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Globalizing North America

North American Outlook in a Global Context

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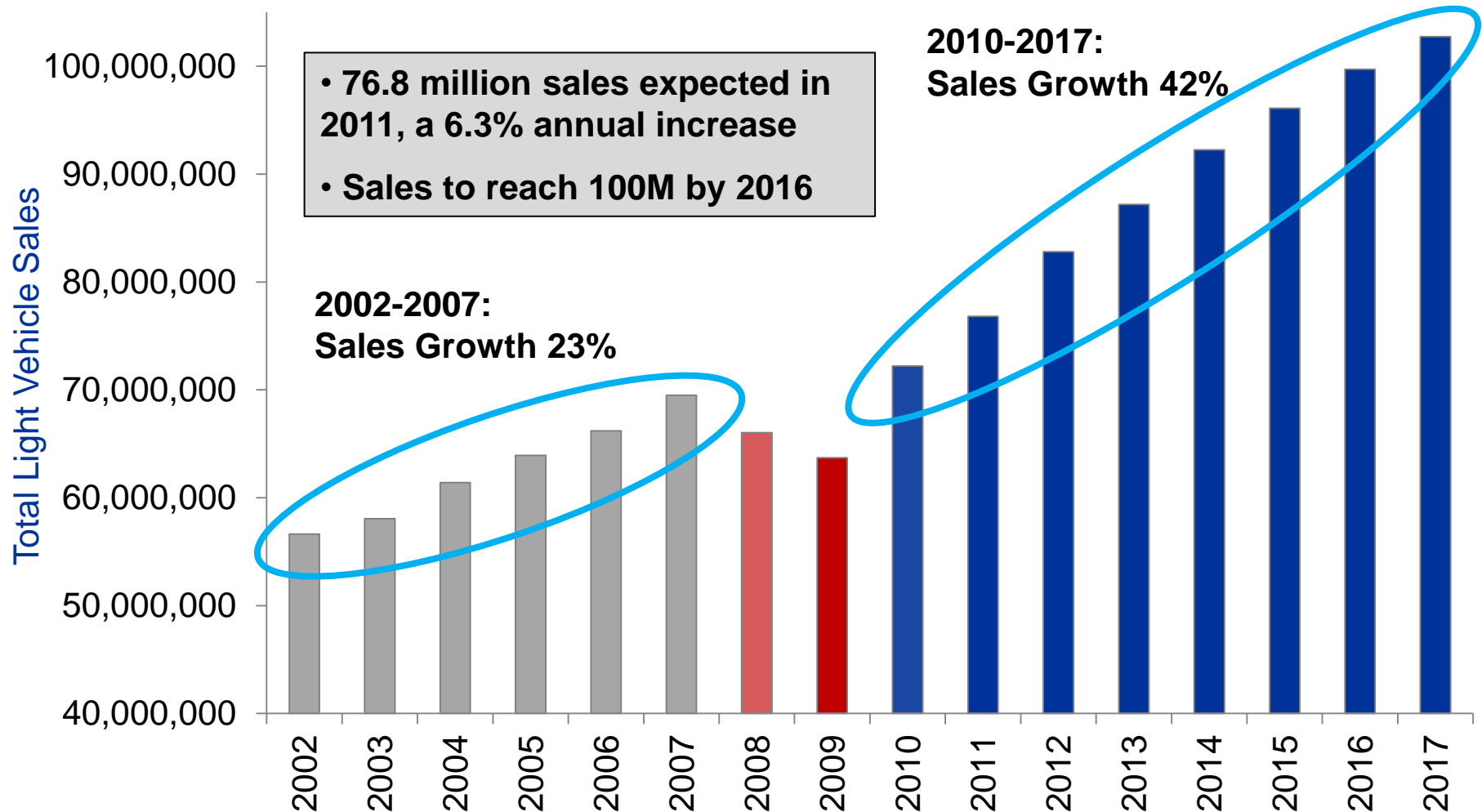
Presentation Outline

