

Automotive Logistics
Mexico 2020
“Complimenting the Network
to Sustain Future Growth”

Flavio Batista
Vice President – North America Sales



The Roll-On Roll-Off Industry Report



**The World Economy
and Global Automotive
Shipments**

01



Strategic Sourcing Has
Given Rise to Port
Proliferation and
Regional Customization

02



Building a Sustainable
network – Short sea

03



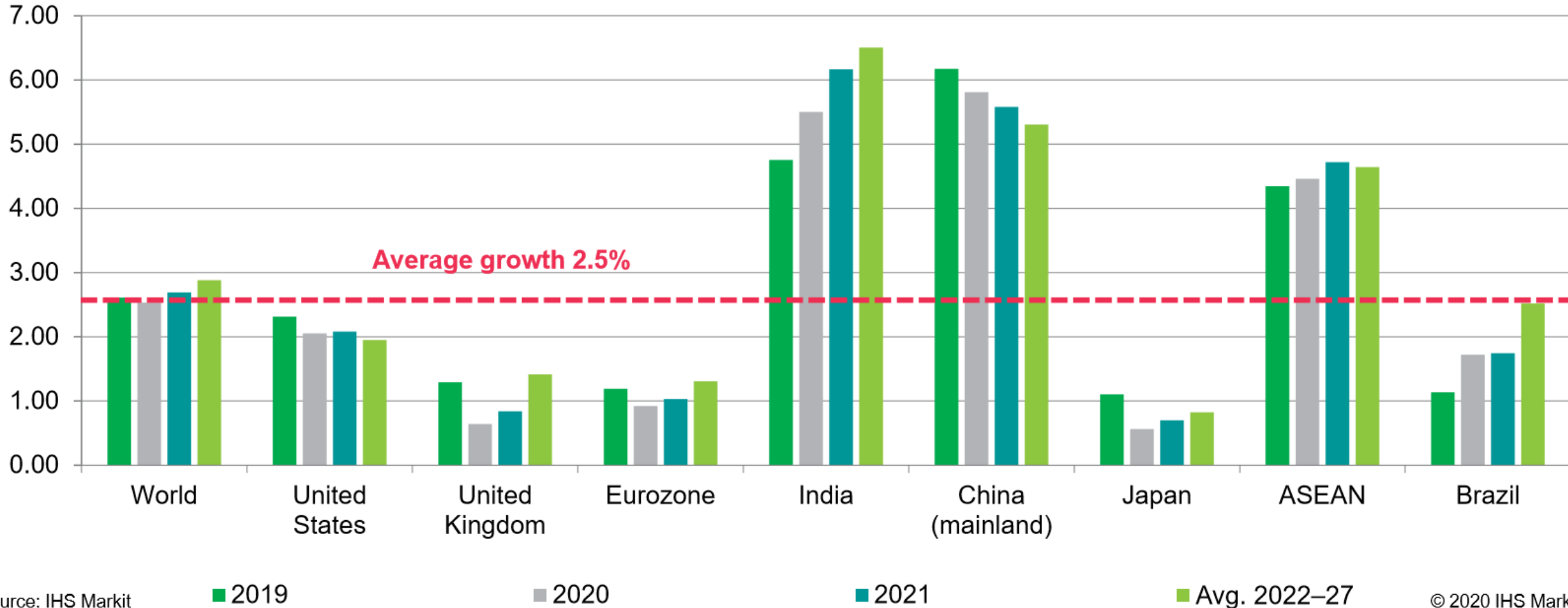
Short sea

04

Growth to decelerate in 2020 as trade and manufacturing concerns remain

Consumer spending the bright spot as we see wage growth and moderate rates (particular US)

