

EmNet Quarterly Meeting

Commodity and Sectorial Outlooks for 2009

Automobile

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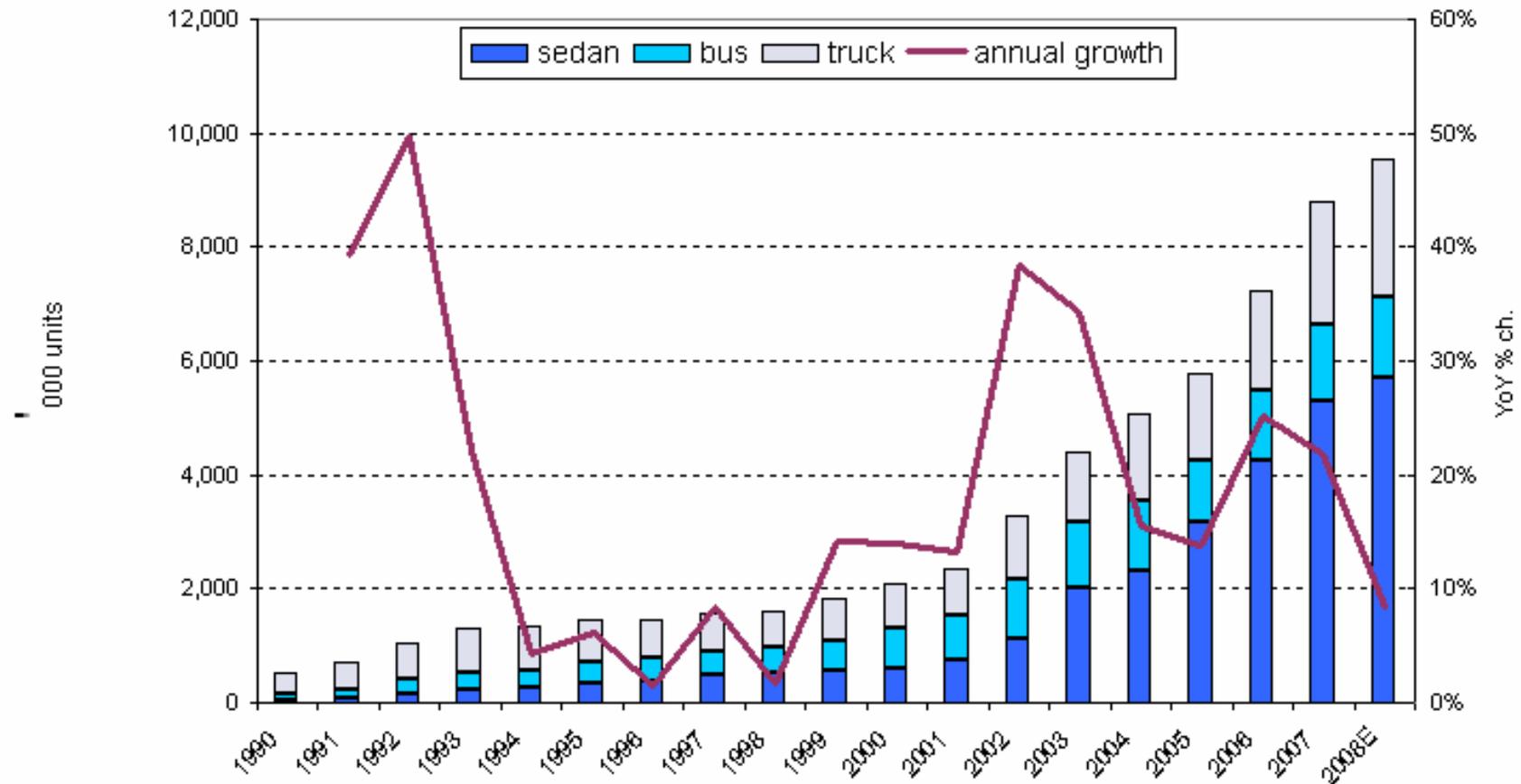


