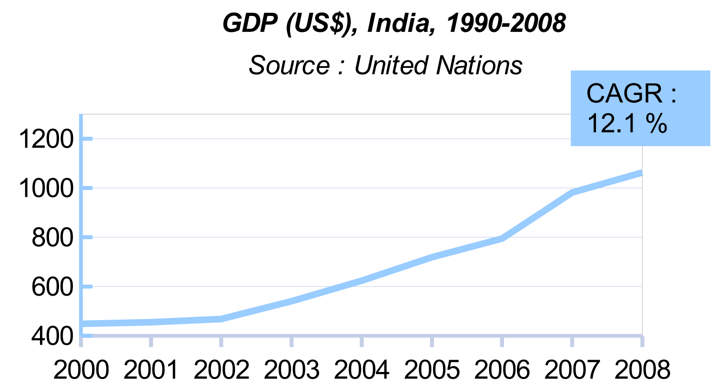
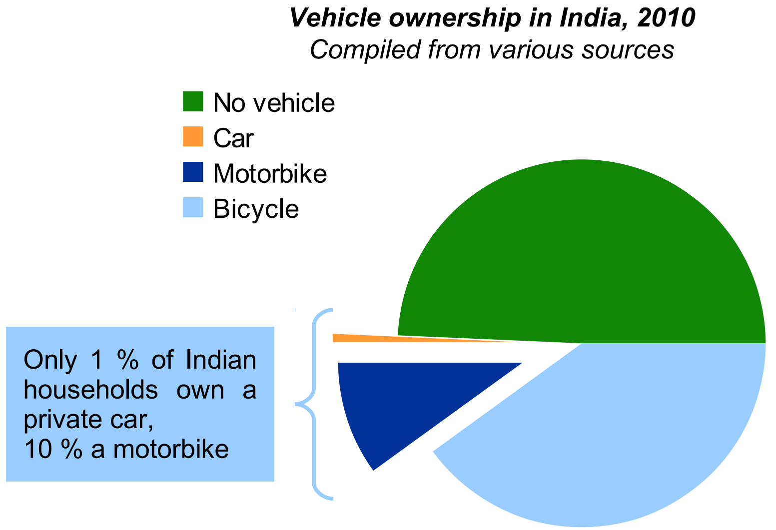
Indian automotive sector snapshot

