

## **NIS STARTS CONSTRUCTING BOTTOM OF THE BARREL PLANT, KEY PROJECT IN THE SECOND STAGE OF MODERNISING PANČEVO OIL REFINERY**

A ceremony was held at the Pančevo Oil Refinery to mark the start of constructing a bottom-of-the-barrel plant with a delayed coking technology, a key investment in the second stage of modernising the Refinery. The ceremony was attended by Aleksandar Vučić, President of the Republic of Serbia, Igor Mirović, Prime Minister of the Government of Vojvodina Province, Aleksandar Antić, Serbian Minister of Mining and Energy, Alexander Chepurin, Ambassador of the Russian Federation to Serbia, Alexander Dyukov, Chairman of the Management Board of Gazprom Neft, Kirill Tyurdenev, CEO of NIS, members of the Government of the Republic of Serbia, representatives of the local authorities of the Town of Pančevo and many other invitees.

Over €300 million will be invested in the Bottom of the Barrel Project, one of the largest investments in Serbia in the next few years. The construction of the plant, which has been planned to complete in Quarter 3, 2019, will put NIS's processing complex among the most modern ones in Europe. The main designer and the company managing construction is the international company CB&I.

Through the Bottom of the Barrel Project, NIS is continuing the trend of constantly making its facilities and work process up-to-date in order to be able to supply the market with top-quality fuels. The new facilities will provide for an optimal use of capacities at the Pančevo Oil Refinery and increase in the processing efficiency to 99.2 percent from the current 86 percent. This, in turn, will lead to an increase in the production of high-quality petrol and diesel and mark the beginning of producing coke, a product that our country has imported so far. At the same time, this is how NIS will continue to improve the energy stability of the Republic of Serbia.

By implementing the project, NIS is also going to keep on investing in improving environmental protection, given the fact that, once the Bottom of the Barrel processing starts, requirements will be met to stop producing heavy fuel oil with a high sulphur content. At the same time, this will make it possible for Serbia to fulfil its international obligations in terms of limiting the use of fuel with a high sulphur content.

Kirill Tyurdenev, CEO of NIS, stated the following at the ceremony at the Pančevo Oil Refinery,

“The implementation of the Bottom of the Barrel Project with a delayed coking technology is a new milestone in the development of NIS and an essential step towards further modernisation of the Pančevo Oil Refinery. This project is significant for the entire petroleum sector in Serbia, as well. By developing its processing capacities and implementing modern technologies, NIS will remain the leader in the very demanding and competitive regional market of petroleum products. I am convinced that, owing to a successful cooperation between the two key shareholders, Gazprom Neft and Government of the Republic of Serbia, we will continue to develop NIS and provide others with a model of both operational efficiency and adherence to sustainable development principles.”



The investment in the Bottom of the Barrel Project represents continuation of developing the Pančevo Oil Refinery. The first stage in modernising the Refinery involved constructing new plants and reconstructing the existing ones. The key project in that stage of developing NIS's processing capacities was the construction of the Mild Hydrocracking and Hydrotreating (MHC/DHT) complex, which involves the secondary processing of crude oil. The commissioning of the complex in 2012 made domestic production of Euro 5 fuel possible. Over €540 million was invested in the first stage of modernising the Pančevo Oil Refinery.

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