China's Automobile Market – The Facts

- ❖ **China is now the second largest automobile market in the World after USA with annual sales volume of 10 million units**
- ❖ **China auto related exports amounted to US\$39 billion in first 3Q in 2008, up 34% YoY, including 557,512 units of motor vehicles, while total import of vehicles was only 310,925 units during the same period**
- ❖ **Toyota sold close to half a million cars in China in 2007, but sold virtually nothing only five years ago**
- ❖ **By the end of 2007, over 70% of the World's top auto parts suppliers have set up operations in China**



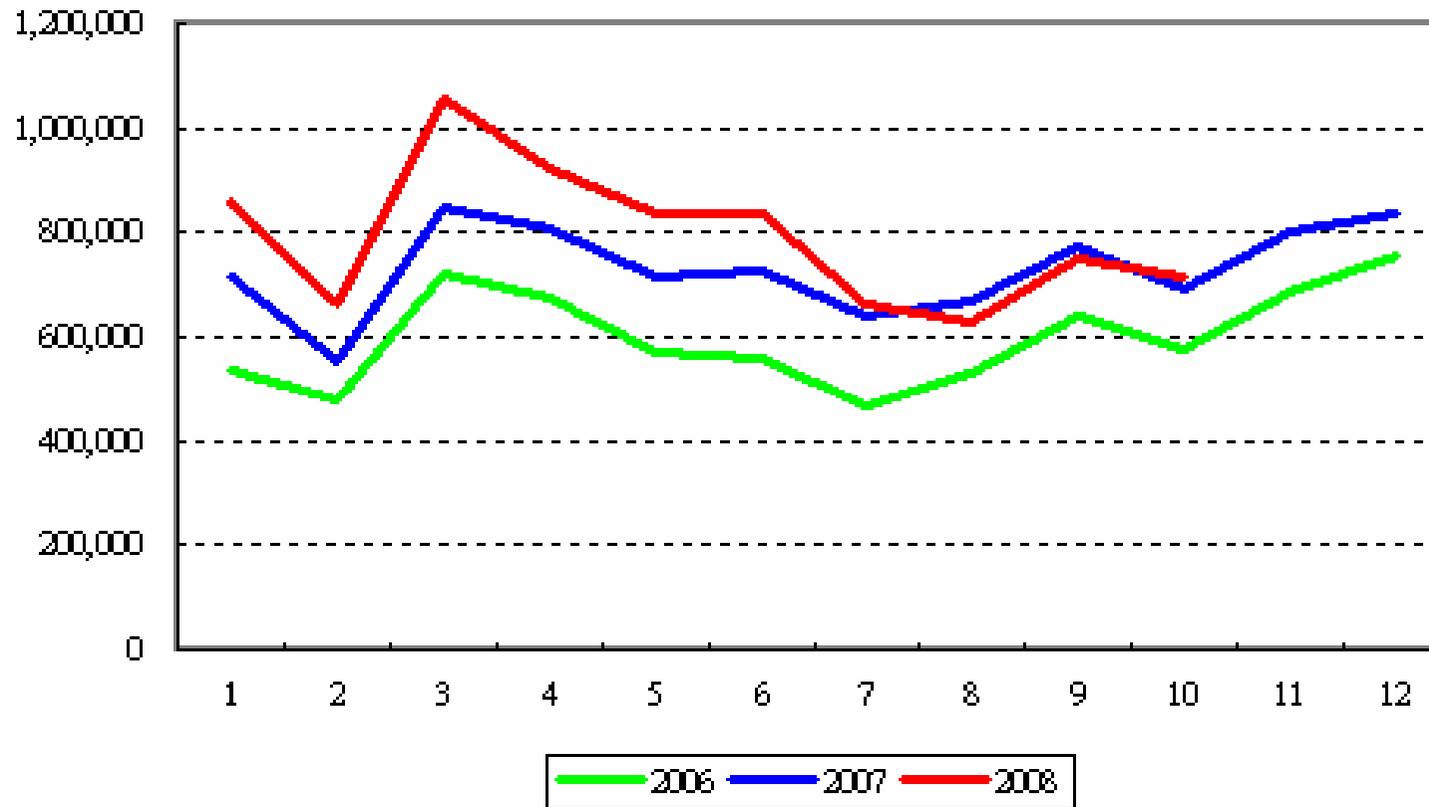
Sales Volume of Locally-Made Vehicles in China