- **Global Environment**
- North American Outlook
- Market Dynamics
- Summary



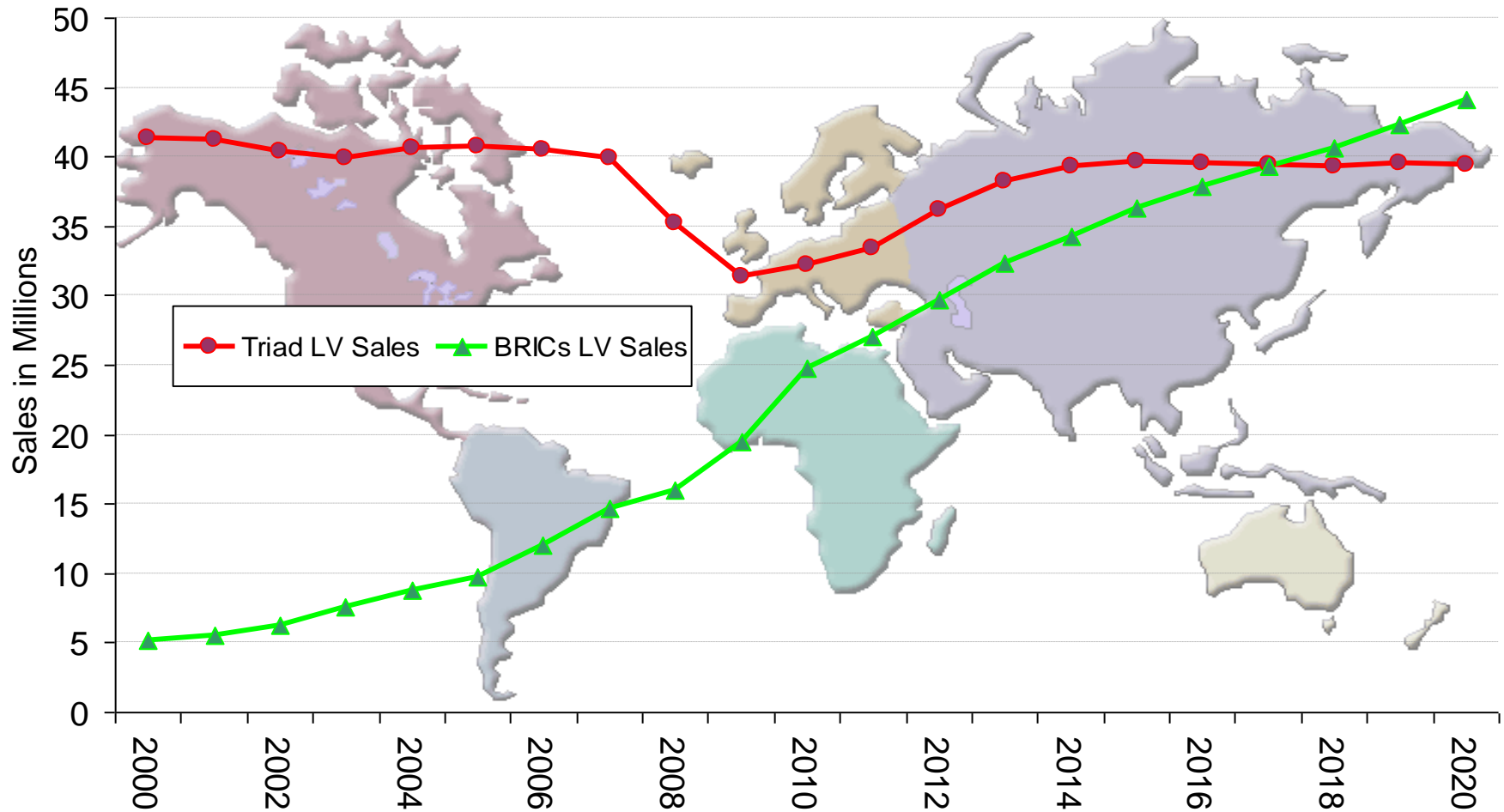
World Total Light Vehicle Sales

Economic Growth Creating Strong Market Demand



Two Automotive Worlds

BRIC Market Growth Will Continue



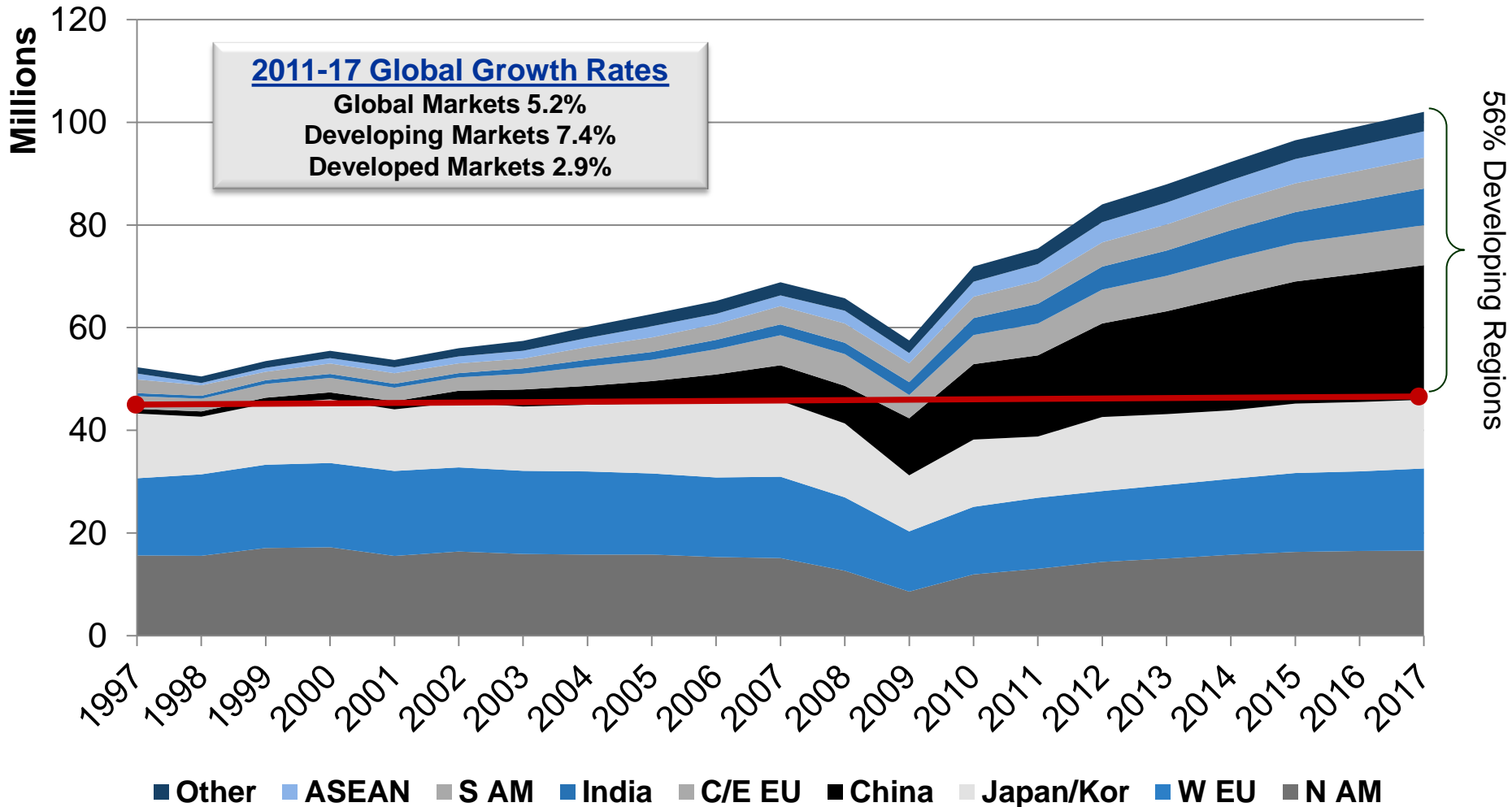
Note: Triad includes the US, Japan and Western Europe.
BRIC includes Brazil, Russia, India and China.

