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BRIC Automotive Markets Review

Foro Automotor 2009

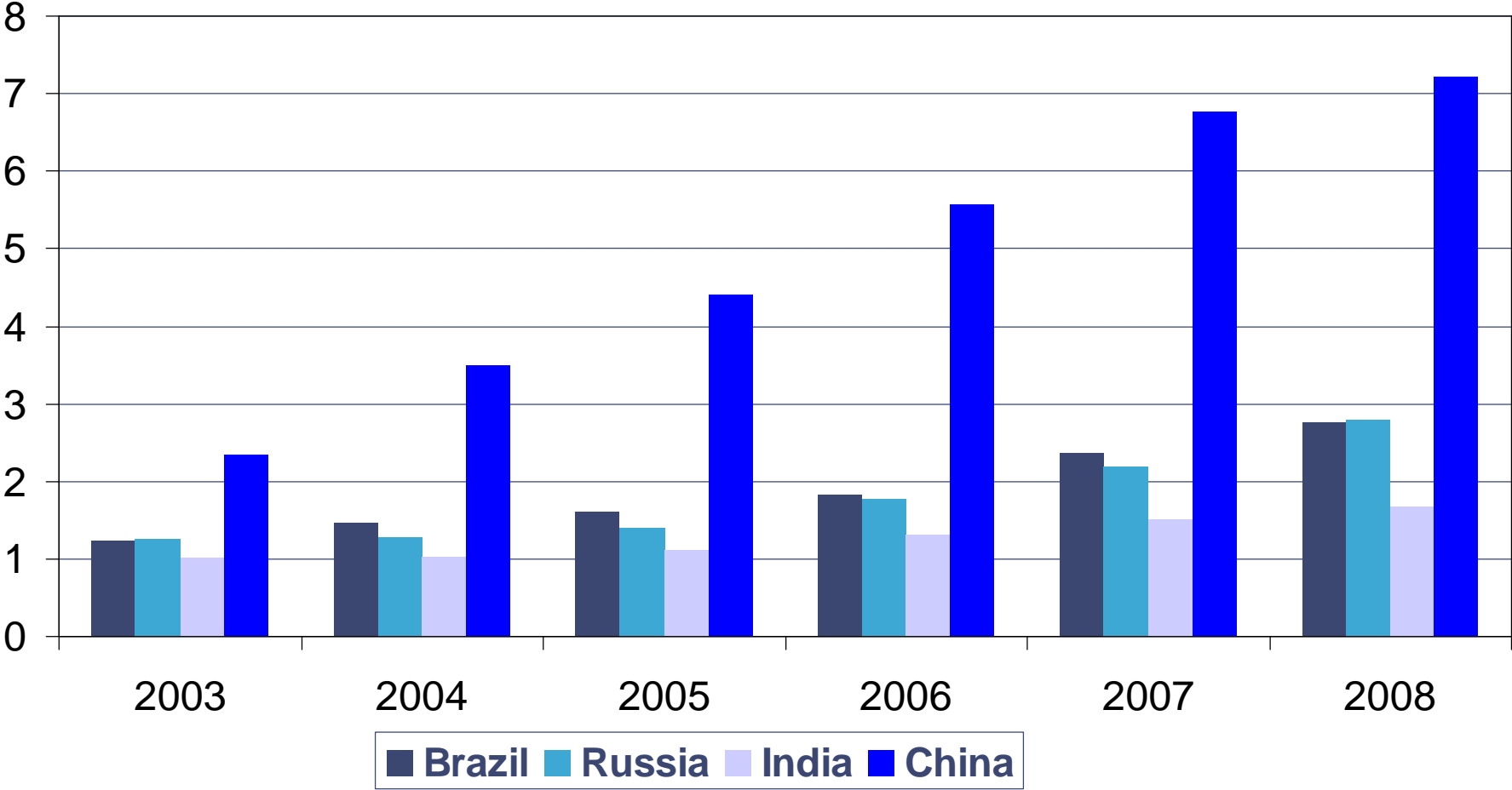


BRIC – Fueling Global Automotive Growth

BRIC countries in context

China Leading Sales Growth

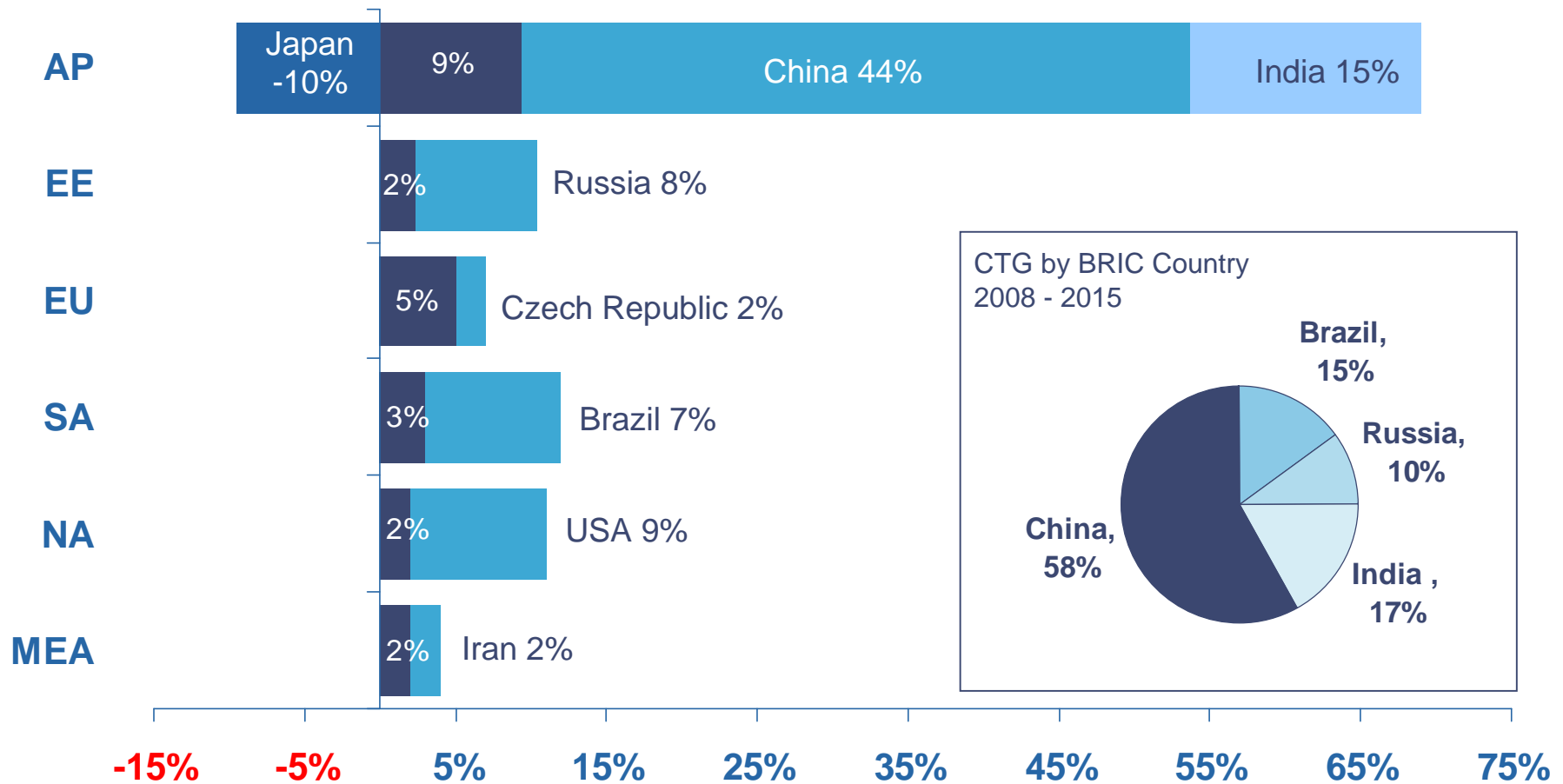
Total Light Vehicle Sales
BRIC Countries 2003 – 2008 (millions of units)



