

# Bogdan Group



**Keeping afloat — the crisis challenge**



**March, 2010**

<b>•Ukraine market overview</b>	<b>3</b>
-Car market	4
-Bus market	8
<b>•Group overview</b>	<b>10</b>
-Group snapshot	11
-Car production and sales	12
-Bus production and sales	16
<b>•Group 2010-14 outlook</b>	<b>17</b>
-Starting car exports initiate sales recovery	18
-Ready to enter overseas bus markets	19
-Debt restructuring is underway	20
-Financial performance	21



# Market Overview

# Car market overview (1)

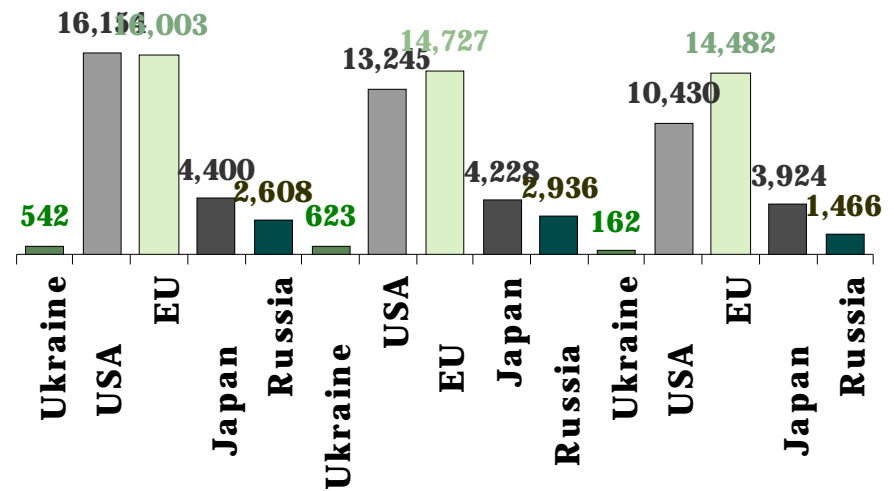


- State stimuli packages brought stabilization to the world leading car markets in 4Q 2009. January-2010 sales continued showing notable y-o-y growth:

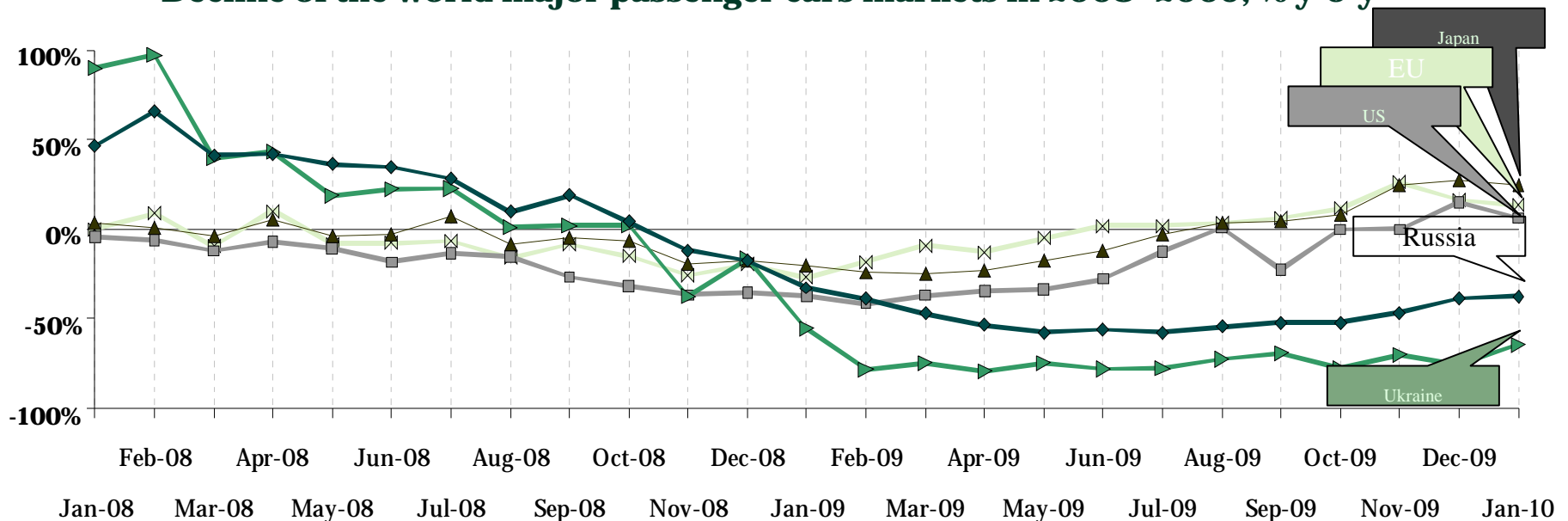
- EU car sales grew 14%
- US car sales grew 6%
- Japan car sales grew 25%

- At the same time, car sales in Ukraine and Russia kept plummeting (64% and 37% down y-o-y respectively in January 2010)