Source: IHS Data Insights

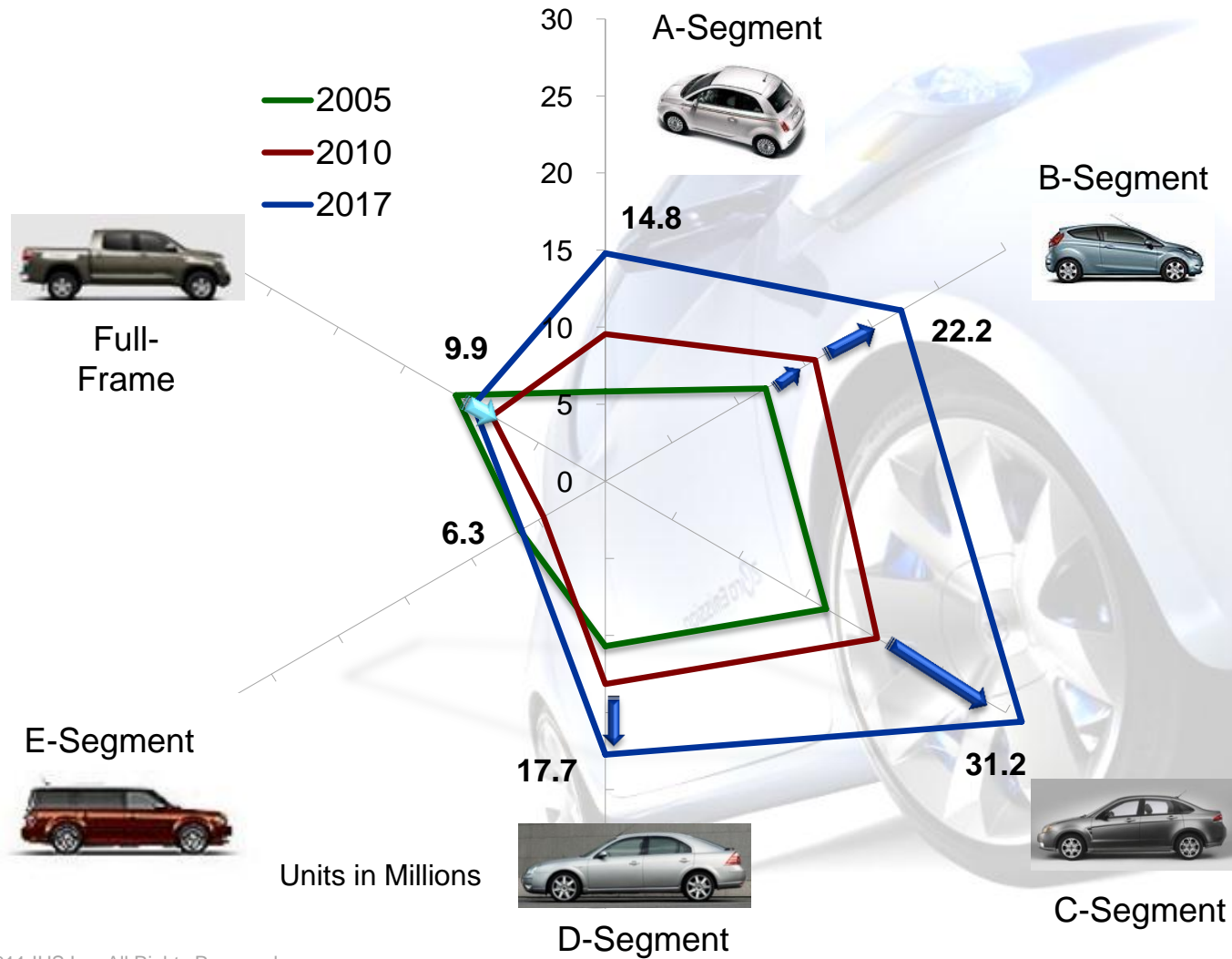


Looking Forward

Global Light Vehicle Production



Global Light Vehicle Production By Global Segment





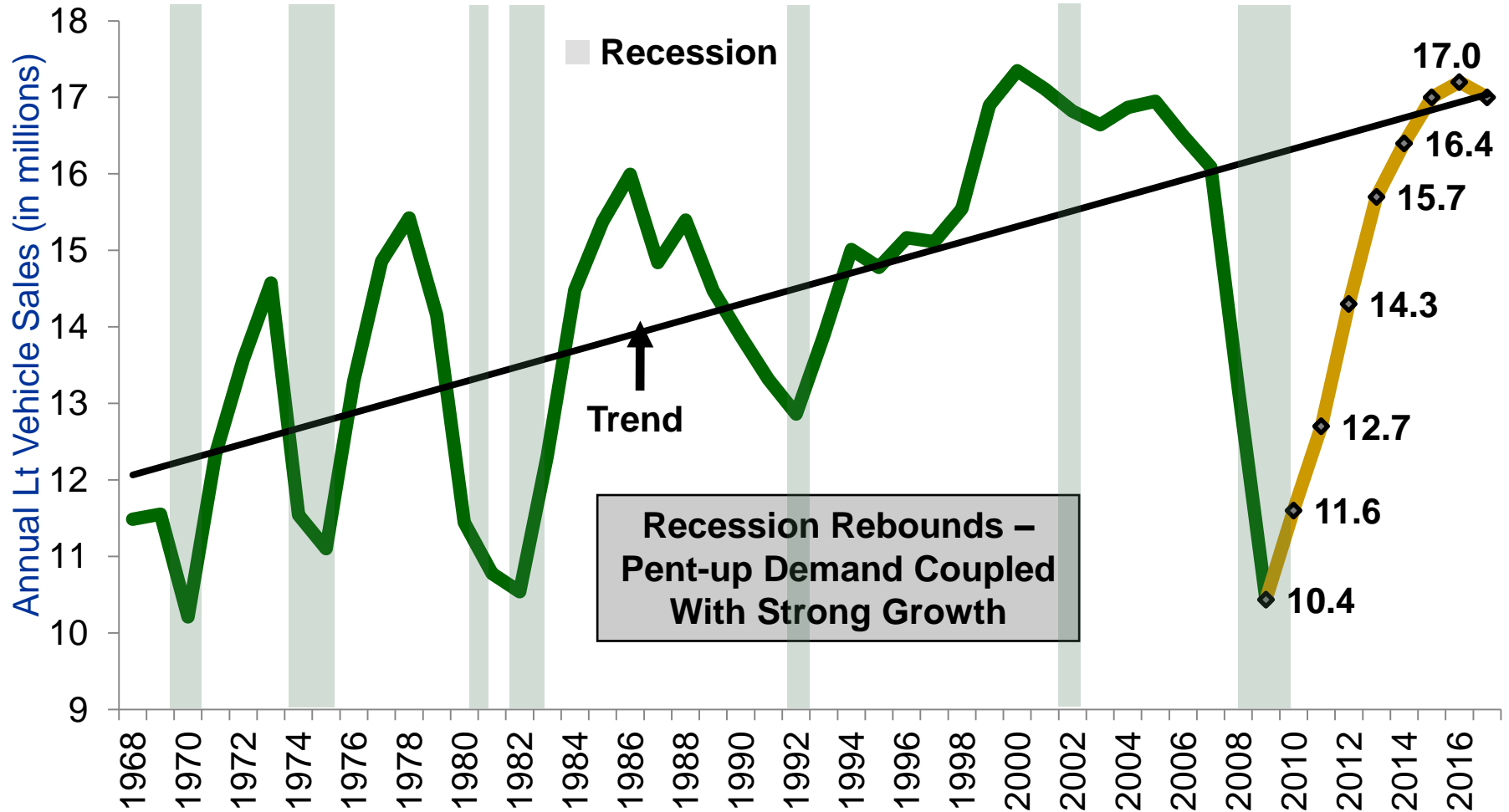
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US Light Vehicle Sales Forecast

