



# **SOLLERS FINANCIAL RESULTS 2019**

**July 3, 2020**



# CONTENT

01 Sollers strategic developments

03 Operating and financial performance 2019

02 Russian automotive market overview

04 Joint venture's results

# SOLLERS STRATEGIC DEVELOPMENTS (1/3)



## **MARCH 2019**

Ford Sollers JV announced restructuring.  
On Jul 1, 2019  
Sollers acquired the controlling stake in the JV



## **MAY 2019**

Adil Shirinov was appointed the CEO of Uliyanovsk Automotive Plant



## **JUNE 2019**

Nikolay Sobolev was appointed the CEO of Sollers

# SOLLERS STRATEGIC DEVELOPMENTS (2/3)



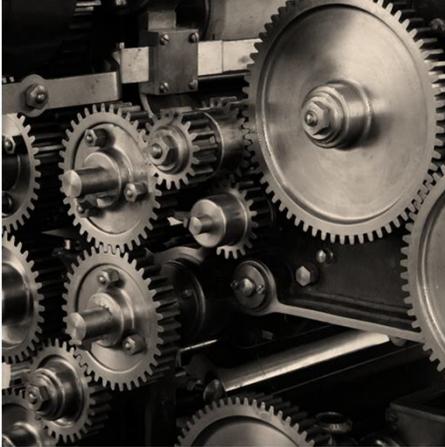
**JULY 2019**

New Ford Sollers JV started operations



**OCTOBER 2019**

UAZ starts sales of UAZ Patriot ATM



**DECEMBER 2019**

Sollers establishes Engineering Centre

# SOLLERS STRATEGIC DEVELOPMENTS (3/3)



**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

# CONTENT

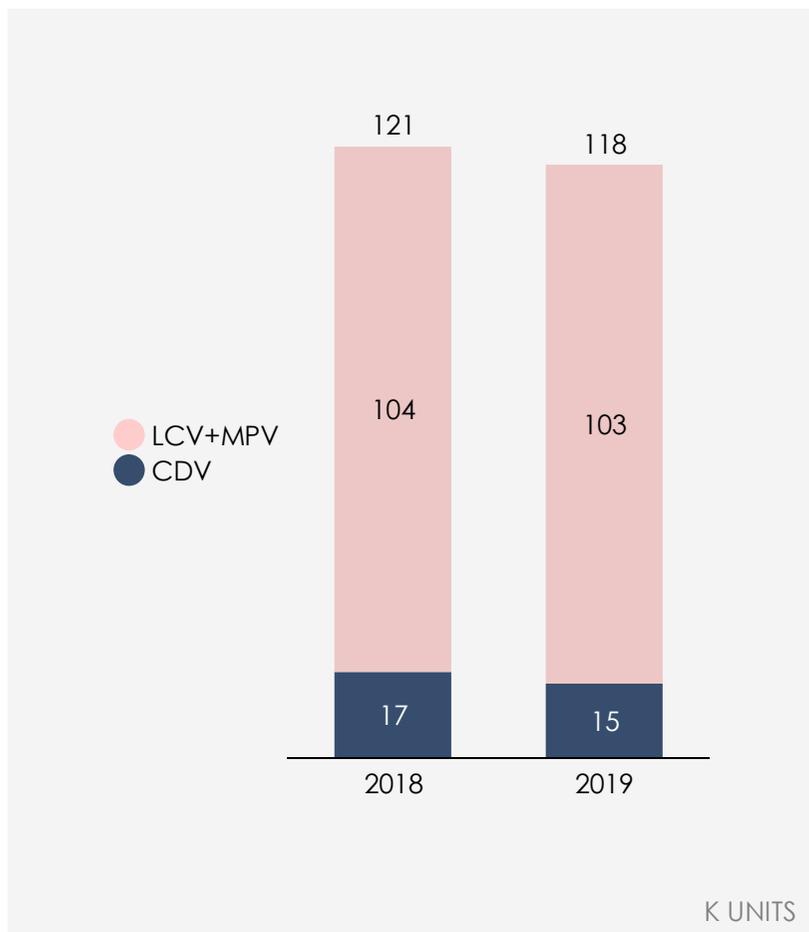
01 Sollers strategic developments

03 Operating and financial performance 2019

