MARKETS

Customs Union market:
- Optical fiber import in Russia was doubling annually during 2009-2012.
- Cable imports in Russia in 2012 totaled USD 1.35 bn, growing by 32% per year on average.
- Fiber-optic cables account for slightly more than 5% of total cable imports, but grows twofold faster – 66% a year.
- All cable (inc. fiber optics) manufacturing plants import optical fiber, mostly from the USA and Japan.

Internal market of Belarus:
- In 2012 Belarus exported fiber-optic cables to Russia to the value of USD 34.2 mn, which accounts for 47% of total Russia’s fiber optics import in money terms.

PROJECT

There is provided a project on building a modern plant on production of optical fiber and fiber-optic cables. Prerequisites of the project implementation are the following:
- Demand for optical fiber, generating by cable plants in Russia and Belarus, is almost fully covered by import.
- In 2012 Russia imported fiber-optic cables to the value of USD 72 mn, annual average growth rate over the last 4 years was 66%.
- Russian fiber optics market is estimated at more than USD 900 mn.
- In the implementation stage there are “fiber optics to the house” projects – increase of worldwide average internat connection speed from 9 to 34 Mbit/c by 2016.
- Capital expenditures for the project may total USD 25-30 mn, IRR – 15-18%.

MARKETS

OPTICAL FIBER MANUFACTURING

Cable imports in Russia, USD bn

Optical fiber imports in Russia, t

Imports of fiber-optic cables in Russia, USD mn
MARKET OPPORTUNITIES

Global opportunities:
- During 2007-2011 there has been a trend of fiber optics consumption growth in BRICS countries (from 49% to 64%), which indicates the willingness to reach the data transmission speed of the level of advanced economies.
- Telecommunications market is projected to grow in the near 5 years owing to two key segments: data transmission services and development of fixed and mobile broadband communication.
- With usage of fiber-optic cables the internet access speed by means of broadband channels is projected to grow from 9 to 34 Mbit/c, since such a way of data transmission is the most secure and effective.

Local opportunities:
- FTTx-projects development («fiber optics to the house»): FTTP – fiber optics to the user, FTTB – fiber optics to the building, FTTC – fiber optics to the house and office – increase of data transmission speed.
- The following telecommunication projects are going to be implemented: Vladivostok – Jacksonville (submarine cable of 35000 km length), Europe-Asia via Murmansk (of 17000 km length), etc.

INVESTMENT OPPORTUNITIES

Launching optical fiber manufacturing:
- Capex may total USD 25-30 mn.
- Payback period is 4-5 years.
- IRR varies between 15-18%.

Launching manufacturing of fiber-optic cables:
- Capex may total USD 10-15 mn.
- Payback period is about 3-4 years.
- IRR varies between 20-23%.

POTENTIAL INVESTORS

- Strategic investors – companies with appropriate technologies and experience in fiber optics manufacturing, aimed at local content.
- Backward integration:
  - companies, for which fiber optics is the main raw material (optical, quartz, cable, etc.).
  - companies, for which fiber-optic cables is the main raw material (telecommunication, energy, etc.).