

## The 6th European Aromatics & Derivatives Conference (Antwerp Nov '07)

### Presentation Summary: 'Dynamics of Russian Styrene Market & Related Products'

*Presented by Fred Holmberg (NKNK) in Collaboration with EmergentSky Consulting Services*

This presentation introduces dynamics of the Russian styrene market and related products (incl. plastics, ethylene and benzene). The aim is to satisfy increasing curiosity of international aromatics players by sharing our extensive insights

Prepared by subject-matter experts:

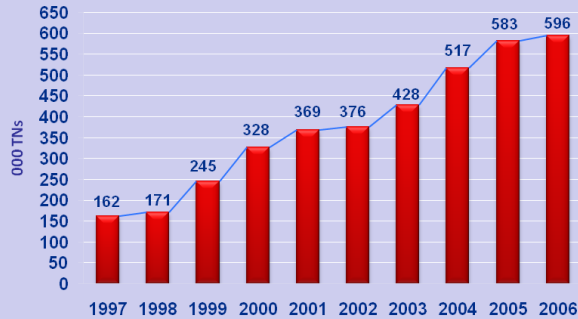
- **Fred Holmberg** - 20+ years of experience in Russia-EU chemicals trade
- **NKNK/ Nizhex** – Largest producer and distributor of Russian styrene
- **EmergentSky** – Strategy consulting company focused on Emerging Markets

### Russian Styrene Market Overview

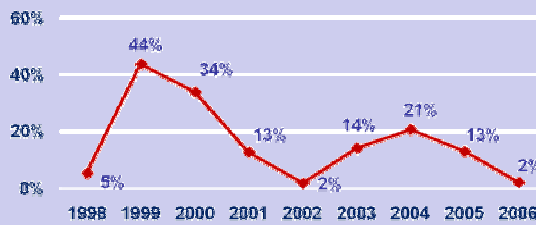


## Production of Styrene in Russia

### HISTORIC PRODUCTION VOLUMES



### YEAR-ON-YEAR GROWTH



#### 1997-1998:

- Economy crisis in Russia and global trade recession

#### 1999-2002:

- Recovery of local economy and global product demand

#### 2003-2004:

- Increase in world crude oil prices and EB/SM market price levels
- Start-up of two PS plants (50KT – NKNK, 50KT – Kirishi)

- SNOS plant increased SM plate capacity from 40 to 200KT

#### 2005-2007:

- Growing local demand from PS and SM co-polymers sectors
- Start-up of PS plant by NKNK (50KT)
- Perm/SIBUR plant increased SM capacity to 100KT

## Key Styrene Producers

- Production of SM in the geographic region of Russia & CIS is located in 5 facilities
- NKNK accounts for ~48% of total market volume
- High capacity utilization of all plants (operating rates of 85-89%)

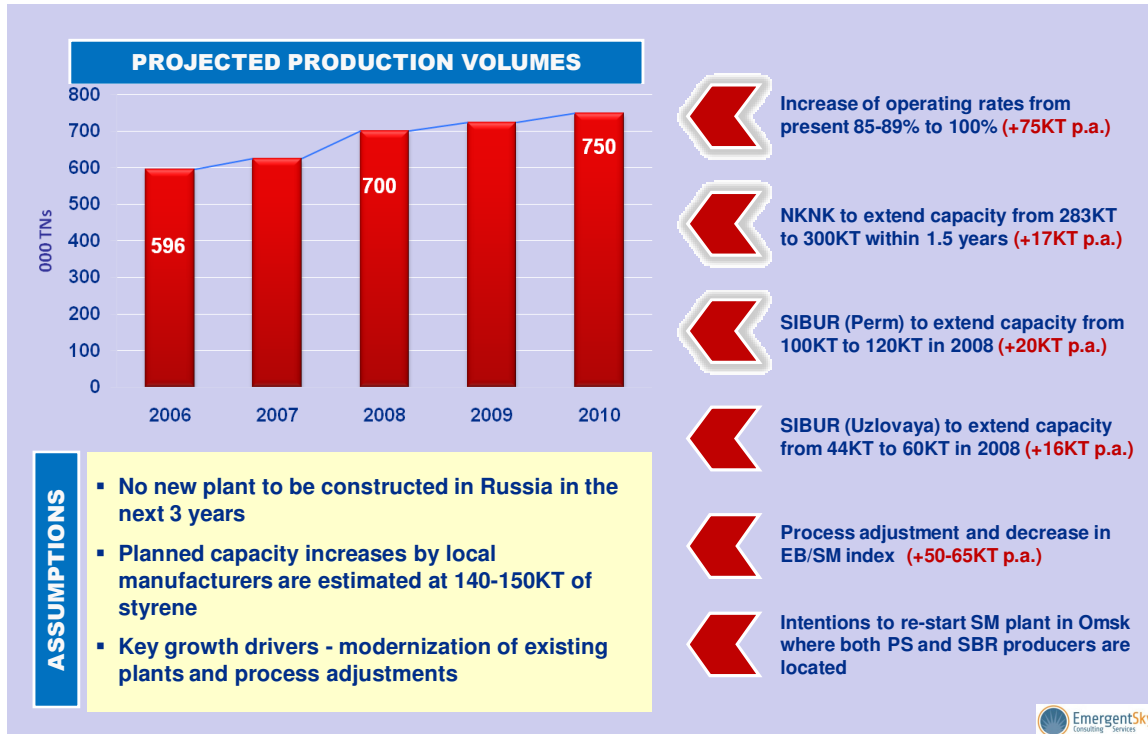
### TOP STYRENE PRODUCERS (2006)

