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Small Cars: Reality or Myth?

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The combined collective expertise of
CSM | Worldwide and IHS Global Insight's
Automotive Group.

Agenda

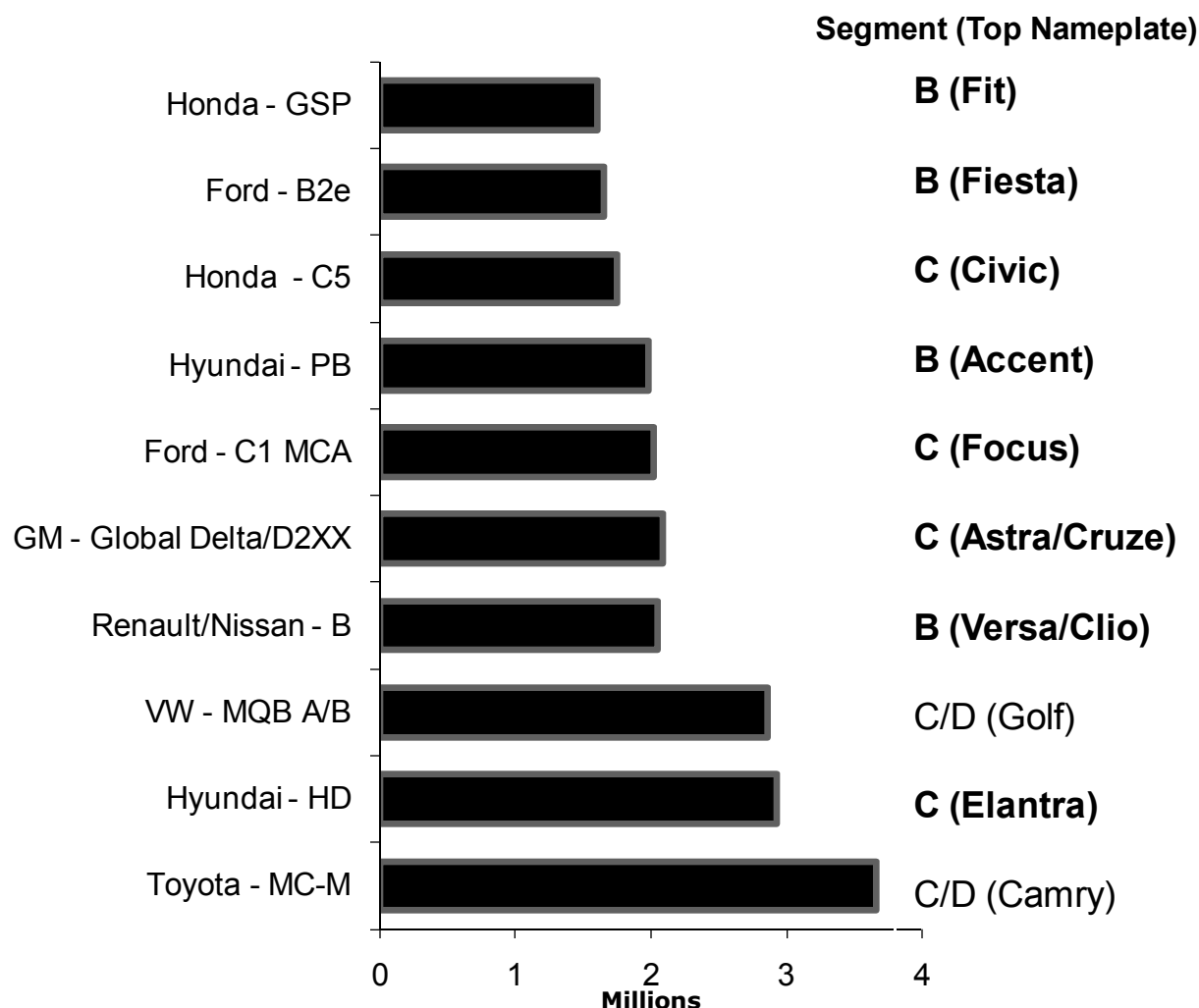


-
- Going Global
 - US Sales Prospects
 - NA Sourcing
 - Summary



