



SIBUR and Gazprom sign a preliminary agreement to supply LPG to Amur GCC

Vladivostok, 5 September 2019. At the Eastern Economic Forum, SIBUR and Gazprom entered into a preliminary agreement setting out the key commercial terms for the supply of liquefied petroleum gas (LPG) from Gazprom's Amur Gas Processing Plant (GPP) to SIBUR's Amur Gas Chemical Complex (GCC). The document was signed by Dmitry Konov, Chairman of the Management Board of SIBUR Holding, and Alexey Miller, Chairman of Gazprom's Management Committee.

Gazprom's Amur GPP treats natural gas to be supplied to China and also produces liquefied petroleum gas, pentane-hexane fraction, helium, and ethane fraction. In its turn, SIBUR is developing the project to construct Amur GCC, which would be integrated with the GPP in a single technology chain to process ethane and LPG into polymers for the domestic and global markets.

According to the preliminary agreement, Gazprom will supply 1.5 mtpa of LPG and ethane fraction to the Amur GCC at formula-based prices. As a result, SIBUR will be able to increase its output from 1.5 mt of polyethylene to 2.3 mt of polyethylene and 400 kt of polypropylene. Earlier SIBUR and Gazprom signed a contract for the supply of ca. 2 mtpa of ethane fraction.

The preliminary agreement will enable SIBUR to continue working on the extended version of its Amur GCC project and make a final investment decision by the end of 2019, while Gazprom will acquire a reliable consumer of valuable gas feedstock produced at the Amur GPP.

This partnership will foster the creation of the largest gas processing and gas-chemical cluster in the Amur Region to boost the economic and social development of the entire Far Eastern Federal District. The cluster

will enable the Russian processing of the hydrocarbon feedstock from the Amur GPP into in-demand, high added-value products, while also creating over 4,000 skilled jobs at the GCC and the GPP, and more than 5,000 jobs in associated industries, and enhancing the social, transport, and service infrastructure of the town of Svobodny in the Amur Region. It should also significantly boost tax payments to state and municipal budgets.

Dmitry Konov, Chairman of the Management Board at SIBUR Holding: “The signing of the agreement opens up an opportunity for us to increase the amount of hydrocarbon feedstock to be processed in Russia. If we opt for an extended version of the project, LPG will be processed domestically instead of being exported, thus providing additional feedstock for related industries and enabling us to manufacture more high-tech export-oriented products”.

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