



# **SOLLERS FINANCIAL RESULTS 1H2020**

NOVEMBER 27, 2020

# 01

## SOLLERS STRATEGIC DEVELOPMENTS



# SOLLERS STRATEGIC DEVELOPMENTS (1/3)



**FEBRUARY 2020**

Elena Frolova appointed  
CEO of Mazda Sollers JV



**APRIL 2020**

Ford Sollers JV supplies  
Ambulances to the Ministry  
of Health fighting COVID-19



**APRIL 2020**

UAZ launches the first series  
of ambulances based on  
UAZ Profi platform

# SOLLERS STRATEGIC DEVELOPMENTS (2/3)



**APRIL 2020**

UAZ launches online car sales



**JUNE 2019**

UAZ signed a 3 bln sponsored credit line provided by Sberbank as a part of state support program



**JUNE 2019**

UAZ launches Pickup with ATM transmission

# SOLLERS STRATEGIC DEVELOPMENTS (3/3)



**AUGUST 2020**

UAZ Autocomponent will supply over 1 mln crankshaft casting for Hyundai Gamma engines



**OCTOBER 2020**

UAZ signed 4 bln credit line from Sberbank to execute advanced supply of vehicles to state companies and federal authorities



**OCTOBER 2020**

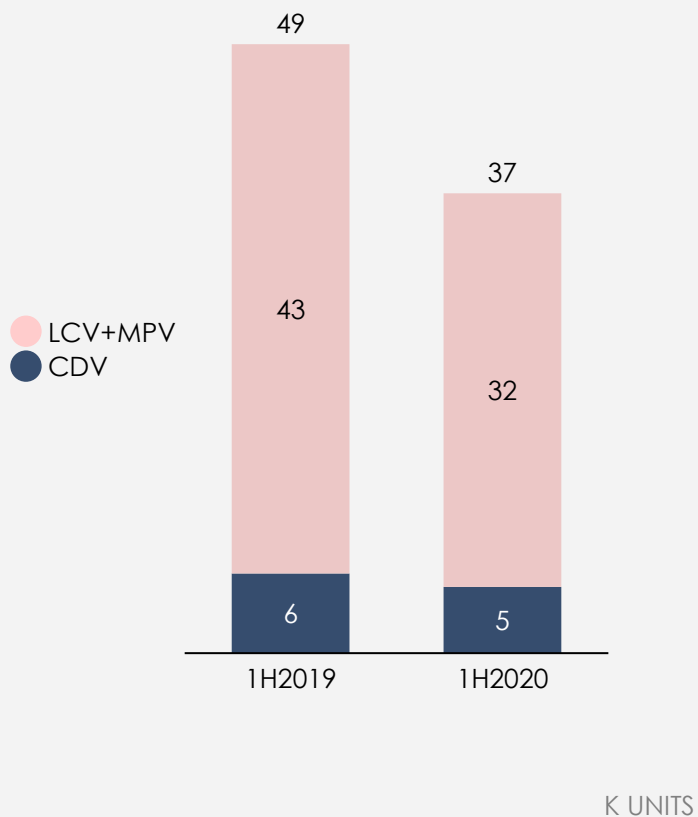
Sollers Ford plans to launch engine plant in Elabuga by 2023

# 02

## RUSSIAN AUTOMOTIVE MARKET OVERVIEW



# RUSSIAN AUTOMOTIVE MARKET: LCV



Total CV sales decline – 23%

The decrease of 26% in LCV+MPV segment is mostly due to adverse impact of pandemic on business activity, which slowed down sales of all the market participants



The share of Russian branded LCV+MPV went down from 71% to 68% while foreign assembly is up from 17% to 20% YoY



