



## The Early Bird Catches the Worm – Low Cost Cars Emerging Globally

Roland Berger study

Munich, Detroit, Beijing, Tokyo: November 2006

## Executive summary

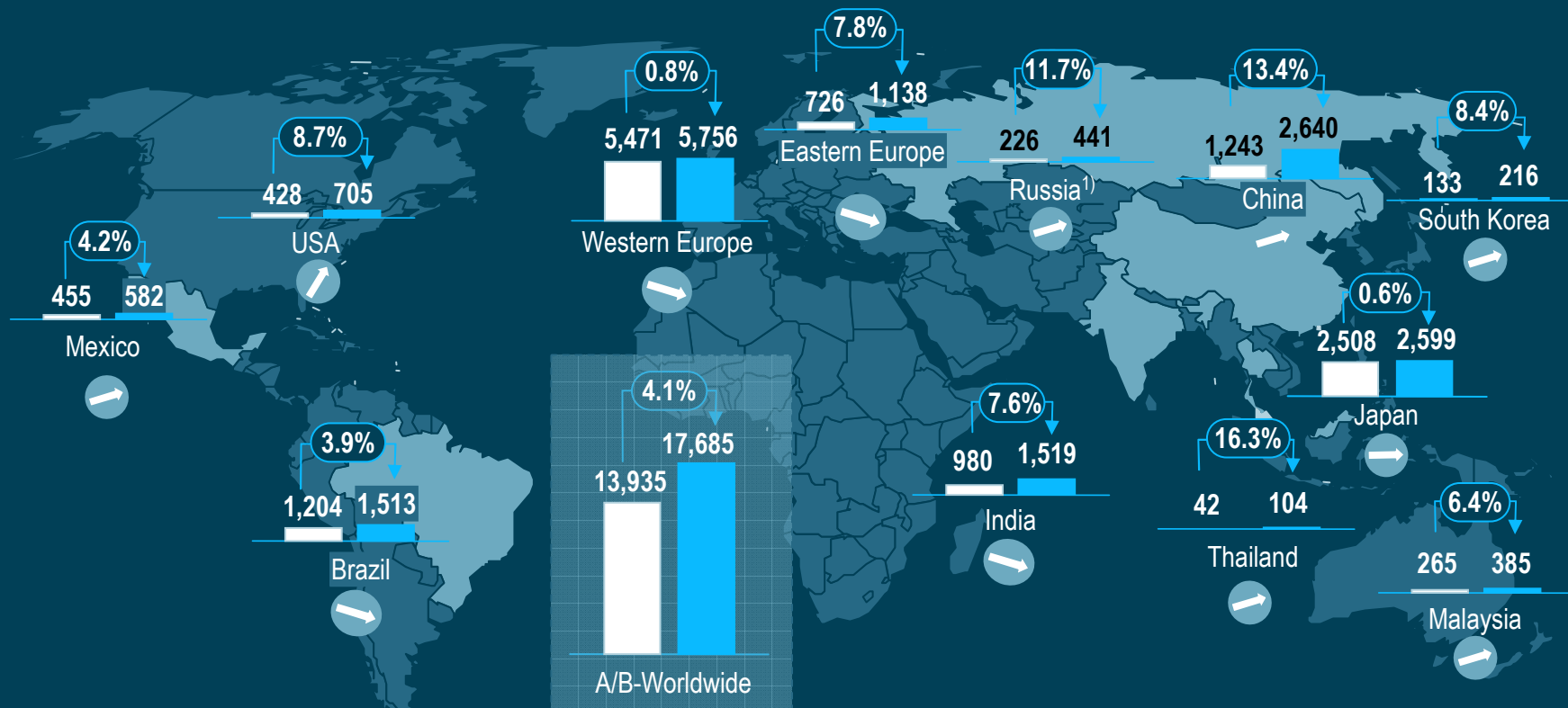
- The low cost car (vehicles priced below USD 10k in the US or EUR 10k in other markets in the A-/B-segment) segment can reach 18 m units worldwide by 2012
- This segment is expected to grow the most in China, India, and Central and Eastern Europe
- The key driver for growth is that consumers globally are looking for better value for their money
- In the triad markets (US, EU and Japan), used car purchasers are beginning to turn toward low cost new cars
- In emerging markets, the demand for individual mobility and economic development are pushing growth in this segment
- The key to success is to manage three main levers effectively – Car, Care, and Core