Source: CAAM



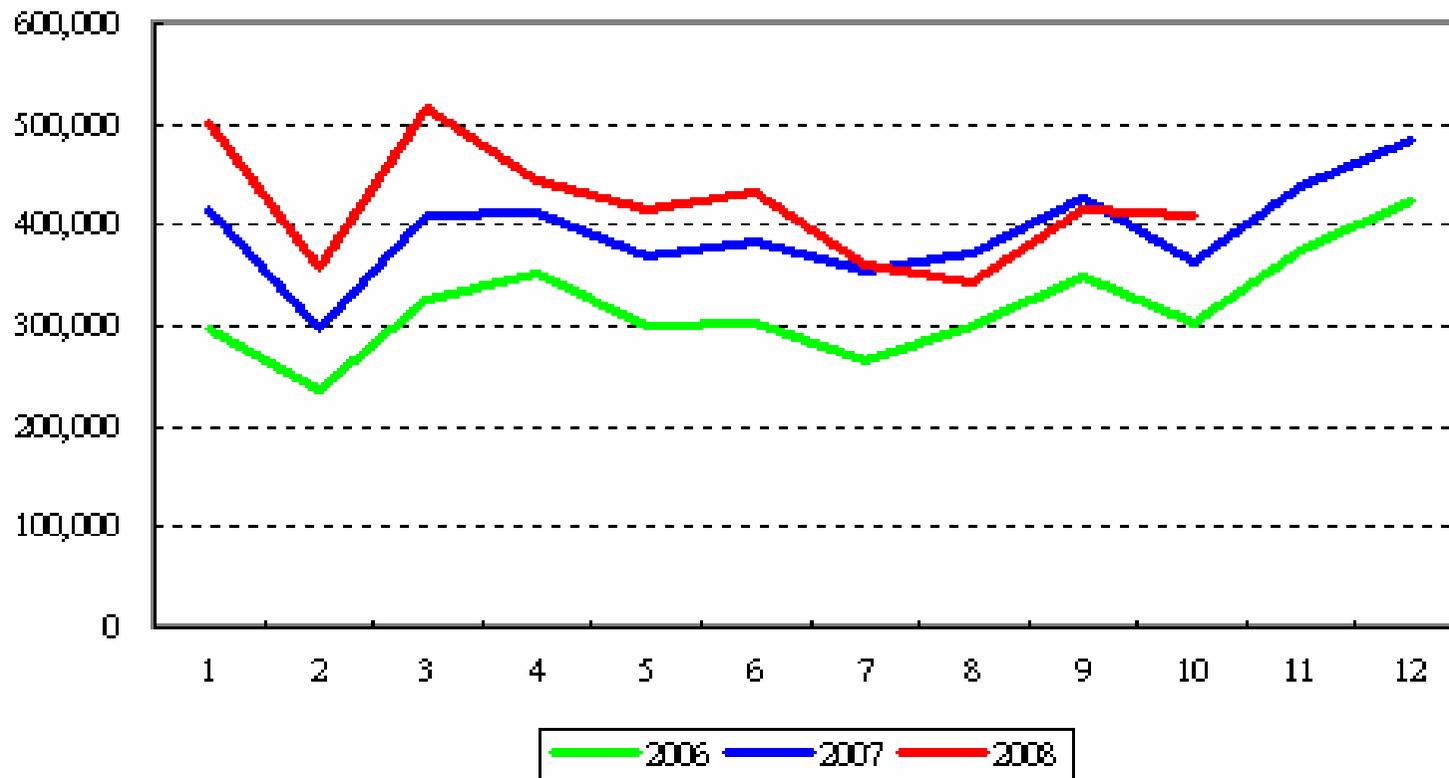
China - Total Motor Vehicle Sales Volume



