J.D. POWER
ASIA PACIFIC

Asean Automotive Monthly
Executive Summary

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The McGraw-Hill Companies

On Asean

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Competition to Heat Up in Thailand's Pickup Market

Following four years of declining sales, Thailand's pickup truck market recovered in 2010 to achieve sales of 347,000 units. This translates into a growth rate of 40% compared to the volumes achieved in 2009.

The strong growth of last year is unlikely to be repeated. Therefore, we forecast pickup truck sales in Thailand to decline 6% in 2011 and post flat sales in 2012.

At the same time, the share of pickup trucks in Thailand's total light vehicle market has been shrinking in the last few years. Having accounted for 60% of the market, pickup trucks today make up 45% of overall light vehicle sales in the country. And we expect this share to fall even further in subsequent years.

However, these negative factors are not deterring sellers of pickup trucks in the market, namely the smaller players who want to capture a larger share of the pickup truck pie.

At this year's Bangkok International Motor Show in March, Chevrolet and Ford displayed their next generation Colorado and Ranger pickup trucks respectively. Both these models are due to come out by the fourth quarter of 2011.

In fact, the new Colorado made its world premier in Bangkok, highlighting the importance General Motors accords to the pickup truck segment in Thailand. The upgraded model has been designed to meet local needs, with engineers having lived in Thailand to study how consumers in this market use their pickup trucks.

Sporting a 2.8L turbo-diesel engine, the next Colorado will for the first time be available in an extended cab body style to compete better against other models like Toyota Hilux Vigo and Nissan Navara. The single cab and four-door double-cab versions will also be on offer.

Also competing against Colorado will be Ford's next generation Ranger T6. The new Ranger first made its debut at the 2010 Sydney International Motor Show in October.

Engine options on the Ranger T6 will include 2.5L petrol as well as 2.2L and 3.2L turbo-diesel. The four-door double-cab version is expected to be launched first, followed by the standard cab later.

Mazda's new BT-50 was also unveiled at the 2010 Sydney International Motor Show. Built on the same underpinnings as Ford's Ranger, we expect Mazda to launch the new BT-50 at about the same time when the next Ranger comes to market.

We also expect Isuzu to introduce the next generation D-Max later this year. This model has been in the market since 2002. We do not think that the company's strategy of upgrading the D-Max with new features is going to work anymore. It would have to launch the next generation model sooner rather than later, if it wants to maintain its current share of the pickup truck segment in Thailand.

Meanwhile, market leader Toyota is unlikely to launch an upgraded version of the Hilux Vigo any time soon. This is because the current Vigo, out since 2004, is doing very well in the market.

It is Thailand's best-selling model with sales of close to 25,000 units in the first two months of this year. In 2010, Toyota sold 144,000 units of the Hilux – making it the highest-selling model.

We expect the new generation Hilux to come out in 2013, but Toyota may decide to bring the model to market earlier if newer pickup trucks start eating into its sales in a big way.

All told, the pickup truck market though declining in share of the total market, is still a significant segment of Thailand's light vehicle sales.

We forecast pickup truck sales to reach about 324,000 units in 2011, accounting for roughly 40% of the overall light vehicle market. Going forward, we project the pickup truck segment to have a size of 392,000 units by 2018. Its share of the total market is projected to be about 33% in that year.

One of the major reasons for the decreasing share of pickup trucks to the total market is the faster growth of passenger cars, namely the sub-compact car segment which is expected to expand at a much quicker pace than pickup trucks.