# 1 Low cost car market overview

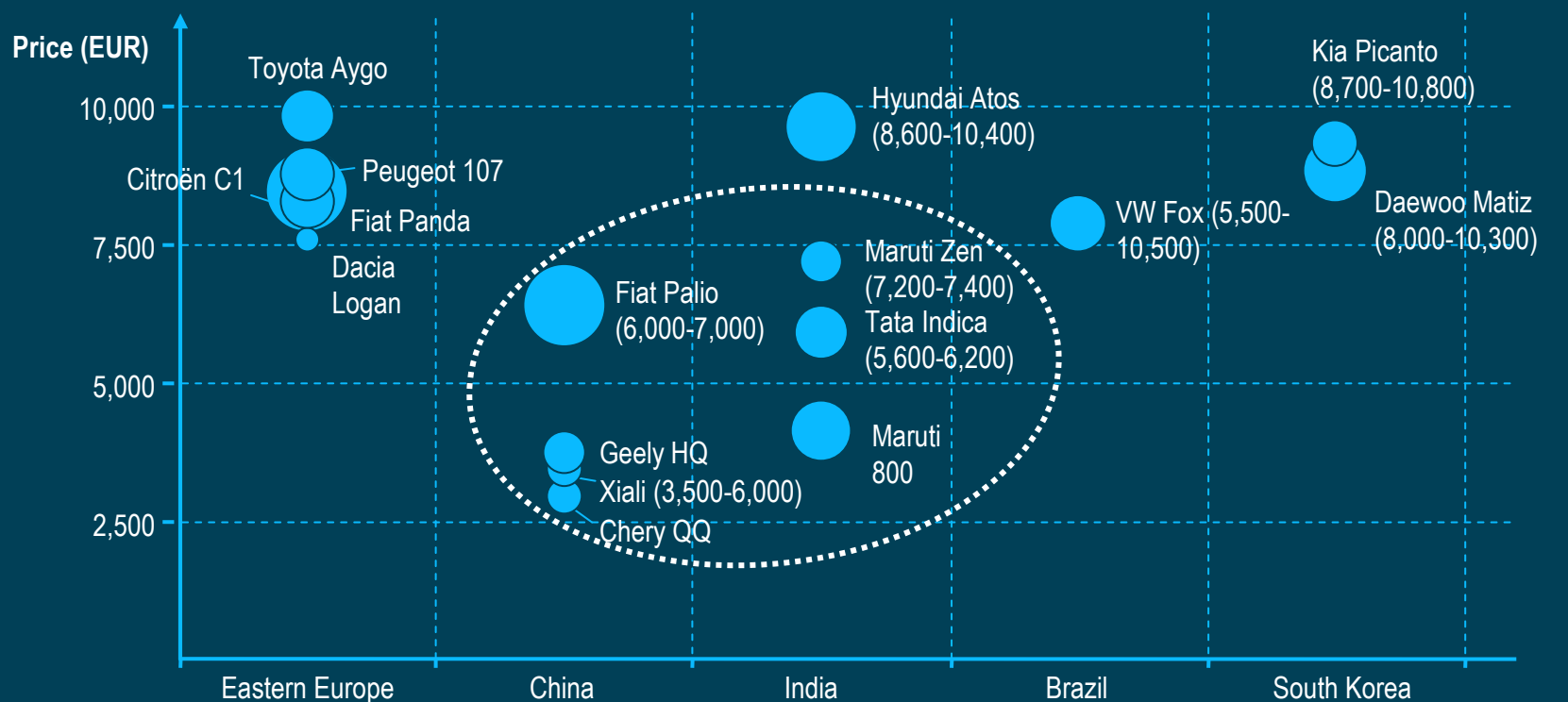
# The A-/B-segment is growing worldwide, mostly at a faster pace than the industry average

Sales potential overview of low cost cars in the A/B-segment ('000 units)



