

# The investment potential Russian car market

Merger Petrov



The Russian-Japanese Commodity turnover – \$20 billions.  
The volume of the accumulated Japanese investments into the economy of Russia – \$2,5 billions.



# The estimation of the investment climate of Russia

## The basic risks:

Corruption, the bureaucracy

The unpredictability of the state policy

Inadequate guarantees of private property

## **The positive sides :**

Economic increase. Increase the GDP [Gross Domestic Product]

Dynamically growing market

The professional staff, the good managers

The taxes

# Dynamic of the consumer market

2000 year	2006 year	2007 year
<b>\$7 bl.</b>	<b>\$330 bill. 200 mil.</b>	<b>\$ 435 bl.</b>

The profit of retail companies grows by 20-40% per year.

## RUSSIA/ECONOMY

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008f</u>	<u>2009f</u>	<u>2010f</u>
Tax	15%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
Utilities	5%	7%	7%	8%	9%	10%	11%	12%	13%	14%	15%
Savings	3%	6%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
Interest	0.3%	0.8%	0.9%	1.1%	1.4%	1.7%	2.3%	2.6%	2.6%	2.2%	1.9%
Disposable Income	78.1%	75.4%	75.4%	74.0%	72.7%	71.2%	69.6%	68.2%	67.2%	66.1%	65.2%

## Russian car market

Russian car market is first in Europe. Sales of new foreign cars in Russia could rise to 1.838 thousand this year, up from 1.664 thousand in 2007.

Each fifth sold car is Japanese brand .

# Sales volume in the European car market





## Results of 6 month 2008

Vehicle Category	Thousand items			Bill.\$		
	6 month 2008	6 month 2007	Change	6 month 2008	6 month 2007	Change
Russian brands	380	300	27%	\$3.5	\$2.4	46%
Foreign cars produced in Russia	290	205	41%	\$ 4.8	\$2.8	71%
Import of new cars	785	510	54%	\$22.2	\$13.2	68%
Import of second-hand cars	190	150	27%	\$3.3	\$2.2	50%
<b>In all</b>	<b>1645</b>	<b>1165</b>	<b>41%</b>	<b>\$33.8</b>	<b>\$20.6</b>	<b>64%</b>

## Top of the foreign brands

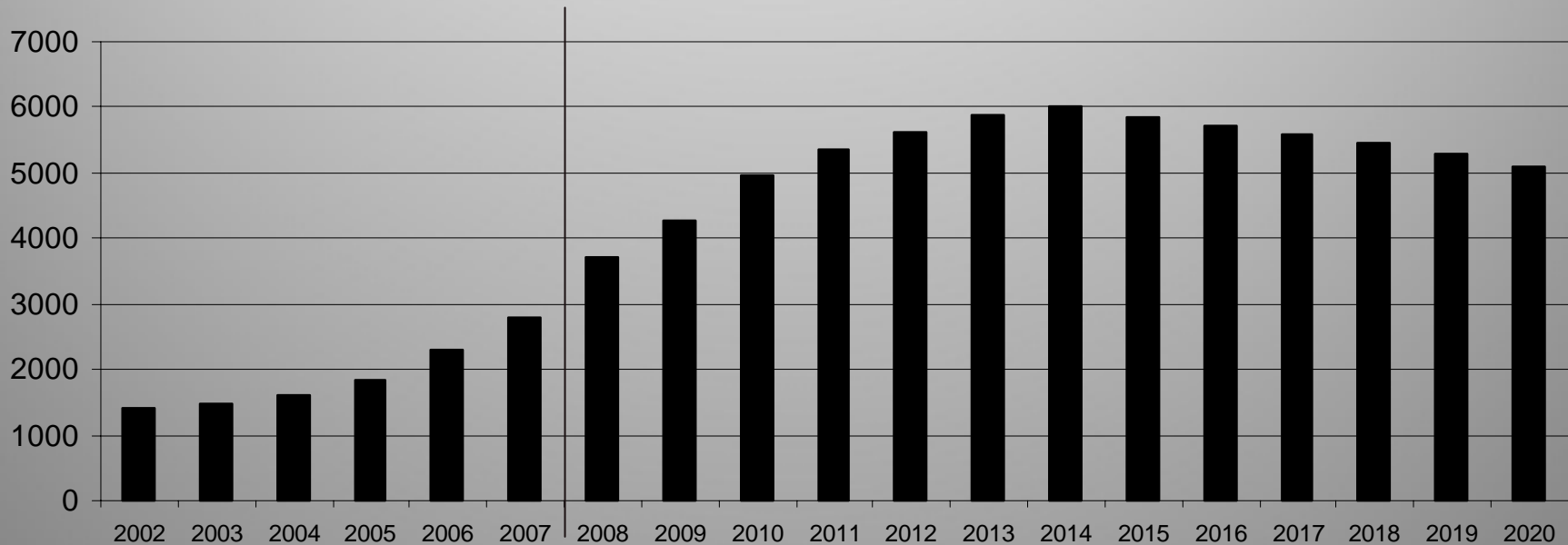
Brand	6 month 2008	6 month 2007	%
Chevrolet (incl. GM-AVTOVAZ)	125 701	84 467	49
Hyundai	102 814	53 885	91
Ford	97 626	81 782	19
Toyota	88 747	72 331	23
Nissan	77 547	52 053	49
Mitsubishi	59 275	37 313	59
Renault	56 590	45 169	25
Opel	53 523	27 379	95
Daewoo	52 525	40 446	30
Kia	49 681	32 568	53
Mazda	38 102	20 937	82
Honda	34 926	13 610	157
Other brands	220 980	157 859	40
All	1 058 037	719 799	47

# One of possible scenario of the development of the Russian car market

PricewaterhouseCoopers is based on the following simple premises:

- Innovative scenario of the economic development to 2020 year (MED)
- Increase in the number of cars up to 400 cars per 1.000 residence
- The output of foreign cars produced in Russia will increase twofold to 2010 year

Sells volume (thousand items)



n practice investment climate in Russia is more attractive than  
ts investment image.

