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**Automotive Intelligence Pvt Ltd**

# **ASIA MONTHLY TWO-WHEELER REPORT**

**June 2010**

## **GENERAL ANALYSIS**

### **India**

The quiet tone set by the Indian two-wheeler market in May was carried over to June, with only a couple of imported models being launched by Suzuki. The two new bikes will have to fight it out with competitors from Yamaha, Honda, Ducati and Harley-Davidson in the relatively small CBU bike market.

None of the major manufacturers had any new models or facelifts to offer, locally assembled or otherwise. However, the action is expected to pick up as the festive season approaches – this is evident from the fact that HMSI and Suzuki are raising their production capacity in India, while Yamaha eyes an expansion in its dealer network and Mahindra looks closely at a possible entry into the lucrative commuter motorcycle segment.

Sales growth, which has been stagnant over the last few months, is expected to pick up as the much-delayed monsoon finally covers the entire country. However, rural sales may still suffer, especially in farming communities which have already sustained substantial losses from lack of timely rain. Sales may also be marginally affected by recent price hikes by Hero Honda and Bajaj, especially if other manufacturers follow their lead. The issue is expected to be compounded by a recent hike in fuel prices across the country.



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### **Indonesia**

The Indonesian two-wheeler market continued to maintain the pace set in the first half of the year, with new offerings from six different manufacturers - Aprilia, BMW, Honda, Minerva, Piaggio and TVS. With the exception of BMW's special-edition K 1300 GT, which will compete in a niche segment (given its high list price and premium features), the rest of the new launches are all competitively priced for their respective segments.

India's TVS Motor, which is still a relative infant in Indonesia's vast two-wheeler market (the world's third largest, after China and India), continues to expand its range there. The company now plans to begin exporting its products from Indonesia to other ASEAN markets, starting with the Philippines.

In spite of all the news on the new model front, sales charts remained stagnant in May, with only marginal player Suzuki showing strong growth. However, sales are expected to pick up as the festive season approaches - vehicle sales traditionally rise before *mudik*, when millions of Indonesians travel to their homes from various parts of the country (triggering a surge in underbone sales) and *Idul Fitri*, the most significant festival in the region.

### **Thailand**

While Thailand's political situation stabilised a bit over the last few weeks, the two-wheeler market remained stagnant in May, with no new launches from any of the manufacturers. However, sales were up over April, when the market had dipped by as much as 18%. As mentioned earlier, one of the factors which will continue to affect sales is that this summer, Thailand's rural population has been severely affected by one of the worst droughts the country has experienced in recent times. Early estimates put drought-related damage to Thailand's economy at around THB 6.5 billion (€160 million); this number could escalate drastically if the drought lasts through July-August.

### **Malaysia**

After a lacklustre May, the Malaysian two-wheeler scene picked up pace in June, with three manufacturers - Ducati, SYM and Yamaha - chipping in with new models. While Ducati's Multistrada will remain a niche player at the upper end of the large-capacity bike market, the offerings from SYM and Yamaha will play a more significant role in garnering healthy sales for their respective manufacturers. The SYM Bonus 110, in particular, is likely to prove a success for the company, given its competitive pricing for the 110cc underbone class.

### **Philippines**

The Philippine two-wheeler market remained largely stagnant in the month of June, with only Ducati stepping forth with a new offering. The Philippines is the second ASEAN market - along with Malaysia - where the Multistrada multi-purpose bike was launched in June. However, sales figures are expected to remain miniscule, as the premium pricing will keep the Multistrada out of reach for most enthusiasts.



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### **Vietnam**

The Vietnamese two-wheeler market showed moderate signs of activity in June, maintaining the pace that Honda and Ducati had set in May. The lone new introduction came in the form of a special-edition variant of Yamaha's popular Nouvo, which will help refresh the range and rake in sales. However, the news with the strongest long-term impact came from market leader Honda, which is said to be considering a hike in production capacity next year. It goes to show the confidence that the Japanese manufacturer is putting in Vietnam's two-wheeler market.

A trend that has emerged from two-wheeler sales figures over the last few months is the fact that while the motorcycle market seems to be reaching a saturation point, the scooter segment seems to be picking up. With new offerings from the likes of Piaggio, Yamaha and Honda, among others, it seems evident that scooters may take over as growth drivers as more buyers turn to them because of the convenience and luggage space they offer.

### **Oceania**

After the flurry of new launches in May, June was a relatively quiet month for two-wheeler markets in Australia and New Zealand. Honda launched the first dual-clutch motorcycle in the world, the VFR1200FDA, in the Australian market, while Suzuki brought in its upgraded Bandit and a special commemorative edition of its popular contender in the litre-class superbike segment, the GSX-R1000.

The two-wheeler scene in New Zealand was quieter still, with only Suzuki offering a new model there. Incidentally, the Suzuki GSX1250FA shares its engine with the Bandit models, which were independently launched in the same month in Australia as well as India.

It remains to be seen if manufacturers shift their focus to more affordable models rather than launching new versions of their flagship offerings, as buyers in New Zealand continue to downsize. Now that ACC levies for all two-wheelers with engine above 600cc are set to more than double, it is expected that a sizeable chunk of sales will be diverted to lower-capacity models.



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**NEW MODEL & VERSION INTRODUCTIONS**

