



**Gazprom Neft 9M2007 Operating and Financial Results**

December 2007

## 9M2007 Operating Highlights



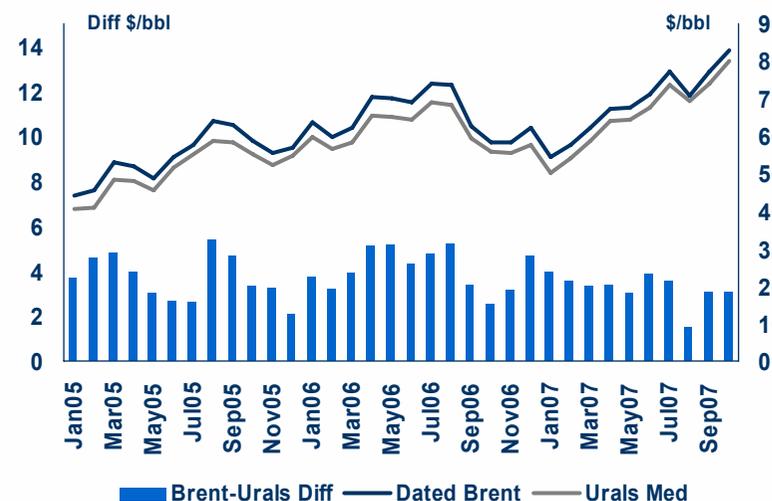
- **Gazprom Neft crude production** was 24.502 mmtonn in 9M2007 vs. 24.354 mmtonn in 9M2006.  
↑ **0.60% Y-o-Y**
- **Refining throughput** was 19.658 mmtonn in 9M2007 vs. 17.731 mmtonn in 9M2006.  
↑ **10.87% Y-o-Y**
- **EBITDA** was USD 4 159 mln. in 9M2007 vs. USD 3 976 mln. in 9M2006.  
↑ **4.61% Y-o-Y**
- **Net Income** was USD 2 819 mln. in 9M2007 vs. USD 2 827 mln. in 9M2006.  
↓ **0.28% Y-o-Y**
- **Net Cash provided by operating activities was** USD 3 614 mln. in 9M2007 vs. USD 2 420 mln. in 9M2006.  
↑ **49.36% Y-o-Y**

# Market conditions



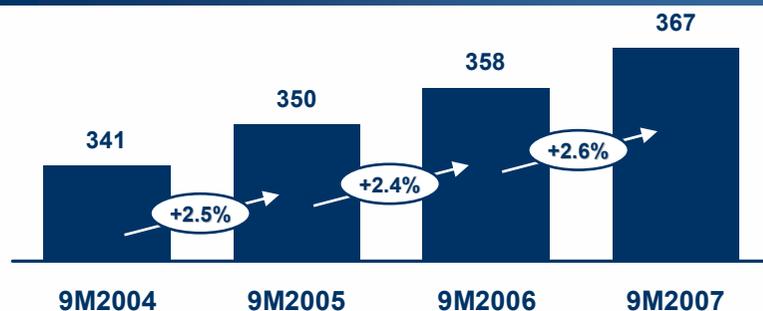
- For 9M07, Dated Brent averaged \$67.3/bbl, which is 0.1% y-o-y lower than 9M06 level.
- Meanwhile, average Urals price increased by 1.7% y-o-y to \$64.1/bbl on the back of Brent/Urals differential decreasing to \$3.2/bbl from \$4.4/bbl for 9M06.
- High oil product prices at the domestic market caused 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.

