



MANUFACTURING OF FILTERS FOR AUTO

PROJECT

There is provided a project on **launching production of filters for automobiles** (air, oil, fuel).

The project is worth implementing due to the following factors:

- Imports of parts and components for motor vehicles in Russia in 2012 totaled more than **USD 10,8 bn** and grew by **57%** on average annually over 2009-2012.
- Number of oil filter is projected to increase equally to the number of cars.
- Global auto parts market is projected to reach **USD 900 bn** by 2020 (in 2008 – app. **USD 675 bn**).
- Capital expenditures for the project are estimated at **USD 10-15 mn**, payback period is about **3-4 years**.

MARKETS

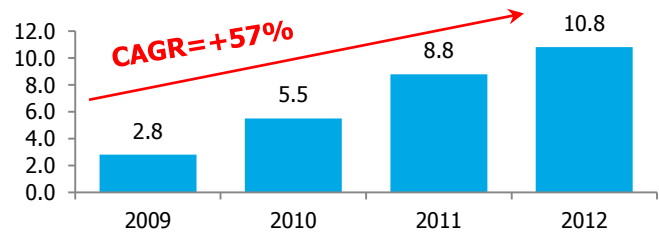
Customs Union market:

- In 2012 Russia imported parts and components for motor vehicles to the value of more than **USD 10,8 bn**, annual average growth rate of the imports totaled **57%**.
- Imports of air filters in Russia in 2012 totaled more than **USD 144 mn**, annual average growth rate over 2009-2012 was **28%**.
- Imports of oil and fuel filters in Russia, exceeded USD 240 mn in 2012, annual average growth rate was **25%** over 2009-2012.

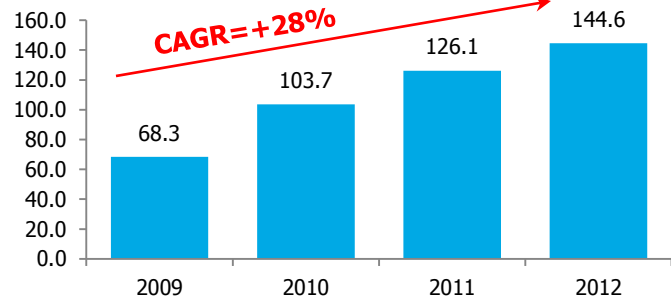
Internal market of Belarus:

- In 2012 Belarus imported parts and components for motor vehicles to the value of more than **USD 393 mn**, annual average growth rate of the imports over 2009-2012 totaled **24%**.

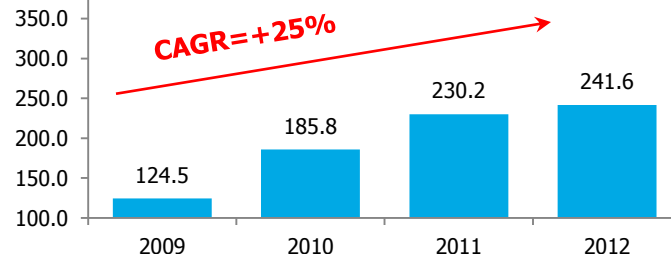
Imports of parts and components for motor vehicles in Russia, USD bn



Imports of air filters in Russia, USD mn



Imports of oil and fuel filters in Russia, USD mn



MARKET OPPORTUNITIES

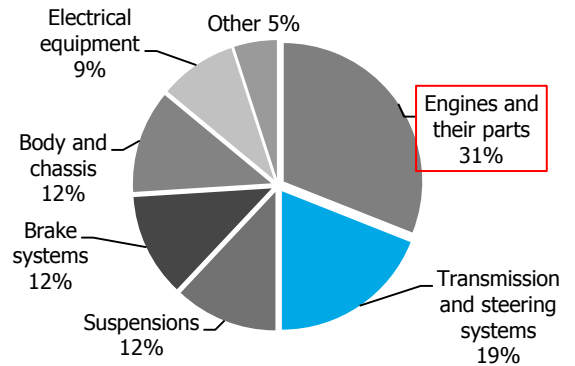
Global opportunities:

- According to Roland Berger, world auto parts market is projected to reach **USD 900 bn** by 2020 (in 2008 – USD 675 bn).
- Annual average growth rate of car manufacturing over 2011-2018 – **5,3%**, projected output in 2018 is **USD 106 mn**.
- 83%** of global car market growth over 2011-2018 will be generated by rapidly developing economies (BRIC).
- In the near 8-10 years automobile filters market will increase in proportion to number of cars, saturation will come no earlier than 2020-2022.

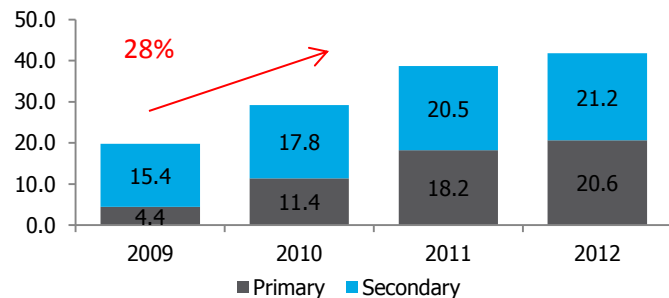
Local opportunities:

- In 2012 auto parts market in Russia reached **USD 41,8 bn**, annual average growth rate over 2009-2012 was **28%**. There has been a significant change in the market structure – in 2009 primary market accounted for 22%, in 2012 – **49%**.
- More than **2,8 mn cars**, out of which **73%** – foreign brands assembled in Russia, are projected to be manufactured in 2016 in Russia.
- In spite of continuing growth, Russian car industry is underdeveloped, which is caused by the following factors:
 - Low competition and low product quality;
 - Underinvestment in advanced technologies;
 - Decrease in import duties and possibility to import auto parts at low tariff.

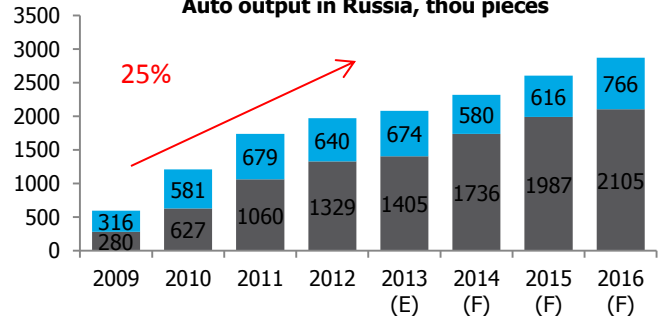
Global auto parts market structure



Auto parts market in Russia, USD bn



Auto output in Russia, thou pieces



INVESTMENT OPPORTUNITIES

- IRR проекта колеблется на уровне **22-28%**.
- Capex for the project may total **USD 10-15 mn**.
- Payback period is about **3-4 years**.
- IRR varies between **22-28%**.

POTENTIAL INVESTORS

- Strategic investors** – companies with appropriate technologies and experience in auto parts manufacturing.
- Forward integration** – companies engaged in the industries – key auto parts consumers (automobile industry, auto parts distributors, etc.).

Auto manufacturing in BRIC countries in 2018, mn pieces

