

The Russian and CIS automotive industry

Current trends and outlook

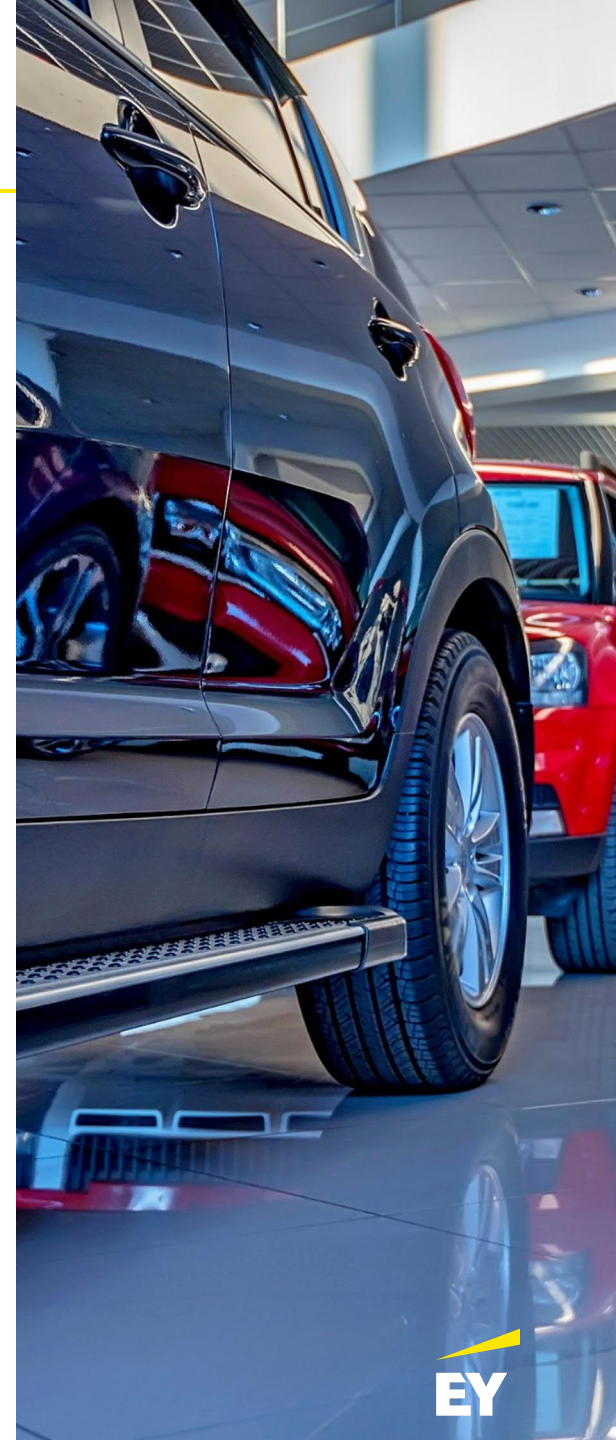
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Introduction



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The Russian market for passenger cars and light commercial vehicles (LCVs) shrank by 2.3% in 2019 due to an economic growth slowdown, lower oil prices and the devaluation of the Russian ruble, all of which affected consumer spending.

Demand fell following a scale-down in government programs aimed at bolstering consumer spending and a 9% increase in car prices that grew faster than inflation as the Russian ruble weakened while VAT rose to 20% in 2019.

Macroeconomic risks and the inflation adjustment to Russia's recycling fees are projected to push car sales further down in 2020 and drive up prices, especially for imports and vehicles with low localization content.

At the same time, Russia's market has high growth potential due to the lower number of cars per capita compared with Western countries and their old age.











EY presents an analysis of current trends shaping the automotive market in Russia and other CIS countries and its long-term growth prospects. Under the baseline scenario, growth is projected to begin in 2021. While some automotive plants have closed, a number of global and Russian manufacturers and suppliers are considering new investment projects in the Russian automotive industry. The market potential and government support for investors provide good opportunities for new projects despite the macroeconomic risks.

EY professionals will be glad to share their market expertise and assist you in meeting your business needs and identifying investment opportunities as well as provide risk, operational and cost management advisory services.

Russia's economy and automotive industry drivers



Russia is one of the leading automotive markets with significant growth potential in Europe

Growth drivers			Risks	
<p>Oil reserves Russia was the world's second-largest oil producer in 2019</p> 	<p>Road network expanding Russia is among the top 5 nations by size of road network</p> 	<p>Car sharing booming Moscow is a leading city for carsharing among other cities in the world</p> 	<p>Sanctions are slowing economic growth</p> 	<p>Lower GDP per capita US\$ 29,800 per capita GDP in Russia versus US\$ 46,600 in Western Europe**</p>
<p>Purchasing power Russia's population (147 million people) is the largest population in Europe</p> 	<p>The biggest car fleet* in Europe – 54.2 million cars in Russia</p> 	<p>Annual growth forecast for Russia's car fleet* - 2%</p> 	<p>Dependence on oil prices</p> 	
			<p>Administrative barriers hinder relationships with suppliers</p> 	<p>High interest rates for loans ~ 9.5%</p> 

The market potential and government support for investors provide good opportunities for new projects in the industry despite the macroeconomic risks.

Sources: BMI, Oxford Economics, Rosstat, Central Bank of Russia, LMC Automotive, data from open sources.

* Including passenger cars, LCVs, trucks and buses
** 2019 data based on purchasing power parity

Russia's economy is projected to demonstrate modest growth in the medium run

Indicator	2014	2015	2016	2017	2018	2019	2020F*	2021F*	2022F*
Population, million	143.7	146.3	146.5	146.8	146.8	146.8	147.0	147.3	147.7
Real GDP growth, %	0.7%	-2.0%	0.3%	1.8%	2.5%	1.3%	1.7%	1.6%	1.6%
GDP per capita, USD	14,468	9,435	8,912	10,848	11,348	11,586	12,789	13,669	14,609
Inflation (average annual), %	7.8%	15.6%	7.1%	3.7%	2.9%	4.5%	3.7%	3.9%	4.0%
Industrial Production Index, %	2.5%	-0.8%	2.2%	2.1%	2.9%	2.4%	1.5%	1.5%	1.4%
Brent price, USD per barrel	98.9	52.7	44.1	54.5	71.2	64.2	62.4	60.8	60.8
Unemployment rate among the economically active population (annual average), %	5.2%	5.6%	5.5%	5.2%	4.8%	4.5%	4.6%	4.6%	4.7%
RUB/USD exchange rate (annual average)	38.4	60.9	66.8	58.3	62.9	64.6	64.7	65.7	65.5
RUB/EUR exchange rate (annual average)	51.0	67.5	74.1	66.0	74.1	72.4	72.2	74.7	75.5

- ▶ Russia's economy grew for four years in a row after the 2015 recession, but its growth pace slowed down from 2.3% in 2018 to 1.2% in 2019. This was due to the introduction of new Western sanctions and lower oil prices weakening the Russian ruble and accelerating inflation. Another factor was an increase in VAT to 20% in 2019.
- ▶ Agricultural output demonstrated the highest growth, jumping by 4.1% in the first 11 months of 2019 compared with the same period of the previous year. Industrial output also made a considerable contribution to Russia's GDP, rising by 2.4% in 2019 compared with the year before. Growth in freight transport and retail sales significantly slowed down to 0.6% and 1.6%, respectively, due to the ongoing devaluation of the national currency and weak consumer spending.
- ▶ Direct foreign investment in Russia picked up after a sharp decline in 2018. It totaled US\$ 4.7 billion in the first half of 2019, more than double the level of the same period the previous year.
- ▶ As oil prices may fall further, Russia's economic growth is projected to be moderate in the medium term.

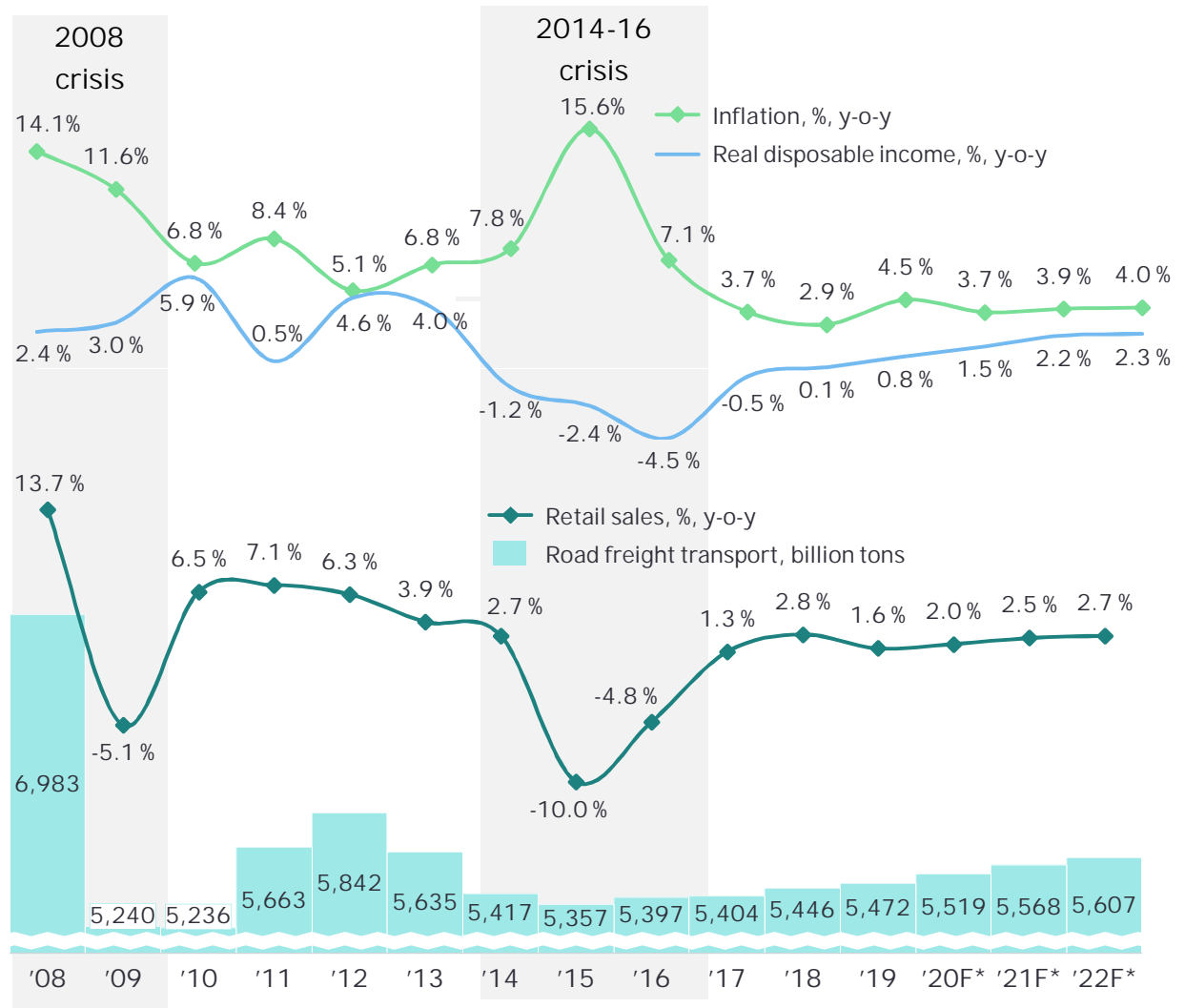
Sources: BMI, Oxford Economics, EIU, Rosstat, Russia's Ministry for Economic Development, Bloomberg, EY analysis.