Source: CAAM



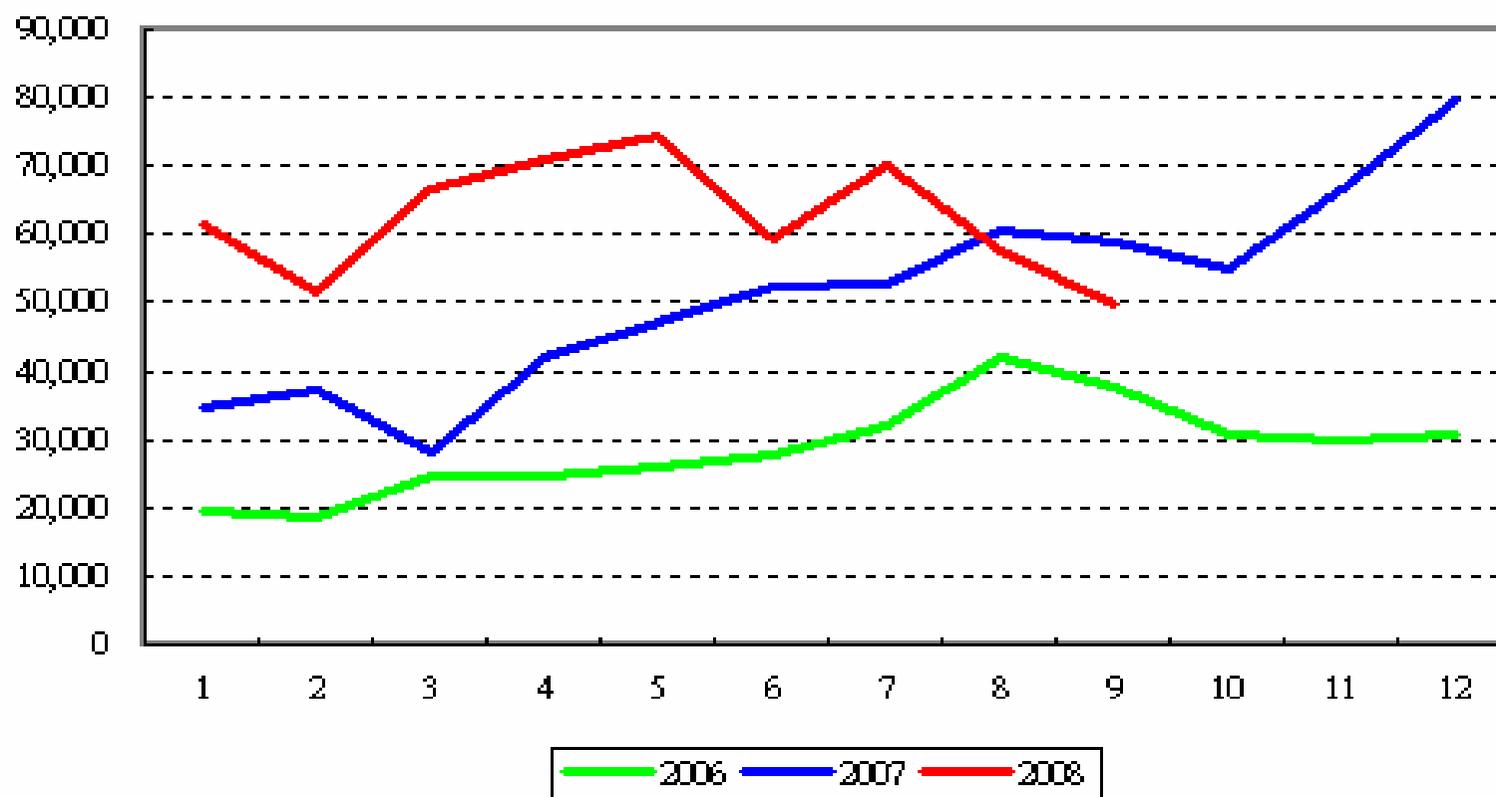
China - Total Passenger Car Sales Volume



