

## VIRIAL Ltd

**Volume of investments required: \$ 12 000 thousand**

### Use of funds

Acquisition of fixed assets - 100%

### Company profile

1. Date of establishment – May 1991.
2. Size and source of investment to date – \$ 2 297 000, including: Russian Ministry for Education and Research – \$ 29 000; Federal Agency for Science and Innovation – \$ 567 000; The Foundation for Assistance to Small Innovative Enterprises – \$ 89 000; Russian Foundation for Technology Development – \$ 60 000; own funds – \$ 1 552 000.
3. Production – wear-resistant ceramic and cermet parts for oil-extraction pumps, nozzles, guides. Projected products – critical tribology applications including nanostructured composite ceramic parts, refractory products, grinding media.
4. Target market – machinery for fuel and power industries, metallurgy, pulp and paper industries, construction, automotive and marine industries.
5. Sales 2004 – \$ 5 677 000.
6. Description and value of assets – \$ 1 520 000. – Production machines (mixers, presses, high-temperature vacuum furnaces, grinding, turning and milling machines, analytical equipment).
7. Goodwill and intellectual property rights – 2 registered trademarks (service marks), 3 patents for inventions, 2 patents for useful models (2 more useful model patents pending).
8. Signs of public recognition – active participation in 14 international trade fairs in Russia and other countries yielded for the company several diplomas for regeneration of Russian research and industry, for active involvement in development and promotion of high technologies, and a silver medal for development of silicon carbide seals. Company associates presented 5 reports on a number of international conferences and congresses, and count over 20 research publications in dedicated media.

### Owners

Individuals (6)	33,33%, 33,33%, 14,82%, 7,41%, 7,41%, 3,70%
Share of government property	0%

### Products characteristics

Standard products – wear-resistant ceramic and cermet parts for oil extraction pumps – face seals, radial and thrust bearings; sandblasting nozzles; wire and thread drawing guides, profiled extrusion nozzles.

Planned for launch – high-toughness nanostructured composite ceramic parts with improved properties for critical tribological situations.

### Markets & Competition

Current products – ceramic and cermet parts for oil-extraction pumps

Data	VIRIAL Ltd *	TOCCUUM Ltd.	Burgmann Industries GmbH & Co. KG
Geographical region – Russia. Market size \$ 13.5 million			
2004	Company market share, \$ ths / %	5 400 / 40.0%	1 620 / 12.0% 2 430 / 18.0%
Geographical region – CIS countries. Market: size \$ 32.0 million			
2009	Company market share, \$ ths / %	19 840 / 60.0%	3 200 / 10.0% 7 040 / 22.0%

Planned new products – critical wear-resistant and tribological parts, except oil-extraction pumps

Data	VIRIAL Ltd *	CeramTec AG	Saint-Gobain Industrial Ceramics GmbH
Geographical region – CIS countries. Market size \$ 110 million			

2004	Company market share, \$ ths / %	110 / 0.1%	16 500 / 15.0%	22 000 / 20.0%
Geographical region – CIS countries. Market size \$ 180 million				
2009	Company market share, \$ ths / %	48 600 / 27.0%	21 600 / 12.0%	27 000 / 15.0%

\* Market share is estimated on the base of main product types.

The company plans to enter the international markets in 2007. The current major competitive advantage is lower price for the products of high quality equal to the existing imported analogues. The future competition strategy is aimed to evasion of direct competition by offering the customers new products with unique performance parameters.

#### **Marketing & Sales**

Facing the high consumer concentration the company emphasizes the direct marketing and personalized approach to the main customers. This is achieved by creation of dedicated customer-oriented stable working teams involving people from different divisions. Starting from 2006 the company plans to establish a representative network in the major target markets, including international ones.

Our customers:

Customer	Delivery volume in 2004, \$ ths	Products
ALNAS	561.4	Parts for submersible oil-extraction pumps
CARBOCAM-PERM	8.757	Ceramic parts for bearings
NOVOMET-PERM	752.7	Parts for submersible oil-extraction pumps
BORETS	1 735.1	Cermet parts for submersible oil-extraction pumps
MACH NPO BORETS	1 988.3	Parts for submersible oil-extraction pumps

#### **Prospects of development**

The strategic goals of the company are: increasing the market value of the company, gaining the sustained leadership in the current domestic market niches, and entering the international markets. The goals are planned to be attained by offering the customers new products with unique performance parameters. The presently emerging basic technology will allow the production of a broad range of materials and products in the frame of one flexible process flowsheet.