



# 3Q 2009 US GAAP Financial and Operating Results

December 1, 2009

This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Gazprom Neft and its consolidated subsidiaries. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning the potential exposure of Gazprom Neft to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target", "risks", "goals", "should" and similar terms and phrases. There are a number of factors that could affect the future operations of Gazprom Neft and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, inclusively (without limitation): (a) price fluctuations in crude oil and oil products; (b) changes in demand for the Company's products; (c) currency fluctuations; (d) drilling and production results; (e) reserve estimates; (f) loss of market and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) economic and financial market conditions in various countries and regions; (j) political risks, project delay or advancement, approvals and cost estimates; and (k) changes in trading conditions.

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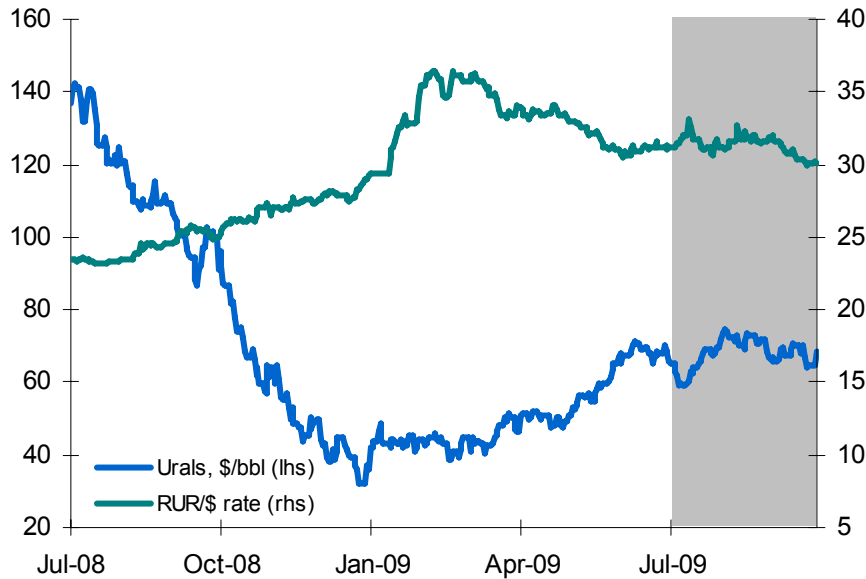
**Yuri Kalner**

Head of Strategic Planning Department

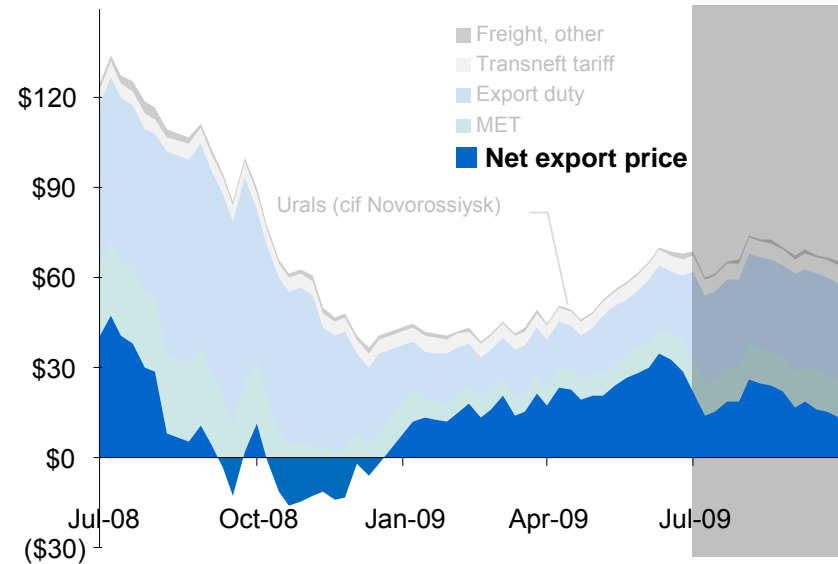
- **3Q09 - first period of Sibir full consolidation**
- **Continuing crude production growth at Gazprom Neft's core assets in 3Q09**
- **Ongoing retail outlets rebranding campaign, launch of advertising campaign**

# Key macroeconomic indicators normalizing in 3Q09...

## Crude pricing, RUR/USD Rate (eop)



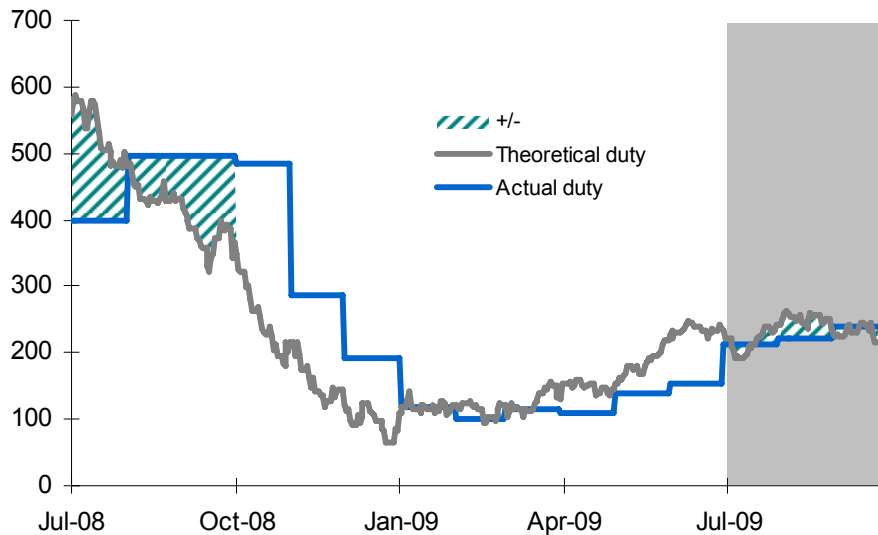
## Crude Export Profitability (per bbl)



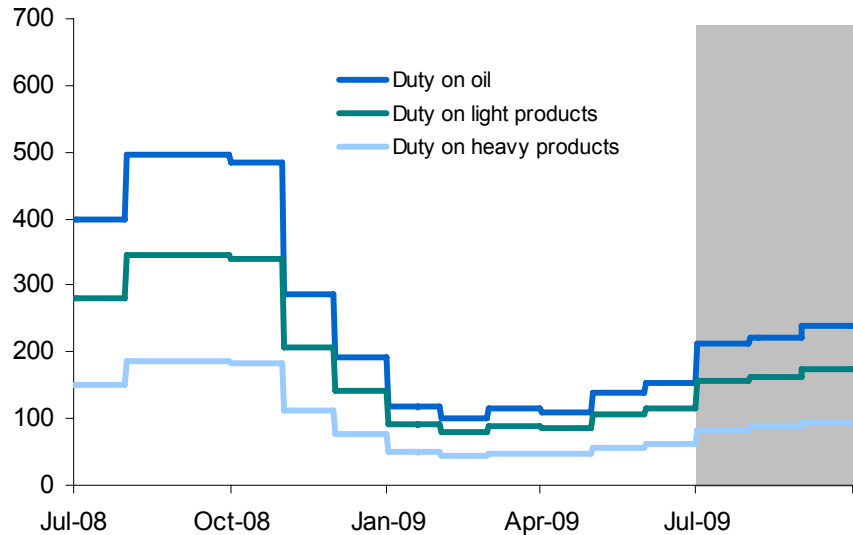
- In 3Q09 Brent prices averaged at \$68/bbl (-41% y-o-y, +15% q-o-q), Urals prices averaged at \$68/bbl (-39% y-o-y, +16% q-o-q)
- In 3Q09 Russian Ruble nominally depreciated vs. US Dollar by 23% y-o-y and appreciated by 9% q-o-q.
- In 3Q09 Russian CPI inflation stood at 0.7% vs. 1.9% in 3Q08 and 2.0% in 2Q09.
- With 39% average Urals price decline y-o-y in 3Q09 to \$68/bbl, net export price (to well head) is up 16% to \$19/bbl. Vice versa, q-o-q net export price is down 25% vs. 16% Urals price growth.

