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LV Market Overview 2022 Japan

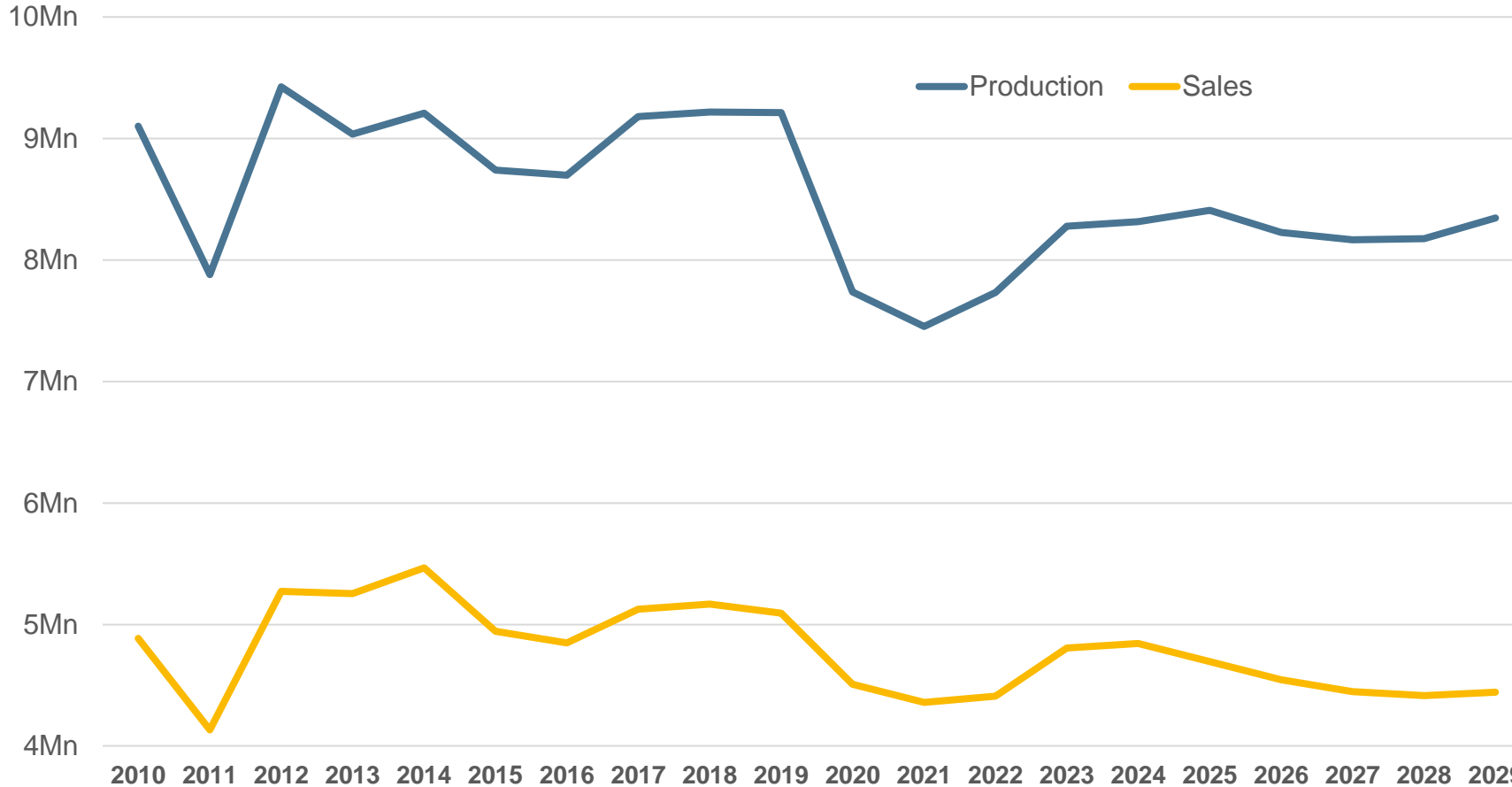
Regional share of production



Sources:
 - Sales April 2022 S&P LV Sales Forecast
 - Production: May 2022 S&P LV Production Forecast

