

Russian & CIS Investment Forum 2014

Zurich, Switzerland 2014

Introduction

- Cophaspec Trading AG was incorporated in March 2012 in St. Gallen, Switzerland.
- Company's is specializing in the markets of energy products – oil, gas, petrochemicals.
- Products include: LPG, OilBlend, Fuel Oil, Phenol, Acetone, Synthetic Ethanol, Alpha Methyl Styrene, Naphta, TAME.
- Company holds contracts with international logistics companies, terminals and distribution facilities.
- Our focus is integrated value chain development.
- Average Traded volume so far 600 000 Mts of products.

Logistic partners (selected)

- Vopak 

Major terminal operator. Terminal in Kotka (Finland) is used to throughput petrochemical products.

- Oiltanking 

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- Bertschi 

Provider of professional logistic solutions in petrochemical industry.

Clients Universe



Producers

- SANORS Group  САНОРС

Major petrochemical producer located in Samara region of Russian Federation. Producer of variety of petrochemical products and LPG. Acquired by Rosneft in May 2014.

- Magnatek Group  МАГНАТЭК

Major independent distributor of oil products in Russian Federation with nationwide coverage.

SANORS Group outlook

- 2011 – Samaraorgsintez, Neftekhimiya, NNK formed Sanors Group
- 2011-2014 – Production increase, new products, international presence development (via Cophaspec).
- 2014 – Rosneft buyout.
- Outdated plants to modern cluster in 3 years.

- Product marketing on international markets -> Worldwide trading.
- End users approach -> bypass intermediates to BASF, Vitol, Trafigura, Sekab, Orlen, MOL etc.
- Supply chain development -> distribution centers in Poland (Slawkow), Finland (Kotka).
- Trade Financing -> BNP Paribas, BCGE

