PROJECT REPORT

TRUCKS AND CONSTRUCTION MACHINERY

CZECH REPUBLIC

Client	**[CLIENT]**
	represented by:
Provider	**EasyLink Business Services** Na Berance 2, Praha 6 – Hanspaulka, 160 00 Czech Republic
	represented by: Mr. Filip Korinek, Managing Director
Date	18 December 2003

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1. TRUCKS

1.1. Market overview

The market of trucks in the Czech Republic, in view of new sales, is dominated by foreign brands. In 2003 (data for January through November), the first seven brands ranked by domestic sales were Mercedes, Iveco, Renault, Man, Daf, Scania, and Volvo. The combined market share of these makes was 85% in 2003. The strongest domestic manufacturer, Daewoo-Avia, ranked seventh in 2002 with a market share of 8.6%, but lost its position this year. Of all imports of trucks (categories N1, N2, N3, and road tractors), approximately 1/3 are used vehicles. Total sales of trucks were on a decrease in 2003.

1.1.1. Size of the market – domestic sales

Total **official domestic sales** of trucks (categories N2+N3, including new vehicles imported by official importers + new vehicles sold by domestic producers) decreased by 7.35% in the first 11 months of 2003, against the same period of 2002. Total annual sales of new trucks reached **7012 vehicles in 2002**.

Total truck sales include official domestic sales (as described above) **+** unofficial and individual imports (of new or used vehicles). In 2002, total trading with trucks (N2+N3, incl. road tractors (!)) reached **10,249 vehicles in 2002**, 8.4% more than in 2001.

In 2003, data show a reverse trend: total sales (of N2+N3+road tractors, new and imported new/old) were **lower by 6%** against the same period of the previous year, resulting from a sharp decrease in imports of road tractors (30% decrease of used road tractors, 21.8% of new road tractors), but also from a decrease of official (new) imports and slightly lower sales of domestic producers (where a stronger decrease of Avia outweighed slight growth of Praga and Tatra).

The two tables below show the distribution of official domestics sales of new trucks among the leading seven makes and also the total volumes. The first table compares Jan-Nov 2003 to the same period of the previous year, the second table compares total figures for the year 2002 (Jan-Dec) to 2001.

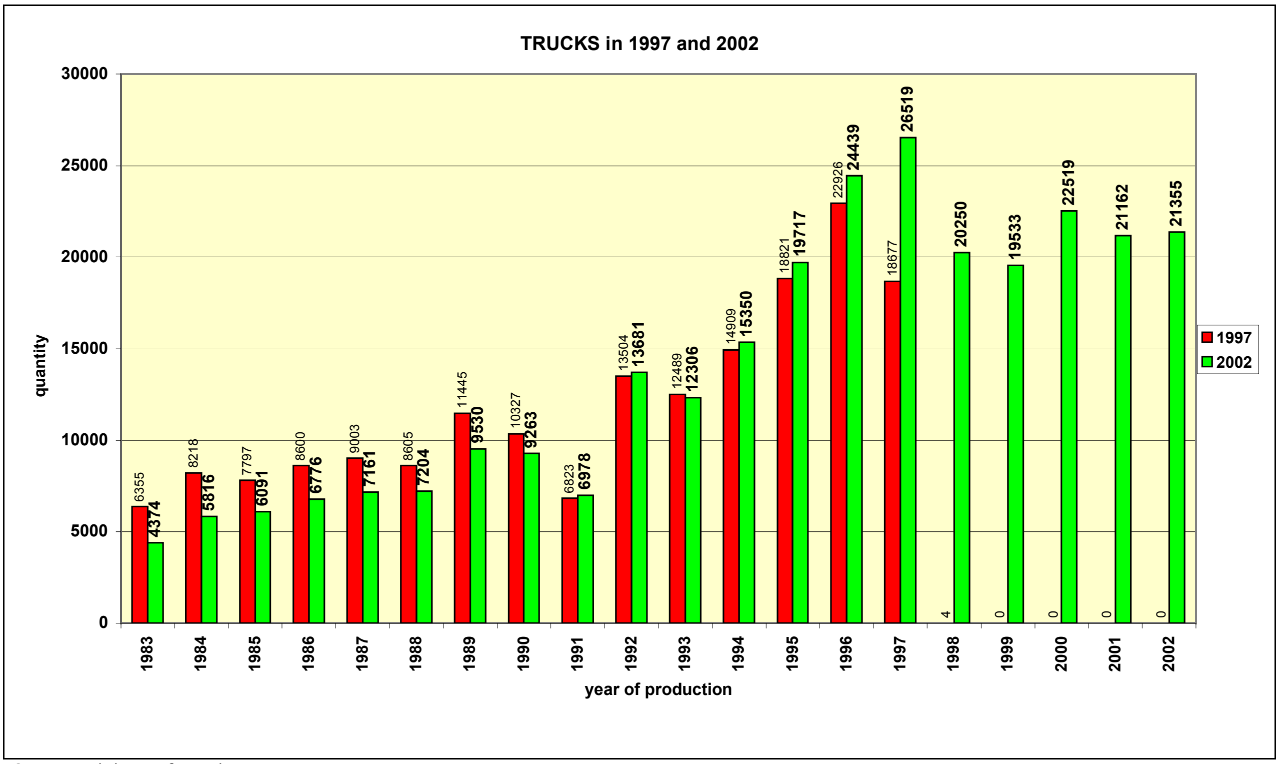
Table 1.1:
Sales of trucks (category N2+N3) in January-November 2003

