



## "A FOCUS ON UNIQUE SOLUTIONS"

Yuri Kazantsev, Head of Diesel Additives at Oduvanchik, spoke to us about how his company went from a trader to a leading regional manufacturer.

**– How did Oduvanchik grow, what were the market conditions? What goals and objectives did the company's founders set for themselves and how did they evolve over time?**

– The company was founded in 2008 and started as a trader of octane boosters and fuel components. Over the 14 years since, we have launched new businesses, from the production and sale of additives and fuel components for petrol and diesel, to the production and packaging of our own solvents, as well as petrochemicals. In addition, we have moved into adjacent businesses, including a logistics aggregator and two R&D laboratories. Oduvanchik now has 523 long-standing partners all around the world, five proprietary brands, and about a hundred employees. We rank among the top three Russian oil traders and are actively growing in other areas, the most promising of these being our own products.



**YURI KAZANTSEV,**

Head of Diesel Additives at Oduvanchik

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**– What is your geographic footprint, and who are your core customers?**

– First and foremost we are looking at oil refineries, major transport companies, and agricultural players. We are also currently working with a number of private partners to develop branded fuels for fuel stations. At the regional level, we are now actively introducing diesel additives: in some places, refineries are still testing our products, with technical specifications received, developments ongoing, and other details being discussed. In other places, negotiations have already progressed to the tender stage, while in yet other places, sales have already been fully launched. Oduvanchik is a national player, operating all across Russia, from Kaliningrad to the Far East.

Exports are a separate business: we ship to everywhere from China to America. Our products are in demand in both the CIS and other neighbouring countries like Kyrgyzstan and Mongolia, as well as on other continents, for example in Argentina in South America.

**– What tools help you to maintain your leadership in an ever-evolving market?**

– Firstly, it is our highly-qualified people and their in-depth knowledge of their specialist area. Secondly, it is acting with integrity. We take responsibility for all stages of cooperation with each customer: from placing or changing an order to post-sale service. We work on the formulation and operating parameters of the product, support its introduction at the customer's facilities, and carry out quality control on each batch to be shipped. Our big advantage is that we have two of our own laboratories, enabling us not only to sell existing products but also develop new products for specific tasks and needs of the customer.



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**– Talk us through the process of launching your own innovation engine.**

– Right from day one, when Oduvanchik was just a trader, we still did some science. We carried out the minimum amount of research necessary to sell our products well. Over time, we invested in additional equipment and hired specialists with an impressive track record in research. And so, smoothly and organically, we ended up with two R&D laboratories. One is next door to our head office in Barnaul, while the other is in Moscow, as our research activities are mostly concentrated in the Moscow Region and the European part of Russia.

The company's Moscow R&D centre carries out research in a number of fields: from finetuning existing solutions on the market to creating new fuel additives. Our jewel in the crown is Aplidium, a unique octane booster for Euro 5 fuel. We developed it as an alternative to the now-banned N-Methylaniline. It does not contain harmful components, and actually works much better than N-

Methylaniline in many respects. Aplidium prevents gummy residues from forming in the vehicle's fuel system and increases the octane number of petrol by 5.5 points.

Another one of our innovations is Complex Truck, a multipurpose additive for trucks, tractors, and specialty vehicles that contains our specially-selected products for heavy duty vehicles. It exceeds Euro 5 standards and helps extend engine life, boost power, and reduce fuel consumption.

**– How did the arrival of Oduvanchik's own products on the market affect your business and growth strategy?**

– After having set up our own laboratories, we started to hone in on selling our own innovations. Of course, this had a profound impact on our company philosophy. Now, even when we are not working with one of our own products, we are not just trying to sell but to unlock the maximum value from the tasks assigned to us. We now stick to this mission statement: "All the customer has to do is identify their requirements, we take care of the rest."

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**– How do you see Oduvanchik's contribution to the social development of the region?**

– We sponsor Barnaul's Belka and Strelka racing team. We also help run regional motocross competitions. Since 2009, we have supported the Anatoly Kishitskiy Foundation for Greco-Roman Wrestling. Kishitskiy was a famous coach who made the sport popular and did a lot to help Greco-Roman wrestling grow in the Altai Territory – he also was the grandfather of one of the founders of Oduvanchik. The foundation has made a great contribution to the development of sports in Barnaul, unlocking growth opportunities in sports for many athletes.

In 2017, we practically singlehandedly built the Pervyy sports centre from the ground up. It is the only sports centre in Barnaul's Zaton district, which is kind of far out, but there are weights rooms, a wrestling club, a climbing wall, and lots of clubs for kids. With the centre sitting on the bank of the Ob River, rowers are also trained there, including teams that compete federally.

We are currently working with the regional administration to design a park and clean up the riverbed in the heart of Barnaul. This is a small area, but one with huge significance for the city. Right now, it is a landfill, but we will soon build a park with modern infrastructure, bike paths, and areas for sports and recreation.



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**– How has the fuel crisis in Russia affected Oduvanchik? Did the shock trigger development?**

– There are both positives and negatives. Of course, we are in the midst of shortages and high prices for raw materials for our products. But at the same time, fuel additives are seeing a spike in demand. We currently have a huge number of orders for Aplidium, which I spoke about earlier. While we sold from 300 to 400 tonnes of this additive in 2020, sales have already exceeded 600 tonnes this year, and the year is not over yet.

The crisis laid bare the need to develop new products. Over the past 12 months, we have brought a string of great solutions to market: I have already mentioned Complex Truck, but a similar product designed for agriculture is Complex Agro. I can also mention Element-4 and Element-5, two commercial additives for producing higher-octane petrol from a low-octane product. We are actively growing production of fuel dyes, with two options ongoing. The first is natural colour schemes for branded grades of fuel. The second is security dye to prevent fuel from being stolen.

The crisis in the Russian market forced us to ramp up exports. Oduvanchik has been exporting since it was first established, so there were no accounting or banking stumbling blocks. We just increased shipments to the CIS several times over and began to develop in new areas. Besides ramping up exports, we improved the quality of our workforce. In the early years, we did not even have English-speaking colleagues in our export department; today we have specialists who speak a range of languages, from Turkish to Chinese.

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**– How are your ties with SIBUR evolving?**

– We have been working with SIBUR since 2015. We are generally talking about procurement for our petrol department: MTBE and isobutanols. Oduvanchik is particularly interested in SIBUR’s aromatic fractions and resins. It all started with regular sales; we sold on products that we bought from SIBUR’s production facilities. But we then started to purchase different components to use in our own products. SIBUR constantly refreshes its product range, launching new grades of materials. This is a big plus for us, as we have joint projects with SIBUR in R&D aimed at creating new products.

**– What are your current focus areas for future development? What do you expect from 2022?**

– Our current priorities are linked to own production of additives for diesel and heavy oil products, as well as petrol additives. I am talking about the multipurpose products I mentioned before. We see good potential in Dixon, our brand of dispersant-depressants and pour point depressants, which improve diesel’s resistance to low temperatures. These innovations are driven by different formulations for different products and different customer needs. These solutions have been tested in the real world and are sought after in today’s market. We look to expand the use of these products in 2022.

Finally, we also really hope that the world will finally overcome COVID, and that it will become easier to communicate: face-to-face, and not online.