S&P Global Mobility

Automotive Industry Outlook

Tariffs are here: What now?

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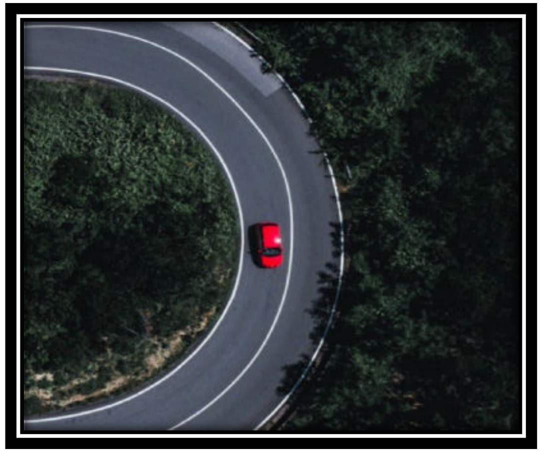
April 2025

S&P Global Mobility covers the entire vehicle lifecycle

For customers across the automotive landscape–from manufacturers and suppliers to dealerships and service shops–we share a complete perspective of the mobility industry.



Forecasting & Planning

Understand the historical market trends to enable you to forecast the future and evaluate your investment opportunities

Vehicle Demand
Vehicle Production
Technology
Sustainable mobility

Sales Performance & Marketing

Analyse actual market developments as they happen and market to the right audience so you can remain competitive

