



concern
GALNAFTOGAZ

Investor Presentation

April 2008

OKKO

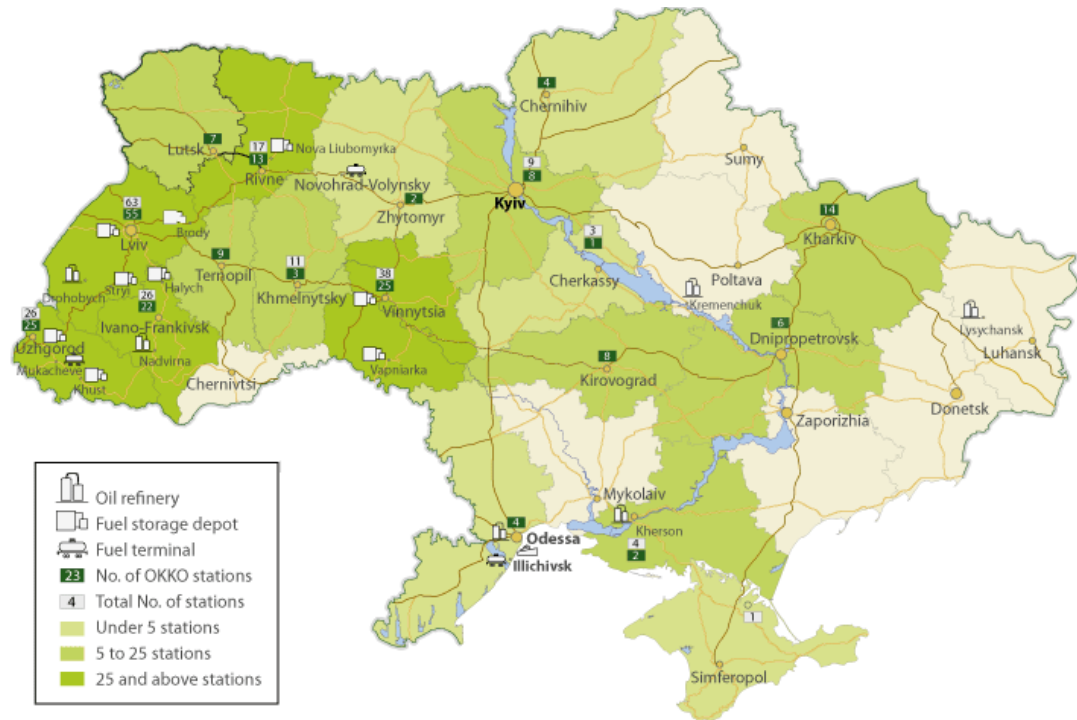
GNG at a Glance

- **Leading domestic fuel retail company in Ukraine and market leading brand**
 - 3rd largest by volume sold (574 thousand tonnes) generating US\$ 493 mln of fuel retail revenues in 2007
 - 4th largest by number of petrol filling stations having total of 264 stations under operation as of March,31 2007
 - High operation efficiency (network efficiency ratio 2.3 as of 2007)

- **Diversified product and service offerings**
 - Services ranging from a regular automobile fuel filling to restaurants
 - 2007 Sales broken-down by product categories – 85.7% from retail sales of fuel products, 6.8% from wholesales, 7.0% from non-fuel products and services and 0.5% from logistics

- **Positioned for market share growth and industry consolidation**
 - Dominant position in the Western part of Ukraine (market share of 30% 2007) provides a strong foothold for capturing existing consolidation opportunities in the region through expanding into new regions in the Eastern and Southern parts of Ukraine and in Kyiv
 - Existing land bank of acquired / leased sites to support building expansion program, non-fuel sales and services growth opportunity

GNG's Growing Network of Filling Stations in Ukraine as on the beginning of 2008



Our Strategy

- **Expand gas filling station network to cover the whole territory of Ukraine to the sum of 512 stations by 2012**

- Through organic growth by constructing new stations
- Through acquisitions of small and medium networks
- Capitalize on strong brand via nationwide rollout

