

# **Electricity Metering Update 2017:**

**Europe and APAC the key growth regions  
as China's rollout nears completion**

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# Key Advanced Meter Infrastructure (AMI) Global Developments

**China still the largest regional market, but it's share of the total drops 9%**

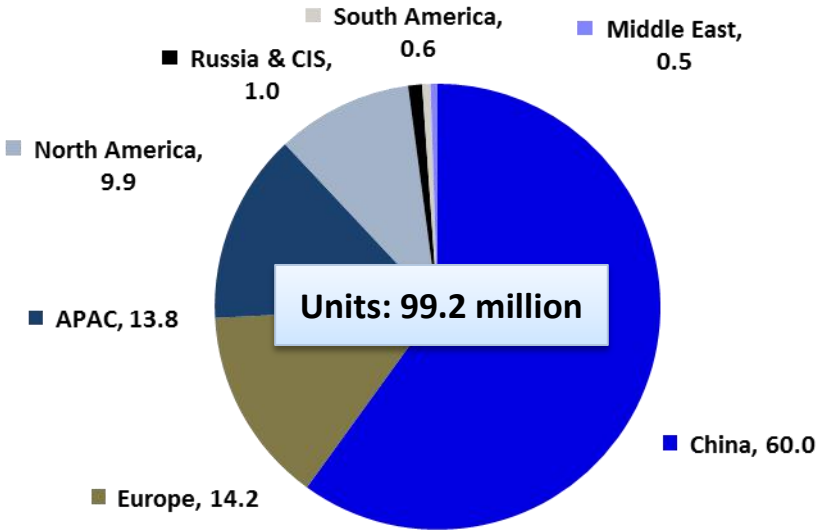
Global market shipments were largely stable in 2016, increasing by 1% from 98.4 million in 2015 to 99.2 million in 2016.

China accounted for 60% of global shipments in 2016, a decline from 69.1% in 2015. China will remain the largest country market for some time, mainly driven by the replacement of first generation meters.

Europe overtook North America to be the second largest market in 2016 with 14.2% up from 9.4% in 2015. This was due to a number of countries accelerating their rollouts, including France, Netherlands and the UK. Spain remained a key market, although its rollout is nearing completion.

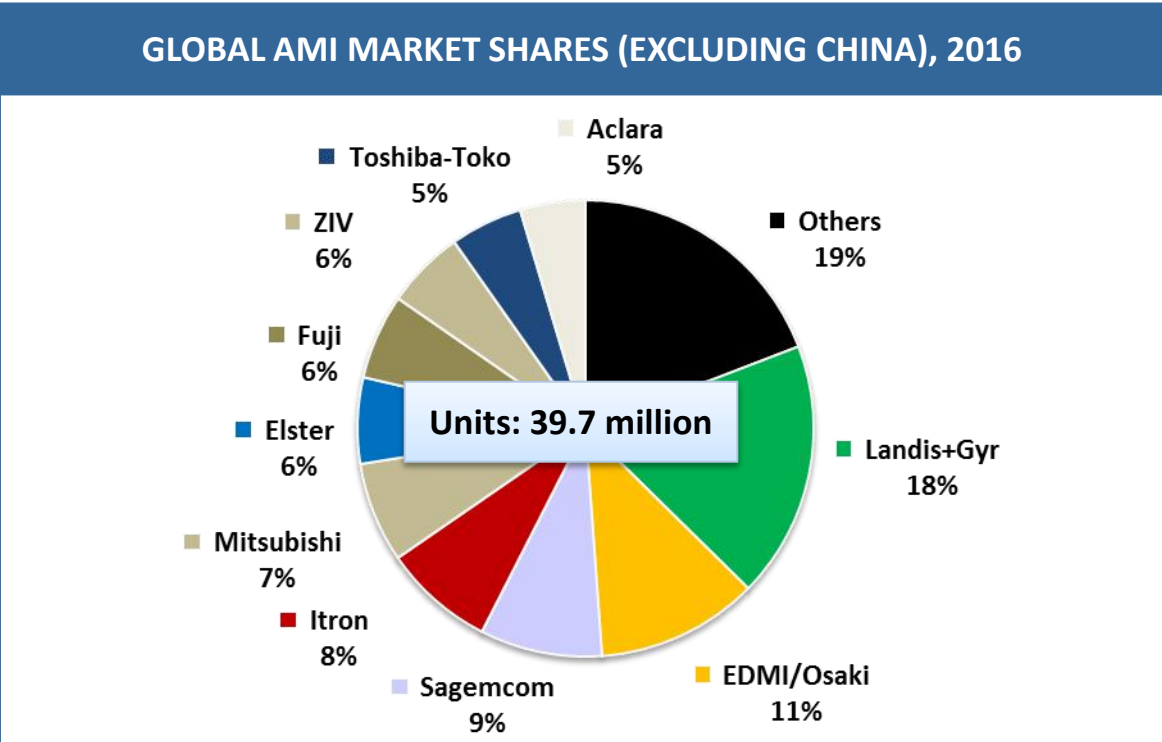
APAC fell behind Europe with 18.3%, but still increased on 2015, mainly due to the rollout in Japan. North America remained below 10% of the global market as several large rollouts were completed. The remaining regions accounted for 2% of the market.

