

VIKOS GRUPP

Volume of investments required: \$ 1 587 thousand

Use of funds

R&D - 16%

Acquisition of fixed assets - 46%

Product upgrade - 5%

Marketing - 6%

Acquisition of current assets - 27%

Company profile

1. Date of establishment – January 2004.
2. Size and source of investment to date – \$ 450 000 – financing via tender of the Russian Ministry of Science for 2005–2006.
3. Production – production has not being launched to date. The items of products planned include isotropic graphite blocks on the basis of mesa-carbon and nano-loading.
4. Target market – aerospace and defense industry, aircraft propulsion engineering, foundries, nuclear power industry, motor-car industry, chemical industry, hi-tech machine works and engineering plants.
5. Sales 2004 – none.
6. Description and value of assets – \$ 0. – VIKOS GRUPP has got no fixed assets on balance account. The project partner and co-executive FGUP NII GRAFIT (Scientific Research Institute for Graphite Technologies – Federal government unitary enterprise) owns sufficient manufacturing capabilities and considered to be the leading Scientific Research Institute in industry.
7. Goodwill and intellectual property rights – not registered.
8. Signs of public recognition – 174 articles, 12 monographic publications, the Federal Government premium, grant of Russia’s Fundamental Research Fund. The FGUP NII GRAFIT expositions were marked off with awards on international scientific exhibitions “Hitech-97” and “Hitech-99”. 3 members were given the rank of “honored metallurgist”.

Owners

Individuals	100%
Share of government property	0%

Products characteristics

Products under development: graphite blocks and wares of new composite materials – meso-phase anisotropic graphite with nano-carbon fiber. This will substitute the existing analogue products that have insufficient properties in terms of technology.

Markets & Competition

There’s no production of micro-fiber graphite in Russia to present date, hence the major competition comes from importers. The primary volume of world’s high quality constructional graphite output is being amassed in technology advanced Japan, USA, Germany and France. Some low quality constructional graphite for domestic needs is being produced in China as well. The important fact is the Russia’s graphite producing companies don’t own the fine grain graphite production and won’t own one in the visible future due to technology’s high science intensity. Russia’s fine grain graphite importers and producers of ultimate wares are not the subject to compete notably, because the lack of the own production potentialities makes them depend on foreign producers’ price and technology policy.

	Data	VIKOS GRUPP developing product	Alternative 1 Alternative 2
2004	Geographical Region – Russia. Market size \$ 15 000 000		
	Company market share \$ ths / %	0	15.0
2009	Geographical Region- World market Market size \$ 1 500 000 000		
	Company market share \$ ths / %	60 000 / 6%	n/a

Marketing & Sales

The main points of world's and domestic marketing strategy plan are:

Participating in profile exhibitions and conferences in Russia and abroad

The analysis of world's and domestic market agents and operators

The analysis of the ultimate consumers

Forcing intermediaries out of the market signing direct contracts with winning price and terms.

Our purpose is to get not less than 30% of domestic market of 4 class graphite and graphite blocks. It is \$ 4 500–5 000 ths per year with capable growth up to \$ 10 000 ths per year due to price rise higher than \$ 30 ths per ton and production expanding for 12–15% bigger than market growth per year (that makes up sales expanding up to 22–25% per year). Graphite materials world market's overall volume (counting electrode production out) makes up \$ 1 000 000–1 500 000 ths annually.

The strategic goal for VIKOS GRUPP is gaining world market of high quality 4 class graphite share of 5–6%, that is complied to export sales for \$ 36 000–60 000 ths per year.

The prospective consumers of the fine grain anisotropic graphite blocks:

NOVATOR (ОКБ "Новатор"), ISKRA (НПО "Искра"), Ekaterinburg engineering plant (Екатеринбургский машиностроительный завод), motor-car plants AVTOVAZ (ОАО "АвтоВаз"), GAZ (ОАО "ГАЗ"), KAMAZ (ОАО "КАМАЗ"), UAZ (ОАО "УАЗ"), Machine works PERMSKIE MOTORY (ОАО "Пермские моторы"), RYBINSKIE MOTORY (ОАО "Рыбинские моторы"), Companies ELMA (НПО "Элма"), РКНМЗ (ОАО "ПХМЗ"), KRASTSVETMET (ОАО "Красцветмет"), EVROSPLAV (ОАО "Евросплав"), Moscow alloy foundry (ОАО "Московский завод спецсплавов").

Annual contracts for 140 tons.

Prospects of development

Applying high nano-material technology and the latest investigation in the field we will pioneer in Russia with the method and technology of producing high resistant constructional graphite of new generation (shrinkage single-component loader with density 2040–2080 kg/m³, containing less than 0.4% of sulfur and ashes, output of volatile matter 6–11%). The adjusted characteristics of the new composite materials will share the level of the best foreign produced constructional graphite and will excel in one of the domestic output applied in rocket production, nuclear power industry, aerospace industry, metallurgy etc. The realization of domestic mass production will substitute importing of the strategic important product and provide the ultimate consumers with the high quality composite materials. The perspective view discovers the means to reestablish the Russia's high quality graphite output.