

**Gazprom**

**Consolidated 1Q 2009 IFRS**

**Financial Results Presentation**



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# Conference Call Participants



**Peter Bakaev**

**Head of Capital Markets Directorate,  
Department for Finance and Economics**



**Mikhail Rosseev**

**Head of Directorate of Consolidated Financial Statements,  
Accounting Department**

# 1Q 2009 Highlights



# Key Financial Highlights from 1Q 2009

- **Revenue** increased by **2%** compared to 1Q 2008 to RR 931 Bn
- **Adjusted EBITDA**<sup>(1)</sup> decreased by **19%** compared to 1Q 2008 to RR 343 Bn
- **Net Profit**<sup>(2)</sup> decreased by **62%** compared to 1Q 2008 to RR 104 Bn
- Leverage under control:
  - **Total Debt** increased in 1Q 2009 by **12%** compared to December 31, 2008 to RR 1 534 Bn mostly due to revaluation of borrowings denominated in foreign currency
  - **Total Debt / Adjusted EBITDA** increased to **1.1x** as of March 31, 2009 from **0.9x** as of December 31, 2008

(1) Adjusted EBITDA calculated as operating profit plus depreciation and provisions for impairment of assets (includes provisions for impairment of accounts receivable and prepayments, assets under construction, Investments and other long-term assets and inventory obsolescence) except provisions for impairment of accounts receivable and prepayments.

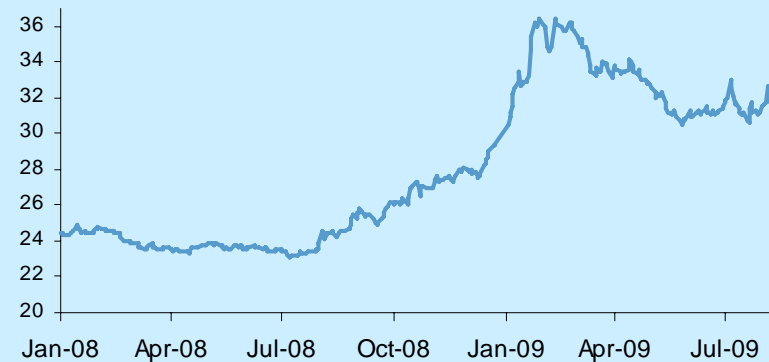
(2) Attributable to owners of OAO Gazprom