Source: CAAM



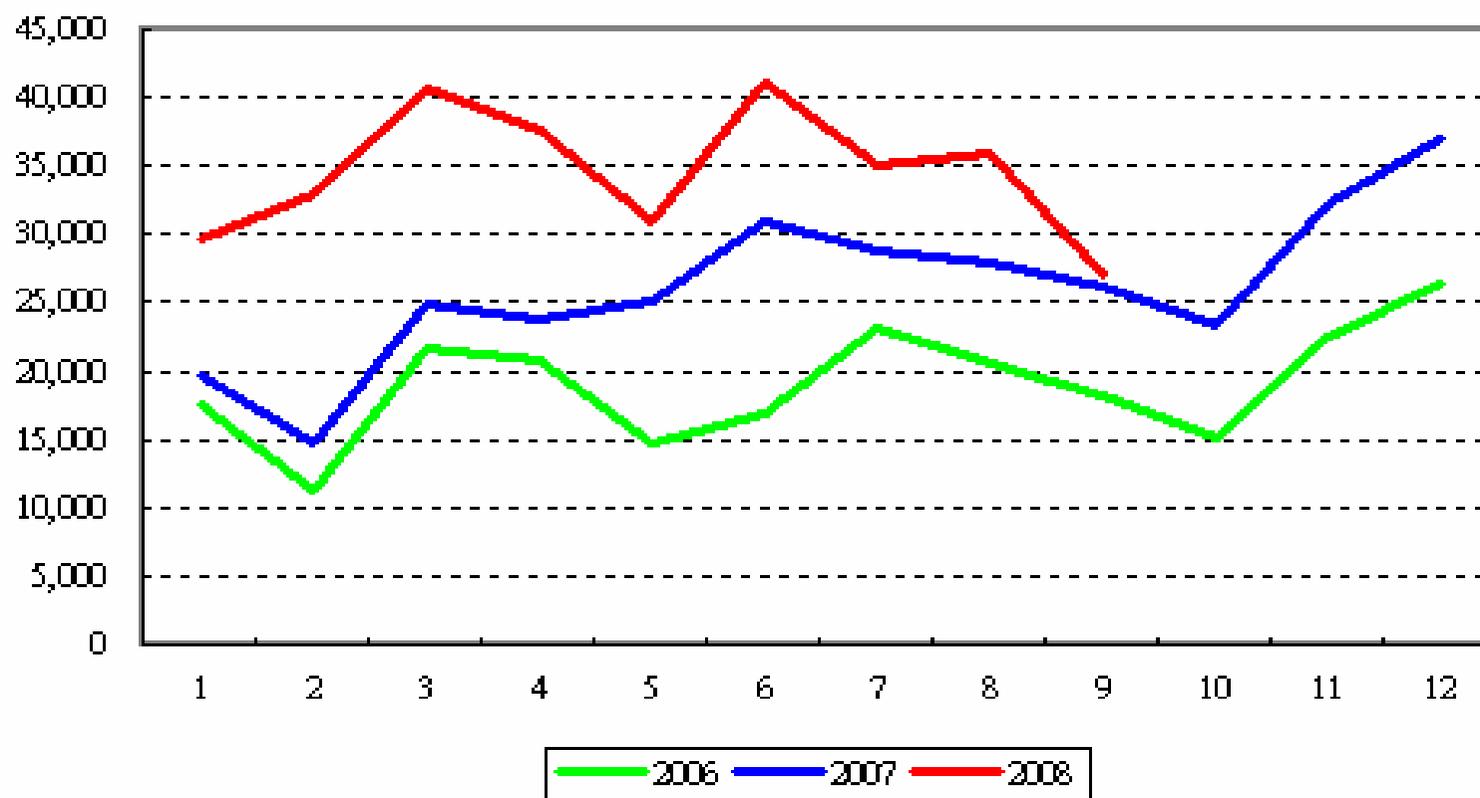
China - Total Motor Vehicle Export Volume



