

Light Vehicle Forecasts

## Synopsis of the Automotive Industry with a focus on Latin America

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ihc.com

Mexico City, Mexico

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# Contents

**Economic Outlook**

**Global Automotive Industry Outlook**

**Global Automotive Industry Outlook by  
OEM**

**Latin American Automotive Industry  
Outlook**

**Summary**

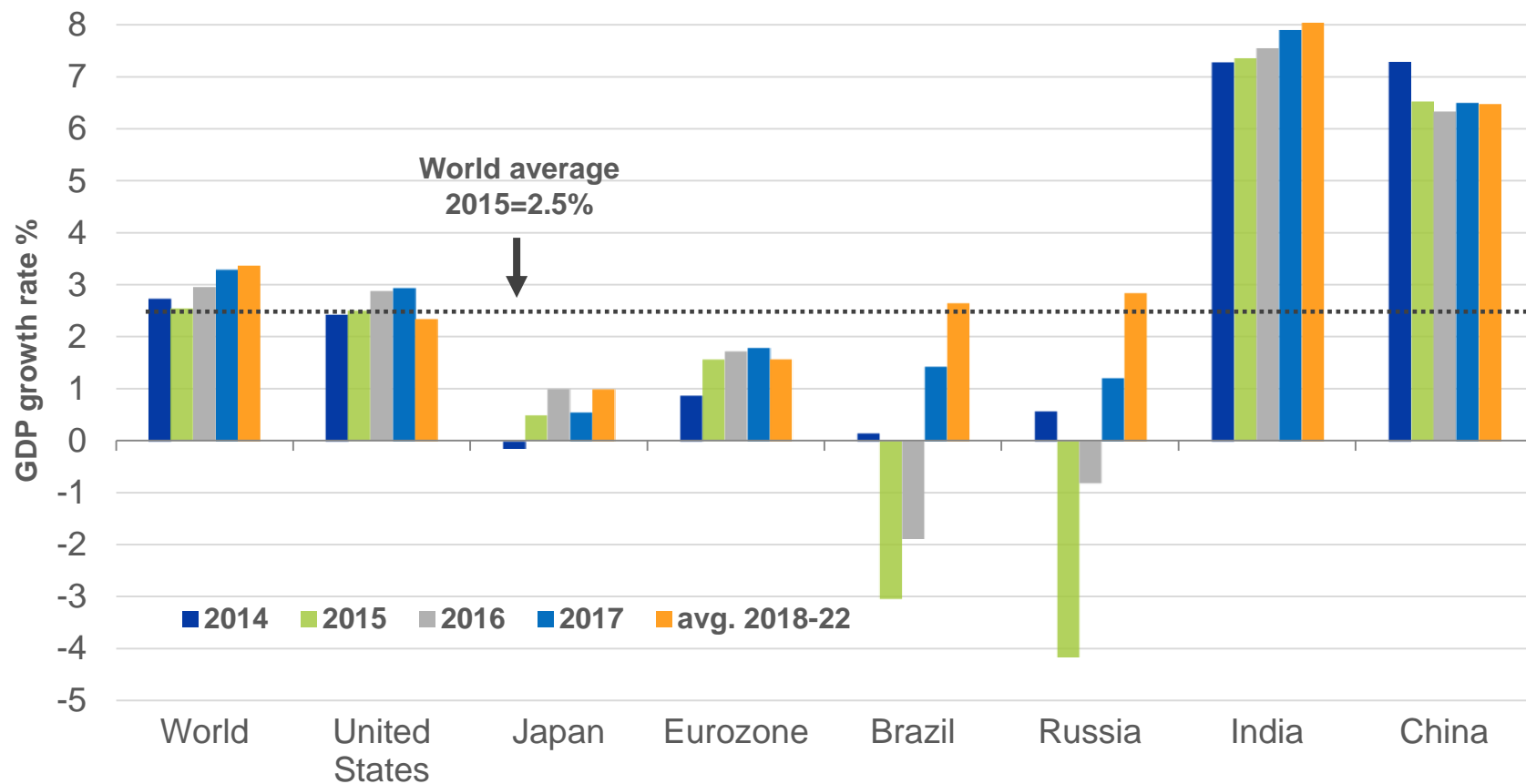
# Economic Indicators

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# Emerging market slowdown having global implications; commodity prices driven lower

## World economic growth rates

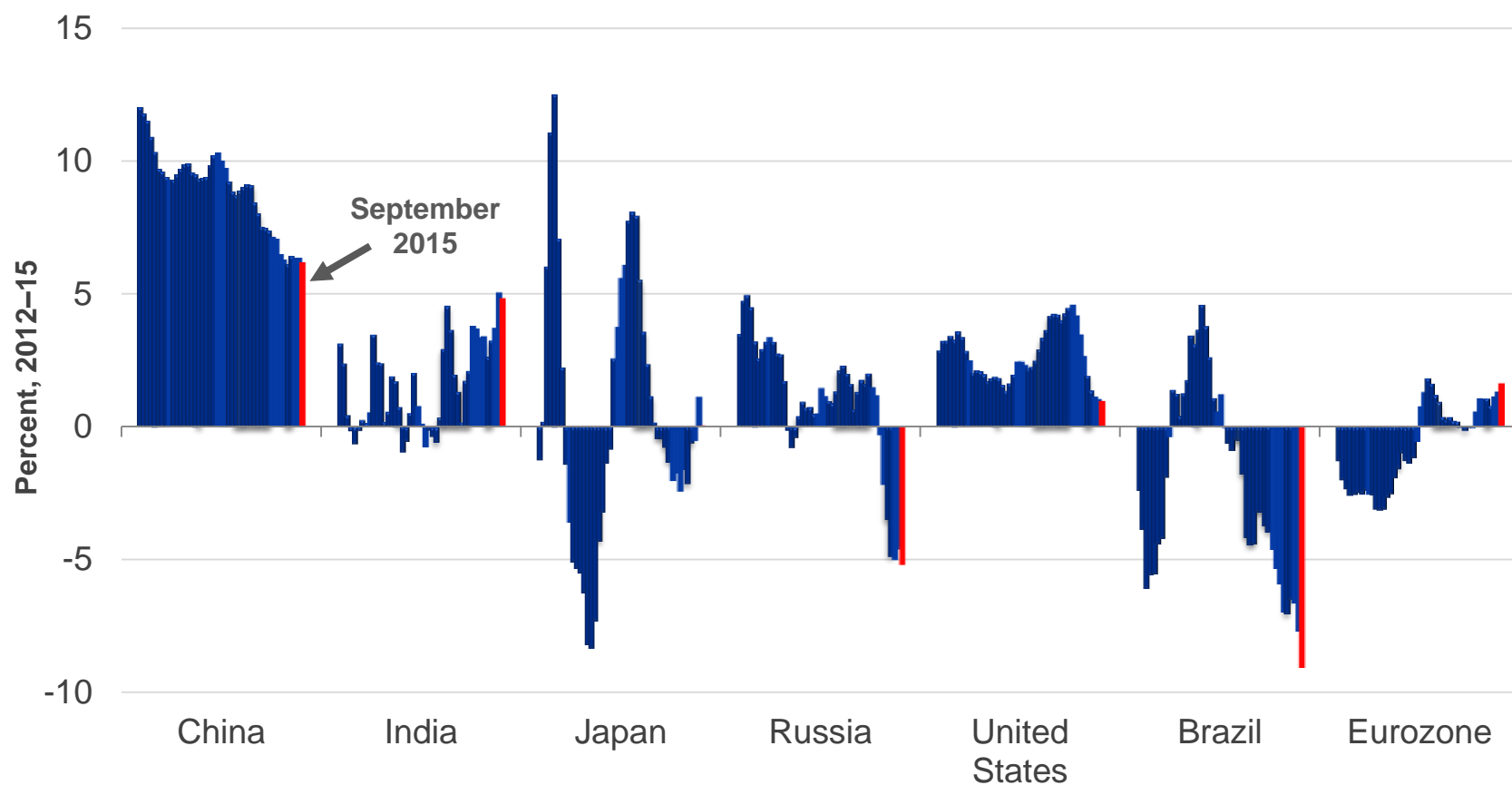


Source: IHS

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# Many markets showing weakening conditions; India/Eurozone improving

## World industrial production

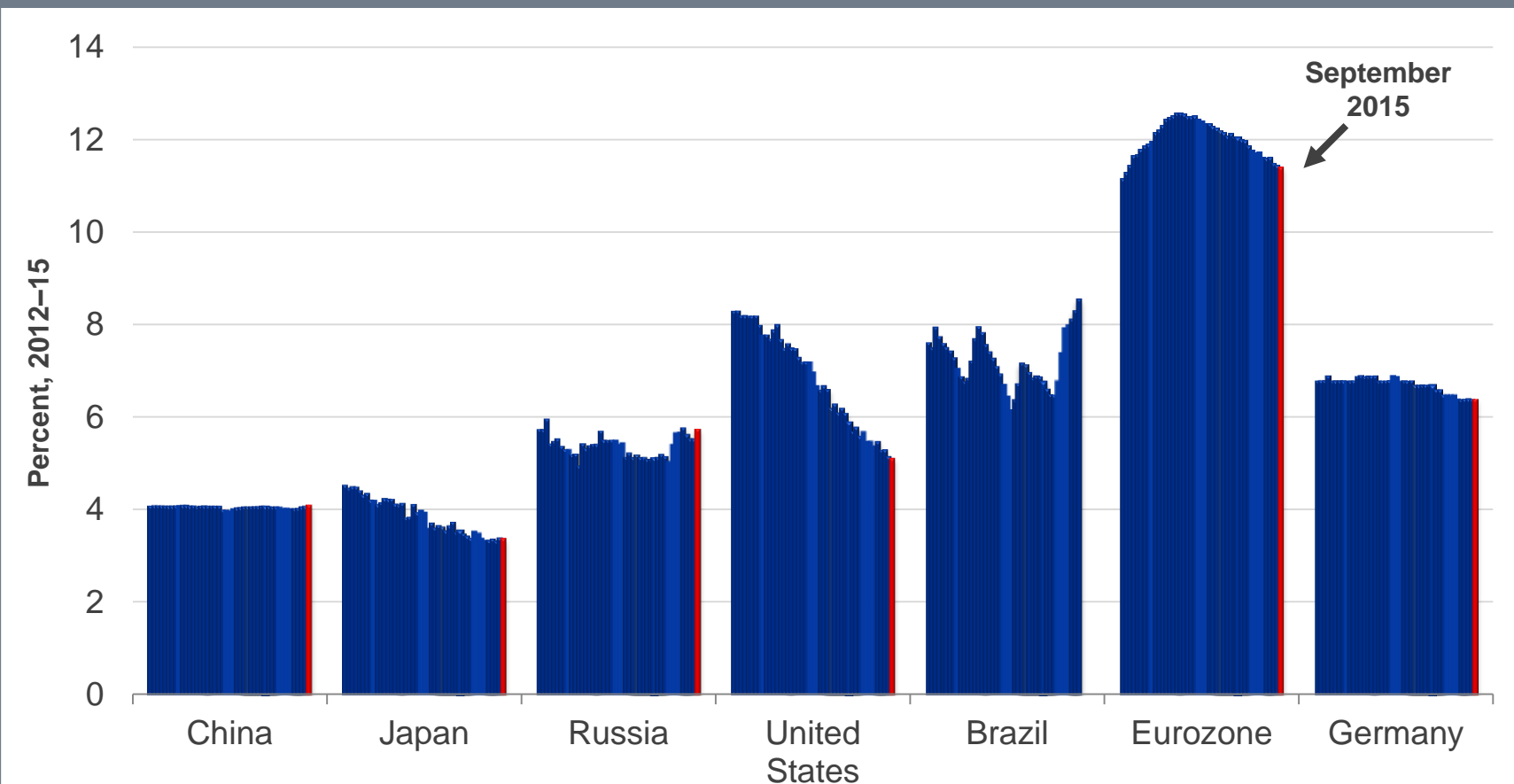


Source: IHS, three-month average, in percent, historical actuals and current estimate

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# Most labor markets tightening; Russia/Brazil feeling impact of recession

## World unemployment rates

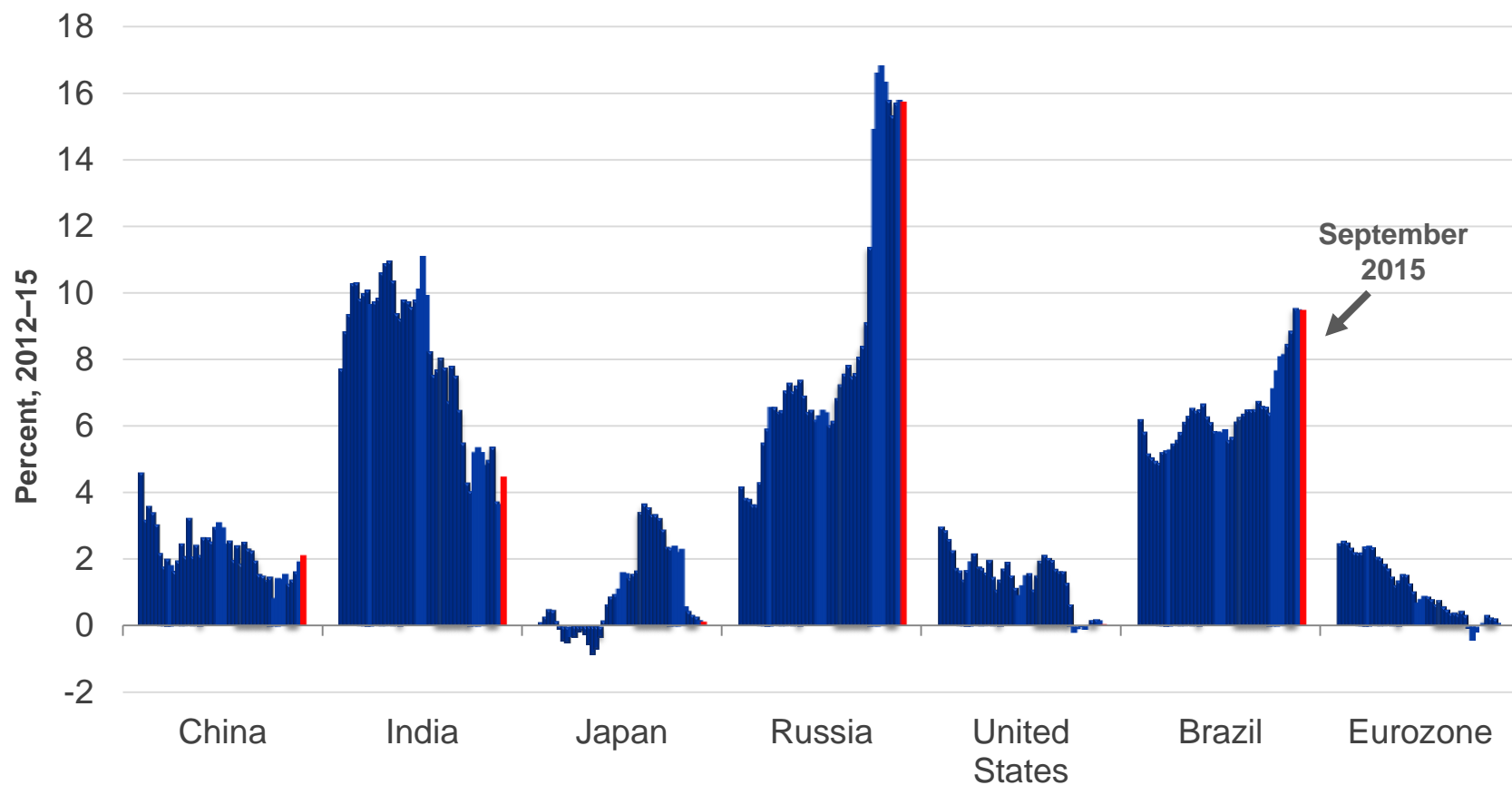


Source: IHS, monthly, in percent, historical actuals and current estimate

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# Low oil and commodity prices keeping inflation muted in mature markets

