Russian Market of Plastic Pipes:
BACK TO FUTURE

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We Are in the World of PLASTIC PIPES

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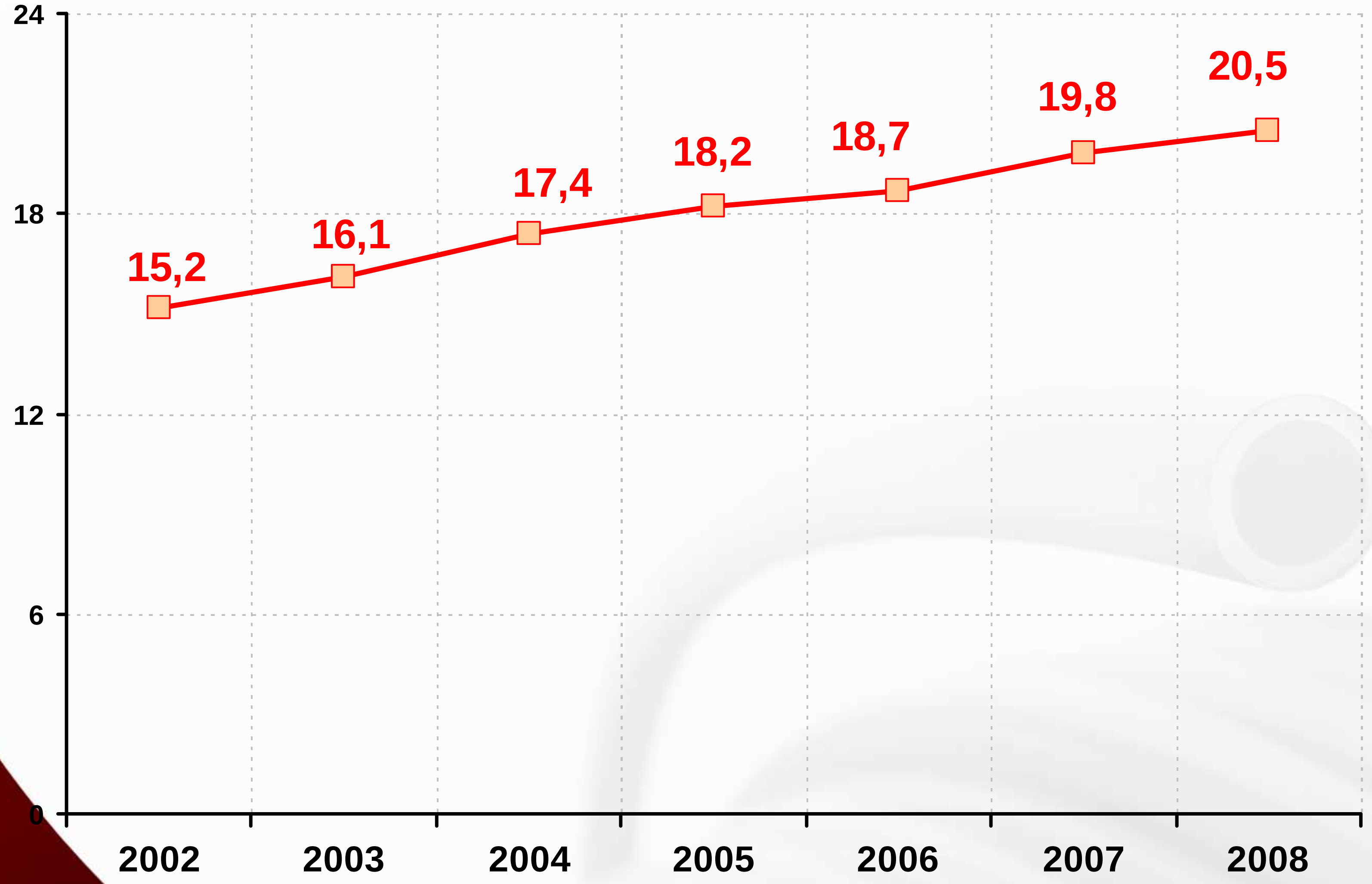
Plastic Pipes Production in the World (PE, PP, PVC)



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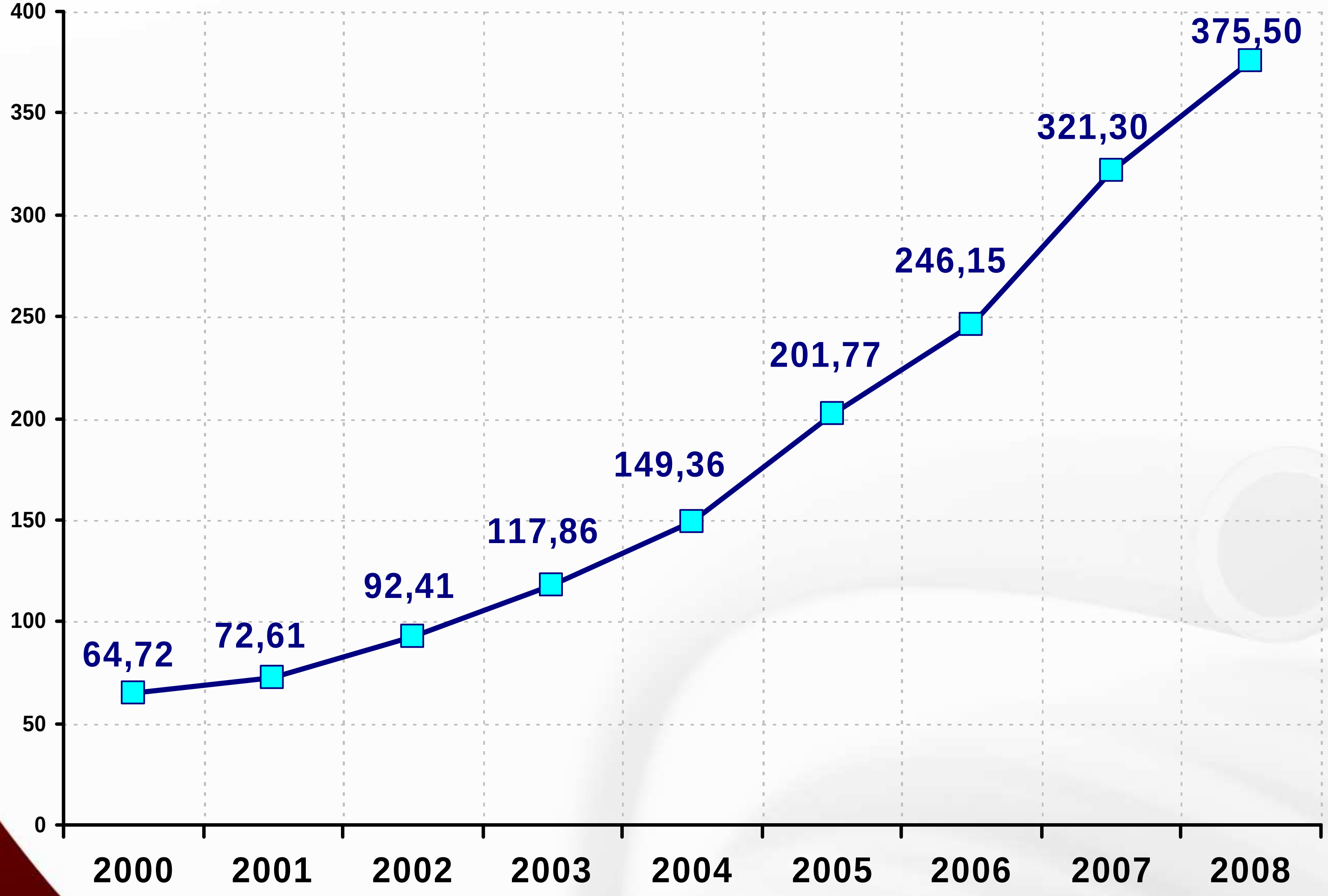
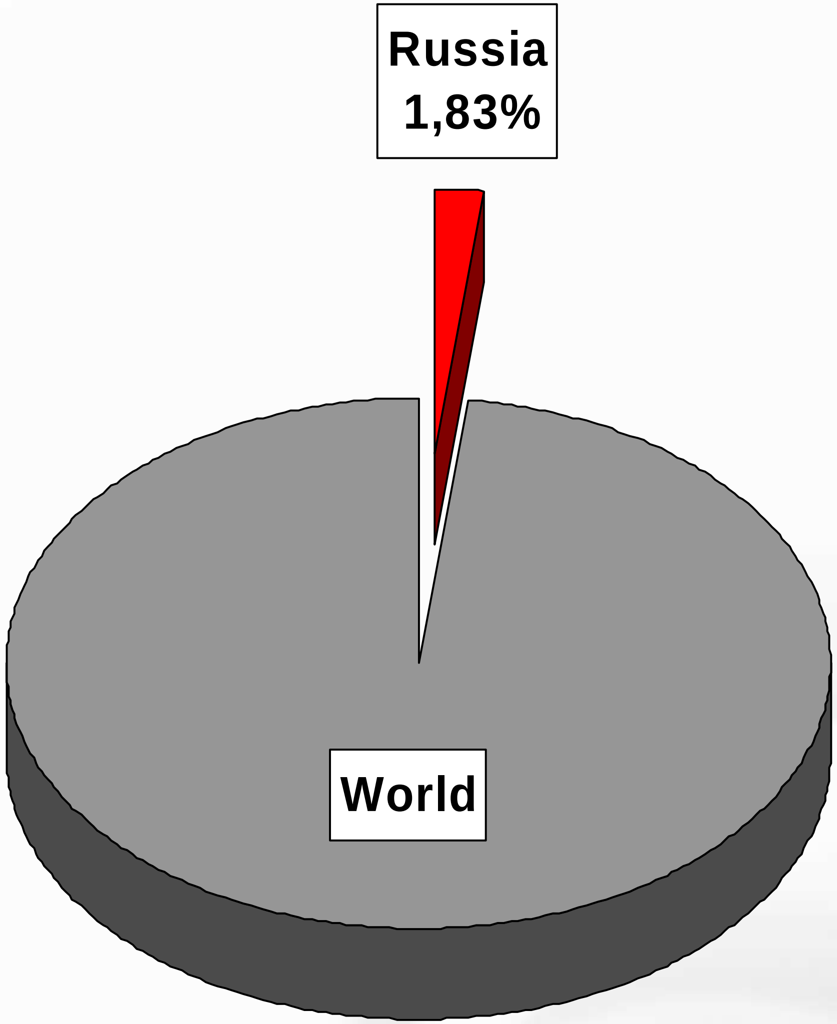
Plastic Pipes Production in Russia



