2020 RESULTS

HIGH RESILIENCE

March 10, 2021
**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.
Climate

Vagit Alekperov
Chief Executive Officer
## COVID-19

**high responsibility**

- Taking care of **health of own employees, contractors and clients**
- Support programs in Russia and abroad
- Ensuring **business continuity**

### Employees
- Regular testing
- Provision of personal protective equipment and antiseptics
- Extended shift periods
- Remote work regime
- Vaccination

**RUB 1 bln**

**internal social support**

### Society
- Free-of-charge refueling of ambulances
- Financial assistance to hospitals (equipment, medications, protective equipment, food)
- Support of volunteer organizations and families in need

**RUB 1 bln**

**external social support and charity**

### Business
- Uninterrupted operations in Upstream, Refining and Retail
- Production of antiseptics

**100 %**

of business units, including all gas stations continued to work in the pandemic
### Operating results

#### Structural improvements

- Temporary production decline due to the negative consequences of the pandemic
- Structural improvements
  - Higher share of priority projects in production
  - Better product mix in refining

#### Hydrocarbon production

<table>
<thead>
<tr>
<th>Year</th>
<th>Mboepd</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2.32</td>
</tr>
<tr>
<td>2019</td>
<td>2.35</td>
</tr>
<tr>
<td>2020</td>
<td>2.06</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>16%</td>
</tr>
<tr>
<td>2019</td>
<td>22%</td>
</tr>
<tr>
<td>2020</td>
<td>26%</td>
</tr>
</tbody>
</table>

#### Refinery throughput

<table>
<thead>
<tr>
<th>Year</th>
<th>mln t</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>67.3</td>
</tr>
<tr>
<td>2019</td>
<td>68.7</td>
</tr>
<tr>
<td>2020</td>
<td>58.6</td>
</tr>
</tbody>
</table>

#### Fuel oil yield

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>11%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>7%</td>
</tr>
</tbody>
</table>

Priority projects: Filanovsky, Korchagin, Yaregskoye, Usinskoye (Permian deposit), Imilorskoye, Vinogradov, Sredne-Nazymskoye, Pyakyakhinskoye and other TAI (tax on additional income) projects
Sustainable development systematic approach, continuous improvements

Integration of sustainable development issues into management, strategy and motivation system

Contributing to the UN Sustainable Development Goals

**ENVIRONMENT**
- RUB 94 bln
  - Environmental protection in 2018-20

**SOCIAL RESPONSIBILITY**
- RUB 133 bln
  - Industrial safety, personnel, social projects in 2018-20

**CORPORATE GOVERNANCE**
- 55%
  - Share of independent directors

- Development of a carbon management system
- Reducing negative impact
- Emergency preparedness and rapid response
- High industrial safety standards
- Staff motivation and development
- Improving the quality of life in the regions of presence
- Diversified Board of Directors
- Control over sustainable development issues at the Board level
- High transparency and positions in sustainability ratings
Liquids demand scenarios

- **Evolution scenario**
  - Meeting established national targets for greenhouse gas emissions

- **Equilibrium scenario**
  - Balancing climate goals with energy availability

- **Transformation scenario**
  - Radical changes in the global energy and industry

![Graph showing liquid hydrocarbons demand scenarios](image-url)
Basic assumptions of the scenarios

- Scenarios assume:
  - Acceleration of the average annual rate of improvement in energy efficiency from 1% in 2000-2019 to 1.6-2.0%
  - Emissions reduction by 20-94% by 2050 from 2019 level

**Share of RES (sun + wind) in primary energy consumption**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2%</td>
<td>17%</td>
<td>26%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
<td>2.0</td>
<td>1.8</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>61%</td>
<td>83%</td>
<td>92%</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>2040</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td></td>
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</tbody>
</table>

**Share of electric vehicles in new passenger car sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2%</td>
<td>2.6</td>
<td>2.0</td>
<td>1.8</td>
<td>1.5</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2030</td>
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<tr>
<td>2040</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Share of recycled plastic in polymer production**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>12%</td>
<td>20%</td>
<td>41%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
<td>2.0</td>
<td>1.8</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2030</td>
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<td>2040</td>
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<tr>
<td>2050</td>
<td></td>
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</tr>
</tbody>
</table>

**Negative emissions (CCUS + NBS) bln t CO2e**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.04</td>
<td>6</td>
<td>10</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
<td>2.0</td>
<td>1.8</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2040</td>
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<tr>
<td>2050</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Supply

The need for new projects and investments into oil production remains, even in the most conservative demand scenario.

