

**Gazprom**

**Consolidated 2007 IFRS Financial**

**Results Presentation**

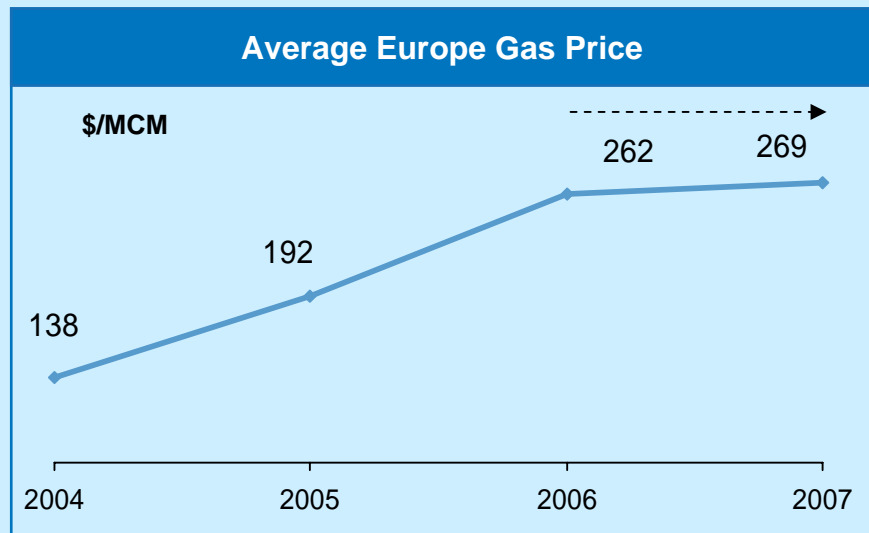
