HIGHLIGHTS FROM FRANCE

October 2005

GIMEF

French Association for sheet-metal working

(cutting, stamping, spinning, tooling,…)

The French economy 2004/2005 key figures

GDP Gross Domestic Product
2004 : € 1,536 billions
2005 : est. +1.5%

2004 Export :
€ 432.3 billions
2003: 422,2

Inflation rate
2005 : est. 1.8%
2003 & 2004 < 2 %

Unemployment :
9.7 % (July 2005)
2004 : 10 %

Working hours :
Officially : 35 h/week
In fact : 35.6 h / w

Wages :
2004 : +2.4%
2005 : est. + 2.6 %

The French mechanical industry in 2004

Sales : **€ 88 billions** 81 (2003)

5th worldwide industrial player

Export (45 %) : **€ 37 billions** 34.6 (2003)

Share in the French industry: 10,1%

Number of companies : 7,000

Employment : **613,000 people**

1st French industrial employer : 17 % of total industry

The French mechanical industry in September 2005

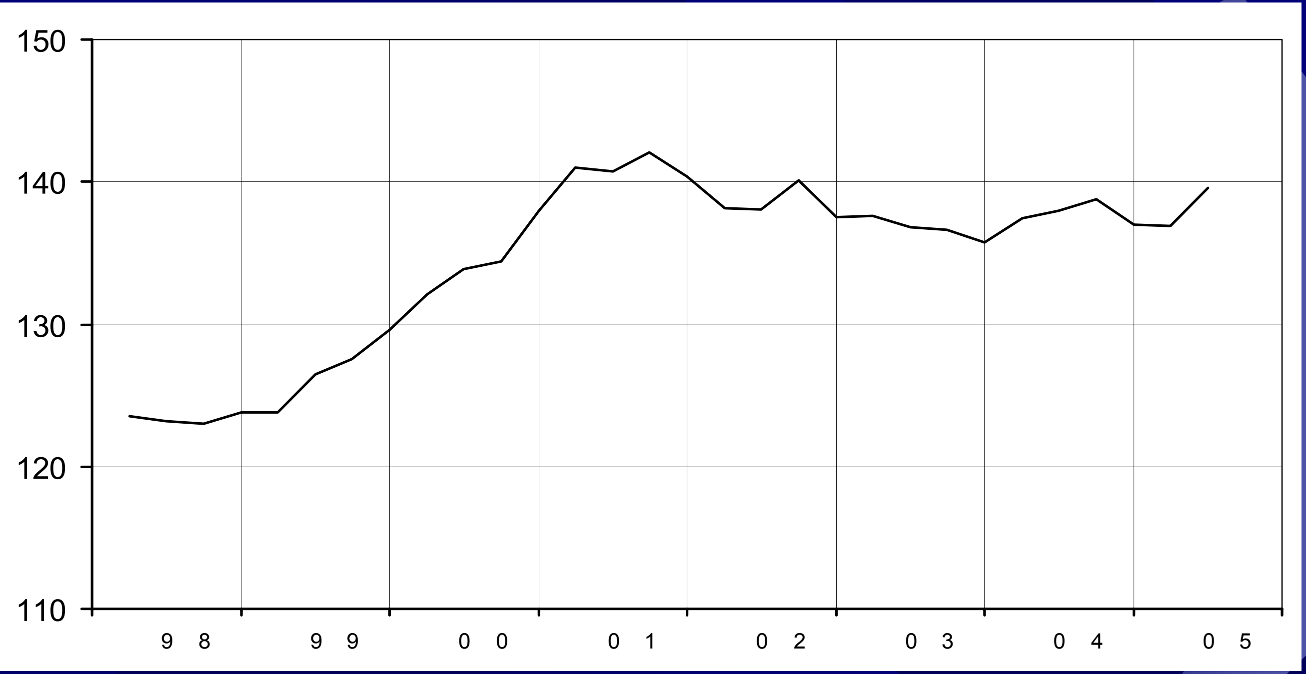
	INVOICING			Trends for next 3 months
	2004/2003 yearly	2005/2004 1st quater	2005/2004 6 months Expected	
TOTAL MECHANICAL	**+2.7 %**	**+2.1 %**	**+3.1 %**	↘
Metal working	+1.3 %	-1.7 %	+2.0 %	↘
Incl. Subcontracting	+1.4 %	-0.8 %	+2.4 %	↘
Mechanical equipments	+4.1 %	+6.7 %	+6.1 %	↘

