



## MANUFACTURING OF CHILD SAFETY SEATS

### PROJECT

There is provided a project on launching **production of child safety seats**.

Prerequisites for the project implementation:

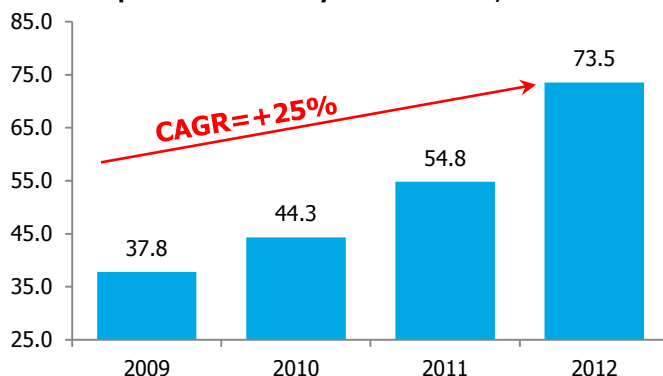
- There has been a considerable birth rate growth in Russia over the last decade – annual average growth rate was **3,3%**.
- Russia is among **top 10** importers of child safety seats in the world, the imports in 2012 totaled more than **USD 73 mn**.
- App. **3 mn** people are annually born in the Customs Union countries and Ukraine.
- Russia's car fleet in 2012 totaled **38,7 mn** cars, growing over 2009-2012 by **5,4%** a year on average.
- Capital expenditures for the project may total **USD 5-10 mn**, payback period is about **4-5 years**, IRR – **18-22%**.

### MARKETS

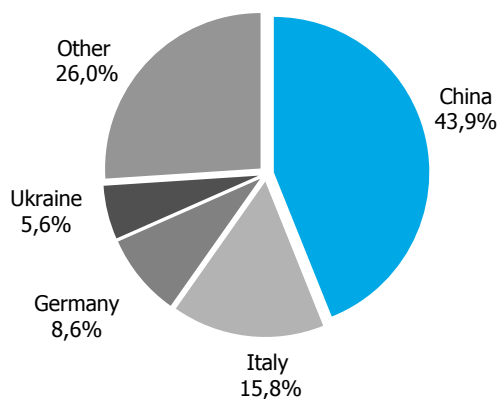
#### Customs Union market and Ukraine:

- Russia is among **top 10** importers of child safety seats in the world (the imports in 2012 totaled **USD 73,5 mn**), lagging far behind the USA (USD 734 mn) and many EU countries – Germany (USD 220 mn), France (USD 195 mn), Great Britain (USD 146 mn).
- Annual average growth rate of child safety seats imports in Russia over 2009-2012 totaled about **25%**.
- Aggregated imports of child safety seats in Belarus, Ukraine and Kazakhstan totaled more than **USD 12,5 mn** in 2012.
- China - world's largest exporter of child safety seats (exports in 2012 – more than **USD 880 mn**) – accounts for **43,9%** in the Russia's child safety seats import structure, being the major exporter.

Imports of child safety seats in Russia, USD mn



Child safety seats import structure in Russia



## MARKET OPPORTUNITIES

### Global opportunities:

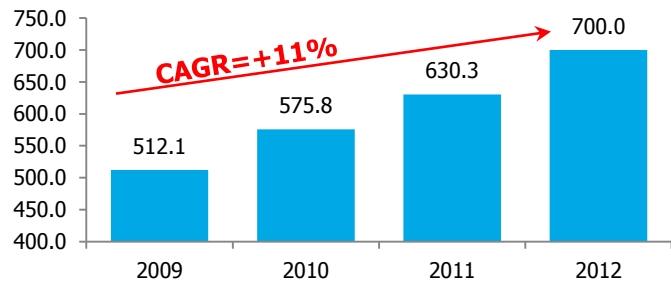
- Demand for higher level of car safety – mainstream on the global automobile market.

