PRESS RELEASE
JANUARY 29, 2021

LUKOIL COMMISSIONS NEW PRODUCTION COMPLEX AT THE VOLGOGRAD REFINERY

Presidential Plenipotentiary Envoy to the Southern Federal District Vladimir Ustinov, Russian Minister of Energy Nikolai Shulginov, Governor of the Volgograd region Andrei Bocharov and President of LUKOIL Vagit Alekperov took part in today's opening of a high-viscosity index oils production complex at the Volgograd refinery.

The production facility includes a de-asphalting unit and a fractionation unit for unconverted oil. The construction of the complex started in October 2018. This project is a part of LUKOIL's programme to upgrade its lubricants production assets. Implementation of the programme will provide consumers with efficient high-tech products that hold up to the best international standards.

Use of advanced high viscosity base stocks renders possible production of engine oils suitable for modern industrial vehicles and cargo trucks that function in rough environments and cold weather. Another major advantage of these oils is their increased oxidation resistance, which provides for longer drain periods. LUKOIL's cumulative investment in the new facility amounts to 10 billion roubles.

The company also continues construction of the second stage of the solar power plant (SPP) with installed capacity of 20 MW at the Volgograd refinery. Its launch, set for 2021, will increase the SPP total capacity up to 30 MW.

Commissioning of the second stage of the SPP will also provide additional 24 million kWh of green energy per year, which is equal to an annual reduction of CO2 emissions by 12 thousand tonnes.

"Today we are here to launch a unique production facility, and it is not just about equipment, it is about people. Over 4 thousand employees work here. Therefore, this launch affects not only production, but also social sphere. I have been to the Volgograd refinery a number of times and each time I see changes, I see something new. Congratulations on opening the new complex and thank you for everything you do," said Vladimir Ustinov, Presidential Plenipotentiary Envoy to the Southern Federal District.

"LUKOIL is a leader in modernization of refineries. Between 2011 and 2020, the

company invested over 163 billion roubles under four-way agreements. Ten secondary processing units were commissioned at LUKOIL refineries. This year, an isomerization unit is set for launch at the refinery located in the city of Kstovo, Nizhny Novgorod region. All this enabled LUKOIL to become the first Russian company that produces only fuels compliant with class 5 environmental standards," said Nikolai Shulginov, Russian Minister of Energy.

"LUKOIL is a strategic partner of the Volgograd region. The company carries out many large-scale investment projects and honours its commitments. With the opening of the new complex, the Volgograd region and the whole of Russia will receive products that hold up to world's highest standards, and this will directly support import substitution. The launch of the project will also decrease energy demand, lessen environmental load and improve quality of the products," noted Andrei Bocharov, Governor of the Volgograd region.

"The Volgograd refinery is one of the most efficient in Russia. Over the years, LUKOIL invested 172 billion roubles in its modernization, thus increasing depth of refining to 96.7%. Nowadays, despite the pandemic, we carry on with selected investment projects to further enhance the product range of our refineries. For example, this year we plan to commission a delayed coking unit at our Nizhny Novgorod refinery," noted Vagit Alekperov, President of LUKOIL.

Справка:
LUKOIL develops social sphere of the Volgograd region in compliance with the agreements on social and economic cooperation between regional authorities and the company. Since 2016, LUKOIL invested about 2.4 billion roubles into social projects in the region. LUKOIL supported realization of a number of projects, such as construction of the "Russia. My History" interactive museum, reconstruction of the Centre for children and youth and the "Temp" stadium in Volgograd. Construction of the St. Alexander Nevsky Cathedral is also close to the end.