



TO THE READER

Dmitry Konov, Chairman of the Management Board at SIBUR Holding, takes a focus on SIBUR's past, present and future, its key business milestones and new opportunities for Clients.

Back in 1684, an Irkutsk public official Leonty Kislyansky found oil near the Irkutsk fortress located on the Ukhta River, where it was collected from the water surface and used as a lubricant by local residents. 50 years later, the Ukhta River hosted the first low-tech oil refinery, which marked the Russian foray into the petroleum industry.

Its subsequent development into what would become Russia's modern petrochemical sector was underpinned by the research of the Baku-based engineer Javad Melikov, renowned Russian chemist Dmitry Mendeleev and the Nobel brothers. The Soviet chemical industry saw outstanding developments still in use in modern times coupled with growing environmental impact that largely shaped the industry's negative image thankfully no longer relevant today.

By the early 2000s, having missed two or three investment cycles during the period of national economic turbulence, the Russian petrochemical sector was clearly lagging behind. Its modest production base located far from both feedstock sources and sales markets was hardly cost-competitive compared to global peers, which was aggravated by the rapidly expanding technological gap.

Over the last 15 years, SIBUR's whopping investment into developing new and upgrading existing facilities totalled almost RUB 1 trillion. With dozens of new production facilities launched, some began manufacturing products never produced domestically before to successfully phase out imports of many key petrochemicals.

Changes at SIBUR sparked the transformation of the whole industry, and we are all set to move further.

We are on the home stretch with our ZapSibNeftekhim project, which is more than 90% complete, and are expanding our TPE and TPA capacities. SIBUR's DOTP and MAN facilities are currently under construction. In addition, we are looking into building Amur Gas Chemical Complex and other projects of ranging scales that will open up new opportunities for our existing and future clients while fostering the development of the entire Russian economy.

The upcoming 2019 will be another special year for SIBUR. The era of the fourth industrial revolution calls for fusing our traditional human skills with accelerated innovations, new partnerships and a new mindset: in fact, it is taking us further in the digital transformation started in 2017 and continued in 2018. The rapidly changing landscape not only holds great promise, but also presents new challenges and targets in terms of effectiveness, environmental protection, understanding of client needs and external factors, speed of responsiveness and quality of prediction. Now more than ever, tackling these challenges will require the ability to create win-win synergies and communication environments with clients.

This anniversary issue of SIBUR for Clients focuses, among other things, on the Company’s key milestones, tracing our history of challenges, creative work, self-reflection, doubts and search for the best solutions, right choices and core values. We are happy to share this journey with you as you drive us to do even better.

Dear clients, we wish you a happy and successful New Year, the best of luck and professional achievements!

If you have any questions, suggestions and opinions (including critical comments), do not hesitate to email them to **dearcustomer@sibur.ru** (mailto:dearcustomer@sibur.ru).