

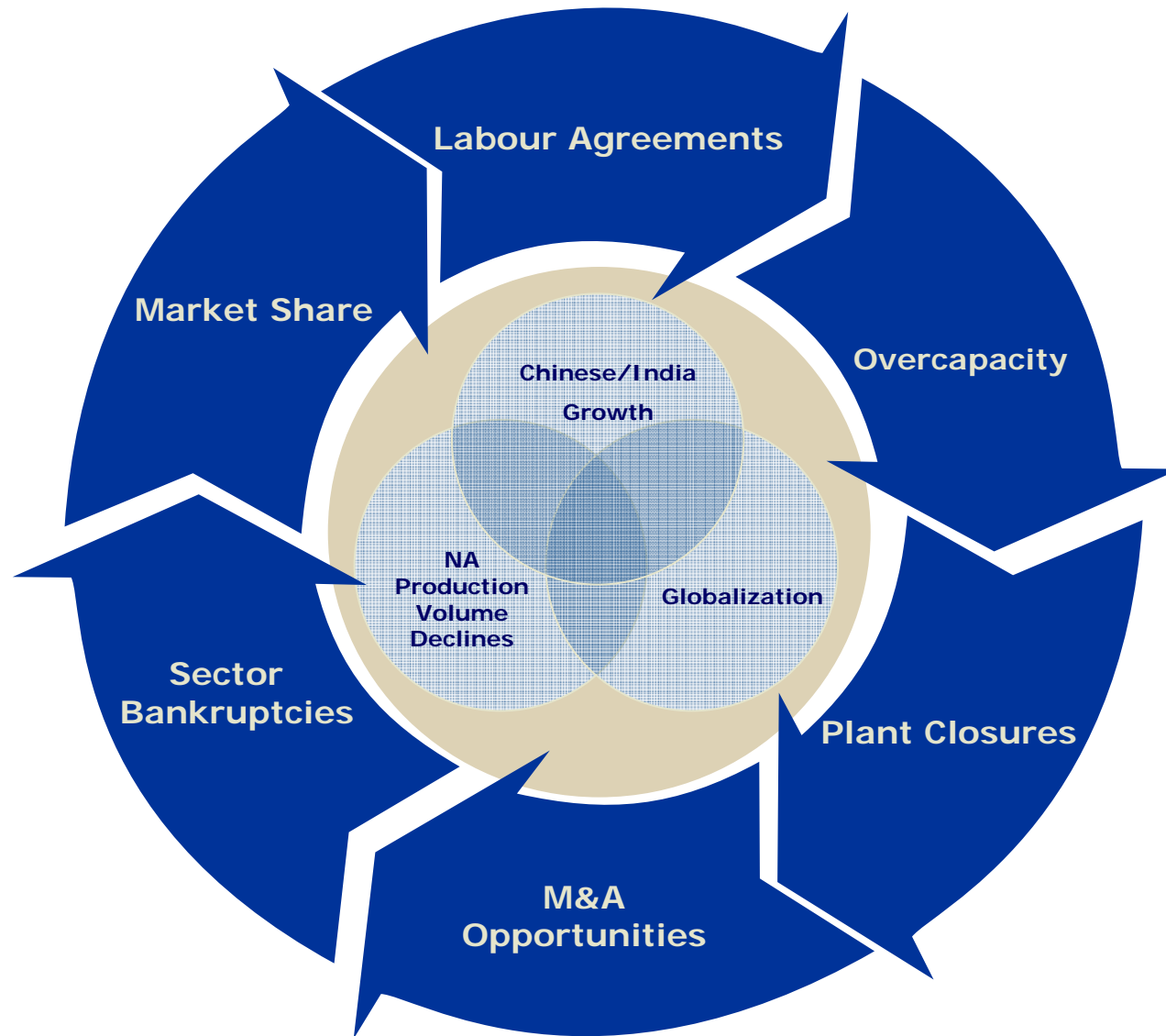
The Deloitte logo, consisting of the word "Deloitte" in a bold, dark blue sans-serif font, followed by a small yellow dot.

Automotive Global Perspective – Local Reality

Feb 2009

Audit • Tax • Consulting • Financial Advisory.

