

Asia's Motorcycle Industry 2021

New Trends of the 40 Million Motorcycle Market in the Post-corona Era



- ◆ Overview of the motorcycle industry and market of eight Asian countries, representing 80 percent of global motorcycle sales
- ◆ Summary of Asian business activities of major Japanese, Indian and Taiwanese motorcycle manufacturers
- ◆ Forecast of total demand for motorcycles in 2025 and 2030 in eight Asian countries
- ◆ Detailed analysis on the current status of the electric motorcycle industry and market in India, China and Taiwan

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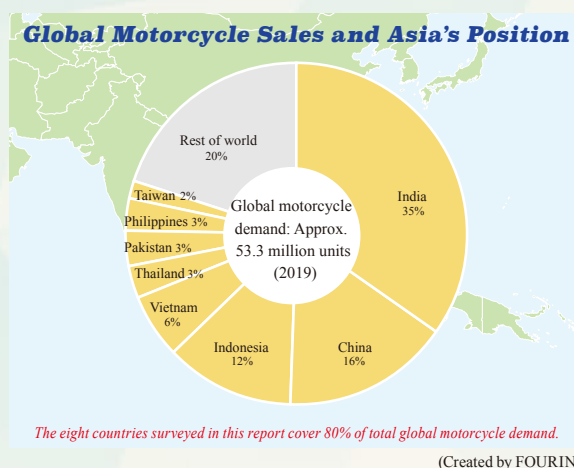
(217,800 JPY including tax if purchased in Japan)

The Asian motorcycle market was hit directly by the COVID-19 outbreak after a growth period in the 2000s and a maturity period in the 2010s. As a result, the Asian motorcycle industry and market have come to a standstill in recent years. However, India, the world's largest motorcycle market, is expected to surpass 20 million units in the coming years, followed by ASEAN, where demand is expected to return to more than 15 million units.

Asia is the largest motorcycle market, accounting for 80% of global motorcycle demand. It is the main battlefield for Japanese motorcycle manufacturers which have significant presence in East and South Asia and dominate the ASEAN market. In recent years, motorcycles, including electric ones, have attracted more and more attention in consideration of recent changes in how society thinks about mobility, and what it may look like in the future. In particular, when considering new mobility, such as ridesharing and MaaS, motorcycles must be taken into account when targeting the Asian market due to their deep-rooted integration with daily life in Asian societies.

This report covers Asia's eight largest motorcycle markets which account for 80% of the global motorcycle market, and the 10 largest motorcycle manufacturers in Asia. It provides country-specific market analyses for 2021, 2025 and 2030. In addition, a 20-page detailed analysis on electric motorcycles gives an overview on market development in China, Taiwan and India, and introduces the business trends of major motorcycle manufacturers and three trending startups.

We hope you will find this report useful for your business. Please use it as a reference for business planning and strategic decision-making.



◎ **Covers the top 8 motorcycle markets**

- India
- Pakistan
- Indonesia
- Thailand
- Vietnam
- Philippines
- China
- Taiwan

◎ **Includes invaluable statistical data**

Motorcycle sales (by type, engine displacement and manufacturer), production, export, ownership, etc. (contents vary from country to country)

◎ **Relevant to a variety of industries**

Based on pre-order sales, our customers include the following:

- **Motorcycle makers** (in charge of strategic planning, technology development)
- **Motorcycle parts makers** (in charge of corporate planning, technology development, sales)
- **Automobile parts makers** (in charge of new business planning)
- **Trading companies** (in charge of motor vehicles, mobility)
- **Financial institutions** (in charge of research, loans)
- **Others** (material makers, energy-related companies, production equipment makers, university laboratories)

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Chapter 1. Introduction

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Figure 1-1: Current Situation and Future Prospects of the Asian Motorcycle Market

Figure 1-1: Current Situation and Future Prospects of the Asian Motorcycle Market. The figure shows the current situation and future prospects of the Asian motorcycle market. It includes a bar chart showing the motorcycle sales volume (in million units) for India, China, and ASEAN 3 (Indonesia, Thailand, and Vietnam) from 2015 to 2019. The chart shows that India's sales volume is the highest, followed by China and ASEAN 3. The sales volume is expected to increase in the future.

