



## MANUFACTURING OF PLASTIC AUTO PARTS

### PROJECT

There is provided a project on **launching production of plastic auto parts** (bumpers, dashboards, etc.)

Project attractiveness is preconditioned by the following:

- 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.
- Usage of plastics in automobile construction helps decrease its weight by 15-30%, reduction in weight by 100 kg, in its turn, leads to decrease in fuel consumption by 0,5 litres per each 100 km.
- Plastic auto parts market in Russia totals around **USD 1 bn**.
- 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 30-40 mn**, payback period is about **4-5 years**.

### MARKETS

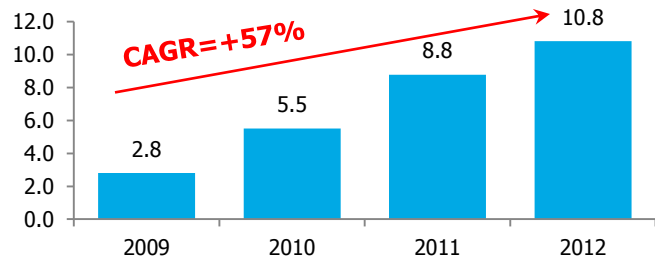
#### Customs Union market:

- 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%**.
- Russian car industry is characterized by developed car assembling, auto parts manufacturing, in its turn, is still poorly developed segment of car industry in Russia.
- Plastic auto parts market in Russia grows by **20-30%** a year due to localization of foreign car assembly, market volume is around **USD 1 bn**.

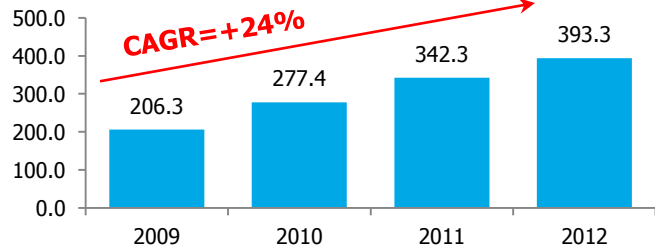
#### Internal market of Belarus:

- 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%**.

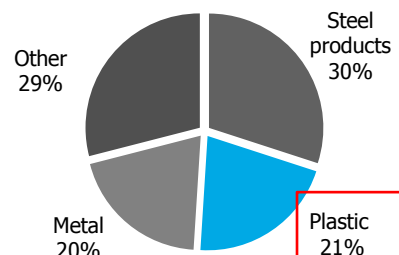
Imports of parts and components for motor vehicles in Russia, USD bn



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



Materials used in automobile construction



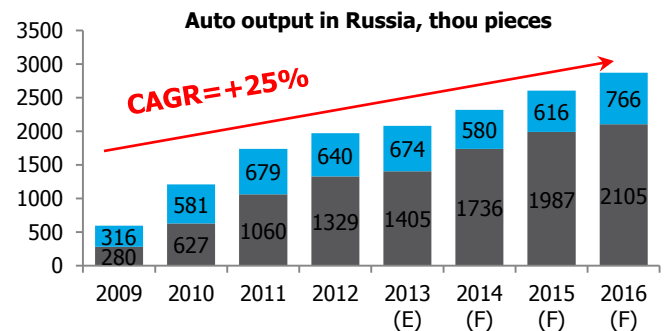
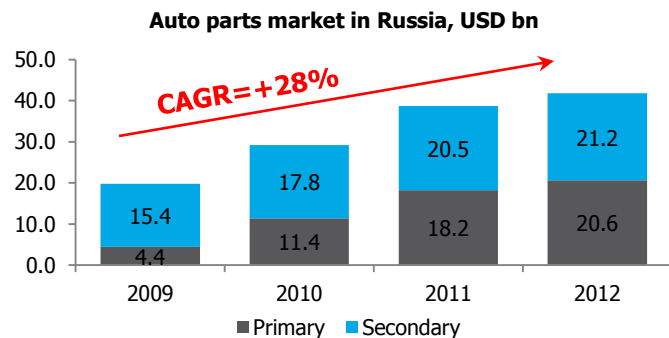
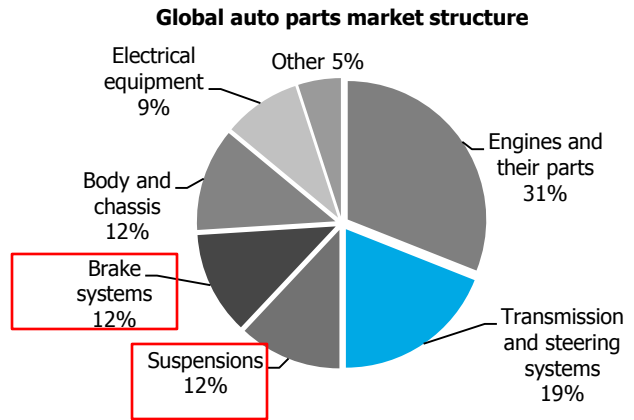
## MARKET OPPORTUNITIES

### 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).
- Usage of plastics in automobile construction helps decrease its weight by 15-30%, reduction in weight by 100 kg, in its turn, leads to decrease in fuel consumption by 0,5 litres per each 100 km.
- Almost three fourths of interior trim is made of plastics, synthetic films, fabrics, synthetic leather.

### 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.



## INVESTMENT OPPORTUNITIES

- Capex for the project may total **USD 30-40 mn**.
- Payback period is about **4-5 years**.
- IRR varies between **18-22%**.

## 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.).
- Backward integration** – companies engaged in the industries – main plastics suppliers (petrochemical, etc.).

### Auto manufacturing in BRIC countries in 2018, mn pieces