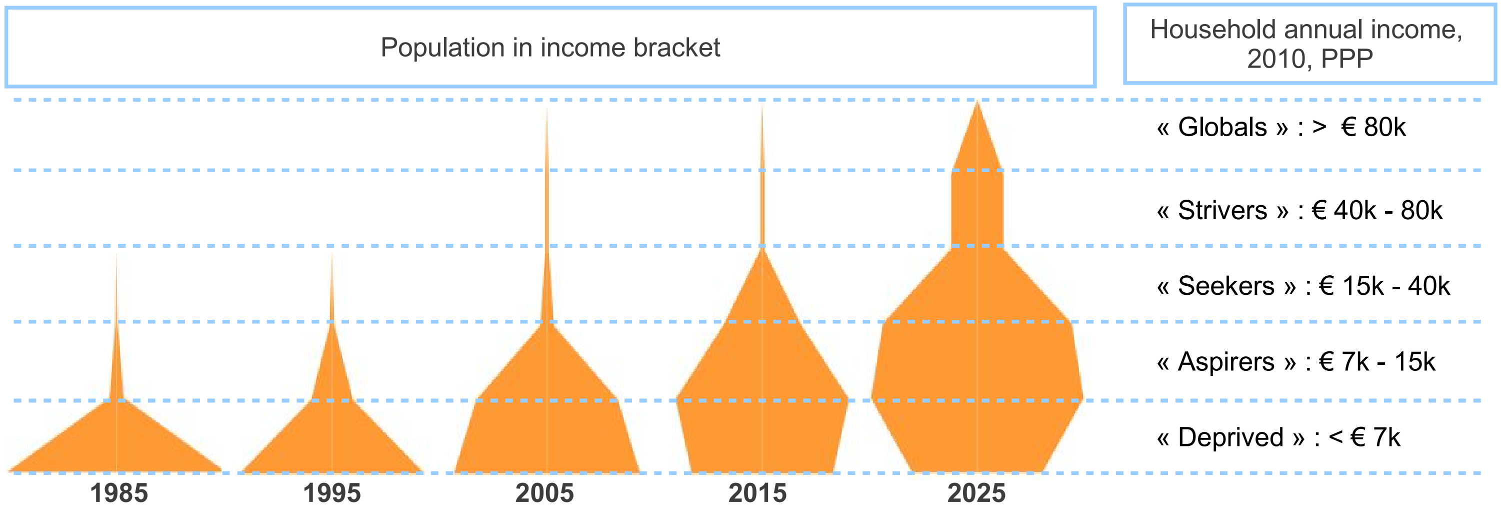
18th November 2010

Private vehicles market potential



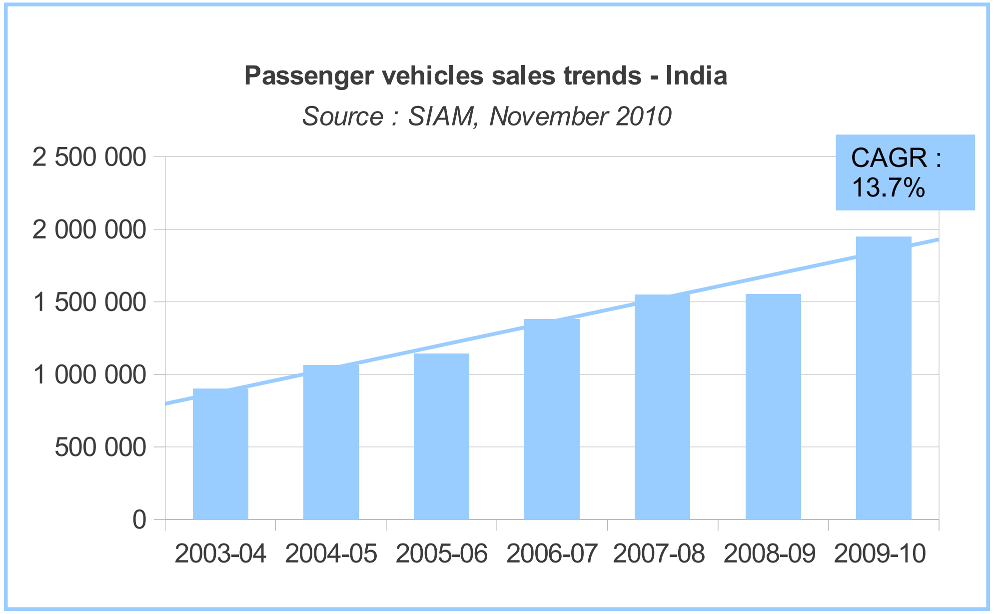
- 83000 millionaires (in USD) in India in 2009, up 20% from 2008
- India's growth expected to overtake China's before 2015
- Per capita income expected to overtake UK, US, by 2040

