

Lukoil: Preliminary operating results for the 1Q2019.

Altynay Ibraimova — May 14, 2019

According to preliminary production data of Lukoil, the average daily production of hydrocarbons for 1Q2019 increased by 4% yoy and amounted to 2 379ths boepd.

The oil production was 21.2mn tons, showing an increase of 1.5% yoy.

Gas production was increased by 12% yoy to 9bn cub m which is still associated with the development of Uzbek projects. The company marks the launch of the second stage of the gas processing complex at the Kandym project, where production increased by 33% yoy.

Fig. 1. Operational results

	unit	1Q2018	1Q2019	yoy	4кв2018	qoq
Production:						
hydrocarbon	ths boepd	2 286	2 379	4.07%	2 371	0.34%
oil	ths tons	20 926	21 244	1.52%	21 832	-2.69%
gas	mn cubic m	7 999	8 976	12.21%	8 905	0.80%
refinery throughput at refineries	ths tons	16 113	16 668	3.44%	17 002	-1.96%

Source: Company data

Refining of crude oil increased by 3.4% yoy, reaching 16mn tons. Processing in Russia in average daily terms increased by 2.9% yoy to 11mn tons due to an increase in the load of the Nizhny Novgorod refinery.

Our view

Preliminary operating results, in our opinion, demonstrate a fairly stable dynamics and are able to ensure the achievement of our target forecasts for 2019. We note the expected progress in both gas and oil growth projects, showing a noticeable increase in production: Filanovskoye (+ 18% yoy), Korchagin (+ 27% yoy) and the development of the Yaregskoye field (+ 16% yoy). Preliminary performance met our expectations for the Upstream segment, and we maintain our recommendation to Buy shares of Lukoil with 12M TP of 6792rub/share.

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Research	Department	Telephone	E-mail
Stanislav Chuyev	Head		s.chuyev@halykfinance.kz
Assan Kurmanbekov	Macroeconomics		a.kurmanbekov@halykfinance.kz
Dmitriy Sheikin	Macroeconomics		d.sheikin@halykfinance.kz
Zhansaya Kantayeva	Fixed income		zh.kantayeva@halykfinance.kz
Madina Meterkulova	Equity		m.meterkulova@halykfinance.kz
Vladislav Benberin	Equity		v.benberin@halykfinance.kz

Sales	Department	Telephone	E-mail
Mariya Pan	Head		m.pan@halykfinance.kz
Aizhan Moldakhmetova	Institutional		a.moldakhmetova@halykfinance.kz
Asel Baizhanova	Institutional		a.baizhanova@halykfinance.kz
Zhanna Nuralina	Retail		zh.nuralina@halykfinance.kz
Shynar Zhakanova	Retail		sh.zhakanova@halykfinance.kz
Aliya Abdumazhitova	Retail		a.abdumazhitova@halykfinance.kz
Alya Mukhametzhanova	Retail		a.mukhametzhanova@halykfinance.kz

Halyk Finance

Abay av. 109 «B», 5th fl.
 Almaty, Kazakhstan, A05A1B4
 Tel: +7 727 331 59 77
www.halykfinance.kz

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