

NIS BECOMES A STRATEGIC PARTNER OF HIP PETROHEMIJA

Today, the Ministry of Economy on behalf of the Government of the Republic of Serbia, NIS, and HIP Petrohemija signed the Strategic Partnership Agreement. With this Agreement, NIS will increase the ownership share in HIP Petrohemija from the previous 20.86% to 90% of shares with the obligation of a monetary recapitalization in the amount of EUR 150 million and the construction of a polypropylene production plant with a capacity of at least 140,000 tonnes per year within six years. The Agreement was signed at the Ministry of Economy of the Republic of Serbia by Andjelka Atanasković, the Minister of Economy of Serbia, Kiril Tyurdenev, the CEO of NIS, and Velimir Unković, the CEO of HIP Petrohemija.

The strategy of further development of HIP Petrohemija will be based on the modernization of basic production capacities and the construction of new plants, on increasing energy efficiency and business efficiency, as well as on the implementation of projects in the field of environmental protection. The goal is to ensure the long-term sustainable operation of HIP Petrohemija and to strengthen its competitiveness in the market. Also, with this business step, NIS continues to diversify its business and enters the petrochemical business, following global trends in the oil industry.

Andjelka Atanasković, the Minister of Economy of Serbia, said:

"By finding a strategic investor, who will invest the amount of EUR 150 million in the recapitalization of Petrohemija and build a new polypropylene production plant with a capacity of at least 140,000 tonnes per year, and there are indications that the capacity of the plant will be much higher, the Ministry of Economy has ensured the safe operation of HIP Petrohemija in the coming years, as well as secure job positions and better working conditions for Petrohemija employees. By obtaining a new plant, Petrohemija will have the opportunity to improve its business results and confirm its position as one of the largest exporters in the Republic of Serbia. All this will contribute to the improvement of the business climate and further economic development of both the local community and the entire Republic. We are sure that with the joint efforts of the Government of the Republic of Serbia and NIS j.s.c. Novi Sad, we will round off another successful privatization that will contribute to further growth of the gross national product and better positioning of the Republic of Serbia in European and global economic flows."

Kirill Tyurdenev, the CEO of NIS, stated:

"With the development of NIS since 2009, we have shown that we are a reliable partner of the Republic of Serbia in the modernization of the domestic oil sector. I am convinced that we will now jointly develop Petrohemija with equal success, and I would like to thank the representatives of the Republic of Serbia for giving us that opportunity. NIS and HIP Petrohemija are long-term partners and we see a significant potential and many opportunities for further synergy and strengthening of our competitiveness in the demanding market. The strategy of further development of HIP Petrohemija will be aimed at long-term sustainable development of the company for the benefit of shareholders, employees, and the community."



Additional information:

NIS is one of the largest vertically integrated energy systems in Southeast Europe. The core business activities are exploration, production, and refining of oil and natural gas, sales of a wide range of petroleum and natural gas products as well as implementation of projects in the areas of petrochemical and energy industry. The majority shareholder of NIS is the Russian company Gazprom Neft, which owns 56.15% of the share capital, while 29.87% of the shares are owned by the Republic of Serbia. The remaining portion of equity is held by citizens, employees, former employees, and other minority shareholdings.

HIP-Petrohemija is the largest producer of petrochemical products in the Republic of Serbia and a significant company in the chemical industry in Southeast Europe. In the integrated petrochemical complex of HIP-Petrohemija, it is currently possible to produce more than six hundred thousand tons of petrochemicals per year. There is a long-standing technical and technological connection between NIS and HIP Petrohemija. The straight-run gasoline used by HIP Petrohemija in its production processes is provided by the NIS oil refinery in Pančevo.

Head of
Corporate Affairs Department
NIS j.s.c. Novi Sad

Mirjana Stanojevic