**Car sales tendency in basic regions, 2007-2009, ths. units**



**Decline of the world major passenger cars markets in 2008- 2009, % y-o-y**

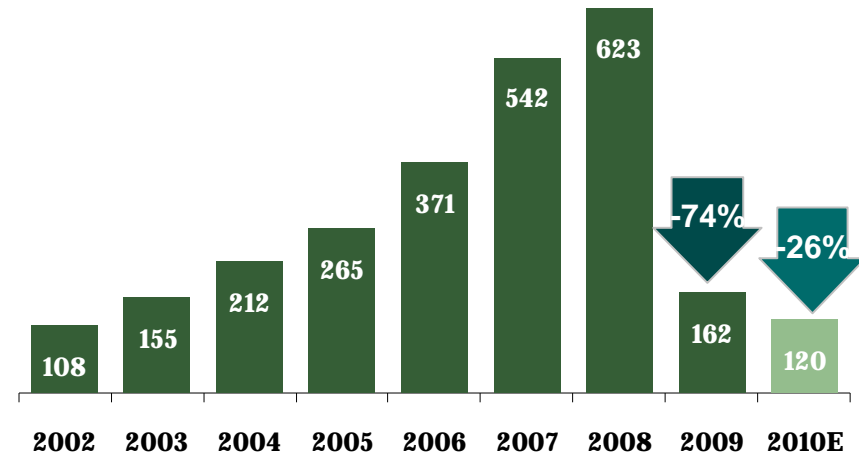


# Car market overview (2)

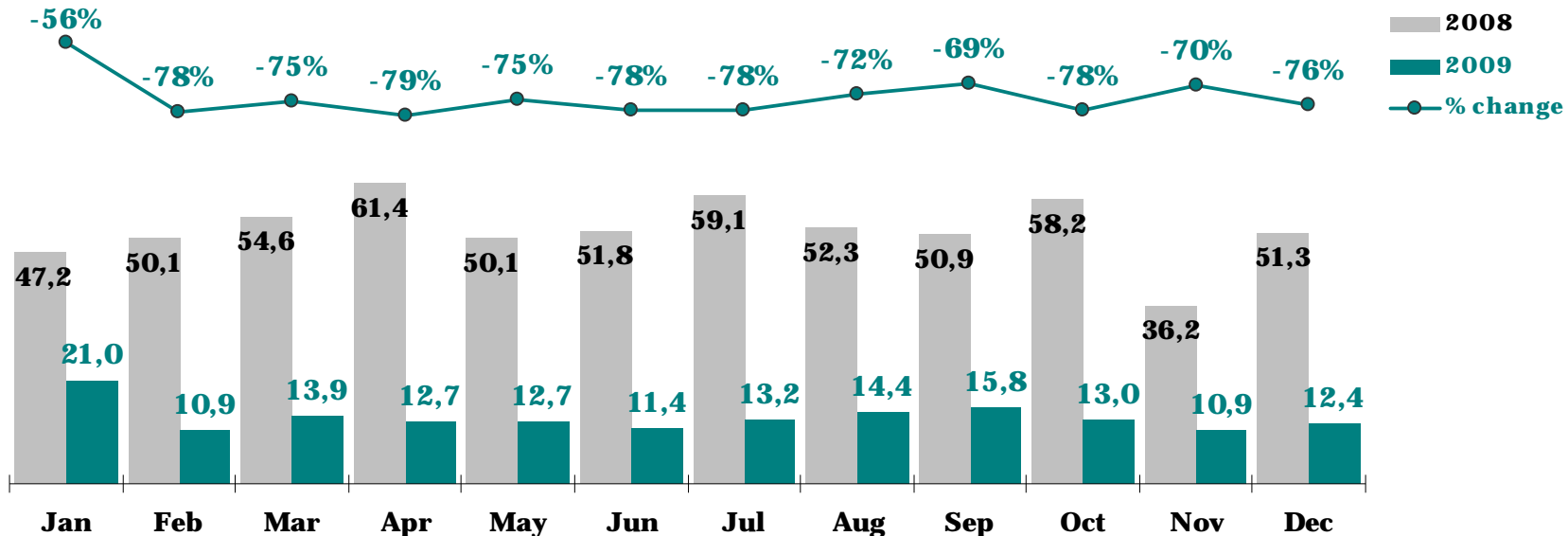


- Deteriorated disposable incomes, depreciated hryvnia and scarce car loans kept the domestic demand for new cars depressed in 2009
- The Ukrainian state is unable to provide stimulating programs similar to those initiated in EU, US and China to prop the demand for new cars
- By 2009 end, Ukrainian dealers have nearly sold off their car inventories piled up before crisis
- Deprived from sales discounts and the state support, the domestic car market should further drop by 26% in 2010

Sales of new cars in Ukraine, ths.units



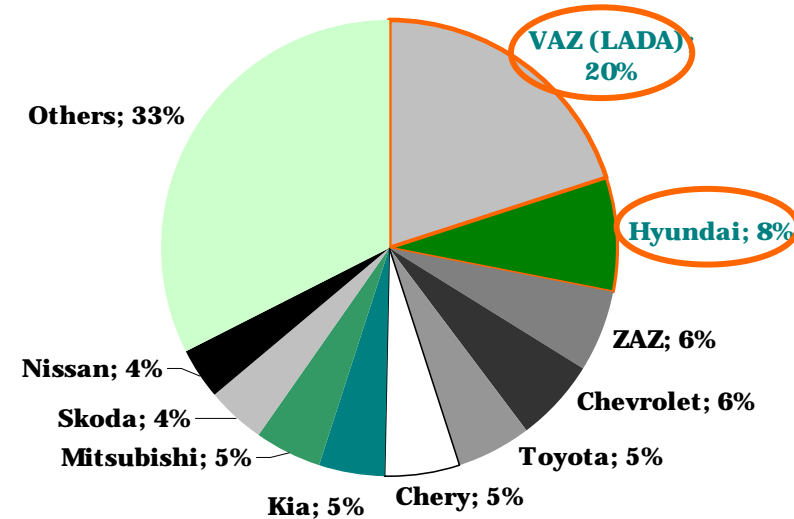
Sales of new cars in Ukraine in 2008-2009 (by months), ths.units



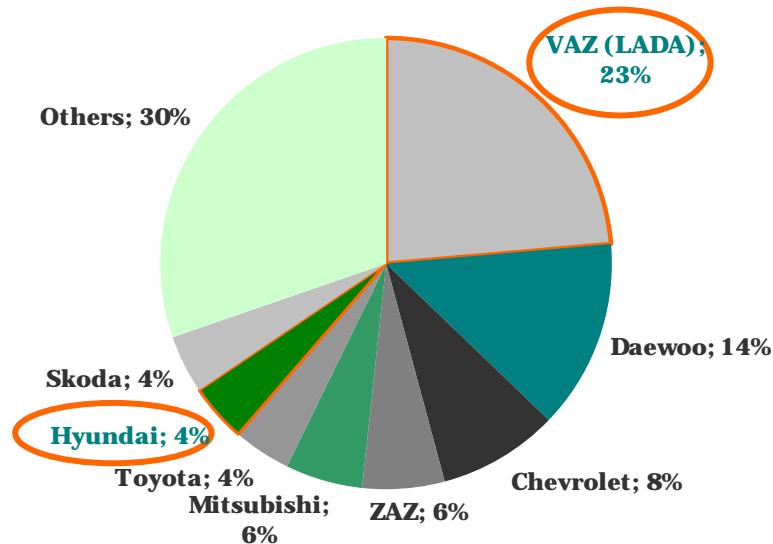
# Car market overview (3)

- The crisis shifted the car demand back to the low-end segment and changed the market structure to the benefit of Lada and Hyundai brands manufactured and traded by Bogdan Group
- In 2009, Lada partially restored its market share due to the devalued Russian rouble and cheaper prices
- In 2009, Hyundai continued building up its market share due to the aggressive marketing support of the South-Korean manufacturer and good market positioning

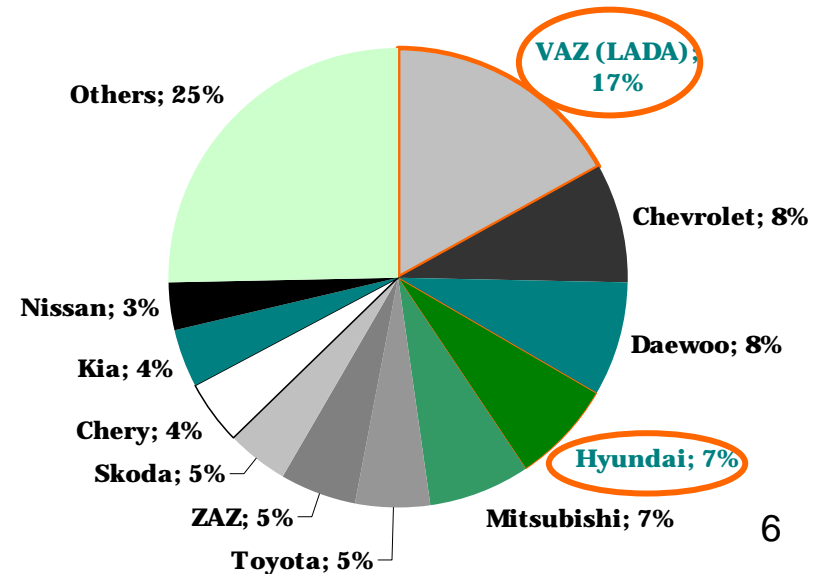
### Car sales Structure in Ukraine, 2009



