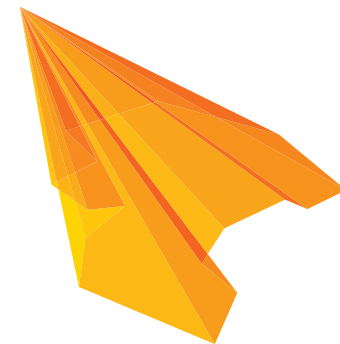




TITANIUM Valley

SPECIAL ECONOMIC ZONE





SPECIAL ECONOMIC ZONES

Special economic zones in Russia are a large-scale project, aimed at development of Russian regions by attracting direct Russian and foreign investments in high-tech industries and import-substituting manufacturing.

PROTECTING INVESTOR'S RIGHTS

SEZ — state project, aimed at development of Russian regions

Direct investments in high-tech industries and import-substituting manufacturing.

Legal status with tax and customs preferences

49 years — life-span of preferences (since SEZ's foundation date)

30% reduction of investor's expenses

FL № 116 — guarantee of investor's protection (Federal law № 116 from 22.07.2005)

up to 120 days — registration of documents, «one-stop-shop» administrative treatment

0 euro — connection to engineering infrastructure

SPECIAL ECONOMIC ZONES IN RUSSIA





SVERDLOVSK REGION — ONE OF THE MOST ECONOMICALLY AND INDUSTRIALLY DEVELOPED REGIONS OF RUSSIA

TOP 8 regions by GRP in 2017

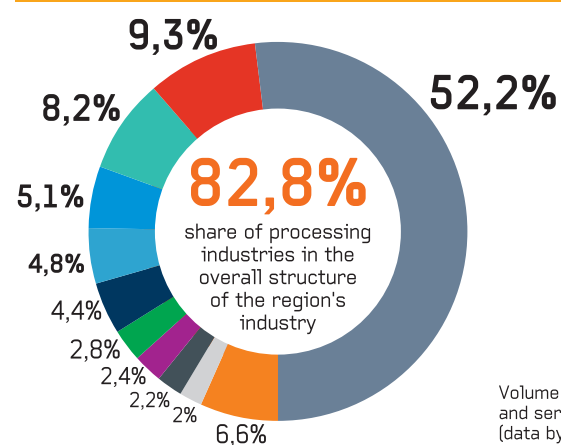
Gross regional product
by subjects of Russian Federation
(Gross added value in basic prices, bln. euros)

MOSCOW	14 300
SAINT PETERSBURG	3 742
MOSCOW REGION	3 565
KHANTY-MANSIYSK AUTONOMOUS DISTRICT	3 031
KRASNODAR REGION	2 016
SVERDLOVSK REGION	1 978
YAMALO-NENETS AUTONOMOUS DISTRICT	1 964
REPUBLIC OF TATARSTAN	1 938

Source: Rosstat

*Gross regional product — is a difference between release of goods and services and intermediate consumption, GRP is calculated in current basic and market prices (nominal gross regional product), as well as in comparable prices (real gross regional product)

PROCESSING INDUSTRY IN SVERDLOVSK REGION IN 2017,%



- metallurgical production
- manufacturing of other transport vehicles and equipment
- manufacturing of finished metal products, except machinery and equipment
- food production
- production of other non-metallic mineral products
- production of chemicals and chemical products
- production of machinery and equipment not included in other groups
- repair and installation of machinery and equipment
- manufacturing of computers, electronic and optical products
- manufacturing of electrical equipment
- Other

Volume of shipped goods of own manufacturing, of executed works and services by own forces of organizations of Sverdlovsk area (data by Sverdlovskstat)

35,8% OF INDUSTRIAL PRODUCTION OF URAL FEDERAL DISTRICT
IS PRODUCED IN SVERDLOVSK REGION (ACCORDING TO ROSSTAT IN 2017)

6,9 MLN DOLLARS — VOLUME OF EXPORTS FROM THE SVERDLOVSK REGION IN 2017

\$3,7 MLN DOLLARS — VOLUME OF IMPORTS TO THE SVERDLOVSK REGION IN 2017



SPECIAL ECONOMIC ZONE «TITANIUM VALLEY»

We create the best conditions for industrial enterprises at the border of Europe and Asia

Mission of SEZ «Titanium Valley»

