



**ALLIANCE**  
O I L C O M P A N Y

# Financial Results 3Q09

November 26, 2009



# Third Quarter 2009 Highlights

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- Stable volumes in upstream: 3.9 million barrels of oil produced. Refinery volumes up to 5.9 million barrels
- Revenue increased by 35% Q-o-Q to MUSD 490 compared to MUSD 364 in 2Q09 (MUSD 894 in 3Q08)
- EBITDA increased by 31% Q-o-Q to MUSD 112 compared to MUSD 86 in 2Q09 (MUSD 226 in 3Q08)
- Net result increased by 28% Q-o-Q to MUSD 60 compared to MUSD 47 in 2Q09 (MUSD 132 in 3Q08)



# Third Quarter 2009

## The Best Quarter Year To Date

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- Improved pricing environment for crude and products
- Seasonal demand increases and signs of product market recovery
- Successful exploration well at Lek-Kharyaga expected to add considerable reserves
- Retail network expanded through acquisition in Amur Region
- Solid financial position

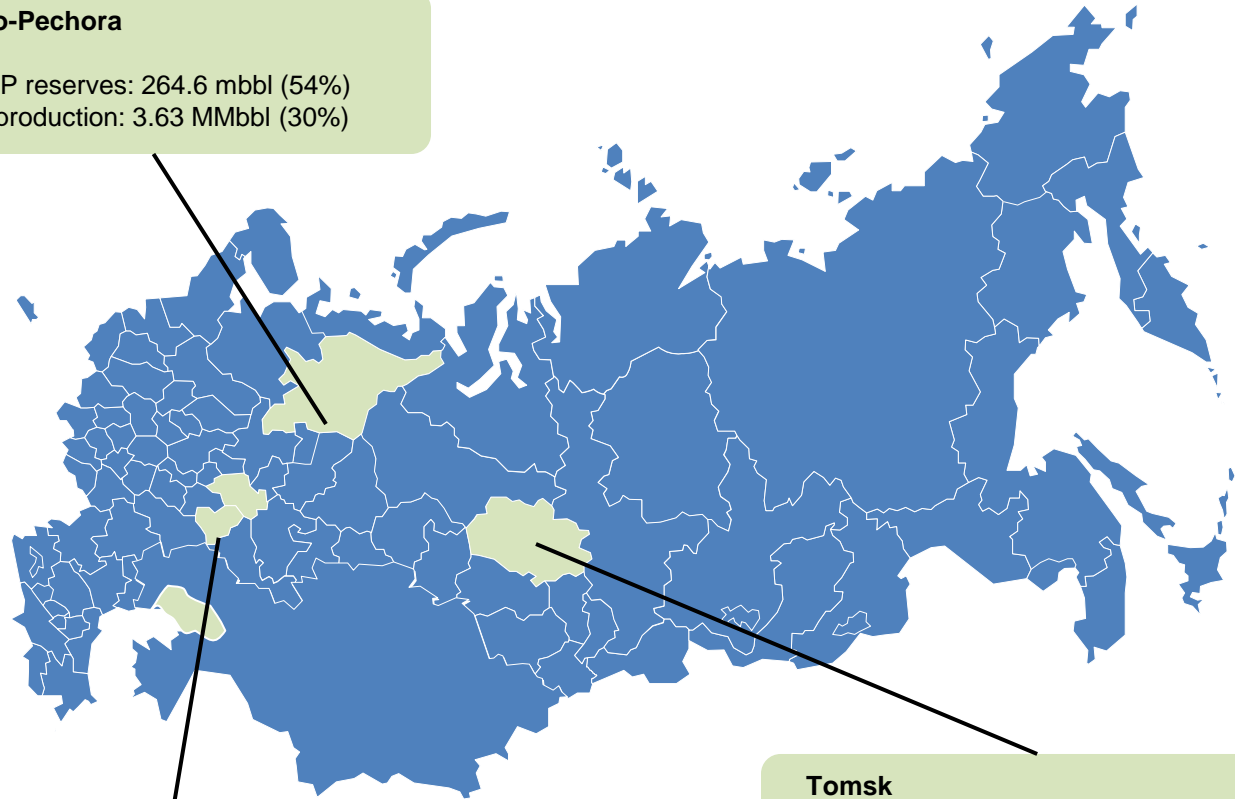


# Upstream Operations Assets



## Timano-Pechora

YE08 2P reserves: 264.6 mbbl (54%)  
9M 09 production: 3.63 MMbbl (30%)



## Volga-Urals and Kazakhstan

YE08 2P reserves: 155.4 mbbl (32%)  
9M 09 production: 5.82 MMbbl (48%)

## Tomsk

YE08 2P reserves: 67.3 mbbl (14%)  
9M 2009 production: 2.73 MMbbl (22%)

*Note: Reserves as per D&M report as of August 31, 2008 adjusted for production through year end*