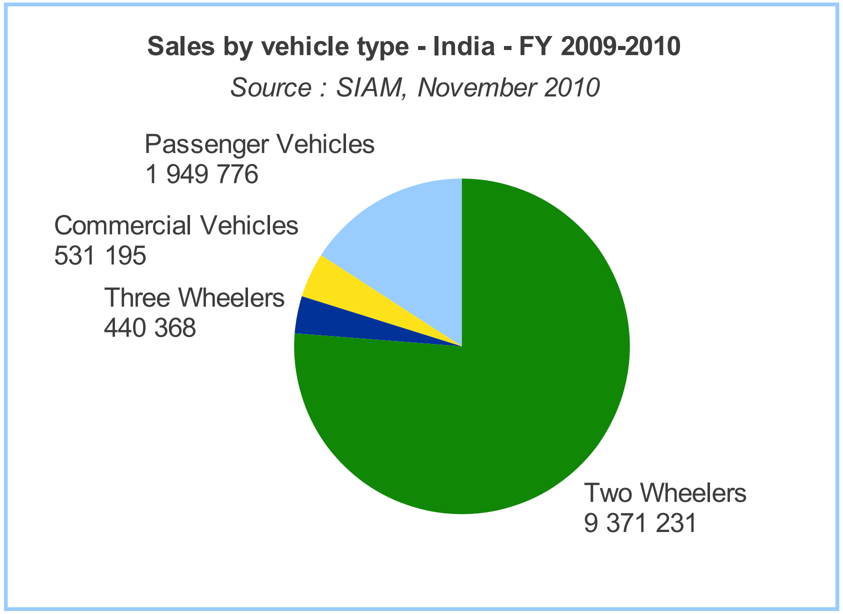


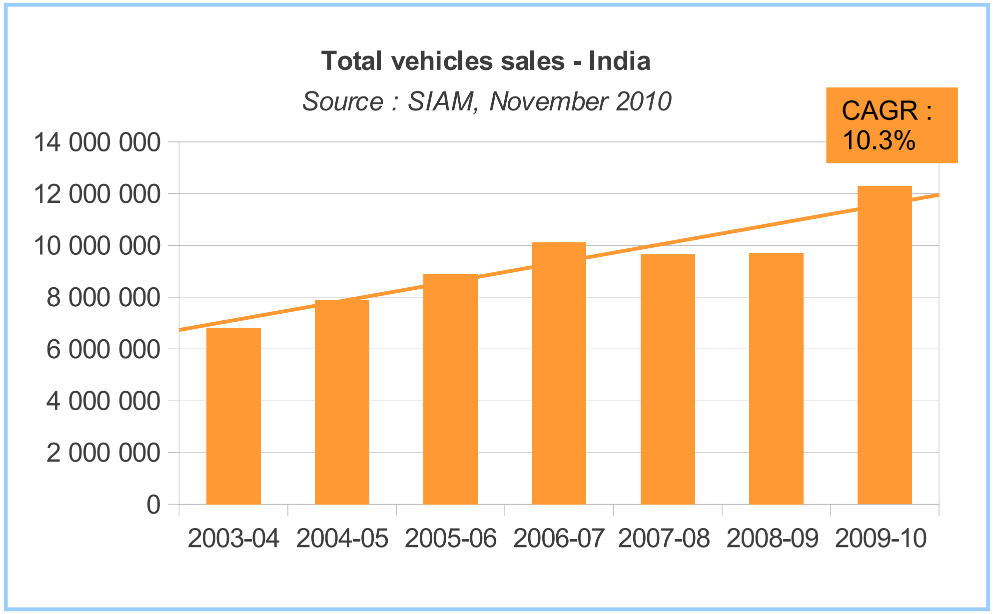


Very low saturation, coupled with high disposable income growth and distribution, point to a large potential for private vehicles.