1 out of 9 special economic zones
of industrial-production type in Russia

The only SEZ of industrial-production
type which operates within Ural, Siberia and Far East

2 platforms:
Platform «Salda» (2010), Greenfield type
Platform «Uktus» (2018), Brownfield type

345 mln euros —
volume of investments declared by residents*

75 mln euros —
volume of investments made by residents*

133 — amount of created jobs*

1,5 mln euros — amount of taxes paid

*as of 01.01.2018

PRIORITY SECTORS OF INDUSTRY



Aircraft construction



Titanium products
manufacturing



Components and equipment
for metallurgy and machinery
engineering



Woodworking



Medical equipment production












Construction materials
production

PRIVILEGES FOR INVESTORS OF «TITANIUM VALLEY»

PREFERENTIAL CUSTOMS AND TAX TREATMENT

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.

TAX 	CORPORATE INCOME 	PROPERTY 	LAND 	TRANSPORT 	IMPORT DUTIES 	CUSTOMS VAT (ON IMPORTED GOODS) 
 RUSSIA	20%	2,2%	1,5%	From X% depends on engine power	From 5% to 20%	From 10% to 18%
 TITANIUM VALLEY	2%*	0%	0%	0%	0%	0%

* 2% — within 10 years from profit receipt
7% — from the 11th to the 15th year of profit receipt
15,5% — from the 16th year of profit receipt



ILLUSTRATION OF TAX PREFERENCES USE FOR RESIDENTS OF SEZ «TITANIUM VALLEY»

ENTERPRISE EXAMPLE

MACHINERY ENGINEERING PLANT

30 million euros — volume of investments

10 ha plot area

Capital investments	30 million euros
Revenue per year (planned)	8 million euros
Payroll budget per year	700 000 euros

Taxes/ contributions	In SEZ «Titanium Valley»		In Russia	
	Tax rate	Tax sum	Tax rate	Tax sum
Income tax	3%	40 000 euros	20%	320 000 euros
Property tax	0%	0 euros	2,2%	170 000 euros
Insurance contributions/payroll tax	30%	210 000 euros	30%	210 000 euros
Customs VAT	0%	0 euros	5–20%	70 000 euros*
Total		250 000 euros		770 000 euros

*for machine at the cost of 400 000 euros

520 000 EUROS A YEAR

tax savings for resident
of SEZ «Titanium Valley»

ENTERPRISE EXAMPLE

PLANT FOR PRODUCTION OF METAL CUTTING TOOLS

2 million euros — volume of investments

2 ha plot area

Capital investments	2 million euros
Revenue per year (planned)	0,5 million euros
Payroll budget per year	40 000 euros

Taxes/ contributions	In SEZ «Titanium Valley»		In Russia	
	Tax rate	Tax sum	Tax rate	Tax sum
Income tax	3%	3 000 euros	20%	20 000 euros
Property tax	0%	0 euros	2,2%	11 300 euros
Insurance contributions/payroll tax	30%	12 000 euros	30%	12 000 euros
Customs VAT	0%	0 euros	5–20%	5 400 euros*
Total		15 000 euros		48 700 euros

*for machine at the cost of 30 000 euros

33 700 EUROS A YEAR

tax savings for resident
of SEZ «Titanium Valley»



HOW TO BECOME A RESIDENT

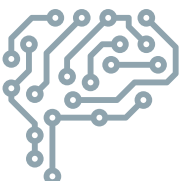
REQUIREMENTS FOR INVESTORS



II-V Danger class



Industrial production



High-tech production



From **1,7**
million Euros —
capital investments



600 000 Euro —
capital investments to be done
during first three years
of project implementation

STEPS NECESSARY TO OBTAIN STATUS OF RESIDENT

- | | | |
|----------|---|--|
| 1 | Approval of Project passport with management of SEZ «Titanium Valley» | 10 days |
| 2 | Registration of legal entity in the territory of Verkhnyaya Salda urban district | Up to 10 days |
| 3 | Business plan development and approval — 30-45 days | 30-45 days |
| 4 | Verification of documents package in the Ministry of Investments and Development of Sverdlovsk region, filing an application for Expert Council | 5 days |
| 5 | Expert Council | 1 day |
| 6 | Signing of a tripartite Agreement on execution of industrial and production activities in the territory of SEZ | during 3 days from the date of EC |
| 7 | Receiving a Certificate of Resident | during 13 days from the date of signing the Agreement on execution of industrial and production activities |

PLATFORM «SALDA». INFRASTRUCTURE.

