



RUSSIAN ELECTRONIC COMPONENTS MARKET

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RUSSIAN ELECTRONIC COMPONENTS MARKET 2007

With the combination of a buoyant domestic market and rising foreign investment the Russian electronics industry is forecast to be one of the fastest growing electronics markets worldwide. To reflect this **Reed Electronics Research (RER)** is working with the leading Russian publishing and research Company **Electronica Publishing House** to market their unique insight into the Russian Electronics Components Market.

This comprehensive report provides:

- An in-depth analysis of the Russian electronic component market
- The breakdown of the market by industry sector
- An outline of the major manufacturers by industry sector
- An overview of Russian electronic component manufacturers
- Profiles for the top 10 foreign manufacturers of electronic components in Russia ranked by size
- An overview of foreign distributors of electronic components in Russia
- Profiles for the top 20 Russian distributors of electronic components in Russia ranked by size

For additional information contact:

Anita Caird, Sales Manager
anita.caird@rer.co.uk

Andrew Fletcher, Research Manager
andrew.fletcher@rer.co.uk

Reed Electronics Research
Harvard House
Grove Technology Park
Wantage, Oxon OX12 9FF
United Kingdom
Tel: +44 (0) 1235 227310
Fax: +44 (0) 1235 227322
website: www.rer.co.uk

In addition to the report *Electronica Publishing House* can also offer bespoke research and analysis on the Russian electronics industry. For further information please contact Andrew Fletcher, Research Manager, Reed Electronics Research. Email: andrew.fletcher@rer.co.uk / Tel: +44 1235 227310

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Number of Figures: 31

SAMPLE DATA

3.1 Industrial Electronics

The market for electronic components for industrial electronics applications was US\$380 million in 2006 and based on the results for the first six months of the year we forecast growth of 19% in 2007.

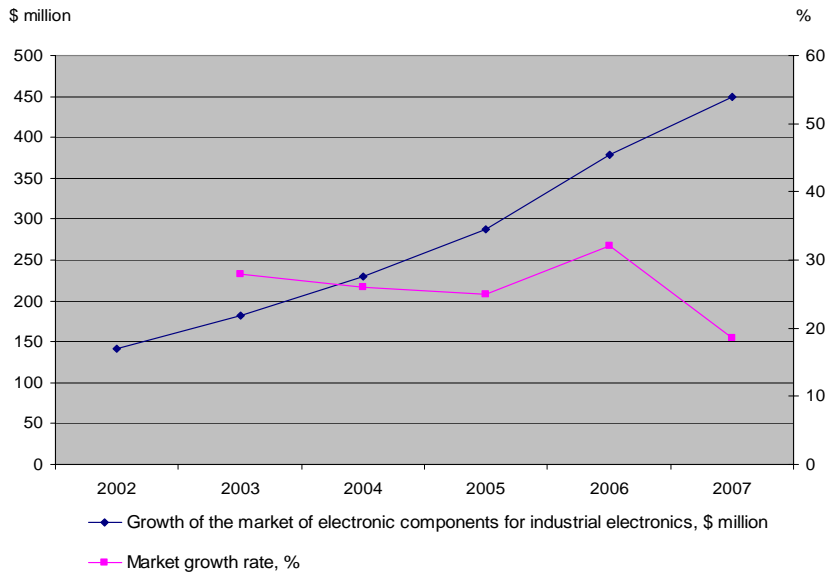


Figure 7 The Market for Electronic Components in Industrial Electronics Applications 2002-2007

The industrial electronics market comprises the following segments:

- Industrial automation (computer-aided manufacturing (CAM) controllers, sensors and instrumentation)
- Drives (general purpose, traction drive)
- Welding
- Power supplies
- Production and scientific equipment

Proportional shares of these segments are shown on Figure 8.

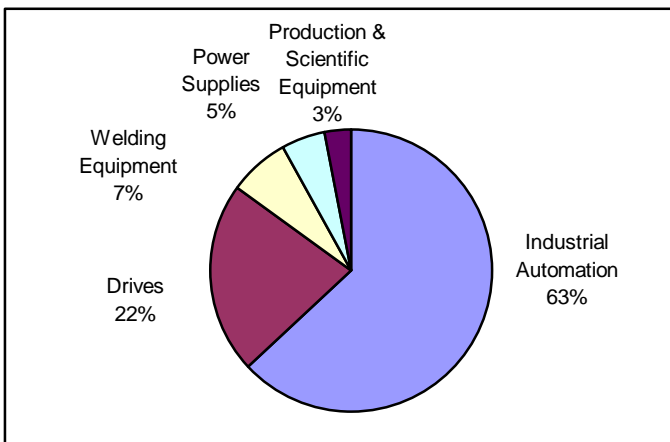


Figure 8 The Market for Electronic Components in Industrial Electronics by Segment 2006

