

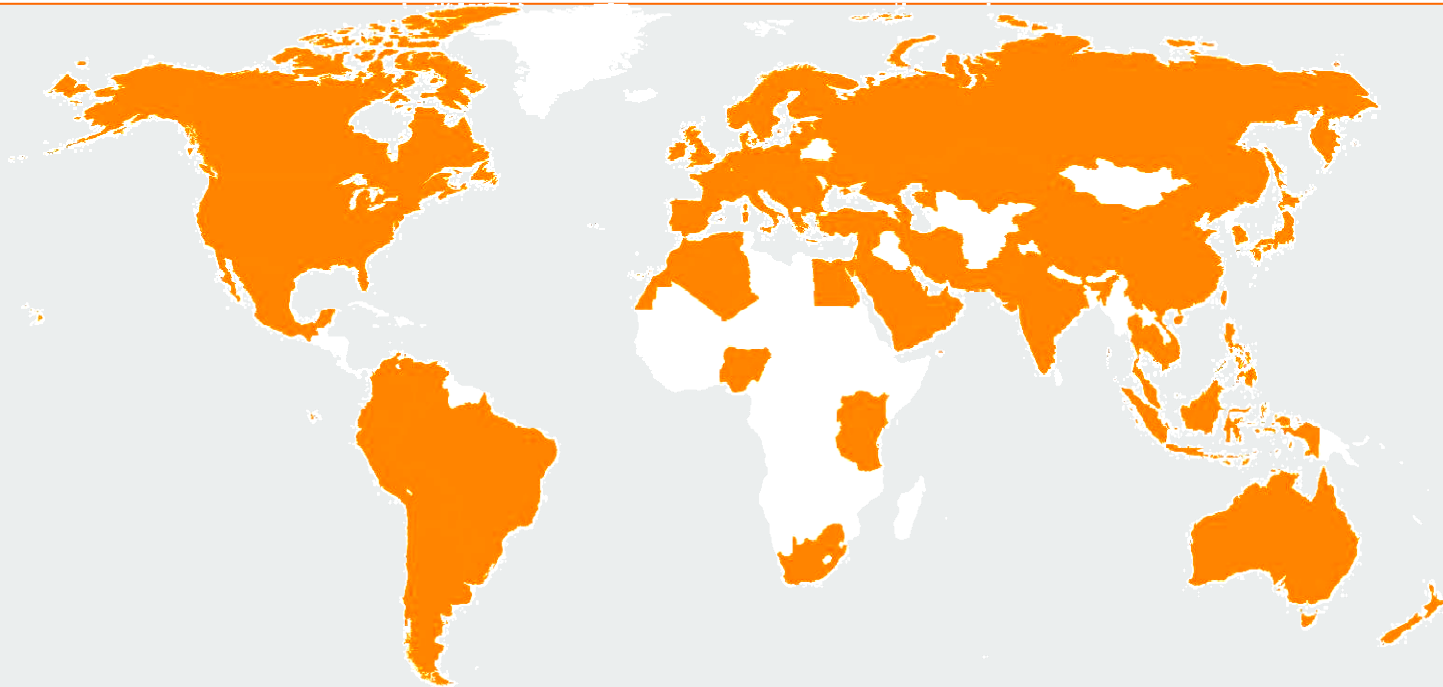
Strategies and Prospects of AEB Member Companies in Russia

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Managing Director
GfK Rus



GfK Group's Worldwide Coverage

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Algeria
Argentina
Australia
Austria
Azerbaijan
Bahrain
Barbados
Belgium
Belize
Bolivia
Bosnia-Herzegovina
Botswana
Brazil
Bulgaria
Cambodia
Canada
Chile

China
Colombia
Costa Rica
Croatia
Cyprus
Czech Republic
Denmark
Dominican Republic
Ecuador
Egypt
El Salvador
Estonia
Finland
France
Germany
Greece
Guatemala

Honduras
Hong Kong
Hungary
India
Indonesia
Iran
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kazakhstan
Kenya
Korea
Kuwait
Latvia

Lebanon
Libya
Lithuania
Malaysia
Mexico
Montenegro
Morocco
Netherlands
New Zealand
Nicaragua
Nigeria
Norway
Oman
Pakistan
Panama
Paraguay
Peru

Philippines
Poland
Portugal
Puerto Rico
Qatar
Romania
Russia
Saudi-Arabia
Serbia
Singapore
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Syria

Taiwan
Tanzania
Thailand
Trinidad and Tobago
Tunisia
Turkey
Uganda
Ukraine
United Arab Emirates
United Kingdom
Uruguay
USA
Venezuela
Vietnam
Yemen

GfK RUS – 2010

Revenue

- **870 000 ThRUR**

Employees

- **265** full-time employees
- **700** interviewers

Results

- **940** projects for **300** clients
- **420 000** interviews

Geography

- Research in **83** subjects of Russian Federation



Agenda

- ① Methodology
- ② Companies' Profile
- ③ Market Entry
- ④ Companies' Prospects and Business Environment
- ⑤ Financial Terms
- ⑥ Business Culture
- ⑦ AEB-GfK Barometer and Conclusion

1. Methodology



Methodology & Main Research Goal

Main Research goal:

To define the level of comfort in connection with business activities in Russia for AEB members companies and evaluate their investment climate perception.

Methodology

Online and paper interview (CAWI and PAPI) with Top management of AEB member companies operating in Russia. The research was conducted in April-May 2011.

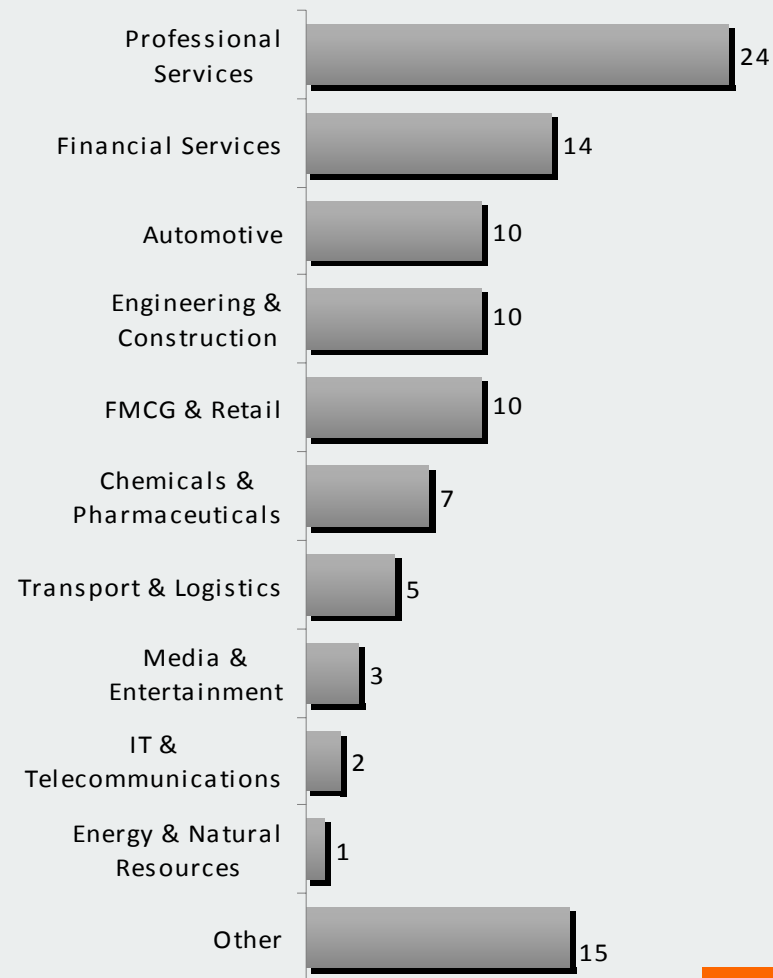
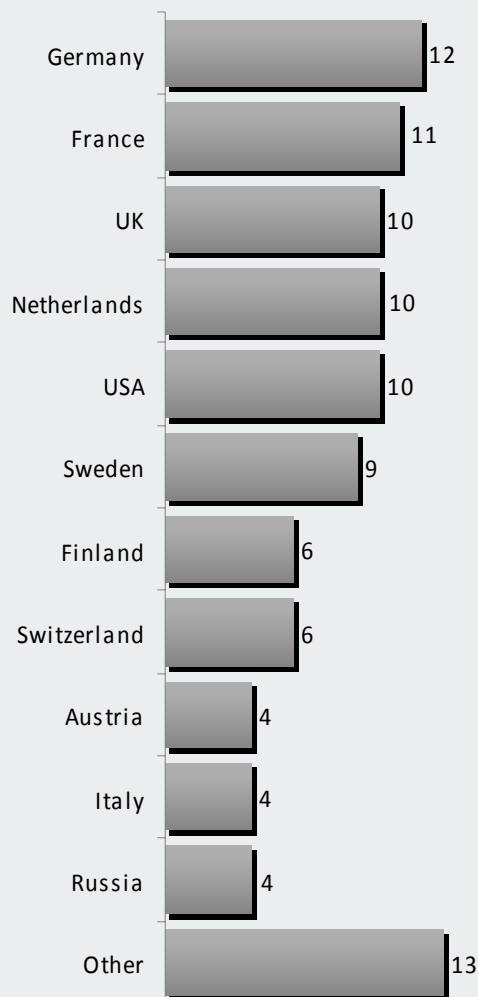
Sample size