Customs checkpoint



Customs inspection point



Substation «Titan» 110/10 kV



Waste treatment facilities



PLATFORM «SALDA». RESIDENTS' PRODUCTION FACILITIES.

Production facilities of Ural Boeing Manufacturing



Production facilities of Zibus



Production facilities of Tooling production Minicut



Production project «STOD-Ural»



SEZ «TITANIUM VALLEY» PLATFORM «SALDA»

YEAR OF FOUNDATION – **2010**

LAND AREA – **295,4** HA

TYPE — **GREENFIELD**

DISTANCE TO EKATERINBURG — **180 KM**
TO NIZHNIY TAGIL — **35 KM**

PRIORITY SECTORS:

- Titanium products manufacturing
- Components and equipment for metallurgy and machinery engineering
- Construction materials production
- Medical equipment production
- Woodworking

ANCHOR RESIDENT — URAL BOEING MANUFACTURING

The territory of the SEZ «Titanium Valley» is located in direct proximity to the «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».

Ural Boeing
MANUFACTURING



MAP OF PLATFORM «SALDA»



ANCHOR RESIDENTS OF PLATFORMS «SALDA», «UKTUS»

Ural Boeing Manufacturing



Ural Boeing Manufacturing.
Entrance to administrative complex



Ural Works of Civil Aviation.
Aircraft assembly shop



Construction of «UWCA» aircraft assembly shop

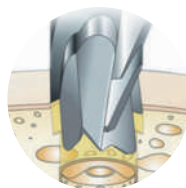


MORE ABOUT INVESTOR'S PROJECTS



«URAL BOEING MANUFACTURING»

Machining of stampings made of titanium alloys and used for aviation purposes.



«ZIBUS»

Production of medical instruments and implants for neurosurgery with the use of titanium alloys.



«STOD»

High-technology woodworking enterprise. Production of LVL-bars and OSP-slabs.



«TOOLING PRODUCTION MINICUT»

Production of cutting instrument Minicut, re-sharpening of end mills for machining titanium, stainless and structural steels, composite materials.



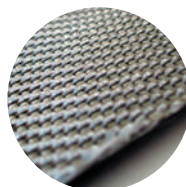
«MICROMET»

Production of powder from titanium alloys and products produced by additive manufacturing.



«STEP»

Manufacturing of modular transforming substations.



«NORDBAZALT»

Production of basalt composite and engineering center for basalt technologies development.



«RUSMED»

Manufacturing of disposable three-component medical syringes

SEZ «TITANIUM VALLEY» PLATFORM «UKTUS»

YEAR OF FOUNDATION – **2018**

LAND AREA – **95,7** HA

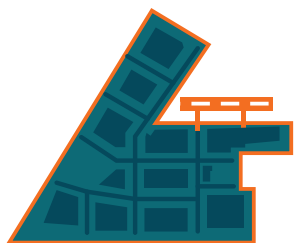
TYPE — **BROWNFIELD**

DISTANCE TO EKATERINBURG — **15 KM**

PRIORITY SECTORS

- Production of structural elements for aircraft construction
- Assembly of subunits for aircraft construction
- High-tech production

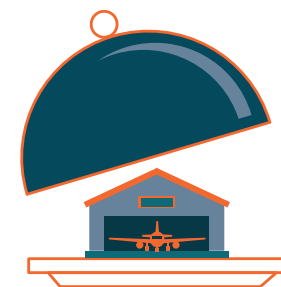
ADVANTAGES



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

18 KM

International airport «Koltsovo» is in 18 km to the SEZ



Ready-to-use production premises of different size

ANCHOR RESIDENT — URAL WORKS OF CIVIL AVIATION

UWCA project is a center of aviation cluster, evolving in the platform «Uktus». Production of aviation vehicles: plane «L-410», plane «Diamond DA42T», «Bell 407GXP» helicopters, Airbus helicopters, unmanned aircrafts «Forpost»



MAP OF PLATFORM «UKTUS»

