

**Gazprom**

**Consolidated 1H 2007 IFRS**

**Financial Results Presentation**

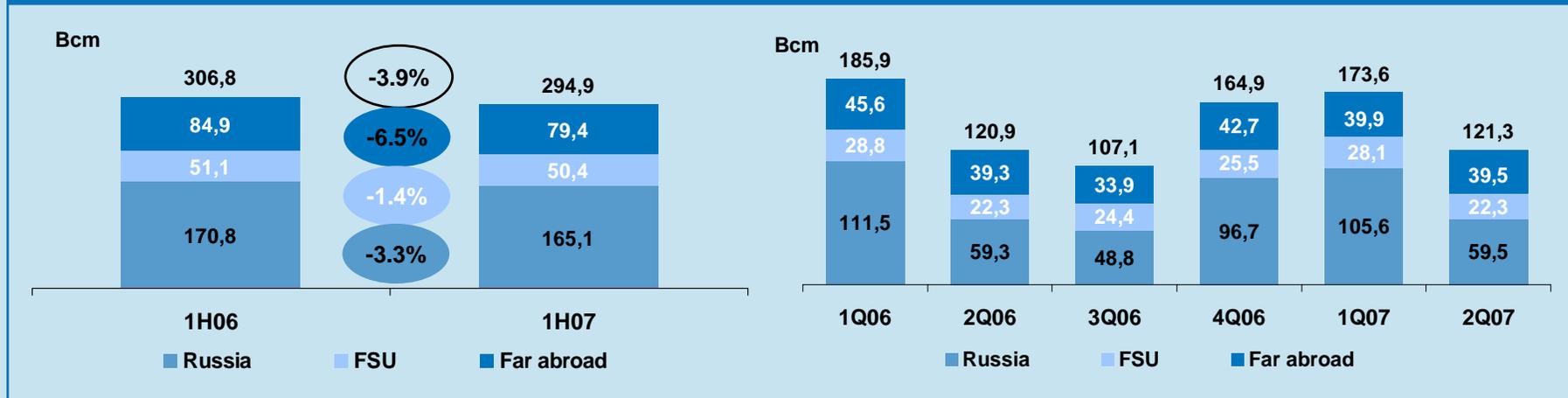


# Key Highlights

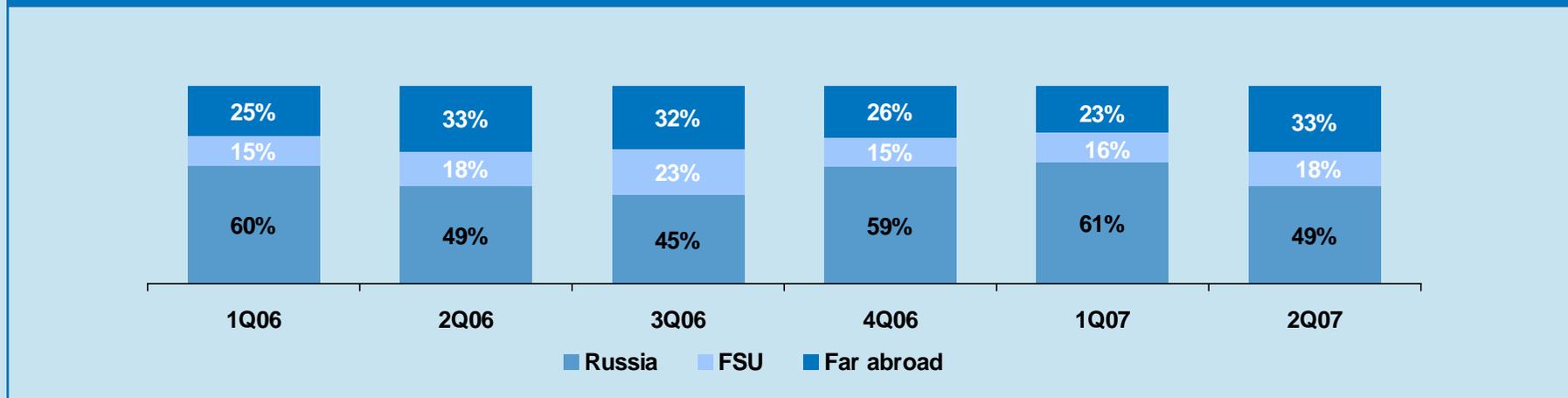
- Revenue growth in 1H 2007 – over 5% compared to 1H 2006
- Slight decrease in profitability due to lower sales volumes in warm weather conditions and the lowest export price in the last six quarters
- Strong cash flow generation
- Leverage: total debt / adj. EBITDA of 1.5x

