PRESS RELEASE
MAY 16, 2018

# LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE FIRST QUARTER OF 2018

The LUKOIL Group's average daily hydrocarbon production excluding West Qurna-2 project in the first quarter of 2018 was 2,286 thousand boe per day, which was 3.3% higher year-on-year and flat quarter-on-quarter. The growth was driven by the development of gas projects.

## Hydrocarbon production, thousand boe per day

| 1Q 2018 | 4Q 2017 | | 1Q 2018 | 1Q 2017 |
|---|---|---|---|---|
| **2,286** | **2,286** | **Total** (excluding West-Qurna 2 project) | **2,286** | **2,213** |

Starting January 2017 LUKOIL Group's oil production volumes and dynamics are mainly defined by the external limitations of Russian companies' production volumes. In the first quarter of 2018 oil production excluding West Qurna-2 project was 20.9 million tonnes with average daily production remaining at the level of the fourth quarter of 2017.

## Oil production, thousand tonnes

| 1Q 2018 | 4Q 2017 | | 1Q 2018 | 1Q 2017 |
|---|---|---|---|---|
| **20,926** | **21,477** | **Total** (excluding West-Qurna 2 project) | **20,926** | **21,397** |
| 20,005 | 20,525 | Russia | 20,005 | 20,442 |
| 19,847 | 20,360 | Subsidiaries | 19,847 | 20,178 |
| 158 | 165 | Share in affiliates | 158 | 264 |
| 921 | 952 | Outside of Russia | 921 | 955 |
| 490 | 526 | Subsidiaries | 490 | 517 |
| 431 | 426 | Share in affiliates | 431 | 438 |
| *451* | *396* | *Compensation oil from West Qurna-2 project* | *451* | *405* |
| **21,377** | **21,873** | **Total** | **21,377** | **21,802** |

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Active development of the priority projects continued. In particular, oil production at V. Filanovsky field was 1.4 million tonnes in the first quarter of 2018, one and a half times above the production for the first quarter of 2017. Two wells were completed within the second stage of the field development. Further drilling will allow to reach the sustainable production plateau of 6 million tonnes of oil per year. The Company progressed with the Yu. Korchagin field's second development stage that allowed to commence drilling of the first well in May 2018. Development of the Yaregskoe field and Permian reservoir of the Usinskoe field in Timan-Pechora allowed to increase high viscosity oil production by 45% year-on-year. Oil and gas condensate production at the Pyakyakhinskoe field in West Siberia increased by 12% year-on-year.

The share of the abovementioned projects in the LUKOIL Group's oil production excluding the West Qurna-2 project was 14% in the first quarter of 2018, which was 4 percentage points higher year-on-year.

**Gas production, million cubic meters**

| 1Q 2018 | 4Q 2017 | | 1Q 2018 | 1Q 2017 |
|---|---|---|---|---|
| **7,999** | **8,193** | **Total** | **7,999** | **6,459** |
| 4,496 | 4,581 | Russia | 4,496 | 4,330 |
| 4,473 | 4,556 | Subsidiaries | 4,473 | 4,307 |
| 23 | 25 | Share in affiliates | 23 | 23 |
| 3,503 | 3,612 | Outside of Russia | 3,503 | 2,129 |
| 3,343 | 3,413 | Subsidiaries | 3,343 | 1,924 |
| 160 | 199 | Share in affiliates | 160 | 205 |

In the first quarter of 2018 LUKOIL Group's gas production was 8.0 billion cubic meters, which was 24% higher year-on-year and flat quarter-on-quarter in average daily terms.

The main driver of gas production growth was the successful development of projects in Uzbekistan. In the first quarter of 2018 gas production at Kandym and Gissar projects doubled year-on-year to 2.9 billion cubic meters due to the launch of new gas treatment facilities.

**Refinery throughput at refineries, thousand tonnes**

| 1Q 2018 | 4Q 2017 | | 1Q 2018 | 1Q 2017 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **16,113** | **17,294** | **Total for LUKOIL Group refineries** | **16,113** | **16,196** |
| 10,655 | 11,144 | Russia | 10,655 | 10,506 |
| 5,458 | 6,150 | Outside of Russia | 5,458 | 5,690 |
| 4,549 | 5,669 | Oil processing | 4,549 | 5,119 |
| 909 | 481 | Refined products processing | 909 | 571 |
| 1,660 | 1,803 | Third party refineries abroad | 1,660 | 1,396 |

Refinery throughput at the LUKOIL Group's refineries in the first quarter of 2018 amounted to 16.1 million tonnes. Refinery throughput in Russia increased by 1.4% year-on-year to 10.7 million tonnes mainly due to the increased throughput at Volgograd refinery. The year-on-year dynamics of the refinery throughput in Europe was driven by the maintenance works at refineries in Bulgaria and Italy in the first quarter of 2018. A quarter-on-quarter reduction of the refinery throughput was mainly driven by the maintenance works at refineries.

*Information:*
*LUKOIL will release its Interim Consolidated Financial Statements prepared in accordance with IFRS and related MD&A for the first quarter of 2018 on May 28, 2018.*

*The information in this press release is an estimate of the LUKOIL Group's results in the first quarter of 2018 and therefore constitutes forward-looking statements. This information is preliminary and based on information available at the date of this document, and may be revised after statistical, financial, tax and accounting statements become available. The information on the LUKOIL Group's operational results in this press release are subject to many external factors which may cause the actual results to differ materially from those expressed or forecasted in this press release for the first quarter of 2018. The LUKOIL Group assumes no obligation to update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise, except to the extent required by applicable law.*

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*Information about the Company:*

*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. 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".*