- **Continuous focus on efficiency of operations and profitability**

- Enhance cost control and process optimization
- Investments in providing high-quality services
- Priority in building FS with high throughput of City and Highway formats

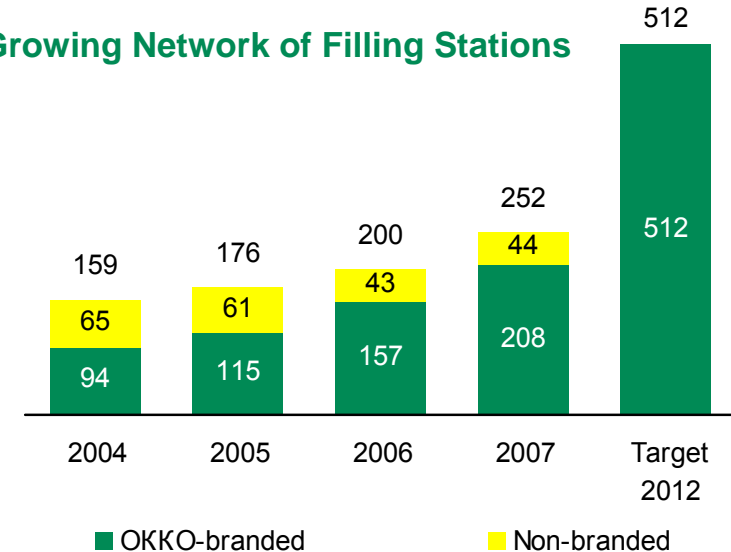
- **Roll-out new product and service offerings**

- Capturing non-fuel growth opportunities via launching of new formats of shops, restaurants, coffee shops and hotels
- Additional sale of liquefied petrol gas (“LPG”) and compressed natural gas (“CNG”)
- Expand variety of products/services offered under the OKKO brand

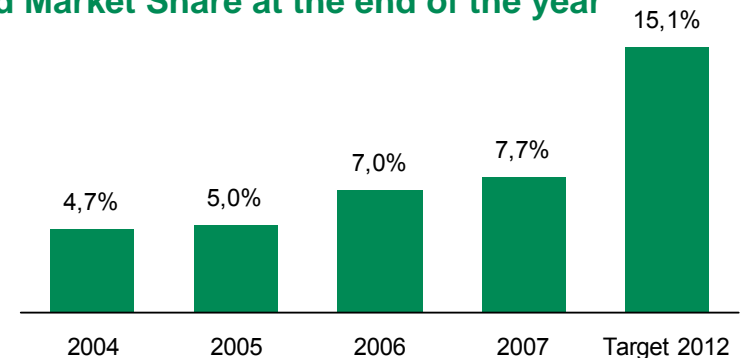
- **Maintain leadership in corporate governance practices and financial transparency**

- Maintain leading position in corporate governance
- Appoint independent members to its Board of Directors
- IFRS accounting since 2003 and initiate quarterly IFRS financial reporting in the second half of 2007

