



## **Gazprom Neft 2006 Operating and Financial Results**

**June 2007**

## 2006 Operating Highlights



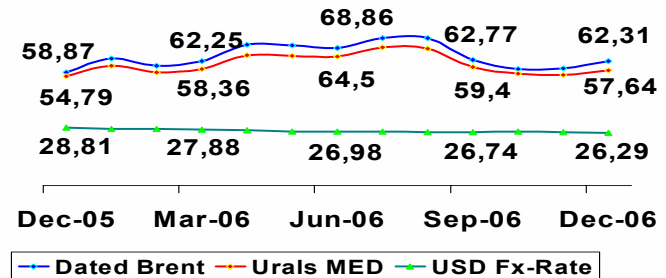
- **Gazprom Neft's crude production** was 32.717 mln. tons vs. 33.040 mln. tons in 2005  
↓ **0,99% YoY**
- **Refining throughput** was 24.359 mln. tons vs. 17.635 mln. tons in 2005  
↑ **38,13% YoY**
- **Revenues** were \$20 172 mln vs. \$14 585 mln in 2005  
↑ **38,31% YoY**
- **Net Income** was \$3 661 mln vs. \$2 805 mln in 2005  
↑ **30,52% YoY**
- **Dividends** were declared in the amount of \$1 485 mln vs. \$1 386 mln in 2005  
↑ **7,1% YoY**

## Market conditions

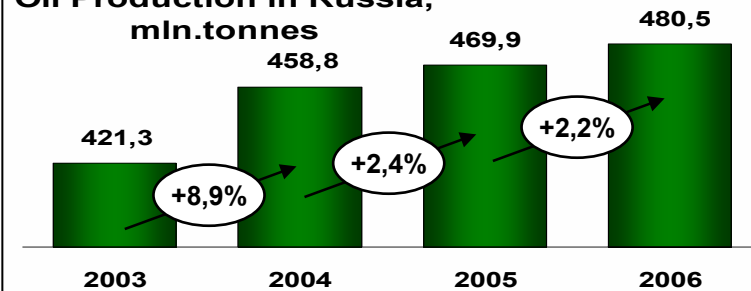


- During 2006 oil prices positively exerted influence on market trends. The price for oil of Brent trademark increased from 56,75 USD/bbl in December 2005 to 62,31 USD/bbl in December 2006 and reached the historical maximum of 78,63 USD/bbl on August 7, 2006.
- The crude and condensate production growth slowed to 2.2%, which is a record low value for the last 6 years.
- High oil product prices at the domestic market caused oil companies to make changes in oil balances and increase domestic refining.
- Introduction of new ecological standards since 2008 requires oil companies to focus on modernization of it's refining.

