

PRIVATIZATION - 100% SALE OF UMCC AT THE AUCTION

#1 IN EUROPE AND TOP-10 GLOBAL MINERS OF TITANIUM AND ZIRCONIUM ORES

UNITED MINING AND CHEMICAL COMPANY



September 2021



Adviser of SPFU on privatization and sale of UMCC

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BDO Corporate Finance (Ukraine) is appointed by the Cabinet of Ministers of Ukraine as the Advisor of the State Property Fund of Ukraine (SPFU) on preparation for privatization and sale of 100% share capital of the Company.

BDO Corporate Finance (Ukraine) team is ready to answer any questions and discuss the Project's details.

Sincerely,

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Auction Timetable

#	Date	The Auction Stage Description
1	2 September 2021	Publication of the Announcement regarding the auction date, the starting price and other terms of sale
2	September - October 2021	Meetings with top-management of UMCC, visits to production sites of UMCC, meeting with SPFU officials
3	Until 6 th of October 2021	Written application of potential buyers to SPFU and signing of NDA with SPFU, receiving of information package and draft SPA
4	September - October 2021	Preparation for the auction and Due Diligence - access to Data Room, Due Diligences from buyers side, meetings with the Company and the SPFU officials, etc.
5	Until 8 th of October 2021	Proposals and comments from potential buyers regarding the draft SPA
6	Until 13 th of October 2021	Deadline for potential buyers to receive the approved final draft of the SPA, which cannot be amended
7	Until 21 th of October 2021	Submission of auction documents and application for participation in the auction
8	29 th of October 2021	Registration participants and the auction. The winner of the auction will be a buyer, which will offer the highest price for 100% share capital of the Company and which will undertake to fulfill the terms of the auction sale

Global Advantages

Ukraine is the largest miner of ilmenite and the only miner of rutile and zircon in Europe. Ukraine has significant logistical advantages - delivery to European consumers up to 3 days, compared to up to 30 days from Asia, Australia, Africa or North America.

UMCC share of global market in 2020*:

Ilmenite - 2.3%
Rutile - 6.2%
Zircon - 1.4%

UMCC is #1 in Europe and TOP-10 global miners of titanium and zirconium ores

Main global consumers of titanium ores:

Europe

INEOS
Venator
Evonik Industries
VSMPO-AVISMA
Precheza
Grupa Azoty

North America

Chemours
Kronos
Tronox

Asia

Lomon Billions
Tayca Corporation
Toho Titanium

UMCC export - 92%
Oct.2020 - Mar.2021

Recipient country:

China - 39%
Japan - 12%
Turkey - 9%
Mexico - 8%
Other - 32%

UMCC reserves:

Ilmenite - 4,426k t
Rutile - 274k t
Zircon - 142k t



Source: UMCC. *Estimation based on data from State Statistics Service of Ukraine, USGS

Key Figures

UMCC is the largest miner of ilmenite, rutile and zircon in Europe.
2020 Net Revenue was \$116m, EBITDA was \$37m (32% margin) and Net Income was \$25m (margin 22%)

The Company:

United Mining and Chemical Company (UMCC) is the largest miner of titanium and zirconium ores in Europe. The operations are divided between two subsidiaries: Vilnohirsk Mining and Metallurgical Plant (VMMP) and Irshansk Mining and Processing Plant (IMPP).

Main products. Concentrates:

- Ilmenite TiO₂ content: sulfate: 54-58%, chloride: 63%
- Rutile TiO₂ content: 94-96%
- Zircon ZrO₂ content: 65-66%

Special mining permits:

- IMPP: expires on 11.02.2035
- VMMP: until 2028. The Company has a pre-emptive right to extend the term of the permit up until 2035, subject to making the request for extension not later than 6 months before the expiration date

30.06.2021:

Assets

Non-Current Assets: \$54m

Current Assets: \$99m

Total: \$153m

Liabilities

Equity: \$102m

Liabilities: \$51m

Total: \$153m

- UMCC is debt free

Reserves, k t:

Product	IMPP	VMPP	Total
Ilmenite	3,716	710	4,426
Rutile	-	274	274
Zircon	-	142	142

Resources, k t:

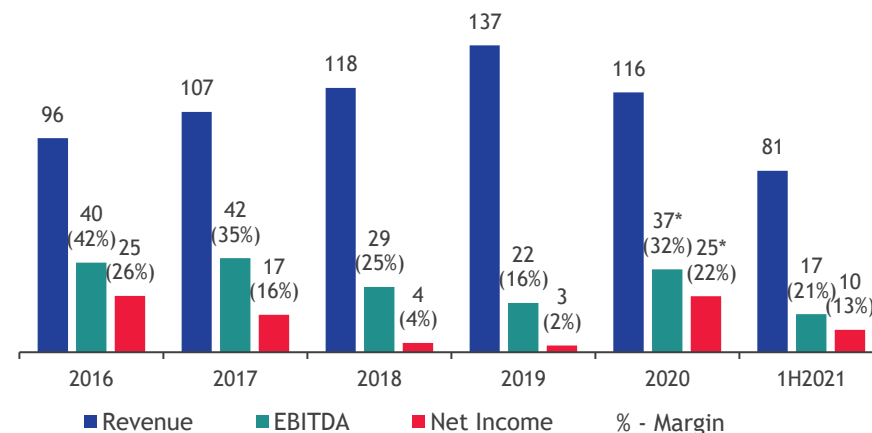
Product	IMPP	VMPP	Total
Ilmenite	5,841	4,008	9,849
Rutile	-	1,326	1,326
Zircon	-	540	540