Demand scenarios and production dynamics

Mbpd

Existing projects are **not enough to meet demand** even in Transformation scenario (1.5°C)

Production of liquid hydrocarbons at existing projects

Liquid hydrocarbons include products from APG processing, CTL and GTL products, biofuel base volume production and refinery processing gain.
Resilience in any scenario

High competitiveness of Russian barrels in any climate scenario
- Low breakeven
- Low intensity of GHG emissions
- Opportunities to reduce Scope 1 and Scope 2 GHG emissions

Demand forecasts and liquid hydrocarbons supply in 2030
Production cost, $ (2020) / bbl

- Russia: mature fields and projects
- Russia: new projects
- World: mature fields and projects
- World: new projects

Demand/supply of liquid hydrocarbons, Mbpd
LUKOIL shares the ambition to achieve net zero emissions by 2050 and will explore opportunities for its implementation for controlled emissions (Scope 1 and Scope 2)

Key provisions of the climate strategy

- Strengthening the focus on efficiency
- Using internal carbon price in investment decisions
- Conservative oil price forecast
- Improving energy efficiency
- Development of RES for own needs
- Reducing methane leaks
- Carbon capture and storage projects
- Asset portfolio optimization
- Climate R&D
- Commercial RES
- Biofuels and hydrogen
- Development of regulatory environment in Russia
- Taking advantage of retail opportunities
- Reforestation
- Venture fund
Emissions reduction track record

- Continuous improvement
- Previous objective to reduce Scope 1 emissions by 1.2% exceeded (actual reduction by 3% in comparable structure)
- Increase in the rational use of APG to 98% (92% in 2016)
- Reduction of energy consumption by 5 million GJ on average per year

### Emissions (Scope 1 and 2), mln t CO2e

<table>
<thead>
<tr>
<th>Year</th>
<th>Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>50.6</td>
</tr>
<tr>
<td>2019</td>
<td>48.5</td>
</tr>
</tbody>
</table>

-2 mln t

### Intensity of emissions in Upstream (Scope 1 and 2), kg CO2e/boe

<table>
<thead>
<tr>
<th>Year</th>
<th>Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>25</td>
</tr>
<tr>
<td>2019</td>
<td>21</td>
</tr>
</tbody>
</table>

-17%

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1st Energy Saving Program</td>
</tr>
<tr>
<td>2003</td>
<td>1st efficient APG use program</td>
</tr>
<tr>
<td>2004</td>
<td>Methane emissions disclosure</td>
</tr>
<tr>
<td>2005</td>
<td>Started to implement Kyoto Protocol provisions</td>
</tr>
<tr>
<td>2016</td>
<td>1st target to reduce GHG emissions; Scope 1 disclosure</td>
</tr>
<tr>
<td>2017</td>
<td>Participation in the initiative ‘Zero Routine Flaring by 2030’</td>
</tr>
<tr>
<td>2019</td>
<td>Expansion of the BoD Committee function with climate issues</td>
</tr>
<tr>
<td>2020</td>
<td>Director responsible for climate; Scope 2, 3 disclosure</td>
</tr>
</tbody>
</table>
Decarbonization program

- **Focus on controlled emissions (Scope 1 and Scope 2)**
- **Updating targets with the evolution of technology, regulatory environment and other factors**

### Targets

- **10** mln t CO2e
- **20%** g CO2e/Mj

### Tools

- Energy management
- Energy saving
- RES for own needs
- Resource saving
- Use of recyclable materials
- Optimization of industrial processes
- Waste recycling
- Useful use of APG
- Reducing leaks
- Carbon capture and utilization
- Heat exchanger service
Upstream