## Current low cost passenger cars in the EUR 5,000 segment are mainly produced in China and India

Prices, country of origin and sales of selected models in the A/B-segment



Total sales (# m) A-/B-segment 2006

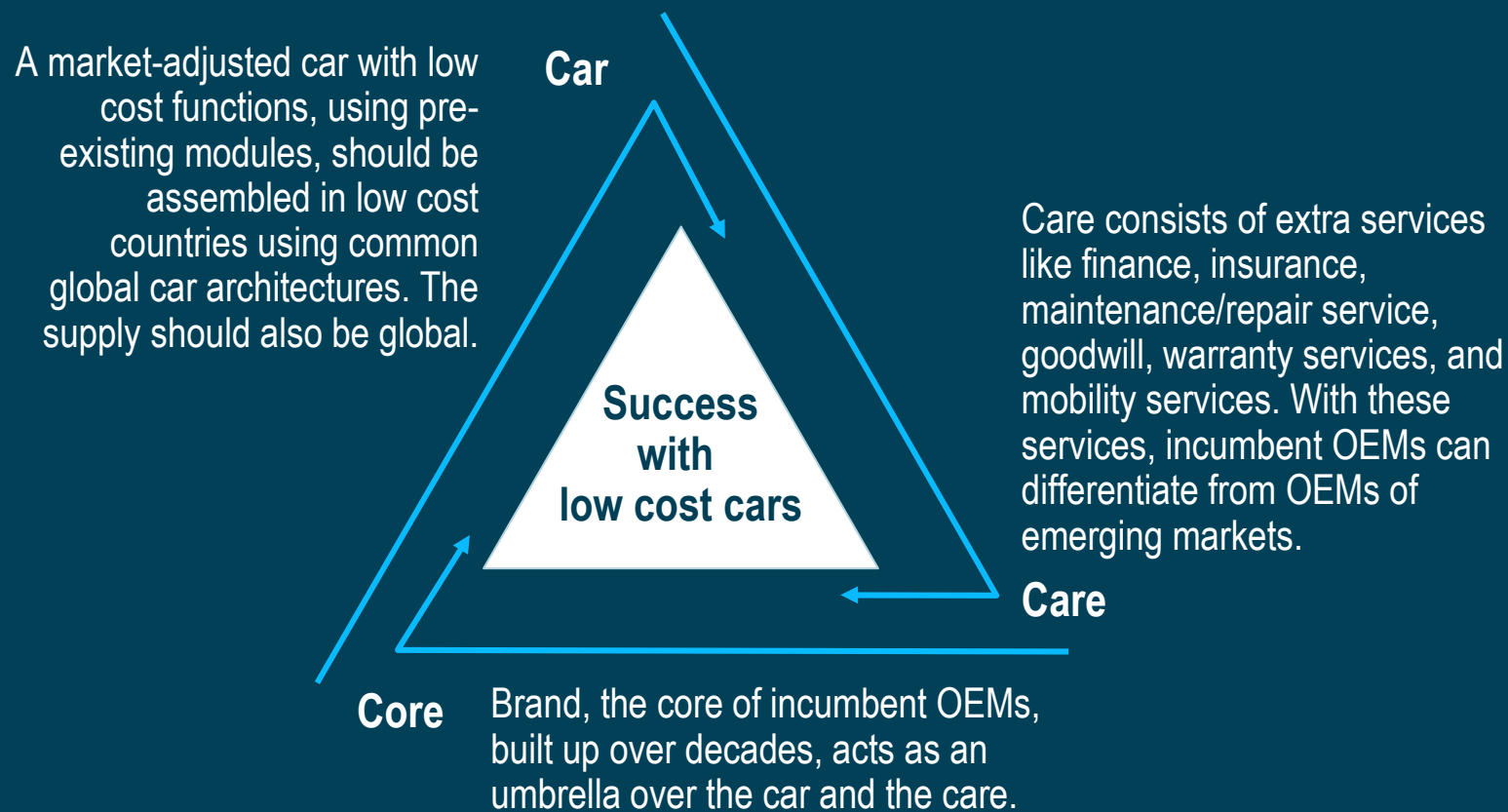
Eastern Europe	China	India	Brazil	South Korea	$\Sigma$
0.72	1.24	0.98	1.20	0.13	4.27

● = Bubble size indicates worldwide sales of 100,000 units (2004) 1) Prices in brackets indicate a range



## 2 Winning strategy for low cost car launch

## The combination of Car, Care and Core enables the incumbent OEMs to be successful in the low cost car market

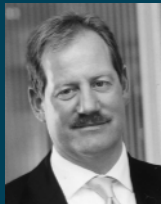


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