Alabuga
special economic zone
The Republic of Tatarstan is one of the most economically developed regions in the Russian Federation.

The Special economic industrial zone «Alabuga» was created on December 21st, 2005 in the Republic of Tatarstan.

The centre of the largest industrial region 800 km east of Moscow.

- Territory – 67,800 km²
- Population – 3.8 mln.
- GRP – $39.9 bln. USD
- Industrial output – $41.2 bln. USD
The Republic of Tatarstan rankings
(out of 87 regions)

Tatarstan is the best region for business in Russia (Forbes, 2011)

Forbes

Tatarstan is 1st in terms of doing business in Russia (Ernst & Young, 2011)
The SEZ «Alabuga» provides an excellent set of conditions for investors who intend to establish new production in Russia:

- Located in one of the biggest industrial centres of Russia
- Attractive tax and customs preferences
- Developed industrial infrastructure
- Decreased bureaucracy
- Strong governmental support
- Low cost land plots
- Proven track record - many global companies have already established production in the SEZ
The SEZ «Alabuga» in the structure of special economic zones (altogether 25 zones)

- 71% of the production output: 41.4 bln. RUB
- 60% of tax payments: 3.7 bln. RUB
- 52% of investments: 27 bln. RUB

* cumulatively
Investment incentives and preferences
(for 10 years since tax base introduction)

<table>
<thead>
<tr>
<th>Tax</th>
<th>Tax rate for Non-residents</th>
<th>Tax rate for SEZ residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax</td>
<td>2.2 %</td>
<td>0 %</td>
</tr>
<tr>
<td>Land tax</td>
<td>1.5 %</td>
<td>0 %</td>
</tr>
<tr>
<td>Transport tax</td>
<td>0.3-3.8 $</td>
<td>0 $</td>
</tr>
</tbody>
</table>
# Profit tax
*(starting from the 1st year of earning profit)*

<table>
<thead>
<tr>
<th>Period</th>
<th>Tax rate for Non-residents</th>
<th>Tax rate for SEZ residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 5 years</td>
<td>20%</td>
<td>2%*</td>
</tr>
<tr>
<td>Second 5 years</td>
<td>20%</td>
<td>7%*</td>
</tr>
<tr>
<td>Till 2054</td>
<td>20%</td>
<td>15.5%*</td>
</tr>
</tbody>
</table>

*including federal 2% profit tax*
# Insurance contributions

for residents, carrying out innovation activities

<table>
<thead>
<tr>
<th>Year</th>
<th>For Non-residents</th>
<th>For SEZ residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2017</td>
<td>30%</td>
<td>14%</td>
</tr>
<tr>
<td>2018</td>
<td>34%</td>
<td>21%</td>
</tr>
<tr>
<td>2019</td>
<td>34%</td>
<td>28%</td>
</tr>
</tbody>
</table>
Free customs zone

Foreign countries

Import equipment

VAT - 0%
Import duty - 0%

Russian Federation

SEZ «Alabuga»
SEZ «Alabuga» infrastructure

Governmental investments by 2015 will rise up to $850 mln. USD. More than $500 mln. USD have already been invested.

- Industrial Infrastructure
- Customs Infrastructure
- Business Infrastructure

2012: $515 mln. USD
2015: $850 mln. USD

ALABUGA1 special economic zone
Industrial infrastructure

Land plots with an access to:

- Inner-site roads
- Railway branch line
- Gas
- Electricity
- Heating
- Water
- Sewerage
- Storm sewage
- Drainage
- IP Phone
- High-speed Internet
Free connection to utility lines

Connection cost to electricity lines:

Moscow - $1,000,000 USD per 1 MW
Tatarstan - $208,300 USD per 1 MW
SEZ «Alabuga» - $0 USD per 1 MW
Land plot rent and purchase

**Land plot rent** at average:
$ 0.09 USD per 1 m²/ year

10 ha = $9 000 USD per year

**Land plot purchase** at average:
$ 0.341 USD per 1 m²

10 ha = $34 100 USD
READY INDUSTRIAL BUILDING
SEZ “Alabuga”, Russia
Don't want to build yourself, rent in ready industrial building

200 000 sq. m to rent
Customs infrastructure

- Customs post operates only for the SEZ «Alabuga» residents
- E-declaration
- Customs clearance within 3 hours
Customs Infrastructure of the SEZ «Alabuga»
Business infrastructure

