LUKOIL

1Q 2020 IFRS FINANCIAL RESULTS

June 4, 2020

Forward-looking statements

- Certain statements in this presentation are not historical facts but are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
  - projections or forecasts of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios
  - statements of our plans, objectives or goals, including those related to products and services
  - statements of future economic performance
  - and statements of assumptions underlying such statements.
- Words such as “believes,” “expects,” “assumes,” “projects”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements
- By nature, forward-looking statements imply certain inherent risks and unclear points, both general and specific, and there is a risk that plans, expectations, forecasts and other forward-looking statements will not be realized. You should be aware that a number of important factors could cause actual results to differ significantly from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.
- When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

LUKOIL

COVID-19: high responsibility

Taking care of **health of own employees and contractors**

- Regular testing
- Provision of personal protective equipment
- Extended shift periods
- Remote work regime

Assistance programs in Russia and abroad

- Production of antiseptics and personal protective equipment
- Free-of-charge refueling of ambulances, financial assistance to hospitals (equipment, protective equipment, food)
- Support of medical research institutions
- Support of volunteer organizations and families in need

Ensuring **business continuity**

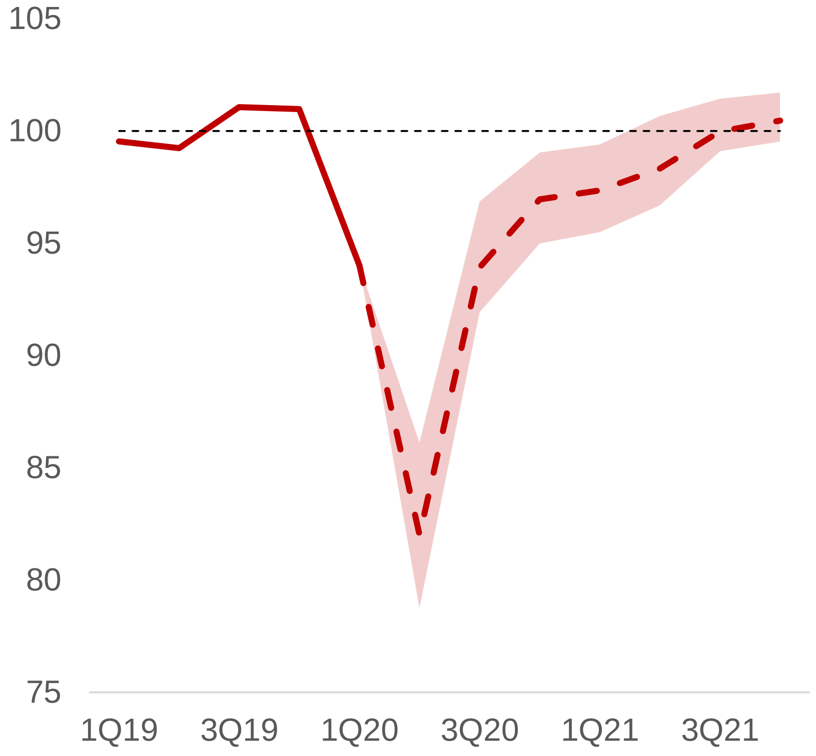
- Uninterrupted operations in Upstream and Refining
- 100% of filling stations remain open

LUKOIL

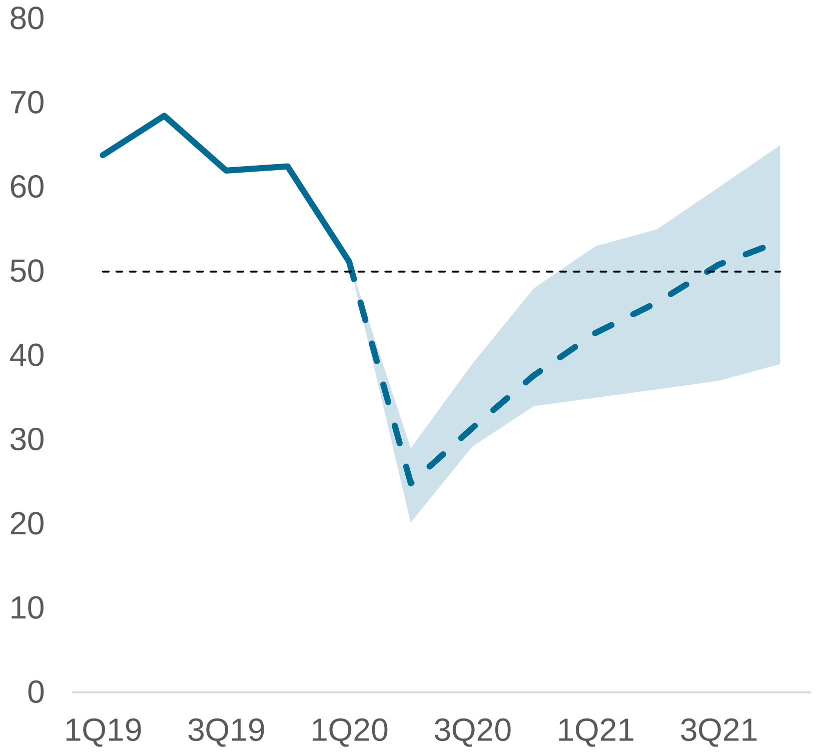
COVID-19 impact on oil market

- Record demand drop in 2Q20
- Low price puts pressure on marginal producers
- Fast demand recovery is forecasted
- OPEC+ agreement will contribute to achieving a balance on the market through storages destocking

Oil demand outlook
mbpd



Brent price forecast
$/bbl



Source: international agencies and banks

High resilience amid sharp decline in prices and demand

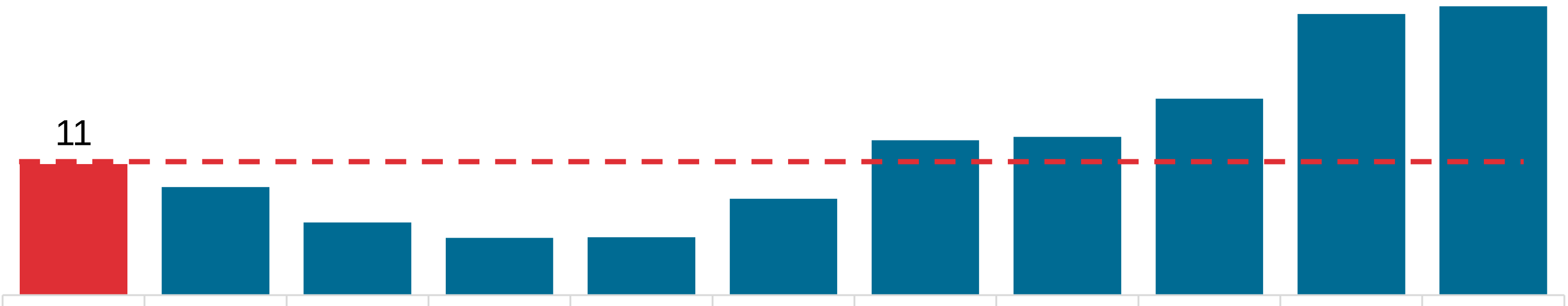
Strong balance sheet and access to additional liquidity	Fulfillment of commitments to shareholders and debtholders, sufficient financing of the investment program
Natural hedging mechanisms in Russia	Progressive taxation scale, negative correlation between the ruble exchange rate and oil price
High-quality asset base and low production costs	Positive margin even in extremely low oil price environment
Flexible investment program	Ability to optimize capital expenditures without compromising strategic objectives
Deep vertical integration (including own trading business and transport infrastructure)	Smoothing the effect of price volatility; access to a market share exceeding own production volumes; access to transport and storage facilities; minimizing binding to regional markets

LUKOIL

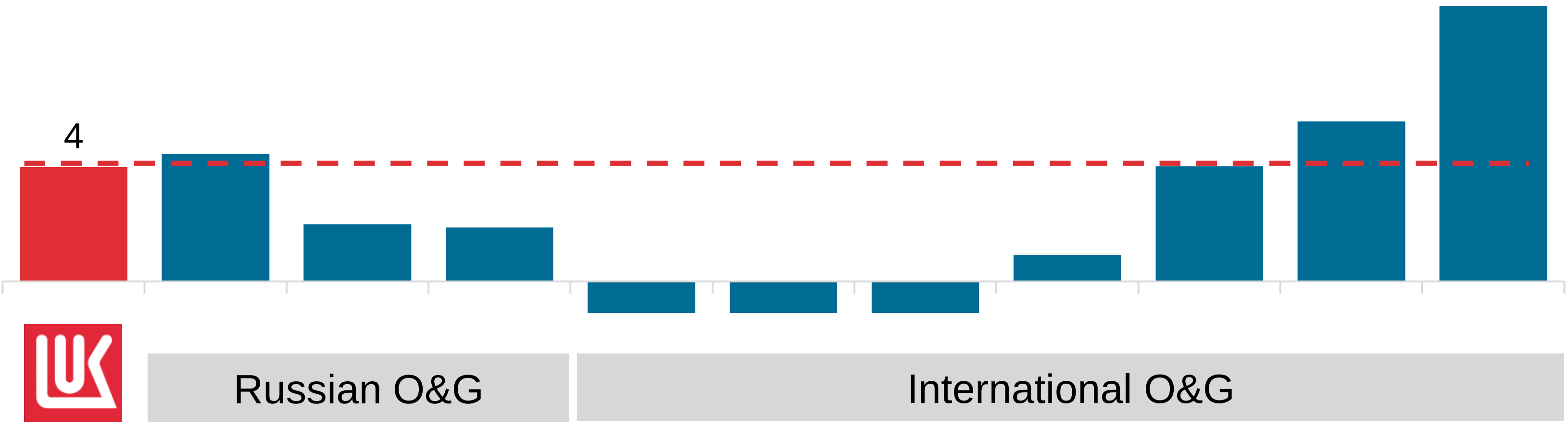
Maintaining efficiency leadership

- High-quality production structure in upstream
- High refining coverage
- High quality of refining fleet
- Access to premium markets and sales channels
- High investment discipline

EBITDA per boe (1Q20)
$ per boe



Free cash flow per boe (1Q20)
$ per boe



Russian O&G: Gazprom neft, Novatek, Rosneft
International O&G: BP, Chevron, ConocoPhillips, Eni, ExxonMobil, Shell, Total

LUKOIL

Financial results

- **Drop in hydrocarbon prices**
- **Negative effects:** tax lag, FX loss, impairment of assets, inventory effect at refineries and inventory write-down to net realizable value
- **Positive effects:** lower expenses, higher refining margin, higher refining throughput, better product mix at refineries

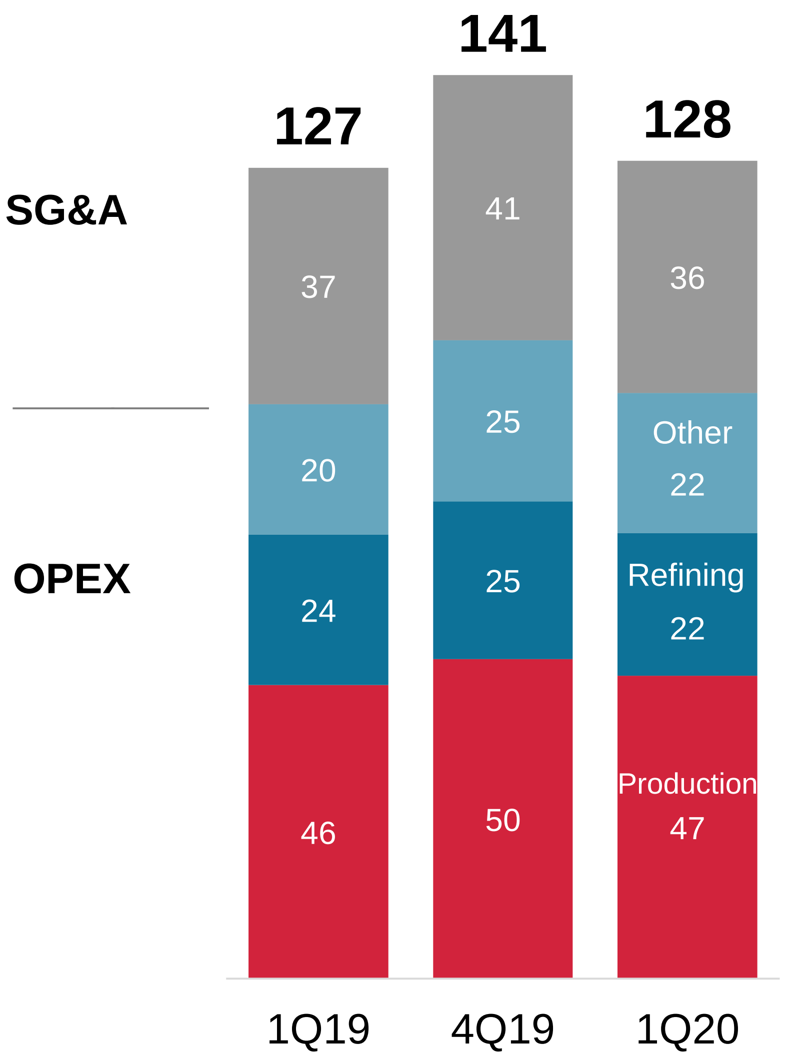
1Q20	4Q19	%	RUB bln	1Q20	1Q19	%
1,666	1,912	(12.9)	Sales	1,666	1,851	(10.0)
151	**278**	(45.8)	**EBITDA**	**151**	**298**	(49.4)
109	*212*	*(48.4)*	*Upstream*	*109*	*235*	*(53.6)*
40	*82*	*(51.0)*	*Downstream*	*40*	*80*	*(49.6)*
(46)	119	(138.5)	(Loss) profit to shareholders	(46)	149	(130.8)
130	136	(4.2)	CAPEX	130	97	33.7
56	**185**	(69.9)	**Free cash flow (FCF)**	**56**	**146**	(61.9)
10	140	(92.9)	FCF before working capital	10	183	(94.6)
189	37	5x	Net debt	189	197	(4.5)

