

**Gazprom**

**Consolidated 1H 2008 IFRS**

**Financial Results Presentation**



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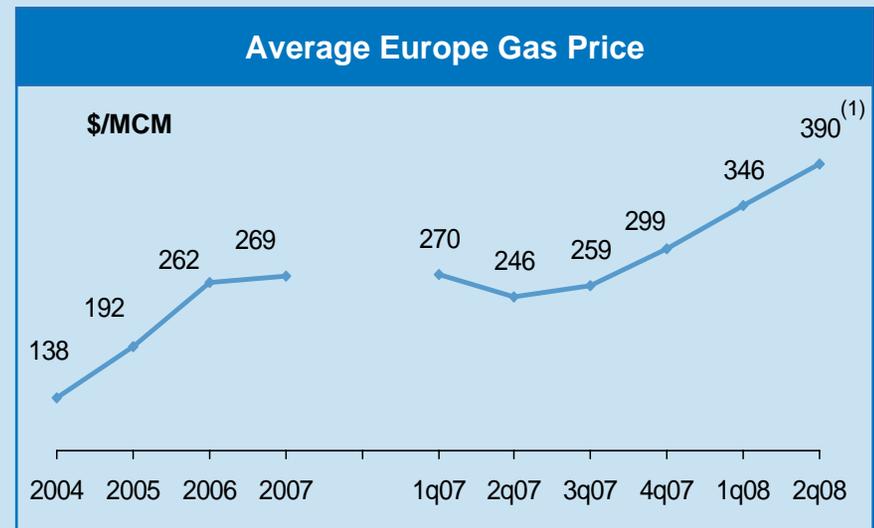
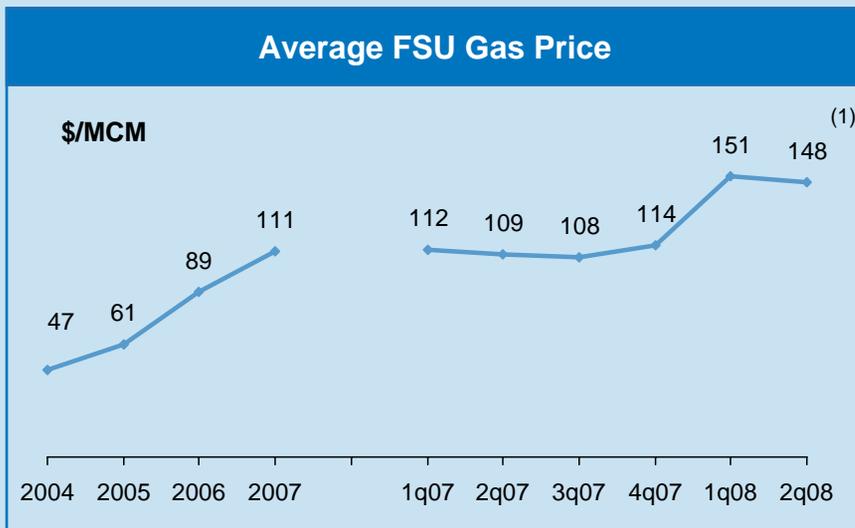
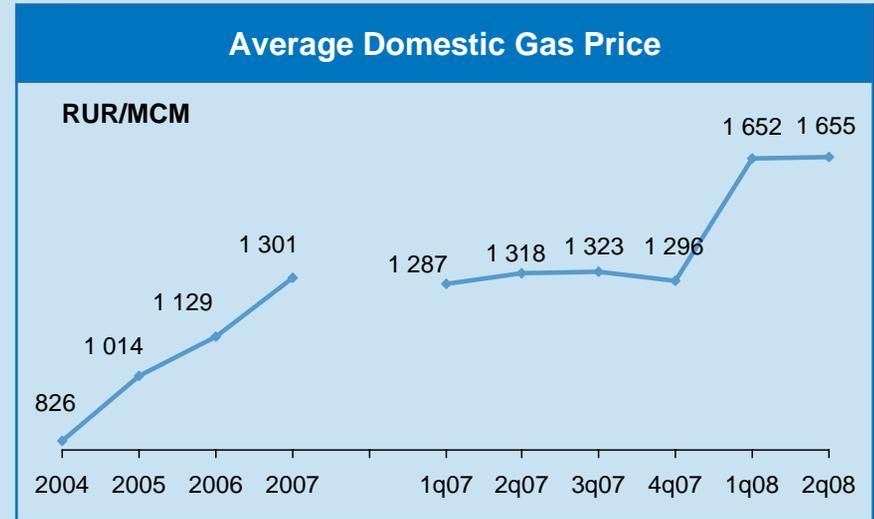
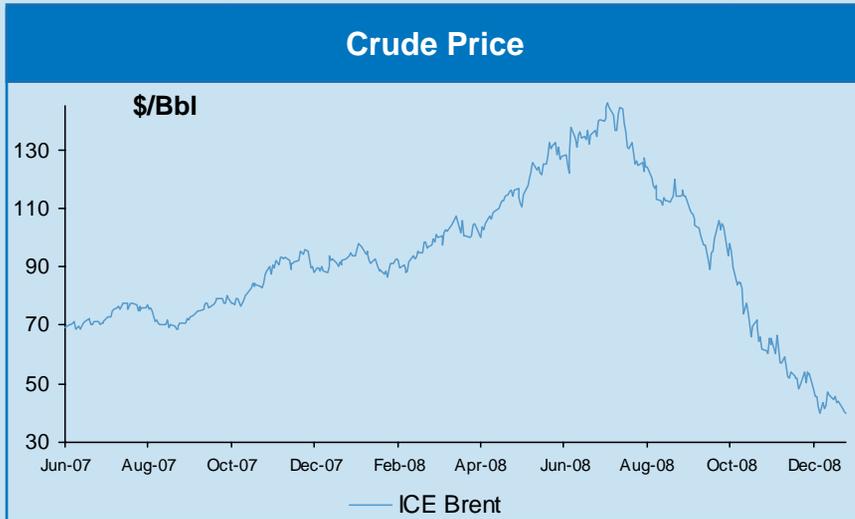
# Key Highlights from 1H 2008