«B+» class office centre
with all the necessary services needed for everyday work:

- OFFICE PREMISES
- CONFERENCE HALLS
- MEETING ROOMS
- EXHIBITION HALL
- CANTEEN-RESTAURANT
- INSURANCE COMPANIES
- CUSTOMS BROKERS
- GYM
KAMA INDUSTRIAL CENTRE - POPULATION OF OVER 1,000,000 PEOPLE

- SEZ «Alabuga»
- Yelabuga 70,000
- Kazan 1,100,000
- Nizhnekamsk 227,000
- Mendelevsk 22,000
- Naberezhnye Chelny 513,000
- River port
- «Begishevo» airport

ALABUGA | special economic zone
6 flights a day to Moscow and back

flight time — 1 h. 30 minutes

40 minutes drive from airport
Each year we train for you locally

(According to employment centre of Elabuga)

20,000 workers 400 USD

4,000 engineers 800 USD

6,000 managers 500 USD
The work force of Kama economic region
berezhnuye Chelny, Nizhnekamsk, Yelabuga, Mendeleev...

- 29 Universities and Institutes
- 28 Colleges
- 20,200 new specialities

Average monthly wage (including tax):

- Kazan: $680 USD
- Naberezhnye Chelny: $580 USD
- Yelabuga: $540 USD

The level of average wage in Kazan is 45% to Moscow level
(according to PWC research)
8 out of 11 Russian biggest cities are located within 1000 km area (52% of the Russian population)
Sales market
Population: 114,399,500 people

Moscow: 11,552,000
Perm: 991,500
Yekaterinburg: 1,388,000

The Republic of Belarus: 9,468,000
Ukraine: 45,745,000
Kazakhstan: 16,615,000
Uzbekistan: 28,640,000
SEZ «Alabuga» residents
$3 bln. investments

FordSollers
ROCKWOOL
AIR LIQUIDE
SARIA
PICSAR
RR DONNELLEY
SAINT-GOBAIN
İŞECAM
STAMONU ENTERPRISE
HAYAT
P-D TATNEFT
POLYMATIZ
Armstrong
RMA PIPELINE EQUIPMENT
Белая Дача

ALABUGA | special economic zone
Ford Sollers Yelabuga

- Production of LCV Ford Transit, SUV Ford Explorer, stamping production
- Investment volume: $750 mln. USD
- Output capacity: 85,000 vehicles, 180,000 engines annually
- 3,000 jobs

«SEZ «Alabuga» - is one of the most effective examples of public-private partnership that I have ever come across with in the world.»

General director,
Ford Motor Company
Alan Mulally
Sollers-Isuzu

- Production of commercial trucks
- Investment volume: over $12 mln. USD
- Plant capacity: 989 automobiles
- 56 jobs
Sollers-Stamp

- Extrusions and welding fabrication of car body and chassis
- Investment volume: over $110 mln. USD
- Annual output capacity: 75 000 tons
- 300 jobs
Rockwool-Volga

- Production of firesafe insulation materials
- Investment volume: over $150 mln. USD
- Output capacity: 110,000 tons annually
- 141 jobs

«Rockwool invests $150 mln. USD and constructs the largest mineral wool producing plant in the world. We were impressed by how the Government of the Republic of Tatarstan fulfills the promises.»

Nickolas Andrew Vince
General director, Rockwool Russia
P-D Tatneft-Alabuga Fiberglass

- Production of fiberglass and fiberglass-based goods
- Investment volume: over $80 mln. USD
- Output capacity: 21,000 tons annually
- 300 jobs

«The economic effect we received implementing the project «P-D Tatneft-Alabuga Fiberglass» in the SEZ «Alabuga» reached almost 15%»

Sattarov Ilvir Razinovich – director «P-D Tatneft-Alabuga Fiberglass»
Air Liquide Alabuga

- Production of technical gases (oxygen, nitrogen)
- Investment volume: € 35 mln.
- Output capacity: 200 tons of liquid oxygen, nitrogen (daily)
- 36 jobs

“We are very proud of our first contract in the Republic of Tatarstan, and together with this, our cooperation with the SEZ “Alabuga”, where we have a resident status. We believe that the project we are implementing there will be our first step to further mutually beneficial work with this dynamically developing region.”

