

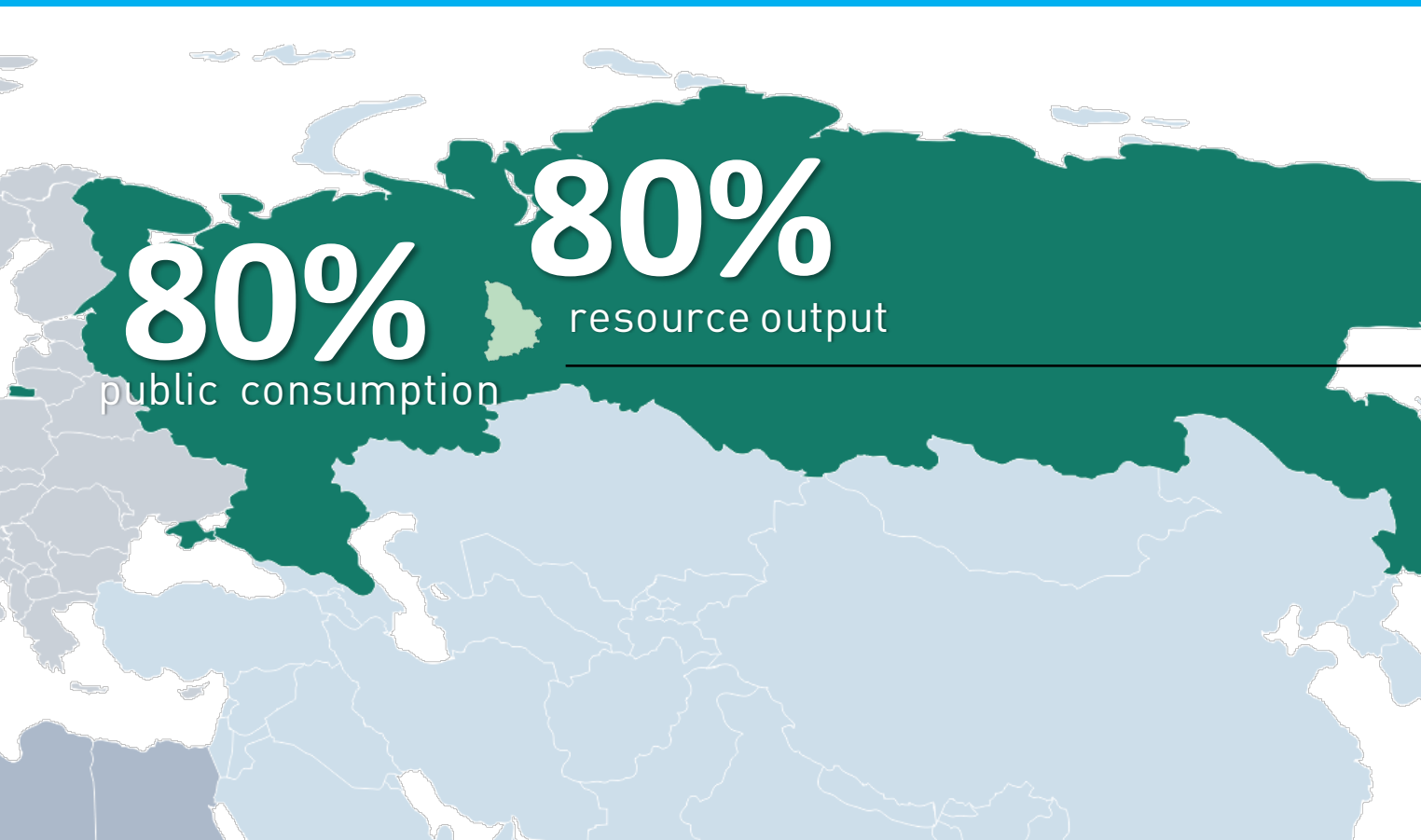


Sverdlovsk Region

Access to the Ural and Siberian Markets

Sverdlovsk Region

Geographical Location and Key Facts

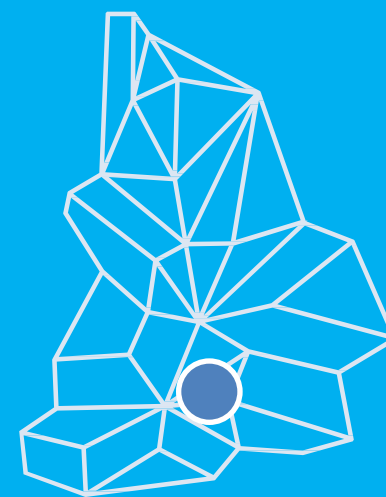




Yekaterinburg

Capital and Business Center
of the Urals and Siberia

14 consulates and 12 honorary foreign consulates
visa centers of more than 20 countries



