



Investment proposal on creation of wood processing enterprise for pollution-free fuel (pellets) production in Sharya municipal district of Kostroma Region

Kostroma, 2014



Title: Creation of wood processing enterprise for pollution-free fuel (pellets) production

Investment volume : 969,7 million rub.

Stage of implementation : investment proposal

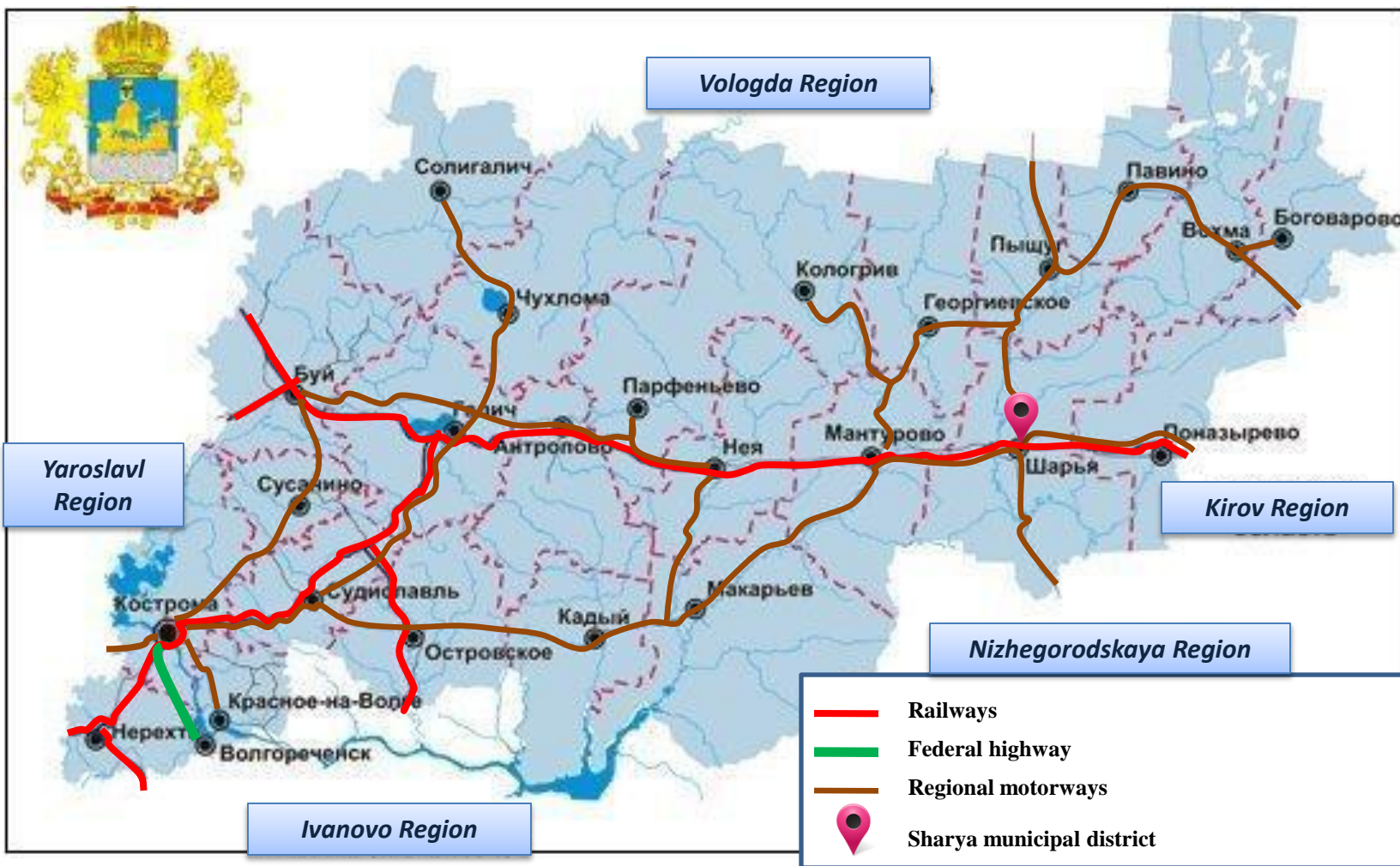
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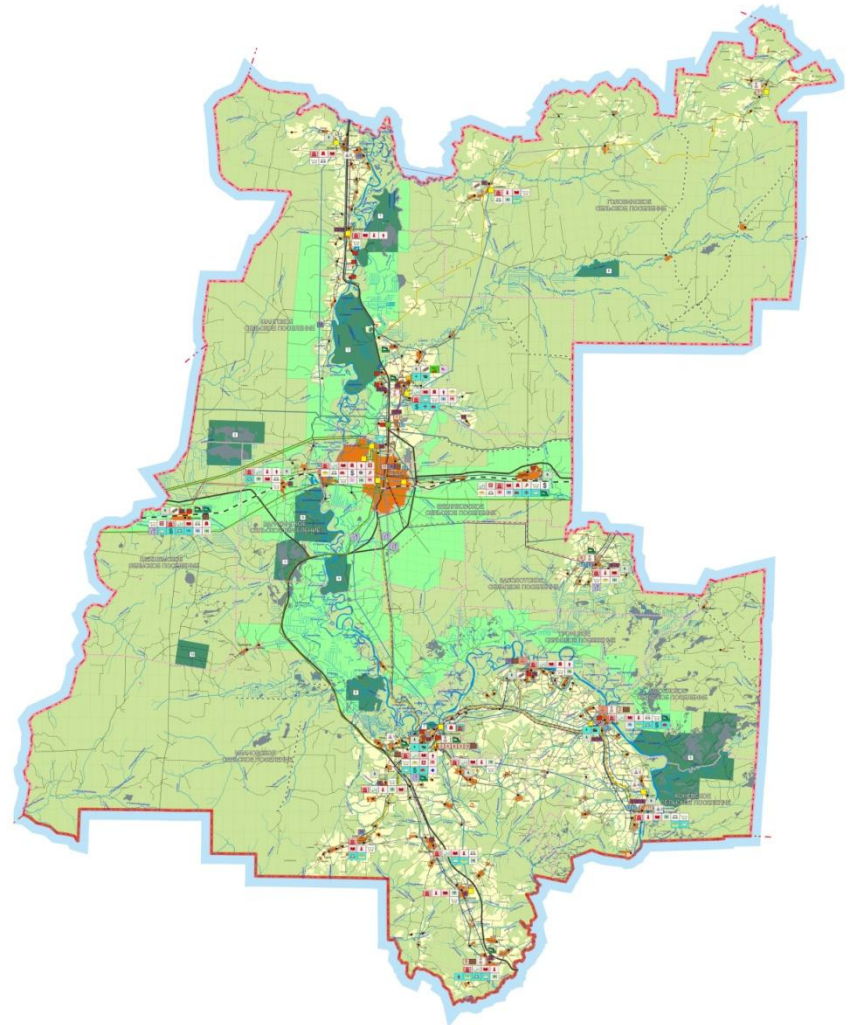