# 3Q09 taxation environment favoring downstream

## Duty lagging effect muted in 3Q09, \$/t

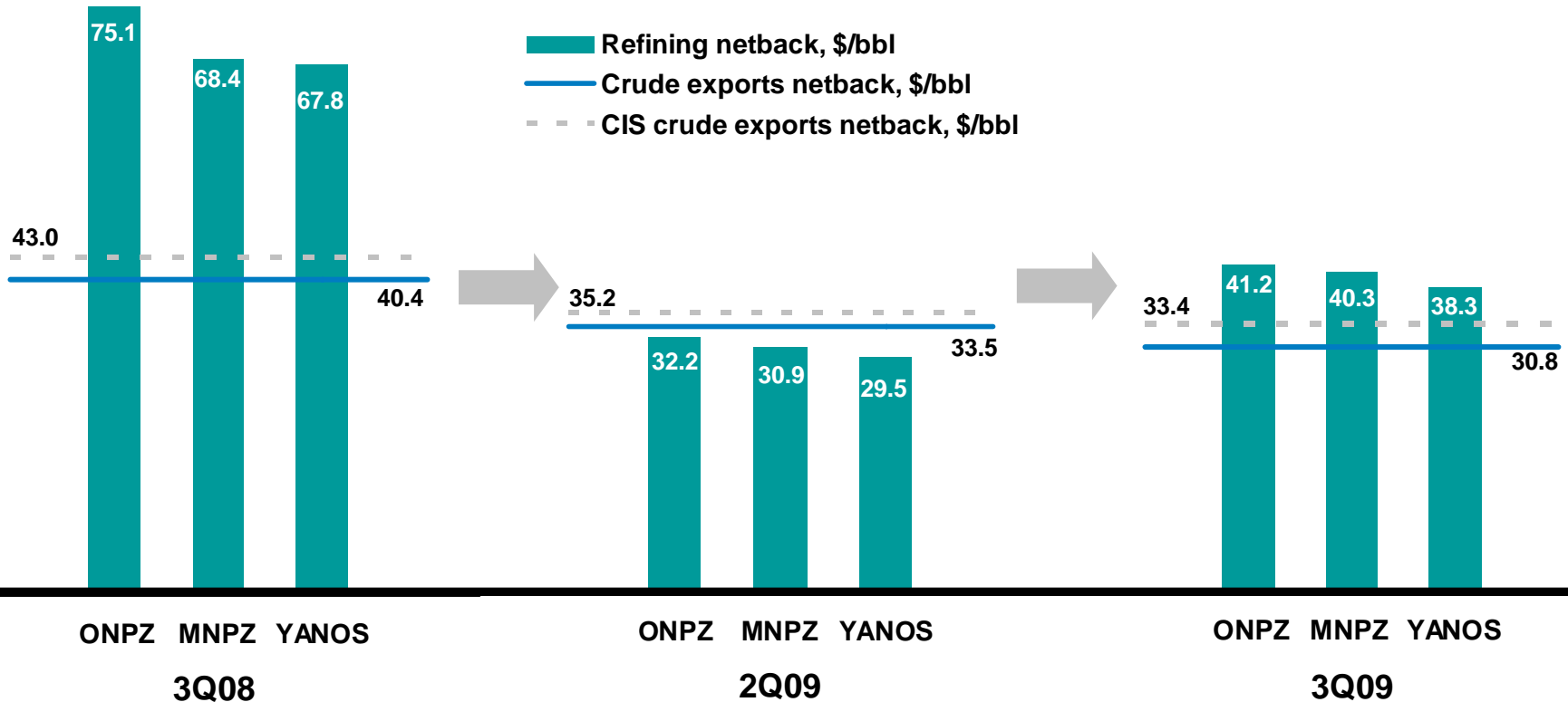


## Duty differentials stimulating refining in 3Q09, \$/t



- In 3Q09 lucrative duty lagging effect of 2Q09 expired
- 3Q09 crude export duty up to \$30.59/bbl or \$224.25/tonne (+68% q-o-q, -52% y-o-y)
- In 3Q09 export duties differentials started to pick up thus favoring refining. Duties premiums on light and heavy products to duty on crude oil averaged at \$61/tonne and \$136/tonne, respectively.
- **With domestic refining cover nearing 70% Gazprom Neft is well poised to capture continuing crude pricing growth**

# Blessing for processing: 3Q09 refining netbacks catching up with crude price



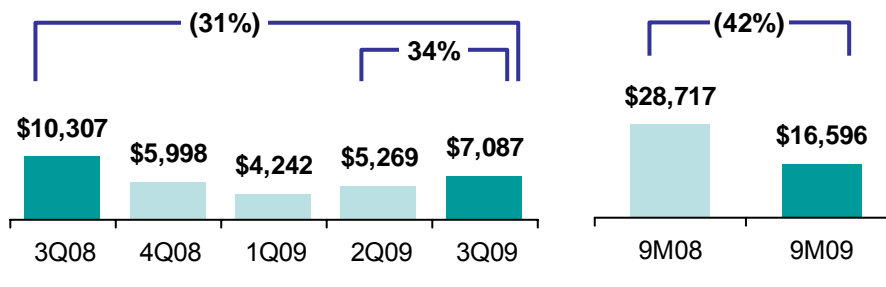
In 3Q09 refining netbacks at the Company's refineries substantially improved due to

- Rouble appreciation
- Recovered domestic prices for oil products
- Continuing oil price growth that led to increase in export duties differentials on oil and oil products

# Gazprom Neft's Key Financials, \$ mln

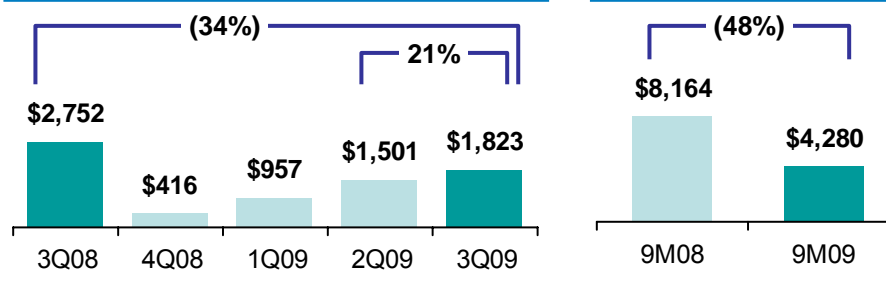


## Revenues\*



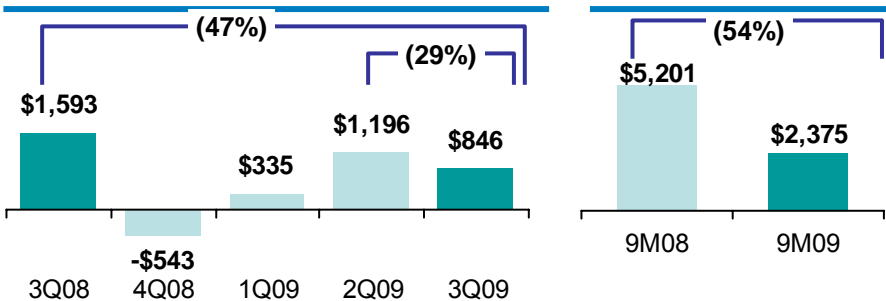
- Oil price fluctuations drove revenues up q-o-q and down y-o-y

## EBITDA



- Export customs duty, mineral extraction tax and continuing RUR appreciation constrained EBITDA growth
- High refining volume in crude balance supported quarterly EBITDA growth

## Net Income



- FX gain as well as gain from Sibir Energy acquisition in 2Q09 hampered q-o-q net income growth in 3Q09

Source: Company data

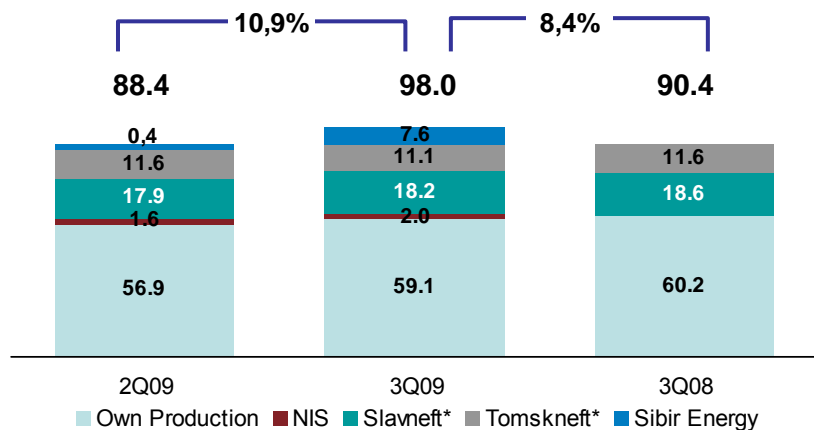
\* Revenues for 2007 and 1-3Q08 were adjusted for excise tax that was previously excluded (2007 - \$ 0.7B; 1Q08 - \$0.2B, 2Q08 - \$0.3B; 3Q08 - \$0.8B)



