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Automotive Industry: High Performance Businesses in the era of the 'multi-polar' world

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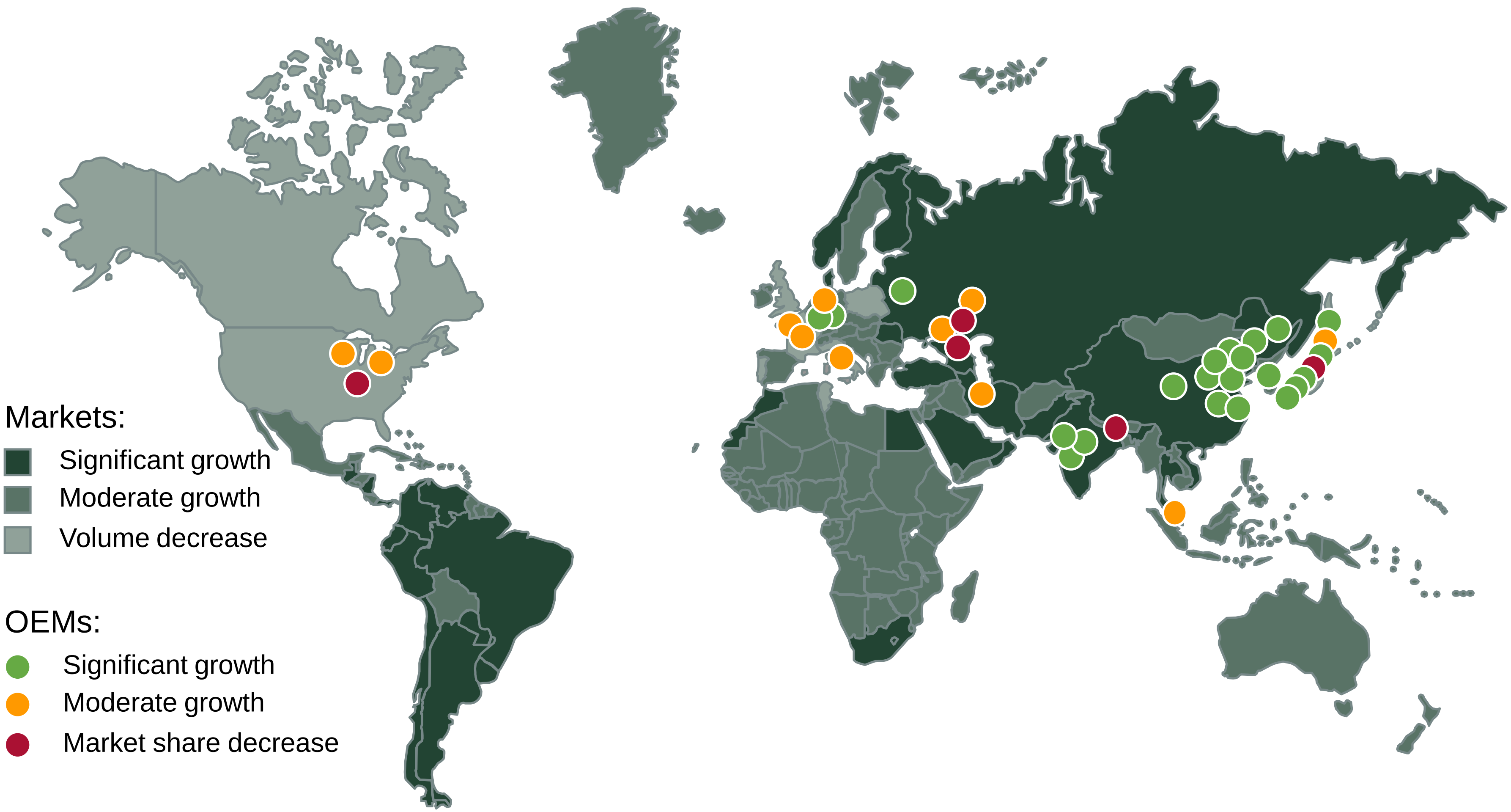
The global automotive landscape has been changed to a mix of traditional and new players and markets

Markets & Players (2002 – 2006)



Notes: decrease <0%, moderate 0-4%, significant >4% (4% is average growth); Source: Global Insight, June 2007; Accenture analysis

