

Investor Profile

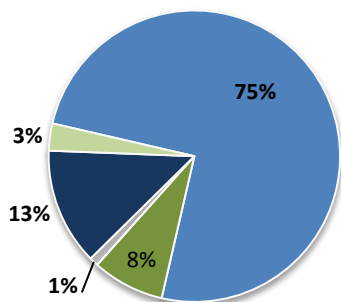
- ✓ Captive company – manufacturer of electrotechnical equipment, electrical machines, drives or the products of upstream operations: fans, pumps, generators, gear units, etc.;
- ✓ Is interested in gain the Russian market share of general purpose electric motors, in access to deliveries of special purpose electrical machines;
- ✓ Is interested in creation of production-logistic center with conversion for production, assembly of own solutions in electrical machines, drive engineering packages or components for electrical machines and equipment;
- ✓ Considers the possibility of creation of engineering and manufacturing and service center for own needs or network of in-house consumers;
- ✓ Company consolidating assets for creation of investment, attractive proposal;
- ✓ Company with aggressive policy of development of market, presenting private business, with the interest to the market of the Russian Federation and availability of competitive solutions for growth industries.

Object: Development of effective business in the area of electrical machines and driven equipment in the market of the Russian Federation using the infrastructure and experience of Uralelectro, JSC RTI, on the one hand, and range of products, technical and commercial competence of the Investor, on the other hand.

Business Overview

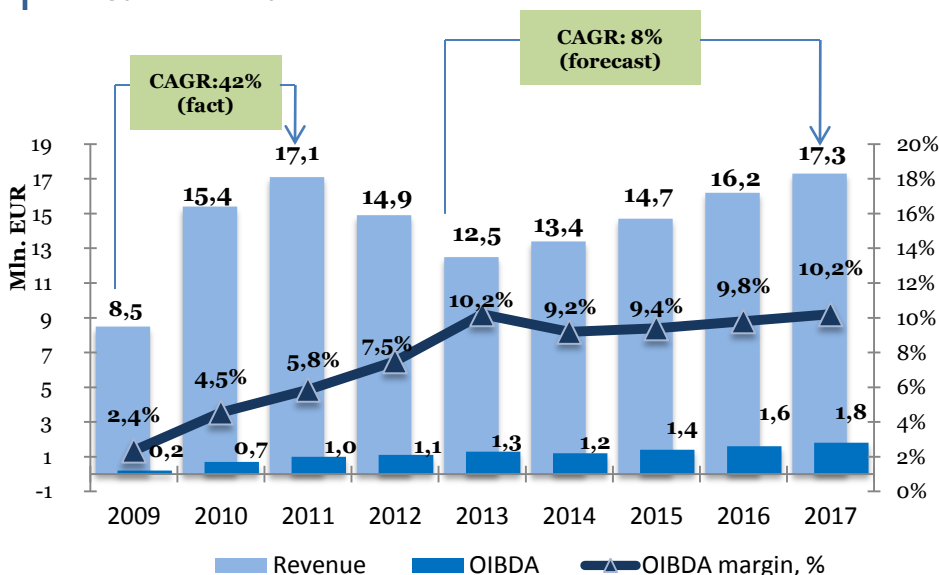
- The Company is in the market for over 70 years. The brand is widely recognized as the brand of qualitative and reliable supplier.
- The Company is engaged in production of **low-voltage electric motors** with a power of up to 15 kW and other **electrotechnical products**. The Company is one of the leading Russian electric motor manufacturers (within top-5) and holds strong positions in the market.
- The Company is a key partner in the industries manufacturing the equipment for fleet (incl. for Navy), alternative energy, nuclear power, mining, military, pulp and paper and food manufacturing industries.
- The Company has contracts with **over 3,000 customers**, including lucrative orders from government-controlled enterprises in strategic sectors of economy.
- In 2010, the Company commenced **production facilities modernization** and has invested into technical re-equipping over **EUR 3 million** since then.
- At the present time the Company has made a **strategic decision about shift** from traditional standard and low-margin electric motors to **innovative special-purpose and higher-margin drives**, developed by the in-house Research and Development team.
- The Company successfully marketed **new special purpose electric motors** for shipbuilding, nuclear power and transport industries. It is currently under way to introduce additional high-margin products - **energy-efficient electric motors and special-purpose electric motors** for oil and gas, nuclear power and shipbuilding industries.
- **Maximum production capacity** of the Company is over 500 000 electric motors per year.
- The Company employs about **900 employees**.

Product portfolio



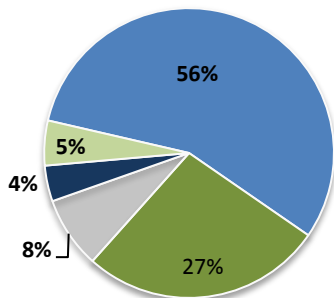
- Standard electric motors
- Special purpose electric motors
- Gear units and geared motors
- Low voltage equipment
- Components, wind generators

Key financial information





Key industries of application



- Industrial fans and pumping equipment
- Drives of manufacturing systems
- Drives of hoisting equipment
- Construction industry
- Other industries

Investment prospects and Synergy

✓ Lack of identifiable leader in the Russian market affords an opportunity to gain market share or enhance its market position ;

✓ Revenue synergy due to the existing customer base of the Company. Developed logistics, established supply and distribution chains;

