

India



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Agenda

Indian Economy

India Automotive Market

India Car Tyre Replacement Market-
Growth & Opportunities

Summary and 2023 outlook



01

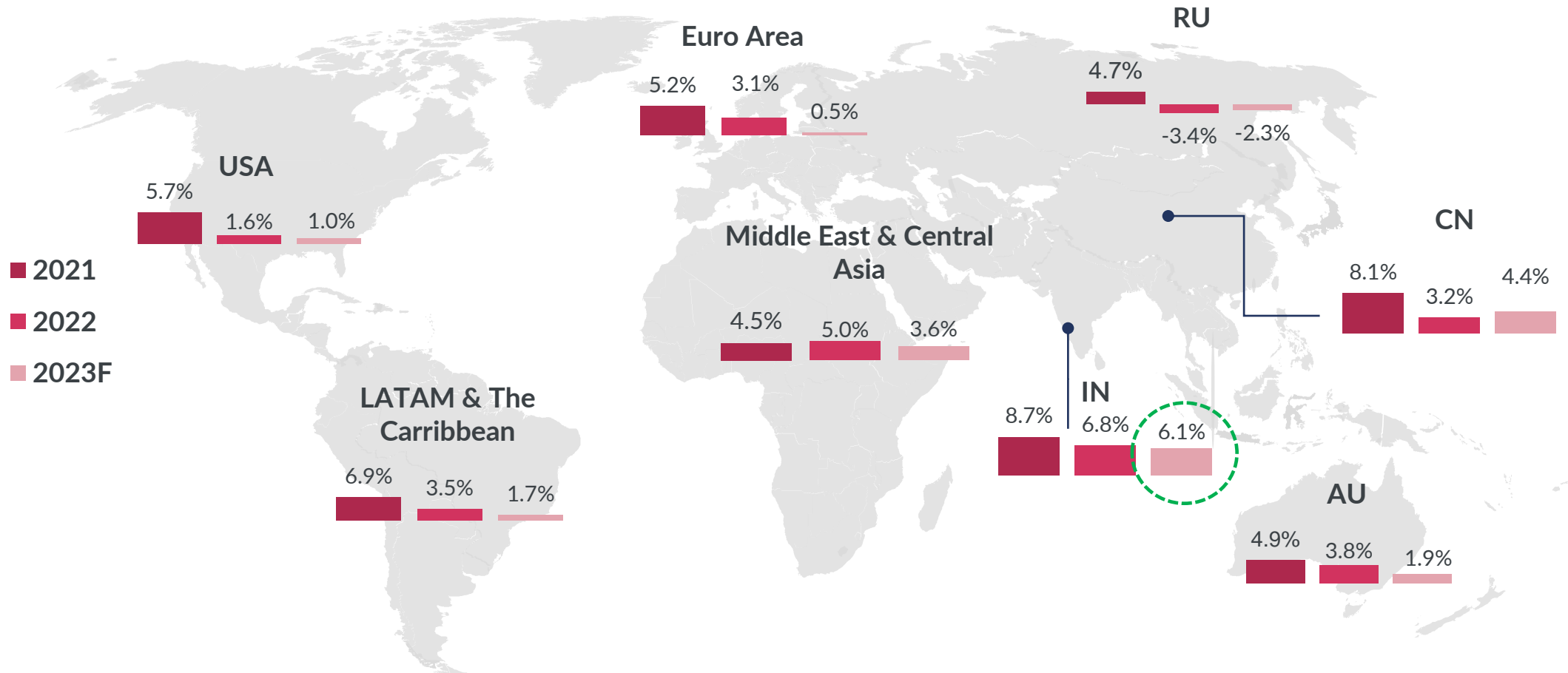
Indian Economy

GDP Projections
Consumer Concerns

IMF projects India to be the fastest GDP growth large economy in the world



IMF Real GDP growth rates (in % change)



Source: Real GDP growth annual % change IMF Data Mapper| WEO Oct 2022 [World Economic Outlook \(October 2022\) - Real GDP growth \(imf.org\)](https://www.imf.org/en/Blogs/Articles/2022/10/23/europe-must-address-a-toxic-mix-of-high-inflation-and-flagging-growth)

