

Passenger Car and Light Commercial Vehicle Analysis

Overview on the Commercialization of Light Vehicles in 2008

- In 2008, the Mexican automotive market experienced a fall in sales of x.x percent or xx,xxx vehicles in comparison to 2007, with total sales of x,xxx,xxx vehicles throughout 2008.

- The perception of consumers toward the economical situation in Mexico keeps deteriorating and interest rates on automobile financing operations have been increasing. These factors have had a big influence on the numbers observed by the end of 2008.

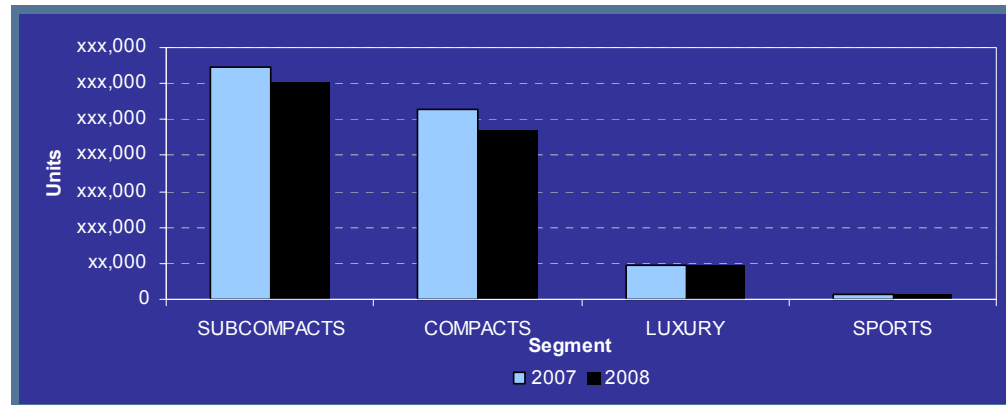
- The fall on national vehicles demand and in exports has brought December 2008 production to fall in x.x percent in comparison to the same month in 2007. It is important to mention that accumulated production for 2008 grew in x percent with x,xxx,xxx vehicles, in comparison to x,xxx,xxx vehicles produced in the same period in 2007.

- The internal market has been heavily affected by the imports of used cars which in 2008 passed the million units. At present conversations are taking place between the associations such as the National Spare Parts Association (INA), the Mexican Automotive Industry Association (AMIA) and the Mexican Motor-vehicle Distributor Association, to not open the market indiscriminately to used cars.

Passenger and LCV Market: Vehicle Sales (Mexico), 2008	
Category	Sales
Subcompact	xxx,xxx
Compact	xxx,xxx
Luxury	xx,xxx
Sports	x,xxx

Source: AMIA

Passenger and LCV Market: Vehicle Sales (Mexico), 2007 Vs. 2008



Source: AMIA

Sales of Light Commercial Vehicles Have Fallen in 2008

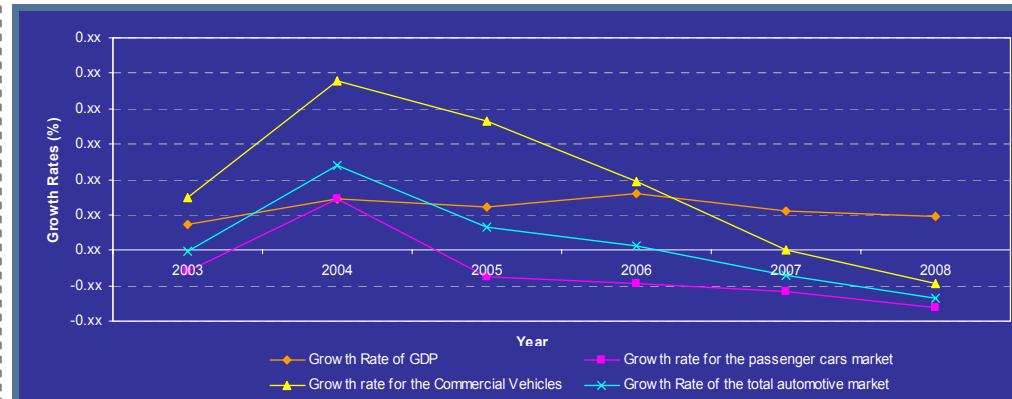
• LCVs sales have been continuously increasing through the years until 2008 where they fell x.x percent in comparison to 2007.

