



# SOLLERS IFRS RESULTS 1H2018

29.08.2018

## **1. 1H2018 SOLLERS STRATEGIC DEVELOPMENTS**

## **2. RUSSIAN AUTOMOTIVE MARKET OVERVIEW**

## **3. SOLLERS OPERATING AND FINANCIAL PERFORMANCE IN 1H2017**

## **4. SOLLERS' JOINT VENTURES' RESULTS**

### 3 | SOLLERS STRATEGIC DEVELOPMENTS

#### JANUARY

Ford Sollers JV introduces new Ford Explorer for the Russian market



#### MAY

Ford Sollers JV starts production of new Ford Ecosport in Tatarstan



#### MAY

ISUZU-SOLLERS JV and Ministry of Industry and Trade signed SIC to produce vehicles at UAZ



#### JUNE

Start of sales: UAZ Patriot Expedition and Football Special Editions



#### JULY

"INNOPROM 2018": UAZ introduces prototype of hybrid truck UAZ PROFI



### UAZ STRATEGIC PRIORITIES

- Continuous development of the affordable products for the different market segments on a single frame-based platform
- Maintain the highest level of localisation in the industry
- Develop export sales
- Develop unique R&D competencies with the support of the Government



### UAZ PATRIOT 2018

#### TAILORED TO COMPLY WITH CUSTOMERS' FEEDBACK

- SOP: September 2018
- New exterior and interior
- Improved cabin isolation, climate and ergonomics
- Enhanced maneuverability and stabilization systems
- Modernization of vehicle safety systems
- Improved refuel mechanism
- New powerful Euro-5 150HP engine

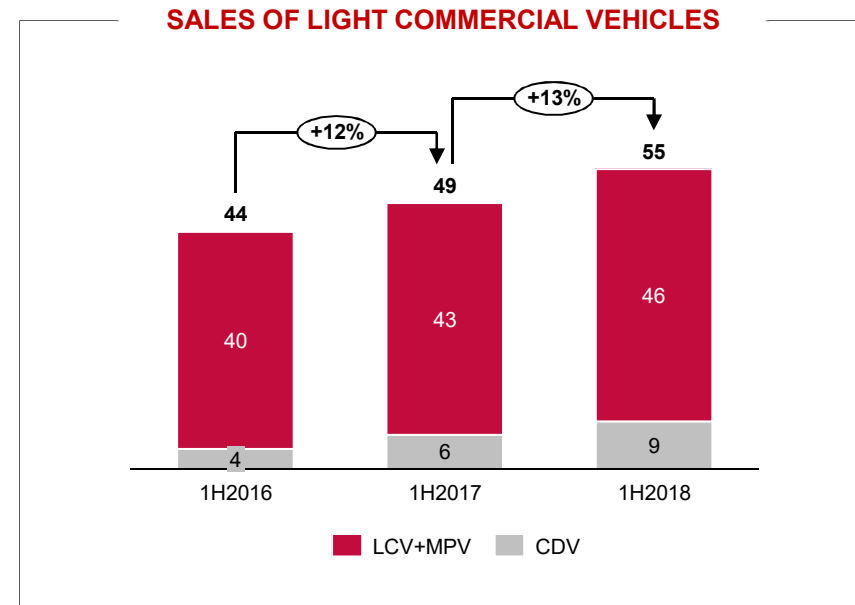
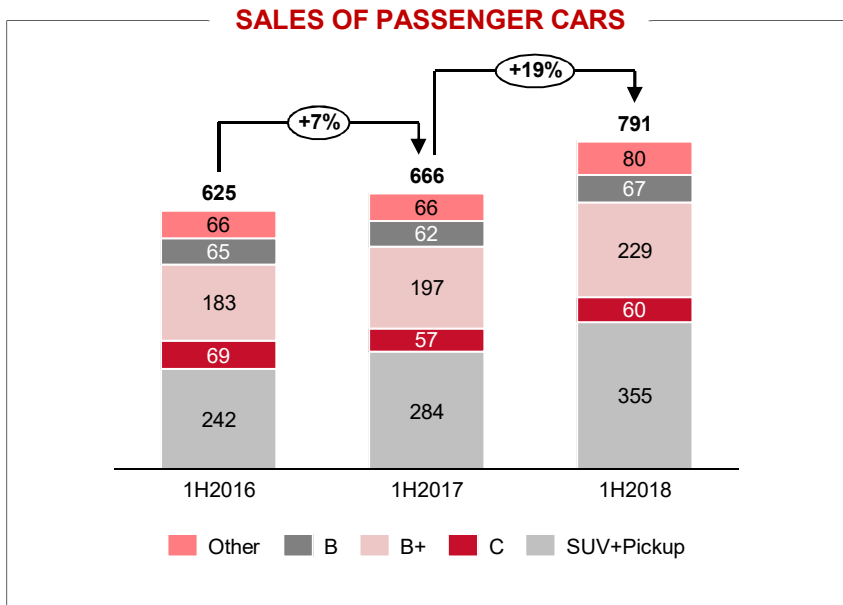
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## 6 | 1H2016 - 1H2018 RUSSIAN AUTOMOTIVE MARKET, K UNITS\*