General Director
LLC “Air Liquide Alabuga”
Alexey Shuvalov
Polymatiz

- Production of nonwoven fabric and other polymer good
- Processing of PP, produced by Nizhnekamskneftekhim
- Investment volume: over $40 mln. USD
- Output capacity: 17,000 tons annually
- 113 jobs

“Close proximity to raw materials and ready industrial infrastructure were crucial reasons for choosing the SEZ «Alabuga site.»

General director CJSC «Polymatiz»
Maksimov Oleg Dmitrievich
Kastamonu Integrated Wood Industry

- Production of medium density fiberglass, oriented strand board, chipboard
- Investment volume: over $113 mln. USD
- Output capacity: 475,000 m³ annually
- 235 jobs
Trakya Glass Rus

- Production of float-glass, mirrors, coated-glass
- Investment volume: over $252 mln. USD
- Output capacity: 250,000 tons annually
- 377 jobs

«SEZ «Alabuga» - is one of the best prepared industrial sites we have ever seen.»

General director
CJSC «Trakya Glass Rus»
Mehmet Ali Tiryaki
Automotive Glass Alliance Rus

- Production of automobile glass
- Investment volume: over $67 mln. USD
- Output capacity: 500,000 automobile sets
- 265 jobs

"SEZ «Alabuga» - is one of the best prepared industrial sites we have ever seen."

General director
CJSC «Automotive Glass Alliance Rus»
Mehmet Ali Tiryaki
Hayat Kimya

- Production of household and sanitary paper products
- Investment volume: $62 mln. USD
- Output volume: 60,000 tons annually
- 335 jobs

“Hayat Group’s decision on localization of the second production facility in the SEZ «Alabuga» is an evidence of our deep trust and confidence in the project’s success.”

General director
Onur Guven
Saria Bio-Industries Volga

- Production of meat-bone flour and animal fat
- Investment volume: $23 mln. USD
- Output capacity: 24 500 tons
- 90 jobs

«The benefits of the SEZ «Alabuga» infrastructure and its advantageous geographical location allows LLC «Saria Bio-Industries Volga» to efficiently arrange raw materials supply and distribution of finished products.»

General director
Manfred Gellner
Picsar Coatings

- Production of liquid and powder paints, corrosion resistant paints and coatings for woods
- Investment volume: $20 mln. USD
- Output capacity: 7 500 tons annually
- 30 jobs

“Creating a new high-tech paints manufacturing facility in the SEZ «Alabuga» is important for the economic upsurge and implementation of socially important programs in the country.”

General director
Ozheredov Igor Mikhailovich
Belaya Dacha Alabuga

- Processing of vegetable products
- Investment volume: over $18.5 mln. USD
- Annual production capacity: 9,600 tons
- 250 jobs
PPS «Crystal»

• Production of polysilicon
• Investment volume: $324 mln. USD
• Production amount: 3,000 tons annually
• 770 jobs
Trading company «Kambarka machinery plant»

- Production of diesel-hydraulic shunting and road engine locomotives
- Investment volume: $105.3 mln. USD
- Output capacity: 150 locomotives
- 835 jobs
«Alabuga-Fiberglass»

- Production of carbon fiber
- Investment volume: $131.9 mln. USD
- Output capacity: 1500 tons/year
- 250 jobs
- Production of PA-6,6 threads and tights
- Investment volume: $117.8 mln. USD
- Output capacity: 2,400 tons of threads/year, 30,000 tons of tights/year
- 332 jobs
Production of printing products

Investment volume: $16.7 mln. USD.

175 jobs
«Kessel Alabuga»

- Production of wall-mounted gas boilers
- Investment volume: $7 mln. USD
- Output capacity: 23,760 boilers/year
- 65 jobs
«Alabuga-motors»

- Production of electrobuses
- Investment volume: $5.6 mln. USD
- Output capacity: 1,200 electrobuses/year
- 221 jobs
Havi Logistics Yelabuga

- Construction of distribution centre
- Investment volume: $20.1 mln. USD
- Processing of goods: 2 125.4 tons/month
- 53 jobs
The engineering equipment factory

- Production of engineering equipment, heat pump units
- Investment volume: over $15 mln. USD
- Output capacity: 35 000 units annually
- 222 jobs
Akulchev-Alabuga