		Jan-Nov 2003		Jan-Nov 2002		Change	
Make	Type of seller	Domestic sales (pcs)	Market share	Domestic sales (pcs)	Market share	Domestic sales (%)	Market share
Mercedes Benz	OFI	1151	19.60%	923	14.57%	24.70%	5.04%
Iveco	OFI	929	15.82%	977	15.42%	-4.91%	0.41%
Renault V.I.	OFI	757	12.89%	880	13.89%	-13.98%	-0.99%
Man	OFI	581	9.90%	709	11.19%	-18.05%	-1.29%
DAF	OFI	577	9.83%	800	12.62%	-27.88%	-2.80%
Scania	OFI	500	8.52%	531	8.38%	-5.84%	0.14%
Volvo	OFI	492	8.38%	633	9.99%	-22.27%	-1.61%
First 7 makes		**4987**	**84.94%**	**5453**	**86.05%**	**-8.55%**	**-1.11%**
Other makes		**884**	**15.06%**	**884**	**13.95%**	**0.00%**	**1.11%**
Total (OFI+DPV)		**5871**	**100.00%**	**6337**	**100.00%**	**-7.35%**	**-**

Source: Automotive Industry Association
* OFI ~ official importer, DPV ~ domestic producer of vehicles

Graph 1.8:

Age structure of truck fleet in 1997 and 2002 (N1,N2,N3)



Source: Ministry of Interior

The graph above shows the age structure of trucks officially registered in the Czech Republic in the year 1997 and in 2002 (example of how to read the graph: in 2002, the registry included 6978 trucks produced in 1991, 13681 trucks produced in 1992 etc.). The left part of the graph shows that old trucks are gradually replaced and de-registered (6355 trucks of 1983 cruising the roads in 1997, only 4374 five years later). However, the more recent years show a reverse relationship – mostly due to imports of used vehicles, the number of trucks made in 1994 (or 1995 or 1996….) increased between 1997 and 2002.

The Table below shows a detailed breakdown of the truck fleet in the Czech Republic by several criteria – age, load capacity and type of engine. The top line shows the total number of trucks registered – and demonstrates continued growth over the period under study.

Table 1.9:

Structure of truck fleet by age, load capacity, and type of engine (N1,N2,N3)

	1995	1998	1999	2000	2001	2002
Total number	***202 929***	***260 276***	***268 259***	***275 617***	***296 412***	***323 434***
by age category						
up to 2 years	33 398	36 482	30 289	33 762	39 562	42 517
2 - 5 years	32 090	57 952	68 249	66 925	61 381	62 302
5 - 10 years	47 552	55 175	59 973	69 223	86 349	98 331
over 10 years	89 889	110 667	109 748	105 707	109 120	120 284

1.3.2. Company details of domestic manufacturers

Official name: **DAEWOO AVIA, a.s.**
Address: Beranových 140
199 03 Praha - Letňany
URL address: www.daewoo-avia.cz
(English version available)

DAEWOO AVIA, a.s. is the largest producer of light and medium trucks (N1) in the Czech Republic. Since 1996, it has also been the exclusive importer of Lublin utility vehicles for the Czech market. Daewoo Avia's flagship model is the new Avia D with - a medium class truck within the category of 6-9 tons of total weight.

Official name: **Tatra, a.s.**
Address: Štefánikova 1163
742 21 Kopřivnice
URL address: www.tatra.cz
(English version available)

TATRA, a.s. has long tradition in heavy off-road trucks (N3) primarily designed for construction and mining industries, heavy road transport and the military. TATRA´s strong points are the central backbone tube, swinging half-axles and air cooled engines. Over 80% of its production is exported to Tatra's traditional markets in Eastern Europe, Far East, Middle East and Africa. A majority share of 70.51% is controlled by Terex Corporation.

Official name: **Praga Čáslav a.s.**
Address: Za drahou 1205
286 01 Čáslav
URL address: www.praga.cz
(English version available)

Traditional Czech producer of light trucks. Production program currently includes off-road, utility and community vehicles, including special firefighting undercarriages. Other activities of Praga Holding include automotive repair and various mechanical engineering operations. Total production of trucks reached only 24 in 2002.
