



Press-release
23 May, 2017

Warming of the Investment Climate AEB Survey "Strategies and Prospects for European Companies in Russia"

In 2017, the number of European companies that are expecting growth in the Russian economy in the short- to medium-term perspective increased considerably in comparison with last year. The percentage of those who are planning to increase their investments into the country has almost doubled.

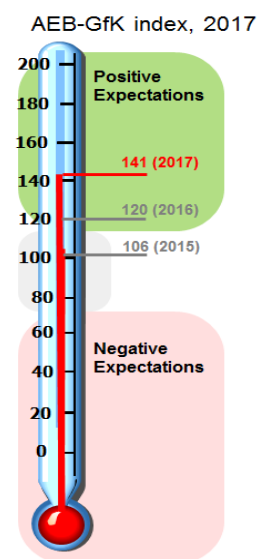
This is on the background of the current improvement of the situation and higher expectations about business indicators.

In Russia, the AEB - GfK composite Index grew by 21 points — to 141 points out of 200. This index pertains to the positive expectations area and has now come close to the level it was in 2013 (144). The lowest Index of European investor sentiment, in respect of Russia (106), was recorded in 2015.

Around 32% of the companies surveyed reported that the economic situation in the Russian market in Q1 2017 was better than previously expected. The large potential of the market in 2017 was mentioned by 73% of the respondents (compared to 60% in 2016). Also in 2017, the proportion of companies planning to invest into Russia has almost doubled: from 23% in 2016 up to 42% in 2017.

54% of companies said that their turnover in 2016 increased from 2015. This figure has risen considerably in comparison with the previous year.

However, there was an increase in the number of companies that described their results in Q1 2017 as "worse than expected" (from 21% in 2016 to 25% in 2017).



What are the obstacles to investment growth in Russia?

The main negative factors affecting European companies in Russia are the sanctions against Russia and the country's retaliation, as well as oil prices.

The financial conditions of the operation of the AEB member companies are quite satisfactory. High interest rates and limited access to bank loans continue to be the main problems this year.

Regulatory restrictions remain a significant obstacle for the activities of European companies in Russia. Other negative factors for the operation of companies in Russia, which the respondents named, were bureaucracy and corruption.

"European companies have noted that the Russian economy has started recovering this year, so they are more optimistic about the prospects for their companies. Moreover, the companies have also adapted to the new market conditions," commented Frank Schauff, AEB CEO.

"For the first time since the onset of the economic crisis, European companies in Russia give really positive forecasts for the prospects of the Russian market," noted Alexander Demidov, Managing Director, GfK Rus

AEB SPONSORS 2017

Allianz IC OJSC • Atos • Bank Credit Suisse (Moscow) • BP • BSH Russia • Cargill Enterprises Inc. • CHEP Rus • Clifford Chance • Continental Tires RUS LLC • Crocus International • Deloitte • DuPont Science & Technologies • Enel Russia OJSC • ENGIE • Eni S.p.A • EY • GE (General Electric International (Benelux) B.V.) • HeidelbergCement • ING Wholesale Banking in Russia • John Deere Rus, LLC • KPMG • ManpowerGroup • Mercedes-Benz Russia • Merck LLC • Messe Frankfurt Rus • MetLife • METRO AG • Michelin • MOL Plc • Novartis Group • OBI Russia • Oriflame • Porsche Russland • Procter & Gamble • PwC • Raiffeisenbank JSC • ROCA • Shell Exploration & Production Services (RF) B.V. • Soglasie Insurance Company LLC • Statoil Russia AS • Total E&P Russie • Unipro PJSC • VimpelCom PJSC (Beeline) • Volkswagen Group Rus LLC • YIT • YOKOHAMA RUSSIA LLC

About the survey

The survey entitled "Strategies and Prospects for European Companies in Russia" is conducted by the International Institute of Marketing and Social Research GfK Rus, commissioned by the Association of European Businesses.

This was the tenth time that this survey has been conducted. In March and April 2017, top managers of the AEB member companies working in Russia provided their feedback through online surveys and personal interviews.

For more information, please contact the Communications Manager / Press Secretary Svetlana Kuskova via e-mail: svetlana.kuskova@aebrus.ru or by phone: +7 (495) 234-2764

Association of European Businesses

The Association of European Businesses (AEB) is the main representation of foreign investors in Russia. Founded in 1995, the AEB is an active community of more than 500 members from the member states of the EU, the European Free Trade Association (EFTA) and other countries, which have business activities with and in the Russian Federation. The AEB members are multinational corporations and small and medium-sized enterprises. They all share a commitment to boosting cooperation with Russia, as well as the desire to improve the investment climate of the Russian Federation.

The AEB includes 65 committees, subcommittees and working groups that are engaged in lobbying on a wide range of issues in various business areas including energy, transport and customs, agriculture, air travel, passenger cars and commercial vehicles production, legislation, taxation, banking, real estate, crop protection products and many others. These committees work closely with the European and Russian authorities, and provide comments to the current and draft laws.

The AEB provides information support for its members through its website, social networks, printed publications, open events, and distributes reviews and releases about the current events in the legal and business fields.

For more information, please visit the AEB official website at www.aebrus.ru

International Institute of Marketing and Social Research GfK Rus

Russian affiliate of GfK, an international company ranking among the Top 5 market research companies in the world. GfK is a trusted source of relevant market and consumer information. GfK operates in 100 countries, including Russia. By using innovative technologies and data sciences, GfK turns huge amounts of data into understandable and useful information, which some of the most successful companies in the world use as a basis of their business decisions.

More information can be found at www.GfK.com/ru

AEB SPONSORS 2017

• Allianz IC OJSC • Atos • Bank Credit Suisse (Moscow) • BP • BSH Russia • Cargill Enterprises Inc. • CHEP Rus • Clifford Chance • Continental Tires RUS LLC
• Crocus International • Deloitte • DuPont Science & Technologies • Enel Russia OJSC • ENGIE • Eni S.p.A • EY • GE (General Electric International (Benelux) B.V.)
• HeidelbergCement • ING Wholesale Banking in Russia • John Deere Rus, LLC • KPMG • ManpowerGroup • Mercedes-Benz Russia • Merck LLC • Messe Frankfurt Rus
• MetLife • METRO AG • Michelin • MOL Plc • Novartis Group • OBI Russia • Oriflame • Porsche Russland • Procter & Gamble • PwC • Raiffeisenbank JSC
• ROCA • Shell Exploration & Production Services (RF) B.V. • Soglasie Insurance Company LLC • Statoil Russia AS • Total E&P Russie
• Unipro PJSC • VimpelCom PJSC (Beeline) • Volkswagen Group Rus LLC • YIT • YOKOHAMA RUSSIA LLC

Association of European Businesses
16 Krasnoproletarskaya St., bld. 3,
Moscow, 127473 Russia

Tel.: +7 (495) 234-2764
Fax: +7 (495) 234-2807

E-mail: info@aebrus.ru
www.aebrus.ru