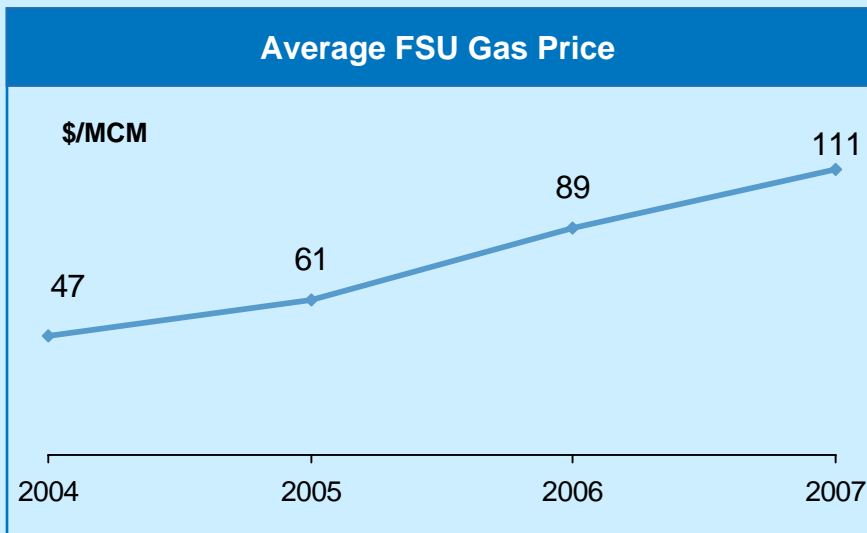
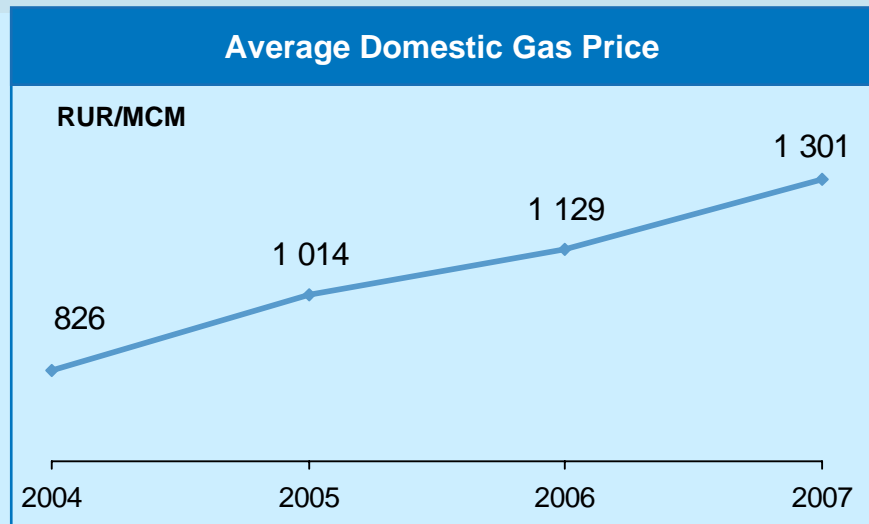
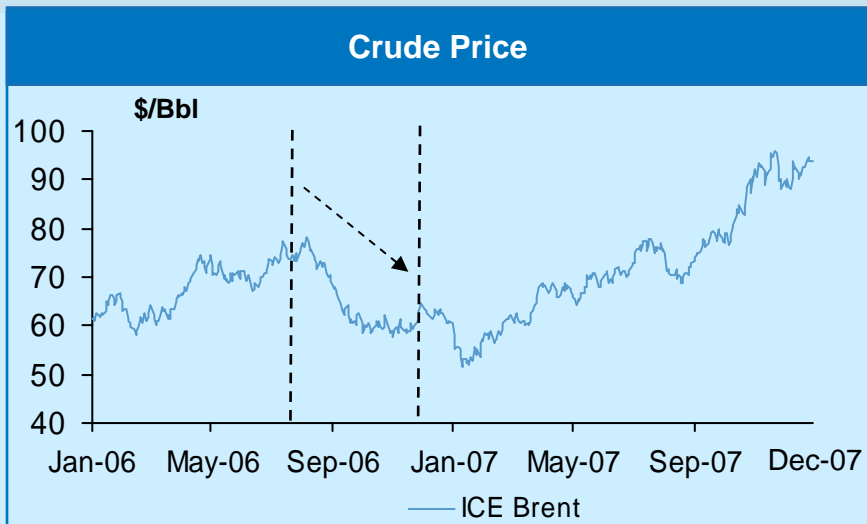


