



"NO REASON FOR PESSIMISM AHEAD"

CEO of Gazpromneft - Bitumen Materials Dmitry Orlov talks about the common ground between bitumen and petrochemical producers.

– The world around us is changing, perhaps, faster and stronger than we would like: in terms of tactics the pandemic is hitting the economy, in terms of strategy everyone is already thinking about energy transformation. How does the bitumen business live in the era of change?

– In terms of tactics, unlike many other fields of activity, there were no failures in the bitumen market. Moreover, production and sales are growing in all directions. In particular, the market for polymer-modified bitumen, which we produce in partnership with SIBUR, continues to develop actively. We expect that by the end of 2021 the share of polymer-bitumen binders (PBB) in the total output of bitumen materials will come close to the 12% mark. And this is already very close to the global averages, which are 15-20%.



DMITRY ORLOV,

CEO of «Gazpromneft - Bitumen Materials»

– Due to what is the popularity of PBB growing?

– It's quite simple, the use of PBB as a part of an asphalt concrete mixture allows you to build high-quality and durable roads. Of course, there is not much sense to put such a coating when repairing a quiet city street, but when operating highways with high traffic intensity or central avenues of megacities, the higher price of the material pays off very quickly. Today Gazprom Neft bitumen modified with SIBUR polymers binds the coating components of such serious facilities as the M-11 Neva highway, Tverskaya Street and the Central Ring Road in Moscow, Nevsky Prospekt and the WRD (Western Rapid Diameter) in St. Petersburg.

– So, is this a solution for the capitals?

– Absolutely not. It's just that the Central and Northwestern Federal Districts are regions where road traffic is higher than the national average, many roads are being built there, and large-scale projects are being implemented. But reliable and high-quality roads are needed everywhere, and we provide an opportunity to use a modern product in all regions of the country.

In order to ensure the delivery of bitumen while maintaining factory quality, we are creating a logistics network of terminals, as well as expanding partnerships with other manufacturers. In these cases, we organize a very thorough quality control system. So we are developing ourselves and developing the market even in regions where our bitumen products did not exist at all before. For example, in the south of Russia.



Our priority is the Russian market, but we also have an export destination - more active when the road season is low in Russia.

BY THE END OF 2021, THE SHARE OF POLYMER-BITUMEN BINDERS (PBB) IN THE TOTAL OUTPUT OF BITUMEN MATERIALS WILL COME CLOSE TO THE 12% MARK. AND THIS IS ALREADY VERY CLOSE TO THE GLOBAL AVERAGES, WHICH ARE 15-20%

– There are also foreign buyers in your client portfolio. Why is Russian bitumen needed abroad?

– Our products are not inferior, and sometimes even superior to foreign ones. Of course, our priority is the Russian market, but we also have a more active export direction when the road season is low in Russia. In many ways, for us, this is a confirmation of the effectiveness and quality of our materials. It is accepted if German road builders buy Russian bitumen materials for the repair of their famous autobahns, this is a reliable confirmation of the quality from our products.

– Is there really such a project?

– It is absolutely real. The experts of our Research Center in Ryazan have developed a sealants and mastics formulation under the brandname "Brit" specifically for the German market. They have successfully passed both testing in highly specialized German laboratories and pilot tests on expressways and city streets of Munich, Berlin, Dresden, Leipzig. As a result, our bitumen materials have received pan-European and national certificates, so now we are discussing orders for the next year with German road builders, and we are talking about regular deliveries.

Although, of course, Germany has become a challenge for us. They have very strict requirements not only for the quality and characteristics of the product, but even for its packaging. We supply mastics and sealants there in eco-friendly cardboard boxes with an anti-adhesive- non-sticking layer. We are testing this solution for domestic road builders as well.



The docking tape protects the joints between the asphalt strips and the junctions between the pavement and the engineering structures such as rails, bumpers and curbs.

TODAY GAZPROM NEFT BITUMEN MODIFIED WITH SIBUR POLYMERS BINDS THE COATING COMPONENTS OF SUCH SERIOUS FACILITIES AS THE M-11 NEVA HIGHWAY, TVERSKAYA STREET AND THE CENTRAL RING ROAD IN MOSCOW, NEVSKY PROSPEKT AND THE WRD (WESTERN RAPID DIAMETER) IN ST. PETERSBURG

– Are bitumen-based products another promising direction of business development?

