

LEDs: end of old light?



Sergey Borovkov
Managing Partner,
Lighting Business Consulting

November, 6 2013

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 16 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.

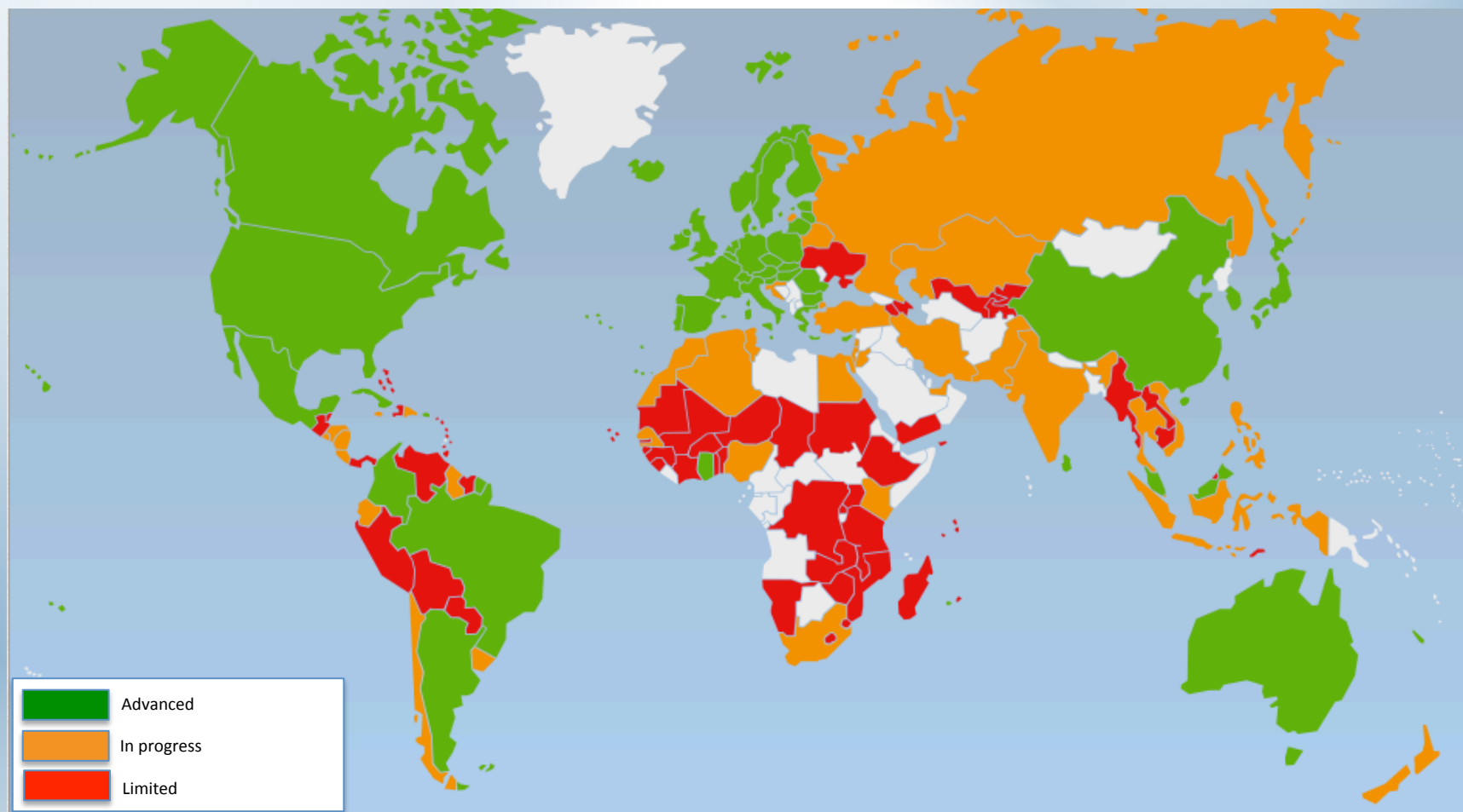
Key business activities:

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

Our partners:

