



Business opportunities in the Russian Federation

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Chief Representative, Russia & CIS

Canada

 EDC
Realize a World of Opportunity

About EDC

- ▶ Canada's Export Credit Agency
- ▶ Crown corporation wholly owned by Government of Canada
- ▶ Financially self-sustaining
- ▶ Operates on commercial principles



EDC's Role



- ▶ To support and develop Canada's export trade and international business efforts
- ▶ Financing and insurance solutions for Canadian exporters and investors

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EDC Products & Services

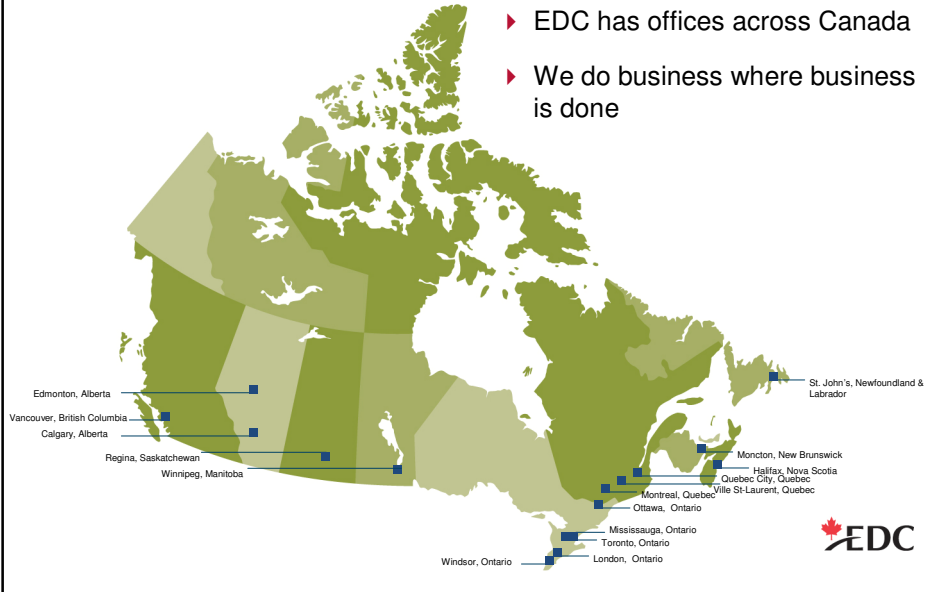
- ▶ Financing
- ▶ Insurance
- ▶ Bonding
- ▶ Market Intelligence & Matchmaking

Criteria for EDC support: Canadian benefits, Corporate Social Responsibility, Credit worthiness of borrower or risk counterpart, exporter financial and technical capabilities, etc.



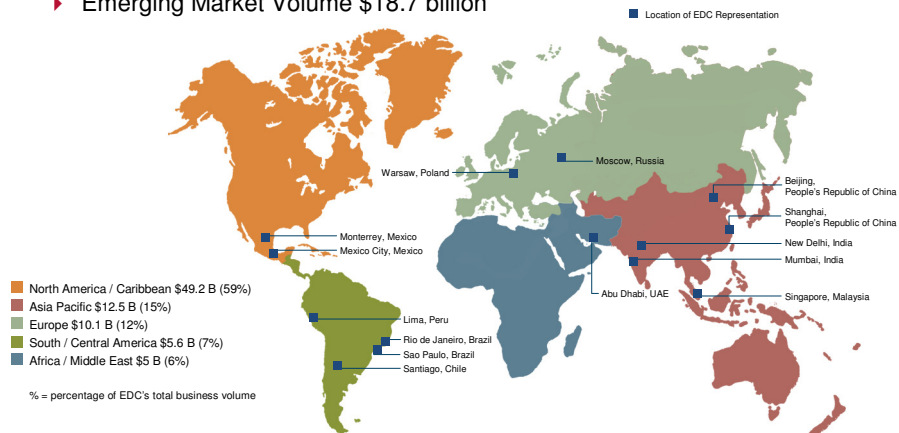
Connecting with Canadian Businesses Across Canada

- ▶ EDC has offices across Canada
- ▶ We do business where business is done





Expanding Global Reach

- ▶ Total 2009 business volume \$82.9 billion
- ▶ Emerging Market Volume \$18.7 billion



