

SIBGAZAPPARAT: FIRST RESULTS

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Over a year has passed since the Sibgazapparat Plant in Tyumen joined the POLYPLASTIC Group in December 2012.

The plant was founded in 1993 by Gazprom to develop and implement European knowledge and mass production processes for PE pipes and fittings used in the construction of gas pipelines.

Sibgazapparat was part of Zapsibgazprom. Following corporate restructuring, the plant experienced problems with raw materials supply. All modernisation programs were frozen, production volumes were decreased and staff were made redundant. For most of 2012, Sibgasapparat existed on tolling scheme sales orders from POLYPLASTIC Group. Vladimir Yakushev, Governor of the Tyumen Region, who visited the



plant in February 2013 said, "The fate of the enterprise was quite clear without modernisation and investments."

The company joined POLYPLASTIC Group in December 2012. Some employees were concerned that the plant was bought "to eliminate a competitor from the market." The doubts vanished after POLYPLASTIC Group set serious strategic targets for Sibgazapparat, made investments and undertook repairs and modernisation of the enterprise.

One of the main tasks was to double the production volume: pipe production in 2013 was 10,000 tonnes. The plant met this target by 5 December 2013, its first anniversary as part of POLYPLASTIC Group, beating the record of the previous 10 years.

Roof of the production unit in June and in August 2013





The fittings molding shop began working to full capacity, operating two shifts. Production of CORSYS fittings, a new type of product, also began.

The PE-steel transition pieces production shop works at full capacity in one shift. The recycling shop was organised from scratch and worked in two shifts.

The name change of the plant required certification of the full range of products produced. This task was completed within a year.

However, the POLYPLASTIC Group plans for Sibgazaparat were not limited to the restoration of production volume – a large increase in capacity was also required. A significant amount of work has been underway to create conditions for further growth simultaneously with the increase in production volume.

The lack of power supply was a serious obstacle for further technical development of the plant and increasing production capacity. It was necessary to increase permissible power from 1.2 to 6.0 megawatt. Construction of a new distribution station and completion of the first stage of the power supply system modernisation in 2013 enabled an increase in permissible power supply to 3.0 megawatt. The plant will achieve its required 6.0 megawatt after Tumenenergo has completed the technical modernisation of its power utilities in 2014.

Significant increases in production volumes required fundamentally new approaches for product approval, storage and shipment. The project implementation required the construction of new roads and warehouses on site however this task was complicated by a number of geotechnical conditions such as high level ground water and ground frost-heaving in the winter. The expertise of the engineers in the Capital Construction Department of POLYPLASTIC was crucial to finding the solution. The effectiveness of these solutions has been proven in practice and the plant resumed operations using the new schedule in autumn 2013.

A modern fitting centre with 1,550 pallet positions was created to ensure prompt supply of fittings and equipment for pipeline installations.

Great attention was paid to refurbishing the premises and office buildings.

Large-scale roofing works have been carried out in the 11,520 square metre production unit. The leaking roof was causing enormous inconvenience during production and led to the violation of health and safety rules. Refurbishing works eliminated these problems.

The construction of an administration building for the trade house and the plant, testing lab modernisation and a further upgrade of the warehouse is all planned for 2014.

Sibgazaparat has embarked on a new stage in the life of the company by joining POLYPLASTIC Group. The production of pipes has increased by 63% and production of fittings has tripled within the first year. In 2014, production of PE pipes for the water and gas industry – the main product line – will be increased by 40% and estimated to reach 14,000 tonnes.

In return, by acquiring a Tyumen enterprise, POLYPLASTIC Group has gained inarguable advantages including anchoring and expanding its presence in the region. For example, its regional POLYPLASTIC Ural representation office used to rely on supplies from the Omsk Pipe Plant, 1,000 km away from Ekaterinburg. It is now possible to significantly improve customer service for placing orders and production and reduce the lead time from three days to one (the distance between Tyumen and Ekaterinburg is only 400 km). Moreover, stock held has been doubled to 2,000 tonnes and the range of products extended. The new production of PE-steel transition pieces with the diameters up to 630 mm for the water and gas industry has extended the range of items and notably increased the sales. Previously, similar items were produced only for gas pipelines and with diameters up to 400 mm.

The changes at Sibgazaparat plant, and the results of the first year as part of the POLYPLASTIC Group, clearly demonstrate the mutual benefits of the alliance. Further development of the enterprise, and the implementation of new products, will pave the way to more effective work for the Group sales division and further social and economic development of the Ural and Western Siberia regions.