02 Russian automotive market overview

04 Joint venture's results

# RUSSIAN AUTOMOTIVE MARKET: LCV



Total decline of CV sales – 3%  
The slight decrease of 1,3% in LCV+MPV segment is mostly due to stop of Mercedes Sprinter Classic local assembly



The share of Russian branded LCV+MPV went up from 69% to 71% while imported vehicles and foreign assembly amount to 12% and 17% respectively



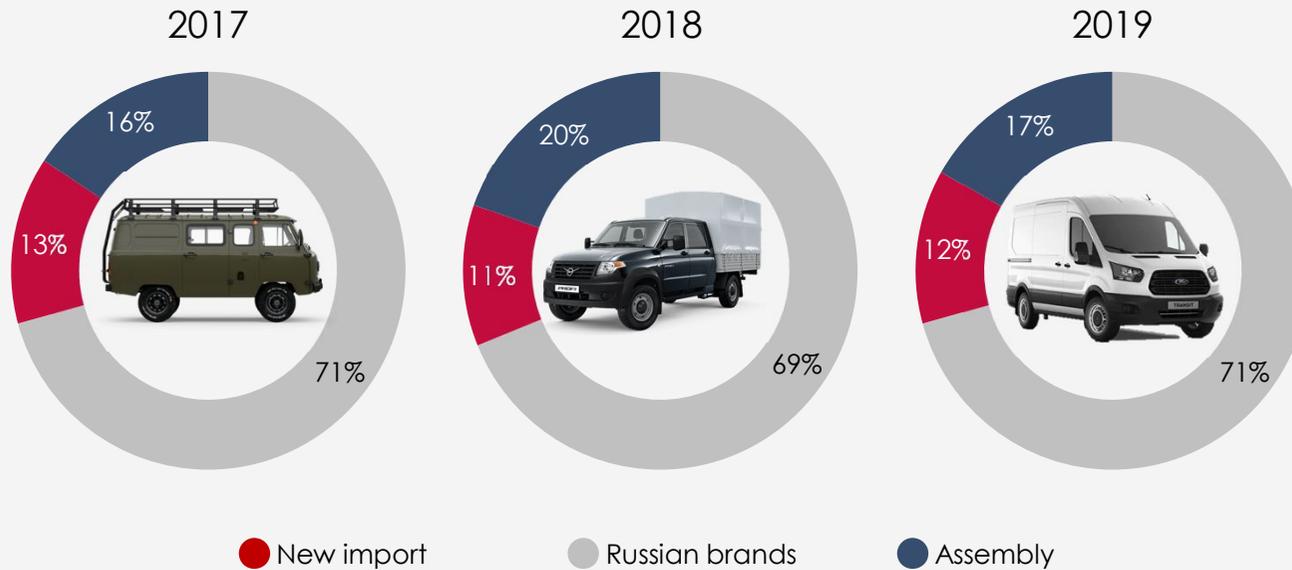
UAZ sales of commercial vehicles went down by 7%, the brand is #2 player with 19% market share



The sales of Ford CVs grew by 2% as a result of the well positioned Ford Transit



# RUSSIAN AUTOMOTIVE MARKET: LCV+MPV



- The share of assembly went down from 20% to 17% while Russian brands and new import reached 71% and 12% respectively
- Lower foreign brands assembly due to stop of Mercedes Sprinter Classic local assembly
- GAZ remains the market leader with 52% market share
- UAZ and Ford shares are 19% and 13% respectively
- UAZ retail sales almost flat; fleet sales lower due to shift of dispatches to 2020