Country	Make	Model	Version	Local currency	Price in Euro	Introduction date
Australia	Suzuki	Bandit	GSF1250	NA	NA	9-Jun-10
Australia	Suzuki	Bandit	GSF1250A	NA	NA	9-Jun-10
Australia	Suzuki	GSX	R1000 25AE	NA	NA	8-Jun-10
Australia	Honda	VFR	1200FDA	25,990	18,303	25-Jun-10
India	Suzuki	GSX	R1000	1,275,000	22,523	10-Jun-10
India	Suzuki	Bandit	GSF1250S	850,000	15,015	10-Jun-10
Indonesia	BMW	K 1300 GT	Exclusive Edn.	218.4m	19,804	3rd-week-Jun-10
Indonesia	Honda	PCX	125	32m	2,902	15-Jun-10
Indonesia	Aprilia	Sportcity One	125t	30m	2,720	Not confirmed
Indonesia	Fischer	MRX	650	120m	10,882	11-Jun-10
Indonesia	Minerva	Megelli	250RE	31.9m	2,893	3-Jun-10
Indonesia	Minerva	Megelli	250RV	34.9m	3,165	3-Jun-10
Indonesia	Minerva	Megelli	250SE	28.1m	2,548	3-Jun-10
Indonesia	Minerva	Megelli	250ME	29.1m	2,639	3-Jun-10
Indonesia	Piaggio	Zip	100	18.5m	1,678	21-Jun-10
Indonesia	TVS	Neo	X3i SW	9.99m	898	7-Jun-10
Indonesia	TVS	Neo	X3i CW	11.5m	1,043	7-Jun-10
Malaysia	Ducati	Multistrada	1200	NA	NA	4th-week-Jun-10
Malaysia	Ducati	Multistrada	1200 S Sport	NA	NA	4th-week-Jun-10
Malaysia	Ducati	Multistrada	1200 S Touring	NA	NA	4th-week-Jun-10
Malaysia	SYM	Bonus	110	3,150	795	7-Jun-10
Malaysia	SYM	Symphony	150	5,400	1,364	7-Jun-10
Malaysia	Yamaha	Lagenda	115Z	4,642	1,172	1-Jun-10
Malaysia	Yamaha	Lagenda	115Z Electric	4,950	1,250	1-Jun-10
Malaysia	Yamaha	Lagenda	115ZR	5,260	1,328	1-Jun-10
New Zealand	Suzuki	GSX	1250FA	16,000	9,091	4th-week-Jun-10
Philippines	Ducati	Multistrada	1200	NA	NA	2-Jun-10
Philippines	Ducati	Multistrada	1200 S Sport	NA	NA	2-Jun-10
Philippines	Ducati	Multistrada	1200 S Touring	NA	NA	2-Jun-10
Vietnam	Yamaha	Nouvo LX	Limited	32.5m	1,402	15-Jun-10



## INDIA

### **TWO-WHEELER TRENDS**

1. Bajaj Auto hikes vehicle prices to offset costs
2. Yamaha to double sales outlets in five years
3. Suzuki introduces new motorcycles in India
4. Hero Group carried out cashless restructuring
5. HMSI eyeing ramp up in exports
6. Mahindra to make entry-level bikes
7. TVS shelves e-scooter plans
8. Royal Enfield outsources painting to Kinetic
9. Suzuki to step up two-wheeler production in India
10. Two-wheeler sales in India up again in May

#### **1. Bajaj products to get more expensive**

In order to offset high input costs and improve its operating margin, Bajaj Auto, India's second largest motorcycle manufacturer has raised its prices by INR 800-1,000 (€14-18), following a similar move made by Hero Honda. The move has been possible in the face of rising demand as domestic sales of two-wheelers rose by 29% on-year in May to stand at 936,555 units. Bajaj registered a growth of 68% during the period, to 191,726 units.

Meanwhile, the ExhaustTec technology that Bajaj uses to add low-end torque to single-cylinder four-stroke engines, through the addition of an expansion chamber on the exhaust, has obtained a patent in China. Bajaj currently holds the patent in other countries such as India, Sri Lanka, Mexico, Bangladesh, Costa Rica, Iran and Malaysia, as well as some European countries. The company uses the technology in models including the Avenger, Pulsar, Discover and Platina.

#### **2. Yamaha eyes dealer expansion in India**

India Yamaha Motor plans to double its sales outlets in the country within the next five years. This is especially in order to help the company expand in the rural market, which has recently seen higher incomes due to rapid economic growth. The showroom count may increase to 2,000 in small towns and rural hubs. Old outlets will be refurbished and the new ones will be called Yamaha Bike Corners, where free motorcycle service camps and test rides will be available. Yamaha sold 223,305 units in the year ended March 31st, 2010 and plans to enter the country's booming scooter segment soon.



### 3. Suzuki India launches GSX-R1000, Bandit

June 10th saw the launch of two new CBU (completely built-up) motorcycles from the Suzuki stable in the Indian market – the GSX-R1000 and the GSF1250S. While the engines on both bikes share a four-cylinder, liquid-cooled and fuel-injected design, the R1000 gets a highly tuned 999cc unit, while the GSF1250S gets a relatively softly tuned 1,255cc unit. Both bikes employ a six-speed transmission and chain final drive.



**Suzuki Bandit GSF1250S**

The fully-faired R1000, which will compete in the litre-class segment with the Yamaha YZF-R1, Honda CBR1000RR and the more expensive Ducati 1198, features a slipper clutch, Big Piston Forks (BPFs), adjustable suspension and monobloc brake callipers. The GSF1250S, commonly referred to as the Bandit, gets an adjustable seat, a partial fairing with a tall screen and a main stand, in keeping with its sports-touring image.

Both models get a 120/70-17 front tyre, though the R1000 gets a fatter 190/50-17 rear as against the Bandit's 180/55-17 item. Suzuki Motorcycle India has priced the GSX-R1000 at INR 1,275,000 (€22,523) and the GSF1250S Bandit at INR 850,000 (€15,015). The bikes will only be available through specific dealers in 11 major cities across the country, along with the company's other CBU offerings, the Hayabusa and the Intruder M1800R.

### 4. Hero Group restructures different business lines

In order to avoid higher tax rates and manage cross-holdings better, the Munjals, owners of the Hero Group (which runs the Hero Honda joint venture with the Japanese manufacturer), has assigned a cashless settlement wherein each family member or faction will have ownership of their currently managed businesses. Brijmohan Lall Munjal's family will continue to run Hero Honda Motors, the flagship company of the group, with a 26% stake, while his brothers and their kin will manage companies like Hero Cycles and Munjal Showa. While Brijmohan's own sons will have combined ownership of Hero Honda Motors, Rockman Cycle, Hero Corporate Service, Hero ITES, Hero Mindmine, Hero Soft and Easybill, his brother Om Prakash Munjal and family will own and manage Hero Cycles and Satyanand Munjal and his sons will control Majestic Auto, Highway Cycle, Munjal Auto and Munjal Showa. Ashok Munjal, son of deceased Dayanand Munjal, will control and manage Sunbeam Auto and his brother Vijay will retain Hero Exports. Shares have already been transferred to respective businesses.

Meanwhile, Hero Honda has ramped up its prices by up to INR 1,000 (€18) in order to offset rising input costs. However, there will be no increase in the prices of the Splendor and the Karizma.



