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Industry Update
March 2013

pwc

Global – Assembly Outlook

Industry forging ahead despite regional disparity

106m

*Forecasted
light vehicle
production for
2019*

4.4%

*CAGR for global
light vehicle
assembly from
2012 - 2019*

88%

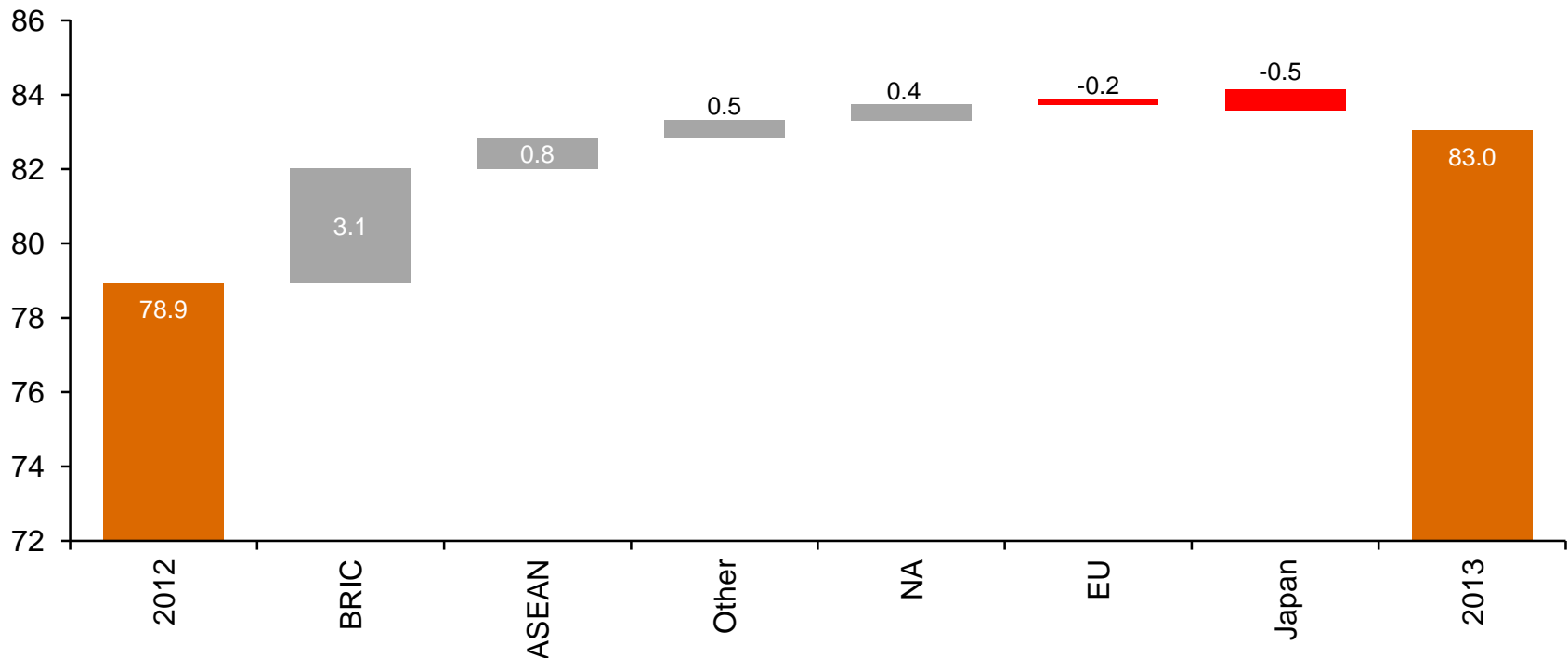
*Emerging market
contribution to
growth from
2012 - 2019*

Global – Forecast Drivers

Emerging markets making a splash

Forecasted assembly growth in 2013 is expected to come primarily from BRIC and ASEAN markets as developed markets stabilise. The fast-paced growth of 2012 slows down in North America with only a modest increase in production, while Japan will suffer from continued assembly localisation.

