


Russian methanol industry: only plans so far

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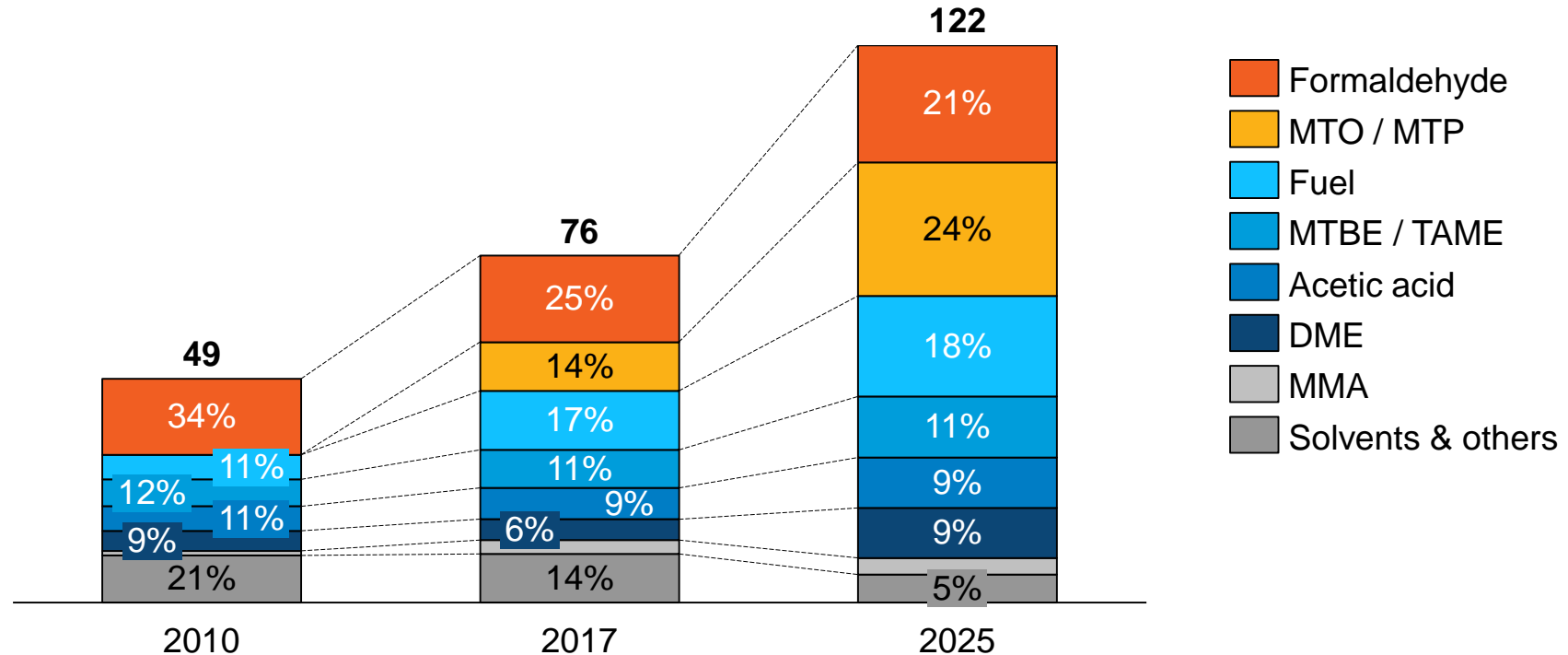
Division Head Gas & Chemicals

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A decorative graphic at the bottom of the slide consisting of various overlapping triangles in shades of blue, ranging from light to dark, creating a low-poly, mountain-like silhouette.