World economic growth rate, GDP 2019-2027



Source: IHS Markit

■ 2019

■ 2020

■ 2021

■ Avg. 2022-27

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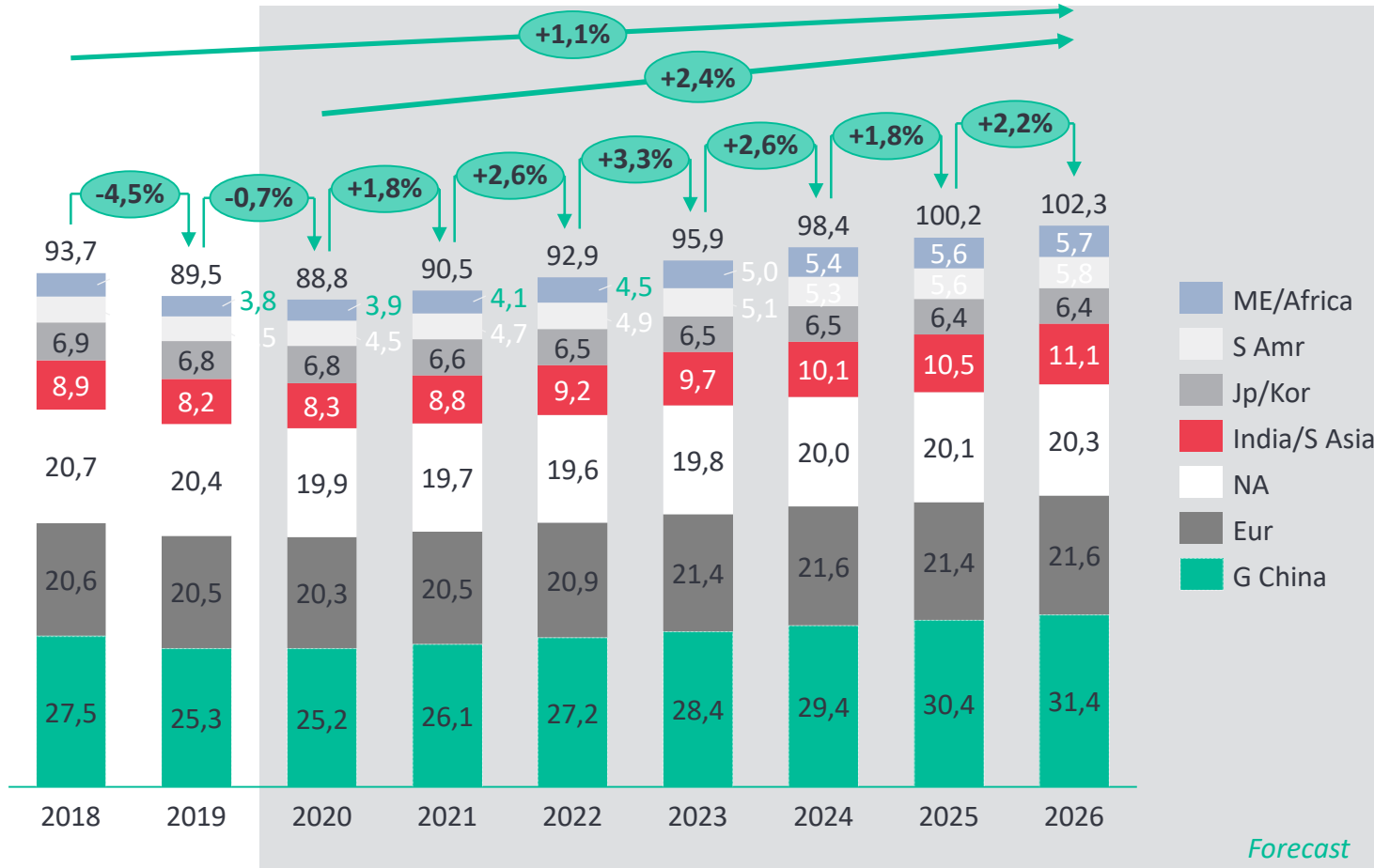