- Confectionery and bakery production
- Investment volume: over $15 mln.
- Output capacity: 7,000 tons annually
- 156 jobs
Septal

- Production of equipment for local and small sewerage systems
- Investment volume: over $30 mln. USD
- Output capacity: 7,000 items annually
- 200 jobs
Companies, approved by the SEZ «Alabuga» Supervisory Board
Armstrong Building Products

- Production of mineral fiber ceiling plates
- Investment volume: $78 mln. USD
- Production volume: annually 22 mln. м² of products
- 206 jobs
RMA Rus

- Production of steel ball valves for oil and gas extraction industry
- Investment volume: $80 mln. USD
- Production volume: annually 11,000 valves
- 160 jobs
EcoTechnologii Alabuga

- Processing of exhausted tires into rubber crumb
- Investment volume: $14 mln. USD
- Production volume/year: 23 500 tons of rubber crumb
- 39 jobs
East Bolt Yelabuga

- Production of bakery products
- Investment volume: $5.6 mln. USD.
- Production volume: annually 76,5 mln. bakery items
- 71 jobs
<table>
<thead>
<tr>
<th>Company</th>
<th>Production Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>«ZF-KAMA»</td>
<td>production of transmission</td>
</tr>
<tr>
<td>CNH-KAMAZ Industrial</td>
<td>production of tractors</td>
</tr>
<tr>
<td>Schneider Electric</td>
<td>production of high-voltage substations and equipment</td>
</tr>
<tr>
<td>«Mercedez Benz Trucks Vostok»</td>
<td>production of Mercedez Benz cars</td>
</tr>
<tr>
<td>«Cummins Kama»</td>
<td>production of engines</td>
</tr>
<tr>
<td>«Leoni Wiring Systems»</td>
<td>production of automotive wire harnesses, wiring systems</td>
</tr>
<tr>
<td>«Federal Mogul Naberezhnye Chelny»</td>
<td>production parts of cylinder groups</td>
</tr>
<tr>
<td>«Knorr-Bremze Kama»</td>
<td>production of brake systems</td>
</tr>
<tr>
<td>Wienerberger AG</td>
<td>production of construction materials (bricks)</td>
</tr>
</tbody>
</table>
Nearby city - Naberezhnye Chelny
20 km away from the SEZ «Alabuga», population of 510 000 people
Nearby town - Yelabuga
10 km away from the SEZ «Alabuga», population of 70 000 people
«Brooklyn» club
Hypermrket «Magnit»
Thank you for your kind attention!

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Mob.: +7 927 480 02 21
e-mail: invest@sezalabuga.ru,
       post@sezalabuga.ru
       www.alabuga.ru
SEZ «Alabuga» medium-term strategy

As of January, 1\textsuperscript{st}, 2011:

- 25 resident-companies
- $2.6 \text{ bln. USD}
  Total resident investments
- $480 \text{ mln. USD}
  of governmental investments

To-be in 2014:

- 65 residents-companies
- $5.6 \text{ bln. USD}
  Investment volume

ALABUGA I special economic zone
Back-up slides
Resident to-be steps (2 months)

Registration of a legal entity, preparation of a business-plan and foundation documents

Project presentation for Supervisory Board of the SEZ «Alabuga» (Kazan)

Project presentation for Expert Council at the Ministry of economic development of the Russian Federation (Moscow)

Agreement signing and getting the resident certificate
Services

Exploitation:
- heat supply;
- electricity supply;
- water supply;
- drainage;
- waste management, dumping, payments on environmental impact;
- maintenance of fire extinguishing systems and smoke exhaust systems;
- maintenance of electrical systems, water supply, heating, sewage;
- maintenance of air conditioning and ventilation;
- maintenance of heat regis and other office equipment;
- maintenance of elevators;
- carrying out maintenance of the building and the managing company territory;
- technical supervision;
- maintenance of utilities and roads;
- machinery services;
- passenger transportation;
- transport and logistics services;
- electrotechnical laboratory

Housekeeping:
- maintenance and cleaning of the rented premises and managing company territory, disinfection;
- protection of the building;
- office space rent;
- snow and ice cleaning and removal;
- conducting tenders;
- legal services;
- outside windows wash;
- ensuring the proper state of the external facade of the building