- **Record Revenue** growth in 1H2008 – up **52%** compared to 1H2007
- **Adjusted EBITDA<sup>(1)</sup>** increased by **84%** compared to 1H2007
- **Net Income** increased by **83%** compared to 1H2007
- **Leverage easing:**
  - Total debt decreased in 1H2008 by 26% mostly due to Gazprombank deconsolidation
  - Total Debt / Adjusted EBITDA dropped to 0.9x as of June 30, 2008 from 1.7x as of December 31, 2007

(1) Adjusted EBITDA calculated as operating profit plus depreciation and provisions for impairment of assets (includes provisions for impairment of accounts receivable and prepayments, assets under construction, Investments and other long-term assets and inventory obsolescence) except provisions for impairment of accounts receivable and prepayments.

# Market Environment

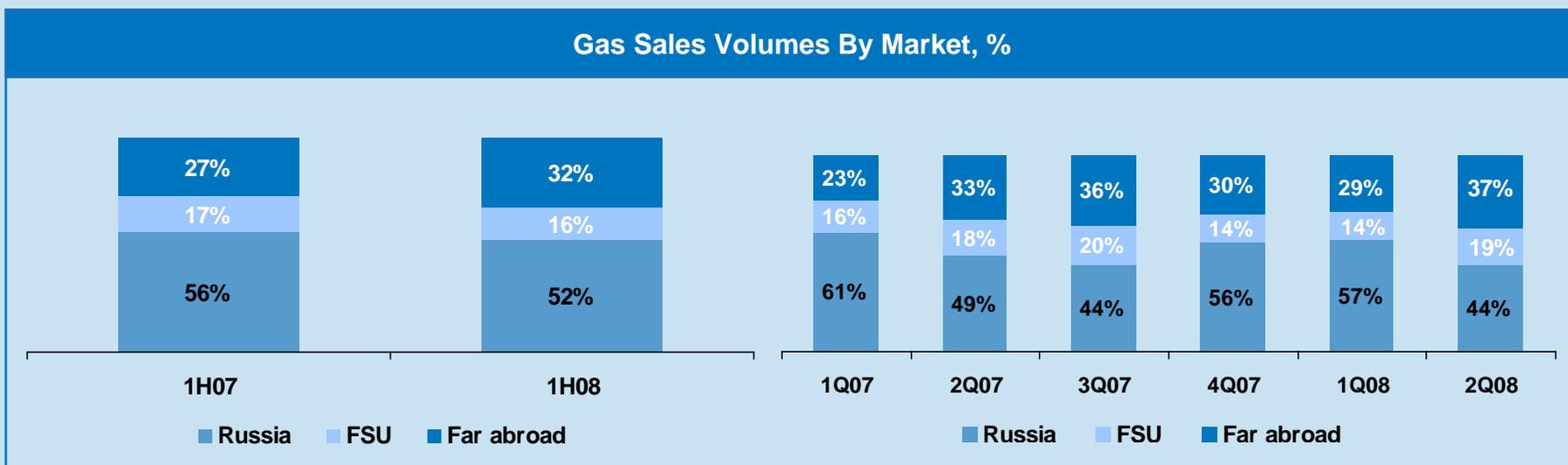
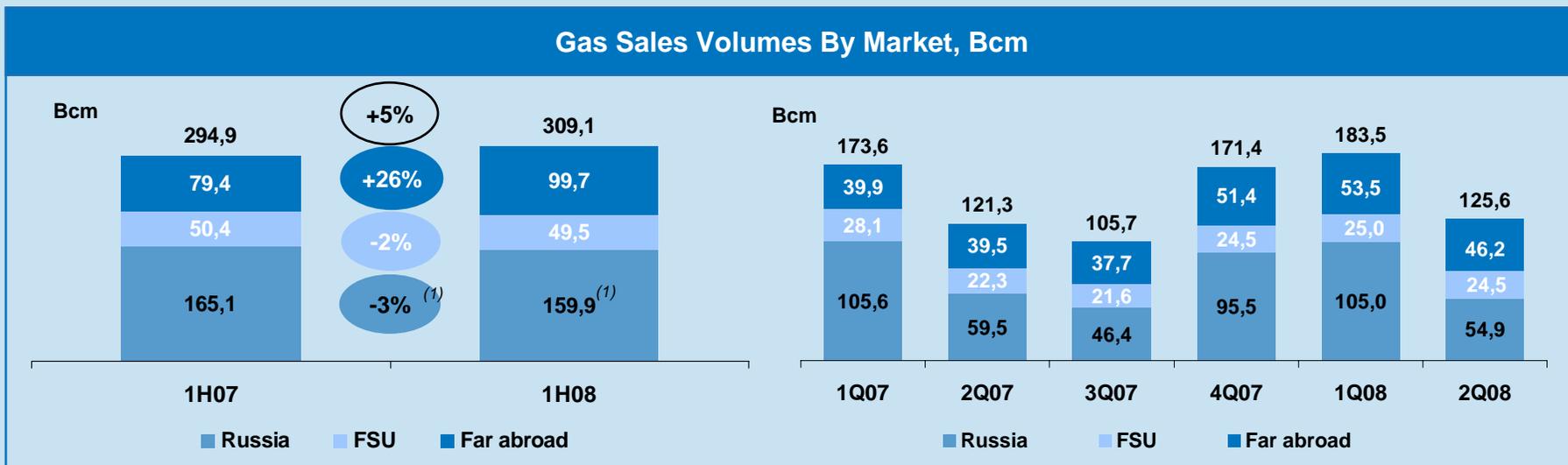
## Impressive Gas Price Growth in Europe. Gas Price in Russia and the FSU Remained Flat