Source: IHS Markit / Market Insight Wallenius Wilhelmsen

Global LV sales expected to rebound despite some headwind

- LV sales growth expected to see a CAGR of ~2.4% going forward

LV global sales, sales region, million units, 2018-26



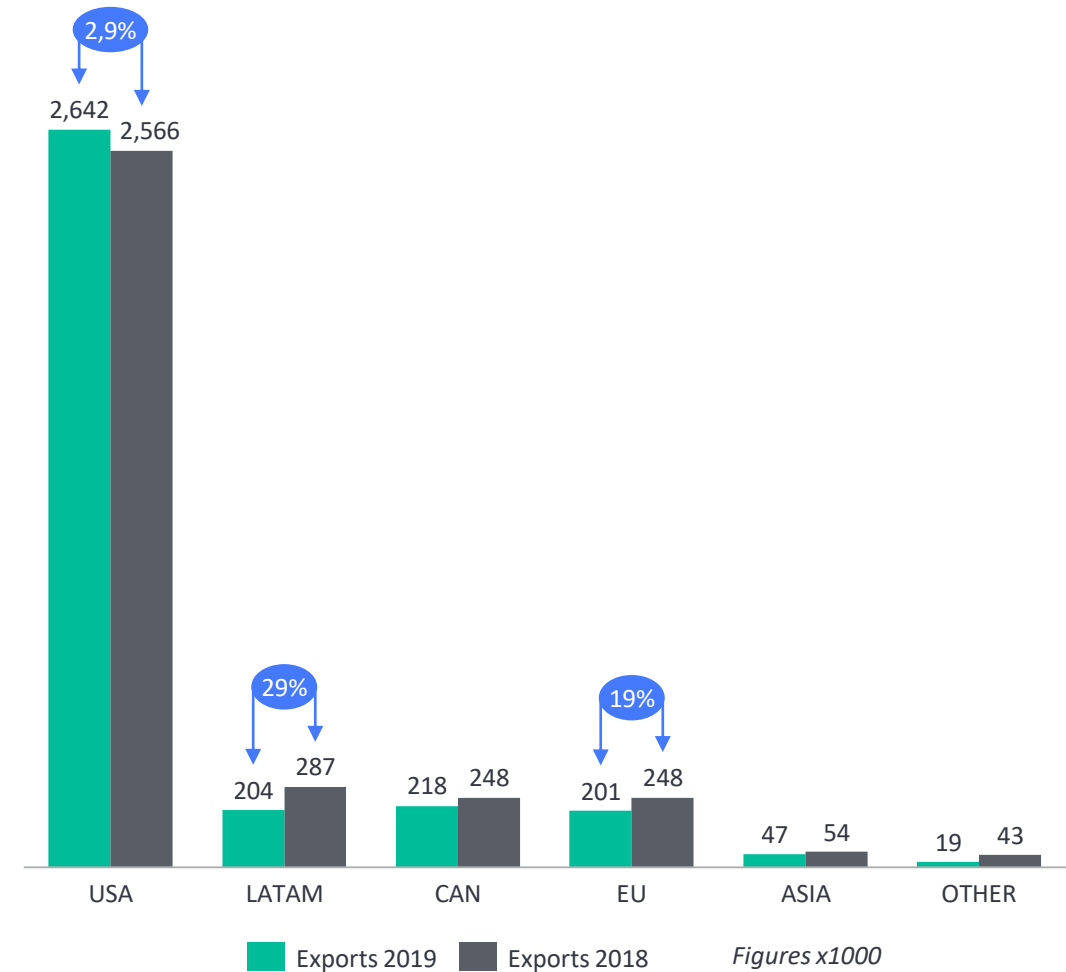
Comments

- **All regions are expected to increase sales** from 2020 except modest slide in Japan/Korea
- Change to **new emissions standards** might have dampen off some sales (e.g. WLTP in Europe and State Emission in China)
- Global GDP expected to fall from 3.1% growth in 2018 to 2.7% in 2019
- **Global shift from passenger vehicles in general (medium to large sedans in specifics) to crossovers and SUVs.** Transaction price and profits are in average higher on crossovers and SUVs compared to passenger vehicles. SUVs/crossover have more unfavorable profile compared to a passenger vehicle, which is contractionary related to emission reductions

