

MEXICO *NOW*

Mexico's Auto Industry Conference

Industry Analysis - Opportunities for Suppliers

**Puebla, MX
December 4-5, 2013**



MEXICO'S AUTO INDUSTRY LOGISTICS

MEXICO'S AUTO INDUSTRY SEMINAR
MEXICO NOW

Accelerating success.

December 5, 2013.





A decorative graphic consisting of several overlapping, wavy bands of blue in various shades (dark blue, medium blue, light blue) that sweep across the lower half of the page from left to right.

GLOBAL LOGISTICS INFRASTRUCTURE

New Generation / Container Ships



11,000 to 13,500 TEU's
Crew : 13
Cruise speed: Over 25.5 knots
(47.2 km/h; 29.3 mph)

Photo Credit: AP Moller Maersk

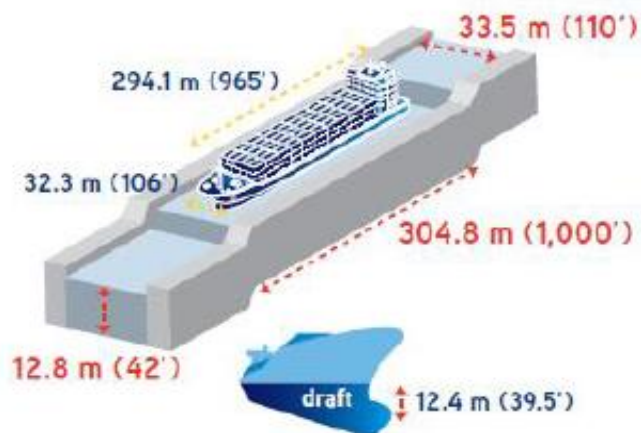
World Ports Rankings by containers (Volumes TEU's in millions)



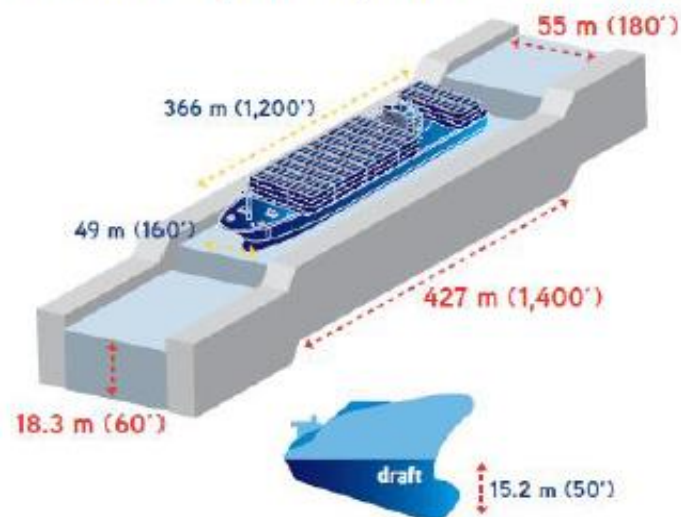
2011			2012		
RANK	PORT	TEUS	RANK	PORT	TEUS
1	Shanghai	31.74	1	Shanghai	32.53
2	Singapore	29.94	2	Singapore	31.65
3	Hong Kong	24.38	3	Hong Kong	23.12
4	Shenzhen	22.57	4	Shenzhen	22.94
5	Busan	16.17	5	Busan	17.04
6	Ningbo-Zhoushan	14.72	6	Ningbo-Zhoushan	14.72
8	Guangzhou	14.26	8	Guangzhou	14.74
9	Los Angeles / Long Beach	13.90	7	Los Angeles / Long Beach	14.20
10	Qingdao	13.02	9	Qingdao	14.05
11	Dubai	13.00	10	Dubai	13.30
12	Tianjin	11.59	12	Tianjin	11.59
13	Rotterdam	11.88	11	Rotterdam	11.87
14	Kaohsiung	9.64	13	Kaohsiung	9.64
15	Port Kelang	9.60	14	Port Kelang	9.60
16	Antwerp	8.47	15	Hamburg	9.04
17	Hamburg	7.91	16	Antwerp	8.66

Panama Canal Locks expansion project

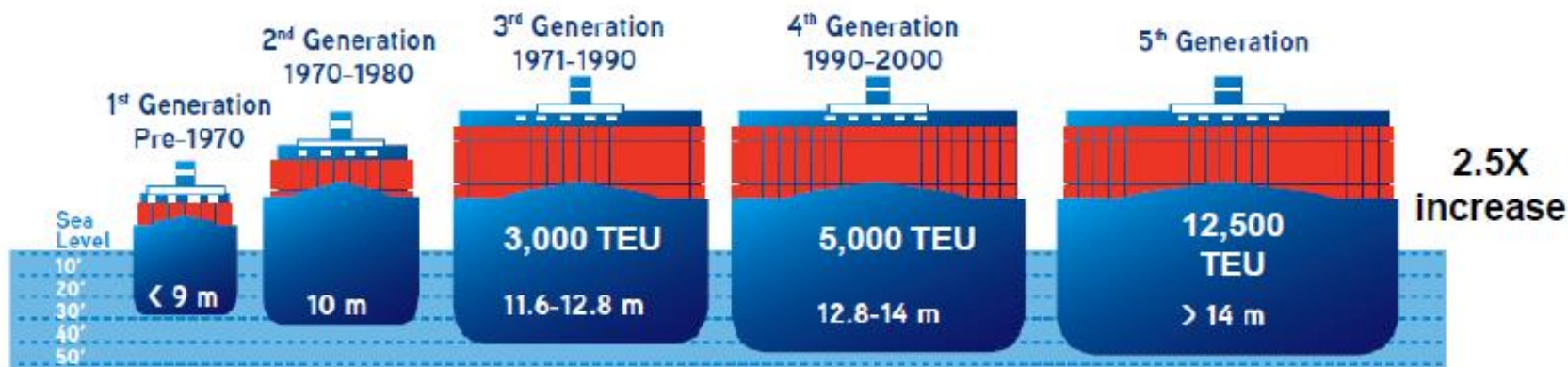
Existing Locks – Up to 5,000 TEU vessels



2015 Locks – Up to 12,500 TEU vessels



Completion has been delayed 6+ months from end of 2014 to Mid-2015.



