



## **A GIANT'S PORTFOLIO**

In November, ZapSibNeftekhim's product range and transportation logistics were in the limelight at SIBUR's client event in Tobolsk.

SIBUR's ZapSibNeftekhim, which is under construction in Tobolsk, will be the largest modern petrochemical plant in Russia. Its most advanced innovative hydrocarbon conversion and logistics technologies will make this investment project safer, more reliable and efficient. Once brought to its full capacity, the plant will help the growing Russian market to significantly reduce polymer imports and boost its export potential. In November, the Irtysh Giant's product range and transportation logistics were in the limelight at SIBUR's client event in Tobolsk.

The conference was a landmark event, as for the first time ever participants discussed important cooperation aspects in the context of the anticipated launch of ZapSibNeftekhim, a new deep hydrocarbon conversion petrochemical plant. The event was attended by around 50 existing and prospective clients representing various segments of the Russian polyolefin processing market.

"ALPLA, Bytplast, Mondi Uralplastic, Jokey, Tathimplast, Nova Roll, Lava, ICAPLAST, Kamsky Plant of Polymeric Materials, Sealed Air Kaustik, Novopack, our long-term partner POLYPLASTIC, a leading Russian producer of plastic pipes and compounds, and many others were there," said Dmitry Shastin, SIBUR's new product sales manager. "The goal was to strengthen relationships with our partners and showcase our future product range, process innovations and modern supply solutions for consumers of our Tobolsk-produced feedstock."



*On the first day, attendees visited the construction site.*

On the first day, attendees visited the construction site, taking a tour of the key facilities, including steam cracker and polyethylene and polypropylene production units and off-site facilities. The second day was dedicated to speaker reports and discussion of cooperation opportunities.

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The facility will feature:

- a steam cracker with a capacity of 1.5 mtpa of ethylene (process licensed by Linde AG, Germany), 500 ktpa of propylene and 240 ktpa of high-margin by-products (butadiene, 1-butene, MTBE and pyrolysis gasoline);
- four polymerisation units to produce various grades of high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE) with a total capacity of 1.5 mtpa (process licensed by INEOS, UK);
- a polypropylene unit of 500 ktpa (process licensed by LyondellBasell, Netherlands). This will enable production of all polypropylene types (propylene homo-, random and block copolymers and reactor TPOs)..

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## Experience is key

THE COMPLEX OF SIBUR "ZAPSIBNEFTEKHIM" (ZSNH) BEING BUILT IN TOBOLSK WILL BECOME THE LARGEST MODERN PETROCHEMICAL COMPLEX IN RUSSIA. IT INVOLVES THE USE OF ADVANCED TECHNOLOGIES IN THE FIELD OF HYDROCARBON PROCESSING AND LOGISTICS, WHICH WILL ENSURE RELIABILITY, SAFETY AND EFFICIENCY OF THE INVESTMENT PROJECT. THE LAUNCH OF THE PLANT AT FULL CAPACITY WILL PROVIDE THE GROWING RUSSIAN MARKET WITH A SIGNIFICANT REDUCTION IN THE IMPORT OF POLYMERS AND WILL SIGNIFICANTLY INCREASE THE EXPORT POTENTIAL.

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Building materials are sourced from 35 regions of Russia, while the total price of contracts with Russian contractors and equipment and

“Qualified personnel, robust processes and advanced technologies are essential for a new plant to operate successfully”, stressed Igor Klimov. “For example, we source high-quality equipment from global leaders that have been in the market for years.”

Meanwhile, ZapSibNeftekhim’s operations unit employs around 600 people, which are eagerly adopting the company’s best practices and processes, including modern ERP systems, SIBUR’s production system and digitalisation technologies.

“We invest a lot of time and energy into training”, added the CEO, “arranging for people to have internships and coaching at companies that supply equipment (vendors) or hold patents on a production process (licensors).” Eleven operators and shift managers are learning how a similar production process is managed at Sinopec in China. This year, our employees were also involved in the start-up and commissioning at Yamal LNG’s liquefied gas plant on the South Tambey Field. This cooperation is helping SIBUR’s employees gain invaluable experience and prepare for the launch of ZapSibNeftekhim.

## Create and test

Natalia Burlina and Dmitry Shastin, SIBUR’s new product sales managers, spoke about the product portfolio of the future petrochemical plant.

ZapSibNeftekhim’s offering will include high-density polyethylene, linear low-density polyethylene, and propylene copolymers. The impressive capacities and flexible production lines will make a wide range of grades across all segments of polyolefin processing such as: flexible and rigid packaging for food and non-food products, pressure and non-pressure PE and PP pipes, compounds for construction, household appliances and automotive parts, blow-moulded containers (vials, canisters, barrels, IBC containers) and injection moulded products

To supply feedstock for one of its largest segments, film extrusion, SIBUR will expand its film portfolio with the special-purpose LLDPE grades to produce blown and stretch films, multilayer structures, food and industrial packaging. The HDPE film portfolio will feature both bimodal grades and those with a broad MMD, boasting improved physical and mechanical properties and higher processability, and enabling high value added products through grade combinations.

Manufacturers of cast products are looking forward to block and random copolymers of propylene with high MFR rate and special properties ensuring end products’ required rigidity, cold resistance, impact strength or transparency.



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processing market.

A wide range of products for blow moulding will help produce blow-moulded products of 0.1–5,000 litre capacity with the required consumer properties.

The new plant will also produce grades for PE and PP pipes. “Pipe extrusion is one of the key segments where we intend to re-balance supply and demand in the Russian market by delivering target grades in line with the best foreign counterparts,” said Natalia Burlina. “Our main focus is quality as we seek to secure consistent supplies of certified products.”

