



Tyre Market – China

October 2011

Executive Summary

Market

- Tyre market in China has been demonstrating rapid growth and development over the past few years, with tyre sales amounting to x units in 20--, y-o-y growth of y%
- Tyre production in China stood at z units, in Aug 20--, y-o-y growth of p%

Drivers & Challenges

Drivers:

- Rising automobile sales
- Rising middle class and increasing income
- Replacement demand
- Scope in radialization
- Rising exports due to low priced Chinese tyres
- Availability of low-cost skilled labour
- Improvement in China's road network

Challenges:

- Anti-dumping duty
- Trade barriers from EU market
- Surging costs of raw materials
- Foreign Dominance
- Appreciating currency
- Restrictions imposed on car ownership

Trends

- Emergence of tubeless tyres
- Players focusing on radial tyres
- Advent of green tyres
- Players focus on upscale models
- Re-treading of tyres

Government Regulations & Standards

- Government policies and regulations
- Regulation and certification procedures for imported tyres
- Business regulations for tyre distributors
- China's tyre product standards

Competition

- International players like Company 1 and Company 2 are boosting their investment in China, indicating tougher and more fierce competition for the domestic players
- Some of the major domestic players in the market are Company 3, Company 4, Company 5, Company 6 and Company 7

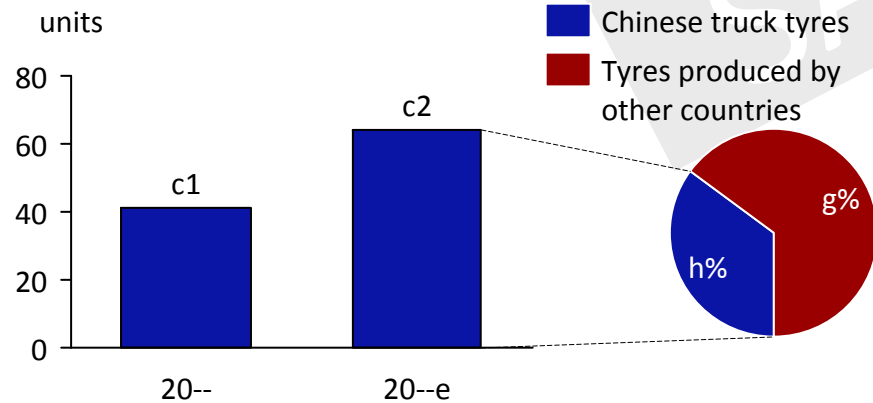
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- **Market Overview**
 - **Global Market**
 - Domestic Market
 - Export-Import
 - Drivers & Challenges
 - Trends
 - Government Initiatives
 - Competition
 - Key Takeaways

Chinese tyre industry has shown consistent growth and is expected to develop further in the future years

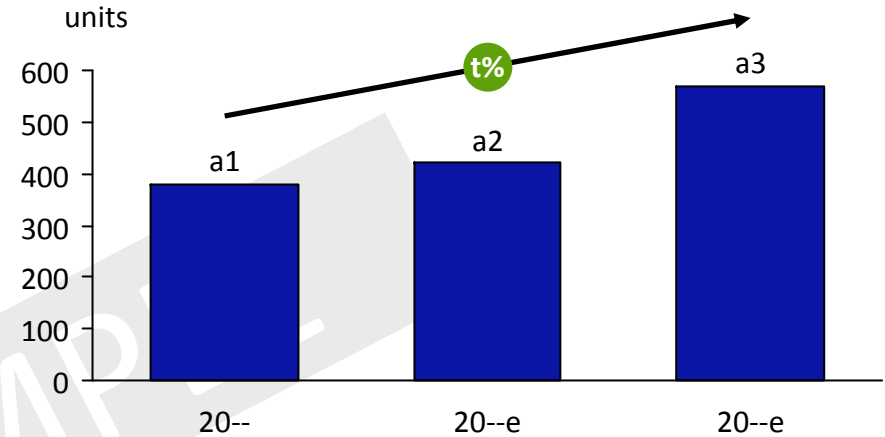
Tyre Market – Overview (1/2)