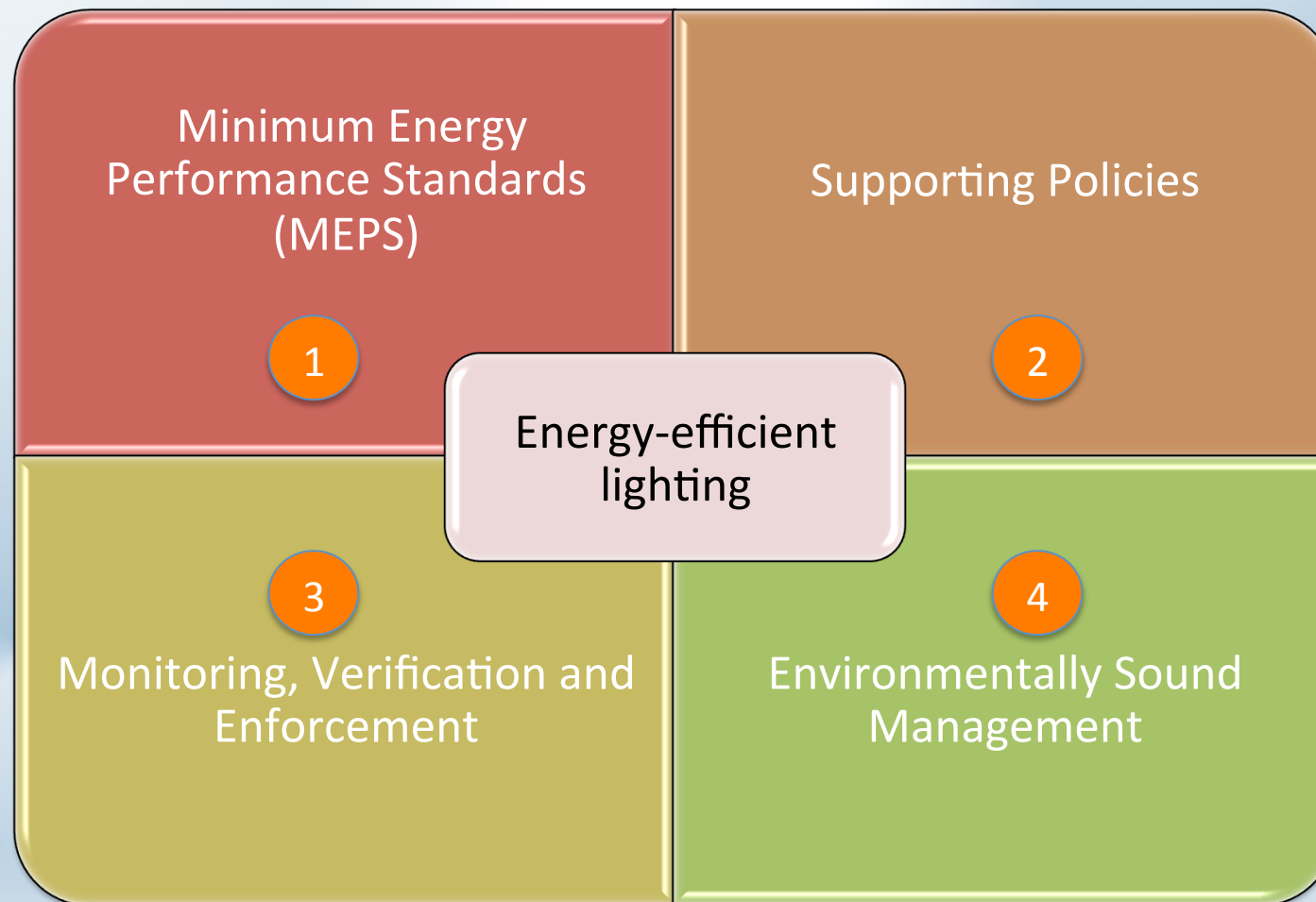


Global energy efficient policy map



Source: www.enlighten-initiative.org

Government's role in energy efficient lighting stimulation



Examples of Government's stimulation



USA

MEPS requirements:

- GLS
- CFL

Supporting policies:

- Energy Star – voluntary specification requirements
- The Lighting Facts – product registry
- Subsidies of high quality lamps
- Federal purchases of lighting products must meet Federal requirements for high efficiency



China

MEPS requirements:

- GLS ban 2012-2016
- CFL

Supporting policies:

- National Efficient Lighting Subsidy Program
- Voluntary Lamp Certification (CQC)



Germany

France

MEPS requirements:

- Directives EC 244/2009 and 245/2009

Механизмы внедрения:

- Ecolabel – Voluntary scheme for light sources
- European Voluntary CFL and LED Quality Charter
- The EU Green Public Procurement Criteria for Indoor Lighting



