



Press release
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Togliatti

Financial performance of AVTOVAZ Group maintains its positive trend in Q3 2018

AVTOVAZ Group (AVG) announces its IFRS results for the 9 months 2018. The Company succeeded to keep its LADA market share in Russia at a record high level of 20%. Termination of the state market support measures in May 2018, slower dynamics of the Russian automotive market growth and FX rate fluctuations represent growing headwinds for the financial performance of AVG.

For the first 9 months of 2018 AVG sold in the Russian market 259,129 units of the LADA cars that is 17% more vs the same period of 2017. The LADA brand kept the highest share of the Russian passenger car and light commercial vehicles market in the last several years – 20% (+0.4 pp to 9m 2017).

The LADA Vesta model family sets a new sales record with 76,189 units sold during the first 9 months of 2018 (+39.5% to 9M 2017). The New LADA Granta, launched in September, 2018, was warmly welcomed by clients and became the September market best-seller in Russia with 9,936 units sold.

Four LADA models occupied the TOP-10 list of best-sellers in Russia – the LADA Vesta (1st position), the LADA Granta (3rd position), and the LADA Largus (7th position), the LADA XRAY (9th position).

During the 9 months of 2018 AVG has exported 27,398 units of the LADA cars and KD kits (+65% to 9M 2017). Two new countries were added to export geography in 2018 – Tunisia and Chile. 9 new LADA dealerships were opened abroad.

LADA sales success in the domestic market, growing export volumes and ongoing cost optimization activities provided continuous positive trends for AVG financial results. The Company achieved a consolidated revenue of 198.7 B-RUB, that is 25.4% more than in the previous year. The 9M 2018 operating margin benefited positively from significant one-off events in excess of 5.5 B-RUB, bringing it to a positive value of 12.1 B-RUB. Net result for the same period amounted to 5.4 B-RUB comparing to -4,5 B-RUB loss in 2017.

President of PJSC AVTOVAZ Yves Caracatzanis noted that the results are in line with AVG ambitious mid-term plan. *"I'm thankful to every employee of AVTOVAZ for input into the ongoing recovery. We continue to execute strictly our action plan on cost reduction, brand, line-up renewal. At the same time, we underline persisting macro-economic risks, such as ruble depreciation, raw materials price increase, continuing market growth slow-*

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*down, that may influence Q4 sales results. Our forecast for the full year 2018 remains with a positive operating margin” - stated **Mr. Caracatzanis**.*

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