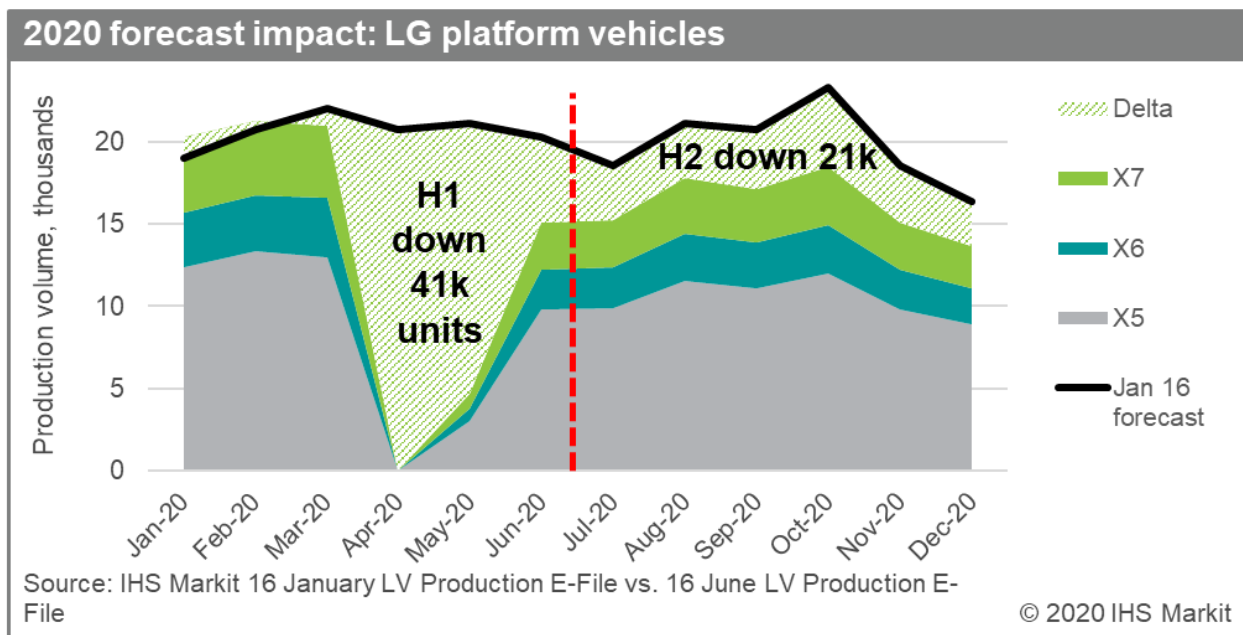


Automotive Recovery Assessment Report | COVID-19

BMW LG platform profile

- ➔ Production of the BMW LG platform, which houses the X5, X6, and X7 nameplates, outpaced expectations in the first two months of 2020 (roughly 5% above the 16 January outlook).
- ➔ The BMW production shutdown was among the shortest OEM shutdowns in the US. Still, production output in May was well below full potential.
- ➔ Positive note: Days on hand (DOH) inventory for LG nameplates fell back below 100 in May. It is likely that this trend endures into June as regained sales momentum depletes existing inventory.
- ➔ Total 2020 volume is down 20% year on year (y/y) to 179,585 units.

Suspension of US BMW vehicle production in response to the coronavirus disease 2019 (COVID-19) pandemic began on 30 March 2020. Plants resumed production operations on 4 May, making it among the shortest OEM shutdowns in the country (24 working days). Still, LG platform volume was restricted to 4,701 units in May, down 16,427 units from the 16 January forecast. Production output in June is forecast to climb back toward a new normalized demand setting of roughly 15,000 units, 26% below the 16 January forecast. Overall, the first half of 2020 (H1) missed January forecast expectations by **41,476 units**, or **34%**. The new production setting for the second half (H2) was downgraded by **21,267 units**, or **18%** lower than January expectations. Total LG platform production in 2020 is forecast to decline **20%** compared with 2019 to **179,585 units**.



LG platform nameplate analysis

	X5	X6	X7
North American production impact			
CY 2020 forecast adjustments since January	-25%	-19%	-26%
	-39.9k	-6.9k	-13.1k
CY 2020 production forecast			
Total Volume 2019–20 (y/y)	114,759	29,058	35,768
	-29%	-	-32%
June and July year-on-year production forecast			
June 2019–20 (y/y)	-38%	-	-42%
July 2019–20 (y/y)	-3%	-	-7%
May inventory			
Days on Hand*	68	31	77
April 2020–May 2020 (m/m)	-65%	-52%	-71%
Previous avg.** vs May 2020	+62%	-	+64%

Source: IHS Markit Light Vehicle Production Advanced E-files for January and June
 *Source: MotorIntelligence (May). Days-on-Hand = Estimated Stock / daily average sell rate
 ** Average of [August 2019 - February 2020] DoH Inventory (pre-shutdown). BMW DoH Inventory was not published until August 2019.
 X6 production did not begin until August 2019, thus y/y calculations are excluded from table

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Full-year 2020 LG platform production was expected to reach **242,348 units** in calendar year (CY) 2020 (January outlook). The current IHS Markit light vehicle production forecast reflects **179,585 units**, marking a reduction of **62,743 units**, or **26%**, from January 2020 expectations.






As the highest volume nameplate on the LG platform, the X5 received the most significant volume downgrade, losing nearly 40,000 units or 25%. The X7 was downgraded at a similar rate.

From a y/y production perspective, full-year 2020 production of the X5 in North America is forecast to fall 29%, and production of the X7 is forecast to drop 32%. The X6, which launched production in August 2019, is forecast to grow from 17,203 units in 2019 to 29,058 units in 2020.

On a positive note, the DOH inventory estimates for BMW LG vehicles tracked down significantly in May as US vehicle sales regained momentum. Inventory levels from August 2019 to February 2020 suggest that the DOH inventory for the X5 and X7 are still up 62% and 64%, respectively, from the pre-COVID-19 DOH averages in the mid-40s.

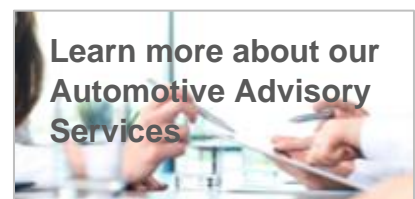
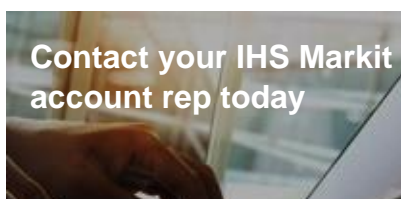
Production in June 2020 is forecast to remain well below 2019 June levels, which may further erode existing vehicle inventory. This could either bring inventories back in line with trend or potentially lead to an inventory shortage. Improved output in June may address this concern. The forecast for the remainder of 2020 features a relatively steady month-on-month (m/m) volume increase from roughly 15,000 units in June to roughly 18,500 units in October. If inventories fall below previous averages, there is potential that the outlook for CY 2020 will increase.

LG North America

Spartanburg, SC	
2020 % LG global production: 75%	
	GA-K nameplates X5 X6 X7
	Downtime dates (forecast)† 30 Mar → 4 May
	Downtime working days (Forecast)† 24
	Shift structure 2S-6D-8H
	Straight time capacity (annual)* 230k

Source: IHS Markit North America LV Production Downtime Tracker
 Source: IHS Markit Vehicle Plant Capacity forecast for 2020 plant level straight time capacity

Access more information and resources



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