

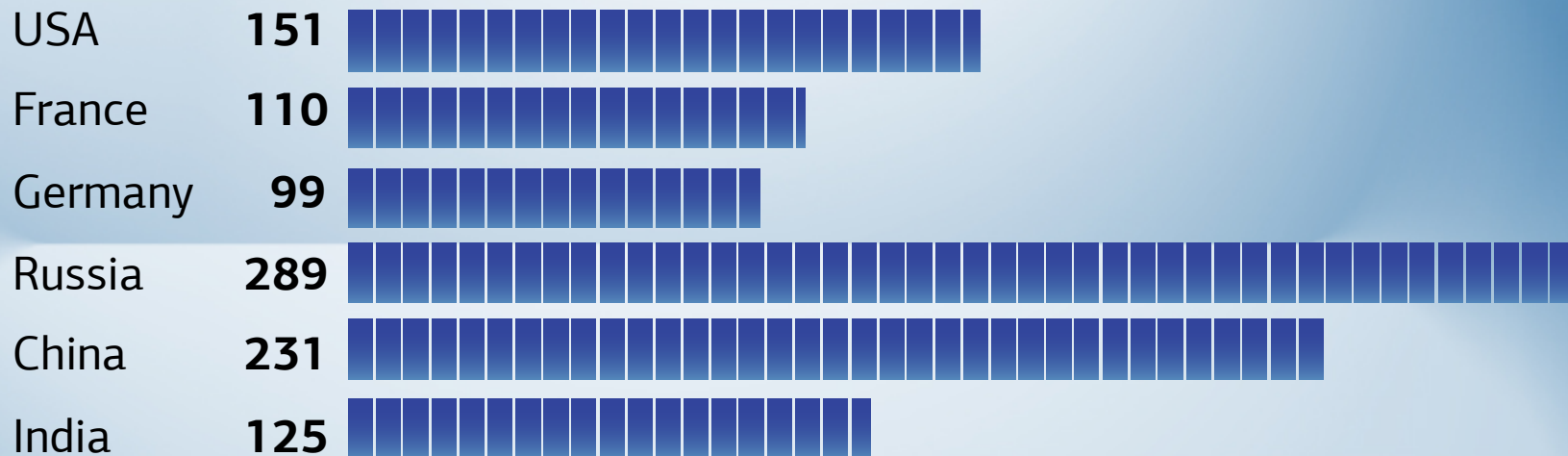
Russian Lighting Industry Development Trends: Facts & Figures



Government initiatives in Lighting

- The energy intensity of Russia's GDP is 2.5 times higher than the world average and is 3 times that in Western Europe
- High energy intensity is hampering economic growth
- The government intends to have energy intensity reduced by 40% by 2020 against 2007

Energy consumption (Ktoe) per Bln. GDP (PPP)



Source: Ministry of Energy of RF, 2007

Government initiatives in Lighting

Lighting is one of the five priorities in “Strategy 2020” of the Russian Federation

Law on Energy Efficiency (EE) was officially passed in 2009:

- GLS ban
- Introduction of obligatory lighting audit
- Energy performance contracts
- Obligatory 3% p.a. energy saving for the state sector

Action plan on EE includes:

- Development of new technical regulations
- Stimulation of local production of LED lamps and luminaries
- Education and promotion of energy-efficient solutions



**Expected spending on lighting modernization under the
State Program on EE 2011-2020 amounts to 9.3 Bln USD**

Government initiatives in Lighting

The State Program on EE 2011-2020 has the following KPI's:

- Number of lighting points with energy-efficient lighting sources in state institutions is to grow from 91 mln pcs in 2011 to 171 mln pcs in 2020
- Lighting control systems are to be installed in > 25% of the state institutions
- 100 % of T12 and T8 lamps are to be replaced with the T5 variety by 2016
- Share of CFL and LED lamps in households is to grow from 15% in 2011 to 83% in 2020
- Share of energy-efficient street luminaries is to reach 99% in 2020;
- Share of energy-efficient industrial luminaries is to grow from 37% in 2011 to 73% in 2020

