

**Gazprom**

**Consolidated 2006 IFRS Financial**

**Results Presentation**



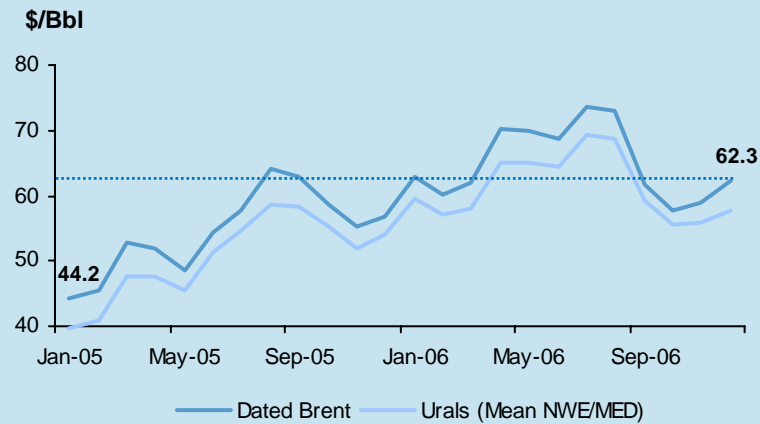
# Key Highlights

- Revenues grew very strongly in 2006 – up 56% compared to 2005
- Adjusted EBITDA grew by 66%
- EBITDA margin grew 280 basis points to 44.8%
- Cash from operating activities up 100%
- Gazprom maintained low levels of leverage during period
  - Net Debt / adjusted EBITDA of 0.83x