LUKOIL

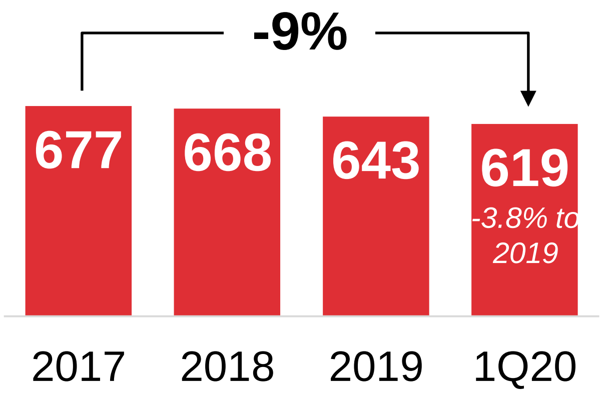
Cost control

- Further cost reduction in 1Q20
- Work on additional cost optimization amid adverse market conditions

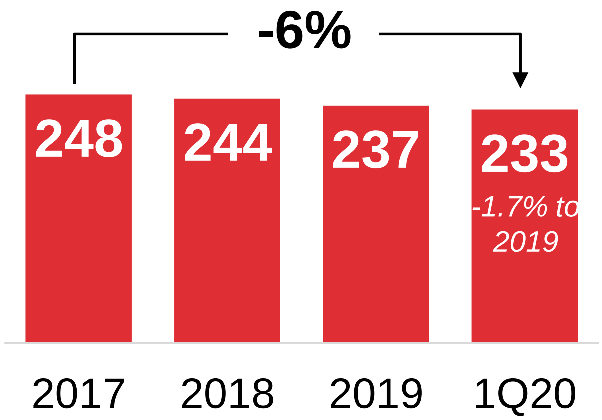
"Controllable" expenses
RUB bln



"Controllable" expenses
RUB per boe



Lifting costs in Russia
RUB per boe



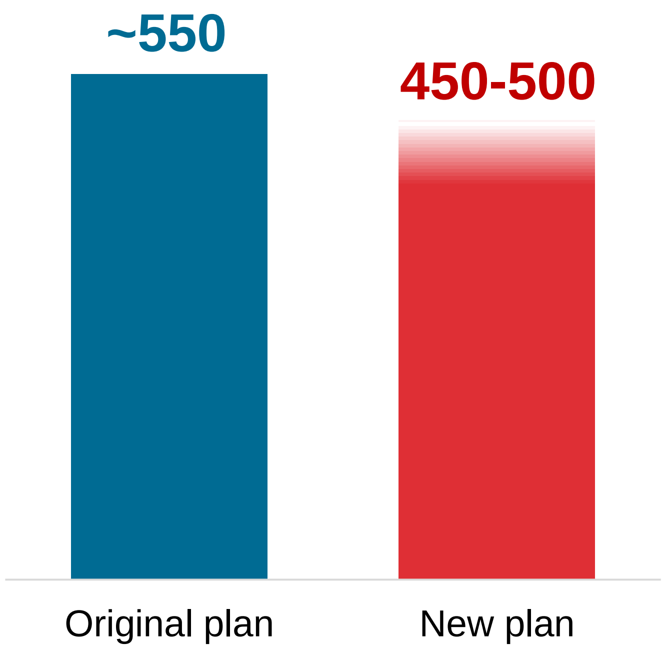
Controllable expenses include operating expenses (excluding extraction expenses at the West Qurna-2 field, refining expenses at third-party refineries and expenses for crude oil transportation to refineries) and SG&A (excluding share-based compensation and expenses on allowance for expected credit losses).

LUKOIL

Additional cost optimization

- **Reduction of all cost items through optimization and deferral to future periods**
- **High flexibility of investment program depending on market conditions**
- **Capital expenditures cut does not affect the achievement of strategic goals**

Capital expenditures in 2020
RUB bln



Reduction of capital expenditures at:

- exploration projects
- international projects in Upstream at initial stages of development
- projects in Downstream
- and due to production cut because of OPEC+ agreement

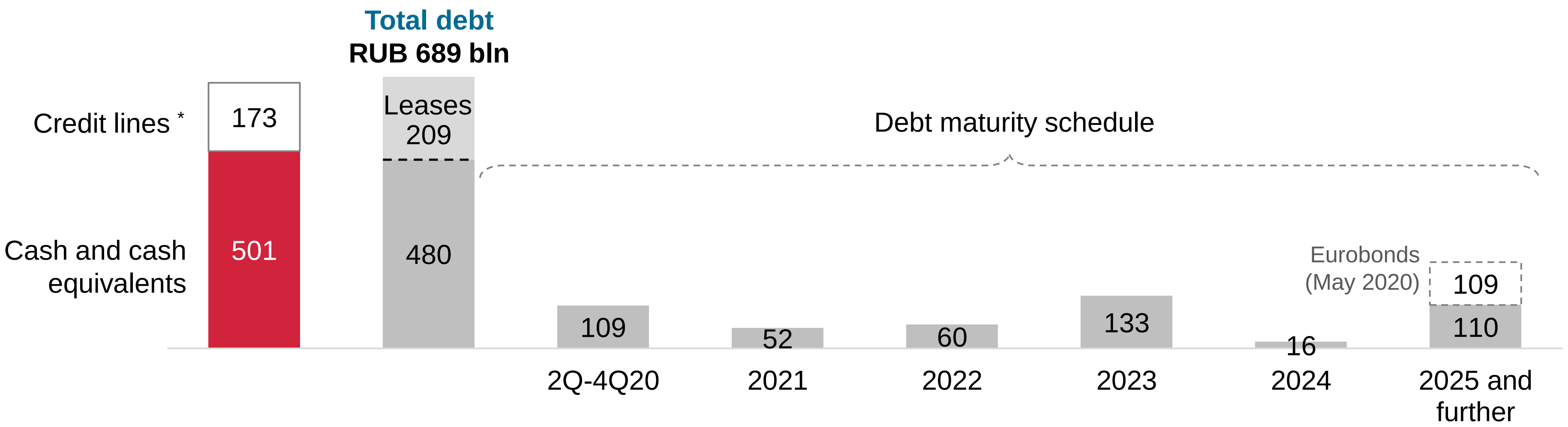
Optimal maintenance of **long-term production potential:**

- significant reduction of the wellworks quantity
- maximum drilling volumes retention in Russia within external production limitations

Robust financial position

› **Net financial debt / EBITDA: 0.0**

RUB bln, as of 31.03.2020



Debt structure (excluding leases)

Credit ratings

Moody's	Baa2	ST
S&P	BBB	ST
Fitch	BBB+	ST

* Stand-by revolving committed credit lines.

LUKOIL

Priorities with regard to COVID-19

- Personnel **safety** and continuity of production processes
- Maximum **operational flexibility** with timely response to changes of market conditions in order to maximize financial performance
- Active work on **additional cost optimization** in order to reduce the impact of market conditions on free cash flow

Maintaining strategic goals

- Production growth in Upstream
- Selective development in Downstream
- High capital discipline
- Continuous efficiency gains
- Delivery on the capital distribution policy

Long-term shareholder value creation

LUKOIL

Upstream

External limitations on production in Russia

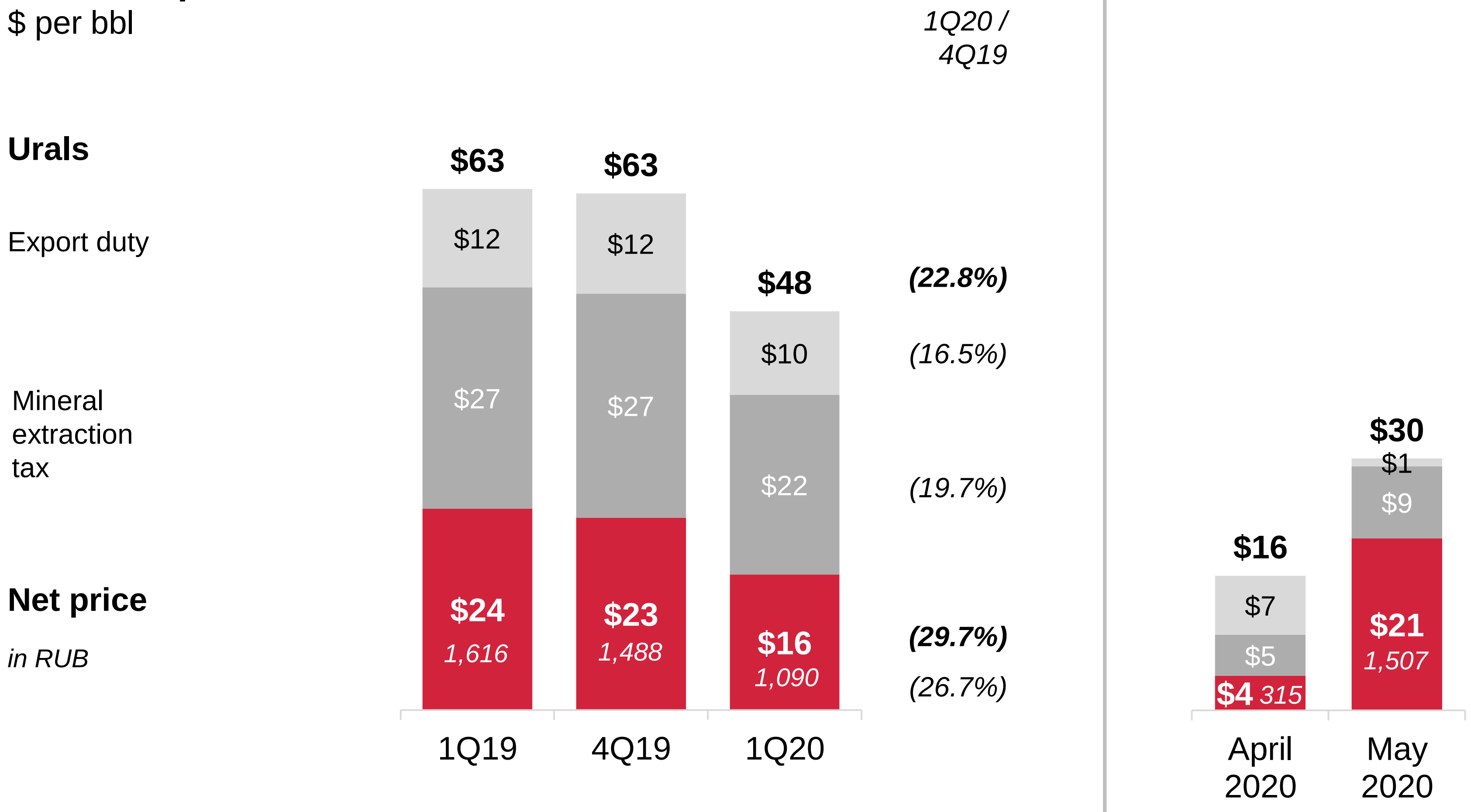
Development of priority projects

Reduction of international gas production

Price and tax environment

- Lower international oil price
- Tax lag effect had a negative impact on net oil price dynamics in 1Q20
- Abnormal negative tax lag effect in April (-$10)
- Net oil price in May higher than in 1Q20

Urals net price
$ per bbl



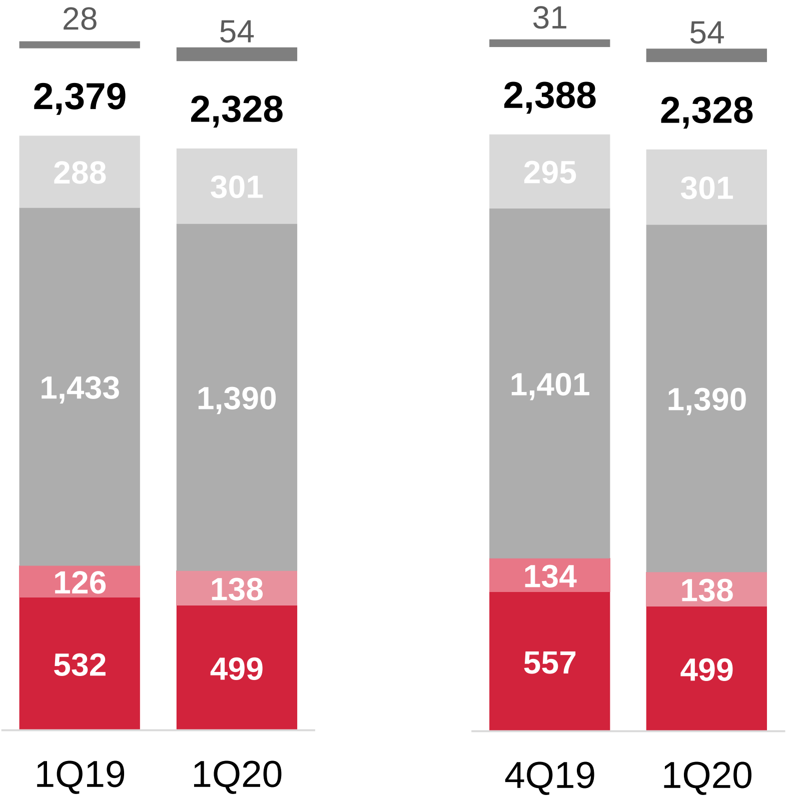
	1Q19	4Q19	1Q20	1Q20 / 4Q19	April 2020	May 2020
Tax lag effect	$1.1	$0.7	($4.2)	-	($10.2)	$4.2
Net price excluding tax lag effect	$23.3	$22.7	$20.6	(8.9%)	$14.2	$16.6
RUB / USD average	66.1	63.7	66.4	4.2%	75.2	72.6