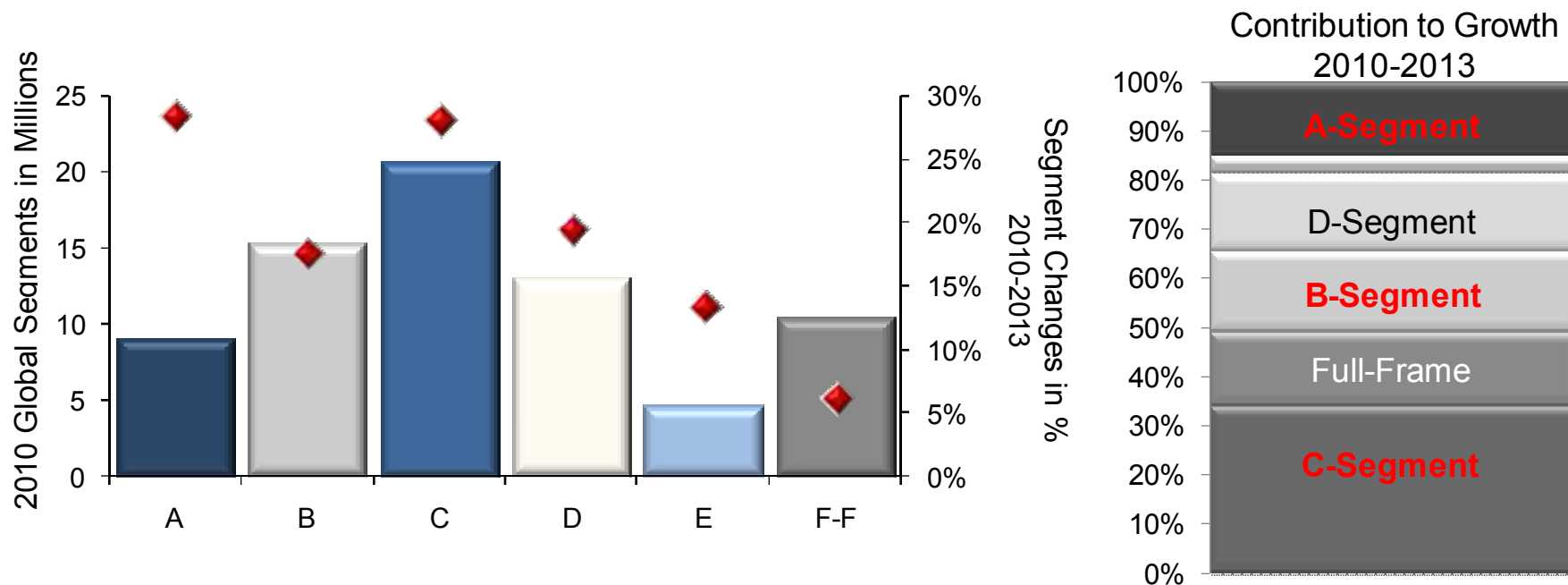
Global Scale

High Volume, Global Platforms – Top 10 by 2016



- Every top 10 global platform has/will have exposure to North America
- 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 and enhances design flexibility
- Platform consolidation alters competitive dynamic toward larger, more diversified players