# Upstream Operations Production



Oil Production Q-by-Q, mbbl



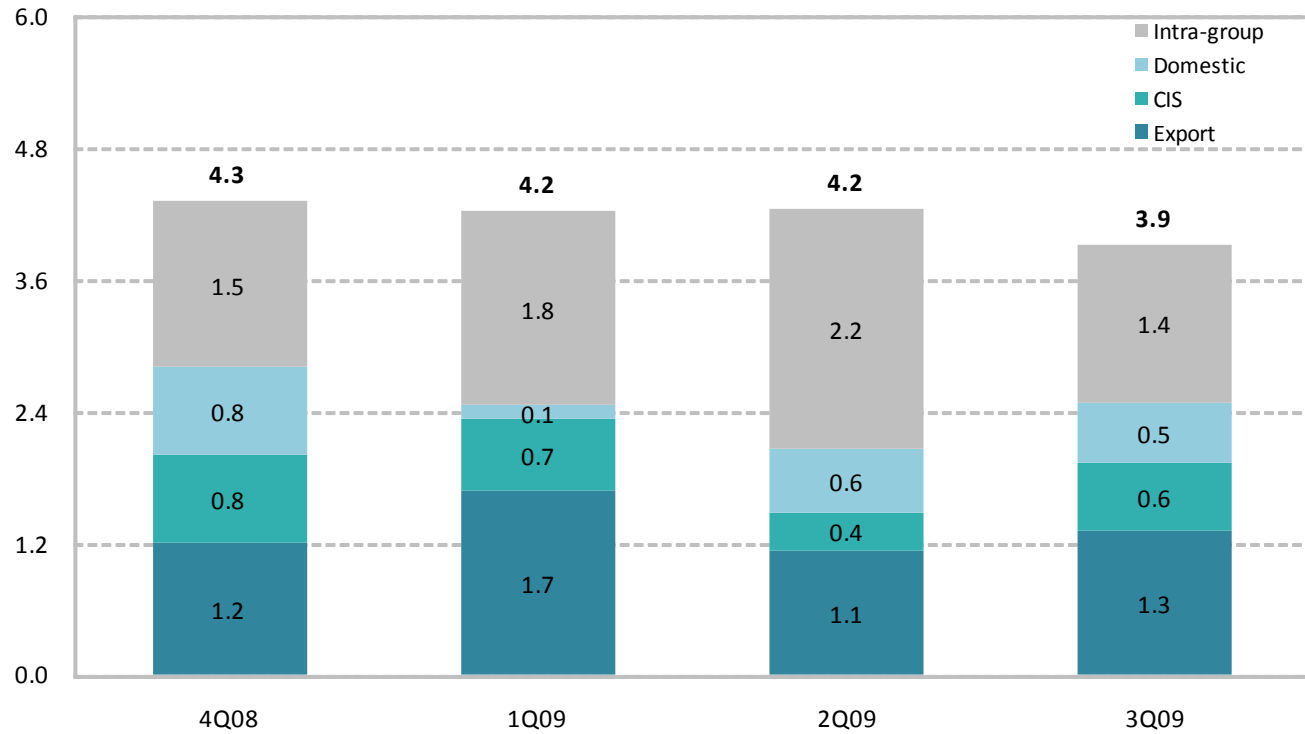
- Stable production volumes in all production regions
- In line with full year target