(1) Average ruble price calculated based on the 1q2008 and 1h2008 IFRS financial statements and MD&A reports, converted at the exchange rate as of June 30, 2008.

# Operational Results

## Strong Demand in Europe Ensured Gas Sales Volumes Growth

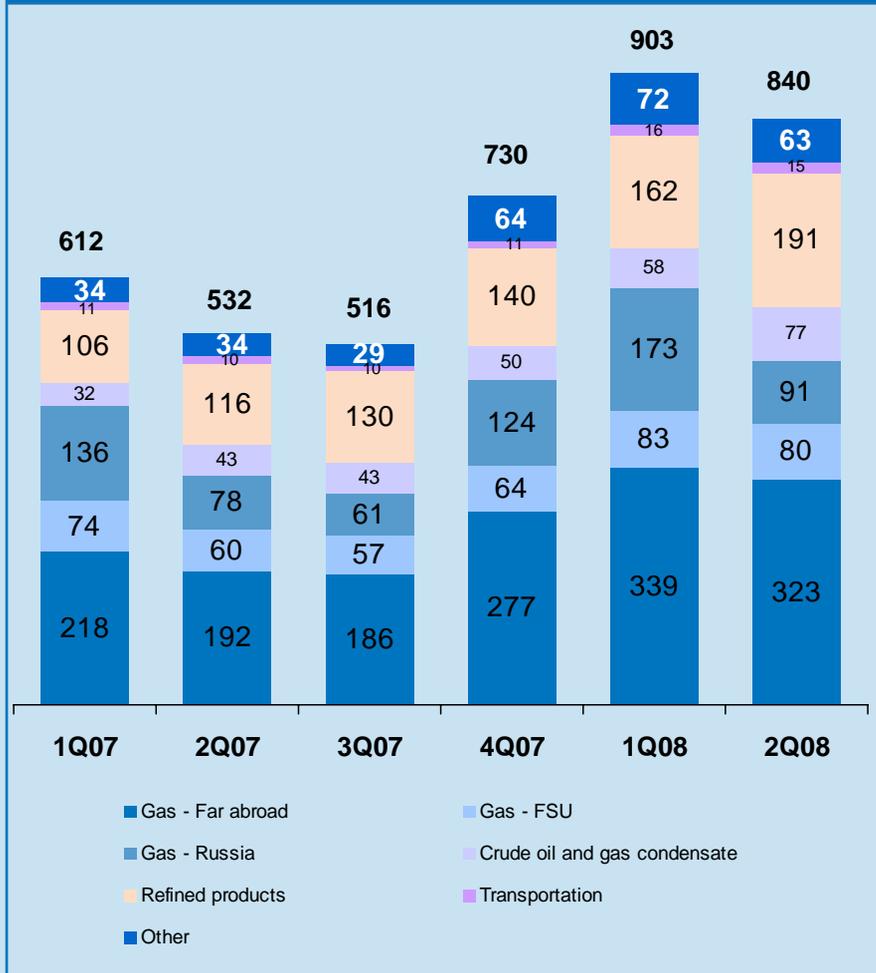


(1) Due to Mosenergo consolidation since June 2007.

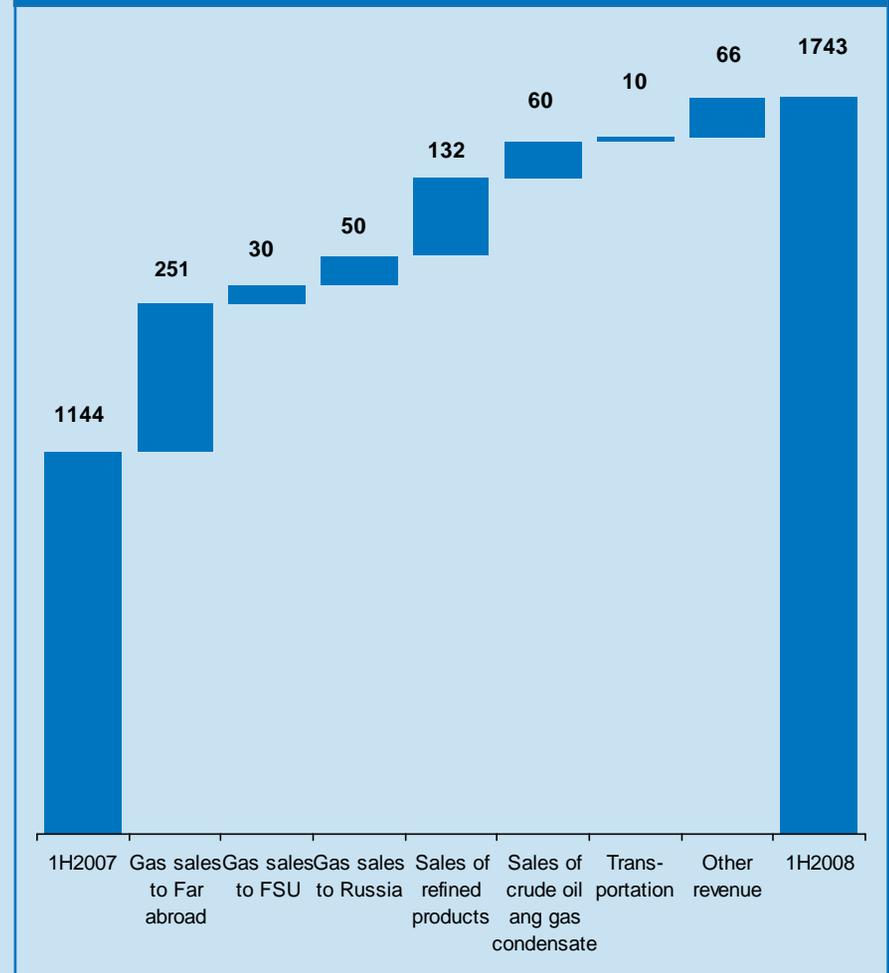
# Revenues

## Record Revenue Increase

Total Net Revenues (RR billion)



