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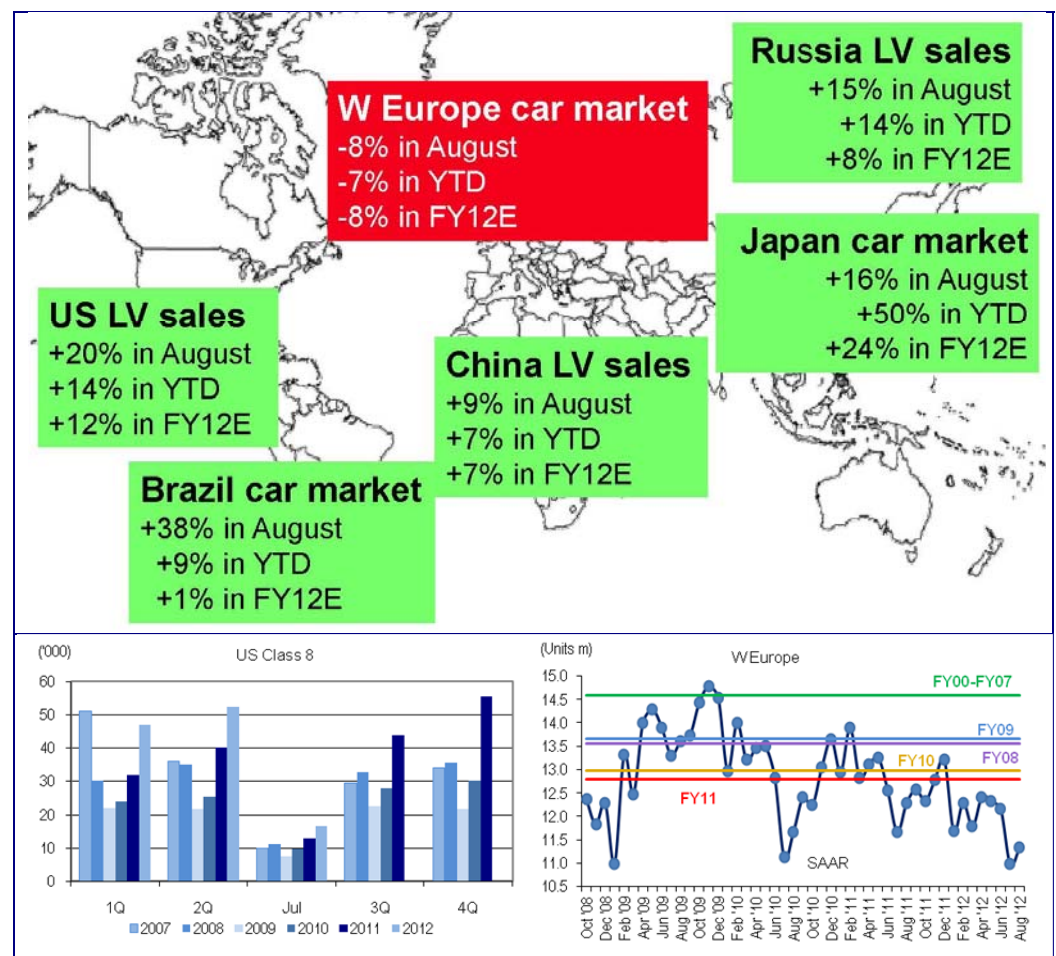
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Global Automotive Demand Atlas

September 2012 edition

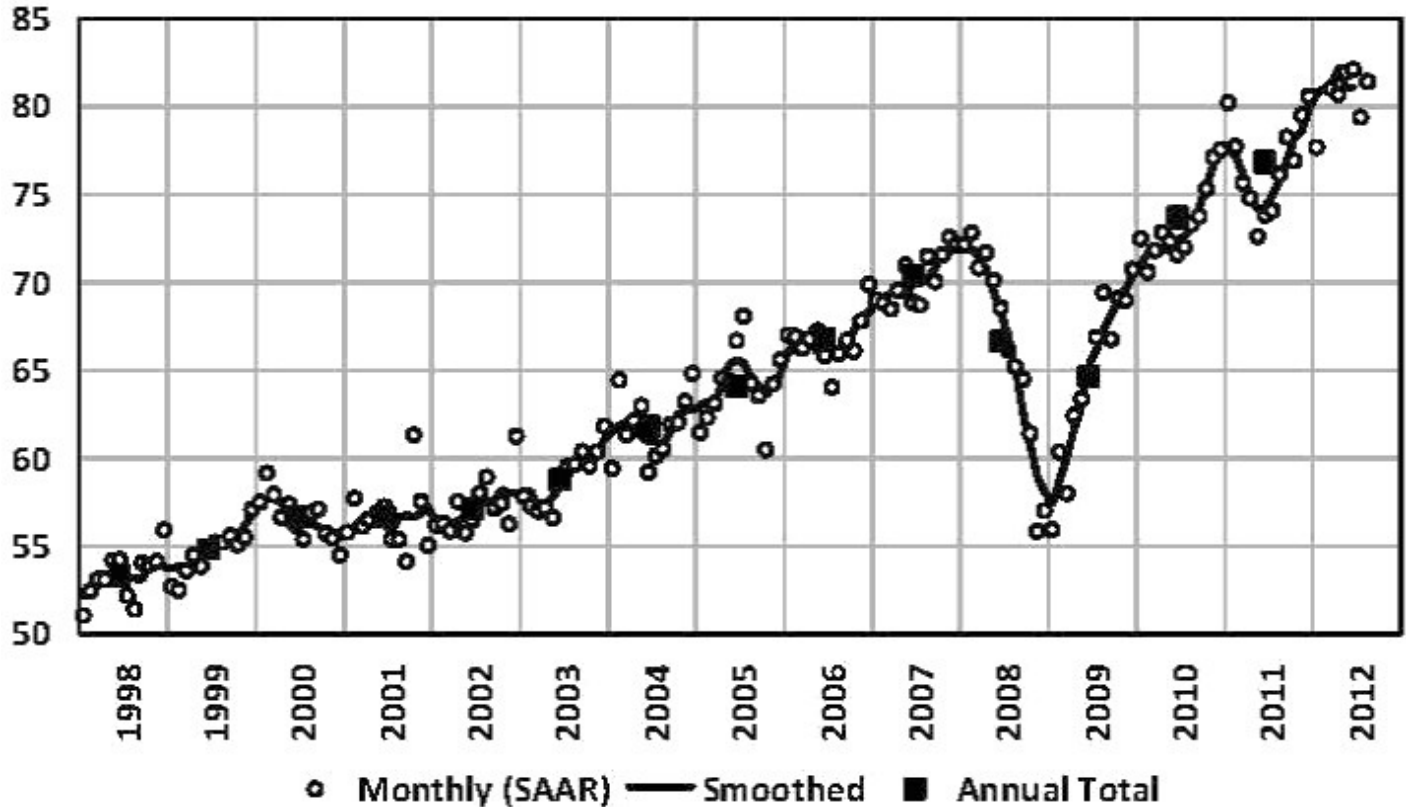
Global light vehicle markets

+8% in August
+7% in YTD
+6% in FY12E



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Global LV sales – monthly SAAR (1998-Aug'12)



Source: LMC Automotive

The global light vehicle markets continued to grow in August and in the YTD, by some 8% and 7% respectively, according to LMC Automotive (formerly J.D. Power Automotive Forecast). The SAAR (seasonally adjusted annualised rate) of sales accelerated slightly to 81.4m units/year in August from 79.9m in July and amounted to 81.2m in the YTD, compared to 76.9m in FY11. In the FY12E, the global market is heading for an increase of some 5.5% to just above than 81.0m units, which is slower than the previous forecast of some 5.6% and 81.2m. In 2013E the global LV markets are set for steady growth of 5.6% rather than for acceleration.

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SAAR of 14.5m in August and 14.2m in the YTD

14.26m in FY12E

Pent-up demand, easier credit and historically high residual values

Japanese, VW and Fiat-Chrysler

US LV sales

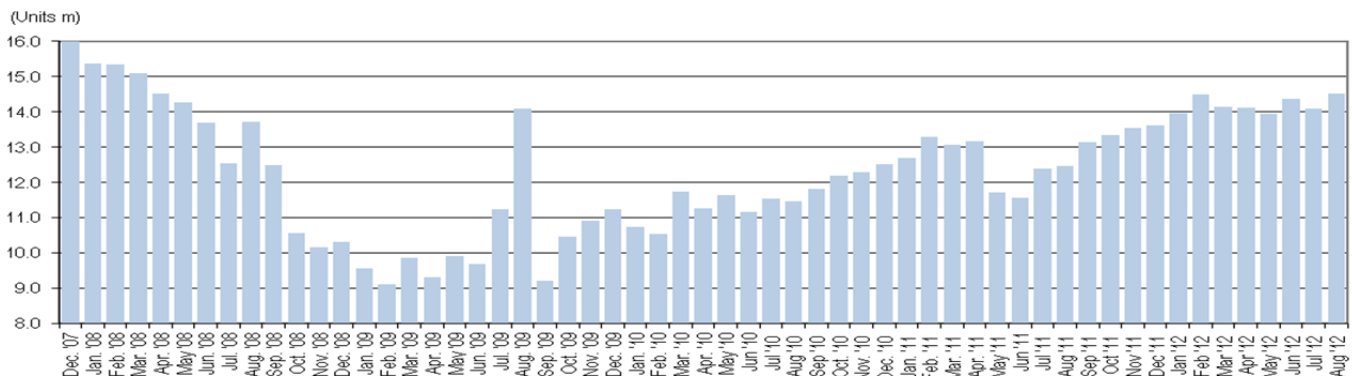
In August, US light vehicle sales increased 19.9% yoy to 1.28m units; adjusted for the number of selling days (27 days in August '12 vs. 26 days in August '11 and 24 days in July '12), August sales were up 15.5% yoy, though down 1.0% mom. According to J.D. Power & LMC Automotive, the August SAAR (seasonally adjusted annualised rate) was 14.5m units/year, up 0.4m from July's 14.1m and up 2.4m yoy. In August, retail sales remained the driving force, accounting for 85% of total sales and yielding a SAAR of 12.6m, up 1.1m from 11.5m in July and 3.0m yoy. In the YTD, US LV sales were up 14.2% yoy at 9.69m units (selling day adjusted), resulting in a SAAR of 14.2m; car sales increased 18.2% yoy to 4.87m and truck sales 11.5% yoy to 4.82m units. The split between cars and trucks has been relatively even, as a resurging gas price has not necessarily led to the substitution of gas-guzzling traditional trucks with cars, but rather with more fuel-efficient CUVs that are counted as trucks in the US sales figures.

JDPower expect for September a SAAR of 14.5m, which is in line with August and implies a yoy increase of 1.4m units or 11%. They confirmed a FY12E outlook for US LV sales of 14.26m or an 11.9% increase; their forecast is based on a considerable slowdown of the US economy, both reported in 1H12 and expected for 2H12E.

The strength of the US LV in the YTD, despite challenges such as a deteriorating macro-economic outlook, including weak job creation, a continuing troubled housing market and global macro-economic uncertainties, has been attributable, besides an improving supply situation of Japanese vehicles, to positive factors such as a growing pent-up demand, residual values at historically high levels and last, but not least considerably easier consumer credit conditions. According to Experian current credit terms are the most favourable since 2008, illustrated by low interest rates, expanded lending to sub-prime customers and longer repayment terms. Replacement demand has been growing as the average age of the US LV fleet has grown steadily over the past 15 years: the average of the LV fleet was 10.8 years in mid-2011 (cars 11.1 years, light trucks 10.4 years) according to Polk. (See charts on pp. 4-5.)

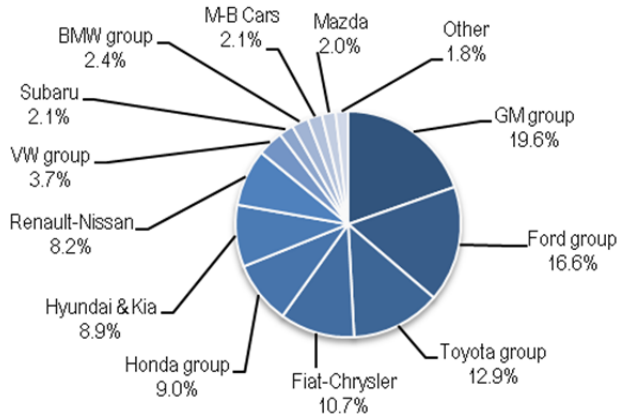
Thanks to the rebuilding of their inventories, the Japanese OEMs generated a strong recovery, led by Toyota with a 30.4% yoy growth in group sales to 1.40m units in the YTD, followed by Honda's 23.1% and 0.95m respectively. The VW group remained the best performing European OEM with yoy increases of 48.3% in August and 32.2% to 375.1k units in the YTD: this has been attributable to the growing availability of the US-built Passat that resulted in a 38% yoy increase in VW brand sales to 286.87k units and, according to TrueCar, was also supported by generous discounting. In August, Fiat-Chrysler was yet again the best performing domestic OEM, with sales growing 14.1%, vs. Ford's 12.6% and GM's 10.1%. In the YTD, Fiat-Chrysler has been leading with a 25.7% yoy increase to 1.11m units, ahead of Ford's 6.0% (to 1.51m units) and GM's 3.7% to 1.70m units. (See charts on p.4.)