Source: CAAM



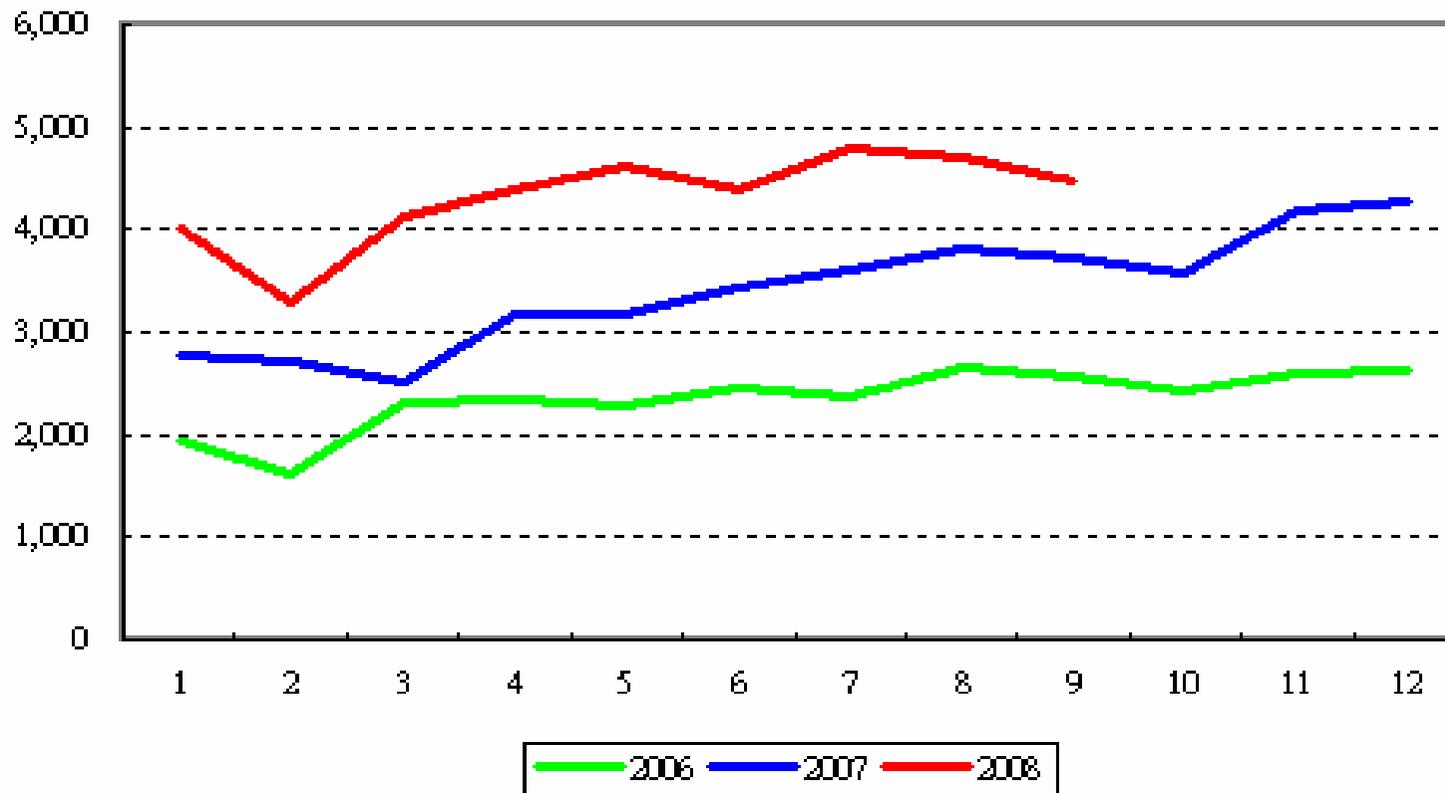
China - Total Motor Vehicle Import Volume



