

EGYPTIAN AUTOMOTIVE MARKET

JANUARY 2009 REPORT



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1. PREFACE

The methodology, used in this report is mainly relying on the following steps:

- **Gathering primary and secondary data** from AMIC Egypt members.
- **Validating missing data and cross checking of data** from different sources including Customs, JAMA, Ministry of Interior, etc..
- **Processing, Analyzing and presenting data** in a useful way to AMIC Egypt members.
- **Gathering Macro Economic and Automotive industry** news from: Newspapers and Magazines, Internet, published material, etc... **and presenting** them in a simple way.

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- **Human Resources – Specifically in Learning Organizations,**
- **Six Sigma Methodology - Manufacturing.**
- **SME Upgrading and Training - World bank / Business Edge Partner**
- **On the Job Coaching.**

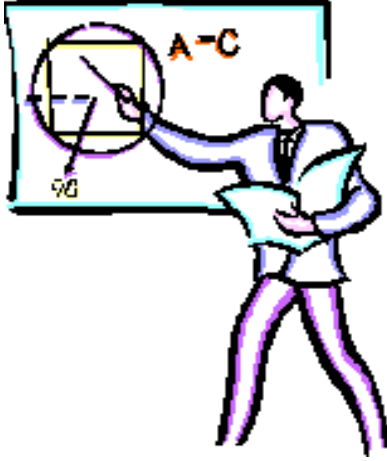
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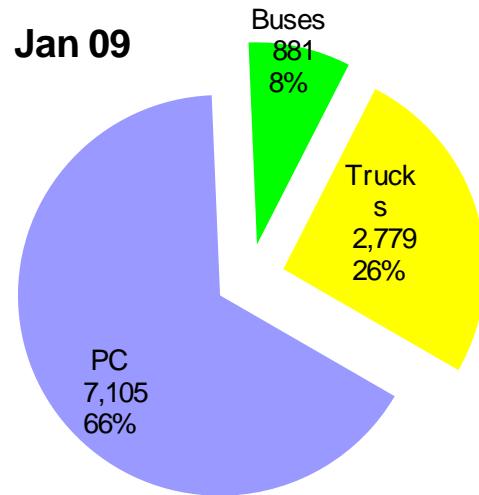
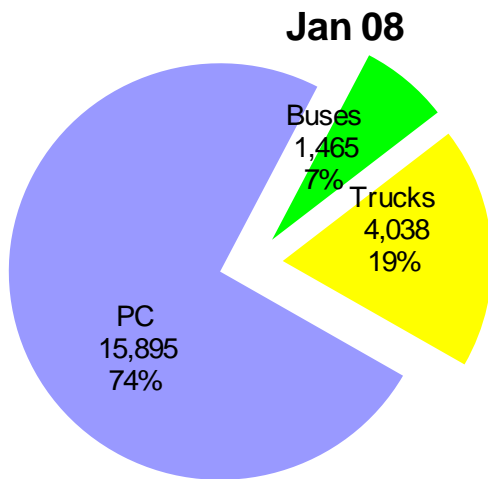
22 RASHID ST. OFF EL OROUBA ST. 1ST FLOOR, SUITE # 6,
11341 HELIOPOLIS, CAIRO, EGYPT.
MOBILE: + (2010) 19 757 11
TEL. /FAX: + (202) 2690 1472 / + (202) 2690 1476 / + (202) 258 4015
Email: IMC-Egypt@link.net

2. LOCAL INDUSTRY ANALYSIS



2.1. TOTAL AUTOMOTIVE MARKET

Total Market split January 08 – January 09 in volume



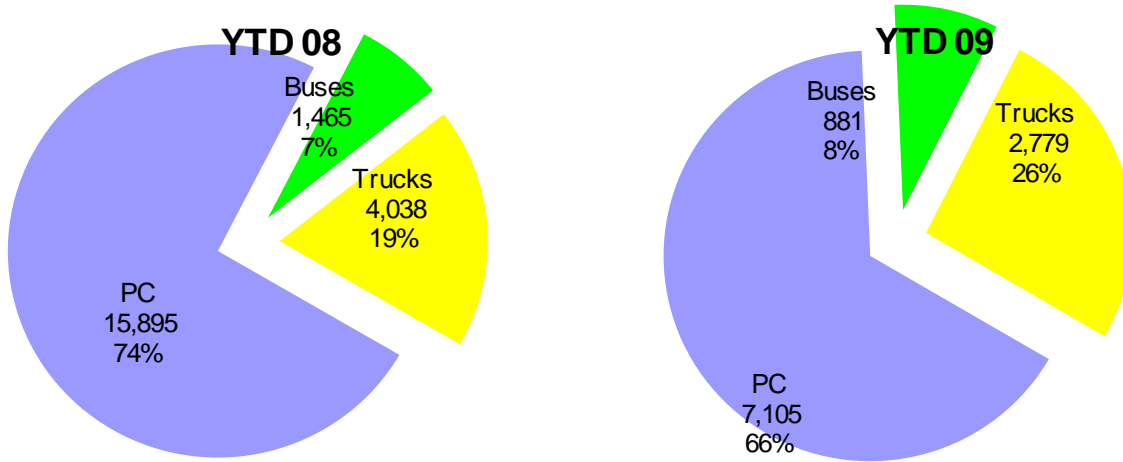
Passenger Cars	15,895
Buses	1,465
Trucks	4,038
Total Market Volume	21,398

Passenger Cars	7,105
Buses	881
Trucks	2,779
Total Market Volume	10,765

Total Market volume for the month of January 2009 was lower than January 2008 sales **by -49.7% from 21,398 to 10,765 units.**

The Passenger cars segment had a volume decrease of **-55.3%** in units, when comparing January 09 to January 08; the Buses segment had a volume decrease of **-39.9%**, and the Trucks segment had a volume decrease of **-31.2%**.

Total Market split YTD 08 – YTD 09 in volume

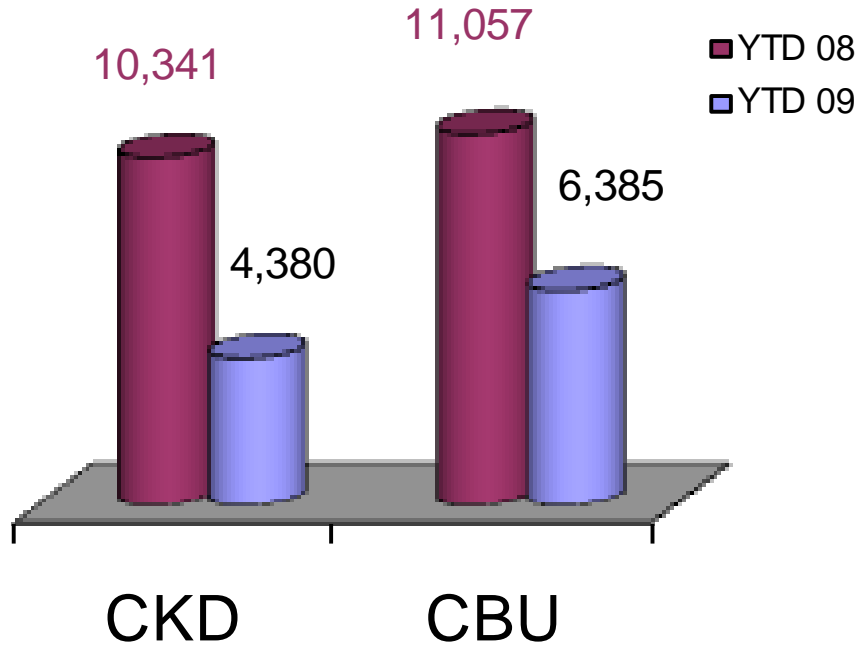


Passenger Cars	15,895	-55%	Passenger Cars	7,105
Buses	1,465	-40%	Buses	881
Trucks	4,038	-31%	Trucks	2,779
Total Market Volume	21,398	-50%	Total Market Volume	10,765

Total Market volume for the YTD 2009 was lower than YTD 2008 sales by **-50%** from **21,398** to **10,765** units.

The Passenger cars segment had a volume decrease of almost **-55%** in units, when comparing YTD 09 to YTD 08; **the Buses segment** had a volume decrease of **-40%**, and **the Trucks segment** had a volume decrease of **-31%**.

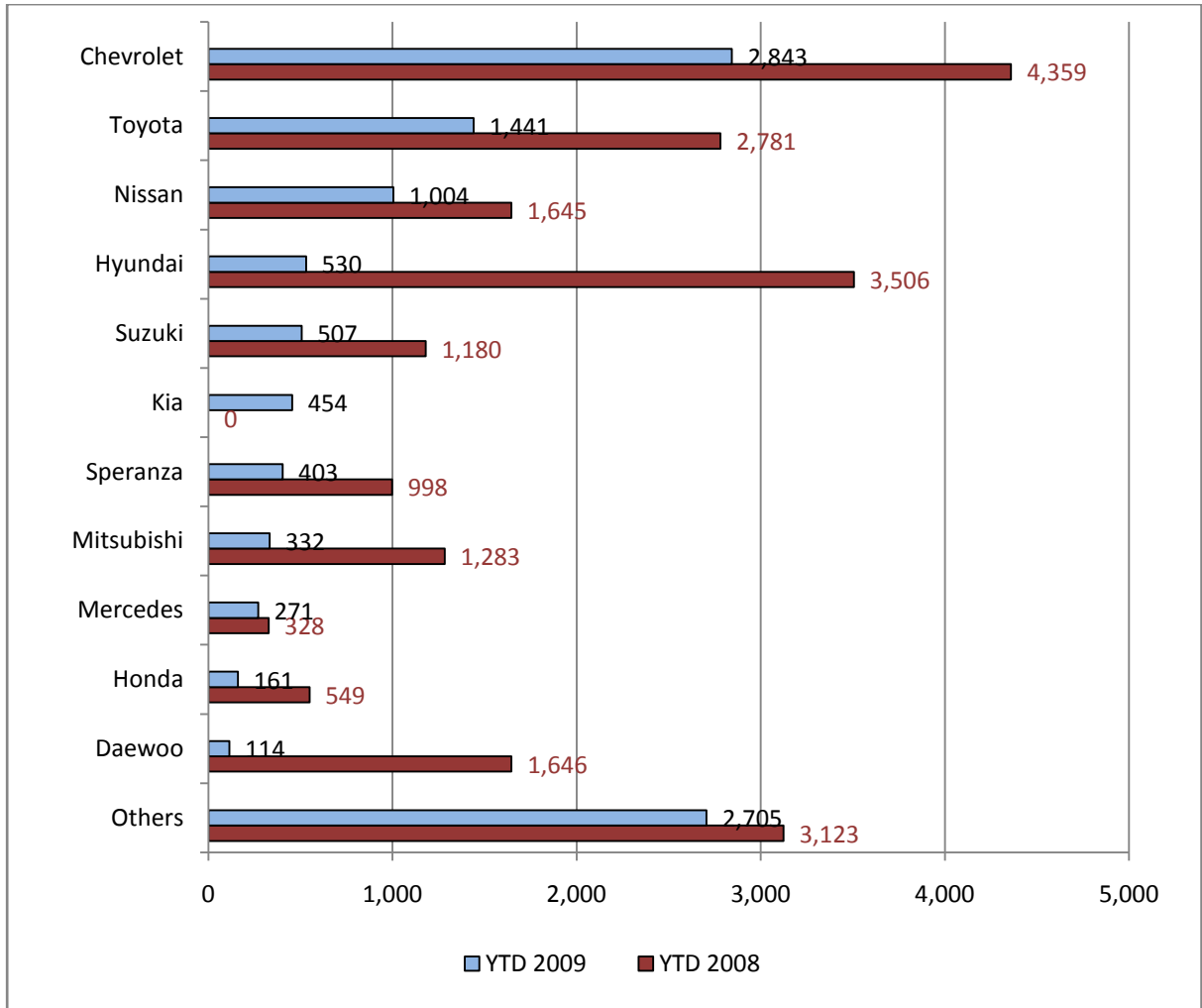
Total Market YTD 2008 – YTD 2009 by Origin in volume



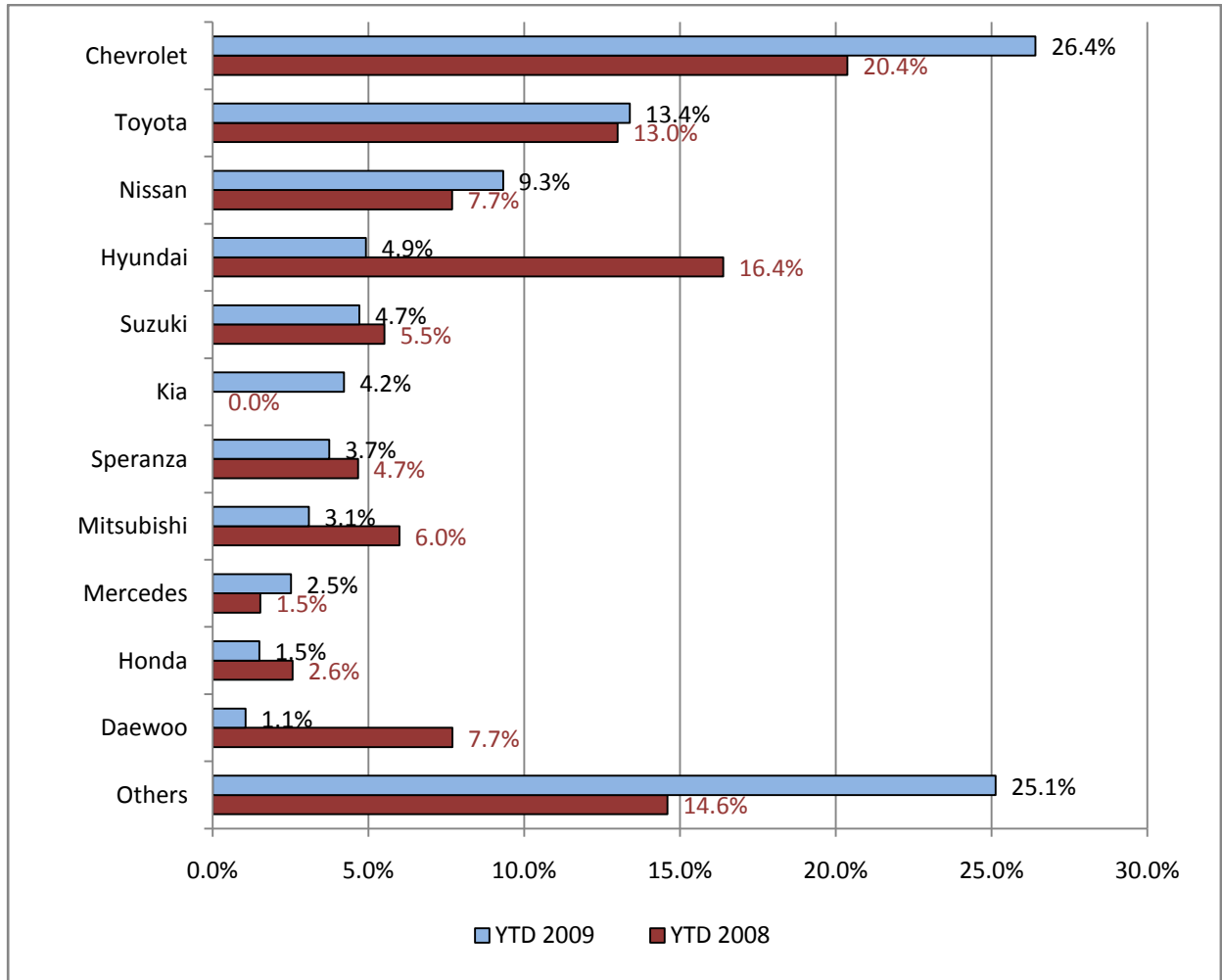
CKD sales for Year 2009 are lower than Year 2008 by -57.6% when comparing YTD 2009 to 2008 results.

