



Gazprom Neft 1H2007 Operating and Financial Results

October 2007

1H2007 Operating Highlights

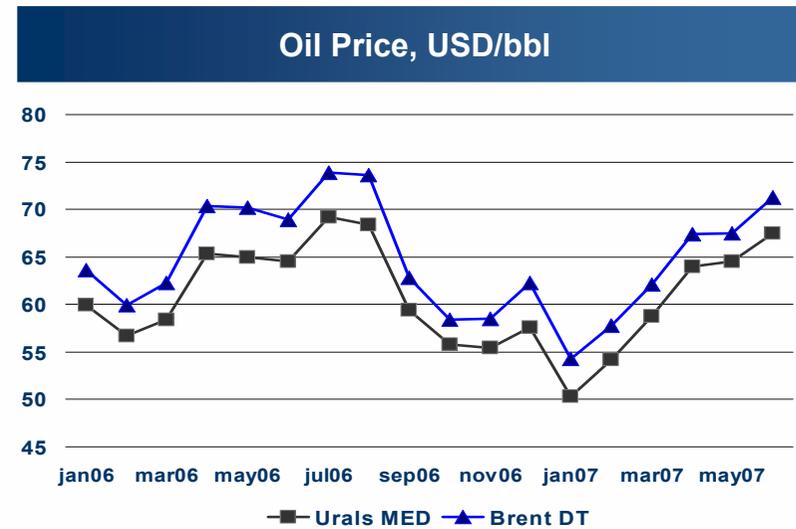


- **Gazprom Neft crude production** was 16.353 mmtonn in 1H2007 vs. 16.121 mmtonn in 1H2006.
↑ 1.44% Y-o-Y
- **Refining throughput** was 12.918 mmtonn in 1H2007 vs. 11.021 mmtonn in 1H2006.
↑ 17.21% Y-o-Y
- **EBITDA** was USD 2 710 mln. in 1H2007 vs. USD 2 624 mln. in 1H2006.
↑ 3.28% Y-o-Y
- **Net Income** was USD 1 862 mln. in 1H2007 vs. USD 1 793 mln. in 1H2006.
↑ 3.86% Y-o-Y
- **Net Cash provided by operating activities was** USD 2 301 mln. in 1H2007 vs. USD 1 188 mln. in 1H2006.
↑ 93.7% Y-o-Y

Market conditions

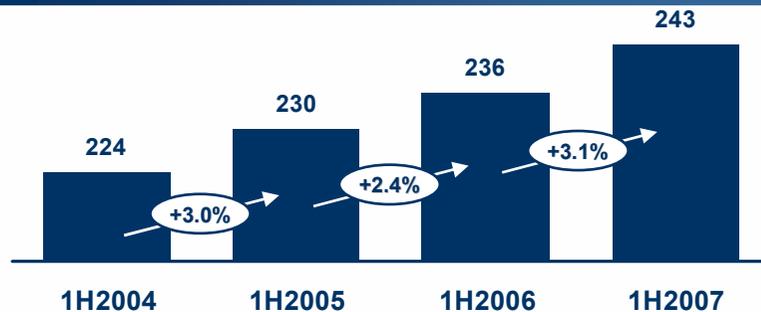


- Oil prices recovered during the 1H2007 since their fall in the end of 2006. But despite this, on average, they were below 1H2006 levels.
- Urals Med in 1H2007 decreased by 2.9% to USD59.8/bbl vs. USD61.5/bbl in 1H2006, resulting many oil companies to show weak financials.
- High oil product prices 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.

