



KAMAZ-Marco LLC report

Presentation for Board of Directors

*By Ilshat Singatullin
KAMAZ-Marco LLC, General Director*

March, 2013

- KAMAZ-Marco LLC was established at January 30, 2012
- State registration finished at February 24, 2012
- First bus was produced at December 08, 2012
- Official start of production is December 20, 2012
- Until March March 06, 2013
 - KAMAZ supplied 75 chassis
 - Marcopolo supplied 66 bus body KD kits

Sold buses	Tests	Ready buses for sale		PDI	Assembly	Components stock	
		Dealers	NEFAZ			Chassis	SKD
1	2	6	9	8	16		
42						33	24

- 1 unit were sold to Neftekamsk hockey club TOROS
- 2 bus are being tested in Bashkortostan and Tatarstan



PAZ-3204
GAZ Group



Bogdan A201
Bogdan, Ukraine



Isuzu A092
Cherkassy, Ukraine



BRAVIS



seats – 17/
total – 53

seats – 21/
total – 60

seats – 24/total – 48

seats – 25/total – 52

seats – 20/total – 50

Cummins ISF3.8s3168 E-4
168 hp

Hyundai D4GA E-4
140 hp

ISUZU 4HK1-XS E-4
178 hp

Cummins ISB4.5-185B E-4
185 hp

ZF S5-42 5-speed

Hyundai 5-speed

MZZ6U 6-speed

ZF 6S700 6-speed

axles KAAZ, 19,5”

axles Hyundai, 17,5”

axles ISUZU, 17,5”

axles Mercedes, 17,5”

spring
suspension

front – spring,
rear –
pneumatic

front – spring,
rear – pneumatic

front – spring,
rear – pneumatic

front – spring,
rear – pneumatic

1 970 000 rub.

2 318 000 rub.

2 200 000 rub.

2 225 000 rub.

2 497 000 rub.

BRAVIS is most expensive city bus. Price is 25% higher than cheapest PAZ-3204 model and 10-12% higher than buses with foreign chassis

Basic preconditions for strategy review

- Current KAMAZ chassis is too powerful for city bus (185 hp, 6 speed)
- KAMAZ finished 2 prototypes of chassis with 168 hp engine and 5-speed gearbox
- More than 50% of requests for proposal from potential clients are about shuttle/intercity buses
- Improvement of current city bus body will need additional homologation procedures
- Fast growing demand for gas buses
- School bus market is big enough but it's a low-cost market

KAMAZ-3297 ISB

Improvement of city bus body (I class)

- Some seats layouts
- Additional seat on driver platform
- Permission for using as shuttle bus

KAMAZ-3297 ISB/ISF

Development and homologation of intercity bus (II class)

- R66 rules tests
- Special layout
- 1 passenger door
- Air conditioning system etc

Development and homologation of gas bus

- Can be realized in cooperation with KAMAZ partner - RARITEK

Future model range vision

City bus
Cummins ISF EGR
Gas engine

Shuttle bus
Cummins ISF SCR / ISB

Intercity bus
Cummins ISB

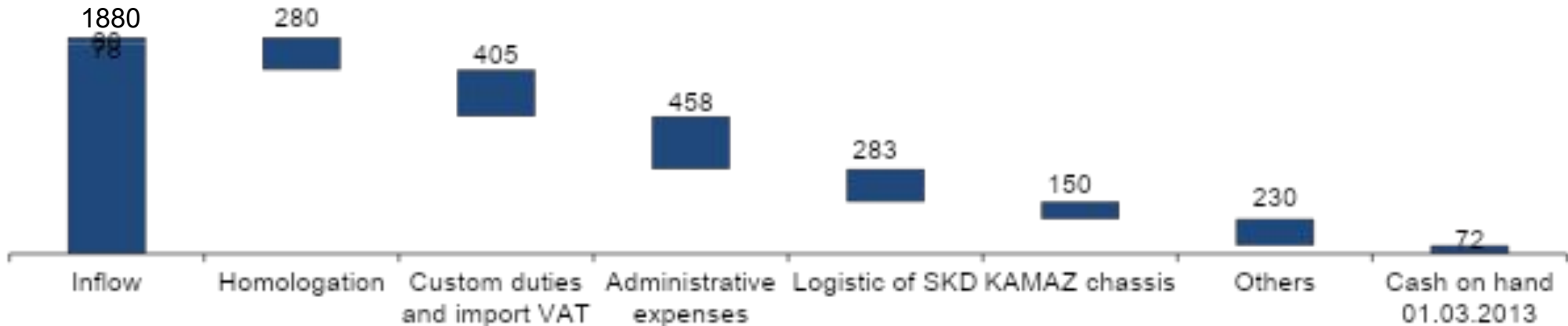
KAMAZ-Marco income statement, 03.2012-02.2013 ['000 USD]

