July 9th, 2019

Automotive Market

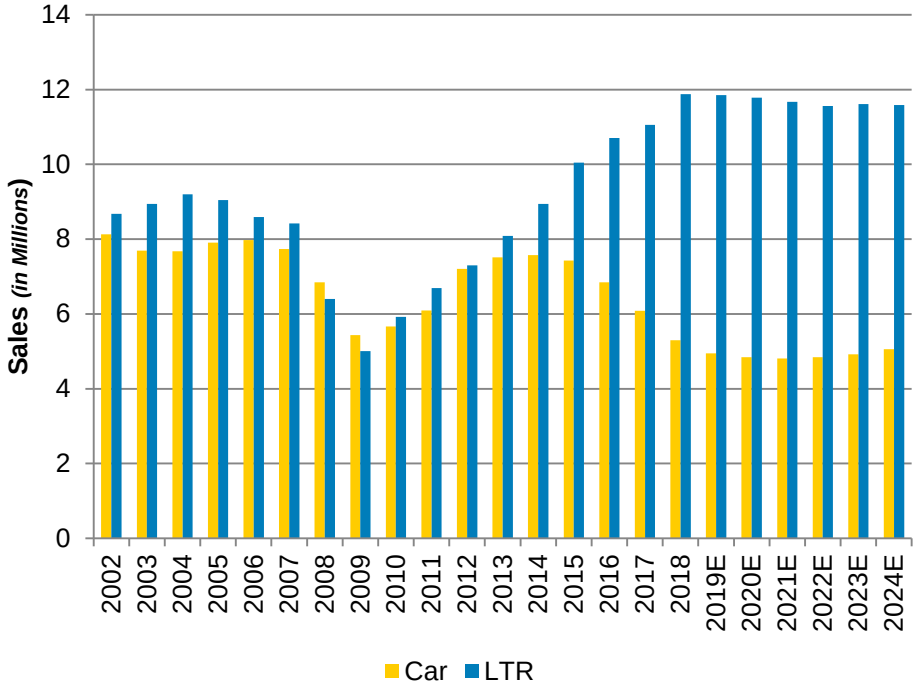
Jason Steele
AVP – Premium

UP has a Long History in Moving Vehicles on Rail

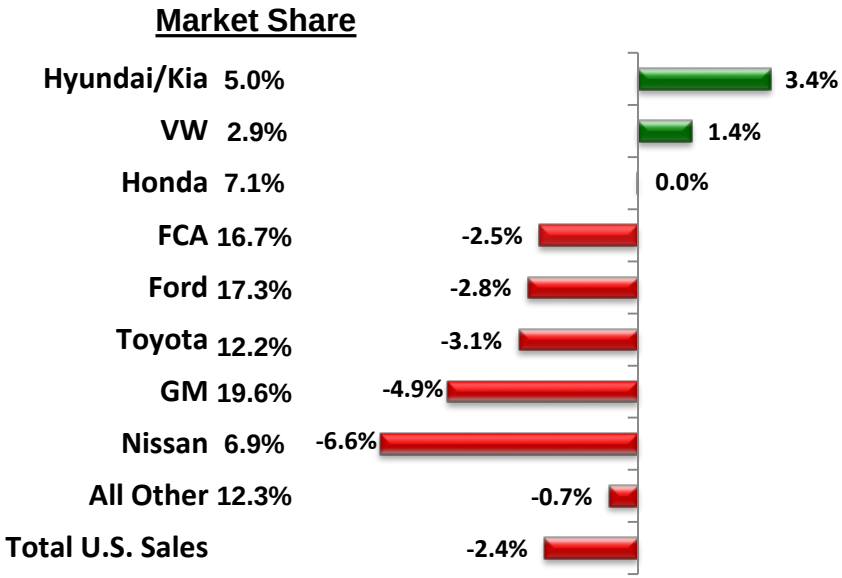
- 1940’s - UP began moving vehicles in 50 foot boxcars
- Increased demand for railroads to move more vehicles
- 1958 – US railroads adopted the first open top multi-levels or railcars to move vehicles designed in Europe
- 1970’s – Side screens installed to control vandalism
- Today’s Multi-levels

US Vehicle Sales Moderating in 2019

U.S. Light Vehicle Sales



U.S. Sales May YTD 2019 vs. 2018



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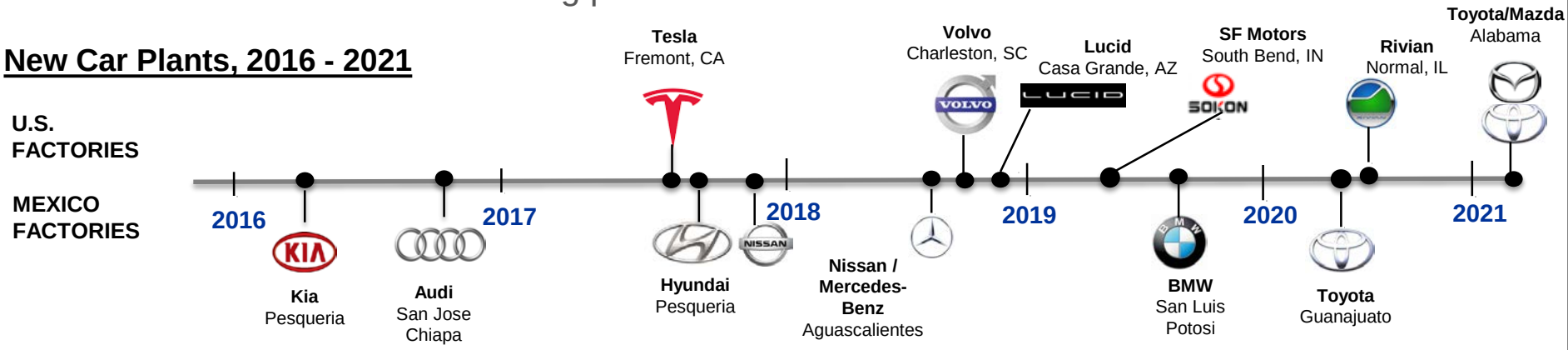
Source: Automotive News, Associated Press