* The forecast does not take into account the potential impact of the coronavirus outbreak (COVID-19) and consequences of Russia's failure to reach agreement on oil production cuts with the Organization of Petroleum Exporting Countries (OPEC).

Real household income, trade and freight transport are recovering, but their growth is slower than before the crisis hit

Inflation and real disposable household income, %

- ▶ The inflation rate significantly slowed after its peak level in 2015 and is projected to settle down at 4% in the next three years.
- ▶ Real disposable income began to recover only in 2018, growing at a slow pace because of the weaker Russian ruble.



Retail sales and freight transport

- ▶ Retail and road transport have been the most sensitive to the crisis. A change in the lending cycle and slower loan growth may have a negative impact on the sectors in 2020.
- ▶ However, the rise of e-commerce may become a long-term growth driver for retail sales and freight transport.

Sources: Russia's Ministry for Economic Development, BMI, Oxford Economics, Rosstat, Central Bank of Russia, World Bank, EIU.

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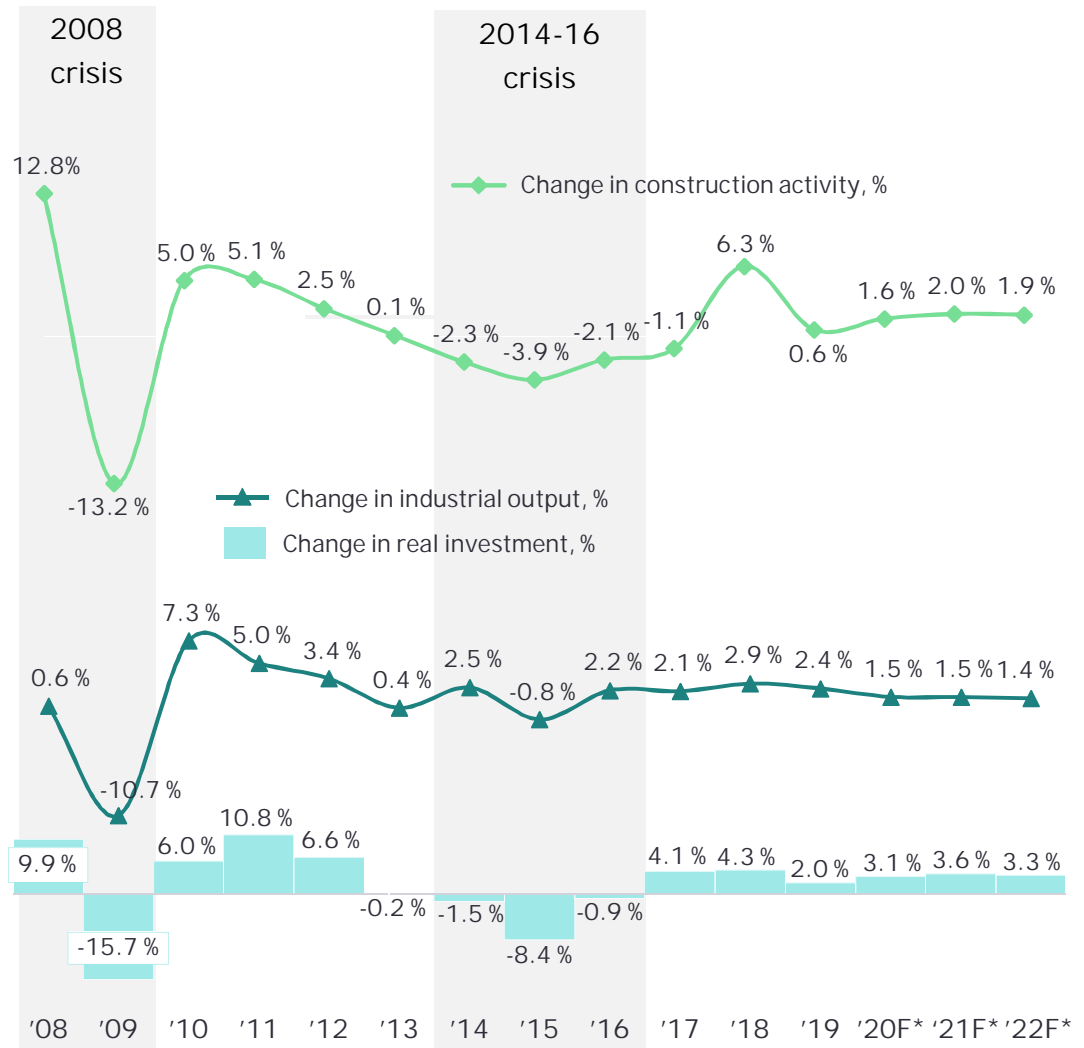
Uptick in investment and construction sector recovery are driving the truck transport market

Construction sector

- ▶ The implementation of large-scale infrastructure projects led to strong growth in construction activity in 2018. The growth slowed the next year after the completion of many projects, but it is expected to be restored soon, at a pace of no more than 2% a year.
- ▶ Large projects in sectors such as energy, public infrastructure and road construction will be the key drivers.

Industrial output and investment

- ▶ Industrial output was one of the fastest-growing sectors for the third year in a row, driven by a stronger government focus on import substitution to address Western sanctions. Manufacturing industries such as food, chemicals and metals were key contributors to this growth.
- ▶ Russia's investment attractiveness is recovering but Western sanctions and the weaker Russian ruble make it difficult for investment inflows to reach levels seen before the crisis.

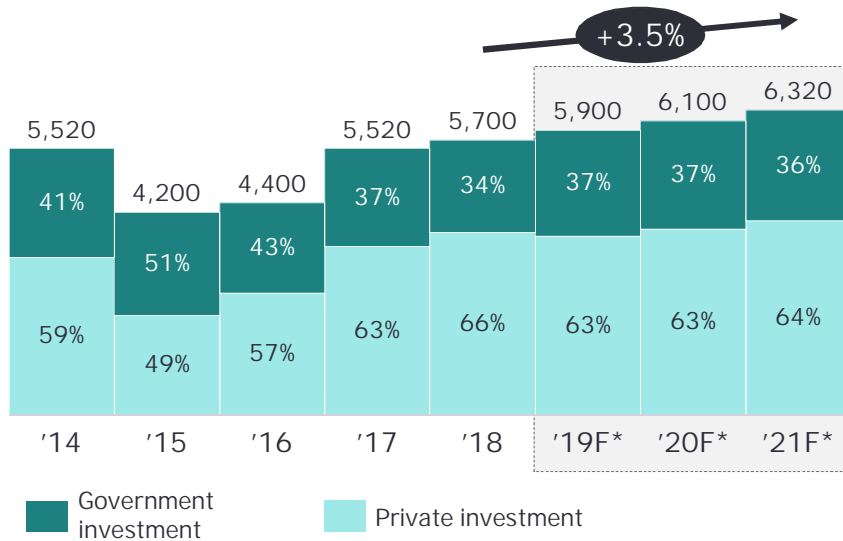


Sources: Russia's Ministry for Economic Development, Oxford Economics, Rosstat.

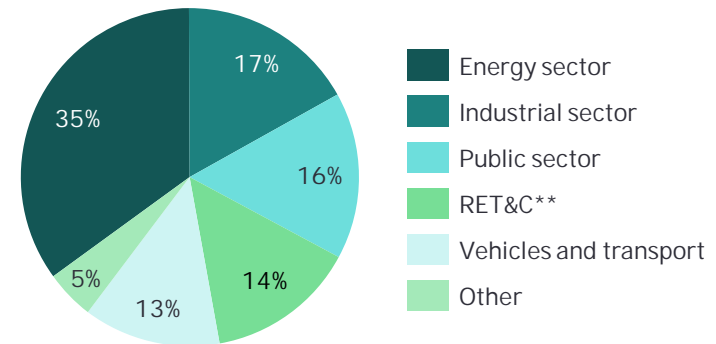
* F - forecast.

Infrastructure projects are driving demand for commercial vehicles

Infrastructure investment, RUB billion



Infrastructure investments by sector in 2018-20



Major projects in 2018-20



- ▶ With moderate economic growth, large-scale infrastructure projects now play a bigger role in driving demand for trucks.
- ▶ This trend may, however, increase the demand cycle and lead to tighter competition for new vehicles as used vehicles return to the market after the completion of projects.

Source: Rosstat.

* F - forecast.

** Real estate, tourism and construction.

*** Baikal-Amur Mainline Upgrade Project, Phase 1 (until 2020).

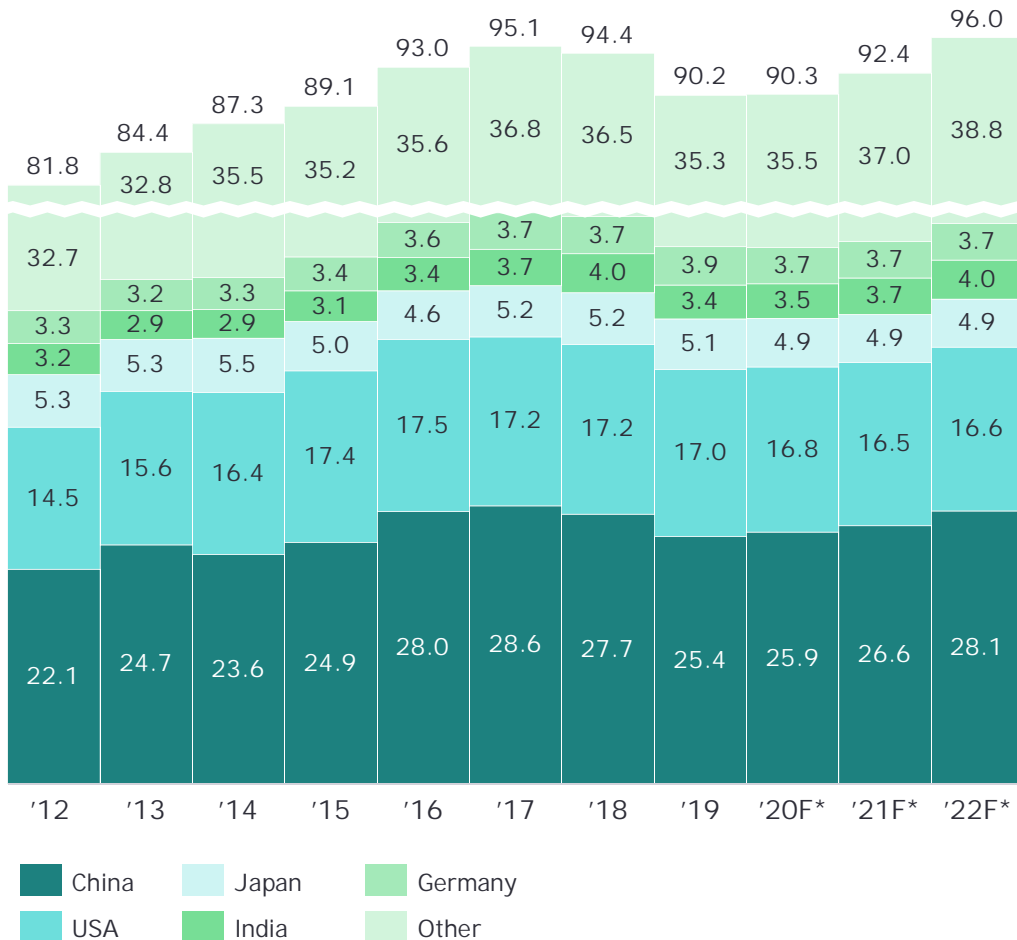
Current trends in the global automotive market