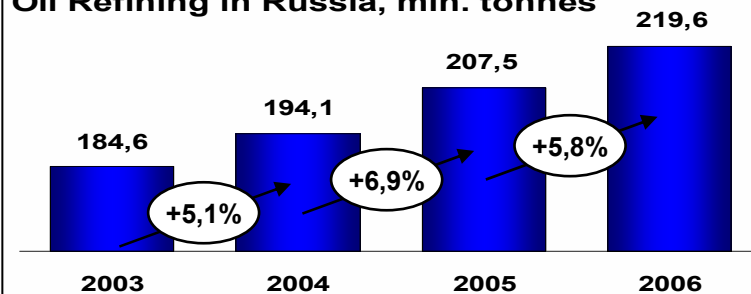
Brent Dated & USD Fx-Rate



Oil Production in Russia, mln. tonnes



Oil Refining in Russia, mln. tonnes



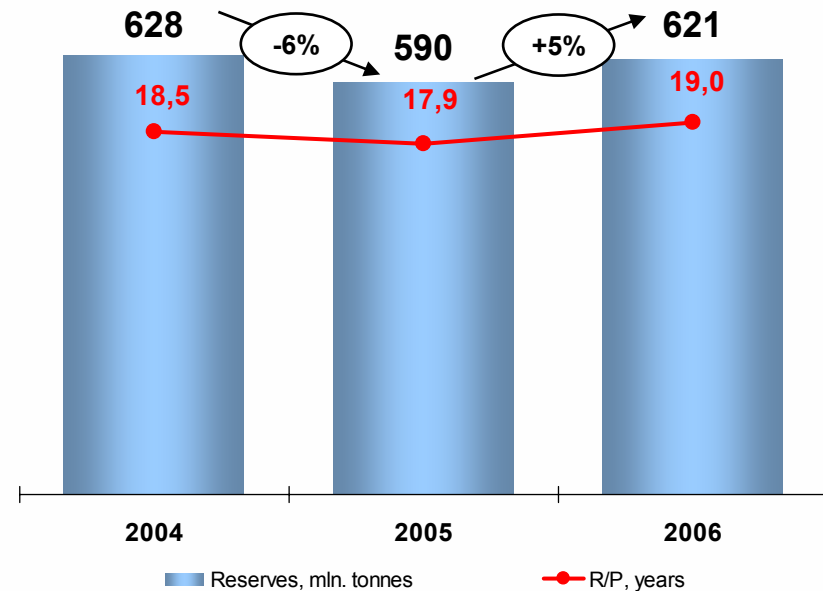
# Reserves



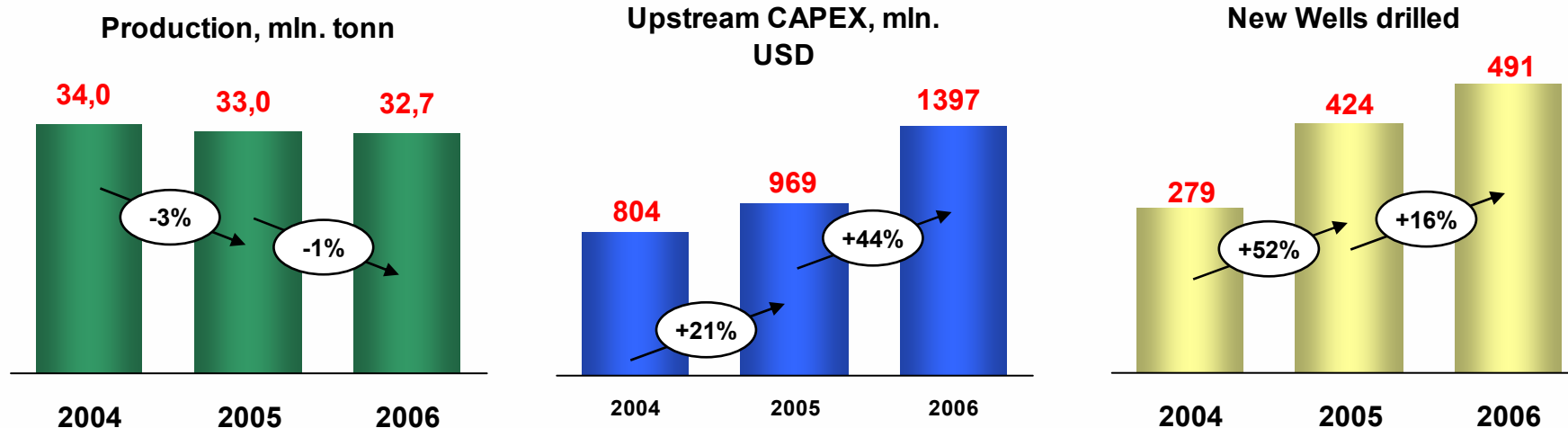
The Company annually audits oil and gas reserves in accordance with international standards, that is confirmed by independent oil and gas consultant “Miller & Lents” (DeGolyer and MacNaughton in 2005).

The Company boosted geological exploration activity in 2006. As a result Company’s reserves increased by 5% to 621 mln. tonnes.

Proved reserves in accordance with SPE



# Production



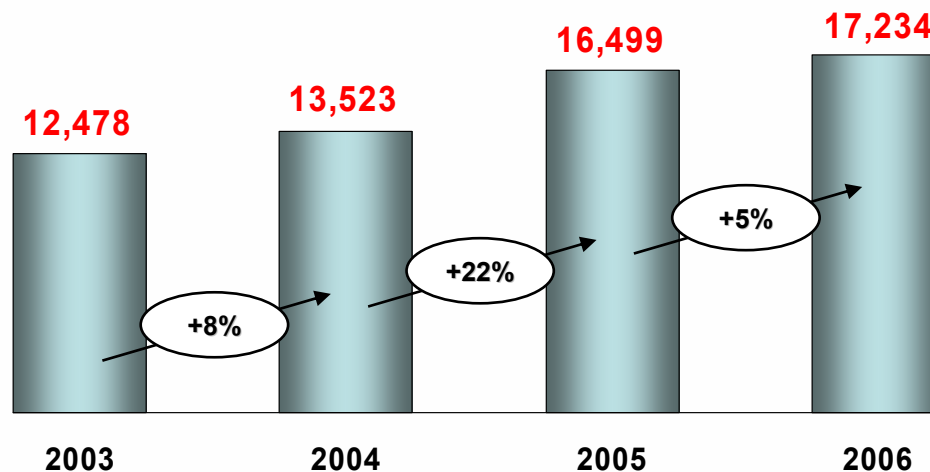
- **Gazprom Neft's oil production decrease rate stabilized in 2006.**
- **Good financial results enabled Gazprom Neft to increase Upstream CAPEX into the E&P sector.**
- **Substantial CAPEX are directed towards the creation of Priobskoe field's infrastructure, whose production will grow from 4.3 mln. tonnes in 2006 to 13.4 mln. tonnes in 2012.**

