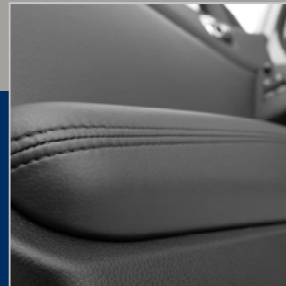


Transcending Turbulence: A New Beginning?

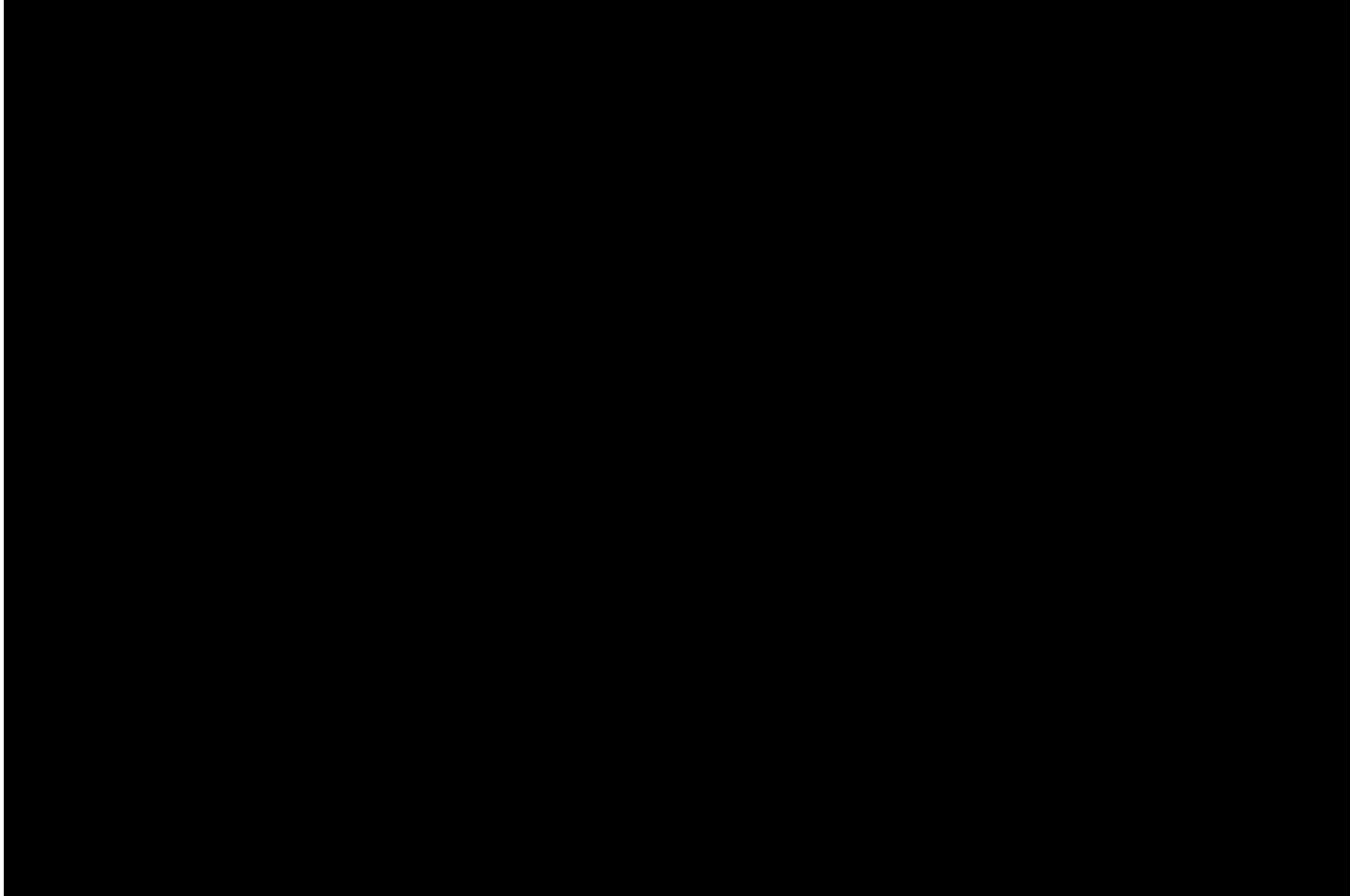
Jim Kamsickas

International Automotive Components
President and CEO
North America and Asia

Vehicle interiors by IAC. Our heritage, your advantage.