US LV sales – monthly SAAR (Dec'07-Aug'12)



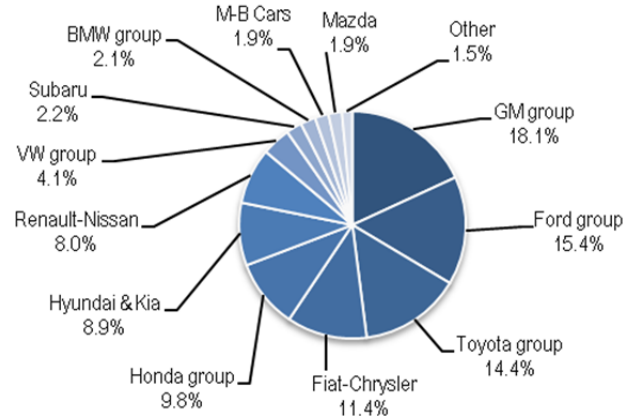
Note: The estimated seasonal factors for the SAAR calculations for January-June 2012 are restated due to the recent update of seasonal factors from the U.S. Bureau of Economic Analysis (BEA).
Source: Autodata

US – LV market by OEM (FY11)



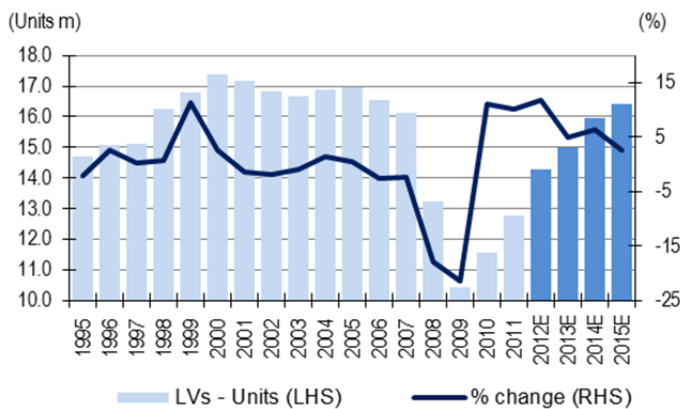
Source: LMC Automotive and CGI calculations

US – LV market by OEM (Jan-Aug'12)



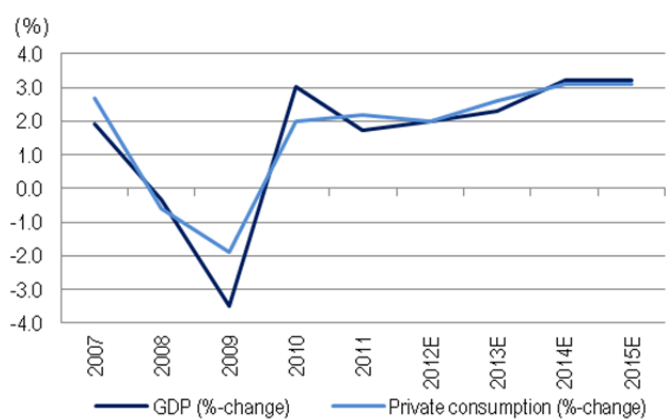
Source: LMC Automotive and CGI calculations

US LV sales (1995-2015E)



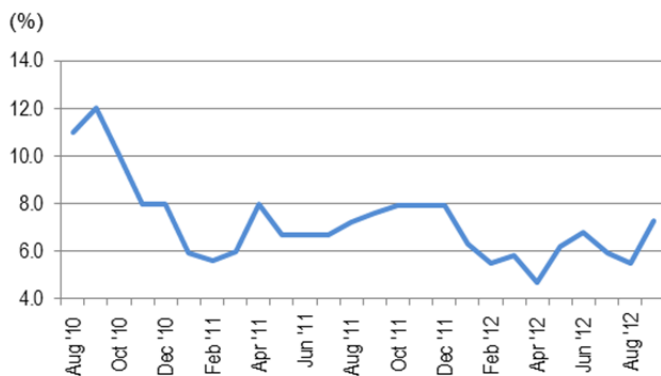
Source: LMC Automotive and CGI estimates

US – real GDP and private consumption (2007-15E)



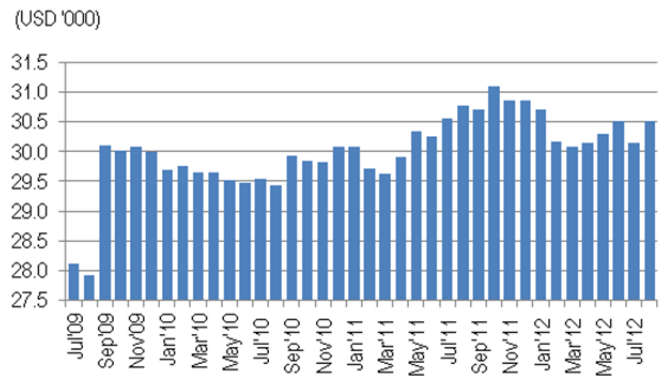
Source: IMF, Oxford Economics and CGI estimates

US LV – avge. discount from MSRP (Aug'10 – Sep '12)



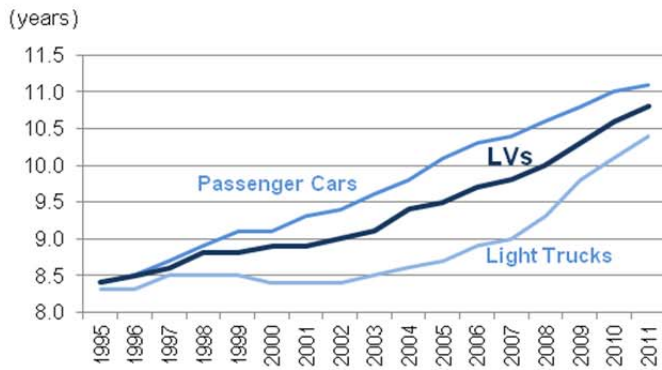
Source: TrueCar

US LV market – avge. transaction price (Jul'09-Aug'12)



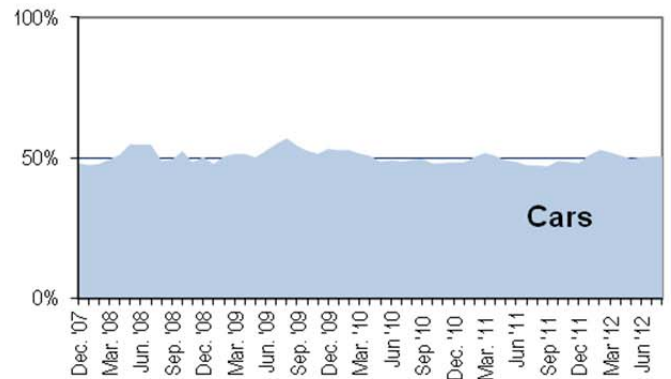
Source: PIN (Power Information Network by J.D. Power and Associates)

US LV population – average age (1995-2011*)



(*) July of respective year. Source: Polk

US LV sales - split cars & trucks (Dec'07-Aug'12)



Source: Autodata

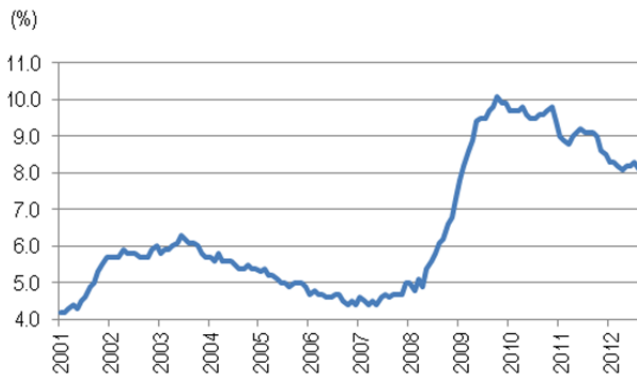
US – Gas retail price (USD/US gallon) (Jan'07- Sep'12)

Weekly U.S. All Grades All Formulations Retail Gasoline Prices (Dollars per Gallon) Source: EIA-Source: tradesignalonline.com
US Energy Information Administration

Brent Crude Oil (-5 years)

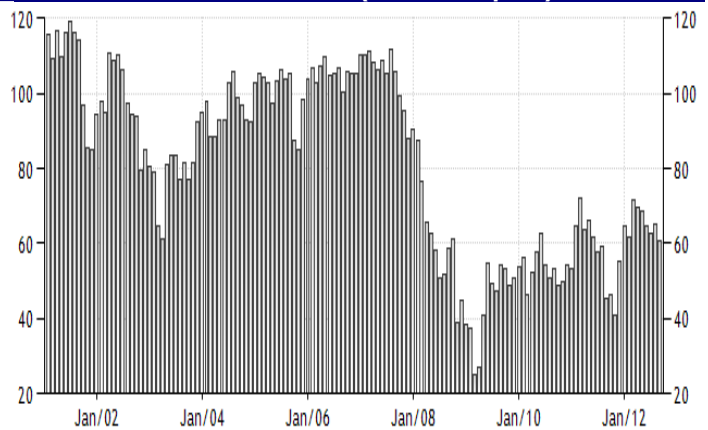


US – Unemployment rate (Jan'01-Aug'12)



Source: Bureau of Labor Statistics

US – Consumer confidence (Jan'01-Sep'12)



Source: Conference Board

Western Europe car market

-8.3% in August
-7.1% in the YTD

In August, West European passenger car registrations declined 8.3% yoy to 0.67m units, following -7.5% yoy and 0.91m in July, yielding a 7.1% yoy decline to 8.07m in the YTD. The SAAR of WE pc registrations was 11.32m units/year in August, after 10.97m in July, and 11.91m in the YTD, according to LMC Automotive. This implies that so far this year, the WE market remained more than 18% below the long-term pre-crisis average of 14.6m units. A bleak result indeed, considering that the OEMs and dealers have been pushing the market through tactics such as price discounting and pre-registering. Portugal and Greece have had the by far worst performing car markets with yoy declines of 40% and 42% respectively in the YTD. (See charts on page 7.)

Divergence among Big Five

Germany, 'least bad' performer shows signs of weakness

Italy and Spain worst performers

Germany, Europe's largest car market by far, continued to deteriorate and declined 4.7% yoy in August and dipped 0.6% in the YTD. However with a SAAR of 3.19m in the YTD, the German market has been trading 'only' 3.4% below its long-term pre-crisis trend of 3.3m and remains therefore the 'least bad' performer among the Big Five. However, the underlying quality of the market has deteriorated sharply. The **French** car market has remained intrinsically weak with a SAAR of 1.94m in the YTD, 7.0% below the pre-crisis trend. In the **UK** strong private demand led to a 3.3% yoy increase in the YTD, though the SAAR of 1.95m remained 20% below pre-crisis trend. In the YTD, **Italy** generated a SAAR of 1.40m, 40% below 2000-07 average and **Spain's** SAAR (0.75m) was even 50% below pre-crisis trend. (See discussion on pp. 9-13.)

Winners – premium and discount brands

Among the car manufactures, the premium manufacturers (BMW, Mercedes and VW's Audi) and the discount brands Hyundai and Kia have been the best performers in Western Europe so far in the crisis and in the YTD, and should continue to outperform in our view. The OEMs most vulnerable in the crisis are PSA, Renault and the European operations of Fiat, GM and Ford. Their vulnerability is partly due to their geographic split and thus exposure to the Southern periphery. (See charts on page 8.)

Polarisation in demand

A more import factor, in our view, is the polarisation in demand into premium and discount brands and product that has been intact for the past 20 years and accentuated during the crisis. Driving forces have been the downsizing on the part of the premium brands and an improvement in quality of discount brands. As a result the mainstream brands such as GM's Opel/Vauxhall, Ford and local champions such as Renault, Peugeot, Citroën and Fiat have lost ground. The only exception to that trend are the mainstream brands of the VW group (VW, Skoda and SEAT) that managed to increase their combined WE market share from 15.6% in 2009 to 18.4% in the YTD. Their success is based 1) on the high market share in Germany (of just under 30%); 2) a good geographic balance within the rest of W Europe; and 3) the ability of the VW brand to distinguish itself from its 'mainstream' competitors as a 'near-prestige' brand.

