PRESS RELEASE
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LUKOIL CONTINUES UPGRADE OF STAVROLEN PLANT

Vagit Alekperov, President of PJSC LUKOIL, and Andrey Khlopyanov, acting First Deputy Chairman of the Government of Stavropol region, took part in today's foundation stone ceremony for the second stage of Gas Processing Unit (GPU-2) at the Stavrolen petrochemical plant in the city of Budennovsk.

The construction of GPU-2 is expected to increase the utilization of associated petroleum gas delivered to the facility from North Caspian fields to 5 bcm per year. This will provide a greater volume of valuable feedstock for pyrolysis (ethane and natural gas liquids) used at Stavrolen to manufacture commercial products.

GPU-2 is the first unit to be built under the Stavrolen integrated development program. LUKOIL plans to increase the capacity of pyrolysis units, as well as produce a greater amount and a wider variety of polyethylene and polypropylene.

It is expected that the implementation of the program will increase Stavrolen's capacity to produce ethylene from 350 to 420 thousand tonnes per year, polyethylene – from 300 to 405 thousand tonnes per year, and copolymer polypropylenes – from 80 to 120 thousand tonnes per year.

"The Stavrolen integrated development program is an essential part of our petrochemical strategy, which envisages use of our own feedstock. It is also an efficient monetization tool for the North Caspian natural gas. The growth of the share of gas production and development of gas processing facilities fall in line with the global trend towards energy transition and corresponds with LUKOIL's climate strategy. We believe that our total investments into integrated development of petrochemical value chain in the Caspian region might total around 300 billion rubles," said Vagit Alekperov, President of PJSC LUKOIL.

"Implementation of the projects at Stavrolen is strategically important for the Stavropol region. It means new investments, new jobs, and extra budget revenues. Given Stavrolen's operating results this year, we expect it to pay a significant amount of taxes to federal, regional, and local budgets," noted Andrey Khlopyanov, acting First Deputy Chairman of the Government of Stavropol region.

Information:
Stavrolen LLC (a wholly owned subsidiary of PJSC LUKOIL) is one of the major

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taxpayers in the Stavropol region and a city-forming enterprise of Budennovsk. The plant plays a key role in stable development of the entire Stavropol region, as well as its eastern area.
LUKOIL had already implemented there a large-scale investment project of launching the first complex of the gas processing unit with an annual feed rate of 2.2 bcm. This enabled the plant to manufacture petrochemicals (polyethylene, polypropylene) out of its own gas feedstock.
In 2020, Stavrolen produced 343 thousand tonnes of ethylene, the largest volume ever. Polyethylene production reached 319 thousand tonnes, and polypropylene production – 113 thousand tonnes. In 2021, Stavrolen produced its 8-millionth tonne of polyethylene.