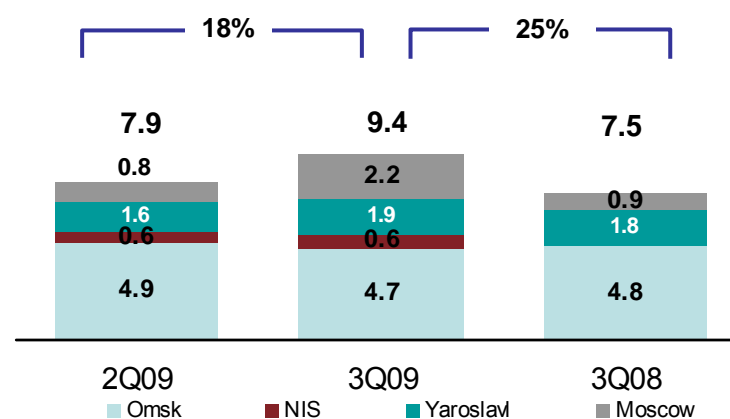
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## Operating Results

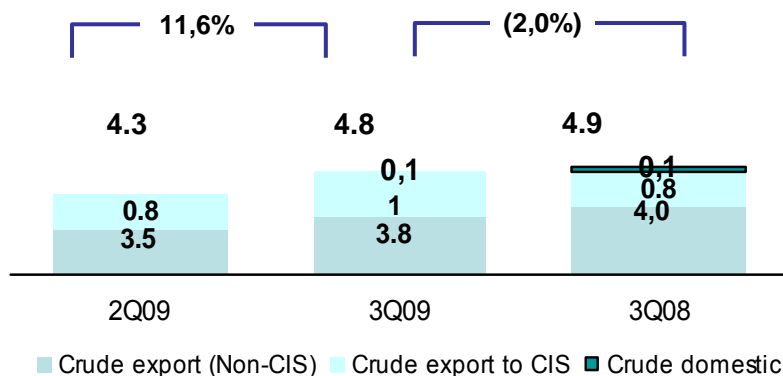
## Hydrocarbon production (mln boe)



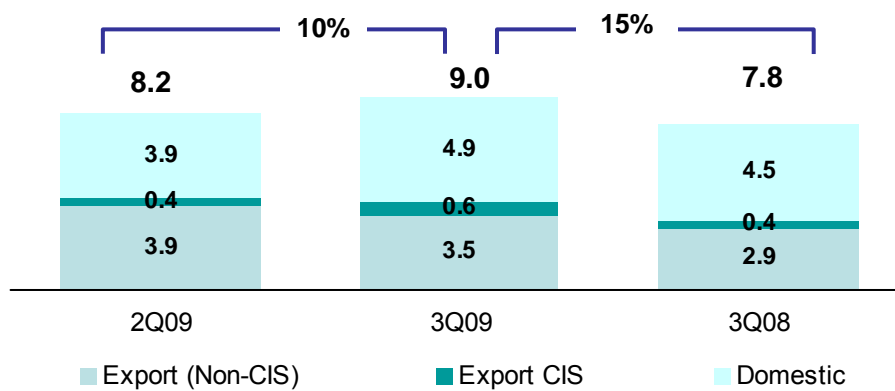
## Refining (mln tonnes)



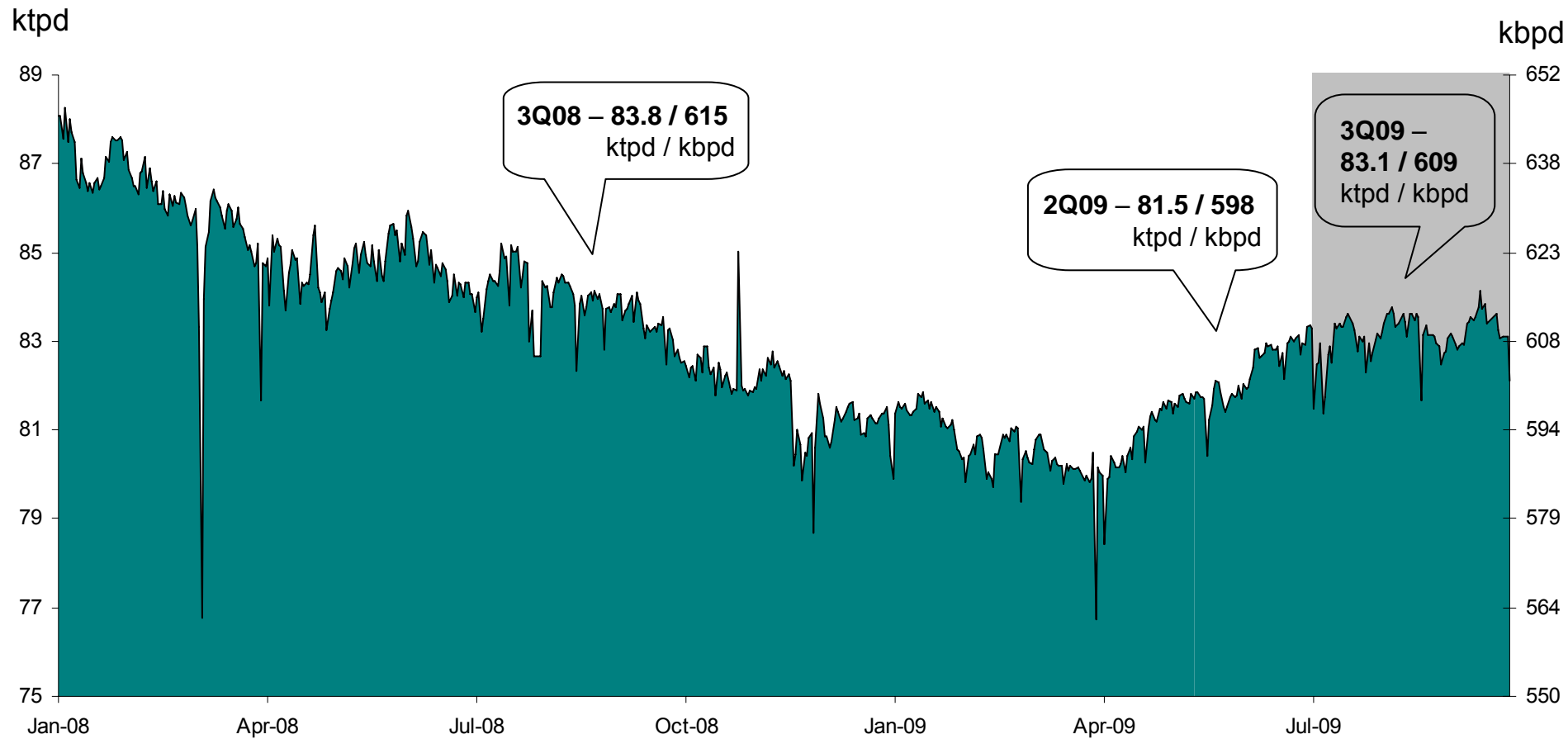
## Crude Oil Sales (mln tonnes)



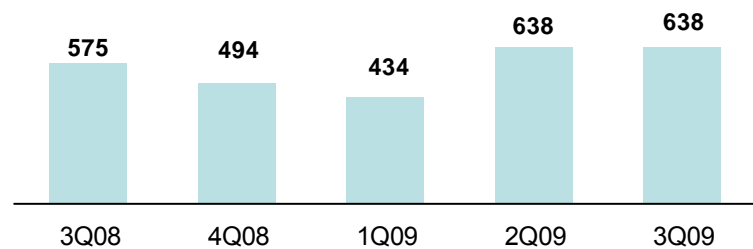
## Oil Products Sales (mln tonnes)



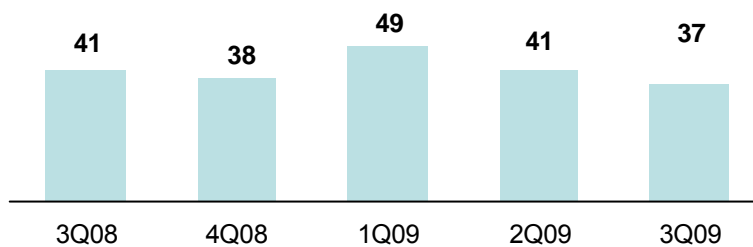
# Upstream: core assets daily crude output plateauing



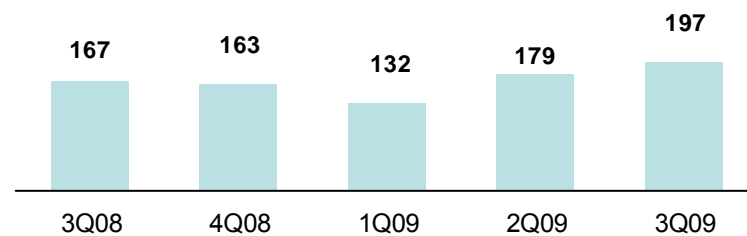
## Production Drilling\* ('000 meters)