### Local opportunities:

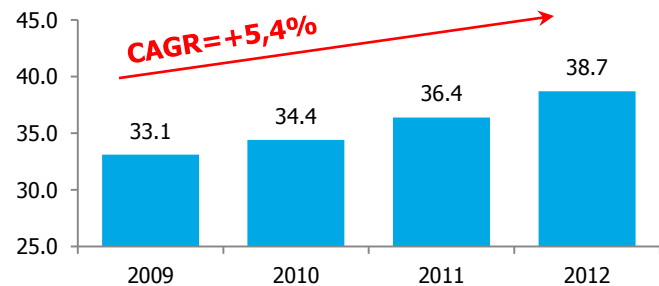
- Weight average birth rate in the Customs Union countries and Ukraine totals **13,6** people per 1000, which means that annually about **3 mn** people are born in these countries, moreover during the past years this number is only increasing.
- In 2012 number of cars in Russia amounted to **38,7 mn**, annual average growth rate over 2009-2012 totaled **5,4%**.
- Increase in birth rate by 1% leads to about USD 10 mn inflow to the market, inc. due to growth of average expenses for children.
- According to Baby-goods industry association, potential capacity of baby-goods market in Russia is estimated at **USD 25-30 mn**, which is explained by change in consumer preferences.
- An important driver for growth of expenditures for baby-goods is per capita income – in 2012 it totaled **USD 700** in Russia, annual average growth rate of income over 2009-2012 was **11%**.
- Over the past 13 years there is a considerable increase in birth rate growth in Russia – from 8,7 people per 1000 in 2000 to **13,2** in 2013, annual average growth rate was **3,3%**.

Country	Population, mn	Birth rate, per 1000	Increase, mn
Ukraine	45,6	11,4	0,520
Russia	143,5	13,3	1,909
Kazakhstan	16,8	22,7	0,381
Belarus	9,5	12,5	0,119
Total	215,4	13,6	<b>2,929</b>

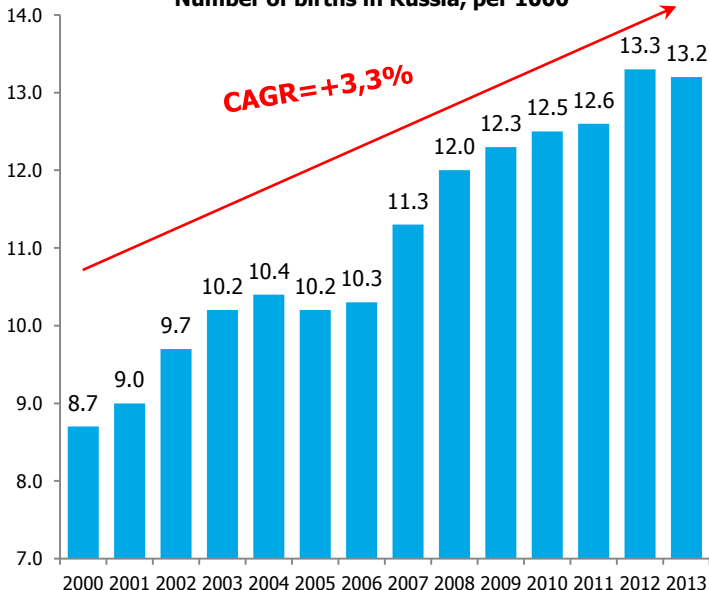
### Per capita income in Russia, USD



### Number of cars in Russia, mn



### Number of births in Russia, per 1000



## INVESTMENT OPPORTUNITIES

- Capex for the project may total **USD 5-10 mn**.
- Payback period is about **4-5 years**.
- IRR varies within **18-22%**.

## POTENTIAL INVESTORS

- **Strategic investors** – global companies (Chinese, in particular) with appropriate technologies and experience in manufacturing of child safety seats.
- **Forward integration** – companies engaged in the industries which are key consumers of child safety seats – wholesale and retail baby-goods chains, as well as accessories for cars.