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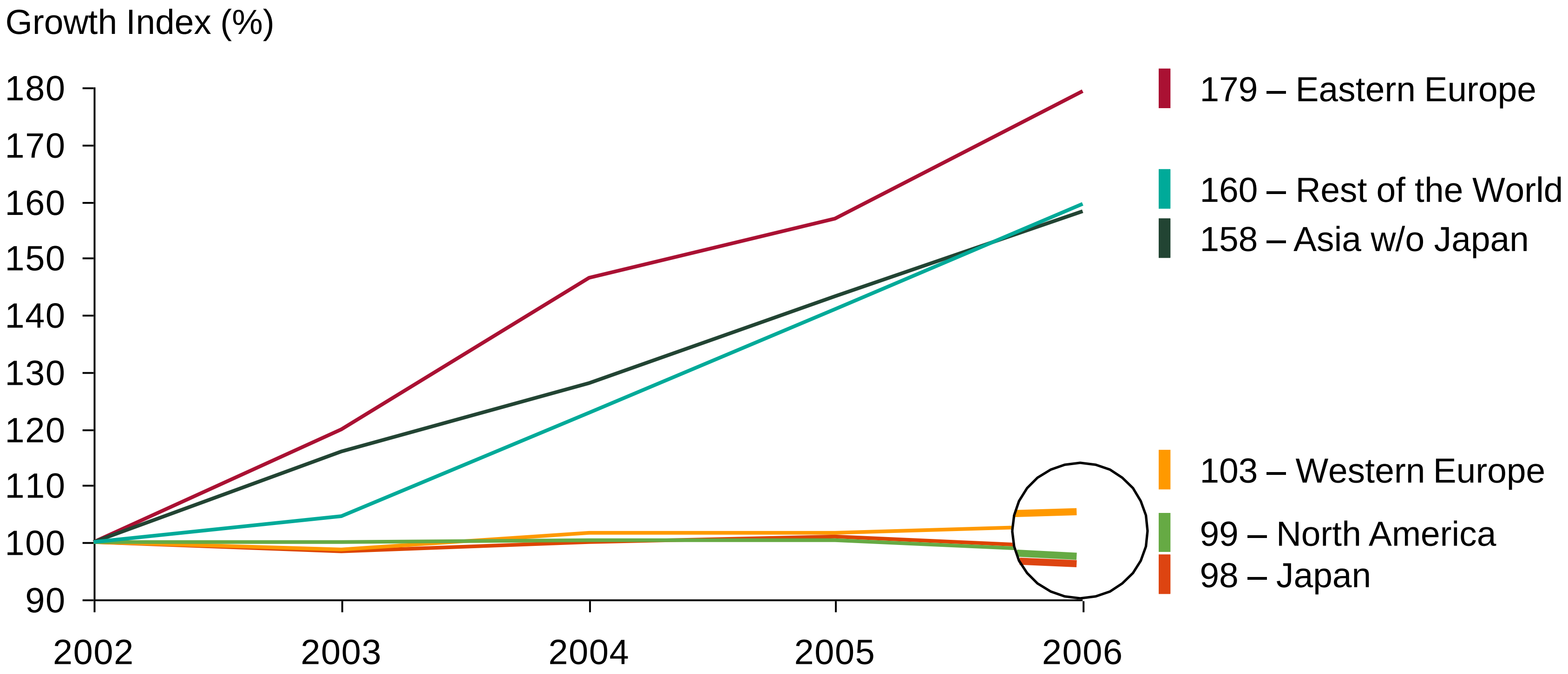
Worldwide vehicle sales growth was primarily driven by emerging markets …

Sales Growth
(Indexed on 2002)



Notes: Excluding heavy commercial vehicles

Source: Global Insight, June 2007; Accenture analysis

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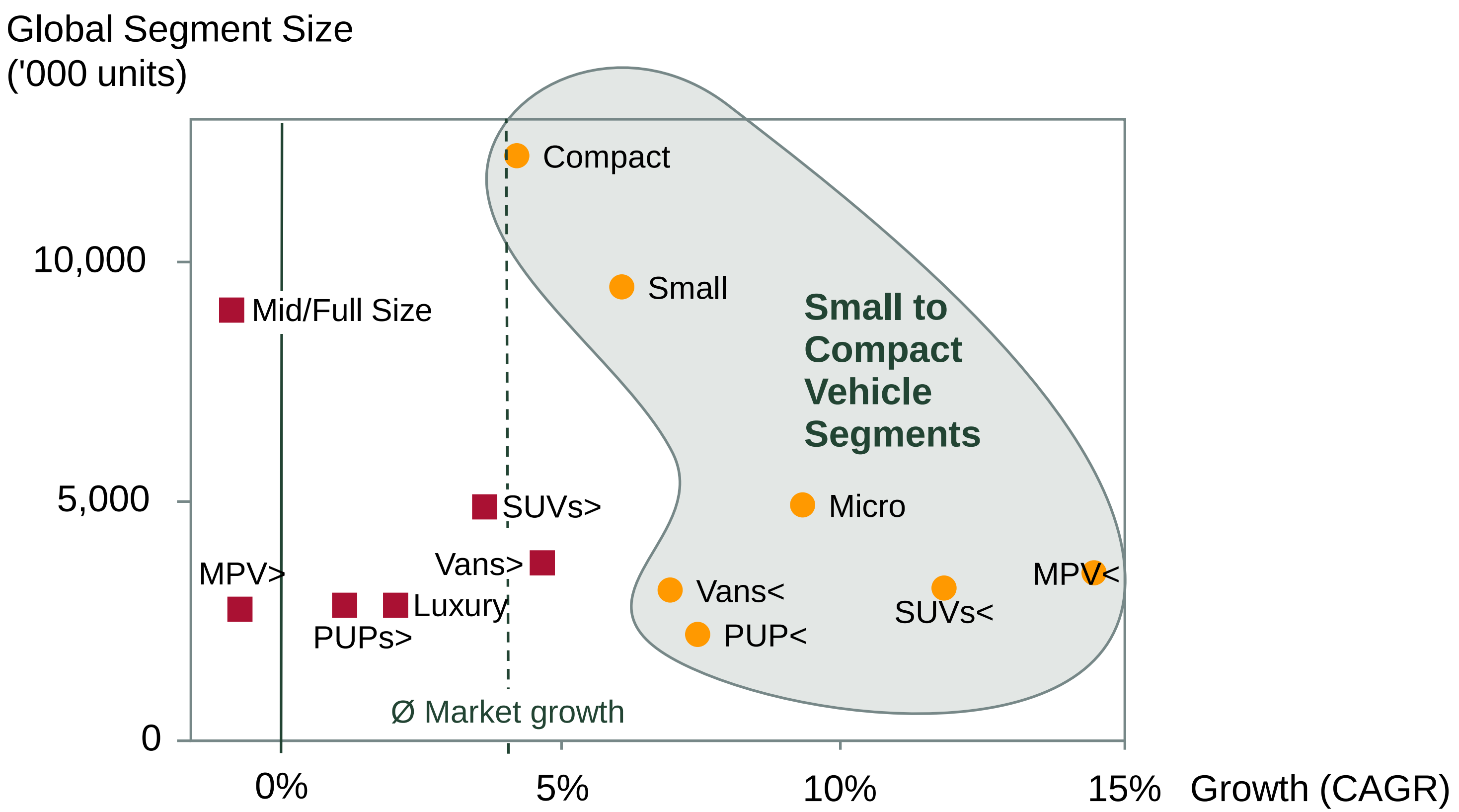
… and by small to compact vehicle segments