Sales Cycle In Recovery Phase



North American Light Vehicle Production

2011 vs. 2010



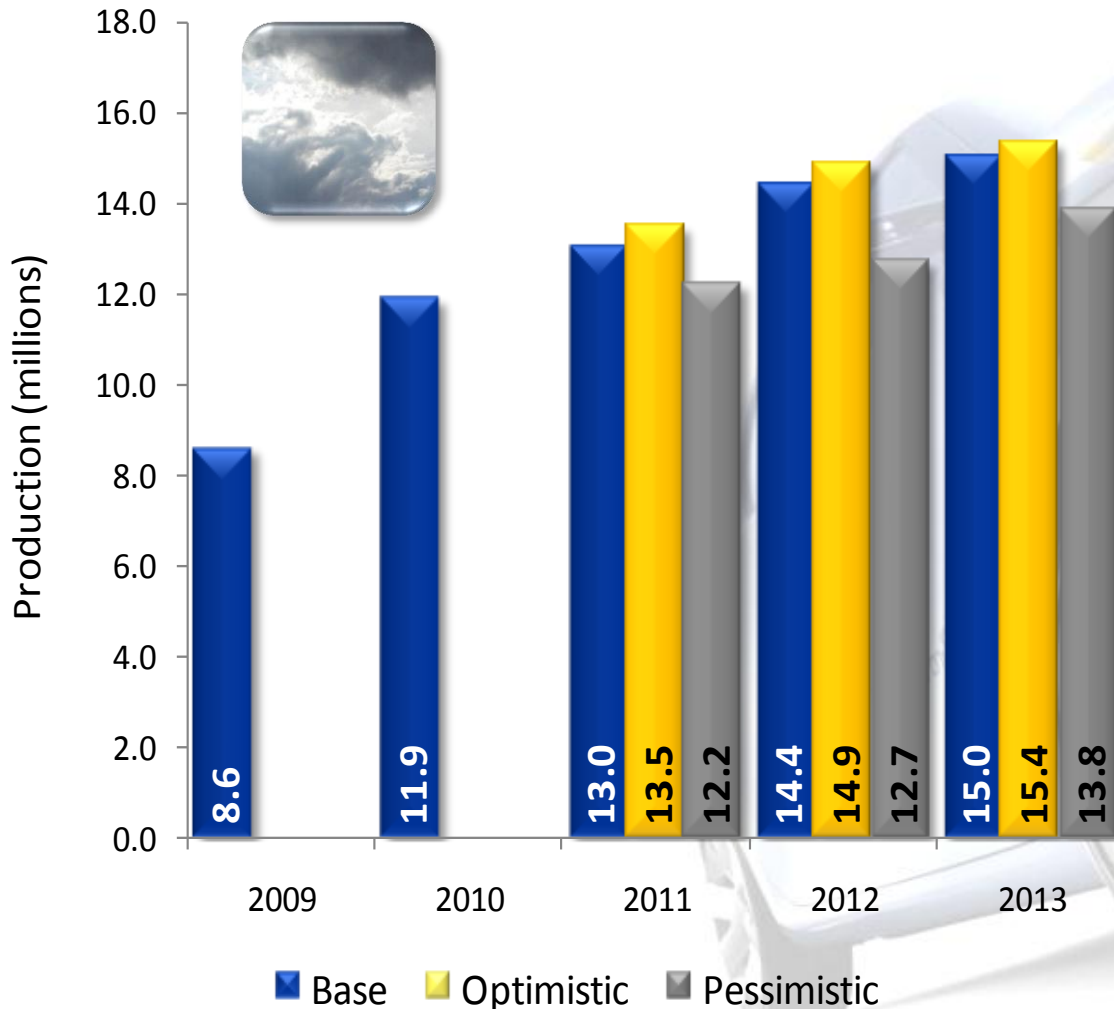
OEM	2011F (000s)	2010 (000s)	% Δ	Δ Units (000s)
GM	3,097	2,802	10.5%	295
Ford	2,692	2,440	10.3%	252
Chry/Fiat	1,928	1,573	22.6%	355
Detroit 3	7,717	6,815	13.2%	902
Toyota	1,246	1,457	-14.5%	-211
Honda	1,229	1,288	-4.6%	-59
Ren/Nissan	1,117	1,017	9.8%	100
Hyundai	589	447	31.8%	142
Asian 4	4,181	4,209	-0.7%	-28
VW	527	436	20.9%	91
BMW	258	154	67.5%	104
Daimler	149	134	11.2%	15
German 3	934	724	29.0%	210
Others	190	183	3.8%	7
Total	13,022	11,931	9.1%	1,091



- New product cadence:
 - redesigned entries,
 - all-new offerings
- Gain of 3.3 million units in 2010 outpaces sales
- Japan tragedy pulls down Toyota, Honda
- Undersold fleet market caught up in 2010; Retail drives recovery in 2011
- Localization realized: BMW, Hyundai, Toyota, VW

