

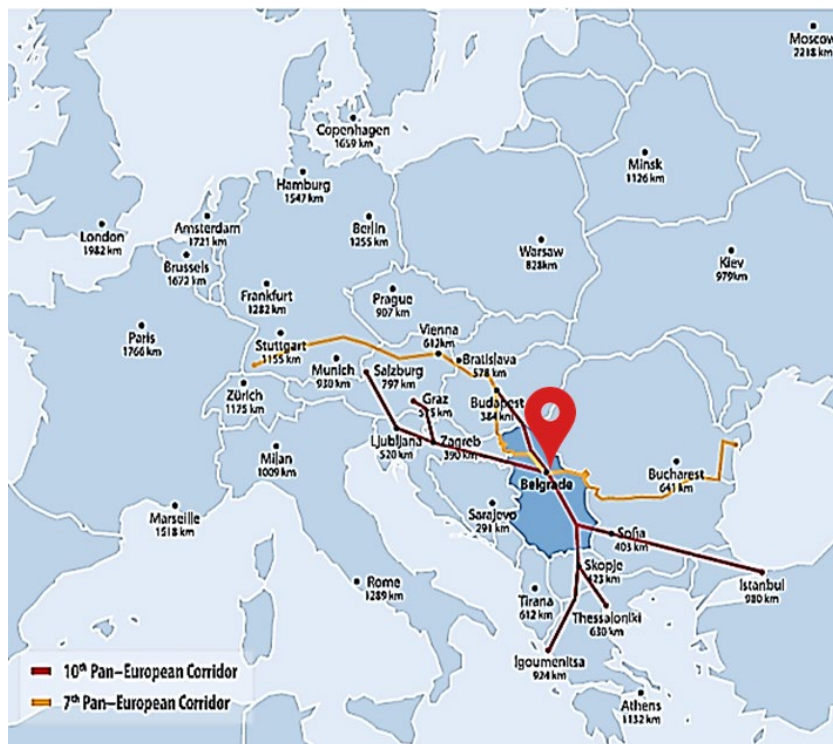
# HIP-Petrohemija – Company Profile



**HIP-Petrohemija d.o.o. Pančevo**  
**Pancevo, The Republic of Serbia**  
**August 2023**

## On the Main Roads

- The petrochemical complex HIP-Petrohemija (Pancevo) is located in the middle of the Southeast Europe region, on the crossroads of roads and waterways.
- The shortest ways for transport to the whole Europe - the Danube river and Corridor 10 enable efficient supply and dispatch of goods.
- Serbia and neighboring countries have a great economic potential especially in fields with growing polymer consumption.



## Location of the Petrochemical Complex of Pancevo

### ELEMIR (near Zrenjanin)

- ▶ FSK – Synthetic Rubber Plant
- ▶ Butadiene
- ▶ Emulsion Styrene Butadiene Rubber (E-SBR)
- ▶ MTBE

## PANCEVO – main location

- ▶ **ETHYLENE Plant**
- ▶ **HDPE - High Density Polyethylene Plant**
- ▶ **LDPE - Low Density Polyethylene Plant**
- ▶ **FOV - Waste Water Treatment Plant**
- ▶ **UTILITY PLANT - Energy Fluids Production and Distribution**
- ▶ **PETROPLAST - PE Pipes & Fittings Production Plant**