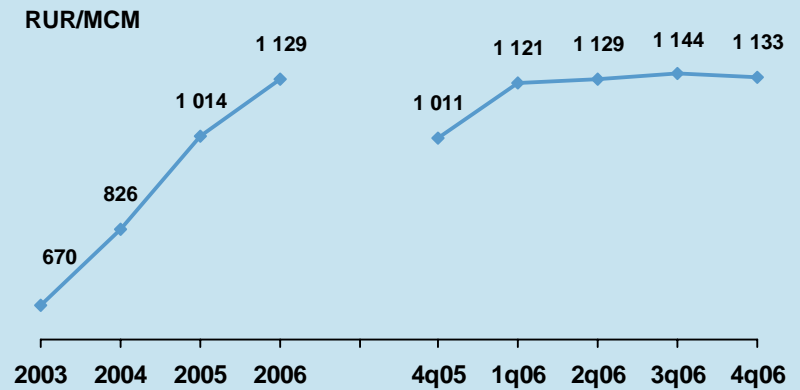
# Market Environment

## Favourable Conditions for Future Growth

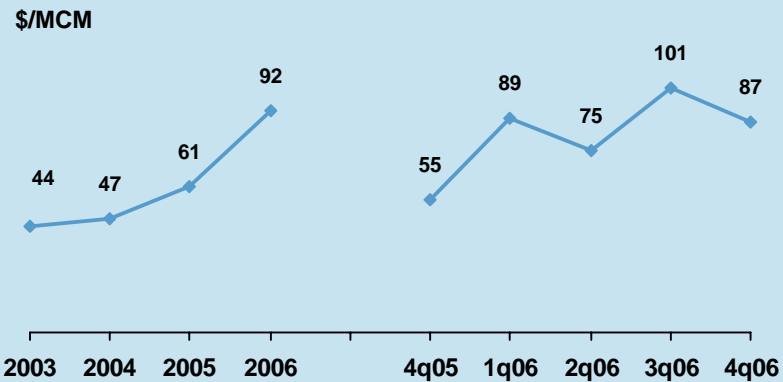
### Crude Price



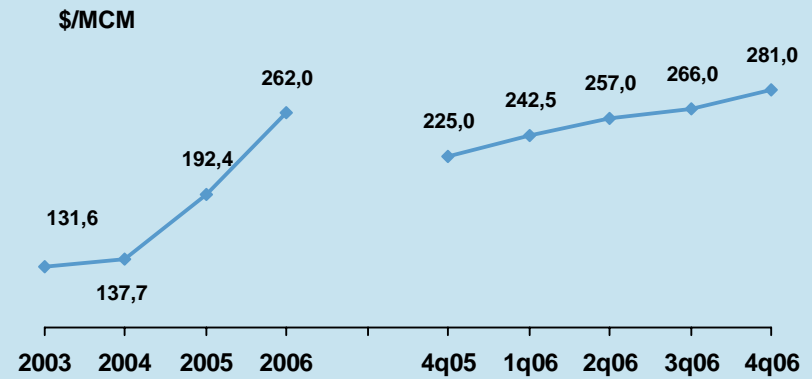
### Average Domestic Gas Price



### Average FSU Gas Price



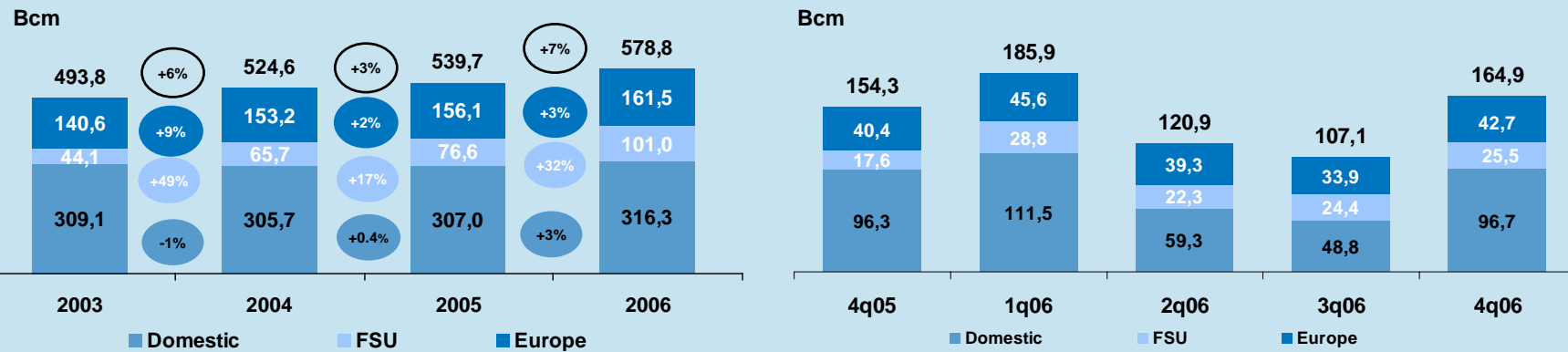