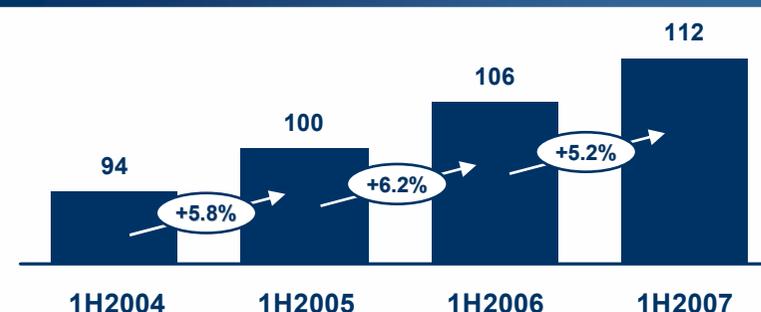


Source: Bloomberg – Europe Brent Dated, Urals MED

Oil Production in Russia, MMTonn



Oil Throughput in Russia, MMtonn

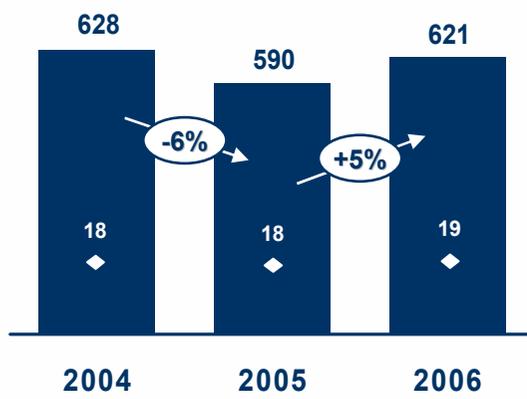


3 Source: INFOTEK – Oil production & throughput in Russia

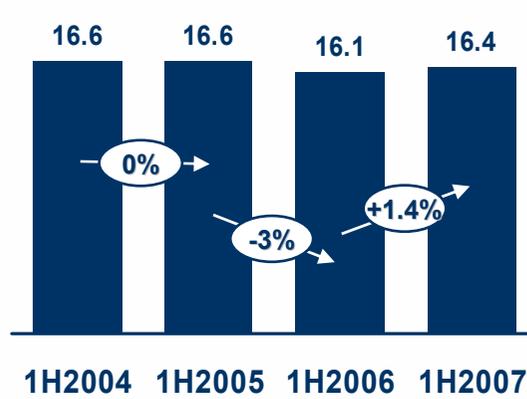
Oil production



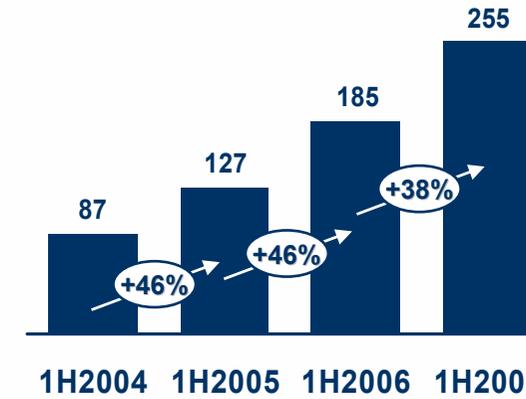
**Proved Reserves, MMTonn;
◆R/P Ratio, years**



Oil Production, MMTonn



New wells put into operation



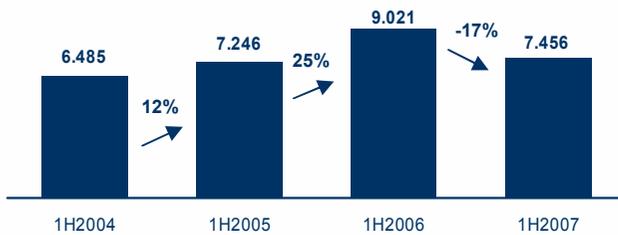
Source: Company data

- Gazprom Neft drilling in 1H2007 increased by 36% to 860 072 meters vs. 631 268 meters in 1H2006.
- The amount of active wells in 1H2007 increased by 14% to 4 704 vs. 4 123 in 1H2006 .
- The company managed to increase its production by 1.4% to 16.353 mmtonn in 1H2007 vs. 16.121 mmtonn in 1H2006.
- The company developed a strategic plan on associate gas utilization, under which most of the deposits will utilize 95% of their associate gas by 2011. Gazprom Neft implements this programme under close cooperation with JSC Sibur Holding.

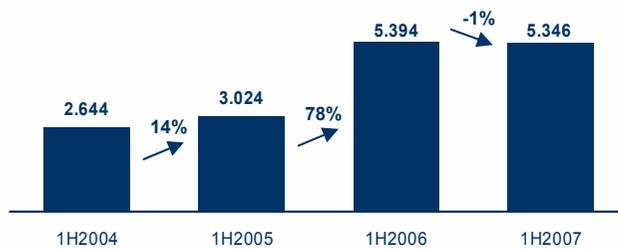
Export flows optimization



Crude oil exports, MMTonn



Oil products exports, MMTonn



Source: Company data

- 41% shipped from Baltic Sea ports (mainly Primorsk)
- 30% exported through Transneft's Druzhba pipeline (mainly to Germany and Poland)
- 29% shipped from Black Sea ports Novorossiysk and Tuapse
- In 1H2007 the Company exported oil and oil products through a wholly owned subsidiary - Sibneft Oil Trade Company GmbH
- The company reallocated its export flows to the domestic market in the 1H2007 to maximize efficiency of its sales.