GNG's Growing Network of Filling Stations



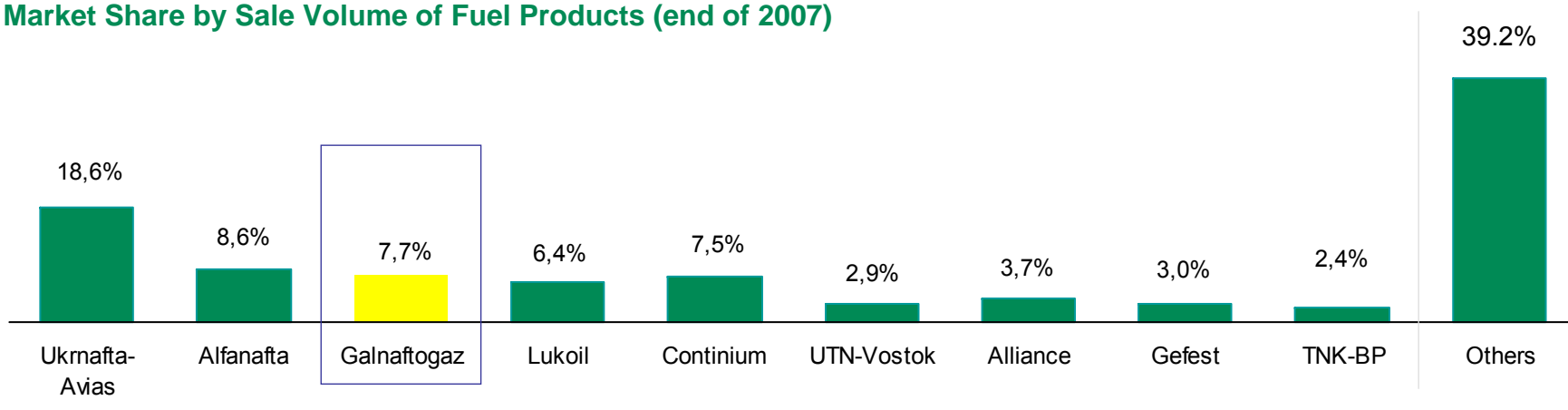
Projected Market Share at the end of the year



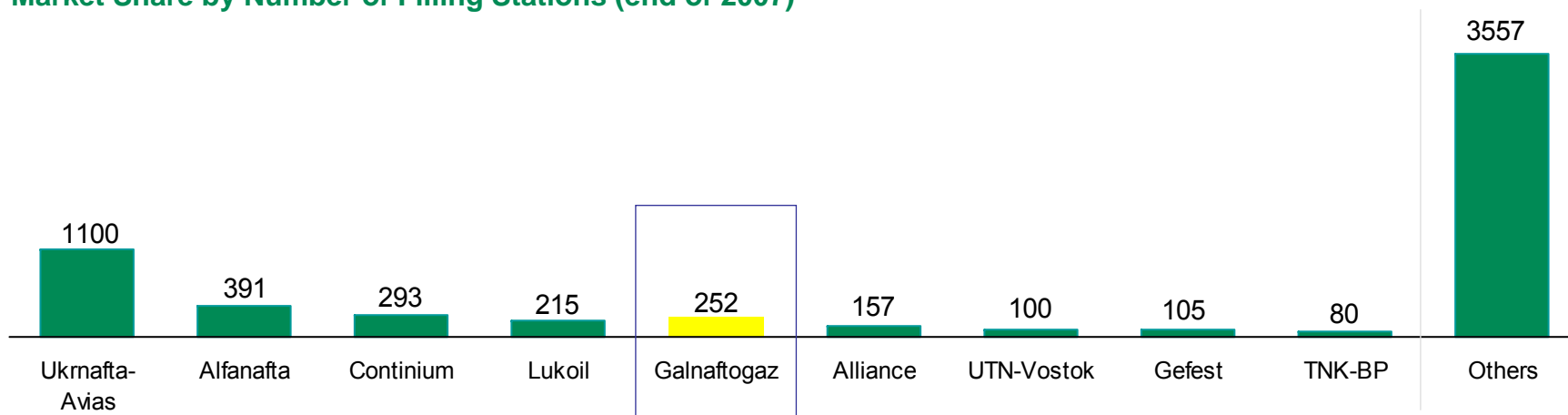
Establish the leading petrol retail company in Ukraine

A Leading Domestic Fuel Retail Company in Ukraine

Market Share by Sale Volume of Fuel Products (end of 2007)



Market Share by Number of Filling Stations (end of 2007)

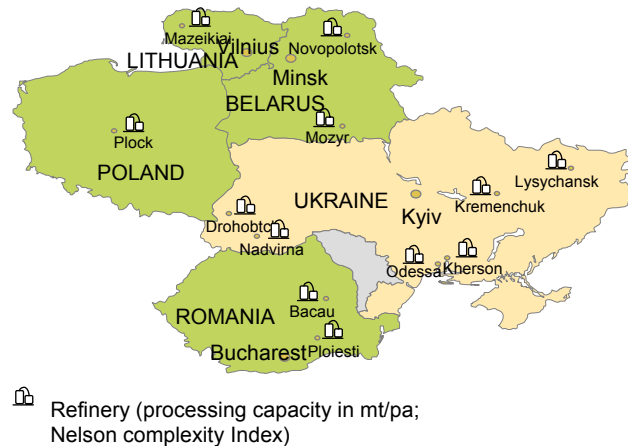


Source: Company Data.