## Oil Price, USD/bbl

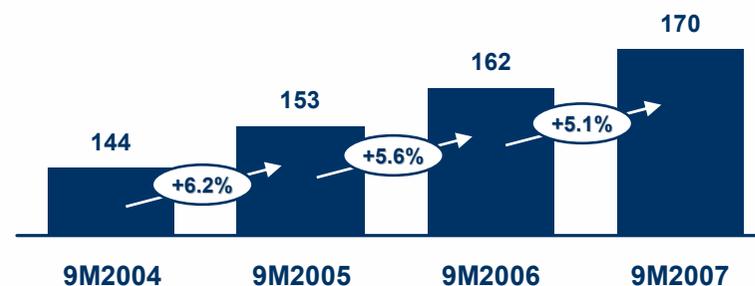


Source: Bloomberg – Europe Brent Dated, Urals MED

## Oil Production in Russia, MMTonn



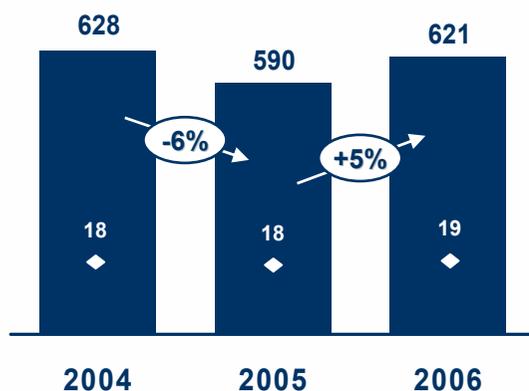
## Refining Throughput in Russia, MMtonn



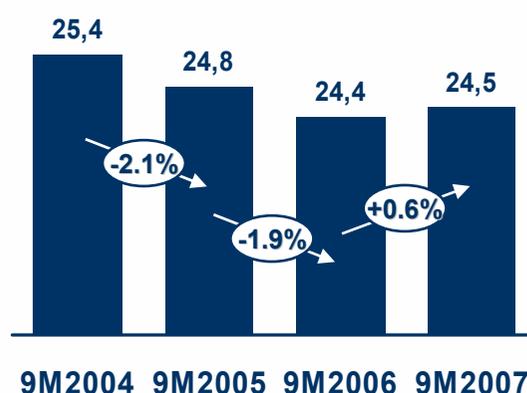
# Oil production



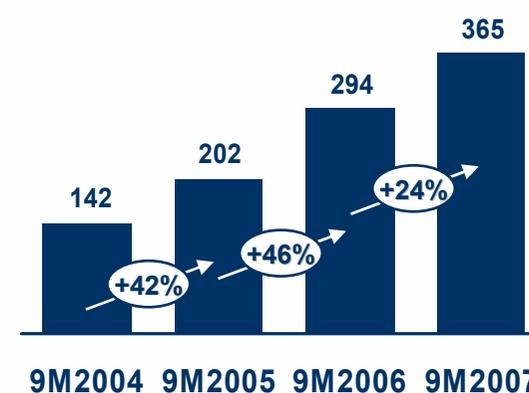
Proved Reserves, MMTonn;  
◆R/P Ratio, years



Oil Production, MMTonn



New wells put into operation



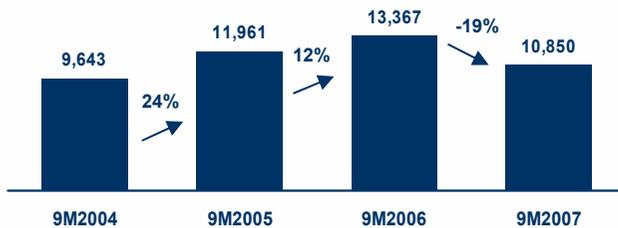
Source: Company data

- Gazprom Neft drilling for 9M2007 increased by 23% to 1 317 710 meters vs. 1 071 260 meters in 9M2006.
- The average amount of active wells for 9M2007 increased by 13% to 4 756 vs. 4 222 for 9M2006 .
- The company managed to increase its production by 0.6% to 24.502 mmtonn for 9M2007 vs. 24.354 mmtonn for 9M2006.
- 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.