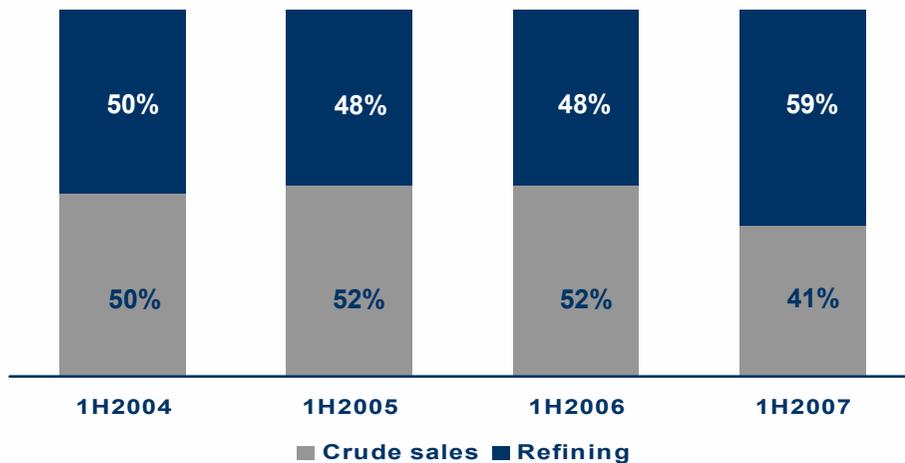
Distribution routes



Excellent Balance Between Upstream and Downstream

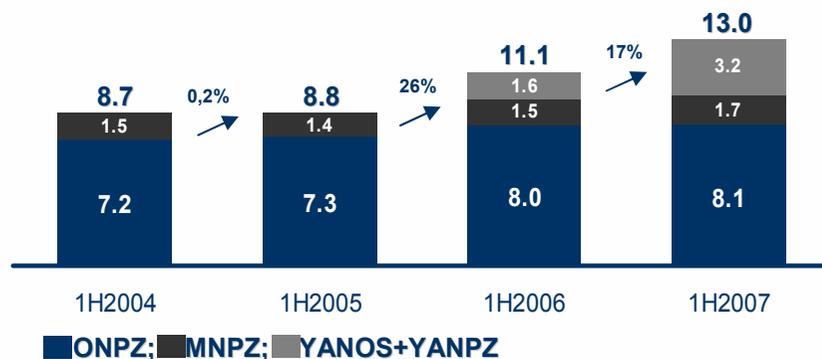


Crude Balance, %

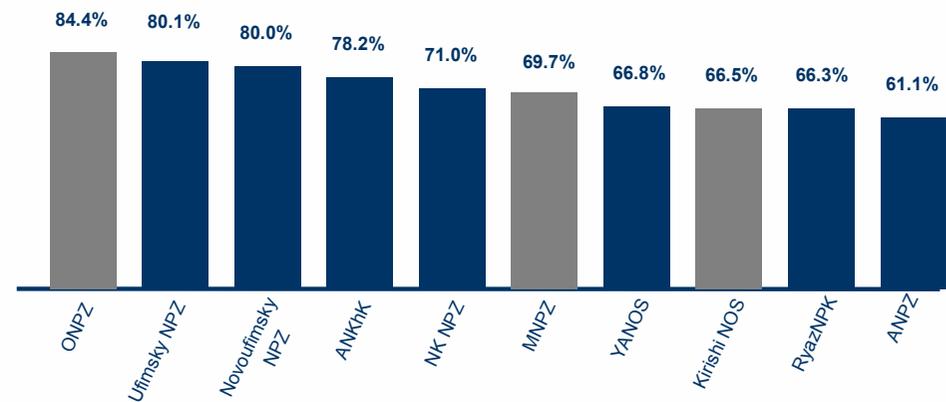


- Compared to its sector peers, Gazprom Neft leads in terms of refining vs crude sales
- High refining margin allows the company to maximize profits per ton of extracted oil
- The company plans to improve efficiency of refining assets, while increasing Downstream share in production
- Gazprom Neft benefits from the highest share of light oil products through its Omsk Refinery