Self-Driving

Global sales of new cars have been falling for the past two years

Global sales of passenger cars and LCVs, million vehicles



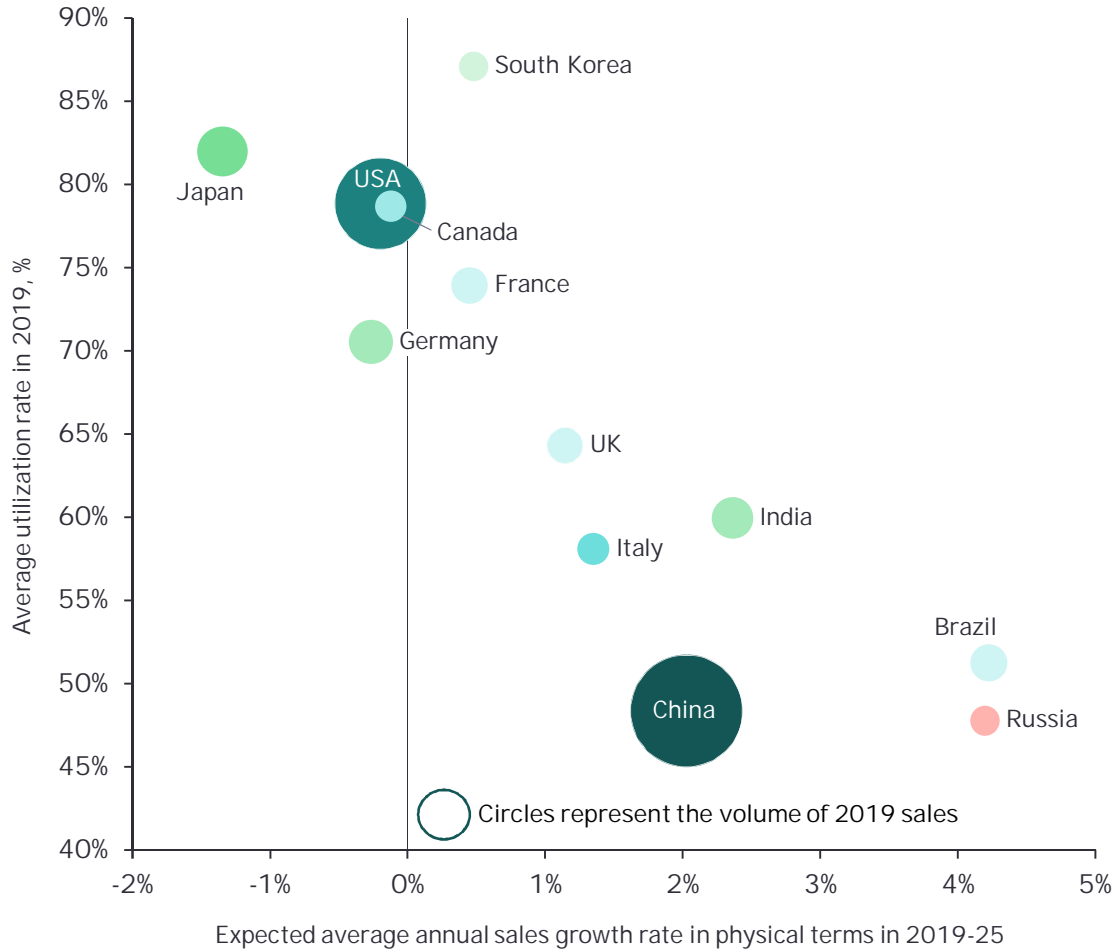
Car sales around the world saw their steepest drop of 4.4% in 2019 since the 2008 recession, due to the following reasons:

- ▶ Lower sales in China (an 8.3% decline), which nevertheless remains the world's largest auto market. The downward trend in the past two years was caused by an economic slowdown, sluggish lending, rising sales of used cars and tightening emission standards.
- ▶ Sales in the US, the second-largest auto market, were down 1.4% year-on-year due to a trade war with China and the economic downturn.
- ▶ Falling car sales in India are driven by limited access to auto loans and the intensifying economic slowdown. Tighter environmental standards may also contribute to the decline in 2020.
- ▶ Western Europe witnessed modest growth of 0.8%, but key markets in the region showed a mixed performance: sales increased by 4% in Germany while falling by 2% in the UK following Brexit.
- ▶ Among other markets with the highest growth rates is Brazil, demonstrating steady annual sales growth of 10% on average since the crisis of 2016.

* The forecast does not take into account the potential impact of the coronavirus outbreak (COVID-19) and consequences of Russia's failure to reach agreement on oil production cuts with the Organization of Petroleum Exporting Countries (OPEC).

BRICS countries will be the biggest contributors to the global sales performance in the next five years

Capacity utilization and expected sales growth by country, 2019-25*



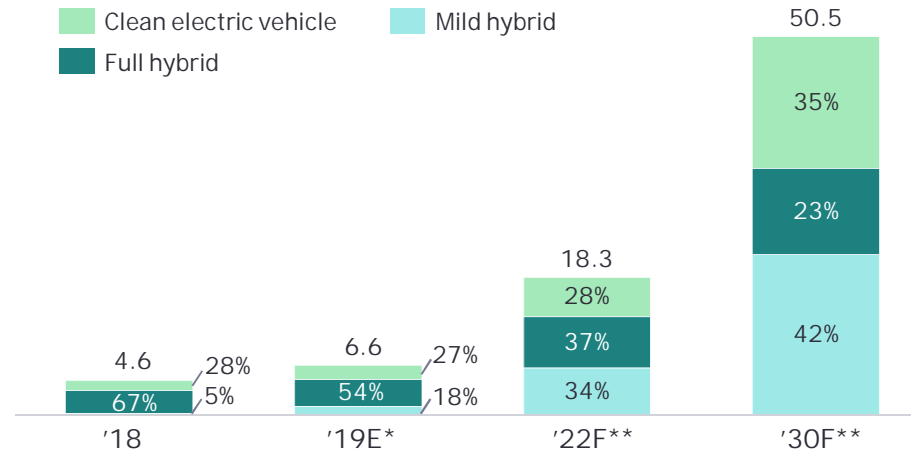
- ▶ Due to plummeting sales in China and India, capacity utilization in the BRICS has fallen behind Western countries. Nevertheless, BRICS will become the key driver of the global demand recovery in the coming years.
- ▶ In 2020, sales in major markets are expected to either decrease or remain at the level of 2019. Global demand is set to recover in 2021-22 to reach an all-time high.
- ▶ The growth of the North American auto market will be depressed by uncertainty around import duties and other safeguards.
- ▶ The high number of vehicles per capita in Western Europe puts a brake on the sales of new vehicles.
- ▶ Greater penetration of electric vehicles, mobility as a service and tighter environmental standards in developing countries will make a significant impact on the market.

Source: LMC Automotive.

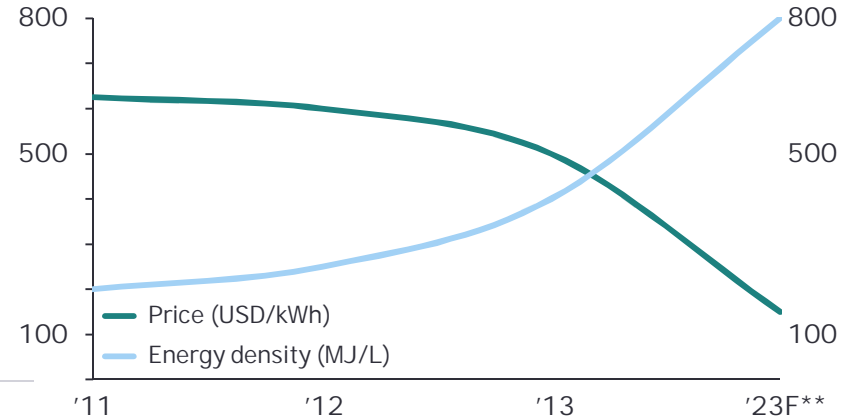
* The forecast does not take into account the potential impact of the coronavirus outbreak (COVID-19) and consequences of Russia's failure to reach agreement on oil production cuts with the Organization of Petroleum Exporting Countries (OPEC).

Global sales of passenger electric vehicles are expected to soar in the medium run

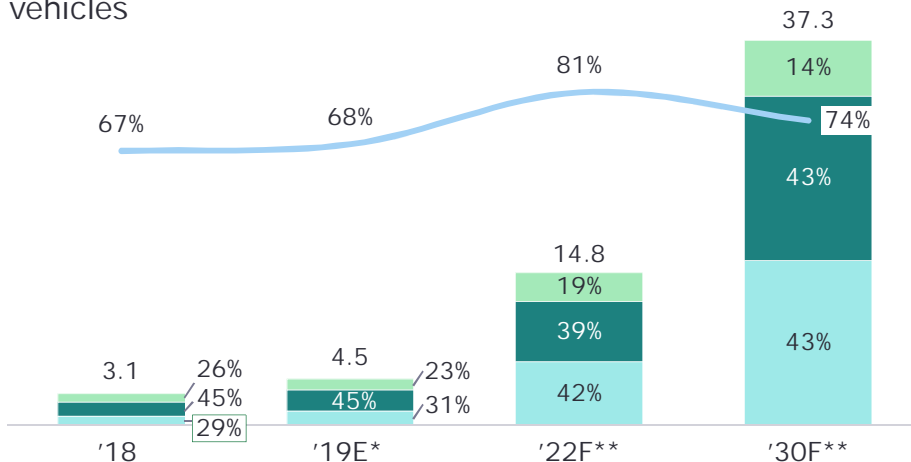
Global sales of electric vehicles, million vehicles



Change in energy density and price of an electric-vehicle battery



Global sales of electric vehicles in key regions, million vehicles



Key growth drivers for the global electric vehicle market:

- ▶ State policies aimed at tightening environmental regulations and developing infrastructure for electric vehicle owners, as well as boosting sales.
- ▶ Development of technologies used to produce electric vehicles, which will significantly increase a battery's energy density and, therefore, its driving range.
- ▶ A substantial drop in a battery's price, which is the most expensive component of an electric vehicle.

— Share in global sales, %

■ North America ■ China ■ Europe

Sources: LMC Automotive, EY analysis.

* E - expected.
** F - forecast.