# Operational Results

## Gas Sales By Market, Bcm

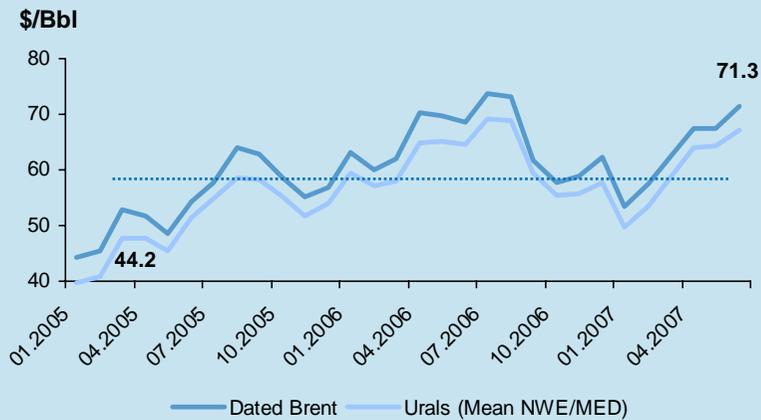


## Gas Sales By Market, %

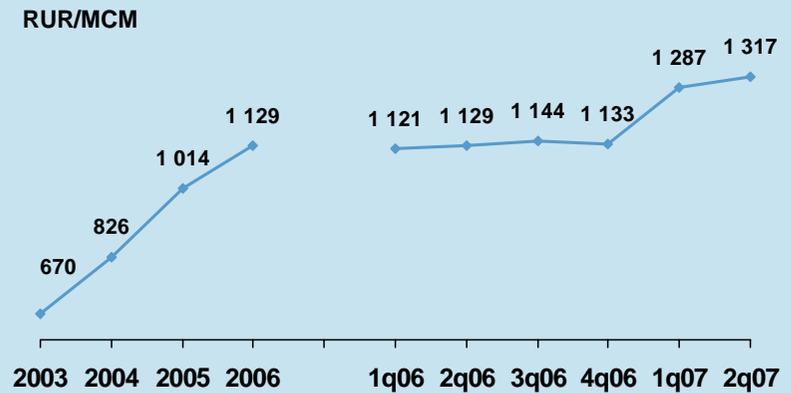


# Market Environment

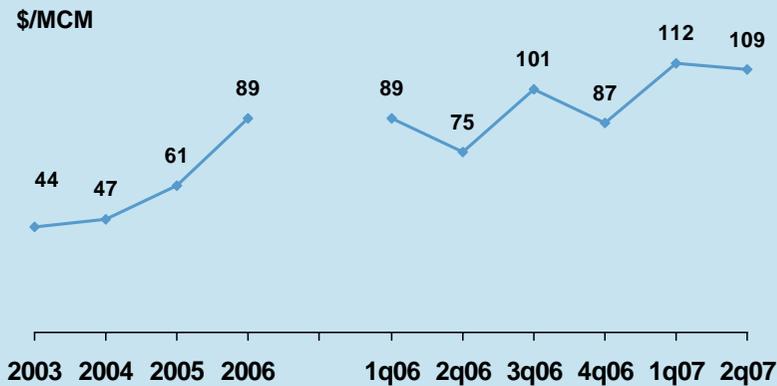