### Car sales Structure in Ukraine, 2007



### Car sales Structure in Ukraine, 2008

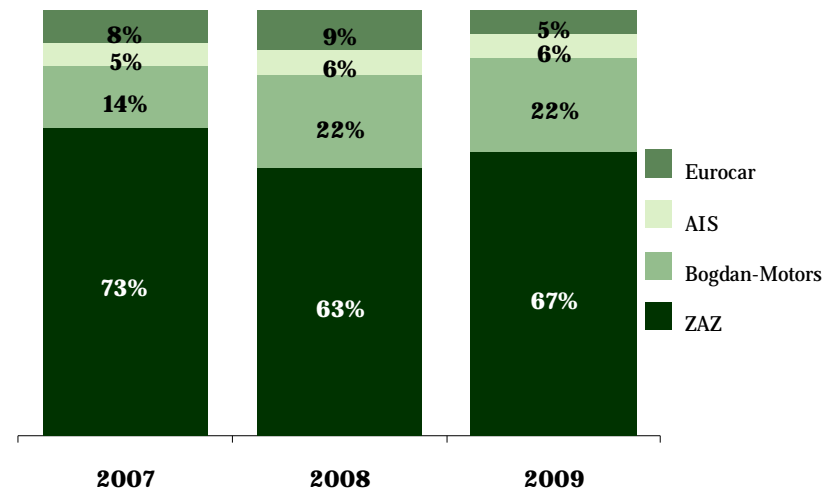


# Car market overview (4)

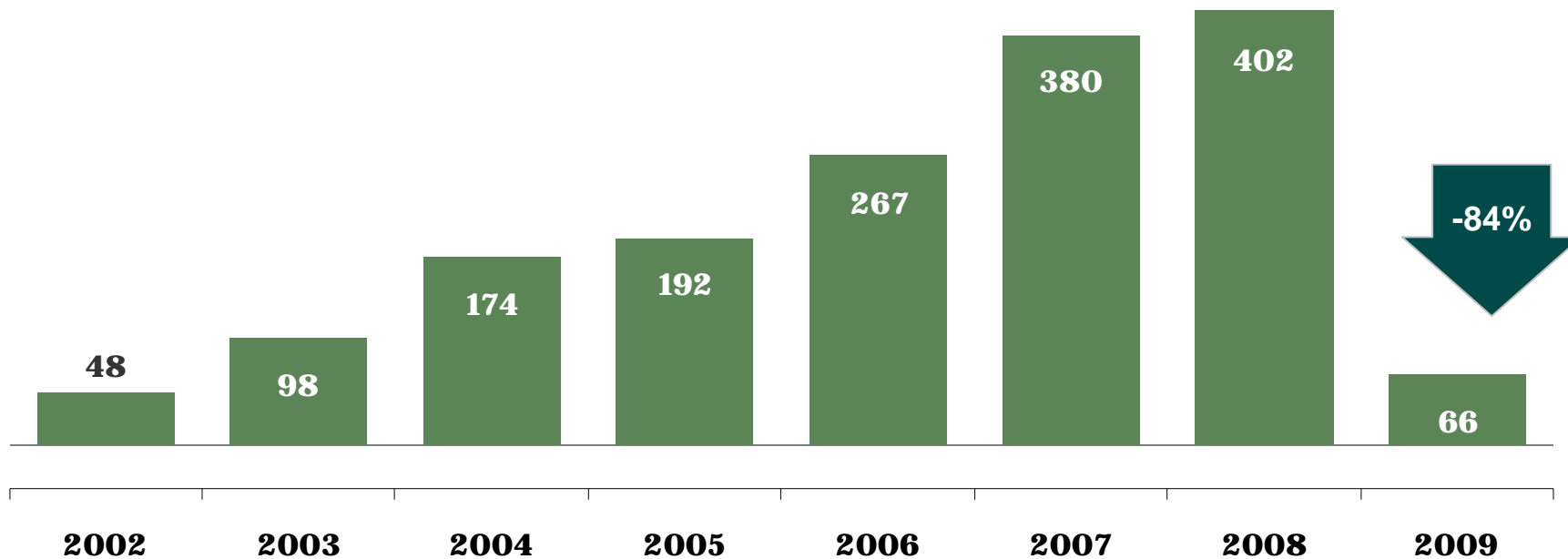


- In an effort to sell off their stockpiled inventories, Ukrainian producers made production cuts sharper than the market fall in 2009
- Large producers, ZAZ and Bogdan Motors, increased their common share in the total domestic car output from 85% in 2008 to 89% in 2009

**Passenger cars Production Structure in Ukraine**



**Production of passenger cars in Ukraine, ths. units**

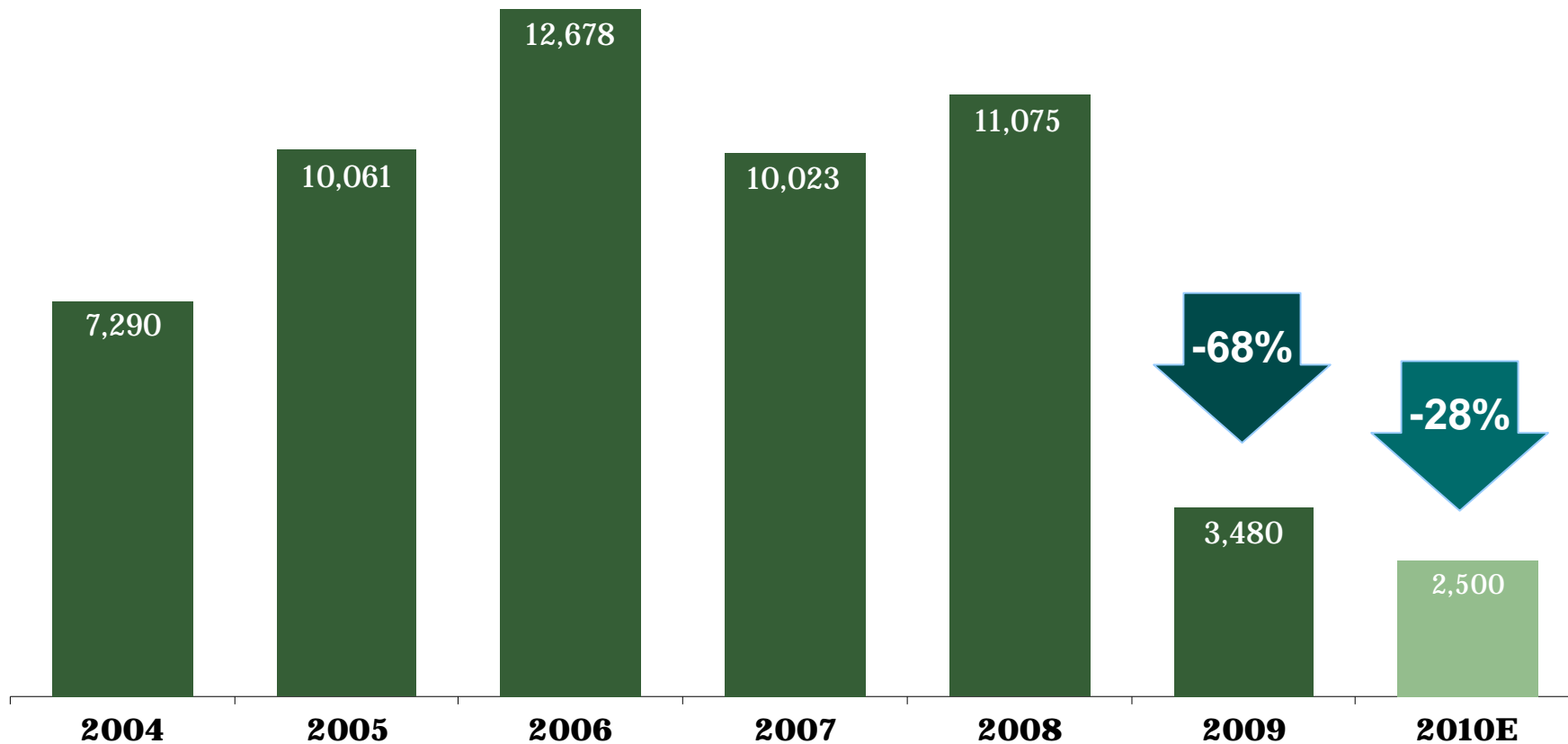


## Bus market overview (1)



- Municipal budget deficits and the lack of available financing for private carriers deteriorated bus demand in Ukraine in 2009.
- In 2009, domestic sales of new buses dropped by 68% y-o-y
- No improvements in finance availability are expected in 2010 – new bus sales should further drop by 28% y-o-y