Automotive Production Growth

Mexico & US Automotive Production Growth

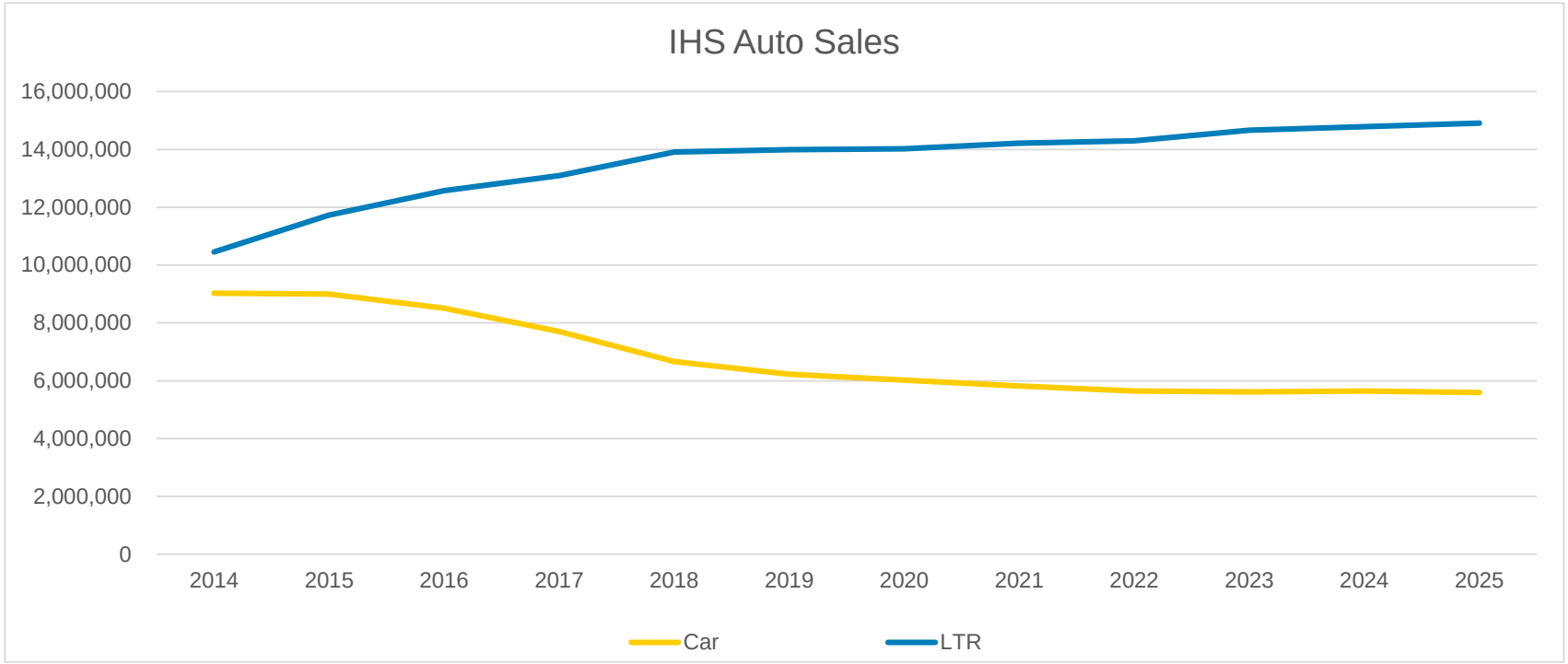
- New plants beginning production – 2016 to 2022
- New plants to generate over 1 million units of production by 2021
- Dynamic environment
  - International political shifts
  - Global market with shifting production mix

New Car Plants, 2016 - 2021



Sources: I.H.S. Automotive

Tri/Bi Shift

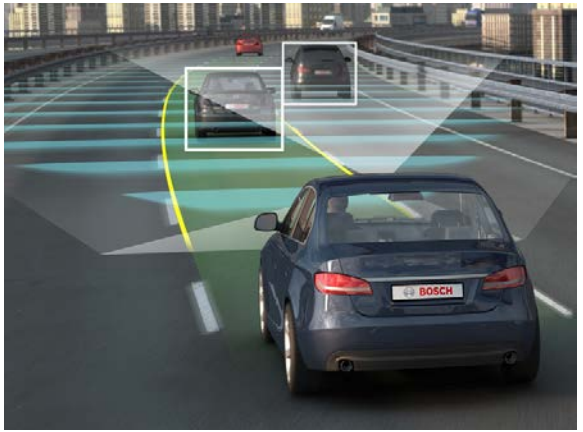


Sources: I.H.S. Automotive *Nov 2018*

Autonomous Cars Will Change the Market

"I believe the auto industry will change more in the next five to ten years than it has in the last 50."

Mary Barra, CEO and Chairman of GM



The New Normal

A changing marketplace for our customers and us

Rideshare Fleets

Automotive Rail Network

Regulatory Changes

Autonomous Vehicles

Connectivity

Lightweight Components

Shift to SUVs vs. Sedans

Hydrogen - Electric

Flat or Declining Sales

QUESTIONS?