Azat Shamsuarov
First Vice President,
LUKOIL
Strategic objectives

1. Improving efficiency at mature fields in order to accelerate involvement of reserves into production, improve recovery factor, maximize FCF

2. Accelerated involvement of hard-to-recover reserves into production (technology scale-up and development, unit cost reduction)

3. Efficient delivery of new projects (at minimum cost, in minimum time)

4. Profitable involvement into production of existing gas reserves in Russia

External limitations on oil production

Lower production in Uzbekistan due to temporary decrease in demand from China

Delivering on priority projects

Hydrocarbon production
Mboepd

2018
2.32

2019
2.35

2020
2.06

-12%

16% 22% 26%

share of priority projects in production

Priority projects: Filanovsky, Korchagin, Yaregskoye, Usinskoye (Permian deposit), Imilorskoye, Vinogradov, Sredne-Nazymskoye, Pyakyakhinskoye and other TAI (tax on additional income) projects
Effective production management within OPEC+ limitations

- Production management based on economic efficiency
- Changing the approach to maintaining spare capacity

LUKOIL oil production in Russia excluding gas condensate, Kbpd

Spare capacity breakdown (as of Feb 28, 2021), %

- West Siberia: ~180 Kbpd
- Timan-Pechora: 55%
- Ural region: 28%
- Other: 12%
- Other: 5%
West Siberia

Production of liquid hydrocarbons
Kbpd

- Mature fields
- Greenfields

Advantages
- Stable region for reinvestment
- Lowest cost per meter drilled among the Group companies
- Proven track record

2020 results
- Effective production management
- Improving drilling efficiency and scaling new technologies

Plans for 2021
- To increase the number of horizontal wells with three-string design
- To increase the share of day-rate oilfield service contracts

Greenfields: Pyakyakhinskoye, Imilorskoye, Vinogradov, Sredne-Nazymskoye, Yuzhno-Messoyakhskoye, Khalmerpayutinskoye
Increasing efficiency via technology development and scale-up

- Lighter well construction, batch drilling
- Implementation of intellectual systems of well completion
- Mature fields development management with neural networks
- Scaling of the “intellectual field” technology

**THREE-STRING DESIGN WELLS**
- Increasing drilling speed
- 187 horizontal wells with three-string design were completed in 2018-2020, including 55 multilateral wells

**SMALL DIAMETER WELLS**
- Using drilling rigs with lower capacity
- Lower metals usage in well construction
- 252 wells were completed in 2018-2020

**ENERGY-EFFICIENT PUMPS**
- Reduction of energy cost due to transition to downhole permanent magnet engines and introduction of energy-efficient pumps at oil pump stations

- Reduction of cost per well compared to a standard well: ~20%
- Reduction of cost per well compared to a standard well: ~50%
- Reduction of electricity cost: ~15%
## Cost reduction ahead of targets

- Optimization of well stock with high watercut
- Reducing repairs time
- Optimization of wellwork program
- Optimization of work with contractors
- Transition to day-rate oilfield service contracts

<table>
<thead>
<tr>
<th>Drilling costs</th>
<th>Targets 2020 / 2017, updated in 2018</th>
<th>Results 2020 / 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth below inflation (reduction in real terms)</td>
<td>Keeping flat in nominal terms</td>
<td>-9% ✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction costs</th>
<th>Targets 2020 / 2017, updated in 2018</th>
<th>Results 2020 / 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth below inflation (reduction in real terms)</td>
<td>Keeping flat in nominal terms</td>
<td>-1% ✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lifting costs</th>
<th>Targets 2020 / 2017, updated in 2018</th>
<th>Results 2020 / 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth below inflation (reduction in real terms)</td>
<td>Keeping flat in nominal terms</td>
<td>-2% ✓</td>
</tr>
</tbody>
</table>
North Caspian

2020 results
- Filanovsky: One production well commissioned
- Korchagin: Two production wells commissioned
- Grayfer: Installation of jackets for platforms, construction readiness of the production and living platforms is 65% and 82% respectively

Advantages
- Short transportation leg, high oil quality

Plans for 2021
- Filanovsky and Korchagin: Drilling program
- Grayfer: Infrastructure development

