

"Businesses are only waiting for the election year to end"

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Vladimir Potanin talks about the projects that are expected to increase **Nornickel's** value, takes pride in the Company's sorting out environmental challenges, and gives his analysis on the state of the economy during the pre-election season

President of **Nornickel**

As we enter **Vladimir Potanin's** Moscow Region office in the Luzhki club, we are greeted with a cheerful "What brings you here?" and a sweet cup of tea. What brought us there was, of course, **Nornickel** – the world's largest producer of nickel and palladium, at the helm of which **Mr Potanin** spent the last five years – ever since he signed a shareholder agreement with Oleg Deripaska, with Roman Abramovich as an intermediary. During that time, **Mr Potanin** launched the biggest modernisation programme in the history of the Company and tackled the environmental issues of the facilities beyond the Arctic Circle, which were built as far back as 1930s–1940s by labour force from the Norilag. For **Mr Potanin**, improving the environmental situation in Norilsk is "a matter of personal responsibility". "No one was willing to do it, so we went ahead and did it", **he** says.

The businessman looks enthusiastic as he talks about the technologies that will cut sulphur dioxide emissions in Norilsk, the Company's outlook, the future of the industry, and the path of the Russian economy.

Before and after the election

– What do businesses expect from the election year?

– Businesses are looking forward to its end, quite simply. The thing is that during the pre-election season, even if there is a strong presidential candidate, the entire system virtually freezes. Various matters tend to get postponed until after the election, when it is much easier to make decisions. That is just how it works. People are generally more cautious before the election. As for me, things stay absolutely the same.

Mining and Metallurgical Company

Shareholding (as at 31 December 2016): Interros entities (30.4%), UC Rusal (27.8%), Crispian Investments Ltd (4.2%, with Roman Abramovich, Alexander Abramov and Alexandr Frolov as beneficiaries), free float (the remaining 37.6%).

Capitalisation (LSE) – USD 28.2 bn

Financial results (IFRS, 1H 2017):

revenue – USD 4.2 bn,

net profit – USD 918 m

Production volumes in 2016: nickel – 235,749 t, copper – 360,217 t, palladium – 2.62 moz, platinum – 644 koz.

Proved and probable ore reserves (as at 31 December 2016): 827.7 mt, with the content of nickel at 7.1 mt, copper – 12.1 mt, platinum group metals – 124 moz.

– Do you think the clean-up campaign in the banking sector will prove a net positive for the economy?

– This is a deceptively simple question that is hard to answer. Our country has practically no private banking sector, and the pickings are extremely slim when it comes to non-state banks. Is it a good thing? Personally, I think it is. As the government is already in control of the banking system, it would be easier to reduce the number of banks to avoid additional problems.

If and when the government changes its banking policy and starts to encourage competition, we will feel the need to increase the number of players and privatise the existing institutions. It is obviously beneficial for the economy when state banks have competitors, but it is no longer the sole goal. First and foremost, banks act as the economy's blood circulatory system by making settlements. If people feel safer when the government is in charge, then so be it. Everyone cannot be an entrepreneur. Banks' second job is to provide loans and other financing to individuals and the economy at large. This is where competition really comes into play. Unfortunately, there are no premises for it in our country. We have no long-term resources that come from pension or insurance funds, and where we do – they are either very small or in some way linked to the government. Foreign banks that have access to capital are laying low, with sanctions making them even less of an option. These factors combine to make the sector somewhat of an outlier. Moreover, it is going through some significant changes, such as alternative technologies and the rise of various online platforms for microlending and accessing accounts. Digital platforms are going to revolutionise the system. Against that backdrop, banks' problems look insignificant. These banks are not a big deal for the business, as long as people are protected. I think we need to focus on the changes that are reshaping the sector. It is much too late for state and private banks to duke it out to see who is the best. The main question now is what will happen to all of them in the nearest future.

– I believe that this applies to the entire national economy, including during the next presidential term. What will the economy be like? How will it address the challenges posed by digitisation?

– This is definitely an important question. I think it will be among the new president's priorities. Our country has certain competitive advantages that would enable us to make a name for ourselves in the digital world.

First, in order to create and service a global cloud, we need programmers, better yet – a comprehensive educational system for programmers. The ex-USSR (the Russian-speaking world) and India have provided the global market with two largest computer savvy diasporas. Cultural ties do play an important role, especially in the field that requires a high level of intelligence and creativity. Our programmers have demonstrated their proficiency: they work in all global companies and lead the charge in many industries. We have a colossal untapped resource in this community, provided we approach it right. The second factor is the computing equipment and electricity. Regular computers are used to perform a great number of electronic operations, and our country provides unlimited access to those. Electric power is also cheap in Russia. This is a big advantage of ours.

