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Second Quarter 2009  
Operational and Financial Results  
Conference Call

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Moscow, Russian Federation  
20 August 2009*

# Disclaimer – Forward Looking Statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control and we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the face of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
- the effects of international political events;
- the effects of technological changes;
- the effects of changes in accounting standards or practices; and
- inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

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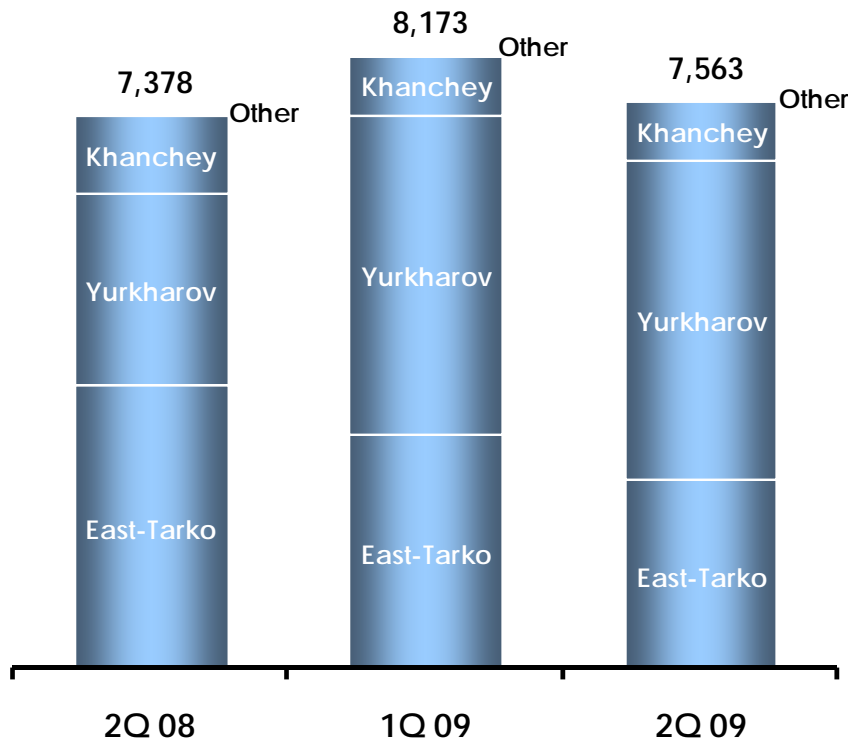
# Summary Results – 2Q 2009

- ❑ **Increase in revenues and earnings** driven by higher natural gas prices and liquids sales volumes
  - Natural gas sales increased by 19.8% Y-o-Y and 5.7% Q-o-Q
  - Liquids sales decreased by 1.7% Y-o-Y and increased by 129.4% Q-o-Q
- ❑ **Cash flow from operations** increased by 6.5% Y-o-Y to RR 8,448 million from RR 7,935 million
- ❑ **Capital expenditures** related to exploration and production decreased by 49.0% Y-o-Y to RR 4,791 million
- ❑ **EPS** increased by 2.2% Y-o-Y to RR 2.37 from RR 2.32; **EBITDA** decreased by 9.7% Y-o-Y and increased by 35.3% Q-o-Q
- ❑ **End-customer sales volumes increased** to 74.9% of total natural gas volumes sold
- ❑ **Natural gas and liquids production increased organically** due to the launch of the 1<sup>st</sup> stage of the 2<sup>nd</sup> phase of development at our Yurkharovskoye field in the 3Q 08:
  - Natural gas production increased by 2.5% Y-o-Y and decreased by 7.5% Q-o-Q
  - Liquids production increased by 27.1% Y-o-Y and 6.9% Q-o-Q
- ❑ **Purovsky Plant output increased by 38.7%** Y-o-Y due to the launch of its second phase expansion in the 4Q 08
- ❑ In the 2Q 09, the Group significantly increased its resource base due to the **acquisition of OAO “Yamal LNG”**

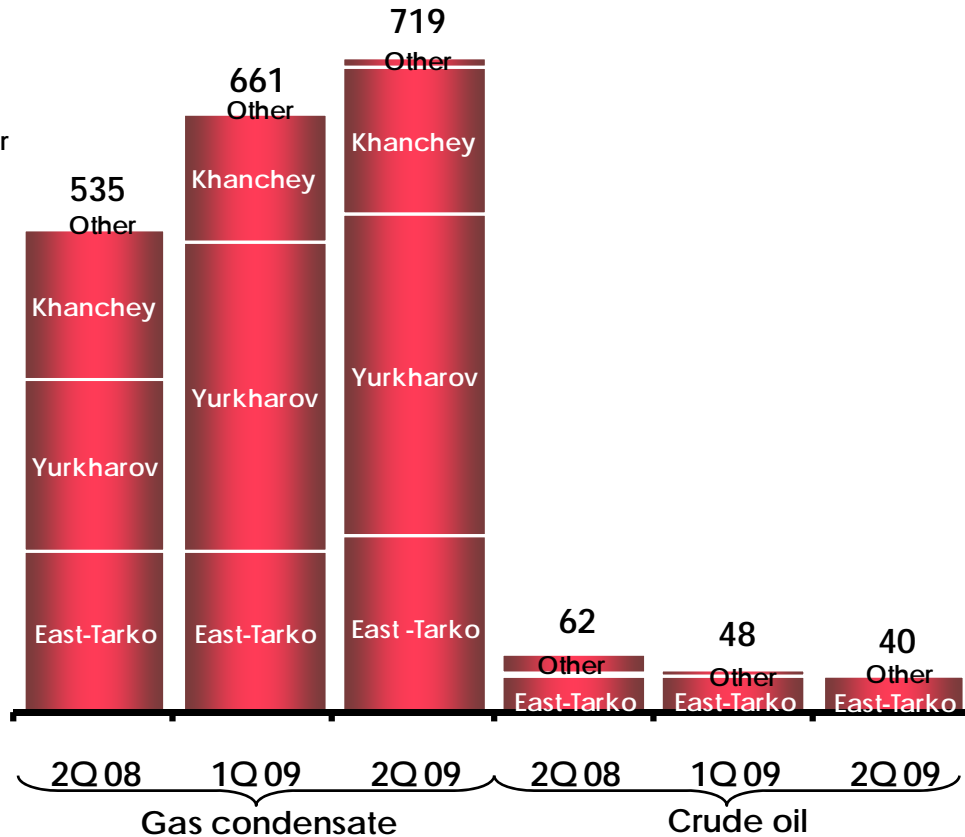
# Operational Overview

# Hydrocarbon Production

Natural Gas Production, mmcm



Liquids Production, mt



Natural gas production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Offset by planned reductions at East-Tarko and Khanchey

Liquids production increased Y-o-Y due to:

- Significant capacity increase at Yurkharov
- Offset by a reduction in oil production at Khanchey and disposal of Ust-Purpeiskiy license area

# Purovsky Plant & Vitino Sea Port Terminal

- ❑ **Total volumes delivered: 711 mt**
  - East-Tarkosalinskoye and Khancheyevskoye fields: 354 mt (100% of net production)
  - Yurkharovskoye field: 350 mt (99% of net production)
  - Other : 7 mt
- ❑ **Total plant output: 706 mt**
  - Stable gas condensate: 517 mt
  - LPG: 189 mt
- ❑ **Plant capacity**
  - Approximately 57%
- ❑ **10 Tankers dispatched from Vitino Sea Port Terminal (SGC)**
  - 8 tankers to US markets ~ 469 mt
  - 1 tanker to Europe markets ~ 60 mt
  - 1 tanker to South Korean markets ~ 59 mt
- ❑ **Stable gas condensate inventory reconciliation**
  - 2 tankers in transit ~ 111 mt
  - Rail road cisterns and port storage facilities ~ 44 mt
  - Plant storage facilities ~ 17 mt
- ❑ **Increase in export volumes of LPG: ~ 57% of total LPG volumes**





## Financial Overview – 2Q 09 vs. 2Q 08



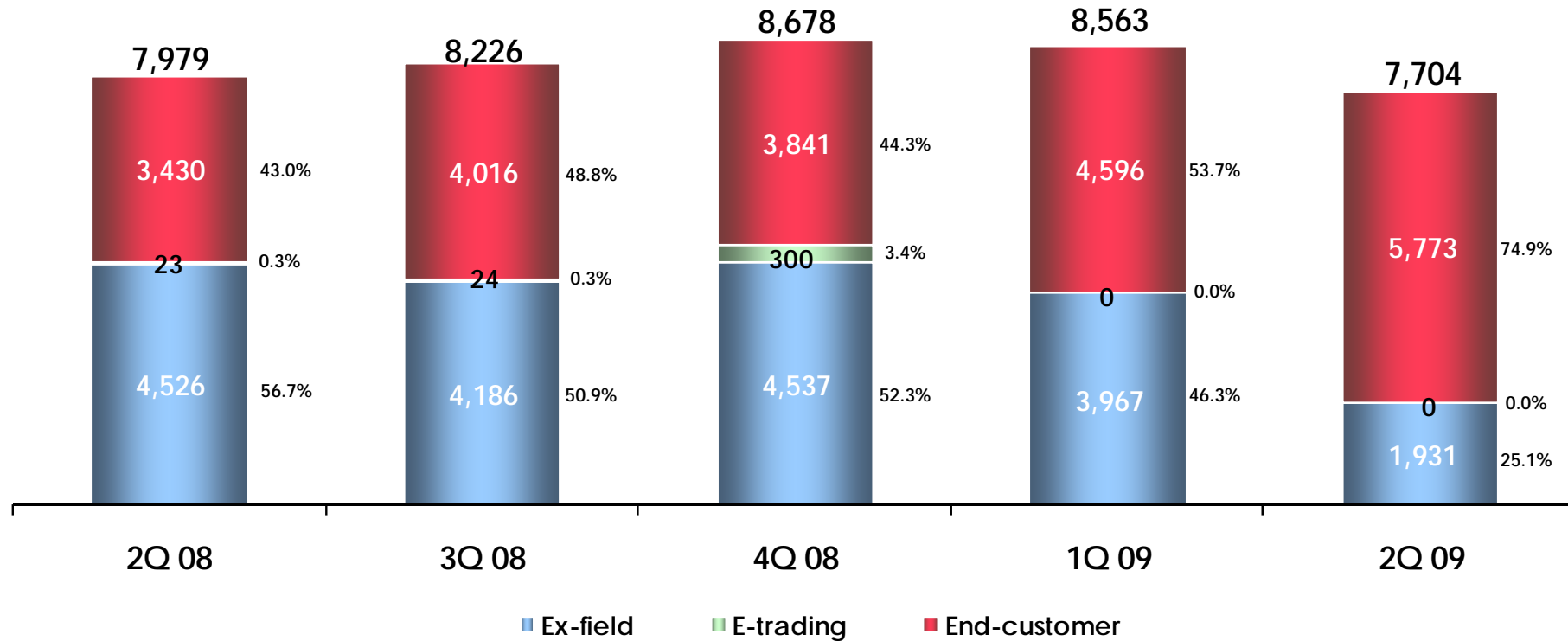
## Comparison of Quarterly Results (RR million)