Share of Russia in Global Production of Plastic Pipes



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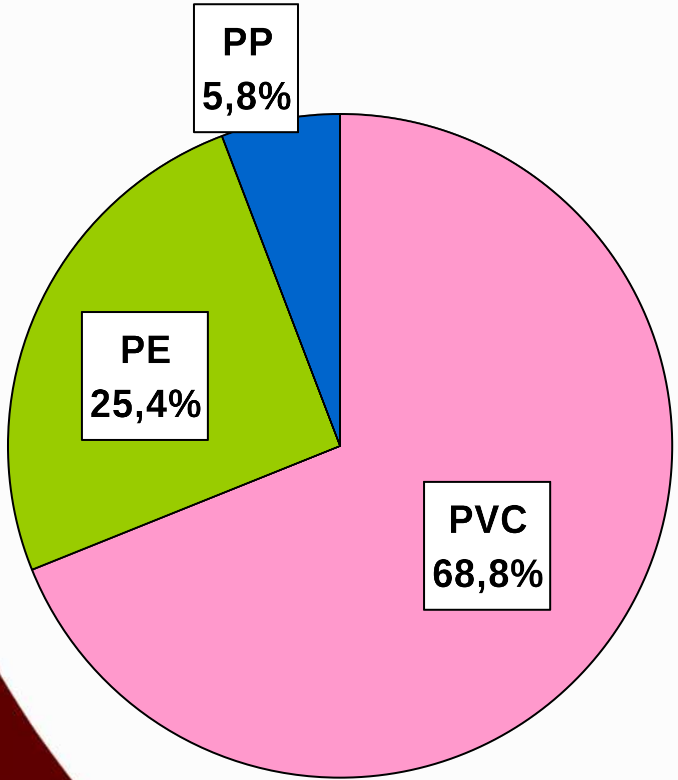
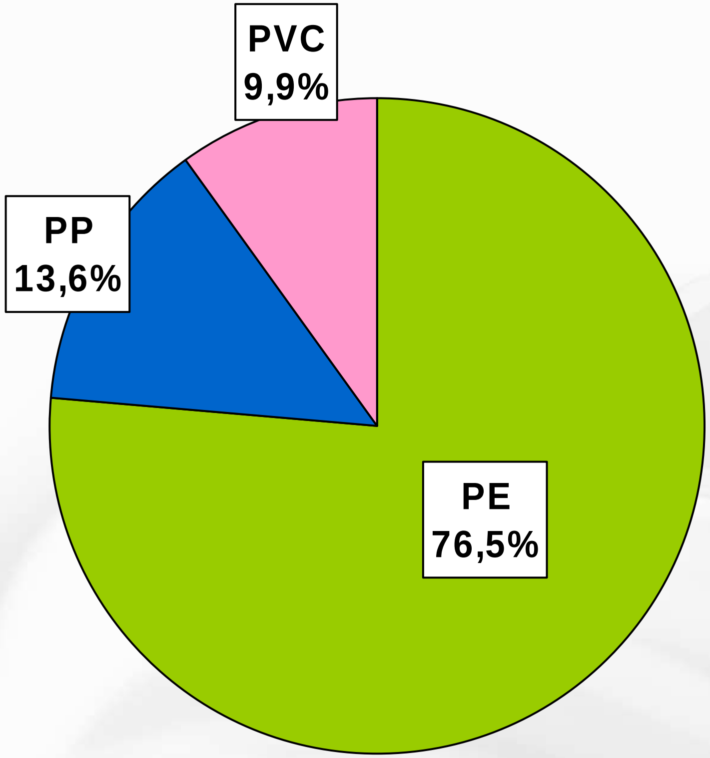
Specific Structure of Plastic Pipes Production in 2008

