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A New Era for the 'New World'

North American Production Outlook

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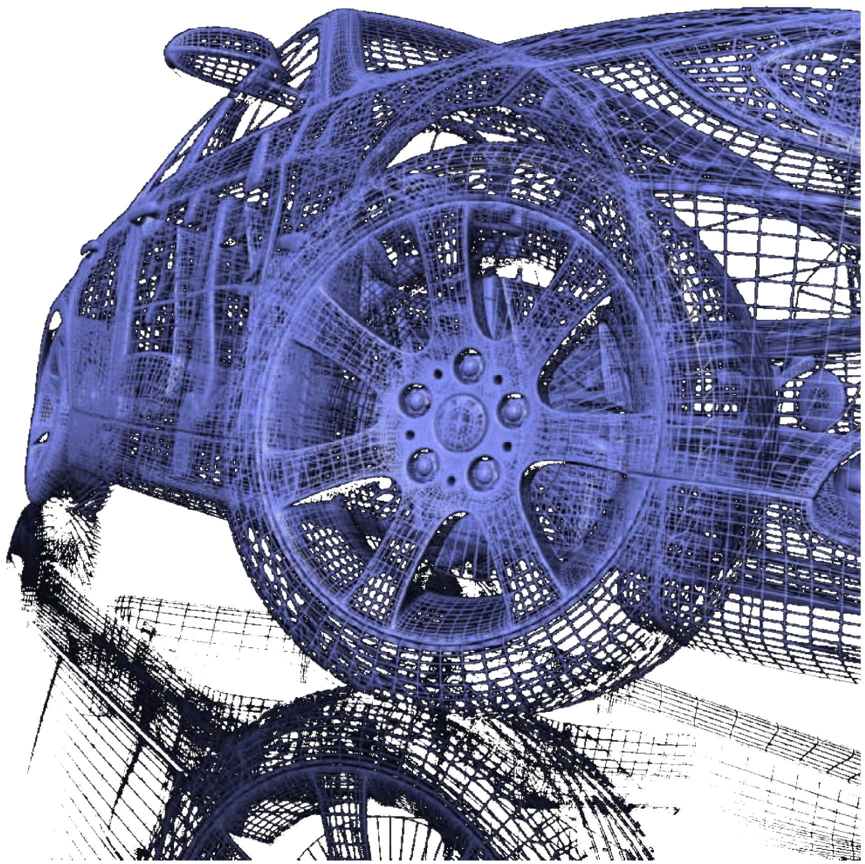