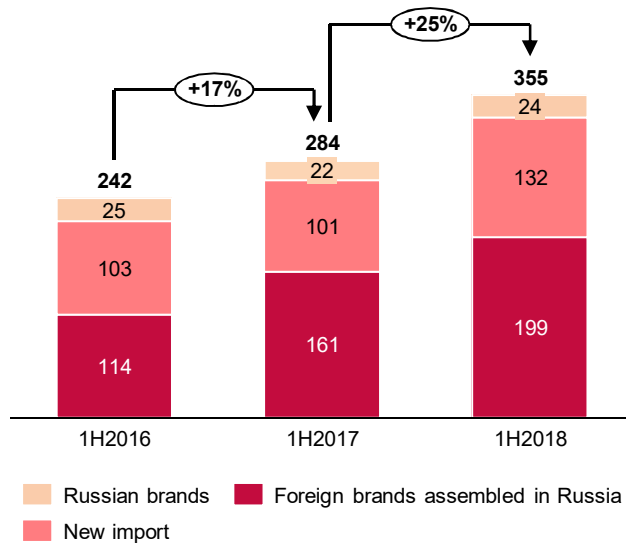
### HIGHLIGHTS

- Growth in all main market segments, the overall passenger car market went up by 19%
- The largest SUV segment grew by 25% in 1H2018 mainly due to SUV-C sales
- B+ segments was also growing by 16%
- The largest growth in LCV+MPV segment is due to sales of Ford and GAZ vehicles (+51% and +9% growth respectively)

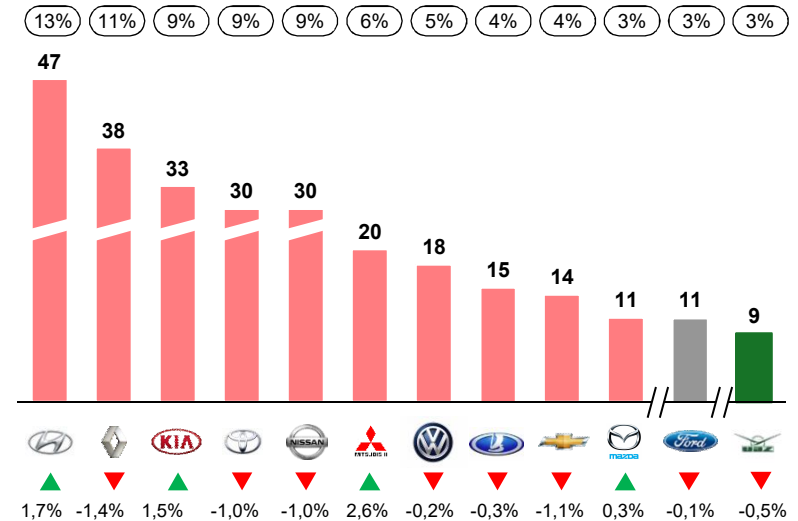
\* Source - AEB

## 7 | NEW SUV + PICKUP MARKET 1H2016-1H2018

NEW SUV+PICKUP MARKET 1H2016 – 1H2018, K UNITS\*



1H2018 KEY PLAYERS\*, K UNITS



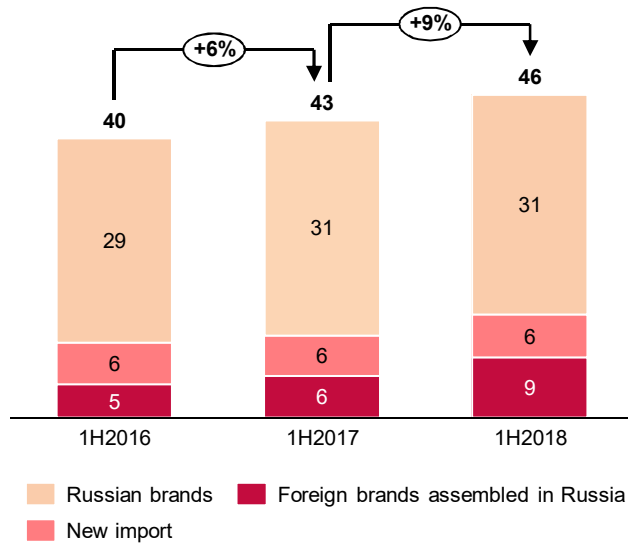
### MAJOR MARKET TRENDS IN 1H2018

- The SUV and Pickup market outperformed the overall market: +25% vs. 19% growth of total passenger car sales
- The market leaders are locally produced Hyundai Creta and Renault Duster
- Ford sales increased by 23% in 1H2018. Main drivers: Ford Kuga and Ford Explorer

