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GAZ Group Reports Increased 2012 Profits

By The Moscow Times

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Sales of vehicles to the former Soviet Union and Turkey boosted results. **Igor Tabakov**

Automaker GAZ Group, led by former GM executive Bo Andersson, boosted profit to 8.8 billion rubles ($266 million) last year on the back of cost cuts, Andersson said Tuesday.

That is 3 percent up from the previous year, he said, presenting the company's 2012 IFRS financial results.

Cost reduction efforts at the auto division of billionaire Oleg Deripaska's industrial empire spread across purchasing, logistics and energy consumption, Andersson said, while labor productivity increased 7 percent.

Revenues took a hit — in part because of the Defense Ministry's move to abstain from acquisitions of GAZ's heavy Ural trucks last year — sliding to 127 billion rubles from 132 billion rubles the year before.

Export — chiefly sales in the former Soviet Union and Turkey — grew to account for 16 percent of total revenue.

GAZ makes GAZelle light trucks and Liaz buses for public transportation, among other vehicles.

The company expects to increase revenues to at least 140 billion rubles this year, in part thanks to plans to expand contract assembly for foreign brands. It began making Skodas at the end of last year and will also produce cars for Volkswagen and Chevrolet this year.

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