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We combine financial expertise with a hands-on "shop floor" approach.

We provide solutions that get you results.

Automotive leadership defined
QUARTERLY SUMMARY

NORTH AMERICAN ECONOMIC OUTLOOK

- **US** – GDP growth has been revised down by 0.2 ppt in 2019 and 0.1 ppt in 2020 as a soft landing to the 1.8% growth level is not expected on a more dovish Fed. Interest rates are now expected to hold at the 2.8% level for several years, as the Fed will hold off on additional hikes for now.

- **Canada** – GDP growth in 2019 has been cut by a further 0.3 ppt from last month on a weaker-than-expected close to 2018 and the continued slower growth this year and next.

- **Mexico** – GDP growth in 2019 has been cut by a further 0.3 ppt from last month on a weaker-than-expected close to 2018 and the continued slower growth this year and next.

*Source: LMC Automotive*
NORTH AMERICA LIGHT VEHICLE SALES OUTLOOK

CURRENT NORTH AMERICAN PRODUCTION DRIVER

- USA demand is projected to slow, but continues to be a key production driver
- New capacity helps drive growth but utilization at near 80%
- Strong fundamentals, including labor supply growth, low and stable oil prices and productivity growth
- Importance of local production increases as trade and tariff talks take place

Source: LMC Automotive
A major risk to the forecast arises from the US government’s threat to impose tariffs on imported vehicles. Although not part of our base scenario, a trade war would likely dampen volumes. In particular, higher tariffs on vehicles imported from Japan could hurt sales, as Japanese products represented about 10% of US sales in 2018. Currently, tariff talks linger with Japan, China and the EU. On the regional front, we do not see the new USMCA North American trade agreement having a significant impact on the market.

A rebound in demand in the region will be met with an increase in investment, as the benefits from the numerous new plants due to come on stream materialize, helping to drive output up at a 1% CAGR in 2019-2026.

Source: LMC Automotive
INVESTMENT POURS INTO NORTH AMERICA

INVESTMENT IN THE US
- Daimler – North Charleston (DG) 2 & Vance 2
- FCA – Mack Assembly
- GM – Flint Truck 2, Spring Hill 2, Wentzville
- Hyundai – Montgomery
- Lucid – Casa Grande
- Rivian – Normal
- SF Motors – Mishawaka (SF)
- Tesla – Sparks
- Toyota – Tupelo & Huntsville w/ Mazda
- VW — Chattanooga 2
- Volvo — Ridgeville
- Wanxiang — Moreno Valley
- Workhorse — Union City

INVESTMENT IN MEXICO
- BMW – San Luis Potosi (BMW)
- Daimler – Aguascalientes (COMPAS)
- GM – San Luis Potosi (GM)
- JAC – Hidalgo
- Toyota – Guanajuato

Source: LMC Automotive
ABOUT UHY LLP

THE NEXT LEVEL OF SERVICE
Our commitment to client service is personable, value-added and cost-effective. Our goal is to exceed our clients’ expectations on every engagement. These fundamentals are the foundation of our practice:

- Established in 1968
- Hands-on partner involvement and more partner attention
- Up front discussion of issues to get it right the first time
- Economical fee structure
- Local professionals with an excellent understanding of your business
- National and global staff with locations and resources to meet your every need
- In-depth technical knowledge and industry-specific expertise
- Dedicated client-focused engagement teams
- Certified and experienced in most states to provide accounting services

THE RIGHT SIZE
We deliver solutions and bring unparalleled industry experience in all geographic markets.

**Michigan.** Our local practice is the 5th largest accounting firm in Southeast Michigan with nearly 400 employees in Ann Arbor, Detroit, Farmington Hills and Sterling Heights.

**United States.** Our national practice is one of the top professional services firms in the country. We have 18 offices across the US to serve you.

**Worldwide.** Urbach Hacker Young International Limited (“UHY International” or “UHYI”) is the 16th largest international accounting and consultancy network, with over 8,200 professionals in over 300 cities across more than 100 countries.

GLOBAL REACH
As an independent member of Urbach Hacker Young International Limited (“UHYI”), we are able to call upon the resources of professional service firms throughout the world. Established in 1986 and based in London, UHYI is a cohesive network of independent accounting and consulting firms servicing clients with a variety of international and domestic needs.

Collectively, UHYI and its member firms offer:

- English-speaking professionals and personnel in every office
- Achievable economies and efficiencies by having people on the ground where our clients operate
- Innovative consulting services to help companies navigate the global business environment
- Expertise of member country’s regulatory accounting standards and tax regulations
- Effective cross-border tax planning and compliance
- Consistency with financial reporting
UHY’S AUTOMOTIVE SUPPLIERS PRACTICE

In today’s ever-changing automotive landscape, the need for an accountant to be more than just a “number cruncher” is crucial for automotive suppliers to achieve their goals.