**CREPAJA (near Pancevo)**

- **PANONIJAPLAST – Compound Production Plant**

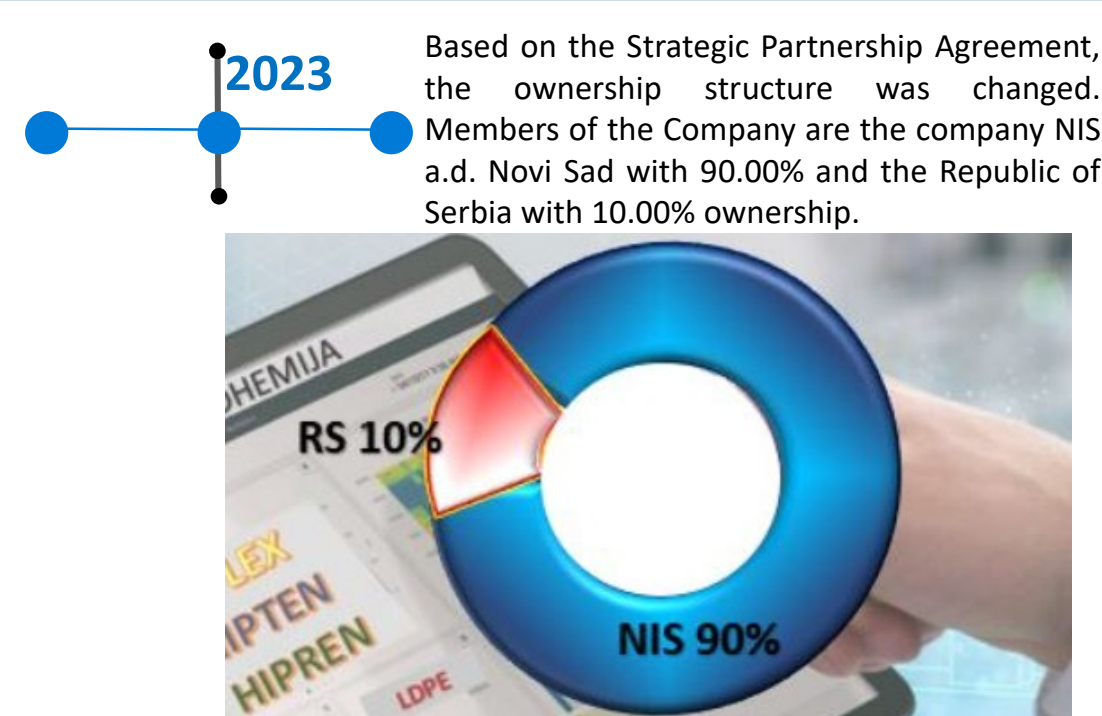
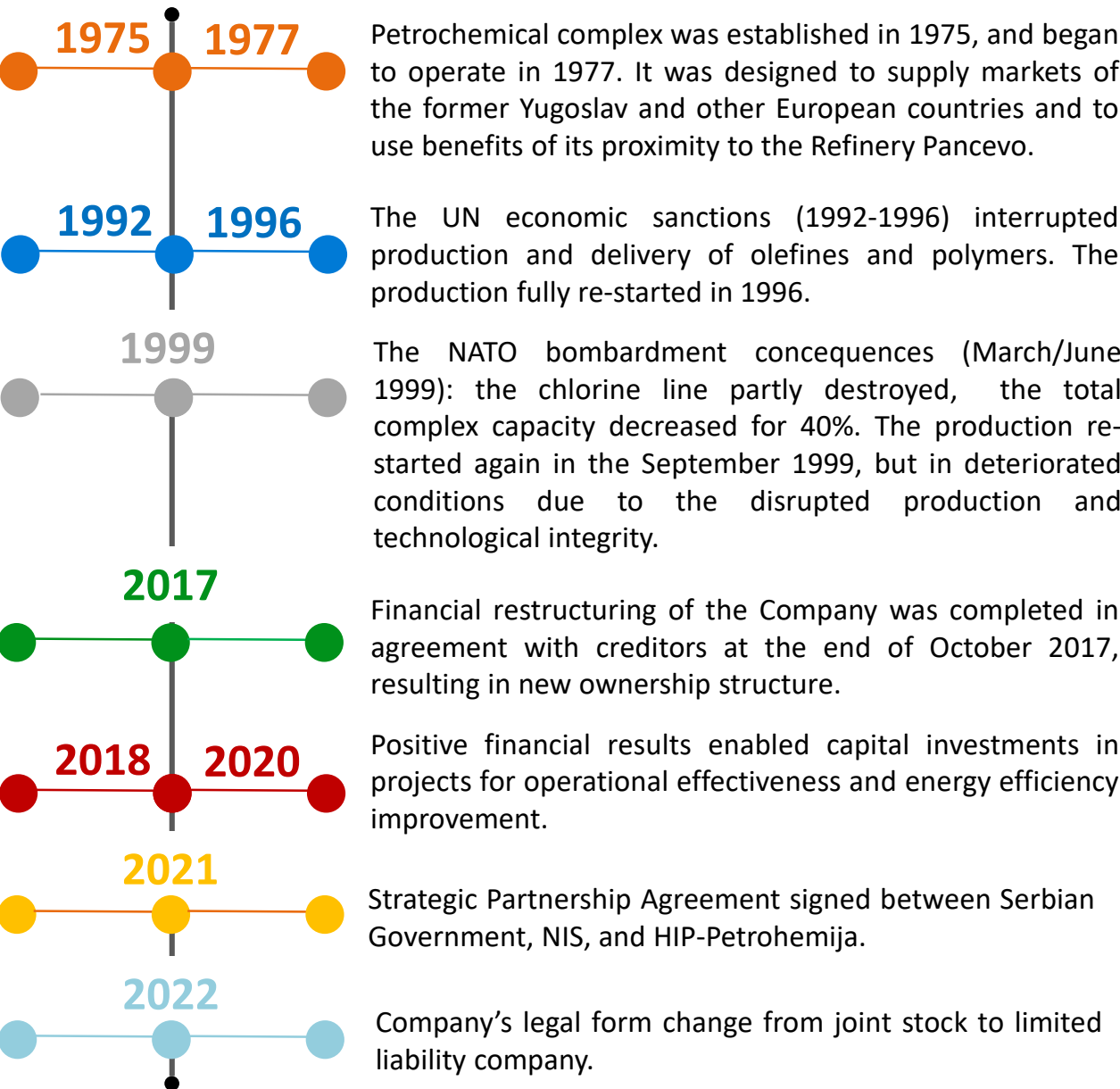
## VODICE – Zlatibor