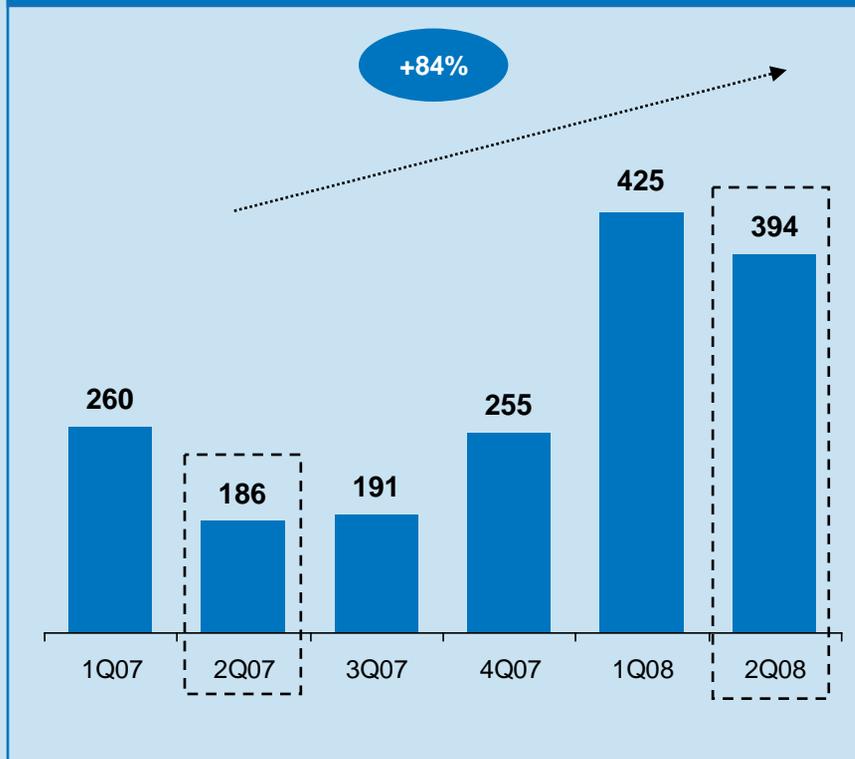
Revenue Reconciliation (Y-o-Y, RR billion)



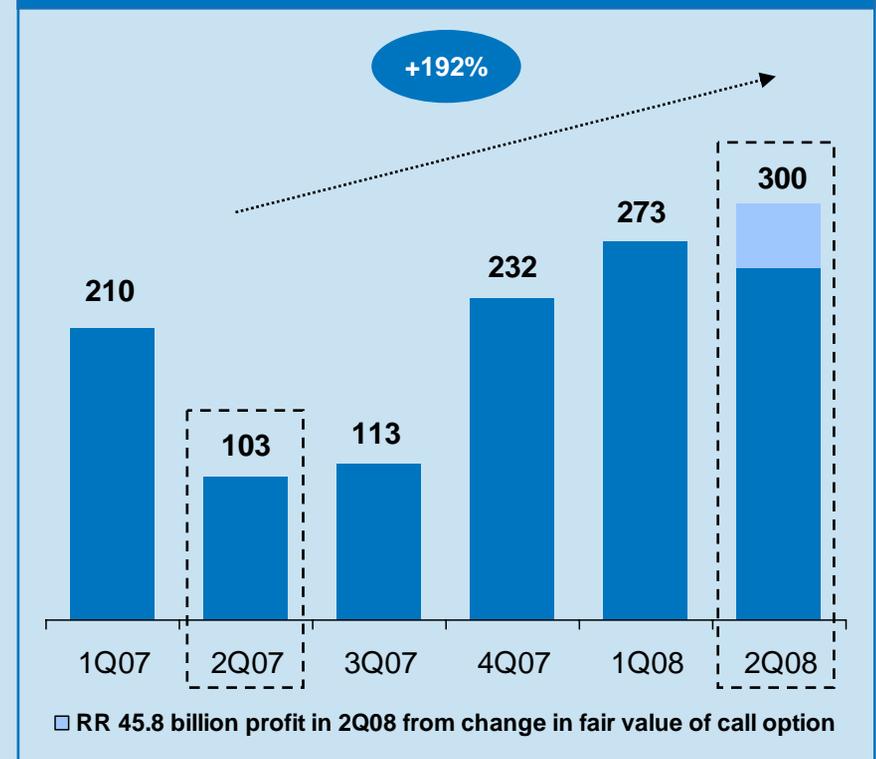
# EBITDA and Net Profit

## Maintaining Strong Profitability

Adjusted EBITDA<sup>(1)</sup> (RR billion)



Net Profit<sup>(2)</sup> (RR billion)



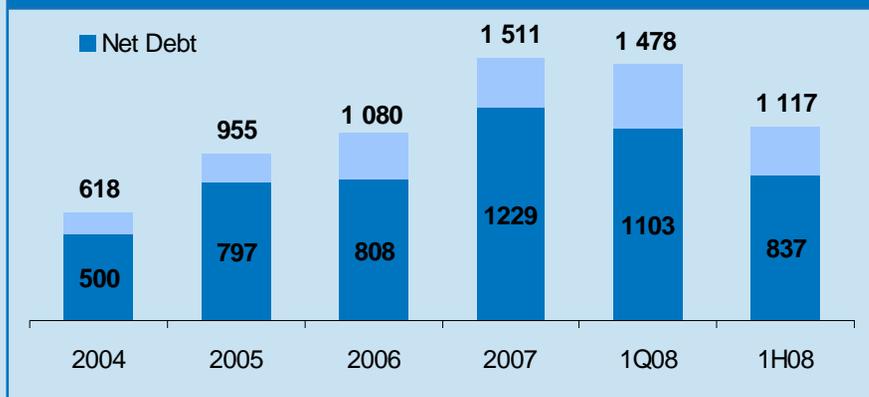
(1) Adjusted EBITDA calculated as operating profit plus depreciation and provisions for impairment of assets (includes provisions for impairment of accounts receivable and prepayments, assets under construction, investments and other long-term assets and inventory obsolescence) except provisions for impairment of accounts receivable and prepayments.