Global Segment Size & Growth
(Size 2006; Growth 2002-2006)



Notes: Excluding heavy commercial vehicles, SUV = Sports Utility Vehicle; MPV = Multi Purpose Vehicle; < Mini to Compact; > Mid/Full Size to Luxury

Source: Global Insight, June 2007; Accenture analysis

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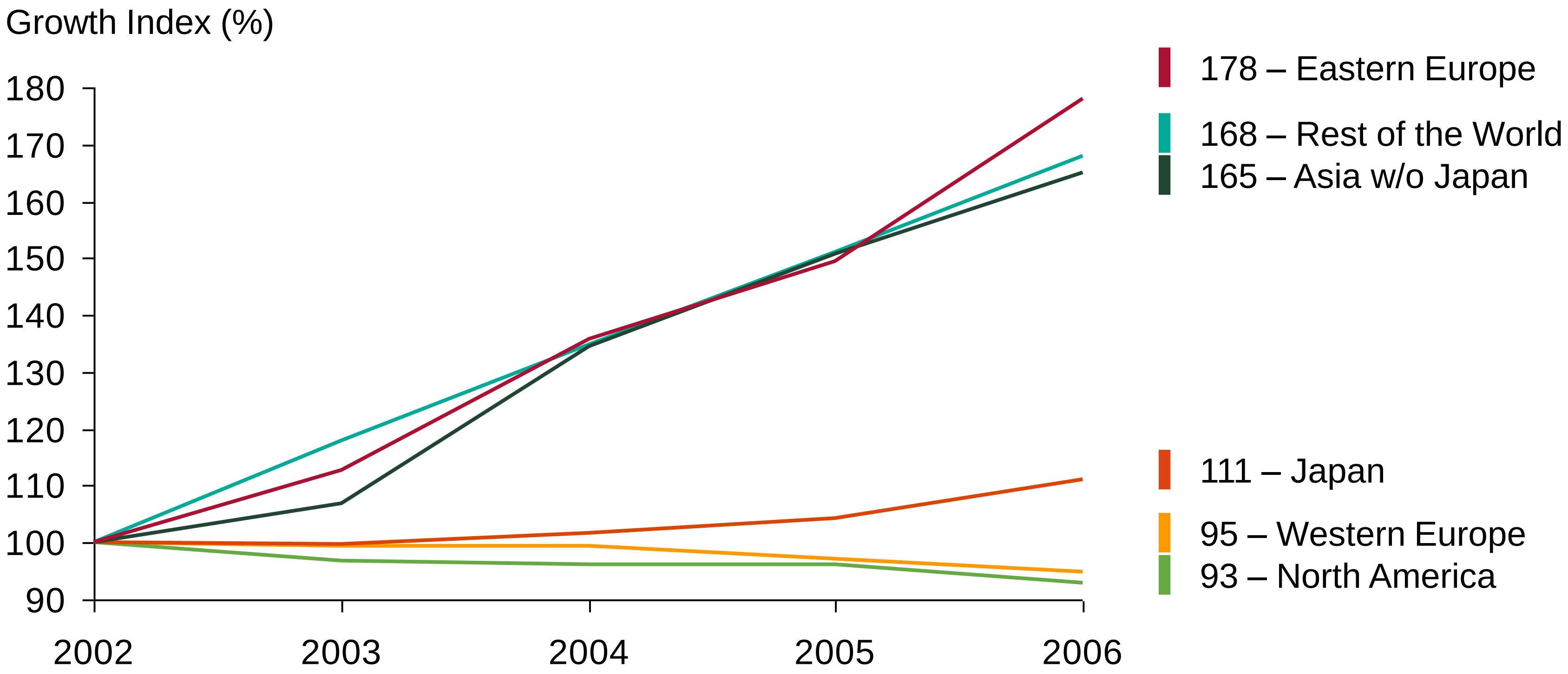
Consequently global production footprint changed to serve growing markets…

Production Growth
(Indexed on 2002)



