

AUTOMOTIVE COMMITTEE

Industry Profile

The automotive sector is a key industry in the Malaysian economy. The sector's economic contribution is immense, with significant linkages in manufacturing and to the services sectors. The sector comprises the manufacture/assembly of motor vehicles and the manufacture of parts and components. There are currently four manufacturers (national projects) and nine assemblers in the motor vehicle sector, with an annual installed capacity of 963,300 units and 690 manufacturers of automotive parts and accessories.

Malaysia transformed from a net vehicle importer before the 1960s to a full fledged vehicle manufacturer with the establishment of Proton in 1985 and consequently, Perodua in 1993. These developments marked a new phase in the Malaysian automotive sector. Other than technical collaboration with foreign companies, this industry is also a major customer for many other industries (e.g. steel, rubber, electronics, etc).

Industry Performance

Although there were some decreases on year 2006, 2007, and 2009, the total industry production in the automotive industry remained stable from year 2005 to year 2010.

Summary of Passenger & Commercial Vehicles Produced and Assembled in Malaysia

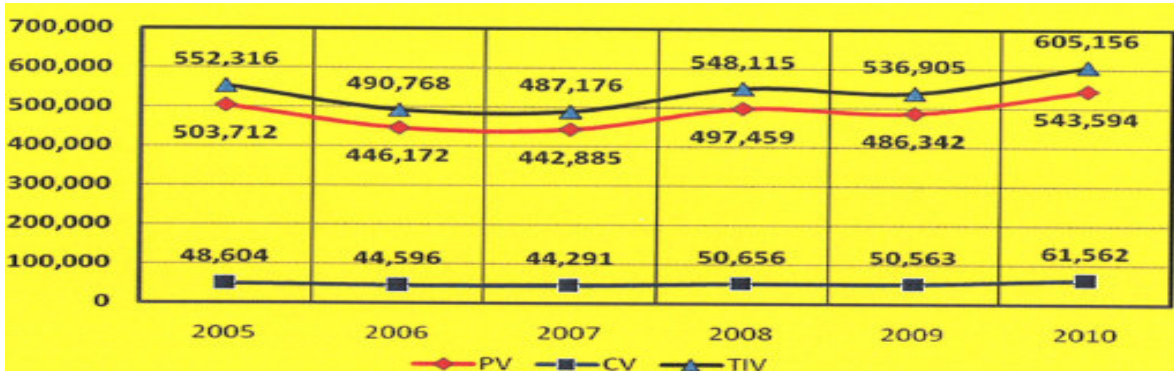
Year	Passenger Cars	Commercial Vehicles	4x4 Vehicles	Total Vehicles
2005	422,225	95,662	45,623	563,510
2006	377,952	96,545	28,551	503,048
2007	403,245	38,433	-	441,678
2008	484,512	46,298	-	530,810
2009	447,002	42,267	-	489,269
2010	522,568	45,147	-	567,715

{Source: MAA}

Total Industry Volume (TIV)

The industry registered a record high TIV with 605,156 vehicles sales for 2010 when compared with 552,316 units in 2005.

Total Industry Volume (TIV) Trend 2005 – 2010

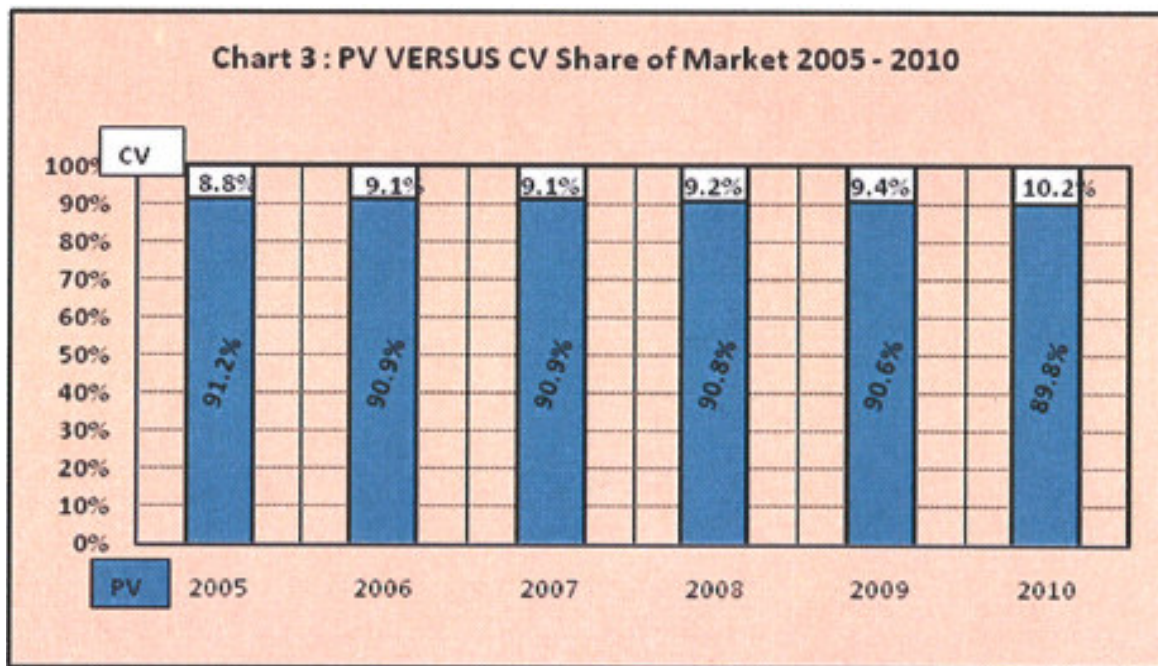


Note: PV = Passenger Vehicles
CV = Commercial Vehicles.