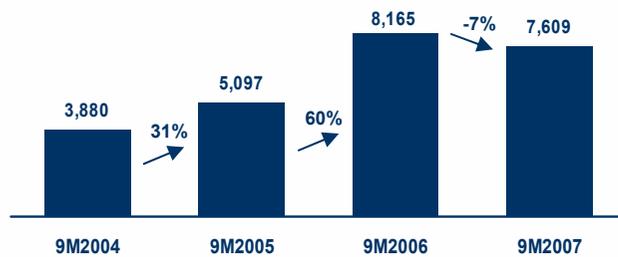
# Export flows optimization



## Crude oil exports, MTonn



## Oil products exports, MTonn



Source: Company data

- 33% shipped from Baltic Sea ports (mainly Primorsk)
- 40% exported through Transneft's Druzhba pipeline (mainly to Germany and Poland)
- 27% shipped from Black Sea ports Novorossiysk and Tuapse
- In 9M2007 the Company exported oil and oil products through a wholly owned subsidiary – Gazprom Neft Trading GmbH
- The company reallocated its export flows to the domestic market in the 9M2007 to maximize efficiency of its sales.

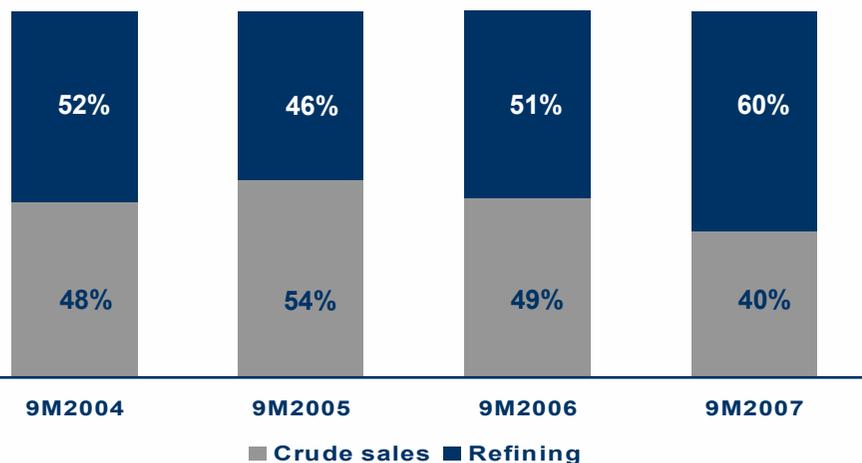
## Distribution routes



# Excellent Balance Between Upstream and Downstream

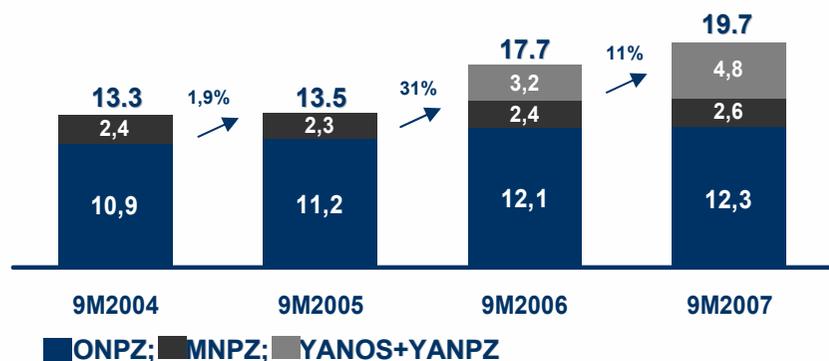


Crude Balance, %

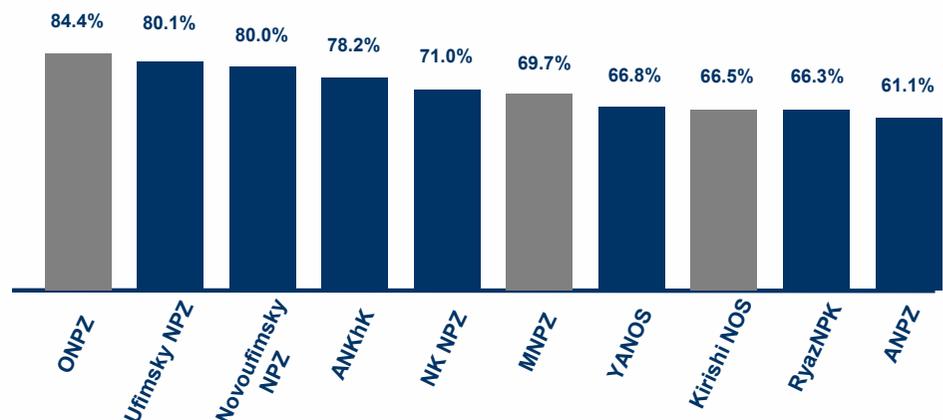


