

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



April 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

#	Estimated Date	The Auction Stage Description
1	May 2021	Decision of the Cabinet of Ministers of Ukraine regarding the auction on the sale of UMCC and its terms
2	May 2021	Publication of the Announcement regarding the auction date, the starting price and other terms of sale
3	April-July 2021	Meetings with top-management of UMCC, visits to production sites of UMCC, meeting with SPFU officials
4	April-July 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	May-July 2021	Submission of auction documents and application for participation in the auction
6	July 2021	The auction - in 30-60 days after the publication of the Announcement (the number of days will be determined by the SPFU in the Announcement)
7	July 2021	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 \$35m (30% margin) and Net Income was \$23m (margin 20%)

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

31.12.2020:

Assets

Non-Current Assets: \$51m

Current Assets: \$93m

Total: \$144m

Liabilities

Equity: \$90m

Liabilities: \$54m

Total: \$144m

- UMCC is debt free

Reserves, k t:

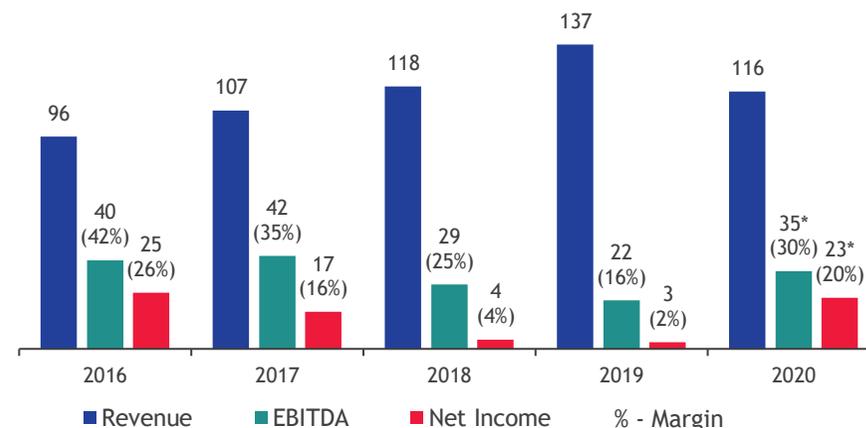
Product	IMPP	VMPP	Total
Ilmenite	3,716	710	4,426
Rutile	-	274	274
Zircon	-	142	142

Resources, k t:

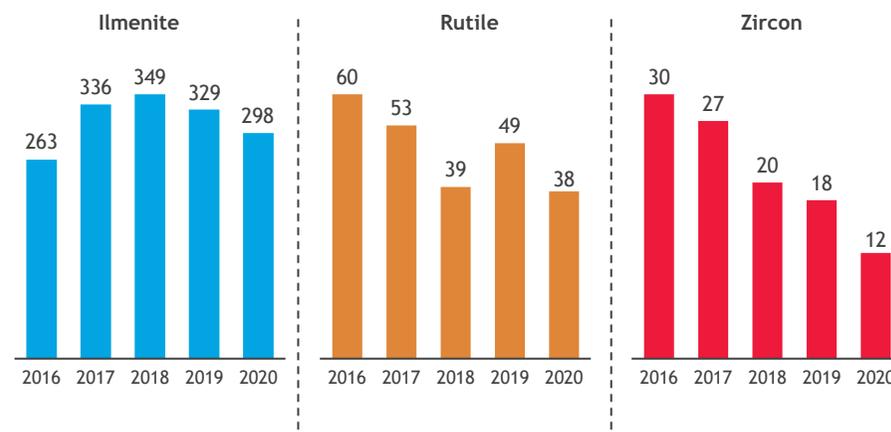
Product	IMPP	VMPP	Total
Ilmenite	5,841	4,008	9,849
Rutile	-	1,326	1,326
Zircon	-	540	540

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

Key financials, \$ m



Sales of concentrates, k t



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: 5.5m m³ 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: 2.3m m³ per annum
- Personnel: 1.6k employees
- Machinery (units):
 - Mining : 50+
 - Cargo-carrying : 70+
 - Railway: 3 locomotives



