



## PRODUCTION OF PLASTIC PACKAGING

### PROJECT

There is provided a project on **building a modern plant producing plastic and polymer packaging.**

The project is high-opportunity due to the following reasons:

- Growth in usage of plastic packaging in the world **from 18% to 21%** during 2010-2012.
- Growth of demand for plastic packaging is expected to exceed world GDP growth **by 2%-2,5%** in the near 3 years and to be the fastest growing packaging segment.
- Global consumption of flexible plastic packaging in the segment of meat products is projected to increase by **46,5%** by 2016 (as compared to 2011), in food industry on the whole – by **24,7%**.
- 2012 Russia imported plastic packaging to the value of **USD 570 mn** with imports growing over the last 4 years by **16%** a year on average.
- Plastic packaging market in Russia is estimated at app. **USD 2,2-2,7 mn.**
- Capital expenditures are expected at the level of **USD 10-15 mn** with payback period of **3-4 years** and IRR **17-20%**.

## MARKETS

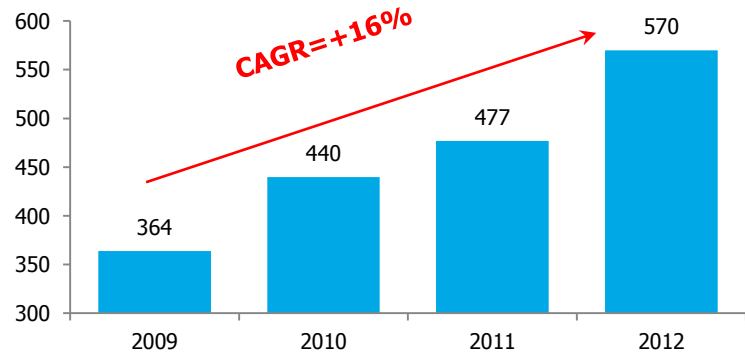
### Customs Union market:

- Imports (in money terms) of plastic packaging in Russia over 2009-2012 grew by **16%** on average.
- Owing to its distinctive features, plastic packaging is forcing other packaging types out of food, perfumery and pharmaceuticals sectors, since these sectors require adherence to specified hygienic rules.
- In 2012 Russia's imports of plastic packaging from Belarus totaled **USD 110 mn** – thus the latter was the largest importers with share of almost **20%**.

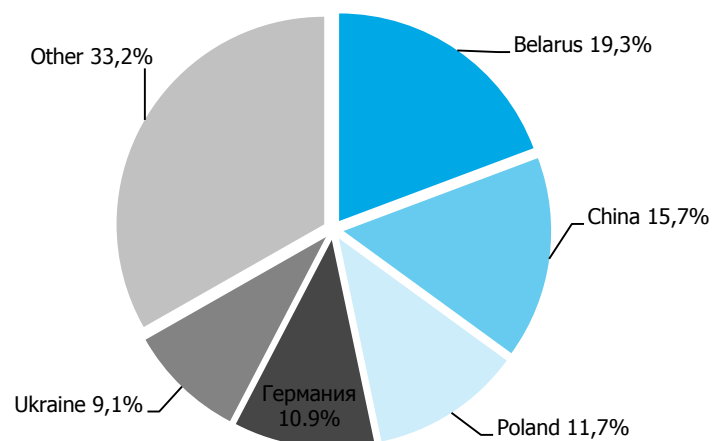
### Internal market of Belarus:

- Belarus is one the major foods exporters in the world – its exports total about **USD 3-4 bn** (more than a half – to Russia).

Imports of plastic packaging in Russia, USD mn



Imports structure of plastic packaging in Russia, 2012



## MARKET OPPORTUNITIES

### Global opportunities:

- Share of wooden and metal packaging, as more heavy, is falling (**from 20% to 15%** and **from 8% to 5%** respectively), since its usage considerably increases transportation costs.
- There is a trend of increase in the market share of paper packaging (**from 35% to 40%**) and plastic (**from 18% to 21%**).
- Demand for the "ready for shelf" packaging is expected to grow by **40%** by 2016, and the bulk of the growth - to be account for by plastic packaging.
- As projected by Pira International, by 2016 the fastest growth in consumption of flexible plastic packaging will be shown in the following segments – **meat products (46,6%), refrigerated foods (36,2%)** и **fruit and vegetables (34%)**.