- Compared to its sector peers, Gazprom Neft leads in terms of refining vs crude sales
- High refining margin allows the company to maximize profits per ton of extracted oil
- The company plans to improve efficiency of refining assets, while increasing Downstream share in production
- Gazprom Neft benefits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

Refining Throughput, MMTonn



Refinery Depth on Russian NPZ (2006, %)



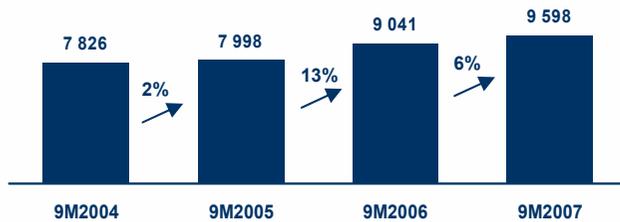
6 Source: Company data

Source: INFOTEK

# Improving oil products distribution in Russia



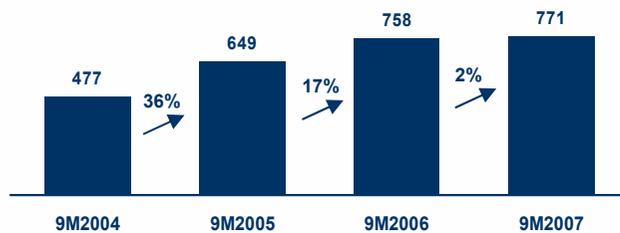
## Oil products sales in Russia, MTonn



## Including oil products distribution through own network, MTonn



## Number of active gas stations



7

Source: Company data



- 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 through own sites to maximize sales effectiveness.

