July 2016

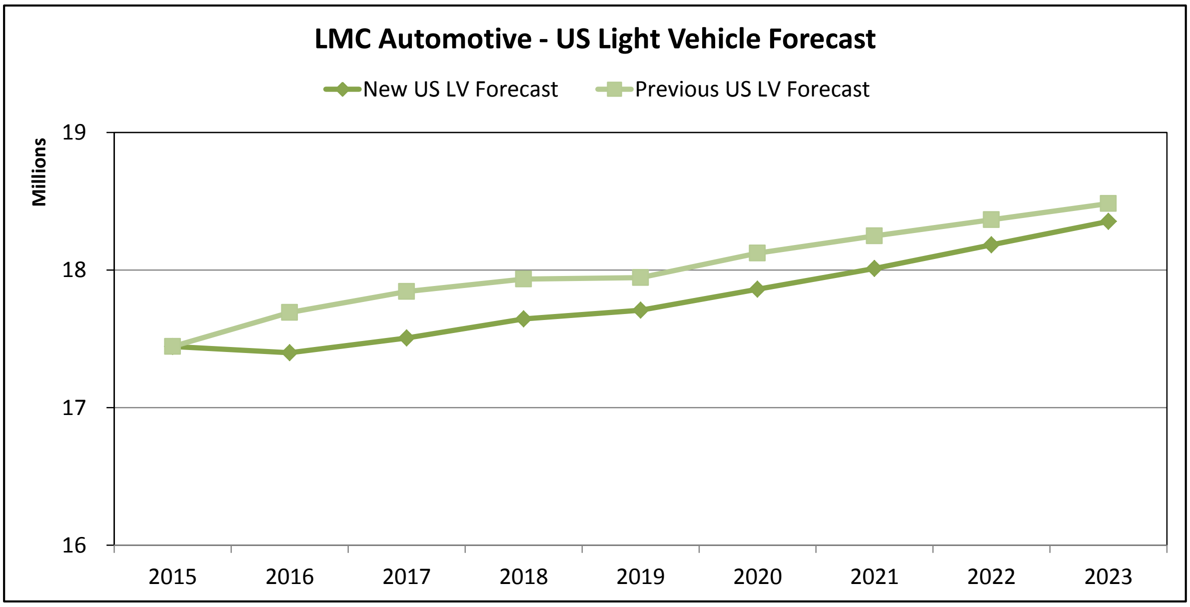
Advisory Update – US Market

LMC Automotive cuts forecast for US Auto Sales

Revision projects first contraction in light vehicles sales since 2009 recession, but overall volume level remains strong.

LMC Automotive has revised the forecast for auto sales in the US for the entire forecast horizon (2016-2023) based on the recent plateauing of year-on-year sales growth, combined with growing economic and political risk in the US and globally, potentially impacting trade, the US economy and consumer confidence.

The forecast reduction averages nearly 250,000 units each year from 2016-2023, with a larger reduction in 2016 and 2017. Specific to 2016, the US forecast was cut by 300,000 units to 17.4 million units from 17.7 million units, a -1.7% reduction. This represents a 0.3% contraction or about 40,000 units lower than the record level of 17.44 million units in 2015. Nearly all of this reduction was made to retail sales, bringing the forecast for retail light vehicle sales down to 14.0 million units from 14.3 million units previously.



"Our latest forecast now reflects the reality that the growth track that the US market has been on since 2009 has stalled and appears to be levelling off, but it does not necessarily signal that further contractions or an automotive recession is imminent," said Jeff Schuster, Senior Vice President Forecasting at LMC Automotive.

"Volume and growth risks in the second half of 2016 are running higher, as monthly US market results will be compared to a very strong second half of 2015 and as the global economy grapples with the impact of the Brexit result and the unknown of the upcoming US election".

While the strong recovery and growth since the recession of 2009 may be coming to an end, LMC Automotive continues to expect the US automotive market to remain solid over the forecast horizon, with volume forecasts holding at the mid-17 million unit level before slowly climbing past 18 million units by 2022. Underpinning our automotive outlook is the expectation that the US economy will continue to expand, averaging at least 2% GDP growth throughout the forecast period, something which is certainly achievable.

About LMC Automotive

LMC Automotive is a market leader in the provision of automotive intelligence and forecasts to an extensive client base of car and truck makers, component manufacturers and suppliers, financial, logistics and government institutions around the world and is highly respected for its extremely responsive customer support. It offers forecasting services covering global sales and production for light vehicles and heavy trucks, as well as forecasts of engine and transmission supply and demand. In addition, LMC Automotive publishes special studies on subjects of topical interest to the automotive industry.

LMC Automotive is part of the LMC group. LMC is the global leader in economic and business consultancy for the agribusiness sector.

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