

North America: The New Strategic Target

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Fluid thinking.™



TI Automotive

North America: The New Strategic Target

Agenda

- About TI Automotive
- Today's challenges
- Targeting North America
- What's different
- What's next
- The road ahead



How Things Can Change...

2008 MBS Presentation:

- “Business focus is outside of North America...”
- Heavy cost-cutting in North America
- North American Suppliers and OEMs struggling to survive



About TI Automotive

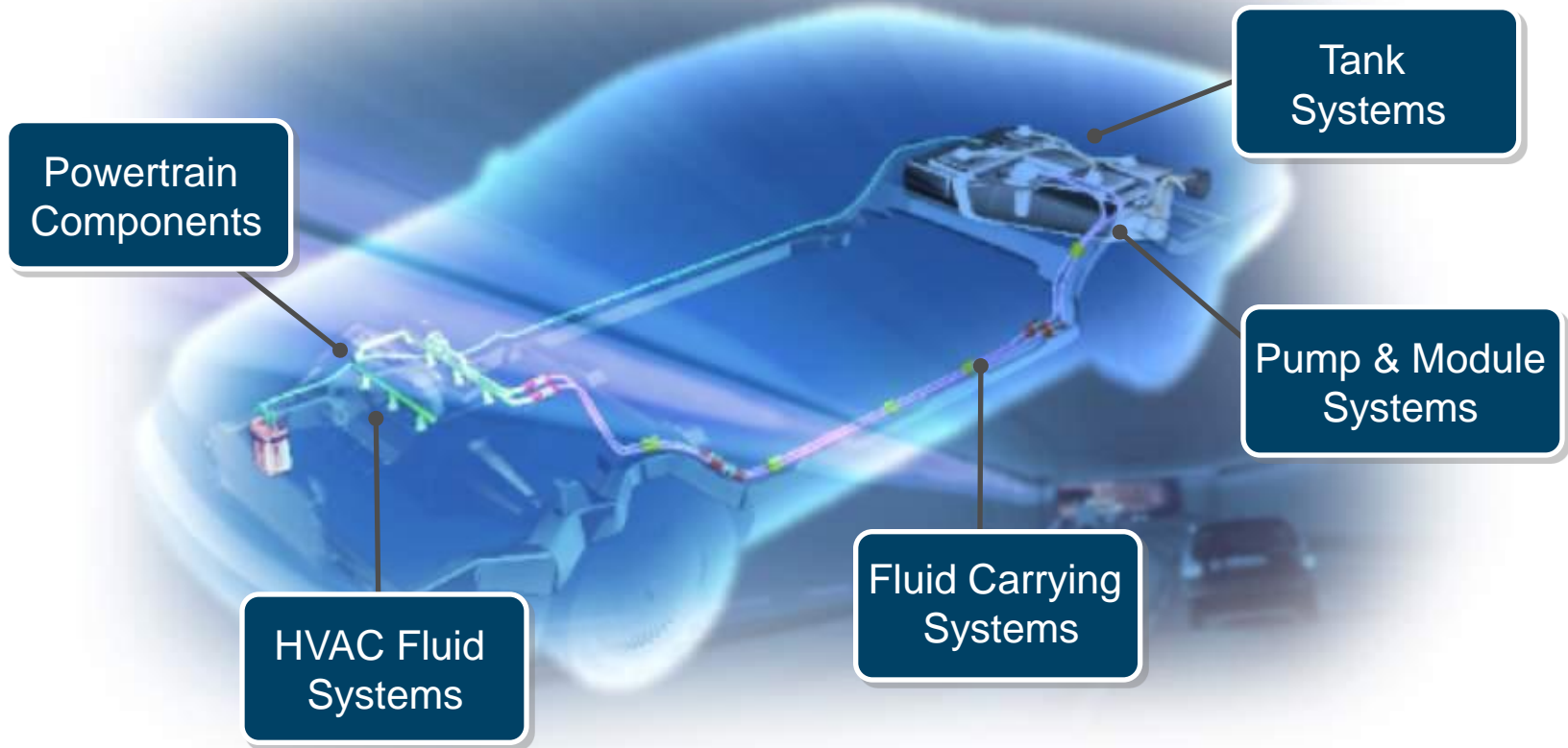
- Global tier-one supplier of fluid storage, carrying and delivery technology to all global markets
- Privately held
- Founded in 1922
- 18,500 employees worldwide
- 130 locations in 28 countries
- \$2.5 billion in global sales