# Financial Overview

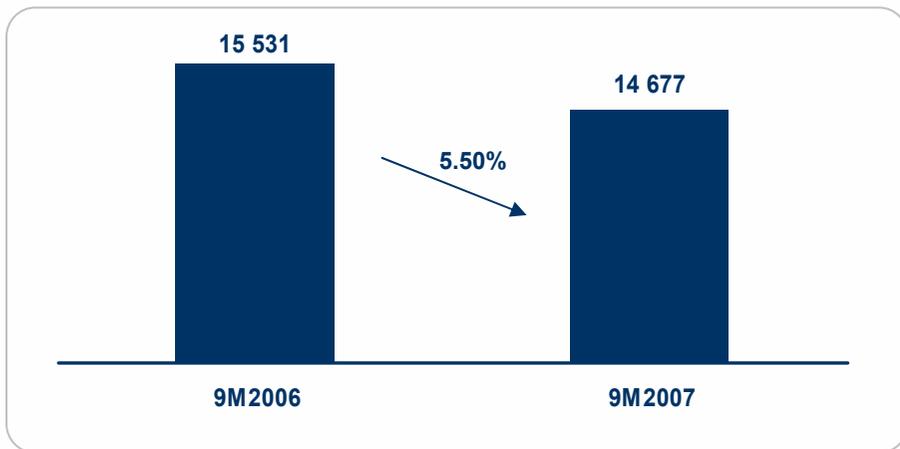


<i>(USD mln)</i>	<b>9M2006</b>	<b>9M2007</b>	<b>Δ, %</b>
<b>Total Revenues</b>	<b>15 531</b>	<b>14 677</b>	<b>-5.50%</b>
<i>Oil, Gas &amp; Product Sales</i>	15 376	14 322	-6.86%
<i>Other</i>	155	356	+129.50%
<b>Costs and other deductions</b>	<b>12 294</b>	<b>11 338</b>	<b>-7.77%</b>
<b>Operating Income</b>	<b>3 237</b>	<b>3 339</b>	<b>+3.15%</b>
<b>EBITDA*</b>	<b>3 976</b>	<b>4 159</b>	<b>+4.61%</b>
<b>Net Income</b>	<b>2 827</b>	<b>2 819</b>	<b>-0.28%</b>
<b>EPS</b>	<b>0.60</b>	<b>0.60</b>	<b>-0.29%</b>
<b>Net cash provided by operating activities</b>	<b>2 420</b>	<b>3 615</b>	<b>+49.36%</b>

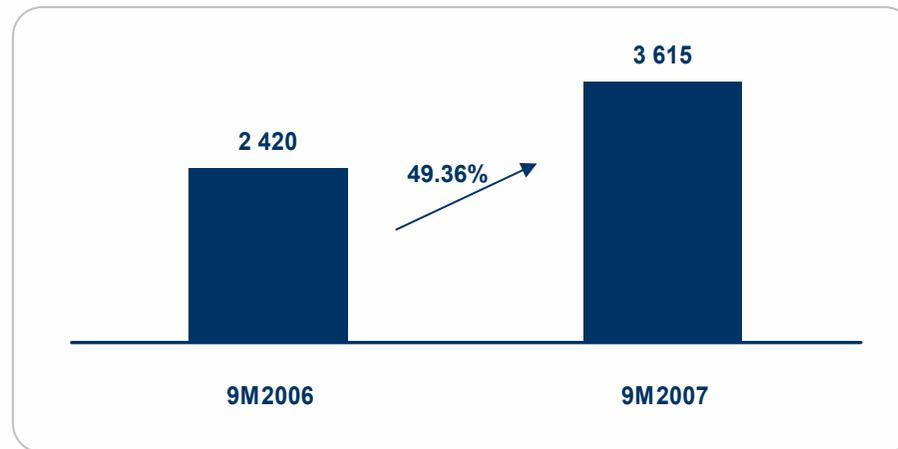
# Financial Performance



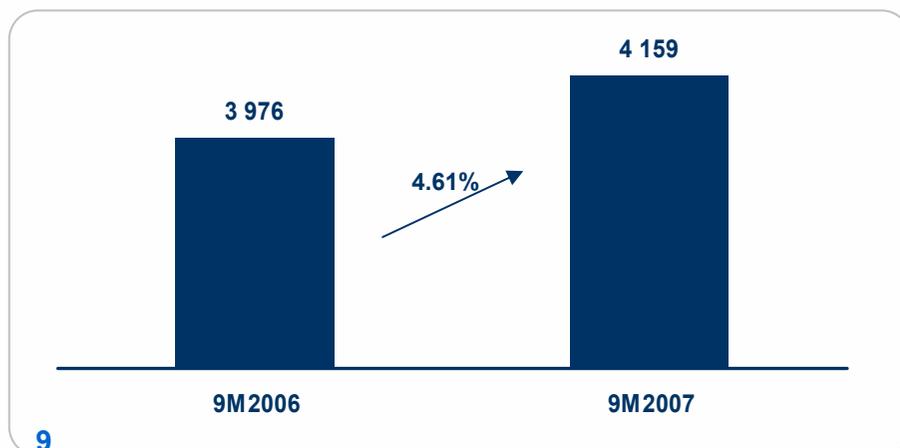
### Revenues (USD mln)