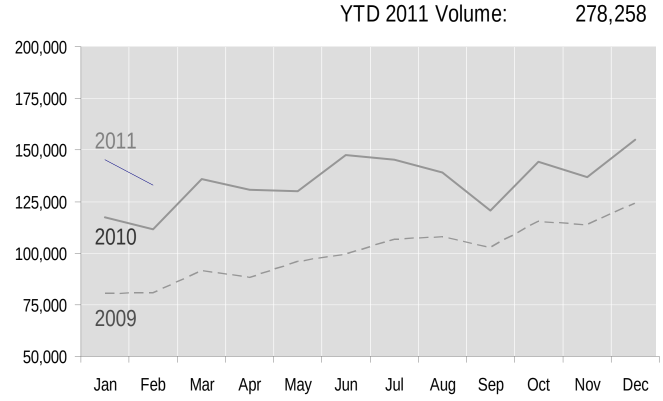
In fact, the share of sub-compact models is estimated to rise from the current 27% to almost 36% by 2018. Sales of sub-compact cars are projected to reach 424,000 units by 2018. Again this trend is driven by the release of upcoming eco car models as well as the continuously rising popularity of existing models in the market.

Light Vehicle (LV) Demand

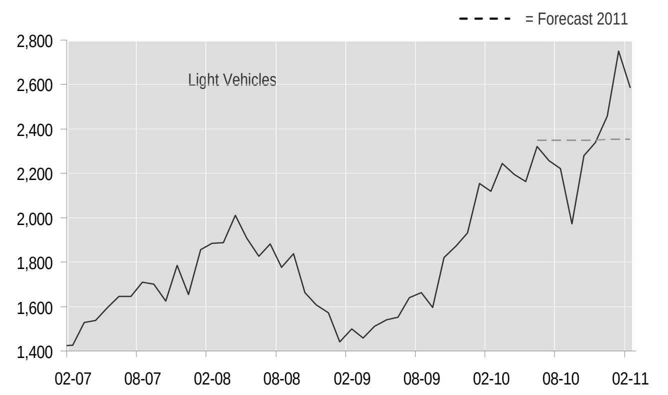
	FEB	YTD
Light Vehicle (LV) Demand	22%	25%
Passenger Vehicle (PV) Demand	19%	21%
Light Commercial Vehicle (LCV) Demand	31%	33%

Executive Summary

Asean Passenger Vehicle Trends



Seasonally Adjusted Annualized Rate (thousands)



Lower Output May Hurt Sales in the Short-Term

Light vehicle manufacturers in the Asean region sold close to 388,000 units in January and February 2011, which is an increase of 25% year on year (yoy).

Passenger vehicle sales gained 21% yoy to 278,000 units, while light commercial vehicle (up to GVW 6 tons) volumes expanded 33% yoy to 110,000 units.

On a seasonally adjusted annualized rate basis (SAAR), sales for the region came at 2.59 million units in February, which was lower than a SAAR of 2.75 million in January.

While rising fuel prices and higher inflation remain as one of the major deterrents to stronger sales this year, the biggest worry for manufacturers now is the shortage of components sourced from Japan.

Note that Japan's automakers sell 77% of all vehicles sold in the four major markets in Southeast Asia. These automakers source key high technology components such as electronic control units, and other electronic and engine parts from Japan.

We understand that most automakers in this region have an inventory of their Japan-sourced components that would last until mid-April. This is why we think that production will begin to slow starting in April.

Already, Toyota has suspended overtime production in Thailand in March and April, while Honda has said it would halve its output in the Philippines from April onwards.

Nissan too could face some disruption for models such the Teana and Tiida/Latio which use imported components from Japan. Production of hybrid models such as Toyota Camry Hybrid and Prius in Thailand may be reduced in the interim.

Certainly, we expect the impact of lower output to hurt regional sales in the coming months. However, we think that automakers will begin to ramp up production in the latter half of 2011 as the situation in Japan improves and supply constraints ease.

We do not think that the supply chain disruption resulting from the tragic events in Japan is going to be the trigger for Japan's automakers to shift production from their home market to countries in Southeast Asia like Thailand or Indonesia.

If at all, it will be economic principles that will govern any shift in production out of Japan. Any production shift will require significant lead time, and a careful consideration of factors such as achieving economies of scale or the quality of the vendor base.

Our 2011 light vehicle outlook remains unchanged for each of the four major markets in Southeast Asia. We forecast total Asean volumes to reach 2.35 million units this year. This translates into a growth rate of 6% over 2010 light vehicle sales of 2.23 million units – an increase of 36% yoy.