## World consumer prices

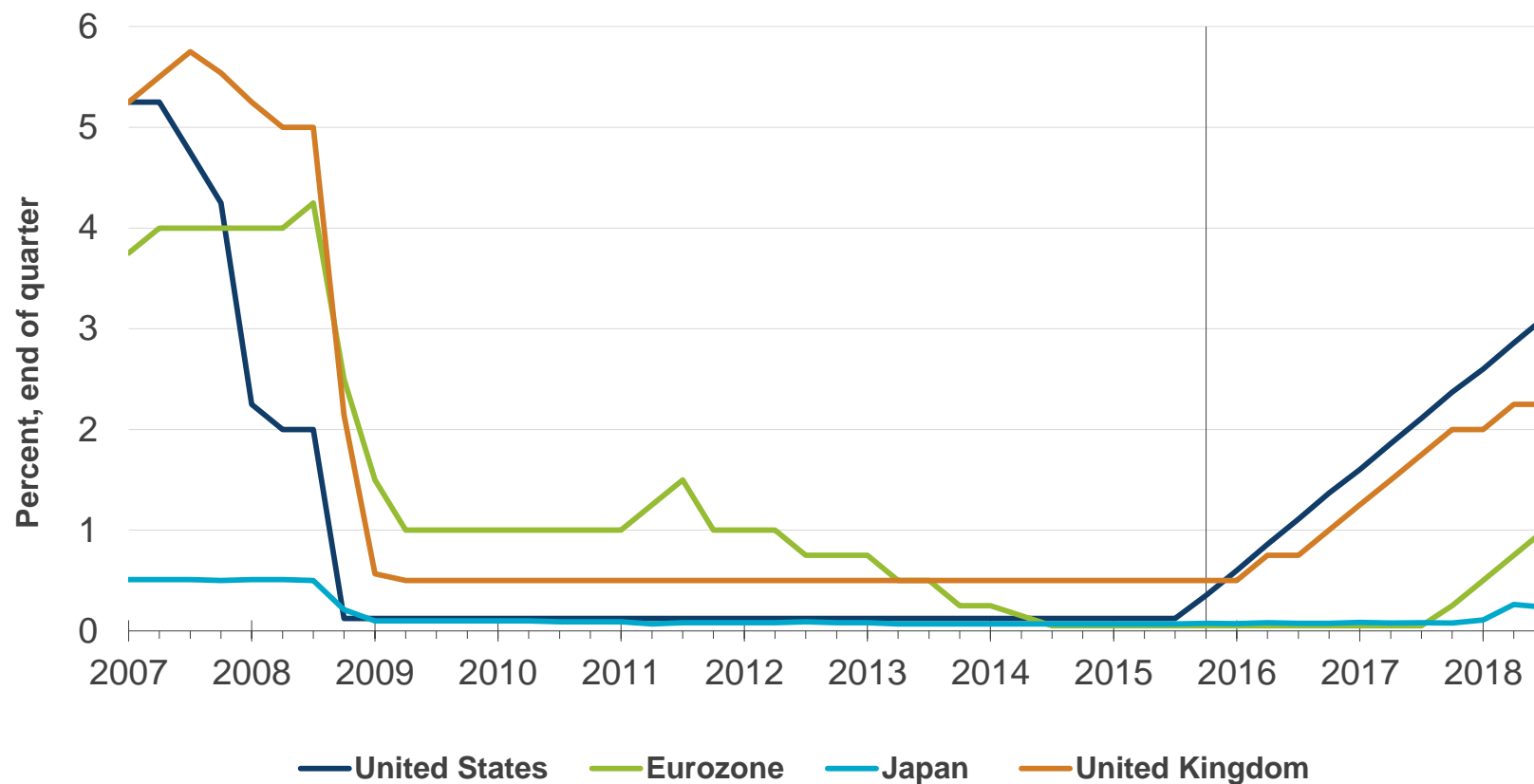


Source: IHS, monthly, in percent, historical actuals and current estimate

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# The US Federal Reserve will lead in raising policy interest rates—December increase is expected

## Policy interest rates



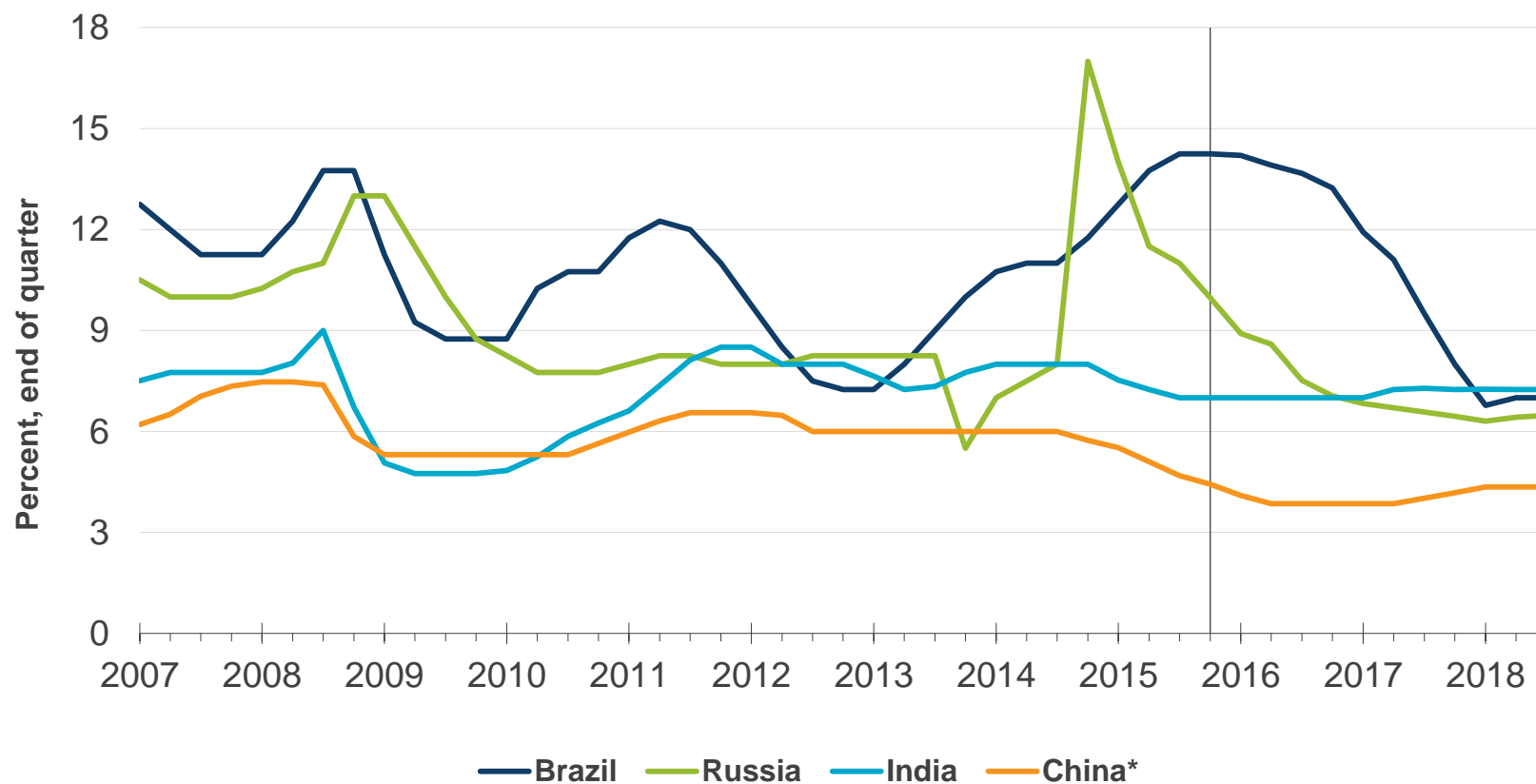
Source: IHS

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# Policy interest rates in key emerging markets respond to inflation and exchange-rate pressures

## Policy interest rates



\* One-year loan rate  
Source: IHS

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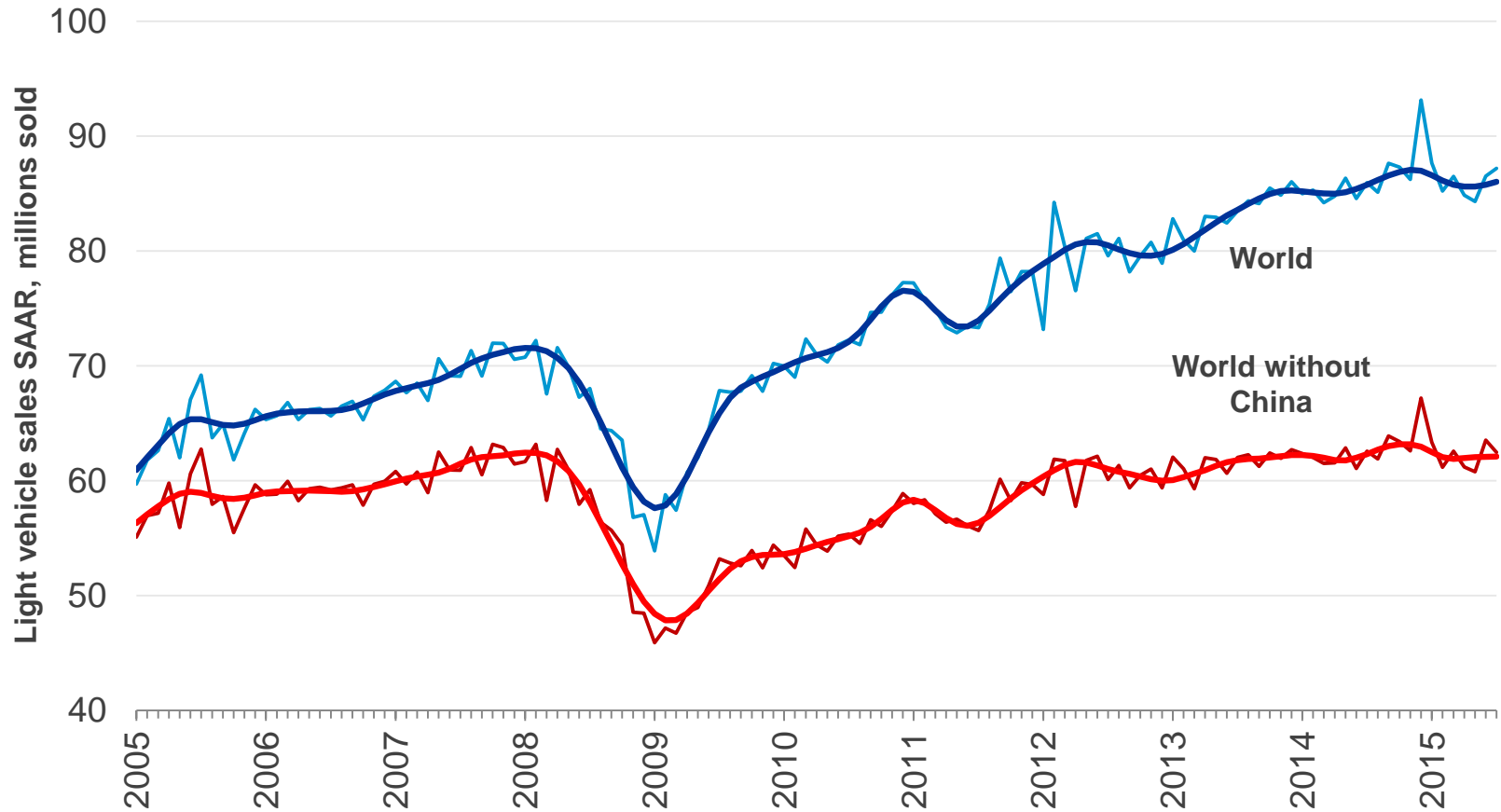
# Global Automotive Industry Outlook

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# Global light vehicle selling rates

