

PRESS INFORMATION

In an improving global economy Russia enjoys returning attractive investment climate

Moscow, July, 06, 2010 – The key attractiveness indicators for investments like market potential, size and the expectation of positive development are giving rise to careful optimism about business opportunities in Russia. This is the bottom line of a study conducted jointly by the Finance and Investments Committee of the Association of European Businesses (AEB) and the Moscow office of the management consultancy Droege & Comp. The member base of approximately 600 companies of the AEB was questioned in context with this fifth edition of the survey on strategies and prospects of European businesses in Russia.

2008/09 abruptly reminded Russia that the comfortable past decade of buoyant growth could not last forever. In fact, our 2009 survey saw the percentage of respondents expecting positive short term economic outlook for the Russian economy plummet from 83 percent in 2007 to just 3 percent.

By contrast, the partial recovery of expectations of a positive short term development of the Russian economy to 37 percent in this year's study reflects a strengthening belief that the silver lining at the horizon is becoming clearer. Similarly, when asked about the prospects of their companies' Russian operations, the share of managers expecting positive growth of sales and profit within the next three years is halfway back to its pre-crisis heights: 89 (+8) and 84 (+4) percent, respectively, in comparison to the previous study.

This remarkably quick return to a healthy degree of optimism is essentially founded on the traditional drivers of market potential, size and the expectation of positive development. These factors continue to be cited as key reasons for AEB member companies that have ventured into the Russian market. In addition, it is highly encouraging that the time required for investments to break even seems to have stabilized after a strong increase over 2001-07. Hans-Dieter Zaum, General Director of the Droege & Comp. office in Moscow notes that "companies did their homework in cost cutting during the crisis and growth topics are returning onto companies' agendas as confidence in the recovery rises". Frank Schauff, the Chief Executive Officer of the Association of European Businesses, adds "we are happy to see that European investors in Russia have adjusted their strategies to more positive trends and that their prospects and expectations are growing more favourable in comparison to our last study. This is a very good sign for stronger development in the near future".

A free English copy of the key results of the study is available for download at www.aebus.ru

About Droege & Comp. International Management Consultants

The Droege International Group and its subsidiaries, which include Droege & Comp. International Management Consultants, have been active in the international market for 20 years, providing reliable support and problem-solving capabilities to medium-sized companies. Droege & Comp. has been active in Russia since 1995; the management consultants set up their own office in Moscow in 2003.

The Group specializes in restructuring and value enhancement, and its product portfolio includes execution-driven top management consulting, corporate finance consulting, interim management and equity capital investment in special situations. The roots of the Droege International Group go back to 1988, when Walter P. J. Droege founded Droege & Comp. International Management Consultants focusing on restructuring and value enhancement.

About the Association of European Business in the Russian Federation

Founded in 1995, the AEB is an independent non-commercial association with a membership of about 600 companies from across the European Union and EFTA countries, as well as other countries, conducting business in and with Russia. The members range from large multi-national corporations to small and medium-size businesses and are united by their commitment to forging stronger economic ties between the EU and Russia, as well as improving the business environment in Russia.

The AEB conducts lobbying activity through its committees and working groups, which cover a wide spectrum of industries and sectors. One of the active AEB committees is Finance and Investments, which was established in May 2005. The committee's mission is to provide assistance and take an active part in improving the investment climate in the Russian Federation for European businesses, through discussions and developing recommendations, to address outstanding problems in the area of investment and finance. The committee has set up working groups for specific areas of focus. These are: Capital markets; Audit & Accounting; Leasing; Mergers & Acquisitions. The Committee publishes an annual guide for investors called "How to Invest in Russia" and arranges regular meetings for top managers in finance – "CFO Business Breakfasts".

The AEB also offers informational support to the European business community via its website and publications, press campaigns, surveys and legislative and business alerts. The Association works hard to support its members wherever they are located in Russia by hosting regional presentations, business missions and maintaining regional representations in regions such as Krasnodar, Ekaterinburg and St. Petersburg, to mention but a few.

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