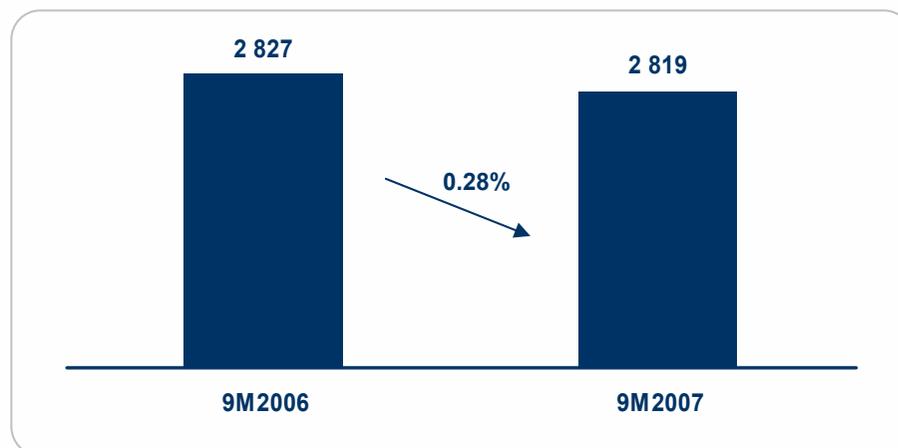
### Operating Cash Flow (USD mln)



### EBITDA (USD mln)



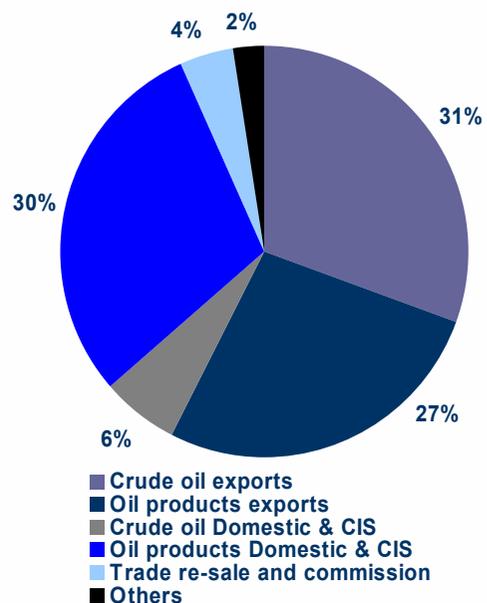
### Net income (USD mln)



# Revenues and Costs Breakdown

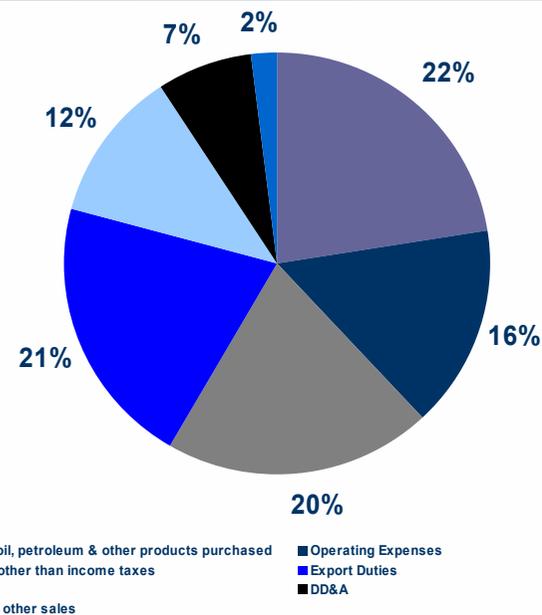


## Revenue Breakdown



USD mln	9M2006	9M2007	Δ, %
<b>Total revenues</b>	<b>15 531</b>	<b>14 677</b>	<b>-5.50%</b>
Crude oil exports	5 981	4 491	-24.91%
Oil products exports	4 190	3 928	-6.25%
Crude oil and Gas Domestic & CIS	621	937	+50.89%
Oil products Domestic & CIS	3 681	4 347	+18.09%
Trade re-sale	903	618	-31.56%
Others	155	356	+129.68%