## Crude Price



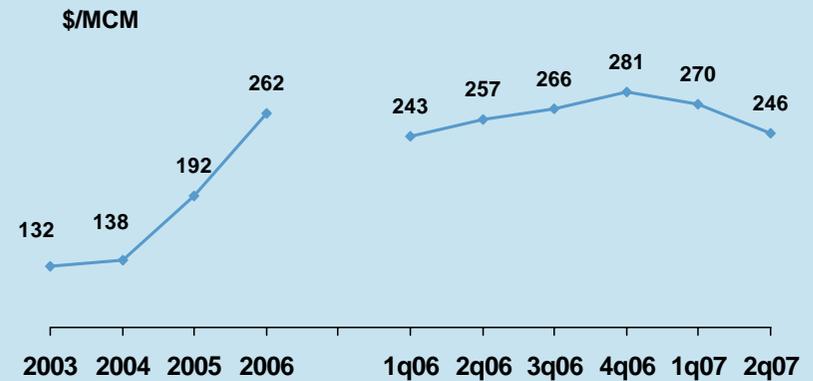
## Average Domestic Gas Price



## Average FSU Gas Price

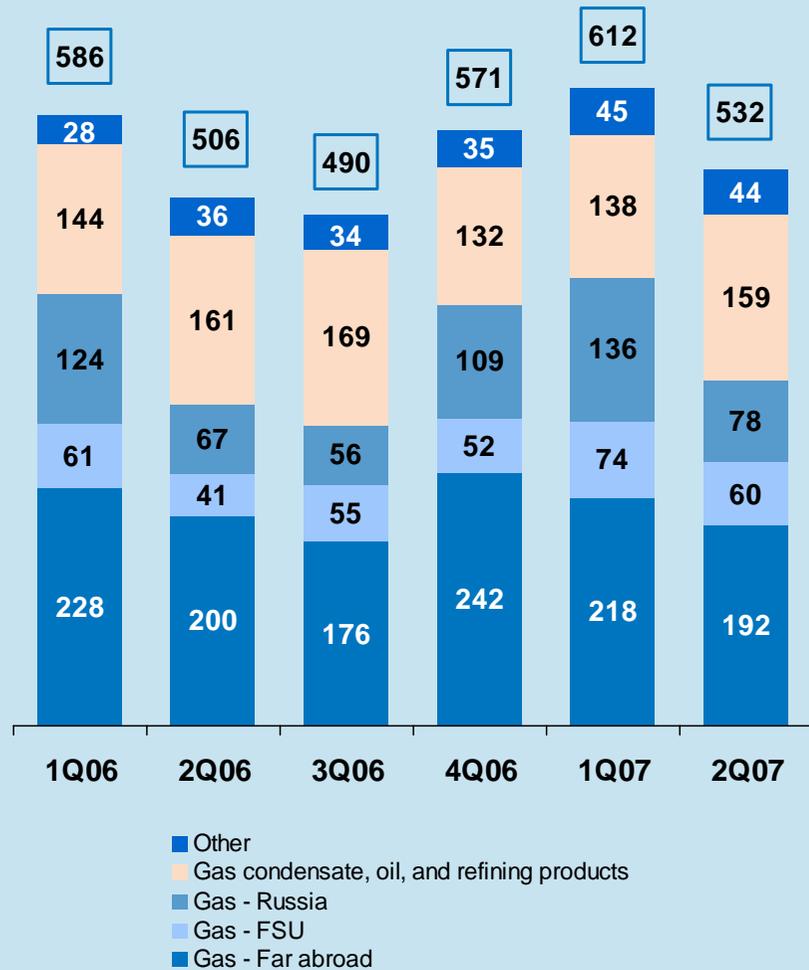


## Average Europe Gas Price



# Revenues

Total Net Revenues (RR billion) <sup>(1)</sup>



Total Net Revenues (RR billion)