### Average Europe Gas Price



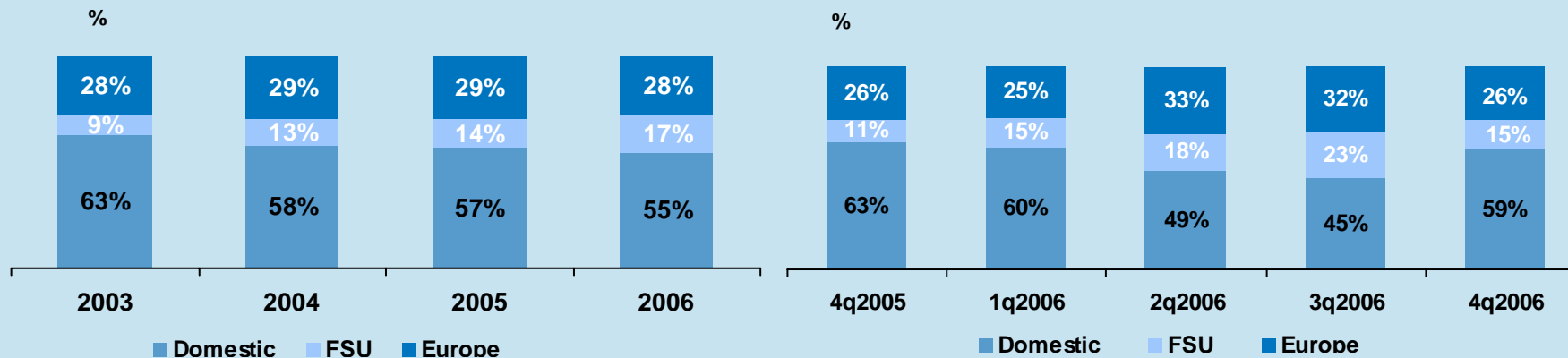
# Operational Results

## Strong operating performance

### Gas Sales By Market, Bcm

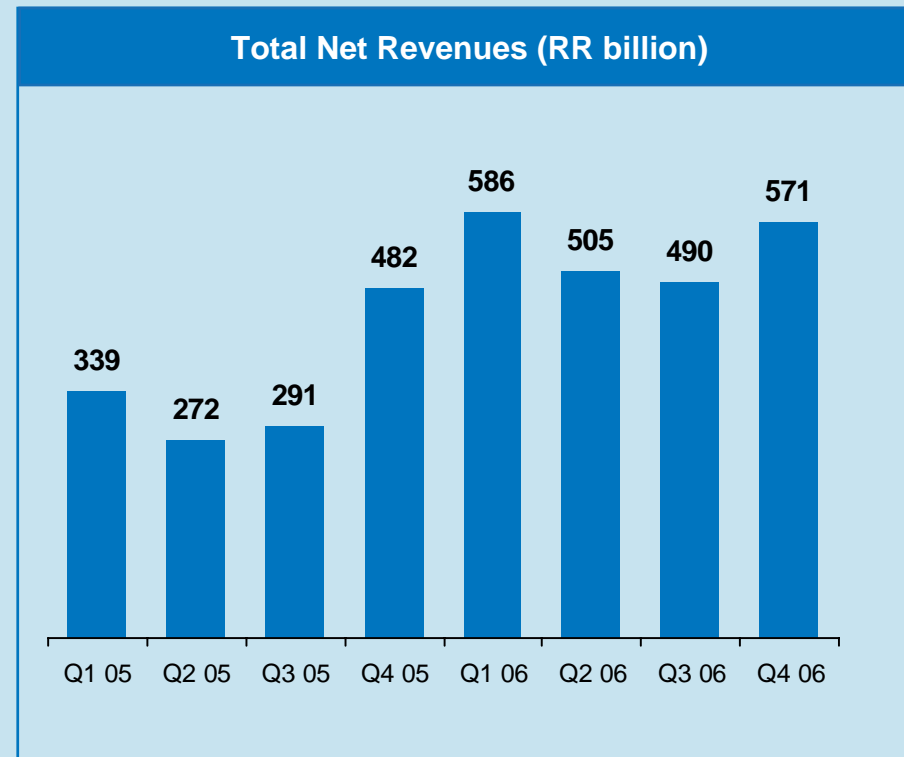
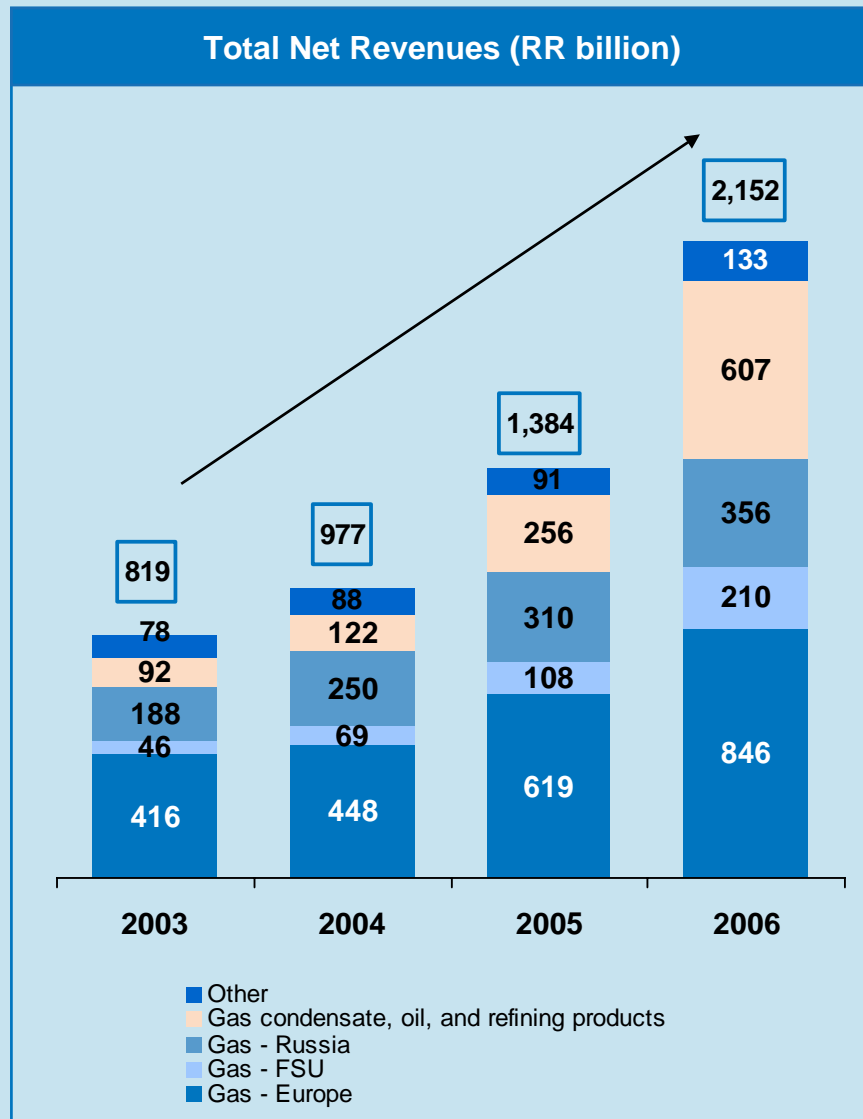


