PRESS RELEASE
MAY 27, 2020

PRESS STATEMENT

PJSC LUKOIL reports that it has received a copy of a claim of the Federal Antimonopoly Service of the Russian Federation (FAS Russia) for invalidating the acquisition by OOO Otkritie Promyshlennye Investitsii of 100% shares in AO Arkhangelskgeoldobycha from PJSC LUKOIL in 2017.

The Company disagrees with the arguments set out in the claim of FAS Russia and regards itself as a bona fide seller in this transaction. The price of the asset was agreed on by the parties as a result of the lengthy negotiations where largest investment banks were involved as advisers (VTB on the buyer's side and Goldman Sachs on the seller's side), which confirms the market nature of the deal.

As of the time of selling, AO Arkhangelskgeoldobycha was an effective diamond mining business operating at its design capacity and generating considerable cash flow for its shareholders. PJSC LUKOIL has built it from nothing into a profitable asset by making sizable investment in its development. On June 9, 2014 President of the Russian Federation Vladimir Putin inaugurated the diamond mining facility at V. Grib diamond field owned by Arkhangelskgeoldobycha.

The transaction to sell shares of AO Arkhangelskgeoldobycha was concluded after a five-month due diligence and verification of information provided by the seller and the buyer, without any objections from regulatory authorities, in strict compliance with the Russian legislation, after an approval was obtained from the Governmental Commission for Control over Foreign Investment in the Russian Federation which was headed by Chairman of the Government of the Russian Federation Dmitry Medvedev and included ministers, the head of FAS Russia (acting as executive secretary of the Commission), the head of the Federal Security Service, representatives of other federal services.

A written approval was obtained from FAS Russia in accordance with the applicable procedure for the transaction which is now being disputed by it.

These proceedings initiated by the FAS Russia cast doubt on the procedure established by law for the state control over foreign investment in companies having strategic importance for the national defense and security and essentially disputes the validity of the decision made by the Governmental Commission.

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

In addition, publications about this claim in media cause damage to the business reputation of PJSC LUKOIL.

The Company intends to undertake all necessary measures to protect its rights and legitimate interests.