MEXICO'S AUTO INDUSTRY SUMMIT

Industry Analysis • Opportunities for Suppliers

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Leon, Guanajuato, MX
December 3-4, 2014
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DECEMBER, 2014

MEXICO AUTOMOTIVE OUTLOOK

Leon, Guanajuato

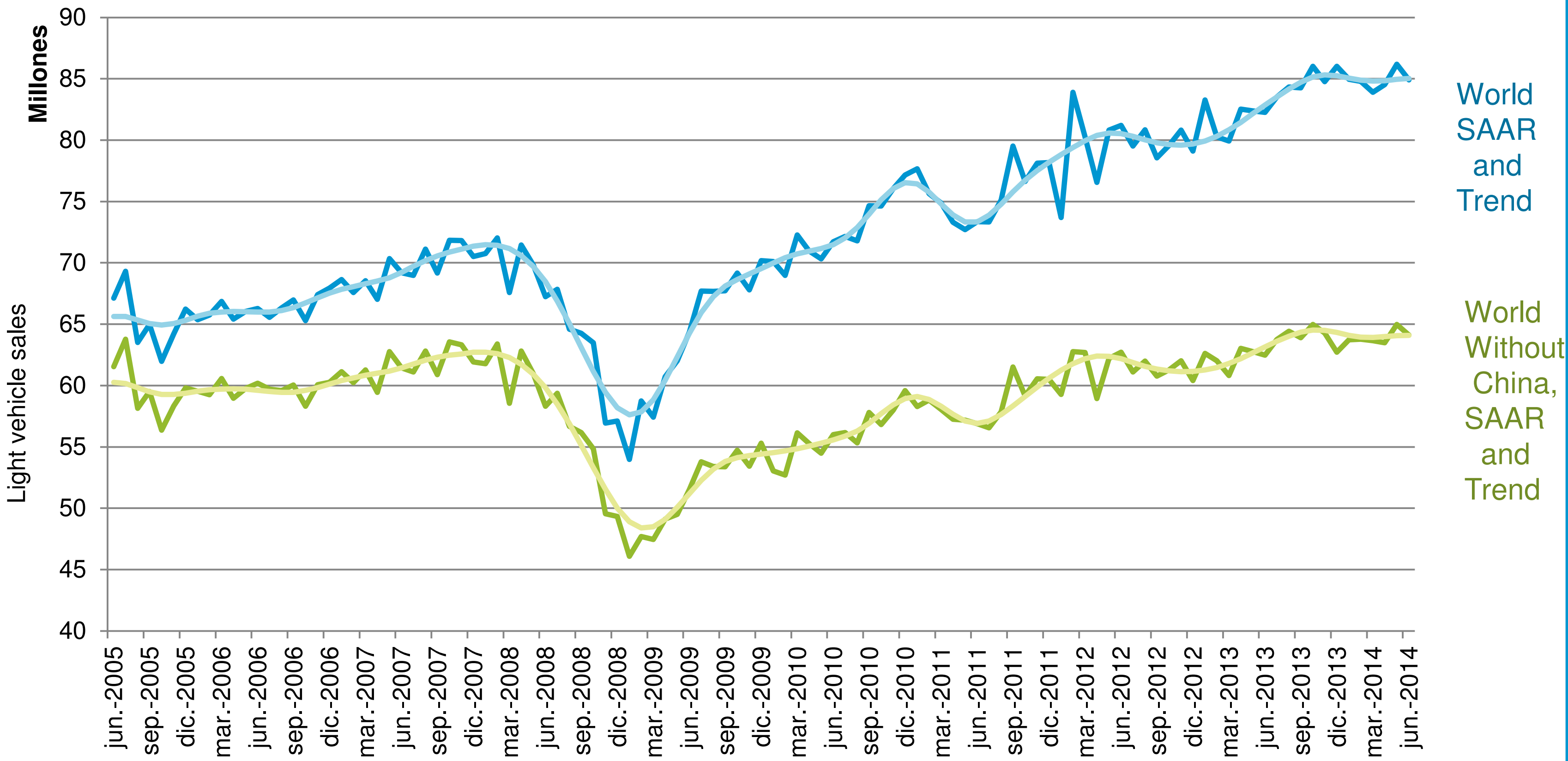
Guido Vildozo, Manager Latin America Light Vehicle Sales Forecasts, IHS

Agenda

- Global Outlook
- Global Cadence
- US Sales
- Mexico Sales
- NAFTA Production
- Mexico Production
- Key Takeaways

World auto sales on a roll

… World Sales on a roll … But the strong climb has "tapered off" in recent months