Constructional:
- geodesy services;
- technical customer;
- construction and commissioning technical supervision
## Tariff rates
(2012 including VAT)*

<table>
<thead>
<tr>
<th>Service</th>
<th>Rate</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas</td>
<td>$117 USD per 1000m³</td>
<td>(consumption volume 100-500 mln. m³/year)</td>
</tr>
<tr>
<td>Electricity</td>
<td>$0.09 USD per KW/h</td>
<td>(HV 110 kW)</td>
</tr>
<tr>
<td>Heating</td>
<td>$54.87 USD per Giga cal</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td>$1.35 USD per m³</td>
<td></td>
</tr>
<tr>
<td>Sewerage</td>
<td>$2.1 USD per m³</td>
<td></td>
</tr>
<tr>
<td>Storm sewerage</td>
<td>$1.23 USD per m³</td>
<td></td>
</tr>
</tbody>
</table>

*Indicative, unofficial data
Railway transportation per 1 40-tons weight railway cargo

Saint-Petersburg

SEZ «Alabuga»

Novorossiysk

Vladivostok

$800 USD
$2,140 USD

$1,000 USD
$2,700 USD

$4,800 USD
$2,260 USD
Auto transportation
per 1 car of 82-90 м³ cargo (including VAT)

Moscow

SEZ «Alabuga»

Frankfurt-am-Main

$820 USD
$2,000 USD
$2,600 USD
$7,030 USD
Polymers produced within 400 km from the SEZ «Alabuga»

- **KAZANORGSIATEZ**
  - LDPE/HDPE 771599 MT
  - Univation Technology
  - PC 65000 MT
  - Asahi Kasei Chemicals Technology

- **NEFTEKHMSEVILEN**
  - LDPE 14,400 MT
  - EVA 12000 MT
  - Imhausen Germany Technology

- **ELASTOKAM**
  - PU systems 20000 MT
  - Elastogran Technology

- **NIZHNEKAMSKTECHUGLEROD**
  - Carbon Black - 85 000 MT
  - Yokogawa Technology

- **SALAVATNEFTORGSINTEZ**
  - LDPE 70000 MT
  - Chevron Phillips Technology
  - GPPS/HIPS 70000 MT
  - EPS 50000 MT

- **NIZHNEKAMSKNEFTEKHYM**
  - PP 200000 MT
  - Spheriplast Technology
  - GPPS/HIPS 84000 MT
  - Fina
  - LLDPE 160000 MT (2010)
  - Sphereline (Basell)
  - ABS 104000 MT (2010)
  - Polmery Europa
  - EPS 80000 MT
  - LG Technology

- **UFAKHIMPROM**
  - PC - 10 000 MT (from 2008)

- **KAUSTIK**
  - PVC - 120 000 MT
Most major Russian carmakers located within 500 km from the SEZ «Alabuga»

- AVTOVAZ 88,000 cars
- IZH 220,000 cars
- GAZ 123,000 trucks, 67,000 cars, 40,000 buses
- PAZ 14,000 buses
- Volkswagen 100,000 cars
- UAZ 120,000 cars
- GM-AVTOVAZ 50,000 cars
- KAMAZ 70,000 trucks
- Isuzu 175,000 cars, 25,000 trucks
- sullers 75,000 cars, 1,000 buses
- NEFAZ 11,000 trucks
- UralAZ 15,000 trucks
- Case New Holland 4,000 cars, 35,000 cars
Thank you for your kind attention!

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Step 1

Bring machinery/equipment and **PAY NO VAT** and **NO IMPORT DUTY**
Bring components/raw materials and **PAY NO IMPORT DUTY**
Assemble/mix and ADD 50% VALUE

$10 + $10 = $40
Sell finished product to

- Russia
- Kazakhstan
- Belarus

with NO IMPORT DUTIES
Single Window System (One Stop Shop)

- Tax Service
- Inspection of State Architectural Building Supervision
- Ministry of Ecology and Natural Resources
- Chamber of Commerce and Industry
- Pension Fund
- Ministry of Labor and Social Security
- Registration Service
- Certification Test Centre
- Service of Environmental, Technological and Nuclear Oversight
- Federal Real Estate Cadastre Agency
- Land Cadastre Chamber
- Migration Service
- Technical Inventory Bureau
- Fund of Obligatory Medical Insurance
- Social Insurance Fund