3.1.2 Industrial Automation Equipment

Industrial automation is the largest segment of the industrial electronics market. The consumption of electronic components by manufacturers of CAM and instrumentation in 2006 amounted to US\$239 million, a year on year growth of 22%. The continuing modernization of Russian industry was the primary driver although the improved performance by domestic manufacturers of industrial automation equipment and higher activity in the market of railway transport control systems also contributed to growth. Orders from the energy sector were down in 2007, in part, due to delays in investment until after the Russian elections. Competition from foreign manufacturers, again in the energy sector, has also dampened growth.

An important feature of this market segment is the large number of relatively small-scale customers, including companies involved in the development and production of devices for their own internal use. Demand for components for use in spare parts is also significant.

According to our estimates, about a thousand enterprises develop and produce industrial automation equipment.

As a rule, manufacturers of industrial automation equipment also render services on systems assembly and commissioning. Acting as systems integrators, they use devices from both Russian and foreign companies along with their own equipment to fulfill the customer's order on a turnkey basis.

The largest manufacturers of industrial automation equipment include EleSy, Metran Industrial Group, Tecon, Fastwel and Owen. The annual consumption of electronic components by these companies amounts to US\$5-15 million.

EleSy (Tomsk)

www.elesy.ru

Established in 1990, the company's product range includes high-technology control and management systems for oil and gas enterprises. More recently, the company has been developing drive control systems.

Metran Industrial Group (Chelyabinsk)

www.metran.ru

The company was originally established by a group of specialists from the Pribor Chelyabinsk Plant in 1992, before being acquired by the Metran Group. In 2004, Metran joined US-based Emerson Process Management. The company carries out development and production of instruments for Russian industrial enterprises, it also sells and maintains the whole range of Emerson Process Management products.

TECON group of companies (Moscow)

www.tecon.ru

Originally established in 1990 the TECON group today comprises five companies and employs over 200 people. TECON is one of the most innovative developers of microprocessor based industrial automation systems in Russia. The product range includes both general industrial and specialized solutions.

Fastwel OOO (Moscow)

www.fastwel.ru

The company was established in 1998 and positions itself as a manufacturer of hi-tech industrial systems. The primary line of activity is manufacturing of built-in industrial computers and CAM controllers, although the company also offers contract manufacturing services.

5 Foreign Electronic Components Manufacturers

Among foreign EC manufacturers the major suppliers to the Russian market are outlined in Table 9.

Table 9 Sales by foreign electronic components manufacturers in the Russian market

Rating	Manufacturer	Sales volume in 2006 in the EC end consumer prices, USD million (official channel)	Growth, %		Independent suppliers share, %	Full volume of EC sales, USD million
			2006	2007		
1	Analog Devices					
2	Infineon					
3	ST					
4	NXP					
5	Atmel					
6	Microchip					
7	Texas Instruments					
8	IR					
9	Altera					
10	Tyco					

5.3 STMicroelectronics

The Moscow representative office of the STMicroelectronics company was opened in 2002. At present the company effects products promotion, coordinates distribution and sales. R&D department of the representative office coordinated participation of the Russian developers in researches of new microelectronics materials and technologies.

STMicroelectronics carries out direct sales of special components for digital television, supplies of other groups of products are effected by distributors.

Official distributors: Compel, Gamma SPb, Dectel Electronics, Dial-Electrolux, PetrolnTrade, Arrow, Digicom, EBV, Rutronik.

The shares of distributors' sales are the following:

- PetrolnTrade: about 40%, prime specialization – auto electronics
- Vissa group (including Dectel Electronics): over 35% of distribution sales, prime specialization of the distributor – consumer electronics

- Compel: over 10%, specialization – general purpose components
- The rest (Gamma SPb, Dial-Electrolux, Arrow, Digicom, EBV, Rutronik) – about 15% of distribution sales

The growth of distribution sales in 2006 made 17%, and that of direct sales – about 100%.

