



IHS Markit™

# Mexico Automotive Outlook

October, 2017

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# Addressing strategic challenges with interconnected capabilities

We deliver on the promise of The New Intelligence

IHS Markit provides leaders from multiple industries with the perspective and insights they need to make the best choices and stay ahead of their competition.



## Committed to Customers First

Our mission is to delight our customers daily by delivering a powerful combination of world-class expertise, knowledge and solutions so they can make more informed decisions to enable their long-term, sustainable growth.

**12,000+**

IHS Markit  
colleagues

**130+**

Offices in  
34 countries

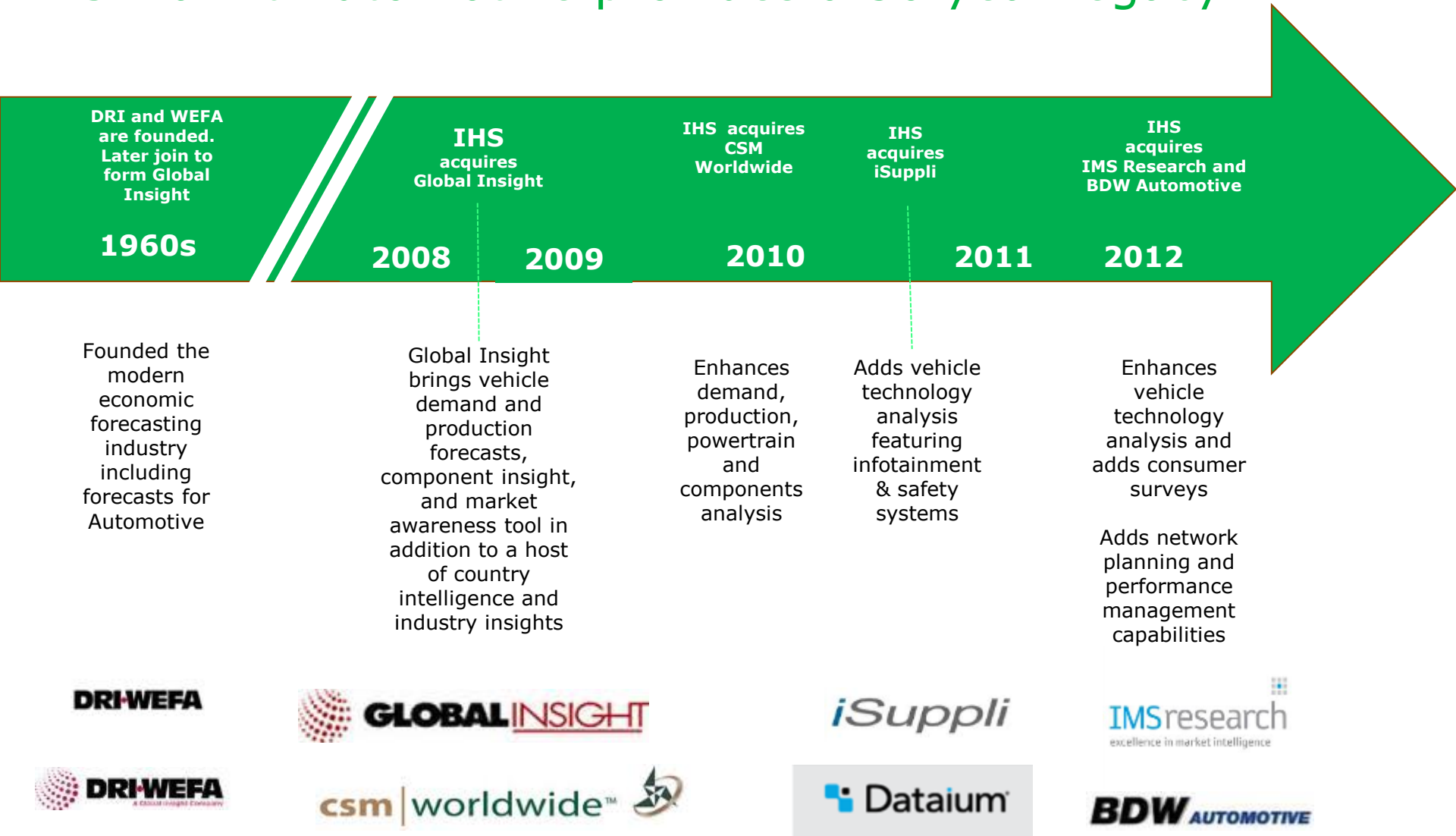
Including 5,000+ analysts, data scientists,  
financial experts and industry specialists

- Unsurpassed ability to interpret data
- Award-winning forecasting
- Relationships with industry leaders

Traded on the Nasdaq under the INFO symbol



# IHS Markit Automotive provides a 50 year legacy...



**DRI-WEFA**

**GLOBAL INSIGHT**

*iSuppli*

**IMSresearch**  
excellence in market intelligence

**DRI-WEFA**  
A Global Insight Company

**csm | worldwide**

**Dataium**

**BDW AUTOMOTIVE**

# ...and is positioned to support the industry's future!

IHS  
acquires  
RL Polk

**2013**

In July 2013, IHS acquired RL Polk, including both Polk and CARFAX.

IHS Automotive comprises over 800+ colleagues located in 30+ offices in 14 countries across 4 continents.

IHS  
acquires  
CARFAX

**2013**



IHS  
acquires  
CARPROOF

**2015**

In 2015 IHS acquired CARPROOF Corporation, a Canada-based company that offers products and services in vehicle history, appraisal and valuation for the automotive industry



IHS  
merges with Markit Ltd. to  
become  
IHS Markit

**2016**



## IHS Markit™

IHS Markit Automotive group is now the leading source of global light-vehicle registration, sales, production and vehicles-in-operation data and forecasts

IHS Markit  
acquires  
automotive  
Mastermind

**2017**



*automotiveMastermind®*

## A trusted partner to clients' success

- **Our clients include:**

- All 20 of the largest OEMs
- 92 of the top 100 Tier-1 Suppliers

- **Our global list of over 650 clients accounts for**

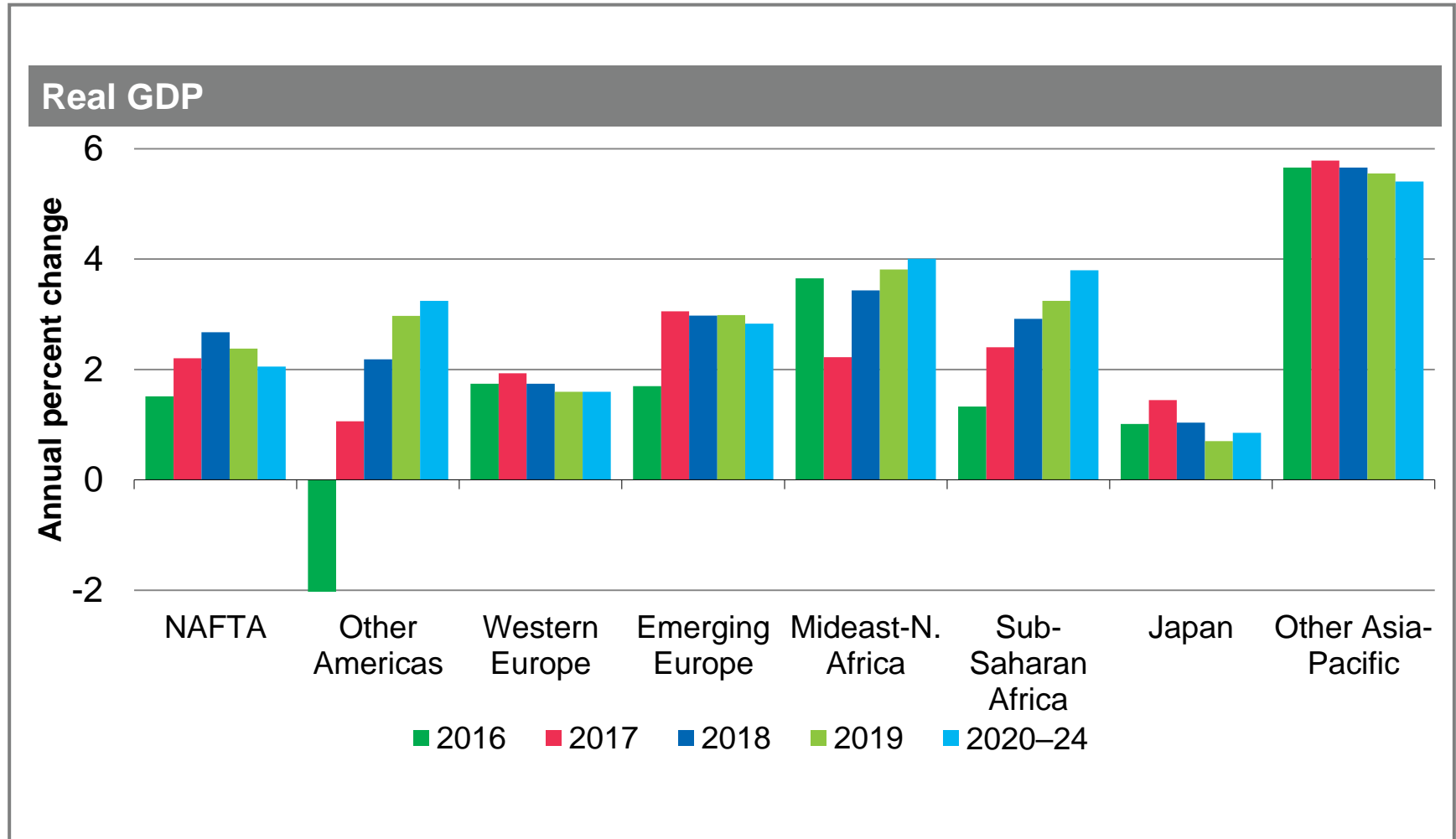
- **Over 85% of the world's top OEMs and suppliers**

85%

# Agenda

- Global Outlook
- NAFTA Outlook
- Mexico Outlook
- Key Takeaways

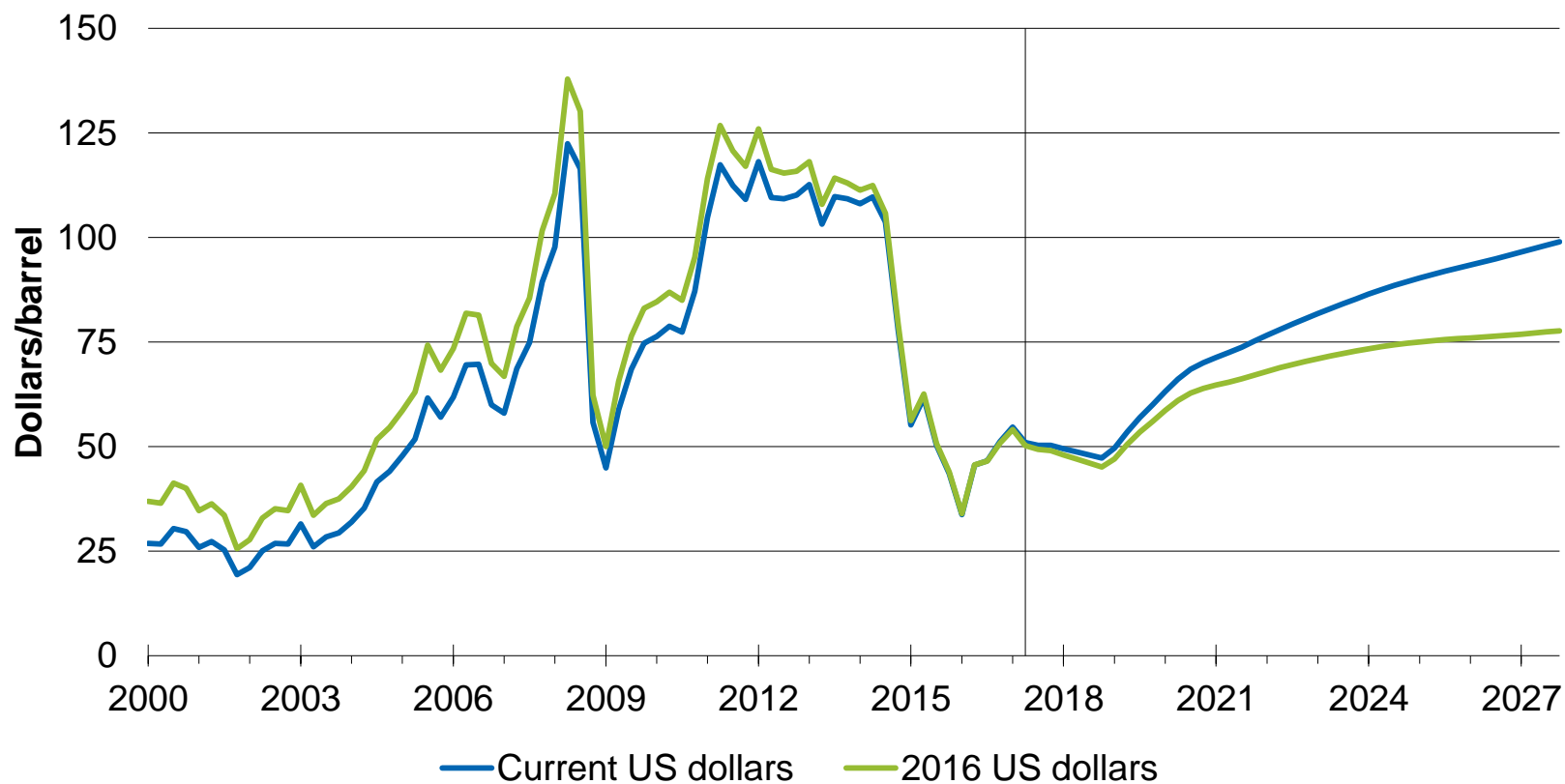
# Global growth forecasts expects BRICs to strengthen and mature markets to remain resilient





# Oil prices gradually recover but remain moderate adjusted for inflation

Price of Dated Brent crude oil

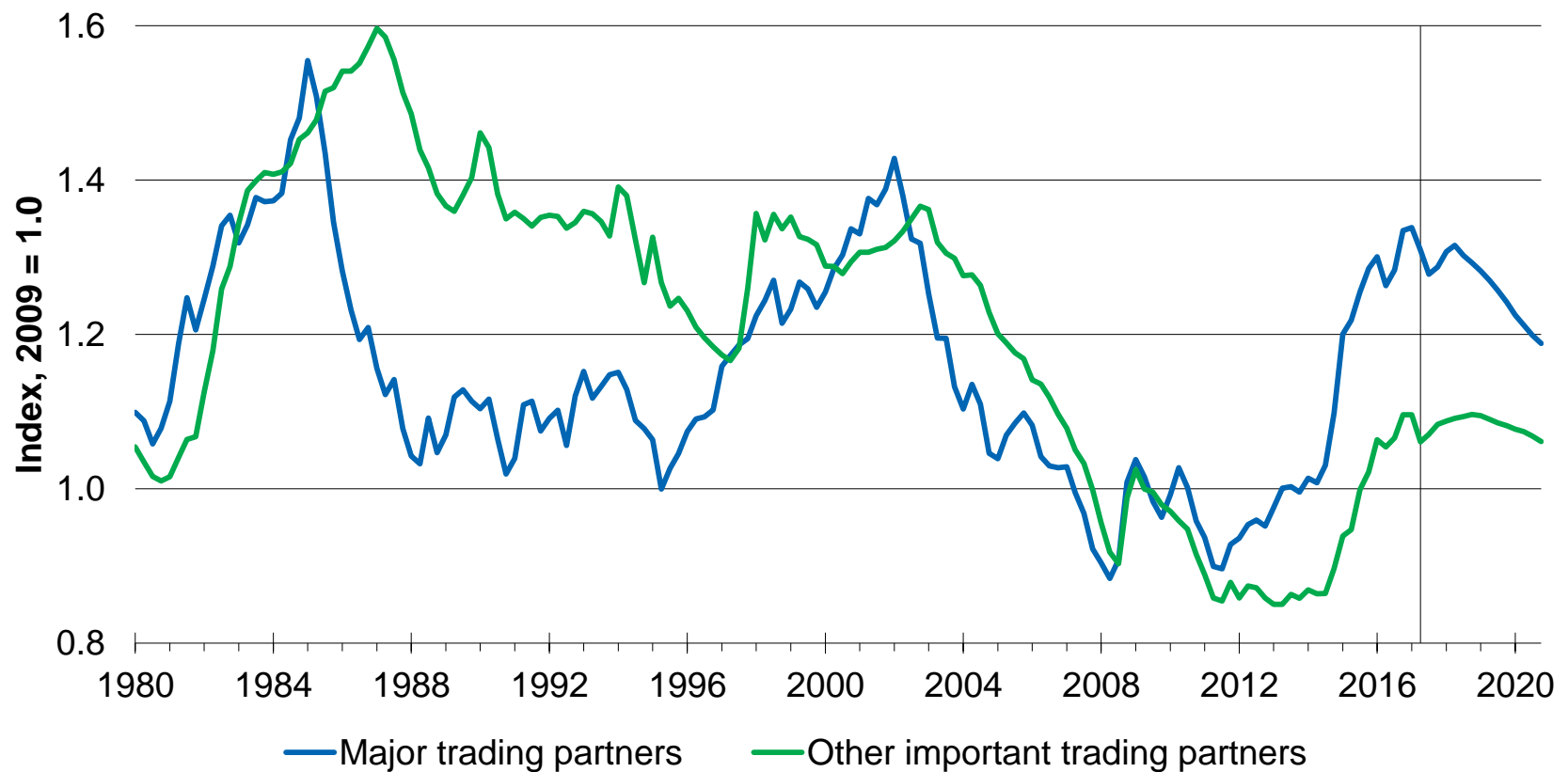


Source: IHS Markit

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# The dollar's real exchange rate value will depreciate in the medium term

Real trade-weighted dollar index

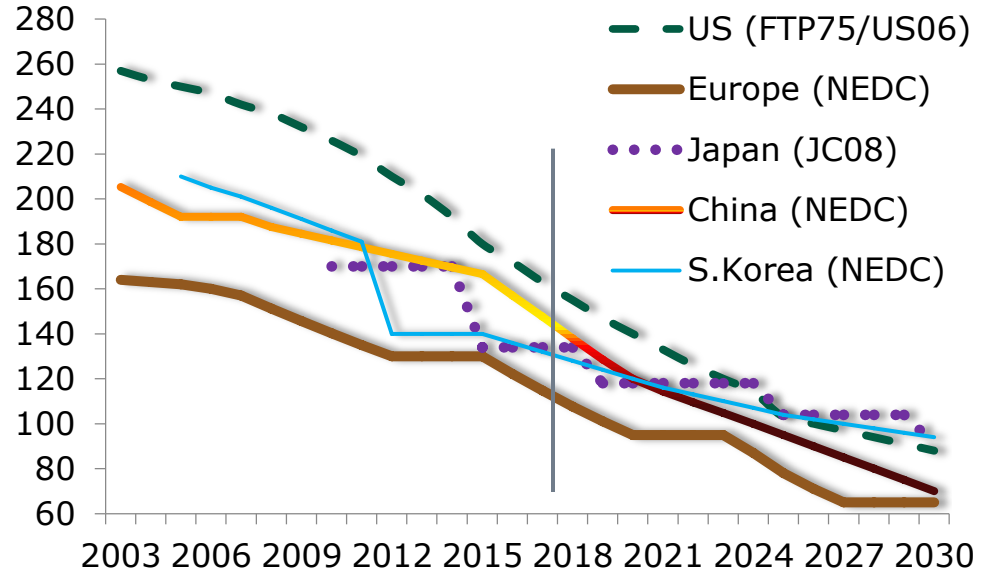


Source: IHS Markit

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# Tighter Regulations: What are automakers to do?