EU Area: AT, BE, CY, DE, EE, ES, FI, FR, GR, IR, IT, LT, LV, LUX, Malta, NL, PT, SK, SI

Middle East & Central Asia: belt from Mauretania to Kazakhstan, incl. North Africa, Somalia, Georgia, Pakistan

<https://www.imf.org/en/Blogs/Articles/2022/10/23/europe-must-address-a-toxic-mix-of-high-inflation-and-flagging-growth>,

<https://www.thenationalnews.com/business/economy/2022/10/26/jp-morgan-and-goldman-sachs-expect-recession-in-us-and-europe/>

What consumers are concerned about

COVID-19 is still top worry in Asia; inflation/money to live leads list elsewhere



Pandemics

Still #1 in China, Indonesia, Japan, and South Korea

#12 in Argentina, down from #5 in 2021



Inflation and high prices

Now ranks #1 in 12 out of 21 countries (v. 2 in 2021)

Up 4 or more ranks since 2021 in 11 countries, led by +9 ranks in Japan



Money to live right and pay the bills

Ranks #3 globally

Ranges from #1 in Australia to #11 in Indonesia



Environmental pollution

The #1 concern in India vs. #15 in the USA

Up from #5 in 2021, but still below the #1 spot it held globally in 2020

02

India Automotive Market

Passenger Vehicle Market

Vehicle Penetration

Low penetration of Cars offer huge opportunity for growth leading to growth in related sectors like components and Tyres.



VEHICLE PENETRATION (INDIA)