2019 Mexico light vehicle figures

	2019	2018	Var. %	Variation
Production	3,750,841	3,911,093	-4%	-160,252
Exports	3,333,586	3,449,201	-3.3%	-115,615
Sales	1,317,727	1,426,926	-7.7%	-109,199
Ports (*Nov)	1,849,415	1,854,462	-0.3%	-5,047

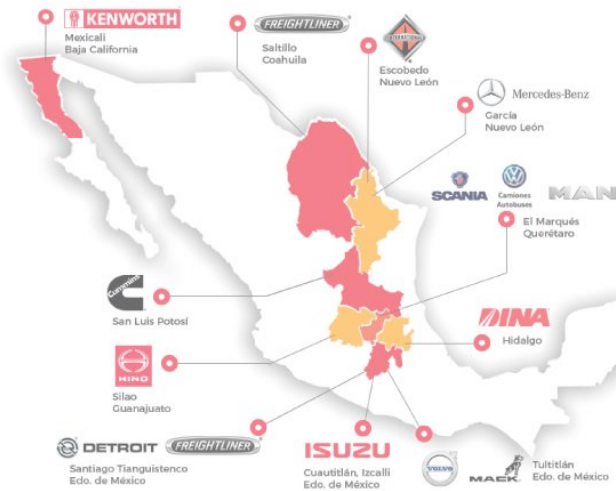
Source: INEGI



W° Truck manufacturing in Mexico

General Information

- Mexico amongst top exporters of trucks in the world
- 176K trucks produced in 2018 increasing to 200k in 2019
- 83% is bound for export, mostly the US
- 3 manufacturers account for more than 90%



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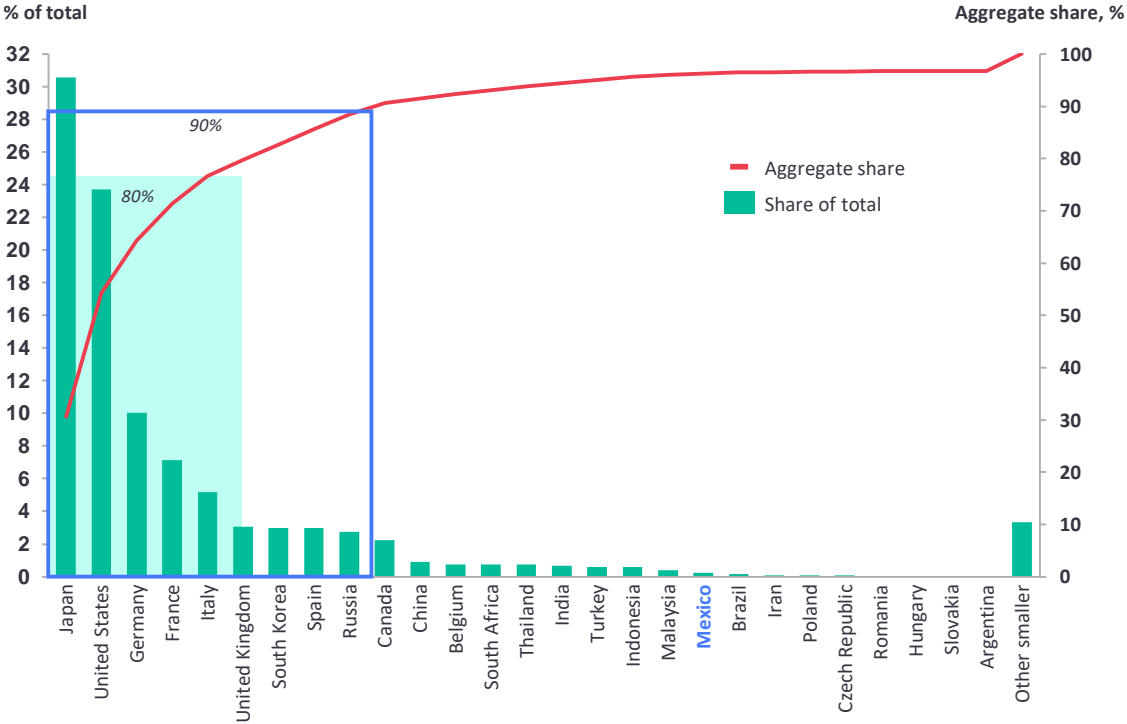
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30 Years of Port Proliferation