## REGIONAL AMI MARKET UNITS SHIPMENTS, 2016



# Global AMI Competitive Landscape

<p><b>Consistent growth in global shipments</b></p>	<p>2016 saw global AMI market shipments excluding China increase by 30.1% to 39.7 million from 30.5 million. Europe and Asia Pacific, specifically Japan, were the key markets behind this growth.</p>
<p><b>Landis+Gyr retains pole position in AMI segment</b></p>	<p>Landis+Gyr remained the global leader in 2016 despite tough competition from EDMl and Sagemcom. An increase in shipments to Europe, and the US helped Landis+Gyr retain its pole position. Japanese players all gained share due to sales in their domestic markets.</p>



# North America AMI Competitive Landscape

North American market declines as several major projects reach completion

North American smart meter shipments increased by 5% compared to 2015, totalling 9.8 million. Smart metering has now reached a 60% penetration rate in North America and many major utilities have rolled out smart metering. However opportunities do exist, as the remaining utilities begin their own rollout programs – the New York utilities are a key example.

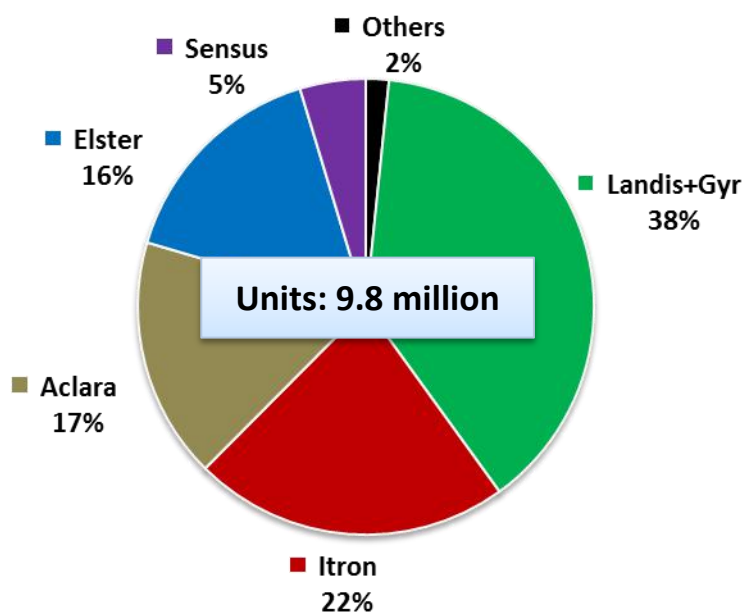
Mid-to-long term opportunities from asset upgrades

Short-term declines will soon give way to mid-term opportunities. Those utilities that installed meters in the 2000s will increasingly look to upgrade their metering assets to take advantage of new functionalities.

Landis+Gyr continues to lead the North American market

Landis+Gyr increased its market share by 7% in 2016 to 38%, well ahead of Itron with 22%. Aclara has strengthened its position with several big wins in 2015-16 that it is now delivering on. The big question will be who dominates the second wave of replacement metering? Incumbency is a big advantage in this market, so Landis+Gyr and Itron will be seeking to build on historic successes.