Production Forecast

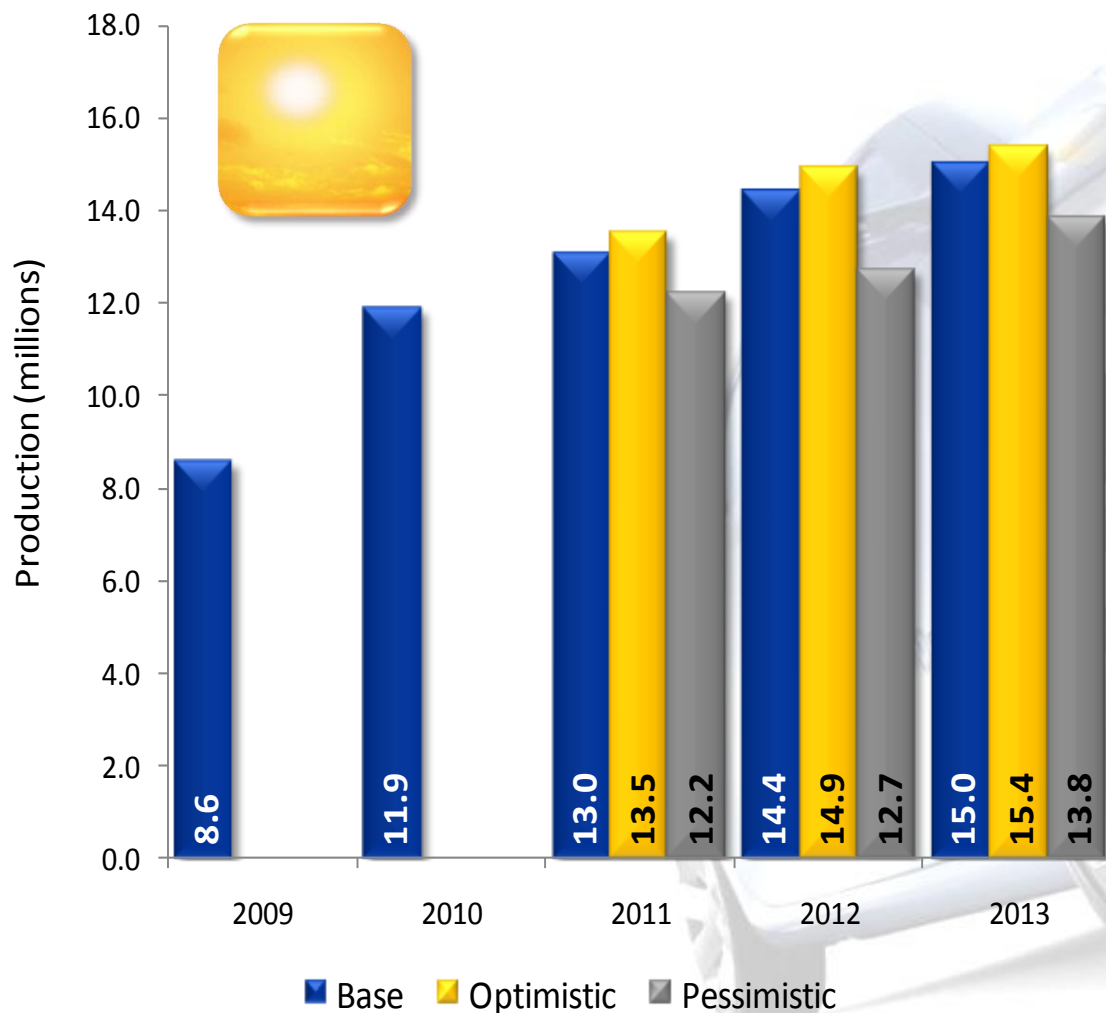
Baseline Outlook



- Sluggish recovery
- Sustained high unemployment
- Real estate issues
- Gas prices ~USD3.75/gal
- Build-to-demand model
- Reduced inventory carrying; 60-day target
- New product cadence
- Favorable interest rates
- Conservative build with additional upside support

Production Forecast

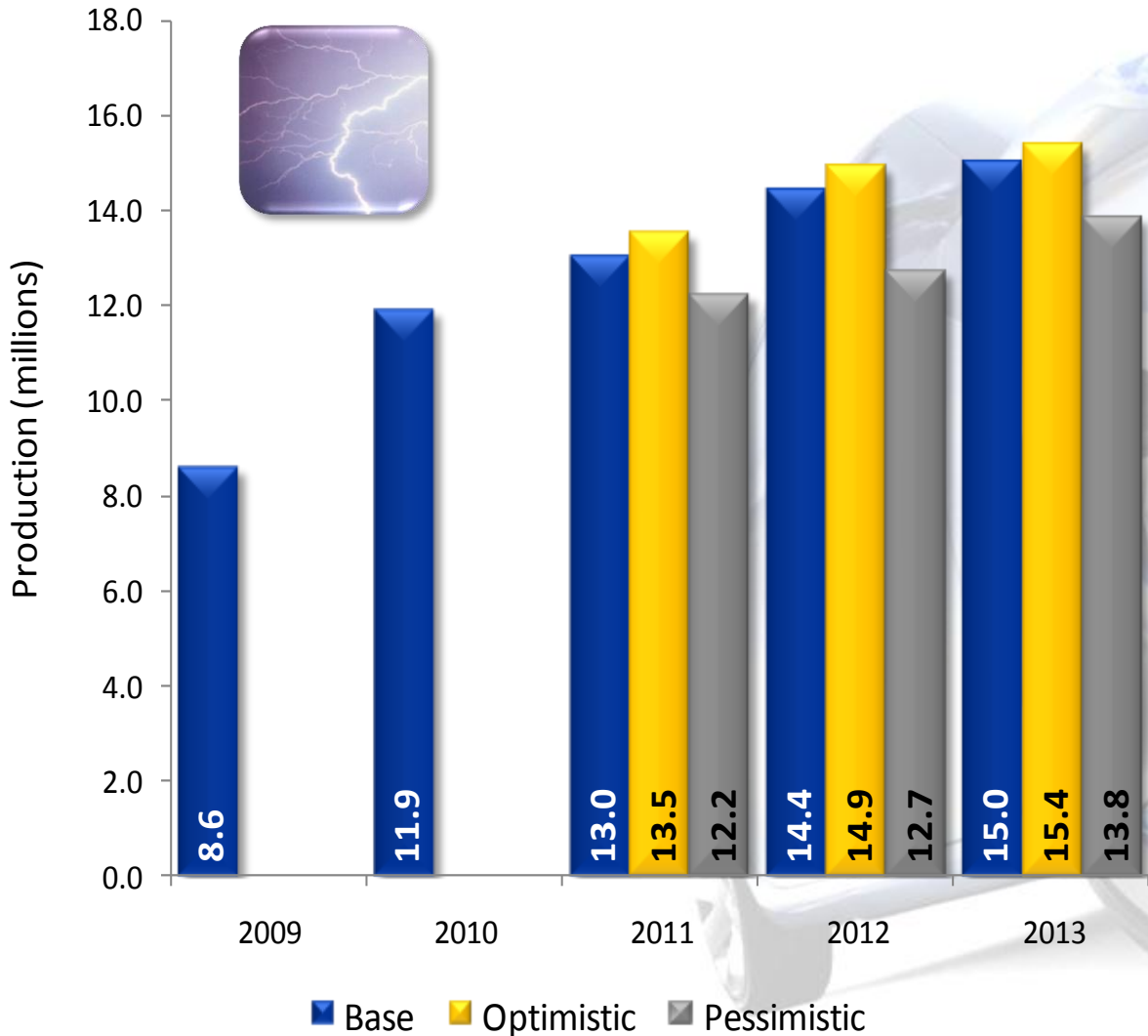
Optimistic Outlook



- Pace of recovery quickens
 - Household wealth
 - Consumer confidence
 - Unemployment
 - Housing
- Political gridlock
- Gas prices ~USD3.75/gal
- Postponed purchase necessitated; scrappage
- Used-vehicle market overheating
- Incentives heat up
- Export strength