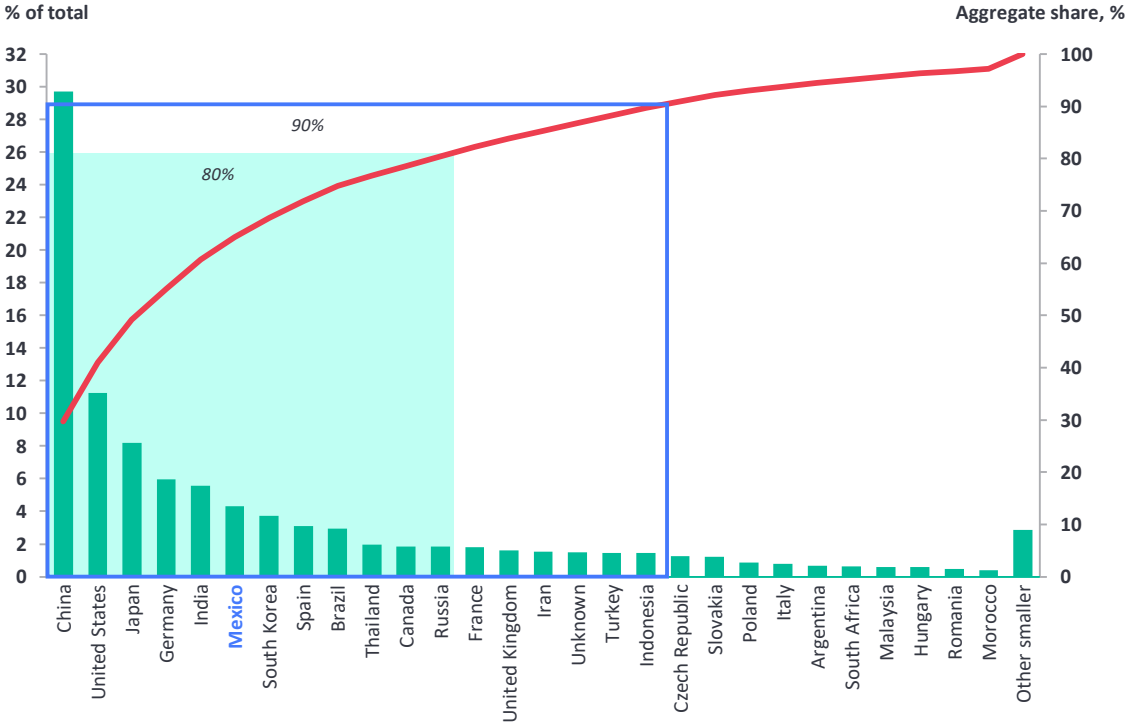
○ The main manufacturing countries in 1990...

Share of global production, aggregate share, in %, 1990



○ The main manufacturing countries in 2020...

