



# Automotive Industry Economic Outlook Survey

## Key Findings

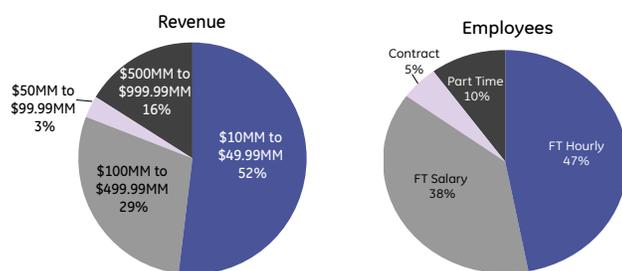
The most significant insights to emerge from GE Capital's survey of leaders of U.S. middle market firms include:

- Despite the persistence of high healthcare and business operating costs, most firms in the automotive sector expect increasing margins in the coming year.
- There is broad agreement that light vehicle sales will continue to increase in the next 12 months.
- Increases in the new order pipeline and the expectation that the industry will continue to expand are sources of optimism in the industry.
- Middle market leaders in the automotive sector are confident in the U.S. and their local economies.

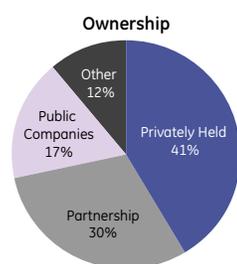
### THE AUTOMOTIVE INDUSTRY

Average revenue of automotive firms surveyed = \$223,830,000

Average number of employees = 1,808



Most automotive firms in the middle market are either privately held or partnerships.



### ECONOMIC STRENGTH

Automotive firms in the middle market express confidence in the U.S. and their local economies. They are less optimistic about the global economic environment.



### TOP BUSINESS CHALLENGES

Key concerns for automotive firms are increasing health care and business costs and domestic competition.

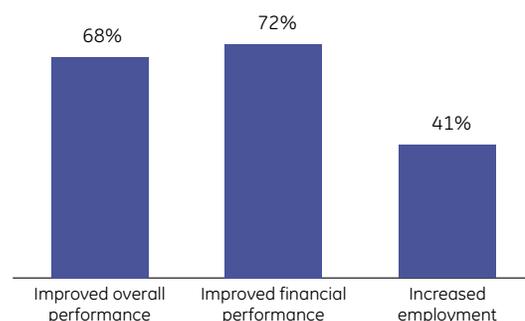
Top three concerns:

- The cost of health care
- The cost of doing business
- Increased domestic competition

### INDUSTRY SPECIFIC QUESTIONS

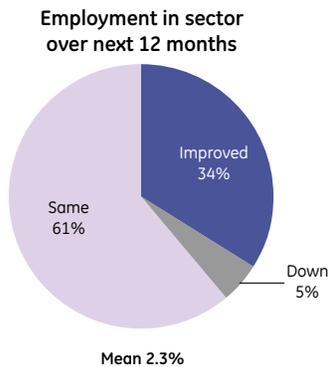
- The majority of automotive firms expect a rise in light vehicle sales in the next 12 months
- Increases in the use of aluminum are expected over the next three years, while iron usage is expected to decline
- Half expect more competitive OEM supplier bidding in the next 12 months
- Relationships with OEMs are expected to be stable in the next year (few expect improving or worsening relationships)
- The weakening Yen is viewed as a modest threat to OEMs' competitive position

Over 70% of automotive firms experienced improved financial performance vs. one year ago.



## STATE OF INDUSTRY AND PIPELINE

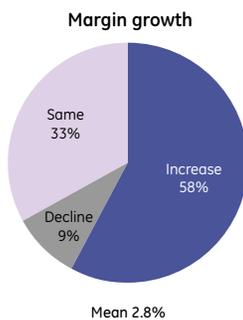
Most automotive firms expect to keep their staffing levels stable over the next year, but one-third will add workers. Employment in the sector is expected to grow an average 2.3% year-over-year.



There is optimism in the automotive industry driven by increases in the new order pipeline and expectations of industry expansion in the coming year.

- 56% experienced an increase in their new order pipeline in the past year
- Over one-third had greater capital expenditures than a year ago
- Half expect the automotive industry to expand

The majority of automotive firms expect margin increases over the next 12 months. On average, margin growth is expected to be modest.



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## ABOUT GE CAPITAL, AMERICAS

GE Capital, Americas is a leading provider of loans and leases to mid-market businesses in the U.S., Canada and Mexico. We make it easier for companies to purchase or lease equipment; manage vehicle fleets, acquire businesses, and otherwise grow and thrive in the changing marketplace because we understand the industries we finance. As part of GE, we also deliver more than money. Our customers benefit from direct access to more than 100 years of successful innovation and resources from GE to help them become smarter, faster and more efficient. Visit [gecapital.com/americas](http://gecapital.com/americas).

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## ABOUT THE NATIONAL CENTER FOR THE MIDDLE MARKET

The U.S. CXO Industry Economic Outlook Survey was produced in cooperation with the National Center for the Middle Market (NCMM), a multiyear partnership between GE Capital and The Ohio State University's Fisher College of Business.

The NCMM serves as the leading resource on the U.S. middle market economy, providing knowledge, leadership and innovative research on the U.S. middle market and, ultimately, the overall U.S. economy. The NCMM produces the Middle Market Indicator, a quarterly business performance update and economic outlook survey of 1,000 C-suite executives of middle market companies. For more information, go to [middlemarketcenter.org](http://middlemarketcenter.org).

## ABOUT THE SURVEY

GE Capital surveyed 52 companies in the automotive industry to ascertain their views on the global and U.S. economies and their outlook on a variety of important economic, industry and business-level issues, including growth expectations and financing needs. The responses here represent averages based on 52 responses. The decision-makers who were surveyed represent middle-market companies with revenue ranging from \$10 million to \$1 billion. For more information on automotive, visit [gecapital.com/auto](http://gecapital.com/auto).

The full GE Capital U.S. CXO Industry Economic Outlook Survey covers the following industries:

- Commercial aerospace
- Food & beverage
- Construction/contractors
- Construction dealers
- Fleet
- Healthcare services & healthcare products
- Retail
- Telecom & media
- Trucking

For information on these additional industries, visit [gecapital.com/cxosurvey](http://gecapital.com/cxosurvey).