INDUSTRIAL PARK
«ALUMINIUM VALLEY»
PROJECT
### ALUMINIUM VALLEY: PROJECT CONCEPT

#### HIGHLIGHTS

- Location in the center of Russia, Siberian Federal District (Krasnoyarsk region)
- “Green” renewable energy suppliers
- Facilities and land plots close to molten aluminium producers
- Up to **120 hectares** for brownfield and greenfield sites development (rent or purchase)
- Up to **26,000 sq. meters** industrial and storage facilities for rent
- Total potential area “Phase-1” and “Phase-2”¹ about **700 hectares**
- Managing company: services and project support for investors

#### BENEFITS

- Industrial park with the possibility of state support, special taxation and other benefits

<table>
<thead>
<tr>
<th>Up to 1,000 of new work places</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 potential investment projects are considered</td>
</tr>
<tr>
<td>About $300M of potential private investments</td>
</tr>
</tbody>
</table>

---

¹*Phase-1* – Krasnoyarsk zone, *Phase-2* – Divnogorsk zone and other possible territories
About 80% of Industrial Facilities and Regions in Russia are located along the TransSiberian Railway.

Krasnoyarsk region:
- Territory 2.7 mln sq km
- Population 2.9 mln
- Gross Regional Product 22.2 bln USD\(^1\)
- Export from the Region 6.6 bln USD\(^2\)
- More 470 entities with foreign capital\(^3\)

Main ports:
- St. Petersburg (North-West)
- Novorossiysk (South)
- Krasnoyarsk: International airport (KJA/UNKL), Railways connections, Water transport, Automotive transport

TransSiberian Railway: 9,290 km

\(^{1}2014\quad^{2}2015\quad^{3}2016\)
ALUMINIUM VALLEY CONCEPT: STAGE-1 PLANNING FOR 2 SITES

Krasnoyarsk Metallurgical Plant
For investors:
Up to ~ 11 421.5 sq. meters for rent
Up to ~ 73.7 hectares of land plots for development

Opportunities for cooperation with local downstream producers
Foundry and Extrusion Plant SEGAL (SIALMET)
K&K main lightweight wheel disc producer in Russia

Krasnoyarsk Aluminium Smelter
For investors:
Up to ~ 14 630 sq.meters of different facilities
Up to ~ 46 hectares of land plots for development

Google maps
Krasnoyarsk Aluminium Smelter - one of the biggest aluminium producer in the world

- Production capacities: 1 mln of aluminium per year
- About 24% of aluminium production in Russia and 2.4% of world aluminium production
- Innovation site for new technologies development
- 4 300 employees

Products: primary aluminium, alloys (slabs, billets, small ingots and T-bars), high-purity aluminum

Krasnoyarsk Metallurgical Plant (KRAMZ)

- Production capacities for primary aluminium: 115 000 tons
- 4 000 employees

Products: tubes, drawn rods, extruded round, square, and flat bars

Foundry and Extrusion Plant SEGAL (SIALMET)

- Production capacities: 20 000 tons per year
- One of the biggest producers of aluminium profiles and forms for construction industry
- About 600 employees

Products: bars, rods and other profiles, aluminium alloyed
R&D ACTIVITY SUPPORT

R&D and production

- Increase of use Al-Li, Al-Sc and other advanced alloys
- Nanostructured materials
- Additive technologies
- Aluminium ceramics and composites on the basis of AL oxide (Al2O3)

Joint educational programs

- High-qualified personnel formation and training
- Employment for graduated students
**Downstream value-adding industries**

Incentives for setting-up and development of industrial production in Russia both for the local market and for export

- Synergy with the existing enterprises and aluminium producers
- Launching of new technologies in aluminium and metals downstream
- Site for international cooperation and foreign investments
- Managing company and investor friendly climate
- Reduction of both costs and risks for investors
- Industrial safety and environment friendly technologies

**Volume of aluminium products import to Russia**

≈ 200 000 tones / year

---

1 Customs data 2015
MAIN INDUSTRIAL DIRECTIONS AND OPTIONS FOR NEW PROJECTS

- Mill products for aviation and shipbuilding
- Components for automotive sector and heavy machinery
- Products for cable industry
- Products for construction industry
- Aluminium wire rod
- New types of cables from aluminium alloys
- Batteries
- Construction materials
- Extrusion plant for large sections, forms and profiles
- Thin mill products
- New products, alloys, additive technologies
## Average tariffs on utilities for industrial use