**Sales of new buses in Ukraine, units**



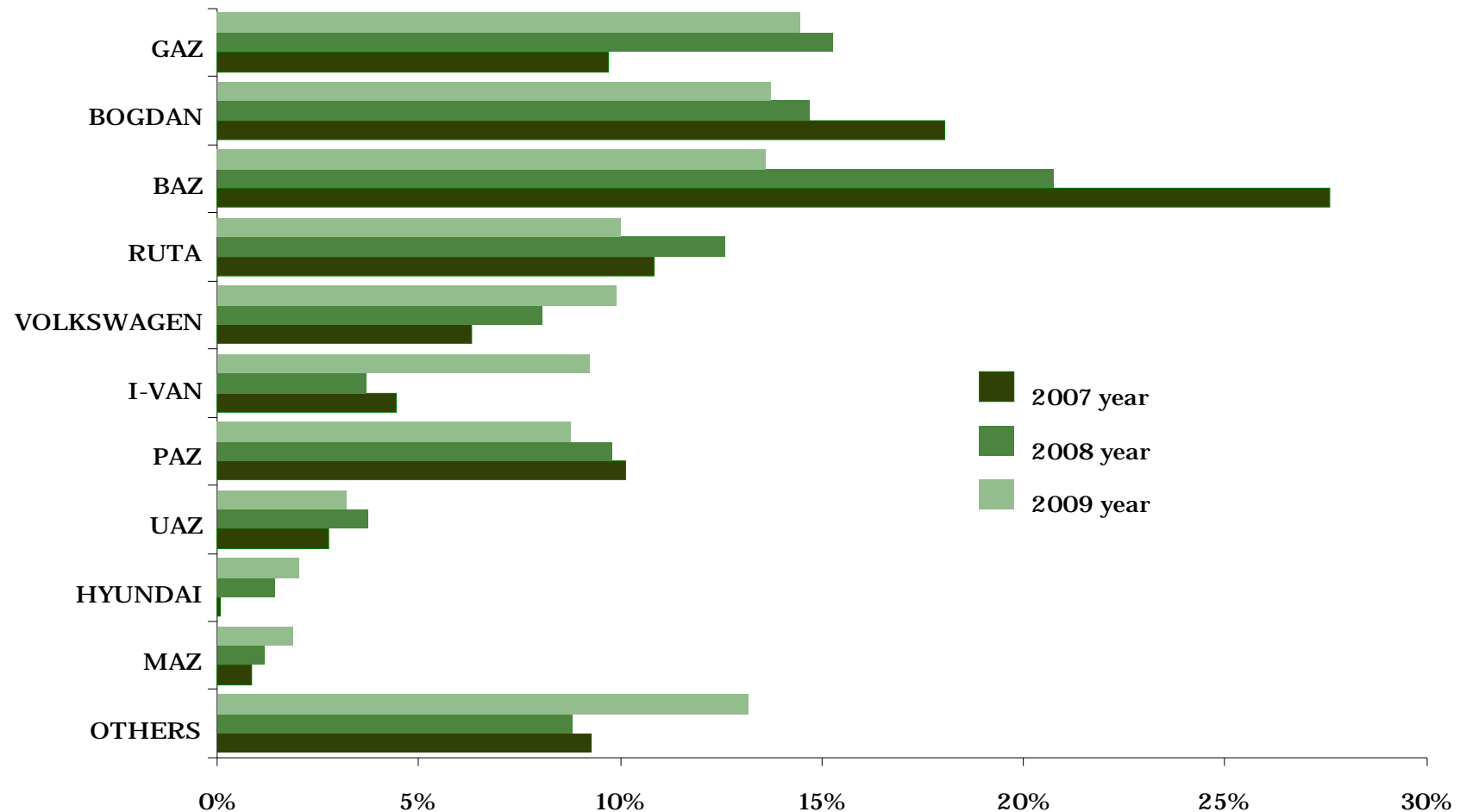


## Bus market overview (2)



- On the domestic market, Bogdan buses moved from the third selling position in 2008 to the second best selling rank in 2009.