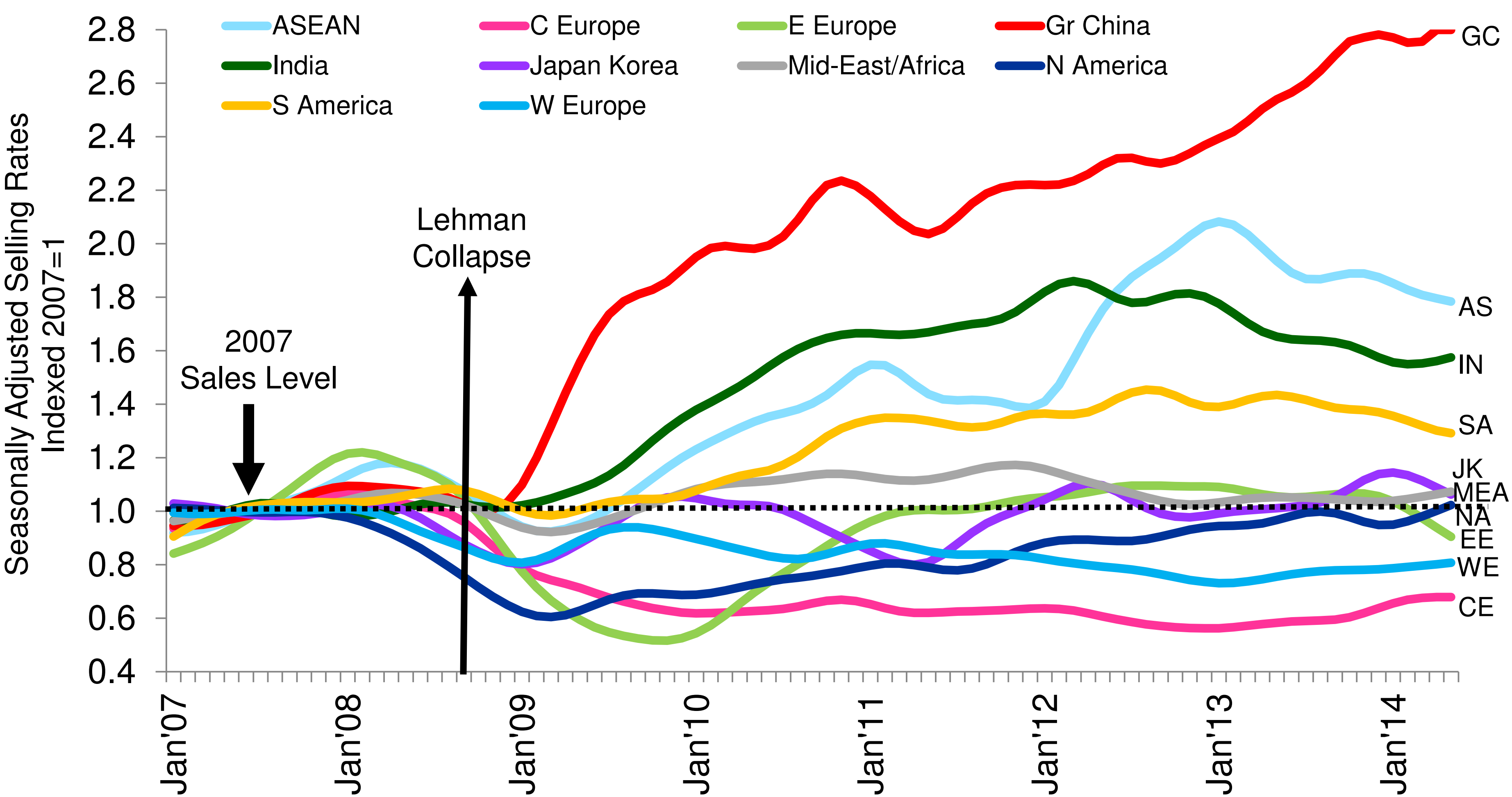


Source: IHS

July 14

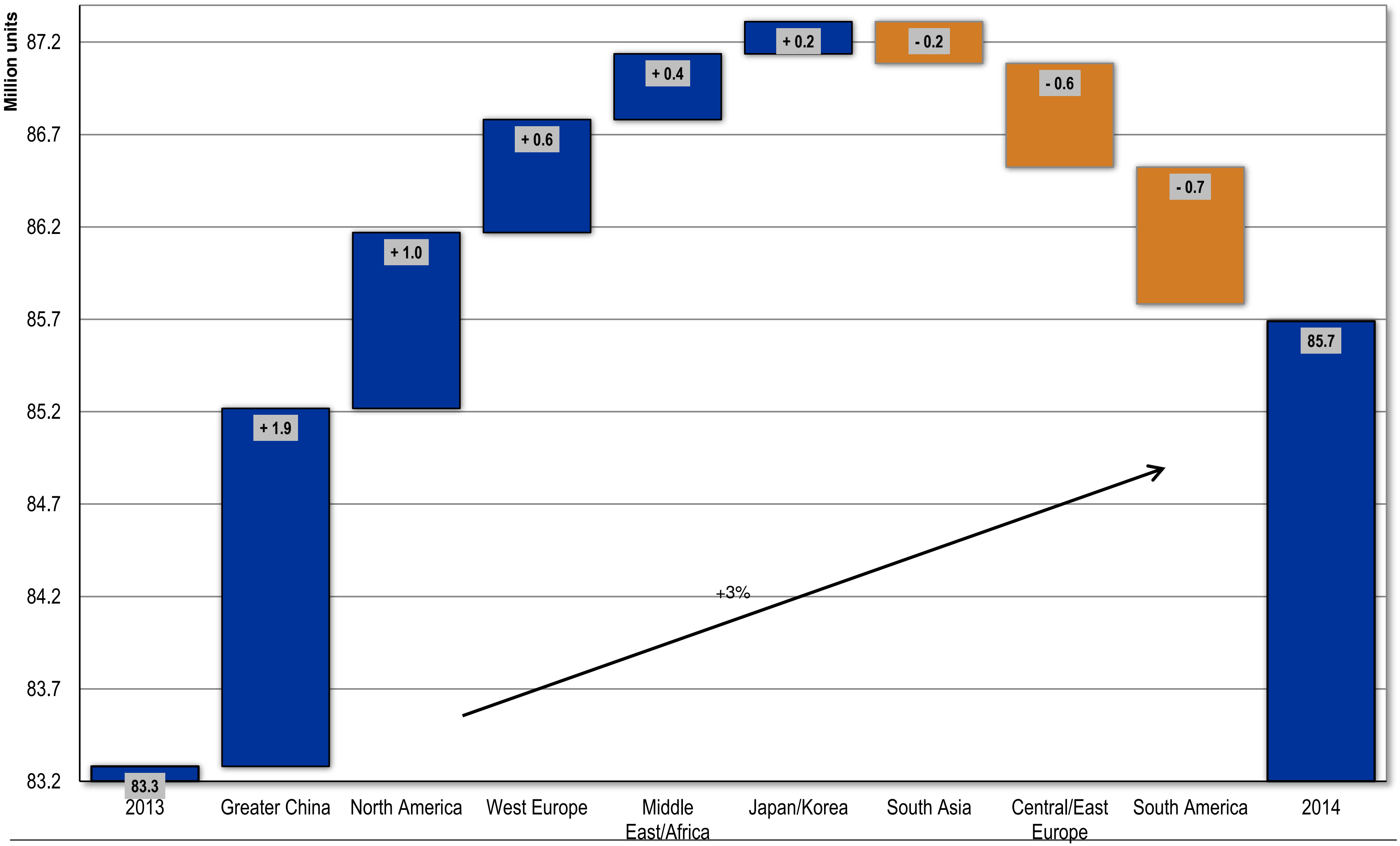
Region light vehicle selling rates

China remains on different path than other developing markets



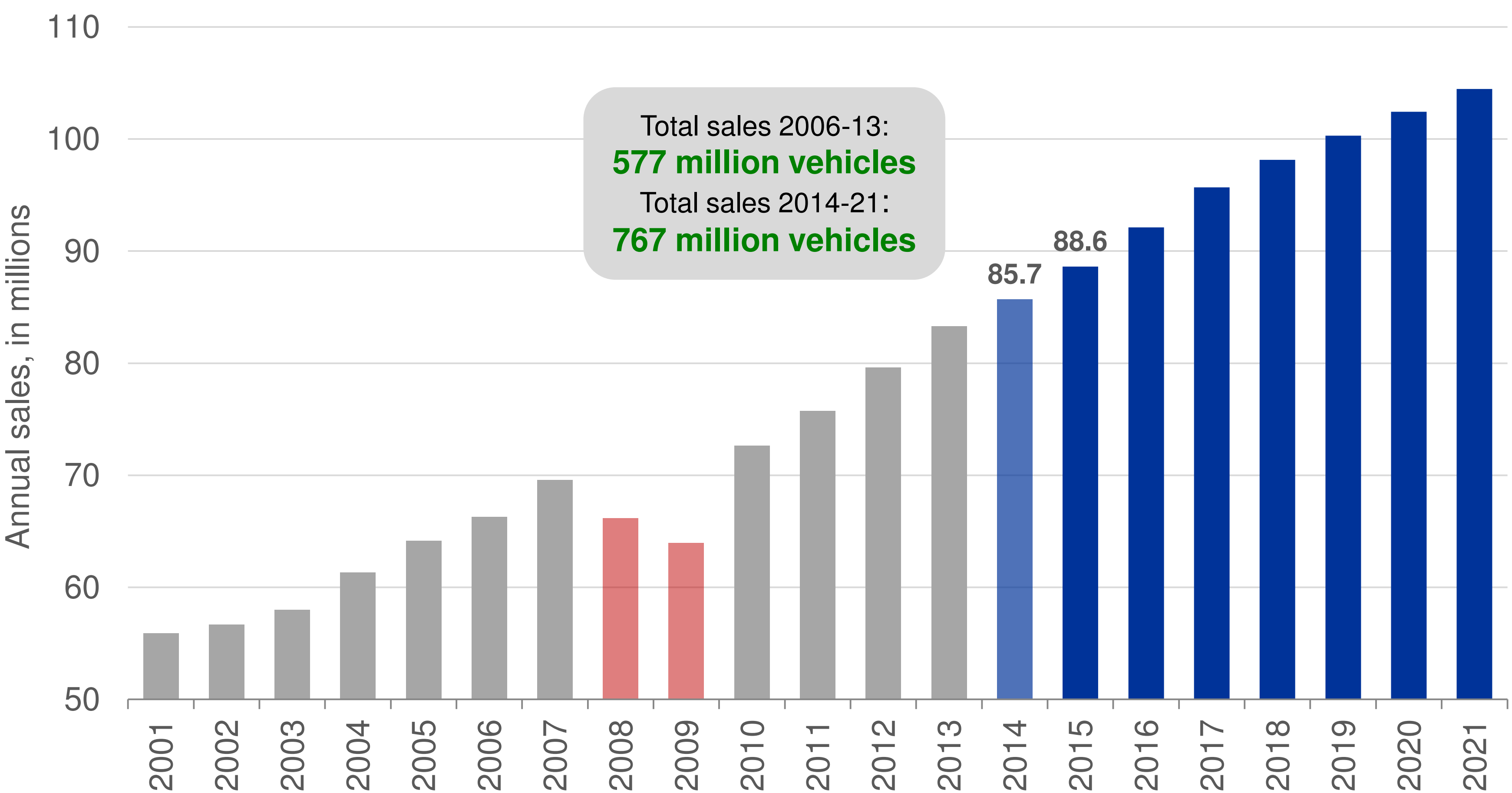
Source: IHS Analysis, X12 Seasonal Adjustment

Global light vehicle sales outlook
2013-14 sales volume



World light vehicle sales forecast

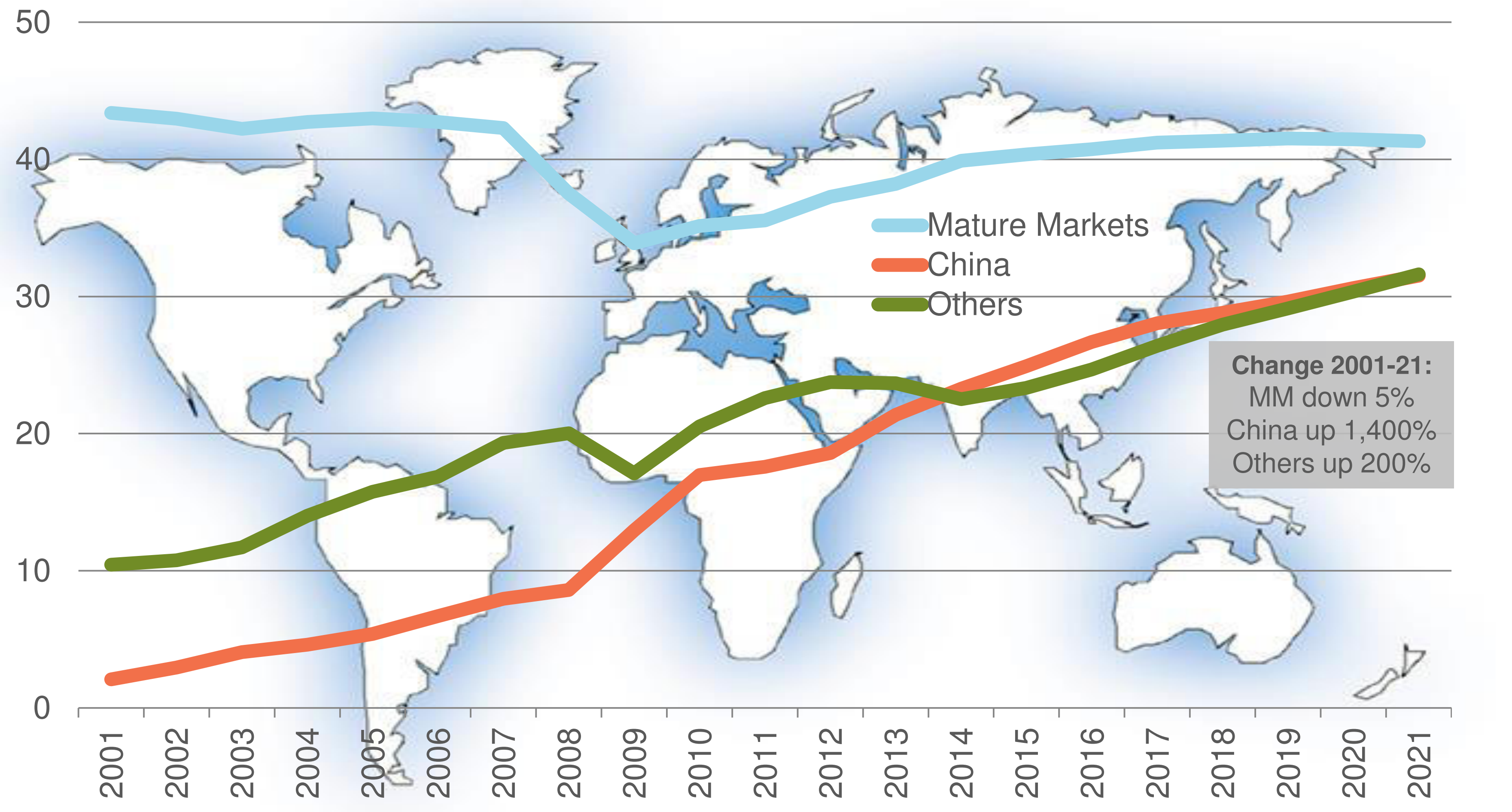
Outlook optimistic due to US/Euro recovery and continued China growth