105 companies

2. Companies' Profile



Respondents by Countries and Sectors, %



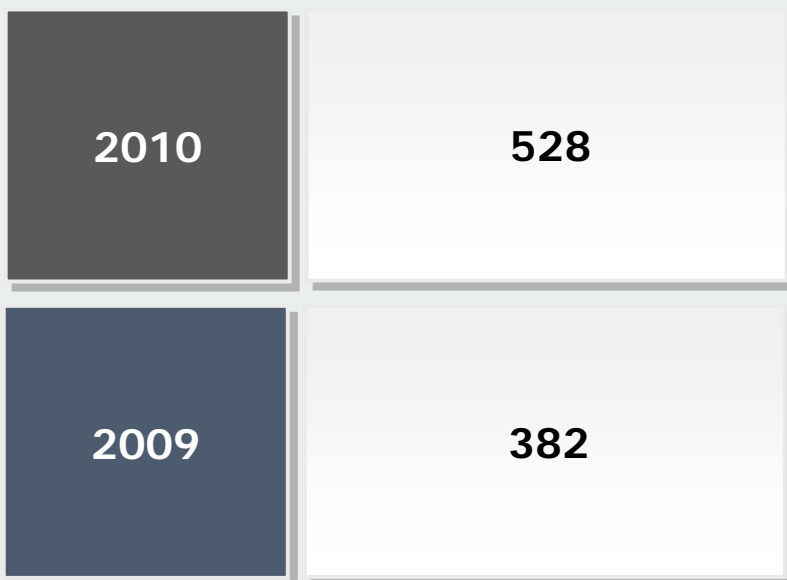
Q.1. What is your sector of activity?

Base=105 AEB members

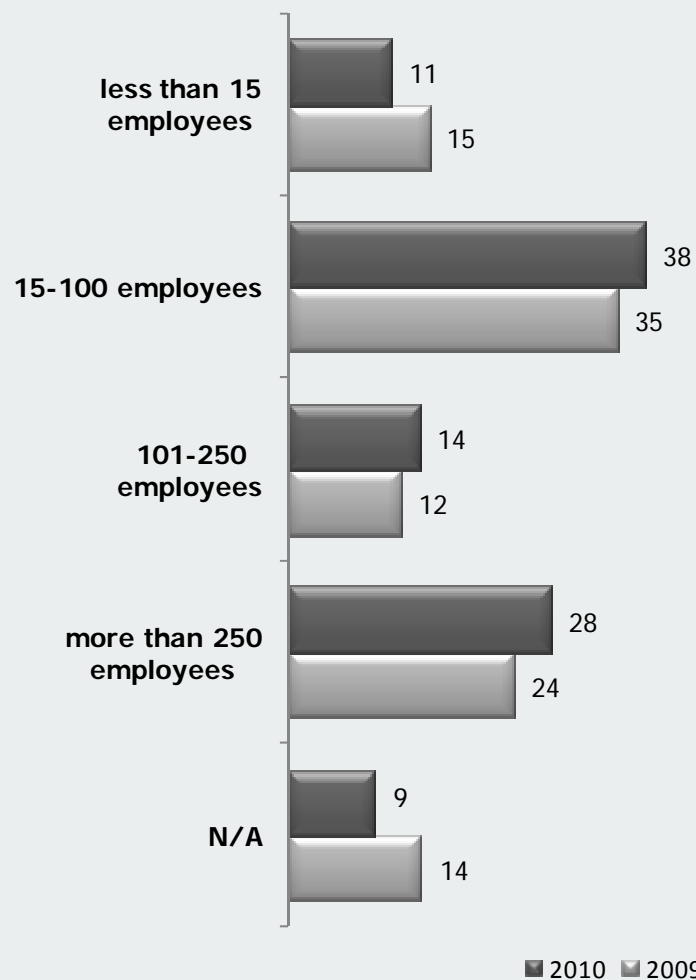
Personnel

Total number of employees

Mean
(no.of people)



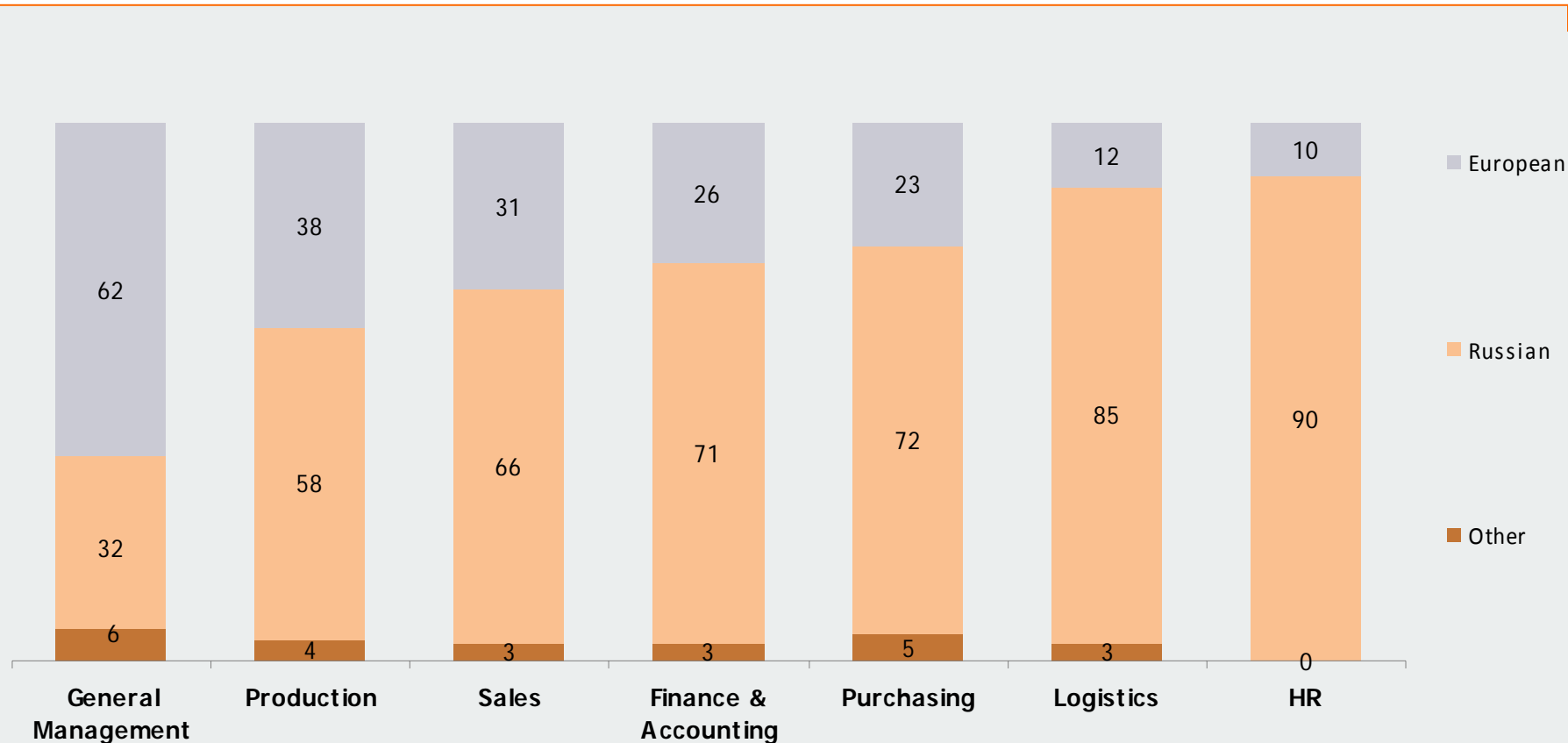
Size of the company



■ 2010 ■ 2009

Base=105 AEB members

Personnel by Position and Country, %



Q3. What is the nationality of the heads of the following functions?

