

The image features a blue background with a faint industrial scene of distillation columns. On the left, there is a stylized logo consisting of a dark blue vertical bar and four horizontal blue bars of varying lengths that curve to the right. The word "NOVATEK" is written in large, bold, dark blue capital letters across the center of the image.

# NOVATEK

## Lehman Brothers Leaders in Energy and Commodities 2008

Mark A. Gyetvay, Chief Financial Officer and Member of the Board of Directors

Lehman Brothers Headquarters, London, UK

4 June 2008

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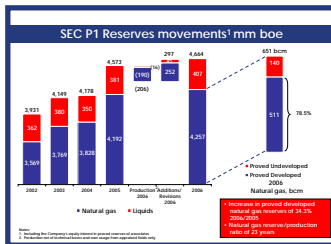
# NOVATEK

## Company Overview

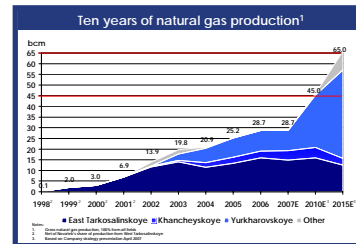
# Four Pillars Supporting Growth and Value Creation



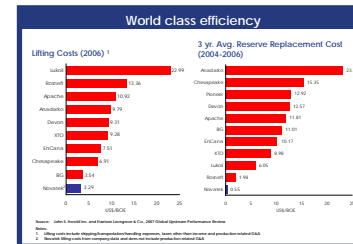
NOVATEK



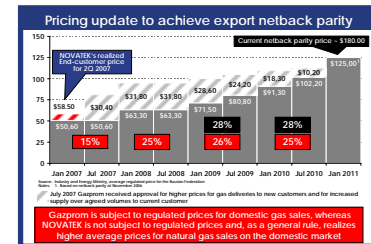
High Quality  
Long Life  
Reserves



Strong  
Production  
Growth

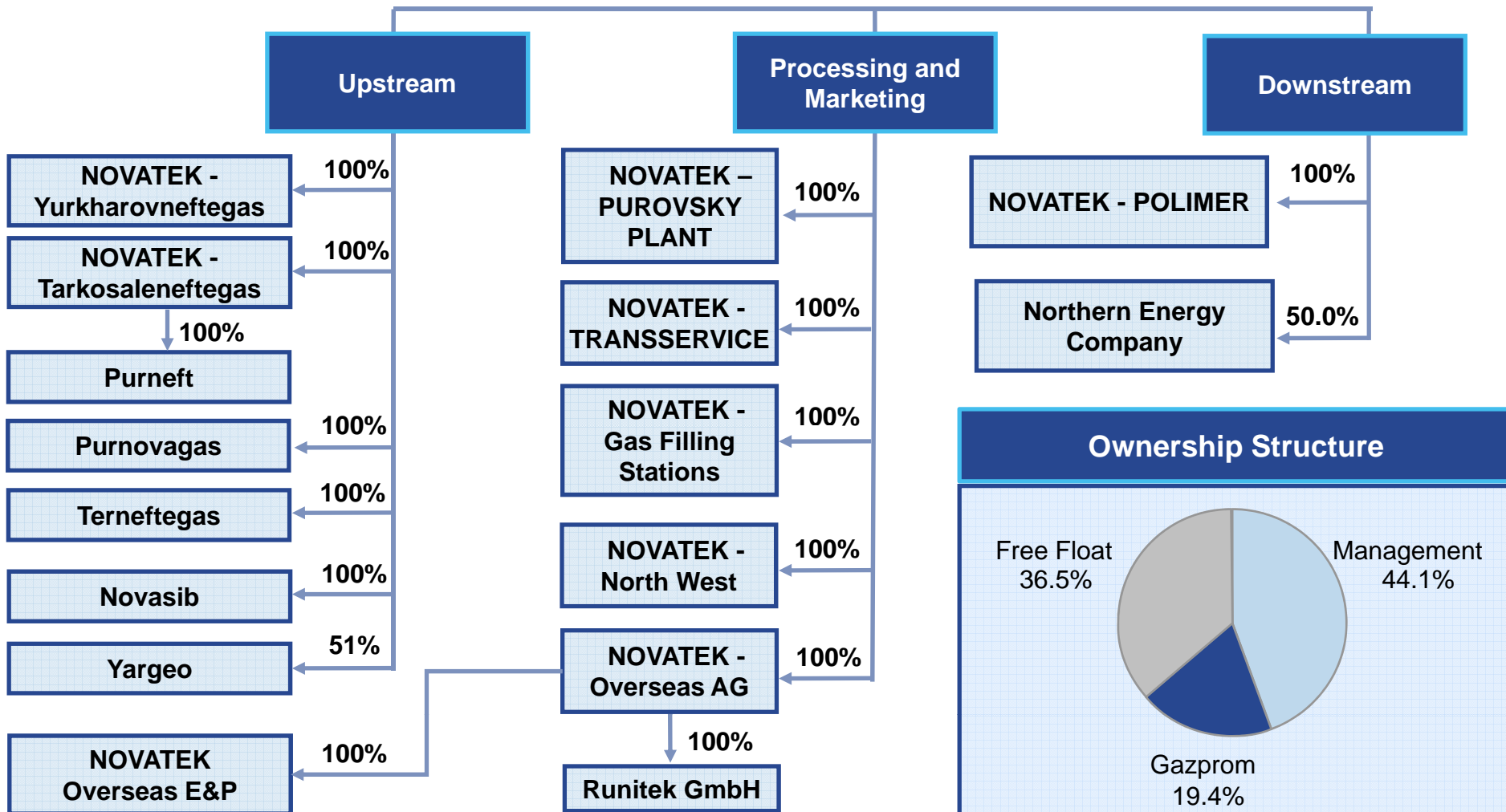


Low Cost  
Producer



Liberalized  
Pricing  
Environment

# Clean and Transparent Structure



# Key Milestones



Expansion in to the Oil & Gas Industry – production and exploration licenses in Yamal-Nenets District acquired



NOVATEK name adopted.  
Restructuring program initiated



NOVATEK production reaches cumulative total of 100 BCM

Novafininvest established as an Open Joint Stock Company

NOVATEK commences natural gas production at East-Tarkosalinskoye field

NOVATEK successfully places 19% of its shares on London and Russian exchanges in one of the largest Russian IPOs



First operating business, SNP Nova - one of the largest pipeline construction companies - acquired



Began direct natural gas sales to end-customers

NOVATEK fully consolidates key assets - Tarkosalenftegas and Khancheyneftegas

NOVATEK commences operations at its wholly-owned Purovsky Gas Condensate Stabilization Plant

Aggressive investment program to further develop Yamal-Nenets assets is initiated



The image features a blue background with a faint industrial scene of gas processing towers. On the left, there is a stylized logo consisting of a dark blue vertical bar and four horizontal blue bars of varying lengths, resembling a flame or a stylized 'N'. The word "NOVATEK" is written in large, bold, blue capital letters across the center of the image.

