



## Creation of modern tractor production and agricultural machine building



**Saturation of the Ukrainian market of agricultural machinery with modern domestic products** through cooperation of SE "Makarov Southern Machine-Building Plant" (Yuzhmash) with world manufacturers of tractors and their components.

The Ukrainian market needs in tractors are covered by imports, which account for 95% (\$796.2 mln/year).

The structural subdivision Dnipro Tractor Plant of O.M. Makarov Machine Building Plant manufactures agricultural multipurpose wheeled tractors of 1.4 ts class, with power from 65 to 100 hp. Production of spare parts for YUMZ tractors is carried out.



### Initiator

«YUZHMAŠ»  
<https://yuzhmash.com/en/>



### Duration

2 years



### Project goals:

- utilization of existing production capacities and creation of additional capacities to produce up to 10 thousand tractors per year. Now the enterprise produces 1 thousand tractors per year.
- saturation of the market with competitive domestic agricultural machinery;
- transition to new resource-saving technologies, improvement of technical level, quality and reliability of tractors;
- development and realization of the project of reconstruction and technical re-equipment of the existing production;
- creation of additional 2000 workplaces;
- increase in tax deductions.



### Economic indicators of the project

**Total project cost: \$10 mln**

- Company contribution to implement the project **\$ 0,3 mln**

Net present value (NPV)	\$ 1,5 mln
Internal rate of return (IRR)	14,26 %
Payback period (PP)	4,7 years





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### Project technical indicators

#### Company Resources:

- operating enterprise located in an industrial zone with its own railroad tracks and storage facilities;
- own tractor production, where both assembly of Chinese tractors and production of own tractors and additional equipment for them are carried out;
- buildings and constructions to accommodate production, with a total area of 93,000 m<sup>2</sup>;
- a project for tractor production has been developed (requires recalculation).

#### Engineering infrastructure:

- Water supply, gas supply, electricity supply are in place and do not require additional investment.

#### Logistic infrastructure:

- road and railroad accesses to the production territory are available.

#### Land plot:

- **area:** 9.3 ha;
- **intended use:** industrial land;
- **cadastral number:** assigned;
- **disposer:** lessee.



### Project location:

Dnipro



### Mechanisms for cooperation

- equity participation;
- lease of production facilities;
- joint venture.



### Additional information

The enterprise has sufficient production capacity to manufacture tractors. It is important for this purpose to renew material and technical base and to form a portfolio of orders. Among the possible prospects of development of the tractor plant is the project of joint production of wheeled tractors on the basis of production capacities of the Enterprise.

In 2021, 9416 new tractors were sold in Ukraine, and in 2022 - only 3585. This is due to the fact that in previous years tractors of Minsk Tractor Plant traditionally dominated. With the introduction of trade sanctions against Belarus, the import of products from this country into the customs territory of Ukraine was stopped. Accordingly, a huge vacuum was formed in the Ukrainian market, which was immediately filled by Chinese tractors of the corresponding class. Thus, Ukraine needs domestic production of tractors.



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