(2) Net profit attributable to shareholders.

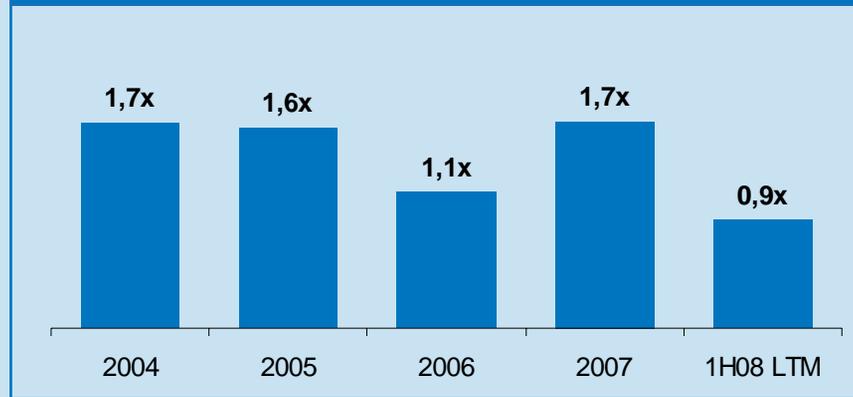
# Debt structure

## Leverage Under Control: Securing Appropriate Level of Debt

Total Debt<sup>(1)</sup>, RR billion



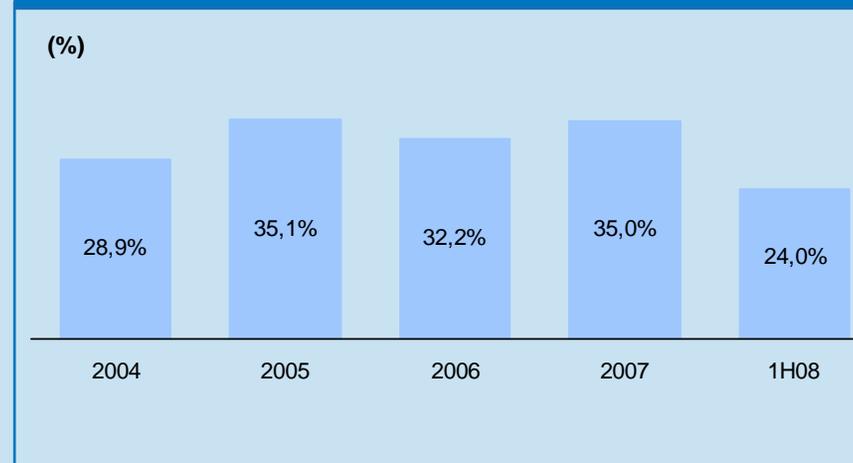
Total Debt / Adjusted EBITDA



Maturity profile



Debt-to-Equity Ratio

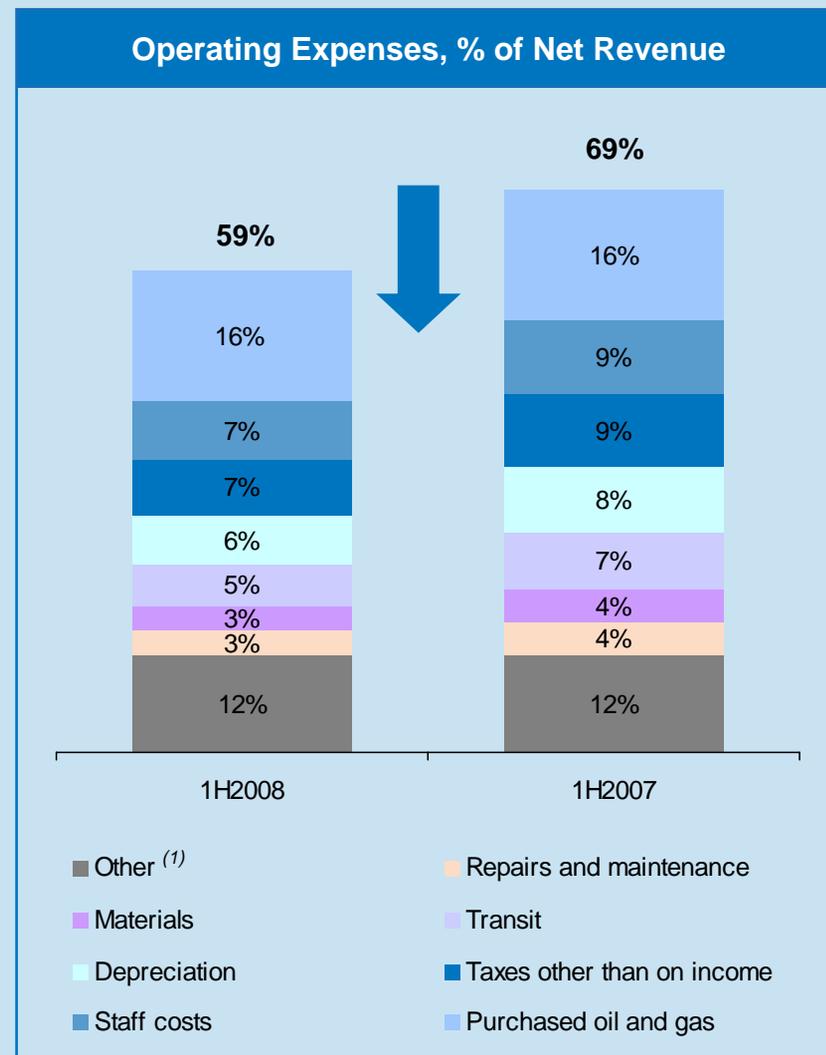


(1) Total debt: short-term borrowings and current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable and restructured tax liabilities.

# Operating Expenses

## Operating Expenses Increase Compared to Revenue Growth

Operating Expenses, RR million	1H2008	1H2007	Y-o-Y,% Increase	% of Total increase
Purchased oil and gas	284 048	188 436	51%	41%
Taxes other than on income	124 389	98 074	27%	11%
Staff costs	130 125	108 399	20%	9%
