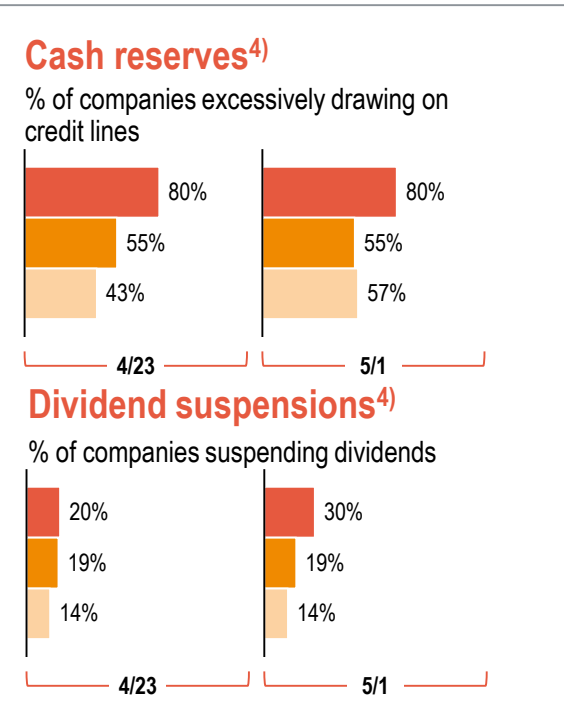
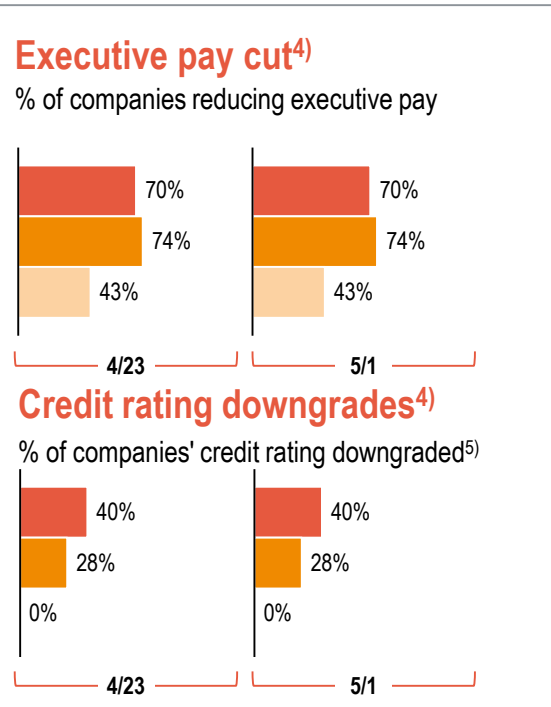
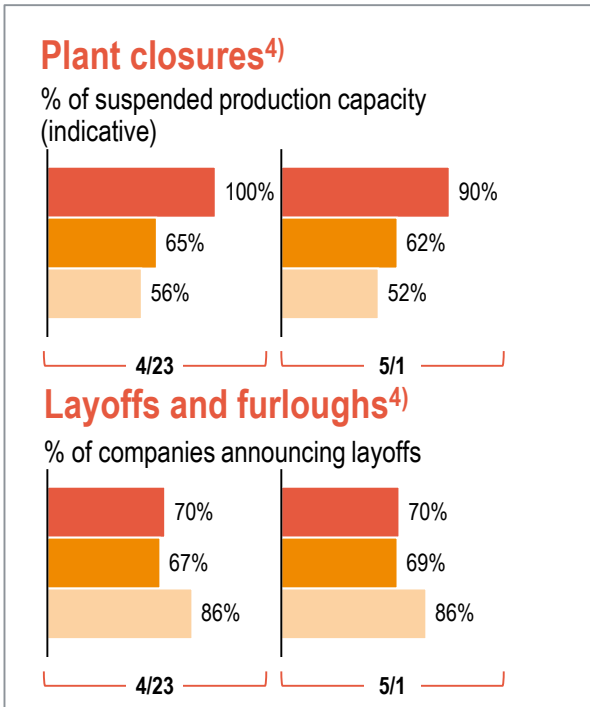
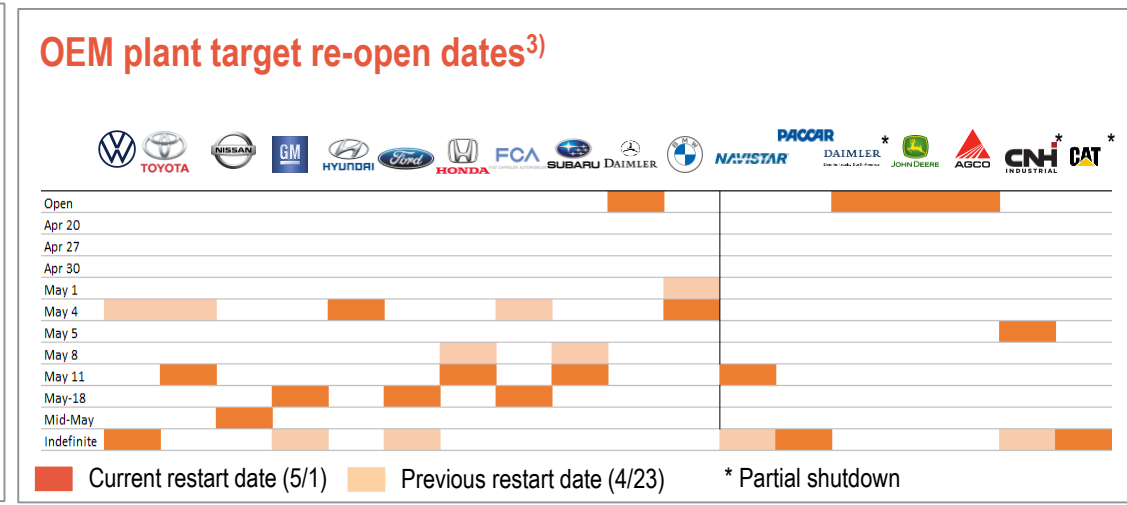
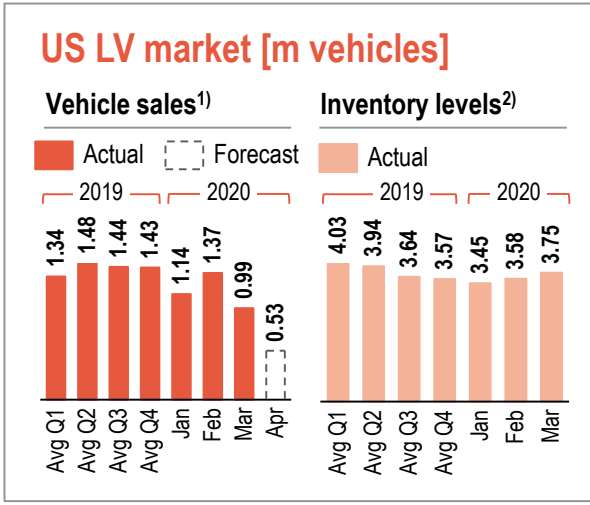