<table>
<thead>
<tr>
<th>Service</th>
<th>Unit of measure</th>
<th>Tariff (RUB)</th>
<th>Tariff (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity</strong> (depends on voltage)</td>
<td>RUB /kWh</td>
<td>2.4/4.5</td>
<td>0.04/0.07</td>
</tr>
<tr>
<td><strong>Hot water (Provider 1)</strong></td>
<td>RUB /cub.m</td>
<td>26.87</td>
<td>0.41</td>
</tr>
<tr>
<td><strong>Hot water (Provider 2)</strong></td>
<td>RUB /gigacalorie</td>
<td>1052.56</td>
<td>16.19</td>
</tr>
<tr>
<td><strong>Technical water (cold)</strong></td>
<td>RUB /cub.m</td>
<td>4.27</td>
<td>0.07</td>
</tr>
<tr>
<td><strong>Potable water (cold)</strong></td>
<td>RUB /cub.m</td>
<td>18.16</td>
<td>0.28</td>
</tr>
<tr>
<td><strong>Water discharge</strong></td>
<td>RUB /cub.m</td>
<td>3.96</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Sewage</strong></td>
<td>RUB /cub.m</td>
<td>11.71</td>
<td>0.18</td>
</tr>
<tr>
<td><strong>Heating Provider 1</strong></td>
<td>RUB /gigacalorie</td>
<td>1334.99</td>
<td>20.54</td>
</tr>
<tr>
<td><strong>Heating Provider 2</strong></td>
<td>RUB /gigacalorie</td>
<td>1052.56</td>
<td>16.19</td>
</tr>
<tr>
<td><strong>Average rate for industrial facilities lease</strong></td>
<td>RUB /sq.m x 1 month</td>
<td>150 + utilities+ services</td>
<td>2.31</td>
</tr>
<tr>
<td><strong>Average rate for land plot lease</strong></td>
<td>RUB/hectare</td>
<td>200</td>
<td>3.08</td>
</tr>
</tbody>
</table>

*To be confirmed by providers while switching. All data including VAT 18%. RUR/USD = 65.*
• Project Development in accordance with priorities of industrial policy in Russia
• Support of the Government of Krasnoyarsk Region for new investments projects
• Use of industrial, logistic, scientific and educational opportunities available in Krasnoyarsk Region and Siberian Federal District

2016, June: MoU on Aluminium Valley development is signed between the Governor of Krasnoyarsk Region, RUSAL Company and Association of aluminium producers, suppliers and consumers (Russia)
### BENEFITS IN SEZ: STATE GUARANTEES AND INCENTIVES FOR INVESTORS

#### RUSSIA | SEZ | EFFECTIVE PERIOD
---|---|---
**PROFIT TAX, %** | 20 | 0-15,5 | For SEZ period of validity: up to 49 years
**PROPERTY TAX, %** | 2.2 | 0 | 10 years
**LAND TAX, %** | 1.5 | 0 | 5 years (10 years)
**TAX ON TRANSPORT (Euro/hp)** | 0.1 – 3.5 | 0 | 10 years
**Social payments and taxes, %** | 30 | 14 | till 01.01.2018
| | | 21 | till 01.01.2019
| | | 28 | till 01.01.2020
**Price for land rent and land purchase** | Commercial prices | | 4 - 50%
| | | of the official cadastral price for state property

---

#### FREE CUSTOMS ZONE

- **0% Import duties on equipment**, components and materials imported in SEZ
- **0% VAT on equipment**, components and materials imported in SEZ
- **0% export duties** on finished goods (products) exported outside the Customs Union (Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan)

---

Expected conditions, SEZ – Special Economic Zone
Cooperation, development and support for new projects in the frame of Association of aluminium producers, suppliers and consumers in Russia

Consultancy and marketing support from the Aluminium association

Opportunities for cooperation with Russian enterprises

Use of products, goods and components manufactured in Russia

More than 30 members
THANK YOU!

For questions about the project: igor.marchev@rusal.com