LUKOIL

Key operating results

- External limitations on oil production in Russia
- Hard-to-recover production growth
- Lower production in Uzbekistan due to reduction of gas demand from China

Hydrocarbon production
Kboepd



	1Q19	1Q20	4Q19	1Q20	*1Q20 / 1Q19*	*1Q20 / 4Q19*
WQ-2	28	54	31	54		
Total	**2,379**	**2,328**	**2,388**	**2,328**	***(2.1%)***	***(2.5%)***
Gas in Russia	288	301	295	301	*4.7%*	*2.2%*
Mature fields	1,433	1,390	1,401	1,390	*(3.1%)*	*(0.9%)*
Hard-to-recover	126	138	134	138	*9.5%*	*3.3%*
New projects	532	499	557	499	*(6.1%)*	*(10.4%)*
High-margin barrels	**32%**	**31%**	**33%**	**31%**	***(1 p.p.)***	***(2 p.p.)***

LUKOIL

Production cut due to OPEC+

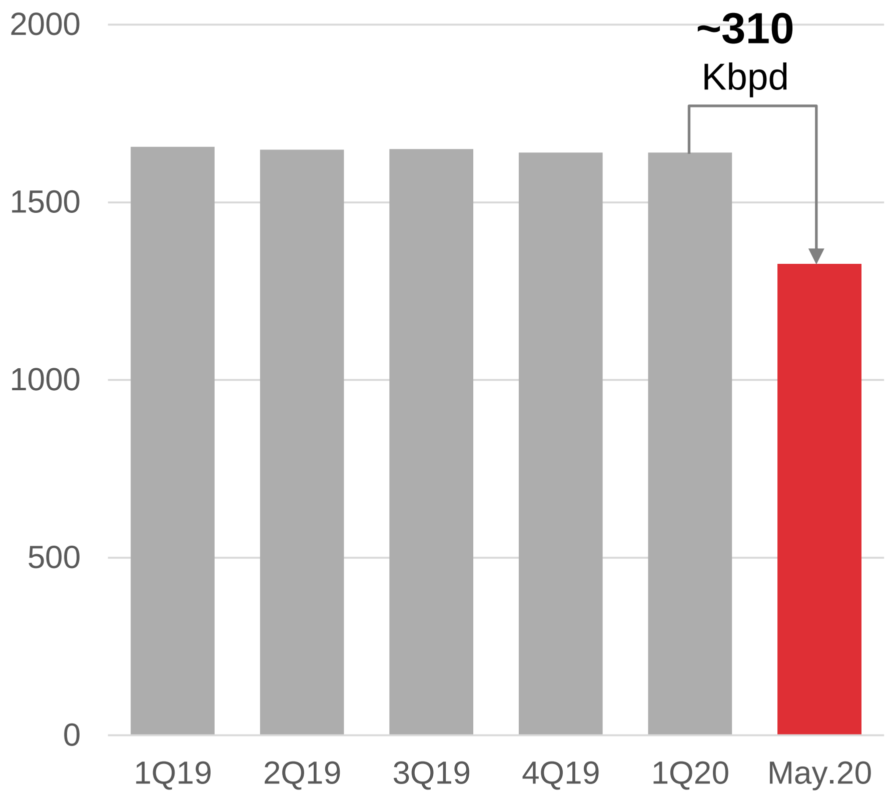
Wells shutdown criteria:

- Economic efficiency: watercut of shut wells - 91% (average - 86%)
- Geological risks considered in order to preserve production potential
- Production risks considered
- Maximum utilization of own transportation infrastructure

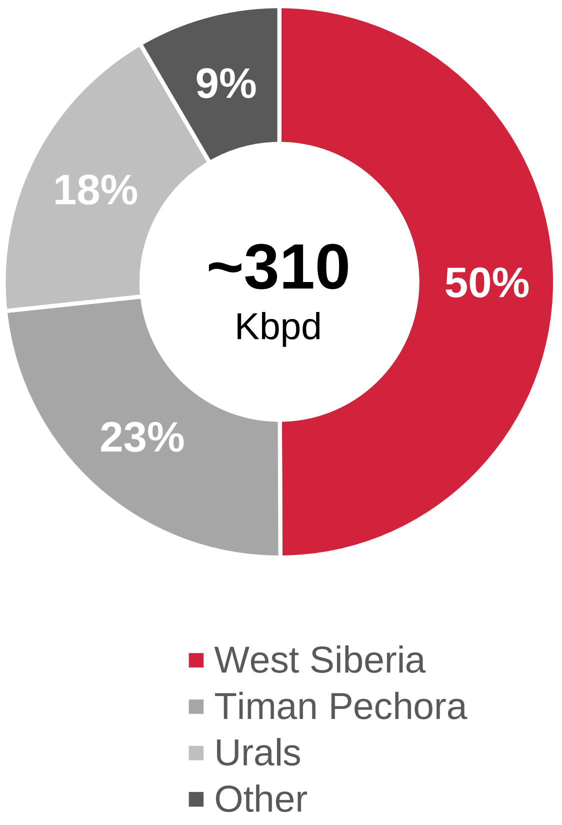
Retaining long-term production potential:

- significant reduction of the wellworks quantity
- maximum retention of drilling volumes in Russia within external production limitations

LUKOIL oil production in Russia excluding gas condensate, Kbpd



Breakdown of the cut, %

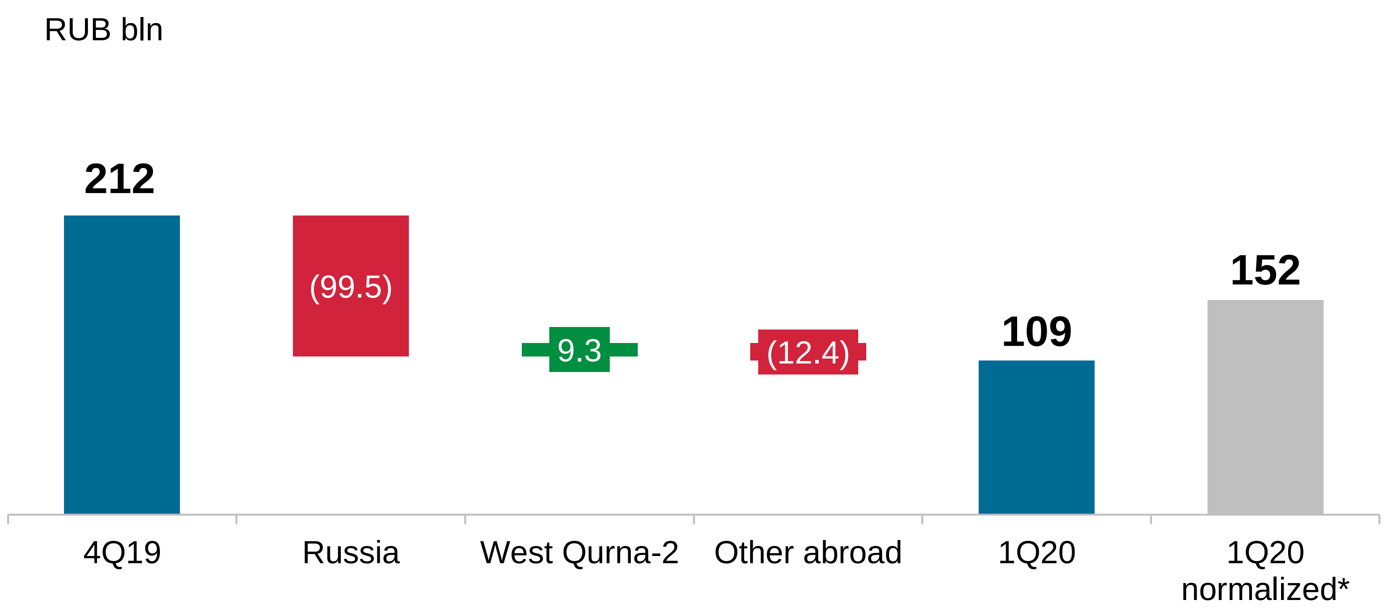


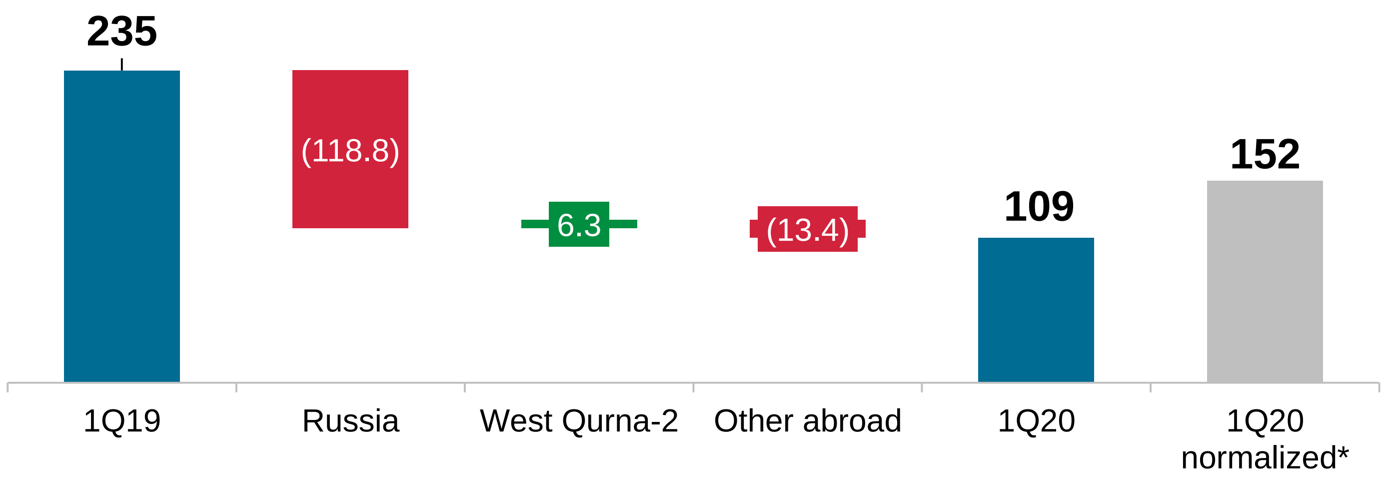
LUKOIL

Upstream EBITDA

1Q20/4Q19 and 1Q20/1Q19

- **Russia:**
  - lower oil price in rubles (-)
  - tax lag effect (-)
  - inventory effect (-)
- **Outside Russia**:
  - lower gas production in Uzbekistan (-)
  - lower oil and gas prices (-)
  - higher EBITDA of West Qurna-2 (+)



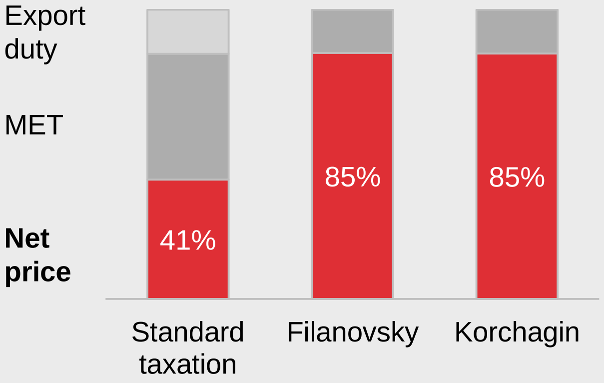


* Normalized EBITDA excludes tax lag effect and inventory effect

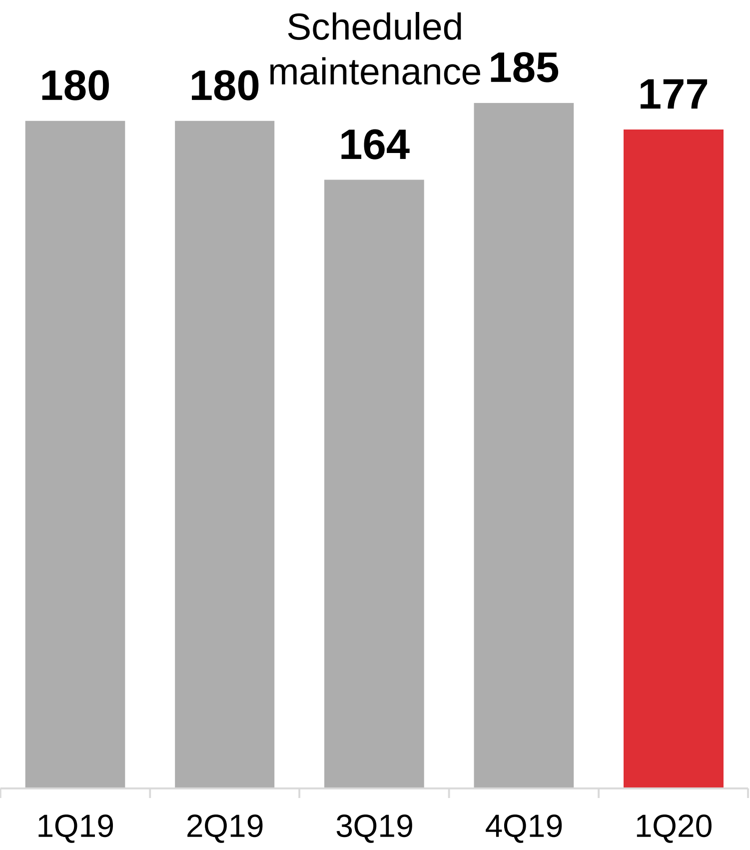
LUKOIL

North Caspian

Net price
under $50/bbl



Hydrocarbon production
Kboepd



Advantages

- High-margin barrels
- Short transportation leg, low lifting costs, high oil quality

