

PRESS RELEASE
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LUKOIL LAYS THE CORNER STONE FOR NEW POLYPROPYLENE COMPLEX AT ITS NIZHNY NOVGOROD REFINERY

Today, Deputy Prime Minister of the Russian Federation Yury Borisov, Governor of the Nizhny Novgorod region Gleb Nikitin and President of LUKOIL Vagit Alekperov took part in the foundation stone laying ceremony for the Polypropylene Production Complex at LUKOIL's Nizhny Novgorod refinery in the city of Kstovo.

The complex will become Russia's largest polypropylene production facility integrated with a refinery. The new facility will produce polypropylene out of the propylene generated at the two catalytic cracking units with aggregated annual production capacity of 4 million tonnes, which are currently being modernized.

The complex is set to produce about 500 thousand tonnes of modern types of polypropylene that will be further processed at other industrial facilities.

"Every rouble invested into petrochemistry multiplies to 4 roubles or more in allied industries. LUKOIL's commissioning of new polypropylene manufacturing facilities will make an important contribution to Russian production sector, have a significant positive impact on homopolymeric types of polypropylene imports phase-out and help to meet customers' demand both in our country and abroad. Moreover, creation of the complex in the European part of Russia will give a boost to manufacturers of finished plastic goods, a great number of which, as tradition has it, are located in the region," noted Deputy Prime Minister of the Russian Federation Yury Borisov.

"This project will result in creation of Russia's largest polypropylene facility located at a petrochemical plant. For our region, it means new jobs and additional tax revenue. This year we celebrate two joyful dates: the 800th anniversary of Nizhny Novgorod and the 30th – of LUKOIL. It is amazing that we launch such a great endeavour in such a special year," noted Governor of the Nizhny Novgorod region Gleb Nikitin.

Information:

LUKOIL is one of Russia's largest polypropylene manufacturers. Its main production facilities are located at the Stavrolen plant (the city of Budennovsk in the Stavropol region) that produces modern polymers.

LUKOIL-Nizhegorodnefteorgsintez LLC (a wholly owned subsidiary of PJSC

LUKOIL) is among Russia's five largest refineries. It supplies the Central and North-West regions of the country with high quality fuels and is responsible for about 10% of Russia's petrol production. In 2016, LUKOIL finished the main modernization programme at its refineries, having invested over \$10 billion into it. LUKOIL became the first company in Russia to produce exclusively Euro 5 compliant petrols and diesel fuels, thus fully meeting the requirements of the Russian Refineries Upgrade Programme under the four-way agreements between government authorities and oil companies. Since then, the company keeps implementing selective investment projects in this field, as well as in petrochemistry.