# Market Conditions

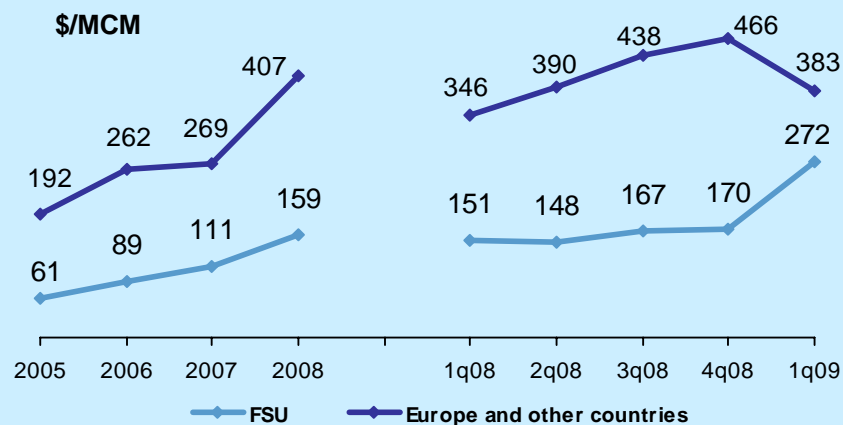
## Crude Oil Price



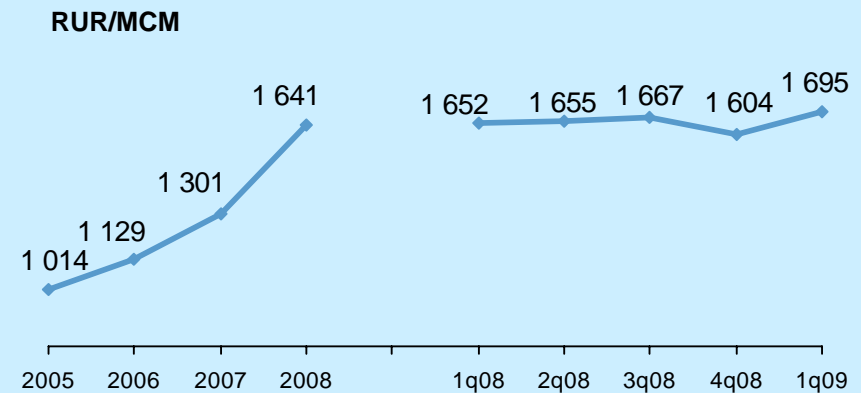
## RUB to USD Exchange Rate



## Average Export Gas Prices<sup>(1)</sup>

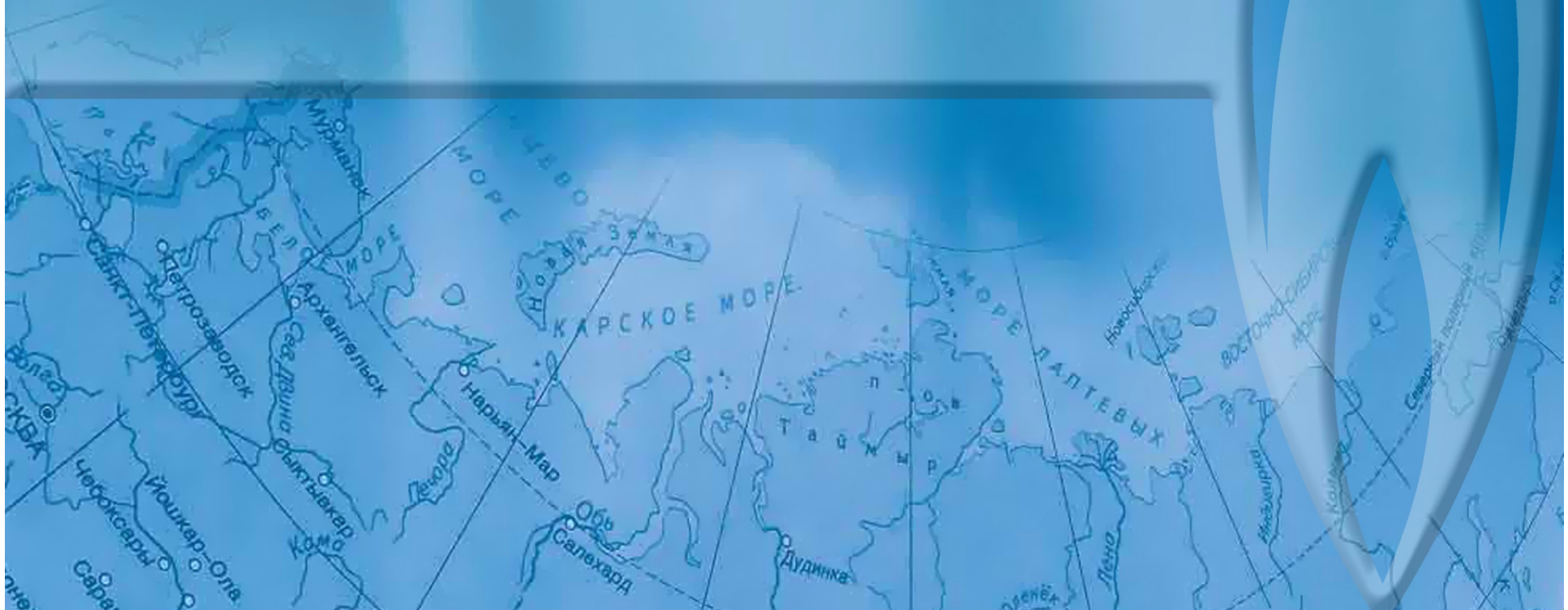


## Average Domestic Gas Prices<sup>(1)</sup>



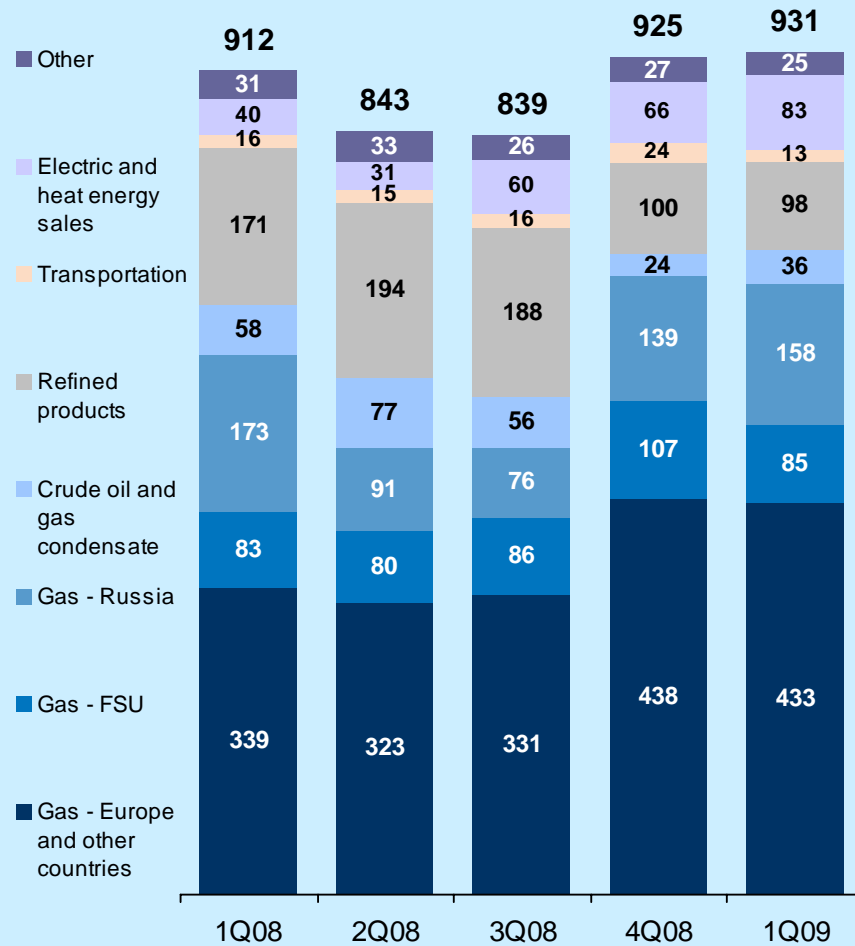
(1) Average price calculated based on the IFRS financial statements and MD&A reports.

