

# Shchekinoazot launched new projects

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Photo of Gazprombank press service

During the Russian Investment Forum in Sochi, agreements were signed for the financial support of new Shchekinoazot projects. The chemical company and Gazprombank (JSC) entered into an agreement on indicative terms for financing the construction project for an ammonia and carbamide production plant with a design capacity of 525,000 and 700,000 tonnes per year, respectively, at the Shchekinoazot industrial site in the Pervomaisky working village. Another agreement concerns the construction of a methanol plant with a capacity of 500,000 tonnes per year. With its completion, Shchekinoazot will take the leading position on this product in Russia.

## IN TANDEM WITH GAZPROMBANK

As for the agreement with Gazprombank, Andrey Tokarev, Deputy General Director for financial resources of Shchekinoazot, and Alexey Belous, Deputy Chairman of the Management Board of GPB (JSC), signed the document.

The lender provides financing in the form of a credit line for the financing of the project, within which separate tranches will be allocated in accordance with individual targeted use. The planned financing period is no more than 10 years.

The budget is defined in the amount of 550 million US dollars.

Shchekinoazot continues to move forward, experts say. After all, this is a necessary condition to ensure not just success, but confident competitiveness and leadership positions both in the domestic and international markets. Shchekinoazot aims to expand its presence in the market of mineral fertilizers, to switch to a deeper processing of raw materials, and to the release of new products demanded by consumers.



Andrey Tokarev

“Over the past 13 years, in the framework of the company’s development strategy, we have implemented 16 investment projects, many of which were implemented in parallel. The

volume of investments exceeded 882 million dollars,” said Andrey Tokarev. “In 2018, an A-135 methanol M-450 / ammonia unit, SK-200 sulfuric acid, perfume quality dimethyl ether, and wastewater treatment plants were put into operation.

And we continue our activities to further develop the company.



The signing of a syndicated loan agreement between Shchekinoazot, VEB RF and Gazprombank for the implementation of the project for the construction of a methanol production plant within the project financing factory

An agreement was signed with the Chinese company SEDIN Engineering Co for the construction of a plant to produce nitric acid and ammonium nitrate. Pre-design, technical and commercial development of the ammonia-urea project is underway, as well as development of a strategy for entering the mineral fertilizer market. We signed an agreement with Gazprombank (JSC) on indicative terms for financing the ammonia and carbamide project.

GPB is our long-time reliable partner, in alliance with which Shchekinoazot implements by no means the first such project. The ammonia and carbamide plant is a really big project. But it is not the last. Strengthening the company’s position in the market of mineral fertilizers and industrial chemistry, to contribute to the victories of Russian manufacturers in the international arena is a task to which we are ready to give our strength, professional knowledge and accumulated experience.

“We see a great potential in the development of the gas chemical industry and are aimed at facilitating the formation in the manufacturing industry of competitive and highly efficient production facilities implemented by Shchekinoazot,” said Alexey Belous, deputy chairman of the board of Gazprombank.

Recall that Gazprombank is one of the key financial partners of Shchekinoazot. Shchekinoazot and the bank successfully implement projects for the construction of plants for the production of methanol with a capacity of 500,000 tonnes per year, nitric acid and ammonium nitrate with a capacity of 270,000 tonnes and

340,000 tonnes per year, respectively.

With the participation of the bank there were implemented projects of sulfuric acid with a capacity of 200,000 tonnes per year and dimethyl ether of perfume quality with a capacity of 20,000 tonnes per year.

## INVESTMENTS AMOUNTED TO 22 BILLION RUBLES

And on the second day of the forum, a syndicated loan agreement was signed between Shchekinoazot, VEB RF and Gazprombank for a project to build a methanol production plant as part of a project financing factory.

On behalf of Shchekinoazot, the document was signed by Deputy General Director for Financial Resources Andrey Tokarev, on the part of VEB of the Russian Federation - Deputy Chairman Yury Korsun, on the part of Gazprombank - Deputy Chairman of the Board Alexey Belous.

“The project of JSC Shchekinoazot corresponds to the tasks related to the development of export-oriented production, and methanol precisely a product that foreigner buyers want,” said Yury Korsun. “We expect that there will be more and more such transactions. The credit line is long-term one, with several tranches planned. We are ready to give “long” money for five, ten, and fifteen years without any problems – it all depends on the project itself. It will help us get to know each other better: we will see how



Yury Korsun

the company builds new plant, and people at Shchekinoazot will see how the RF VEB is functioning. We know that Shchekinoazot has other projects in its plans, and we will consider each of them

separately. We consider Shchekinoazot to be our strategic partner, we hope that it will develop further. This is one of the first syndicated loan contracts under the project financing facility. This instrument aims to provide additional benefits for both the project initiator and the participating bank.

What is this project about? This is the third phase of a comprehensive program to increase the production of methanol with a capacity of 500,000 tonnes per year at the industrial site of Shchekinoazot. With its introduction, the company will become one of the largest producers and exporters of methanol in Russia. The project is in line with the May presidential decree regarding the development of exports of non-commodity, non-energy goods. Its total cost is 22 billion rubles. The planned financing period is 12 years.

## MORE JOBS AND TAXES

“Since 2005, the company has been implementing an investment program that includes many projects. On September 7, 2018, on the day of launch of the second methanol production M-450 / A-135, Shchekinoazot new project, Methanol-500, was officially launched. The opening of production is planned in 2022,” shared Andrey Tokarev. “This is an important project in terms of the development of our company and the region, after the implementation of which our company will become one of the largest meth-

anol producers in Europe. It is in demand in Europe and the Middle East. There are a lot of pros: jobs will be created, additional contributions will go to the budget. We received a construction permit at the end of last year, we completed the engineering part of the work, and we are now preparing the construction site, the equipment is ordered. The launch of the M-500 plant will allow the Shchekinoazot company to produce one and a half million tonnes of methanol per year – let me remind you that now Shchekino chemists produce about a million tonnes, taking into account the methanol-ammonia complex launched in September. The project finance factory is a new, effective producer support mechanism that opens the way for government loans to promote the development of large infrastructure projects in the country. We are talking about a number of government subsidies and long-term lending up to 12–15 years. I will note that we are constantly building – more than a dozen projects have been completed, each of which is unique in its own way, distinguished by innovations, including technological ones.

A memorandum of intent on the implementation of the M-500 project using the capabilities of the project financing factory was signed in Sochi by Shchekinoazot and VEB within the Russian Investment Forum-2018. And this year, together with VEB and our key financial partner Gazprombank, we entered into a syndicated loan agreement. I thank the partners for their cooperation and understanding on all issues.

“The signing of a syndicated loan agreement between Shchekinoazot, VEB RF and Gazprombank for the construction of a methanol production plant as part of a project financing factory



Alexey Belous

is a logical development of our mutually beneficial relations with Tula chemists, with whom we have previously cooperated,” added Alexey Belous. “The new project is extremely interesting from the point of view of market conditions, and in terms of logistics, Shchekinoazot is very well located. In our understanding, the project will be successful. I can say that we are unequivocally aimed at continuing close business cooperation with the company, the flagship of the domestic chemical industry. What is it so attractive for us? Professionalism, deeply thoughtful approach to projects, long-term planning. Before coming to the bank the company calculates the entire economy itself. And this is a serious attitude.”