Notes: Excluding heavy commercial vehicles

Source: Global Insight, June 2007; Accenture analysis

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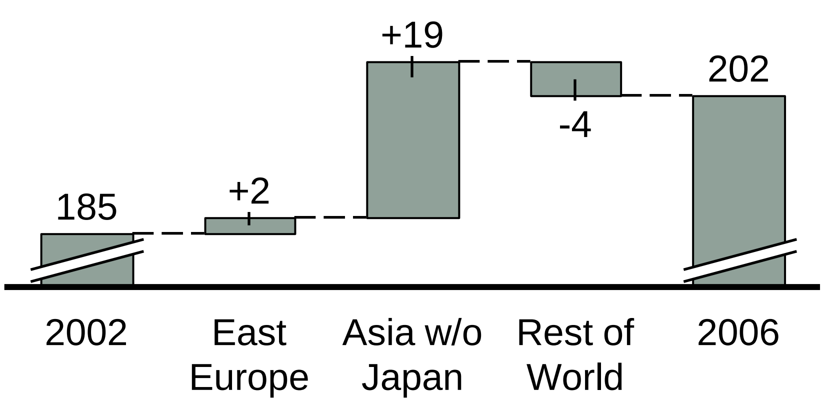
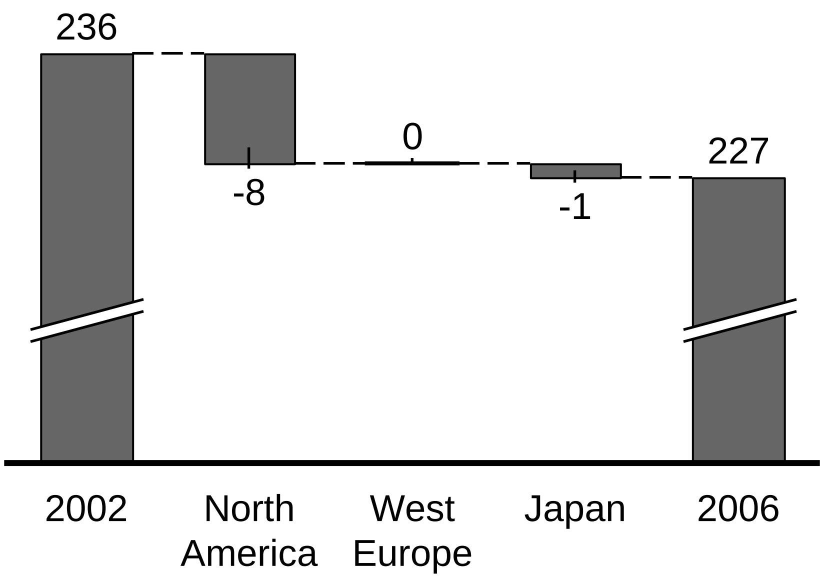
…with an increase of production facilities in emerging markets and a decrease in the Triad regions

Production Facilities Growth
(Assembly Locations; 2002-2006)

Emerging Markets



Triad Regions



Notes: Excluding heavy commercial vehicles, excluding plants producing less than 1000 units

Source: Global Insight, June 2007; Accenture analysis

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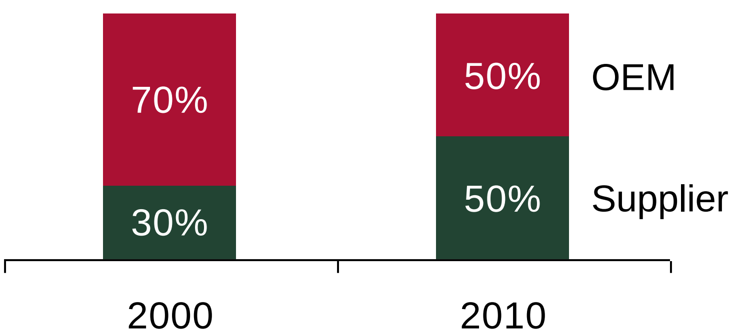
In parallel the value added is increasingly shifting from OEMs to suppliers

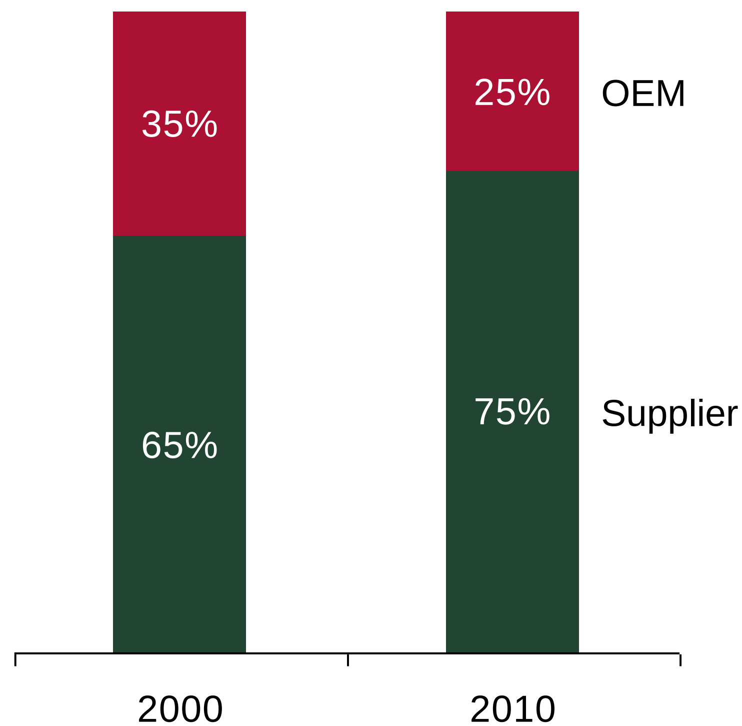
Value Added Split by Function
(2002-2010; %)

Manufacturing

Research & Development



Value Shift from OEM to OES
(2000-2010; %)



Source: VDA " Zukunft des Standorts Automobil", 2002; Mercer Wertschöpfungsmodell 2015; Accenture Research Analysis

