



COOPER STANDARD™  
AUTOMOTIVE

***The Automotive Industry  
Changing, but Still Alive and Well***

*Jim McElya*

*CEO, Cooper-Standard Automotive*

# The Automotive Industry In The News

*Six Largest Automotive Companies Call on U.S. International Trade Commission to End Steel Duties Hurting U.S. Manufacturing*

*Ford to cut third- and fourth-quarter production*

*US Auto Makers Trail in Profits*

*Supplier Announces Buyouts*

*High Oil Prices Met With Anger Worldwide*

*Damage Control*

*Foreign brands outsell domestics for first time*

*Manufacturing execs less confident on economy - poll*

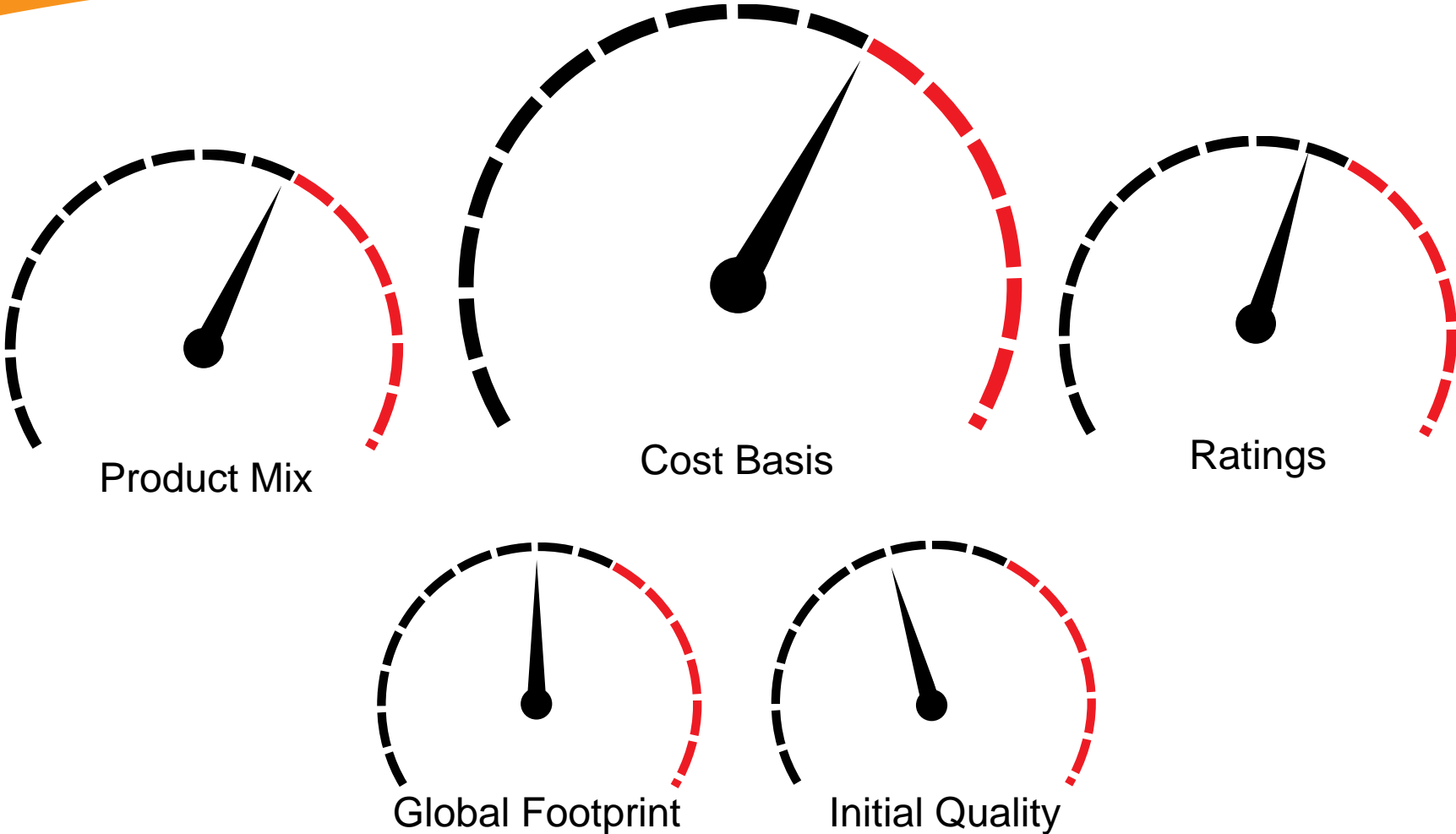
*Automakers shove, suppliers push back*

*Wagoner-Kerkorian battle brewing at GM*

*Auto Plants: Battle to be the best*

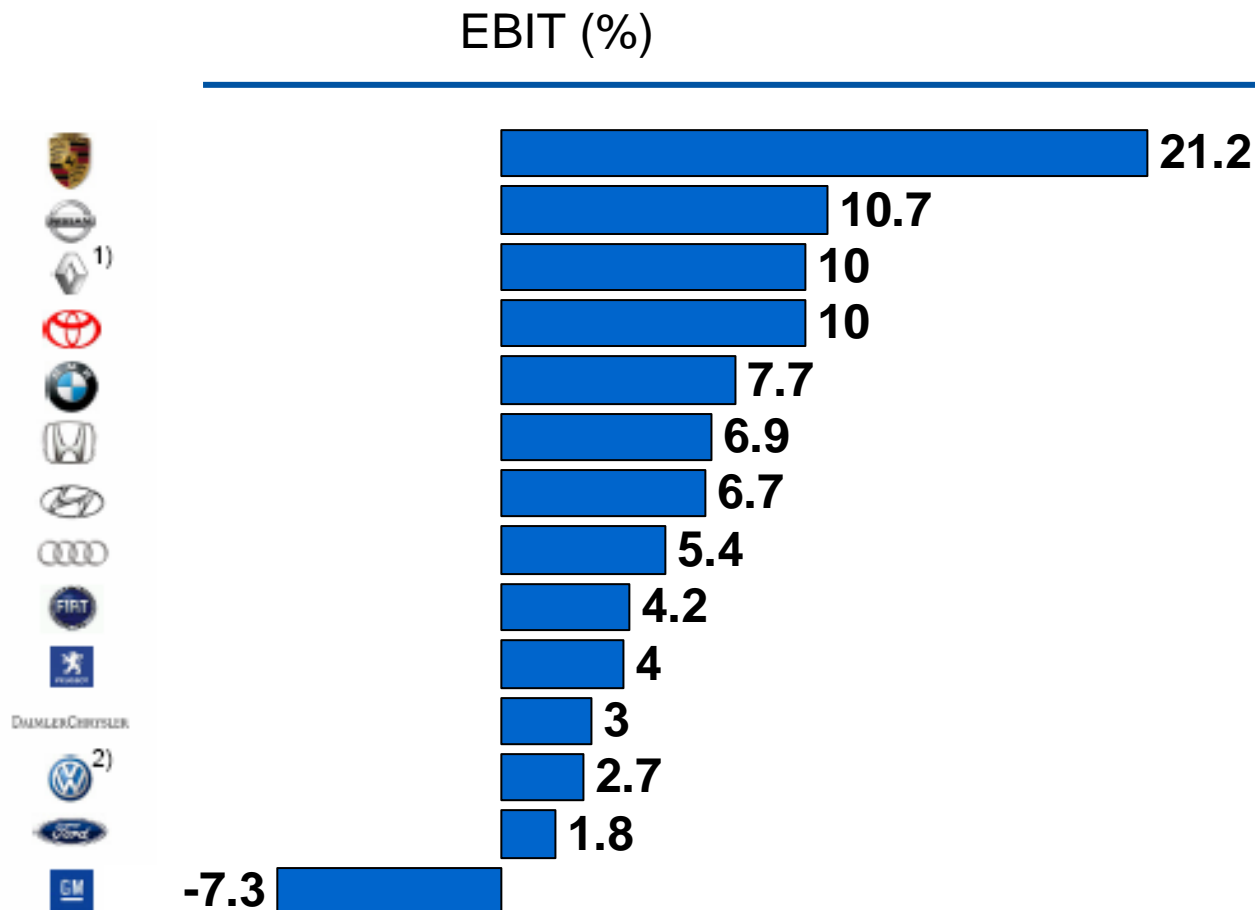
*UAW chief: No more concessions for Delphi*