# 1Q 2009 Performance

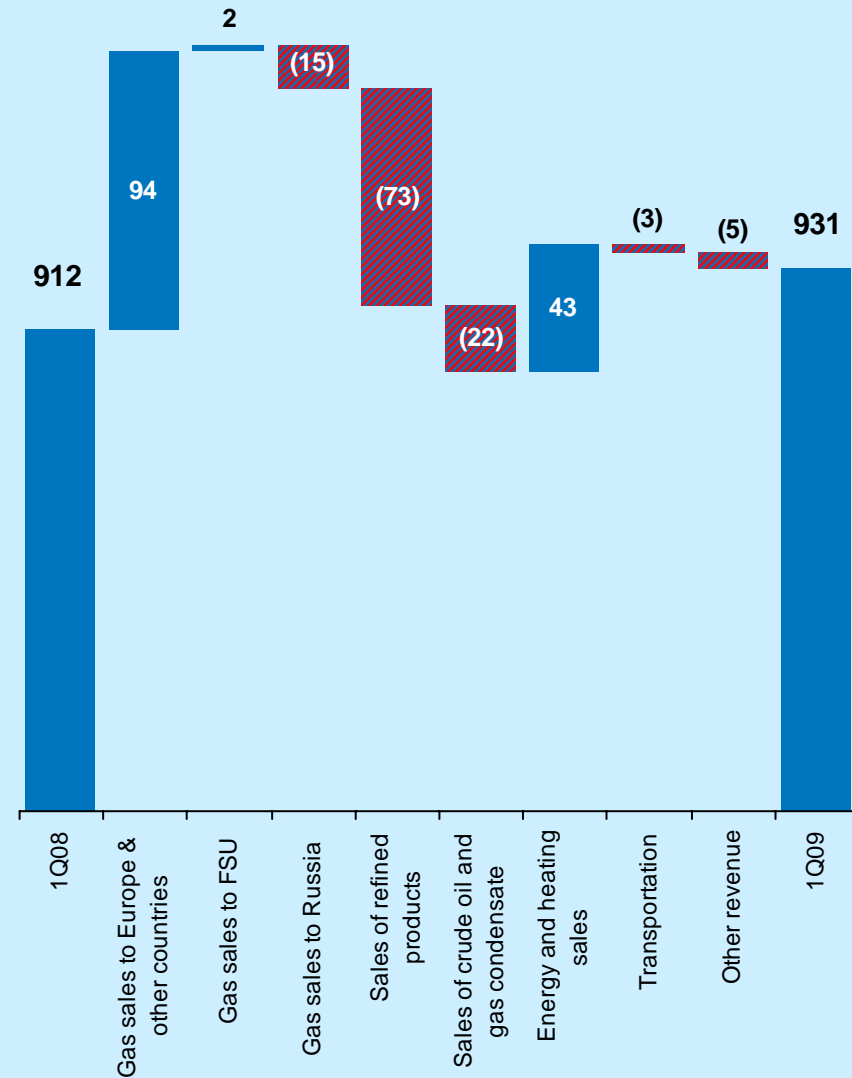


# Revenue

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



Revenue Reconciliation (RR billion)<sup>(1)</sup>



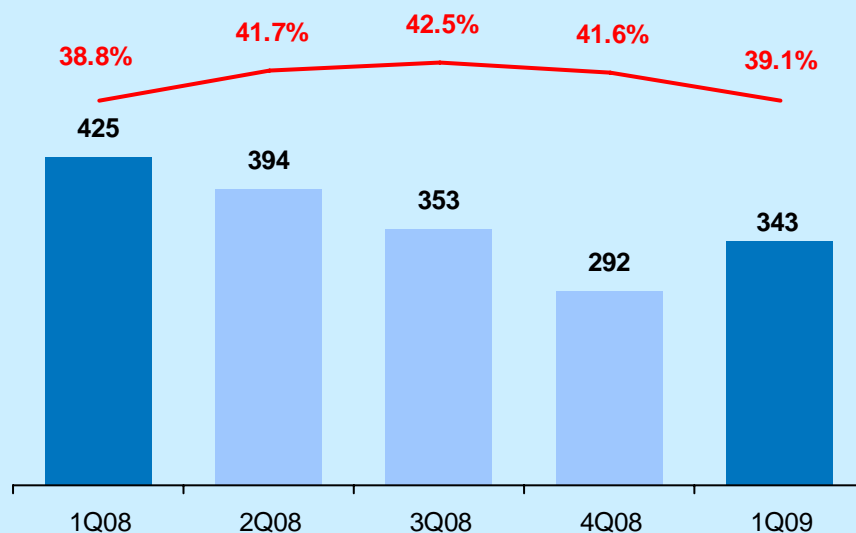
(1) Totals may not sum due to rounding.



# EBITDA and Net Profit

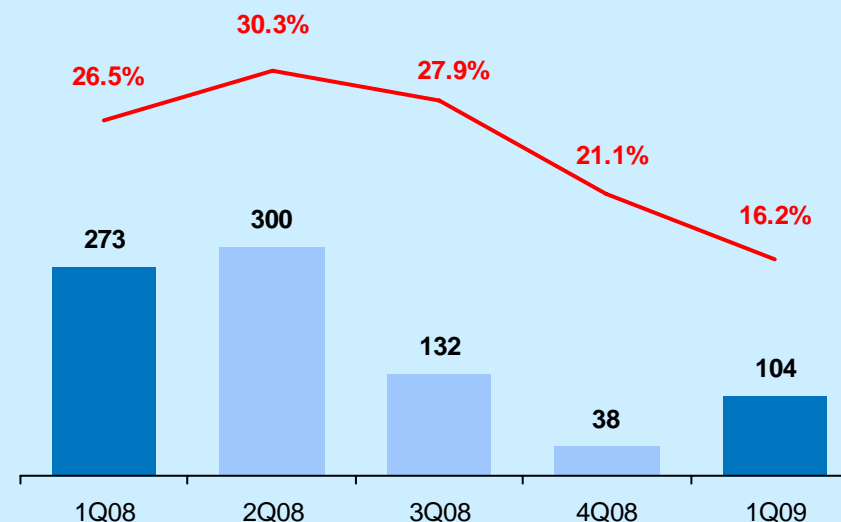
## Adjusted EBITDA<sup>(1)</sup> and margin<sup>(2)</sup>

(RR billion)



## Net profit<sup>(3)</sup> and margin<sup>(2)</sup>

(RR billion)



■ Adj. EBITDA decreased by **19%** compared to 1Q 2008

■ Net profit decreased by **62%** compared to 1Q 2008

■ Adj. EBITDA margin remained unchanged compared to 1Q 2008

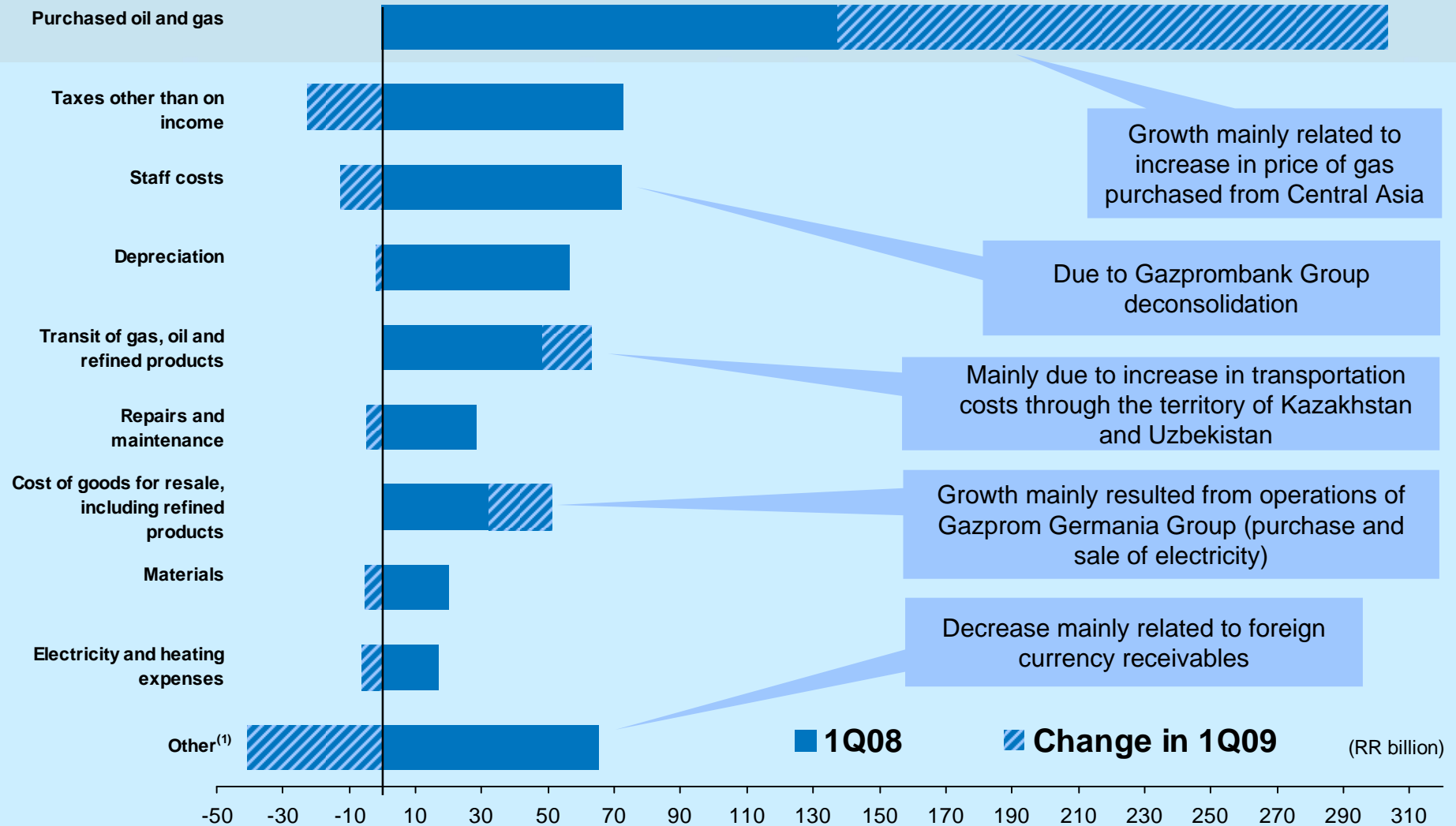
■ Net profit margin decreased by **10%** compared to 1Q2008

