

QIZILDAŞ SEMENT

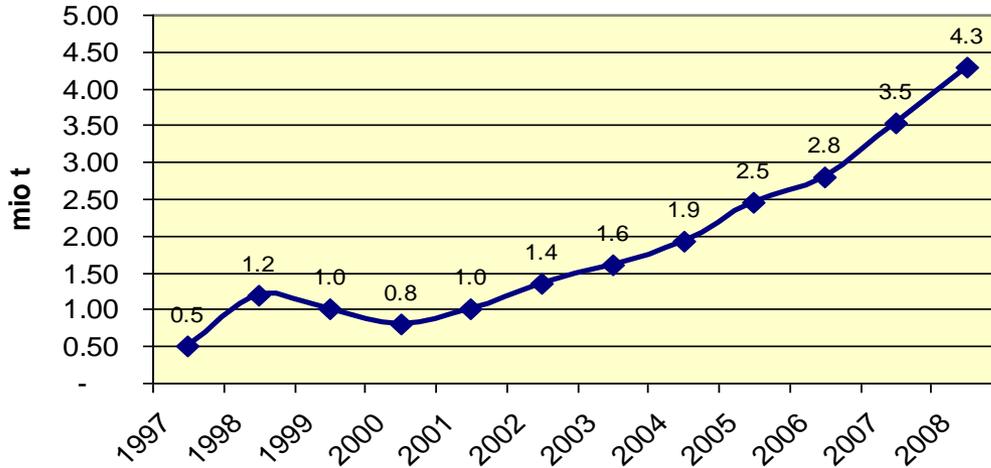


# **2.0 mio tpa CEMENT PLANT PROJECT**

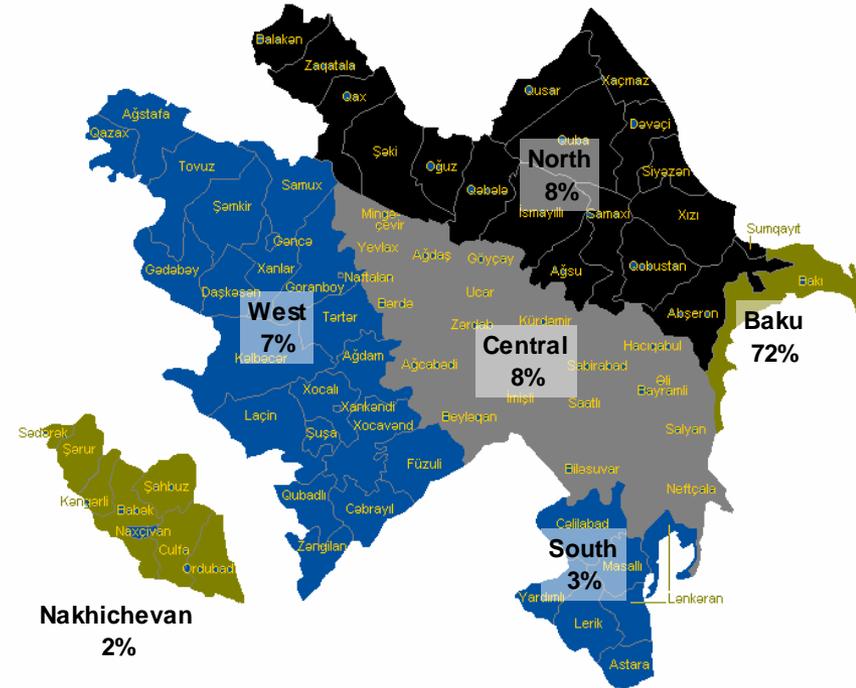
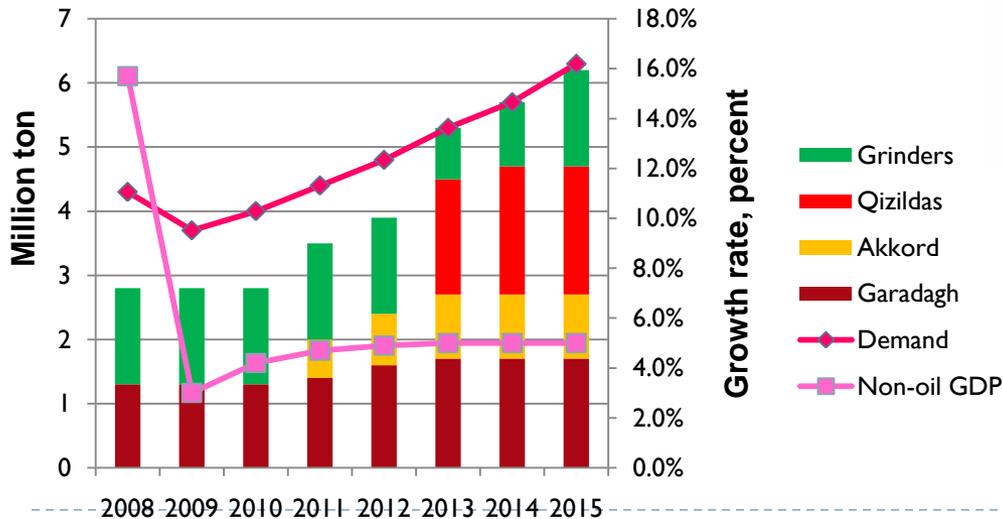
21<sup>st</sup> of June 2010  
NORM LLC



