

Project for the Production of Sodium Carbonate from Sodium Sulphate Raw Materials of Natural Origin

Market preconditions:

- **High concentration of consumers in the Siberian Federal District** — container glass plants
- **Low concentration** of producers and **high concentration** of container glass buyers.
- **Source of raw materials:** the only source of raw materials in Siberia, Lake Tanatar, is located in the Altai Territory.

Proposal:

Participation in the equity capital of the holding company to finance the construction of a plant for the production of sodium carbonate.

Project results:

Implementation of this project will make it possible to occupy a 10% share of the Russian market.

The profitability of shipments to consumers located between the Urals and the Far East, as well as to consumers located in Asian countries (Kazakhstan, Kyrgyzstan, and India) will increase due to the logistical competitive advantage.

Key parameters of the project:

Implementation period:	7 years
Project budget:	RUB 3 billion
CAPEX:	RUB 2.7 billion
IRR:	29%
NPV:	RUB 2.7 billion
Profitability:	50 %
Payback period:	4 years

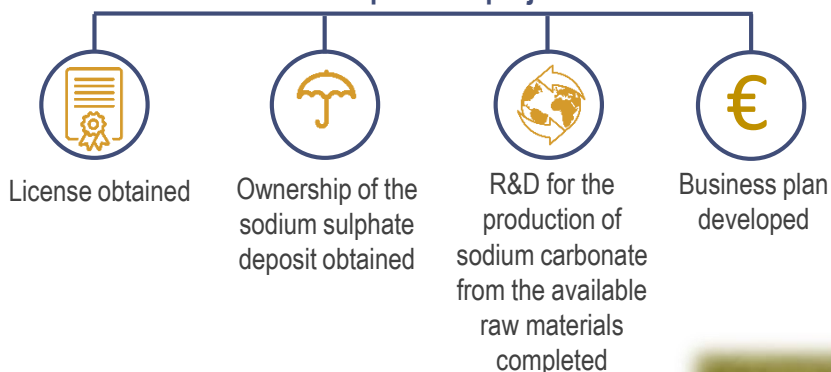
Financial indicators:

EBITDA:	RUB 1.8 billion a year.
Sales:	150,000 tonnes per year
Revenues:	RUB 2.1 billion a year.
Form of investment:	<ul style="list-style-type: none">▪ Loan financing▪ Equity stake in the project: 30–50%
Target areas for use of investment:	<ul style="list-style-type: none">▪ CAPEX

Favourable factors for the implementation of the investment project

- Sodium carbonate consumers are highly concentrated in the Siberian Federal District (20% of demand across the RF = 540,000 tonnes per year).
- The transport leg for delivery from alternative sodium carbonate suppliers (Bashkiria and the Republic of Crimea) is quite long compared to the distance from the Novosibirsk Region.
- The current largest supplier of sodium carbonate (~60% of market share) practically holds a monopoly position in the market.
- Local government in the Altai Territory and Novosibirsk Region are extremely interested in the implementation of this project.
- Sodium carbonate exports from the Russian Federation to Kazakhstan, Kyrgyzstan, and India are growing.
- The convenient location of the future enterprise will allow for optimal use to be made of logistical advantages both within the Russian Federation (supplies to the Siberian Federal District and the Ural Federal District) and in export supplies (Kazakhstan, Kyrgyzstan, and India).

Current phase of project:



Project support from:

AO AIR

an organisation specialising in attracting investments and working with investors

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