IAC at a Glance



MBS Discussion Panel Theme

Transcending Turbulence: A New Beginning?

- "There is no question - these are difficult times in our industry." 2001
- "Conventional wisdom says that a crisis is a powerful motivator for change..." 2003
- "I think that it would be very dangerous for us to think that this storm has passed and now we can get back to business as usual. This is our business climate." 2004
- "Is there a Calm after the Storm?..." 2005

About IAC

WL Ross & Co, LLC. Overview



International Steel Group

- Established April 2002
- Conglomeration of 13 major steel producing and finishing facilities in eight states
- Sold to Mittal Steel Company in April 2005



International Textile Group

- Established March 2004
- WLR acquired Cone Mills
- Combined Cone Mills with Burlington Industries
- Recently merged with SCI, a low-cost supplier of automotive airbag fabric in North America and cushions in North America, Europe and China



International Coal Group

- Established May 2004
- 12 mining complexes in Kentucky, Maryland, and West Virginia and one complex in the Illinois Basin
- Bought many of Horizon Natural Resources' assets in a bankruptcy auction



International Automotive Components Group

- Established October 2005
- Formed to Acquire European assets of Collins & Aikman
- Acquired Lear's European Interior Systems Division
- Acquired Plascar in Brazil
- Acquired Collins & Aikman's North America Soft Trim Division and Select Plastic Facilities
- Acquired MBK in Japan
- Acquired Plastel in Argentina
- Rapidly Expanding in India, China and Japan

About IAC

Automotive News

Top 100 Global Suppliers

31 International Automotive Components
(212) 826-1100

Automotive News

Top 150 North American Suppliers

13 International Automotive Components
(313) 240-3000

a crain publication
PLASTICS NEWS

Top North American Injection Molders

1 [International Automotive Components Group North America LLC](#)^a
Dearborn, MI

