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RUSSIAN NEW CAR MARKET CONTINUES TO DECLINE DURING Q1 2010

- **Russian new car market down 26.6% , vs. Q1 2009**
- **Kia improves to third overall in brand sales; Lada remains top**
- **Big import brands hit as MPV and medium car segments suffer most**

New car sales have continued to decline in Russia, with just under 100,000 lost in the first quarter of 2010, according to the latest market analysis from the world's leading provider of automotive intelligence, JATO Dynamics.

Overall, 270,656 new cars were sold in the first three months of this year, a drop of 26.6% (98,128 sales), versus the same period in 2009.

Sales continued to fall across the board, with major import brands – including Nissan (-54.7%), Ford (-49.5%) and Toyota (-37.6%) – all severely affected.

Kia continued to be the only high-volume brand to show any great improvement by increasing sales in most car sectors, with the B-segment Rio its best performer (Q1 2010: 4,363 sales).

Evangelos Hadjistavrou, Regional General Manager, JATO Dynamics, said: "Russia's new car market continues to suffer, with a lack of affordable credit effectively blocking purchase of all but locally-built cars, which carry their own tax breaks. It remains to be seen whether the new government scrappage incentive will change its fortunes."

In March, a further scrappage incentive of 50,000 RUR (EUR 1,125; £975) per vehicle was introduced, in an attempt to arrest the decline.

Brand Performance

Kia remains the only high-volume brand showing the kind of improvement that was the norm two years ago, with a 30.7% overall rise in the quarter, very much against a general trend of declining sales. Renault also achieved an increase in sales, thanks to the success of its locally-assembled low-cost Logan model.

Lada continues as the strongest brand in terms of sales, accounting for one in four of every car sold, but with a sales volume less than 50% of its 2008 levels.

Top 10 Brands

Make	Q1 2010	Q1 2009	Difference	% change Q1
LADA	71,632	88,720	-17,088	-19.3%
CHEVROLET	20,539	30,268	-9,729	-32.1%
KIA	17,659	13,509	4,150	+30.7%
HYUNDAI	16,862	21,062	-4,200	-19.9%
RENAULT	15,881	14,918	963	+6.5%
FORD	14,079	27,903	-13,824	-49.5%
TOYOTA	12,038	19,278	-7,240	-37.6%
DAEWOO	10,886	11,692	-806	-6.9%
NISSAN	10,049	22,190	-12,141	-54.7%
VOLKSWAGEN	8,641	11,176	-2,535	-22.7%

Model Performance

Lada still holds four of the top five places, despite an improved performance from the Renault Logan, which has risen to third place overall, up 30% on a year ago.

The Lada 4x4 was the Russian brand's only model to improve sales, its 70% rise also boosting the small SUV segment, to be the only segment to register a positive change, vs. 2009.

Top 10 Models

Make	Q1 2010	Q1 2009	Difference	% change Q1
LADA PRIORA	20,829	23,977	-3,148	-13.1%
LADA SAMARA	17,847	23,449	-5,602	-23.9%
RENAULT LOGAN	12,570	9,668	2,902	+30.0%
LADA 2104/2105/2107	12,021	19,162	-7,141	-37.3%
LADA KALINA	11,866	14,912	-3,046	-20.4%
FORD FOCUS	11,418	17,742	-6,324	-35.6%
LADA 4X4	8,602	5,060	3,542	+70.0%
CHEVROLET NIVA	7,072	5,586	1,486	+26.6%
DAEWOO NEXIA	6,122	6,012	110	+1.8%
CHEVROLET LACETTI	5,933	8,792	-2,859	-32.5%

Segment Trends

The absence of new car customers has been felt most by the medium car and MPV segments, dominated by the more expensive examples of import brands that have been hit separately by a falling Rouble and Russian government import taxes.

Most of these segments have suffered double digit declines again in Q1 2010, with large MPVs falling by the greatest margin (-75.5%), to record only 233 sales.

The situation is perhaps best illustrated by the Ford S-MAX MPV, the segment's biggest seller historically with 538 sales in Q1 2009, a figure reduced to 70 in Q1 2010.

Small car segments generally performed better, but with some interesting individual model performances, including the Ford Fiesta. Europe's best-selling car registered just 151 Russian sales for the quarter (-89.5%, vs. 2009), in part hurt by the lack of the locally-favoured four-door saloon bodystyle offered by the segment leaders. This decline was offset by the success of the Renault Logan and Kia Rio, to bring the segment to a close 20.6% down on Q1 2009.

"The overall segment performances suggest a trend to downsize, with strong incentives towards domestic cars, making it a very difficult prospect for import brands. Russia is now far from the market it was when it threatened to be the biggest new market in Europe," concludes Hadjistavrou.

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.

Regional Segments

JATO regional segment	Q1 2010	Q1 2009	Difference	% Change Q1
EU A - utility/city cars	5,868	7,070	-1,202	-17.0%
EU B - small	42,463	53,498	-11,035	-20.6%
EU C1 - lower medium -	112,463	165,389	-52,926	-32.0%
EU C2 - lower medium +	8,897	13,640	-4,743	-34.8%
EU D1 - upper medium -	17,072	31,083	-14,011	-45.1%
EU D2 - upper medium +	2,708	2,901	-193	-6.7%
EU E1 - large and executive	4,503	4,714	-211	-4.5%
EU E2 - luxury	690	1,059	-369	-34.8%
EU Mini MPV	5,566	10,889	-5,323	-48.9%
EU Medium MPV	560	1,081	-521	-48.2%
EU Large MPV	233	950	-717	-75.5%
EU Small SUV	24,813	18,291	6,522	+35.7%
EU Medium SUV	31,765	41,681	-9,916	-23.8%
EU Large SUV	3,863	5,520	-1,657	-30.0%
EU Luxury SUV	8,091	9,769	-1,678	-17.2%
EU Sports	759	820	-61	-7.4%
EU Pickup	342	429	-87	-20.3%
Grand Total	270,656	368,784	-98,128	-26.6%

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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's intelligence to drive the vehicle quotation process. Visit JATO at www.jato.com.

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