BRIC Represents 74% of Anticipated Growth

Contribution to Assembly Growth – By Country

Contribution to Growth (CTG) by Region
2008 - 2015



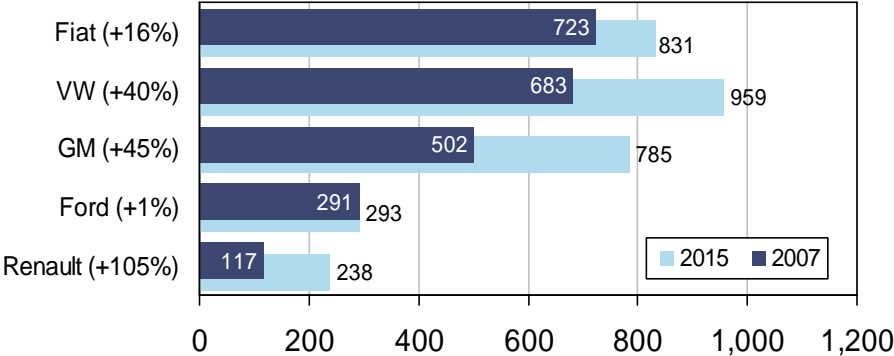
Source: PwC Automotive Institute 2009 Q4 Data Release

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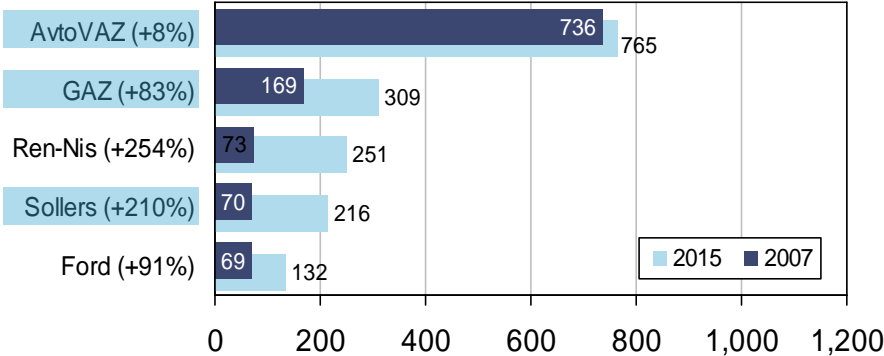
BRIC countries in context

Keeping the Established Order at Bay

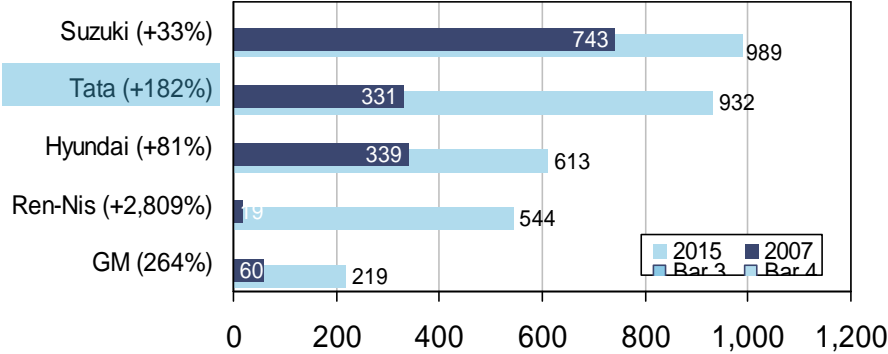
Vehicle Assembler Outlook - Brazil Top 5
2007 vs. 2015 – (000s)



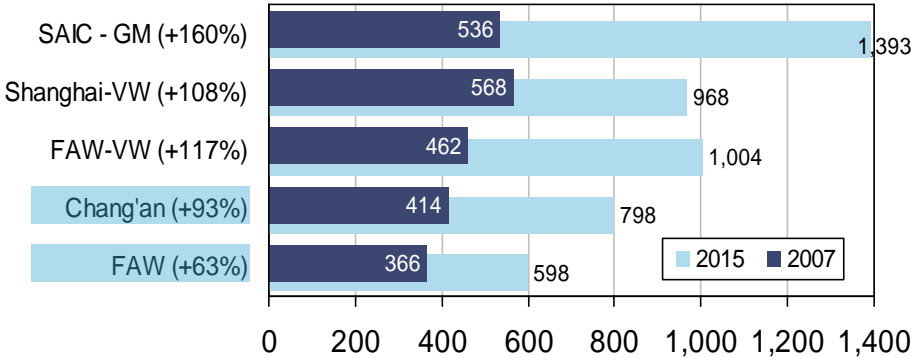
Vehicle Assembler Outlook - Russia Top 5
2007 vs. 2015 – (000s)



Vehicle Assembler Outlook - India Top 5
2007 vs. 2015 – (000s)



Vehicle Assembler Outlook - China Top 5
2007 vs. 2015 – (000s)

