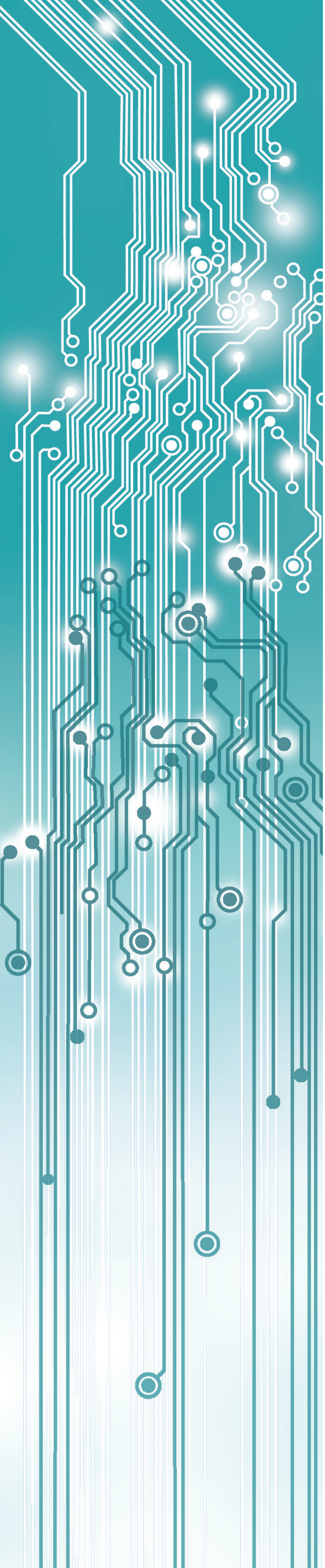

Informational & Analytical
Center of Modern Electronics

Russia
ASPEC
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clear business

RESEARCH REPORT ON RUSSIAN MARKET OF ELECTRONIC COMPONENTS

Research carried out by:
Analytical Center of Modern Electronics («SOVEL» LLC)
Commissioned by: Association of Suppliers of Electronic Components
Data collection period: February – May 2015

The Association of Suppliers of Electronic Components (ASPEC, www.aspecrf.org) had initiated annual researches on Russian market of electronic components in 2012. The ASPEC meeting of members had approved the research goals and objectives and the content of the report. The Analytical Center of Modern Electronics «SOVEL» LLC had implemented the research.

The preliminary results of this research were first presented on April 29, 2015 during the seminar-presentation in Moscow. This version was prepared and revised based on comments and clarifications received from participants of the presentation

This report was prepared for informational purposes only. The report contents are based on data obtained from surveys of market participants, as well as information from open sources.

The authors had verified sources of information and information processing methods. They had identified it as reliable. However, the authors do not guarantee the accuracy or completeness of this information for any purpose. This report shows the evaluations of the authors at the date of publication. Authors may revise or amend the information in the course of further research.

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Field of Research

The scope of this research includes the Russian market for semiconductors, passive, electromechanical components, and electronic modules and displays, all of which are used in the production of electronic equipment. This research has not considered the PCB market. Areas also not taken into account are the sale of large displays for monitors and televisions, the sale of computer components for SKD computer technology, and sale of RFID-modules for banking, transportation and SIM-cards. Furthermore, this study also does not include a comprehensive list of components supplied by foreign manufacturers of consumer electronics and computer equipment for their assembly plants in Russia ("Samsung Electronics Rus", "LG Electronics Rus", etc.), as their component supply decisions are made out of Russia.

In view of the close integration of the Belarusian and Russian economies, closer links between companies of the two countries, and the special customs regime, the market for electronic components of Russia and Belarus is considered to be a single market. For simplicity's sake, we refer to all of it as the Russian market of electronic components.

Research Methods

Methods of data collection applied were as follows: open interviews in person and over the phone, formal phone interviews, and analysis of joint stock companies' reports and customs statistics for particular companies.

Information analysis and verification: assessments of market distributors are compared with estimates of manufacturers of electronic components. Data on the largest distributors, producers, and consumers of components were collected from several sources – corporate information, competitors' assessment, and suppliers' or consumers' evaluation. The final estimate of this study takes into account the data from all of the above sources.