1Q20 results

- **Filanovsky**: one production well commissioned
- **Grayfer:** development of documentation, awarding contracts for the supply of equipment and materials; installation of jackets for living platform topside completed in May 2020

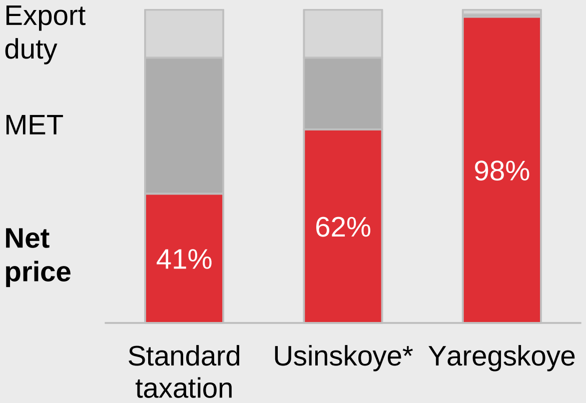
Plans for 2Q-4Q20

- **Filanovsky**: drilling program
- **Korchagin:** drilling program
- **Grayfer:** infrastructure development

LUKOIL

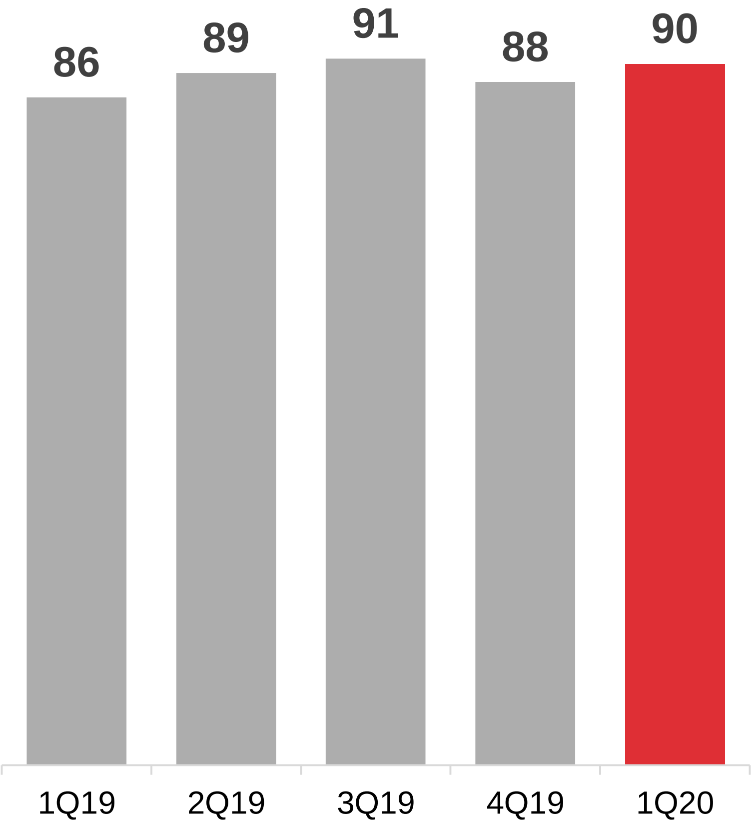
Hard-to-recover: high viscosity oil

Net price
under $50/bbl



*Permian deposit

High viscosity oil production
Kbpd



Advantages

- High-margin barrels
- Substantial production growth potential

1Q20 results

- **Yaregskoye:** 6 production SAGD wells and 90 underground wells commissioned
- **Usinskoye:** 4 production wells and reservoir pressure maintenance facilities commissioned

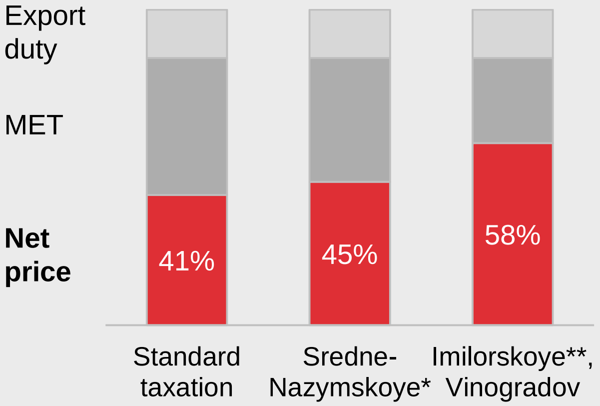
Plans for 2Q-4Q20

- **Yaregskoye:** drilling program, capacity expansion for oil treatment and transportation
- **Usinskoye:** drilling program, commissioning steam generation facilities, drilling costs optimization

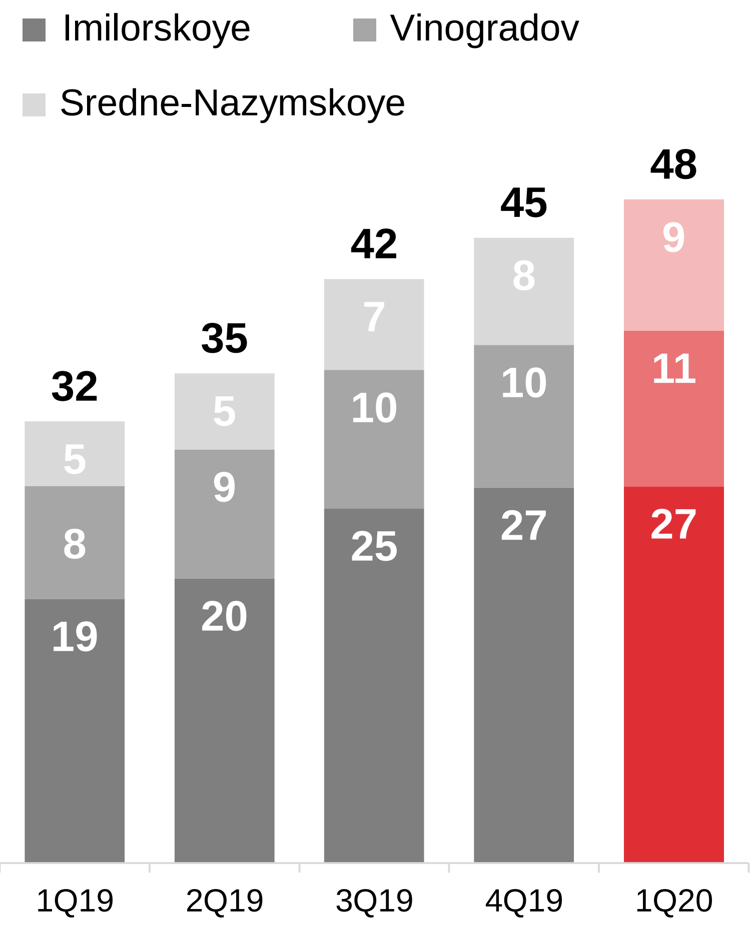
LUKOIL

Hard-to-recover: low permeability

Net price
under $50/bbl



Oil production
Kbpd



Advantages

- High-margin barrels
- Substantial production growth potential

1Q20 results

- **Imilorskoye**: 26 production wells and 11 injectors commissioned
- **Vinogradov**: 6 production wells commissioned
- **Sredne-Nazymskoye**: 5 production wells commissioned

Plans for 2Q-4Q20

- **Imilorskoye:** commissioning of 79 production wells
- **Vinogradov:** commissioning of 17 production wells
- **Sredne-Nazymskoye**: commissioning of 32 production wells

LUKOIL

* MET benefit for Tyumen reservoirs
** MET benefit for reservoirs with low permeability

Downstream

Higher refinery throughput

Better product slate at refineries

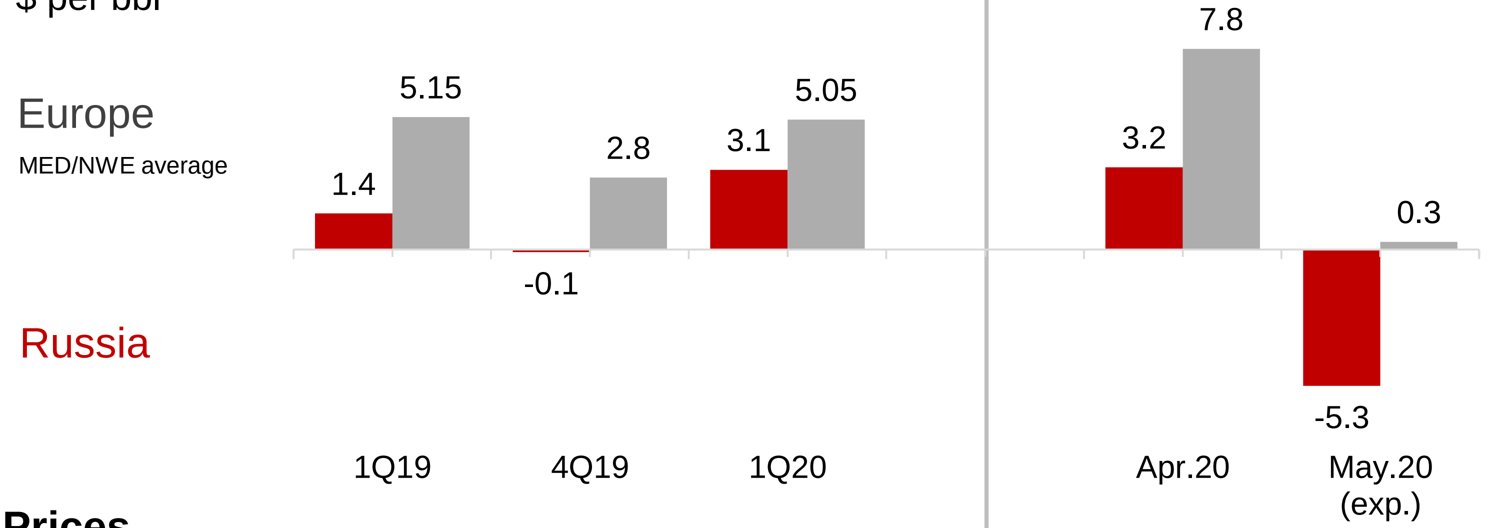
Refining Profitability
1Q20 / 4Q19

Europe
- Higher margins due to lower feedstock prices, widened Brent-Urals differential and recovered fuel oil crack spreads

Russia
- Higher margin due to higher European margins and positive crude oil export duty time lag effect

Refining margins significantly weaker in May

Benchmark refining margins
$ per bbl



Prices

	1Q19	4Q19	1Q20	Apr.20	May.20 (exp.)
Europe, $ per t					
Gasoline	548	604	470	179	267
Diesel fuel	588	589	470	252	252
Fuel oil	376	227	228	120	144
Russia, th. RUB per t					
Premium gasoline	35.0	39.0	39.2	33.0	35.1
Diesel fuel	38.4	40.3	38.6	35.7	36.9
Damper:					
Gasoline	-0.5	3.0	-4.8	-18.8	-12.9
Diesel fuel	5.1	4.1	-2.7	-12.3	-10.9

Calculation of benchmark refining margin in Russia is based on CDU TEK data and uses actual weighted average product mix at refineries in the European part of Russia as well as their weighted average share of exports in production.
Prices for gasoline and diesel fuel in Russia for Nizhny Novgorod region (CDU TEK).