In the World



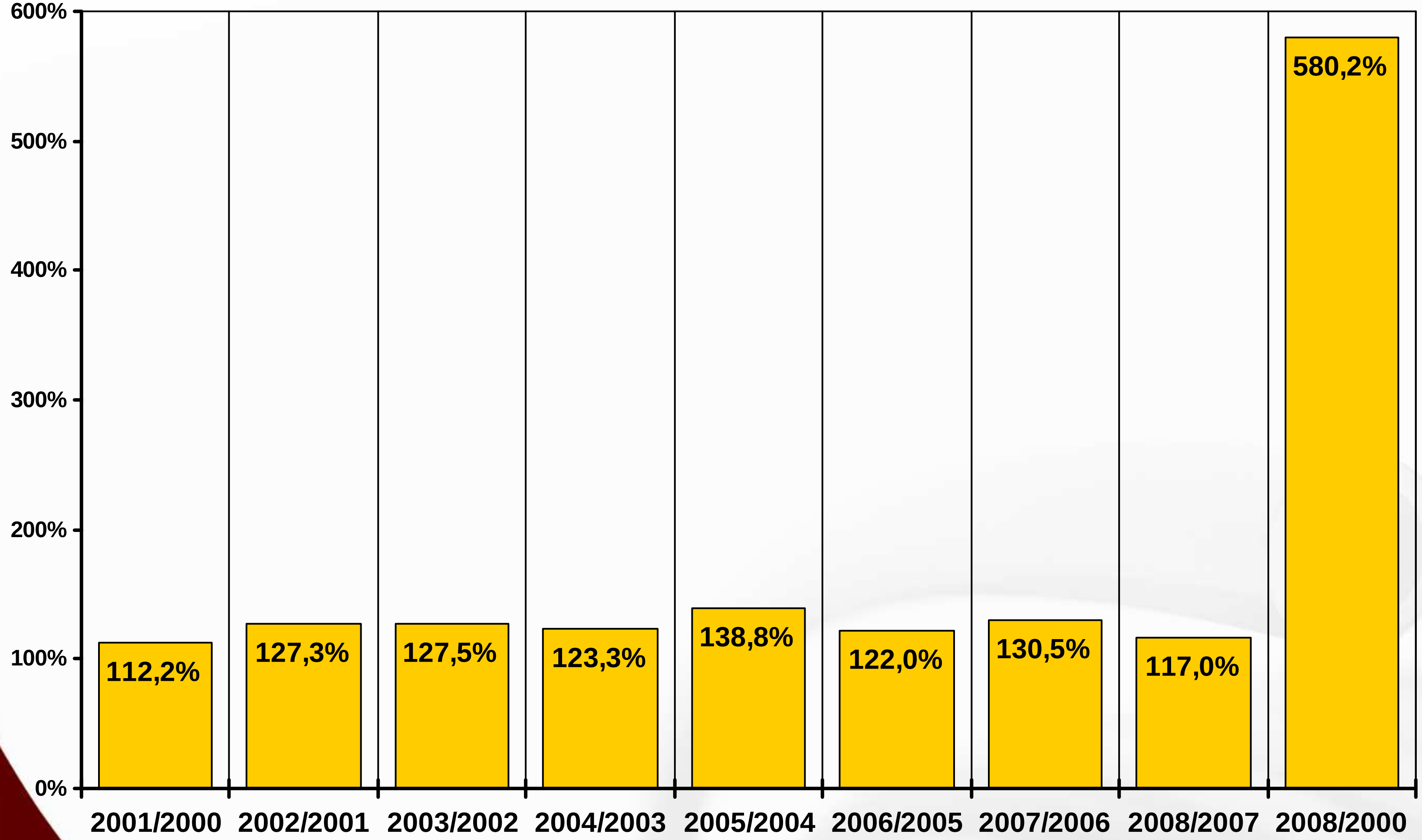
In Russia



According to the interview of Plastinfo:

«Development of plastic pipes market is the most important event in plastic industry of Russia in 2008»

Growth Rates of Plastic Pipes Production (PE, PP, PVC)



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Main Producers of Plastic Pipes in Russia

Plastic Pipes

PE — 287,2

Polyplastic Group:
Yugtrubplast, Cheboksary Pipes Plant,
Klimovsk Pipes Plant, Saratov Pipes Plant,
ANDGastrub Plant, Polymerteplo,
Brugg Plast ,Gollan-Plast, Irkutsk Pipes Plant

Plastic Pipeline Systems Holding:
Borodino-Plast, Tvertruboplast

Kazanorgsintez:
Novomoskovskiy Piped Plant

Techstroi Kazan, Sibgazapparat, Agrigazpolymer,
Truboplast-S, Polytech PTK, Plasticor , Ikaplast,
Plastprofile, Egoplast, Stroipolymer,
Novatek-Polymer, Omsk Piped Isolation Plant.

Other Enterprises

PP — 51,2

Borodino-Plast, Samikom, Egoplast,
Sinikon (Polytron Group),Polytech PTK, DKS,
Stroipolymer, Plastikor, Agrigazpolymer

Other Enterprises

PVC — 37,1

Agrigazpolymer, MIF-Plastic, Hemkor (Korund),
Plastprofile, Polymers XXI century (Plastic),
Sinikon (Polytron Group) Polytech PTK,
Adelant (HPVC)

Other Enterprises

Trade Dynamics

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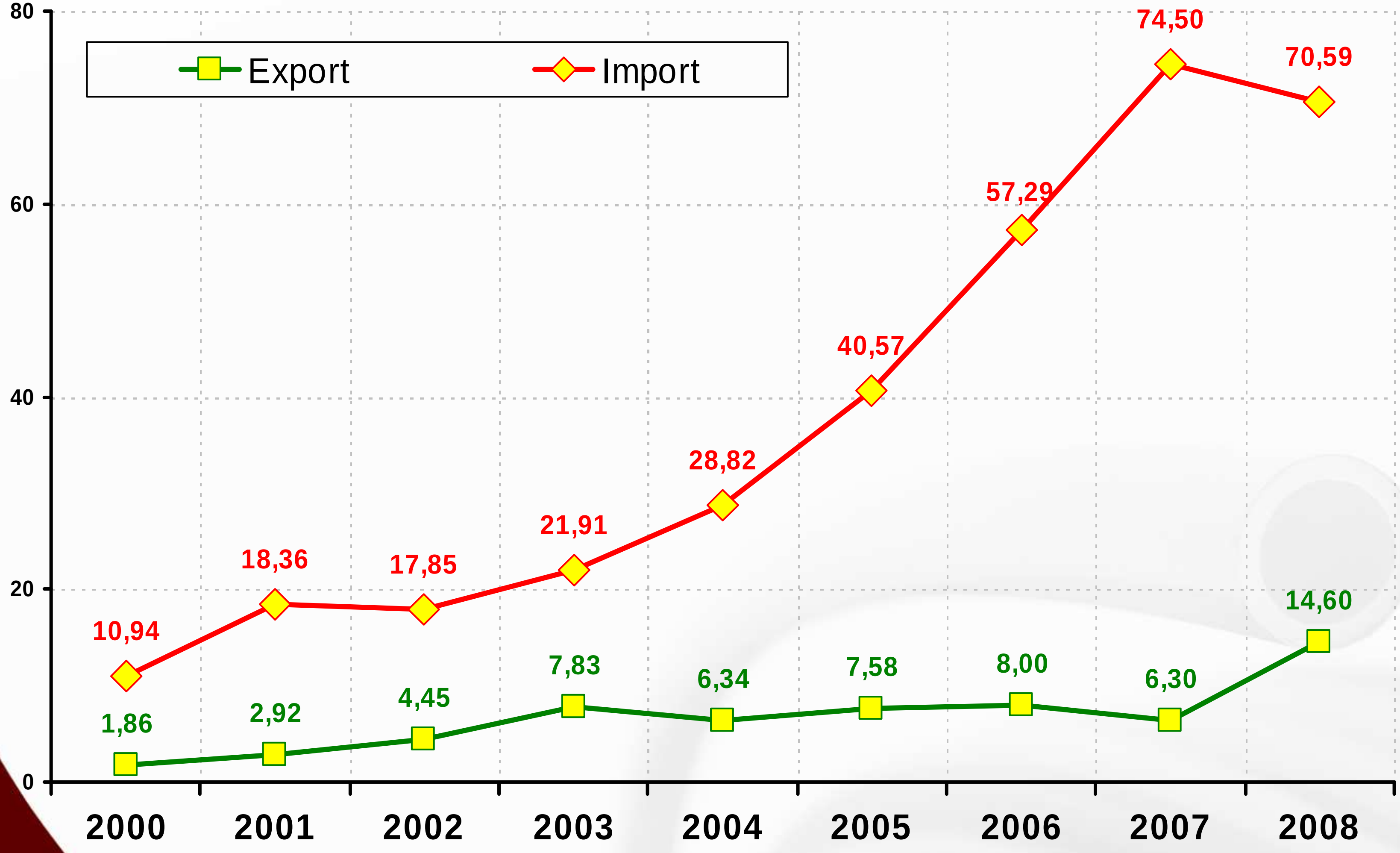
Import and Export of Plastic Pipes



