

## Lumex Marketing, Closed Corporation

**Volume of investments required: \$ 5 035 thousand**

### Use of funds

Acquisition of fixed assets - 100%

### Company profile

1. Date of establishment – February 1997.
2. Size and source of investment to date – \$ 700 000 from TRTF Ltd., Cyprus.
3. Production – analytical instruments and chemical analytical procedures.
4. Target market – ecological, health, veterinary and technological monitoring.
5. Sales 2004 – \$ 6 428 000.
6. Description and value of assets – \$ 422 000. – Engineering tools, production/manufacturing equipment, office equipment.
7. Goodwill and intellectual property rights – patents and trade marks.
8. Signs of public recognition – All analytical instruments manufactured by the firm are included in the Russian Federation State Registry for measurements instrumentation and in the registries of Belarus Republic, Ukraine, Kazakh Republic, Kyrgyzstan and Lithuania. On the basis of the original procedures of LUMEX-MARKETING five all-Union State Standard of Russian Federation and more than fifty normative documents of federal institution of Russian Federation were developed and approved. The Ministry of Natural Recourses, State Sanitary and Epidemiologic Inspectorate, and RAO ES are among these institutions. The analytical procedures which enables to determine more than 90 chemical agents in liquid, solid and gaseous matters were also certified by research centers for State Standard of Belarus Republic and Ukraine. Around 30% of analytical procedures which are certified for application in the System for Preservation of the Environment of the Russian Federation have been developed directly by LUMEX-MARKETING.

### Owners

Legal entity: TRTF Ltd., Cyprus	40%
Individuals (2)	60% (30% and 30%)
Share of government property	0%

### Products characteristics

LUMEX-MARKETING develops, manufactures and applies analytical instruments and chemical analytical procedures for ecological, sanitary and epidemiological, veterinary and technological monitoring, clinical biochemistry. Chromatography equipment, instruments for UF, visible and IR spectrum analysis basic products and microwave sample digesters are the basic products.

A number of instrument produced by LUMEX-MARKETING have competitive advantages at the global market, and they are form the basis for export: handheld mercury analyzer RA-915, instruments for capillary electrophoresis "Kapel", FTIR spectrometer "Infralum". Analyzers "Fluorat", microwave sample digesters "Minotavr", liquid and gas chromatographs are well-known in Russian Federation and CIS. LUMEX-MARKETING maintains a 20% annual increase of sales on the basis of above listed competitive advantages.

### Marketing & Sales

In Russian Federation there are three main segments of the analytical instruments market could be designated now.

The 1st segment – laboratories which are equipped by analytical appliances produced by world's leaders in manufacturing of analytical instruments. This segment consists of:

Oil and natural gas industries, metallurgy industry and chemical industry.

Joint ventures in food industry.

Major private and state medical institutions.

Leading research institutions.

The 2nd segment – laboratories equipped by used analytical instruments which were produced by foreign manufactures and by modern instruments produced in Russian Federation. In general these are research centers and research laboratories which belong to Russian Academy of Science and higher education institutions.

The 3rd segment – laboratories of state institutions for environment monitoring, institutions of the Ministry of Health, of the Ministry of Defense and the Ministry of Emergency, industrial and agricultural enterprises are equipped by analytical instruments produced by domestic manufactures.

LUMEX-MARKETING Company orients to satisfy requirements of the 2nd and the 3rd market segments.

However due to new projects which are in progress now the Company will be able to share the market of the 1st segment.

The actual market shares now are: around 5% for the 1st segment, 15% for the 2nd segment and not more than 30% for the 3rd segment. Export sales are around 25% of total sales.

A total Russian Federation analytical instruments market is not more than 5% of the world market which volume is around \$ 22.5 billion.

### **Marketing and sales opportunities**

The Company is consistent with the principle of compulsory product maintenance and methodical support for all new instruments introduced to the market.

Methods of the product maintenance and support

Analytical procedures of training the customers at the Company's laboratory at Saint Petersburg:

Installation of purchased equipment at the customer's laboratories (for customers' account).

Consulting and methodical support which includes inter-laboratory comparative experiments and adaptation for the customers' conditions.

Regular seminars for customers.

The Sales Department and The Export sales department realize around 80% of sales. Around 30% from these sales are realized by contracted dealers (who got payment for service).

Besides that around 20% of sales are realized through Company's trade delegates.

The Company's directs its marketing activity both to the regions and industrial branches.

At the first stage of a product introduction the Company reveals specific analytical problems for each solvent branch which could be solved by the Company's products. Then the company arranges consultations with the specialist and testing of instruments at the key branch laboratories to obtain application recommendations and positive reports. At this stage analytical procedures and some engineering solutions could be modified according to the customer's requirements.

Afterwards the Company develops promotional products which are focused at the specific branch problems. These promotional products are disseminated to the regional dealers, enterprises and expositions.

### **Prospects of development**

During next 5 years the Company intends to maintain sales growth at 20% level basing on new regional markets and branch diversifications. A wide range of products allows maintaining annual sales growth not less than 10% due to extensive marketing at the developed market segments.