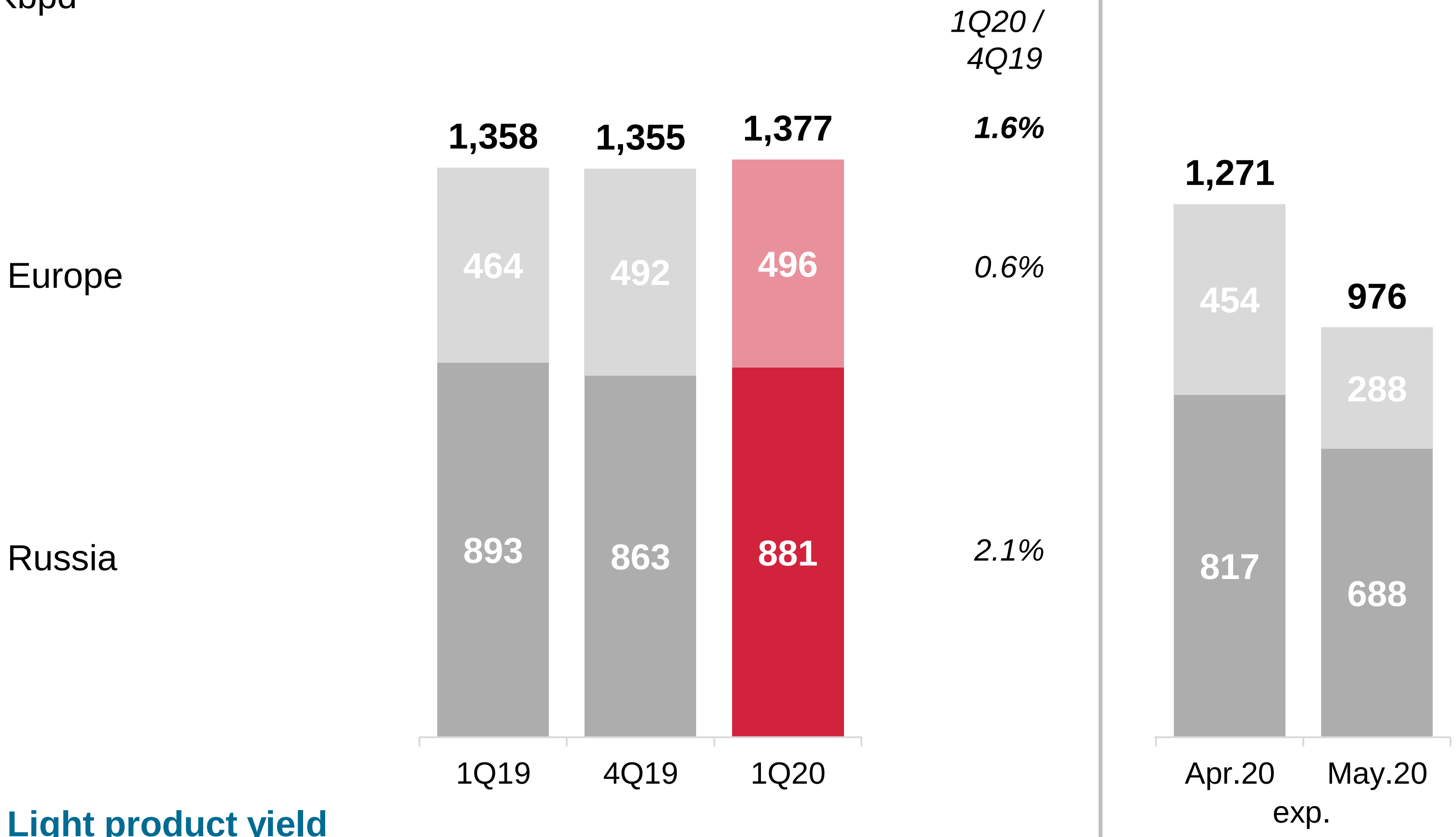
LUKOIL

Key operating results

- Higher throughput
- Higher light product yield in Russia
- Higher production of mid-distillates in Europe
- Lower throughput in April-May due to scheduled maintenance works and weaker refining margins

Throughput volumes at own refineries

Kbpd



	1Q19	4Q19	1Q20	1Q20 / 4Q19
Light product yield				
Russia	69%	71%	73%	2 p.p.
Europe	75%	79%	76%	(3 p.p.)
Fuel oil	10%	8%	7%	(1 p.p.)
Mid-distillates	46%	48%	49%	1 p.p.

Mid-distillates include diesel fuel, jet fuel, bunker fuel

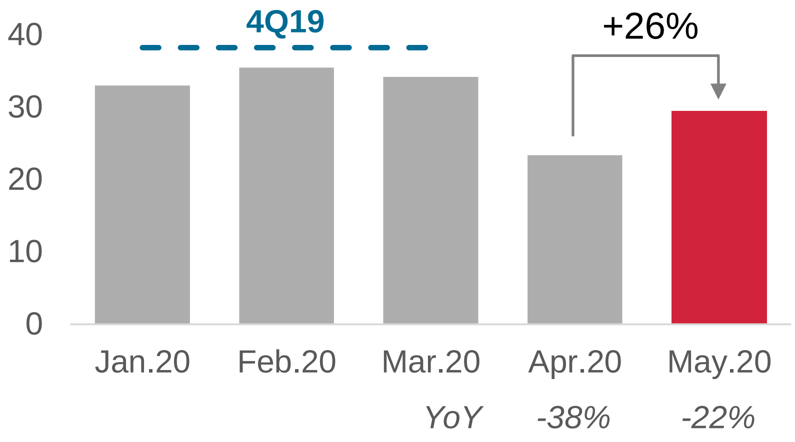
LUKOIL

Premium sales channels

Filling stations

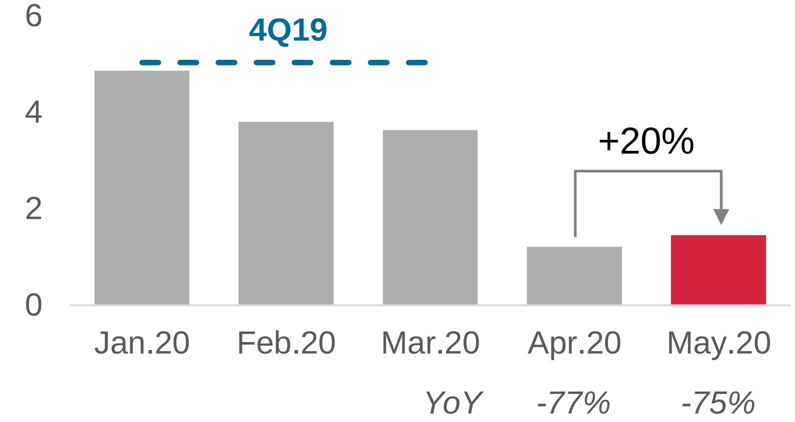
Aircraft fueling

Refined products sales volumes at filling stations, th.t per day



- Seasonal decrease of demand in 1Q20
- Plunge in April due to COVID-19
- Recovery began in May

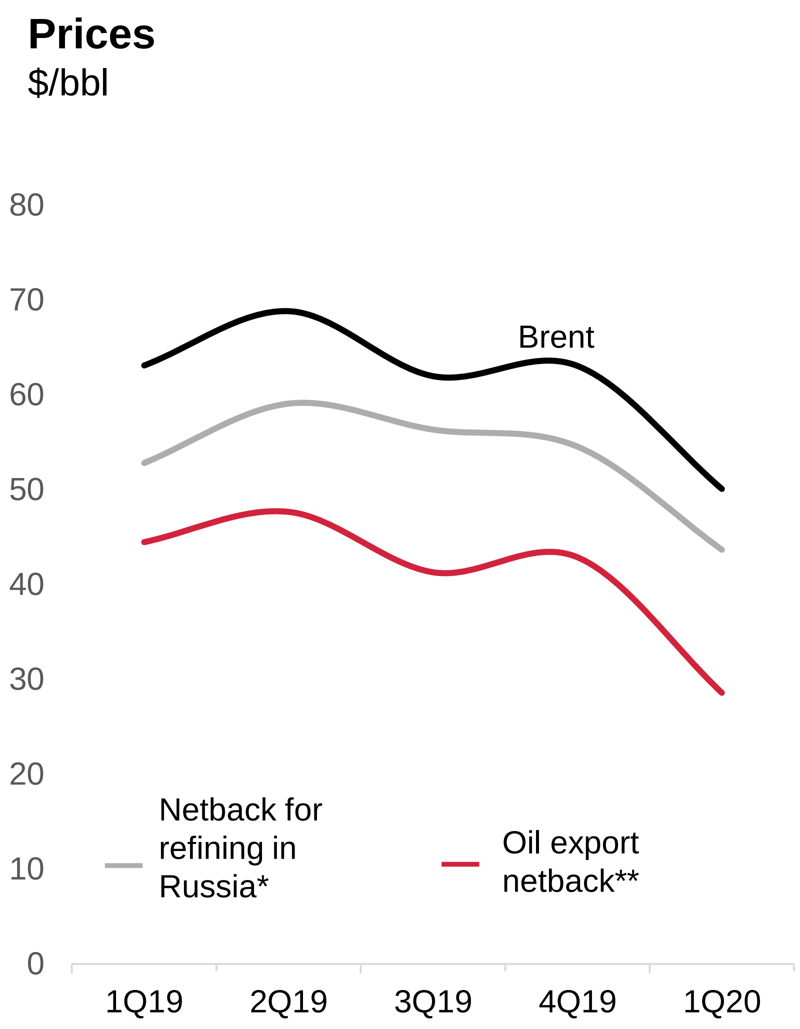
Jet fuel sales volumes (in a form of aircraft fueling), th.t per day

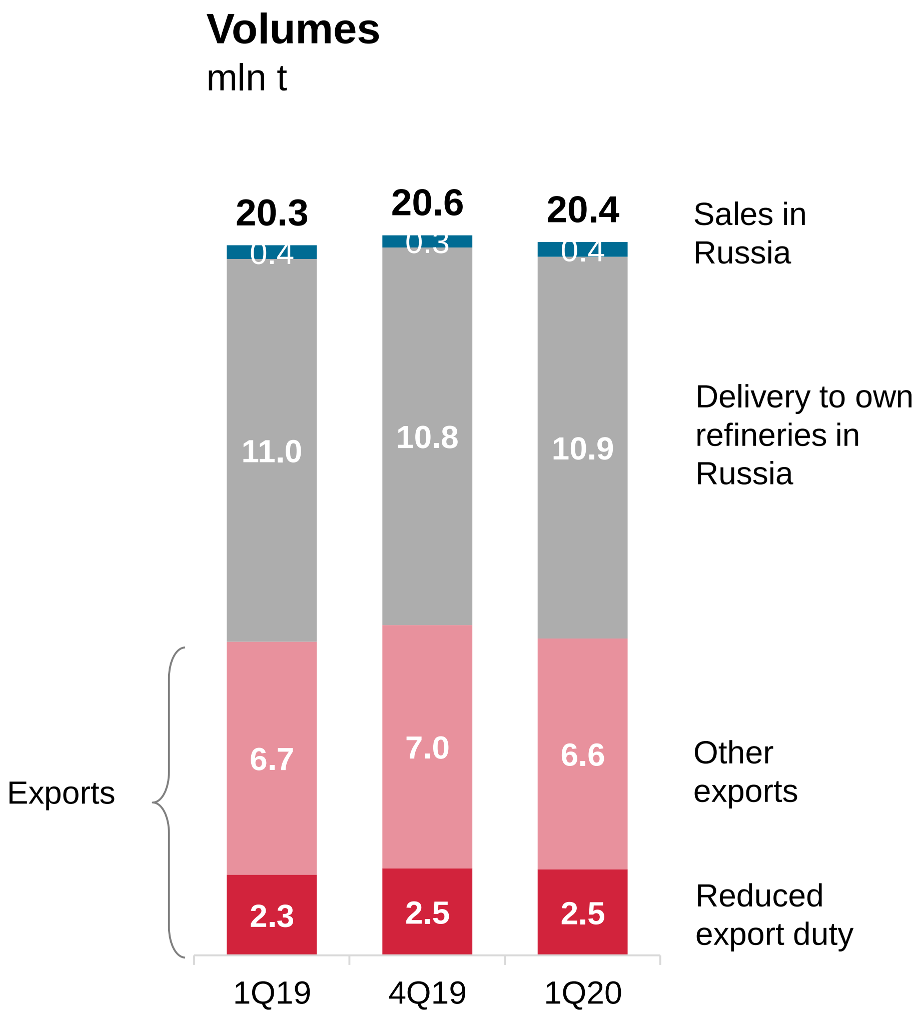


- Seasonal decrease of demand in 1Q20
- Plunge in April due to COVID-19
- Recovery began in May

LUKOIL

Allocation of Russian oil





* Including retail margin of refined products produced at the refineries across all marketing channels
** West Siberian oil, standard taxation

LUKOIL

Downstream EBITDA

1Q20/4Q19

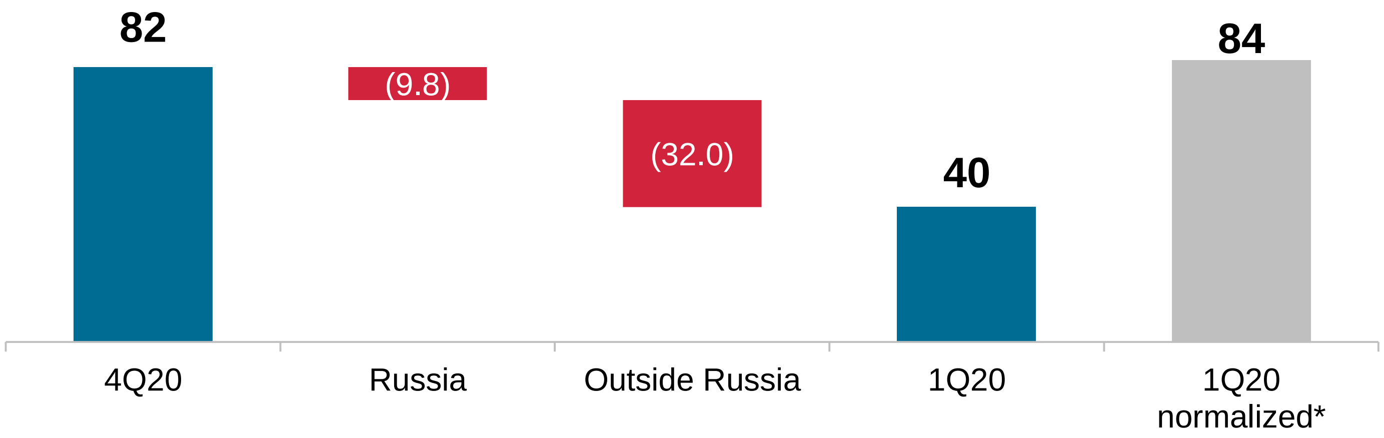
- **Russia**: inventory effect (-), inventory write-down to net realizable value (-), stronger results in power and petrochemicals (+), higher refinery throughput and better product slate (+)
- **Outside Russia**: inventory effect (-), inventory write-down to net realizable value (-), weaker trading margins (-), weaker results in retail (-), accounting factors related to trading (+)