### Gas Sales By Market, %



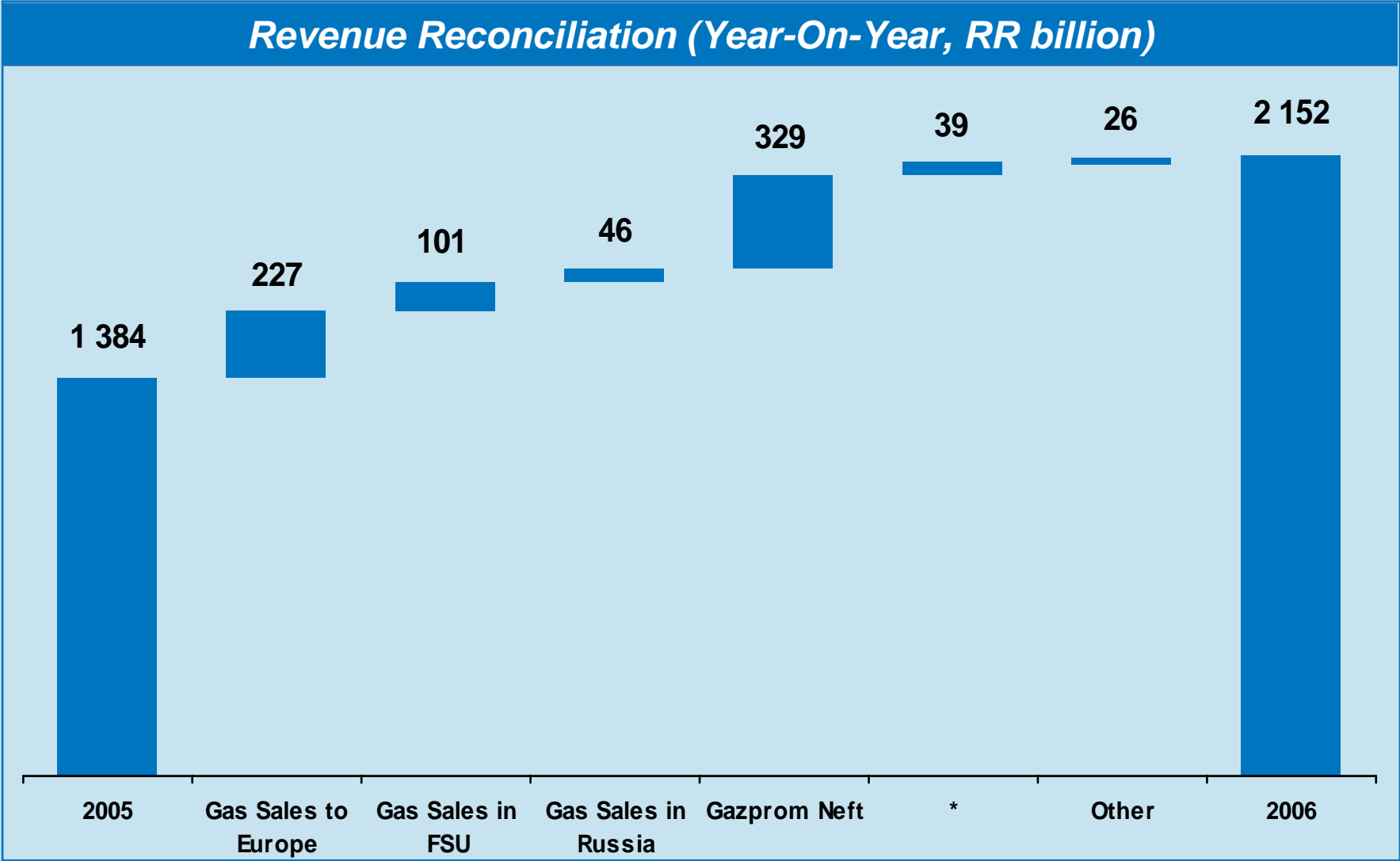
# Revenues

## Exceptional Revenue Growth



- Comments**
- 2006 revenues grew 56% year on year
  - 2.5 time revenue growth since 2003