From another side, **CBU YTD 2009 sales are lower by -42.3% than 2008.**

Total Market by Brand YTD 2008 – YTD 2009 in volume



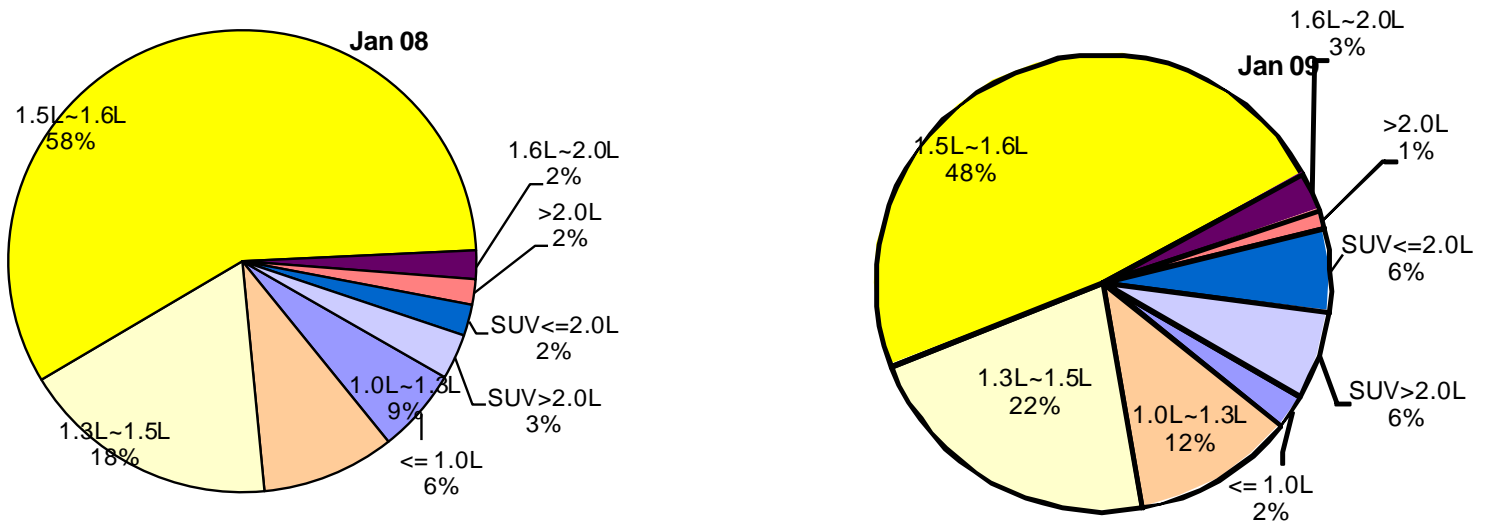
Total Market by Brand YTD 2008 – YTD 2009 in market share



2.2 PASSENGER CARS



PC Market split January 2008 – January 2009 in volume

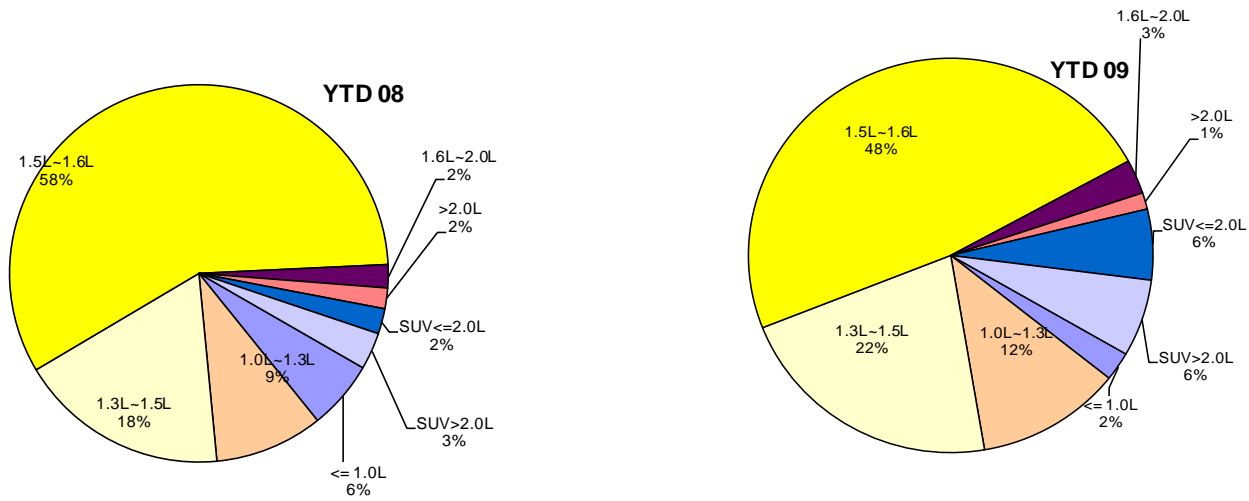


<= 1.0 L	937
1.0L ~ 1.3 L	1,471
1.3L ~ 1.5 L	2,858
1.5L ~ 1.6 L	9,185
1.6L ~ 2.0 L	316
> 2.0 L	282
SUV<=2.0 L	345
SUV > 2.0 L	501
PC Volume	15,895

<= 1.0 L	168
1.0L ~ 1.3 L	826
1.3L ~ 1.5 L	1,542
1.5L ~ 1.6 L	3,413
1.6L ~ 2.0 L	199
> 2.0 L	96
SUV<=2.0 L	412
SUV > 2.0 L	449
PC Volume	7,105

For the month of January, the overall total PC market dropped by -55.3% from 15,895 to 7,105 units.

PC Market split YTD 2008 – YTD 2009 in volume

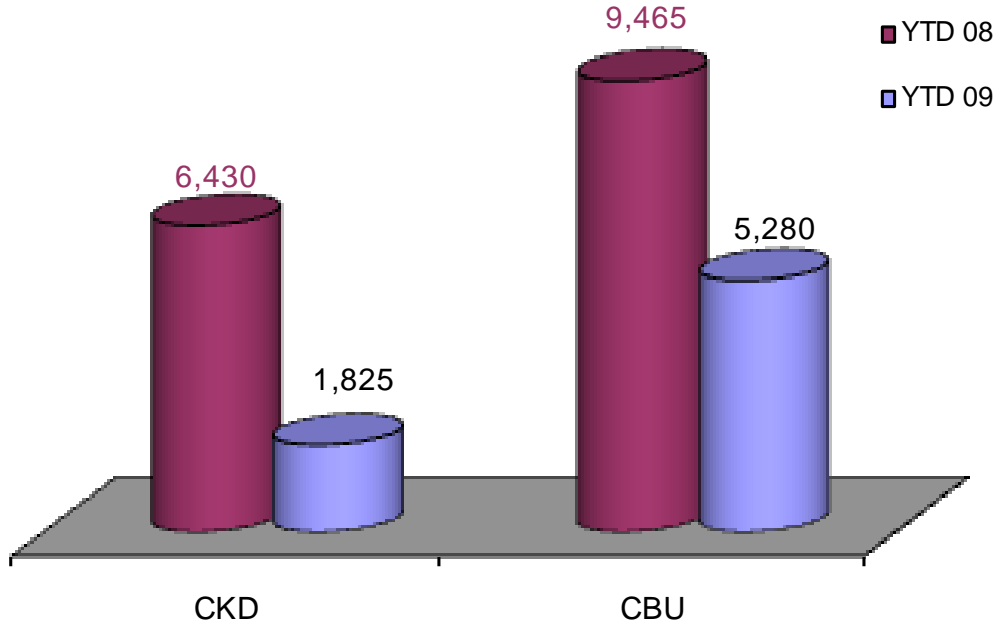


<= 1.0 L	937	-82%	<= 1.0 L	168
1.0L ~ 1.3 L	1,471	-44%	1.0L ~ 1.3 L	826
1.3L ~ 1.5 L	2,858	-46%	1.3L ~ 1.5 L	1,542
1.5L ~ 1.6 L	9,185	-63%	1.5L ~ 1.6 L	3,413
1.6L ~ 2.0 L	316	-37%	1.6L ~ 2.0 L	199
> 2.0 L	282	-66%	> 2.0 L	96
SUV<=2.0 L	345	19%	SUV<=2.0 L	412
SUV > 2.0 L	501	-10%	SUV > 2.0 L	449
PC Volume	15,895	-55%	PC Volume	7,105

The overall total PC market dropped by -55% from 15,895 units to 7,105 units.

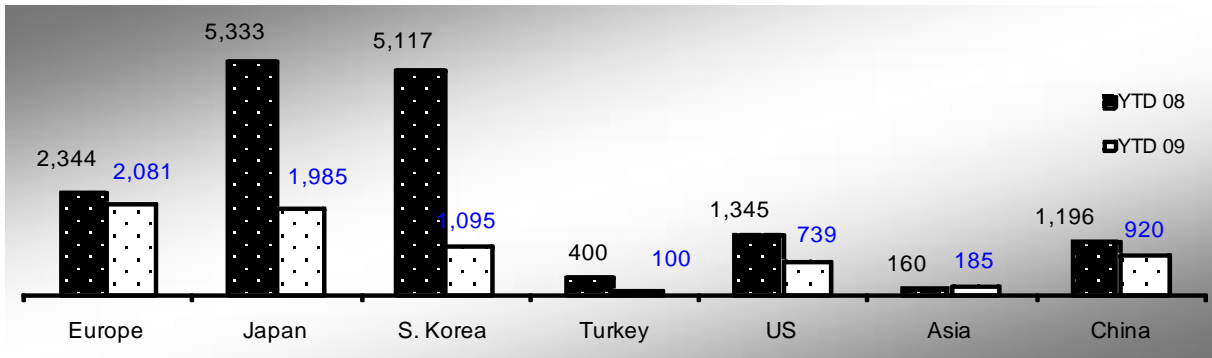
The main reason of this drop is due to the **<= 1.0L** and the **1.5L-1.6L segments** which have respective decrease of: **-82%**, **-63%** over the figures of 2008.

PC Market split by Origin YTD 2008 – YTD 2009 in volume



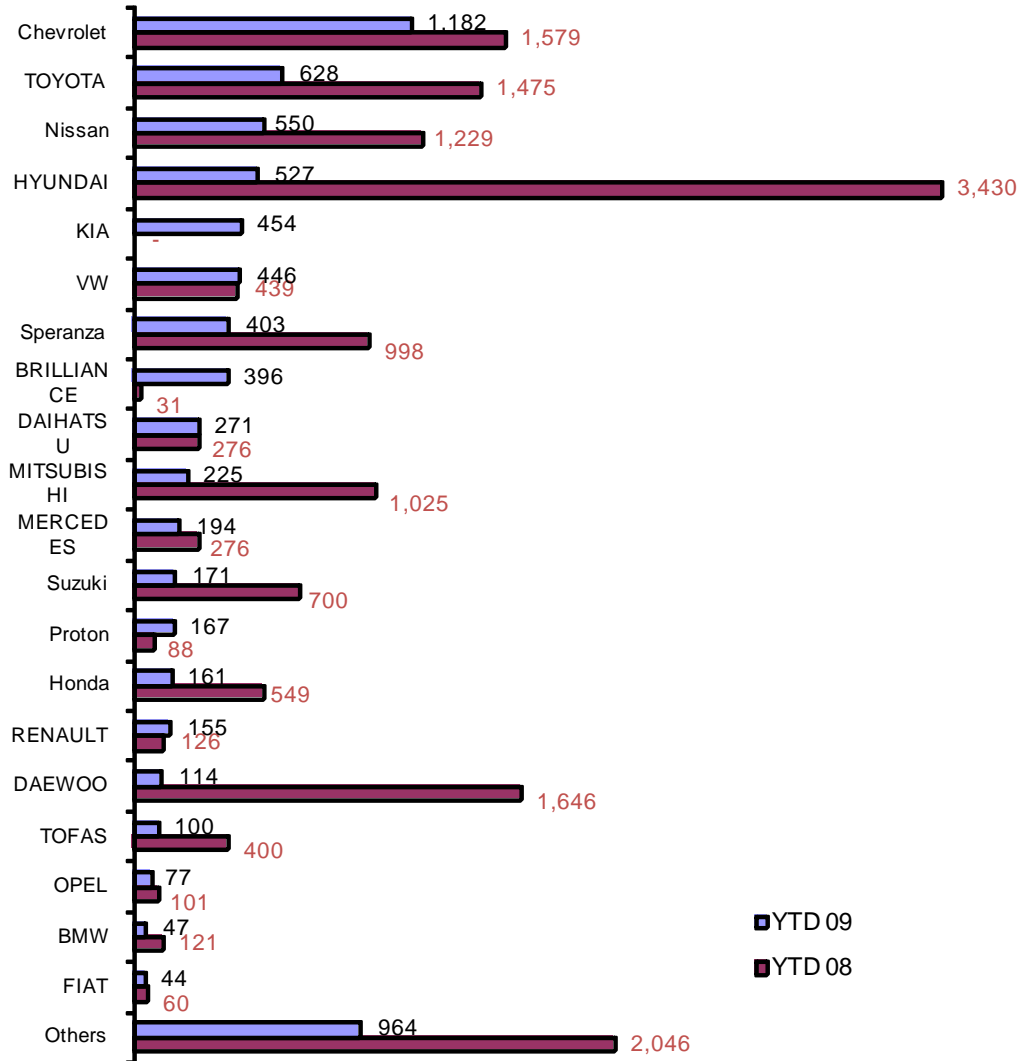
CKD decreased in volume by **-71.6%**, and CBU decreased by **-44.2%**.

