



COMPLETED REFINERY MODERNISATION PROJECT AT PANČEVO

Naftna Industrija Srbije has completed a major modernisation project of its refining capacity in Serbia. The company has started operating a new light hydro-cracking and motor fuel hydro-treatment facility at the Pančevo refinery. The completion of the facility will allow NIS to take a leading position in the Balkan oil products market.

Launching the vacuum gas oil and diesel hydro-treatment facility, which has a total annual capacity of 3 million tonnes, will increase the refining depth of the Pančevo plant to 84%, and the percentage of output of light oil products to 76%. The level of industrial emissions will fall to the levels required by the EU for industrial companies.

From 2013, the NIS plant at Pančevo will shift to producing only Euro-5 standard gasoline and diesel. The launch of the new facility will raise the volume of Euro-5 standard gasoline production to 638,000 tonnes and diesel to 1.538 million tonnes. This will confirm NIS' status as a major supplier of high-quality fuel to the domestic market and will allow it to start exporting to the Balkan region. The substantial improvement in the ecological characteristics of the fuel produced will also have a positive impact on the environment.

Gazprom Neft has invested EUR547 million at NIS in upgrading and rebuilding, including EUR397 million on building the hydro-cracking facility and over EUR 150 million on modernising and adding to the plant's infrastructure, equipping the hydrogen facility and on ecological projects.

Alexander Dyukov, the Chairman of Gazprom Neft Management Board stated: "The successful completion of the refinery upgrade at Pančevo confirms that Gazprom Neft has complied with its investment obligations agreed with the Government of Serbia in full and on time. Over the last three years, NIS has become significantly more efficient, making the company profitable and turning it into a leader in the Balkan market. NIS is now working on a further development strategy for the plant and its capacity with a view to becoming the biggest player in the Balkan oil products market and reinforcing the international position of Gazprom Neft."

The 2009-2012 refinery upgrade programme at Pančevo has seen construction of the following:

- A facility for light hydro-cracking of vacuum gas oil and hydro-treatment of middle distillates;
- A hydrogen production facility;
- A sulphuric acid reclamation facility;
- A sulphur granulation facility;
- An amine regeneration facility;
- A sour water stripping facility;
- A hydrocracking gas scrubbing facility.

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