



COMMERCIAL CONVENTION OF PIPE DIVISION OF POLYPLASTIC GROUP

Press service of POLYPLASTIC group

The Annual convention of POLYPLASTIC Group Pipe Division subsidiary companies has been held from 6 to 8 February at Sheraton Moscow Sheremetyevo Airport Hotel. About 80 executives, officers of POLYPLASTIC Group Managing Company, managers of commercial subsidiaries and divisions participated in the convention.

The convention was opened by Miron Gorilovskiy, President of POLYPLASTIC Group. He noted that the situation in the industry and in the country has changed radically: ruble has lost more than half of its value, the war in Ukraine, the deepening isolation of Russia – all this could not be imagined in February last year. As a result, we are facing a drop in demand, closure of investment programmes,

under-financing of current renovations and contraction of plastic pipes market. Nevertheless, despite the contraction of the market, the Pipe Division of the POLYPLASTIC Group has managed to increase sales by almost 5%.

According to M. Gorilovskiy, the current crisis will be quite lengthy compared to those the Group has experienced within its almost 25 years of development. Investment resources that left the Russian market due to the crisis will be difficult to return. The formula for survival and development has been known for many years – cost savings, business processes optimisation and competition for the market share.

Kirill Trusov, Head of the pipeline division, presented the activity report

for 2014. He presented data on the situation in the plastic pipes market in the countries of the Group's operation (Russia – Ukraine – Belarus – Kazakhstan, RUBK zone). Ukraine has become the leader of falling markets, as was expected, with a 18% fall within the year. The fall is likely to continue, but in a slower pace in 2015 – everything indicates that the market in the Ukraine has achieved its bottom-line.

Belorussian market has slightly decreased mainly due to the reduction in investment activity because of the close economic relations with Russia and Ukraine. The difficult situation has reflected on the market. However, the decrease of 8% has only come up to 2000 tonnes.

Kazakhstan is the only growing market – compared to 2013 is has grown by 16% due to infrastructure projects postponed from the previous year. According to our forecasts, the growth will continue in 2015 in a slower pace than in 2014.

Russia is the largest market in RUBK zone. It contracted by 10% and influenced the RUBK market significantly – it decreased by 7%. Both stabilisation and serious fall of the market by 15–20% in 2015 is possible due to reduced demand and lack of investment resources in Russia.

Despite the difficult condition of the “falling market” trade companies of the Group have managed to increase sales: in Ukraine by 4% (600 tonnes) compared to 2013, in Belarus – by

26%, in Kazakhstan – by 20%. The most serious struggle for target numbers was in Russia, despite market contraction by 10%, divisions of the Group have managed to increase sales by 4.7%.

Therefore, the pipe division has fulfilled the task of increasing the market share, maintaining the output of the plants and the competitive price of processing.

Also K. Trusov noted that reduction in results variation of “sale per capita in the region” indicator shows similar high activity and good results for all commercial divisions of the Group.

Directors of subsidiaries spoke about the results of 2014 and shared their views and suggestions on work organisation in the current conditions.

Cooperation between the Managing Company and its subsidiaries, motivation of business entities of the Group, innovative products in demand and many other topics were discussed during the convention.

Plans for 2015, another important topic, were widely discussed by the directors of the business units and top managers of the Group. Most of the divisions plan to maintain the levels of 2014 in their regions.

The president of the Group highlighted that crisis is the best time for market expansion, development of innovative products and optimisation. Successful companies create the grounds for future growth during crises. No development is possible without crisis.

SIBUR HAS BEGUN CONSTRUCTION OF ZAPSIBNEFTEKHIM IN TYUMEN REGION

SIBUR has begun construction of ZapSibNeftekhim in Tyumen Region. On 17 January the sinking of the first pile into the basement of the facility has taken place according to the press-service.

Currently the full design documentation for construction is complete. The approval from Glavgosexpertiza of Russian Federation was obtained at the end of 2014. Tobolsk administration has issued a permit for construction in January this year.

“The main preparation works are completed at the construction site. A number of contracts for design and equipment and materials supply for the future facilities are signed and are being fulfilled. The contract for design of facilities with NIPigas, Russia’s leading engineering centre in gas processing has been concluded”, says the press-service.

The project of ZapSibNeftekhim involves construction of pyrolysis unit with capacity of 1.5 mln tonnes of eth-

ylene per year (technology of Linde AG, Germany) and butane-butylene fraction with the capacity of 100 thousand tonnes per year. Also the project includes construction of facilities for production of different grades of PE with total capacity of 1.5 mln tonnes per year (technology of INEOS, Great Britain), PP production units with 500 thousand tonnes capacity (technology of LyondellBasell, Netherlands).

Total investment into ZapSibNeftekhim was preliminary evaluated at 9.5 billion dollars (about 360 billion rubles), including already incurred costs and planned costs for start-up, infrastructure and other works. The Holding intends to re-evaluate the project due to the currency changes and exchange rate.

It had been previously planned to complete the project within 5–5.5 years. According to the latest news from SIBUR, the schedule can be corrected: “As a result of reconsideration of the volume of investment, correc-



tions in orders supply and equipment production, including navigation windows, the construction might take longer”.

The construction of the complex will be implemented within the frame of previously signed investment agreement between the holding, Government of Tyumen Region and Tobolsk administration on integrated development of Tobolsk Industrial site. The parties have agreed on prolongation of the investment agreement for 10 years – until 2024.

Source: rupec.ru