

TITANIUM INDUSTRY

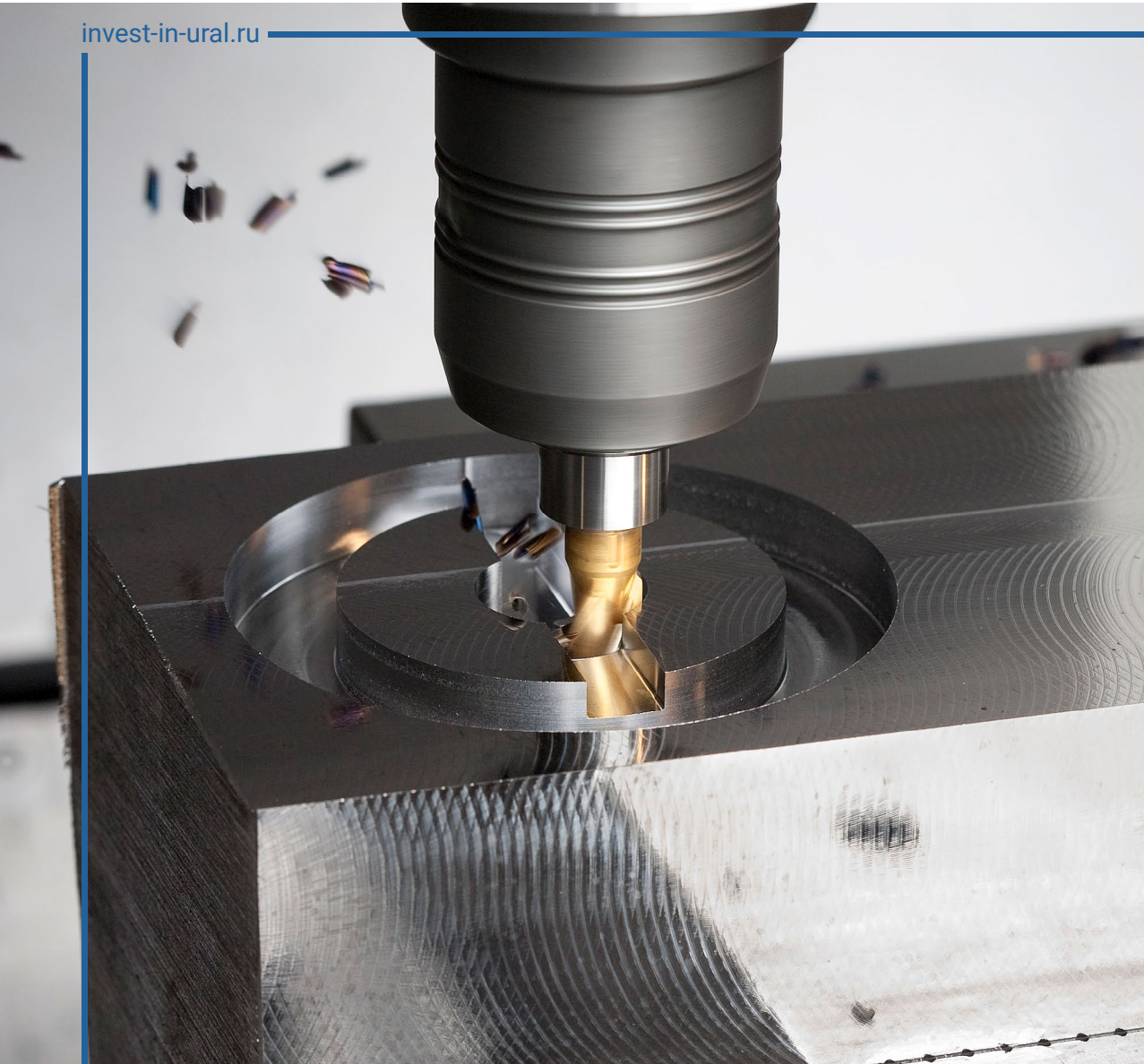
INVESTMENT POTENTIAL OF THE SVERDLOVSK REGION



THE GOVERNMENT
OF THE SVERDLOVSK
REGION



INVESTMENT
PROMOTION
AGENCY
of the Sverdlovsk region



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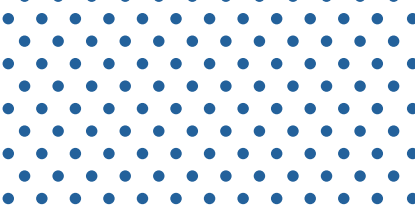
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**THE SVERDLOVSK REGION
IS A STRATEGIC PLACE FOR LOCALIZATION
OF PRODUCTION CAPACITIES
OF COMPANIES OF
THE TITANIUM INDUSTRY**



