

Tatarstan



ECONOMY

Russia's powerhouse

One of the fastest growing and most important industrial regions in the Russian Federation, Tatarstan is among Russia's top destinations for investment. Enjoying a high degree of autonomy from Moscow, the republic is rated as one of Russia's top ten regions for low risk and high potential. Last year, it attracted more than \$500 million in foreign direct investment.

Situated at the confluence of the Volga and the Kama rivers, Tatarstan accounts for 3.1 per cent of Russia's total industrial output. Gross regional product has grown by 7 per cent annually over the past five years—above the Russian average, and surpassing both US and EU growth rates. GNP, currently around \$25 billion, is forecast to grow by almost 10 per cent this year.



Boris Pavlov
Deputy Prime
Minister

Tatarstan produces 7 per cent of all Russia's oil, manufactures 18 per cent of its trucks, 30 per cent of its tires, and 39 per cent of its polyethylene. It is home to large and rapidly-developing mechanical engineering, chemical and petrochemical industries.

The authorities are also encouraging the development of small and medium businesses and innovation infrastructure—technoparks, industrial parks and business incubators. The republic has also been chosen by the federal government as the location for a special \$14 million economic zone.

Kazan, Tatarstan's growing capital, is positioning itself as Russia's third city, after Moscow and St Petersburg. Deputy Prime Minister Boris Pavlov says, "Tatarstan is becoming recognized in the world arena, and we would like to be further integrated into the world community."

Pushing the boundaries to maximize oil production



Having just celebrated producing its three billionth ton of black gold, oil giant Tatneft is employing the latest technology to exploit wells at home while extending its reach outside the republic

The engine that drives the economy of Tatarstan is the oil and gas industry, which is dominated by Tatneft, the republic's biggest company. In many ways, it could be argued that Tatneft *is* Tatarstan, and that without it the republic would not be the major center of Russian industry that it is today. Tatneft produces approximately 8 per cent of all oil extracted in Russia—more than 25 million tons of crude annually. By volume of crude oil production, it ranks sixth in Russia. Globally, it ranks 32nd by production and 21st by proven oil reserves.

Oil revenues have played a key role in the economic and social evolution of Tatarstan. In the mid-1970s, Tatneft was producing more than 100 million tons of crude per year, making a major contribution to the development not only of the republic, but of the whole of Russia. In September, a special monument was inaugurated to mark the production of the 3 billionth ton of crude oil by Tatneft since the industry started in the 1940s.

Tatarstan retains sovereignty over its oil through the republic's controlling share in Tatneft—the federal government has no share in the company. The biggest corporate taxpayer in Tatarstan, Tatneft's operations focus mainly on oil exploration and production—74 per cent of its revenues came from oil exports last year. It is also involved in oil refinement and retail. Outside the oil industry, its interests include telecommunications, tyre production, diamond exploration, and banking and insurance.

Tatneft's prime strategic objectives are the stabilization and optimization of oil and gas production from its licensed fields and extension of oil reserves. The 25.4 tons of crude oil the company

produced last year was the highest for 13 years.

Employment of the latest technologies is crucial to keeping up production levels. A striking example is the simultaneous exploitation of two or more reservoirs with one well, developed by the company's own specialists—today 81 wells are equipped with this technology. "The company's main oil fields in Tatarstan are now in their late stage of development, and are more than 80 percent worked out," says Shafagat Takhautdinov, Tatneft's General Director. "Under these conditions, the question of application of progressive technologies and new techniques becomes more and more important."

New technologies are also required to advance Tatneft's plans to exploit the natural bitumen fields to be found in Tatarstan. The largest in Russia, they are estimated to hold reserves of up to 7 billion tons of bituminous or heavy oil, and represent potentially a hugely profitable enterprise, for which the company is seeking both federal support and a strategic investor.

Already active beyond the borders of Tatarstan, and of Russia itself, Tatneft is eager to increase its operations abroad. "Over the past year, more than 70,000 tons of crude have been produced by the company outside the republic. We plan to multiply this volume this year," says Mr Takhautdinov.