Source: CAAM



China – Automobile & Parts Export Value in US\$M



Source: CAAM



Market Shares of Major Sedan Manufacturers in China

	2005		2006		2007		1-10/2008		Sales
Rank	Name	Share	Name	Share	Name	Share	Name	Share	Volume +/- % ch.
1	Shanghai GM	10.7%	Shanghai GM	9.5%	FAW Volkswagen	9.7%	FAW Volkswagen	10.1%	11.1%
2	Shanghai Volkswagen	8.8%	FAW Volkswagen	8.9%	Shanghai Volkswagen	9.4%	Shanghai Volkswagen	9.4%	10.8%
3	FAW Volkswagen	8.6%	Shanghai Volkswagen	8.9%	Shanghai GM	9.1%	Shanghai GM	7.9%	-2.5%
4	Beijing Hyundai	8.1%	Chery Auto	7.1%	Chery Auto	6.8%	FAW Toyota	7.1%	49.9%
5	Guangzhou Honda	7.3%	Beijing Hyundai	6.8%	FAW Toyota	5.7%	Dongfeng Nissan	6.1%	22.5%
6	Tianjin FAW	6.8%	Guangzhou Honda	5.9%	Dongfeng Nissan	5.5%	Chery Auto	5.7%	-13.3%
7	Chery Auto	6.6%	FAW Toyota	5.5%	Guangzhou Honda	5.3%	Guangzhou Honda	5.5%	17.6%
8	Dongfeng Nissan	5.7%	Geely Auto	5.3%	Geely Auto	4.6%	Beijing Hyundai	4.9%	37.8%
9	Geely Auto	5.4%	Dongfeng Citroen	5.3%	Changan Ford	4.5%	Geely Auto	4.4%	3.0%
10	Dongfeng Citroen	5.0%	Dongfeng Nissan	5.2%	Dongfeng Citroen	4.4%	Changan Ford	4.1%	2.8%
Top Ten		72.9%		68.5%		65.1%		65.1%	
Top Five		43.4%		41.3%		40.8%		40.5%	
Top Three		28.0%		27.4%		28.3%		27.4%	
Number of car makers in China		30		36		39		39	10.4%

Source: CAAM



China's Automobile Market – Prospects for 2009

- ❖ **Profitability started to deteriorate in 3Q2008;**
- ❖ **Drastic slow down in exports due to recent financial turmoil;**
- ❖ **Slow down in capex due to shortage of funding;**
- ❖ **Domestic demand in China only affected slightly so far;**
- ❖ **Very low level of leverage in China's automobile market and amongst major industry players;**
- ❖ **Raw material prices down significantly;**
- ❖ **Huge new opportunities due to imminent major consolidation in the global automobile industry**



China's Automobile Market – Prospects for 2009

- ❖ **Planned implementation of fuel tax and policies to promote fuel-efficient motor vehicles in China;**
- ❖ **Still amongst the lowest penetration rate in the World;**
- ❖ **Despite its size, China's automobile market remains very primitive;**
- ❖ **Good infrastructures: 2nd longest highway network in the World, and will get even better in the coming few years;**
- ❖ **Long-term driver for demand: Urbanization & Desire for Mobility;**
- ❖ **Substantial replacement and substitution demand**