Share of global production, aggregate share, in %, 2020



Source: IHS Markit / GMI





Port fragmentation – not sustainable



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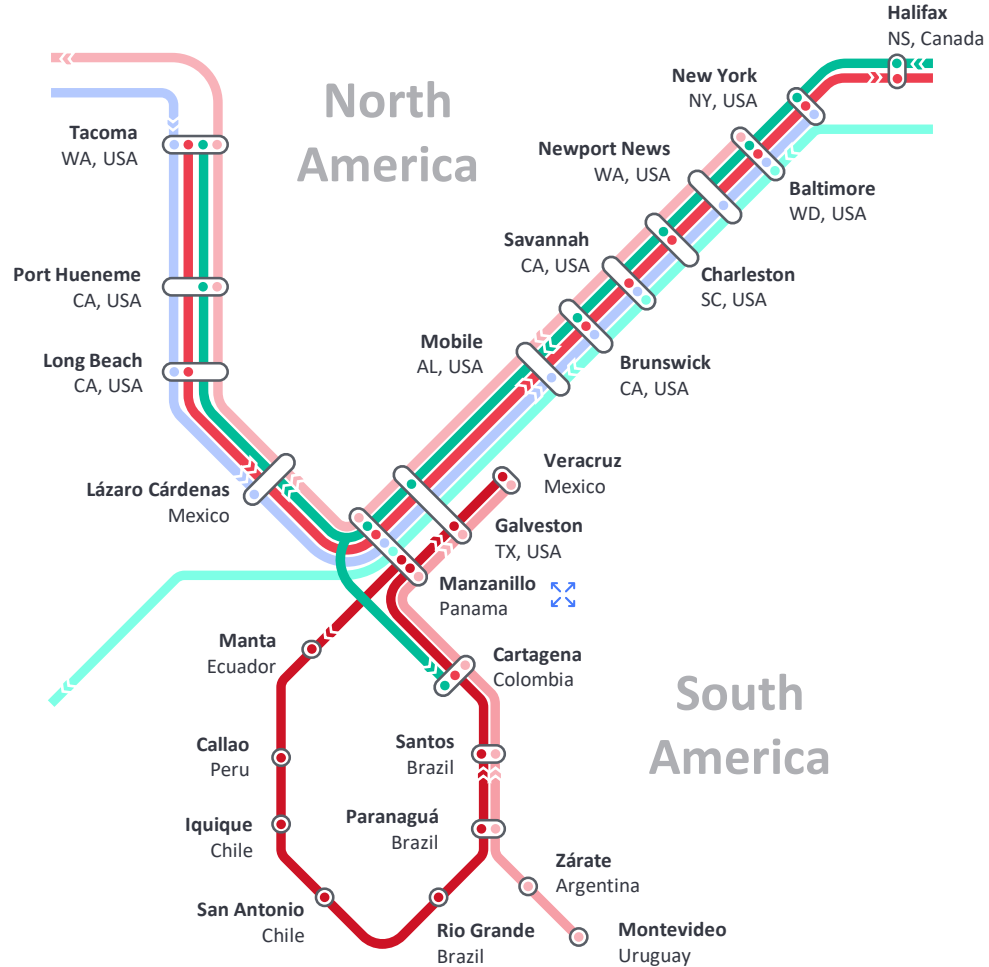


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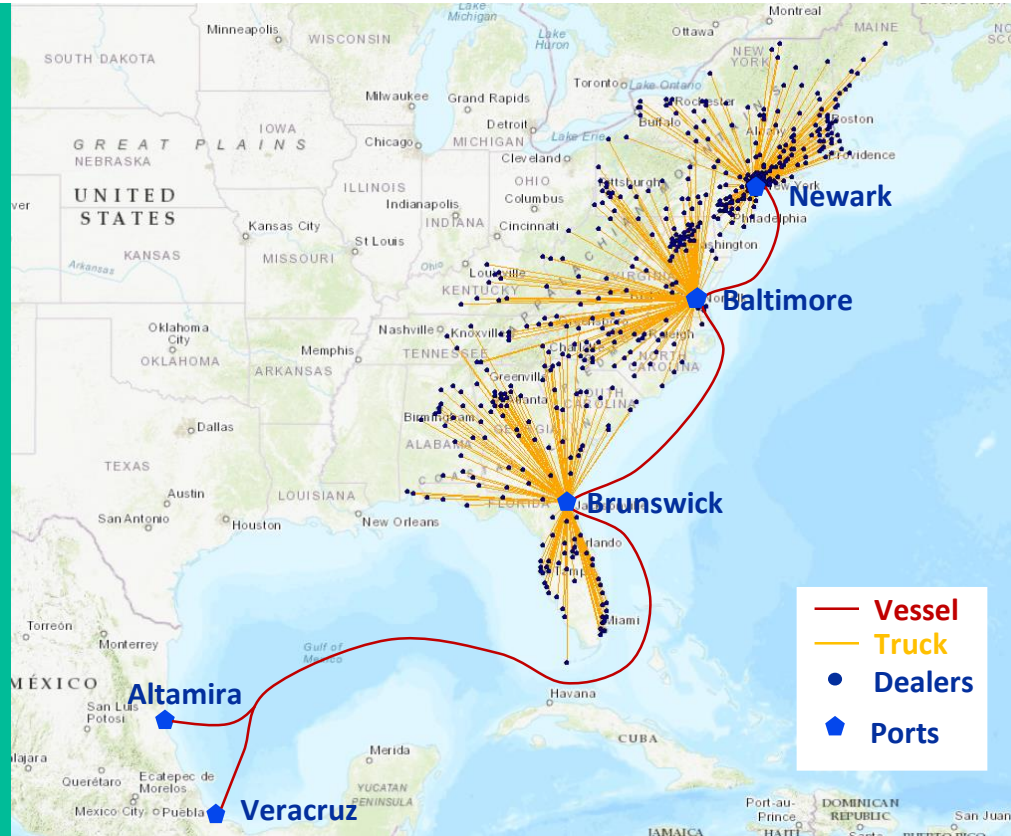
Opportunities to Expand a Sustainable Network