The sum of answers can be more than 100% because multiply answers are possible

3. Market entry

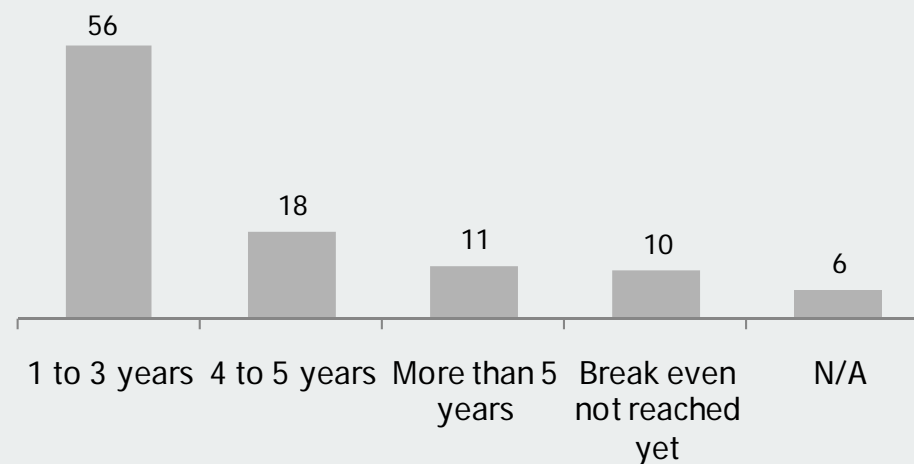
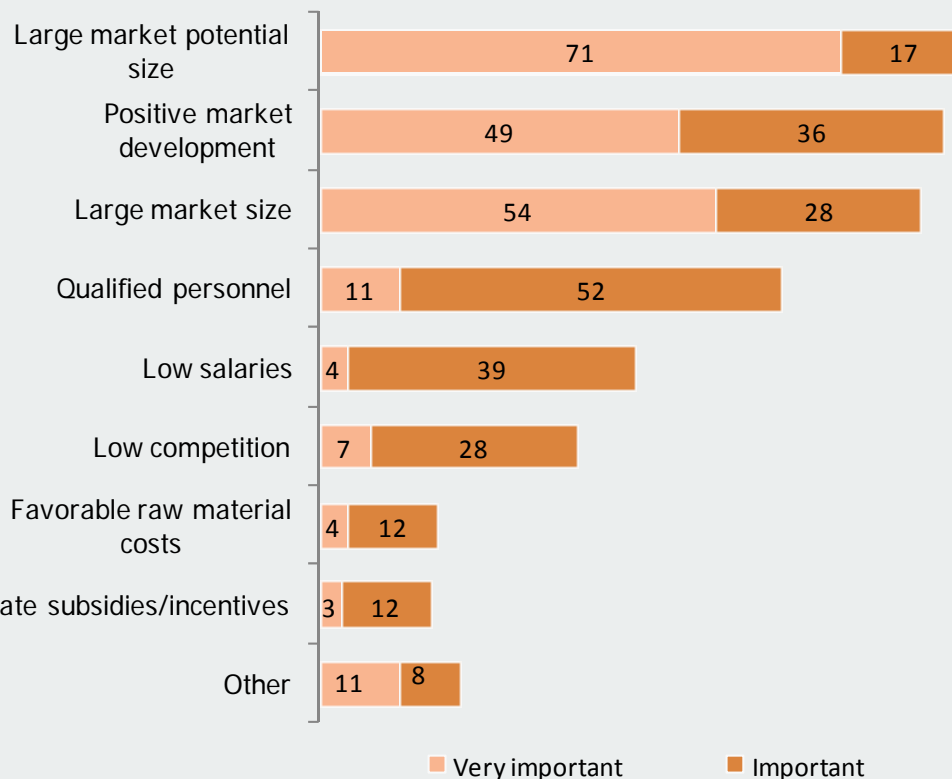


Reasons for Entry into Russian Market, %

12

Reasons

Terms of break even, %



Q9. How many years did it take for your Russian operations to break even?

Q7. How important were the following reasons for your market entry into Russia?

Base=105 AEB members

4. Companies' prospects and Business Environment



Main Macro-Economic Indexes in Russia, %

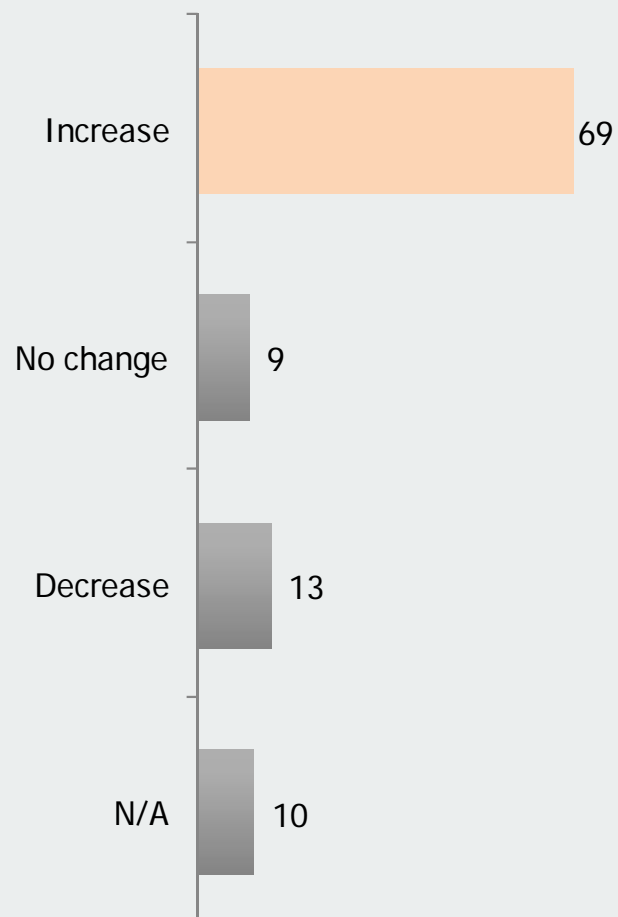
	2009 vs.2008	2010 vs 2009 (%)	1 st half 2011 vs 1 st half 2010, (%)
GDP	-7.8	4.0	3.7
Industry production index	-9.3	8.2	5.3
Retail turnover	-4.9	4.4	5.3
Income per capita, real	2.1	4.1	-1.4
Unemployment (avg. for period)	8.4	7.5	6.9*
Inflation	8.8	8.8	5.0**