OBJECTS OF INTERNAL INFRASTRUCTURE

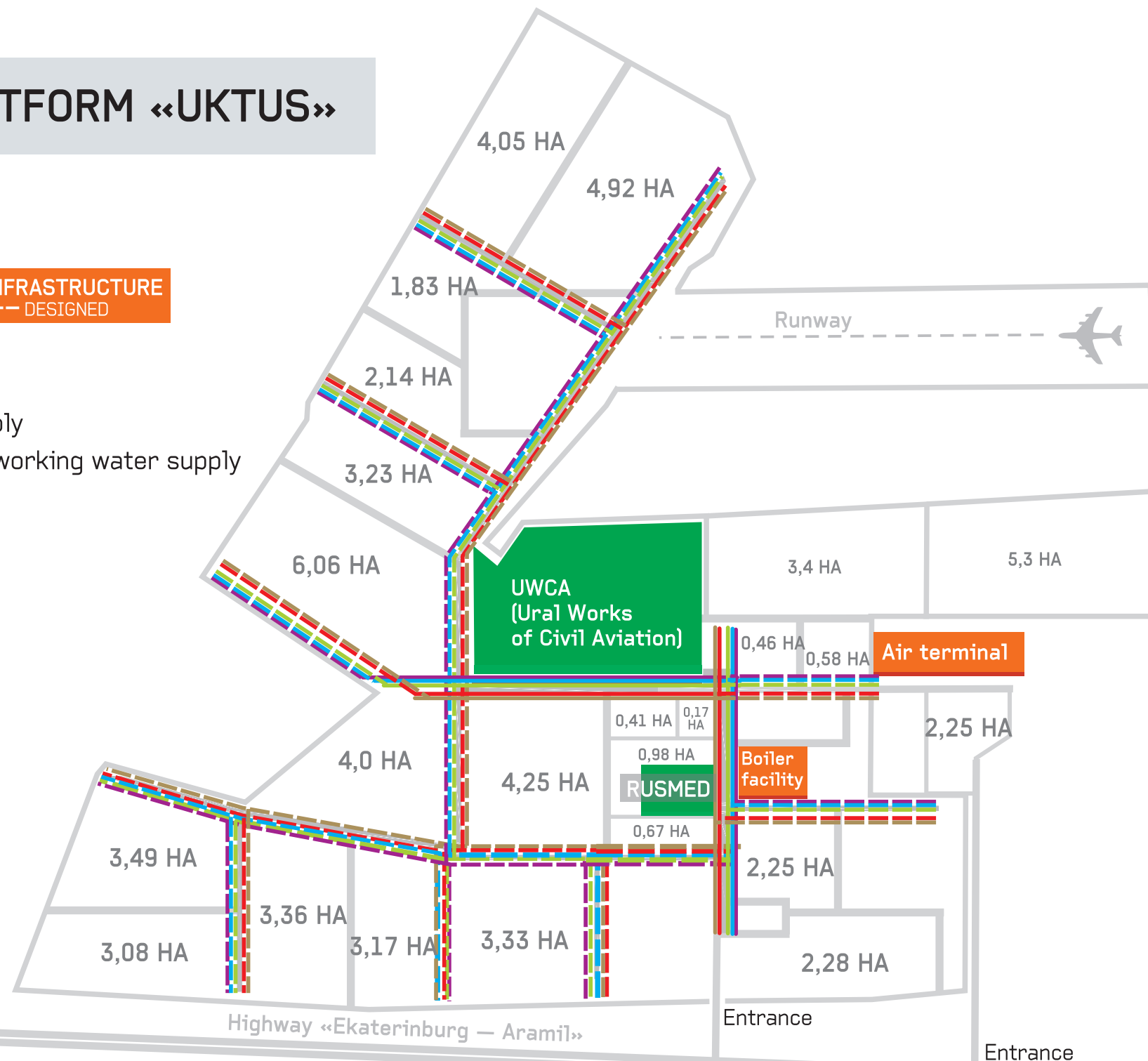
— EXISTING

- - - - - DESIGNED

- Gas
- Power supply
- Drinking water supply
- Industrial and fire-working water supply
- Sewage systems

LAND PLOT STATUS

- On hold
- Designed
- Constructed
- In operation



READY INDUSTRIAL INFRASTRUCTURE, PLATFORMS «SALDA» AND «UKTUS»

PROVIDED RESOURCES

Platform «Salda»