# Upstream Operations

## Sales



Crude Oil Sales, mbbl



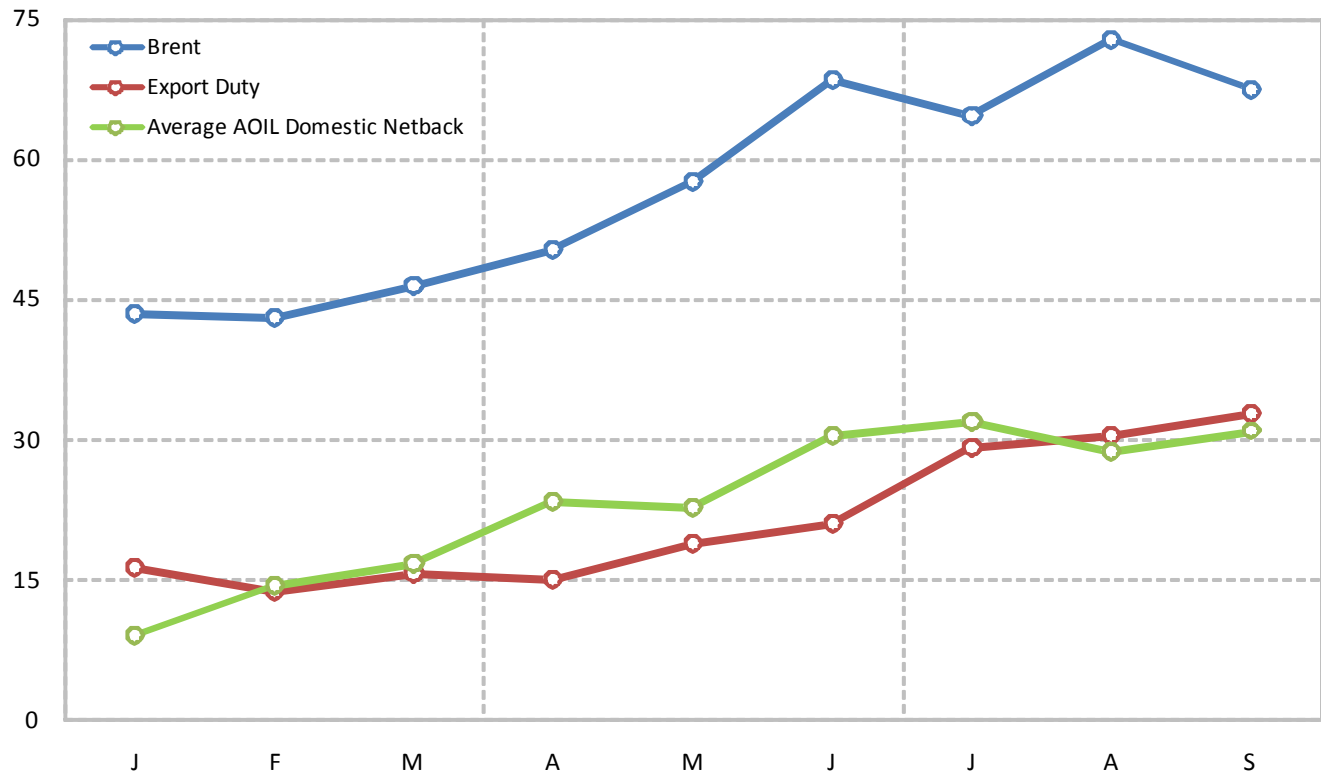
- Increased export and CIS volumes

# Upstream Operations

## Prices



2008-2009 Crude Oil Price Environment, USD/bbl



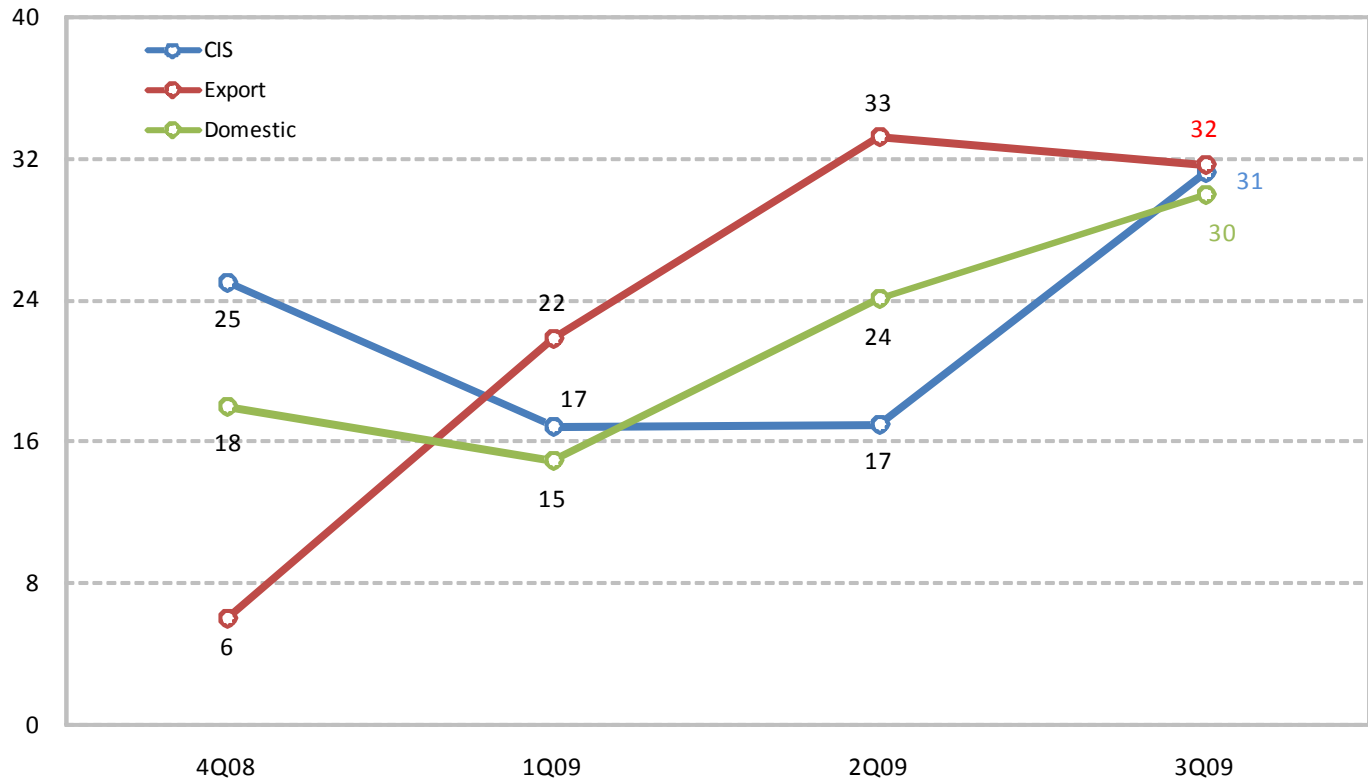
- Stable international and domestic markets