* 6.1% in July 2011

** % to December 2010

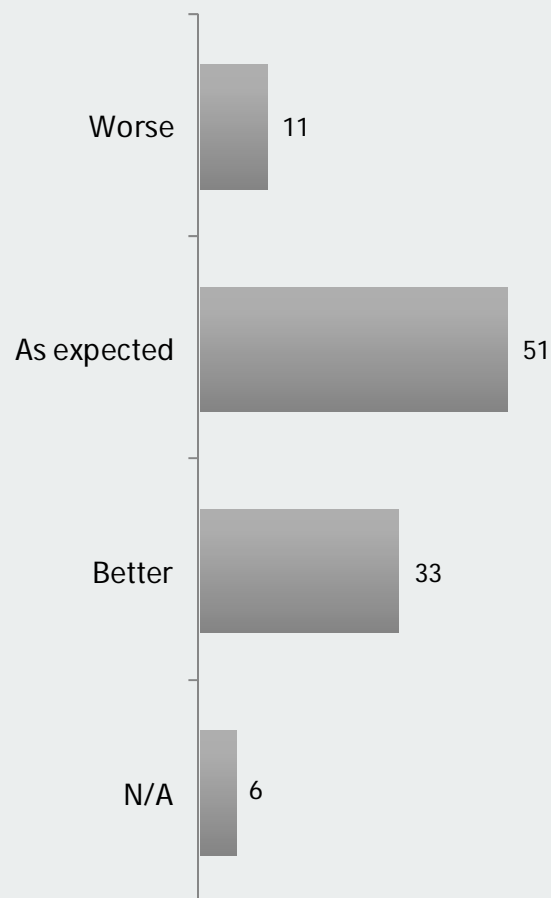
Source: Rosstat

Turnover in 2010, %

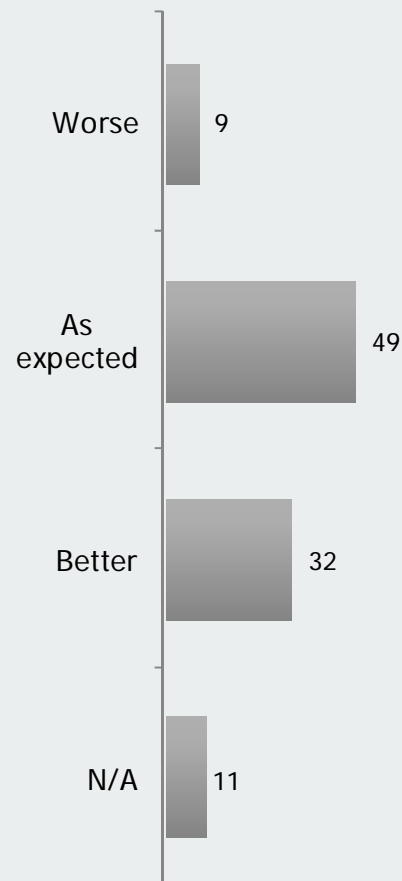


Economy and Business Development in the first 3 months, %

Fulfillment of expectations about state of the economy



Fulfillment of expectations about business development

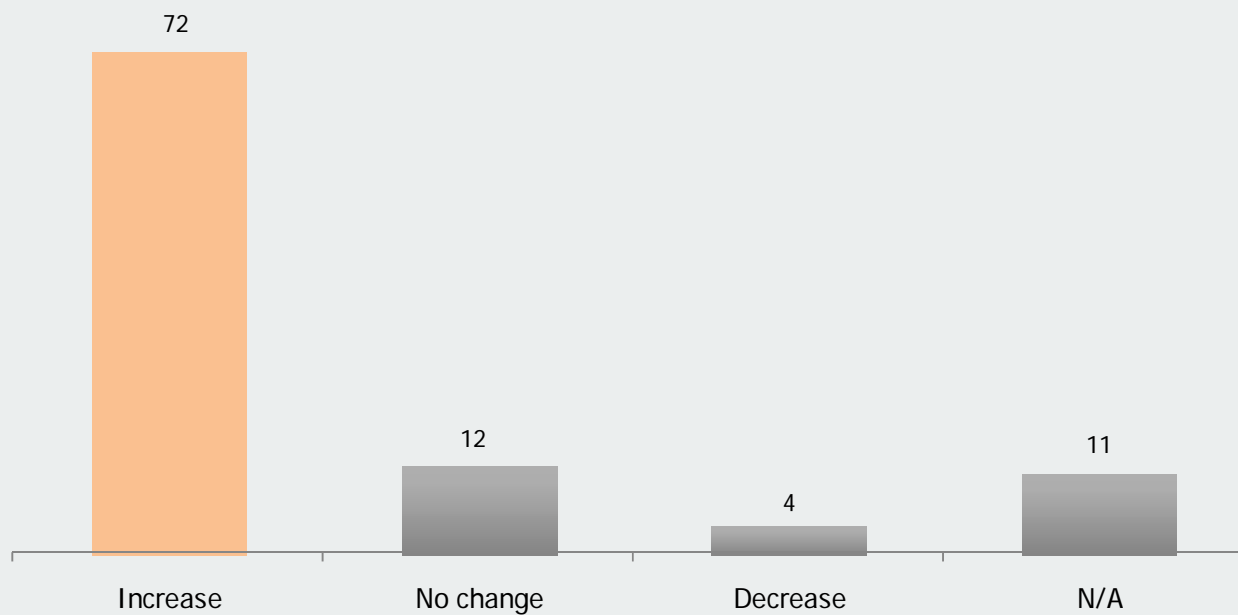


Base=105 AEB members

Q19. How has the overall state of the economy developed over the first 3 months compared to your expectations at the start of the year?
Q23. How has business of your company developed over the first 3 months compared to your expectations at the start of the year?

Investments 2011 vs. 2010, %

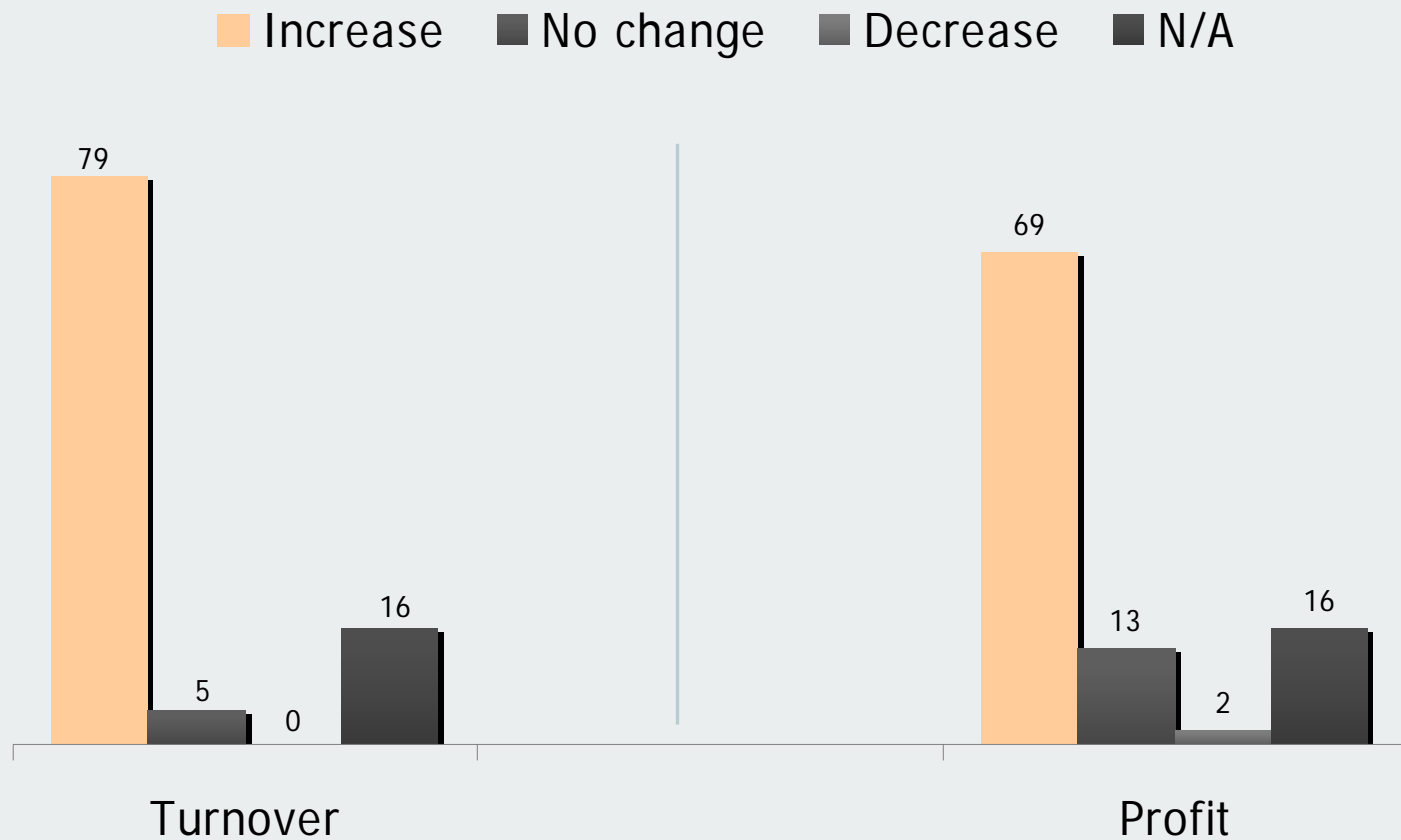
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Base=105 AEB members