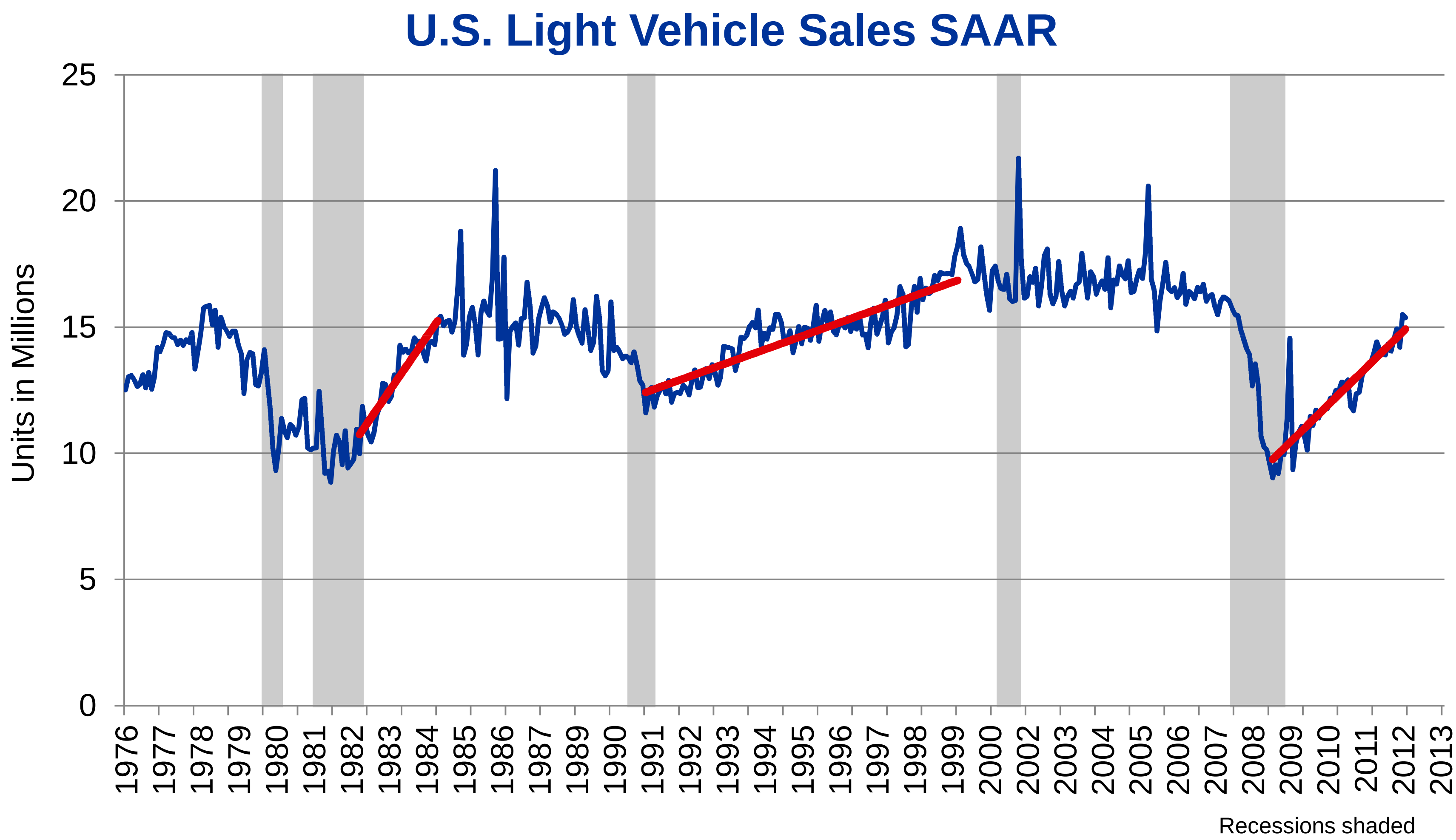
DABE Automotive Outlook
24 January 2013

Presentation Outline

- **Regional Outlook**
- Market Dynamics
- OEM Profiles
- Summary

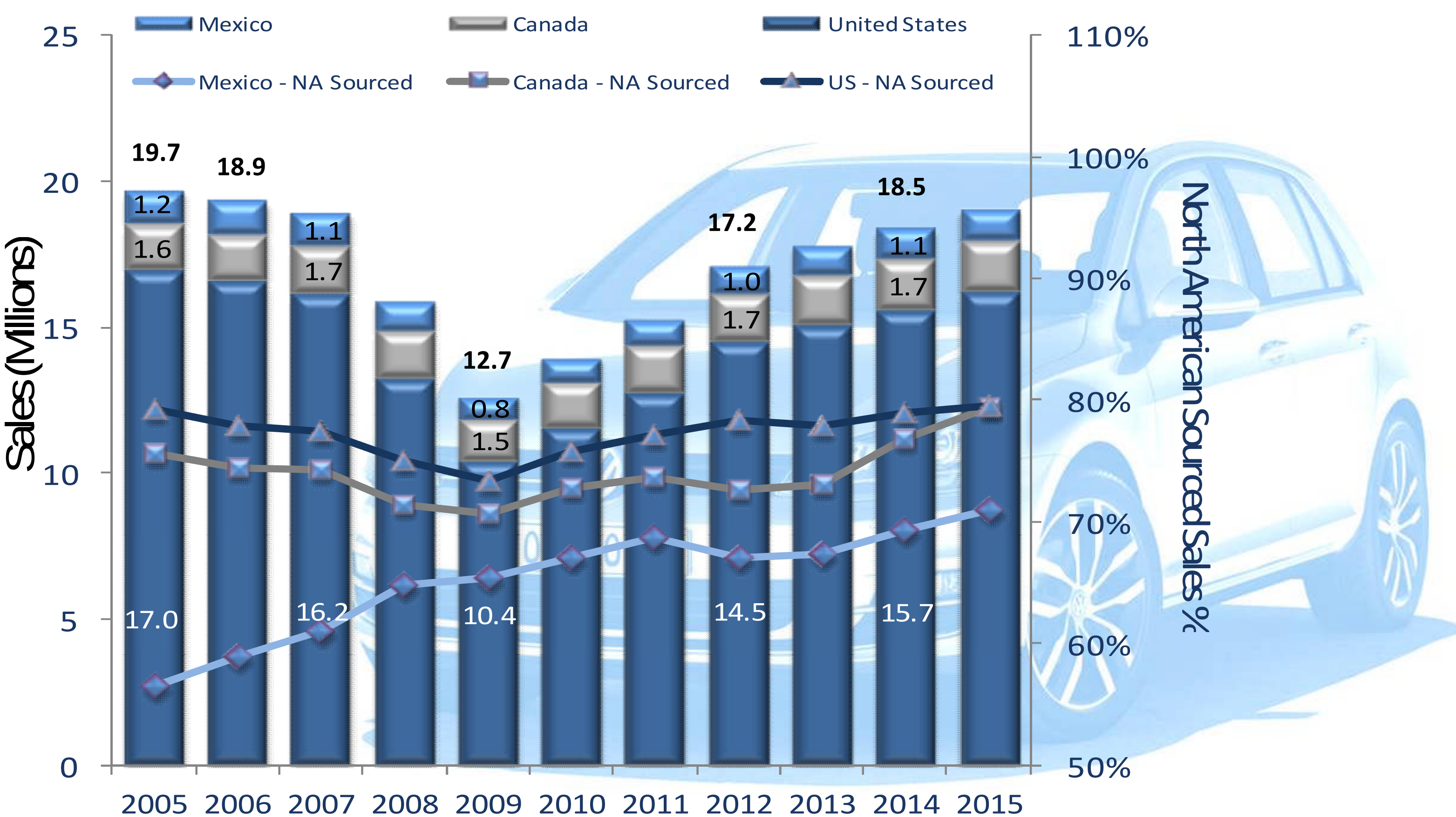
U.S. Light Vehicle Sales

Gauging the Rate of Recovery



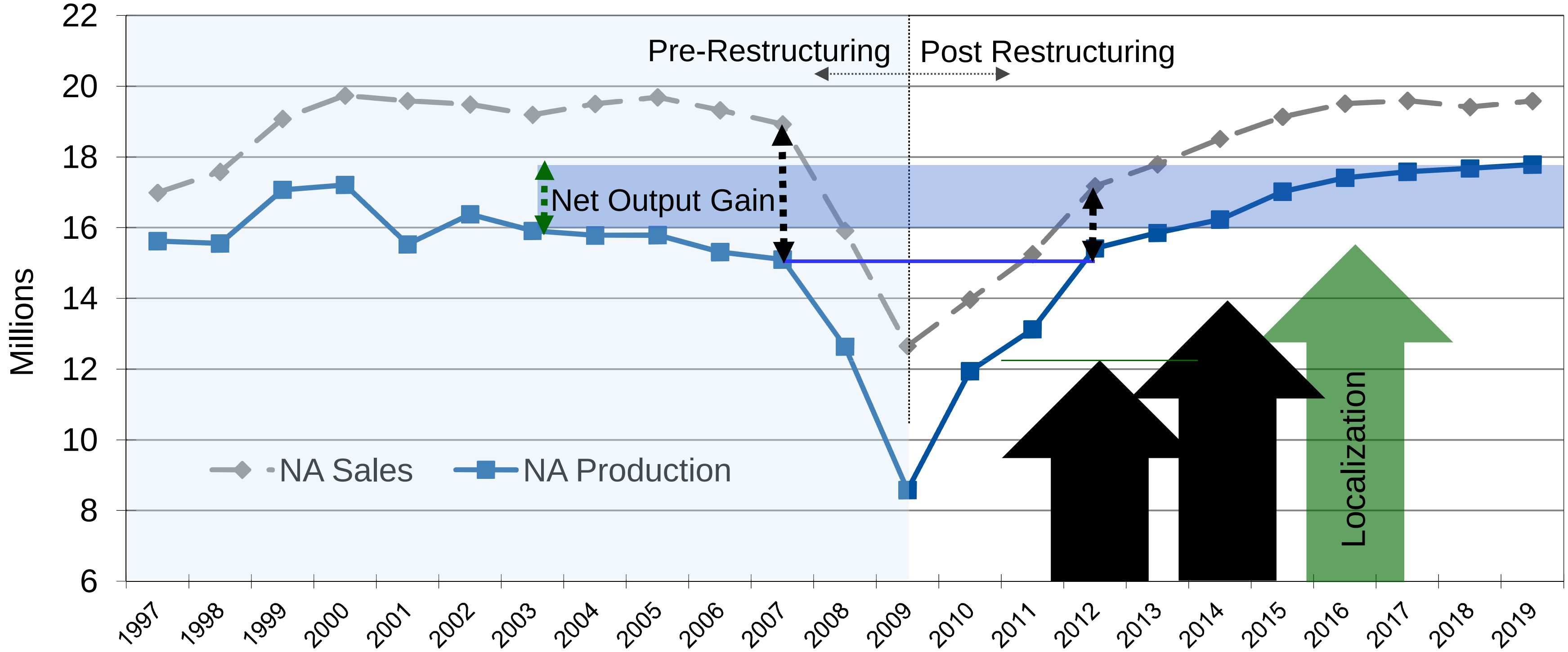
Demand Environment

North America Light Vehicle Sales Outlook



Demand Environment

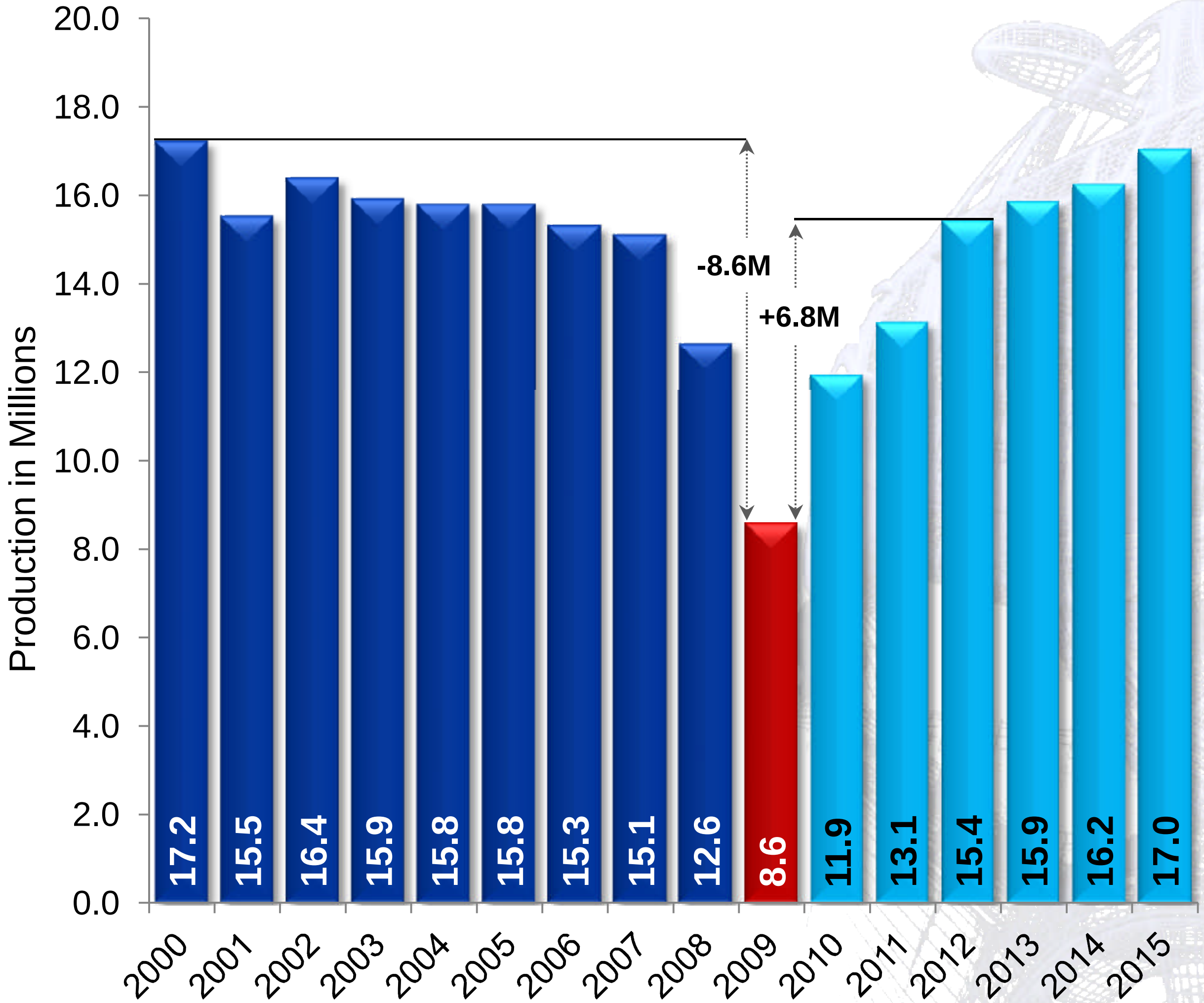
North America Light Vehicle Sales and Production



- From 2001- 2008, regional sales eclipse output by 24% or 3.65 million units
- Gap is slashed nearly in half from 2010 – 2019, as sales outpace production by 13% or by 2.0 million units
- Sales growth continues yet outlook remains cautious, fails to reach historical highs
- Long-term output to far surpass pre-restructuring average of ~16.0 million units

Short-Term Outlook

North American Light Vehicle Production



Source: IHS Automotive Light Vehicle Production Forecast

- Production strength runs counter to Europe weakness; the industry has already restructured in region
- Excess capacity has been shuttered; plant & product investments push global platform deployment higher
- Output jumps 2.3M in 2012! Region recoups ~6.8M units since trough of 2009!
- More measured growth in 2013 prior to new capacity and further demand growth in 2014/2015
- Production localization

North American Light Vehicle Production
2013 vs. 2012

OEM	2013F (000s)	2012 (000s)	% ∆	∆ Units (000s)
GM	3,237	3,233	0.1%	4
Ford	3,003	2,842	5.7%	161
Chry/Fiat	2,457	2,371	3.6%	86
Detroit 3	**8,697**	**8,446**	**3.0%**	**251**
Toyota	1,782	1,776	0.3%	6
Honda	1,721	1,676	2.7%	45
Ren/Nissan	1,454	1,316	10.5%	138
Hyundai	722	714	1.1%	8
Asian 4	**5,679**	**5,482**	**3.6%**	**197**
VW	765	766	-0.1%	-1
BMW	289	302	-4.3%	-13
Daimler	176	191	-7.9%	-15
German 3	**1,230**	**1,259**	**-2.3%**	**-29**
Others	249	227	9.7%	22
Total	**15,855**	**15,414**	**2.9%**	**441**