Passenger car and LCV market



Russia's sluggish economic growth in 2019 led to a 2.3% drop in sales of new passenger cars and LCVs

Sales of passenger cars and LCVs in Russia, thousand vehicles

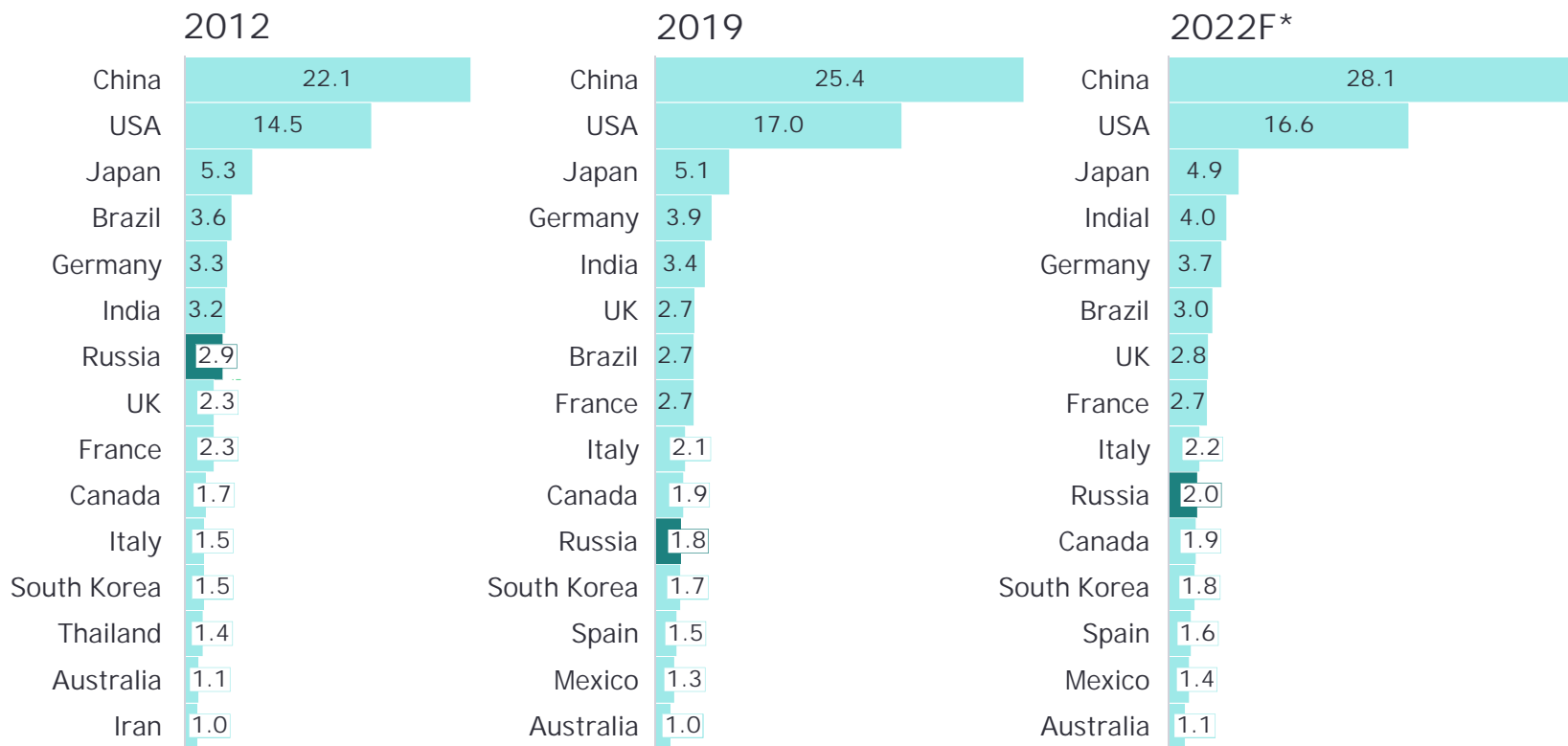


- ▶ According to the Association of European Businesses (AEB), sales of new passenger cars and LCVs dropped by 2.3% in 2019. The decline was of a comparable level for both segments.
- ▶ The contributing factors were sluggish economic growth, lower oil prices and the devaluation of the Russian ruble, all of which constrained consumer spending.
- ▶ Demand fell following a scale-down in government programs aimed at bolstering consumption and a 9% increase in car prices that grew faster than inflation, which was due to the following:
 - ▶ The expiry of the industrial assembly regime applied by many manufacturers and suppliers, leading to increased import duty on car parts
 - ▶ Increase in the VAT rate to 20%
 - ▶ Russian ruble devaluation
 - ▶ Plans to adjust recycling fees for inflation in January 2020, prompting car manufacturers to revise their prices early, at the end of 2019.
- ▶ The drop in 2019 sales was also partly due to increased sales in 2018 as consumers anticipated price hikes in 2019 after the rise in VAT.

Sources: AEB, LMC Automotive, EY analysis.

Russia slid in the 2019 global rankings for car sales compared with 2012

Sales of passenger cars and LCVs in Russia, million vehicles



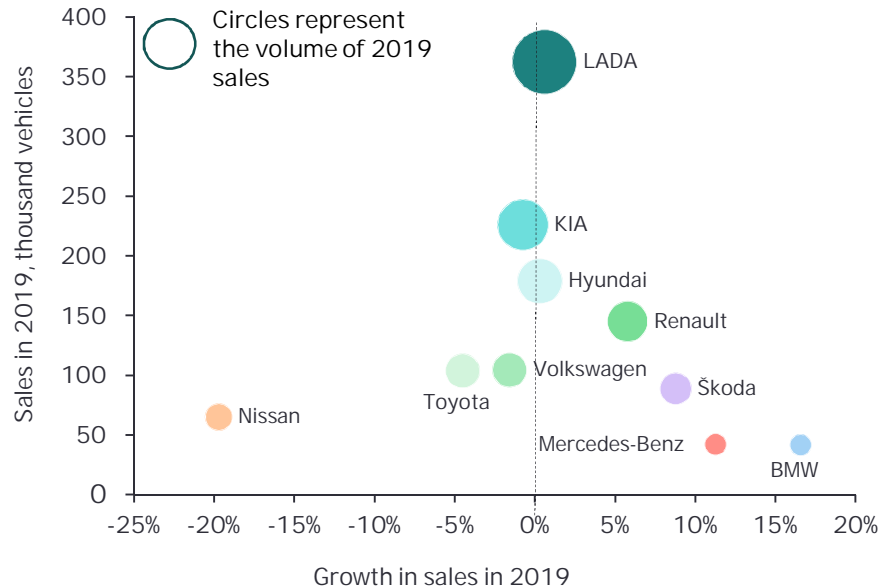
Like in the previous year, Russia ranked 11th globally and fifth in Europe for car sales in 2019.

Sources: LMC Automotive, AEB.

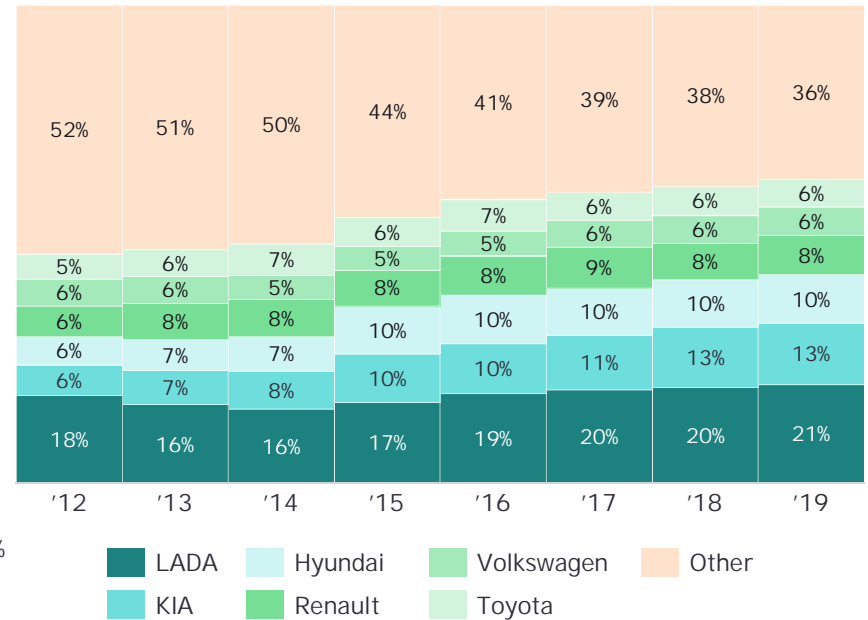
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Russia's car market is consolidating while top manufacturers are focused on increasing market shares

Car sales – top 10 players



Change in key players' market shares



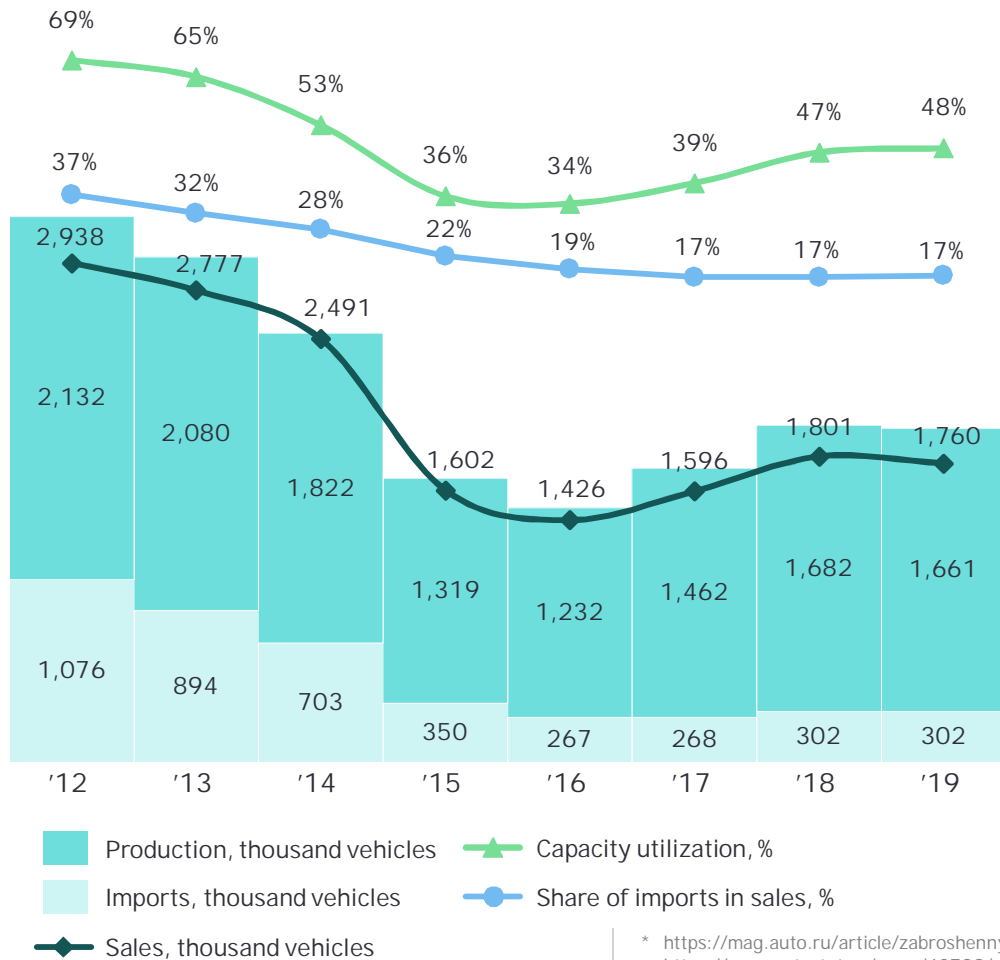
Key trends:

- ▶ LADA, Kia, Hyundai and Renault have been the leading car brands in the Russian market in the last few years, seeing a considerable increase in their shares since 2012.
- ▶ The consolidation trend will strengthen and drive the mass market as government support is expected to increase with more incentives for industry players and measures to bolster demand for Russian cars and foreign vehicles with a high local content. These four brands continue to lead the pack thanks to their wide car ranges and affordable SUVs, demand for which has been growing faster compared with other segments.
- ▶ At the same time, demand for some premium brands such as Mercedes-Benz and BMW has also increased. While being less sensitive to economic recession, this segment saw an increase in its market share from 8% in 2018 to 10% in 2019.