Sverdlovsk Region

A nighttime photograph of a cityscape, likely Yekaterinburg, featuring several tall, modern skyscrapers and a large, brightly lit building with a grid-like facade. The scene is set against a dark sky.

Level of industrial production is

4 times

higher than the
All-Russian level

Who Already Works in Sverdlovsk Region



Reasons for Business Operation here



Available sales markets



Extensive network of suppliers of components and services



Convenient logistics hub



Highly qualified staff and the best education establishments



State support of business – benefits, financing and infrastructure



Ready-made infrastructure for business start-up





1

Raw Material Suppliers

ferrous and nonferrous metallurgy, rare earth metals and titanium, iron plate, base metals and pipes, key chemical industries of the country

2

Cooperation Relations

8 000 small and medium-sized manufacturing enterprises

3

High-Quality Products



Logistic hub for all of Russia

The largest railway junction in Ural and Siberia

Road-transport links to all the administration centres of the Russian Federation

The 3rd air hub in Russia (in terms of passenger- and cargo turnover)

More than 1 million m² of class A warehouse facilities



Conditions for Business Development in Sverdlovsk Region

**PRIORITY
DEVELOPMENT
AREA**

**INDUSTRIAL
PARKS**

**LOGISTICS
CENTERS**

**SPECIAL
ECONOMIC
ZONE**

CHEMICAL CLUSTER

**ACCESS TO BENEFITS
AND MEASURES
OF STATE SUPPORT**



Overview of Sverdlovsk Regional Industry

Sverdlovsk Region

Mechanical Engineering

15% of
production exported

137 thousand
people employed

92 countries buy
machines and equipment

Industry Leaders



УРАЛЬСКИЙ
ТУРБИННЫЙ
ЗАВОД



39%

share of freight railroad
cars market

42%

of long-range
locomotives

28%

of Oil&Gas
equipment

60%

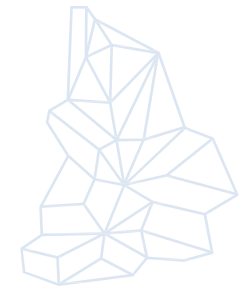
of electric motors with power
of more than 37,5 watt

35%

metallurgical
equipment

Investment ideas to consider

import substitution



1) Oil&Gas equipment,
90% of all buyers located in
the Urals Federal Region

Market volume
6,5 billion dollars

60% of products are
currently imported

2) Cargo lifting and moving
equipment (reducers, tackles)

70% imported

3) Crasher equipment for extraction and
mining industries

95% imported

Sverdlovsk Region

Chemical industry

Ranked in **Top 5** regions which are producing medication

17,9% of all products exported by the region

12 thousand people employed

Regional chemical sector is producing the following:

- INDUSTRIAL GASES
- SULFURIC ACID
- CHEMICAL FERTILIZER
- SYNTHETIC RESINS
- PERFUMERY
- MEDICATION
- RUBBER AND PLASTICS

Industry Leaders



Уральский завод РТИ



Investment ideas to consider

Chemical industry



1) Reagents for Oil&Gas and Extraction industries

60% imported

2) Raw material components for construction building materials (dry mixtures for construction)

80% imported

3) Specialized painting and coating

60% imported

Success Stories

Joint Ventures located on the territory of Chemical Cluster



Chemical enterprise Hüttenes-Albertus GmbH – is a Worldwide leading producer of industrial chemicals for steel production – both ferrous and non-ferrous

UralChimplast - Hüttenes-Albertus is a Joint Venture founded on the platform of specialized Chemical Industrial Park in the city of Nizhniy Tagil

**New manufacturing project for non-stick coating is scheduled for launch in Q3 2016;
Second phase – developing of casting resins production line (2017 - 2019)**