Our programmers and our cheap electricity are what give us the edge. To make it all work, we only need to create an attractive environment. The Silicon Valley employs people from around the globe – half of it is being serviced from somewhere in Bangalore (the Silicon Valley of India – Vedomosti). Why not make it so that we service the other half? This field remains largely unaffected by politics. Sure, there may be some hiccups, some barriers put in place by sanctions in terms of data storage. Still, despite political obstacles, this is a major driver for the development of digital economy. I am confident that we will be able to make proper use of it.

Nornickel's strategy

– You have recently unveiled **Nornickel's updated development strategy** to investors. What is your vision for the Company? What will be the effect of your plans?

– All mining companies use the five- to seven-year planning horizons, which is about the time it takes to implement large-scale projects from the moment of their conception to a finished plant or mine working at its design capacity. If we look at the Company in these terms, we are at the end of a five-year period that started in late 2012, when the new team stepped in to develop a new strategy. We have spent this time trying to whip the Company into shape. We had to straighten out and shore up the investment and budget discipline, reconfigure the existing production capacities and entire production chains, focusing on what kind of concentrates we produce, where and how we process them, and where we take them for

further processing. We have boosted the efficiency by dividing copper and nickel production chains between **Kola MMC** and Polar Division. The next stage that we are about to enter is a new investment cycle. Based on what we have already achieved, we can expand our concentration capacities. In particular, we are considering constructing Stage 3 of Talnakh Concentrator, which will increase its capacity by 1.8 times to 18 mt. We are also looking into ramping up what we call the Southern Cluster, where we can produce up to 6 mt of ore or even more and make proper use of **Norilsk Concentrator's** capacities. As part of our environmental programme, we have upgraded and are continuing to expand our smelting capacities at Nadezhda Metallurgical Plant. The more we modernise our assets, the more development opportunities we uncover. It makes perfect sense – a state-of-the-art **plant** would produce concentrate of a higher quality, which frees up smelting capacities (the most expensive part of all metallurgical operations). That means that investments in new projects will yield a significant production upside to the current volumes in 5–6 years. In order to achieve this, we need to start now.

Secondly, markets are now looking at our products from a different perspective. There is a growing demand for palladium. The producers of electric-vehicle batteries also need larger volumes of cobalt and nickel. We are therefore trying to figure out the ways to boost shareholder value by tailoring our product portfolio to meet the needs of new industries and increased demand. Market expectations are currently too high for our taste, which is why we refrain from large-scale investments; instead, we are focusing on a proactive marketing policy and fine-tuning of our product range. We also need to strike the right balance between our leverage, capital expenditures and an attractive dividend policy. Our dividend formula allows us to manage the leverage, but we are open to discussions on improving it, if need be.

Project portfolio

– So far, the Company's potential pipeline includes the following growth-focused projects: Stage 3 of Talnakh Concentrator, the Southern Cluster, Baimsky project, and negotiations with other subsoil users in the Norilsk Industrial District. None of them has a CAPEX guidance. Do you have an idea of how much they may cost?

– We cannot disclose any targets before a feasibility study, but I can cite some estimates that are available in public sources. For example, Goldman Sachs has recently estimated investments in the development of the Baimskaya Area at USD 4 bn. We have not verified it, but it can give you the general idea of the investment scale. As for the Southern Cluster investments, they amount to around USD 1 bn.

It looks like **Nornickel's** projects with CAPEX under USD 1 bn do not qualify as Tier I assets. For example, we invested some USD 1.7 bn in **Bystrinsky GOK**, which I consider to be a comfortable amount under the current infrastructure renewal investment cycle. If the project is bigger, we need to either attract project financing so that the debt does not impact **Nornickel's** balance sheet, or change the dividend policy by decreasing payments to avoid going above the leverage ratio of 2x. Rating agencies are not very happy with the net debt / EBITDA ratios higher than 2x. Even though the shareholders have approved a potential ratio increase to 2.5x and we do warn investors that it can vary between 1.5 to 2.5x, going forward we would prefer to keep it at or below 2x. This means we will need to agree with the shareholders on our leverage when launching large-scale investment projects.

– Have you already reached an agreement with the shareholders to develop the new projects, including the Southern Cluster and **Bystrinsky GOK**, as part of **Nornickel**, or is their spin-off still on the table?