India

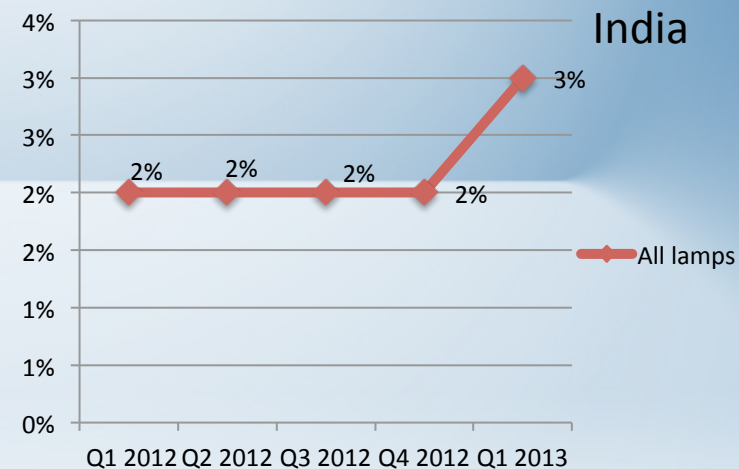
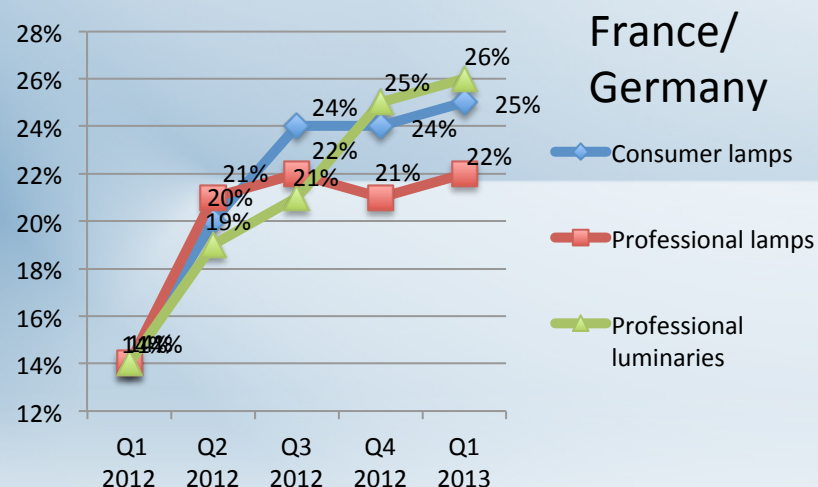
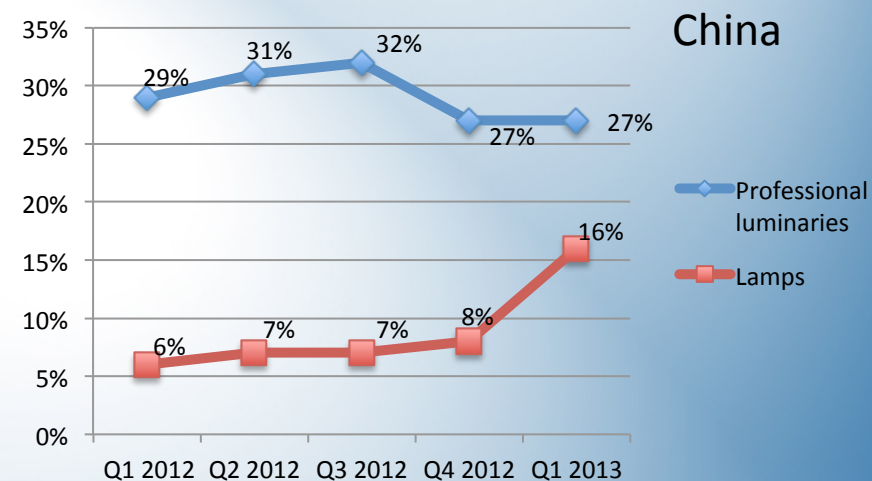
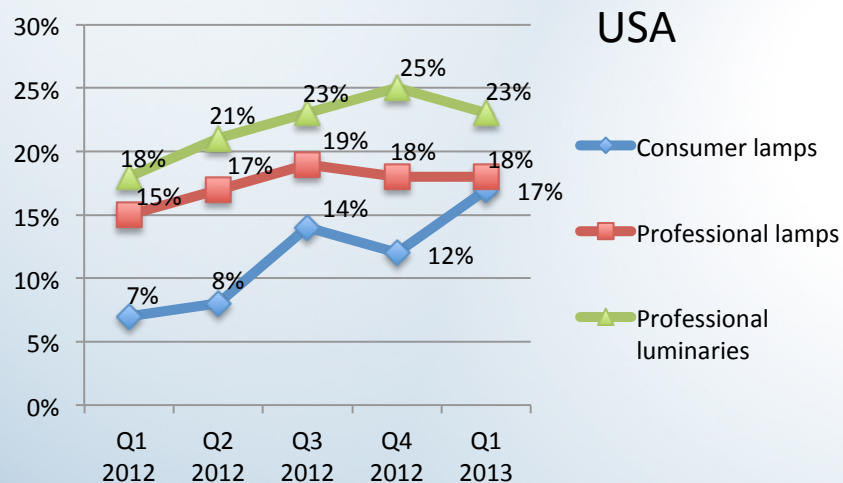
MEPS requirements:

- CFL
- LED lamps

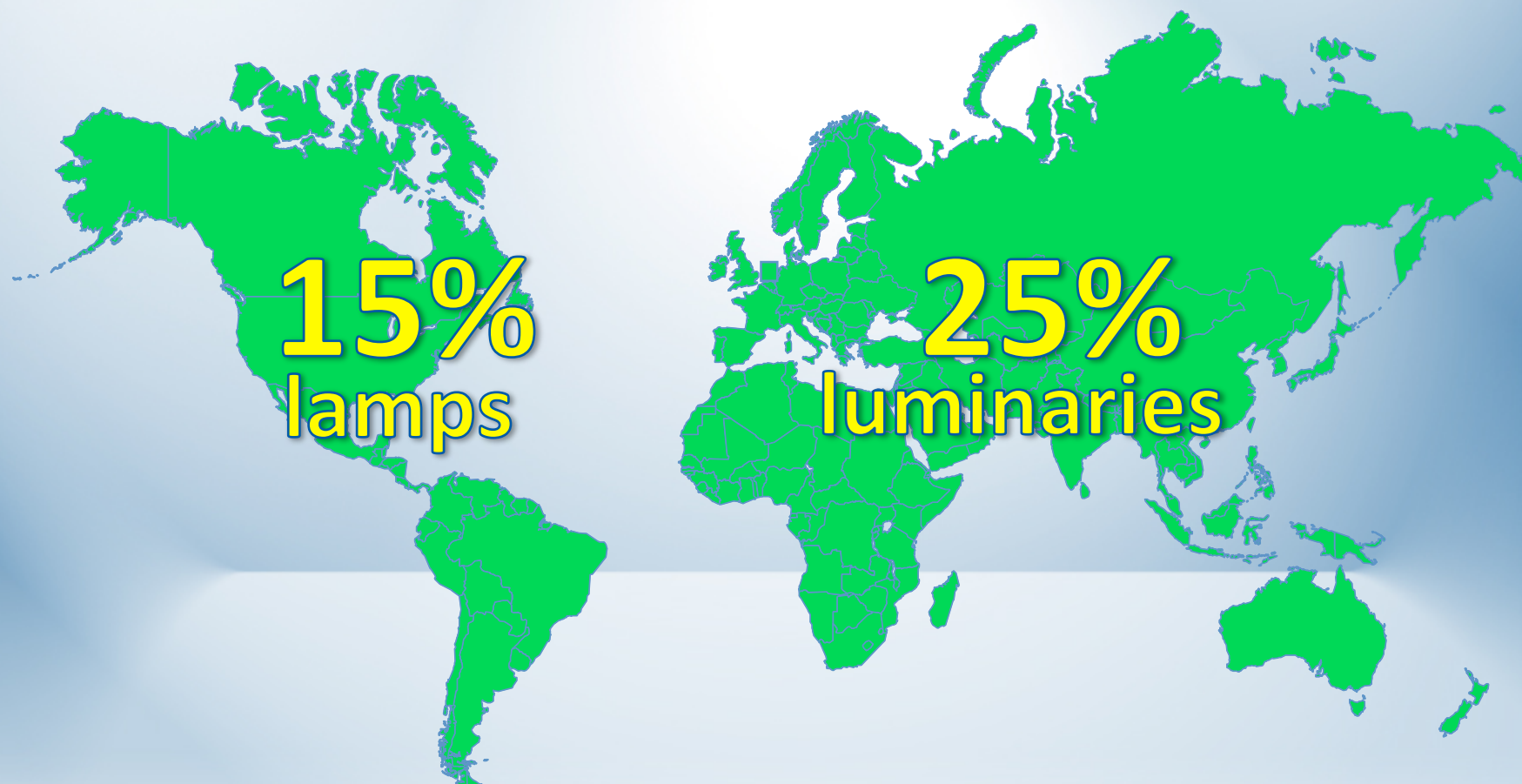
Механизмы внедрения:

- Bulk procurement and distribution of 26 million CFL under Bachat Lamp Yagna (BLY)
- Awareness raising and educational programs

