

SAC 2013
Southern Automotive Conference
October 2 - 4, 2013



Growing the Automotive Supply Base in the SouthEast

J. Scot SHARLAND



The **Catalyst** for Peak Performance



- *AIAG : at-a-glance*
- **Auto Industry Update: 3Q 2013**
- **AAMA, TAMA, MAMA, GAMA & AIAG :
.....Now is the Time!**



AIAG: *at-a-glance*



The **Catalyst** for Peak Performance



- **Aligned Industry Performance Expectations**
 - Collaboratively developed standards
 - Harmonized business processes
- **Improved access to Information, Education and Networking for a new generation of automotive professionals**
 - Know-How, Know-Who and Tools needed for success
- **Global Supplier Development**
 - Identify Emerging Threats & Mitigate Risk
 - Pervasive deployment of Best Practices to reduce rework , error & waste and improve quality



- Globally recognized trade association founded in 1982
- **Unique Open/neutral forum to collaborate on industry issues**
- **OEM's, Suppliers of all sizes, Service Providers, Government & Academia**
- **1,000 Member companies & growing**
- 35 full-time staff
- Senior Purchasing Executives 'on loan' from Chrysler, Ford and GM
- **Over 650 Industry 'volunteers' providing subject matter expertise at any point in time**
- **Over 50 active projects and committees**

AIAG Board Companies



 Caterpillar



Chrysler



Dana

 Delphi

 Eaton

 Federal Mogul



Ford



Freudenberg-NOK



General Motors

 Honda

 IBM

 Infor

 Lear

 Magna

 Navistar

 Nissan

  Robert Bosch LLC



Specialty Products

 Toyota

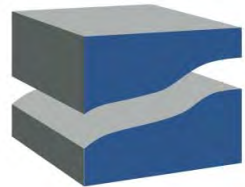
 TRW Automotive

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Global Alliances



Verband der
Automobilindustrie



ACEA



SASIG

strategic automotive product
data standards industry group

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North American Alliances



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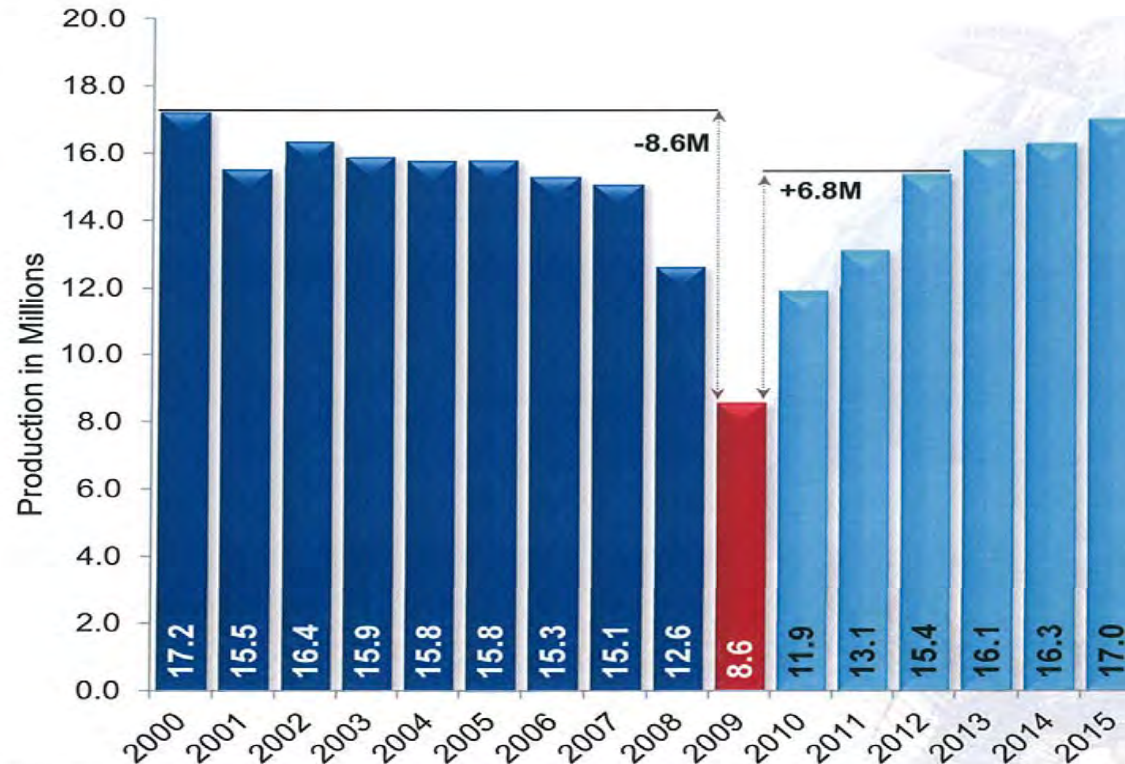


Auto Industry Update: 3Q 2013

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Short-Term Outlook North American Light Vehicle Production