The most important groups of the company's customers are manufacturers of:

- Auto electronics, over 35% of all sales in Russia
- Industrial electronics, over 30% of sales
- Television equipment, about 30% of sales

Russian Distributors of Electronic Components

Table 10. Sales of Russian distributors of electronic components

Rating	Company	Annual sales volume in 2006, USD million	Growth in 2006/2005, %	Growth in 2007/2006, %
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7.2 Symmetron

Contact details:

24/2 Usievich street, 125315 Moscow

Phone/fax: (495) 797-5535, 797-5545

moscow@symmetron.ru

www.symmetron.ru

The official distributor of:

Infineon, Mitsubishi Electric, International Rectifier, Vishay, Micronas, Concept, Bolymin, PARA LIGHT, Switronic, TTI, Wells-CTI, Aries Electronics, Hitano Enterprise, Epcos, Murata, ACP, Kemet ERSA, Bernstein, ELME, Luxo, Radiel, Dima, Prokits, Wuerth Electronic, Richco.

Directors of the company:

Alexey Priima – president, strategic management.

Andrey Ognevsky – executive director, operative management.

Description

The head office of the company is located in Moscow, and the base warehouse – in Saint Petersburg. Besides, the company has its own offices in Novosibirsk, Minsk (Belorussia), Kiev, Kharkov (Ukraine) and a network of partners – regional representatives in big industrial cities of Russia.

Distributor Symmetron – Electronic Components ZAO (hereinafter – Symmetron) belongs to the NPO Symmetron group of companies. This group also comprises Micronika network of retail shops of electronic components, Symmetron-Promservice contract manufacturer, Dodeca Electric manufacturing company producing ballast for luminescent lamps, EUROSTAR.RU supplies processing equipment, materials and tools.

Symmetron is a supplier of the widest range of electronic components among Russian distributors. The company's warehouse has over 100 thou of items for the total value of more than US\$15 million. Symmetron supplies active, passive and electromechanic components from many foreign companies, as well as products of all Russian electronic components manufacturers. The sale shares by groups of products are the following:

- Passive and electromechanic components – 32%;
- Foreign-made semiconductor components – 48%;
- Domestic semiconductor components – 14%;
- Equipment – 6%.

For many large customers Symmetron is “number one” supplier regards the quantity of the components supplied. The company has received the best references from its largest customers for performance terms and accurate execution of its obligations to the customers.

Symmetron has all required certificates and permits for the supply of components to developers and manufacturers of the military and aerospace engineering. In this market the company strives to provide its customers with every thing required.

Symmetron used to apply independent distribution as the basic model of cooperation with foreign components manufacturers for many years. But in recent years it has been actively developing franchising distribution.

The major partners are:

- Infineon Technologies
- Mitsubishi Electric
- Murata
- Epcos
- Hitano

However there is no group of products and no brand that can be called focus for Symmetron. A large sales share (nearly 20%) is accounted for the Infineon Technologies products. This is the result of the Intech company acquisition, the leading distributor of Infineon Technologies products in Russia.

Military industrial complex enterprises and other former Soviet undertakings form an important group of Symmetron's customers. Symmetron's success in the market of such customers is due to availability of the complete range of

domestic components, including military specific ones, the opportunities of the company to search and supply rare and out-of-production domestic and foreign components, as well as flexibility in cooperation.

Another important group of customers for Symmetron include small manufacturing and overhaul plants. Availability of the required components at the Symmetron warehouse and accurate order processing system is of prime importance for this kind of customers.

However these groups of customers cannot be considered focus ones:

Symmetron works with all market segments equally enough. The company has achieved success both in close and open markets with mass serial and make-to-order production. Symmetron supplies its products to manufacturers of auto electronics, military equipment, industrial electronics, telecommunication and medical equipment.

Regional policy of the company implies development of its own sales offices in the largest industrial centers of CIS. Unlike Compel, Symmetron strives to establish direct relations with end customers in order to carry out design work from the first stages of development.

Symmetron has substantially strengthened its position in Moscow and Central region in recent years. The company has employed a considerable number of highly skilled managers and engineers. This was done by way of acquisition of Intech and Dodeca Moscow companies, as well as by way of engaging well-known and well-established specialists having experience of work in Russian and foreign distribution companies.

The Center of Advanced Technologies has been established and is developing in Moscow, which center provides engineering support to customers and design work with them.

Summary

- A wide range that includes all groups of electronic components
- One of the largest warehouses in Russia
- Quality of the orders processing
- Logistics quality
- Priorities in supply lines and consumer groups are pronounced slightly

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