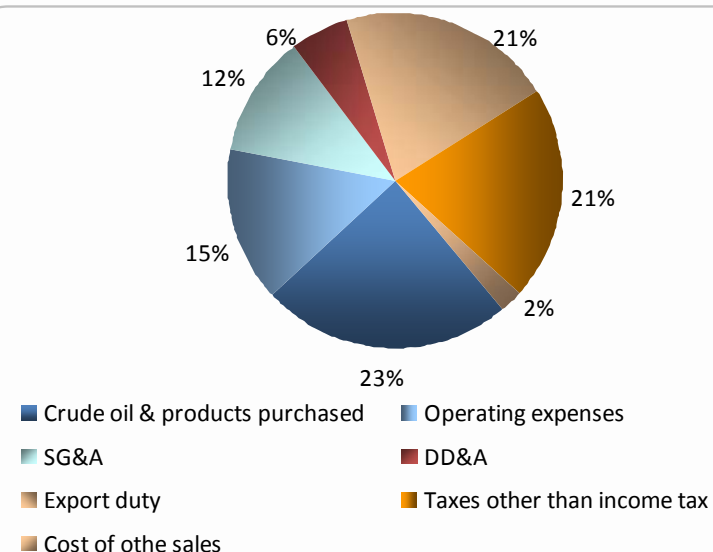
# Revenues and Costs Breakdown



## Revenue Breakdown



## Cost Structure



USD mln	2004	2005	2006	2007
Total revenues	8,886	14,585	19,894	21,100
Crude export	3,703	6,564	7,951	6,861
Crude CIS	532	622	707	766
Crude domestic	77	81	27	486
Products export	2,077	3,535	6,076	6,177
Products CIS	79	163	526	820
Products domestic	2,311	3,338	4,334	5,428
Gas sales	18	28	49	44
Other	91	253	224	520

USD mln	2004	2005	2006	2007
Total costs	6,247	11,543	15,806	16,201
Operating expenses, crude oil & other products purchased	1,927	3,533	5,724	6,324
SG&A	1,368	1,828	1,918	1,902
DD&A	603	1,018	803	929
Taxes other than income taxes	2,314	5,034	7,328*	6,702*
Cost of other sales	35	130	33	344

\* Includes export duties of USD 4,670 mln and USD 3,371 mln in 2006 and 2007 respectively

Source: Company data

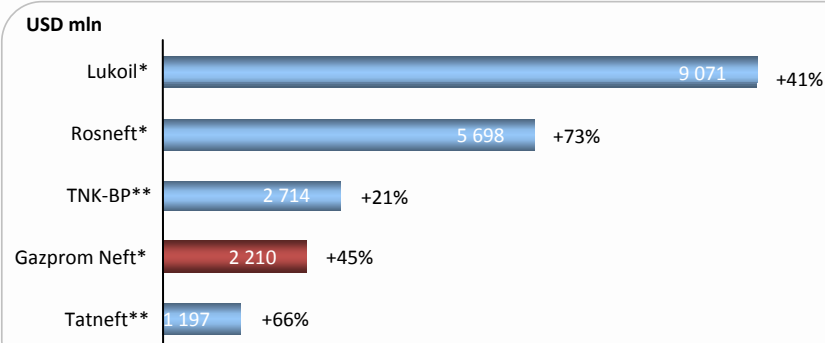
# Capex Breakdown



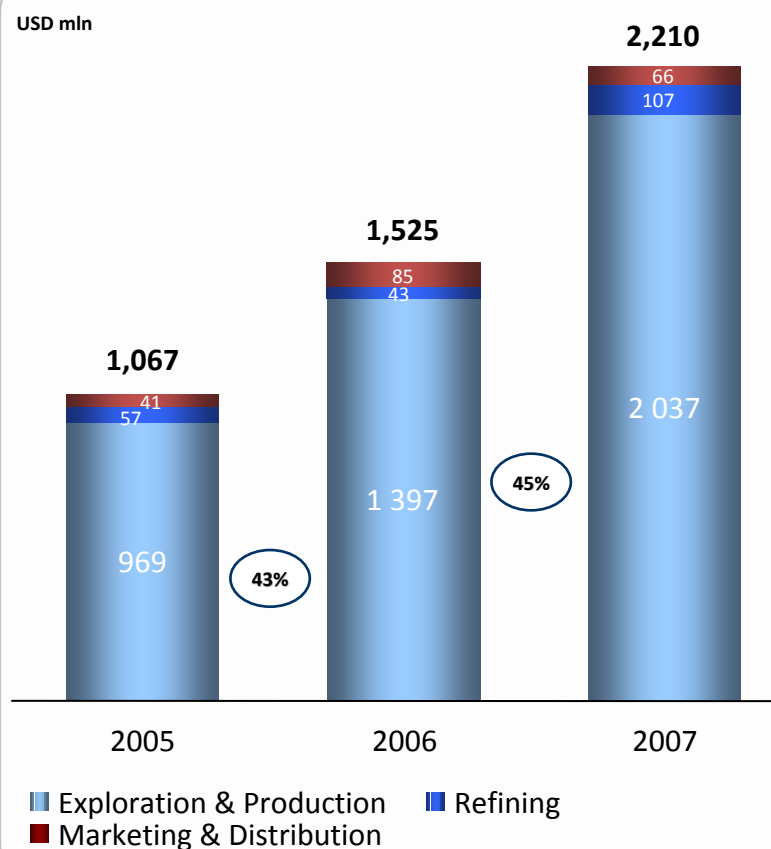
## CAPEX (USD mln)