Refining Throughput, MMTonn



Refinery Depth on Russian NPZ (2006, %)



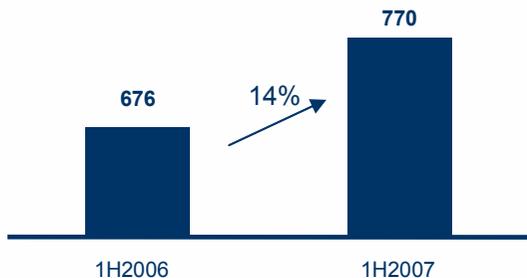
6 Source: Company data

Source: INFOTEK

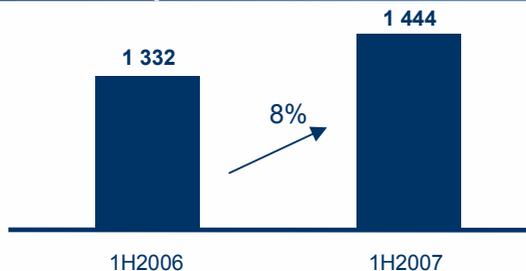
Expanding retail network



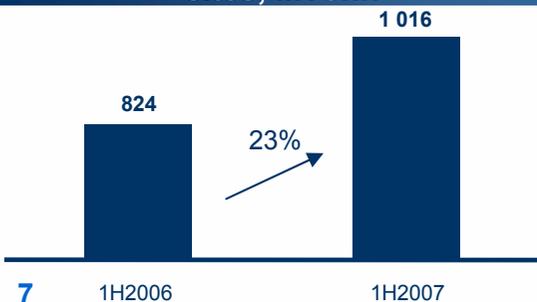
Number of distribution sites



Wholesale distribution of refined products, MTon



Retail distribution through own sites, MTon



- The Company acquired the right for long-term rent of 30 land plots for gas station construction with the right of further redemption in St. Petersburg.
- Gazprom Neft is expanding its presence in the CIS region. In 2006 it acquired JSC “Munai Myzra”, largest retail network operator in Kyrgyzstan. In 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
- The company reallocated its wholesale volumes to retail distribution to maximize sales effectiveness.

Source: Company data

Financial Overview

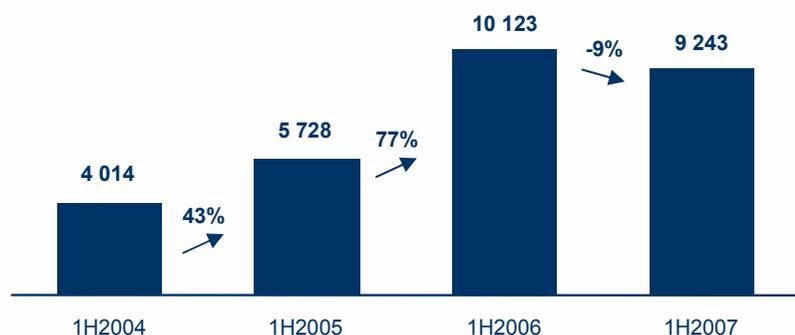


<i>(mln. USD)</i>	1H2004	1H2005	1H2006	1H2007
Total Revenues	4 014	5 728	10 123	9 243
<i>Oil, Gas & Product Sales</i>	<i>3 950</i>	<i>5 643</i>	<i>10 042</i>	<i>8 999</i>
<i>Other</i>	<i>64</i>	<i>85</i>	<i>82</i>	<i>244</i>
Costs and other deductions	2 792	4 116	7 954	7 041
Operating Income	1 222	1 612	2 169	2 202
EBITDA*	1 504	1 944	2 624	2 710
Net Income	988	1 422	1 793	1 862
EPS	0.21	0.30	0.38	0.39
Net cash provided by operating activities	598	765	1 188	2 301