(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) Calculated on LTM basis

(3) Net profit attributable to owners of OAO Gazprom

# Operating Expenses

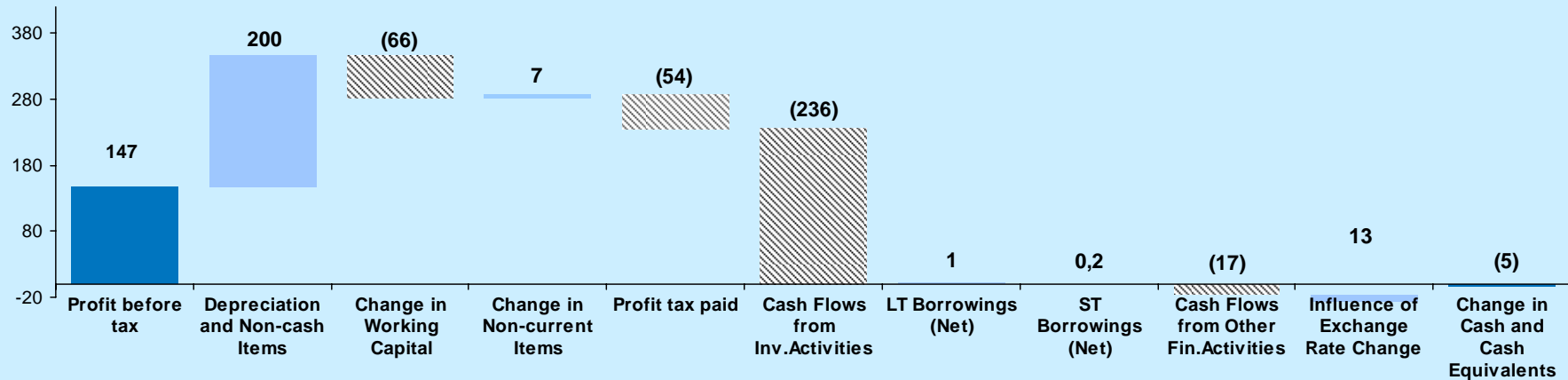


(1) Other include: social expenses, insurance expenses, rental expenses and other operating expenses.

# Operating Cash Flow

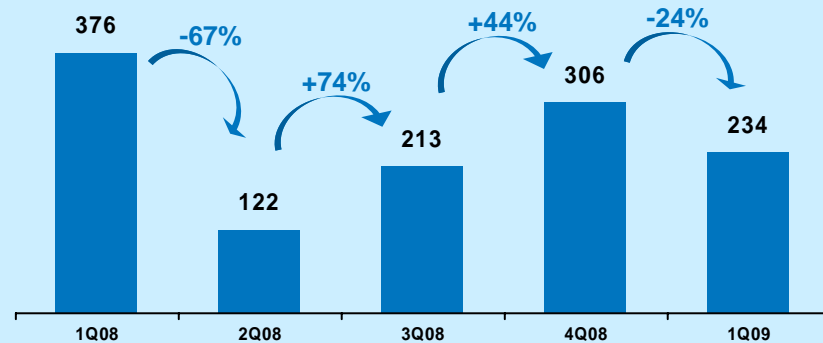
## Cash flow reconciliation

(RR billion)



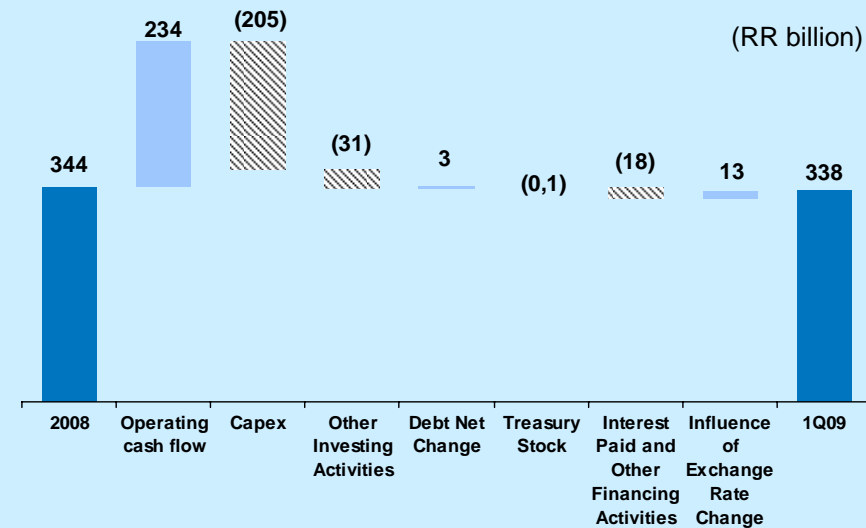
## Operating cash flow

(RR billion)



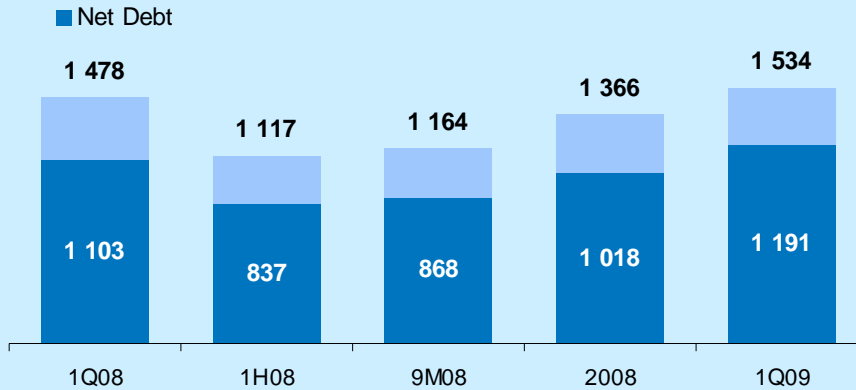
## Net cash flow

(RR billion)

