



Riders after the storm

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After a rapid decline during 4th quarter 2014 and 1st quarter of 2015, The Russian market recovered by 12% in the 2nd quarter and stayed at

the same level in the 3rd quarter. It is not stable - we see large differences in data from distributors. Some segments of the market are fluctuating in antiphase. Therefore, we see the same results in two last quarters. What are leaders of Russian

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companies expecting for the end of the year? We discussed it at the Forum of Distributors in October. Most of the speakers are expecting a further reduction of the market or stagnation at the current

level. All significant factors are negative or indifferent now for the Russian electronics industry. Budget expenses are reduced due to the low level of oil price and a reduction of export taxes volume. Even arms expenses are not

QUARTERLY MONITORING OF RUSSIAN DISTRIBUTORS SALES								Table 1
	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	
In Comparison with Q4 2010	106,7%	125,3%	133,7%	116,1%	94,8%	105,7%	106,1%	
Y2Y Growth	6,2%	14,9%	19,6%	-2,6%	-11,2%	-15,6%	-20,6%	
Q2Q Growth	-10,4%	17,4%	6,7%	-13,2%	-18,3%	11,5%	0,4%	

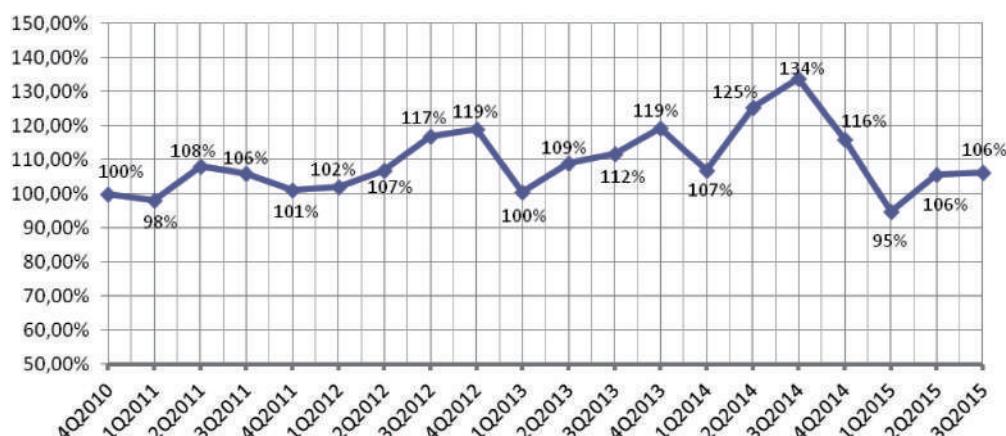


" Russian distributors are not melancholy. They look like skippers after a storm - all alive and all are excited "

growing more. Consumer demand has decreased as it depends on the budget expenses. Investment demand is dropped due to bad business conditions. The only positive factor is the import replacement in the end-products markets. But this factor is weak yet, it

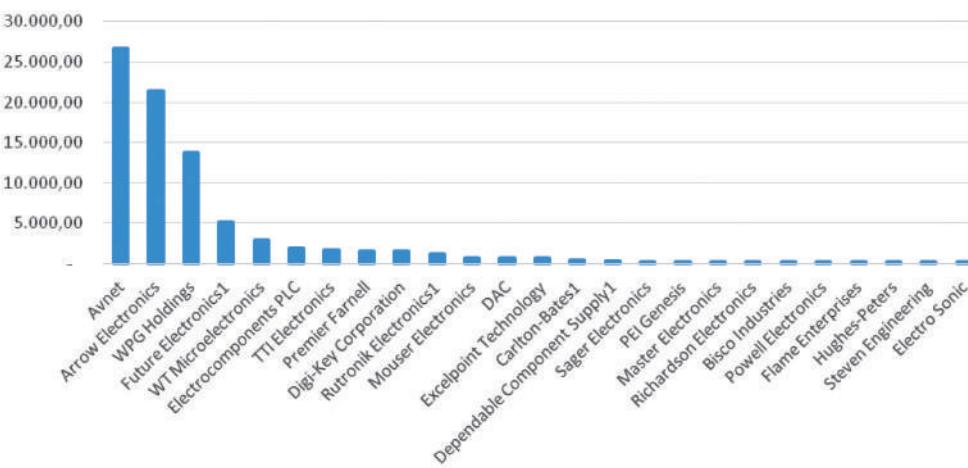
QUARTERLY MONITORING OF RUSSIAN DISTRIBUTORS SALES

Graphic 1



TOP 25 GLOBAL ELECTRONIC COMPONENTS DISTRIBUTORS

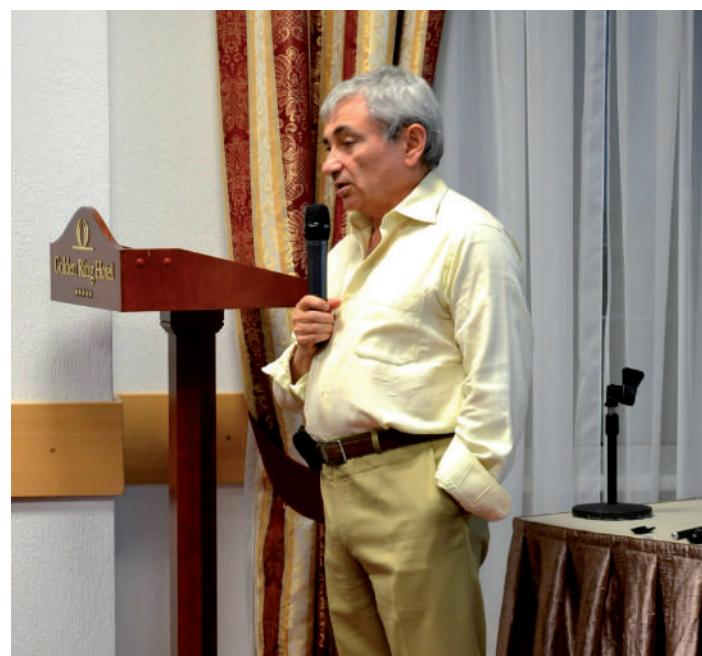
Graphic 2



Source: The EBN Top 25 Distributors survey 2013, www.edn.com

can't compensate all negative trends.

Participants of the Forum of Distributors predicted a market decline in 2015 by **12-17%** compared with 2014. Optimists predicted a slow growth in 2016 by 2-3%, pessimists predicted a slow reduction. Nobody thinks we will return to 2014 levels until 2018. Nevertheless, the Russian distributors did not look melancholy. They looked like skippers after a storm - all alive and all are excited.



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