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# Automotive Industry Outlook:

## Balancing Near-Term Execution Amidst Industry Disruption

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## COVID-19 Recession Likely to be Deeper, yet Shorter, than Global Financial Crisis in 2008-09

Global Financial Crisis			Real GDP	COVID-19 Crisis				
2008	2009	2010	Percent change	2018	2019	2020	2021	2022
1.7	-1.7	4.2	World	3.2	2.6	-4.5	4.4	3.7
-0.1	-2.5	2.6	United States	3.0	2.2	-3.5	3.7	3.2
1.0	-2.9	3.1	Canada	2.0	1.7	-6.0	3.9	3.6
0.3	-4.4	2.1	Eurozone	1.9	1.3	-8.1	4.3	3.5
-0.3	-4.2	1.9	United Kingdom	1.3	1.3	-11.0	4.5	3.3
9.6	9.4	10.6	China (mainland)	6.7	6.1	1.9	7.3	5.5
-1.1	-5.4	4.2	Japan	0.3	0.7	-5.6	2.2	1.3
3.3	7.7	8.5	India*	6.1	4.2	-10.8	9.2	5.4
5.1	-0.1	7.5	Brazil	1.2	1.1	-5.9	3.6	2.4
5.5	-7.9	4.5	Russia	2.5	1.3	-5.9	2.3	2.7

\* Fiscal years starting 1 April

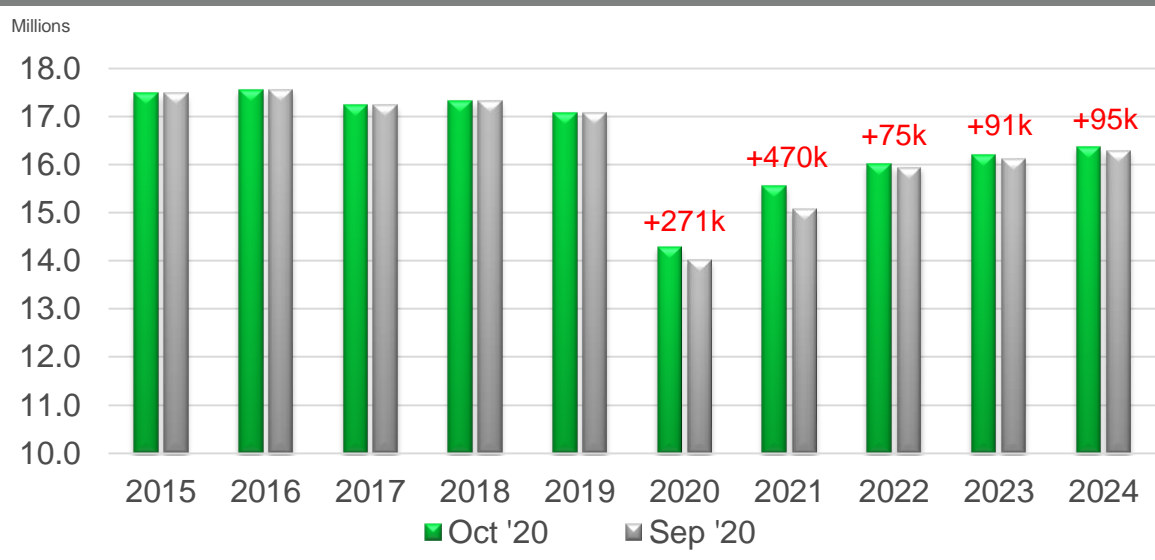
Source: IHS Markit

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Note: GDP growth forecasts – October 2020

# US: October Sales Advance Recovery in Auto Demand Since April as Incentives, “Re-openings” and Stimulus Help Auto Demand Defy Economic Indicators