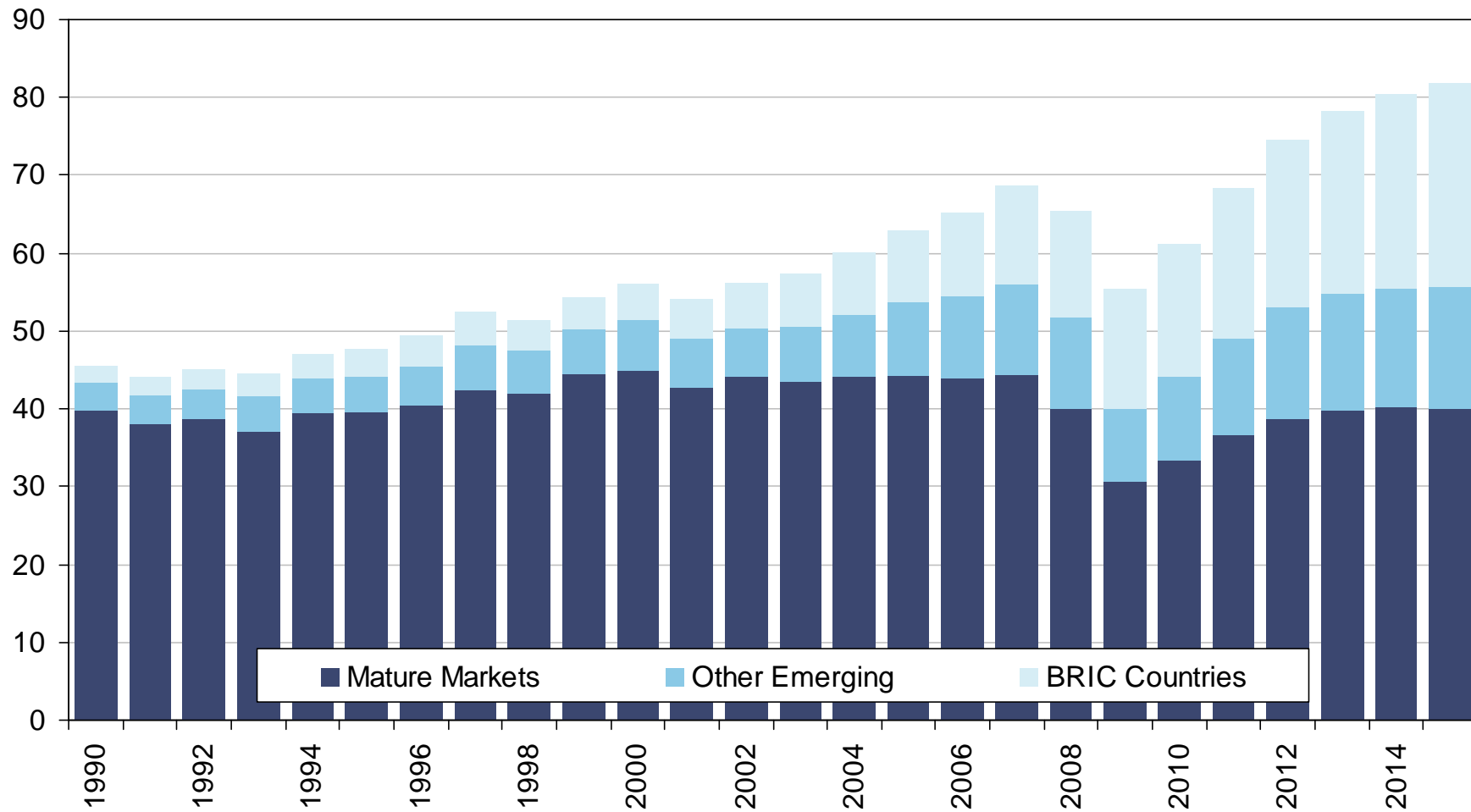


Source: PwC Automotive Institute 2009 Q4 Data Release
PwC Automotive Institute

Top-line growth rests on BRIC

Growth at Varied Speed

Global Light Vehicle Assembly Outlook
1990 – 2015 (millions)



Source: PwC Automotive Institute 2009 Q4 Data Release

Brazil in Focus

South American Automotive Market Overview

Sector “Hot Topics”

The South American market is currently demonstrating a feast or famine scenario, with a strong Brazil able to spur auto sales despite the global downturn, and a weakened Argentina and Venezuela unable to stimulate additional demand.

1 Economy

- The Brazilian economy is forecast to have a relatively minor contraction in 2009 followed by a return to growth in 2010.

2 Long-term Investments

- Automakers are investing carefully in Brazil to optimize capacity utilization.

3 Brazil Leads SA

- Brazil remains the largest player in the South American market despite further investment in Argentina to develop its export base.

4 Olympics

- As the host of the 2016 Olympic games, Brazil stands to benefit in a number of ways, including vehicle emission standards.

5 Already Green

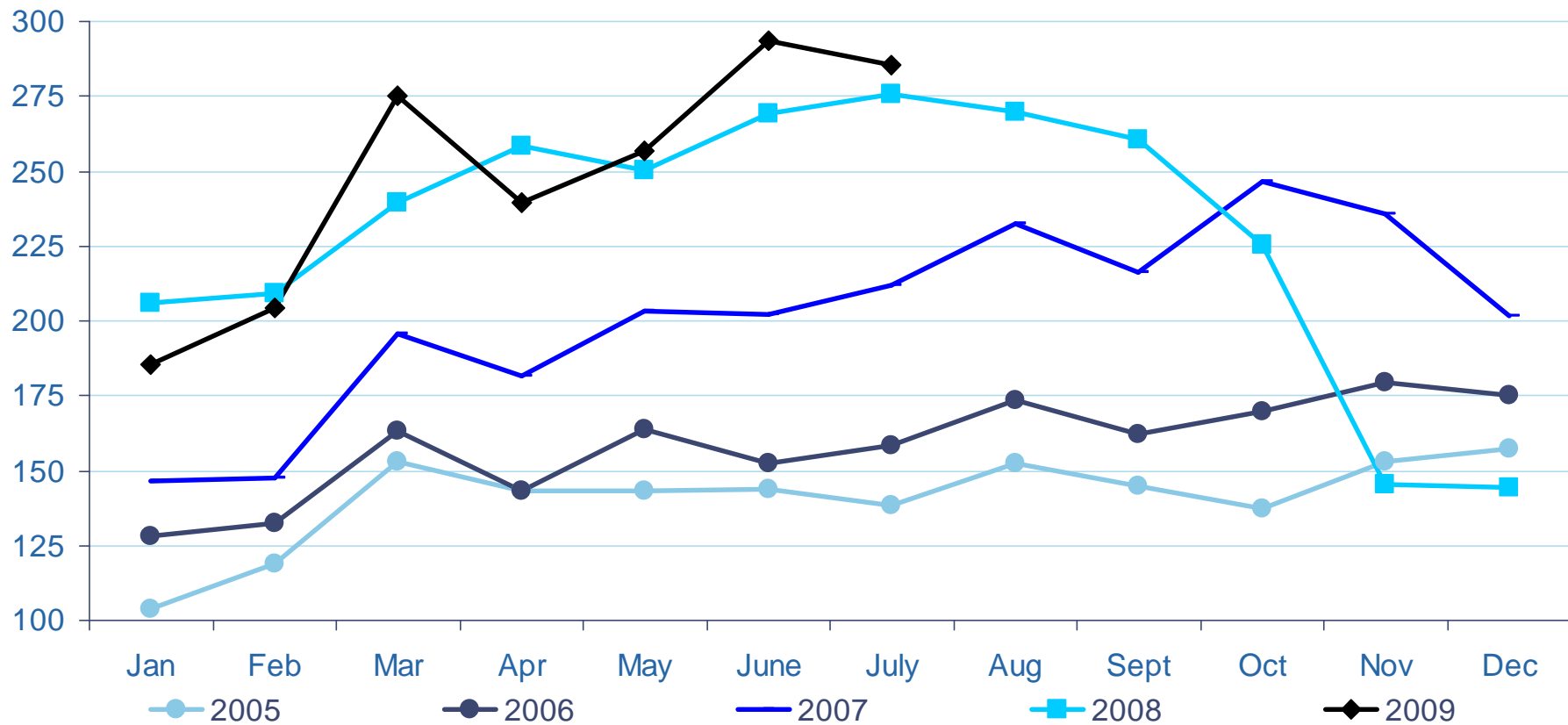
- Brazil could be seen as a bellwether for how to have a successful renewable fuel industry in a developing market.

Brazil Sales

Steady Growth Continues

The early successive of government incentives combined with a strengthening economy has lead to record breaking sales in Brazil. 2009 should finish stronger than 2008 and break the sales record, however the issue is will sales continue to grow once taxes are progressively reinstated...