PC Market split by Brand Origin YTD 2008 – YTD2009 in volume

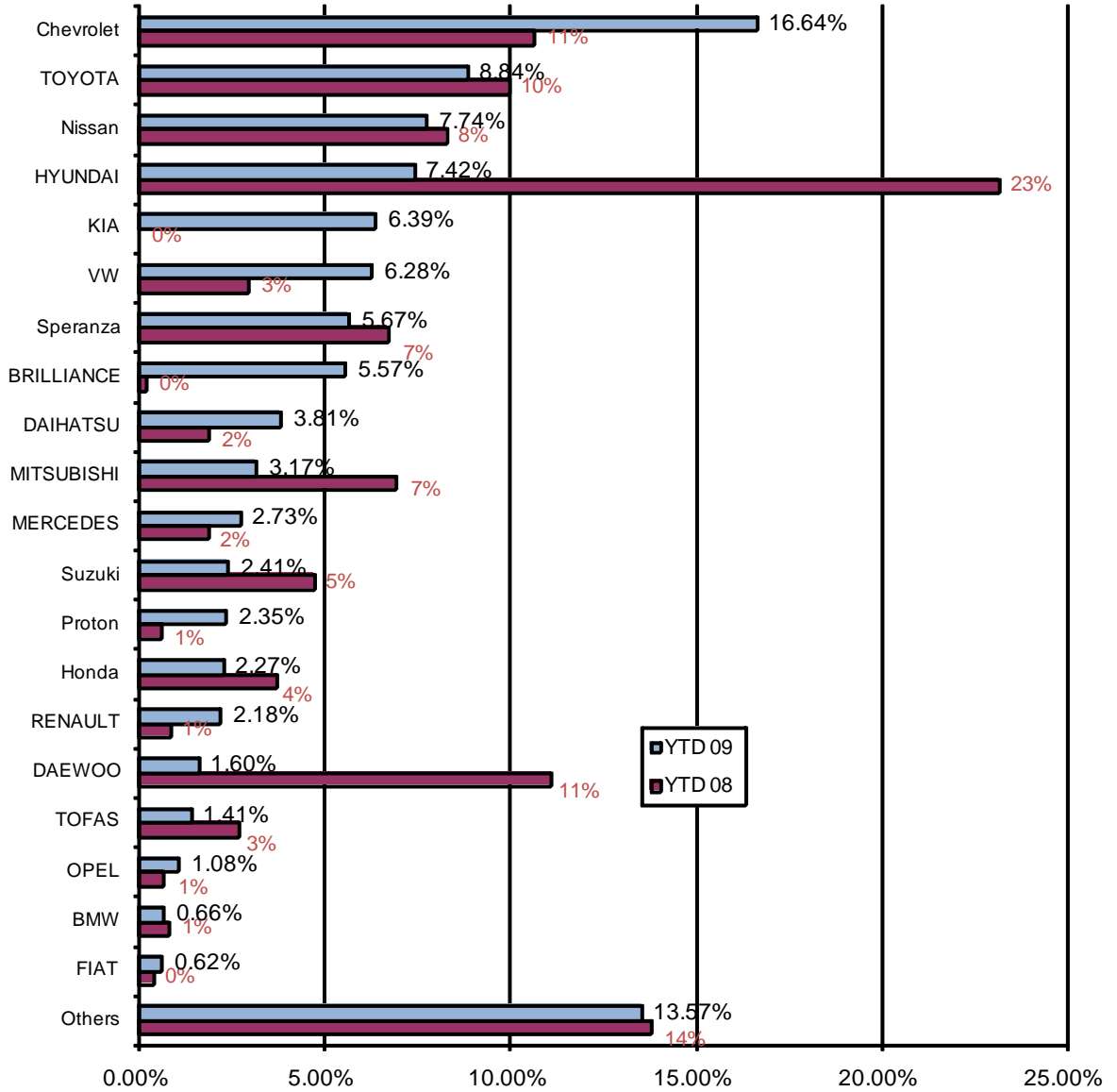


- European decreased by **-11.2%**.
- Japanese decreased by **-62.8%**.
- South Korean decreased by **-78.6%**.
- Turkish dropped by **-75.0%**.
- US decreased by **-45.1%**.
- Asian increased by **15.6%**.
- Chinese decreased by **-23.1%**.

PC Market by Brand YTD 08 – YTD 09 in volume

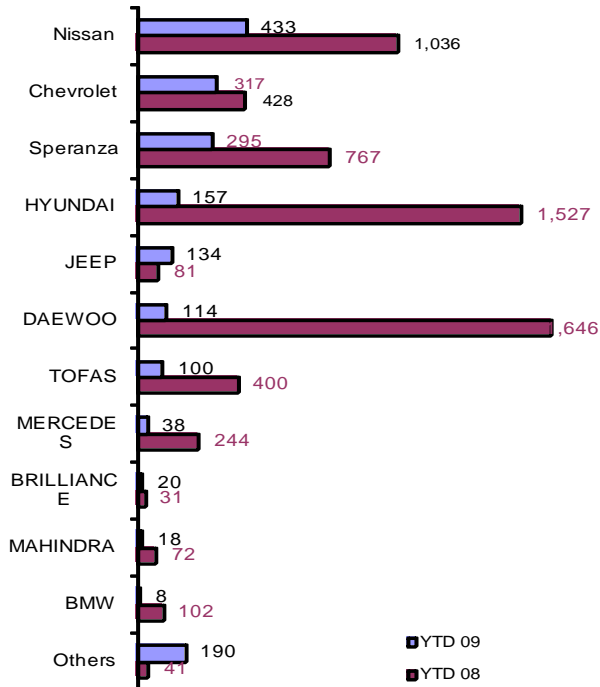


PC Market by Brand YTD 08 – YTD 09 in Market Share



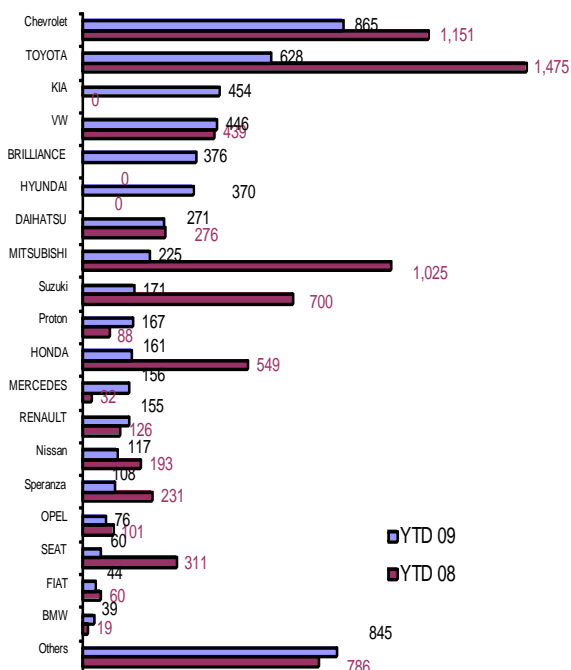
PC Brands by Origin versus CKD & CBU YTD 08 – YTD 09 in volume

CKD



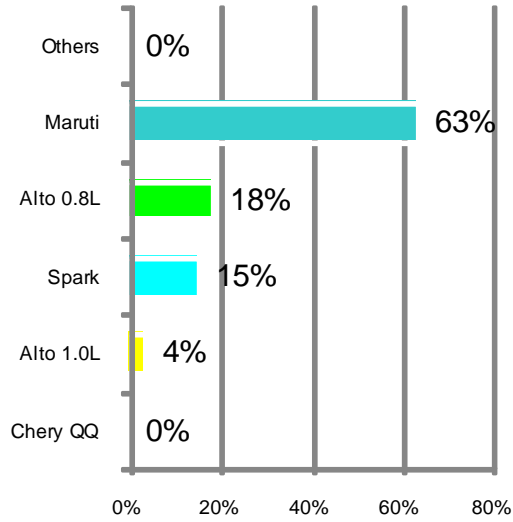
- Hyundai decreased by **-90%**.
- Daewoo dropped by **-93%**.
- Speranza dropped by **-62%**.
- Tofas dropped by **-75%**.
- Brilliance dropped by **-35%**.
- Mercedes dropped by **-84%**.
- BMW decreased by **-92%**.
- Nissan decreased by **-58%**.
- Jeep increased by **65%**.
- Chevrolet dropped by **-26%**.
- Mahindra dropped by **-75%**.

CBU

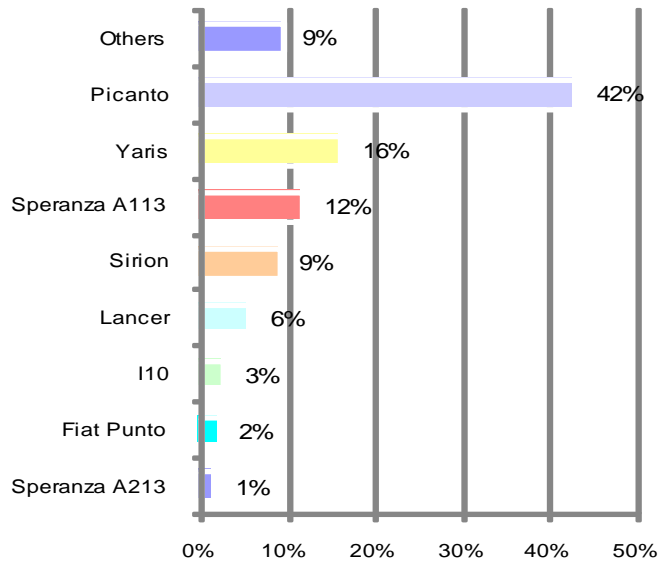


- Hyundai dropped by **-81%**.
- Toyota dropped by **-57%**.
- Mitsubishi dropped **-78%**.
- Renault increased **23%**.
- Chevrolet dropped by **-25%**.
- VW increased by **2%**.
- Honda dropped by **-71%**.
- BMW increased by **105%**.
- Mercedes increased by **388%**.
- Daihatsu dropped by **-2%**.
- Proton increased by **90%**.
- Opel dropped by **-25%**.
- Nissan dropped by **-39%**.
- Fiat dropped by **-27%**.
- Seat decreased by **-81%**.
- Suzuki dropped by **-76%**.
- Speranza dropped by **-53%**.
- Kia increased from no sales in 2008.
- Brilliance increased from no sales in 2008.

PC Models market share by segment YTD 09 in volume
 (continued)

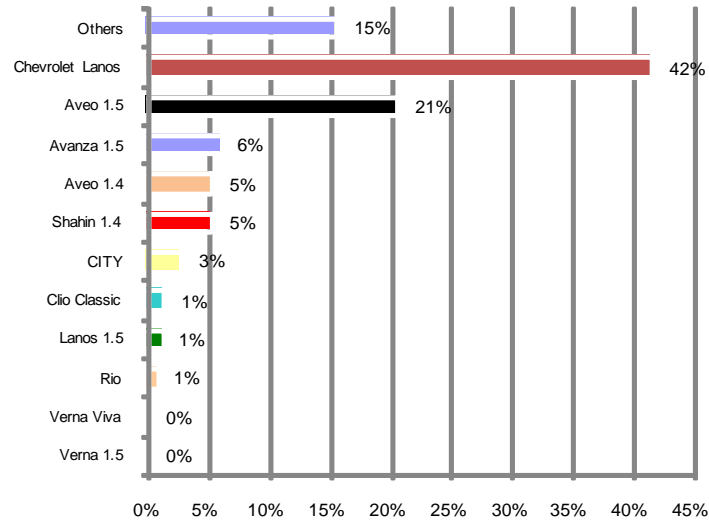


Segment <= 1 L
168 Units



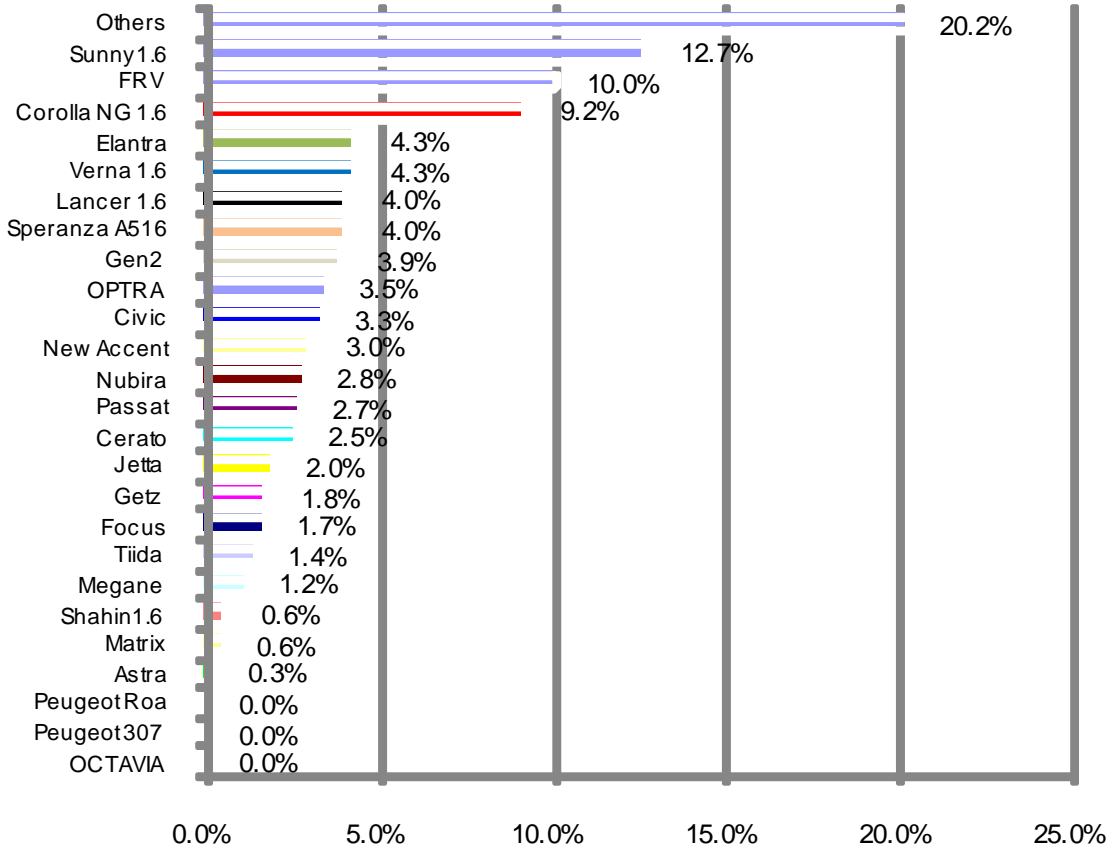
Segment From 1L to 1.3 L
826 Units

PC Models market share by segment YTD 09 in volume
 (continued)