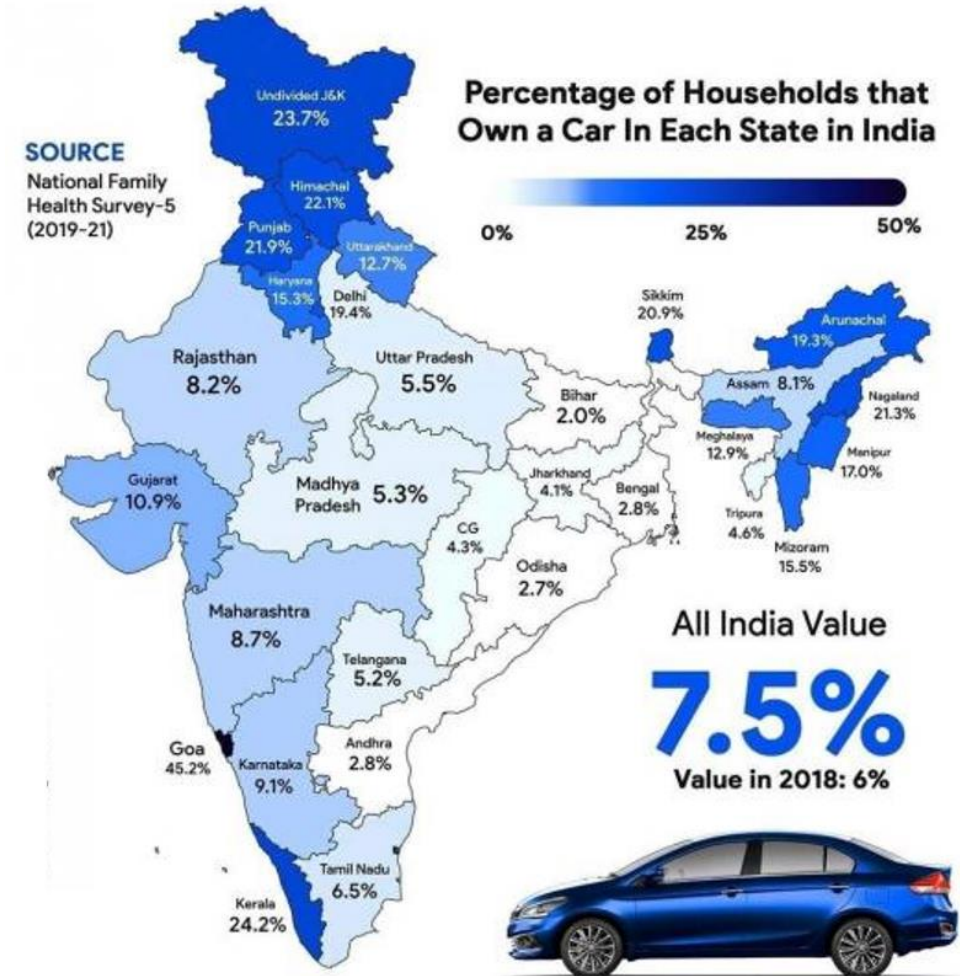
BICYCLE
51%



MOTORCYCLE /SCOOTER
50%



CAR
7.5%

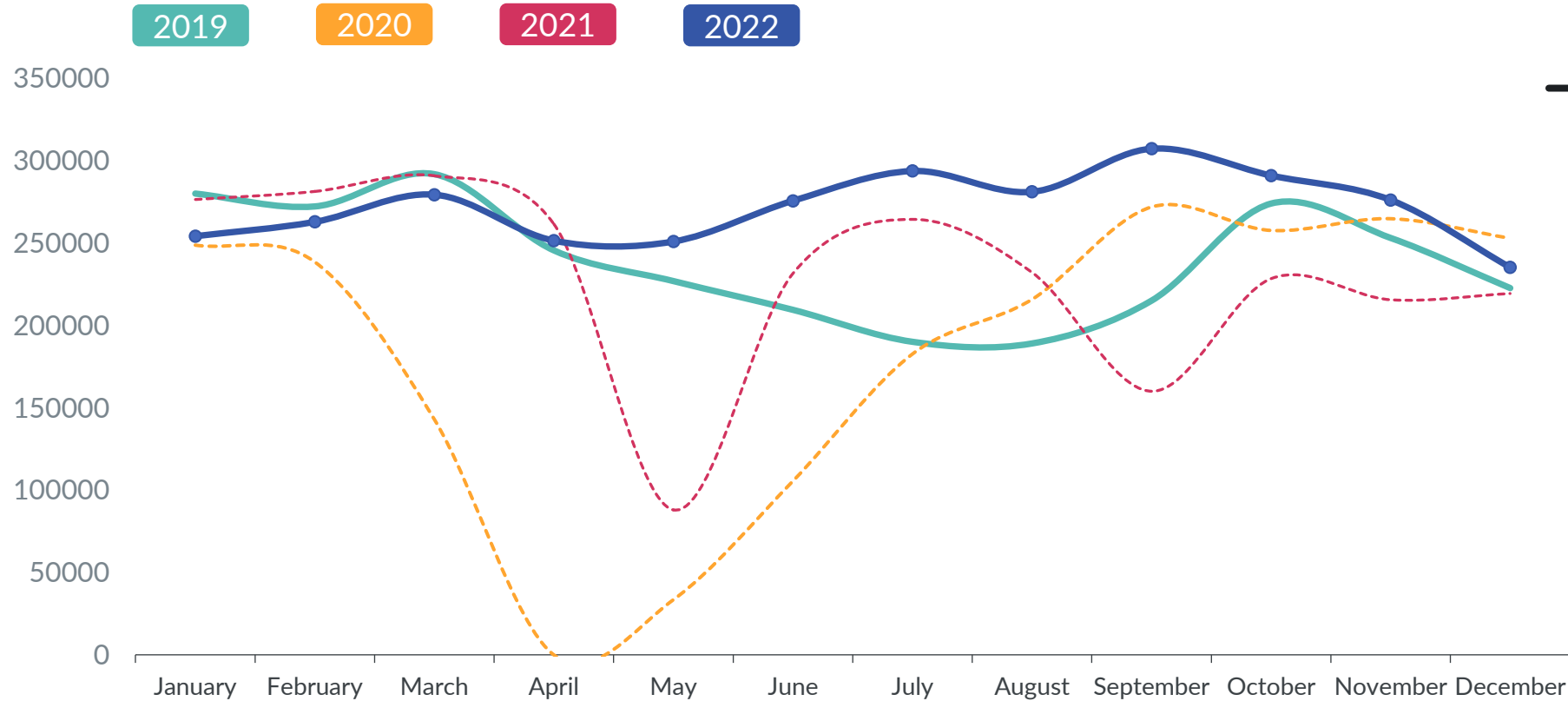





2022 has been the best year for the Industry



The Indian automobile industry witnessed its highest ever annual domestic passenger vehicle sales in 2022 with numbers reaching 3.8 million first time ever

