

[The furtherance of state policy for industrial development and modernization](#)

Company History

At the end of 2007, the nation's leaders created the "Russian Technologies" State Corporation, which was given a significant share of the country's industrial assets



By the end of the 20th century, Russian industry was in a state of deep crisis, where a simple influx of capital was no longer able to deliver any

fundamental change to the strength of the manufacturing sector. As of 2009, of the assets that had been transferred to “Russian Technologies,” 148 companies were in a crisis or pre-crisis state, 28 were in bankruptcy, 17 were not engaged in economic activity, and 27 had partially lost or were at significant risk of losing their assets.

The overall liabilities of these companies was 630 billion rubles. Enterprise production chains had been disrupted, physical assets and equipment had deteriorated, and there was a definite requirement for strong and effective management teams with the necessary skills and expertise to manage these businesses. Additionally, the state of these companies was further impacted by adverse market conditions.

The rationale for creating “Russian Technologies” was driven by a dedication to maintaining the country’s industrial capabilities during a complex time and to make the sector globally competitive. The company was faced with some very demanding challenges. Just carrying out an audit and obtaining asset management rights took the company two years. In 2009, the company began to construct a management system, develop a general development strategy, optimize manufacturing processes, and establish relationships with leading Russian and foreign partners.

Today, Rostec comprises 663 organizations in 60 regions of the country. Individual programmes were drawn up for each company.

In 2009, the Company’s revenue was 511 billion rubles, and it paid 62 billion rubles in taxes. Per-worker productivity did not exceed 1 million rubles. Over a two-year period, Rostec’s revenue grew by 60%, to 817 billion rubles, compared to a 15% increase in industrial production in Russia as a whole. In 2012, the company’s revenue topped 963 billion rubles.

In 2009, Rostec’s companies lost a total of 61 billion rubles, however, by the end of 2011, their net profit had grown to 46 billion rubles. Per-worker productivity had nearly doubled, and the average salary grew 40% during this period (in 2012, it was 23,700 rubles, which was 10% higher than the national average).

One of the company’s priorities is its social programme, and single-industry towns are part of a special area of its responsibility. Currently, Rostec’s portfolio includes 21 companies that are the principal employers in certain towns, with many of these having been on the edge of survival only several years ago. An individual anti-recession programme was tailored for each such company.

And as a result, Verkhnyaya Salda—a town whose principal employer is VSMPO-AVISM—enjoys one of the lowest unemployment rates in the world: 0.6%. Thanks to Rostec, VSMPO-AVISM has significantly broadened its relationships with international partners. The corporation provides 40% of what Boeing, 60% of what Airbus, and 100% of what Embraer requires. VSMPO-AVISM net profit has increased from 173 million rubles in 2009 to 7.1 billion rubles in 2012, which is an increase of more than 40 times. Seventy percent of VSMPO-AVISM’s products are produced for export.

In December 2012, the company’s supervisory board made the decision to optimise Rostec’s structure and reduce the number of holding companies to 13. Specifically, the shares of Aviapriborostroenie were transferred to Radioelectronic Technologies; those of the Machine Engineering Design Bureau were transferred to Vysokotochnye Kompleksy, while Roselektronika received the assets of both Sirius and Orion. This objective is expected to be achieved during 2013.

Over the six years since its inception, the company has achieved significant results, which are a testament to strength of the strategy for development that the management team have implemented and of the company's ability to achieve its goals and objectives. Today, the Rostec brand is inextricably connected with science-driven industry and technological innovation in Russia.

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