

PASSENGER CAR MARKET IN RUSSIA. **RESULTS OF 2017, TRENDS AND PROSPECTS**



APRIL 2018

*Addressed to marketing experts,
analysts, directors and managers involved
in automotive business*

From corporate authors

Summing up results of the previous year, we offer you the new installment of the marketing report on the Russian passenger car market, prepared by experts of AUTOSTAT analytic agency.

The report "Passenger Car Market in Russia. Results of 2017, Trends and Prospects" contains detailed information on the last year's passenger car sales, their dynamics and structure, market capacity, its price parameters, segmentation, etc.

Results of passenger car sales in Europe, as well as information on the market leaders by classes are included as separate pages. Moreover, we paid special attention to trends and prospects of passenger car market in the forecast of the automotive market development in short-term prospects.

Each market player's sales results – dynamics for recent years, model structure and monthly sales - are represented in the report visually.

In 2017 new passenger car sales in Russia came up to almost 1.5 million vehicles, which is 12.3% more than a year ago. Domestic LADA, the absolute leader of the Russian market, left its foreign competitors far behind. The sales of the brand increased by 17% up to 300,000 vehicles. South Korean KIA and Hyundai sold 181,800 vehicles (+21.6%) and 156,600 vehicles (+8.7%) respectively.

According to AUTOSTAT estimation, in 2017 the average price of a passenger car in the Russian market came up to 1.33 million roubles.

During the year, companies imported 235,100 passenger cars, that is 0.5% more than a year ago. German Mercedes-Benz became a leader here. Japanese Toyota move down to the second place while Lexus remained on the third place. The TOP-3 generates over 40% of the total import. We should also mention that the share of used cars in the import grew up to almost 8% last year.

Marketing report "Passenger Car Market in Russia. Results of 2017, Trends and Prospects" was prepared with an office research method. The major information sources are AEB, FCS (Federal Customs Service), ACEA data as well as our own databases and information obtained from the market players directly. All data presented in the report is clearly organized and compiled in tables. Every subject is illustrated with graphs and diagrams. On-line evaluation of the situation by some major parameters is included in our monthly reviews of the Russian market.

*We appreciate your recommendations on the report improvement.
Please email your wishes at tikhonov@autostat.ru*

*Best regards to all colleagues Alexey Tikhonov
Project manager, Automotive Statistics company.*



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PASSENGER CAR SALES IN 2017 BY BRANDS:

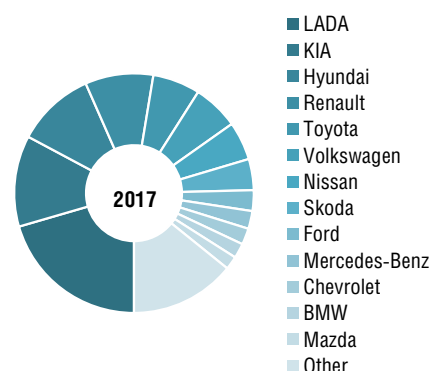
AUDI	19
BMW	20
CADILLAC	21
CHANGAN	22
CHERY	23
CHEVROLET	24
CITROEN	25
DATSUN	26
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GEELY	28
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BRAND STRUCTURE OF THE RUSSIAN MARKET

In 2017 the sales of the leaders of the Russian automotive market continued to grow. The sales of LADA, which is unreachable for its foreign competitors, increased by XX% up to XXX,XXX vehicles. As a result AVTOVAZ market share grew by X.X% up to XX.X%. The share of the leader among foreign brands – South Korean KIA – grew as well. Today every eighth vehicle sold in our country belongs to this brand. Last year the demand for KIA grew by XX.X% and exceeded XXX,XXX vehicles. Hyundai, which is on the third place, increased its sales by X.X% up to XXX,XXX vehicles. However, as the total market grew by XX.X%, it was not enough to retain its market share – it reduced by X.X% to XX.X%...

Structure of Russian market



Sales of new passenger car in 2012 – 2017

(un.)