Feature Report for 2015

This year's report contains the analysis of the impacts of the economic crisis in Russia. The estimates for a number of distributors, manufacturers and end-users are refined. The supply chains scheme are presented with more details.

Russian electronics market volume and growth in the years 2002 – 2013.

The Russian electronics components market volume and growth are presented in the Figure 1 and the Table 1. The market's volume is calculated in the final consumer price, including VAT. Market growth is calculated as the ratio between the sales volumes in the current and previous years.

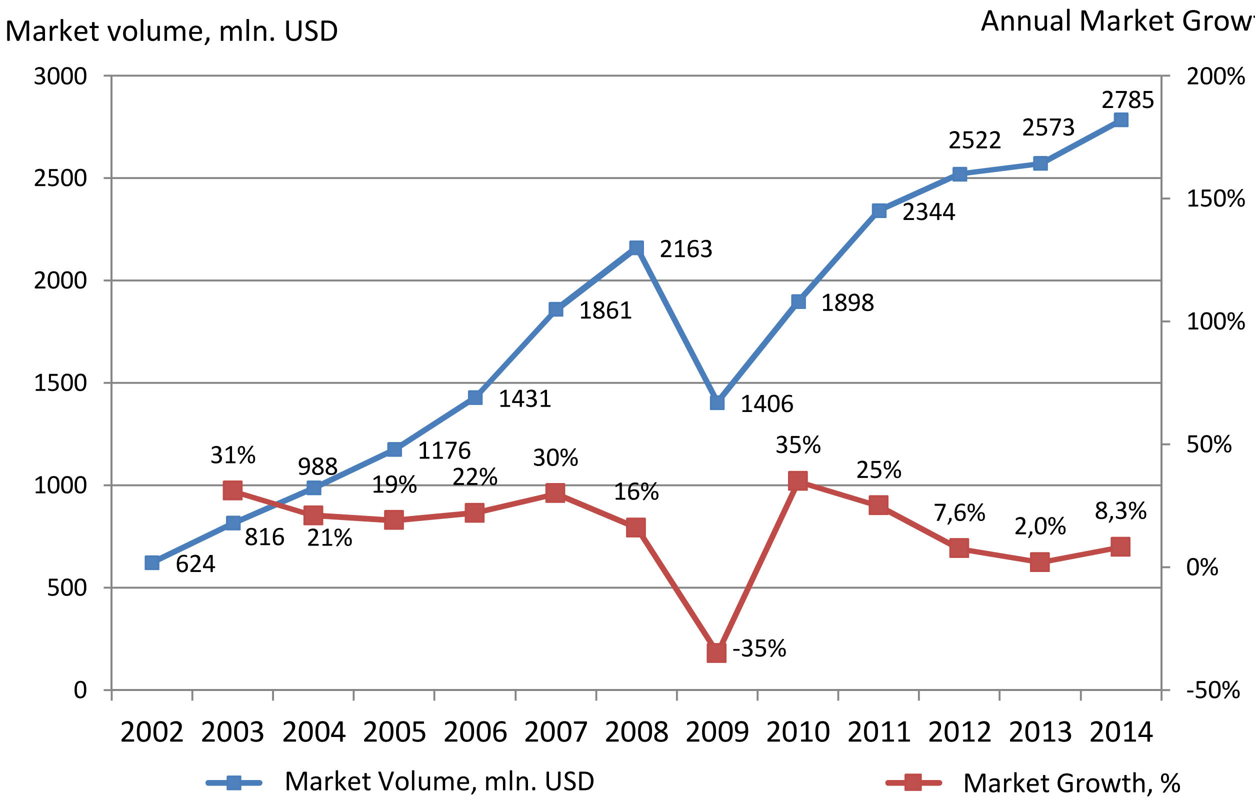

Fig. 1. The Capacity and Growth of the Russian electronic components market 2002-2014

Table 1. The Capacity and growth of the Russian electronic components market 2002-2014

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market Volume, mln. USD	624	816	988	1176	1431	1861	2163	1406	1898	2344	2522	2573	2785
Market Growth, %		31%	21%	19%	22%	30%	16%	-35%	35%	25%	7,6%	2%	8,6%

For 2015 expected decline of the market volume, see details below in the section "Market Forecast".

