



IHS Markit™

# Automotive Industry Outlook:

Staying Ahead of the Curve in a Rapidly  
Changing Landscape

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# A World Leader in Critical Information, Analytics and Solutions

Addressing Strategic Challenges with Interconnected Capabilities

50,000+

customers in over  
140 countries

80%

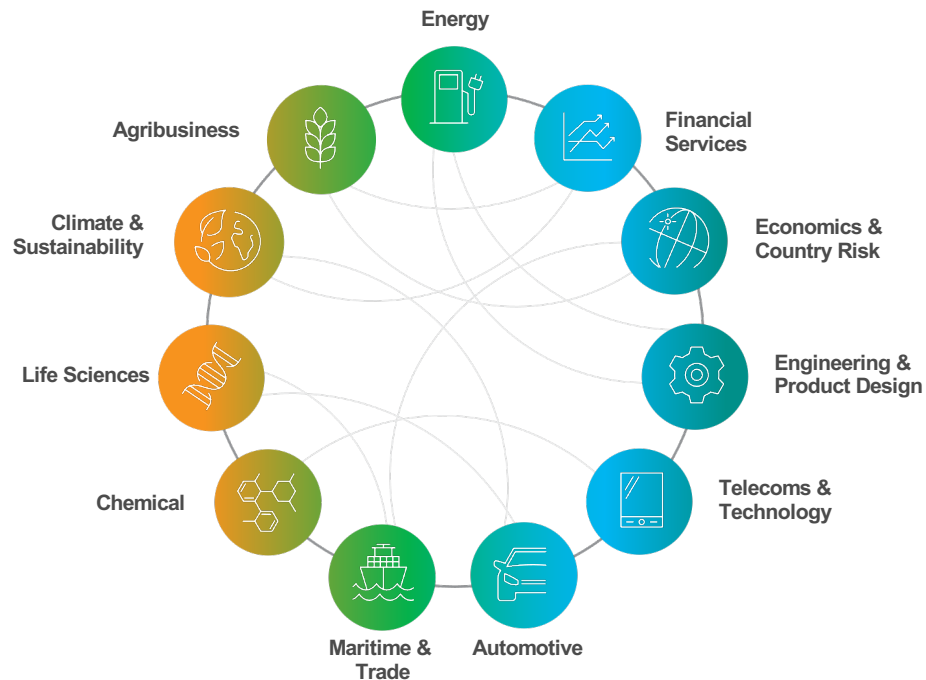
of the Fortune  
Global 500

94/100

largest US corporates

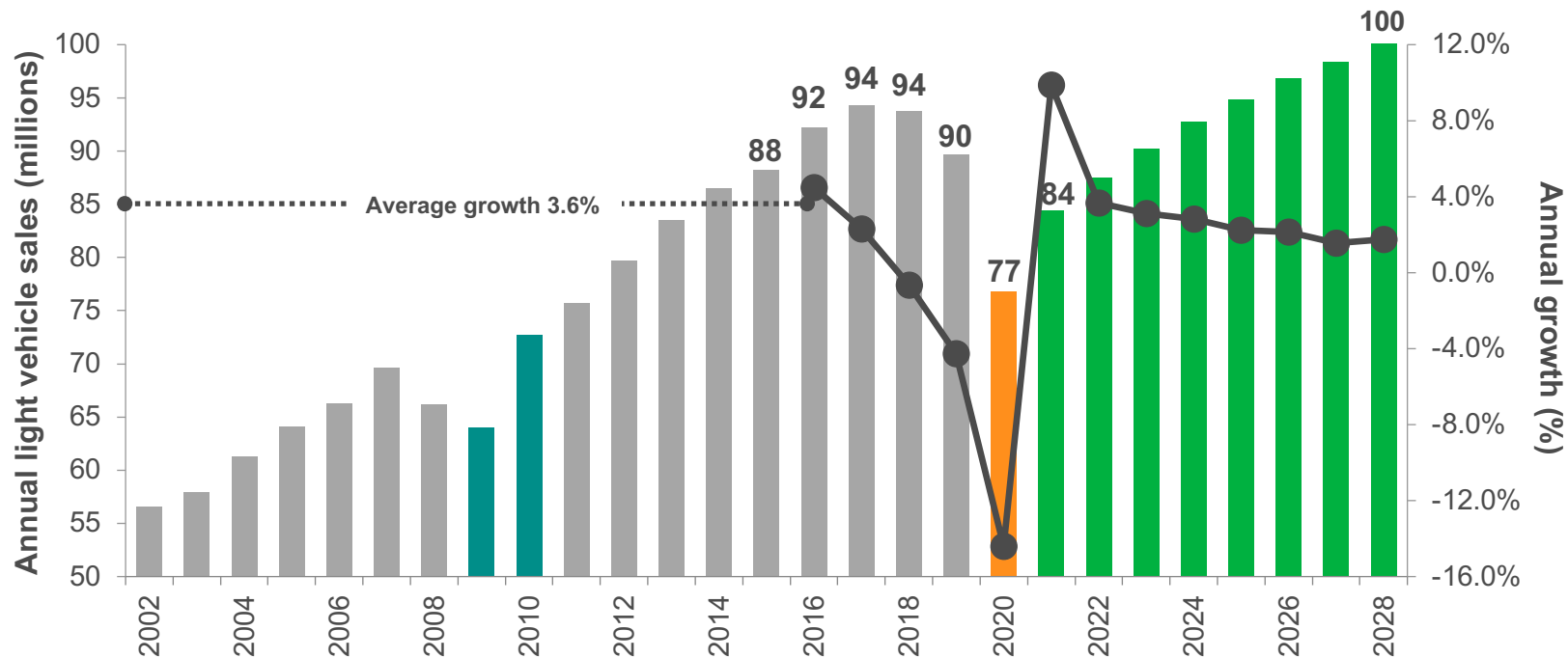
\$4B

annual revenue  
NYSE: INFO



# Global Light Vehicle Sales

COVID-19 Impacts the Near-Term Outlook; Aftermath Resets Expectations Longer-Term