### **5. HMSI targets exports of 110,000 units**

Honda Motorcycle & Scooter India (HMSI) has set itself a target of increasing its exports of motorcycles and scooters to 110,000 units this fiscal. Last year, the export figures stood at around 80,000 units. The company exports to over 50 countries, including developed nations in Europe. To meet rising demand, the company has invested INR 5 billion (€88.3 million) to set up its second plant in Alwar, Rajasthan, which will produce 600,000 units per year when it gets operational from mid 2011. The plant will be in the Tapukara Industrial Area near Bhiwadi in Rajasthan and is scheduled to begin production in May 2011. When the plant becomes operational, the total produced units of HMSI will reach 2.2 million units.

HMSI will also step up production at its Manesar plant by 300 units per day in order to reduce the five-month waiting period for the Activa scooter. The plant currently produces 2,100 units per day and will now make 2,400 units per day once the expansion is complete. HMSI sold 1.27 million units in 2009-10 and has announced a target of increasing that number by 18% this year to 1.5 million units.

As part of the company's aim to increase sales by 18%, it is banking on expanding in the eastern part of the country, an area where it has traditionally failed to garner substantial sales from. The model that HMSI is pinning its hopes on to that end is the recently-launched CB Unicorn Dazzler. HMSI hopes to sell at least 500 units of the new bike per month in the eastern region. Priced at a competitive INR 65,400 (€1,155), the bike is claimed to average 60 km per litre of petrol and comes with a maintenance-free battery and a viscous air filter. Currently, HMSI sells 10,000 units overall in the eastern region, of which 4,200 units are sold in the state of Orissa alone.

### **6. Mahindra to enter commuter bike segment**

Mahindra & Mahindra aims to manufacture entry-level motorcycles following its foray into the entry-level scooter market last year. The motorcycles, based around the old Kinetic Boss platform, are expected to be launched during the festive season and will be priced between INR 35,000 (€618) and INR 40,000 (€707), in direct competition with the Hero Honda CD 100 and the Bajaj Platina. Engines may be imported from China to make the pricing more aggressive; sales are pegged at around 60,000 units in the first year, going up to 150,000 by 2012.

Mahindra & Mahindra also plans to enter the electric two-wheeler market in response to the recent growth in this sector and will source technology from the recently taken-over Reva Electric to power the two-wheelers.

### **7. TVS stops e-scooter production**

Chennai-based TVS Motors has shelved its electric two-wheeler production plans owing to low demand in the market for this segment. The production of the battery-powered Scooty Teenz has been put on hold, as well as the electric three-wheeler that had been planned earlier. TVS says it will continue to produce and sell its regular (petrol-powered) scooters and motorcycles as usual.



### **8. Royal Enfield utilises Kinetic's paint shop**

Royal Enfield Motorcycles has announced to the media that its production capacity is falling short of increasing demand, as its paint shop is not large enough to accommodate the requisite numbers. Hence, the company is currently using the paint shop at the spare capacity of Pune-based Kinetic to paint key components such as the front and rear fenders, cover tubes, toolbox and ornamental covers for the Classic model. However Royal Enfield is said to be working on resolving this issue for the long term.

Meanwhile, domestic and global sales of Royal Enfield have seen a hike and there has been a turnaround in the waiting period of the bikes, which currently hovers between at eight weeks to as much as six months.

### **9. Suzuki plans expansion in India**

Japanese auto maker Suzuki plans to increase its two-wheeler production in India. It manufactured around 200,000 units in the period spanning 2007-2010 and has set itself a target of making 400,000 units by 2012, with sales targeting a million units across all segments by 2016.

The recently-launched GSX-R1000 and the Bandit GSF1250s are expected to firmly establish Suzuki's presence in the Indian large-capacity motorcycle market. The company has already opened an exclusive workshop in Delhi to cater to its big bikes and plans to have an all-India after-sales service network for these CBU models in the near future.

### **10. Indian two-wheel sales rise 9.5% in May**

After experiencing a dip in April, two-wheeler sales in India rose again in May, registering a month-on-month hike of 9.5% to 936,555 units. Compared to the same month last year, when 727,937 units were sold, May 2010's numbers are up a substantial 29%. Market leader continued to extend its lead with 425,058 units, up 17.3% over April and 13.7% more than the year-ago period. Bajaj Auto's sales stayed more or less stagnant at 191,726 units, a rise of only 2% over April; however, the numbers are 68.0% up over last year. After temporarily losing the third spot to Honda Motorcycle and Scooter India (HMSI) in April, TVS jumped back with 136,621 units in May. TVS' figures are up 8.9% and 27.2% in the month-on-month and year-on-year periods, respectively. HMSI's sales rose 2% from April to 132,090 units, indicating a year-on-year rise of 37.1%. Suzuki continued to extend its lead over Yamaha, selling 21,538 units to register a year-on-year hike of 71% and an on-month rise of 3.9%. Yamaha, in the meantime, could shift only 17,614 units, marking a rise of 4.5% over April and 3.9% up on last year.



## THAILAND



### **TWO-WHEELER TRENDS**

1. Suzuki Thailand expects two-wheeler sales to rise
2. Thai two-wheeler sales rise 11% in May

#### **1. Suzuki aiming for sales growth in Thailand**

Suzuki Thailand expects its two-wheeler sales volumes to rebound to where it was three years ago, owing to the increasing popularity of some of its new models. Thai Suzuki Motor, the local distributor, aims to sell more than 100,000 units this year, expecting the new Smash, Shogun and Hayate to push up sales. Suzuki sales had hit 196,466 units in 2005 and then slid to 151,128 units in 2006. Annual sales were lower than 100,000 units from 2007 to 2009, with the lowest sales recorded in 2009, owing to the company's delayed adjustment to changing market conditions. The company has invested THB 500 million (€12.7 million) to improve its direct-injection production facility, ramp up production and develop new models. It also plans to export up to 100,000 motorcycles this year from Thailand.

#### **2. Two-wheeler sales in Thailand see 11% rise**

After seeing a 17.9% drop in April, two-wheeler sales rose again by 11.3% in May to touch 149,677 units. The figure is 10.6% up over the same month last year, when 135,369 units left showrooms. Honda maintained a comfortable lead with 100,267 units, rising 9% from April and a near-identical 9.6% over the same month last year. Yamaha remained a distant third, rising 17.1% over April to 40,826 units overall; year-on-year, the rise amounts to 11.5%. Suzuki followed with 5,412 units, rising 9.1% over last month and 14.3% year-on-year. Kawasaki's sales remained almost static, rising 1% from April to 1,768 units; year-on-year, this amounts to a much more substantial 42.8% rise.



