

Press release  
July 27, 2017  
Togliatti

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## **AVTOVAZ Group increased revenue by 17.6% and got close to operating breakeven in H1 2017, but underlines risks for H2**

AVTOVAZ Group (AVG) announces its H1 2017 IFRS results. The positive trends regarding market share, revenues and financial results have continued. First signs of a recovery of the Russian automotive market (+7% to H1 2016), a growing market share, and the ongoing restructuring drove the financial recovery.

In H1 2017, AVG sold 140,231 vehicles in Russia under the LADA brand, 13% more than in the same period of 2016 (124,353 vehicles sold). LADA's domestic market share (passenger cars + light-commercial vehicles) increased by 1 point to 19.5%. This achievement was largely driven by growing sales of LADA's new generation models – the LADA Vesta and the LADA XRAY, supported with the expansion of their line-up (new versions, new trim levels). Five LADA models achieved positions in the list of TOP 20 bestsellers: the LADA Granta (2nd), the LADA Vesta (3rd), the LADA XRAY (9th), the LADA Largus (14th), and the LADA 4x4 (17th).

AVG succeeded in increasing export sales of LADA vehicles (including knocked-down kits) by 76% versus the same period of 2016, mainly driven by the expansion of the SKD assembly in Kazakhstan and the commercial launch of LADA Vesta. AVG also sold 48,487 Renault, Nissan and Datsun cars to its Alliance partners.

As a result, AVG's revenue grew to 102 B-RUR, which is 17.6% better than in H1 2016. AVG has got close to the operating breakeven with 4.0 M-RUR of loss (improved by 9 B-RUR compared to H1 2016). Net profit remained negative at 4 B-RUR (improved by 23 B-RUR). Furthermore, AVG underlines ongoing risks that may negatively affect the Company's performance in H2 2017. Raw material price increases, and worsening forex conditions are among them. To offset these, the Company continues its restructuring plan.

**AVTOVAZ Group President and CEO Nicolas Maure** said: *“We welcome the improvement of both the sales results of the LADA vehicles and the financial results of AVG. Despite some ongoing risks, the Group is on the right track for its financial recovery. The support from our main shareholders – the Renault-Nissan Alliance, and the Rostec State Corporation – will help to strengthen the balance sheet of the Company. The ongoing optimization of costs, the increased localization, and the confirmed market growth in Russia make me confident in the Group's capabilities to offset upcoming headwinds from currency fluctuations and raw materials price hikes, still confirming the objective to reach stable positive operating results in 2018”.*

# AVTOVAZ



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**Additional information:**

*PJSC AVTOVAZ is the largest manufacturer of the Renault-Nissan Alliance in Russia, and its Togliatti plant is one of the largest car plants worldwide, producing cars in full cycle under 4 brands (LADA, Renault, Nissan and Datsun). AVTOVAZ's Izhevsk plant produces cars under the LADA and Nissan brands. Today LADA is represented by 20 models and variants in the segments B, B+, SUV and LCV, priced from 389 to 850 K rub in the Russian Federation. The brand has an average share of 20% of the Russian passenger car market, and has the largest dealership network in the country with 331 centers.*

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