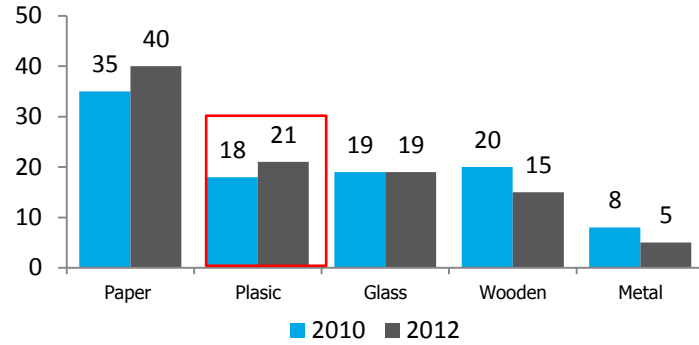
### Local opportunities:

- According to Russia's Strategy in food and processing industries, by 2020 foods production will grow by **1,4** times (compared to 2010), or **3-5%** a year. Major plastic packaging consumers – meat and meat foods production industries – are projected to have higher growth rates.
- In 2012 exports of meat products in Belarus exceeded **USD 1 bn**, annual average growth rate of export over the past 4 years amounted to **29%**.
- In 2012 exports of dairy products in Belarus totaled almost **USD 1,9 bn**, annual average growth rate of export over the past 4 years amounted to **22%**.
- Per capita food products consumption in Russia is **170 kg** which is far less than in many European countries, where this indicator exceeds **250 kg**.

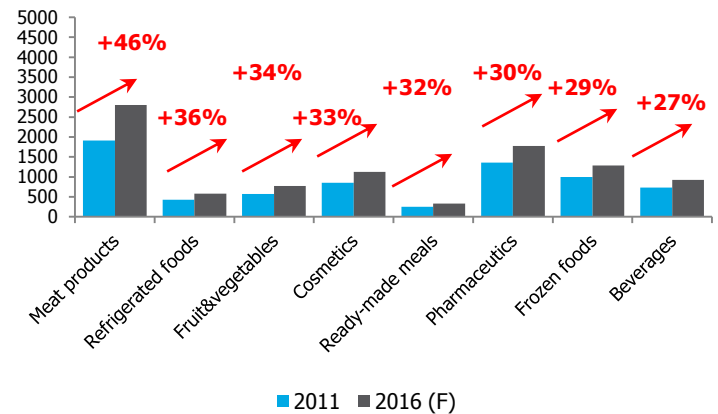
## POTENTIAL INVESTORS

- Strategic investors – companies with appropriate technologies and experience in plastic packaging production, focused on production localization and entering promising Customs Union market.
- Forward integration – companies engaged in industries-main consumers of plastic packaging (foods, chemistry, pharmaceuticals, perfumery, etc.).
- Backward integration – companies engaged in the industries – key suppliers of raw materials for plastic packaging production (petrochemistry).

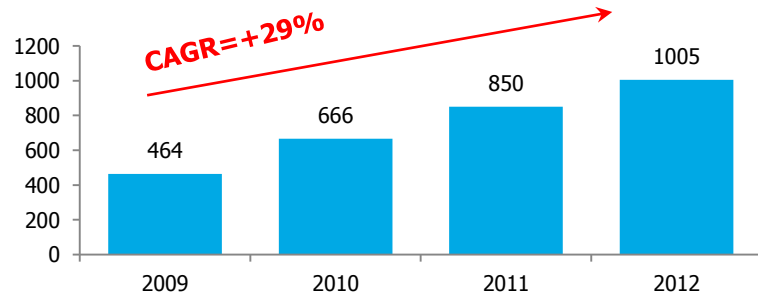
Major types of packaging application structure, %



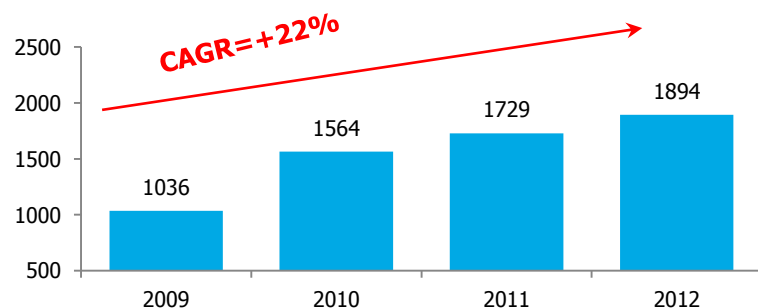
Global flexible plastic packaging consumption by industries



Exports of meat products in Belarus, USD mn



Exports of dairy products in Belarus, USD mn



## INVESTMENT OPPORTUNITIES

- Capex for the project may total **USD 10-15 mn**.
- Payback period is about **3-4 years**.
- IRR varies within **17-20%**.