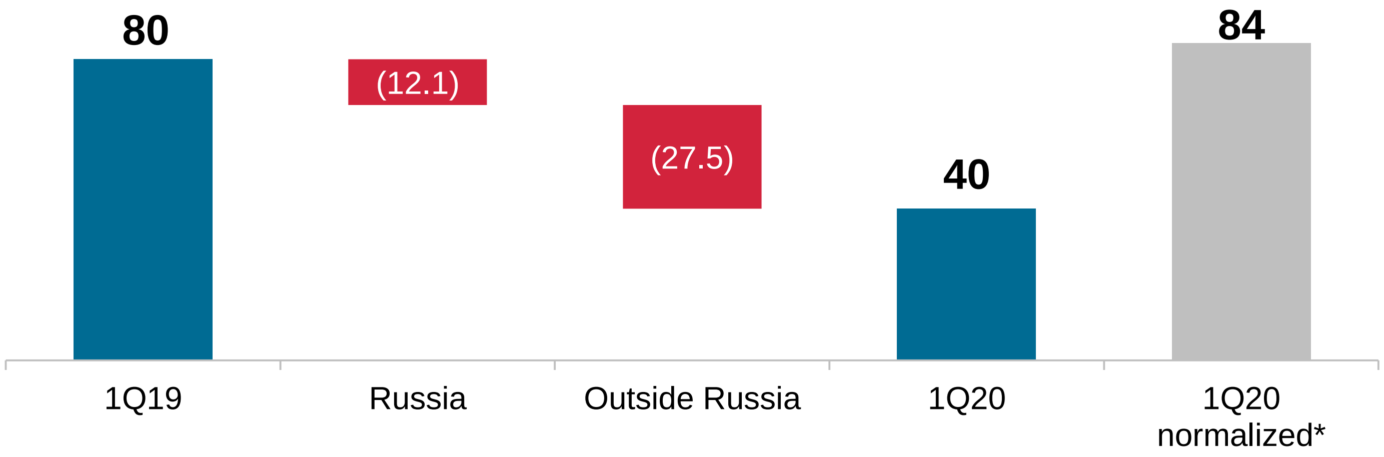
1Q20/1Q19

- **Russia:** inventory effect (-), inventory write-down to net realizable value (-), weaker results in petrochemicals and retail (-), higher benchmark refining margin (+), better product slate (+)
- **Outside Russia:** inventory effect (-), inventory write-down to net realizable value (-), weaker trading margins (-), weaker results in retail (-), accounting factors related to trading (+), higher benchmark refining margin (+), higher refinery throughput and better product slate (+)

LUKOIL

RUB bln





* Normalized EBITDA shown net of inventory write-down, tax lag effect, inventory effect at refineries, and 4Q19 hedging effect roll over.

Selective projects at Russian refineries

Nizhny Novgorod

Volgograd

Projects		Completion rate and progress
Delayed coker	71%	Main long-lead items installed; work underway on the installation of on-site pipelines and technological equipment strapping
Isomerization unit	60%	All major units of equipment, except compressors, delivered; works in progress on installation of equipment, metal structures, laying of technological pipelines
Bitumen production	7%	Positive resolution of the main state environmental commission received for the oxidation unit; key equipment for the polymer-bitumen binder production delivered
Deasphaltizing unit	76%	Installation of pumping and tank equipment, and strengthening of existing pipe racks are nearing completion. Works in progress on installation of pipelines, cable products, control and electrical equipment. Finishing works are underway in the premises of the complex

LUKOIL

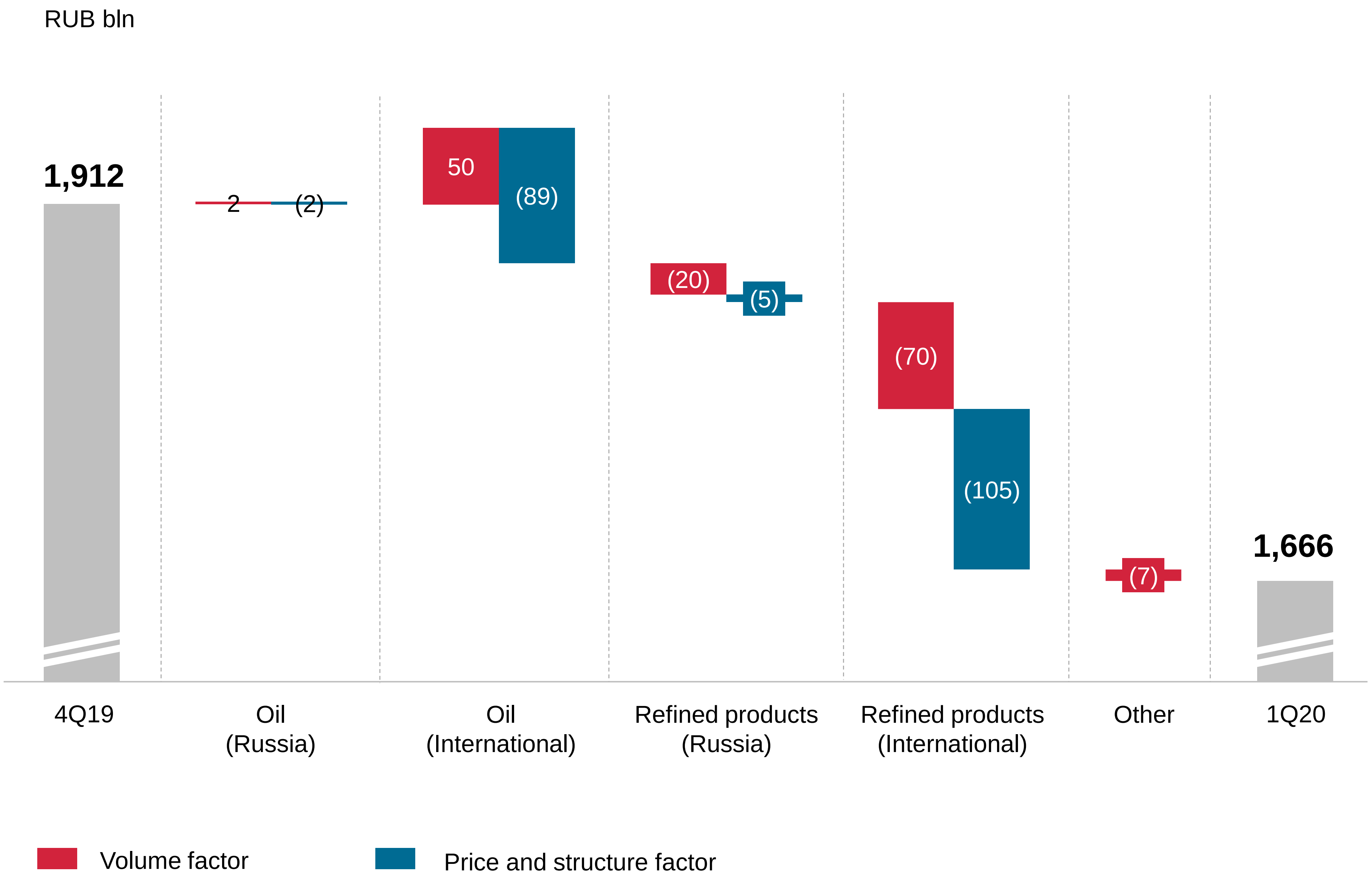
FINANCE

Lower hydrocarbon prices

Strong negative impact of one-off factors

Revenue
1Q20 / 4Q19

- Lower oil and refined products prices
- Lower refined products trading volumes
- Lower international gas sales volumes and sales of refined products through filling stations
- Higher oil trading volumes

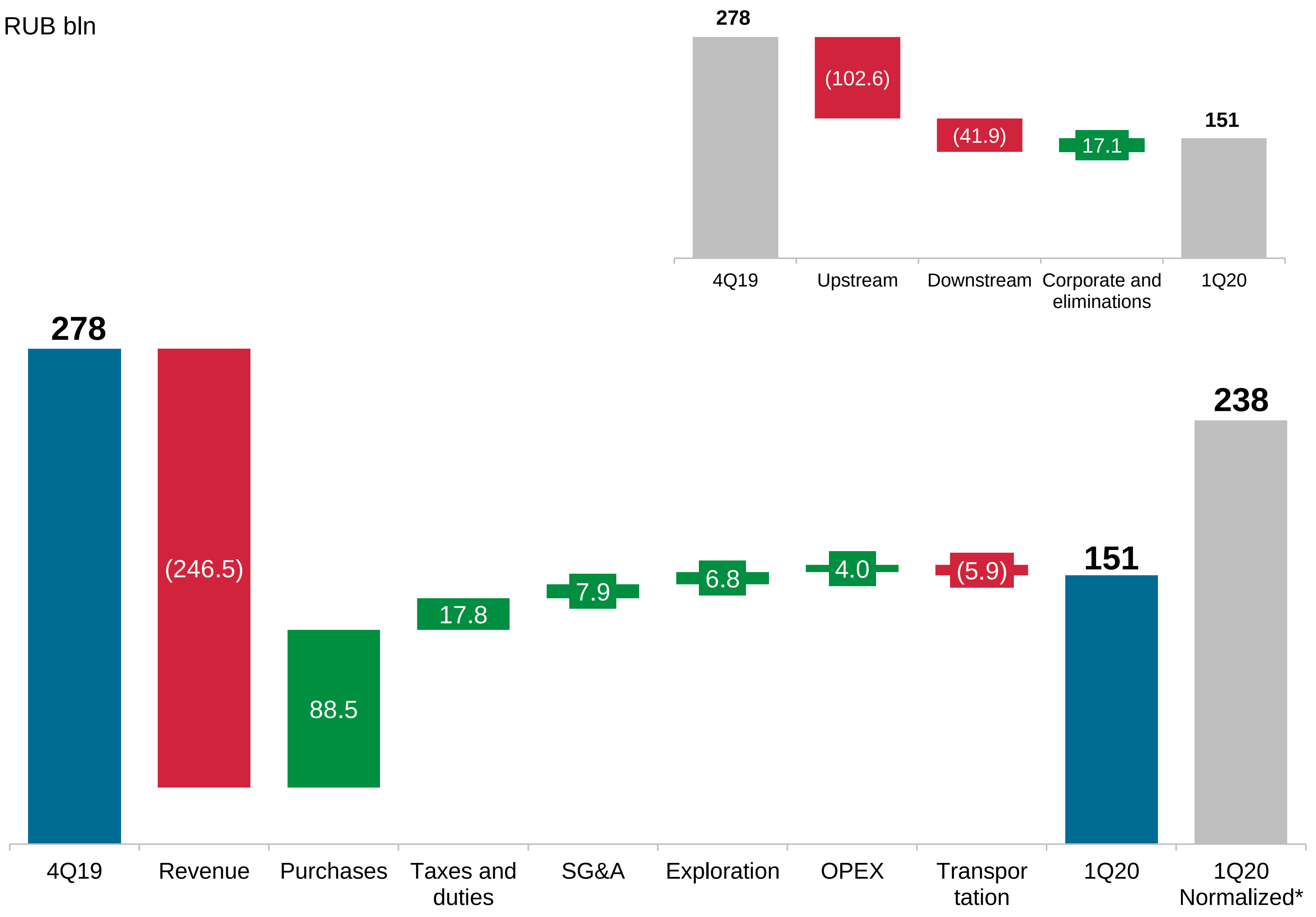


LUKOIL

EBITDA

1Q20 / 4Q19

- Lower hydrocarbon prices
- Negative tax lag effect
- Inventory effect at refineries and inventory write-down to net realizable value
- Higher refining margins and refining throughput
- Better product slate
- Lower operating expenses in Upstream and Refining