SIBUR will study end products and field test new solutions at the Technical Centre for the Development and Application of Polyolefins (TTSRPP) to be launched in 2018.

“Our centre is located at the premises of the Skolkovo Innovation Centre (Moscow Region) and will be open for everyone as it is based on the partnership philosophy,” said IlnazZaripov, product development expert at SIBUR. “TTSRPP equipment will process polymer granules into end products. Research equipment will serve to test feedstock and end products for compliance with quality requirements.”



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As a reminder, SIBUR already has NIOST in place as its R&D centre. It secures the Company’s competitive edge through innovative technical solutions. NIOST labs operate cutting-edge analytical equipment provided by the world’s leading manufacturers, and have work places equipped in line with top international standards. The centre develops solutions for petrochemical synthesis and catalysis, plastics and plastic-based compounds, run tests of polyolefin and zeolite additives for petrochemical and gas processing plants, and also conduct analytical studies.

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ON 24 APRIL 2006, NIOST BECAME THE FIRST RESIDENT OF THE TECHNOLOGY AND INNOVATION SPECIAL ECONOMIC ZONE.

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The TTSRPP, as opposed to NIOST, will focus on end products rather than polymers with benchmarks based on technological rather

## Deliver on time

A logistics hub will be launched alongside ZapSibNeftekhim. "The hub is set to improve overall customer experience. It is part of ZapSibNeftekhim's logistics platform, which will handle acceptance, packaging, storage operations and shipments of bulk and palletised cargoes," said Alexander Fedyna, head of the Logistics Platform, Hub Facility project.

The hub is located in Freight Village Vorsino. Expansion of the existing container yard, the new packaging area consisting of six 290 cu m technological silos for transshipping polymer granules, two lines for packaging and shipping with a capacity of 60 tonnes per hour each, and a customs office for clearing imports and exports will all combine to facilitate product supplies and improve their reliability.

The launch of the hub will help scrap infrastructural limitations on bulk shipments due to the availability of bulk storage capacities and specialised transport services in the consumer region. The hub is also set to streamline supplies to the Central European part of Russia and enable railway exports to the Eastern Europe.



*Investment support in the Tyumen Region was another focus of the conference.*

"The project opens a window of opportunity for new polymer production facilities, as it mitigates the manufacturer's risks by providing a steady supply of raw materials and makes it possible to leverage the expertise and investments of the logistics operator to develop infrastructure for handling bulk polymers at the processing facilities," said Alexander Fedyna.

Igor Stulov, senior manager in operational logistics of end products at SIBUR spoke about the development of the transport logistics:

"To speed up delivery to our customers, we established a network of warehouses in the key sales regions. "On top of that, our technology benefits us and the customer alike, as we set up a feedstock warehouse right at the customer's site, cutting costs and time for transportation and storage." SIBUR also plans to switch to a standard packaged cargo unit, namely 1.375 tonne pallets.

For bulk orders, the Company offers bulk cargo shipments mitigating the risk of product contamination while repacking it from bags to the silos, reducing special equipment maintenance costs and additional personnel cost, and also helping expand production sites. This practice has been successfully adopted at BIAKSPLN.

In general, we are going to change the approach to ordering transport and delivering products to customers. “2018 will see the launch of an electronic portal for processing shipment and delivery orders,” added Igor Stulov, “for the customers to track their order in real time and us to ensure immediate response to any transportation issues”.



*Guests on the conference.*

## **Plans for the future**

Investment support in the Tyumen Region was another focus of the conference.

Vladislav Kuznetsov, Director for Business Support in SIBUR's Regions of Operation, emphasised SIBUR's willingness to provide comprehensive support to investment projects aimed at further processing of the Company's products: "We offer the entire range of services, from selecting a project site across SIBUR's geographies all the way through to the project's completion. We also provide advice on government support for investment projects."

Mr Kuznetsov also noted SIBUR's commitment to unlocking the potential for growth in the domestic market. The new opportunities offered by the import substitution policy help the Company increase its market share in Russia.

Igor Borisov, Deputy Head of the Tyumen Region's Investment Policy Department, and Olga Romanets, Deputy Director General for Development at the Agency for Infrastructure Development of the Tyumen Region, shared their views on investment support initiatives on behalf of the Tyumen Region's Government. To mention just a few things, representatives of the regional authorities talked about industrial parks which offer construction sites for lease with an opportunity to purchase them on attractive terms later on, and also about benefits for lessees of municipal land plots.

At the end of the conference, the participants shared ideas about potential mutually beneficial cooperation with SIBUR.





*The guests had an opportunity of networking during the event.*

"I have known the Company for many years," said Andrey Savin, Deputy CEO of Polymer Plant. "Today, SIBUR lives up to the highest European standards. It offers transparent sales mechanisms and has affable management team willing to provide feedback and answer questions at all times. In terms of customer focus, SIBUR leads the charge in the Russian market. We started working more closely two years ago, in the epoch of acute polyethylene shortage in the domestic market. Back then, SIBUR managed to ensure a steady supply of materials, and now it accounts for 90% of all our supply contracts. The launch of ZapSibNeftekhim is set to strengthen our partnership and keep our effective cooperation going."

Eduard Bedai, CEO at Rosavtoplast, said: "We produce composite materials (compounds) and are SIBUR's customers. The customer conference was highly informative, we learned a lot about the project and the Company's products. SIBUR is the uncontested leader among basic polymer manufacturers in terms of customer centricity. We are happy to be in an ongoing dialogue, which translates into high-quality services."