	2Q 08	3Q 08	4Q 08	1Q 09	2Q 09
Oil and gas sales	20,411	19,437	16,061	16,316	22,376
Total revenues	21,352	20,463	16,581	16,981	23,148
Operating expenses	11,822	11,936	12,135	11,379	15,036
EBITDA <sup>(1)</sup>	10,339	9,633	5,822	6,899	9,334
EBITDA margin	48.4%	47.1%	35.1%	40.6%	40.3%
Effective income tax rate <sup>(2)</sup>	24.2%	24.1%	21.2%	21.7%	21.0%
Profit attributable to NOVATEK	7,053	5,682	2,661	2,134	7,178
Net profit margin	33.0%	27.8%	16.0%	12.6%	31.0%
Earnings per share	2.32	1.87	0.88	0.70	2.37
CAPEX	9,470	9,784	6,019	3,871	4,794
Net debt <sup>(3)</sup>	2,997	9,789	15,286	16,801	32,262

Notes:

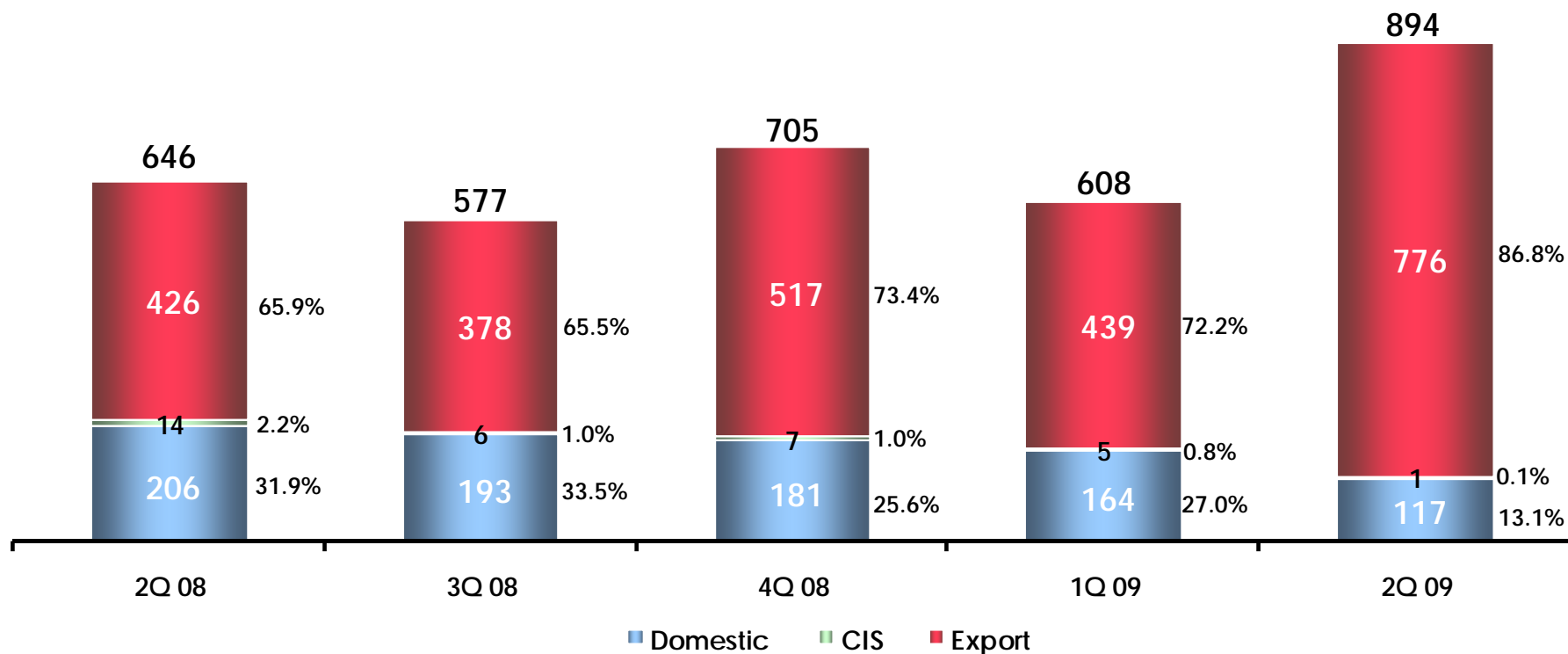
1. EBITDA represents net income before finance income (expense) and income taxes from the Statements of Income, and depreciation, depletion and amortization and Share-based compensation from the Statements of Cash Flows
2. Effective income tax rate for 4Q 08 is calculated excluding effect from change in Russian statutory income tax rate
3. Net debt calculated as long-term debt plus short-term debt less cash and cash equivalents

# Market Distribution – Gas Sales Volumes (mmcm)



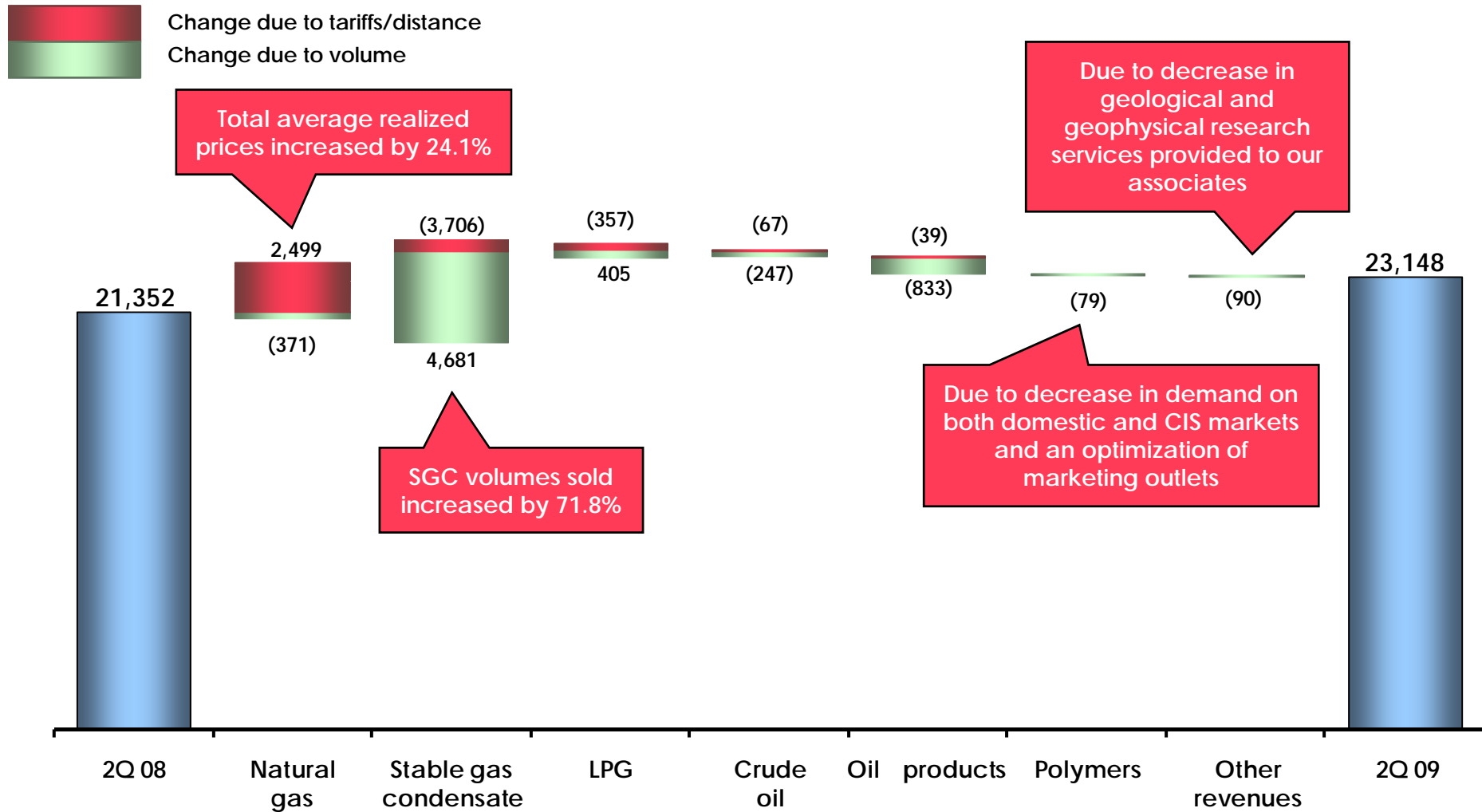
- Y-o-Y decrease in natural gas sales volumes due to a reduction in purchases
- End-customer sales volumes as a % of total natural gas sales volumes increased Q-o-Q and Y-o-Y due to the renegotiation of sales terms for natural gas volumes sold to one of our largest traders from an ex-field basis to a delivered basis

# Market Distribution – Liquids Sales Volumes (mt)

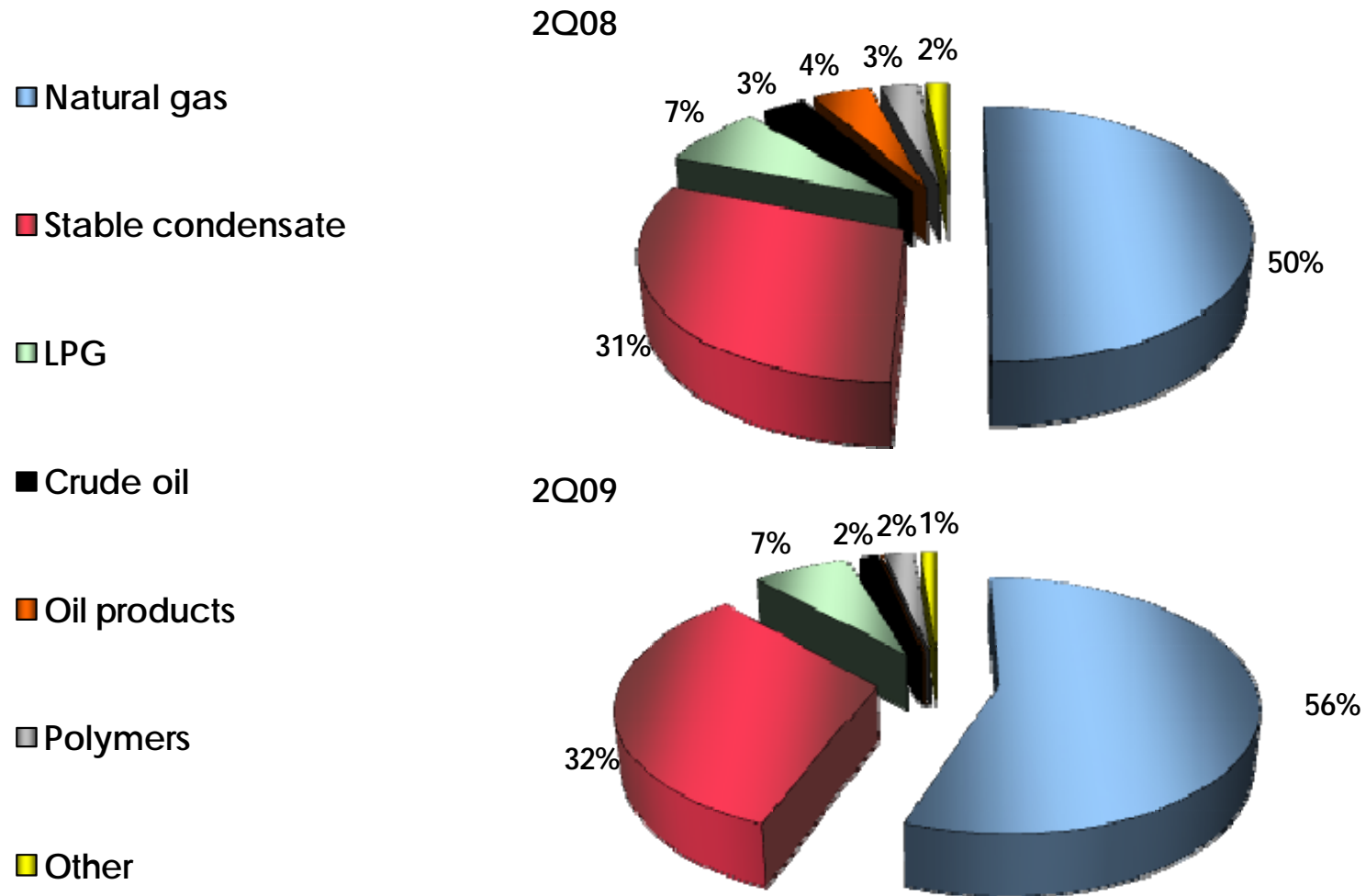


- Y-o-Y and Q-o-Q growth in liquids sales volumes was due to an increase in our gas condensate production volumes and a decrease in stable gas condensate volumes recorded as inventory at 30.06.2009
- The increase in the % of export volumes Y-o-Y and Q-o-Q was primarily due to a shift in LPG volumes sold from the domestic market to export markets in order to take advantage of the suspension of LPG export duties in 2009
- In 2Q 09, we did not purchase oil products (naphtha) for resale to the international markets