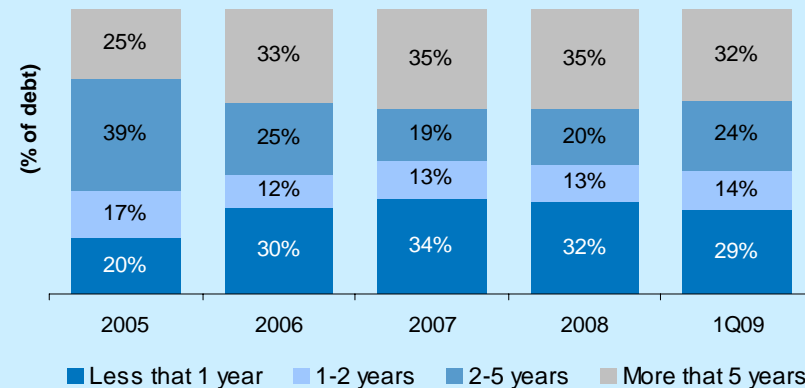


# Debt Strategy

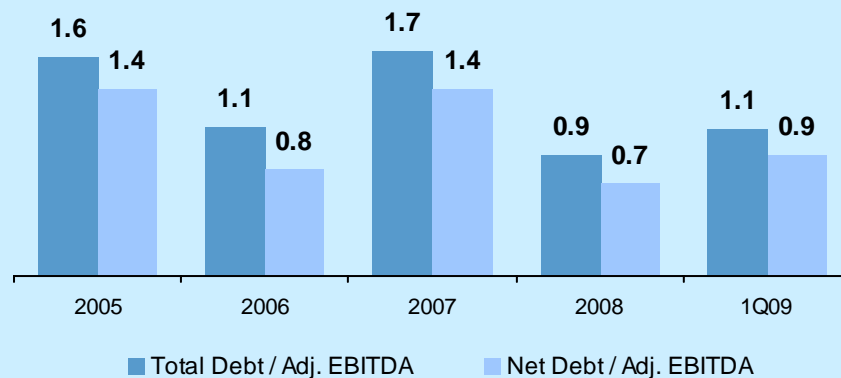
## Total Debt <sup>(1)</sup>, RR billion



## Debt maturity profile <sup>(2)</sup>



## Credit metrics

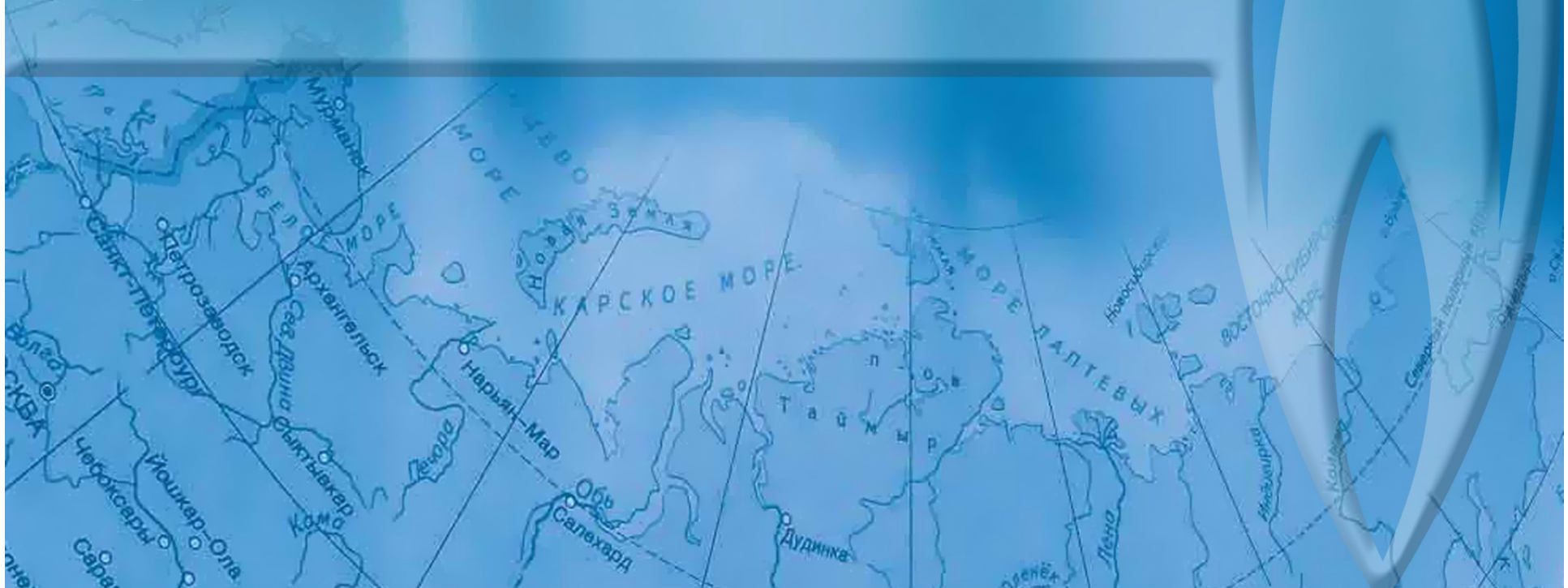


## Funding facilities

- Starting April 2009 we obtained **\$4.2 Bn loans**
- In April 2009 we issued:
  - **\$2.25 Bn Loan Participation Notes** (9.25% coupon; maturing 2019)
  - **CHF 0.5 Bn Loan Participation Notes** (9.0% coupon; maturing 2011)
- In July 2009 we issued:
  - **\$1.25 Bn Loan Participation Notes** (8.125% coupon; maturing 2014)
  - **EUR 0.85 Bn Loan Participation Notes** (8.125% coupon; maturing 2015)
- In April 2009 we issued **RR 10.0 Bn bonds** (16.7% coupon; 2 years buy-back put option)
- In June 2009 we issued **RR 5.0 Bn bonds** (13.75% coupon; maturing 2014) and **RR 10.0 Bn bonds** (13.12% coupon; maturing 2012)

(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.