Hydrocarbon production (Kboepd)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>69</td>
<td>133</td>
<td>167</td>
<td>177</td>
<td>176</td>
</tr>
</tbody>
</table>

North Caspian Hydrocarbon production Kboepd

Advantages
- Short transportation leg, high oil quality

2020 results
- Filanovsky: One production well commissioned
- Korchagin: Two production wells commissioned
- Grayfer: Installation of jackets for platforms, construction readiness of the production and living platforms is 65% and 82% respectively

Plans for 2021
- Filanovsky and Korchagin: Drilling program
- Grayfer: Infrastructure development
Hard-to-recover: high viscosity oil

High viscosity oil production
Kbpd

<table>
<thead>
<tr>
<th>Year</th>
<th>Yaregskoye</th>
<th>Usinskoye</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>39</td>
<td>17</td>
</tr>
<tr>
<td>2017</td>
<td>42</td>
<td>20</td>
</tr>
<tr>
<td>2018</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>2019</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>2020</td>
<td>44</td>
<td>50</td>
</tr>
</tbody>
</table>

Advantages
- Substantial production growth potential

2020 results
- **Yaregskoye**
  - 21 production SAGD wells and 321 underground wells commissioned, steam generation facilities commissioned
- **Usinskoye**
  - 62 production wells and reservoir pressure maintenance facilities commissioned, steam generation facilities commissioned

Plans for 2021
- Completion of current development phases
Hard-to-recover: low permeability

Oil production
Kbpd
- Imilorskoye
- Vinogradov
- Sredne-Nazymskoye

Advantages
- Substantial production growth potential

2020 results
- **Imilorskoye**: 117 production wells and 55 injectors commissioned
- **Vinogradov**: 25 production wells commissioned
- **Sredne-Nazymskoye**: 44 production wells commissioned

Plans for 2021
- **Imilorskoye**: commissioning of 74 production wells
- **Sredne-Nazymskoye**: commissioning of 46 production wells
- Implementation of pilot development program
Gas projects in Uzbekistan

Advantages
- Proven track record in the region
- International prices (export to China)

2020 results
- Lower production due to temporary decrease in demand from China

2021 plans
- Maintaining designed production level

Hydrocarbon production (LUKOIL share) Kboepd

- Kandym
- Gissar

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan-Feb.21</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>252</td>
<td>136</td>
<td>171</td>
<td>226</td>
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<td>79</td>
<td>41</td>
<td>71</td>
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<td></td>
<td>172</td>
<td>95</td>
<td>148</td>
<td>148</td>
<td>77</td>
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</tbody>
</table>
## Refineries operating results

- **Effective management of product mix and refinery utilization amid harsh macro environment**
- **Scheduled maintenance works at refineries in Russia and Europe**

### Throughput volumes at own refineries

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Throughput volumes</td>
<td>1,352</td>
<td>1,381</td>
<td>1,174</td>
</tr>
<tr>
<td></td>
<td>485</td>
<td>494</td>
<td>370</td>
</tr>
<tr>
<td><strong>Russia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Throughput volumes</td>
<td>867</td>
<td>887</td>
<td>803</td>
</tr>
<tr>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Light product yield</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>incl. Russia</td>
<td>69%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>11%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>Mid-distillates</td>
<td>47%</td>
<td>48%</td>
<td>51%</td>
</tr>
</tbody>
</table>

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

- **Effective management of product mix and refinery utilization amid harsh macro environment**
- **Scheduled maintenance works at refineries in Russia and Europe**
Efficiency improvement program at refineries

Roadmaps with over 800 initiatives in 2018-2020

+90 RUB bln to segment’s EBITDA in 2018-2020

Capacity optimization
- Optimization of units’ running mode
- Higher flexibility of feedstock usage
- Lower irrecoverable losses

Reliability and availability
- Reduction of unscheduled shutdowns
- Reduction of repair time and increase of timespan between repairs
- Operation risk-based planning of repairs
- Distributed unit maintenance

Energy efficiency
- Heat integration
- Furnace efficiency upgrade
- Maximization of gas utilization

Cost reduction, labor productivity improvement
- Additives norming
- Tender procedures improvement
- Logistics optimization
- Staff training and rotation, headcount control
Selective projects at Russian refineries