Brand	2012	2013	2014	2015	2016	2017	Chg., %
LADA							
KIA							
Hyundai							
Renault							
Toyota							
Volkswagen							
Nissan							
Skoda							
Ford							
Mercedes-Benz							
Chevrolet							
BMW							
Mazda							
Datsun							
Mitsubishi							
Lexus							
UAZ							
Lifan							
Audi							
Ravon							
Land Rover							
Volvo							
Subaru							
Chery							
Suzuki							
Infiniti							
Porsche							
Peugeot							
Citroen							
Honda							
Geely							
Jaguar							
Haval							
MINI							
Changan							
Cadillac							
Jeep							
Zotye							
Genesis							
smart							
DFM							
FAW							
Foton							
FIAT							
Brilliance							
Other							
Total							

Source: AEB data, company data

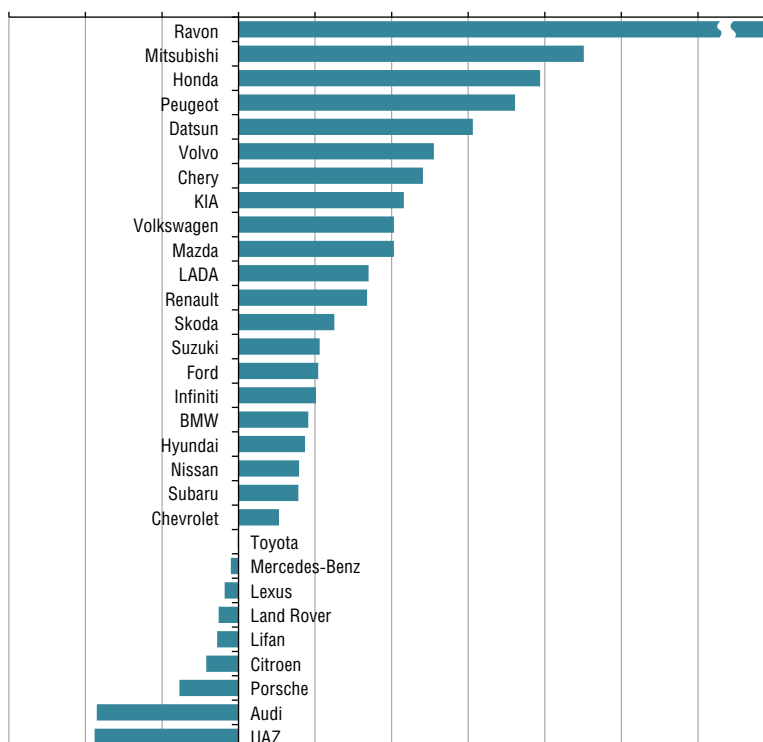
DYNAMICS OF PASSENGER CAR SALES

In the pre-crisis 2012, the Russian automotive market increased by XX.X% and set up a new historic record – X.XX million cars.

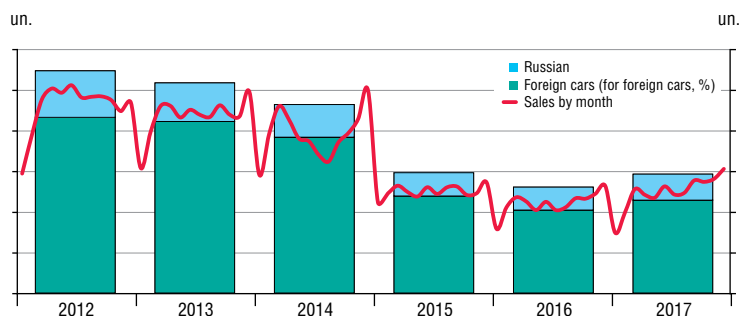
In Spring 2013 the market started to decrease and in the second half of 2013 the government resumed a preferential car lending program, which prevented the market from worse decline. So, passenger car sales decreased by X.X% to X.XX million vehicles in 2013. At the same time the share of foreign vehicles exceeded 80% as the decrease in LADA (-XX.X%) and UAZ (-XX.X%) sales was much worse than the average market decline.

In 2014 the decline rate increased twice, due to difficult economic circumstances aggravated with geopolitical situation...

