Press Release

July 2016

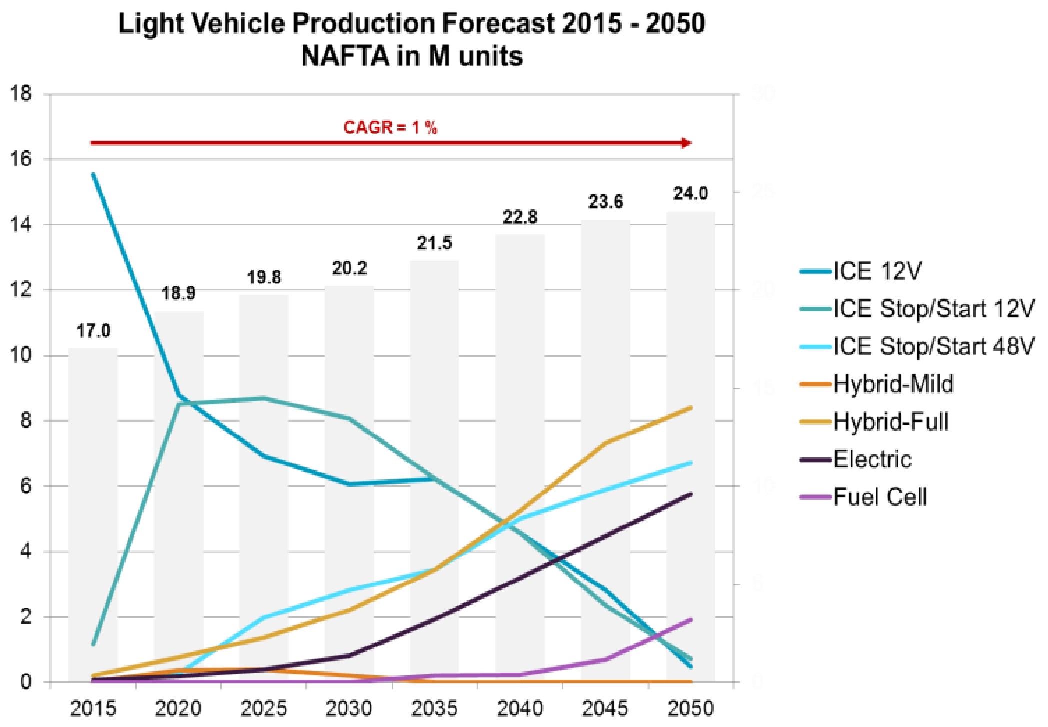
SuP's Light Vehicles Forecast 2050 for NAFTA:

Roadmap with a double tracked strategy

The expectations and developments of the Roadmap Light Vehicles 2050 were already stressed in our April article (Light Vehicles Forecast 2050 for Europe). To what extent combustion engines will play a role until 2050 is a relevant issue for the strategic orientation of various suppliers and OEM.

NAFTA's total production development of Light Vehicles will benefit from Mexico as strategic location for best-cost production. Due to growth in Mexico, the entire production of NAFTA will increase from 17 million units in 2015 to 24 million units by 2050. NAFTA's percentage of the global Light Vehicle production will, however, decrease from today's 20% to 18%.

The production share of vehicles with a combustion engine in NAFTA will still amount to 68% by 2050 with a volume of 16.3 million units. But at the same time, an electrification strategy with full hybrids and electric vehicles is being promoted further.



Growth segments:

NAFTA is not the first region that relies on volume production for pure electric vehicles. But due to its multi-tracked approach, it will remain one of the prevalent regions for the "new" Light Vehicle architecture in the long run. We expect NAFTA's OEM to focus their R&D investments on highly-electrified vehicles for gaining a competitive advantage over their European counterparts and possibly being able to catch up on Japanese OEM.

Similarly to most leading vehicle regions, NAFTA's ICE 12V production will almost completely be relocated to other regions. The production of ICE 12V with Stop/Start function will be replaced by full hybrids and ICE 48V with Stop/Start function in the long term. NAFTA's OEM concentrated on full hybrids at an early stage which will reach a market share of 35% by 2050.

Pure electric vehicles will significantly shape the market until 2050 with NAFTA's total production of 24%. From 2040 onwards, fuel cell vehicles will also be successful due to national and industrial infrastructure programs.

Outlook and conclusions:

OEM in NAFTA will benefit from continuous hybrid strategies as well as their production expansion in Mexico. 68% of Light Vehicle production will be based on highly-efficient combustion engine drives by 2050, whereof a high percentage will be full hybrids. Compared to the situation in Europe, NAFTA's production of electric vehicles will increase earlier and nearly catch up to full hybrid production with a volume of 5.8 million units and a market share of 24% until 2050.

It remains interesting to follow the development of NAFTA's diversification strategy compared to focused strategies of European and Japanese OEM.

Are you interested in getting more background information as well as knowledge about technical and strategic concepts, regional details and specific distributions?

Please contact:

Holger Richter +49 6201 9915 60

Holger.Richter@SchlegelundPartner.de