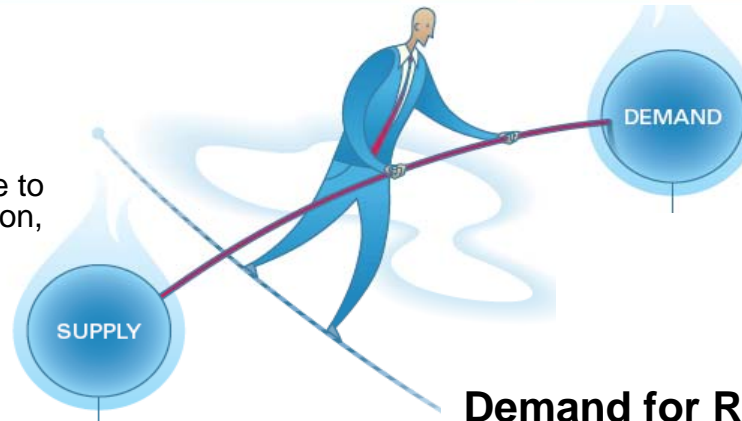
# NOVATEK

## Gas Market Overview

# Supply & Demand - A Tight Balancing Act

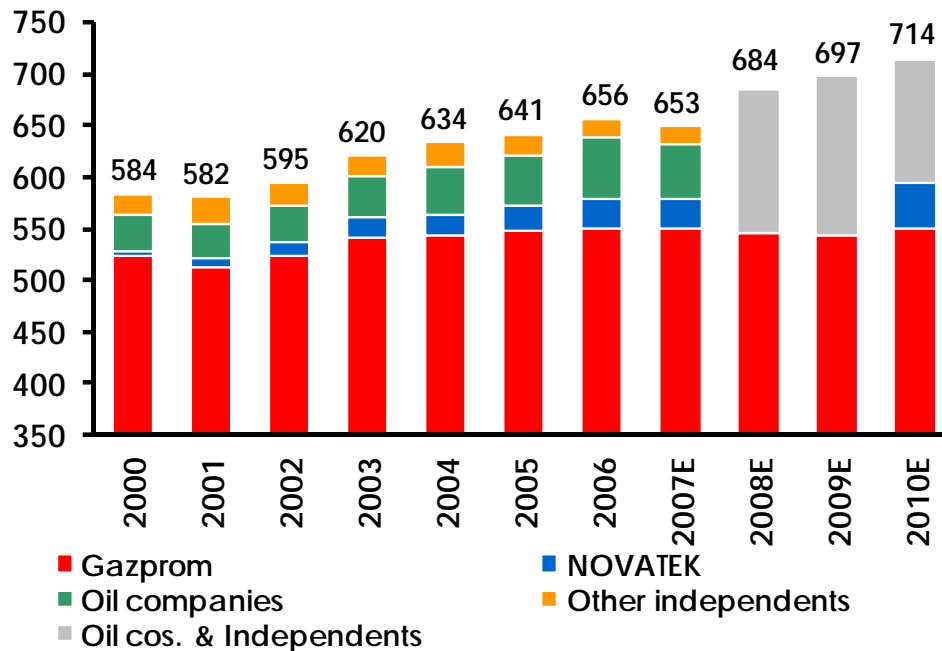


Slower to respond due to complexity of production, delivery and storage



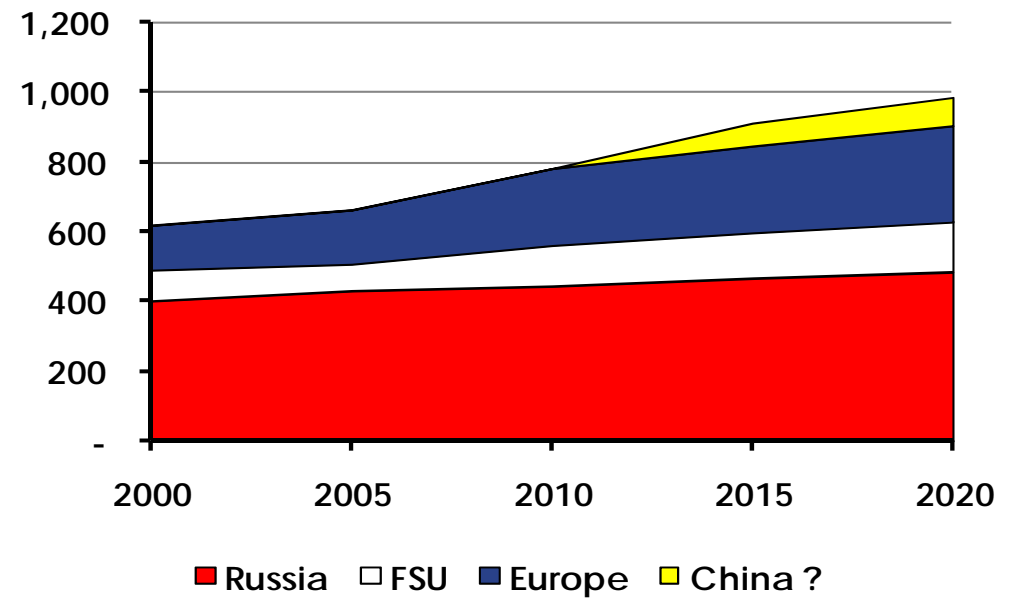
Can move quickly and dramatically, due to weather, economic activity and large volume customers (such as power generators)

### Russian Gas Supply, BCM



Source: CERA 2007

### Demand for Russian Gas, BCM



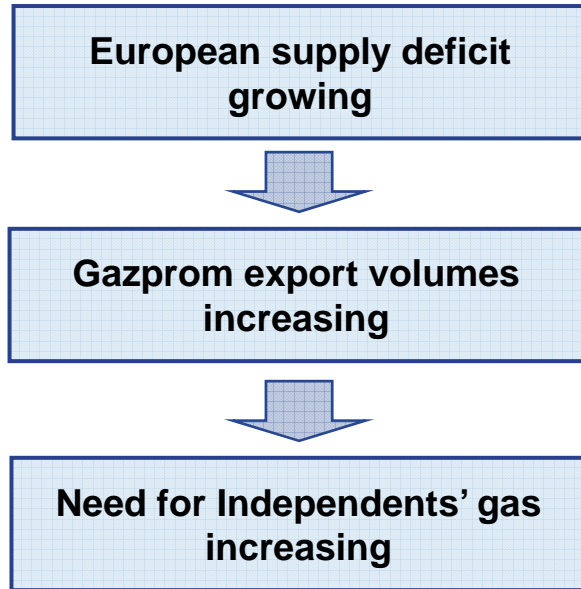
Source: CERA 2007, Lambert Energy Advisory; RF supply estimates to China,



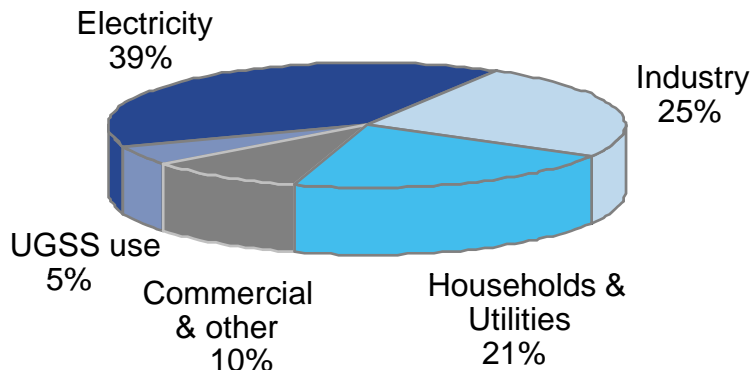
# Growing Market Share for Russian Independents