Absolute Sales Units | YTD 2019, 2020 and 2021

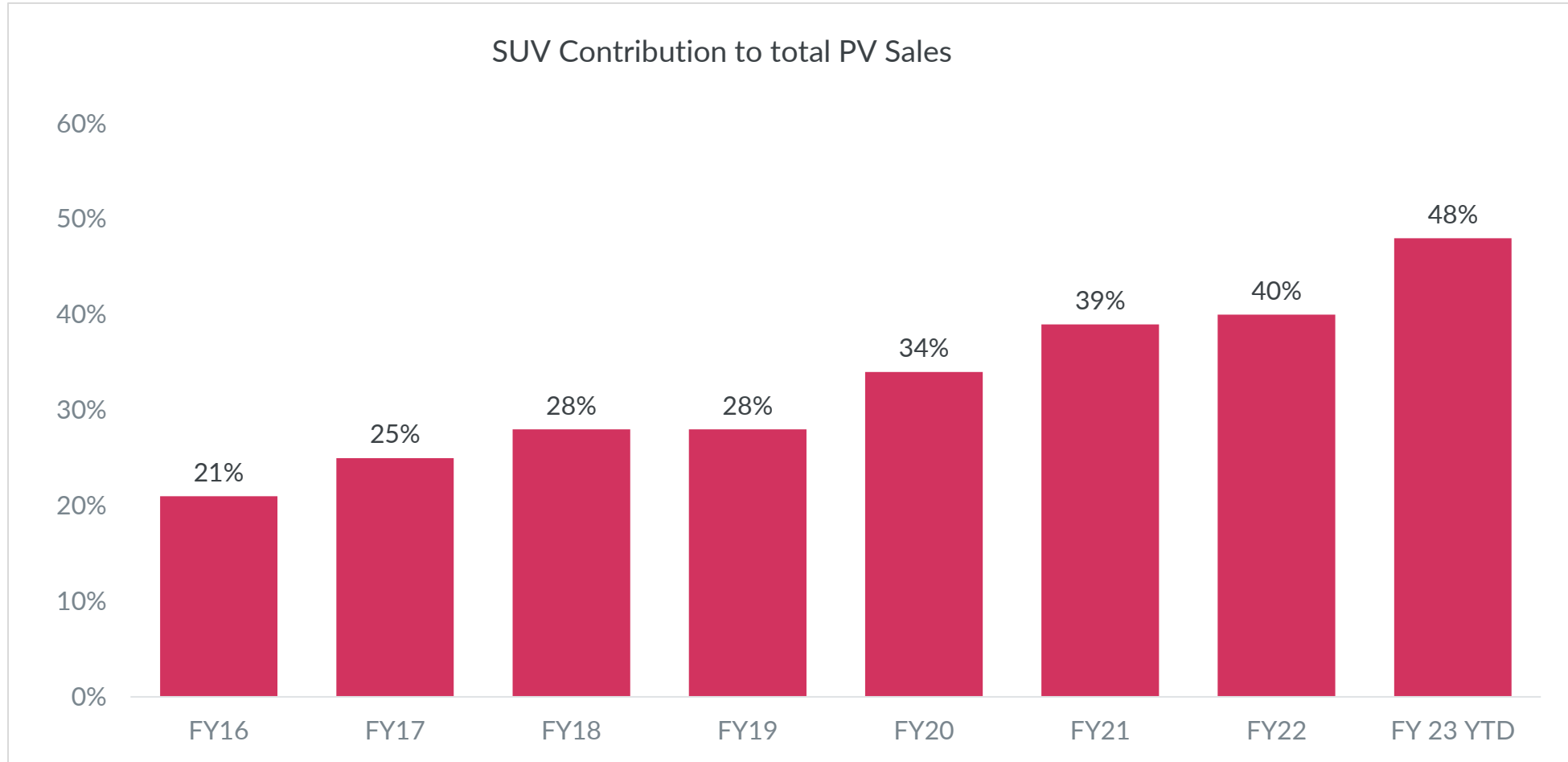


-  2022 YTD vs. 2019 YTD **+14%**
-  2021 YTD vs. 2019 YTD **-4%**
-  2020 YTD vs. 2019 YTD **-23%**

