PRESS RELEASE
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LUKOIL REPORTS PRELIMINARY OPERATING DATA FOR THE SECOND QUARTER AND FIRST HALF OF 2018

In the first half of 2018 LUKOIL Group's hydrocarbon production excluding West Qurna-2 project was 2,287 thousand boe per day, which is 3.2% higher year-on-year. The increase was driven by the development of gas projects. In the second quarter of 2018 production was 2,289 thousand boe per day and flat quarter-on-quarter.

Hydrocarbon production, thousand boe per day

2Q 2018	1Q 2018		6M 2018	6M 2017
2,289	**2,286**	**Total** (excluding West-Qurna 2 project)	**2,287**	**2,217**

Oil production excluding West Qurna-2 project in the first half of 2018 was 42.1 million tonnes, including 21.1 million tonnes produced in the second quarter, which is flat quarter-on-quarter in average daily terms. Starting January 2017 LUKOIL Group's oil production volumes and dynamics are mainly defined by the external limitations of Russian companies' production volumes.

Oil production, thousand tonnes

2Q 2018	1Q 2018		6M 2018	6M 2017
21,135	**20,926**	**Total** (excluding West-Qurna 2 project)	**42,061**	**42,703**
20,253	20,005	Russia	40,258	40,816
20,096	19,847	Subsidiaries	39,943	40,298
157	158	Share in affiliates	315	518
882	921	Outside of Russia	1,803	1,887
457	490	Subsidiaries	947	1,013
425	431	Share in affiliates	856	874
318	*451*	*Compensation oil from West Qurna-2 project*	*769*	*887*
21,453	**21,377**	**Total**	**42,830**	**43,590**

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

Active development of the priority projects continued. The third well was launched in June 2018 at the second development stage of the V. Filanovsky field, which allowed to reach sustainable daily plateau production level equivalent to 6 million tonnes of oil per year. In the first half of 2018 production at the field increased by 43% year-on-year, to 2.9 million tonnes.

The drilling of the first production well started at the second development stage of the Yu. Korchagin field and was completed in July 2018. The initial well flow amounted to 500 tonnes of oil per day.

Further development of the Yaregskoe field and Permian reservoir of the Usinskoe field allowed to increase high viscosity oil production in the first half of 2018 by 35% year-on-year, to 2 million tonnes.

Oil and gas condensate production at the Pyakyakhinskoe field in West Siberia increased by 7% year-on-year, to 0.8 million tonnes.

The share of the abovementioned five projects in the LUKOIL Group's oil production excluding West Qurna-2 project amounted to 14% in the first half of 2018, 3 percentage points up year-on-year.

Gas production, million cubic meters

2Q 2018	1Q 2018		6M 2018	6M 2017
8,127	**7,999**	**Total**	**16,126**	**13,411**
4,456	4,496	Russia	8,952	8,976
4,431	4,473	Subsidiaries	8,904	8,928
25	23	Share in affiliates	48	48
3,671	3,503	Outside of Russia	7,174	4,435
3,493	3,343	Subsidiaries	6,836	4,027
178	160	Share in affiliates	338	408

In the first half of 2018 LUKOIL Group's gas production was 16.1 billion cubic meters, which was 20% higher year-on-year. In the second quarter of 2018 gas production was 8.1 billion cubic meters, which is flat quarter-on-quarter in average daily terms.

The main driver of gas production growth was the successful development of projects in Uzbekistan. Due to the launch of new gas treatment facilities, production at Kandym and Gissar projects in the first half of 2018 doubled year-on-year to 6.1 billion cubic meters.

Refinery throughput, thousand tonnes

2Q 2018	1Q 2018		6M 2018	6M 2017
16,734	**16,113**	**Total for LUKOIL Group refineries**	**32,847**	**32,590**
10,668	10,655	Russia	21,323	20,953
6,066	5,458	Outside of Russia	11,524	11,637
5,340	4,549	Oil processing	9,889	10,478
726	909	Refined products processing	1,635	1,159
1,631	1,660	Third party refineries abroad	3,291	3,074

In the first half of 2018 throughput volumes at LUKOIL Group's refineries increased by 0.8% year-on-year, to 32.8 million tonnes. In the second quarter of 2018 refinery throughput was 16.7 million tonnes, 3.9% higher quarter-on-quarter. Refinery throughput volumes in Russia were flat quarter-on-quarter and amounted to 10.7 million tonnes. Throughput at European refineries increased by 11% quarter-on-quarter, which was attributable to scheduled maintenance works at refineries in Bulgaria and Italy in the first quarter of 2018.

Information:
Note:

LUKOIL will release its Interim Consolidated Financial Statements for the second quarter and the first six months of 2018 prepared in accordance with IFRS and MD&A on August 29, 2018.

The information in this press release is an estimate of the LUKOIL Group's results for the second quarter and the first six months 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 second quarter and the first six months 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".