GENERAL
INFORMATION
ON THE REGION

01

City center
of Ekaterinburg, the capital
of the Sverdlovsk region

POINT OF GROWTH IN THE HEART OF RUSSIA

194,3th sq km

TOTAL AREA

> 4,3 mln people

POPULATION

TOP 10

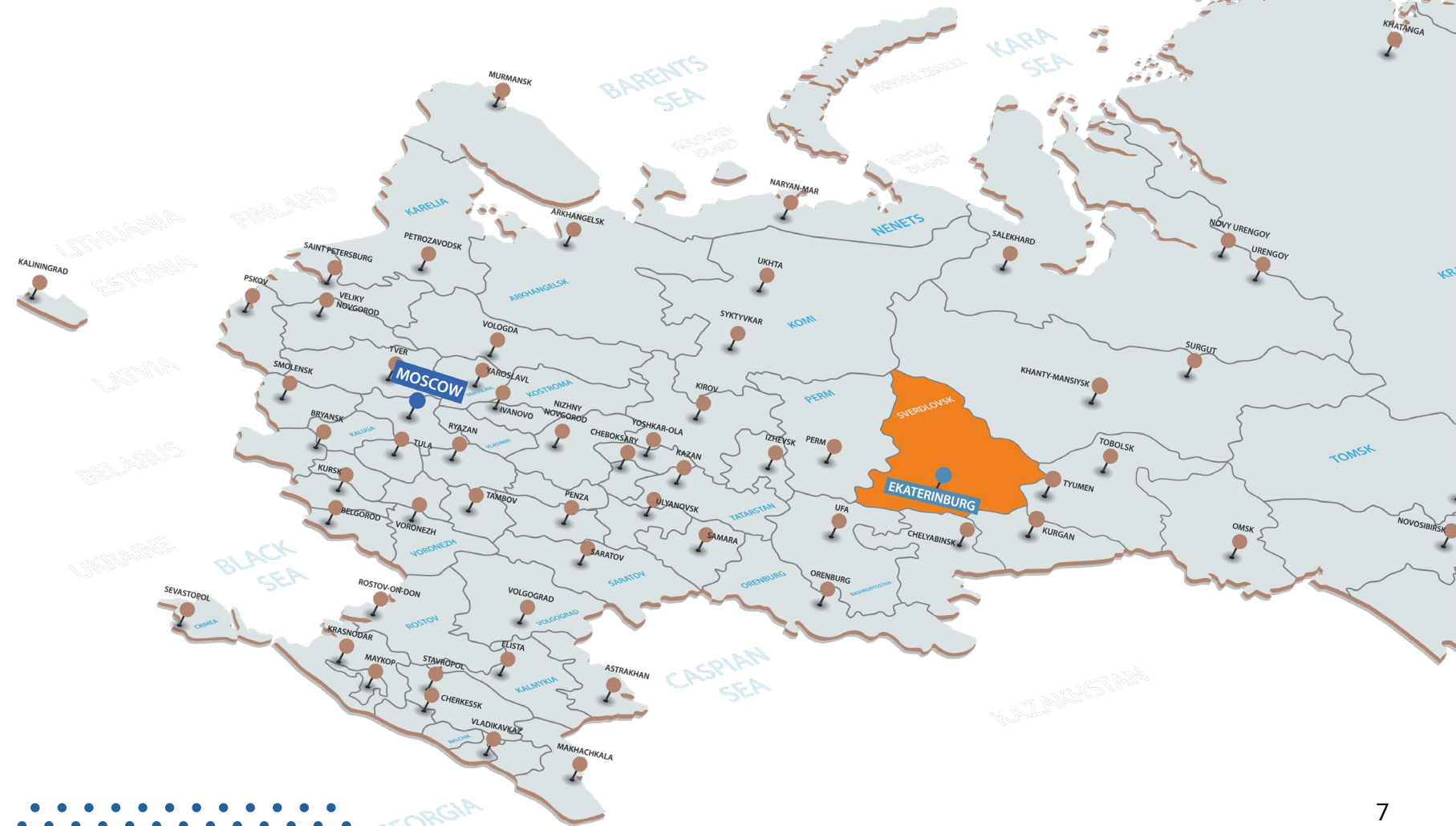
IN THE INTEGRAL
RATING OF RUSSIAN
REGIONS