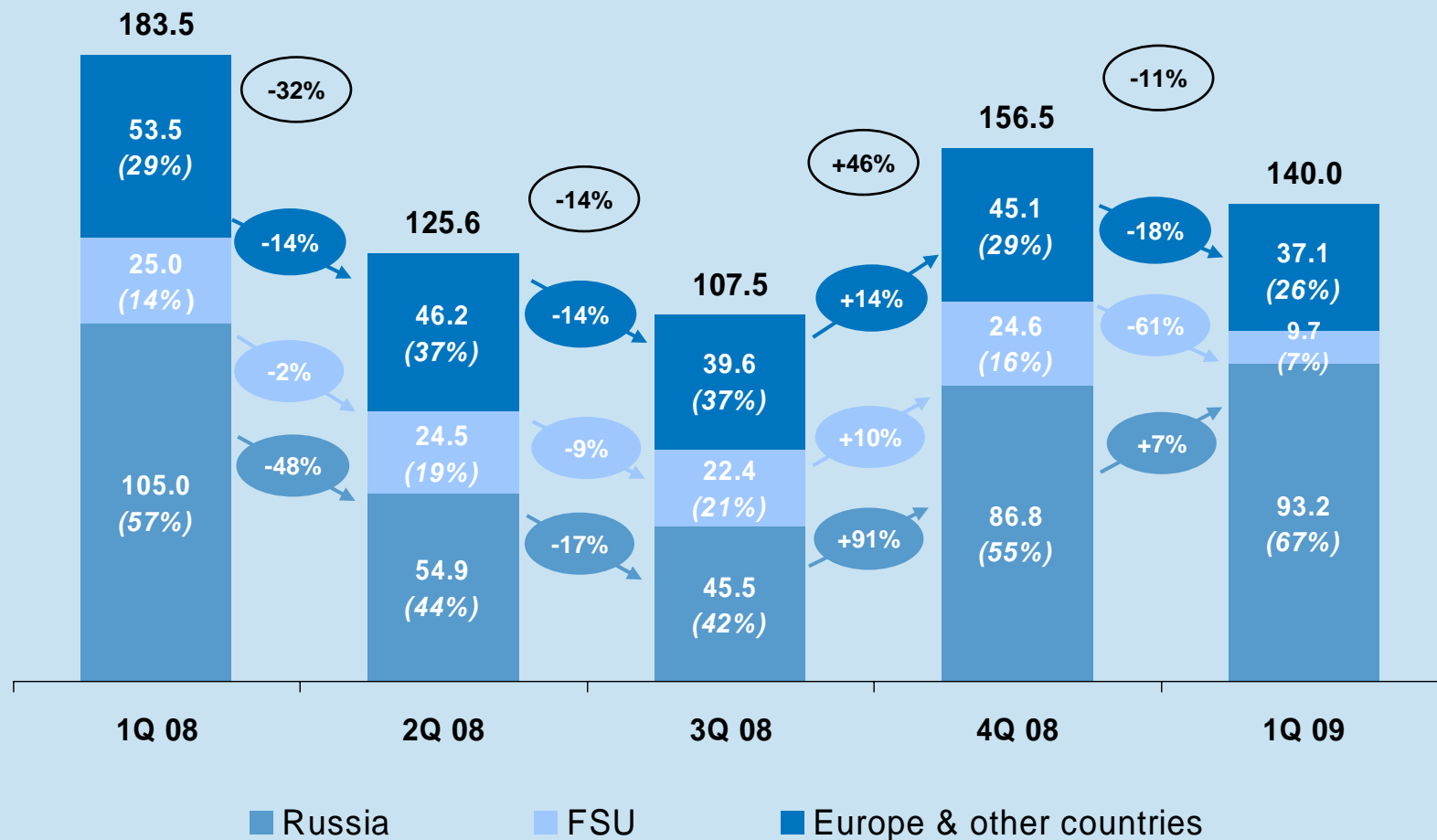
# Operational Results



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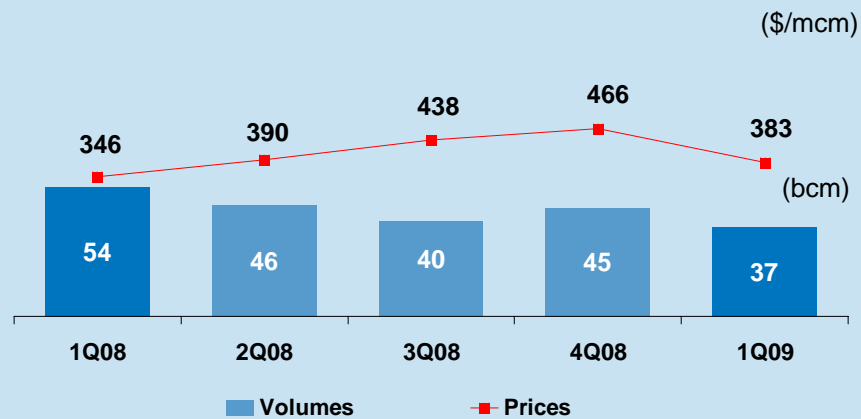
## Gas sales volumes by markets

(Bcm)

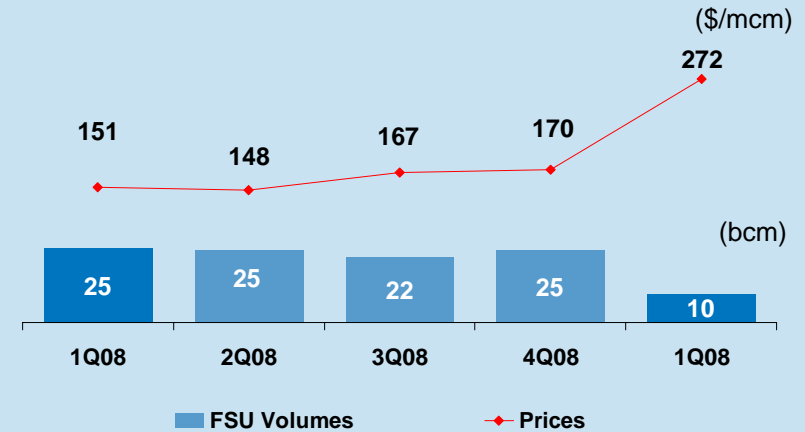


# Export Markets

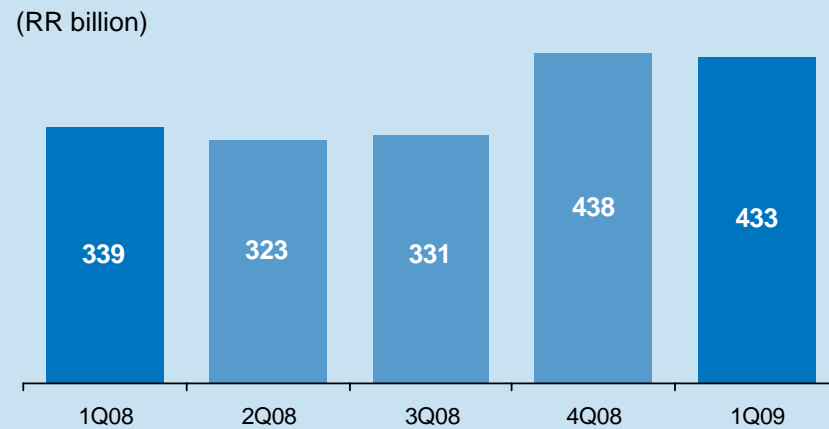
## Gas prices and volumes in Europe & other countries