Sverdlovsk Region

Ferrous and non-ferrous

50% of products
are being exported

90 thousand
people employed

27% of cast iron global market

10% of transformer steel

60% of European steel market

Regional plants hold significant share of national market

10%

cast iron

40%

transformer steel

23%

pipes

11%

ferrous metallurgy

60%

alumina

33%

copper

100%

titanium alloys

Industry Leaders

НТМК

УГМК
УИММС

БАЗ

РУСАЛ
Уральский
Алюминиевый
Завод

КОРПОРАЦИЯ
ВСМПО
АВИСМА

Investment ideas to consider

Innovative products in the industry



Manufacturing of pipe fittings, ball valves, gate valves, controlling valves

95% imported

Manufacturing of manganese alloys

80% imported

Demand - 57 thousand tons

Galvanization of large steel forms

Lack of production-

70% of market volume

Sverdlovsk Region

Timber industry

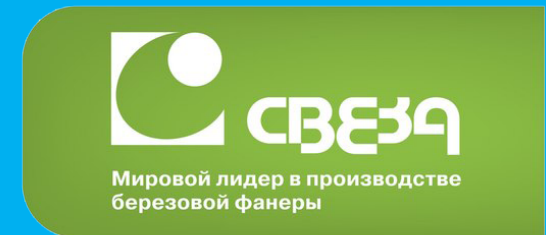
23,3 million cubic meters
of forest resources at the disposal annually

only **27%**
Is utilized

What is being manufactured?

- world class wood;
- wood shaving boards;
- plywood;
- cellulose and paper.

50% Of the products go for export



Investment ideas to consider

Timber industry potential



OSB manufacturing

70% imported

Market volume 1,2 mcm

Manufacturing of white sulphate
cellulose

100% imported

Filtering paper for defence industry and
emergency services

70% imported

Sverdlovsk Region

Extraction industry

8,5 billion tons
of minerals - mining capacity

20 thousand
people employed

Largest part of minerals' extraction in Russia is coming from Sverdlovsk Region:

95%

vanadium



72%

bauxites



70%

chrysotile asbestos



20%

iron ore and refractory
clays



Industry Leaders

 **EVRAZ**

ВГОК 



 **ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
САФЬЯНОВСКАЯ МЕДЬ**

 **РУССКАЯ
МЕДНАЯ
КОМПАНИЯ**

 **ОАО "СВЯТОГОР"**





Industrial Parks and Special Economic Zones

Titanium Valley Special Economic Zone

Preferential economic terms for national and foreign entrepreneurs

This is the ideal platform to locate machine building and equipment production lines as well as for manufacturing spare parts for aviation industry and medical equipment utilizing titanium.

Located in town of Verkhnyaya Salda: 170 km from Ekaterinburg;
Class of hazard II – V

SPECIAL TAX RATES

Profit tax - 2% (instead of regular 20%)

Property tax - 0% (instead of 2,2% across Russia)

Land tax - 0% (instead of 1,5% across Russia)

Reduced rate for Transport tax

Import duty - 0% (instead of 5-20% across Russia)

VAT - 0% (instead of regular 10-18%)



Bogoslovsky Industrial Park

Advanced Social Economic Development Territory

The is the best platform to set up metal-consuming manufacturing, construction material production and Oil&Gas oriented products;

Located in Krasnoturyinsk: 380 km from Ekaterinburg;
700 km from Khanty-Mansiysk;

Class of hazard I – V (sanitary zone of 1,000 m available)

PREFERENTIAL TAX RATES:

Profit tax is 13.5% (instead of 20% according to the law of the Russian Federation)

Property tax is 0% (instead of 2.2%)

Land tax is 0% (instead of 1.5%)

Insurance contributions – 7.6% (instead of 30%)



Tagil Chemical Industrial Park

Ready site for chemical production enterprises with its own supply of raw materials

The Park will accommodate any chemical production in the best way

Located in Nizhny Tagil (140 km from Ekaterinburg)

Area: 128 Hectares,

Specialization: chemical industry

Class of hazard I – V

Established on 2012

All major resourced for chemical productions are available on-site:

Methanol, phenol, formaldehyde, etc

Pre-installed waste filtering facilities

Polygon for utilization of solid industrial waste

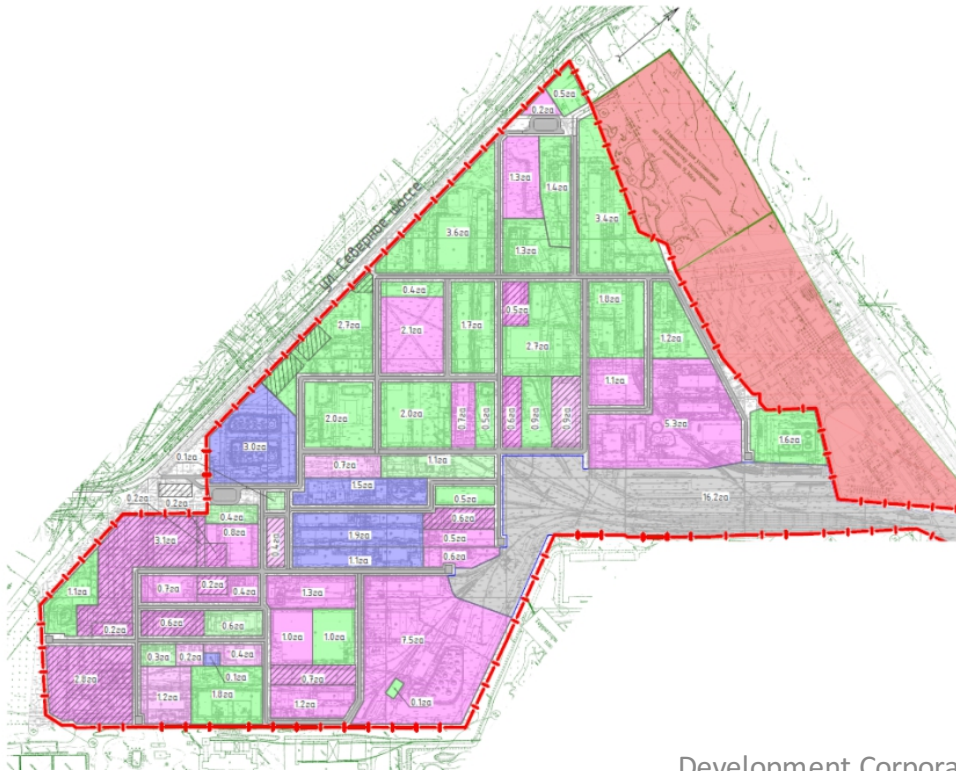
Warehouses and railroad access



Tagil Chemical Industrial Park

Ready site for chemical production enterprises with its own supply of raw materials

- Свободные участки
- Занятые территории
- Занятые объекты



Current residents:

- Synthetic resins and plastics manufacturing
- Plasticizers production
- Manufacturing of chemical reagents for road construction and Oil&Gas industry
- Sand-resins (phenolic) mixtures production

PRO-BUSINESS-PARK Industrial Park

Industrial-purpose land with developed infrastructure provided by a private owner

The Park is great platform to set up logistics centers, food production and processing as well as non-hazardous production