Notes:
 - *by value in 2020: [Link](#)

S&P Light Vehicle Production and Sales Forecast
 Mn Light Vehicles



OEM	Production			CAGR		
	2010	2019	2029	10-19	19-29	10-29
	3.91Mn	4.36Mn	4.21Mn	1.2%	-0.3%	0.4%
	1.67Mn	1.43Mn	1.26Mn	-1.7%	-1.3%	-1.5%
	1.02Mn	0.85Mn	0.72Mn	-2.0%	-1.6%	-1.8%
	0.89Mn	0.99Mn	0.71Mn	1.2%	-3.2%	-1.1%
	0.98Mn	0.84Mn	0.68Mn	-1.7%	-2.1%	-1.9%
	0.50Mn	0.64Mn	0.65Mn	2.7%	0.2%	1.4%
Others	0.13Mn	0.10Mn	0.11Mn	-2.9%	1.0%	-0.9%
All	9.10Mn	9.21Mn	8.35Mn	0.1%	-1.0%	-0.5%

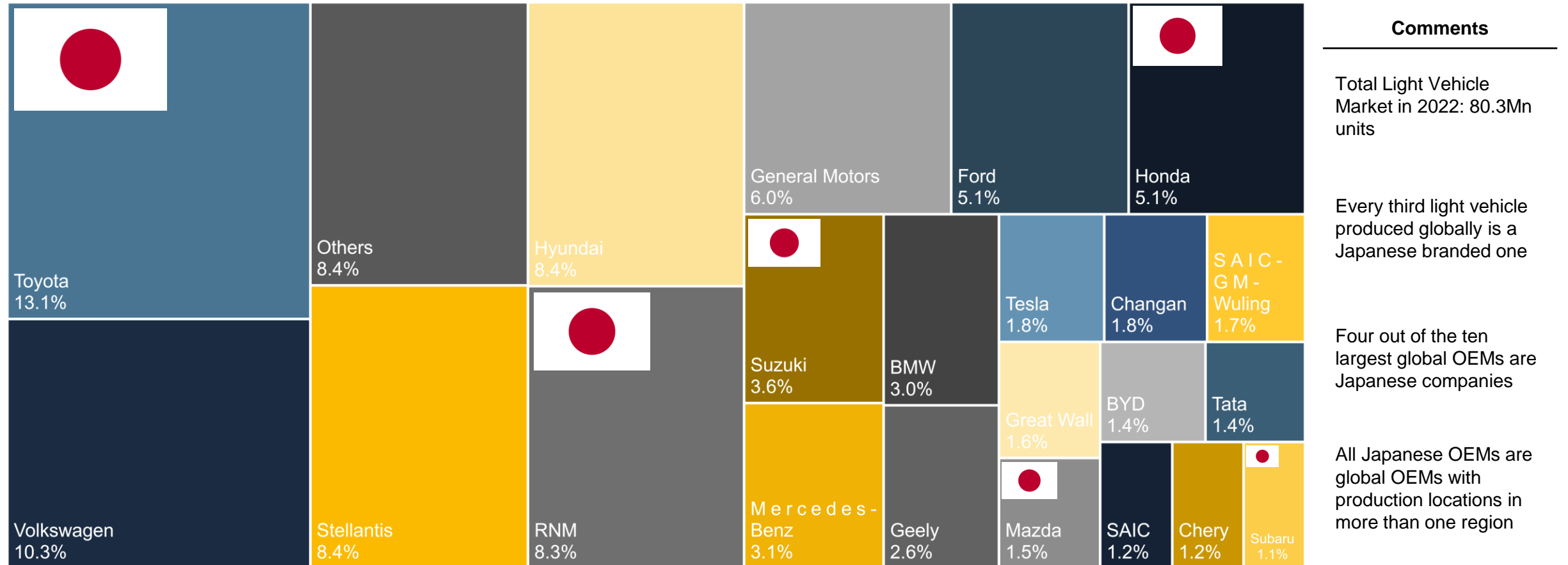
OEM	Sales			CAGR		
	2010	2019	2029	10-19	19-29	10-29
All	4.88Mn	5.09Mn	4.44Mn	0.5%	-1.4%	-0.5%