Jim Kamsickas
CEO & President

IAC's Core Market Leadership Segments

Door & Trim Systems



Instrument Panels



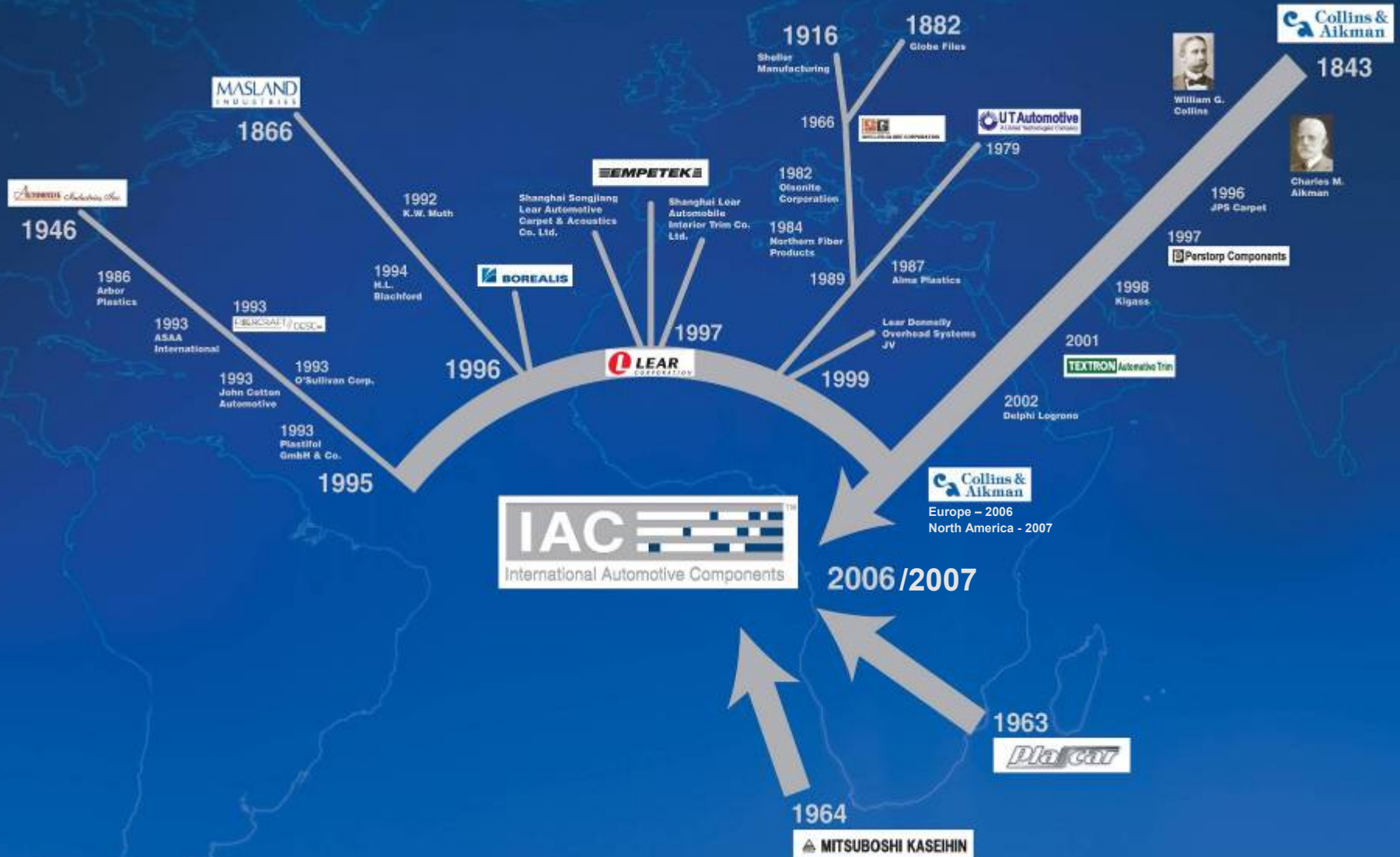
Flooring & Acoustics



Headliners and Overhead Systems



Vehicle Interiors by IAC: Our Heritage, Your Advantage



A History of Turbulence and Change in the Automotive Supply Industry