Lighting Market in Russia. Growth Drivers

Accession to the WTO in 2012 will lead to a gradual reduction in customs duties for lighting products:

Lamps: from 20% in 2013 to 15% in 2017
 Luminaries: from 19% in 2013 to 10% in 2017
 LED lamps: from 10% in 2013 to 0% in 2015

Improved lighting culture of consumers and professional end-users

Further Growth of modern retail. FMCG and DIY international chains are actively developing the business

Healthy demand for commercial real estate:

offices, shopping malls, multifunctional centers, hotels, warehouses

Forthcoming International sport events:

2015 – FINA World Aquatics Championships

2016 – World Hockey Championships

2018 – FIFA World Cup

Major infrastructure projects:

High speed railways: 22 Bln USD to be invested by 2018

Development of the Far Eastern Region: 14.4 Bln USD to be invested by 2017

Central Moscow Ringroad: 8.6 Bln USD to be invested in 2014-2022

Quality office premises



Quality retail premises
sq m / 1000 population



Lighting Market in Russia.

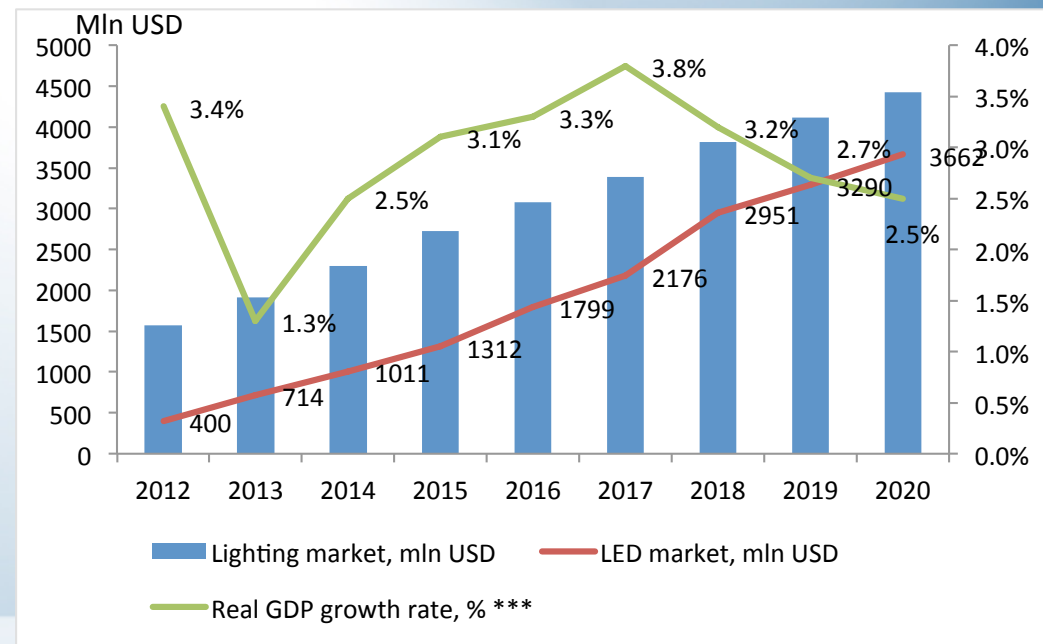
Market data

The Lighting market* in Russia in 2013 was estimated at 1.9 Bln USD

According to LBC experts, given the current economic development trends in Russia, the lighting market will grow 2.7x times faster** on average than will the global market, reaching a 4.4 Bln USD mark in 2020.

Share of LED-based products (in value terms) was 37 % or 714 Mln USD in 2013 and will reach 83% or 3.7 Bln USD in 2020:

LED luminaries market in 2013 was worth 455 Mln USD
 LED lamps market in 2013 was worth 259 Mln USD



* Includes: professional luminaries, professional and consumer conventional lamps, professional and consumer LED lamps

Excludes: automotive lamps, consumer luminaries, media facades, special lighting, gears

** Russia market CAGR 12,7% (Source: LBC); Global market CAGR 4,7% (Source: McKinsey "Lighting the way", 2012)

*** Conservative forecast of the long-term social and economic development of the Russian Federation up to 2030, Ministry of Economic Development of Russia