**New bus sales Structure by Brand, 2009 / 2008 / 2007**



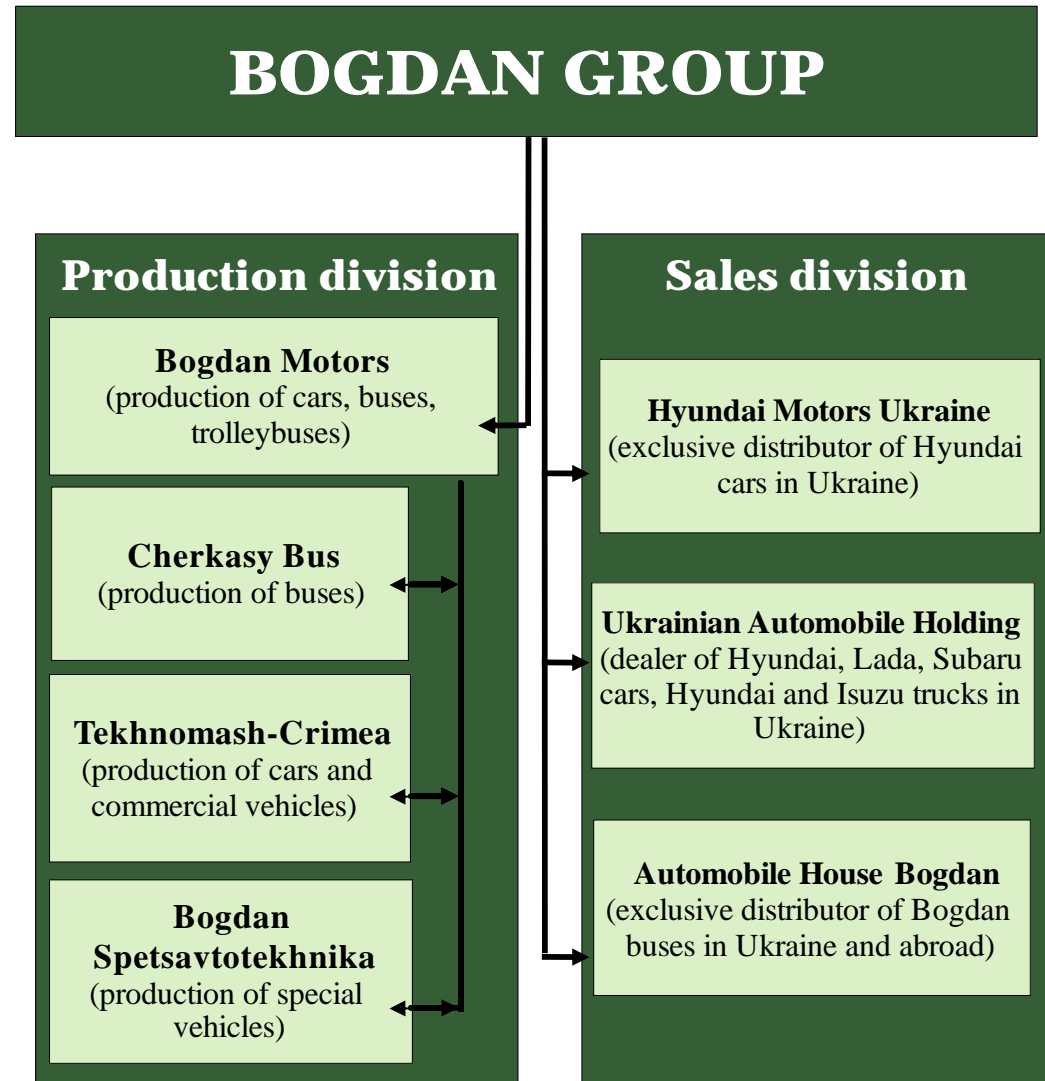


# Group Overview

## Group snapshot

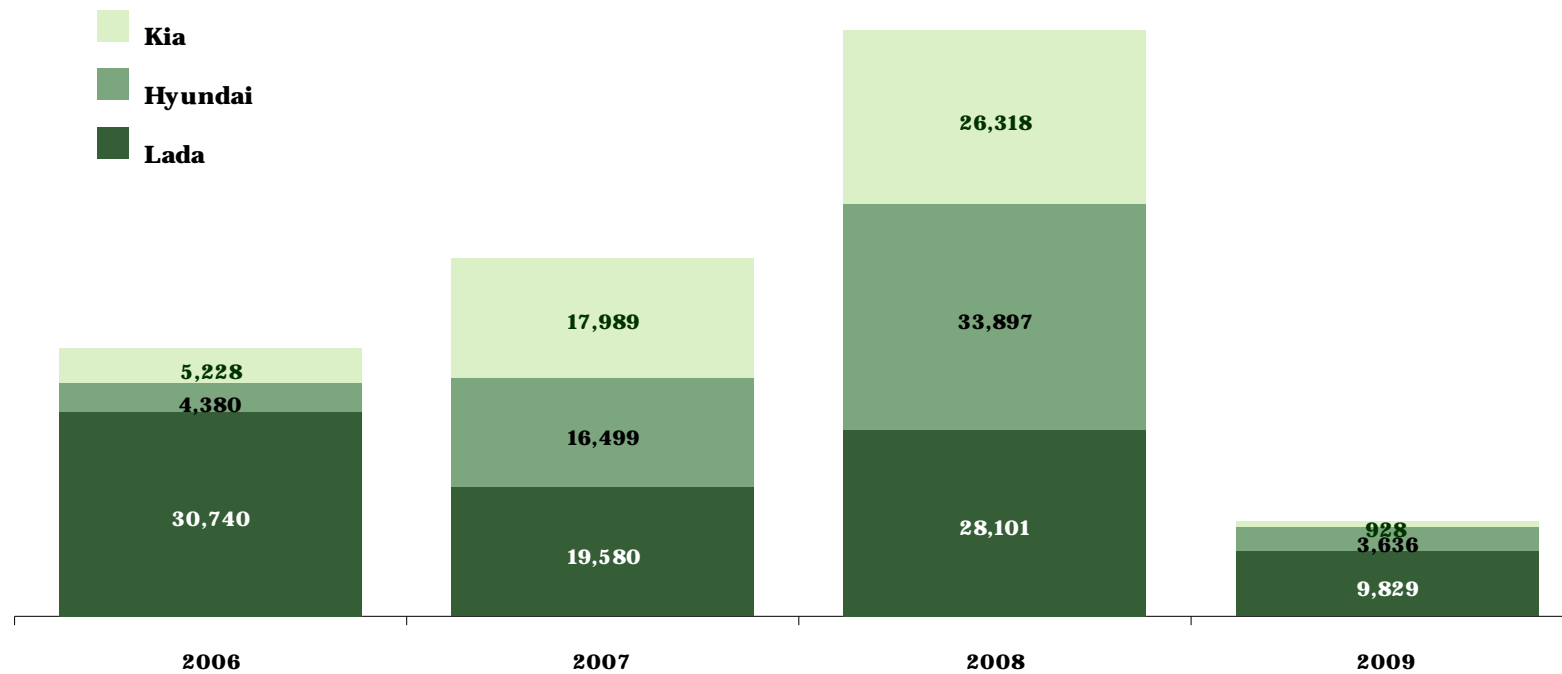


- Bogdan Group is engaged in manufacturing and trading cars, buses, trolleybuses, commercial and special vehicles
- The Group's total production capacity (including welding, painting and assembling) is 120,000-150,000 cars, 9,000 buses and trolleybuses, 15,000 of commercial and special vehicles per year
- The Group produces cars of Lada and Hyundai brand, buses and trolleybuses of own Bogdan brand, and trucks of Hyundai and Isuzu brand for further sale on the domestic market
- The Group's state-of-the-art production facilities were installed in 2008, as a result of \$440 mln investments
- The Group is able to perform CKD production for any car brand of B, C and C-height class, and the full product range of buses and trolleybuses, from small to extra-large
- The Group's dealer network has 38 subsidiaries in all the regions of Ukraine, more than 60 trading centres and 38 service stations. In addition to Lada and Hyundai, the Group trades Subaru cars
- The Group exports Bogdan-made buses under the brand of Isuzu to the CIS, Eastern Europe, Africa and the Middle East, as well as passenger cars, which are made of Lada kits, under the brand of Bogdan to Russia



- Bogdan Motors is the key car producer of Bogdan Group
- In 2009, the Group's production of cars dropped by 84% y-o-y
  - Production of Lada declined by 65% y-o-y
  - Production of Hyundai declined by 89% y-o-y
  - Production of Kia declined by 96% y-o-y