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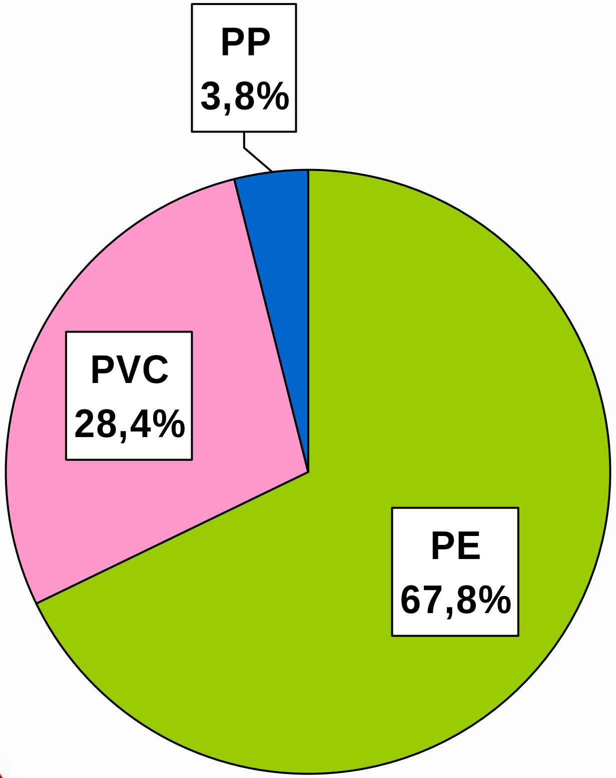
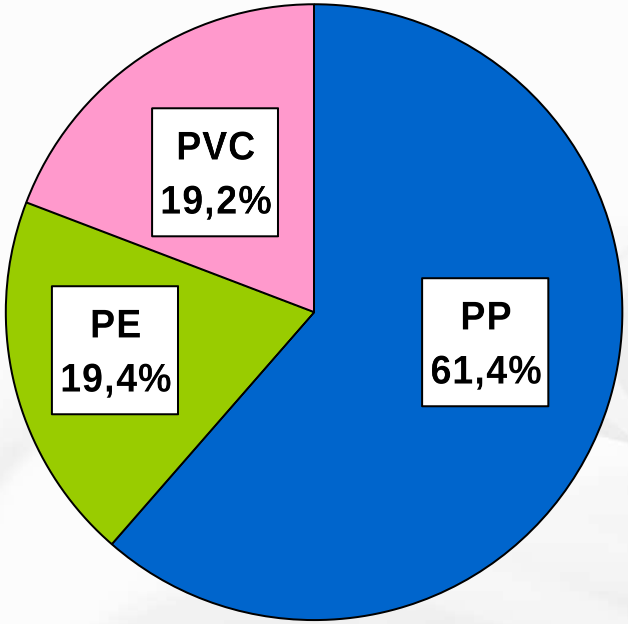
Specific Structure of Plastic Pipes Trade in 2008

