



Gazprom Neft

**2nd Q & 1st H 2008
Operating and
Financial Results**

September 2008

Q2 & 1H 2008 Operating Highlights



- **Gazprom Neft crude production was 7.7 & 15.5 MMTonn in Q2 & 1H 2008 respectively vs. 8.2 & 16.4 MMTonn in Q2 & 1H 2007**
 - **↓ 5.7% & 5.0% Y-o-Y respectively**
 - **The company's production including the Slavneft and Tomskneft share amounted to 11.5 & 22.8 MMTonn in Q2 & 1H 2008 vs. 10.8 & 21.6 in Q2 & 1H 2007 respectively**
 - **↑ 6.8% & 5.3% Y-o-Y respectively**
- **Refining throughput was 7.1 & 13.7 MMTonn in Q2 & 1H 2008 vs. 6.4 & 12.9 MMTonn in Q2 & 1H 2007**
 - **↑ 11.4% & 6.3% Y-o-Y**
- **Revenues in Q2 & 1H 2008 were USD 9,811 & 17,677 mln vs USD 5,102 & 9,243 mln in Q2 & 1H 2007**
 - **↑ 92.3% & 91.2% Y-o-Y**
- **EBITDA was USD 3,093 & 5,119 mln in Q2 & 1H 2008 vs. USD 1,813 & 2,932 mln in Q2 & 1H 2007**
 - **↑ 70.6% & 74.6% Y-o-Y**
- **Net Income was USD 2,196 & 3,607 mln in Q2 & 1H 2008 vs. USD 1,190 & 1,862 mln in Q2 & 1H 2007**
 - **↑ 84.5% & 93.7 Y-o-Y**

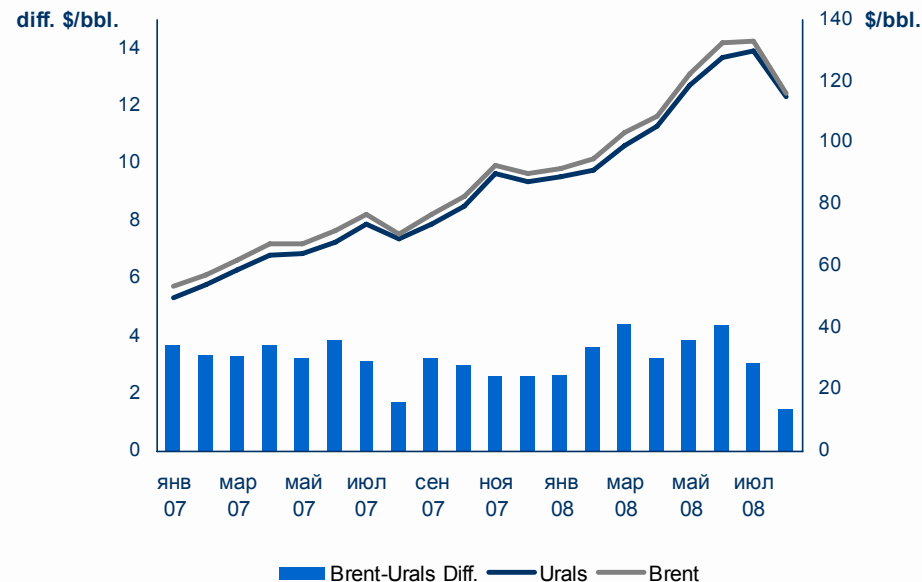
Source: Company data

Market Conditions



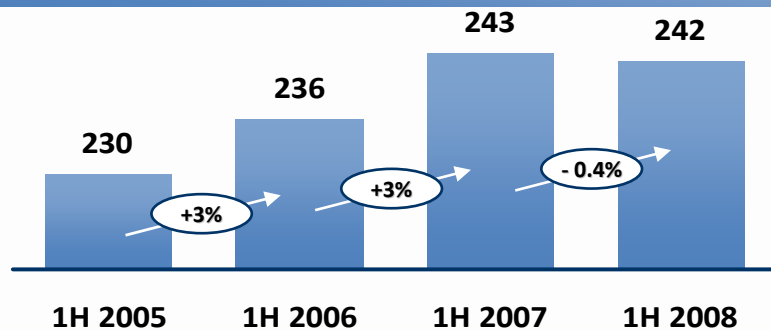
- For Q2 & 1H 2008, dated Brent averaged \$121.18/bbl & \$109.05/bbl, which is 76.2% & 72.5% Y-o-Y higher than 2007 level.
- Average Urals price increased by 80.1% & 76.5% Y-o-Y to \$117.4/bbl & \$105.4/bbl.
- Real RUB appreciation vs. USD was 2.0% & 8.5% in Q2 & 1H 2008 compared to 1.5% & 3.9% in Q2 & 1H 2007
- PPI inflation in Russia was 14.0% & 17.0 % in Q 2 & 1H 2008 vs. 12.9% & 14.6% in Q 2 & 1H 2007
- Prices for gasoline increased by 24.9% and 21.2% in Q2 2008 and Q2 2007, resulting 23.6% and 13.1% increase for the 1H 2008 and 1H 2007, respectively. Fuel oil price soared 23.9% in Q2 2008 and 26,6% in Q2 2007, resulting 19.7% & 18.5% growth for the 1H 2008 and 1H 2007, respectively. Price for diesel increased by 35.4% in Q2 2008 and 6,8% in Q2 2007, resulting 37.0% & 4.4% increase for the 1H 2008 and 1H 2007, respectively.

Oil Price, USD/bbl

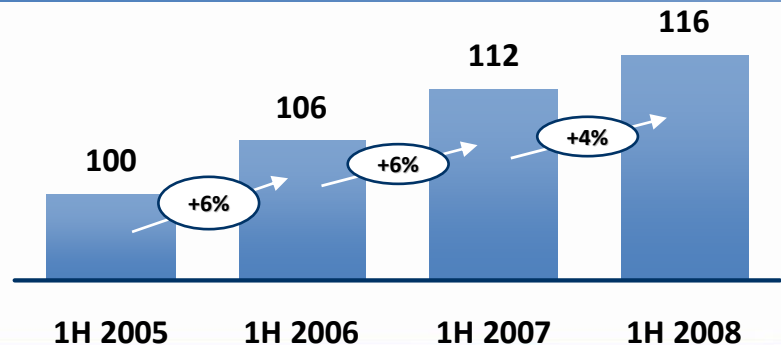


Source: Platts – Brent Dated, Urals Aver.

