

Despite external limitations on oil production as part of an agreement with OPEC, and increases in rates of excise and mineral extraction tax in Russia, LUKOIL

achieved good financial results in 2017. Progress made during the reporting year was secured by increasing the share of high-margin projects in the structure of

oil production, growth in gas production in Russia and Uzbekistan, an improved product output structure at refineries, and reduced costs.

Key indicators

KEY FINANCIAL AND PRODUCTION INDICATORS

	2015	2016	2017
Financial			
EBITDA, RUB billion	816.7	730.7	831.6
Total debt/EBITDA	1.1	1.0	0.7
Capital expenditure, RUB billion	600.6	497.1	511.5
Adjusted net profit, RUB billion	363.5	303.8	399.4
Research and technical costs, RUB billion	5.5	5.8	5.8
Number of patents received	20	23	20
Production			
Production of oil and gas condensate (including shares in affiliates), million barrels	736	676	645
Crude oil production (including share by equity affiliates), thousand tonnes	100,688	91,992	87,414
Gas production, billion cubic meters	23,966	24,922	28,861
including APG	8,378	9,272	8,942
Petroleum products output, thousand tonnes ⁴	61,750	63,069	69,908
Full cycle lubricant production, thousand tonnes	812	917	998
Lubricant blending, thousand tonnes	117	118	128
Output of petrochemicals, thousand tonnes	1,074	1,270	1,171

ECONOMIC VALUE CREATED AND DISTRIBUTED, RUB million

	2015	2016	2017
Direct economic value created	5,810,758	5,256,250	6,010,089
Revenue	5,749,050	5,227,045	5,936,705
Income from financial investments	17,763	14,756	15,151
Income from sale of material assets	43,945	14,449	58,233
Direct economic value distributed	(5,202,356)	(4,741,979)	(5,380,245)
Operating expenses	(3,702,873)	(3,413,258)	(3,908,114)
Employee payroll	(126,506)	(136,035)	(127,851)
Other employee payments and benefits	(4,837)	(20,370)	(1,135)
Payments to providers of capital	(161,747)	(175,435)	(166,125)
including dividends paid	(115,106)	(130,728)	(141,499)
including interest paid to creditors	(46,641)	(44,707)	(24,626)
Payments to the government	(1,198,464)	(984,821)	(1,168,011)
Investments in society	(7,929)	(12,060)	(9,009)
Undistributed economic value	608,402	514,271	629,844

⁴ At the Group's refineries, subsidiary refineries, and third-party refineries (by Group share).

Comment. **Income from financial investments** = Income from interest on deposits + Income from interest on issued loans + Other financial income. **Income from the sale of tangible assets** = Profit from the sale and disposal of assets. **Operating expenses** = Cost of acquired oil, gas and processed products thereof + Transportation expenses + Sale, general and administrative expenses – Employee payroll – **Other employee payments and benefits** = Salary (including remuneration, estimated liabilities, compensation + incentive payments, pension insurance, voluntary medical insurance, accident voluntary insurance). **Other employee payments and benefits** = Accruals on the remuneration program. **Paid dividends** = Dividends paid on the shares of the Company + Dividends paid to the holders of non-controlling interests. **Paid interest to creditors** = Interest expenses + Other financial expenses. **Payments to the government** = Taxes (other than income tax) + Excise and export duties + Current income tax. **Investments in society** = Charitable expenses.