– The general view of the shareholders is that it would be better to implement high-quality projects within the framework of **Nornickel**. Everyone agrees, but with one caveat: each shareholder reserves the right to criticise certain investment or technological solutions. We see a lot of potential in the Southern Cluster, with shareholders having the opportunity to bring in third parties into the frame. Right now, many of my colleagues show interest in joint

development of the Southern Cluster, but we have not yet discussed the details like figures, timelines, etc.

Bystrinsky GOK may have some new shareholders, too. We have sold a stake in the project to the Chinese [Highland Fund]. Sure enough, they want it to be liquid, so the project's IPO is now on the table. Two years ago, we made a decision to mitigate the implementation risks on the **Bystrinsky project**. Now, some journalists and analysts are questioning that decision. But if you take a retrospective look, you will see that during these two years we faced problems on multiple fronts, including those related to rail road construction, electricity supply, ore oxidation (which required additional stripping as such feedstock could not be effectively enriched), and the quality of the iron ore concentrate. It was a very challenging project. Right now, it is at the pre-commissioning stage. I believe that, by the end of 1H 2018, we will be able to reach the target indicators and start marketing the **Bystrinsky GOK** products normally in 2H 2018, with no discounts made for to the facility's recent launch. In other words, we need to be quick about bringing the project's financials and EBITDA projections to a reasonable level, after which it will be ready for the IPO. We plan to launch it before the end of 2019, trying to deal with the fact that no shareholder is willing to sell the shares.

– Is it true that Highland Fund wanted to increase its stake?

– They did, and that is the rub. The Chinese fund wants to increase its stake, while an IPO means a share offering. Issuing new shares is not an option, as it will take the controlling stake away from **Nornickel**, which is not what we want from this IPO.

Dividend policy and shareholder agreement

– What are the changes **Nornickel** may make to its dividend policy to mitigate the impact of development projects on the Company's leverage?

– There is no magic bullet when it comes to economics and finances. It reminds me of a line in a film, "cash is not mice – it doesn't breed". If we do not go above a certain debt level and do not give up on promising growth projects, this automatically affects the third variable – the dividend policy. We do not want to offer our shareholders changes in the dividend policy unless we have convinced them that we have done everything reasonably within our power and control to improve the Company's performance. We already have a three-year performance improvement plan in place. If this plan proves insufficient to balance the debt, investments and dividends, we will be forced to consider changing the dividend policy. I think that neither majority nor minority shareholders will be happy to see the dividend yield decline. If this decline is justified though (in our case the purpose is to create long-term value), I think there is a good chance it will be received positively. We cannot cancel the environmental programme or the production maintenance CAPEX. If we do not invest in mining projects, production volumes will start to go down by 2022–2023. We are therefore facing a dilemma between development projects and additional dividends. As the majority of our mining projects have the internal rate of return of over 40% even during stress tests, they can be easily integrated into an existing infrastructure chain, which drastically reduces the risks. Hence, when we talk to our shareholders about creating a long-term value, we mean it, and we have specific projects to back it up. During 2018, we will complete a portfolio of such projects.

– Have you had preliminary discussions with the partners on that topic?

– Of course, we have had talks on the new investment cycle. We disclosed its key stages and the reasons why some of these projects had not been implemented before, etc. I think that we should eventually reach mutual understanding on this issue. We do not want to broach the topic of the dividend policy in a dialogue with our partners and review the provisions of our shareholder agreement until we can definitively say that we have done everything we could to improve the performance.

– In December, the first five years of the shareholder agreement signed by you, Oleg Deripaska and Roman Abramovich expire. Has it been effective?

– It works. It has been amended multiple times, which shows that it is a dynamically changing mechanism. Shareholders have demonstrated their flexibility over this five-year period, as they did not only comply with the agreement, but were also willing to change it. This had a positive effect on the Company. We are happy that it is possible to automatically extend the agreement for another five years, as it creates opportunities for the future. In the next years, the Company will most likely stick to the same principles and rules, which makes it easier to predict future developments. I view both the agreement and the results of our work as highly effective.

– Are there any other changes you will need to make?

– We continue working on the kinks. There is definitely room for additional polish, but the agreement is quite functional in its current form.

Traditions and innovations

– Do you think higher production of electric cars is what is going to boost your sales?”