- The growth of CAPEX by approximately 45% in 2007 is determined by the company's focus on long-term development
- Substantial investment are made to establish the infrastructure of Priobskoye deposit , where production will increase to 12.3 mln tonnes in 2011
- Over the next three years, Gazprom Neft plans to invest around RUB 267.5 bln (approximately USD 11.3 bln) into the business
- Capex spending has increased significantly across the majority of the major Russian oil companies in 2007

## Russian Oil Companies' Capex in 2007



\* 2007 figures, \*\* 1H2007 annualized



Source: Company data

# Debt Profile

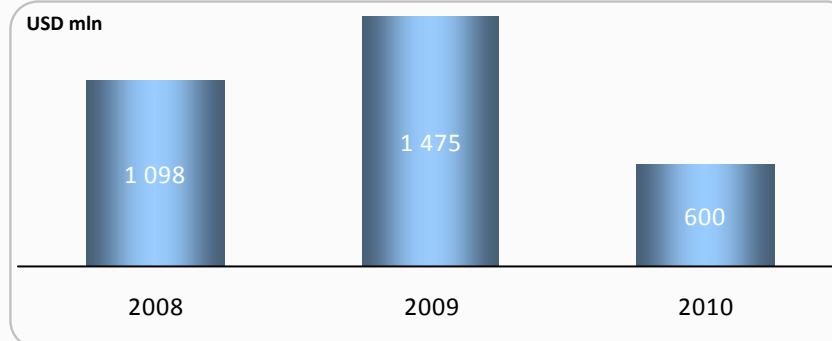


## Loan Portfolio as of December 31, 2007

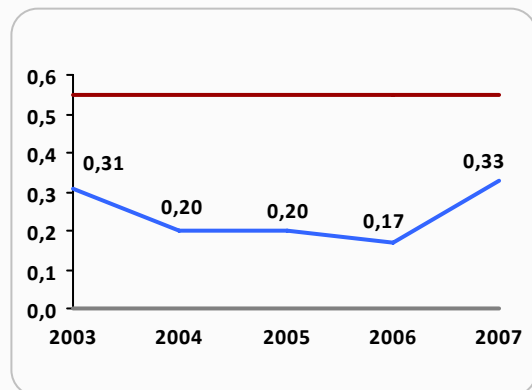
	2003	2004	2005	2006	2007
Short-term debt	65	35	120	56	241
Long-term debt	1 524	1 413	1 390	1 616	3 181

Maximum permitted indebtedness level according to financial covenants of Gazprom Neft is currently at USD 5.7 bln

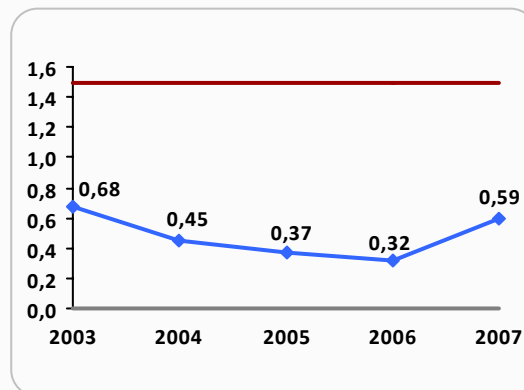
## Maturity Profile



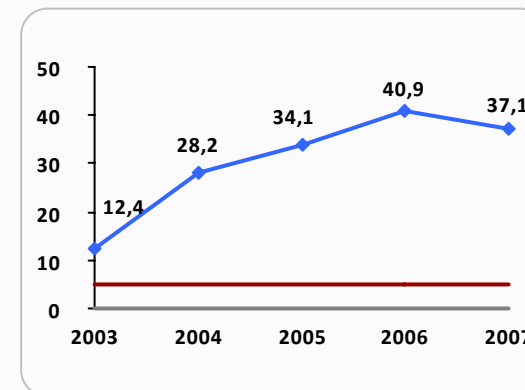
## Consolidated Total Indebtedness/ Consolidated Tangible Net Worth



## Consolidated Total Indebtedness/ Consolidated EBITDA



## Consolidated EBITDA/ Consolidated Net Interest Payable



Source: Company data



# Balance Sheet Highlights



<i>(mln. USD)</i>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Cash and cash equivalents	1 140	305	1 335	721
Accounts receivable	1 752	1 868	2 388	2 263
Oil and gas properties + PP&E	4 618	4 602	5 421	6 634
<b>Total assets</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>	<b>16 606</b>
Short-term debt & current portion of long-term debt	380	355	695	1 339
Long-term debt	1 068	1 155	977	2 083
Accounts payable and accrued liabilities	701	528	649	1 171
Shareholder capital	7 185	7 656	9 930	10 433
<b>Total liabilities and shareholders` equity</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>	<b>16 606</b>

Source: Company data