Utility and drinking
water supply

262,8 thousand m³/year



Fire-fighting
and industrial
water supply

383,25 thousand m³/year



Gas supply

175,2 mln m³/year



Power supply

40 MW

Platform «Uktus»



Water supply

131,4 thousand m³/year



Gas supply

43,8 mln m³/year



Power supply

25 MW

LAND PLOT WITH ALL NECESSARY COMMUNICATIONS



SVERDLOVSK REGION: LOCATION ADVANTAGES

EKATERINBURG — IS A BIG TRANSPORT HUB, THAT CONNECTS EUROPEAN AND ASIAN PARTS OF THE COUNTRY

4 600 km

of railways
are connected to industrial
enterprises of the region

EKATERINBURG

IS A TRANSPORT HUB

FOR LONG-DISTANCE RAILWAYS:

- Moscow- Beijing
- Moscow — Petropavlovsk
- Moscow — Vladivostok
(Trans-Siberian Railway)
- Moscow- Khabarovsk

DIRECTIONS OF RAILWAY COMMUNICATION

FROM EKATERINBURG:

- Saint-Petersburg
- Tyumen
- Kurgan
- Perm
- Khanty-Mansiysk
- Novorossiysk
- Novy Urengoy
- Orenburg

R 500 km

access to **60%**
of the country's
mineral resource base

- 95% of vanadium
- 70% of bauxites
- 70% of chrysolite asbestos
- 20% of iron ore
- 20% of fire-clay

**30,8
thousand km**

length of highways
in Sverdlovsk Region

FEDERAL HIGHWAY

M5 Ural —
drive to Ekaterinburg

REGIONAL HIGHWAYS:

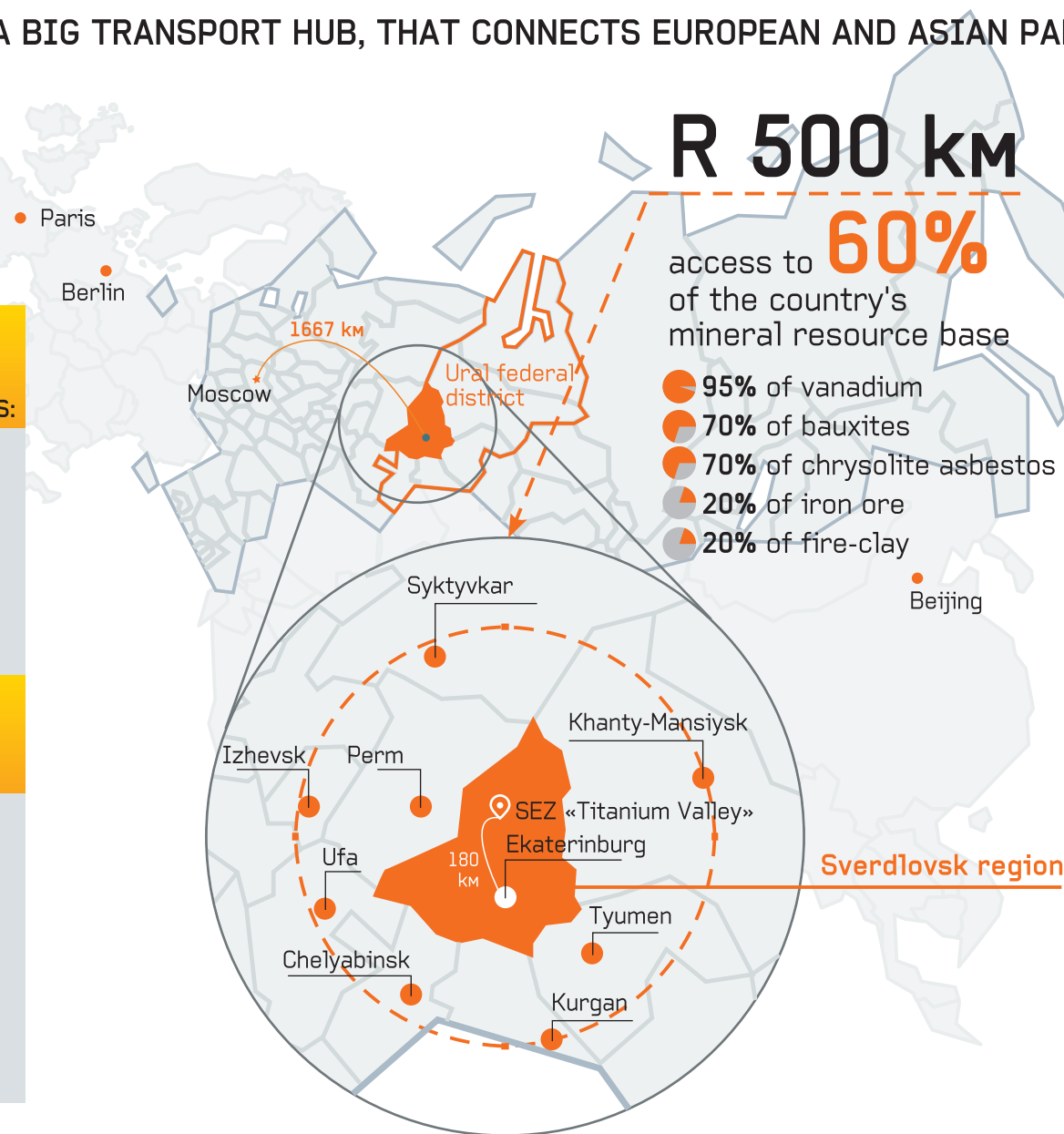
R242
Perm — Ekaterinburg

R351
Tyumen — Ekaterinburg

R354
Ekaterinburg — Shadrinsk —
Kurgan

R402
Tyumen — Yalutorovsk —
Ishim — Omsk

R404
Tyumen — Tobolsk —
Khanty-Mansiysk



EKATERINBURG IS CITY №1 FOR BUSINESS AND INTERNATIONAL COMMUNICATIONS*

BUSINESS CENTER
AND A LARGE HUMAN RESOURCE HUB

1 501 652

population (as Of 01.01.2018)

120 000

companies from different business sectors

193

large and medium-sized
manufacturing enterprises

30

official representations
of foreign states

40

educational institutions
of higher professional education



Platform
for international events



FIFA worldcup host city



International industrial
exhibition Innoprom



KOLTSOVO
Ekaterinburg International Airport

International airport Koltsovo
World brands of hospitality



*№1 — Ekaterinburg in terms of business tourism and events potential
among regional Russian cities (R&C 2017)

SVERDLOVSK REGION. LOGISTICS IN 2017*

FREIGHT TRANSPORTATION



AVIA

24,5 thousand tons

of cargo shipped
at the Koltsovo airport in 2017
Cooperation with
50 airlines, 120 flight directions



RAILWAY

140 million tons

of cargo is shipped at Sverdlovsk railway
in 2017 (11% of all shipped cargo in Russia)

205,7 billion

tariff ton-km — cargo turnover in 2017



AUTOMOBILE

32,5 million tons

of cargo is shipped in 2017

3,2 billion ton-km in 2017

PASSENGER TRANSPORTATION



AVIA

135 directions,
5,3 million passengers
In 2017 from Koltsovo airport

TOP-10

of best airports of the world
with passenger traffic up to 5 million people



TOP-10

of best airports of the world according
to World Airport Awards, Skytrax
(Passenger's choice)

Best airport

of the macro-region of Russia and CIS,
Best regional airport
of the macro-region of Russia and CIS