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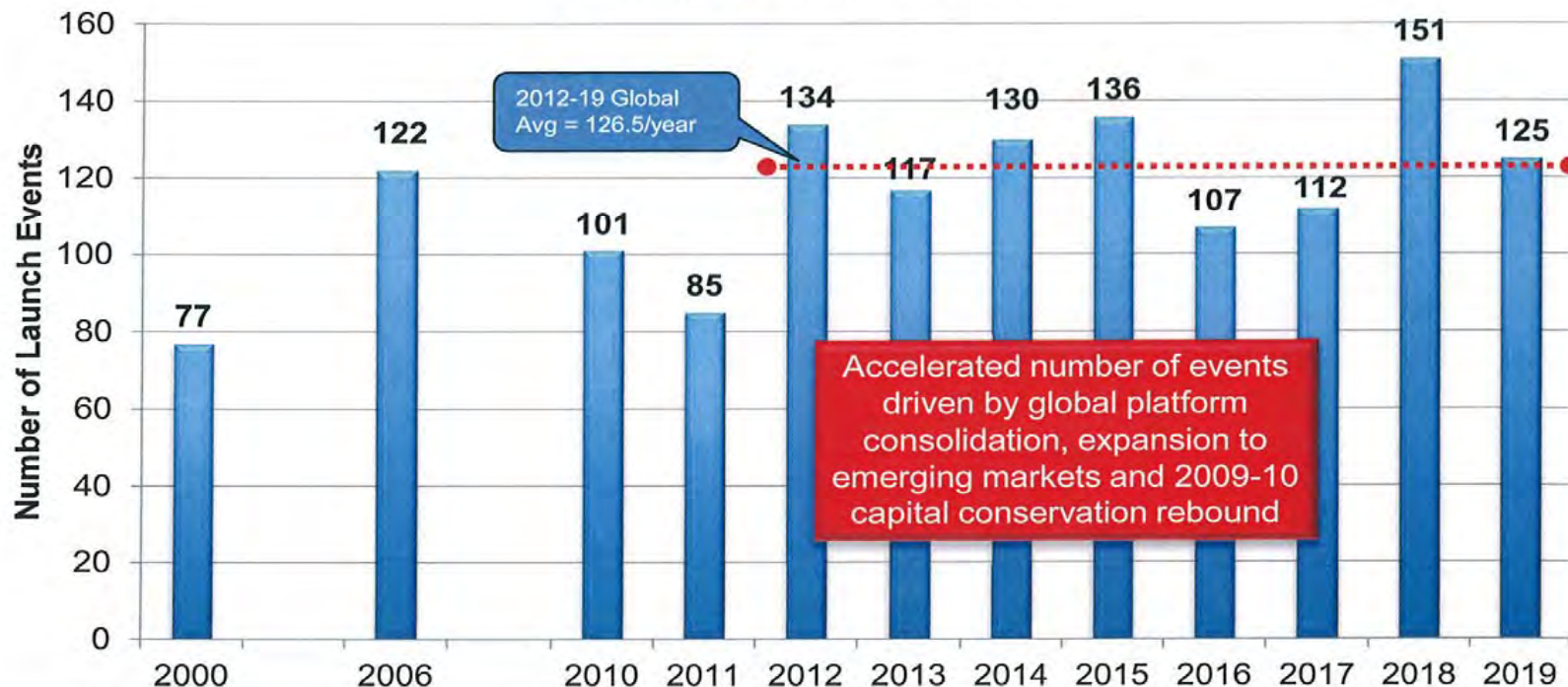
Source: IHS Automotive Light Vehicle Production Forecast

- Production strength runs counter to Europe weakness; the industry has already restructured in region
- Excess capacity has been shuttered; plant & product investments push global platform deployment higher
- Output jumped 2.3M in 2012! Region recouped ~6.8M units since trough of 2009!
- More measured growth in 2013 prior to new capacity and further demand growth in 2014/2015
- Production localization

Market Dynamics Global Launch Activity



Global Launch Events



Launch Event = Vehicle launch @ a facility with sustainable volume >50K/Year



N. American Production & Capacity Forecasts (*Courtesy of IHS)



Region or Country	Production CY2010	Production CY2013	Production CY2016	Capacity CY2010	Capacity CY2013	Capacity CY 2016
Canada	2,060,837	2,287,713	2,037,236	2,520,000	2,610,000	2,420,000
Mexico	2,258,727	2,952,930	3,791,996	2,642,000	2,901,000	3,792,000
US Midwest	4,783,453	6,291,179	6,610,671	7,276,000	7,286,950	7,766,950
US South	2,746,067	4,531,430	5,068,566	4,025,000	4,684,000	5,444,000
US West	92,010	15,834	20,978	92,000	40,000	20,000
Total US	7,621,530	10,838,443	11,700,215	11,393,000	12,010,950	13,320,950
Total North America	11,941,094	16,079,086	17,529,447	16,555,000	17,521,950	19,442,950

- **Total Mexican Production & Capacity expected to increase 67.9% and 43.5% respectively from CY2010 to CY2016 (Honda, Nissan, VW-Audi)**
- **Total US South Production & Capacity expected to increase 84.6% and 35.3% respectively from CY2010 to CY2016 (Hyundai, Toyota, VW)**