# FUTURE DEMAND - SUPPLY GAPS



## Cement Demand and Supply forecast



Cement consumption in Azerbaijan grew from a level of 0.5 mio t in 1997 to around 4.3 mio t in 2008. The CAGR of cement consumption during 2000 -2008 had been close to 23%.



# PROJECT RATIONALE AND IMPLEMENTATION

## PROJECT RATIONALE - IMPORT SUBSTITUTION PROJECT

Product mix:

- ✓ Portland Cement
- ✓ Oil-well Cement

100% of sales based on orders

Frame Agreements with SOCAR and BP are under discussion

## IMPLEMENTATION STRATEGY

- ✓ Team of Highly Qualified Professionals
- ✓ Internationally recognized and experienced Consultant – HOLTEC
- ✓ Third Party Consulting services and supervision – Project Audit
- ✓ Turn Key EPC tender to be carried out jointly by Holtec and NORM LLC
- ✓ Start up finance through local and own resources
- ✓ Plant is designed to meet most severe International Norms of Environmental Protection for the Cement Plants.



# Project Highlights

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- Clinker Capacity : 5,000 (tpd)
- Cement Capacity : 2,000,000 (tpa)
- Product Mix :
  - 600,000 (tpa) CEM I 42.5 (OPC)
  - 1,400,000 (tpa) CEM VI A 32.5 B (PPC)
- Plant Location : Garadagh District of Baku city, **Azerbaijan**
- Raw Materials:
  - Limestone Waste Bricks
  - ROM Limestone
  - Clay
  - Gypsum

• Plant is strategically located close to Raw Material Sources for reducing transportation cost to main market Baku and whole Absheron Peninsula, which accounts for about 70% cement consumption in Azerbaijan.

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# NORM Cement Project: Infrastructure

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## Infrastructure and utilities:

- ✓ Plant site – 500 hectares allocated by the Government
- ✓ Moto road is under construction
- ✓ Utilities and infrastructure approved by the Governmental authorities and are under implementation:
  - Gas supply
  - Water pipeline
  - Power line
  - Railway line

# NORM Cement Project: Raw Materials

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✓ **Limestone**

Reserves comprising of limestone deposits and limestone bricks' wastes have been identified and official Order for Land Usage has been issued by the Cabinet of Ministers for ~1,300 ha

Raw materials analysis were randomly done. Prospecting Plan and Deposit Block model have been prepared by Holtec.