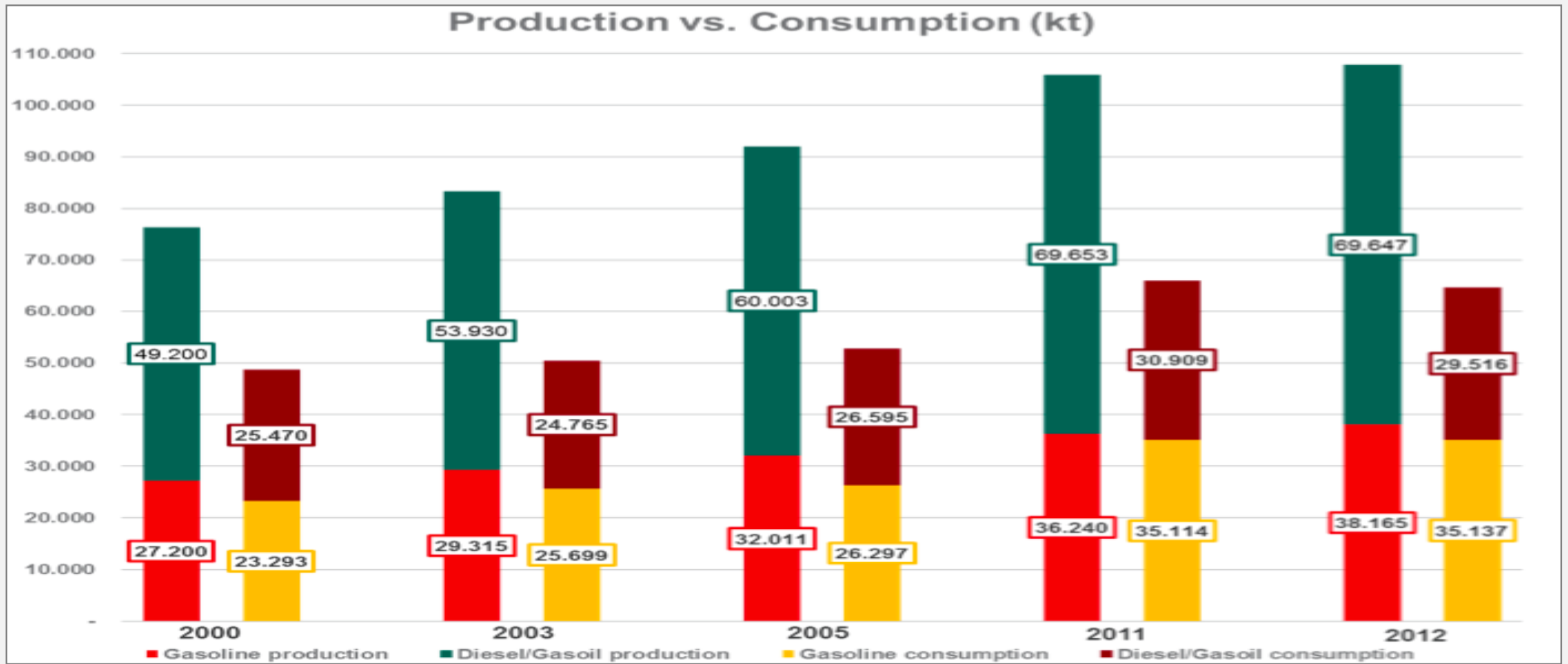
Russian Energy Market Facts

- 42% of supply of oil products to Europe. Rest is with NA, ME, AP.
- Refinery complexity index (NCI) – 4.4 in Russia, 6.7 worldwide, up to 15 in US.
- Demand/Supply imbalances.
- Long transportation routes (by rail).
- Main export points – Baltics (5), North (3), Black Sea (7), Far East (5).
- Refined products export share – 45/10/32/13