Financial Performance



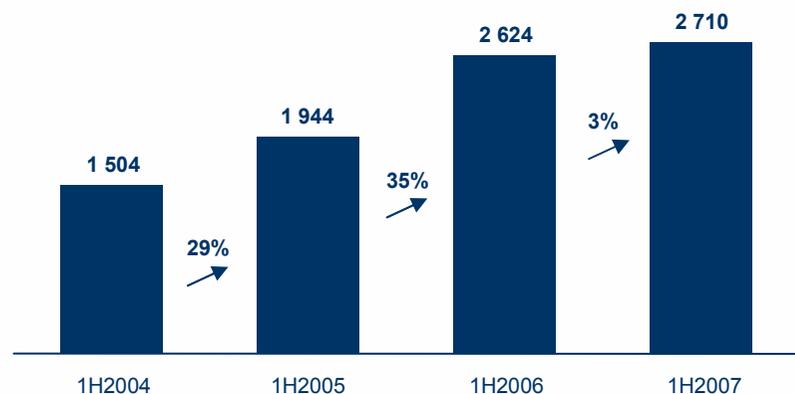
Revenues (USD mln)



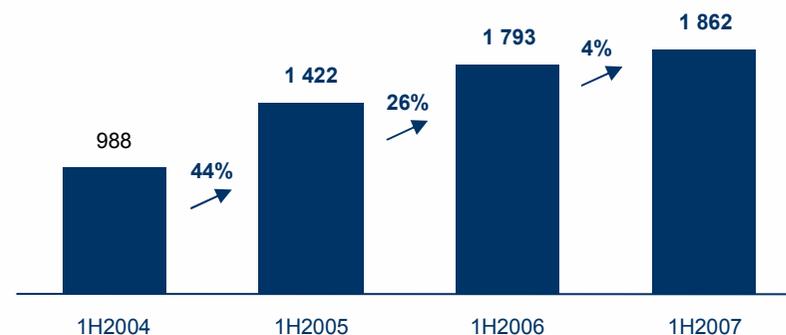
Reasoning

Revenues decreased nearly 9% in 1H2007 due to lower oil and oil product prices and the change in realization structure, that in turn caused increase in sales efficiency, which finally lead to Net Income increase by almost 4%.

EBITDA (USD mln)



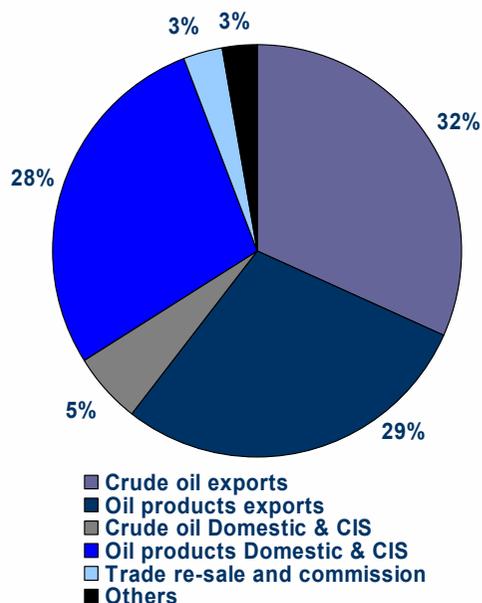
Net income (USD mln)



Revenues and Costs Breakdown

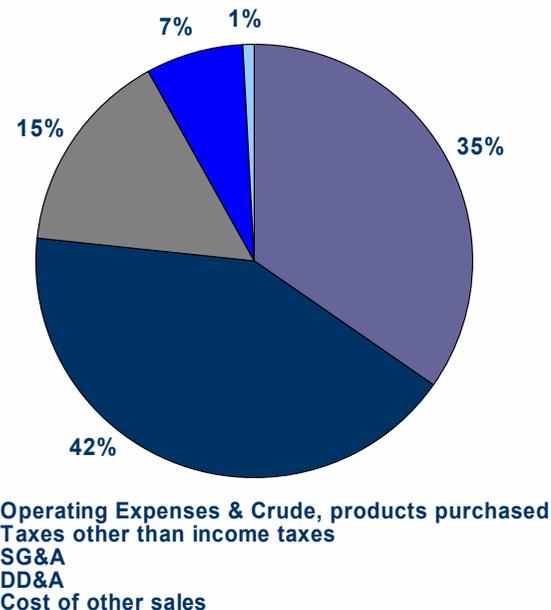


Revenue Breakdown



USD mln	1H2004	1H2005	1H2006	1H2007
Total revenues	4 014	5 728	10 123	9 243
Crude oil exports	1 456	2 268	3 953	2 926
Oil products exports	753	1 120	2 606	2 673
Crude oil and Gas Domestic & CIS	312	289	576	506
Oil products Domestic & CIS	1 060	1 422	2 190	2 586
Trade re-sale	352	517	707	308
Others	81	112	91	244