Exploration operations are being carried out in five regions within the Russian Federation, and production testing has commenced in Orenburg, Ulyanovsk, Samara regions, and the Republic of Kalmykia. Outside Russia, the company is exploring in Kazakhstan and Uzbekistan in central Asia, and Algeria and Tunisia in North Africa. Last year, it beat off more than 40 rivals to win a large exploration and production contract in Libya, where it is planning to perform seismic operations and drill at least 16 exploratory wells over a period of five years, and where reserves in its area of operations are estimated to amount to



Shafagat Takhautdinov
General Director
of Tatneft

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PLANNING FOR THE FUTURE, PROTECTING THE PRESENT



Tatneft's future plans comprise the stabilisation and optimisation of profitable crude oil and gas production through progressive technologies, the provision of financial stability and economic security in a highly competitive and fluctuating environment via a modern corporate management system and the strengthening of the structure and value of equity capital.

In addition to an increase in the volume of highly competitive finished products sales, Tatneft also plans the further development of our own crude oil and gas refining activities through the formation and implementation of innovation-orientated engineering and technical policies.

As well as geographical expansion, Tatneft will implement the highest level of corporate responsibility and social protection of our personnel and continue in our development of small and medium businesses while optimising production structures.

Pushing the boundaries

Continued from page 1

more than 1 billion tons of crude.

Tatneft also has a contract to explore and develop new oil and gas deposits in Syria, in addition to service contracts in the territory of several countries. Technologies developed by the company are successfully applied in China, Egypt, Italy, Oman, and Vietnam. It has joint ventures to increase oil extraction and recovery with three Western companies: Total of France, Mineralöl Rohstoff of Germany, and Global Natural Resources of Houston.

A major project, the construction of a new \$3.2 billion refinery at Nizhnekamsk, is a joint venture between Tatneft, local petrochemical company Nizhnekamskneftekhim, the government of Tatarstan, and the South Korean LG Corporation. Due to start operating in 2009, it will have the capacity to process 7 million tons of sour oil annually.

Mr Takhautdinov points out that oil production is the basis of growth in adjoining sectors of industry. "The oil industry has completely transfigured the economic geography of Tatarstan. The petrochemical and gas sectors have arisen, and the production of

oil equipment, construction, and pipeline transportation has developed. Strong business connections have been established by our company with almost all large enterprises within the republic."

In the past, Tatneft has given substantial support to small independent oil companies in the republic, and it is currently looking at a range of opportunities for the establishment of new business enterprises in Tatarstan's special economic zone, Alabuga. For example, it plans to establish a joint-venture enterprise with Basell, one of the largest producers of polypropylene, to manufacture compounds for automobile and electrotechnical industries.

Tatneft became the first Russian company in the oil and gas industry to trade its shares on the international stock market when it listed on the London Stock Exchange in 1996, and subsequently became the only major Russian company to be listed in both London and New York. However, it withdrew from the NYSE last year, citing the increased costs of being listed on the bourse. "We left without any losses or depreciation of our shares," emphasizes Mr Takhautdinov.

In addition to the London Stock Exchange, Tatneft also trades on the Frankfurt Stock Exchange. The company's capitalization has increased from \$3 billion in 2004 to \$10 billion in 2006. ●

CONSTRUCTION

Economic growth and need for housing mean good prospects for building firms



Opportunities in the construction sector are enormous as social and economic development create a need for improved infrastructure

On a huge site in the Russian city of Svetlaya Dolina, work is starting on the first homes in what will eventually be a 1.2 million square meter housing development. The owner and initiator of this massive project is Kulonstroy, one of the top five construction companies in Tatarstan. "What we cannot build ourselves, we will offer to investors," says Albert Fakhutdinov, the company's chairman. "We are looking for financing from within Russia and from abroad."

It is estimated that Tatarstan alone needs to build some 10 million square meters of housing. Kulonstroy is erecting more than 60,000 square meters of accommodation in Kazan, the republic's capital, every year. "In the next two years, we are planning to increase the volume of housing construction up to 100,000 square meters, or even more," says Mr Fakhutdinov.

Established in 2000, Kulonstroy is the flagship of the Kulon group, whose activities range from construction and the manufacture of concrete, to jewelry making, machine building, and agriculture. Mr Fakhutdinov sees demand for the services of con-

struction companies like Kulonstroy as virtually unlimited. "Russia has to build and build and build. One can see no end to construction. Economic development revolves around it, and the industry in general has great prospects in store."

With Tatarstan's economy expanding, the need extends beyond housing to new factories, roads, and bridges. In addition to accommodation in Kazan and other cities, Kulonstroy already builds small plants, and agricultural and office buildings.