	RAS	IAS
Net revenue	67	67
Cost of goods sold	58	58
<i>Operation margin</i>	16	16
Fixed costs	(458)	(698)
Non-operation income and expenses	18	18
Net income before taxes	(424)	(664)

Comments

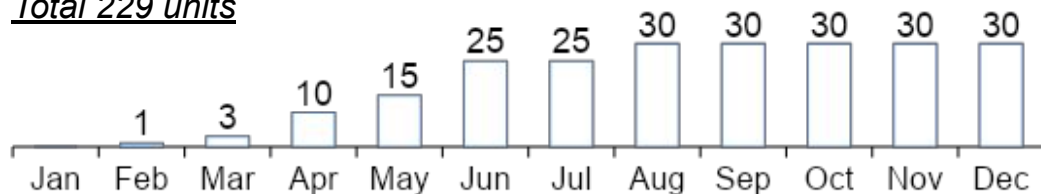
- Difference in fixed costs: homologation costs (in IAS standards must be included to fixed costs immediately)
- 1 bus was sold in February

KAMAZ-Marco accumulated cash-flow structure, 03.2012-02.2013 ['000 USD]



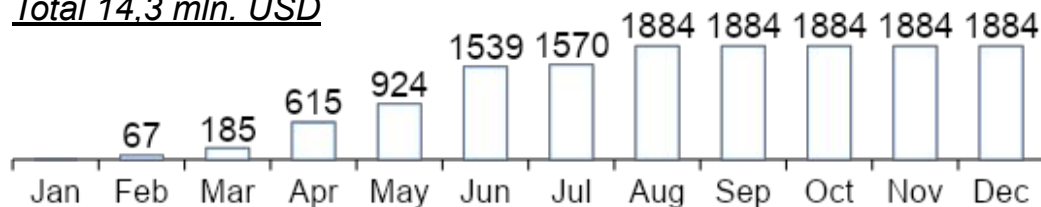
Bus sales [units]

Total 229 units



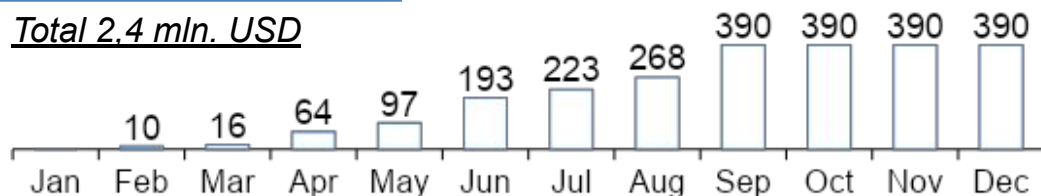
Net revenue ['000 USD]

Total 14.3 mln. USD



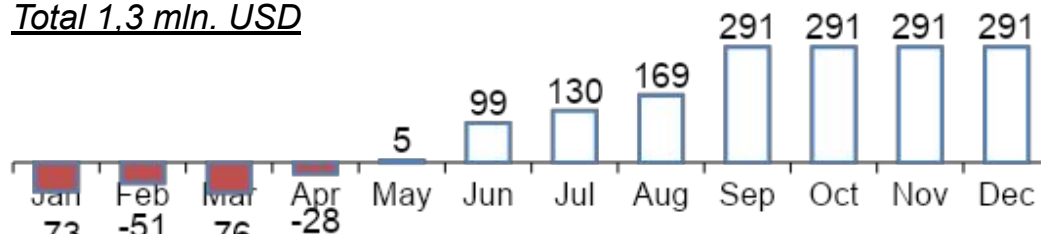
Margin ['000 USD]

Total 2.4 mln. USD



EBIT ['000 USD]

