

OJSCSPA Composite materials

Volume of investments required: \$ 400 thousand

Use of funds

Acquisition of fixed assets - 50%

Acquisition of current assets - 50%

Company profile

1. Date of establishment – June 2004.
2. Size and source of investment to date – \$ 250 000 – owners' equity.
3. Production – thermoplastic elastomers (thermoplastic rubber – general rubbers substitution).
4. Target market – cable and automobile industry, weather-strips, layer pads.
5. Sales 2004 - none.
6. Description and value of assets – \$ 150 000 – production equipment prototype, laboratory.
7. Goodwill and intellectual property rights – Utility patent application № 2005107484/04(009007). Patent applicant OJSC«Composite materials».
8. Signs of public recognition – none.

Owners

Individuals (3)	34%, 33%, 33%
Share of government property	0%

Products characteristics

Thermoplastic elastomer (TPE) – is a state-of-the-art material with a combination of rubber and plastic properties. TPE can be temperature-resistant, impact-resistant, petrol-and-oil-resistant and fracture-resistant. The product and production wastes are recyclable. Field of application and advantages in different industry segments: in cable industry TPE is used as a material for insulation jackets (flexibility, ozone-resistance, freeze-thaw-resistance). In automobile industry: hoses, weather-strips, layer pads, body parts (petrol-and-oil-resistant, temperature-resistant, impact-resistance, recover original shape after deformation). Footwear industry: shoe-soles (wear-resistant, freeze-thaw-resistance).

Markets & Competition

Domestic and foreign markets of TPE are growing steadily nowadays. The following producers are present on the Russian market:

domestic

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- «UralHimInvest» Nizhni-Tagil,

- «Kiroviskoz»Kirov.

foreign producers prices of which are considerably high

- «DSM»The Netherlands

- «AES»USA

Competitive advantage: we participate in our products' implementation into Clients' production. Thus, we have the opportunity to customize characteristics of our materials according to Clients' needs and requirements.

Data	Products of OJSC «Composite materials»	Home-made TPE	Foreign-made TPE
Geographical Region - Russia, CIS. Market size \$ 5 million			
2004 Company market share \$ ths / %	0%	1 750 / 35%	3 250 / 65%
Geographical Region – Russia, CIS, EU, Turkey. Market size \$ 10–15 million			
2009 Company market share \$ ths / %	5 000 / 50%	3 500 / 35%	1 500 / 15%

Marketing & Sales

At the early stage of project realization direct TPE sales to Clients are expected according to the orders received. Distribution of the product at the moment is accomplished via personal contacts, exhibitions and Clients' recommendations.

Currently we have TPE purchase orders for over 200 tons (list of Clients is available, agreement of intent with «Kiev rubber and latex production Plant» (automobile industry) for 15–30 tons. «Maksiplast» Ltd 5–10 tons, «ANKER» Ltd 15 tons – weather strips for windows).

Future product distribution is planned to be realized through exhibitions and regional representative offices.

Prospects of development

Market capacity is continuously increasing owing to the substitution TPE for rubber as more advanced materials in various industries. Export of products to CIS countries, EU, Turkey is planned.

Development and sale of commercial technology or TPE industrial production license is considered.