Source: IHS Automotive Sales Forecasts

Light vehicle sales forecast

Importance of emerging markets will continue to grow



Source: IHS Automotive, Mature Markets = US, Canada, Japan, S Korea, Australia, NZ, W Europe

Average Cycle Time by Region

Region	2000	2005	2010	2015	2020
Europe	7.0	7.1	6.0	6.3	6.0
Greater China	8.7	7.7	5.8	7.8	7.1
Japan/Korea	3.8	6.0	5.1	7.1	5.2
North America	5.6	5.2	5.5	5.5	4.9
South America	11.3	3.1	8.4	6.9	5.5

- Integration of global platforms into NA, China and South America increases ‘cycle velocity’
- Global cycle timing is declining towards sub 6 years as all regions move lockstep with global platform timing
- Impact of delayed timing for several European mass market offerings reflective of extended timing. For China, growth of domestic players with longer cadence underscore the shift.

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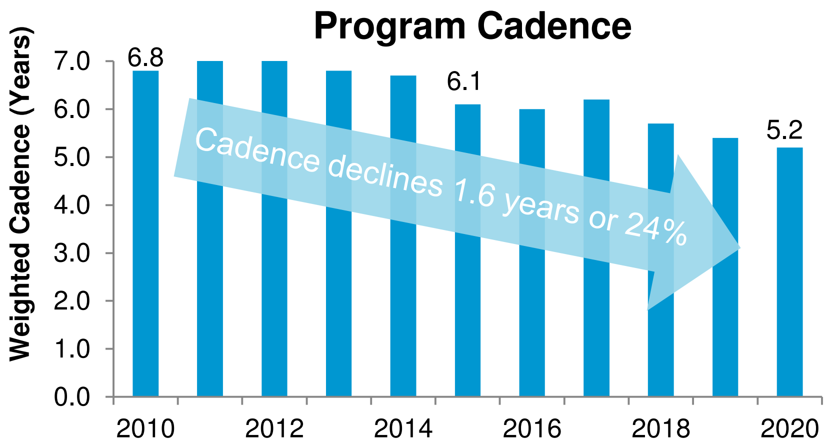
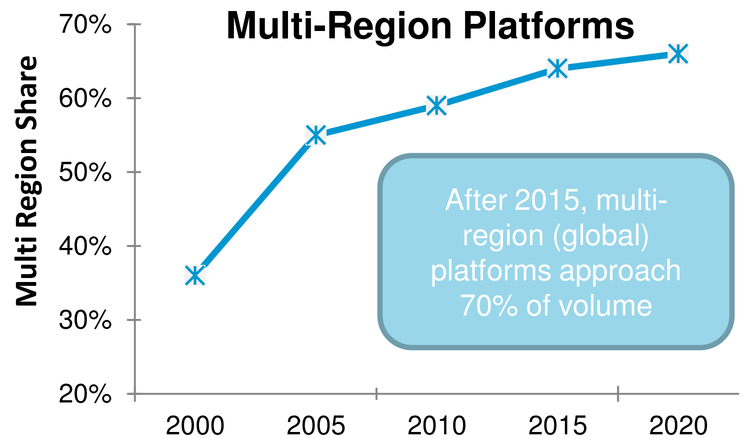
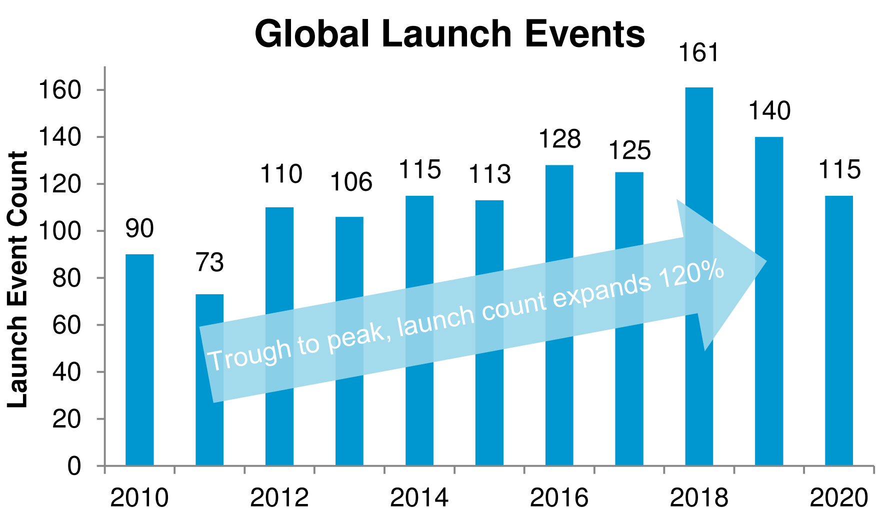
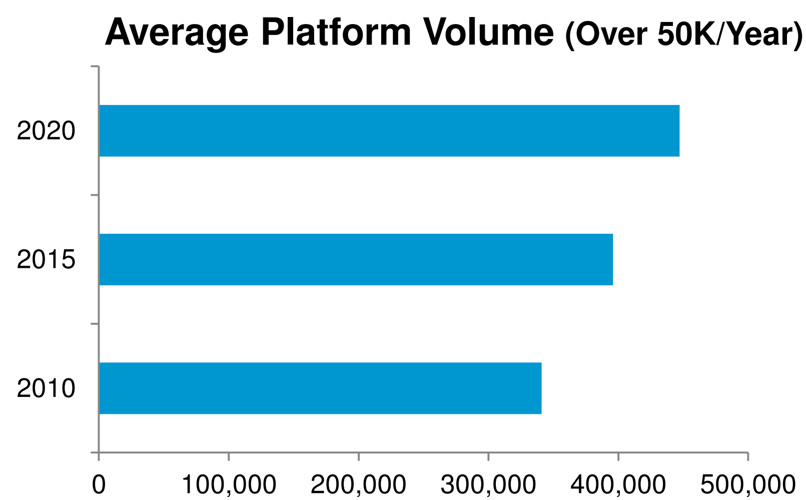
Faster, Greater Scale & Integrated