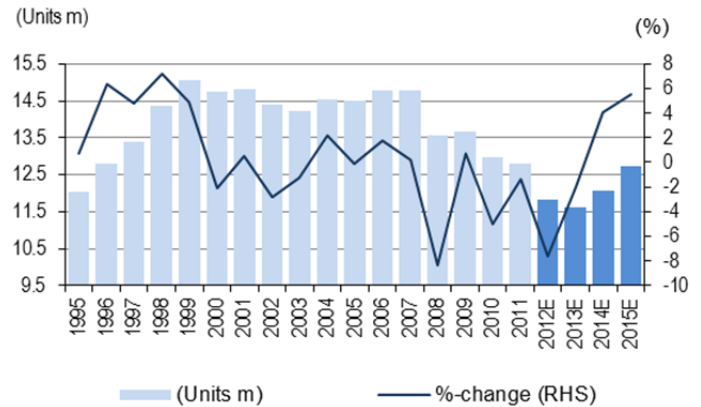
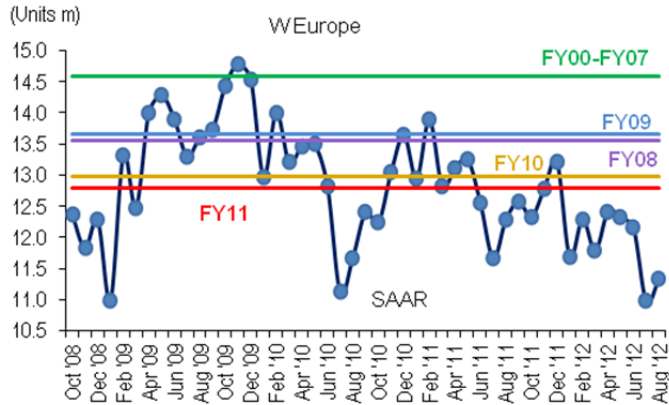
-7.6% in FY12E

We trimmed our forecast for the WE pc market yet again and now expect a 7.6% decline to 11.83m units in FY12E (vs. our previous forecast of -7.1% and 11.89m) and a further 2.0% decline to 11.60m in 2013E (vs. our previous forecast of 11.94m) as the recession deepens and austerity measures and unemployment continue to bite. If and when the recovery will take off from 2014E onwards, it should take until 2018-19E for the WE market to reach pre-crisis 2007 level of 14.79m. Our 2013E forecast implies a delta of 22% or 3.2m units vs. the 2007 pre-crisis level, the equivalent of the output of eight medium-sized car plants (400k annual output). However, the problems go deeper: LMCA estimates that the current capacity utilisation in pan-Europe is just 65%, implying an excess capacity of 10m or 25 medium sized plants. (See charts on page 7.)

European capacity utilisation at 65%

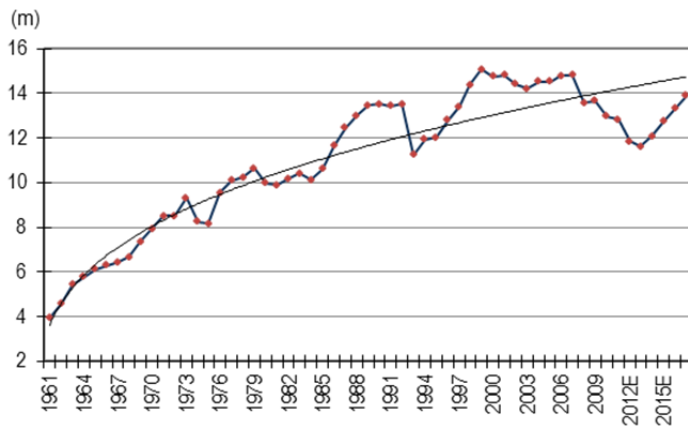
Pricing pressures

In addition to the volume decline, pricing pressures have increased sharply, spreading also to the better performing markets and are reported to have been driven by all OEMs. In view of the dismal demand outlook and mounting losses and cash burn, the European volume OEMs have started, at long last, to look at reducing some of their over-capacity, with PSA's plan to shut a plant and cut up to 10,000 jobs in France being so far the highest profile one. In addition, GM's Opel announced short-term working at two of its German plants and the plan to reduce administrative staff by some 1,000 persons.

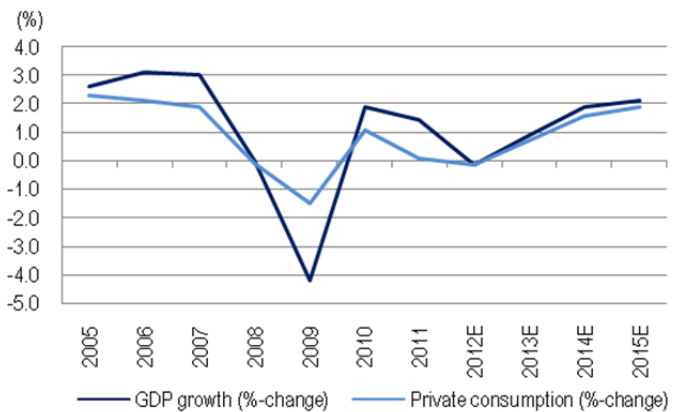
W Europe – monthly SAAR¹ vs. trend (Oct'08–Aug'12) W Europe – pc registrations (1995-2015E)

(1) SAAR according to calculations by LMC Automotive. Source: ACEA, LMC Automotive, CGI calculations

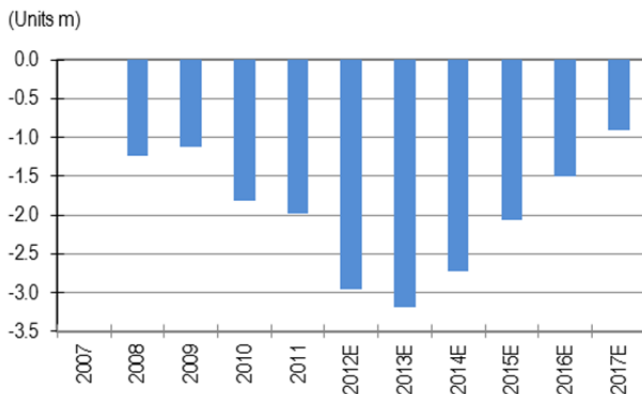
Source: LMC Automotive and CGI estimates

W Europe – pc registrations (1961-2017E)

Source: ACEA, LMC Automotive and CGI estimates

W Europe – real GDP and priv. consumption (2005-15E)

Source: Oxford Economics and CGI estimates

W Europe – depth of recession – 2008-17E volume decline vs. 2007

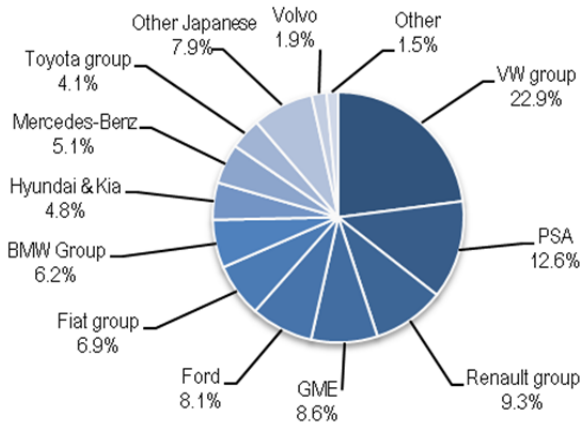
Source: LMC Automotive and CGI estimates

W Europe– current recession in historic context

	Depth ¹ (Units m)	(%)	Duration (years)	Trend growth rate (%)
1970 - oil shock	-1.15	-12.4	< 3	5
Early 1980s recession	-0.75	-7.0	~ 6	3-4
1993 recession	-2.26	-16.8	~ 5	2-3
Current crisis (E)	-3.20	-21.6	~11	1-2

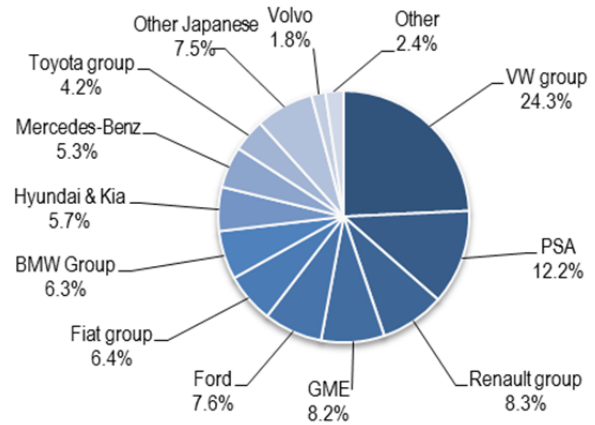
Source: LMC Automotive and CGI estimates

W Europe – pc market by OEM (FY11)



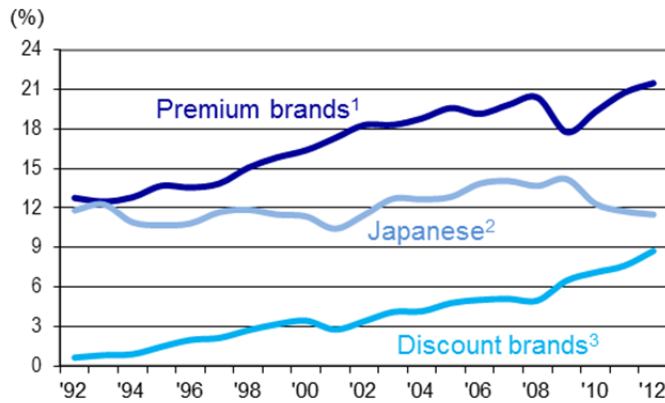
Source: Association Auxiliaire de l'Automobile, ACEA and CGI calculations

W Europe – pc market by OEM (Jan-Aug'12)



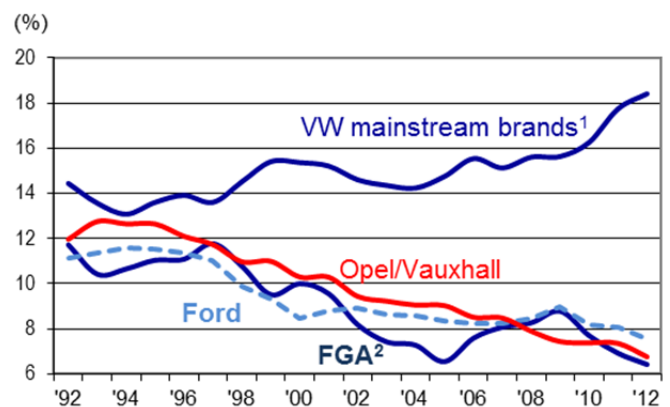
Source: ACEA and CGI calculations

Premium brands, Japanese and discount brands – WE market share ('92-YTD12*)



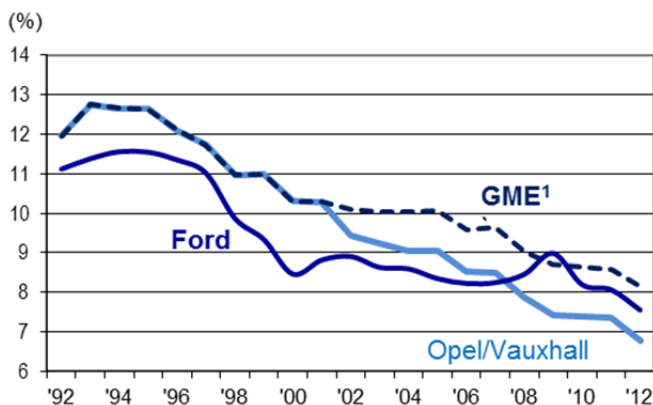
(1) Premium brands: BMW, Mini, Mercedes-Benz, Smart, Audi, Lexus, Porsche, Jaguar, Land Rover, Volvo & SAAB. (3) Discount brands: Kia, Hyundai, GM's Chevrolet, and Renault's Dacia. (2) Exl. Lexus (*) YTD= Jan-Aug. Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations

Mainstream brands: VW group excl. Audi, Opel/Vauxhall, Ford, FGA – WE share ('92-YTD12*)



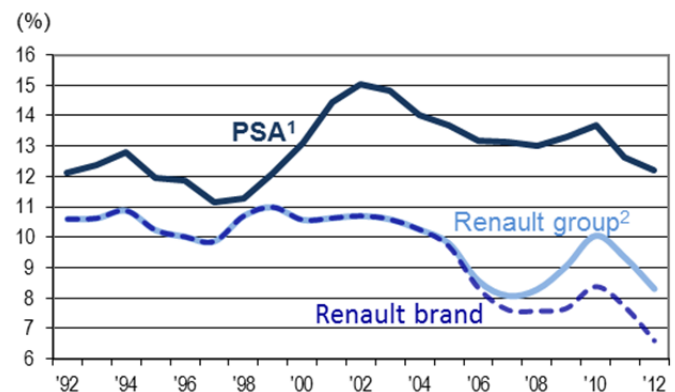
(1) VW mainstream brands: VW, Seat, Skoda. (2) FGA: Fiat, Lancia & Alfa Romeo. (*) YTD= Jan-Aug. Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations

Ford and GME – WE share ('92-YTD12*)



(1) GM Europe: Opel, Vauxhall, Chevrolet and other US GM brands; does NOT incl. SAAB. (*) YTD= Jan-Aug. Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations

PSA and Renault group – WE share ('92-YTD12*)



(1) PSA: Peugeot and Citroën brands; (2) Renault group: Renault and Dacia brands. (*) YTD= Jan-Aug. Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations

-4.7% in August

-0.6% in the YTD

-1.3% in FY12E

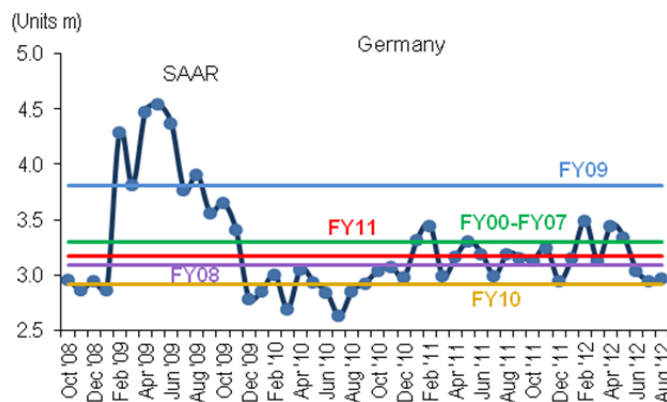
Germany

In August, the German market, the engine of the W European passenger car market continued to show signs of weakness and declined 4.7% yoy to 226.5k units, resulting in a -0.6% dip to 2.11m in the YTD. Indeed, during the past five months, underlying demand in Europe's largest car market has weakened steadily as the SAAR declined by 12% from 3.34m in May to 2.95m in July and 2.97m in August. With a SAAR of 3.19m in the YTD, the German market has been trading 3.4% below its long-term pre-crisis trend of 3.3m.