Source: IHS Automotive Light Vehicle Production Forecast

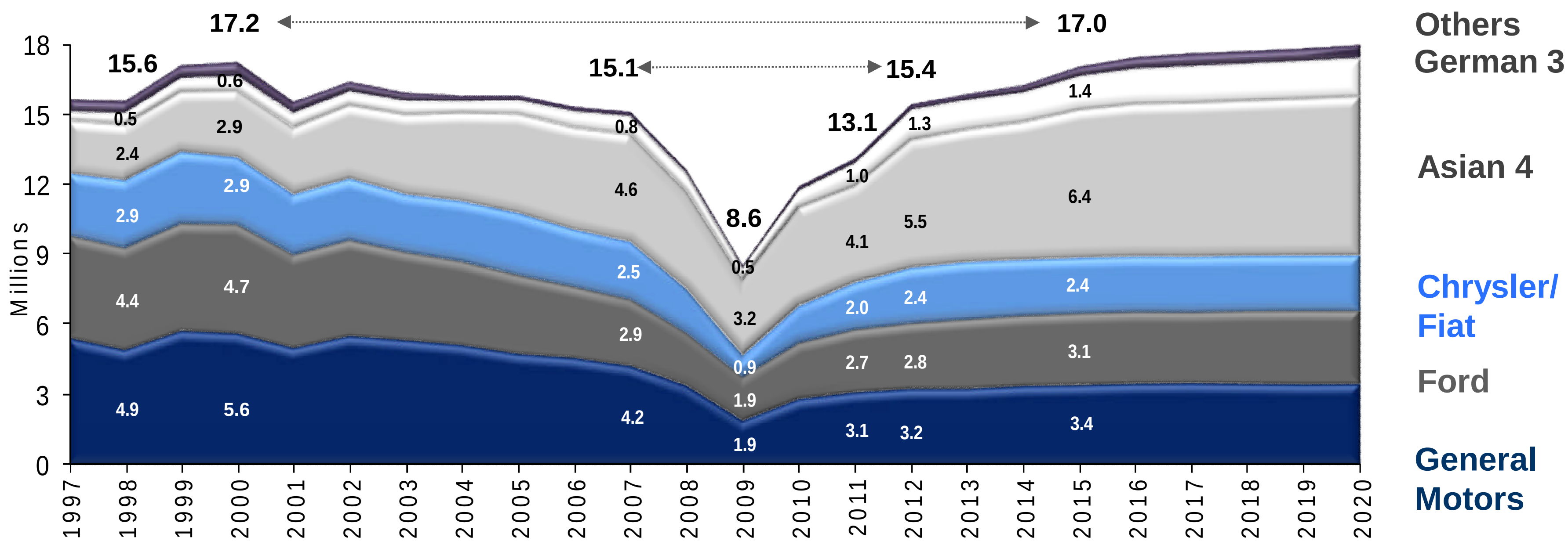




- Production growth rate moderates, yet recovery progresses
- GM – Significant launch activity, including new K2XX Pickups
- Chrysler – Fiat-based product ramps-up
- Nissan – Migration of CUV production; Mexico expansion
- Transitional year prior to new program/plant launches in 2014/2015

North American Light Vehicle Production

Compelling Growth Prospects



Source: IHS Automotive Light Vehicle Production Forecast

- Production outlook follows demand recovery with import substitution and export activity providing additional support
- Most manufacturers are poised to post gains; favors OEMs with further capacity expansion plans: BMW, Hyundai, VW, Nissan, Toyota & Honda
- Global product/platform strategies enable competitive sourcing shifts

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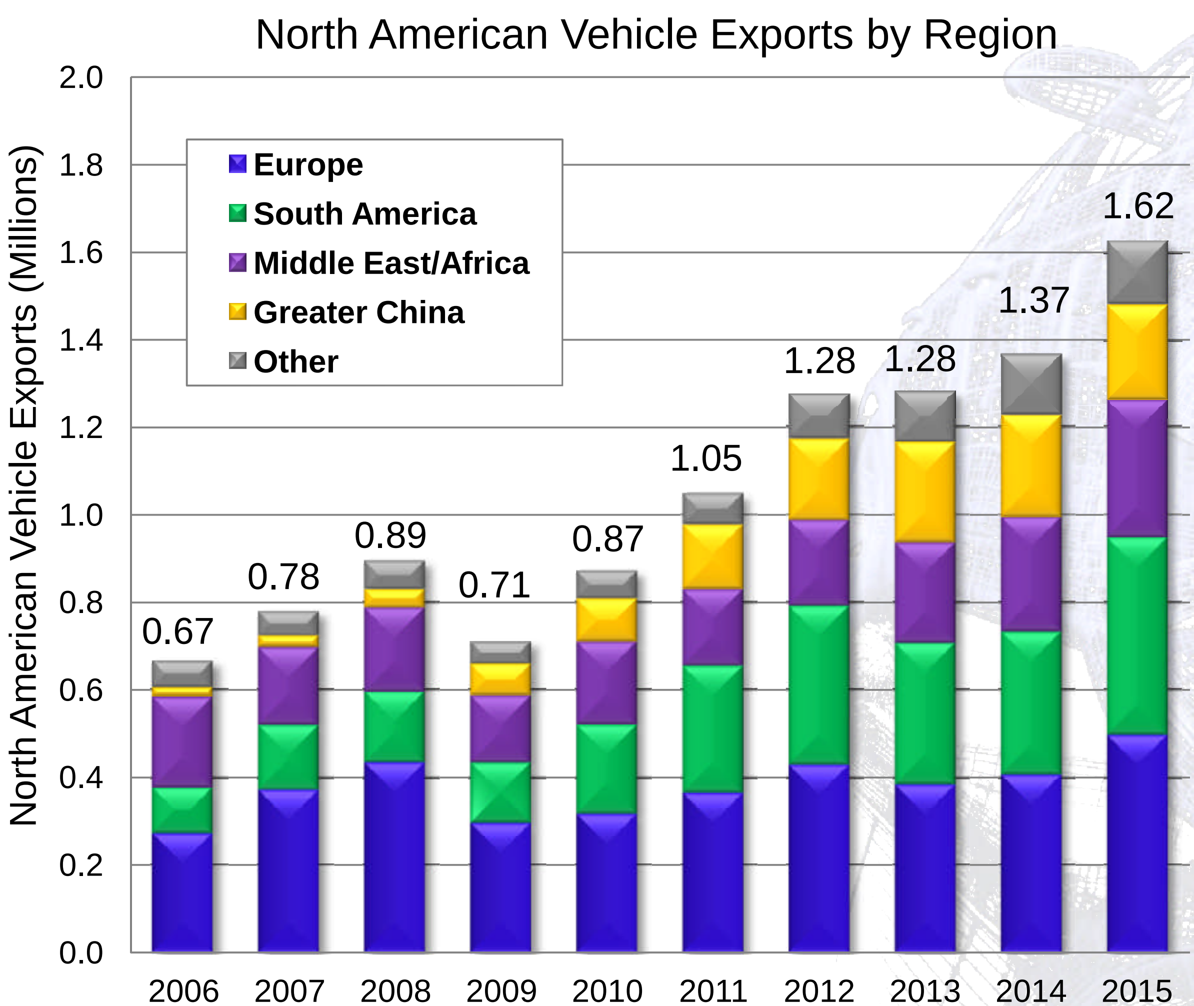
Production Outlook