**Two-thirds of the world's
vehicles feature
TI Automotive technology**

“Fluid thinking.™” Market Approach

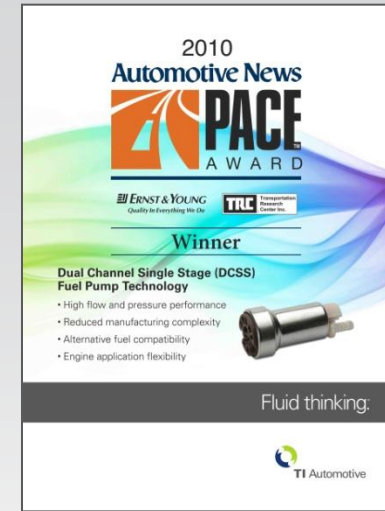
Automotive Fluid Systems



Then & Now



1922: TI Automotive provides fuel lines to the Ford Model T



2011: TI Automotive provides advanced technology to the global automotive industry

Today's Challenges

- Global economics causing slower recovery
- Capacity and supply chain issues
- Ramp-up is difficult for many:
 - Employment levels
 - Tooling costs; investment & working capital availability
 - Fear of backslide
- Raw material costs increasing; availability concerns
- Increasing legislation
- Continuing competition from “low-cost” regions
- Steady breakeven is 10.5 million units*

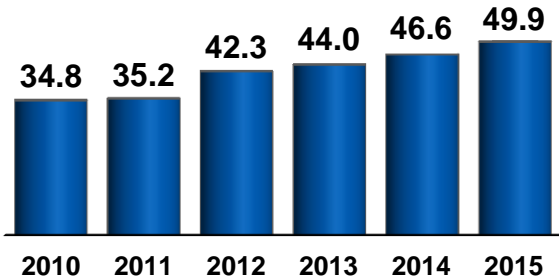
* Source: IHS and OESA



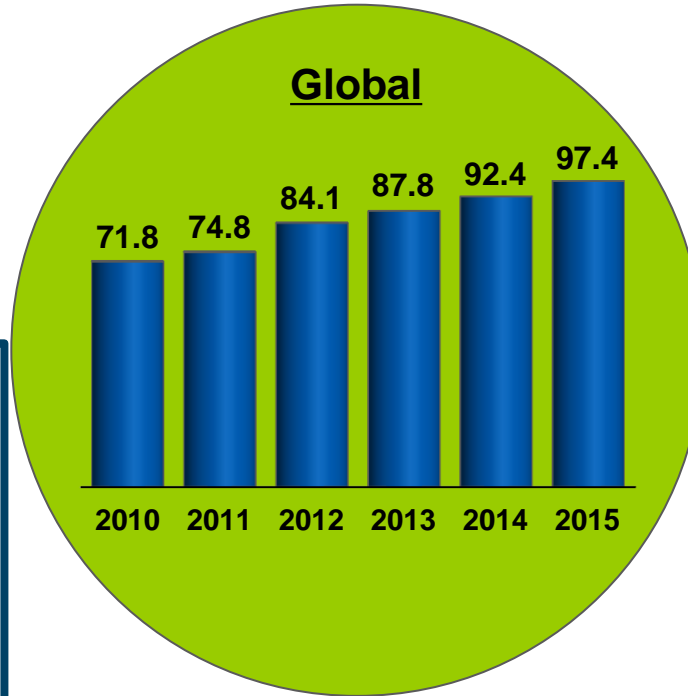
North American Growth Outpaces Other Regions - Except Asia Pacific