Industry Pace and Risk Rises …

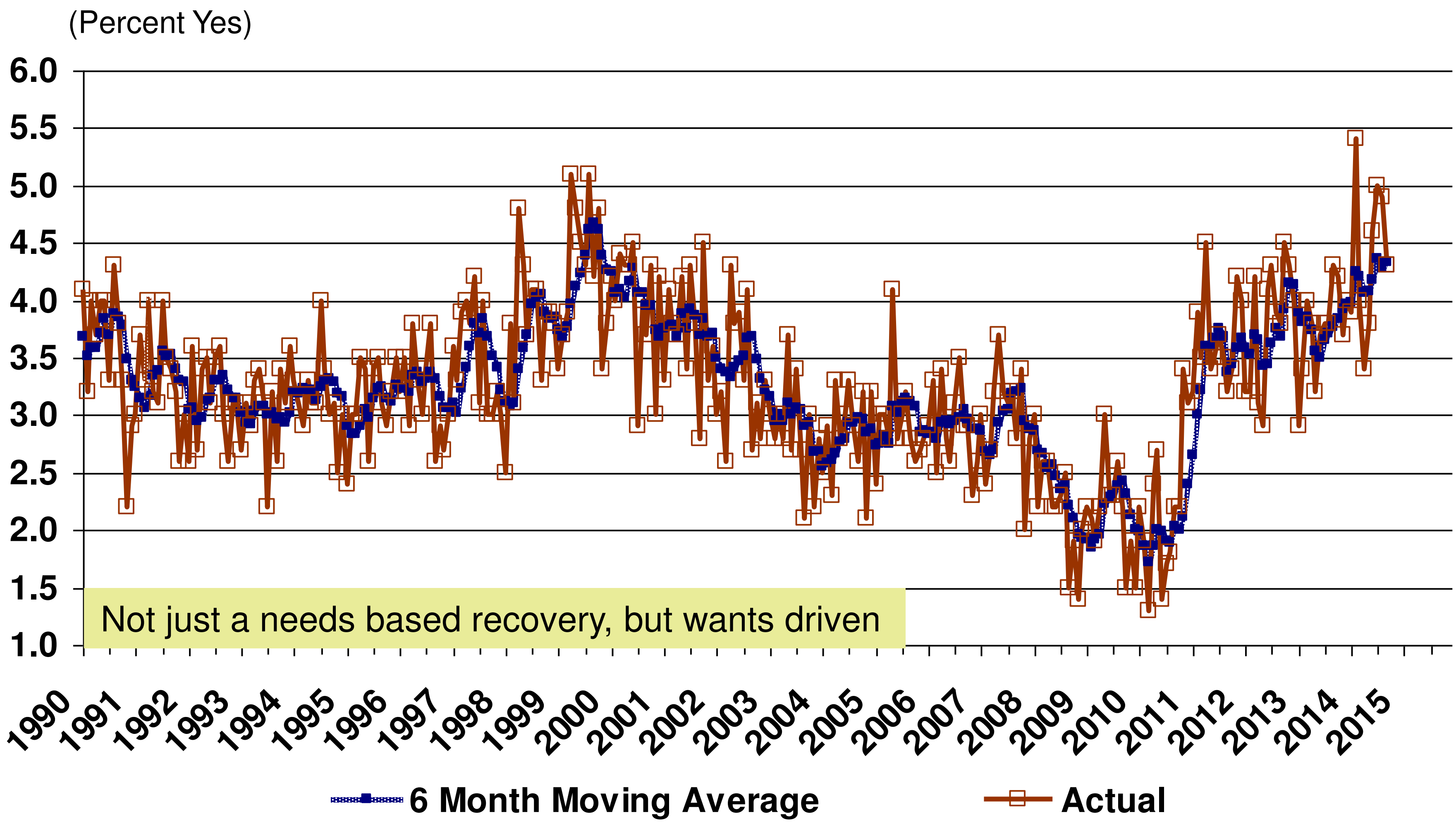








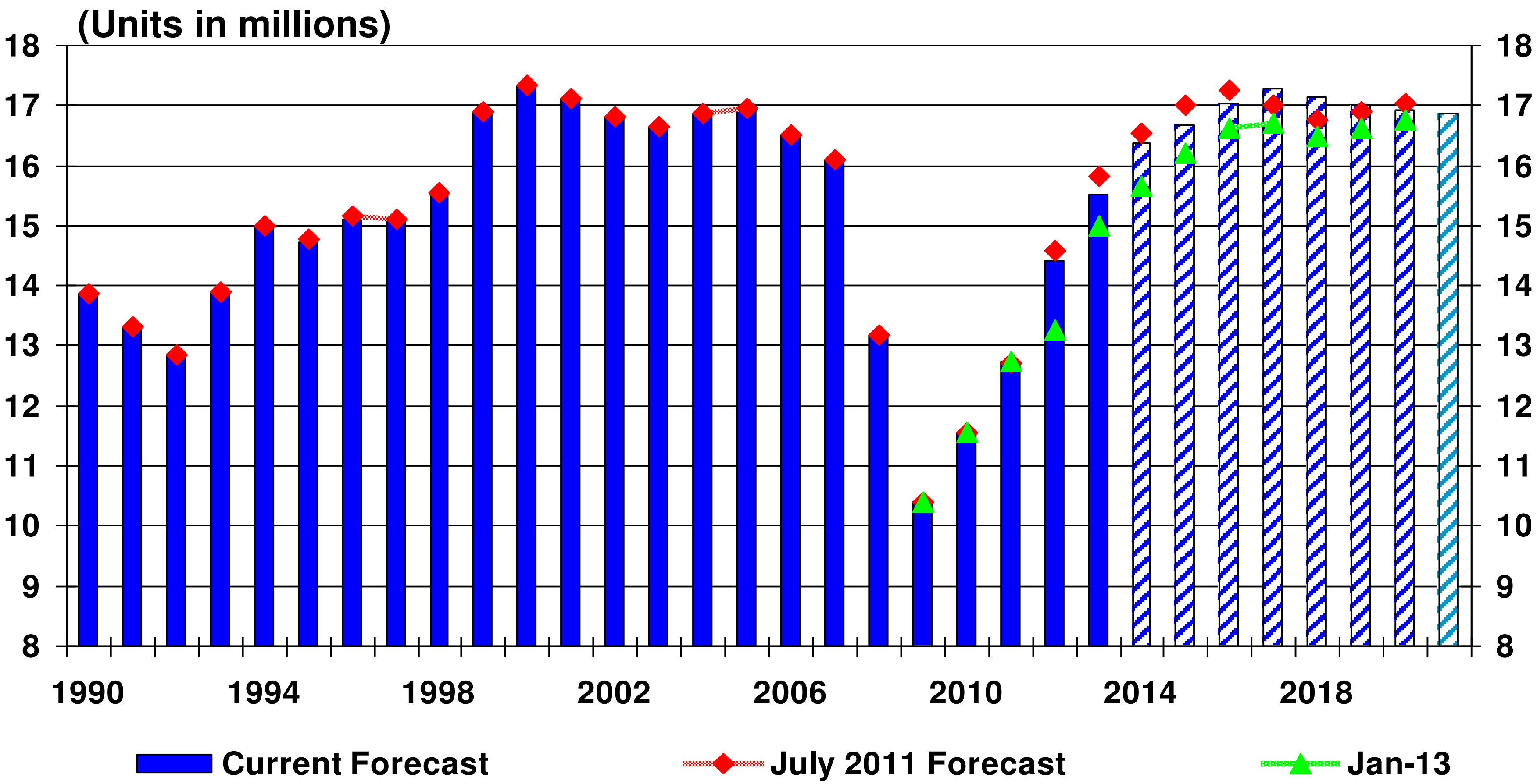
Intention to buy in the next six months



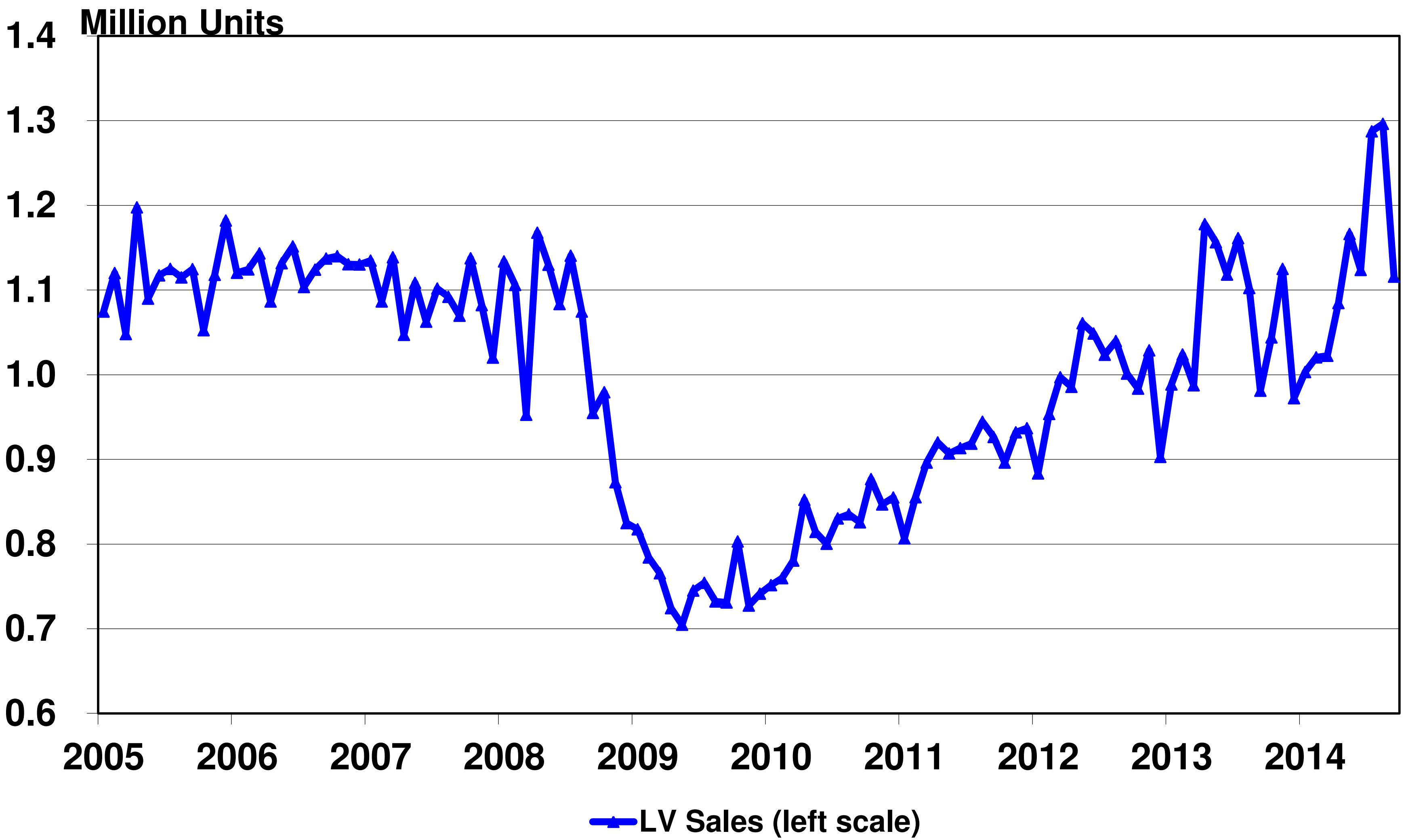
Conference Board

US Light Vehicle Sales