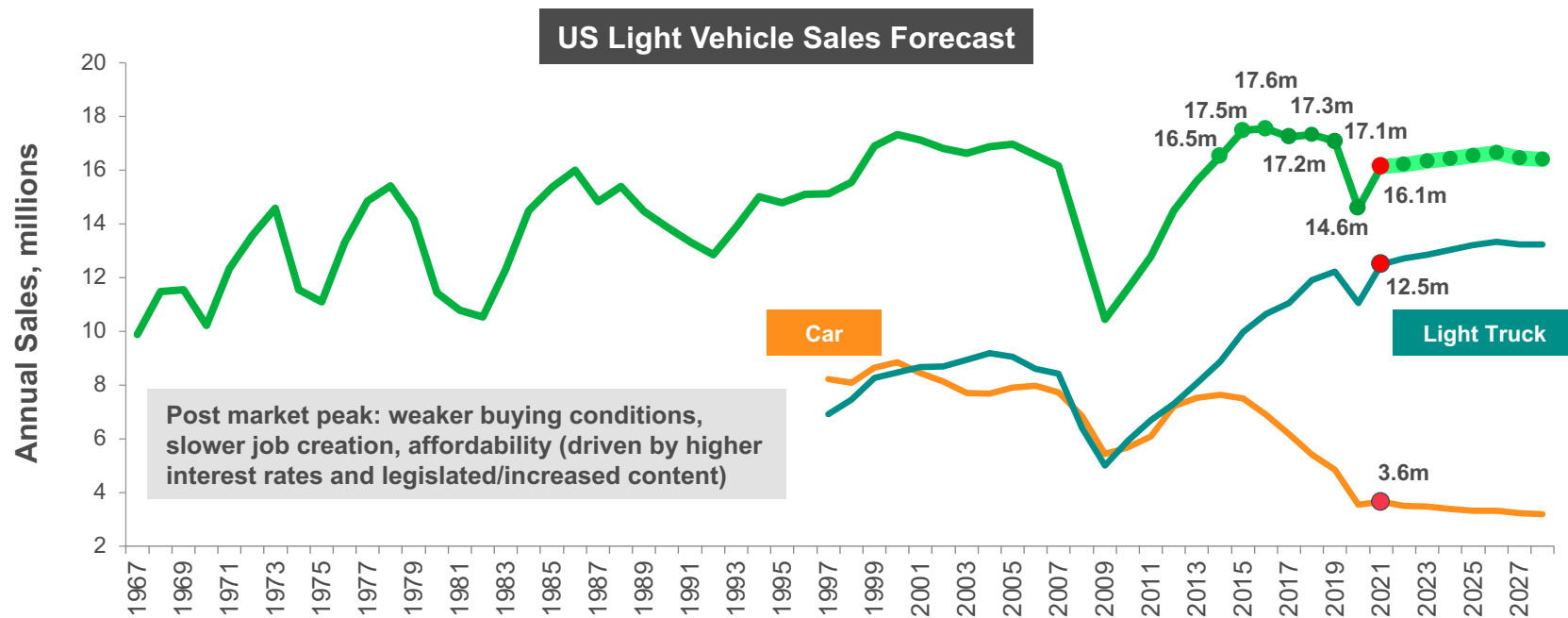


Source: IHS Markit Light Vehicle Sales Forecasts

MaaS: Mobility as a Service

# US: Light Vehicle Sales Outlook

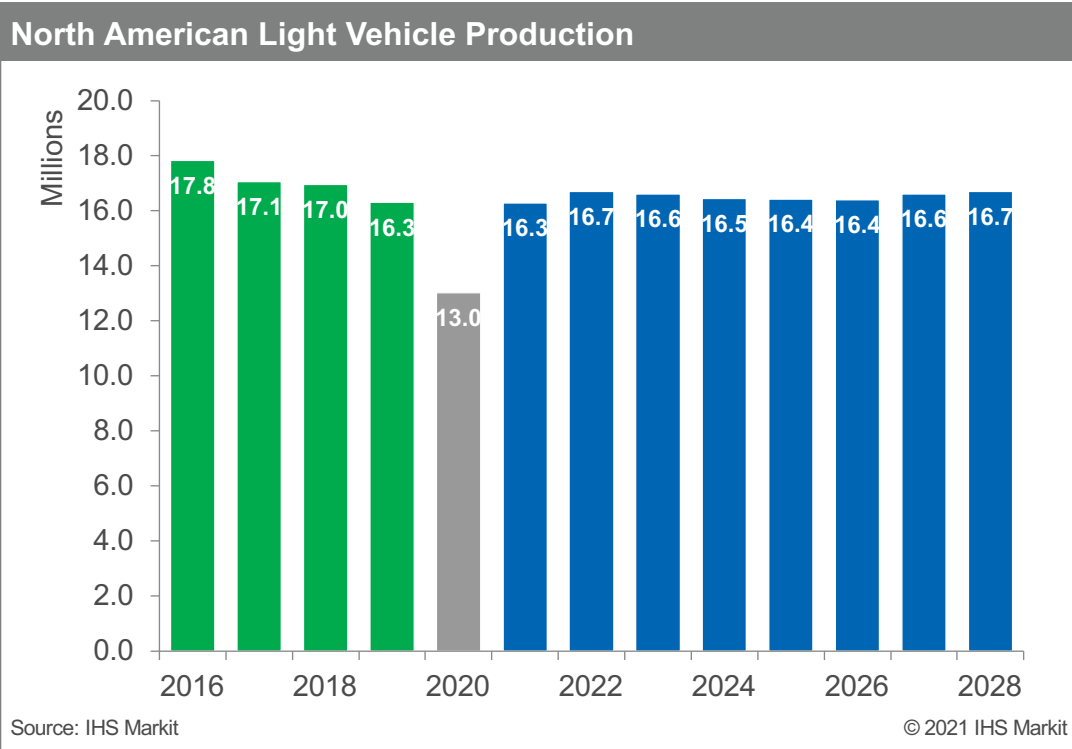
COVID-19 Crisis Disrupts the Market Resulting in a Large Single Year Decline, yet not as Bad as Feared



Source: IHS Markit Light Vehicle Sales Forecast

# North American Light Vehicle Production

Deep COVID-Related Cut for 2020 but a Much Quicker Snapback than the Great Recession



