



Crisis does not deter international suppliers to the Russian market

Both Moscow trade shows, interplastica and UPAKOVKA/UPAK ITALIA, record steady visitor flow

While Russia's weak rouble, the dramatically declining oil prices and the challenging political situation are affecting the Russian market for plastics, rubber, packaging and process technology, business has by no means come to a grinding halt. Russia and its neighbours still have a substantial demand for investment and an unbroken interest in advanced machinery, production and process technology and high-tech materials. The domestic consumer goods and packaging industry is under pressure to improve its competitive edge so as to substitute the decline in imports. Hence, business owners and industrialists are keen to find out more about innovative technologies and maintain or establish business contacts with suppliers, even if business projects cannot be rolled out immediately.

Accordingly, there was a keen interest in the two major trade fairs for plastics and rubber, processing, packaging and printing, interplastica and UPAKOVKA/UPAK ITALIA 2015. Between 27 January and 30 January 2015, some 19,000 visitors from Russia, CIS and neighbouring countries attended both events. While many of them were regular visitors, there were also numerous company representatives, who attended the fairs because they expected the current market changes to improve their sales opportunities. About 950 exhibitors from 35 countries presented their products at Moscow's EXPOCENTRE in Krasnaya Presnya.

“Considering the current conditions, we are very happy with these results,” Werner Matthias Dornscheidt, Chairman and CEO of Messe Düsseldorf stated. “The fact that so many international exhibitors attended the interplastica and UPAKOVKA/UPAK ITALIA trade shows speaks of great confidence in the Russian market. And their commitment was rewarded by



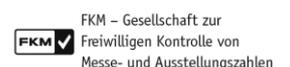
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an unexpectedly high number of visitors. This success confirms the significance of both events for their respective industries. In times of challenging political conditions and difficult business relationships, we hosted two major trade shows to ensure that business relations will remain unaffected.” Messe Düsseldorf and its subsidiary Messe Düsseldorf Moskau OOO co-host both trade shows. UPAKOVKA/UPAK ITALIA is hosted in cooperation with the Italian organiser Centrexpo.

Visitors used the four-day event to gather comprehensive information on the current range of international products. They unanimously provided positive feedback on the undeterred attendance of global businesses. In turn, exhibitors were delighted by the keen interest of the trade show visitors who did not seem discouraged by the fact that many Russian businesses are currently dealing with major challenges. Project financing was identified as one of the most detrimental challenges, particularly for medium-sized and small companies.

Despite the drop in orders, Germany has not lost its rank as the most important supplier to the Russian plastics and rubber processing market by far and has retained a market share of 35.5%, followed by China with 14.9% and Italy with 14.7% (2013). The current figures reflect the challenging situation facing the Russian consumer industries: over the first eleven months of 2014, Germany sold plastics and rubber machines worth EUR 141.9 million, down 30.7% on the previous year’s results. In 2013, the global export of plastics and rubber machines to Russia only dropped by 4.7 % compared to the previous year, totalling EUR 615.7 million.

Bernd Nötel from the VDMA Association for Plastics and Rubber Machinery knows that the Russian market is and remains to be important for German machine manufacturers: “Experts are convinced that Russia’s per-capita consumption of plastics products will rise steadily over the next few years. This is a major opportunity for suppliers of high-end processing machines. Investments are planned and necessary, but many projects have been delayed because of the financial uncertainties resulting from the fast-changing exchange rate. However, German suppliers are well aware of the importance of their commitment at this particular point in time and they are willing to attend interplastica in order to personally present new products

and maintain good customer relations in these difficult times. Both sides would like to see more diplomatic efforts to defuse the current political conflict and they are unwilling to jeopardize the traditionally good relations between German companies and Russian business partners. Russia still needs to enhance its value-added chain. The raw material processing segment has seen first developments, all be it at a low level.“

Mario Maggiani, CEO of Assocomplast, the Association of Italian Machine Manufacturers confirms the essential importance of the Russian market. “Despite the fact that our exports to Russia have dropped by about one fifth, Russia is and remains to be one of the five most important markets for Italian manufacturers of plastics and rubber machinery. Even though we must anticipate similar results in 2015, none of the Italian companies active in this market intends to withdraw from it. The market has major long-term potential. The current problems are caused by the weak rouble and the massive interest on borrowings for those few companies that were fortunate enough to qualify for loans in the first place.“ Among the Italian exhibitors at interplastica were many companies with long-standing business relations in Russia, and they are keen to maintain their personal contacts, which still play a major role in the Russian business world. Also attending the event were many visitors from other CIS nations such as Armenia, Kazakhstan, Belarus, Ukraine and Uzbekistan.