1B

INVESTMENT
RATING

HIGH
POTENTIAL
MODERATE RISK

THE SVERDLOVSK REGION IS
A LARGE ECONOMICALLY DEVELOPED REGION
WITH A HIGH LEVEL OF BUSINESS, CULTURAL
AND SOCIAL ACTIVITY

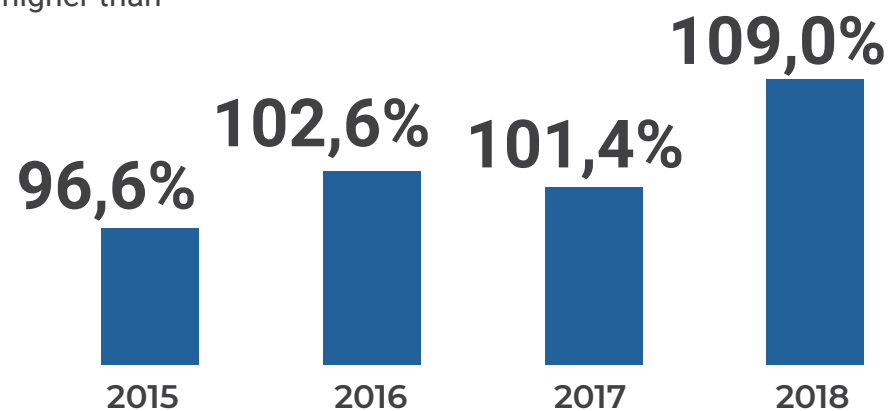


THE SVERDLOVSK REGION
IS A KEY INDUSTRIAL REGION OF RUSSIA

THE ECONOMY OF THE REGION IS BASED
ON MINING, METALLURGICAL AND
MACHINEBUILDING INDUSTRIES. THE REGION IS
RICH WITH NATURAL RESOURCES, HAS
A DIVERSIFIED INDUSTRIAL COMPLEX AND
ALSO SIGNIFICANT SCIENTIFIC AND HUMAN
POTENTIAL

The level of industrial production
consolidation is **4 times** higher than
the national level

Index of industrial
production in
the Sverdlovsk region



TOP 10

AMONG RUSSIAN REGIONS
IN TERMS OF INDUSTRIAL
PRODUCTION

1th place

IN TERMS
OF TITANIUM SUPPLY
(93% OF RUSSIAN
EXPORTS)

IN THE SVERDLOVSK
REGION OPERATES

1 OF 11

SPECIAL ECONOMIC ZONES OF
INDUSTRIAL AND PRODUCTION TYPE
IN RUSSIA – «**TITANIUM VALLEY**»

TITANIUM
VALLEY
Special Economic Zone



VSMPO-AVISMA
CORPORATION IS THE
WORLD'S LARGEST TITANIUM
MANUFACTURER WITH THE
FULL PRODUCTION CYCLE:
FROM RAW-MATERIAL
PROCESSING TO RELEASE
OF FINISHED MACHINED
PRODUCTS. VSMPO-AVISMA
IS A STRATEGIC SUPPLIER
FOR MANY COMPANIES.
IT SUPPLIES ITS PRODUCTS
TO THE MARKETS OF 50
DIFFERENT COUNTRIES AND
IS DEEPLY INTEGRATED INTO
THE WORLD'S AEROSPACE
INDUSTRY



