Trends in European Light Vehicle Production
+18% Growth, of the global automotive production during the next five years
Global Light Vehicle Forecast

Global Light Vehicle Production Forecast

- Production +18%
- +15M

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Global Light Vehicle Forecast

Global Light Vehicle Production Forecast by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>Restructuring delayed by scrappage programs, political wranglings and labour rigidities</td>
</tr>
<tr>
<td>North America</td>
<td>Traditional OEMs work their ways East- or Off-Shore, closer to final markets</td>
</tr>
<tr>
<td>Japan/Korea</td>
<td>North America, boosted by export, industry restructured, increased global integration</td>
</tr>
<tr>
<td>Japan</td>
<td>North: continues to focus on luxury efforts. Korea: exports balanced against regional expansion</td>
</tr>
<tr>
<td>Greater China</td>
<td>China: Majority of efforts are intrinsically focused – exports will emerge later</td>
</tr>
</tbody>
</table>
50% of light vehicle production growth from 2014 until 2020 is coming from China.
NEW TRENDS IN THE OLD WORLD

New trends are decelerating new car sales growth dynamics in mature markets.

| Urbanization, traffic jams and nox emissions | Household budget spending shift to lifestyle, technology and fashion | The average age of a new car buyer is gradually increasing, with decreasing birth rates | New traffic and mobility concepts threaten the new car sales market |
Europe is quietly transforming from an import to an export market.

Restructuring delayed by scrappage programs, political wrangling and labor rigidities

New OEMs have ‘skipped’ to C/E EU investment

Traditional OEMs working their way east or off-shore, closer to final markets

Sales peak in 2007 is “history”
Trends in European Light Vehicle Production

Europe – Mainstream vs. Premium Brands

2014 Production In Europe

- 71% Share of Export (27%)
- 29%

Growth Production 2014-2020

- 10.8%
- 12.6%

2014 Sales In Europe

- 80% Share of Import (11%)
- 20%

Growth Sales 2014-2020

- 13.3%
- 7.2%
Trends in European Light Vehicle Production

German Premium Brands invest in Export markets
Trends in European Light Vehicle Production

European Premium Brands invest in Export markets
Trends in European Light Vehicle Production


Since the peak in 2007 until 2015, Europe* has neither increased nor reduced its capacities,

+/-0.0%

West Europe
-12%*

Central Europe
+31%*

East Europe
+33%*

*Capacity change from 2007 to 2015
From 2015 until 2020, IHS expects an increase of capacities in Europe by:

**+7.8%**

(2,015,000 units)

Europe will only account for **12%** of the additional global capacity growth.

*Capacity change from 2015 to 2020*
Trends in European Light Vehicle Production

European OEMs plant capacity balance 2015-2020
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Global plant capacity balance in Europe 2015-2020

+1,570,000

-47,000

+202,000

+290,000
Trends in European Light Vehicle Production

European* Sales by Segment

*without Russia, Ukraine, Belarus, Kazakhstan and Uzbekistan

Growth of modular B+C-Segment platforms: from 11% to 50% of total production.
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European* Sales by Segment, import ratio

*without Russia, Ukraine, Belarus, Kazakhstan and Uzbekistan
Trends in European Light Vehicle Production

European B-SUV growth

- Audi Q1 (2016)
- Nissan Juke
- Peugeot 2008
- Seat Ibiza SUV (2017)
- Renault Captur
- VW Polo SUV (2017)
- Opel Mokka
- Jeep Renegade
- Fiat 500X
- Mini Countryman
- Suzuki Vitara
- Toyota B-SUV (2016)
Region by Region Market Outlook

Quiz: Eurovehicle Car Contest (Top 10 in 2020)

1. Germany: Product offensive and exports offset future overseas localizations

2. Spain: Several investments support strong recovery: Ford, Opel, Renault, Nissan, PSA

3. Russia: Strong domestic demand combined with a protectionist industrial framework lift production

4. France: Conscious move out despite Nissan support

5. UK: Expansion of JLR and Japanese transplants

6. Turkey: concentration on light commercial vehicles, hub for Europe and Middle-East /Africa

7. Czech Republic: benefits not only from Skoda growth but from Hyundai Motor group involvement

8. Poland: increased localization by FCA, GM and Volkswagen, latter in the commercial vehicle segment

9. Slovakia: VW Group, PSA and Hyundai with a very balances production presence

10. Italy: A bet on exports (Alfa, Maserati, Jeep)
Region by Region Market Outlook

Summary

Risks and Chances for the European Production region...

**Chances**
- High Export Ratio
- B- and C-Segment growth

**Risks**
- Increasing localization
- Cheaper labour market imports

...will be driven by the increased platform modularization
Region by Region Market Outlook

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