Located in Ekaterinburg

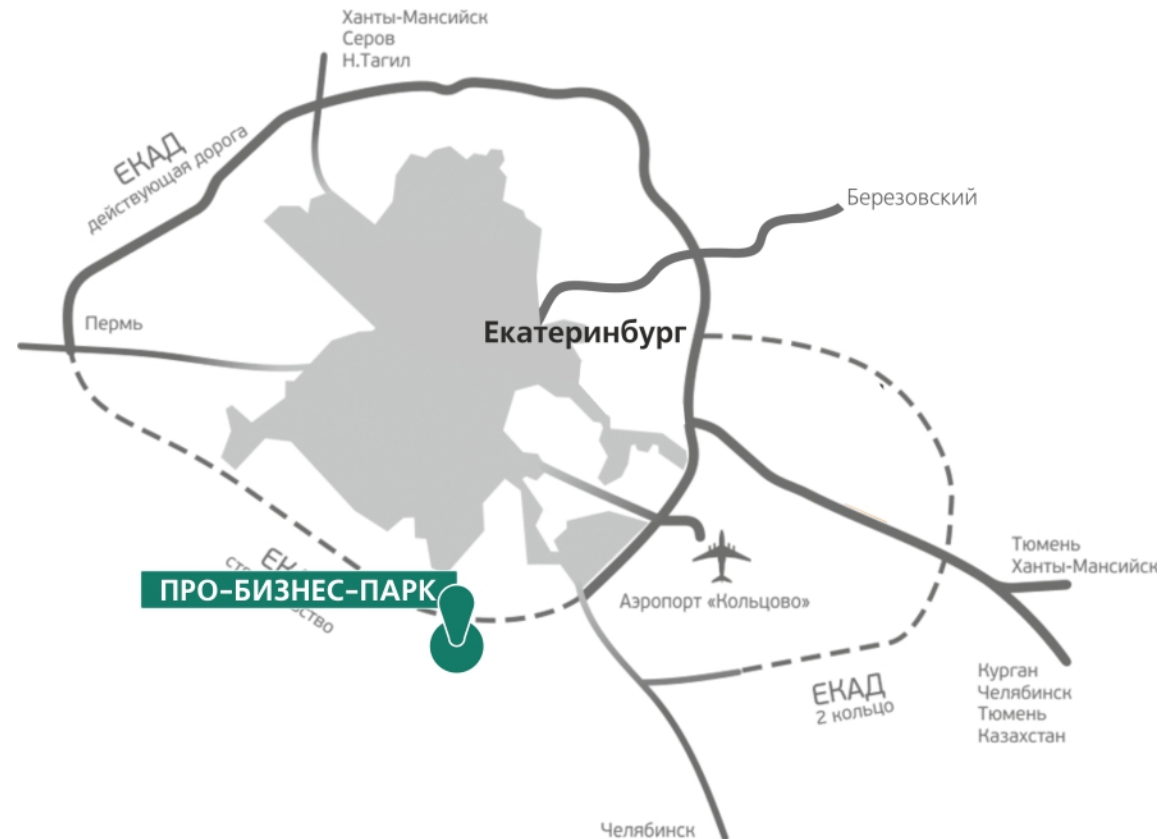
Overall Area: 180 Hectares,

Available area: 19 Hectares

Class of hazard V

Established in 2012

Available plots start from 19 million roubles per Hectare



PRO-BUSINESS-PARK Industrial Park

Industrial-purpose land with developed infrastructure provided by a private owner



Current residents:

- Manufacturing of spare parts and equipment for modern engineering systems of water supply, heating and sewage
- Manufacturing of puff pastry for cafes, restaurants, bakeries, confectionaries, etc
- Automated control systems for civic industries
- Large wholesale centers for building materials
- Medical furniture manufacturing

Industrial Park «Ural-chem-mash»

Ready workshops available



This Park is designed to suite such industries as mechanical engineering, metal-processing, assembling lines