In terms of the scale of total motorcycle demand, India was the world's largest motorcycle market with 18.57 million units in 2019. Following India, China was the second largest motorcycle market in the world, and although demand for motorcycles tends to decline, it reached 8.44 million units in 2019. Indonesia, which is the largest motorcycle market in ASEAN, took third place in 2019 with 6.49 million units followed by Vietnam with 3.25 million units. According to official statistics, Thailand was fifth with 1.72 million units, but the actual demand for motorcycles is already higher in the Philippines and Pakistan. According to sales data of the Motorcycle Development Program Participants

(MDPPA), which is the official statistical data provider on the Philippine motorcycle industry and market, motorcycle sales reached 1.7 million units in 2019. However, this data does not include many Chinese companies which are not members of the association. If their sales result of 740,000 units is added, the total increases to 2.44 million units. Similarly in Pakistan, according to the Pakistan Automotive Manufacturers Association (PAMA), which is the official statistical data provider on the Pakistani motorcycle industry and market, sales reached 1.33 million units in FY 2019/20 (July 2019–June 2020). However, this data does not include local motorcycle makers which are not members of the association. If their sales result of 550,000 units is added, the total increases to 1.88 million units.

From the perspective of market share, different compositions are taking place in each country. In India, three local motorcycle manufacturers Hero MotoCorp, Bajaj Auto and TVS Motor and Japan's Honda controlled 90% of the market in 2019. The remaining 10% includes Japan's Yamaha and

products in their respective specialty segments. In Pakistan, Honda's share of total motorcycle sales was 46%. Honda was followed by three major local motorcycle manufacturers: United Auto, Unique and Road Prince.

In China, the two major players are Grand River Group and Honda; however, there are another over 50 manufacturers on the market. In Taiwan, where Honda does not manufacture or sell motorcycles, two local players KYMCO and SYM, and Japan's Yamaha are the top three. In recent years, Taiwanese electric motorcycle startup Gogoro has increased its market share in Taiwan, taking 4th place in 2019.

In ASEAN, Honda has a dominant market share of 75–80% in the three major markets of the region Indonesia, Vietnam and Thailand. Honda is followed by Yamaha with a market share of 15–22% in the three above-mentioned countries. However the situation is different in the Philippines, where the share of Honda and Yamaha are equally around 35%.

Looking at vehicle type composition, in some countries motorcycles are in strong demand; however, the ratio of

In India, motorcycles accounted for 65% of the market in 2019 followed by scooters with 31% and mopeds with 4%. In the past, the market was dominated by motorcycles, but the ratio of scooters has been on the rise. In Pakistan, nearly all products on the market are motorcycles with 70cc models leading sales.

In China, motorcycles accounted for 55% of the market in 2019 followed by scooters with 30% and underbones with 15%. Although the popularity of scooters is increasing, there is still strong demand for motorcycles, especially in rural areas. Taiwan is an exclusively scooter market. Motorcycles sold are mostly large displacement models for leisure.

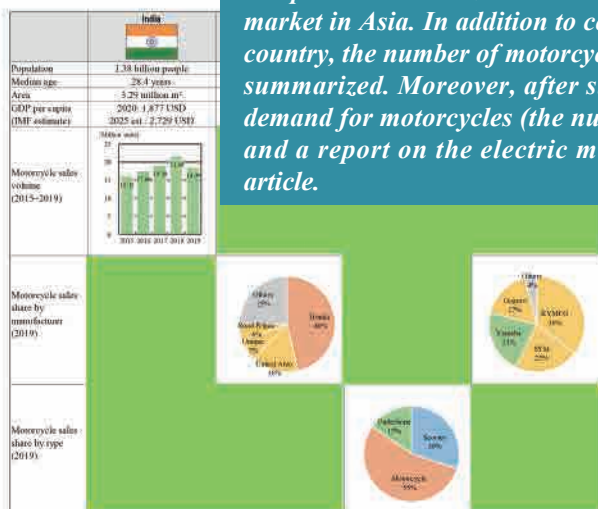
In ASEAN, scooters account for 87% of the market in Indonesia, while in Thailand underbones (cubs), which are locally called "family," account for 51% of the total. In Vietnam, demand is shifting from cubs to scooters, while in the Philippines the market share of scooters has risen sharply at the expense of underbones and hackbikes.