Sources: AEB, Avtostat.

Car production in Russia fell by 1.2% in 2019 after a contraction in sales

Car sales and capacity utilization



- ▶ A considerable contraction in sales and production after 2012 has affected capacity utilization rates, with less than half of industry capacity utilized in the period up to 2019.
- ▶ Capacity utilization rates have shifted among car manufacturers in the last two years after the closure of the Taganrog Auto Plant, Derways Automobile Company and the Ford plants in the Republic of Tatarstan and the Leningrad Region, with a total annual capacity of 462,000 vehicles.* At the same time, Haval and Mercedes-Benz plants started operation in 2019 with an annual capacity of 150,000 and 20,000, respectively. Two more plants, Sollers-Isuzu and Unison, are expected to open in 2021 or later. They are projected to have an annual capacity of 7,000 and 98,000 vehicles, respectively.**
- ▶ The share of imports steadily declined in 2012-17 amid government measures to increase local content in the automotive market and drive demand for local brands.
- ▶ Increased recycling fees, which were raised by 112% to 146%*** in January 2020 depending on the type of engine, as well as further government support of local brands, may affect imports in 2020.

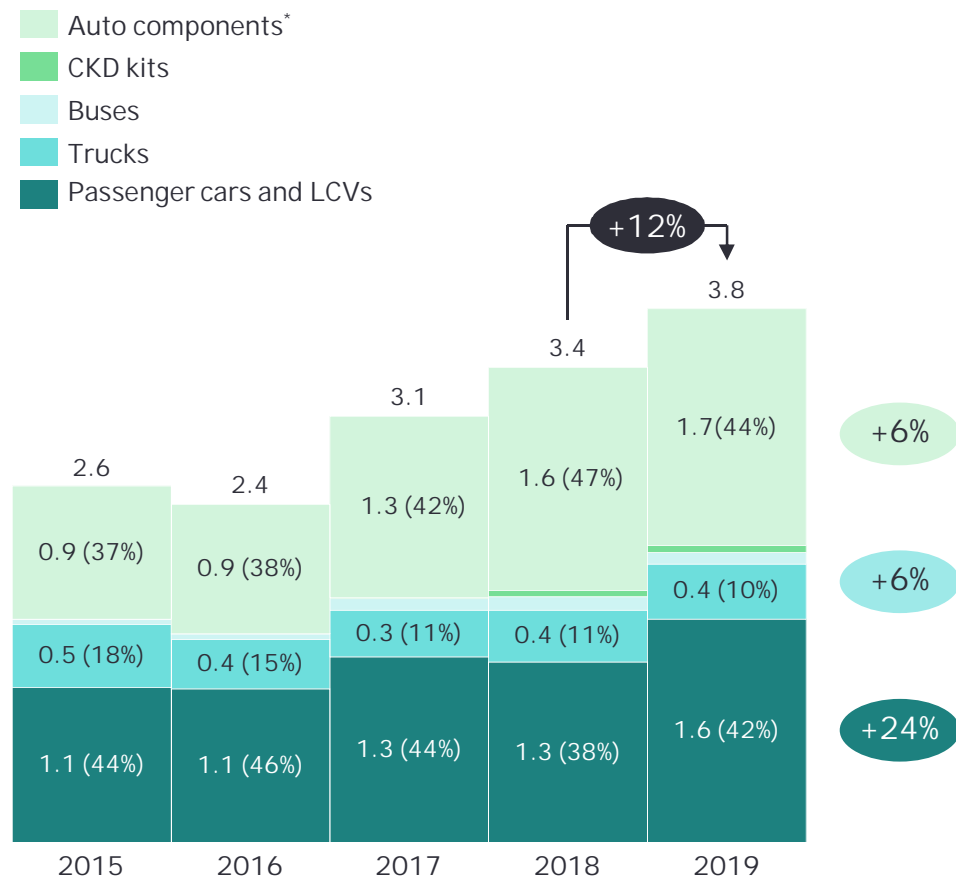
Sources: AEB, LMC Automotive, Russia's Federal Customs Service, EY analysis.

* <https://mag.auto.ru/article/zabroshennyezadody/>
<https://www.autostat.ru/news/40728/>
 ** <https://www.autostat.ru/news/36240/>
<https://www.autostat.ru/news/36902/>
<http://www.sollers-auto.com/ru/press-center/news/index.php?id35=878>
<https://www.vedomosti.ru/auto/articles/2019/01/14/791377-zavod-gm>

*** for vehicles with engines bigger than 1,000 cubic centimeters

Russia's auto exports jumped by 12% to USD 3.8 billion in 2019, with auto components accounting for 44% of total exports

Russia's auto exports, USD billion



- ▶ Auto exports from Russia reached USD 3.8 billion in 2019, surpassing the pre-crisis level of 2013 (USD 3.7 billion) for the first time.
- ▶ Exports of vehicles and CKD kits rose by 18% to USD 2.1 billion:
 - ▶ Passenger cars and light commercial vehicles: USD 1.6 billion (+24%);
 - ▶ Trucks: USD 0.4 billion (+6%).
- ▶ Exports of auto components rose by 6% to USD 1.7 billion.
- ▶ Auto exports, except for trucks, showed a 13% increase over the best case scenario set out in the Strategy for the Development of Auto Exports** (USD 3.4 billion).

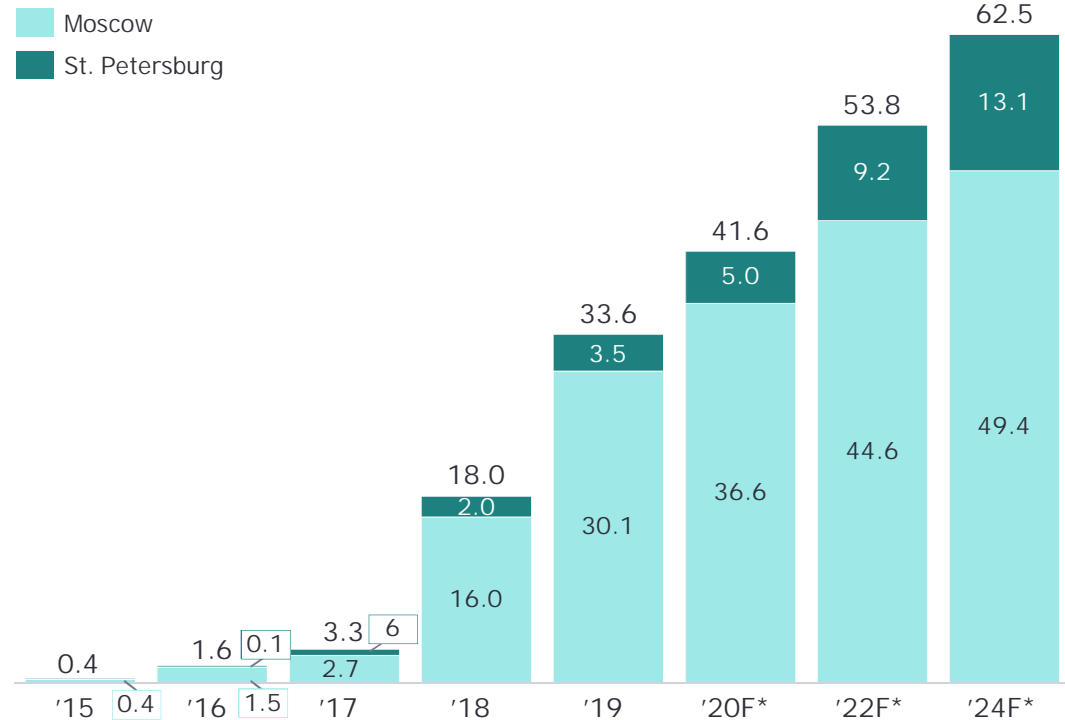
Sources: Federal Customs Service data, EY analysis.

* EAEU Classifier codes in accordance with the Strategy for the Development of Auto Exports in Russia through 2025.

** Regulation No. 1877-r of the Russian Government of 31 August 2017.

The rise of mobility as a service has driven car sales to corporate clients

The rise of mobility as a service has driven car sales to corporate clients

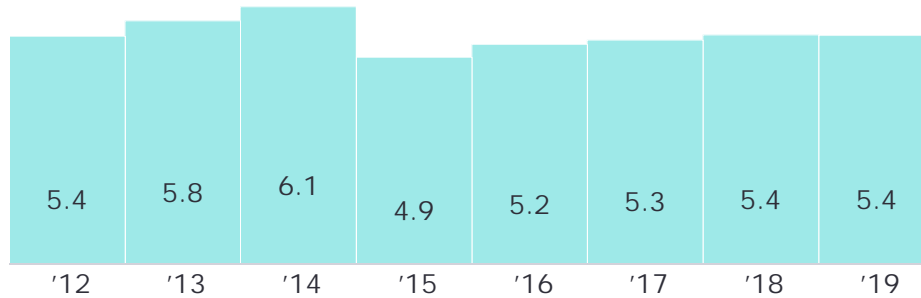


Leading carsharing companies: Yandex.Drive, Delimobil, BelkaCar, YouDrive, Matreshcar, Carusel, Rentmee.

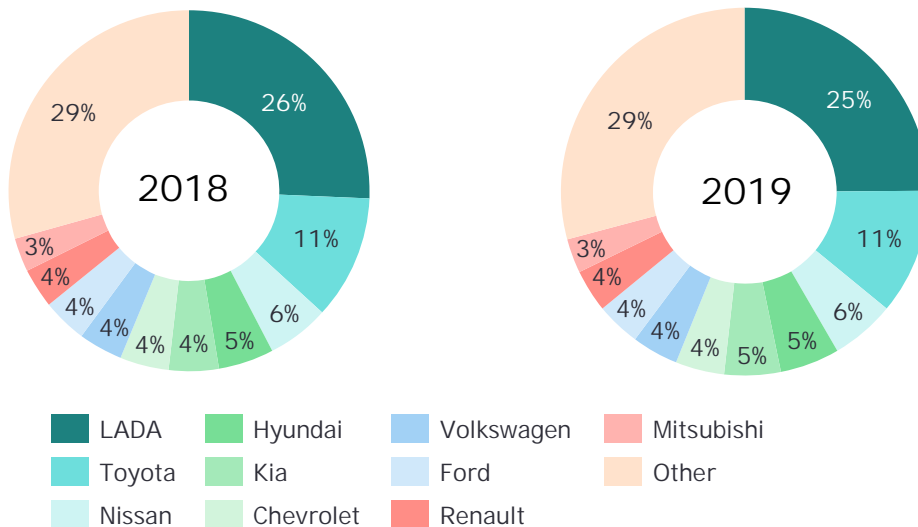
- ▶ The rise of mobility as a service, carsharing and leasing, are reshaping the market landscape, driving sales to corporate clients.
- ▶ In 2019, Moscow beat Tokyo to become the world's top city for carsharing. Around 140,000 trips are made daily by sharing cars in Moscow.
- ▶ Carsharing is available in more than 20 Russian cities, including almost all Russian cities with a population over 1 million people and other big cities such as Kaliningrad, Tula, Lipetsk, Ryazan and Sochi.
- ▶ Moscow and St. Petersburg accounted for 95% of Russia's carsharing fleet at the end of 2019,
- ▶ Yandex.Drive, Delimobil and BelkaCar operated more than 90% of the fleet.