# Key Highlights

- Revenues grew by 11% in 2007 compared to 2006
- Adjusted EBITDA 7.5% below 2006 results due to moderate revenue growth and substantial increase in purchased oil and gas prices
- Cash from operating activities up by 10%
- Net debt/EBITDA maintained at 1.4 despite massive acquisitions in 2007

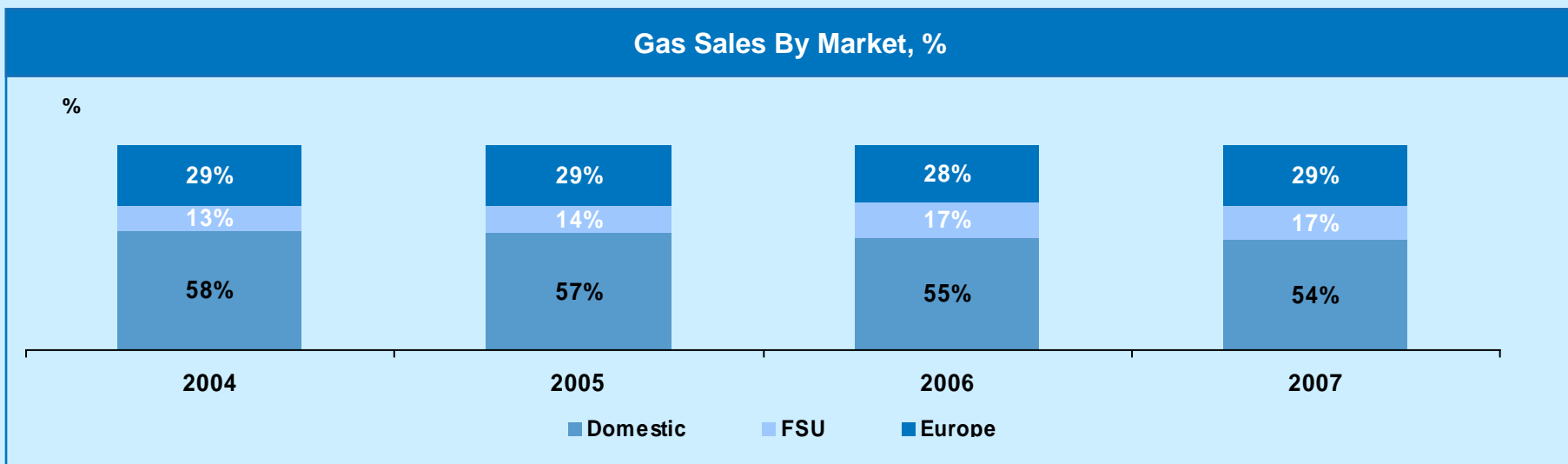
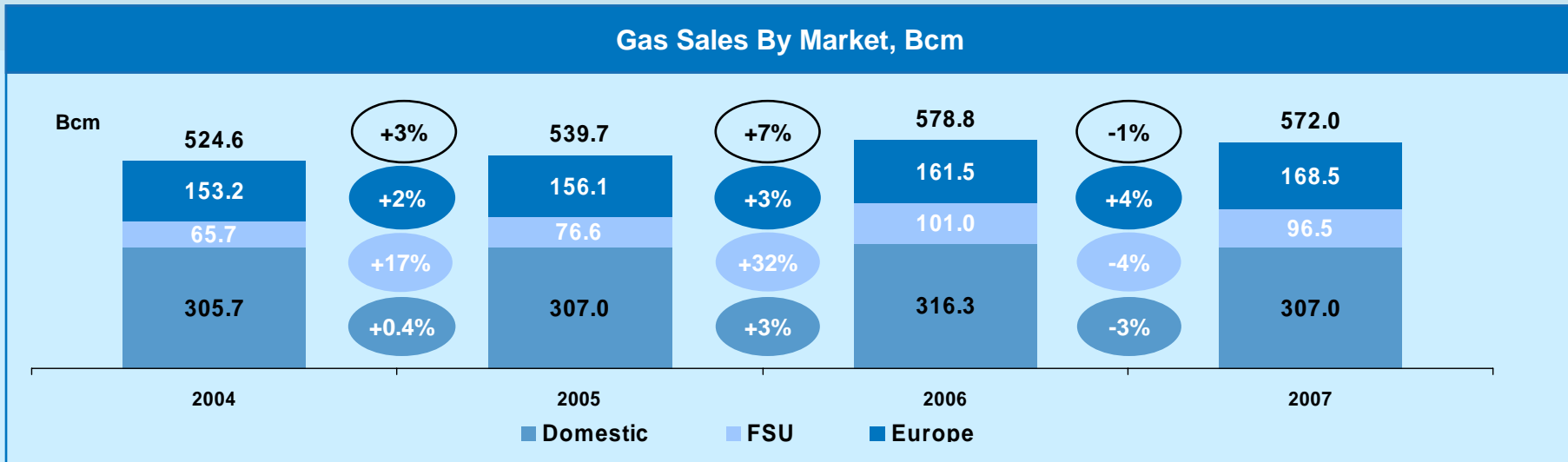
# Market Environment