GENERAL
INFORMATION
ON THE REGION

01



Koltsovo International Airport

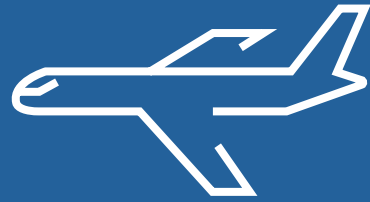
AIR TRANSPORT

24,5 thousand tons
cargo turnover

67
russian and international airlines

110
destinations

**Koltsovo International Airport
is the BEST REGIONAL AIRPORT
IN RUSSIA AND CIS COUNTRIES IN 2019**



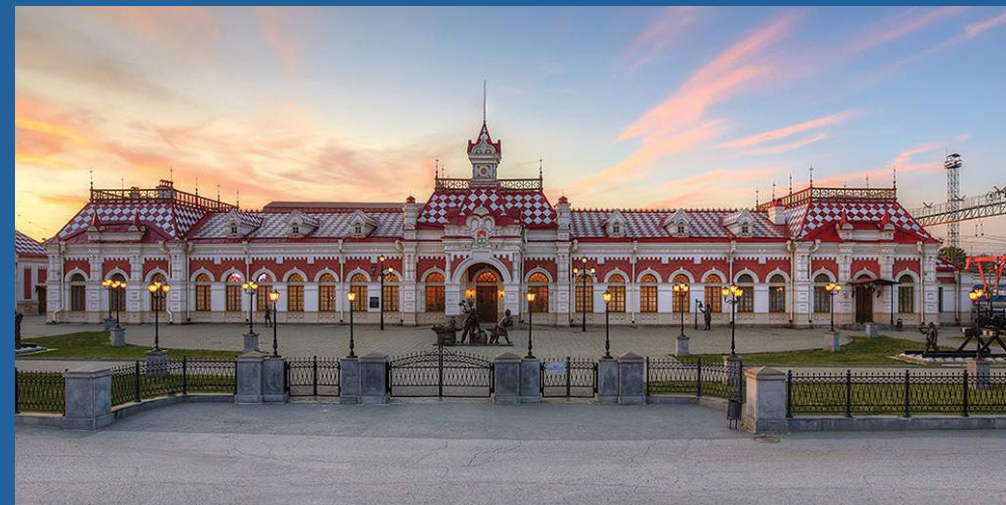
RAILWAY NETWORK

207 mln tons
cargo turnover

9,8 thousand km
railway network



Old railway station building in Ekaterinburg (1878)

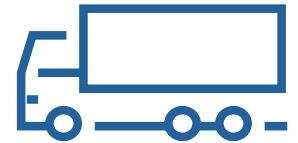


ROAD NETWORK

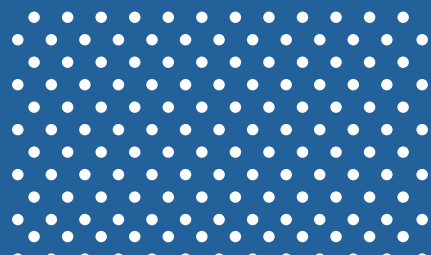
30,5 thousand km
road network

32,5 mln tons
cargo turnover

more than **1,5** mln m²
of high-quality
warehouse space



**THE SVERDLOVSK REGION IS ONE
OF THE KEY LOGISTICS HUBS
IN RUSSIA WITH MODERN
INFRASTRUCTURE, PROVIDING
ACCESS TO THE MARKETS OF
THE EUROPEAN AND ASIAN PARTS
OF THE COUNTRY**



HUMAN
RESOURCES AND
SCIENTIFIC
POTENTIAL

02

2145200

WORKFORCE

PEOPLE

THE SVERDLOVSK REGION –
IS A HOMELAND
OF THE «URAL ENGINEERING SCHOOL»

1th place

IN RUSSIA BY
THE NUMBER OF
PROFESSIONAL
EDUCATIONAL
ORGANIZATIONS

5th place

BY THE NUMBER
OF UNIVERSITIES

KEY TECHNICAL SPECIALTIES

1. Metallurgy
2. Engineering production
3. Nanotechnology and microsystem technology
4. Materials science and materials technology
5. Research and development management
6. Automation of technological processes and production
7. Design and technological support of engineering industries
8. Mechatronics and robotics
9. Design of technological machines and complexes
10. Software Engineering
11. Technological machines and equipment

THERE ARE

250

ENGINEERING
SPECIALTIES

IN 23

UNIVERSITIES

THE REGION OFFERS
INVESTORS BOTH EXPERIENCED
PERSONNEL AND SPECIAL
TRAINING PROGRAMS
IN COLLABORATION WITH
THE MAIN UNIVERSITIES
OF THE URALS