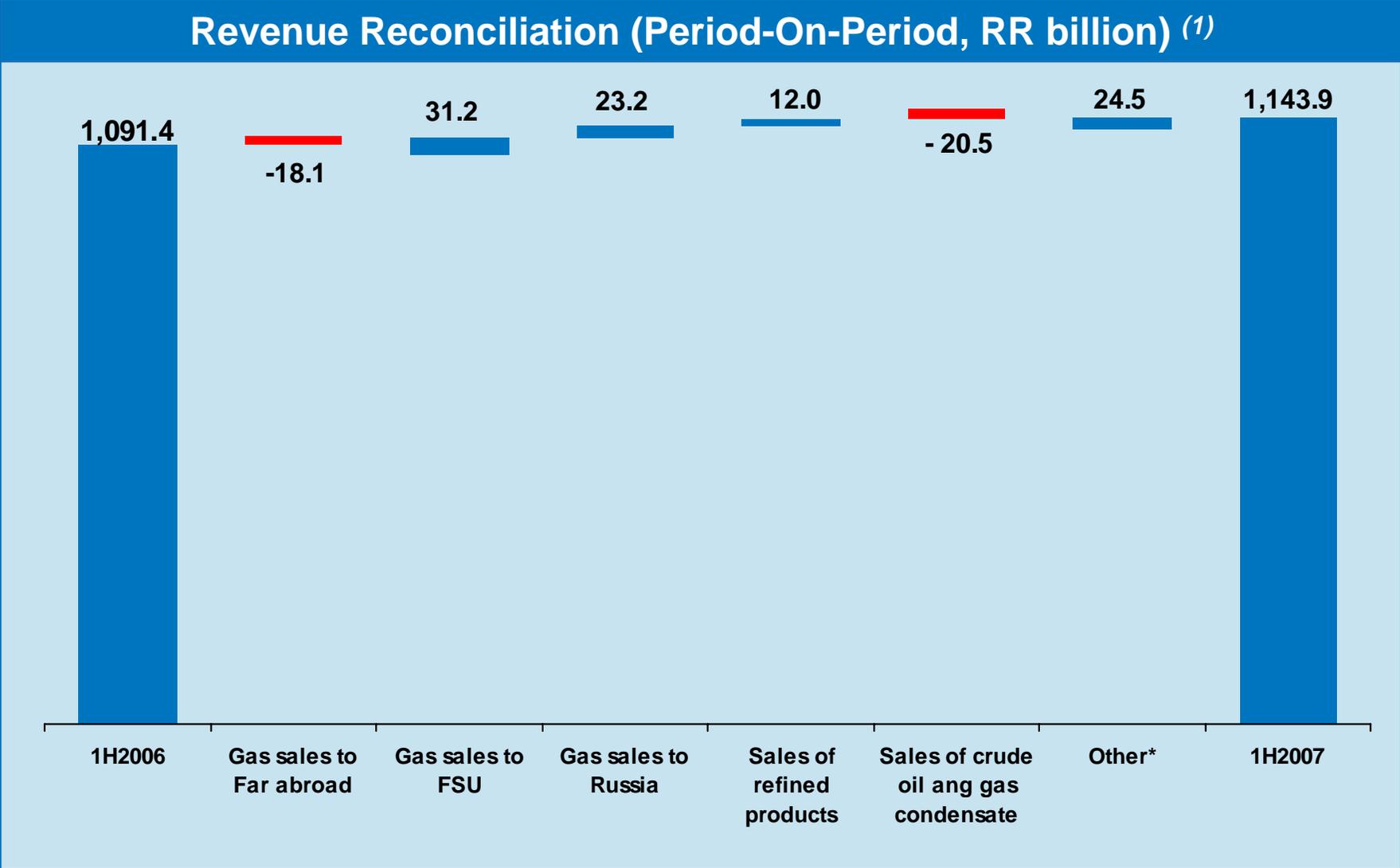


## Comments

- 2Q 2007 revenues grew by 5.1% compared to 2Q 2006

1. Totals may not sum due to rounding.

# Revenue Reconciliation



