Supplier pulse check
Financial benchmarking of 100 global automotive suppliers

EY's Global Automotive Center has benchmarked 100 publicly traded global automotive suppliers to assess their performance and health based on EY's Capital Agenda framework.

- Data was filtered and analyzed based on geographic region and company size
- The comprehensive analysis includes over 35 financial metrics and considers data for the last 5+ year’s

Region (based on headquarters location)
- **North America:** 30 suppliers with revenue ranging from $294m to $41.8bn
- **Europe:** 30 suppliers with revenue ranging from $110m to $43.0bn
- **Asia:** 30 suppliers with revenue ranging from $176m to $36.9bn
- **Rest of World:** 10 suppliers with revenue ranging from $100m to $1.3bn

Size (based on March 2013 LTM revenue)
- > $5bn: 25 suppliers
- $1bn to $5bn: 29 suppliers
- $350m to $1bn: 30 suppliers
- $100m to $350m: 16 suppliers

All data has been sourced directly from S&P Capital IQ without manipulation.
S&P Capital IQ is a subscription based online provider of comprehensive fundamental and quantitative research solutions viewed as the industry standard by financial services providers globally.

If you are interested in a customized benchmarking report, please get in touch with our Global automotive contacts.

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<table>
<thead>
<tr>
<th>Region</th>
<th>Suppliers</th>
<th>Revenue Range (in millions)</th>
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<tbody>
<tr>
<td>North America</td>
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<tr>
<td>&gt; $5bn</td>
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<tr>
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Suppliers are now steadily ramping up investments to capture growth as production volumes recover and the industry rebounds

- Suppliers reduced capital spending in 2009 and 2010 in response to declining production volumes throughout the industry during the downturn
- During the past year, suppliers in Asian markets have invested in excess of the total group median, to keep pace with rapid technology advances and production volume increases in those markets
- In addition, companies under $1bn in revenue are also making investments to address key competitive priorities such as expanding product portfolios and geographic footprints in an effort to accelerate growth and support their global customer base
Suppliers reign in debt, however small cap suppliers witness increase in debt multiples driven by growing capital expenditure and working capital needs

- Increased leverage multiples (total debt/EBITDA) that resulted from declining profitability during the 2008 and 2009 downturn were quickly reversed during 2010 as earnings increased on the rapid rebound in production volumes
- Over the last three years, leverage multiples have remained relatively constant, despite generally increasing EBITDA levels, as suppliers have taken advantage of low interest rates and improved access to capital to recapitalize their balance sheets and maintain an efficient capital structure

Optimizing The Capital Agenda

Working capital investment at suppliers has increased as global vehicle production accelerated in the post-recession recovery

- Median working capital peaked in 2009 driven primarily by an increase in days inventory outstanding as production volumes declined across the industry
- Although still well below the peak in 2009, working capital days have increased each of the past two years driven by increases in inventory as production volumes have begun to stabilize from the hyper growth experienced following the recession

* Working capital is defined as days sales outstanding plus days inventory outstanding less days payables outstanding

Working capital days* (Mar 09 Ltm-Mar 13 Ltm)

Total debt/EBITDA (Mar 09 Ltm-Mar 13 Ltm)

* Working capital is defined as days sales outstanding plus days inventory outstanding less days payables outstanding
### Key considerations for stakeholders

<table>
<thead>
<tr>
<th>Preserving</th>
<th>Suppliers</th>
<th>Private Equity Investors</th>
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<tbody>
<tr>
<td>Monitor supply chain and other counterparty risks</td>
<td>Balance cost reduction with sustainable process change as new platforms are introduced and production continues to increase</td>
<td>Divest carefully — implement risk management process around divestiture cycle to maximize valuation</td>
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<th>Investing</th>
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<tr>
<td>Restructure product portfolio to align with growth markets</td>
<td>Expand to growth markets via joint-ventures, M&amp;A and greenfielding</td>
<td>Selective acquisitions, both opportunistic and strategic</td>
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<tr>
<td>Mitigate investment risk in R&amp;D and platform designs via partnerships</td>
<td>Add flexible capacity to meet new, higher production volumes and new program launches</td>
<td>Increased focus on business modeling, earnings sustainability and cash forecasting systems</td>
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<td>Accelerate platform launch sequence</td>
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<td>Credit market improvement provides alternatives and drives down cost of capital to fund growth and competitive repositioning in growth markets</td>
<td>Improved credit market conditions present opportunities to refinance and refine existing obligations, as well as fund growth</td>
<td>Reduced cost of capital and greater availability of capital improves odds of winning auctions and competitive M&amp;A processes</td>
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<td>Focus on manufacturing efficiency, lightweighting and giving the consumers the best vehicles for the market</td>
<td>Adapt to stabilized production levels by optimizing working capital</td>
<td>Reposition suppliers to enhance valuation by balancing customer, platform and geographic mix of business</td>
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<td>Invest in flexible capacity</td>
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