On the industrial side, the company manufactures ferroconcrete items and nonmetallics, such as road metals, gravel, and enriched sand. Carpentry products include sash pulleys and doors. Concrete production goes on 24 hours a day at its plant to meet demand, not just from Tatarstan, but also other parts of Russia, including Samara, Moscow, Perm, Ufa, Tyumen, and Kirov.

"Ours is the most powerful plant in Kazan, with modern German and Finnish equipment installed for hollow slab production," says Mr Fakhutdinov. He emphasizes the company's commitment to high standards. "We produce concrete of the highest quality—up to 1,100 cubic meters per day. We have very stringent requirements, we invest a lot in technologies, and we hire professional personnel. Forty percent of the Kazan Metro is built using our cement." ●



We welcome all construction of a mutually beneficial cooperation

Kulonstroy is an integrated and multifaceted enterprise as well as the leading construction company in the Republic of Tatarstan. It ranks among the best 1000 companies in Russia.

As one of the country's most capable companies, Kulonstroy has taken on the responsibility of constructing 1,000,000 m² of residential and commercial space.

The project, SVETLAYA DOLINA, will take place the heart of Tatarstan, in the city of Kazan.

Kulonstroy relies on top-of-the-range materials and equipment in order to guarantee high quality, high standards, safety and modernity, which enables them in turn to maximise profit for investors.



www.kulonstroy.ru

FOR MORE INFORMATION CONTACT: PRESS TRIBUNE, 405 Kings Road, Chelsea, London, SW10 0BB.

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BANKING

Increased focus on retail and lending to small- and medium-sized businesses



Strong and enjoying steady growth as the market expands at home, the republic's bigger banks are taking their expertise into other Russian regions

In the Russian Federation, only Moscow has more big banks than Tatarstan, which ranks fourth in terms of the total number of lending institutions. The republic's banking sector is strong and undergoing steady and dynamic development. In 2006 alone, bank funds increased by a factor of 1.7 to 45.4 billion rubles. The total assets of Tatarstan's lending institutions are around 295 billion rubles.

Bank lending continues to grow. Last year, new loans increased by a factor of 1.6 to 431 billion rubles. Total lending for the past five years has reached 1.2 trillion rubles. There has been a boom in mortgage and consumer lending. In 2006, new housing loans quadrupled to 7.6 billion rubles, while mortgages grew to 5.1 billion rubles—an almost sevenfold increase in a year. Loans to private individuals grew by a factor of 1.7, reaching 39 billion rubles by early this year.

Tatarstan's banks are focusing particularly on the development of small- and medium-sized businesses (SMEs)—a sector that has been underserved by local banks in the past, but is now seen as holding the key to economic diversification. New loans to such businesses granted in the past five years amount to 300 billion rubles.

One bank which has long experience of lending to SMEs is Akibank, the republic's fourth largest by market share. "From the very beginning, our bank worked with small- and middle-sized business," says Ildar Galyautdinov, chairman of the board. "Today, the number of our clients is about 13,000-14,000 enterprises, taking into account the bank's subsidiary in Kazan. We have a lot of clients in different sectors of the economy who started their business when we gave them money for project realization. And we are still working in this way, defining prospective areas, which will experience growth in the future in our region."

One of the bank's current long term projects is the construction of an agri-industrial hog growing and meat complex. The bank is financing the project, and working in partnership with German and Dutch companies. "It will use completely new technologies of production in agriculture," says Mr Galyautdinov.

Founded in 1993, Akibank started, like many Russian banks established at that time, by serving the interests of a very small group of business clients. Its first loans were to the truck manufacturer Kamaz, then a modest enterprise producing no more than 200 trucks and finding it difficult to get credit for other banks. "Our role

in making the enterprise work was very important," says Mr Galyautdinov. "We worked with the company for three years, crediting it with large-scale loans. However, we realized that we couldn't gear our business to one client, and we started developing our SME client base."

Since then, Akibank has evolved from a small local bank into a large regional financial and credit institution that ranks among Russia's 200 biggest banks. A universal commercial bank, its strategy is directed towards achieving aggressive growth in retail banking as well as the SME sector, as these segments of the market develop.

The bank serves some of the main industrial groups in the region, mostly in the automotive and utility sectors. Outside Tatarstan, it is present in markets throughout the European part of Russia, including Moscow, Voronezh, Bashkiriya, and Chuvashiya, with new branches opening in Perm and Orenburg. "We strive to master new territories and diversify our risks, as Russian regions have different economic patterns, and therefore regional risks vary very much. As for Tatarstan, this is undoubtedly one of the leading regions in the Russian Federation, and we see strong potential for development."