- China has been leading the world in terms of tyre production and sales for x consecutive years
- It is expected that tyre sales in China may increase by y% in 20--, which is z times the global rate
 - Four wheeler tyre production in China is nearly p times that of India
 - Chinese truck tyre market is the biggest in the world
- According to National Bureau of Statistics of China, tyre production amounted to q units for Jan-Aug 20--, y-o-y growth of r%

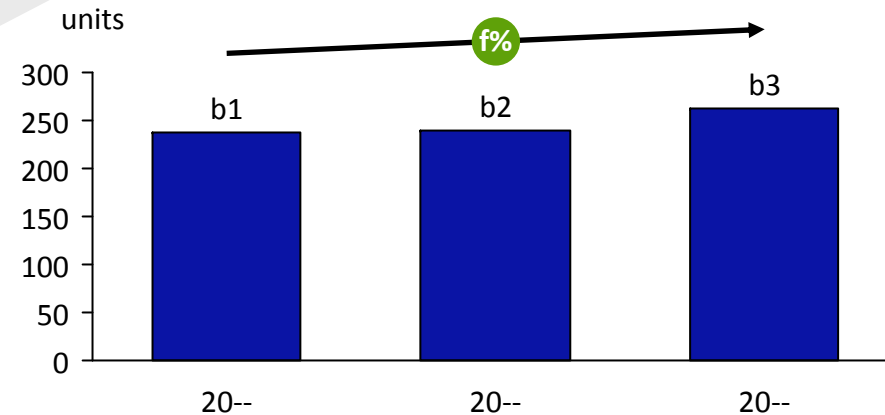
Growth of Truck Tyre Sales



Growth of Tyre Production

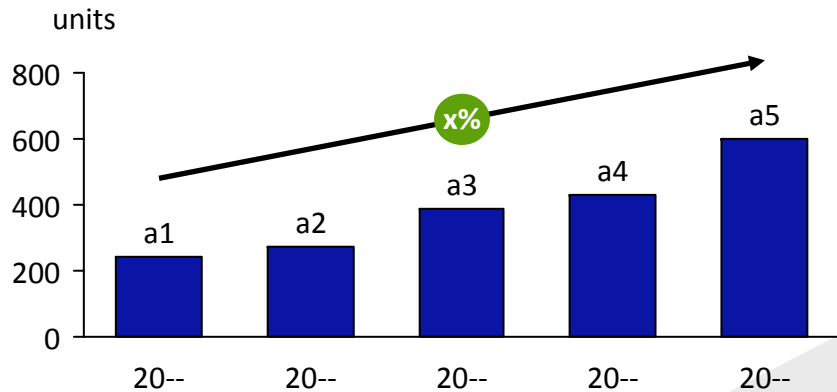


Growth of Four Wheeler Tyre Production

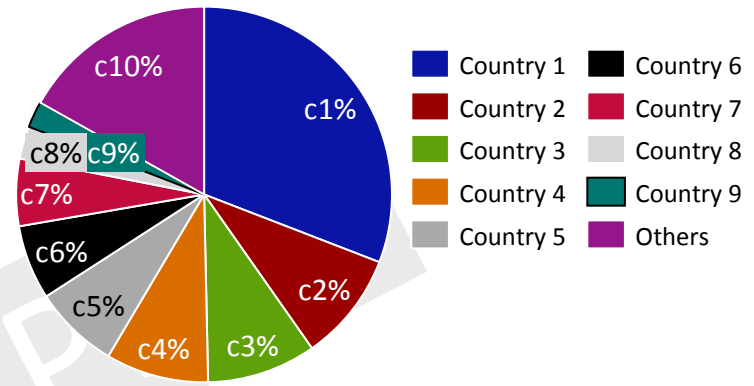


Tyre manufacturers earn revenues by exporting their products to various countries around the world