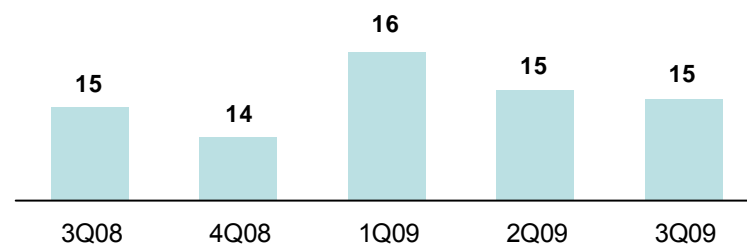
## Average flow at new wells, tpd



## Number of New Wells Launched\*



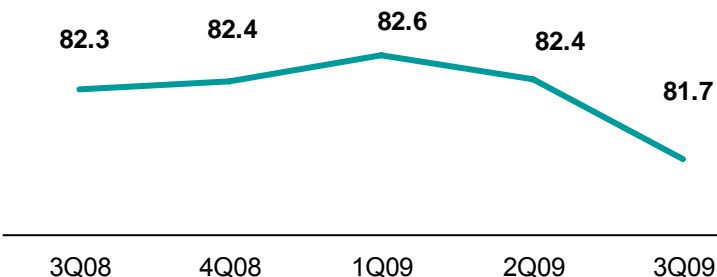
## Average flow at old wells, tpd



**Gazprom Neft is maintaining high volumes of drilling in 3Q09:**

- Production drilling flat q-o-q; +11% y-o-y
- # of new wells +10% q-o-q; +18% y-o-y

## Water cut, %



# Gazprom-Neft is accelerating its downstream facilities upgrade program...

Gazprom Neft is boosting its downstream CAPEX to accelerate refineries upgrade programs (9M09 CAPEX doubled vs. 9M08)

## Strategic goals by 2020:

- Quality upgrade program (Euro 4,5)
- Substantial improvement in the Company's downstream facilities sophistication

By 2012 Omsk, Yaroslavl and Moscow refineries should all meet Euro 4,5 standards

## 9M 2009

### Omsk

1. Diesel Hydro-Treating Unit launched (Euro 3)
2. Technological Condensate-Treating Unit upgraded
3. Fuel Dehydration Unit installed
4. Isomerization Unit construction started

### Yaroslavl

1. 5-year upgrade program approved
2. Diesel Hydro-Treating Unit upgraded
3. Hydrogen Production Unit construction started
4. Isomerization Unit construction started

### Moscow

Following Sibir acquisition Gazprom-Neft simultaneously gained control over Moscow refinery thus increasing its effective shareholding in the asset from 38.63% to 59.75%. Currently Gazprom-Neft is actively developing MNPZ's upgrade program

## Mid-term goals by 2012

### Omsk

#### Installation of:

1. Diesel Hydro-Treating Unit
2. Catalytic Cracking Unit (gasoline treatment)
3. Isomerization Unit

### Yaroslavl

#### Installation of:

1. Primary Distillation Unit
2. Catalytic Cracking Unit (gasoline treatment)
3. Isomerization Unit

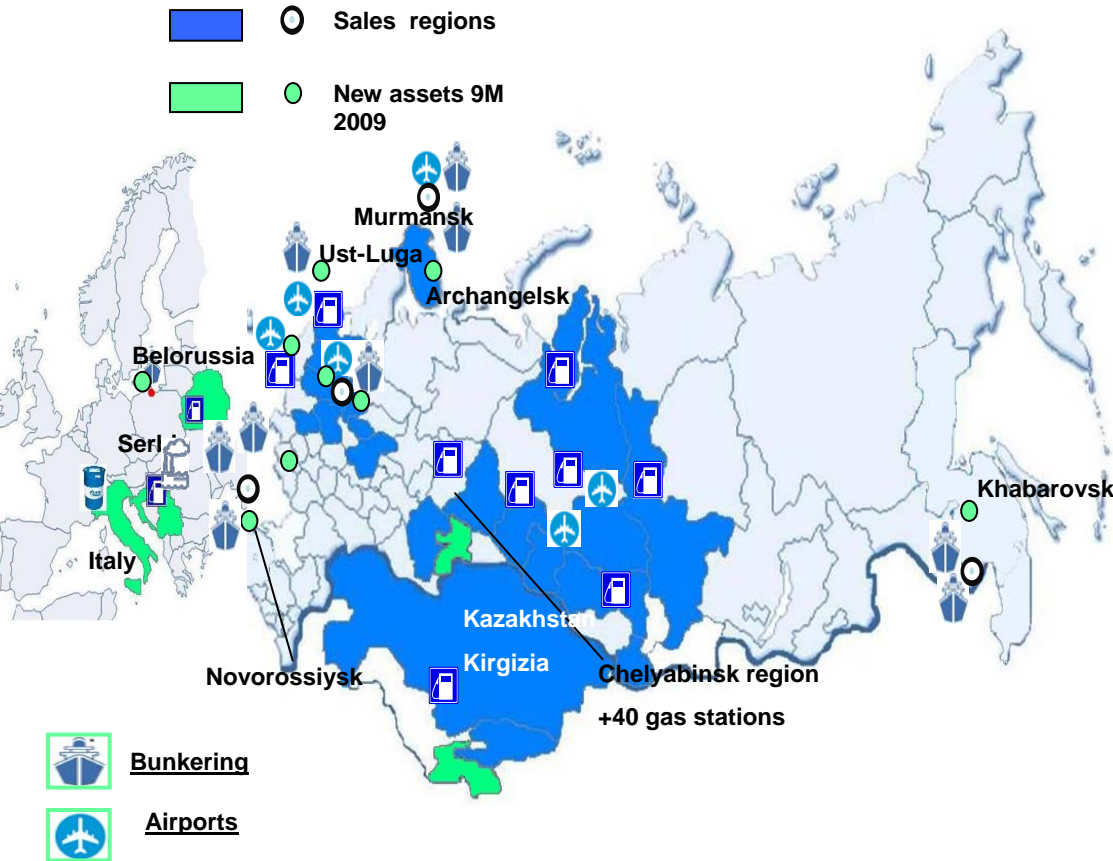
### Moscow

#### Installation of:

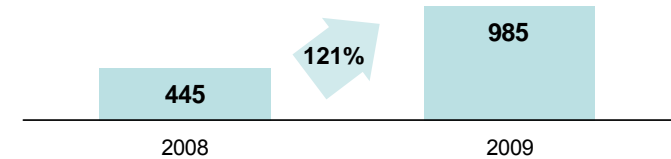
1. Diesel Hydro Reforming Unit
2. Catalytic Cracking Unit (gasoline treatment)
3. Isomerization Unit

# Oil Products Marketing expansion

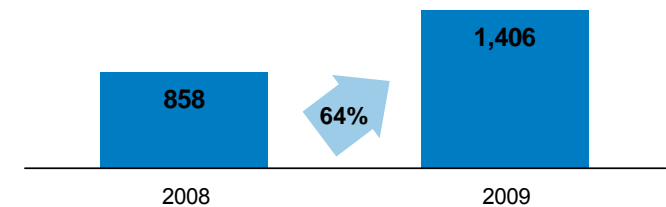
## New products sales via premium channels\*



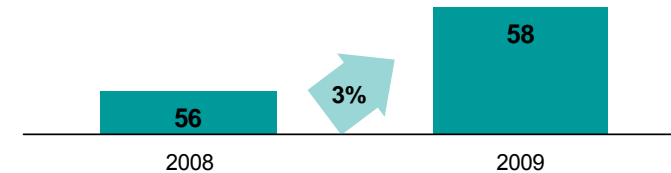
### Aero fuelling ('000 tonnes)



### Bunkering ('000 tonnes)



### Lubricants ('000 tonnes)



- Aero fuelling – Largest jet fueling terminals operator in Russia, new fueling terminals in Bryansk, Tomsk, Chita, new fueling terminal in Moscow (Sheremetievo) – construction-in-progress
- Bunkering – Largest volumes in Russia, new regions expansion (Black Sea), Ust Luga bunkering
- Lubricants – Acquisition of Lubricants Plant in Italy (Bari) - February 2009, production of new oils: 50 in Russia and 40 in Italy
- Retail network - At the end of September 2009 own retail network (including NIS and Sibir) totaled 1,489 gas stations

Source: Company data

\* Premium channels – sales from tank farms, terminals, filling stations, fueling terminals and packed oils sales

# New retail brand: bringing idea to reality...



## Retail – The most efficient segment in Russia

- Mass rebranding project started in 2Q09.
- 3-year mid-term plan envisages conversion of 1,030 retail gasoline outlets to single **Gazpromneft** brand by the end of 2011.