The forecast is roughly 300k to 600k per year higher than a few months ago

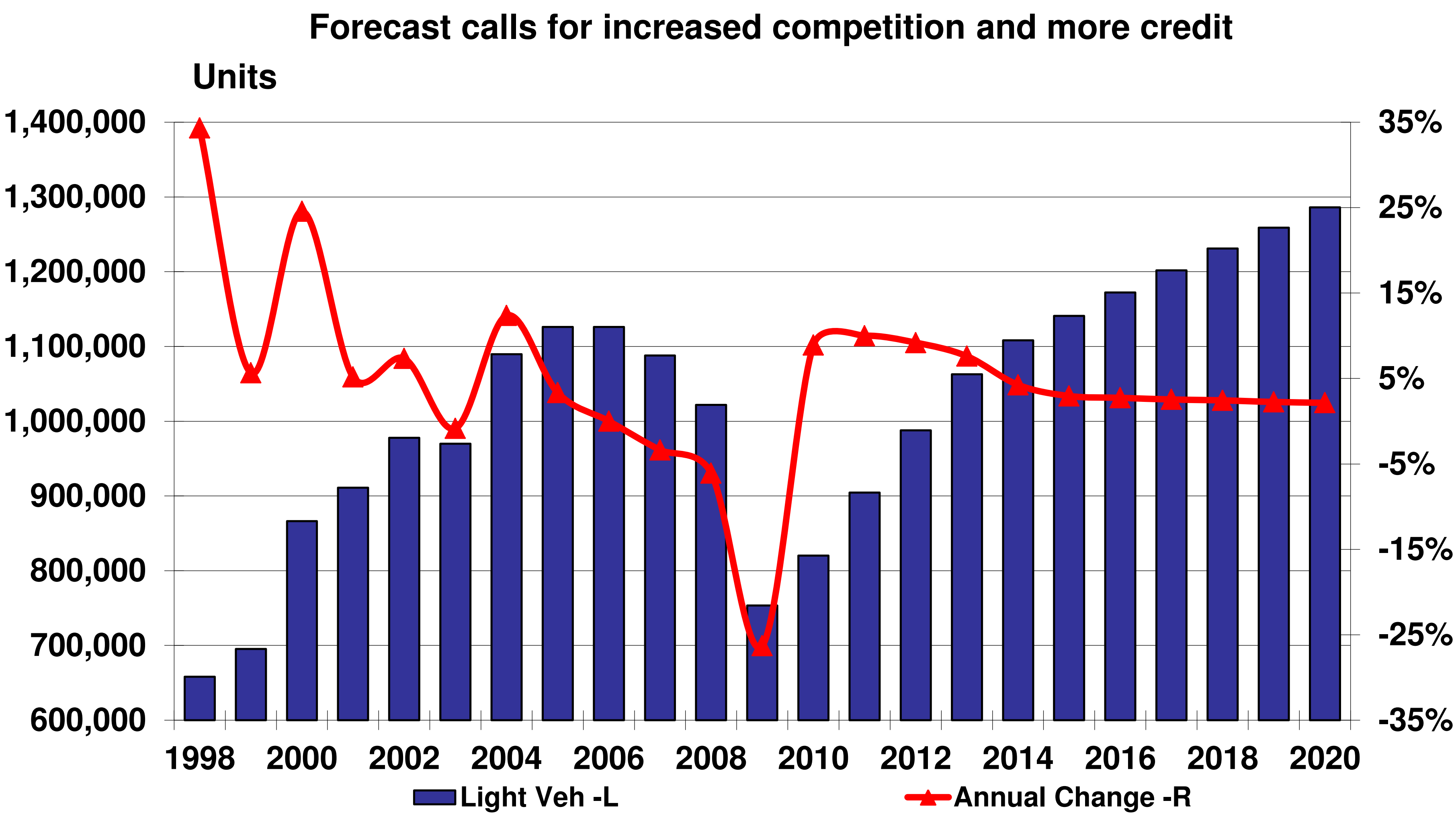


Mexico Light Vehicle Sales
SAAR



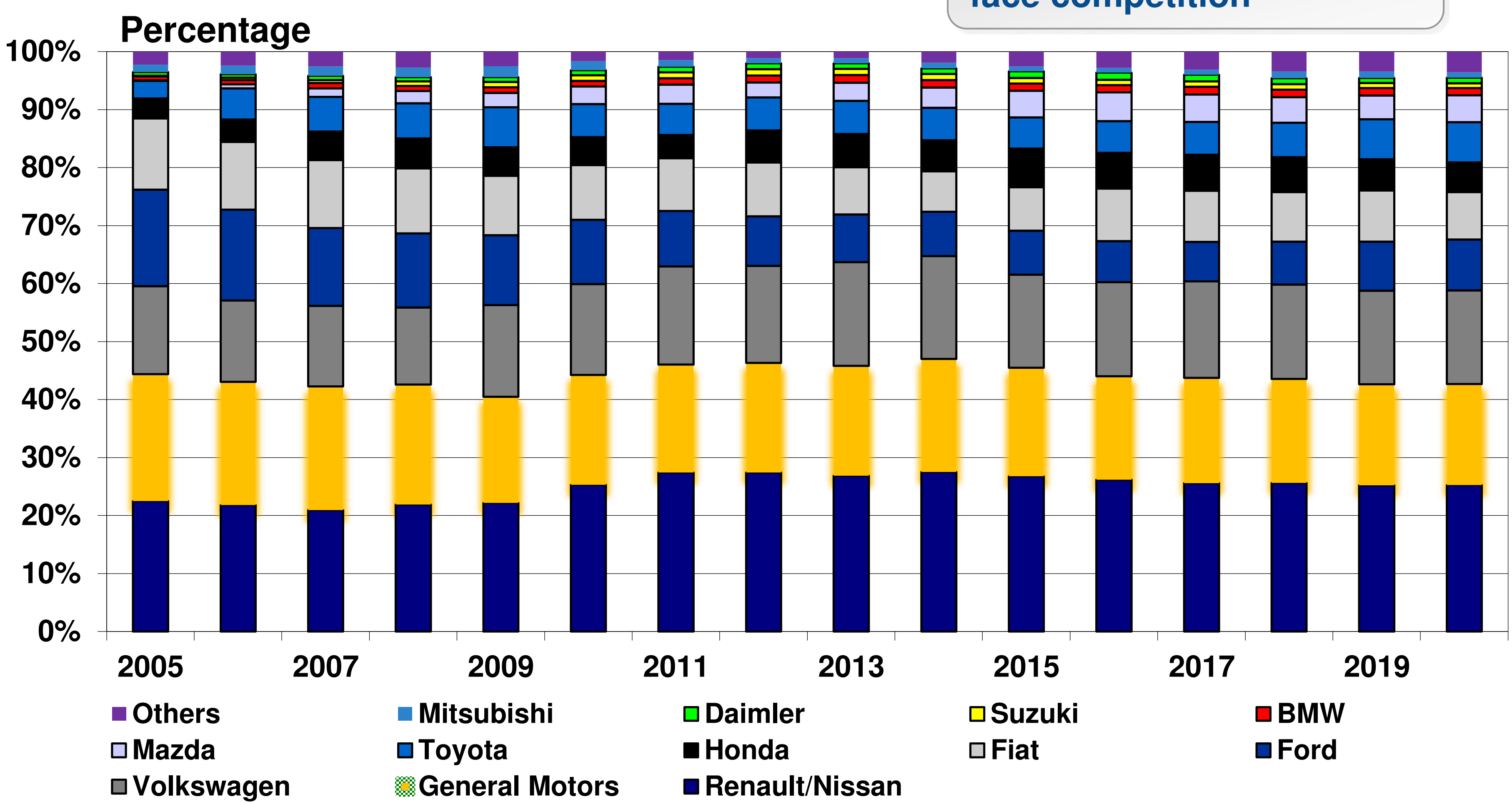
Mexico Light Vehicle Sales

More manufacturing bring us to new highs?