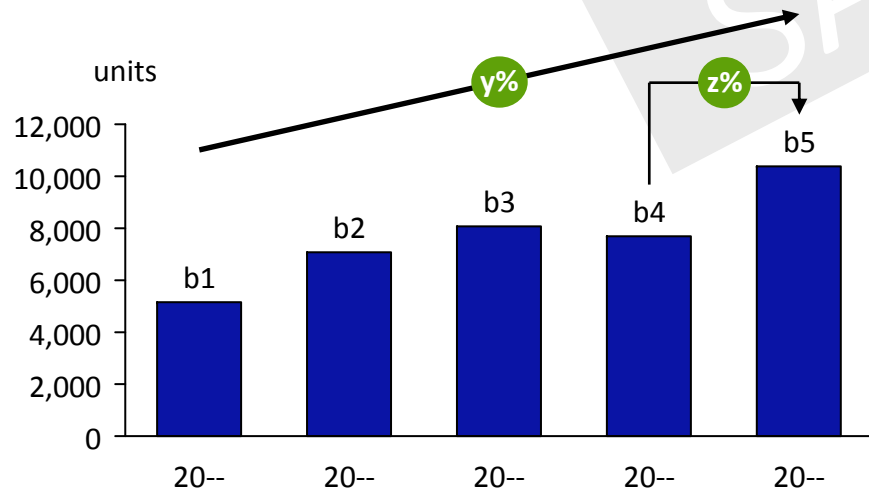
Growth in Imports under HS code 40--



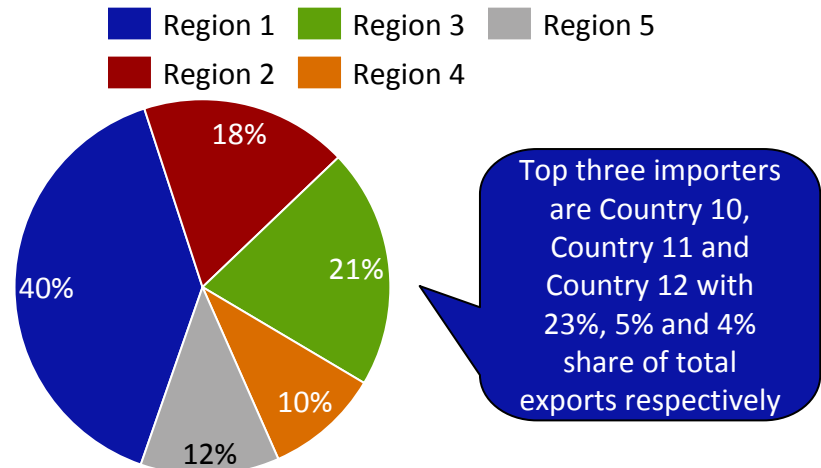
Country-wise Imports (20--)



Growth in Exports under HS code 40--




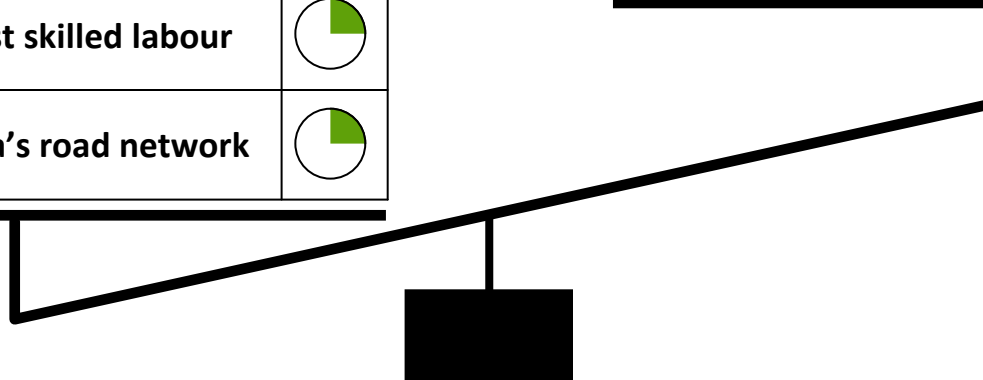
Region-wise Exports (20--)