## NORTH AMERICA AMI MARKET SHARES, 2016



# South America AMI Competitive Landscape

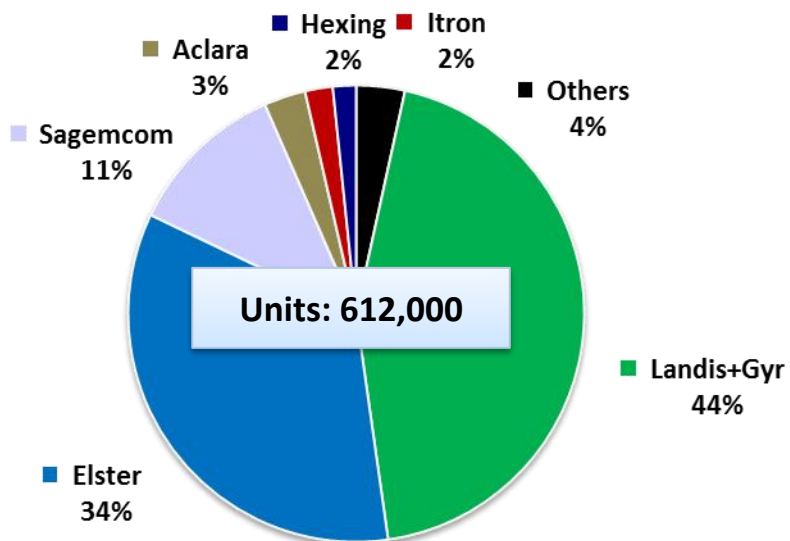
## Overall market activity remains low in 2016

Progress in the rollout of smart metering has stalled in key countries as shipments fell to 612,000 in 2016. Brazil's Light - Sao Paulo project was the only active major project, however Frost & Sullivan expects other distribution companies to gradually implement smart meter rollouts, particularly as the economy has shown some improvement. We expect 17.2 million shipments in Brazil by the end of 2025. For all other countries, the long-term business case remains, but project delays have meant that levels have stayed low.

## Landis+Gyr must focus on long term contracts

Landis+Gyr's share declined in 2016 but still maintained its leadership of the market, 10% ahead of second placed Elster. There is strong competition within the market – Sagemcom has aggressively targeted this market by virtue of its relationship with Enel. Chinese manufacturers are also challenging, both in their own right and through their investment in local manufacturers.

## SOUTH AMERICA AMI MARKET SHARES, 2016



# Europe AMI Competitive Landscape

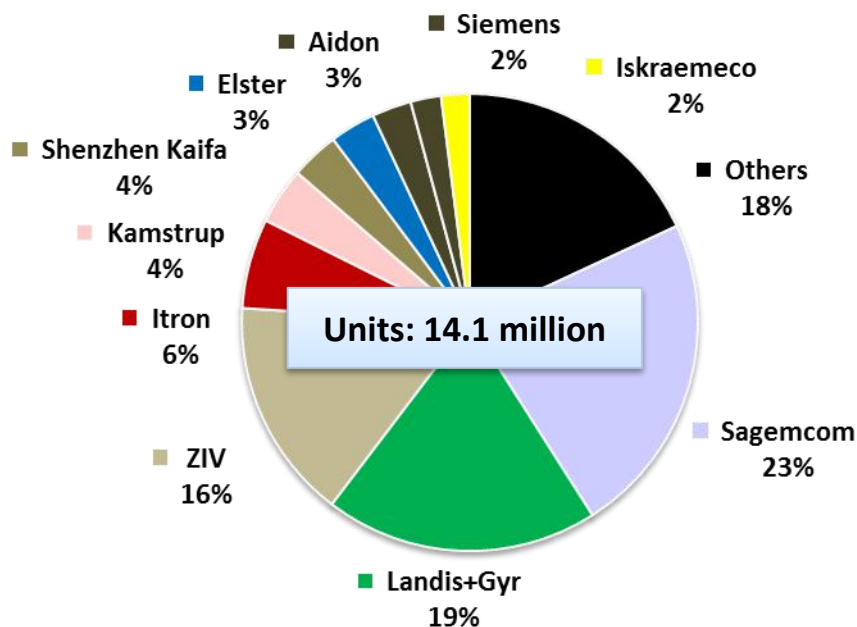
## Total shipments surge for 2016.

