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## Volume of investments required – \$ 6 500 thousand

### Summary

1. **Production** – frequency drives, energy-saving systems, programmable controllers, drives.
2. **Trade marks** – Приводная Техника, PumpMaster, ProfiMaster
3. **Sales 2007** – \$ 9 989 ths.

### Company profile

**Date of establishment** – 1998.

**Description and value of capital assets** – \$ 283 ths. Machinery and equipment occupy the main part of the basic assets structure.

**Previous rounds of investments** – self-financing.

**Signs of public recognition** – diplomas for participation in profile exhibitions since 2001, articles and publications in magazines «Reforma JKH», «Beverage industry», «LesDrevMash», «JKH», «Novye technologii APK», «Oborudovanie. Razrabotki. Technologii», «Rossiiskii prodovolstvennyy rynek», «Pakkograf».

**Number of employees** – 200 persons.

### Structure of ownership

Legal entities (Companies)	9.09%
Natural persons	90.91%
Aggregate share of government property	0%

### Team

**Krasnov Dmitry Valerievich** – General Manager, 38 y.o. Graduated from Bauman Moscow state technical university, acquired a profession «Caterpillar and wheel machinery» and obtained a distinction. The main achievement is foundation of the company from nothing and fast achievement by the company a leading position in the branch of electromechanical drive.

**Popov Aleksandr Viktorovich** – Chief Financial Officer, 32 y.o. Graduated from Arkhangelsk state technical university, acquired a profession «Finances and credits» and obtained a distinction.

### Production

Frequency-controlled drive (further FCD) is one of the most up-to-date producible methods of AC motors speed control. The FCD combines the advantages of the stepless control and energy-saving and the potential of all-round automation.

Novelty of the FCD under development is an up-to-date microprocessor based control system, projected and manufacturing by the specialists of Industrial Group «Drive Technique». This system provides complete digital drive control and the extension of AC motors shaft speed control band to 1:1 000 000, that is hundred times more than in foreign analogs market (standard control band is under 1:1000), as well as maintaining of a complete rating torque on AC motors shaft zero speed, that is suggested by none foreign producers. Such advantage in the specification provides the wide possibility of the FCD application in systems like telescopes, missile guidance systems, objective tracking antenna drives, machine-tool drives.

Main competitive advantages:

- High-quality equipment with high degree of reliability and optimum relationship «price-quality».
- Complete adaptation to Russian working conditions including interface in Russian, intensified protections for operating in Russian network and usability.
- Competitive price (lower than import analogs by 30% on average).
- High level of support manning in own bureau service, including backup service and post-warranty service.
- Effective additional service work for equipment-users: technical support hotline, maintenance staff and technical service users training at own training center, engineering center with licenses and permissions required is available for complex automation solution.

### Current state

Scientific-and-technical and economical activity data of Industrial Group «Drive Technique» for the last 5 years:

- Annual turnover increased by more than 4 times for the last 5 years (in 2001 – \$ 4.6 mln, in 2006 – \$ 9.1 mln).
- Number of persons employed increased by 2.5 times (in 2001 – 71 employees, in 2008 – about 200 employees).
- Up-to-date production building for mechanical drive development and manufacturing was build.

- Up-to-date production building for up-to-date digital electric drive development and manufacturing was build.
- Particularized «Educational-and-engineering Center «Drive Technique» was jointly founded with Bauman MSTU for the university students training and retraining as specialists for technical and engineering industrial employees.
- The project of particularized monthly newspaper for engineers “Drive Technique News” was created and realized successfully with a circulation 10 000 copies and today’s it is the most widespread edition in the area of drive technique in Russia.
- Numerous contracts were made and implemented for development and manufacturing of HCS objects’ automation systems on the basis of frequency-controlled electric drive in various regions in Russia.
- Contracts for up-to-date digital electric drive systems delivery to China and Estonia were made.
- Contracts for up-to-date digital electric drive systems delivery for modernization of the antiaircraft Russian-made defense were made.

## Development strategy

### Use of funds

1. R&D	20%
2. Acquisition of fixed assets	70%
3. Marketing	5%
4. Acquisition of current assets	5%

### Prospective outcome of investment

Prospective total investments volume – \$ 6 500 ths during first 5 years. Sources of finance are own funds, foreign partners investments, project Russian banks financing.

### Marketing & Markets

Russian FCD market is appreciated at \$ 150–200 mln per year. Depending on industry JSC “STC Drive Technique» share accounted from 2 to 10%. Year-on-year increase of controlled-velocity electric drives market is supposed to account 15–20% within the next few years.

The main market share (approximately 65%) is occupied by foreign producers.

Geographical delivery area – all the country coverage. The company has 6 branches in regions and about 50 regional partners (dealers and system integrators).

### Interaction with investor

Net present value (NPV) – \$ 1 136 700.

Internal revenue rate (IRR) – 119.6%.

Project payback period – 3 years and 4 months.

### Financial characteristics, \$ thousand

Data	Facts			Forecast	Forecast with the investment required			
	2005	2006	2007	2008	2009	2010	2011	2012
Sales	8 858	9 197	9 989	10 985	13 800	17 200	21 500	27 000
Operating income	1 757	2 213	3 086	3 950	5 500	7 200	9 000	11 000