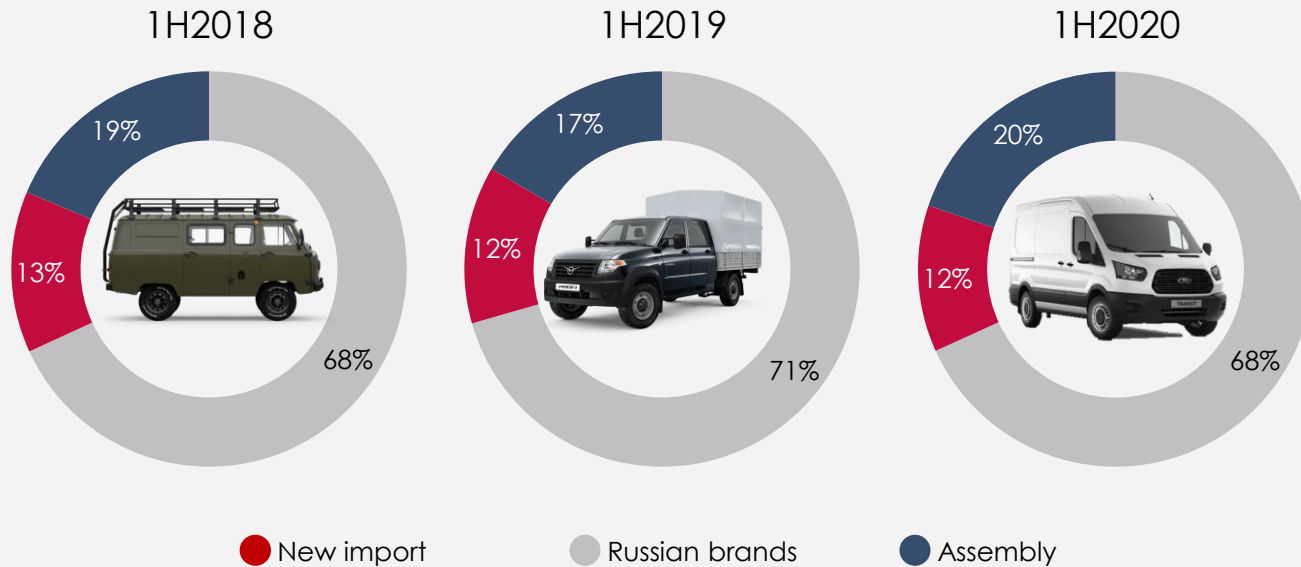
UAZ sales of commercial vehicles went down by 39%, the brand is #2 player with 16% market share



The sales of Ford CVs went down by 15%, which is lower than overall market drop



# RUSSIAN AUTOMOTIVE MARKET: LCV+MPV



- The share of assembly went up from 17% to 20% while Russian brands and new import declined to 68% and 12% respectively
- Higher foreign brands assembly due to Ford Transit sales outperforming the market
- GAZ remains the market leader with 52% market share
- UAZ and Ford shares are 16% and 14% respectively
- UAZ sales declined faster than the market due to fleet sales shift to 2H2020



# RUSSIAN AUTOMOTIVE MARKET: PASSENGER CARS



Total passenger car sales deteriorated by 23% due to quarantine shutdown. The sales are expected to rebound in 2H2020 due to deferred demand and expectations for price increase



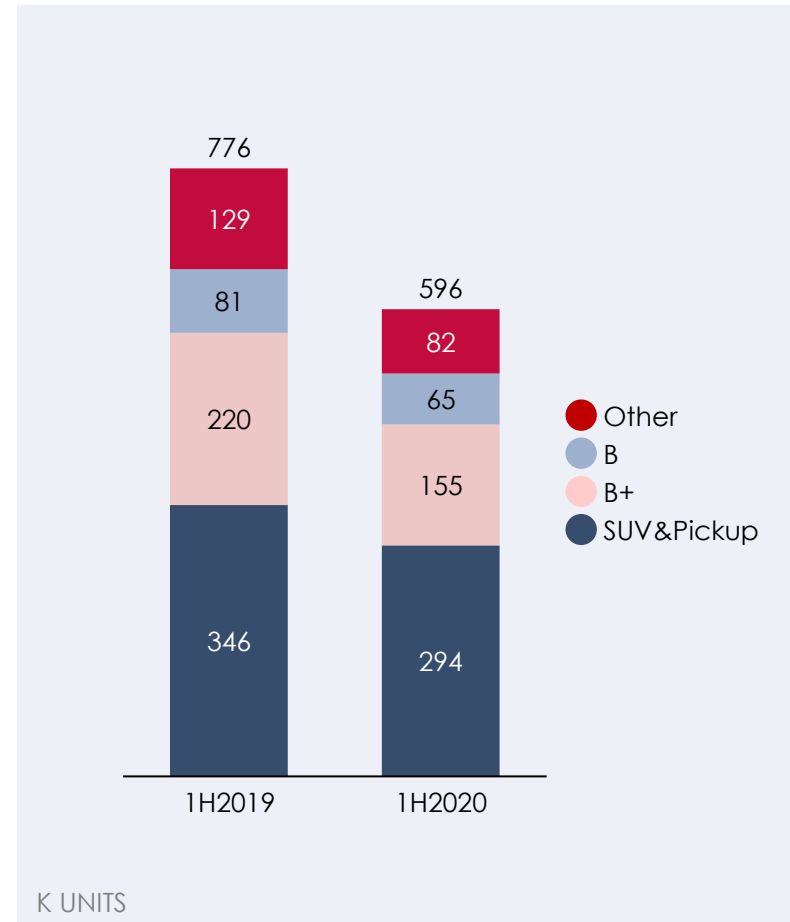
The largest SUV segment decreased slower than the market: -15% YoY. SUV segment holds the position #1 on Russian PC market