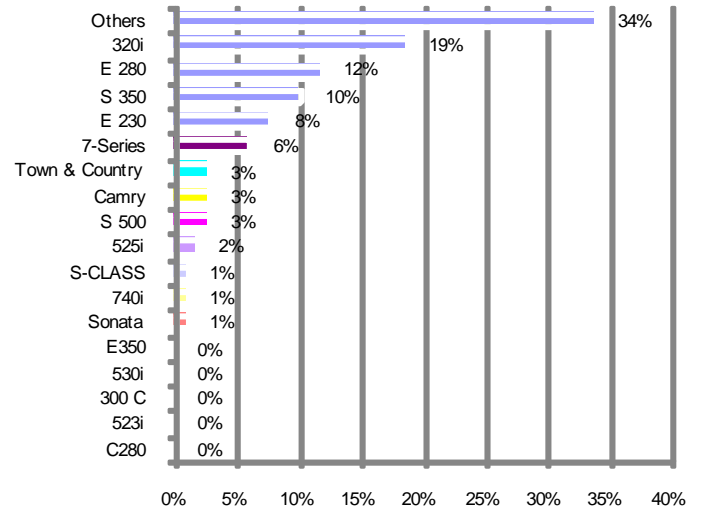
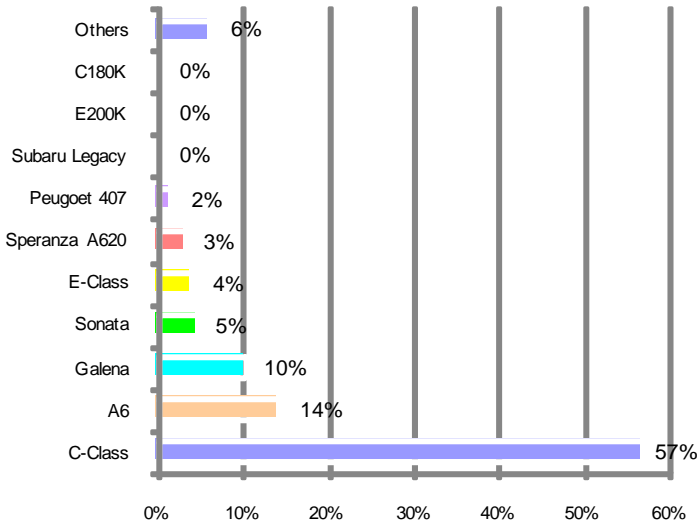
Segment from 1.3L to 1.5L
1,542 Units

PC Models market share by segment YTD 09 in volume
(continued)

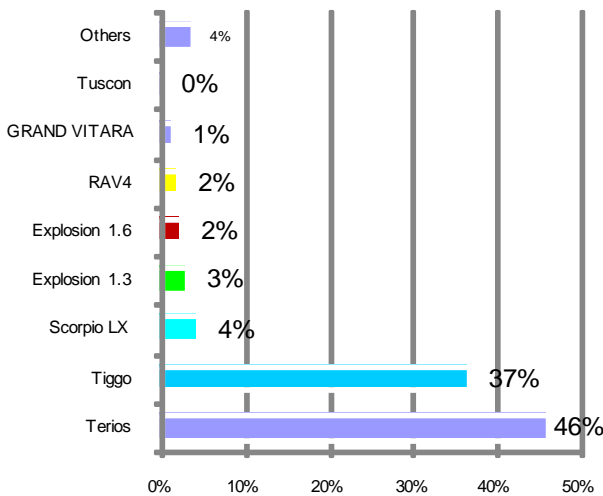


Segment from 1.5L to 1.6L
3,413 Units

PC Models market share by segment in YTD 09 in volume (continued)

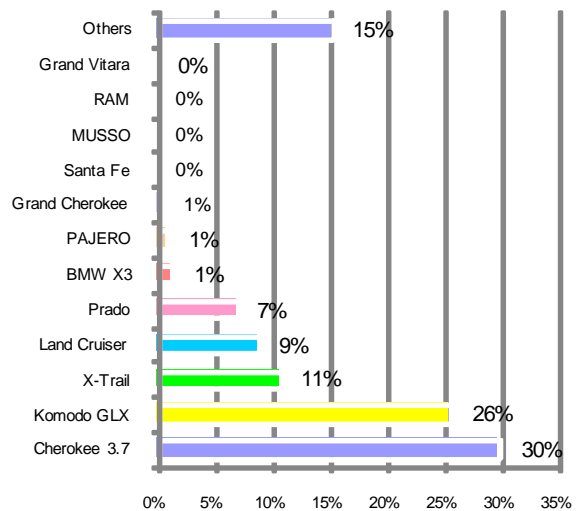


Segment from 1.6L to 2L 199 Units



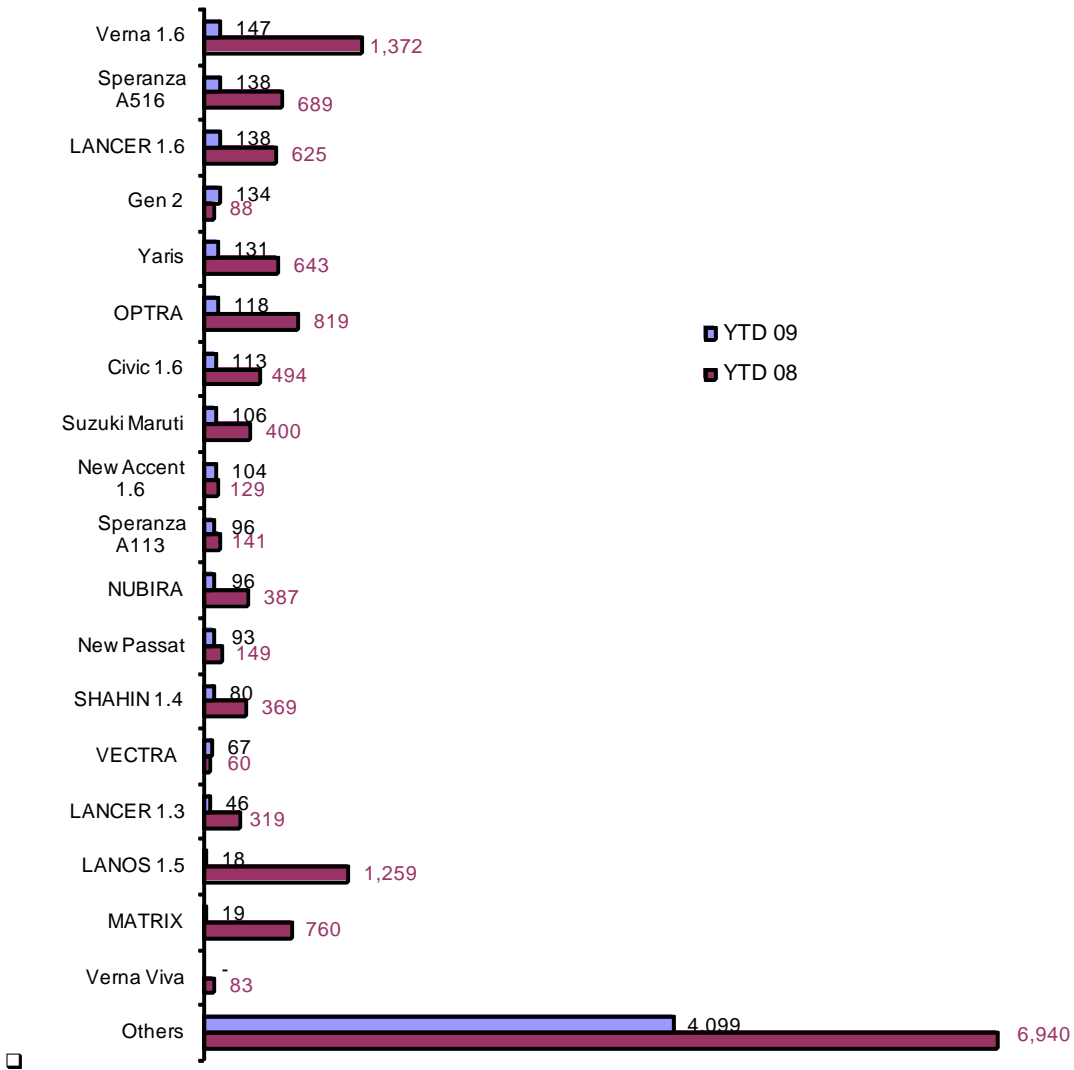
SUV < 2L 412 Units

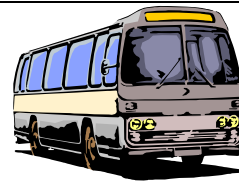
Segment >2L 96 Units



SUV > 2L 449 Units

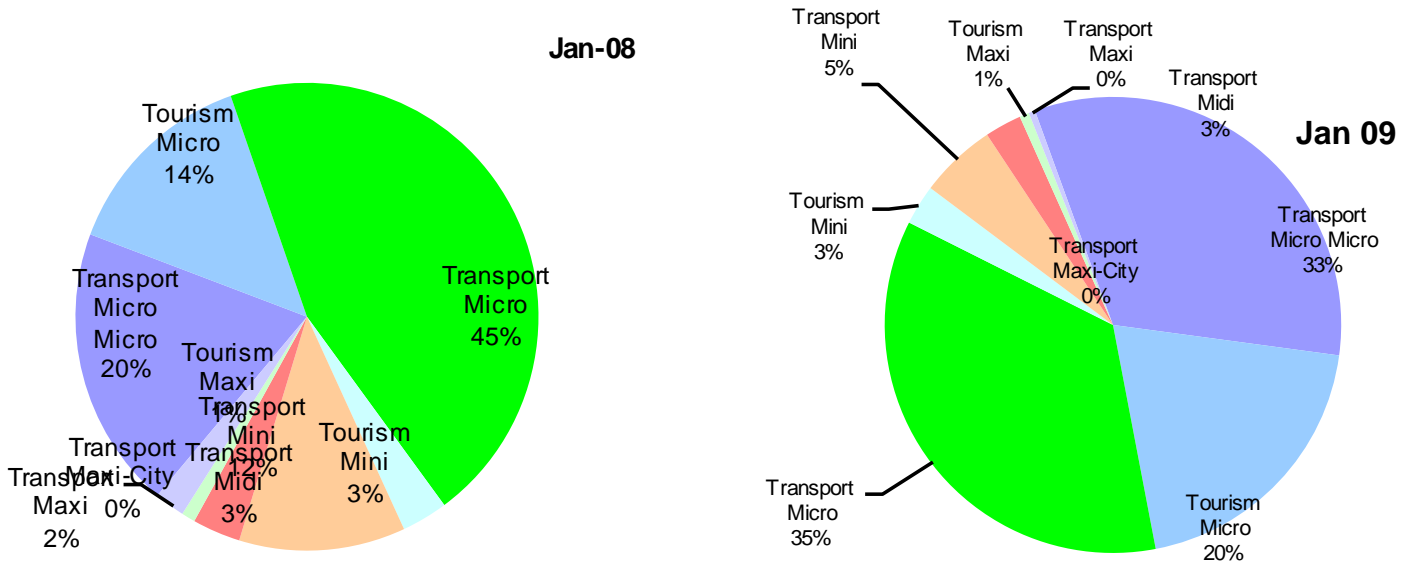
PC by Model YTD 08 – YTD 09 in volume (>800 cars)





2.3 BUSES

Buses Market split January 08 – January 09 in volume

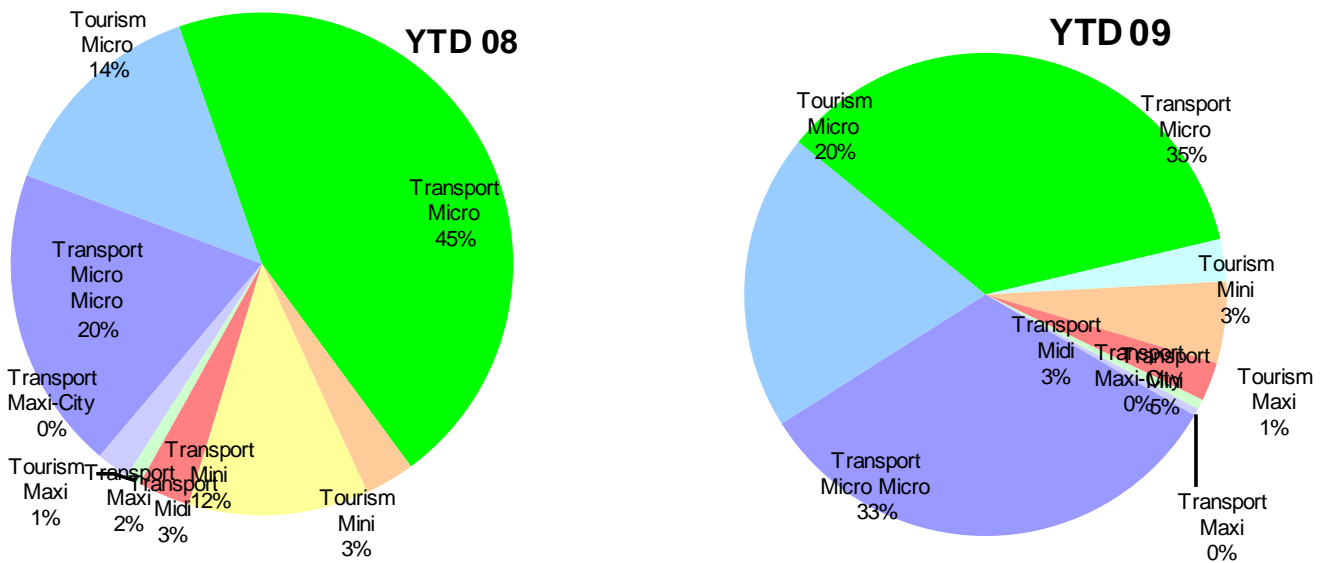


Transport Micro Micro	288
Tourism Micro	204
Transport Micro	663
Tourism Mini	47
Transport Mini	169
Transport Midi	49
Tourism Maxi	14
Transport Maxi	31
Transport Maxi-City	0
Buses Volume	1,465

Transport Micro Micro	288
Tourism Micro	175
Transport Micro	312
Tourism Mini	25
Transport Mini	48
Transport Midi	23
Tourism Maxi	6
Transport Maxi	4
Transport Maxi-City	0
Buses Volume	881

When comparing January 09 to January 08, total Buses Segment decreased by an overall of **-39.9%** from **1,465** units to **881** units. However, the drop is lead mainly by **Tourism Micro -14.2%**.

