**Investment Offer**

1. **General information about the project**
2. **Project name:** The production of heat-exchangers with the «Nocolok®» technology in the Republic of Belarus.
3. **Project branch:** Automotive industry.
4. **Project location:** Borisov town, Minsk province, Belarus.

|  |  |  |
| --- | --- | --- |
| 1. **Project description** (the essence of the investment project, prerequisites, goals, what is expected from investor, why can the project be of interest to investor) | | |
|  | The main idea of the project is the creation of the enterprise for the production of aluminum heat exchanger with «NOCOLOK»® technology for replacement of foreign suppliers of this product in the territory of the Republic of Belarus. |  |
|  | For long time copper-brass heat exchangers were prevailed in systems of engine cooling and saloon heating and air conditioning. In recent years, in the production of automotive engineering greatly increased usage of aluminum heat exchangers because of their lower weight for the same dimensions and comparable thermal performance, lower cost of raw materials and the finished product. |  |
|  | The aim of the project - the creation of a modern enterprise for the production of marketable competitive products - aluminum heat exchangers that meet international quality standards of the automotive industry. |  |
|  | The implementation of the investment project will consist of three phases:  During the first phase of the project is planned to organize the assembly of heat exchangers with annual capacity up to 80 thousand pcs.  The second phase of the project will allow mass production of heat exchanger with NOCOLOK® technology providing the level of localization not less than 75% at the capacity of 100 thousand pcs per year.  As final stage is considered the increasing the capacity up to 200 thousand per year after the purchasing of additional technological equipment (SECO / WARWICK continuous furnace ActiveOnly ™ series or analog).  The total amount of the investment will be 11.7 million USD including the financial costs. |  |

1. **Degree of the project readiness** (availability of business plan, feasibility study, marketing research or other preparatory work/studies carried out (in progress)

|  |
| --- |
| Carried out the marketing research of heat exchangers in the Republic of Belarus and the Russian Federation;  Finished the feasibility study;  Carried out the analysis of technical and economic parameters of the required technological equipment and raw materials;  Developed the business plan of the project. |

1. **Information about the project initiator**
2. **Organization full name:** Joint-stock company “BATE” – managing company of the Holding “Automotive components”
3. **Registration date:** 24.11.2011
4. **Authorized fund structure, %:**

|  |  |
| --- | --- |
| Legal entities: | Share |
| - state ownership form | 99.0 |
| - private ownership form | 0.1 |
| Individuals | 0.9 |

1. **Description of the market of the product intended for manufacture**
2. **Description of the product intended for manufacture**:
3. Product name and description**:**

* Engine cooling radiators;
* Lubricant cooling radiators for internal combustion engines and hydraulic systems;
* Intercoolers;
* Saloon heaters radiators.

1. Main consumers**:**

Manufacturers of cars, trucks, tractors, off-road vehicles, vehicles for construction and road-building, harvesters etc:

* “MAZ” JSC – managing company of the holding “BELAVTOMAZ”;
* “MTZ” JSC;
* “Gomselmash” PA;
* “BelGee” CJSC;
* “Lidselmash” JSC.

1. Main competitors (producers of similar product performance goods):

* “Buguruslansk plant "Radiator"” JSC, Russia;
* “Lihoslavlsk radiator plant” JSC, Russia;
* “Shadrinsk Aggregates Plant” JSC, Russia;
* AKG Group, Germany;
* “Orlandi Giorgio E C. SNC”, Italy.

1. **Domestic market description**
2. Current market capacity (over the latest reporting period) 25,0 million USD
3. Prospective domestic market share: 90 %
4. Strategy for operating in the domestic market:

lower prices

better product quality

better service

state support (protection from import, guaranteed state

public purchases and other support)

other (specify)

1. State regulation (price regulation, licensing of the activities etc.): No state regulation.
2. Return on sales (%): 12 (in 2017 year);
3. Market concentration degree (approximate total market share of five largest market players, %): 90.
4. other (specify): –.
5. **External market description**

|  |
| --- |
| **1.** Estimated sales volume distribution by core regions, %: |
| |  |  |  |  | | --- | --- | --- | --- | | EEU countries (Eurasian economic union) | Incl. Belarus market | EU countries | Other countries | | 100 | 70 |  |  | |

1. Does the company have experience in exporting to these countries**:**   yes;  no
2. Do other Belarusian producers export these products to the main target markets?

yes;  no

1. **Description of available infrastructure**

**Railways and motor drive ways:**

company’s own branch railway

Belarusian Railway line (distance from the site, km): 2 km

state motor roads (distance, km): 0.5 km

other roads with improved surface (distance, km): 0 km

**Communications:**

electricity network (voltage: 220/380 V, distance, km: 0 km)

water pipeline

gas pipeline

**Land plot and manufacturing facilities:**

land plot availability (area: 110 000 sq.m, purpose of use: Industrial zone.)

presence of constructions (area: 52 000 sq.m, purpose of use: Prodcution, warehouse, administration, other)

**Other infrastructure:**

 warehouses, logistics terminals (area: 20 000 sq.m, description: Indoor, outdoor)

 possibility of production expansion and installation of additional production capacities

 possibility of construction of the necessary infrastructure via state budgetary financing (description: – )

Other (specify): –.

1. **Key advantages of the project**

Short description of each is expected:

 developed brand: Registered trade mark BATE.

 profiled staff: “BATE” JSC in automotive business since 1958

 supply chain of raw materials and components: centralized purchasing in holding structure.

 (commodity) distribution network: centralized sales in holding structure.

 guaranteed volume of orders:

 presence of valid patents, licenses, permits:

 provision of benefits within the project implementation: preferential taxation, customs preferences from Free Economic Zone

 core partners:

 other (specify):

1. **Project financing**

**A. Total investment amount:** 11,7 million USD

**B. Investment sources** million USD**:**

|  |  |  |
| --- | --- | --- |
|  | Source | Amount |
|  | Own resources | 4.8 |
|  | Investor’s resources | 6.9 |
|  | State financing |  |
|  | Grants |  |
|  | Long-term loans |  |
|  | Short-term loans |  |
|  | Other (specify): | |
| Total: | | 11.7 |

**С. Investment resources allocation:**

research and development

infrastructure development

construction

purchase of real estate

purchase of equipment, technologies, licenses

preparation of production

working capital financing

other (specify):

1. **Form of investor participation in the project:**

|  |  |  |
| --- | --- | --- |
| Forms of investor participation | | Investor’s share in authorized fund under the intended participation form, % |
|  | Contribution to the authorized fund of a newly established enterprise | more than 50 |
|  | Purchase of shares (share in the authorized fund) of the existent enterprise |  |
|  | Purchase of the enterprise as an asset complex |  |
|  | Additional issue of shares for selling to investor |  |
|  | Other (specify): | |
|  |  |

1. **Preliminary indicators of the project efficiency**

|  |  |
| --- | --- |
| Indicator | Value |
| Annual revenue (million USD, excl. of VAT, after reaching the project capacity) | 45 |
| Period for reaching the project capacity, years | 3 |
| Pay-back period, years | 4 |
| Dynamic pay-back period, years | 5 |
| NPV\*, million USD | 4,49 |
| IRR\*, % | 29,3 |
| Discount rate, % | 25 |

\* IRR and NPV are indicated as of year 6 of the project implementation.

1. **Contact information**

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