The Impact of the Unprecedented Rise in Gasoline Prices

Average Household Gasoline Expense / Median Household Income

12.11%

1975-1984

⇒ Interest rates through the roof

- **1981/1982 ≈ 16%**

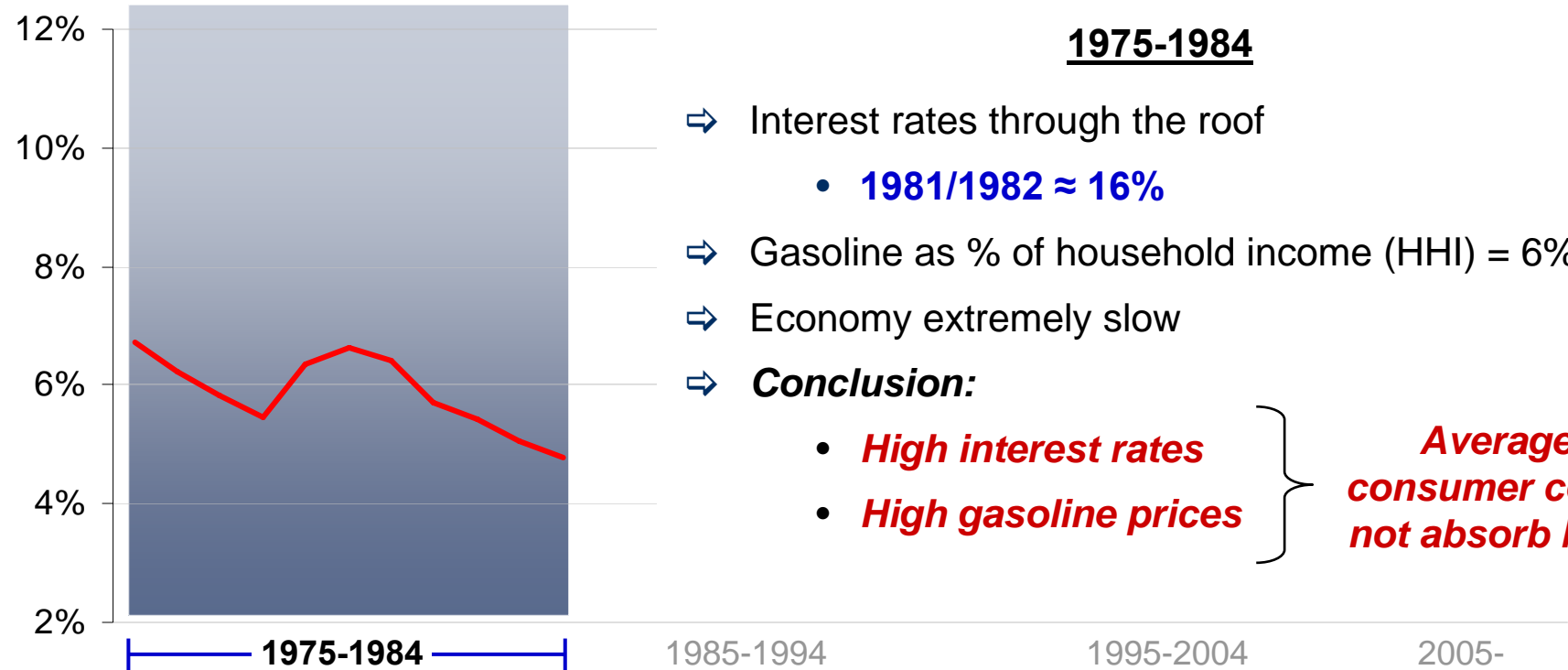
⇒ Gasoline as % of household income (HHI) = 6%