**US: COVID-19 Impacted Light Vehicle Sales Forecast (October 2020)**

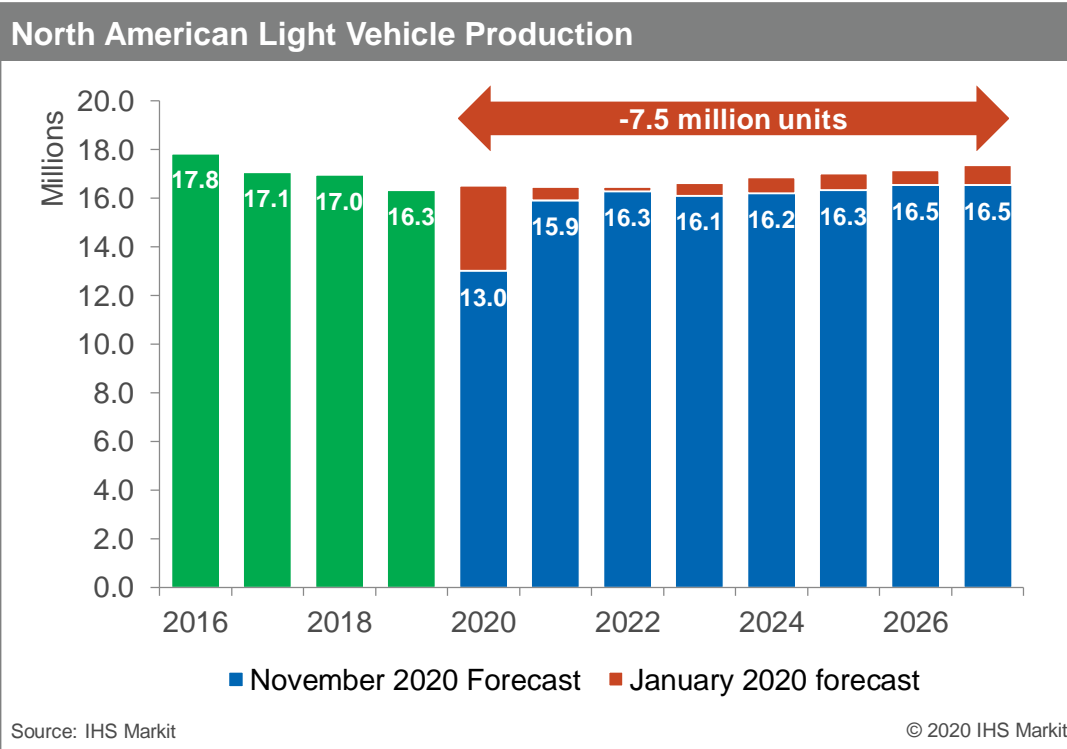


- We have increased our full-year 2020 LV sales forecast to 14.3m units (October 2020 forecast) given recent retail sales strength and near-term outlook
- With the rising number of COVID-19 cases in some states, it will be important to track auto sales developments over the next few months. A “second wave” of severe lockdowns is not in the current baseline assumption.
- October sales results continued to exhibit noteworthy resiliency. Retail sales are recovering much better than fleet sales – auto consumers motivated by OEM incentives, 0% interest rates, “reopening” activities and likely supported earlier by government stimulus checks.
- Vehicle inventory levels will be an important variable moving through the immediate forecast horizon. There could be some model-level pressures as the sales pace picks up and assembly plants slowly come online.
- 2020 volume LVS setting of 14.3m units (-16.4% y/y) followed by 15.5m in 2021 (up 8.8% y/y).

	2020	2021	2022	2023
% Growth YoY	-16.4%	+8.8%	+3.0%	+1.2%
Vol Delta vs. Pre-Crisis Jan Forecast	-2,538,000	-1,043,000	-411,000	-234,000

# North American Light Vehicle Production

## Lingering Scars of COVID-19



### Short term

- COVID-19 implications
  - -3.3M units in 2020
  - Production phases: shutdown, restart, alignment
  - Program delays or timing slippage
- Inventory correction
  - 1.6M unit sales to production gap
  - Restocking production bolsters outlook

### Long term

- Sourcing decisions
- USMCA implications
- Capacity
  - Expansion and maximization
  - BEV implications
  - Growth in regionalization
- Lifecycle pressure

# Thank You!

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