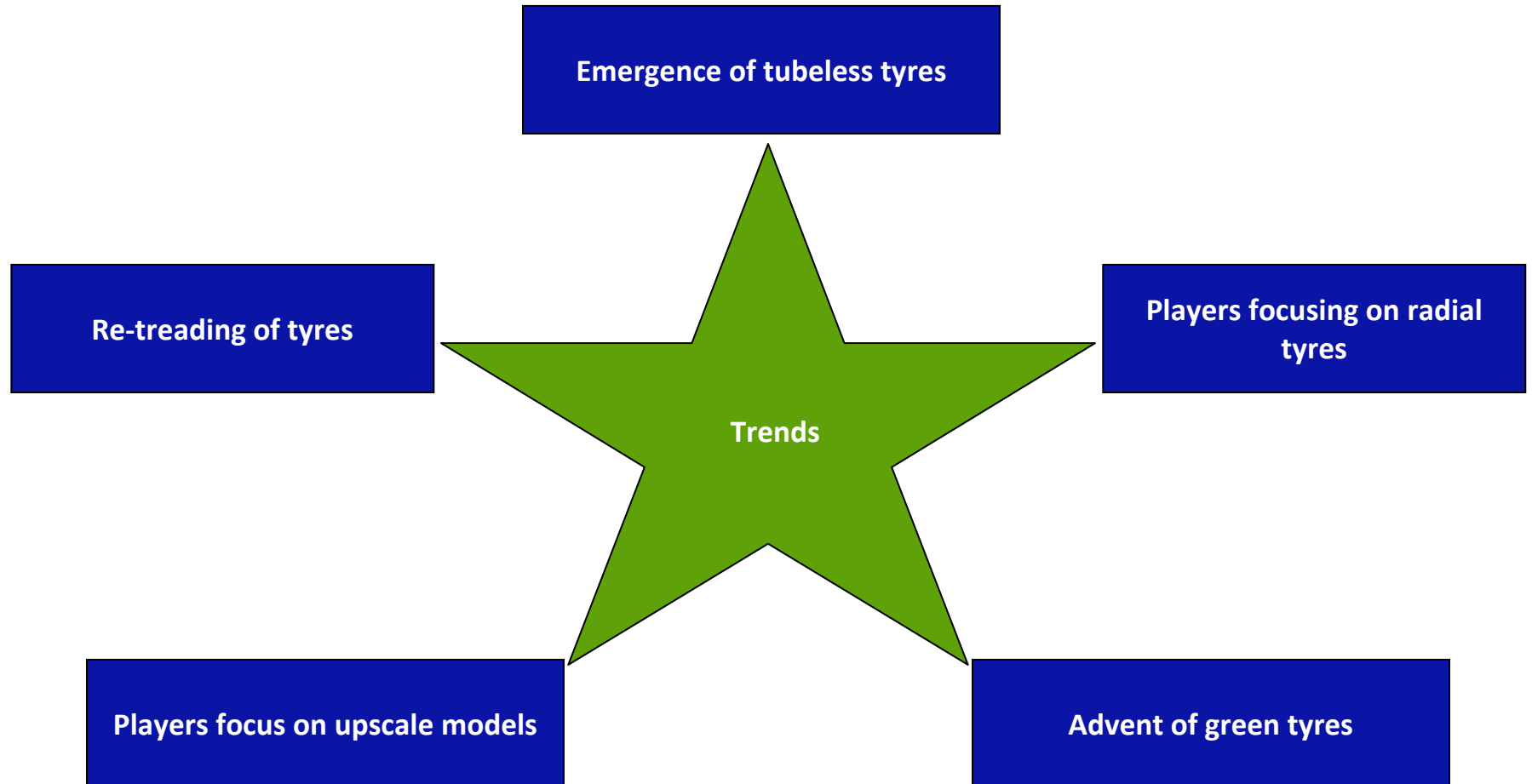
Drivers & Challenges – Summary

Drivers	
Rising automobile sales	
Rising middle class and increasing income	
Replacement demand	
Scope in radialization	
Rising exports due to low priced Chinese tyres	
Availability of low-cost skilled labour	
Improvement in China's road network	

Challenges	
Anti-dumping duty	
Trade barriers from EU market	
Surging costs of raw materials	
Foreign Dominance	
Appreciating currency	
Restrictions imposed on car ownership	