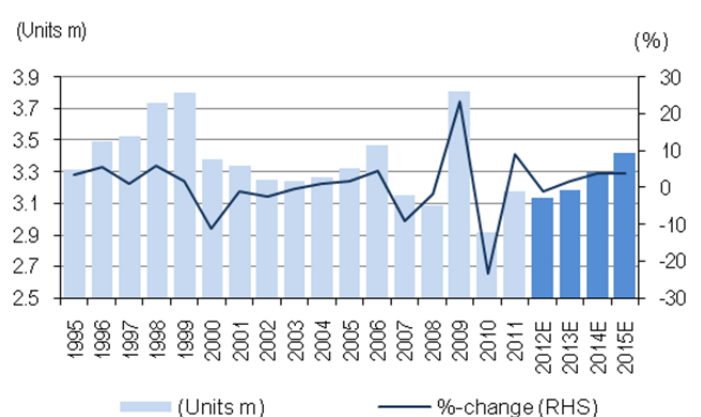
In addition to the increasingly disappointing volume performance, the quality of the car market has deteriorated sharply: 1) Sales to private customers declined (by an estimated 5% yoy) and accounted for a reported 39% of registrations in 1H12. 2) In addition, sales volumes have been increasingly propped up by pre-registering on the part of dealers and OEMs and accounted for some 30% of the over-all market in the YTD. Pre-registered cars tend to be sold as zero-km used cars at discounts of some 20% to the sticker prices. 3) The deteriorating pricing environment in the Germany pc market is not just being driven by local dealers and OEMs, but further aggravated by discount offers from dealers based in other EU countries thus exporting the pricing pressures from recessionary Southern Europe to Germany.

We confirm our FY12E outlook of a 1.3% decline to 3.13m cars which allows for a further moderate softening in demand during the rest of the year. Our forecast is based on the reported deteriorating quality of the car market and the growing evidence that the macro-economic woes in the European periphery is starting to affect the German economy, supporting the view that GDP growth will remain below 1% in 2012E.

Germany – monthly SAAR¹ vs. trend (Oct'08-Aug'12)



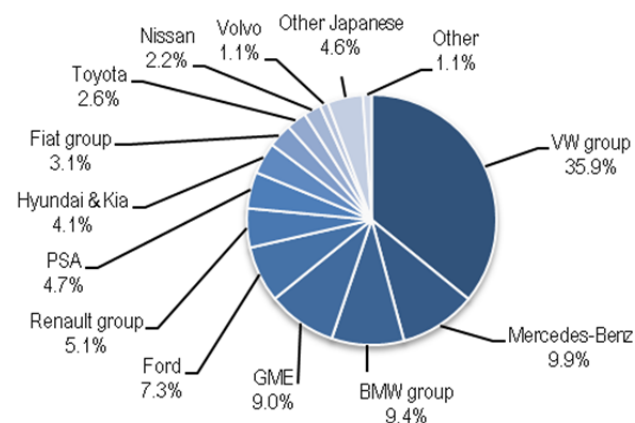
Germany – pc registrations (1995-2015E)



(1) SAAR according to calculations by LMC Automotive. Source: KFBA, LMC Automotive and CGI calculations

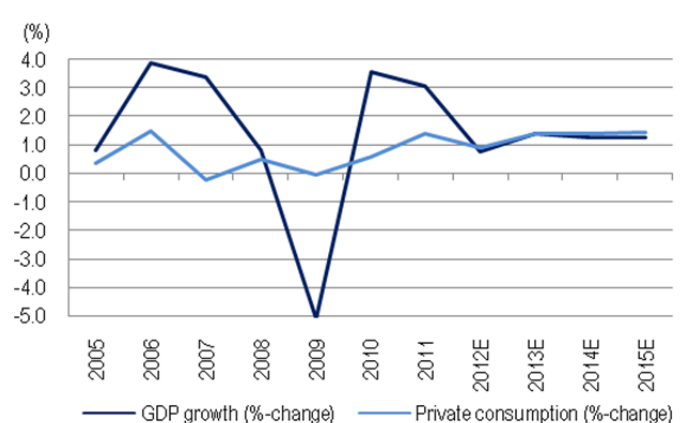
Source: KFBA, LMC Automotive and CGI estimates

Germany – pc market shares (2011)



Source: KFBA and CGI calculations

Germany – real GDP and priv. consumption (2005-15E)



Source: Oxford Economics and CGI estimates

France

-11.4% in August

-13.4% in the YTD

French OEMs continue to underperform sharply

-12.0% in FY12E

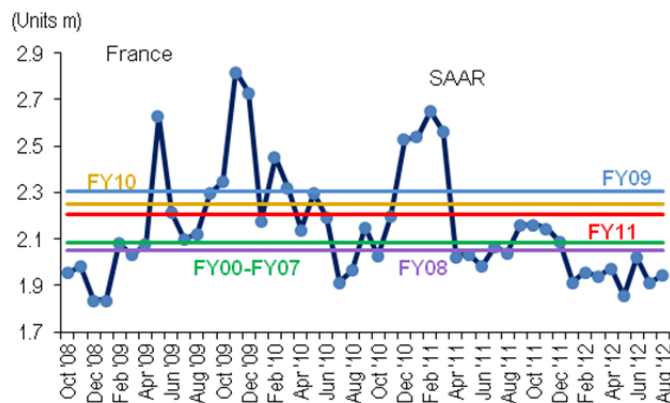
In August, car registrations in France declined 11.4% yoy to 96.1k units, leading to a 13.4% yoy decline to 1.29m units in the YTD. The yoy decline in the YTD was exacerbated by a high base effect in 1Q11, when the market had been boosted by the tail-end of a multi-year scrapping incentive. After having strengthened to just above 2.0m in June, suggesting an end-of-quarter sales push on the part of OEMs and dealers, the SAAR declined again in July, 5.5% mom to 1.91m and increased 1.9% mom to 1.95m in August. July and August confirm that the French car market has remained intrinsically weak and reported a SAAR of 1.94m in the YTD, which is 7.0% below the pre-crisis 2000-07 level of 2.09m.

In the YTD, the French OEMs have sharply underperformed their domestic market and incurred a 19.0% yoy decline to 690k registrations reducing their share to 53.3%. (PSA -19.7% yoy to 396k units or a 30.6% share; Renault (incl. Dacia) -18% to 294k or 22.7%). Kia & Hyundai were the clear winners, increasing their car registrations 29.4% yoy to 39.8k units or 3.1%.

As expected, the French government is not planning to further obstruct PSA's plan to cut up to 10,000 jobs in France and close its Aulnay assembly plant. The report by the government's special advisor came to the conclusion that the restructuring plans are unavoidable in order to alleviate structural weak position.

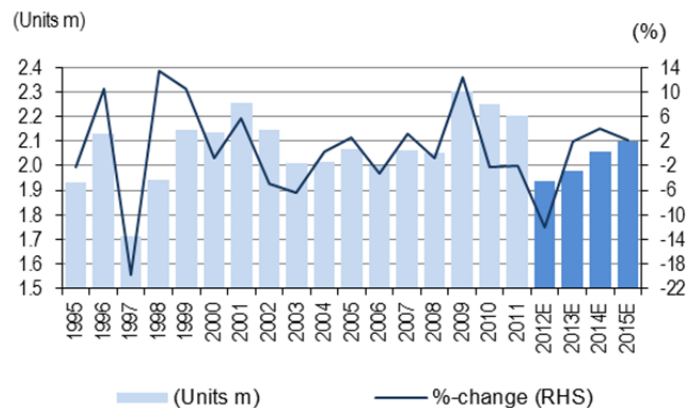
We trimmed our FY12E outlook yet again, by some 20k units to a 12.0% decline to 1.94m units (vs. our previous estimate of an 11% decline to 1.96m); this implies that the market will fail to improve above a SAAR of 1.94m for the remainder of 2012.

France – monthly SAAR¹ vs. trend (Oct'08-Aug'12)



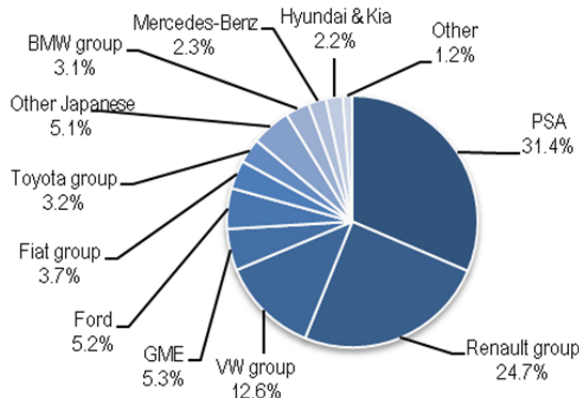
(1) SAAR according to calculations by LMC Automotive. Source: CCFA, LMC Automotive and CGI calculations

France – pc registrations (1995-2015E)



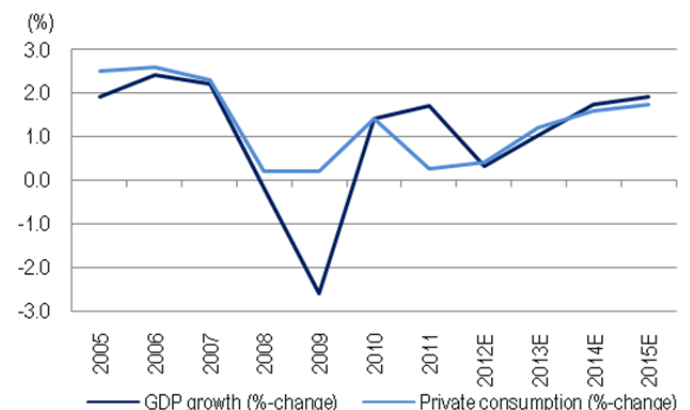
Source: CCFA, LMC Automotive and CGI estimates

France – pc market shares (2011)



Source: CCFA and CGI calculations

France – real GDP and priv. consumption (2005-15E)



Source: Oxford Economics and CGI estimates

Italy

-20.2% in August

-19.9% in the YTD

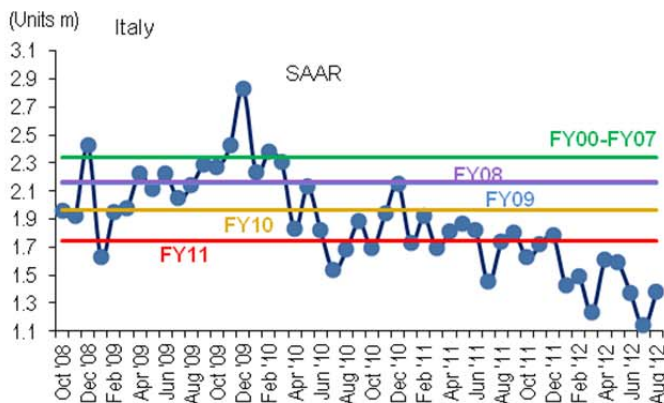
-20.0% in FY12E

In August, Italian car registrations declined 20.2% yoy to 56.4k units; this implies that August 2012 was the ninth successive month with a double-digit yoy decline and that fewer cars were sold than in August 1964. In the YTD, the market was down 19.9% yoy at 0.98m units. However, in August the SAAR recovered slightly to 1.38m units, from an exceedingly week 1.13m in July, yielding a SAAR of 1.40m in the YTD, the latter is some 40% below the 2.34m average achieved in 2000-07. Note that in July, the SAAR was even 8% below March's extremely low SAAR of 1.23m that had been affected by a strike on the part of auto transport truckers.

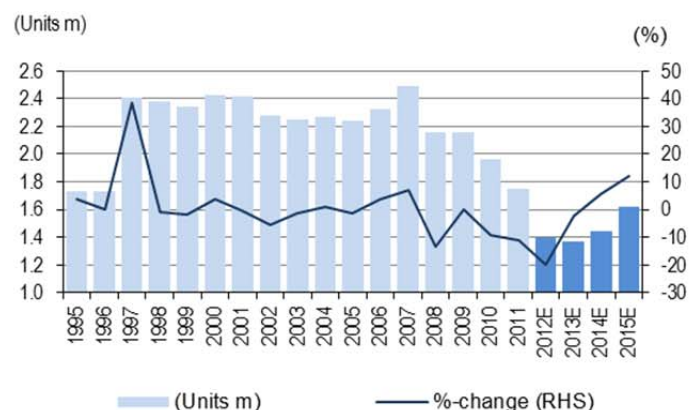
The immediate outlook is getting even worse: 1) During the first 10 days of September, new orders declined 35% yoy, after having declined 22% yoy to 921k during January-August. 2) In August, gasoline and diesel prices jumped another 15% and 17% yoy keeping Italy's fuel prices among the highest within the EU: gasoline currently costs EUR 1.90/litre (USD 9.40 per gallon) and diesel EUR 1.75/litre (USD 8.70 per gallon).