North American Produced Vehicle Exports Bolster Prospects

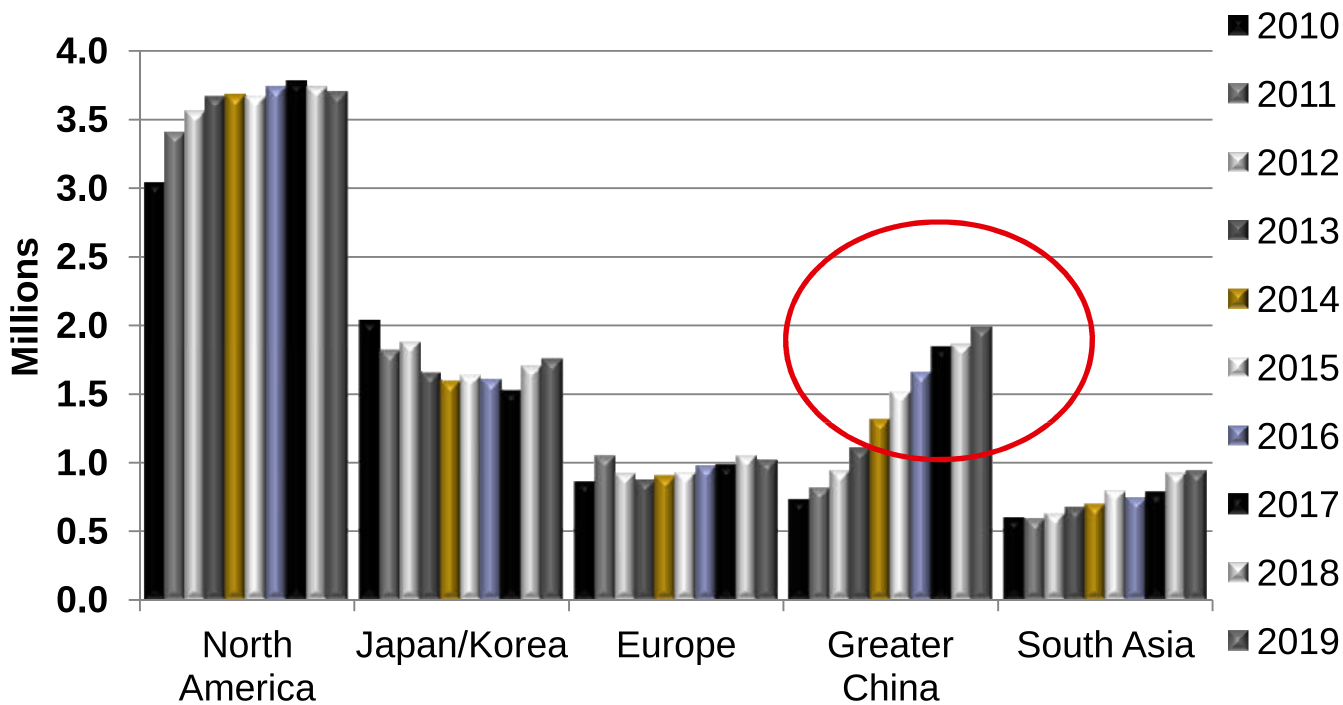


Source: IHS Automotive Light Vehicle Forecast

- 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
- EU sovereign debt crisis tempers EU exports, yet BRIC demand grows
- Sourcing patterns favor NA expansion as a safe haven; with currency hedge & export prospects

Production Outlook

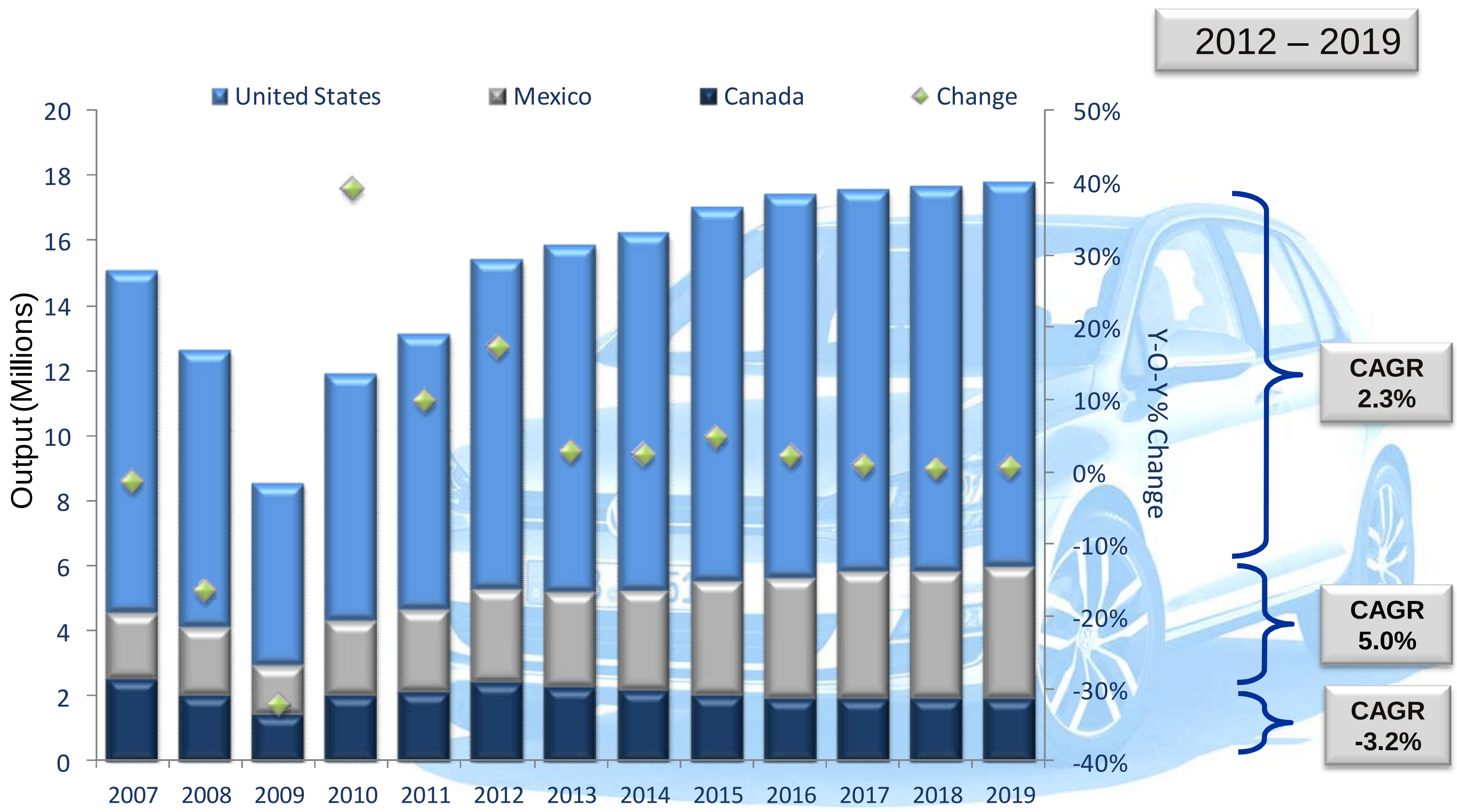
Global Output of D-/E-Segment CUVs By Region



