



Sergey Chemezov reported to Vladimir Putin that Rostec has met the sanctions and achieved the planned growth rates

*Press release,
August 2, 2016*

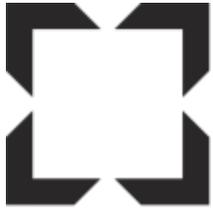
The CEO of Rostec, Sergey Chemezov presented the report on the State Corporation activity in 2015 to the President of Russia Vladimir Putin and announced the development plans for the next ten years, according to a new Development Strategy. In the long run, Rostec should become the core of the industrial and, therefore, the economic development of the country, providing a leading place for Russia in the new technological paradigm.

The sanctions regime imposed against Russia and Rostec by some states did not have a significant impact on the State Corporation development. Rostec emphasized the development of internal resources and competencies, which, based on the results of 2015, allowed demonstrating a steady progress in terms of financial, economic and industrial parameters.

In 2015, the consolidated revenues of Rostec increased by 18 %, amounting to 1 trillion and 140 billion rubles. The consolidated net income of the State Corporation was 99 billion rubles, and that of EBITDA – 253 billion rubles. The net profit margin was 8.68 %, having increased by 6 basis points. EBITDA margin was increased by 5.58 points (up to 22.19 %). The corporation average wage in 2015 increased up to 41,000 rubles (in 2014, Rostec average wage was 37,000 rubles, and Russia average wage was 32,600 rubles as per FSSS data). The corporation tax payments to budgets of all levels exceeded 160 billion rubles.

The new Development Strategy of Rostec adopted at the end of 2015, will allow neutralizing the impact of sanctions and reaching the level of the most high-tech corporations in the world in the next 10 years. The priority is to enter the rapidly growing "smart" markets: electronics, IT, automation, control systems, robotics, new materials, etc. The successful competition with world leaders will enable Rostec to ensure Russia's economic growth. It's not just a matter of competitiveness, it is the goal to maintain Russia as a global technology leader. The main targets include an annual revenue growth by 17 %, increase of civil production share up to 50 % and growth of operational efficiency to the best quarter's level of the global players.

"Against the sanctions pressure, the general decline of the Russian economy and fall of industrial production index by more than 3 %, we managed to increase the revenue of the State Corporation to 1 trillion 140 billion rubles, demonstrating a growth by 18 % compared to 2014", said Sergey Chemezov at the meeting with the President. "The volume of military exports grew by 39 % in 2015 (up to \$ 4.6 billion). Therefore, the production of civilian goods increased by 6 % (up to 336 billion rubles). The steady



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growth in all financial indicators enables us to develop also the civil industries. According to the new strategy of Rostec, our main task is to ensure Russia's technological advantage in the highly competitive global markets. The planned investment volume for the development up to 2025 is 3,086 billion rubles"

According to Minister of Industry and Trade of Russia Denis Manturov, despite the negative trends in the economy, following the results of 2015 Rostec Corporation demonstrated a progress in the performance and steady financial results. The Corporation has made the best use of the ruble devaluation impact, strengthening its position both in internal, and foreign markets.

"The Corporation's enterprises participated in the stable implementation of the state defense procurement, the volume of which has increased by 11 % in comparison with 2014," said Denis Manturov.

Rostec Corporation is a Russian corporation founded in 2007 to promote the development, production and export of high-tech industrial products for civil and military purposes. Rostec comprises 663 organizations, whereof 9 holding companies are presently in the military-industrial complex, and 6 organizations – in civilian industries, as well as 32 direct control organizations. Rostec's portfolio includes famous brands, such as AVTOVAZ, KAMAZ, Russian Helicopters, VSMPO-AVISMA, etc. Rostec companies are located in 60 federal subjects of the Russian Federation, and supply products to the markets of over 70 countries. Rostec's revenue in 2014 was 964.5 billion rubles.

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