PRESS RELEASE
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LUKOIL COMMISSIONS PENEX ISOMERISATION UNIT AT ITS NIZHNY NOVGOROD REFINERY

Deputy Prime Minister of the Russian Federation Alexander Novak, Presidential Plenipotentiary Envoy to the Volga Federal District Igor Komarov, Governor of the Nizhny Novgorod region Gleb Nikitin and President of LUKOIL Vagit Alekperov took part in the ceremony of commissioning of PENEX isomerisation unit at the Nizhny Novgorod refinery, which took place today in the city of Kstovo. The unit will allow to apply low temperature isomerisation to light naphtha in order to produce high-octane blending fuel.

The complex's annual feed rate amounts to 800 thousand tonnes. The isomerisation unit includes an NK-85oC hydro treatment system, a naphtha splitter, a deisopentanizer column etc. Cumulative investment in the project amounted to 12 billion roubles. Commissioning of the PENEX unit will enable the refinery to produce high-octane blending component for motor petrol and increase annual production of commercial petrol by 400 thousand tonnes.

"Our government puts a lot of effort into enhancing quality of the fuels produced in Russia. This becomes especially important given the environmental track our country follows along with the world community. For instance, since 2016, Russia has been producing exclusively Euro-5 compliant petrol and diesel fuel. I would like to note that it took us three years to fully switch to environmentally-friendly fuels, while in other countries the process took on average 15 years," said Alexander Novak.

"LUKOIL's ability to balance commercial interests and high level of corporate social responsibility is a great example for others. Volga federal district houses facilities of every step of petrochemicals production: from crude production to high added value refining. Commissioning of this isomerisation unit will increase efficiency of downstream operations," said Igor Komarov.

"LUKOIL's share in the region's industrial production amounts to 19%. The Company is one of the major taxpayers and our main partner in implementing social programmes in healthcare, culture, development of the city and municipality of Kstovo. Local people can witness LUKOIL's contributions. This year we celebrate two joyful dates: the 800th anniversary of Nizhny Novgorod and the 30th – of LUKOIL. I would like to congratulate you on this occasion," noted Gleb

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Nikitin.

"LUKOIL increases production of high-octane petrols which are currently in high demand, thus meeting the challenge of providing Russian consumers with high-quality fuels. The launch of this unit means we have fully and in time fulfilled the responsibilities we took up under the four-way agreement with Federal Antimonopoly Service, Rostechnadzor and Rosstandard," stated Vagit Alekperov.

Another major investment project at the refinery reaches its completion today – construction of a Petroleum Residue Recycling Facility.

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 yield to 75%.