



MANUFACTURING OF STROLLERS

PROJECT

There is provided a project on **building a stroller manufacturing plant**.

Prerequisites for the project implementation:

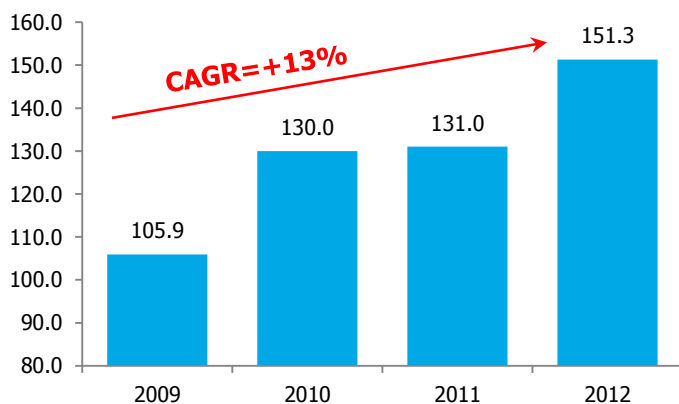
- There has been a considerable birth rate growth in Russia over the last decade – annual average growth rate was **3,3%**.
- Russia is the **3rd** importer of strollers in the world, the imports in 2012 totaled **USD 151,3 mn**.
- App. **3 mn** people are annually born in the Customs Union countries and Ukraine.
- Potential capacity of baby-goods market in Russia is estimated at **USD 25-30 mn**, which is explained by change in consumer preferences.
- Capital expenditures for the project may total **USD 5-10 mn**, payback period is about **4-5 years**, IRR – **18-22%**.

MARKETS

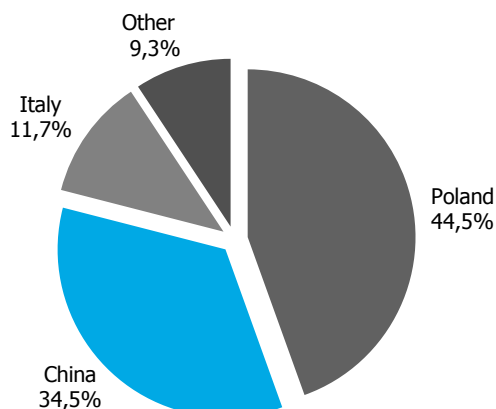
Customs Union market and Ukraine:

- Russia is the 3rd importer of strollers in the world (the imports in 2012 totaled **USD 151,3 mn**), being inferior only to the USA (**USD 303 mn**) and Great Britain (**USD 174 mn**).
- Annual average growth rate of strollers imports in Russia over 2009-2012 totaled about **13%**.
- Aggregated imports of strollers in Belarus, Ukraine and Kazakhstan totaled more than **USD 30 mn** in 2012.
- China - world's largest exporter of strollers (exports in 2012 – more than **USD 1 bn**) – accounts for just **34,5%** in the Russia's strollers import structure, being inferior only to Poland (**44,5%**).

Imports of strollers in Russia, USD mn



Strollers import structure in Russia



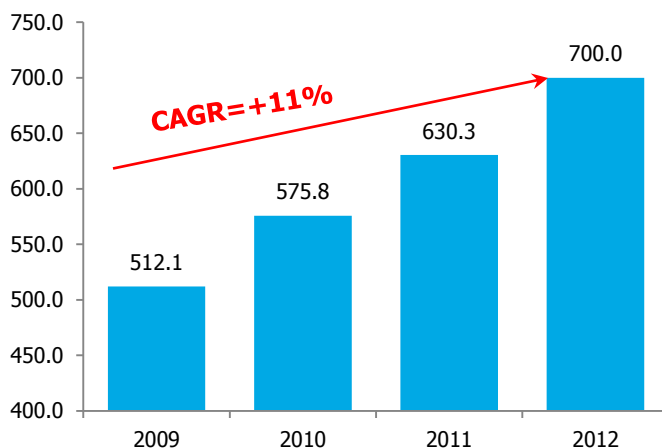
MARKET OPPORTUNITIES

Regional opportunities:

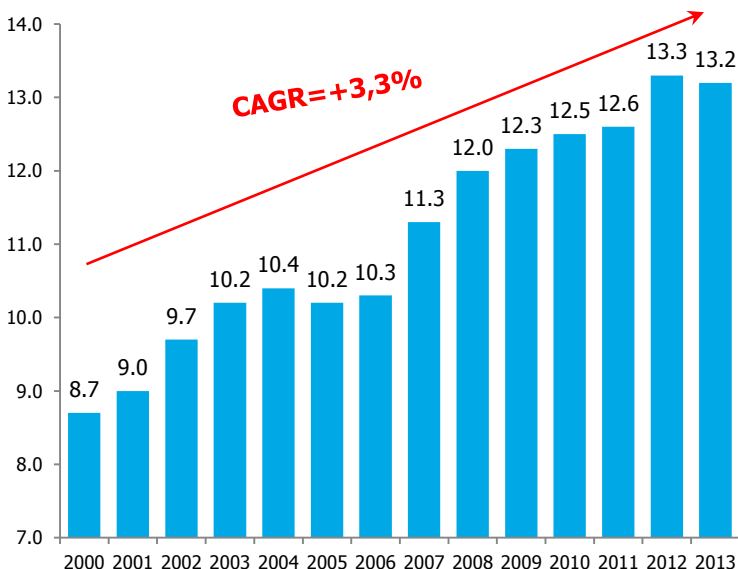
- Weight average birth rate in the Customs Union countries and Ukraine totals **13,6** people per 1000, which means that annually about **3 mn** people are born in these countries, moreover during the past years this number is only increasing.
- Baby-goods market in Russia is estimated to have grown by **9%** to **USD 14 bn** in 2013.
- 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%**.
- According to research data, parents don't tend to pay attention to the brand of the products for children in 0-4 years old group.

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	2,929

Per capita income in Russia, USD



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, Polish, in particular) with appropriate technologies and experience in manufacturing of strollers.
- Forward integration** – companies engaged in the industries which are key consumers of strollers – wholesale and retail baby-goods chains.