We trimmed our FY12E outlook yet again, by some 40k units to a 20.0% decline to 1.40m units (vs. our previous estimate of an 18% decline to 1.44m), which implies that the SAAR will fail to recover above 1.40m for the remainder of the year and that FY12E represents the lowest level since 1979. With the recession deepening and expected to extend well into next year, we do not expect the car market to find its low point before 2013.

Italy – monthly SAAR¹ vs. trend (Oct'08-Aug'12)

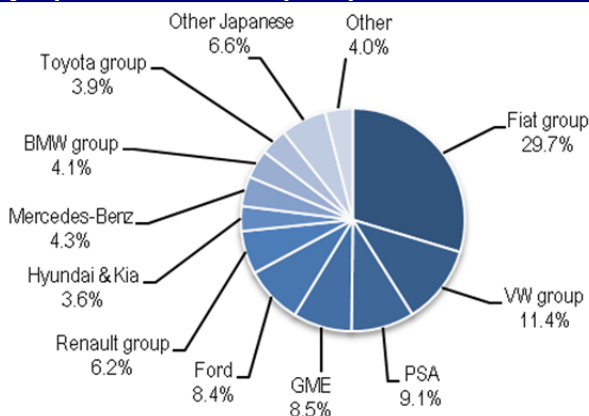


Italy – pc registrations (1995-2015E)



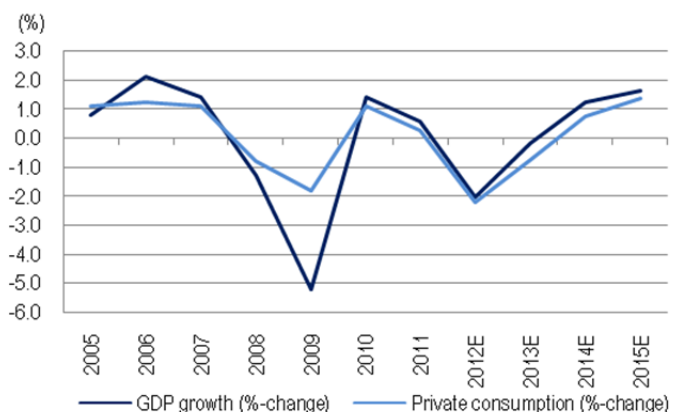
(1) SAAR according to calculations by LMC Automotive. Source: ANFIA, UNRAE, LMC Automotive and CGI calculations

Italy – pc market shares (2011)



Source: Anfia and CGI calculations

Italy – real GDP and priv. consumption (2005-15E)



Source: Oxford Economics and CGI estimates

Spain

+3.4% in August

-8.5% in the YTD

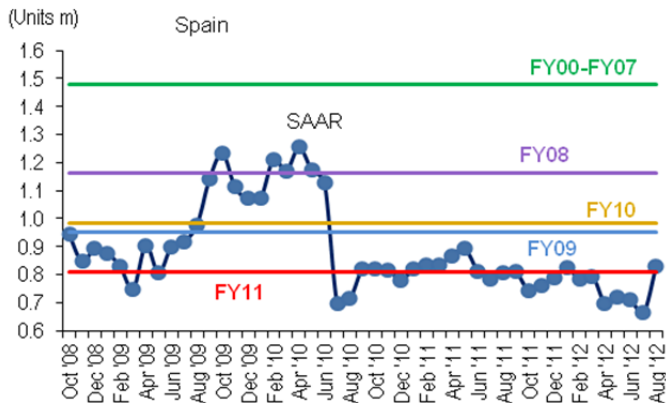
-10.9% in FY12E

In August, there was a 3.4% yoy increase in car registrations to 48.8k units, the first yoy increase in seven months, as customers rushed to complete purchases ahead of an increase in VAT to 21% in September. This marginally reduced the decline in the YTD to -8.5% to 520.5k units, from an already exceedingly weak 2011. The SAAR recovered temporarily, to 0.83m units in August, which is 0.17m or 25.0% higher than July's 0.66m, yielding a SAAR of 0.75m in the YTD. In August, the SAAR was 44% below pre-crisis 2000-07 level of 1.48m units, and 49% in the YTD.

However, according to ANFAC, 10k units or 20% of August sales were brought forward, pointing towards a further deterioration in September and October. Indeed, Ganvam, the association of Spanish car retailers reported that sales fell by almost 30% yoy in the first two weeks of September.

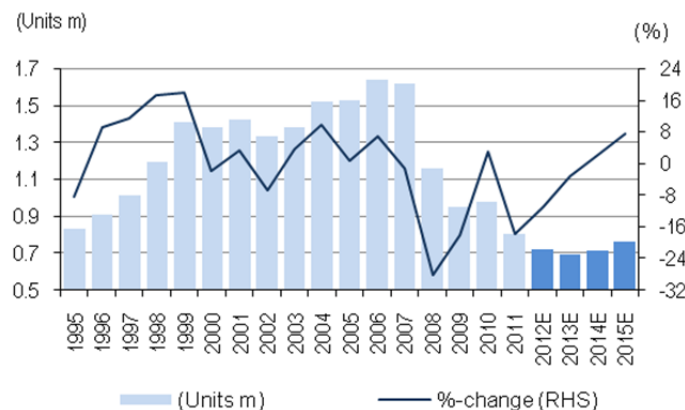
The macroeconomic outlook keeps deteriorating and GDP is unlikely to stabilise before 2014. We confirm our FY12E of a 10.9% decline to 0.72m cars and expect a further 3.3% decline to 0.70m in 2013E.

Spain – monthly SAAR¹ vs. trend (Oct'08-Aug'12)



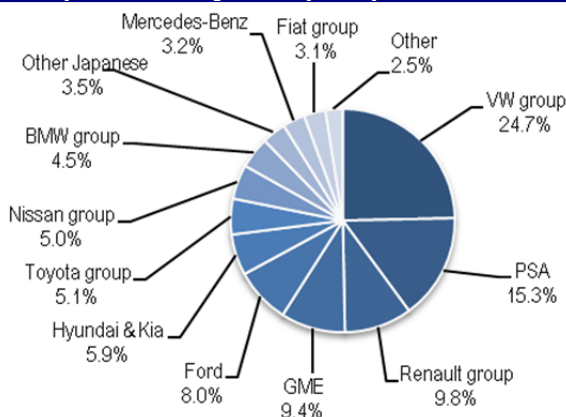
(1) SAAR according to calculations by LMC Automotive. Source: ANFAC, LMC Automotive and CGI calculations

Spain – pc registrations (1995-2015E)



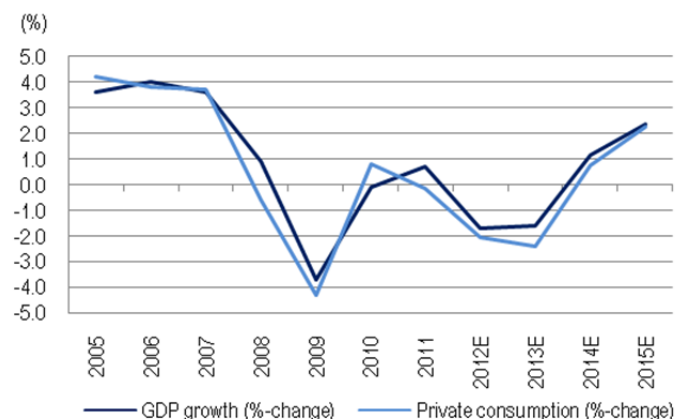
Source: ANFAC, LMC Automotive and CGI estimates

Spain – pc market by OEM (2011)



Source: ANFAC and CGI calculations

Spain – real GDP and priv. consumption (2005-15E)



Source: Oxford Economics and CGI estimates

UK

+0.1% in August

+3.3% in the YTD

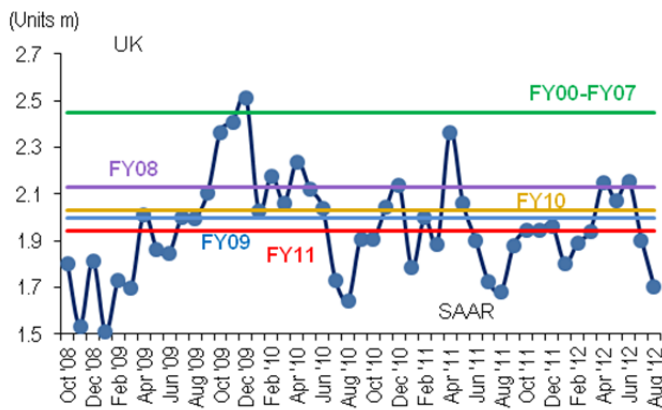
+2.2% in FY12E

In August, UK car registrations were flat (+0.1%) yoy at 59.4k units, after five successive months of yoy increases, leading to a 3.3% yoy increase to 1.26m units in the YTD. Against the background of negative macro-economic news, the UK market has continued to be supported by private demand that was up 12.2% yoy in August and 10.6% yoy in the YTD, accounting for 46.4% and 45.0% of the market respectively.

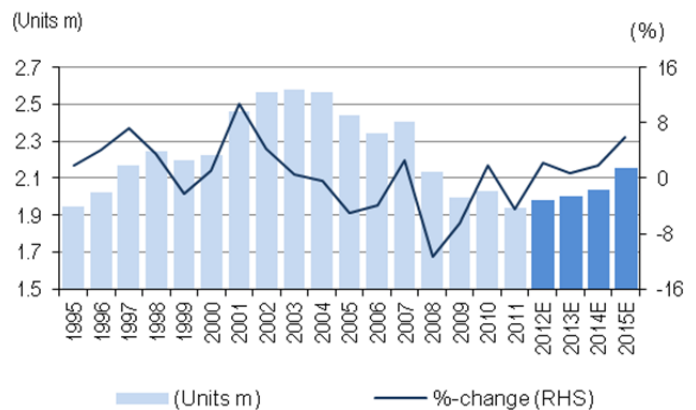
In August, the SAAR continued to weaken, 11.0% mom to 1.70m, resulting in a SAAR of just 1.95m in the YTD. The UK market thus remained 30% and 20% below the long-term pre-crisis average of 2.45m units. However, August traditionally represents the smallest share of the new car market ahead of the introduction of a new registration plate in September.

We confirm our FY12E forecast of a 2.2% increase to 1.98m units which implies that the UK market should hit its lowest level in 15 years and benefit from a marginal recovery in SAAR during the remainder of the year.

UK – monthly SAAR¹ vs. trend (Oct'08-Aug'12)

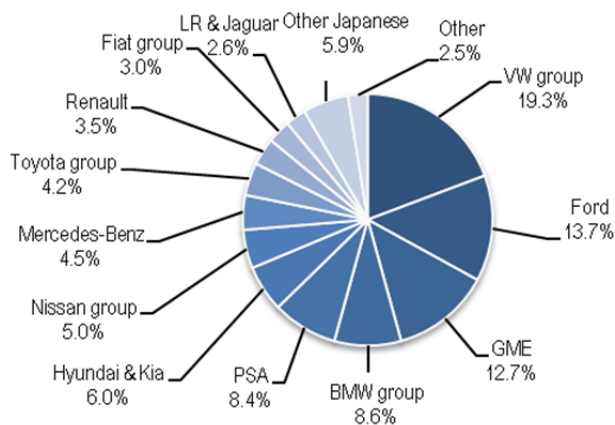


UK – pc registrations (1995-2015E)



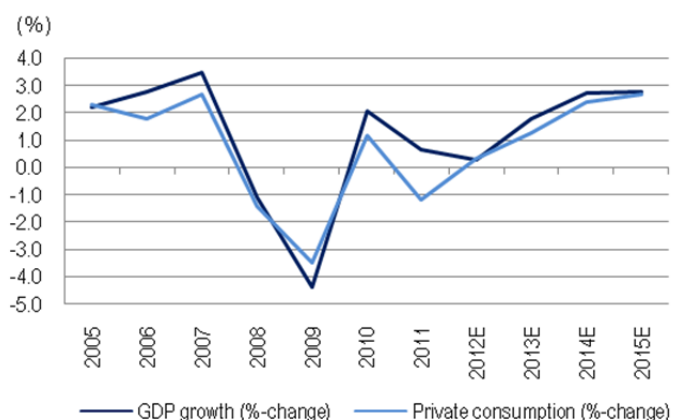
(1) SAAR according to calculations by LMC Automotive. Source: SMMT, LMC Automotive and CGI Source: SMMT, LMC Automotive and CGI estimates calculations

UK – pc market by OEM (2011)



Source: JAMA and CGI calculations

UK – real GDP and priv. consumption (2005-15E)



Source: Oxford Economics and CGI estimates

+15.6% in August

+50% in the YTD

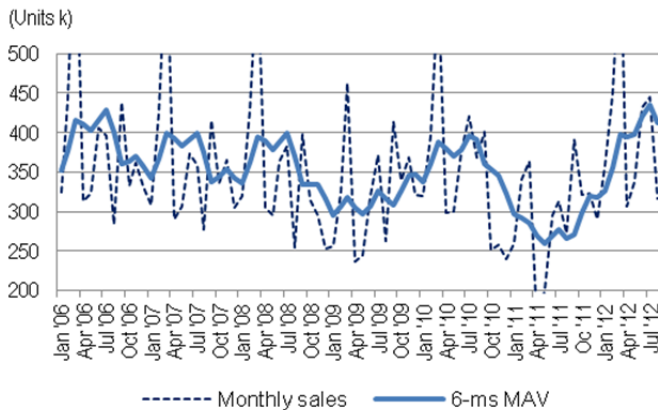
+24% in FY12E

Japan pc market

The Japanese pc and LV markets have been the fastest growing important ones globally. In August and in the YTD, the Japanese passenger car market jumped 15.6% and 50%; including LCVs the LV market was up 12.4% and 46% respectively. The high growth rates represent a recovery from the collapse of sales in 2Q11, following the earthquake and tsunami and have been supported by an eco-car subsidy. According to LMC Automotive the LV SAAR continued to decelerate in August, to 5.38m, from 5.45m in July and a high of 5.90m in May, and amounted to 5.63m in the YTD which is 36% above FY11's 4.15m units.