Trends, vehicle type distribution



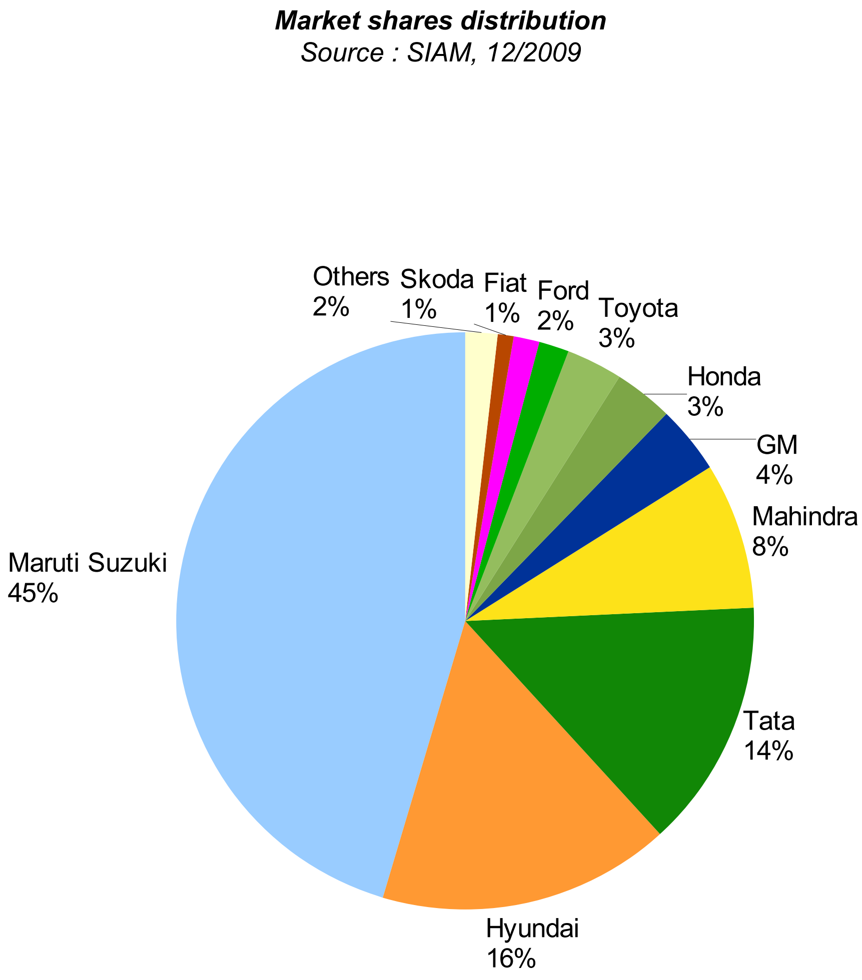




The Indian automotive sector has witnessed healthy growth for the past 7 years, and the industry considers this to be sustainable for another 10 years at least.

Car sales grow faster thant other categories, but motorcycles still accounts for 75% of the market today.

Market shares distribution (cars only)



The 4 largest players (Maruti, Hyundai, Tata, Mahindra) hold 83% of market shares.

The next 4 (GM, Honda, Toyota, Ford) hold 12%

95% of the market is in the hands of 8 manufacturers (none of which are European...)

European cars : manufacturing and marketing set-up

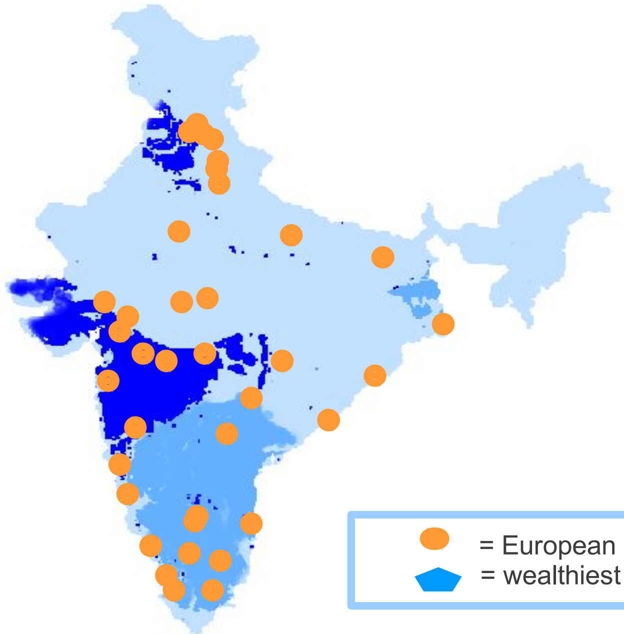
Import duty on complete cars (« CBU ») = 100%