- Global vehicle CO<sub>2</sub> targets are now starting to converge, allowing for more global synergy and analysis
- What's at stake?



Penalties for non-compliance

**\$400<sup>\*</sup>**  
**billion**

Estimated incremental spend globally to 2020.  
\$5-8 billion estimated average annual per original equipment manufacturer (OEM).

Brand image as a leader in technological advancements and environmental sustainability

Vehicle profitability  
Market share

\* IEA World Energy Investment Outlook (International Energy Agency, World Energy Investment Outlook, OECD/IEA, Paris).

## So, what's a ZEV?



# Toyota FCV

Hydrogen fuel  
cell electric  
vehicles (FCEVs)



# Chevy Bolt

Battery  
electric  
vehicles  
(BEVs)



# Hyundai IONIQ

Plug-in  
hybrid  
vehicles  
(PHEVs)

Note: ZEV = zero emissions vehicle.

# Disruptive

- Toyota
- Honda
- Nissan
- Ford
- BMW
- Volkswagen
- Mazda
- Hyundai
- Lexus
- Audi





★ Government / incentives  
↓

★ Oil prices  
↓

Products  
↓

# Six Stars of Alignment

★ Battery evolution  
↑

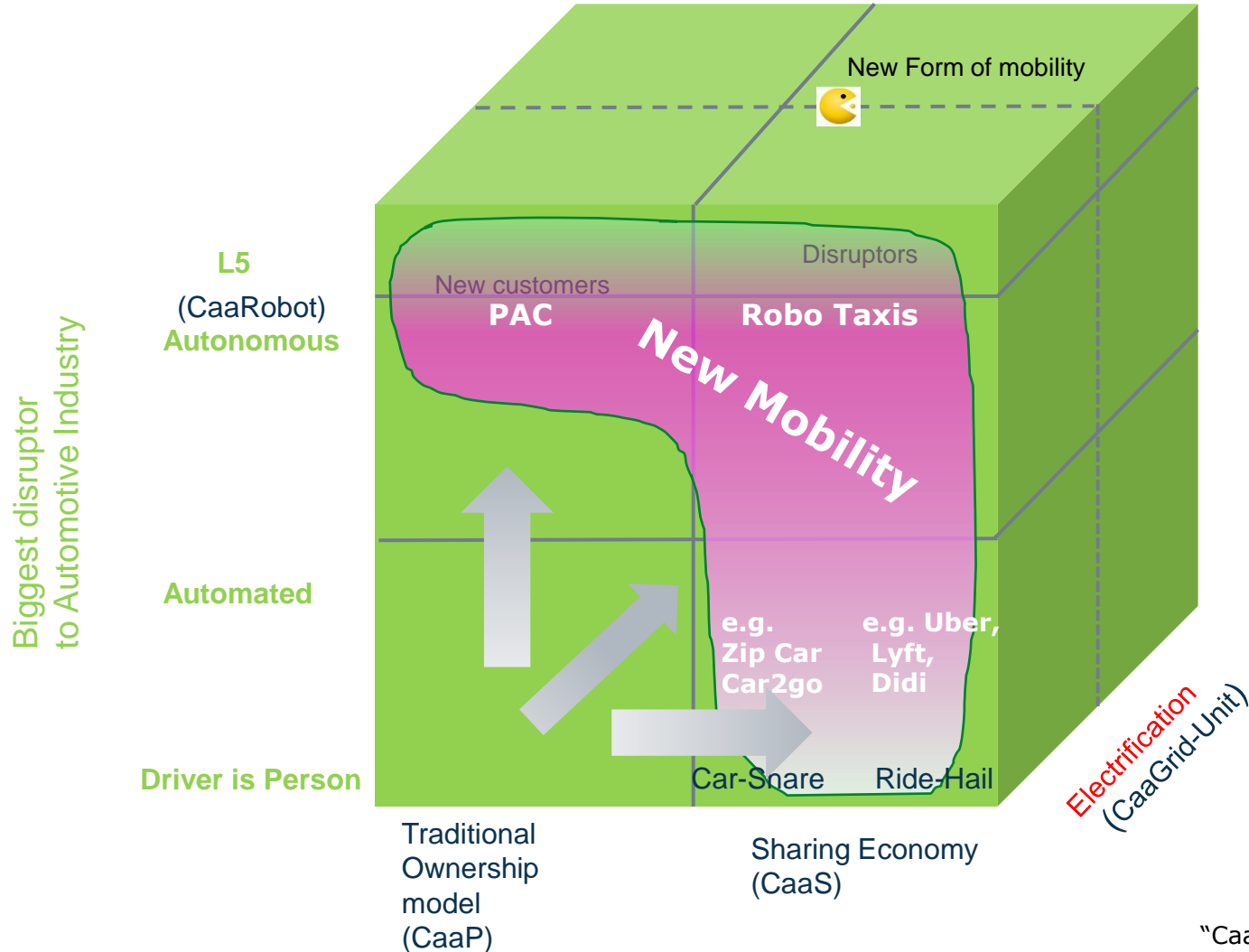
★ Infrastructure  
↑

★ Consumer  
↑



# Paradigm Change and the Mobility Cube

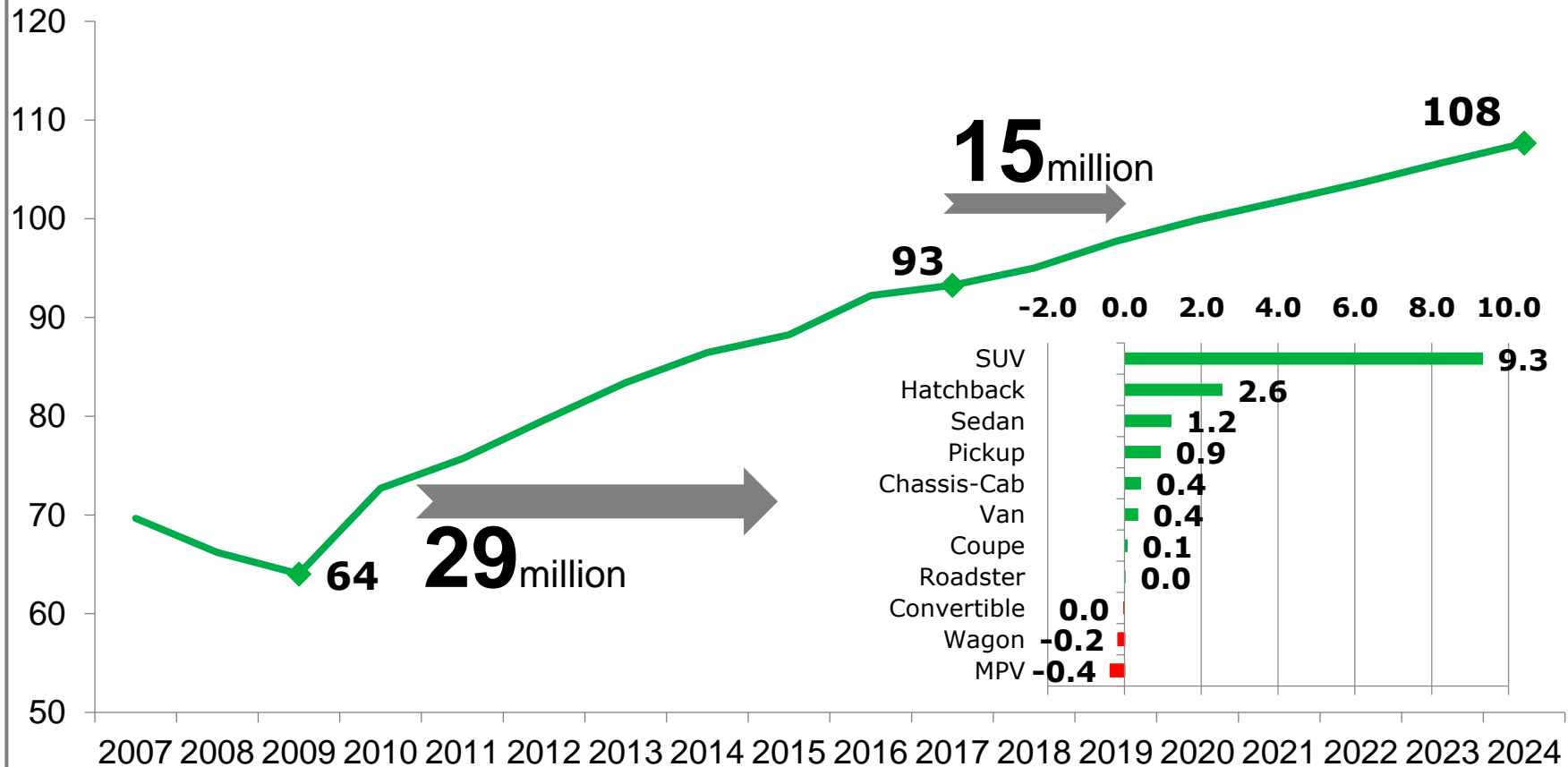
Solving the Automotive Rubik's Cube as new mobility ecosystems emerge



"CaaS" – car as a service  
 "CaaRobot" – car as a robot  
 "CaaP" – car as a product  
 "PAC" – Personal Autonomous Car

# Global sales approach 100M by end of the decade

Global Light Vehicle Sales (Millions)



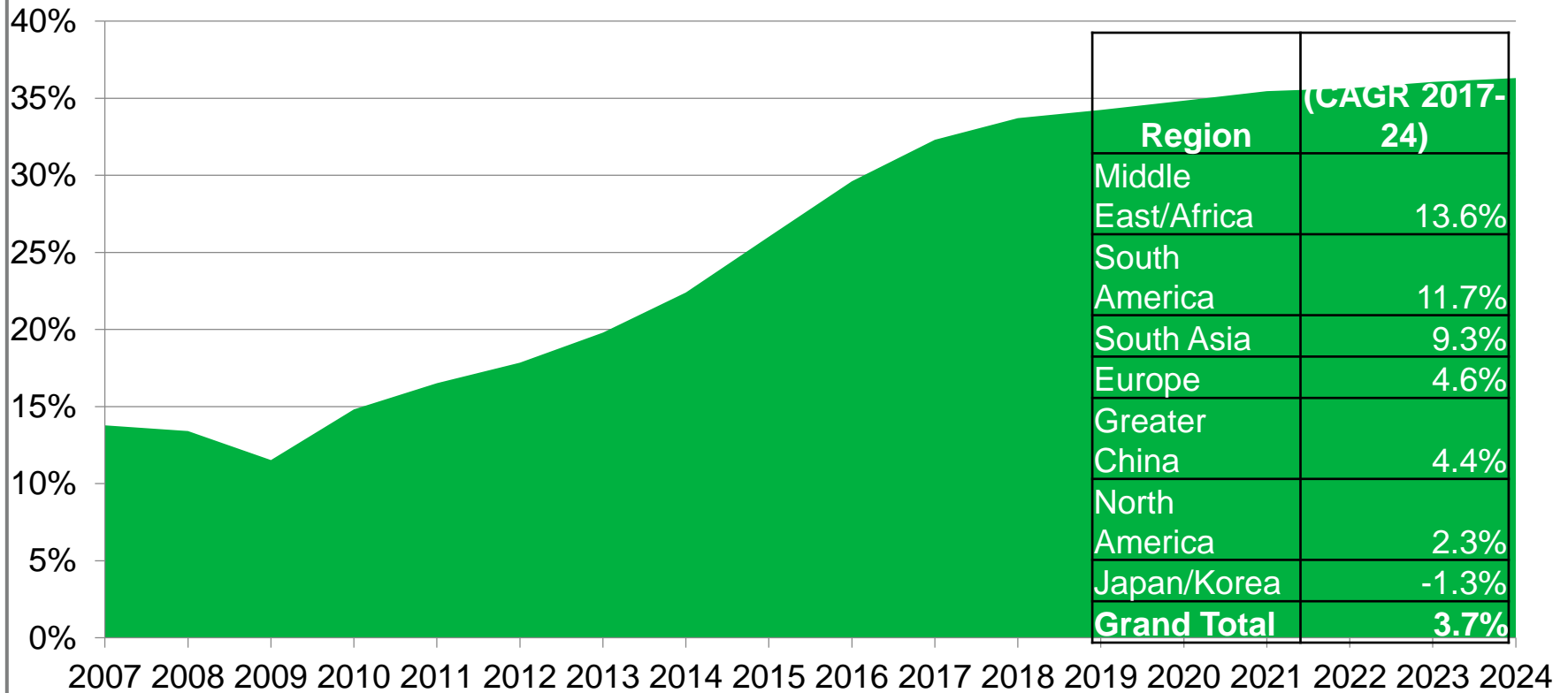
Source: IHS Markit

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# SUV growth across different regions of the world

**SUV Share of Global Production**

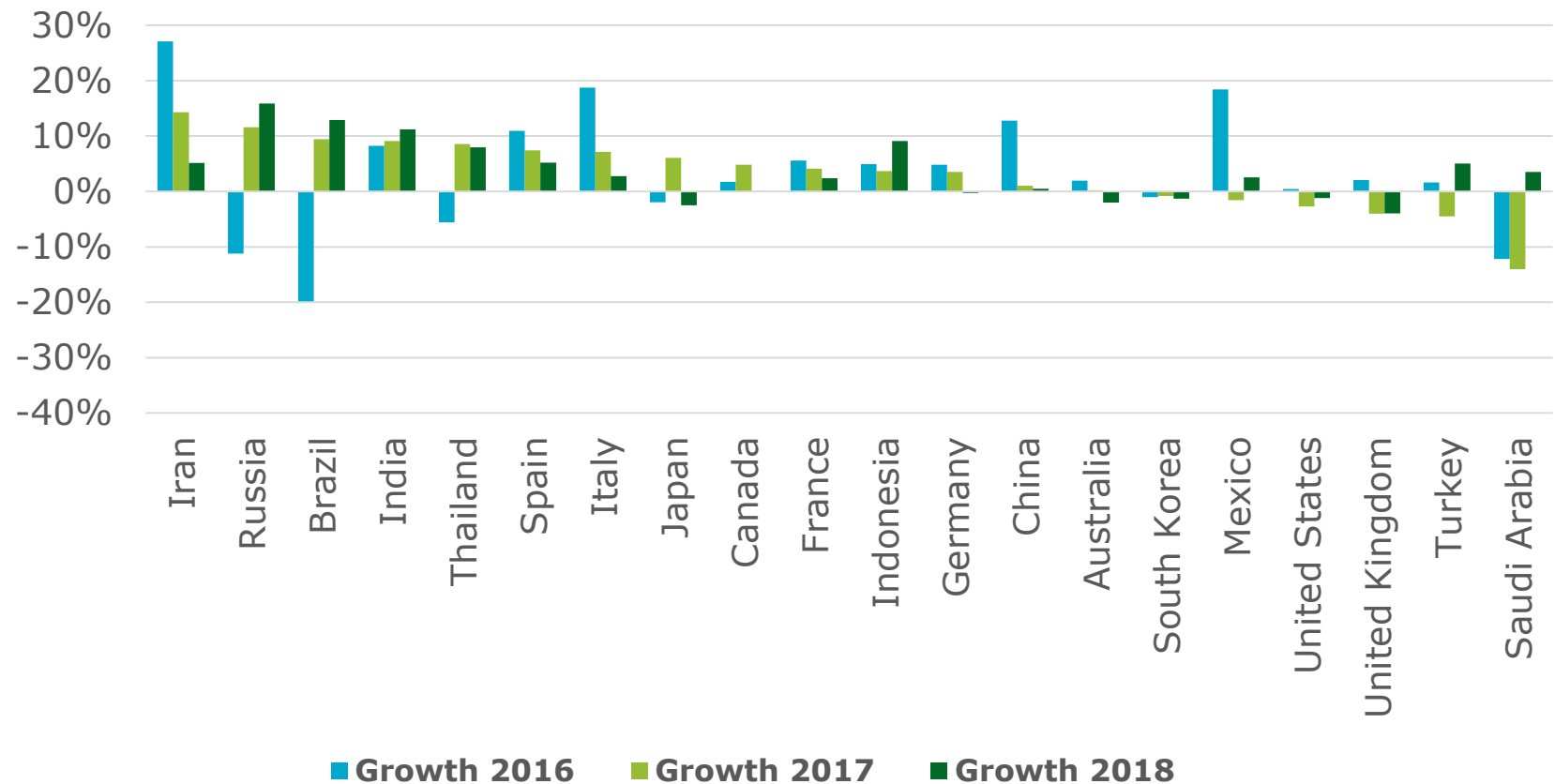


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# 2017 is the year of the return of the BRICs; Mexico among top 5 in 2016