Production Forecast

Pessimistic Outlook

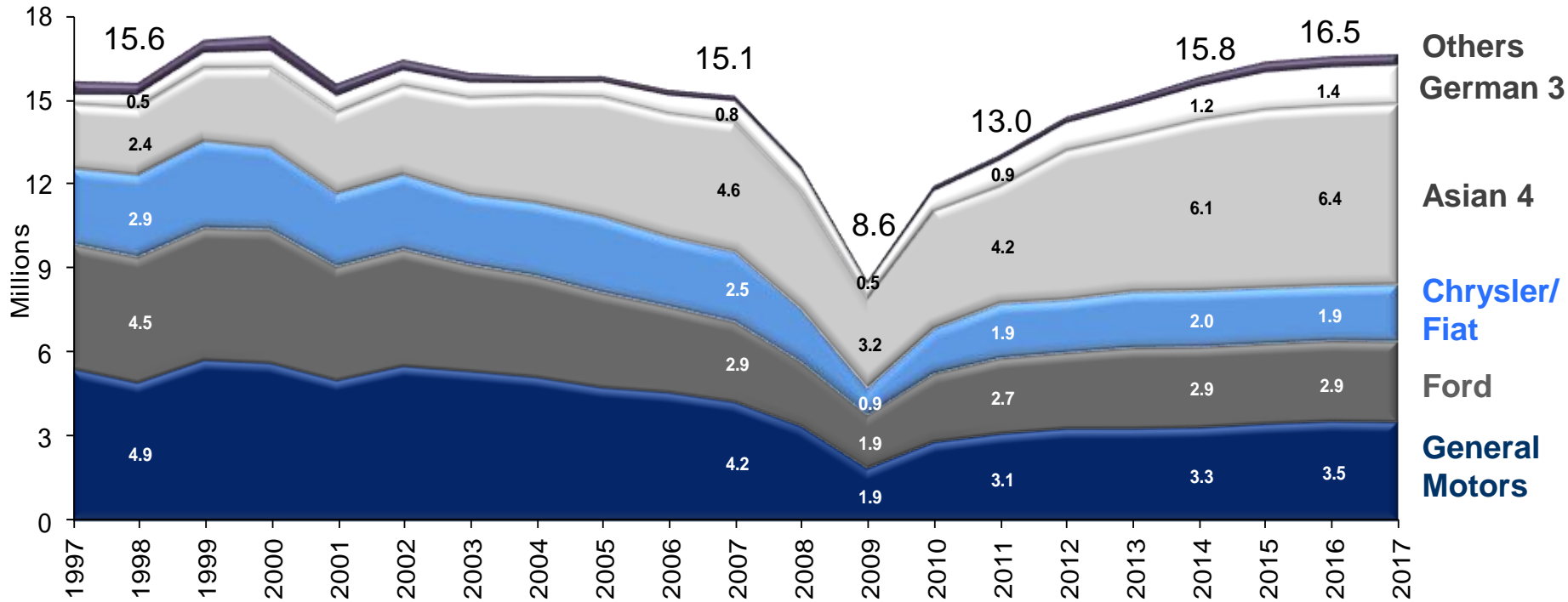


- Double-dip recession
 - Household wealth
 - Consumer confidence
 - Unemployment
 - Next foreclosure wave
- Consumer-less recovery
- Credit availability slows
- Sovereign debt issues remain; PIIGS*
- US dollar crisis?
- Next asset bubble?
- Commodity and supply-chain constraints

*PIIGS: Portugal, Ireland, Italy, Greece, Spain 12

Production Outlook

North American Light Vehicle Production by OEM



- OEMs/Suppliers – leverage 2011 & 2012 launches to jump start new product turnover
- BMW, Hyundai, VW, Toyota & Honda drive additional capacity expansion
- GM bolsters output with new product; Chrysler/Fiat offers potential