The French mechanical industry in September 2005

	INVOICING			Trends for next 3 months
	2004/2003 yearly	2005/2004 1st quater estimation	2005/2004 6 months expected	
Components	+4.6 %	+6.6 %	+5.0 %	→
Agriculture equipments	+8.5 %	+3.5 %	+3.3 %	↗
Machine tools	-10.9 %	+16.5 %	+34.2 %	↘
Precision equipments	+3.1 %	-1.1 %	+1.8 %	↘

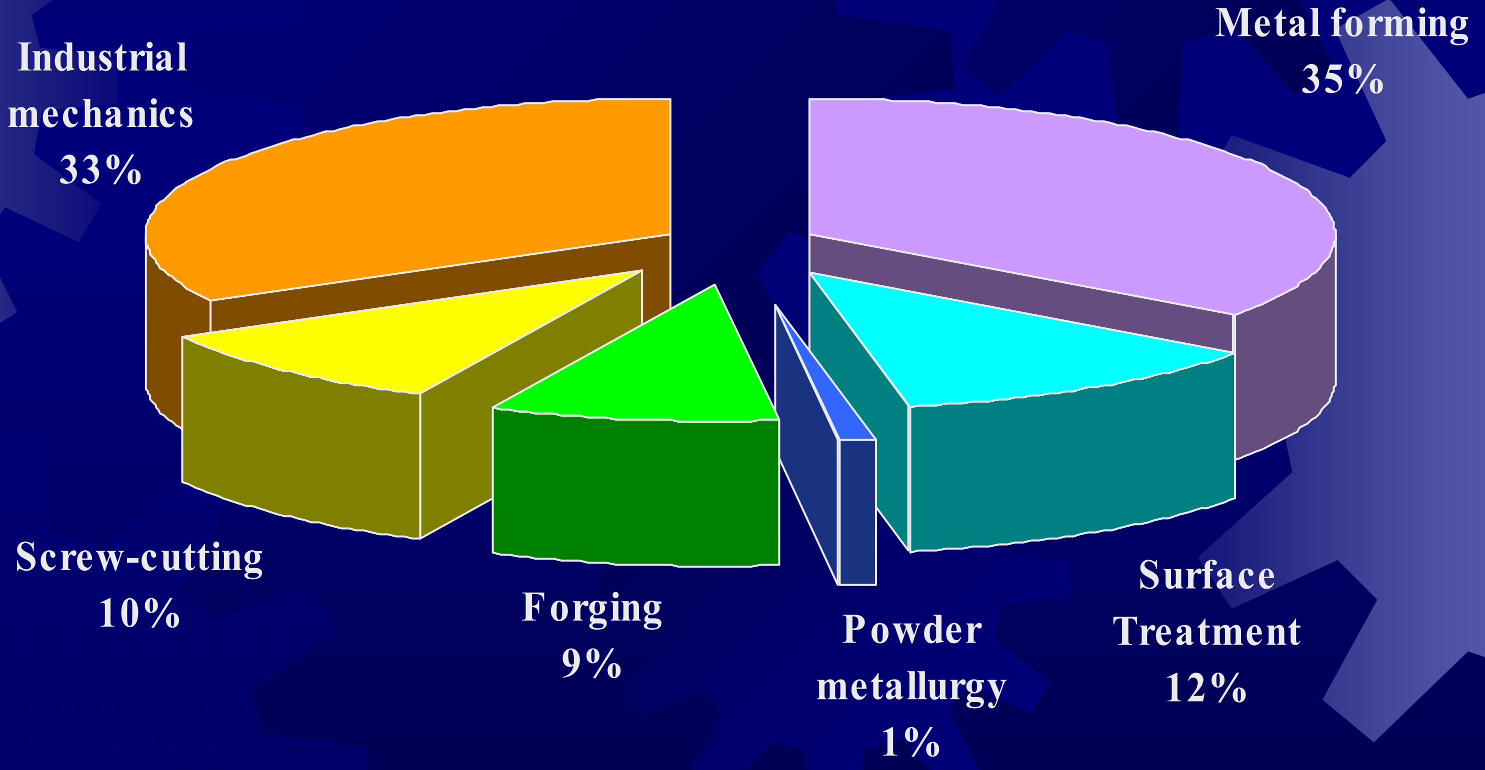
The French metal working industry

Production (index 100 in 1995)