What separates our firm from its competitors? We combine financial expertise with a hands-on, “shop floor” approach to solving complex business decisions in the areas most relevant to the auto industry.

Automotive suppliers are very dynamic and always need to be ready to respond to rapid change. Our team is focused on financial, operational and supply chain issues facing the industry. With more than 200 automotive clients, our experience in the automotive space is deep.

SELECT INDUSTRY SEGMENTS WE SERVE
- Plastic and metal parts
- Components and systems
- Controls
- Tool and die
- Machine and equipment builders
- Prototype
- Engineering

CHALLENGES FACING THE INDUSTRY
- Liquidity
- Supply chain risk mitigation
- Globalization
- Unstable commodity prices
- Rising employee benefits
- Shifts in customer preferences
- Materials and technology changes
- Stricter government regulations
- Industry consolidation
- Capacity constraints

STRATEGIES FOR SUCCESS
- Strengthen balance sheet by focusing on ways to increase liquidity and reduce debt
- Assess technology-related risks and opportunities
- Place emphasis on diversification and flexibility
- Focus on expanding value chains
- Contemplate overseas acquisitions
- Seek corporate partnerships
• Implement daily and weekly cash flow reporting
• Improve production efficiencies with daily, weekly and monthly operating metrics
• Focus on individual product and customer profitability by preparing product line profit and costs analysis
• With continued consolidation risk, maximize leverage on fixed costs

SERVICE OFFERINGS

OPERATIONAL IMPROVEMENT

Is your company facing some of these challenges?
• Expedited freight
• Excessive overtime
• Breakdown in planning and scheduling
• Space constraints/constrained throughput

Our solution: A seasoned operational improvement team offers solutions that will get you results.
• Daily shop floor accountability scoreboard with OPMS™ (Optimal Performance Management System)
• Planning and scheduling process improvement
• Shop floor layout optimization
• APQP process consulting

STATE & LOCAL TAX INCENTIVES

Is your company planning some of these initiatives?
• Plant expansion
• Significant capital expenditures
• Headcount increases
• Analysis of real and personal property assessments

Our solution: Dedicated SALT professionals that have a deep understanding of the auto sector and will assist in maximizing ROI and preserve capital.
• Real and personal property tax abatements
• Job creation tax credits
• Training grants
• Sales/use tax analysis
• Property tax appeals

MERGER & ACQUISITIONS

Is your company looking to accelerate growth through an acquisition or planning an exit?

Our solution: An experienced transaction services team that has significant automotive knowledge and will guide you through an acquisition or sale process to maximize shareholder value.
• Sell side and buy side advisory
• Financial and operational due diligence
• Business valuation
• Quality of earnings assessments
• Introduction to sources of capital
• Post-merger integration
• Financial modeling

TAX PLANNING & COMPLIANCE

Is your company looking to preserve capital and improve cash flow?

Our solution: Seasoned tax professionals that not only prepare your federal and state tax returns, but also provide more tax savings ideas due to deep sector knowledge.

• Research and development credits
• DPAD (domestic production activities deduction)
• Propane credits
• Capital expenditure planning
• Cost segregation
• IC-DISC
• Prepaid election
• International tax planning

AUDIT & ASSURANCE

Today, creditability with lenders and third parties has become even more important to be recognized as a premier automotive supplier.

Our solution: Dedicated attest professionals that increase your company’s credibility by being industry knowledge leaders.

• Significant knowledge of lender requirements
• Strong understanding of OEM tooling requirements and financial reporting
• Proper financial statement presentation for tooling and percentage of completion
• Inventory valuation, presentation and costing

Key service offerings:
• Audits, reviews and compilations of financial statements
• Financial forecasts and budget planning
• Product line profitability costing analysis

Other advisory services:
• OEM contract negotiations
• Emerging market and foreign joint ventures
• Strategic supplier partnerships
• Financial health scorecard
Known and respected worldwide for the quality of its global forecasting services and its highly responsive customer support, LMC Automotive is the premier supplier of automotive forecasts to an extensive client base of over four hundred car and truck makers, component manufacturers and suppliers, and financial and government institutions around the world.

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UHY LLP

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MI Detroit 313 964 1040
MI Farmington Hills 248 355 1040
MI Sterling Heights 586 254 1040
MO Kansas City 816 741 7882
MO St. Louis 314 615 1301
NY Albany 518 449 3171
NY New York 212 381 4800
NY Rye Brook 914 697 4966
NY Saratoga Springs 518 583 1234
TX Houston 713 325 7870

ADDITIONAL UHY ADVISORS LOCATIONS
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