The Year in Automotive (or general manufacturing)



The Causes of Industry Turbulence

Consumer Dynamics

- Demand pull
- Brand proliferation – quality and resale perception
- Price erosion – incentive driven sales

Supply Chain Optimization

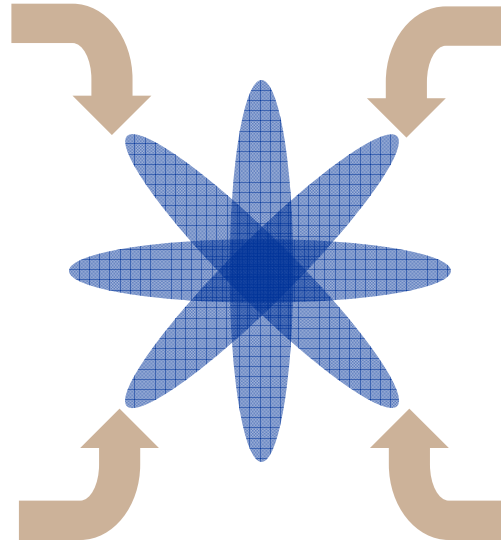
- Overcapacity
- Productivity – wages, benefits, inventory flexible manufacturing
- Globalization – parts sourcing cheaper – consumer preferences

Direct Cost

- Raw Material (resin, steel)
- Labor
- Increased overheads

Capital Flow

- Winning strategies – innovation, niche technology and processes ability
- Availability / volatility – capital structure, supplier consolidation



So what

Big 3:

- Capacity reductions
- Market share loss
- Plant shutdowns
- Slowing roll out of new trucks, crossovers, and cars

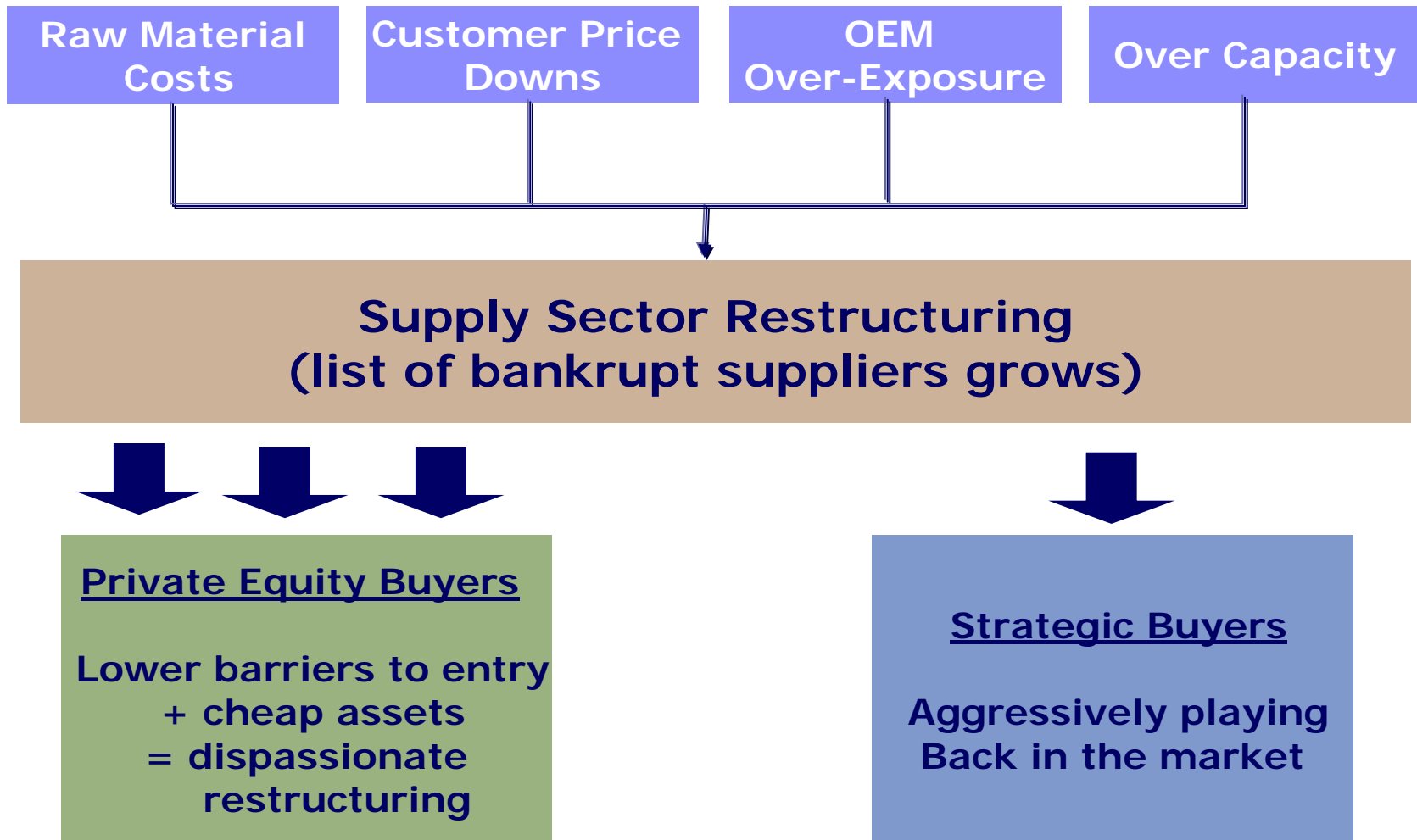
Global OEM:

- Continued Global Alliances

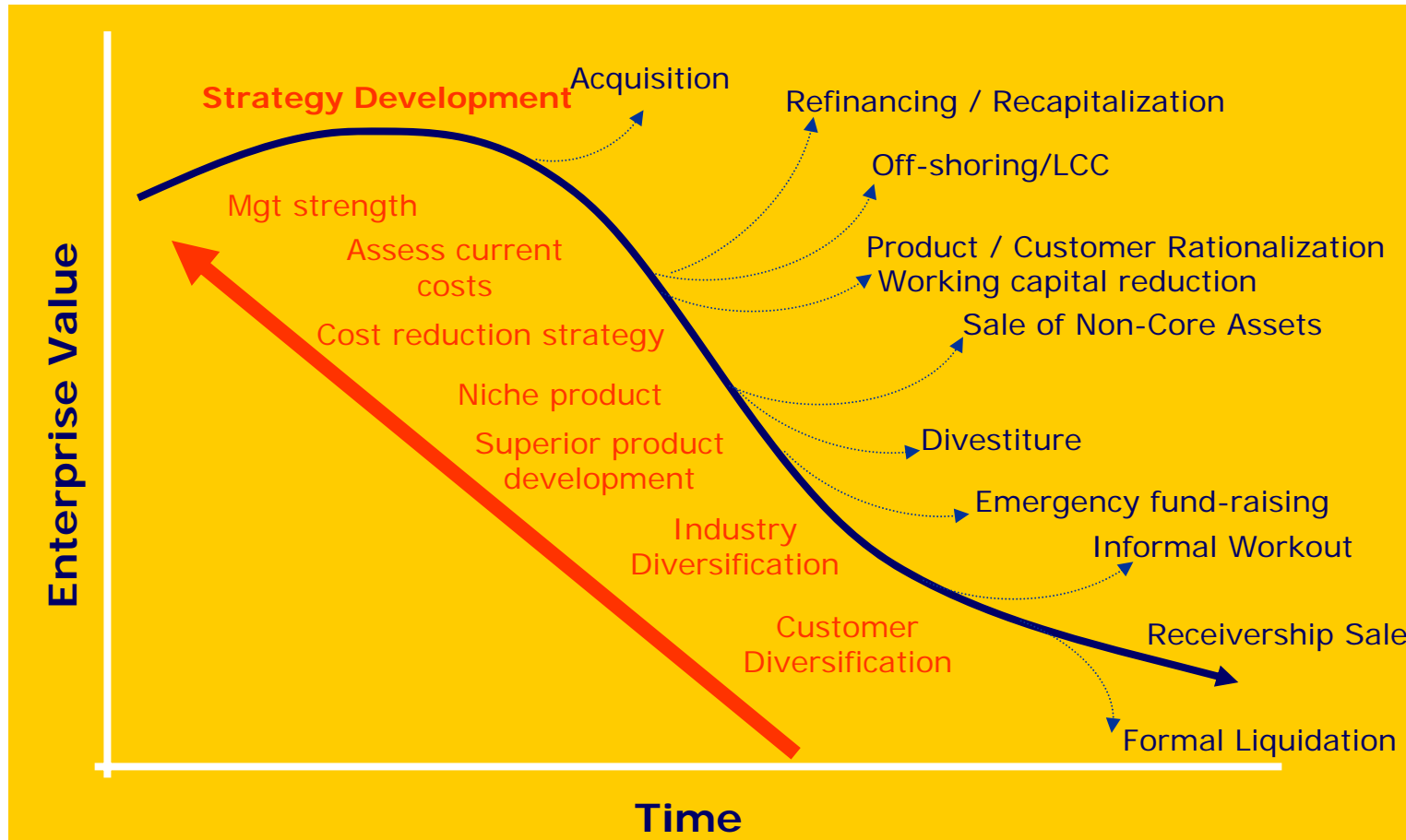
Suppliers:

- Eroding profit margins
- Need for increased R&D
- Consolidation

Structural Change in the Industry



This is the way Deloitte looks at options available to companies facing difficulties



Capabilities and opportunities for auto parts suppliers

- Canada's strength include:

- Tool, die and mold
- Materials (plastics, light metals)
- OE parts (stamping, injection / blow modeling)
- Vehicle assembly
- Engineering

Business opportunities in Canada

- Systems integration (Tier 1 and 2)
- Automotive electronics
- Drivetrain components
- Steering systems
- HVAC