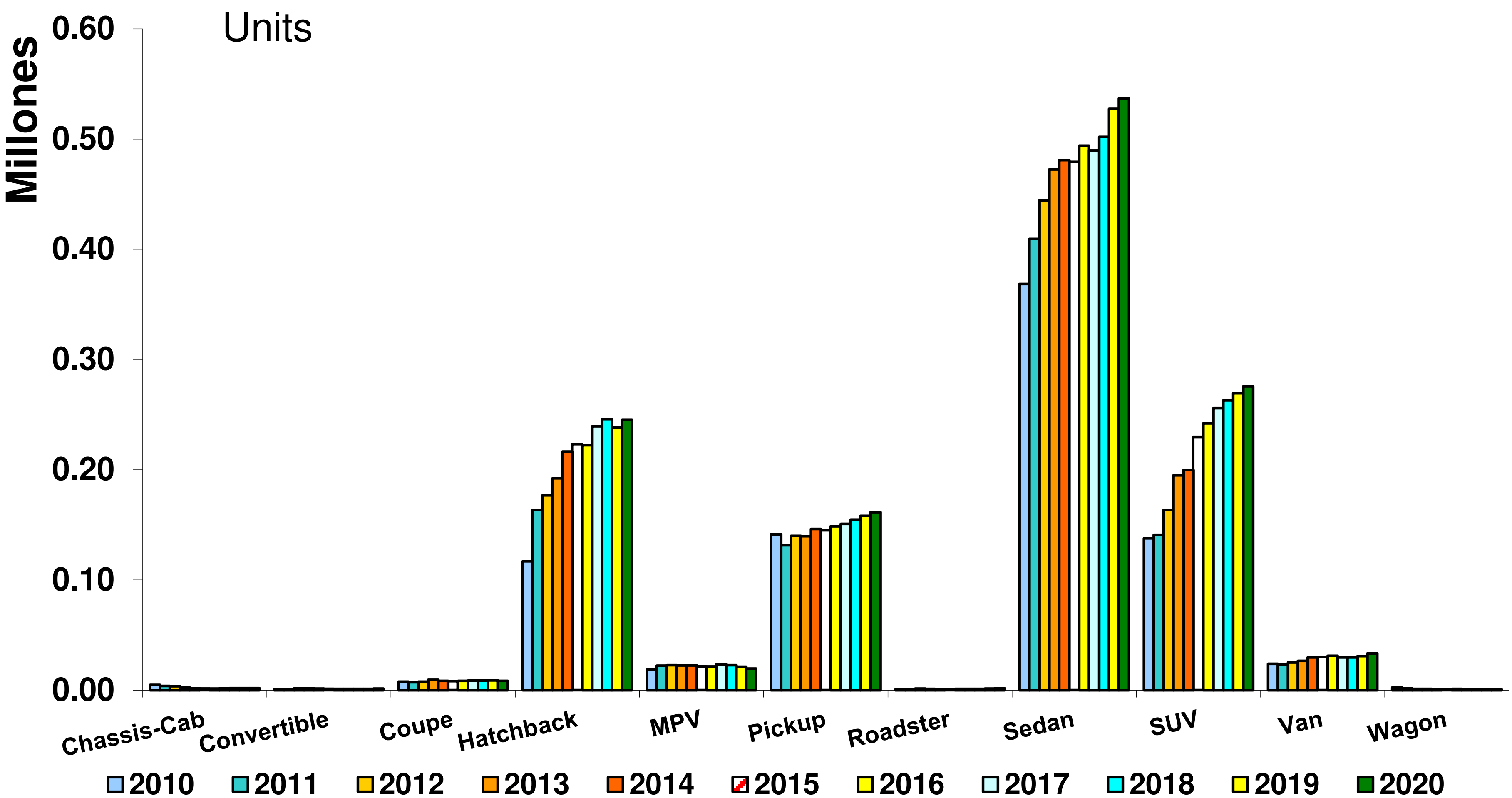
Mexico Light Vehicle Sales
Market Share

Nissan, GM and VW will face competition

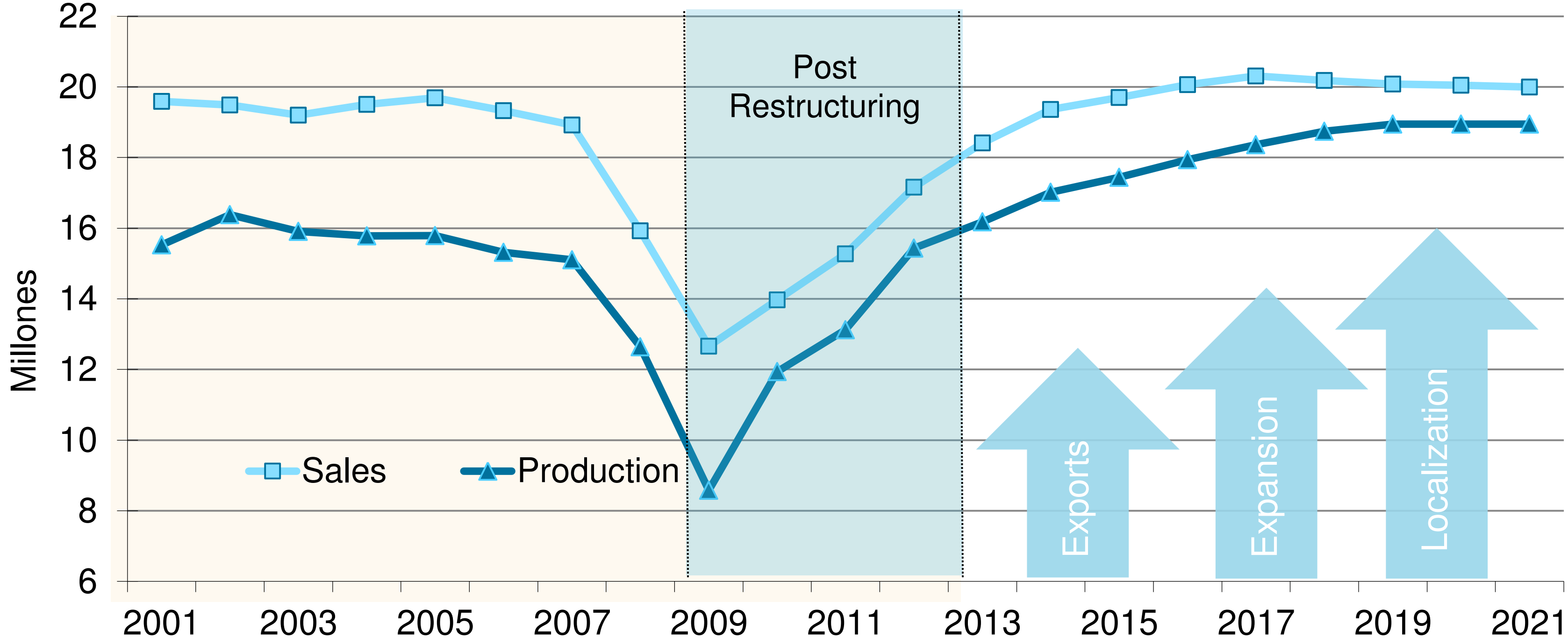


Mexico Light Vehicle Sales

Bodytype

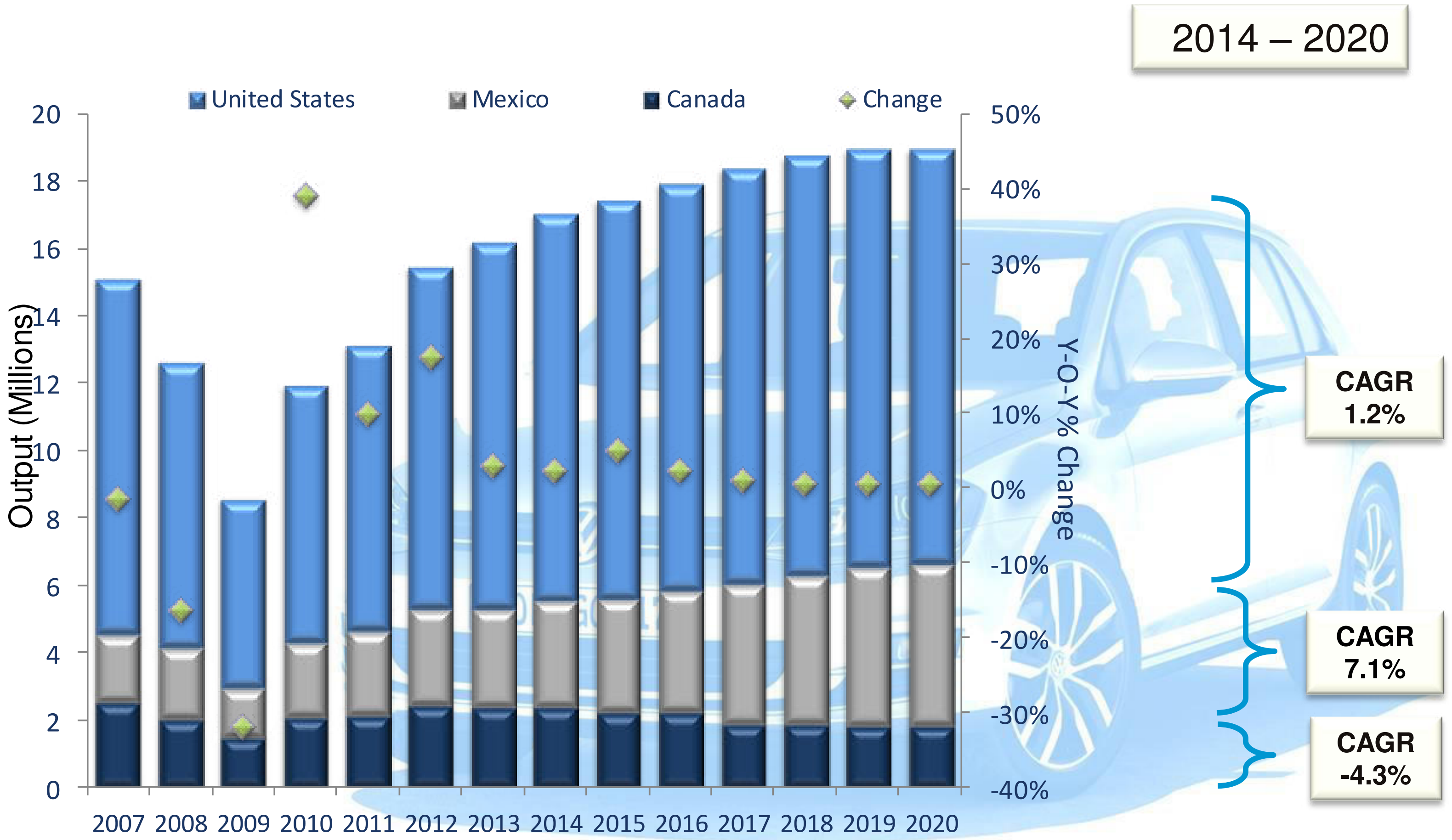


N. America - LV Sales and Production



- **From 2001- 2009, regional sales eclipse output by 27% or 3.7 million units**
- **2017 – 2021, future sales levels outpace production by less than 7.0% or by ~1 million units**
- **Positive sales trajectory tapers after peak in 2017**
- **Long-term output nears 18.5M units – far surpasses 16.0M unit pre-2009 levels**