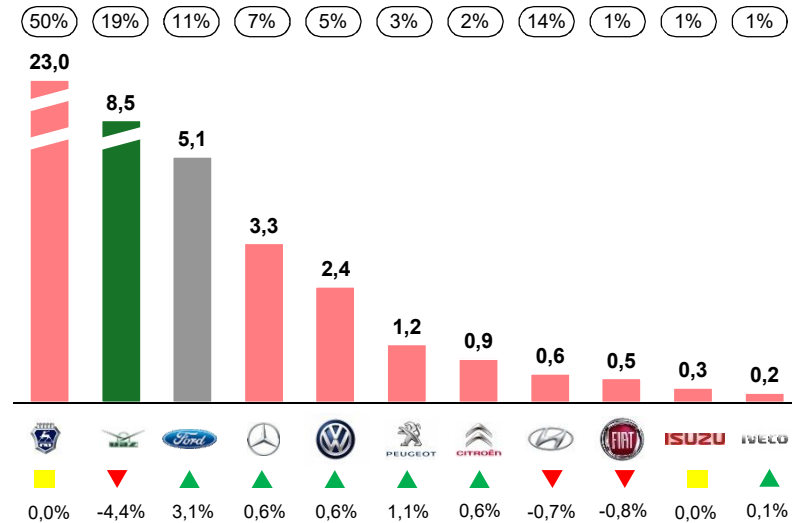
\* Source - AEB

## 8 | NEW LCV+MPV MARKET 1H2016-1H2018

NEW LCV+MPV MARKET 1H2016 – 1H2018, K UNITS\*



1H2018 KEY PLAYERS\*, K UNITS



### MAJOR MARKET TRENDS IN 1H2018

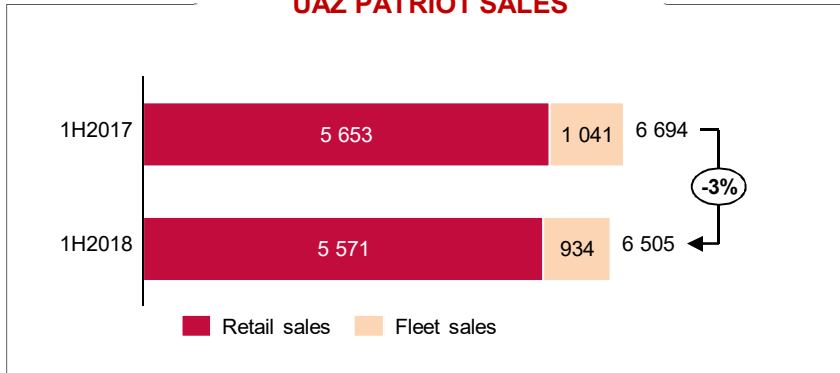
- UAZ retail sales of commercial vehicles went down by 12%, the brand is #2 player with 19% market share
- The sales of Ford CVs grew by 51% as a result of the well positioned Ford Transit