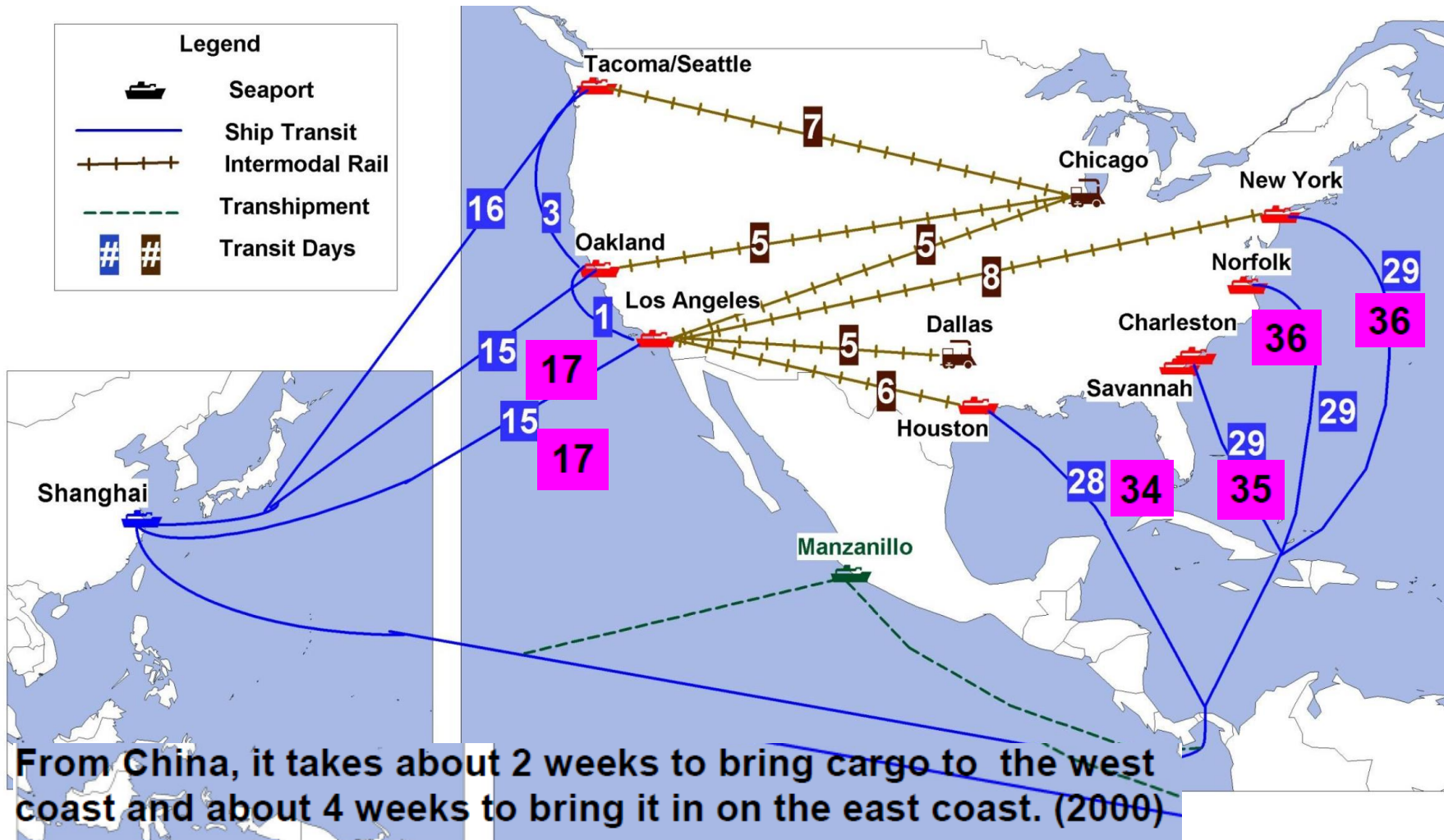
Panama Canal Locks expansion project

Picture Courtesy KC Conway, Chief Economist Colliers International



Shanghai to North American Ports:

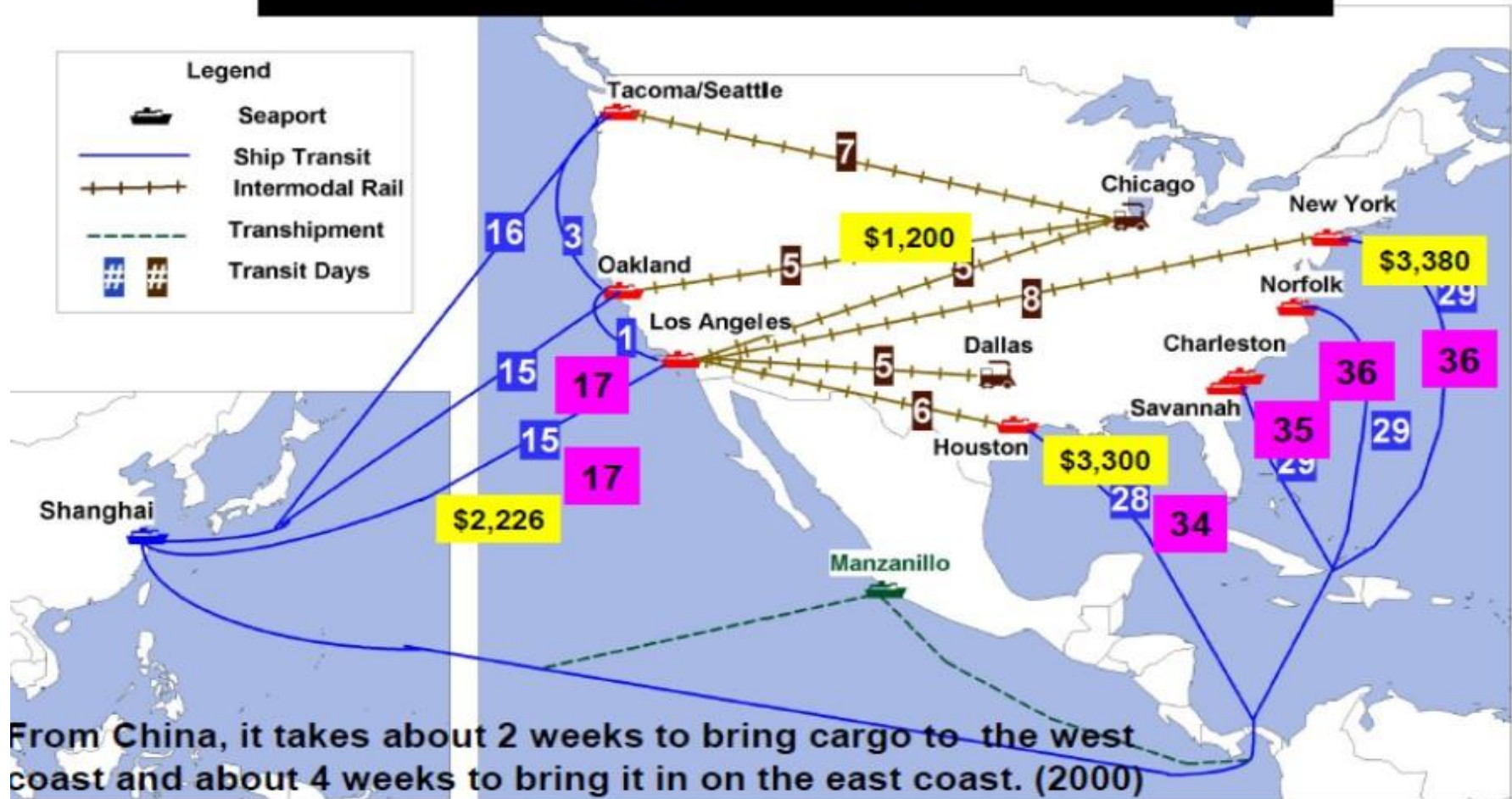
Slow Steaming Effects – 2000 & 2013



Shanghai to North American Ports:

Slow Steaming Effects – 2000 & 2013

Pricing as of April 2013

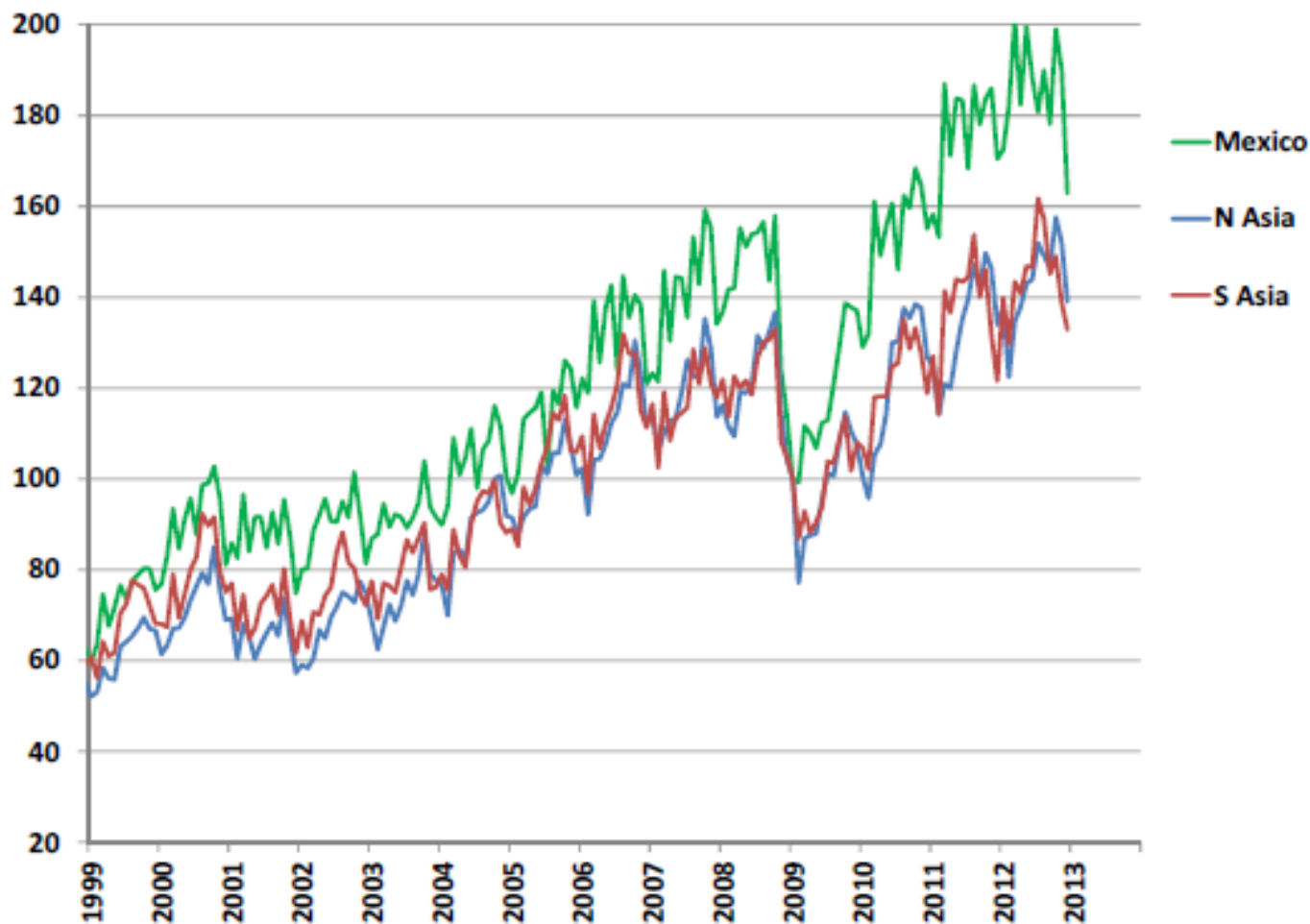


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MEXICO'S INFRASTRUCTURE & LOGISTICS TRENDS

US Imports from Mexico vs. Asia

Index of US Imports From Mexico and Asian Trade Lanes (Jan 2009 = 100)