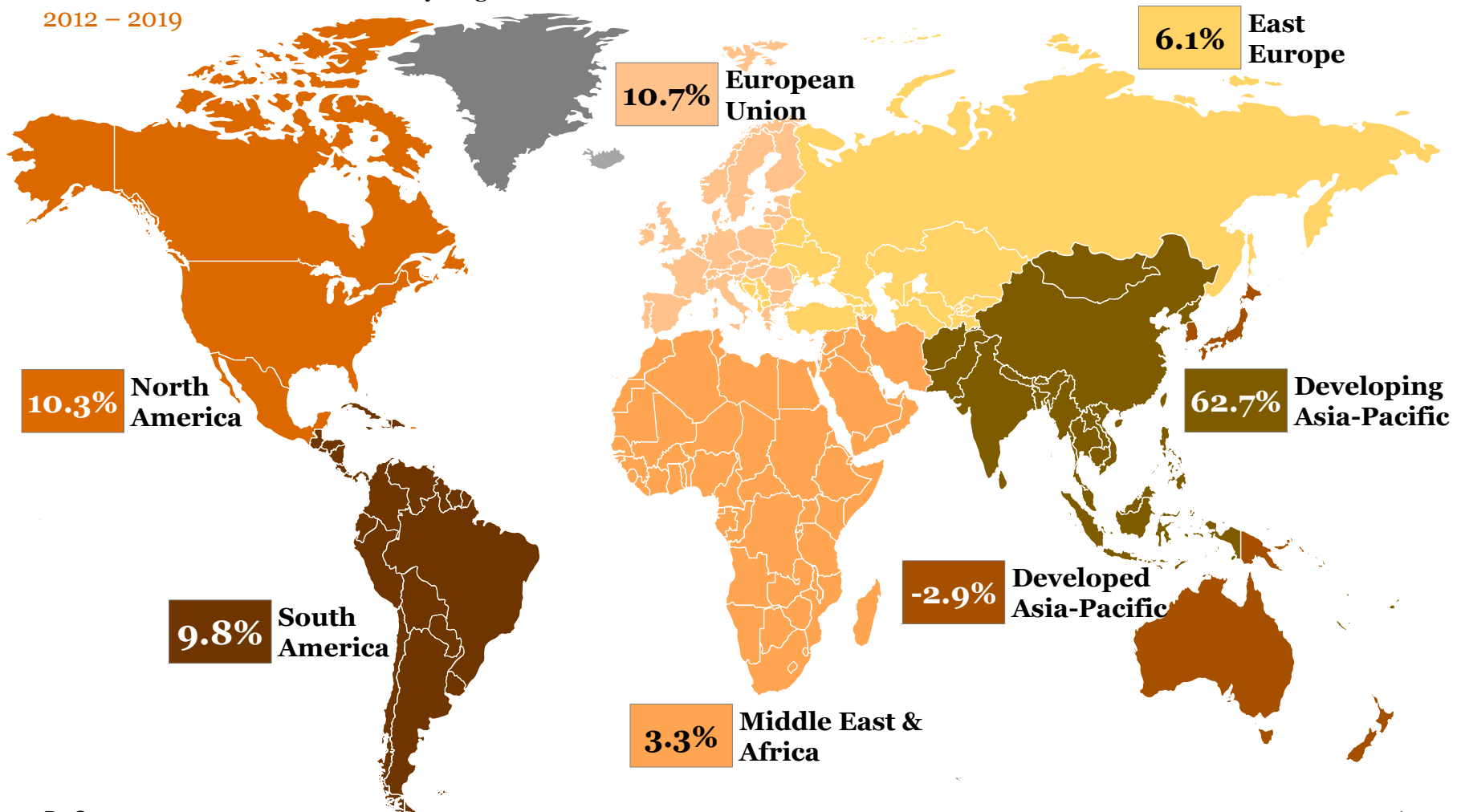
Global: Light Vehicle Assembly Outlook
2012 – 2013 (millions)