Import duty on SKD and CKD parts = 10%

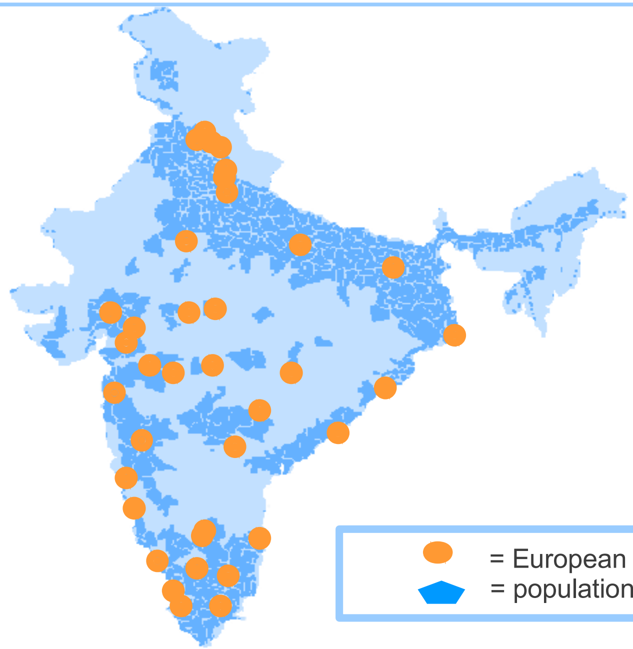
Except for luxury vehicles (low volumes, less rivalry), the route to the Indian market for foreign manufacturers is either the KD model or complete localisation.

Some European manufacturers set-up

	Dealerships	Manufacturing
Mercedes	35	CKD / SKD (Pune)
BMW	17	CKD / SKD (Chennai)
Audi	14	CKD / SKD (Pune)
Skoda	62	CKD / SKD (Pune)
Volkswagen	38	CKD / SKD (Pune)
FIAT	110	CKD / SKD (Pune)