- Possible increase of reserves at VMMP subsidiary - [link](#)

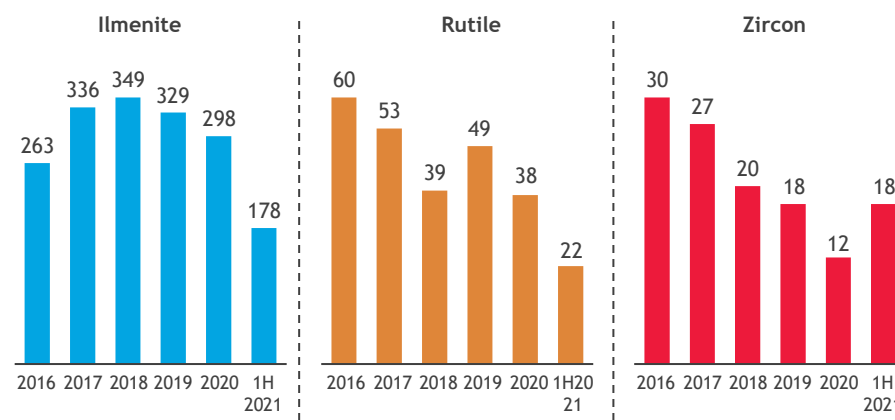
Source: UMCC

Note: *Adjusted EBITDA, adjusted Net Income

Key financials, \$ m



Sales of concentrates, k t



- In August 2021 UMCC obtained a special permit for the geological exploration of Selishchansky site with estimated reserves of 2.3m t of ilmenite. The reserves are expected to ensure the operation of IMPP for 15 years.

Investment Highlights

UMCC produces over 350k t of the highest quality titanium ore concentrates and exports its products to 35 countries

HIGH QUALITY AND SIGNIFICANT ORE RESERVES

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- Ilmenite concentrate:
 - Ilmenite content 95%
 - TiO₂ content:
 - sulfate: 54-58%
 - chloride: 63-66%
- Rutile concentrate:
 - Rutile content 92-97%
 - TiO₂ content: 94-96%
- Zirconium concentrate:
 - Zircon content 98-99%
 - ZrO₂ content: 65-66%
- Reserves amounts to:
 - Ilmenite: 4,426k t
 - Rutile: 274k t
 - Zircon: 142k t
- Resources amounts to:
 - Ilmenite: 9,849k t
 - Rutile: 1,326k t
 - Zircon: 540k t
- For detailed information on mineral reserves, please write to privatization@spfu.gov.ua. The link to enter the virtual data room with the document repository will be sent to your email

EXPORT-ORIENTED COMPANY

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- The company exports 92% of its products to 35 countries
- Consumers include:
 - Chemours International
 - Venator Materials
 - ESAB
 - Zaporozhye Titanium & Magnesium Combine
 - Lincoln Electric



MODERN AND TRANSPARENT COMPANY

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- Each year, the Company is audited in accordance with IFRS standards: KPMG (2016), Baker Tilly (2017-2019), Kreston (2020)
- Sales amount to over 350k tones of industrial mineral concentrates per year
- The equipment of the TOP world companies is used in production:
 - WARMAN®
 - HITACHI
 - KOMATSU
 - SHANTUI
 - CAT
 - BELL TRUCKS AMERICA, INC.
 - JCB
 - WEHR
- The Company's production facilities operate 24 hours a day
- The Company has over 5k employees

EUROPEAN MARKET LEADER

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- Absolute leader on Ukrainian market
- Largest miner of titanium and zirconium ores in Europe
- Market Share (2020):
 - Ilmenite: 38% (Ukraine), 2.3% (World)
 - Rutile: 90% (Ukraine), 6.2% (World)
 - Zircon: 95% (Ukraine), 1.4% (World)

ADVANTAGEOUS GEOGRAPHICAL LOCATION

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- The geographical location makes it possible to deliver products to European consumers faster than competitors:
 - Delivery by trucks to European countries takes ~3 days
 - For example delivery by competitors from Australia to Europe takes approximately 30 days
- All European electrode manufacturing plants use UMCC products due to the ability to deliver products in small shipments

The Company Overview

Production facilities include leading combines for the production and processing of titanium ores. The location allows fast delivery of products to the EU and CIS countries.