# Upstream Operations

## Netbacks

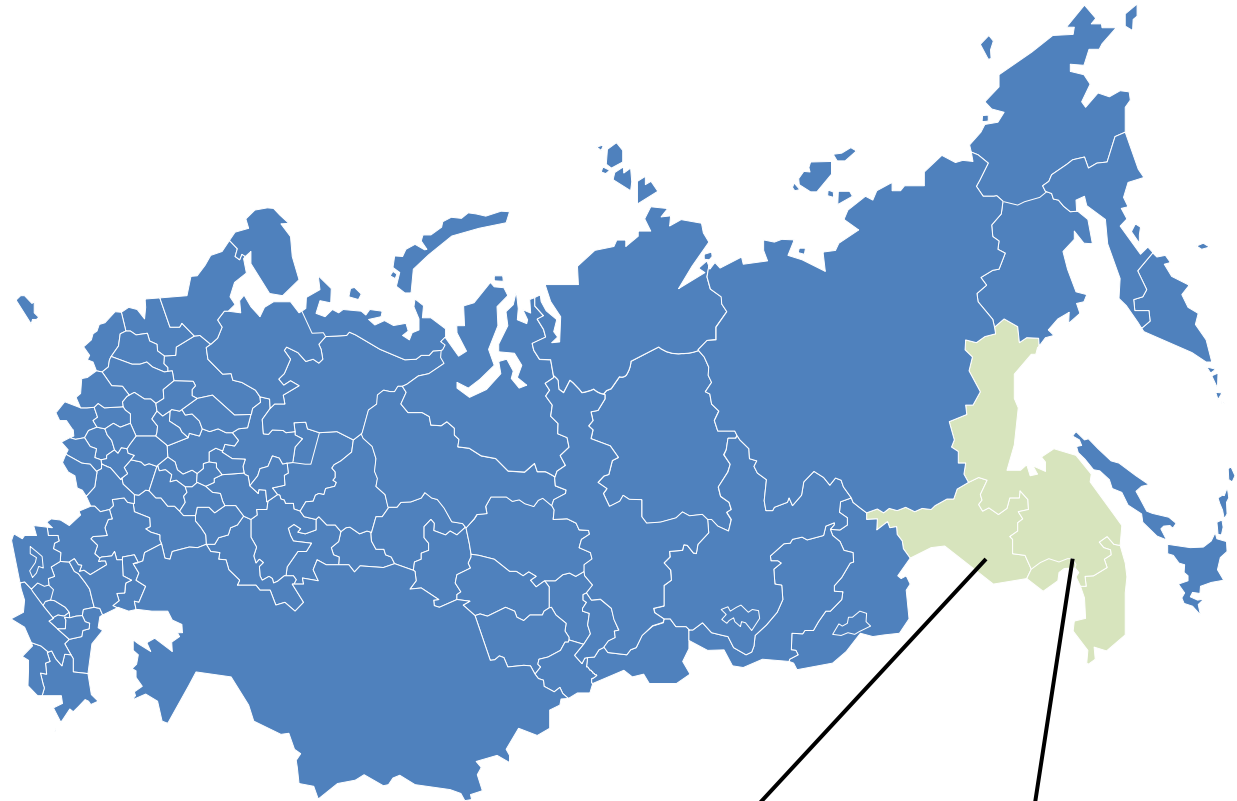


2008-2009 Netback Prices, USD/bbl



- Solid improvement on CIS destinations
- Improved domestic netbacks

# Downstream Operations Assets



**Far East (Amur, Primorsk, Khabarovsk and Jewish Autonomous Regions)**

Railcar fleet of 1,443 units  
Retail gas stations and oil product terminals

**Khabarovsk Oil Refinery**

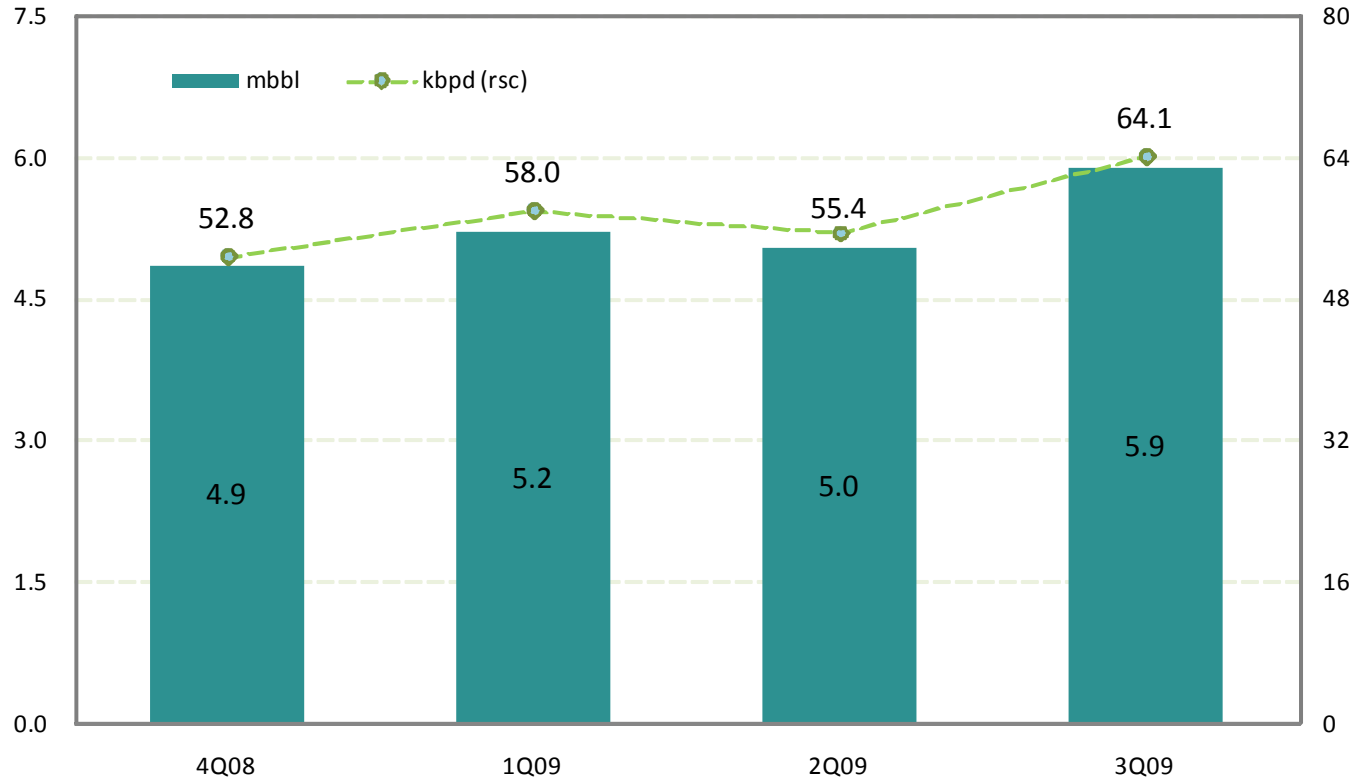
Refining capacity: 70,000 bpd  
Nelson complexity index: 3.4  
9M 09 throughput: 16.2 mbbbl

# Downstream Operations

## Refinery Throughput



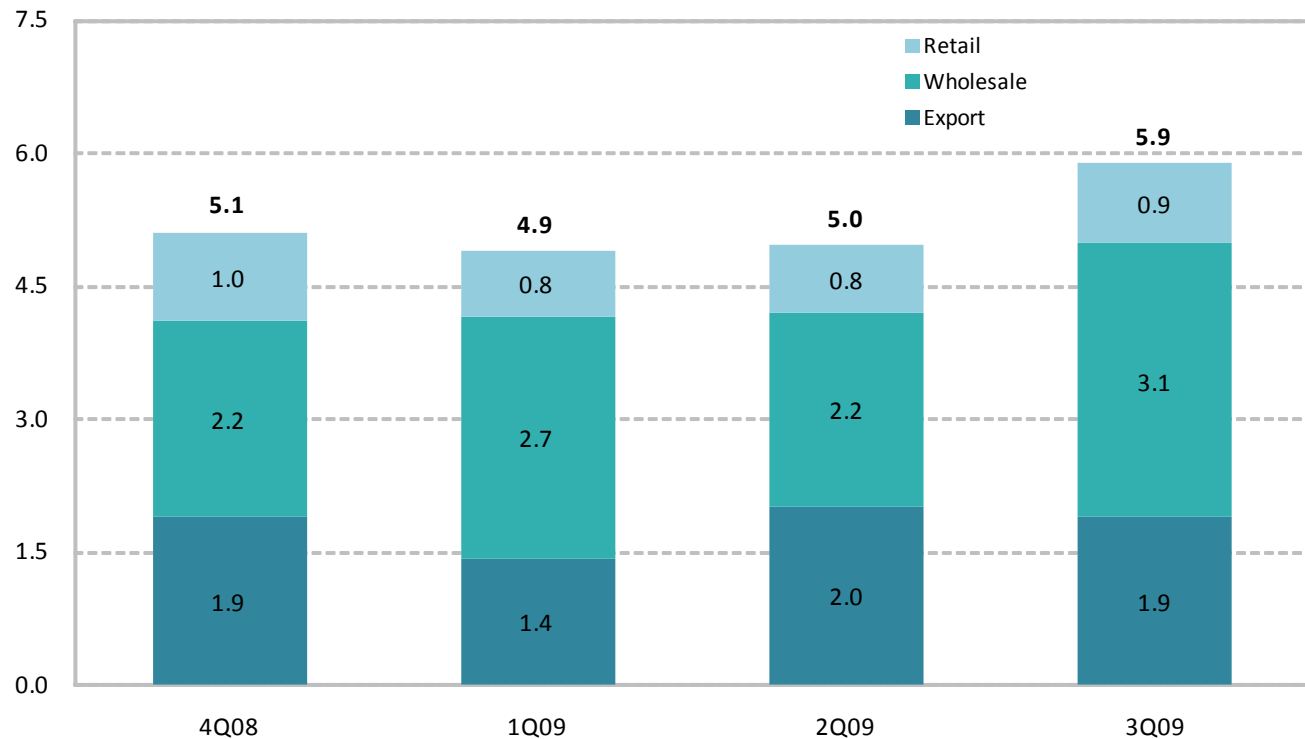
Oil Refining at the Khabarovsk Refinery, mbbl