## MALAYSIA

### TWO-WHEELER TRENDS

1. Ducati unveils Multistrada range in Malaysia
2. Naza World Bike eyes higher turnover
3. SYM unveils Symphony 150, Bonus 110
4. Yamaha introduces new Lagenda variants

#### **1. Next Bike unveils Ducati Multistrada**

Naza Group company Next Bike, the official distributor of Ducati bikes in Malaysia, recently unveiled the new Multistrada. As in other markets, the Multistrada will be available in three variants – the 1200, 1200 S Sport and 1200 S Touring. The multi-purpose motorcycle features a detuned version of the 1198cc, liquid-cooled, V-Twin engine from the 1198 superbike, paired with a six-speed transmission and chain final drive. The entry-level 1200 model comes with a slipper clutch, an aluminium



**Ducati Multistrada 1200**

single-sided swingarm and light-weight alloys, among other features. The higher-spec 1200 S variants come with anti-lock brakes, the Ducati Electronic Suspension (DES) system, Ducati Traction Control (DTC) and higher-quality suspension. While the 1200 S Sporting comes with a smattering of carbon fibre parts, the Touring variant gets hard luggage panniers, heated hand grips and a centre stand. All variants feature four rider-selectable riding modes – Sport, Touring, Urban and Enduro – whereby the engine power, throttle response, DTS intervention and anti-lock braking action are adjusted according to riding conditions. Additionally, DES is integrated with the riding modes in the S variants. All variants get a 120/70-17 tyre at the front and a 190/55-17 tyre at the rear. Next Bike is yet to reveal prices for the Multistrada range, though early estimates point to MYR 120,000-139,000 (€30,303-35,101).

#### **2. Naza World Bike targets rise in turnover**

With an increase in the demand for branded motorcycles in Malaysia, Naza World Bike hopes to push this year's turnover to MYR 40 million (€10.1 million). It also plans to launch five new models from brands like Piaggio, Vespa and Aprilia to meet the growth of the motorbike industry in the country. Naza's Next Bike division is also banking on the recently-launched Multistrada, with its multi-purpose image, to push Ducati sales in the country.



### **3. SYM to launch two new models in Malaysia**

MForce Bike Holdings, the official distributor for SYM two-wheelers in Malaysia, unveiled two new models on June 7th – the Symphony 150 scooter and the Bonus 100 underbone. The Symphony features a 150cc, four-stroke, air-cooled, carburetted, single-cylinder engine paired with a continuously variable transmission (CVT). The scooter gets alloy wheels and a single disc brake at both ends. The Symphony 150 features a 90/80-16 tyre at the front and a size 110/70-16 at the rear. While not much information is currently available about the Bonus 110, it is known that the underbone will come with a 109cc, four-stroke, air-cooled, carburetted, single-cylinder engine and a four-speed manual transmission with an automatic clutch. The Bonus will also feature wire-spoke wheels, a single disc brake at the front, a partially exposed chain final drive, electric start (as well as a kick starter), red-finish rear shock absorbers and a shopping basket integrated between the instrument console and rider. It is expected that the Bonus will get a 2.50x17 tyre at the front and 2.75x17 rubber at the rear. Though the two models will formally go on sale only by the end of the year, MForce Bike has already announced tentative prices - the Bonus 110 will come in at MYR 3,150 (€795), while the Symphony 150 will cost MYR 5,400 (€1,364).



**SYM Symphony 150**

### **4. Yamaha launches underbones in Malaysia**

Yamaha introduced three new variants of the Lagenda in the Malaysian market on June 1st. Built around a 114cc, four-stroke, air-cooled, carburetted, single-cylinder, the new variants – the 115Z, 115 Electric Start and 115ZR – come with a revised four-speed rotary transmission working via an automatic clutch. The engine comes



**Yamaha Lagenda 115ZR**

with an aluminium cylinder with cast-in-sleeve to achieve efficient heat dissipation, while the muffler is a three-stage expansion-type unit, which is supposed to be quieter and emissions-friendly. All three variants come with a multi-function key, the largest underseat storage area in the segment, a protector for the LED tail lights, a mini-visor and a dedicated meter panel cover. The three versions also get a single disc brake at the front, while the rear manages with a drum brake. The front end comes with a 70/90-17 tyre, while the rear gets a 80/90-17 unit. The 115Z variants are only available with wire-spoke wheels, while the 115ZR gets body-coloured cast alloy wheels. The latter also adds different decals and gas-charged rear shock absorbers. Yamaha has announced prices for the Lagenda range – the 115Z comes in at MYR 4,642 (€1,172), the 115Z Electric costs MYR 4,950 (€1,250) and the range-topping 115ZR has been priced at MYR 5,260 (€1,328).



## INDONESIA

### **TWO-WHEELER TRENDS**

1. Progressive tax may hit bike sales in Jakarta
2. Aprilia to introduce new scooter in Indonesia
3. Two-wheeler industry utilisation up to 85%
4. Astra Honda to increase production capacity
5. TVS to introduce Apache RTR 180 in Indonesia
6. BMW Motorrad launches K 1300 GT Exclusive Edition in Indonesia
7. Honda's PCX launched in Indonesia
8. Minerva introduces new Megelli 250 variants
9. Minerva Sachs Fischer MRX 650 now in Indonesia
10. TVS Indonesia begins exporting RockZ to Philippines
11. Piaggio Zip 100 arrives in Indonesia
12. Minerva to expand in Indonesian market
13. Indonesian two-wheeler sales see dip in May
14. TVS introduces Neo X3i in Indonesia

#### **1. Progressive tax to impact two-wheeler sales adversely**

The two-wheeler market of Jakarta is expected to weaken by as much as 5% as the Progressive Vehicle Ownership Tax is implemented, as most two-wheeler owners come from the lower income groups. In Indonesia, over 70% two-wheelers are bought on credit and the person purchasing it must have a payslip. Traditionally, a household has two two-wheelers bought by the head of the family, and therefore any family member who has not yet begun working typically uses the head of the family's payslip to buy the second bike. But with the Progressive Vehicle Ownership Tax, buying this second two-wheeler could become a difficulty. However, finance companies will facilitate purchases by helping absorb the tax burden. There is also a high chance that the tax will prompt people to register their two-wheelers outside Jakarta in Tangerang, Depok, or Bekasi to avoid the tax. The weakening effect of the tax is expected to last at least two or three months after it is introduced, before returning to normal levels.