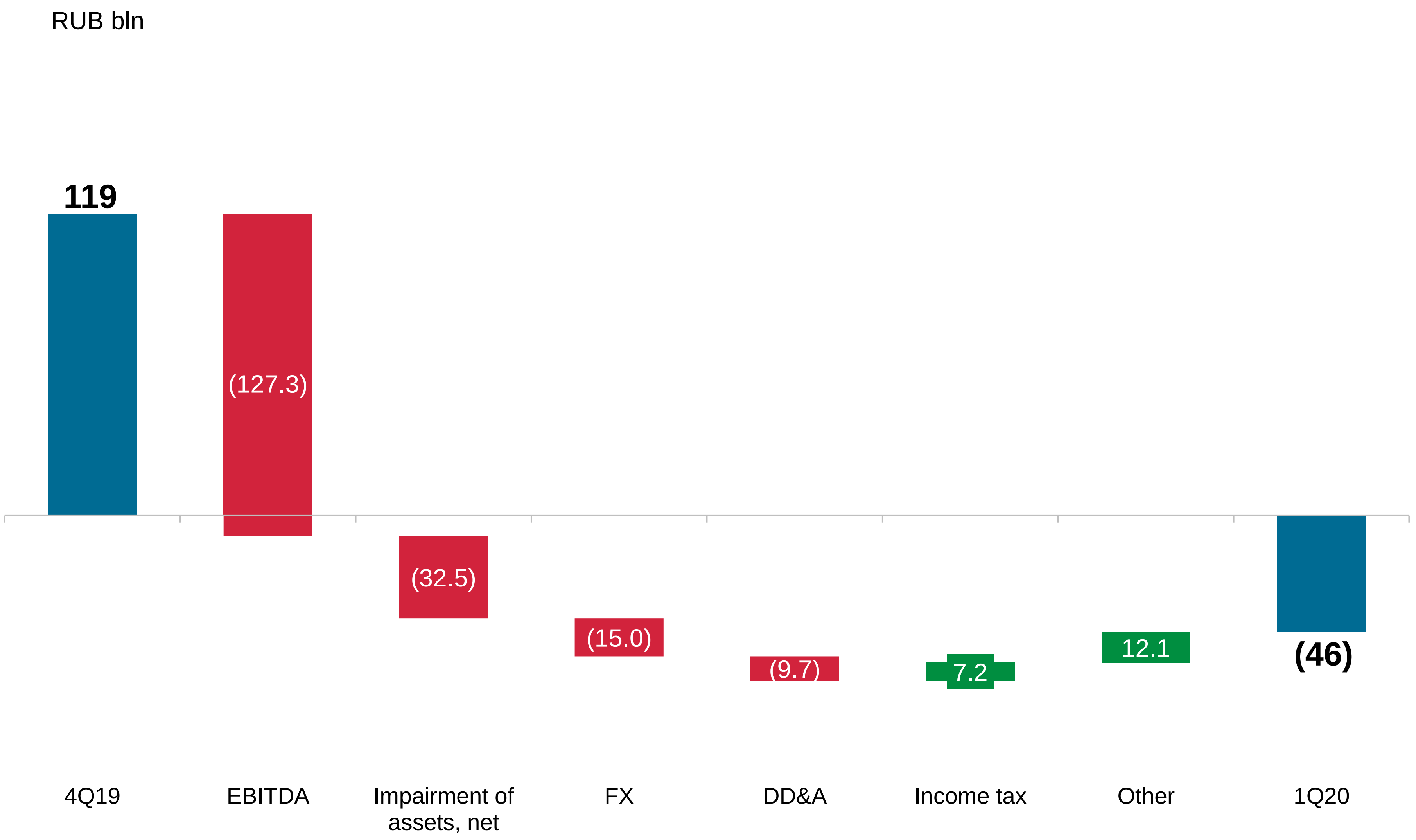


* Normalized EBITDA – net of inventory write-down, tax lag effect, inventory effect at refineries, and and 4Q19 hedging effect roll over.

LUKOIL

Profit
1Q20 / 4Q19

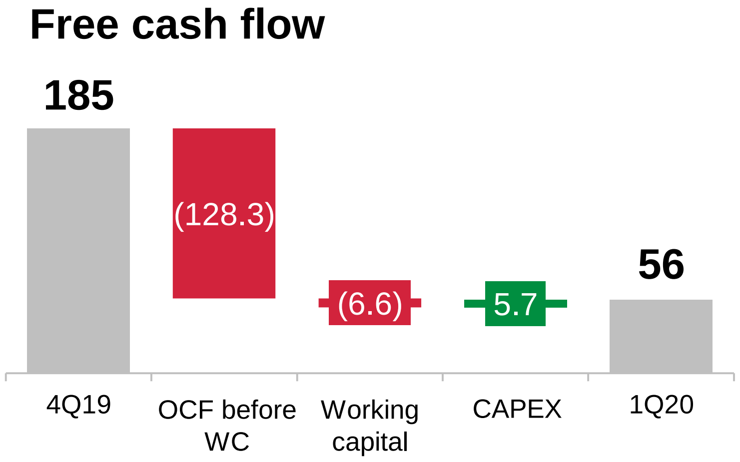
- FX loss
- Impairment of assets (incl. tax assets)
- Higher DD&A

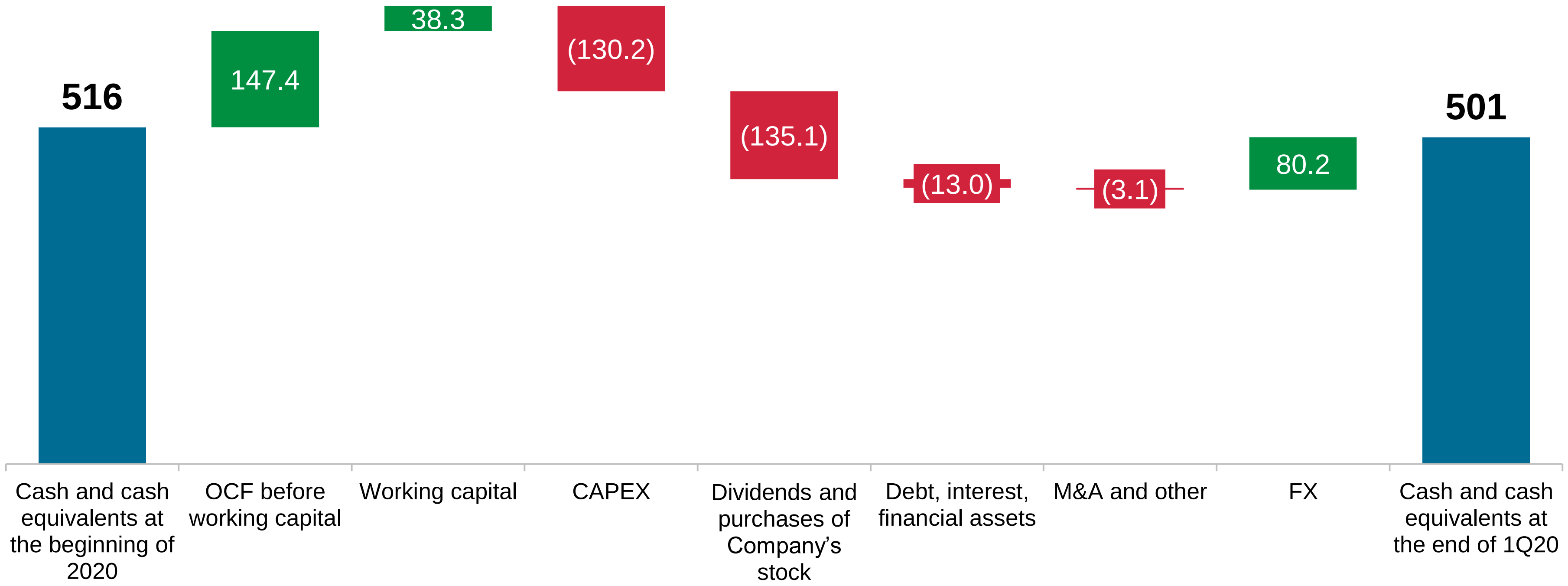


LUKOIL

Cash flow

RUB bln





LUKOIL

Q&A

LUKOIL

Appendix

LUKOIL

Price and Tax Environment
Upstream

1Q20	4Q19	%	Prices and FX rate	1Q20	1Q19	%
50.5	63.3	(20.3)	Brent, USD / bbl	50.5	63.1	(20.0)
48.4	62.7	(22.8)	Urals, USD / bbl	48.4	63.2	(23.5)
66.4	63.7	4.2	RUB / USD	66.4	66.1	0.5
(280)	44	-	Tax lag effect, RUB / bbl	(280)	72	-
16.4	23.4	(29.7)	Net price, USD / bbl	16.4	24.4	(32.8)
1.09	1.49	(26.7)	Net price, th. RUB / bbl	1.09	1.62	(32.5)

			Taxes in Russia			
			Export duty			
10.2	12.2	(16.5)	USD / bbl	10.2	11.9	(15.0)
4.9	5.7	(12.9)	th. RUB / t	4.9	5.8	(14.7)
			MET			
21.8	27.2	(19.7)	USD / bbl	21.8	26.8	(18.7)
10.6	12.6	(16.4)	th. RUB / t	10.6	13.0	(18.4)

LUKOIL

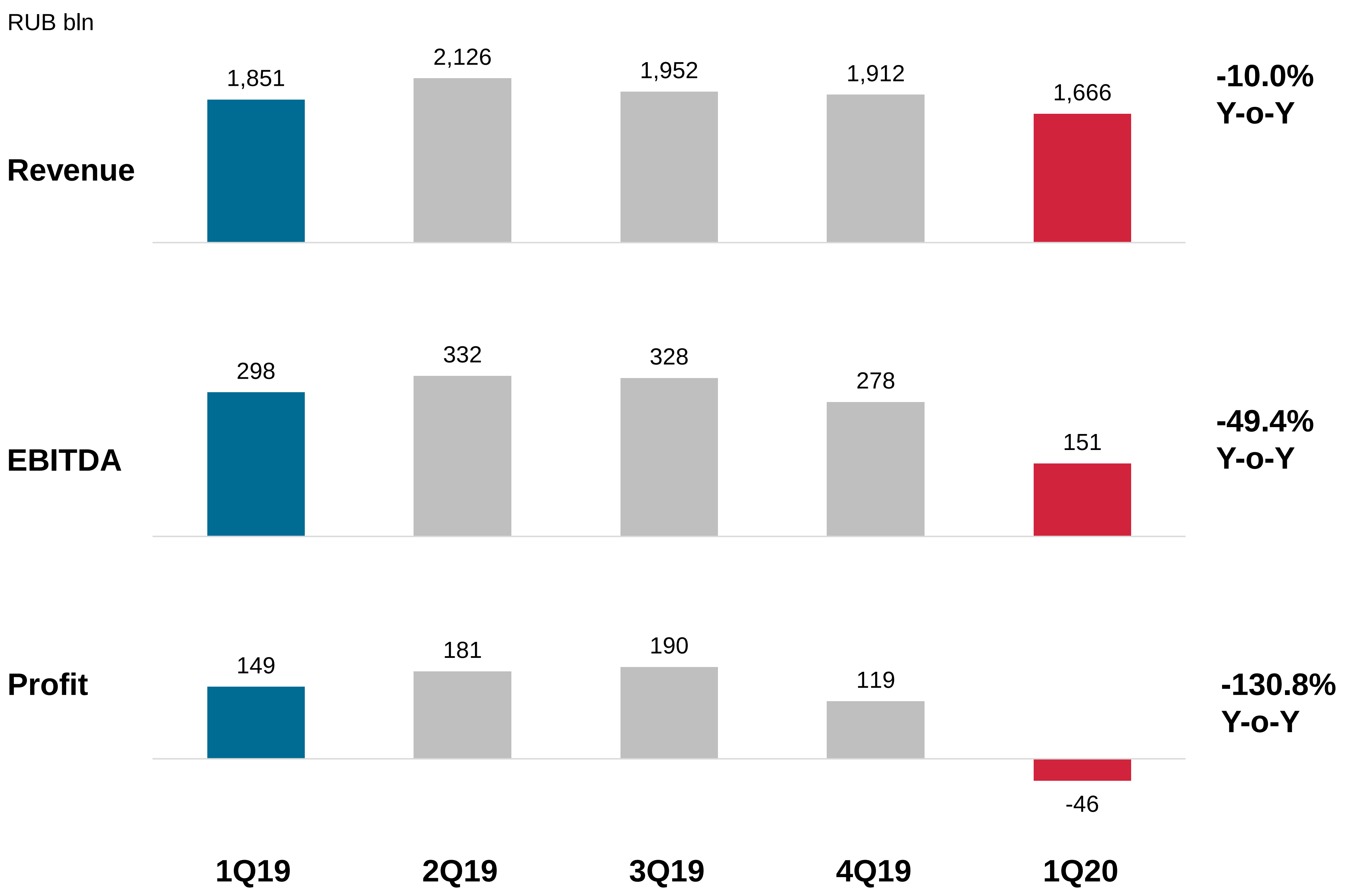
Price and Tax Environment
Downstream

1Q20	4Q19	%	Prices	1Q20	1Q19	%
			Russia (Nizhny Novgorod basis), th. RUB per t			
38.6	40.3	(4.0)	Diesel fuel	38.6	38.4	0.5
7.5	8.4	(11.5)	Fuel oil	7.5	15.2	(50.8)
39.2	39.0	0.4	Premium gasoline	39.2	35.0	11.8
			Europe, USD per t			
470	589	(20.1)	Diesel fuel	470	588	(20.0)
228	227	0.2	Fuel oil 3,5%	228	376	(39.5)
470	604	(22.3)	Gasoline	470	548	(14.4)

			Taxes in Russia			
			Excise, th. RUB per t			
12.8	12.3	3.6	Gasoline (Euro-5)	12.8	12.3	3.6
8.8	8.5	3.4	Diesel fuel	8.8	8.5	3.4
			Damper, th. RUB per t			
(4.8)	3.0		Gasoline	(4.8)	(0.5)	-
(2.7)	4.1		Diesel fuel	(2.7)	5.1	-