\* Source - AEB

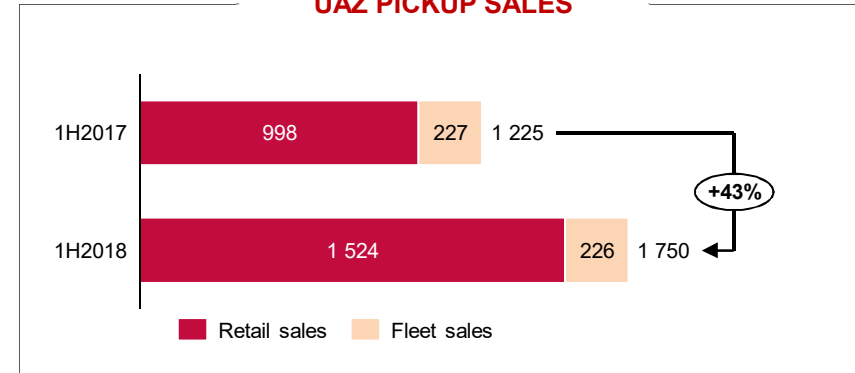


## 9 | SALES RESULTS: KEY MODELS, 1H2017 – 1H2018

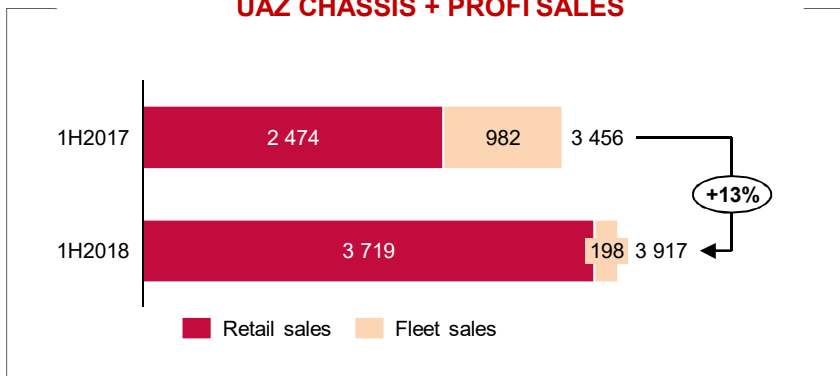
### UAZ PATRIOT SALES



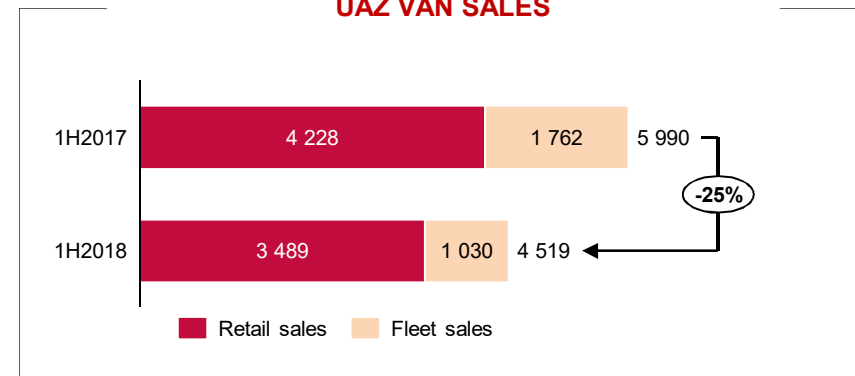
### UAZ PICKUP SALES



### UAZ CHASSIS + PROFI SALES



### UAZ VAN SALES



### MAJOR MARKET TRENDS IN 1H2018

- Patriot retail sales settled down at the last year level, overall decline is due to fleet sales. 2H2018 Patriot sales are expected to increase due to renewed version SOP in September
- UAZ Pickup is the leader of the segment. New PROFI chassis-van modifications will allow to rebound the CVs' sales volume
- Most of the corporate fleet contracts are confirmed and shifted to the year end (Nov-Dec)

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## SOLLERS JVS WHOLESALLES

<i>k units</i>	1H2017	1H2018	Change
MAZDA SOLLERS JV	9,6	14,2	48,2%
FORD SOLLERS JV	22,9	27,6	20,7%

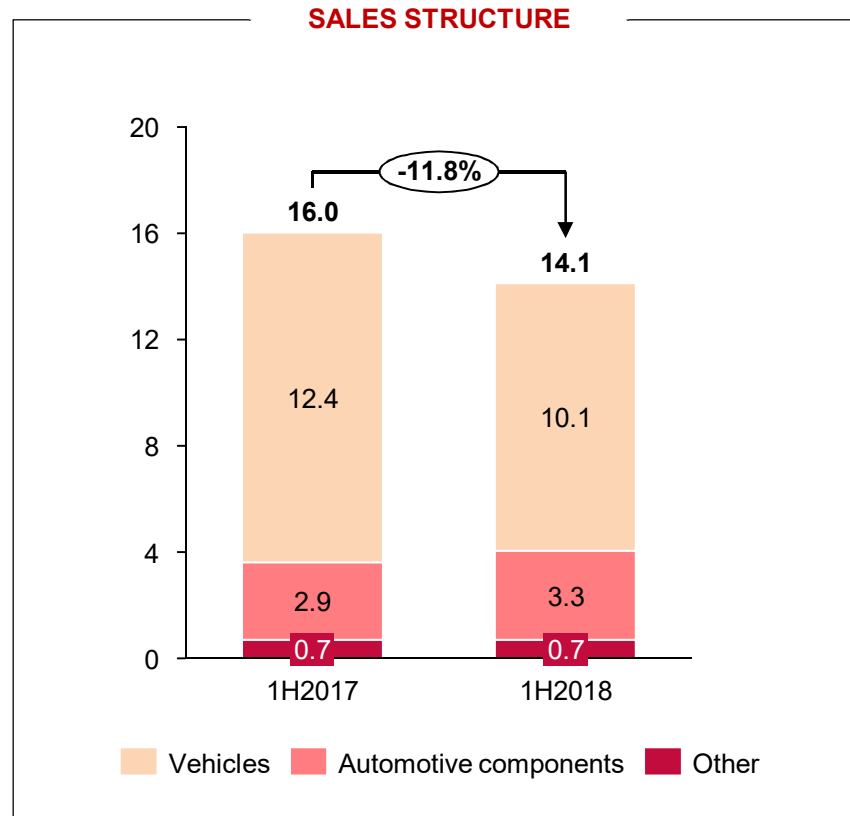
## UAZ CONSOLIDATED WHOLESALLES

<i>k units</i>	1H2017	1H2018	Change
<b>UAZ</b>	<b>21,1</b>	<b>16,8</b>	<b>-20,4%</b>
UAZ SUVs	8,2	7,3	-11,1%
UAZ commercial vehicles	12,9	9,5	-26,4%