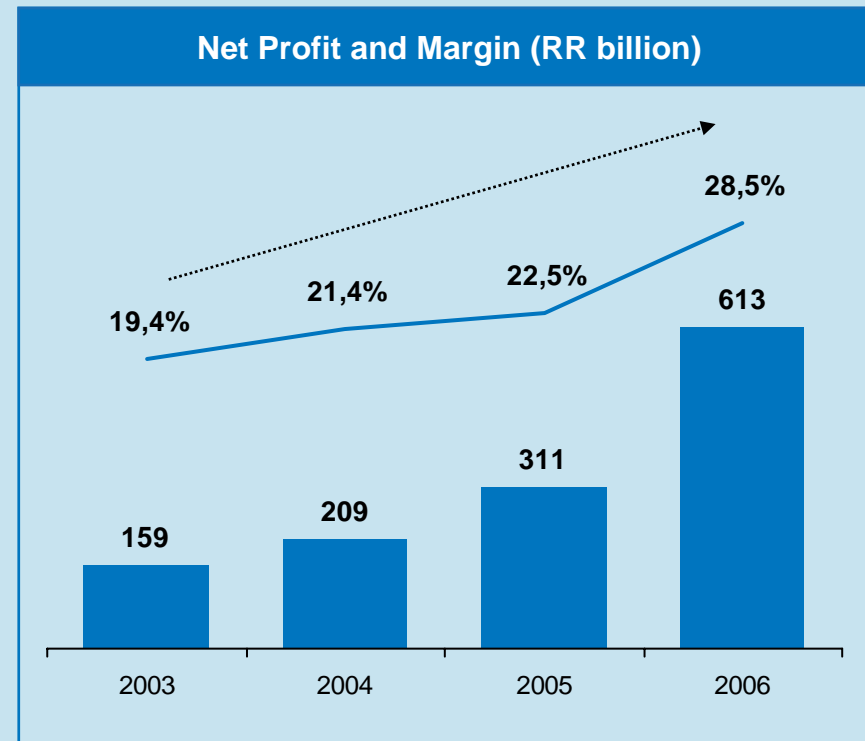
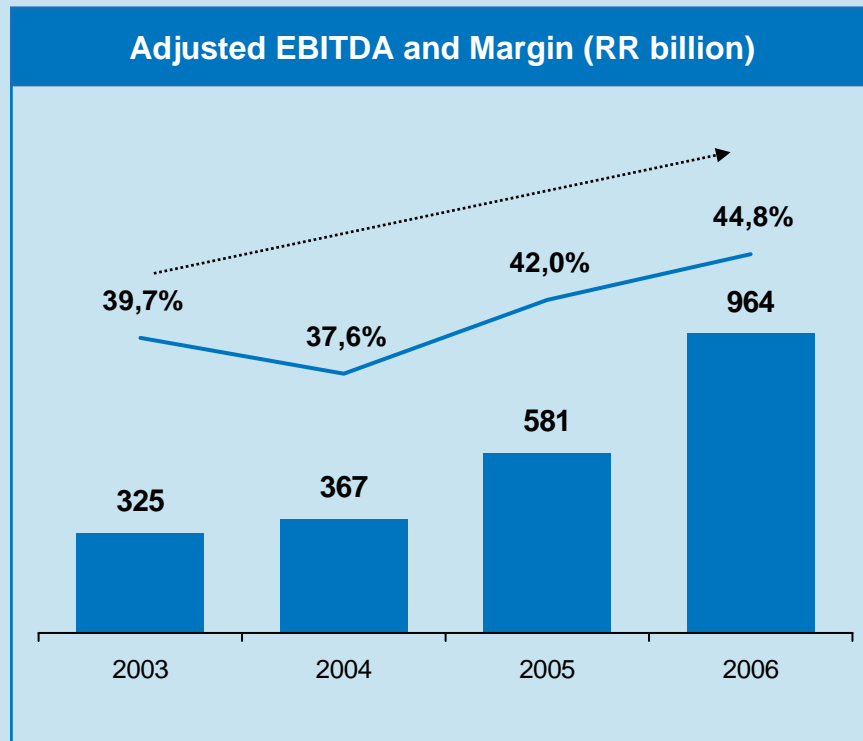
# Revenue Reconciliation



*Note: Transportation, sale of crude oil, gas condensate and refining products (but does not include Gazprom neft)*

# EBITDA and Net Profit

## Continuing growth in profits



- 66% adjusted EBITDA Growth YoY
- Record level of EBITDA and EBITDA margin
- EBITDA has trebled since 2003

- Net profit has doubled in the last year and is up by a factor of 4 in the last 3 years
- Record net profit margin

**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 shareholders

# Control Over Operating Expenses

Operating Expenses, RR million	2006	2005	% Increase	% Total increase	Commentary
Purchased oil and gas	280,062	87,723	219%	44%	35% of increase due to Gazprom neft consolidation. Increase of volumes and price of gas purchased
Taxes other than on income	187,245	113,966	64%	17%	79% of increase due to Gazprom neft consolidation. Increase in natural resources production tax
Staff costs	199,588	168,076	19%	7%	Gazprom neft consolidation, without which and with out pension provisions staff cost grew 8.4%
Depreciation	167,446	124,783	34%	10%	Gazprom neft contribution represents 83% of increase, without which growth is 6%
Transit of gas, oil and refined products	156,489	110,863	41%	11%	Gazprom neft contribution represents 77% of increase, without which growth is 10.5%
Materials	81,810	73,779	11%	2%	In-line with inflation
Repairs and maintenance	82,305	55,266	49%	6%	Increase in the volume of repairs and maintenance
Cost of goods for resale	51,041	24,540	108%	6%	Gazprom neft contribution represents 51% of increase
Electricity and heating expenses	45,062	33,031	36%	3%	Gazprom neft contribution is 60% of increase, without which growth is 15%
Charge for impairment provisions	14,384	8,774	64%	1%	-
Social expenses	18,563	15,674	18%	0%	-
Insurance expenses	10,448	11,800	(11%)	0%	-
Other	69,480	101,286	(31%)	(7%)	Includes bank charges, security services, legal and consulting services and advertising
<b>Total operating expenses</b>	<b>1,363,923</b>	<b>929,561</b>	<b>47%</b>	<b>100%</b>	-