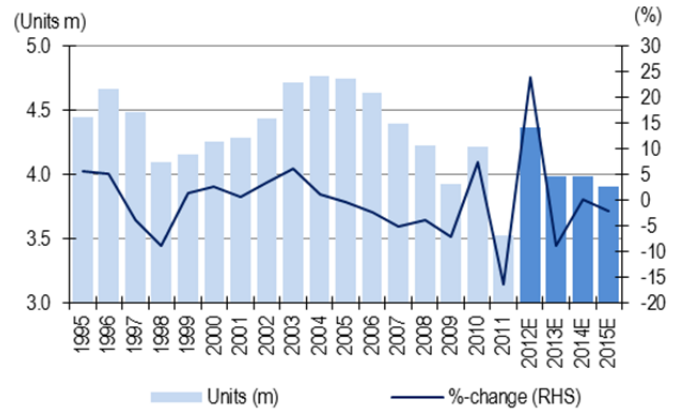
The eco-subsidy worth JPY 300bn is now expected to become fully exhausted during September and we therefore expect that the pay-back will result in a drop in car sales from September 2012 onwards until early 2013. In the FY12E, the Japanese pc market is set to reach some 4.37m units, implying a 24% recovery from last year, topping FY10's result by 3.5% and representing an upgrade from our previous forecast of 4.32m units and a 22% increase.

Japan – monthly pc registrations (Jan'06-Aug'12)



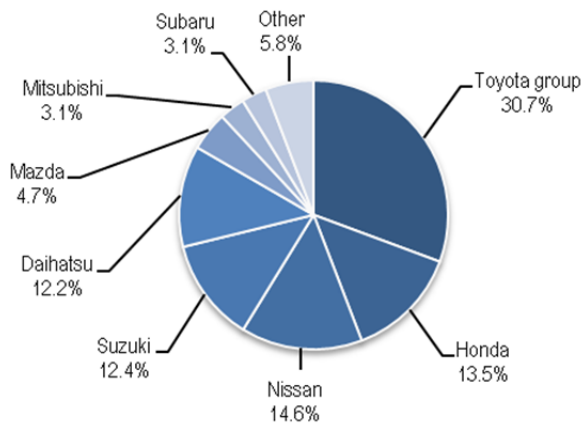
Source: JAMA and CGI calculations

Japan – pc market (1995-2015E)



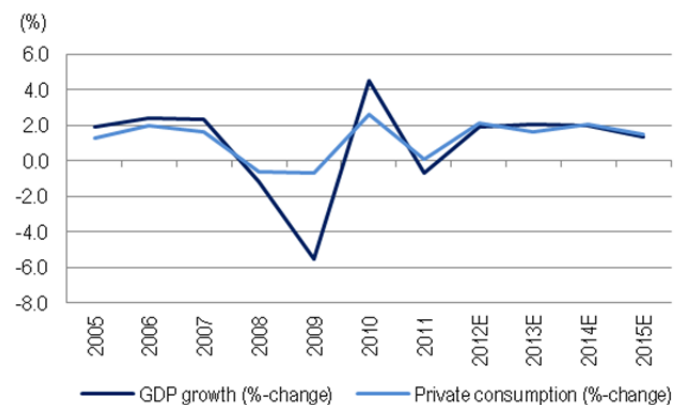
Source: LMC Automotive and CGI estimates

Japan – pc market shares (2011)



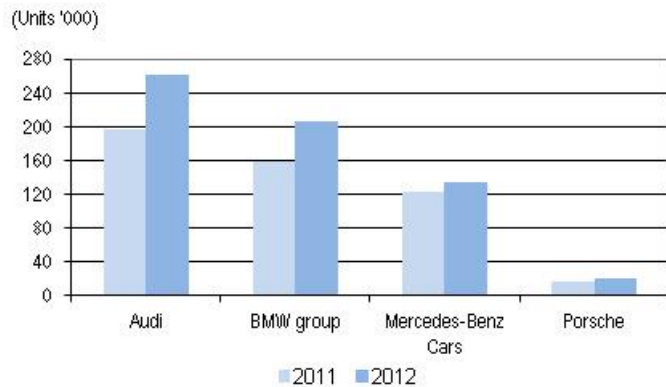
Source: JAMA and CGI calculations

Japan – real GDP and private consumption (2005-15E)



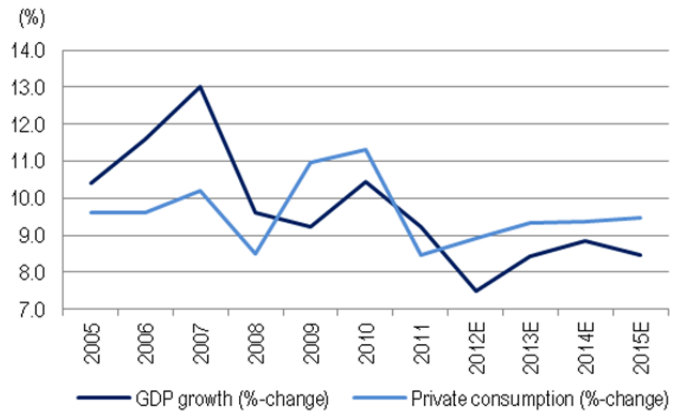
Source: Oxford Economics and CGI estimates

German premium brands (Jan-Aug 2011 & 2012)



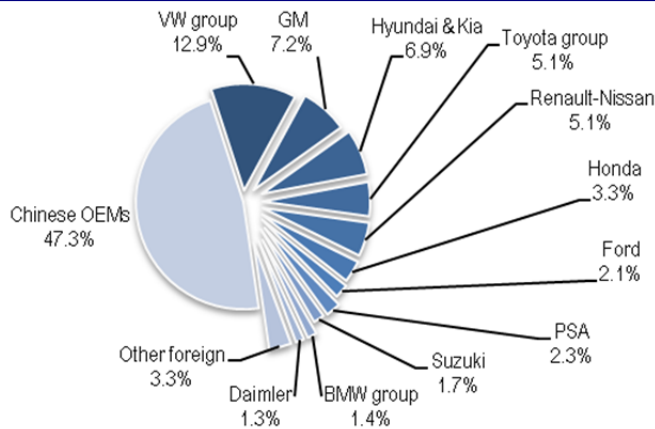
Source: Company data and CGI calculations

China – real GDP and private consumption (2005-15E)



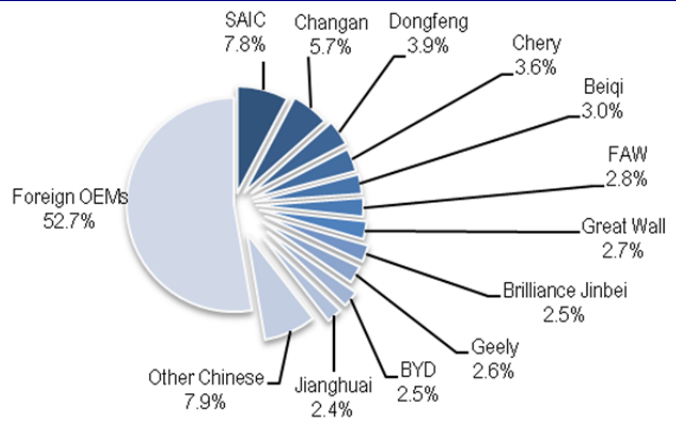
Source: Oxford Economics and CGI estimates

China – LV market by foreign OEM (2011)



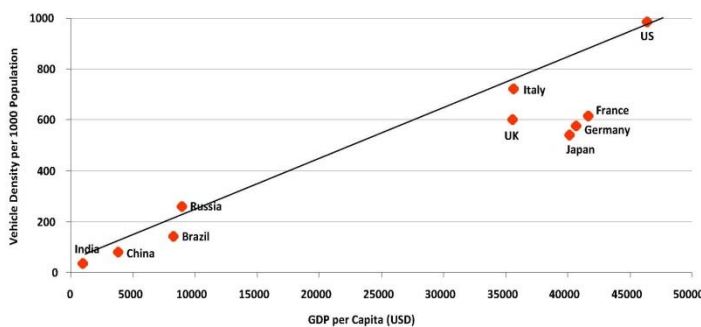
Source: LMC Automotive and CGI calculations

China – LV market by domestic OEM (2011)



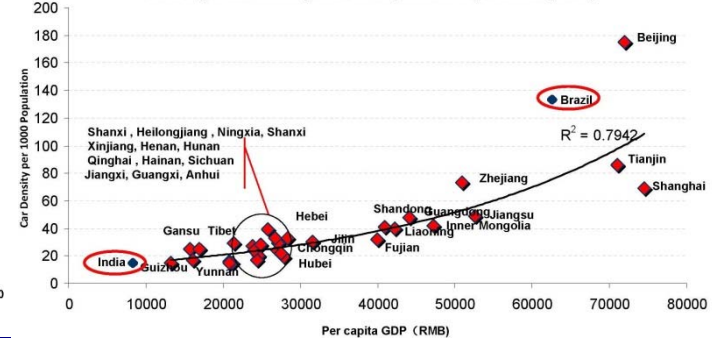
Source: LMC Automotive and CGI calculations

China – vehicle density & GDP per capita (2010)



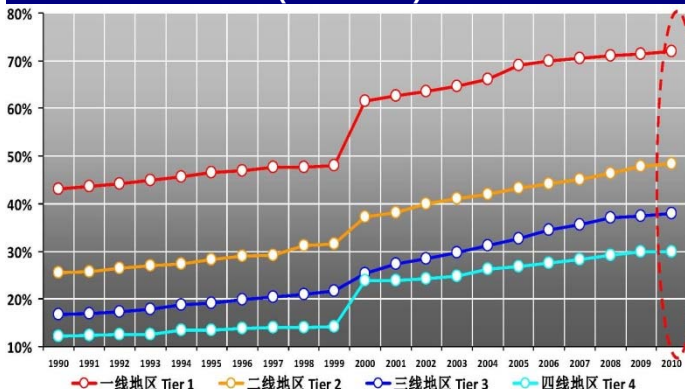
Source: LMC Automotive

China by province – car density & GDP per capita



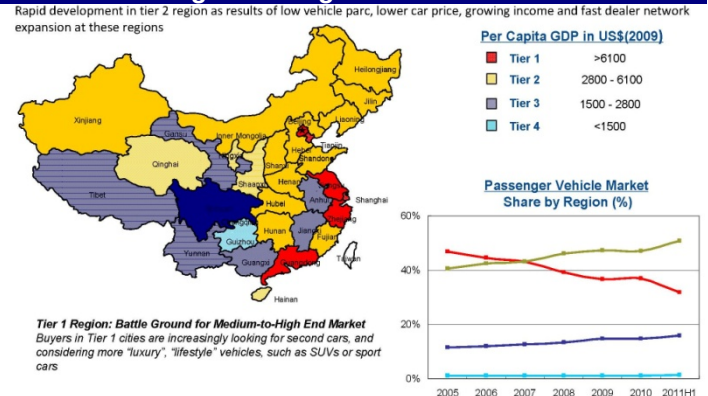
Source: LMC Automotive

China – urbanisation (1990-2010)



Source: LMC Automotive

China – inland growth engine



Source: LMC Automotive

Brazil pc market

+38.3% in August

+8.9% in the YTD

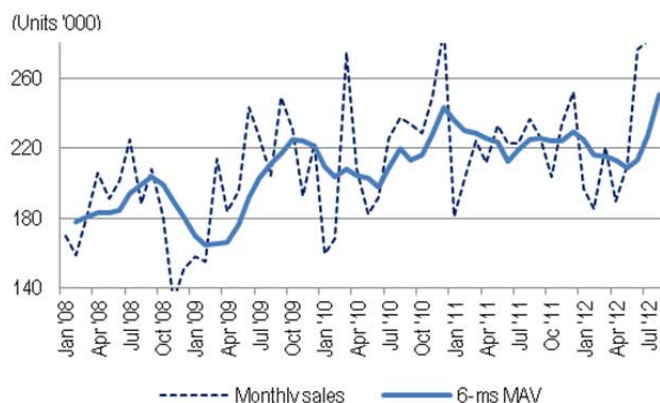
1.2% in FY12E

In August, Brazilian car sales jumped 38.3% yoy to 326.9k units, after increases of 25.2% in June and July, resulting in an 8.9% yoy increase to 1.73m units in the YTD. The mini-boom (yoy growth of 30%) in the past three months was triggered by the introduction of a series of fiscal stimuli, including a temporary IPI tax cut through August 2012 and a permanent reduction of the IOF tax on financial transaction (including auto financing) and was further supported by record-low interest rates.

The government's stimulus was a reaction to the 4.7% fall in car sales in January-May 2012 when a weakening macro-economic environment had been exacerbated by tighter credit and rising credit delinquency.