## Bogdan Group's Car Production, units

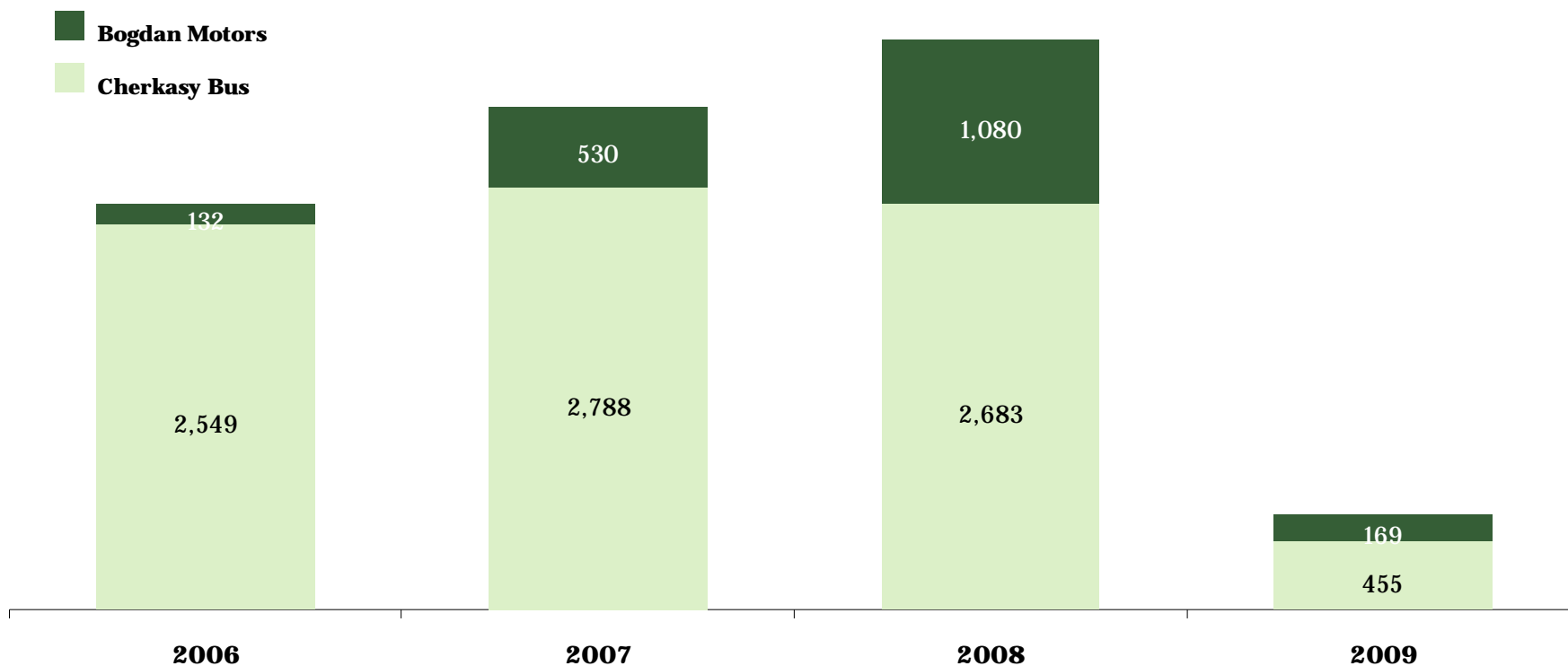


# Bus production



- Bogdan Motors and Cherkasy Bus are the two companies of the Group engaged in bus manufacturing
- The bus market downturn caused stockpiling inventories, which had an additional depressing effect for the Group's bus production in 2009
- In 2009, the Group decreased its bus production by 83% y-o-y

## Bus & trolley Production by Bogdan Motors and Cherkasy Bus, units

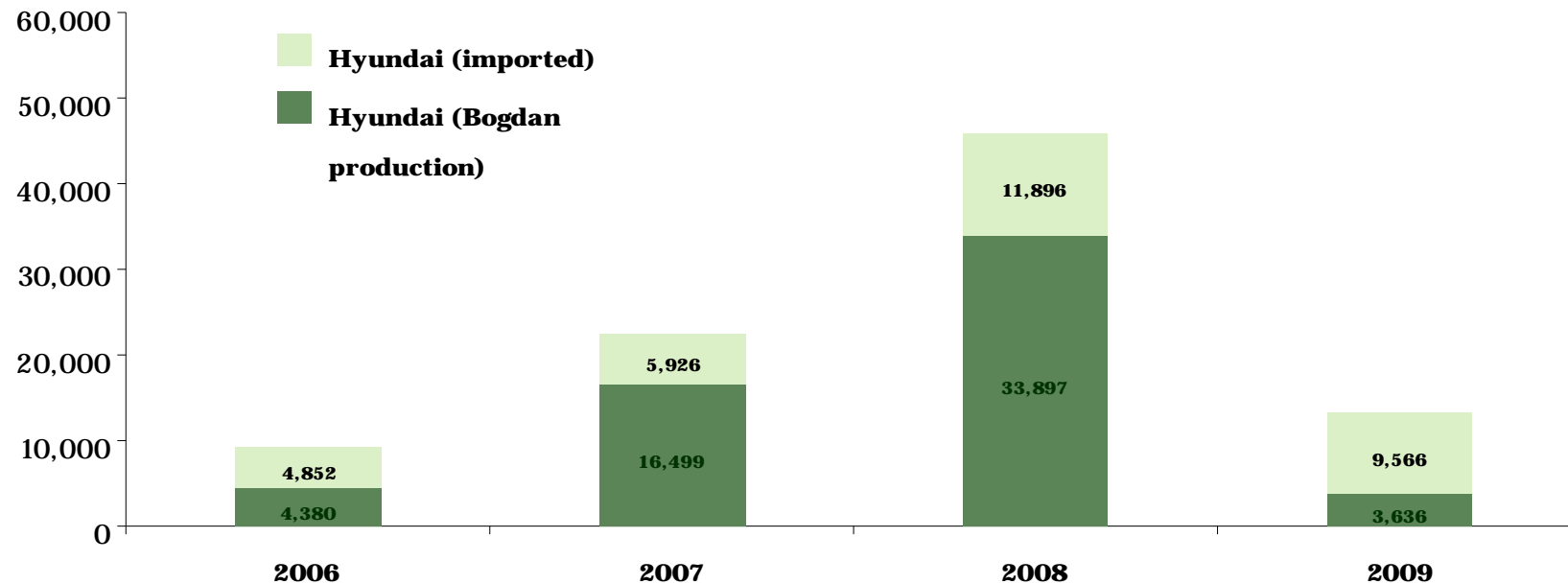


## Car distribution



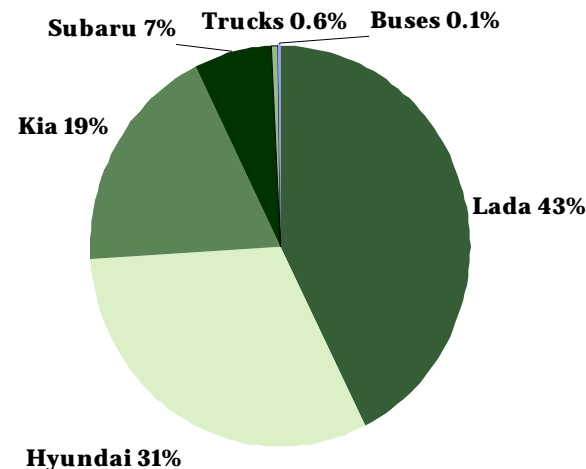
- Hyundai Motors Ukraine, exclusive distributor and importer of Hyundai cars in Ukraine, decreased its sales by 71% y-o-y in 2009
- Hyundai Motors Ukraine was able to increase its market share in 2009 thanks to good market positioning, as well as promotional support of the original equipment manufacturer, Hyundai Motors.
- The share of cars assembled by Bogdan Motors, as opposed to imported cars, decreased from 74% of the total Hyundai sales in 2008 to 26% in 2009, as a result of car import duties decreasing from 25% to 10%

### Hyundai sales in Ukraine, units



## Vehicles Sales Structure by type&brand in 2009

- Ukrainian Automobile Holding is a retail dealer of Bogdan Group that has a nationwide network.
- In 2009, sales of Ukrainian Automobile Holding dropped by 75% y-o-y to 14 124 units.