# Total Revenues (RR million)



# Total Revenues Breakdown



# Realized Hydrocarbon Prices (net of VAT and export duties)

2Q 08	2Q 09	+ / (-)	+ / (-)%		1Q 09	2Q 09	+ / (-)	+ / (-)%
<b><u>Domestic prices</u></b>								
1,842	1,932	90	4.9%	Natural gas end-customers, RR/mcm	1,799	1,932	133	7.4%
1,327	-	(1,327)	-100.0%	Natural gas e-trading, RR/mcm	-	-	n/m	n/m
-	1,836	1,836	n/m	Natural gas traders in remote points, RR/mcm	-	1,836	1,836	n/m
970	1,027	57	5.9%	Natural gas ex-field, RR/mcm	984	1,027	43	4.4%
10,678	8,217	(2,461)	-23.0%	Stable gas condensate, RR/ton	6,189	8,217	2,028	32.8%
10,236	6,660	(3,576)	-34.9%	LPG, RR/ton	5,236	6,660	1,424	27.2%
9,076	6,503	(2,573)	-28.3%	Crude oil, RR/ton	3,668	6,503	2,835	77.3%
4,126	3,849	(277)	-6.7%	Oil products, RR/ton	4,495	3,849	(646)	-14.4%
<b><u>CIS market</u></b>								
11,786	8,644	(3,142)	-26.7%	LPG, RR/ton	8,644	8,644	-	0.0%
<b><u>Export market</u></b>								
17,098	11,441	(5,657)	-33.1%	Stable gas condensate, RR/ton	6,787	11,441	4,654	68.6%
13,160	10,293	(2,867)	-21.8%	LPG, RR/ton	10,504	10,293	(211)	-2.0%
-	8,989	8,989	n/m	Crude oil, RR/ton	6,412	8,989	2,577	40.2%
-	-	n/m	n/m	Oil products, RR/ton	9,498	-	(9,498)	n/m

Note: Prices are shown only for own production (excluding trading activities)

# Operating Expenses (RR million and % of Total Revenues (TR))

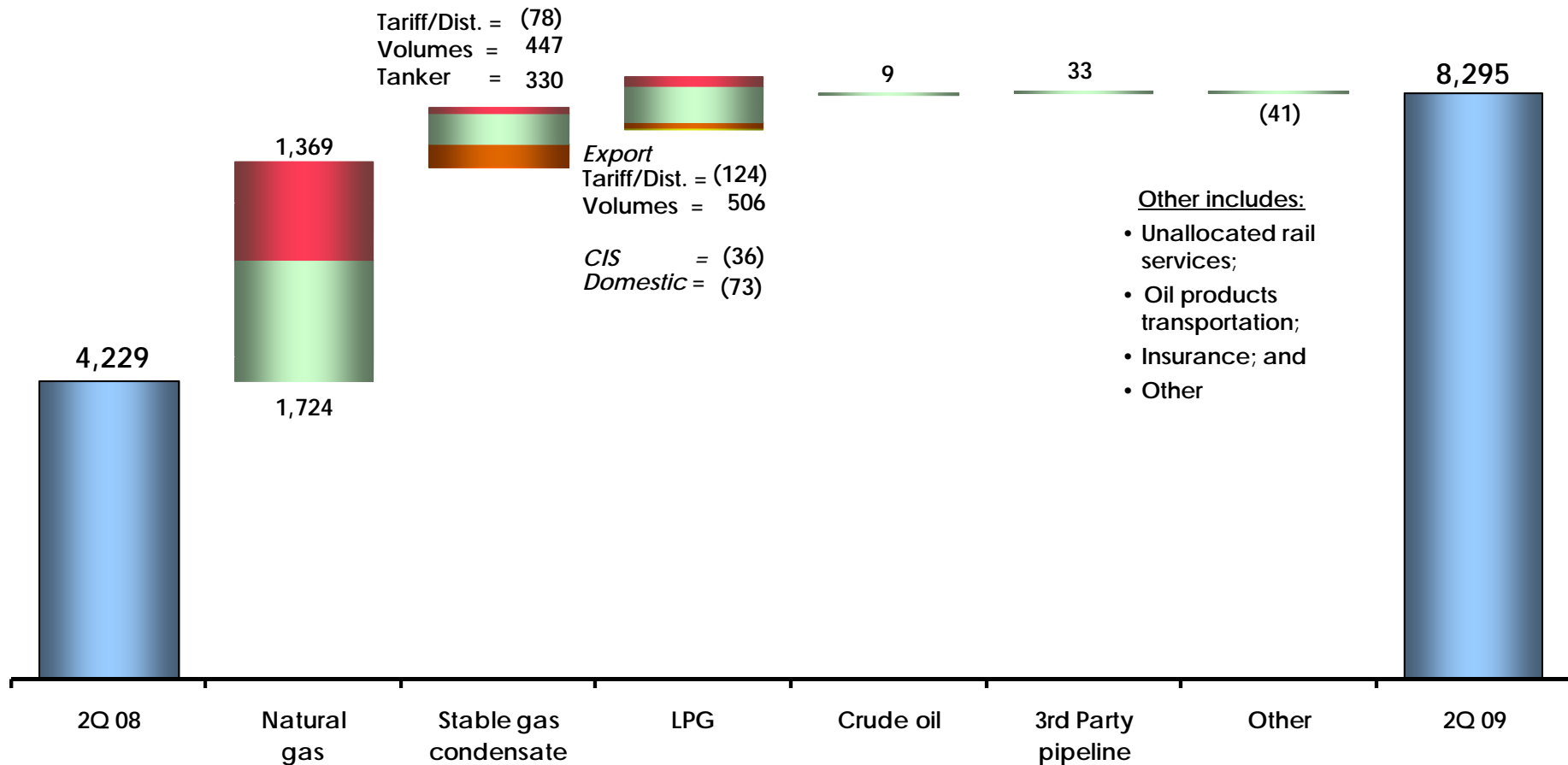
2Q 08	% of TR	2Q 09	% of TR		1Q 09	% of TR	2Q 09	% of TR
4,229	19.8%	8,295	35.8%	Transportation expenses	5,273	31.1%	8,295	35.8%
1,792	8.4%	1,935	8.4%	Taxes other than income tax	1,921	11.3%	1,935	8.4%
<b>6,021</b>	<b>28.2%</b>	<b>10,230</b>	<b>44.2%</b>	<b>Non-controllable expenses</b>	<b>7,194</b>	<b>42.4%</b>	<b>10,230</b>	<b>44.2%</b>
1,743	8.2%	1,469	6.3%	Materials, services & other	1,492	8.8%	1,469	6.3%
1,516	7.1%	1,281	5.5%	General and administrative	1,100	6.5%	1,281	5.5%
984	4.6%	1,274	5.5%	Depreciation and amortization	1,182	7.0%	1,274	5.5%
-269	n/m	321	1.4%	Change in natural gas, liquids, and polymer products and WIP	20	n/m	321	1.4%
185	n/m	231	1.0%	Exploration expenses	99	n/m	231	1.0%
10	n/m	71	n/m	Net impairment expense	(1)	n/m	71	n/m
<b>10,190</b>	<b>47.8%</b>	<b>14,877</b>	<b>64.3%</b>	<b>Subtotal operating expenses</b>	<b>11,086</b>	<b>65.3%</b>	<b>14,877</b>	<b>64.3%</b>
1,632	7.6%	161	0.7%	Purchases of natural gas and liquid hydrocarbons	293	1.7%	161	0.7%
<b>11,822</b>	<b>55.4%</b>	<b>15,038</b>	<b>65.0%</b>	<b>Total operating expenses</b>	<b>11,379</b>	<b>67.0%</b>	<b>15,038</b>	<b>65.0%</b>

- Our non-controllable expenses increased as a % of total revenues Y-o-Y due to an increase in natural gas transportation expense as a result of more volumes sold to end-customers which includes transportation expense
- Materials, services and other expense decreased in absolute terms and as a % of total revenues Y-o-Y and Q-o-Q due to a decrease in raw materials purchases for polymer products production and a decrease in operator services provided to our associates, respectively
- General and administrative (G&A) expense decreased in absolute terms and as a % of total revenues Y-o-Y due to a decrease in employee compensation and G&A expense decreased as a % of total revenues Q-o-Q due to higher revenues
- Purchases decreased Y-o-Y due to a temporary suspension of naphtha trading on international markets in December 2008, as well as a decrease in natural gas purchases due to our ability to meet contract obligations from our own production