⇒ Economy extremely slow

⇒ **Conclusion:**

- **High interest rates**
- **High gasoline prices**

Average consumer could not absorb both



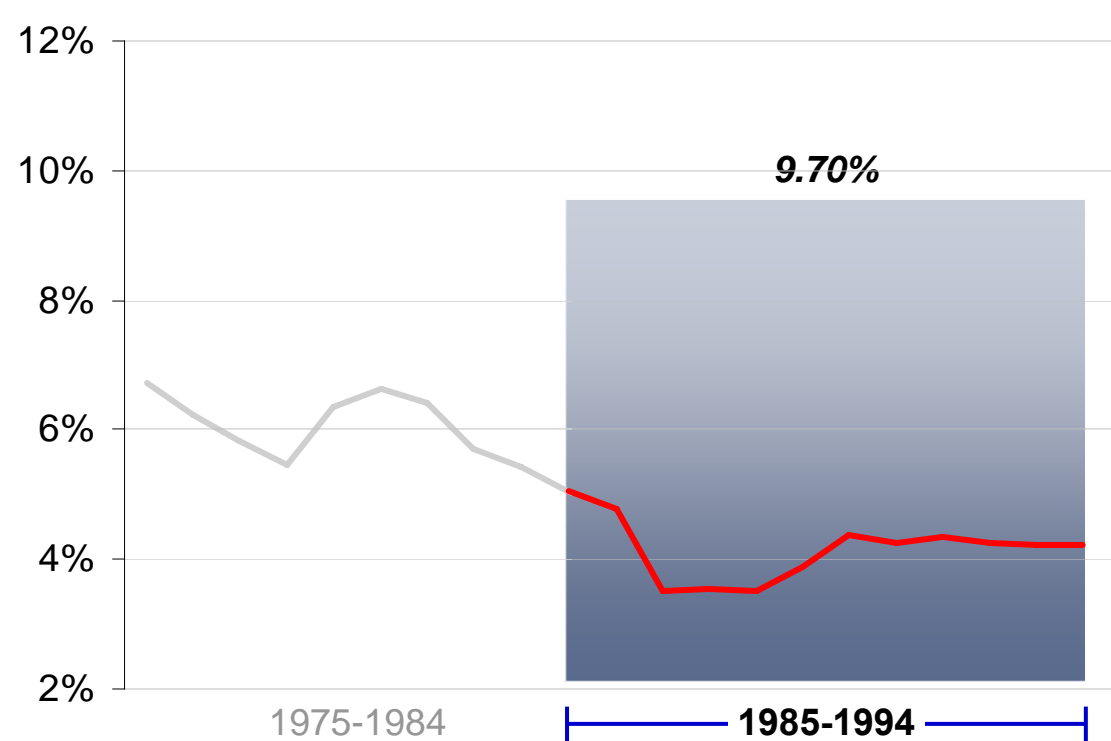
Source: Freddie Mac

Source: U.S. Census Bureau, Housing and Household Economic Statistic Division, Office of Highway Policy Information – Federal Highway Administration, EPA Light Duty Technology Report

Interest Rates
Average Household Gasoline Expense

The Impact of the Unprecedented Rise in Gasoline Prices

Average Household Gasoline Expense / Median Household Income



1985-1994

⇒ Interest rates improve, however, remain significantly higher than today

⇒ Gasoline as % of (HHI) = 4%

⇒ Economy remained slow, but improving

⇒ **Conclusion: Consumer confidence improved as:**

- **Interest rates began to improve**
- **Spending on gasoline reduced**

Source: Freddie Mac
 Source: U.S. Census Bureau, Housing and Household Economic Statistic Division, Office of Highway Policy Information – Federal Highway Administration, EPA Light Duty Technology Report

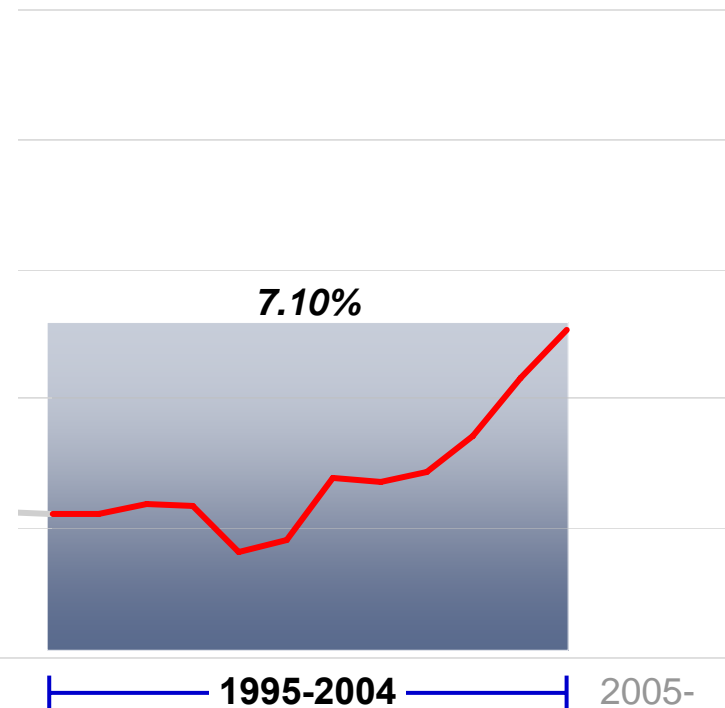
Interest Rates
 Average Household Gasoline Expense

The Impact of the Unprecedented Rise in Gasoline Prices

Average Household Gasoline Expense / Median Household Income

1995-2004

- ⇒ Interest rates again improved
- ⇒ Gasoline as % of (HHI) began to increase
- ⇒ Economy strong
- ⇒ **Conclusion:**
 - **Consumers willing to absorb increasing gas prices, considering:**
 - **Interest rates remained low**
 - **Household savings reduced**