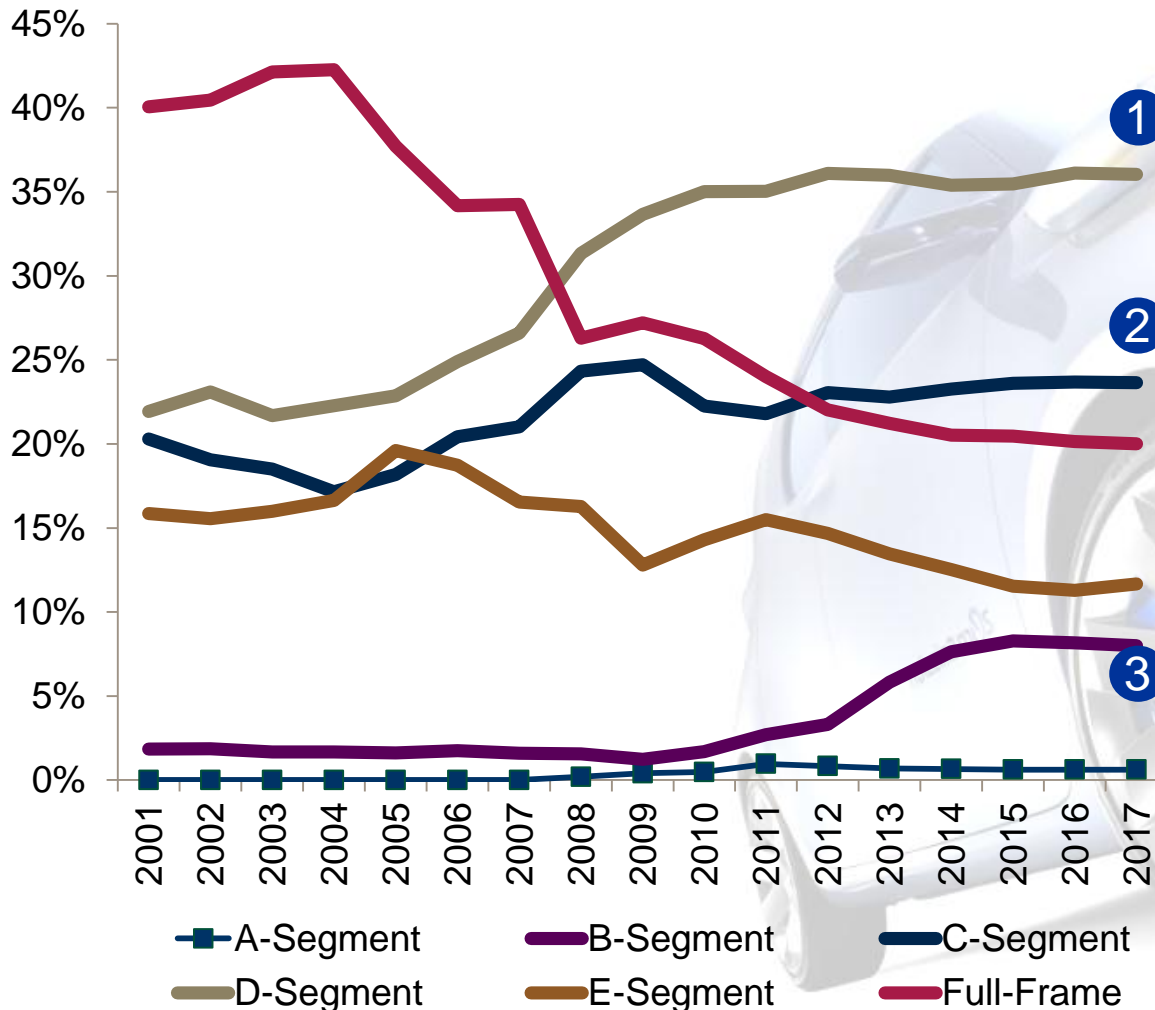
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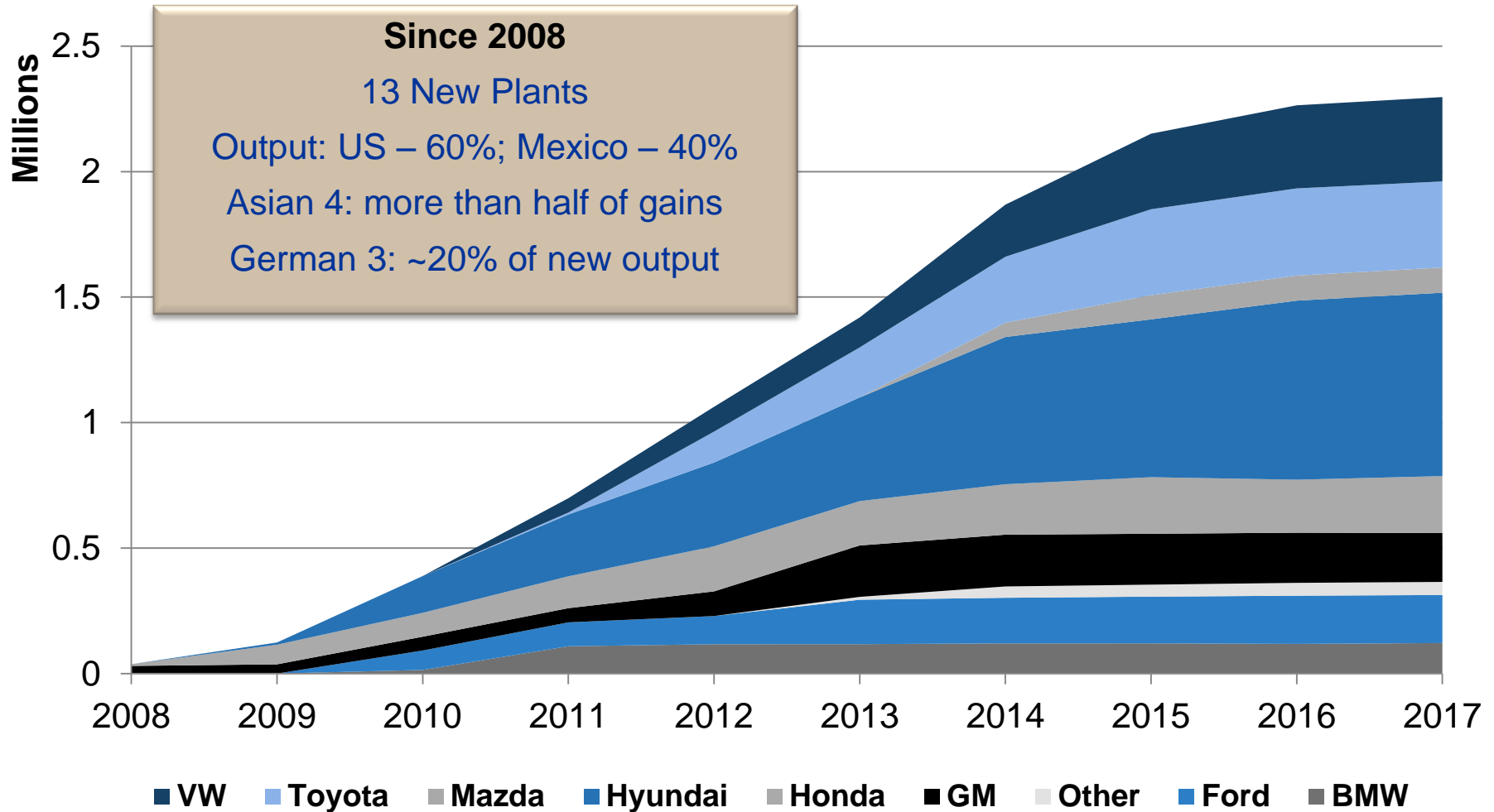
North American Production by Global Segment



- 1 • C- and D-Segments reach critical mass – drive profits
- 2 • B-Segment to surge; Mexico grows as export hub
- Detroit 3 continues to ramp up global platforms
- A-Segment - Fiat 500
- 3 • Full-frame share cut in half within one decade, subsidies erode, yet still holds 20% of the market
- Fuel price volatility raises consumer awareness

Newer Capacity Contributions

Localization Drives Higher Regional Output



North American Outlook

Future Product Planning

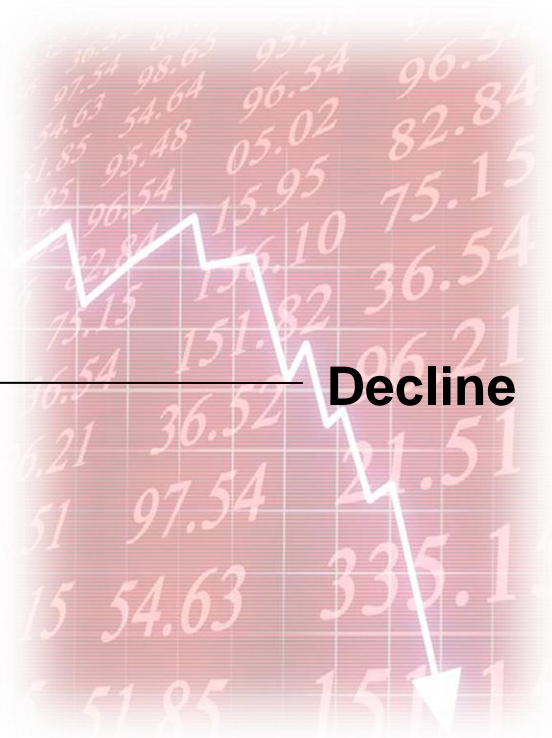


Risk Tolerant

Growth

Decline

Risk Averse



- “Investing Dynamics”
- Product portfolio has an inherent risk profile
- Over time, the tendency is to become more risk averse
- Being risk averse can limit growth opportunities
- The life stage of brand and company guide risk tolerance of future products
- Demographic shifts

OEM Review

Detroit 3 – Leveraging Strengths



- IPO, risk/reward profile remains fluid (Trucks/SUVs)
- Trucks: balance sheet boost, plan segment rebound
- Strong new global products; segment advances
- Luxury focus, Cadillac must make BRIC push