Sales of used cars fell in Russia for the first time since 2016

Sales of used cars, million vehicles



Pre-owned car market by brand

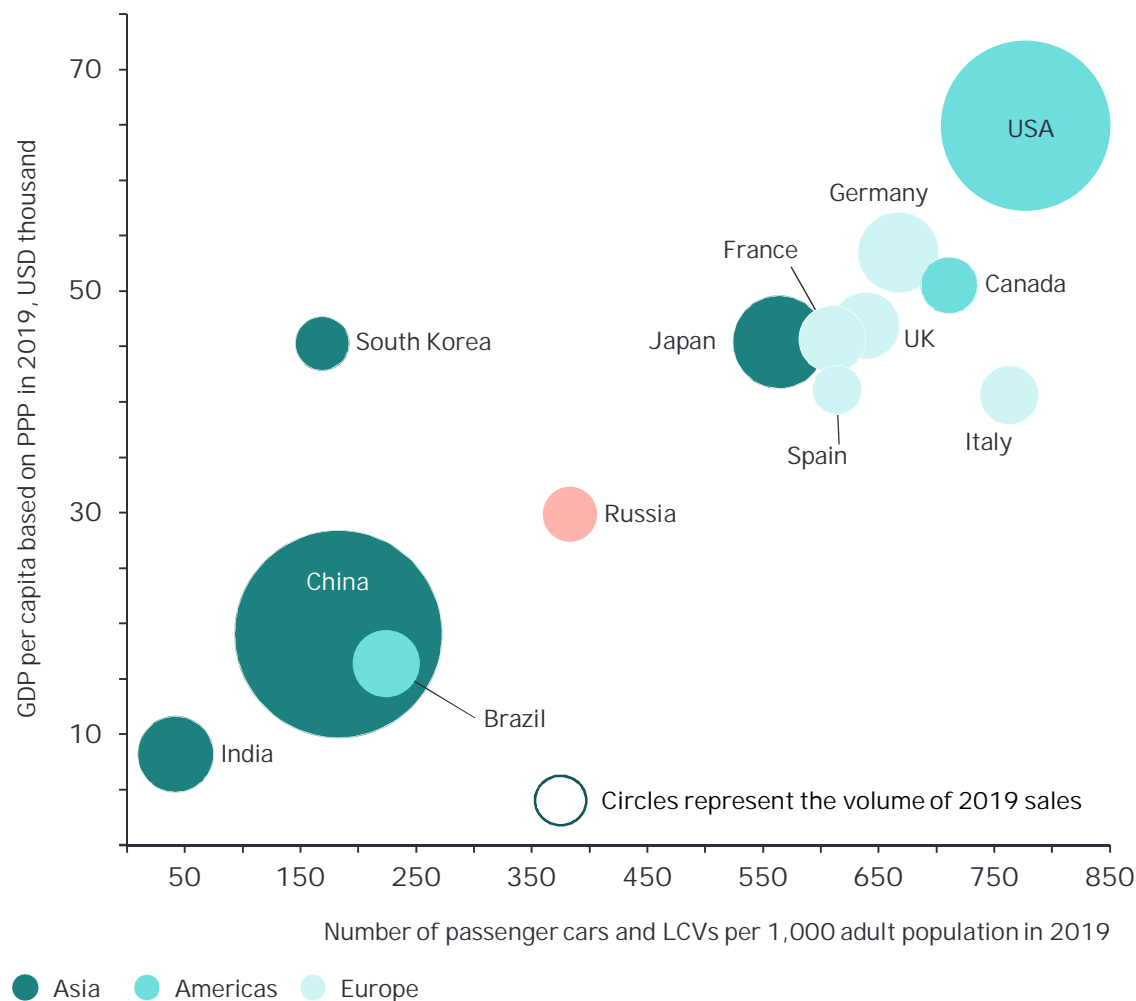


- ▶ The market for used cars contracted by 0.4% to 5,404,000 vehicles in 2019, which was partly due to slower economic growth and weaker consumer spending.
- ▶ The market underwent transformation as the share of pre-owned vehicles sold through dealership networks increased, reaching 15%-16% on average in Russia and even more in Moscow and other big cities.
- ▶ LADA is the long-established leader in sales of used vehicles, accounting for 25% of such sales in 2019. It is followed by Toyota with 11%, Nissan with 6%, Hyundai with 5% and KIA with 5%.

Sources: Avtostat.

Russia's per-capita car fleet has considerable long-term growth potential given the gap with other countries

Per-capita fleet of passenger cars and LCVs versus per-capita GDP

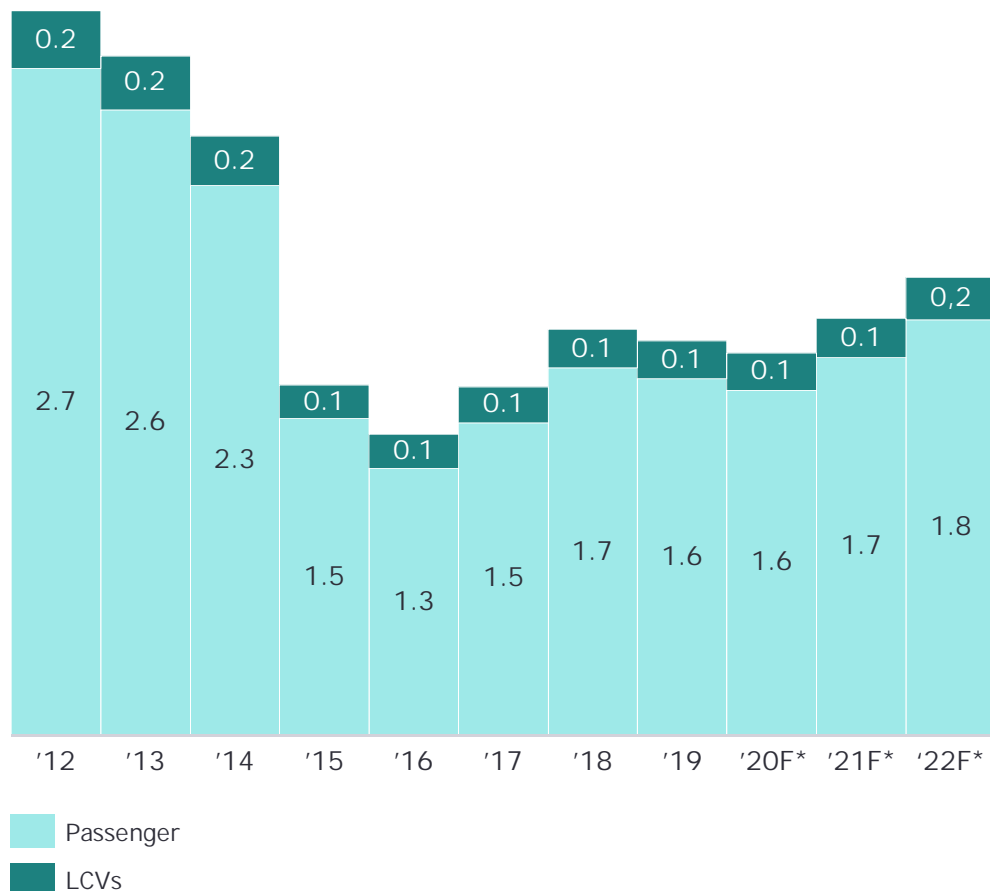


- ▶ Lower car penetration in Russia compared with Western countries implies that Russia's market has good long-term growth prospects.
- ▶ In 2019, there were around 383 passenger cars and LCVs per 1,000 people in Russia versus 660 in West European countries. The US was the leading nation in vehicle penetration, with 777 vehicles per 1,000 people.
- ▶ However, the expansion of consumer demand is constrained by the rise in recycling fees and macroeconomic risks such as a potential further drop in oil prices, the devaluation of the Russian ruble, weaker government support to stimulate spending and the rise of the sharing economy. The growing popularity of mobility as a service and carsharing may lead to reduced car ownership and higher utilization rates per vehicle.

Источники: Oxford Economics, LMC Automotive.

The Russian market outlook incorporates less favorable macroeconomic factors compared to the 2017-18 recovery period

Projected sales of passenger cars and LCVs in Russia, million vehicles



- ▶ Sales may continue to decline and fall by 3% in 2020.
- ▶ The forecast takes into account the macroeconomic situation and expected moderate economic growth but does not include significant oil price or ruble fluctuations.
- ▶ The key factor to weigh on demand in 2020 is the indexation of recycling fees, which may place mounting pressure on prices, in particular for imported vehicles and those with low local content.
- ▶ The market structure may also be affected by the government's implementation of a differentiated approach to industry subsidies. Most automakers with low production localization will have to include the recycling fee increase in the price.
- ▶ A lack of effort by the government to sustain the demand has had an adverse effect on sales. The Russian government finances My First Car and Family Car targeted support programs and considers introducing a single subsidized lease mechanism to replace other programs by offering a discount to buyers who pay in advance.

Sources: AEB, the Ministry of Industry and Trade, ROAD, LMC Automotive, EY analysis.

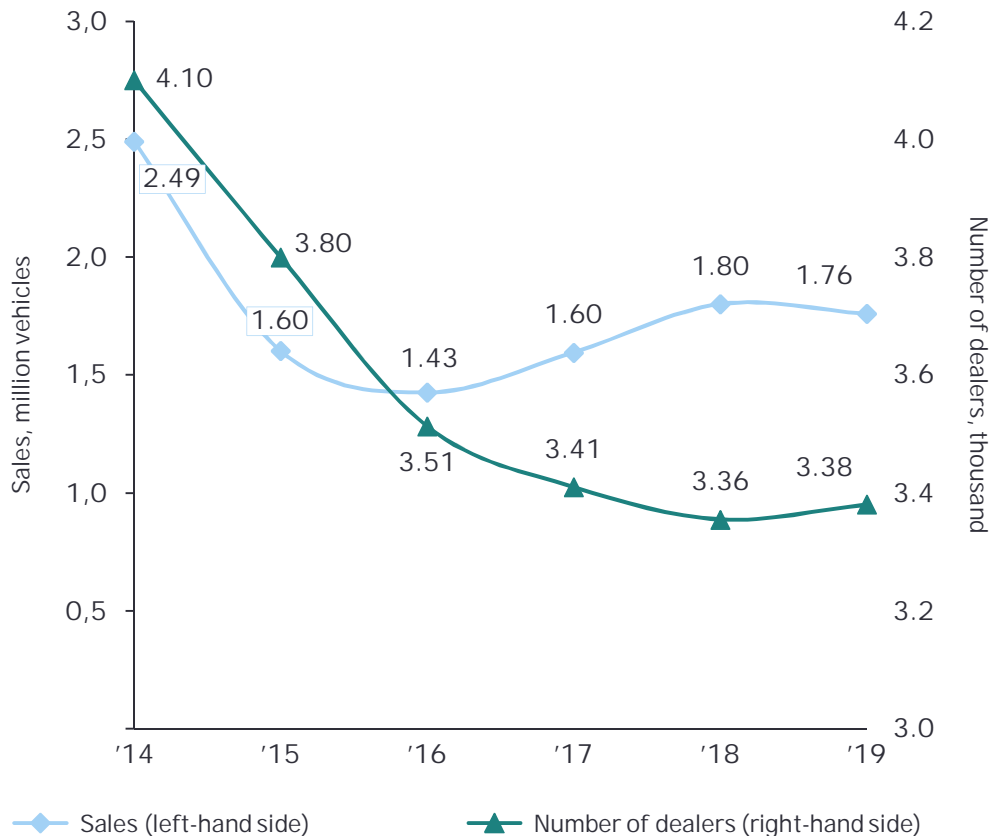
* The forecast does not take into account the potential impact of the coronavirus outbreak (COVID-19) and consequences of Russia's failure to reach agreement on oil production cuts with the Organization of Petroleum Exporting Countries (OPEC).