Marketing Activation
Sales Optimization
Industry Performance

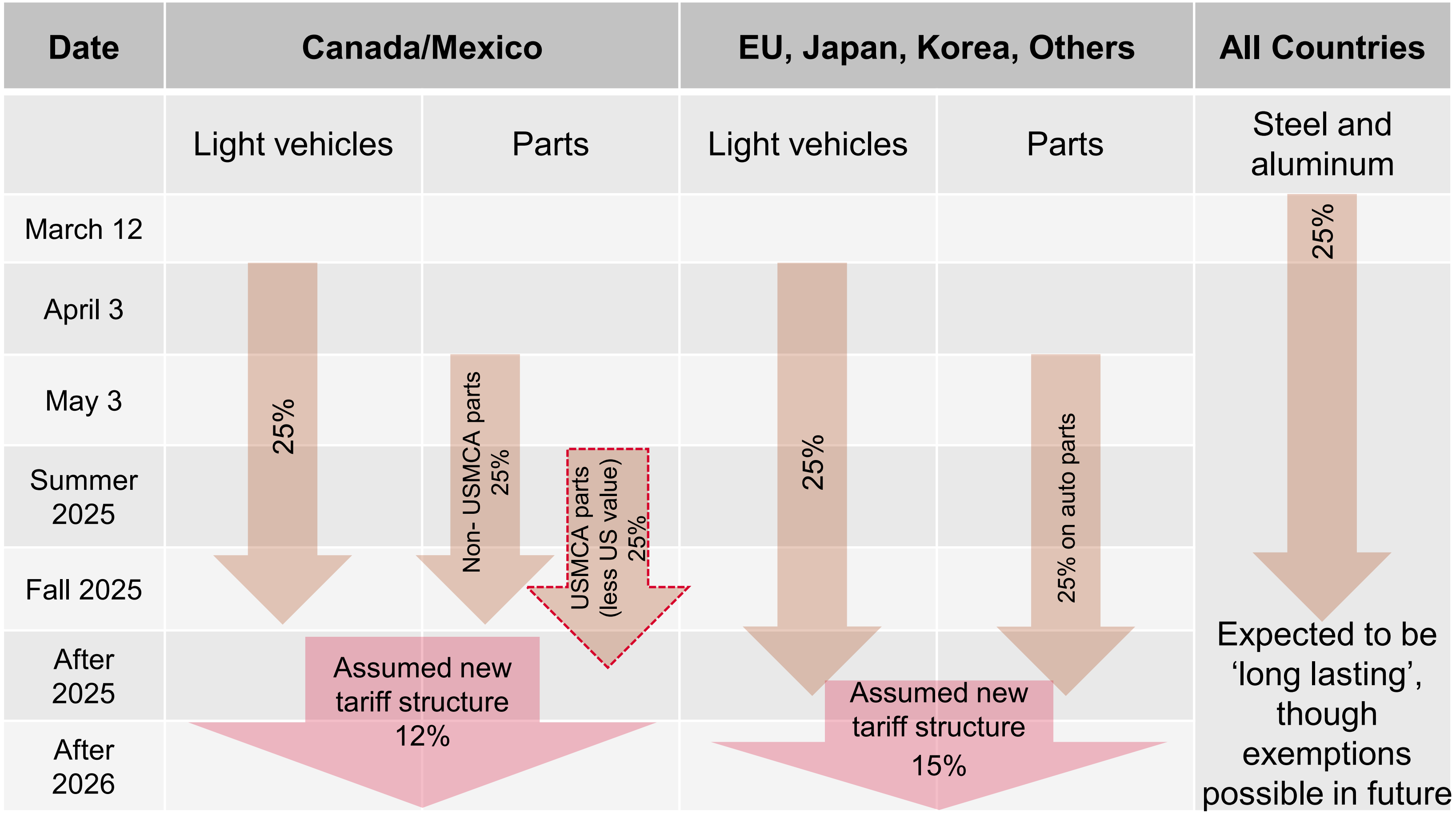
Vehicle in Use

Deliver critical information to support aftermarket services and vehicle recalls where necessary

Parts Demand & Fitment
Owner Notification
Vehicle Identification

A New Trade Structure Emerges

Known auto-focused tariff timeline



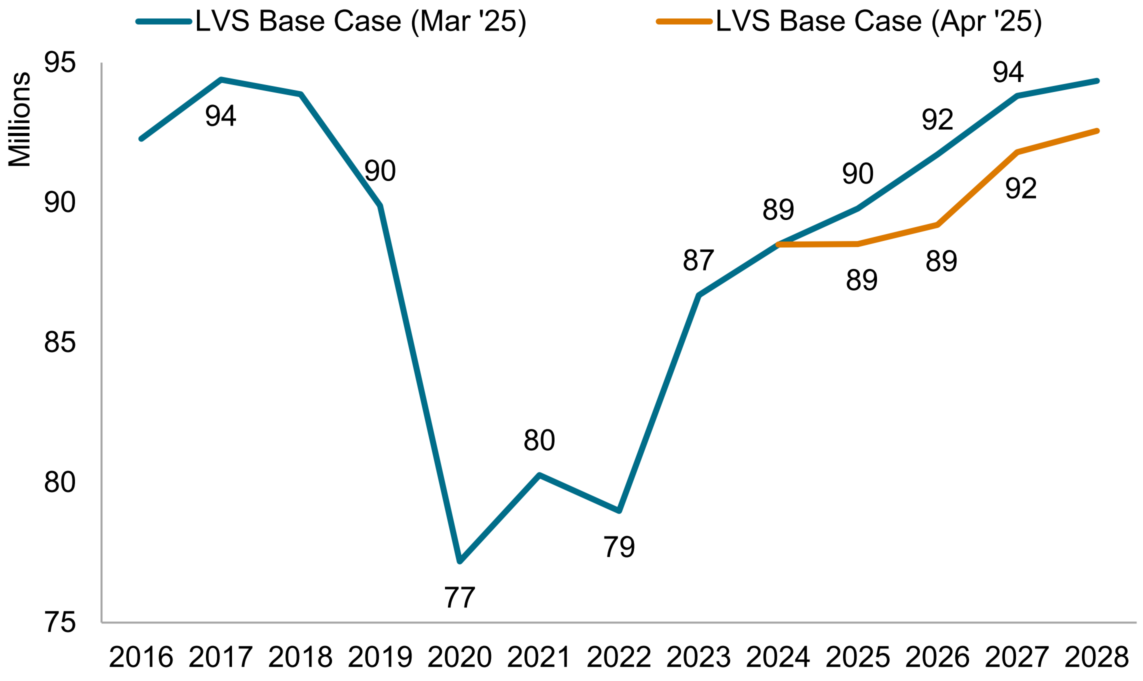
- Understanding is reciprocal tariffs announced on April 2nd do not stack with auto or steel tariffs
  - 25% autos and auto parts tariff does stack with steel and aluminum
- A new tariff structure with Canada and Mexico is a high priority for the US administration
- Various investments will be announced, though long-term structural changes are driven by a stable trade structure
- A new most-favored nation (MFN) for non-Canada/Mexico autos vehicles and parts is expected. Potential for a shift in portfolio size, competitiveness and scale economies consideration.