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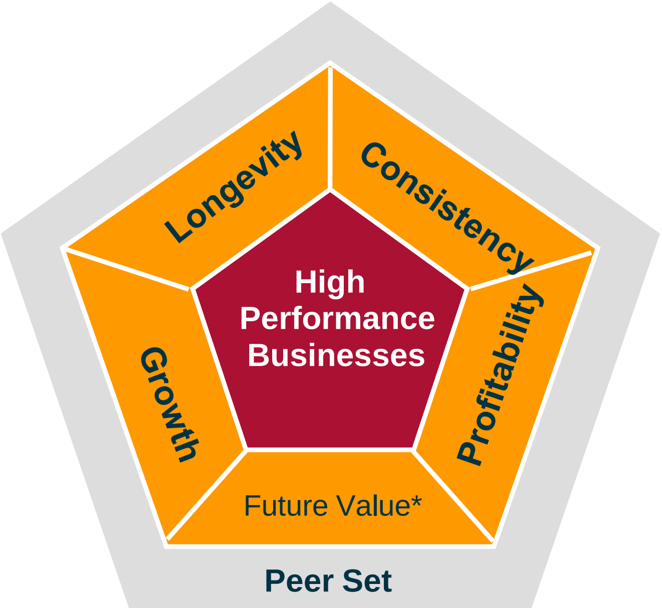
Accenture analyzed the automotive manufacturer landscape to identify High-Performance Businesses

Accenture methodology …



Notes:

Longevity: TRS CAGR (10, 7, 5, 3 Yr.)

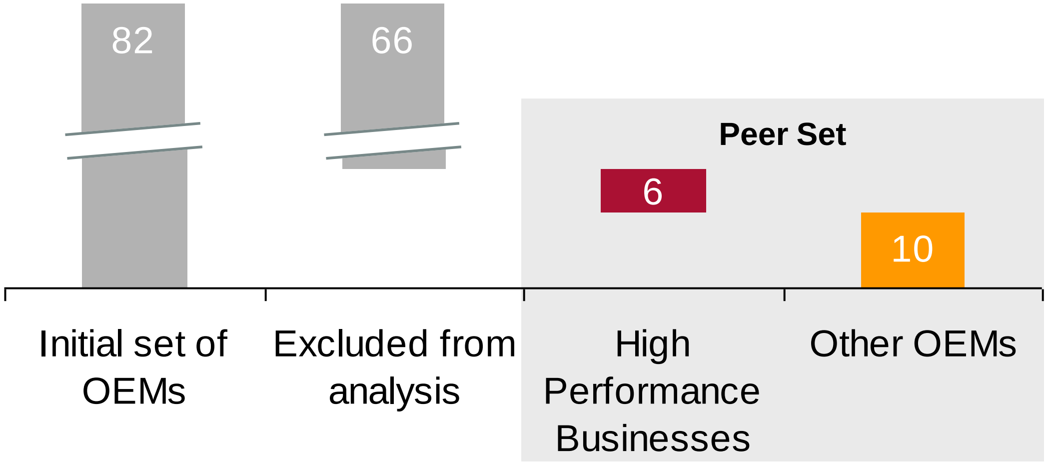
Growth: Revenue Growth CAGR (7, 3 Yr.)

Profitability: Average Spread (7, 3 Yr.)

Consistency: Median Outperformance in Profitability and Growth (7 Yr.)

Future Value is excluded due to negative correlation to ROIC

… identified six high performance OEMs...



… that comprise various business models.

- One full scope player
- Three mid market players
- Two niche players

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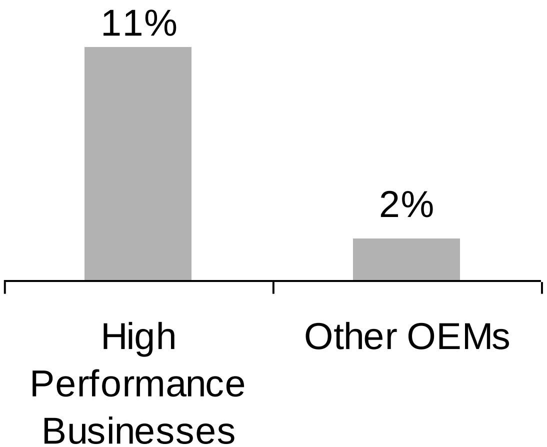
The High-Performance Businesses have consistently outperformed their industry peers

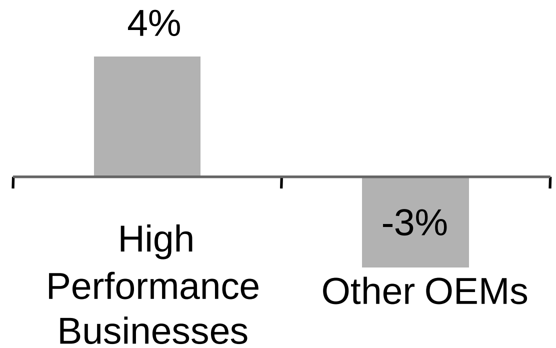
Strong revenue growth…

Revenue Growth
(2000-2006; %)



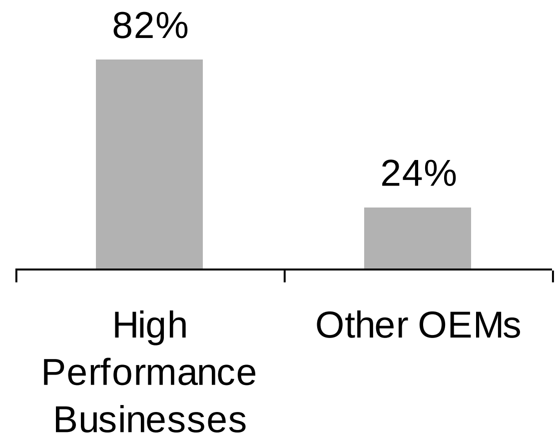
… higher profitability…

Spread (ROIC-WACC)
(2000-2006; %)



… strong shareholder value creation...