- North America is the leading producer of high-margin CUVs
- Positioned evolved from strength in SUV category, comes full circle via global platform deployment
- Powertrain advances help drive role as global exporter: BRIC markets, ME/Africa, S. America, China, etc.
- Region holds global sourcing position for luxury & volume brands

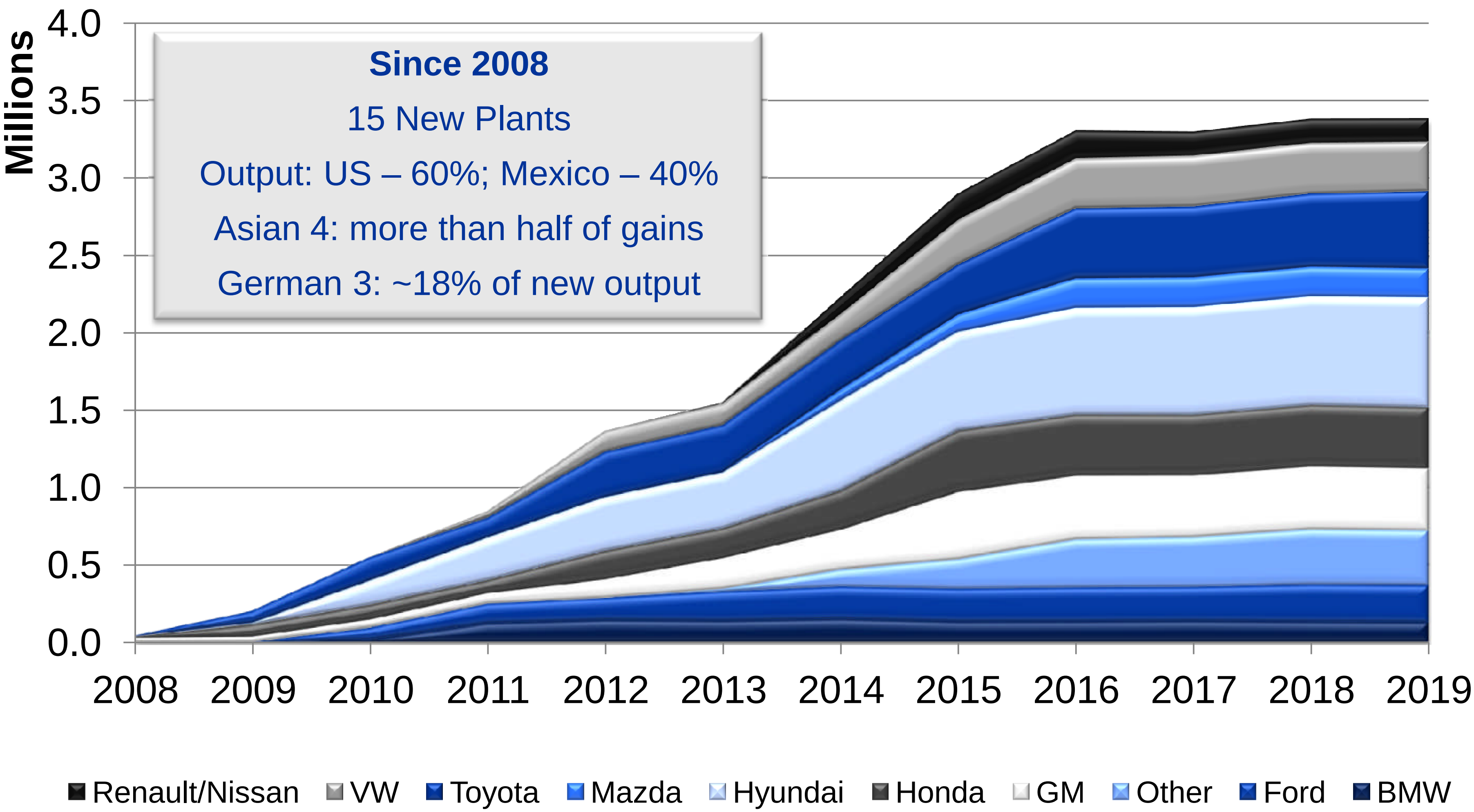
Production Outlook

North American Market Structure



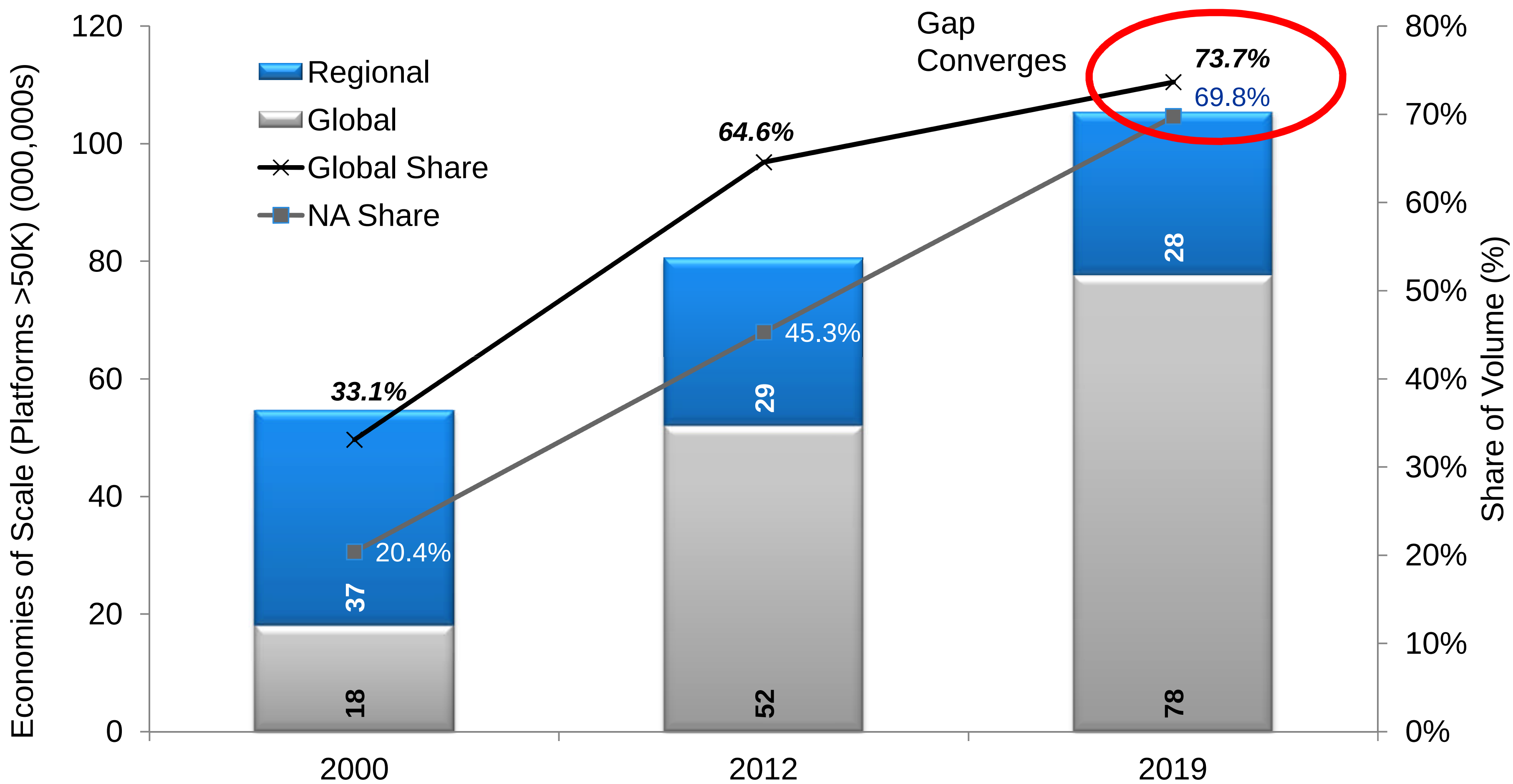