Global – Assembly Outlook

China & India driving growth, but others chipping in too

Global: Contribution to Growth by Region
2012 – 2019

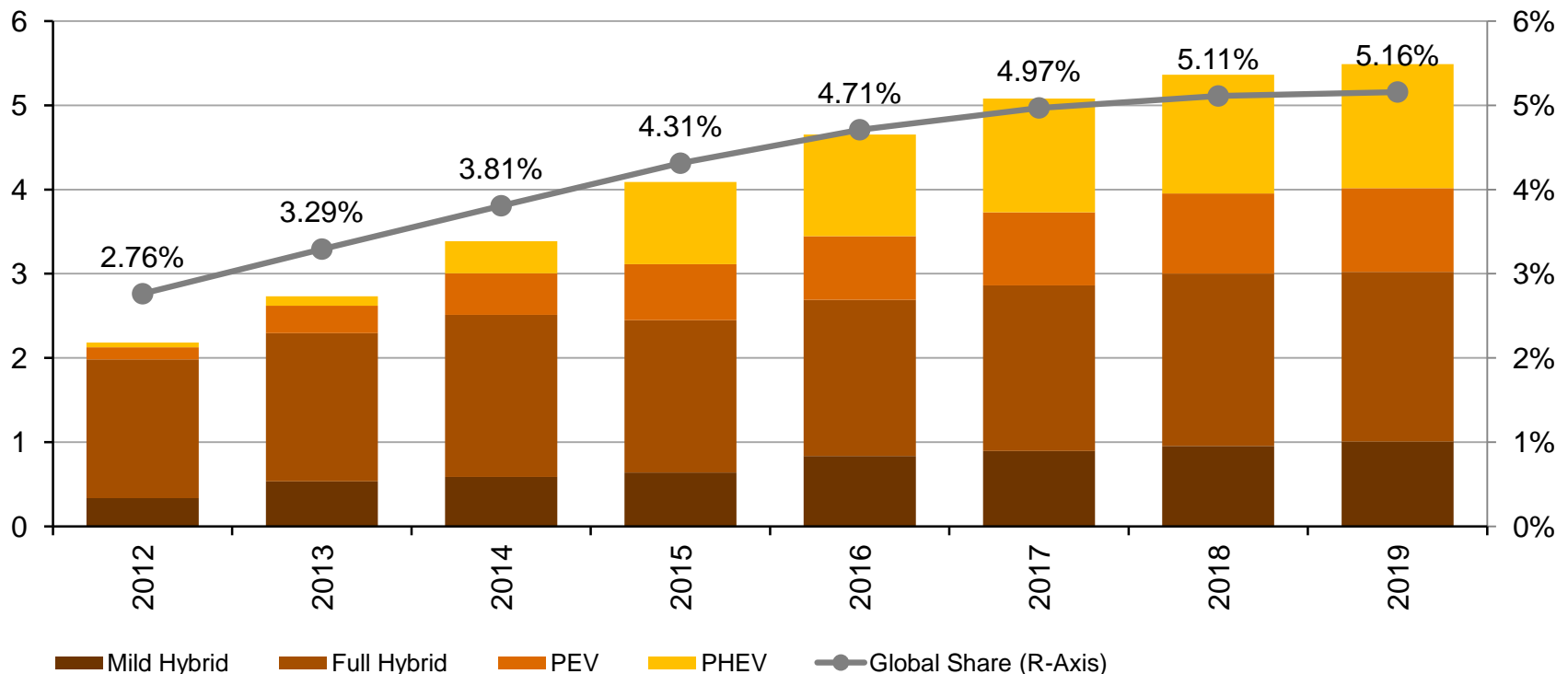


Global – Powertrain

Alternative fuels to see incremental growth

Traditional combustion engines are expected to maintain a lion's share globally, with increasing implementation of various hybrid applications. True volume success of both PHEVs and PEVs remains outside of the current forecast window, primarily due to cost and infrastructure constraints.

Global: Hybrid & EV Assembly Outlook
2012 - 2019 (percent share)



North America – Regional Megatrends

Bucking the trend

While disappointing economic growth is a global phenomenon and most developed regions are experiencing tepid sales gains to go with it, the US market witnessed a resurgence in 2012 and is on track to reach even higher sales levels in 2013.