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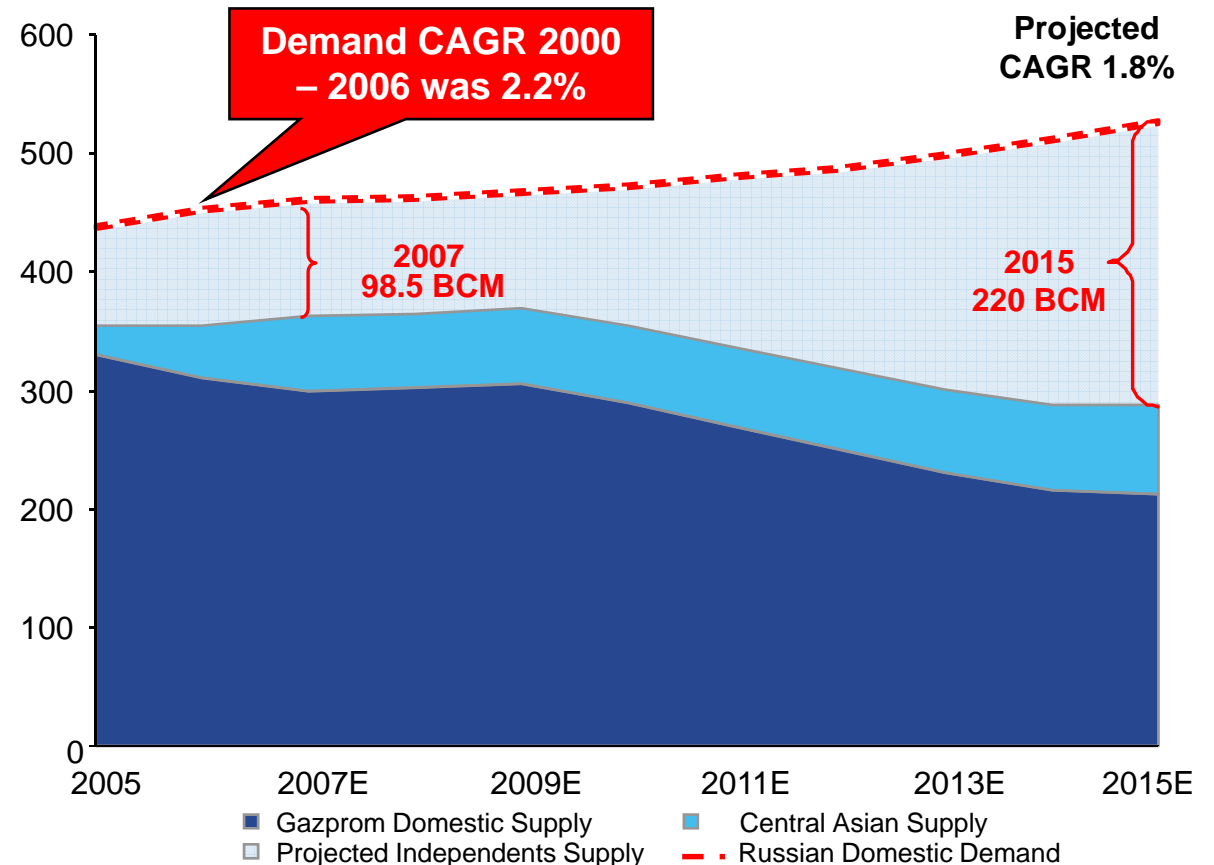


## Gas consumption, 2007E



Source: Company estimates

## Russian Gas Market: Demand, Supply, BCM



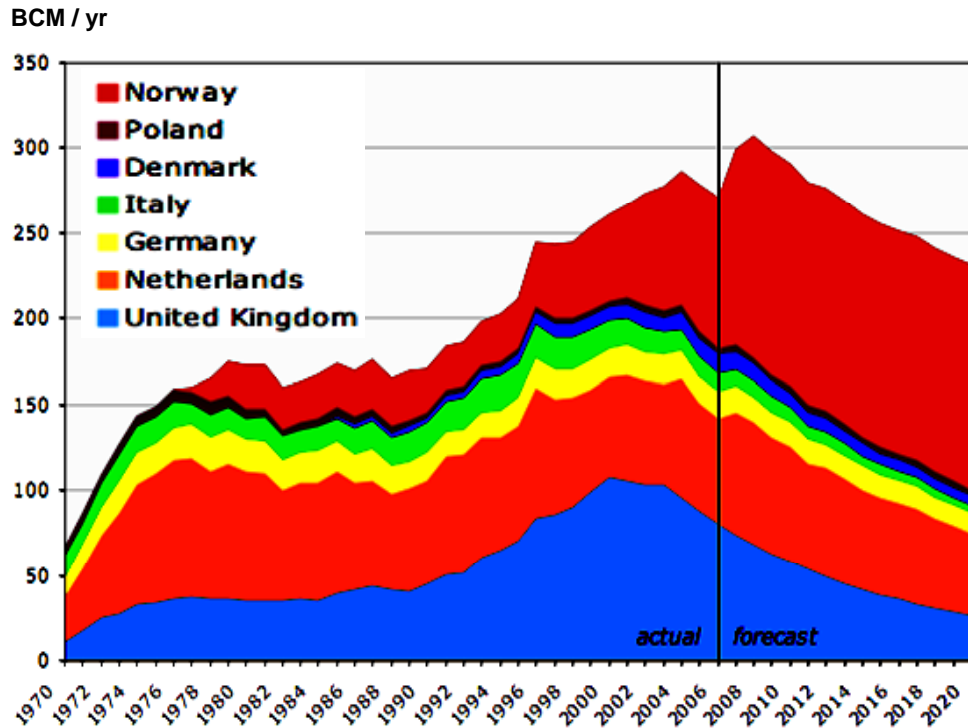
- Domestic demand has been significantly underestimated
- Forecasted demand growth of 1.5% to 2.0% per annum