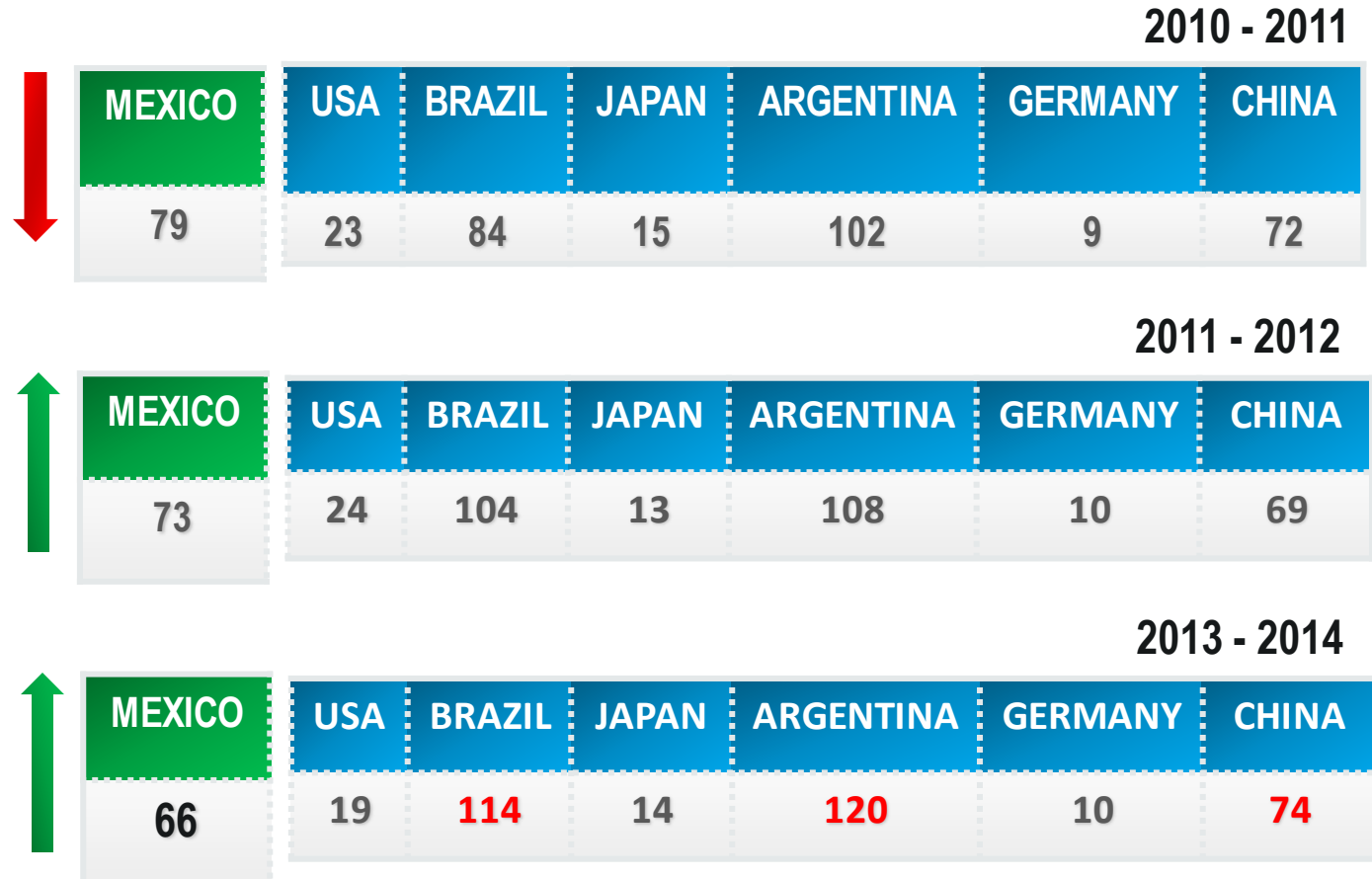


Nations Rankings Quality of Infrastructure

TOP TEN

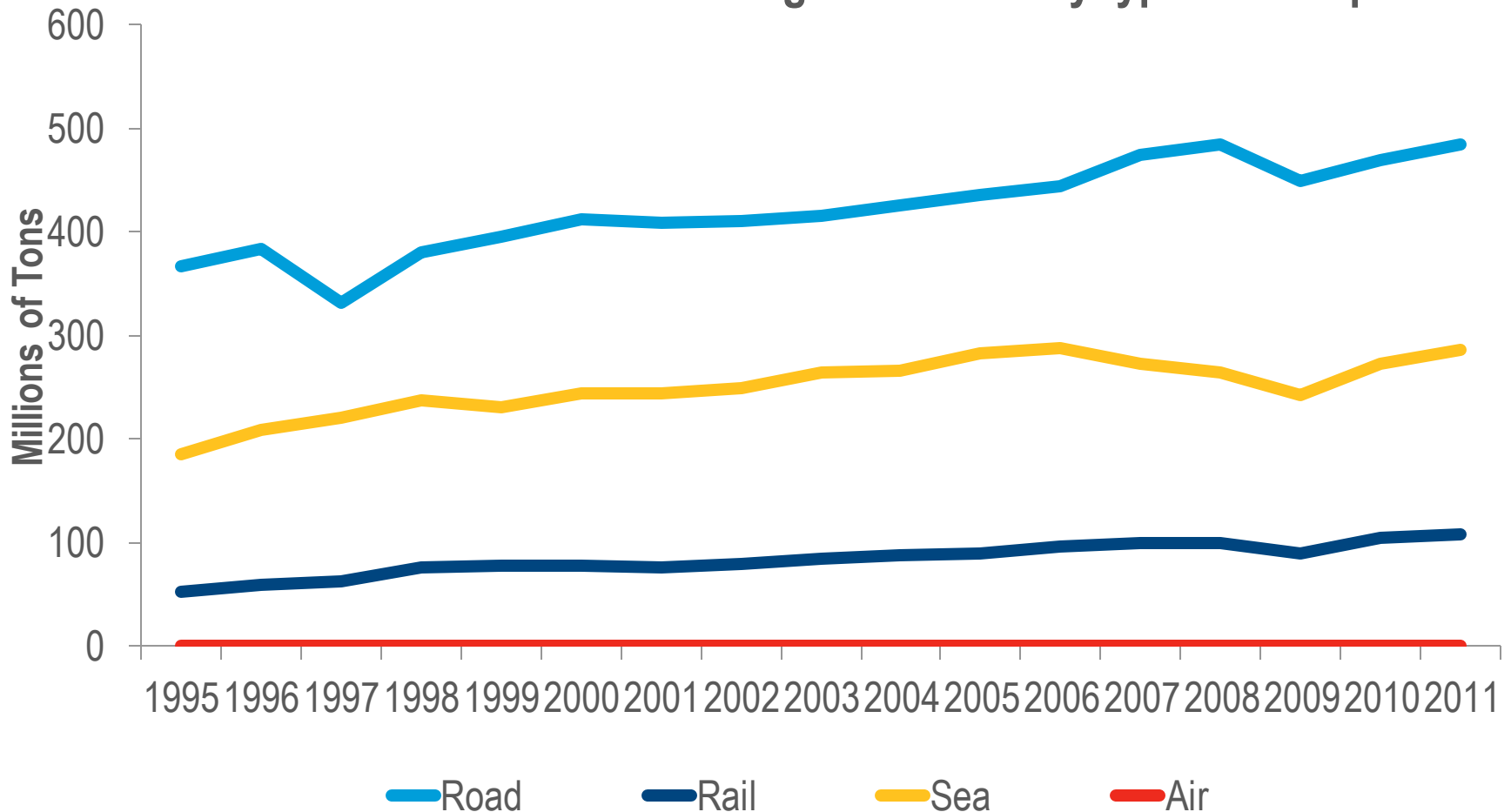
2012-2013

1. **Switzerland**
2. Hong Kong
3. Finland
4. United Arab Emirates
5. Singapore
6. France
7. Iceland
8. Austria
9. Netherlands
10. Germany



Evolution of the cargo carried by type of transportation in Mexico.