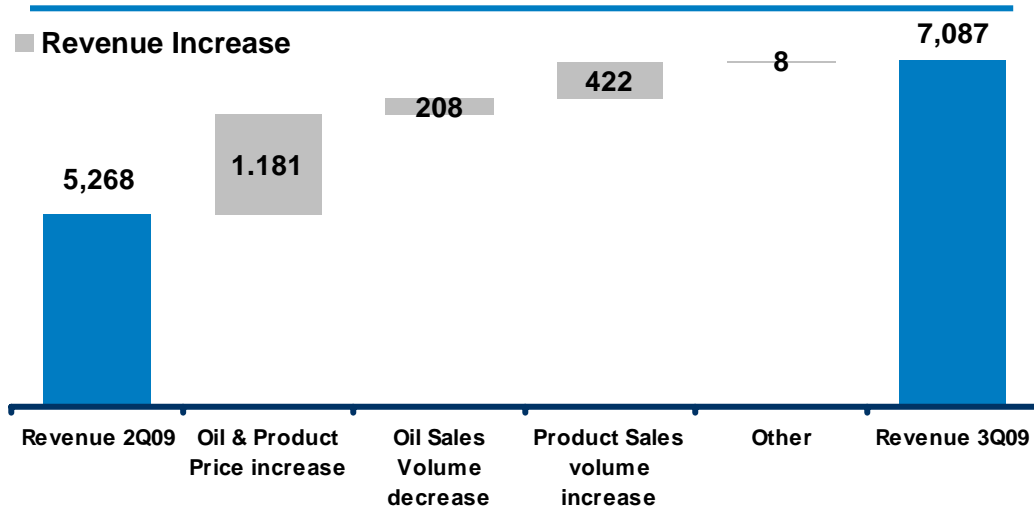
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## Financial Results

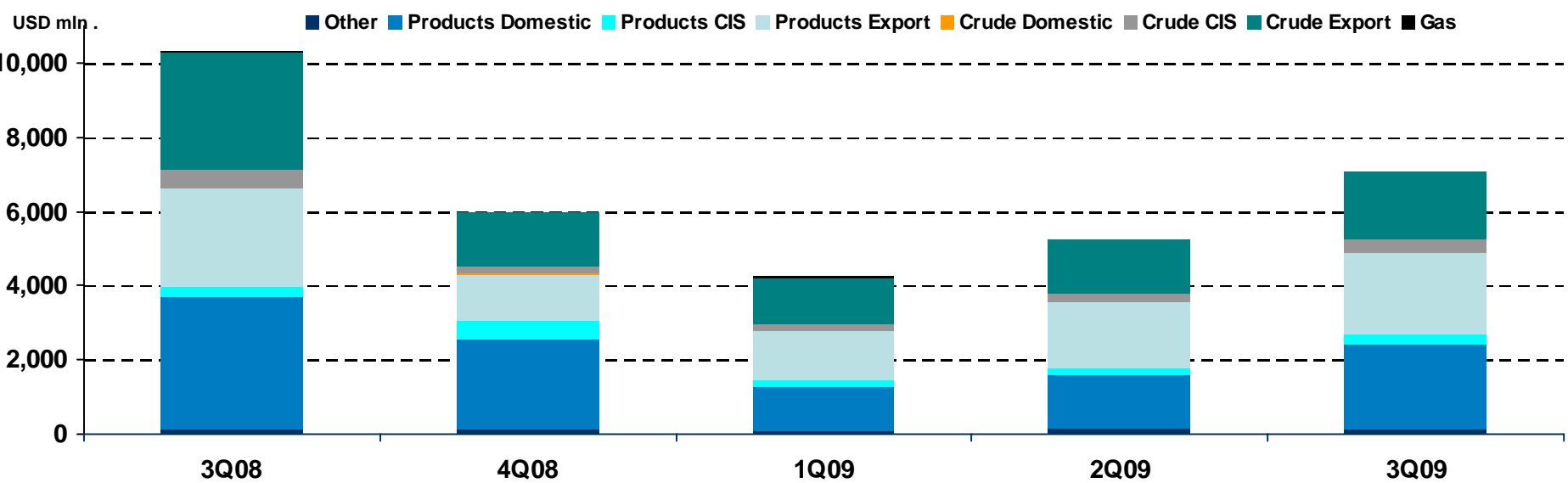


# Sales breakdown & Reconciliation

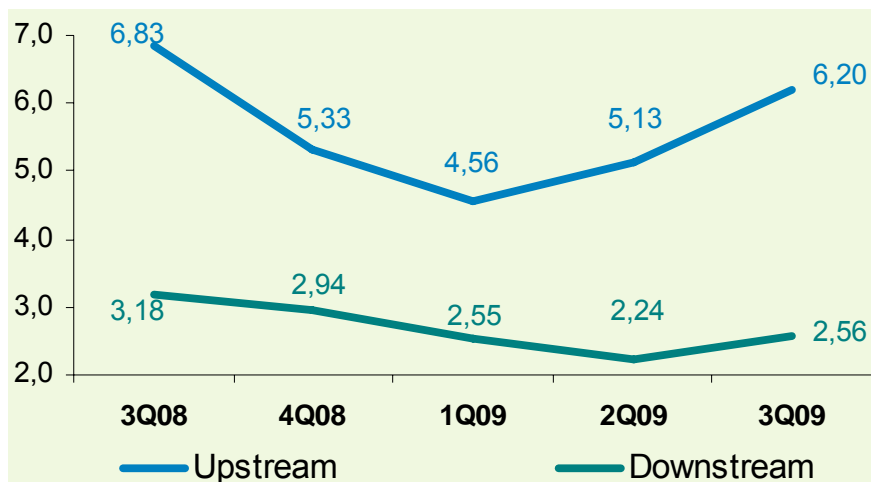
## Revenue reconciliation, USD mln.



- For 3Q09 Gazprom Neft's Revenues increased by 35% Q-o-Q due to growth in prices for crude oil & petroleum products as well as increase sales volumes
- Urals price increased by 16% Q-o-Q
- Crude sales vol. increased by 10% Q-o-Q
- Domestic price for Gasoline increased by 20-40% Q-o-Q
- Products sales vol. increased by 10% Q-o-Q



## Unit costs dynamics, \$/bbl



## Absolute costs dynamics, \$ mln

	2Q09	3Q09	3Q08	QoQ	YoY
Operating:	427	561	547	31%	3%
Upstream	291	381	360	31%	6%
Downstream	136	180	187	32%	-4%
SG&A	330	306	308	-7%	-1%
Transportation	428	475	483	-3%	-2%

Gazprom Neft's operating costs in 3Q09 surged by 31% to \$561 mln q-o-q following consolidation of Sibir Energy. Hence:

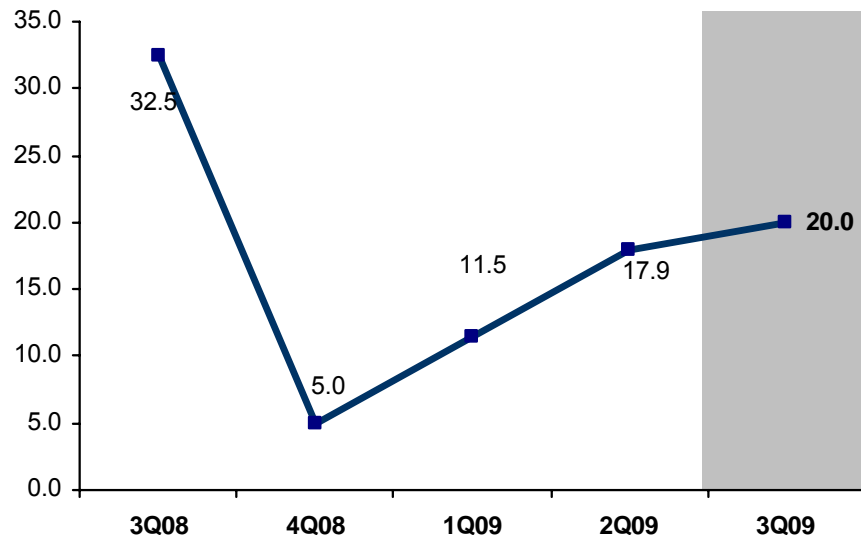
- Upstream operating costs grew by 31% to \$381 mln q-o-q
- Downstream operating costs climbed by 32% to \$180 mln q-o-q

SG&A costs declined q-o-q by 7% to \$306 mln following elimination of NIS provisions incorporated in SG&A in the beginning of 2009.