Located in Ekaterinburg

Overall area: 55 000 sq. meters

Available area: 50 000 sq. meters

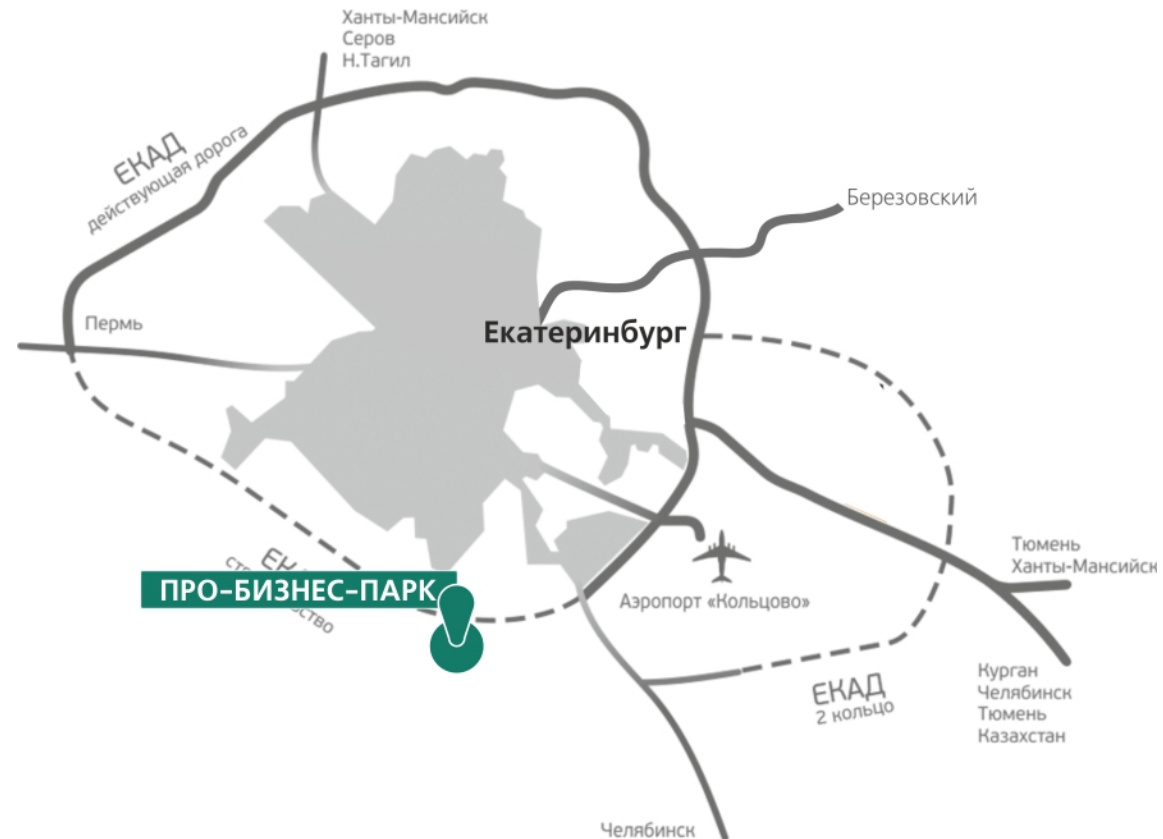
Railroad access

Crane beams on every span

15-20 meters height

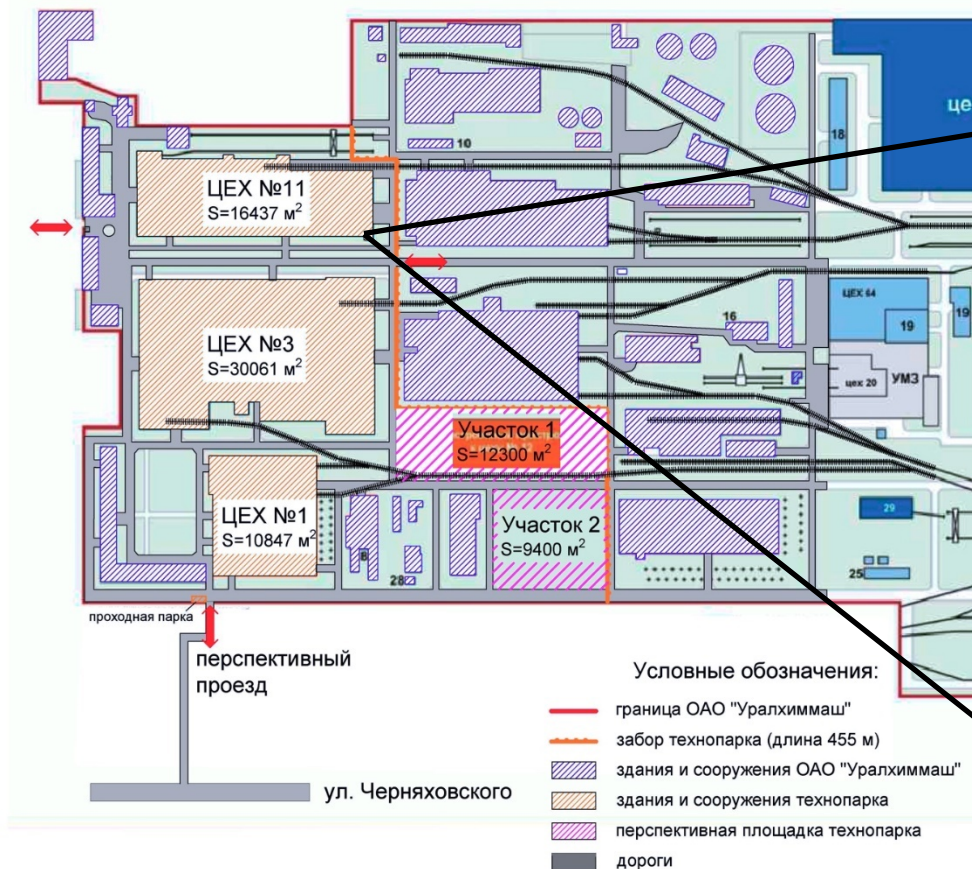
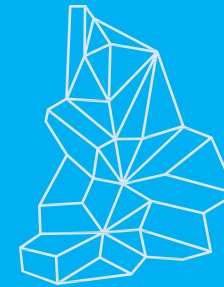
Established in 2012