• This decrease can be explained due to the fall in sales in the United States, which has impacted on the exports, as well as the production cycle of this type of vehicles.

• Imports of used vehicles from the United States is another factor impacting directly on sales, not only LCVs but also passenger vehicle segment.

• Multiple use vehicles, such as Sport Utility Vans, vans and minivans, reported a fall on sales of x percent in 2008.

Passenger and LCV Market: Historical Growth Rates Passenger Versus LCV (Mexico), 2003-2008



Source: AMIA

Passenger and LCV Market: Historical Sales Passenger Versus LCV (Mexico), 2003-2008



Source: AMIA

Year	2003	2004	2005	2006	2007	2008
LCV Share	xx%	xx%	xx%	xx%	xx%	xx%
Pax Share	xx%	xx%	xx%	xx%	xx%	xx%

Only Class 2 Trucks Segment Sold More Units in 2008 than in 2007

- Subcompact cars in Mexico have maintained its market share without changes. It is important to remark though that in terms of units sold, numbers went down in xx,xxx units from 2007 to 2008.
- The market share of the compact cars segment suffered a decrease of x.x percent, losing xx,xxx units sold between 2007 and 2008.
- Although the luxury cars segment registered a market share gain of x.x percent, it still lost sales for xxx vehicles from 2007 to 2008.
- The sports vehicle segment lost x.x percent, which in terms of units sold represents a loss of xxx units between 2007 and 2008.
- In the multiple use segment, where we find the SUVs, minivans and vans an increase of x.x percent in the market share nevertheless in terms of sales there were xx,xxx more units sold in 2007 than in 2008.

Key: Class 2: Trucks with a brute vehicle weight between x,xxx and x,xxx Kg.

Class 3: Trucks with a brute vehicle weight between x,xxx and x,xxx Kg.

Class 7: Trucks with a brute vehicle weight between xx,xxx and xx,xxx Kg.

Passenger and LCV Market: Market Share Comparison (Mexico), 2008 Vs. 2007

Vehicles	Share 2008 (%)	Share 2007 (%)	Market Share Change
Subcompact	xx.x	xx.x	x.x
Compact	xx.x	xx.x	(x.x)
Luxury	x.x	x.x	x.x
Sports	x.x	x.x	(x.x)
Multiple Use	xx.x	xx.x	x.x
Class 1	xx.x	xx.x	x.x
Class 2	x.x	x.x	x.x
Class 3	x.x	x.x	x.x
Class 7	x.x	x.x	x.x

Passenger and LCV Market: International Sales Comparison, 2008 Vs. 2007

Country	2008	2007	Variation (%)
United States	xx,xxx,xxx	xx,xxx,xxx	(xx.x)
Brazil	x,xxx,xxx	x,xxx,xxx	xx.x
Canada	x,xxx,xxx	x,xxx,xxx	(x.x)
Mexico	x,xxx,xxx	x,xxx,xxx	(x.x)
Argentina	xxx,xxx	xxx,xxx	x.x

Sources: AMDA

Overview of Mexican Sugar and Alcohol Sector

•The sugarcane harvest area in Mexico is located mainly in Veracruz, where xx.x percent of the total national harvest is produced. Guadalajara is in the second place with a production of the xx.x percent of the total. San Luis Potosí produces x.x percent and Oaxaca and Tamaulipas produces x.x and x.x respectively. More than x million people depend directly or indirectly of the sugarcane harvesting and transformation. According to the Secretariat of Agriculture, Cattle Raising, Rural Development, Fishing and Nourishment (SAGARPA), the advantages of producing ethanol in Mexico are by far more than the disadvantages. They mention the reconversion of facilities to sugar, ethanol and energy is economically justifiable and that it might increase the profit of the involved sectors considerably plus it would help diminish pollution by using ethanol and biodiesel as carburants and would lower the necessity of importing gasoline.