**Nizhny Novgorod**

**Delayed coker**
- Feedstock capacity – 1.0 mln t pa
- Input: tar
- Output: deasphaltisate
  - increased production of oils with improved characteristics
  - reduced energy consumption
  - reduced fuel oil production
- Synergy with catalytic cracking units
- Increased light product yield
- Reduced fuel oil production
- Launch in 2H 2021

**Isomerization unit**
- Feedstock capacity – 0.8 mln t pa
- Input: straight run light naphtha
- Output: high-octane gasoline component
  - Increased gasoline production
  - Reduced production of straight-run naphtha
- Launch in 2Q 2021

**Deasphaltizing unit**
- Feedstock capacity – 2.1 mln t pa
- Input: heavy residues
- Output: diesel fuel, straight-run gasoline, gas fractions, vacuum gasoil, coke
- Synergy with catalytic cracking units
- Increased light product yield
- Reduced fuel oil production
- Completion rate as of the end of 2020

**Volgograd**

**Completion rate**
- 86%
- 88%
- 100%
Petrochemical projects

Projects at existing refining sites
Available low-cost petrochemical feedstock
Technological competencies

Site / Project

Nizhny Novgorod
Polypropylene production

- Feedstock capacity: 300 th. t
- Input: propylene from cracking unit and from Ploiesti refinery
- Output: polypropylene
- Status: project design (FID in 2022)
- effective unit capacity
- utilization of all propylene produced at the refinery
- proximity to polymer processing centers
- synergy with refinery infrastructure

Burgas
Polypropylene production

- Feedstock capacity: 500 th. t
- Input: propylene from cracking unit and from Ploiesti refinery
- Output: polypropylene
- Status: project design (FID in 2022)
- utilization of all propylene from the Burgas and Ploiesti refineries
- proximity to premium markets
- synergy with refinery infrastructure
- replacement of an outdated polypropylene unit with an increase in capacity
- reduction in unit costs
Premium sales channels

- Deteriorating dynamics in 4Q20 amid increased mobility restrictions in a number of countries
- Improvement in demand dynamics in 1Q21 amid recovery in mobility

Refined products sales volumes at filling stations in Russia and internationally, th.t per day

- ▪ Year ago
  - 1Q20: -7%
  - 2Q20: -22%
  - 3Q20: -5%
  - 4Q20: -7%
  - Jan.21: -6%
  - Feb.21: -3%

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

- ▪ Year ago
  - 1Q20: -15%
  - 2Q20: -71%
  - 3Q20: -48%
  - 4Q20: -44%
  - Jan.21: -45%
  - Feb.21: -24%

- ▪ Sales volumes in 4Q20 recovered to about half of the 2019 level
- ▪ Improvement in demand dynamics in 1Q21 amid recovery in mobility
Finance

Alexander Matytsyn
First Vice President, LUKOIL
## Macro environment

- **Significant negative impact of the pandemic**
- **Net ruble price of Urals declined less than the international benchmark due to ruble devaluation and progressive tax rates**
- **Refining margins in Europe and Russia halved to 10-year lows**

### Urals $ per bbl

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>69.8</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>63.9</td>
<td>-52%</td>
</tr>
<tr>
<td>2020</td>
<td>41.4</td>
<td>-35%</td>
</tr>
</tbody>
</table>

### Urals price and net price th. RUB per bbl

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>4.37</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>4.14</td>
<td>-12%</td>
</tr>
<tr>
<td>2020</td>
<td>2.99</td>
<td></td>
</tr>
</tbody>
</table>

### Benchmark refining margin in Europe, $ per bbl

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>7.0</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>5.5</td>
<td>-52%</td>
</tr>
<tr>
<td>2020</td>
<td>2.6</td>
<td></td>
</tr>
</tbody>
</table>

### Benchmark refining margin in Russia, $ per bbl

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2.2</td>
<td>-59%</td>
</tr>
<tr>
<td>2020</td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>
## Financial results