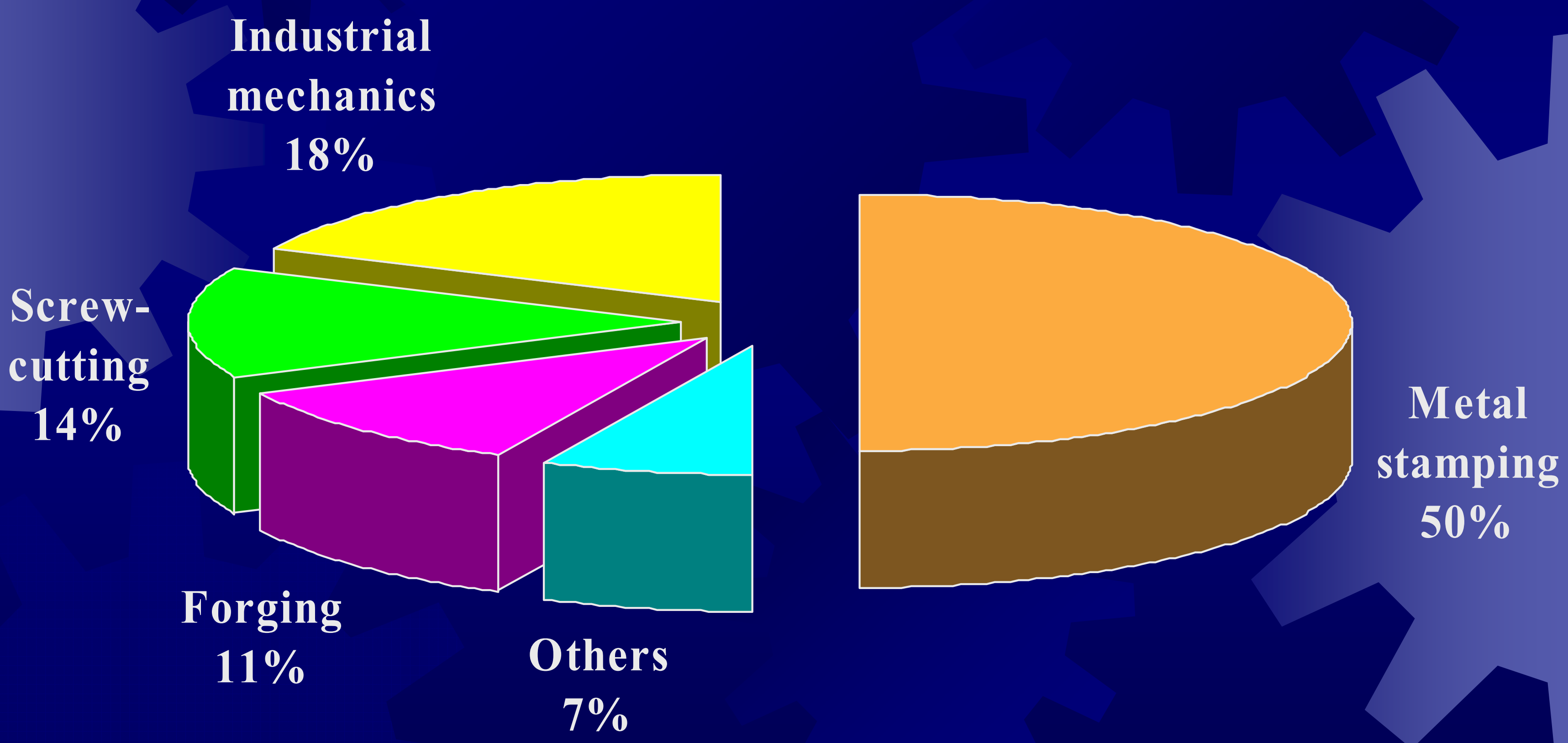
Sales breakdown per activity

€ 15.5 billions



Sales breakdown of the automotive industry

est. € 7.3 billions



Production of French vehicle manufacturers in France

1st six months 2005

	Production	6 months 2005 /6 months 2004
Citroën	380,356	15.4 %
Peugeot	647,951	-2.4 %
PSA Peugeot Citroën	1,028,307	3.5 %
Renault	705,275	-1.2 %
Renault Trucks	26,041	3.0 %
Etal Mobil	11	-31.3 %
TOTAL	1,759,634	1,5 %

Production of French vehicle manufacturers in France

2004

	Production	2004 / 2003
Citroën	651,605	0.4 %
Peugeot	1,282,674	0.8 %
PSA Peugeot Citroën	1,934,279	0.7 %
Renault	1,310,497	2.1 %
Renault Trucks	48,583	12.6 %
Etal Mobil	40	2.6 %
TOTAL	3,293,399	1.4 %

Metal stamping industry GIMEF - in 2004

For companies more 20 employees		2004/2003
Sales	**€ 5,382 millions**	**+10.4 %**
Employees	**41,544**	**+1.1 %**
Companies	**441**	**- 1.8 %**

GIMEF Company members (12%) 52

Export	**18.1 %**	**+19.1 %**

Metal stamping industry GIMEF - in 2004 (annual company survey)

Companies > 20 employees

Sales / employees
€ 167,700
2003: 122,000 €

Export / Sales
18.1 %
2003 : 16.8 %

Investment / Sales
3.7 %
2003 : 4.6 %

Result / Sales
1.3 % before taxes
2003 : 1.2 %

Metal stamping industry
GIMEF (annual company survey)