Trends – Summary



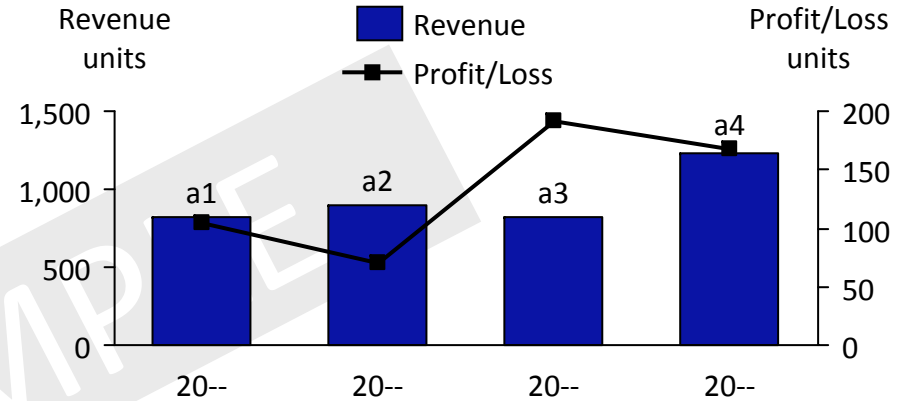
Major Domestic Players in the Market (1/5)

Company Snapshot: Company 1

Corporate Information

Headquarters	City 1, Province 1
Founded	19--
Products	Type 1 tyres, type 2 tyres, type 3 and type 4 tyres, type 5 tyres, type 6 and type 7 tyres, type 8 tyres and type 9 tyres
Key People	Person 1– <i>General Manager</i>

Financial Performance



Business Highlights

- Company 1 engages in the manufacture and sale of tyres in China and internationally
 - Company offers its products under the Brand 1 and Brand 2 brand names
 - Ranked the xth largest tyre manufacturer in China in terms of sales in 20--
- Company is building a type 10 tyre plant in city 2, with an investment of USDy mn
 - Company will produce HP, UHP, winter and eco-friendly type 12 tyres, as well as type 13/type 14 products
 - Plant’s production will occur in stages, with annual capacities of p mn and q mn tyres for stages one and two, respectively, and a yearly output of r mn tyres once it reaches full production by the end of 20--, according to company 1
- Company has adopted “100% environmentally friendly” manufacturing process at both its type 15 and type 16 tyre plants, ensuring that all tyres it produces from here on out are REACH-compliant
 - New medium type17/type 18 radial tyres, type 19 tyres, or s are being produced in a more eco-conscious facility
 - These tyres have achieved a a% and b% drop in rolling resistance and fuel consumption compared to a standard company 1 tyre
- It’s ultimate objective is to attain Tier 1 status by 20--, its first step will be to reach Tier 2 status by the end of 20--

Other Major Domestic Players in the Market (1/3)

Company Snapshot: Company 2

Corporate Information

Headquarters	City 2, Province 2
Founded	19--
Products	Type 1 tyre and type 2 tyre and type 3 tyre
Key People	Person 2– <i>Chairman</i>

- In Aug 20--, Company confirmed its plans to build a tyre production plant in Province 3, Country 6, it's first overseas auto tyre factory
- With a total investment of USDg mn, the factory will cover an area of 600 to 700 mu
- After the completion of first phase the factory is expected to produce h type 19 Tyres and i type 20, type 21 and type 22 Tyres annually that will be exported throughout country 7, country 8 and country 9

Business Highlights

- Company 2 is the xth-largest global tyre producer and No. y in China
- Company sells its products in Country 1, Country 2, Country 3, Country 4, Country 5 and internationally
 - Company's current product line is offered through z series containing more than p tyre products
 - Produces various specifications of type 4 tyre, type 5 tyre, type 6 tyre, type 7 tyre, type 8 tyre, type 9 tyre, type 10 tyre and type 11 tyre
 - In 20--, company's total tyre production was q mn, r mn type 12 and type 13 tyres, s mn type 14 and type 15 tyres and u type 16 and type 17 tyres
- In Jun 20--, Company 2 and Company 3, manufacturer of v products have agreed to jointly develop commercial applications for w
- In May 20--, company announced its plans to launch new type 18 tyres in model 1
 - Company added 2 more sizes for model 2 and 6 more for model 3 to complete the product line