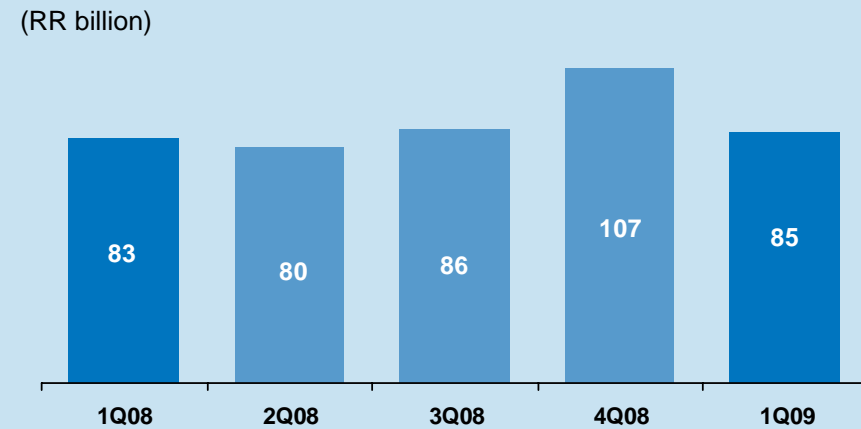
## Gas prices and volumes in FSU



## Net revenues from Europe & other countries



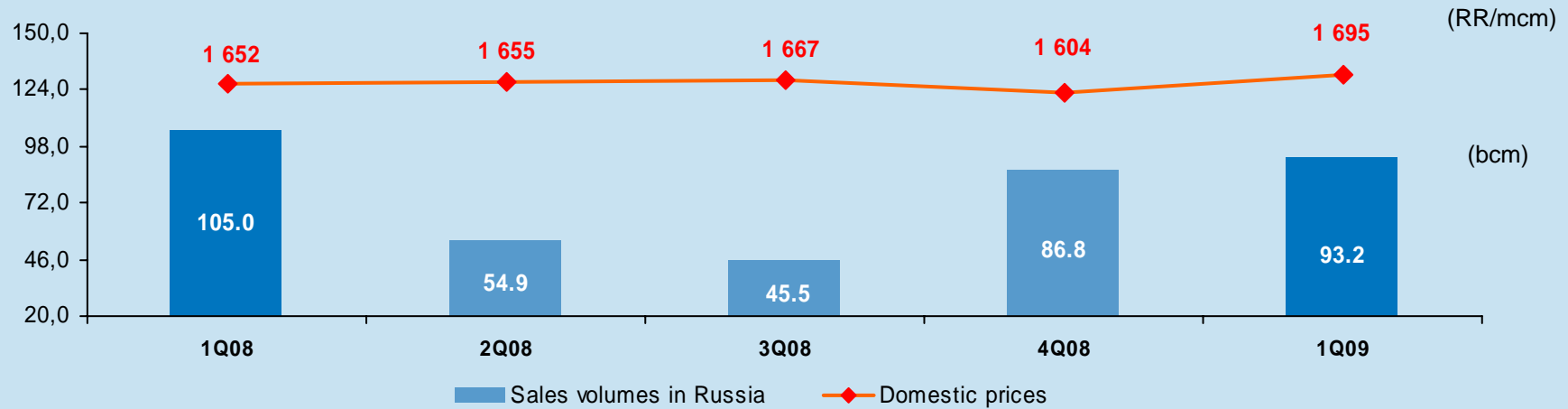
## Net revenues from FSU



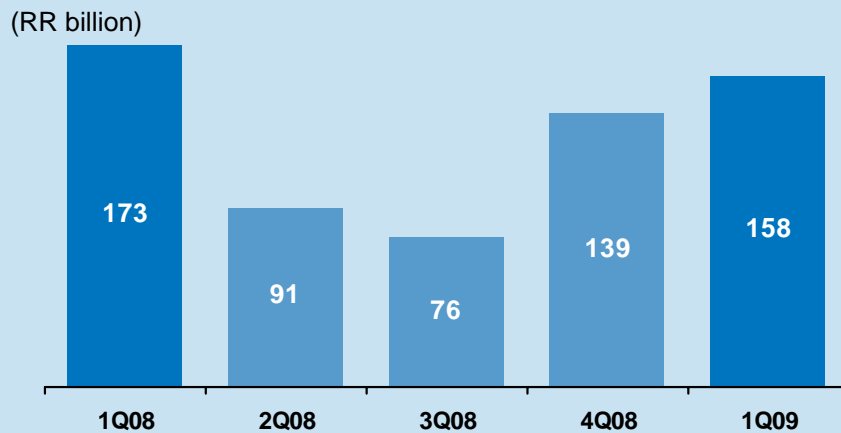
# Domestic Market

## Key Future Value Driver

### Gas prices and volumes

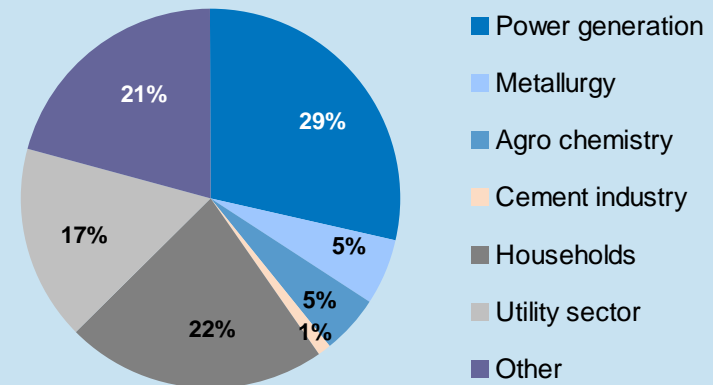


### Net revenues



(1) Management estimates

### Domestic gas sales by consumer type in 1Q09 <sup>(1)</sup>

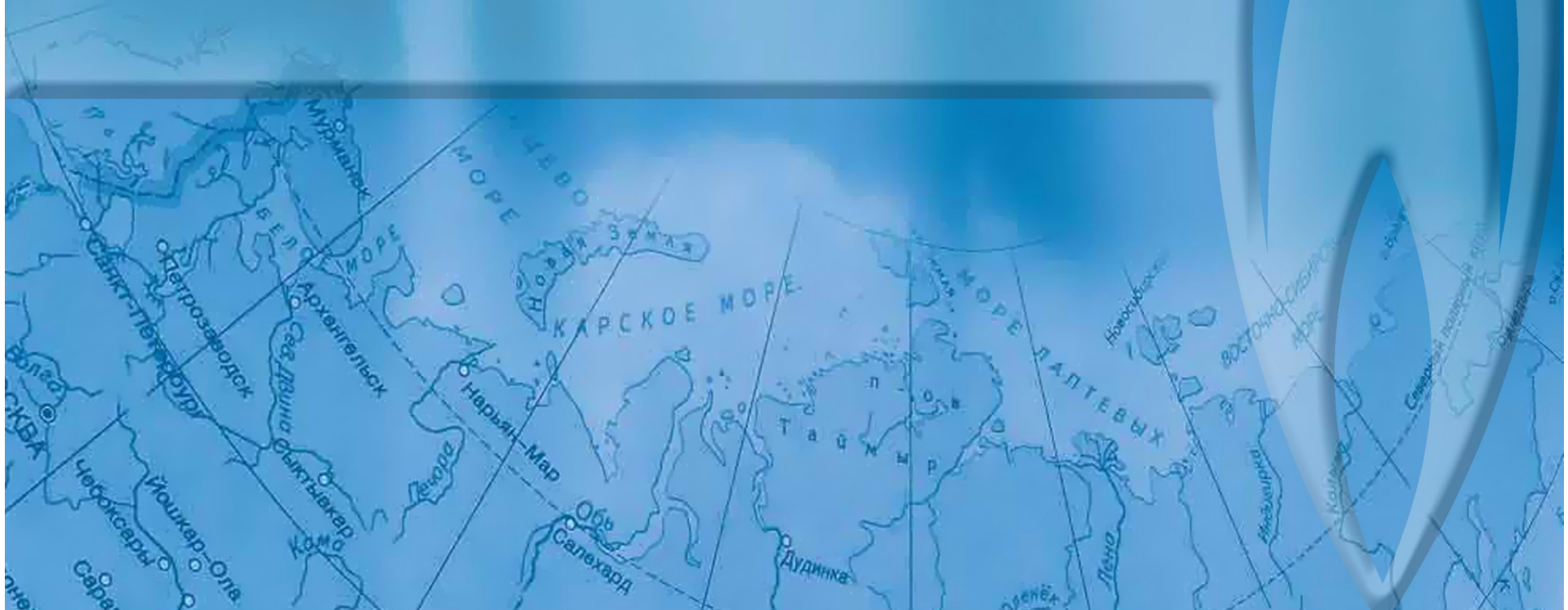




# Subsequent Events

- On April 24, 2009 the Group purchased an additional **20% of Gazprom Neft** from ENI for USD 4.1 Bn.
  - Group now owns 95,68% of Gazprom Neft
- In June 2009 the Group signed an **asset swap agreement with E.ON Ruhrgas AG**.
  - E.ON Ruhrgas will receive 25% minus 3 ordinary shares and 3 preferred shares without voting rights of the charter capital of OAO Severneftegazprom
  - Group will receive E.ON Ruhrgas' stake in ZAO Gerosgaz.
  - Transaction results in Group owing of additional **2,9% of treasury shares**.
- As a result of a number of transactions since April till June 2009 **the Group acquired 55% of Sibir Energy** for USD 1 670 mln.

# Summary Financial Statements



# Balance Sheet

Balance Sheet, RR million	March 31, 2009	December 31, 2008	Change, RR million	Change, +/-)%
Total current assets, of which	1,716,541	1,572,075	144,466	9%
Cash and cash equivalents	338,417	343,833	(5,416)	(2%)
Accounts receivable and prepayments	772,458	675,934	96,524	14%
Total non-current assets, of which	5,759,401	5,596,493	162,908	3%
Property, plant and equipment	4,148,963	4,020,522	128,441	3%
Investments in associated undertakings and jointly controlled entities	803,482	772,143	31,339	4%
<b>Total assets</b>	<b>7,475,942</b>	<b>7,168,568</b>	<b>307,374</b>	<b>4%</b>
Total current liabilities, of which	968,523	964,845	3,678	0,4%
Taxes payable	65,136	57,396	7,740	13%
Short-term interest bearing debt <sup>(1)</sup>	456,265	440,692	15,573	4%
Total non-current liabilities, of which	1,454,398	1,290,624	163,774	13%
Long-term interest bearing debt <sup>(2)</sup>	1,077,580	925,072	152,508	16%