- Continuing increase in run-rate following demand for products

# Downstream Operations Sales

Oil Products Sales, mbbl

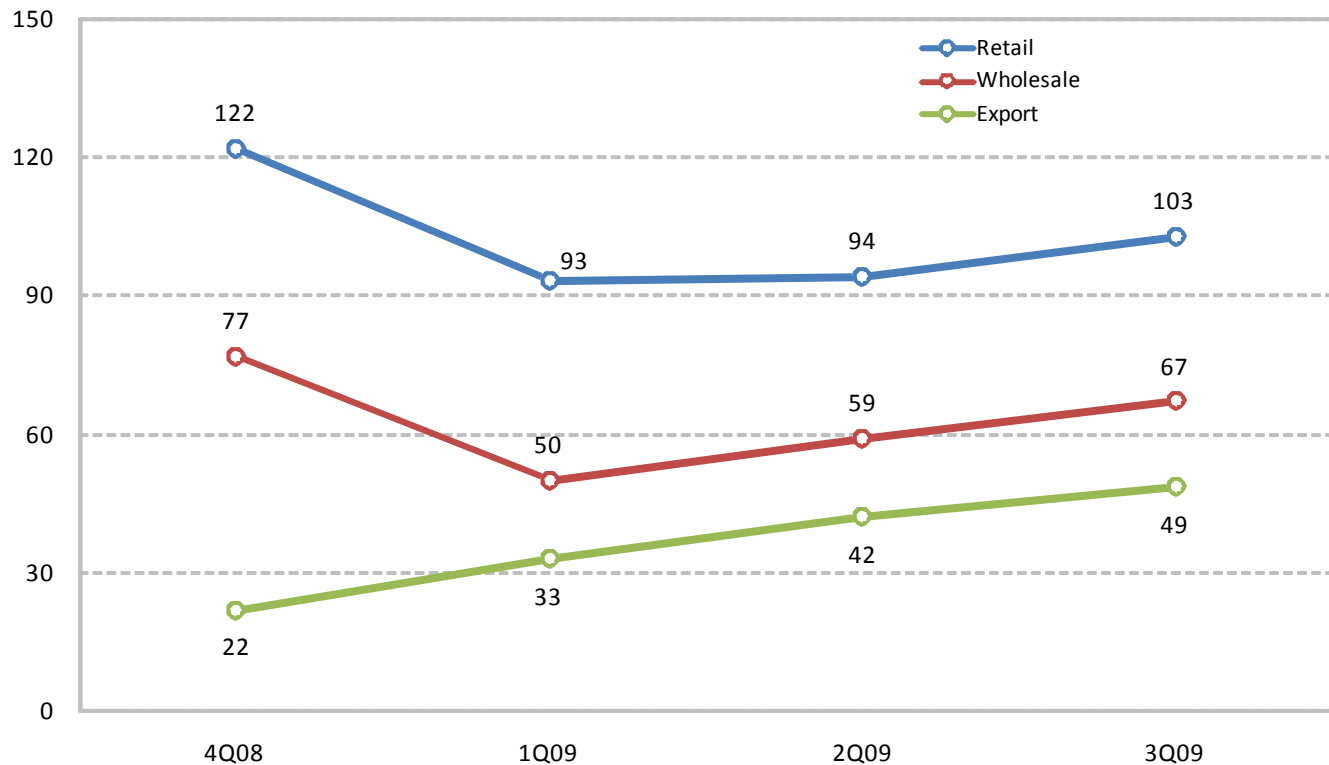


- Significant increase in domestic wholesale volumes
- Better retail volumes and stable export shipments

# Downstream Operations Prices



2008-2009 Oil Products Net Prices, USD/bbl



- Positive trend on all destinations

# Financials

## 2008 – 3Q09

<i>MUSD</i>	3Q08	4Q08	FY08	1Q09	2Q09	3Q09
Revenue	894	410	2,722	328	364	490
Operating Income	183	-347	136	76	56	88
<i>Operating Margin</i>	20%	-85%	5%	23%	15%	18%
EBITDA	226	6	585	100	86	112
<i>EBITDA Margin</i>	25%	2%	21%	30%	23%	23%
Net Result	132	-291	46	50	47	60
<i>Net Margin</i>	15%	-71%	2%	15%	13%	12%
EPS, \$	0.80	-1.80	0.20	0.40	0.28	0.34