Table 2 divides the market through the supply chain. Russian components almost does not compete with the imported components. Russian components are used in the segment of military and aerospace applications. Replacing them to foreign analogues is prohibited.
Commercial products manufacturers use mainly imported components. Prices for Russian analogues are several times higher. It practically excludes use Russian components in the manufacture of commercial products.
Volume and sales growth of Russian components are presented in dollar terms. The increase in physical volumes of deliveries of this products was much higher because the production has mainly ruble costs.
Distribution market here is the total volume of sales to end users, including VAT. Direct sales of global distributors are calculated in the points on Russian stocks, with VAT and the cost of logistics.

Table 2. The Capacity and growth of the Russian electronic components market by supply channels

Объем рынка	Growth 2014/2013, %	Volume 2014 г., mln. USD.	Share of the channel, %
Distribution total available market (DTAM)	8%	1915	69%
Market volume for components produced in Russia	8%	920	33%
Market volume for imported components	8%	1865	67%
Market volume for Russian distributors	8%	1710	61%
Volume of direct sales of foreign distributors	9%	205	7%
Volume of direct sales of foreign manufacturers	9%	320	11%
Volume of direct sales of Russian manufacturers	8%	550	20%

Quarterly Monitoring of the Sales of Electronic Components

A graph of quarterly changes of sales volumes of the Russian electronic components distributors is shown in Fig. 2.

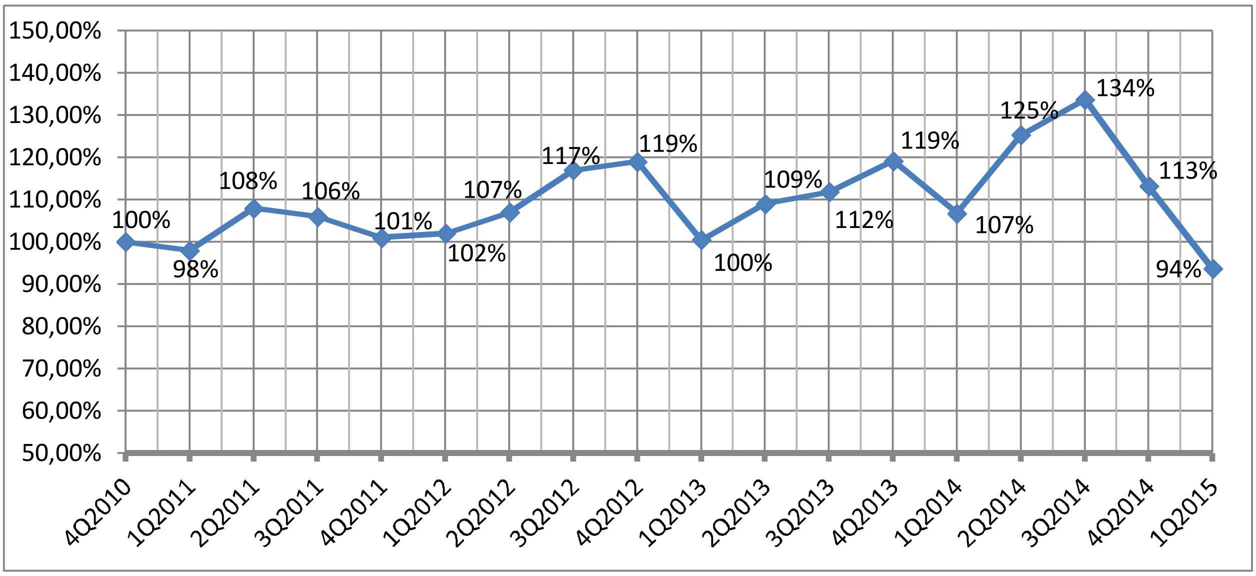

Fig. 2 A graph of the quarterly changes in the volume of sales by Russian distributors of electronic components.

100% was adopted as the sales of the fourth quarter of 2010. Changes were calculated as a weighted average of based on data received from distributors of electronic components.

Quarterly data monitoring was proved for between 15 and 22 companies. Information was available from most of the leading Russian distributors of electronic components. The total sales volume of these companies ranges from 40% to 50% of the total market distributors.

The growth in 2 and 3 quarters was related with components stocks enlarging. Russian end-customers expected new risks with sanctions and ruble devaluation so they bought more for buffers.