The methanol industry is one of most high-growth

Dynamics of demand* for methanol by industrial consumers, mln tons

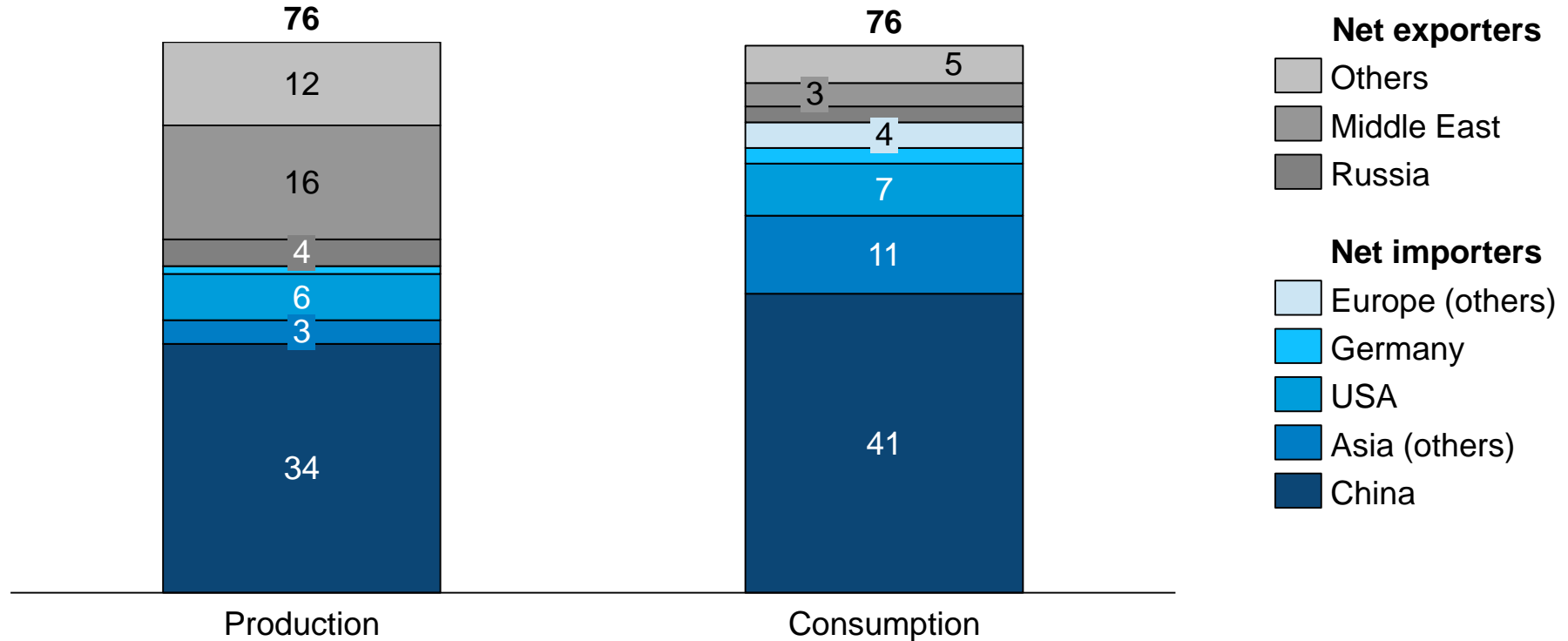


* Hereinafter, demand excludes internal consumption in complex CTO technology

Source: Business Wire, Mordor Intelligence, Zion Market Research, MarketWatch, VYGON Consulting