Global Segment Analysis 2010-2013

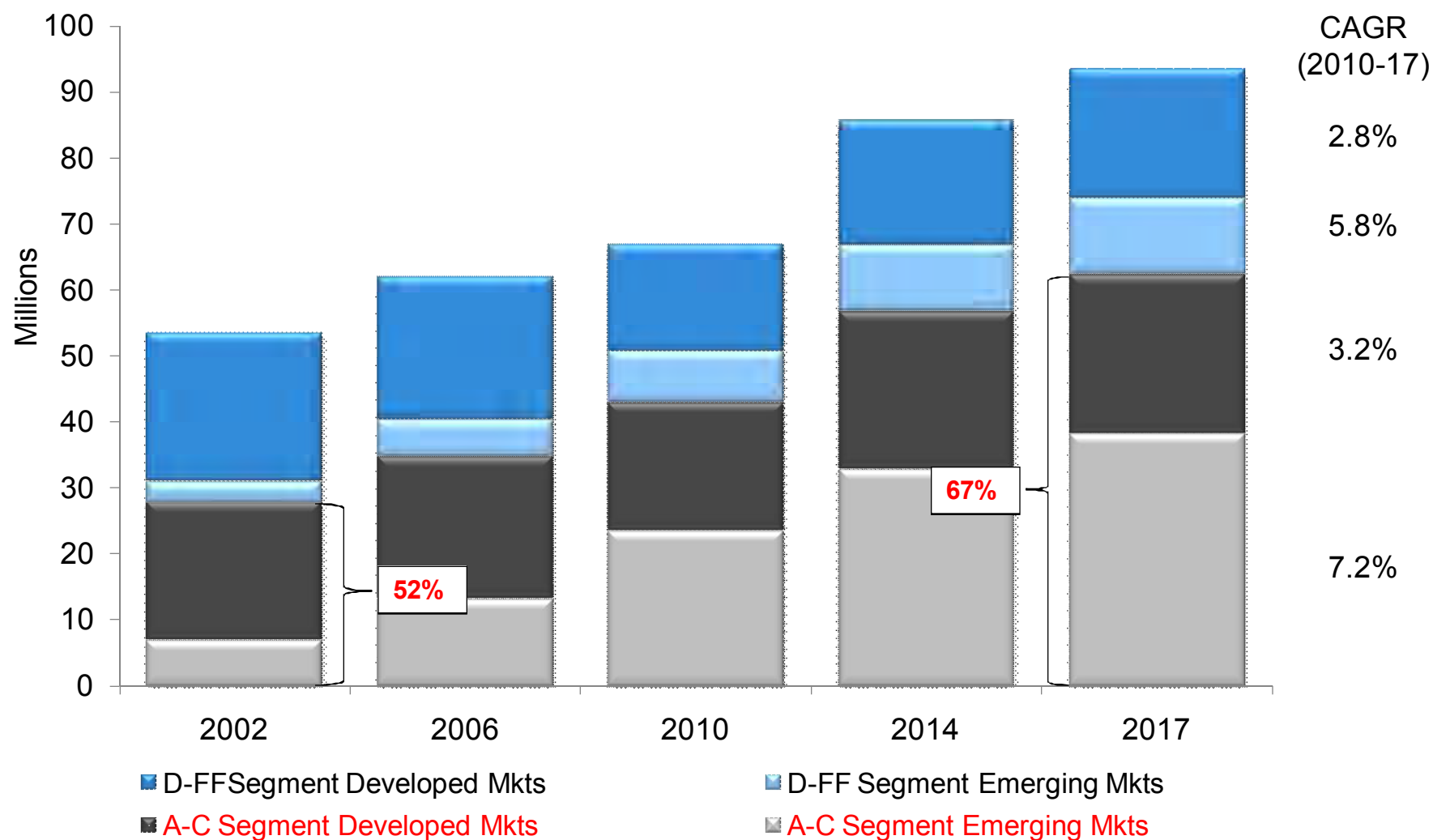


- North America shifted output from full-frame offerings to B-, C- and D-segment offerings, due to higher commodity costs and regulatory constraints.
- The average age of core B-, C- and D-segment vehicles in the market will decline, due to consumer demand and requirements for integrating new fuel economy technologies.
- The B- and C-segments are the key growth markets in Brazil and China.



Global Light Vehicle Sales

A Through C Segments Dominate



Actuals and forecast reflect CSM Worldwide's light vehicle production and Global Insight's light vehicle sales for vehicles up to 6t GVW
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Dimension Creep

Honda Civic

- 1978 – OAL* 150", WB** 87"
- 1988 – OAL 163", WB 97"
- 1998 – OAL 175", WB 103"
- 2008 – OAL 177", WB 106"



Honda Accord

- 1978 – OAL 163", WB 94"
- 1988 – OAL 180", WB 102"
- 1998 – OAL 189", WB 107"
- 2008 – OAL 194", WB 110"



- Smaller segment car sizes have inched up steadily over the past 30 years - and especially in the last 10 years.
- **Today's Toyota Yaris 4-door B-Car is approximately the size of a 10-year-old Civic C-Car.**

- OAL 169", WB 100"