– It is too early to say that our sales are somehow dependent on electric cars. However, metals consumption in battery production sets people’s expectations very high indeed. By 2025, this sector is expected to consume up to 450 kt of refined nickel annually. I think that time- and demand-wise, people’s expectations are a bit too high. But volumes will be substantial and the market will show growth indeed. What is more, battery production requires very pure nickel and cobalt. Such products are usually made from sulphide ores, which are in limited supply with no deposits discovered recently. So, if you view this market as standalone, electric car manufacturers will prove to have a great deal of influence on it. At this moment, it is hard to say if that is going to split the market in two, with steelmaking nickel and electric car nickel becoming separate markets. But if that happens, the latter will bring more value. In that case, growing demand will be an important factor in supporting refined nickel prices and reducing their volatility. This is an important factor to me. If our products have lower price volatility, **Nornickel** shares will enjoy lower volatility as well. As a result, I am focused on potential structural changes in the market rather than direct effects on demand.

– Do you have an electric car?

– Yes. I have an electric car, but the batteries are not home-made, which is upsetting.

– Is there a possibility of **Nornickel** making electric car batteries?

– I cannot comment on that until we discuss it internally and have it in our strategy. But I think it is an interesting option: trying to get deeper involved in making some products that are more technologically advanced, from battery precursors and maybe further along the production chain. So far, our strategic model has been based on the presumption that as a metallurgical and mining company, we must be good at mining, enriching and smelting metals. We can fine-tune our product range to producers’ needs – but that is it. However, we have always insisted that we would not go further and engage in the next production stage. Maybe it is time to rethink this and go further, after all. More technologically advanced companies tend to have higher valuations. The conventional industry is being stripped of its value.

Let us look in the rear-view mirror of history. Agriculture used to be in a similar situation. The industrial revolution made it a mere supplier of commodities for industry. Agriculture is essential, but it has been – for centuries – in an unfavourable pricing environment. I do not rule out the conventional industry ending up in the same position against technology-savvy newcomers. I do not want to miss that moment. Any conventional business of our time will suffer a massive value destruction if it fails to find its way into a new technological paradigm. And people need to begin thinking about it now.

A heart-to-heart interview with Oleg Deripaska

– At the time of En+’s IPO, our sources and analysts frequently referred to the once popular idea of creating a Russian BHP. Is it seemingly irrelevant to you just because it is outdated?

– There is no need to reconfigure existing businesses or focus on economies of scale, as its effects are not always adequate. All production will be transformed by the digital era, and all services will eventually become cloud-based. But what cloud does the future hold for **Nornickel** and heavy industries? How is robotisation going to fare? Generally speaking, heavy industry is where you really have to struggle to pave the way for digital technologies. And for companies in this domain, the matter of utmost importance is not to consolidate, scale up or develop extensively – it is their place within the new technological order and new digital economy. Predicting it is a tough challenge that is still beyond me. But it needs to be raised, it needs to be addressed. Otherwise, it might be too late and you would end up an ancient farm in the middle of a developed food industry.

– So the merger of **Nornickel** with UC Rusal, or rather En+, is not on the agenda anymore?

– First, I think that this is not a viable idea, the strategic priorities should be different. Second, this summer, I talked about it with Oleg [Deripaska]. We sincerely admitted that it was the right time to discuss the merger if any of us harboured any such ideas. We decided to reveal our true intentions. We can speak about it openly now, as it has already been made public. Oleg confessed that he saw significant synergies between UC Rusal and En+ and was focusing on the consolidation of those assets on the basis of En+. He also said that he was planning an IPO – and there you go: Glencore swaps its UC Rusal stake for shares in En+, with En+ now holding a controlling stake in UC Rusal, which, in turn, holds treasury stock in **Nornickel**. Oleg and I also agreed that UC Rusal and **Nornickel** are two different companies and there can probably be no synergies between their businesses. Hence, in the mid-term, each company will go its own way, with the strategic factors urging us to focus on internal changes rather than traditional mergers, acquisitions and other similar transactions.

– By the way, what do you think of En+'s IPO?

– It was a very strong offering – above all expectations, I would say. I think that Oleg showed admirable determination and made the most of what he had. That was indeed a very good deal.

– Did you buy any En+ shares?

– No, I did not purchase any En+ or UC Rusal shares, although the pricing was attractive. I do not see any logic for a major producing company to have a stake in another large manufacturer unless it intends to merge with it. There might be some other reasons, but definitely not the ones I am aware of. Absent the intention to merge, the company becomes a holder of treasury stock which can be assessed in a number of ways from the financial point of view. For UC Rusal, its stake in **Nornickel** looks like an attractive investment. I think that, in the past five years, dividends from **Nornickel** helped UC Rusal in its drive to improve the financial position. From the production point of view, though, there is no sense in such ownership. So it should either lead to a merger (which, as Oleg and I have agreed, will not bring any synergies) or to a spin-off and a buyback.