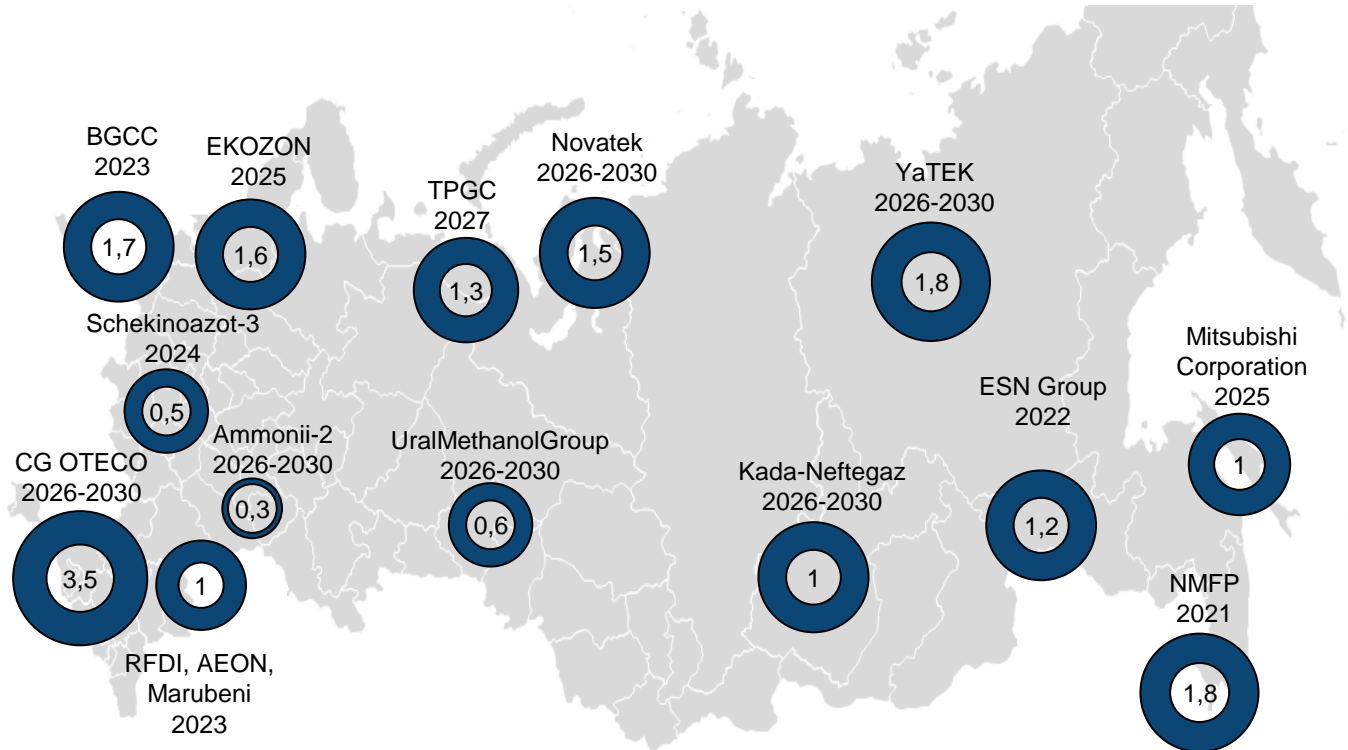
China is both largest global methanol producer and consumer

Methanol supply and demand by countries in 2017, million tons



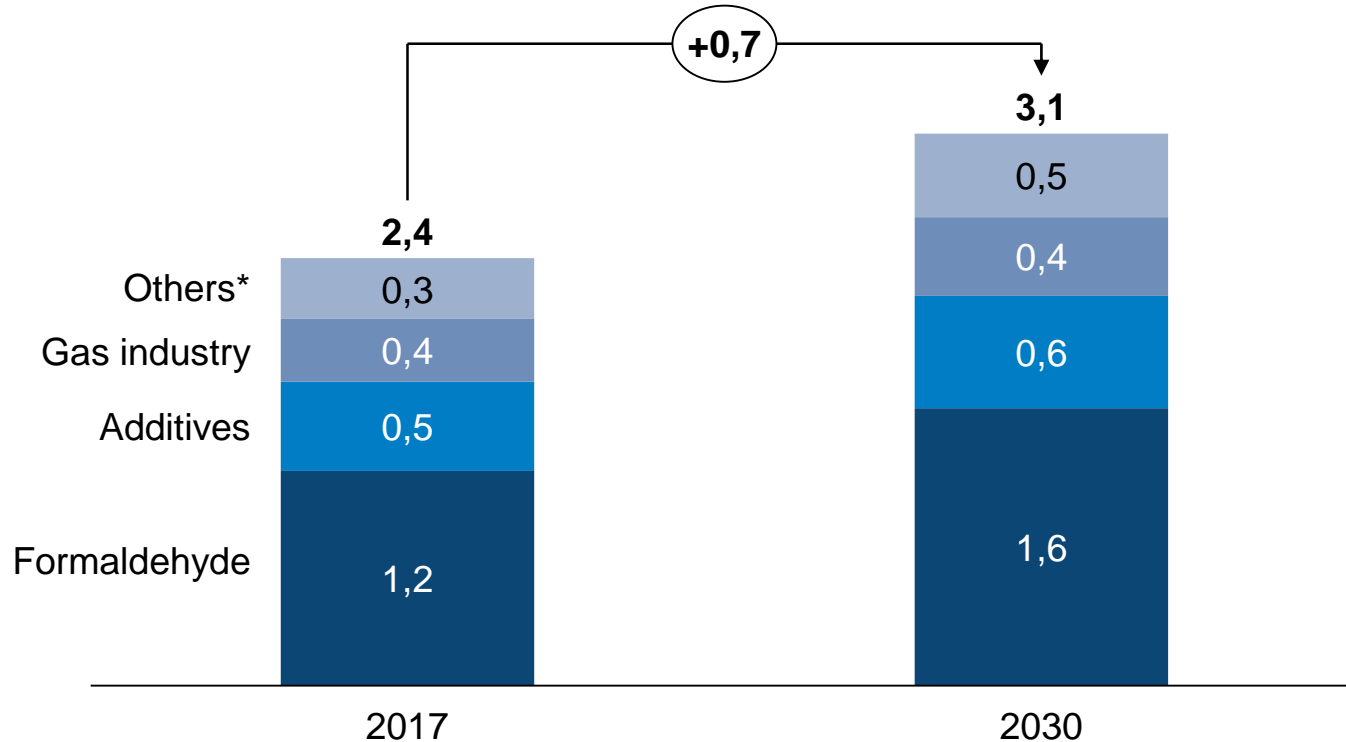
14 methanol plants are planned to build in Russia, 2/3 of them are in the European part