# Export



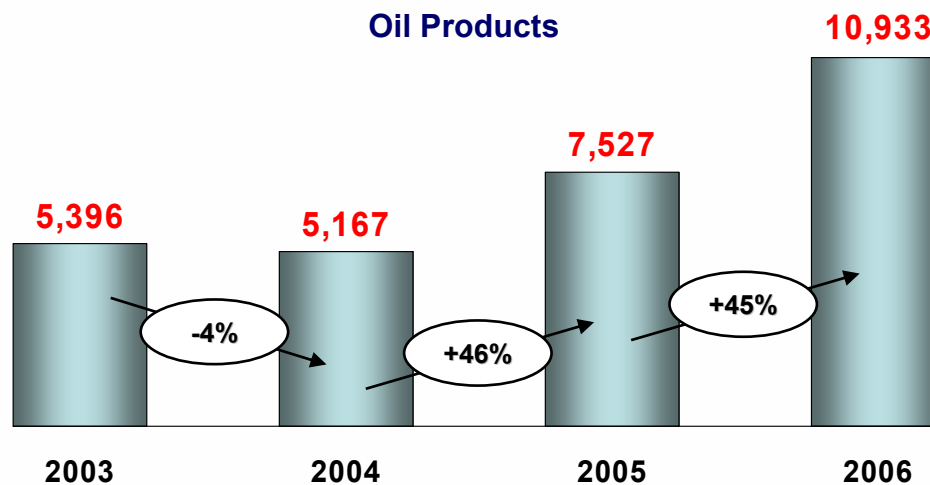
Crude Oil

(mln. tons)	2003	2004	2005	2006
Crude Oil	12,478	13,523	16,499	17,234
Oil Products	5,396	5,167	7,527	10,933



Oil Products

In 2006 the Company exported oil and oil products through a wholly owned subsidiary - Sibneft Oil Trade Company GmbH. The main export directions were Novorossiysk and Tuapse ports at Black Sea and Primorsk port at Baltic Sea as well as Germany and Poland via Drujba pipeline.

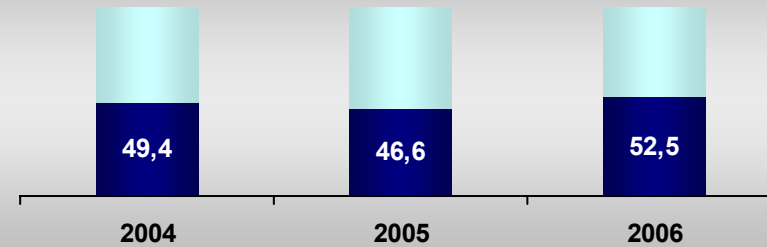


# Refinery Throughput

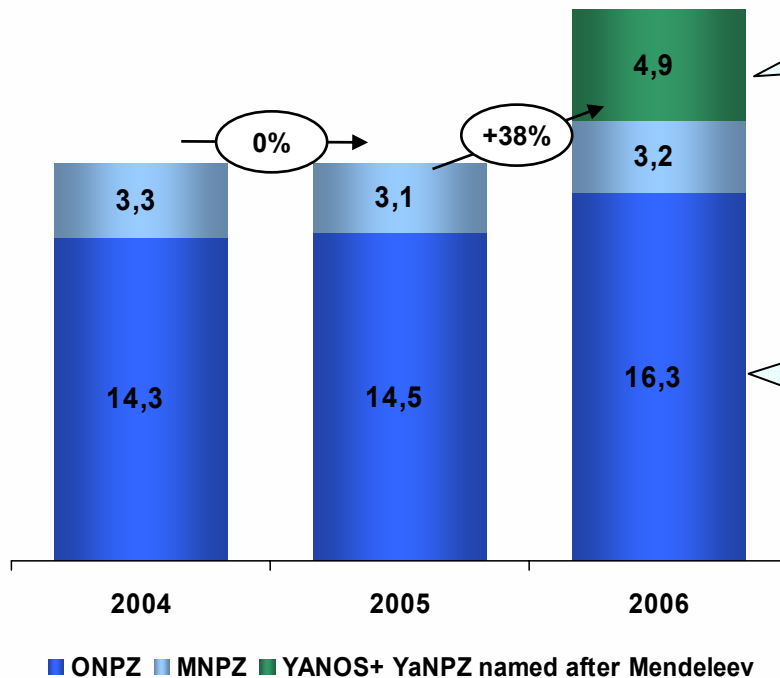


**OAQ Gazprom Neft is the industry leader in terms of refining share in Company's oil balance. High refining margin allows to maximize the profit per one tonn of oil produced.**