Source: UBS, "Russian Gas" July 2006, Company data

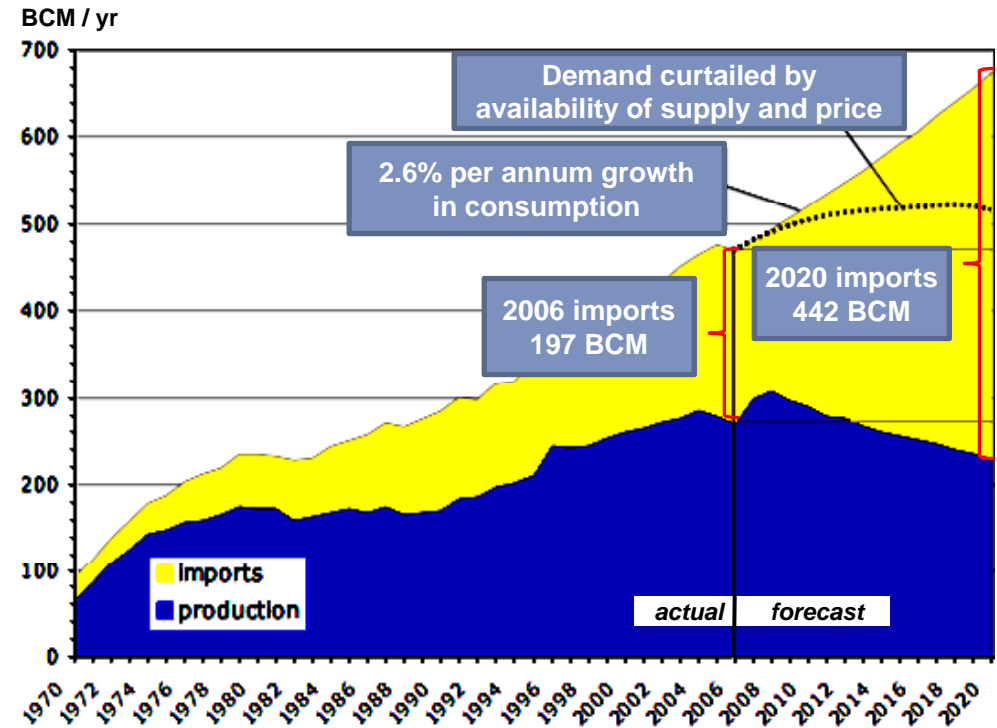
# OECD Europe Gas Scenarios



## OECD Europe Gas Production

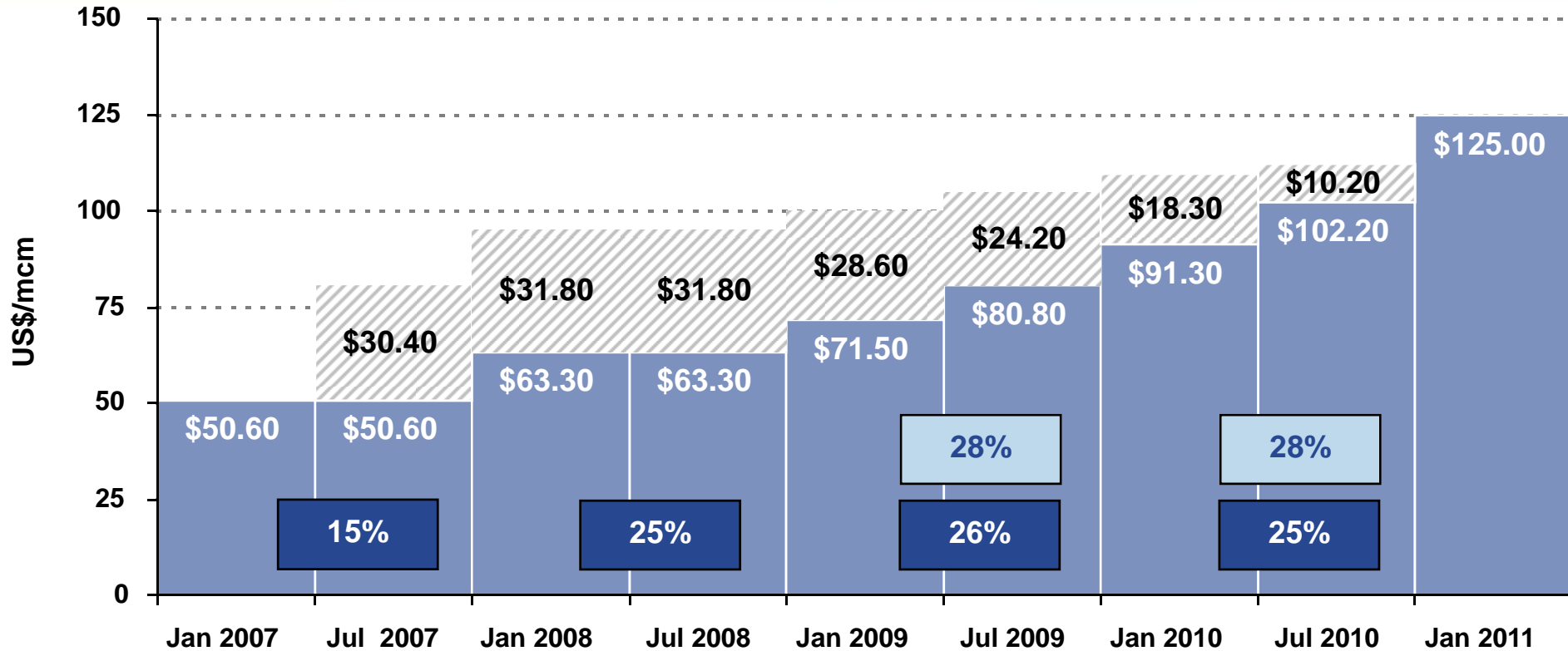


## OECD Europe Gas Balance Scenario




Significant decline forecasted from major OECD Europe indigenous gas production will result in an increase in imports. Forecasts show that between 2006 and 2020 imports will increase by 245 BCM per annum

# Pricing Model to Achieve Export Netback Parity



Source: Industry and Energy Ministry, average regulated price for the Russian Federation

Notes: 1. Based on netback parity at November 2006

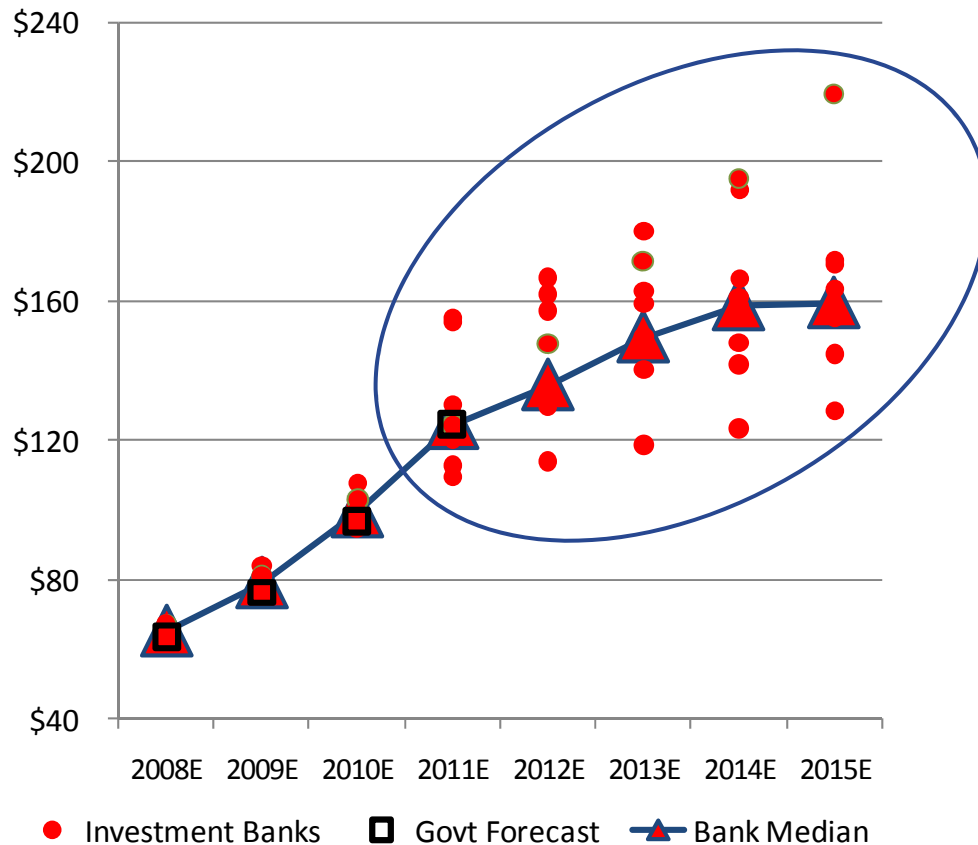
 July 2007 Gazprom received approval for higher prices for gas deliveries to new customers and for increased supply over agreed volumes to current customers

**Gazprom is subject to regulated prices for domestic gas sales, whereas NOVATEK is not subject to regulated prices and, as a general rule, realizes higher average prices for natural gas sales on the domestic market**

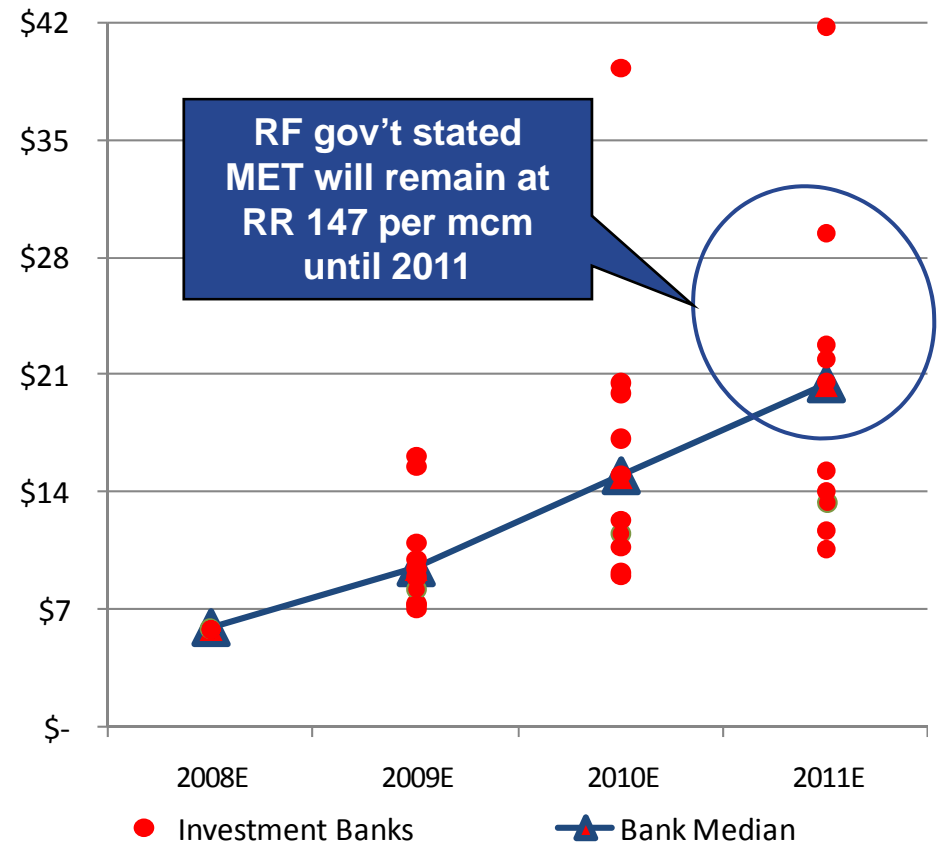
# Natural Gas Price and Production Tax Forecast