Sales dynamics by passenger car brands in 2017 (TOP-30)



Dynamics of passenger car sales in Russia



Month	2011	2012	2013	2014	2015	2016	2017
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Total							

Source: AEB data

PRICE PARAMETERS OF THE MARKET

AVERAGE VEHICLE PRICES

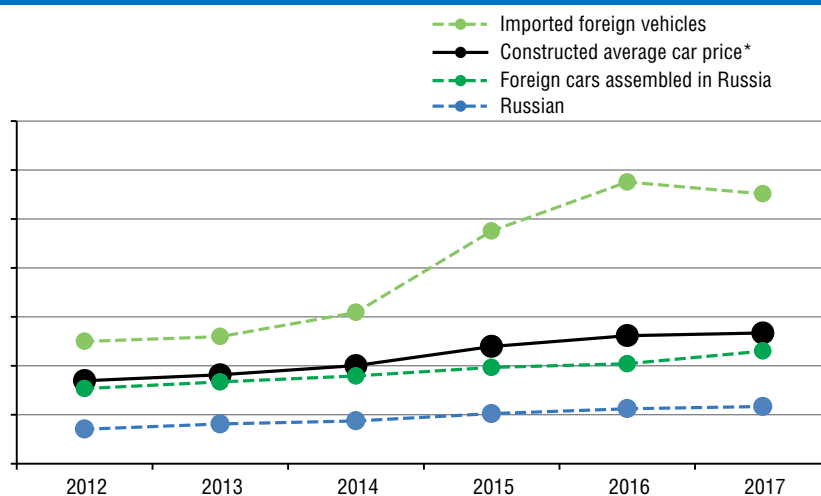
According to AUTOSTAT analytic agency, in 2017 an average car price in Russia came up to X.XX million roubles. So the average price increased by X.X%. It could be more, but an average price of an imported vehicle decreased...

EXCHANGE RATE

Last year was quite calm for the Russian rouble in comparison with the previous three years. Without shocks, the Russian economy grew slightly by X.X%, inflation decreased to X.X%. The agreement on reduction in oil production reached by the majority of oil-producing countries reduced volatility in the commodity market...

Dynamics of prices for cars in 2012 - 2017

(ths RUB)



Dynamics of average car prices in the Russian market in 2012 - 2017

(ths RUB)

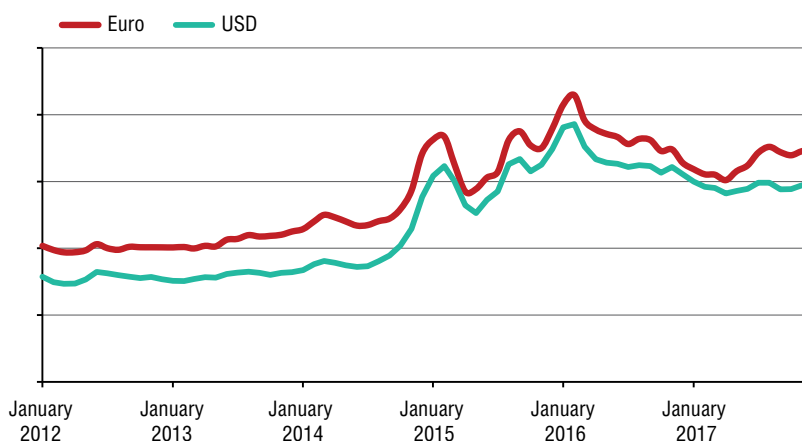
Segment	2012	2013	2014	2015	2016	2017	Chg., %
Russian							
Foreign cars assembled in Russia							
Imported foreign vehicles							
Constructed average car price*							

* Calculated as an average value taking into account sales volume by segments

Source: AUTOSTAT analytic agency

Exchange rate dynamics in 2012 - 2017

(RUB)



Exchange rate dynamics in 2012 - 2017

(RUB)

Period	2012		2013		2014		2015		2016		2017	
	\$	€	\$	€	\$	€	\$	€	\$	€	\$	€
January												
February												
March												
April												
May												
June												
July												
August												
September												
October												
November												
December												
Average rate												