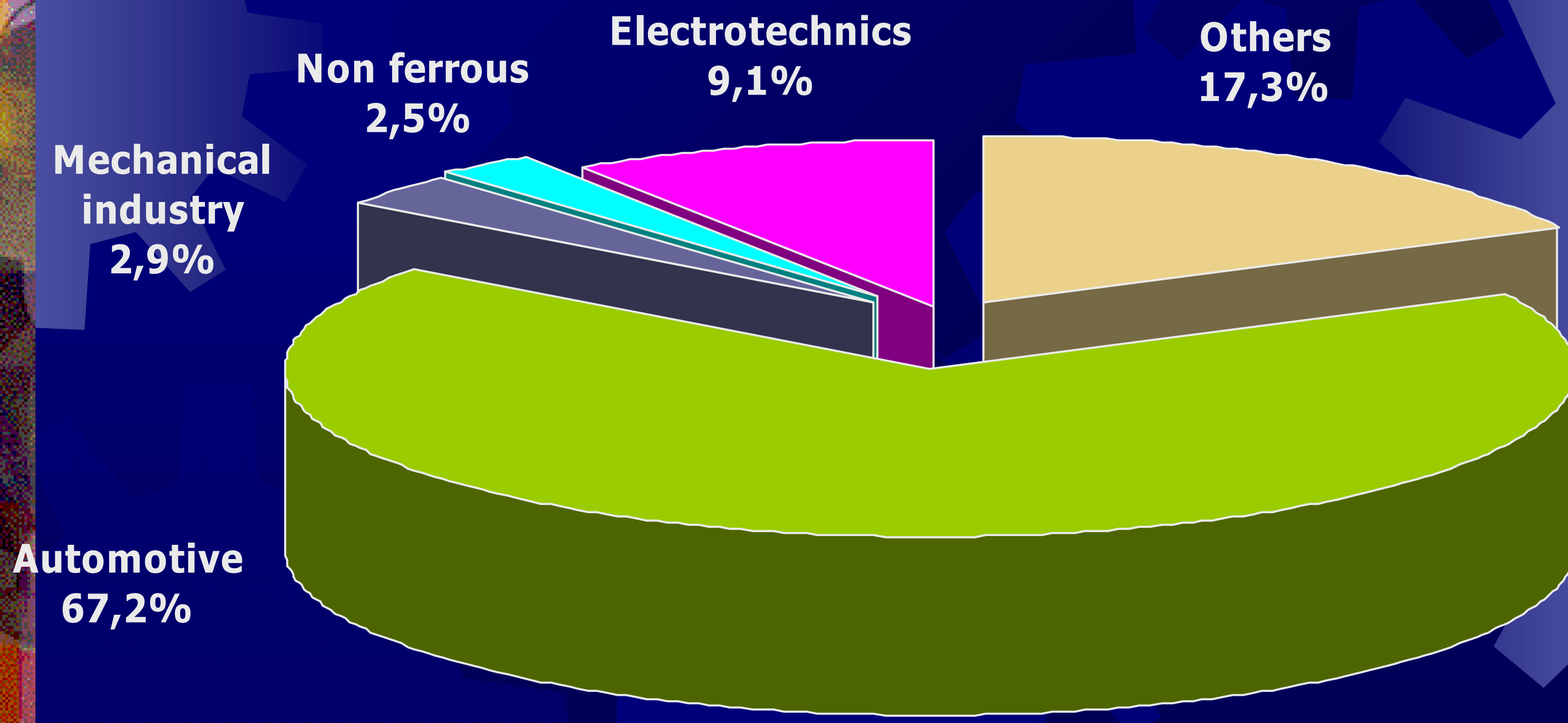
Companies more 20 employees

	Companies	Employees	Sales (without taxes) millions €	Export %	Investments Millions €
2004	406	34,576	5,798	18.1	212
2003	424	39,731	4,828	16.0	222
2002	432	40,977	4,836	16.0	176
2001	423	40,754	4,991	15.3	266
2000	417	39,612	4,773	14.9	240
1999	412	36,444	4,079	13.1	180
1998	393	33,476	3,805	12.8	166
1997	388	33,646	3,696	13.6	139
1996	374	29,701	3,256	13.4	142

Metal stamping industry GIMEF 2004

Sales : € 5,382 millions

Breakdown per customer



Metal stamping 2005

A bad year for both production and profitability

- Steel price increase
  - Due to annual contracts signed end 2004, mid size companies suffered whereas material price is slowing down.
  - Small size comp. with 3 month contracts are in a slightly better situation.
  - Low possibility to re-invoice a part of material increase to customers.
  - Car industry comp. are very concerned by a decreasing scrap purchase price.
  - Better profitability for companies manuf. components/equipments outside auto.
- Financial situation
  - End 2004/beginning 2005, increase of bankrupties.

GIMEF 2005 achievements

In spite of the absence of a General Secretary, the key planned actions have set up:

- Rewriting B to B sales terms
- Lobbying about EC "Oligopolistic" metal sheet producers
  - Target : gathering around the table the metal sheet producers, the car manufacturers, tier 1 equipement manufacturers and subcontractors.

    (Eurofer meeting in Brussel, october 25, 2005)
- Lobbying against "Tools property Taxation"

A first flavour of GIMEF 2006's

Among many others to be defined, the following actions have already been planed:

- Provide wider, more appropriate services and closer communication to the current GIMEF members.
- From a new "communication package", approach new companies in order to grow GIMEF membership.
- Re-energize negociations to get better payment terms from customers.
- Develop communication/actions with other ICOSPA members.