Rent price – 150 roubles per sq. meter



Industrial Park «Ural-chem-mash»

Ready workshops in excellent condition available

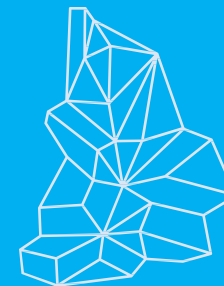




Key Measures of Support and Tax Benefits

Areas with reduced tax rates

Special economic zone and advanced development territory



There are two areas with special tax regime in the region

Titanium Valley Special Economic Zone Town of Verkhnyaya Salda

Type of tax	rest of Russia	SEZ
	20	13,5
Property tax	2,2	0
Land tax	1,5	0
Transport tax	*	0
Import duty	5 - 20	0
VAT	10 - 18	0

Advanced Social and Economic Development Territory (ADT), located in town of Krasnoturyinsk

Type of tax	rest of Russia, %	ADT, %
Profit tax	20	13,5
Property tax	2,2	0
Land tax	1,5	0
Insurance duties	30	7,6

*- depending on engine power



Financing with reduced interest rate

By Industry Development Foundation



Financing Conditions

- Financing amount – from 50 to 500 million roubles;
- Interest rate – 5% per year;
- Financing period – from 5 to 7 years;

Project Requirements

- From 30% to 70% of the overall project budget will be financed (depending on type of a project)
- 15% of the project should be finance by the applicant
- The final product should be an either import substitute or have high export potential

Special investment contract (SIC)

for industry projects



Tax benefits

Type of the tax	Standard rate in Russia	SIC
Profit tax: <ul style="list-style-type: none">• Federal budget• Regional budget	- 2% - 18%	- 0% - 13,5%
Property tax	- 2%	- 0%
Land tax	- regular rate 1,5%	- 0%

+

Other means of support

- Priority application for state contracts;
- Prestigious National Manufacturer status and therefore easier access to specialized means of state support such subsidies, compensations, etc.)
- Stable business development during SIC period.

Conditions

- Investment amount starts from 750 million roubles;
- Only for industrial production (not applicable for agriculture sector).

Priority investment project (PIP)

of Sverdlovsk Region



Tax benefits

Type of tax	Standard rate for Russia	PIP
Profit tax		
• Federal budget	- 2%	- 2%
• Regional budget	- 18%	- 13,5%
Property tax	- 2%	- 0%
Land tax	- 1,5%	- 0%

Conditions

- The project should create more than 20 new works places;
- Salary of engaged human resources should be at least 150% of average monthly rate in the city where the project is being developed;
- Minimum amount of support is calculated depending on the city where the project is being developed
 - from 20 to 300 million roubles

Development Corporation of Middle Ural (DCMU) is a specialized Subsidiary of the Government of Sverdlovsk Region. DCMU provides assistance to business in development of investment projects



**The Government
of Sverdlovsk Region**

Ministry for Investment and Development



**Development Corporation
of Middle Ural**

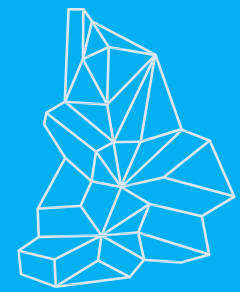
INDUSTRIAL PARKS

SPECIAL
ECONOMIC
ZONE

ADVANCED
DEVELOPMENT
TERRITORY

4

Steps for Regional Market Access Together with Middle Ural Development Corporation



- 1 We will help to evaluate the potential of Sverdlovsk region for your business
- 2 We will choose an industrial property unit
- 3 We will help to get benefits and measures of state support
- 4 We will help to launch and run production: product licensing and certification



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