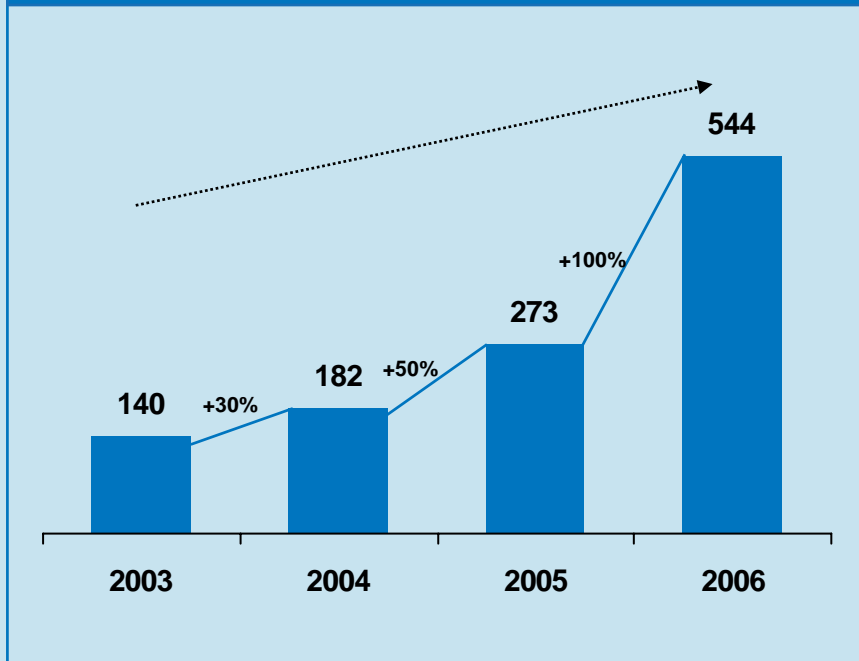
- Operating expenses as a percentage of total revenue decreased from 67% in 2005 to 63% in 2006
- Majority of the manageable expenses grew in-line with inflation (excluding Gazprom neft)
- Gazprom neft consolidation accounted for 63% of the total increase in operating expenses
- Excluding depreciation, provisions, taxes and Gazprom neft cost grew by 21%. Excluding purchased gas they grew by 1.2%



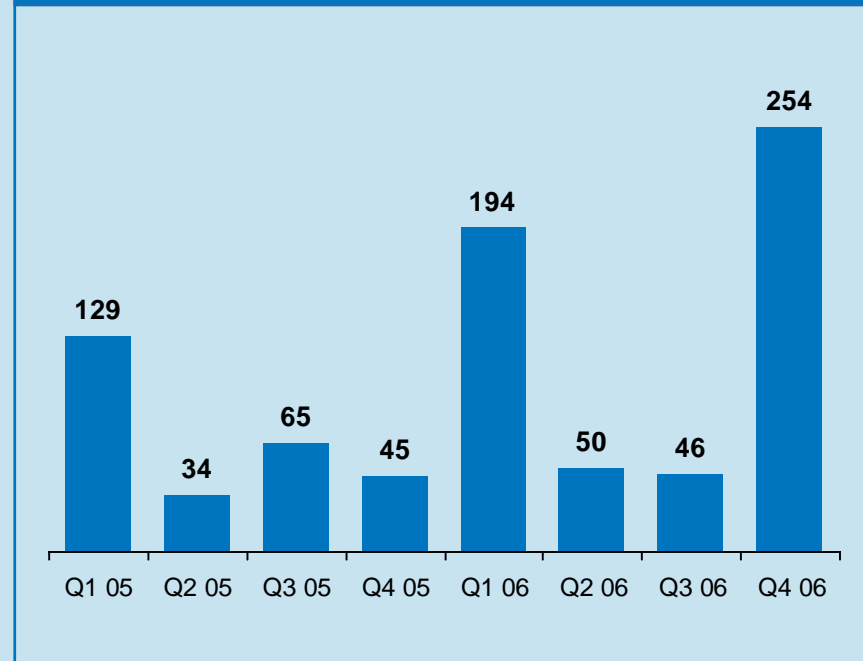
# Operating Cash Flow

## Strong cashflow generation

Annual Net Cash Flow from Operations (RR billions)