## 12 | OVERVIEW OF 1H2018 FINANCIAL RESULTS

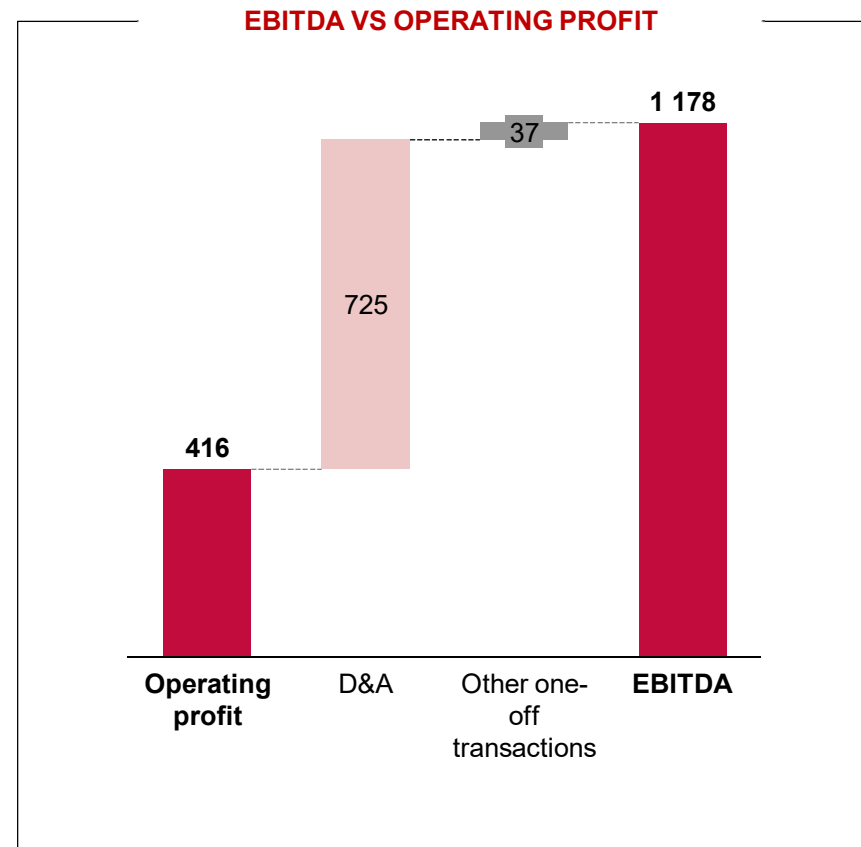
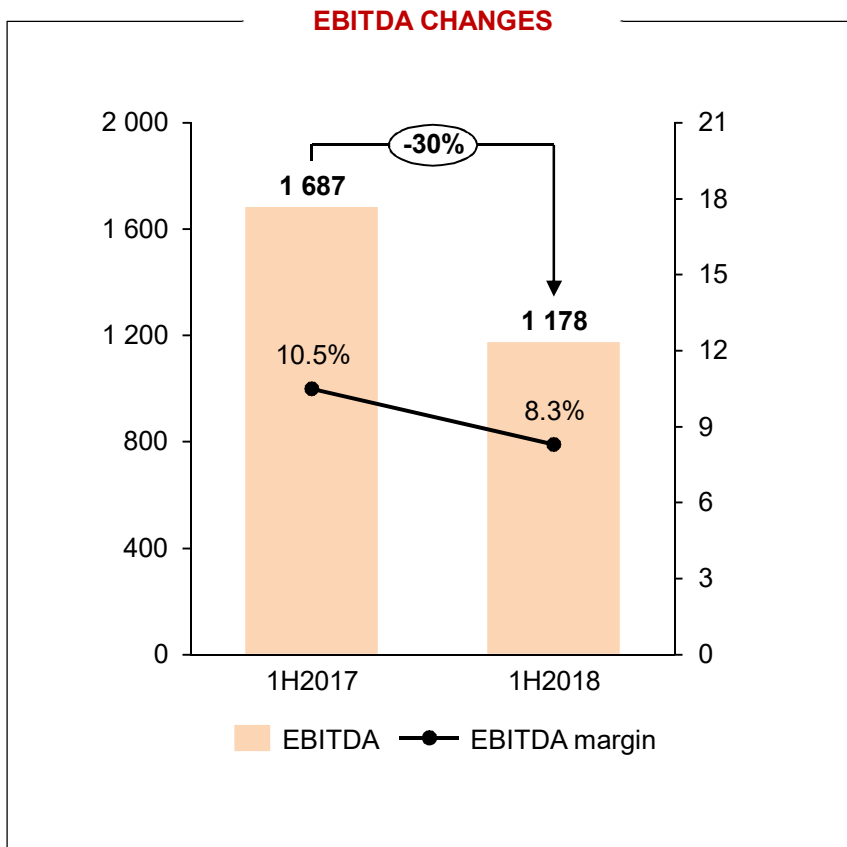
<i>RUB mln</i>	1H2017	1H2018	Change
Revenue	16 012	14 132	-11,7%
<b>EBITDA</b>	<b>1 687</b>	<b>1 178</b>	<b>-30,2%</b>
EBITDA margin	10,5%	8,3%	-2,2%
Operating profit	1 012	416	-58,9%
Operating margin	6,3%	2,9%	-3,4%
Financial instrument change in fair value	(125)	590	715
Share of result of JVs	195	66	-129
<b>Net profit</b>	<b>575</b>	<b>443</b>	<b>-23,0%</b>
Net debt as of 31.12.2017/ 30.06.2018	7 609	6 840	-10,1%
Net debt as of 30.06.2017/ 30.06.2018	5 521	6 840	23,9%