# Transportation Expenses (RR million)

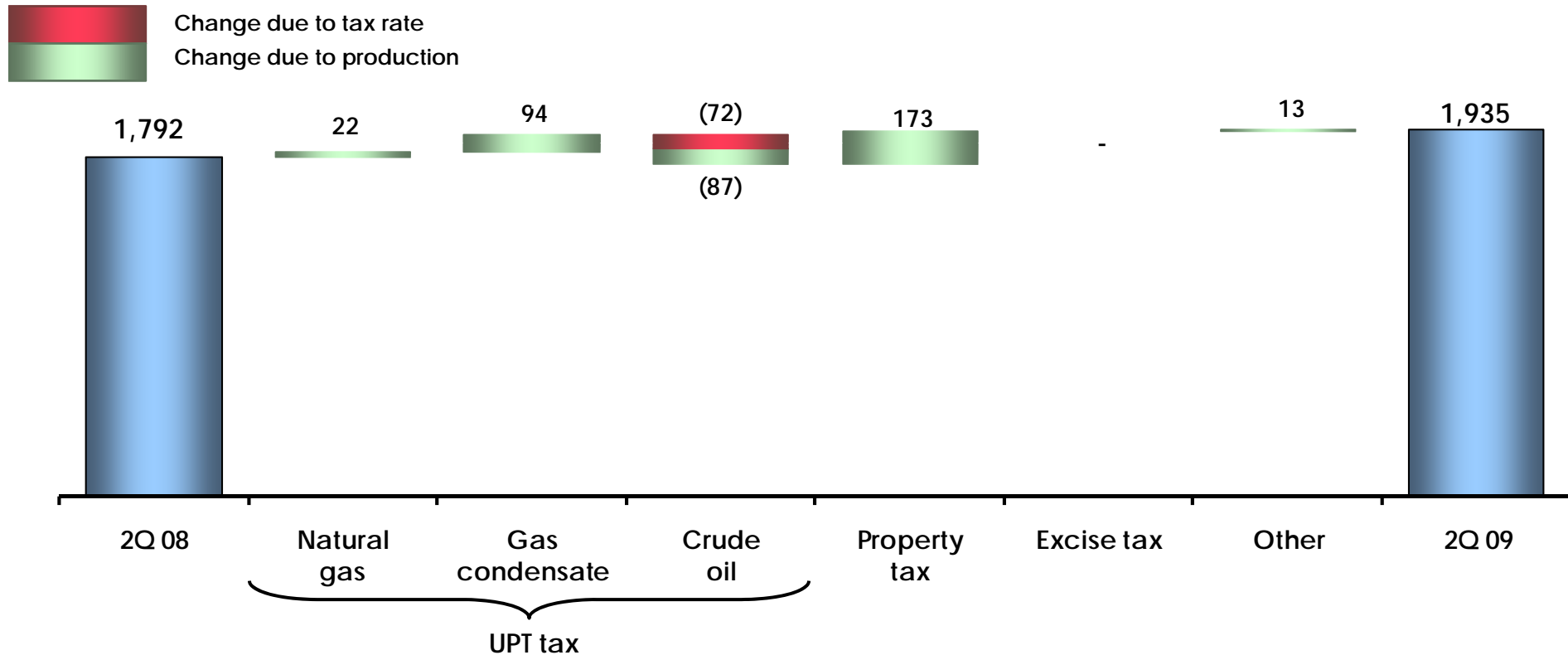


Change due to tariffs/distance  
Change due to volume



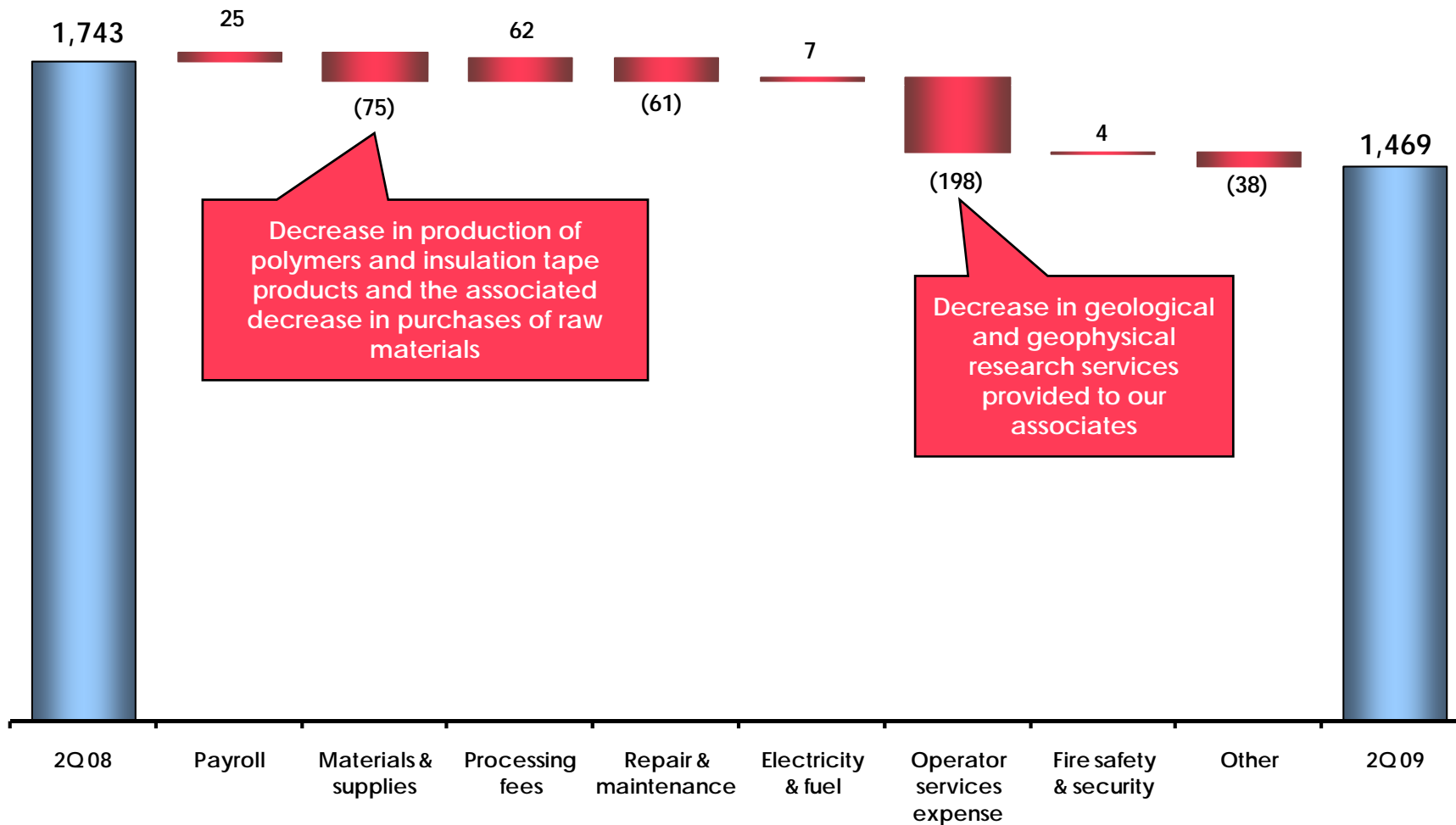


# Taxes Other Than Income Tax Expense (RR million)

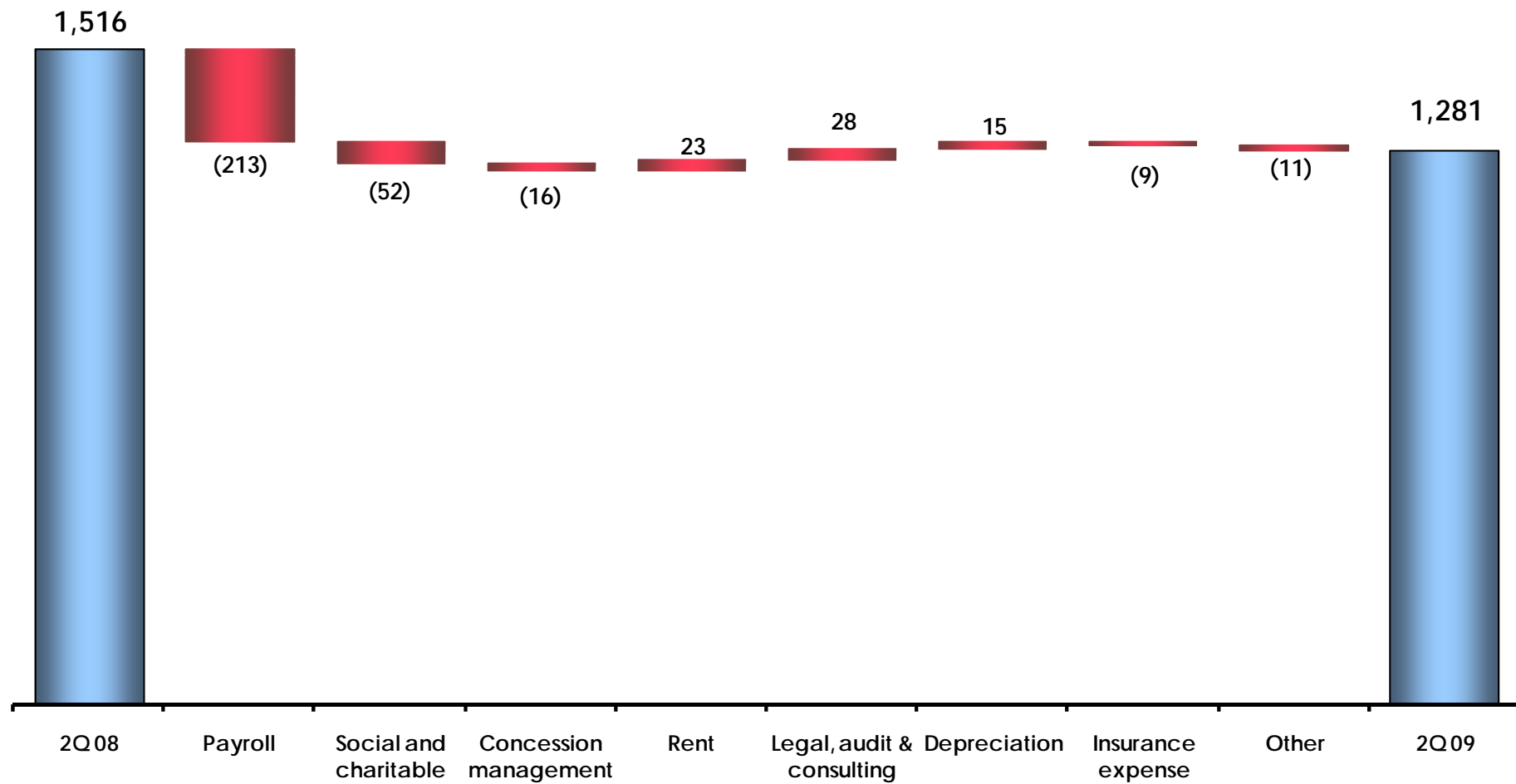


- The decrease in UPT tax by RR 43 million, or 2.6%, was primarily due to a decrease in both our average crude oil production tax rate as a result of lower crude oil prices and crude oil production volumes. The decrease in UPT for crude oil was partially offset by an increase in UPT for natural gas and UPT for gas condensate due to higher production volumes
- Property tax expense increased by RR 173 million, or 121.8%, primarily due to additions of PP&E at our production subsidiaries. In addition, in 2Q09 we recognized RR 71 million of expense due to re-assessment of the existing tax base for PP&E