## Short-term

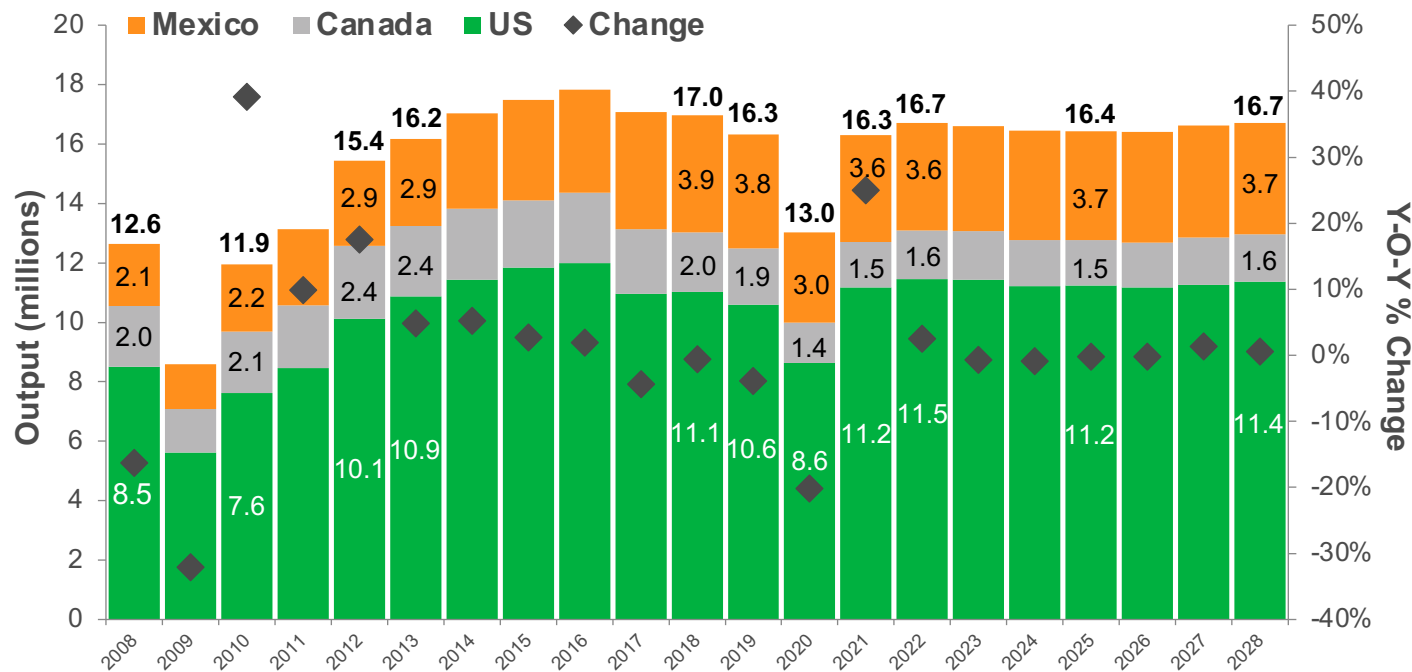
- COVID-19 implications
  - -3.3M units in 2020
  - Program delays or timing slippage
  - **Component shortages, labor availability, raw material pricing, etc. present challenges and increase volatility**
- Inventory restocking provides support through at least 2021

## Long-term

- Sourcing decisions
- USMCA implications
- Capacity
  - Expansion and maximization
  - BEV implications
  - Growth in regionalization
- Lifecycle pressures