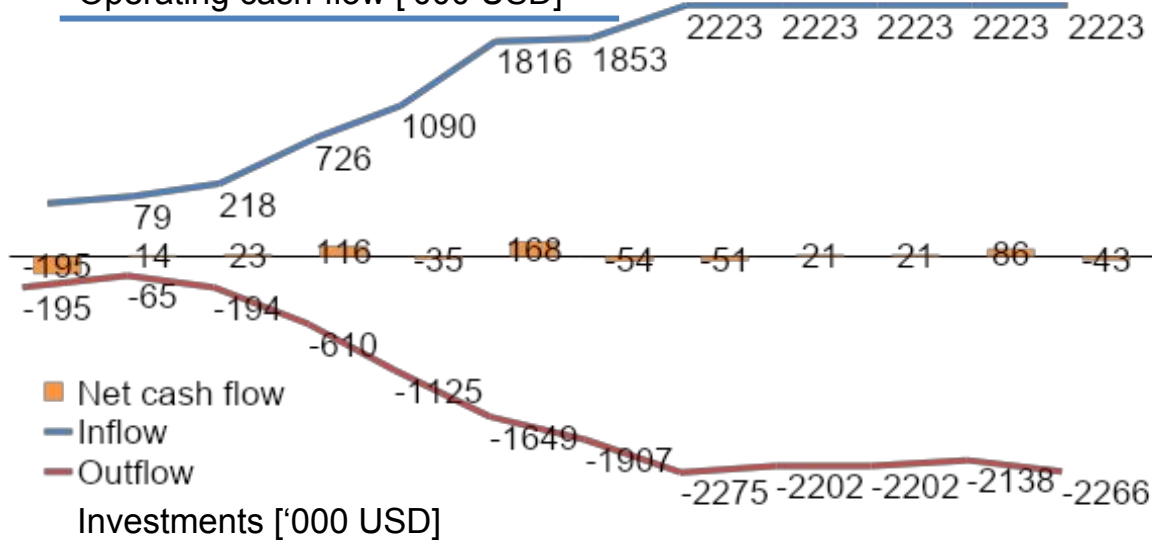
Total 1.3 mln. USD



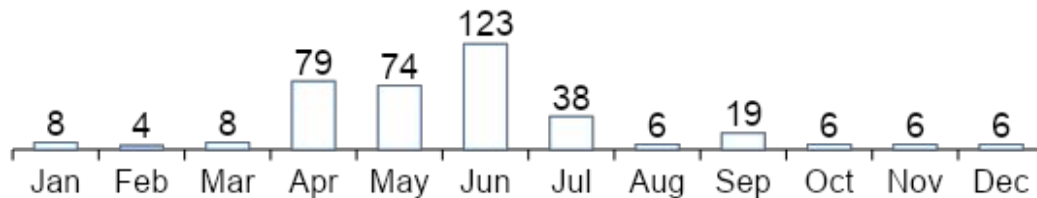
Comments

- Total sales volume – 229 units
- Net sales price – 61,500 USD. Sales price increase 2% for 2nd half of 2013
- Spare parts sales – 1% of buses revenue
- Deep localization of product, price of parts to be supplied from China decrease from 15,500 USD to 10,000 USD
- Margin growth from 10% to 21%, first of all because of decrease of logistic costs
- **Main price estimations:**
 - **KAMAZ chassis – 795,000 rubles (~25,600 USD)**
 - **NEFAZ services – same prices**
 - **MAC – same prices**

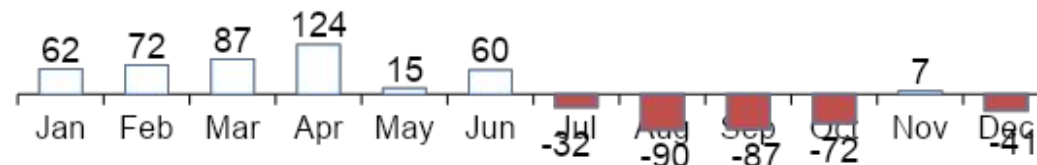
Operating cash-flow ['000 USD]



Investments ['000 USD]



Cash on hand ['000 USD]



Comments

- Current debt to suppliers:
 - KAMAZ – 2,1 mln. USD
 - MAC – 1,1 mln. USD
 - NEFAZ – 180,000 USD
- Investment cash-flow structure:
 - Localization (equipment & preproduction: plastic, ABS, glass, wires etc) – 120,000 USD
 - Homologation (ISB) – 52,000 USD
 - Spare parts stock – 38,000 USD
 - Marketing and PR – 40,000 USD
 - Others – 28,000 USD
- Homologation of buses on ISF chassis will need additional financing 100,000 USD