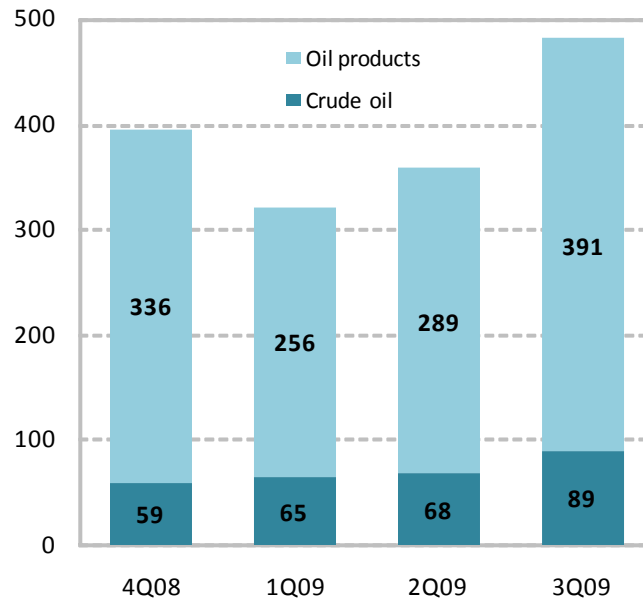
- Best quarter year to date
- Stable margins yielding higher results

**Notes:** (1) 4Q08, FY08 and 2Q09 results include impairment charge  
 (2) EPS numbers recalculated following reverse split 20:1

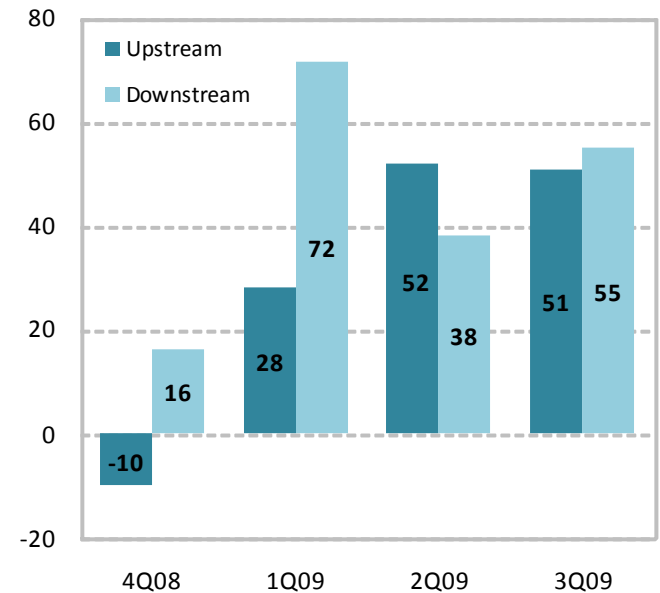
# Financials

## Segment Performance

Revenue Breakdown, MUSD



EBITDA Distribution, MUSD



- Segment revenue increased by 30% and 35%, respectively
- Balanced EBITDA contribution from both segments

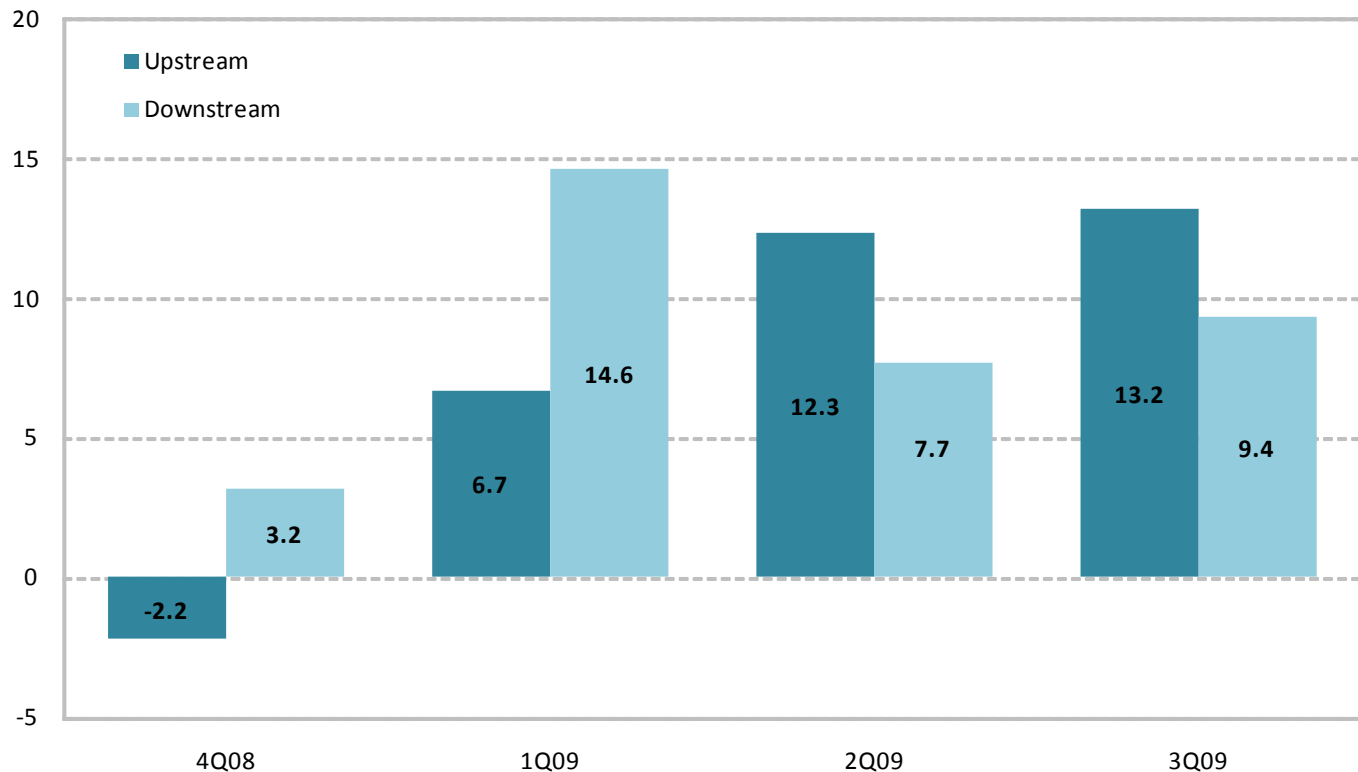
**Note:** Total upstream and downstream EBITDA for 3Q09 is adjusted at consolidation for effect of intra-group transactions of MUSD 6.5