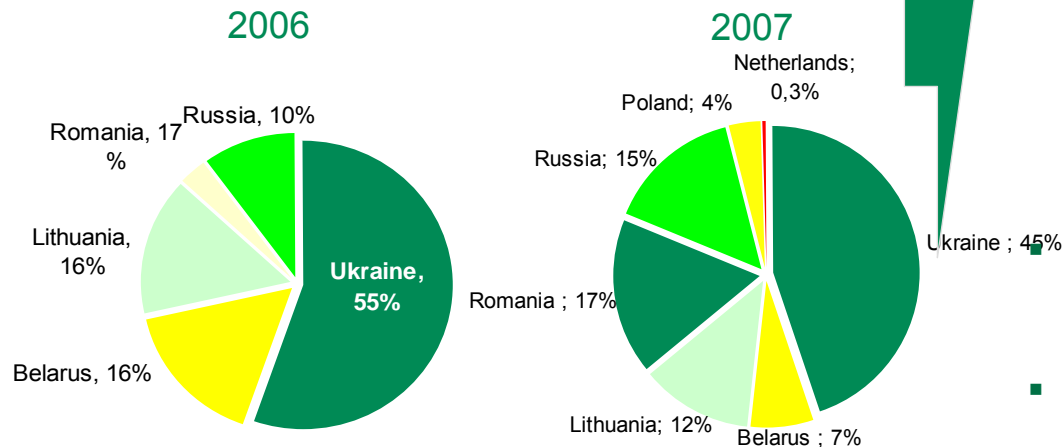
Notes: (1) The market share breakdown by region: West – 28.9%, Central – 4.1%, East – 1.3%, South – 0.9%
 (2) "Others" refers to all other large, small networks or individual retailers