Cost structure



USD mln	1H2004	1H2005	1H2006	1H2007
Total costs	2 792	4 116	7 954	7 041
Operating Expenses & Crude, products purchased	935*	1 220*	2 874	2 436
Taxes other than Income Taxes	945	1 802	3 685	2 967
SG&A	587	717	917	1 064
DD&A	282	332	455	508
Cost of Other Sales	42	46	23	66

* Including oil and gas exploration costs

CAPEX Breakdown



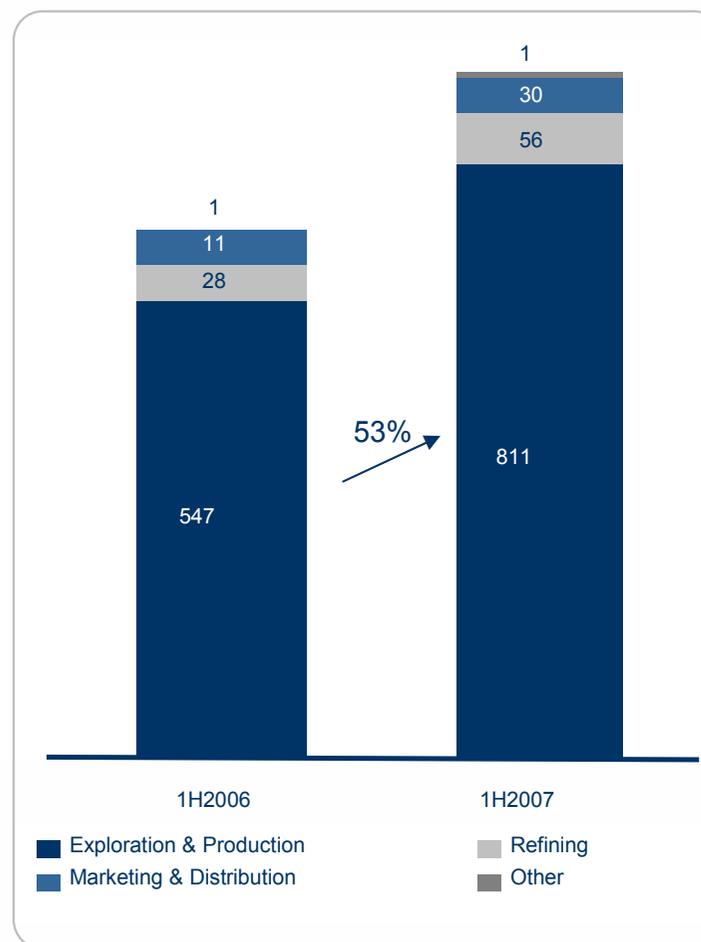
CAPEX (USD mln)

USD mln	1H2006	1H2007
Total Capex	587	898
Exploration and production	547	811
Marketing and distribution	11	30
Refining	28	56
Other	1	1

➤ The growth of CAPEX by 53% in 1H2007, the maximum for the last years, is determined by the Company's focus on long-term development

➤ Substantial investment are made to establish the infrastructure of Priobskoye deposit, which production will increase to 12.3 MMTonn in 2013.

➤ Gazprom Neft plans to invest around USD 500 mln. for 5 years into the modernization of Omsk refinery.



Balance Sheet Highlights



<i>(mln. USD)</i>	2004	2005	2006	1H2007
Cash and cash equivalents	1 140	305	1 335	3 734
Accounts receivable	1 752	1 868	2 452	2 652
Oil and gas properties + PP&E	4 618	4 602	5 421	5 780
Total assets	10 263	10 640	14 102	17 071
Short-term debt & current portion of long-term debt	380	356	695	2 594
Long-term debt	1 068	1 155	977	852
Accounts payable and accrued liabilities	701	528	649	714
Shareholder capital	7 185	7 656	9 930	10 306
Total liabilities and shareholders` equity	10 263	10 640	14 102	17 071