Oil Production in Russia, MMTonn

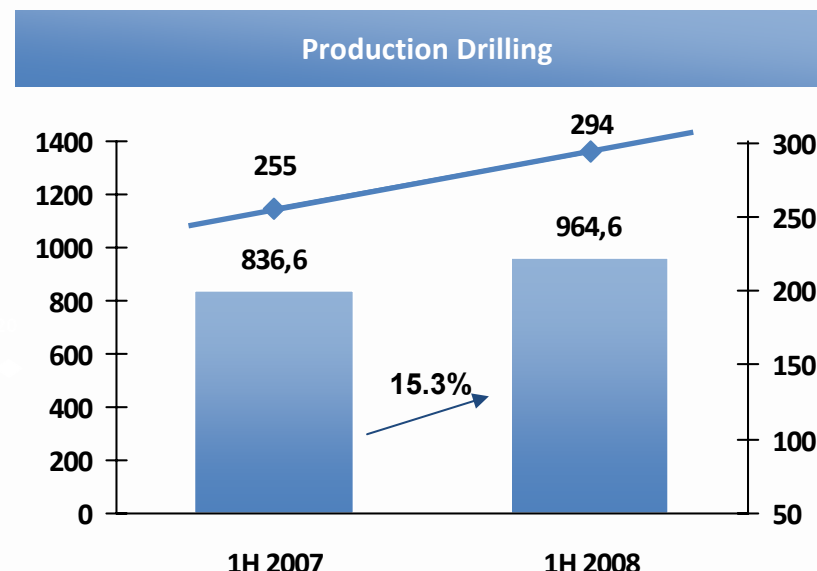
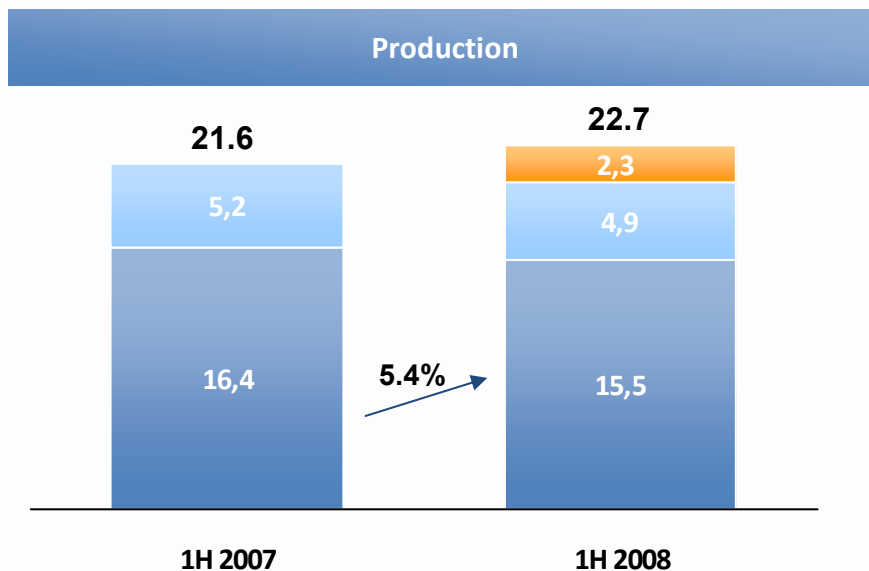


Refining Throughput in Russia, MMTonn



Source: INFOTEK – Oil production & throughput in Russia; MEDTRF – Inflation, RUB appreciation; FSSS - products prices

Oil Production



- Oil production ■ Slavneft* ■ Tomskneft*
- In 2Q and 1H 2008 Company's production including share in equity investee increased by 6.8% and 5.3% to 11.5 MMTonn and 22.7 MMTonn, respectively, Y-o-Y.
 - The increase was primarily due to the acquisition of our 50% interest in Tomskneft in December 2007
- The organic decrease in both comparative periods was resulted primarily from a decrease in output at Noyabrskneftegaz, which was partially offset by an increase in production of certain new fields such as Priobskoye and certain fields in Tomsk and Omsk regions.

- Thousand meters drilled ◆ New production wells
- Production drilling for Q2 & 1H 2008 was 526.2 & 964.6 thousand meters (↑22.1% & ↑15.3%) Y-o-Y
- The average amount of active wells for 1H 2008 was 5,104 (↑ 8.5%) Y-o-Y
- New production wells launched in 1H 2008 –294 (↑15.3%) Y-o-Y