Turnover and Profit over the next 3 years, %

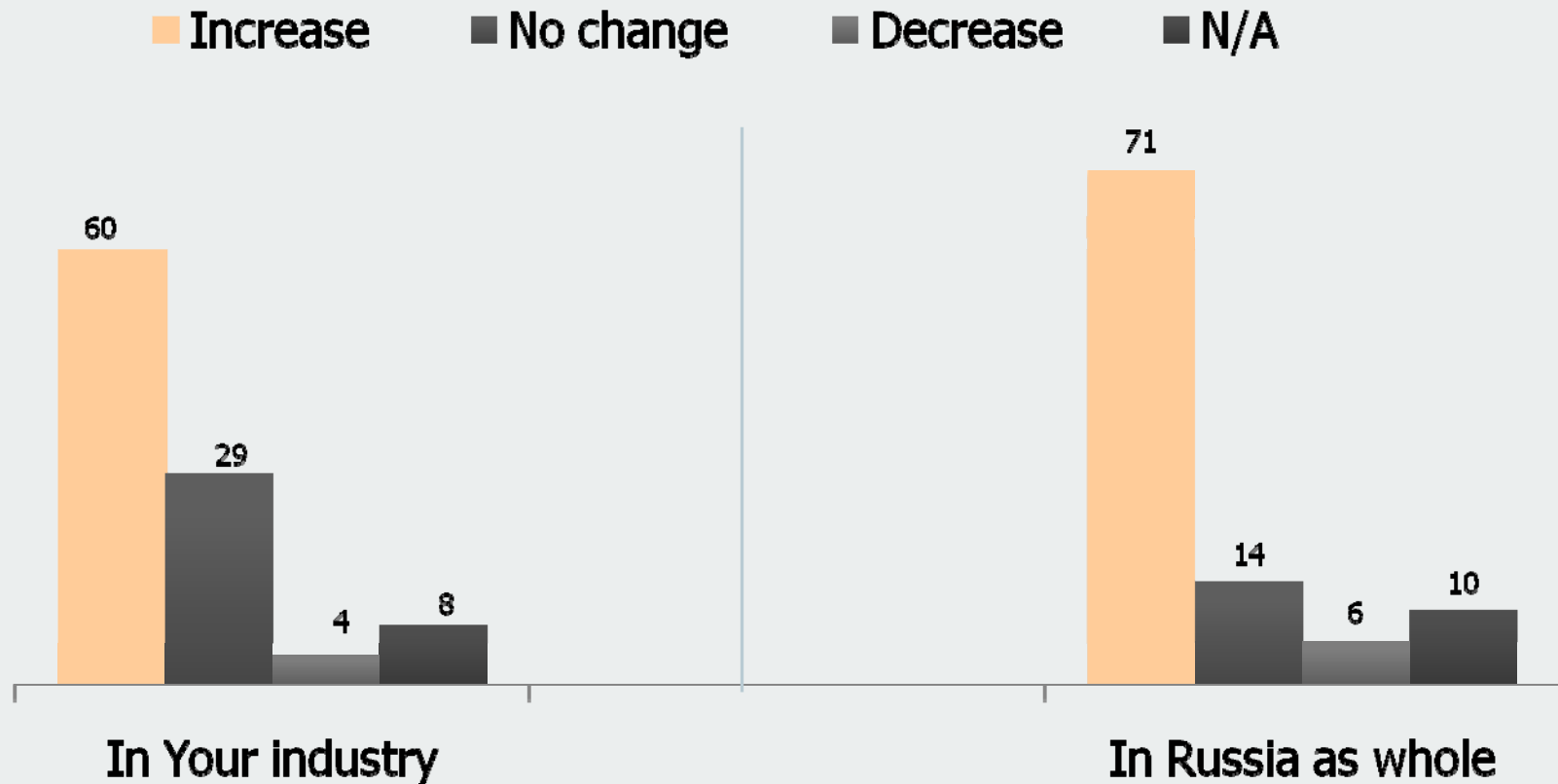
18



Base=105 AEB members

Development in your Industry and in Russia as whole
over the next 2-3 years, %

19

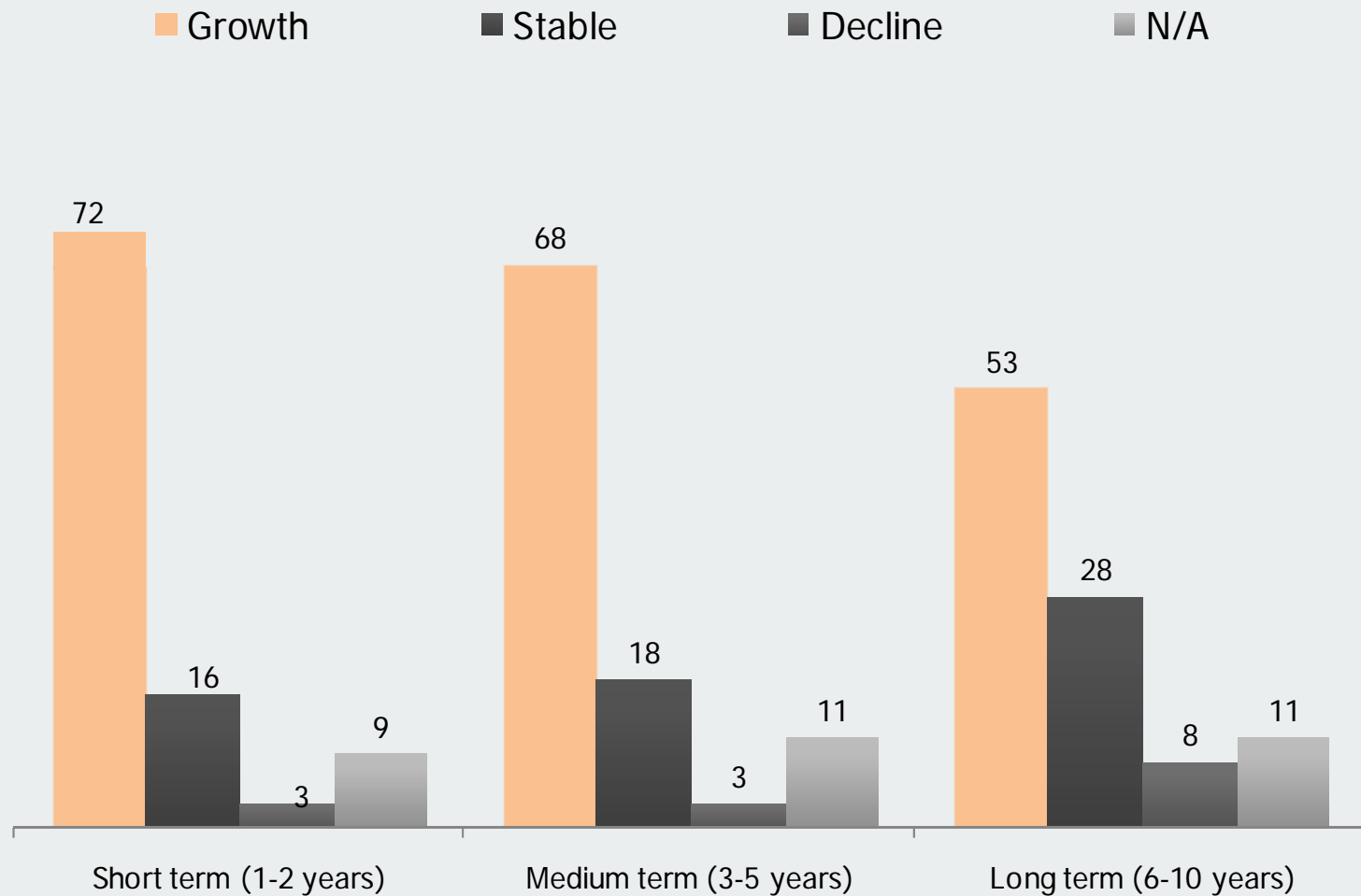


Base=105 AEB members

GfK

Q21. How do you think will investment of foreign companies in Russia develop over the next 2-3 years?