- **Recreation Center “Lovac”**

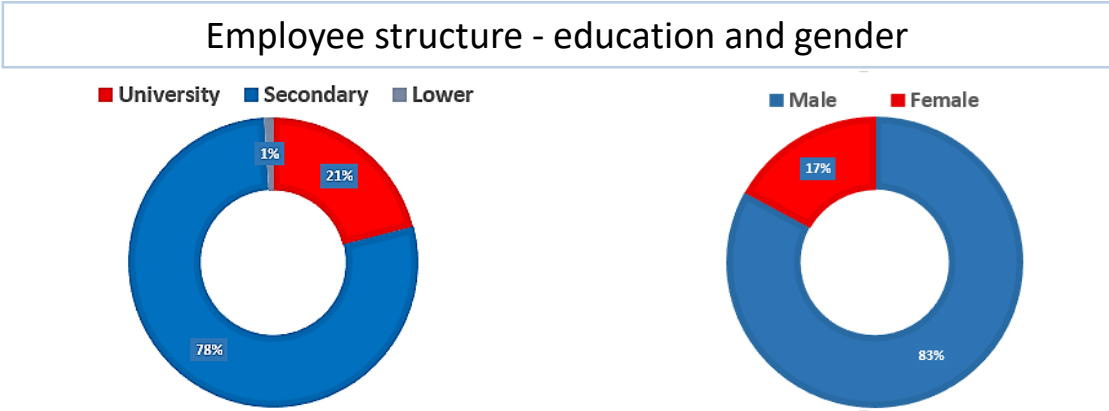


# History

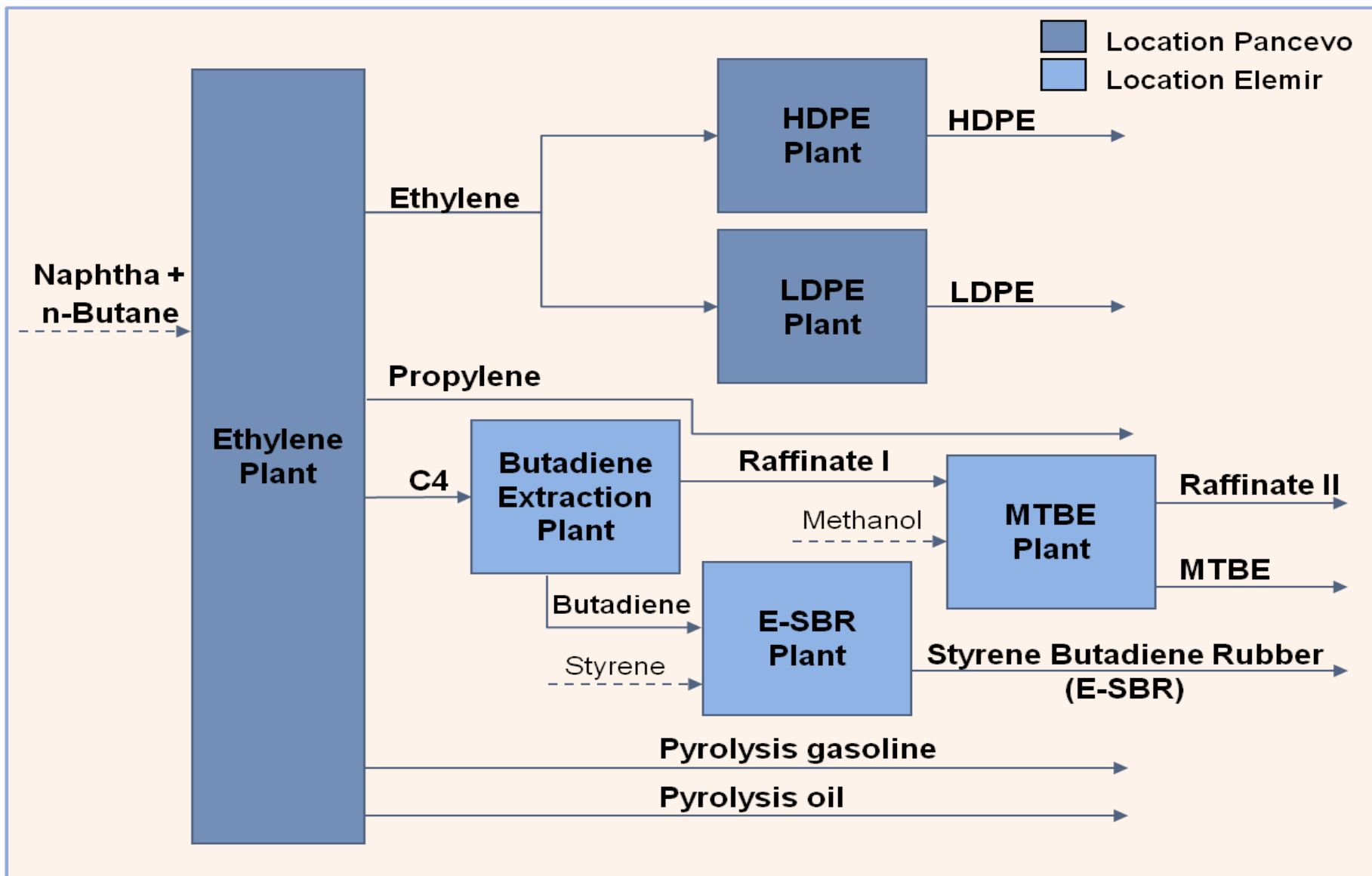
# Ownership and Employee Structure



As of June 30, 2023 the number of employees is 1,112



# Production Lines





# HIPTEN<sup>®</sup>, HIPLEX<sup>®</sup>, HIPREN<sup>®</sup> - Products Usage

## HIPTEN<sup>®</sup> Low Density Polyethylene (LDPE)

- shopping and household bags
- food packaging films, foils
- industrial bags and shrink foils
- agricultural foils
- insulation of electric conductors
- cardboard lining