* OAL – Overall Length; ** WB – Wheel Base

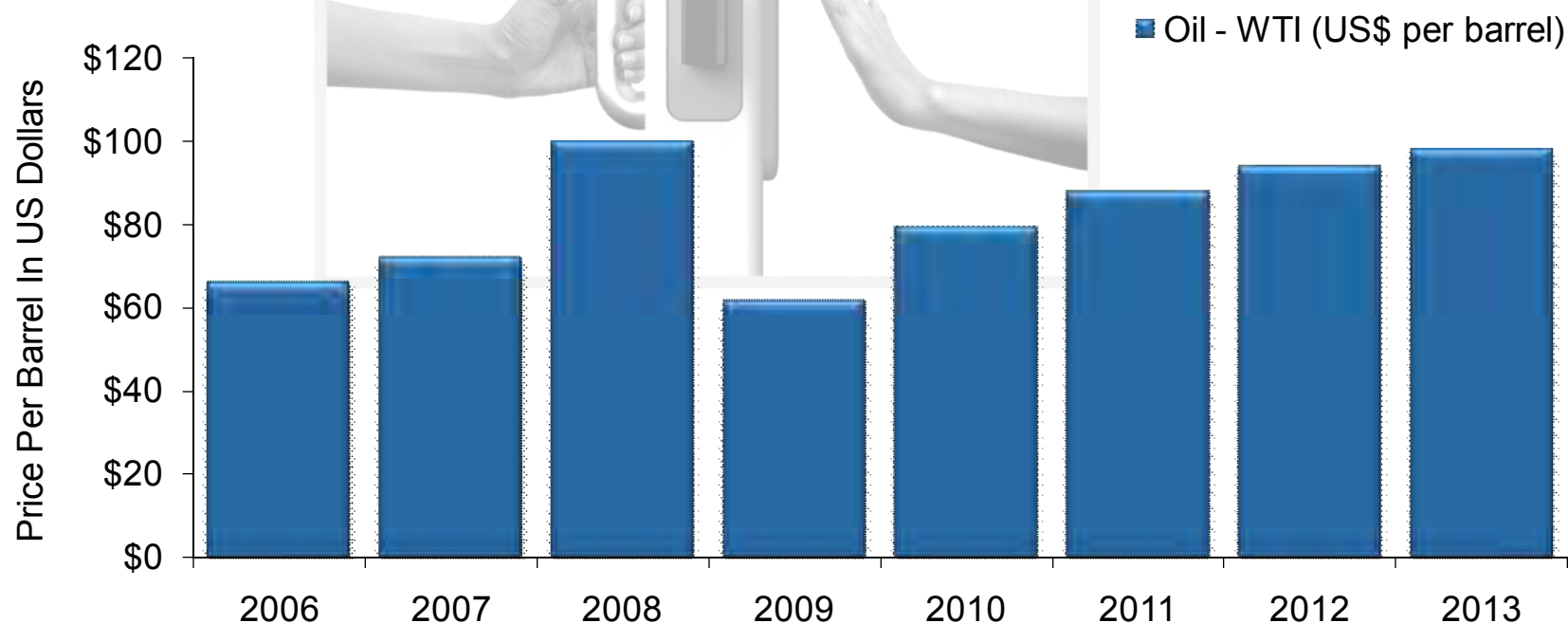


Limits Of Consumer Pull

Current Market Conditions

- Fuel prices: moderately stable; relatively low
- Constrained consumers

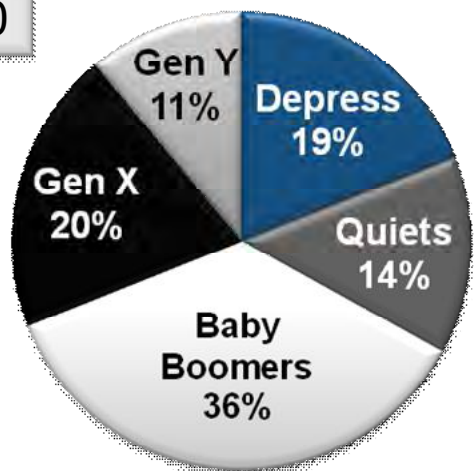
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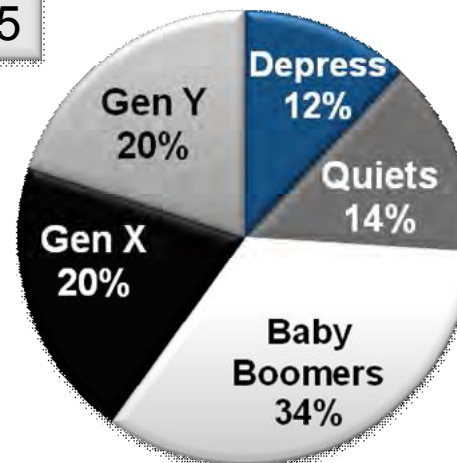