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROACE</td>
<td>15%</td>
<td>15%</td>
<td>3%</td>
</tr>
<tr>
<td>Revenue</td>
<td>8,036</td>
<td>7,841</td>
<td>5,639</td>
</tr>
<tr>
<td>Controllable expenses</td>
<td>505</td>
<td>490</td>
<td>472</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,115</td>
<td>1,236</td>
<td>687</td>
</tr>
<tr>
<td>Profit</td>
<td>619</td>
<td>640</td>
<td>15</td>
</tr>
<tr>
<td>CAPEX</td>
<td>452</td>
<td>450</td>
<td>495</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>555</td>
<td>702</td>
<td>281</td>
</tr>
<tr>
<td>Net financial debt to EBITDA</td>
<td>0.0</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Controllable expenses include operating expenses for hydrocarbon production (excluding extraction expenses at the West Qurna-2 field), power generation and distribution expenses, petrochemical expenses and own refining expenses, and SG&A (excluding share-based compensation and expenses on allowance for expected credit losses).
Leadership in efficiency

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

Sources of optimization
▪ International upstream
▪ Exploration
▪ Downstream

No impact on key projects and strategic goals

Capital expenditures in 2020 (excluding West Qurna-2), RUB bln

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Original plan</th>
<th>1Q20 actual</th>
<th>2Q20 actual</th>
<th>3Q20 actual</th>
<th>4Q20 actual</th>
<th>2020 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>~550</td>
<td>121</td>
<td>112</td>
<td>~30 RUB bln</td>
<td>129</td>
<td>471</td>
</tr>
</tbody>
</table>

in $ bln $8.5 $6.5

Savings 14%
Savings 23%
Cost control

Planning in accordance with cost reduction targets

Budget execution control

Incentive program with KPIs focused on cost reduction according to target-oriented programs

Controllable expenses include operating expenses for hydrocarbon production (excluding extraction expenses at the West Qurna-2 field), power generation and distribution expenses, petrochemical expenses and own refining expenses, and SG&A (excluding share-based compensation and expenses on allowance for expected credit losses).

Controllable expenses
RUB bln

<table>
<thead>
<tr>
<th>Year</th>
<th>SG&amp;A</th>
<th>OPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>162</td>
<td>196</td>
</tr>
<tr>
<td>2019</td>
<td>156</td>
<td>194</td>
</tr>
<tr>
<td>2020</td>
<td>155</td>
<td>182</td>
</tr>
</tbody>
</table>

Lifting costs in Russia
RUB per boe

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>244</td>
<td>237</td>
<td>243</td>
</tr>
</tbody>
</table>

Refining expenses in Russia
RUB per t

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>1,057</td>
<td>964</td>
<td>1,062</td>
</tr>
</tbody>
</table>
Optimization of management model and asset portfolio

- **Switching to service model**
  - Effect: strengthening the focus of the corporate center on strategy, reducing administrative costs

- **New model for managing downstream outside Russia**
  - Effect: increasing flexibility and efficiency in a volatile environment

- **Portfolio optimization**
  - Effect: increasing focus on core business, creating additional shareholder value

Further **cost optimization**

Increasing **efficiency**

Increasing focus on **core business development**
**Financial position**
(as of 31.12.2020)

- **Net financial debt to EBITDA:** 0.2
- **Credit ratings have not changed, the outlook for all ratings is stable**

### Debt structure (excluding leases)

| USD / EUR / Other | 97% | 2%
| Unsecured / secured | 88% | 12%
| Fixed / variable | 72% | 28%
| Eurobonds ($) / other | 71% | 29%

### Credit ratings

- **Moody's**  Baa2 (stable)
- **S&P**  BBB (stable)
- **Fitch**  BBB+ (stable)

* Stand-by revolving committed credit lines
Dividends

Dividend calculation according to Regulations on the Dividend Policy

RUB bln

- Operating cash flow: 776
- CAPEX: 495
- Free cash flow: 281
- Lease: 63
- Interest: 39

Dividends:
- RUB bln: 179 + 259 = 438
- RUB per share (2H 2020): 147 + 213 = 360
- Interim dividends, paid in 4Q 2020: 32 + 46 = 78
Accounts