✓ **Clay**

Acquired reserves of clay are next to the plant site

✓ **Iron Ore and Aluminium Oxide**

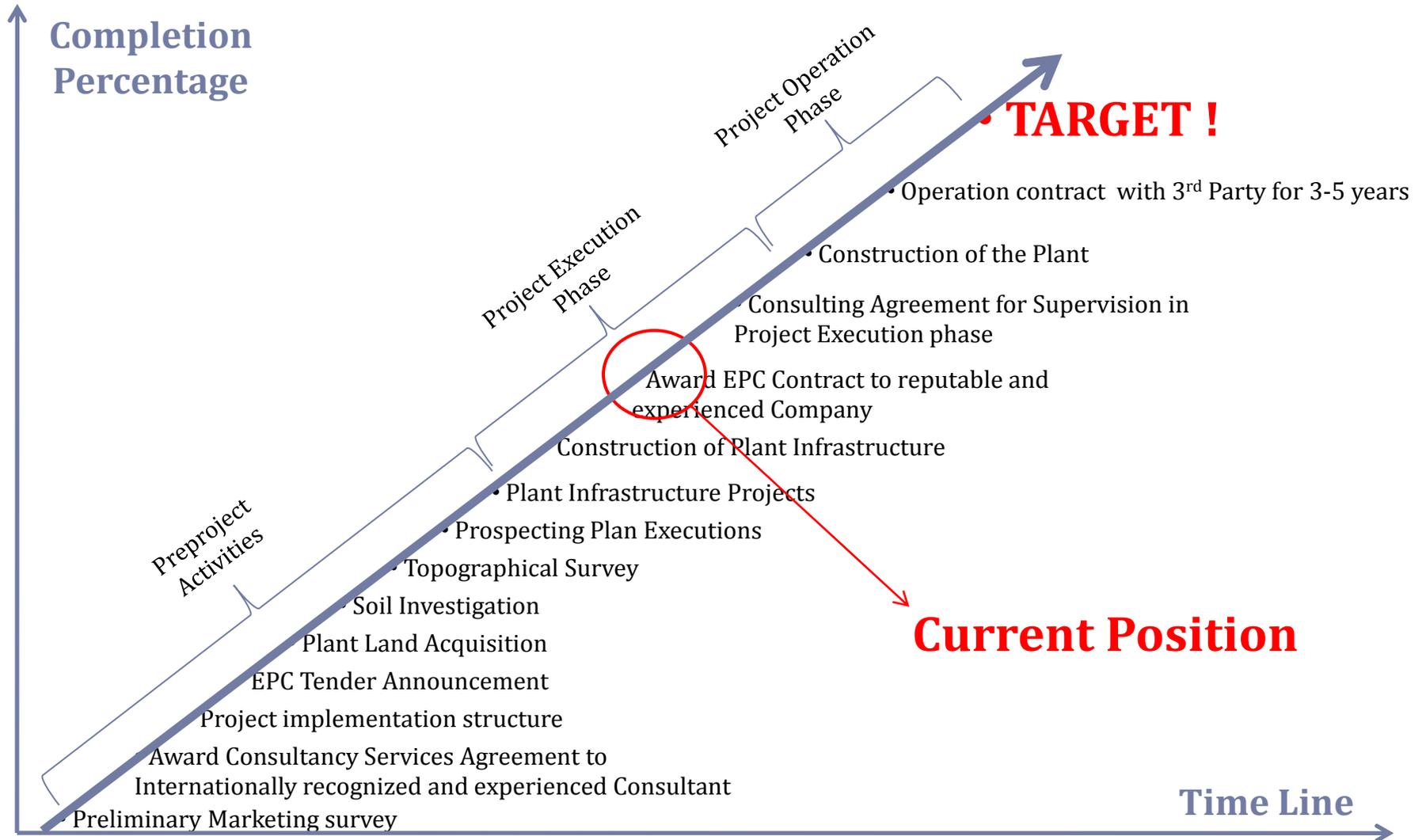
supplies contracted locally

✓ **Gypsum and Volcanic Ash**

deposits in 100 km radius from the plant site have been obtained



# Project Implementation Strategy



## Norm LLC's Board and CEO

QIZILDAŞ SEMENT



**Mr. Ismayil MAMMADOV, Chairman of the Board,  
Head of Construction Services at the CBA,  
with 35 years experience in industrial construction in petroleum industry.**

**Mr. Murat Ali SOYLU, Deputy Chairman of the Board,  
Former Technical Competence Development Director of  
Lafarge Central & East Europe and Russian Federation**

**Mr. James NOLAN, Member of the Board,  
Director of Denizli Cement, Former Director of CRH Middle East and Asia**

**Mr. Mammad ABBASOV, Member of the Board  
Group CEO of Capital Resources Advisors**

**Mr. Ridvan YIRMIBESOGLU, Member of the Board  
Group Vice President, Capital Resources Advisors,  
Former EVP on Human Resources of Sabanci Group**

**Mr. Hasan GULIYEV, Member of the Board,  
Financial Advisor of Capital Resources Advisors, Former CFO of Nobel Oil**

**Mr. Ismail ERKOVAN, General Director, CEO,  
more than 35 years experience in Oyak Group (Turkish cement manufacturer)**

# PROJECT PROGRESS

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## 1. EPC Tender

- ✓ *Final negotiation with Shortlisted Bidders is ongoing*
- ✓ *Expected issuance of the Certificate of Award – 25th of June 2010*

## 2. Raw material base

- ✓ *All required Legal Documents for Land use have been obtained.*
- ✓ *Mining Prospecting Plan has been worked out by HOLTEC*

## 3. Infrastructure projects

- ✓ *Temporary Infrastructure is under construction.*

## 4. ESIA report

- ✓ *EIA Report has been approved by MOENR on 12th of April 2010, Ref#15/616.*

## 4. Finance

- ✓ *Feasibility Report has been prepared by HOLTEC*
- ✓ *~ 120 Million USD are allotted to the project in form of Equity by the Shareholders.*



# CONCLUSIONS AND RECOMMENDATIONS

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- ★ There is a deficit of clinker and cement production capacity in Azerbaijan which will be only partially overcome even after this project comes up
- ★ Based on the availability of all major raw materials, fuel and power, of required quality and quantity, project is considered as technically viable.
- ★ The project under normal and contingent scenario exhibits good Internal Rate of Return on Total Investment around 20,4%. In view of the good level of returns, the project is financially viable.
- ★ The project is not only viable but also strategically important for Azerbaijan, as it will make Azerbaijan self sufficient on cement production and will replace the cement presently being imported.
- ★ The project also consumes limestone brick wastes and is likely to clean about 100 sq. km of area presently covered with limestone brick waste.



# THANK YOU

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