Global Light Vehicle Sales Forecast

April 2025 base case

- Forecast downgrade on combined impacts of US auto tariffs & general reciprocal tariffs on all goods
- One of the biggest single-month changes we have ever made to global auto forecasts (only COVID and the Global Financial Crisis were larger)

Global light vehicle sales (millions): April 2025 revision summary



April 2025 Light Vehicle Sales Forecast.
Source: S&P Global Mobility.

	Forecast Downgrade (April 2025)		
	2025	**2026**	**2027**
US	-643k	-1.2m	-928k
Mainland China	-150k	-510k	-480k
West Europe	-47k	-91k	-91k
Japan	-31k	-53k	-36k
South Korea	-8k	-23k	-21k
Total Global	**-1.2m**	**-2.5m**	**-2.0m**

Potential US Pricing Changes: Potential US$4,200 ATP Increase in 2025

- Reflects weighted average changes to average transaction prices on fully tariffed inventory for the whole LV market and not just for imports.
- Prices after adjustment as at the very end of each year (and not the average of the whole year)
- Reduced price impact in 2026 due to our assumption that the auto tariff on USMCA will drop from 25% to 12% in early 2026

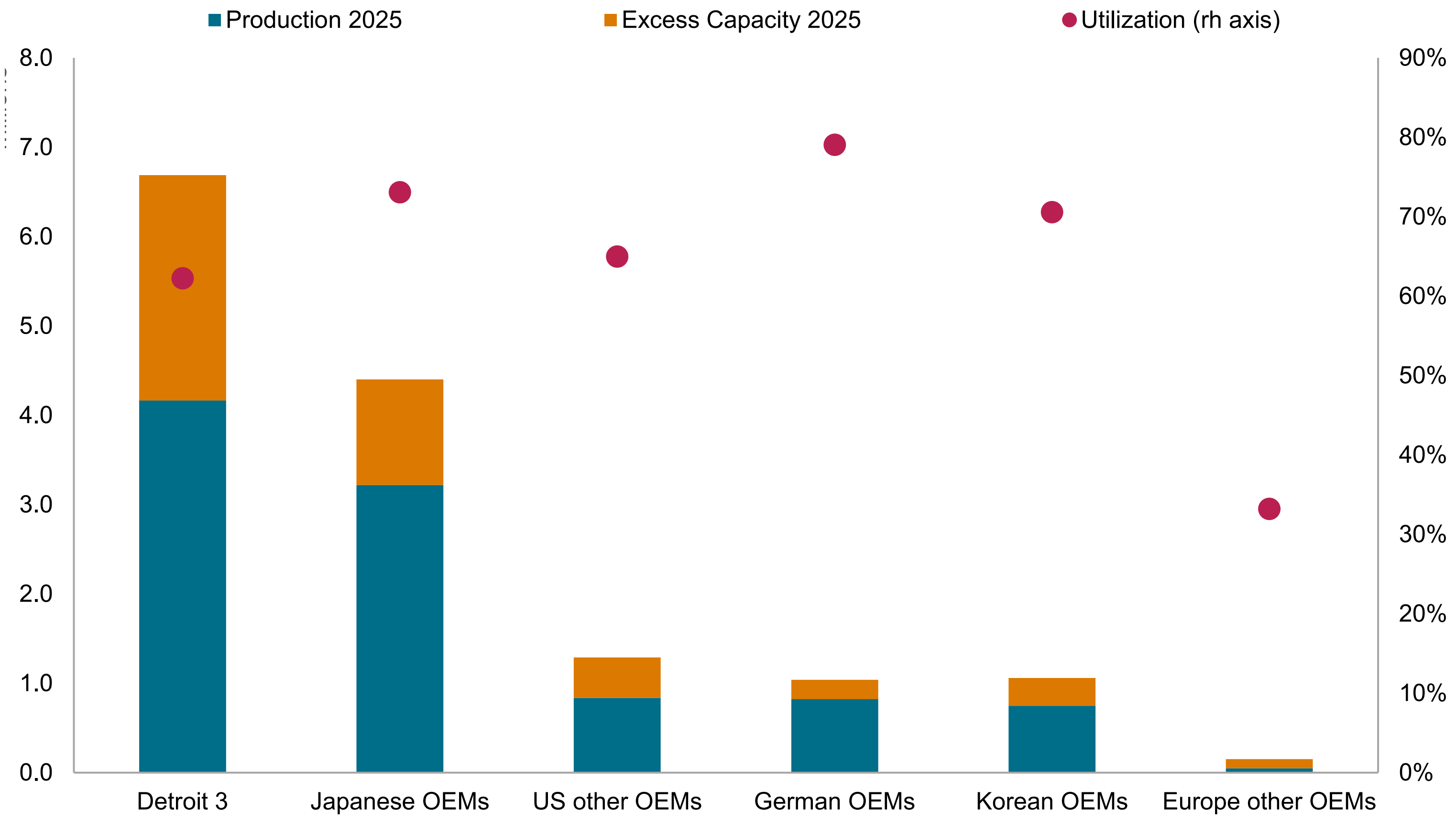
	2025	2026	2027
Total change vs pre-Trump base case (October 2024)	$4,200	$3,100	$2,400
% price impact	9.4%	7.0%	5.3%

