

Chemical industry

Deloitte CIS Research Centre
2018

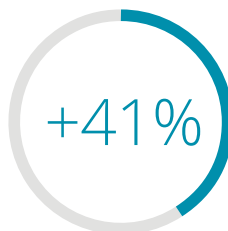
Business outlook for 2018-2019

Level of optimism

(on a scale of -100% to +100%)



Outlook for the industry



Outlook for the company

Expectations for key indicators*

Financial performance (in RUB):



Revenue



Capital expenditure



Overdue receivables

Operational performance (in units):



Manufacturing



Distribution



Leftover stock

Industry drivers and barriers

Top 3 drivers:



Transparent and stable regulatory and economic policies



Lower administrative barriers



Lower geopolitical risks

Top 3 barriers:



Imperfection of government regulation of the industry



Corruption



Insufficient domestic demand

Company's competitiveness drivers



Higher domestic demand



Lower production costs

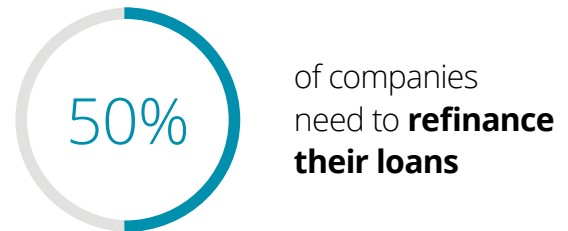
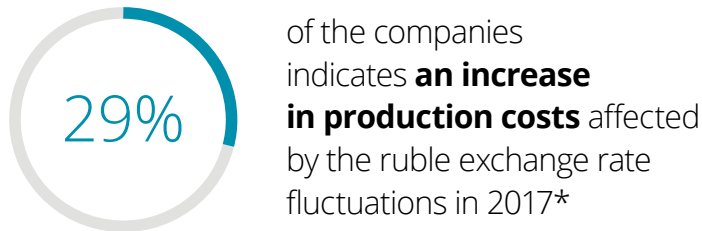


Higher production and technology capacities

*Net balance: [the share of the companies anticipating an increase in the indicator - the share of companies anticipating a decrease]

Topical issues facing the chemical industry

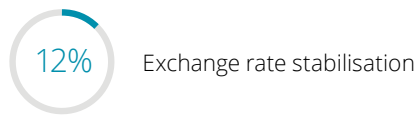
Currency and financial risks



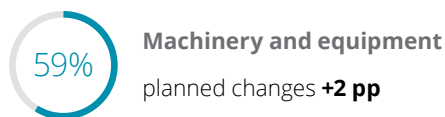
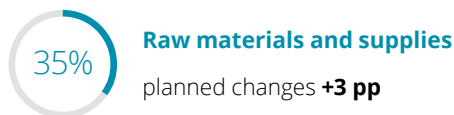
*due to rising costs of imported goods, work and services

Currency level preferences

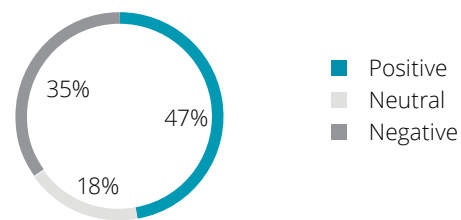
(compared to RUB/USD = 58.8, RUB/EUR =71.1)



Share of imports in procurement



Impact of China's manufacturing sector's development








Staff cost optimisation

	2017	2018
Staff cuts	33%	17%
Salary cuts	17%	17%
Shorter working week	8%	0%
Unpaid leaves	33%	17%

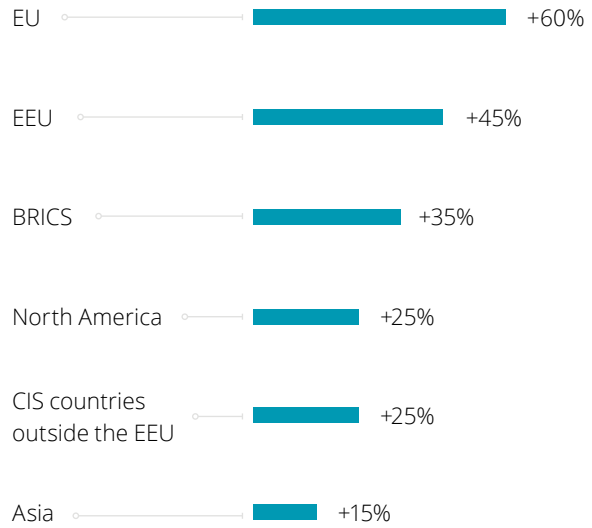
17% of companies lack automation and optimisation specialists and **33%** are concerned about their qualification levels

Development priorities



Top 5 development strategies

-  New product launches
-  Expansion into new markets
-  Cost reduction in Russia
-  Business development through organic growth
-  Construction of new manufacturing facilities in Russia




Attractiveness of markets for export growth



Top 3 funding sources

-  Internal sources
-  Government funding
-  Borrowing from banks abroad

Top 3 types of government support

-  Tax incentives and help with fundraising
-  Infrastructure investment
-  Higher education investments



Efficiency assessment of the government's efforts to support the industry

Innovation and digitalisation

Key Innovation Activities



Research and development (R&D)



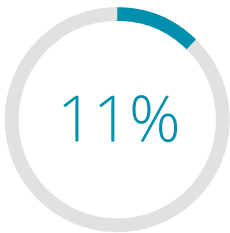
Acquisition of advanced equipment and machinery



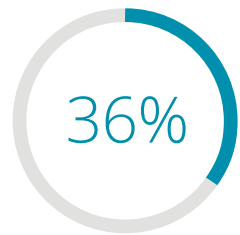
Staff training technology and innovation



A two-fold increase in demand for the acquisition of rights to patents and licenses in 2018-2019 compared to 2017



of revenue spent on innovation in 2018-2019



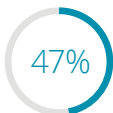
of companies see a need for personnel management automation and plan to invest in technological solutions in this area

Advanced technology implementation

Top 4 advanced technologies implemented:



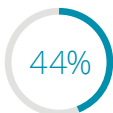
Advanced ERP systems (CRM, SAP)



Electronic document flow

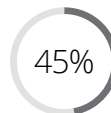


Full business process chain automation

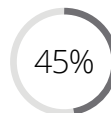


Shared service center

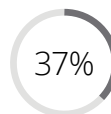
Top 4 technologies planned for implementation:



Full automation of selected business processes



Energy-saving technologies



Full business process chain automation



Electronic document flow

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