Canada's relative strength in each auto component and its USD component value per vehicle

Interior	\$1,200	Strong
Wheels & tires	\$300	Strong
Body & structure	\$1,850	Mid-to-strong
Exhaust	\$200	Mid-to-strong
Engine	\$1,800	Mid
Suspension	\$400	Mid
Braking	\$325	Mid
Passenger restraint	\$300	Mid
Body glass	\$200	Mid
Drivetrain	\$1,600	Opportunity
Electrical & electronics	\$1,500	Opportunity
Steering	\$1,375	Opportunity
Climate control	\$650	Opportunity
Fuel systems	\$300	Opportunity
Source: DesRosiers Automotive Consultants		

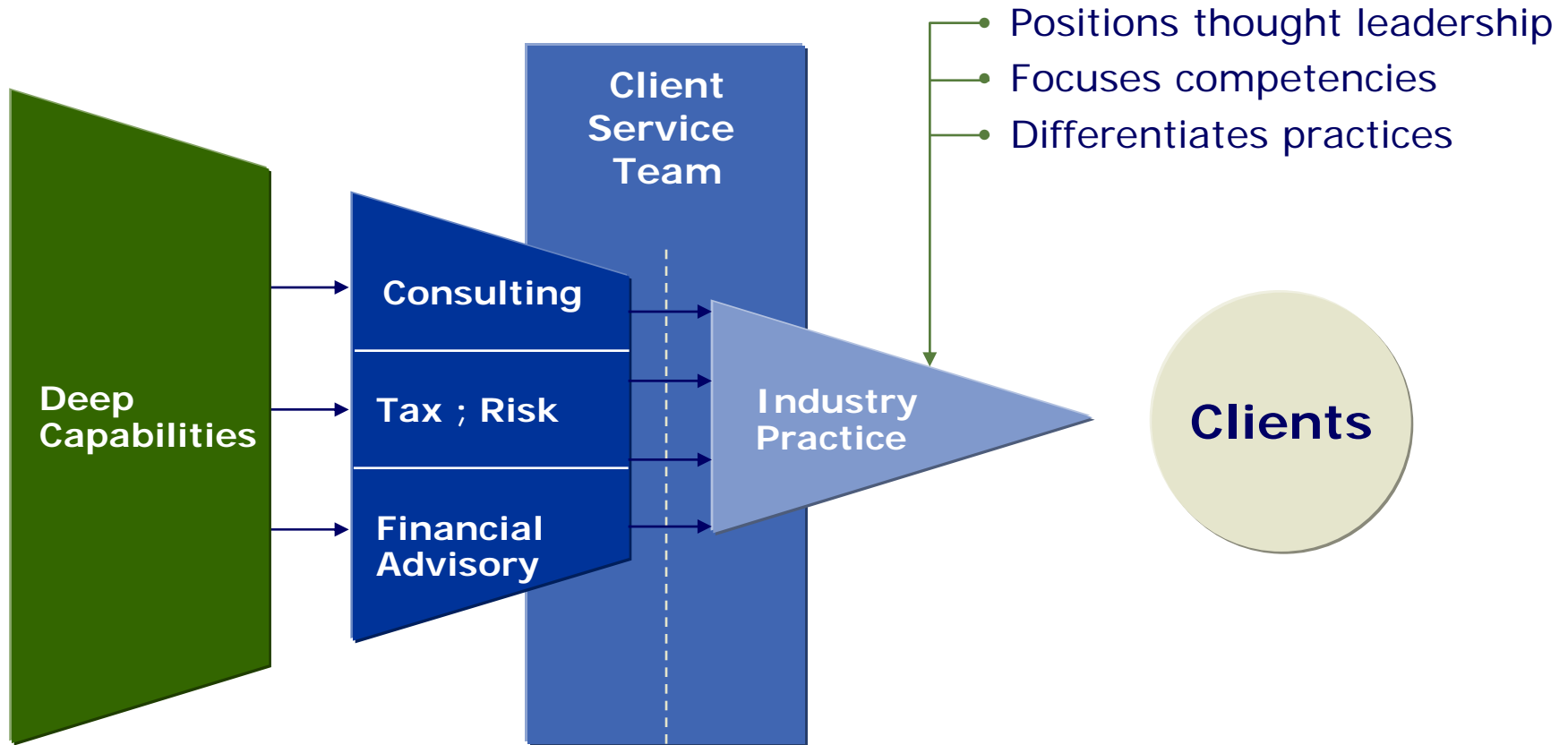
Deloitte-organization at a glance

Our international organization

- 120,000 professionals
- Approximately 150 countries
- \$20 billion in revenue (2006)



Industry insight and expertise: The glue that holds Deloitte together



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