Diversified Oil Supply Sources

Map of Refineries Supplying Oil Products to Ukraine



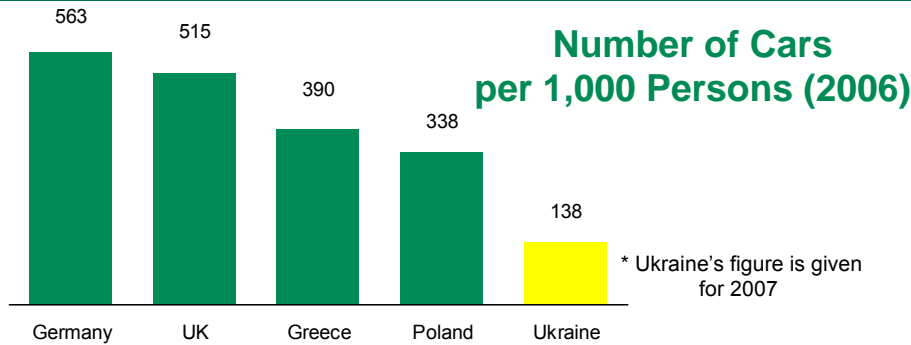
Breakdown of Supply Refineries for GNG



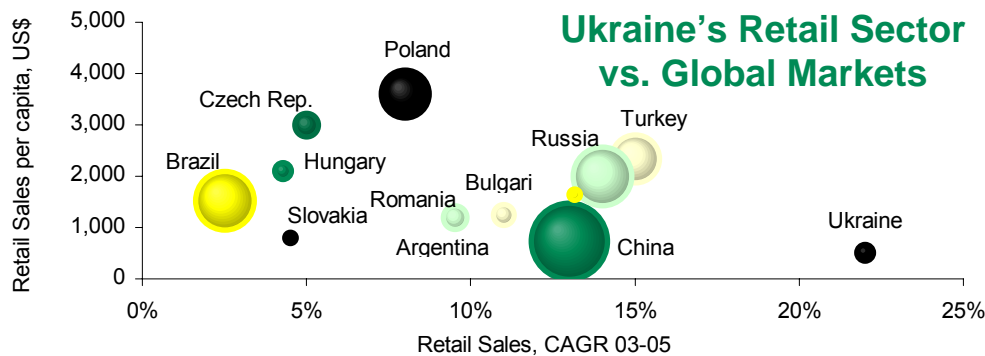
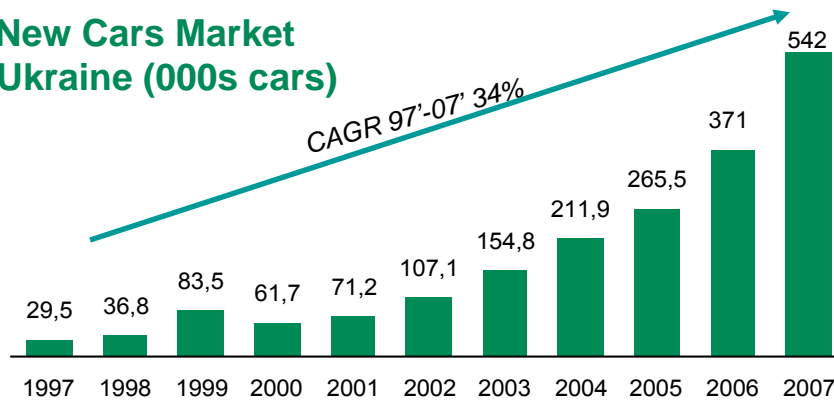
Source: Company Data.

- Capacity of Ukrainian refineries is about 50mn tones per annum, which is much higher than the need of domestic market with utilization rate of 34.1% as of 2005 (as per Nelson Complexity Index)
- Ukrainian oil products quality is lower than imported and the Ukrainian Government made steps towards to institute a policy regarding the increasing of oil products quality and set up programs to stimulate refineries reconstruction
- Domestic light product supply capacity is expected to support the domestic market demands in the long term
- The positions of International Vertically Integrated Oil Companies are not strong in the markets of Eastern Europe and Community of Independent States. Usually they don't have developed both retail and refinery segments. This is favorable for local oil retailers in each country and allows them to form diversified supply portfolio and to be protected from non-competitive actions
- The removal of import restrictions in Ukraine in 2005 provided retailers with greater supply source potential and hence improved profitability
- Hence, pure retailers such as Galnaftogaz are well-positioned to diversify their supply sources from abroad, obtain higher quality oil products and reduce their dependence on a single producer

Capturing Growth Potential of Fuel & Non-Fuel Sales



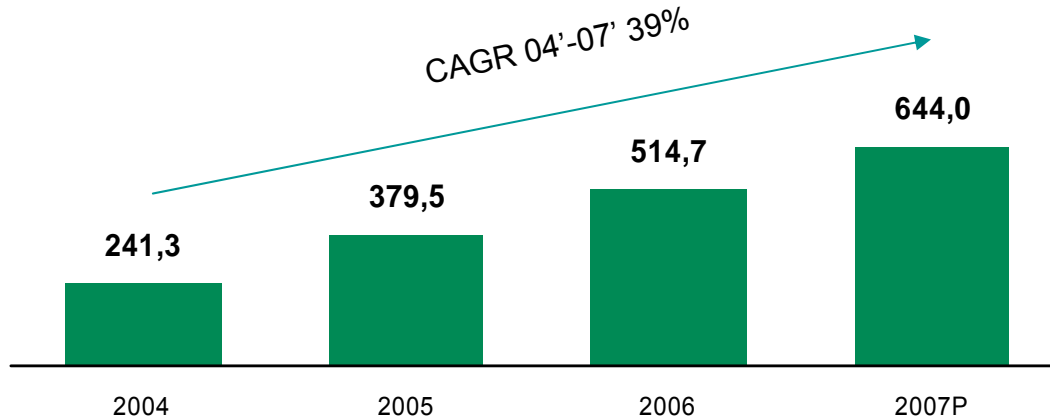
New Cars Market in Ukraine (000s cars)