## Gas Price Growth Slowdown in Europe and Continuing Price Growth in Russia and the FSU



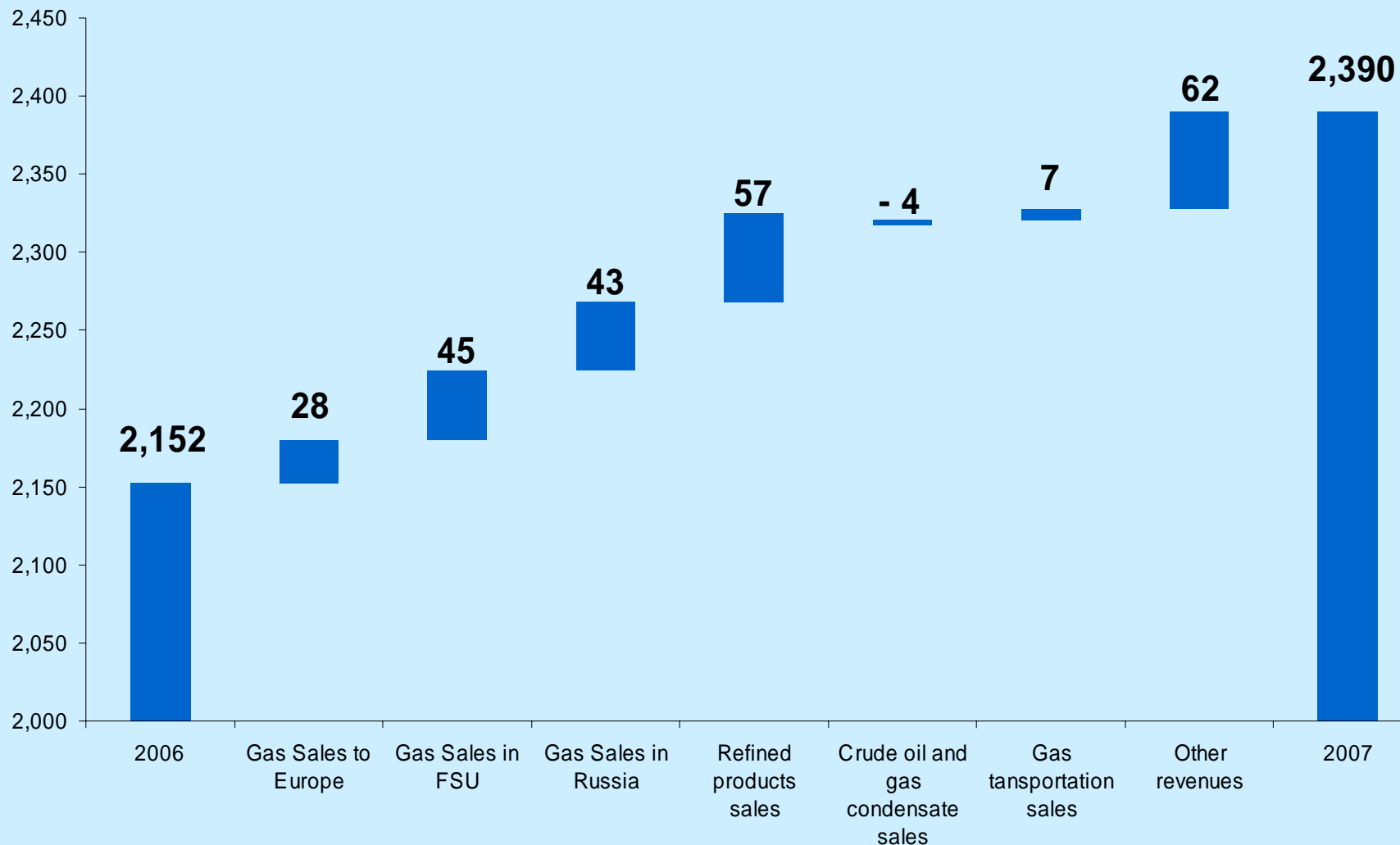
# Operational Results

## Weaker Demand in Core Markets Impacted Gas Sales Volumes



# Revenue Reconciliation

## Revenue Reconciliation (Year-On-Year, RR billion)



# Operating Expenses

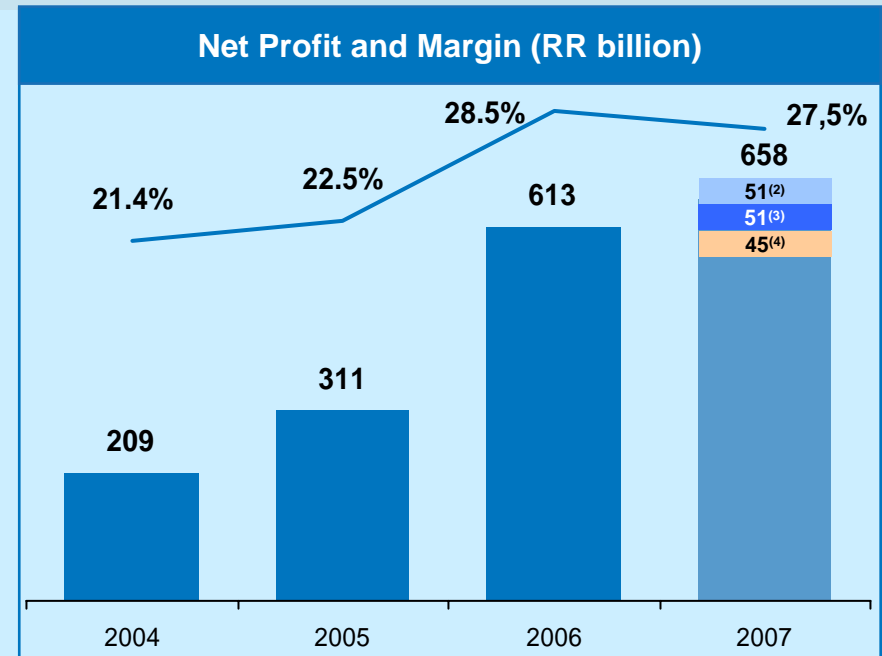
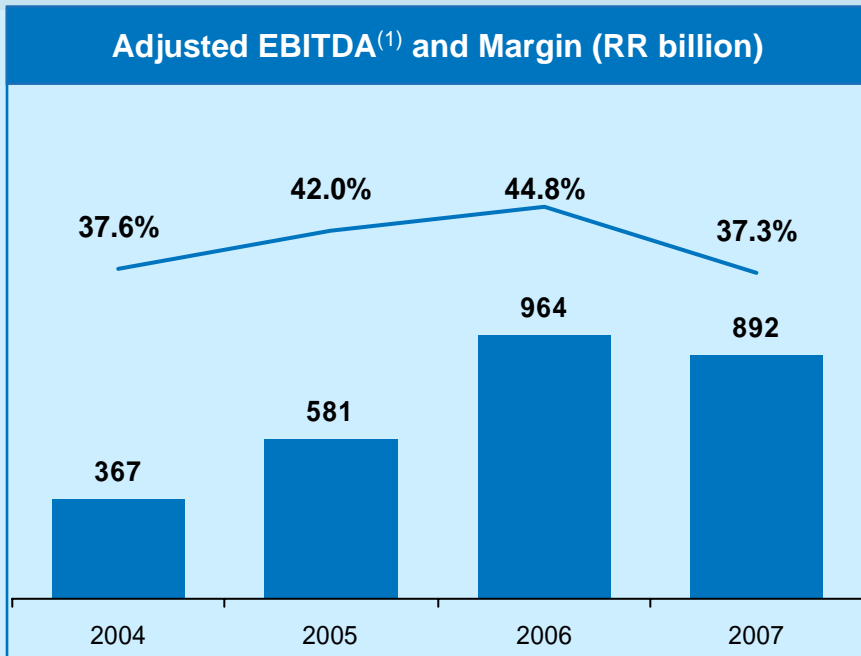
Operating Expenses, RR million	2007	2006	% Increase	% Total increase	Commentary
Purchased oil and gas	382,054	280,062	36%	31%	The increase is connected with growth in prices of gas purchased in Central Asia, mainly, for future repurchase. One of the biggest buyers of this gas is "RosUkrEnergog AG"
Taxes other than on income	196,993	187,245	5%	3%	-
Staff costs	248,894	199,588	25%	15%	The increase primarily resulted from growth in expenses associated with pension obligations and growth in average base salaries
Depreciation	183,577	167,446	10%	5%	
Transit of gas, oil and refined products	152,093	156,489	(3%)	(1%)	
Materials	94,520	81,810	16%	4%	The increase resulted from growth in purchase prices and volume growth in Transportation and Refinery segments
Repairs and maintenance	118,058	95,190	24%	7%	Increase in volume of repairs and maintenance
Cost of goods for resale	56,643	51,041	11%	2%	The increase is mainly resulted from growth of LNG resale costs in "Gazprom Germany" group
Electricity and heating expenses	44,901	42,559	6%	1%	The increase largely comes from electricity volume growth in certain Gazprom Group enterprises and growth in tariffs set by FTS
Charge for impairment provisions	7,708	14,384	(46%)	(2%)	-
Social expenses	16,343	18,563	(12%)	(1%)	-
Insurance expenses	12,950	10,448	24%	1%	-
Other	173,955	59,098	194%	35%	Includes research and development, rental expenses, processing services, transportation services and other operating expenses
<b>Total operating expenses</b>	<b>1,688,689</b>	<b>1,363,923</b>	<b>24%</b>	<b>100%</b>	-

Operating expenses mainly driven by:

- rising prices for purchased oil and gas;
- annual salary increase and pension obligations;
- materials and equipment maintenance costs.