# Financials

## Segment Performance



EBITDA, USD/bbl



- Improved upstream profitability supported by pricing environment
- Better downstream performance on increased domestic demand

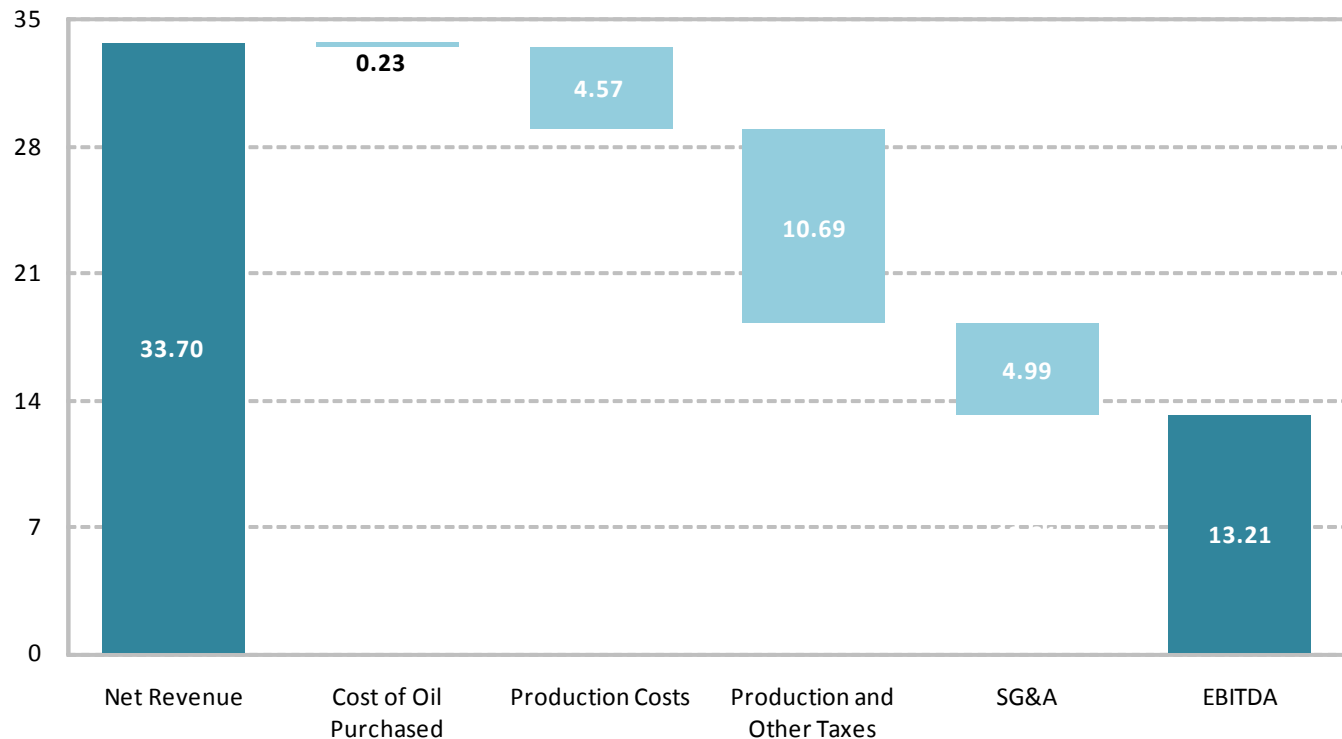
*Note: Upstream EBITDA is based on total sold volume of crude oil including external and intra-group*

# Financials

## Upstream Economics



Upstream Economics 3Q09, USD/bbl



- Production costs up on stronger Rouble
- Increased taxes on higher oil prices

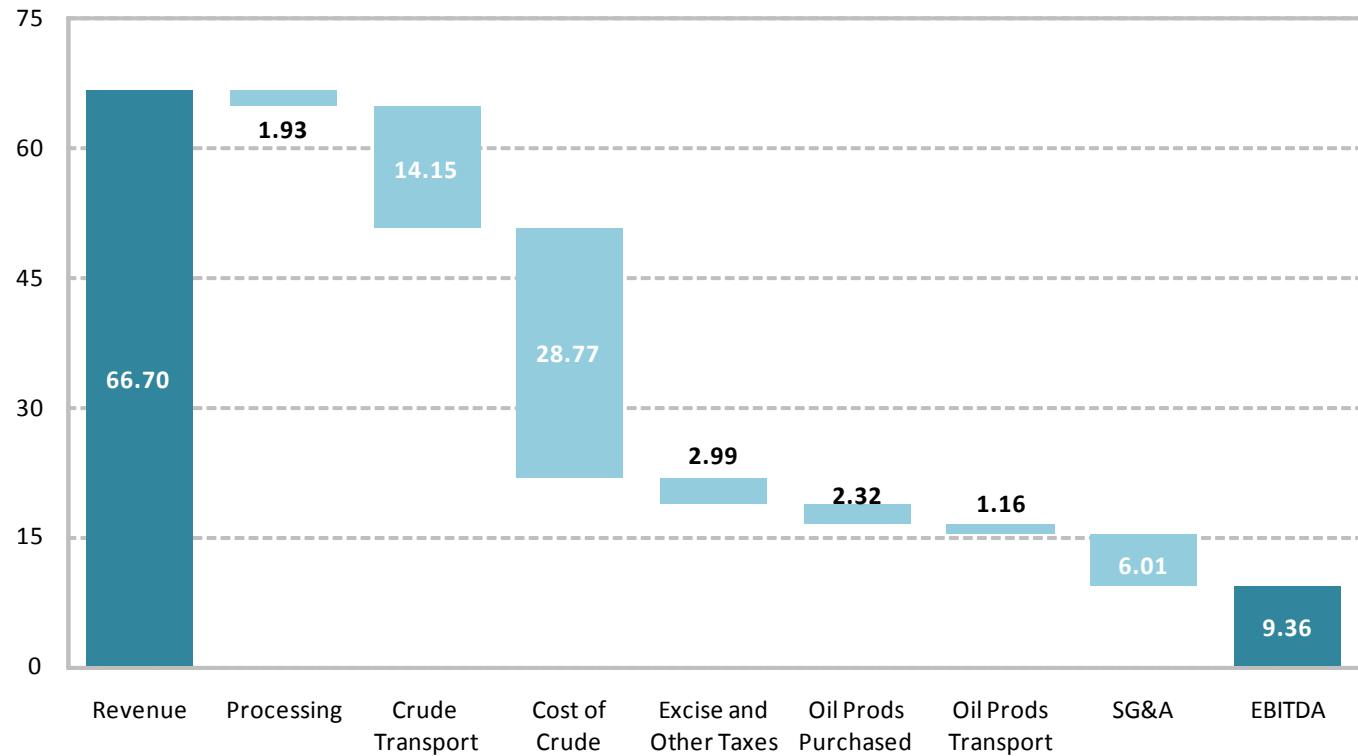
\* Based on total upstream sold volume including external and intra-group