# RUSSIAN AUTOMOTIVE MARKET: PASSENGER CARS



Total passenger car sales deteriorated by 2% based on low customer sentiment, insufficient growth of the disposable income and other demographic factors



The largest SUV segment was almost flat remaining the most popular segment on the market



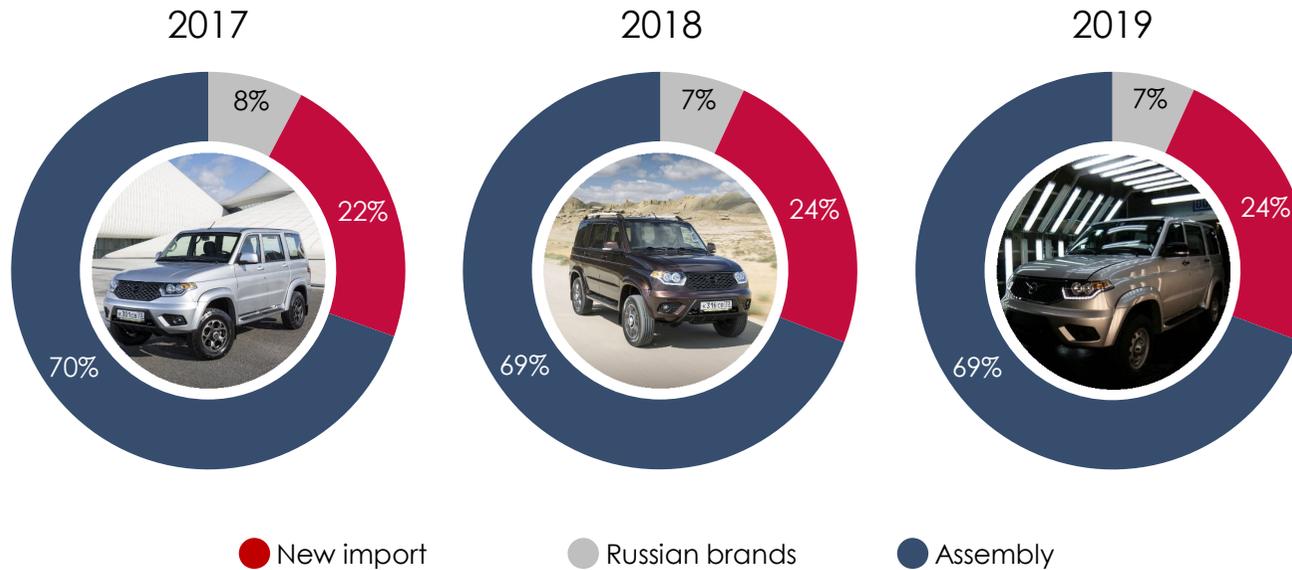
B-segment was the only growing segment in the mass market gaining 4% y-o-y. Low-end price segment models: Lada Granta, Kia Rio, Renault Sandero are dominating the segment



Other segment includes C-class cars which were 29% down y-o-y



# RUSSIAN AUTOMOTIVE MARKET: SUV&PICKUP



- The SUV+Pickup segment was almost flat in 2019, being the largest on the Russian passenger market (763 K units in 2019 vs 765 K units in 2018)
- The market leaders are locally produced crossovers Hyundai Creta, Renault Duster and VW Tiguan (8 locally assembled models are controlling 39% of the segment)
- UAZ SUV+Pickup retail sales were down by 4% in FY2019 due to later launch of UAZ Patriot ATM in Oct 2019
- In 2019 Ford SUV sales fell by 59% y-o-y due to the cease of local production and restructuring of the business in Russia