The wide range of international products and services presented by the exhibitors was enhanced by a support programme that met with a keen interest from visitors of the interplastica 2015. Complementary presentations and discussions with a focus on plastics recycling and bioplastics were hosted at Polimer Plaza in Hall 1. In addition to this, open seminars for exhibitors provided insights into current developments in raw material production and application.

The next interplastica will take place from 26 until 29 January 2016 in Moscow, again in tandem with UPAKOVKA/UPAK ITALIA. For more information, please visit www.interplastica.de or contact Messe Düsseldorf GmbH, Hannes Niemann, Phone +49-211.4560.7768, Email: NiemannH@messe-duesseldorf.de, and Claudia Wolfgram, Phone +49-211.4560.7712, Email WolfgramC@messe-duesseldorf.de

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Exhibitors' comments on interplastica 2015:

**Antonio Cappadona, General Director of Arburg's representation
Transtekhnika-Vostok, Moscow/Russia**

We have been active in the Russian market for many years and we have dealt with our share of crises. At present, investment is at a minimum and this caused a 50% drop in our business volume in 2014 compared with the previous years. We sincerely hope that the situation will improve because many projects are currently on hold. Eventually, this investment lag will come to an end. The automotive segment has been affected particularly badly. Food and beverage is doing a bit better, as there are many international companies with representatives in Russia. These days, our customer service representatives are particularly busy.

**Judith Hicks, Senior Business Communication Manager, Dow Europe
GmbH, Horben/Switzerland**

We want to emphasize our commitment to the Russian market especially in these hard times. Our company has been active in this market for more than forty years and we have experienced many ups and downs. Most of our customers are working in the food industry and in industrial packaging. By helping them to grow, we increase our share in this market. At our exhibition stand, we provided information on numerous subjects with activities such as "Pack Talk" and received very positive feedback. Our two meeting rooms were occupied at all times. Most of our visitors were from Russia, mostly from Moscow and its vicinity, but we also welcomed customers from neighbouring countries such as Kazakhstan or Poland. For the first time, we also operated a small stand at the UPAKOVKA/UPAK ITALIA, in order to target customers from the packaging segment.

Kambiz Mirkarimi, Commercial Manager, JPPC – Jam Polypropylene Co. (P.J.S.), Tehran/Iran

Business relation between Russia and Iran are growing with institutions such as the Iran-Russia Joint Chamber of Commerce becoming an increasingly important platform for information exchange, mutual consultancy, initiation of partnerships, networking and marketing activities. Our participation in the interplastica, the most important trade show for plastics and rubber in Russia, is also an important part of our promotion strategy for our products. We offer high-tech materials for applications in the fibre, automotive, domestic goods and other industries. This is a good time for Iranian companies to step up their business activities in Russia. An easing of customs restrictions and the direct route of transport across the Caspian Sea are also beneficial. We are very happy with the feedback we received at this trade show and with the high number of specialists who visited our stand. We welcomed guests from all over Russia, Armenia, Turkey, the Ukraine, Uzbekistan and Belarus and had many interesting meetings.

Reinhard Elting, Sales Director Eastern Europe, Windmüller & Hölscher, Lengerich/Germany

Many customers attend this trade show even if they can't acquire any products at the moment. The current situation is really far from rosy, but there is still some satisfying business to conduct with customers that still have financial options to draw on. The weak currency is a major drawback, particularly because some customers are now running into difficulties covering their debts. There are leasing companies, which are now offering financial restructuring measures for customers to alleviate the most pressing problems. We also offer safe financing models to our long-standing business partners. Many customers from the packaging segment have told us about their dilemma: while they have an urgent need for more capacities and wish to extend them, they have no feasible borrowing options. Although we would like to see swift improvements in this situation, we remain sceptical, as we are dealing with a political problem and not with a purely economic crisis.