# Materials, Services and Other Expenses (RR million)



# General and Administrative Expenses (RR million)

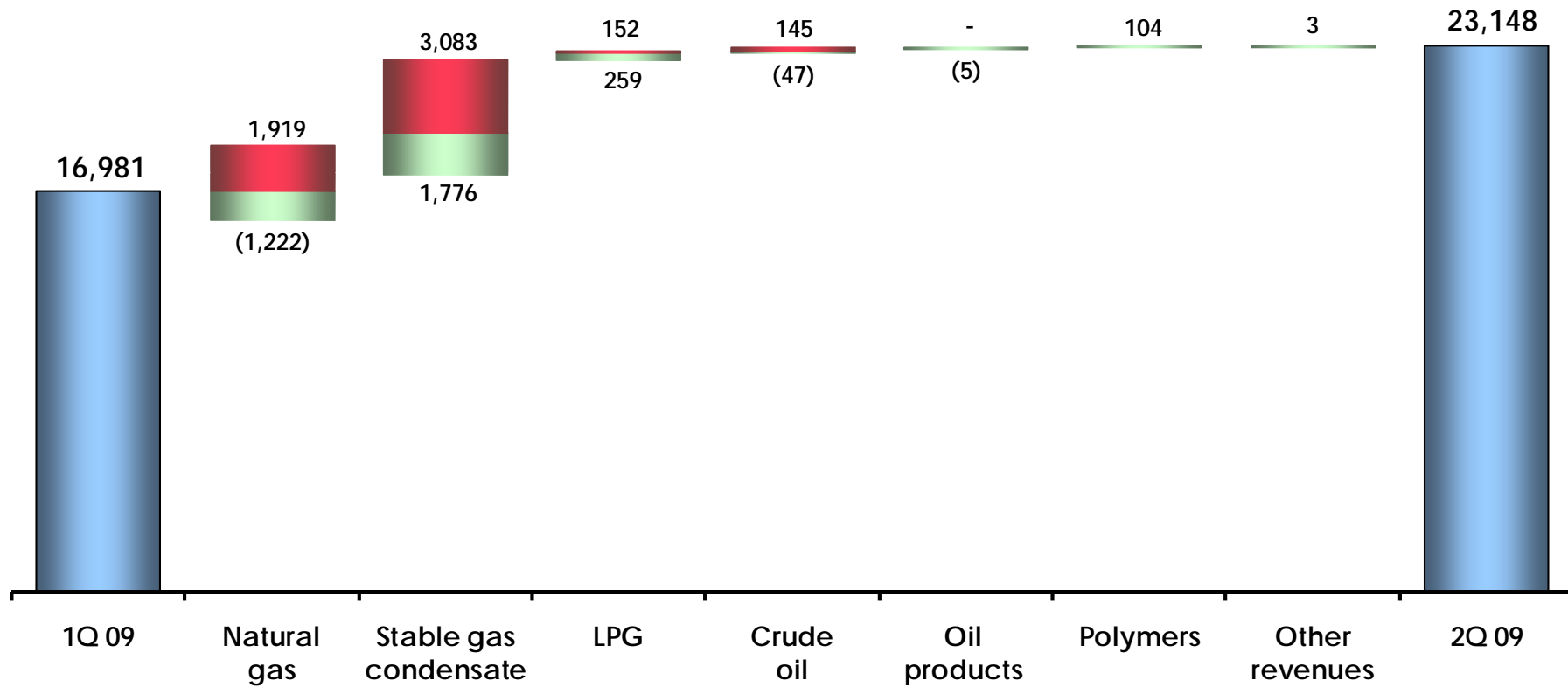


## Financial Overview – 2Q 09 vs. 1Q 09

# Total Revenues (RR million)



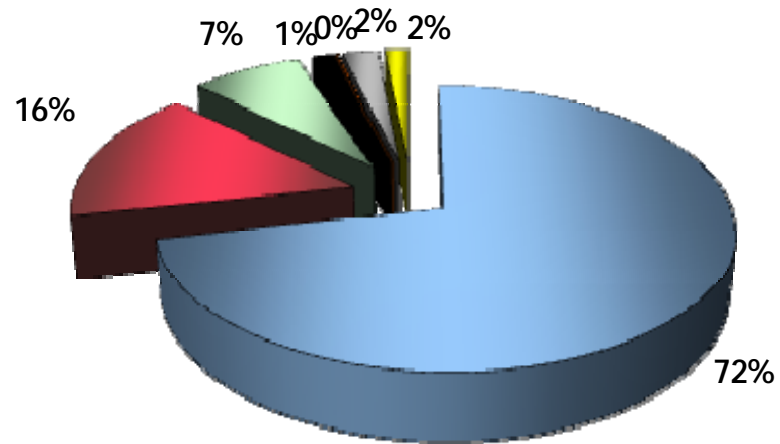
Change due to price  
Change due to volume



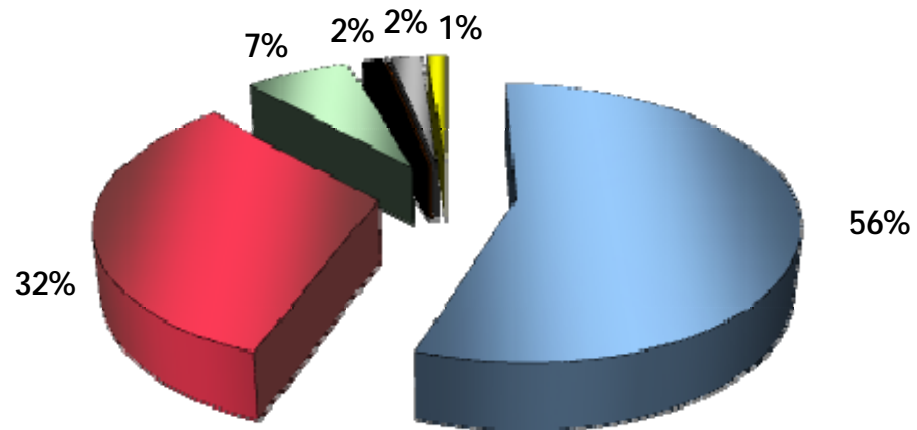
# Total Revenues Breakdown

- Natural gas
- Stable condensate
- LPG
- Crude oil
- Oil products
- Polymers
- Other

1Q09



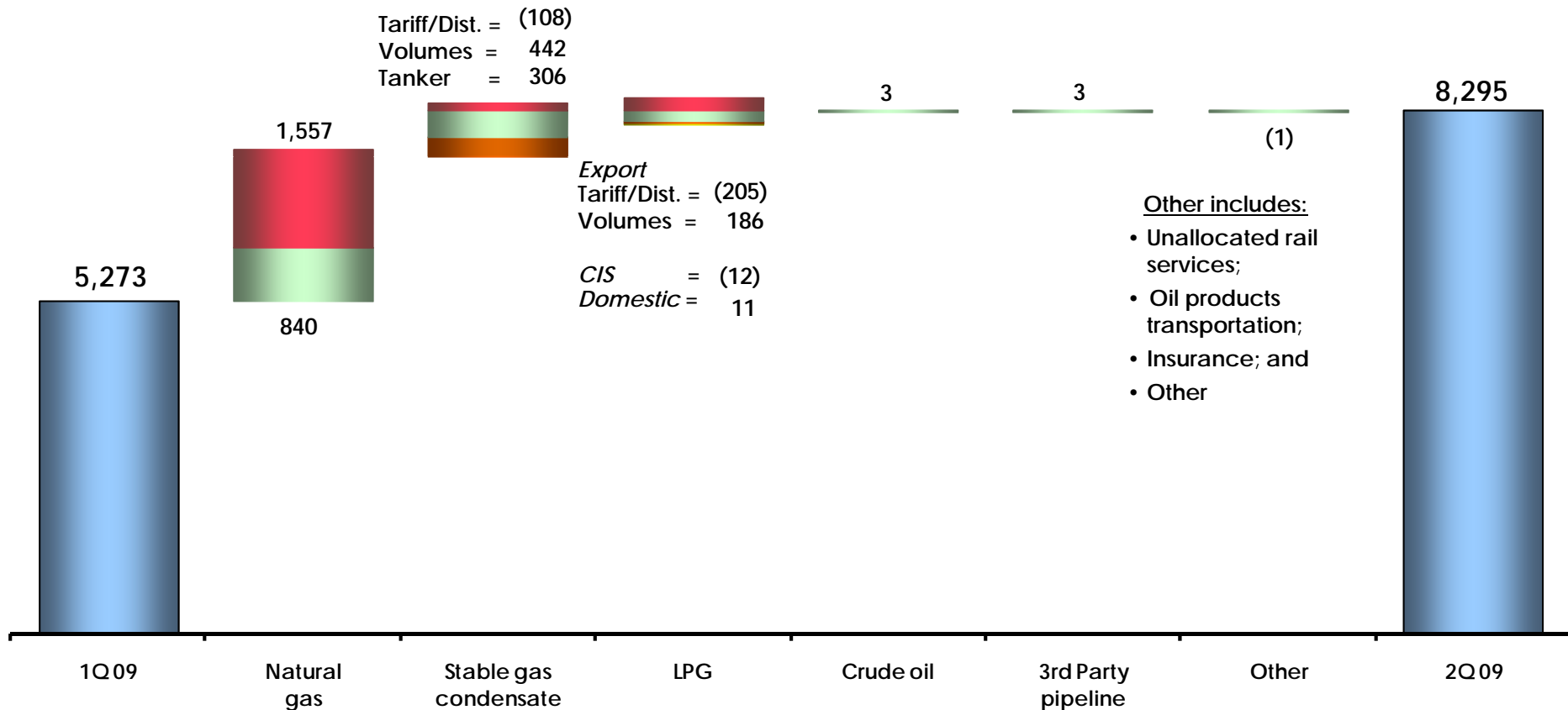
2Q09



# Transportation Expenses (RR million)



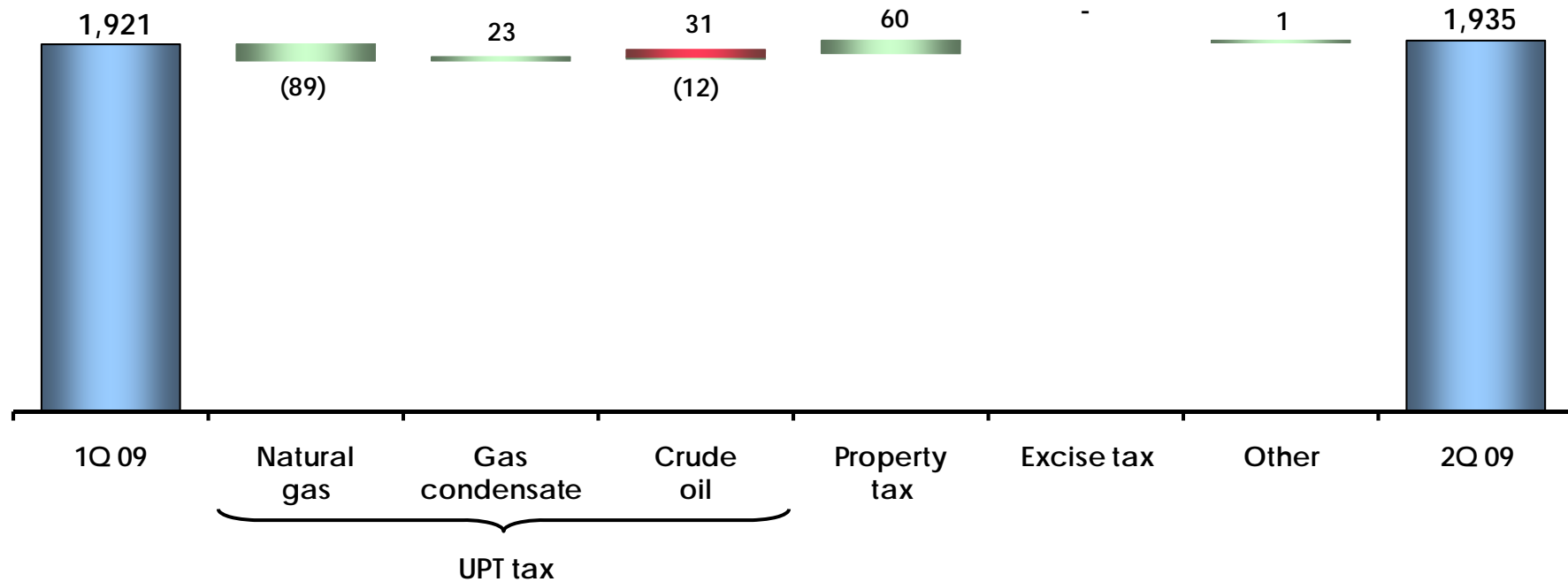
Change due to tariffs/distance  
Change due to volume