Dealership networks and auto loans



In 2019 the number of dealerships in Russia has increased for the first time since the crisis

Comparison of the number of dealerships and sales of passenger cars and LCVs in Russia

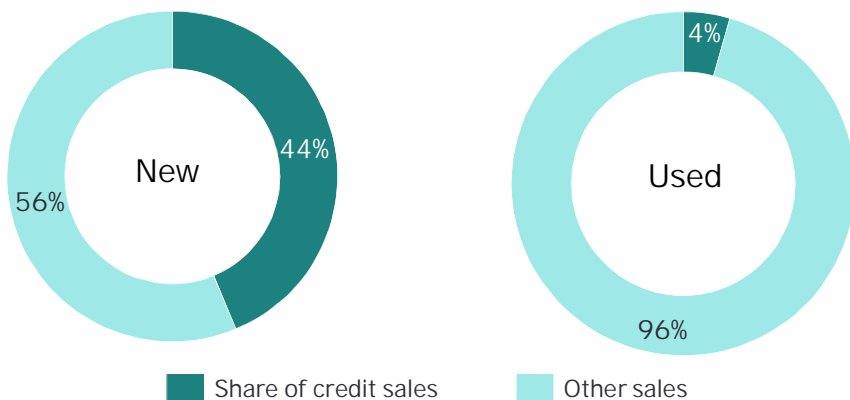


- ▶ The expansion of dealership chains despite falling car sales was mainly propelled by the strong performance of Chinese brands in 2019.
- ▶ Thus, China increased its dealership presence by 16% to 645 dealerships (accounting for 19% of total dealers in Russia).
- ▶ This growth was largely driven by JAC, which signed contracts with 49 companies, and Haval, which opened 54 new dealerships after building its auto plant in Russia.
- ▶ Ford showed the biggest drop as 53 dealerships ceased trading after the company exited the Russian passenger vehicle market.
- ▶ Given the depressed market and falling profits on “traditional” products, such as sales of new cars and maintenance, dealers may benefit from the sale of used vehicles and closer cooperation with other players in developing mobility as a service.

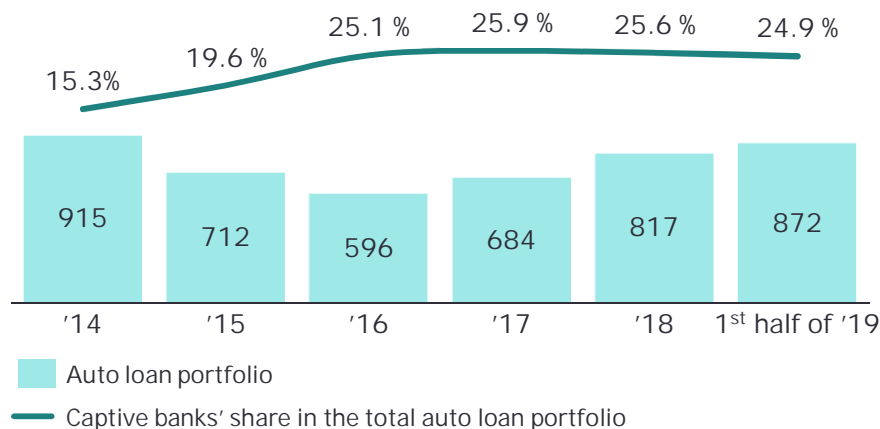
Sources: AEB, ROAD, Avtostat.

Auto loan market continues to recover on the back of extended government support programs

Sales of vehicles on credit in 2019



Auto loan portfolio vs captive banks' share in the total auto loan portfolio in Russia



- ▶ The penetration of sales on credit continued to grow after the crisis, driven by My First Car and Family Car programs, as well as reduced interest rates on auto loans.
- ▶ Used vehicle sales also increased as dealers geared up their operations in the segment. Such sales accounted for about 25% of total auto loans.
- ▶ Used vehicle loans have great potential to unlock, since they account for only 4% of total pre-owned vehicles sold.
- ▶ The share of captive banks in the total auto loan portfolio in the first half of 2019 remained stubbornly at 25%, which is significantly lower than in Western countries (75%). This means that auto loans might get a boost, if auto makers continue developing financing programs via captive banks.

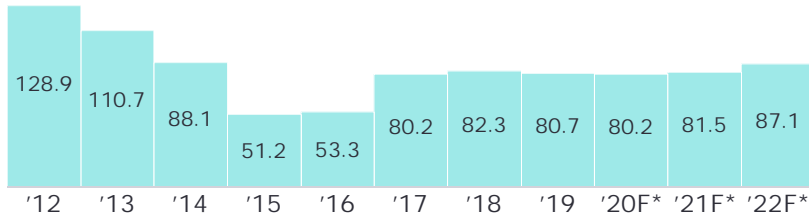
Sources: Avtostat, the National Bureau of Credit Histories, Banki.ru, the Bank of Russia.

Truck and bus markets

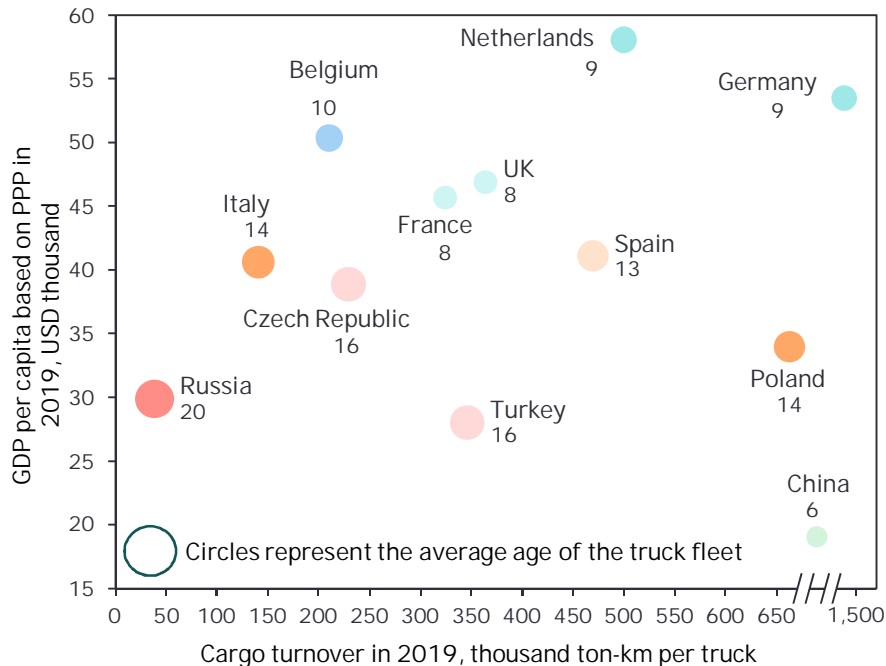


Sales of trucks in Russia dropped by 2% in 2019

Historical and projected truck** sales, thousand vehicles



The age of trucks by GDP per capita and cargo turnover



- ▶ The truck segment is more sensitive to macroeconomic changes than the passenger car segment. The economic slowdown in 2019 triggered by a slump in retail and construction activity has negatively affected truck sales.
- ▶ Plunging sales were also exacerbated by the completion of the fleet upgrade in 2018.
- ▶ Additional purchases of vehicles before the rise of recycling fee rates starting 1 January 2020 helped to prevent a more dramatic decline.
- ▶ Given modest economic growth projections and the indexation of recycling fees, truck sales will continue to fall in 2020.
- ▶ In the long term, market recovery will be mainly driven by the need to replace obsolete fleet, as the average age of trucks in Russia is 20 years, which is twice that of Western Europe, as well as by growing freight volumes due to the expansion of retail trade, and online trade in particular.

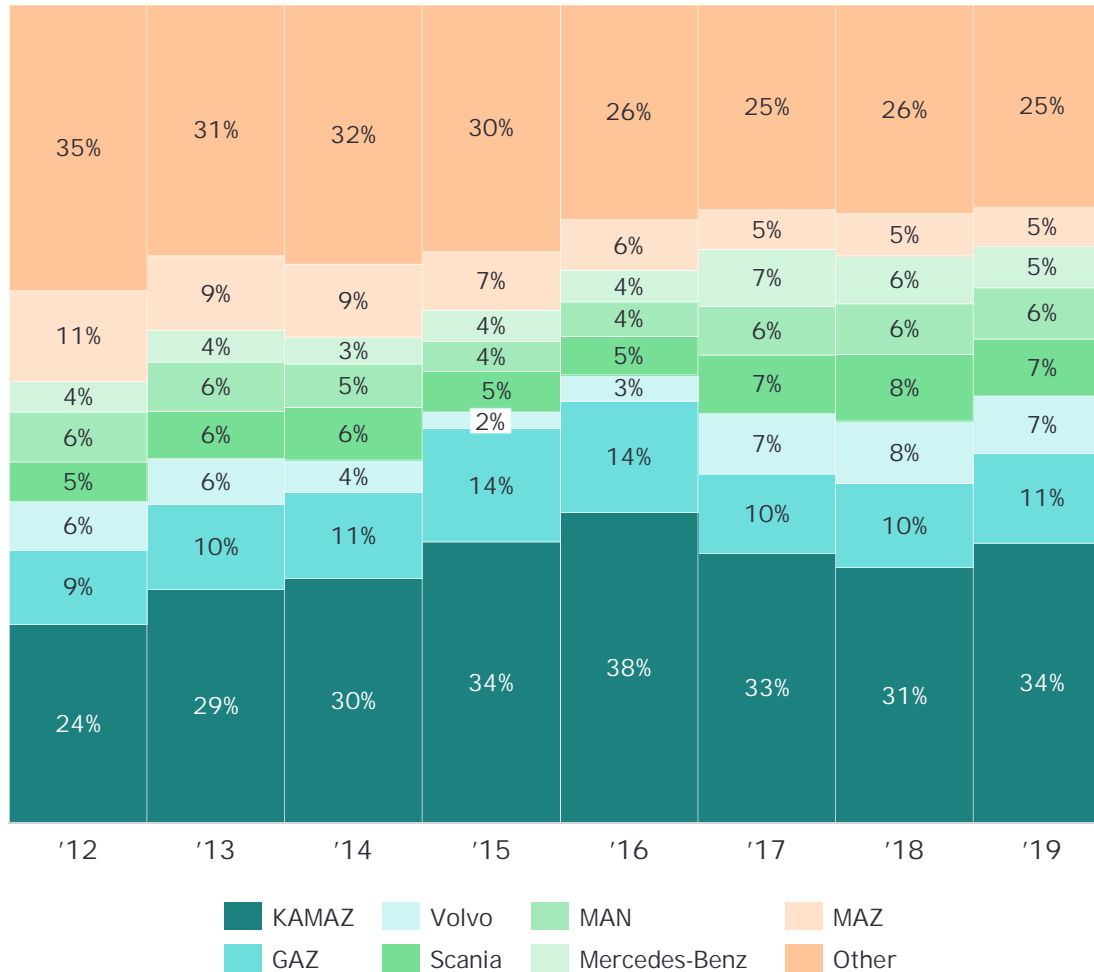
* The forecast does not take into account the potential impact of the coronavirus outbreak (COVID-19) and consequences of Russia's failure to reach agreement on oil production cuts with the Organization of Petroleum Exporting Countries (OPEC).