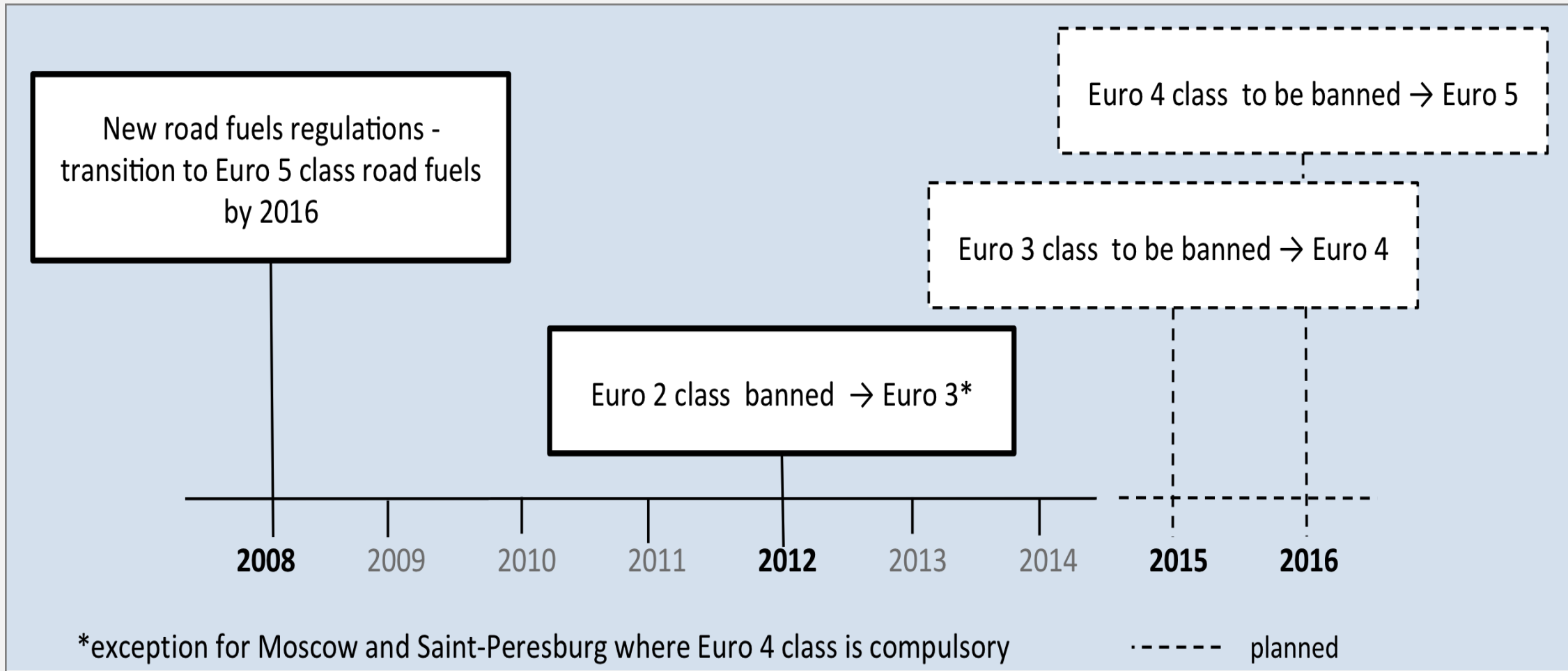
Russian Energy Market Facts

- 6 Companies hold 92% of the market (Rosneft, Lukoil, Surgutneftegaz, Gazpromneft, Tatneft, Bashneft).
- 40-50 refineries
- Low quality, abundance of oil -> high utilization ratios.
- 3rd place by volume worldwide after US and Saudi. (300 mio mts crude intake)
- 70 bln USD required for modernization.
- Government pushes for modernization.