Refining share in Company's oil balance, %



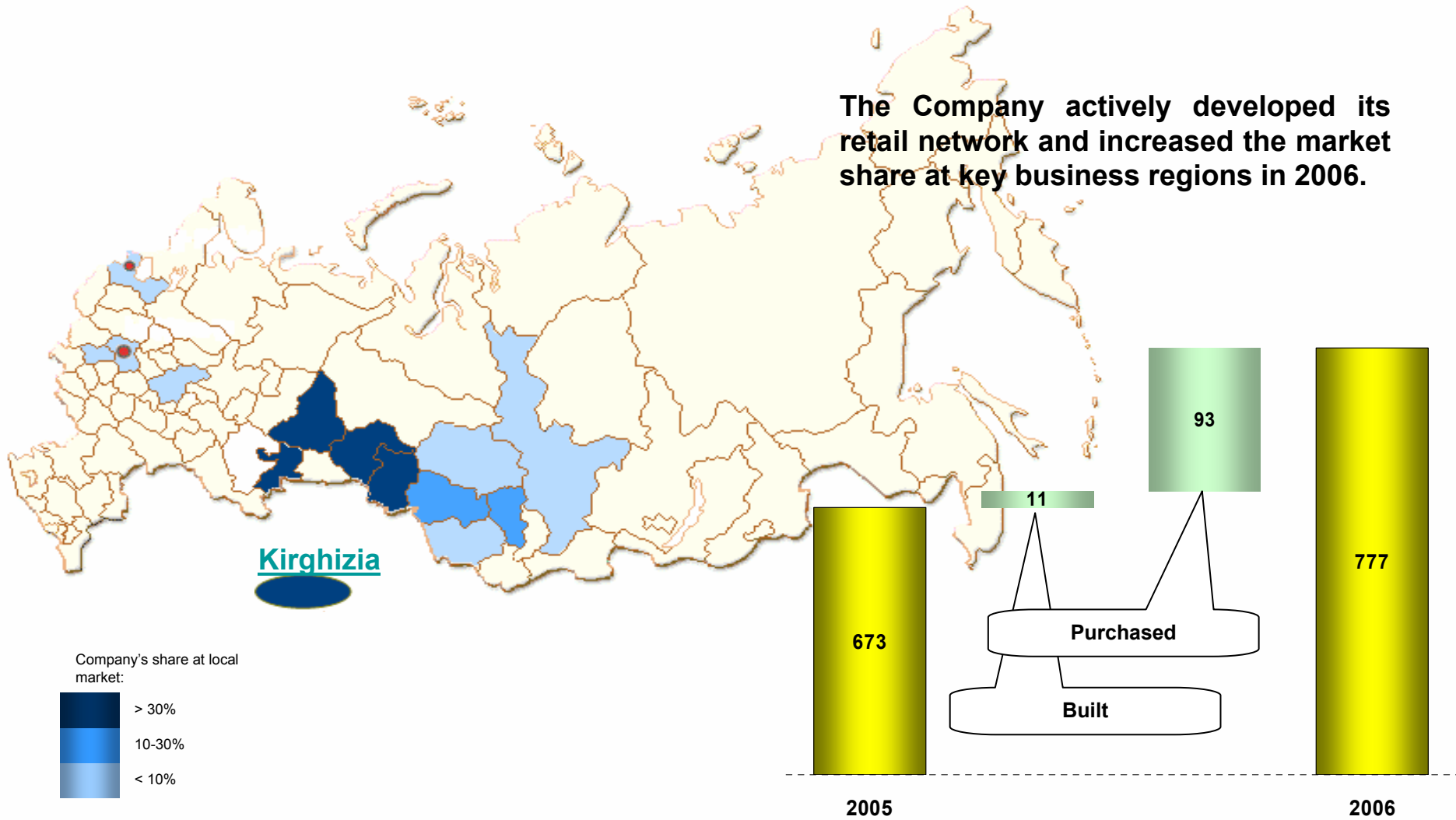
Refining, mln. tones



**Since April 2006 the Company started to process crude oil into Slavneft's refining capacities (YANOS and Yaroslavl refinery named after Mendeleev).**

**The growth of oil products demand at internal and external markets as well as high oil product prices allowed the Company to increase the volume of refined products using the process of deeper petroleum refining at Omsk refinery.**

# Retail Network







- **Gazprom Neft, Rosneft and Transneft established “Truboprovodniy konsortsium Burgas-Aleksandrupolis” (LLC) in 2006 for further participating in Trans-Balkan pipeline construction. Participation in the project will enable Gazprom Neft to decrease transportation costs of it’s own crude oil sales in Black Sea direction, and to get profits from sharing transport quotas with other oil exporters.**
- **Gazprom Neft came into a joint venture (“Severnaya Taiga Neftegaz”(LLC)) with Chevron at the end of 2006. The project will enable Gazprom Neft to get better international experience in conducting geological explorations, and to share geological risks in certain fields developments.**
- **Gazprom Neft carries on negotiations on feasible cooperation in joint field development with Lukoil and Statoil.**