A significant boost to the Akibank's plans for future expansion came with the recent acquisition of 19.9 percent of the company by Swedish investment company East Capital as the result of a 600 million-ruble share issue. A 5.3 percent holding was bought by Russian telecom firm Svyazinvest. Welcoming East Capital's participation, Mr Galyautdinov says, "The expertise and support that East Capital's specialists can provide will allow the bank to continue its favorable development and further strengthen its position in the region."

Akibank has plans to enter the international market via the London Stock Exchange within the next five years. "Much work is in progress in this direction," says Mr Galyautdinov. ●



Ildar Galyautdinov
Chairman of
the Board of
Akibank



Akibank is opening new branches.

BANKING

Reputation and diversification



Tatarstan's largest bank has found its niche in global and regional markets with a reputation for stability and growth strategy based on diversification

As the leading financial institution in one of the strongest regional economies in Russia, Ak Bars Bank finds itself with a head start when it seeks loan financing on the international money markets. "When presenting our bank abroad, we put the focus on the region as well as on the bank," says Robert Minnegaliev, chairman of the board. "Investors consider us as representing the republic and the financial structure of Tatarstan."

Oversubscription led to two syndicated loans raised by Ak Bars Bank last year being increased, one from an initial \$50 million to \$85 million, the other from \$100 million to \$140 million—a measure both of the bank's financial soundness and the willingness of Western, as well as Russian, financial institutions to do business with it. In September, the bank raised a further \$100-million syndicated loan—another notable success considering the liquidity crisis in the world financial market.

"The bank has found its niche within the global and Russian markets," says Mr Minnegaliev. "It works with all the international banking systems



Ak Bars Bank is a leader in retail banking.

and financial institutions, it takes loans at the open markets of London. We started with small capital, but now international loans are \$500-600 million. It is worth remembering that there are high demands for borrowers, especially on the open markets."

Established by the government of Tatarstan in 1993, Ak Bars Bank has grown to become one of the top 20 banks in Russia: 17th by equity and 20th by assets. With an extensive network of 430 branches and additional offices, the bank is present not only in Tatarstan itself, but in 19 Russian regions, including Moscow,



Robert Minnegaliev
Chairman of the Board of Ak Bars Bank

St Petersburg, Nizhny Novgorod, Samara, Izhevsk, Cherbokhsary, and Omsk. In Tatarstan, it represents 37 percent of total banking assets, 30 percent of total deposits, 25 percent of total loans, and 48 percent of total capital.

A universal bank, Ak Bars Bank engages in a range of corporate, retail, and investment business, serving approximately 30,000 business clients and 1.6 million individual customers. Corporate clients range from large oil, petrochemical, engineering, telecommunication, construction, and shipbuilding clients to small- and medium-sized businesses, for which it is one of Russia's principal credit institutions.

The bank occupies a leading position in the retail market in the Ural and Volga regions, with a retail loan portfolio exceeding 10 billion rubles (\$3.9 million). Since the beginning of this year, its mortgage loan portfolio has doubled to more than 5 billion rubles.

"We pay attention to diversification," says Mr Minnegaliev. "It would not be sensible to focus excessively on big business, or small and medium business, or retail. We have a low level of bad debts—around 1.25 percent. The level of arrears is much higher in banks focusing on consumer credit, and those investing only in big business have a high risk of losing their business. Our approach implies stability and development." ●



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BANKING

Foreign partners are backing moves to branch out with cash and experience



Partnership with the European Bank for Reconstruction and Development has helped Spurt Bank to broaden the spectrum of its activities

In April this year, the European Bank for Reconstruction and Development (EBRD) acquired a 28 percent share in Spurt Bank, becoming the bank's largest single shareholder. The move is part of a long-term strategy of the EBRD to support the development of regional banks and encourage lending to small- and medium-sized businesses.

The connection between the European investment institution and Spurt Bank goes back to 2005, when the EBRD provided the bank with a 280 million ruble (\$10 million) credit line for lending on to SMEs. The agreement was the first the EBRD had made with a Russian bank in rubles. Spurt Bank has since gained another partner, KfW Bank of Germany, which has allotted it a further \$8 million for the same purpose.