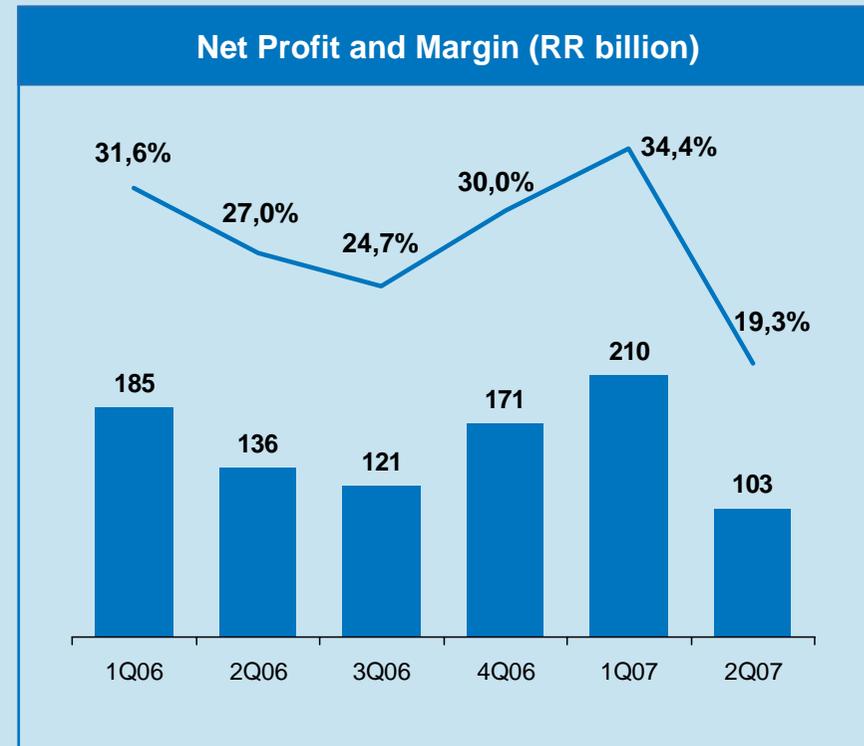
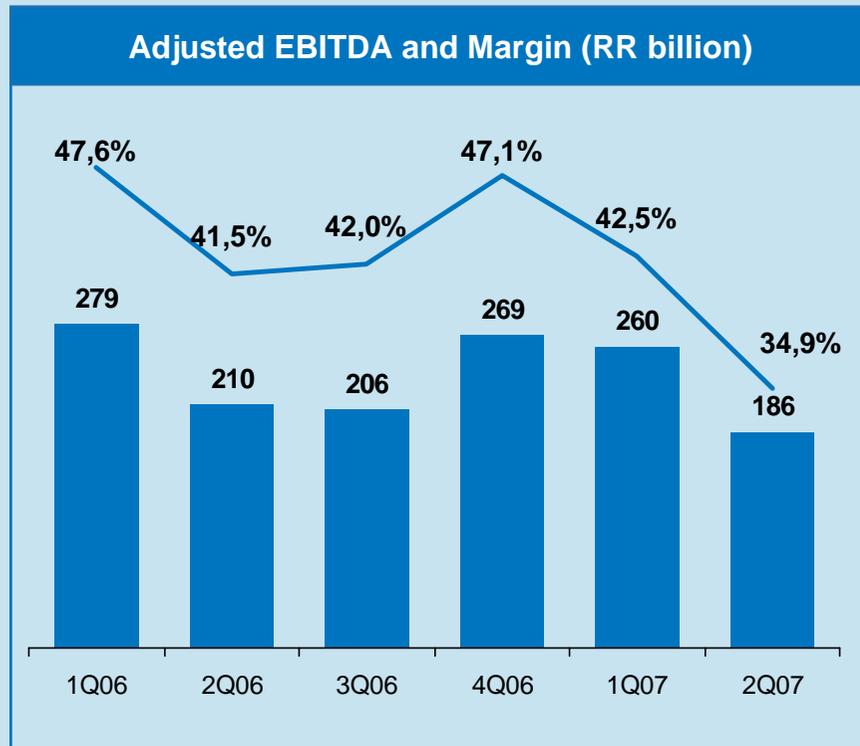
1. Totals may not sum due to rounding.  
 \* Other consists of Other revenues and Revenues from transportation.