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## 2. Aprilia Sportcity One 125t headed for Indonesia

Italian two-wheeler Aprilia, which is part of the Piaggio Group, has announced that it will launch a new scooter in the Indonesian market in the near future. While no specific date has been specified for the launch, it is known that the model will be the Sportcity One 125t. The scooter comes with a 124cc, four-stroke, air-cooled, carburetted, single-cylinder engine paired



### Aprilia Sportcity One 125t

with a continuously variable transmission (CVT). As is common with Piaggio Group scooters, the chassis comprises a double tube single cradle frame made of high-tensile steel. While the front end gets telescopic dampers, the rear swingarm is integrated with the engine. Both ends get a 120/70-14 size tyre, while only the front end has been fitted with a single ventilated disc brake (the rear getting a conventional drum unit). Other features on the premium scooter include a large underseat storage area with enough room for a full-face helmet, electric start, light weight alloy wheels, twin halogen headlights, a stepped pillion seat with alloy grab handles and a lockable glovebox. Optional accessories include top boxes in various capacities, a choice of two other windscreens and a protective leg cover. Aprilia will reveal Indonesian pricing for the Sportcity One 125t closer to its launch, though it expected that it will cost close to IDR 30 million (US\$ 2,720).

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## 3. Indonesia two-wheeler industry utilisation rises

As the utilisation rate of installed capacity in Indonesia's two-wheeler industry increases to 85%, the projected rise in overall production volumes now stands at 6.8 million units. The number is expected to rise to 7.2 million units if manufacturers undertake expansion drives. The growth of the industry is expected to reach 15% this year if inflation, interest rates and credit can be taken care of. Sale of two-wheelers is expected to reach or exceed the 10 million mark by 2012 owing to a high dependence on two wheelers in the country. The island of Java has alone accounted for 57% of total sales in the country so far this year.

## 4. Honda eyeing expansion in Indonesia

Honda's Indonesian two-wheeler division, Astra Honda Motor, aims to ramp up its production to 4.5 million units by 2015. The market leader is already producing 3.2 million units annually, after production capacity of its automatic scooter range was increased at its Cikarang, Bekasi plant. The distribution of these automatic scooters, including the PCX, is to be taken up by 75 exclusive dealers in Java, Bali and Sumatra; around 300 units are expected to be sold monthly.

With the launch of the PCX, Astra Honda Motor aims to hold on to its market leader status for motorcycles by retaining its 46.5% market share. They aim to retain their customers and attract new ones through new and innovative products, especially in the scooter segment.



### **5. TVS unveils Apache RTR 180 in Indonesia**

India's TVS Motor is showcasing its Apache RTR 180 motorcycle at the ongoing Jakarta Fair in Indonesia. While the bike was originally supposed to be introduced there in May, the launch has been postponed indefinitely. The RTR 180, which is the flagship model in TVS' Indian portfolio, sits above the RTR 160 in the Apache range. It comes with a 177cc, air-cooled, four-stroke, single-cylinder engine working a five-speed transmission and chain final drive. Unlike the RTR 160, which is fuel-injected, the 180 features a carburettor. It also gets a longer wheelbase than the 160, as well as a taller seat. Other features of the Apache RTR 180 include single petal disc brakes at both ends, a split grabrail, clip-on handlebars, gold-finish suspension components and a combination of a digital speedometer and analogue tachometer. The brake and clutch levers, footrests, foot levers and wheels are all constructed from forged alloy. Tyre sizes are 90/90-17 at the front and 110/80-17 at the rear; while the front is identical to the RTR 160, the latter gets a 100/80-18 unit at the rear. While TVS Motor Indonesia will only announce final pricing for the RTR 180 closer to the actual launch, it is expected to cost around IDR 18-20 million (€1,632-1,814).



**TVS Apache RTR 180**

### **6. BMW K 1300 GT Exclusive Edition launched in Indonesia**

In the third week of June, German two-wheeler manufacturer BMW Motorrad introduced a special-edition variant of the K 1300 GT touring motorcycle in the Indonesian market as a completely built-up unit (CBU). Called the Exclusive Edition, the bike comes with unique features such as heated handgrips and seat, HID (high-intensity discharge) headlights and an on-board computer, many of which are optional extras on the regular model. The Exclusive Edition also gets patented BMW Motorrad technology such as ESA II (Electronic Suspension Adjustment II), ASC (Automatic Stability Control) and RDC (Tyre Pressure Monitor) as standard, as well as anti-lock brakes. As for hard luggage, the bike gets a 49-litre, body-coloured, padded top box with a common-key lock barrel in addition to the standard side panniers. The bike is finished in a metallic/matt grey and gets a bespoke blue type plate. The Exclusive Edition shares its running gear with the regular K 1300 GT, implying that it comes with a 1,293cc, liquid-cooled, in-line four cylinder engine mated to a six-speed transmission and shaft final drive. The tourer features a 120/70-17 tyre at the front and 180/55-17 rubber at the rear. BMW Motorrad has priced the K 1300 GT Exclusive Edition at IDR 218.4 million (€19,804) in the Indonesian market.



**BMW K 1300 GT Exclusive Edition**



### 7. Honda introduces PCX in Indonesia

On June 15th, Japanese auto major Honda introduced a new premium scooter in the Indonesian market, called the PCX. Imported as a completely built-up (CBU) unit from Thailand, the PCX features a 125cc, four-stroke, liquid-cooled, single-cylinder engine. The liquid cooling system includes a radiator integrated with the engine, to make it compact. The powerplant, which features Honda's programmed



**Honda PCX**

fuel injection (PGM-FI), is the first 125cc unit to feature an ACG starter, which combines a cell motor and alternating current generator. Other features of the PCX include a V-belt continuously variable transmission (CVT), Honda's Combined Braking System (CBS), telescopic front forks, a dark-tinted windscreen, dual headlight, a front glovebox, lightweight cast aluminium wheels and an Idle Stop system, which kills the ignition after three seconds of idling. In addition to the underseat storage area (which can accommodate a full-face helmet), Honda is offering a 26-litre top box as an optional accessory. The front end gets a 90/90-14 tyre and a single disc brake, while the rear features 100/90-14 rubber and a drum brake. Honda has priced the PCX at IDR 32 million (€2,902), inclusive of import duties, which makes it significantly more expensive than the THB 70,000 (€1,772) it costs in Thailand.