Location of new methanol projects



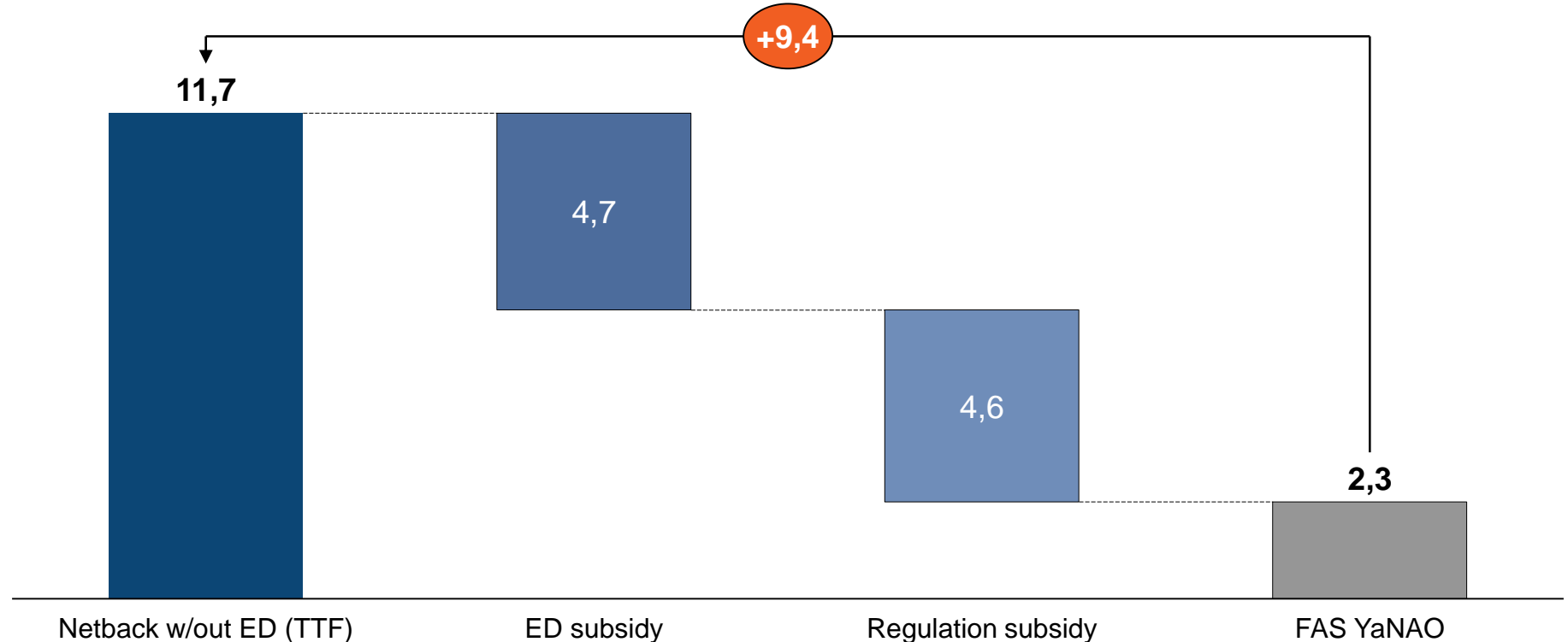
The 1.5-2% CAGR domestic market can not be considered as an industry development driver