## Annual LV sales change—Top 20



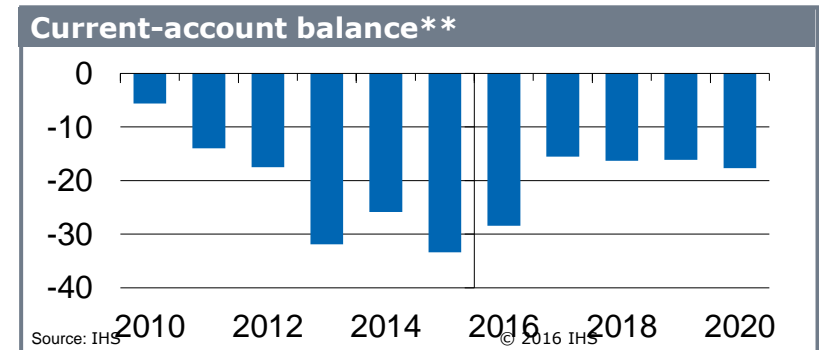
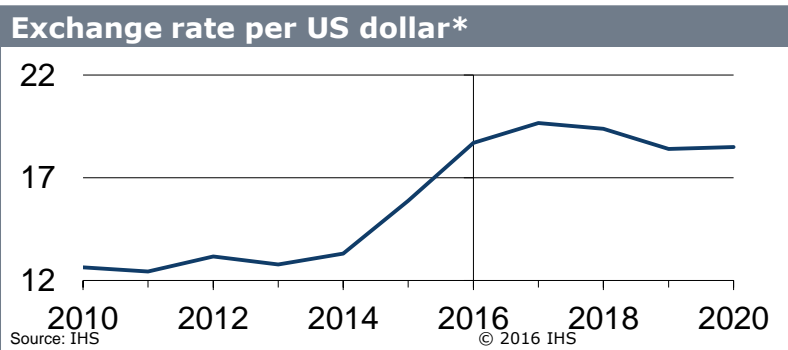
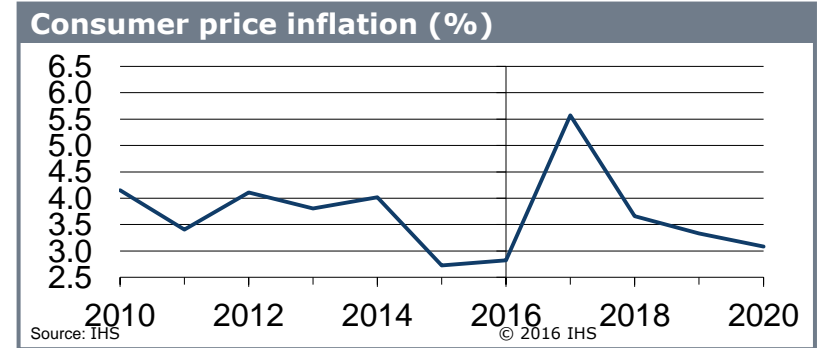
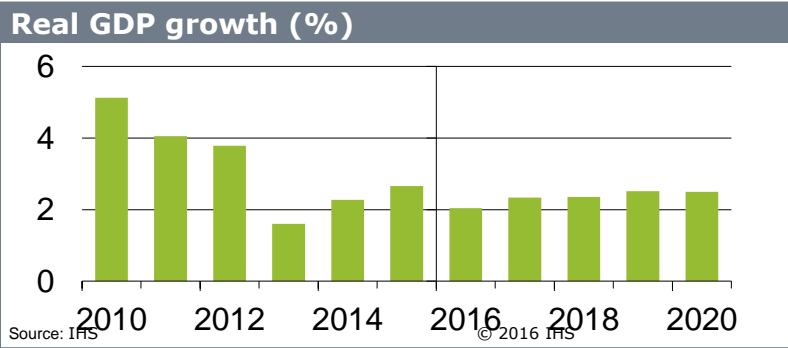
Source: IHS

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## Light Vehicle Sales in Latin America

Country	CY 2014	CY 2015	P'15	CY 2016	P'16	CY 2017	P'17	CY 2016 Dic15	MOE '16
Argentina	650,144	631,996	-2.8%	674,833	6.8%	859,562	27.4%	579,740	16.4%
Brazil	3,333,082	2,480,502	-25.6%	1,988,089	-19.9%	2,175,065	9.4%	2,100,228	-5.3%
Chile	328,412	283,495	-13.7%	304,626	7.5%	350,961	15.2%	262,057	16.2%
Colombia	296,047	267,821	-9.5%	243,469	-9.1%	252,350	3.6%	264,117	-7.8%
Ecuador	92,930	72,117	-22.4%	69,001	-4.3%	96,500	39.9%	81,413	-15.2%
<b>Mexico</b>	<b>1,135,029</b>	<b>1,351,812</b>	<b>19.1%</b>	<b>1,601,195</b>	<b>18.4%</b>	<b>1,575,988</b>	<b>-1.6%</b>	<b>1,399,876</b>	<b>14.4%</b>
Peru	165,915	147,559	-11.1%	154,334	4.6%	172,515	11.8%	150,483	2.6%

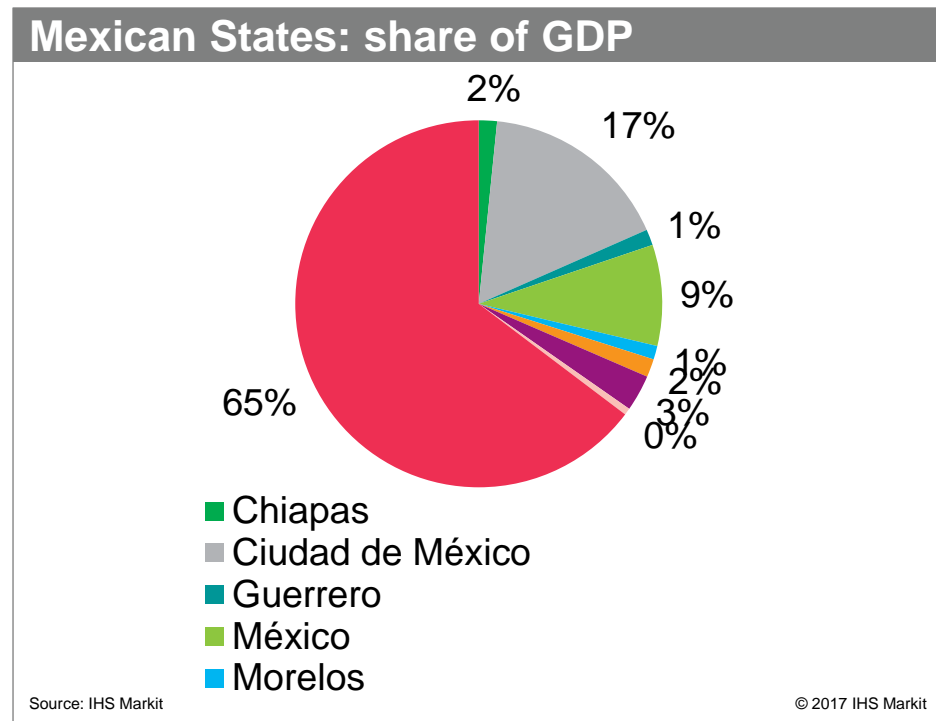
# Mexico outlook summary



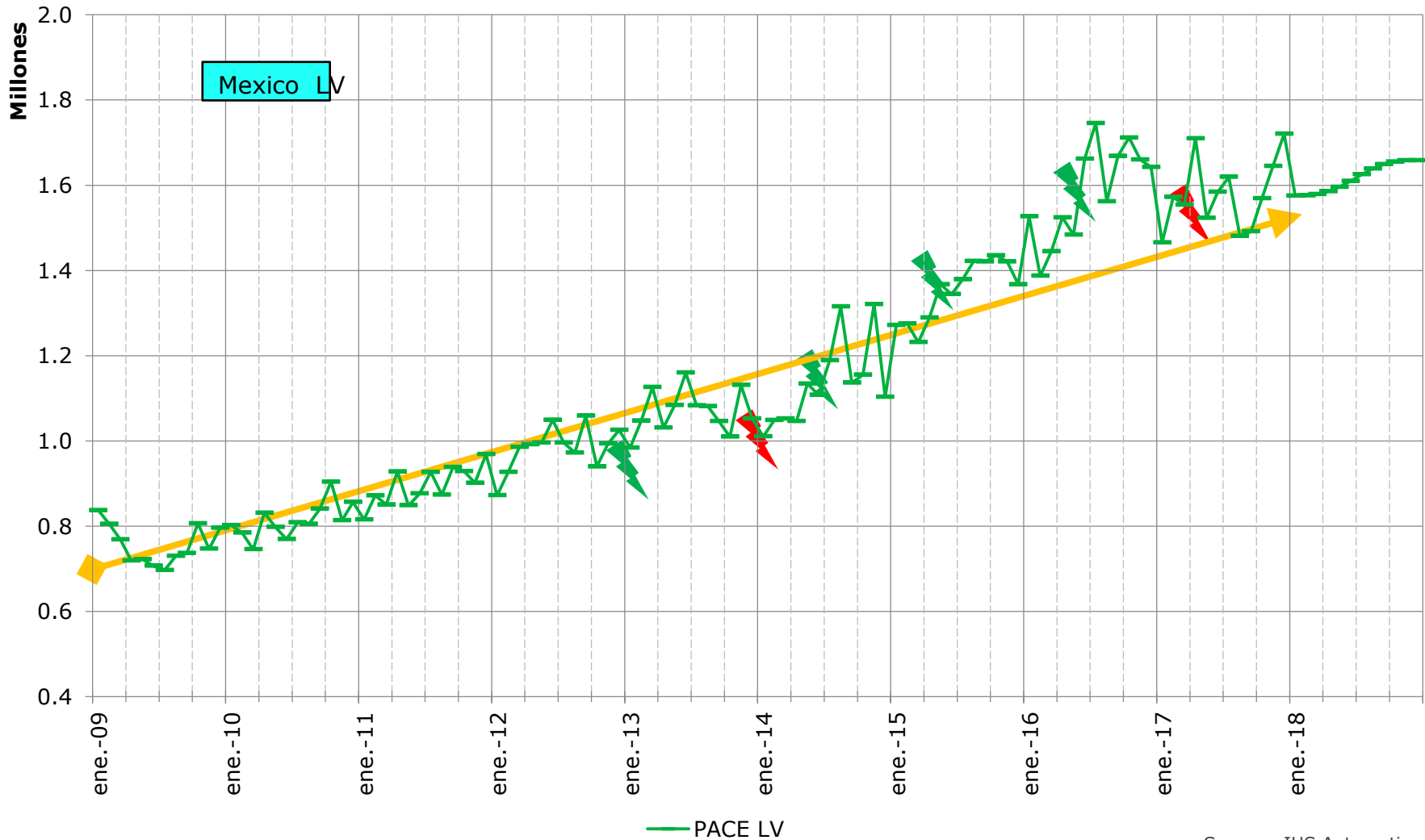
\*Annual average, \*\*Billions of US dollars

# Earthquakes impacted 8 States in Mexico

- States impacted account for 35% of GDP
- In these 8 states, 84% of business units did not suffer losses or altered their normal business operations
- Approximately 50% of impacted business units closed/stop only for 1 day
- Worst case scenario: GDP loses at 0.2-0.3 of a percentage point

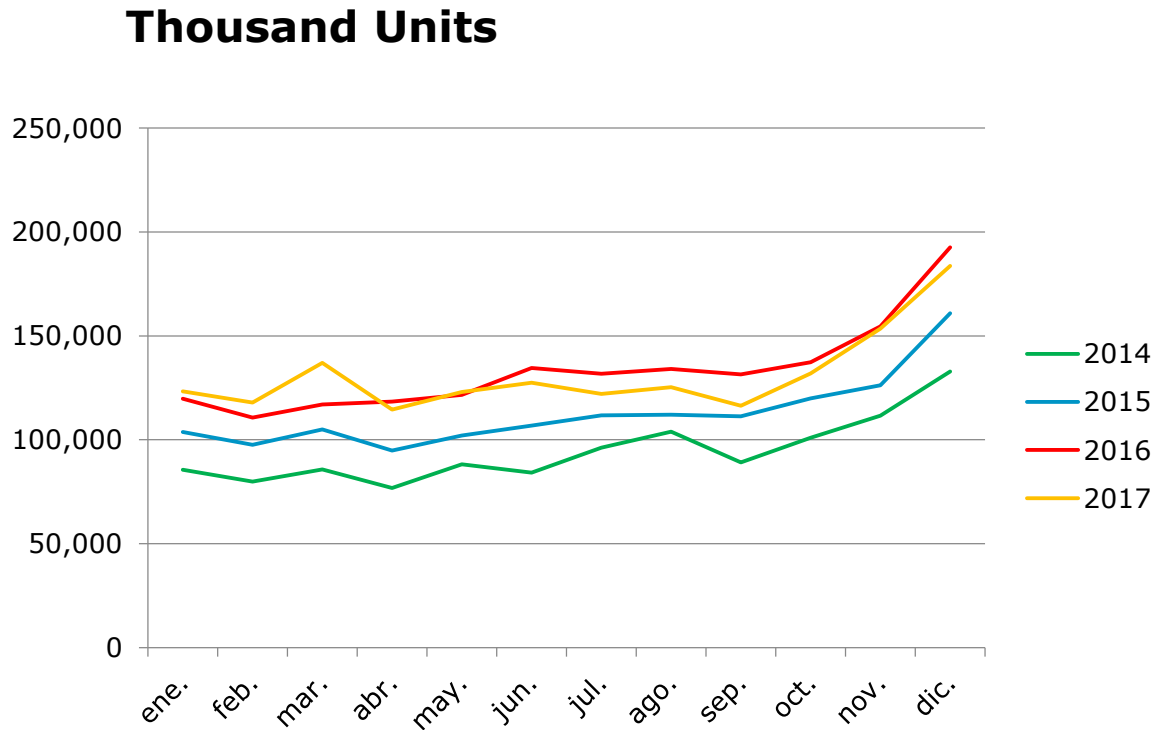


# Mexico Light Vehicle Sales - SAAR



Source: IHS Automotive

# Mexico Light Vehicle Sales Monthly Volumes



	2016	2017	%
Jan	119,339	123,260	3.0%
Feb	110,491	117,976	6.7%
Mar	117,962	137,012	17.1%
Apr	118,005	114,477	-3.3%
May	121,538	122,916	1.1%
Jun	134,337	127,410	-5.3%
Jul	130,916	122,110	-7.3%
Aug	133,800	125,331	-6.5%
Sep	131,696	116,356	-11.5%
Oct	137,389	131,995	-3.9%
Nov	154,219	153,443	-0.8%
Dec	191,516	183,680	-4.6%
<b>Total</b>	<b>1,601,208</b>	<b>1,575,988</b>	<b>-1.7%</b>