April 2025 Light Vehicle Sales Forecast (Preliminary).
Source: S&P Global. Mobility

In a Prolonged Trade War, Only the Detroit 3 Have the Excess Capacity to Reshore

Reality is complex, but another demonstration of headwinds facing Japanese, German and Korean OEMs

Excess capacity and utilization in the US by OEM grouping



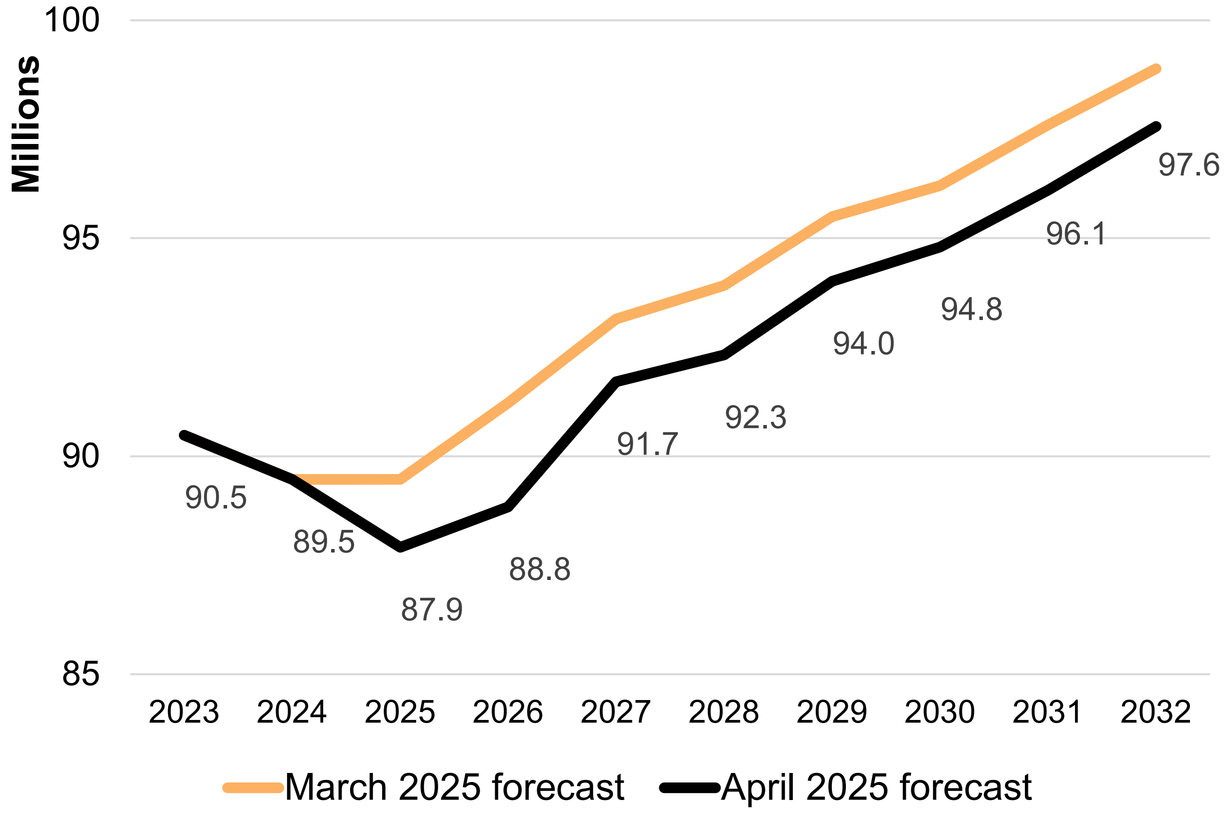
Date compiled: March 3, 2025.
Source: S&P Global Mobility

