PRESS RELEASE
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LUKOIL ANNOUNCES 1Q 2020 IFRS FINANCIAL RESULTS

PJSC "LUKOIL" released its condensed interim consolidated financial statements for the three-month period ended March 31, 2020 prepared in accordance with International Financial Reporting Standards (IFRS).

Financial Highlights

1Q 2020	4Q 2019		1Q 2020	1Q 2019
		(RUB bln)		
1,666.0	1,912.4	Sales	1,666.0	1,850.9
150.8	**278.2**	**EBITDA**	**150.8**	**298.1**
109.2	211.8	Exploration and production	109.2	235.1
40.3	82.2	Refining, marketing and distribution	40.3	79.9
(46.0)	119.3	(Loss) profit for the period attributable to LUKOIL shareholders	(46.0)	149.2
130.2	135.9	Capital expenditures	130.2	97.4
55.5	**184.7**	**Free cash flow**	**55.5**	**145.9**
10.0	139.8	Free cash flow before changes in working capital	10.0	183.3

COVID-19

Since the start of COVID-19 pandemic, LUKOIL has been undertaking all necessary measures to rule out the direct impact of the pandemic on the Group's operating activity, prioritizing proper protection of its employees, contractors personnel and clients, as well as continuity of production processes.

Weaker global economic activity amid the pandemic followed by an unprecedented slump in hydrocarbon demand and prices had a negative impact on operational and financial performance of the Group in the first quarter of 2020 with persisting negative effect in the second quarter of 2020.

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The consequences of the pandemic for the Company's operational results in the first quarter of 2020 and April-May 2020 include: crude oil production cut at the Company's fields in Russia and some international projects due to the new OPEC+ agreement; gas production cut in Uzbekistan due to lower demand from China; reduction of refinery throughput volumes due to lower refining margins owing to lower demand for refined products; and lower sales volumes of motor fuels through the Company's filling stations because of lower demand.

The main impact of the pandemic on the Company's financial performance is attributed to sharp decline in prices for oil and refined products.

OPEC+ agreement

On April 12, 2020 a number of oil-producing countries, including OPEC members and Russia, entered into an agreement to reduce their collective output by 9.7 million barrels per day starting from May 1, 2020 followed by the reduction in limitations to 7.7 million barrels per day starting from July 1, 2020 and then to 5.8 million barrels per day starting from January 1, 2021 until the agreement expires in the end of April 2022. Due to the agreement, starting from May 1, 2020 the Company cut its crude oil production in Russia by approximately 310 thousand barrels per day as compared to the average daily production in the first quarter of 2020. In addition, crude oil production was also reduced at some of the international projects. For instance, production at the West Qurna-2 project in Iraq was cut by 70 thousand barrels per day.

Sales

In the first quarter of 2020, our sales amounted to RUB 1,666.0 bln, down by 10.0% year-on-year and by 12.9% quarter-on-quarter. Sales dynamics was negatively affected mainly by lower oil and refined product prices. Lower international gas sales volumes, lower trading volumes of refined products and lower sales volumes of refined products through the Group's filling stations put additional pressure on sales dynamics. These factors were partially offset by an increase in crude oil trading volumes and the ruble devaluation to US dollar.

EBITDA

In the first quarter of 2020, EBITDA amounted to RUB 150.8 bln, down by 49.4% year-on-year and by 45.8% quarter-on-quarter.

Besides lower hydrocarbon prices, the main factor for the decrease in EBITDA of the Exploration and Production segment in Russia was the negative time lag effect of taxes and duties. Adverse macroeconomic factors were partially offset by lower

lifting costs quarter-on-quarter, as well as bigger share of high-margin barrels in the crude oil production structure year-on-year.

Outside Russia, besides the price factor, EBITDA of the Exploration and production segment was negatively affected by lower gas production in Uzbekistan. Negative influence of this factor was partially offset by higher share in production of our PSA projects due to lower hydrocarbon prices.

The main negative factors for the EBITDA dynamics in the Refining, Marketing and Distribution segment were the inventory effect at our refineries and the inventory write-down to net realizable value as of the end of the quarter due to a sharp decline in crude oil and refined products prices. EBITDA dynamics was also negatively affected by lower sales volumes through the Company's filling stations due to lower demand.

In Russia, the abovementioned negative factors in the Refining, Marketing and Distribution segment were partially offset with higher benchmark refining margin, higher refinery throughput volumes and better product slate at the Company's refineries. As compared to the fourth quarter of 2019, EBITDA in Russia was positively affected by lower refining expenses and better performance of power generation and petrochemical businesses.

Outside Russia, the negative factors in the Refining, Marketing and Distribution segment were partially offset by better product slate year-on-year, higher benchmark refining margin quarter-on-quarter, as well as lower refining expenses.

Profit for the period

In the first quarter of 2020, the Company booked a loss attributable to shareholders in the amount of RUB 46.0 bln.

In addition to lower EBITDA, the loss stemmed from higher DD&A charge following the launch of new production facilities, non-cash foreign exchange loss due to the sharp ruble devaluation, and assets impairment loss primarily in the European refining segment.