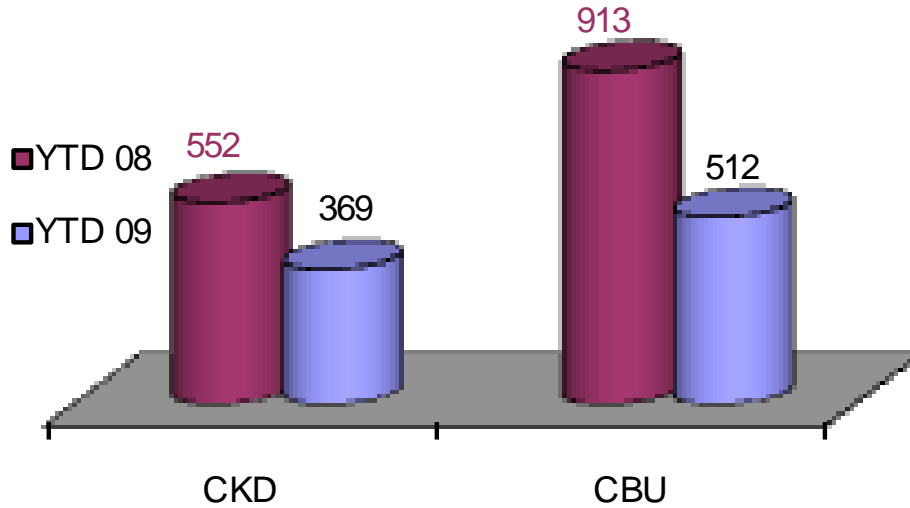
Buses Market split YTD 08 – YTD 09 in volume



Transport Micro Micro	288	0%	Transport Micro Micro	288
Tourism Micro	204	-14%	Tourism Micro	175
Transport Micro	663	-53%	Transport Micro	312
Tourism Mini	47	-47%	Tourism Mini	25
Transport Mini	169	-72%	Transport Mini	48
Transport Midi	49	-53%	Transport Midi	23
Tourism Maxi	14	-57%	Tourism Maxi	6
Transport Maxi	31	-87%	Transport Maxi	4
Transport Maxi-City	-	#DIV/0!	Transport Maxi-City	-
Buses Volume	1,465	-40%	Buses Volume	881

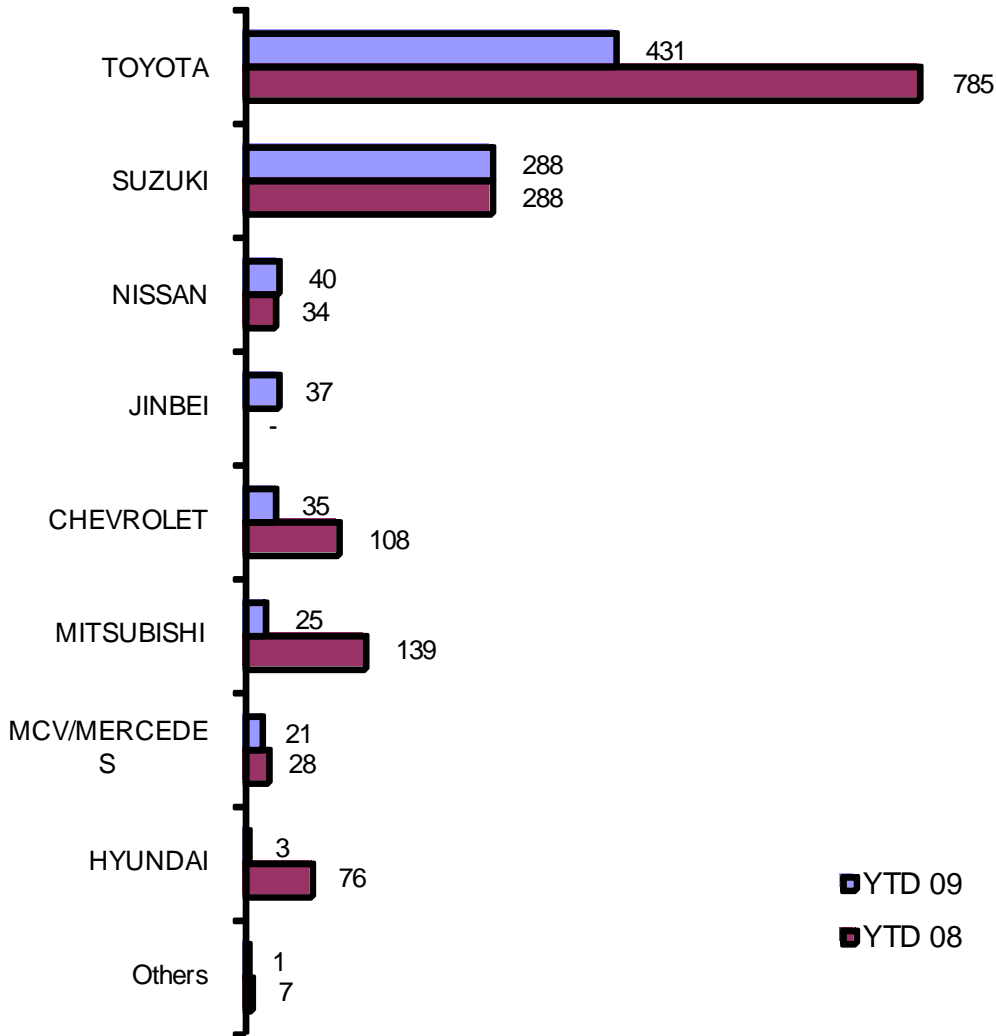
When comparing YTD 09 to YTD 08, total Buses Segment dropped by an overall of **-40%** from **1,465** units to **881** units. **Transport segments** volume decreased by **-43.8%**. **Tourism segments** volume decreased by **-22.3%**.

Buses Market YTD 08 – YTD 09 by Origin in volume

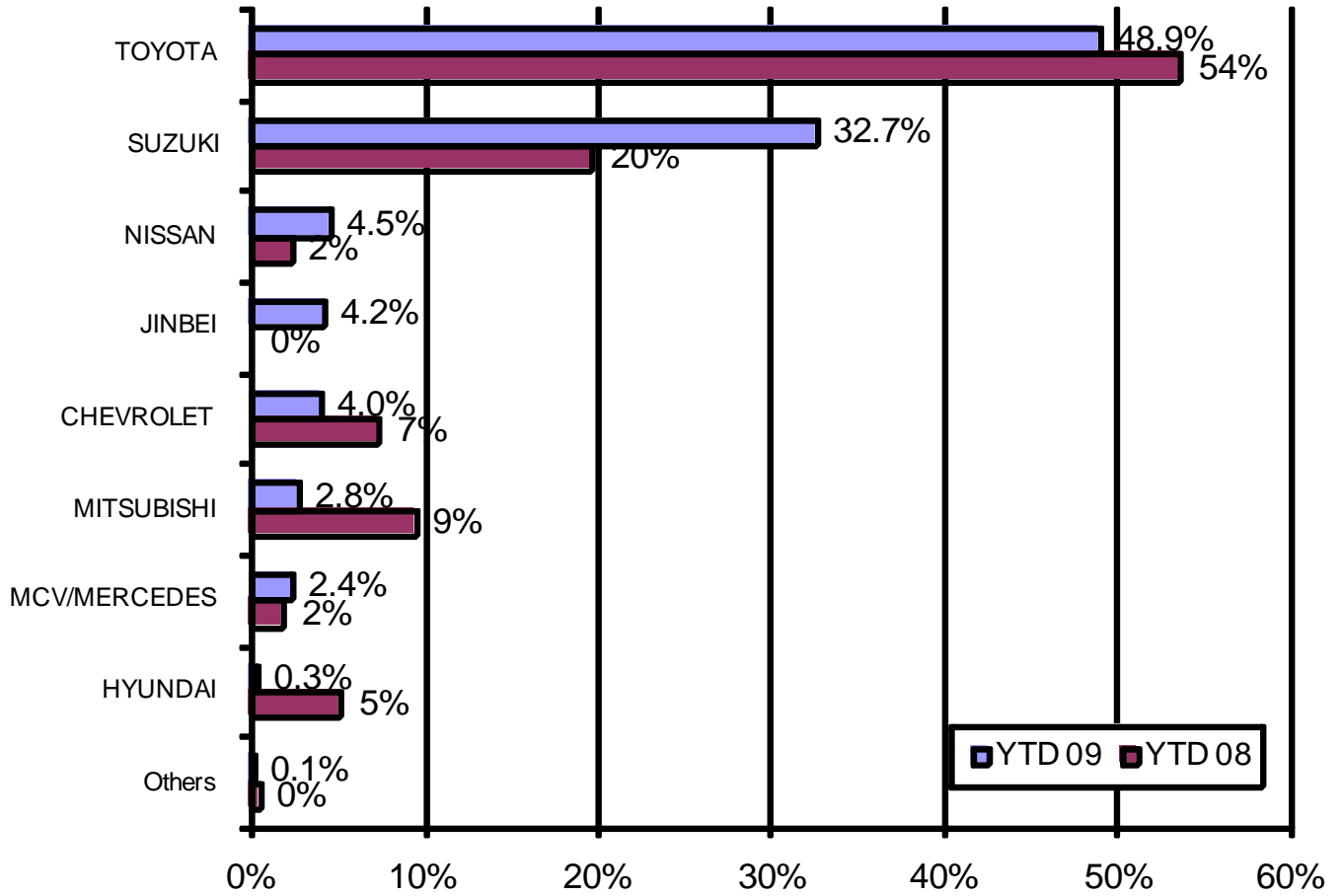


CKD decreased in volume by **-33.2%** against last year volume, and CBU decreased by **-43.9%**.

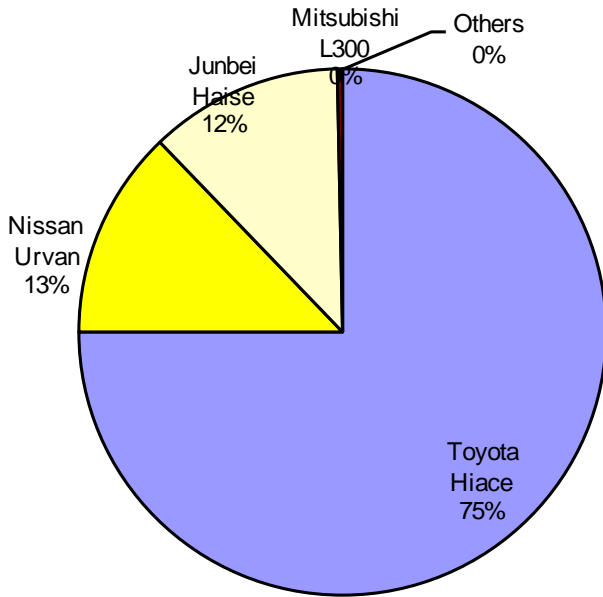
Buses Market by Brand YTD 08 – YTD 09 in volume



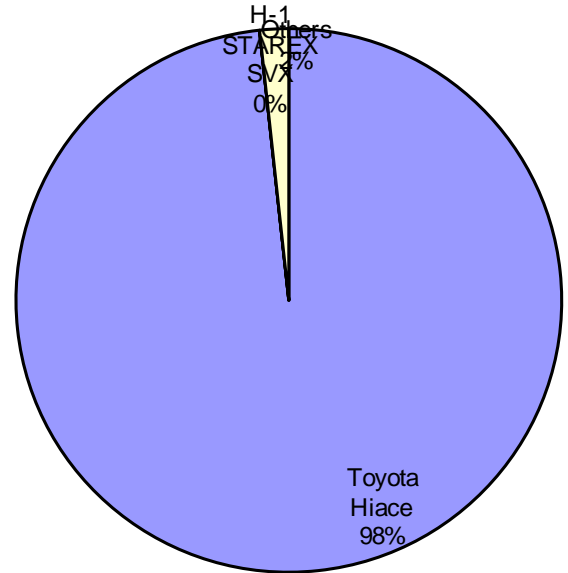
Buses Market by Brand YTD 08 – YTD 09 in Market Share