- Japanese OEMs have potential 2.8 million units exposure
  - Combined excess capacity of just under 1.2 million units
- Korean OEMs have an exposure of 1.1 million units
  - Excess capacity of just over 300,000 units
- German OEMs have an exposure of just under 1 million units
  - Excess capacity in the US of just over 200,000 units

Global Light Vehicle Production Overview

Tariff/trade dynamics set to disrupt the production profile for the foreseeable future…

Global Light Vehicle Production Forecast



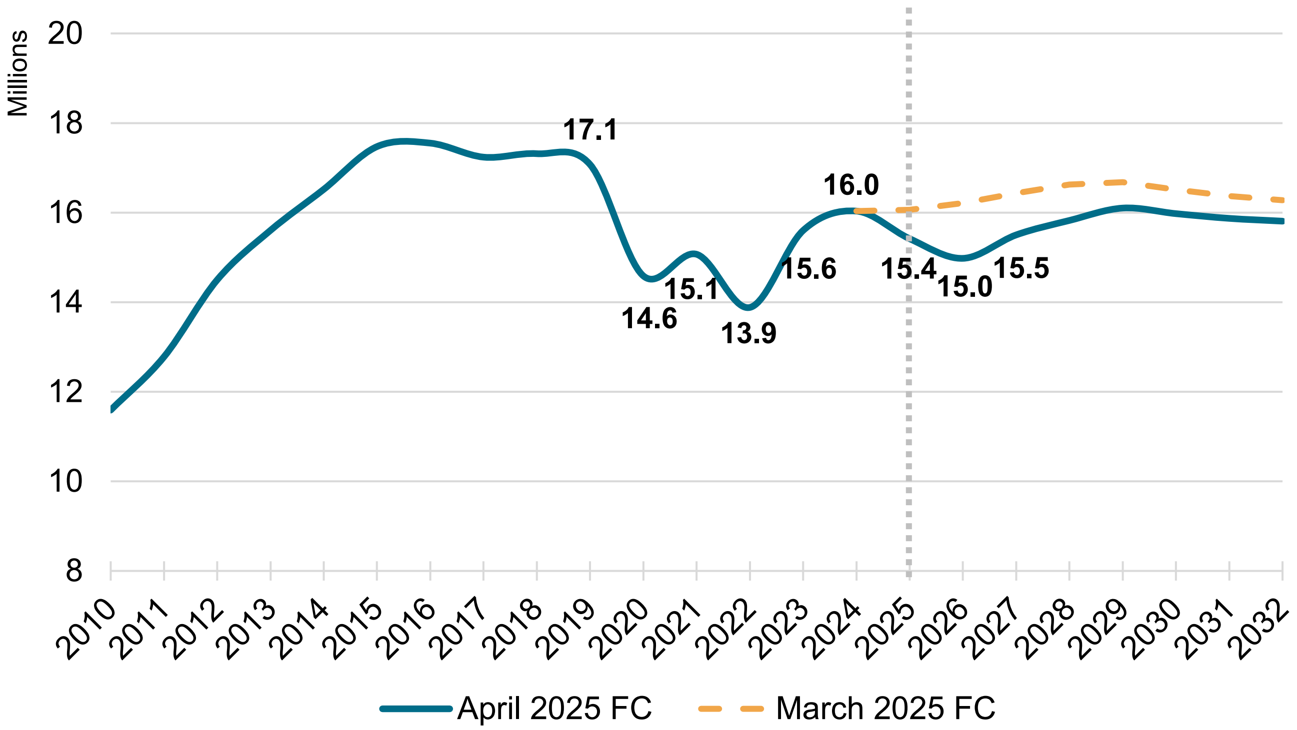
Data compiled April 16, 2025
Source: S&P Global Mobility

	Forecast Downgrade (April 2025)		
	2025	**2026**	**2027**
Europe	-12k	-251k	-266k
Greater China	-198k	-503k	-502k
North America	**-944k**	**-778k**	**+6k**
Japan/South Korea	-229k	-546k	-447k
Others	-174k	-306k	-227k
Total Global	**-1.6m**	**-2.4m**	**-1.4m**

