

Rostec's aviation cluster revenue to reach \$15 billion

November 15, 2018

Press release

The inclusion of the United Aircraft Corporation (UAC) will enable Rostec's aviation cluster to increase its revenue to 1 trillion rubles (\$15 billion), and make the State Corporation join the ranks of the world's leading aircraft manufacturers, says the Director of Rostec's aviation cluster, Anatoliy Serdyukov.

Russia's President, Vladimir Putin, signed a decree on the transfer of a 92.31% stake in UAC to Rostec on October 24. According to the signed decree, the process of merging the aircraft corporation with Rostec structures will take a year and a half. The inclusion of UAC in the State Corporation's control loop will mean that the entire aircraft production chain can be combined into one, which will strengthen production cooperation between aircraft manufacturers and parts suppliers.

"For Rostec, integration with the UAC is a landmark moment. The share of the aviation cluster in the State Corporation's overall revenue will be approximately 50% — around 1 trillion rubles. This means that the aircraft manufacturing unit will become the most powerful one in the State Corporation, and Rostec will be at the same level with the world's leading aircraft manufacturers," said the Director of Rostec's aviation cluster, **Anatoliy Serdyukov**.

The total revenue of Rostec's aviation cluster in 2016 was 534.7 billion rubles; for UAC it was 417 billion rubles. In line with the development strategy of the aviation cluster, it is planned to increase this indicator by an average of 14% per year in ruble terms until 2025. The new structure with a larger turnover will be more attractive to investors. Rostec's other priority projects will include the creation of MS-21 medium-range aircraft—it is expected that about 55 billion rubles will be invested in this by 2025.

Rostec continues to implement a large-scale program for the development of the aviation cluster in accordance with the approved Strategy, the main objectives of which are to develop civilian production, improve operational efficiency, and gain access to global markets until 2025.

Rostec is a Russian State Corporation established in 2007 to promote the development, production and export of high-tech industrial products designed for civil and military applications. The Corporation comprises over 700 organizations that are currently part of eleven holding companies operating in the military-industrial complex and three holding companies working in civilian industry, as well as over 80 directly managed organizations. Rostec's portfolio includes well-known brands such as AVTOVAZ, KAMAZ, Kalashnikov Concern, Russian Helicopters, VSMPO AVISMA, UralVagonZavod, etc. Rostec companies are located in 60 constituent entities of the Russian Federation and supply products to more than 100 countries. The consolidated revenue of Rostec in 2017 amounted to RUB 1 trillion 589 billion rubles, while the consolidated net income and EBITDA amounted to 121 and 305 billion rubles, correspondingly. In 2017 the average salary in the Corporation was 46.8 thousand rubles. According to Rostec's strategy, the main objective of the Corporation is to ensure that Russia has a technological advantage in highly competitive global markets.

Rostec's key objectives include the introduction of a new techno-economic paradigm and digitalization of Russian economy.