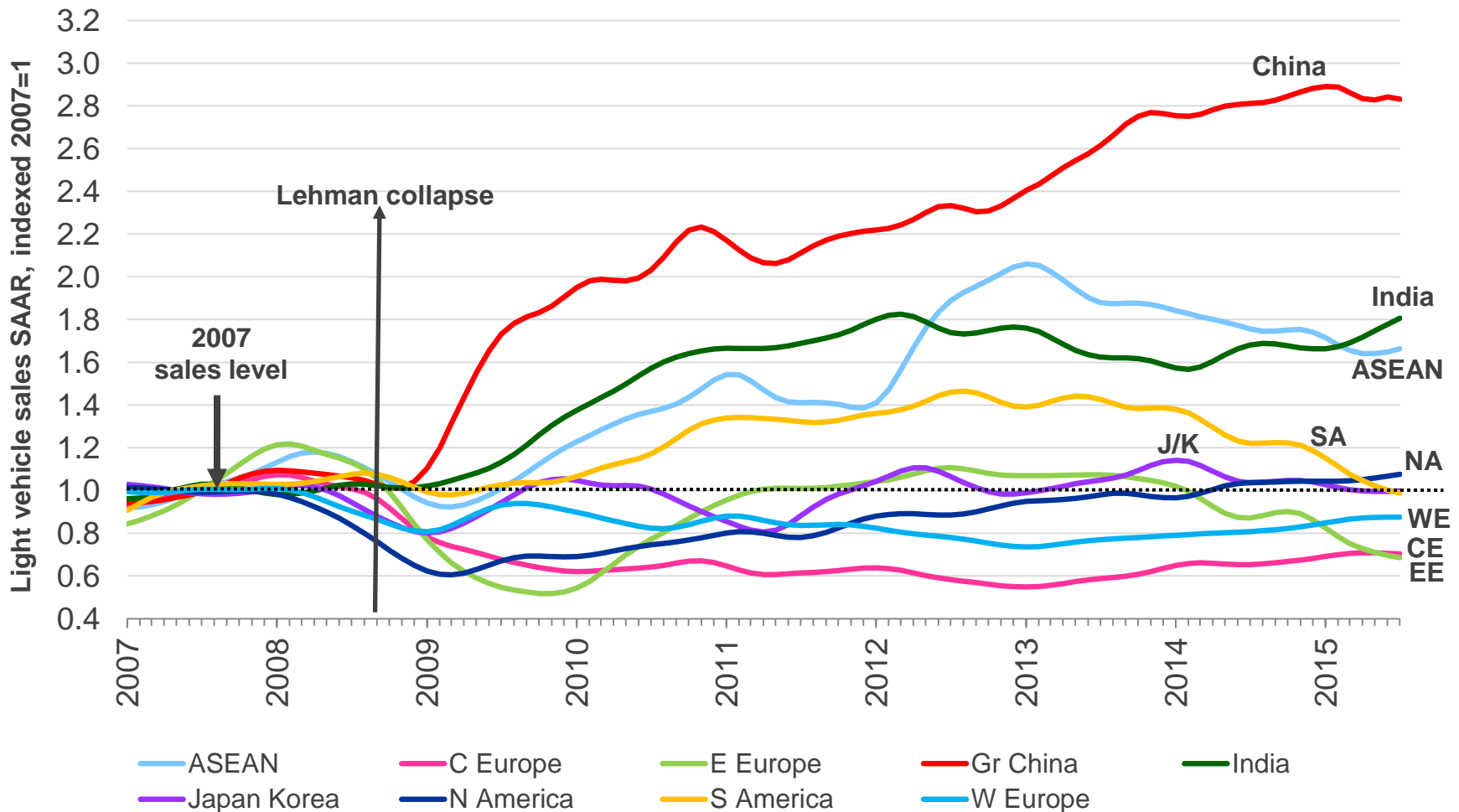
Upward momentum changed about one year ago



Source: IHS Automotive analysis, monthly data with X12 seasonal adjustment

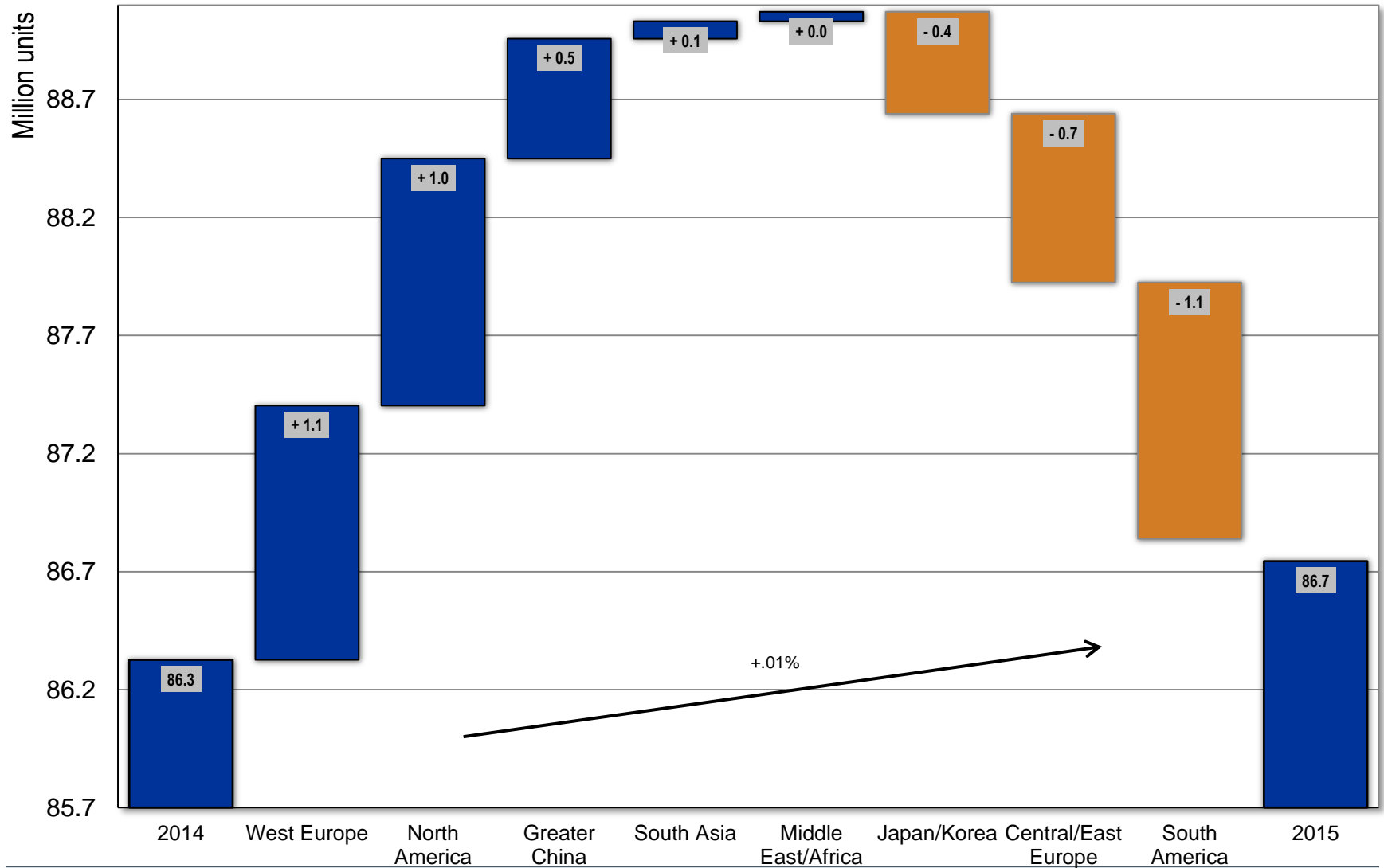
# Regional light vehicle selling rates

## Most emerging markets declining from recent peaks

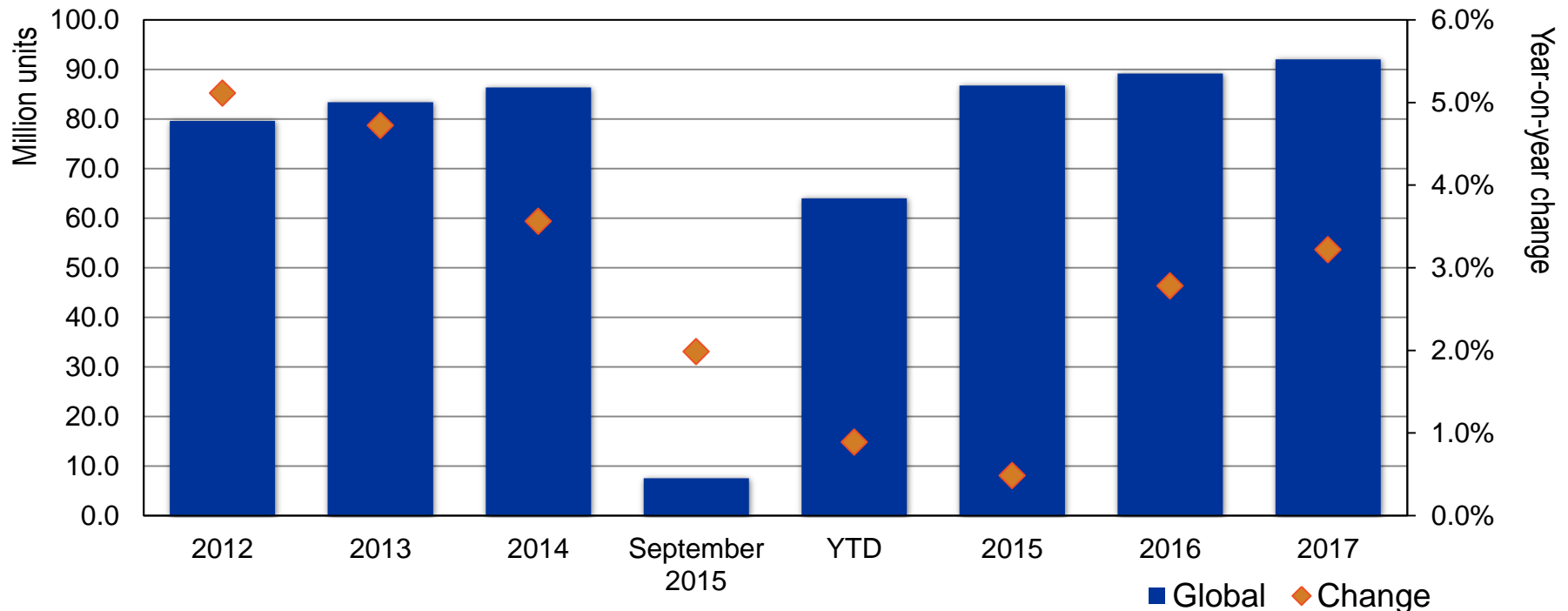


Source: IHS Automotive analysis, monthly data with X12 seasonal adjustment

# Global light vehicle sales outlook 2014–15 sales volume



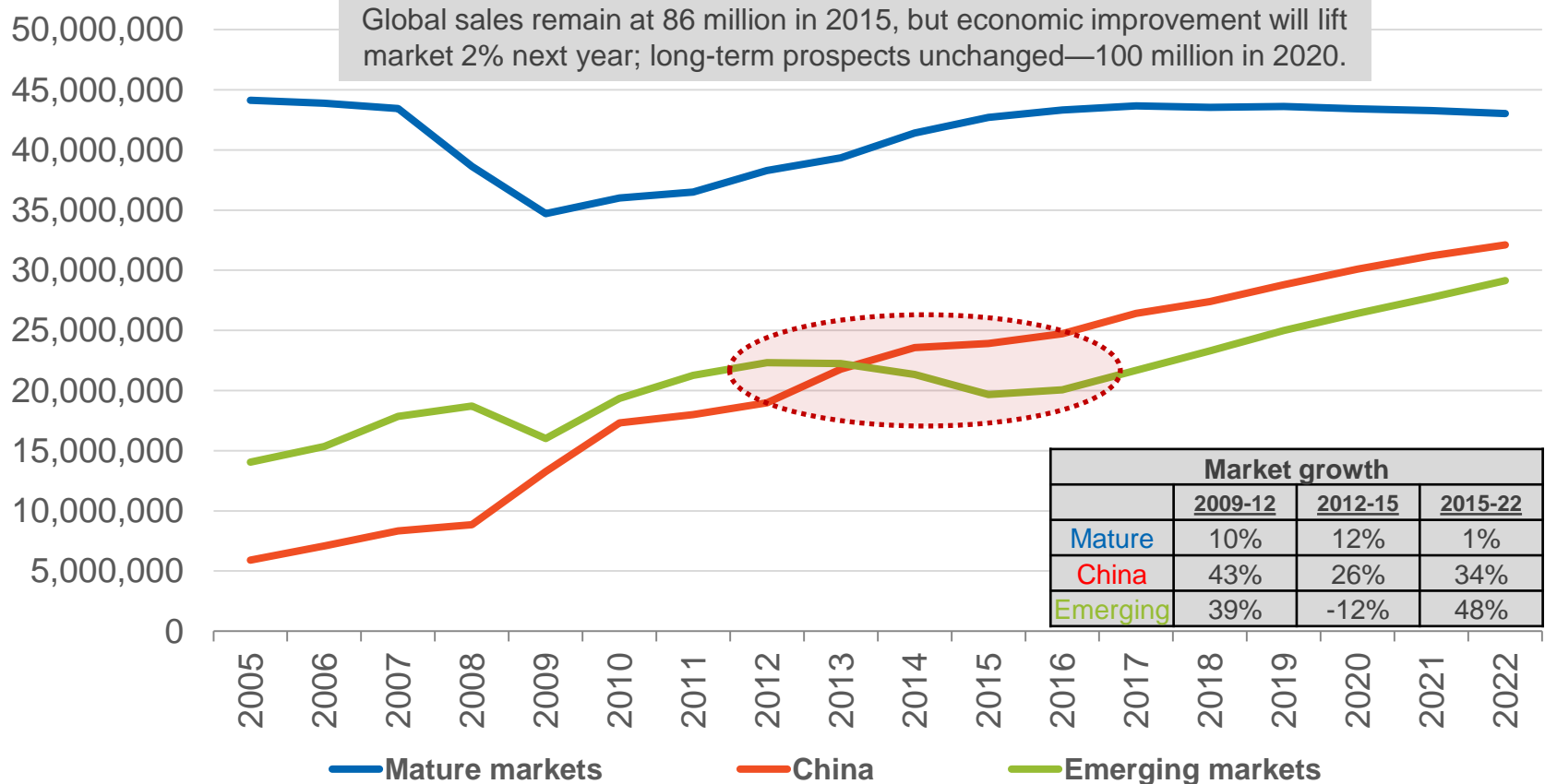
# Global sales



- For September 2015, global demand rose 2.0%, leading year-to-date demand to grow 0.9% to 64.02 million units. The near-term outlook for China is less gloomy than for our previous forecast—a consequence of modest tax cuts for passenger car purchases introduced by the government as a short-term economic stimulus. Our global sales forecast for full-year 2015 is set at 86.74 million units, up by 0.5%, a mild upgrade compared with our previous forecast. This figure represents the lowest rate of growth in six years, with a mixed picture for global demand—mature markets generally remaining in recovery or growth mode, while many emerging markets are struggling to maintain auto sales momentum.
- Until the end of the forecast horizon in 2021, global light vehicle sales are expected to grow at a compound annual growth rate of 2.6% to approach 103 million units.

