

CIE Automotive - Europe

Powertrain, axles, body components

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Europe

Products

Airbags, Anti-vibration components, Axles,
Brakes, Central consoles, Clutch and
engine covers, cockpit subassemblies,
commonrail systems, Cooling systems,
Crankcases, Crankshafts, Cylinder head
covers and supports, Driveshafts, Electrical
connections, Exterior trim, Gearboxes and
differential gearboxes, Interior trim, Oil
pumps, Soundproofing, Steering systems,
Suspension systems, Wheel balancing
shafts

Plants

Brazil, China, Czech Republic, Germany,
Italy, Mexico, Portugal, Romania, Spain,
United States

CIE Automotive provides components and subassemblies for the automotive market in Spain. The company offers various oil pump components for engines as well as for gearboxes. The company also provides minicorner products components for steering, brakes, suspensions, and anti-vibration; and central consoles components for exterior trim, interior trim, cockpit subassemblies, airbags, and electrical.

The company focuses on two strategic business areas:

- Automotive (accounted for 84.3% of 2009 sales): has factories in Spain, Portugal, the Czech Republic, Rumania, Mexico, Brazil and China
- Bio-Combustible (15.7%): with presence in Spain and Italy.

Its product portfolio comprises a range of automobile components associated with engines and gearboxes, mechanics, body metal and body plastic. The company also owns CIE Automotive Engineering, which operates as a full-service supplier, contributing project solutions in design, calculations, fluid dynamics, simulation, prototype manufacture and testing.

CIE Automotive consists of the following vehicle parts manufacturers: Autokomp; Autometal SP; Autometal BA; Belgium Forge; CIE Celaya; CIE Chequia; CIE Mecauto; Egana; Galfor; GSB Acero; GSB Forja; GSB-TBK; Grupo Componentes Vilanova; Inyectometal; Norma; Orbelan; Plasfil; Stuka; Tarabusi; Udalbide; and Unitools Press.

CIE Automotive employs around 12,573 people.

CIE's customers include several leading OEMs, such as GM, Ford, Renault Nissan and Volkswagen, as well as most tier one suppliers.

Recent Developments

Corporate Strategy

CIE Automotive is following the strategy of expansion in emerging markets including Mexico, eastern Europe and Asia. Within the automotive domain, the company has made several investments in these locations to drive its sales growth. By buying out joint-venture partner DESC in Mexico in March 2008, the company gained direct control of the facilities acquired from Duroplast and Nugar. In the recent past, CIE Automotive has also made acquisitions in Lithuania, Romania and China. The company further strengthened its capacity and expertise in die-casting business through acquisition of Matricon and JV with Durametal.

In the Asian markets, CIE Automotive is more focused on the Chinese market. CIE Automotive wants its Chinese plants to serve as a manufacturing base for exports to North America, Japan and Korea, as well as for China's domestic market. In June 2010, CIE Automotive announced plans to set up an aluminium castings facility in China, if the company is able to secure a contract in the country. In March 2008, CIE Automotive announced that it is building a 55,000m² factory in Nanxiang, Shanghai (China). The company also announced plans to open a 2,700m² plant and a 900m² warehouse facilities in Malu Town, another Shanghai suburb (China).

In China, the company targets to achieve sales of CNY80m (€9.55m, 4 June 2010) in 2010 and plans to almost quadruple the sales to CNY300m (€35.83m) by 2014. Also, the company has shown interest in starting plastics facilities and extending precision machining operations in Beijing (China) and southern China. The Chinese subsidiary hopes to expand its customer base to include OEMs, apart from the existing relations with tier one suppliers, such as Autoliv, Faurecia and Takata. The company has signed a contract with Mercedes Benz. Further, the growth plan for China includes strategic acquisitions of small suppliers and securing contracts from domestic OEMs. CIE Automotive operates one production facility in Jiading (China), employing 192 people. The facility manufactures components such as airbag containers, ashtrays and armrests. The company is expanding the production capacity at the Jiading plant and expects to increase the headcount to 300 by 2014.