HUMAN RESOURCES AND SCIENTIFIC POTENTIAL

02

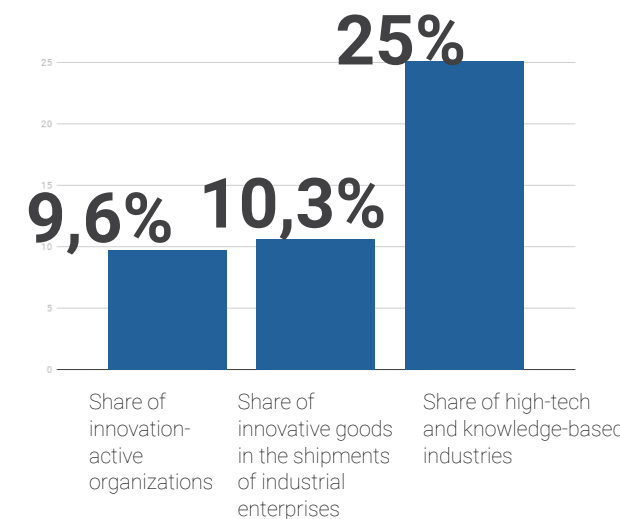


5th PLACE AMONG RUSSIAN REGIONS BY THE NUMBER OF CREATED ADVANCED MANUFACTURING TECHNOLOGIES

3rd place by the number of advanced manufacturing technologies in use

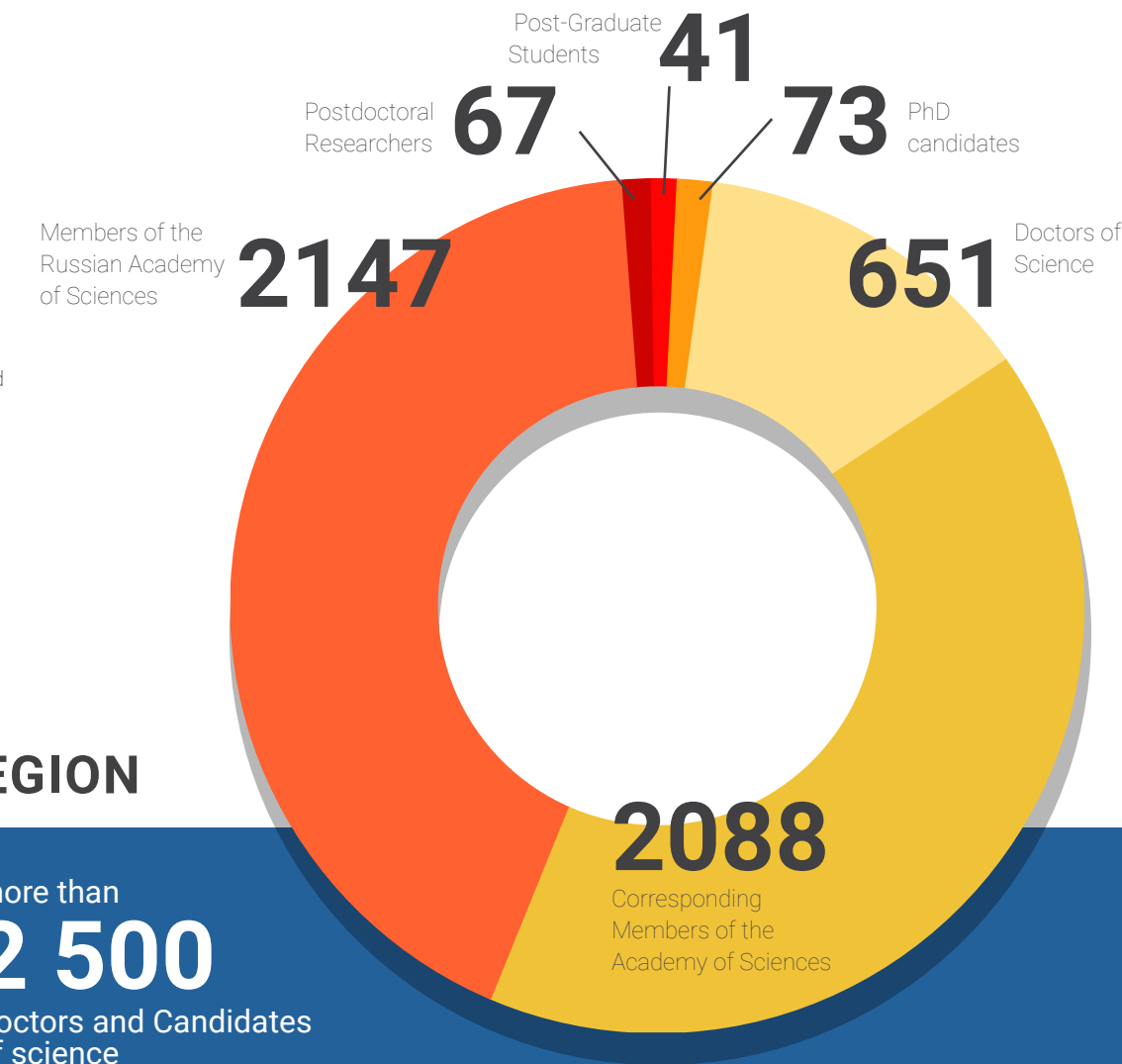
more than **819** unique technologies have been created and patented in the last 15 years

VSMPO-AVISMA Corporation



R&D OF THE SVERDLOVSK REGION

109 institutions including **35** industrial enterprises more than **2 500** Doctors and Candidates of science