# Production Outlook

## North American Light Vehicle Production by Country



2019 – 2028



-57,000  
CAGR = -0.2%



-312,000  
CAGR = -2.0%

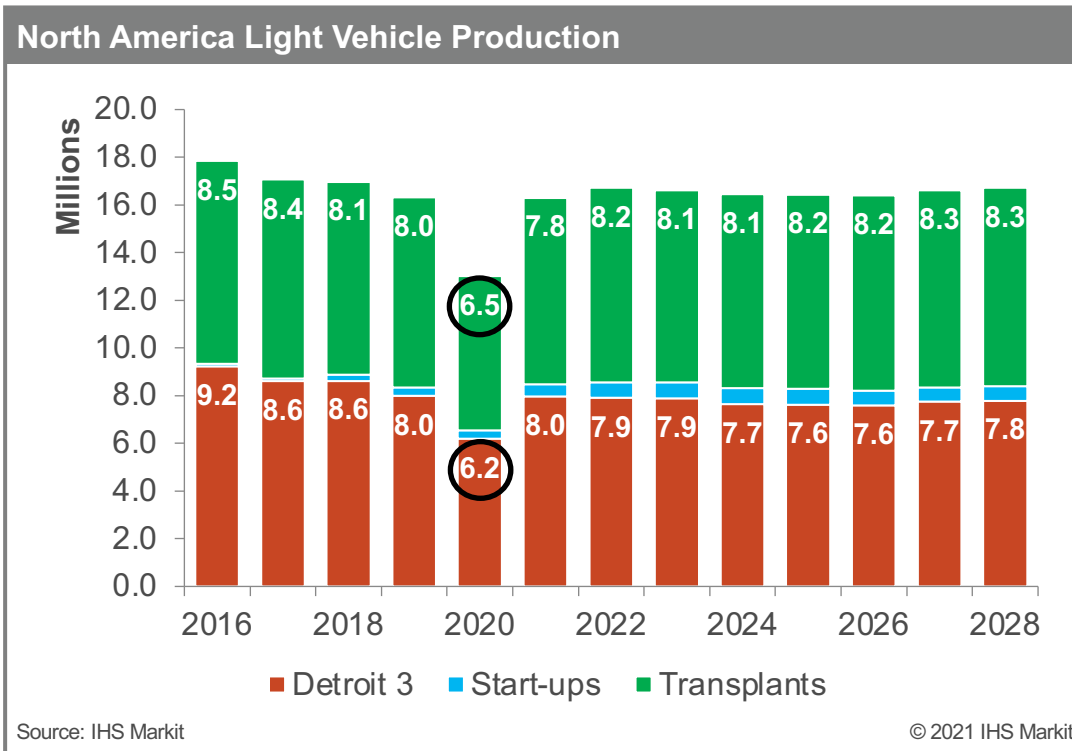


+771,000  
CAGR = 0.8%

Source: IHS Markit Light Vehicle Production Forecast

# North American Light Vehicle Production

COVID-19 Impacts Everyone, yet Customer Mix Continues to Shift



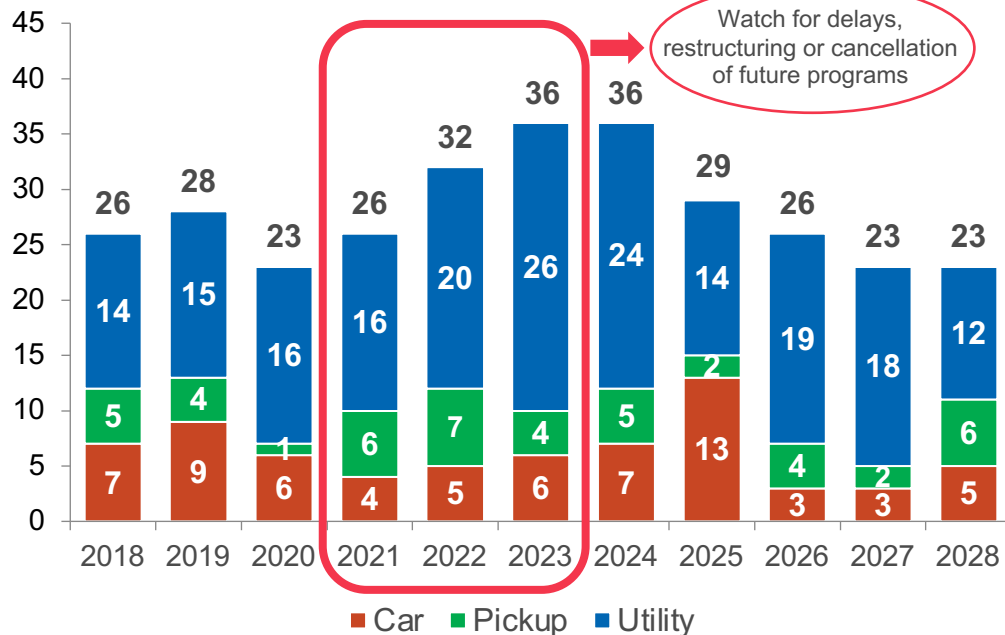
## Divergent trajectories – 2019 to 2028

- **Domestics**
  - -201K units or -3.1%
  - Offshoring to China
  - Increasing shift to trucks
  - More closely tied to US sales
  - Build where you sell
- **Transplants**
  - +348K units or +3.9%
  - Localization
  - Capacity expansion
  - Global sourcing and increasing exports
- **Start-ups**
  - +256K units or +66.3%
  - Tesla largest component, although offshoring is slowing growth
  - Monitoring other start-ups

# North America Light Vehicle Production Launches by Vehicle Type

Capital Needs Intensify with New Launch Activity; Timing Delays Due to COVID-19

## North America Light Vehicle Production Launches



Source: IHS Markit

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## Volatility Extends to Launch Timings