EBRD's direct involvement boosts the bank's chances of cooperation with other foreign investors, as well as strengthening its position in the domestic banking market. Last year, together with the EBRD, it launched an energy efficiency projects financing initiative, including a free energy audit service aimed at helping Russian companies to cut energy costs and protect the environment.

Established in 1992 with its headquarters in Kazan, Spurt Bank is one of Tatarstan's largest financial institutions. Originally a corporate bank serving big business clients, it has more recently developed into a universal bank, diversifying into retail and small business lending.

The support from the EBRD has been crucial to this development, enabling Spurt Bank to make longer-term loans to SMEs. Eugenia Dautova, Spurt Bank's chief executive officer, says, "Two years ago, we hardly had an SME credit portfolio. Now it's 1.8 billion rubles (\$67 million), which is about 40 per cent of our total credit portfolio."

She makes the point that the EBRD has experience in helping regional banks set up SME programs, stressing the importance of not just the financial backing, but also the technical assistance it provides. "Russia doesn't need money so much now. There is enough money in Russia," she says. "What we need is the know-how of our Western partners." With the support of the BRD, Spurt Bank sees itself as a candidate for an IPO within five years.

So far, the results of the bank's broader-based strategy have been highly positive. Spurt Bank ranks among Russia's 200 major banks, with equity of 1.2 billion rubles and assets that totaled 7.2 billion rubles at the start of this year. In 2006, the bank's loan portfolio grew by 55.5



Spurt Bank plans an IPO within five years.

percent to 5.2 billion rubles, including a trebling of growth in loans to individual customers that helped it achieve a profit of 225 million rubles.

Mrs Dautova says the bank has high development potential, sustained by strong capitalization. "Expansion into new territories such as retail banking and SMEs has yielded very good results for the last two to three years. We are going to develop these new market segments because the result is evident."

She highlights the bank's commitment to innovation and its attractiveness to shareholders. "Our management knows the market very well, anticipates today's and tomorrow's trends and demands, and suggests new concepts for the bank's development. As a result, for many years

we have achieved profitability above average in Russia."

At the larger end of the corporate scale, the bank's clientele includes major companies from the gas and energy industry, and the oil refining and chemical industries. Diversifying its business, it has developed relationships with construction, aviation, food industries, and trade and finance companies.

Other finance-related projects in which the bank is involved include a non-state pension fund, First Industrial Alliance, created in cooperation with the truck manufacturing firm Kamaz, and a medical insurance company, Safety.

"We support a number of Tatarstan's leasing companies and cooperate with Moscow and the Povolzhye region," says Mrs Dautova. "I think that we are going to attract foreign capital for these projects in order to increase our intellectual and financial opportunities."

In terms of future expansion, she says, "We follow our business and our clients. We have worked with other regions in Russia, and we are planning to move further in the Povolzhye region, and take leading positions there. We have good relations with a number of international banks. We are open for foreign investments." ●



Eugenia Dautova
Chief Executive
Officer of
Spurt Bank

AVIATION

New planes will launch expansion plans for national airline



Safer, more modern aircraft and flights to fresh destinations are part of a development plan that is set to transform Tatarstan Airlines

The arrival at Kazan International Airport in July of two CRJ-900 aircraft manufactured by Bombardier Aerospace of Canada marked the start of a new phase for Tatarstan Airlines. Now under the control of the recently established Nur Avia company, the national airline has a new strategic plan for its development up to 2016 that includes the renewal and enlargement of its fleet.

Kazan-based Tatarstan Airlines has 25 aircraft and flies to 30 Russian and some international destinations, mainly former Soviet republics, Turkey, and Crete. According to Mannaf Sagdiev, president of the Nur group of companies and Nur Avia's general manager, some \$1.6 million will be invested in developing the airline.

Most of the money will be spent on 30-35 new aircraft. Nur Avia's priorities are to upgrade Tatarstan's fleet and broaden the airline's flight routes, further integrating Tatarstan with the international air network and increasing passenger safety. Ageing Tupolev and Yakovlev aircraft are being replaced by more modern aircraft.

The two CRJ-900s that arrived at Kazan earlier this year are medium-haul aircraft capable of



TA is based at Kazan International Airport.

seating 86-90 people. They are the first of six that Nur Avia has acquired from Bombardier Aerospace, with an option on four more. The contract is valued at \$217 million.

