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## **Volkswagen Group Rus and GAZ Group extend their cooperation in Russia**

- **Volkswagen Group Rus and GAZ have signed an extension of their manufacturing agreement for Volkswagen and ŠKODA cars in Russia**
- **In addition, the Volkswagen brand is to supply 2.0 TDI engines for GAZ light commercial vehicles – footprint in the Russian automotive market strengthened**

**Nizhny Novgorod, June 15, 2017 – The Volkswagen Group and GAZ Group, a part of Russian Machines Corporation consolidating the machine-building assets of Basic Element Group, have extended their successful manufacturing agreement for Volkswagen and ŠKODA models in Russia until 2025. Furthermore, the Volkswagen brand will in future supply 2.0 TDI engines for GAZ light commercial vehicles, opening up new business opportunities in international markets. The official documents were signed in Nizhny Novgorod in the presence of the Russian Minister of Trade and Industry, Denis Manturov, the Governor of Nizhny Novgorod, Valery Shantsev, and representatives of Volkswagen Group Rus.**

Volkswagen Group Rus and GAZ Group are extending their joint project to produce Volkswagen and ŠKODA cars at Gorky Automobile Plant and are opening up new development opportunities for the brands' model ranges. Marcus Osegowitsch, General Director of Volkswagen Group Rus, and Vadim Sorokin, GAZ Group president, signed the new agreement which extends the joint project until 2025, defines the model versions to be produced in Nizhny Novgorod, and sets out the plans to adapt GAZ production capacities for the launch of new models for Volkswagen Group Rus.

The cooperation between Volkswagen Group Rus and GAZ Group started in 2011 with the signing of an agreement for the contract assembly of Volkswagen and ŠKODA cars at the GAZ plant. Under the project, new assembly and body shops were built at GAZ, the paint shop was modernized, logistic and quality control systems were improved, and production of components for Volkswagen and ŠKODA vehicles was established. GAZ personnel were trained at Volkswagen and ŠKODA plants in Germany and the Czech Republic, and a new training center was opened at GAZ. The total number of cars produced so far under the cooperation between Volkswagen Group Rus and GAZ Group totals some 200,000. This includes Volkswagen Jetta as well as ŠKODA Yeti and Octavia produced in Nizhny Novgorod.

Marcus Osegowitsch commented: “We are extending our successful partnership with GAZ Group for contract manufacturing because local production has always been a key element of the Volkswagen Group’s long-term development strategy in Russia. Even during last three crisis years we continued to develop our business in Russia, investing an additional € 500 million in production and facilities. We are proud to be part of the Russian automotive industry, to support its development, and to provide new jobs.”

Vadim Sorokin commented: “The agreements signed today prove the success of our five-year collaboration with Volkswagen Group Rus which already spans more than five years, and open up a new level of our cooperation. We are thus starting the second life cycle of our industrial cooperation.”

Maximum annual production capacity at the Gorky Automobile Plant is around 132,000 vehicles. Total investment in equipment and infrastructure amounted to € 300 million. Currently, around 3,000 employees assemble the Volkswagen and ŠKODA models at the GAZ plant in Nizhny Novgorod.

## **Supply of Volkswagen 2.0 TDI engines from the plant in Salzgitter, Germany for GAZ production**

There is to be an additional, second step in the cooperation between the parties with a view to developing the model range and growing product sales volumes. GAZ Group plans to equip GAZ vehicles with Volkswagen TDI 2.0 engines from the Salzgitter plant in Germany. The diesel engines, which fulfill all legal requirements and the applicable emissions standards, will be integrated in the new GAZelle NEXT family, which includes drop-side trucks, full-metal vans and minibuses. Volkswagen will provide technical support to integrate the engines in the GAZ model range.

Thomas Schmall, Member of the Volkswagen Brand Board of Management responsible for ‘Components’, commented: “By supplying engines to GAZ Group we are significantly strengthening our partnership and our position in Russia as producer of automotive components. Over decades we have developed a strong expertise in building engines – while at the same time continuously focusing on innovations for future technologies. Now, we are expanding our competence into new markets.”

Siegfried Wolf, Chairman of the Board, Russian Machines Corporation, commented: “Expanding cooperation with the Volkswagen Group will ensure further modernization of Gorky Automobile Plant’s capacities and give a new impetus to the development of our model range and growth of GAZ export sales.”

## **About GAZ Group**

**GAZ Group** ([www.gazgroup.ru](http://www.gazgroup.ru)) is the largest manufacturer of commercial vehicles in Russia. It produces light and medium duty commercial vehicles, buses, trucks, passenger cars, powertrains and automotive components. The company’s primary shareholder is Russian Machines, a machine building holding that is a part of Basic Element. GAZ Group incorporates 13 plants in 8 regions of Russia. It is the leader of the commercial vehicles market of Russia and occupies over 50% of the light commercial vehicles segment and 80% of the bus segment. The

flagship product line of the company is its NEXT-generation light commercial vehicles, trucks and buses. GAZ Group is the leader among Russian automobile manufacturers in creating eco-friendly types of vehicles, including vehicles that run on alternative fuels. The headquarters of GAZ Group is located in Nizhny Novgorod.

## **About Basic Element Group**

**Basic Element** ([www.basel.ru](http://www.basel.ru)) is one of the largest and fast developing industrial groups in Russia. The group consists of companies which are controlled by or are within the scope of business interests of Oleg Deripaska. Structures of the group participate in management of assets or directly own considerable shares of charter capitals of companies which conduct business in many economic sectors: power, machine building, financial, construction engineering, airport management, agricultural and others. More than 200,000 people work at more than 100 companies of Basic Element in Russia, the CIS-states, Africa, Australia, Asia, Europe and Latin America. Many of the companies play key roles in economy of their respective market sectors, including En+ Group, GAZ Group, Basel Aero, Glavstroy Development and others.

## **About Volkswagen Group Russia**

**Volkswagen Group Rus** ([www.volkswagengrouprus.ru](http://www.volkswagengrouprus.ru)) brings together the work of the six brands of the Volkswagen Group that are available on the Russian market – Volkswagen, ŠKODA, Audi, Volkswagen Commercial Vehicles, Bentley and Lamborghini. Starting from November 2007, Volkswagen Group Rus has been manufacturing automobiles in Kaluga. In 2009, the plant celebrated the official launch of its full cycle production. In 2011, Volkswagen Group Rus and GAZ Group signed an agreement for the contract assembly of Volkswagen and ŠKODA automobiles at the GAZ plant in Nizhny Novgorod. Now, Volkswagen Tiguan, Volkswagen Polo and ŠKODA Rapid are being produced at the plant in Kaluga, and ŠKODA Yeti, Volkswagen Jetta and ŠKODA Octavia are being produced by full cycle at GAZ plant. In 2015, the new engine plant was launched in Kaluga. Capacity of the new modern engine production is 150 000 engines per year. Volkswagen Group is committed to the Russian market and is consecutively fulfilling its investment program in Russia. With a total investment of € 1.75 billion in its business in Russia, Volkswagen Group became one of the largest foreign investors in the Russian automotive industry.

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