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### 8. Four new Megelli 250 versions launched in Indonesia

On June 3rd, Minerva Motors Indonesia (MMI) introduced four new variants of the Megelli 250 in the domestic market – the fully-faired RE, the special edition fully-faired RV, the naked SE and the supermoto ME. Meant to supplement the existing range, the new variants come with an upgraded version of the original engine. While the 247cc, four-stroke, single-cylinder format has been retained, the new engine is now water-cooled (as against air-cooling in the earlier variant) and comes with its own radiator fan. As a result, power and torque are up by 32% and 22%, respectively. The engine, which now works a six-speed transmission, features a new roller rocker arm and four valves. The other features of the bikes are shared with the regular variants, including the chain final drive and twin spar trellis frame. Tyre sizes are 100/70-17 at the front and 130/70-17 for the rear for all variants, though the supermoto models come with wire-spoke wheels as against the cast alloy items on the naked and fully-faired variants. The 250RV additionally gets higher quality upside-down front forks and a digital speedometer. MMI has priced the new Megelli 250 variants at IDR 31.9 million (€2,893) for the 250RE, IDR 34.9 million (€3,165) for the 250RV, IDR 28.1 million (€2,548) for the 250SE and IDR 29.1 million (€2,639) for the 250ME.



**Megelli 250 R**



Segment Y  
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### 9. Minerva Indonesia brings in Fischer MRX 650

June 11th saw the introduction of yet another model from Minerva Motor Indonesia (MMI), in the form of a new medium-capacity motorcycle – the Fischer MRX 650. Imported as a completely built-up unit from the U.S., the MRX 650 comes with a



647cc, four-stroke, liquid-cooled, 90° V-twin engine mated to a six-speed transmission and chain final drive. The engine incorporates Ram Air technology in the interest of more power at higher speeds. The fully-faired motorcycle employs a one-piece aluminium chassis and single-piece swingarm which the company claims to be derived from MotoGP technology. Other features include steel braided brake lines, a dual-chamber stainless exhaust, a Ram Air duct nestled between the twin headlights, an adjustable single seat and a split tail (to accommodate the underseat exhaust). The front end comes with a 120/70-17 tyre and twin disc brakes, while the rear gets 160/60-17 rubber and a single disc. MMI has priced

#### Fischer MRX 650

the Fischer MRX 650 at IDR 120 million (€10,882). The company has set itself a target of 100 units by the end of the year. MMI currently operates through 59 authorised dealers and 116 sales outlets across the country; it hopes to increase that count to 110 authorised dealers and 300 sales outlets by the end of the year.

### 10. TVS RockZ now being exported to Philippines

Using Indonesia as the production base, TVS Motor Company has begun to export its scooter model, the RockZ 125, to the Philippines. From January, a total of 800 units have been exported, with 240 units reported in May alone. There are no sales targets yet, though the company hopes to export 1,000 units by the end of the year and increase localisation in their models. Besides the Philippines, TVS has sent samples of its products to other countries in Africa. However, production expansion has been postponed to 2014 from the initial plan of 2011, in the face of stiff competition from the Japanese manufacturers in Indonesia. TVS Indonesia has a USD 50 million (€41 million) assembly plant with an installed annual capacity of 300,000 units in Karawang, West Java. The company aims to utilise full capacity before expansion plans are implemented. Sales of TVS motorcycles are projected to increase to 233% at 50,000 units with an increase of 80,000-90,000 units annually next year. The company is relying heavily on the TVS Neo X3i to push up sales alongside the now locally-made Apache RTR range, with 35% local content. It also plans to ramp up its sales network to 500 from the existing 120.



### 11. Piaggio launches Zip 100 in Indonesia

In addition to announcing the imminent launch of the Aprilia Sportcity One 125t, Piaggio introduced another scooter in the Indonesian market on June 21st. Called the Zip 100, the scooter comes with a 96cc, air-cooled, carburetted, four-stroke, single-cylinder engine, which is compliant with Euro 3 emission norms. The engine delivers power to the rear wheel via a continuously variable transmission (CVT). Sticking to Piaggio's traditional design features, the Zip 100 employs a steel tube chassis with reinforced plates for rough roads. The lightweight scooter (89kg dry) gets an electric starter in addition to a kick starter. The front end comes with a 100/80-10 tyre and a single disc brake, while the rear makes do with 120/70-10 rubber and a drum brake. Other features include die-cast aluminium wheels, a three-step adjustable seat, a shopping bag hook, lockable underseat storage and an additional front glove box. Optional extras include a windscreen, a top box and a rear rack for added practicality. Sentra Creative Commerce (SKN), the official distributor of Piaggio Group products in Indonesia, has announced that the Zip 100 will cost IDR 18.5 million (€1,678). SKN says that it has already received upwards of a hundred orders for the new scooter.



**Piaggio Zip 100**

### 12. Minerva to widen dealer network

Minerva Motor Indonesia intends to double its 3S (sales, service, spare parts) dealer network from 59 to 110 by the end of the current year at an investment of IDR 250 million (€22,670) per dealer. The number of retail outlets will be increased to 300 from 116, in order to provide customer service and satisfaction. The network will be concentrated in Java at Jakarta, Solo, Semarang, Surabaya and Banyuwangi, as well as Palu and Manado outside Java, MMI plans to produce and sell 66,000 units this year, going up to 90,000 units in 2011 through these additions. Last year MMI sold 49,800 units in 2009, 36.3% less than this year's projected target. An investment of IDR 50 billion (€4.5 million) is set aside for each of the two stages in production expansion.

### 13. Two-wheeler sales down 2% in May

After showing consistent growth for the first four months of the year, two-wheeler sales in Indonesia took a nosedive in May, dropping 2% over April to 640,234 units. However, the numbers are still 39.9% up over the same month last year. Honda extended its lead over Yamaha after having lost it in April, with 318,038 units. Its sales are 4.4% up over the April and 52.7% up over the year-ago period. Yamaha's sales slipped 11.5% to 272,825 units, though it still implies a year-on-year growth of 31.8%. Suzuki followed with 41,536 units, rising 17.9% over April and up 15.1% year-on-year. Kawasaki experienced flat sales growth, rising just 1.7% to 5,976 units; compared to the same period last year, its sales are down a marginal 0.4%. India's TVS, still a fledgling player compared to the Japanese majors, sold 1,665 unit, which is 7.6% more than the previous month.