Brazilian Auto Sales:
2005-2009YTD (Thousands)

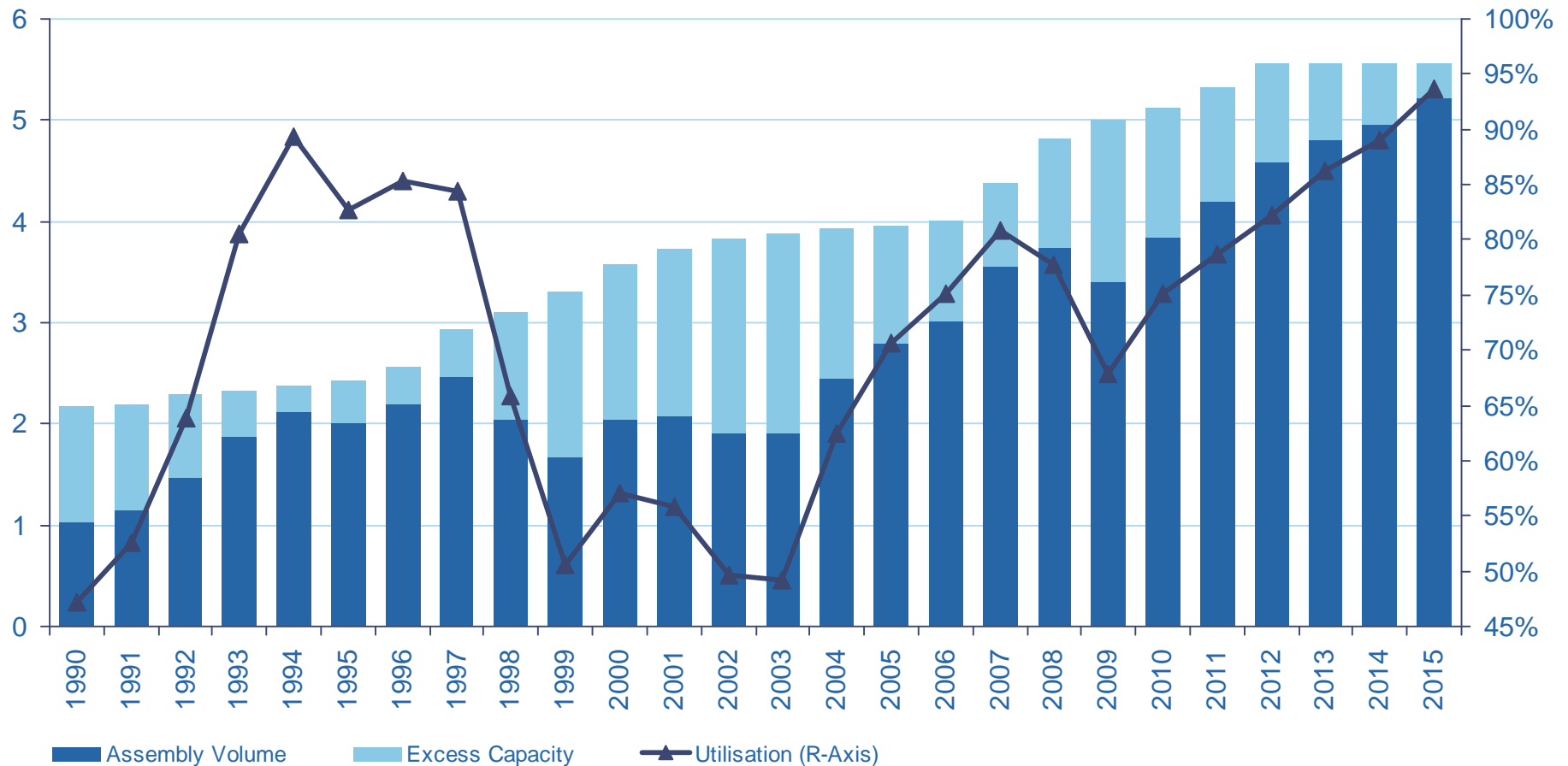


Source: ANFAVEA

Regional Assembly Outlook

Brazil leading SA growth

South America Light Vehicle Assembly Outlook
1990 – 2015 (Millions)



Source: PwC Automotive Institute 2009 Q4 Data Release

Russia in Focus

Russia Automotive Market Overview

The challenges of an emerging market

1 Economy

- Russian economy is highly dependent on global energy demands, and will likely only recover with the rest of the global economy. Pre-crisis car sales were driven by the availability of credit, and this also must return to see sales recover..

2 Poor Supply Base

- This is likely to limit growth of the sector, especially if suppliers cannot be encouraged to localize alongside their customers.

3 Excess Capacity

- Almost every global OEM is now committed to a Russian plant. Although most scaled-back their plans when the crisis hit, a significant rise in the market could encourage them to expand their plants, creating an excess capacity problem.

4 Protectionist

- Russia could seek to exclude certain brands/vehicles, perhaps in the low-cost segments, to protect the domestic OEMs' markets. This could curtail market recovery if domestic product is not renewed with more modern, competitive products.

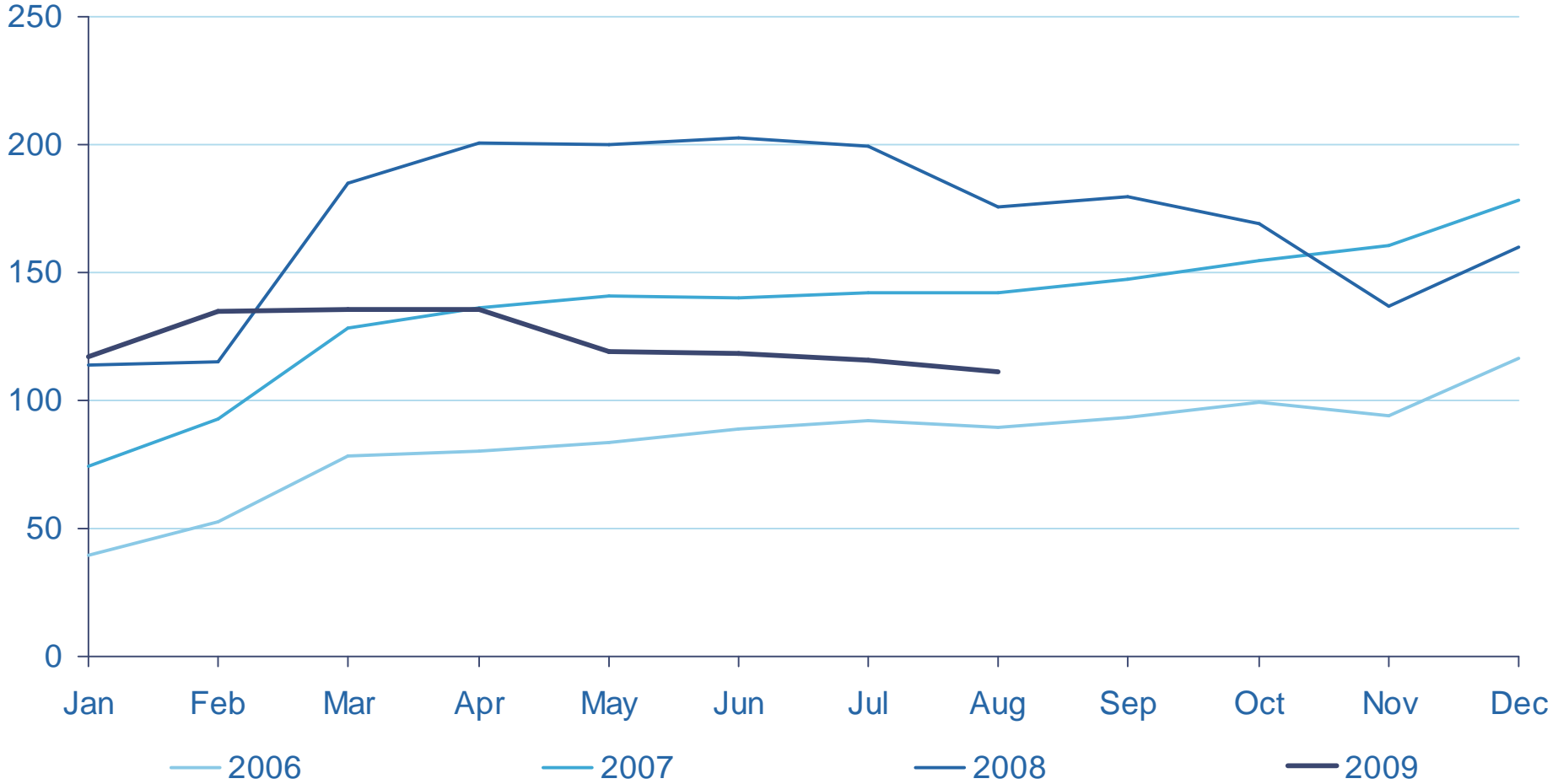
5 Demographic

- Russia has a declining population, which means the overall size of the market will shrink. On a positive side this of course means that per capita GDP rises, but it would still see the market decline long-term.