# Taxes Other Than Income Tax Expense (RR million)



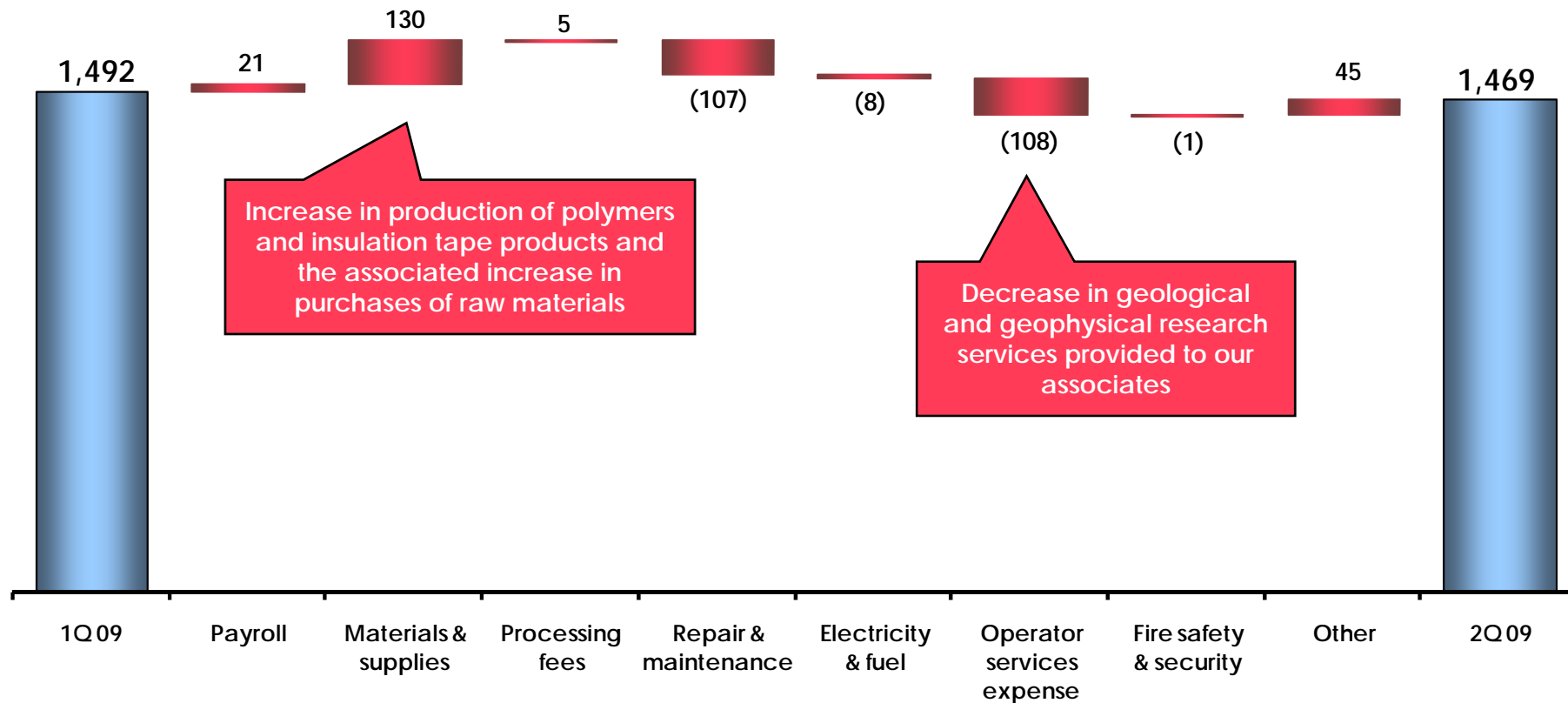
Change due to tax rate  
Change due to production



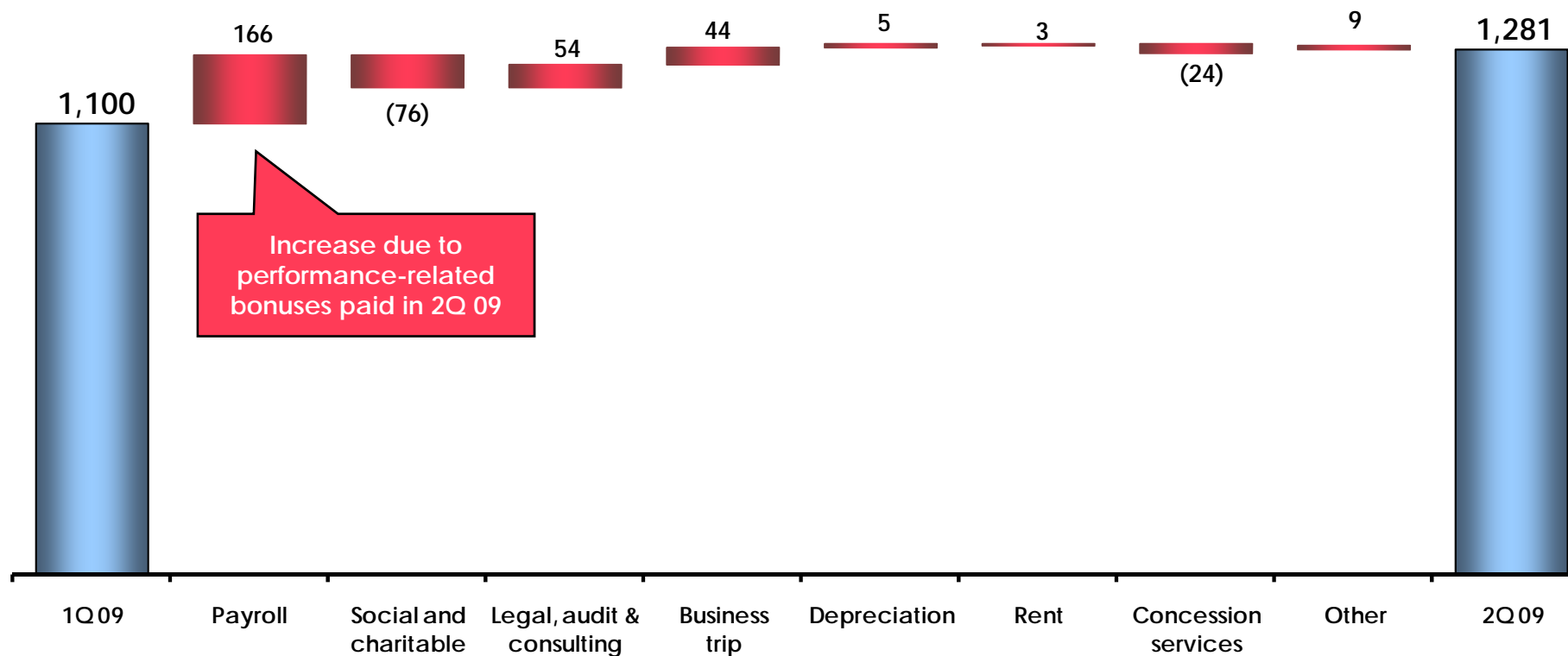
- The decrease in UPT tax by RR 47 million, or 2.9%, was primarily due to a decrease in UPT tax for natural gas due to lower production volumes
- Property tax expense increased by RR 60 million, or 23.5%, primarily due to additions to and re-assessment of the existing tax base for property, plant and equipment (PP&E) at our production subsidiaries