## Financial Overview

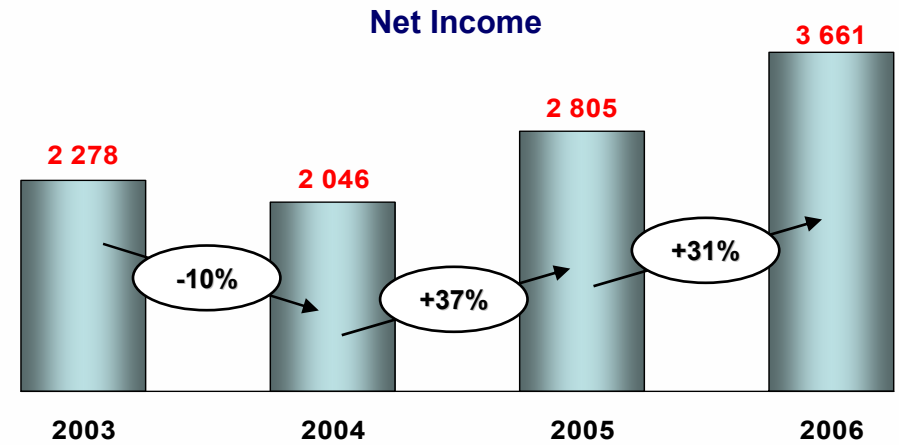
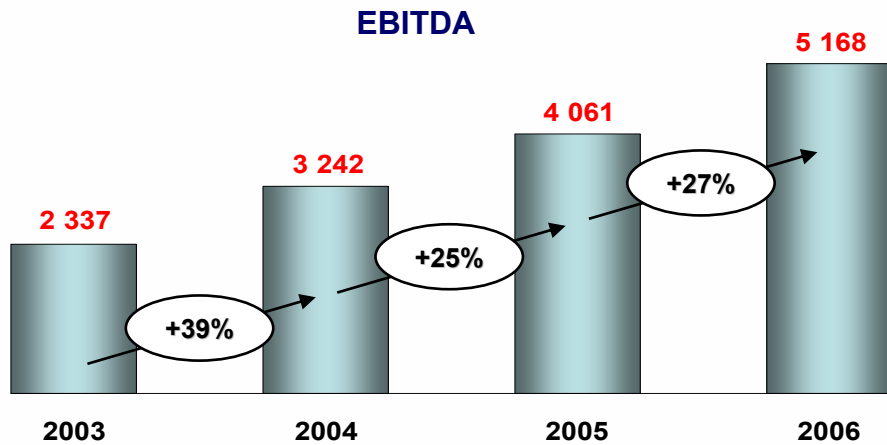
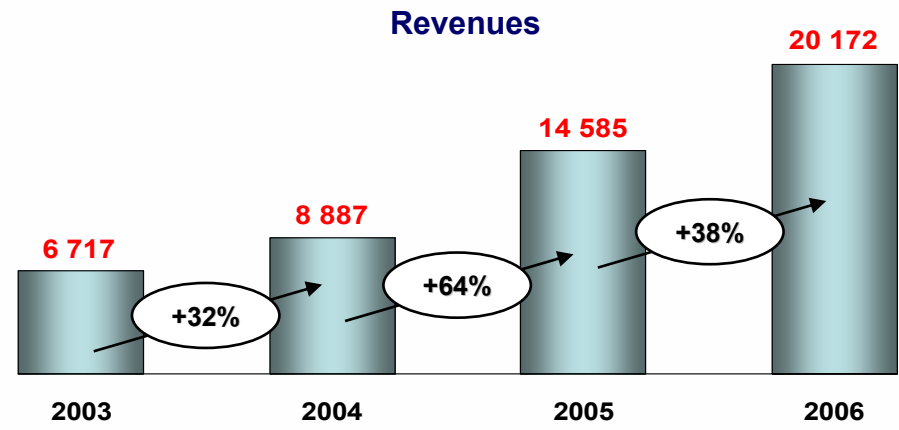


<i>(mln. USD)</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Total Revenues</b>	<b>6 717</b>	<b>8 887</b>	<b>14 585</b>	<b>20 172</b>
<i>Oil, Gas &amp; Product Sales</i>	6 590	8 796	14 332	19 948
<i>Other</i>	127	91	253	224
<b>Costs and other deductions</b>	<b>4 872</b>	<b>6 247</b>	<b>11 543</b>	<b>15 806</b>
<b>Operating Income</b>	<b>1 845</b>	<b>2 639</b>	<b>3 043</b>	<b>4 366</b>
<b>EBITDA</b>	<b>2 337</b>	<b>3 242</b>	<b>4 061</b>	<b>5 168</b>
<b>Net Income</b>	<b>2 278</b>	<b>2 046</b>	<b>2 805</b>	<b>3 661</b>
<b>EPS</b>	<b>0.48</b>	<b>0.43</b>	<b>0.59</b>	<b>0.77</b>