Russia – Sales Update

Victim of the global recession

Russia Monthly Light Vehicle Sales
Jan 2006 – Aug 2009 (Thousands)

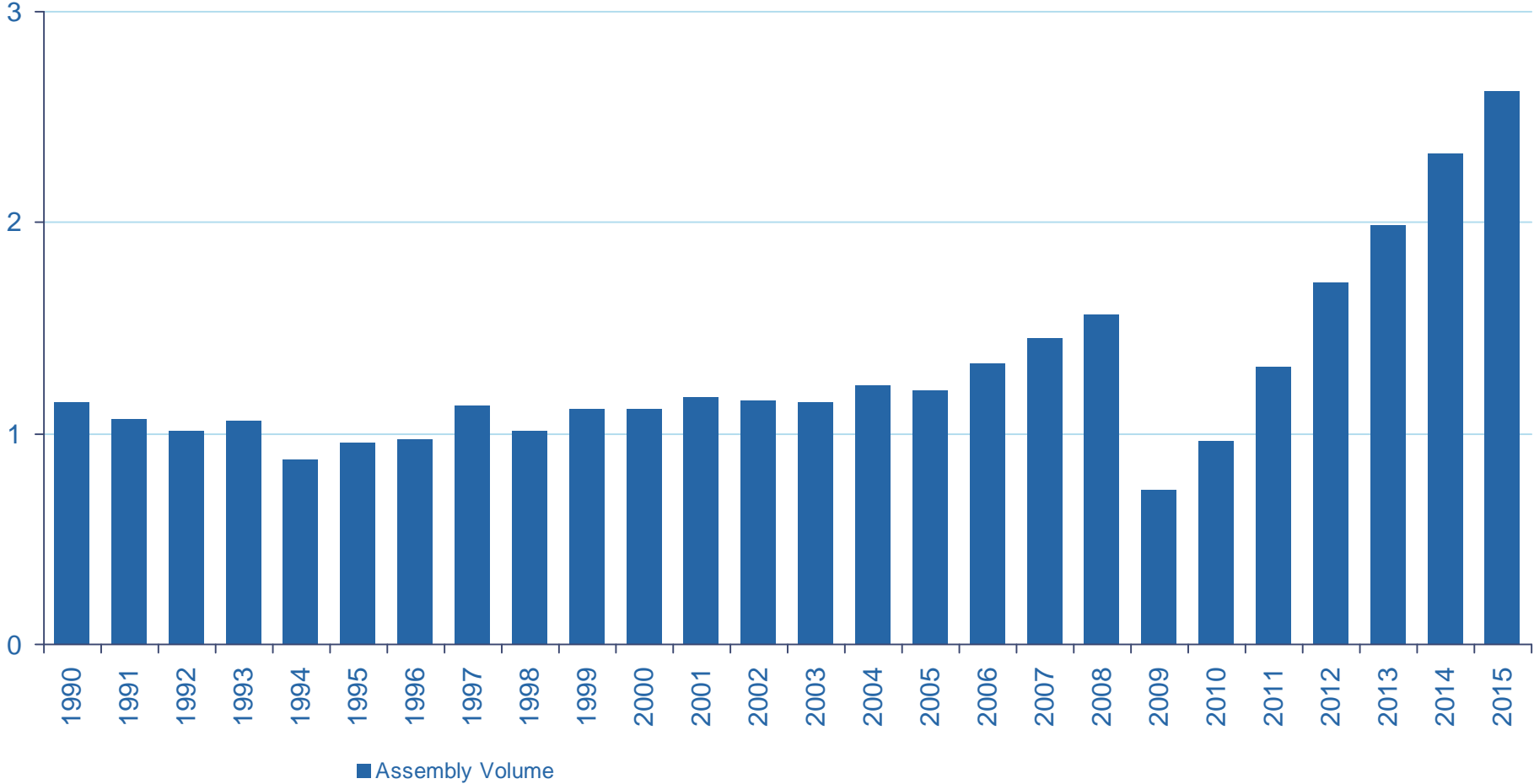


Source: AEB, PwC Automotive Institute Analysis

Regional Assembly Outlook

No long term damage

Russian Light Vehicle Assembly Outlook
1990 – 2015 (Millions)



Source: PwC Automotive Institute 2009 Q4 Data Release

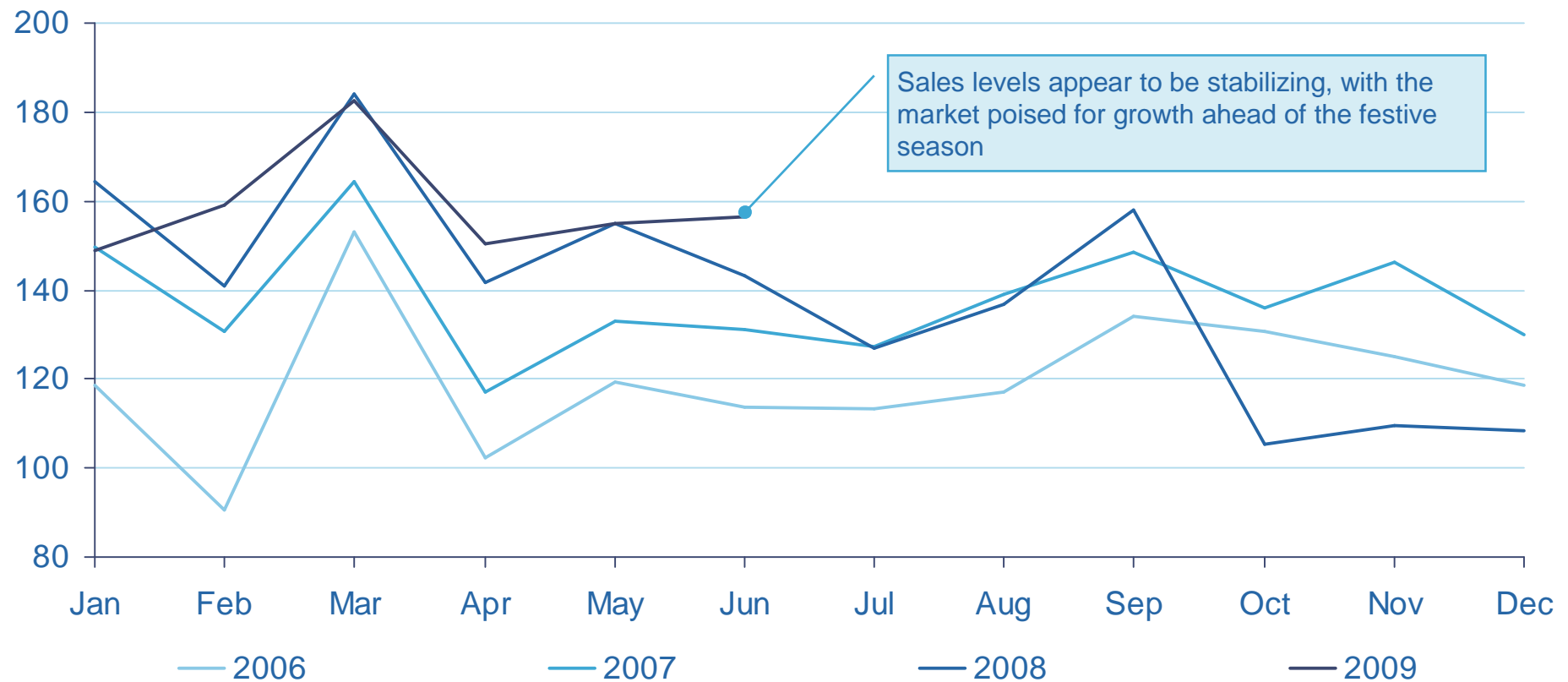
India in Focus

India – Sales Update

Automotive sales returning to growth

As the political and economic uncertainties within India have begun to settle, consumers are returning to the marketplace — albeit consciously. Automakers still have to coax consumers into buying vehicles by offering incentives and attractive financing options.

