PRESS RELEASE
AUGUST 28, 2015

PJSC LUKOIL BOARD OF DIRECTORS SUMMARIZES COMPANY PERFORMANCE IN THE FIRST HALF OF 2015

LUKOIL has published consolidated US GAAP financial statements for the first half of 2015.

In the first half of 2015, daily hydrocarbon production by the Group was 2,373 thousand boe per day (+4.8% y-o-y). Crude oil and natural gas liquids produced by the Group were 2,044 thousand barrels per day (+5.2% y-o-y). The increase was mainly due to the start of commercial production from West Qurna-2 project in Iraq. Moreover there was increase in production in Russia in Timan-Pechora (+9.6%), Volga region and Ural region (+3.6 and +2.4% respectively).

In the first half of 2015, sales revenues were $51,294 million (-30.6% y-o-y). Net income attributable to LUKOIL decreased by 58.9% y-o-y to $1,695 million, EBITDA (earnings before interest, taxation, depreciation and amortization) decreased by 32.4% y-o-y to $6,379 million. In the first half of 2015, our financial results were affected by a sharp decrease in the hydrocarbon prices and non-cash write-off in the amount of $324 million.

In the first half of 2015, our capital expenditures, including non-cash transactions, decreased by 31.1% to $5,320 million mostly due to ruble devaluation.

Compared to the first half of 2014, the total volume of refined products produced by the Group decreased by 7.4%. Production volumes decreased by 10.9% at our Russian refineries and increased by 0.5% internationally.

During the first half of 2015, the volume of our crude oil exports from Russia increased by 24.3%, and we exported 43.1% of our domestic crude oil production (34.7% – in the first half of 2014), including 794 thousand tonnes of crude oil purchased from our affiliates and third parties (161 thousand tonnes in the first half of 2014). The volume of our refined products exports from Russia decreased by 16.4% compared to the first half of 2014.

Consolidated Statements of Comprehensive Income

	2nd quarter of		**1st half of**	

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

	2015	2014	2015	2014
			(millions of US dollars)	
Revenues				
Sales (including excise and export tariffs)	28,104	38,205	51,294	73,886
Costs and other deductions				
Operating expenses	(2,063)	(2,558)	(3,871)	(4,867)
Cost of purchased crude oil, gas and products	(14,864)	(18,871)	(26,102)	(36,114)
Transportation expenses	(1,310)	(1,557)	(2,613)	(3,110)
Selling, general and administrative expenses	(770)	(1,015)	(1,435)	(1,871)
Depreciation, depletion and amortization	(2,186)	(2,485)	(4,005)	(3,997)
Taxes other than income taxes	(2,606)	(3,408)	(4,745)	(6,854)
Excise and export tariffs	(2,367)	(5,339)	(5,400)	(10,826)
Exploration expense	(309)	(64)	(388)	(269)
(Loss) gain on disposals and impairments of assets	(31)	1	(114)	(414)
Income from operating activities	**1,598**	**2,909**	**2,621**	**5,564**
Interest expense	(183)	(155)	(352)	(295)
Interest and dividend income	78	63	159	120
Equity share in income of affiliates	23	91	77	273
Currency translation (loss) gain	(183)	2	(220)	(268)
Other non-operating expense	(50)	(39)	(86)	(119)
Income before income taxes	**1,283**	**2,871**	**2,199**	**5,275**

Current income taxes	(363)	(541)	(701)	(1,346)
Deferred income taxes	96	70	215	208
Total income tax expense	**(267)**	**(471)**	**(486)**	**(1,138)**
Net income	**1,016**	**2,400**	**1,713**	**4,137**
Net income attributable to non-controlling interests	(11)	(11)	(18)	(15)
Net income attributable to PJSC LUKOIL	**1,005**	**2,389**	**1,695**	**4,122**
Earning per share of common stock attributable to PJSC LUKOIL (in US dollars):				
Basic	1.33	3.16	2.25	5.46
Diluted	1.32	3.10	2.23	5.35

Full version of US GAAP interim consolidated financial statements of PJSC LUKOIL for the three and six-month periods ended June 30, 2015, is available on the Company's web sites: www.lukoil.com and www.lukoil.ru

These interim consolidated financial statements have been prepared by the Company in accordance with U.S. GAAP and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal discrepancies, and we cannot give any assurance that any such discrepancies would not be material.