Methanol domestic market demand growth factors and forecast, million tons



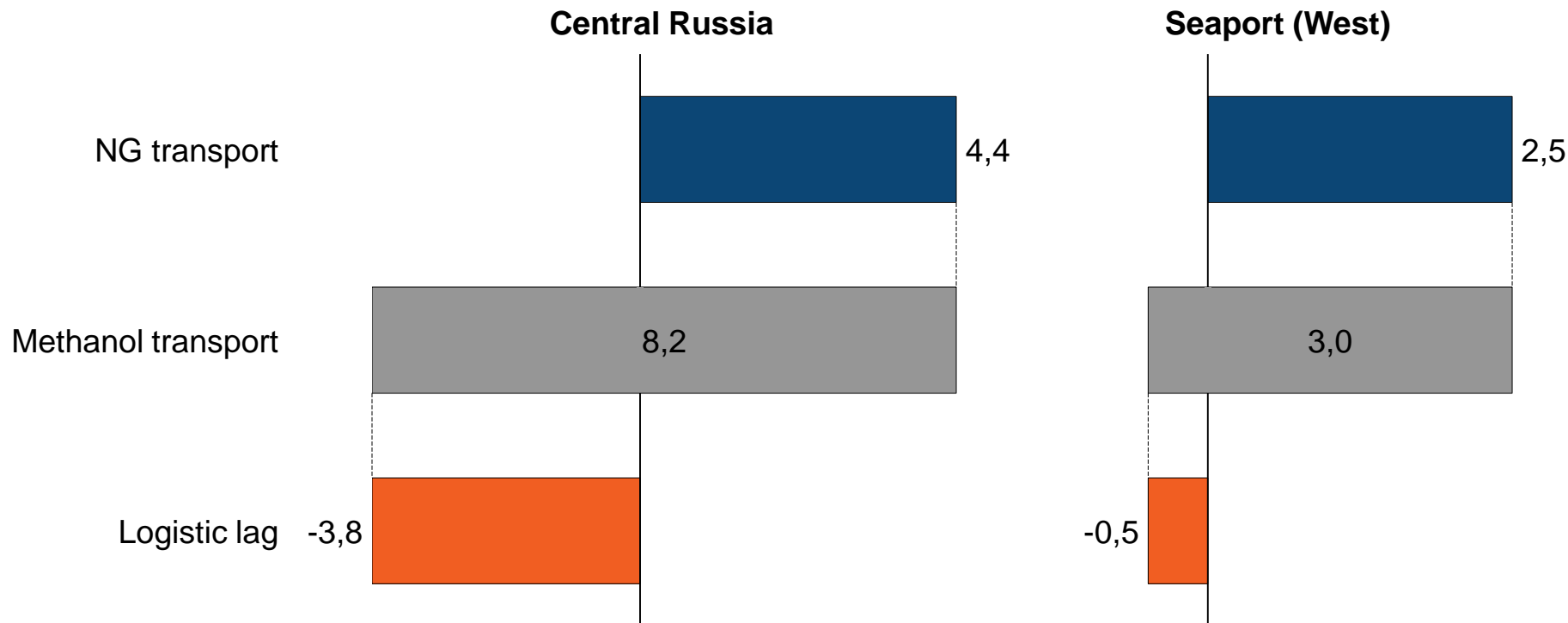
The low cost of feedstock is the main competitiveness of Russian methanol

Gas price and amount of subsidies received in 2018, thousand rubles / ton of methanol