Capital expenditures

In the first quarter of 2020, our capital expenditures amounted to RUB 130.2 bln, down by 4.2% quarter-on-quarter and up by 33.7% year-on-year. Higher capital expenditures year-on-year were mainly attributable to higher volumes of production drilling and other works at the Company's fields in Russia, implementation of the second development stage of the West Qurna-2 project in Iraq, and payment

schedules to suppliers and contractors.

Free cash flow

In the first quarter of 2020, our free cash flow was RUB 55.5 bln, down by 61.9% year-on-year and by 69.9% quarter-on-quarter. The decline was mainly attributable to lower operating cash flow, as well as higher capital expenditures year-on-year. Free cash flow was supported by inventory release in the first quarter of 2020.

Operating highlights

1Q 2020	4Q 2020		1Q 2020	1Q 2019
2,382	**2,419**	**Hydrocarbon production, Kboepd**	**2,382**	**2,407**
2,328	**2,388**	**ex. West Qurna-2**	**2,328**	**2,379**
1,838	1,816	Liquid hydrocarbon production, Kbpd	1,838	1,820
1,784	1,785	ex. West Qurna-2	1,784	1,792
8.4	9.4	Gas production, bcm	8.4	9.0
16.0	**16.1**	**Production of refined products at own refineries, mln tonnes**	**16.0**	**15.7**

In the first quarter of 2020, the Group's average daily hydrocarbon production excluding the West Qurna-2 project totaled 2,328 thousand boe per day, down by 2.1% year-on-year and by 2.5% quarter-on-quarter. The decline in production was driven by lower gas supply to China from projects in Uzbekistan due to lower demand because of the coronavirus. As compared to the first quarter of 2019, the negative influence of this factor was partially offset by higher share in production of our international PSA projects.

Liquid hydrocarbons

In the first quarter of 2020, production of liquid hydrocarbons excluding the West Qurna-2 project remained practically unchanged quarter-on-quarter and totaled 1,784 thousand boe per day. As compared to the first quarter of 2019, average daily crude oil production excluding the West Qurna-2 project decreased by 0.4%. Lower oil production in Russia year-on-year due to the OPEC+ agreement was almost offset by higher international production partly due to acquisition of a share in the Marine XII project in the Republic of Congo.

Active development of the priority projects was on track. In particular, further development of the Yaregskoye field and Permian reservoir of the Usinskoye field, including the launch of new steam-generating facilities, allowed increasing high viscosity crude oil production in the first quarter of 2020 by 6% year-on-year, to 1.2 million tonnes.

In West Siberia the aggregate oil and gas condensate production at the V. Vinogradov, Imilorskoye, Sredne-Nazymskoye and Pyakyakhinskoye fields increased in the first quarter of 2020 by 29% year-on-year and exceeded 1.0 million tonnes.

In the Caspian Sea at the V. Filanovsky and Yu. Korchagin fields the production was maintained at designed levels due to drilling programs. Total oil and gas condensate production at these fields in the first quarter of 2020 was 1.8 million tonnes, which is flat year-on-year.

The share of the abovementioned projects in the LUKOIL Group's oil production excluding the West Qurna-2 project amounted to 19% in the first quarter of 2020 compared to 18% in the first quarter of 2019.

Gas

In the first quarter of 2020, the Group's gas production amounted to 8.4 billion cubic meters. Gas production in Russia increased by 5.9% year-on-year and by 1.1% quarter-on-quarter. The growth was attributed to the launch of the second stage of the compressor booster station at the Nakhodkinskoye field in December 2019. International gas production decreased by 18.0% year-on-year and by 22.2% quarter-on-quarter. The main decline factor were production limitations in Uzbekistan due to lower gas demand from China because of coronavirus.

Refined products

In the first quarter of 2020, production of refined products at LUKOIL's refineries increased by 1.4% year-on-year to 16.0 million tonnes. The growth was mainly attributable to higher utilization rates at refineries in Europe after feedstock supply disruptions through the port of Novorossiysk due to weather conditions in the first quarter of 2019. The product slate continued to improve both at Russian and European refineries. In particular, output of high-sulfur fuel oil shrank by 21%, while the light product yield increased by 3 p.p., to 74%.

As compared to the fourth quarter of 2019, production of refined products remained practically unchanged.

Information:
Full set of PJSC "LUKOIL" condensed interim consolidated financial statements prepared in accordance with IFRS for the first quarter of 2020 is available on the Company's web site: www.lukoil.com. These condensed interim consolidated financial statements have been prepared by the Company in accordance with IFRS and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal discrepancies, and we cannot give any assurance that any such discrepancies would not be material. PJSC LUKOIL is one of the largest publicly traded, vertically integrated oil and gas companies in the world in terms of proved hydrocarbon reserves and production; and the second largest producer of crude oil in Russia. Established in 1991, the Company currently operates in more than 30 countries with core upstream assets located in Russia. The full production cycle includes oil and gas exploration, production and refining; production of petrochemicals and lubricants; power generation, marketing and distribution providing LUKOIL with maximum synergies from its activities. The Company's shares are listed in Russia on Moscow Exchange under the ticker "LKOH" and depositary receipts are listed on the London Stock Exchange under the ticker "LKOD".