DYNAMICS AND CAPACITY OF CAR LENDING MARKET

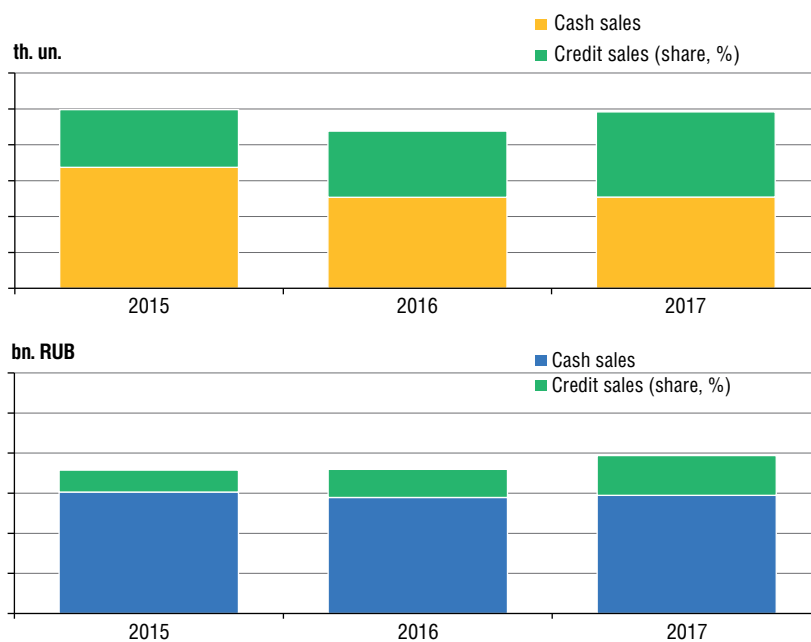
According to the National Bureau of Credit Histories, XXX.X thousand new passenger cars were sold on credit in our country last year. The Russian automotive market increased by XX.X% up to X.XX million cars last year and the volume of credit sales grew by XX.X%, i.e. banks approved XXX.X thousand car loans more than in 2016.

Car lending market increased by XX.X% or XXX.X billion RUB: from XXX.X billion RUB in 2016 (XX.X% share) to XXX.X billion RUB in 2017 (XX.X% share).

The dynamics of credit car sales is affected by preferential car lending program.

The end of preferential car lending program in 2014 and fast rouble devaluation resulted in decrease in the share of credit vehicles to almost XX% in January 2015...

Dynamics of car lending market in Russia in 2015 - 2017



Sales on credit new cars in 2015 - 2017

Parameter	2015	2016	2017
New vehicle sales in Russia, th. un.			
Car sales on credit, th. un.			
Share of credit sales, %			
New car market volume, bn. RUB			
Volume of car credits, bn. RUB			
Market share of car credits, %			
Average credit cost, th. RUB			

Source: data from the National Bureau of credit histories

Monthly dynamics and the share of credit sales of new passenger cars in 2015 - 2017

Month	2015			2016			2017		
	Sales, th. un.		Share sales in credit, %	Sales, th. un.		Share sales in credit, %	Sales, th. un.		Share sales in credit, %
	Total	Credit		Total	Credit		Total	Credit	
January									
February									
March									
April									
May									
June									
July									
August									
September									
October									
November									
December									
Total									

Source: data from the National Bureau of credit histories

FORECAST OF PASSENGER CAR MARKET DEVELOPMENT IN RUSSIA

According to the analysis of the key macroeconomic indexes, we can state that the Russian economy started to recover considerably in 2017. The recovery rates were moderate and did not cover all of the aspects.

On the one hand, some economic indicators exceeded the "baseline+" forecast of the Ministry of Economic Development of the Russian Federation and were close to the "Target" variant. For example, by the end of the year, GDP grew by X.X%, fixed investment increased by more than X%, and inflation decreased to a historic minimum of X.X%. The volume of export and import exceeded expected volume significantly - by XX% – XX%. However, on the other hand, the recovery of production and consumption was not that optimistic. The industry grew by only X.X%, the retail turnover increased by only X%, and the volume of construction work decreased by about X%. Despite the fact that the wages and salaries increased by X.X%, real monetary income of the population decreased by X.X%...