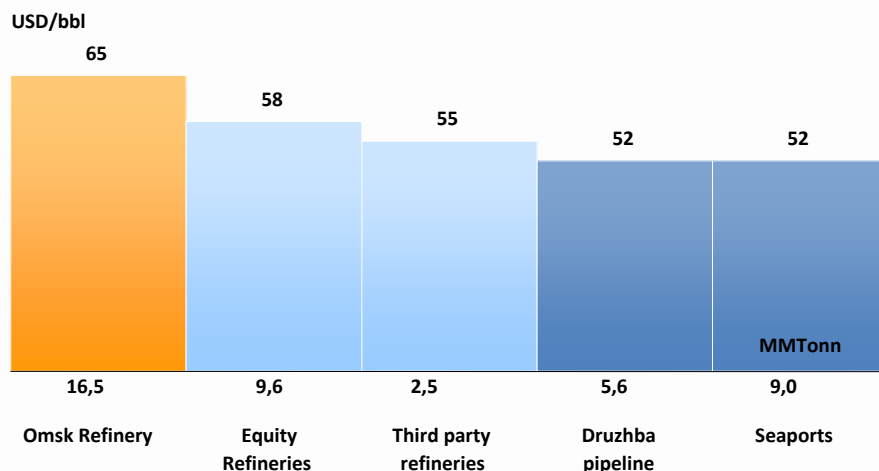
Source: Company data

*Production figures include 50% of Slavneft and Tomskneft

Efficiency maximization

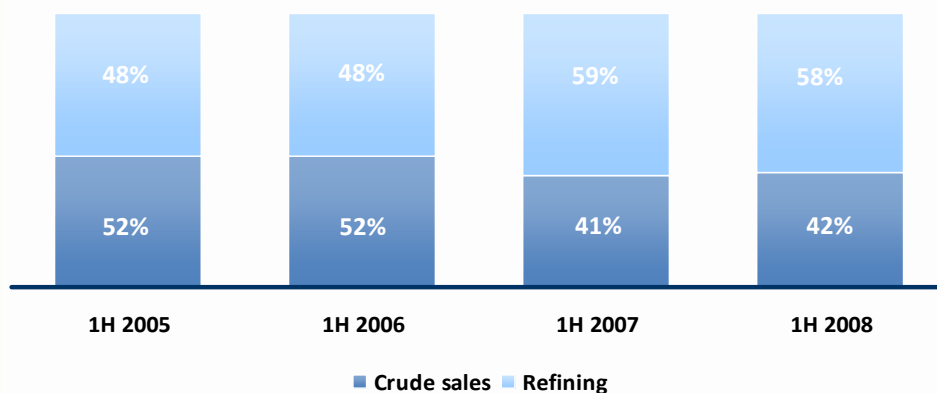


Netback

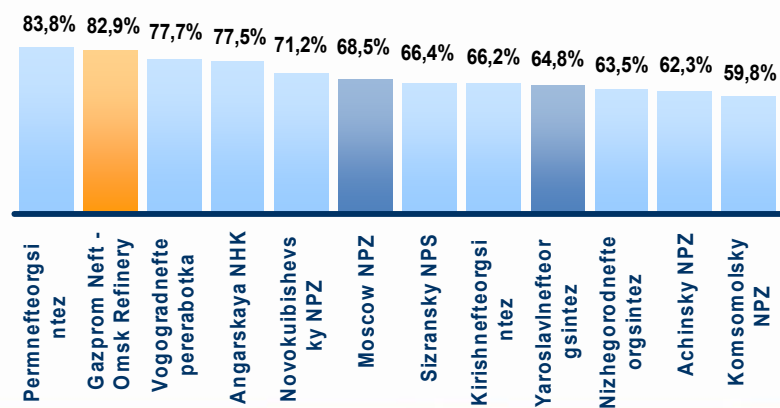


- Gazprom Neft continues to benefit from high refining netbacks
- Gazprom Neft leads in terms of refining share in crude balance
- Depth of refining is one of the industry's highest at Omsk Refinery and Equity Refineries of Gazprom Neft

Crude Balance, %

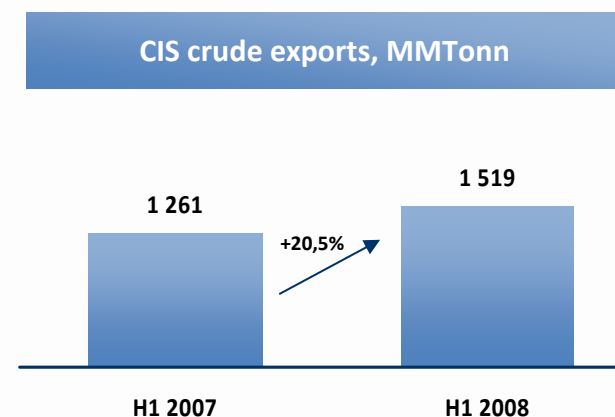
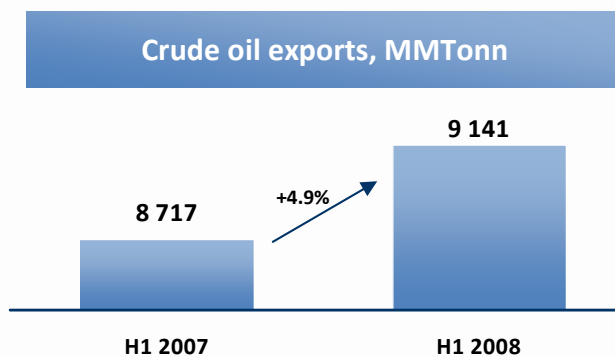


Refinery Depth on Russian NPZ (1H 2008, %)

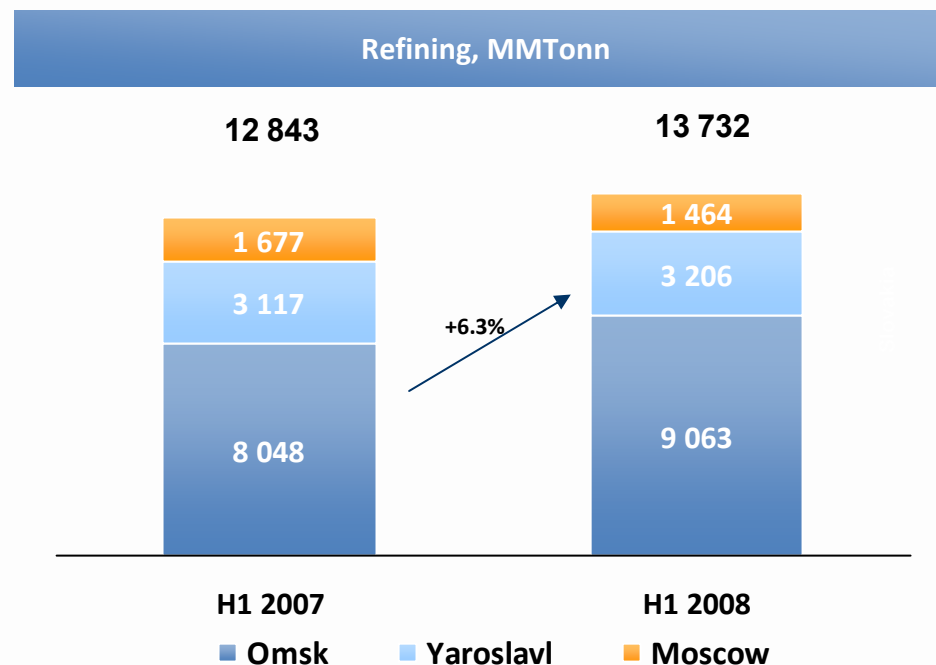


Source: Company data

Export vs. Refining



Source: Company data

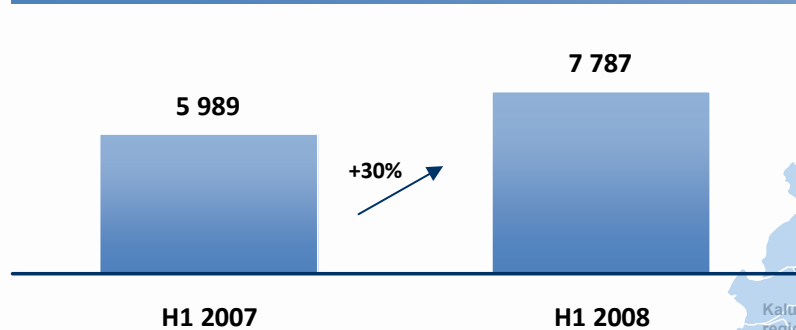


- The crude export increased in 1H 2008 due to the acquisition of Tomskneft at the end of 2007
 - 20.5% growth in CIS exports was due to its higher efficiency
- Gazprom Neft increased its Refining throughput by 6.3% Y-o-Y to 13,7 MMTonn
 - Main driver of the Growth was Omsk Refinery – 12.6%
 - A 12.7% fall in Moscow Refinery throughput was due to planned 2-year cycle maintenance in the spring 2008
- Main transportation routes in 1H 2008 were:
 - 47% shipped from Baltic Sea ports (mainly Primorsk)
 - 26% exported through Transneft’s Druzhba pipeline (mainly to Germany, Poland and Slovakia)
 - 24% shipped from Black Sea ports Novorossiysk, Tuapse and Ukrainian port Yuzhniy
 - 2% China Via transit pipeline

