

The background of the image shows a construction site. In the upper left, the arm of an excavator is visible, with the word "EACKO" and a logo on it. Below the excavator, a long trench has been dug into the ground. Several large, light-colored pipes are laid out in parallel within the trench, supported by concrete blocks. The ground around the trench is dark and appears to be soil or gravel. The overall lighting is somewhat dim and has a slightly hazy, sepia tone.

# «Waway Group» Company PUPE

Production of sanitary systems of pipelines  
and shut-off valves

*The purpose of this prospectus and confidential memorandum is to acquaint a prospective investor with preliminary information about Company PUPE «Waway group».*

*Company PUPE «Waway group», as is common with nascent start-up ventures, has elected not to audit financial statements, appraisals of tangible assets, or real property. In addition, management has elected to omit substantially all of the informative disclosures ordinarily included in financial statements prepared on an income tax basis of accounting, market value presentation, and valuation reports. If the omitted disclosures were included, they might influence the prospective investor's conclusions about the company's financial condition. Accordingly, the documents contained within this confidential memorandum are not designed for those who are not informed about such matters.*

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# 1. DEVELOPMENT PLAN

## 1.1 Company PUPE «Waway group» - the introduction

Construction is one of the fastest-growing markets today. We claim 2-10% of the CIS market. The problem is that pipelines are bought together with shaped parts (during negotiations, wholesale buyers noted all about the need for a large variety of shaped pieces), and for the production of formed elements, a large sum is required at the same time for the purchase of equipment and enormous warehouses for finished products.

The company «of Waway groups" was created in 2017 by Igor Tushinskiy. The company's purpose is to create a production facility for the production of sanitary piping systems and shut-off valves, which is an adequate replacement of metal pipes anywhere in the world.

The business strategy of the project is to become the best organization in the field of quality, to create the production of all shaped parts and pipes, to replace import of goods to the Republic of Belarus and the Russian Federation, as well as to establish exports to the near and far abroad, to have representative offices in the export countries.

*"We replace heavy, difficult to install, oxidized, with a large heat transfer, a short period of use products, a better product with much better characteristics."*

***Founder of the project***

## 1.2 Current Status

Nowadays, the project team has conducted an in-depth study of the world market. A group of key employees has been formed. Staff schedules of employees, schemes of their interaction are developed, the corporate style of the project is developed. New parts and manufacturing processes are continually being developed. The project also signed a preliminary contract for large wholesale deliveries of products to the Russian Federation and held talks on opening a representative office in Moscow. With the support of the state of local producers and sufficient volumes of the domestic market, sales remains only a technical point.

## 1.3 Product Description

Polypropylene and polyethene pipes are environmentally friendly and are successfully used in cold and hot water supply, heating and air ducts with a working pressure of up to 25 ATM.

Thanks to fittings with chrome-plated brass inserts, PP pipes can be easily combined with steel pipes and steel fittings, and do not require additional insulation when laying in the ground. Besides, in recent years, polysulfone embedded elements have been actively introduced as a replacement for brass inserts for plastic pipe connections. When installing pipes made of polyethene, polypropylene, usually used diffusion welding, performed using a piece of simple and inexpensive equipment. This method of connection does not require special skills and is available to everyone.

As a result, the structure is completely sealed, and the welding process takes very little time. In this case, the connection is ready for use immediately after cooling (2-3 minutes). PVC pipes are usually used for drains without pressure, so they are not welded, and are fastened with the help of bellows, RTI seals, less often-adhesive connections.

The use of polymer pipes usually gives a significant economic effect: the cost of transportation and installation are reduced in comparison with steel pipes several times. The economic impact of using pipes and fittings made of polypropylene in comparison with steel and cast iron consists of saving transportation costs, reducing labour and waste during installation, saving consumables, no costs during operation, as well as a significant service life-about 50 years. If all these data are taken into account when determining the value of the pipeline and making estimates, the installation made of pipes and fittings made of polypropylene will reduce the cost by 15-20% compared to the pipeline made of galvanized steel pipes.



## **1.5 Objectives and Vision**

Our main objective is to develop the project and build the factory by 2020. The launch of production is also planned in 2020. And by the spring of 2021, according to our forecasts, the project will reach a production capacity of 30%. The final stage will be in 2022 when the company reaches a production capacity of 100%.

For a stable and famous international brand, the company's design and technology group will develop new design solutions and produce new perfect products (pipelines, fittings, valves, etc.)