COMPANY	ANNUAL OUTPUT	CAPACITY UTILIZATION
1. NIZHNEKAMSK NEFTEKHIM	~283 KT	100%
2. SALAVAT NEFTEORGSIINTEZ	~176 KT	80%
3. SIBUR HIMPROM	~75 KT	60%
4. PLASTIK	~30 KT	100%
5. ANGARSK POLYMER PLANT	~33 KT	70%

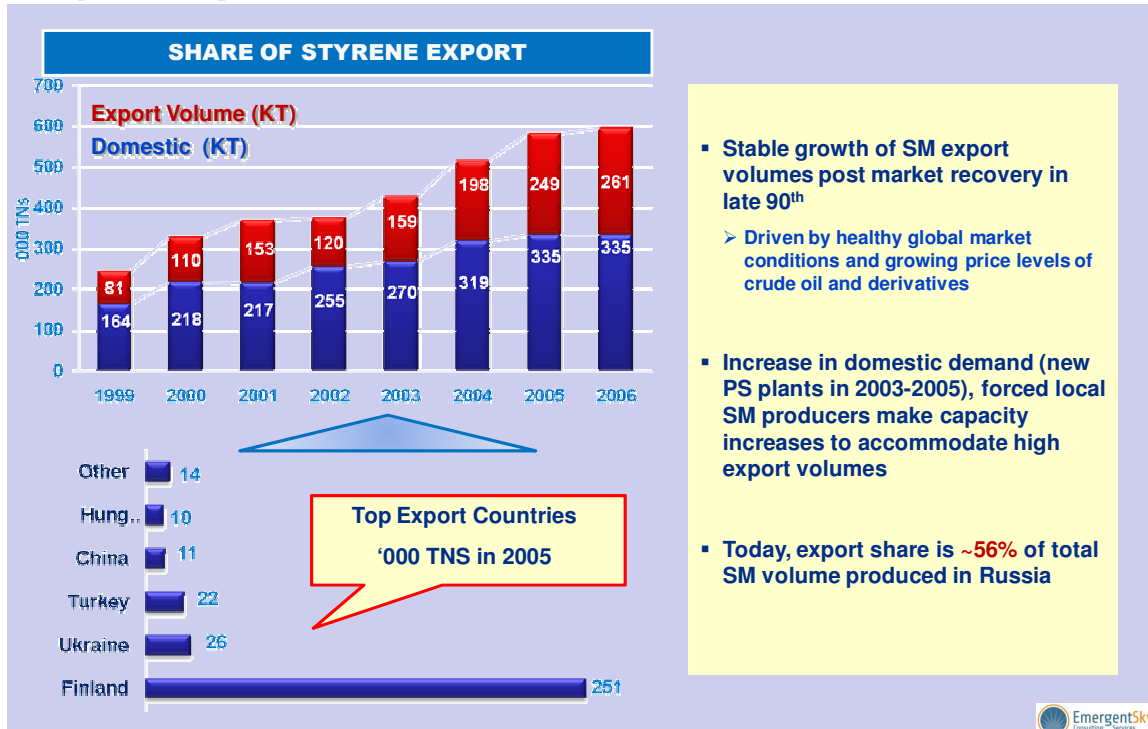


6 Voronezh SM plant, from 1949 year - 30 kt plate capacity; shut down in 1997 due to old equipment

## Future Market Outlook



## Export of Styrene from Russia



## Appendix: Data Sources

### DATA SOURCES

- **The data in this report is based on official industry statistics, primary research findings and on commentary of our on-location product specialists**
  - 2005 and historic statistics sources include *Russian Federal Bureau of Statistics, Trade Federations* and Market Reports
  - 'Field research' to obtain 2006 data and future trends
  - Interviews with *Nizhex* export team/ *Europlastik* group

### ASSUMPTIONS / NOTES

- **2006 market volumes are estimated based on quotes supplied by local producers and market experts (not triangulated with official statistics)**
- **Variation in actual numbers may appear and should only be used to visualise market top-level structure**

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### About Us:

**EmergentSky** is an international strategic consulting services provider with expertise in Emerging Markets.

Founded by management consultants experienced in advising Fortune100 organizations, EmergentSky combines functional knowledge across industries with in-depth understanding of Emerging Market dynamics.

We work with business leaders that wish to: *Enter Emerging Markets; Expand footprint & improve performance; Build in-market resources & capabilities; Invest in attractive companies & sectors.*

Our approach produces highly customized insights & solutions by leveraging our in-market resources incl. comprehensive contact networks and established relations with local experts.

EmergentSky is a trusted advisor to sectors such as Chemicals, Utilities, FMCG, Retail, Private Equity, Refining...

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