✓ Existing available capacity ready for rapid production raising;

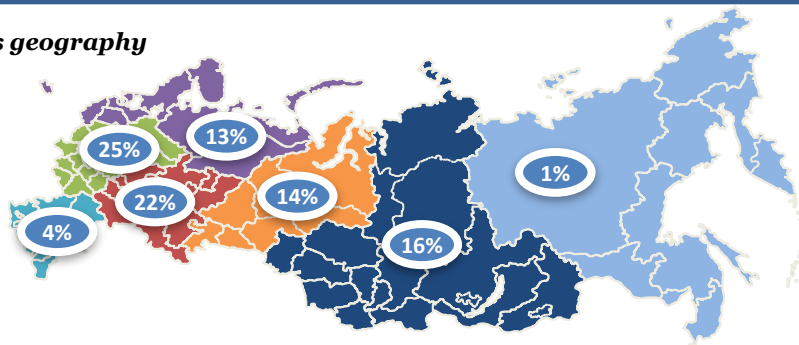
✓ Opportunity to use the existing infrastructure for saving the costs related to localization of business;

✓ Synergetic potential of cost saving due to centralized function of purchases.

Key fields of application

Standard electric motors		Electric motors for shipbuilding	Electric motors for Nuclear power stations
Pumping equipment	Production lines and self-sufficient plants for various industries: - Pulp and paper industry - Food manufacturing - Mining - Alternative energy - Military - Oil and gas sector - Machine-building	NEW 2012 Marine pumps	NEW 2013 Pumps and pump units
Hoisting machinery		Steering devices	Fans and ventilation units
Machinery for construction and road building (e.g. mixers)	NEW 2013	Systems of ship ventilation (incl. for submarines)	Hoisting machinery
Industrial ventilation	Compressor equipment	Hoisting machinery	

Sales geography



Geographical distribution of Company's sales in the territory of Russia (actual 2013)

Opportunities for Investor

- Possibility of deliveries of high-marginal special electrical machines, equipment and drives for the needs of government customer and State Corporation "Rosatom". For non-residents there are meaningful constraints in deliveries. At the moment the Company has all authorized documents and solid experience in this segment. Products of the Company are implemented into the project documentation;
- Possibility of monitoring, service and minimal delivery time of equipment, that provides the advantage at tender deliveries;
- Availability of production, technological and commodity assets, production, technical and commercial staff, credit history of manufacturing company-resident provide the minimization of risks for the Investor and buyers in the market both of property and commercial or financial risks. At presence of the joint business the full opportunity for management of capital and financial flows is afforded.
- Possibility to obtain tax benefits and preferences;
- Possibility to minimize costs for certification and provide higher level of marginal profit;
- The Company is included into the Register of companies-suppliers of oil and gas sector and has direct communication with customers;
- Possibility of prompt, direct creation of communications with developers (Scientific Research Institute) of the equipment for government customer for coordination of Technical Conditions and involvement into development and tests at creation of new equipment.

Procedure and follow-up actions

- ✓ Buyer is afforded an opportunity of purchasing up to 100% of stock of the Company.
- ✓ Interested Investor, after signing Confidentiality Agreement, will receive information memorandum containing detailed description of production activity and financial results of the Company.
- ✓ If any questions on this project, please, get in touch with our specialists:

JSC Concern RTI Systems

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Overview of business activity of Uralelectro

- **Realizes wholesale, small-scale wholesale and retail sale of electrotechnical products of own production and other manufacturers;**
- **Structure of customers: 50% corporative buyers, 50% trade companies; the Company focused on sales of electric motors of own production with a power of up to 15 kW, and develops supplies of products with a power of up to 30 kW of the commercial partners;**
- **Has own warehouses and sale agencies in the Central region (Moscow), Siberia, Ural**
- **The employees are focused on vivid development of sectorial and product direction of sales ;**
- **The Company works on cost-saving of production and sales, optimizes the structure of production assets and lands;**
- **The Company forms and realizes new product and production strategy, quality strategy and strategy of staff motivation on productivity ;**
- **The Company works on attraction of strategic partner for development of the market, range of products, quality and profitability;**
- **The Company develops solutions for customers on energy-efficiency. Availability of production and engineering specialization and Design-Engineering Centre allows to execute orders for various customers.**

Key suggestions for business development

Corporative

1. Attraction of strategic sectorial partner – Investor for professional management with business and controlling stake of the Company;

Market

1. Sectorial and product specialization on the solutions for the companies – indicators of growth; Decrease of portfolio of standard solutions;
2. Development of conditions of «comfortable» quality of the products for direct corporative supplies;
3. Complete offers for customers with inclusion into the offer of contract manufacturing products, products of strategic partners;

Product

1. Electrical machines with a power of up to 15 kW of own production;
2. Electrical machines with a power over 15 kW of contract manufacturing, range of products of strategic partners;
3. Electric machines of efficiency classes IE2 – IE3 and over;
4. Complete solutions with products of strategic partner s;

Technological

1. Specialization on key production processes and quality assurance;
2. Development of external cooperation of production of laminations and frames;
3. Development of contract manufacturing on parts and products of small batches;
4. Development of module planning, logistics and assembly;
5. Reduction of circulating assets in production;

Staff management

1. Contractual form in design-engineering developments;
2. Motivation to combining of professions and increase of productivity;
3. Motivation to cost-saving;
4. Long-term programs with Universities for specialists training.