# Operating Expenses

Operating Expenses, RR million	1h2007	1h2006	% Increase	% of Total increase	Commentary
Purchased oil and gas	188 436	131 127	43.7%	54.17%	Primary due to increase in prices of gas purchased in Middle Asia, mainly for further reselling.
Staff costs	108 399	91 205	18.85%	16.25%	Increase resulted from growth of average base salaries and increase in expenses associated with pension obligations
Taxes other than on income	98 074	99120	(1.06%)	(0.99%)	-
Depreciation	93 024	80 524	15.52%	11.82%	Primarily relates to the growth of fixed assets base
Transit of gas, oil and refined products	77 063	83 827	(8.07%)	(6.39%)	Decrease due to the increase in volumes of gas transported through Ukraine and Eastern Europe and depreciation of US \$ against RR
Materials	45 554	37 682	20.89%	7.44%	Related to increased prices and volumes of materials purchased in Transport and Refining segments
Repairs and maintenance	40 507	34 341	17.96%	5.83%	Due to an increase in volume of repairs and maintenance services rendered by third parties mainly in Transport segment
Electricity and heating expenses	22 748	20 499	10.97%	2.13%	Primarily due to an increase in electricity consumption in certain Group entities and higher electricity tariffs, set by FTS
Cost of goods for resale, incl. refined products	21 178	25 852	(18.08%)	(4.42%)	Due to decrease in costs of purchase refined products in Gazprom Neft
Social expenses	6 981	8 081	(13.61%)	(1.04%)	-
Insurance	5 673	5 079	11.7%	0.56%	-
Research and development	5 640	4 775	18.12%	0.82%	-
Charges for impairment provisions	2 778	6 118	(54.59%)	(3.16%)	-
Other	76 160	58 195	30.87%	16.98%	Includes bank charges, security services, legal and consulting services and advertising
<b>Total operating expenses</b>	<b>792 215</b>	<b>686 425</b>	<b>15.41%</b>	<b>100%</b>	

- OpEx in the 1H2007 increased by 15.4% comparing with the 1H2006
- Costs without purchased oil and gas grew 8,7%

# EBITDA and Net Profit



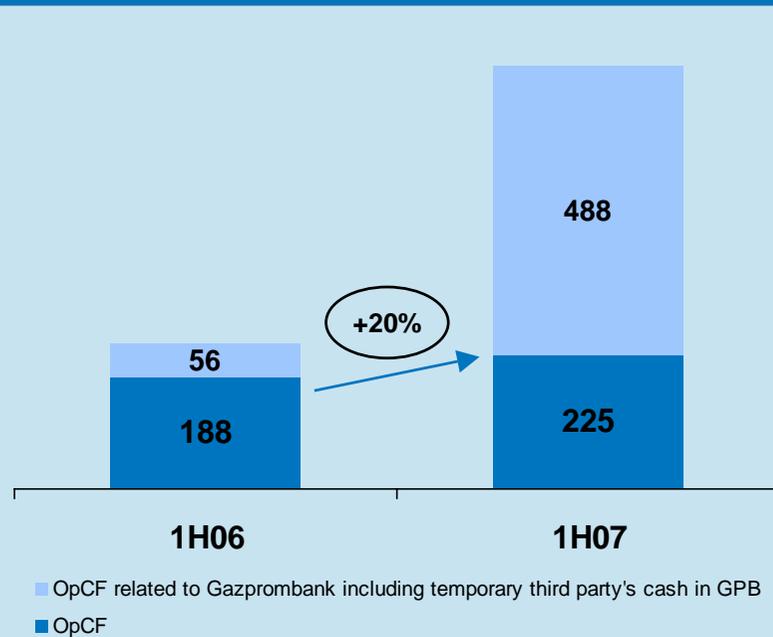
- Decrease in profitability was primary due to declined sales in warm weather conditions and the lowest export price in last six quarters

**Notes:**

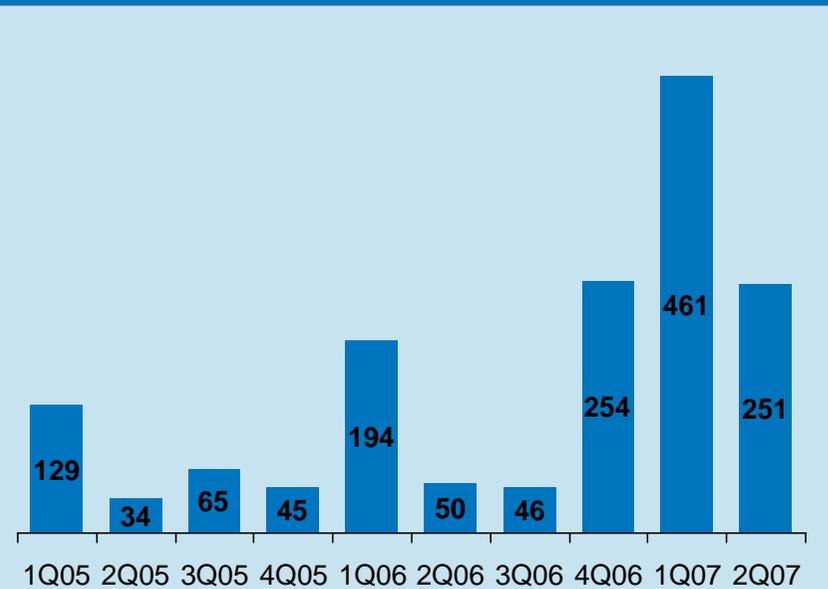
1. EBITDA calculated as operating profit plus depreciation and impairment provisions for assets (includes impairment provisions of accounts receivable and prepayments, assets under construction, investments and other long-term assets and inventory obsolescence) except for impairment provisions for accounts receivable and prepayments.  
 2. Net Profit equals net profit attributable to equity holders of OAO Gazprom