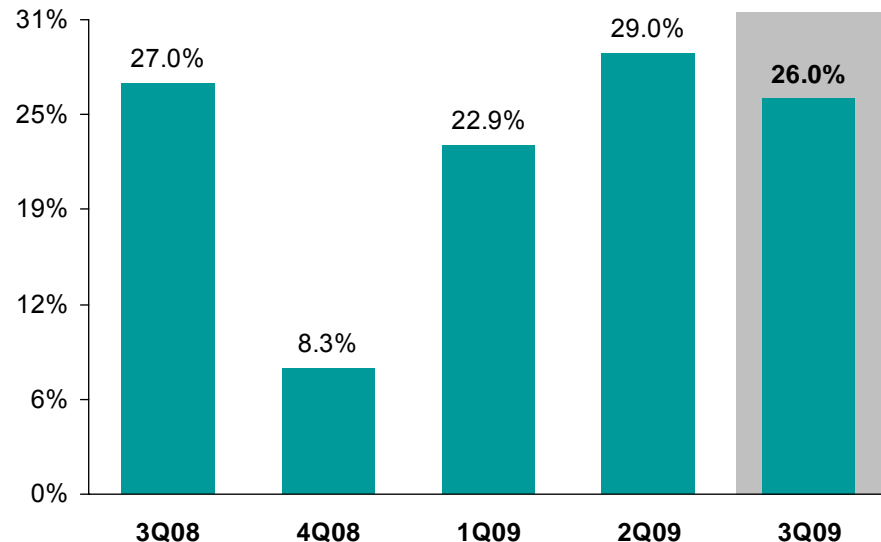
Unit costs demonstrated limited growth mostly reflecting Rouble appreciation in 3Q09.

# EBITDA is still growing with the crude price

## Adjusted EBITDA per barrel (\$/bbl)

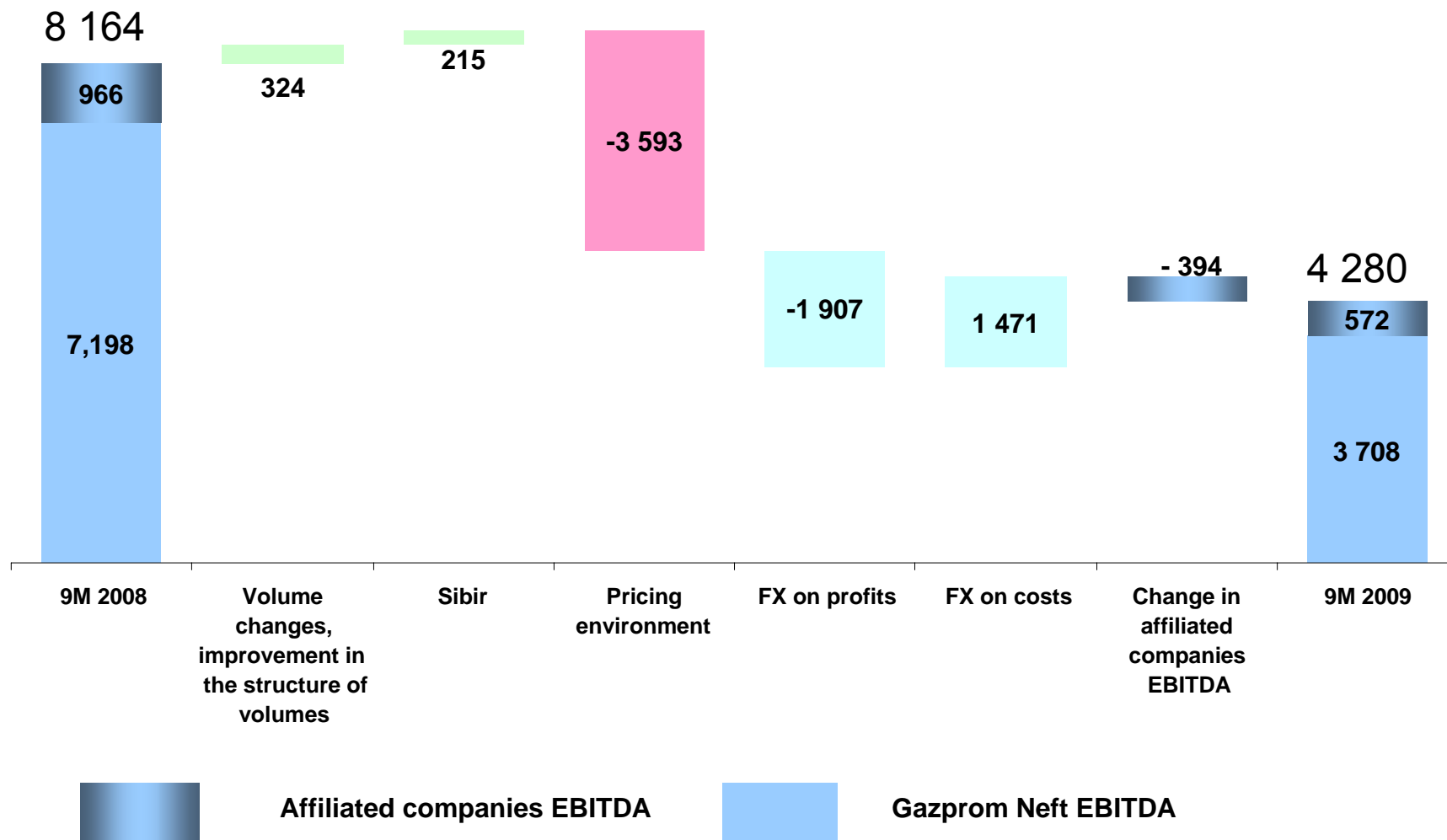


## Adjusted EBITDA Margin

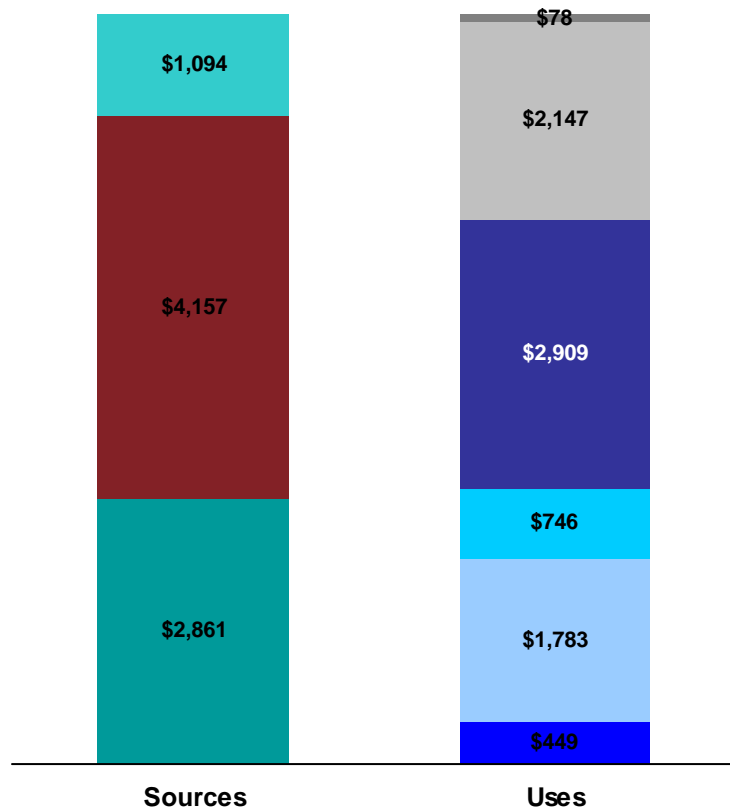


- In 3Q09 Gazprom Neft's adjusted EBITDA margin reduced by 3p.p. q-o-q.
- Adjusted EBITDA per barrel of production in 3Q09 is 63% y-o-y and up 52% q-o-q to \$19,7/bbl.
- In 3Q09 EBITDA margin declined as well as EBITDA growth was constrained due to the increased quarterly taxation burden