Russian Federation

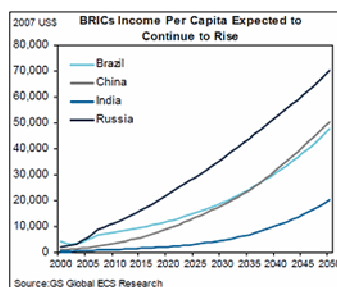
	RUSSIA 	CANADA 
Surface Area	17,098,242 km ² (1 st)	9,976,140 km ² (2 nd)
Population	140 million (9 th)	33 million (36 th)
Population Density	8.3 / km ² (221 st)	3.4 / km ² (228 th)
GDP	US\$ 2.1 trillion (7 th)	US\$ 1.3 trillion (15 th)
GDP per capita	US\$ 15,100 (75 th)	US\$ 38,400 (27 th)
Inflation (March 2010)	6.5%	1.4%
Exports	US\$ 296 billion (14 th)	US\$ 298 billion (12 th)
Mkt. \$ public companies	US\$ 1.5 trillion (10 th)	US\$ 2.2 trillion (7 th)

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Why Russia? – Growing Economy Now and in the Future

- ▶ Poised to become the largest economy in Europe in the next 20 years
- ▶ Growth forecasts for 2010 being revised upwards from 3% to as high as 6%
- ▶ Slowing inflation: 2010 estimates of 6%, lowest in 12 years
- ▶ Highest disposable income of all BRIC countries
- ▶ Resurgent consumer demand and restocking boosting output
- ▶ Gradual labour market revival
- ▶ Capital influx expected as investors flee debt-crisis in Europe



Strong Balance Sheet

- ▶ Russia is one of the least indebted states in the world with sovereign debt-to-GDP ratio of 7%

GOVERNMENT DEBT (percent of GDP)

RUSSIA	CANADA	EURO	INDIA	U.S.	ITALY	JAPAN
7%	77%	78%	89%	98%	121%	227%

Source: 2010 IMF World Economic Outlook

- ▶ En enviable debt and deficit positions, large current account surplus and high reserve holdings provide significant stability and flexibility
- ▶ Confidence demonstrated in April 2010 by Russia's heavily over-subscribed placement of US\$5.5 billion 5- and 10- year eurobonds at rates just over one percentage point above U.S. Treasuries (1.25% and 1.35%, respectively)

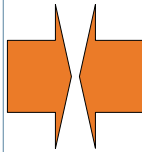
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Russia Infrastructure: Opportunities & Risks

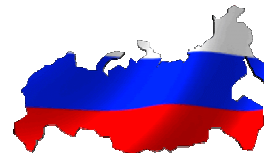
Opportunities

- Over US\$1 trillion in infrastructure investments needed
- Expertise for large scale modern products needs to be imported
- Expansion of oil & gas activities in Far East require significant infrastructure
- APEC 2012 and Sochi 2014



Risks

- Crisis effects: investment budgets, state funding cut
- Strong state, weak corporates: private sector weakness
- Recovery sensitive to oil and gas prices
- High degree of bureaucracy and corruption



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Trillion Dollar Need for Infrastructure (2010-2020)

- ▶ Government Action Plan 2007/2008 set out the need for US\$ 1 trillion in infrastructure investment through 2020
- ▶ Crisis stalled progress of several projects and made timing of government funding uncertain. Recovery in this sector expected to be robust

Infrastructure Industry Value Forecasts (US\$) 2009 – 2014

2009	2010	2011	2012	2013	2014
\$38 billion	\$50 billion	\$67 billion	\$81 billion	\$98 billion	\$116 billion

Source: Business Monitor International (February 2010)

Recent Developments

- ▶ Establishment of VEB Engineering by SNC Lavalin and Vnesheconombank to provide technical assistance on infrastructure projects to be financed by Vnesheconombank.
- ▶ Establishment of major joint venture between Novaar Capital Management and JSC Ural Industrial –Ural Polar and initial US\$750 million investment
- ▶ Introduction of government-backed infrastructure bonds

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Opportunities in Transport Infrastructure

Transport Infrastructure Industry Value Forecasts (US\$) 2009 – 2014

2009	2010	2011	2012	2013	2014
\$20 billion	\$26 billion	\$37 billion	\$46 billion	\$56 billion	\$68 billion

Source: Business Monitor International (February 2010)

- ▶ Roads / Bridges (45%), Railways (30%), Airports (10%), Ports / Harbours / Waterways (15%)
- ▶ Despite economic downturn, state funding on transportation infrastructure will continue to increase as 70% of all highways, railroads, ports and airports targeted for modernization or replacement
- ▶ RosAvtoDor (Russian Highway Agency) roadshow - seeking US\$16 billion in private investment and announcing state tender program 2010 – 2015 for eleven projects (toll roads, expressways)
- ▶ Three major PPP projects reach financial close April / May 2010: Pulkovo Airport (US\$1.1 billion), Moscow – St. Petersburg Highway (US\$2.1 billion) and Odintsovo bypass (US\$850 million)

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Major Projects in Transport Infrastructure