## 2. MARKETING PLAN

### 2.1 Market analysis

The market for plastic pipes is vast today. First of all, this is due to the continually growing demand for this type of product. The field of application of plastic pipes is overwhelming: this is the sewer infrastructure, and the heating system, and the conduct of gas and water. Also, plastic pipes are used when creating a floor with heating. The breadth of application of this product is due to their material of manufacture. So, plastic is durable, not subject to corrosion, easily withstands temperatures up to 200 degrees, does not oxidize water, the pipes themselves are not subject to lime deposits, the use of such pipes reaches 50 years, plus they are lighter and more comfortable to lay because they support good deformation.



#### Current status in the market

Now there is no competition among manufacturers in the Republic of Belarus. But as for Russia, four companies produce reinforced pipe and occupy the market according to various data about 15-28 %, as for the rest of the products, they are imported. Therefore, we have a favourable price for both the Republic of Belarus and the Russian Federation, to produce the highest quality product at the most favourable price for the consumer.

#### Analysis of market development.

According to various estimates, the Belarusian market for PVC pipes and fittings ranges from 20-25 million dollars a year.

Most of the pipe is imported to Belarus from Poland, Turkey, Ukraine and other countries. The production capacity of this plant can realistically cover the Republic's need for PVC pipe by 10-15%. At the same time, there are no obvious direct competitors-manufacturers within the





Republic of Belarus. In the territory of the Republic of Belarus no competitors, the manufacturers, in Russia only four prominent direct competitor-the manufacturers of innovative PPR pipes, which is in Russia according to various estimates 15-28 % of the market, which every year only increases. The leading producers of PPR pipes, including reinforced, sewer pipes.

### Russian market of polypropylene pipes of small diameter, tons

2013			2014			2015		
№	Mark	Total	Pipes	Fitting	Total	Pipes	Fitting	Total
1	Pro Aqua	9830	7560	2900	10460	6730	2580	9310
2	Kalde	13745	9316	3370	12686	4813	1992	6805
3	Valfex	2700		101	101	5600	600	6200
4	Tebo Technics	9896	6820	2544	9364	4200	1730	5930
5	Politek	3150	3506	1990	5496	3550	2340	5890
6	Kontur	3700	3640	1320	4960	3110	1140	4250
7	Valtec	4458	6030	1386	7416	2898	965	3863
8	PBK	2400	1880	770	2650	2520	1070	3590
9	RosTourPlast	1330	1860	690	2550	2300	1000	3300
10	Ekoplastik	4944	3190	1052	4242	2135	655	2790
<b>Total</b>		<b>102000</b>	<b>79 500</b>	<b>28500</b>	<b>108000</b>	<b>60000</b>	<b>23500</b>	<b>83500</b>

## **2.1.1 Our competitors**

To date, we have only two competitors "WAVIN" and "ProAqua". We can consider our competitive power in the market.

Firstly, the cost of products from competitors is higher than ours by 40-150%.

Secondly, these competitors have an incomplete full production cycle at the factories (when importing Assembly units, the cost is higher than the average for the market)

Finally, the entire line of competitors' products cannot be purchased on the market

## **2.2 Offer of unique value**

The unique value of our products is that they can deliver water, air, gas and other substances in the liquid and gas state in pure form to the consumer. That is why the products are more resistant to oxidation and due to this increases the life of its operation, which is undoubtedly an vital plus for our consumer.

## **2.3 Marketing Strategy**

Instagram Facebook and Social media channels, as well as those specific to local markets, will be used to attract customers. Moreover, we are going to do advertising on radio and television and attract wholesale customers by participating in international exhibitions.

## 3. FINANCIAL PLAN

### 3.1 Materials buildings of shops, necessary for construction

Items.	Name	Quantity	BYN/piece rub.	Total, BYN rub
1	Base glasses	82 pieces.	200	16400
2	Colons	82 pieces.	210	17220
3	Covering farm	42 pieces.	3600	151200
4	Metalwork	72 t.	1800	129600
5	Fire protection of a metalwork	2293 sq.m	32,5	74523
6	Sandwich panel of roofing 150 mm	6643 sq.m	60	398580
7	Sandwich panel of wall 100 mm	2232 sq.m	45	100440
8	Sandwich panel of wall 50 mm	384 sq.m	38	14592
9	Profile leaf (partitions) C20	1734 sq.m	9	15606
10	Gate section 3500x4000	10 pieces.	3000	30000
11	Gate section 4000x4500	2 pieces.	4400	8800
12	Pipe profile (racks) of 50x50x3 5360 m of the item.	1400 t.	25,25	35350
13	Fad, drain, nashchelnik	1746 m of the item.	12	20952
14	PGS (adding) of 300 mm. 1944 m3	146 flight	100r/20t	14580
15	Crushed stone 40-60 (floor basis) of 6468 m3	47 flight	210r/20t	9866
16	Fittings (floor) of 12 mm 43200 m of the item.	38,4 t.	1300	49920
17	Concrete (floor) of 150 mm.	972 m3	100	97200
	<b>Total:</b>			<b>1184789</b>
	<b>Unforeseen expenses of 30%</b>			<b>355437</b>
	<b>In total</b>			<b>1540226</b>