India Monthly Light Vehicle Sales
Jan 2006 – June 2009 (Thousands)



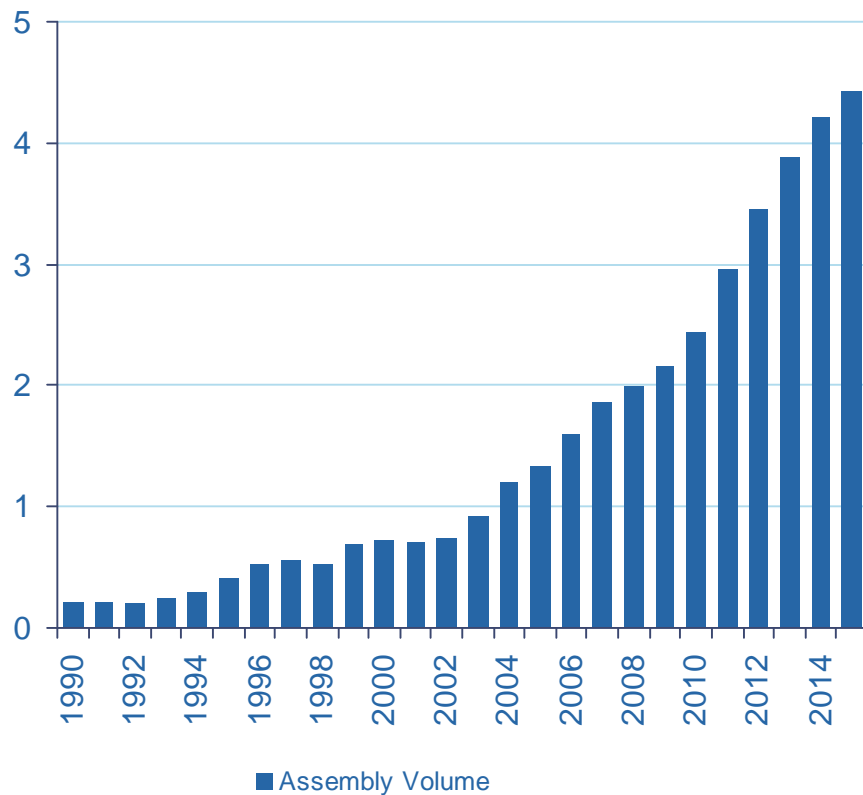
Source: SIAM, PwC Automotive Institute Analysis

India – Assembly Outlook

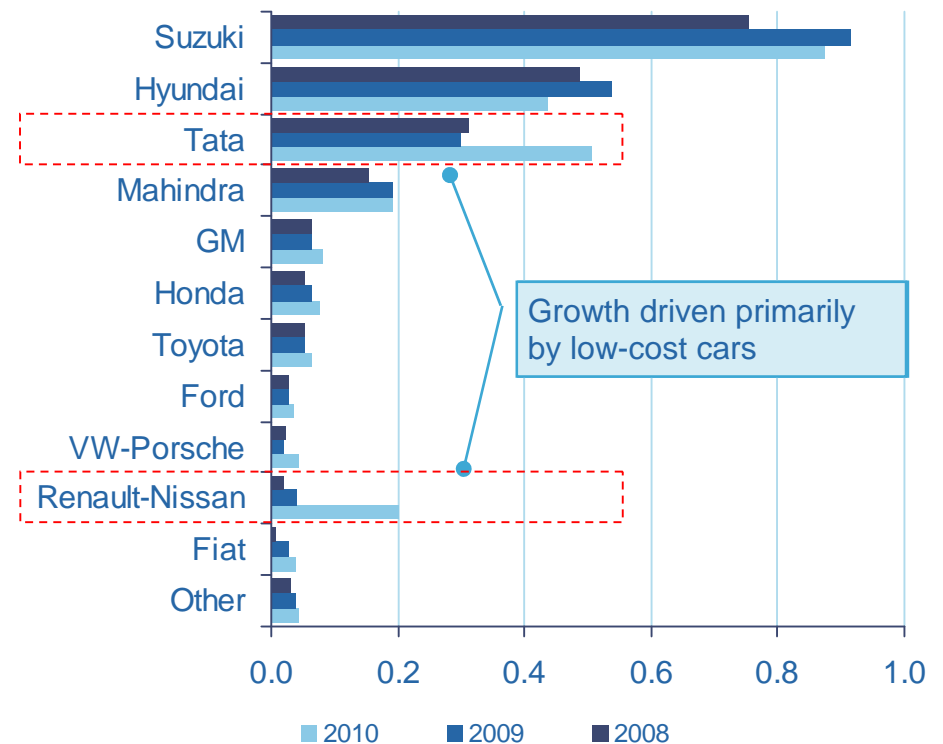
Low-cost cars will be key

From 2008 through 2012, nearly 1.8 million units of capacity are expected to be added to India, with most geared toward subcompact cars. With the launch of multiple products in this range at unprecedented sticker prices, the sales environment in India is expected to pick up in 2010.

India Light Vehicle Assembly Outlook
1990 – 2015 (Millions)



India Current Alliance Group Assembly Outlook
2008 – 2010 (Millions)



Source: PwC Automotive Institute 2009 Q4 Data Release

China in Focus

China Market Overview

Mega Trend Summary

China is on the road to become the world's largest automotive market. However, unlike other large automotive markets, the Chinese industry is highly fragmented, has a lot of government influence, and has yet to tap the potential of more than two-thirds of the country.

1 Domestic Demand

- With a growing number of middle-aged affluent buyers, thanks to the projected GDP/per capita of 9.5%.

2 Government Support

- Identifying the automotive sector as one of the "pillars" of China's economy, the government has laid out clear plans to nurture and grow the industry through periods of crisis and prosperity.

3 Chinese OEMs

- Major Chinese automakers are launching independent products and brands that are being well-received by the Chinese market. With government support, many of these major automakers are likely to grow.

4 Product Mix

- While consumer preferences have moved toward smaller, cheaper vehicles with small displacements, it remains to be seen whether this is a temporary shift driven by government incentives or a longer-term trend.

