



# KAMAZ-Marco LLC report

*Presentation for Board of Directors*

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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

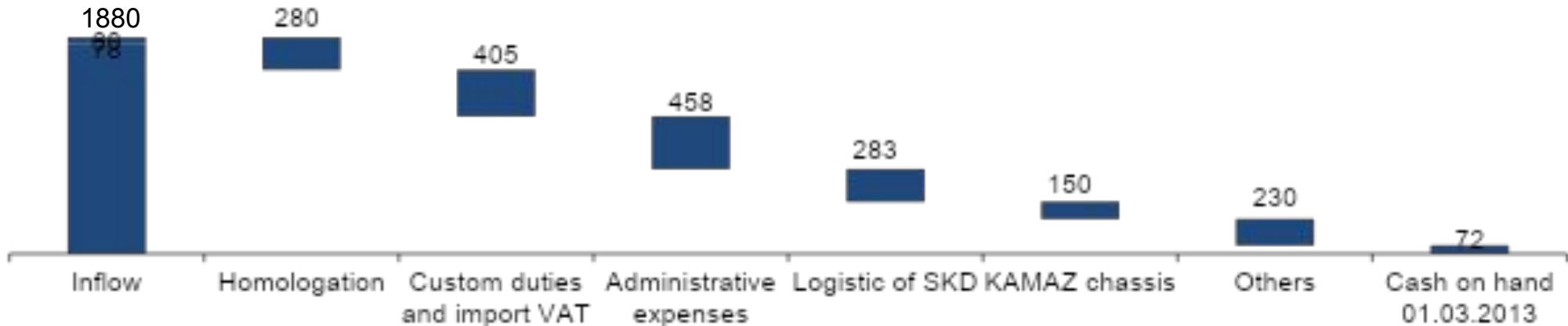
## KAMAZ-Marco income statement, 03.2012-02.2013 ['000 USD]

	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
<b>Net income before taxes</b>	<b>(424)</b>	<b>(664)</b>

## Comments

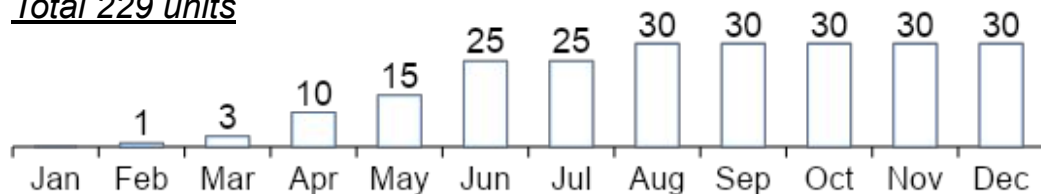
- Difference in fixed costs: homologation costs (in IAS standards must be included to fixed costs immediately)
- 1 bus was sold in February

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



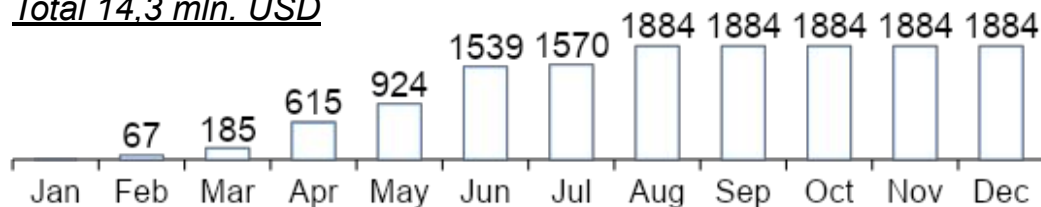
## Bus sales [units]

Total 229 units



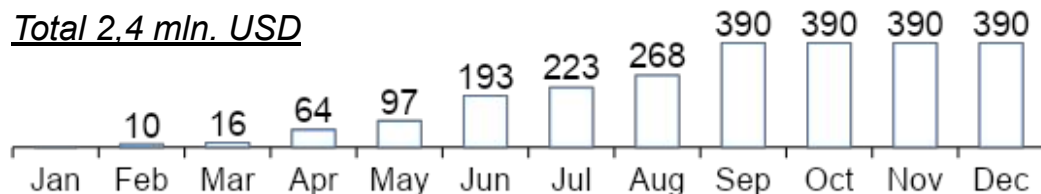
## Net revenue ['000 USD]