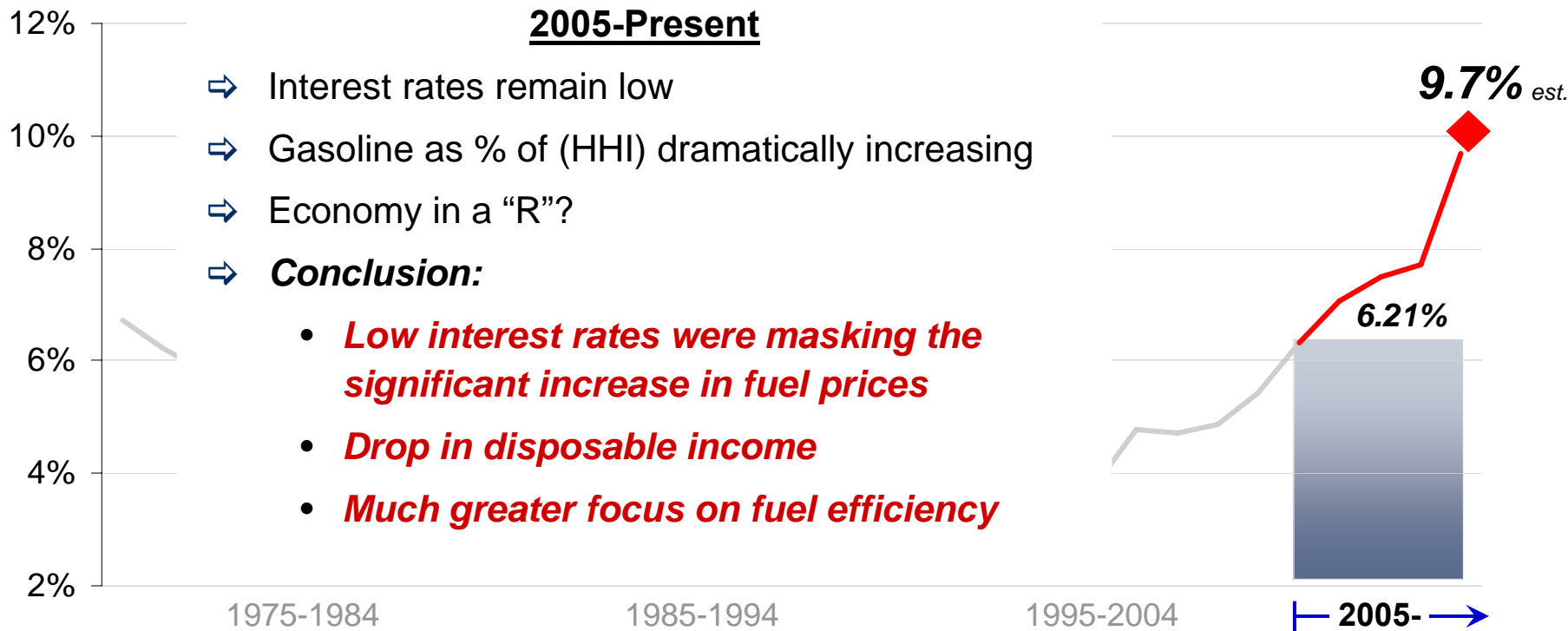
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Interest Rates
Average Household Gasoline Expense

The Impact of the Unprecedented Rise in Gasoline Prices

Average Household Gasoline Expense / Median Household Income



Source: Freddie Mac

Source: U.S. Census Bureau, Housing and Household Economic Statistic Division, Office of Highway Policy Information – Federal Highway Administration, EPA Light Duty Technology Report

Interest Rates
Average Household Gasoline Expense



Question: So, what is the bright side?

Answer:

***We, as an automotive industry...
have experience and understand
how to respond to turbulence***

Core Fundamentals Required to Transcend A Company Through Turbulence

Fundamentals

Consistent & predictable financial performance

Operational excellence

Robust design & engineering

Cost, quality, technology

Customer focused

Strong union management relations

Employee engagement

Core Fundamentals Required to Transcend A Company Through Turbulence

Fundamentals	1975-1984	1985-1994
Consistent & predictable financial performance	1	1
Operational excellence	4	3
Robust design & engineering	4	3
Cost, quality, technology	4	3
Customer focused	4	3
Strong union management relations	4	3
Employee engagement	4	3