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#### 14. TVS Indonesia brings in new underbone

On June 7th, TVS Motor Indonesia, the local arm of the Indian two-wheeler manufacturer, introduced a new underbone called the Neo X3i. Meant to slot in between the base Neo and the top-end Rockz 125, the Neo X3i shares its basic architecture with the former. While the 110cc, air-cooled, carburetted, single-cylinder engine retains the same configuration as the Neo's, it now comes with the



**TVS Neo X3i**

company's Duralife technology, which makes the engine more durable through the use of a roller follower and thinner piston rings, as well as a Teflon coating for essential components. Also, rather than the double clutch system of the Neo and Rockz, which gives the rider the option of toggling between manual and automatic gear changing, the Neo X3i gets a conventional four-speed manual transmission with an automatic clutch. The underbone also gets three unique features: i-Econo, which employs a throttle switch to deploy a digital ignition system; i-Start, which uses temperature sensor technology to cut the time it takes for the engine to heat up from

a cold start and i-Charge, with which the rider can charge a mobile phone. Tyre sizes are 2.5x17 at the front and 2.75x17 at the rear. TVS has priced the Neo X3i at IDR 9.99 million (€898) for the SW (wire-spoke wheel) variant and IDR 11.5 million (€1,043) for the CW (cast alloy wheel) version.



## PHILIPPINES

### TWO-WHEELER TRENDS

1. Philippine two-wheeler parts maker eyes exports
2. Ducati launches Multistrada in Philippines

#### **1. Keen Innovation Motortech gets tax incentives**

Keen Innovation Motortech, an affiliate of Blaze Motortech is investing PHP 78.5 million (€1.4 million) to set up a component manufacturing unit in Barangay Pandavan, Meycauavan, Bulacan. The company aims to supply not only to Blaze, but also to domestic and overseas assemblers in Indonesia, Singapore and Thailand. The plant will be operational in March 2011 and will make frame assemblies, swing arm sub-assemblies, seat assemblies, wiring harnesses and various plastic parts such as box covers, cycra plastic kits, disc guards, fenders, mud guards, side panels, headlight bodies, lenses and reflectors. Initial raw materials are expected to be Chinese imports but the company will soon outsource them from local suppliers. The company has obtained tax incentives and registration from the Philippine Board of Investments (BoI).

#### **2. Ducati Multistrada now in Philippines**

On June 2nd, Italian two-wheeler manufacturer Ducati introduced the all-new Multistrada in the Philippine market. Available in three variants – the 1200, 1200 S Sport and 1200 S Touring – the Multistrada is built around an 1198cc, liquid-cooled, V-Twin engine referred to as the Testastretta 11°. Essentially a detuned version of the unit found on the 1198 superbike, the engine is mated to a six-speed transmission and chain final drive. The base Multistrada 1200 comes with a slipper



**Ducati Multistrada**

clutch, an aluminium single-sided swingarm and lightweight alloys, among other features. Both 1200 S variants come with the Ducati Electronic Suspension (DES) system, anti-lock brakes, Ducati Traction Control (DTC) and higher-quality suspension. While the 1200 S Sporting features various carbon fibre parts, the Touring variant gets side panniers, heated grips and centre stand. All Multistradas feature four rider-selectable riding modes. In

Sport and Touring modes, the engine makes its full 150PS, though the throttle response is softened in the latter. In Urban and Enduro modes, the power is reduced to 100PS, while the throttle response, DTS intervention and ABS are adjusted accordingly. In the S variants, the suspension is adjusted automatically in each respective mode. All three variants come with a 120/70-17 tyre at the front and 190/55-17 rubber at the rear. Ducati is yet to announce prices for the Multistrada range in the Philippines.



## VIETNAM

### **TWO-WHEELER TRENDS**

1. Honda Vietnam to raise two-wheeler production
2. Yamaha Vietnam introduces Nouvo LX Limited Edition
3. Vietnam scooter market picks up

#### **1. Honda eyes expansion of production in Vietnam**

Honda Motor plans to ramp up its production capability in Vietnam to 2 million units after the first half of 2011 in order to tap the sales growth in the country. The current production level stands at 1.5 million units; the exercise will see an investment of USD 70 million (€57.4 million) for the expansion. Honda controls 63% of the motorcycle segment in Vietnam and sales in 2009 touched a total of 2.26 million units.

#### **2. Yamaha launches new Nouvo variant in Vietnam**

Japanese two-wheeler maker Yamaha introduced a new variant of the Nouvo in the Vietnamese market on June 15th. Called the Nouvo LX Limited Edition, the underbone comes with minor cosmetic changes extending to redesigned decals, body-coloured pinstripes on the wheels, a dual-tone seat and new badges. The Limited Edition will be available in two dual-tone colours only – red/black and white/black. Mechanically, the underbone remains identical to the original Nouvo LX 135 – it comes with a 135cc, four-stroke, carburetted, liquid-cooled, single-cylinder engine paired with a continuously variable transmission (CVT). Other features that are shared with the standard model include dual headlights, a body-coloured grab rail, a chrome exhaust cover, weighted handlebars, clear-lens indicators and a matt black finish on the engine casing, swingarm, front suspension forks and



**Yamaha Nouvo LX Limited Edition** wheels. The LX comes with a 70/90-16 tyre up front and 80/90-16 rubber at the rear. The front end gets a single disc brake, while a drum brake is fitted to the rear. Yamaha has priced the Nouvo LX Limited Edition at VND 32.5 million (€1,402), which is the same as the Nouvo LX RC. The new underbone, which will be in showrooms by the second week of July, will come with the company's standard 12-month warranty.



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### 3. Scooters selling well in Vietnam

While the Vietnamese motorcycle market seems to be approaching saturation, the demand for local and imported scooters is on the rise, with a growth rate of 30-40% annually. Traditional motorcycle manufacturers are now developing scooter models catering to different segments in society. Piaggio has launched the Vespa LX125 keeping women buyers in mind, while their Vespa S125 is aimed at male customers. Honda Vietnam has also launched the Click 2010 for women. Teenagers are being targeted with the Air Blade Repsol, Nouvo RC, Click Play and Mio Classico. SYM is investing to promote its Attila Elizabeth, which is marketed as a very feminine model.