## HIPLEX<sup>®</sup> High Density Polyethylene (HDPE)

- bottles for food, pharmaceutical and chemical products
- packaging films and foils
- shopping and household bags
- pipes
- barrels, tanks, boxes, carriers
- toys and consumer goods





## HIPREN<sup>®</sup> Emulsion Styrene Butadiene Rubber


- vehicle tires
- technical rubber products (conveyor and transmission belts, tubes and hoses, seals, technical parts for various industries)
- flooring and door mats, rubber footwear and soles
- cable insulation
- adhesives, toys




## STANDARDS


ISO 9001:2015 


ISO 14001:2015 


ISO 45001:2018 


ISO 50001:2018 

## REACH REGISTRATION


Ethylene  


Propylene  


C4-Fraction  


1,3-Butadiene  


MTBE  

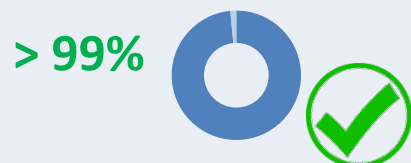

Pyrolysis Gasoline  


Raffinate 1  


**POLYMERS – CONTACT WITH FOOD - STATEMENT OF CONFORMITY (EU)** 

**LABORATORY ACCREDITATION - ISO/IEC 17025:2017** 

**PRODUCTS QUALITY -**  
**PRIME QUALITY**



**AWARDS**



# Main Export Destinations 6M 2023

COUNTRIES  
**25**

EURO MILLION  
**89**

Always among the  
**TOP-15**  
Serbian exporters

5% Germany



4% Slovakia



11% Hungary



5% Slovenia



14% France



8% Croatia



5% Romania



8% B&H



11% Bulgaria



11% Italy

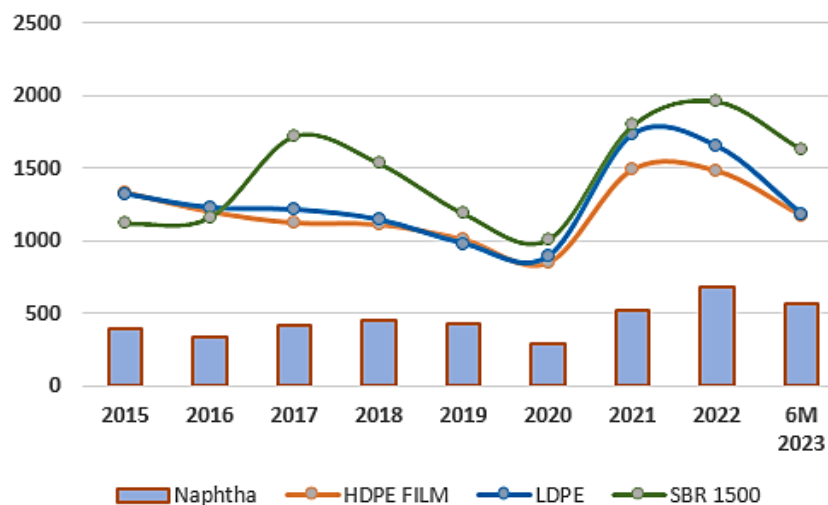


\*Other 15 countries – 19 % of export value

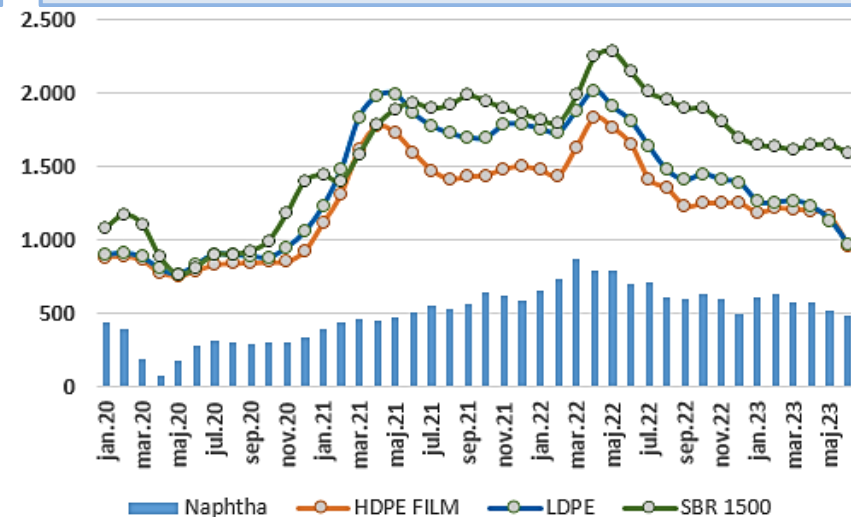
# Business environment

- Recent years have seen turbulent changes in global market, geopolitical and social conditions.
- Good business results were achieved during a period 2015-2018, despite gradually worsening market environment, especially in the second half of 2018
- In 2019, continual upstream instability with global demand stagnation and drop in polymer prices had negative business impact