Passenger vehicle sales are forecast at 1.75 million units, up 8% in 2011, from 1.61 million units in 2010. Demand for commercial vehicles is projected at 603,000 units, which is 2% lower than a year ago when volumes had peaked at 613,000 units.

We believe that Southeast Asia will increasingly play a more important role for vehicle manufacturers. Improving economic fundamentals which are helping to raise income levels and boosting consumer confidence will the major growth drivers. By 2018, we estimate light vehicle sales to reach 3.63 million units in the four major markets.

Executive Summary

Asean Top Lines

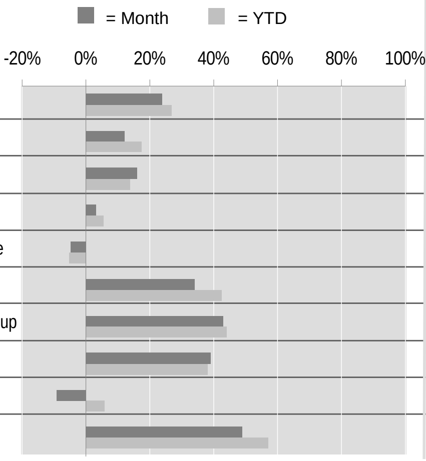
	Feb	Growth	YTD	Growth	2011f	Growth
Sales	200,308	23%	409,965	25%		
PV	133,038	19%	278,323	21%	1,750,365	8%
LCV	56,544	31%	110,257	33%	603,417	-2%
M&H CV	10,726	33%	21,385	35%		
Production	261,993	17%	545,630	25%		
PV	149,960	21%	324,129	29%	1,718,962	37%
LCV	101,944	10%	201,571	19%	1,146,844	56%
M&H CV	10,089	40%	19,930	35%		

Market Performance

		Feb	Growth	Share	YTD	Growth	Share
Thailand	PV	38,921	48%	52%	73,935	46%	52%
	LCV	36,191	37%	48%	67,791	34%	48%
Malaysia	PV	36,199	0%	90%	85,515	4%	91%
	LCV	3,869	-4%	10%	8,976	3%	9%
Indonesia	PV	47,370	22%	77%	98,256	28%	77%
	LCV	13,889	31%	23%	28,534	50%	23%
Philippines	PV	10,548	2%	80%	20,617	4%	81%
	LCV	2,595	18%	20%	4,956	11%	19%

Group Sales Performance

ASEAN GROWTH RATE

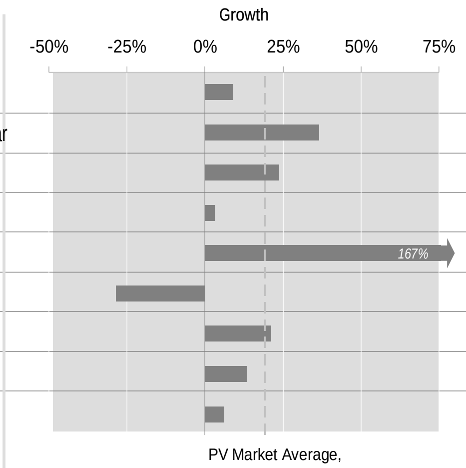


YTD VOLUMES

	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth
Toyota Group	152,636	27%	57,495	38%	13,013	-6%	73,690	30%	8,438	5%
Honda Group	38,252	18%	19,668	26%	6,738	13%	9,486	16%	2,360	-16%
Isuzu Motors	30,181	14%	24,522	16%	1,365	-1%	2,863	3%	1,431	10%
Proton Group	28,591	5%	1,034	-5%	27,365	7%	192	-62%	0	N/A
Perodua Automotive	27,713	-5%	0	N/A	27,713	-5%	0	N/A	0	N/A
Mitsubishi Motors	26,265	43%	9,220	96%	1,685	-3%	10,439	41%	4,921	8%
Renault-Nissan Group	25,567	44%	9,766	79%	5,717	7%	8,665	56%	1,419	2%
Suzuki Group	16,184	38%	1,106	62%	1,080	10%	13,432	42%	566	-5%
Hyundai Group	8,854	6%	702	29%	2,981	25%	1,570	-11%	3,601	-2%
Mazda Motors	8,699	57%	6,364	50%	788	133%	1,044	58%	503	68%