Shipments increased substantially in the European market to 14.1 million, chiefly attributed to the aggressive rollout in Spain and the increased momentum behind the rollouts in France and the UK. Other key markets currently rolling out smart meters included Austria, Netherlands and Norway. We expect the penetration level to reach 50% by 2020 in Europe. Italy is forecast to begin replacing smart meters in 2020 and Sweden has already started the replacement of some first generation meters. Other growth markets include Romania and Portugal.

## Sagemcom retains leadership, but significant decrease from 2015 position.

Sagemcom retained leadership of the market, as it dominates supply for the rollout in Spain, however it lost 12% market share on 2015. Landis+Gyr declined 2%, but retained second place. With the Spanish roll out peaking, Landis+Gyr is likely to reclaim market leadership in 2017, as it has stronger presence in the UK, as well as being a significant player in France, Austria and the Netherlands. ZIV is a strong third, but its future success will be dependent on building its presence outside of the Iberian market. Itron recovered from near zero shipments in 2015 to secure 6% of the market, mainly through shipments in France, Austria and the UK. Itron has defined a narrowed market approach emphasizing the UK and French markets.

## EUROPE AMI MARKET SHARES, 2016



# Asia Pacific (ex. China) AMI Competitive Landscape

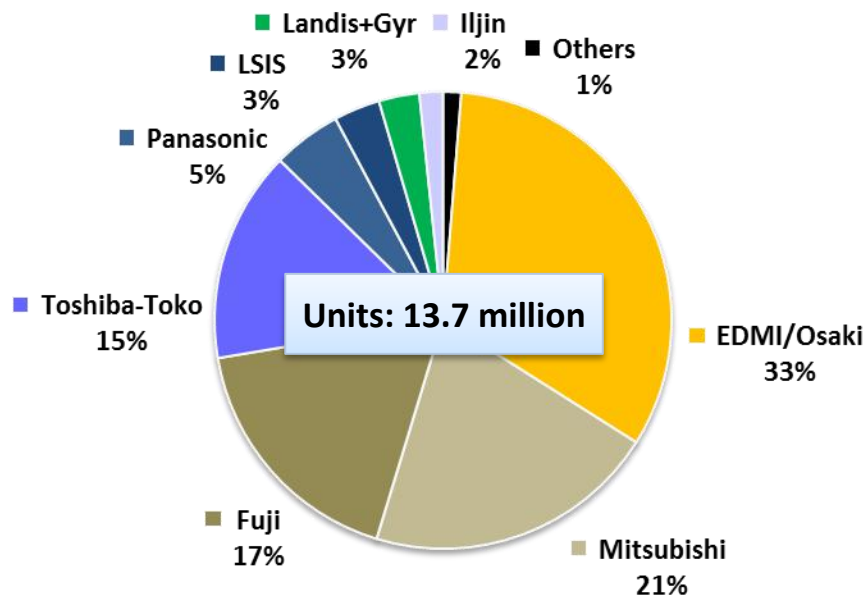
## What's next after Japan?

2016 saw shipments increase to 13.7 million due to Japan's on-going smart meter rollout which is expanding at an annual average of greater than 8.5 million. While substantial, we expect the rollout to be largely completed by 2022 with 30% of the rollout having already been completed. In contrast, India has scarcely begun implementing smart meter programs as part of an effort to advance its grid infrastructure. The country faces financial challenges in its distribution sector. Other key markets in the region include Malaysia, Singapore, Taiwan and South Korea.

## Japanese manufacturers dominate

Japanese players dominate the market by virtue of their home country's rollout and account for 90% of the APAC market. EDM/Osaki in particular also have a strong presence in the wider APAC market excluding Japan. Landis+Gyr is present in Japan via communication devices supplied as part of the TEPCO rollout. The non-Japanese market is likely to be competitive with Chinese players aggressively targeting future markets such as Malaysia, Indonesia and Vietnam.