AIRCRAFT MANUFACTURING

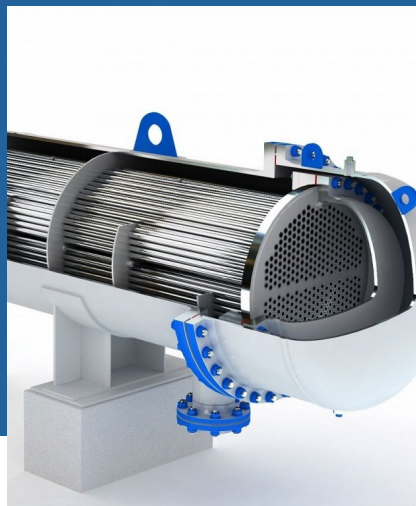


Fabrication of items of complex space configuration

Fabrication of designated high-loaded assemblies and units (landing gear, fastening elements (brackets) of the wing, hydro cylinders)

Engine part manufacture

POWER ENGINEERING



Heat-exchanging equipment for power engineering, chemical and oil industries

CONSTRUCTION



Exterior cladding, curtainwalls, roof cladding, column covers, soffits, fascia, canopies, interior cladding

OIL-AND-GAS INDUSTRY AND CHEMICAL INDUSTRY



Deep-water drilling risers

Casing tubes

Producing risers

Pumps and systems of sea water, drinking water, drilling water and associated water

Tubings for process solutions circulation systems

Liquid separators, heat exchanging equipment of various designations

High-pressure vessels

High-strength flexible braces for platform fastening

MEDICINE



Bone and Joint Replacement

Dental Implants

Cardiovascular Devices

External Protheseses

Surgical Instruments

AUTOMOBILE INDUSTRY



Exhaust system

Suspension springs and engine valves

Suspension components

SPORT EQUIPMENT AND CONSUMER GOODS



Cycling (frames, brakes, sprockets and seat springs)

Climbing equipment

Golf clubs

Jewelry

Pens

Clock

BASIC FACTS

- 1 high industrial component in the economy of the Sverdlovsk region
- 2 availability of human and scientific resources
- 3 availability in the Sverdlovsk region of ready-made industrial infrastructure (SEZ «Titanium Valley»)
- 4 accessible and transparent mechanisms of state support
- 5 historically strong technological basis in key service industries
- 6 close proximity to the world's largest titanium producer

BENEFITS FOR INVESTORS

- 1 reduced transportation costs, quick arrival of service engineers, delivery of equipment and spare parts
- 2 possibility to create experimental polygons and test benches for new technologies
- 3 reducing the duration of the investment phase of projects
- 4 start-up cost reduction
- 5 possibility of cooperation and outsourcing with existing enterprises



QUALITY SERVICES FOR INVESTORS

**INVESTMENT PROMOTION AGENCY
OF THE SVERDLOVSK REGION PROVIDES
ONE-STOP-SHOP SERVICES FOR INVESTORS
AT EACH STAGE OF AN INVESTMENT PROJECT**

PLANNING

- Provision of information about the market and business environment
- Presentation of investment sites of the Sverdlovsk region
- Informing about investment project support measures
- Preparation of investment offers

PREPARATION

- Selection of an investment site according to investor criteria
- Preparation of offers for structuring the project's financial model
- Preparation of offers for optimization of the project's implementation schedule

IMPLEMENTATION

- Assistance with obtaining support measures and addressing project finance issues
- Provision of information, advice and organizational support for administrative procedures
- Assistance with personnel matters

PROMOTION

- Establishing communication with local business communities
- Promoting projects in Russia and abroad
- Assistance with establishing multinational operations



**SPECIAL ECONOMIC ZONE
«TITANIUM VALLEY» —
IS A TERRITORY WITH A SPECIAL
LEGAL STATUS, CUSTOMS
AND TAX PREFERENCES, AND
READY-TO-USE INDUSTRIAL,
COMMERCIAL AND SOCIAL
INFRASTRUCTURE**

TWO SITES:

- 1 VERKHNYAYA SALDA
SITE**
- 2 UKTUS SITE**

326 mln euros

**VOLUME OF INVESTMENTS
DECLARED BY RESIDENTS**

110 mln euros

**VOLUME OF
INVESTMENTS MADE
BY RESIDENTS**

470

**AMOUNT
OF CREATED JOBS**

**as of 01/11/2019*



**TITANIUM
VALLEY**

06

TITANIUM VALLEY

1 VERKHNYAYA SALDA SITE

area
295,4 Ha

location
VERKHNYAYA SALDA
180 km from Ekaterinburg

Greenfield

Own
customs post

infrastructure and energy resources

40 MW
power supply

383,25 thousand m³/year
fire-fighting and
industrial water supply

175,2 mln m³/year
gas supply

262,8 thousand m³/year
utility and drinking
water supply

anchor resident

URAL BOEING MANUFACTURING

THE TERRITORY OF THE SEZ «TITANIUM VALLEY» IS LOCATED IN DIRECT PROXIMITY TO **VSMPO-AVISMA CORPORATION**, THE WORLD LEADER IN PRODUCTION AND PROCESSING OF TITANIUM ALLOYS. **COMPANY IS A KEY SUPPLIER FOR BOEING, AIRBUS, GOODRICH, EMBRAER, GENERAL ELECTRIC.** **URAL BOEING MANUFACTURING, A JOINT VENTURE OF VSMPO-AVISMA AND BOEING THAT CARRIES OUT PROCESSING OF TITANIUM STAMPINGS FOR AVIATION PURPOSES, IS ALSO LOCATED NEXT TO SEZ «TITANIUM VALLEY»**



2 UKTUS SITE

area
from 35 Ha

location
15 km from
Ekaterinburg

Brownfield

infrastructure and energy resources

25 MW
power supply

Runway on the border
with the SEZ (within
«Uktus» airport)

43,8 mln m³/year
gas supply

Koltsovo International
Airport is 18 km from
the SEZ

131,4 thousand m³/year
water supply

anchor resident

URAL WORKS OF CIVIL AVIATION

PRODUCTION OF AVIATION VEHICLES:
**PLANE «L-410», PLANE «DIAMOND DA42T»,
«BELL 407GXP» HELICOPTERS**



REQUIREMENTS TO INVESTORS



II-V
danger class



**Industrial
production**



**High-tech
production**



From **1,7 mln euros**
amount of capital investments



600 mln euros
capital investments to be done during
the first three years of project implementation

STAGES OF RECEIVING THE RESIDENT'S STATUS

1

Approval of a project passport with
the management of SEZ «Titanium Valley»

10 days

2

Registration
of legal entity

up to 10 days

3

Business plan
development

30-45 days

4

Verification of documents package
in the Ministry of Investments and
Development of the Sverdlovsk region,
filing an application for Expert Council

5 days

5

Expert Council

1 day

6

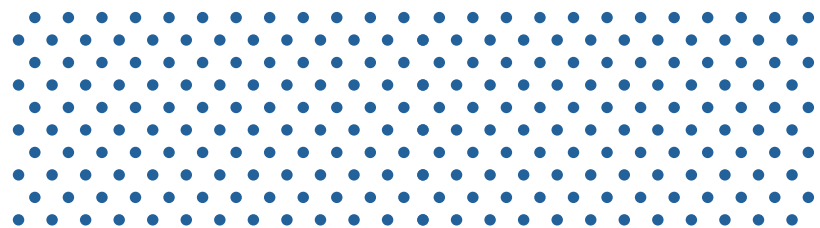
Signing of a tripartite agreement on
conducting industrial production
in the territory of the SEZ

