



World Motorcycles

Industry Study
with Forecasts to 2007 & 2012
for 19 Countries & Six Regions

STUDY #1726 | September 2003 | \$4900



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World Motorcycles Industry Study with Forecasts to 2007 & 2012

Study #1726 • September 2003 • \$4900 • 252 Pages

Restrictions on motorcycle use in large metropolitan areas of China and elsewhere will likely cause a shift in demand away from urban areas to more rural markets

Global motorcycle demand to increase over 5% annually through 2007

Worldwide demand for motorcycles is forecast to advance 5.2 percent annually to more than 35 million units in the year 2007, valued at US\$46 billion. Driven by increased income levels in emerging markets such as India, China, and Southeast Asia, demand for scooters, mopeds and light motorcycles will remain relatively robust, providing continued growth opportunities for motorcycle OEMs and suppliers alike. The market for larger displacement motorcycles will also remain strong, although some concerns regarding future demand have emerged due to the aging of the customer base, especially in the United States and Western Europe.

Competition increasing in primary vehicle market

In essence there are two separate motorcycle markets. One is centered in the industrialized Triad (i.e., the US, Japan and Western Europe), where motorcycles are seen as pleasure vehicles by consumers who already have one or more automobiles. These motorcycles tend to be large, powerful machines which cost on average about US\$4,000 to US\$7,000 in the US and Europe, and somewhat less in Japan. The other, much larger market in unit terms is in the emerging economies of the Asia/Pacific region, where motorcycles are seen as primary family and work vehicles. These vehicles are far less expensive, smaller and less powerful than Triad motorcycles. Future growth in these emerging economies will be tempered somewhat by the substitution of passenger cars for motorcycles as income levels continue to increase. Competitive intensity is increasing,

World Motorcycle Demand by Type, 2007 (35.6 million units)

Medium/Heavy Motorcycles 6%

Light Motorcycles 44%

Scooters/Mopeds/Motorbikes 50%



evidenced by the ongoing price wars in China and other Southeast Asian markets. Furthermore, restrictions on motorcycle use in large metropolitan areas of China and elsewhere will likely cause a shift in demand away from urban areas to more rural markets.

Industry likely to experience global restructuring

The motorcycle industry finds itself at a crossroads, with the heady growth experienced in the 1990s -- a decade that saw the virtual rebirth of the industry -- now behind it. While growth prospects remain solid, the industry will likely go through a global restructuring phase in the coming years. Many of the hundreds of small manufacturers will begin to exit the market as demand

cools somewhat and their ability to scavenge marginal sales decreases. The intense focus on price witnessed recently in the Asia/Pacific region has caused Japanese OEMs to begin to abandon Japan as a production base in favor of lower-cost hubs in China, Thailand and elsewhere. Advanced technologies will also play an increasingly important role in many countries. The future of the motorcycle industry will be a game at which the Japanese OEMs will excel, with a stronger focus on brands, service and product variety -- all at competitive costs. Longer term, however, Chinese OEMs could gain significant competitive advantages as their improving design and manufacturing capabilities buttress their low cost positions.

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Letter From the CEO



Dear Colleague:

As the world economy emerges from its recent period of doldrums, businesses are planning how to benefit from the new opportunities that an upswing will bring. In making those plans, strategic planners like you require credible industry information on which to base decisions.

At Freedonia, it is our mission to provide you with an unbiased, reliable outlook for each industry that we study. We carefully examine available sources, separate the wheat from the chaff, and distill an ocean of data into a concise presentation of where an industry stands today... and where it is going.

At Freedonia, it is our mission to provide you with an unbiased, reliable outlook for each industry ...

Each Freedonia industry study provides you with the information and analysis you need to make important decisions. How large is your target market? Which product segments are growing fastest? Our analysts review the relevant primary and secondary sources and talk directly to participants in the industry to find the answers. Our world studies provide this guidance on a country-by-country basis. Use it to determine which geographic markets provide the best opportunities.

Our *World Motorcycles* is a new title from Freedonia. The study represents the culmination of several hundred hours of Freedonia analysts' time and was authored by Lance Ealey, the head of Freedonia's Automotive Division. Prior to joining our organization a year ago, Lance was a senior automotive analyst at McKinsey & Company, and Lance brought with him a wealth of knowledge and keen insights with respect to the industry.

I invite you to add Lance and the Freedonia Group to your team by acquiring our *World Motorcycles* study today.