Source: SIAM Data for Passenger Vehicle Sales
YTD- Jan-Nov

Premium/SUV segments selling faster in vehicle sales

SUV sales continue to outperform the category since last 8 years



*Data from SIAM (Society of Indian Automobile Manufacturers)

source- <https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14>

Key factors driving India Automotive Market Growth



India has seen a transformational journey in recent years by strong shift which is primarily being driven by the policymakers



Underpenetrated Market

Only 1 in 12 Indian households own a car as per NFHS (National Family Health Survey) done in 2019-20

Organized pre-owned car market expected to double by 2027



Government policies supporting growth

PLI Scheme- 1.7X investments from Auto players

Government's introduction of regulations like BS6

Capex expansion by car tyre manufacturers in the last 3 years.

Tyre exports from India- 2X in the last 5 years



Energy Transition

Net Zero Emission Target for India- 2070 versus 2045 for Germany

Ethanol blending to minimize the burden for Crude Oil Imports.

Increased focus on EVs



Financials, Road Infrastructure boost

GST collections= 1.5X in 2022 vs 2019

>80 billion digital transactions in 2022

Faster movement on roads- FasTag penetration 97%

2X road network in 2021 versus 2011

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India Car Tyre Replacement Market

PV Tyre market trend & opportunity

Tyre Market Size

GfK Panelmarket

22.4

Million Units

January-December 2022

+32% to Apr-Dec 2021

+4% to Apr-Dec 2019

€ 1,103

Million

January-December 2022

+43% to Apr-Dec 2021

+21% to Apr-Dec 2019

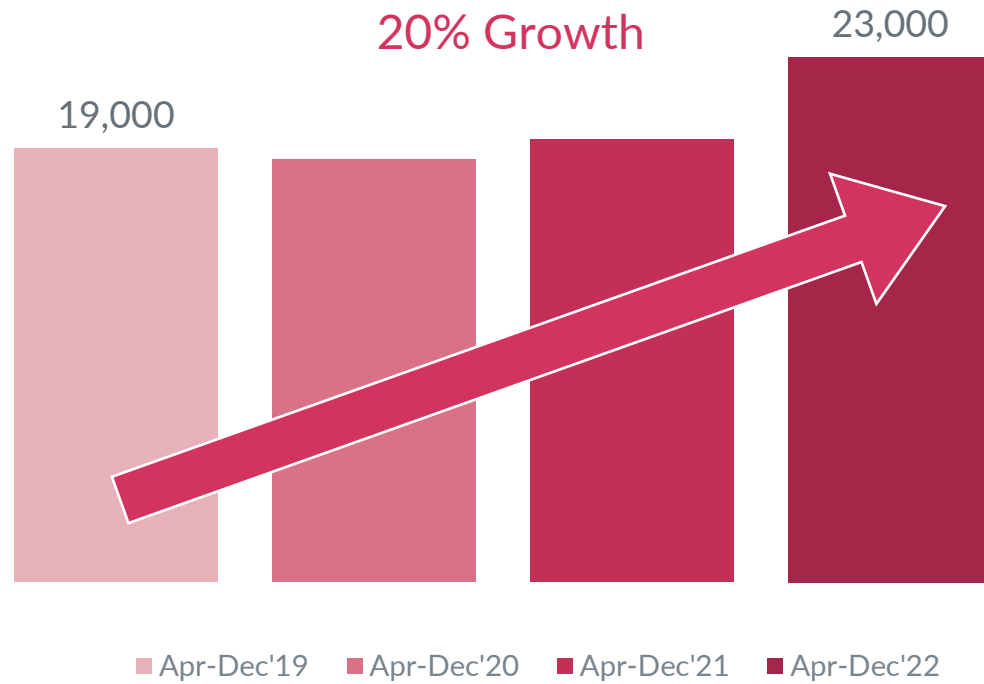


Retail Distribution

20% increase in retail outlets selling Car Tyres

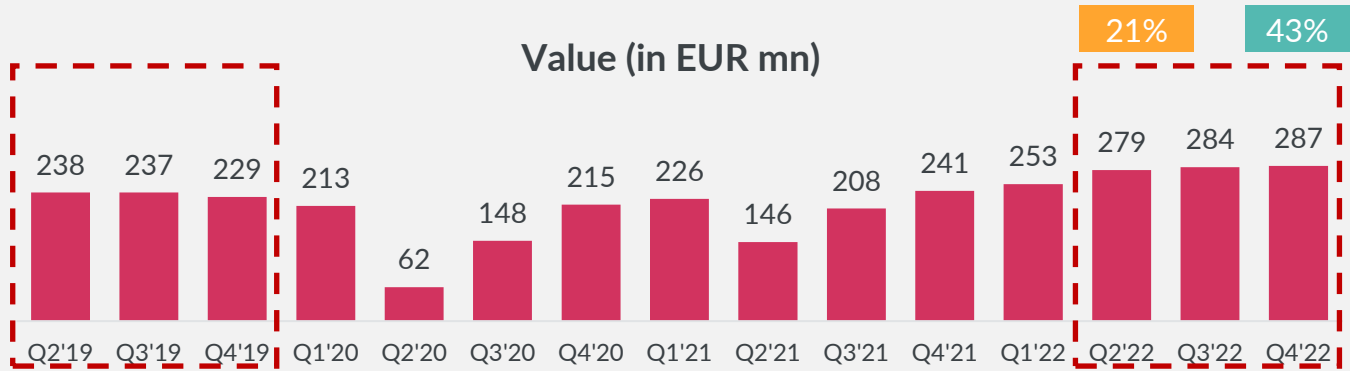
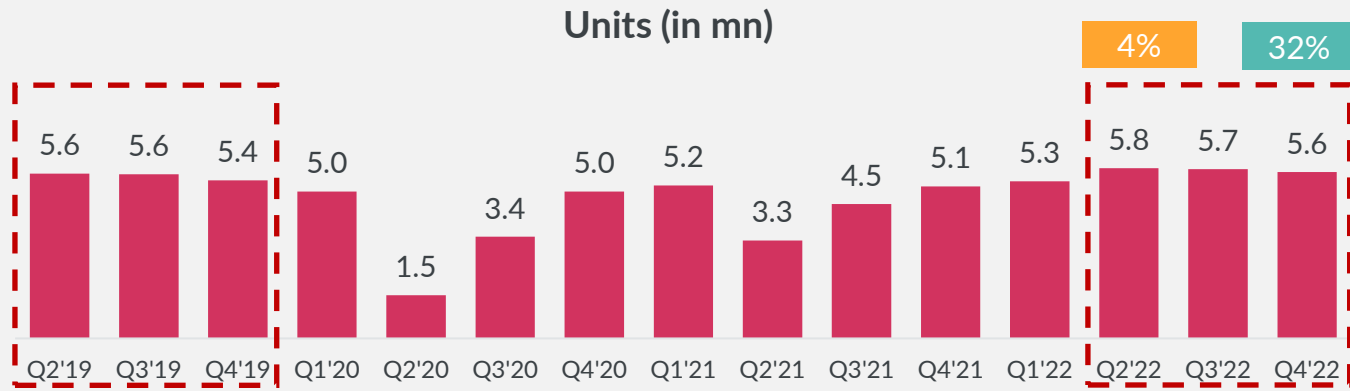