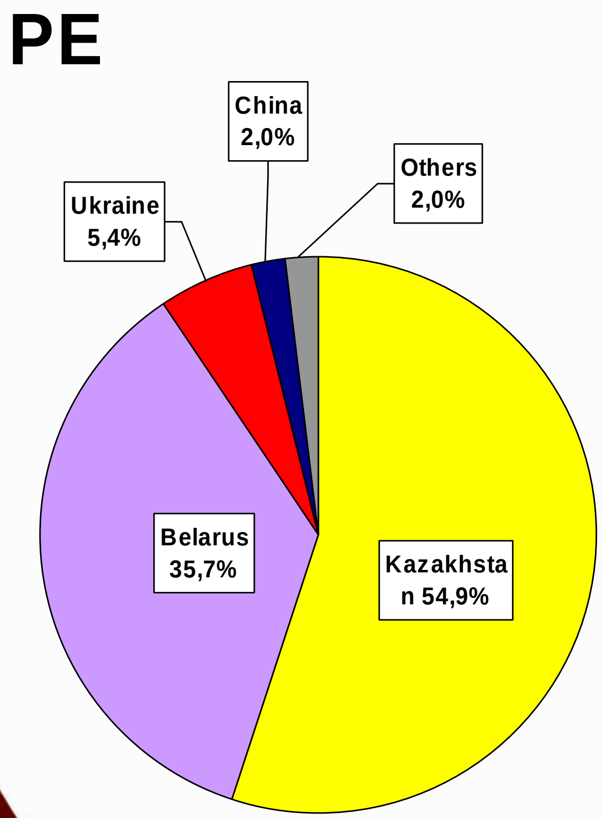
Export

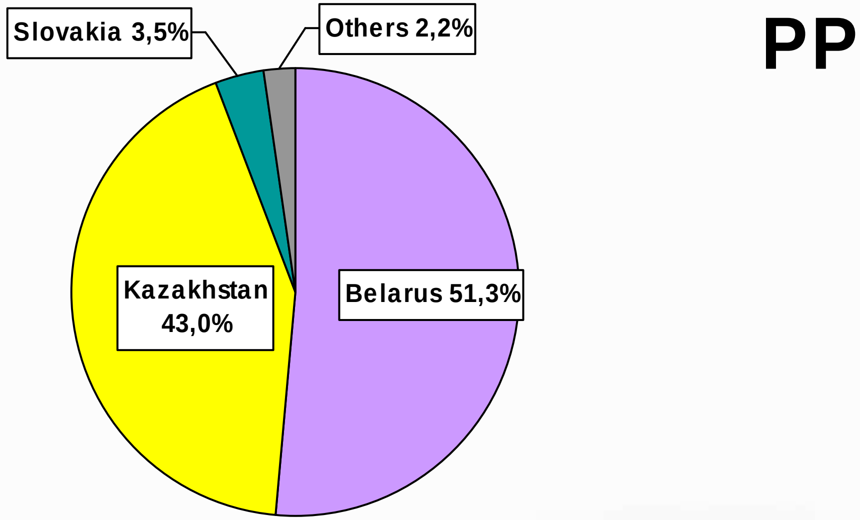


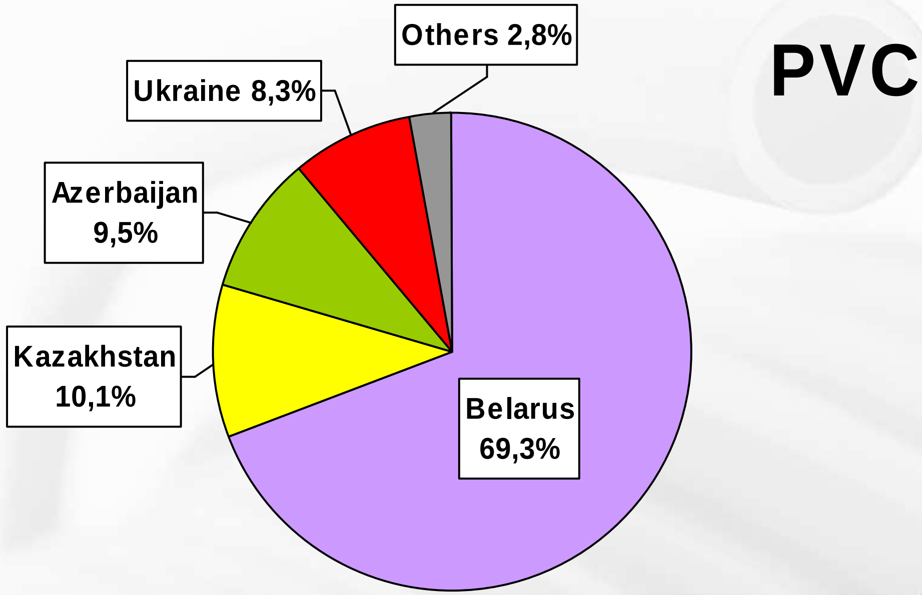
Import



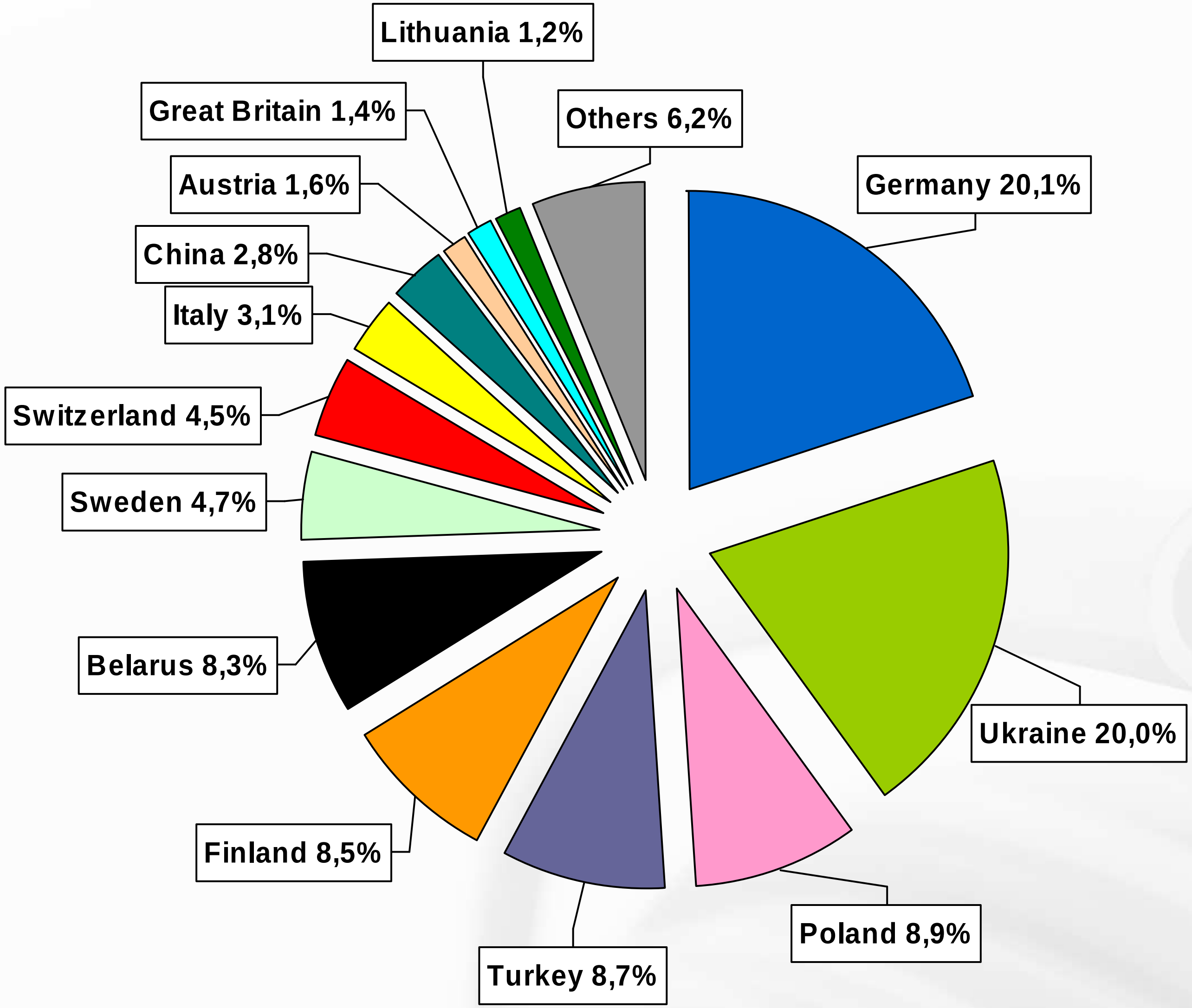
Geography of Plastic Pipes Export in 2008







Geography of PE Pipes Import in 2008



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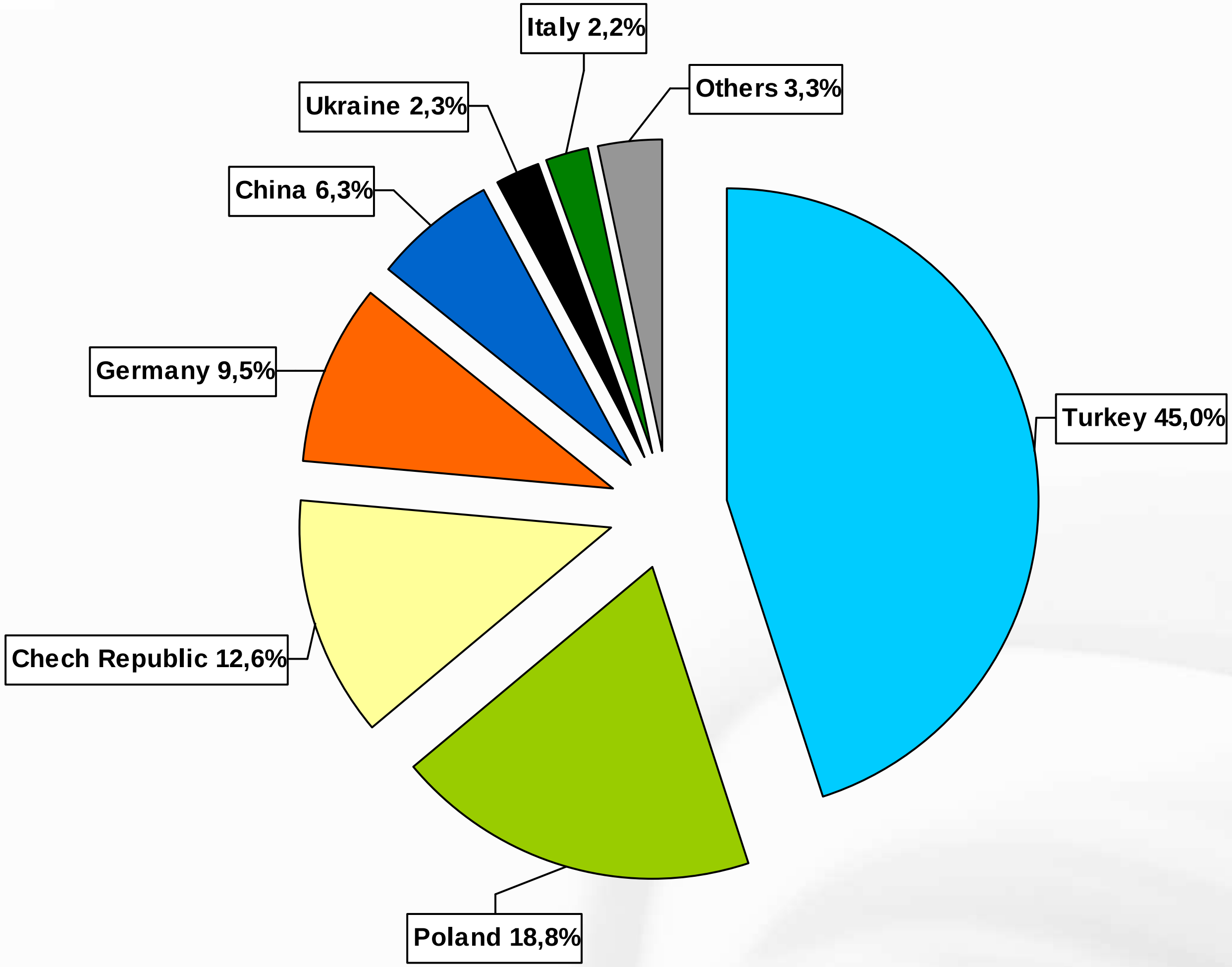
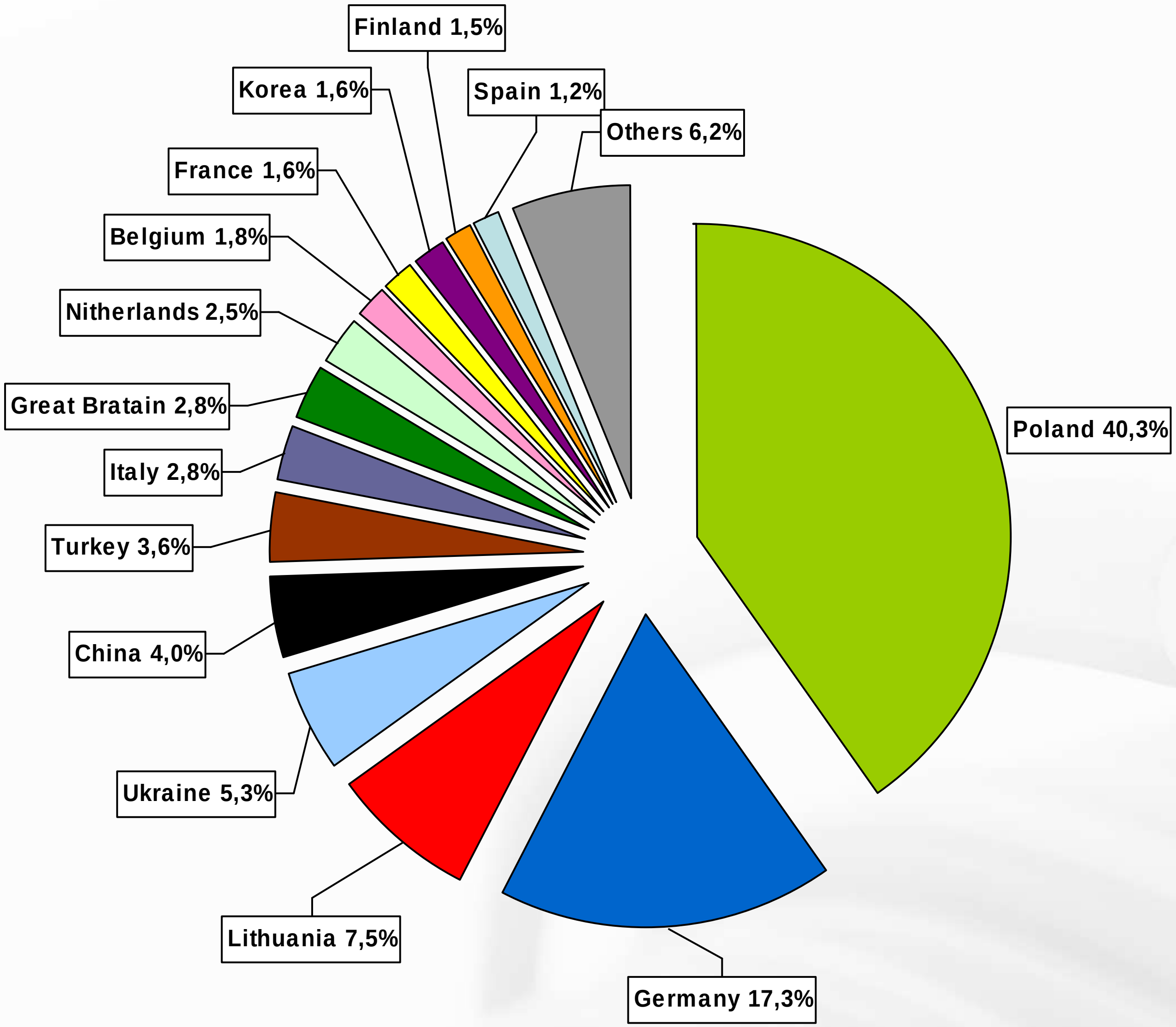
Geography of PP Pipes Import in 2008