# Materials, Services and Other Expenses (RR million)

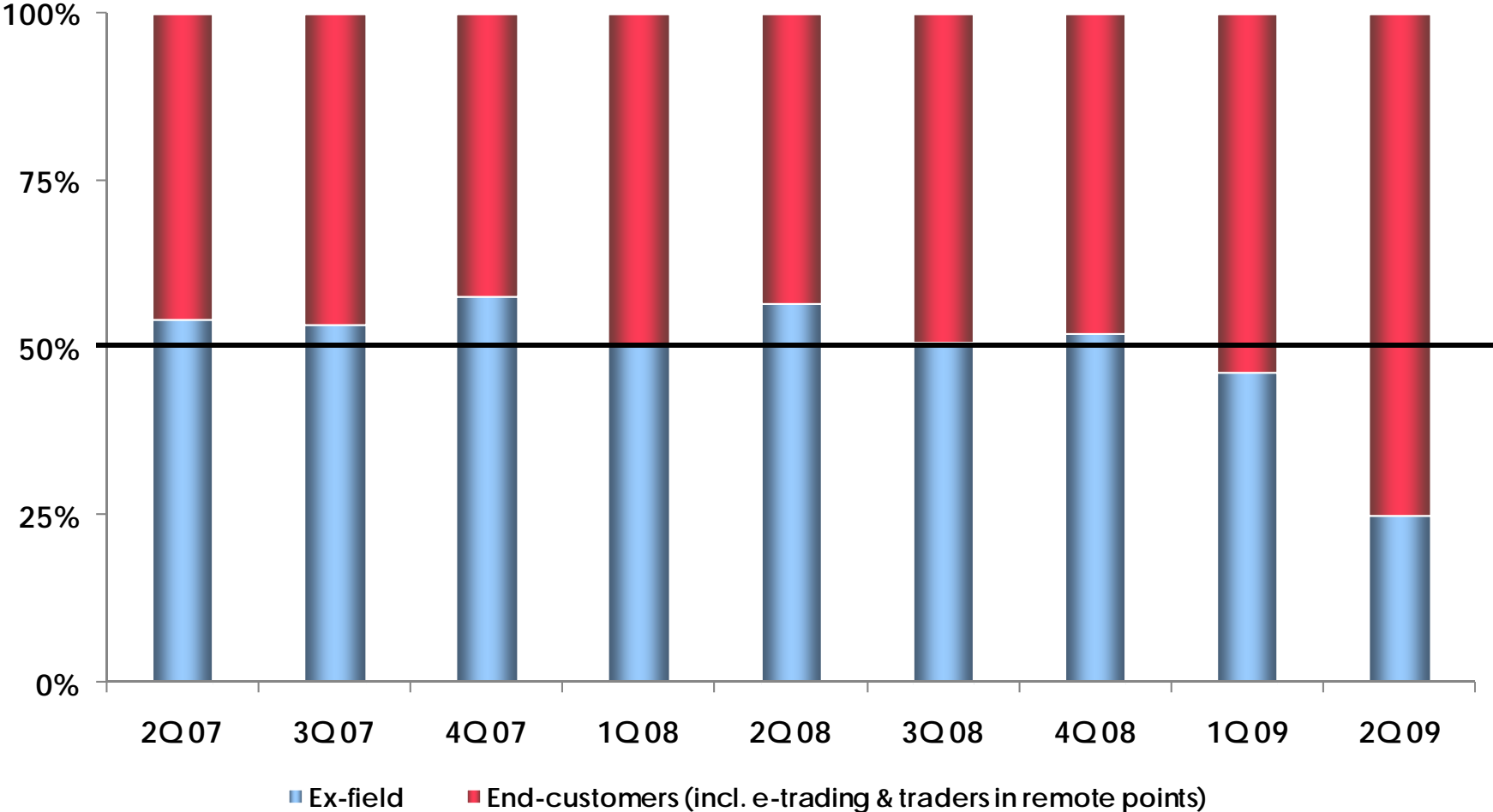


# General and Administrative Expenses (RR million)

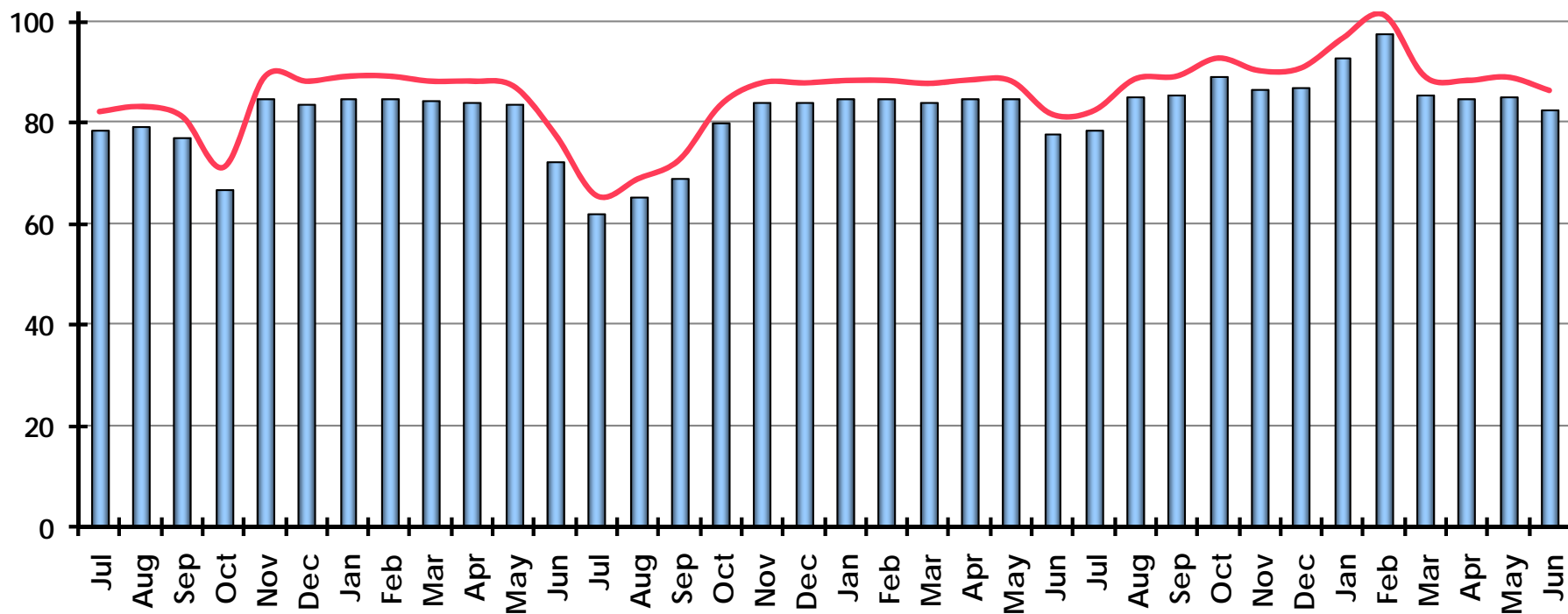


# Appendices

# Natural Gas Sales Volume Mix



# Increasing Natural Gas Production (mmcm per day)



2006

2006 Avg.  
79 mmcm/day  
2,789 bcf/day

2007

2007 Avg.  
78 mmcm/day  
2,760 bcf/day

2008

2008 Avg.  
84 mmcm/day  
2,980 bcf/day

2009

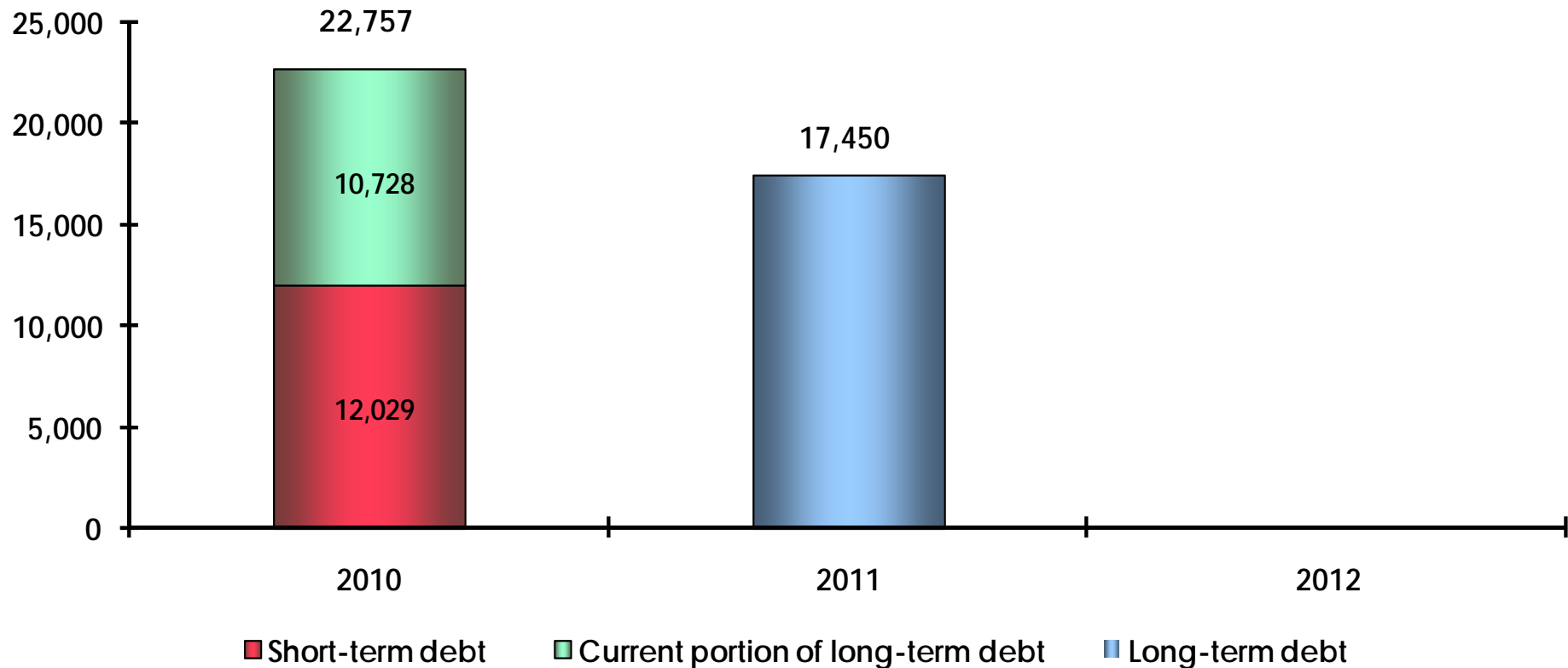
2Q 09 Avg.  
84 mmcm/day  
2,974 bcf/day



## Condensed Balance Sheet (RR million)

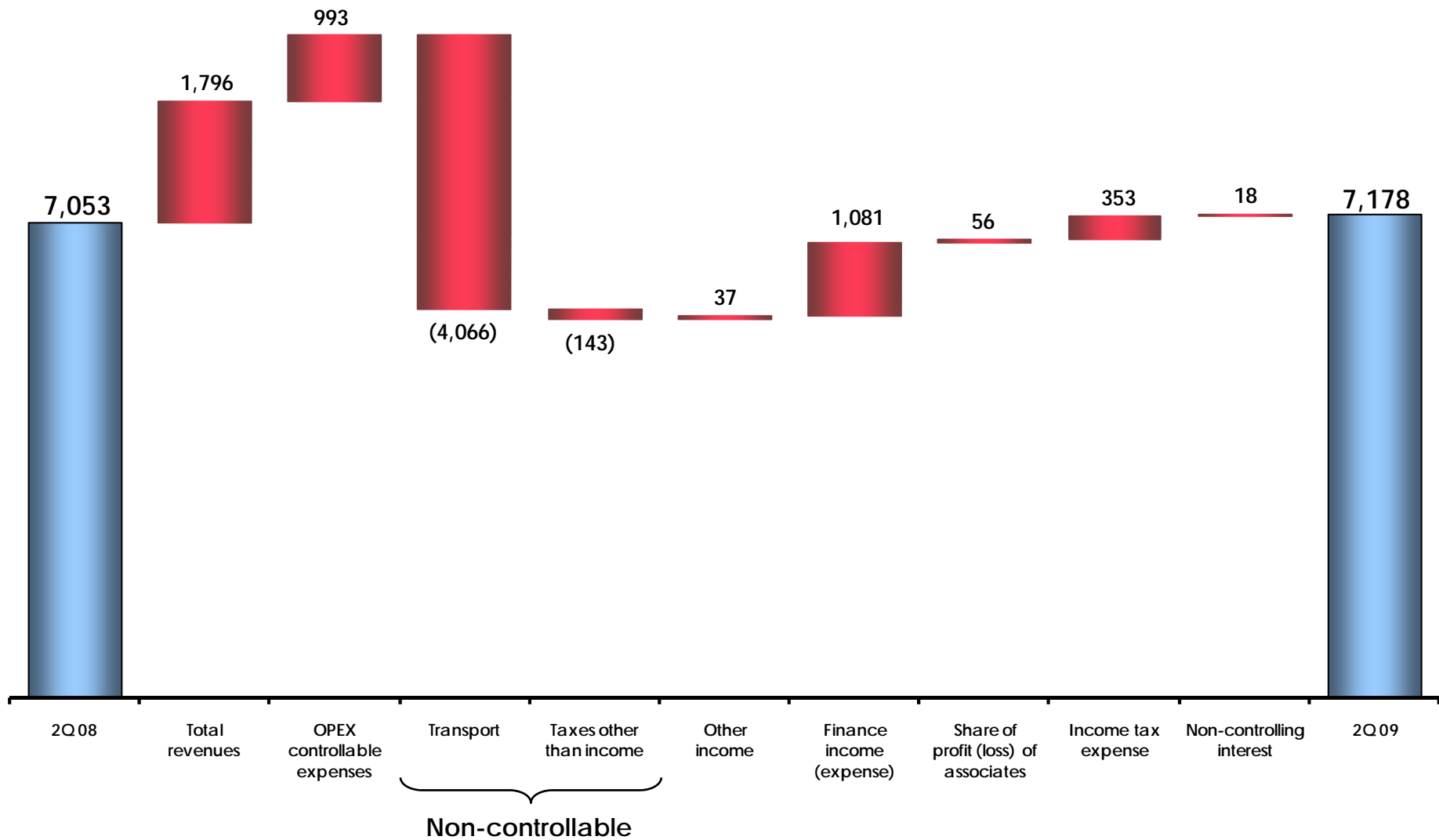
	30 June 2009	31 December 2008	+ / (-)	+ / (-)%
<b>Total current assets</b>	<b>24,718</b>	<b>25,428</b>	<b>(710)</b>	<b>-2.8%</b>
<i>Incl. Cash and cash equivalents</i>	<i>7,945</i>	<i>10,992</i>	<i>(3,047)</i>	<i>-27.7%</i>
<b>Total non-current assets</b>	<b>161,673</b>	<b>113,578</b>	<b>48,095</b>	<b>42.3%</b>
<i>Incl. Net PP&amp;E</i>	<i>157,410</i>	<i>108,714</i>	<i>48,696</i>	<i>44.8%</i>
<b>Assets classified as held for sale</b>	<b>0</b>	<b>901</b>	<b>(901)</b>	<b>-100.0%</b>
<b>Total assets</b>	<b>186,391</b>	<b>139,907</b>	<b>46,484</b>	<b>33.2%</b>
<b>Total current liabilities</b>	<b>35,814</b>	<b>14,169</b>	<b>21,645</b>	<b>152.8%</b>
<i>Incl. ST debt</i>	<i>22,757</i>	<i>6,342</i>	<i>16,415</i>	<i>258.8%</i>
<b>Total non-current liabilities</b>	<b>30,278</b>	<b>28,763</b>	<b>1,515</b>	<b>5.3%</b>
<i>Incl. Deferred income tax liability</i>	<i>7,472</i>	<i>6,720</i>	<i>752</i>	<i>11.2%</i>
<i>Incl. LT debt</i>	<i>17,450</i>	<i>19,935</i>	<i>(2,485)</i>	<i>-12.5%</i>
<b>Liabilities assoc. with assets held for sale</b>	<b>0</b>	<b>335</b>	<b>(335)</b>	<b>-100.0%</b>
<b>Total liabilities</b>	<b>66,092</b>	<b>43,267</b>	<b>22,825</b>	<b>52.8%</b>
<b>Total equity</b>	<b>120,299</b>	<b>96,640</b>	<b>23,659</b>	<b>24.5%</b>
<b>Total liabilities &amp; equity</b>	<b>186,391</b>	<b>139,907</b>	<b>46,484</b>	<b>33.2%</b>

