

01 August 2016**Having Got Double Return of Investments, RUSNANO Exits the Magnesium Oxide and Hydroxide Production Project**

RUSNANO sells its ownership interest in the NikoMag portfolio company, specializing in production of nano-structured magnesium hydroxide (a fireproofing additive, the substance inhibiting inflammation and fuming processes), high-purity magnesium oxide (used in production of transformer steel and general mechanical rubber goods) and magnesium chloride used in oil- and gas-production, production of construction materials and in ice control activities.

The total project budget amounts to RUB 3.8 bln, including the RUSNANO ownership interest of RUB 1.3 bln. The purchaser of the RUSNANO ownership interest is the Group of Companies NIKOCHEM. Proceeds from this transaction are 200% greater than the investments made.

RUSNANO entered the project in 2010. During this time, there was built, equipped, and developed to its project capacity a unique plant, having no equals in Russia, occupying the area of 4.5 ha, and currently employing 262 employees.

The production capacity for magnesium hydroxide is 25 thousand tons a year; for magnesium oxide, 30 thousand tons a year. Before launching NikoMag, both products were wholly imported into Russia. In the nearest future, the company plans to occupy almost 100% of the Russian synthetic magnesium hydroxide market and 90% of the high-purity magnesium oxide market. NikoMag is included into the import substitution action plan for the chemical industry approved by the Ministry of Industry and Trade of the Russian Federation.

NikoMag's products have a considerable export potential. The magnesium hydroxide and oxide, currently produced at the enterprise, are being tested at plants producing incombustible compositions, fuel oil additives, and catalytic agents in foreign countries, including the USA, India, and Denmark. Several large contracts on supply of magnesium hydroxide and oxide to Asian markets have already been executed, and about 1,500 tons have been shipped.

"Having visited the NikoMag site, I was greatly impressed by the highest technological level of production. As of today, the production plant in Volgograd is the most advanced in the world in terms of used engineering solutions, process configuration and management. Following the negotiations, a long-term contract was signed on supply of NikoMag magnesium hydroxide and oxide to the Chinese market. Considering the excellent quality level, I think highly of prospects for the Russian-made products to enter Asian markets", - said Mr. **Yan Li**, General Director of SINOPEC International Company Rus LLC.

"One of the success factors for this project is the effective choice of the niche, where the Company was able to propose a high quality product for a competitive price. Initially, we focused on it since we believe that the medium capacity chemistry sector in the Russian Federation has a very high potential and very high level of competitive capabilities on the global market. However, despite of strong fundamental indexes and availability of raw material base, it has been



significantly undercapitalized recently; therefore, Russia imports chemical products for over \$30 bln at the moment. Subsequently, we expect emergence of attractive new projects and activation of strategic players in this area", - pointed Mr. **Dmitry Pimkin**, Managing Director of Management Company RUSNANO LLC.

***Joint-Stock Company "RUSNANO"** was founded in March 2011 following the re-organisation of the state corporation Russian Corporation of Nanotechnologies. RUSNANO supports state policy for the development of the nanoindustry by investing in financially-viable high-tech projects and creating new industries in Russia directly or via nanoindustry investment funds. Main investment areas are: electronics, optronics and telecommunications, health care and biotechnology, metallurgy and metal processing, energy, mechanical and instrumentation engineering, construction and industrial materials, chemicals and petrochemicals. 100 percent of the shares of RUSNANO are owned by the state. Thanks to RUSNANO investments, there are currently 72 factories and R&D Centers open in 28 regions in Russia.*

*Asset management of RUSNANO is carried out by the Limited Liability Company "**Management Company 'RUSNANO'**" that was created in December 2013. The Chairman of its Executive Board is **Anatoly Chubais**.*

The tasks of establishing nanotechnology infrastructure and educational programs are carried out by the Fund for Infrastructure and Educational Programs that was also founded following the re-organisation of the state corporation. More information can be found on www.rusnano.com

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