# CONTENT

01 Sollers strategic developments

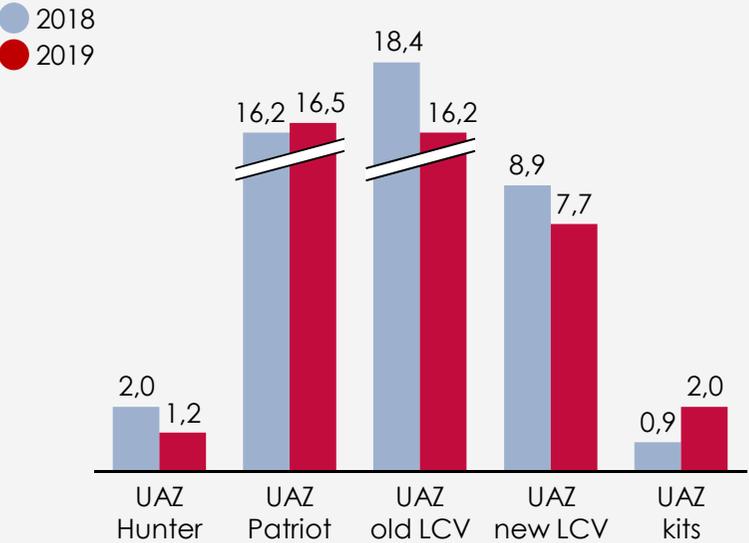
03 Operating and financial performance 2019

02 Russian automotive market overview

04 Joint venture's results

# SOLLERS WHOLESALLES (1/2)

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



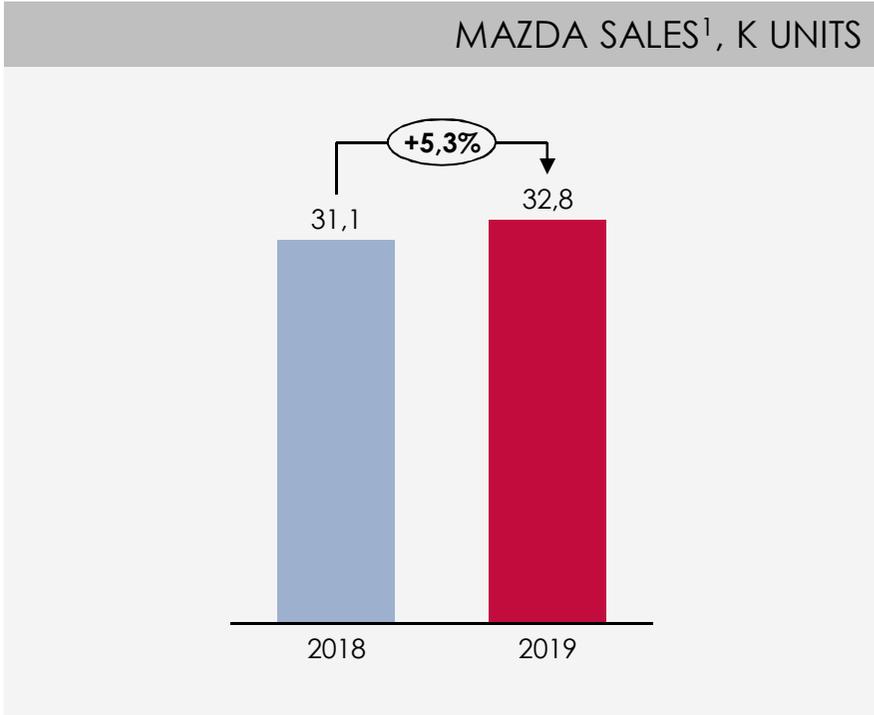
- Total UAZ sales amounted to 43,7 K units (-5,9% YoY)
- UAZ Patriot sales increased by 1,7% due to introduction of new ATM version in Oct 2019 as well as surplus in corporate and export sales
- Reduction in LCVs: lower fleet sales due to shift of dispatches to 2020

<sup>1</sup> Consolidated

# SOLLERS WHOLESALLES (2/2)



- New Ford Sollers JV started operations in July 2019
- 8,7 k Ford Transit vehicles sold starting from the JV relaunch<sup>2</sup>