Retail Universe- PCR Tires

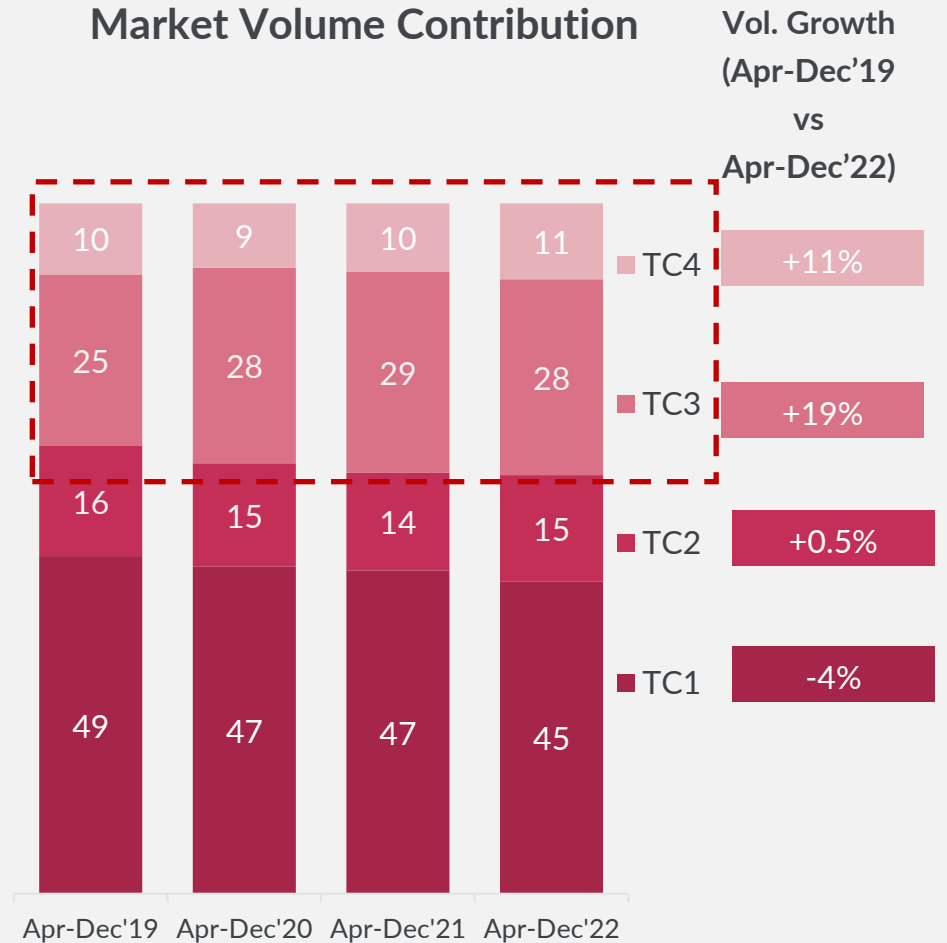


Industry has surpassed pre-covid period sales

The market grew by 4% in volumes and 21% in value during Apr-Dec 22 over Apr-Dec19. Growth is largely driven by smaller towns,



Market Volume Contribution



TC1- Cities with > 1mn population; TC2- Cities with 0.5-1 mn population
TC3- Cities with 0.1-0.5mn population; TC4- Cities with 0.05-0.1mn population