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- **AIAG's FOCUS - 2013-2015:** Our OEM and Tier-1 members are in total agreement that the great recession's impact on lower-tier suppliers was disproportionately devastating. Sustained/robust automotive demand is now being compromised by capacity constraints and sub-optimal performance in the sub-Tier supply base. Their primary concerns are :
 - Quality “pass-thru’s” from Sub-Tier to Consumers
 - Manufacturing Capacity
 - Tooling & Equipment availability
 - HR Shortages (non-exempt, exempt & skilled trades)
 - Local Sourcing Availability (Currency hedge/protectionist legislation/secure & timely logistics)
 - Corporate Responsibility (Environmental, Social, Ethics)
 - Minority Sourcing is an OEM strategic imperative



**The Planets are aligned...
the Time is NOW!"**

- **SE industry growth**
- **OEM renewed emphasis on local sourcing**
- **Supplier capacity constraints**
- **New generation of professionals entering the industry**

- GOAL = Increase 'Direct Part' Sourcing via Local Association's sub-tier suppliers..mitigate RISK associated with:
 - Logistics / Inventory Management / Quality
 - Currency Exposure
 - Punitive Taxes / Tariffs
- 4 Strategic Challenges / Collaborative Opportunities:
 - Access to Capital : P&E Investment (Local Association)
 - Team Building : Develop & Retain Talent (AIAG & Local Association)
 - Development of Business Processes: Meet/Exceed Customer's Global Supplier Performance Expectations (AIAG)
 - Political Advocacy (Local Association)
 - Business
 - Environment
 - Education (STEM)

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▪ AIAG:

- Quality Management Systems
- Materials Management Systems
- Corporate Responsibility
- Global Standards Development
- Industry Networking
 - ✓ OEM
 - ✓ S2S- All Tiers
 - ✓ Service Providers
 - ✓ Government/Academia
- **Featured Services:**
 - ✓ **Self-Assessments**
 - ✓ **Education/Training**
 - ✓ **Manuals/Guidelines**
 - ✓ **Professional Certifications**
 - ✓ **Seminars/Workshops & Events**

▪ Local Associations:

- Advocacy
 - ✓ Business
 - ✓ Environmental
 - ✓ Educational (STEM)
- HR Development/Best Practices
- P&E Investment Support
- Industry Networking
 - ✓ OEM
 - ✓ S2S- All Tiers
 - ✓ Service Providers
 - ✓ Government/Academia
- **Featured Services:**
 - ✓ **Events/Seminars**
 - ✓ **Political Advocacy**
 - ✓ **Employee Development/Retention**
 - ✓ **Surveys / Southern Market Analytics & Forecasting** The **Catalyst** for Peak Performance



“If you want something in life you have never had, you have to do something you have never done”

- J.D.Houston

Value Proposition: Manage the Uncertainty

- Uncertainty is the New Norm*
- Manage The Talent Shortage*
- Little Fish in a Big Pond*

AIAG assists the industry in managing/mitigating 3 dimensions of enterprise RISK:

1. Uncertainty is the New Norm : *Understand the performance/reporting requirements of new customers*
 - Aligned OE/Tier-1 Performance & Reporting Expectations
 - Self-Assessments
 - Reporting Templates, Training & Data Bases
 - Standards Development and Best Practices
 - Industry Voice & Representation (GRI, OECD, CFSMD, REAcH, IMDS, GADSL)
 - Industry Benchmarking
 - Sustainability Reporting Library, Best Practices and allied Government Reports and Analyses
 - Access to 'Knowledge Watch' Media Tracking

AIAG assists the industry in managing/mitigating 3 dimensions of enterprise RISK:

2. Manage the Talent Shortage: *Identify, train & retain the brightest & the best*

- Quality Self Assessments, Training & Certification
- Working Conditions Education & Training
- Green House Gas Reporting
- Chemical Awareness Training
- VDA Training
- CQI - Special Processes Guidance
- MMOG-LE Training
- Business Continuity Planning Guidelines

AIAG assists the industry in managing/mitigating 3 dimensions of enterprise RISK:

3. Little Fish in a Big Pond: *Thinking globally but acting locally to deliver competitive products & services.*

- MMOG-LE, Materials Management Best Practices for sub-Tier
- Customs & Export Compliance Best Practices, Trainings
- C-TPAT Data Base and Supplier Risk Assessment
- Returnable Containers & Packaging Standards
- EDI Standards, Best Practices & Training
- RFID & Labeling Standards
- AIAG Global Outreach & Networking (Mexico, China, Korea, Russia etc.)

AAMA, GAMA, MAMA, TAMA & AIAG | "The
Time is NOW !"



Supply Safe 2014

- AIAG will offer ALL AAMA, GAMA, MAMA & TAMA FREE Membership in AIAG through December 2014
- **KEY AIAG CONTACT = Tasha BELLAMY**
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 - **PLEASE USE CODE: AAMA 2013, GAMA 2013, MAMA 2013, or TAMA 2013**