RAILWAY

30,7 million

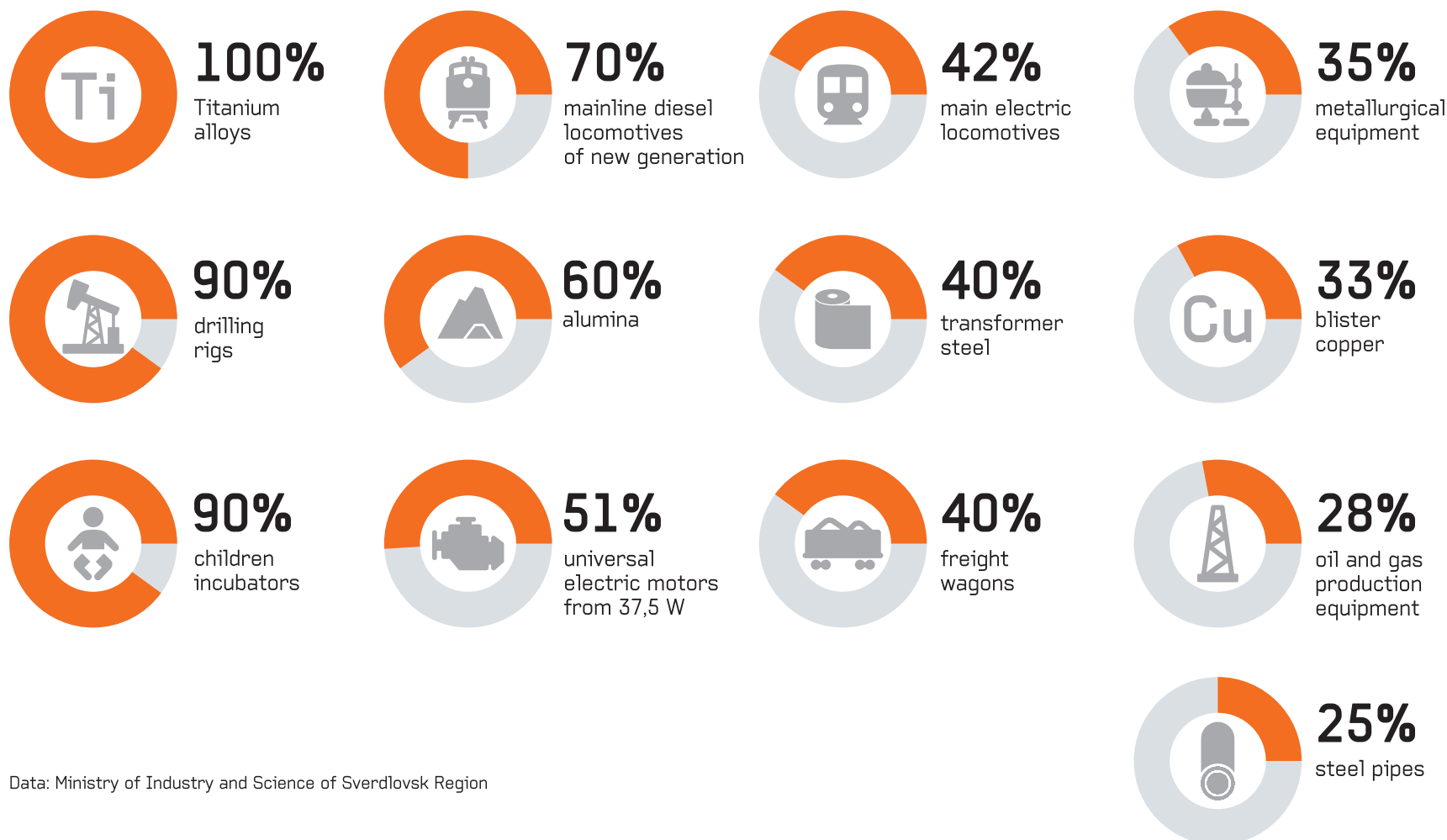
passengers are transported
by Sverdlovsk railway in 2017

*Data: Russian railways, Ministry of Economics of Sverdlovsk region, Federal air transport agency

INDUSTRIAL SPECIALIZATION OF THE REGION

SVERDLOVSK REGION IS A KEY INDUSTRIAL REGION OF RUSSIA

SHARE OF SVERDLOVSK REGION IN ALL-RUSSIAN PRODUCTION OF INDIVIDUAL PRODUCTS AND RAW MATERIALS*



Data: Ministry of Industry and Science of Sverdlovsk Region



FOREIGN COMPANIES IN SVERDLOVSK REGION

SALES TURNOVER OF COMPANIES
WITH FOREIGN CAPITAL,
BILLION EURO*



10,66

AMOUNT
OF MIXED-CAPITAL COMPANIES
(EXCEPT BANKS, INSURANCE COMPANIES AND OTHER FINANCIAL COMPANIES)**



693

AVERAGE NUMBER
OF EMPLOYEES,
THOUSAND PEOPLE**



109,7

COMPANIES THAT OPERATE WITHIN SVERDLOVSK REGION



According to Sverdlovskstat,
* In 2017
** As of 01.01.2018

HUMAN POTENTIAL (UNIVERSITIES)



21

licensed universities
with state accreditation:

17

state universities

4

non-state universities

5 branches

of state federal universities
(according to Russian educational
supervision as of May, 2017)

6

branches

of Ural Federal University



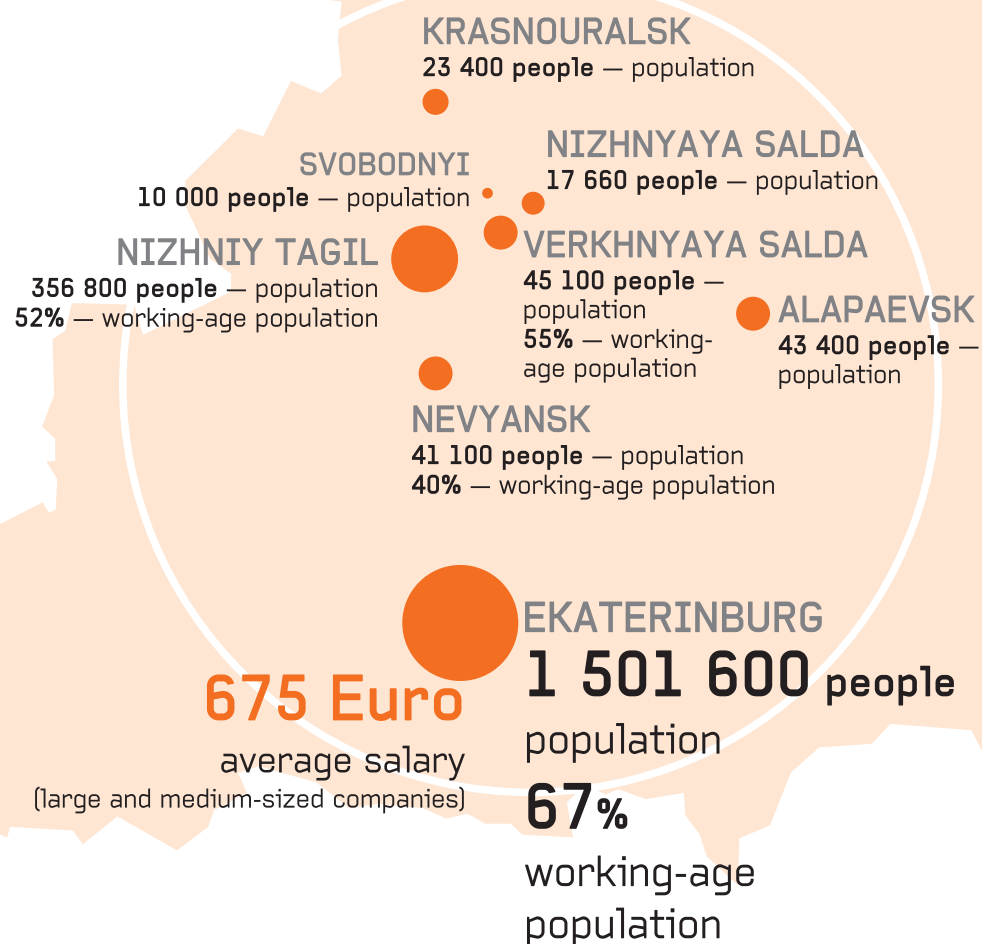
234

ENGINEERING AND TECHNOLOGICAL
SPECIALTIES, INCLUDING:

- Metallurgy
- Machine-building production
- Repair and assembling of aero crafts and vehicles
- Wood manufacturing
- Chemical technology
- Materials Science and Materials Technology
- Medical biochemistry and biophysics
- Mechatronics and Robotics
- Nanotechnology and microsystem technology
- Nuclear reactors and materials
- Construction and Metrology

HUMAN RESOURCES POTENTIAL

CITIES WITH PERSONNEL RESOURCES FOR SEZ «TITANIUM VALLEY»



SALARIES LEVEL IN SVERDLOVSK REGION IN ACCORDANCE TO INDUSTRIAL SECTOR, EURO / MONTH

Metallurgical
production

Manufacturing
of finished metal products

Production
of machinery and equipment

Manufacturing of transport
vehicles and equipment

Production of chemicals
and chemical products

Production
of construction materials

Production
of electrical equipment

Woodworking

650

625

575

560

530

485

475

288

*(as of 01.01.2018)

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