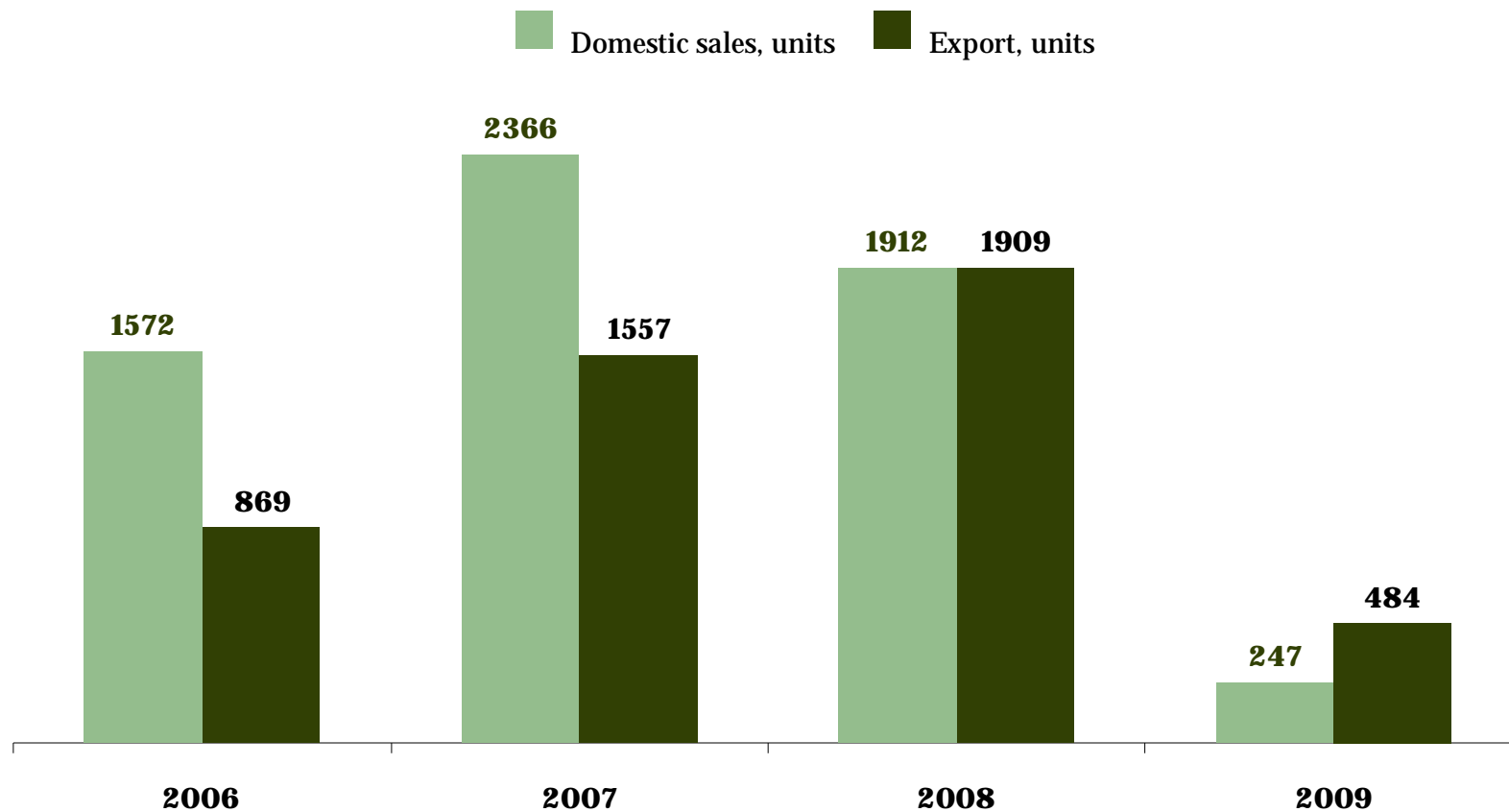


## Vehicles Sales by Ukrainian Automobile Holding, Ltd., units

Brand	2006	2007	2008	2009
Lada	29 875	31 077	23 246	6 011
Hyundai	1 386	3 976	19 465	4 436
Kia	860	3 076	9 253	2 639
Subaru	363	521	2 740	929
Others passenger cars		3 327	659	0
<b>Total passenger cars</b>	<b>32 484</b>	<b>41 977</b>	<b>55 363</b>	<b>14 015</b>
<b>Trucks</b>	<b>141</b>	<b>596</b>	<b>297</b>	<b>89</b>
<b>Buses</b>	<b>545</b>	<b>246</b>	<b>191</b>	<b>20</b>
<b>Total</b>	<b>33 170</b>	<b>42 819</b>	<b>55 851</b>	<b>14 124</b>

- Automobile House Bogdan is the exclusive distributor of Bogdan buses in Ukraine and abroad
- Exports saved the Group's bus sales from deeper fall in 2009
- The Group's bus sales dropped by 73% y-o-y in 2009

## Bus Sales by Automobile House BOGDAN Ltd.







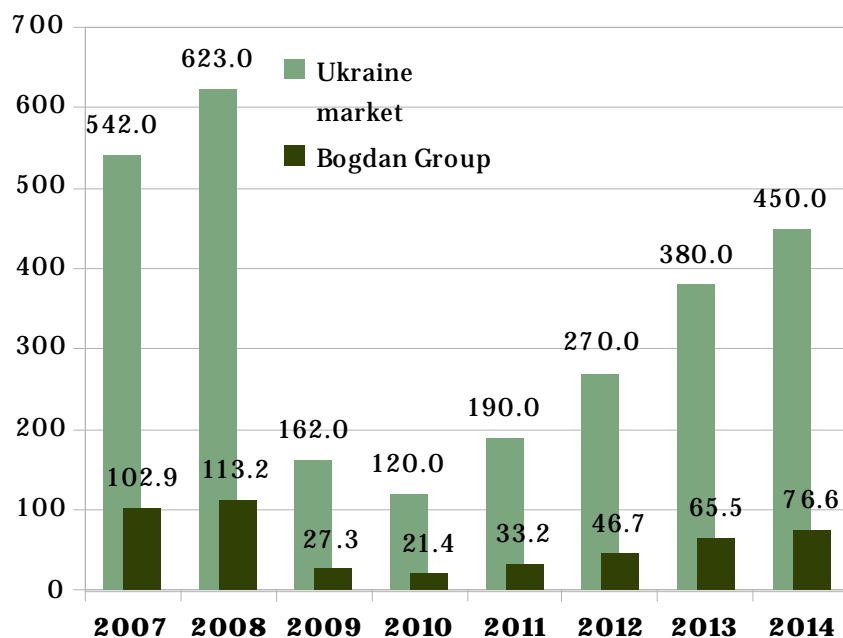
# Group outlook in 2010-2014

# Starting car exports initiate sales recovery



- The domestic car market should start recovering only in 2011
- In 2010, Bogdan group starts exporting cars under the Bogdan brand, which are produced by Bogdan Motors based on Lada kits
- In 2010, 91% of exported cars will go Russia, the rest — to CIS
- Car exports should help the recovery of the Group's car sales and will account for 45% of the total car sales in 2010