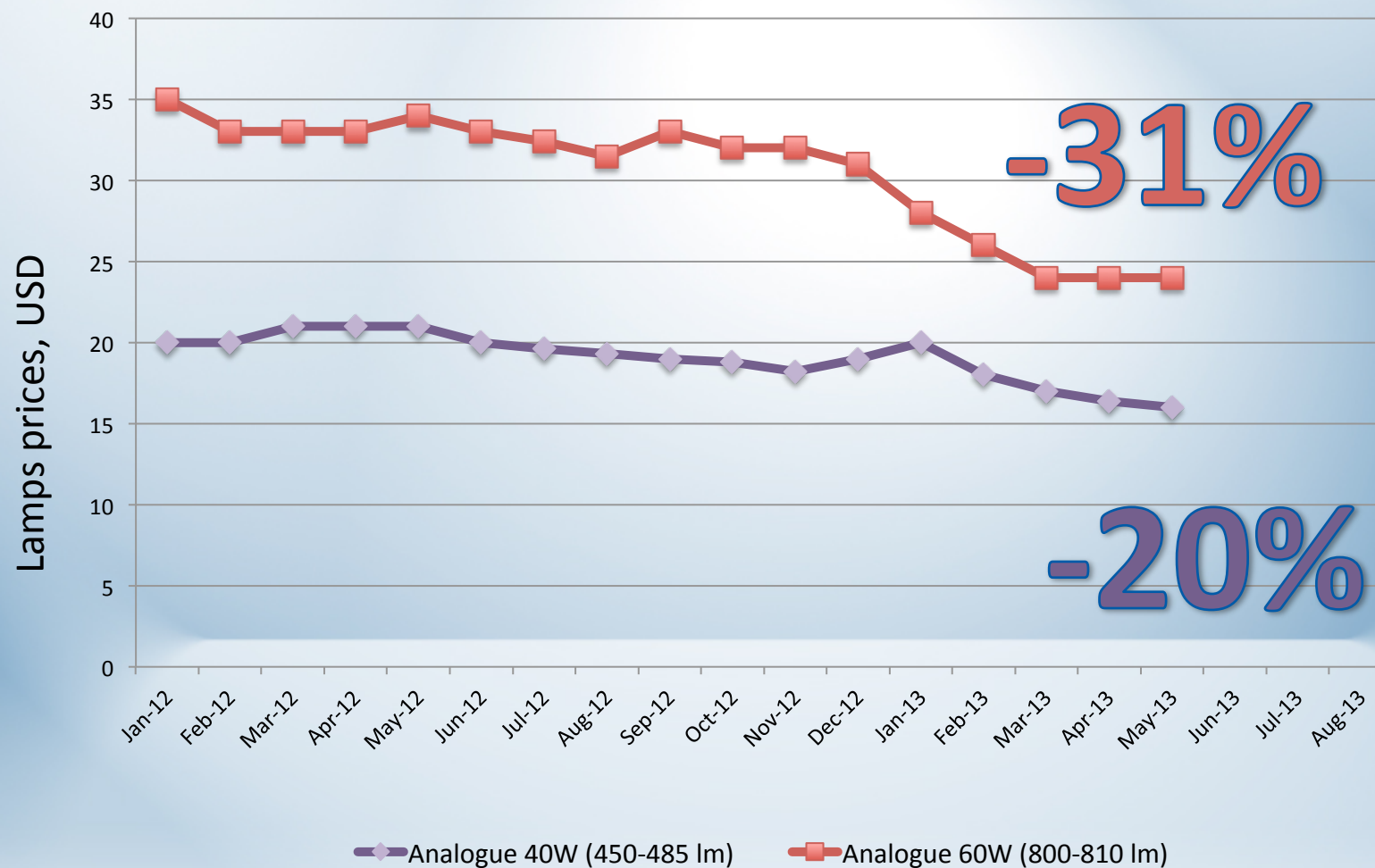
LED share



LED products in the world. Share in 2012



LED products in the world. Price erosion



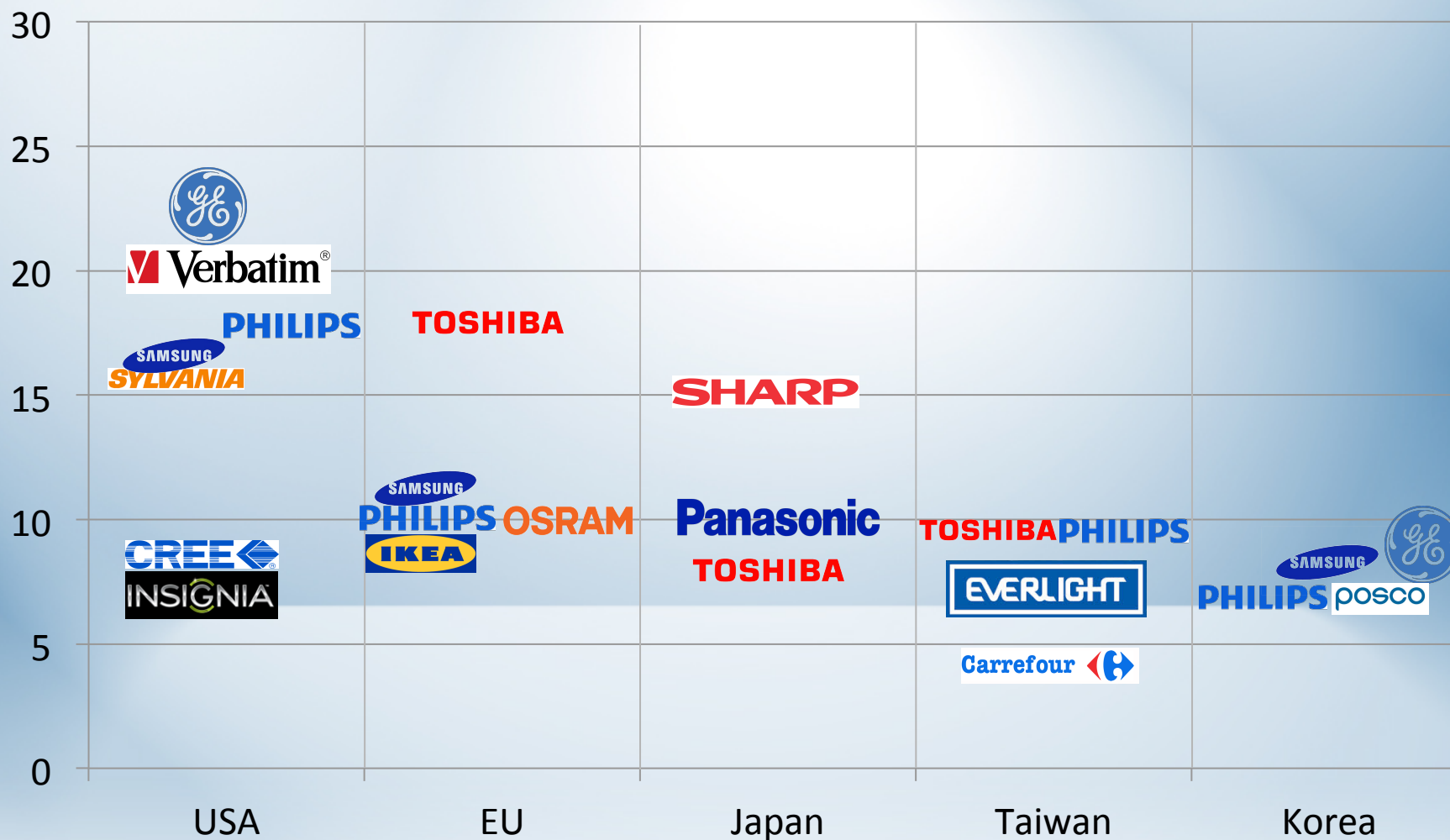