Apr'Dec'22 v/s Apr'Dec'19

Apr'Dec'22 v/s Apr'Dec'21

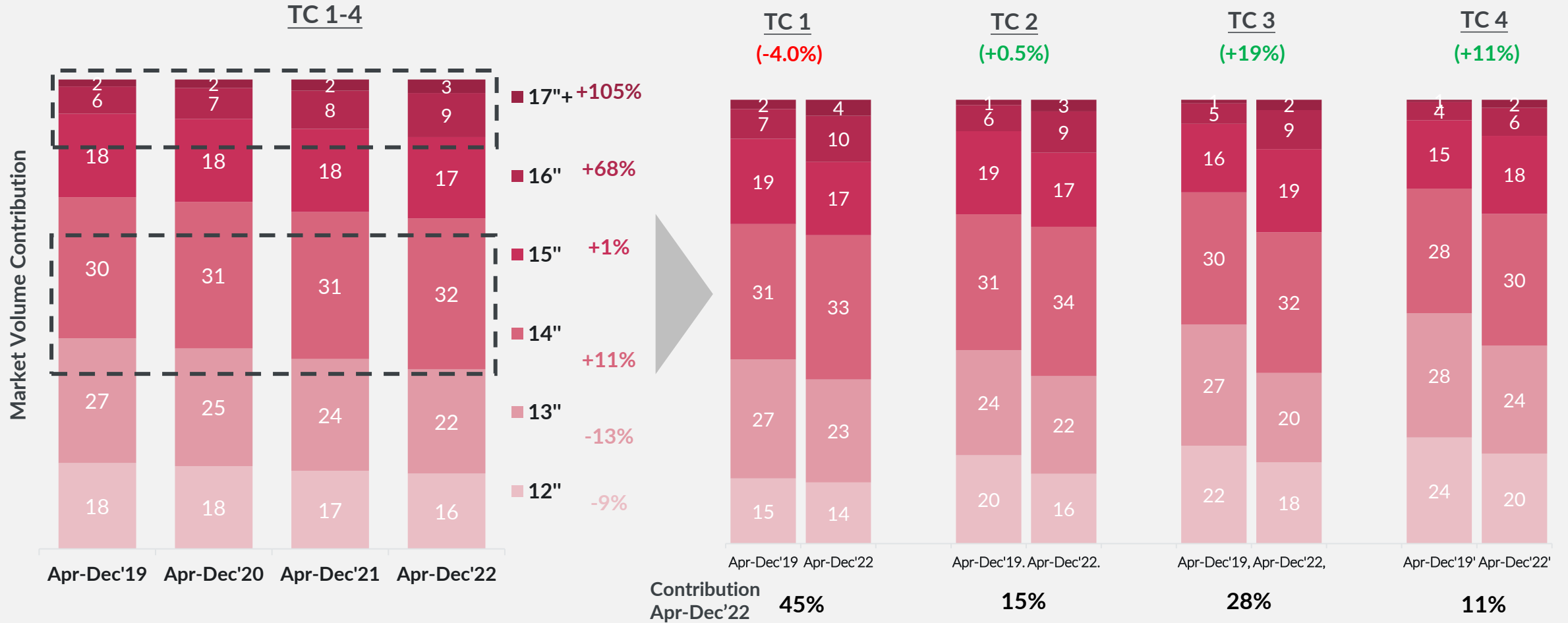
Rim Wise Movement

Mass segment is 14" while value segment will be 16" and above



Rim Wise Contribution (TC 1-4)

*Growth (Apr-Dec'22 vs Apr-Dec'19)



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Summary and 2023 outlook

Opportunity for Tyre Manufacturers

- India's economy expects healthy GDP Growth against headwinds of slowing Global economy

Government initiatives like "Make In India", PLI Scheme, Infrastructure Development, New 2023 Budget are adding to the growth. Automakers are keeping an eye on potential challenges like high inflation, price increase on the back of regulatory changes.

- Industry has been investing heavily in capacity creation for the last 3-4 years across segments of Tyres

This has created more space for fulfilling local demand and making India a strong export market.

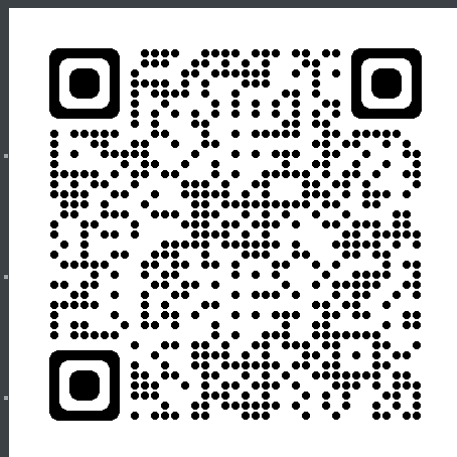
- Country will continue to witness growth in the Tyre sector; increasingly on the revenue front

Massive focus by Auto manufacturers towards SUVs and increased purchases by consumers is leading to exponential growth in large size tyres. This growth momentum will continue as more consumers buy SUVs, electric vehicles (EVs) and premium models.

- Tyre manufacturers need to maximize the opportunity adopting the right approach at the right time as per trends.

There is need for relevant strategy by various growth segment and population geographies [Town Class & States] basis the growing trend of types of tyres and vehicle fitment.

Thank you



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