The company is also planning to buy two A321 Airbuses. However, most of the airline's new aircraft will be Russian-made. A contract has been signed for five Russian TU-214s and five TU334s.

"We will certainly purchase Russian aircraft," says Mr Sagdiev. "Around 26-27 aircraft of our new aircraft are going to be domestically produced. We share President Putin's aspiration for the re-

vival of Russian aviation, and are going to take an active part in its improvement. The Tu-214 is a very good airplane, and it is no different from Boeing or Airbus."

Nur Avia was established in January 2006. Twenty-five per cent of its stock is owned by the state and 75 per cent belongs to the Nur group, one of the largest holding companies in Tatarstan.

Expansion of the national airline dovetails with the government's objective of developing the republic's tourism and travel industry. Investment is being put into construction of hotel resorts and building up travel and business infrastructures.

"We have a vision of a two-way tourist industry, which we have already started to put into practice," says Mr Sagdiev. "It means that we will not only be carrying our citizens abroad, but attracting tourists from European and Eastern countries as well. Vostok Tourist Company, as a part of our holding, is already carrying on negotiations in this direction."

Nur Avia favors an integrated development model, similar to that adopted in the United Arab Emirates. "The UAE model has shown that an airport, hotels, and airlines can work in an integrated way," states Mr Sagdiev. "Besides the fleet upgrade, the reconstruction of the airport, and building of new hotels and terminals are in our plans too. ●"

The skies over Tatarstan are changing

Nur Avia - breaking new ground

Kazan Airport, Kazan 420017, Republic of Tatarstan, Russia

INDUSTRY

Profits skyrocket as top truck maker boosts output to meet global demand



Kamaz is reassessing its targets as demand for its heavy-duty vehicles spreads worldwide and it forms new partnerships with foreign companies

The development strategy of Kamaz, Russia's leading truck maker, aims for a sales volume of \$3 billion and a production volume of 55,000 vehicles per year by 2010. However, it is having to be revised upwards as the company's growth accelerates and its profits skyrocket.

"We have assessed the market conditions and our production potentialities, and have adjusted our programme," says Sergey Kogogin, the firm's general director and chairman of the board. "We have already reached a volume of output that, on the one hand, forces our business rivals to take our potential seriously, and on the other, rouses interest towards us as potential partners among automobile manufacturers all over the world."

Based on an industrial complex located in Naberezhnye Chelny, on the Kama River some 225 km east of Kazan, Kamaz boasts 13 large plants, producing a wide range of trucks and

diesel engines used in more than 60 countries.

Kamaz manufactured its first truck in 1976, and in 1990 had the distinction of being established as Tatarstan's first open joint stock company. The largest Russian vehicle manufacturer, and one of the world's top ten, Kamaz is also the eighth-largest producer of diesel engines, and one of the largest Russian companies providing automobile equipment leasing services. Its public profile is highlighted by the Kamaz-Master team, which is a regular participant—and winner—in prestigious international races such as Paris-Dakar, Paris-Moscow-Beijing, and Dakar-Cairo.



Sergey Kogogin
General Director
of Kamaz

Output has doubled over the last three years, and profits have soared—more than trebling in 2005, more than quadrupling in 2006, and increasing by 630 percent year-on-year to more than 4 billion rubles (\$159 million) in the first half of 2007. "We know our customers thoroughly, we know what kind of product they need," says Mr Kogogin. "The circle of our customers grows constantly."

Demand for Kamaz's robust and colourful Russian trucks is worldwide. Outside of Russia, it has assembly lines in Poland, Kazakhstan, Azerbaijan,



Kamaz's heavy-duty trucks are in demand worldwide.

Ukraine, Ethiopia, and Vietnam, and other countries are queuing up to take part in joint ventures. There are moves to build a Kamaz factory in Venezuela. In May, a production line was inaugurated in Iran. And a joint venture is being planned with China.

Partnerships are being formed with leading components manufacturers. Earlier this year, Kamaz set up a \$20 million joint venture with Cummins, the U.S.-based engine maker, to produce 120-175-horsepower engines. Joint enterprises are also under way with Zahnrad Fabrik and Bosch of Germany.

Majority-owned by the Russian government, Kamaz is scheduled for privatization next year. "We hope to accomplish the preparation for the IPO in the second half of 2008, and offer our shares for sale to the investors of London and Russia," says Mr Kogogin. ●

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