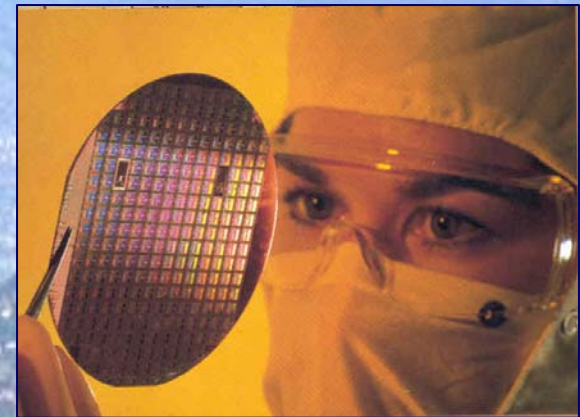


ICOSPA MEETING 2008
Grand Rapids - Michigan - USA



Do French medium sized Subcontractors
in the Automotive Sector
still have a Future
in Tomorrow's World?

Eric MOLEUX
President du GIMEF



Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

I. OUR WORLD IS MOVING ...MARKETS ARE SHIFTING AS ARE PRODUCTION SITES....

WHAT IS GOING TO HAPPEN TO FRANCE ?

II. ARE THERE ANY KEY SUCCESS FACTORS FOR OUR COMPANIES DEALING WITH AUTOMOTIVE MARKET TO SURVIVE ?

III. WHICH AMBITIONS AND TARGETS FOR OUR COMPANIES

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

1- THE WORLD IS MOVING !

1- I. THE WORLD IS MOVING

- * The traditional industrialized Countries with a high standard of living – let's say the High Costs Countries - are more and more demanding in terms of ecology, protection of nature and natural resources.
- * Weight of services in GNP becomes predominant weakening constantly the weight of industrial production.
- * Economical and financial data are strongly modified and probably for long period .
- * New coming investors arise with enormous ambitions and unbounded financial means.

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

1- THE WORLD IS MOVING !

1- I. THE WORLD IS MOVING

1- II. **MARKETS ARE SHIFTING....**

* Household equipment rates are reaching summits not easily jumped over in western European countries for domestic appliances but for cars too.

* This second 2008 quarter, Russia became the most important automotive market on the European continent outdistancing German market.

Chinese Market is also growing rapidly !

* For “climatic reasons” mainly, prices of nutrition commodities are tremendously growing to the detriment of other common expenses such as cars purchasing

* Costs of industrial goods are going to increase seriously, due to raw material and energy price increasing ...

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1- THE WORLD IS MOVING !

1. THE WORLD IS MOVING

1- II. MARKETS ARE SHIFTING.....

1- III ...AS ARE PRODUCTION SITES

* France and US seem to give up industrial ambitions "at home".... Japan, Germany, and Korea carry on expending internationally but enhancing their own domestic industrial network in parallel.

* Which one are going the right way, the way of future?

* Where success is coming from?

Manufacturing process ? Marketing ? Vehicle conception and designing ? Internationalized R&D?

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

1- THE WORLD IS MOVING ! !

1. THE WORLD IS MOVING

1- II MARKETS ARE SHIFTING....

1- III. AS ARE CAR PRODUCTION SITES !

1- IV. **WHAT IS GOING TO HAPPEN TO FRANCE ?**

* Must we fold our arms?

* Is it too late to react and continue our way ?

*Can we find any “jokers” to push our small sized patrimonial companies dealing with automotive field onwards ?

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

1- THE WORLD IS MOVING ?

1. THE WORLD IS MOVING

1- II MARKETS ARE SHIFTING....

1- III ...AS ARE PRODUCTION SITES !

1- IV WHAT IS GOING TO HAPPEN TO FRANCE ?

1- V SO WHAT SHOULD WE DO ?

OUR ANALYSIS is based on 3 steps:

- A survey “Top/Down ” with our members - among 211 companies 45 cooperate
- « Business cases » are studied to understand why some companies are really profitable while others are failing to make progress.
- A survey « Down /Top » with our customers (cars manufacturers and equipment manufacturers) to listen to their requirements from companies like ours.

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

2- EMERGING KEY SUCCESS FACTORS !

2- I. AUTOMOTIVE MARKET IS OPERATING ON A WORLDWIDE BASIS!

* YOUR COMPANY get the critical worldwide size to compete an follow your customer ! Happy guys .. Straight on!

* YOUR COMPANY doesn't reach the critical size ...

Answers:

- Push specialization unsparingly to the most sophisticated and performing manufacturing processes in your domestic manufacturing site.

- Strategy of Relationship an Connections with others to become credible for your international customers. Choose selected areas and fields.

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2- EMERGING KEY SUCCESS FACTORS !

2- I. AUTOMOTIVE MARKET IS OPERATING ON A WORLDWIDE BASIS

2- II. ANTICIPATING TECHNICAL EVOLUTIONS

Three main trends to be considered :

- * Environment: Reduce energy consumption
Decrease CO2 emission
- * Improved security for driver and passengers :
 - Monitoring of Controls, engine and Power train
 - Computerized solutions to conduct the vehicle on specific highways with no operation from driver.
- * Passenger compartment improvement in terms of space : comfort, living space extension

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2- EMERGING KEY SUCCESS FACTORS !

**2- I. AUTOMOTIVE MARKET IS OPERATING ON A
WORLDWIDE BASIS**

2- II. ANTICIPATE TECHNICAL EVOLUTIONS

2- III. ANTICIPATE ECONOMIC EVOLUTIONS

Two postulates non arguable :

- **Costs reduction : Performance improvement and fast return on investment**
- **Development on emerging markets**

Answers :

- **Flexibility in Manufacturing**
- **Integrate similar components on various vehicles**
- **New logistics constraints**

Do French medium sized Subcontractors in the Automotive Sector still have a Future in tomorrow's World ?

2- EMERGING KEY SUCCESS FACTORS !

2- SUCCESS KEY FACTORS WHICH COME OUT

2- I. AUTOMOTIVE MARKET IS OPERATING ON A
WORLDWIDE BASIS

2- II. ANTICIPATE TECHNICAL EVOLUTIONS

2- III. ANTICIPATE ECONOMIC EVOLUTIONS - cost
decreasing...

**2- IV. CUSTOMERS / SUPPLIERS RELATIONSHIP
SOME IMPACTS TO BE SERIOUSLY CONSIDERED**

* Postulates : Quality, Costs, Lead time: not arguable!

* Limited list for suppliers of EXCELLENCE

* Purchasing quotas dedicated to emerging countries for
economic or political reasons

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3- WHICH CONCLUSIONS TO BE DRAWN ? OUR TARGETS?

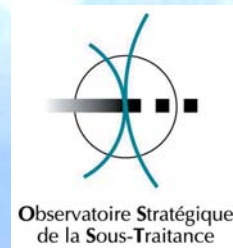
3- I. TECHNICAL EVOLUTIONS ARE EVALUATED WITH “ NO REAL NEGATIVE IMPACT” FOR THE FUTURE OF OUR BUSINESS

3- II. ECONOMICAL EVOLUTIONS ARE EVALUATED MUCH MORE THREATENING FOR OUR BUSINESS

3- III. FOUR MAIN ACTIONS TO BE CONDUCTED :

- * Acceleration of International Development
- * Enhancement of technical specialization, Excellence in Production process : products and services
- * Optimization of our Offer within the Supply Chain of our customers
- * Acceleration of our development towards MECHATRONICS

INSTITUTIONAL PARTNERS



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Thank you for listening!

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