- The overall financial results are in line with SOLLERS' management expectation
- The decline of EBTDA in absolute terms resulted from considerable shift in UAZ wholesales and the VAT charge on subsidized expenses. The VAT to be recovered in 2H2018 according to the Tax Code amendments came into force after the balance sheet date
- SOLLERS managed to keep 1H2018 net profit on 1H2017 level



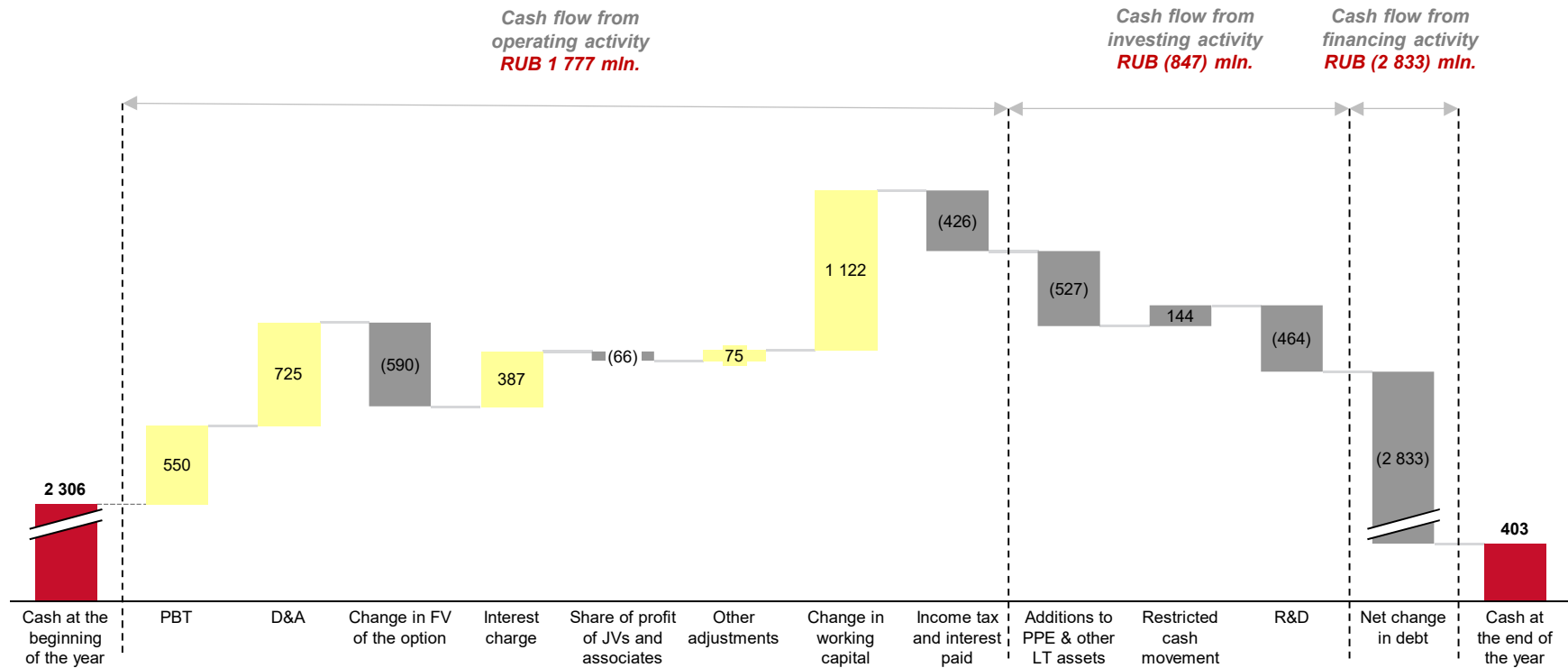
The decline in the Group's revenue of 12% due to the deterioration in UAZ sales

## 14 | EBITDA CHANGES, RUB MLN



- The EBITDA level reflects the deterioration of UAZ sales and the VAT charge on subsidized expenses
- The VAT to be recovered in 2H2018 according to the Tax Code amendments came into force after the balance sheet date

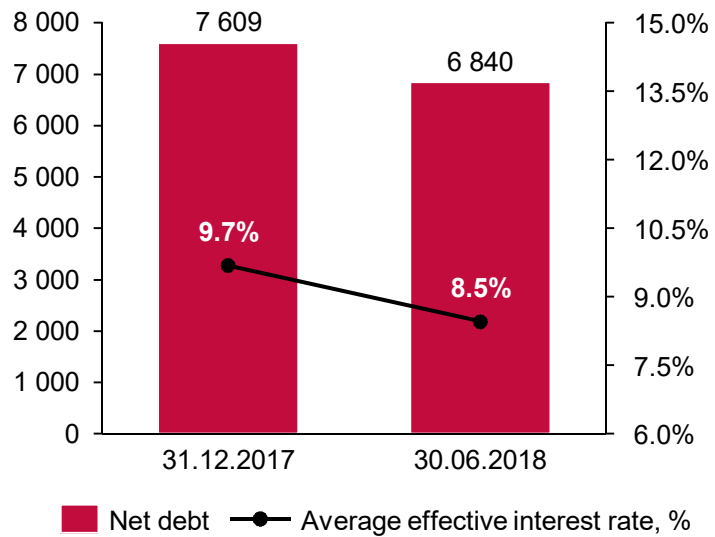
# 15 | CASH FLOW, RUB MLN



X Subtotals   
 X Cash inflow   
 (X) Cash outflow

- Substantial improvement of working capital in 1H2018 contributed to positive operating cash flow, which was used to decrease SOLLERS' debts by more than RUB 2,8 bln
- Other adjustments include amortization of state grants, provision movements and profit/ loss on the disposal of property, plant and equipment, investments and other assets