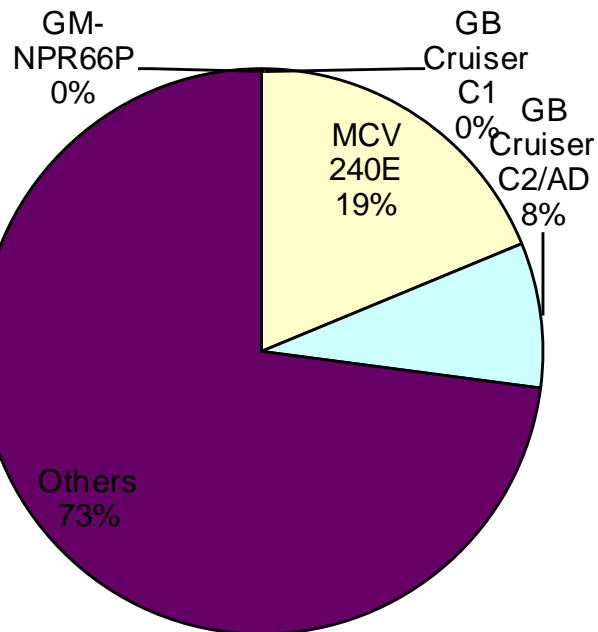
Buses Models Market Share By Segment YTD 09 In Volume



Transport Micro Segment
312 Units

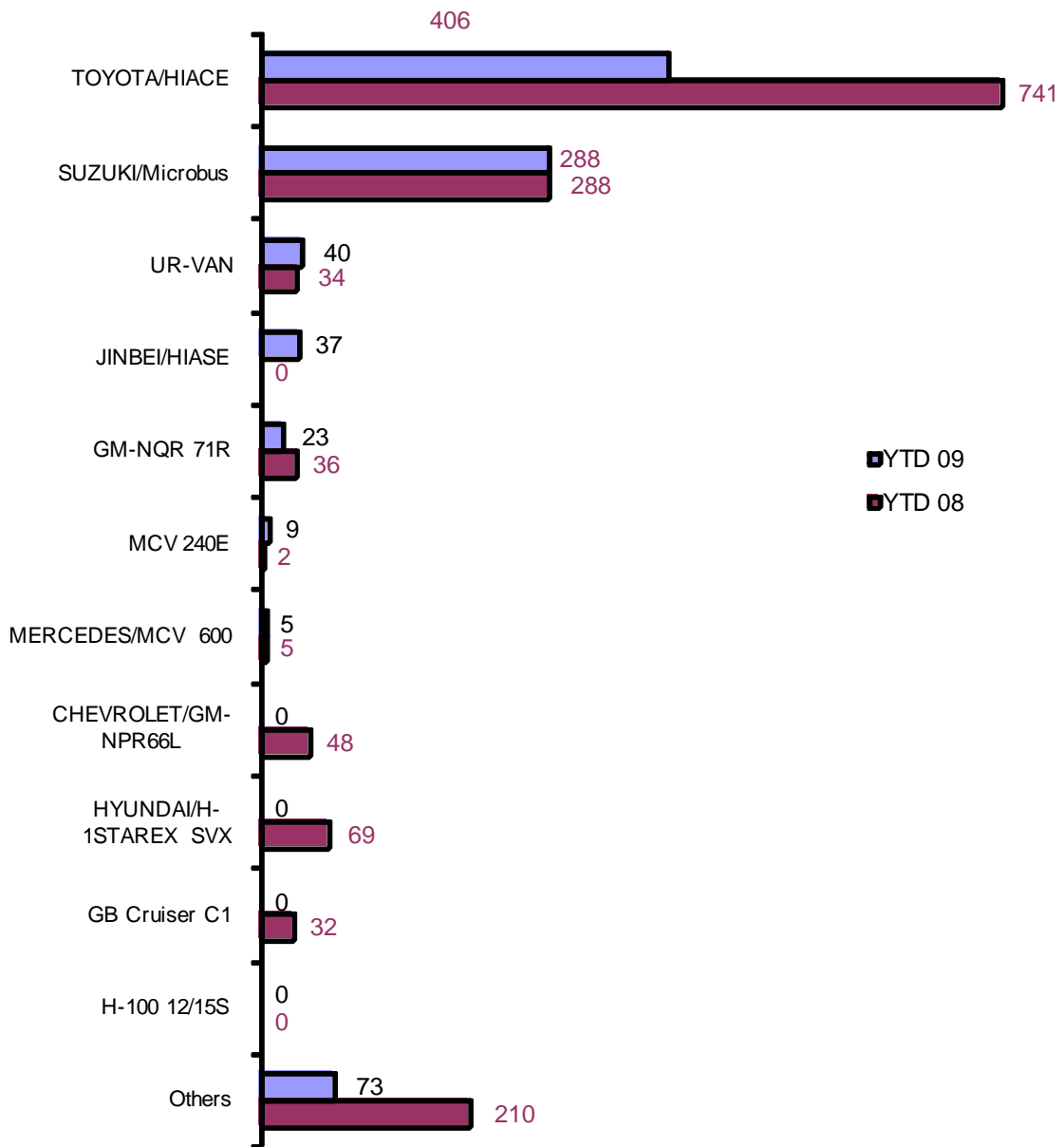


Tourism Micro Segment
175 Units



Transport Mini Segment
48 Units

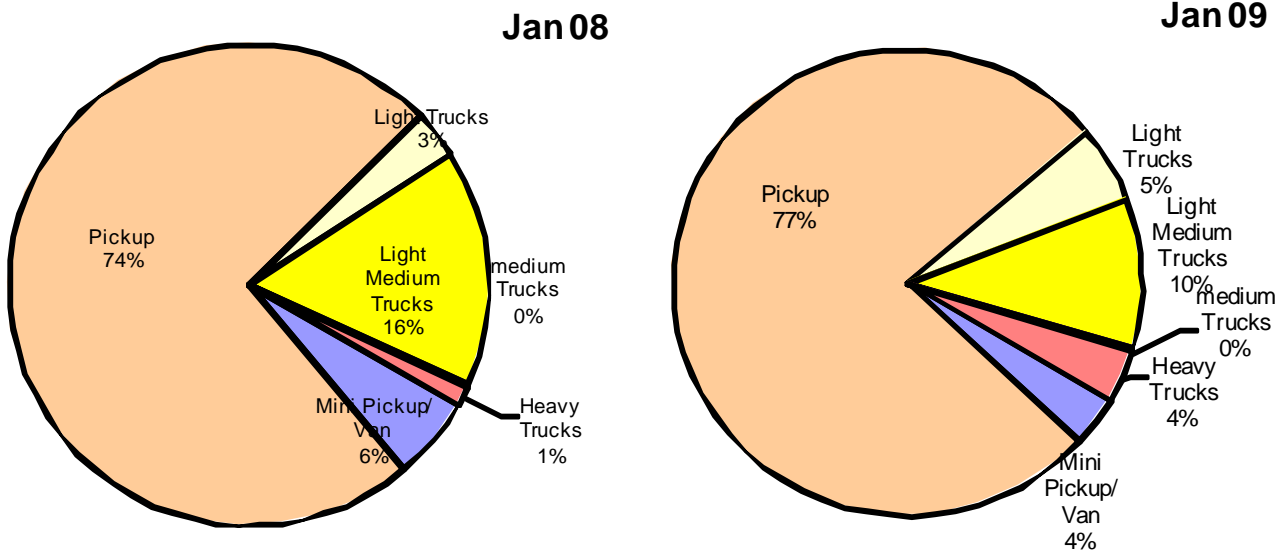
Buses by Model YTD 08 – YTD 09 in volume



2.4 TRUCKS



Trucks Market split January 09 – January 08 in volume

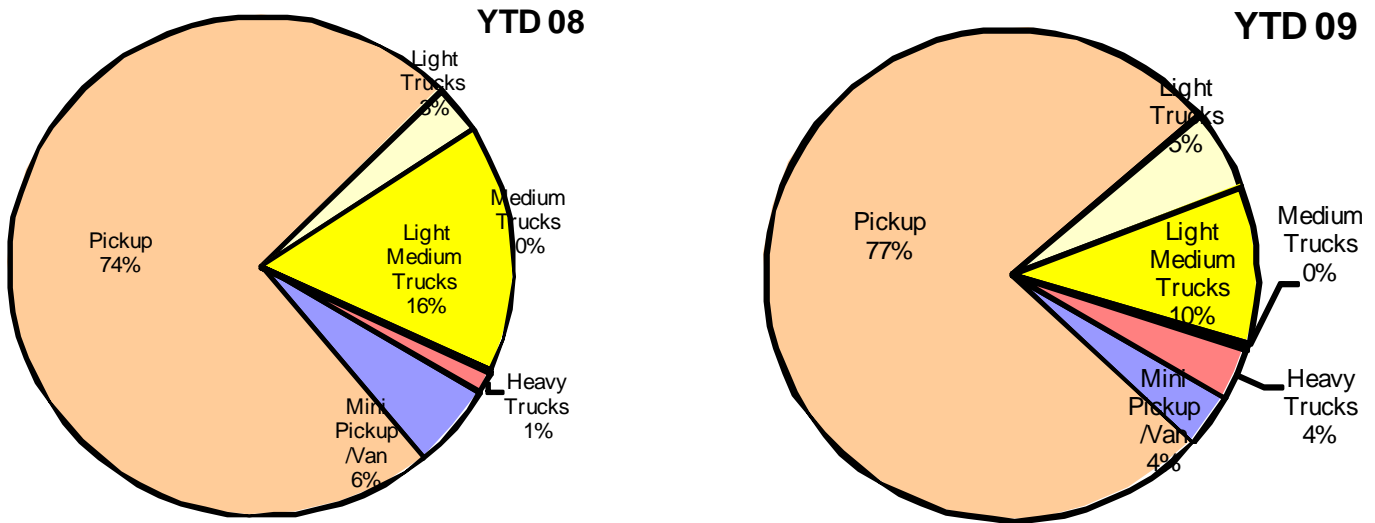


Mini Pickup /Van	223
Pickup	2980
Light Trucks	129
Light Medium Trucks	641
Medium Trucks	10
Heavy Trucks	55
Truck Volume	4,038

Mini Pickup /Van	97
Pickup	2140
Light Trucks	149
Light Medium Trucks	284
Medium Trucks	11
Heavy Trucks	98
Truck Volume	2,779

Trucks segment decreased by **-31%**, mainly due to **Pickup segment's** decrease by **-28.2%**.

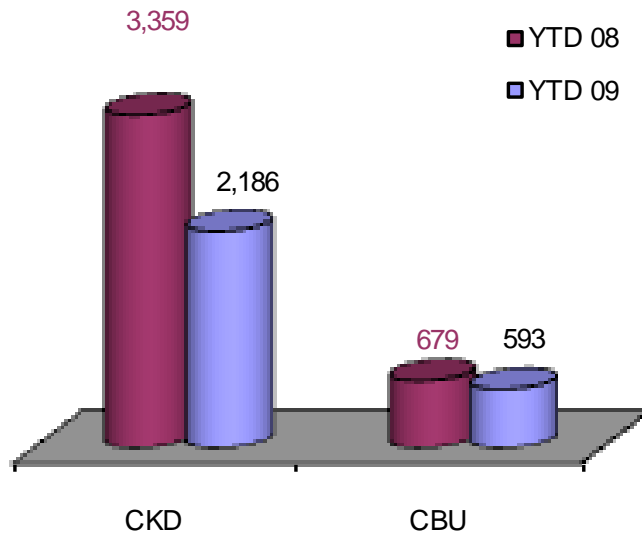
Trucks Market split YTD 08 – YTD 09 in volume



Mini Pickup /Van	223	-57%	Mini Pickup /Van	97
Pickup	2,980	-28%	Pickup	2,140
Light Trucks	129	16%	Light Trucks	149
Light Medium Trucks	641	-56%	Light Medium Trucks	284
Medium Trucks	10	10%	Medium Trucks	11
Heavy Trucks	55	78%	Heavy Trucks	98
Truck Volume	4,038	-31%	Truck Volume	2,779

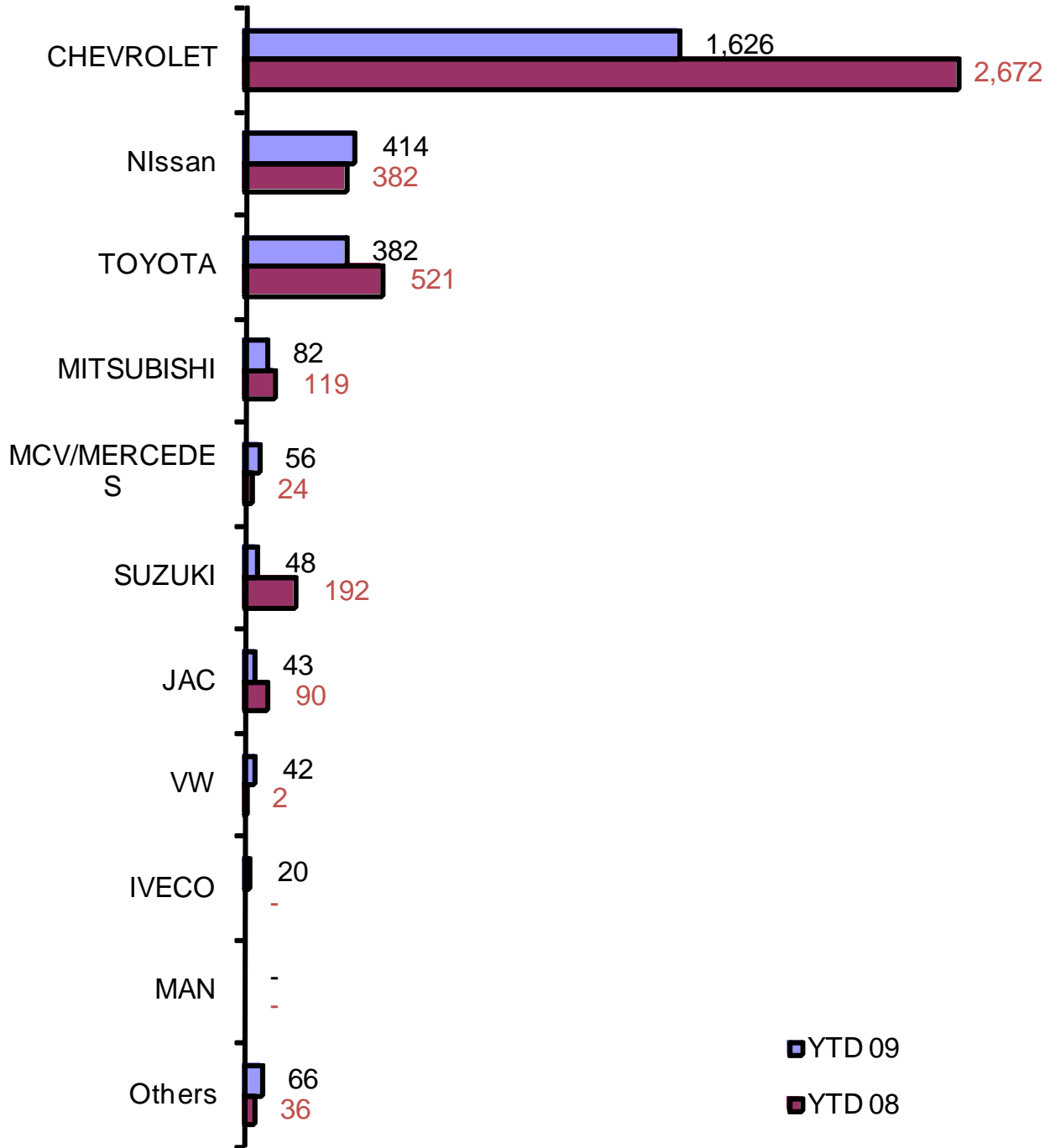
Trucks segment dropped by **-31%**, mainly due to **Pickup segment** decrease by **-28%** which has the highest contribution in volume.