The import market remains strong with imports like the Honda PCX 125 which appeared almost simultaneously in Europe and Vietnam, and the 2010 iteration of the Suzuki Sixteen 125. However, assembly plants in Vietnam have not seen any high investment yet. Domestic makers are meeting 70-80% of the demand for scooters while importers are meeting the rest of it.

## OCEANIA

### TWO-WHEELER TRENDS

1. New Zealand raises ACC levies for large bikes
2. Honda VFR1200FDA launched in Australia
3. Suzuki launches special-edition GSX-R1000
4. Suzuki GSX1250FA launched in New Zealand
5. Suzuki unveils 2010 Bandit for Australian market

#### 1. ACC levies raised 69% in New Zealand

Accident Compensation Corporation (ACC) levies, which are part of registration fees in New Zealand, are expected to rise by 61% for all two-wheelers with engines larger than 600cc. While the initial forecast hike in the ACC levy was pegged at NZD 745.77 (€424), the actual rise has been confirmed as NZD 426.92 (€243), up 69% from the current NZD 252.69 (€144). Alongside registration fees and petrol tax, the running cost of a motorcycle will now be NZD 517.25 (€294) per year.



## 2. Honda Australia introduces VFR1200FDA

On 25th June, Japanese auto major Honda announced the launch of the VFR1200FDA in the Australian market. While the bike shares its 1,237cc, liquid-cooled, 76° V4 engine with the VFR1200F, the VFR1200FDA happens to be the first two-wheeler in the world to feature a double-clutch transmission. The gearbox can be toggled between three modes – D, S and manual. In both D- and S-Modes, the



**Honda VFR1200FDA**

transmission shifts automatically. Selecting D-Mode engages a shift pattern meant to maximise fuel efficiency, while S-Mode is meant for aggressive riding, where upshifts are delayed and downshifts are executed earlier. In manual mode, the rider gets to shift gears via upshift and downshift buttons on the left handle grip. Clutch action remains automatic in all modes, while a throttle-by-wire system ensures a smooth response even at wide throttle openings. Other features of the VFR1200FDA include an aluminium twin-spar diamond-type frame, a slipper clutch, Honda's CBS (Combined Braking System) with integrated anti-lock brakes and a relatively maintenance-free shaft final drive. The bike comes shod with 120/70-17 tyres at the front and a 190/55-17 unit at the rear. Honda has priced the VFR 1200FDA, which will be available in two colours, at AUD 25,990 (€18,303) in the Australian market.

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## 3. Special-edition Suzuki GSX-R1000 now in Australia

The month of June saw another launch from Suzuki in the Australian market, with the company introducing a special-edition variant of the GSX-R1000 on the 8th. The 25th Anniversary Edition GSX-R1000, as the name suggests, celebrates the completion of 25 years of the GSX range and will come with a matt silver-titanium coloured frame and white bodywork. The bike comes with bespoke anniversary logo



**Suzuki GSX-R1000 Anniversary**

on the body panels, as well as laser-cut commemorative pinstripes on the wheel rims. The special logos are also emblazoned on both mufflers as well as the key; the bike also gets an individual serial number plate on the yoke. The rest of the bike is identical to the standard model and as such, comes with a 999cc, liquid-cooled, inline-four cylinder engine paired with a six-speed transmission and chain final drive. The GSX-R1000 features BPF (Big Piston Forks), which improve stability under braking and provide better feedback to the rider. As is the norm with litre-class superbikes, the GSX comes with 120/70-17 rubber up front and a 190/50-17 tyre at the rear. Suzuki has allotted 60 units of the 25th Anniversary Edition GSX-R1000 to Australia, out of a global production run of 1,000 units. Final pricing has yet to be announced.

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#### **4. Suzuki New Zealand introduces GSX1250FA**

In the fourth week of June, Suzuki added a new model to the GSX1250 range in New Zealand, called the GSX1250FA. The new bike shares its powerplant and chassis components with the Bandit models, implying that it comes with the same 1,255cc, liquid-cooled, inline-four cylinder engine. The bikes also share the same six-speed transmission with unaltered ratios and chain final drive. Similarities also extend to the tubular steel frame, which is carried over unchanged. However, the main difference lies in the fact that the FA model comes with a full fairing, as against the Bandit, which comes with a partial fairing in New Zealand. Other changes extend to a firmer front suspension springs and damping to compensate for the additional weight, GSX-R-style instruments and headlight, a programmable shift light, a countdown reserve trip timer and a redesigned silencer end cap. To compensate for the extra bodywork, the radiator has been fitted with a second fan. Anti-lock brakes come as standard on the GSX1250FA, as does a range-enhancing 19-litre fuel tank. Tyre sizes are 120/70-17 at the front end and 180/55-17 at the rear. Suzuki has priced the GSX1250FA at NZD 16,000 (€9,091) in the New Zealand market.



**Suzuki GSX1250FA**

#### **5. New Suzuki Bandit announced for Australia**

On June 9th, Suzuki announced the imminent launch of the 2010 Bandit GSF1250 and the ABS-equipped GSF1250A models in the Australian market. Updates for 2010 are restricted to redesigned body panels, an adjustable seat and a reworked headlight, taillights and turning indicators. The instrument console has also been thoroughly redesigned and now features an LCD readout for various functions, alongside the analogue tachometer. The rest of the bike is carried over unchanged, including the 1,255cc, liquid-cooled, inline-four cylinder engine mated to a six-speed transmission and chain final drive. The Euro 3-compliant engine features a secondary balancer shaft, which helps keep vibrations down. The Bandit comes with various patented technologies such as Suzuki Dual Throttle Valve (SDTV) fuel injection, which helps aids fuel economy and a smooth response and Suzuki Composite Electrochemical Material (SCEM) cylinder-bore plating, which cuts down on friction. The bike comes with a 120/70-17 tyre up front and a 180/55-17 unit at the rear; it gets lightweight aluminium-alloy wheels and ventilated disc brakes at both ends. The Bandit comes with a centre stand as standard fitment, which will be beneficial in the event of a flat tyre. Suzuki Australia is yet to announce pricing for the Bandit GSF1250 and GSF1250A.



**Suzuki Bandit GSF1250**