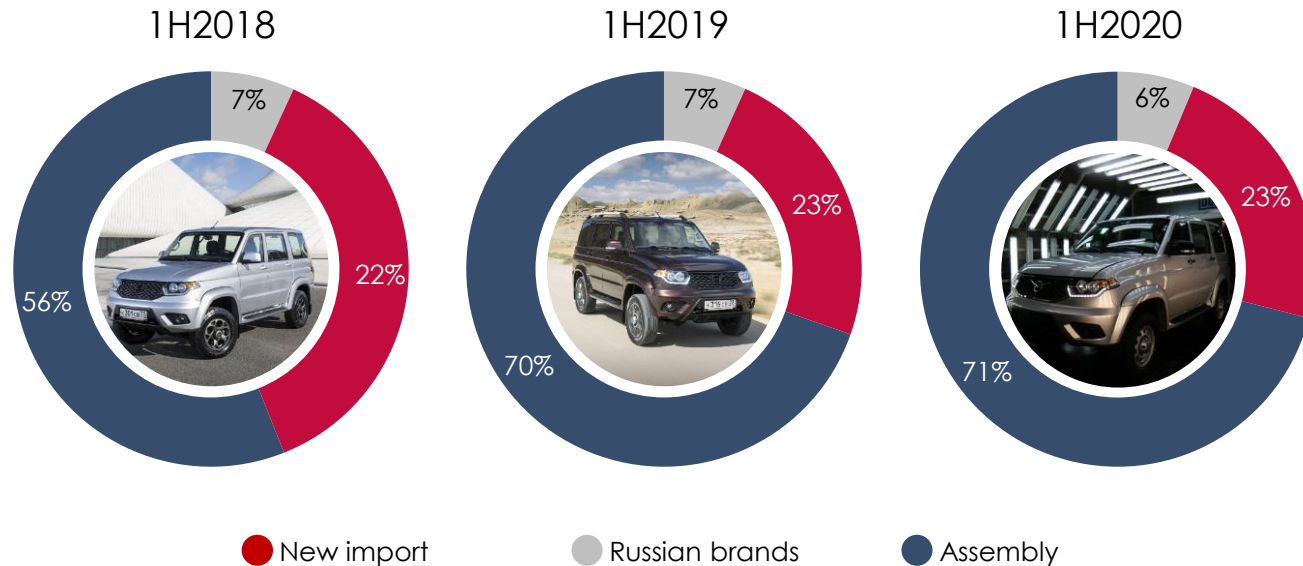
B-segment was also outperforming the market declining 20% YoY. Low-end price segment models: Lada Granta, Kia Rio, Renault Sandero are dominating the segment