<b>Total liabilities</b>	<b>2,422,921</b>	<b>2,255,469</b>	<b>167,452</b>	<b>7%</b>
<b>Total liabilities and equity</b>	<b>7,475,942</b>	<b>7,168,568</b>	<b>307,374</b>	<b>4%</b>

(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.

# Financial Results – Statement of Comprehensive Income

Statement of Comprehensive Income, RR million	1Q2009	1Q2008	Change, +/-%
Sales	931,403	911,750	2%
Operating expenses	(648,810)	(546,123)	19%
<b>Operating profit / EBIT</b>	282,593	365,627	(23%)
Finance income	119,014	56,644	110%
Finance expenses	(268,438)	(40,590)	561%
Share of net income of associated undertakings and jointly controlled entities	13,536	12,454	9%
Gains on disposal of available-for-sale financial assets	516	3,616	(86%)
<b>Profit before profit tax</b>	147,221	380,328	(61%)
Current profit tax expense	(33,787)	(92,196)	(63%)
Deferred profit tax expense	(3,257)	(2,082)	56%
Profit tax expense	(37,044)	(94,278)	(61%)
<b>Profit attributable to owners of OAO Gazprom <sup>(1)</sup></b>	103,679	273,439	(62%)

(1) Excluding non-controlling interest.

# Cash Flow Statement

<b>Cash flow from Operating activities, RR million</b>	<b>1Q2009</b>	<b>1Q2008</b>	<b>Change, +/-%</b>
Profit before profit tax	147,221	380,328	(61%)
Depreciation	54,480	56,409	(3%)
Net unrealized foreign exchange losses (gains)	140,370	(16,553)	(948%)
Interest expense	13,041	19,003	(31%)
Working capital changes	(65,921)	(28,597)	131%
Profit tax paid	(54,192)	(59,616)	(9%)
<b>Net cash provided by operating activities</b>	<b>233,963</b>	<b>375,935</b>	<b>(38%)</b>
<b>Investing Activities, RR million</b>			
Capex	(205,417)	(159,410)	29%
Other	6,673	(11,617)	(157%)
<b>Net cash used for investing activities</b>	<b>(236,071)</b>	<b>(232,832)</b>	<b>1%</b>
<b>Financing Activities, RR million</b>			
Long-term financing and loans, net	930	(50,036)	(102%)
Interest paid	(18,317)	(16,254)	13%
<b>Net cash used for financing activities</b>	<b>(16,249)</b>	<b>(47,888)</b>	<b>(66%)</b>
Cash and cash equivalents at the beginning of reporting period	343,833	279,109	23%
<b>Cash and cash equivalents at the end of reporting period</b>	<b>338,417</b>	<b>371,654</b>	<b>(9%)</b>