## Situation summary

- > **Sales forecast:** On April 30 U.S. full year 2020 market sales have been updated to 12.5 million units per IHS Markit, and North America is forecast to see sales drop of 26.7% YoY in 2020. Expectations of a recession, inconsistency between states' stay-at-home orders, and a potential second wave of COVID-19 all factor into these low projections.
- > **OEM response:** First plant reopened on April 27 (Mercedes Vance, AL) while 90% of light vehicle OEMs remain closed. A small handful of OEMs are planning to reopen next week, but the majority have been pushed out 2 weeks and are estimated to reopen between May 11 and 18. Contributing factors include low demand, state regulations, supplier readiness, and worker concerns over health and safety. Reopening efforts will be on a site-by-site basis with a gradual ramp up. Majority of OEMs have already engaged in building up cash reserves, reducing labor force and executives' pay.
- > **Supplier response:** Some suppliers have begun production by gradually reopening plants, yet the majority still remain closed. Almost 70% have been forced to undergo layoffs / furlough, while about three-quarters of executives have undergone pay cuts. With the delay of OEMs reopening, the increase in supplier capacity is expected to continue. Mexican supply base will be critical for relaunch in North America while the industry has not yet been designated essential by the government – pressure continues from local and US players and associations to provide this status.
- > **CV & Off-highway player response:** Off-highway OEM's continue to build up cash reserves and over 80% have engaged in layoffs / furlough. About half of the OEMs have reopened its plants, but for those not open, supplier readiness and worker safety seem to be the most relevant concerns.



■ Top 10 Passenger Vehicle OEMs 
 ■ Top 30 Suppliers 
 ■ Top 7 CV & Off-Highway OEMs 
 1) Source – Marklines; 2) Source – Wards Intelligence; 3) Source – Autonews; 4) Since Mar 1, 2020 5) Moody's

# The overall ramp-up process will depend on a coordinated lift of the economic lockdown across regions

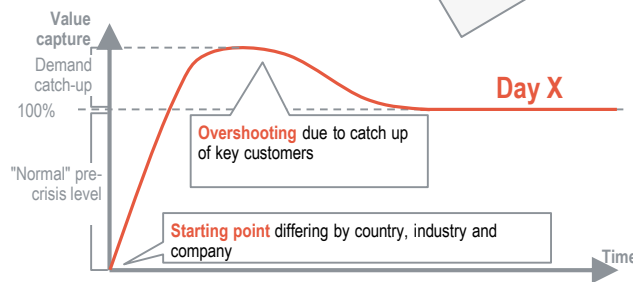
## Ramp-up scenarios and duration to pre-COVID levels