Geography of PVC Pipes Import in 2008



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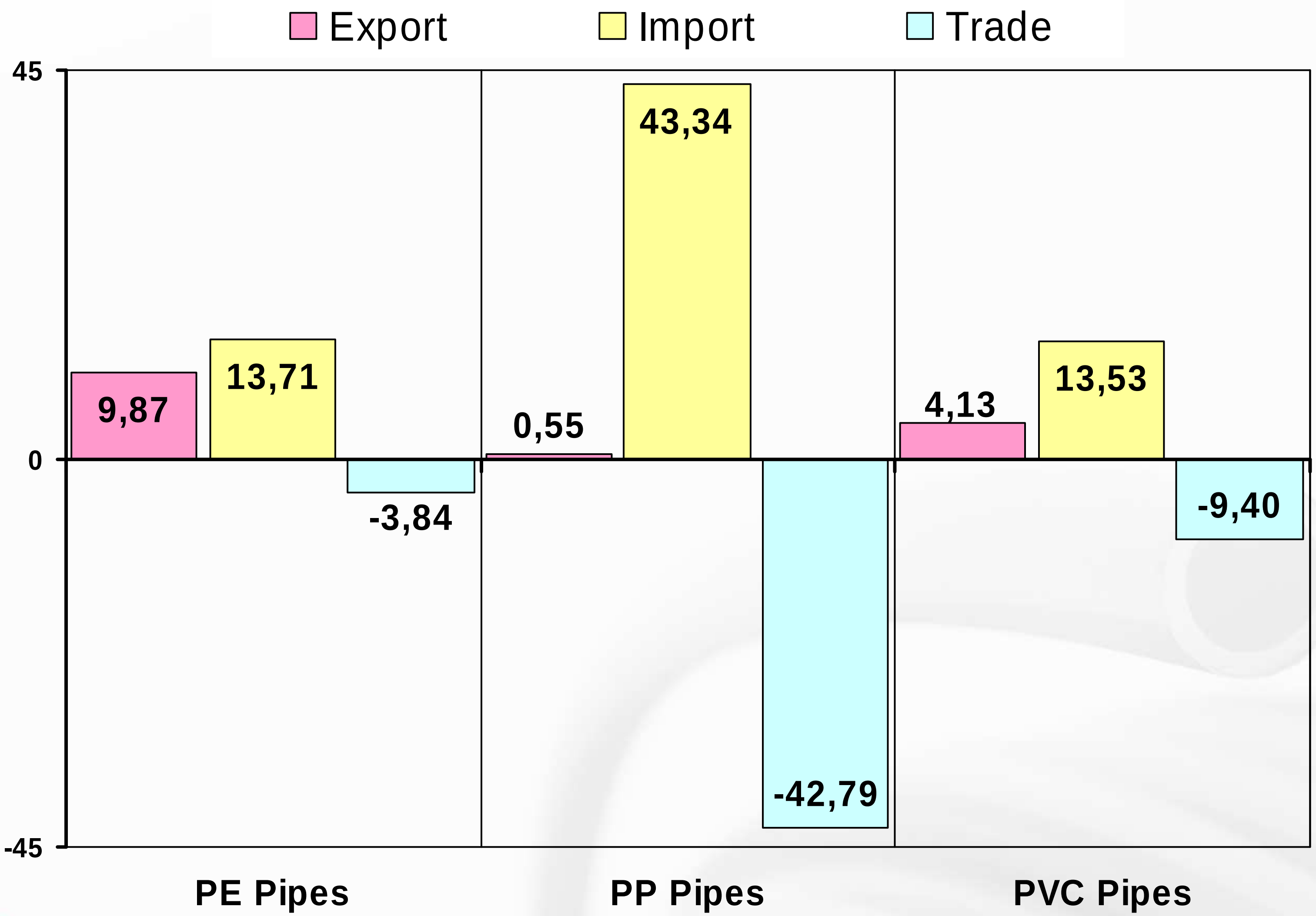
Foreign Trade in 2008

