

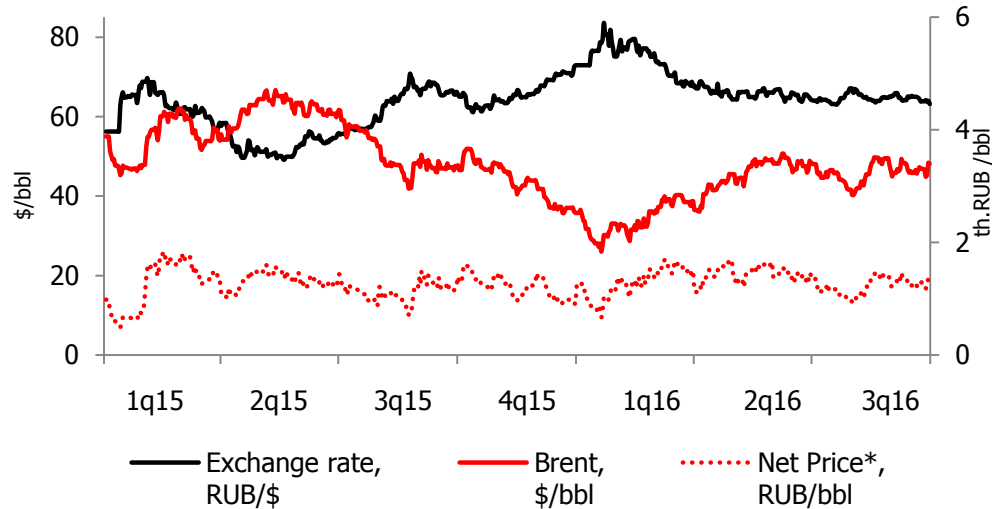
3Q and 9M 2016 IFRS Financial Results

- Certain statements in this presentation are not historical facts and are “forward-looking”. Examples of such forward-looking statements include, but are not limited to:
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 - statements of our plans, objectives or goals, including those related to products or services;
 - statements of future economic performance; and
 - statements of assumptions underlying such statements.
- Words such as “believes,” “anticipates,” “expects,” “estimates”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
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Macroeconomic and Tax Environment Upstream



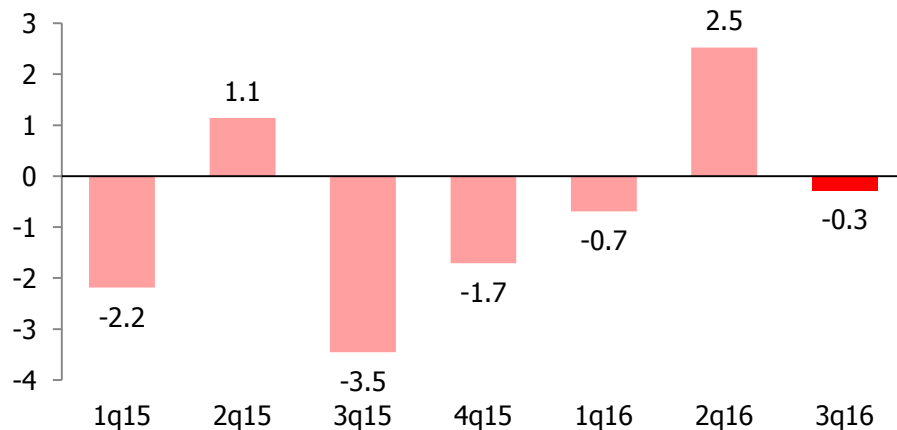
Oil price, exchange rate and net price



Oil price and exchange rate

	3q16	2q16	%	3q15	%
Brent, \$/bbl	45.9	45.6	0.6	50.5	(9.1)
Urals, \$/bbl	44.0	43.8	0.5	49.6	(11.1)
Exchange rate, RUB/\$	64.6	65.9	(2.0)	63.0	2.5
Net price*, \$/bbl	19.0	21.9	(13.2)	18.4	3.3
Net price*, th. RUB/bbl	1.2	1.4	(15.0)	1.2	5.9

Oil export duty time lag effect, \$/bbl



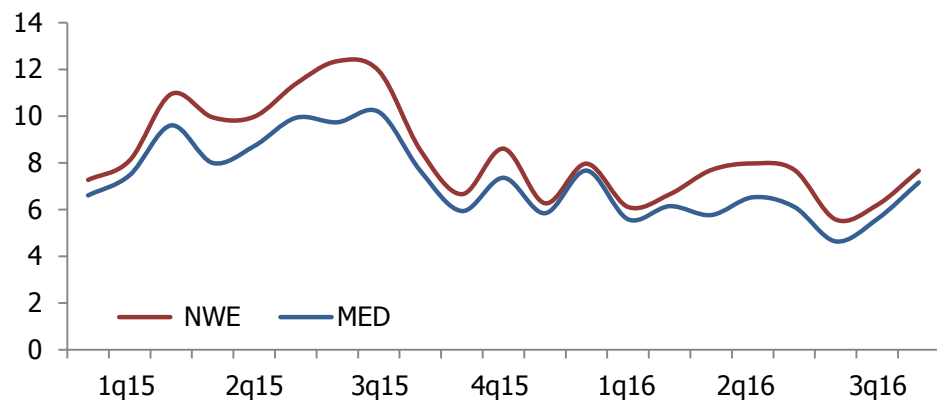
Oil taxes

	3q16	2q16	%	3q15	%
\$/bbl					
Export duty	12.1	9.2	32.2	17.6	(31.0)
MET	12.9	12.7	1.1	13.6	(5.2)
th. RUB/tons					
Export duty	5.7	4.4	29.6	8.1	(29.2)
MET	6.1	6.1	(0.7)	6.3	(2.6)

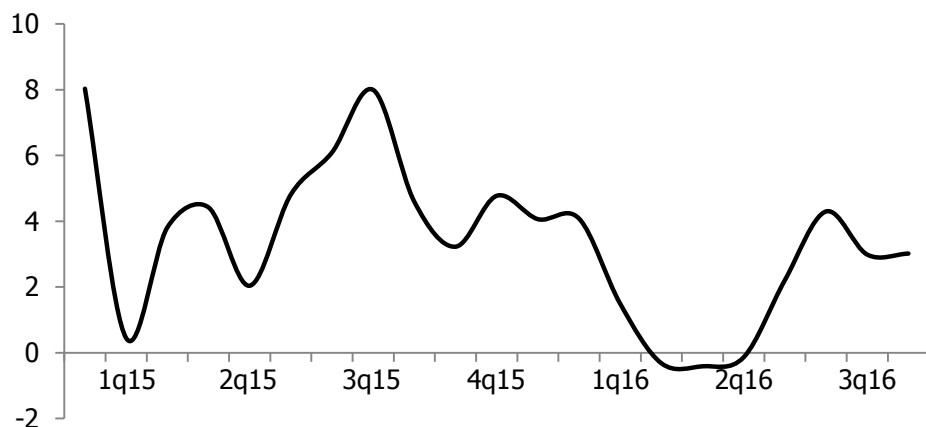
Macroeconomic and Tax Environment Downstream



Benchmark refining margin in Europe, \$/bbl



Benchmark refining margin in Russia*, \$/bbl



	3q16	2q16	%	3q15	%
Oil products (FOB Rotterdam), \$/t					
Fuel oil 3.5%	229.0	199.8	14.6	243.8	(6.1)
Diesel fuel 0.01%	407.1	411.3	(1.0)	482.9	(15.7)
Gasoline	472.8	503.2	(6.0)	599.0	(21.1)
Benchmark refining margin, \$/bbl					
NWE	6.5	7.8	(17.0)	10.9	(41.1)
MED	5.8	6.1	(5.8)	9.2	(37.2)

Oil products in Russia, th. RUB/t

Fuel oil	8.4	6.8	24.3	7.4	14.9
Diesel fuel	29.5	28.9	2.5	29.9	(1.3)
Premium gasoline	36.6	35.8	2.3	36.8	(0.6)

Taxes on oil products in Russia, th. RUB/t

Export duty					
Diesel fuel	2.3	1.8	29.6	3.9	(41.0)
Fuel oil	4.7	3.6	29.7	6.2	(23.6)
Excise taxes					
Gasoline Euro-5	10.1	10.1	0.0	5.5	83.2
Diesel fuel	5.3	5.3	0.0	3.5	53.4

Benchmark refining margin, \$/bbl

European part of Russia	3.4	0.6	419.8	6.2	(44.9)
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Summary Results



	3q16	2q16	%	3q15	%
Operational Results					
Hydrocarbon production (ex. West Qurna-2), mln boe	188	191	(1.3)	197	(4.2)
of which crude oil and NGL, mln bbl	160	161	(0.3)	168	(4.8)
crude oil and NGL in Russia, mln bbl	153	154	(0.4)	161	(4.6)
West Qurna-2, mln bbl	7	6	6.3	22	(69.3)
Refinery throughput at the Group refineries, mln t	17.1	16.4	4.3	17.3	(1.3)
Financial Results, RUB bln					
Revenue	1,309	1,339	(2.2)	1,464	(10.6)
EBITDA	166	190	(12.5)	213	(22.1)
ex. West Qurna-2	160	183	(12.2)	169	(4.8)
Profit for the period	55	63	(12.4)	188	(70.9)
ex. FX effect	63	86	(26.5)	121	(48.1)
Capital expenditures*	121	119	1.5	143	(15.5)
Free cash flow**	105	57	83.4	91	14.5
Net debt	494	518	(4.6)	591	(16.4)

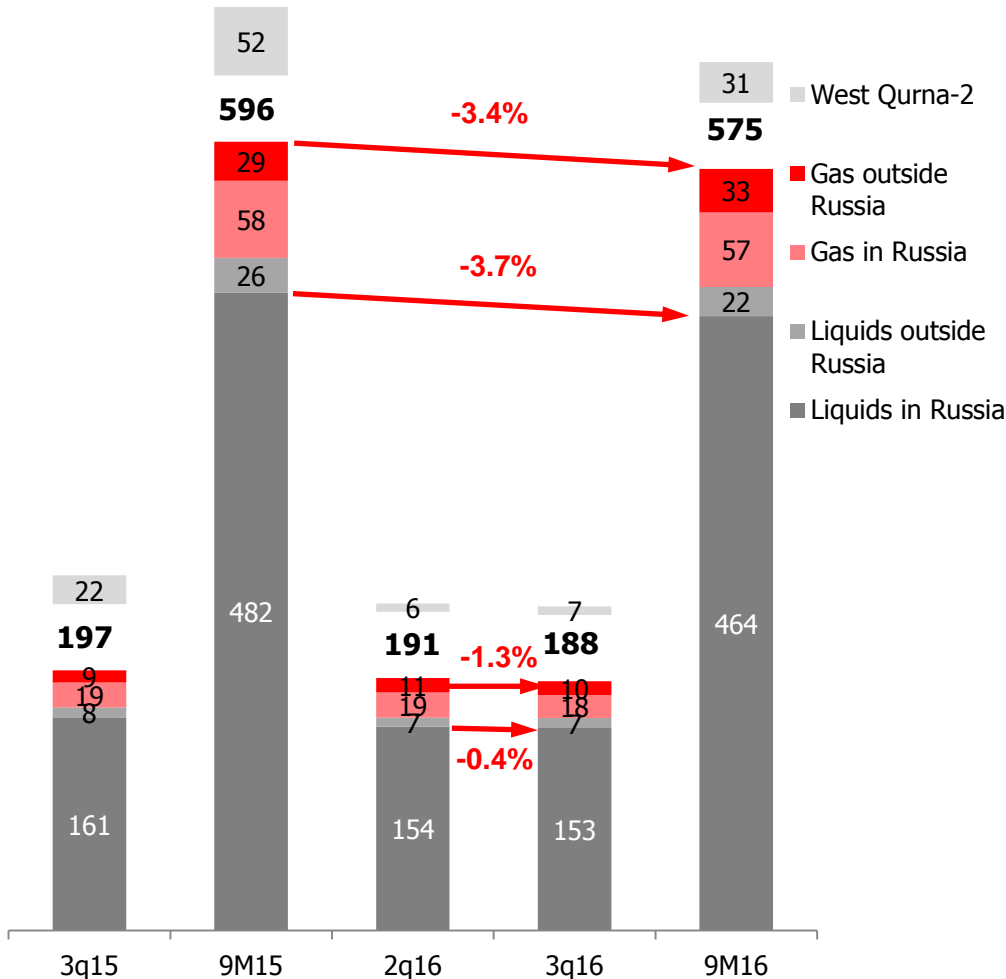
* Including non-cash transactions

** Net cash provided by operating activities less capital expenditures and acquisition of licenses

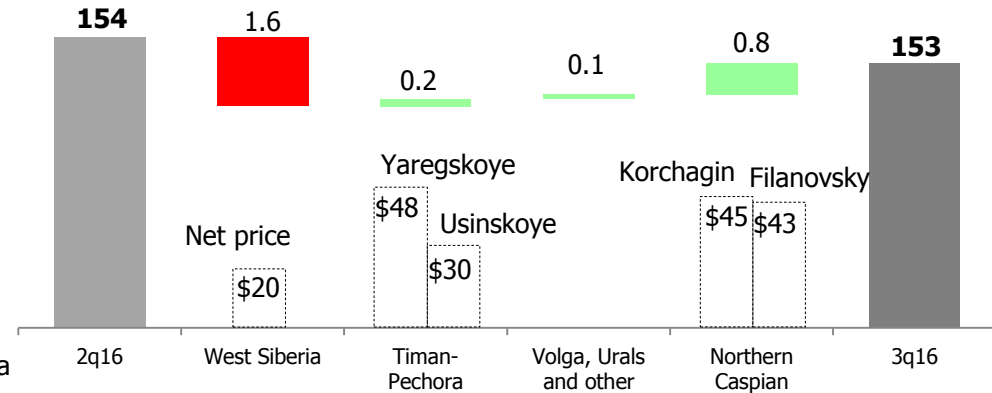
Upstream: Focus on High Margin Barrels



Hydrocarbon production, mln boe



Liquids production in Russia (mln bbl) and net price* (\$/bbl)



* Net price= oil price (\$50/bbl) less export duty and MET under current tax conditions