Expensive environmental policies

– Your new investment plan already includes a project to utilise sulphur dioxide emissions, the primary metallurgical pollutant. You have decided to produce sulphuric acid, which is less cost-intensive than producing elemental sulphur. How are you going to benefit from this project?

– Environmental protection is probably the hottest topic for us today, as it changes our business mentality (however pretentious it may sound). People have got used to seeing **Nornickel** as the main source of pollution. On our side, we have always tried to make Norilsk a clean city by embracing the green technologies. We had spent a lot of time developing a wide range of ideas before we made our final choice. We had two options: production of elemental sulphur using the technology offered by SNC-Lavalin and production of sulphur acid with subsequent utilisation, a method widely used by other facilities.

At the very beginning of our negotiations with SNC-Lavalin, the project was estimated at USD 2 bn. They did not rush to reveal full implementation costs, but, as the project progressed (with a lot of professionals involved), that number increased to a hefty USD 3.5 bn. Besides, this technology had never been implemented on a similar scale before. What is more, we had no idea where to store the produced elemental sulphur. It is by no means toxic, but it is certainly not the most pleasant thing to look at, which is aggravated by the fact that Norilsk's landscapes are already far from perfection. And finally, the technology relies on Canadian and Italian licenses. While **Nornickel** is not subject to any sanctions, the trend suggests we would rather not rely on a single technology. One can never rule out an unexpected deviation from the existing decision-making logic. Our project is as follows: we produce sulphur acid, neutralise it and use the product – gypsum plaster – as a building material. The latter, however, is still a dream. The programme is estimated at USD 2.5 bn, and this is an investment we will not recoup. But things can no longer be the same, as external pressure is serious. Investors do not want to buy into a metal producer that contributes to pollution. The government and public also keep complaining about the air quality. After all, we ourselves understand that it is not all about money – it is also about creating a decent social environment around you with ecology being a big factor. These effects combined make our project worthwhile, but I expect an economic impact as well. By 2023, when the problem is solved, **Nornickel's** shares will gain access to a major pool of investors – and our equity story will be even more attractive by then. These two factors combined will boost share prices and create a long-term value that may be comparable to or even exceed the cost of the sulphur project. Although I would not put it into a strategic model, the mere fact that we are running this project will be our relief for the next five years.”

– So far you have been mainly referring to the Polar Division. How are you going to tackle the environmental problems at **Kola MMC**, your second production site generating emissions the Norwegians are so unhappy with?

– **Kola MMC** shut down the roasting shop at its sintering plant significantly cutting emissions in Zapolyarny and Nickel towns on the border with Norway. Our next step will be to change the technology and split the produced concentrates into low-grade and high-grade. This is one of the reasons why we are going to reconstruct and upgrade the plant. Low-grade concentrates with a higher sulphur content will be sold to the international markets, as they were to blame for the greater part of emissions that raised justified concerns among residents of the surrounding towns and villages, including in Norway. After fine-tuning the process, we will only smelt the high-grade concentrates. In 2019, when we are done with the modernisation of the production cycle, we will see a two-fold decrease in emissions. However, it is too early to speak about the complete shutdown of the smelting capacities.

– Public pressure, regulatory requirements and investors' reluctance to buy shares – which of these three factors is the most important for you?

– The most important thing for me is to follow my intuition as a businessman and to understand which is the right course of action to take. A businessman's job is to make decisions. Sometimes, these decisions are tough and not welcomed by others. For example, people do not like getting fired. If you gain the upper hand against your peers, they do not like it either. When you succeed, some people get jealous and have other quite natural human feelings. Hence, a person who chooses to do business should learn how to fend off the attacks and achieve the results that could be proudly presented as socially useful. Many people underestimate socially responsible initiatives of business people and refuse to rally behind them. This is absolutely wrong, as public support can help a businessman achieve spectacular results. I have been in business for a long time and I got used to it. I have my own internal motives to do socially useful things, and I try to keep them visible. Charity is the starting point here. It includes the construction of Rosa Khutor Resort, which was more of a social initiative than a business project, or improving the environmental situation in Norilsk, which is a matter of personal responsibility. No one was willing to do it, so we went ahead and did it. It provides a significantly greater incentive compared to other factors. Pressure drives motivation, but it translates into real things only when a person feels the inner urge to do something or

understands that he cannot handle the pressure anymore. In our case, it was the latter one – the combination of inner drive and some pressing external factors that leave no room for delays.