North American Market Structure



North America Light Vehicle Production 2013 vs 2014

OEM	2013 (000s)	2014F (000s)	% ∆	∆ Units (000s)
GM	3,287	3,375	2.7%	89
Ford	3,080	3,020	-1.9%	-60
Chry/Fiat	2,509	2,749	9.5%	240
Detroit 3	**8,876**	**9,144**	**3.0%**	**269**
Toyota	1,863	1,960	5.2%	97
Honda	1,782	1,828	2.6%	47
Ren/Nissan	1,470	1,718	16.9%	248
Hyundai	769	767	-0.3%	-2
Asian 4	**5,884**	**6,273**	**6.6%**	**389**
VW	654	626	-4.2%	-28
BMW	297	349	17.3%	51
Daimler	206	248	20.1%	41
German 3	**1,157**	**1,222**	**5.6%**	**65**
Others	260	379	45.9%	119
Total	**16.2M**	**17.0M**	**5.2%**	**~842**

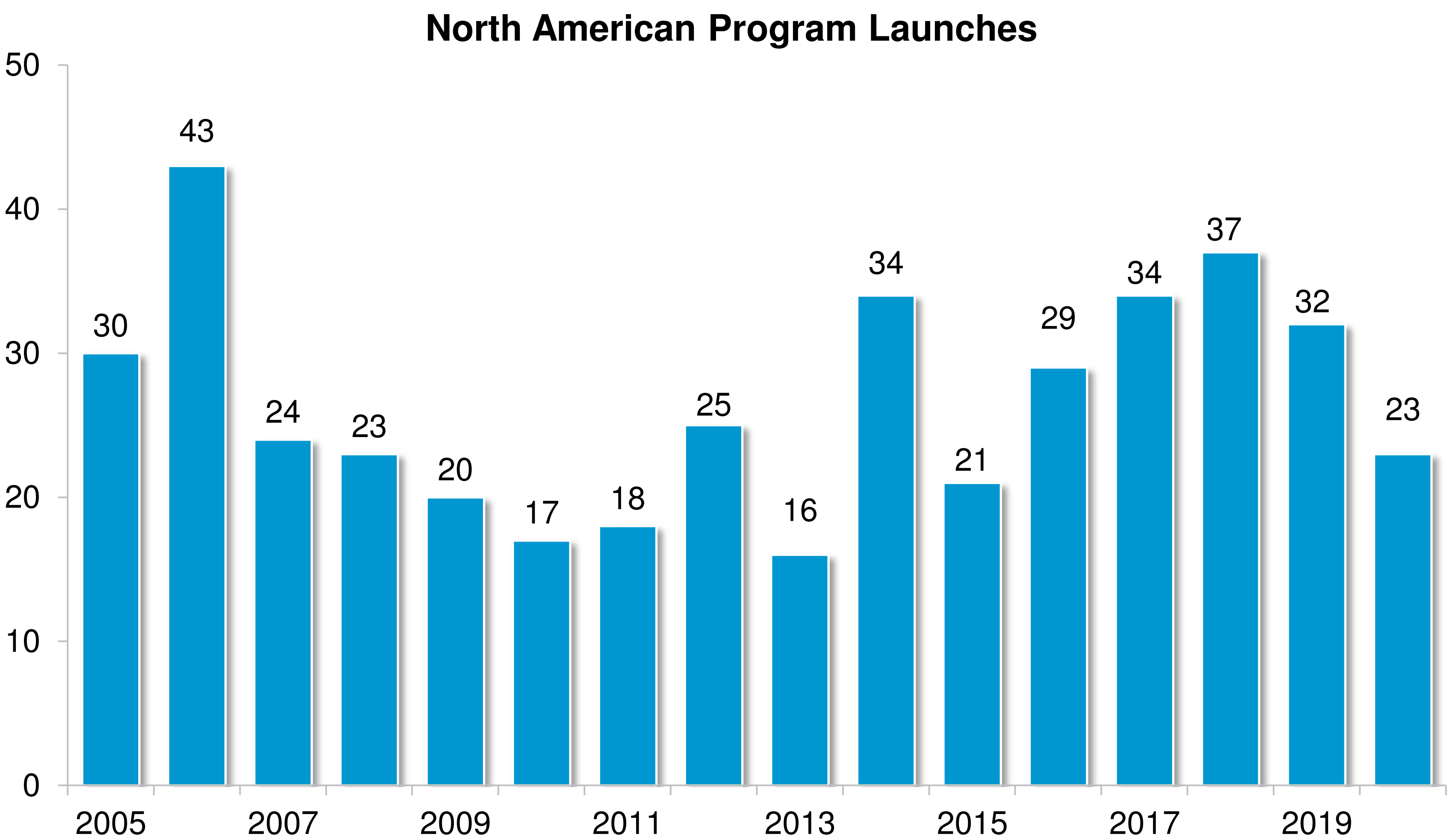




- Healthy production growth rate as recovery progresses
- Ford – Down time for F-150 and 2015 programs and less exports (MEX)
- Chrysler – Fiat-based product ramps-up
- Nissan – Migration of CUV production; Mexico expansion
- Honda and Mazda start new operations in Mexico!

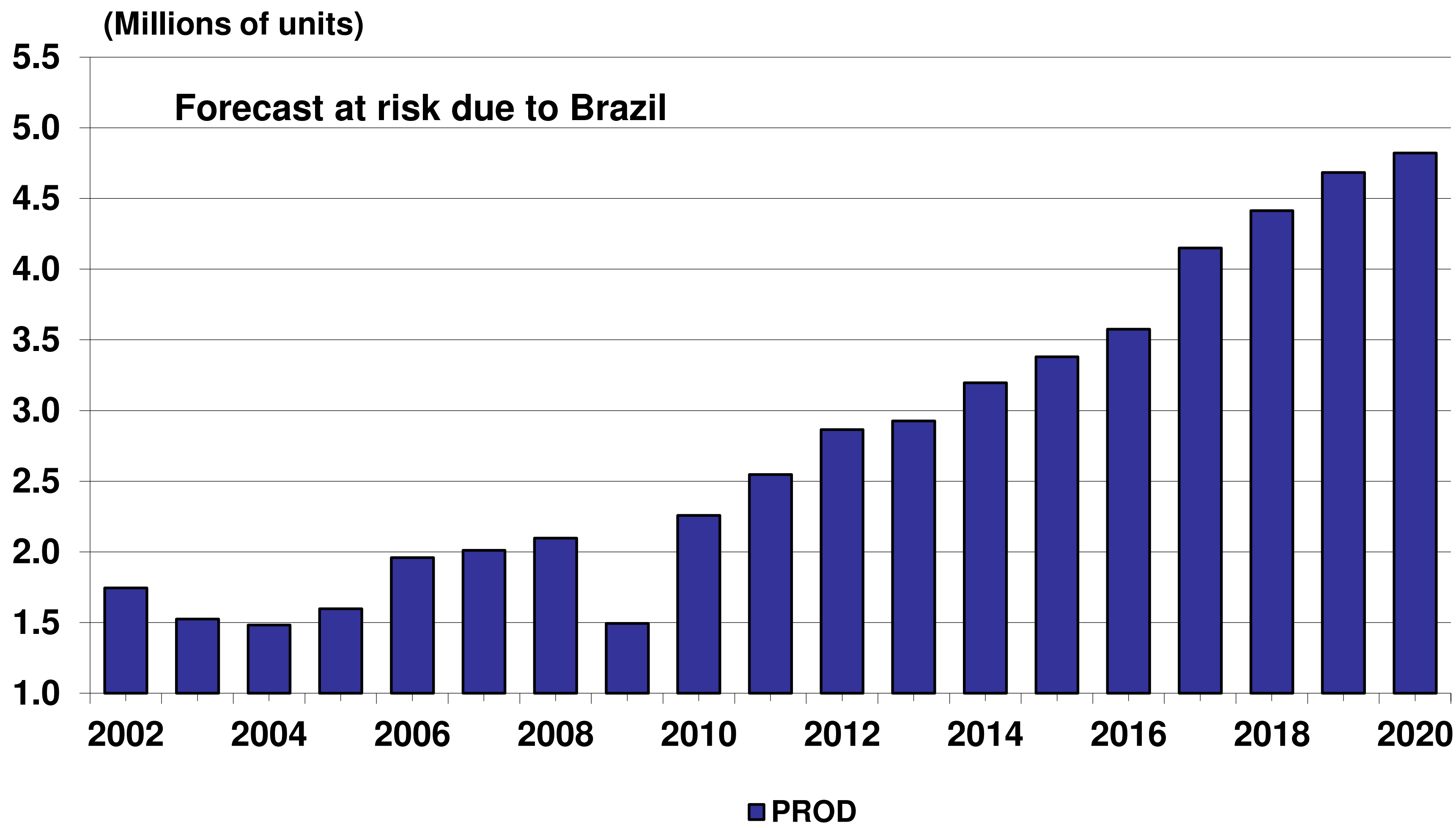
Source: IHS Automotive Light Vehicle Production Forecast