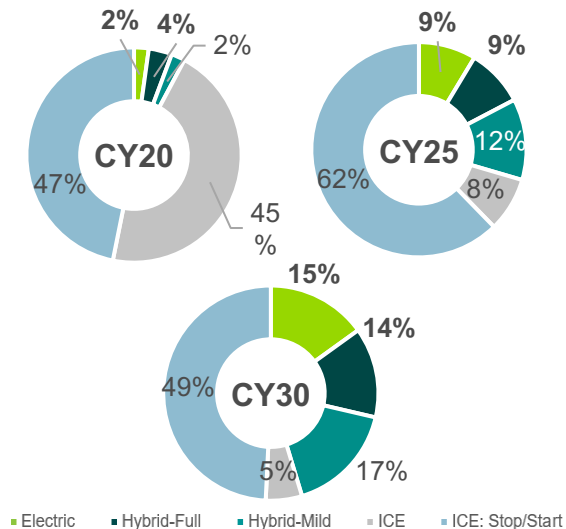
- Launches in late 2021, 2022 and 2023 can be subject to further delay, reprioritization, rescoping or even cancellation
- If possible, OEMs will review portfolios to extend current vehicles – possibly integrating new minor/moderate facelifts to extend the lifecycles
- Utility vehicle expansion continues
  - Competition weighs on leaders
  - Splintering segmentation with pricing/margin pressure
- BEV activity
  - 35+ all-new nameplates
  - 11% or 1.9 million units of North American production by 2028
  - Product redundancy
- Legacy programs as a hedge



# Powertrain Technology Outlook

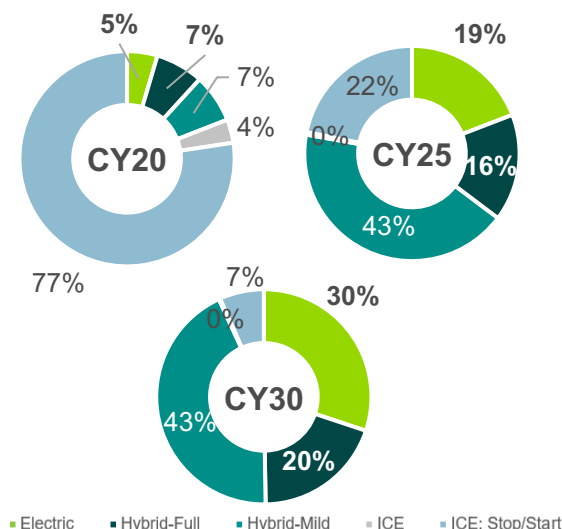
Regional Preferences and Incentives Result in a Varied Propulsion Mix; Watch the Model Count!

## United States



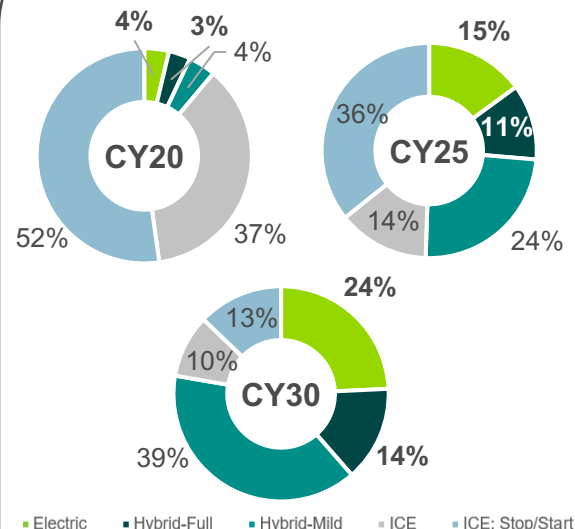
- SAFE rule assumes 1.5% stringency rate increase/yr vs. ~5%/yr for CAFE.
- PHEV and HEV production mix reduced post 2022, improved outlook for BEV

## EU28



- Propulsion forecast largely unchanged as little relief expected for CO<sub>2</sub> compliance.
- Most electrified propulsion investments are considered safe.

## Mainland China



- CAAM may loosen CAFC/NEV credit requirements and increase 2020 plate quotas
- Extended NEV subsidies/exemptions weaken pre-buy in 2020 & boost demand in 2021-22.

## Summary

- Extreme volatility emerging in the short term as exogenous events increase market pressures; component shortages, labor availability and raw material pricing are of particular concern; supplier distress needs to be monitored
- Beyond the current cycle, growth rates will decline as core themes persist: electrification, safety, autonomy and new mobility
- Scale is as important as ever to meet these challenges – FCA/PSA could be just the beginning
- Strategic collaboration doesn't have to mean Merger & Acquisition as long as the right results are delivered

# Thank You!

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