Level of regional coordination



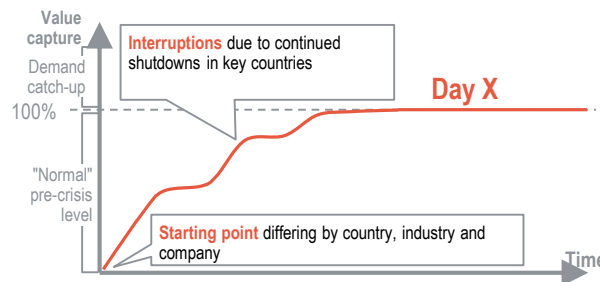
**1 Full scale ramp-up**

*Unlikely*



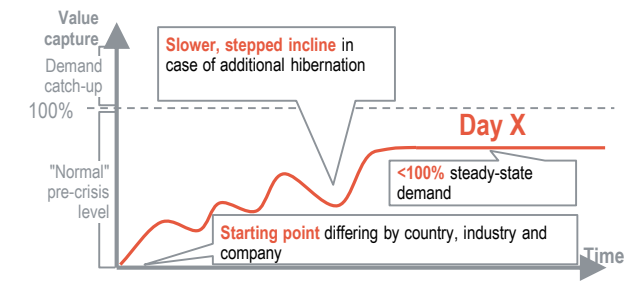
Duration until full ramp-up: **3 months**

**2 Slow regional ramp-ups**



Duration until full ramp-up: **6-9 months**

**3 Selective ramp-up of single programs**



Duration until full ramp-up: **12-18 months**

Level of economic disruption



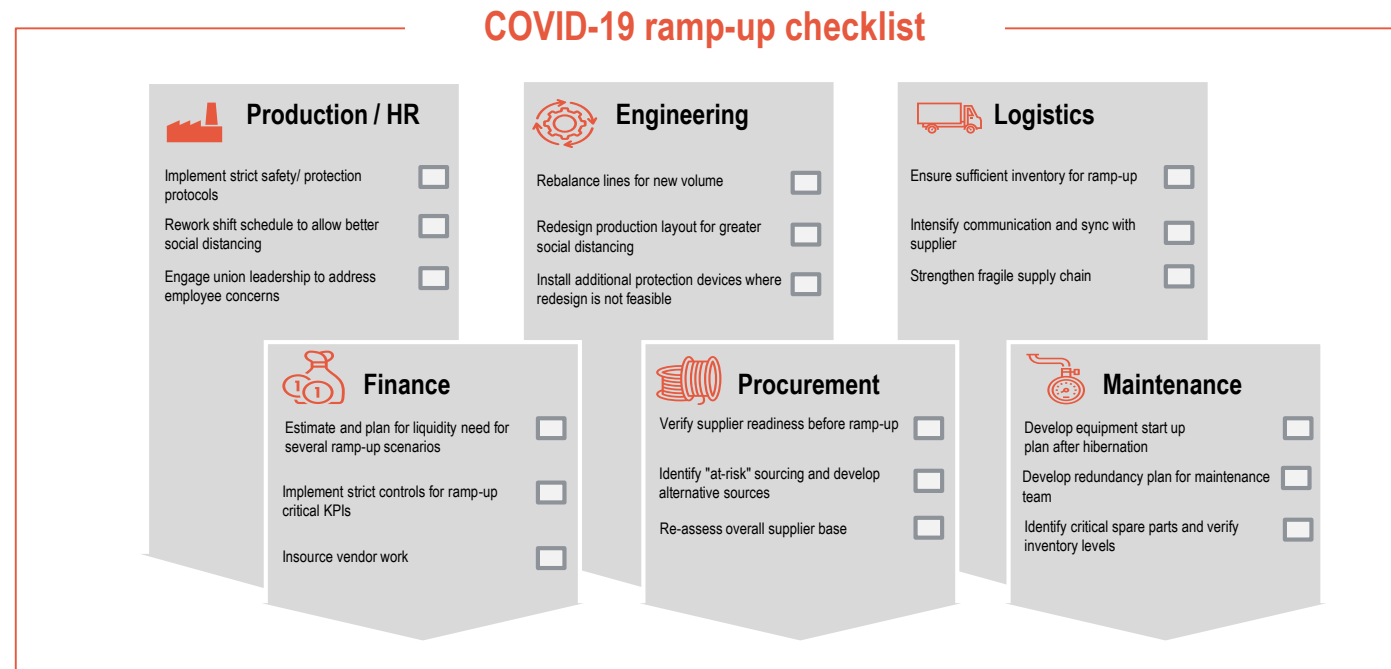
# A more detailed ramp-up checklist and playbook is available upon request

## Roland Berger COVID-19 ramp-up checklist

» Roland Berger developed an extensive menu of actions plants can take to address the COVID-19 crisis

» Approximately 200 actions sorted by function and value chain step

» Individual actions range in priority from A – Imperative to perform prior to Day X, to C – Optional after Day X



**Long list of ramp-up actions available upon request!**

Please send an email to [COVID-19AutoIndustryUpdate@rolandberger.info](mailto:COVID-19AutoIndustryUpdate@rolandberger.info) with subject "Ramp-up checklist" or reach out to your Roland Berger contact to get in touch with us