Figure 1-2: Current Situation and Future Prospects of the Asian Motorcycle Market

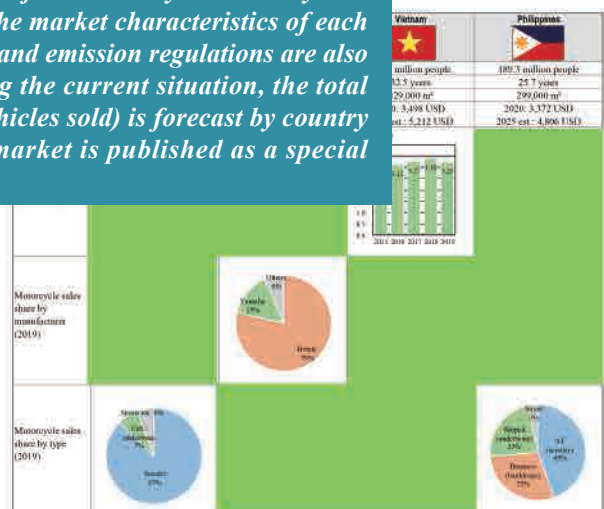
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Chapter 1 summarizes the overall picture of the motorcycle industry and market in Asia. In addition to comparing the market characteristics of each country, the number of motorcycles owned and emission regulations are also summarized. Moreover, after summarizing the current situation, the total demand for motorcycles (the number of vehicles sold) is forecast by country and a report on the electric motorcycle market is published as a special article.

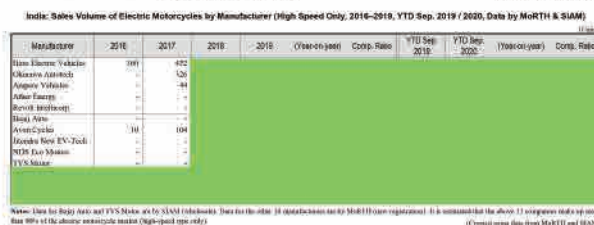
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Asia (Eight Countries)



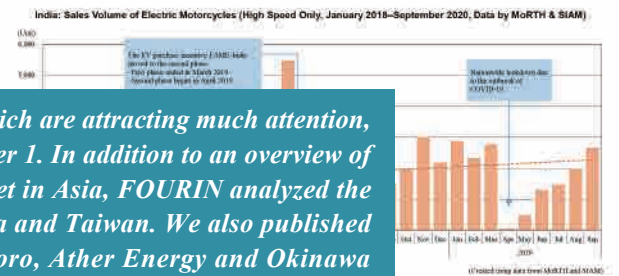
For this reason, in order to calculate the market size of electric motorcycles that require vehicle registration, FOURIN has used two types of statistical data, newly registered motorcycle data released by local authorities and wholesale data of motorcycles released by SIAM (Society of Indian Automobile Manufacturers). By excluding low-speed types that do not require vehicle registration, the number of electric motorcycles sold was about 28,000 units in 2019. While the calculation only involves the top 12 electric motorcycle makers, they account for over 90% of the market, so it is fairly safe to say that the



size of India's electric motorcycle market was a little below 30,000 units as of the end of 2019.

Compared to the number of motorcycles sold in India, which was 18.57 million units (SIAM data) in 2019, the sales scale of electric motorcycles was less than 0.1% of the total. In other words, electric motorcycles have virtually no presence in the Indian motorcycle market. However, with the recent emergence of noteworthy startups and the entry of major manufacturers in the electric motorcycle market, it is certain that the market size of electric motorcycles will gradually expand in the future.