2000-2015 Profile Of American Drivers

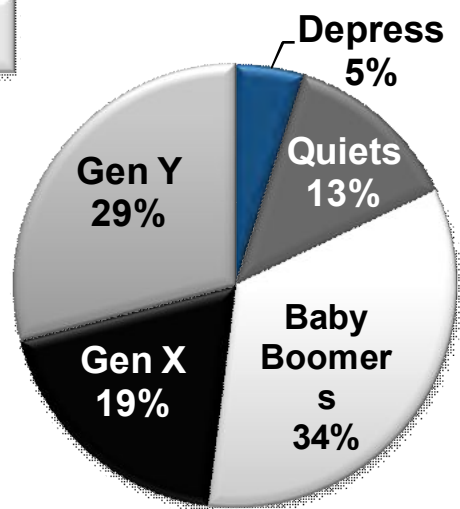
2000



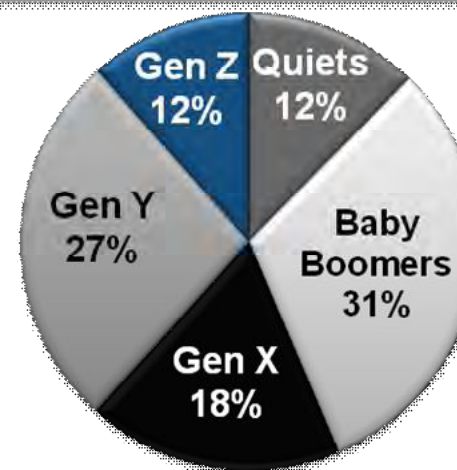
2005



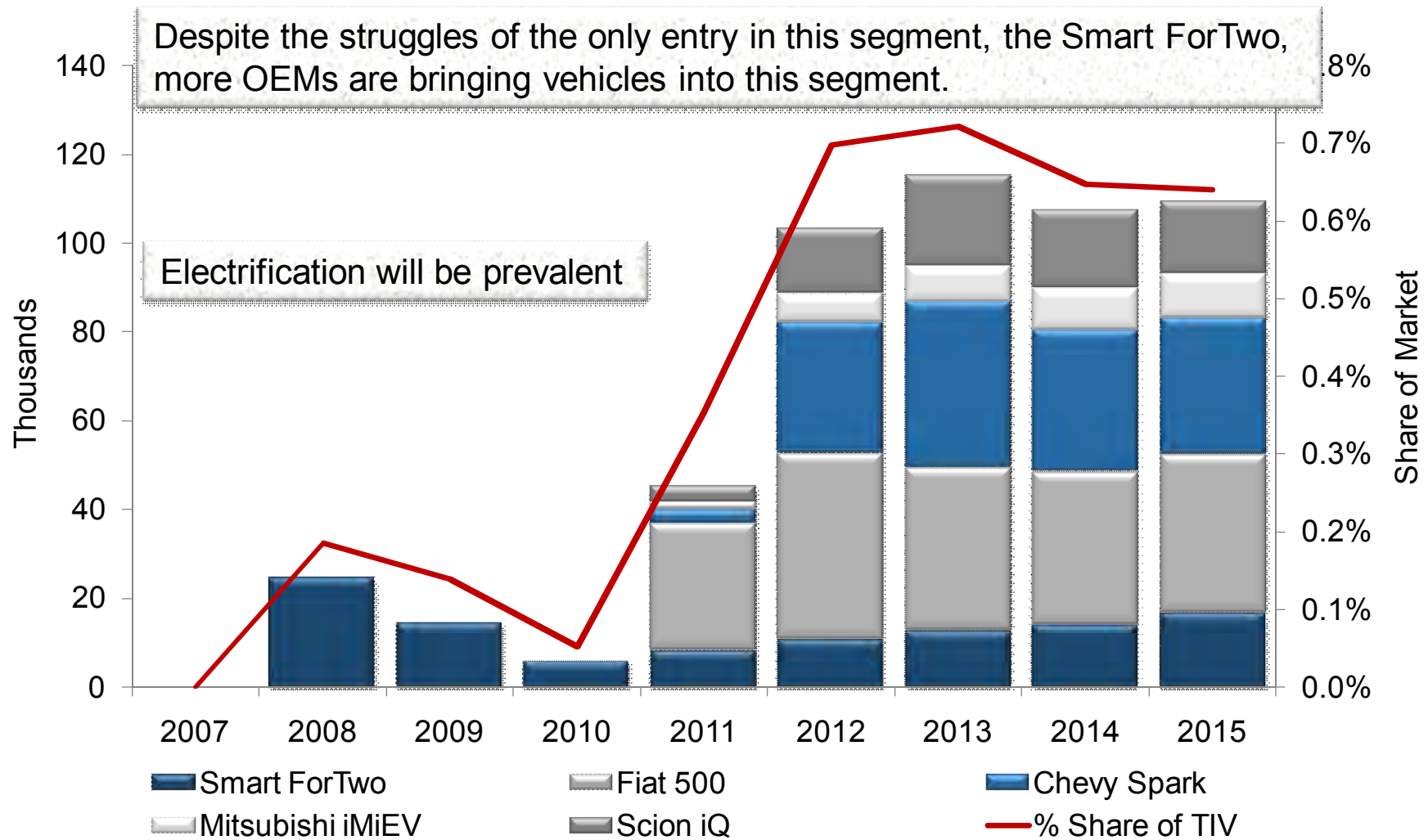
2010