Source - ledinside.com

Countries: Korea, Japan, USA, UK, Germany, China, Taiwan

LED products in the world.

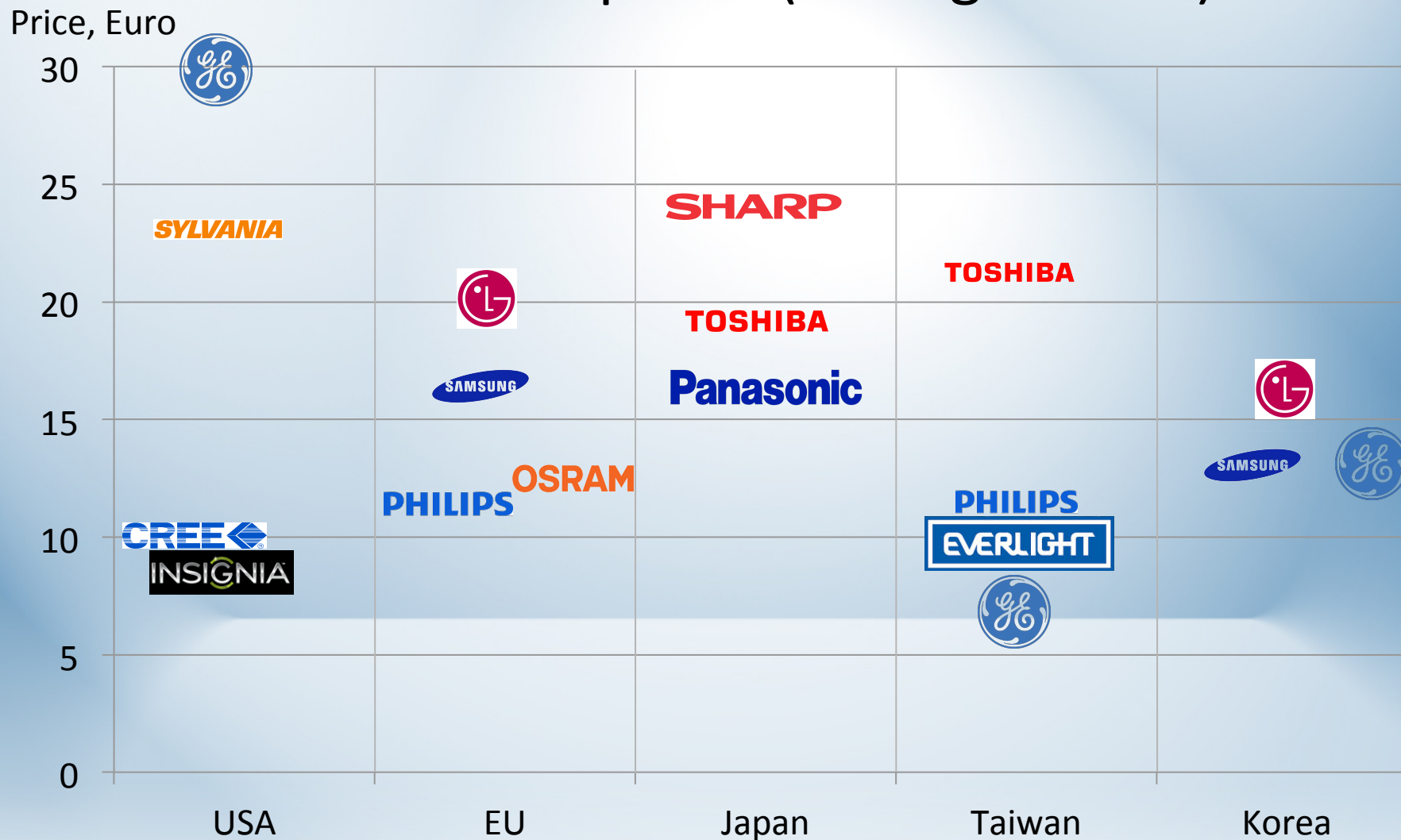
Consumer prices (analogue 40W)