The Company

UMCC is a leading company in the production of ilmenite, rutile and zirconium concentrates in Ukraine and Europe

Production facilities:

1. VMMP:

- Specializes in the mining and processing of titanium ores. Main products: ilmenite (chloride), rutile and zirconium concentrates
- Special mining permit until 2028. The Company has a pre-emptive right to extend the term of the permit up until 2035, subject to making the request for extension not later than 6 months before the expiration date
- Production facilities: one ore-processing plant
Capacity: 5.5m³ per annum
- Personnel: 3.8k employees
- Machinery (units):
 - Mining: 50+
 - Cargo-carrying: 150+
 - Railway: (6 locomotives, other 90+)



2. IMPP:

- Specializes in the mining, and processing of ilmenite ores. Main products: ilmenite concentrate (sulphate)
- Special mining permit expires on 11.02.2035
- Production facilities: three ore-processing plants
Total capacity: 2.3m³ per annum
- Personnel: 1.6k employees
- Machinery (units):
 - Mining : 50+
 - Cargo-carrying : 70+
 - Railway: 3 locomotives



Location of production facilities



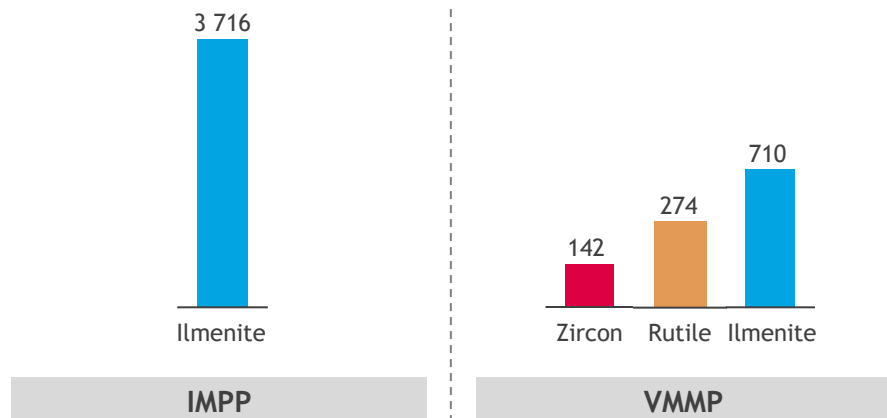
Production facilities



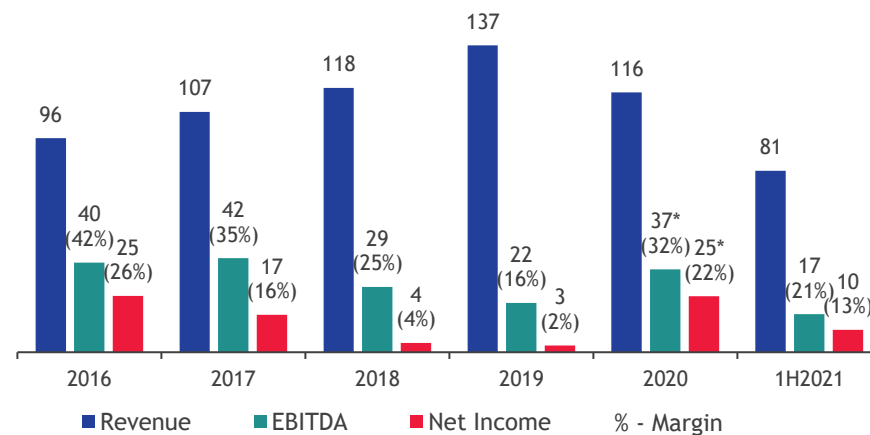
Reserves, key operational and financial indicators

Reserves: ilmenite 4,426k t, rutile 274k t, zircon 142k t. 2020 Net Revenue was \$116m, EBITDA was \$37m (32% margin), Net Income was \$25m (margin 22%). Export is 92% of Net Revenue.

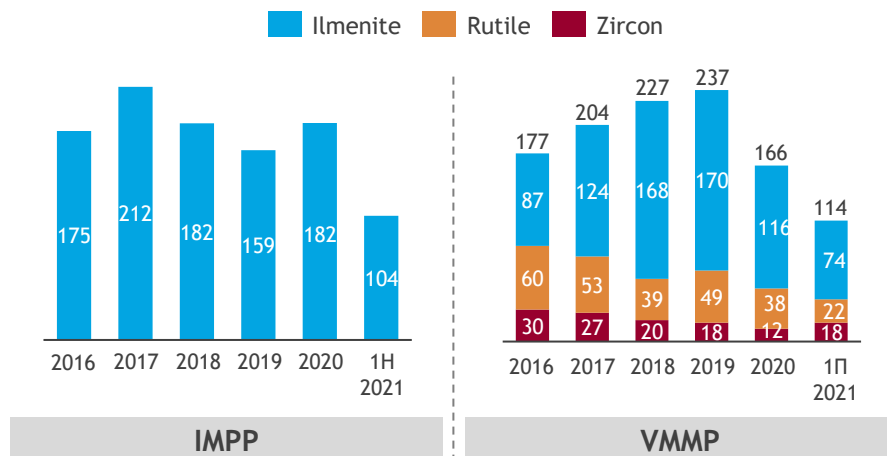
Reserves, 31.12.2020, k t



Key financial indicators, \$ m



Sales of concentrates, k t



Net Revenue structure by geography, for 6 month Oct. 2020 - Mar. 2021, %