Both, Production and Sales forecasted to shrink; Japan is the second largest exporter* of LVs in the world

Japanese OEMs

2022 Global Production share
Mn Light Vehicles (% production share)

Sources:
- Production: May 2022 S&P LV Production Forecast



Comments

Total Light Vehicle Market in 2022: 80.3Mn units

Every third light vehicle produced globally is a Japanese branded one

Four out of the ten largest global OEMs are Japanese companies

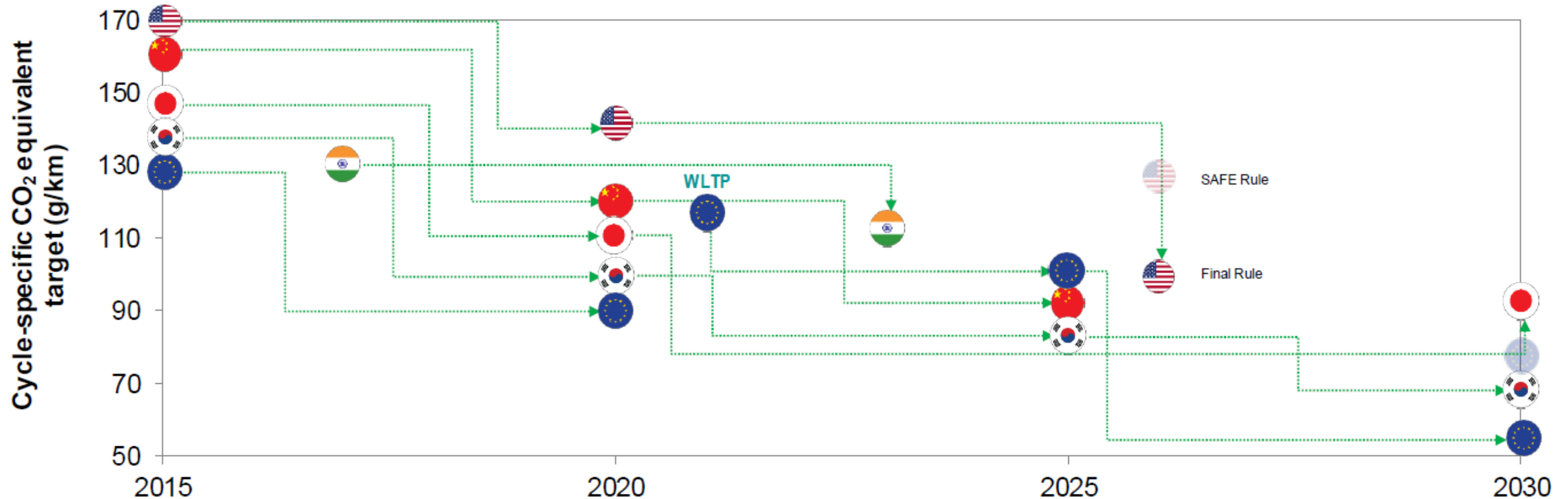
All Japanese OEMs are global OEMs with production locations in more than one region

Japanese OEMs produce one third of global light vehicles; 4 out of ten largest OEMs have Japanese roots

Global light vehicle regulatory standards

Light vehicle tailpipe decarbonization in this decade

Source:
Source: IHS Markit, European Commission, US EPA,
China MIIT, Japan METI, South Korea ME, India
MoRTH BEE, Getty Images