Lighting Market in Russia. Development forecast up to 2030

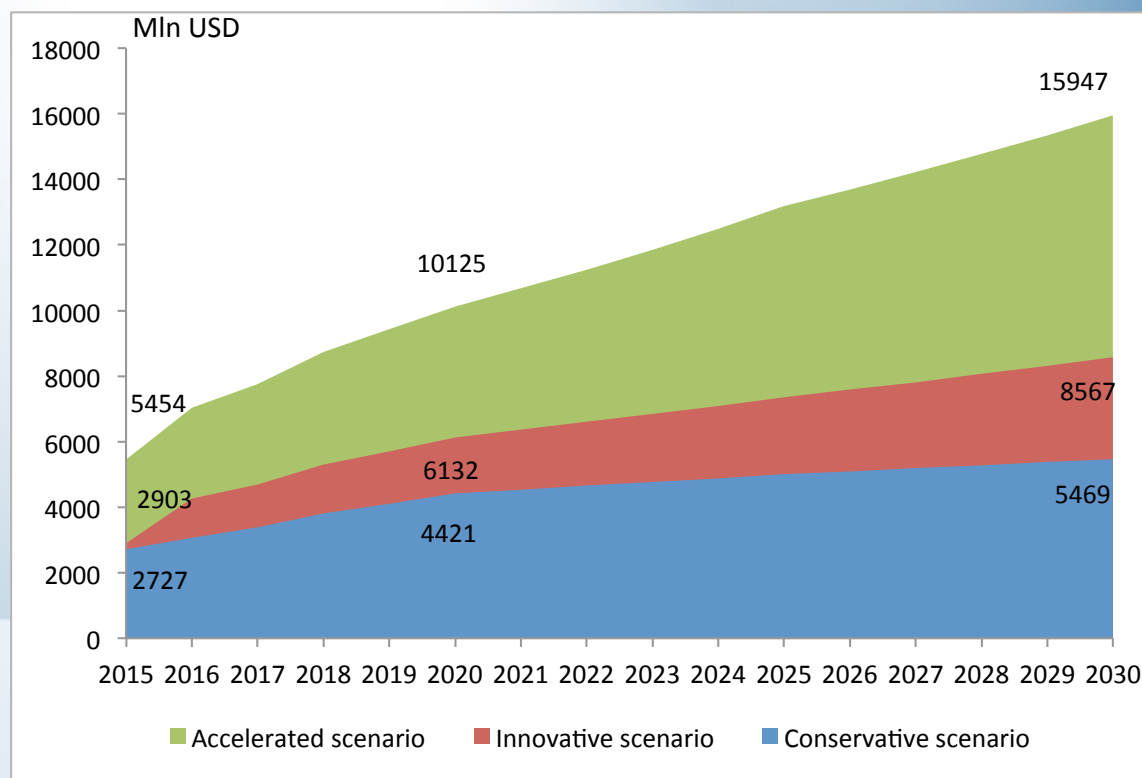
Based on forecast of long-term social and economic development of Russia there are 3 scenarios of lighting market development:

Lighting market CAGR 2013-2030:

- conservative scenario – 6,4%
- innovative scenario – 9,2%
- accelerated scenario – 13,3%

Lighting market size in 2030:

- conservative scenario - 5 469 Mln USD
- innovative scenario - 8 567 Mln USD
- accelerated scenario - 15 947 Mln USD



Lighting Business Consulting

The only Russian consulting company specialized in assisting Foreign companies in entering and dealing with the Lighting market of the Russian Federation and CIS countries managed by the lighting professionals who have been shaping the Lighting industry in Russia over the last 17 years.



Vladimir
Gabrielyan



Sergey
Borovkov

Mission:

We are committed to furthering lighting culture through education and best practice sharing to contribute to the Russian Government's efforts to create a more energy-efficient and environment-friendly world.

Key business activities:

- ✓ Creation of lighting market monitoring system
- ✓ Market intelligence – size, dynamics, trends
- ✓ Lead generation for our Customers

Our partners:





info@lbconsulting.ru
www.lbconsulting.ru