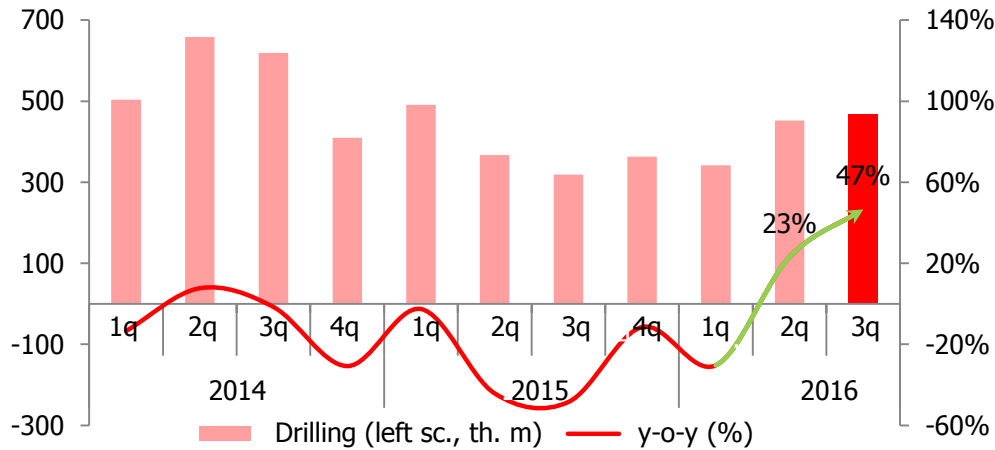
Growth factors

- Launch of Filanovsky and Pyakyakhinskoye fields
- Heavy oil production growth in Timan-Pechora
- Gas production in the Caspian and Uzbekistan

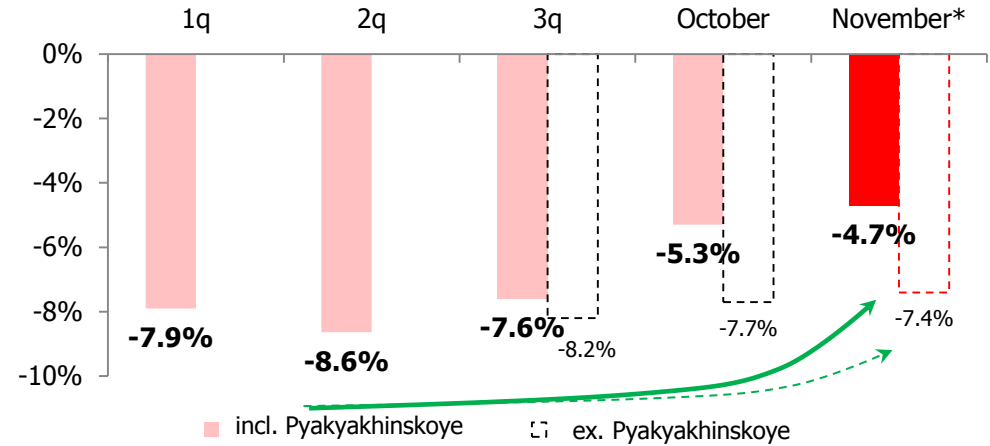
Decline factors

- Decrease in compensation oil from WQ-2 project
- Divestment of share in Caspian Investment Resources Ltd.
- Natural decline at brownfields

Production drilling (LUKOIL-West Siberia)



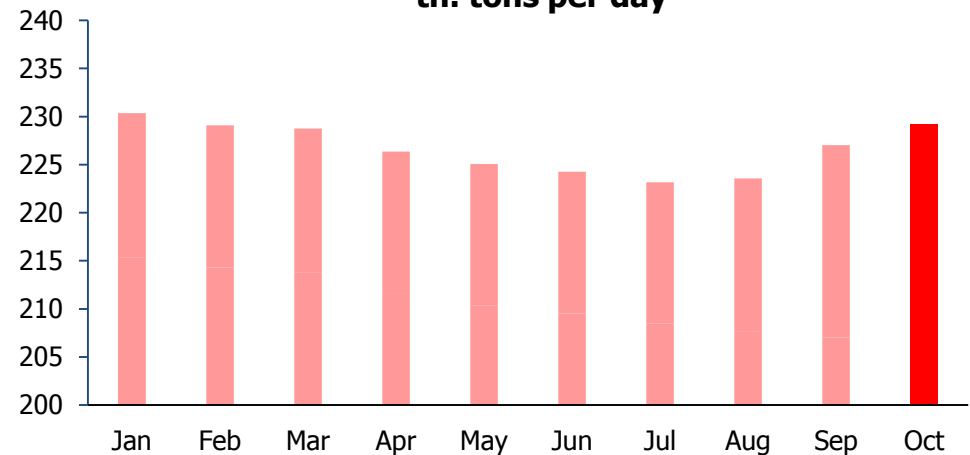
Rates of liquids production decline (LUKOIL-West Siberia), y-o-y



* As at November, 24

- Production drilling increase in West Siberia aimed at decelerating production decline
- With the launch of Pyakyakhinskoye field production decline slowed down to 4.7% y-o-y in November

Liquids production in Russia, th. tons per day



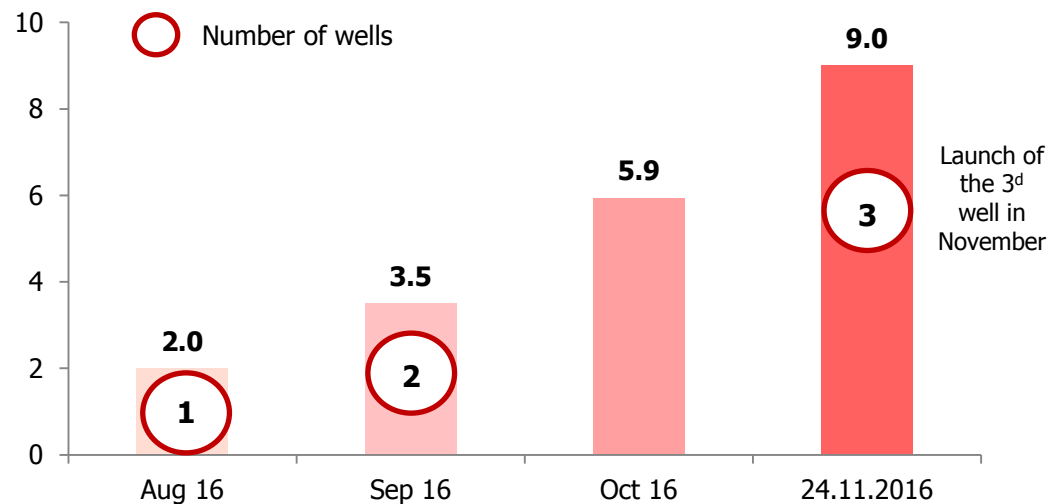
North Caspian: Filanovsky Field



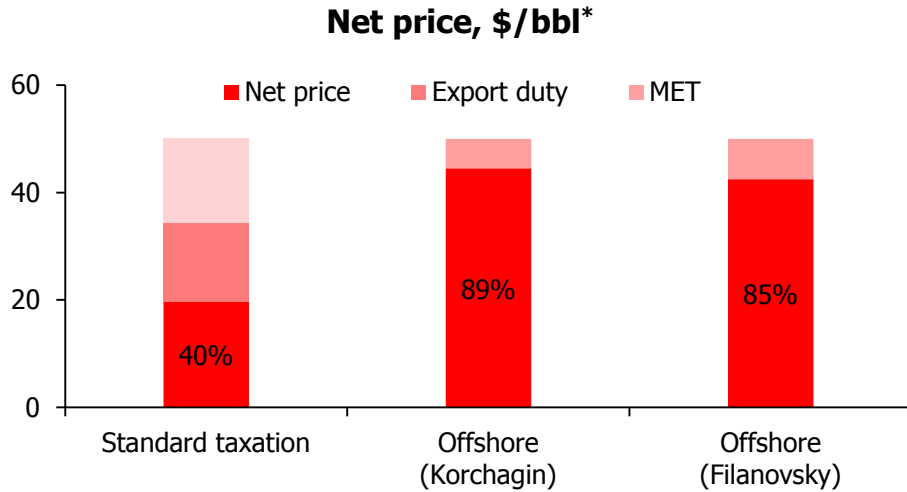
- Launched on October 31, 2016
- Successful completion of 3 wells:
 - total daily flow rate – more than 9 th. tons
- Oil production at the plateau - 120 kbpd
- Preferential tax regime: net price 2-times higher vs. standard taxation under 2016 tax formulas



Liquids production, th. tons per day



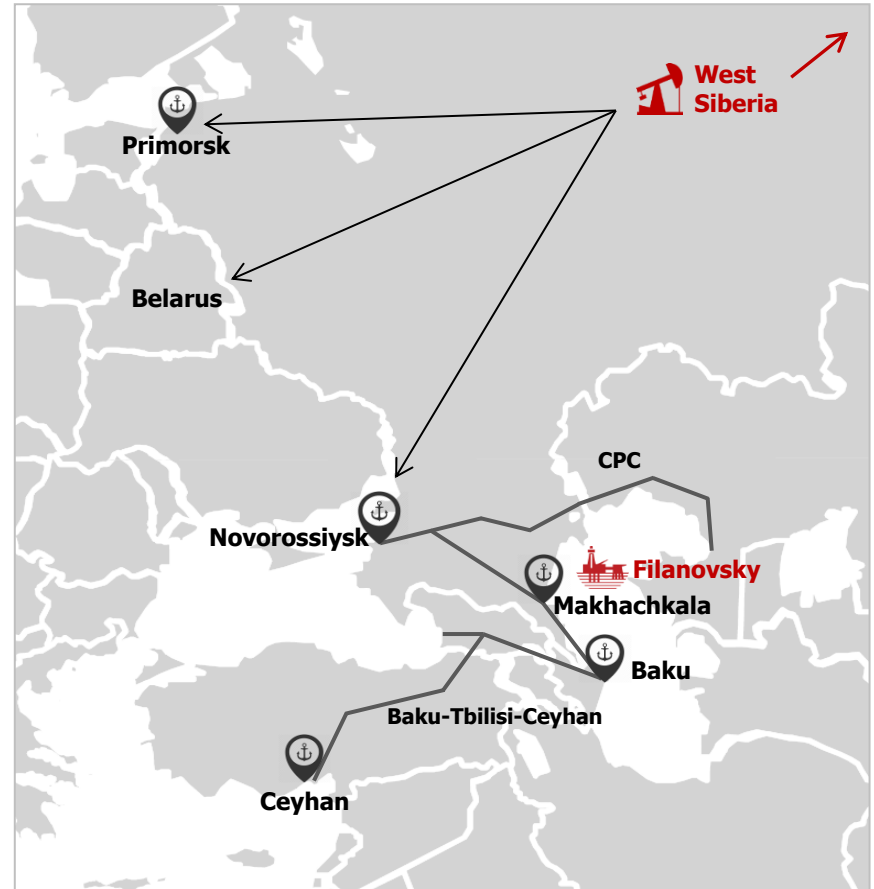
North Caspian: Filanovsky Field



* Current tax environment at \$50/bbl

Relative to West Siberian fields:

- Lower lifting costs due to record-high flow rates
- Lower transportation expenses due to lower tariff rate in CPC
- Quality premium due to quality bank in CPC system

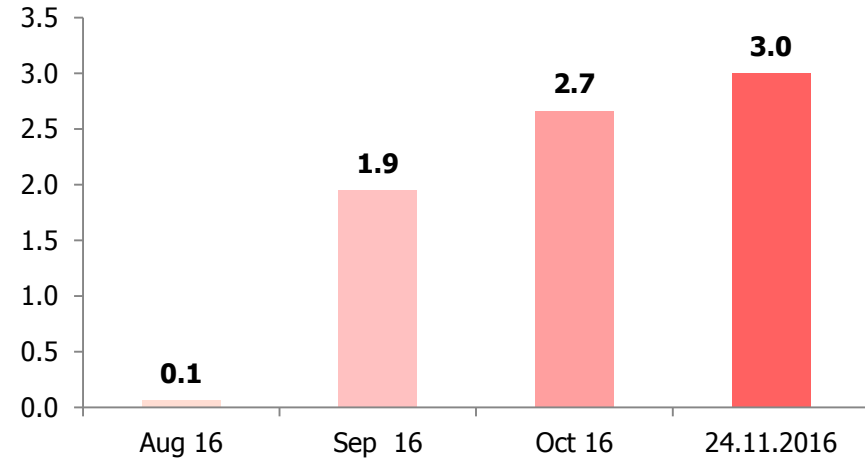


West Siberia: Pyakyakhinskoye Field

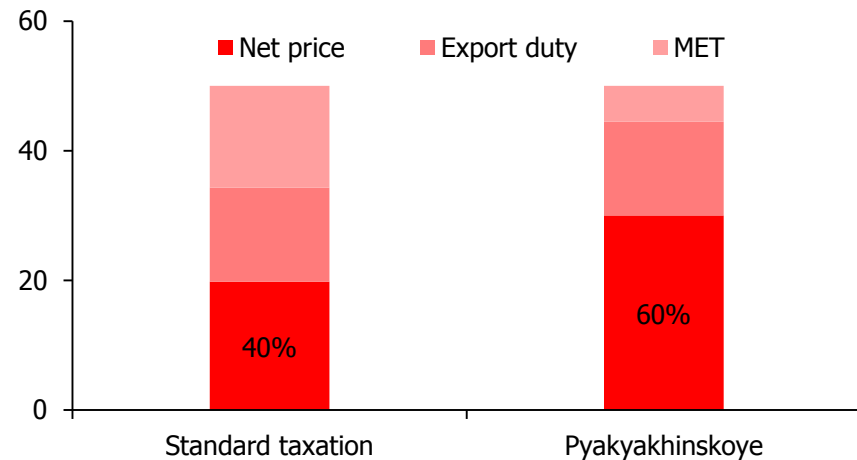


- Launched on October 25, 2016
- As at November, 29, we completed 110 wells, incl. 75 oil wells and 31 gas wells:
 - 43 oil wells are currently producing with a total daily flow rate of 3 th. tons
- Target production in 2017:
 - Liquids – 30 kbpd
 - Natural gas – 3 bcm
- Drilling of multi-bore horizontal wells (daily oil flow rate over 220 tons, up to 5 bores)