## Cost structure



USD mln	9M2006	9M2007	Δ, %
<b>Total costs</b>	<b>12 294</b>	<b>11 338</b>	<b>-7.77%</b>
Crude oil, petroleum & other products purchased	3 122	2 551	-18.29%
Operating expenses	1 254	1 759	+40.31%
Taxes other than Income taxes	2 325	2 293	-1.35%
Export duties	3 476	2 378	-31.59%
SG&A	1 334	1 313	-1.56%
DD&A	739	820	+10.99%
Cost of Other Sales	44	223	+403%

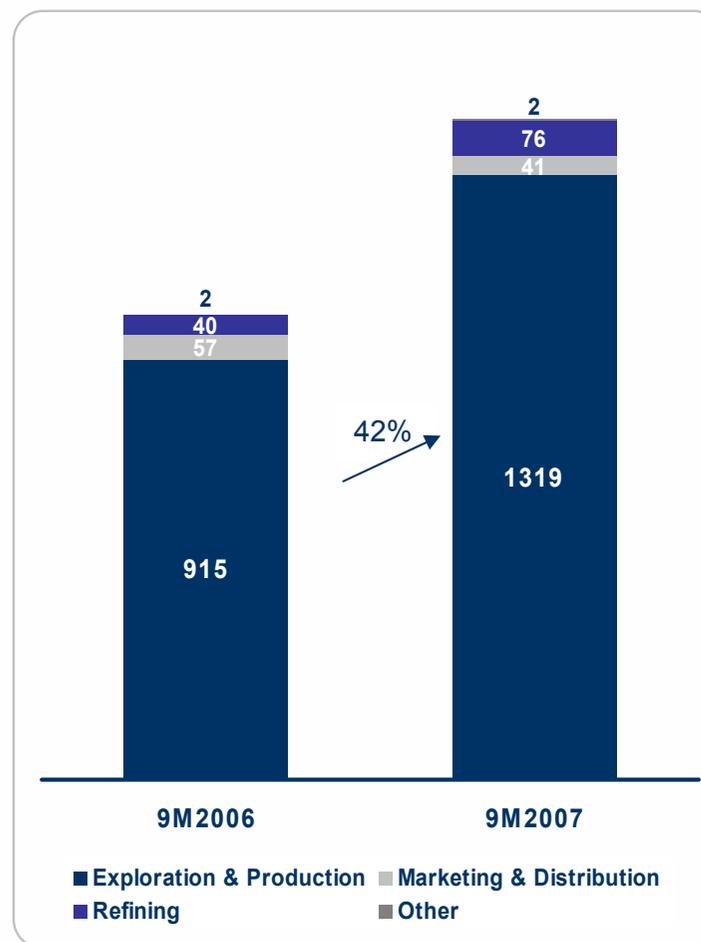
# CAPEX Breakdown



## CAPEX (USD mln)

USD mln	9M2006	9M2007
<b>Total Capex</b>	<b>1 014</b>	<b>1 439</b>
Exploration and production	915	1 319
Marketing and distribution	57	42
Refining	40	76
Other	2	2

- The growth of CAPEX by 42% in 9M2007 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>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>9M2007</b>
Cash and cash equivalents	1 140	305	1 335	3 751
Accounts receivable	1 752	1 868	2 452	2 485
Oil and gas properties + PP&E	4 618	4 602	5 421	6 020
<b>Total assets</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>	<b>17 277</b>
Short-term debt & current portion of long-term debt	380	355	695	971
Long-term debt	1 068	1 155	977	1 947
Accounts payable and accrued liabilities	701	528	649	763
Shareholder capital	7 185	7 656	9 930	11 263
<b>Total liabilities and shareholders` equity</b>	<b>10 263</b>	<b>10 640</b>	<b>14 102</b>	<b>17 277</b>