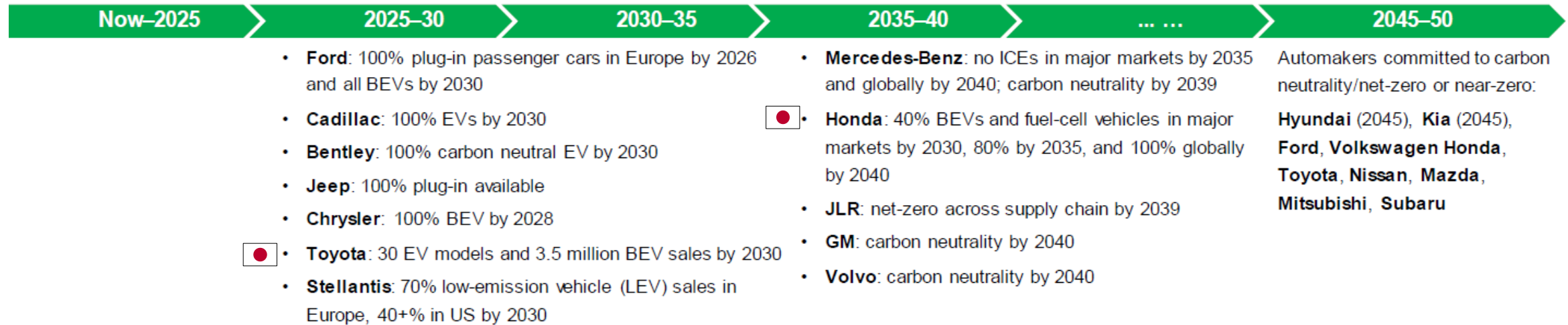
Regulatory standards drive decarbonization progress and new light vehicle electrification

OEMs race to drive an electric and net zero future

Global timeline for EV roll-out

Source:
- 2022 S&P LV Forecast

- **Global:** USD250 billion (B) investment made
- **BMW:** BEV available for 90% of current market segments
- **Volkswagen and Audi:** End of new ICE models
- **Jaguar:** 100% EV by 2025
- **Ford:** Doubles USD11 B EV investments to USD22 B through 2025
- **GM:** USD35 B investment in EVs and automated vehicles by 2025; 40% EVs in product portfolio; 30 new EV models globally and 20 in North America
- **Stellantis:** USD30 B EV investments by 2025
- **Volvo:** 100% BEV by 2030
- **Subaru:** 100% EV by 2030 
- **GM:** 100% BEV by 2035
- **Lexus:** 100% EV by 2035 
- **JLR:** 100% EV by 2035
- **Kia:** 100% EV lineup in Europe by 2030 and globally by 2035