US: Light Vehicle Sales Outlook

Pent-up demand provides some support yet is proving vulnerable to second order impacts from **tariff threats** and market conditions; **Affordability shapes ongoing trajectory, recession risk adds downside exposure**

US Light Vehicle Sales



Data compiled April 16, 2025
Source: S&P Global Mobility

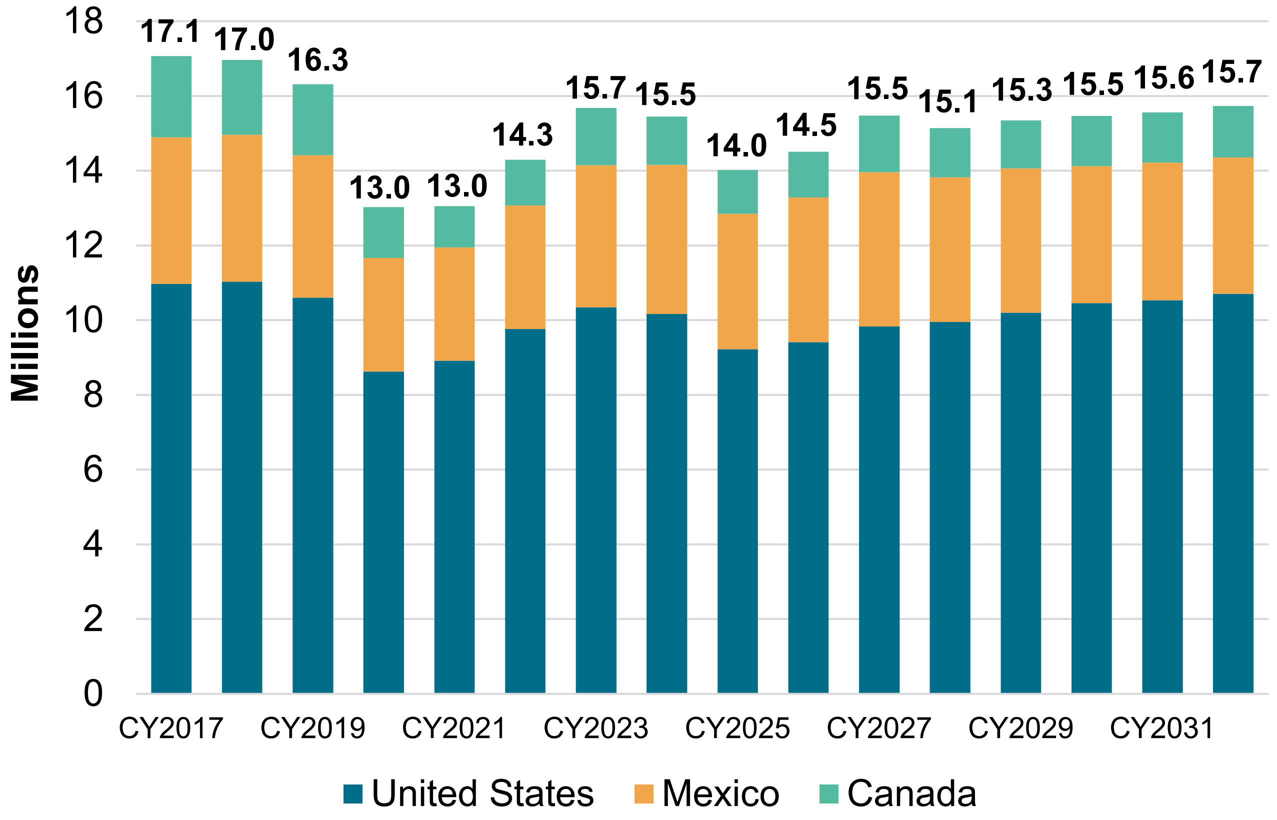
Key issues

- US consumer outlook remains challenged with inflation, interest rates, vehicle pricing and confidence as material concerns
- Opportunities to find right customer based on vehicle age and scrappage
- Launch activity is volatile; finding the optimal mix (segment, trim, etc.) will be critical
- Vehicle development costs rising
  - Regulatory compliance
  - Consumer contenting
- Market conditions are shifting, yet sales are still running at below-trend levels
  - Elevated interest rates; rate cuts in focus
  - Affordability remains a significant challenge

North America: Short-term Outlook Impacted by Tariff Actions

Tariffs, choppy BEV transition and vehicle pricing are critical concerns; **inventory strategy influences production cadence given tariff overhang, material US resourcing not likely until 2027 and beyond**