Daily oil production, th. tons



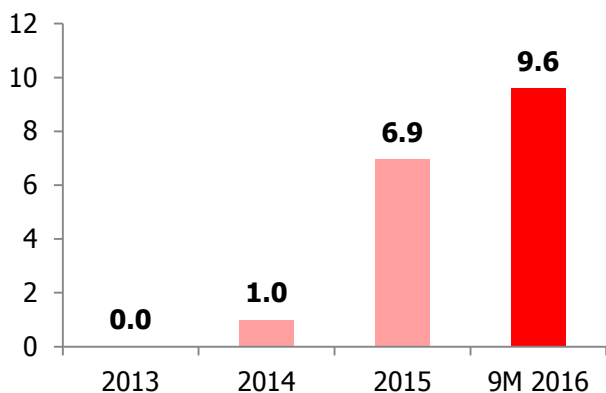
Net price, \$/bbl*



* Current tax environment at \$50/bbl

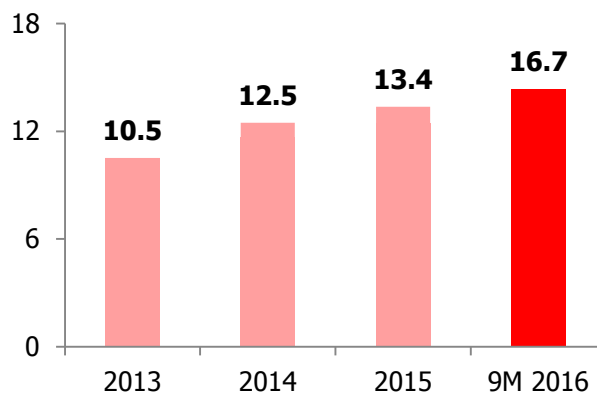
Upstream: Other Growth Projects

Imilorskoye
oil production, kbpd



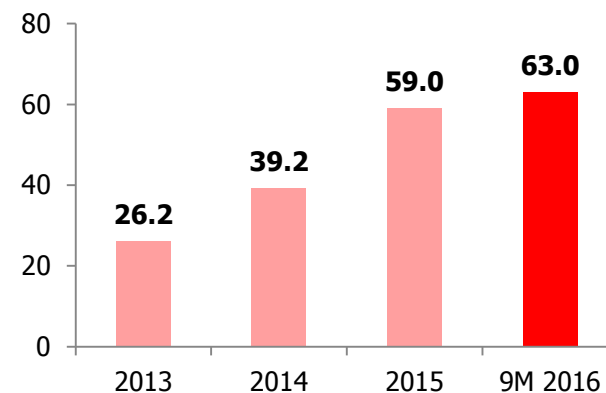
- Production +38% vs. 2015 average
- Wells launched in 9M16:
 - 31 oil well
 - 14 injection wells

Yaregskoye
oil production, kbpd



- Production +25% vs. 2015 average
- Wells launched in 9M16:
 - 10 oil wells
 - 48 injection wells
- Launch of 3 steam-generating units with total capacity of 300 tons per hour
- Export duty tax break
- MET tax break

Denisovskaya Depression
oil production, kbpd

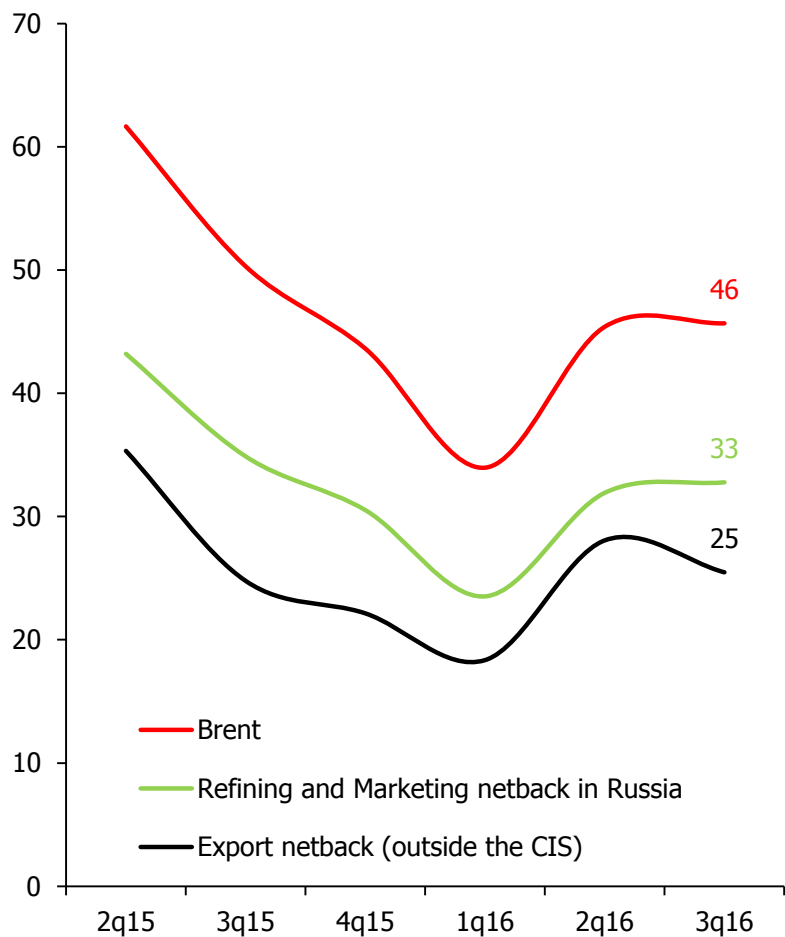


- Production +7% vs. 2015 average
- Wells launched in 9M16:
 - 1 oil well
 - 1 injection well
- Completion of associated petroleum gas utilization system