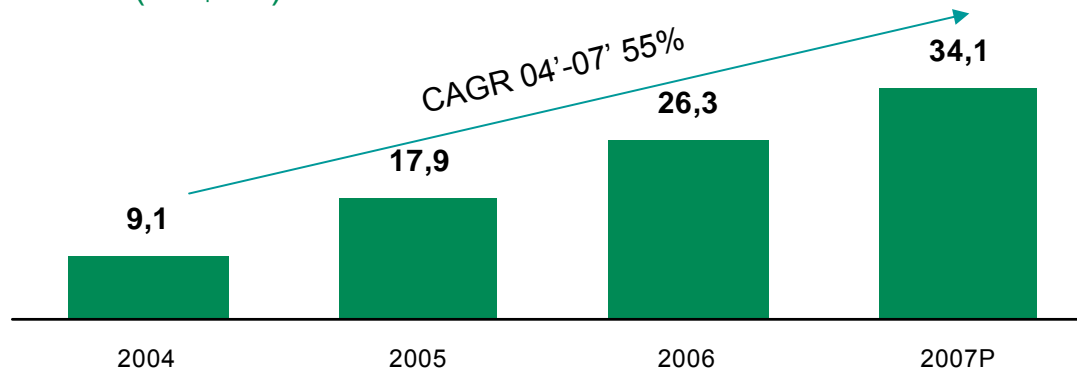
- Ukraine ranks at the bottom of its European peers for number of cars per capita
- In 2006, Ukraine had one of the largest growth rate of cars per 1,000 person among some of the European countries
- Cars per 1,000 expected to grow at 11% CAGR (2007-2010) (as per European Automobile Industry Report 2006) assuming Ukraine reaches Poland's current car ownership levels by 2015
- The market size of oil products retail is expected to grow by 34.0 % in the next three years
- Ukraine also has sizeable growth in disposable incomes which will continue to drive the retail sales going forwards
- Ukraine has benefited from the highest growth in retail sales over the last couple of years (with 25% CAGR in 2003-2006)
- Ukraine offers significant growth prospects relative to the mature European markets. Combination of strong GDP growth (7.3% in 2007) and increasing car ownership supports GNG's growth prospects

Rapidly Growing Revenue Profile

Sales (US\$m)



EBITDA (US\$m)



Drivers of GNG growth

- Increasing the number or filling stations in GNG's network due to investment program
- Increase of average throughput of 1 FS due to change of structure of FS (focus on investments into FS with high throughput - City, Highway) and slight increase of throughput of existing FS due to market growth
- Increase of retail prices for oil products due to growth of oil prices and taxes