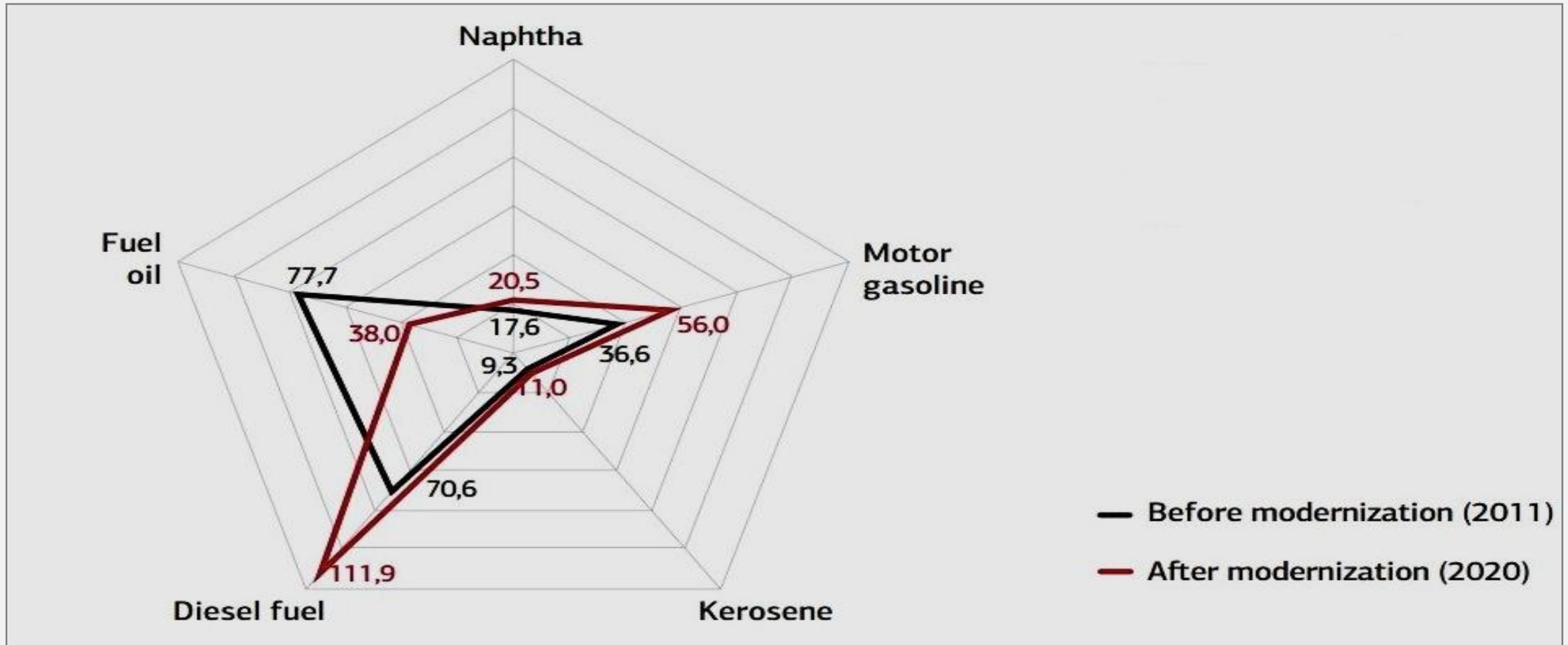
Russian Energy Market Facts



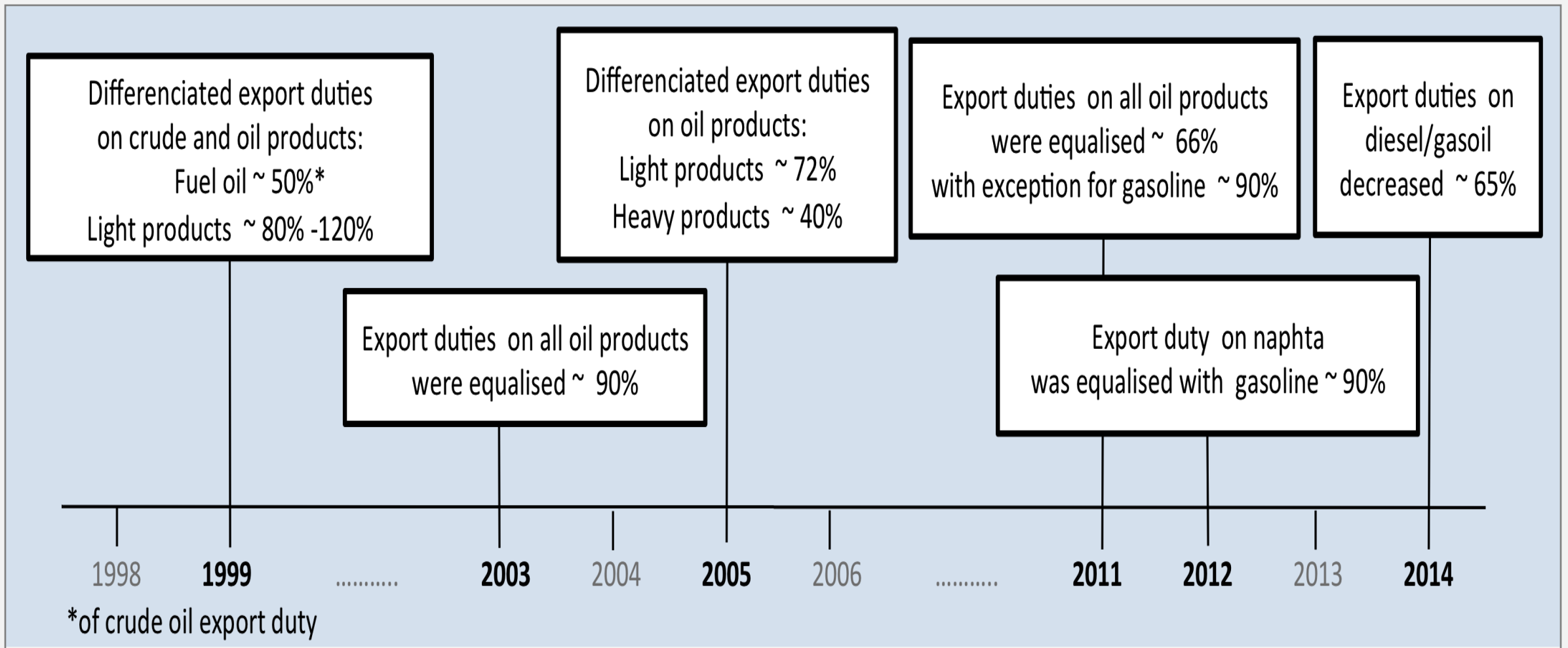
Russian Energy Market Facts



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Russian Energy Market Facts



Russian Energy Market Highlights

- Rising domestic demand for high quality products -> need for modernization.
- High level of uncertainty -> Prepare for changes by knowledge.
- Changing routes -> Following Demand.
- Opportunities

Magnatec focus

- Domestic trade – 1,5 bln USD per annum. Limited international exposure -> increase exports, attract financing, new customers (Orlen, Socar, Vitol etc.).
- Acquired Northern River supply (river Lena) the only route to supply Northern regions -> increase in turnover via back routes.
- Acquired refinery in Kazakhstan -> increase production
- Planning to develop distribution of LPG via Belorussia to Central Europe -> alternative route to LPG.
- Bunkering supply in Far East -> 42% growth in 2013. AP holds 42,5% market share (EU only 15-20%)