## YTD by Global Segment (August)

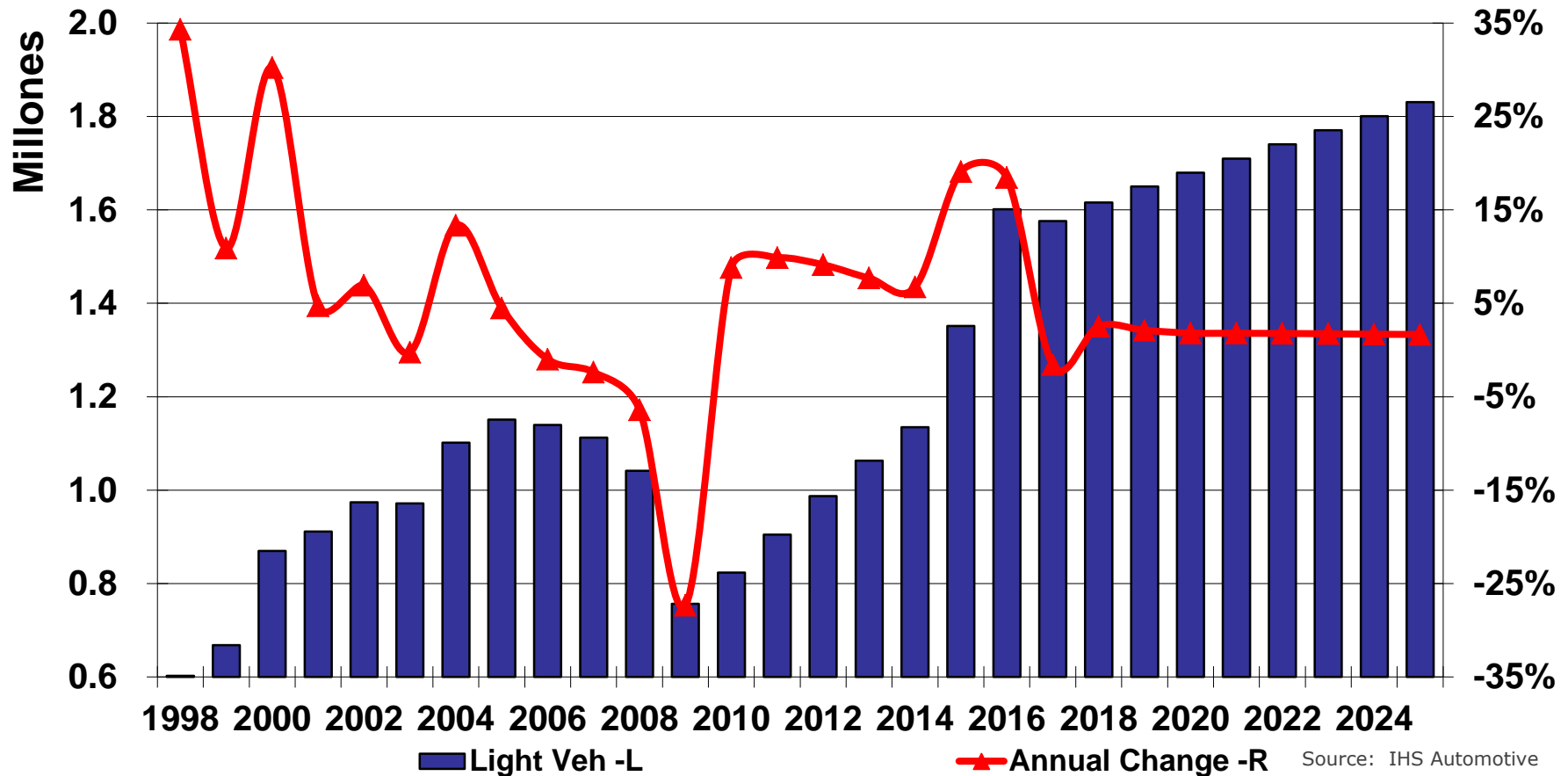
Global Segment	2016	2017		YOY
INDUSTRY	986,388	989,661		0.3%
C-Sedan	265,480	253,686	1	-4.4%
B-Sedan	130,398	123,803	2	-5.1%
B-Hatchback	108,479	108,868	3	0.4%
C-SUV	100,497	96,828	4	-3.7%
C-Pickup	79,698	80,381	5	0.9%
B-SUV	44,615	72,647	6	62.8%
A-Hatchback	59,184	54,210	7	-8.4%
D-SUV	30,111	28,456	8	-5.5%
C-Hatchback	25,975	27,578	9	6.2%
D-Pickup	28,891	24,512	10	-15.2%
D-Sedan	27,059	20,632	11	-23.8%
D-Van	13,559	15,300	12	12.8%
Others	72,442	82,760		14.2%



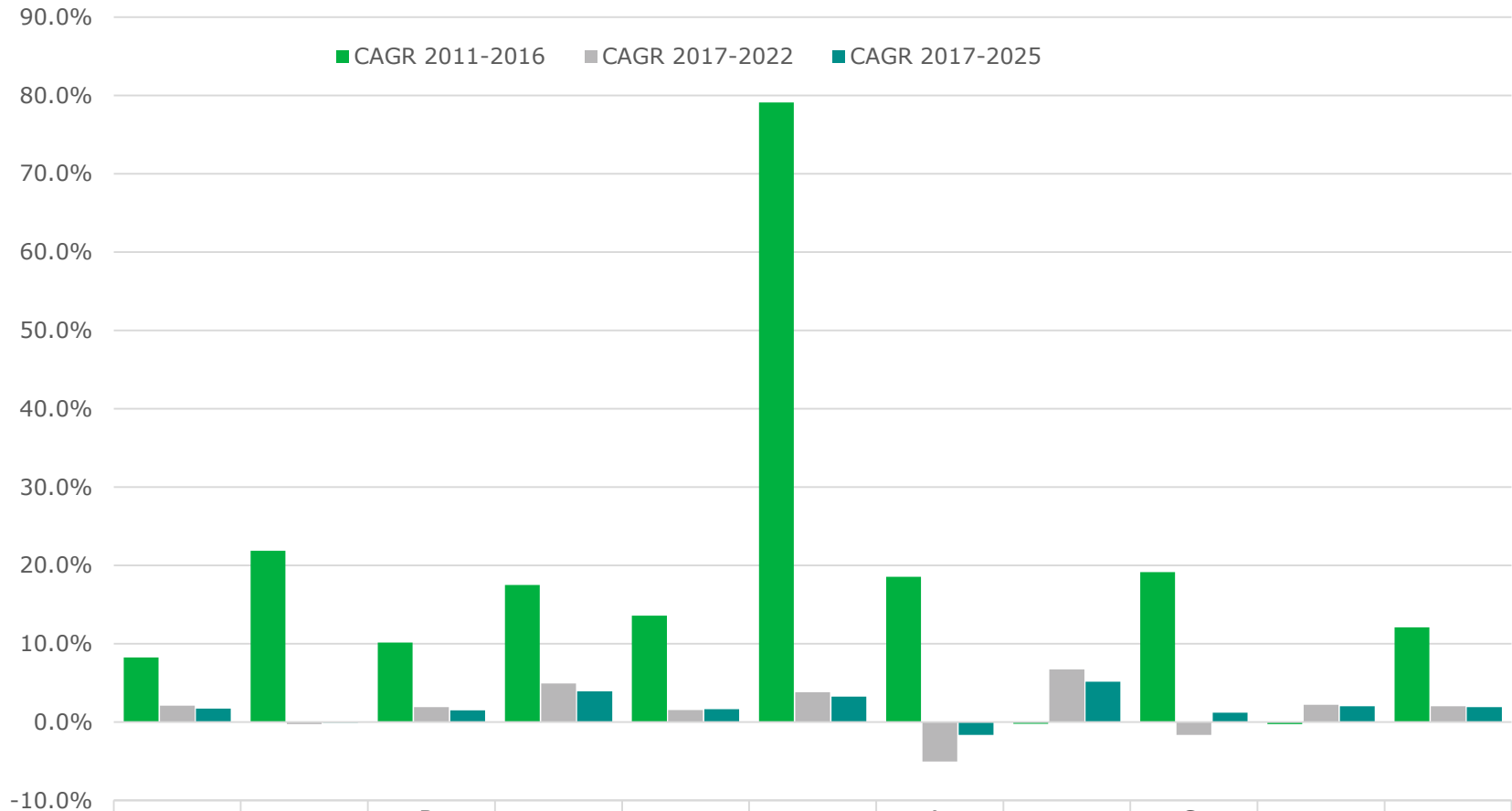
# Mexico Light Vehicle Sales

## More credit/manufacturing bring us to new highs?

**Forecast calls for continued restriction of used cars**



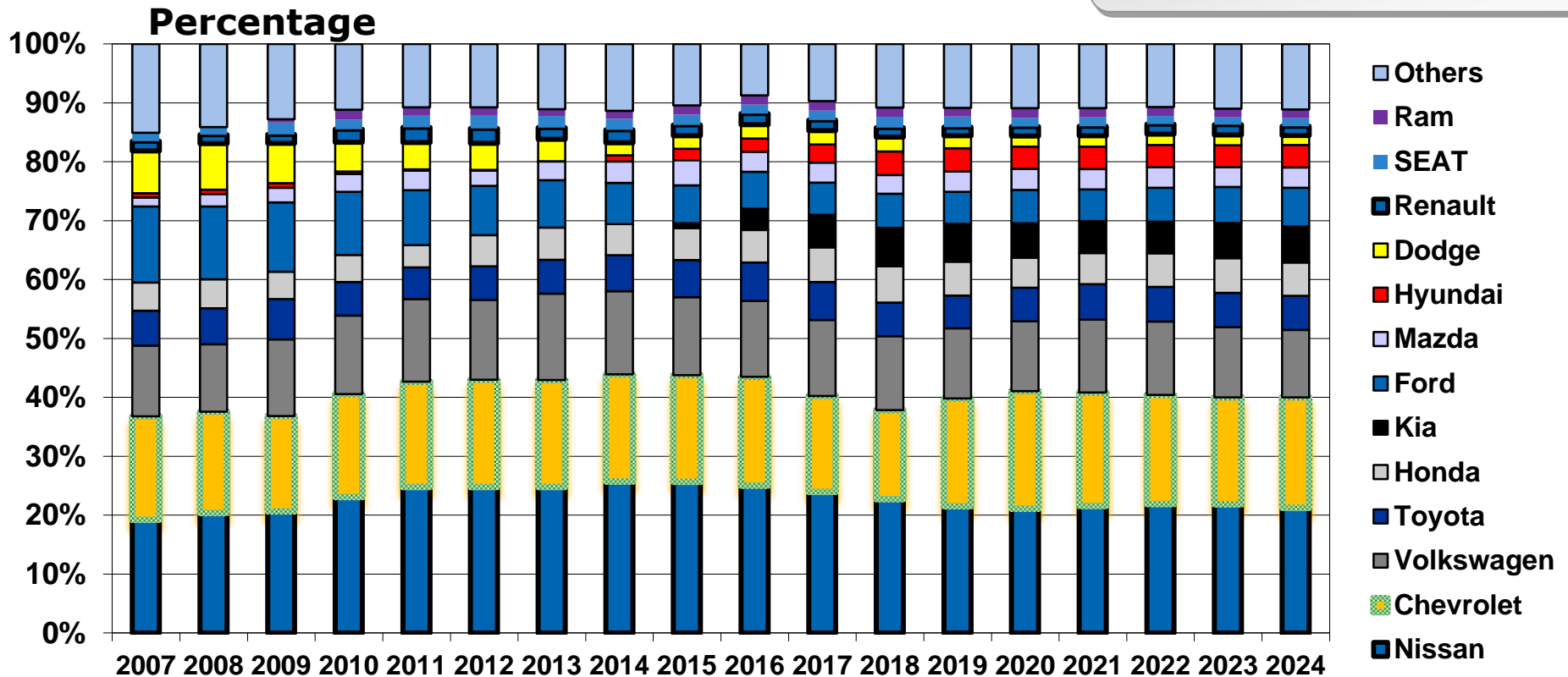
# CAGR by Segment-Bodytype



	C-Sedan	B-Sedan	B-Hatchback	C-SUV	C-Pickup	B-SUV	A-Hatchback	D-SUV	C-Hatchback	D-Pickup	Total
■ CAGR 2011-2016	8.2%	21.9%	10.2%	17.5%	13.6%	79.1%	18.5%	-0.2%	19.2%	-0.3%	12.1%
■ CAGR 2017-2022	2.1%	-0.3%	1.9%	4.9%	1.5%	3.8%	-5.0%	6.7%	-1.6%	2.2%	2.0%
■ CAGR 2017-2025	1.7%	-0.1%	1.5%	3.9%	1.6%	3.3%	-1.6%	5.2%	1.2%	2.0%	1.9%

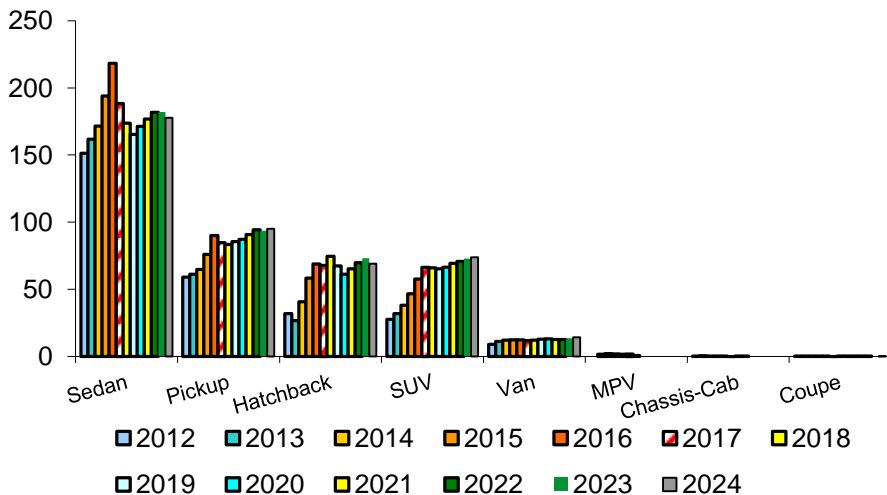
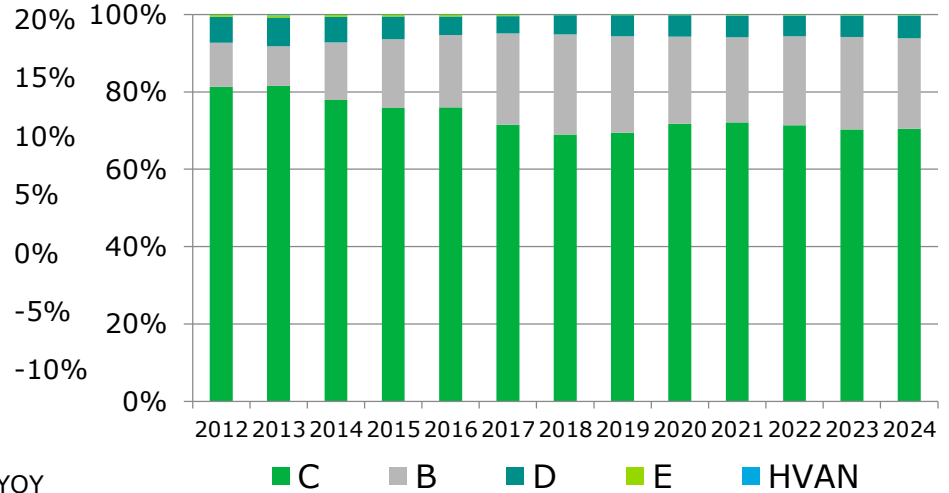
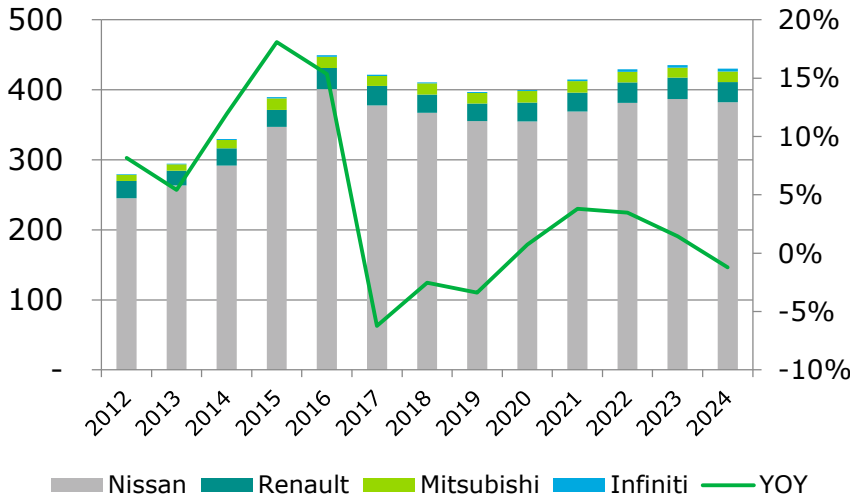
# Mexico LV Market Share by Brand

**Nissan, GM and VW will face competition**

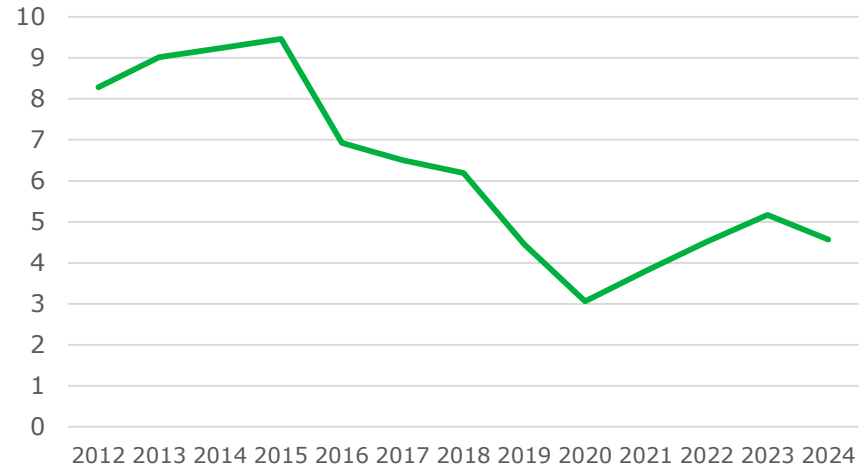


There are 35 brands inside Others: Audi, Fiat, Suzuki, BMW, Jeep, Mercedes-Benz, Mitsubishi, Peugeot, Mini, GMC, Buick, Acura, Infiniti, Cadillac, Lincoln, Isuzu, Porsche, Volvo, Subaru, Chrysler, Land Rover, Smart, Alfa Romeo, Jaguar, Bentley, Others, Beijing Auto, FAW, Freightliner, Genesis, Hummer, Mercury, Pontiac, Saab and Tianjin Xiali.