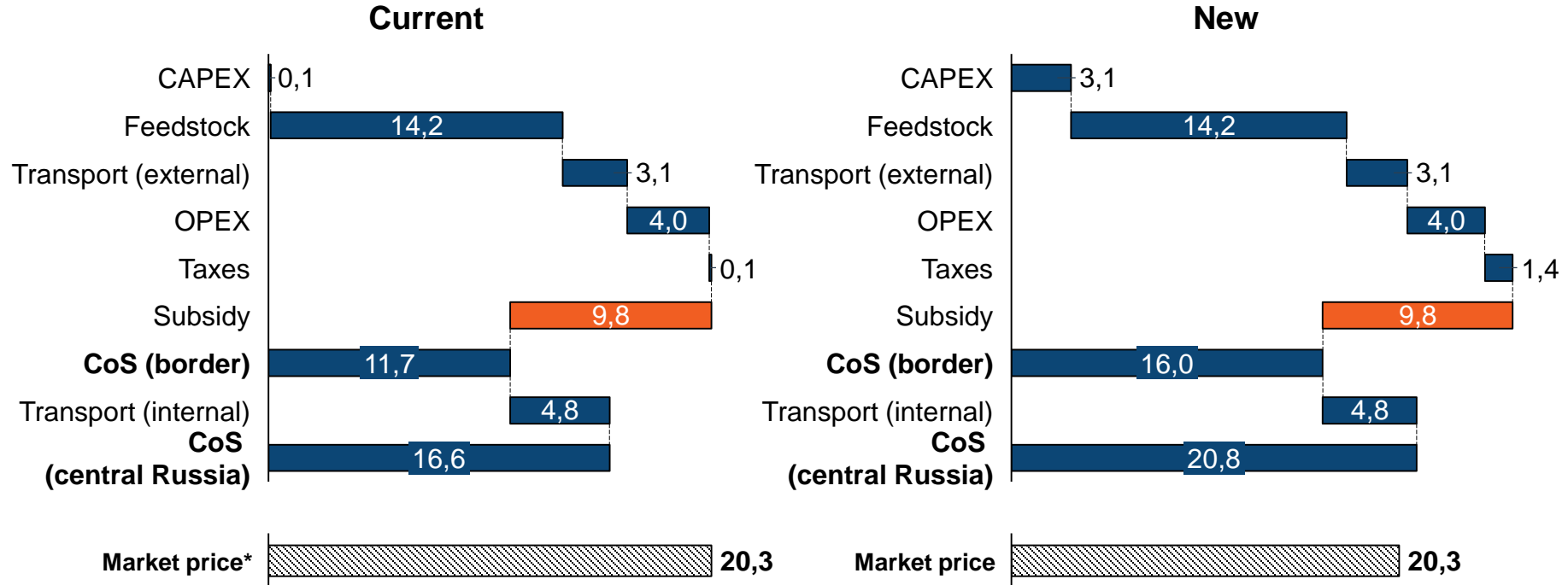
Logistic lag worsens the economy of methanol production