**K
E
Y**

- 1 - Exceed Expectations in All Areas
- 2 - Exceed Expectations in Selected Areas
- 3 - Meet Expectations
- 4 - Just Make the Product

- Quality Circles
 - Deming and SPC
- 
- Metrics Management
 - Quality Operating Systems
 - Employee Engagement Policies
 - Employee Suggestions
 - Tuition Reimbursement

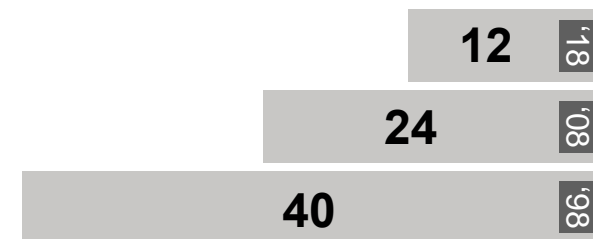
Core Fundamentals Required to Transcend A Company Through Turbulence

Fundamentals	1975-1984	1985-1994	1995-2004
Consistent & predictable financial performance	1	1	1
Operational excellence	4	3	2
Robust design & engineering	4	3	2
Cost, quality, technology	4	3	2
Customer focused	4	3	2
Strong union management relations	4	3	2
Employee engagement	4	3	2

**K
E
Y**

- 1 - Exceed Expectations in All Areas
- 2 - Exceed Expectations in Selected Areas
- 3 - Meet Expectations
- 4 - Just Make the Product

- Lean Principles
→ TPM Mentality
- Six Sigma **6σ**
- Complexity Reduction – Reengineering the Value Chain
- Product Development Cycle Time Reduction



- Expanding Customer Portfolios

Core Fundamentals Required to Transcend A Company Through Turbulence

Fundamentals	1975-1984	1985-1994	1995-2004	2005-Present
Consistent & predictable financial performance	1	1	1	1
Operational excellence				
Robust design & engineering				
Cost, quality, technology				
Customer focused				
Strong union management relations				
Employee engagement				

- Kaizen & Lean Manufacturing
- Green, Weight, Safety & Customer Convenience
- Geographic Footprint Alignment
- Low-cost Country Services / Manufacturing
- Process Integration – “One Step Manufacturing”
- Consolidation / Vertical Integration

**K
E
Y**

- 1 - Exceed Expectations in All Areas
- 2 - Exceed Expectations in Selected Areas
- 3 - Meet Expectations
- 4 - Just Make the Product


Private Equity Fosters a New Perspective

Perspective:

Rather than being pulled under by turbulence...

- 
- **High material costs**
 - **Reduced volumes**
 - **Severe pricing pressures**
 - **High debt loads**
 - **Excess capacity**

Private Equity Facilitates Success Through...

- 
- **Stable form of capital**
 - **Understanding of the market**
 - **Rational participants**
 - **Provide different perspective**
 - **Long-term focus**

Priority = Position Company to Provide Value to OEMs and Stakeholders

IAC's Rapid Execution of Traditional Private Equity Model

Collaborative Risk Management

- Volume
- Material Economics

Restructuring

- Plant Consolidation
- Rationalization of Product Lines
- Fixed Cost Management
- Capital Management
- Focus on ROIC

Reinvestment

- Innovative Products
- New Technology
- Global Footprint
- Renewable Materials
- Interior Safety

Consolidation

- Acquire Strategic Assets

Aggressive Implementation Required to Make the Company Competitive

Private or Public

What can we all do to evolve through these turbulent times?

- Remember = this is not unfamiliar territory
- Create the vision
 - *every day*
- Continually improve
- Be custodians
- Drive synergies
- Provide tools / resources
- Assess demand
- Energize



Private or Public

The # 1 thing to evolve through these turbulent times requires...

Collaboration

By Webster's definition, collaboration means...

- 1. to work jointly with others or together especially in an intellectual endeavor**
- 2. to cooperate with or willingly assist an enemy of one's country and especially an occupying force**
- 3. to cooperate with an agency or instrumentality with which one is not immediately connected**

Thank You

Vehicle interiors by IAC. Our heritage, your advantage.