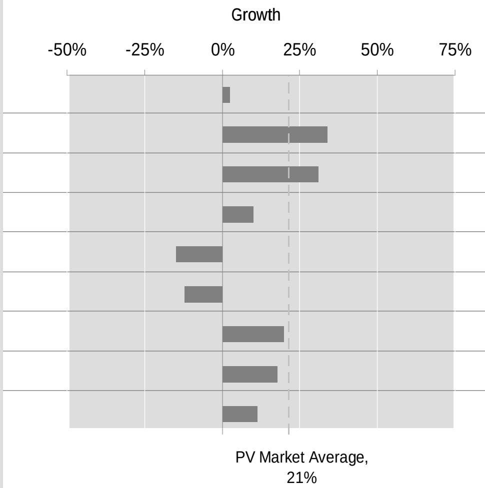
Segment Sales Performance

Feb



	Volume	Share
Mini Car	5,796	4%
Sub-Compact Car	46,936	35%
Compact Car	18,644	14%
Midsize Car	4,329	3%
Fullsize Car	16	0%
Sporty Car	83	0%
Luxury Car	1,995	1%
SUV	18,016	14%
MPV/Minivan	37,223	28%

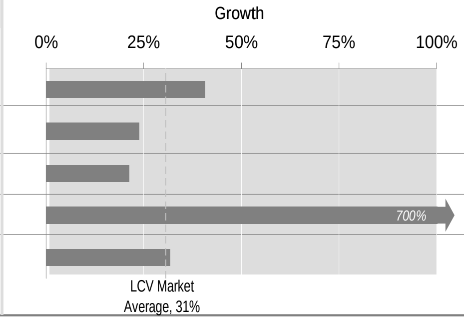
YTD



	Volume	Share
Mini Car	12,322	4%
Sub-Compact Car	96,961	35%
Compact Car	39,287	14%
Midsize Car	9,854	4%
Fullsize Car	23	0%
Sporty Car	196	0%
Luxury Car	3,882	1%
SUV	36,055	13%
MPV/Minivan	79,743	29%

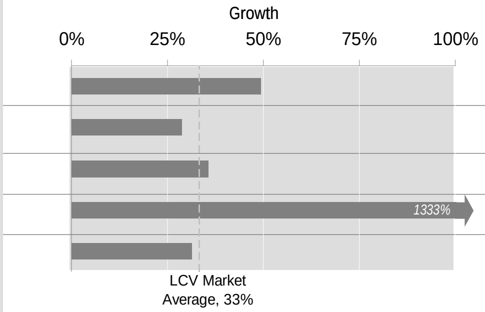
LCV

Feb



	Volume	Share
Mini Truck	5,242	9%
Light Truck	4,561	8%
Van-Light Bus	6,559	12%
Mini Bus	16	0%
Pickup	40,166	71%

YTD



	Volume	Share
Mini Truck	11,083	10%
Light Truck	9,814	9%
Van-Light Bus	13,263	12%
Mini Bus	43	0%
Pickup	76,054	69%

Understand the Territory

Strategic Advisory Group

Reports	Focus	Delivery
Asean Automotive Monthly; Market Trends	• By model report on monthly sales and production • JDPA perspective on trends and outlook - by brand	• PDF, Excel • Monthly
Asean Automotive Monthly; Market Assessment	• By model report on the impact changes in the business environment will have on sales and production. • Detailed manufacturer profile and by-model outlook	• PDF, Excel • Monthly
Asia Pacific Forecast	• By model report on the impact changes in business environment will have on sales and production. • Ten countries in Asia Pacific	• Hard copy • PDF • Quarterly
Global Forecast	• By model report on the impact changes in business environment will have on sales and production. • 60 countries covered	• Hard copy • PDF • Quarterly

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