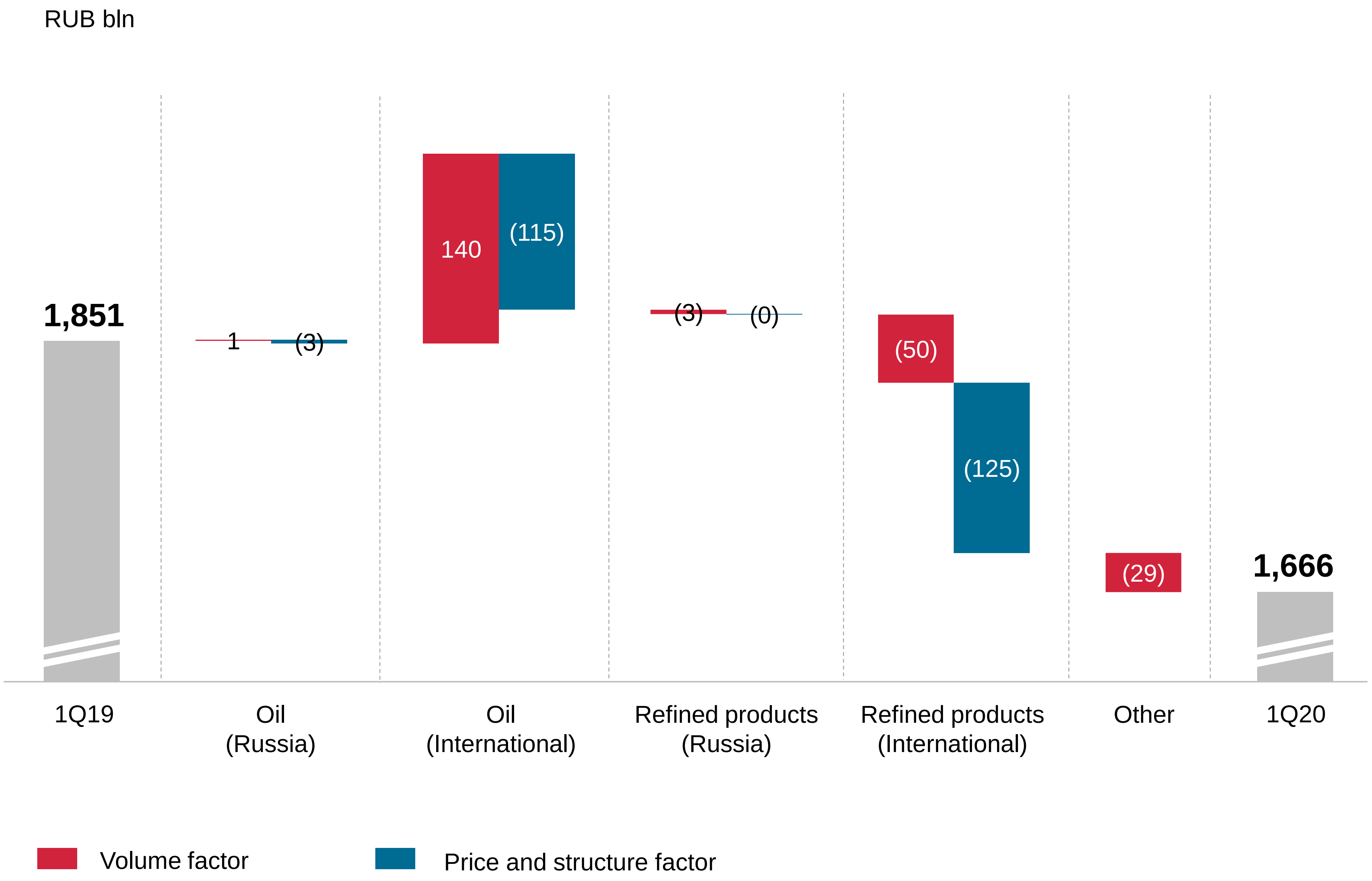
LUKOIL

Financial results



LUKOIL

Revenue
1Q20 / 1Q19

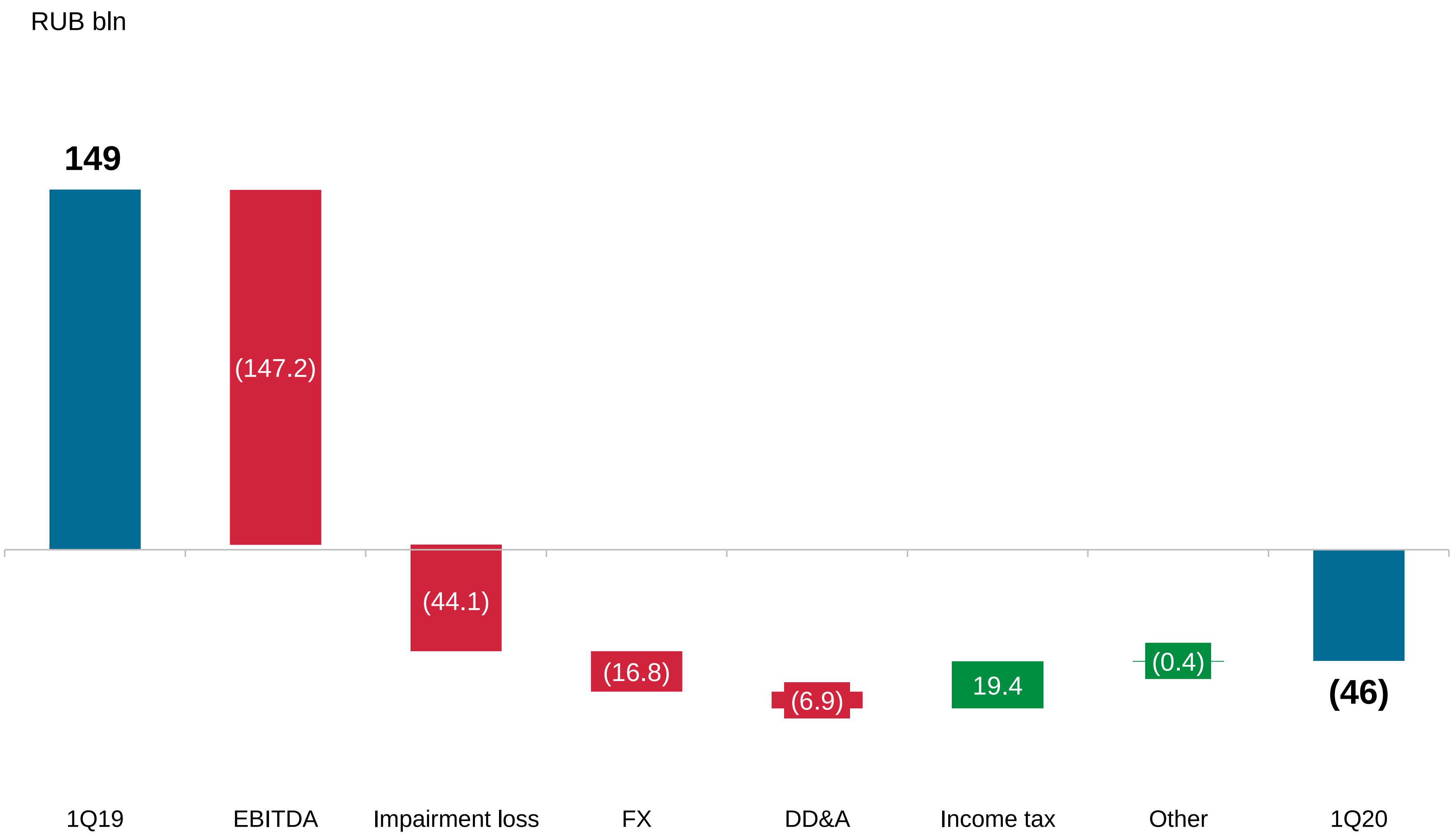


LUKOIL

EBITDA
1Q20 / 1Q19

LUKOIL

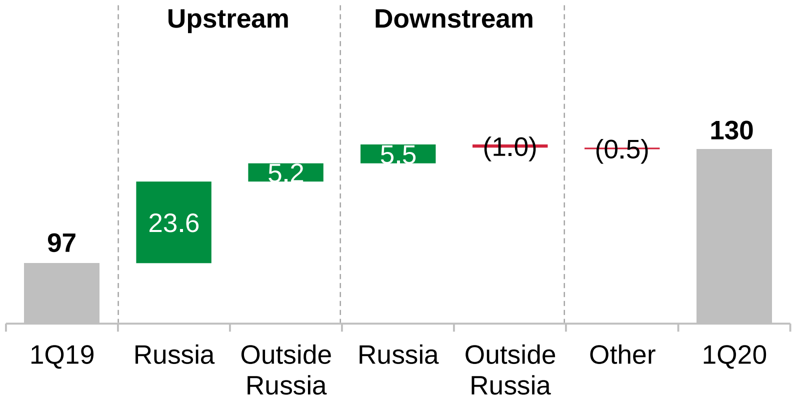
Profit
1Q20 / 1Q19

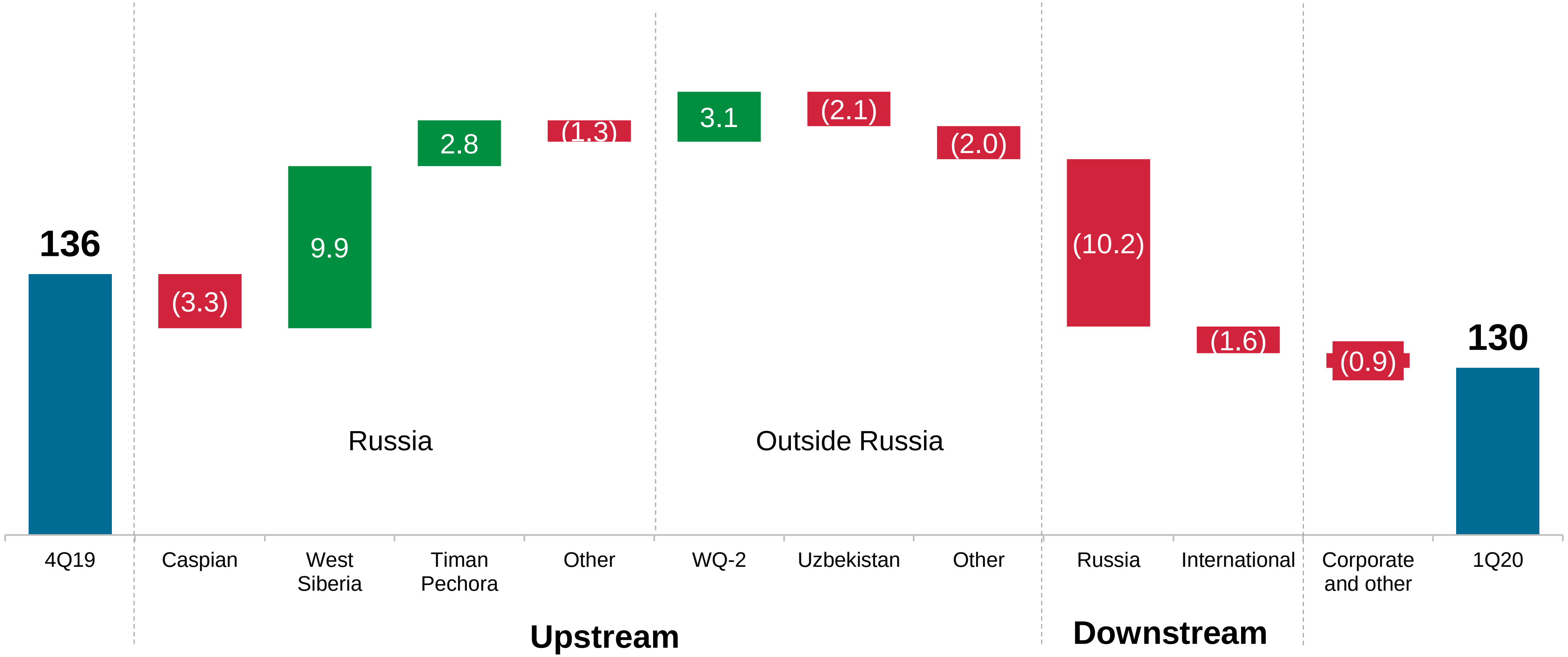


LUKOIL

CAPEX

RUB bln





LUKOIL

Statement of Profit or Loss

(in USD mln, at the average exchange rate for the period)

1Q20	4Q19		1Q20	1Q19
		Revenue		
25,090	**30,023**	Sales (including excise and export tariffs)	**25,090**	**28,002**
		Costs and other deductions		
(1,679)	(1,814)	Operating expenses	(1,679)	(1,652)
(14,634)	(16,643)	Cost of purchased crude oil, gas and products	(14,634)	(14,940)
(1,206)	(1,165)	Transportation expenses	(1,206)	(1,108)
(679)	(832)	Selling, general and administrative expenses	(679)	(750)
(1,667)	(1,586)	Depreciation, depletion and amortization	(1,667)	(1,571)
(2,917)	(3,449)	Taxes other than income taxes	(2,917)	(3,344)
(1,697)	(1,641)	Excise and export tariffs	(1,697)	(1,686)
(6)	(113)	Exploration expenses	(6)	(14)
604	**2,781**	**Profit from operating activities**	**604**	**2,938**
72	96	Finance income	72	91
(154)	(169)	Finance costs	(154)	(178)
67	26	Equity share in income of affiliates	67	93
(225)	1	Foreign exchange gain (loss)	(225)	29
(702)	(375)	Other income (expenses)	(702)	(60)
(337)	**2,359**	**(Loss) profit before income taxes**	**(337)**	**2,914**
(257)	(402)	Current income taxes	(257)	(626)
(95)	(77)	Deferred income taxes	(95)	(21)
(352)	**(479)**	**Total income tax expense**	**(352)**	**(647)**
(690)	**1,880**	**(Loss) profit for the period**	**(690)**	**2,266**
(3)	(7)	Loss for the period attributable to non-controlling interests	(3)	(8)
(692)	**1,873**	**(Loss) profit for the period attributable to PJSC LUKOIL shareholders**	**(692)**	**2,258**

LUKOIL