The Economic Outlook for Russia over the next 10 years, %

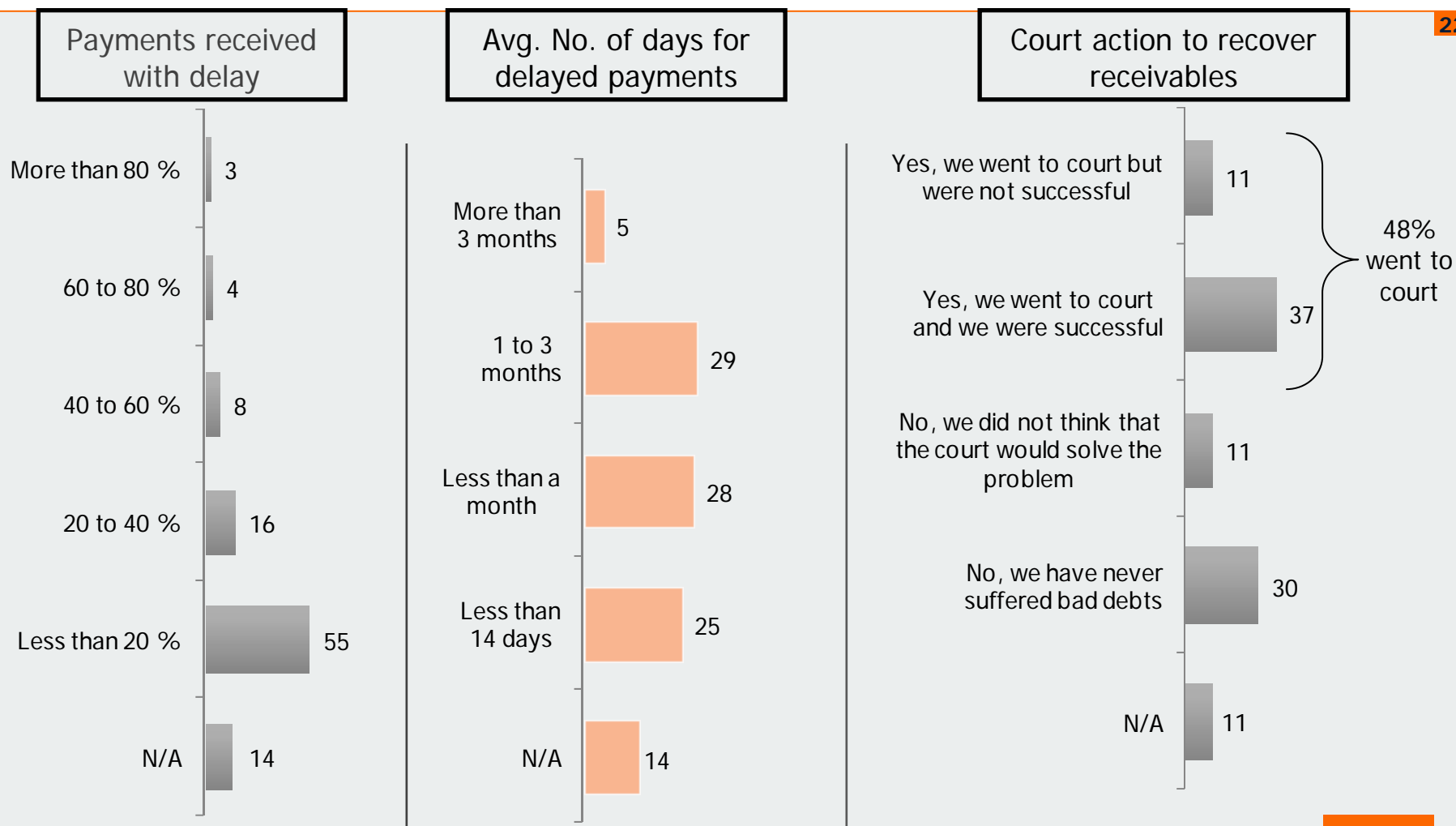


Base=105 AEB members

5. Financial terms



Delayed Payments

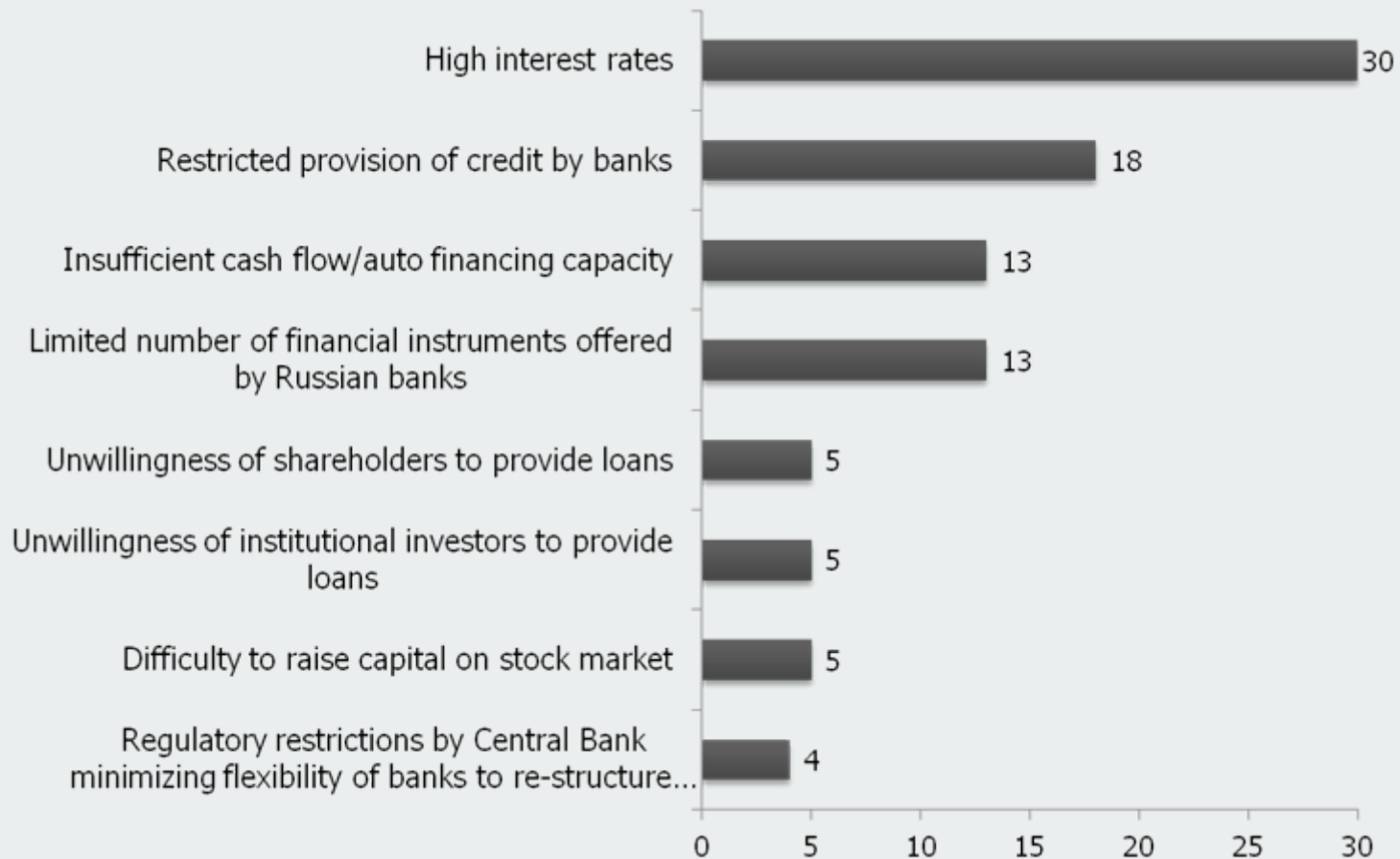


Q15. On average, what is the percentage of payments received with delay over the last 12 months?
 Q16. What is the average number of days for delayed payments after due date over the last 12 months?
 Q14. Have you ever resorted to court action to recover receivables?