Location of production facilities



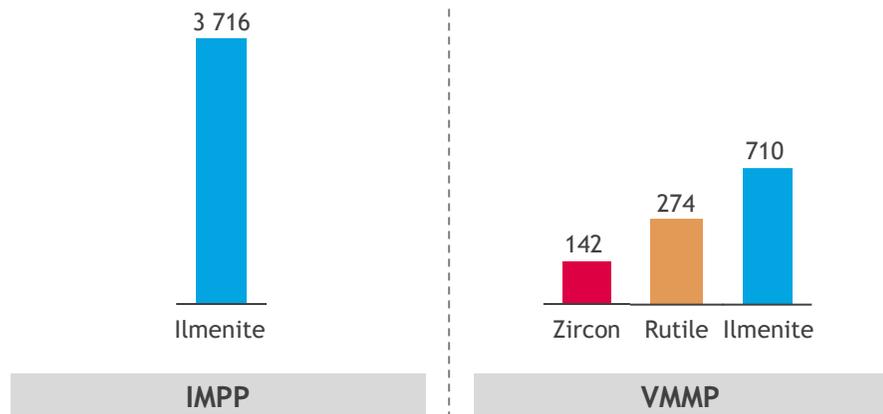
Production facilities



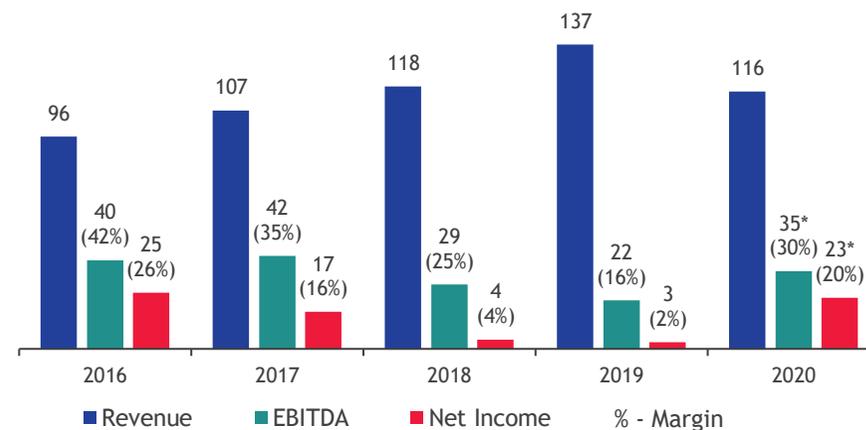
Reserves, key operational and financial indicators

Reserves: ilmenite 4,426k t, rutile 274k t, zircon 142k t. 2020 Net Revenue was \$116m, EBITDA was \$35m (30% margin), Net Income was \$23m (margin 20%). Export is 92% of Net Revenue.

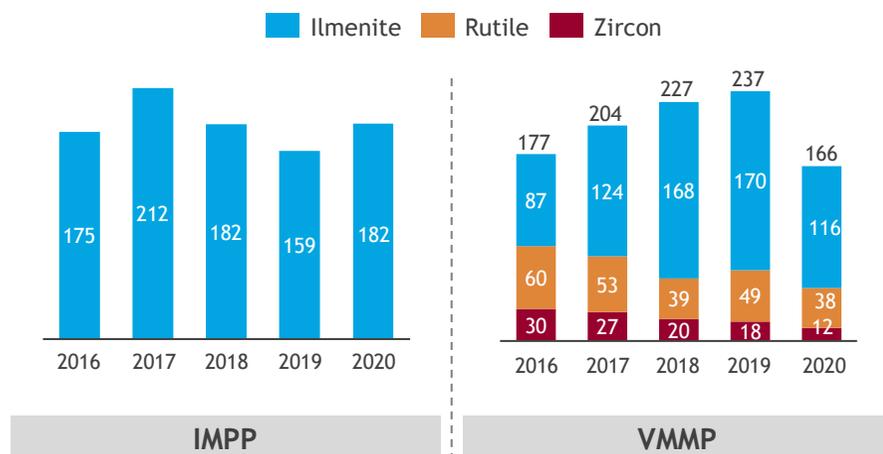
Reserves, 31.12.2020, k t



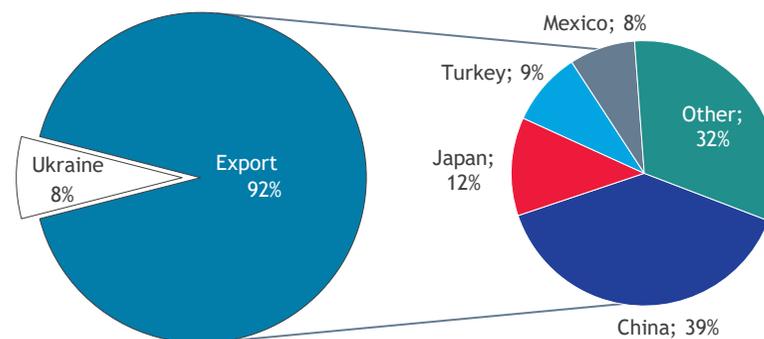
Key financial indicators, \$ m



Sales of concentrates, k t



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



Source: UMCC
Note: *Adjusted EBITDA, adjusted Net Income