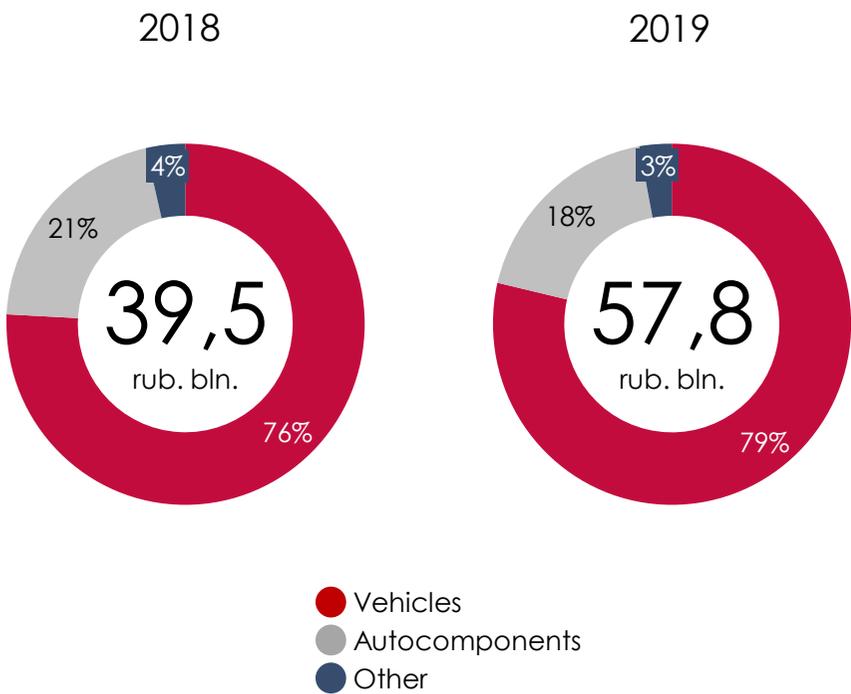
- Mazda sales include passenger cars (Mazda 6) and SUVs (Mazda CX5, CX9)

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

## 2019 KEY FINANCIALS

	2018	2019	CHANGE
Revenue	39 479	57 839	46,5%
EBITDA	481	2 896	×6
EBITDA margin	1,2%	5,0%	3,8%
Operating profit	(1 023)	2 340	n/a
Operating profit margin	(2,6%)	4,0%	6,6%
Financial instrument change in fair value	1 759	(645)	n/a
Share of JV's results	232	405	74,5%
Minority interest	14	1 221	×87
Net profit	32	128	×4
Net debt position	5 464	614	×9 ↓

# SALES



Sales increased by 47%:  
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 2h2019 Ford Transit and Ford components sales
- UAZ sales: despite a slight reduction in unit sales, the revenue grew as a result of product mix and price increase
- In addition UAZ export revenue grew by 13%

# EBITDA

## EBITDA CHANGE



- EBITDA margin grew from 1,2% in 2018 to 5,0% in 2019

## EBITDA VS OPERATING PROFIT, RUB. MLN.

Operating profit	2 340
D&A	2 660
PPE and investment net result	(2 322)
One-off transactions	218
EBITDA	2 896

2019 operating profit included:

- profit on Ford Sollers JV acquisition – 2 200 rub. mln.
- profit on Sollers Finance disposal – 503 rub. mln.
- net loss on non-current assets disposal and government grant amortisation – 381 rub. mln.
- loss on group restructuring – 218 rub. mln

# CASH FLOWS

Cash flow from operating activities includes:

**+1,0**  
rub. bln.

- 0,7 rub. bln. – operating profit
- (2,2) rub. bln. – gain on new Ford Sollers JV acquisition
- (0,5) rub. bln. – gain on Sollers Finance disposal
- (1,4) rub. bln. – interest repayment

Cash flow from investing activities includes:

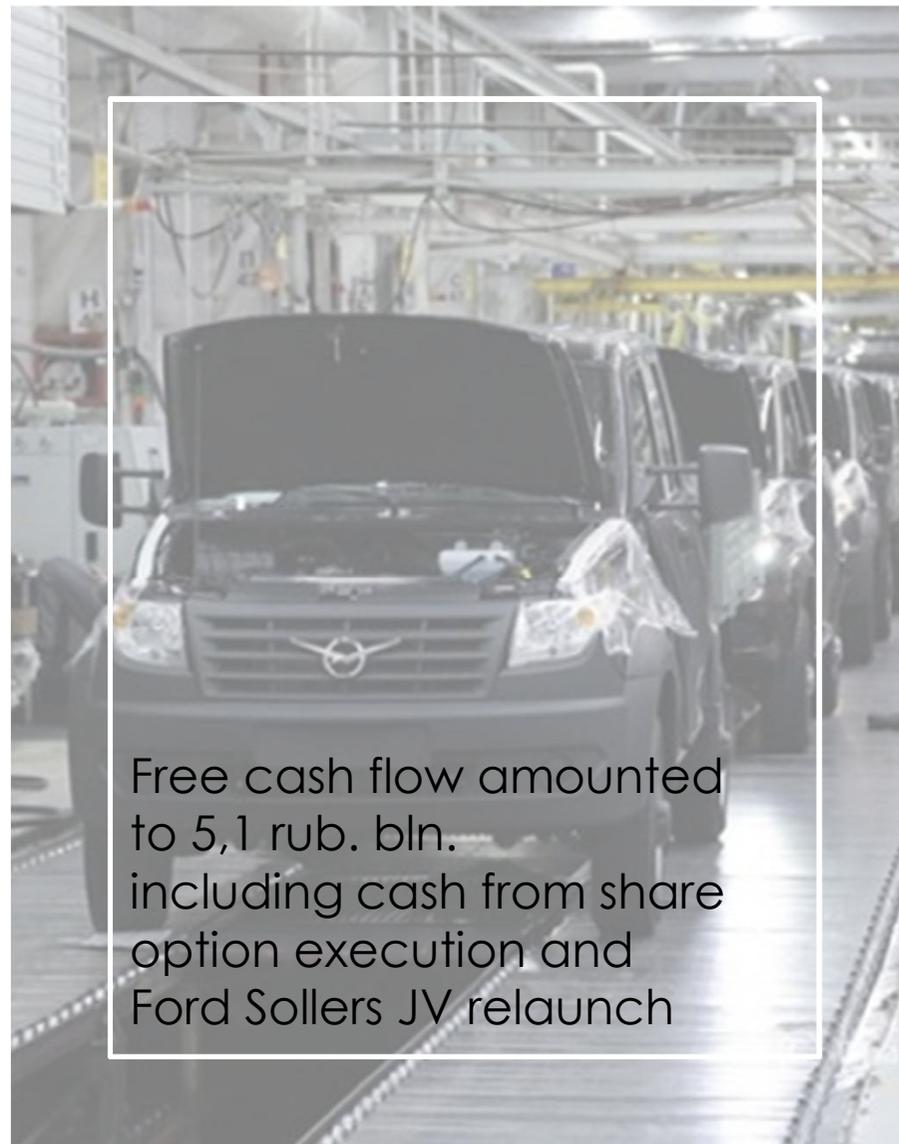
**+4,1**  
rub. bln.

- 8,7 rub. bln. – inflow from share option execution
- (2,0) rub. bln. – invested in subsidiary and JV
- 1,2 rub. bln. – inflow from the sale of Sollers Finance
- (2,2) – restricted cash deposited

Cash at the end of period:

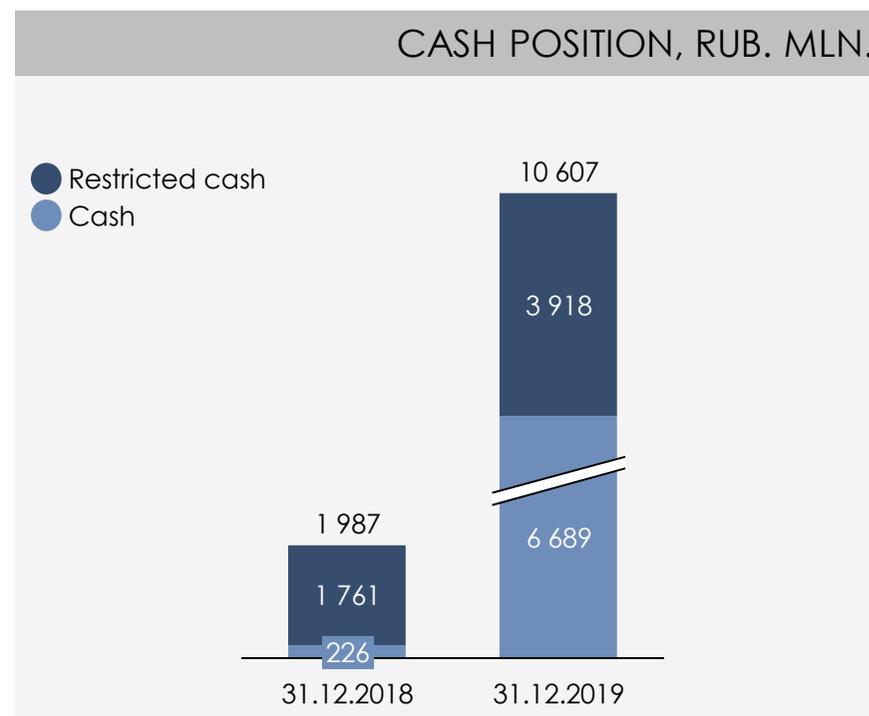
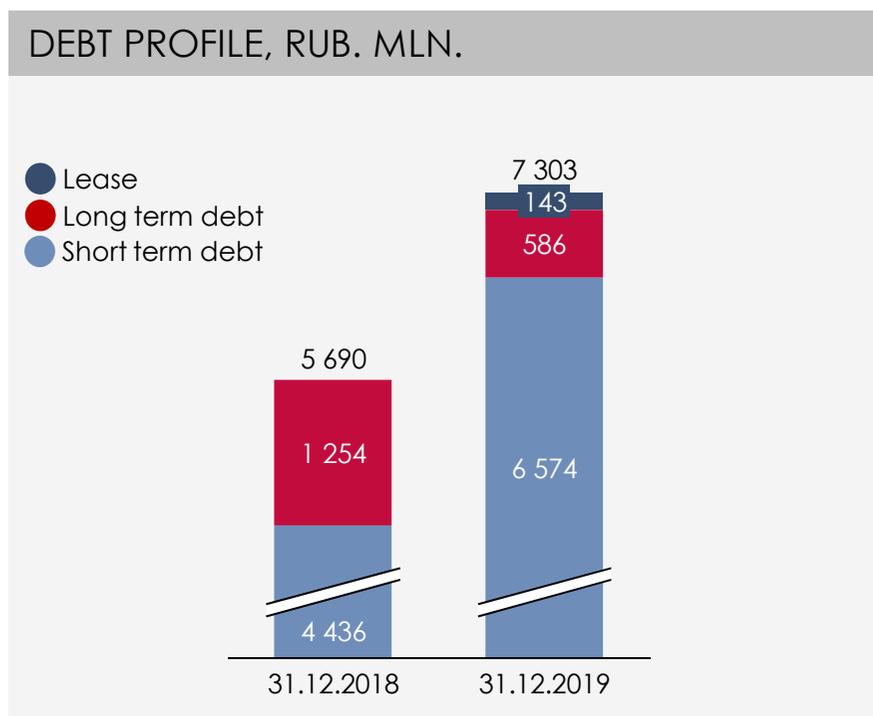
**6,7**  
rub. bln.

