RUSNANO: Fostering Innovations in Russia through Nanotechnology

USRBC's 18th Annual Meeting
"From Silicon Valley to Skolkovo: Forging Innovation Partnerships"

San Francisco
October 20-21, 2010
Russian Economy: Gap in innovations

Sources: World Economic Forum – The Global Competitiveness Report 2009-2010; IMF data

- Russia is ranked 7th-8th for its GDP
- and 73rd for its innovation level

GDP (purchasing power parity), $ trillion

Innovation level (rated under WEF methodology)

RUSNANO
1990-2020:
Milestones of initial development and further growth of Russian economy

1990-2000
Setting the base for market economy

2000 – 2010
Raw materials export dependent economic growth

2010 - 2020
New model of innovation-based economic growth
Russia’s Modernization: Main Policy Challenge

Vladimir Putin, Feb 8, 2008:

"In our work to make our economy radically more effective we also need to put in place incentives and conditions for progress in a whole number of different directions [...] This calls for large-scale modernisation of production facilities in all economic sectors”

Dmitry Medvedev, Nov 12, 2009:

“In the twenty-first century, our country once again needs to undergo comprehensive modernisation. [...] I see this as a question of our country’s survival in the modern world”
RUSNANO: Brief Overview

- Founded in **2007**

- **Resources:**
  - Russian Federation’s asset contributions in RUSNANO: $4.5 bln
  - State guaranteed debt financing (bonds issuance): $6.2 bln
  - Investment proceeds: $4.6 bln

- **Mission:** to implement the state policy in the field of nanotechnologies

- **Tasks:**
  - **commercialization** of nanotech industry projects and innovations
  - **production volume** of Russian nano-enabled products by 2015 – ~ $30 bln per year

- **Areas of financing:**
  - Fabrication of nano-enabled products and materials
  - Foresight and road maps, standardization, certification,
  - Safety in nanotech industry
  - Education, popularization
RUSNANO’s Terms of Financing

- Financing projects at early stage and stage of expansion

- Ownership participation — no more than 50% minus 1 share

- Investment horizon — up to 10 years
RUSNANO: Support for Co-investors

Basic condition – location in Russia

Financial support

- **Equity:**
  RUSNANO’s minority stake in all projects

- **Credit:**
  Long-term and comparatively cheap money.
  Guarantee for loans

Non-financial support

- **Infrastructural:**
  Equipment as service, start-up incubation
  Technical and investment expertise, certification, foresight and road maps

- **Managerial:**
  Assistance in marketing, investment spending supervision in the interests of all shareholders

- **Administrative:**
  Shielding from the red tape and corruption
RUSNANO’s Requests for Financing From Foreign Applicants

USA is an evident leader

- USA: 65
- Israel: 40
- Germany: 4
- Canada: 5
- Finland: 7
- UK: 22
- Italy: 22
- Other countries: 22
Investment Projects Types
Statistics as of 15.10.2010

Industrial projects

- Nanomaterials: 32
- Nanophotonics: 15
- Nanomedicine: 14
- Nanomaterial production technologies and equipment: 10
- Nanoelectronics: 7
- Other: 5

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Financial infrastructure

- Investment funds:
  - RUSNANO Capital
  - DFJ-VTB Aurora
  - Russian-Kazakh Fund
  - Metallurgy Fund
  - Skolkovo Fund
  - Perm Region Fund
  - North Region Fund

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Non-financial infrastructure

- Nanotechnology Centers:
  - Dubna (Moscow Region)
  - Zelenograd (Moscow Region)
  - Kazan (Tatarstan)
  - Tomsk and Novosibirsk (West Siberia)

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Investment Projects’ Clusters

Solar energy and energy conservation

Nanostructured materials

Medicine and Biotechnology

Nanocoatings

Optoelectronics and nanoelectronics

Infrastructure and Education
RUSNANO’s Investment Projects: Summary

- Approved by the Supervisory Council: 94 projects in 30 Russian regions

- For its approved investments of $4.1 bln RUSNANO has attracted co-investors for $6 bln (overall budget of projects – $10.1 bln)

- Consolidated revenue - 2015: from $7.5 billion (conservative scenario)
US-Russia Joint Projects in RUSNANO Portfolio

3 approved projects with the total budget of approx. $1 billion (incl. approx. $270 million of RUSNANO’s financing)

Clusters: nanomaterial production technologies and equipment; electronics; medicine
VC Trips to Russia, May and October 2010
Preliminary results

1st VC Trip to Russia, May 25 – 27, 2010:
22 funds,
$60 bln under management

11 potential joint projects with the total budget of approx. $1.2 billion (incl. investment fund project of up to $400 million)

Clusters: solar energy/energy conservation; electronics; biotechnology

2nd VC Trip to Russia, October 10-14, 2010:
15 funds, $100 bln under management
RUSNANO Plans: Timeline

- 2007: RUSNANO is founded. Government makes contribution into the charter capital
- 2008: First project is financed
- 2009: Debt financing via open markets started
- 2010: RUSNANO transformation into a joint-stock company
- 2011: Mass production in project companies started
- 2012: Exit from projects started

Additional major challenge:
IPO after RUSNANO transformation into a joint-stock company
Dynamics of the Russian Nanoindustry Market: Target and forecast

Sales of Russian nanoindustry products (target)

Incl. revenue of project companies set up with participation of RUSNANO (target as of 2007)

Incl. revenue of 93 projects already approved by RUSNANO (adjusted forecast 2010)

$ bln

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What We Can Do Together

**RUSNANO offers**

- Co-investment
- Support in companies entry into the Russian market
- Access to RUSNANO’s scientific and technical expertise
- Joint creation of venture funds

**You could**

- Apply for financing of your project at [www.rusnano.com](http://www.rusnano.com)
- Invest in joint project together with RUSNANO
- Further develop your technology with RUSNANO help
- Consider opportunities for portfolio companies expansion into Russia
- Encourage portfolio companies to apply for RUSNANO financing
- Encourage portfolio companies to cooperate with RUSNANO projects to achieve synergies:
  - in accessing global product and finance markets
  - in exits from projects (IPO or selling to a strategic investor)