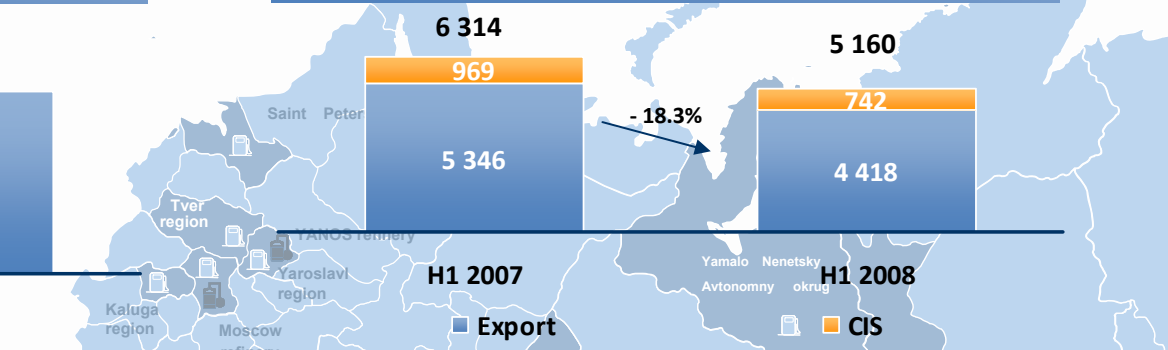
Improving oil products distribution towards Russia



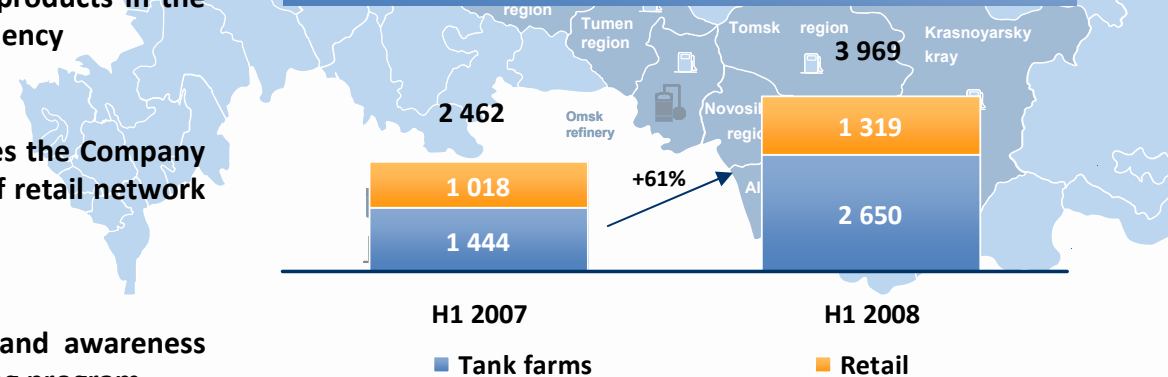
Oil products sales in Russia, MMTonn



Oil products Export, MMTonn



Oil products distribution through own network, MMTonn



- Significant growth (+30%) in sales of refined products in the domestic market is caused by much higher efficiency
- To increase the profitability of its Products Sales the Company is boosting its Retail sales through expansion of retail network and greater throughputs per station
- The Company is working on increasing its brand awareness and is actively developing large-scale re-branding program

Source: Company data

Summary Financial Highlights



USD mln	Q2 2008	Q2 2007	Change, %	1H 2008	1H 2007	Change, %
Revenues	9,811	5,102	+92.3%	17,677	9,243	+91.2%
Operating expenses	528	462	+14.3%	995	944	+5.4%
EBIT	2,564	1,391	+84.3%	4,228	2,202	+92.0%
EBITDA	3,093	1,813	+70.7%	5,119	2,932	+74.6%
Adjusted EBITDA	3,202	1,871	+71.1%	5,397	3,036	77.8%
Net Income	2,196	1,190	+84.5%	3,607	1,862	+93.7%
Operating Cash Flow	1,443	1,226	+17.7%	2,450	2,301	+6,5%
Capex	777	477	+63.0%	1,559	898	+73.6%
Free cash flow	665	749	-11.2%	891	1 403	-36.5%
EBITDA Margin	32%	36%	-400 bps.	29%	32%	-276 bps.
Adjusted EBITDA Margin*	33%	37%	-404 bps.	31%	33%	-232 bps.
Net Margin	22%	23%	-94 bps.	20%	20%	+26 bps.

Source: Company Data

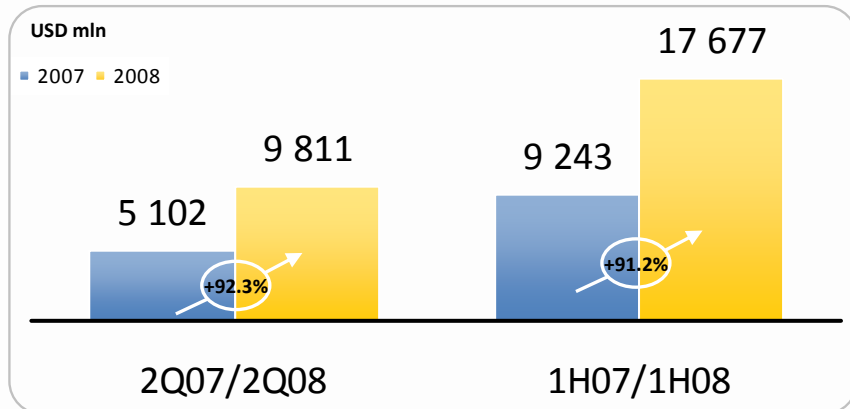
- In Q2 & 1H 2008, Gazprom Neft showed substantial revenue growth (+92.3% & + 91.2% y-o-y) and continued strong EBITDA (+83.9% y-o-y)
- Net Margins for Q2 & 1H 2008 (22% & 20%) are the highest in the industry
- Free cash flow is down to USD 665 & 891 mln (-11.2% & -36.5%) due to Capital Expenditures increase by 63.0% & 73.6% in Q2 & 1H 2008

*Adjusted EBITDA is calculated based on Company EBITDA and its share in EBITDA of equities