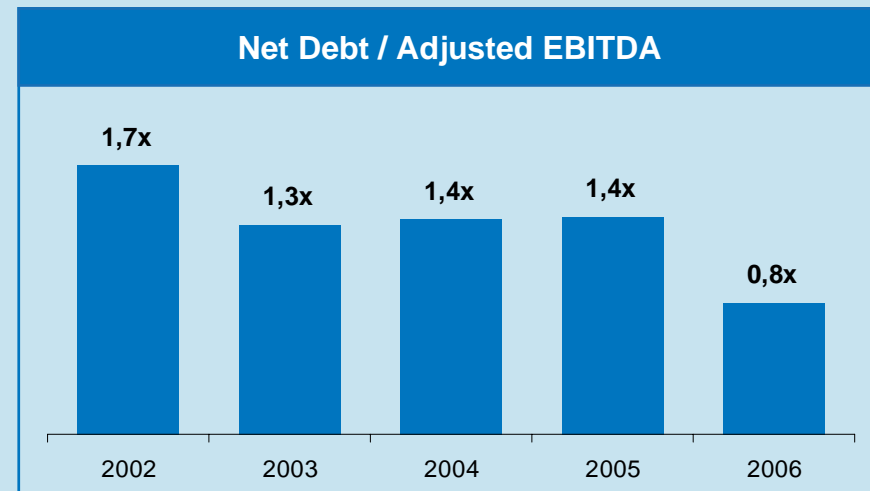
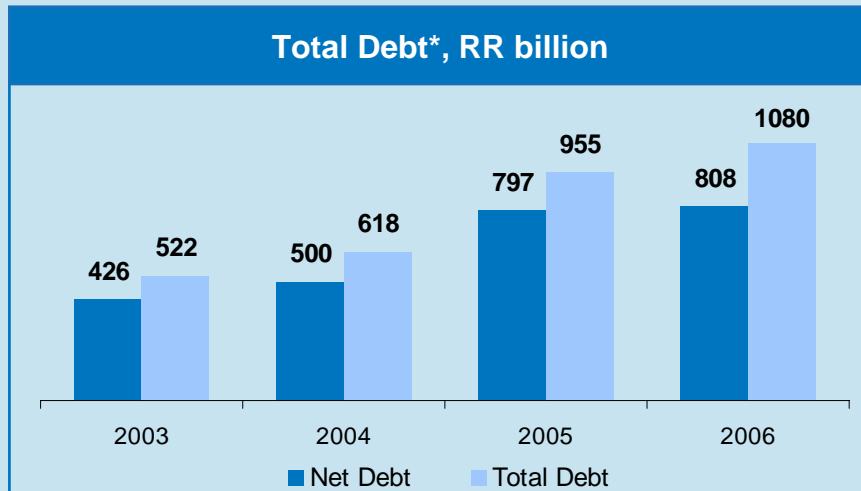
Quarterly Net Cash Flow from Operations (RR billion)



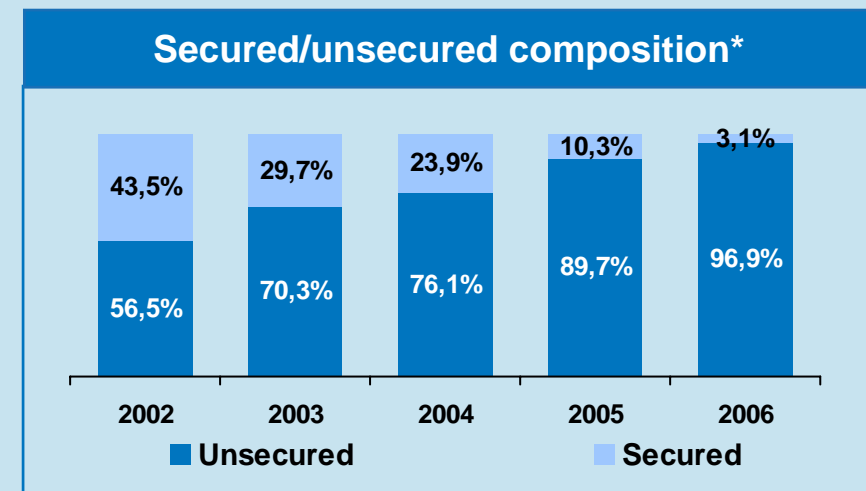
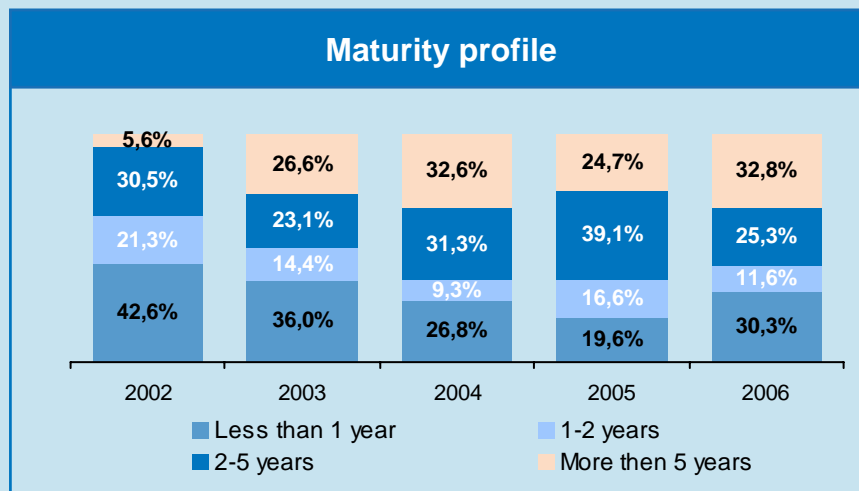
- Operating cash flow doubled from 2005
- Operating cash flow has grown by approx. 4 times since 2003
- Operating cash flow in the fourth quarter 2006 almost equal to total cash flow for 2005