### 3.2 Installation and construction works for construction of the building of shops:

Items.	Name	Quantity	BYN/piece rub.	Total, rub, BYN
1	Base glasses	82 pieces.	100	8200
2	Colons	82 pieces.	100	8200
3	Covering farm	42 pieces.	600	30240
4	Metalwork	72 t.	600	43200
5	Fire protection of a metalwork	2293 sq.m	It is included	
6	Sandwich panel of roofing 150 mm	6643 sq.m	20	132860
7	Sandwich panel of wall 100 mm	2232 sq.m	20	44640
8	Sandwich panel of wall 50 mm	384 sq.m	20	7680
9	Profile leaf (partitions) C20	1734 sq.m	12	20808
10	Gate section 3500x4000	10 pieces.	It is included	in a mat.
11	Gate section 4000x4500	2 pieces.	It is included	in a mat.
12	Pipe profile (racks) of 50x50x3 5360 m of the item.	1400 t.	600	15150
13	Fad, drain, nashchelnik	1746 m of the item.	4	6984
14	PGS (adding) of 300 mm. 1944 m <sup>3</sup>	146 flight	1	6480
15	Crushed stone 40-60 (floor basis) of 6468 m <sup>3</sup>	47 flight		6480
16	Fittings (floor) of 12 mm 43200 m of the item.	38,4 t.	It is included	in concrete
17	Concrete (floor) of 150 mm.	972 m <sup>3</sup>	24	155520
	<b>Total:</b>			<b>486442</b>
	<b>Unforeseen expenses of 30%</b>			<b>145933</b>
	<b>In total</b>			<b>632375</b>

### **3.3 Investment proposal**

To start production for the production of sanitary systems (transportation of liquid and gaseous substances, such as natural gas, drinking and technical water, sewage), and to implement the development plan developed by the "Waway group" project management, we need funding in the amount of \$5,000,000 - \$8,000,000 with a full production cycle of all parts. An investor who is ready to finance the project at an early stage is offered a 20% stake in the company.

### **3.4 Necessary funding**

The design and construction - \$2,000,000.

Equipment, transport - \$2,000,000.

Raw material base - \$600,000.

Staff - \$400,000.

Purchase of equipment for a full production cycle  
all parts - \$1,800,000.

Construction and design of an additional workshop - \$900,000.

Raw material base - \$300,000.

**TOTAL: \$8 000 000**

### 3.5 Income and expenses of future periods

	Name of expenses of a component prime cost	1 pieces.	1 change	1 month	1 year	1 month	1 year	1 month	1 year
1	Cost at depreciation of the equipment, rub.	0,0235	56,4458	1 354,7000	16 256,4000	2 709,4000	32 512,8000	4 064,1000	48 769,2000
2	Rent production and warehouse, rub.	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
3	Cost of the electric power, rub.	0,0323	77,6068	1 862,5622	22 350,7469	3 725,1245	44 701,4938	5 587,6867	67 052,2406
4	Weight of polypropylene, t.	0,000232	0,556800	13,363200	160,358400	26,726400	320,716800	40,089600	481,075200
5	Cost of polypropylene, rub.	0,3480	835,2000	20 044,8000	240537,6000	40 089,6000	481 075,2001	60 134,4000	721 612,8001
6	Sealant cost	0,1000	240,0000	5 760,0000	69 120,0000	11 520,0000	138 240,0000	17 280,0000	207 360,0000
7	Packing cost for 50 details in a bag	0,0040	9,6000	230,4000	2 764,8000	460,8000	5 529,6000	691,2000	8 294,4000
8	Raw materials delivery	0,0022	5,1782	124,2778	1 491,3331	248,5555	2 982,6662	372,8333	4 473,9994
9	Z/p of workers	0,0165	39,5833	950,0000	11 400,0000	1 900,0000	22 800,0000	2 850,0000	34 200,0000
10	Z/p ITR	0,0165	39,5833	950,0000	11 400,0000	1 900,0000	22 800,0000	2 850,0000	34 200,0000
11	Total PHOT:	0,0330	79,1667	1 900,0000	22 800,0000	3 800,0000	45 600,0000	5 700,0000	68 400,0000
12	FSZN + state insurance of 34,6%	0,0114	27,3917	657,4000	7 888,8000	1 314,8000	15 777,6000	1 972,2000	23 666,4000
13	Unforeseen 20%	0,1086	282,0625	6 769,5006	81 234,0077	13 539,0013	162 468,0154	20 308,5019	243 702,0231
14	<b>Total prime cost:</b>	<b>0,6960</b>	<b>1 691,8184</b>	<b>40 603,6406</b>	<b>487243,6877</b>	<b>81 207,2813</b>	<b>974 487,3754</b>	<b>121810,9219</b>	<b>1461731,0631</b>
15	Revenue	1,7000	4 080,0000	97 920,0000	1175040,0000	195840,0000	2 350 080,0000	293760,0000	3525120,0000
16	Profit	1,0040	2 388,1816	57 316,3594	687 796,3123	114632,7187	1 375 592,6246	171949,0781	2063388,9369
17	Profit of \$	0,5398	1 283,9686	30 815,2470	369 782,9636	61 630,4939	739 565,9272	92 445,7409	1109348,8908