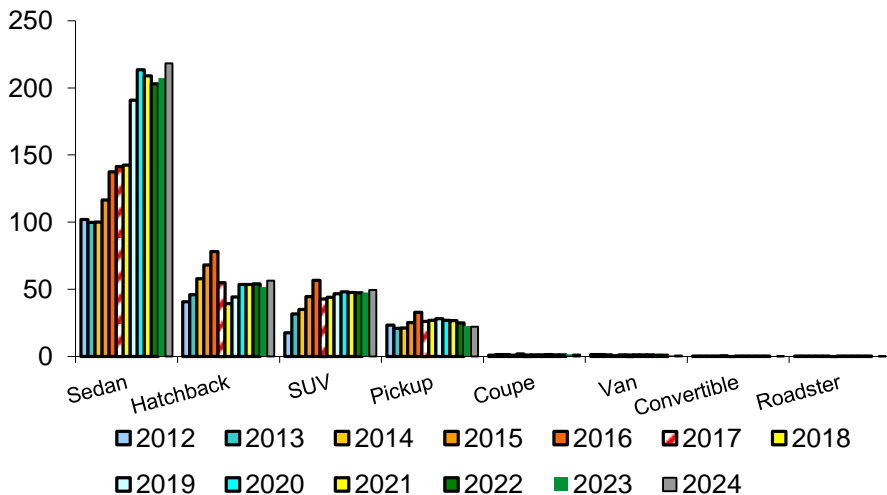
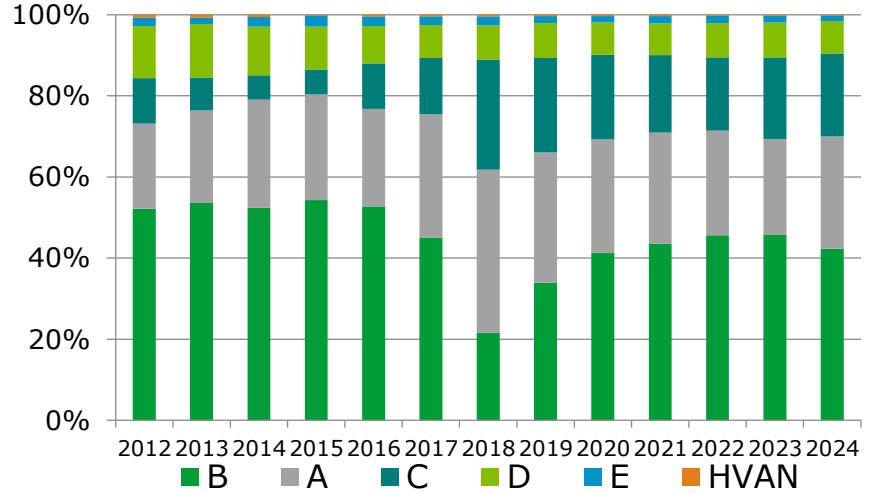
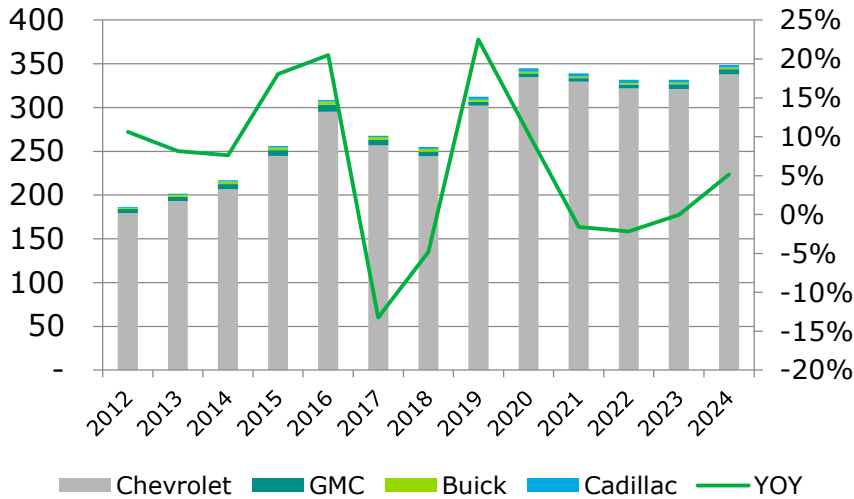
# Mexico Light Vehicle Sales Renault-Nissan Alliance



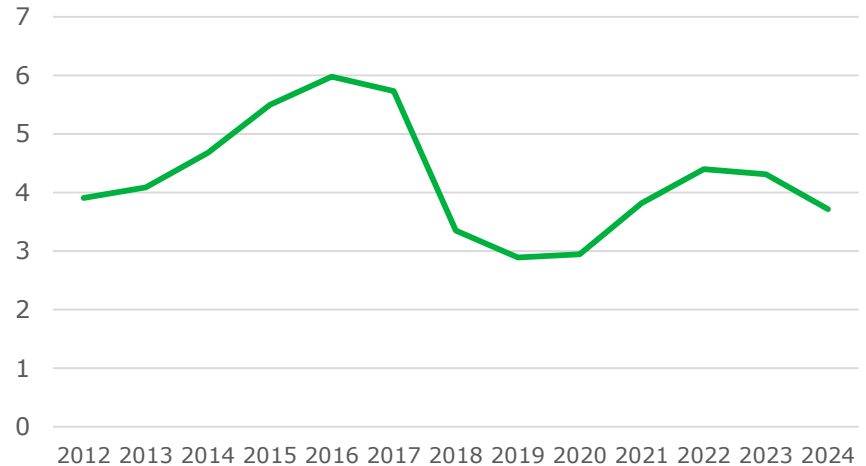
Portfolio Age



# Mexico Light Vehicle Sales General Motors

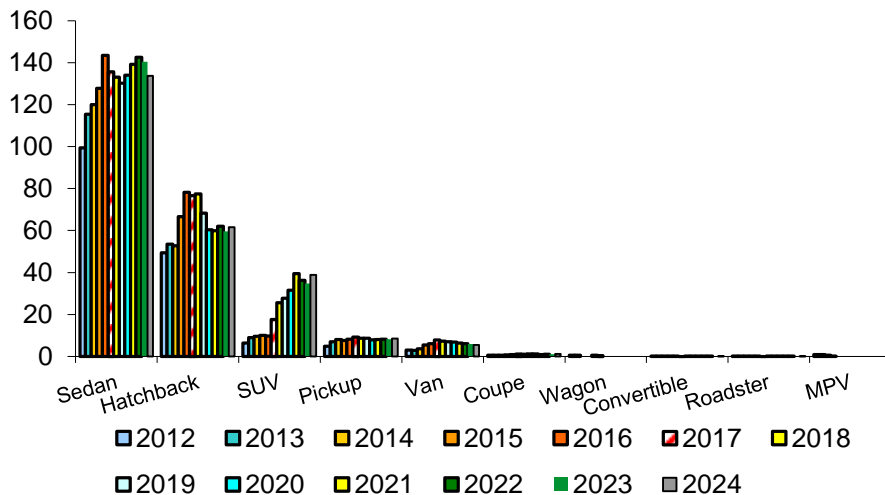
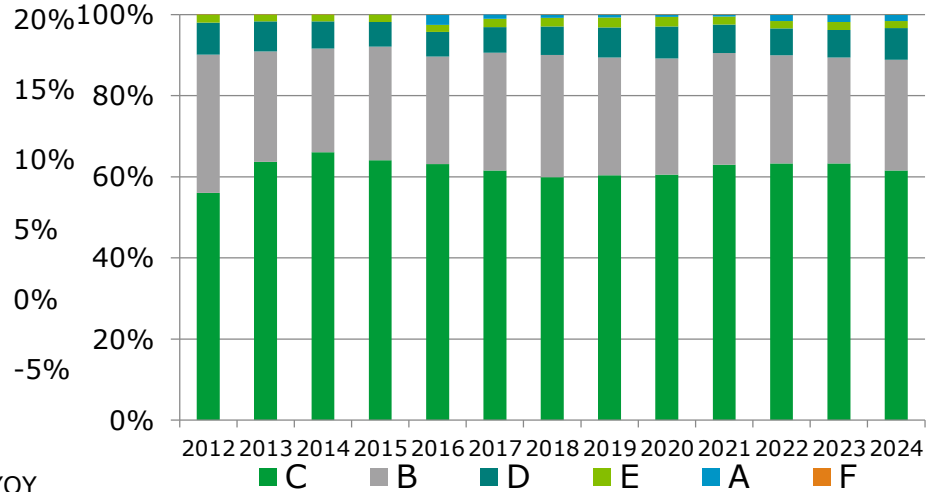
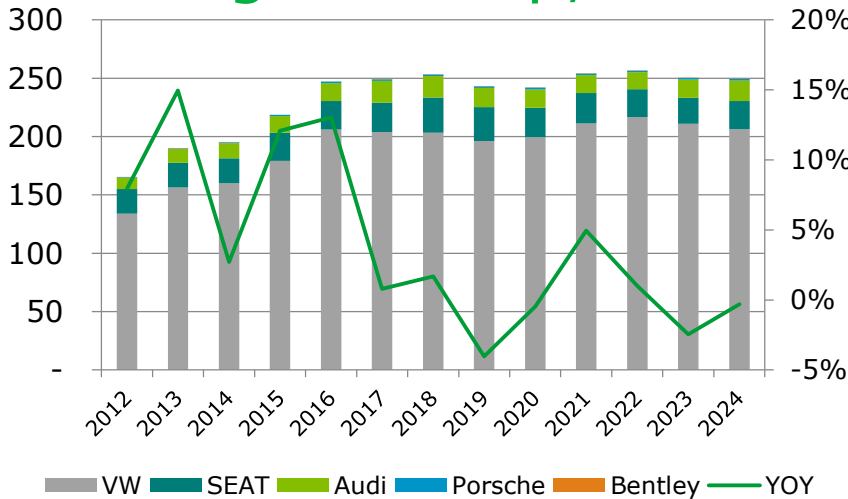


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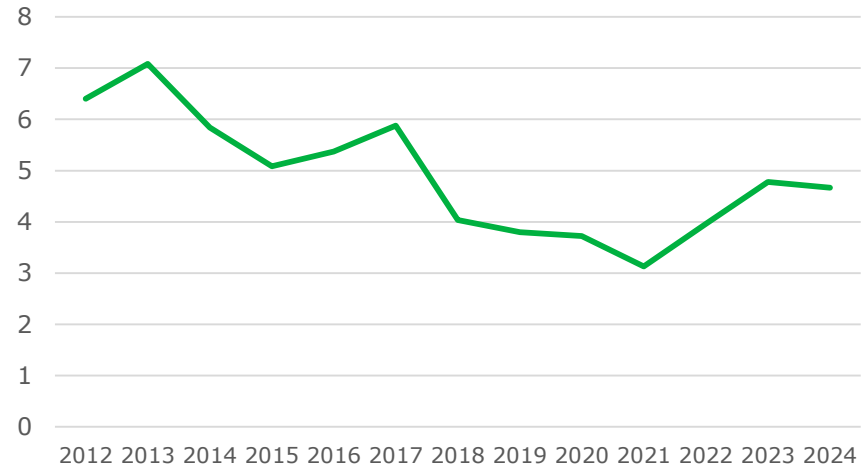


# Mexico Light Vehicle Sales

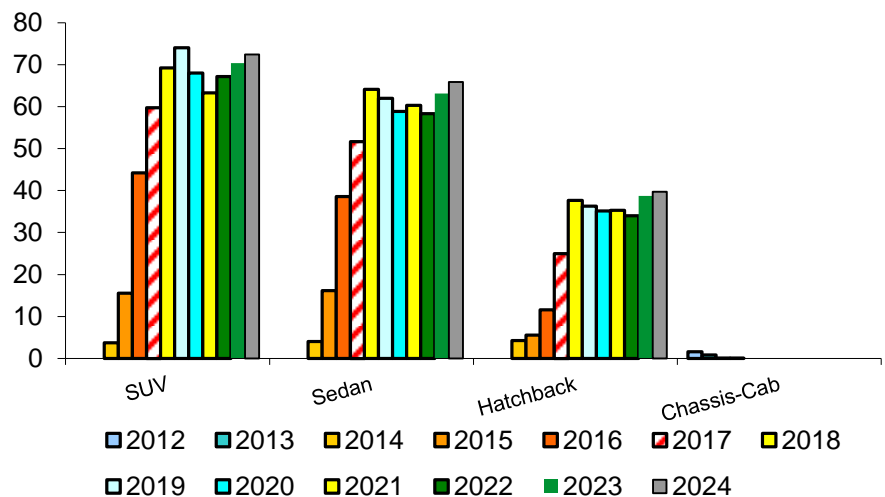
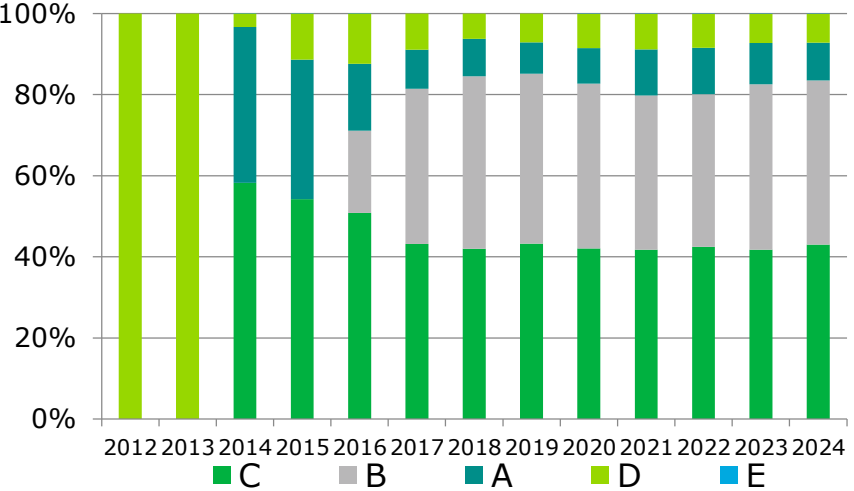
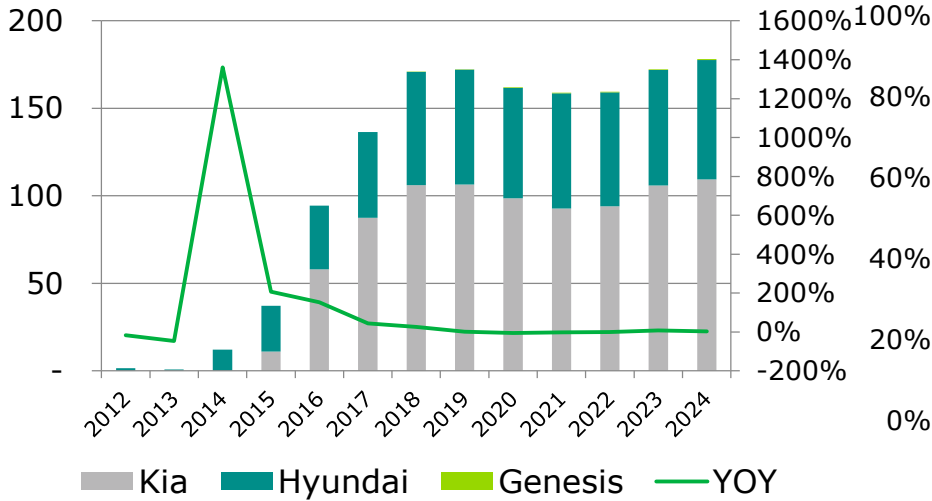
## Volkswagen Group, Jetta weakened