Depreciation	99 747	93 024	7%	3%
Transit of gas, oil and refined products	93 157	77 063	21%	7%
Materials	44 890	45 554	-1%	-0,3%
Repairs and maintenance	56 801	45 479	25%	5%
Cost of goods for resale	59 072	21 178	179%	16%
Electricity and heating expenses	29 285	22 748	29%	3%
Charge for provisions	8 506	2 778	206%	2%
Social expenses	8 317	6 981	19%	0,6%
Insurance expenses	7 257	5 673	28%	0,7%
Rental expenses	6 305	8 153	-23%	-0,8%
Other operating expenses	74 677	68 675	9%	3%
<b>Total operating expenses</b>	<b>1 026 576</b>	<b>792 215</b>	<b>30%</b>	<b>100% (2)</b>



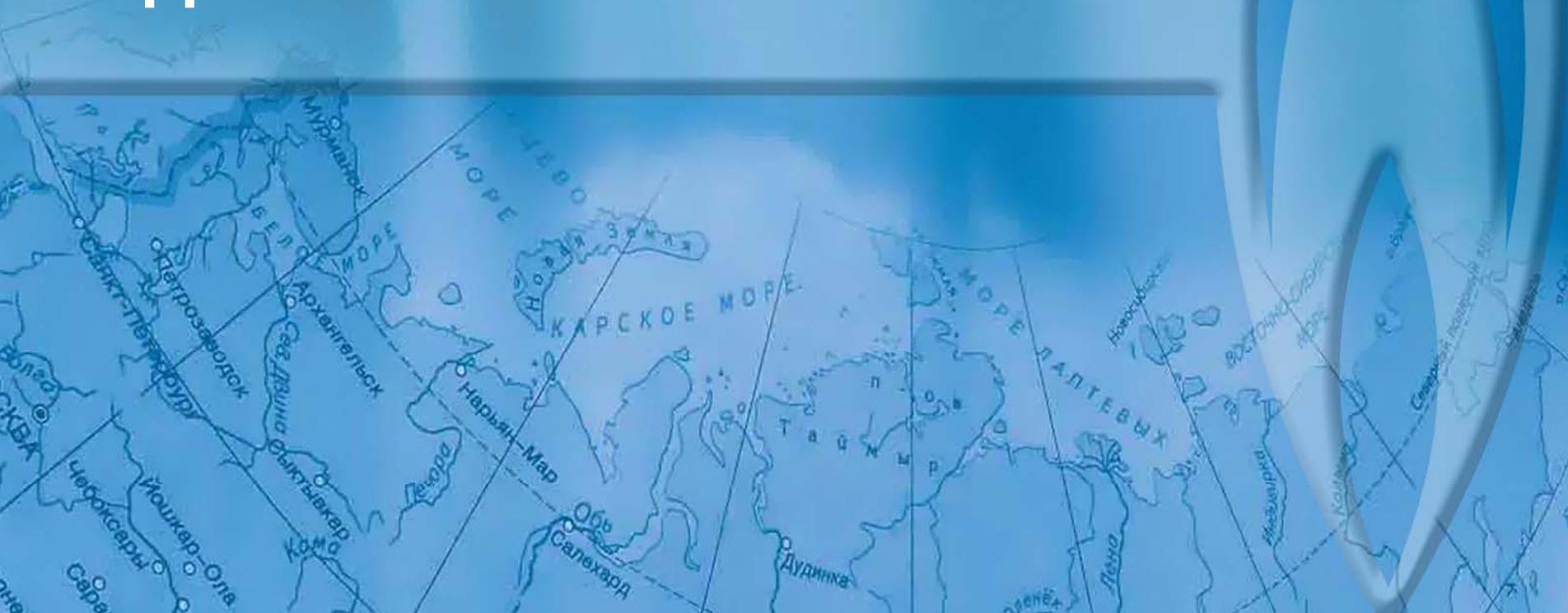
(1) Other include: cost of goods for resale, electricity and heating expenses, charge for provisions, social expenses, insurance expenses, rental expenses, other operating expenses.