### 3.6 Accounting policies and financial controls

The following sequence of work defines the basic principles of financial accounting of the company:

- 1) Constant collection of information to the financial department and the unified information system;
- 2) An account of any monetary and other transactions having material expression;
- 3) Daily compilation and provision of information to management for accounting, planning, control, and management of the company.
- 4) If certain information is important to an investor or lender using the financial statements, that information should be disclosed within the statement or in the notes to the statement.
- 5) company will continue to exist long enough to carry out its objectives and commitments and will not liquidate in the foreseeable future. If the company's financial situation is such that the accountant believes the company will not be able to continue on, the accountant is required to disclose this assessment.
- 6) To use the accrual basis of accounting. The matching principle requires that expenses be matched with revenues.
- 7) Under the accrual basis of accounting (as opposed to the cash basis of accounting), revenues are recognized as soon as a product has been sold or a service has been performed, regardless of when the money is actually received.
- 8) If a situation arises where there are two acceptable alternatives for reporting an item, conservatism directs the accountant to choose the alternative that will result in less net income and/or less asset amount. Conservatism helps the accountant to "break a tie." It does not direct accountants to be conservative. Accountants are expected to be unbiased and objective.



### **3.7 Dividend policy**

The Board of Directors may recommend the amount of dividends to the General Meeting of shareholders. However, the number of dividends can only be approved by the General Meeting of shareholders.

Dividends are distributed after the company reaches production capacity. The company's dividend policy is aimed at developing products and increasing the market value of shares at a faster pace.

And so, the distribution of dividends will be as follows: 30% of the total net profit will be allocated each month – distribution of dividends among the company's shareholders to the percentage of shares.

## 4. PRESENT RISKS

To avoid an unsuccessful launch of the project, our task is to consider possible measures aimed either at reducing the likelihood of risks or at reducing the criticality degree. We should allocate the following risks:

**Investment risk** is the measurable probability of losing or missing out on an investment. Risk can be divided into systematic and non-systematic.

**Systematic risks** – risks that are not influenced by the influence of the object management. They include:

- Political risks (political instability, socio-economic changes)
- Natural and environmental risks (natural disasters);
- Legal threats (uncertainty and imperfection of legislation);
- Economic risks (sharp fluctuations in exchange rates, government measures in the field of taxation, restrictions or expansion of export-import, currency legislation, etc.).

The amount of systematic (market) risk is determined not by the specifics of an individual project, but by the General situation on the market. If there is a high probability that a particular risk will be realized, additional measures are provided, if possible, to offset the negative consequences about the project. It is also possible to develop project implementation scenarios with different development of external conditions.

**Non-systematic risks** – risks that can be eliminated wholly or partially as a result of the impact of the object management:

- Production risks (risk of non-fulfilment of planned works, failure to reach planned production volumes, etc.);
- Financial risks (risk of not receiving the expected income from the project, danger of insufficient liquidity);
- Market risks (changes in market conditions, loss of market positions, price changes).

We would like to note that when the buildings are built they will overlap the cost of the investment.

# 5. TEAM

## 5.1 Founder



**Igor Tushinskiy - CEO and Founder**

Igor has experience in the management of construction and installation organization for more than 25 years, worked with wholesalers, manufacturers, General contractors, participated in international exhibitions, etc.. Also he has a lot of friends and connections around, the CIS in particular.

## 5.2 Team

Deputy  
**Denis Tushinskiy**



Deputy marketing  
**Alexey Botyanovsky**



Head of Finance  
**Galina Tushinskaya**



## 6. LEGAL INFORMATION

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## 7. CONCLUSION

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