Source: Company Data

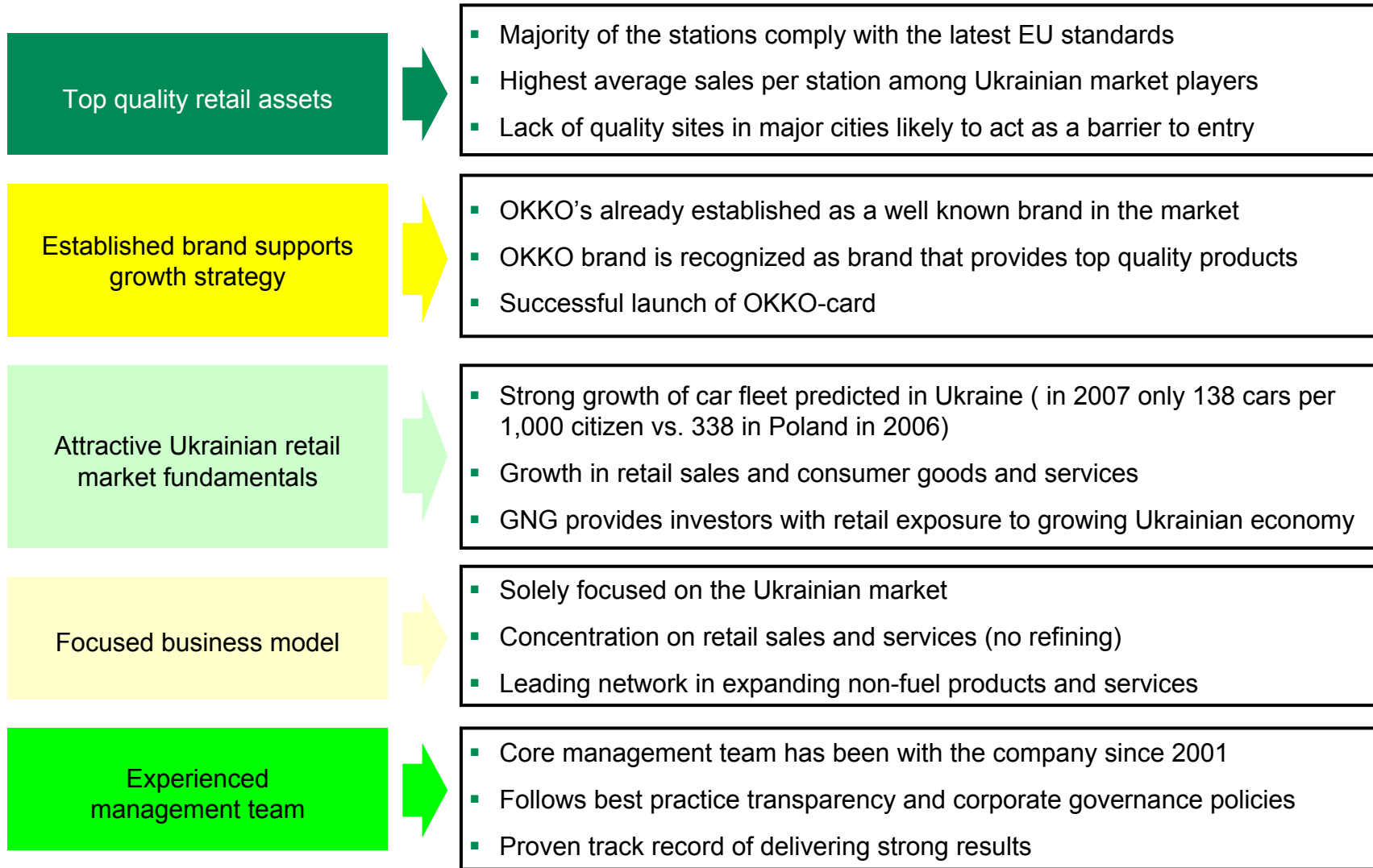
Financial Highlights

US\$m	2005	2006	2007*	2008E	2010E	2012E
Net sales	391.8	514.7	635.4	1 060.7	2 229.3	3 012.1
EBITDA	18.1	24.7	36.8	49.9	106.4	155.3
EBITDA Margin (%)	4.6%	4.8%	5.8%	4.7%	4.8%	5.2%
Net Income	7.8	8.2	11.1	12.8	38.0	66.5
ROA	6,3%	3.3%	3.4%	2.8%	5.0%	6.9%
ROE	15,7%	9.2%	6.4%	6.4%	10.5%	13.3%
Capex	21.6	42.7	111.3	126.1	42.1	74.7
Total Assets	160.3	248.6	414.1	523.6	785.7	1 001.2
Debt	65.4	118.6	172.6	272.8	358.4	408.2
Equity	61.6	89.1	175.1	221.7	385.0	538.5

Note: All financial figures are without VAT and in compliance with IFRS (* 2007 – unaudited)

Source: Company Data

Key Investment Highlights





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