## Natural gas price forecasts - US\$/mcm



## Natural gas production tax forecasts - US\$/mcm



**There is still a wide disparity in the analytical community's view on natural gas price and MET taxation post the RF government guidance**

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## Business Strategy

# Operating Environment and Strategy



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Higher domestic & international prices

Growing domestic & global demand for natural gas



Opportunities for downstream expansion

## NOVATEK's Core Strategy

Access to resources more challenging

Opportunities for strategic partnerships & alliances

- ◆ Grow resource base
- ◆ Increase production
- ◆ Expand processing capacity
- ◆ Optimize marketing channels
- ◆ Explore complementary and value added projects

Project size & complexity increasing



Power generation deficit in domestic market

Growing service & infrastructure costs



# Gazprom: Solidifying Our Business Relationship



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## Complementary, Not Competing Business Models

- Equity stake in NOVATEK of 19.4% with two Board of Director seats
- NOVATEK'S domestic focus allows Gazprom to meet its long-term export commitments
- Cooperation on expanding the UGSS pipeline network
- Move towards longer-term contracts for transportation of natural gas
- Plans to expand regional gasification programs

## Reliable Independent Gas Producer with Large Resource Base to Meet Growing Domestic Demand

- NOVATEK's gas is already factored into the Russian Federation gas balance
- NOVATEK supplies gas to large industrial regions (i.e., Tyumen, Sverdlovsk and Samara regions)
- Delivering natural gas to the Russian domestic market since 1998
- Reduces need to import Central Asian gas
- Strategic Framework partnership agreement with Gazprom signed in July 2005



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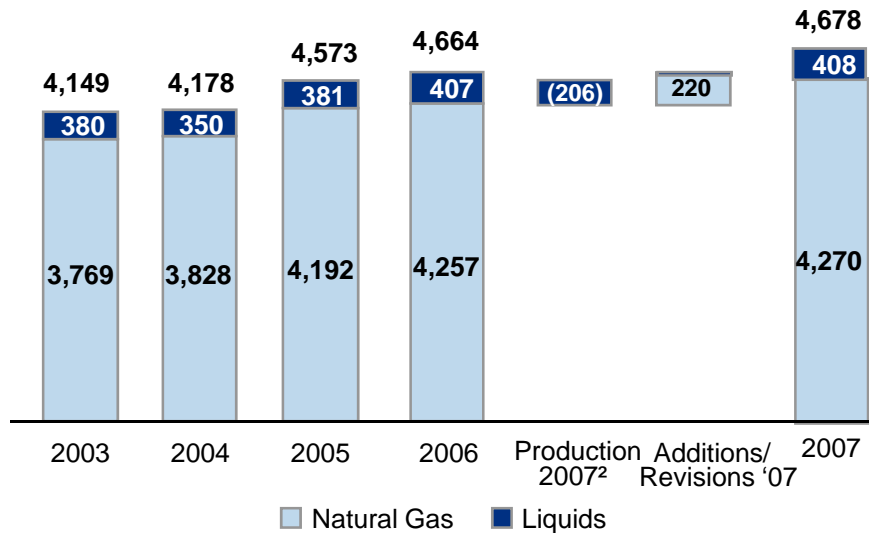
## Operational Overview