North America Light Vehicle Production Forecast

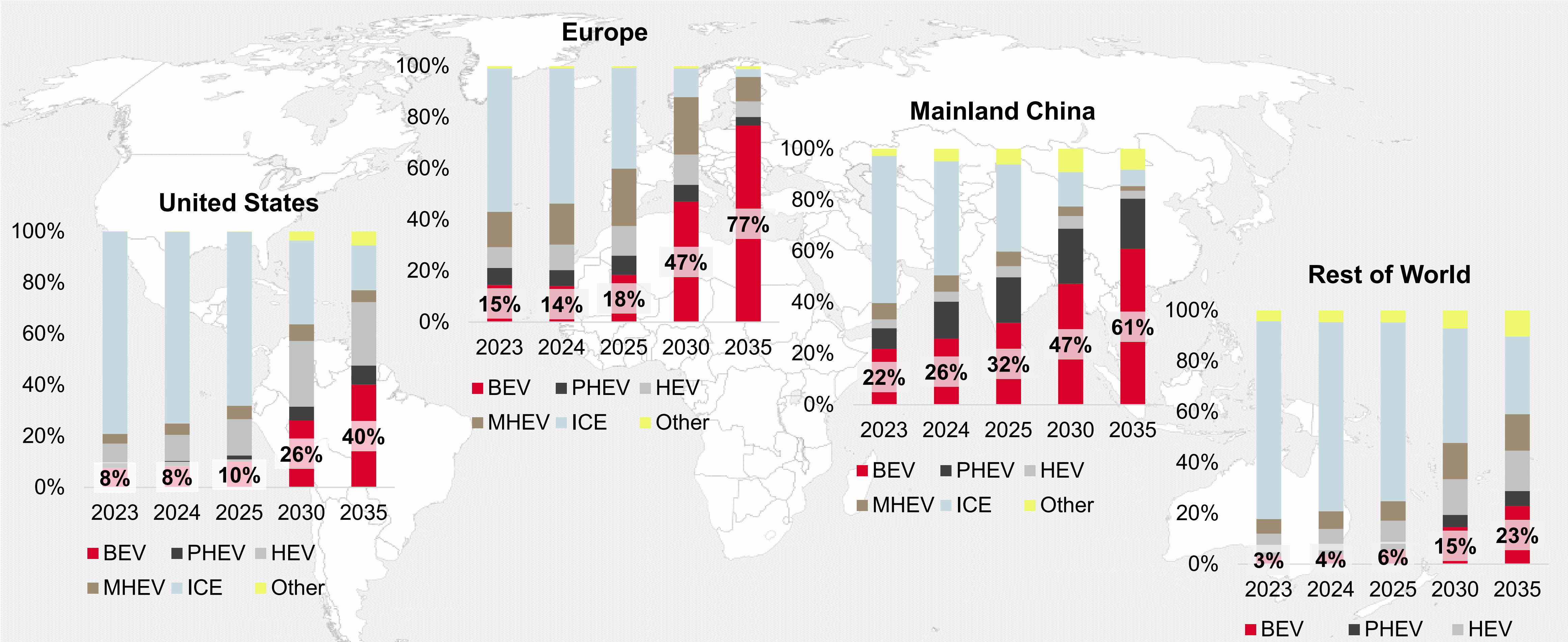


Data compiled April 16, 2025
Source: S&P Global Mobility

- Production prioritized near-term; US sourcing push not likely to yield results until 2027+
- BEV transition beset by slower adoption rates and uncertainty; translating to program delays, cancellations and weaker launch curves; creates opportunity for ICE in the out years
- Inflation Reduction Act has strengthened local supply chains, yet now presents risk with Trump administration policies in focus
- Mexico, mainland China’s wild card, is threatening status quo, pressuring USMCA; proposals on software further raise barrier to entry

Light Vehicle Electrification Trends by Region | Realignment of Expectations Continues…

Regional preferences and incentives result in a varied propulsion mix; Watch the model count!



BEV: Battery Electric Vehicle
PHEV: Plug-in Hybrid Electric Vehicle
HEV: Hybrid Electric Vehicle
MHEV: Mild Hybrid Electric Vehicle
ICE: Internal Combustion Vehicle

Source: S&P Global Mobility Light Vehicle Electrification Summary February 2025

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Thank You!

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