Asia Pacific

CAGR '10-'15
7.5%

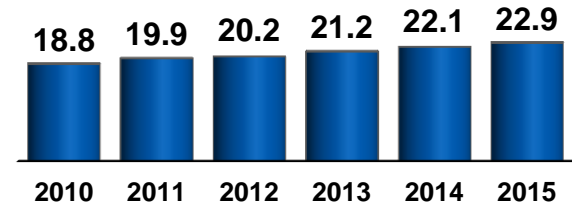


CAGR '10-'15
6.3%



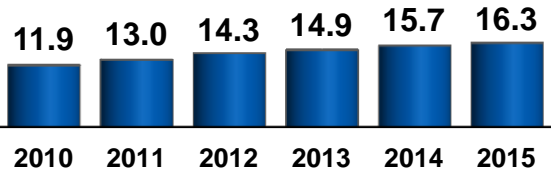
Europe

CAGR '10-'15
4.0%



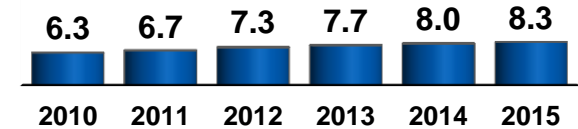
North America

CAGR '10-'15
6.4%



Latin America / ROW

CAGR '10-'15
5.9%



In Million Units

Source: June 2011 IHS
Basis for Outlook

Addressing the Target

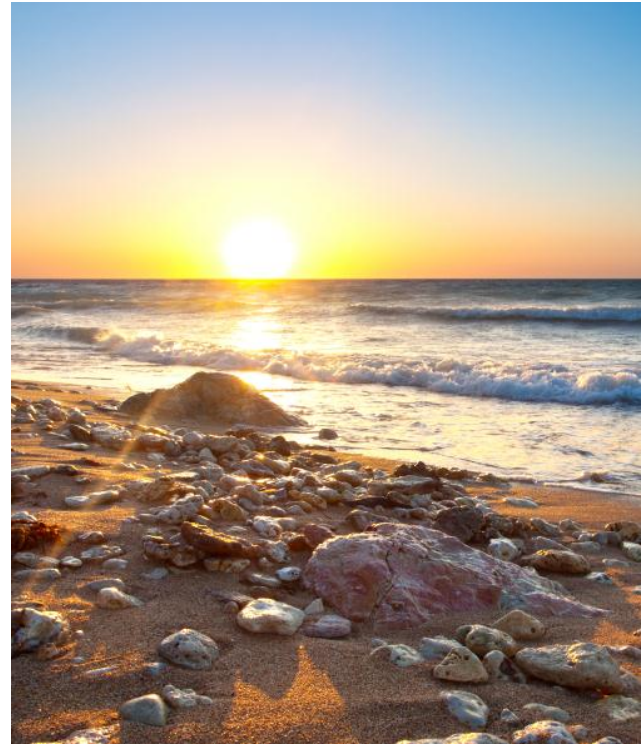
Why North America is important:

- Costs are restructured
- Suppliers refocusing
- NA-based OEMs are profitable and growing
- Globalized business provides opportunity
 - EU - strong suppliers have technology advantage
- Renewed OEM focus on technology and value
- TI Automotive has about 20% of global sales in NA



What's Different?

- Volumes are increasing
- Downturn survivors are well-positioned for growth
- OEM/supplier relationships are improving
- Forecasting accuracy is improving
- Sustainable business platforms
- Industry is more profitable
- Fuel economy regulations will increase costs; reducing margins due to global competition
- Supplier consolidation – driven by OEMs
- Technology and Value are key



Technology Designed for Market Needs

Automotive Fluid Systems

**HVAC
Fluid Carrying
Systems**

**Pump & Module
Systems**

**Fuel
Tank Systems**

**Fluid Carrying
Systems**

**Powertrain
Components**

Primary growth markets

**Electric Vehicle
Thermal Management Systems**

**Powertrain HPD, GDI, Turbo
Advanced Applications**

Emission Control Systems



What's Next?

1. Collaboration is critical
2. Fair & equitable raw material price indexing
 - Too much time & energy wasted to find solutions
3. Accept & support OEM goal of reducing supply base
 - Consolidation is not necessarily bad; helps to rationalize capacity with barriers to entry
 - Suppliers must be global (technology, footprint, business)
 - Only truly global suppliers will survive



What's Next? Continued...

4. System oriented approach for OEM/supplier relationships to drive value for OEMs
 - Systems non-visible to consumer
 - Eliminate challenging requirements and specs; allow suppliers to provide improvements via cost, weight, fuel economy, etc.
 - Sourcing practices should be restructured from OEM-directed to supplier-directed
5. More transparency in OEM/supplier relationships
 - Sourcing/ RFQ feedback
 - Technology sharing
 - Annual supplier performance reviews



The Road Ahead

- Overall industry, *especially* North America is headed in a positive direction
- Profitability has/will improve for suppliers and OEMs when basis of partnerships is changed for the better
- Fuel economy regulations will place increasing margin pressures on the industry because global competition will not allow cost increase pass-through to consumers
- Excitement is back; products and technology are better than ever



Thank you for your attention.

Fluid thinking.™



TI Automotive