Cargo Evolution by type of transportation



Ports Infrastructure

Main Cargo Ports



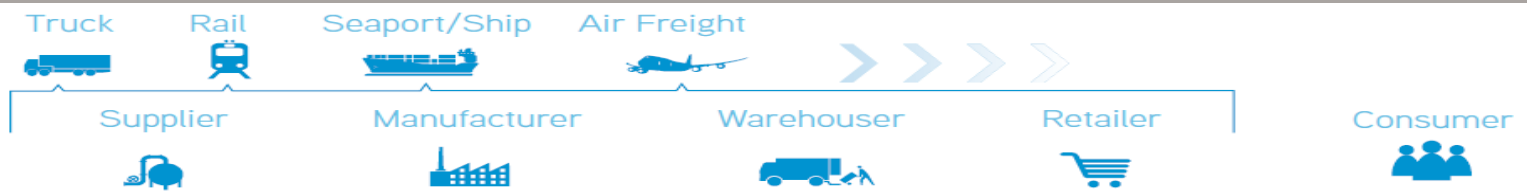
Mexico Ports Rankings* 2009 – 2012



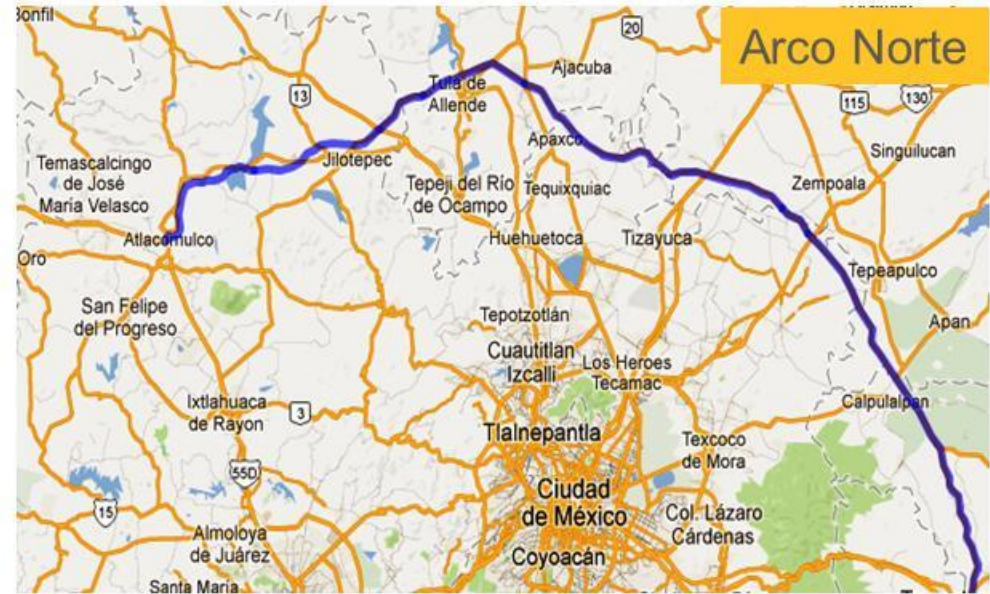
Rank	Port	2010	2011	2012	2011 vs. 2012
1	Manzanillo	1,511,378	1,762,508	1,930,893	9.6%
2	Lázaro Cárdenas	796,023	953,497	1,242,777	30.3%
3	Veracruz	662,537	729,622	799,389	9.6%
4	Altamira	488,013	547,612	578,685	5.7%
5	Ensenada	135,364	132,727	140,468	5.8%
	Total	3,593,315	4,125,966	4,125,966	10,491,315

- * By Container Volumes (in TEU's)

Railways & Multimodal Infrastructure



Arco Norte & Circuito Mexiquense



**Facilitates North – South, East – West Traffic/Cargo
Bypasses Mexico City Metro**



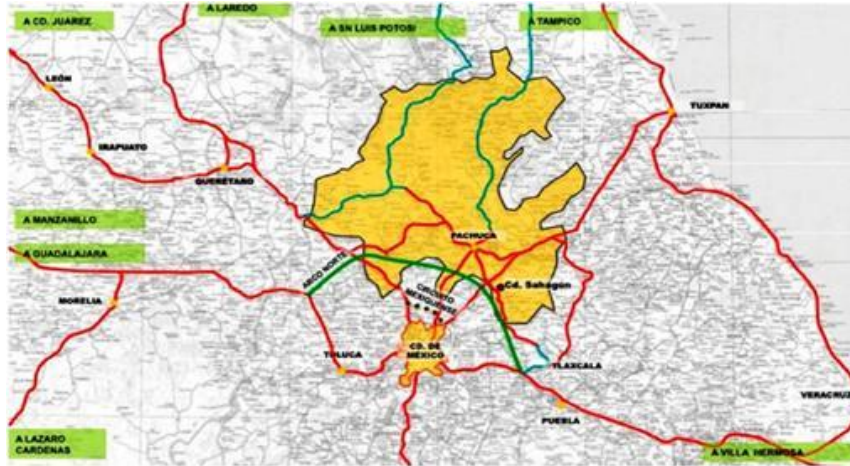
GUANAJUATO PUERTO INTERIOR (GPI)

Silao, Guanajuato, Mexico



- One of the most important Logistics and Business Center in Mexico
- State government investment
- 500 hectares first stage & 500 hectares land reserve
- Customs (31 hectares)
- Recinto Fiscalizado Estratégico (144 hectares)
- Industrial Park(196 hectares)
- Intermodal terminal – Rail (Ferromex) (44 hectares)
- Air cargo international terminal (34 hectares)
- Land Reserve (502 hectares)





- Intermodal Terminal - 56 hectares (Hutchinson Ports Holdings)
- Public & Private investment (USD \$200 million)
- 196 hectares Land Area and 1 million TEUS annual capacity.
- Project under development
- 140 hectares (Logistics traffic zone).
- Rail: KCSM, Ferrosur & Ferromex



PARQUE LOGISTICO

San Luis Potosí, SLP, Mexico



- First Logistics Park in Mexico
- Strategic Location
- Private Investment
- Customs, Intermodal Terminal, Industrial Park, Rail Services, Distribution Center.
- Land Reserve
- Inbound Yard
- 150,000 TEUS Annually
- Security Systems
- Parallel to the main railroad of the KCSM
- Connecting the main railroad in the north and south of the terminal for easy maneuvers