Sharya municipal district

The district's territory includes:

- highway “Nizhny Novgorod – Kotlas – Moscow – Ekaterinburg”;
- transport artery “St. Peterburg – Ekaterinburg” including the motorway “Kostroma – Sharya – Kirov – Perm”;
- Northern Railway – branch of OJSC “Russian Railways”

Distance to Kostroma City – 323 km



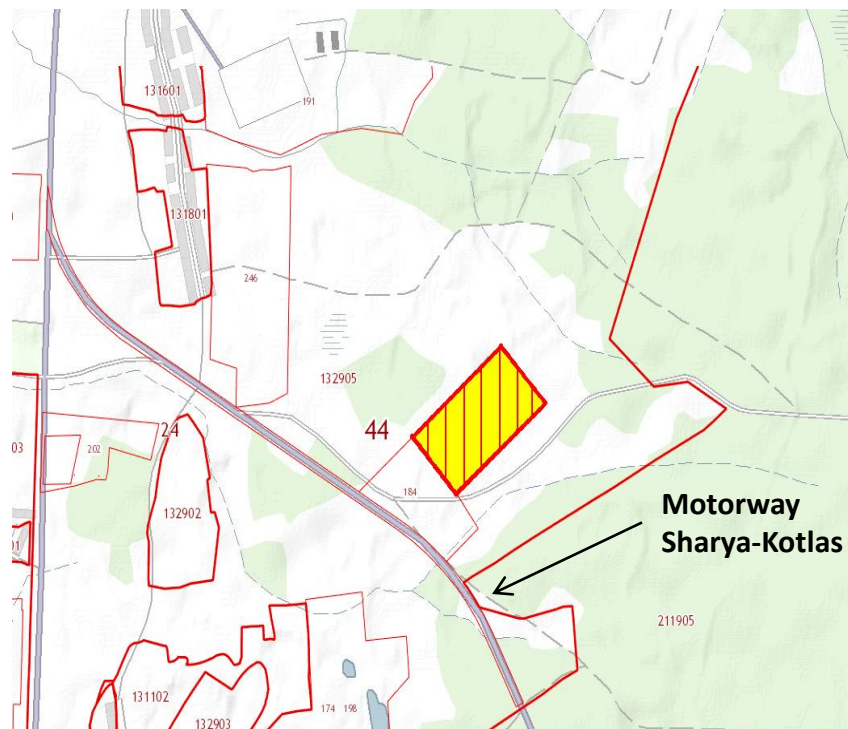


Total area: 30 ha

Category of land: industrial land

Engineering infrastructure:

- motorway Sharya – Kotlas (asphalt surface);
- gas pipeline (planned in 2015);
- railway (7 km);
- electric power supply from substation “Zvezda” (total capacity – 405 MW, unused capacity – 250 MW)





Kostroma Region has large wood reserves of more than 700 million cub. m. with total area of 4,5 million ha



Annual volume of cutting area is about 12 million cub. m



Volume of unused cutting area is 7 million cub. m



Information on unused forest resources in Sharya municipal district and surrounding districts of Kostroma Region

Forestry area	Calculated cutting area, thousand cub.m	Actual use of calculated cutting area, thousand cub.m	Structure	Distance from investment site to area's border
Sharya	910,70	272,50	4B1As3P2F	
Pyschyug	569,60	131,30	5B1As3F1P	35
Ponazyrevo	363,70	95,30	5B2As2F1P	46
Mezha	568,70	151,70	5B1As2P2F	57
Manturovo	404,20	163,80	4P1F4B1As	32



Production volume and assortment

Economic sector: Added-value wood processing

Products: Fuel pellets
Industrial wood

Annual productive capacity: 70 thousand tons of pellets
96 thousand cub.m of industrial wood

Sales market: Europe, Russia





Project's financial indicators

Project's value:	969,7 million rub.
Forms of investment:	Direct investments, delivery of equipment, long-term cooperation, share participation in construction
Net present value (NPV):	446 781 thousand rub.
Payback period (DPB):	7,7 years
Planning period:	8 years
Internal rate of return (IRR):	20,1%



Commodity prices

Fuel pellets	115-120 Euro/t
Industrial wood	1700-2000 rub./ cub.m



Financial support for investment activity in Kostroma Region

1.

- Reduction of profit tax rate (by 4,5 % maximum) during the payback period of project implementation

2.

- Exemption from property tax payment during the payback period

3.

- Creation of engineering infrastructure using the resources of Kostroma Region Investment Fund



Examples of mutually advantageous cooperation

“KRONOHOLDING AG” (Switzerland)

Wood boards production for furniture and construction industries



OJSC “Manturovo Plywood Factory”

Reconstruction of plywood production at “Manturovo Plywood Factory” in Manturovo municipal district of Kostroma Region

OJSC “Fanplit”

Large-scale plywood production





**We are ready for mutually
advantageous cooperation!
Thank you for attention!**