**NET DEBT POSITION AND EFFECTIVE INTEREST RATE**



**NET DEBT STRUCTURE**

<i>RUB mln</i>	31.12.2017	30.06.2018	Change
Long-term debt	2 830	2 050	-27,6%
Short-term debt	7 961	5 925	-25,6%
<b>Total debt</b>	<b>10 791</b>	<b>7 975</b>	<b>-26,1%</b>
Cash at the end of the period	2 306	403	-82,5%
Restricted csh	876	732	-16,4%
<b>Net debt</b>	<b>7 609</b>	<b>6 840</b>	<b>-10,1%</b>

- In 1H2018 SOLLERS decreased its debt by more than RUB 2.8 bln
- Liquidity reserves up to RUB 16.6 bln. including cash of RUB 1.1 bln. and available credit facilities of RUB 15.5 bln.



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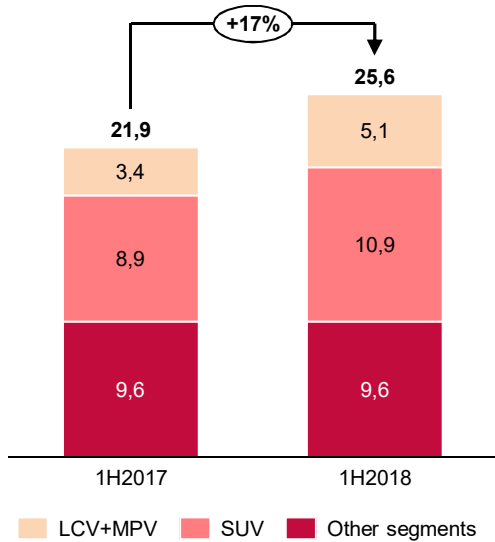
**BREAKDOWN OF JVS' CONTRIBUTION TO THE SHARE OF PROFIT OF JVS**

<i>RUB mln</i>	Current SOLLERS' stake	1H2017	1H2018	Change
MAZDA SOLLERS JV	50%	149	(37)	125%
SOLLERS-BUSSAN JV	50%	(11)	(8)	-27%
ISUZU-SOLLERS JV	50%	-	(2)	
SOLLERS-FINANCE JV	50%	57	113	98%
TOTAL CONTRIBUTION		195	66	66%

- In 1H2018 MAZDA SOLLERS JV had a net loss of RUB 73 mln. due to the reallocation of state subsidy, which is expected to be recovered by the end of the year