# Total Debt Maturity Profile (RR million)



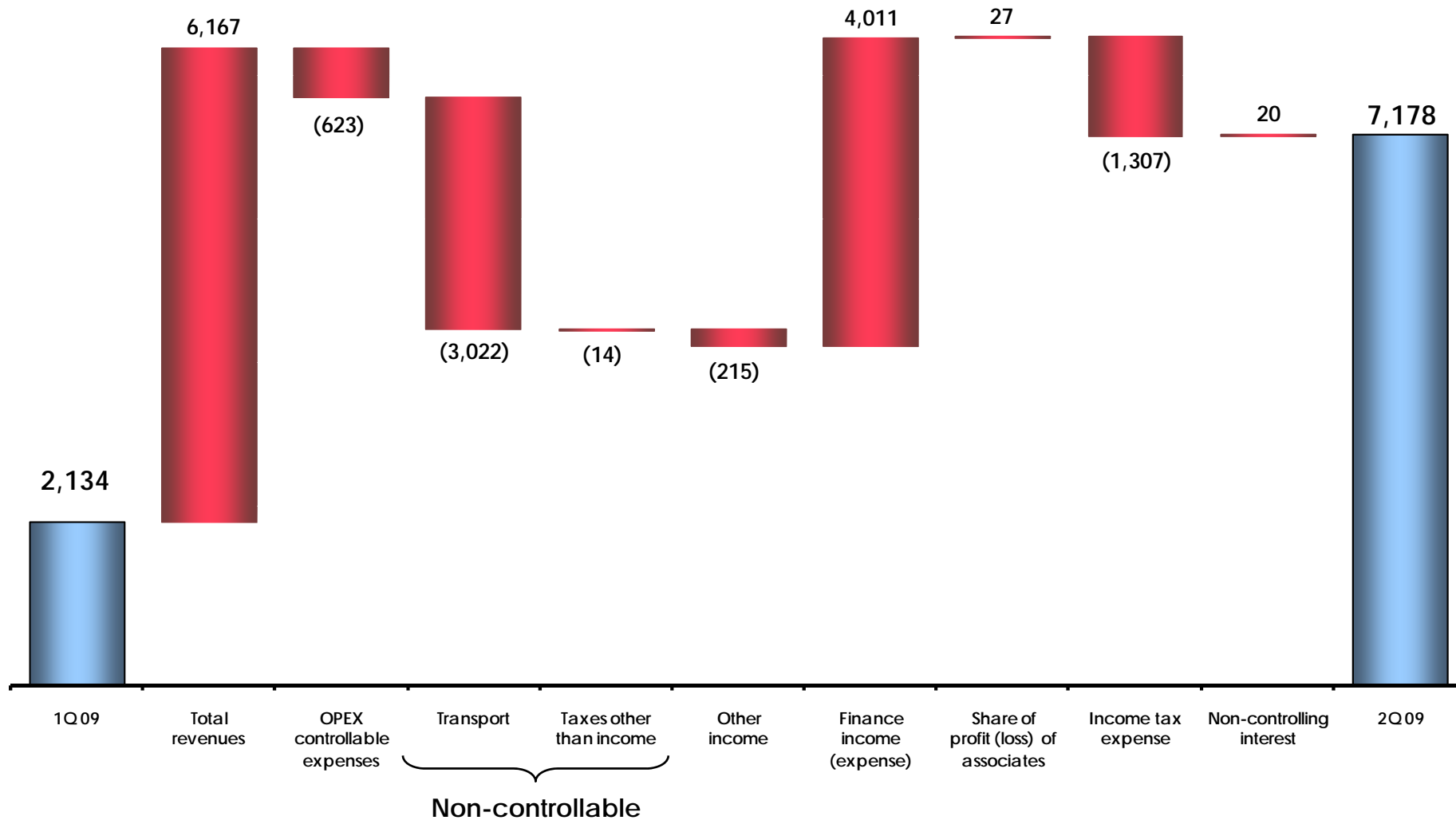
Current debt maturity profile as of 30 June 2009 with repayments in the 12 months ended 30 June 2010, 2011, 2012

# Profit Attributable to NOVATEK Shareholders (RR million)

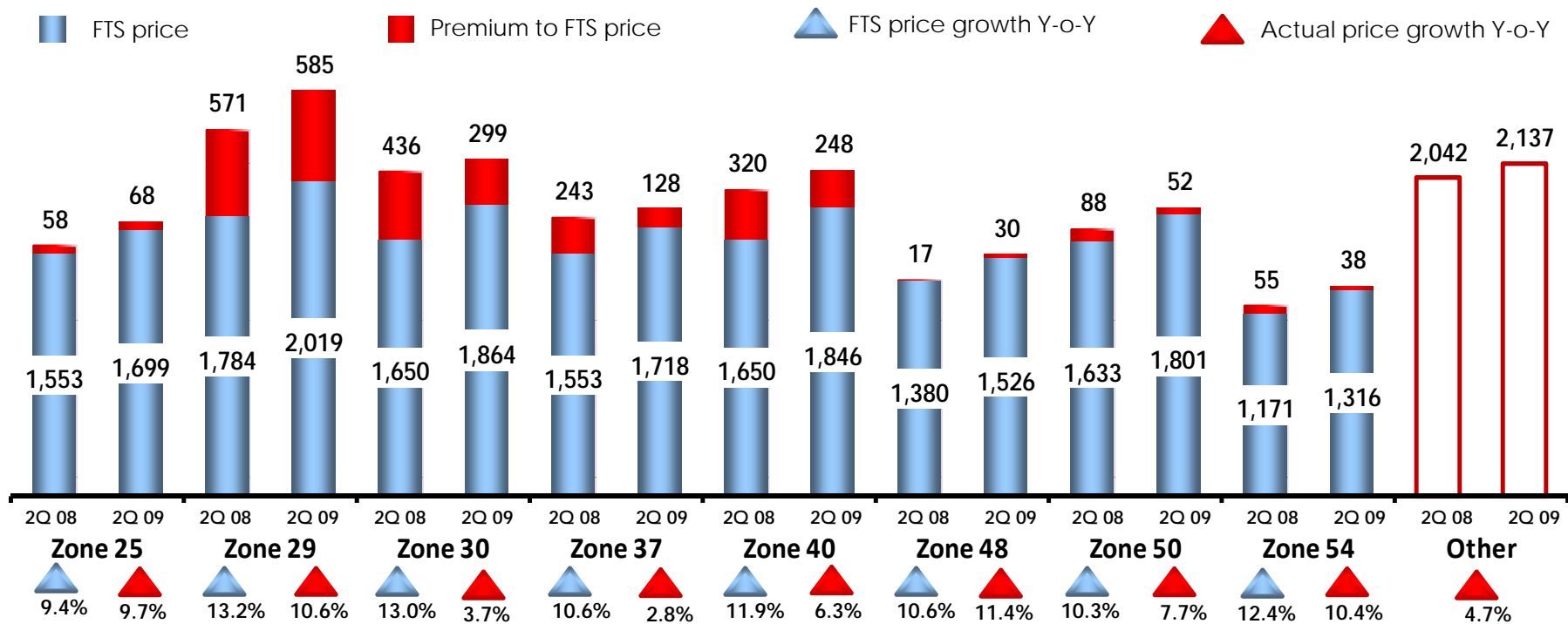




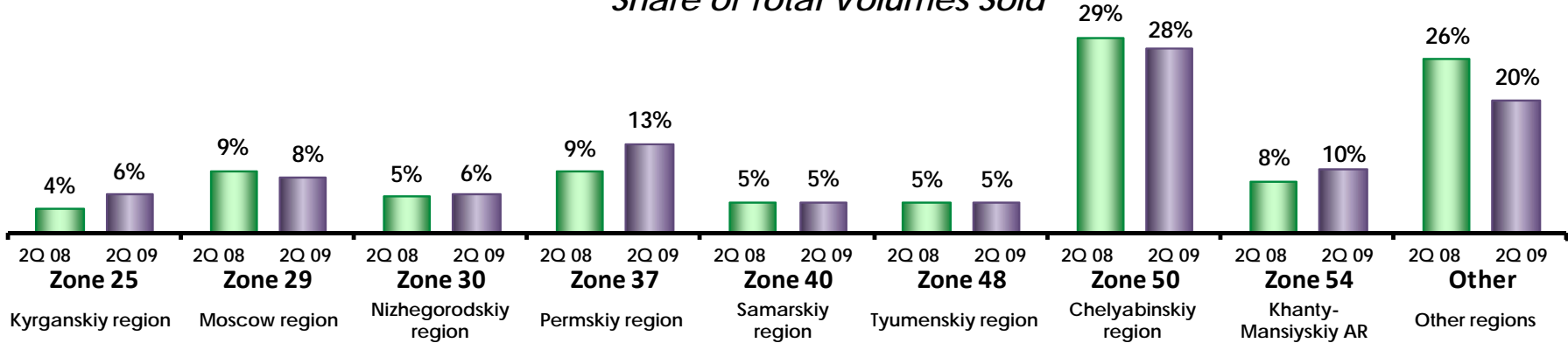
# Profit Attributable to NOVATEK Shareholders (RR million)



# End-customers natural gas prices analysis



Share of Total Volumes Sold



# Questions and Answers