Sales Demand

Auto Finance

Economic Malaise

Assembly Localization

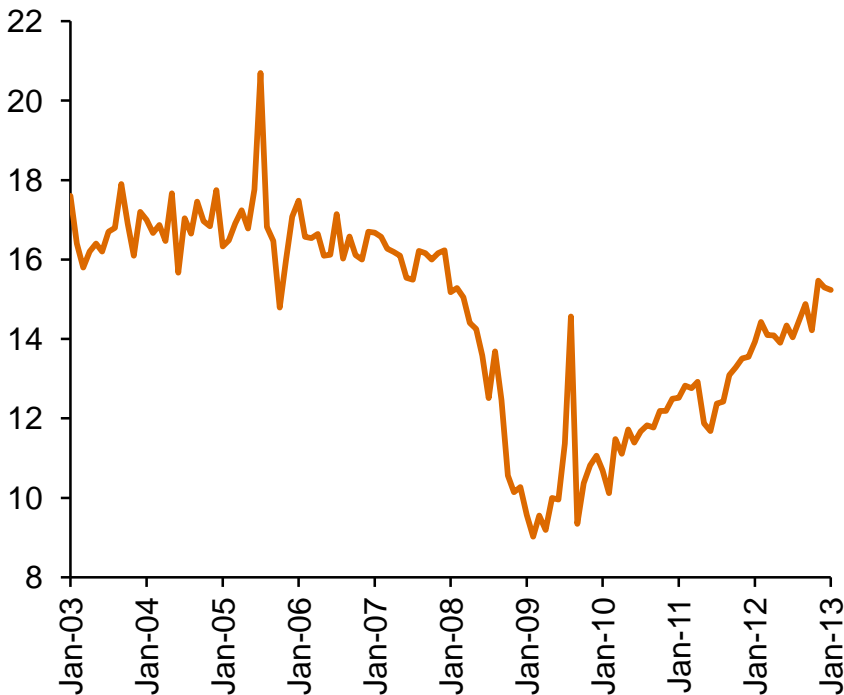
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US – Sales

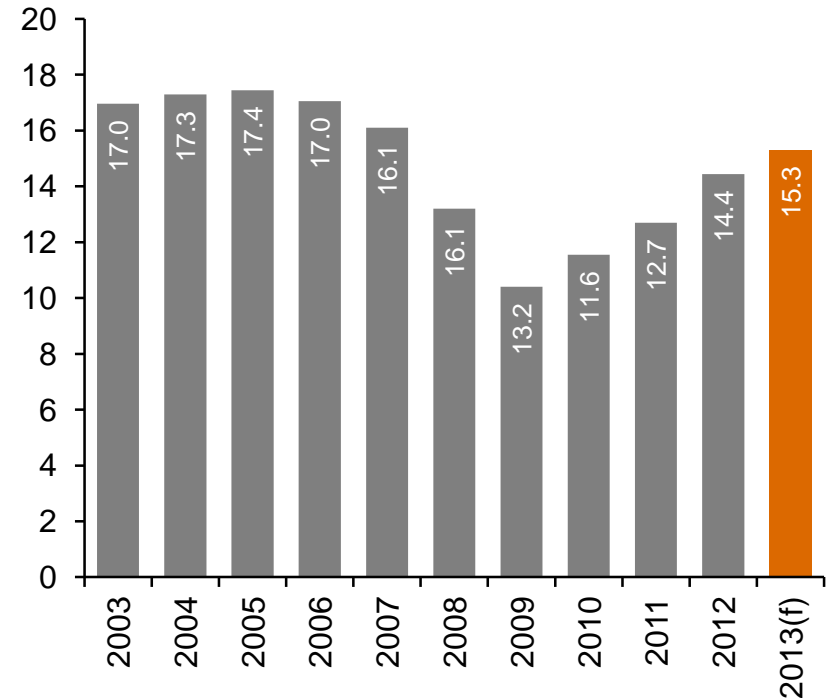
The methodical recovery materialises

US light vehicle sales once remained fixed atop a 17 – 17.5 million unit plateau through the use of various industry stimulants. However, an end to the “push” model is delivering a methodical recovery more properly aligned with changes in metrics that drive real economic and industry health.