5 Regional Growth

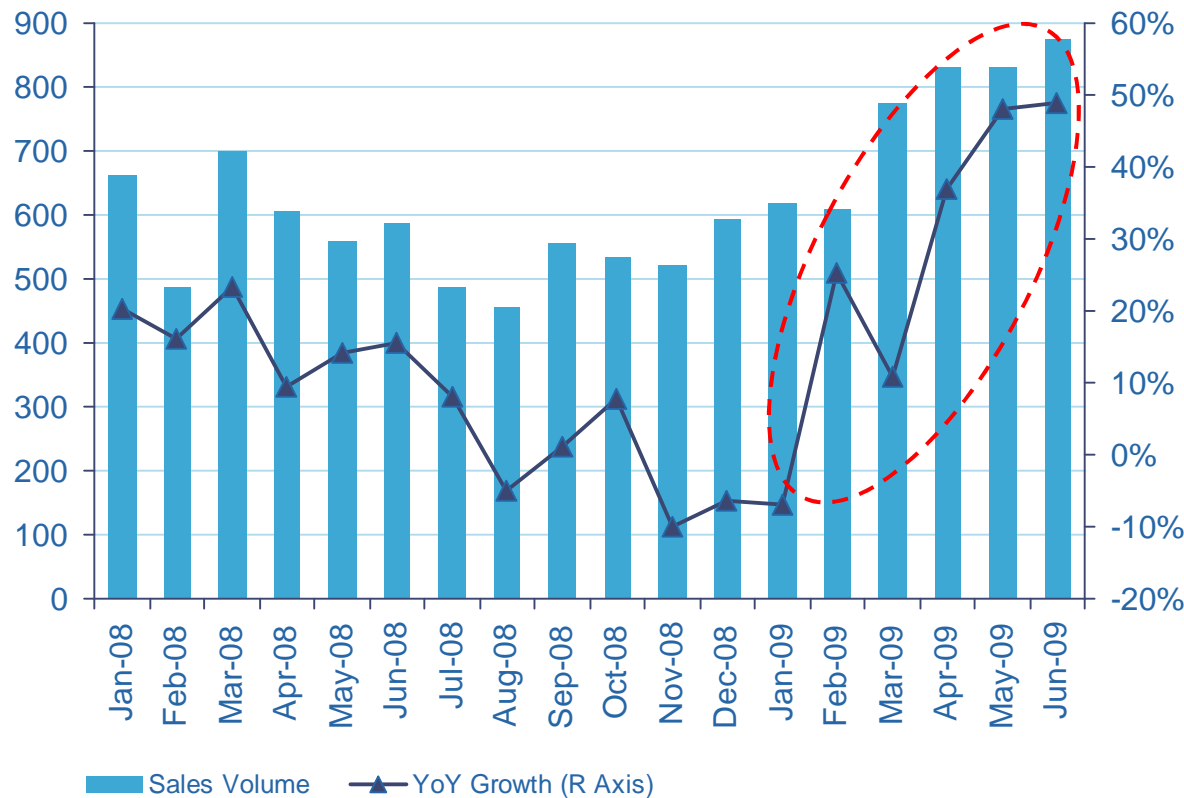
- Automotive sales growth in China in the mid- to long-term will be driven by regions and smaller cities scattered throughout China's interior, rather than by the developed coastal belt.

China Market Outlook

Favorable stimulus actions have helped China “recover” from the crisis

From the beginning of 2009, the Chinese government has issued a series of favorable policies to stimulate the auto market, with total budgeted subsidies reaching 5 billion RMB. The stimulus plans target light vehicles including mini-vans and low-displacement cars.

China Monthly Passenger Vehicle Sales
Jan 2008 – Jun 2009 (Thousands)



Purchase Tax Trimming

- Effective January 1, 2009, the purchase tax for passenger vehicles (PVs) with displacement below 1.6L reduced from 10% to 5%. No reduction for PVs with larger displacement.
- This policy effective only for 2009.

Car Subsidy Program for Rural Areas

- Effective from March 1 to December 31, 2009, a subsidy of RMB2000 to 10% of the car price provided to rural households who scrap their light trucks and purchase a new car or minivan.
- The total subsidy is RMB1 billion.

Subsidy for Vehicle Scrap

- Effective from July 2009, an additional scrap subsidy program has been announced with total subsidy reached RMB4 billion. The program covers medium trucks/buses, light trucks/buses, and mini buses.

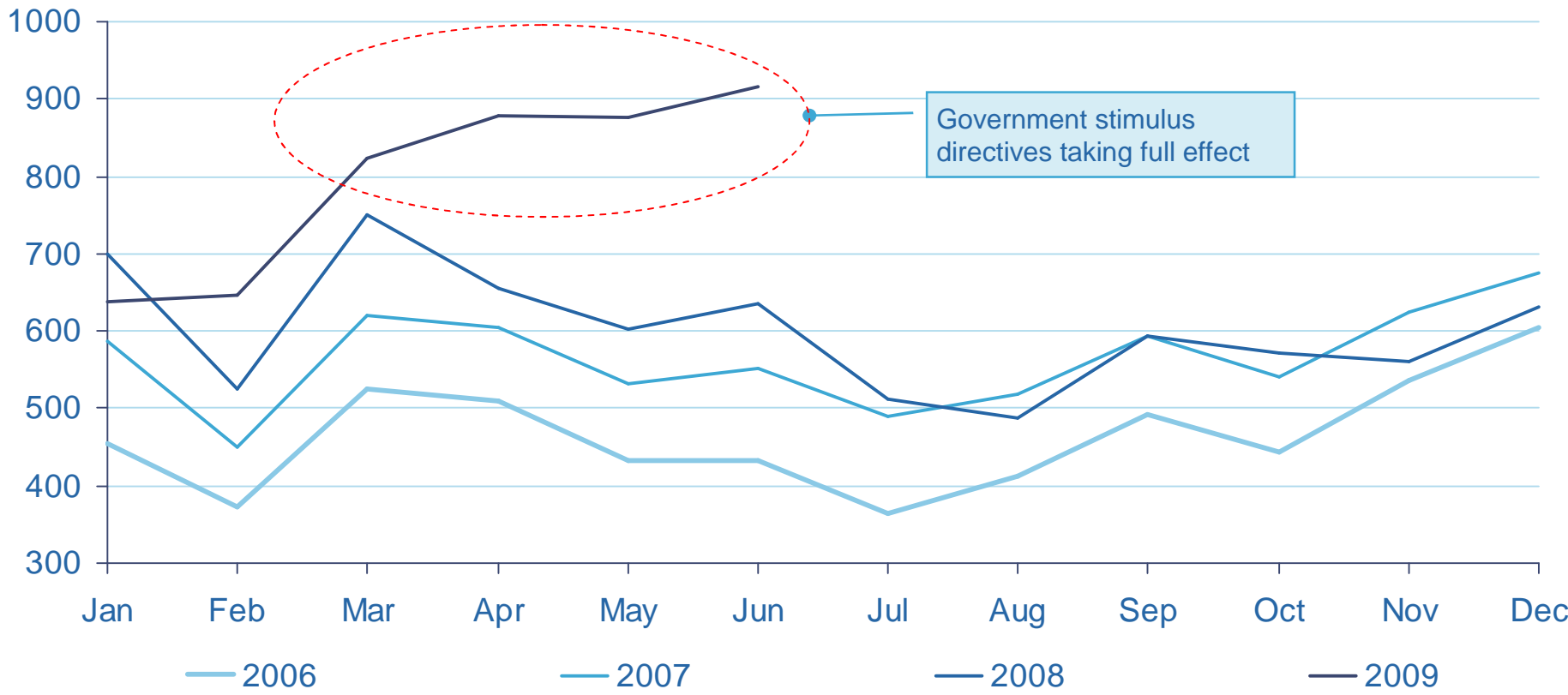
Source: PwC Automotive, CBU Data, Ward's

China – Sales Update

China’s automotive sales buck the global trend

China successfully managed to buck the trend of declining automotive sales by introducing a number of market stimuli since January 2009. As a result, the market was able to reverse the YoY declines witnessed toward the end of 2008 and post a growth rate of over 23% for the first half of 2009.

