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RUSSIAN NEW CAR MARKET BOUNCES BACK WITH SCRAPPAGE BOOST

- **Russian new car market leaps +31.6% in Q2 2010; now up 1.8% H1 2010 vs. 2009**
- **Scrappage influence strengthens support for Lada**
- **Small and lower medium car segments benefit most**

The second quarter of the year has proved a significant boost for the Russian new market, following the launch of its latest scrappage incentive scheme in March 2010, according to the latest market analysis from the world's leading provider of automotive intelligence, JATO Dynamics.

In the three months following the launch of the new, 50,000 RUR (€1,125; £975) per vehicle scrappage incentive, the Russian new car market is up 31.6% in Q2, vs. the same period in 2009. This has brought the H1 2010 figures up to 1.8% above H1 2009, a figure not thought possible immediately before the scheme's launch, when the market was down 26.6% (Q1 2010).

The scheme is structured to benefit locally-built cars costing up to 600,000 RUR (including models from non-Russian brands, such as Ford Focus and Skoda Octavia) and this is reflected in the sales figures, with Lada and Ford accounting for the top five models and double digit sales increases.

Overall, 463,050 cars were sold in Q2 2010 (Q2 2009 = 351,880), of which Lada accounted for 149,142 units – almost one in every three cars sold in the period. Sales of the Lada 2104/2105/2107 range were up 125.1% in Q2 2010.

Brand Performance

Scrappage has not changed the top three brands, which all remain in the same positions, although each now have much healthier sales figures.

Hyundai's sales have risen, although it has fallen behind Ford, Renault and Daewoo in the second quarter and is only seventh overall for H1 2010.

Volkswagen dropped out of the top ten replaced by Skoda.

Top 10 Brands

Make	Q2_10	Q2_09	% Change Q2	H1_10	H1_09	% Change H1
LADA	149,142	91,150	+63.6%	220,774	179,870	+22.7%
CHEVROLET	32,471	29,889	+8.6%	53,010	60,157	-11.9%
KIA	28,070	16,896	+66.1%	45,729	30,405	+50.4%
RENAULT	26,014	21,444	+21.3%	41,895	36,362	+15.2%
FORD	23,479	17,204	+36.5%	37,558	45,107	-16.7%
DAEWOO	21,430	15,950	+34.4%	32,316	27,642	+16.9%
HYUNDAI	20,508	15,192	+35.0%	37,370	36,254	+3.1%
TOYOTA	18,819	18,560	+1.4%	30,857	37,838	-18.4%
NISSAN	16,368	15,864	+3.2%	26,417	38,054	-30.6%
SKODA	13,895	9,568	+45.2%	20,855	19,359	+7.7%

Model Performance

Lada has increased its dominance in the top ten models, boosted by the scrappage incentives that each of its products now attract.

The St Petersburg built Ford Focus is next best in Q2 2010 sales, while the Renault Logan – having the smallest sales increase – has slipped to sixth.

Top 10 Models

Make & Model	Q2_10	Q2_09	% Change Q2	H1_10	H1_09	% Change H1
LADA 2104/2105/2107	39,346	17,479	+125.1%	51,367	36,641	+40.2%
LADA PRIORA	39,131	25,079	+56.0%	59,960	49,056	+22.2%
LADA SAMARA	31,199	23,758	+31.3%	49,046	47,207	+3.9%
LADA KALINA	27,513	16,454	+67.2%	39,379	31,366	+25.5%
FORD FOCUS	18,670	11,533	+61.9%	30,088	29,275	+2.8%
RENAULT LOGAN	17,056	15,913	+7.2%	29,626	25,581	+15.8%
VOLKSWAGEN CADDY	13,893	10,761	+29.1%	22,534	21,937	+2.7%
DAEWOO NEXIA	12,458	8,708	+43.1%	18,580	14,720	+26.2%
LADA 4X4	11,343	6,333	+79.1%	19,945	11,393	+75.1%
CHEVROLET NIVA	9,578	6,245	+53.4%	16,650	11,831	+40.7%

Segment Trends

The scrappage benefit has not been felt everywhere, with large SUV and MPV segments still facing decline, as demand shifts to smaller cars. This is being offset to some degree by manufacturers' own incentives. For example, Ford is offering purchase incentives on Mondeo equal to, or even higher, than the official scrappage bonus on Focus.

Evangelos Hadjistavrou, Regional General Manager, JATO Dynamics, said of the latest figures: "Scrappage has marked a huge peak in buyer demand for small Russian cars. At the same time, imported car sales are also growing again as people believe the worst of the economic crisis is over – but even their interest has moved from C/D segment cars to B/C segment cars and the average price of cars sold has moved from 660,000RUR down to 515,000RUR.

"However, looking at its success to date, my prediction is that the scrappage programme will be extended after this current government fund is exhausted."

Regional Segments

JATO regional segment	Q2_10	Q2_09	% Change Q2	H1_10	H1_09	% Change H1
EU A - utility/city cars	11,212	9,671	+15.9%	17,080	16,741	+2.0%
EU B - small	80,531	59,914	+34.4%	122,994	113,412	+8.4%
EU C1 - lower medium -	210,724	153,561	+37.2%	323,357	318,950	+1.4%
EU C2 - lower medium +	16,592	16,676	-0.5%	25,489	30,316	-15.9%
EU D1 - upper medium -	25,448	25,865	-1.6%	42,516	56,948	-25.3%
EU D2 - upper medium +	4,508	3,800	+18.6%	7,216	6,701	+7.7%
EU E1 - large and executive	6,232	4,268	+46.0%	10,749	8,982	+19.7%
EU E2 - luxury	1,125	908	+23.9%	1,815	1,967	-7.7%
EU Mini MPV	8,426	7,810	+7.9%	14,001	18,699	-25.1%
EU Medium MPV	1,087	928	+17.1%	1,646	2,009	-18.1%
EU Large MPV	386	508	-24.0%	620	1,458	-57.5%
EU Small SUV	28,849	18,431	+56.5%	53,662	36,722	+46.1%
EU Medium SUV	50,018	34,853	+43.5%	81,783	76,534	+6.9%
EU Large SUV	5,805	6,721	-13.6%	9,668	12,241	-21.0%
EU Luxury SUV	10,314	6,540	+57.7%	18,405	16,309	+12.9%
EU Sports	1,403	1,169	+20.0%	2,165	1,989	+8.8%
EU Pickup	390	257	+51.8%	732	686	+6.7%
Grand Total	463,050	351,880	+31.6%	733,898	720,664	+1.8%

The above intelligence is provided by JATO Consult, the company's bespoke consulting service which offers customers access to its unique research and provides solutions and advice to meet a wide range of automotive business challenges. For more information please visit www.jato.com or email consult@jato.com.

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Editorial note:

JATO Dynamics Background

JATO was founded in 1984 and provides the world's most timely, accurate and up-to-date information on vehicle specifications and pricing, sales and registrations, news and incentives. The company has representation in over 40 countries, providing unique local market expertise. The JATO client base includes all of the world's volume vehicle manufacturers, giving them the ability to react to short-term market movements, plan for long-term developments and ultimately to meet consumers' needs. JATO's intelligence has also been adapted for consumer use in motoring web portals where customers can see the advantages and disadvantages of a specified model against any other while major leasing companies use JATO intelligence to drive the vehicle quotation process. Visit JATO at www.jato.com.

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