# Core Financials (mln. USD)



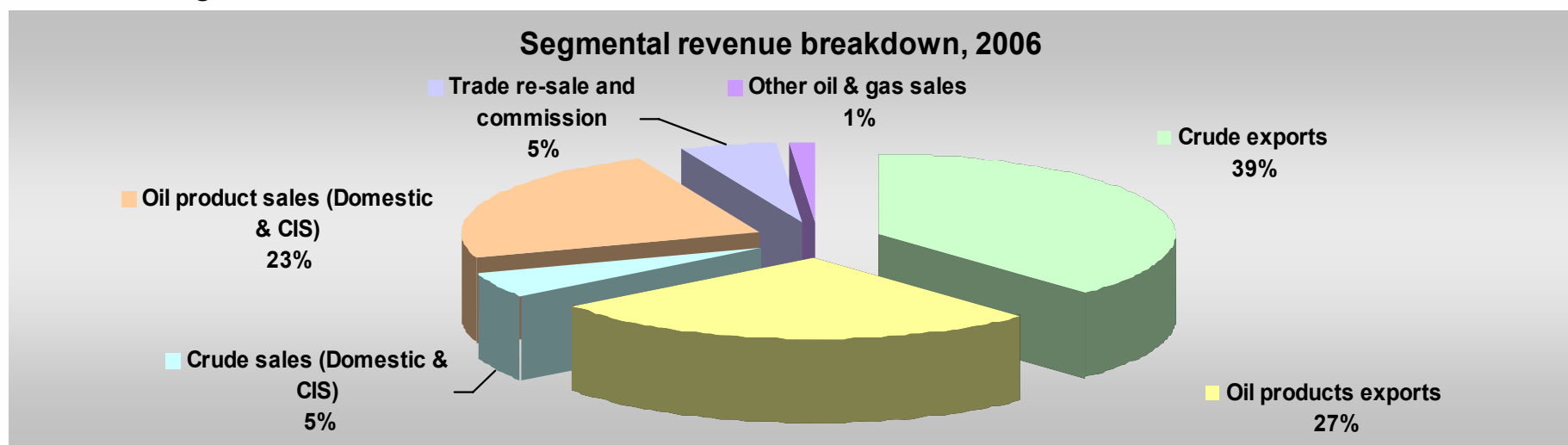
The financial rates growth is caused by oil and oil product prices growth, as well as increasing in refining throughput and oil products sales.



## Segmental Revenue Breakdown



<i>(mln. USD)</i>	2003	2004	2005	2006
<b>Total revenue from oil &amp; gas sales</b>	<b>6 590</b>	<b>8 796</b>	<b>14 332</b>	<b>19 948</b>
Crude exports	2 386	3 372	5 961	7 526
Oil products exports	1 259	1 659	3 146	5 414
Crude sales (Domestic & CIS)	585	608	703	1 012
Oil product sales (Domestic & CIS)	1 655	2 341	3 392	4 644
Trade re-sale and commission	653	746	992	1 087
Other oil & gas sales	52	70	138	265

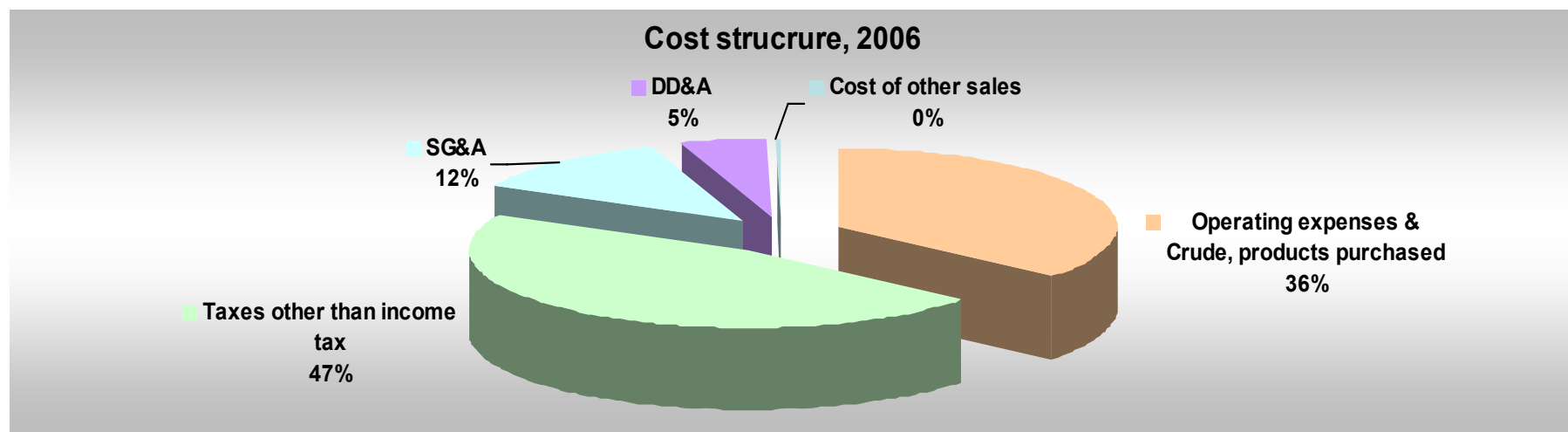


## Cost Structure



<i>(mln. USD)</i>	2003	2004	2005	2006
<b>Total Costs</b>	<b>4 872</b>	<b>6 247</b>	<b>11 543</b>	<b>15 806</b>
Operating Expenses & Crude, products purchased	1 840*	1 927	3 533	5 724
Taxes other than Income Taxes	1 423	2 314	5 034	7 328
SG&A	1 025	1 368	1 828	1 918
DD&A	493	603	1 018	803
Cost of Other Sales	91	35	130	33