# Operating Cash Flow

Net Cash Flow from Operations (RR billions)



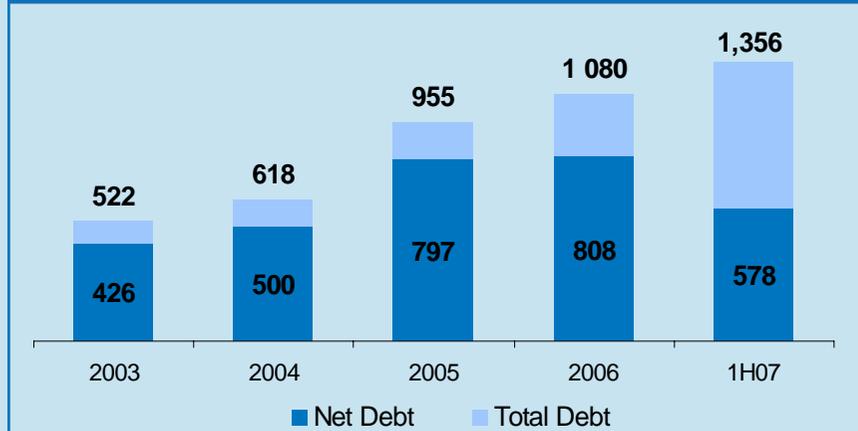
Quarter Net Cash Flow from Operations (RR billion)



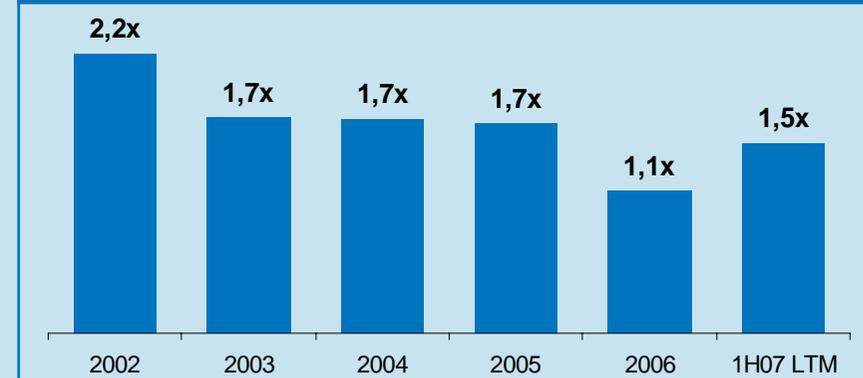
- Strong cash flow generation
- 1H07 net cash flow from operations increased by 20% compared to 1H06