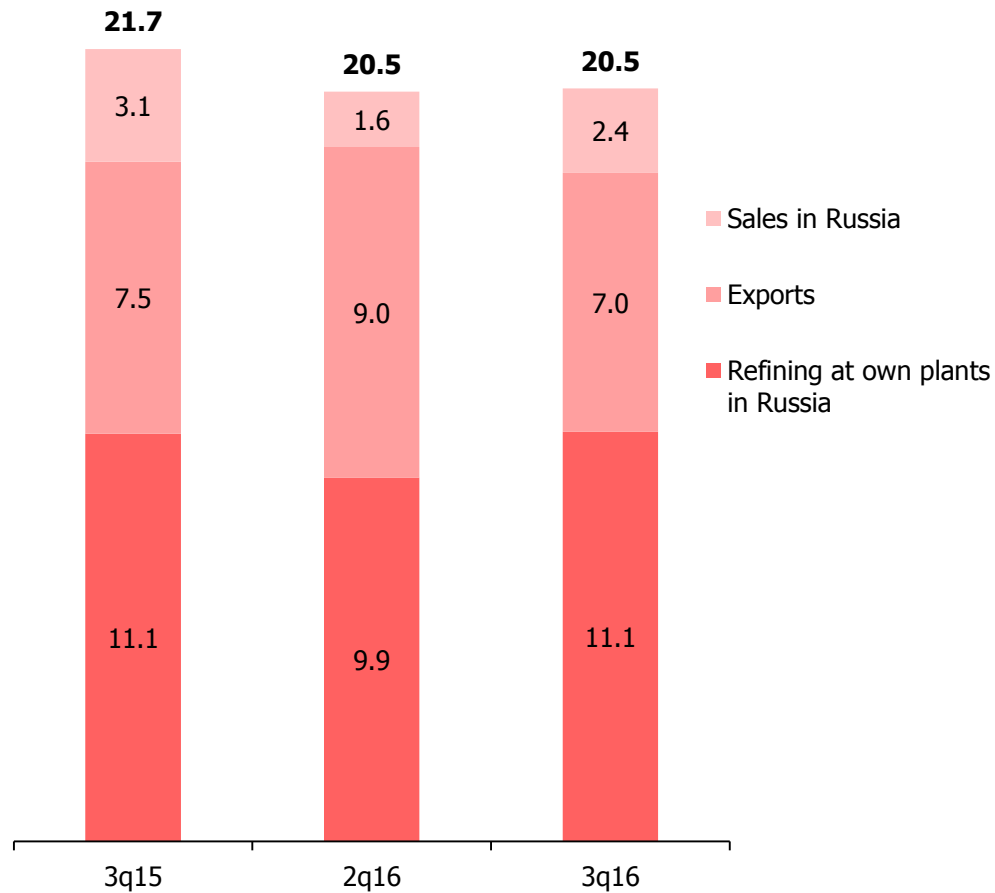
Downstream: Efficient Oil Allocation



Oil allocation price, \$/bbl



Own oil allocation volumes*, mln t

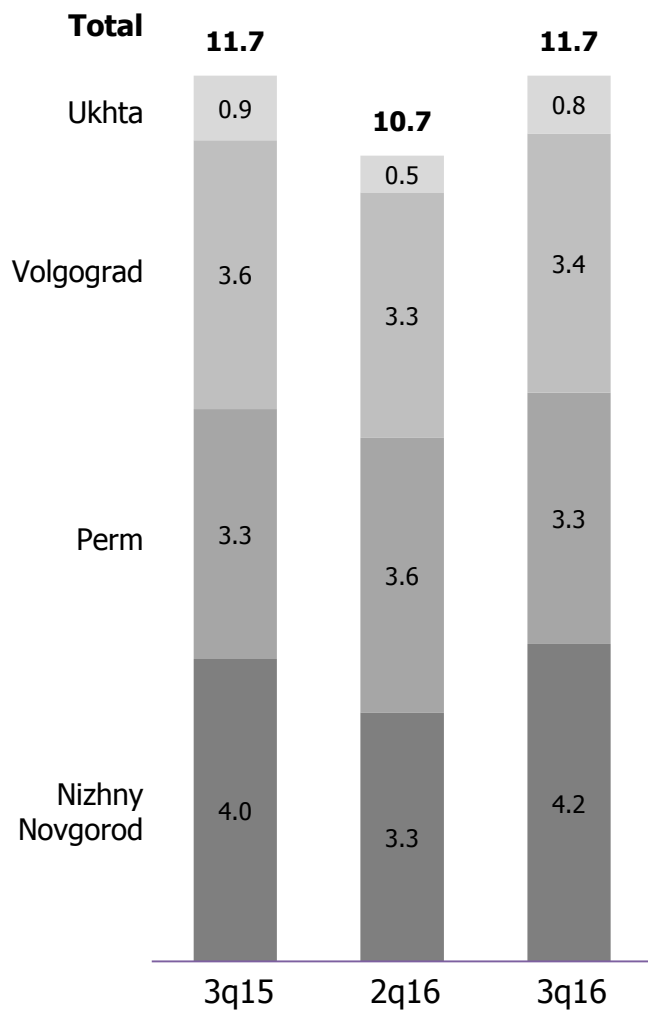


* Including oil purchased from third parties

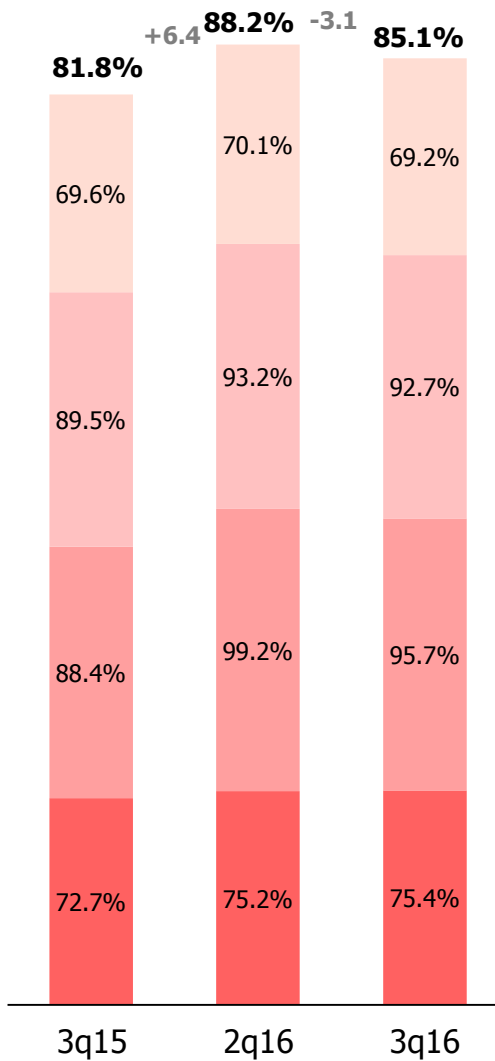
Downstream: Russian Refining KPIs



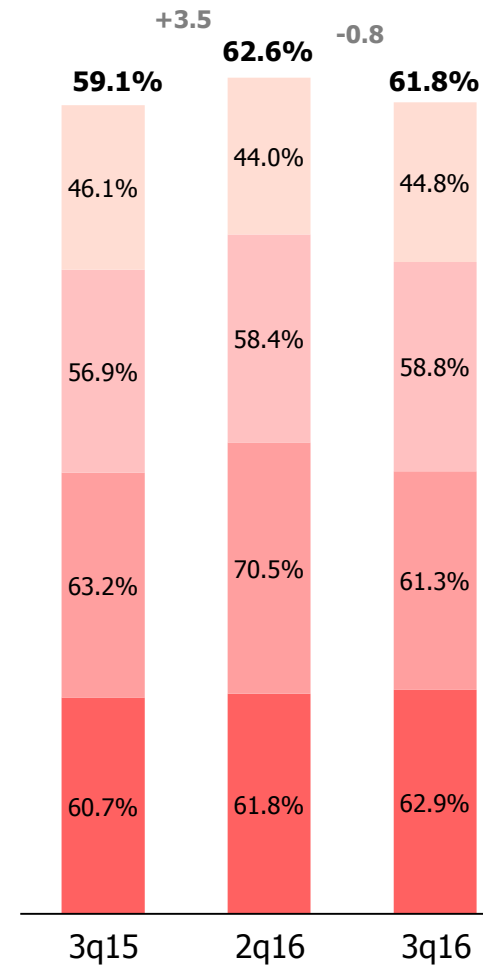
Throughput*, mln t



Refining depth, %



Light products yield, %

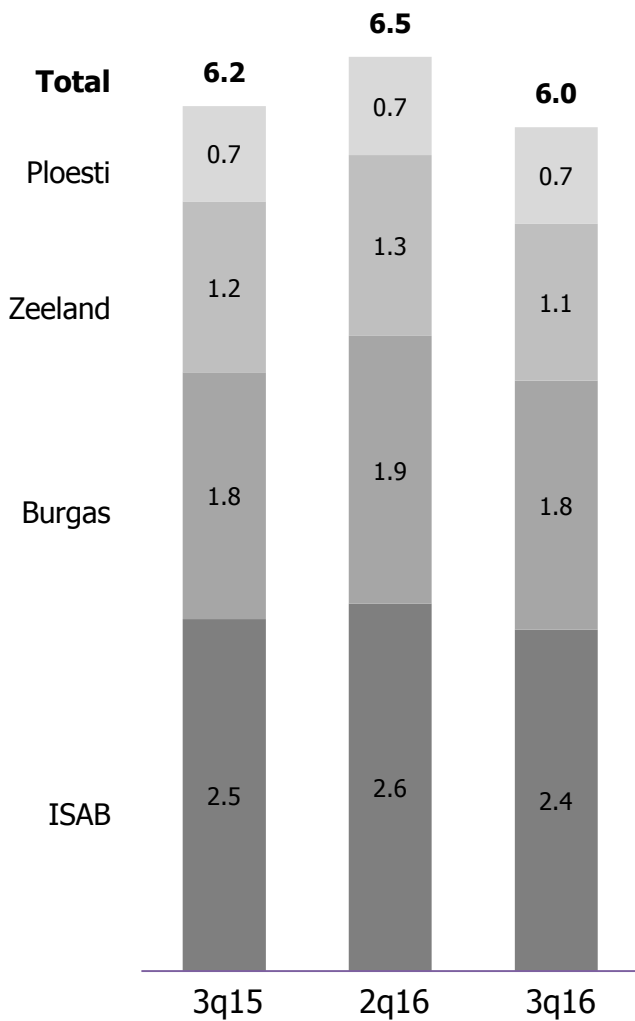


*including oil products from the Group's refineries

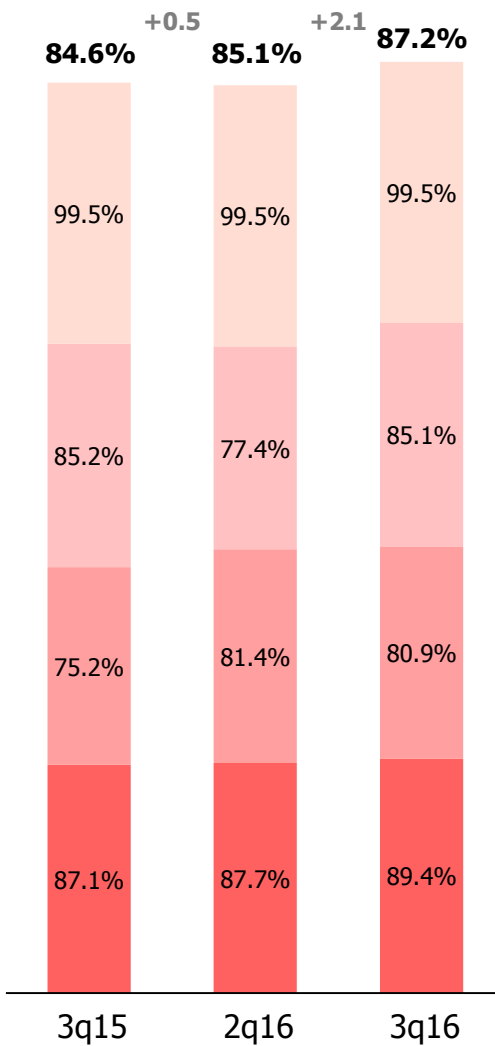
Downstream: International Refining KPIs



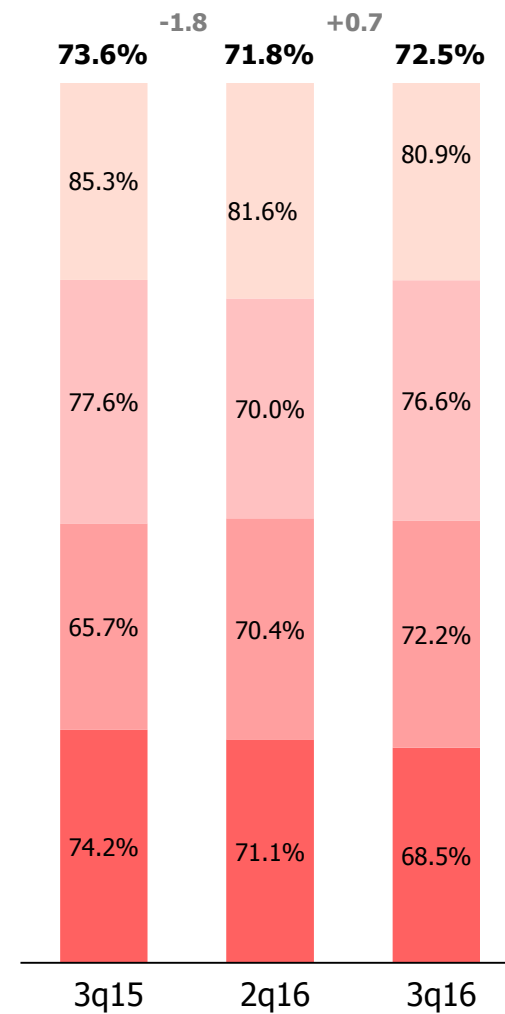
Throughput*, mln t



Refining depth, %



Light products yield, %



*including oil products from the Group's refineries

Marketing: High-Priority Channels

Filling stations: sales of motor fuels +4%



- EKTO fuels sales +**37%** in Russia +**3%** International*
- Non-fuel sales +**20%** in Russia +**11%** International*

Jet: maintaining share in the jet fuel domestic market



- Aircraft refueling started in the airports of Mineralnye Vody and Ekaterinburg
- +**24%** into-plane jet fuel sales in Bulgaria

Lubricants: branded lubricants sales growth



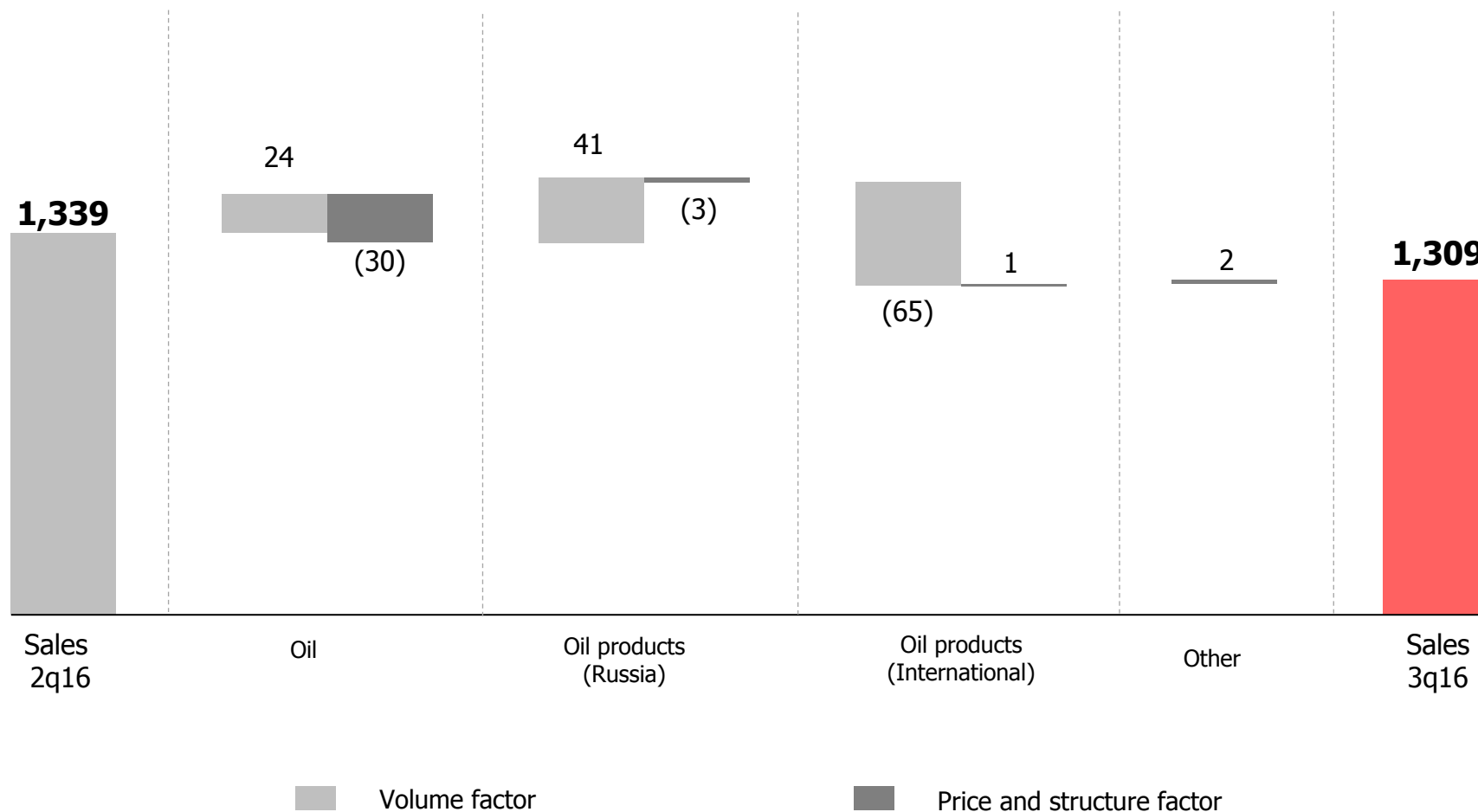
- +**24%** sales of premium motor and industrial oils