In December 2009, CIE Automotive signed a contract with the European Investment Bank (EIB) under which EIB agreed to provide CIE with a €60m loan to support the supplier's research and development investment program for automotive parts. The program includes shaping metallic materials and light alloys and plastic injection aimed at reducing the weight and emissions of its products and improving vehicle safety.

Aquisitions

* In January 2007, CIE Automotive signed an agreement, together with group subsidiary CIE-DESC Automotive, for the acquisition of the entire share of Nugar for €58m. Nugar is a Mexican family group with a 30,000m² facility making components, stamped systems and performing welding operations. With customers such as Volkswagen, GM, Nugar had sales of €57.7m in 2006.

* In August 2007, CIE DESC acquired a facility in Mexico from Duroplast. The Coahuila (Mexico)-based facility produces plastic injection moulding components and joints for the automotive industry. The company paid €22.8m including debt assumption for the facility.

* In October 2007, CIE Automotive acquired Lithuanian automotive parts maker – UAB Peer – from Illinois Peer Industries for €4.7m. The acquisition helped expand CIE operations in the east European markets

where the demand for automotive parts was surging due to expansion of OEMs.

* In March 2008, CIE Automotive acquired the remaining 50% stake in its Mexican joint-venture (JV), CIE-DESC. Total cost of the acquisition was €71m.

Joint Ventures

Joint Ventures outside Europe

Investments

* In March 2008, CIE Automotive announced that it is building a 55,000m² factory in Nanxiang, Shanghai (China). The facility was completed end-2008. The company also announced plans to open a 2,700m² plant and a 900m² warehouse facility in Malu Town, another Shanghai suburb. The company set up these plants as it intends for the Chinese plants to serve as a manufacturing base for exports to North America, Japan and Korea, as well as for China's domestic market.

* In June 2010, CIE Automotive announced plans to set up an aluminium castings facility in China, if the company is able to secure a contract in the country.

New Product Developments

CIE Automotive has three technological centres, in Sao Paulo (Brazil), Abadiño (Spain) and Figueira da Foz (Portugal), which operate closely with the engineering sections of each division and the project managers in the plant engineering departments.

Financial Overview

For the year ended 31 December 2009, CIE Automotive sales totalled €1.14bn compared with €1.45bn in the preceding year. Operating income decreased 37.3% to €67m. Net income declined significantly to €11.1m, from €53.8m.

Finance Figures - Displayed in €

Year	Net Sales[m]	Operating Income[m]	Net Income[m]	R&D Expenditure[m]	Employees
2009	1,149	67	11.1	-	-
2008	1,455	92.1	53.8	-	-
2007	1,278	86.5	50.7	-	-
2006	959	52.6	42.2	-	-
2005	782	-	35.1	-	-

Outlook

After recent acquisitions, CIE Automotive has achieved the critical scale of operations making it a significant player in the automotive supplier industry. The company has a well diversified product portfolio complemented with adequate expertise in research and development. CIE Automotive is favourably positioned to face any economic or industry downturn with a broad range of customers.

However, because of the volatile and highly competitive nature of both the automotive and materials sectors the company believes that its future competitiveness lies in being a technology leader in its field. Therefore, high levels of R&D investment are expected over the next few years, along with a continued increase in the company's global footprint.

The company's expansion spree for emerging markets is expected to result in stronger sales in the long run apart from the low cost manufacturing base. The company has increased its manufacturing presence in central Europe, in the Czech Republic, as well as expanded capacity in Spain. CIE is also growing through strategic acquisitions around the world.

The bank's loan forms part of the stimulus package for the automobile industry launched by the EIB in response to the current economic situation, which has affected this industry in particular. The project comes under the EU's policy on promoting innovation in the automobile industry aimed at moving towards cleaner and safer transport.