# EBITDA and Net Profit

## Maintaining Strong Profitability Despite Temporary Decrease in Gas Sales Volumes and Slowdown in Export Price Growth



- EBITDA dropped in 2007 YoY due to moderate gas sales revenues growth accompanied by significant increase of purchased gas costs
- EBITDA grew 2.4 times in the last three years

- Net profit grew 7% in 2007 YoY
- Net profit nearly tripled in the last three years

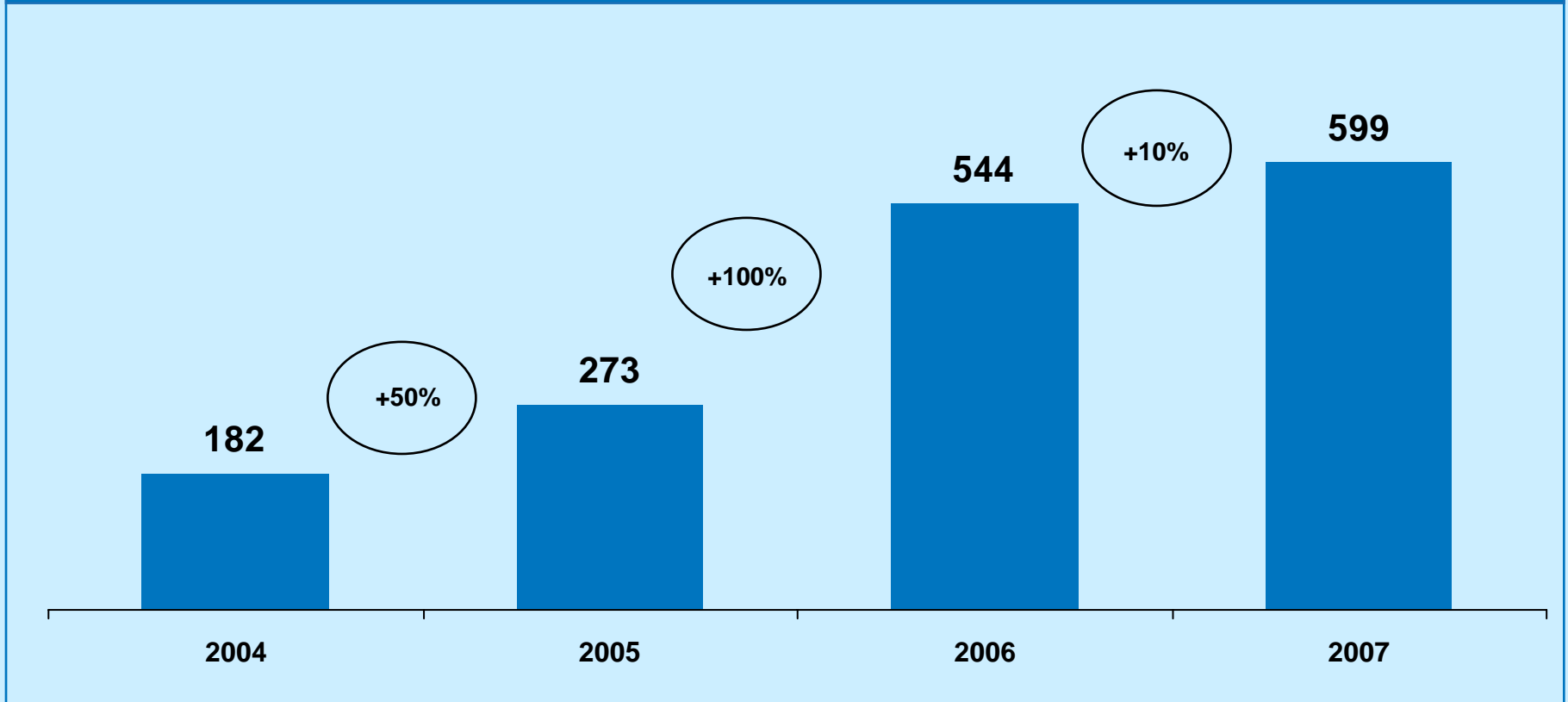
### Notes:

- 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.
- Gain on disposal of interest in subsidiary
- Profit from change of fair value of call option
- Deconsolidation of NPF «Gazfond»

# Operating Cash Flow

## Increasing Cash Flow Generation

Annual Net Cash Flow from Operations (RR billions)