# Adjusted EBITDA reconciliation

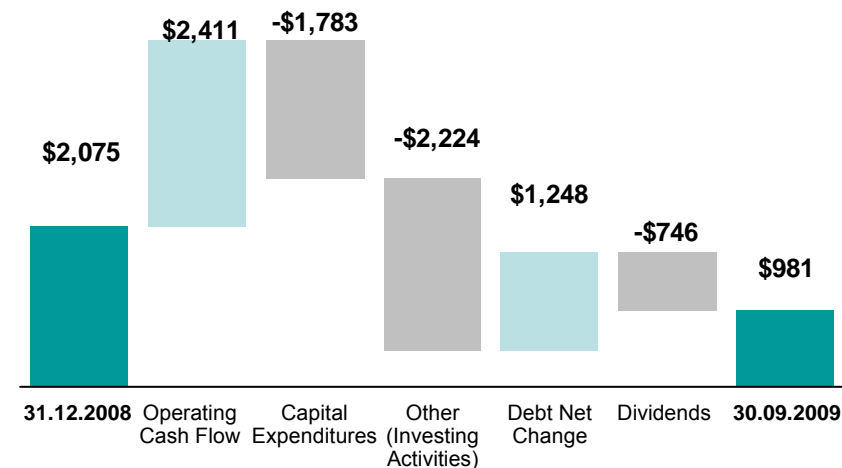


## Cash Sources and Uses (US\$MM), 9m 2009

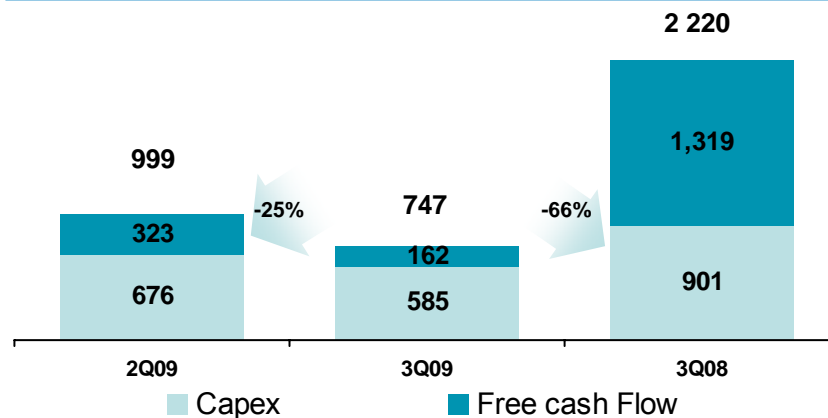


- Operating Activity (excl. Working Capital)
- Working Capital
- Capital Expenditures
- Dividends
- Debt Received
- Debt Repaid
- Investment
- Other
- Cash Increase/Decrease

## Available Net Cash Flow (US\$MM)

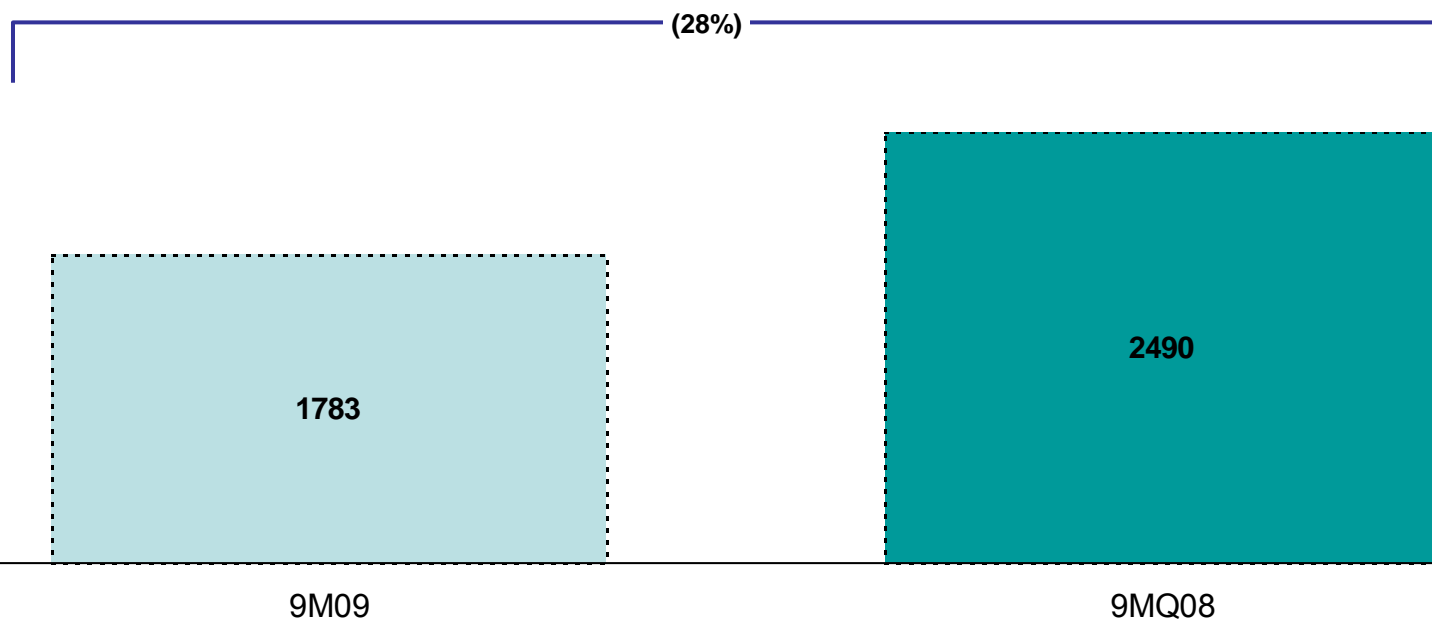


## Operating Cash Flow (US\$MM)



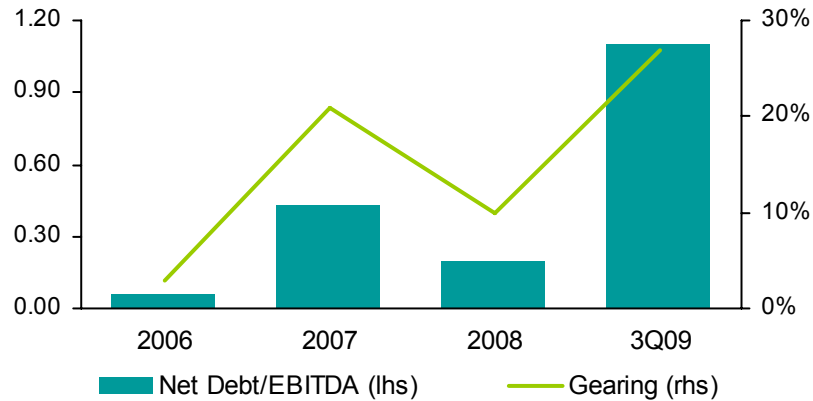
# Organic Capex Breakdown

## Capex Dynamics, \$ mln

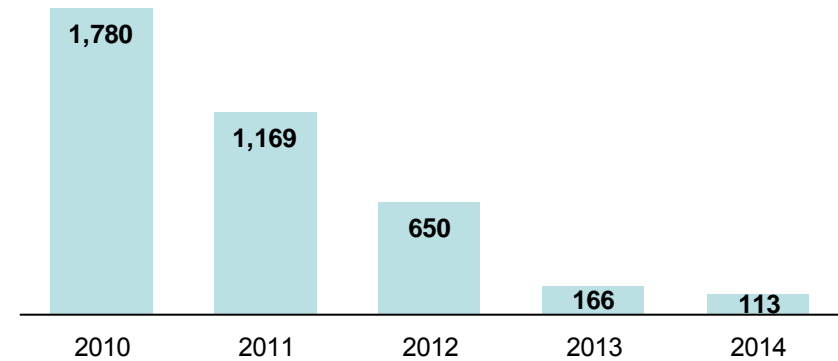


	2Q09	3Q09	3Q08
<b>Upstream</b>	\$9.7/bbl	\$7.8/bbl	\$13.8/bbl
<b>Brown Fields</b>	\$7.7/bbl	\$3.4/bbl	\$11.3/bbl
<b>Green Fields</b>	\$15.0/bbl	\$17.9/bbl	\$21.7/bbl

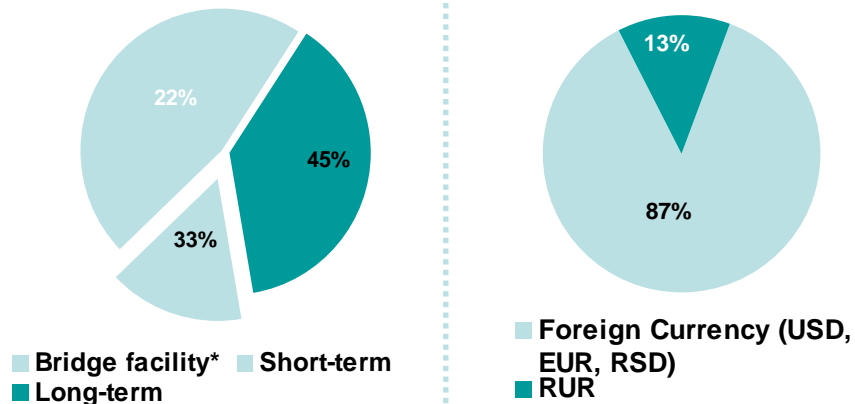
## Net Debt/EBITDA, Gearing (%)



