India Automotive Market 2020
The key 5s

1. Going forward, India is a key pillar of global automotive market - policy, actions and strategies of players in India will have a fundamental impact on the global auto landscape

2. By 2015, India will exceed every major European market inc. Germany, France and UK in automotive sales - making India the 4th largest automotive market by volume in the world

3. Over the next 20 years, India will be part of global automotive triumvirate - the global BIG 3

4. In fact, we expect the India automotive sales to exceed the US market by mid 2030s

5. The global automotive game will be pretty much decided by twin forces for China and India
India is booming – and projected to maintain the trajectory

Regional: Percentage of World GDP

2004
- India: 2%
- China: 4%
- US: 28%
- EU: 34%
- Other: 20%
- Japan: 12%

2050 Estimate
- India: 17%
- China: 28%
- US: 26%
- EU: 15%
- Other: 10%
- Japan: 4%

Real GDP Growth 2005-2020

Source: Global Insights Database, Business Week, Booz & Company analysis
Emerging markets are transforming the economic landscape — could the future repeat the past?

Percent Contribution of India & China, US, Western Europe and UK to World Economy
(1500–2050 AD)

Note: UK, US and W. European countries do not include GDP from former British colonies
Source: The World Economy-Historical Statistics; Goldman Sachs BRIC Report; Booz & Company research and analysis
An assessment of parallels with markets such as China strengthen our belief in tomorrow

GDP Growth

GDP Per Capita Growth

FDI Trends – India and China

Source: Economic Intelligence Unit, Booz & Company analysis
The twin pillars of the global economy, India & China, will define the economic landscape for generations to come.

GDP Trends
2005 Constant Prices ($Trillion)

Growth relative to 2005
(Base = 2005)

Source: Global Insight Database, Booz & Company analysis
Wealth is being generated via a positive structural shift in the economy

Shift in GDP composition by sector
(1950 to 2020E)

Source: Global Insights Database, Economic Intelligence Unit, Booz & Company analysis
Industry is likely to benefit from the change in consumption pattern of an increasingly prosperous society

Private Consumer Spending
1994-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Food &amp; Beverages</th>
<th>Clothing &amp; Footwear</th>
<th>Housing</th>
<th>Health</th>
<th>Transport / Comm.</th>
<th>Recreation / Education</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>55%</td>
<td>6%</td>
<td>15%</td>
<td>3%</td>
<td>11%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>2005</td>
<td>40%</td>
<td>16%</td>
<td>5%</td>
<td>20%</td>
<td>4%</td>
<td>20%</td>
<td>9%</td>
</tr>
<tr>
<td>2015</td>
<td>29%</td>
<td>8%</td>
<td>23%</td>
<td>5%</td>
<td>19%</td>
<td>16%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: Miscellaneous includes personal care goods and other services
Source: Central Statistics Organization (GOI), Booz & Company analysis

Private Consumption Growth
Base - 1994

Index

Transport / Comm.
Recreation
Total Consumption
Food & Beverages

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

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This rise in per capita GDP will lead to higher vehicle ownership.
The result: India is an anchor of future growth in the auto industry

GDP Growth by Country
2010 – 2020

Source: Global Insight Database, Booz & Company analysis

- > 5% projected GDP growth
- 3.5% - 5% projected GDP growth
- < 3.5% projected GDP growth
Automotive sales are destined to resonate with global economic shift - India is the place to be for the global OEMs

Automotive Sales by Geography
(Passenger Vehicles, Commercial Vehicles and Two Wheelers)

1980
Market size: 60 M units
Asia & Japan: 7%
Europe: 42%
NA: 41%

2009
Market size: 102 M units
Asia & Japan: 45%
Europe: 32%
NA: 18%

2020
Market size: 205 M units
Asia & Japan: 65%
Europe: 20%
NA: 15%

Shift in center of gravity

1) Includes passenger vehicles, commercial vehicles and two-wheelers
Source: Global Insight Database, March 2009; Wards Auto; Booz & Company analysis
India’s car market has the potential to grow up to 6+ millions units annually by 2020

Passenger vehicle sales in India
(2001 – 2020)

Note: Figures for passenger vehicles includes numbers for light commercial vehicles like TATA Ace, TATA Magik, Suzuki Omnivan, Toyota Dyna, Mitsubishi Canter, etc
Note: Aggressive scenario – 14% CAGR upto 2015, after which market stabilizes (based on similar growth seen in the Chinese markets under similar macroeconomic conditions)
Base Scenario – 8% CAGR over 2009-2020; based on historical growth trends of the Indian car market
Conservative Scenario – 6% CAGR; car sales negatively impacted by economic downturn or unfavorable government policies (high interest rates, financing not easily accessible, etc)
Source: Global Insight database, Booz & Company Analysis
India will soon be bigger than most other markets

Western Europe (1998) and India (1998)

Source: Global Insight Database, Booz & Company analysis
India will soon be bigger than most other markets

Western Europe (2009) and India (2009)

Source: Global Insight Database, Booz & Company analysis
Much earlier than 2020, India will exceed the major EU markets

Western Europe (2015) and India (2015)

Note: Forecasts for 2015
Source: Global Insight Database, Booz & Company analysis
India and China dwarf existing automotive markets such as Germany or UK

Automotive sales volume by country
2030

Number of unit sales
- > 10 M
- 3 M - 10 M
- 1 M - 3 M
- < 1 M

Potential for Indian market to reach revenues of $150 - $200 billion

Note: 2030 sales and GDP projections are based on annual GDP growth rates projected by country per GS BRIC report
Source: Global Insight Database, March 2009; Goldman Sachs BRIC Report; Booz & Company analyses
By 2030, India will be among the GLOBAL BIG 3

Light Passenger Vehicle Sales Projections - 2030

Million Units

<table>
<thead>
<tr>
<th>Country</th>
<th>Million Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>40.7</td>
</tr>
<tr>
<td>United States</td>
<td>17.6</td>
</tr>
<tr>
<td>India</td>
<td>11.7</td>
</tr>
<tr>
<td>Brazil</td>
<td>7.8</td>
</tr>
<tr>
<td>Russia</td>
<td>5.2</td>
</tr>
<tr>
<td>Germany</td>
<td>3.7</td>
</tr>
<tr>
<td>France</td>
<td>2.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.4</td>
</tr>
<tr>
<td>Italy</td>
<td>2.4</td>
</tr>
<tr>
<td>Spain</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Note: Figures for passenger vehicles includes numbers for light commercial vehicles like TATA Ace, TATA Magik, Suzuki Omnivan, Toyota Dyna, Mitsubishi Canter, etc
Source: Global Insight Database, Booz & Company analyses
We expect not just a quantitative but also a qualitative change in the market...

**Indian household income & car sales distribution**

2008

*Household income distribution*

*Distribution of car sales by segment*

Source: Global Insight 2009, Booz & Company Analysis
The market of tomorrow will reflect increased prosperity of the nation

Indian household income & car sales distribution
2030

Household income distribution
Distribution of car sales by segment

Source: Global Insight 2009, Booz & Company Analysis

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Interestingly, India’s market is expected to overtake the US auto sales by ~2035

Note: Figures for passenger vehicles includes numbers for light commercial vehicles like TATA Ace, TATA Magik, Suzuki Omnivan, Toyota Dyna, Mitsubishi Canter, etc
Source: Global Insight Database, Booz & Company analyses
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