Trucks Market YTD 08 – YTD 09 by Origin in volume

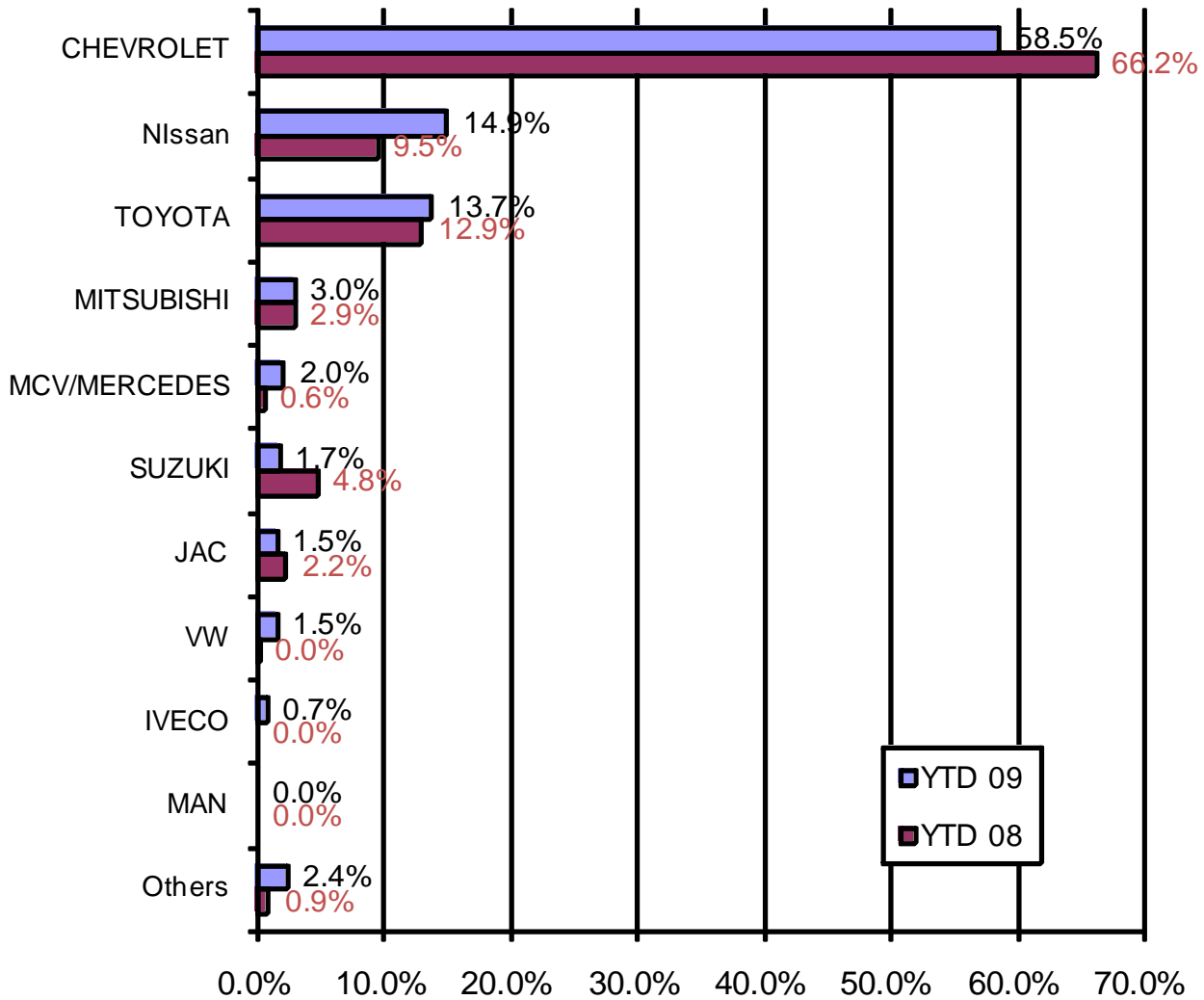


CKD dropped by **-34.9%** and **CBU** dropped by **-12.7%**. However, CKD volume has much more influence on YTD volume than CBU.

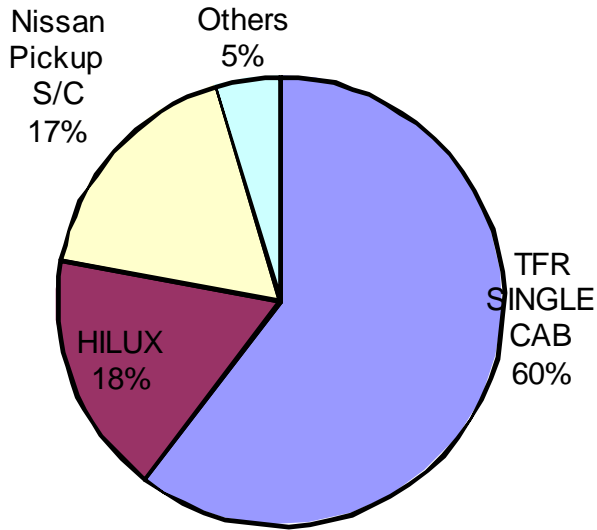
Trucks Market by Brand YTD 08 – YTD 09 in volume



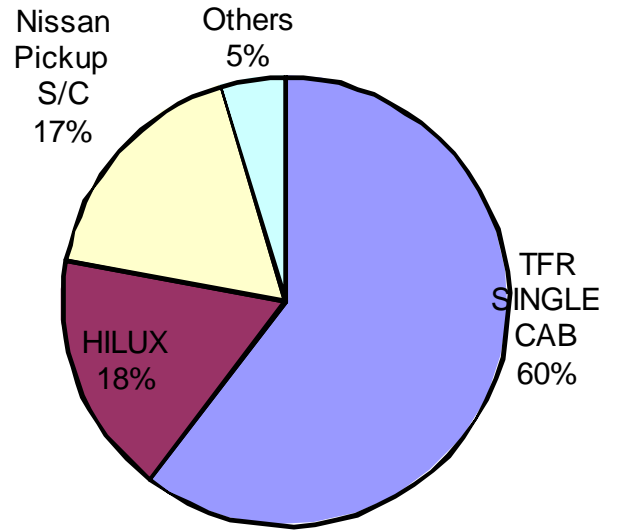
Trucks Market by Brand Market Share YTD 08 – YTD 09



Trucks Models Market Share By Segment YTD 08 in Volume

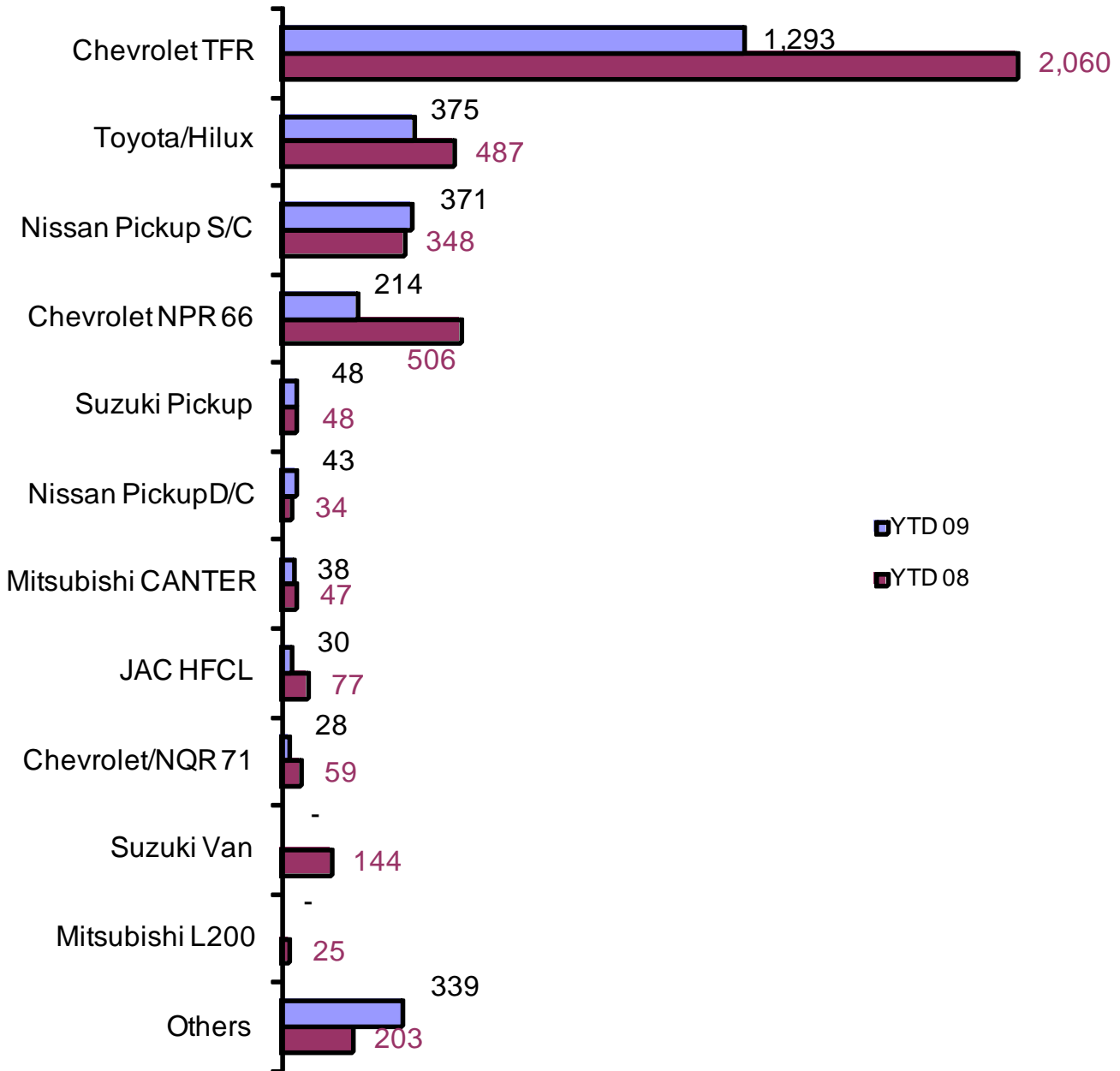


Pickup Segment
21,773 Units



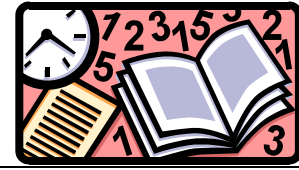
Light Medium Trucks Segment
284 Units

Trucks by Model YTD 08 – YTD 09 in volume



3. MONTHLY NEWS FLASH 15TH TO 15TH





3.1 EGYPT MACRO FLASH

GOVERNMENT REDUCES IMPORT TARIFFS ON CAPITAL & INTERMEDIARY INPUTS

Source: Al-Ahram, February 1, 2009

Import tariffs on about 250 capital and intermediary items were lowered by a Presidential decree issued on January 29. The reduction will support local industrialists and exporters. Minister of Finance Youssef Boutros-Ghali said the reduction applies to goods that have no local substitute and will benefit the printing, chemical, textiles and engineering industries. It also includes 10% tariff reduction on three-wheeled tuk-tuks and 10%-20% reduction on motor vehicles.

The tariff reduction, equivalent to around EGP1 billion, is part of an EGP15 billion (1.4% of FY2008/09 GDP) fiscal stimulus package announced by the government late last year to support economic growth at a time of a global economic slowdown. The package also included EGP10 billion of public investment in infrastructure and EGP2 billion for export subsidies.

IMPORTED CAPITAL GOODS TO BE EXEMPTED FROM SALES TAX

Source: Al-Akhbar, February 3, 2009

The Minister of Finance called on the Egyptian Sales Tax Authority to start implementing the exemptions on imported capital goods from sales tax immediately, pending the issuance of the official executive regulations. The Ministry of Finance will take on the payment of the sales tax from the Treasury on behalf of importers for one year, effective the beginning of January, at an approximate cost of EGP1 billion. The exemption is part of the government's fiscal stimulus package, including EGP13.3 billion in capital spending and EGP1 billion in lower customs duties on capital and intermediary goods.