– It is really technological and important. The formula for creating a modern road surface is not limited only to bitumen, crushed stone and sand. It is very important to protect the road from the penetration of destructive moisture – this is the main task of bitumen-derived materials. The docking tape protects the joints between asphalt concrete strips and the places where the coating interfaces with engineering structures such as rails, bumpers, curbs. Mastics and emulsions provide excellent waterproofing. And protective and restorative compounds in addition to this protect the tracks from the effects of chemicals, reagents, ultraviolet. Moreover, the scope of application of all these materials is much wider than road construction.

– What else is included in this area?

– They are, for example, airfields. Our bitumen products are used in airfield coatings throughout the country and beyond – from Franz Josef Land to Sheremetyevo. Can you imagine the difference in external conditions? Rosaviation assessed our accumulated competencies and capabilities, and this year we became official partners. We will work together to develop new materials, technologies, and transfer the most effective from road projects to airfields. I am sure that our patented technology of soil stabilization for the construction of regional roads as well as the roads for the carriage of oil and gas products from local materials will also be useful in creating the infrastructure of remote airports.

If we talk about other related industries where bitumen-derived products can be used, then these are, for example, bridges, tunnels, roofs, utilities - waterproofing is needed everywhere. So the prospects for this direction are really huge.



Experts at our Research Centre in Ryazan have developed a formulation of sealants and mastics under the brand name "Brit" specifically for the German market.

– What you are talking about is very similar to another possible point of intersection of interests and opportunities of the bitumen and petrochemical business...

– In fact, there is not only one point, but much more. And it is the development of ties with petrochemicals that largely determines the strategic future of the bitumen business as a whole. This is exactly the answer to your question about how we intend to experience the coming era of changes related to energy transformation.

OUR BITUMEN PRODUCTS ARE USED IN AIRFIELD COATINGS THROUGHOUT THE COUNTRY AND BEYOND – FROM FRANZ JOSEF LAND TO SHEREMETYEVO

– What is the connection?

– Thanks to the modernization of refineries, they increase the efficiency of processing raw materials, increase the share of light oil products. This means a serious reduction in the raw material base of the bitumen business, which is currently formed by dark petroleum products. Therefore, we are already working in research institute in on formulations of bitumen-derived products from materials with a lower specific content of bitumen, but at the same time with similar consumer properties.

– Can you give an example, please?

– It is highly modified bitumen which can be used not only in the upper, but also in the middle and lower layers of road surfaces, making them even more high-quality and durable. Polymer-based materials may well be used in the creation of soil-strengthening compounds. Moreover, there is even an idea of creating a "synthetic" green bitumen from the recycled plastic. In general, there are many interesting prospects. This is not the only way to solve the problem, but it is one of the most important.

– Where else are you looking for these strategic paths?

– Everywhere – in Russia, abroad. We are looking for the most effective solutions that could be integrated into our production processes. For example, now at the bitumen terminal in Salsk we are implementing a project for the construction of a unique complex for the Russian road industry, which will produce binders from previously unused raw materials, in this case, from "dry" tar. The first batch of binders in Salsk will be produced next year.



We are looking for the most effective solutions that can be integrated into our production processes.

– That is, you look into the future, even the distant one, without much fear and with optimism, don't you?

– Right. There is still a lot of work and many interesting projects ahead. And, by the way, the presence of such a powerful and proven partner as SIBUR is another reason to remain optimistic. The truism of business says that a team is always stronger than individual players. SIBUR and us consider ourselves as a united team, and we have repeatedly confirmed this truth. 10 years ago we developed together our own PBB based on domestic polymer. We developed this direction together, we persuaded, told, showed. We hold a large intersectoral conference. What we have achieved today is a great success, and this is not only my opinion, but the assessment of

serious authoritative experts. And the figure is big and beautiful – Gazprom Neft has already produced a million tons of modified bitumen with SIBUR polymers in its composition. And this is far from the limit. I am sure that together we will continue to grow both in the PBB market and in new directions, in new niches, in new territories.