Type	Project	US\$	Phase	Sponsor
Rail	Moscow – St. Petersburg high speed rail line	13 billion	Feasibility	Russian Railways
Light Rail	St. Petersburg elevated express rail	1.2 billion	Tender	City of St. Petersburg
Light Rail	Sochi light rail	758 million	Procurement	Russian Railways
Highway	Krasnaya Polyana expressway	1.5 billion	Construction / Procurement	Russian Highways
Highway	Vilyui Highway improvement	1.4 billion	Procurement	Ministry of Regional Development
Airport	New airport in Irkutsk	1.4 billion	Design	Region of Irkutsk
Port	Murmansk Transportation Complex	2.1 billion	Construction/ Procurement	Region of Murmansk

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Opportunities in Energy and Utilities Infrastructure

Energy & Utilities Infrastructure Industry Value Forecasts (US\$) 2009 – 2014

2009	2010	2011	2012	2013	2014
\$19 billion	\$24 billion	\$30 billion	\$35 billion	\$41 billion	\$48 billion

Source: Business Monitor International (February 2010)

- ▶ Power Plants & Transmission Grids (65%), Oil & Gas Pipelines Infrastructure (35%)
- ▶ Russia has diversified and reliable energy infrastructure with a power use mix of gas (45%), hydroelectric (20%), nuclear (15%) coal (10%) and oil (8%)
- ▶ Nuclear is key growth area (target 30%), at expense of oil which is preferred as export. 26 new nuclear reactors targeted by 2030 including 4 floating plants in Yakutia, up to 49% stakes open to foreign investors
- ▶ Significant foreign participation recently secured in various hydroelectric, coal and windpower projects

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Major Projects – Energy and Utilities

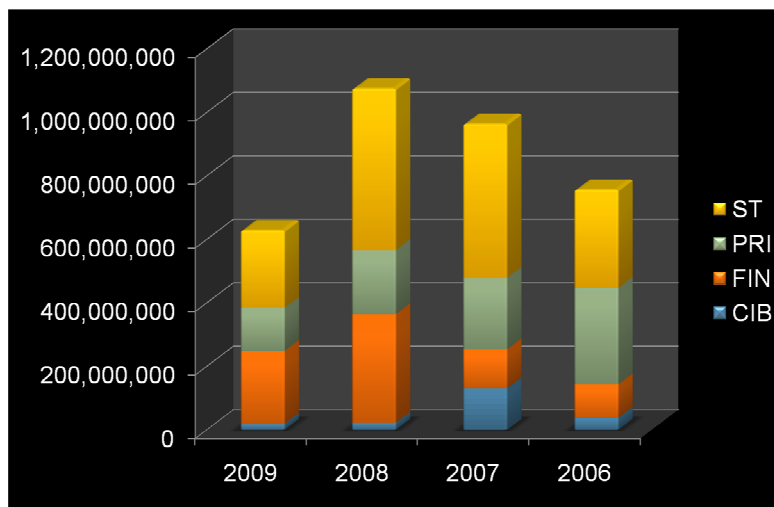
Type	Project	US\$	Phase	Sponsor
Generation	Baltiyskaya Nuclear Power Station	6.5 billion	Construction / Procurement	RosAtom
Generation	Kankunskayaa Hydro Power Plant	2.9 billion	Feasibility Study	RusHydro
Pipeline	Nord Stream gas pipeline	7.3 billion	Phase I Construction	AG Nord Stream
Generation	Kaliningrad Nuclear Power Station	6.8 billion	Design / Procurement	RosAtom
Generation	Russky Island Wind Farm	100 million	MOU	Ministry of Regional Development
Distribution	Modernize Sochi Water Supply System	190 million	Financing / Procurement	Evrazisky

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EDC in Russia

➤ In 2009, EDC served 175 customers in Russia & CIS



Recent transactions signed

Date of signing	Country of transaction	Principal Counterparty	EDC product	Transaction description	Range (Cdn.\$)	Canadian company
27/01/2010	Russia	OJSC Gazprombank	Financing	Sale of oil & gas field equipment related to the Prirazlomnoye Associated Gas Processing Project where the project sponsor is Monolit LLC	50-100 mln.	Thermo Design Engineering Ltd.
04/12/2009	Russia	Mobile TeleSystems OJSC	Financing	Telecommunications equipment and related services	100-250 mln.	Various Canadian Exporters – Telecom
18/05/2009	Russia	Mobile TeleSystems OJSC	Financing	Telecommunications equipment and related services	25-50 mln.	Ericsson Canada Inc.
28/02/2009	Russia	Northstar Trade Finance Inc. (Kopeyskiy Plastik Zao)	Guarantee	Sale of equipment	1-5 mln.	Macro Engineering & Technology Inc.



Canadian Success Stories in Russia



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TigerCat