\*Including oil and gas exploration costs

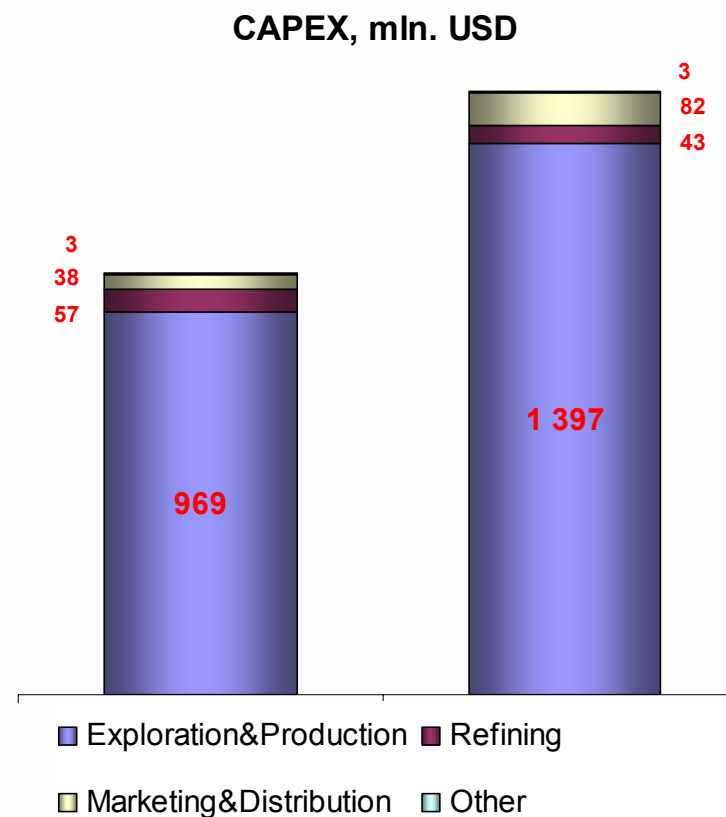


## CAPEX Breakdown



The growth of CAPEX by 43%, that is the maximum for the last years, was determined by the Company's focus on long-term development.

<i>(mln. USD)</i>	2005	2006
<b>CAPEX Total</b>	<b>1 067</b>	<b>1 525</b>
Exploration&Production	969	1 397
Refining	57	43
Marketing&Distribution	38	82
Other	3	3



## Balance Sheet Highlights



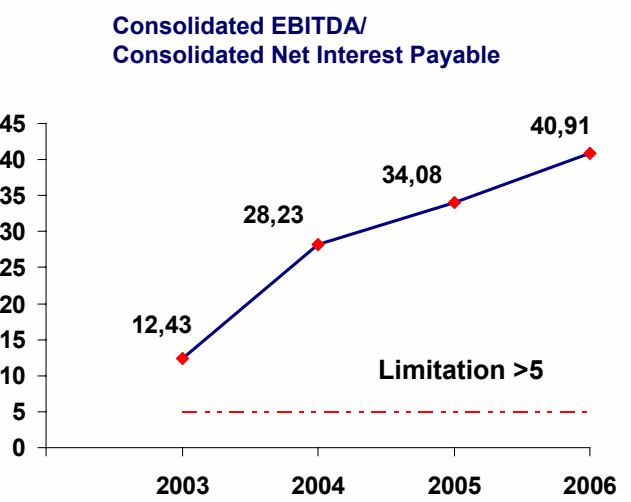
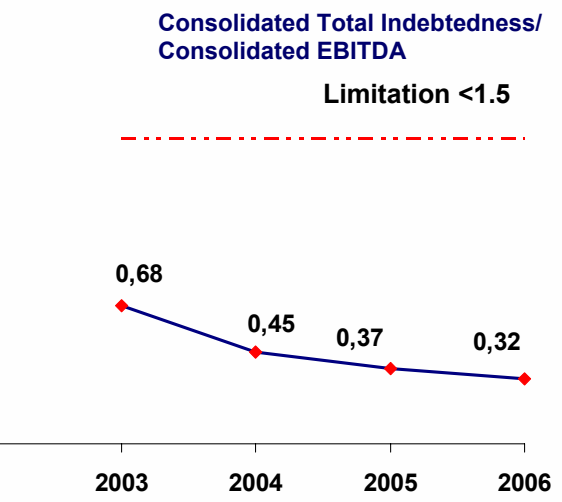
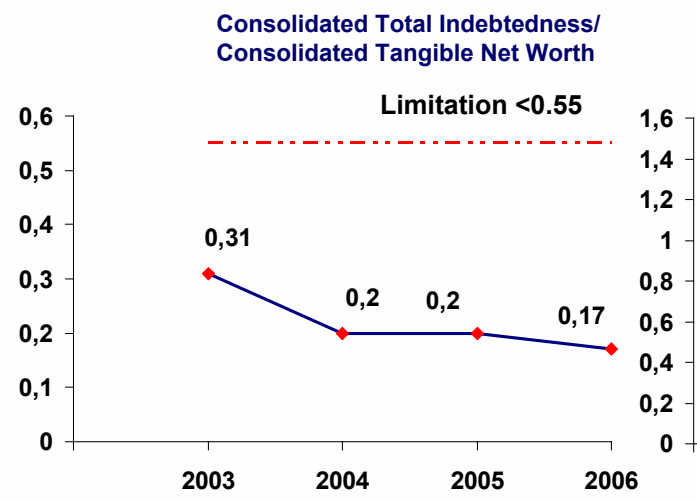
<i>(mln. USD)</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Cash and cash equivalents	105	1 140	305	1 335
Accounts receivable	1 321	1 752	1 868	2 452
Oil and gas properties + PP&E	4 270	4 618	4 602	5 421
<b><i>Total assets</i></b>	<b>8 150</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>
Short-term debt & current portion of long-term debt	368	380	356	695
Long-term debt	1 221	1 068	1 155	977
Accounts payable and accrued liabilities	847	701	528	649
Shareholder capital	5 138	7 185	7 656	9 930
<b><i>Total liabilities and shareholders` equity</i></b>	<b>8 150</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>