Other sector includes C-class cars which were 41% down YoY



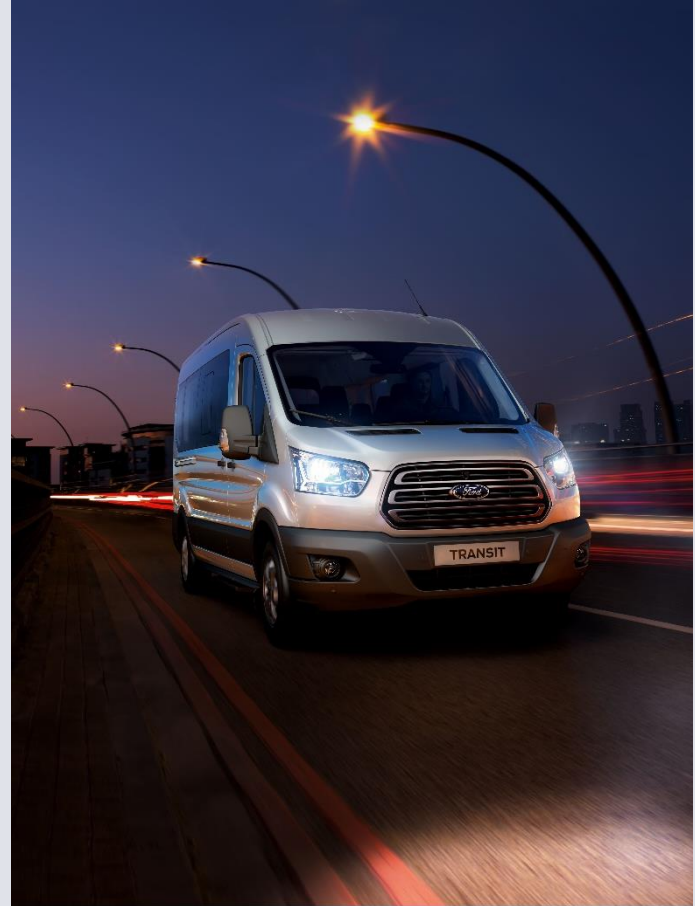
# RUSSIAN AUTOMOTIVE MARKET: SUV&PICKUP



- The SUV+Pickup segment was down by 15%, remaining the largest on the Russian passenger market (294 K units in 1H2020 vs 346 K units in 1H2019)
- The market leaders are locally produced crossovers Hyundai Creta, Toyota RAV 4 and VW Tiguan (12 locally assembled models are controlling 50% of the segment)
- UAZ SUV+Pickup retail sales were down by 14% in 1H2020 due to quarantine regime introduced by the state
- In 1H2020 Ford SUV sales were almost zero due to the cease of local production and restructuring of the business in Russia