US: LV Sales Seasonally Adjusted Annual Rate
January 2003 – January 2013 (millions)



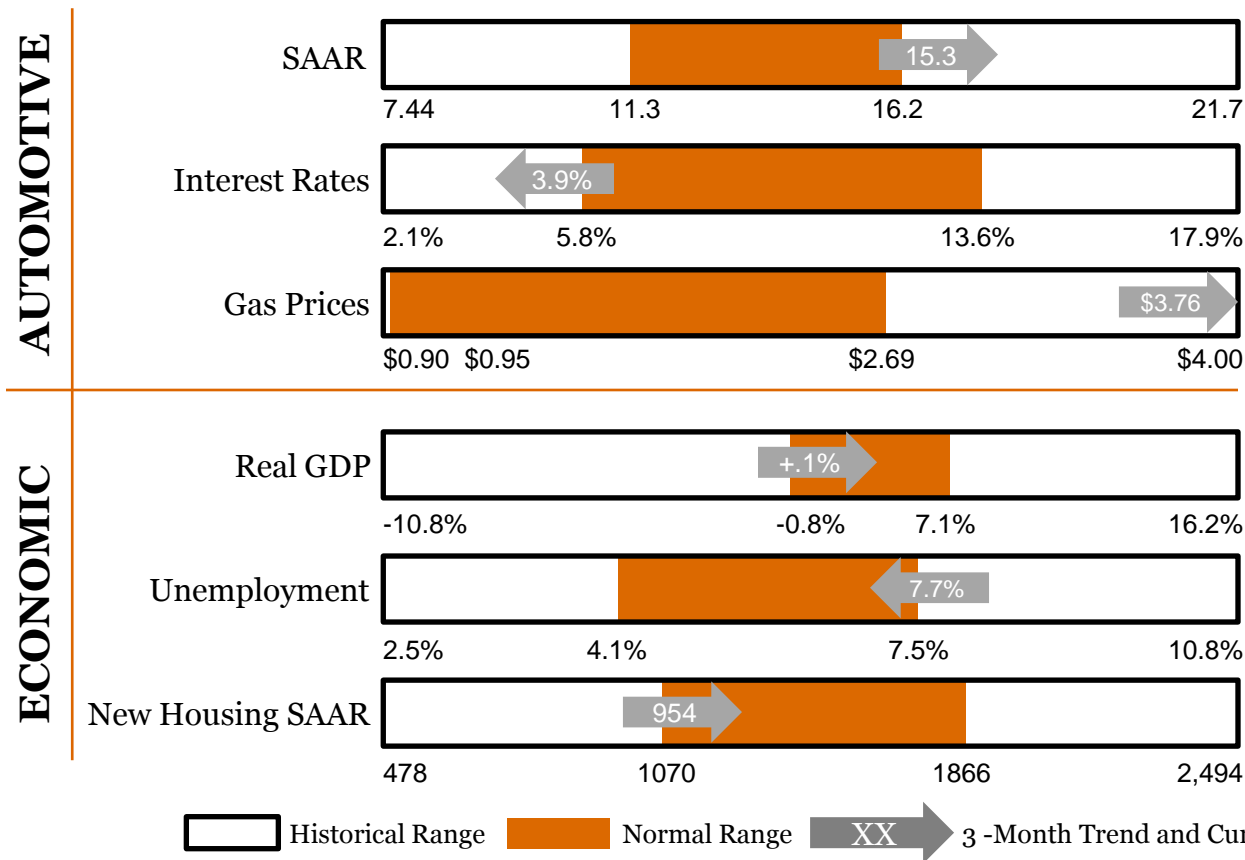
US: SAAR + Annual LV Baseline Sales Forecast
2003 – 2013(f) (millions)



US – Automotive Dashboard

All the data that's fit to watch

Even as the US auto market continues to recover many of the variables that drive sales and assembly remain outside their long-term norms. Absent a return to more steady footing any gains will remain perilous as any minor shift could push us back towards a recession.



- US Auto SAAR continues to rise as consumers are taking advantage of low-interest rates to replace their vehicles that are now at historic highs for age.
- Gas prices remain near their nominal high, although not their relative high. Gas prices can easily determine product mix for sales as truck sales are highly correlated with gas prices.
- The economy took a statistical hit in Q4 when GDP unexpectedly contracted by -0.1%. However this contraction was primarily driven by a reduction in government spending and didn't hurt the fundamentals driving auto sales.

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