Total 14.3 mln. USD



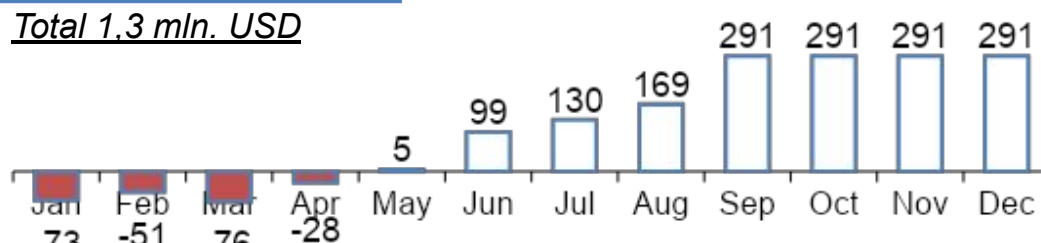
## Margin ['000 USD]

Total 2.4 mln. USD



## EBIT ['000 USD]

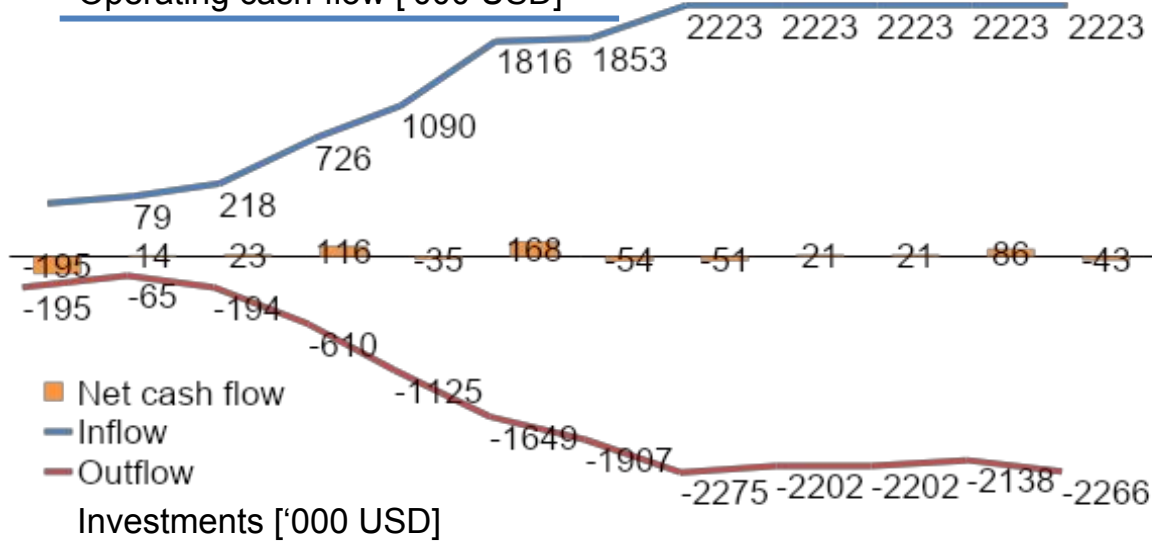
Total 1.3 mln. USD



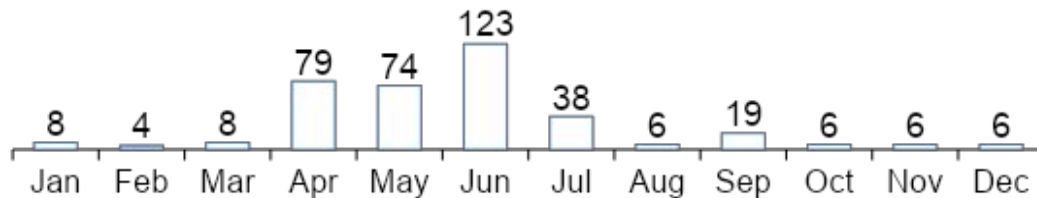
## Comments

- Total sales volume – 229 units
- Net sales price – 61,500 USD. Sales price increase 2% for 2<sup>nd</sup> 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**

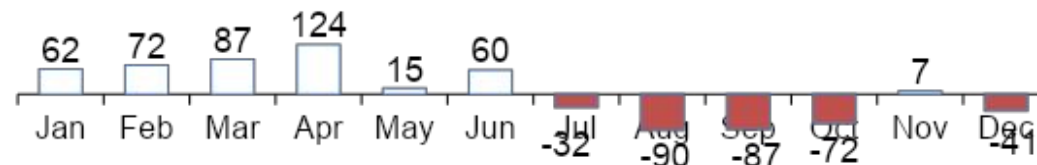
## Operating cash-flow ['000 USD]



## 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