# Market is flat in 2015, but weakness in emerging markets only temporary, however, recovery will take a while

## World light vehicle sales

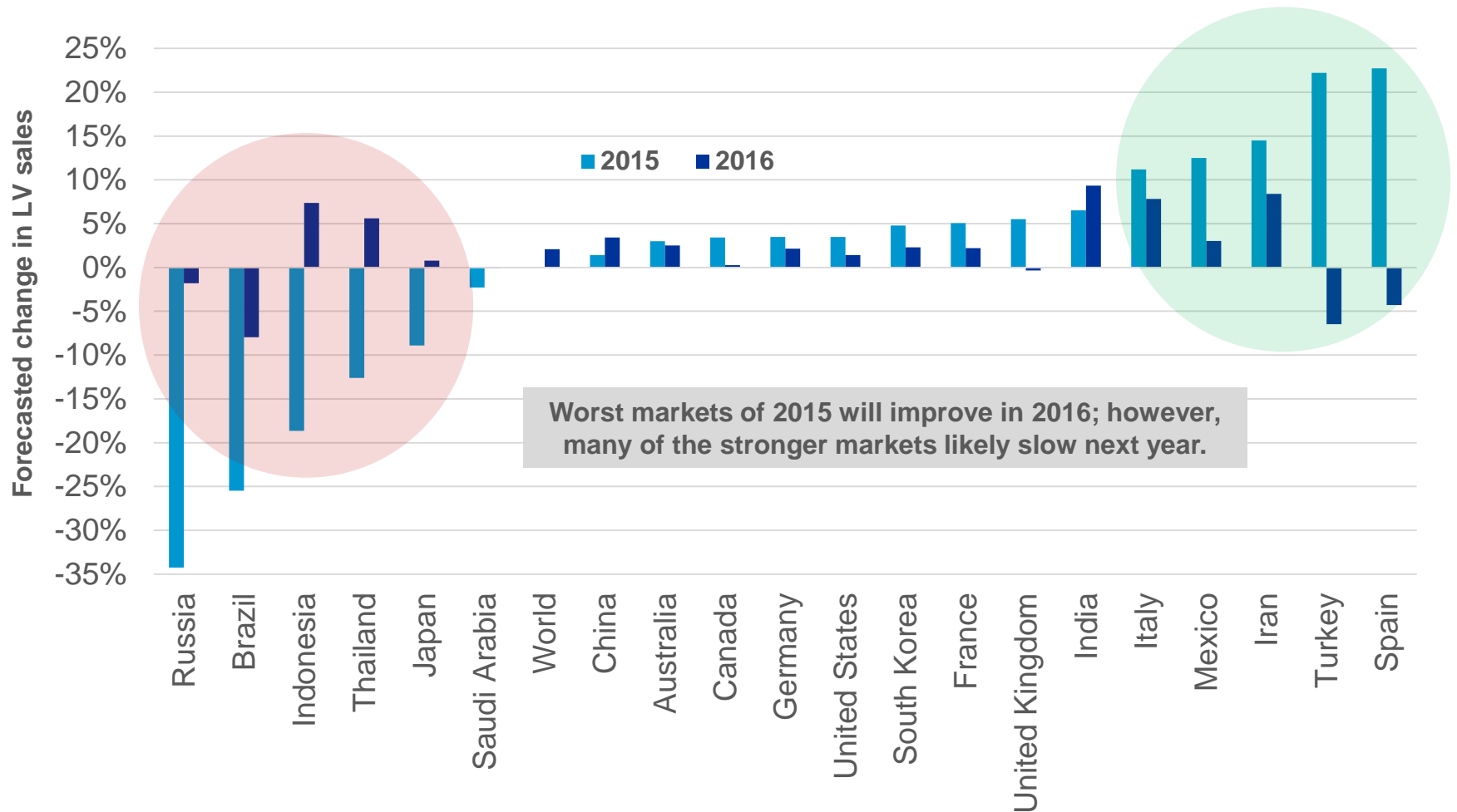


Source: IHS

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# Top-20 light vehicle sales growth

## Emerging markets in decline, mature markets growing



Source: Top-20 sales markets, IHS Automotive 2015 and 2016 light vehicle sales forecasts



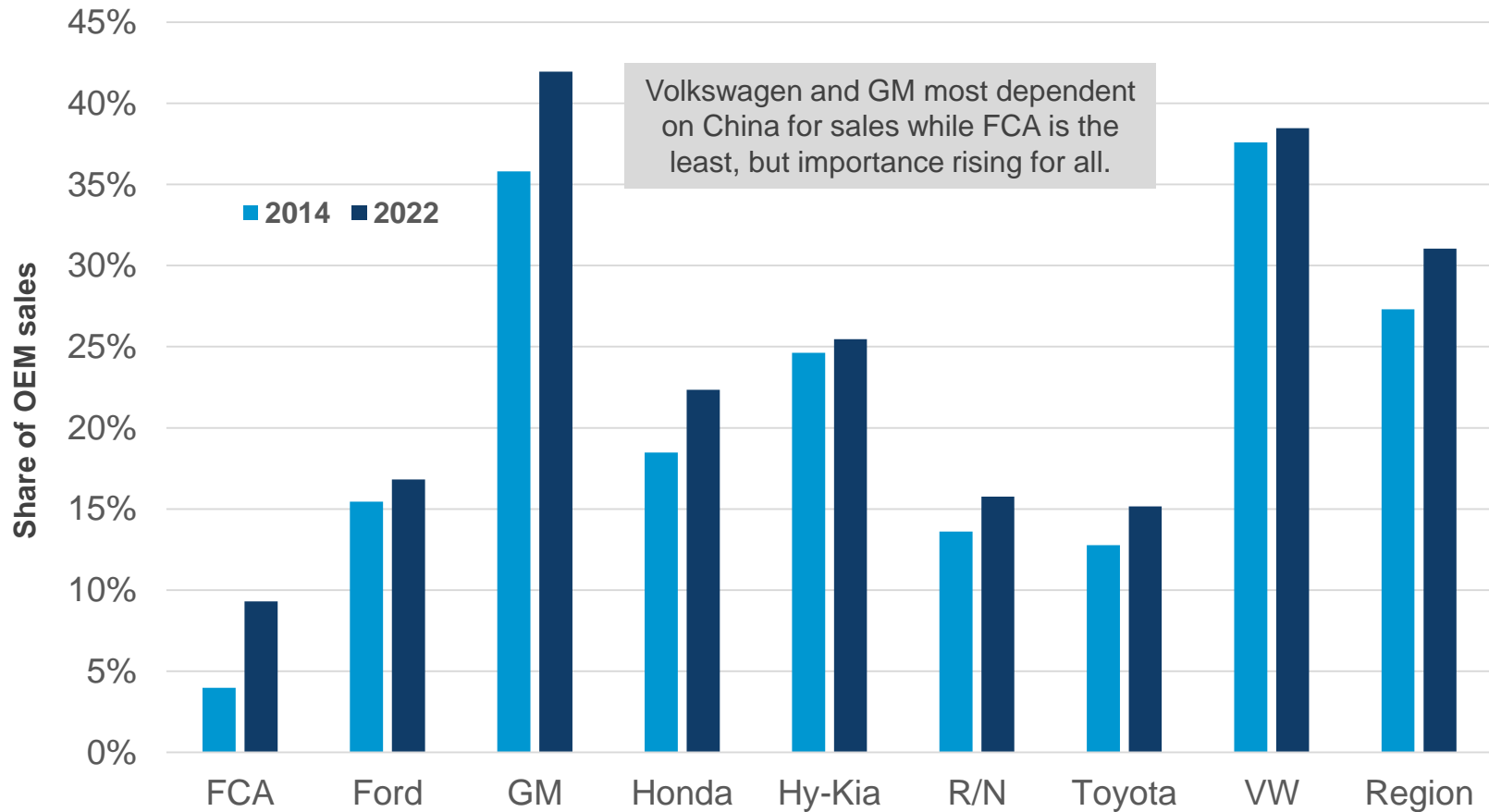
# Global Automotive Industry Outlook by OEM

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# Greater China's share of OEMs' global sales