From the perspective of competition between manufacturers, Hero Electric Vehicles and Okinawa Autotech were the largest competitors in the Indian electric motorcycle market as of mid-2020. The top two were followed by electric motorcycle startup Ather Energy, which is financed by India's Hero MotoCorp. In 2020, India's Bajaj Auto and TVS Motor also launched electric motorcycle products on the market, and the trends of these key players are now becoming the focus of attention.



Attention.

2019–September 2020, Data by MURTHI & SHAM

Year	Month	Electric	Automaker	Volvo/tesla	Energy	Intel/Google	Auto	TVS Motor	Others	Total	(Year-over-Year)
2018	Jan	39	103	–	–	–	–	–	179	316	N.A.
	Feb	38	104	–	–	–	–	–	113	255	N.A.
	Mar	72	112	–	–	–	–	–	172	306	N.A.
	Apr	61	229	–	–	–	–	–	108	468	N.A.
	May	161	170	–	–	–	–	–	128	667	N.A.
	Jun	199	101	–	–	–	–	–	162	662	N.A.
	Jul	248	674	–	–	–	–	–	300	1,121	N.A.
	Aug	623	869	–	–	–	–	–	190	1,464	N.A.
	Sep	831	999	–	–	–	–	–	182	2,013	N.A.
	Oct	791	1,439	–	2	–	–	–	148	2,380	N.A.
	Nov	1,755	1,223	–	–	–	–	–	118	3,111	N.A.
	Dec	1,619	1,251	–	–	–	–	–	105	2,976	N.A.
2019	Jan										
	Feb										
	Mar										
	Apr										
	May										
	Jun										
	Jul										
	Aug										
	Sep										
	Oct										
	Nov										
	Dec										
2020	Jan										
	Feb										
	Mar										
	Apr										
	May										
	Jun										

Notes: Based by 100-RD based on data from both MURTHI & SHAM. Manifestations grouped under the "Others" category are Honda Neo (TVS/Motor), Asia Motor, Briston/Star and others. It is estimated that the above 12 companies make up more than 90% of the electric motorcycle market (Indian market) for cycle.

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China: Production, Factory Shipment, Export and Sales Volume of Motorcycles (2015-2019, YTD September 2019 / 2020)

[illegible]

China: Recent Trends in the Motorcycle Industry and Market

©Motorcycle Driving Regulations

▼Overview of motorcycle driving regulations

- In major cities in China, motorcycle-related rules have been set for the purpose of curbing the total number of motorcycles.
- According to a PR document of CCCM (China Chamber of Commerce for Motor Vehicle Industry), "the government has been strengthening the management of motorcycles."

— In late 11 for new motorcycles began

- It was also applied to pre-production products in July 2010.
- In order to comply with China 4 emission regulations, manufacturers switched motorcycles from carburetor type to electronically-controlled fuel injection type.

China 4 emission regulations also require compliance with GDB 1 (noise) and GDB 2 (emission) for motorcycles equivalent to Euro 4 standard.

- Regulations also require compliance with GDB 12 (purchase tax for small displacement motorcycles reduced).
- Small displacement motorcycles with a displacement of 160cc motorcycles are exempt from purchase tax (tax

in each country in terms of the exported and other factors, this each country, such as emission

China: Factory Employment, Sales, and Regulations

Y-axis: Millions of factories

Legend:

- Employment (blue)
- Sales (orange)
- Regulations (green)

Year	Employment (Millions)	Sales (Millions)	Regulations (Millions)
2000	9.61	1.91	13.67
2001	9.86	2.34	11.84
2002	11.41	2.96	14.47
2003	11.86	3.81	15.67
2004	11.79	4.90	16.69
2005	12.75	6.22	18.97
2006	13.16	7.16	20.32
2007	14.08	8.46	22.54
2008	15.07	9.22	24.29
2009	16.06	9.44	25.50
2010	17.07	9.22	26.29
2011	18.06	9.44	27.50
2012	18.06	9.44	27.50
2013	18.06	9.44	27.50
2014	18.06	9.44	27.50
2015	18.06	9.44	27.50
2016	18.06	9.44	27.50
2017	18.06	9.44	27.50
2018	18.06	9.44	27.50
2019	18.06	9.44	27.50