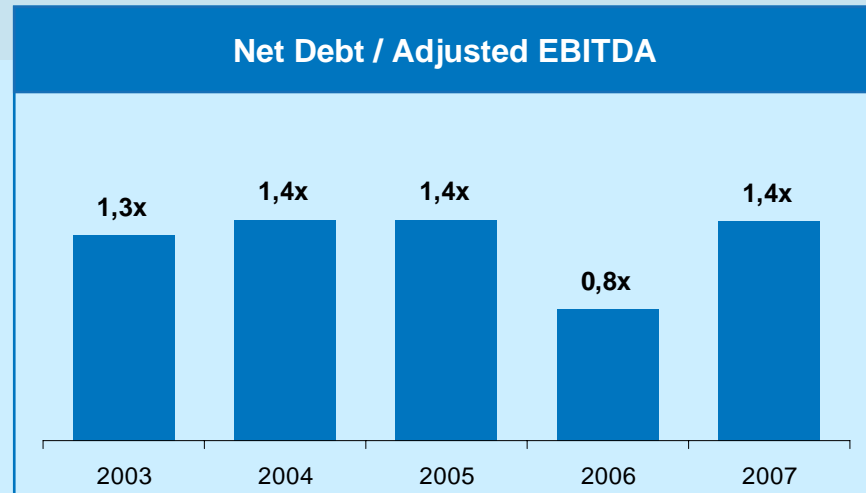
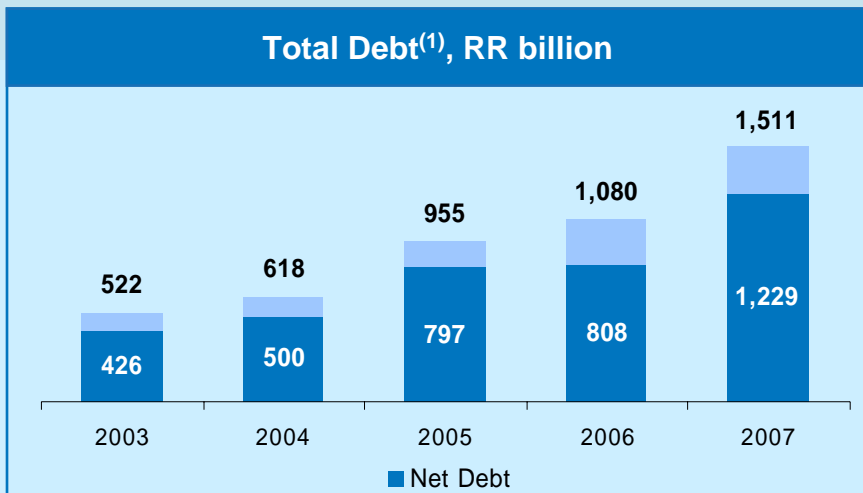


- Operating cash flow grew 10% in 2007 compared to 2006
- Operating cash flow has grown more than 3 times since 2004

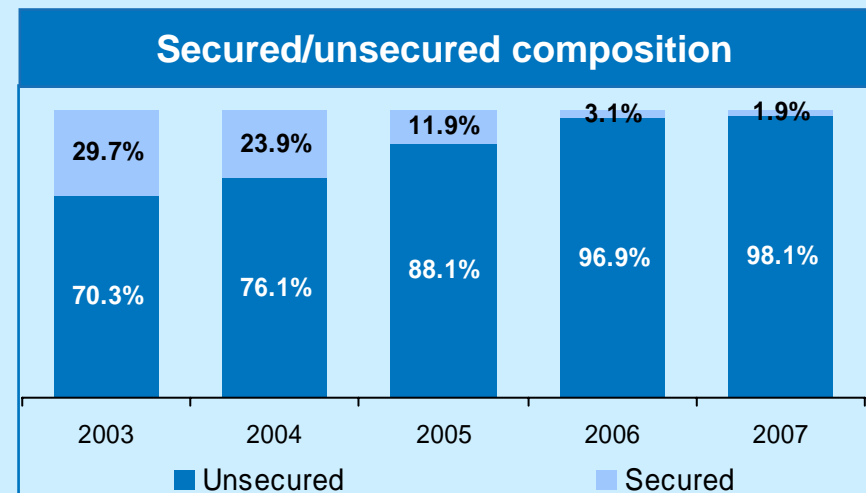
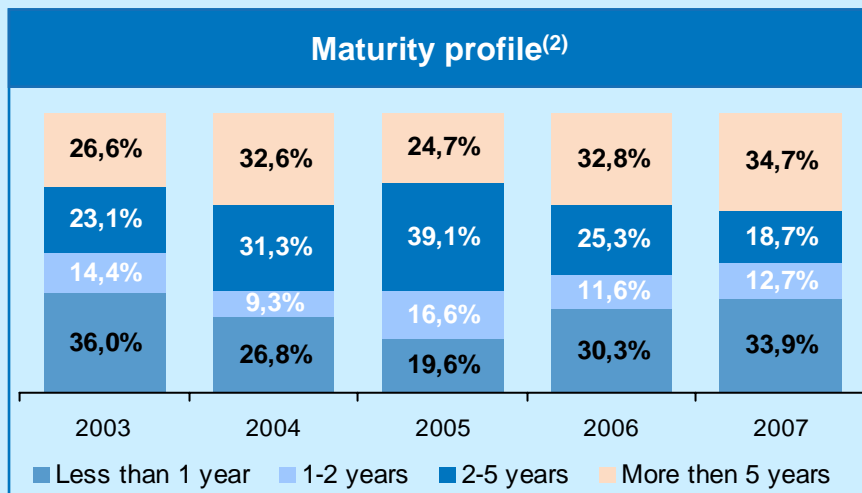


