



NEWS RELEASE

For Immediate Release:

10/16/2018

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McDermott Awarded EPC Contract for Delayed Coker Unit for LUKOIL Refinery

- McDermott will provide EPC for a delayed coker unit in Kstovo, Russia, that will process 2.1 million tons per year of refinery residues

- McDermott to serve as EPC contractor for unit to be built at 17-million-ton/year refinery

- McDermott's Lummus Technology offering proves to be critical in final selection process

HOUSTON, Oct. 16, 2018 /PRNewswire/ -- McDermott International, Inc. (NYSE: MDR) today announced it has been awarded a significant* contract by LUKOIL NizhegorodNefteorgSyntez, a subsidiary of JSC LUKOIL, for the engineering, procurement and construction (EPC) of the Delayed Coker Unit for the Deep Conversion Complex planned to be built in Kstovo, Russia.

This award follows a 2016 award to Chevron Lummus Global (CLG), McDermott's joint venture with Chevron, for its delayed coking technology, and highlights the significance of pull through opportunities that McDermott's Lummus Technology business offers other parts of the organization. In October 2017, McDermott was awarded a detailed engineering, procurement and long lead supply award contract for the project.

"Our ability to provide integrated, end-to-end solutions, from our industry-leading refining technology to a highly efficient project delivery model, has been a deciding factor in securing this win," said Tareq Kawash, McDermott's Senior Vice President for Europe, Africa, Russia and Caspian. "This is also significant for McDermott because it is the company's first downstream EPC project in the Russian Federation."

The contract will be reflected in McDermott's third quarter 2018 backlog.

Project Details

The delayed coking complex will be built at the 17 million-ton/year Kstovo refinery in central Russia's Nizhny Novgorod region. In addition to the delayed coker, the complex will include a diesel hydrotreater, gas fractionation unit, sulfur and hydrogen production units, and associated systems.

Alongside other planned optimization projects, the 2.1 million-tons/year delayed coking complex will improve the refinery's light product yield by more than 10 percent while reducing the fuel oil production by 2.7 million tons per year. The complex is scheduled for startup in 2021.

LUKOIL is one of the largest publicly traded, vertically integrated oil and gas companies in the world accounting for more than two percent of the world's oil production and around one percent of the proven hydrocarbon reserves.

*McDermott defines a significant contract as between USD \$250 million and USD \$500 million.

About McDermott

McDermott is a premier, fully integrated provider of technology, engineering and construction solutions to the energy

industry. For more than a century, customers have trusted McDermott to design and build end-to-end infrastructure and technology solutions—from the wellhead to the storage tank—to transport and transform oil and gas into the products the world needs today. Our proprietary technologies, integrated expertise and comprehensive solutions deliver certainty, innovation and added value to energy projects around the world. Customers rely on McDermott to deliver certainty to the most complex projects, from concept to commissioning. It is called the "One McDermott Way." Operating in over 54 countries, McDermott's locally focused and globally-integrated resources include approximately 40,000 employees and engineers, a diversified fleet of specialty marine construction vessels and fabrication facilities around the world. As used in this press release, McDermott includes McDermott International, Inc. and its subsidiaries and affiliates. To learn more, visit www.mcdermott.com.

Forward-Looking Statements

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, McDermott cautions that statements in this press release which are forward-looking, and provide other than historical information, involve risks, contingencies and uncertainties that may impact McDermott's actual results of operations. These forward-looking statements include, among other things, statements about backlog, to the extent backlog may be viewed as an indicator of future revenues or profitability, and the expected scope, execution and timing of the project discussed in this press release. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made by using various underlying assumptions and are subject to numerous risks, contingencies and uncertainties, including, among others: adverse changes in the markets in which we operate or credit markets, our inability to successfully execute on contracts in backlog, changes in project design or schedules, the availability of qualified personnel, changes in the terms, scope or timing of contracts, contract cancellations, change orders and other modifications and actions by our customers and other business counterparties, changes in industry norms and adverse outcomes in legal or other dispute resolution proceedings. If one or more of these risks materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those expected. For a more complete discussion of these and other risk factors, please see McDermott's annual and quarterly filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2017 and subsequent quarterly reports on Form 10-Q. This press release reflects management's views as of the date hereof. Except to the extent required by applicable law, McDermott undertakes no obligation to update or revise any forward-looking statement.

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