PRESS RELEASE
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LUKOIL AND RUSSIAN MINISTRY OF ENERGY CONCLUDE AGREEMENT ON MEASURES TO SUPPORT CONSTRUCTION OF DEEP OIL REFINING UNITS

LUKOIL and the Ministry of Energy of the Russian Federation concluded an agreement that provides for LUKOIL receiving an investment increment to reverse excise tax on oil till January 1, 2031 in order to construct new deep oil refining units at the *LUKOIL-Nizhegorodnefteorgsintez LLC* which is a *PJSC LUKOIL* wholly owned subsidiary.

According to the agreement, LUKOIL will build a Petroleum Residue Recycling Facility at its Nizhny Novgorod refinery. The facility will include the following units:

- a delayed coker with production capacity of 2110 thousand tonnes per year;
- a combined diesel fuel and gasoline hydrotreater with production capacity of 1500 thousand tonnes per year;
- a hydrogen production unit with production capacity of 50 thousand normal cubic meters per hour;
- a gas fractionator with production capacity of 425 thousand tonnes per year;
- an elemental sulphur and sulphuric acid production unit with production capacity of 81 thousand tonnes in terms of sulphur per year;
- infrastructure facilities.

Construction of the facility is already underway: core long lead equipment is installed; in-site pipelining and piping of equipment are in progress. The facility is set for commissioning in the fourth quarter of 2021.

The launch of the facility should allow to decrease annual fuel oil output at the Nizhny Novgorod refinery by 2.6 million tonnes and increase annual Euro-5 diesel fuel output by 0.7 million tonnes. The refinery yield will thus increase to 97%, with light products yield reaching 74%. Implementation of the project will lower LUKOIL Group's total fuel oil output to less than 4% and increase light products

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yield to 75%.

"LUKOIL has fully honoured its commitments to modernize refining facilities under its previous agreements with the government. Realization of this new project at the Nizhny Novgorod refinery is a long-term investment aimed at supplying Russian market with high-quality fuel. The facility will reach synergy with the fluid catalytic cracking units already in operation, thus enhancing the output mix of our Nizhny Novgorod refinery," said Vadim Vorobyov, First Executive Vice President of LUKOIL.

Information:
LUKOIL completed its main refineries modernization programme in 2016, with investments exceeding $10 billion. Since then, the company keeps implementing selective investment projects in this field.

LUKOIL is the first Russian company to produce exclusively Euro-5 compliant gasolines and diesel fuels, therefore fully meeting requirements of the Russian Refineries Upgrade Programme until 2020 under four-way agreements between the Russian Government and vertically integrated oil companies.