**Bogdan Group domestic car sales vs. Ukrainian market, ths. units**



**Bogdan Group total car sales, ths. units**

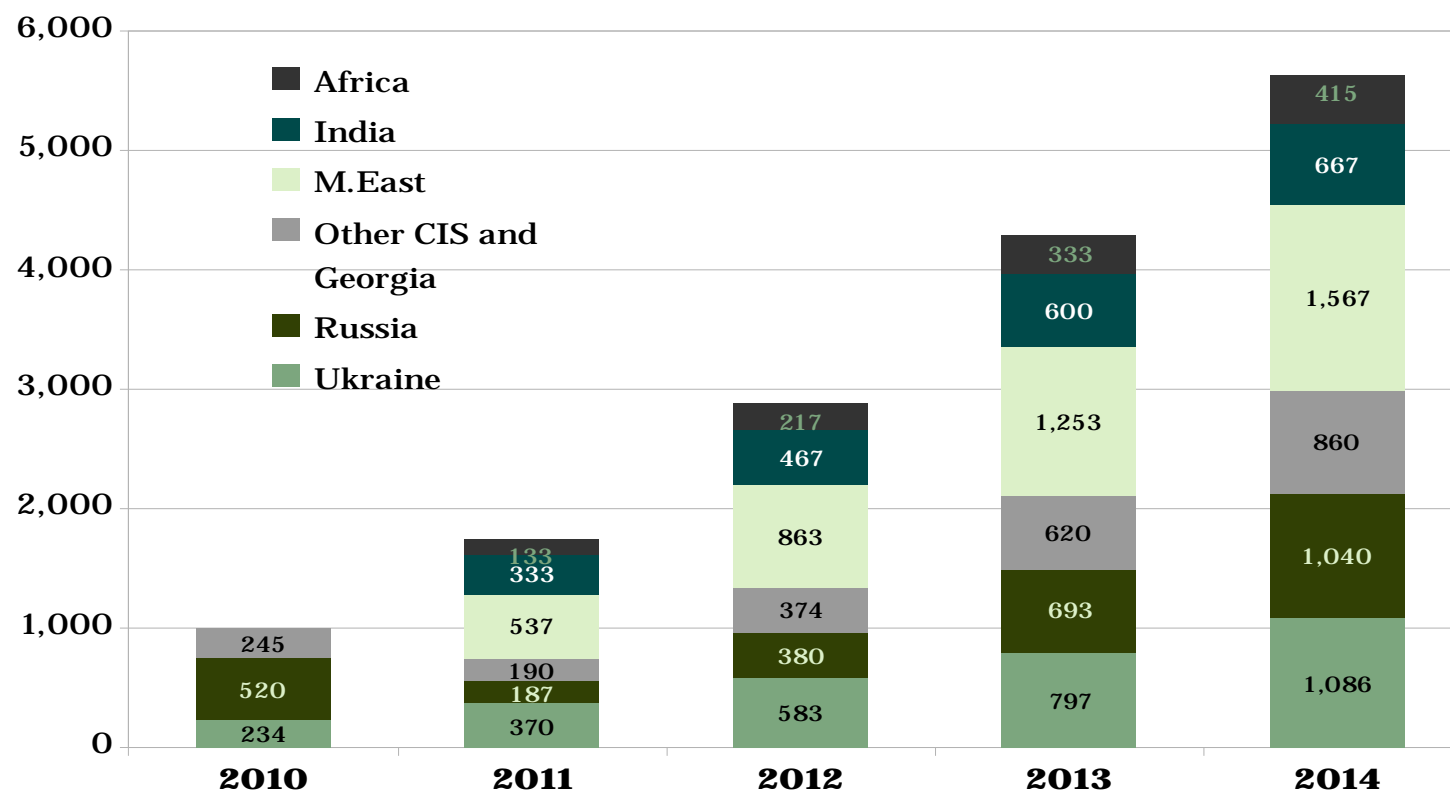


## Ready to enter overseas bus markets



- The domestic bus market should start recovering only in 2011
- Exports share in the total bus sales should rise from 66% in 2009 to 77% in 2010 and to 80% in the long term
- The Group plans to start bus exports to the Middle East, India, North Africa and South Africa in 2011

**Bogdan Group bus sales structure, units**

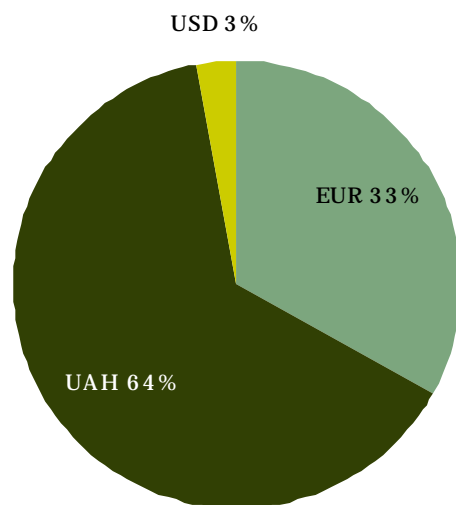


## Debt restructuring is underway

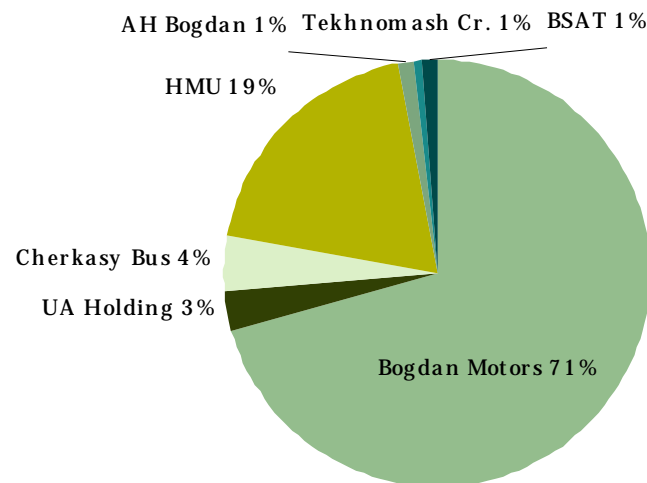


- As of 2009 end, Bogdan Group's total debt was EUR 318.5 mln with the average interest rate of 15%
- As of 2009 end, Bogdan Motors accounted for 99% of the Group's Euro-denominated debt and 57% of the hryvnia-denominated debt
- Bogdan Motors' US-dollar-denominated \$77 mln debt due in 2009 was converted to hryvnia, payment rescheduled to 2010-2016
- Bogdan Motors' UAH330 mln corporate bonds successfully restructured in 2009
- The group is in process of further active negotiations with all its creditors on debt restructuring

### Currency exposure in Bogdan Group's loans



### Bogdan Group's debt structure



EUR, mln	2007 IFRS	2008 IFRS	2009 UAS (unaudited)
<b>Consolidated net revenue</b>	<b>802</b>	<b>1,288</b>	<b>370</b>
Bogdan Motors	664	988	113
Hyundai Motors Ukraine	195	532	119
Ukrainian Automobile Holding	120	460	123
Bogdan Automobile House	46	55	15
<b>Consolidated operating profit</b>	<b>78</b>	<b>64</b>	<b>(38)</b>
<b>Operating margin, %</b>	<b>0</b>	<b>0</b>	<b>neg</b>
Bogdan Motors	71	31	(43)
Hyundai Motors Ukraine	(2)	8	7
Ukrainian Automobile Holding	7	7	(2)
Bogdan Automobile House	1	19	1
<b>Consolidated net income</b>	<b>55</b>	<b>(54)</b>	<b>(67)</b>
<b>Net income margin, %</b>	<b>6.9%</b>	<b>neg</b>	<b>neg</b>

# Thank you for your kind attention!

**For more details, please contact:**

Andriy Zinchak

Head of Securities and IR

Phone: +38044 351-74-92

Cell: +38050 334-71-36

Alexander Martynenko

IR Manager

Phone: +38044 351-74-57

Cell: +38067 500-70-58