Bunkering: a 33% increase in sales on stagnating market

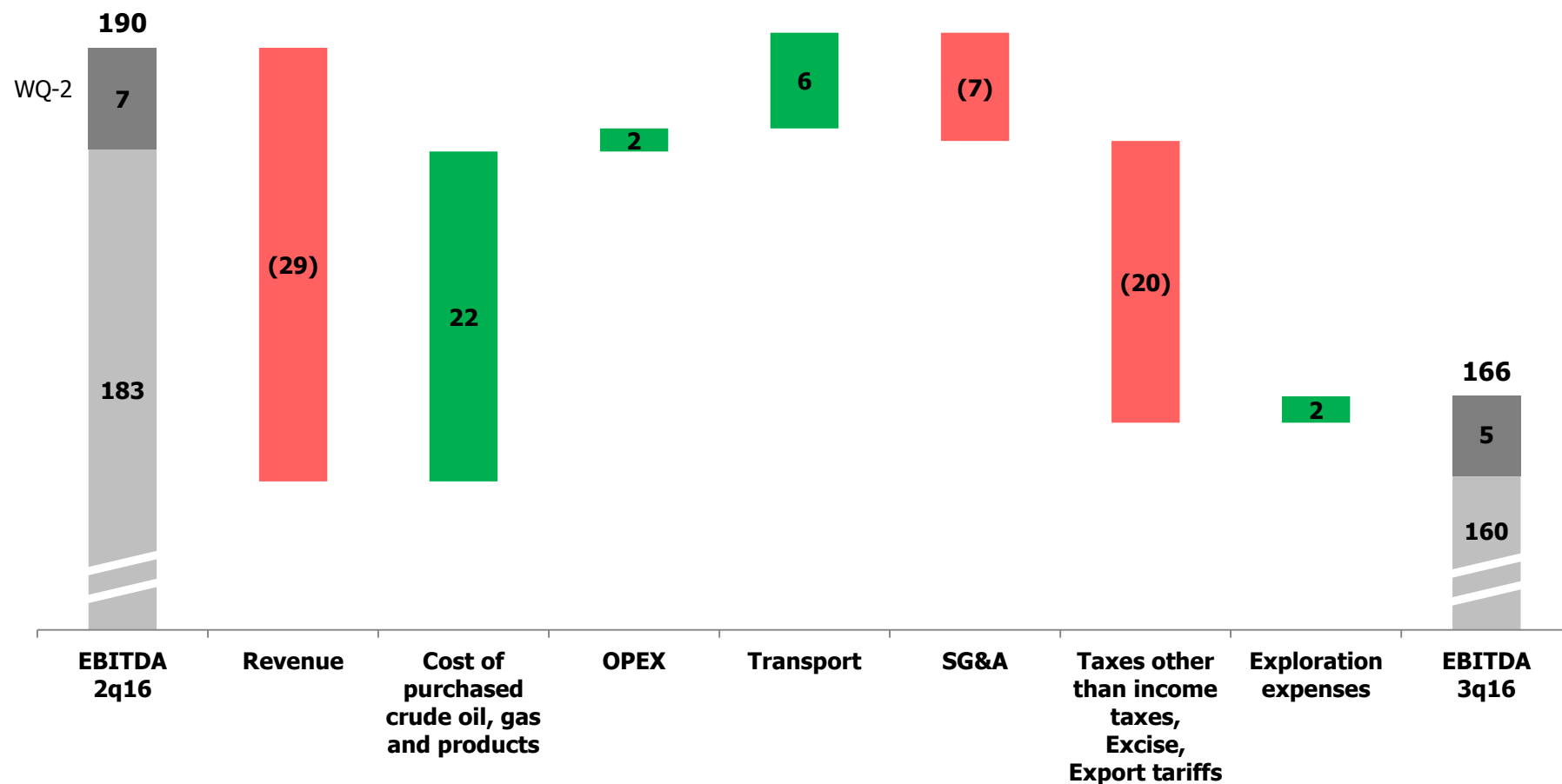


- Growth of sales and market share in the Baltics and Black Sea

Revenue Reconciliation, RUB bln

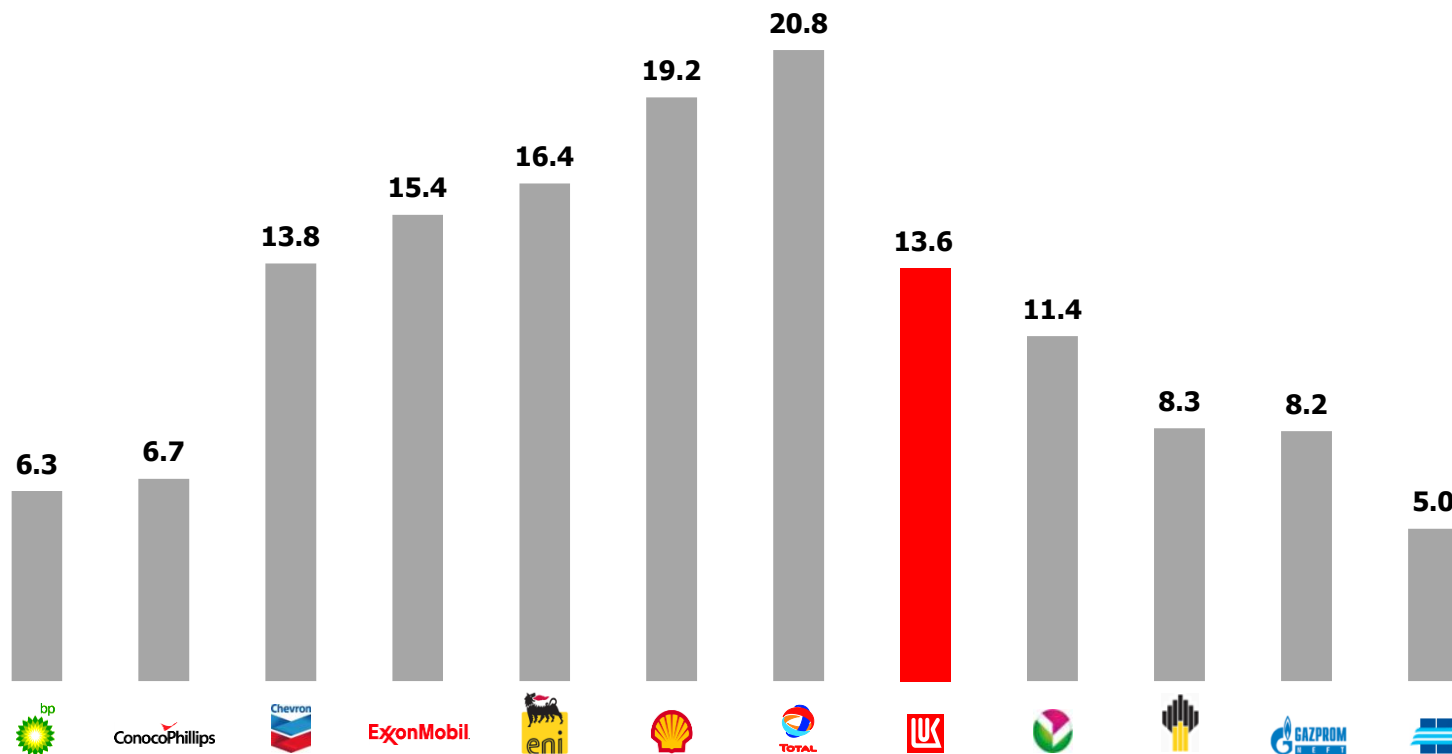


EBITDA Reconciliation, RUB bln

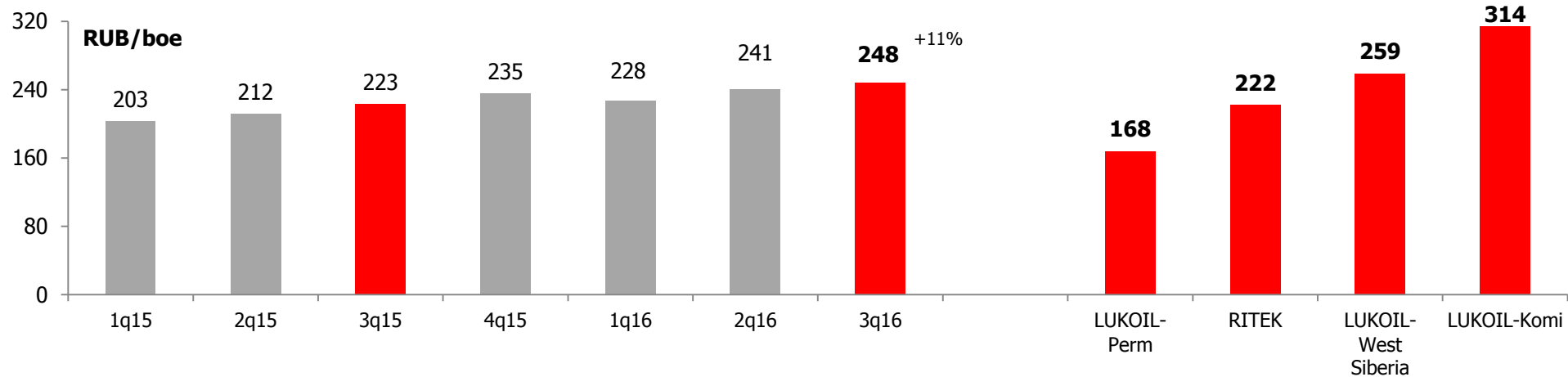


EBITDA per barrel

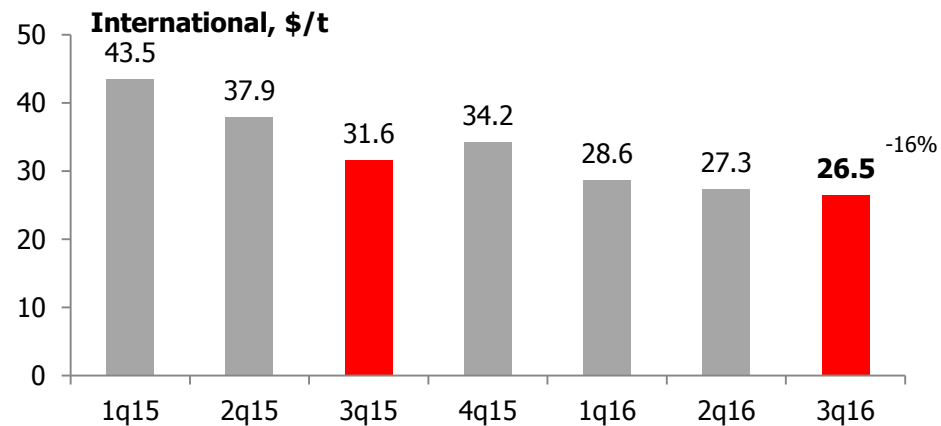
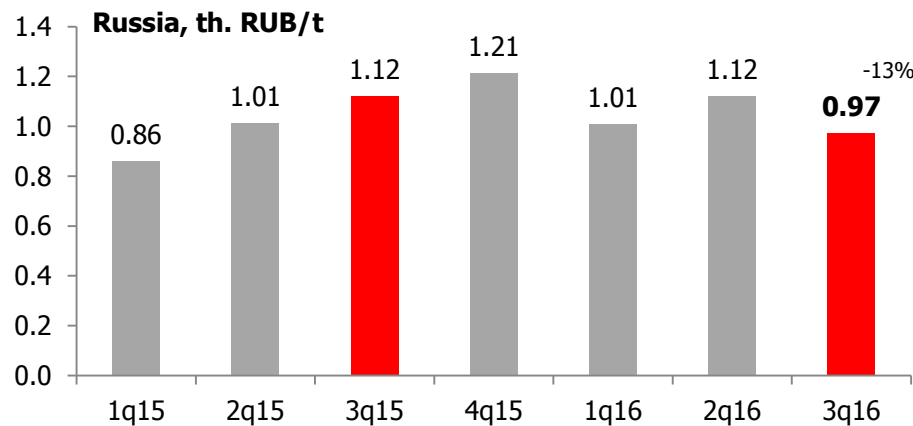
EBITDA per boe of production (9M16), \$