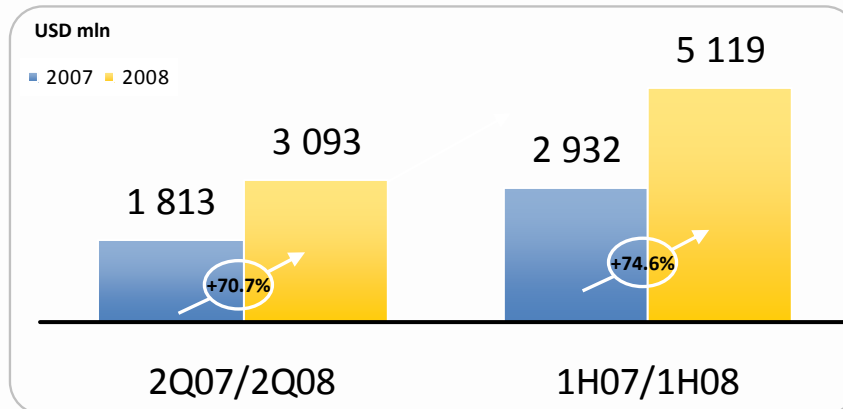
Strong Financial Performance



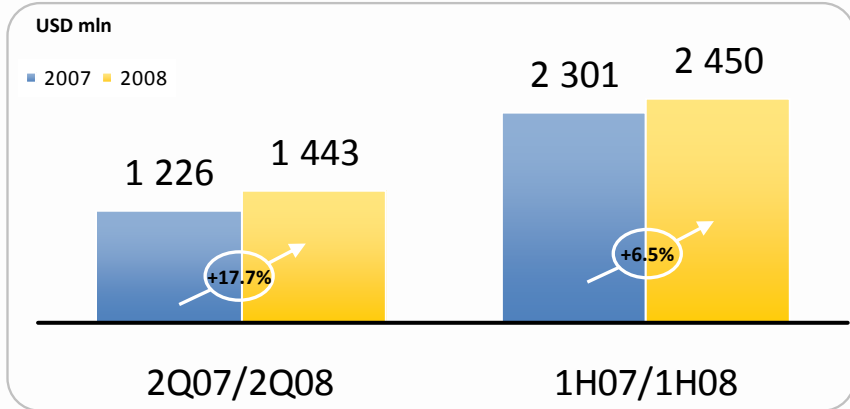
Revenues



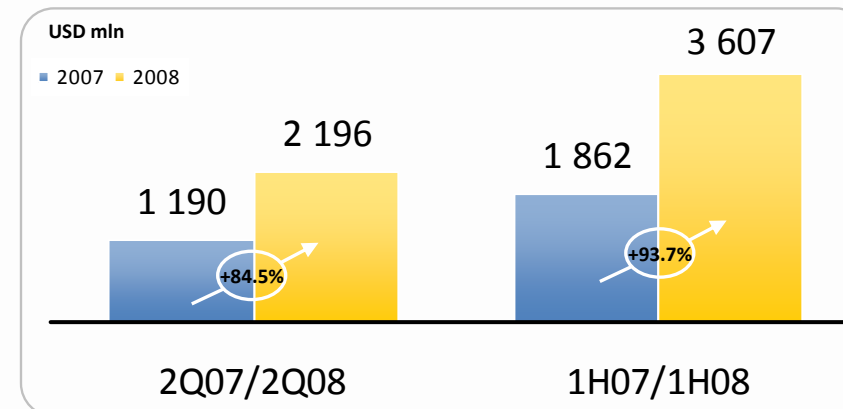
EBITDA



Operating Cash Flow



Net Income

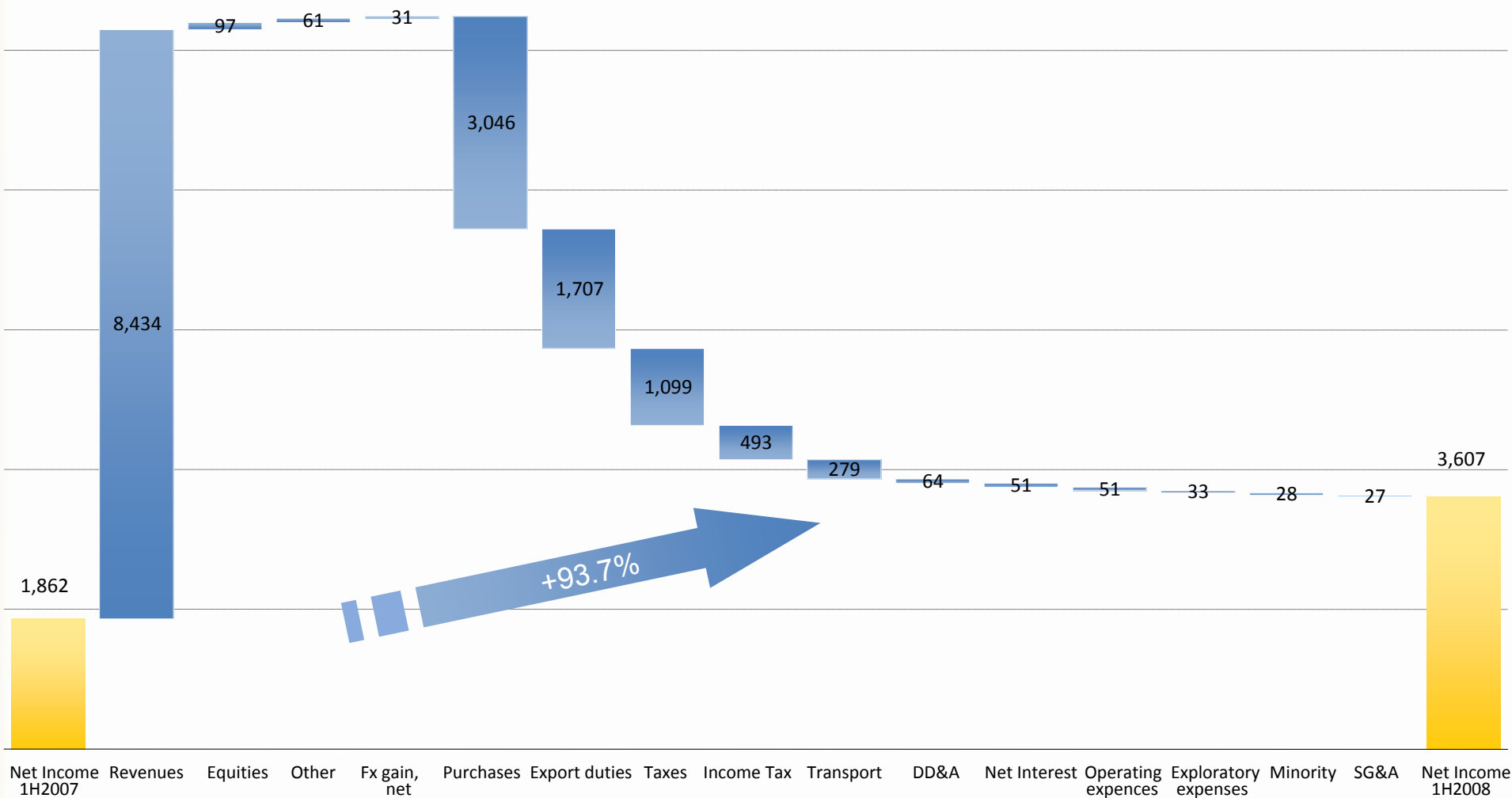


Source: Company Data

1H 2008 Net Income Reconciliation



USD mln

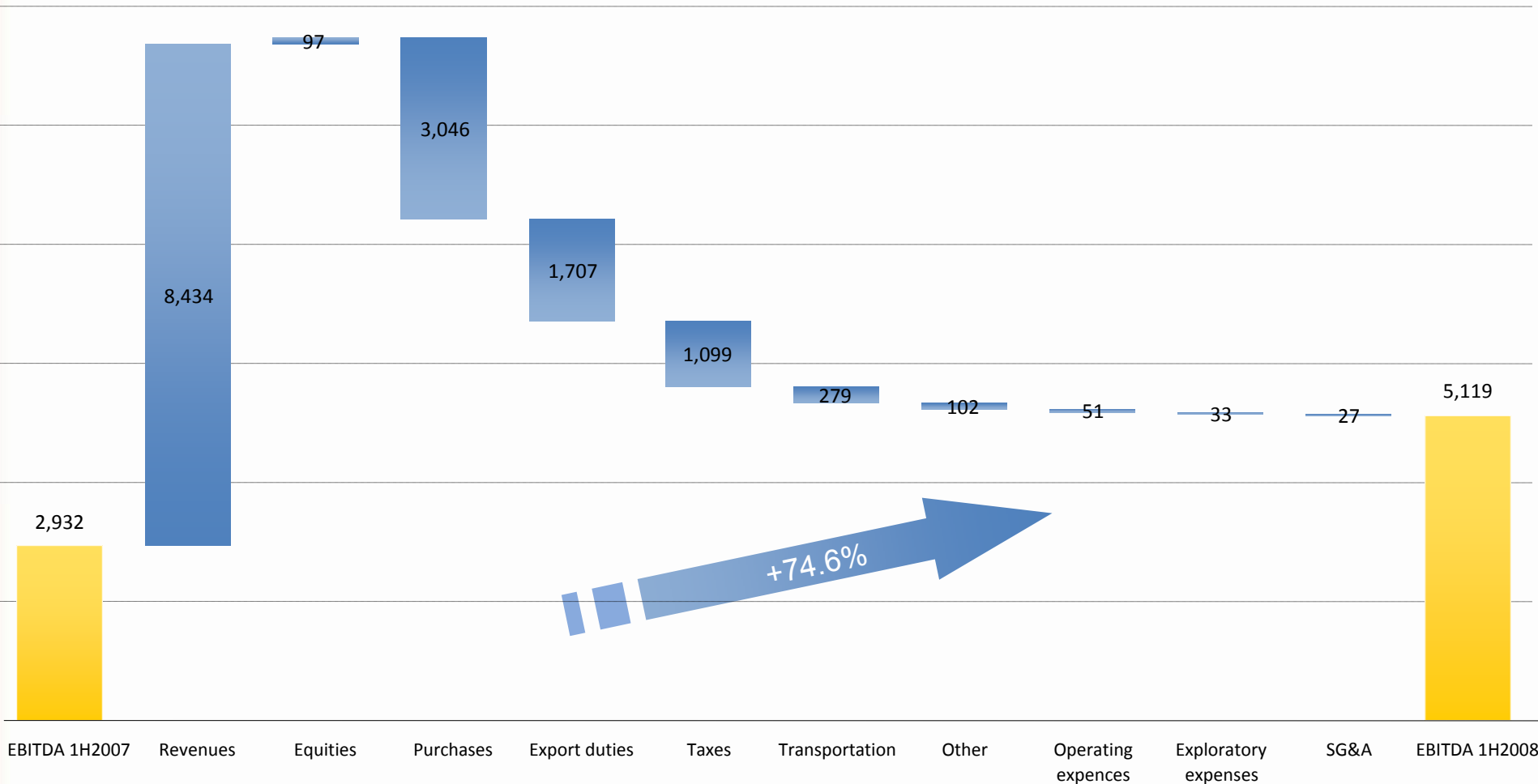


Source: Company data

1H2008 EBITDA Reconciliation

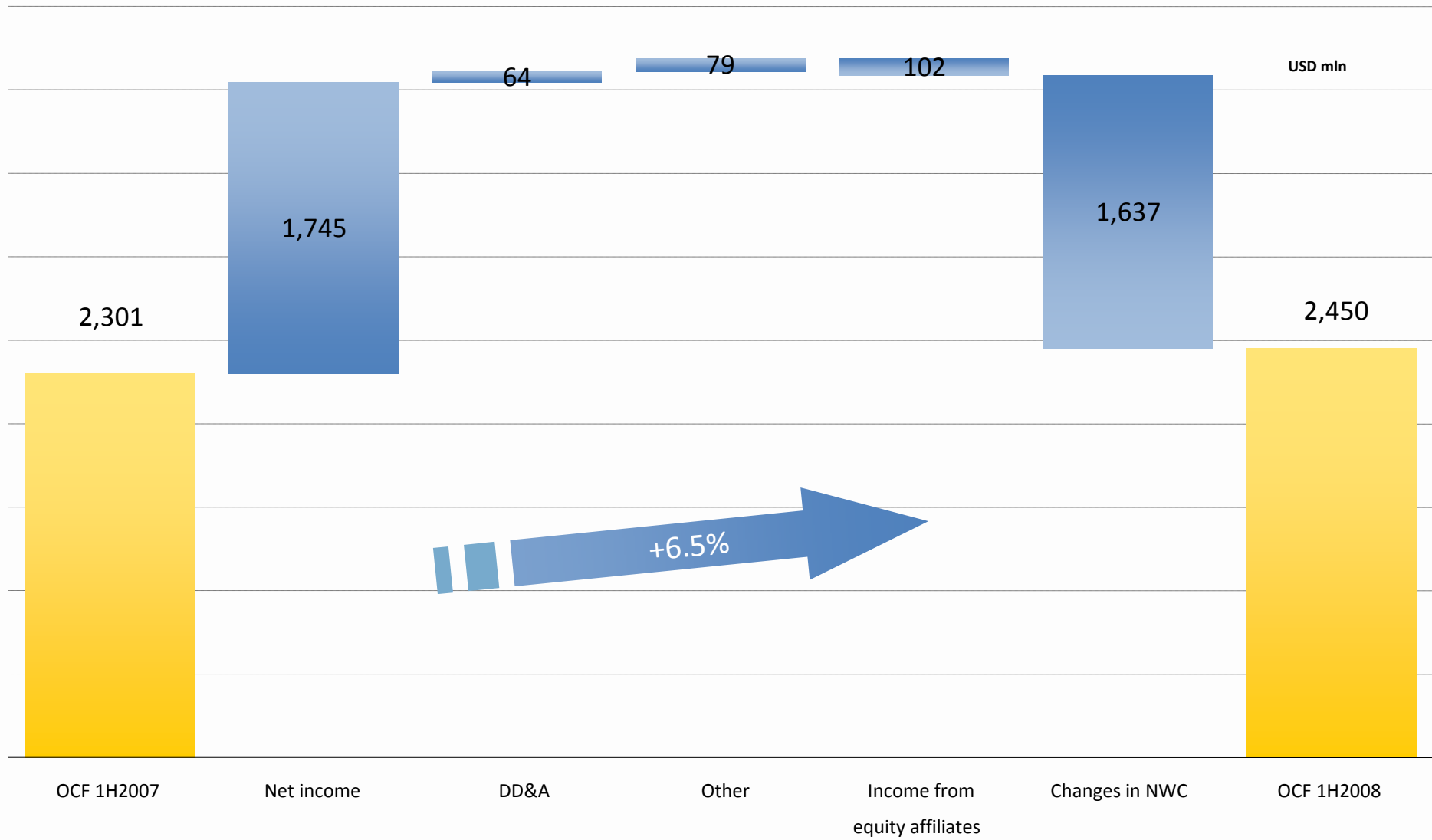


USD mln



Source: Company data

1H2008 OCF Reconciliation

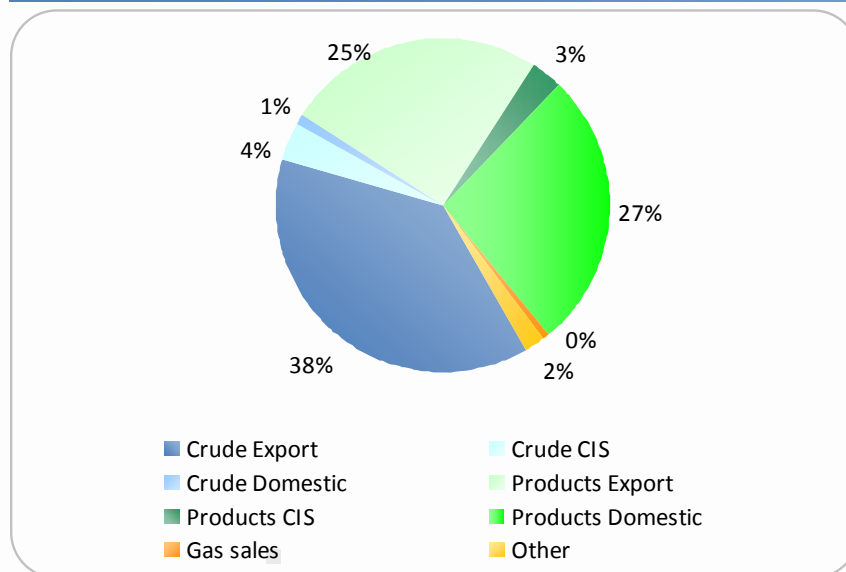