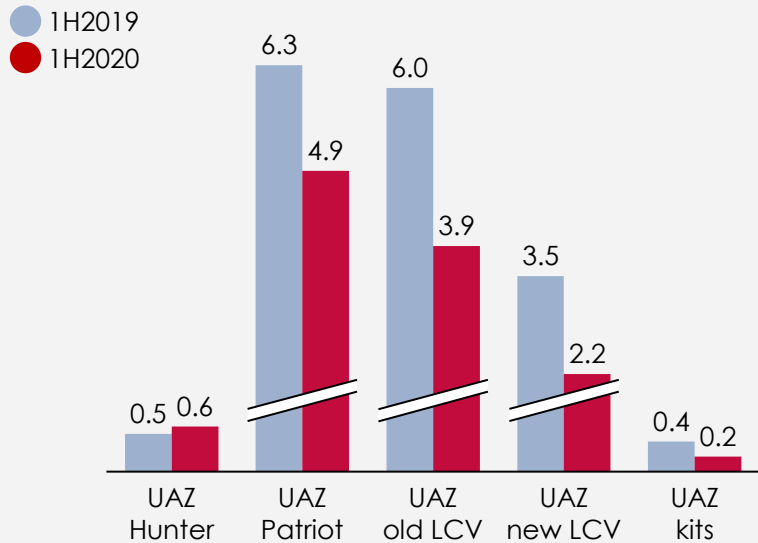
# 03

## 1H2020 OPERATING AND FINANCIAL RESULTS



# SOLLERS WHOLESALLES (1/2)

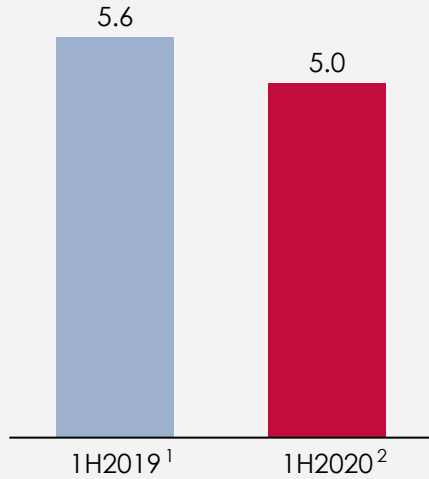
## UAZ SALES<sup>1</sup>, K UNITS



- Total UAZ sales amounted to 11.8 K units (-30% YoY)
- UAZ Patriot sales decreased by 23% due to dealerships' shutdown in 1H2020
- Reduction in LCVs: fleet sales are expected to rebound due to shift of dispatches to 2H2020
- UAZ plans to fulfil advanced orders of state companies and federal authorities as a part of state support measures for auto producers under the Federal Decree #1035 as of Jul 11, 2020

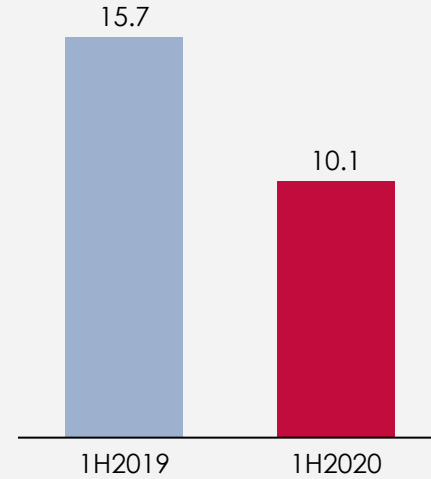
# SOLLERS WHOLESALES (2/2)

FORD TRANSIT SALES, K UNITS



- New Ford Sollers JV started operations in July 2019
- Ford Transit wholesales decreased by 11% YoY

MAZDA SALES<sup>1</sup>, K UNITS



- Mazda sales include passenger cars and SUVs

<sup>1</sup> Equity accounted  
<sup>2</sup> Consolidated

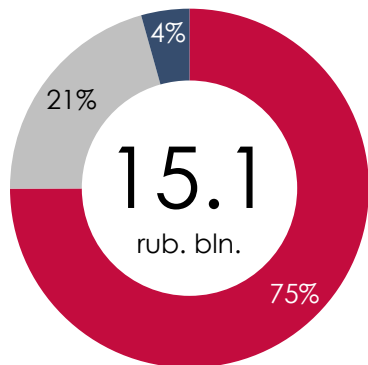
# 1H2020 KEY FINANCIALS

	1H2019	1H2020	CHANGE
Revenue	15 107	23 140	53.2%↑
EBITDA	1 824	1 160	36.4%↓
EBITDA margin	12.1%	5,0%	7.1%↓
Operating profit/(loss)	1 086	(496)	n/a
Operating profit/(loss) margin	7.2%	(2.1%)	9.3%↓
Share of JV's results	278	112	59.7%↓
Minority interest	(6)	103	n/a
Net loss attributed to equity holders	(130)	(1 161)	n/a
Net debt position <sup>1</sup> as of 31.12.19/30.06.20	614	4 860	×8↑
Net debt position <sup>1</sup> as of 30.06.19/30.06.20	4 684	4 860	3.8%↑

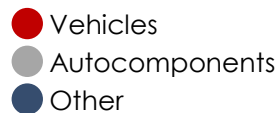
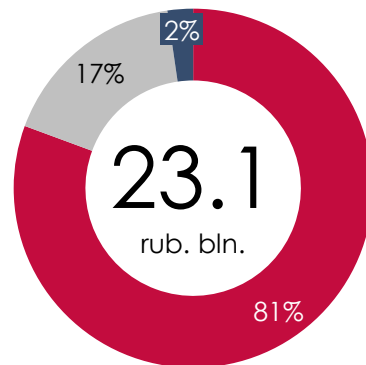
<sup>1</sup> Excluding restricted cash

