



Press release
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Togliatti

AVTOVAZ Group continues its financial recovery

AVTOVAZ Group (AVG) announces its IFRS results for Q1 2018. During this period the Company continued expansion of LADA sales on the Russian and export markets, and increased revenue and operating margin. AVTOVAZ improved its balance sheet structure as a result of a 61.4 B-RUB debt-to-equity conversion by Renault and Rostec.

In Q1 2018 AVG sold 79,114 LADA cars in Russia that is 28.8% more vs the same period of 2017, which is to be compared to the 21.7% average growth of the retail market. The Brand increased its share in the Russian passenger cars (PC) and light commercial vehicles' (LCV) market by 1 p.p. – up to 20.1%. Growing popularity of the LADA new generation models – Vesta Sedan, SW, SW Cross and effective governmental market support measures made significant contribution to this success. Three LADA models entered the TOP-10 list of bestsellers in Russia – the LADA Vesta (2nd position), the LADA Granta (3rd position) and the LADA Largus (8th position).

From the beginning of 2018 AVG has been increasing export shipments that grew up to 7,861 units or +25.1% vs Q1 2017. The Company nominated a new importer who opened new dealerships in the Republic of Belarus. AVG also launched its newest models - the LADA Vesta SW and the LADA Vesta SW Cross – in Kazakhstan with local SKD assembly. The LADA cars are soon to go on sale in Tunisia and Chile. AVG exports benefit from the Russian State support programs.

LADA sales success on the domestic market, growing export volumes, ongoing cost optimization activities with suppliers and within the plants allowed AVG to further strengthen its financial performance. In Q1 2018 the Company recorded consolidated revenue of 64.8 B-RUB that is 40.8% more than in Q1 2017. Operating margin amounted to +1.8 B-RUB vs -0.9 B-RUB last year, while the net result improved by 3.4 B-RUB compared to last year reaching 0.6 B-RUB.

President of PJSC AVTOVAZ Nicolas Maure underlined that the financial success of AVG in Q1 2018 must not be overestimated at this stage. *“I’m thankful to all AVTOVAZ teams for their contribution and to our shareholders – Groupe Renault and Rostec – for their strong contribution to the ongoing recapitalization of the Company. However I must underline the risks that may influence our future performance. Significant FOREX fluctuations in the beginning of April 2018 might negatively impact the Russian automotive market and AVTOVAZ financial results later this year. We intend to keep the highest localization ratio in the Russian automotive industry (86%), continue optimize both variable and fixed costs and further develop the LADA model range to overcome these headwinds,”* - stated **Mr. Maure**.

**Additional information:**

The AVTOVAZ Group is part of the Alliance Renault-Nissan-Mitsubishi and produces cars under 4 brands in full cycle: LADA, Renault, Nissan, Datsun. Production facilities of the Group are located in Togliatti – PJSC AVTOVAZ and in Izhevsk – LLC LADA Izhevsk.

Today the Brand is presented by 22 models in the B, B+, SUV and LCV segments that are grouped in 7 families: Vesta, XRAY, Largus, Granta, Kalina, Priora and 4x4. The Brand occupies 20% share of the Russian passenger car market. The official dealership network of LADA is the largest in Russia – over 300 dealerships

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