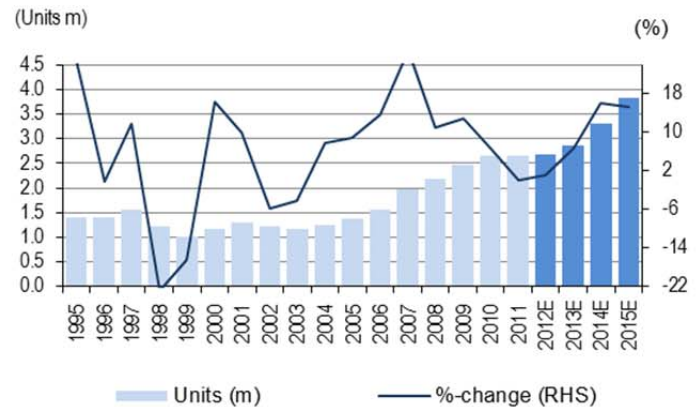
In view of a continuing deterioration of the macro-economic outlook, the government decided to extend the IPI tax reduction for another two months, until the end of October. We therefore upgrade our FY12E forecast by some 30k units, to a 1.2% increase to 2.68m units, compared to our previous forecast of a flat market at 2.64m units. However, any benefits from incentive-driven higher sales in 2012E represent just sales brought forward and should be at the expense of next year's performance.

Brazil – monthly pc registrations (Jan'08-Aug'12)



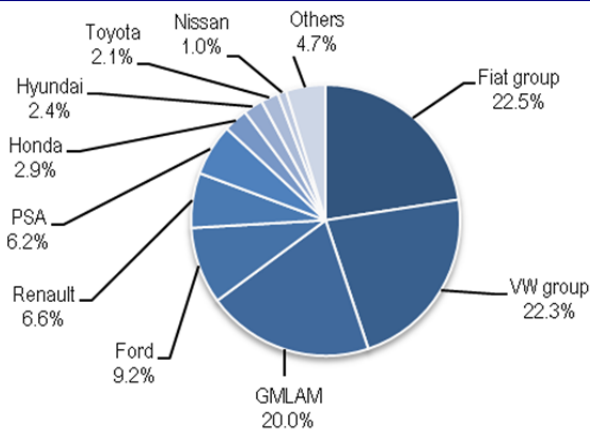
Source: ANFAVEA and CGI calculations

Brazil – pc market (1995-2015E)



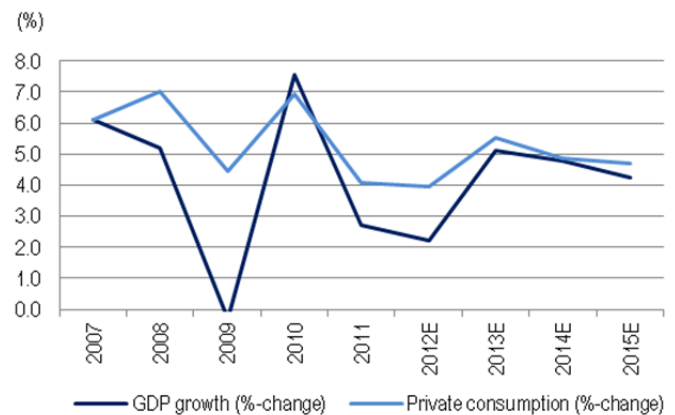
Source: LMC Automotive and CGI estimates

Brazil – pc market shares (2011)



Source: ANFAVEA and CGI calculations

Brazil – real GDP and private consumption (2007-15E)



Source: IMF, Oxford Economics and CGI estimates

+15.1% in August

+14.4% in the YTD

+8.3% in FY12E

Car utilisation tax

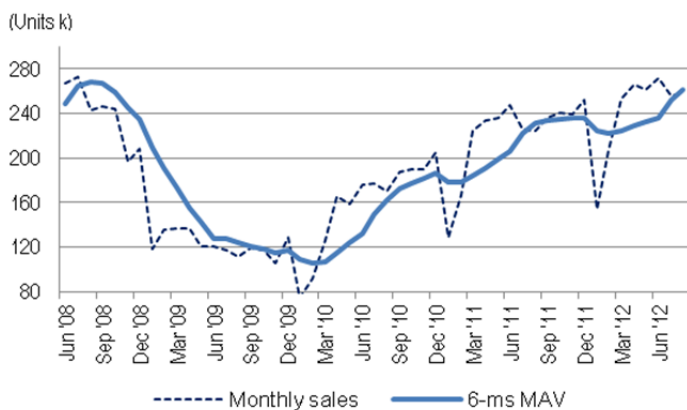
Russia LV market

LV sales increased 15.1% yoy to 258.8k units in August, leading to a 14.4% yoy increase to 1.93m units in the YTD. August was the 27th consecutive month with yoy growth and the best August result ever, despite a recent increase in inflation and household utility costs, and a widespread (though wrong) expectation among consumers that prices of imported cars would drop following Russia's WTO entry in August. Nevertheless, foreign OEMs and import brands, including Chinese ones have remained the best performers.

Although having slowed down during 2012, the Russian market has managed to avoid a post incentive dip because of fiscal stimulus ahead of the presidential elections in March with large pay increases for public sector workers. Additionally, consumer purchasing power was further boosted by an artificially strong fall in inflation as price hikes for regulated utility prices were postponed by six months to July. In FY11 scrapping incentives and subsidised loans resulted in a 39% jump to 2.64m units and benefitted domestic OEMs in particular. We confirm our FY12E forecast of an 8.3% increase to 2.87m units which implies a further weakening in car sales for the rest of the year as the positive impact of the election stimulus fades.

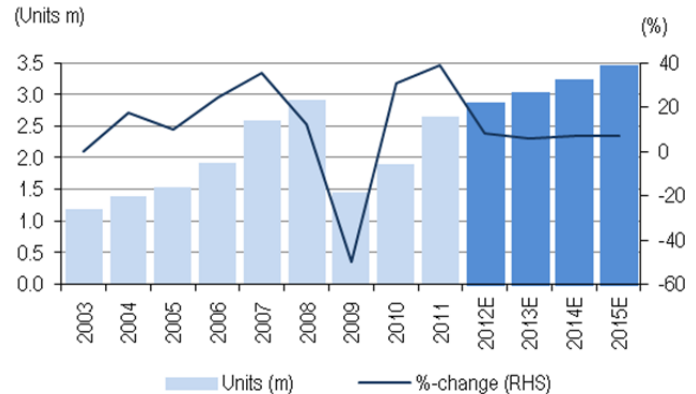
As expected and in order to protect the local OEMs Vladimir Putin signed off a law to introduce a car utilisation tax, subjecting from September 1st all passenger cars sold in Russia to a new levy, with rates ranging from RUB 20k to RUB 45k, depending on the properties of the vehicle that could affect its disposal costs. We understand that there is some provision for several exceptions in the law that effectively benefit domestic OEMs and those foreign OEMs with local production.

Russia – monthly LV sales¹ (Jun'08-Aug'12)



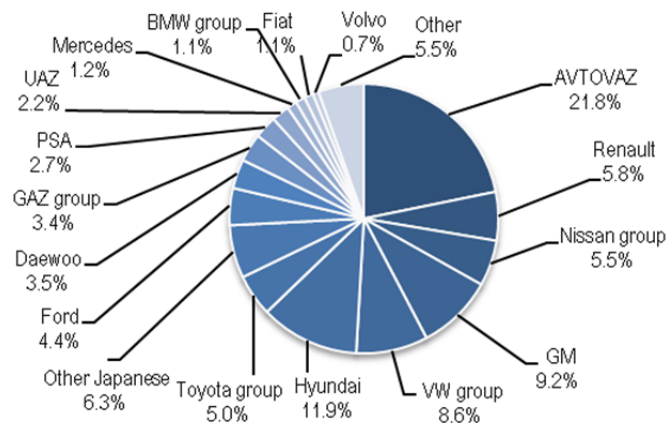
(1) LV sales = passenger cars and LCV. Source: AEB and CGI calculations

Russia – LV sales (2003-15E)



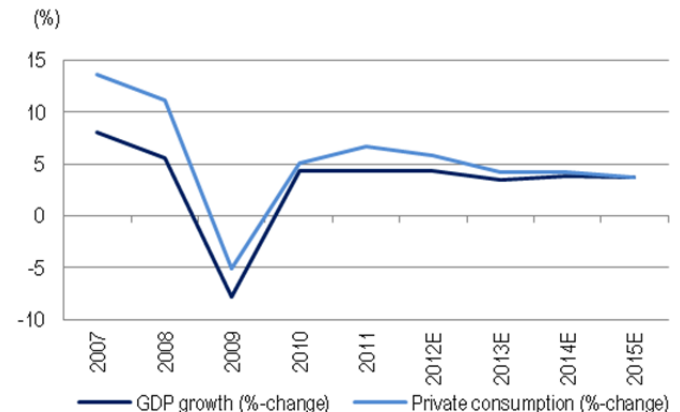
Source: LMC Automotive and CGI estimates

Russia – LV market shares (2011)



Source: JDAF and CGI estimates

Russia – real GDP and private consumption (2007-15E)

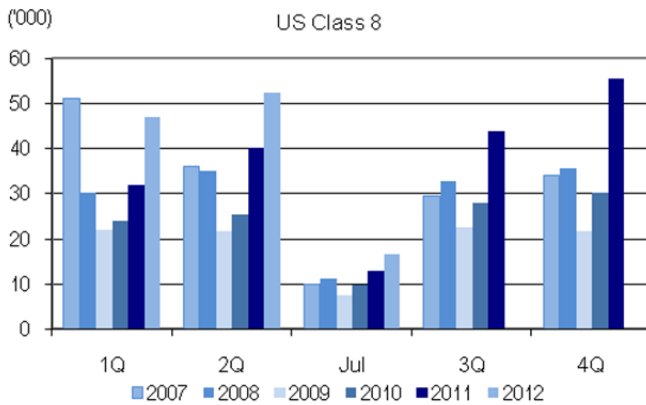


Source: Oxford Economics and CGI estimates

Demand trend for trucks

US

US – Class 8 sales

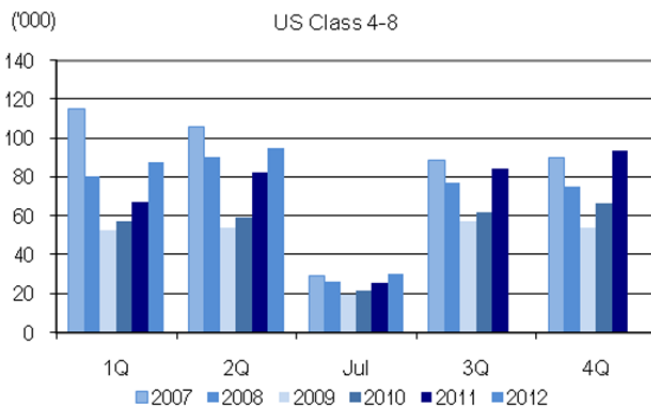


Source: Automotive News Data Center, CGI calculations

	1Q	2Q	July	3Q	4Q	FY
Units						
2007	51,116	36,159	10,084	29,578	34,112	150,965
2008	30,248	35,020	11,174	32,787	35,418	133,473
2009	21,832	21,625	7,503	22,423	21,625	94,798
2010	23,839	25,418	9,589	27,825	30,070	107,152
2011	31,978	40,110	12,885	43,907	55,430	171,425
2012	46,845	52,401	16,421	-	-	-
% change						
2008 yoy	-40.8	-3.1	10.8	10.8	3.8	-11.6
2009 yoy	-27.8	-38.2	-32.9	-31.6	-38.9	-29.0
2010 yoy	9.2	17.5	27.8	24.1	39.1	13.0
2011 yoy	34.1	57.8	34.4	57.8	84.3	60.0
2012 yoy	46.5	30.6	27.4	-	-	-
2011 vs. 2007	-37.4	10.9	27.8	48.4	62.5	13.6
2012 vs. 2007	-8.4	44.9	62.8	-	-	-

Source: Automotive News Data Center, CGI calculations

US – Class 4-8 sales

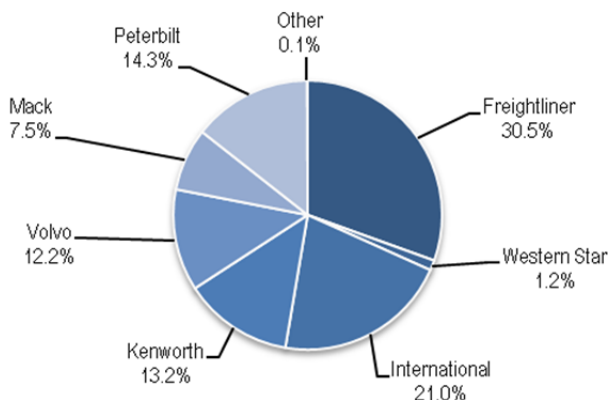


Source: Automotive News Data Center, CGI calculations

	1Q	2Q	July	3Q	4Q	FY
Units						
2007	115,069	105,357	28,966	88,482	89,533	398,441
2008	80,363	90,563	26,709	77,083	75,387	323,396
2009	53,023	54,423	19,585	57,666	54,423	227,726
2010	57,781	59,533	21,493	62,231	66,399	245,944
2011	67,399	82,416	25,682	84,409	93,768	327,992
2012	87,763	94,962	30,394	-	-	-
% change						
2008 yoy	-30.2	-14.0	-7.8	-12.9	-15.8	-18.8
2009 yoy	-34.0	-39.9	-26.7	-25.2	-27.8	-29.6
2010 yoy	9.0	9.4	9.7	7.9	22.0	8.0
2011 yoy	16.6	38.4	19.5	35.6	41.2	33.4
2012 yoy	30.2	15.2	18.3	-	-	-
2011 vs. 2007	-41.4	-21.8	-11.3	-4.6	4.7	-17.7
2012 vs. 2007	-23.7	-9.9	4.9	-	-	-