Production/Capacity Contributions

Localization Drives Higher Regional Output



Market Dynamics

Global Platforms Drive a New Reality

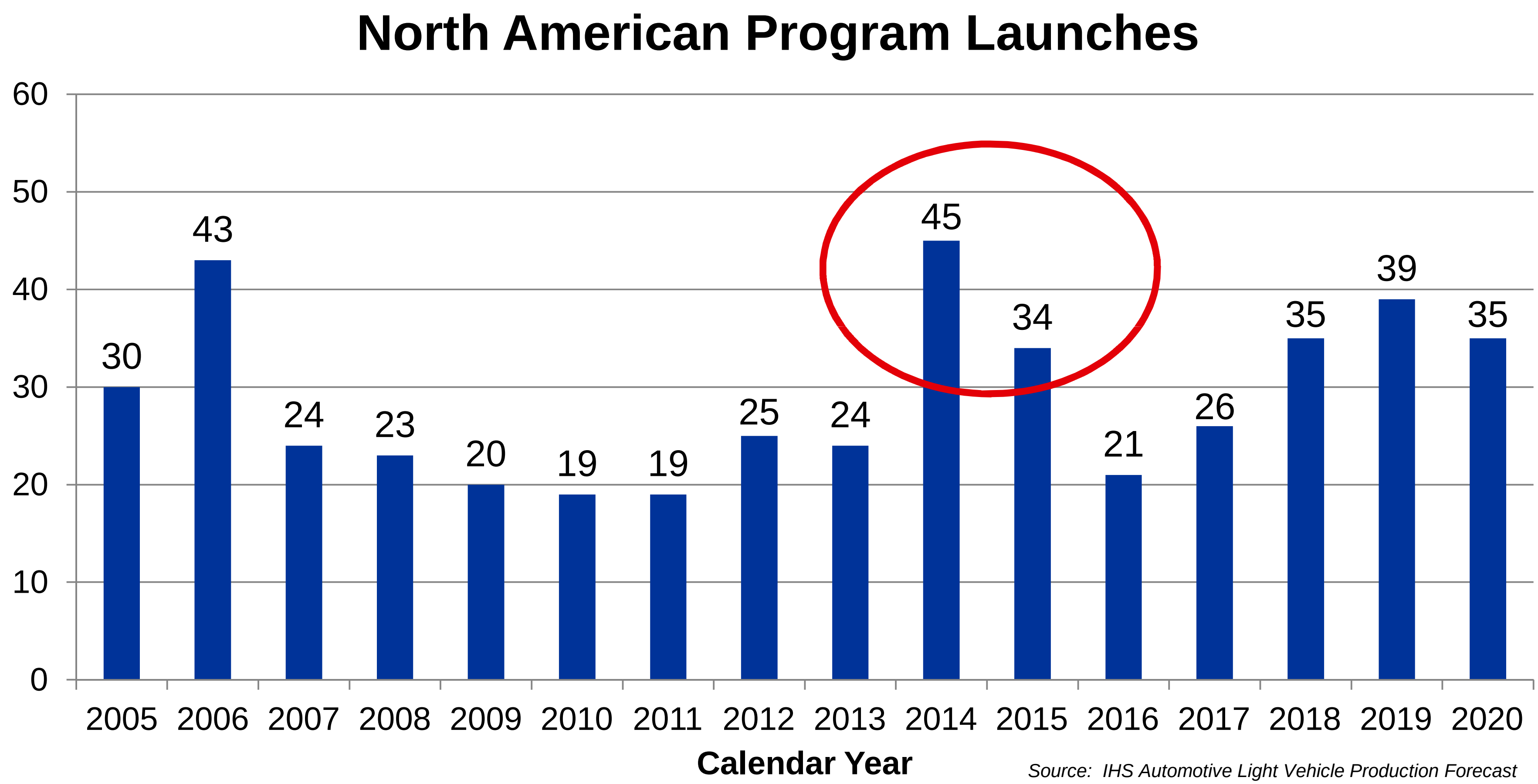


2013 Detroit Auto Show Review

A Redesigned Icon / Rise of the Pickups / Luxury Unveilings

Market Dynamics

Competitive Pressures Intensify with New Launch Activity



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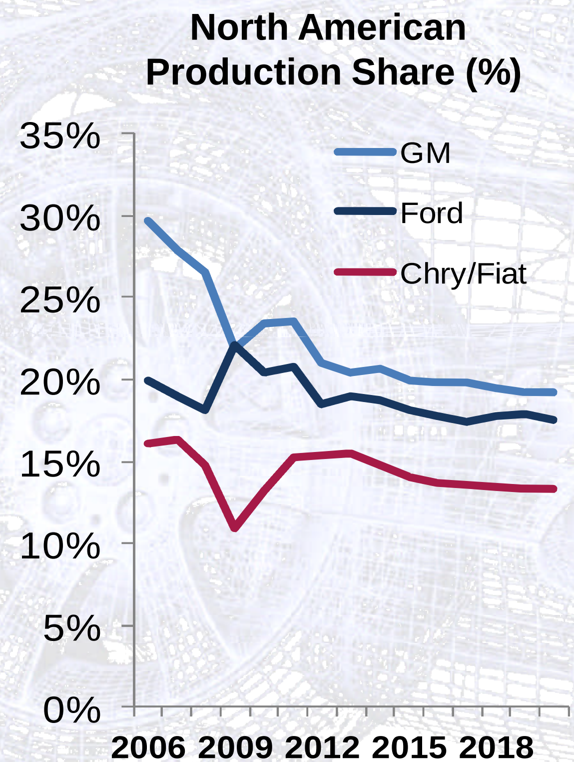
OEM Review