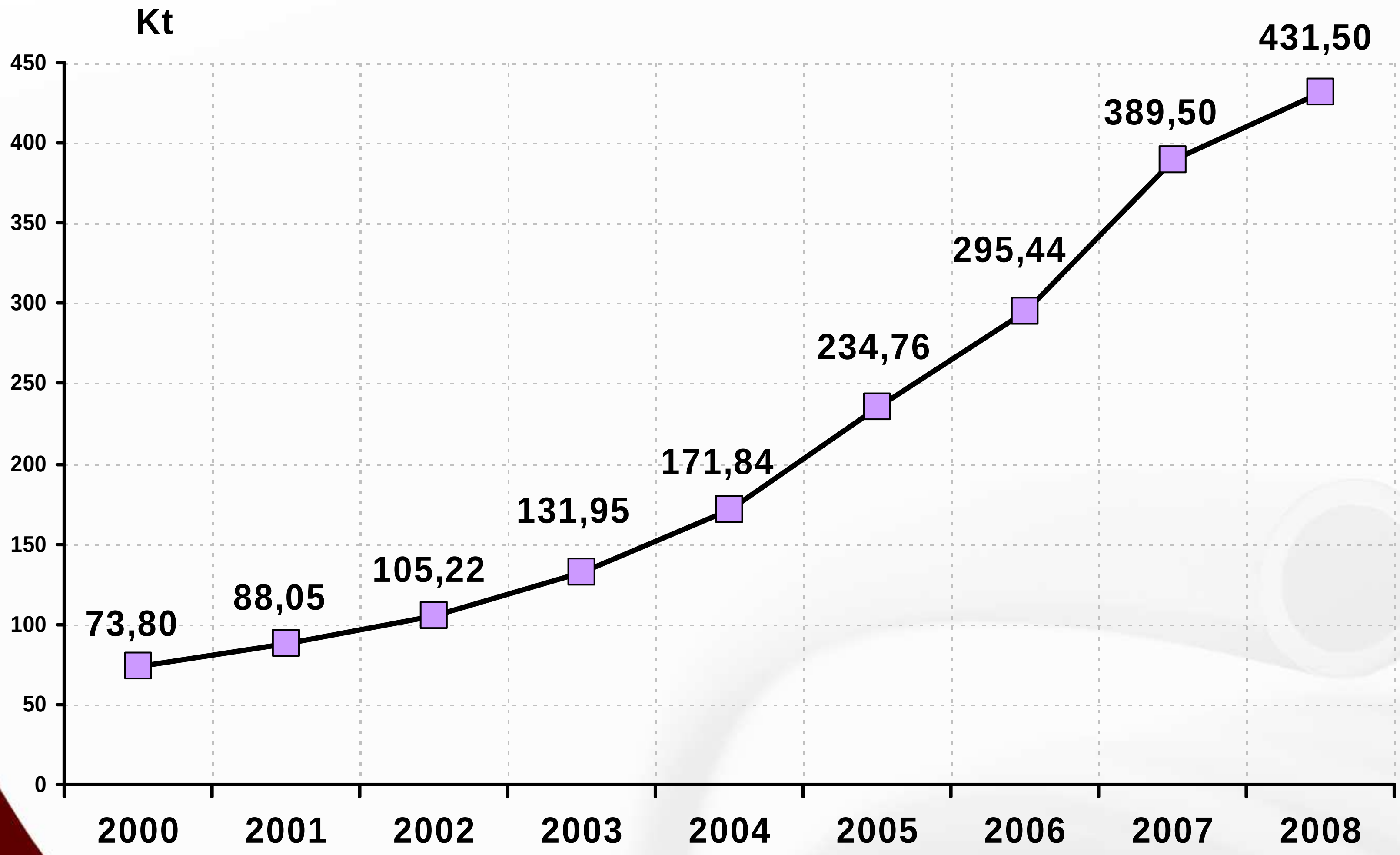


Market Characteristics

Capacity of Russian Market of Plastic Pipes (PE, PP, PVC)

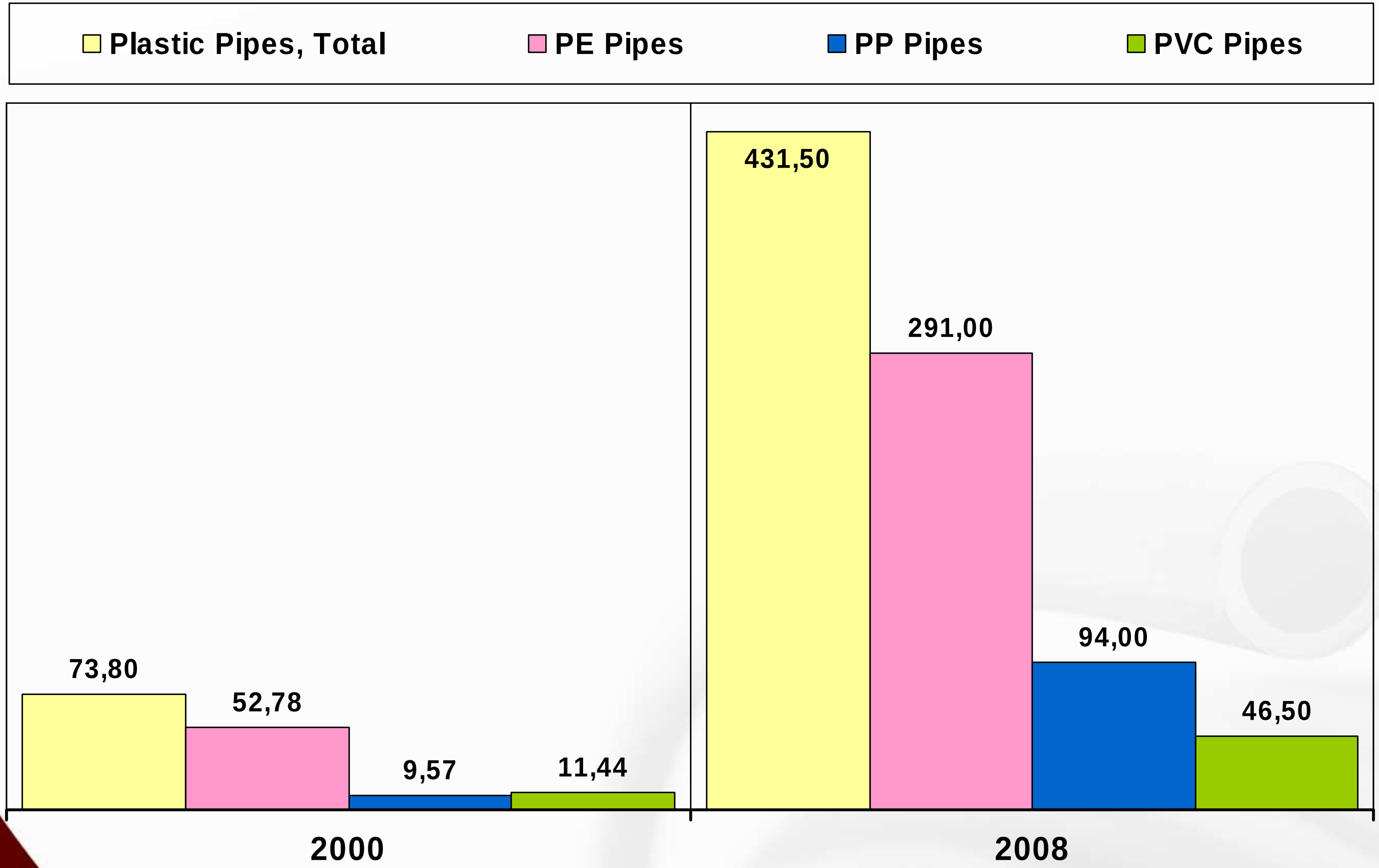
Characteristic	2002	2003	2004	2005	2006	2007	2008
Production, Kt	92,41	117,86	145,36	201,77	246,15	321,3	375,5
Export, Kt	4,45	7,83	6,34	7,58	8,00	6,3	14,6
Import, Kt	17,26	21,92	28,82	40,57	57,29	74,5	70,6
Market, Kt	105,22	131,95	171,84	234,76	295,44	389,5	431,5
Export/Production Ratio, %	4,81	6,64	4,24	3,76	3,25	1,96	3,9
Import/Market Ratio, %	16,40	16,61	16,77	17,28	19,39	19,1	16,3

Dynamics of Plastic Pipes Consumption (PE, PP, PVC)