= European brands dealers
= wealthiest areas



= European brands dealers
= population density > 250

Main automotive industry clusters

NCR – Punjab – Rajasthan - Madhya Pradesh

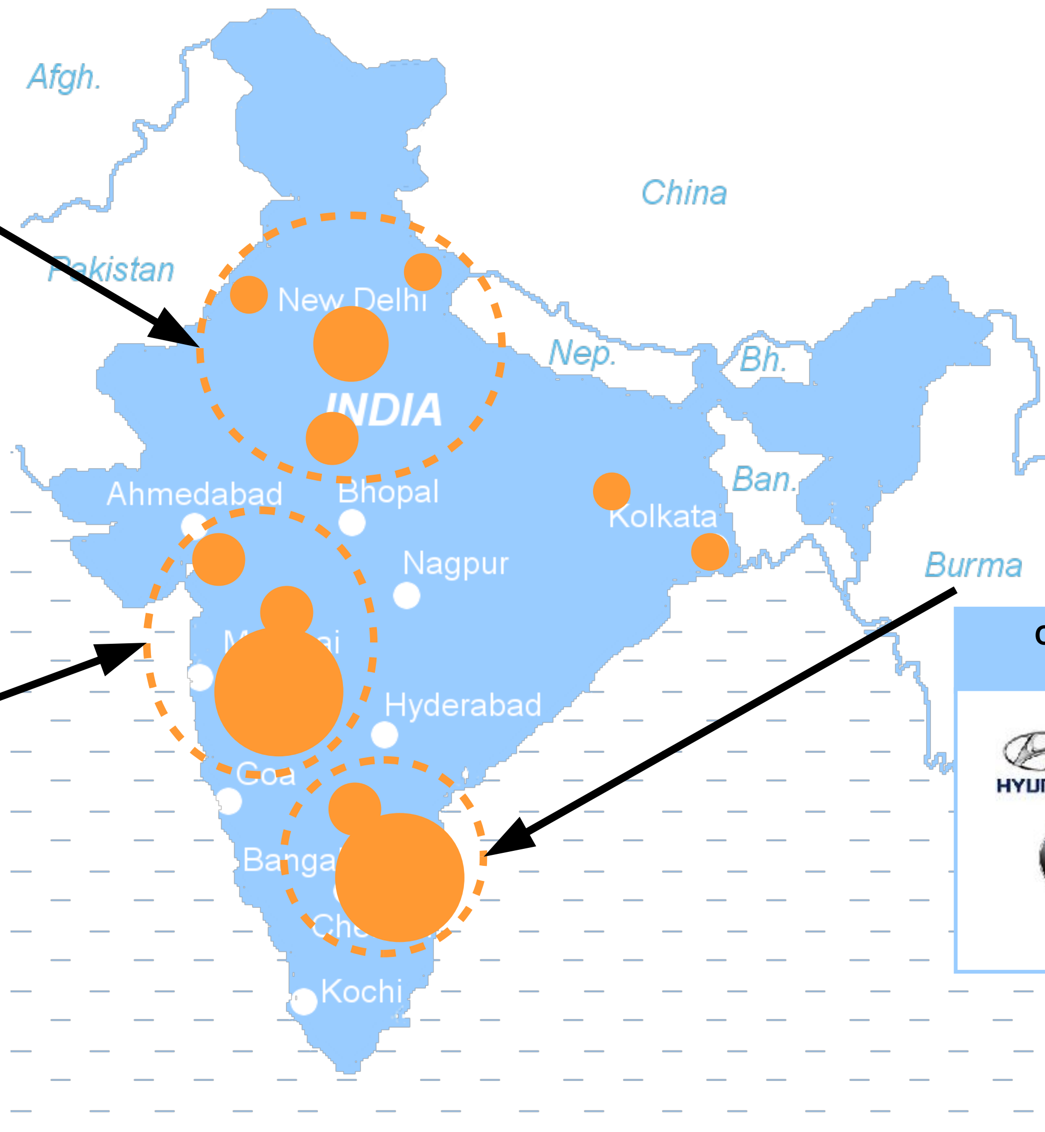
MARUTI SUZUKI Count on us
HONDA
ICML

(non exhaustive)

Mumbai - Pune – Nasik – Aurangabad - Gujarat

BAJAJ
Mahindra
Mercedes-Benz
TATA
FIAT

(non exhaustive)



Chennai – Bangalore - Hyderabad

HYUNDAI
TOYOTA
Hindustan Motors
Ford

(non exhaustive)

Some decisions facing foreign Tier 1 and 2 entrants

Direct export ?

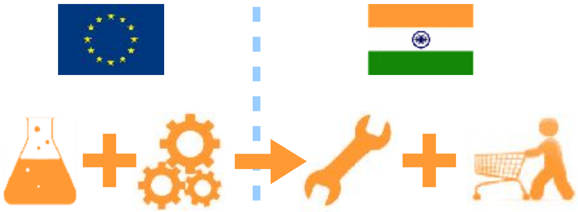
Transaction = sale of products

Alone ?

+
- Total control
- No revenue sharing
- Gain precise market knowledge
- ….

−
- Slower ramp-up
- HR and finance hungry
- ….

Local assembly ?



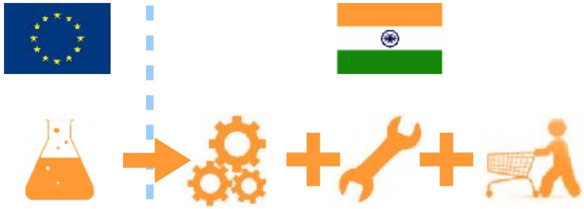
Transaction = sale of components

With a local partner ?

+
- Faster ramp-up
- Lower investment
- Access to partner's network
- ….

−
- Could create a competitor
- Partner choice conditions success
- ….

Local manufacturing ?



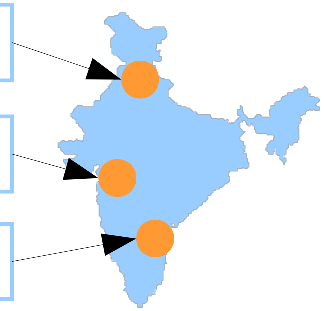
Transaction = Sale / licensing of know-how

Which location ?

Northern cluster ? (Suzuki, Honda...)

Western cluster ? (EU manufacturers)

Southern cluster ? (Ford, Hyundai...)



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