Opportunities

- Access to higher capacity
- Connectivity to VPC's at POD
- Get the vehicles closer to final market
- Quality
- Cost competitive
- Network optimization

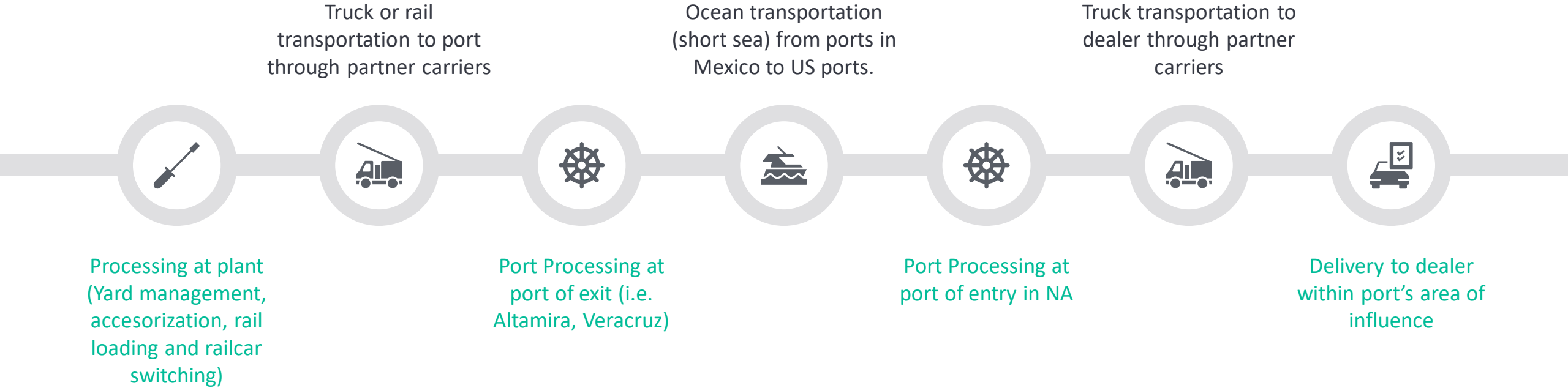
Augmenting with a Deepsea Services (East Coast Example)



- 2 POL's from Mexico (Veracruz and Altamira) to the US East Coast.
- 3 POD's on East Coast
 - Brunswick (SSI) - 6-7 day transit from Veracruz / Altamira
 - Baltimore (BAL) – 8-9 day transit from Veracruz / Altamira
 - Newark (NWK) – 10-12 day transit from Veracruz / Altamira
- Average coverage area from Brunswick & Baltimore is 500-600 miles. Newark average coverage is 300-400 miles.
- Average transit time to dealers is 2-3 days after processing.

Integrated sustainable solution by WW:

Plant in Mexico to dealer in the US



Sustainable Logistics for a World in Motion

Thank you for your attention

Flavio.batista@2wglobal.com