Very truly yours,

Jeffrey Weiss, CEO

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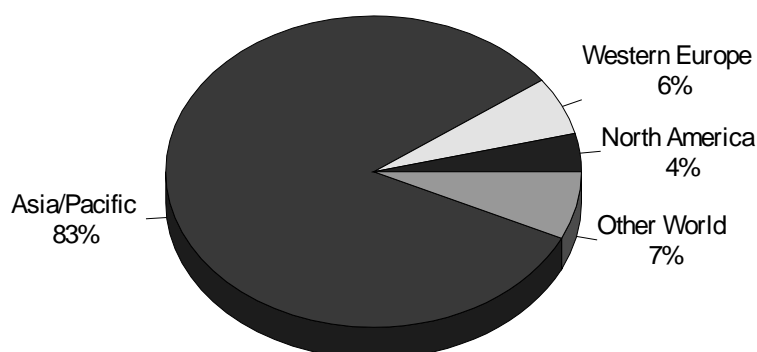
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World Motorcycle Demand by Region, 2007
(35.6 million units)



COMPANY PROFILES

Suzuki Motor Corporation

300, Takatsuka cho
Hamamatsu-shi, Shizuoka 432
Japan
81-53-440-2061
<http://www.globalsuzuki.com>

American Suzuki Motor Corporation
3251 East Imperial Highway
Brea, CA 92821
714-996-7040

Sales: \$16.5 billion (FY 2003)
Geographic Sales: (FY 2003, as percent of total) Japan 42%, the Rest of Asia 17%, North America 18%, Europe 18% and Other Areas 5%
Employment: 13,920 (FY 2003)

Key Products: sport, street, scooter and motocross motorcycles; and electric power-assist bicycles

Suzuki Motor Corporation designs and manufactures passenger cars, commercial vehicles, motorcycles, outboard motors, generators, general-purpose engines and other products. The Company operates in three segments: Motorcycles, Automobiles and Other.

The Company is active in the world motorcycles industry through the Motorcycles segment, which had FY 2003

Freedonia Study #1726 - WORLD MOTORCYCLES

Motorcycle Production by Region

(000 units)

| Item | 1992 | 1997 | 2002 | 2007 | 2012 |
|-----------------------------|---------|---------|--------|--------|---------|
| World Motorcycle Production | 111,000 | 100,000 | 90,100 | 85,100 | 100,000 |
| North America: | | | | | |
| United States | | | | | |
| Canada & Mexico | | | | | |
| Western Europe | | | | | |
| Asia/Pacific: | | | | | |
| China | | | | | |
| Japan | | | | | |

OVERVIEW

The World Overview Section analyzes trends and considers the threats and opportunities in the motorcycle market

WESTERN EUROPE

Italy: Motorcycle Demand by Type

Demand for motorcycles in Italy will increase 1.7 percent per year to 400,000 units in 2007. Growth is being driven by changing demographics, with the population -- the lowest in the world -- both of which are expected to decline. Demand, especially for motorbikes, is expected to remain relatively flat at 246,000 units as sales are tempered by negatively shifting demographics, new regulations and increasing costs of ownership, especially of insurance premiums. Factors boosting demand include the vibrant national motorcycle industry which introduces innovative new product designs and the relatively slight decline expected in the motorcycle-riding group, those in the 10 to 19 age group through the end of the decade.

Demand for scooters, mopeds and motorbikes is expected to remain relatively flat at 246,000 units as sales are tempered by negatively shifting demographics, new regulations and increasing costs of ownership, especially of insurance premiums. Factors boosting demand include the vibrant national motorcycle industry which introduces innovative new product designs and the relatively slight decline expected in the motorcycle-riding group, those in the 10 to 19 age group through the end of the decade.

Demand for light motorcycles will increase annually to 214,000 units in 2007. This growth is

SAMPLE PAGE
Text sections support each table's numbers & projections

Thailand Motorcycle Demand by Type

(000 units)

| Item | 1992 | 1997 | 2002 | 2007 | 2012 |
|------------------------------|------|------|------|------|------|
| Population (million persons) | 57.4 | 60.4 | 63.0 | 66.0 | 68.7 |
| motorcycles/000 persons | | | | | |
| Motorcycle Demand | | | | | |
| Scooters/Mopeds/Motorbikes | | | | | |
| Light Motorcycles | | | | | |
| Medium & Heavy Motorcycles | | | | | |
| \$/motorcycle | | | | | |
| Motorcycle Demand (mil US\$) | | | | | |

COUNTRIES/REGIONS

These Sections provide demand for historical years and forecast growth to 2007 and 2012