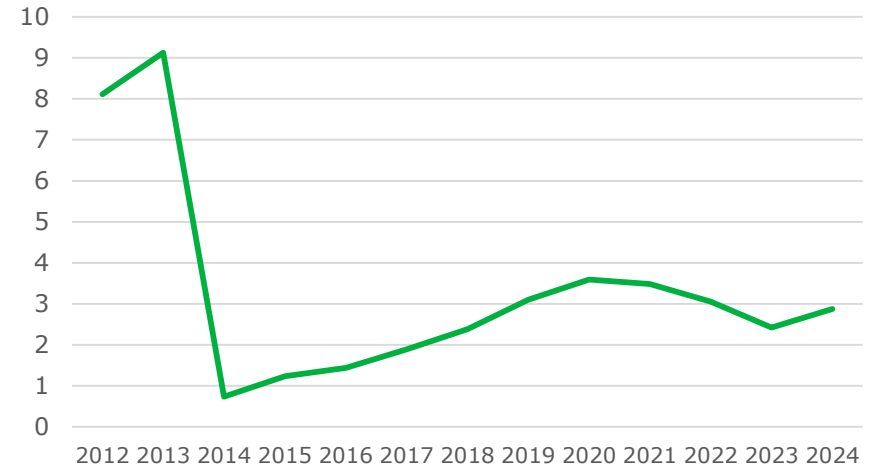
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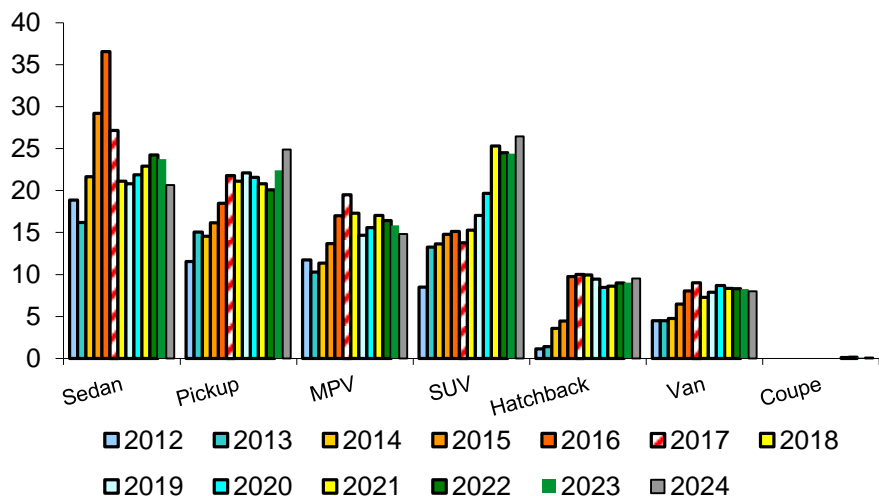
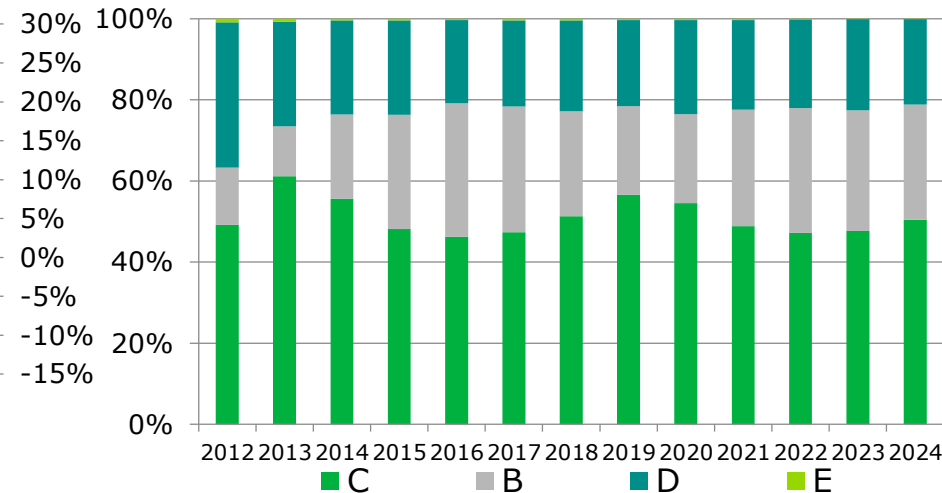
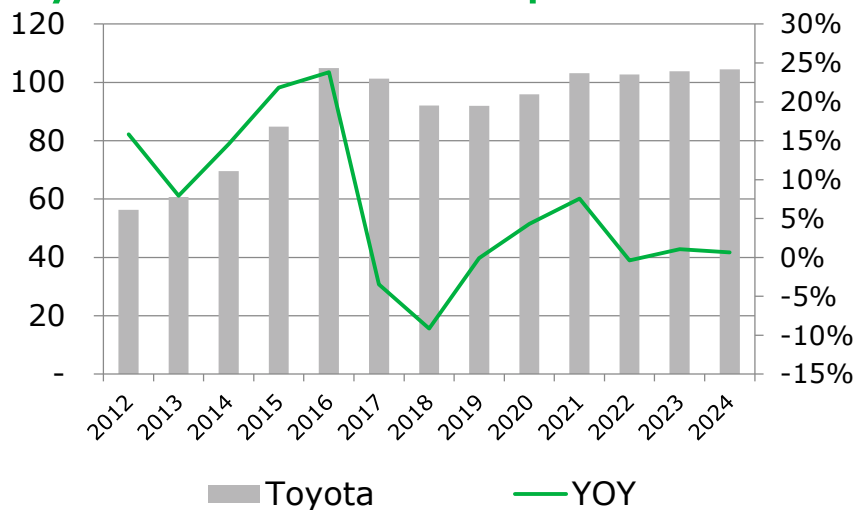
# Mexico Light Vehicle Sales Hyundai Auto Group



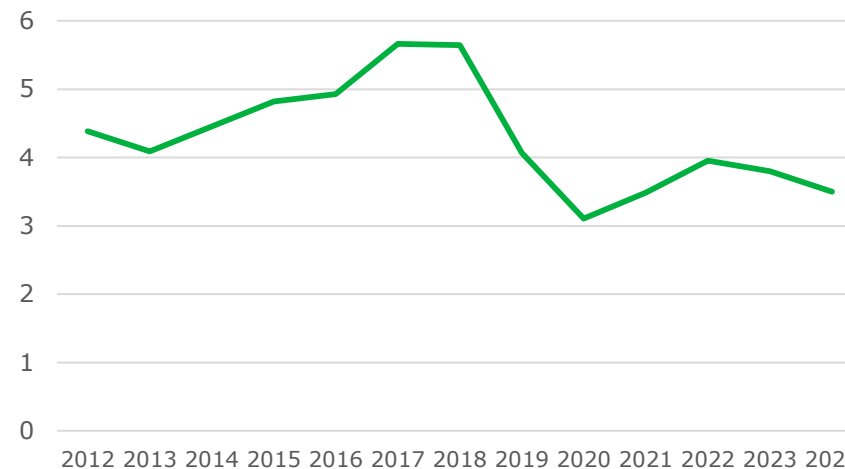
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# Mexico Light Vehicle Sales Toyota Motor Corporation

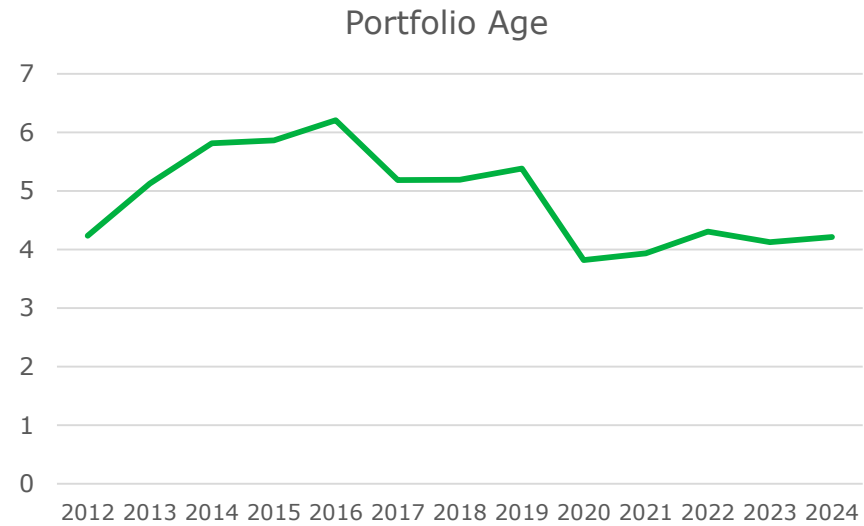
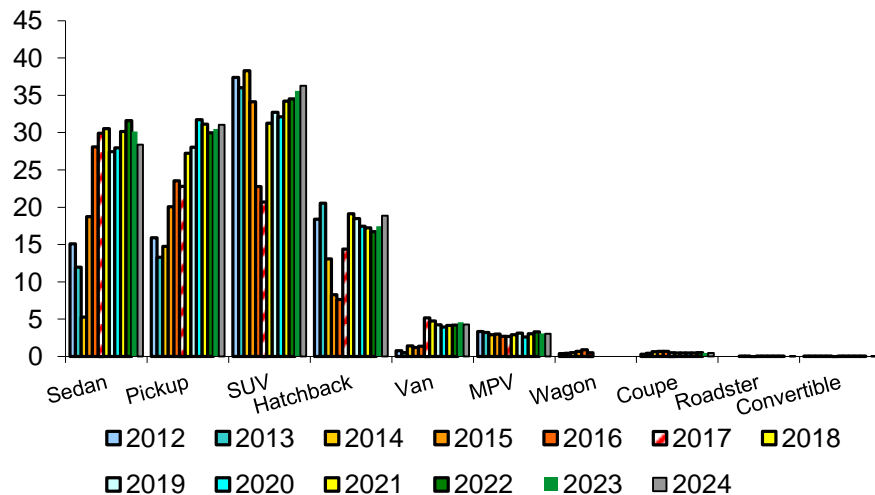
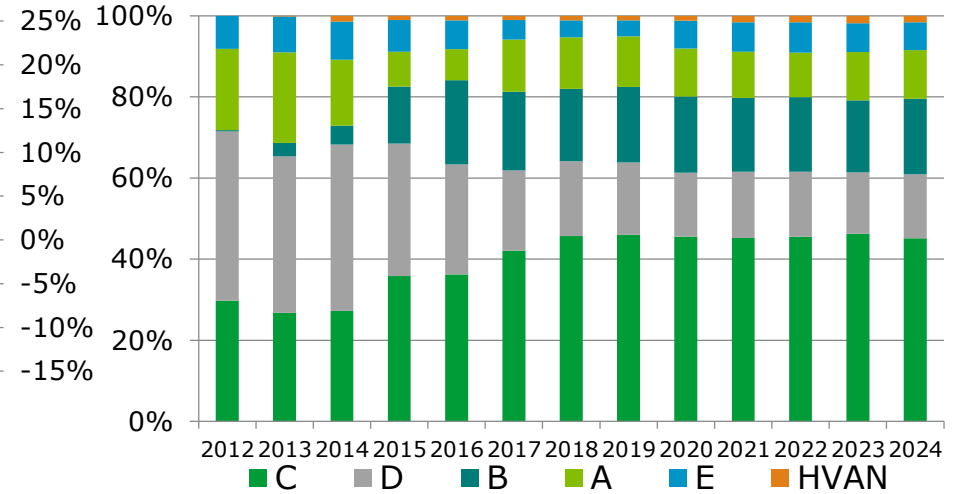
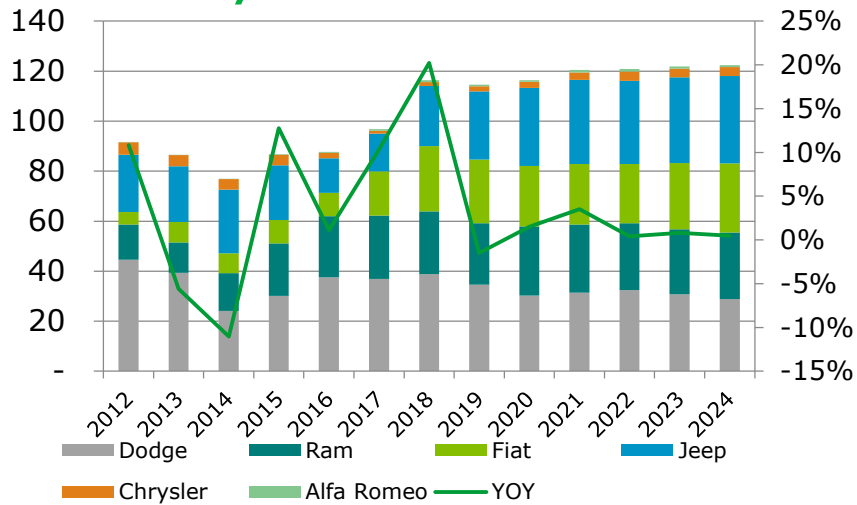


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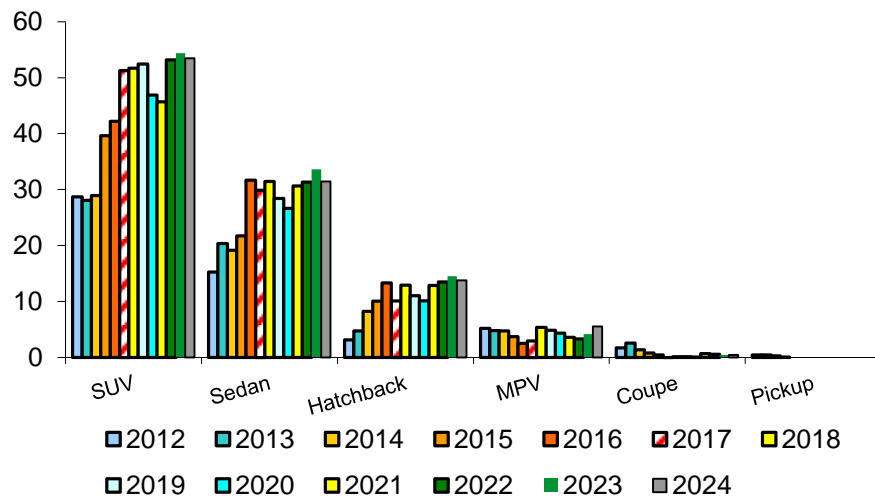
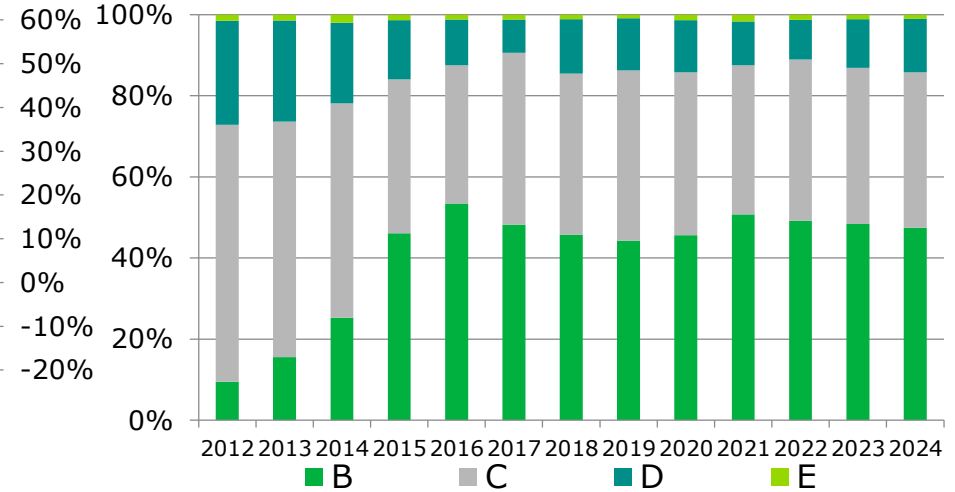
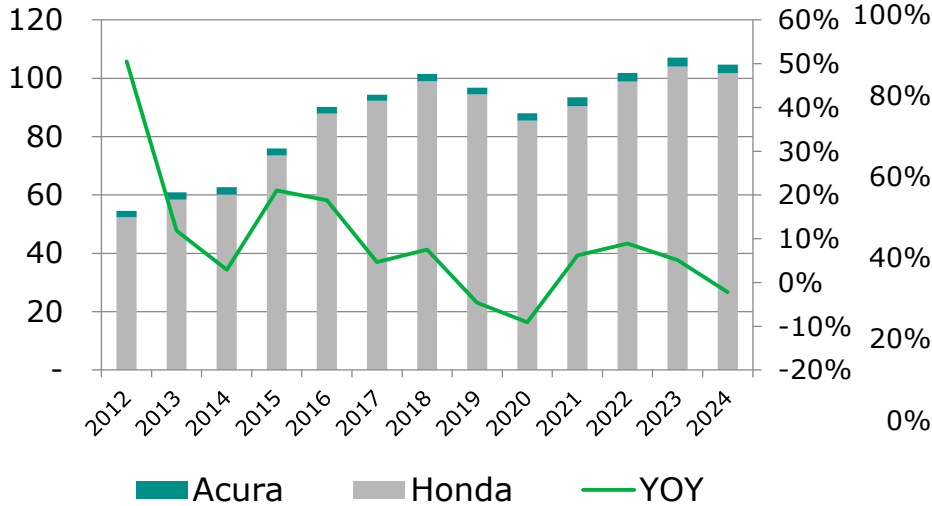




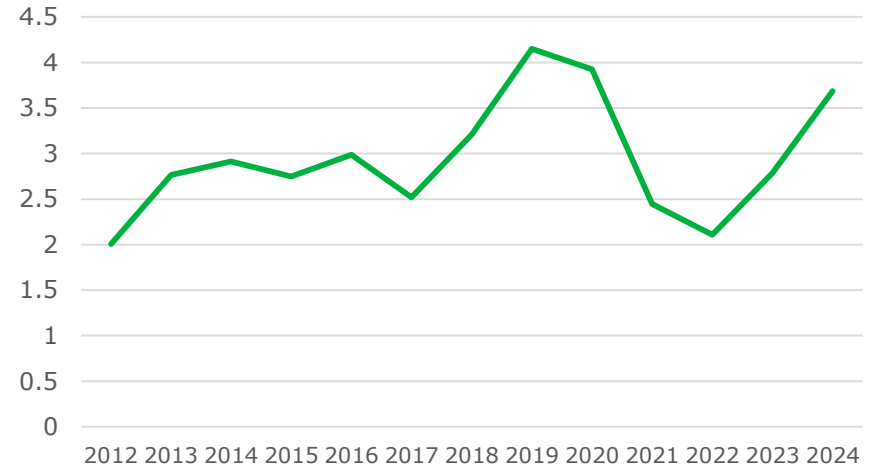
# Mexico Light Vehicle Sales Fiat Chrysler Automobiles