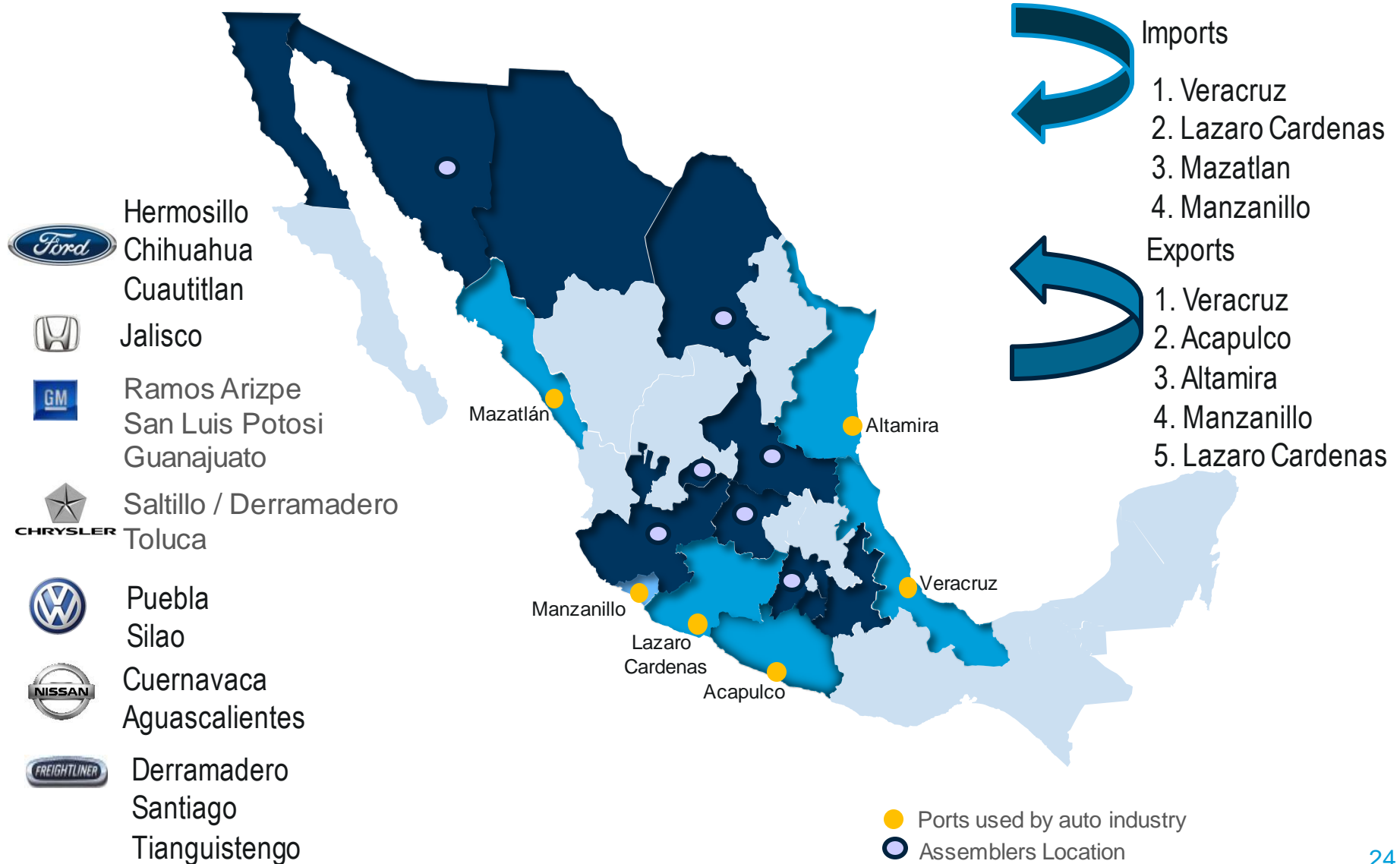


MEXICO'S AUTOMOTIVE LOGISTICS

Automotive Foreign Trade / Maritime Ports

PORTS	2010	2011	2012
IMPORTS	313,004	326,249	361,961
PACIFIC	152,212	160,780	175,340
MAZATLAN, SIN.	28,829	—	—
MANZANILLO, COL.	42,446	34,288	2,812
LAZARO CARDENAS, MICH.	80,937	126,491	172,527
ACAPULCO, GRO.	-	1	1
GOLF	160,792	165,469	186,621
ALTAMIRA, TAMPS.	13	9	2
VERACRUZ, VER.	160,779	165,460	186,619
PROGRESO, YUC.	-	-	-
EXPORTS	558,755	763,378	868,616
PACIFIC	92,385	140,316	143,408
MAZATLAN, SIN.	-	-	-
MANZANILLO, COL.	14,787	9,264	13,288
LAZARO CARDENAS, MICH.	19,598	40,728	40,937
ACAPULCO, GRO.	58,000	90,324	89,183
GOLF	310,637	623,062	725,208
ALTAMIRA, TAMPS.	43,413	47,243	36,033
TAMPICO, TAMPS.	-	-	-
TUXPAN, VER.	-	-	-
VERACRUZ, VER.	267,224	575,819	689,175

Ports used by OEM's



Automotive Suppliers – Site Selection Factors*

LOGISTICS

- ✓ Just in time and sequenced delivery of components & modules= Closer proximity to the assembly plant.
- ✓ Rail – served sites .
- ✓ Locations that provide at least two routes for their in-bound and at least two routes for delivery to their costumers. Excellent access to highways and roads.
- ✓ Third – Party Logistics (Cost reductions)
- ✓ Suppliers Proximity



WORK FORCE

- ✓ Density, availability, trainability and productivity
- ✓ Labor Unions



SITE & INFRASTRUCTURE

- ✓ Federal, State & Local Incentives
- ✓ Building specs (Ceiling heights, trucks docks, fire protection systems, etc).
- ✓ Expansion capacity
- ✓ Utilities availability

Automotive Supplier/Sequenced Parks in Mexico



- GM, Ramos Arizpe (Finsa)
- Ford, Hermosillo – Dynatech South
- GM, San Luis Potosi - Logistik
- Daimler, Derramadero - Grupo Alianza

- Volkswagen, Puebla - Finsa
- Chrysler, Toluca – Prologis
- GM, San Luis Potosi – Logistik
- Amistad Bajío Industrial Park



Finsa Puebla Industrial Park (Volkswagen)

More than 24,000 jobs created and almost US\$180,000,000 of total investment.

Suppliers Park:

Year Founded	1993
Extension	70 Has
Construction	22 Has
Companies	26
Sector	Automotive

Investment, US Dollars:

Infrastructure	\$82,652,000
Equipment	\$230,000,000
Total	\$312,652,000

Jobs Created:

Direct	8,480
Indirect	17,500
Total	25,980



Ford Hermosillo – Dynatech Sur

Dynatech Sur: 1,000 hectares /120 hectares developed.

Infrastructure & Services:

- Electrical Substation 30 MVA
- Intermodal Terminal / Rail Spur.
- Services: Water, electricity, sewage, gas, telephone service & fiber optics.



Some companies established in the park:





Chrysler Supplier/Sequenced Park

JUST IN SEQUENCE PROGRAMS FOR CHRYSLER'S SUPPLIERS TOLUCA PLANT



- ▶ Chrysler Suppliers Industrial Park located at a prime location, only 5 minutes from the Chrysler Plant.
- ▶ Multitenant & Stand Alone Buildings
- ▶ Land: 27 Acres. – 4 separate lots
- ▶ Buildings Area: 520,000 sq.ft.
- ▶ 5 strategic suppliers :



- HBPO : Front end module systems
- Android: Tire Wheel Module
- Brose: Door Module
- Gestamp: Body Module
- TRW : Suspension Module

Chrysler Toluca Suppliers Park



Location

Amistad Bajío Industrial Park



- ▶ Location: Carretera Federal 45.
- ▶ 100 hectares under development.
- ▶ Services: Water, gas, electricity, telecommunications (telephone and fiber optics) .
- ▶ Ideal for Automotive Suppliers

- ▶ Clients
 - ✓ Yorozu
 - ✓ Yutaka
 - ✓ Yachiyo
 - ✓ Tachi – S
 - ✓ Metal One

A decorative graphic consisting of several overlapping, semi-transparent blue shapes in various shades (dark blue, medium blue, light blue) that create a dynamic, abstract pattern across the lower half of the page.