- 5,1 rub. bln. – free cash flow
- 1,4 rub. bln. – issuance of debt
- 6,5 – net increase in cash and cash equivalents



Free cash flow amounted to 5,1 rub. bln. including cash from share option execution and Ford Sollers JV relaunch

# DEBT PROFILE AND CASH POSITION



- Average effective interest rate decreased from 9,1% to 8,3% as a result of gradually sliding key rate from 7,75% in Jan 2019 to 6,5% in Dec 2019
- Starting 2019 Sollers adopted IFRS 16 Leases. As a consequence a lease liability of 143 rub. mln. was recognized as of 31 Dec 2019

- The Group's restricted cash doubled due to substantial state orders prepaid. The restricted cash is released upon cars delivery to the customer
- Cash balance at 31 Dec 2019 included revenues from Sollers Finance disposal in the end of Dec 2019

# CONTENT

01 Sollers strategic developments

03 Operating and financial performance 2019

02 Russian automotive market overview

04 Joint venture's results

## JOINT VENTURES RESULTS

	2018	2019	CHANGE
Mazda Sollers	20	165	×8
Isuzu Sollers	(24)	(22)	n/a
Sollers Bussan	(15)	(8)	(153%)
Sollers Finance	251	270	8%
Total	232	405	75%

- 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
- The net gain on acquisition of 2,2 rub. bln. was recongnised in the Group's operating profit
- As a result of the transaction Ford Sollers JV was fully consolidated in Sollers Group financial statements as of 31 Dec 2019

# MAZDA SOLLERS

KEY FINANCIALS, RUB. MLN.

	2018	2019
Revenue	40 210	46 818
Operating profit	(133)	216
Operating profit %	0,0%	0,5%
Net profit	39	330
Debt <sup>1</sup>	-	(2 668)

- 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
- 18,5 k engines produced in 2019

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

SALES, K UNITS



# ISUZU SOLLERS

Launched in 2018  
Sollers joint project with  
Isuzu Motors Limited is the  
technological cooperation to  
produce light-duty and  
medium-duty trucks as well as  
buses under ISUZU brand



Key project elements:

- welding, painting and assembly of Isuzu vehicles using Russian stamping
- Russian components
- R&D to develop localization of components in Russia



2021  
SOP

70%  
of cabin weight will be localized in Russia  
including Russian metal

# SOLLERS FINANCE

KEY FINANCIALS, RUB. MLN.

	2018	2019
Revenue	1 356	1 414
Operating profit	629	673
Operating profit %	46%	48%
Net profit	502	539

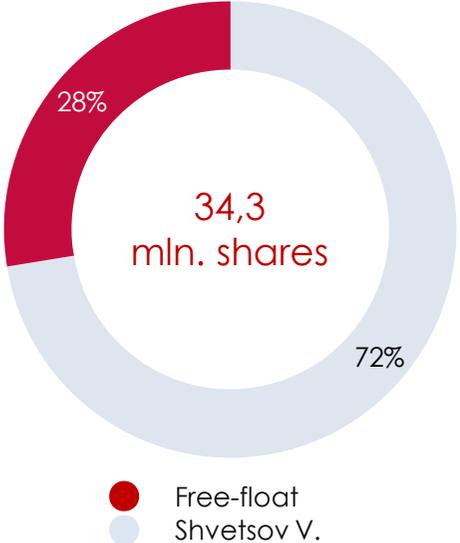
- Sollers Finance was established in November 2010 as a 50% – 50% joint venture with a bank for the development of leasing services
- In Dec 2019 Sollers sold its stake in the JV to the partner for 1,2 rub. bln.
- Net gain resulted from the transaction amounted to 0,5 rub. bln. and was included in the Group's operating profit
- Sollers derecognized the investment in Sollers Finance as of 31 Dec 2019



# STOCK INFORMATION



## SHAREHOLDERS STRUCTURE



**8,9**  
rub. bln. – current market cap

**259,5**  
rub. – share price as of June 30, 2020

**SVAV**  
ticker