- In the first half of 2020, the development of the pandemic COVID-19 further intensified upstream instability and demand/product prices downtrend
- At the end of 2020 and in 2021, the partial pandemic mitigation and the gradual global economic recovery contributed to better business environment and results, but with arising logistical problems/supply chain disruption and surging raw materials/energy prices
- In 2022, the Ukraine conflict caused the enormous global instability and brought to the distinct jumps in energy and raw materials prices, along with the inflation growth and prolonged weakening of the economy/demand/prices, especially in the second half of the year.
- In the first half of 2023, market conditions have become even more challenging. Economic instability is deepening with an even greater rise in energy prices and further drop in petrochemical's demand and prices.

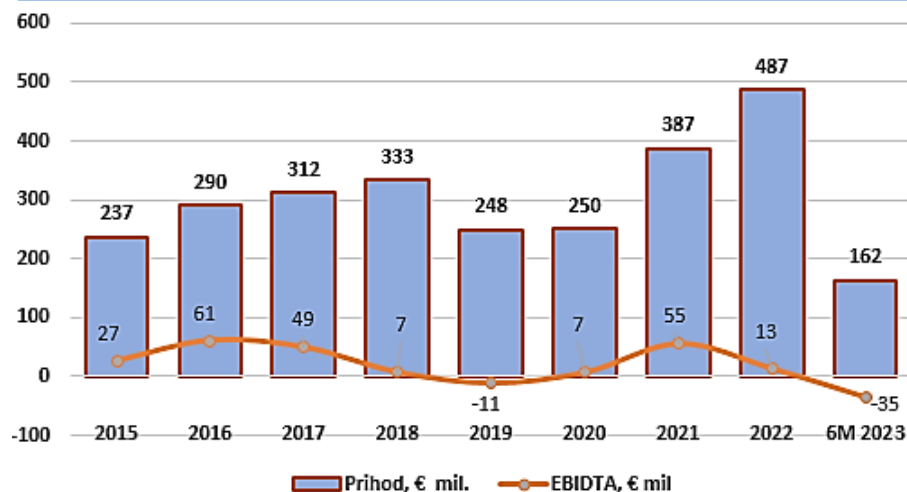
## EUROPEAN ANNUAL UPSTREAM and POLYMERS PRICES (EUR/t)



## EUROPEAN MONTHLY UPSTREAM and POLYMERS PRICES (EUR/t)



## REVENUE and EBITDA, EUR million





# Investments in Maintenance, Modernization and Development

## HIP-Petrohemija is continually dedicated to

- Production capacity increase and reducing operating costs
- Replacement of older production equipment with modern, more efficient equipment and devices
- Efficient use of energy
- Providing necessary conditions and equipment for environmental protection and people's health
- Improvement of working conditions and occupational safety

## The most important capital projects

**Ethylene Plant Reinstrumentation Phase II** – goal: completion of the production process control system improvement in the Ethylene Plant. It includes delivery of the project for implementation, complete equipment, as well as the supply and installation of the control software for DCS/ESD/APC.