2015 - 57% will be under 50 years old

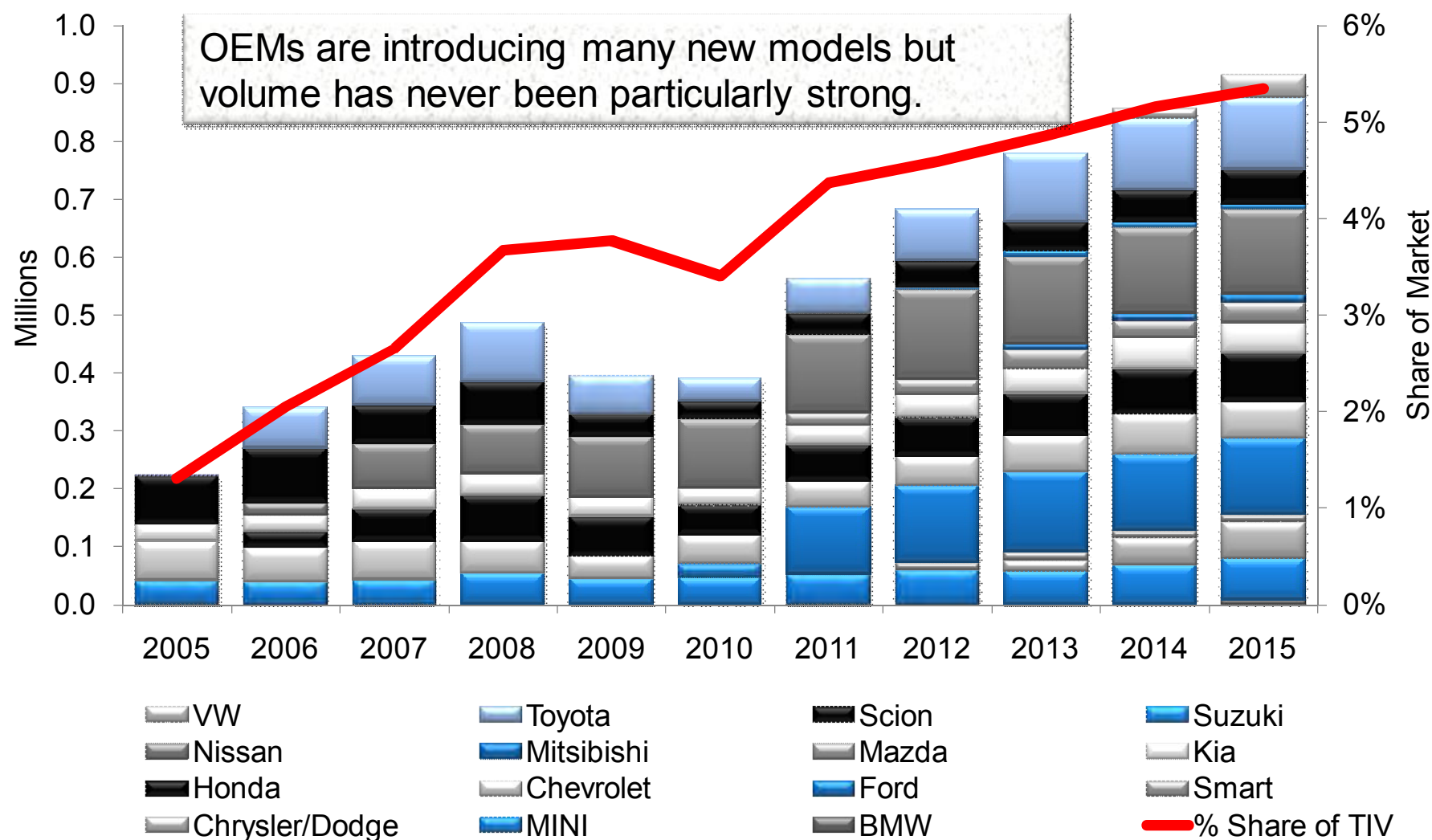


A-Segment Sales - US





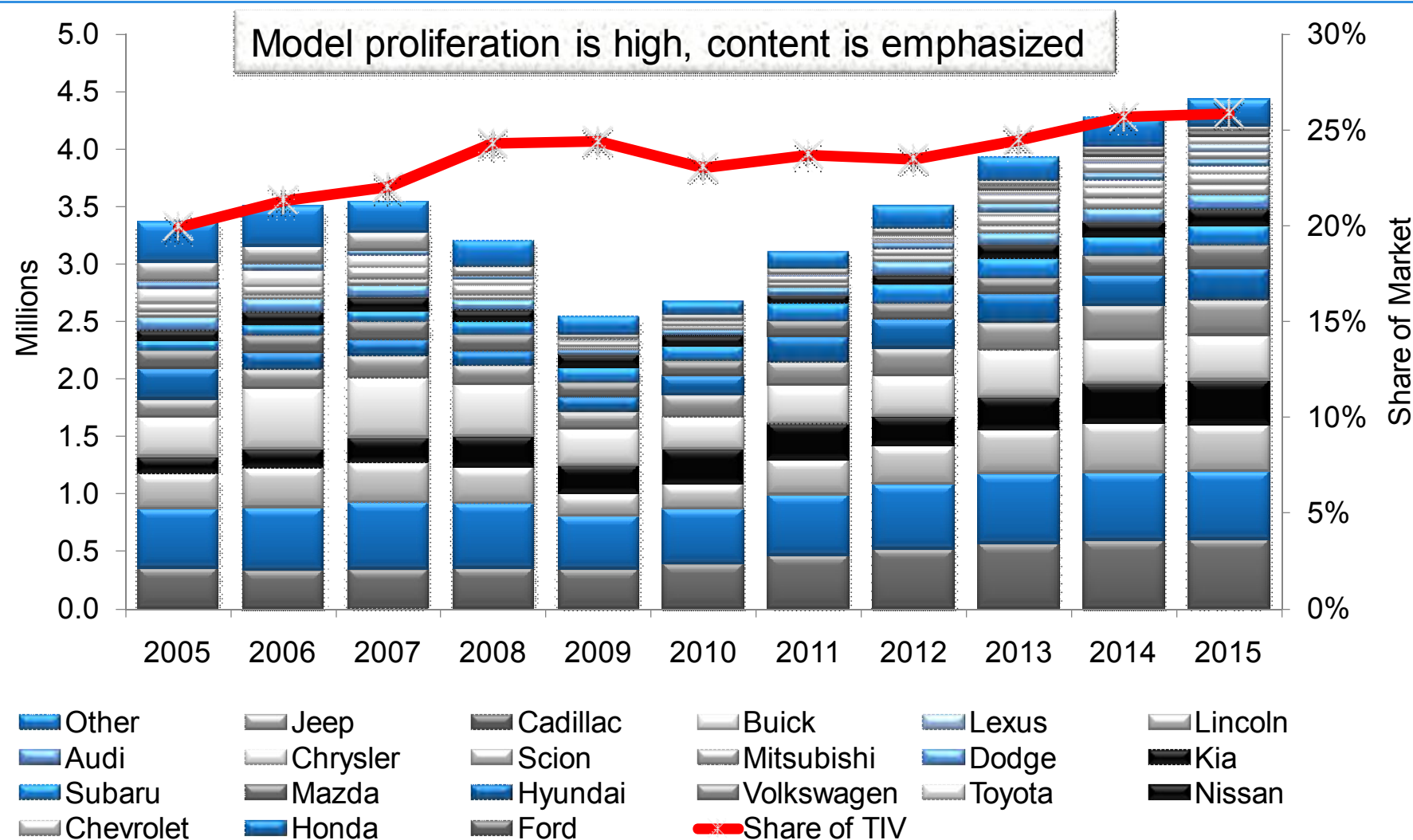
B-Segment Sales - US



Actuals and forecast reflect CSM Worldwide's light vehicle production and Global Insight's light vehicle sales for vehicles up to 6t GVW
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C-Segment Sales - US