Price, Euro



LED products in the world.

Consumer prices (analogue 60W)



Legislation in Russia.

Plans and reality

Lighting is one of the key directions in State Energy Saving program till 2020.
LED Lighting has the biggest energy saving potential.

Document	Plans	Reality
Federal Law №261-FZ	Ban GLS >75W since 2013 and >25 W since 2014	Didn't happen
Government Decree #602	Introduction of minimum energy performance requirements	Not mandatory
Ministry of Industry and Trade Decree №357	Identification of energy efficiency class	Absence of A+ and A++ for lamps

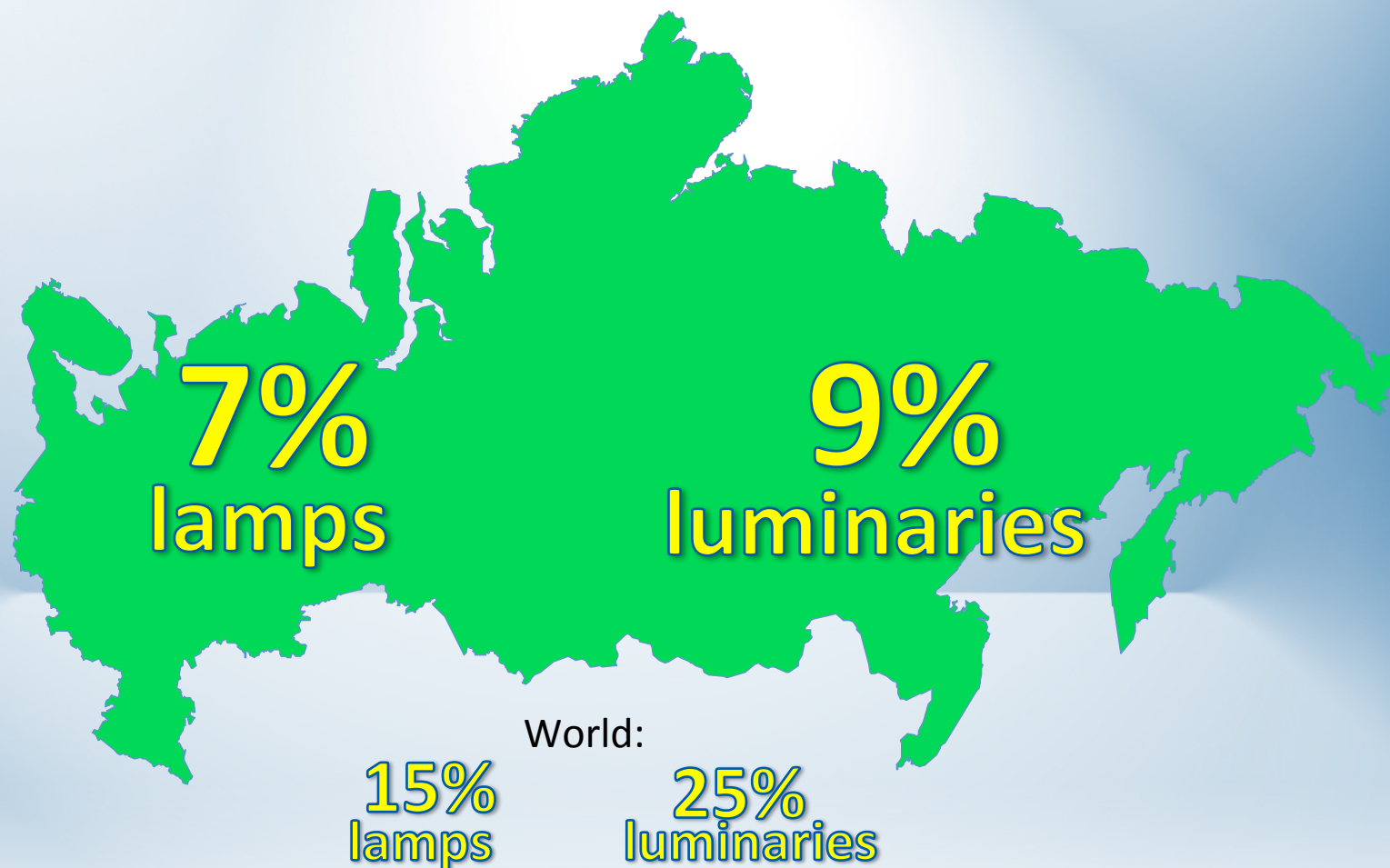
Delays in introduction of regulatory measures –
Restrains LED lighting development in Russia.