## APAC AMI MARKET SHARES (EXCLUDING CHINA), 2016



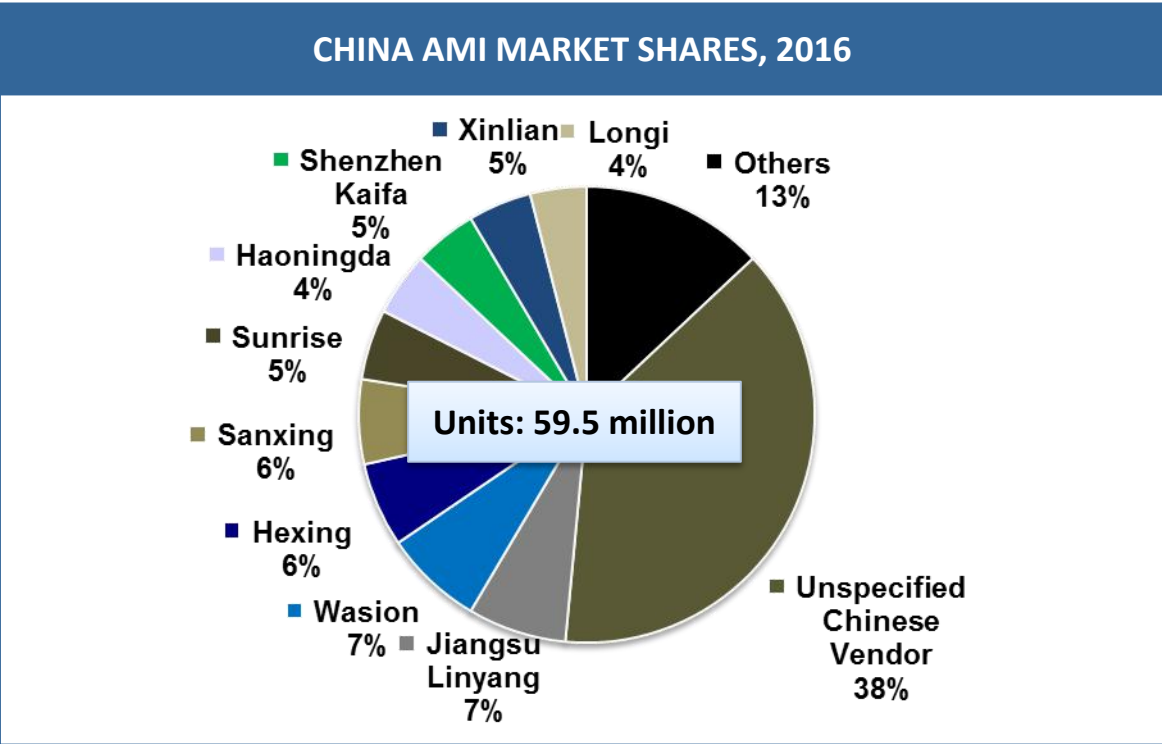
# China AMI Competitive Landscape

**As, rollout nears completion, we expect shipments to decline by around 40% from current levels**

In 2016, Chinese AMI shipments stood at 59.5 million units, decreasing by 15% compared to 2015. The primary reason being the slowdown in demand as the rollout is approaching completion. However, Frost & Sullivan expects opportunities for stockpiling and the replacement of existing smart meters, given China's relatively short product lifecycle.

**Few significant changes expected in the market landscape**

Domestic players maintained their supremacy in 2016 and we expect this trend to continue. As market shipments decline players will increasingly focus on opportunities outside of China, particularly South East Asia.





# Russia & the CIS AMI Competitive Landscape

Led by Russia and Uzbekistan, shipments rose by 136% in 2016

An improvement in regional economic conditions in Russia has boosted market activity with shipments expected to increase to 750,000 in 2017, meanwhile Uzbekistan, as a result of its rollout, witnessed an increase in shipments for 2016 and we expect this trend to stay for the next 2-3 years.

Shenzhen Kaifa, is the market leader for 2016

Shenzhen Kaifa has taken the market leadership from ADD, mainly due to the Uzbekistan rollout, with the country aiming to install 1 million meters by 2020. Concern Energomera was second, beating ADD by 6%, on the back of shipments to Russia. Local manufacturer LEMZ was fourth and Sagemcom, which has local manufacturing capabilities was in fifth place. Chinese suppliers are likely to build a presence in this market, either directly or through sub-supply to domestic manufacturers.

## RUSSIA & CIS AMI MARKET SHARES, 2016

