

"THERMIKS" Ltd.

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Management: V. Sandler, chief executive,
Y. Gonikman, production director,
A. Kolushov, head of CAD systems and mathematical modeling department,
M. Gorodinsky, chief designer

Employees: 30 full time employees, 15-20 free-lancers

Previous financing: \$ 240 000

Current financing: Internal sources

Requested investment: \$ 600 000

Use of the requested investment: purchase of equipment for retooling of the production department.

Company Description:

The firm was founded in 1991 by a group of the National Electrothermal Equipment Research Institute (VNIETO) top specialists. " THERMIKS " has a research and a design department. We own a production plant with pilot production in Moscow on the premises of the Scientific and Research Center "Kurchatovsky institut" and mass production in Shatura, Moscow region (the Institute of LAZER and Information Technologies attached to the Russian Academy of Science). Every year we develop up to 10 new modifications and produce about 1000 electric furnaces. Developing our new equipment we use computer aided design and modeling. "THERMIKS"'s production has been repeatedly awarded prizes on international exhibitions. It is covered by patent and protected by registered trademarks.

Our strategic goal is to increase production volumes, to satisfy the present demand on laboratory electric heating equipment, to launch high-technology production, to displace import of low temperature electric furnaces, to restore export of electric heating equipment to India and Pakistan etc.

Field and Directions of Activity:

Design and manufacture of industrial and laboratory electric furnaces, resistance-type and inductive installations for all industries, all types of laboratories and non-standard research equipment.

Products/Services/Technologies:

We manufacture a new generation of SNOL-type drying cabinets; EK -series chamber electric furnaces for glass bending; EKS-series chamber electric furnaces with forced air circulation, chamber and shaft electric furnaces for heat and chemicothermal treatment, EVP electric furnaces with car-type bottom for baking of ceramics and art pottery, heat treatment of metal goods, glass, decollage, sintering of bonded abrasives, vacuum furnaces and controlled-atmosphere furnaces, non-standard equipment and special equipment including equipment for applied research.

Management Team:

Our founders (6 individual persons with equal shares) include: Vladimir Yu. Sandler, CEO, M.S. in Physics, the former head of VNIETO CAD systems and mathematical modeling department (experience of work in the industry - 28 years), Yakov I. Gonikman -, production director, author of 37 inventions on electric heating equipment, prior to joining Thermiks worked as a chief electric engineering and automatics designer in VNIETO, Alexander V. Kolushov - the head of the CAD systems and mathematical modeling department, M. S. in Physics and Mathematics, author of 20 scientific works, prior to joining Thermiks haede a laboratory in VNIETO,

(experience of work in the industry - 26 years).

Our chief designer is Mikhail S. Gorodinsky, a Moscow's honored inventor, author of 42 inventions in rocket and aerospace equipment and electric heating, prior to joining ThermIKS worked as a chief designer in VNIETO, (experience of work in the industry - 40 years).

Markets/Competition:

An annual volume of laboratory electric furnaces and drying cabinets in Russia amounts to \$5 000 000 given that the economic situation is stable. In the former USSR the only supplier of such equipment was the Laboratory electric furnaces plant in Utena, Lithuania (presently "Utyanos Elektrotekhnika", j.-s. c.), with working drafts developed by VNIETO in 1980-s.

Until August 1998 Russia's demand in electric furnaces and drying cabinets was largely satisfied by import from Lithuania. The scientific and industrial firm "ThermIKS" has acted as a dealer of "Utyanos Elektrotekhnika", j.-s. c., since 1992. Our own production has started in the middle of 1998. Since the second half of 1999 as demand on new electric furnaces has been growing every month, the geography of our supplies has reached the Far East and the North of the country.

The production growth in Russia which is still continuing, made for a monthly demand on laboratory electric furnaces and drying cabinets as of 120 - 200 units (\$100000). There is a clear tendency for extension of the production range and for increase of more sophisticated and expensive equipment share. The scientific and industrial firm ThermIKS has a routine realization scheme, which enables a dynamic monthly sale for more than \$50000: we use the services of intermediaries, supplying various industries in Moscow, St. Petersburg, Tula, Irkutsk, Khabarovsk and their regional dealers.

Information on our products and new developments is attached to technical documents and thus reaches the definite buyer. Our advertising, which frequently appears in address catalogues and on the Web, is a source of attracting new orders and increasing the demand. Our direct clients include large corporations in different industries such as Moscow Metro, Gorky Automobile Plant, "Orenburgasbest", j.-s.c., "Tyumenenergo", j.-s.c., "Lukoil Permnefteorgsintez", j.-s.c., "Severstal", j.-s.c., "Elektrostal", j.-s.c., "Lipetsktsement", j.-s.c.

Our most famous competitor on the domestic market is the firm "Nakal", which produces laboratory furnaces and drying cabinets in small batches of about 10-20 units quarterly. The technical features of this equipment are inferior to its Lithuanian analogues. Due to small volume of production "Nakal" doesn't have considerable influence on the market as the price, quantities and nomenclature of its production don't satisfy the main consumers' group. So today ThermIKS controls more than a half of the present market of laboratory furnaces and faces almost no competition in shaft electric furnaces and new developments such as glass bending furnaces, for instance.

Achievements:

"ThermIKS" has a vast experience of development and industrial engineering of modern heat treatment equipment both in case of pilot and mass production (design and production of experimental installations "PASPLAV" within the framework of the international research project "Raspav", Russia - OECD).

The scientific and industrial firm "ThermIKS" works in close co-operation with the Russian Scientific Center "Kurchatov Institute" and the Institute of LAZER and Information technologies attached to the Russian Academy of Science in the field of applying innovative technologies in industry.

Outlook: Solvent demand on the "ThermIKS" production is considerably higher than the offer. We have to perform our orders on industrial furnaces in 4-5 months. Retooling of our production plant would enable us to extend the production range, to increase the production volume and to reduce the production cycle in order to comply with the present and predicted demand on electric heating equipment. We plan to increase our production and sales volume two times in terms of quantity and 4-5 times in terms of value, in particular we plan to cease up to 30% of laboratory

furnaces and drying cabinets market.

The cost of the mentioned equipment is DM 1.000.000 without the value-added tax and the import duty. We plan to retool our production plant on the basis of the TRUMPF metal-working complex, consisting of the cutting machine TRUMATIC 2000 ROTATION equipped with the BOSCH Typ 3 numeric control and sheet classifier Truma Bend V 85 S with a digital control system DA-65