# SALES

1H2019



1H2020

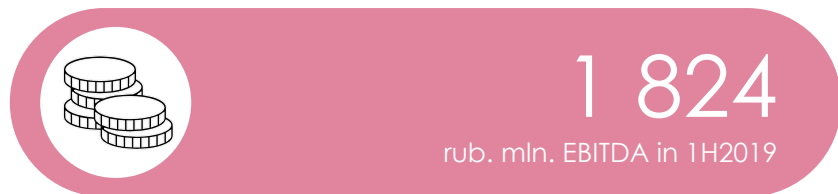


Sales increased by 53%:  
main factor – Ford Sollers JV consolidation

- Ford Sollers JV is fully consolidated starting from July 1<sup>st</sup>, 2019; thus Group's revenue includes Ford Transit and Ford components sales in 1h2020 and doesn't include those in 1h2019
- UAZ vehicle sales: despite a considerable reduction in unit sales, the vehicle revenue went down by 16% as a result of product mix and price increase
- UAZ components sales went down by 19%

# EBITDA

## EBITDA CHANGE



- EBITDA margin decreased from 12.1% in 1H2019 to 5.0% in 1H2020 due to reduced volumes and additional safety costs

## EBITDA VS OPERATING PROFIT, RUB. MLN.

Operating profit	(496)
D&A	1 636
PPE and investment net result	(55)
Excluded and one-off transactions	75
EBITDA	1 160

1H2019 operating profit included:

- net profit on non-current assets and investments disposal – 55 rub. mln.
- government grant amortisation – 75 rub. mln.



# CASH FLOWS

Cash flow from operating activities includes:

**(6.3)**  
rub. bln.

- (0.5) rub. bln. – operating profit
- (0.1) rub. bln. – share of JVs' & associates' profits
- (5.4) rub. bln. – change in WC
- (0.7) rub. bln. – interest repayment

Cash flow from investing activities includes:

**+2.1**  
rub. bln.

- 2.9 rub. bln. – inflow from release of restricted cash
- (0.5) rub. bln. – purchase of PPE & other non-current assets
- (0.4) rub. bln. – R&D expenses

Cash at the end of period:

**5.7**  
rub. bln.

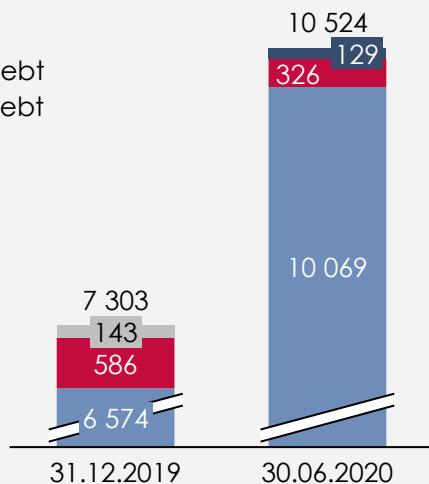
- (4.2) rub. bln. – free cash flow
- 3.2 rub. bln. – net increase of debt
- (1.0) – net decrease in cash and cash equivalents



# DEBT PROFILE AND CASH POSITION

DEBT PROFILE, RUB. MLN.

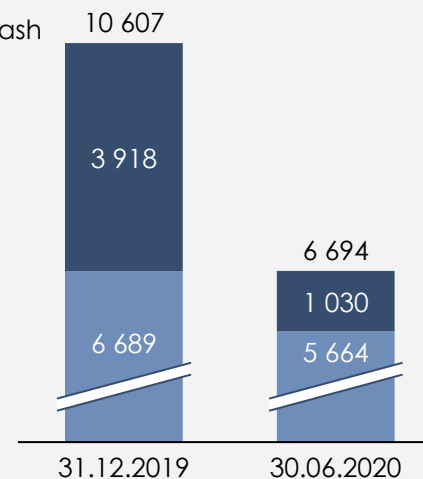
- Lease
- Long term debt
- Short term debt



- Average effective interest rate decreased from 8.3% to 6.6% as a result of gradually sliding key rate from 6.25% in Dec 2019 to 4.5% in Jun 2020 and growing share of subsidized loans
- Sollers signed a new 3 rub. bln. credit line, provided under the state programme for working capital support. The bank loans are due within one year with the interest rate not exceeding 5%
- Starting 2019 Sollers adopted IFRS 16 Leases. As a consequence a lease liability of 129 rub. mln. was recognized as of 30 Jun 2020

CASH POSITION, RUB. MLN.