Base=105 AEB members

The Most Significant Barriers to Financing in 2011

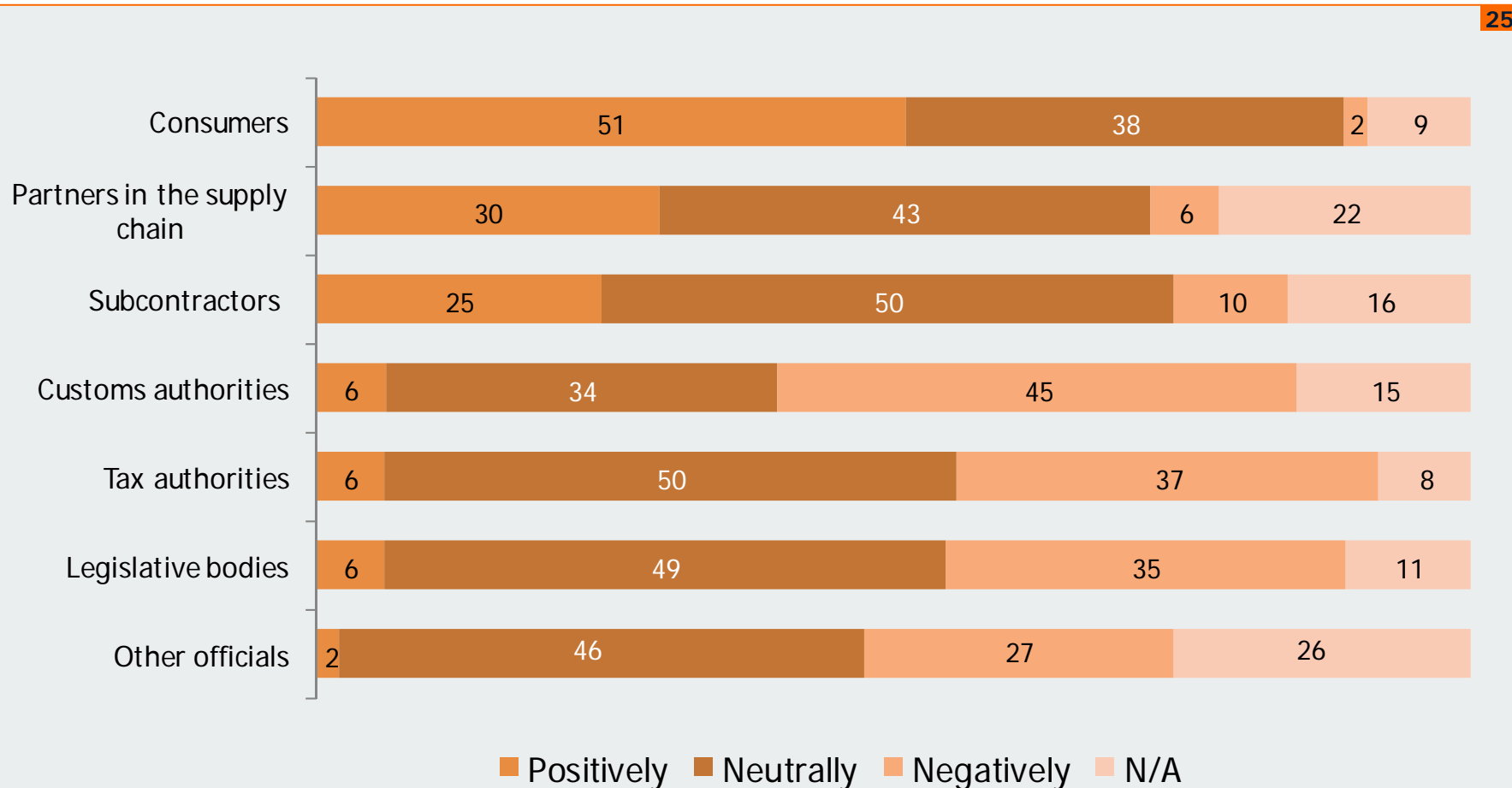
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6. Business Culture



Business Culture of some Contractors

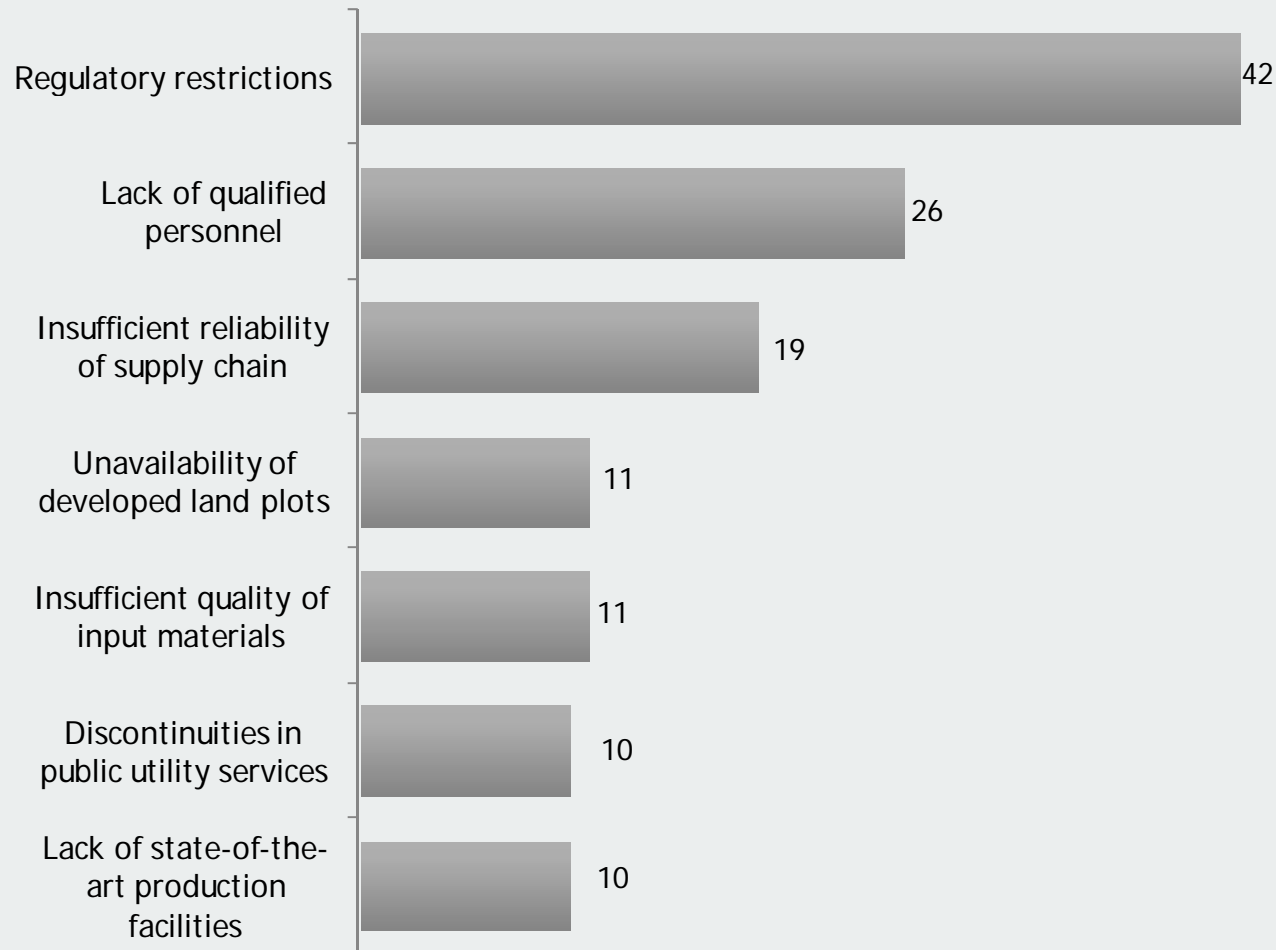


Base=105 AEB members

GfK

Q10. How do you evaluate the business culture (the character of the interactions) of the following contractors of your business in Russia?

