

AvtoVAZ Posts \$23M H1 Net Profit

By [The Moscow Times](#)

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Carmaker AvtoVAZ made an underlying net profit of 700 million rubles (\$23 million) in the first half of the year, compared with a 500 million ruble loss in the same period last year despite a fall in vehicle sales, the company said.

AvtoVAZ's domestic sales in the period were down 14 percent on a year ago at 250,732 vehicles, suffering from the end of a state-backed car scrappage program aimed at supporting local carmakers.

The company, which is due to be taken over by Renault and Nissan by 2014, raised prices on July 1 and sales in Russia are expected to fall by around 9 percent this year to 525,000 to 530,000 vehicles.

PricewaterhouseCoopers predicts the domestic auto market will grow by 4 percent this year to around 2.6 million vehicles and Russia is on track to become Europe's biggest car market by the middle of the decade as rising incomes and a surge in consumer spending boost demand.

AvtoVAZ also reported Friday a 23 percent rise in its first-half EBITDA to 5.4 billion rubles but did not give any explanation.

Mikhail Pak, an analyst with Aton, said that profits were boosted by unspecified asset sales reckoned to be worth 2.5 billion rubles.

"Our estimates show that they would have posted a loss if no sale was made," he said.

Including a non-cash gain from extending the repayment period on its debt, AvtoVAZ said its reported net profit more than quadrupled in the half-year to 27.4 billion rubles.

AvtoVAZ said the gain came from discounting the cost of future debt payments, adding 26.7 billion rubles to the overall net profit result.

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