Growth in 5,8 times

Market Structure of Plastic Pipes



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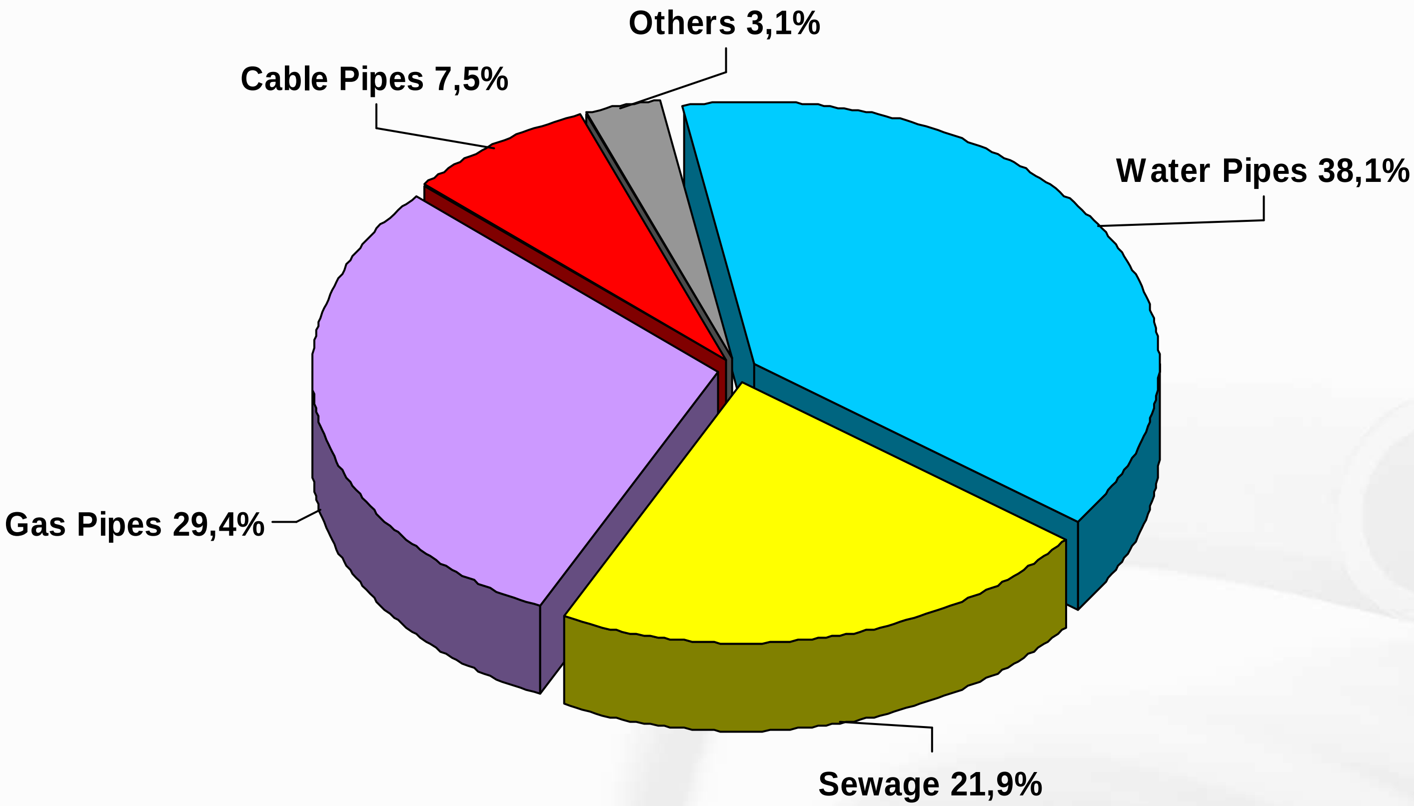
Growth Rate of Plastic Pipes Market 2008/2007

	2007	2008	
Plastic Pipes	389,5	431,5	110,8%
PE Pipes	258,1	291,0	112,7%
PP Pipes	89,3	94,0	105,3%
PVC Pipes	42,1	46,5	110,4%

Segments of Russian Market of Plastic Pipes in 2008



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Threats and Possibilities of 2009 (Back to Future)

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CREON Expectations of 2009

Demand for Plastic Pipes	20% Decrease
Plastic Pipes Production	10-15% Decrease

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Demand for Plastic Pipes

Length of Mains in Russia

535 000 Km

Length of Heat System in Russia

250 000 Km

Wear 60-65%

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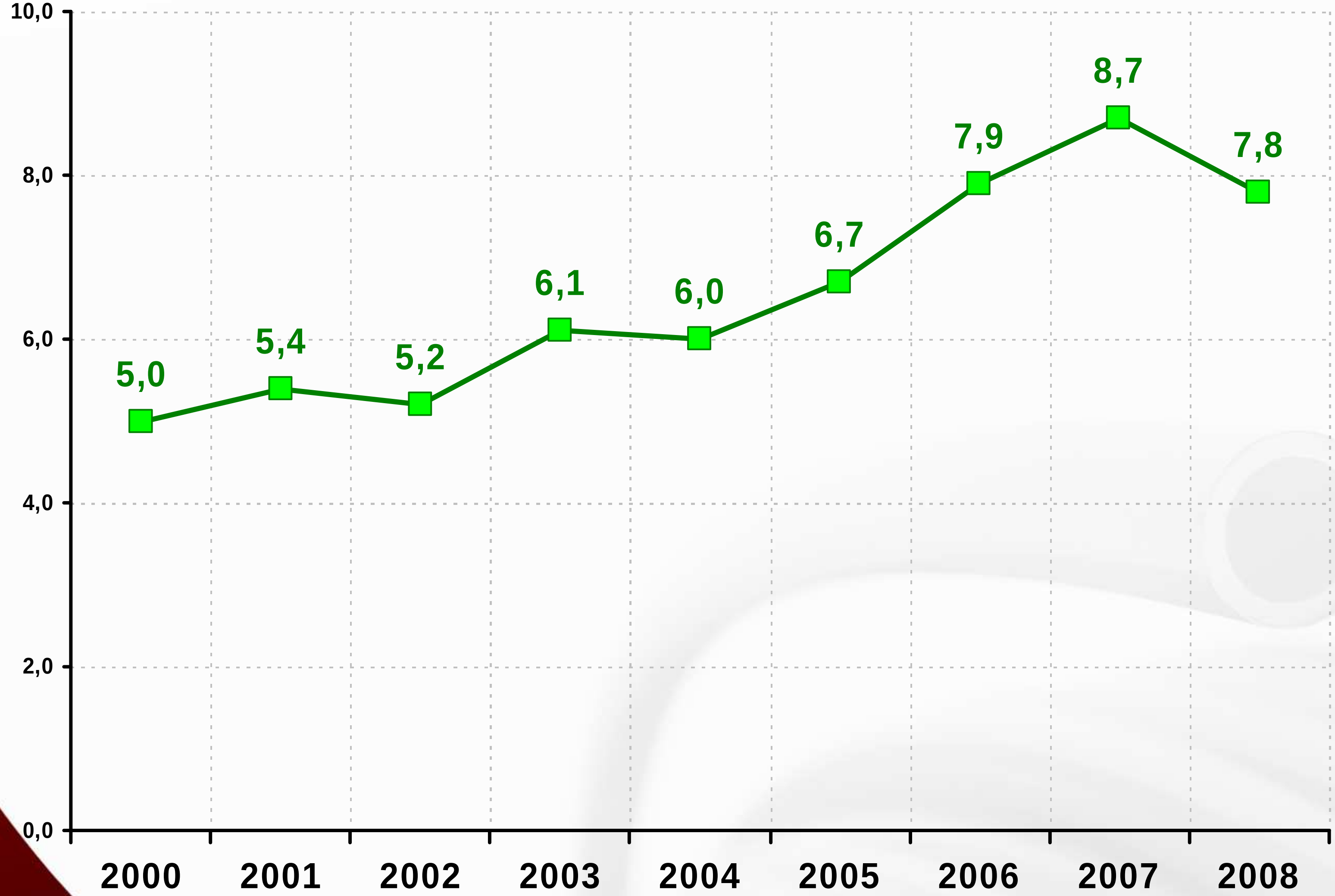
Dynamics of Metal Pipes Production in Russia



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Summary:

Danger of metal future:	Abilities:
1. Decrease of consumer activities from construction and housing and building utilities 2. Consumers’ preference remove to lower prices. 3. Strengthening of competitors’ lobbying 4. State support for metallurgists : - Import duty for metal pipes– 15-20%; - Subsidy assistance for enterprises; - Legislative support for metal pipes in water and heating systems.	1. Lobbying of state support for construction and modernization of water and heating systems projects(demand activation) based on plastic pipes. 2. Consolidation of all market players (raw materials→polymer → processing in pipes→end-consumer sell). 3. Time contract conclusion with material suppliers. 4. Domestic market price support at the level of global prices. 5. Cost reduction. 6. Import displacement . 7. Level increase of plastic pipes competitive abilities by means of high-technology products. 8. Further information support of plastic industry including pipes.

Thank You for Your Attention!

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