## Dependence varies across automotive manufacturers

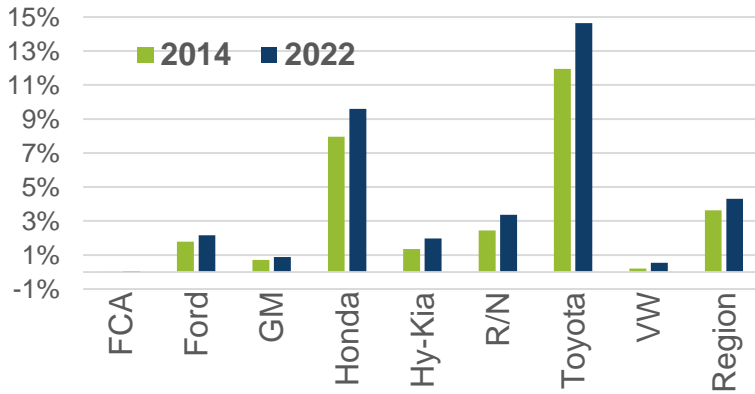


Source: IHS Automotive

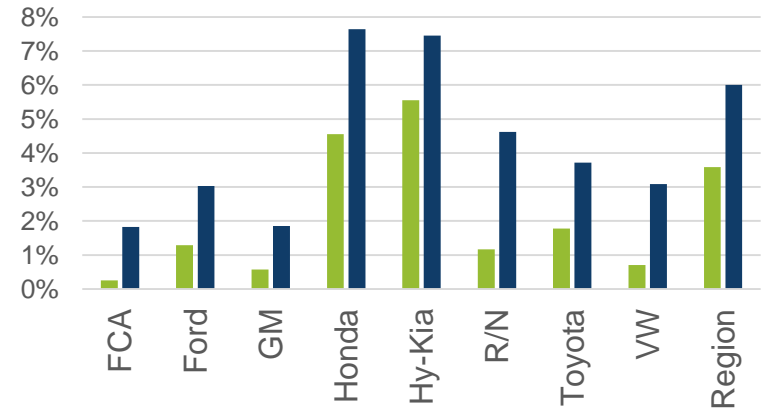
# New World share of OEMs' global sales

## Exposure to emerging markets varies greatly

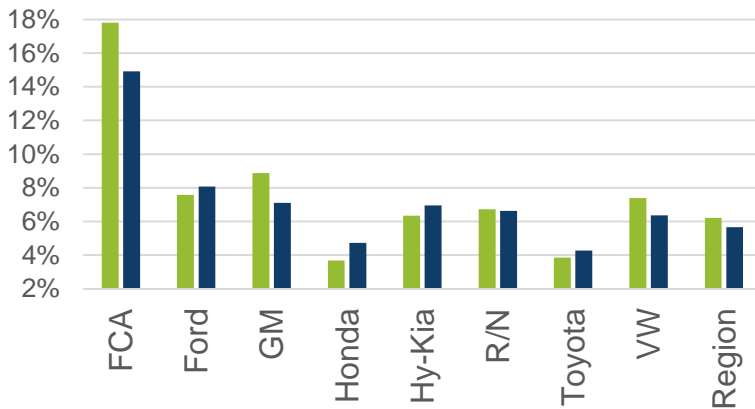
ASEAN



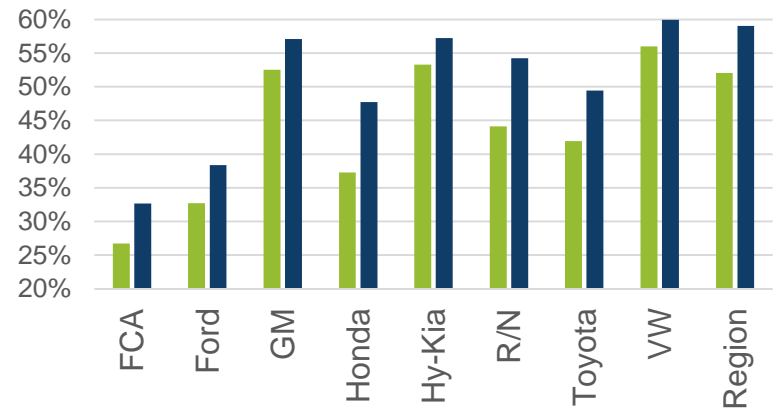
India



South America



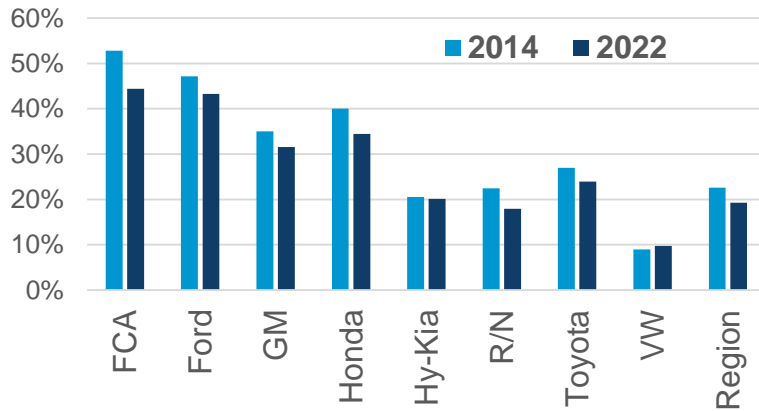
All emerging markets



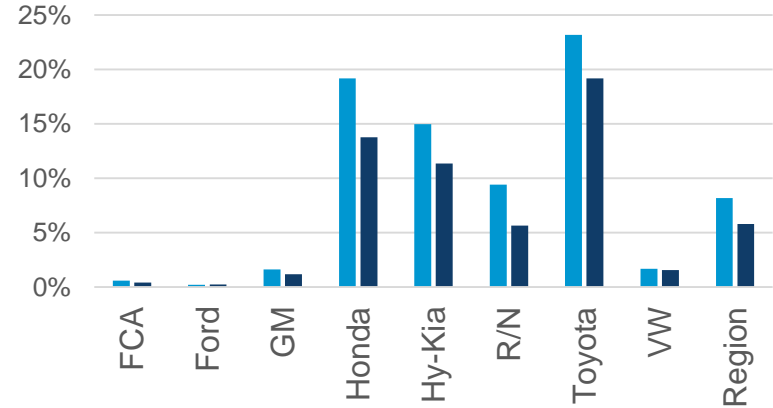
# Old World share of OEMs' global sales

Many companies still heavily reliant on domestic sales

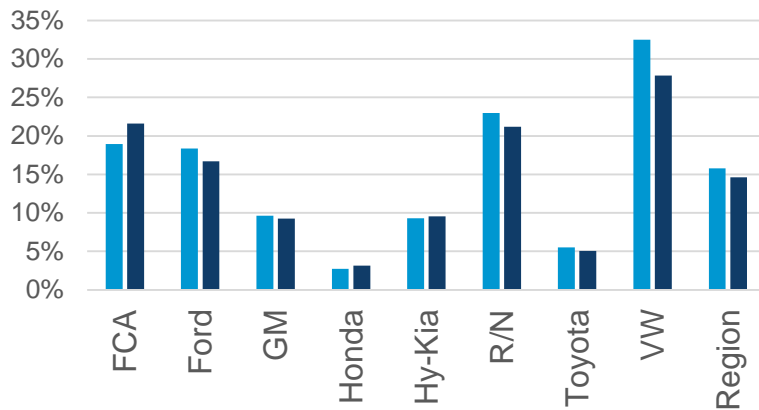
### North America



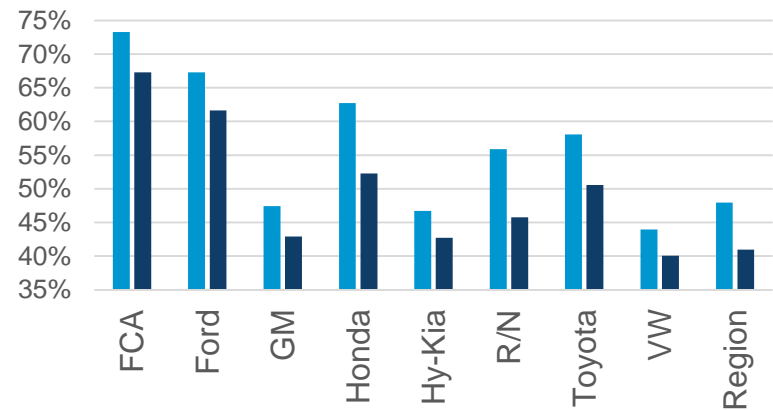
### Japan/Korea



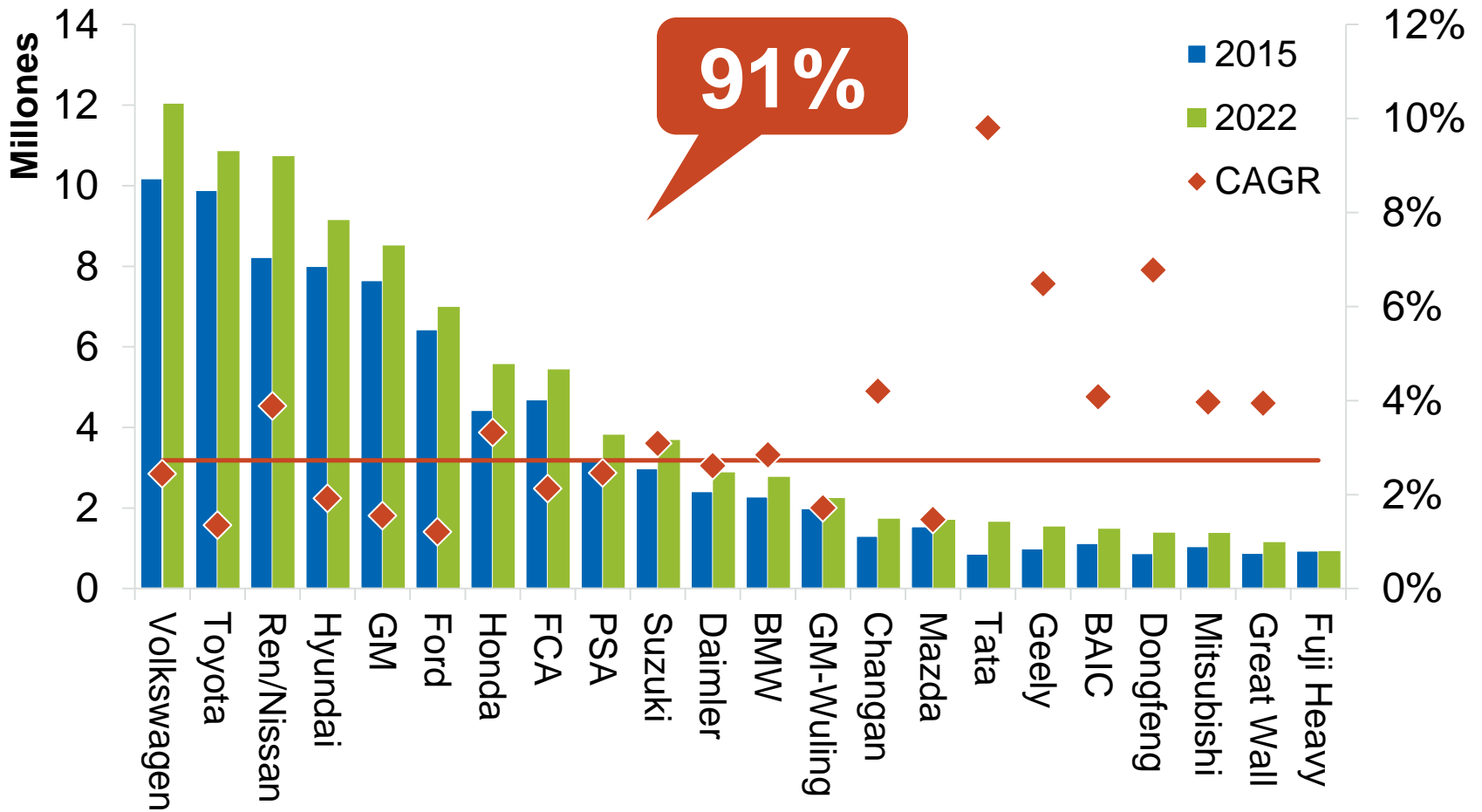
### West Europe



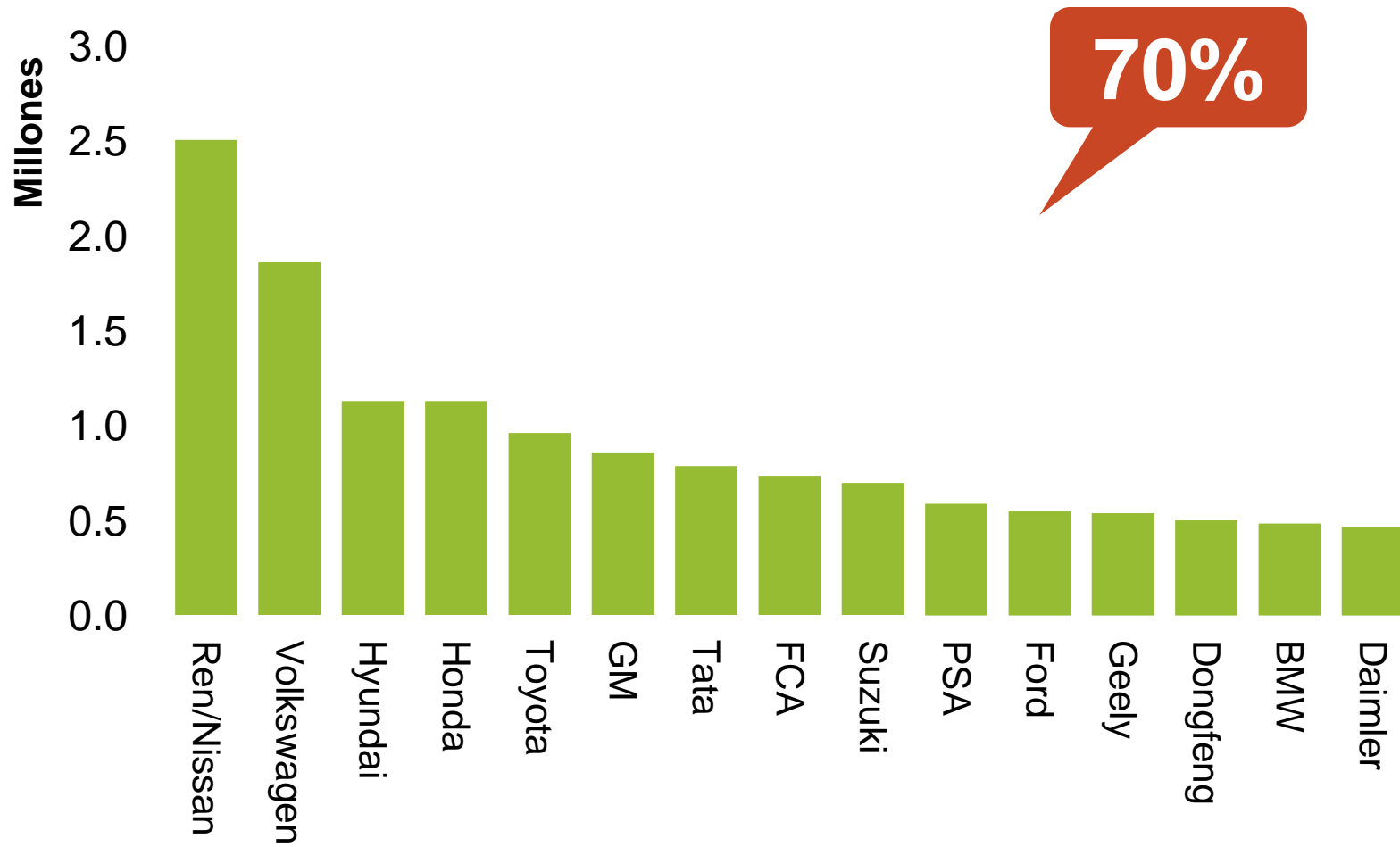
### All developed markets



# Top 22 Automakers – 2022

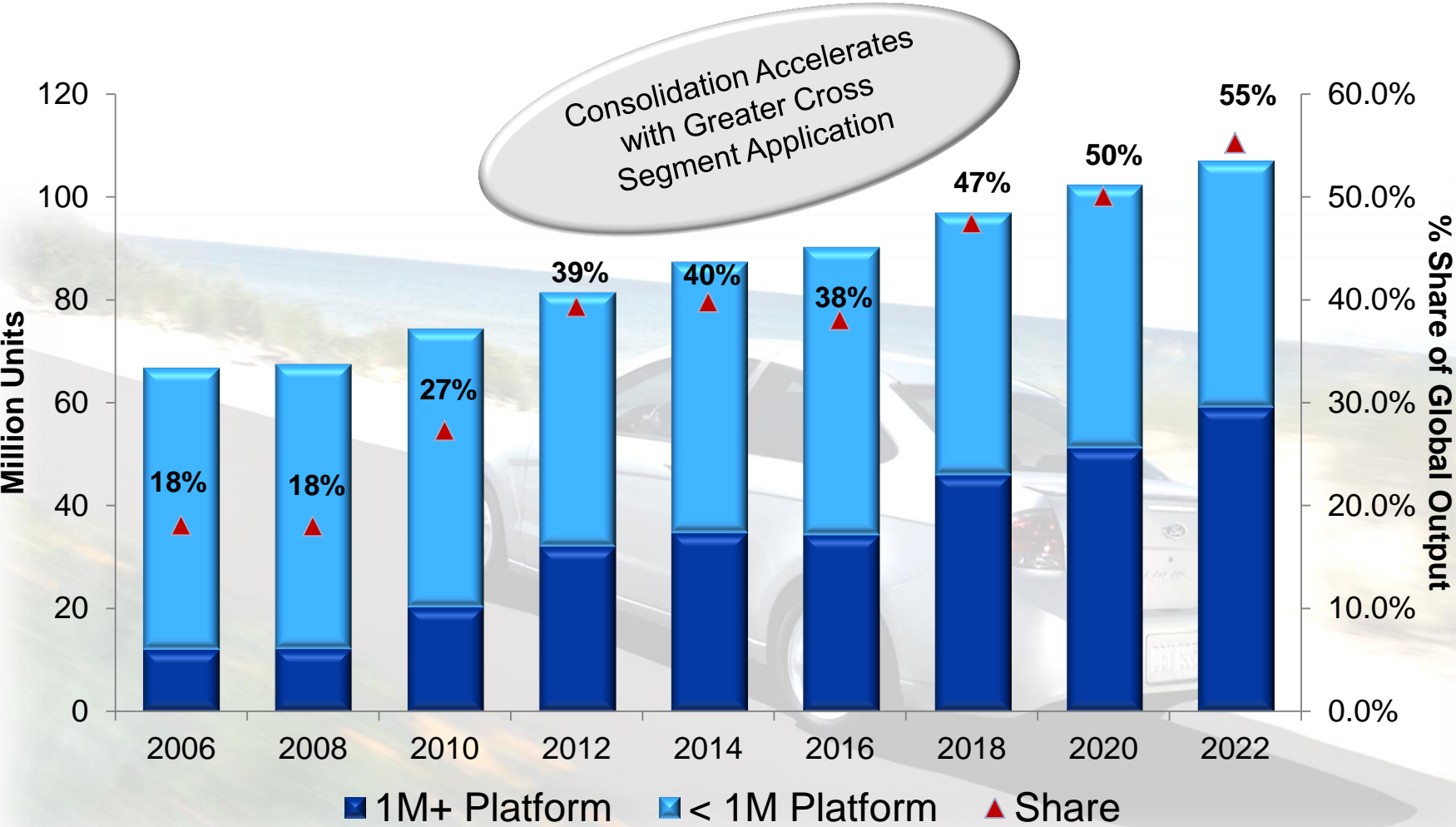


## Opportunity – Top 15 Gainers



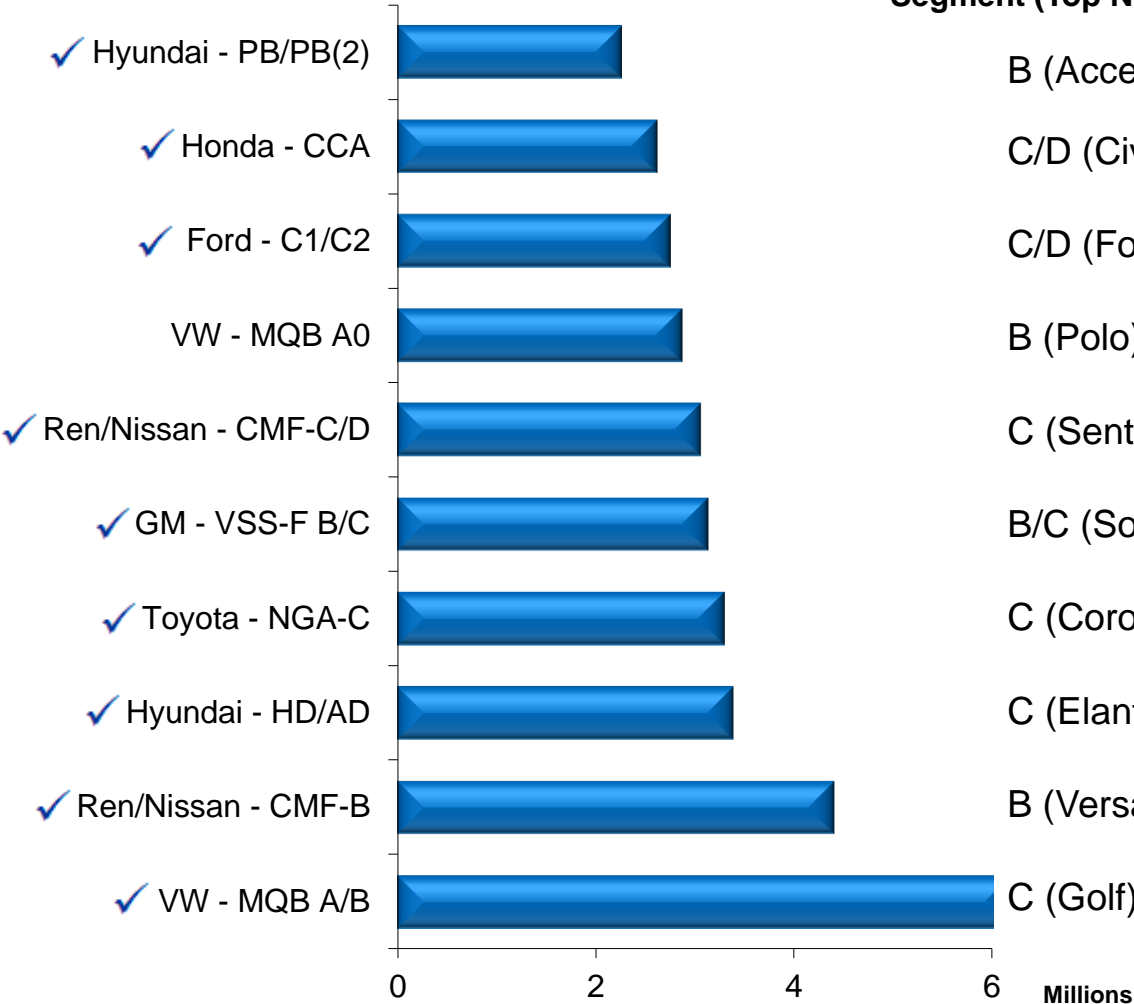
# Supplier Dynamics

## Mega Platforms Drive Production Growth



# Supplier Dynamics

## Top 10 Global Platforms – 2022



### Segment (Top Nameplate)

B (Accent)

C/D (Civic/Accord)

C/D (Focus/Fusion)

B (Polo)

C (Sentra)

B/C (Sonic/Cruze)

C (Corolla)

C (Elantra)

B (Versa)

C (Golf)

- Nine of the Top-10 global platforms have or will have exposure to North America in 2022