PUEBLA INDUSTRIAL MARKET OVERVIEW

Puebla Industrial Market Overview

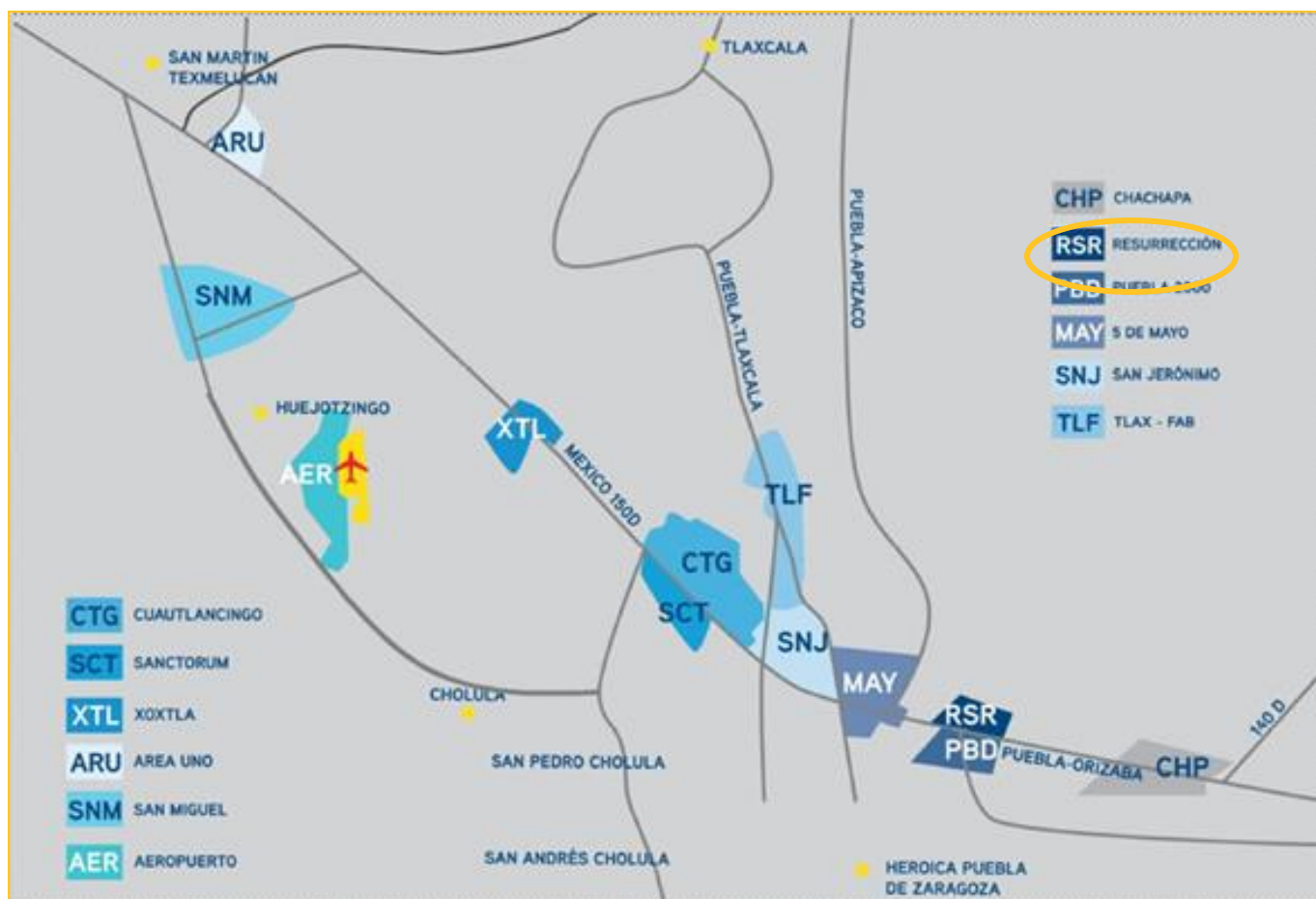


MARKET INDICATORS			
	2Q 2013	3Q 2013	TRENDS
VACANCY RATE	↔	↓	↓
CONSTRUCTION	↔	↑	↑
LEASE PRICE	↑	↑	↔
GDP	↑	↑	↔
EXCHANGE RATE (USD)	↑	↑	↔

Puebla Industrial Market Overview

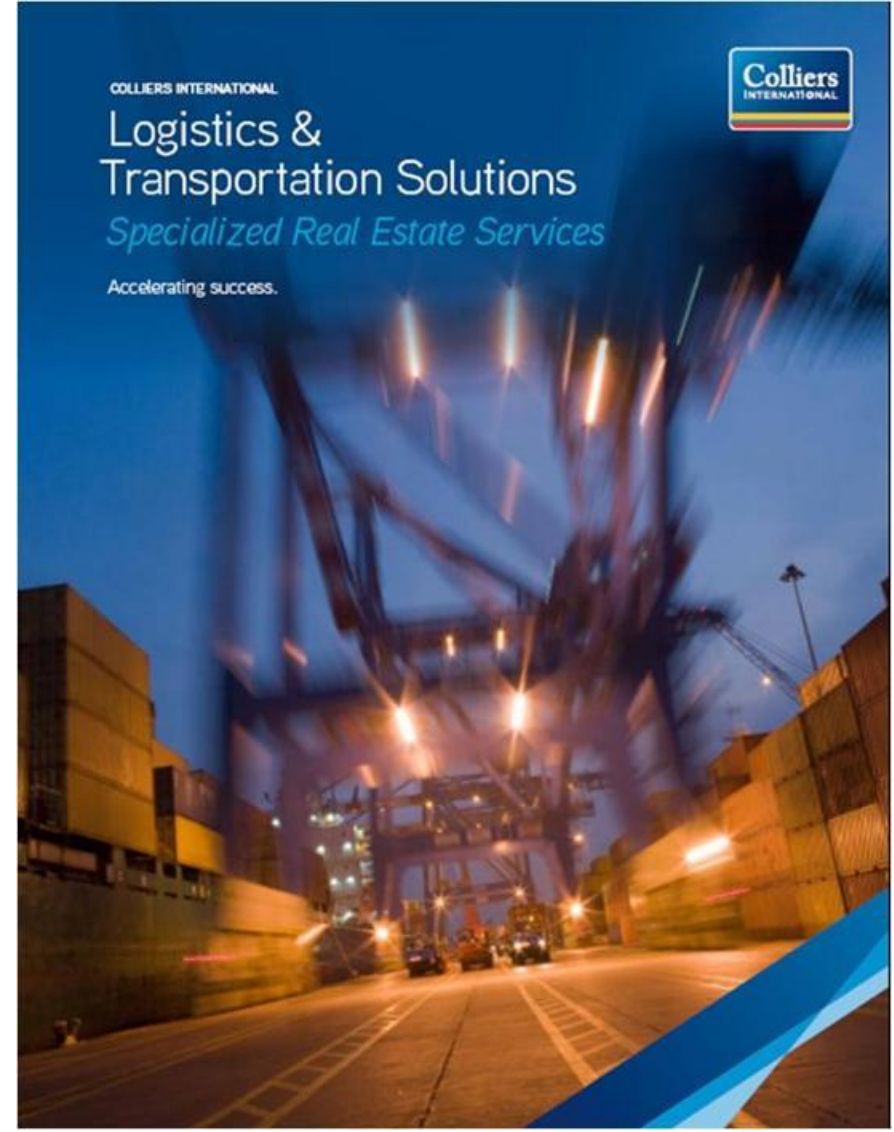
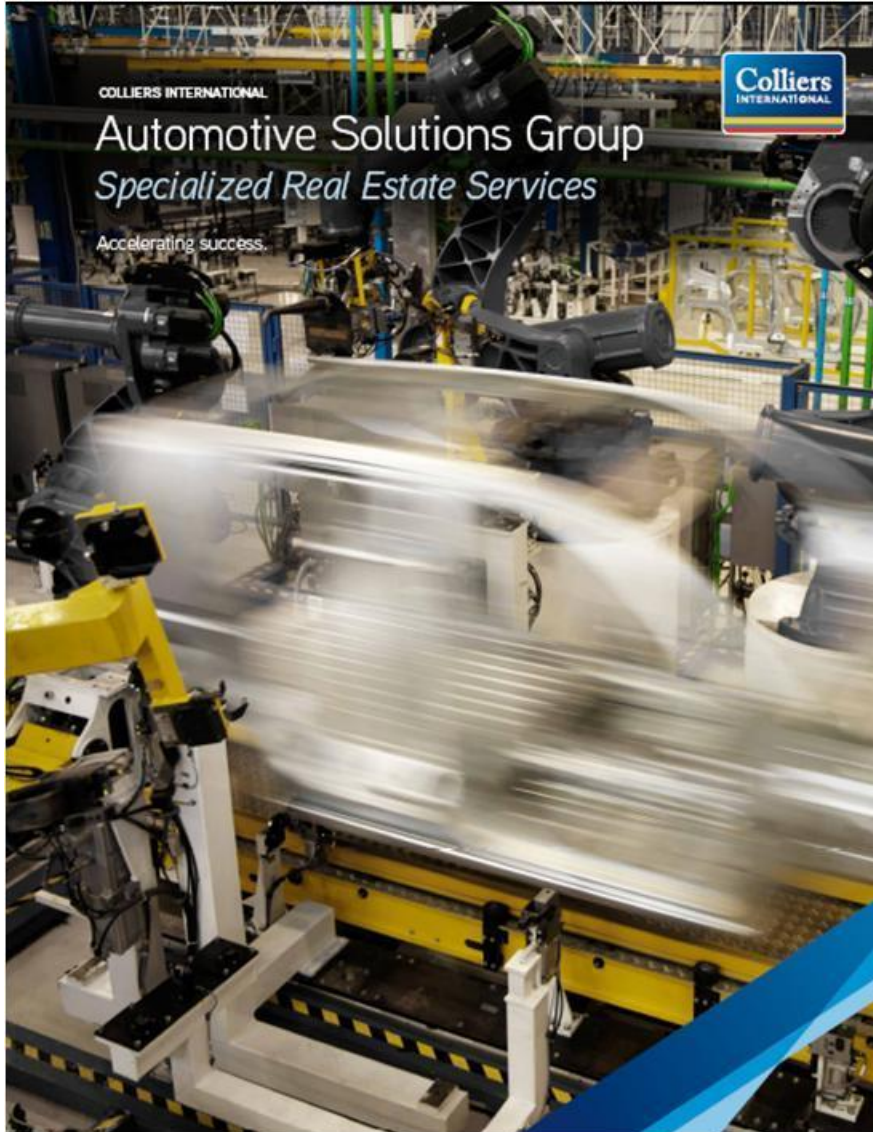
PUEBLA INDUSTRIAL CORRIDORS