Logistic lag in methanol production, rubles / thousand m3



The logistic lag can level the subsidy effect due to the high transport costs

Methanol plant economy in central Russia in 2018, thousand rubles / ton

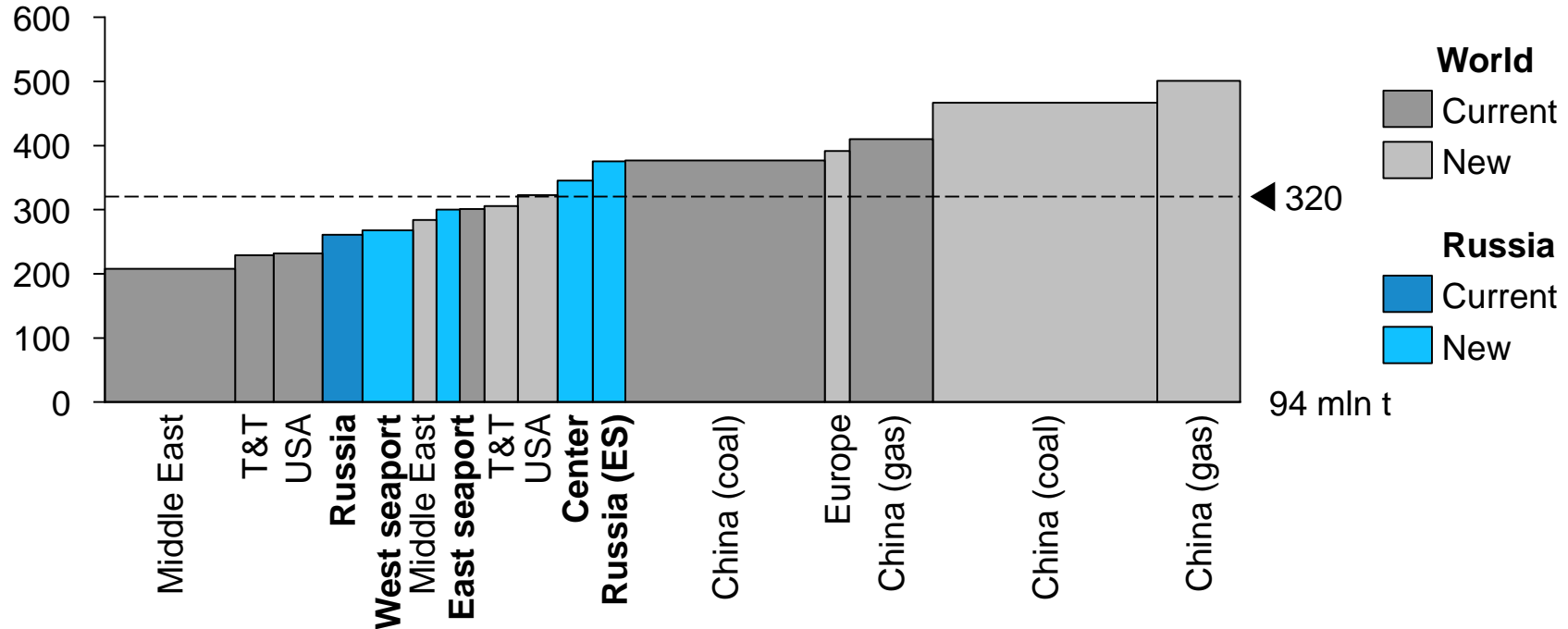


* Average price FOB Rotterdam 2016-2018

Source: Thomson Reuters, VYGON Consulting

New Russian projects are competitive in the global market

Methanol supply curve in Europe in 2025, usd / t



Footnote: Exclusively large producers considered. Exchange rate 65 rub /usd.

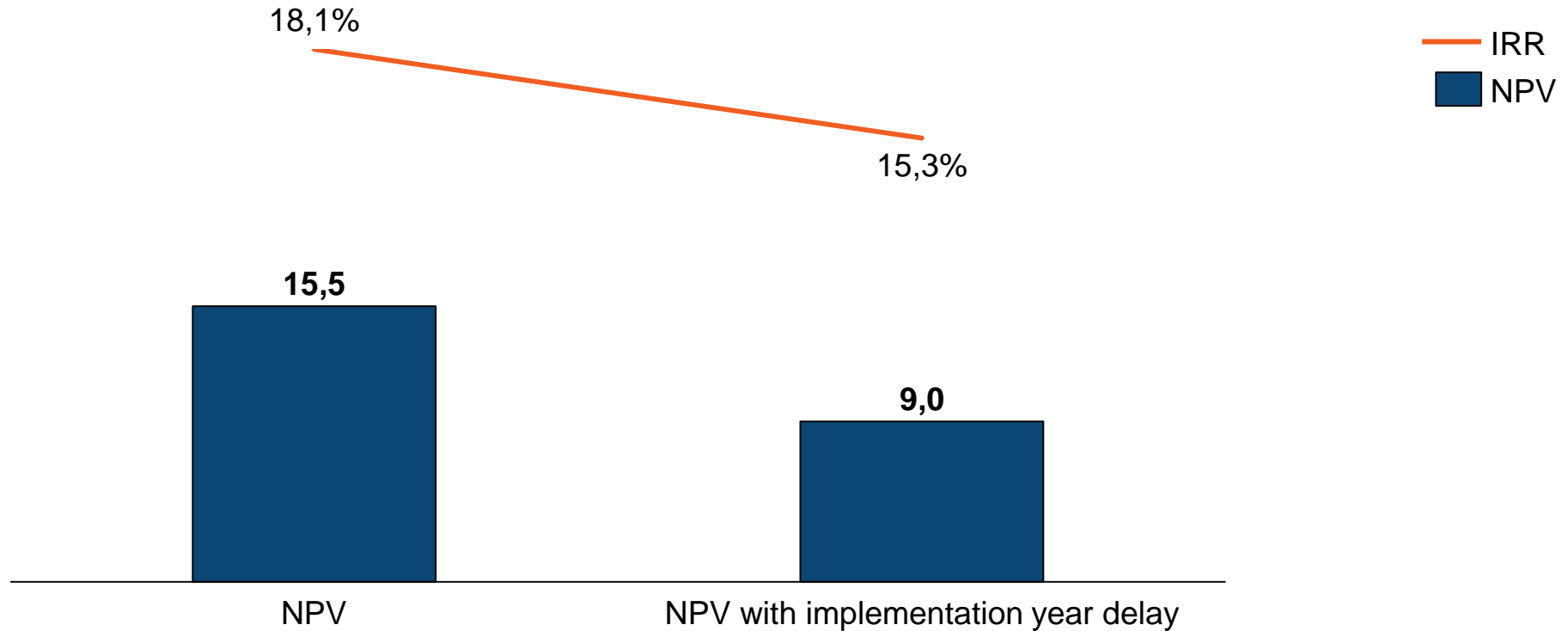
There are instruments to stimulate large investment projects in Russia, but not all of them work