- The march of global platforms into developing markets accounts for overall growth
- Volume expansion also driven by major OEM platform consolidation in B- through D-segments
- Platform consolidation alters competitive dynamic toward larger, more diversified players

✓ North America Exposure



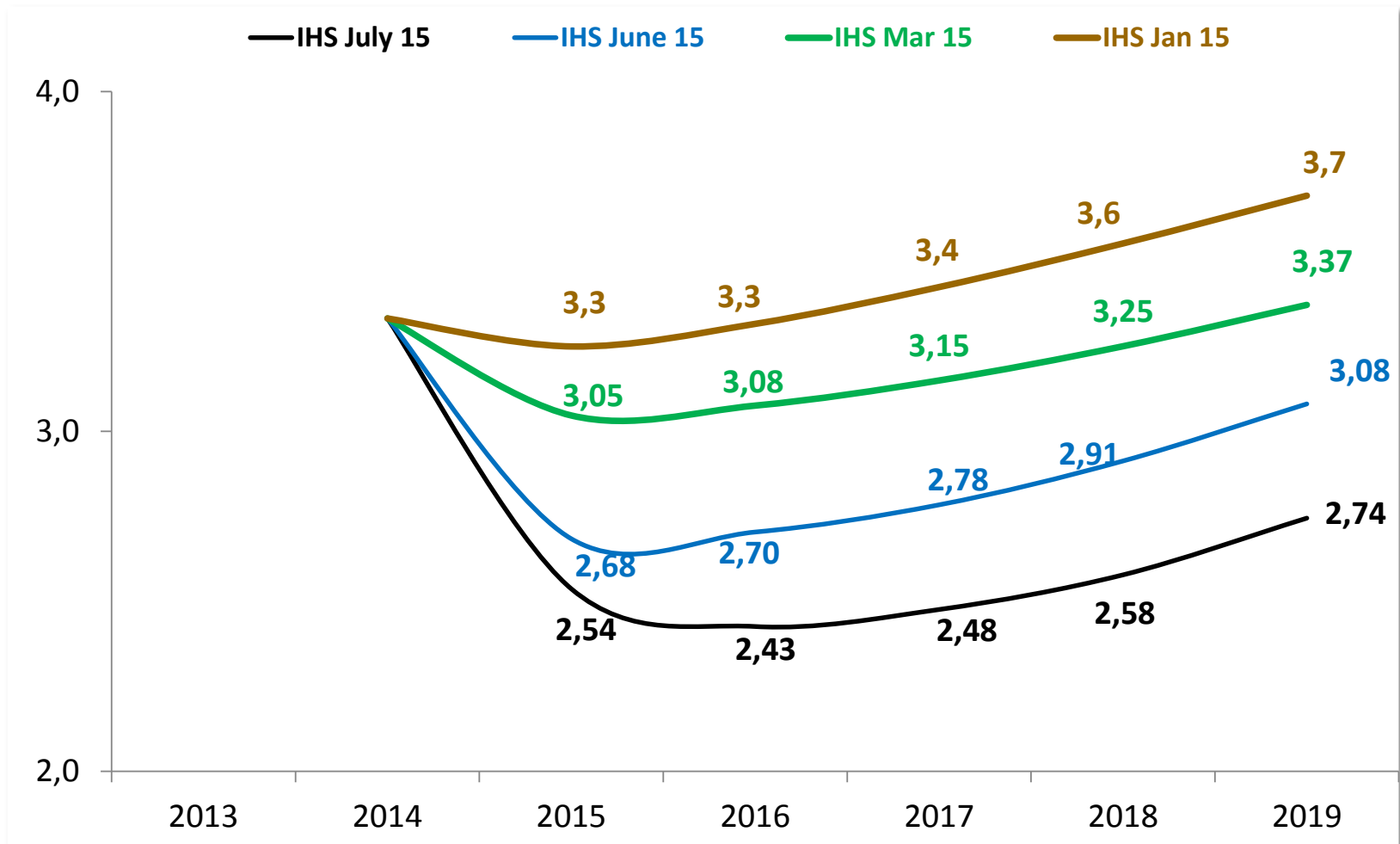
# Latin America Automotive Industry Outlook

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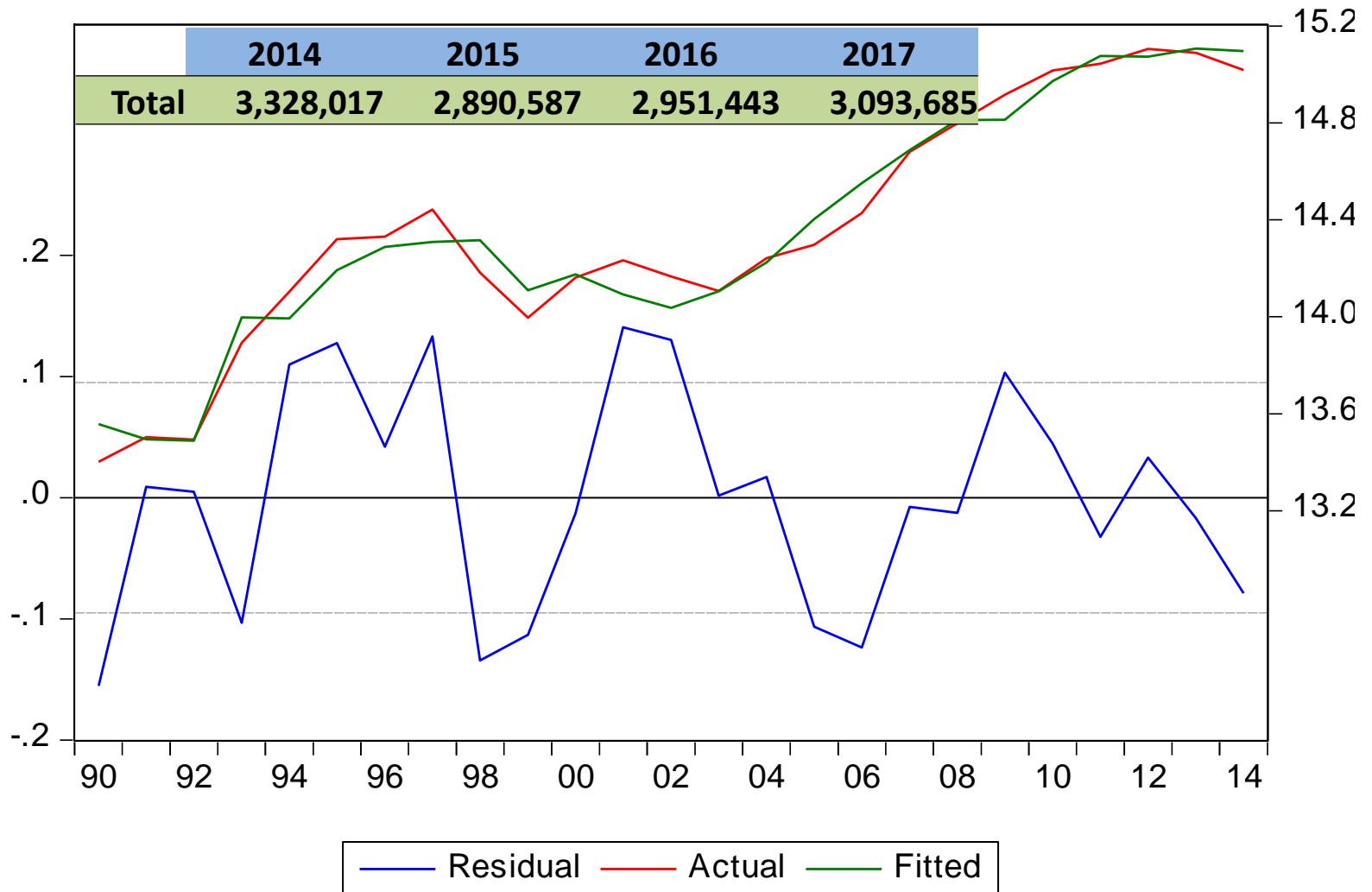
# IHS has had a difficult time anticipating 2015

## Continuous drop since the beginning of the year



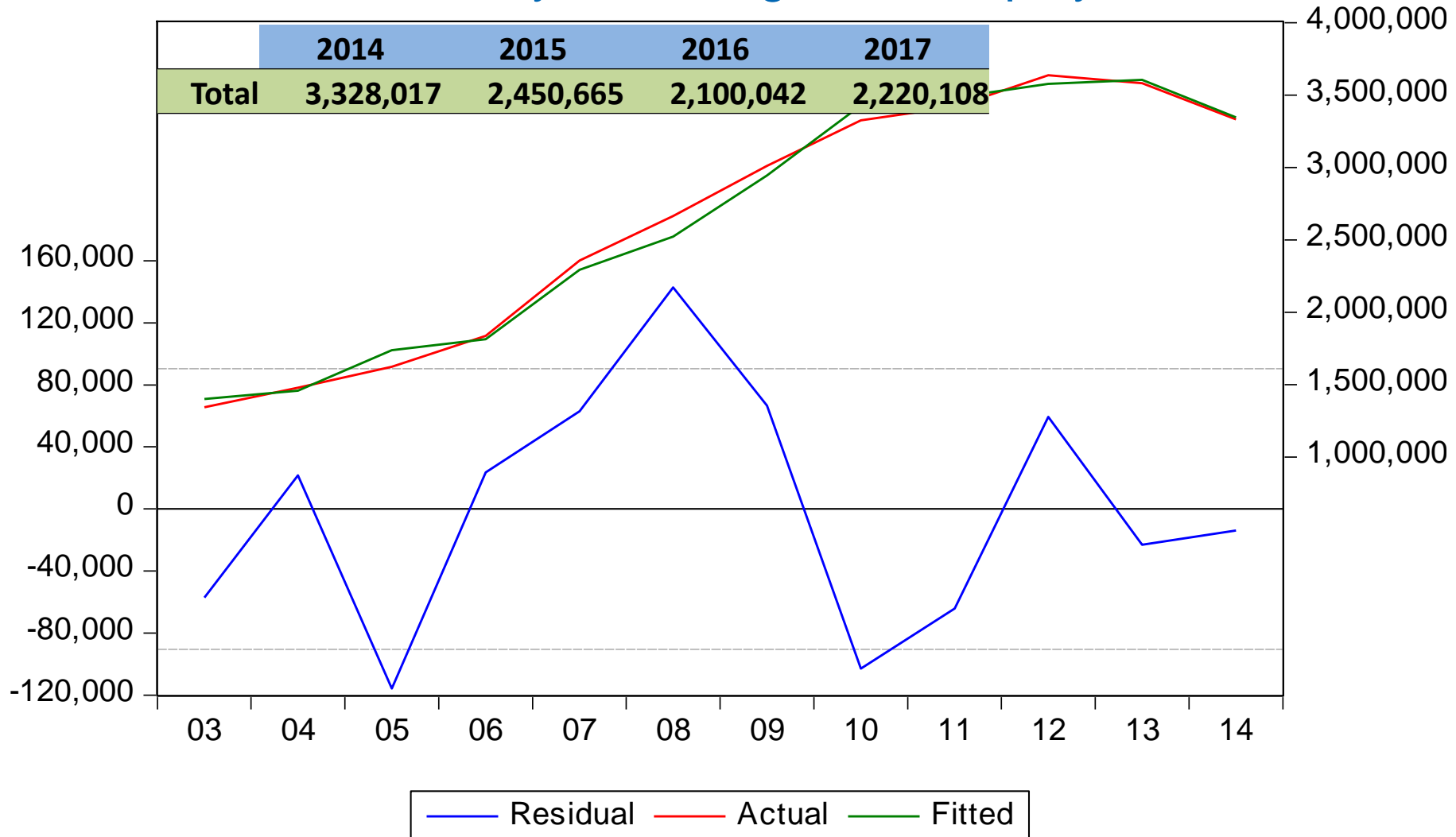
# Brazilian IHS Long Term

Has R2 of .96; with current GDP/Wages, Driving Pop, Parc



# Brazilian IHS Short Term

Has R2 of .99; with Payment/Wages, Unemployment, IPI



# Mexico Light Vehicle Sales

## Margin of Error

|         | 2010    | 2011    | 2012    | 2013      | 2014      |
|---------|---------|---------|---------|-----------|-----------|
| Actual  | 823,328 | 904,739 | 987,335 | 1,063,361 | 1,135,290 |
| Dec '09 | 766,008 | 813,711 | 871,377 | 935,524   | 984,399   |
| Dec '10 |         | 929,438 | 979,226 | 1,006,088 | 1,092,728 |
| Dec '11 |         |         | 972,270 | 1,030,367 | 1,078,395 |
| Dec '12 |         |         |         | 1,047,181 | 1,094,926 |
| Dec '13 |         |         |         |           | 1,110,877 |