New regulatory measures

Document	Content	Date
Action plan on GLS ban and stimulation of energy efficient light sources №1973-p	<ul style="list-style-type: none"> - Gradual GLS ban - Introduction of HS codes for LED lamps - Stimulation of local LED lighting products manufacturing 	Signed 28.10.2013
Technical regulation of Customs Union on energy efficient labeling	- Introduction of A+ и A++	01.01.2015
Technical regulation of Customs Union on energy performance requirements	- Introduction of minimum energy performance and functional requirements to lamps	01.01.2015

Soonest implementation of these measures–
Essential step towards civilized market of LED products.

LED share in Russia



End of old light

Will not come:

- Without continuation of GLS ban
- Without MEPS' introduction to CFL, LED, HID lamps
- Without stimulation and support of local LED products manufacturing

It is essential for LED market growth:

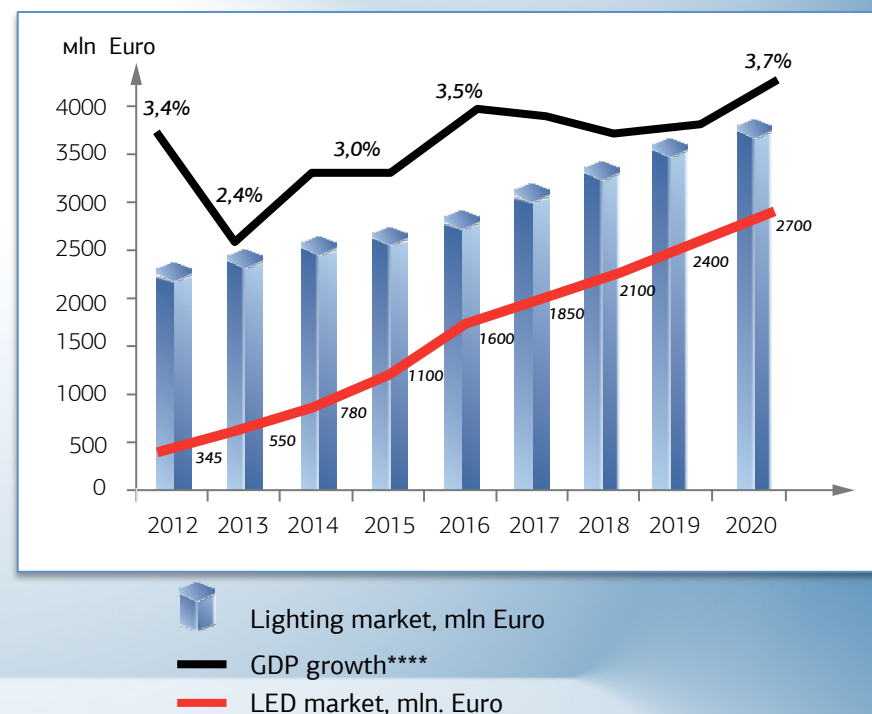
- Introduction of voluntary standards
- Creation of high-quality products registry
- Stimulation of state and municipal purchasing of registered LED products
- Creation of country-wide certification and verification centers' network

Russian Lighting market till 2020

According to LBC experts, given the current economic development trend in Russia, the lighting market will grow 35% faster on average than will the global market, reaching a 3.6 bln Euro mark in 2020 **.

Share of LED-based products (in value terms) was 15,7 % or 345 mln Euro in 2012 and will reach 75% or 2,7 bln Euro in 2020:

- LED luminaries' market in 2012 was worth 200 mln Euro ***
- LED lamps' market in 2012 was worth 145 mln Euro ****



- * 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 6,35% (Source: LBC); Global market CAGR 4,68% (Source: McKinsey "Lighting the way", 2012)
- *** Estimate of Russia's leading luminaries manufacturers cited during round table discussions at the Interlight-2012 exhibition
- **** Based on 2012 customs statistics
- ***** Consensus forecast by Higher School of Economics, Moscow

Thank you for attention!



info@lbconsulting.ru
www.lbconsulting.ru