



Press release
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Togliatti

For 9M 2017, AVTOVAZ increased LADA vehicle sales in Russia by 16.5% and Group revenues by +21.5%. The Company reports improved operating profit but underlines upcoming risks and focuses on the improvement of net results

AVTOVAZ Group (AVG) announces 9M 2017 IFRS results. The growth of the Russian automotive market, LADA's further growing market share in the Russian market, and intensive recovery and restructuring activities led to continued improvements of the Company's financials.

During 9M 2017, AVG sold 221,207 LADA passenger cars (PC) and light commercial vehicles (LCV) in Russia, 16.5% more than in the same period of 2016. This exceeds the growth of the overall car market (which grew by +10.6%). LADA's domestic market share (PC+LCV) increased by 1 point to 19.6%. This growth is largely driven by LADA's new models – the LADA Vesta and the LADA XRAY. Three LADA cars were in the TOP10 of the Russian bestsellers: the LADA Granta (2nd), the LADA Vesta (3rd), and the LADA XRAY (8th). The start of sales of the newest LADA Vesta SW/SW Cross planned for end of October 2017 will further strengthen the brand's leading positions on the domestic market.

AVG also increased its LADA exports (including KDs) by 61.6% versus the same period of 2016.

The growing attractiveness of LADA cars on the market, the introduction of the new State market support measures ("the first car" and "the family car") in addition to the phasing out fleet renewal program provided AVG with a revenue growth to 158.6 B-RUB, 21.5% better than in 9M 2016. The ongoing strong cost reduction program as well as positive foreign exchange rate (fx) effects led to a positive operational profit of 2.5 B-RUB. The net profit still remained negative with -4.5 B-RUB.

Furthermore, AVG underlines ongoing financial risks that may negatively affect the Company's financial performance in Q4 2017. Raw materials' price increases, changing forex conditions, and possible provisions are among them. To offset these, the Company continues its cost optimization plan.

AVTOVAZ Group President and CEO Nicolas Maure said: *"I thank all AVTOVAZ Group teams for the big achievements done in these 9 months of 2017. The Group's positive operational results in 9 months of 2017 are partly based on exceptional factors, including*

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the introduction of new State support measures in addition to the phasing out fleet renewal program and the delayed effect of favorable fx in the first 6 months. In view of upcoming headwinds, we must further protect the Company from external risks, and proceed with the cost reduction activities based on strict execution of the action plans. On this basis, we keep our forecast to have positive operational results in 2018, and to further improve the net result.”

Additional information:

AVTOVAZ Group 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 brand. Today LADA is represented by 20 models and variants in the segments B, B+, SUV and LCV. The brand has an average share of 20% of the Russian passenger car market (PC+LCV), and has the largest dealership network in the country with more than 300 centers.