

## Voronezhsynthetikauchuk LTD

Volume of investments required: **\$5 000 thousand**

Intended use of investment required:

<b>Fixed assets acquisition (Expansion of butadiene styrene polymers production).</b>	<b>100%</b>
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Company profile:

1. Date of establishment - October 19, 1932, reorganized to public JSC in 1992
2. Stage of development - expansion of production: the dynamic developed enterprise: annual growth of sales in terms of 5 years makes up 15 %.
3. Size and source of investment to date - own funds, borrowed funds.
4. Industry - oil -and oil-processing industry: production of synthetic rubbers, latices and thermoplastic rubber.
5. Target market: tire, rubber technical goods, cable, roofing materials production, road construction; it is also applied in paint, paper and textile industry.
6. Sales in 2003 - \$ 220,000 th.
7. Description and value of assets - \$17,520 th. - production facilities and objects of infrastructure for synthetic rubber, thermoplastic rubber and latices production
8. Intellectual property rights - all rights are protected in accordance with the legislation.
9. Signs of public recognition - in February 2002 at "Tire&Rubber» international exhibition in Moscow, the DST-30R-01 was awarded with gold medal, DST-30-01 - with silver medals. JSC «Voronezhsynthetikauchuk» is certified in accordance with ISO 9001:2000.

Owners:

Public JSC «Siberian-Ural oil and gaz chemical company»	<b>19,9%</b>
Private JSC «Importtrading»	<b>19,9%</b>
Limited liability company «Neftechim-Leasing»	<b>5,6%</b>
JS Bank of gas industry «Gazprombank» (Private JSC)	<b>29,5%</b>
Private JSC «Depositary-clearing company»	<b>6,7%</b>
Minority shareholders	<b>19,8%</b>
Share of government property	<b>0%</b>

Management and key personnel:

Konushenko, Viacheslav Dmitrievich - General Director since 2000, 64, higher education, has been working for the enterprise since 1967. Was on the list of 100 Russian top-managers in 2000.

Guse, Alexander Victorovitch - Technical Director, First Deputy General Director since 1999, 42, higher education, chemical engineer, has been working for the enterprise since 1985. Graduated the Academy of Russian Federation in 2004

Shevchenko, Anatoly Efimovitch - Financial Director since 2000, 58, higher education, worked for the enterprise in the period of 1973 to 1986, and beginning from 1990 to present.

Products characteristics:

JSC «Voronezhsynthetikauchuk» is the only manufacture of styrene-butadiene-styrene polymers in the CIS. The following grades are produced in industrial volumes: DST-30R-01, DST-45RM, applied in roofing materials and mould compound production and road construction. In the end of 2001, the trial lot of DST-20R-01 was produced, applied for polyethylene and polypropylene production to improve the properties of finished goods. The DST-30-01 has been awarded with the «Hundred Best Goods» sign. Export sales account for 30 % of total sales volume. The share of DST-30R-01 in the production volume is 90 %, therefore it was selected to be compared with foreign analogues.

Comparative analysis with existing alternatives:

Characteristics	DST-30R-01	Kraton 1184(Germany)	Europrene SOLTE 161(Italy)	TPE 411 (China)
Technical	Analogue			
Operational	Analogue			
Price, \$	1 600	2 500	2 200	1 800

At present, there is a competition for the Russian market between the JSC and a Chinese producer of SBS polymer sharing the same market segment with DST in terms of price/quality balance. The European producers have lost their share of the Russian market due to high price of polymer and the JSC competes with the European producers for the European market.

Markets/Competition:

	Characteristics	DST30R-01	Kraton 1184(Germany)	Europrene SOLTE 161(Italy)	TPE 411 (China)
2004	Geography - Russia. Market size - \$ 17,000 th.				
	Market's share of enterprise, \$ th./%	12 000 / 75%	200 / 1%	400 / 2%	4 000 / 20%
2008	Geography - Russia. Market size - \$ 17,000 th.				
	Market's share of enterprise, \$ th./%	21 000 / 95%	110 / 0,5%	220 / 1%	660 / 3%

The Russian market of building materials and of roofing materials specifically is rapidly developing and is attractive for foreign companies - polymer's suppliers. If the production volume and volume of export's sales remain unchanged, the enterprise will lose the local market's share. The enterprise management has to take active steps to attract venture capital to increase the production volumes and to secure its leading positions in the local market. The company has all the resources necessary to maintain this status.