The main indicators of the forecast of social and economic development of the Russian Federation for 2017 - 2019

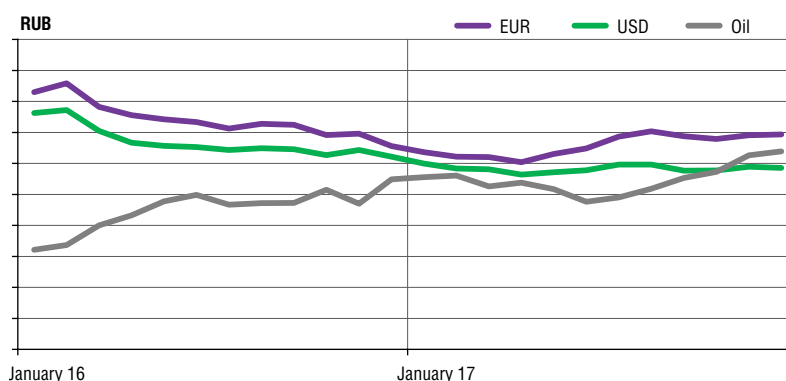
	2017		2018	2019
	forecast*	fact	forecast*	
Urals oil prices (world), USD per barrel				
Consumer price index at the end of the year, % to December				
Gross domestic product, %				
Fixed investments, %				
Industry, %				
Real money income of the population, %				
Real wages and salaries, %				
Retail turnover, %				
Export – total, billion USD				
Import – total, billion USD				

* "Target" forecast by Ministry of Economic Development,

** for 9 months of 2017,

*** january-november by Central Bank

Dynamics of exchange rates and oil prices in 2016 - 2017



Macroeconomic factor

Macroeconomic factor	The dimension of the factor	2016	2017	Dynamics 2017/2016
Average annual number of people employed in the economy	million people.			
Average annual Brent oil price	dollar / barrel			
Annual volume of car loan portfolio	billion rubles			
Annual number of car owners (registered parc)	million un.			
Ratio of car price and average annual salary	thousand rubles / thousand rubles			

* AUTOSTAT evaluation



KIA has been the leader among foreign brands, represented in Russia, for four years. In 2017, KIA dealers sold XXX thousand vehicles (+XX.X%).

The Rio remains the brand's bestseller with XX.X thousand vehicles sold last year (+XX.X%), which enabled the model to become the best-selling vehicle in the Russian market. The new generation Rio sedan went on sale in August and in November dealers got the Rio X-Line cross-hatchback. The Sportage compact crossover was bought by XX.X thousand customers (+XX.X%) and took the second place...



Sales dynamics

2015

-XX.X%

2016

-X.X%

2017

XX.X%

Market share

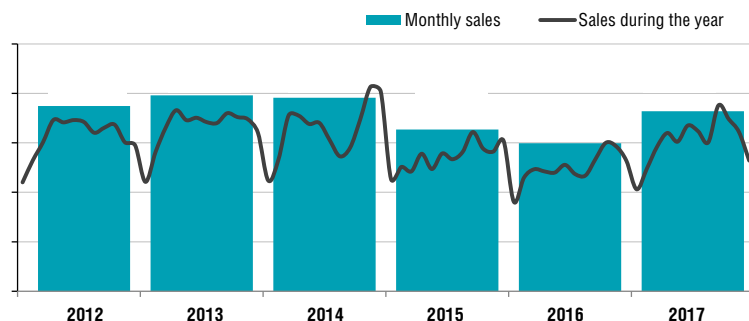
XX.X%

XX.X%

XX.X%

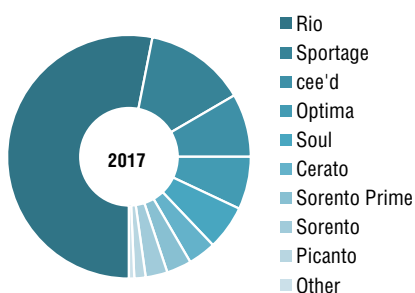
Dynamics of KIA in Russia

(un.)