China Monthly Light Vehicle Sales
Jan 2006 – Jun 2009 (Thousands)



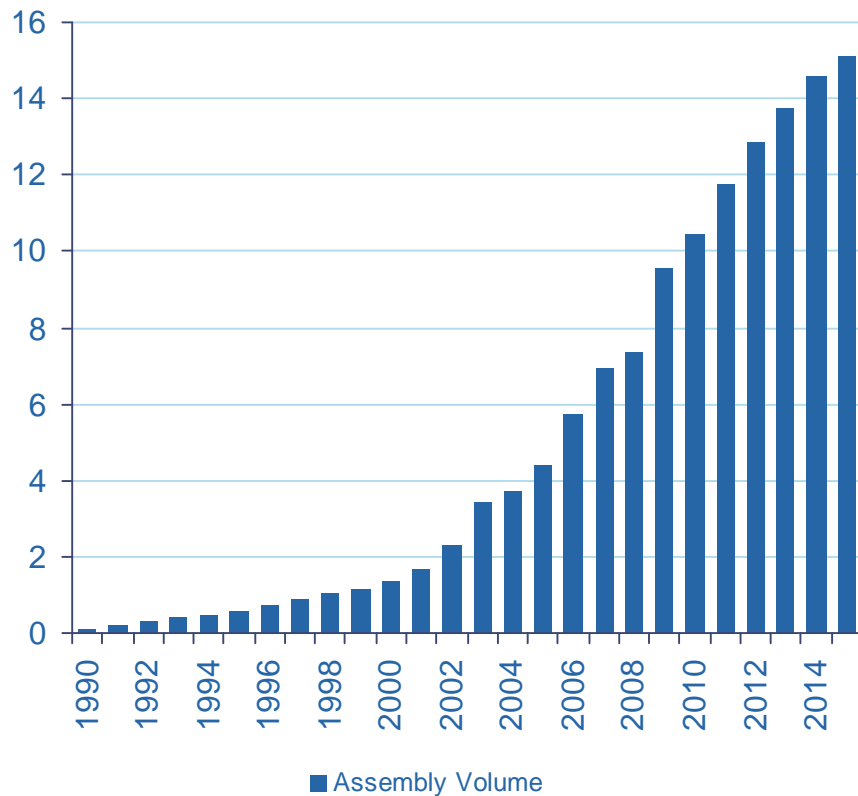
Source: Ward’s Automotive Reports, PwC Automotive Institute Analysis

China – Assembly Outlook

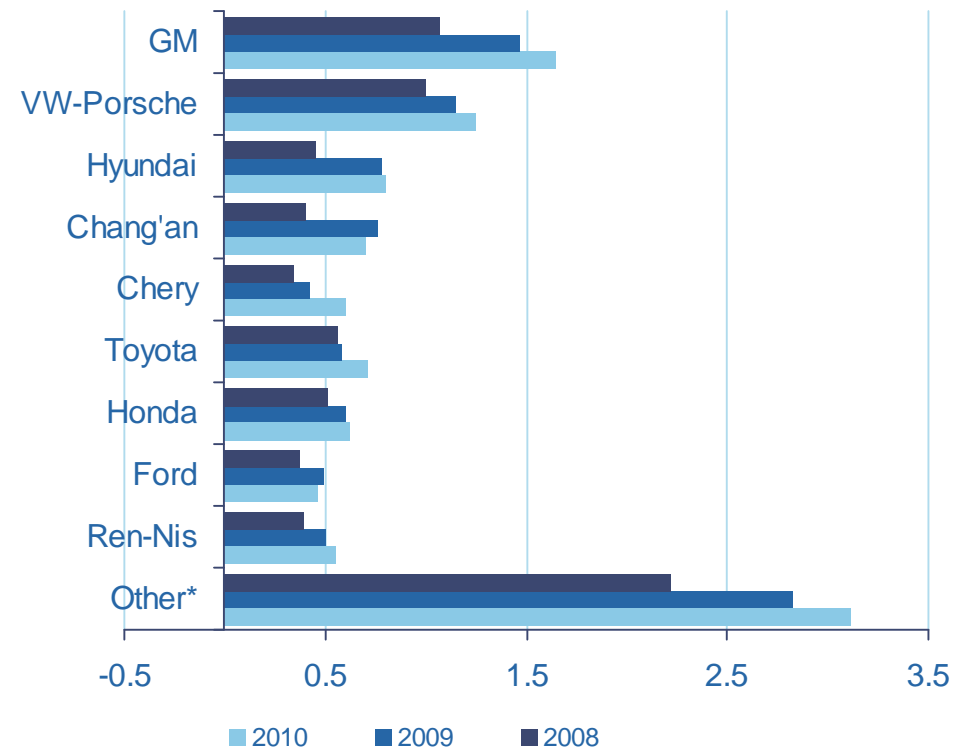
Approaching the 10 million landmark during 2010

Given China's resilience during the global financial downturn, Chinese domestic demand will likely continue to grow at a much faster rate than previously expected. Also, the resumption of global demand for China's exports will propel Chinese assembly toward the 10 million mark by 2010 and the 14 million mark by 2015.

China Light Vehicle Assembly Outlook
1990 – 2015 (Millions)



China Current Alliance Group Assembly Outlook
2008 – 2010 (Millions)



* Other comprises 30 different alliance groups, which highlights the fragmented nature of the Chinese market

Source: PwC Automotive Institute 2009 Q4 Data Release



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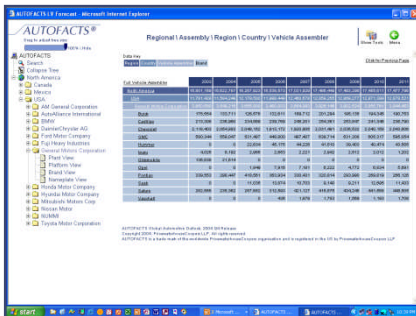
Capabilities Summary: 2009 Q4

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Key Client Benefits

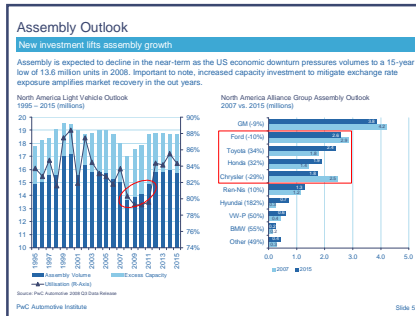
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Regional Market Analysis
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- Deep Regional Insights
- Global OEM Analysis
- Power train Technology Trends

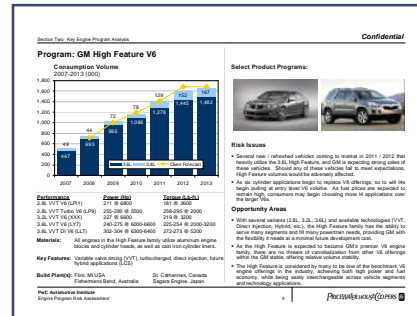


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North America: A Tough Time for Tough Trucks

With the introduction of the all-new 2009 Dodge Ram and Ford F-150 at the North American International Auto Show, leading truck pickup offerings are now relatively competitive across the segment. This will likely lead to higher truck sales aimed at the retail share in a market softened by long-led economic deterioration and consumer demand contraction.

North America Light Vehicle Assembly Growth by Segment in 2008 Year-to-Date

As the housing market downturn extends into 2009, problems facing the largest pickup segment are expected to intensify. Recreational buyers are leading the segment as retail prices are depressed, and a subdued residential construction outlook exposes additional weaknesses.

A modest improvement in US economic growth is not expected until the third quarter of 2009. As near-term declines in labour market continue, with volatility increasing and credit markets tight, consumer spending on expensive and highly durable goods purchases like new vehicles will remain depressed.

A difficult operating environment compels pricing as automakers attempt to sell down existing inventories ahead of vehicle launches. The liberal use of discounts in 2008, however, has stimulated demand, has resulted in demand

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