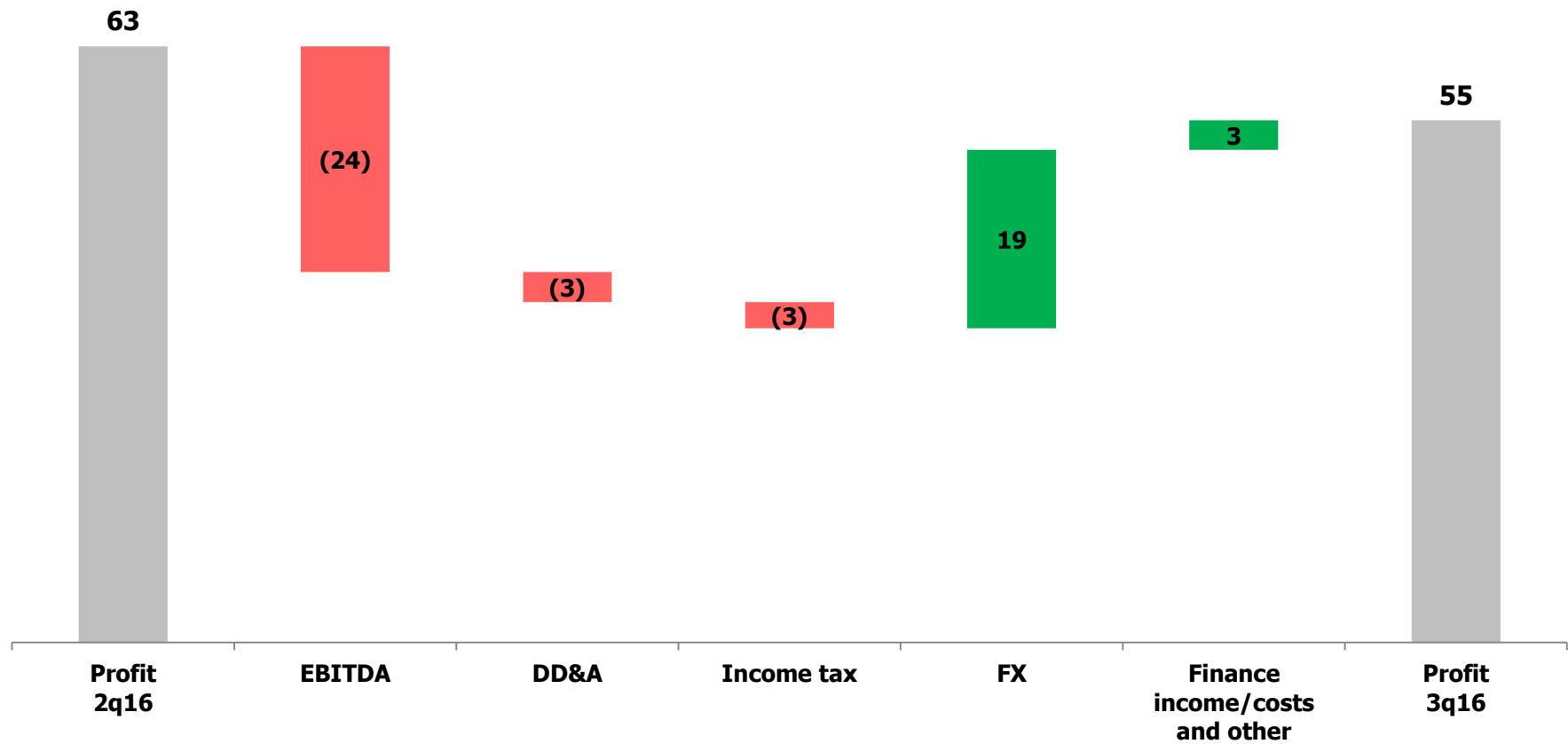
Lifting costs in Russia



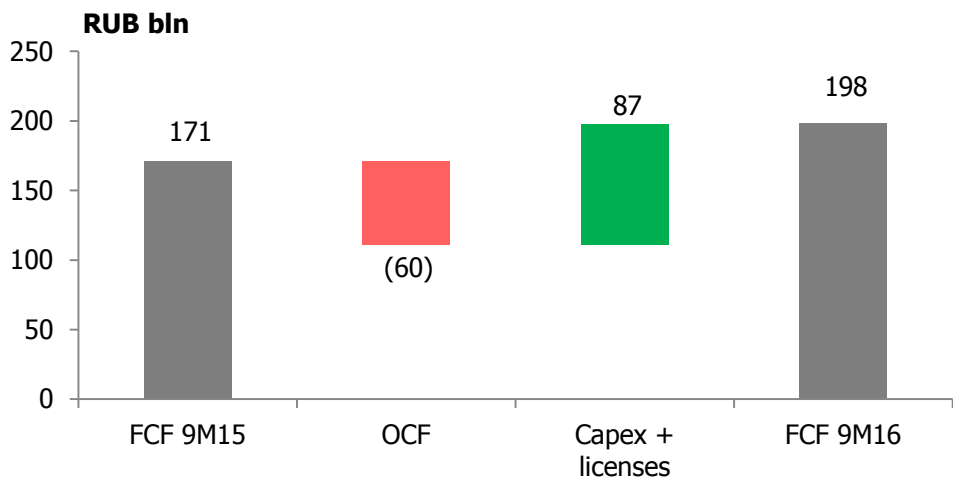
Own refining expenses



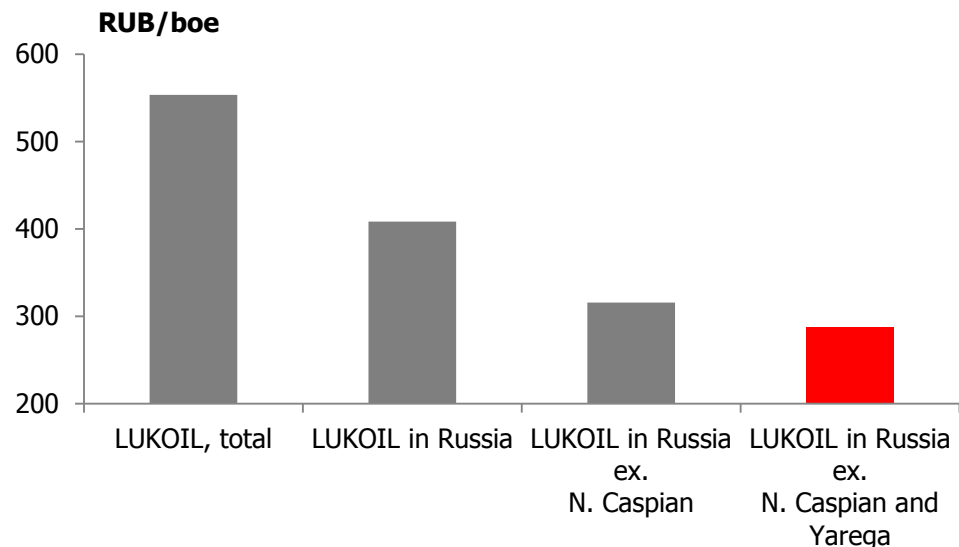
Net Income Reconciliation, RUB bln



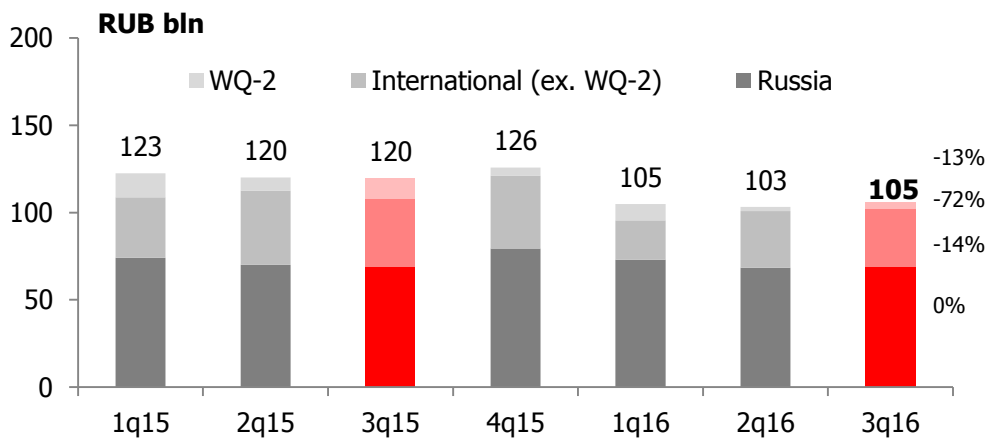
Free Cash Flow Reconciliation



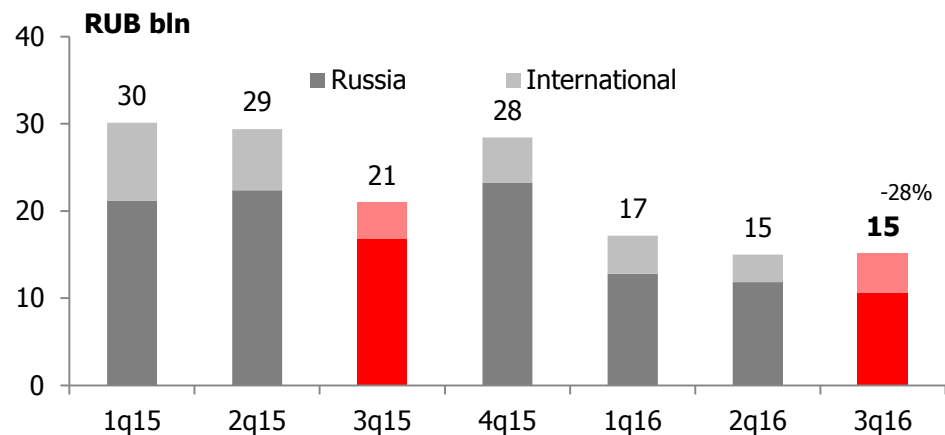
Upstream capital expenditures in 3q16



Upstream capital expenditures

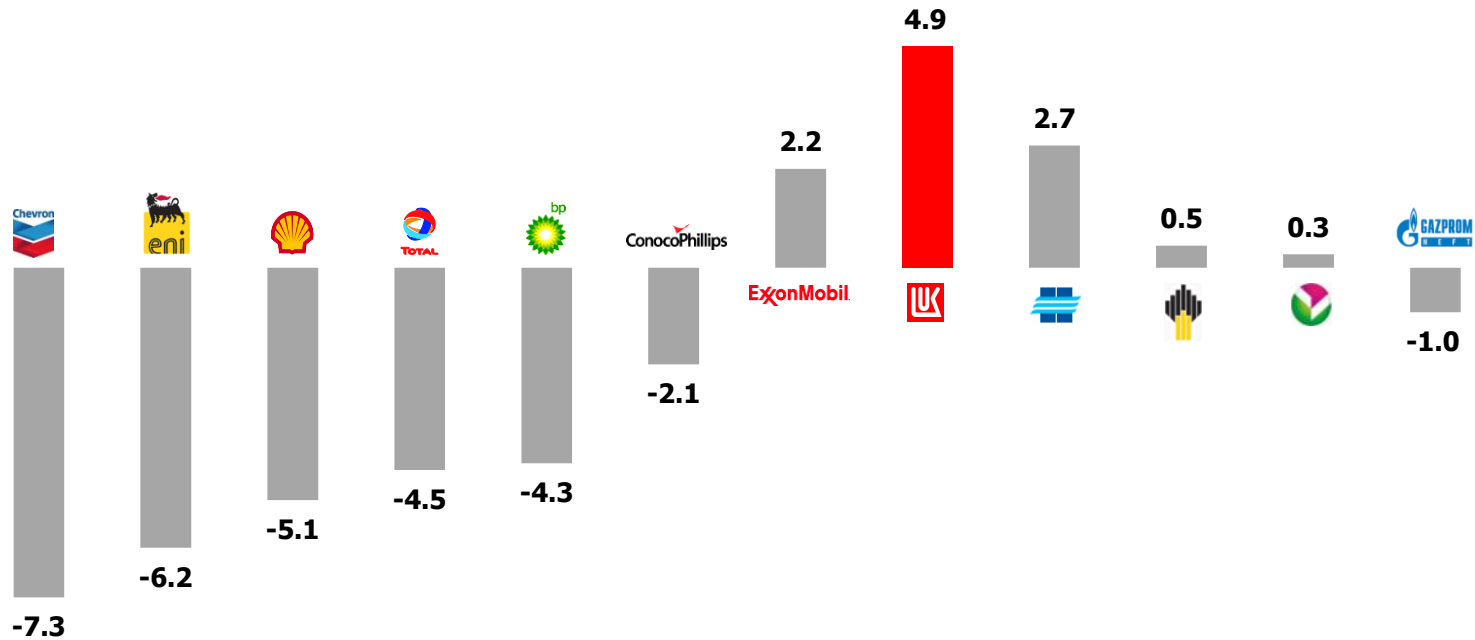


Downstream capital expenditures



Free Cash Flow Leadership

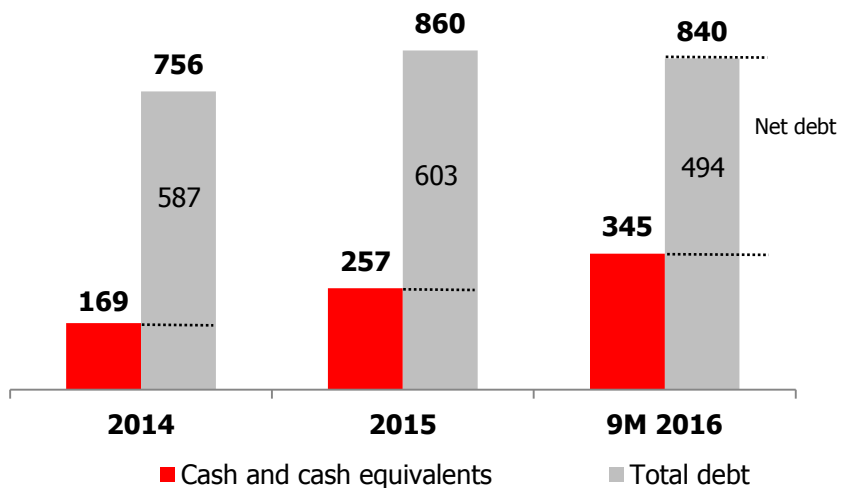
Free cash flow per boe of production (9M16), \$



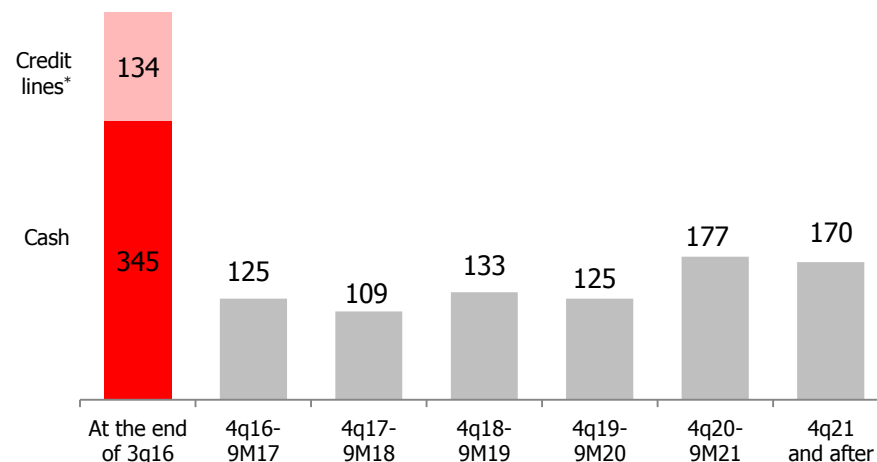
Strong Balance Sheet



Debt dynamics, RUB bln

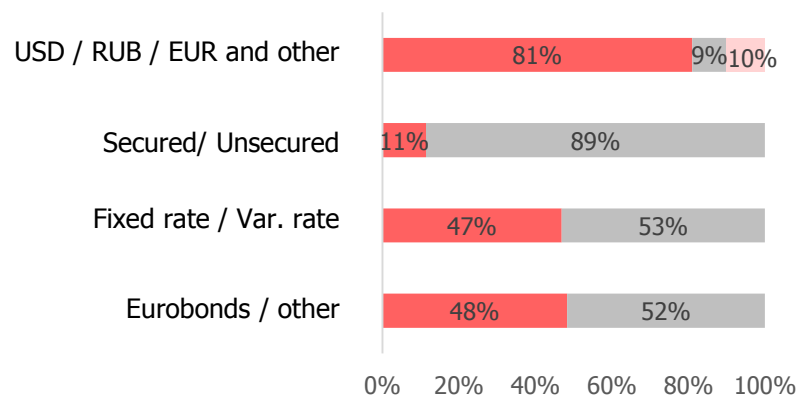


Debt maturity profile, RUB bln



*Stand-by revolving committed credit lines.

Debt structure as at September 30, 2016

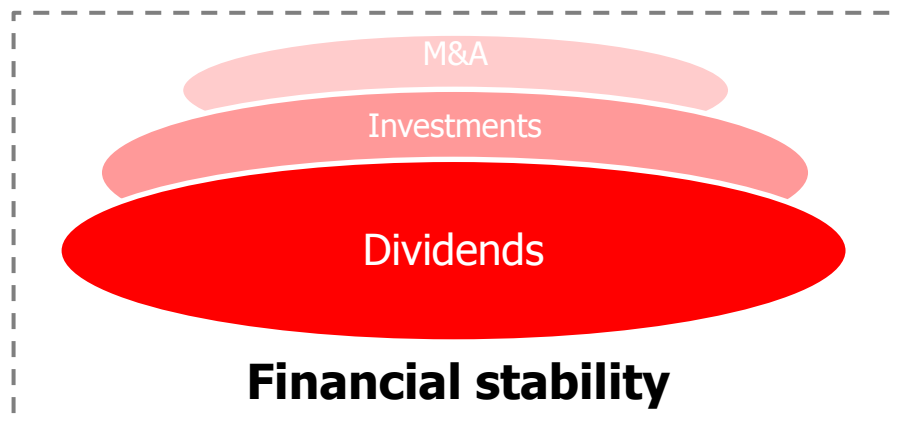


Credit ratings

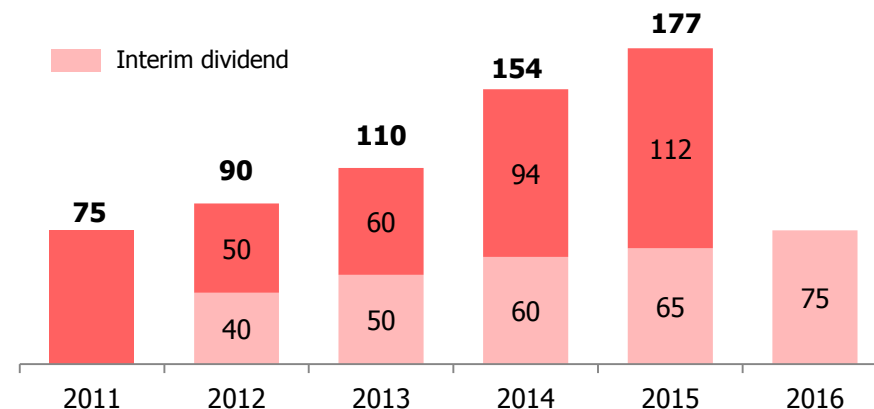
S&P	BBB-
Fitch	BBB-
Moody's	Ba1

Progressive Dividend Policy

Cash distribution priorities



Track record, RUB per share



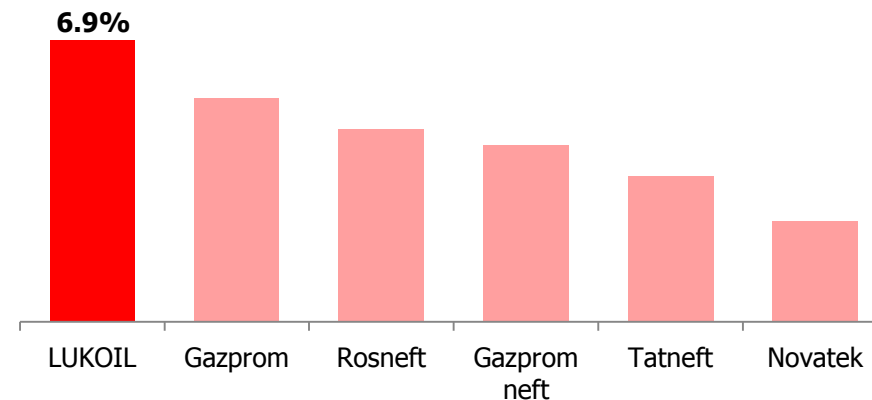
Targets

- The priority of dividend payments
- Distribution of at least 25% of IFRS profit that may be adjusted by the amount of non-recurring losses and gains
- Intention to annually increase the amount of dividends per one ordinary share by not less than the ruble inflation rate

