

Russia's Avtovaz reports net loss

MOSCOW, RUSSIA: Russia's leading car manufacturer, Avtovaz reversed into a net loss last year because of a sales slump on the Russian market, the company reported last week.



Avtovaz's Bo Andersson says Russia's car market will remain tough this year.
Image: [Gaz Group](#)

But the new chief executive said he was confident of turning the company round.

Avtovaz, which is being absorbed by the French-Japanese group Renault-Nissan, turned in a net loss of 7.9bn rubles (€161m).

That figure was a big switch from a net profit of 29.2bn rubles in 2012.

The company, which makes Lada vehicles, said that sales revenues fell by 6.8% to 177bn rubles.

Avtovaz president Bo Inge Andersson said: "2013 was not easy for our company. Our main goal for this year is to make (the) company profitable. For this we will focus on resolving labour productivity, product quality, launching new models and cost reduction."

Andersson, formerly an executive with US companyt General Motors, took over the top job at Avtovaz at the beginning of this year, and said in January that the company would shed 10% of its workforce, equivalent to 7,500 jobs.

The Russian car company, the second-biggest in Europe after the Germany, has boomed in recent years but in 2013 it suddenly slumped as car sales fell by 5.5%.

The figures were published by the Association of European Businesses, which is considered to produce reliable data on the car market. Avtovaz suffered a fall of 12.1% in vehicle sales in Russian and foreign markets.

In Russia alone, it did far worse than the market trend, reporting a 15% decline in sales.

Car manufacturers are cautious about the prospects for a recovery of the Russian market this year, predicting a rise of just 1.6% in overall sales.

Source: AFP via I-Net Bridge

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