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Carmaker Sollers Sees H1 Earnings Slump

By The Moscow Times

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Russian auto maker Sollers said it had made 256 million rubles in net profit in the first six months of the year, compared to 1.7 billion rubles a year ago.

Russian automaker Sollers on Friday reported a slump in first-half net profit as a sharp economic slowdown contributed to losses at its joint venture with Ford.

Sollers said it had made 256 million rubles ($7 million) in net profit in the first six months of the year, compared with 1.7 billion rubles a year ago.

Its Ford joint venture, in which Sollers has a 50 percent stake, recorded a net loss of 3.4 billion rubles on revenue of 25.5 billion rubles, as the ruble weakened and the Russian auto market faltered.

"The main factor leading to the reduction of net profit is our share in the negative financial result of the Ford Sollers joint venture," Sollers first deputy chief executive Nikolai Sobolyov

told reporters.

Its joint ventures with Japanese carmakers Mazda, Toyota and Isuzu, were profitable in the first half, the company's presentation showed.

According to the Association of European Businesses, or AEB, Ford sales fell 52 percent in Russia in July while total sales of new cars in Russia declined 23 percent.

Revenue at Sollers fell 14 percent to 23.6 billion rubles and earnings before interest, taxation, depreciation and amortization declined 8 percent to 2.9 billion rubles.

The company expects the Russian car market to decline by between 10 percent and 14 percent this year, Sobolyov said, in line with AEB forecast of a 12 percent drop.

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