Segment Performance

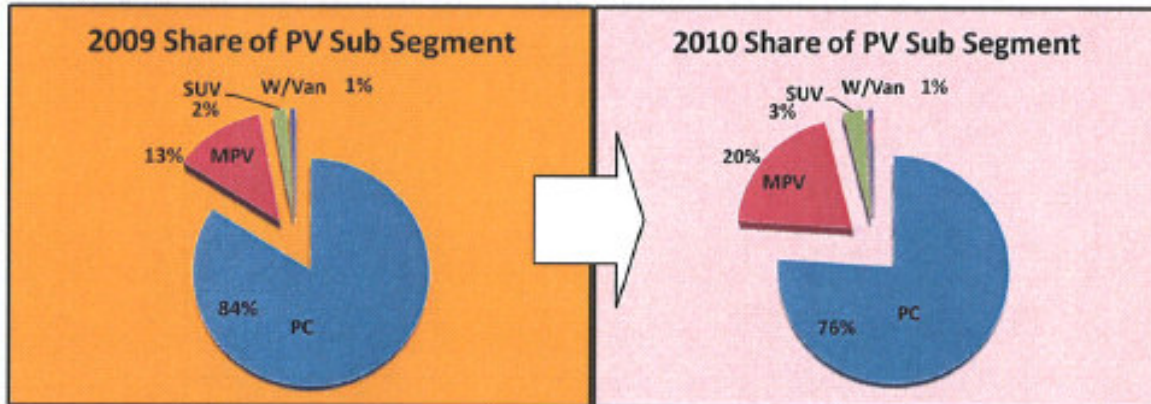
Based on the data from the Malaysian Automotive Association, the commercial vehicles segment expanded their share of the market steadily from 8.8% in year 2005 to 10.2% in year 2010. This was contributed by the increasing popularity of double-cab pick-ups.

PV versus CV Share of Market 2005 - 2010

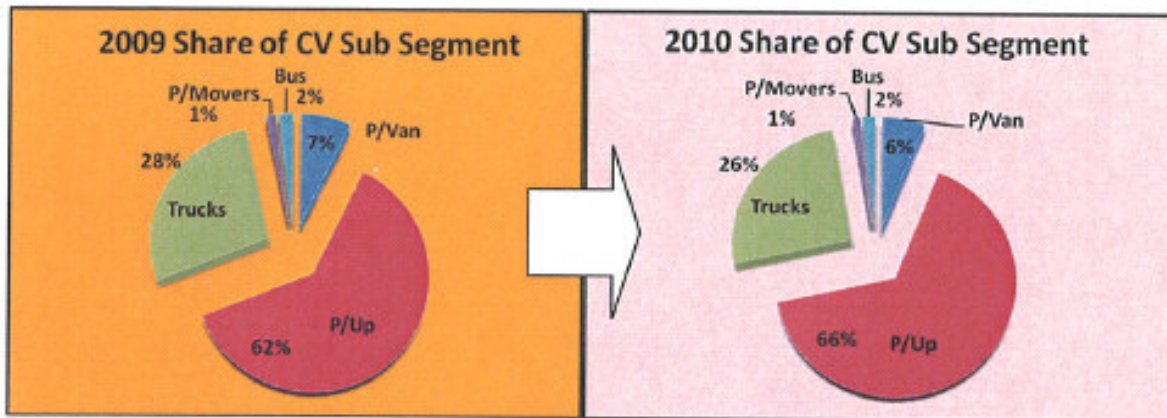


Note: PV = Passenger Vehicles
CV = Commercial Vehicles.

Passenger Vehicles 2010 – Breakdown by Segments



Commercial Vehicles 2010 – Breakdown by Segments



Note: PV = Passenger Vehicles
 CV = Commercial Vehicles
 SUV= Sport Utility Vehicles
 W/Van: Window Vans

Industry Outlook

The total industry volume (TIV) forecast for the next 5 years is as below:-

Total Industry Volume Forecast (2011 – 2015)

Market Segment	2010 (Actual)	2011	2012	2013	2014	2015
Passenger Vehicles	543,594	555,000	560,000	566,500	574,000	581,000
Commercial Vehicles	61,562	63,000	64,000	64,500	65,000	66,000
Total Industry Volume	605,156	618,000	624,000	631,000	639,000	647,000
Growth	-	2.1%	1.0%	1.1%	1.2%	1.3%

The following economic and environmental factors have been taken into account in order to produce the forecast:-

- Malaysia's GDP growth to moderate from 7% (estimate) in year 2010 to between 5% and 6% (forecast) in year 2011.
- The concern that the global economic growth would be threatened by uncertainties in Europe and the USA and their impacts on the economy worldwide.
- Multiplier effects from the 10th Malaysia Plan and the Economic Transformation Programme's (ETP) which would likely give a further boost to the domestic economy and create greater demand for new vehicles.
- Positive consumers' sentiments are expected to continue owing to greater stability in the employment market.
- More job opportunities arising from investments that would be made in the 10th Malaysia Plan as well as the various ETP's entry point projects.
- Introduction of new models to generate buying interest.
- Outstanding orders carried over from last quarter of year 2010 would be fulfilled in year 2011.

{Source: Malaysian Automotive Association}