Pavel Zhdanov
Vice President,
LUKOIL
### Revenue 2020 / 2019

- Lower hydrocarbon prices
- Lower production volumes in upstream and downstream
- Lower trading of refined products
- Lower retail sales volumes of refined products
- Positive effect from ruble devaluation

#### Revenue Breakdown

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil (Russia)</th>
<th>Oil (International)</th>
<th>Refined products (Russia)</th>
<th>Refined products (International)</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8,036</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>7,841</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Volume factor
- Price and structure factor

#### 2020

- Refined products (International)
- Other

- Total Revenue: 5,639 RUB bln
**EBITDA 2020 / 2019**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream Russia / Abroad</td>
<td>1,115</td>
<td>1,236</td>
<td>121</td>
</tr>
<tr>
<td>Downstream Russia / Abroad</td>
<td></td>
<td>(308)</td>
<td>-115</td>
</tr>
<tr>
<td>Corporate and other / Eliminations</td>
<td>687</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comparison:
- Lower prices for oil and gas
- Lower oil production
- Lower gas production in Uzbekistan
- Inventory build up
- Lower benchmark refining margin
- Inventory effect at refineries
- Higher trading margin
- Accounting specifics of hedging operations
- Better production structure in Russia
- Ruble devaluation
- Higher trading margin
- Accounting specifics of hedging operations
Profit
2020 / 2019

RUB bln

2018 2019 EBITDA DD&A Finance income / costs FX Impairment loss and loss on disposal of assets, net Income tax Other 2020

619 640

(549) 10 (12) (27) (109) 69 (7) 15
<table>
<thead>
<tr>
<th>Well positioned for market recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High operational flexibility</strong></td>
</tr>
<tr>
<td>▪ ability to quickly ramp-up production by maintaining spare capacity</td>
</tr>
<tr>
<td>▪ ability to quickly increase refinery throughput volumes as margins recover</td>
</tr>
<tr>
<td><strong>Significant upstream recovery potential</strong></td>
</tr>
<tr>
<td>▪ significant potential to ramp-up production</td>
</tr>
<tr>
<td>▪ growing share of priority projects in production</td>
</tr>
<tr>
<td><strong>Significant downstream recovery potential</strong></td>
</tr>
<tr>
<td>▪ extremely low mid distillates crack spreads</td>
</tr>
<tr>
<td>▪ significant potential to increase refinery throughput volumes</td>
</tr>
<tr>
<td>▪ higher light product yield in 2021</td>
</tr>
<tr>
<td><strong>Additional focus on improving efficiency</strong></td>
</tr>
<tr>
<td>▪ cost savings above the original plan</td>
</tr>
<tr>
<td><strong>Effective capital return policy</strong></td>
</tr>
<tr>
<td>▪ higher dividends as free cash flow increases</td>
</tr>
</tbody>
</table>
LUKOIL – a unique investment proposition in Oil&Gas

Focus on delivering long-term shareholder value through growing FCF and distributions

- Highly competitive industry position
- Solid financial standing
- Disciplined investment approach
- Clear focus on efficiencies and increasing returns
- Embedded oil price downside protection
- Well-positioned for higher oil price scenario
- Combination of business and free cash flow growth even in conservative macro scenario
- Distribution of at least 100% of adjusted free cash flow

Adhering to sustainability principles, carbon management system

Excellence in corporate governance

Excellence in corporate governance

Adhering to sustainability principles, carbon management system
**Upstream**
- Hydrocarbon production growth by ~2% (ex. WQ-2) in current OPEC+ limitations
- Caspian: drilling program at production projects, works on Grayfer field development
- Baltics: final investment decision on D33 project, start of field infrastructure development

**Downstream**
- Flexible management of refinery throughput and product mix depending on macro environment
- Launch of delayed coker unit and isomerization unit at Nizhny Novgorod refinery, launch of deasphalting unit at Volgograd refinery (launched in January 2021)
- Further work on petrochemical projects

**Finance and strategy**
- CAPEX (ex. West Qurna-2): RUB ~450 bln
  - Upstream / Downstream – 75% / 25%
  - Russia / International – 85% / 15%
- Implementation of efficiency improvement programs
- Strategy update