Interim dividend (BoD recommendation)

- 75 RUB per share (yield 2.5%)
- +15% in RUB and +26% in USD (y-o-y)

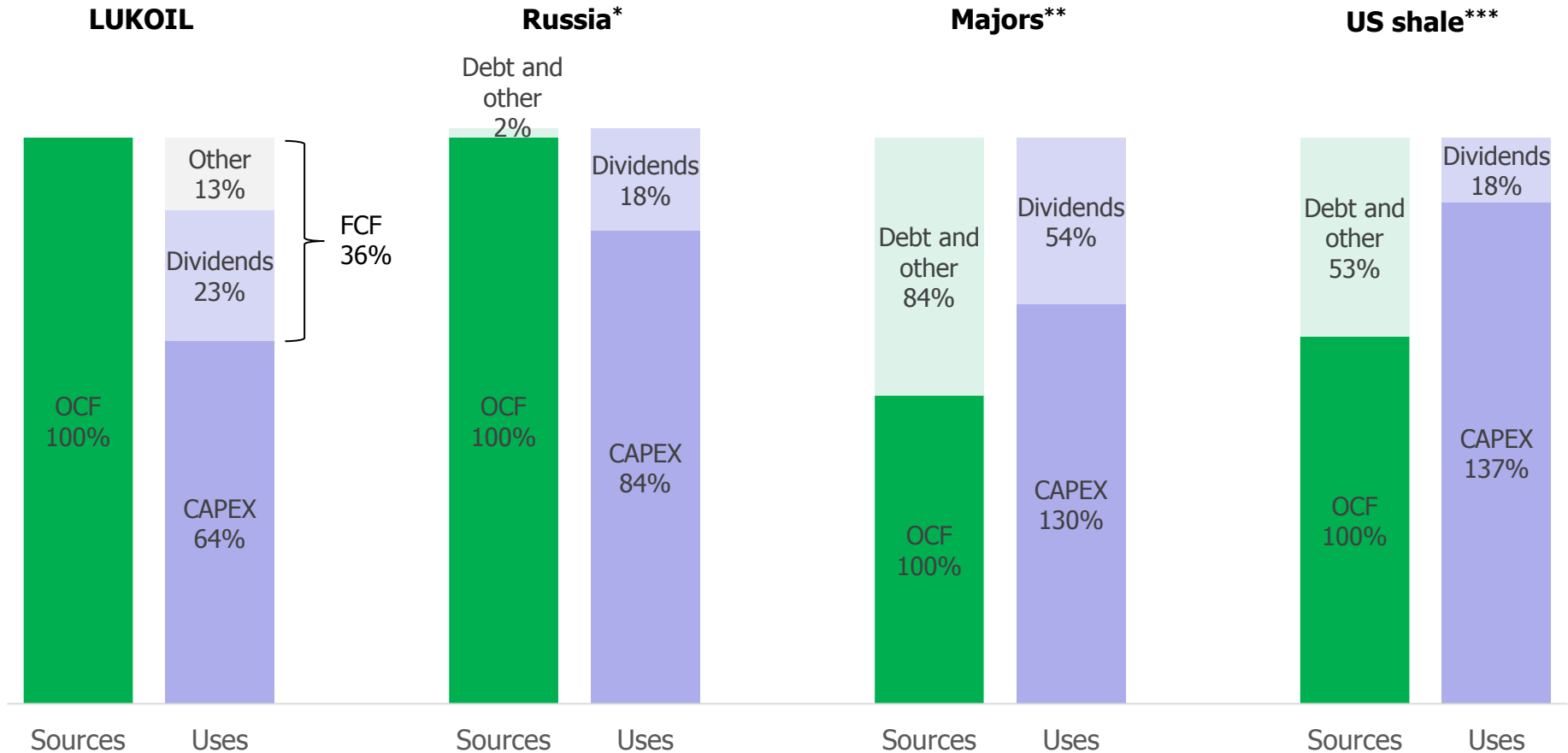
Dividend yield (2015)



Q&A

APPENDIX

Sources and Uses of Cash (9M16)

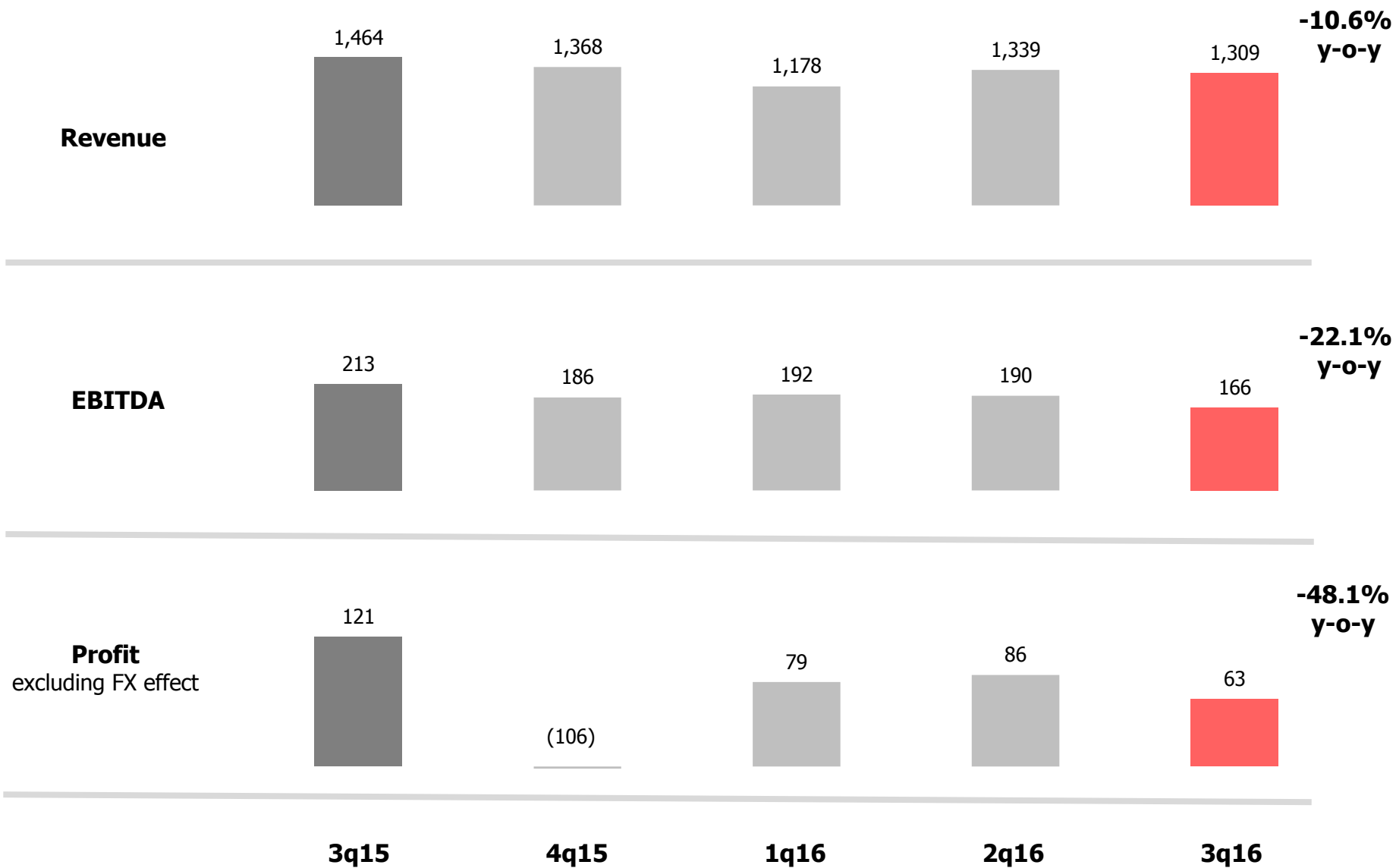


* Rosneft, Gazprom neft, Bashneft, Novatek

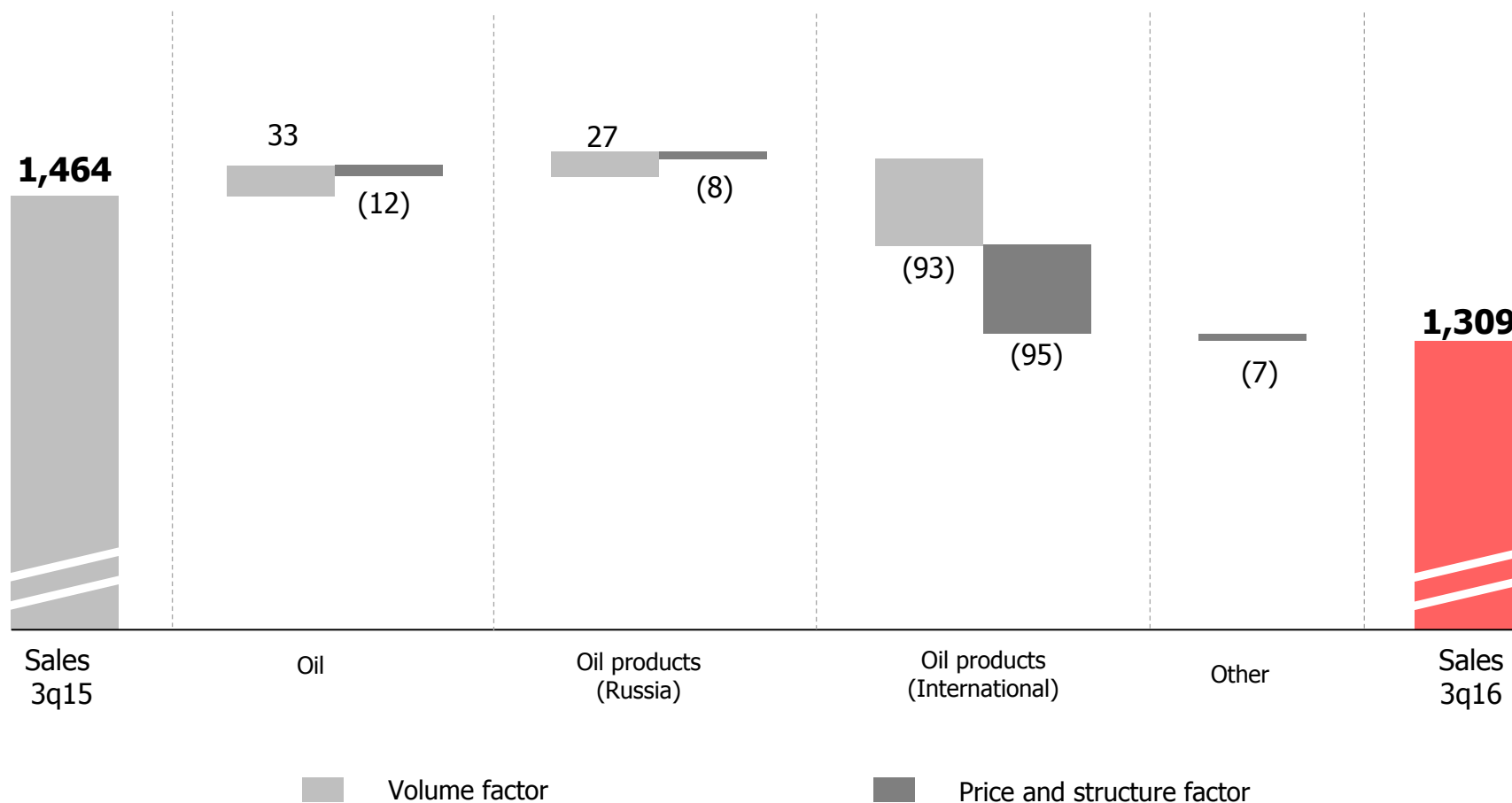
** ExxonMobil, Chevron, ConocoPhillips, Eni, Total, BP, Shell