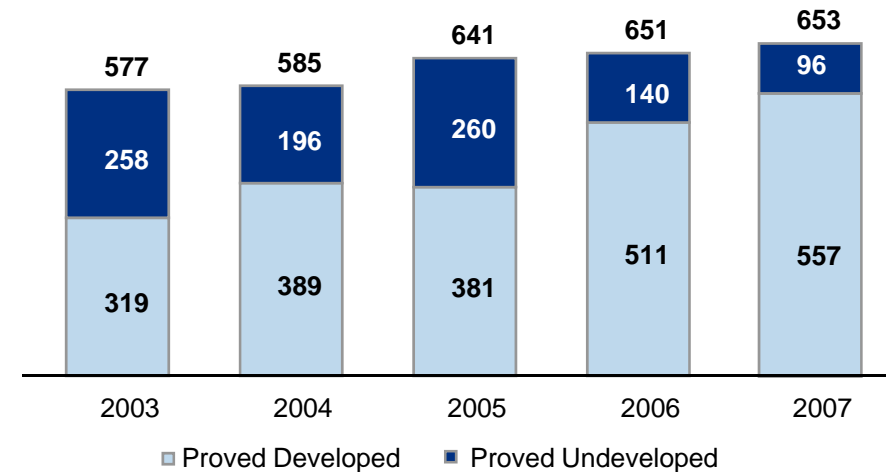
# Large, High Quality Reserve Base



SEC P1 Reserves Movements<sup>1</sup>, mm boe



Change in SEC P1 Natural Gas Reserves, BCM

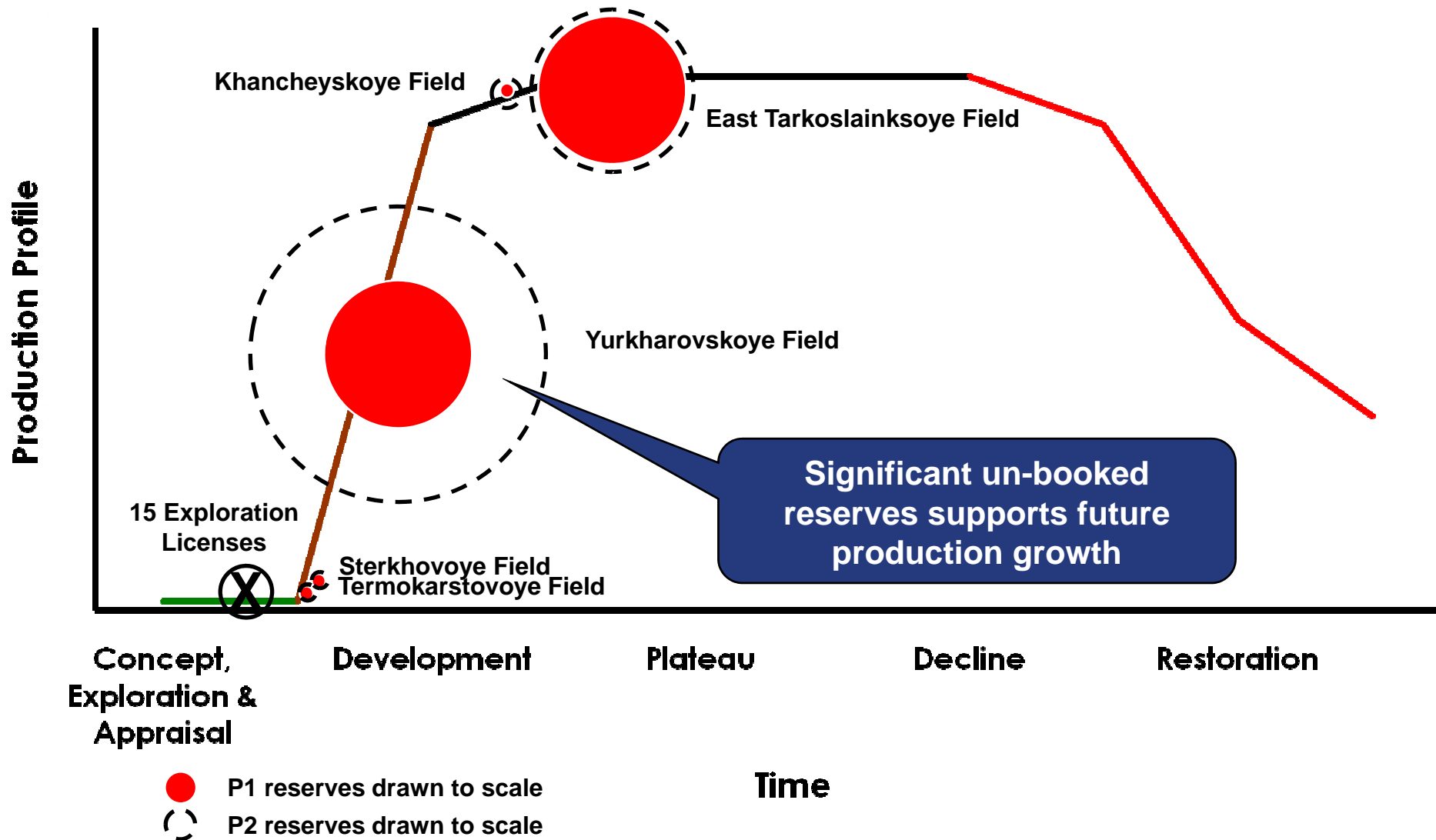


Reserve category	Reserves (mm boe)	Reserves/production (years)		
		Gas	Oil/liquids <sup>3</sup>	Total
Proved (P1, SEC)	4,678	24	22	23
Proved + Probable ("P2", PRMS)	7,562	35	43	36
ABC1	6,416	30	38	30

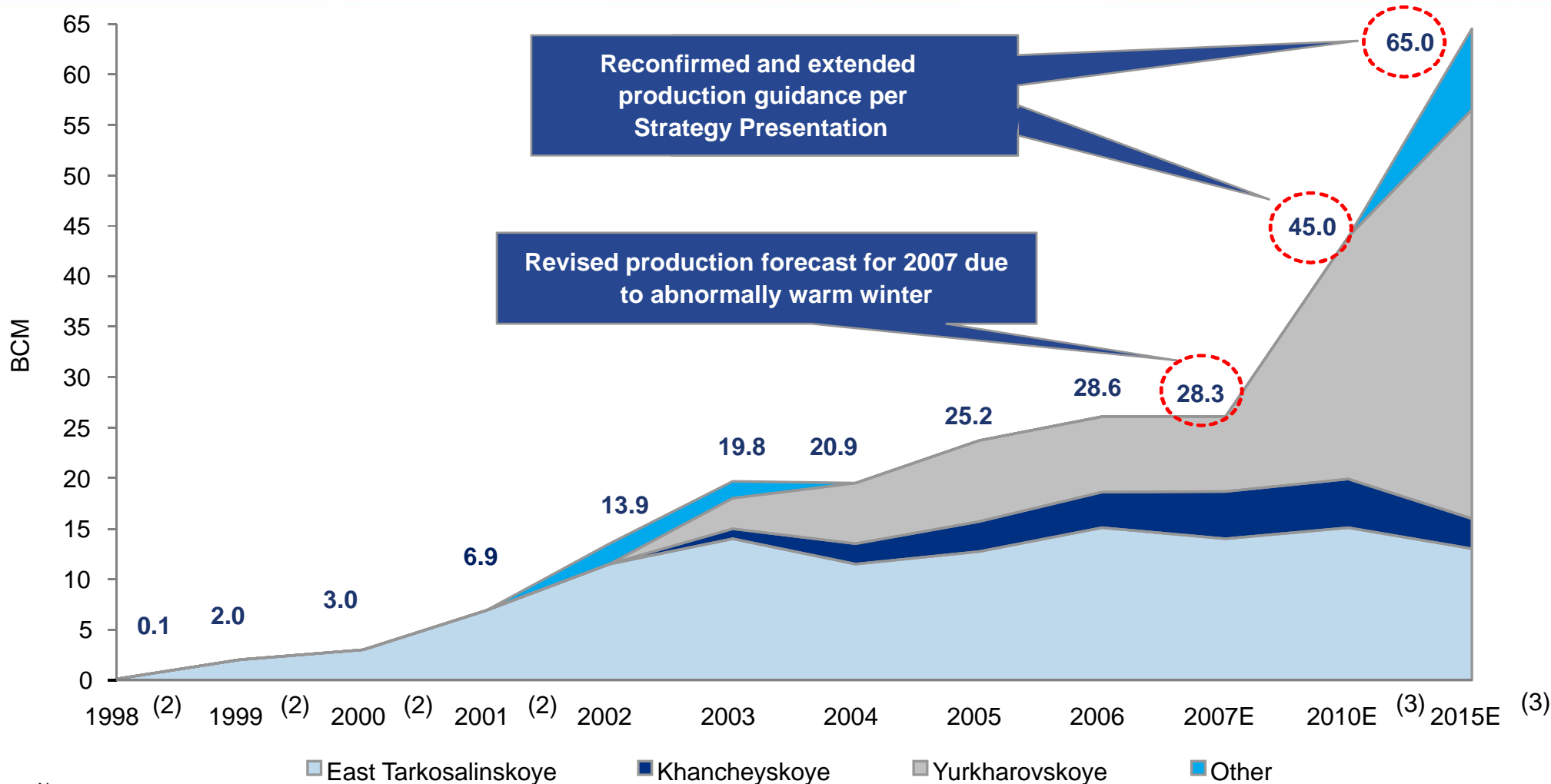
Notes:

1. Including the Company's equity interest in proved reserves of associates
2. Production net of technical losses and own usage from appraised fields only
3. Crude oil and gas condensate

# NOVATEK Development Profile



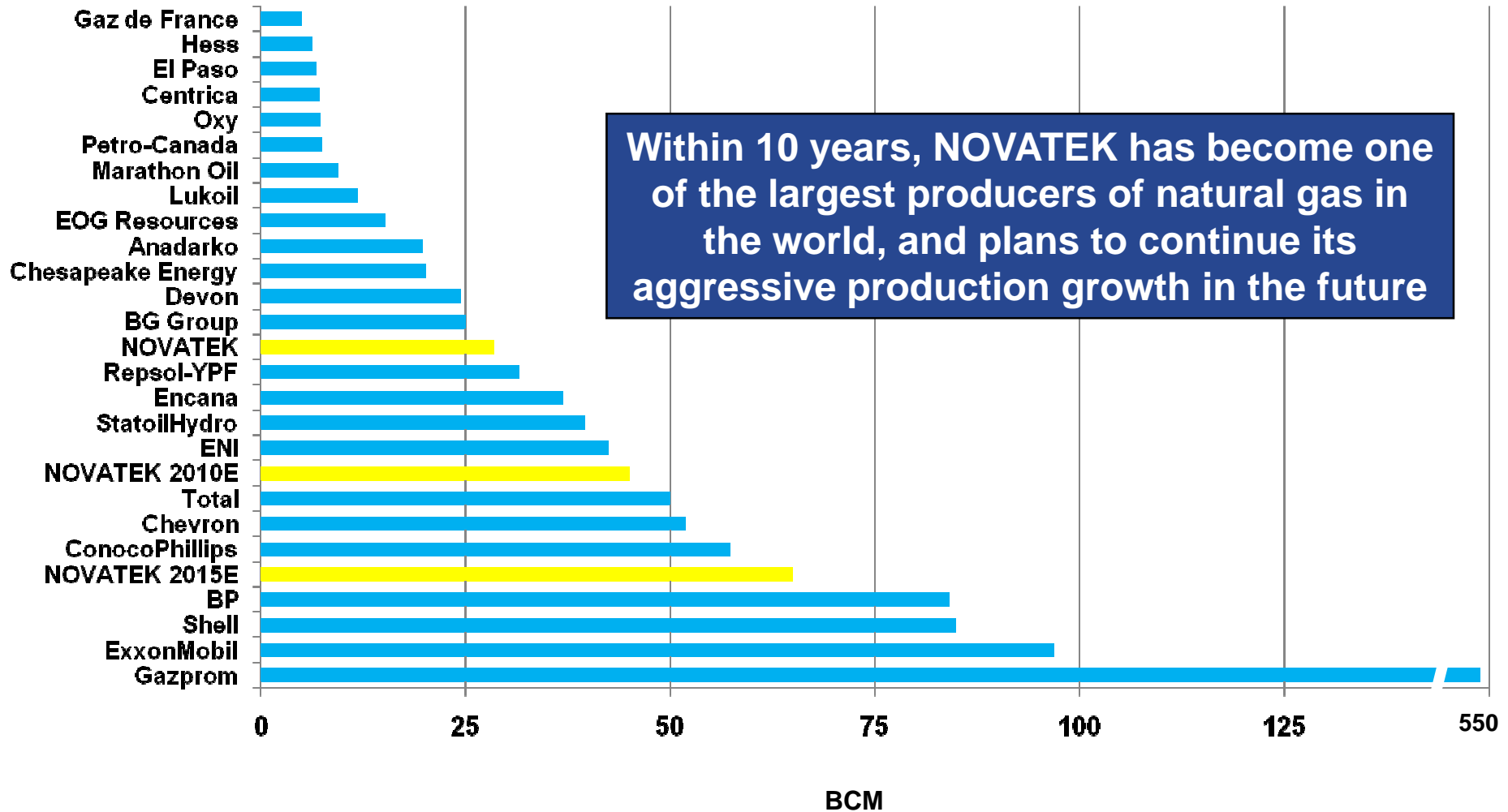
# Natural Gas Production Forecast<sup>1</sup>