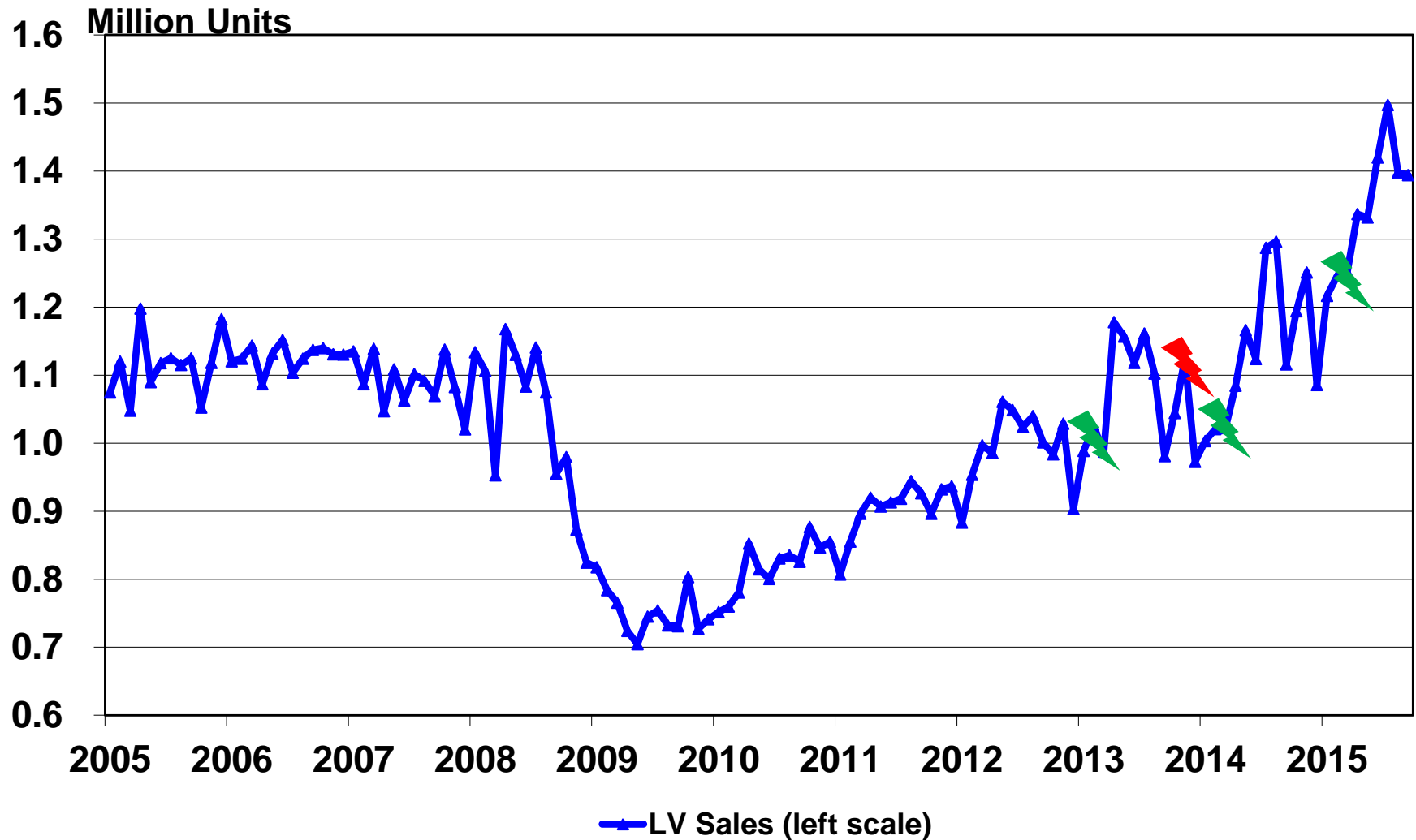
| MOE     | 2010 | 2011  | 2012  | 2013  | 2014  |
|---------|------|-------|-------|-------|-------|
| Dec '09 | 7.5% | 11.2% | 13.3% | 13.7% | 13.2% |
| Dec '10 |      | -2.7% | 0.8%  | 5.7%  | 3.7%  |
| Dec '11 |      |       | 1.5%  | 3.2%  | 5.0%  |
| Dec '12 |      |       |       | 1.5%  | 3.6%  |
| Dec '13 |      |       |       |       | 2.1%  |

|             | 1 YR | 2 YR | 3 YR | 4 YR |
|-------------|------|------|------|------|
| Average MOE | 3.1% | 4.7% | 8.0% | 8.7% |

**Solid track record anticipating future market developments!**

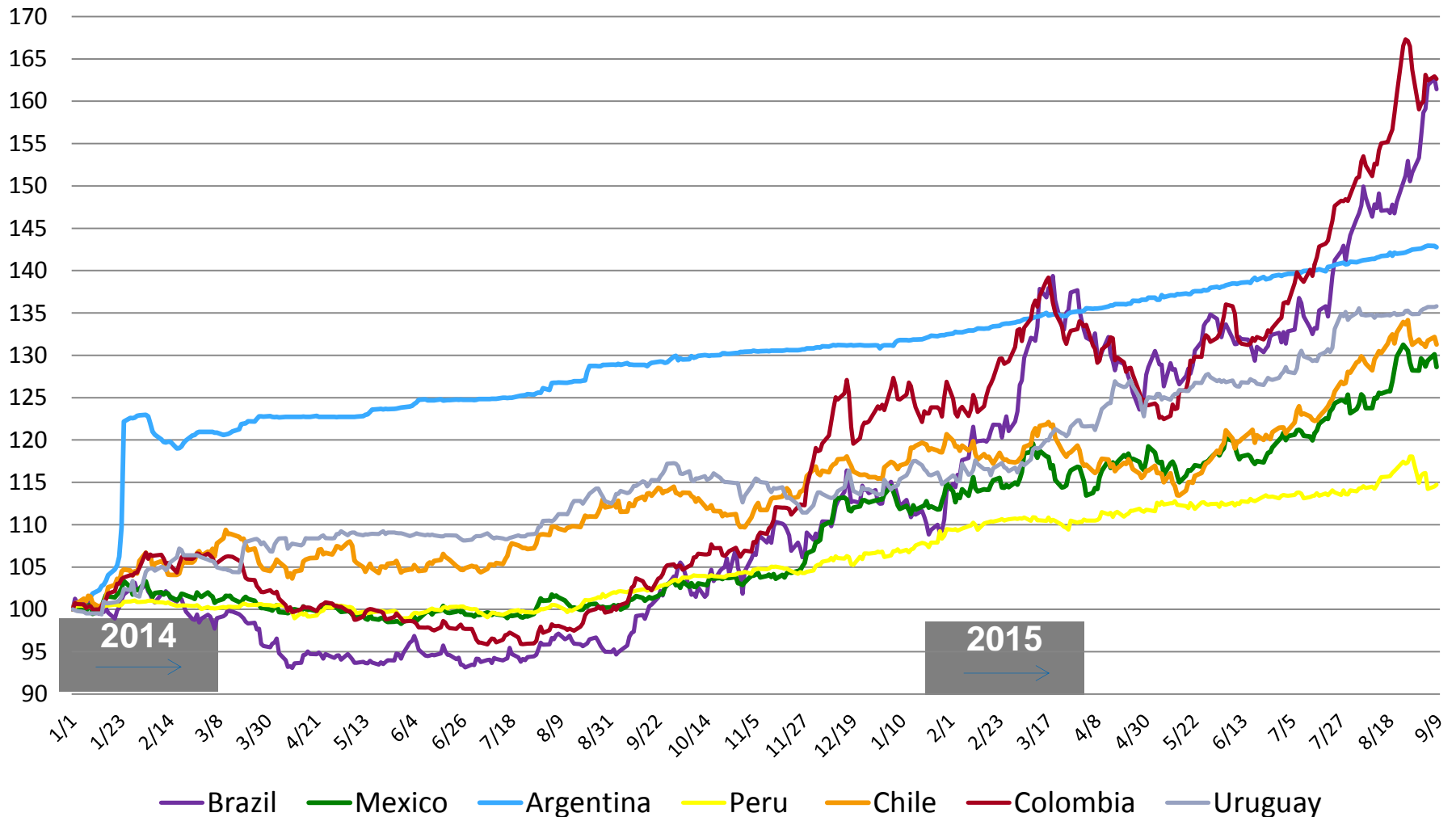
# Mexico Light Vehicle Sales

## SAAR



# Weakness/Volatility of FX: almost all across the region

Volatility all over the region



# Latin America Light Vehicle Sales Outlook

## 2015 A difficult year to forecast!

| Vehicle Sales: Country | CY 2014   | CY 2015   | P'15   | CY 2016   | P'16   | CY 2020   | CY 2015<br>Dec14 | MOE '15 |
|------------------------|-----------|-----------|--------|-----------|--------|-----------|------------------|---------|
| Argentina              | 650,144   | 600,499   | -7.6%  | 579,740   | -3.5%  | 703,324   | 503,345          | 19.3%   |
| Brazil                 | 3,333,082 | 2,432,967 | -27.0% | 2,100,228 | -13.7% | 2,873,097 | 3,250,097        | -25.1%  |
| Chile                  | 328,412   | 262,011   | -20.2% | 262,057   | 0.0%   | 318,780   | 304,637          | -14.0%  |
| Colombia               | 296,047   | 263,004   | -11.2% | 264,117   | 0.4%   | 347,533   | 320,493          | -17.9%  |
| Ecuador                | 92,930    | 93,491    | 0.6%   | 94,413    | 1.0%   | 103,943   | 70,175           | 33.2%   |
| Mexico                 | 1,135,029 | 1,307,044 | 15.2%  | 1,375,876 | 5.3%   | 1,451,555 | 1,170,684        | 11.6%   |
| Peru                   | 165,915   | 145,773   | -12.1% | 150,483   | 3.2%   | 205,736   | 177,017          | -17.7%  |
| Venezuela              | 21,573    | 19,468    | -9.8%  | 20,313    | 4.3%   | 46,397    | 17,611           | 10.5%   |



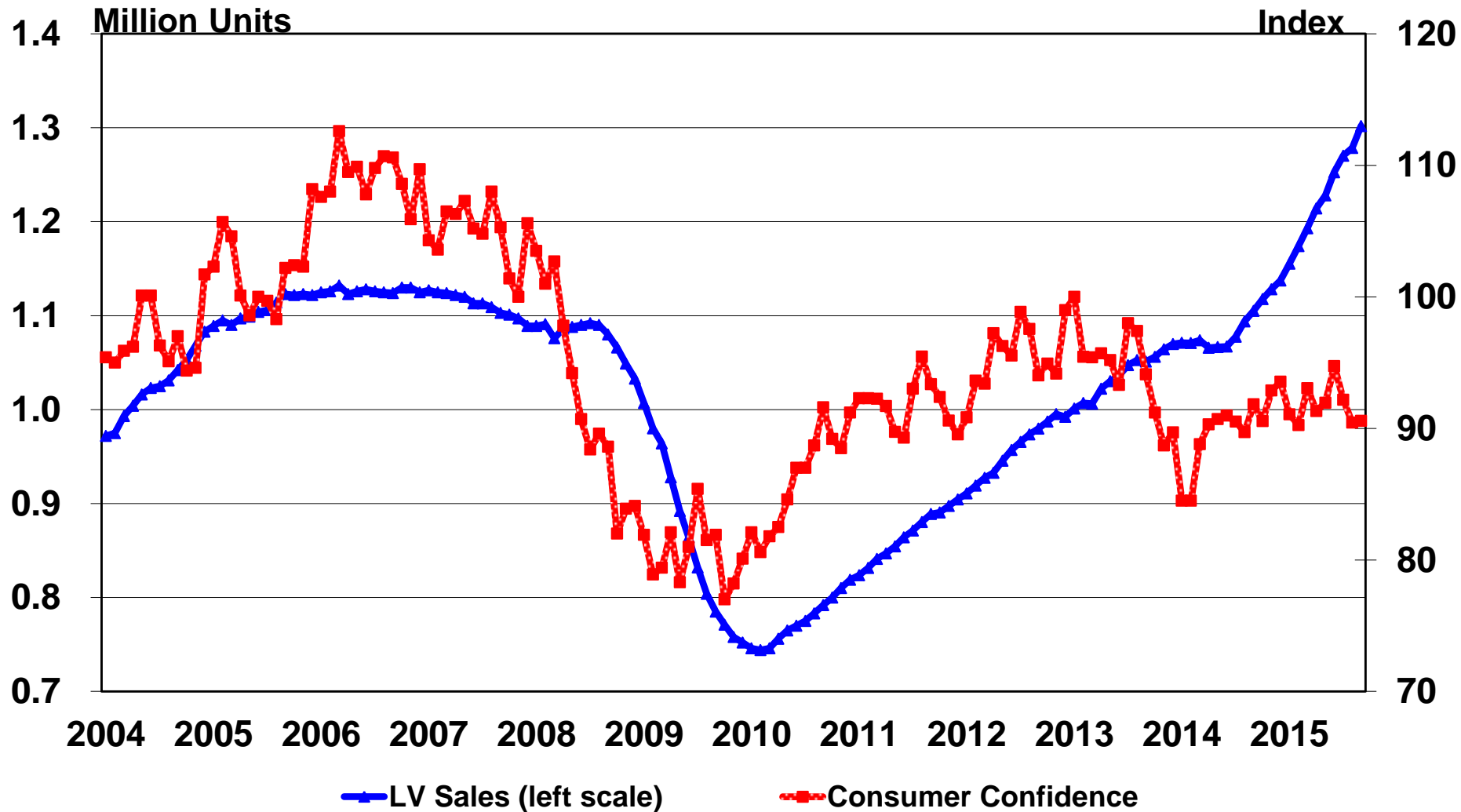
# Latin America Light Vehicle Sales Outlook