Source: Company data

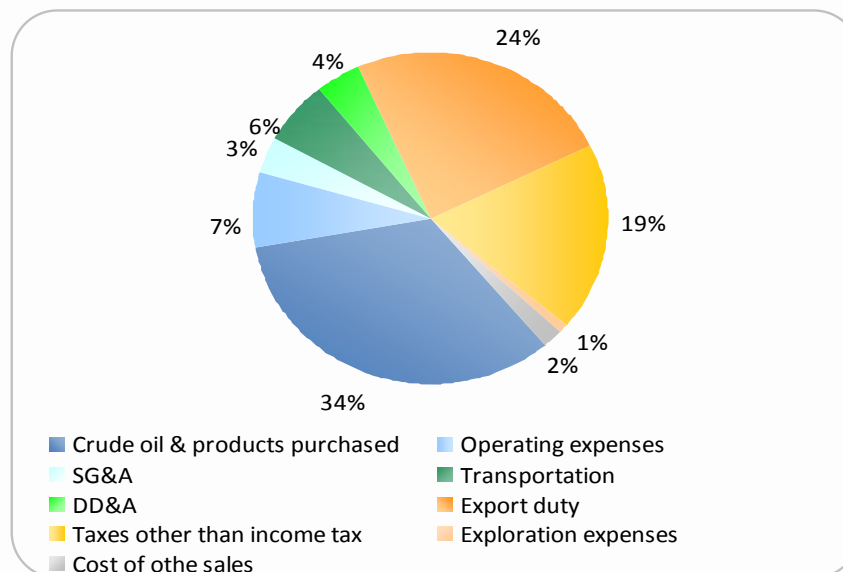
Revenues and Costs Breakdown



Revenue Breakdown



Cost Structure



USD mln	2Q 2008	2Q 2007	Change, %	1H 2008	1H 2007	Change, %
Total revenues						
Crude export	3,733	1,724	+116.5	6,682	3,041	+119.7
Crude CIS	420	192	+118.8	644	322	+100.0
Crude domestic	94	93	+1.1	203	161	+26.1
Products export	2,113	1,474	+43.4	4,410	2,866	+53.9
Products CIS	291	202	+44.1	523	375	+39.5
Products domestic	2,941	1,235	+138.1	4,774	2,212	+115.8
Gas sales	40	10	+300.0	78	22	+254.5
Other	179	172	+4.1	363	244	+48.8

USD mln	2Q 2008	2Q 2007	Change, %	1H 2008	1H 2007	Change, %
Total costs	7,247	3,711	+95.3	13,449	7,041	+91.0
Crude oil & other products purchased	2,375	836	+184.1	4,470	1,424	+213.9
Operating expenses	527	462	+14.1	995	944	+5.4
SG&A	275	227	+21.1	458	431	+6.3
Transportation	434	267	+62.5	824	545	+51.2
DD&A	316	275	+14.9	572	508	+12.6
Export duty	1,748	736	+137.5	3,279	1,572	+108.6
Taxes other than income tax	1,378	745	+85.0	2,494	1,395	+78.8
Exploration expenses	58	30	+93.3	101	68	+48.5
Costs of other sales	136	133	+2.3	256	154	+66.2