## 19 | 1H2018 FORD SOLLERS JV SALES, K UNITS\*

### FORD SOLLERS JV RETAIL SALES

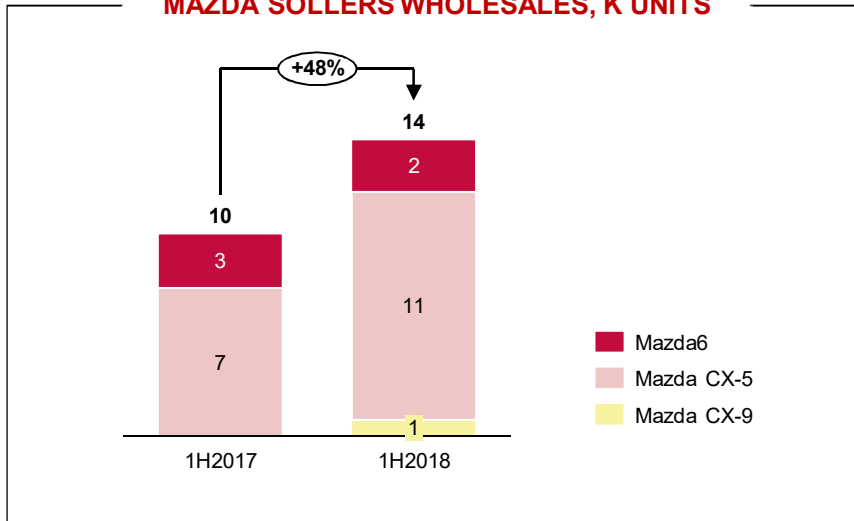


### HIGHLIGHTS

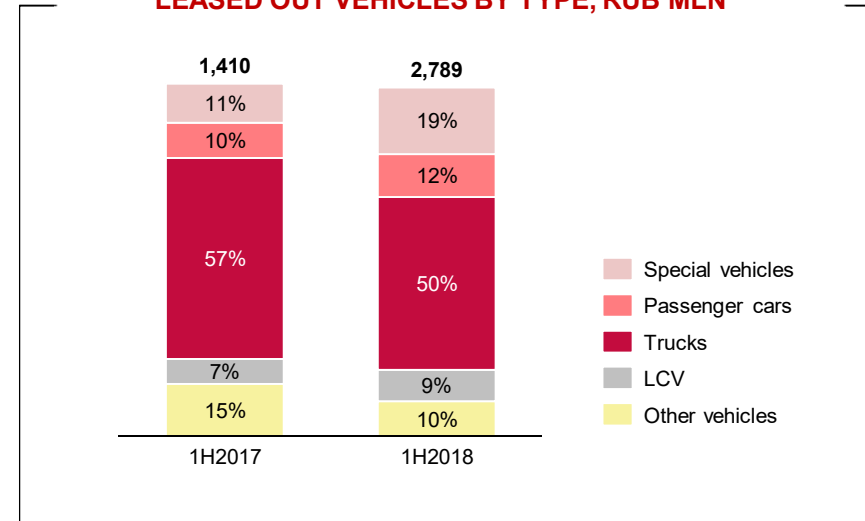
- Sales of Ford vehicles grew by 17% in 1H2018 on the back of better market performance and a number of improvements in product positioning
- The sales of Ford CVs grew by 51% due to the success of Ford Transit

\* Source: AEB (Association of European Businesses), Company

MAZDA SOLLERS WHOLESALAS, K UNITS



LEASED OUT VEHICLES BY TYPE, RUB MLN



MAZDA SOLLERS JV FINANCIAL RESULTS\*

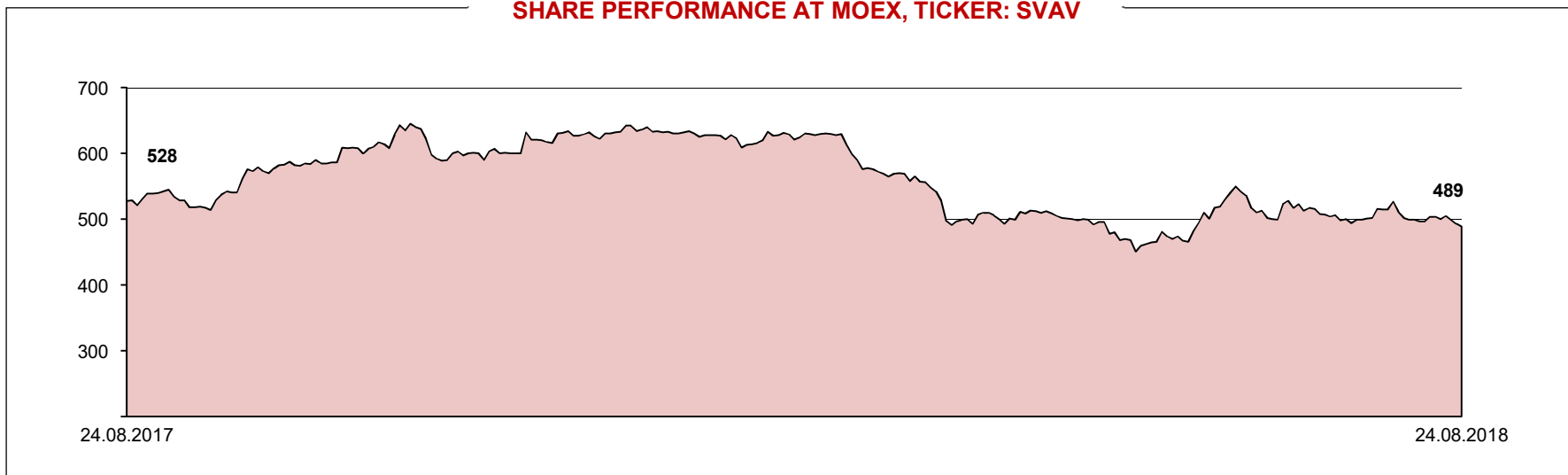
RUB mln	1H2017	1H2018
Revenue	10 384	17 472
Operating profit	308	(131)
Operating margin	3%	-1%
Net profit	298	(73)
Net profit margin	3%	-
Debt as of 31.12.2017/30.06.2018	-	227

SOLLERS-FINANCE JV FINANCIAL RESULTS

RUB mln	1H2017	1H2018
Revenue	401	632
Operating profit	144	281
Operating margin	36%	44%
Net profit	114	225
Net profit margin	28%	36%
Leasing portfolio as of 31.12.2017/30.06.2018	4 101	4 988

\* See p.18 for further details on MAZDA SOLLERS JV performance

## SHARE PERFORMANCE AT MOEX, TICKER: SVAV



## STOCK EXCHANGE DATA AT 24.08.2018

Market capitalisation, RUB mln.	16 758
Shares, mln.	34,27
Price at 24.08.2018, RUB	489
Security List	I