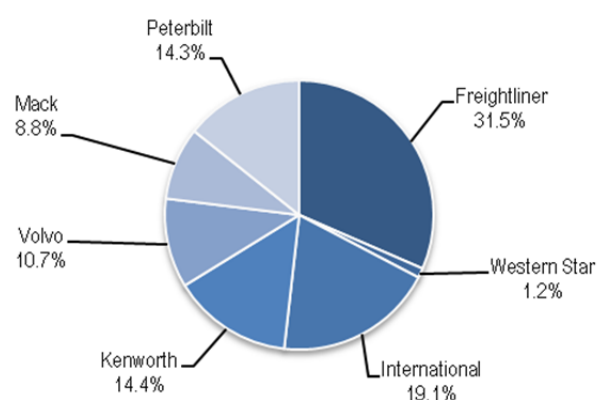
Source: Automotive News Data Center, CGI calculations

US – Class 8 sales by manufacturer (FY11)



Source: Automotive News Data Center, CGI calculations

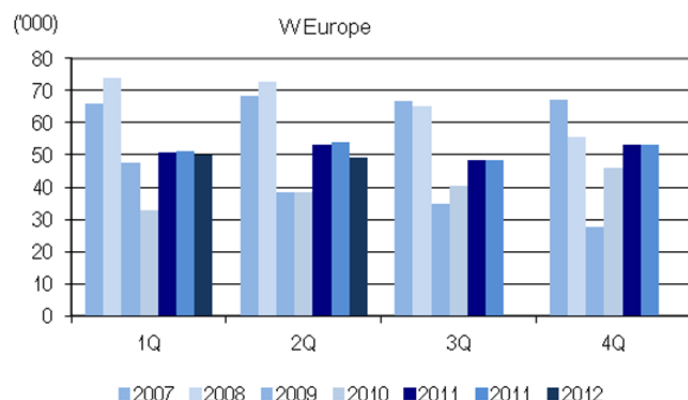
US – Class 8 sales by manufacturer (Jan-Jul'12)



Source: Automotive News Data Center, CGI calculations

Europe

W Europe – truck registrations (>=16t)

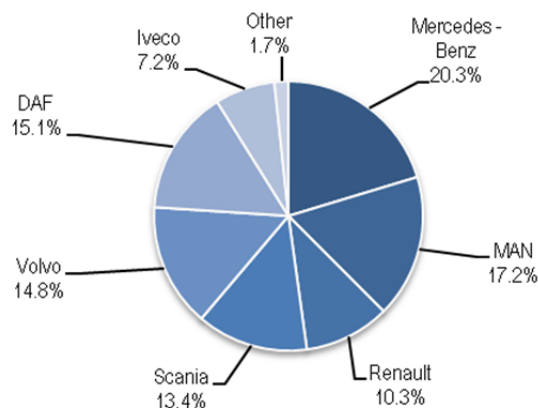


Source: ACEA, CGI calculations

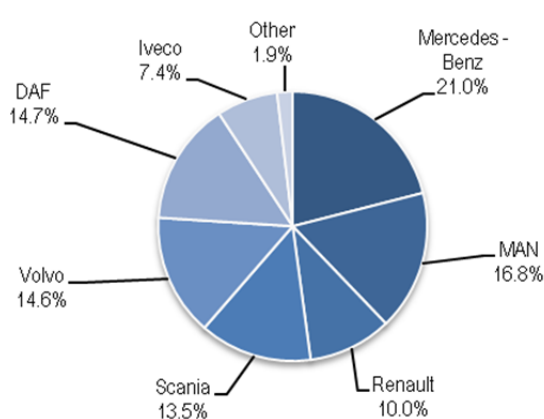
	1Q	2Q	3Q	4Q	FY
Units					
2007	66,041	68,376	66,704	67,127	268,248
2008	73,909	72,878	65,298	55,590	267,675
2009	47,599	38,466	34,862	27,669	148,596
2010	32,828	38,461	40,483	46,174	157,946
2011	50,998	53,938	48,355	53,358	206,043
2012	49,890	49,066	-	-	-
% change					
2008 yoy	11.9	6.6	-2.1	-17.2	-0.2
2009 yoy	-35.6	-47.2	-46.6	-50.2	-44.5
2010 yoy	-31.0	0.0	16.1	66.9	6.3
2011 yoy	55.3	40.2	19.4	15.6	30.5
2012 yoy	-2.2	-9.0	-	-	-
2011 vs. 2008	-31.0	-26.0	-25.9	-4.0	-23.0
2012 vs. 2008	-32.5	-32.7	-	-	-

Source: ACEA, CGI calculations

W Europe – truck registrations by manufacturer (FY11) W Europe – by manufacturer (Jan-Jun'12)

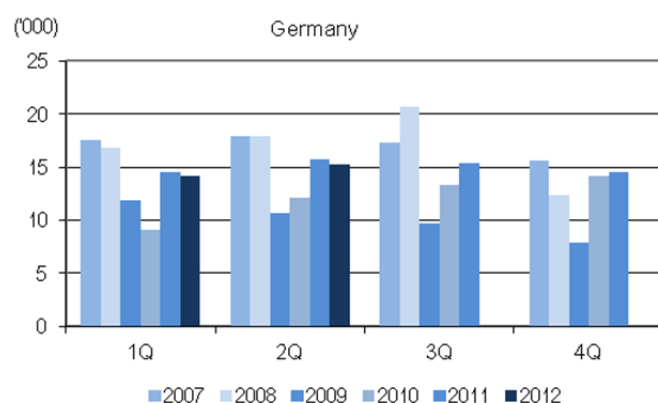


Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations



Source: Association Auxiliaire de l'Automobile, ACEA, CGI calculations

Germany – truck registrations (>=16t)

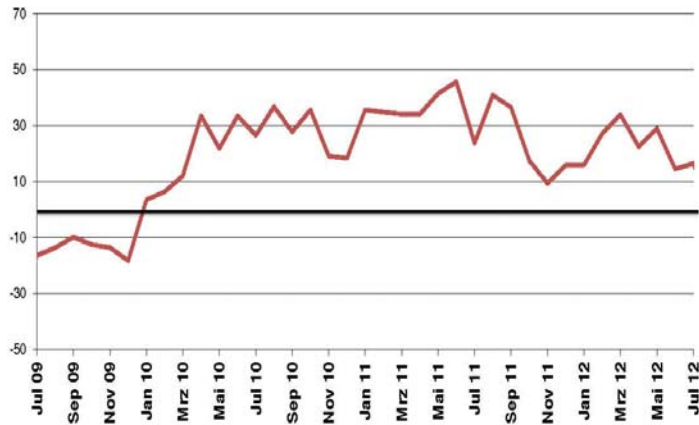


Source: ACEA, CGI calculations

	1Q	2Q	3Q	4Q	FY
Units					
2007	17,535	17,936	17,379	15,570	68,420
2008	16,791	17,901	20,707	12,349	67,748
2009	11,878	10,653	9,725	7,943	40,199
2010	9,145	12,064	13,388	14,220	48,817
2011	14,577	15,718	15,358	14,560	60,213
2012	14,148	15,226	-	-	-
% change					
2008 yoy	-4.2	-0.2	19.1	-20.7	-1.0
2009 yoy	-29.3	-40.5	-53.0	-35.7	-40.7
2010 yoy	-23.0	13.2	37.7	79.0	21.4
2011 yoy	59.4	30.3	14.7	2.4	23.3
2012 yoy	-2.9	-3.1	-	-	-
2011 vs. 2008	-13.2	-12.2	-25.8	17.9	-11.1
2012 vs. 2008	-15.7	-14.9	-	-	-

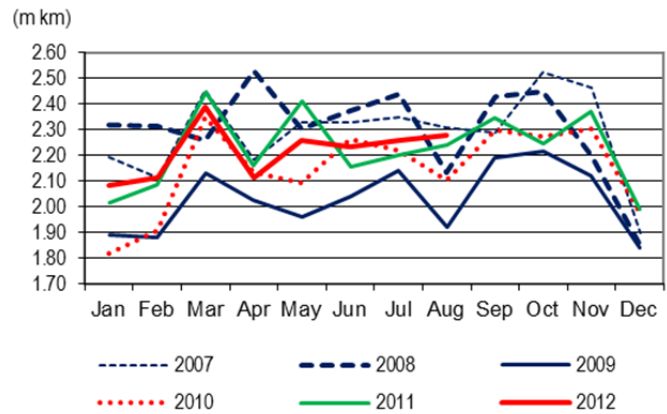
Source: ACEA, CGI calculations

SCI Logistics Barometer (Germany) (Jul'09-Jul'12)

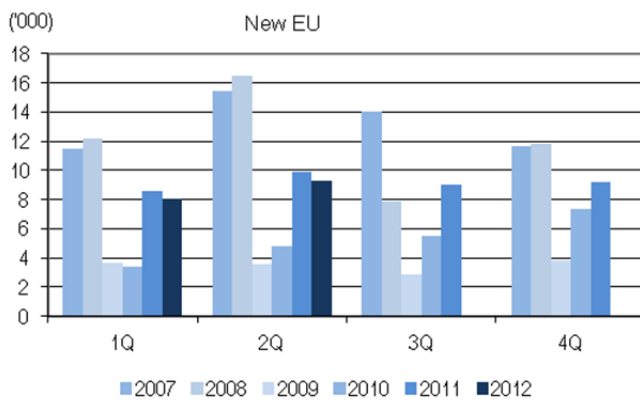


Business confidence indicator – transport and logistics industries in Germany. Source: www.sci.de

Toll Collect – Driven kms on German motorways



Source: Bundesamt für Güterverkehr

New EU¹ – truck registrations (>=16t)

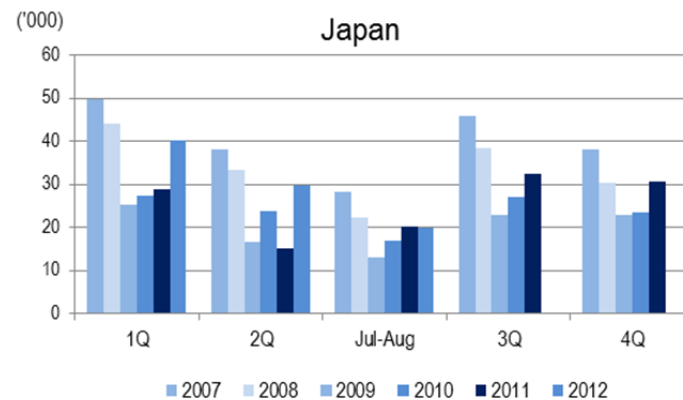
(1) New EU, mostly Central Europe and Baltic countries. Source: ACEA, CGI calculations

	1Q	2Q	3Q	4Q	FY
Units					
2007	11,490	15,451	13,999	11,679	52,619
2008	12,220	16,475	7,851	11,809	48,355
2009	3,647	3,546	2,872	3,843	13,908
2010	3,384	4,779	5,509	7,351	21,023
2011	8,594	9,912	9,008	9,207	37,043
2012	8,040	9,322	-	-	-
% change					
2008 yoy	6.4	6.6	-43.9	1.1	-8.1
2009 yoy	-70.2	-78.5	-63.4	-67.5	-71.2
2010 yoy	-7.2	34.8	91.8	91.3	51.2
2011 yoy	154.0	107.4	63.5	25.2	76.2
2012 yoy	-6.4	-6.0	-	-	-
2011 vs. 2008	-29.7	-39.8	-29.8	-37.8	-56.5
2012 vs. 2008	-34.2	-43.4	-	-	-

Source: ACEA, CGI calculations

Japan

Japan – medium & heavy truck market (>3.5t)



Source: JAMA, CGI calculations

	1Q	2Q	Jul-Aug	3Q	4Q	FY
Units						
2007	49,842	38,122	28,222	45,883	38,151	171,998
2008	44,262	33,372	22,227	38,587	30,469	146,690
2009	25,236	16,686	12,954	22,932	22,838	87,692
2010	27,512	23,701	16,822	27,029	23,455	101,697
2011	28,993	15,094	20,350	32,598	30,605	107,290
2012	40,273	29,714	19,791	-	-	-
% change						
2008 yoy	-11.2	-12.5	-21.2	-15.9	-20.1	-14.7
2009 yoy	-43.0	-50.0	-41.7	-40.6	-25.0	-40.2
2010 yoy	9.0	42.0	29.9	17.9	2.7	16.0
2011 yoy	5.4	-36.3	21.0	20.6	30.5	5.5
2012 yoy	38.9	96.9	-2.7	-	-	-
2011 vs. 2008	-34.5	-54.8	-8.4	-15.5	0.4	-26.9
2012 vs. 2008	-9.0	-11.0	-11.0	-	-	-

Source: JAMA, CGI calculations

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