PRESS RELEASE
JANUARY 13, 2017

LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY PRELIMINARY PERFORMANCE IN 2016

The LUKOIL Board of Directors held a meeting in Moscow today to summarize the Company's preliminary performance in 2016 and set priorities for 2017.

Despite the complex macroeconomic situation in 2016, the Company successfully delivered on its objectives. The launch of Vladimir Filanovsky and Pyakyakhinskoye fields was among the Company's key achievements in the past year. Major refinery modernization program was completed in the Downstream business segment, including the construction of a new deep-conversion complex at the Volgograd refinery, which allows for an increase in high-margin output. In the highly volatile oil price environment, the Company continued to improve efficiency in all of its business segments, including the spin-off of its non-core assets. Effective management and tight control over its operating and capital expenditures enabled the Company to significantly increase its free cash flow generation. In addition, a new progressive dividend policy was implemented in 2016.

The Board of Directors set the Company's 2017 business priorities, including financial stability and sustained competitiveness in its key operations in Russia and globally.

The Company also plans to actively implement its projects in the Upstream segment, to continue gradual production shift towards high-margin volumes and to intensify exploration activities in the Caspian and the Baltic Seas, as well as to sustain investments in unconventional oil projects and enhanced oil recovery. The Company will also continue to optimize operations and improve profitability of its Downstream segment.

Press Centre PJSC "LUKOIL"
Phone:
E-mail: media@lukoil.com