Notes:

1. Gross natural gas production. 100% from all fields.
2. Net of NOVATEK's share of production from West Tarkosalinskoye.
3. Based on Company Strategy Presentation April 2007 – London, UK.

# Global Natural Gas Production - 2007



Source: Societe Generale, Company information

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# NOVATEK

## Financial Performance

# Financial Highlights



RUR mm	2005	2006	2007	2007 vs. 2006 +/-%
<b>Total Revenues</b>	38,477	49,234	62,431	26.8%
<b>EBITDA</b>	23,022	23,129	29,283	26.6%
<b>Profit for the Period</b>	13,662	14,079	18,736	33.1%
<b>Operating Cash Flow</b>	10,246	16,938	21,383	26.2%
<b>Capital expenditures</b>	6,460	4,703	19,466	313.9%
<b>Total Assets</b>	78,762	84,326	103,975	23.3%
<b>Cash and Cash Equivalents</b>	2,956	5,668	3,982	(29.7%)
<b>Total Debt</b>	9,094	3,108	6,602	112%
<b>Net Debt</b>	6,138	(2,560)	2,620	n/m
<b>Total Liabilities</b>	21,213	15,650	22,163	41.6%
<b>Equity</b>	57,549	68,676	81,812	19.1%
<b>Oil &amp; Gas Sales Growth (%)</b>	77%	27%	26%	-
<b>EBITDA Margin<sup>1</sup></b>	55%	47%	47%	-
<b>EBITDA / Interest</b>	20.5x	44.8x	111.3x	-
<b>Total Debt / Total Equity</b>	15.8%	4.5%	8.0%	-
<b>Total Debt / EBITDA</b>	0.4x	0.1x	0.2x	-
<b>Net Debt / EBITDA</b>	0.3x	-0.1x	0.09x	-

Note:

1. Margin as a percentage of total revenue and other income

# Another Record Quarter



1Q 07	1Q 08	+ /(-)	+ /(-)%		4Q 07	1Q 08	+ /(-)	+ /(-)%
14,885	20,167	5,282	35.5%	<b>Oil and gas sales</b>	16,264	20,167	3,903	24.0%
15,275	20,892	5,617	36.8%	<b>Total revenues &amp; other income</b>	16,922	20,892	3,970	23.5%
9,579	11,023	1,444	15.1%	<b>Operating expenses</b>	9,975	11,023	1,048	10.5%
6,774	10,908	4,134	61.0%	<b>EBITDA <sup>(1)</sup></b>	7,798	10,908	3,110	39.9%
44.3%	52.2%	-	-	<b>EBITDA margin</b>	46.1%	52.2%	-	-
24.1%	24.9%	-	-	<b>Effective income tax rate</b>	27.8%	24.9%	-	-
4,347	7,503	3,156	72.6%	<b>Profit attributable to NOVATEK</b>	5,054	7,503	2,449	48.5%
28.5%	35.9%	-	-	<b>Net profit margin</b>	30.0%	35.9%	-	-
1.43	2.47	1.04	72.7%	<b>Earnings per share</b>	1.66	2.47	0.81	48.8%
3,811	6,537	2,726	71.5%	<b>CAPEX</b>	6,744	6,537	(207)	-3.1%
(5,737)	(177)	5,560	-96.9%	<b>Net debt (cash) <sup>(2)</sup></b>	2,620	(177)	(2,797)	-106.8%

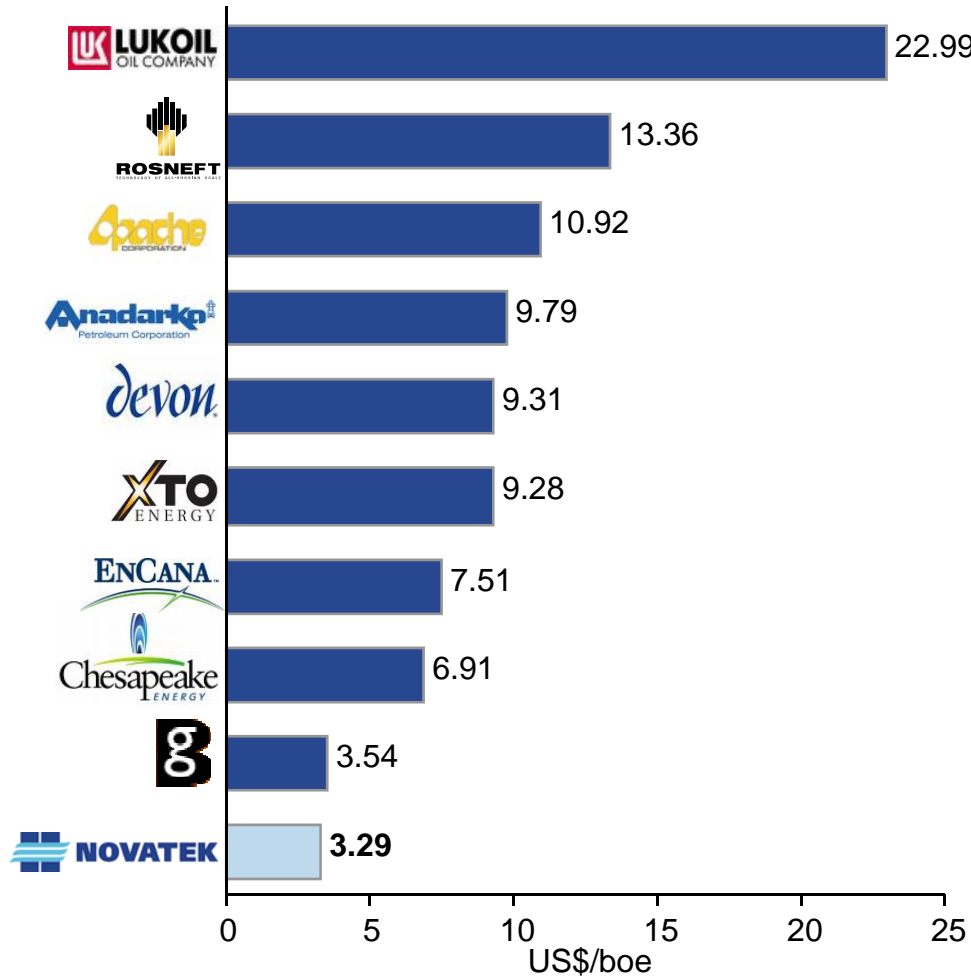
## Notes:

1. EBITDA represents net income before finance income (expense) and income taxes from the Statements of Income, and depreciation, depletion and amortization and Share-based compensation from the Statements of Cash Flows
2. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

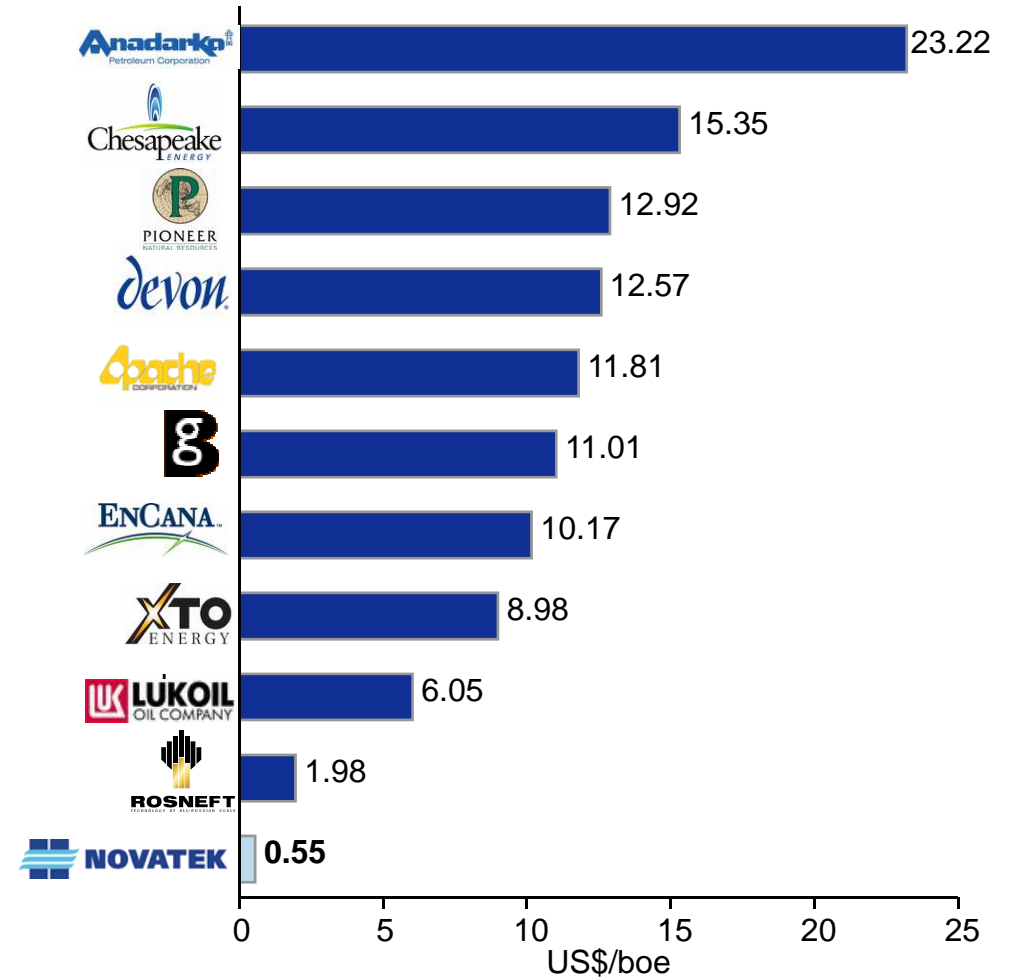
# World Class Cost Efficiency



### Production Costs<sup>1</sup> (2006)



### 3yr Avg. Reserve Replacement Cost (2004 - 2006)



Note:  
1. Production costs are defined as lifting costs, taxes other than income tax and transportation expense

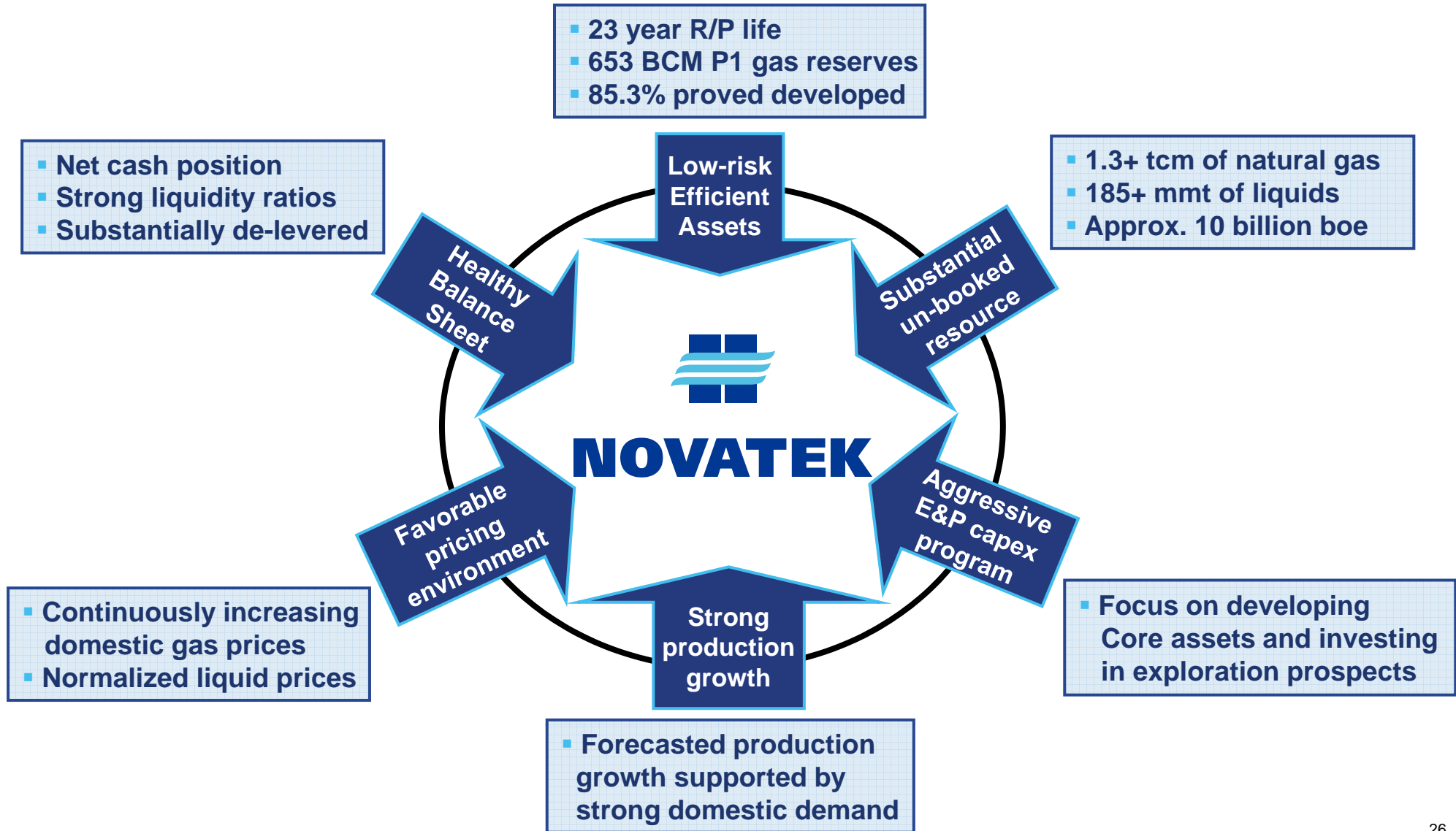


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# NOVATEK

## Investment Highlights

# Value Formula



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## Questions & Answers