*** Anadarko, Apache, Encana, Pioneer, Chesapeake, EOG, Devon

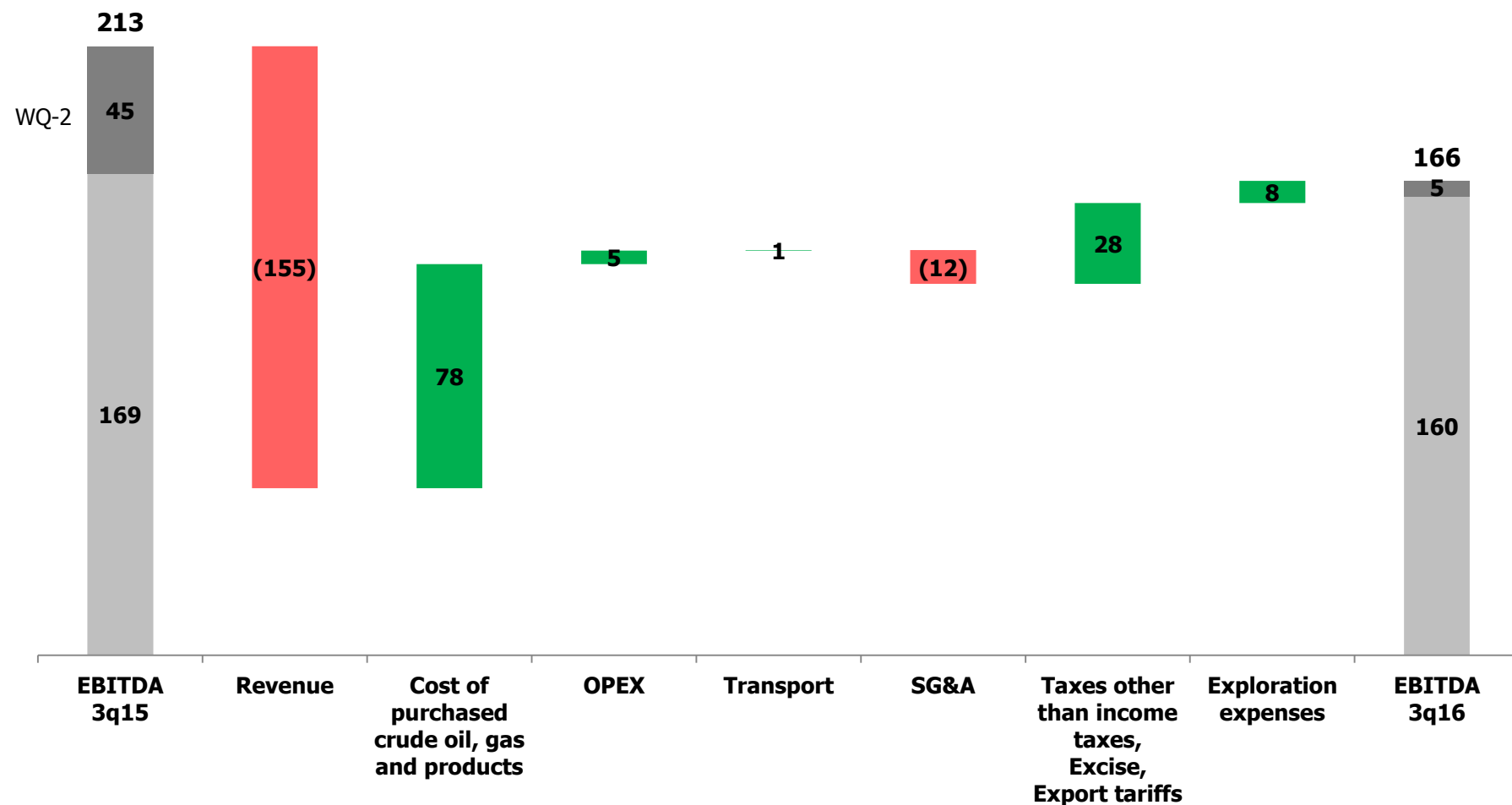
Financial Results, RUB bln



Revenue Reconciliation, RUB bln



EBITDA Reconciliation, RUB bln

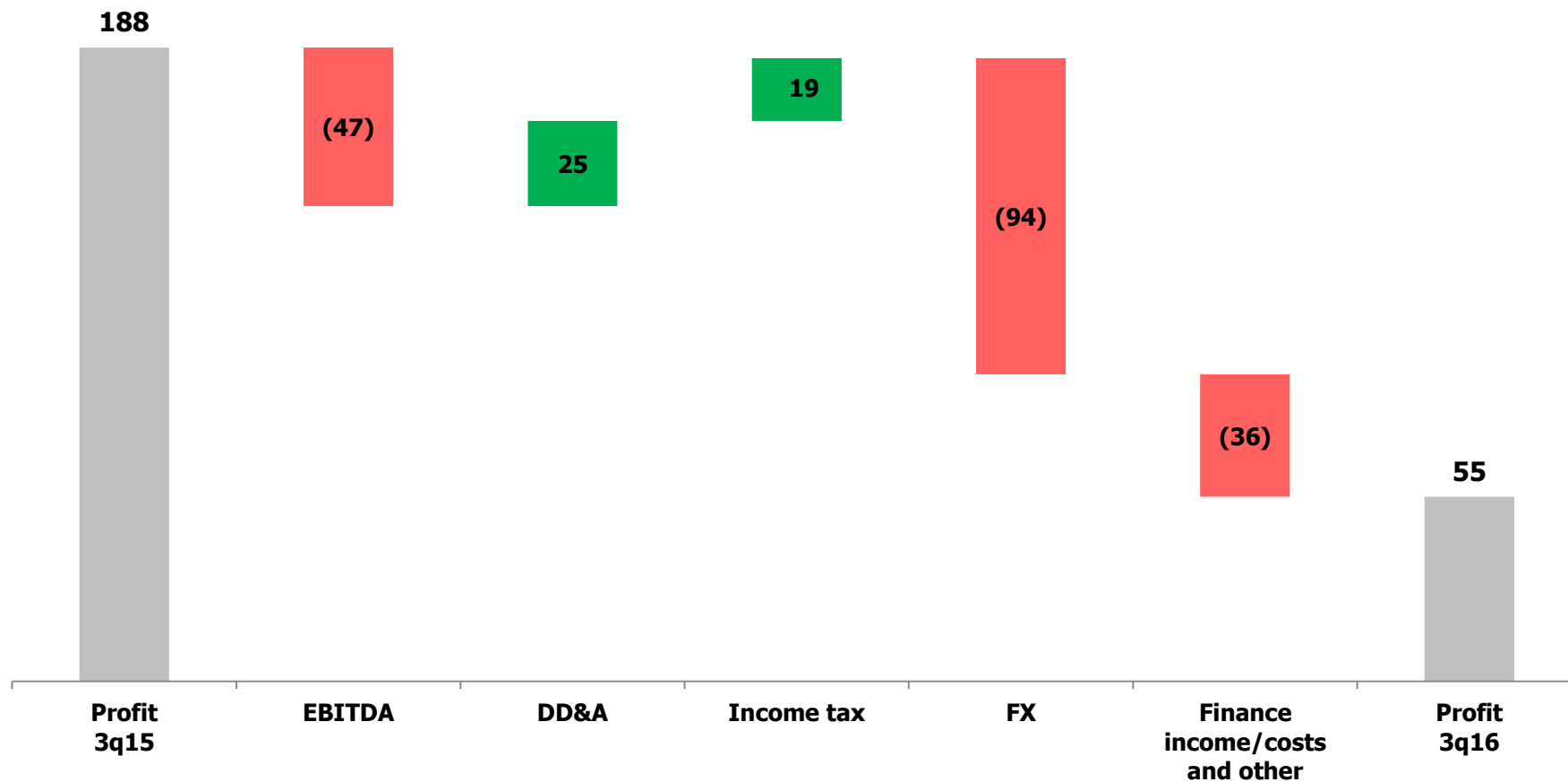


Operating Expenses, RUB mln

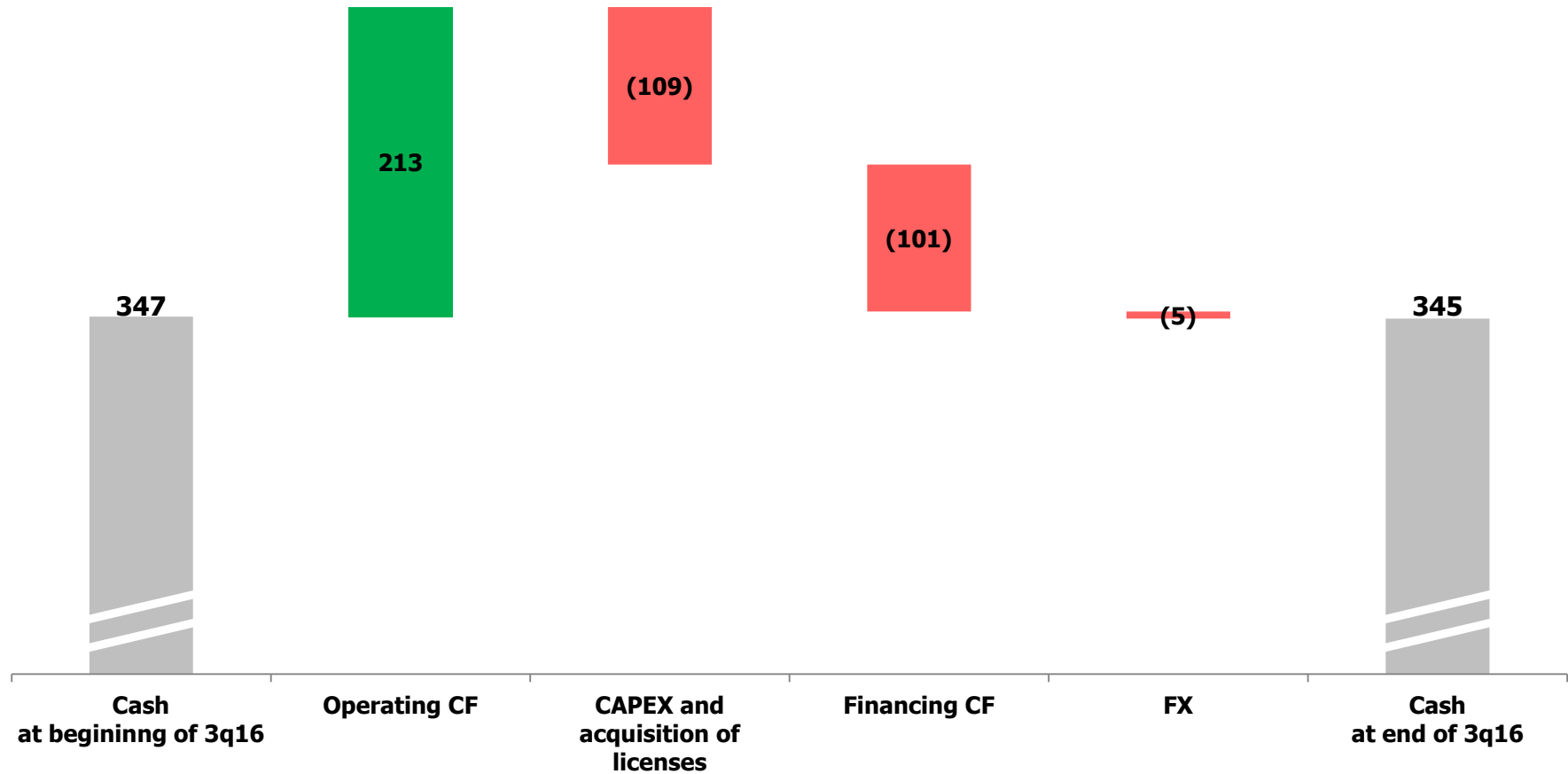


3q16	2q16	%		9M16	9M15	%
112,133	113,709	(1.4)	Operating expenses, total	339,086	328,342	3.3
45,226	45,187	0.1	hydrocarbon extraction expenses (ex. WQ-2)	134,287	123,842	8.4
6,741	8,407	(19.8)	extraction expenses at the West Qurna-2 field	25,351	35,209	(28.0)
21,102	22,804	(7.5)	own refining expenses	66,356	67,958	(2.4)
185	173	6.9	refining expenses at third parties refineries	606	1,992	(69.6)
11,229	10,917	2.9	expenses for crude oil transportation to refineries	34,457	31,477	9.5
10,186	8,618	18.2	power generation and distribution expenses	29,075	27,437	6.0
3,097	3,289	(5.8)	petrochemical expenses	9,699	7,868	23.3
14,367	14,314	0.4	other operating expenses	39,255	32,559	20.6

Profit Reconciliation, RUB bln



Cash Flow Reconciliation, RUB bln



Capital Expenditures, RUB mln



3q16	2q16	%		9M16	9M15	%
120,615	118,886	1.5	Capital expenditures, total	362,062	447,506	(19.1)
104,787	103,258	1.5	Exploration and production	312,931	362,503	(13.7)
68,988	68,372	0.9	Russia	210,269	212,995	(1.3)
35,799	34,886	2.6	International	102,662	149,508	(31.3)
15,161	14,996	1.1	Refining, marketing and distribution	47,335	80,504	(41.2)
10,619	11,852	(10.4)	Russia	35,258	60,420	(41.6)
4,542	3,144	44.5	International	12,077	20,084	(39.9)
667	632	5.5	Corporate and other	1,796	4,499	(60.1)
534	442	20.8	Russia	1,226	2,715	(54.8)
133	190	(30.0)	International	570	1,784	(68.0)

Summary Results



Operating Results

	9M16	9M15	%
Hydrocarbon production (ex. West Qurna-2), mln boe	575	596	(3.4)
of which crude oil and NGL, mln bbl	486	508	(4.4)
crude oil and NGL in Russia, mln bbl	464	482	(3.7)
West Qurna-2, mln bbl	31	52	(40.8)
Refinery throughput at the Group refineries, mln t	49.3	47.9	3.0

Financial Results, RUB bln

Revenue	3,826	4,381	(12.7)
EBITDA	547	630	(13.2)
ex. West Qurna-2	514	523	(1.8)
Profit for the period	160	356	(55.0)
ex. FX effect	228	308	(26.0)
Capital expenditures*	362	448	(19.1)
Free cash flow**	198	171	15.6
Net debt	494	591	(16.4)

* Including non-cash transactions

** Net cash provided by operating activities less capital expenditures and acquisition of licenses

Consolidated Statement of Profit or Loss

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



3q16	2q16		9M16	9M15
		Revenue		
20,271	20,318	Sales (including excise and export tariffs)	55,937	73,884
		Costs and other deductions		
(1,736)	(1,725)	Operating expenses	(4,957)	(5,537)
(10,137)	(10,278)	Cost of purchased crude oil, gas and products	(27,338)	(37,284)
(1,102)	(1,179)	Transportation expenses	(3,443)	(3,685)
(815)	(687)	Selling, general and administrative expenses	(2,131)	(2,058)
(1,158)	(1,087)	Depreciation, depletion and amortization	(3,373)	(4,479)
(1,892)	(1,802)	Taxes other than income taxes	(4,744)	(6,835)
(2,004)	(1,727)	Excise and export tariffs	(5,237)	(7,456)
(17)	(44)	Exploration expenses	(82)	(398)
1,410	1,790	Profit from operating activities	4,630	6,152
58	53	Finance income	163	215
(185)	(168)	Finance costs	(489)	(576)
3	52	Equity share in income of affiliates	87	145
(158)	(439)	Foreign exchange loss	(1,236)	1,017
44	(64)	Other expenses	(68)	472
1,173	1,224	Profit before income taxes	3,087	7,426
(300)	(261)	Current income taxes	(688)	(1,285)
(20)	(12)	Deferred income taxes	(49)	(116)
(320)	(272)	Total income tax expense	(737)	(1,400)
853	951	Profit for the period	2,350	6,025
(5)	(2)	Profit for the period attributable to non-controlling interests	(8)	(19)
848	949	Profit for the period attributable to PJSC LUKOIL shareholders	2,342	6,006



Always moving forward