# Debt structure

## Improving debt structure and reduction in leverage



\* 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.



\* - excluding promissory notes

# Financial results – Statement of Income

Statement of Income, RR million	2006	2005	Change,+/(-) %
Sales	2,152,111	1,383,545	56%
Operating expenses	(1,363,923)	(929,561)	47%
<b>Operating profit / EBIT</b>	<b>788,188</b>	<b>453,984</b>	<b>74%</b>
Finance items <sup>(1)</sup>	32,703	(16,036)	304%
Other <sup>(2)</sup>	35,174	12,167	189%
<b>Profit before profit tax</b>	<b>856,065</b>	<b>450,115</b>	<b>90%</b>
Profit tax expense <sup>(3)</sup>	(219,604)	(134,184)	64%
Minority interest	(23,116)	(4,806)	381%
<b>Shareholders' profit</b>	<b>613,345</b>	<b>311,125</b>	<b>97%</b>

- Strong revenue growth of 56%
- Control over operating expenses; EBIT growth in excess of revenue growth
- Significant profit growth

1. Finance items include Finance income, Finance expense

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 tax expense, Deferred tax expense

# Balance sheet (RR million)

RR million	December 31, 2006	December 31, 2005	Change, RR million	Change,+/(-%)
Total current assets, of which	1,482,305	1 001 453	480,852	48%
Cash and cash equivalents and restricted cash	281,580	164 906	116,674	71%
Accounts receivable and prepayments	662,040	394 659	267,381	68%
Total long-term assets, of which	3,827,620	3 337 641	489,979	15%
Property, plant and equipment	3,034,968	2 791 011	243,957	9%
Long-term accounts receivable and prepayments	251,123	179 187	71,936	40%
<b>Total assets</b>	<b>5,309,925</b>	<b>4 339 094</b>	<b>970,831</b>	<b>22%</b>
Total current liabilities, of which	860,070	526 469	333,601	63%
Taxes payable	68,380	104 817	(36,437)	-35%
Short-term interest bearing debt <sup>(1)</sup>	393,564	201 669	191,895	95%
Total long term liabilities, of which	1,100,035	1 093 891	6,144	1%
Long-term interest bearing debt <sup>(2)</sup>	686,351	753 616	(67,265)	-9%
<b>Total liabilities</b>	<b>1,960,105</b>	<b>1 620 360</b>	<b>339,745</b>	<b>21%</b>
Total equity (including minority interest)	3,349,820	2 718 734	631,086	23%
<b>Total liabilities and equity</b>	<b>5,309,925</b>	<b>4 339 094</b>	<b>970,831</b>	<b>22%</b>

1. Short-term interest bearing debt: Short-term borrowings and current portion of long-term debt, Short-term promissory notes payable  
2. Long-term interest bearing debt: Long-term borrowings, Long-term promissory notes payable, Restructured tax liabilities

# Post balance sheet events

- In April the Group acquired 50% +1 share of Sakhalin Energy Investment Company, the operator of the Sakhalin-2 project, for \$7.45 billion
- In May 2007 the Group acquired additional shares of Mosenergo for RR60,400 paid in cash. As a result the Group increased its interest in Mosenergo to 49,76%
- In June 2007 Gazprom, BP and TNK-BP entered into agreement on major terms of cooperation. The Agreement contemplates establishing a strategic alliance between the companies for long-term investment in joint energy projects as well as asset swaps both in Russia and third countries. Pursuant to the Agreement, TNK-BP will sell Gazprom a 62.8% stake in Russia Petroleum, which is the license holder for the Kovykta field, as well as a 50 per cent stake in East Siberian Gas Company, which is implementing a regional gasification project for the Irkutsk Oblast. The deal value will be fixed at a current market price within a 90 day period