**Integrated system of explosive gas detection, fire alarm, and video surveillance** – goal: improvement of the fire and explosion protection system at the locations of Spoljnostarcevačka Street and Luka Dunav. It includes procurement of the equipment, preparation of documentation, disassembly and assembly of the equipment and commissioning.

**Reconstruction of the underground hydrant installation and pumping station at the water intake** – goal: replacement of the worn underground pipelines for fire water. It includes provision of technical documentation and obtaining the necessary permits.

**Legal requirements and building regulations** – Legalization of illegally built, extended, and reconstructed facilities. Out of 73 facilities included in the project at the beginning, five procedures for legalization remained.

## New projects

**The business plan for 2023** envisages the realization 306 new projects

- In 6M of 2023: realized projects- 28; in progress- 94, in preparation- 8; suspended on various basics: 177
- The largest number of projects refers to the Ethylene Plant (34), the Synthetic Rubber Plant (16), the LDPE Plant (14), Electricity Supply Plant (5), and Utility Plant (5) along with other numerous projects in other organizational units.

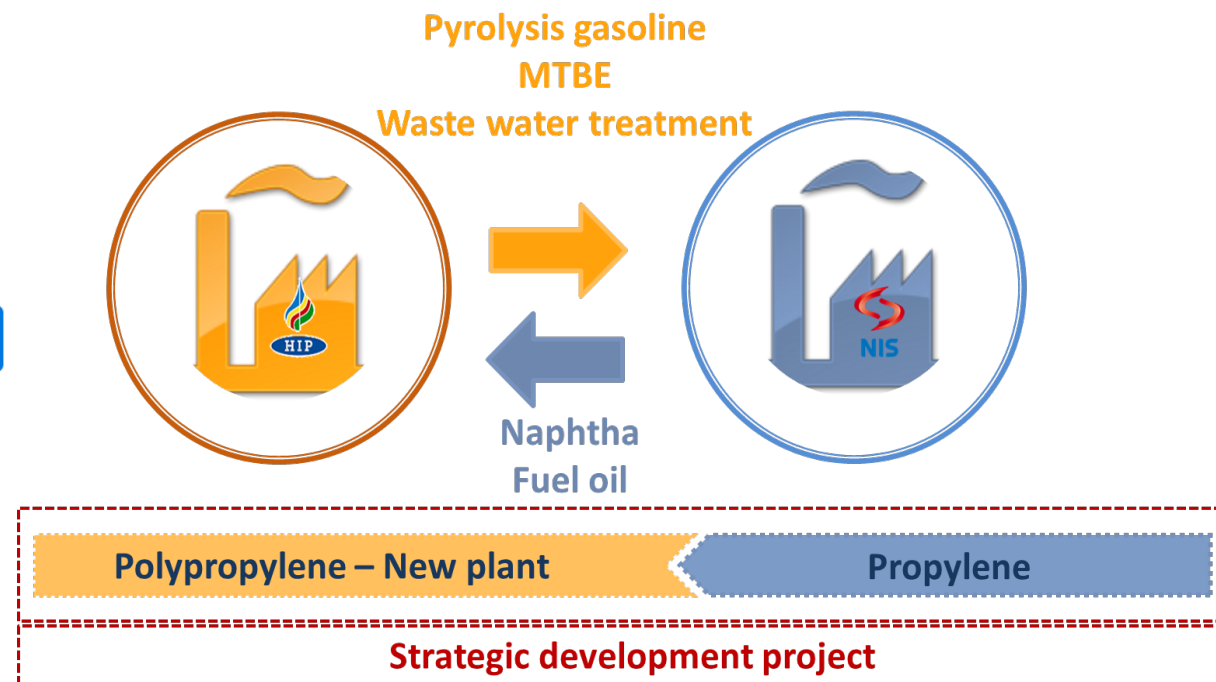
## Strategic development project

Planned are

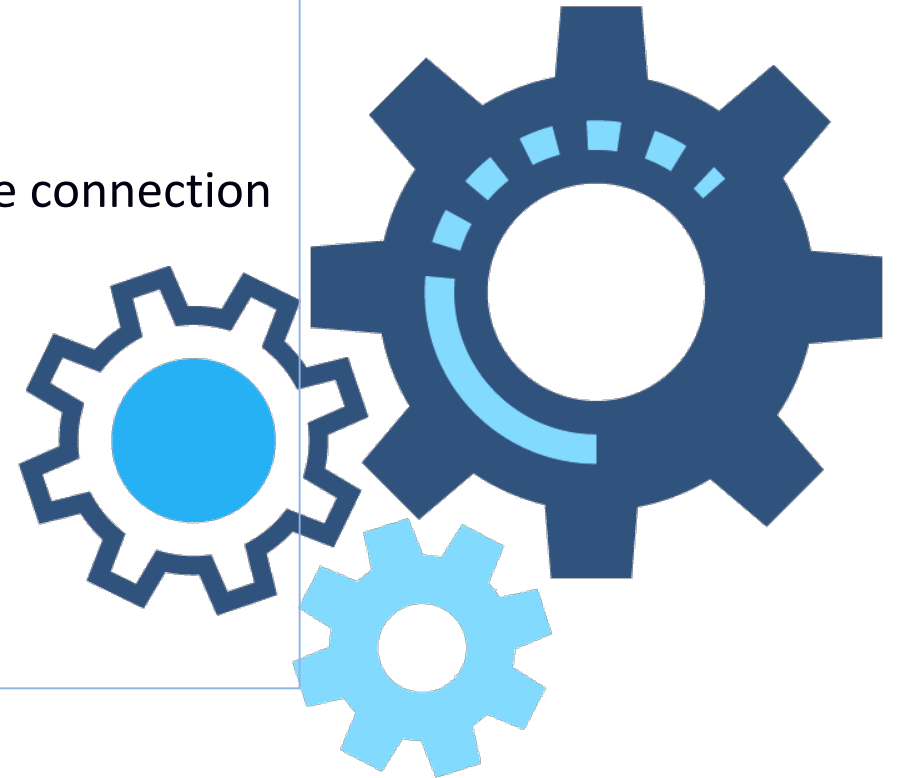
- New propylene purification unit
- Polypropylene production plant

**The goal of the Republic of Serbia, the majority owner of HIP-Petrohemija, is the long-term sustainability in operation**

- In December 2021, Strategic Partnership Agreement signed between Serbian Government, NIS a.d. Novi Sad and HIP-Petrohemija
- NIS a.d. Novi Sad is the owner of the Pančevo Oil Refinery, which is located in close proximity of HIP-Petrohemija and the two companies are functionally connected
- In June 2023, NIS a.d. became a partner with a 90.00% ownership share, in addition to the Republic of Serbia with a 10.00% share.



- Excellent position in a growing SEE region and proximity to EU markets
- Well established position on domestic and foreign markets
- Integrated process from raw material (ethylene) to plastics compounding
- Excellent polymer plants capacity utilisation
- High quality products
- Continual improvement of processes and products
- Benefit of the proximity to NIS Oil Refinery Pancevo, pipeline connection and product /service exchange
- Developed infrastructure and existing utilities supply
- Educated, experienced staff
- Lower tax rates for investors in Serbia
- Improved regional political stability
- Access to European Union





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The Republic of Serbia



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