The industrial corridors that showed the highest activity during the Q2, 2013 were Cuautlancingo, Sanctorum & Aeropuerto.



Automotive Solutions | Logistics & Transportation

Specialized Groups: Colliers International



Mexico's Industrial Map 2014



Mexico's Industrial & Logistics Guide 2014



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Mexico's Industrial Map 2014

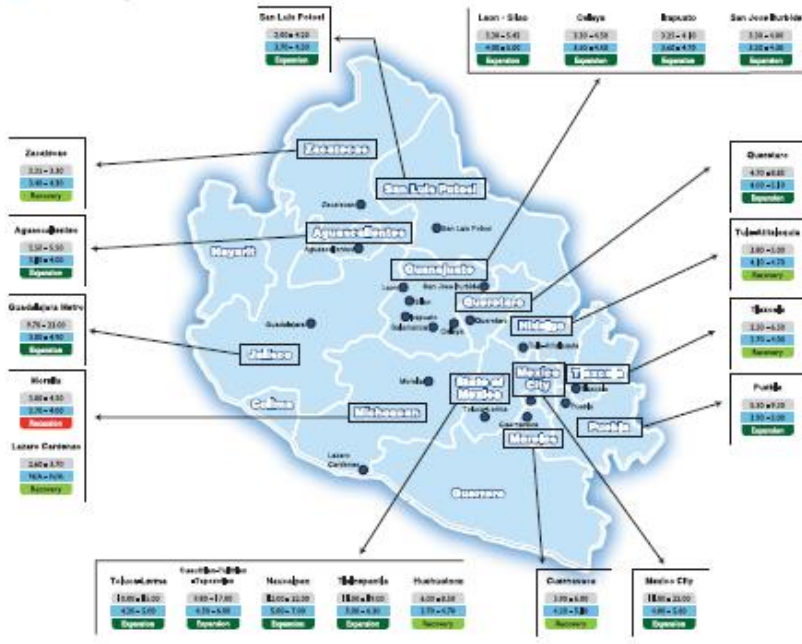


Mexico's Industrial Real Estate Trends & Costs Guide 2014

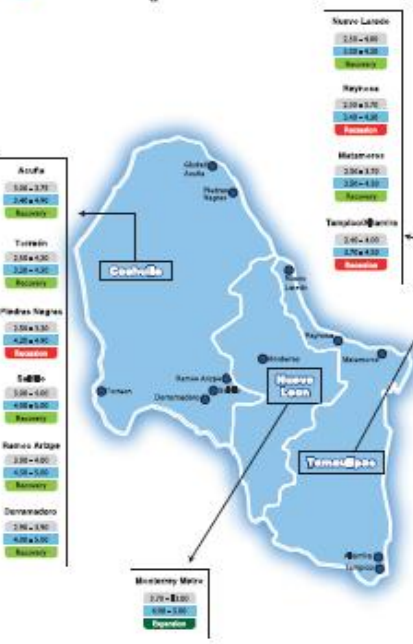
Northwest Region



Central Region



Northeast Region



COMMERCIAL REAL ESTATE CONSULTANTS
Industrial - Office - Retail

OUR SERVICES

- Lease Representation
- Landlord Representation
- Buildout & Facility Diagnostic
- Sale & Lease Back
- Site Selection & Logistics Advisory
- Appraise & Valuation
- Investment Services
- Project Management
- Market Research

CONTACT US

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WHY MEXICO?

Strategic growth location. Mexico's location gives it a unique opportunity to serve as a global service hub. The country's central location, access to major air and sea ports, and proximity to the United States and Europe make it an ideal location for global service hubs.

World-class infrastructure. Mexico's infrastructure is rapidly improving, with significant investments in roads, rail, and air. The country's infrastructure is becoming more modern and efficient, making it an attractive location for industrial and logistics operations.

Skilled workforce. Mexico has a large, skilled workforce that is well-trained and cost-effective. The country's workforce is becoming more educated and specialized, making it an ideal location for high-tech and manufacturing operations.

Government incentives. Mexico offers various incentives and tax breaks to attract foreign investment. These incentives can significantly reduce the cost of doing business in Mexico, making it a more competitive location for industrial and logistics operations.

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SELECTED SECTORS HIGHLIGHTS

- Automotive**: Mexico is a major automotive hub, with a large number of manufacturers and suppliers. The country's automotive industry is growing rapidly, driven by increasing demand for vehicles in emerging markets.
- Electronics**: Mexico is a growing electronics hub, with a large number of manufacturers and suppliers. The country's electronics industry is growing rapidly, driven by increasing demand for electronics in emerging markets.
- Textiles**: Mexico is a major textile hub, with a large number of manufacturers and suppliers. The country's textile industry is growing rapidly, driven by increasing demand for textiles in emerging markets.
- Food Processing**: Mexico is a major food processing hub, with a large number of manufacturers and suppliers. The country's food processing industry is growing rapidly, driven by increasing demand for food products in emerging markets.

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Southeast Region

State	Price Range	Market Status
Veracruz	3.00 - 4.00	Stagnant
Oaxaca	3.00 - 4.00	Stagnant
Chiapas	3.00 - 4.00	Stagnant
Yucatán	3.00 - 4.00	Stagnant
Quintana Roo	3.00 - 4.00	Stagnant
Campeche	3.00 - 4.00	Stagnant

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Mexico's 2014 Industrial & Logistics Guide

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Q & A

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