# Financials

## Downstream Economics



Downstream Economics 3Q09, USD/bbl

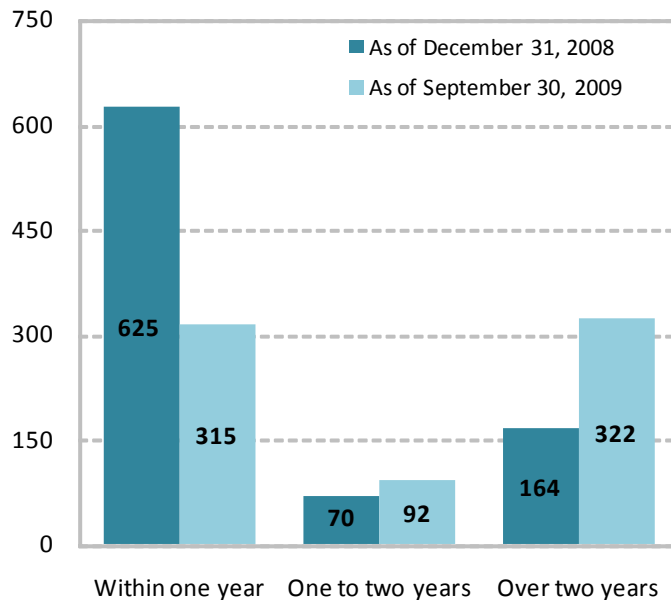


- Cost of crude up 23% Q-o-Q, taxes and excises increased by 29%
- Transportation costs up on stronger Rouble and higher tariffs

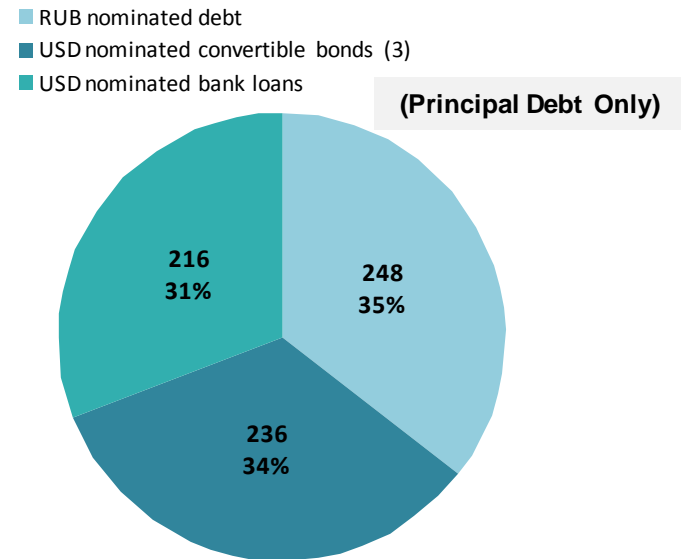
# Financials

## Debt

Debt Maturity Profile (1), MUSD



Total Debt by Currency as of Sept 30, 2009, MUSD



- Net debt of MUSD 418, cash on balance MUSD 326 (2)
- Convertible bond offering successfully closed
- Further extension of debt maturities

**Note:** (1) Future net cash flows based on debt repayment and refinancing; (2) Including restricted cash of MUSD 37  
 (3) Adjusted for equity component

# Third Quarter Summary

## Positioned For Growth

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- Improving market environment
- Solid operational performance
- 2009 upstream CAPEX program increased to MUSD 72
- Lek-Kharyaga discovery to add considerable reserves
- Expanded retail network
- Strengthened financial position
- Currently producing 43,300 barrels and refining 65,700 barrels per day



# Management Outlook

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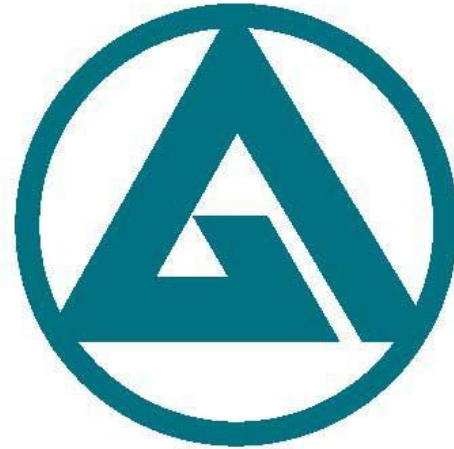
- 2009 production and refining volume targets to be reached
- Improved opportunities for organic growth
- Timano-Pechora reserves to be revised
- Revising long term drilling and development plans
- Refinery upgrade plans unchanged
- Selective M&A in retail and upstream





# Premium Brand and Market Leadership

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