## Sales by OEM

| Vehicle Sales: Sales Parent | CY 2014 | CY 2015 | P'15   | CY 2016 | P'16   | CY 2020 |
|-----------------------------|---------|---------|--------|---------|--------|---------|
| General Motors              | 859,771 | 610,274 | -29.0% | 538,331 | -11.8% | 633,262 |
| FCA                         | 822,023 | 581,544 | -29.3% | 533,878 | -8.2%  | 686,150 |
| Volkswagen                  | 736,558 | 520,348 | -29.4% | 425,458 | -18.2% | 564,838 |
| Renault/Nissan              | 534,218 | 448,066 | -16.1% | 438,822 | -2.1%  | 604,460 |
| Hyundai                     | 448,086 | 376,270 | -16.0% | 349,790 | -7.0%  | 520,229 |
| Ford                        | 445,828 | 386,522 | -13.3% | 353,543 | -8.5%  | 423,119 |
| Toyota                      | 346,469 | 310,641 | -10.3% | 285,309 | -8.2%  | 423,578 |
| PSA                         | 213,344 | 150,087 | -29.7% | 132,738 | -11.6% | 186,095 |
| Honda                       | 156,251 | 165,840 | 6.1%   | 166,827 | 0.6%   | 196,423 |

# Mexico Light Vehicle Sales

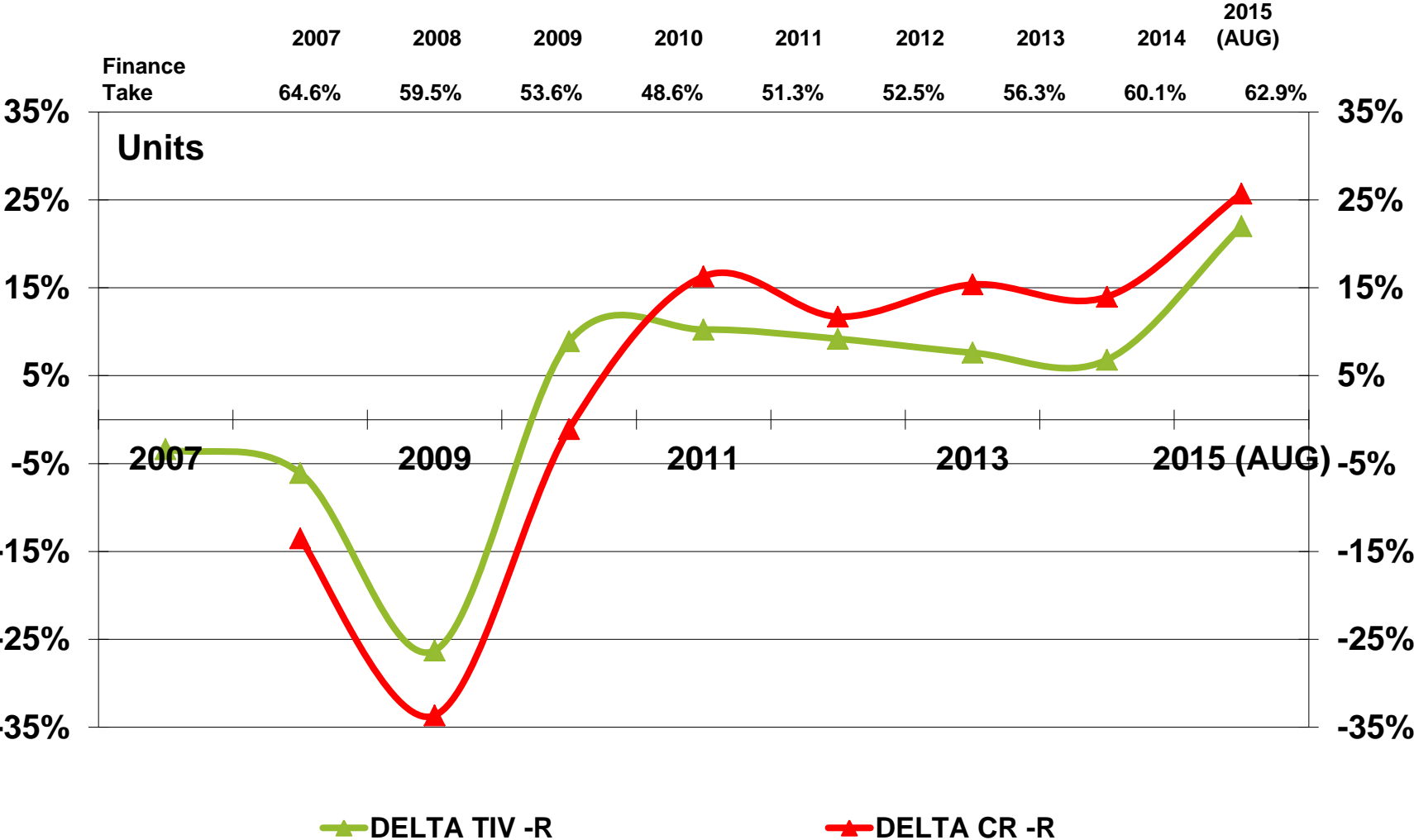
## SAAR (12MMA) vs. Consumer Confidence



# Mexico Light Vehicle Sales

## Credit is key to the market

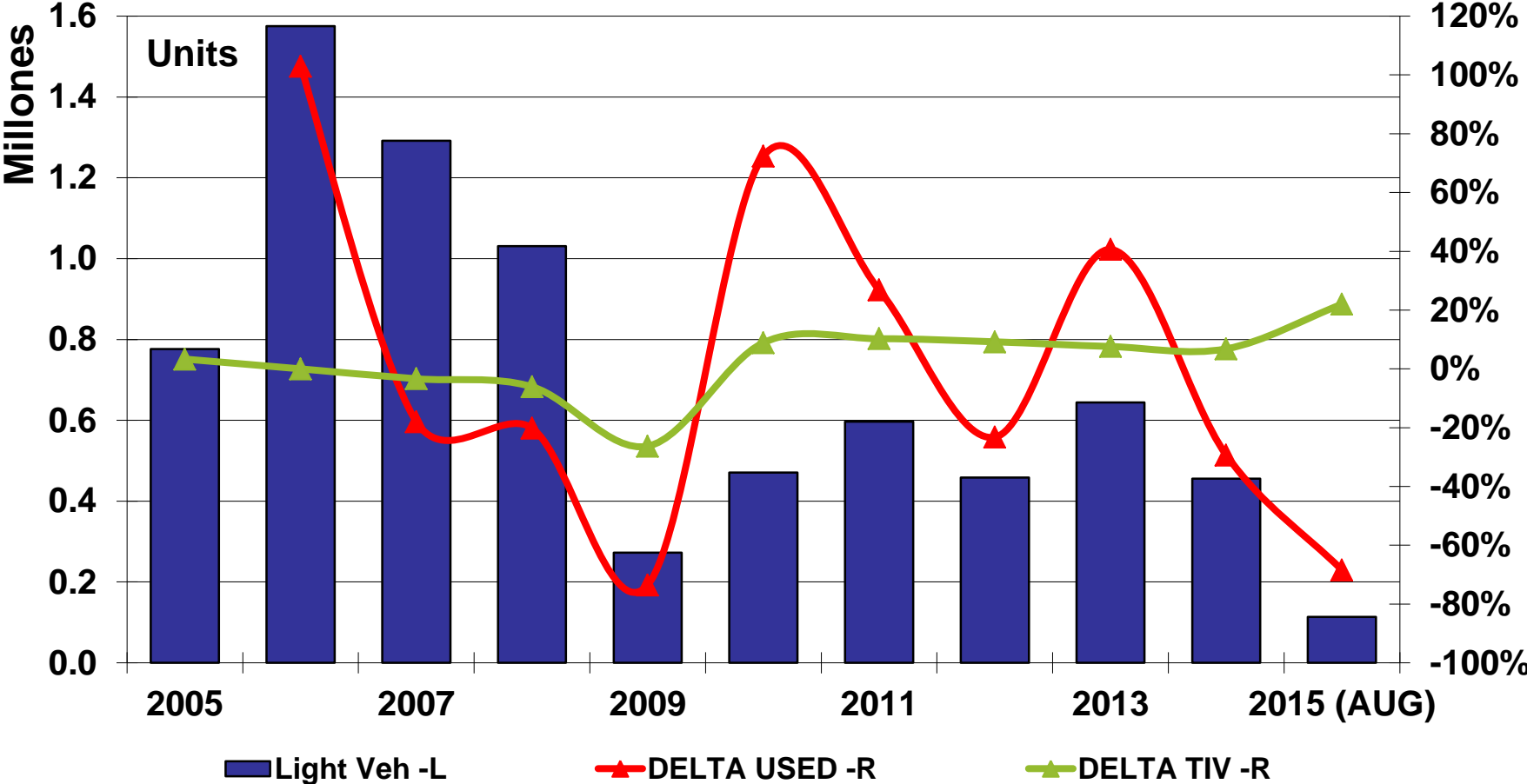
Financial Reform has helped ease credit plus Detroit Three banks are back



# Mexico Light Vehicle Sales

## Used Car Imports

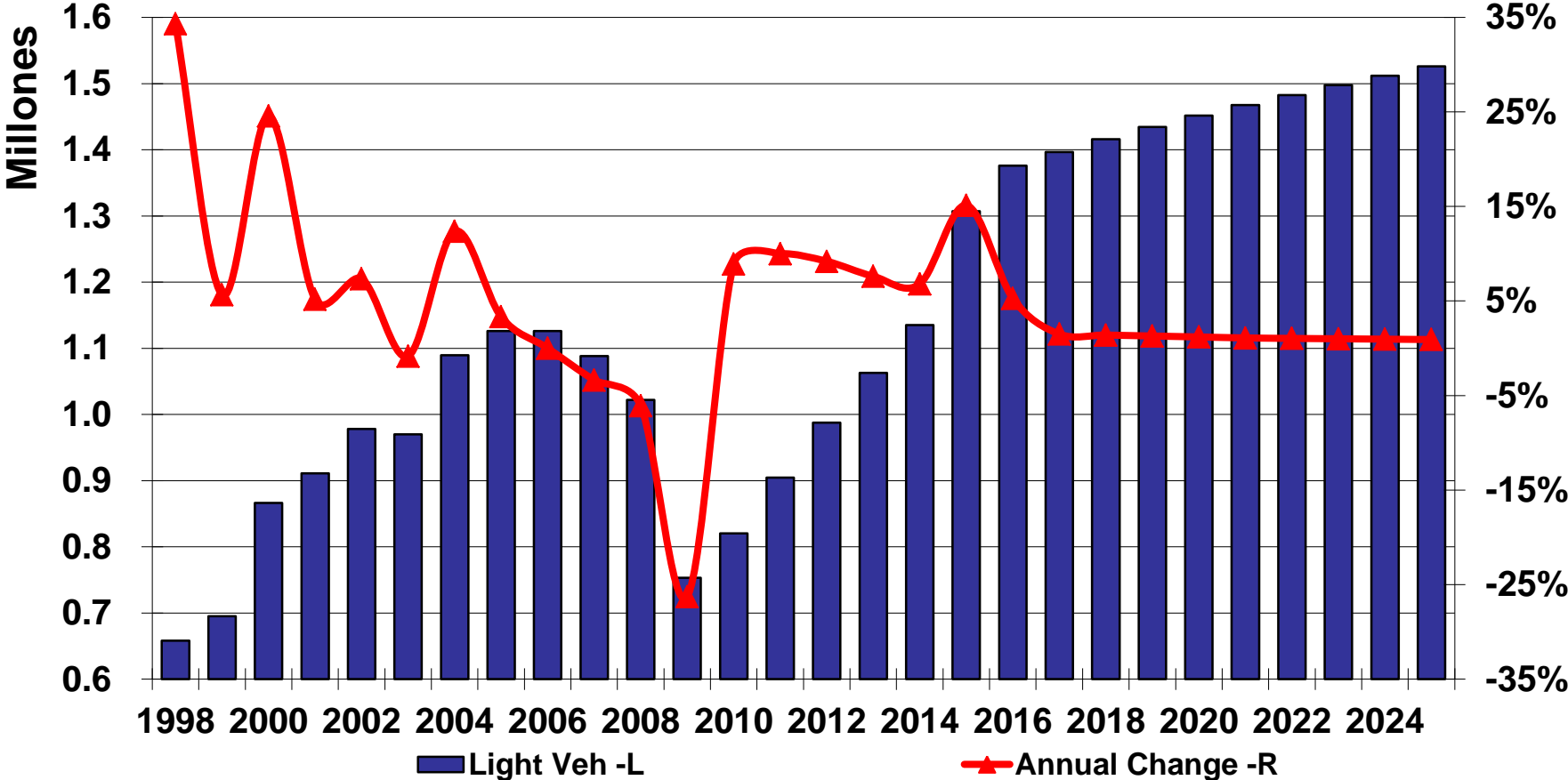
Government has slowed used car imports drastically



# Mexico Light Vehicle Sales

## More manufacturing bring us to new highs?

Forecast calls for opening of used cars around 2018



Thank You, Muito Obrigado,  
Muchas Gracias!

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