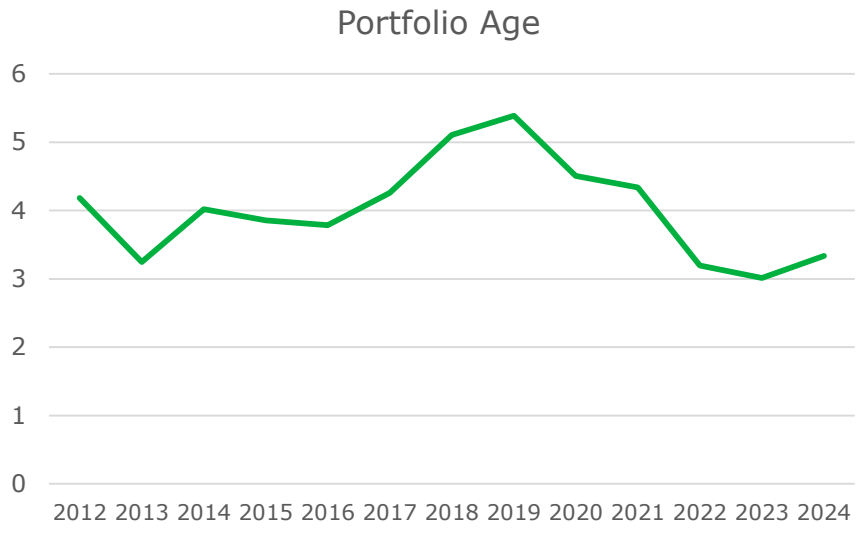
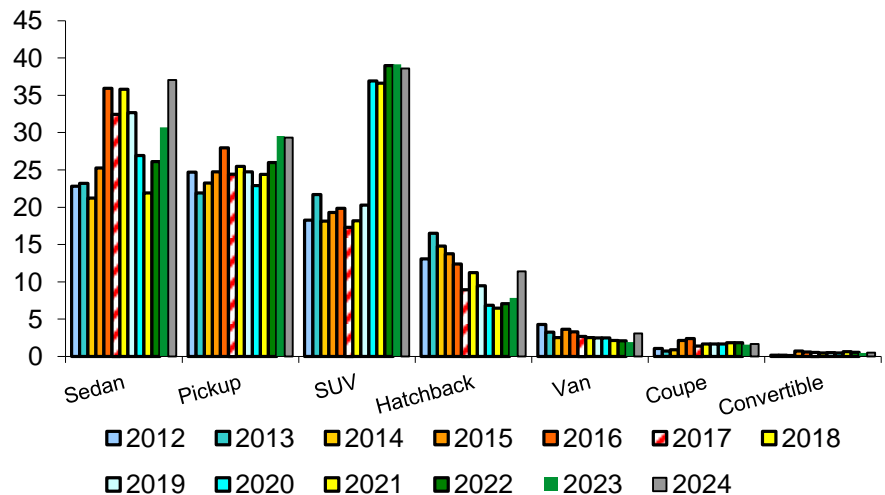
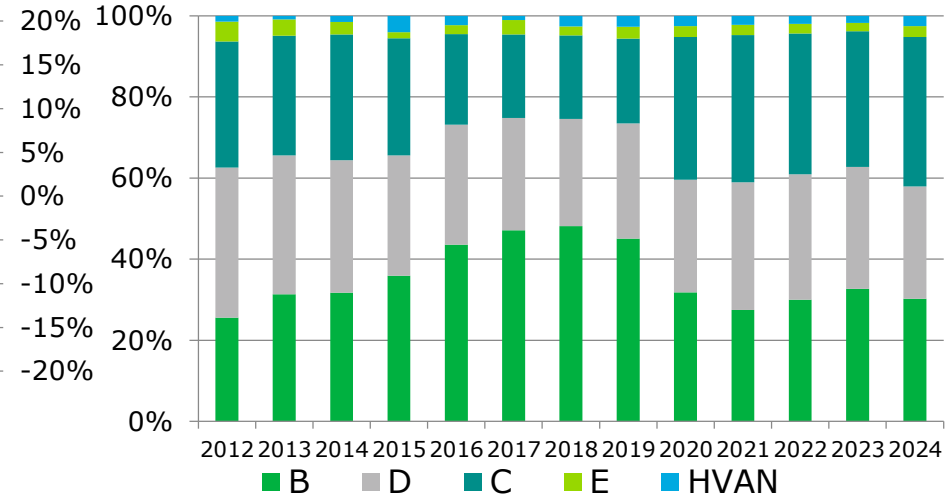
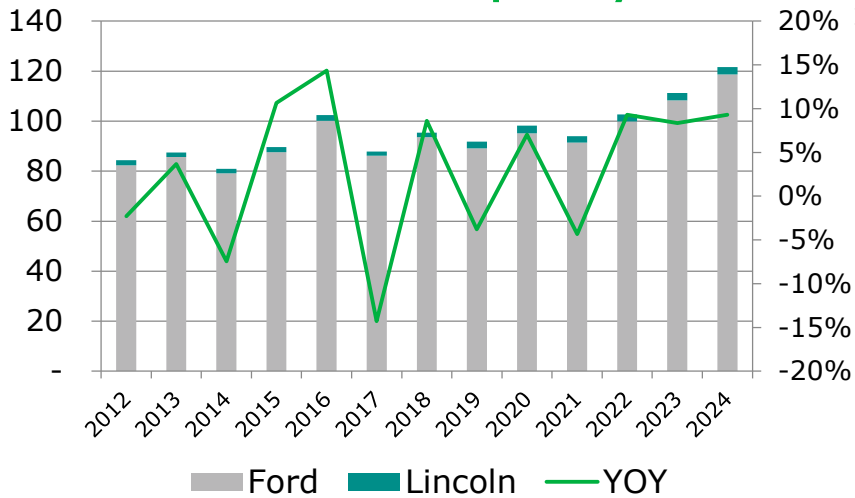
# Mexico Light Vehicle Sales Honda Motor Company



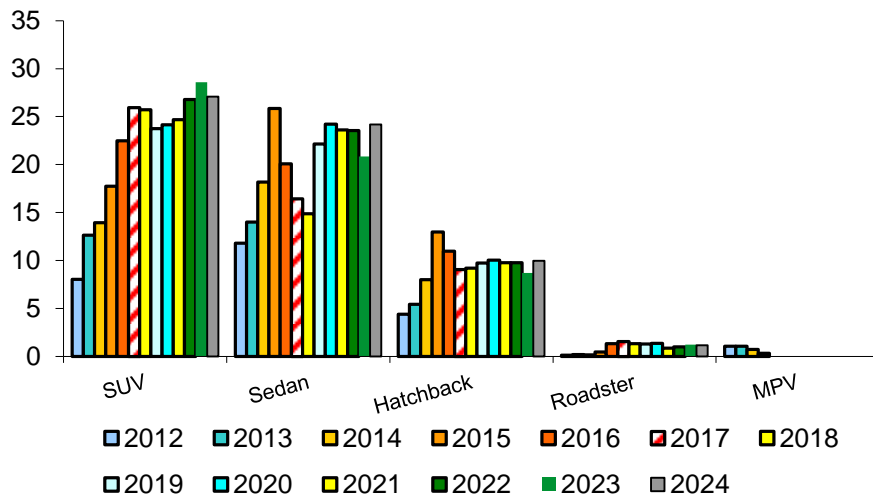
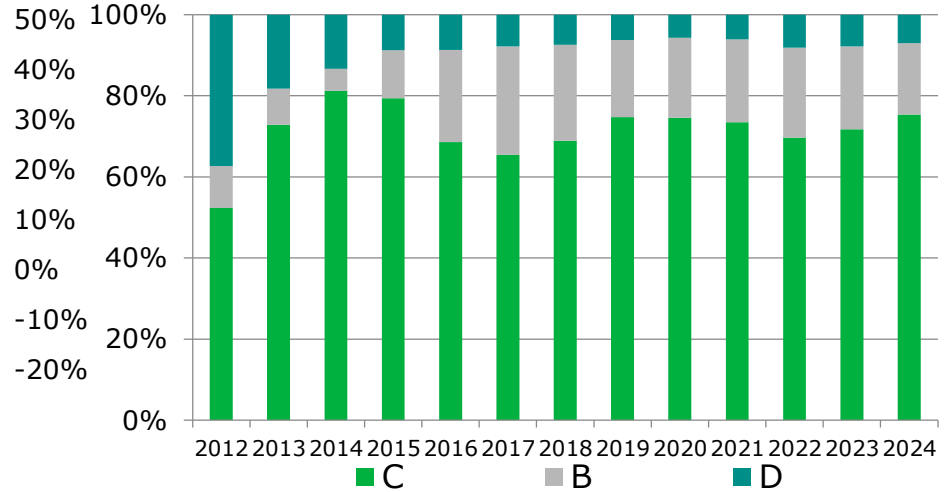
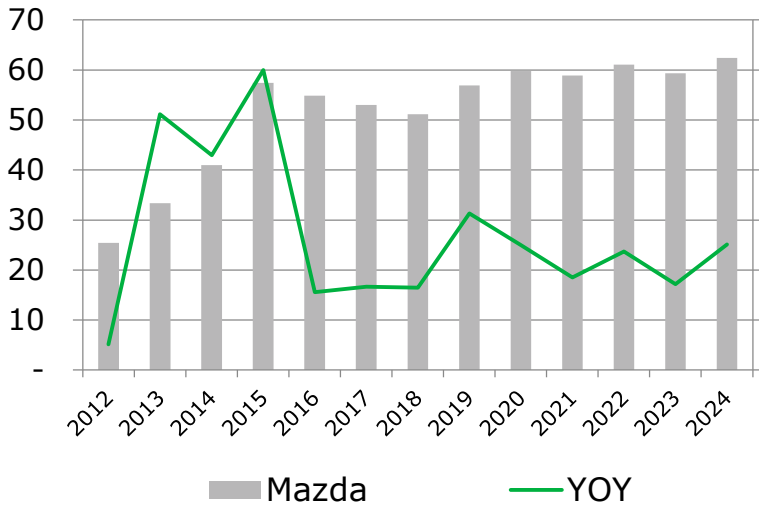
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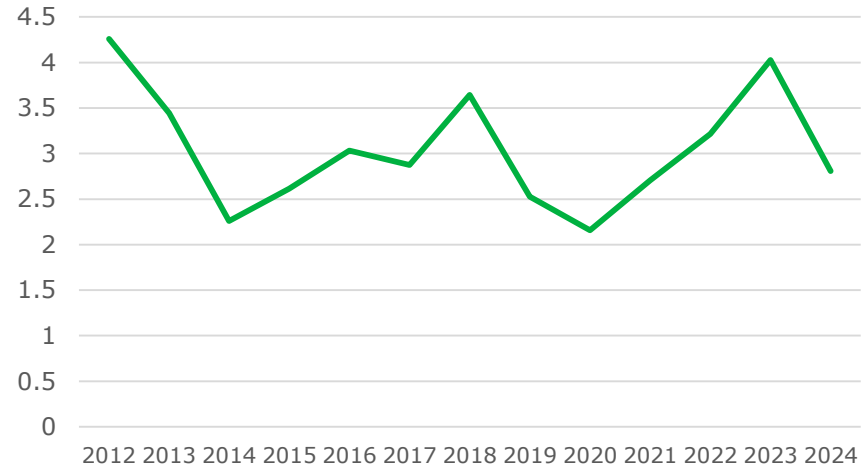
# Mexico Light Vehicle Sales Ford Motor Company



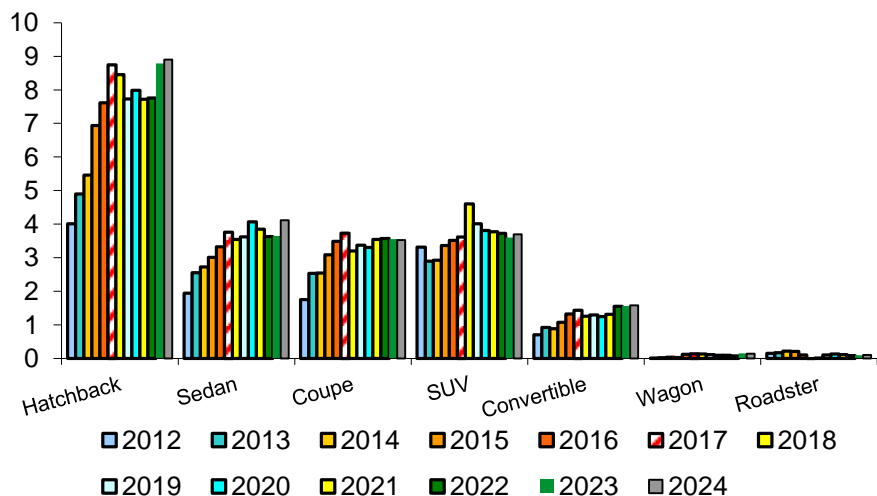
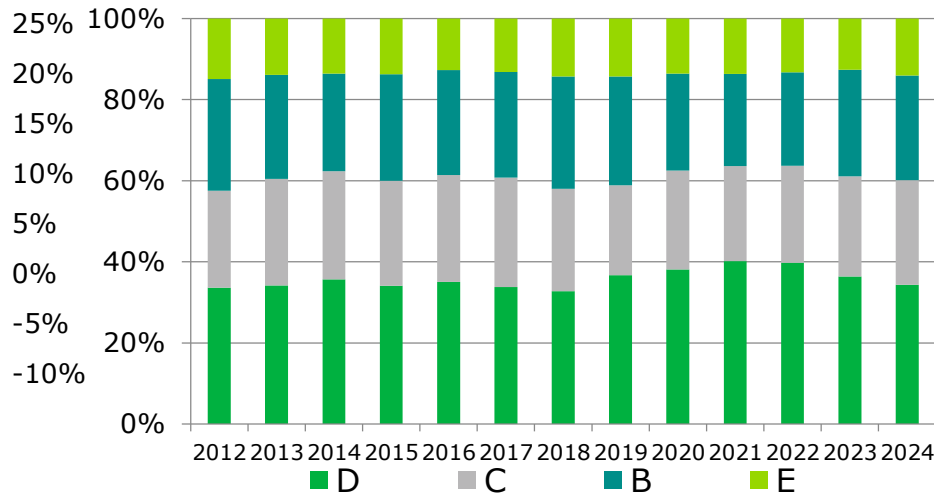
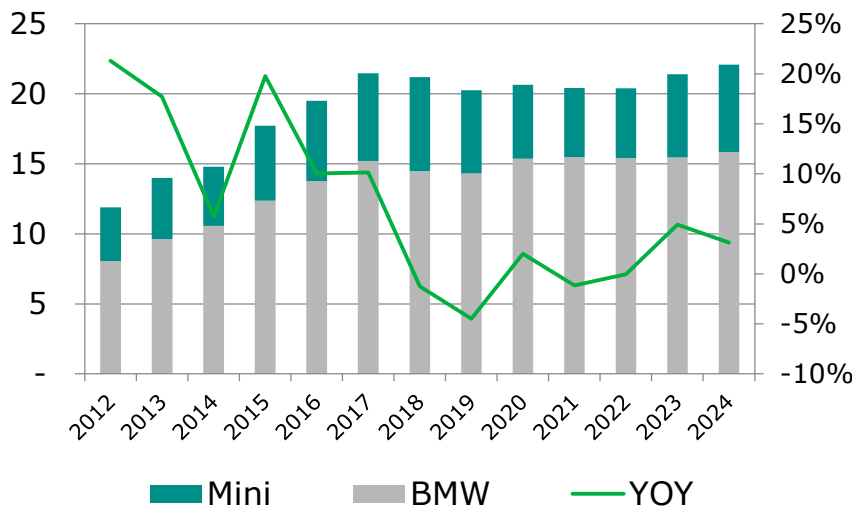
# Mexico Light Vehicle Sales Mazda Motor Corporation