Market Dynamics
Launch Activity Surges, Investment & Competition Too



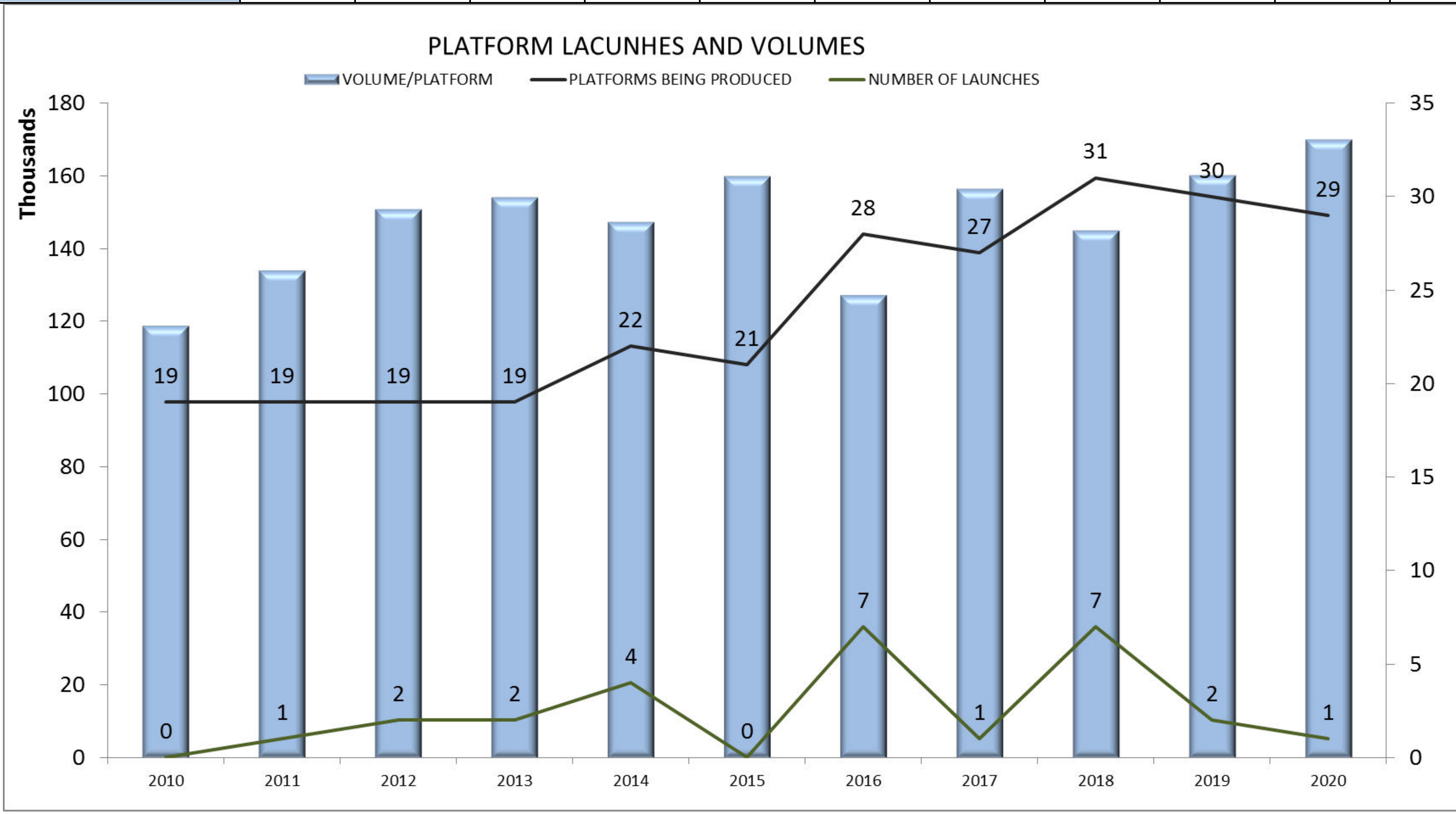
Source: IHS Automotive Light Vehicle Production Forecast

Mexico Light Vehicle Production
More growth to come



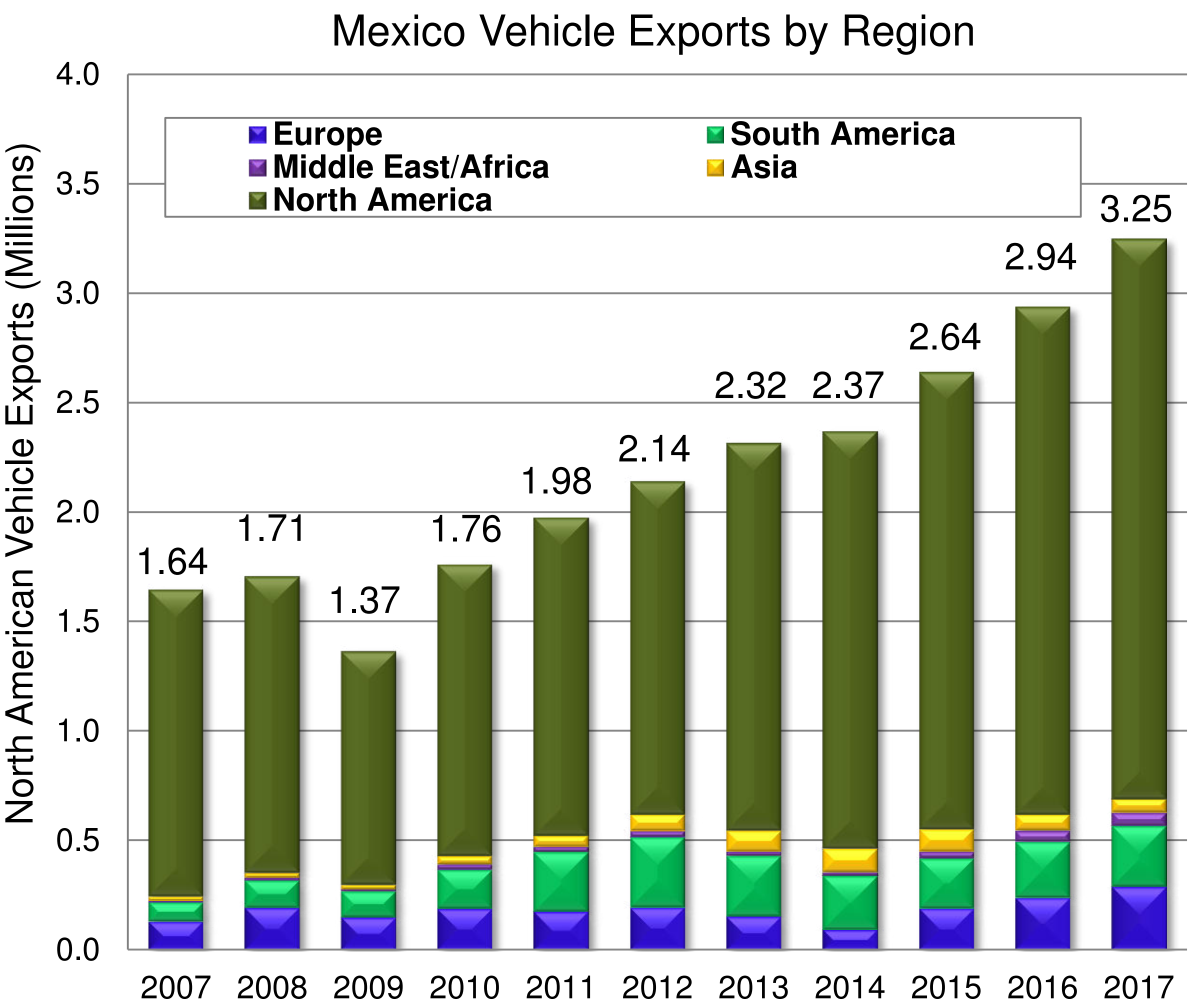
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL VOLUME	2,258,727	2,547,270	2,865,872	2,926,860	3,243,398	3,360,884	3,562,545	4,225,453	4,492,197	4,802,667	4,930,505
PLATFORMS BEING PRODUCED	19	19	19	19	22	21	28	27	31	30	29
NUMBER OF LAUNCHES	0	1	2	2	4	0	7	1	7	2	1

VOLUME/PLATFORM	118,880	134,067	150,835	154,045	147,427	160,042	127,234	156,498	144,910	160,089	170,017



North America Light Vehicle Production

Exports bolster prospects



Source: *IHS Automotive Light Vehicle Forecast*

- Greater use of global platforms allows for more "export ready" product
- 40+ Free trade agreements drive Mexican output
- Expansion of luxury segment capability across the region into Mexico
- SA exports hurt by Brazil and Argentina
- Sourcing patterns favor NA expansion as a safe haven; with currency hedge & export prospects

Global Top 10 Production Countries

	2010	2014	2015	2020
1	China	China	China	China
2	Japan	United States	United States	United States
3	United States	Japan	Japan	Japan
4	Germany	Germany	Germany	India
5	South Korea	South Korea	India	Germany
6	India	India	South Korea	**Mexico** ▲
7	Brazil	**Mexico** ▲	**Mexico**	**Brazil**
8	Spain	Brazil	Brazil	**South Korea**
9	**Mexico** ▲	Thailand	Spain	Thailand
10	France	Canada	Thailand	Spain

- Mexico is definitely on the industry's radar
- Will continue to ascend among Top 10 in the 2015-2020 time period
- Could build more than Brazil!

Key Takeaways

- Global growth is driven by TRIAD as opposed to emerging nations in 2014
- US has another solid year, we are now back to business as usual
- July/August Mexico sales could herald potential of the market
- Used car imports should hold momentum
- SUVs will diversify, here comes the wave of B-SUVs
- Luxury Segment is key
- NAFTA production sees more investment, particularly due to localization
- Mexican production is at 3 million unit mark quickly ascending to 5 million units!
- Continues to rely heavily on the US

Thank you! Muchas Gracias! Muito Obrigado!

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