# Debt structure

## Leverage Under Control



(1) 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.



(2) Excluding promissory notes

# Financial results – Statement of Income

Statement of Income, RR million	2007	2006	Change,+/(-) %
Sales	2,390,467	2,152,111	11%
Operating expenses	(1,688,689)	(1,363,923)	24%
<b>Operating profit / EBIT</b>	<b>701,778</b>	<b>788,188</b>	<b>(11%)</b>
Gain on disposal of interest in a subsidiary	50,853	-	-
Gain on change of fair value of call option	50,738	-	-
Effect of deconsolidation of NPF «Gazfond»	44,692	-	-
Finance items <sup>(1)</sup>	26,807	32,703	(18%)
Other <sup>(2)</sup>	49,336	35,174	40%
<b>Profit before profit tax</b>	<b>924,204</b>	<b>856,065</b>	<b>8%</b>
Profit tax expense <sup>(3)</sup>	(229,219)	(219,604)	4%
Minority interest	(36,947)	(23,116)	60%
<b>Shareholders' profit</b>	<b>658,038</b>	<b>613,345</b>	<b>7%</b>

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, 2007	December 31, 2006	Change, RR million	Change,+/(-)%
Total current assets, of which	1,566,417	1,482,305	84,112	6%
Cash and cash equivalents and restricted cash	291,134	281,580	9,554	3%
Accounts receivable and prepayments	697,464	662,040	35,424	5%
Total long-term assets, of which	5,226,139	3,827,620	1,398,519	37%
Property, plant and equipment	3,490,477	3,034,968	455,509	15%
Long-term accounts receivable and prepayments	402,382	251,123	151,259	60%
<b>Total assets</b>	<b>6,792,556</b>	<b>5,309,925</b>	<b>1,482,631</b>	<b>28%</b>
Total current liabilities, of which	1,084,554	860,070	224,484	26%
Taxes payable	73,563	68,380	5,183	8%
Short-term interest bearing debt <sup>(1)</sup>	525,525	393,564	131,961	34%
Total long term liabilities, of which	1,394,905	1,100,035	294,870	27%
Long-term interest bearing debt <sup>(2)</sup>	985,141	686,351	298,790	44%
<b>Total liabilities</b>	<b>2,479,459</b>	<b>1,960,105</b>	<b>519,354</b>	<b>26%</b>
Total equity (including minority interest)	4,313,097	3,349,820	963,277	29%
<b>Total liabilities and equity</b>	<b>6,792,556</b>	<b>5,309,925</b>	<b>1,482,631</b>	<b>28%</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

# Subsequent Events

- In January 2008, the Group paid US\$625 million for a 12.5% interest in Beltransgaz and increased its total interest in Beltransgaz to 25.0%.
- In February 2008, pursuant to an agreement with RAO UES, the Group paid RR39,219 million for a 28.7% interest in OAO TGK-1.
- In April 2008, Gazprombank signed an agreement to sell its 50% plus one share interest in Sibur Holding to management of Sibur Holding for a total consideration of RR53,500 million. Of this amount RR16,600 million was agreed to be payable on the date of sale and the balance would be paid in installments within three years from the date of sale.
- Since December 31, 2007, the Group has received a total of US\$4,485 million in loans and bonds with various maturities and interest rates levels, including US\$1,635 million to refinance previously attracted short term borrowings.