Source: ILO, Ministry of Statistics, China

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Chemical Oxygen Sensor (C/S) for the motorcycle engine
The proposal calls for the registration and driving promotion of motorcycles as zero emission, the establishment of a license test system for motorcycle applicants, the promotion of motorcycle-related companies to strengthen the development of electric motorcycles and the establishment of motorcycle electric motorcycle registration.

Chemical Oxygen Sensor (C/S) for the motorcycle engine
As a result, most demand has split into two: one is for a low-performance low-price electric bicycle, and the other is for a high-performance electric motorcycle that meets the same standard.

Chemical Oxygen Sensor (C/S) for the motorcycle engine
In the future, According to CAAM estimates, the battery shipment volume of electric motorcycles per year was about 100,000 units in 2015, and is expected to reach 1.9 million units by 2020.

Chemical Oxygen Sensor (C/S) for the motorcycle engine
An overview of the Chinese electric motorcycle market and details of vehicle standards for electric motorcycles and bicycles are described in detail in Chapter 1 under China.



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Chapter 3. Manufacturer-specific Reports

Jobs of Major Motorcycle Manufacturers in Asia

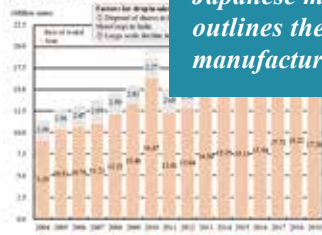
Market Leader in Asia with 18 Million Units, Focusing on Growing Share in ASEAN and Expanding Presence in India

Asia's motorcycle sales in 2019 reached a record high of 18.22 million units in fiscal 2019 (ending March 2019). In fiscal year 2019, motorcycle sales decreased to 17.26 million units in response to the shrinking total motorcycle market in India. However, throughout the 2010s, when the overall market for motorcycles in Asia entered a period of stagnation, the number of motorcycles sold generally increased.

Honda broadly divides the motorcycle market in Asia into ① mature markets, ② growing markets, and ③ new markets in terms of income levels and motorcycle ownership rates of each country, and operates its business according to the characteristics of local market. In particular, Indonesia, Vietnam and Thailand, which are positioned as mature markets, are also markets in which Honda has 70-80% market share. The company's top priority in these countries is to ensure its presence and revenue. At the same time, in India and the Philippines, which are positioned as growing markets, Honda is facing fierce competition for market share, but the company is strengthening its local production system and product lineup with the aim of achieving growth. In addition, Honda has no choice but to tap into demand in Bangladesh and other frontier markets, and is pursuing initiatives to expand its business in all directions in the Asian region.

In terms of its product strategy, the Company is focusing on the competitiveness of motorcycle products for eSAP, a new type of press frame for common type, in 2019 ahead of other markets.

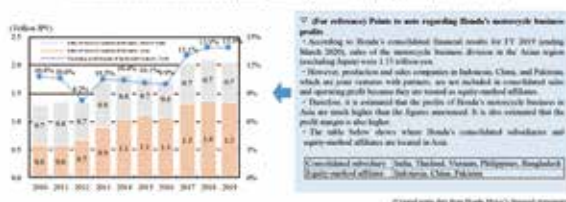
Honda Motor: Sales Volume of Motorcycle Business (FY 2010-2019)



Note: The sales volume of the above Honda Motor, including the sales volume of joint-venture subsidiaries and wholly-owned subsidiaries.

(*) Based on data from Honda Motor's FY 2010-2019 consolidated financial statements.

Honda Motor: Sales Revenue and Operating Profit Margin of Motorcycle Business (FY 2010-2019)



Note: The sales revenue of the above Honda Motor, including the sales revenue of joint-venture subsidiaries and wholly-owned subsidiaries.

(*) Based on data from Honda Motor's FY 2010-2019 consolidated financial statements.