The main factors that promote the production of ethanol as an alternative vehicle fuel are:

- To contribute to the energetic auto sufficiency through renewing energies
- To impulse the agricultural production and employment starting from bioenergy
- To reduce greenhouse gases
- To create cleaner fuels

February 2008

• The law that promotes the production and use of ethanol and other biofuels became official.

May 2008

• Destilmex started production tests of ethanol in its Sinaloa plant. The facility has the capacity of producing xx million gallons of ethanol per year. It began operations in July.

2009

• BioFields announced they will start production in 2010, with xx million barrels of bioethanol obtained from blue-green algae in Sonora. Expectations are to be producing xxx million gallons of fuel by 2013.

2010

•Guadalajara is expected to begin commercializing ethanol. It is expected to be producing xxx million liters of ethanol by 2012.

In 2008, Vehicle Exports Grew 3 Percent in Comparison to 2007

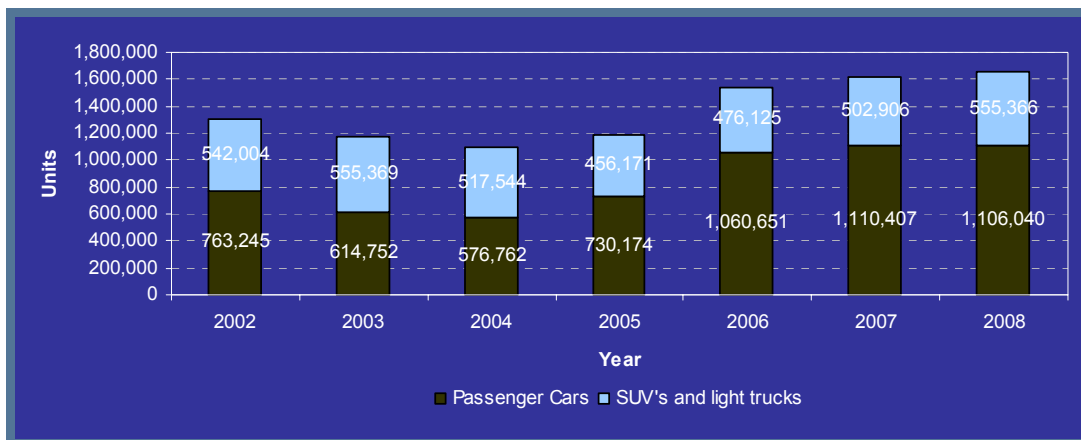
- The volume of accumulated exports of light Mexican vehicles in 2008 is x,xxx,xxx units, x percent more than the accumulated in the same period of 2007.
- The main destination of exported vehicles is still the United States with a share of xx.x percent of the total Mexican vehicle exports in 2008. Exports to destinations such as Europe, Latin America, Canada and Asia allowed the exports growth during the year.
- Exports to the European continent grew x.x percent in 2008 and by xx.x percent of the share in the total exports.

Passenger and LCV Market: Volume of Exported Vehicles by Manufacturer (Mexico), 2007 Vs. 2008

Vehicle Manufacturers	2007	2008
Chrysler	xxx,xxx	xxx,xxx
Ford Motor	xxx,xxx	xxx,xxx
General Motors	xxx,xxx	xxx,xxx
Honda	xx,xxx	xx,xxx
Nissan	xxx,xxx	xxx,xxx
Renault	xx	xx
Toyota	xx,xxx	xx,xxx
Volkswagen	xxx,xxx	xxx,xxx

Source: AMIA

Passenger and LCV Market: Vehicle Exports (Mexico), 2002-2008



Source: AMIA

Passenger and LCV Market: Volume of Exported Vehicles by Segment (Mexico), 2007 Vs. 2008

Segment	2007	2008
Passenger cars	x,xxx,xxx	x,xxx,xxx
SUVs and Light Commercial	xxx,xxx	xxx,xxx

Source: AMIA