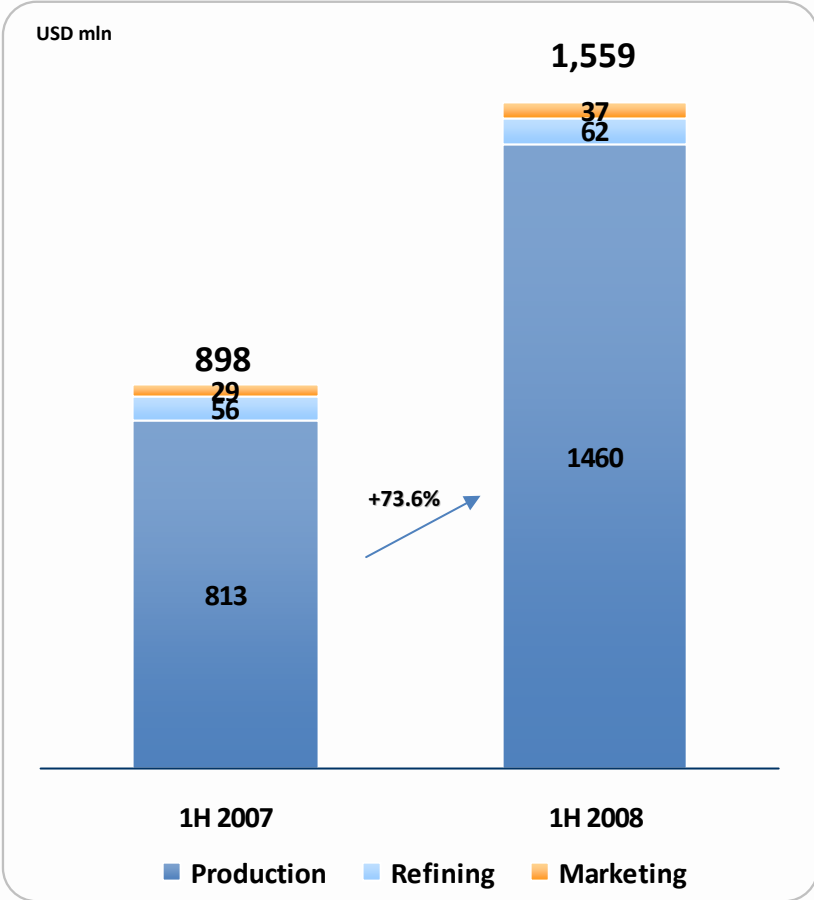
Source: Company data

Capex Breakdown

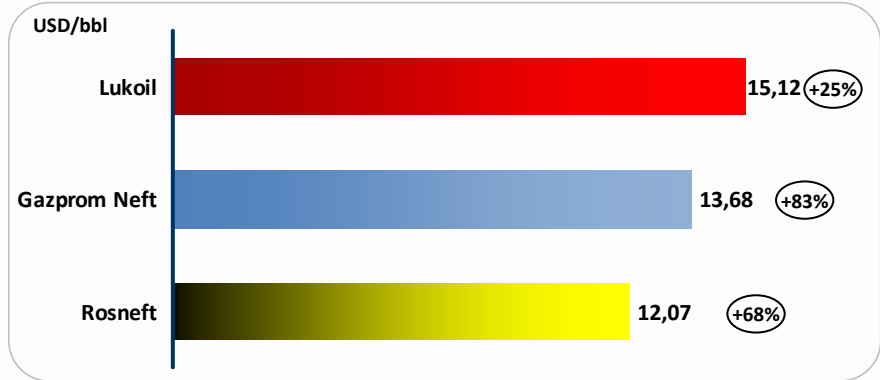


CAPEX (USD mln)

- The growth of CAPEX by approximately 74% in 1H2008 is determined by the company's focus on long-term development
- Substantial investments are made to establish the infrastructure of Priobskoye field , where production will increase to 12.3 mln tonnes in 2011
- Over 2008 - 2010 Gazprom Neft plans to invest around RUB 267.5 bln (approximately USD 11.3 bln) into the business
- Capex spending has increased significantly across the majority of the major Russian oil companies in the beginning of 2008



Russian Oil Companies' Capex in 1H 2008



Source: Company data

Debt Profile

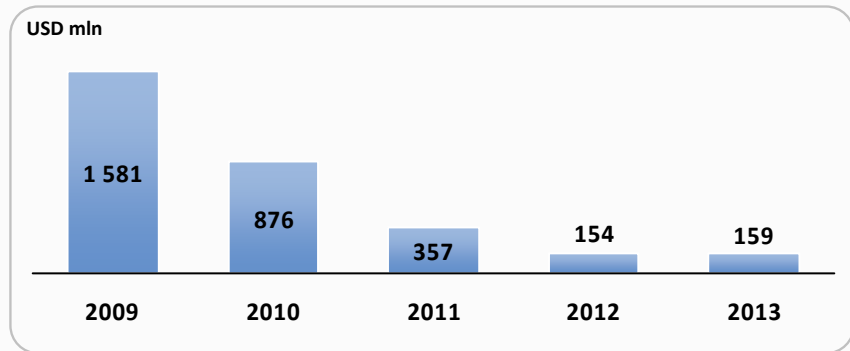


Loan Portfolio as of March 31, 2008

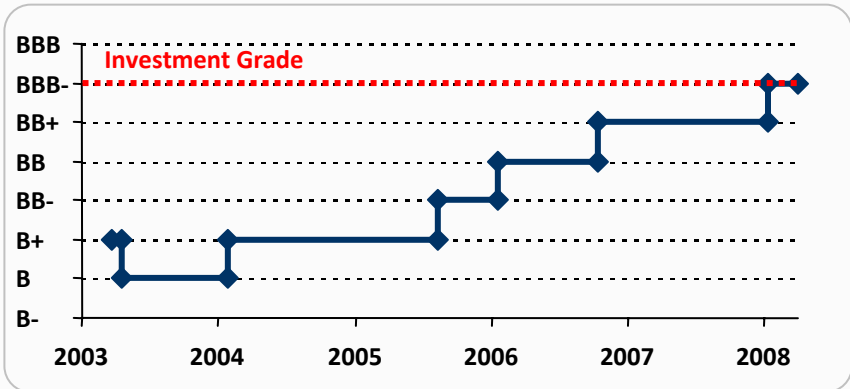
	1H 2008	1H 2007
Short-term debt	2,334	1,339
Long-term debt	1,546	2,083

- January 9, 2008 S&P assigned an investment grade to Gazprom Neft debt
- July 4, 2008 Moody's assigned an investment grade to Gazprom Neft debt

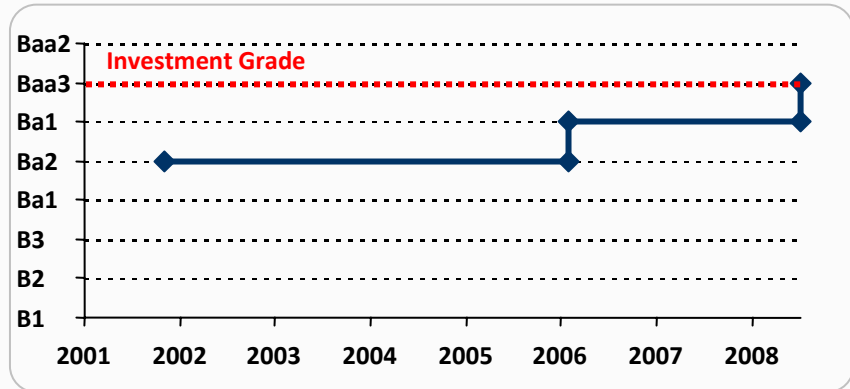
Maturity Profile



Standard & Poor's Credit rating



Moody's Credit rating



Balance Sheet Highlights



<i>(USD mln)</i>	<i>1H 2008</i>	<i>12m 2007</i>
Cash and cash equivalents	1,263	721
Accounts receivable	3,602	2 264
Oil and gas properties + PP&E	7,711	6 634
<i>Total assets</i>	<i>21,186</i>	<i>16 609</i>
Short-term debt & current portion of long-term debt	2,334	1,339
Long-term debt	1,546	2,083
Accounts payable and accrued liabilities	1,486	1,171
Shareholder capital	12,955	10,433
<i>Total liabilities and shareholders` equity</i>	<i>21,186</i>	<i>16,609</i>

Source: Company data