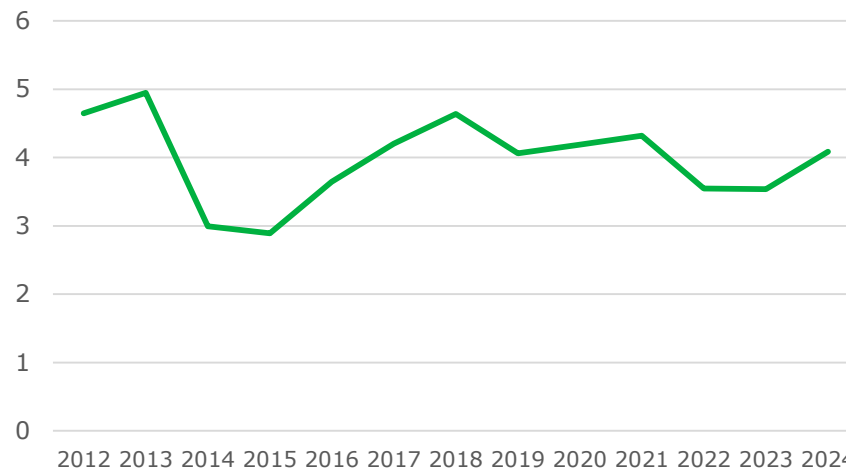
Portfolio Age



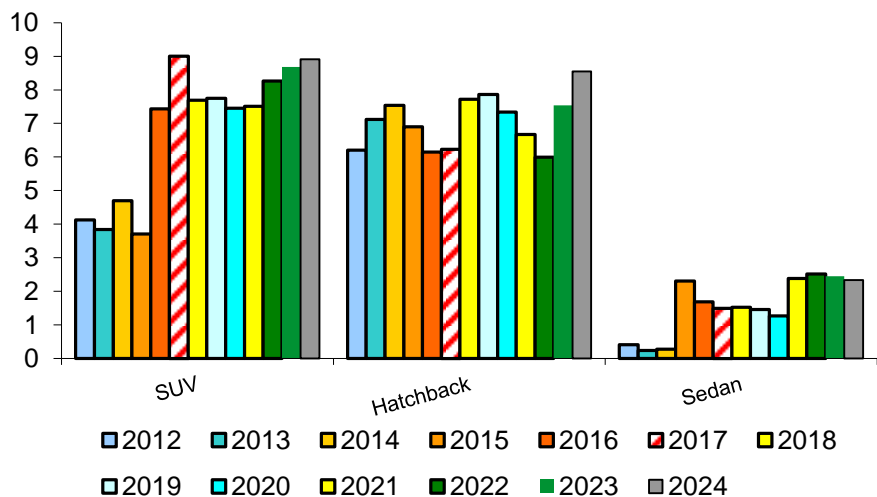
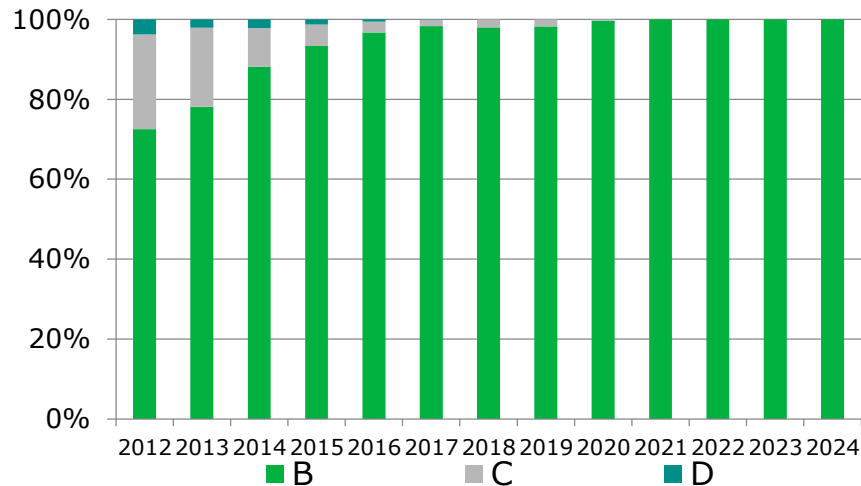
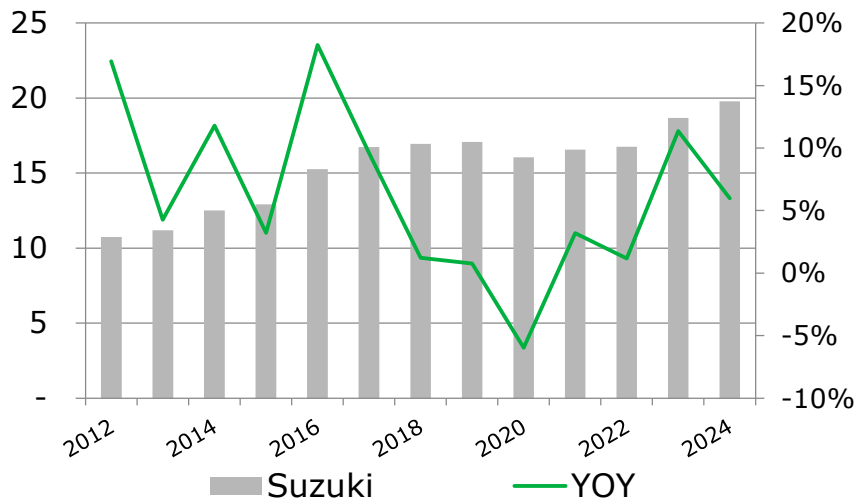
# Mexico Light Vehicle Sales Bayerische Motoren Werke AG



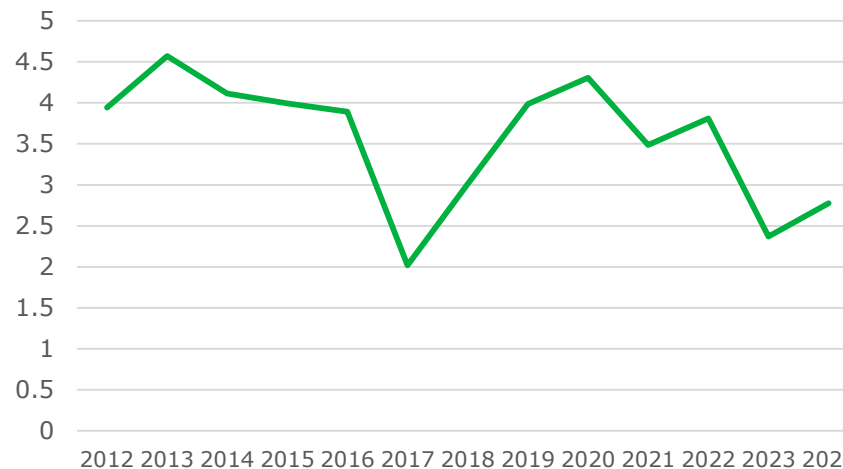
Portfolio Age



# Mexico Light Vehicle Sales Suzuki

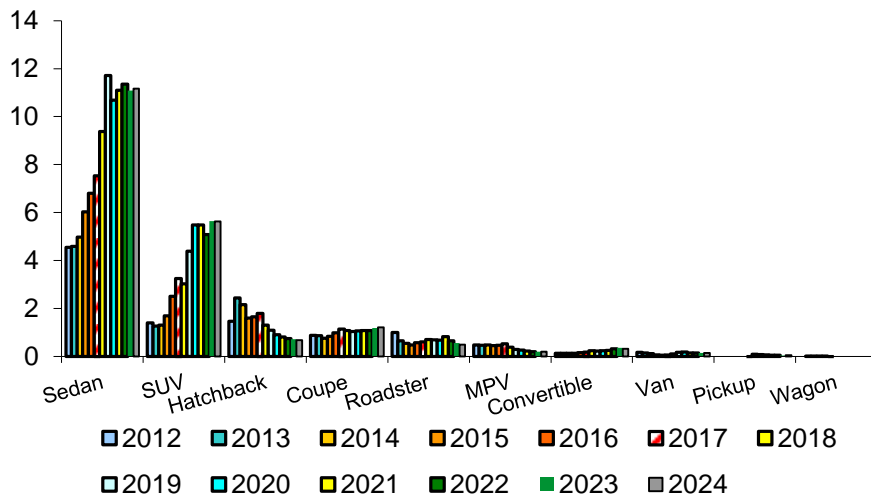
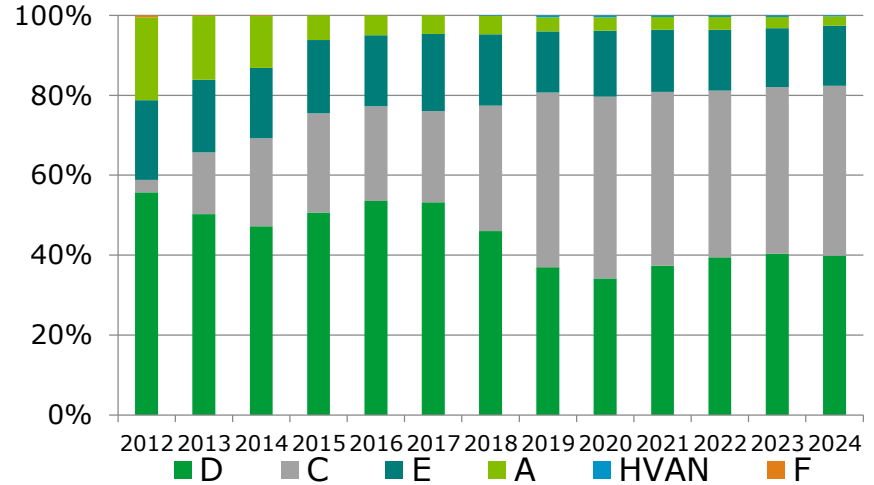
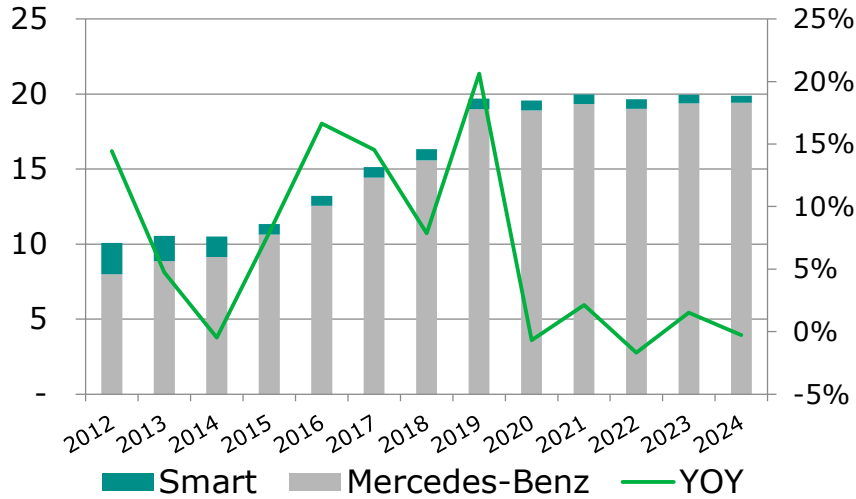


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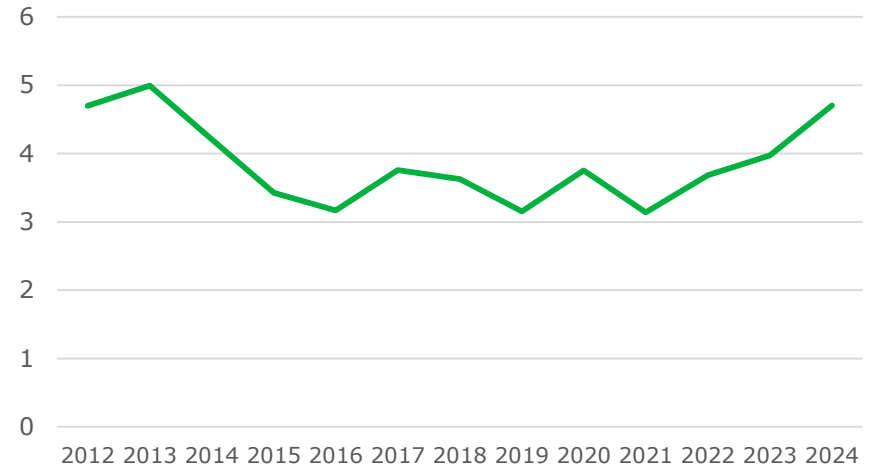


Source: IHS Automotive

# Mexico Light Vehicle Sales Daimler AG

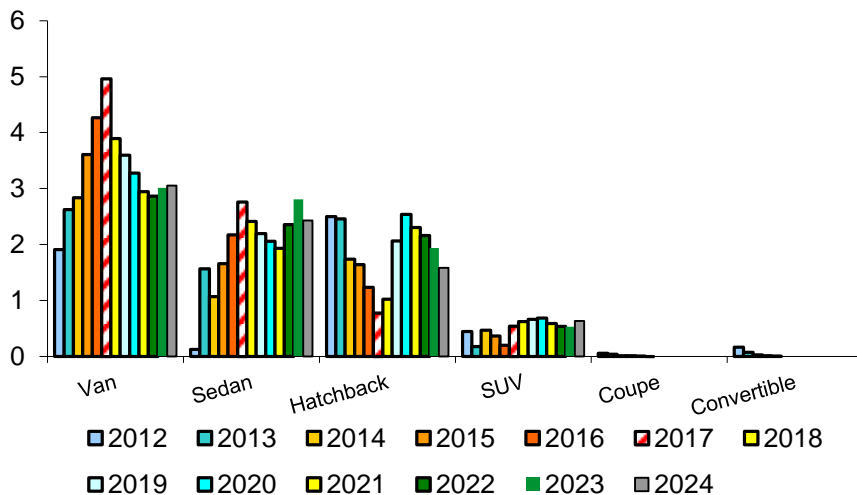
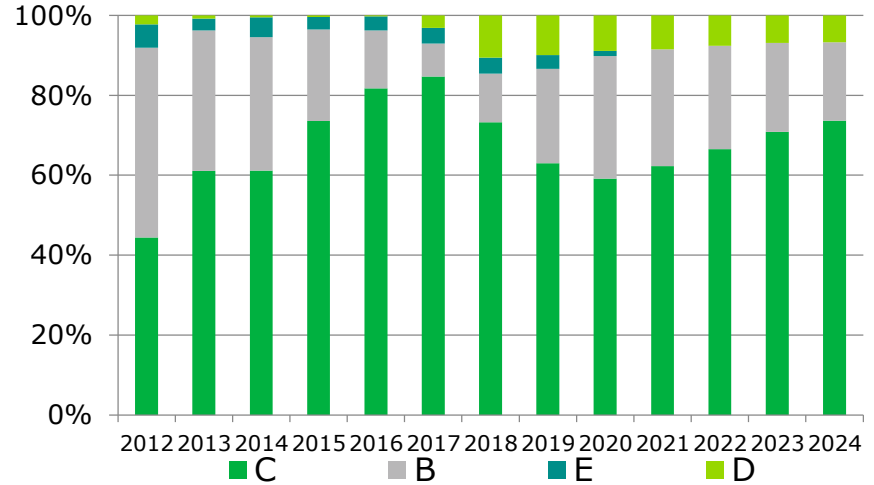
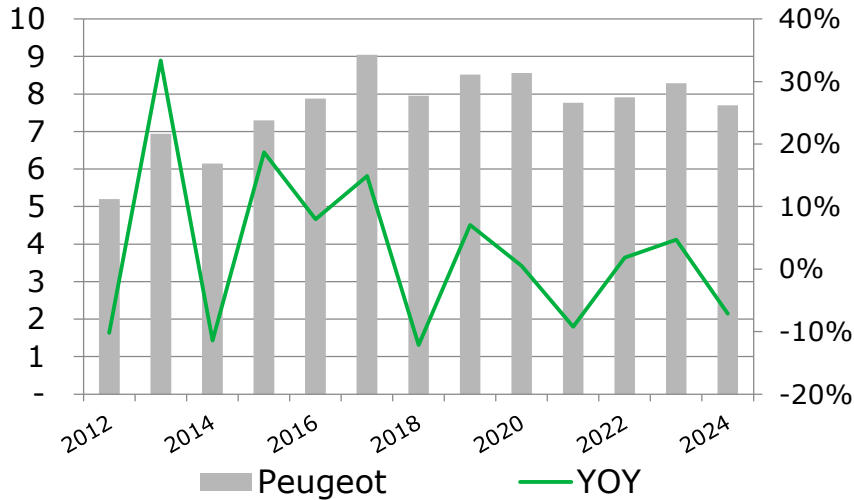


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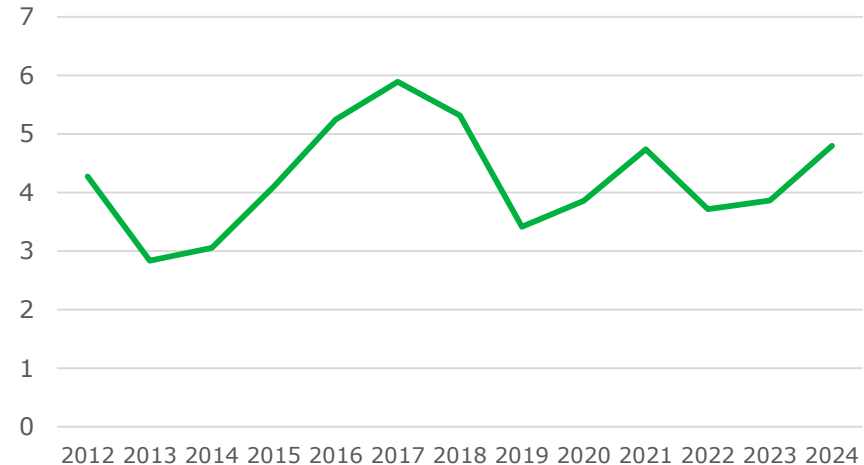


Source: IHS Automotive

# Mexico Light Vehicle Sales PSA



Portfolio Age



Source: IHS Automotive



## Key Takeaways

- Global growth is re-centered around BRICs (primarily China)
- China gives way to electric vehicles, will they hybrids come to Mexico?
- Relevance of production for local market may gain traction given FX/NAFTA
- Mexico 2017 sales challenged by inflation, FX and financing
- Industry will grow at comparable pace to GDP
- SUV/CUV growth yes, but, primarily B-SUV due to new product influx
- Commercial Segments are ok (Vans/Pickups)
- Hyundai/Kia gain ground on SUVs and local product

# Thank you, Muito obrigado, Muchas gracias!

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