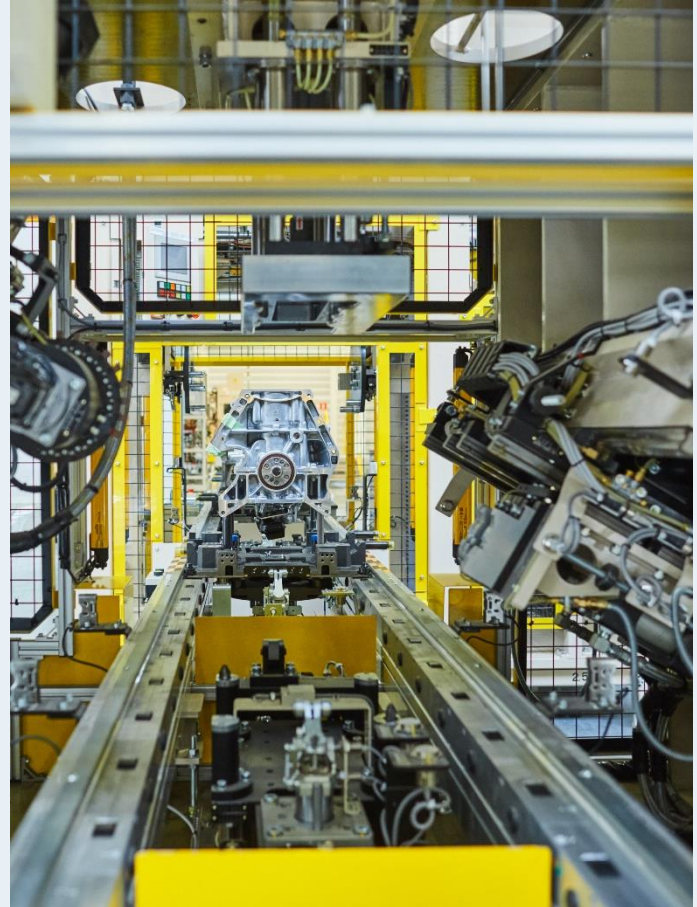
- Restricted cash
- Cash



- The restricted cash was released after the cars' delivery to the customers
- Cash balance at 31 Dec 2019 included revenues from Sollers Finance disposal in the end of Dec 2019

# 04

## JOINT VENTURES' RESULTS



# JOINT VENTURES RESULTS

	1H2019	1H2020	CHANGE
Mazda Sollers	150	125	17%↓
Isuzu Sollers	(13)	(8)	n/a
Sollers Bussan	(5)	(5)	0%
Sollers Finance	146	-	n/a
Total	278	112	60%↓

## FORD SOLLERS

- In Mar 2019 Sollers and Ford Motor company announced restructuring of Ford Sollers operations, focusing exclusively on its commercial vehicle business, with Sollers taking a 51% controlling interest in the restructured joint venture
- Sollers exercised its right to sell 49.9% interest in the JV to the partner at 8.7 rub. bln. (USD 135 mln.)
- On Jul 1, 2019 Sollers acquired 51% share in the new restructured Ford Sollers JV
- As a result of the transaction Ford Sollers JV was fully consolidated in Sollers Group financial statements starting from 2H2019

## SOLLERS FINANCE

- In Dec 2019 Sollers sold its stake in the JV Sollers Finance to the partner for 1.2 rub. bln.
- Net gain resulted from the transaction amounted to 0.5 rub. bln. and was included in the Group's operating profit in the FY2019
- Sollers derecognized the investment in Sollers Finance as of 31 Dec 2019

# MAZDA SOLLERS

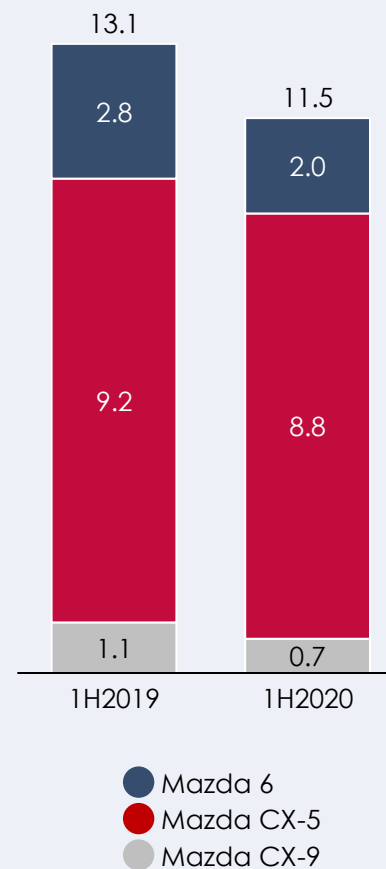
## KEY FINANCIALS, RUB. MLN.