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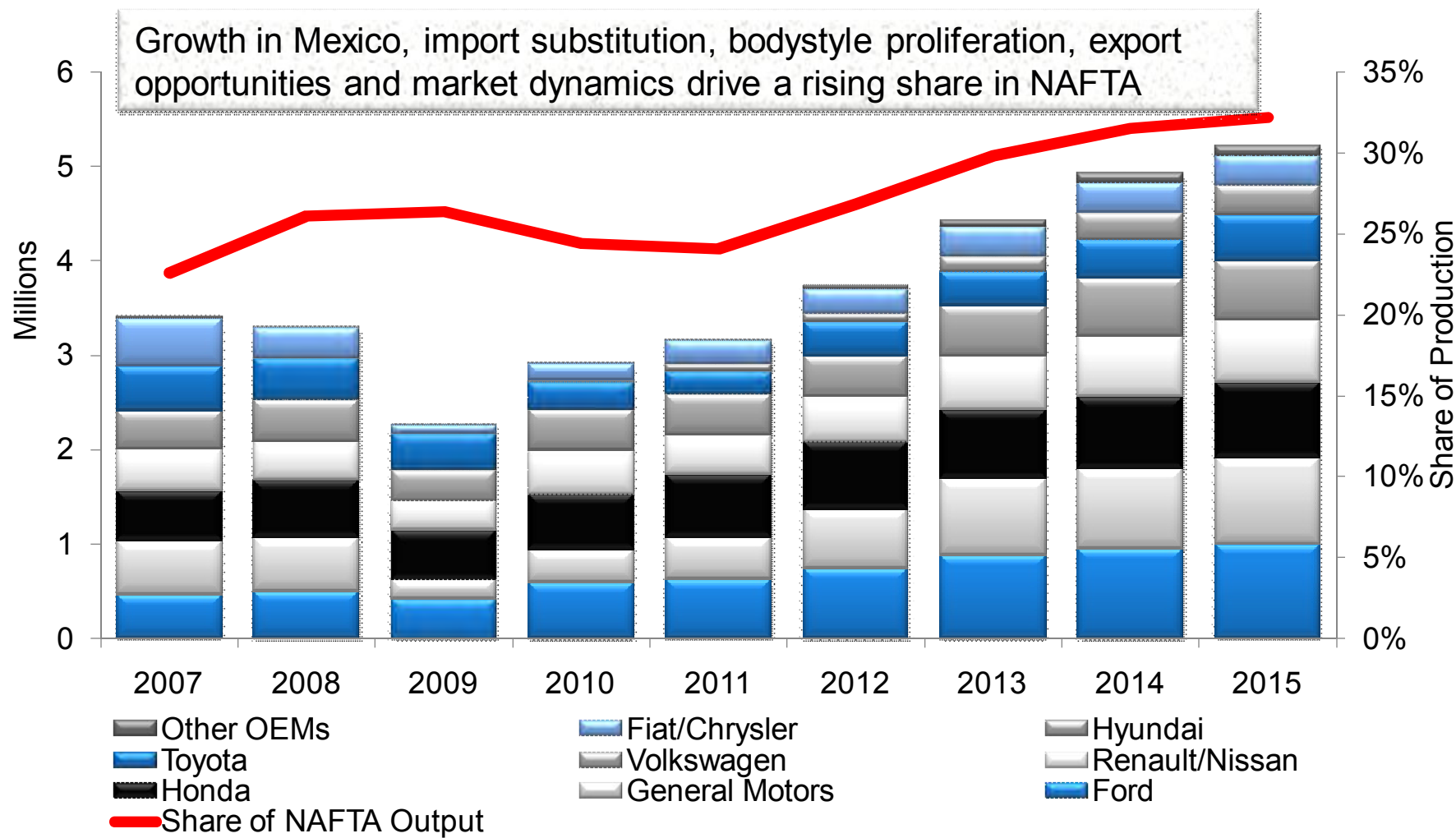
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A Through C-Segment Production - NAFTA



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Summary



- Global platforms add a new dynamic – export sourcing, greater economies of scale, increase content/value
- CAFE is a driver though ownership costs and demographics are also critical
- Demand from Mexico is a key anchor for B-segment volume in NAFTA
- Increased production flexibility reduces downstream risk versus last generation efforts



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Thank You!

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