7 year TRS
(2000-2006; %)



… consistently over the seven year period distinguish high performance OEMs.

Notes: ROIC = Return on Invested Capital; WACC = Weighted Average Cost of Capital

Source: Standard & Poors, 2007; Accenture analysis

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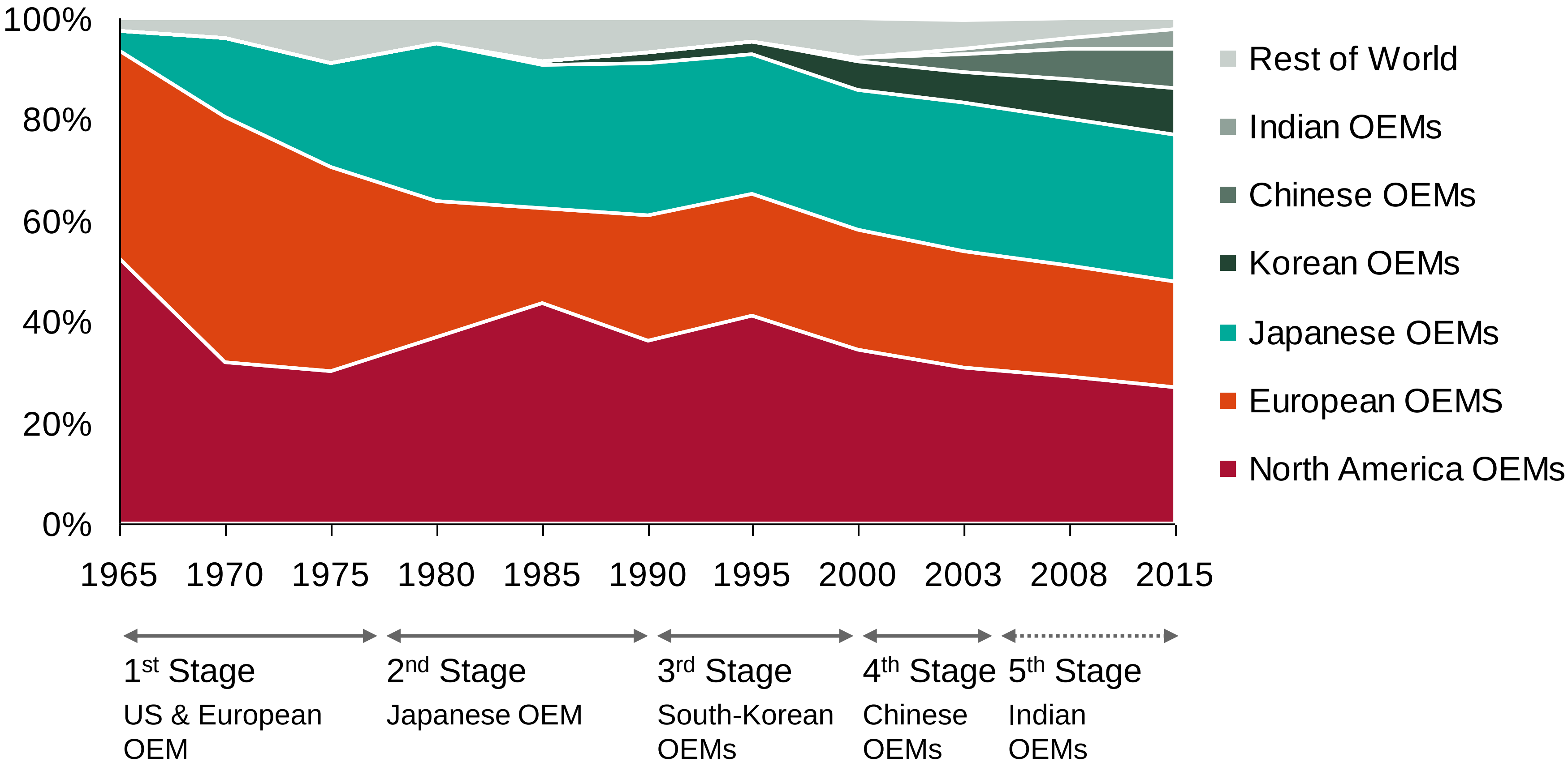
However, new independent players surged out into the global arena and change the business landscape.

Vehicle Production Volumes 1965-2015

(% of global production volume)