**A fully loaded weight of over 3.5 tons.

Sources: Avtostat, LMC Automotive, BMI, Oxford Economic, EY analysis.

During a crisis, the market share of Russian producers grows as consumers switch to cheaper trucks

Change in 10 key players' market shares

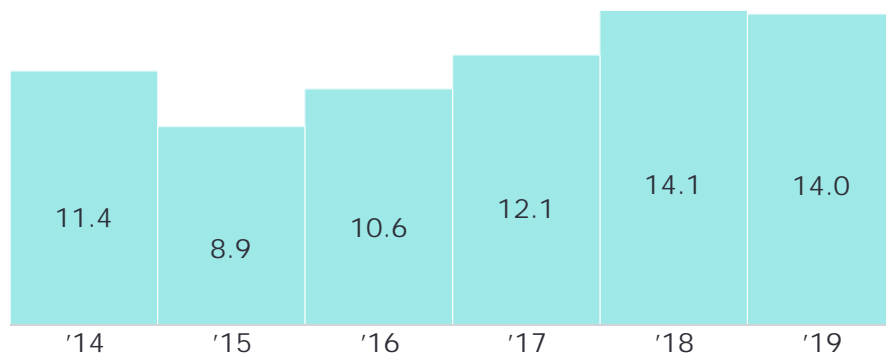


- ▶ The economic downturn affects consumer preferences and allows Russian producers to expand their market share.
- ▶ As the market recovered in 2017-18, increased business activity and a much more favorable macroeconomic situation made customers turn their attention to expensive European brands.
- ▶ KAMAZ and GAZ continued to hold the largest market share, which in 2019 rose by 3% and 1%, respectively.
- ▶ The market share performance of local truck makers may be improved by investments in renewing models and expanding government support for Russian brands.

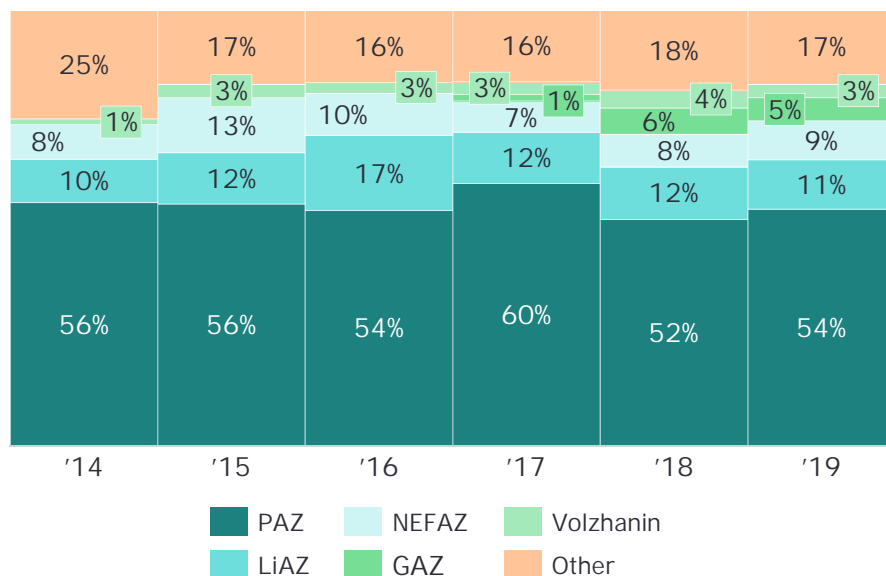
Source: Avtostat.

Russia's sales of buses in 2019 were on a par with the 2018 level

Historical bus sales*, thousand vehicles



Bus sales by brand



- ▶ The key consumers in the bus market are passenger carriers, big manufacturing companies and local bus operators.
- ▶ Private companies had to delay the renewal of their bus fleet during the crisis to revisit the matter in 2016. There was additional demand for buses due to the FIFA 2018 World Cup in Russia.
- ▶ Russian brands dominate the bus market, with GAZ Group being an absolute leader.
- ▶ The need for bus fleet renewal and the development of public transport in Russia's big cities will drive growth in the segment.
- ▶ Another sales driver will be tightening environmental requirements for buses in big cities, which will stimulate demand for electric buses. Thus, Moscow launched its 300th electric bus into service in December 2019. Currently, LiAZ (GAZ Group) and KAMAZ produce electric buses for the Russian market.

Sources: BMI, LMC Automotive, ASM Holding.

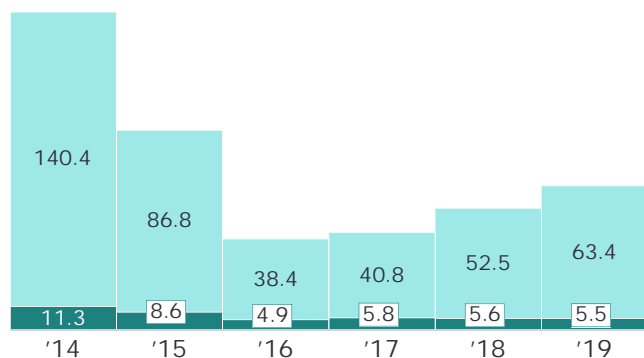
* With a gross weight of over six tons.

CIS automotive market

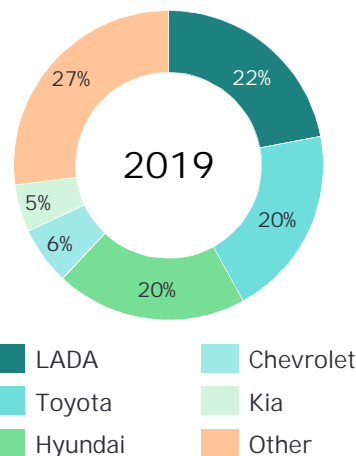


Automotive markets in Kazakhstan and Uzbekistan

Kazakhstan's sales structure and performance



Passenger cars, thousand vehicles
LCVs, thousand vehicles

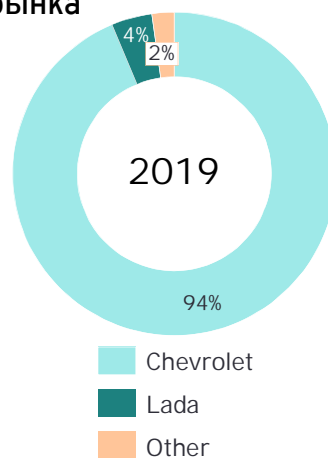


- ▶ Kazakhstan's sales growth in passenger cars and LCVs slowed to 19% in 2019, down from 25% a year earlier. However, the share of locally produced vehicles in total sales has grown for four years in a row and reached 60% in 2019.
- ▶ The best-selling brands are LADA (a 22% share in 2019), Toyota (20%) and Hyundai (20%).

Узбекистан – динамика продаж и структура рынка



Passenger cars, thousand vehicles
LCVs, thousand vehicles

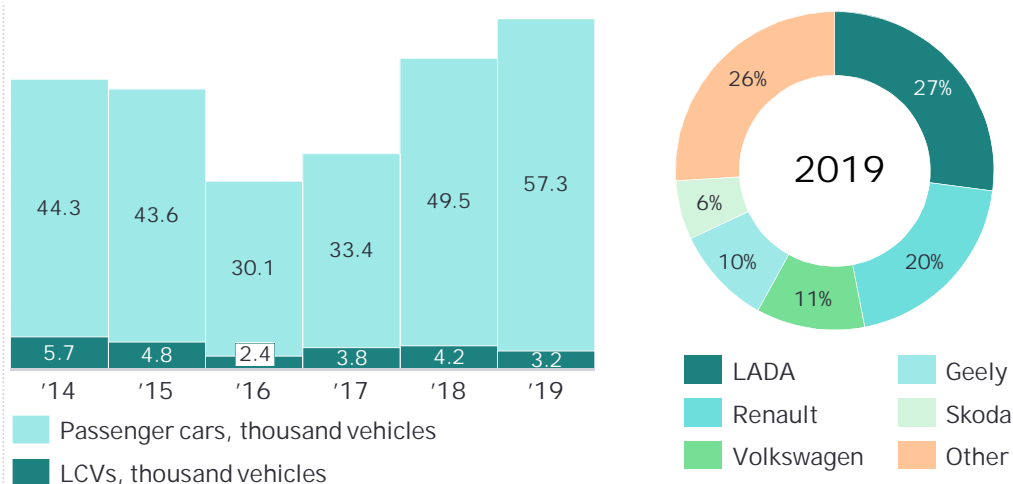


- ▶ Sales of passenger cars and LCVs rose by 24% to 167,600 vehicles in Uzbekistan in 2019.
- ▶ Locally assembled Chevrolet cars are the most popular brand (94%). LADA sales grew for the second straight year (4% in 2019, up from 2% in 2018).

Sources: LMC Automotive, the Association of Kazakhstan Automobile Business (AKAB).

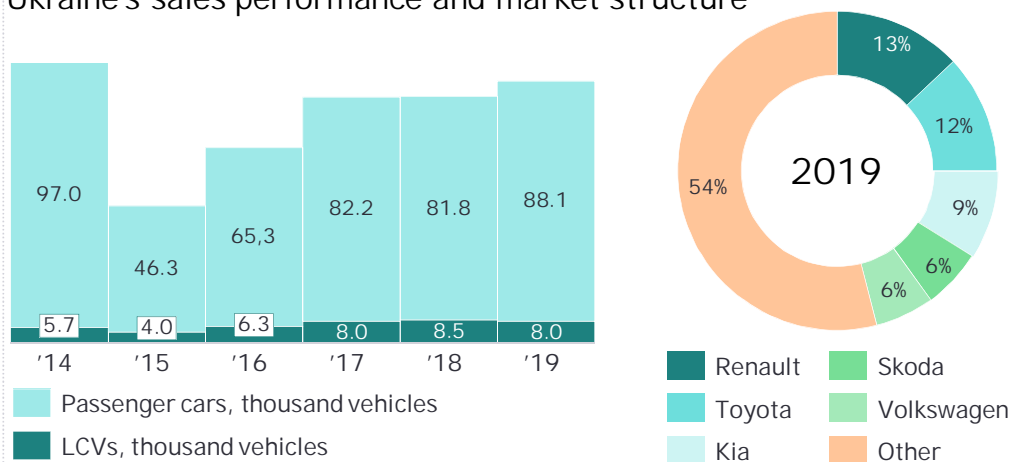
Automotive markets in Belarus and Ukraine

Belarus sales performance and market structure*



- ▶ Sales of passenger cars and LCVs rose to 60,500 vehicles in Belarus in 2019, up 13% from 2017. The growth was due to the promotion of favorable financial tools by dealers, which made vehicles more affordable. The proportion of vehicles sold on credit via dealership networks was 60%.
- ▶ The most popular brands in the market in 2019 were LADA (27%), Renault (20%) and Volkswagen (11%).

Ukraine's sales performance and market structure



- ▶ Despite competition from imported pre-owned vehicles, sales of new cars increased by 6% in 2019. December saw record growth of 31% compared with the same period of the previous year.
- ▶ Renault was the most popular brand in the market in 2019 (13%), followed by Toyota and KIA.

Sources: LMC Automotive, the Belarusian Automobile Association (BAA), UkrAutoprom.

*Including grey import vehicles.

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* Auditor data as of January 2020.

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