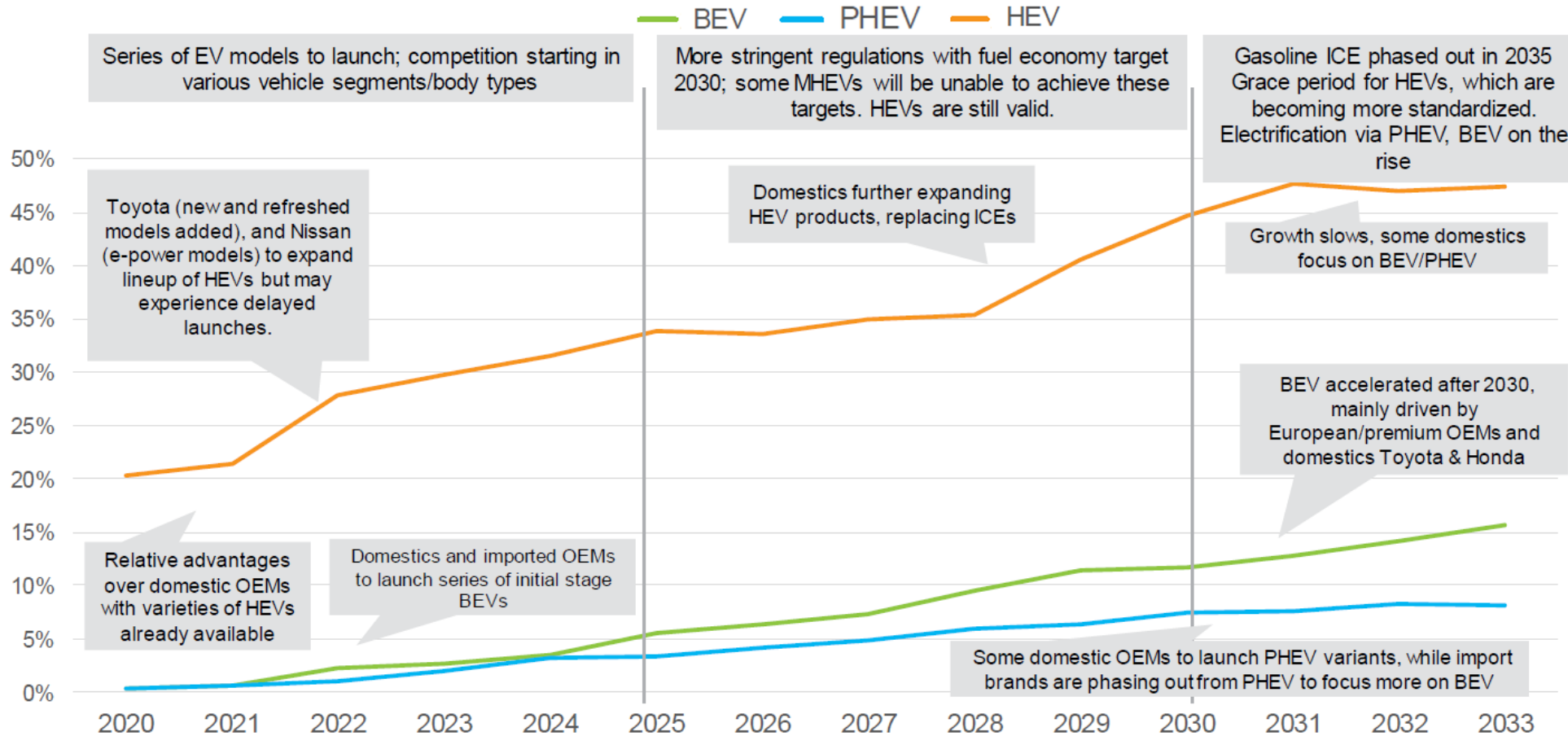
Automakers and suppliers will invest \$330bn in electrification and R&D by 2025

Propulsion System Design trend in Japan



Sales based Powertrain trend (% sales share)

Source:
- 2022 S&P LV Forecast



Comments

- > Japan's Ministry of Economy, Trade, and Industry is targeting an ICE ban by the mid-2030s in favor of HEVs or BEVs.
- > Japan has committed to achieving a target of being a carbon neutral, zero GHG emissions society by 2050.
- > The Japanese government announced plans to double the subsidy on EVs from ¥400k to ¥800k (\$3,5k to \$7k) starting in 2022, as long as they are charged using renewable energy. (The government will likely increase the subsidy from JPY 800k to JPY 850k)
- > S&P estimates BEV Sales share to be 12% by 2030

Regulatory compliance standards are a major market driver for low emission vehicles and key for decarbonization

Conclusion

- The industry is seeing significant investment levels in electrification – supplier must join in, to adapt current product and look for the future technologies required
- To be successful with the Japanese OEMs – a robust local window is a must.
 - To understand our customer needs locally and globally as these may be different
 - To maintain a positive relationship – even when dealing with difficult issues
 - Transparency is key to build **trust** and develop the future business together
- The supply base must **evolve** and align with the OEM direction to leverage the local and global opportunities that come with change.
- The ultimate eco propulsion system is still to be define, but it will not be the internal combustion engine!

Thank you