Month	2012	2013	2014	2015	2016	2017
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
Total						

Structure of KIA in Russia in 2014 – 2017



Model	Class	Sales, un.				Change		Share, %
		2014	2015	2016	2017	Un.	%	
Rio	B							
Sportage	SUV							
cee'd	C							
Optima	D							
Soul	MPV							
Cerato	C							
Sorento Prime	SUV							
Sorento	SUV							
Picanto	A							
Mohave	SUV							
Venga	MPV							
Quoris	F							
Total								

KIA sales dynamics in 2017 by models

(un.)

Model	January	February	March	April	May	June	July	August	September	October	November	December	Total
Rio													
Sportage													
cee'd													
Optima													
Soul													
Cerato													
Sorento Prime													
Sorento													
Picanto													
Mohave													
Venga													
Quoris													
Total													



Toyota

www.toyota.ru


Sales dynamics

2015

-XX.X%

2016

-X.X%

2017

-X.X%

Market share

X.X%

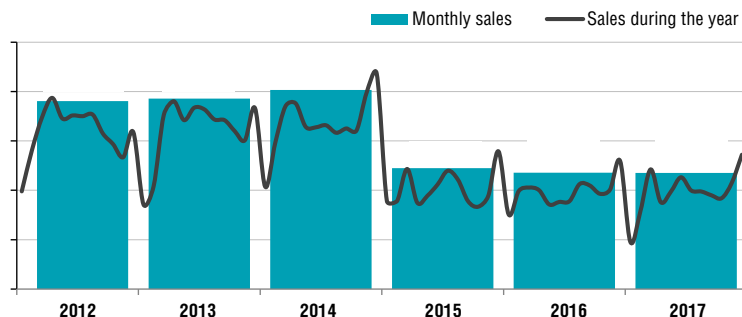
X.X%

X.X%

In 2017, Toyota dealers in Russia sold XX.X thousand vehicles, which is almost equal to the level of the previous year (-X.X%). The RAV4 crossover remains the brand's bestseller with XX.X thousand vehicles (+X.X%). The Camry business sedan, which retained its sales at the level of 2016 (XX.X thousand vehicles; +X.X%) is on the second place. The Toyota Land Cruiser Prado SUV took the third place having sold XX.X thousand vehicles (-X.X%)...

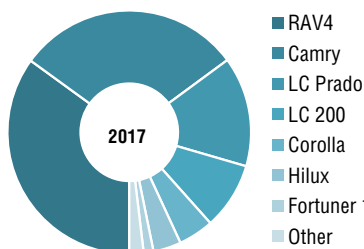
Dynamics of Toyota in Russia

(un.)



Month	2012	2013	2014	2015	2016	2017
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
Total						

Structure of Toyota in Russia in 2014 - 2017



Model	Class	Sales, un.				Change		Share, %
		2014	2015	2016	2017	Un.	%	
RAV4	SUV							
Camry	D							
LC Prado	SUV							
LC 200	SUV							
Corolla	C							
Hilux	PICKUP							
Fortuner	SUV							
Highlander	SUV							
Alphard	MPV							
Other								
Total								

Toyota sales dynamics in 2017 by models

(un.)

Model	January	February	March	April	May	June	July	August	September	October	November	December	Total
RAV4													
Camry													
LC Prado													
LC 200													
Corolla													
Hilux													
Fortuner													
Highlander													
Alphard													
Prius													
Total													

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OUR PRODUCTS

Reference book «Automotive market in Russia» is published once a year. It contains results of the Russian market development for the previous year, different estimations including financial ones, and forecast of further development of the market.

The reference book includes three parts: production, sales and parc of vehicles in Russia.

Marketing reports contain analysis of separate segments of the automotive market. The reports are prepared with an office research method. The sources of information are data of the State Customs Committee, State Traffic Safety Inspectorate, as well as our own databases and information, obtained from the market players directly.

ABOUT THE COMPANY

AUTOSTAT analytic agency has been operating in the Russian information market since 2006. The demand for its reports and their appreciation by the market players enabled the marketing research of the automotive market to become the main activity of AUTOSTAT agency. The experience of the agency's specialists in automotive and financial spheres as well as specialization in automotive sector enables to prepare marketing reports on actual subjects.

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