Detroit 3 – Leveraging Strengths

- Risk/reward profile remains fluid (Trucks/SUVs)
- Trucks: forthcoming redesign, plan segment rebound
- Strong scale – yet must deliver stunning product
- Opel chaos, requires hard choices – PSA tie up - LCVs

- Strong portfolio of fresh products, global breadth
- Cautious market perspective, Lincoln rebuilding
- Compelling vehicle & engine platform scale
- Asia strategy post Mazda still in its early stages

- Updates deliver interim results; Chrysler buoys Fiat
- Severe EU market exposure; China still a weak spot
- Grand Cherokee strong - global Jeep push
- Key launches, aggressive plans, must conquest - Wildcard



OEM Review

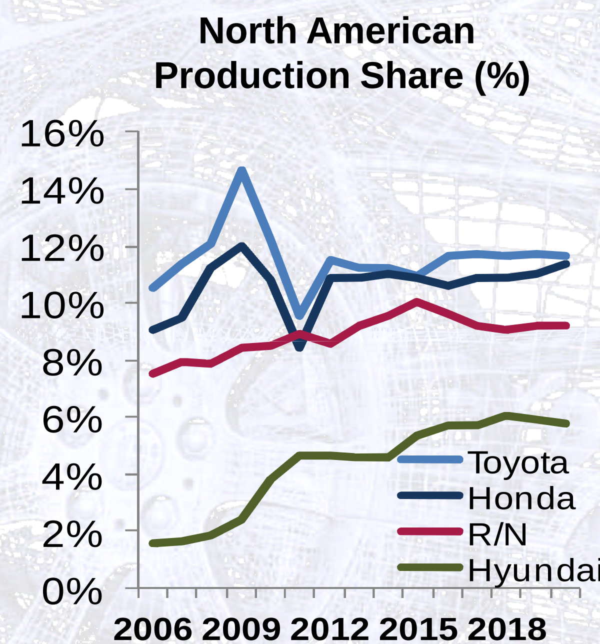
Asian 4 – Rebuilding and Reconnecting

- Rebuilding - still formidable, vast resources, global scale
- New launches help recast brand: RAV4, Avalon, Furia concept offers glimpse of Corolla cues
- Renewed urgency; growth returns, tempered

- Incredible recovery in 2012 – big momentum shift
- Product misses – quick Civic revamp signals change
- Traditionally slow to expand segment coverage

- Strong localization plans in progress - CUVs
- Export strength: Smyrna, Canton, Mexico expansion
- Redesigned Altima aimed at Toyota and Honda offerings and Mid-Size Car leadership

- Unconventional growth mindset - HCD-14 Genesis
- Momentum exploits missteps of competitors
- Overstated mileage fallout – requires a deft touch



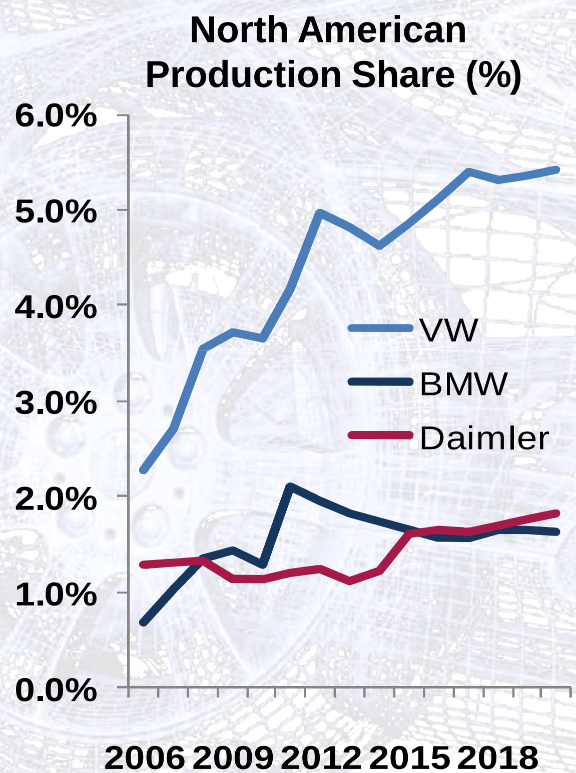
OEM Review

German 3 – Next Steps and A New Start

- US expansion continues, high export strength, broad global appeal; Mexico expansion?
- X4 builds on CUV expertise, broadens appeal

- $2.0B investment - C-Class sourcing, CUV expansion; export strengths
- Redesigned M-Class; R-Class refresh extends lifecycle due to BRIC demand

- C-Segment strength in Mexico expands to D-segment CUVs for Audi
- VW 'value model' extends across segments
- Ongoing export strength, yet EU turmoil is real threat



North American Outlook

The Old ‘17’ ≠ the New ‘17’

Year	2000	2016
Volume	17.2 million units *(30% of global)*	17.5 million units *(18% of global)*
Location	~25% built south of Ohio	~50% built south of Ohio
Global Platform Exposure	20% was deemed global – mostly Japanese OEMs	62% is deemed global – mainly pickups are regional
Design Base	72% of volume NA-designed	30% of volume NA-designed
Production OEMs	Top 5 OEMs = 89% of total *(Largest = 32%)*	Top 5 OEMs = 73% of total *(Largest = 20%)*

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Summary

- **North American momentum is building – Shift from Recovery to Growth**
  - Economic risks remain yet US demand continues to strengthen
  - Output +2.3 million units in 2012, growth eases to +450K in 2013
  - EU turmoil has wide impacts: product delays, redirected supply
  - New product surge: new segments, resource constraints, margin pressures
- **Globalization bolsters competitive position of North American industry**
  - North America well-positioned – restructured with a lower breakeven point
  - Competitive dynamics are fluid; global export growth vs. product consolidation
- **Regulatory changes drive investments: Safety, Convenience, Powertrain**
  - Regulatory environment continues to evolve, keep strategy flexible
- **Robust long-term prospects remain**
  - Local output of all-new entries surges, serving as gateways to secure growth

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Thank You!

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