Not only metals

– **Nornickel** has long been the owner of CSKA basketball club. Why does the Company need it? After all, your assets are concentrated on the Taimyr and Kola Peninsulas and in Chita, while CSKA is a Moscow-based club.

– There is a certain intrinsic quality that some business people and businesses possess. I mean the ability to deliver on their promises, keep their word, and be responsible. By acquiring a stake in CSKA, **Nornickel** looked beyond the needs of the city of Norilsk. Currently, the club enjoys nationwide support. **Nornickel** is a national company, and we focus on a number of national projects.

– Is it true that Mikhail Prokhorov wanted to buy the club from you when you were separating your joint assets?

– It was just the other way around. He refused to do it, even though it was his idea [to acquire the club]. It came as a surprise to me that he did not cling on to his brainchild when leaving the Company. You'd better ask him why he did so. But, at the end of the day, CSKA stayed with **Nornickel**. The Company will keep supporting the club as a way to contribute to the national image.

– Is it of any significance to you that Sergei Ivanov, Special Presidential Representative for Environmental Protection, is a devoted fan of your club?

– He is very enthusiastic about basketball, and is a very discerning fan. I really appreciate that a highly esteemed person holding a senior position in the government takes a genuine interest in the project, as, apart from money, one needs personal contacts and expertise to make a project work. I am not a basketball fan and view it as one of **Nornickel's** commitments which is being successfully delivered on to bring joy to a considerable fan base across Russia. It is great to have people like Mr Ivanov who are the driving force behind our initiatives. When someone takes on a project to ride the wave of popularity or please the boss, they are doomed to failure, there is always some kind of a strained feeling about them. This project, however, is a win-win: CSKA enjoys a great popularity in Russia, which makes it rather an exclusive project to sponsor. At the same time, it is sponsored by a person who happens to be a real basketball fan.

– Is it true that Alexander Mamut will pay you for your stake in Rambler for several more years?

– During our negotiations on debt restructuring, Mr Mamut approached me with this idea. I respect him very much, we have known each other for a long time. He promised me that he would meet his obligations. He said me about it and also made a written commitment. For me, it is the end of story. It is the final point of discussion between two people who respect each other. I cannot even imagine him failing to meet his obligations.

– When will be the last payment?

– I do not remember. I have already forgotten about it. Generally, I believe that the agreement shall mark the end of the negotiations rather than trigger new ones.

– How did it affect Petrovax Pharm that flu vaccines are now supplied by a Rostec company?

– In a positive way. Since prices for the supplies were not indexed, they soon became unprofitable. After Petrovax had discontinued these supplies, it had a positive impact on the company's balance sheet. I cannot say whether it is good or bad. Sometimes it is better to wait for a while and maintain your position in the market so as to resume this kind of supplies during another uptrend. As of now, this development had a positive impact on EBITDA. We are currently negotiating broad spectrum vaccines with our partners. It is of interest for the

National Immunisation Schedule, and we might bring this offering to the market. Our another 13-valent pneumococcal vaccine has been successfully used under the National Immunisation Schedule and is also being actively promoted to Belarus, Kazakhstan and Iran. This makes me think that this is a powerful and viable project since it is in demand in other markets. Over half of the company's revenue comes from commercial sales. Therefore, I see Petrovax as a successful investment. Even in the weaker rouble environment, it managed to maintain its profitability, market share, commercial sales, and even managed to tap into foreign markets.

– Which businesses are you looking at now?

– Everything about digital economy, cloud computing and related services. Everything about blockchain. I believe that blockchain technologies are a real honeypot for business as they can be applied to so many processes. It crossed my mind just recently but even I can clearly see that blockchain, for example, can make the process of registering real estate or storing medical or notarial records perfectly safe and reliable. No doubt, authorities will treat it with caution, people are always afraid of migrating from paper to electronic media. It is also true about management and production processes in any company. Just imagine that all processes are equipped with sensors automatically sending real-time data to the central system. Such operations do not require human involvement, which is a step towards robotisation and major decentralisation of processes. We – here I mean Interros, which has recently been rather unattended, rather than **Nornickel** – will soon be engaged in digitalisation and blockchain projects. To gain some hands-on experience with it, we made some minor investments in the US assets and looked into data centre operations. Over the past ten years, we have developed certain expertise. We are waiting for a period when it can be effectively applied in Russia.