# Gazprom Neft Debt Position



(mln. USD)	31.12.03	31.12.04	31.12.05	31.12.06	Maturity
<b>Total</b>	<b>1 589</b>	<b>1 448</b>	<b>1 511</b>	<b>1 672</b>	
<i>including ...</i>					
Eurobond 1	400	400	400	400	2007
Eurobond 2	500	500	500	500	2009
Other Financing:	689	548	611	772	2007-2011

Gazprom Neft has completely re-financed its pre-export secured debt during 2006. The amount of debt as of 31 December 2006 includes only unsecured loans. The Company fully repaid \$400 mln Eurobond 1 in February 2007.



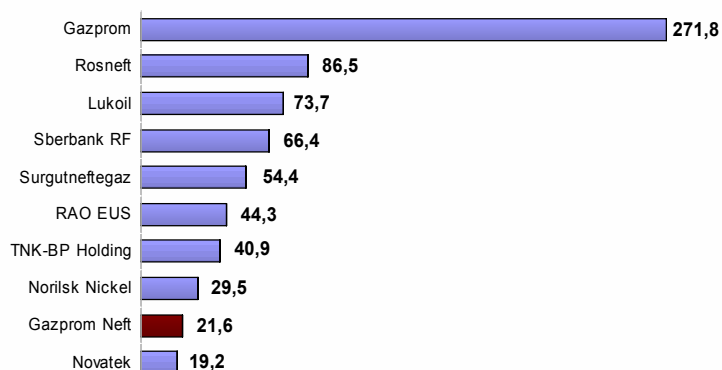


# Dividend History

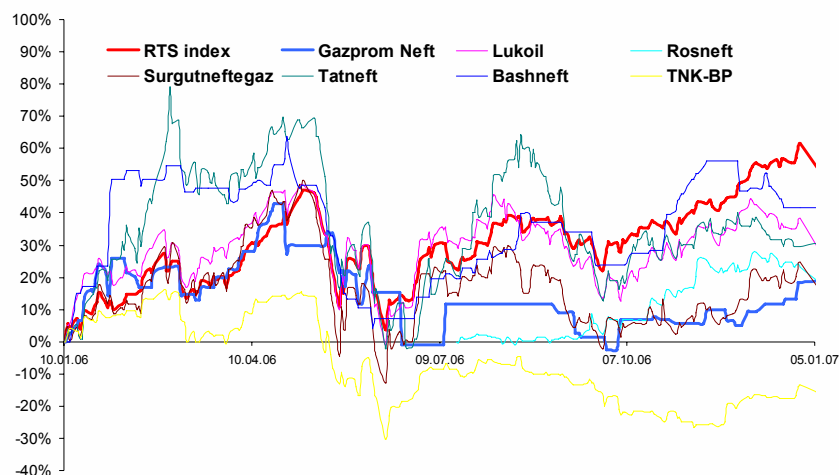
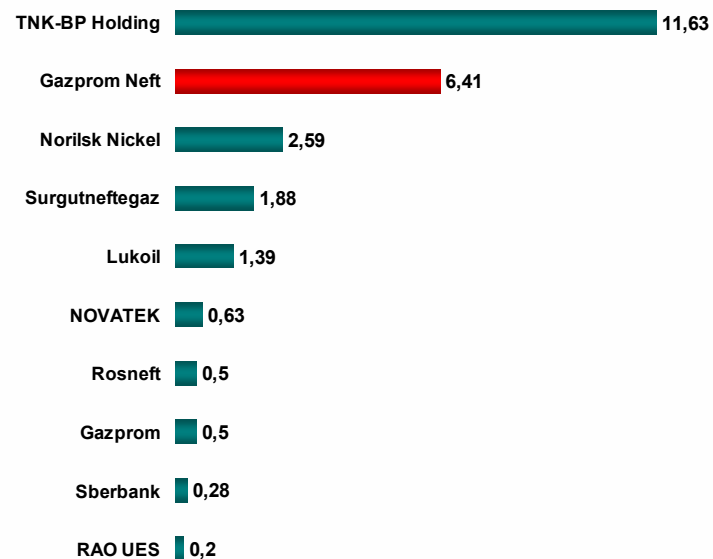


Gazprom Neft is one of the ten biggest public companies in Russia. The Company has been one of the leaders in terms of dividend amount, paid to it's shareholders for many years.

Capitalization as of 31 December 2006, bln. USD



Dividend yield at the end of 2006, %



Source - Bloomberg