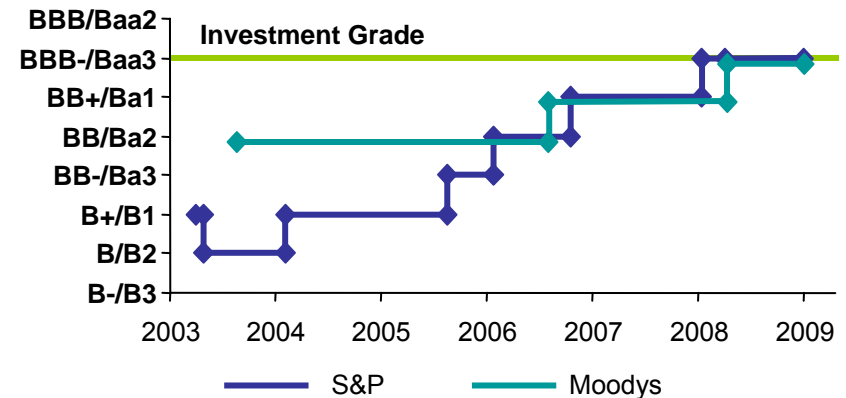
## Maturity Profile (US\$MM)



## Debt Structure as of March 2009, %



## Credit Ratings



\* Bridge facility would be refinanced under the long term basis

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## Recently acquired assets: integration in progress



## Achieved Corporate Results



- February, 2009– Gazprom Neft Group acquired a 51% stake in NIS
- March, 2009 – New Board of Directors elected,
- 6 members – Gazprom Neft representatives;
- General Director and Chairman of the Board of Directors are Gazprom Neft representatives

## Achieved Operating And Financial Results



- 9,7% Production growth in 3Q 09 vs. 2Q 09
- Euro diesel production launched
- Refineries modernization program launched
- Head count structure optimization
- Debt structure optimization

### Mid term strategy (2009-2012)



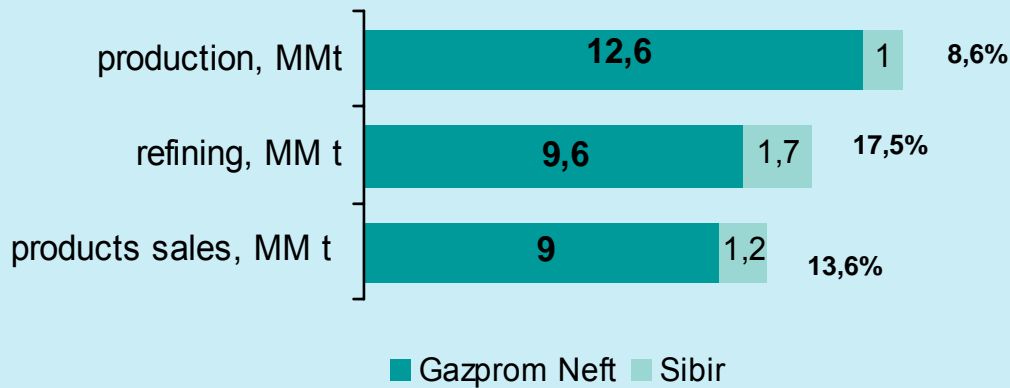
- 540 MM euro of investments to implement a modernization program (light hydrocracking and hydro treatment complex construction)
- 1,538 MM tonnes of euro diesel yield p.a. after the new upgrade complex launch 638 thou. tonnes of euro 5 gasoline p.a. in 2012

# Sibir Energy

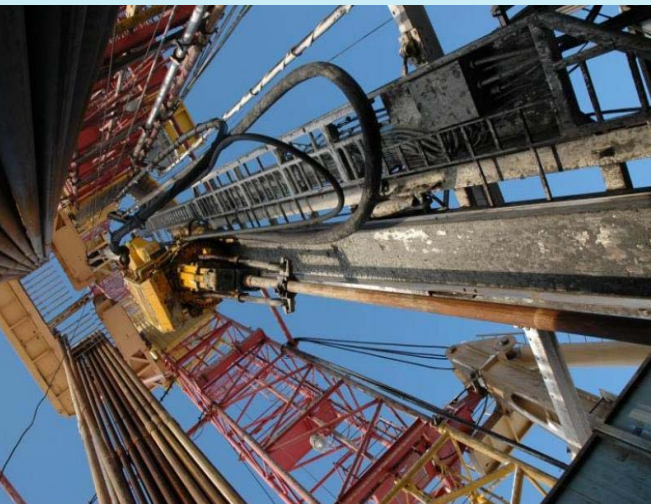
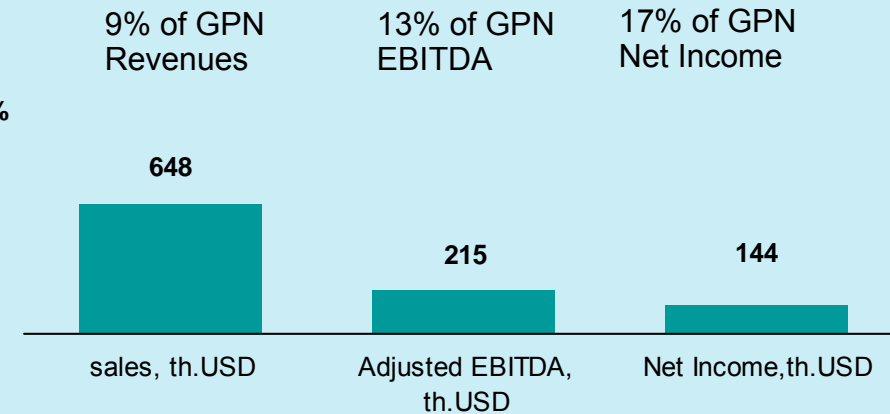
## 3Q09 – first period of full consolidation



### Key Operational data, 3Q 09, % Of Overall Gazprom Neft Operational figures

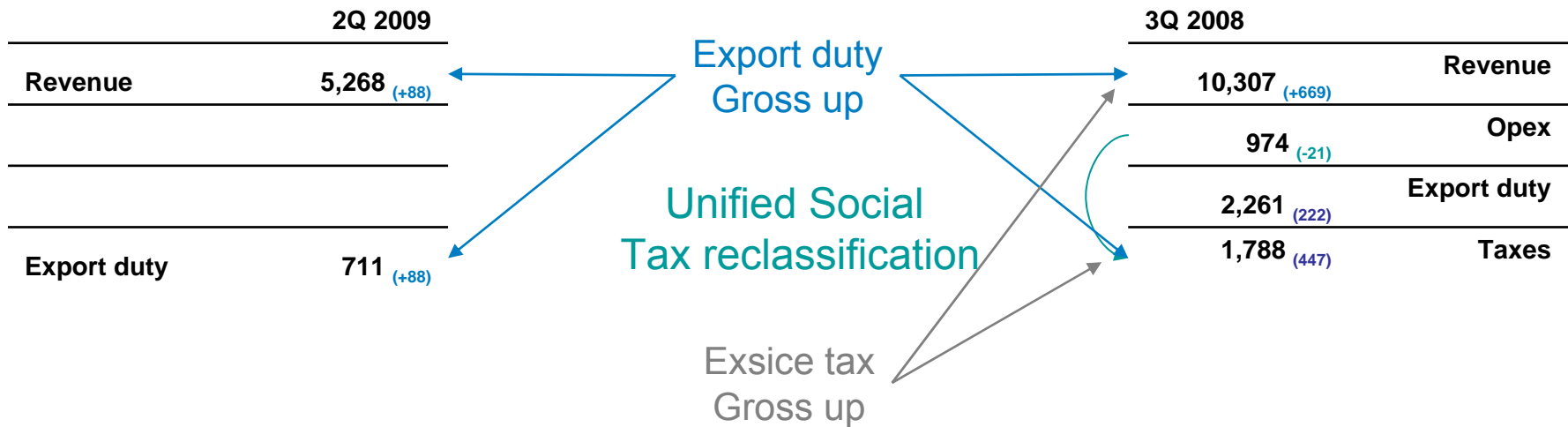


### Key financials, 3Q 09



# 3Q 2009: Accounting reclassifications

## Other accounting reclassifications



- The following reclassifications were made in order to improve transparency.