	1H2019	1H2020
Revenue	22 458	15 495
Operating profit	234	289
Operating profit %	1.0%	1.9%
Net profit	300	249
Debt <sup>1</sup> (as of 31.12.19/ 30.06.20)	(2 668)	(3 066)

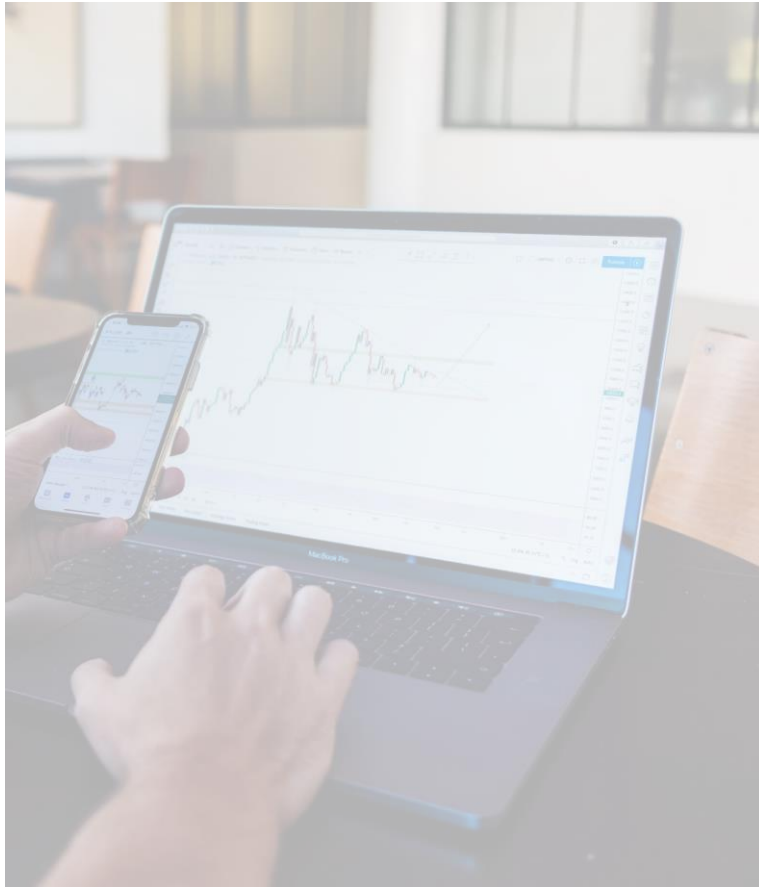
- Mazda Sollers is an industrial partnership operating on cost plus basis
- Vehicles assembly started in 2012
- The model range is continually enhanced and upgraded
- In 2019 Mazda started engines assembly for export

<sup>1</sup> The loan is provided by the partner

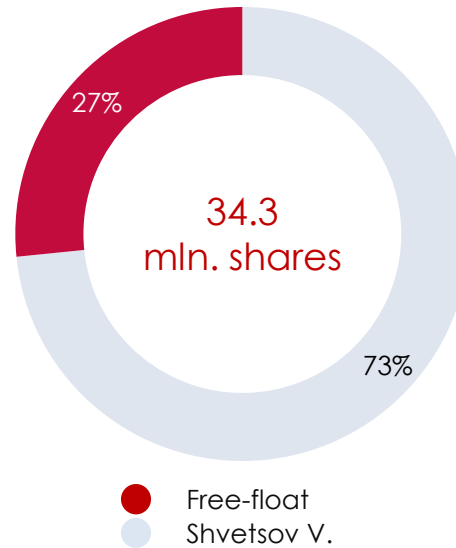
## RETAIL SALES, K UNITS



# STOCK INFORMATION



## SHAREHOLDERS STRUCTURE



**9.2**

rub. bln. – current market cap

**268**

rub. – share price as of Nov 23, 2020

**SVAV**

ticker