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Chapter 3. Business Trends of Major Motorcycle Manufacturers in Asia

Honda Motor: Overview of Business Policies Related to Motorcycles in Asia

- Honda broadly divides the motorcycle market in Asia into ① mature markets, ② growing markets, and ③ new markets in terms of income levels and motorcycle ownership rates. On this basis, the company is advancing initiatives to expand its business in all directions in the Asian region, tailoring it to the characteristics of each market.
- Mature market**
 - Mature markets include Indonesia, Vietnam and Thailand.
 - In these three countries, Honda has acquired 70-80% of the market share in each country. Motorcycle ownership has already reached a high level in these countries, and expectations for sales expansion are low. Against the backdrop of this overwhelmingly high market share, these three countries are considered to be the strongest base that supports Honda's overall motorcycle business, and the company's top priority is to firmly maintain its presence.
 - In Indonesia, a new platform for common type was introduced in 2019.
- Growing market**
 - The main growth market is India, the world's largest motorcycle market. In India, the company is preparing to expand demand by gradually increasing its production capacity. In the future, the company plans to raise its annual production capacity to 4 million units to respond to the recovery and growth in the motorcycle market.
 - The Philippines and Pakistan are new between the growing market and the new market categories.
 - Bangladesh and Myanmar are positioned as the upcoming markets after India. ASEAN countries and India, Bangladesh is strengthening its production system, including the start of operations at a new plant in November 2018.
 - Nepal. In addition, in two countries, Cambodia and Laos, KID assembly has been commenced for local motorcycle assembly manufacturers.
- New market**

Honda's Classification of Motorcycle Markets of Emerging Countries (FY 2019)



Honda Motor: Core Management Measures for Motorcycle Products Sold in Asia

- 1. Mega Model 3 Strategy**
 - Since the mid-2010s, Honda has been pursuing initiatives based on the Mega Model 3 Strategy as a measure to strengthen the cost competitiveness of motorcycle products for emerging countries.
 - The Mega Model 3 Strategy is a project to implement the following three cost reduction measures, mainly targeting common models (e.g. mega models) with an annual production volume of over 1 million units.
 - Adoption of a new platform: Introduction of a new platform to streamline common-type frames.
 - Reduction of production process: Aiming to reduce the production process at motorcycle plants by advancing production technology.
 - Refining parts processing: Working with suppliers to raise cost competitiveness from the parts stages.
- 2. Core platform for megamotors**
 - The Mega Model 3 strategy targets common-type products intended for emerging countries that are suitable for the economies of scale of mass production, such as common, cube and small motorcycles produced in Asia. Through these initiatives, the company aims to maintain a stable earnings structure by securing price competitiveness that can compete with Chinese, Indian and other motorcycle manufacturers, while achieving cost reduction associated with compliance with environmental and safety regulations in each country.
 - In 2019, Honda created the "Core Platform," one of the measures specified in the above three megamotor strategies, as eSAP. The company began adopting it starting with the Genio, which was launched in Indonesia in June 2019.
 - eSAP is an abbreviation for "enhanced Smart Architecture Platform," a generic term for the new press frame for common types, developed to be used as a common platform for multiple models.
 - The eSAP allows a weight reduction of more than 8% while increasing rigidity, compared with the conventional pipe frame of the same class, by the use of high-tension press materials, introduction of techniques such as laser welding, and optimization of cross-sectional shapes.
 - For the Genio, which adopted eSAP ahead of other models, the laser welding, which can be used for mass-production. This has improved production efficiency and machining accuracy (improved by Honda).
 - In Indonesia, following the Genio, launched in June 2019, eSAP was successfully adopted by the new BladeX launched in January 2020, and by the new Scoopy, launched in November 2020. In the future, the company plans to introduce it to other models produced in Thailand, China and other countries, and plans to introduce compatible models in stages in the 2020s.



New press frame eSAP

Note: The sales revenue of the above Honda Motor, including the sales revenue of joint-venture subsidiaries and wholly-owned subsidiaries.

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