EGYPT'S SPENDING RISES 53%

Source: Al-Mal, January 18, 2009

Finance Minister Youssef Boutros Ghali said that Egypt's total spending increased by 53% to EGP124.4 billion during the five months ending November 2008, compared to a total spending of EGP81.3 billion in the same period last year. Total government revenue increased by 75.4% to EGP93.7 billion from the 40% increase in total tax revenues to EGP50 billion. Income tax revenue rose 33.3% to EGP18.3 billion, helped by a 24.7% rise in corporate tax returns. The Egyptian government's spending on subsidies rose by 154% in the first five months of the fiscal year starting in July 08 to reach EGP34 billion (\$6.13 billion). Actual public spending on government investments increased 42.5% to EGP11.3 billion. Employee salaries and benefits increased 19.9% to EGP28.6 billion. Egypt's budget deficit stood at 3.1% of the estimated GDP.

EGYPT'S CENTRAL BANK CUTS RATES BY 1%

Source: Zawya, February 13, 2009

The Central Bank of Egypt (CBE) has cut interest rates by 1% for a single night, taking depositing and borrowing rates down to 10.5 and 12.5% respectively. The move came after inflation fell to 14.3% in January 2009 from 20.3% and 18.3% in November and December 2008 respectively.

The decision was required to maintain economic growth against expected retreat in economic growth in 2009, global slump in commodity prices and dwindling future inflation risks.

EGYPT DOUBLES STIMULUS PACKAGE TO EGP30 BILLION

Source: Bloomberg, February 8, 2009; Beltone News, February 9, 2009

The Egyptian government will double its economic stimulus package to EGP30 billion (\$5.4 billion) to support economic growth to face declining external demand, said Minister of Finance Youssef Boutros-Ghali. The funds will be spent mainly on new infrastructure projects, with EGP15 to be spent in the second half of FY2008/09 and EGP15 billion in FY2009/10, the Minister said. The plan will be funded through loans. External demand declined sharply, dampening growth in key foreign income sources (exports, tourism and Suez Canal) over the past few months.

In December 2008, the government announced an EGP15 billion stimulus package consisting of EGP10.5 billion in investment expenditure, EGP2.8 billion in export subsidies and EGP1.2 billion in one-year tariff exemptions for capital and intermediary goods. This package will be spent over FY2008/09.

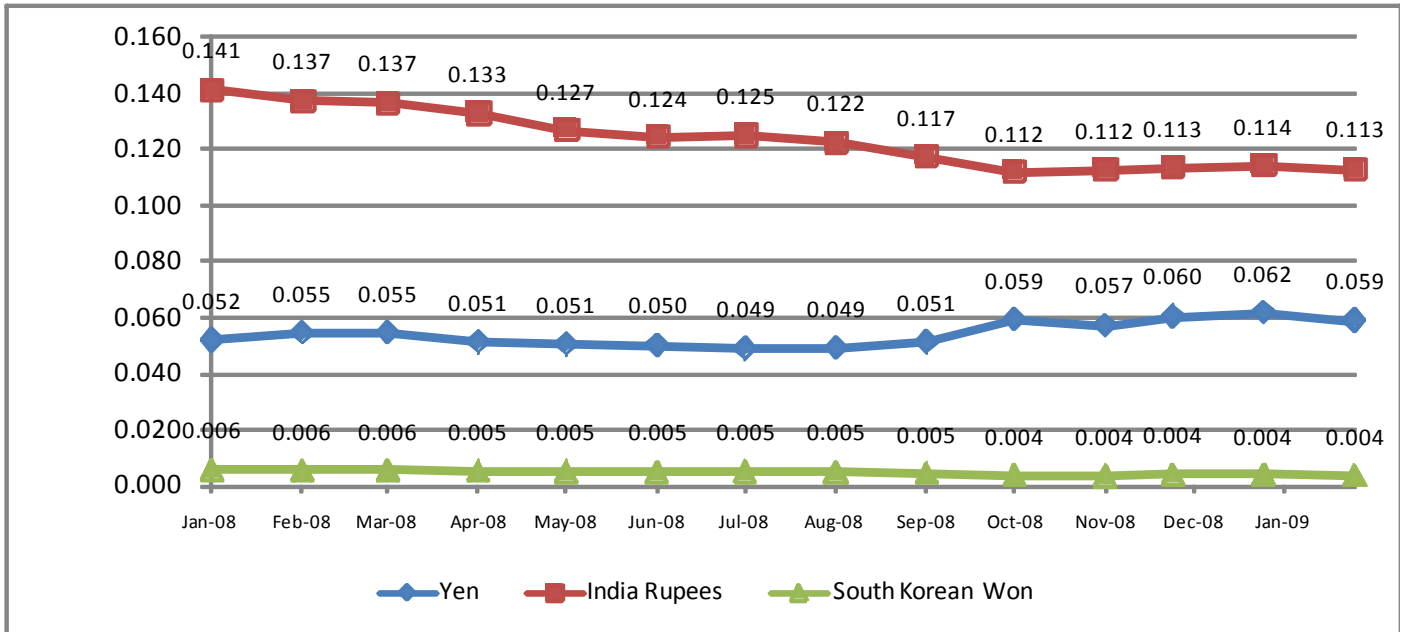
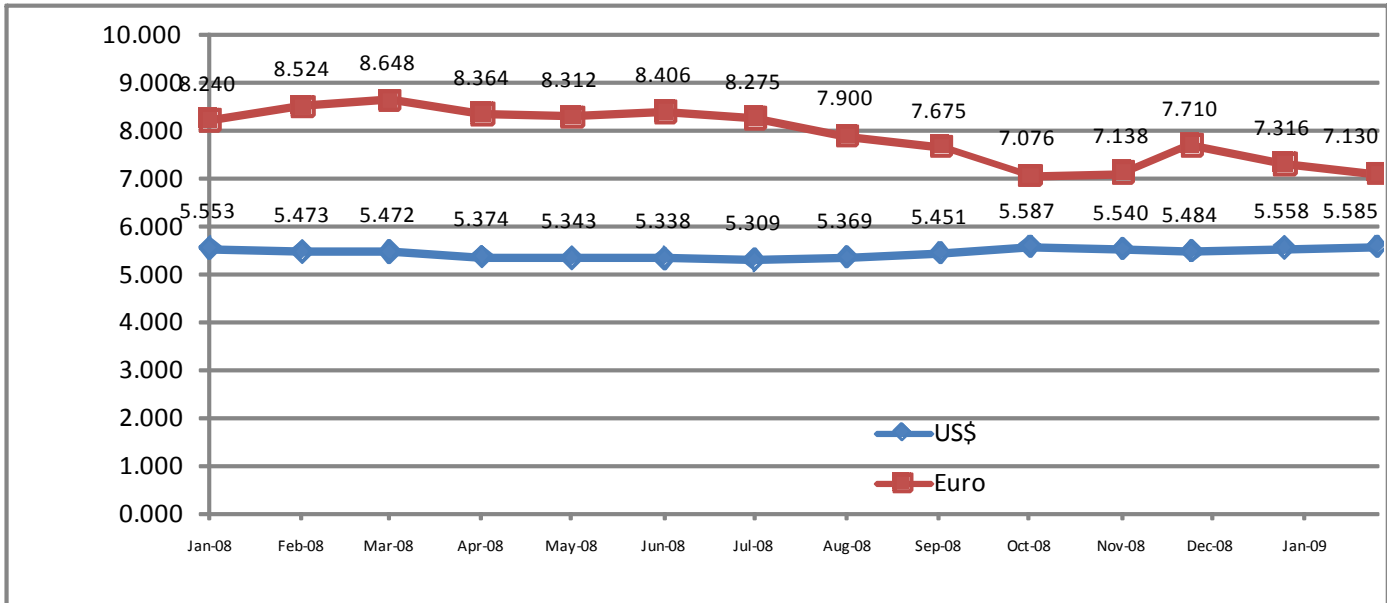
The fiscal stimulus package of EGP15 billion in FY2008/2009 will be followed by another EGP15 billion in FY2009/10 as well as joint projects worth nearly EGP15 billion pounds under the Public-Private Partnership program. The joint projects include building 300 schools, as well as water and sewage plants.

EGYPT'S INDUSTRIAL EXPORTS DECLINE 28% IN JANUARY

Source: Al-Mal, February 4, 2009

Egyptian industrial exports declined 28% Y-o-Y to EGP4 Billion in January, said the executive director of the Industrial Modernization Center. Most manufacturing industries will be affected by the global slowdown, particularly the furniture and car industries, he said, adding that Egyptian furniture exports to the UK have almost stopped due to depressed consumer demand there.

FOREIGN CURRENCY EXCHANGE RATES



3.2. AUTOMOTIVE INDUSTRY LOCAL NEWS CLIPS



ABOUL FOTOUH LAUNCHES NEW SPERANZA TIGGO

Source: Al Ahram, February 06, 2009

The new Speranza Tiggo has a 1.6L engine and offers the same features as its sister Tiggo 2.0L.

NISSAN MOTOR EGYPT LAUNCHES SUNNY 2009

Source: Al Ahram, February 20, 2009

Sunny 2009 features a 1.6L engine and the following features: EBD, ABS, BA, Radio-CD-Mp3 player with iPod interface, new designs for the front and rear lights, 2 airbags. 2 models are available: Super Saloon and EX Saloon.

BAVARIAN GROUP STARTS DELIVERY OF BMW 330I IN MARCH

Source: Akhbar El Youm, February 14, 2009

BMW 330i comes with a 3.0L engine delivering 272 horse power and features: wood and leather interior, sliding roof, new generation of the iDrive system, voice control for integrated phone, TV function, DVD, xenon lights, 17" metal alloy wheels.

ZAKI AUTOMOTIVE INTRODUCES NORTH NEO PLAN TOURIST BUS

Source: El Youm, February 14, 2009

North Neo Plan bus is the result of the collaboration of German innovation and Chinese manufacturing. It features air conditioning, chemical toilet, cooler, cruise control, extra electrical brakes, ABS, video player with 2 monitors, driver sleeping quarters.

3.3. AUTOMOTIVE INDUSTRY GLOBAL NEWS CLIPS



GENERAL MOTORS PLANS TO REDUCE COSTS IN EUROPE

Source: Datamonitor, February 17, 2009

The shrinking European auto markets have forced General Motors to look at various measures for cutting costs in the region.

According to Automotive News, the company has prepared a restructuring plan called Project Renaissance, which it has to submit to the US government. This plan has reportedly called for Opel/Vauxhall to be separated from their ailing US parent company. The employee representatives of General Motors Europe (GME) have said that this plan is detrimental to the company's European brands and companies. The source cited GM's European employee forum as saying: "The current plan could include for the Opel/Vauxhall brand and the GM/Opel/Vauxhall subsidiaries mass dismissals and probably several plant closures. This would have disastrous consequences for the GM brands and companies in Europe." The employee forum has said that the spin-off of Opel/Vauxhall and Saab is the most sensible and practical option for General Motors. The forum views that a spin-off of these brands will not destroy the company's European operations and assets.

NISSAN TO AXE 20,000 JOBS

Source: Datamonitor, February 10, 2009

Japanese car maker Nissan plans to eliminate 20,000 jobs or 8.5% of its workforce because of the continuing slump in automobile demand.

According to Nissan, the job cuts will take place between March 2009 and March 2010 and will effectively reduce its workforce from 235,000 to 215,000. A plan to cut down the working hours is also being mooted, the company said. Nissan also plans to reduce production by 20%, scale back model launches and delay new factories as part of its cost-cutting measures. The company is also seeking low-interest loans from the Japanese government to tide over the crisis caused by the decline in automobile sales and the credit crunch.

NISSAN-RENAULT SEEKS THIRD PARTNER FOR CHENNAI CAR PROJECT

Source: Datamonitor, February 03, 2009

The Nissan-Renault alliance is seeking a new third partner for its \$1.1-billion Chennai factory project, which is scheduled to manufacture cars and sport utility vehicles by 2010, reported The Economic Times. The Chennai project was initially planned as a three-way joint venture which broke up when Mahindra & Mahindra, one of the partners, pulled out in early 2008, citing the lack of synergy. Consequently, the Nissan-Renault alliance tried

to rope in Ashok Leyland as a replacement for Mahindra & Mahindra. But Ashok Leyland turned down the offer.

PSA PEUGEOT CITROEN WELCOMES E3 BILLION FRENCH GOVERNMENT LOAN

Source: Datamonitor, February 10, 2009

French auto major PSA Peugeot Citroen Group has welcomed the E3 billion loan from the French government, which will be used in particular, to support the group's program to develop cleaner, more fuel efficient and more affordable vehicles.

Aware of its responsibilities and in the context of its commitment toward the government, the group has confirmed that it will not close any of its French plants. Over the next two years, one or more new models will be launched at each of its five assembly units in France.

In the current circumstances, PSA Peugeot Citroen has said that it will not implement any compulsory redundancy plans in France.

PSA Peugeot Citroen has said that it is also actively supporting its automobile industry partners, by speeding up payments to suppliers in line with France's Economic Modernization Act, raising its contribution to the Automobile Industry Investment Fund from E100 million to E200 million, implementing the code of good practice and competitiveness developed jointly by the Committee of French Automobile Manufacturers (CCFA) and the Automobile Industry Suppliers' Liaison Committee (CLIFA).

The French auto maker is also negotiating a special agreement with Groupement de la Plasturgie, the body representing suppliers of plastic components, that takes into account the specific characteristics of this industry.

MAN OPENS TRUCK ASSEMBLY PLANT IN SAUDI ARABIA

Source: Datamonitor, January 27, 2009

German commercial vehicle manufacturer MAN, together with its Saudi Arabian importer Haji Husein Alireza, has opened a truck assembly plant in Jeddah, Saudi Arabia.

According to MAN, the TiB (truck in the box) plant is designed to produce 3,000 vehicles a year in single-shift operation.

It assembles MAN TGA-WW trucks and semi-trailer tractors, initially for the local market. The plant in Saudi Arabia is a joint project between MAN Commercial Vehicles and Haji Husein Alireza.

TOYOTA DISPLACES GM AS WORLD'S LARGEST CAR MAKER

Source: Datamonitor

Japanese auto maker Toyota has claimed the position of the world's largest car maker from General Motors by selling 8.97 million vehicles in 2008, compared to the 8.35 million units sold by the US auto company during the same period.

Toyota's sales were hit by the global economic downturn, dipping 4% in 2008; while General Motors's (GM) sales fell 10.8% during the same period. GM had been the world's largest car maker for a 77-year period.