# Debt structure

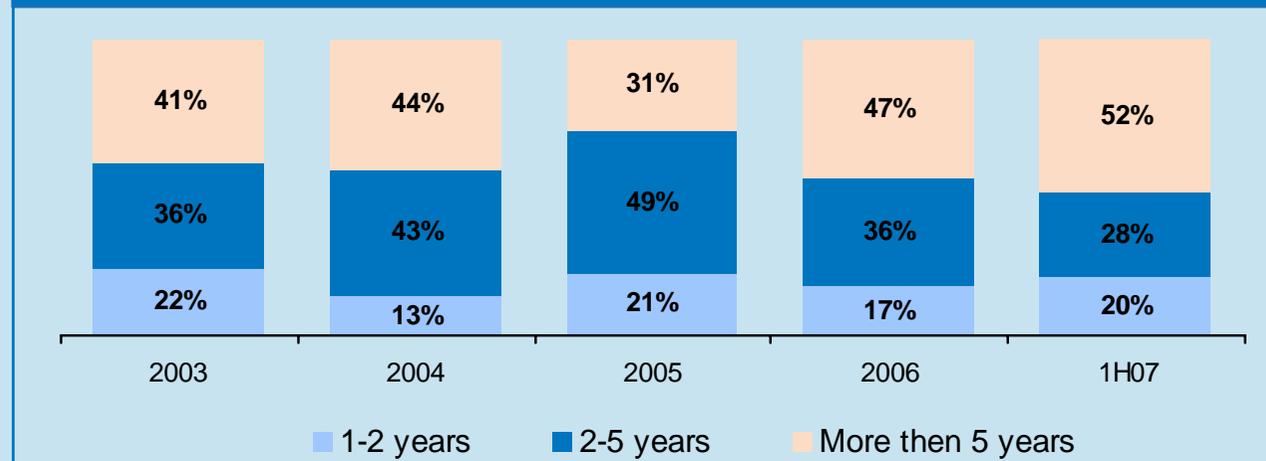
Total Debt\*, RR billion



Total Debt / Adjusted EBITDA



Maturity profile



\* Total debt: Short-term borrowings and current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable and restructured tax liabilities.

# Financial results – Statement of Income

Statement of Income, RR million	2Q2006	2Q2007	Change, +/-%
Sales	505 647	532 366	5%
Operating expenses	(331 158)	(390 482)	18%
<b>Operating profit / EBIT</b>	<b>174 489</b>	<b>141 884</b>	<b>(19%)</b>
Finance items <sup>(1)</sup>	4 474	6 722	50%
Other <sup>(2)</sup>	12 909	14 002	8%
<b>Profit before profit tax</b>	<b>191 872</b>	<b>162 608</b>	<b>(15%)</b>
Profit tax expense <sup>(3)</sup>	(50 535)	(49 695)	(2%)
Minority interest	(5 003)	(10 045)	101%
<b>Profit attributable to equity holders of OAO Gazprom</b>	<b>136 334</b>	<b>102 868</b>	<b>(25%)</b>

■ > 5% revenue growth over the period

1. Finance items include Finance income, Finance expenses

2. Other: Share of net income of associated undertakings and jointly controlled entities, Gains on disposal of available-for-sale financial assets

3. Profit tax expense: Current profit tax expense, Deferred profit tax expense

# Balance sheet (RR million)

RR million	June 30, 2006	June 30, 2007	Change, RR million	Change, +/(-)%
Total current assets, of which	1 106 453	2 017 480	911 027	82%
Cash and cash equivalents and restricted cash	181 408	804 526	623 118	343%
Accounts receivable and prepayments	470 356	705 732	235 376	50%
Total non-current assets, of which	3 464 874	4 661 221	1 196 347	35%
Property, plant and equipment	2 830 484	3 223 951	393 467	14%
Long-term accounts receivable and prepayments	216 246	318 584	102 338	47%
Total assets	4 571 327	6 678 701	2 107 374	46%
Total current liabilities, of which	588 822	1 494 435	905 613	154%
Taxes payable	63 091	53 984	-9 107	(14%)
Short-term interest bearing debt <sup>(1)</sup>	255 132	479 714	224 582	88%
Total non-current liabilities, of which	957 126	1 241 665	284 539	30%
Long-term interest bearing debt <sup>(2)</sup>	589 674	876 486	286 812	49%
Total liabilities	1 545 948	2 736 100	1 190 152	77%
Total equity (including minority interest)	3 025 379	3 942 601	917 222	30%
Total liabilities and equity	4 571 327	6 678 701	2 107 374	46%

1. Short-term interest bearing debt: Short-term borrowings and current portion of long-term borrowings, Short-term promissory notes payable

2. Long-term interest bearing debt: Long-term borrowings, Long-term promissory notes payable, Restructured tax liabilities