(2) Totals may not sum due to rounding.

# Subsequent Events

- In November 2008, the amendments to the Tax Code were made cutting profit tax to 20% from 24% starting from January 1, 2009.
- Since July 2008, Gazprom Group has received US\$500 million in bonds and US\$1.433 million in loans.
- In July 2008, the Group obtained a 44.4% interest in WGC-2 and 42.9% interest in WGC-6 increasing its interest to controlling 57.2% and 60.0% in WGC-2 and WGC-6 respectively.
- In July 2008, the Group acquired the 28.7% interest in TGC-1 prepaid in February 2008.
- In October 2008, the Group acquired a 100% interest in OAO Sobinbank.

# Appendix



# Financial results – Income Statement (RR million)

Statement of Income, RR million	1H2007	1H2008	Change, +/-%
Sales	1 143 894	1 743 196	52%
Operating expenses	(792 215)	(1 026 576)	30%
<b>Operating profit / EBIT</b>	<b>351 679</b>	<b>716 620</b>	<b>104%</b>
Profit from change in fair value of call option	-	28 375	-
Deconsolidation of NPF Gazfund	44 692	-	-
Finance items <sup>(1)</sup>	12 101	13 680	13%
Other <sup>(2)</sup>	33 641	36 868	10%
<b>Profit before profit tax</b>	<b>442 113</b>	<b>795 543</b>	<b>80%</b>
Profit tax expense <sup>(3)</sup>	(112 063)	(186 190)	66%
Minority interest	(16 870)	(35 596)	111%
<b>Shareholders' profit</b>	<b>330 050</b>	<b>609 353</b>	<b>85%</b>

(1) Finance items include: finance income, finance expense.

(2) Other: share of net income of associated undertakings and jointly controlled entities, gains on disposal of available-for-sale financial assets.

(3) Profit tax expense: current tax expense, deferred tax expense.

# Balance sheet (RR million)

RR million	December 31, 2007	June 30, 2008	Change, RR million	Change, +/-)%
Total current assets, of which	1 566 417	1 545 445	(20 972)	(1%)
Cash and cash equivalents and restricted cash	291 134	281 485	(9 649)	(3%)
Accounts receivable and prepayments	697 464	655 294	(42 170)	(6%)
Total long-term assets, of which	5 226 139	5 151 038	(75 101)	(1%)
Property, plant and equipment	3 490 477	3 571 208	80 731	2%
Long-term accounts receivable and prepayments	402 382	269 899	(132 483)	(33%)
<b>Total assets</b>	<b>6 792 556</b>	<b>6 696 483</b>	(96 073)	(1%)
Total current liabilities, of which	1 084 554	844 060	(240 494)	(22%)
Taxes payable	73 563	74 226	663	1%
Short-term interest bearing debt <sup>(1)</sup>	525 525	312 487	(213 038)	(41%)
Total long term liabilities, of which	1 394 905	1 190 775	(204 130)	(15%)
Long-term interest bearing debt <sup>(2)</sup>	985 141	804 859	(180 282)	(18%)
<b>Total liabilities</b>	<b>2 479 459</b>	<b>2 034 835</b>	(444 624)	(18%)
Total equity (including minority interest)	4 313 097	4 661 648	348 551	8%
<b>Total liabilities and equity</b>	<b>6 792 556</b>	<b>6 696 483</b>	(96 073)	(1%)

■ **Most of balance sheet items decreased due to Gazprombank deconsolidation**

(1) Short-term interest bearing debt: short-term borrowings and current portion of long-term debt, short-term promissory notes payable.

(2) Long-term interest bearing debt: long-term borrowings, long-term promissory notes payable, restructured tax liabilities.