**within 3 days
from the date
of the Expert Council**

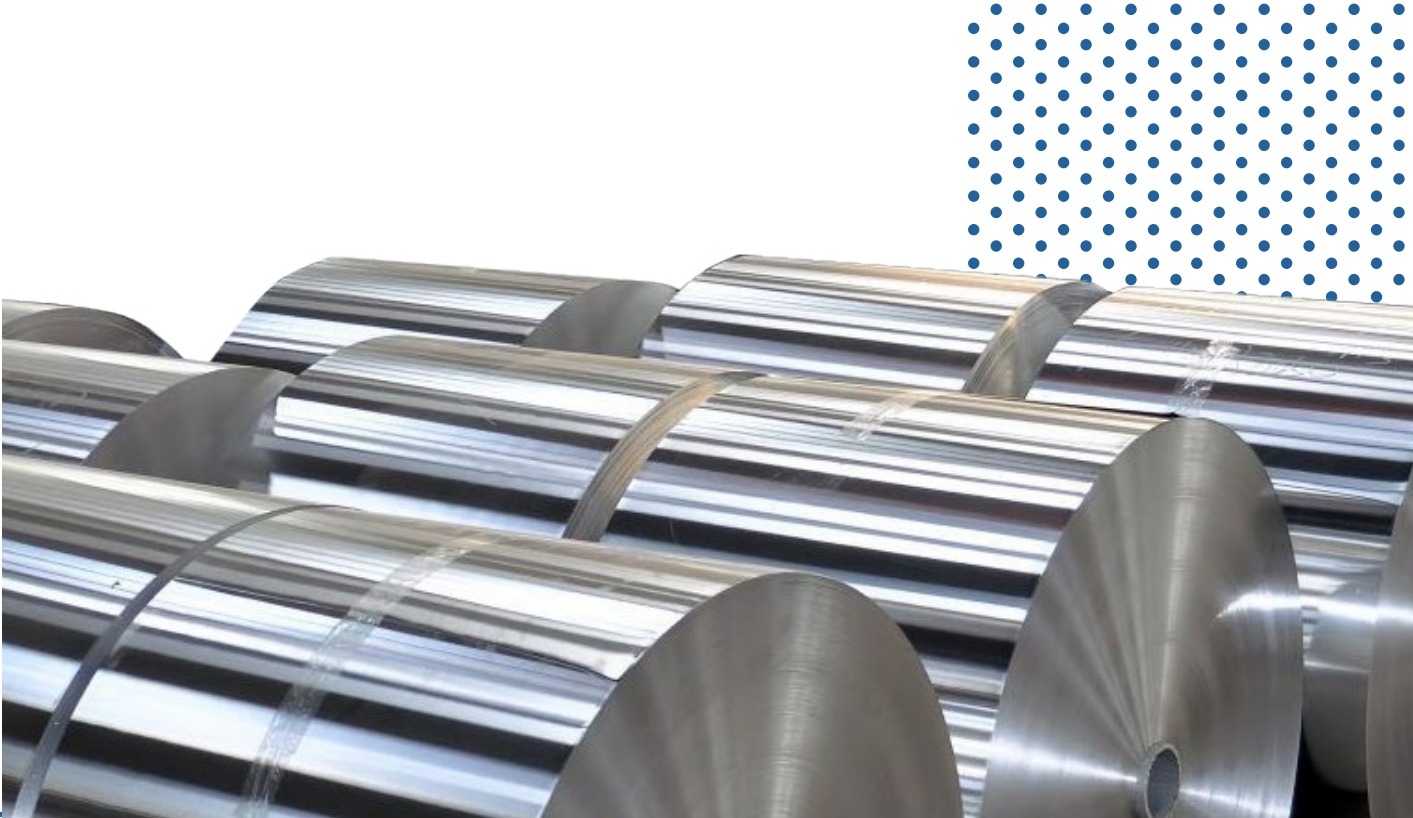
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Receiving a Resident
Certificate

**within 13 days after the
signing of the agreement
on execution of industrial
and production activities**



TYPES OF TAXES, INSURANCE CONTRIBUTIONS	GENERAL RATE	TAX INCENTIVES		
		Special Economic Zone Titanium Valley Resident	Priority investment project	Special investment contract - federal
INCOME TAX:	20%	2% for 10 years 7% for 5 years 15,5% from 16th year of a project	16,5% for 5 years (for new construction) 19% (for modernization)	13,5% according to the contract, but not later than 2025, inclusive
FEDERAL BUDGET	3%	2%	3%	0% according to the contract
REGIONAL BUDGET	17%	0% for 10 years 5% for 5 years 13,5% from 16 year of a project	13,5% (for new construction) 16% (for modernization)	13,5% according to the contract, but not later than 2025, inclusive
PROPERTY TAX	2,2%	0% for 10 years	0% for 5 years 1,1% (only for SPIC in tourism)	0% for 5 years
LAND TAX	1,5%	0% for 10 years	0% after the decision of local authorities	0% according to the contract
TRANSPORT TAX	1,5%	0% for 11 years		
INSURANCE CONTRIBUTIONS	30%			
PENSION FUND OF THE RUSSIAN FEDERATION	22%			
SOCIAL INSURANCE FUND	2,9%			
FEDERAL COMPULSORY MEDICAL INSURANCE FUND	5,1%			



THE SVERDLOVSK REGION OFFERS
FLEXIBLE SUPPORT MEASURES
 FOR INVESTMENT PROJECTS

STATE SUPPORT
 FOR MANUFACTURERS

07

THE SVERDLOVSK
REGION IS THE REGION
OF SUCCESSFUL

08



PROJECT INVESTMENT COST

URAL BOEING
MANUFACTURING

5,5
billion
RUR



HILONG

1,2
billion
RUR



«Siemens AG»
& OOO «URAL
LOCOMOTIVES»

12
billion
RUR



PUMORI & OKUMA
COMPANY

4
billion
RUR





THE GOVERNMENT
OF THE SVERDLOVSK REGION



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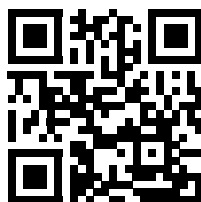
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INVESTMENT
PROMOTION
AGENCY
of the Sverdlovsk region



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