

# Project for Integration of Glass Assets into the Russian Market

## Market preconditions:

- **Low asset value** due to significant debt burden and low profitability.
- **Low concentration** of producers and **high concentration** of container glass buyers.
- **Unique opportunity:** Deficit of capacities that were previously in excess in 2018–2019.

## Proposal:

**Participation in the equity capital** of the holding company to finance the consolidation of the container glass industry of the Russian Federation for the total amount of RUB 16 billion, including the acquisition of target companies for the amount of RUB 11 billion.

## Favourable factors for the implementation of the investment project

- Availability of specific agreements for the purchase of controlling stakes from potential sellers.
- Low asset value.
- Low concentration of container glass producers.
- Deficit of production capacities expected in the next two years.
- High concentration of container glass buyers.
- General availability of modern equipment. Minimal cost of repairs and upgrade.

## Project results:

Glass Holding will occupy a 40% share of the Russian Federation container glass market, becoming a market leader in terms of production volumes, and will operate in all federal districts of the Russian Federation.

As the concentration grows, dumping will be eliminated, which will result in a capacity utilisation increase from 65% to 95%, a reduction of the cost price, and an increase in the price of the finished product (container glass).

### Key parameters of the project:

Implementation period: **7 years**

Project budget: **RUB 16 billion, of which RUB 12 billion still to be attracted.**

CAPEX: **RUB 5 billion**

IRR: **39%**

NPV: **RUB 11.4 billion**

Profitability: **37 %**

Payback period: **4 years**

### The Holding Company's financial indicators for container glass asset management:

EBITDA: **RUB 8.2 billion a year.**

Sales: **5.4 billion pieces a year.**

Revenues: **RUB 35.7 billion a year.**

Net debt: **n/a**

Target areas for use of investment:

- Acquisition of assets
- Prompt repair
- Working capital

### Current phase of project:



Specific agreements for the purchase of stakes available



EBITDA of the Holding's container glass asset: RUB 600 million a year  
Sales: 610 million pieces



Team of professionals, including international experts, formed



Business plan developed

## Project support from:

### AO AIR

an organisation specialising in attracting investments and working with investors

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