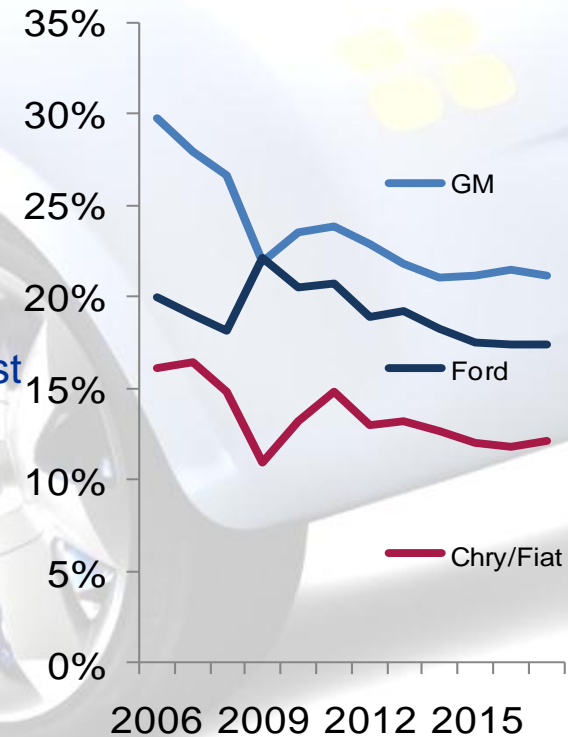


- Strong portfolio of fresh products, global breadth
- Cautious market perspective,
- Touts technology: Hybrids, EVs, SYNC®, EcoBoost
- Asia strategy post Mazda; Volvo-tech residuals



- Much progress-hurdles remain, launches pending
- Interim product updates, dated vs. global field
- Grand Cherokee strong - global Jeep focus
- Aggressive plans, must conquest - Wildcard

North American Production Share (%)



OEM Review

Asian 4 – Uphill Battle



- Slow rebuilding process, still formidable, vast resources and global scale, new Camry
- Renewed urgency; growth returns, tempered
- Tupelo launch - 2011; renewed product focus



- Product misses - protracted impact; must rebuild
- Core C-segment strength must keep pace
- Missed opportunity for segment expansion

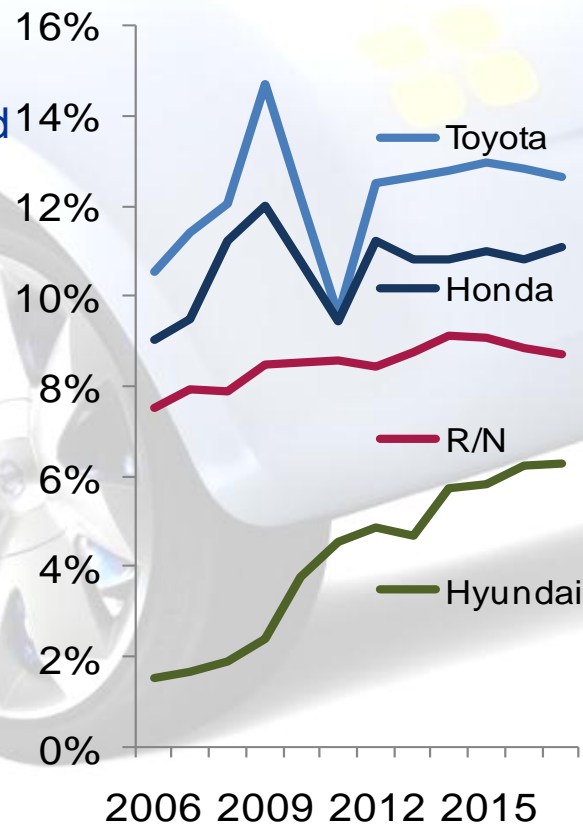


- Leaf is PR coup, but core entries are aging
- Export strength: Smyrna and Mexico expansion
- Truck sourcing shift – Pathfinder, more to come



- Hyundai/Kia – product hits, Montgomery #2
- Momentum exploits missteps of competitors
- Value proposition maintained, aiming higher

North American Production Share (%)



OEM Review

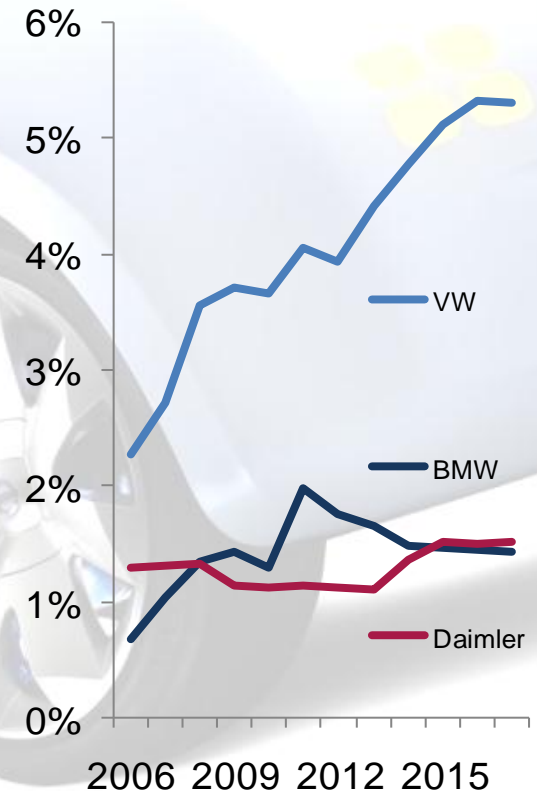
German 3 – Leveraging for Growth



- Increased localization, breadth
- Jetta, Passat, Beetle – show product direction
- Must strike balance between mainstream pricing and decontenting efforts
- Chattanooga 2011, US market focus, exports
- Forward looking; continues to reinvent itself
- North America - CUV center, more likely
- Innovative – X6 crossover coupe profile
- New M-Class; positive R-Class refresh
- Formidable competition, yet strong presence
- \$2.0B investment - C-Class sourcing, CUV expansion; export strengths



North American Production Share (%)





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Summary

- **Short-term outlook is positive yet constrained**
 - Volume recovery: global growth & product redesigns
 - Markets need balanced demand recovery; retail strength is key, yet oil price volatility is problematic in the near term – Detroit 3 finally in a better position to exploit mix shifts
 - Supply chain remains a concern as rate of market recovery surges into 2012
- **Increased globalization of North American industry**
 - Recovery favors OEMs with strong product cadence; must leverage expertise globally
- **Mass Reduction + Powertrain Technologies - Key to Regulatory Compliance**
 - Regulatory environment continues to evolve, keep strategy flexible
- **Strong long-term growth prospects require new solutions**
- **Robust profit potential exists; remain diligent regarding risk management**



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Thank You!

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