The Main Obstacles to Production Operations in Russia, %

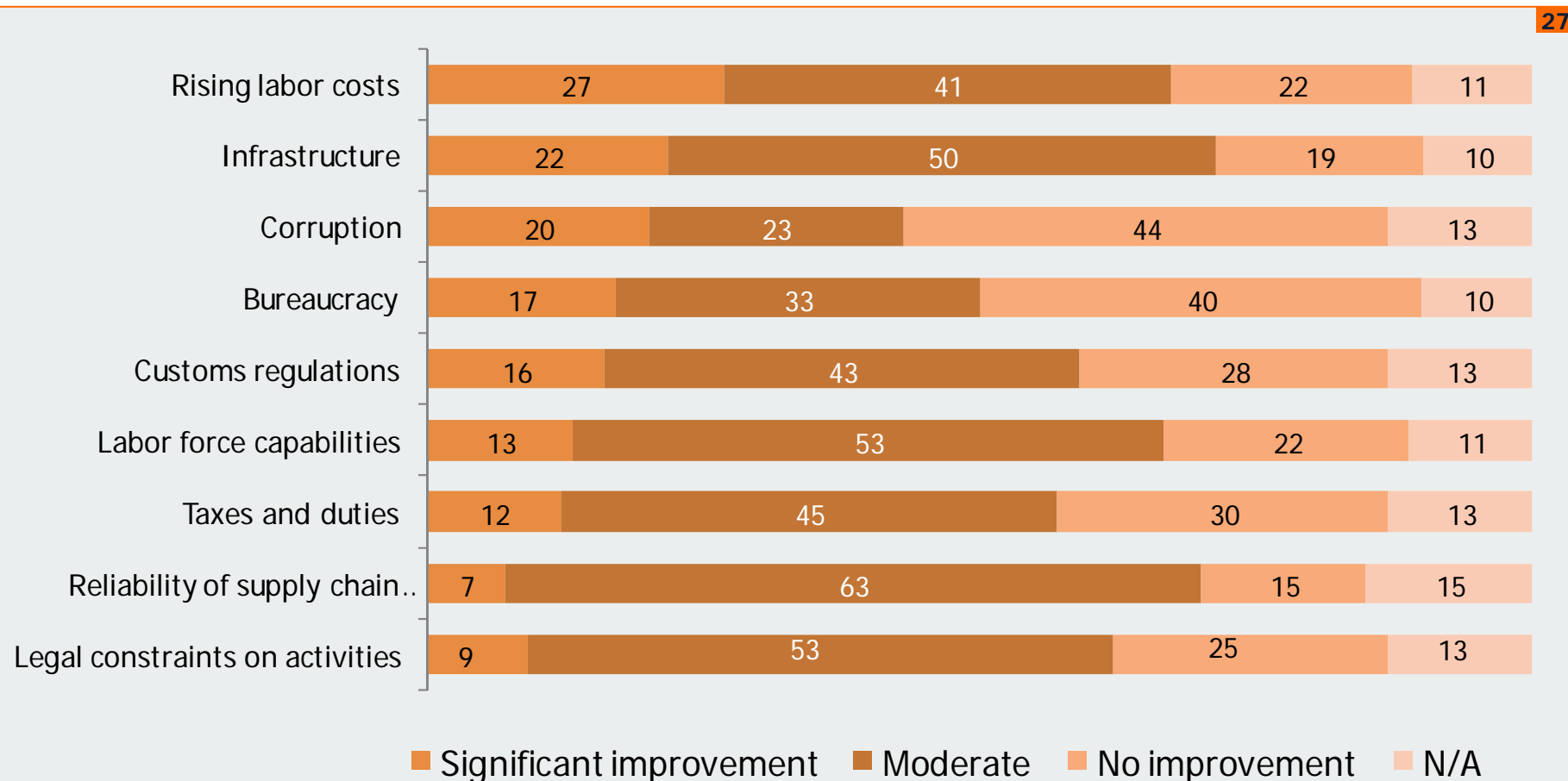


Q13. What are the most significant obstacles to production operations?

Base=105 AEB members

The sum of answers can be more than 100% because multiply answers are possible

Expectations Of Situation Improvement in the Following Fields over the next two years, %



Base=105 AEB members

7. AEB-GfK Barometer and Conclusion



AEB-GfK-Barometer: Positive expectation for business in Russia

Integrated index

**Current business
state index
134**

Single index

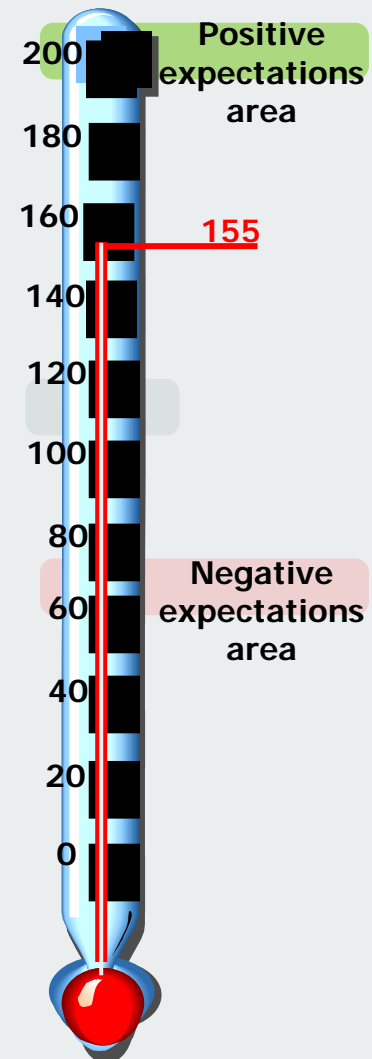
- Current business situation (I=155)
- Current macroeconomic situation (I=123)
- Business development index (I=124)

**Business
expectations'
index
166**

Single index

- Business expectations (I=169)
- Short term expectation index (I=170)
- Mid term expectation index (I=166)
- Long term expectation index (I=146)
- Turnover expectation index (I=179)
- Profit expectation index (I=167)

AEB-GfK Index, 2011 29



Main Conclusions

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1. The state and prospects of Russian economic development, of own industries and companies are in general very highly estimated.

The AEB-GfK Integrated Index is 155 points according to the 200 point scale and is located in the middle of the positive zone.

2. The majority of the companies have reached their break evens within 1-3 yeas.

3. Financial terms of AEB members' activities are quite acceptable. Key problems are high interest rates and bank credit restrictions.

4. Business culture evaluation and assessment of business environment are quite modest in the country. Interaction with regulating authorities, especially with the customs, is estimated rather negatively. Regulation restrictions are the main obstacles for production operation.

The most of AEB members don't expect any improvement in bureaucracy, corruption, infrastructure and activities of regulating authorities.

5. Another important problem is a lack of qualified workforce. The majority of respondents don't believe that this problem can be solved in the nearest future. At the same time most top positions in the companies, excluding CEOs, are occupied by Russians and natives of non-European countries.

Thank you very much
for your attention