Examples of incentive tools

Taxes	Current tax system (CTS)	Territory of advanced development	Special economic zones	Participant in a regional investment project	Special investment contracts
Income tax (regional)	17% (18% since 2021)	0% for 5 years from the profit moment 10% next 5 years	13,5% for the entire period	0% for 5 years from the profit moment 10% next 5 years	0% for 10 years from the profit moment
Income tax (federal)	3% (2% since 2021)	0% for 5 years from the profit moment	2% for the entire period	0% for 10 years from the profit moment	0% for 10 years from the profit moment
Property tax	2,2%	0% for 5 years from the profit moment	0% for 10 years from the profit moment	CTS	CTS
Social payments	30%	7,6% for 10 years from the profit moment	CTS	CTS	CTS

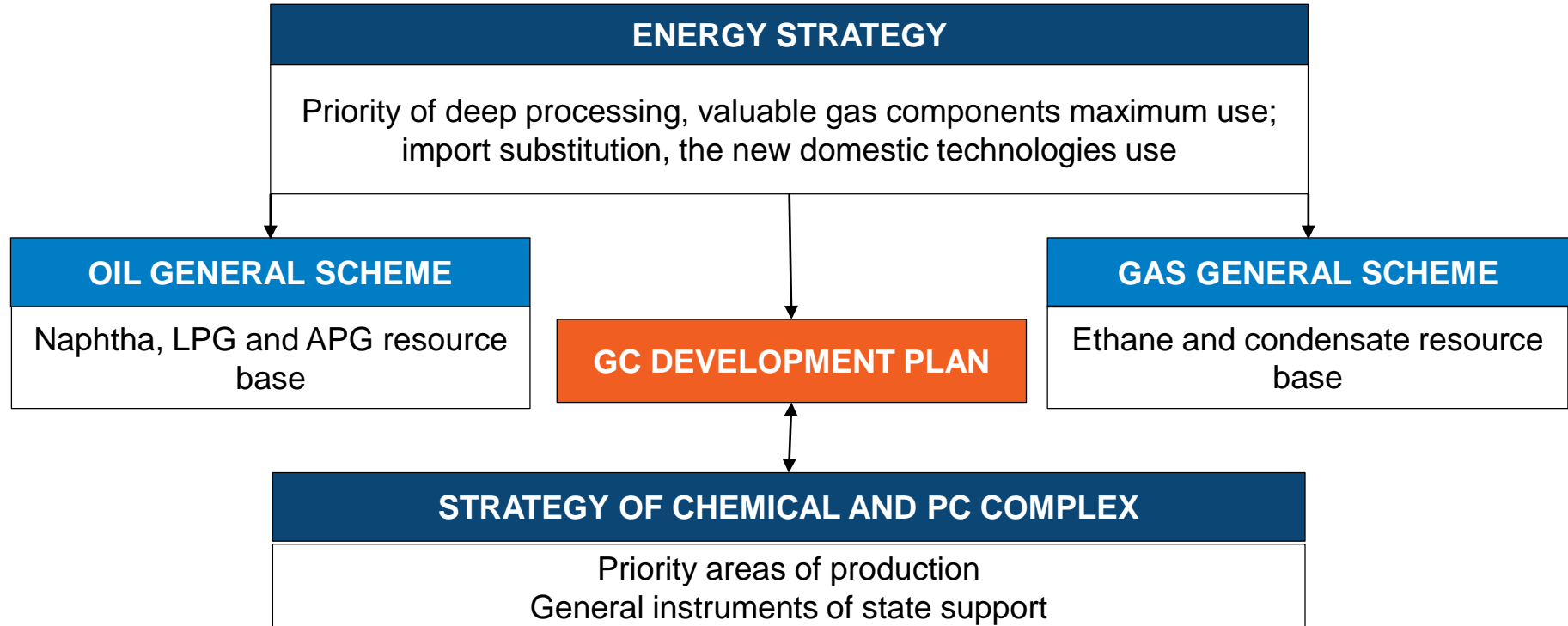
Restrictions on industrial safety increase costs and construction time

Project NPV and IRR change with implementation year delay, billion rubles



Key strategic documents outdated, industry needs new development plan

Interconnection of key strategic documents of the industry



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