Source: Ward's Automotive Yearbook; Global Insight; Accenture Research analysis

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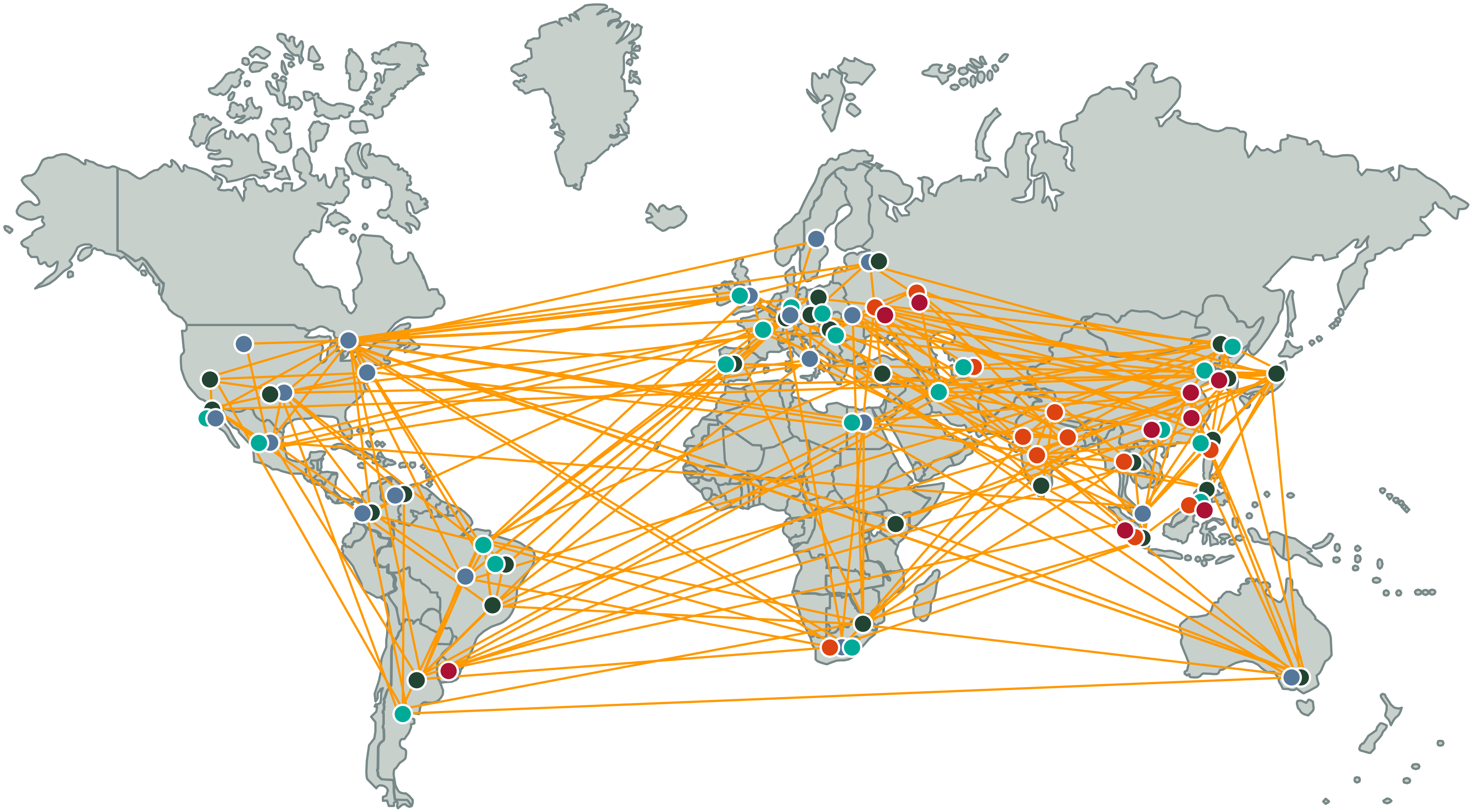
Thus shaping an unprecedented business complexity – the rise of the multi-polar world…

Global Production Footprint of biggest OEMs 1980-2008



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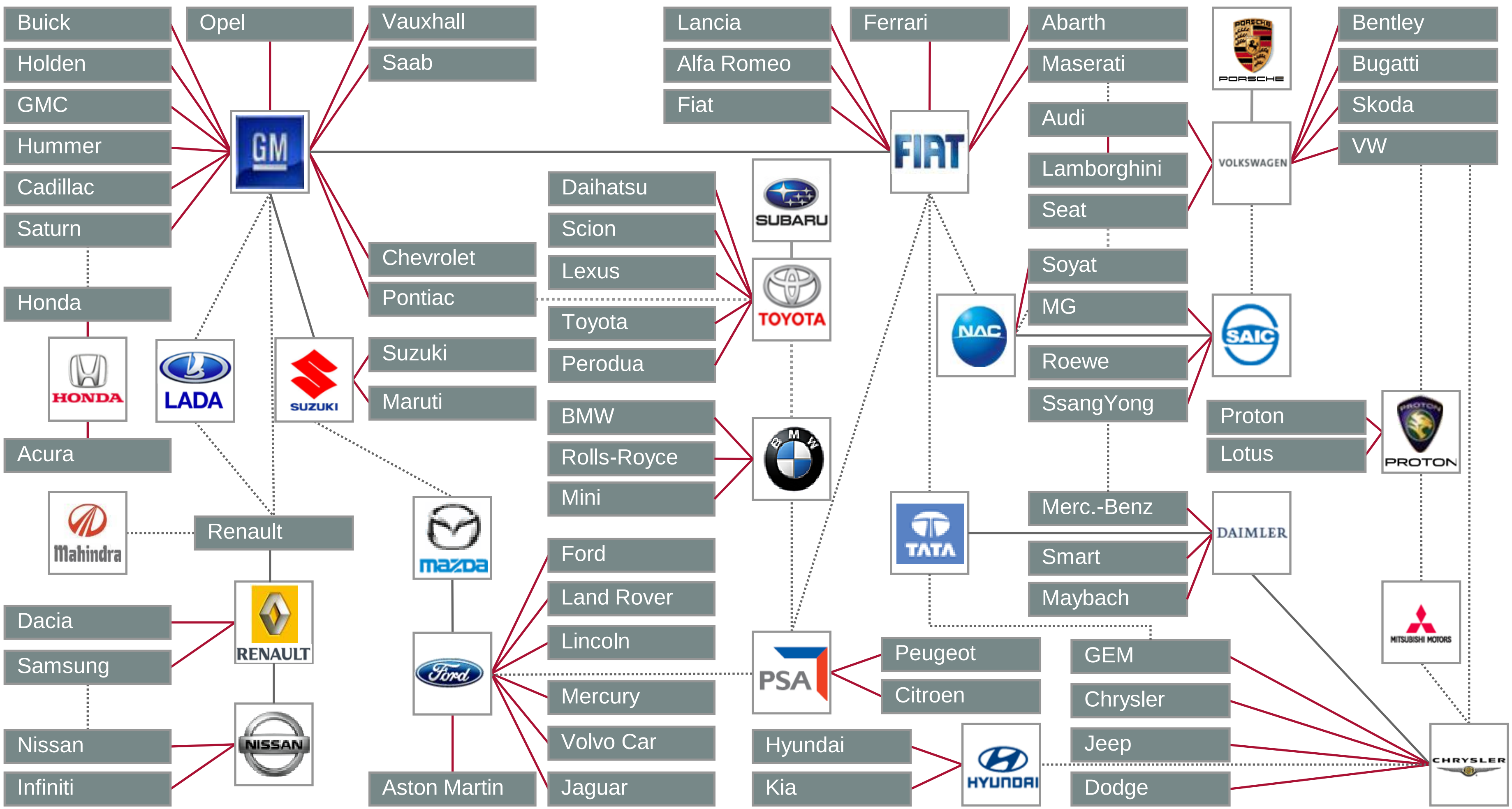
…with a highly complex network of co operations and partnerships between OEMs



Subsidiary
Equity stake
Partnership

Source: Automobilcluster.at; Accenture analysis; Notes: Excluding heavy commercial vehicles

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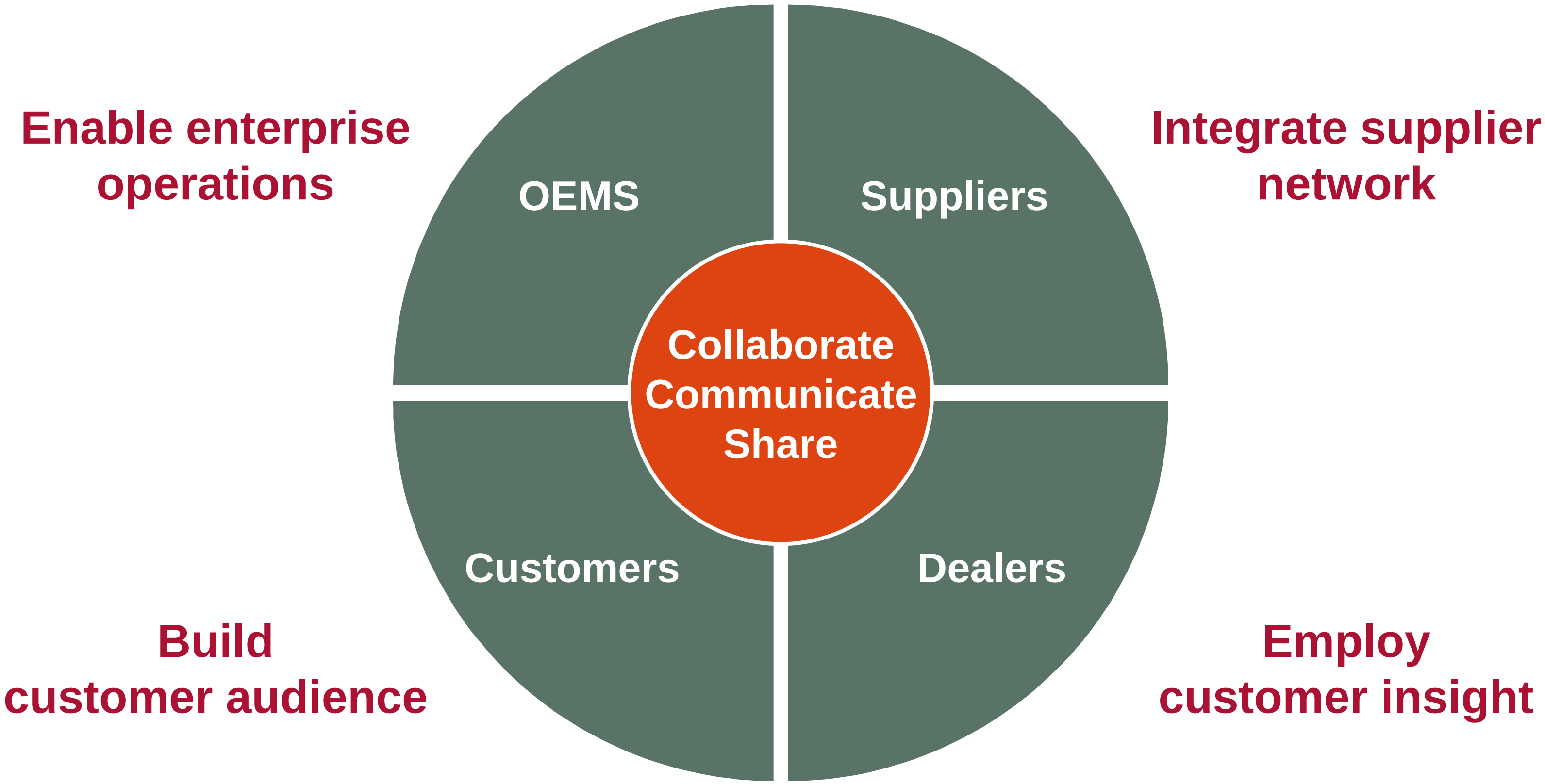
Overall the complex automotive network evokes an intense need of communication, collaboration and information sharing between all involved parties



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