# Key OEM Industry Indicators



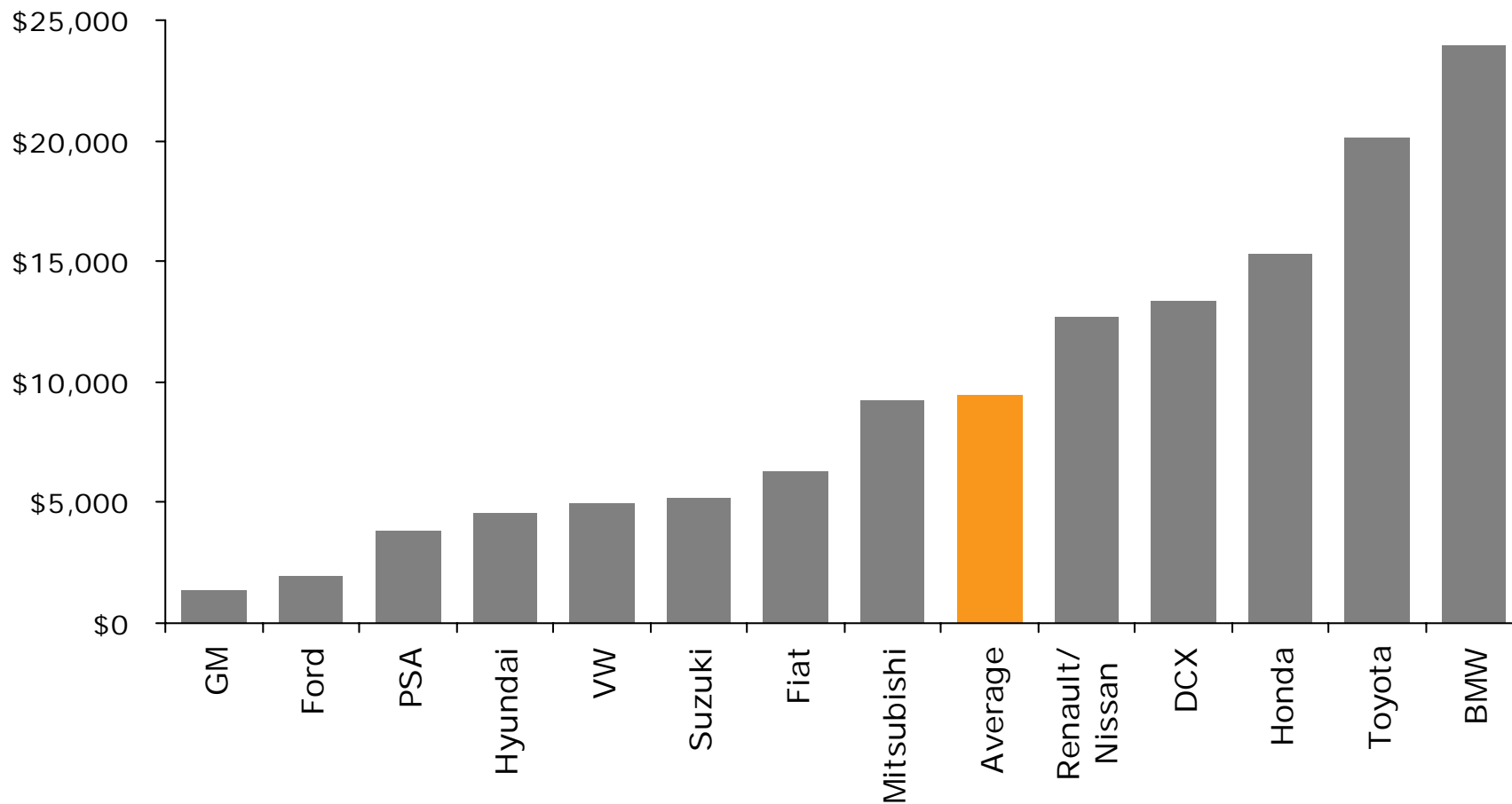
# Cost Basis

## 2005 Profitability of OEMs<sup>(1)</sup>



1) Including financial service civilities 2) including share in net income of associates

# Cost Basis Market Cap Per Vehicle

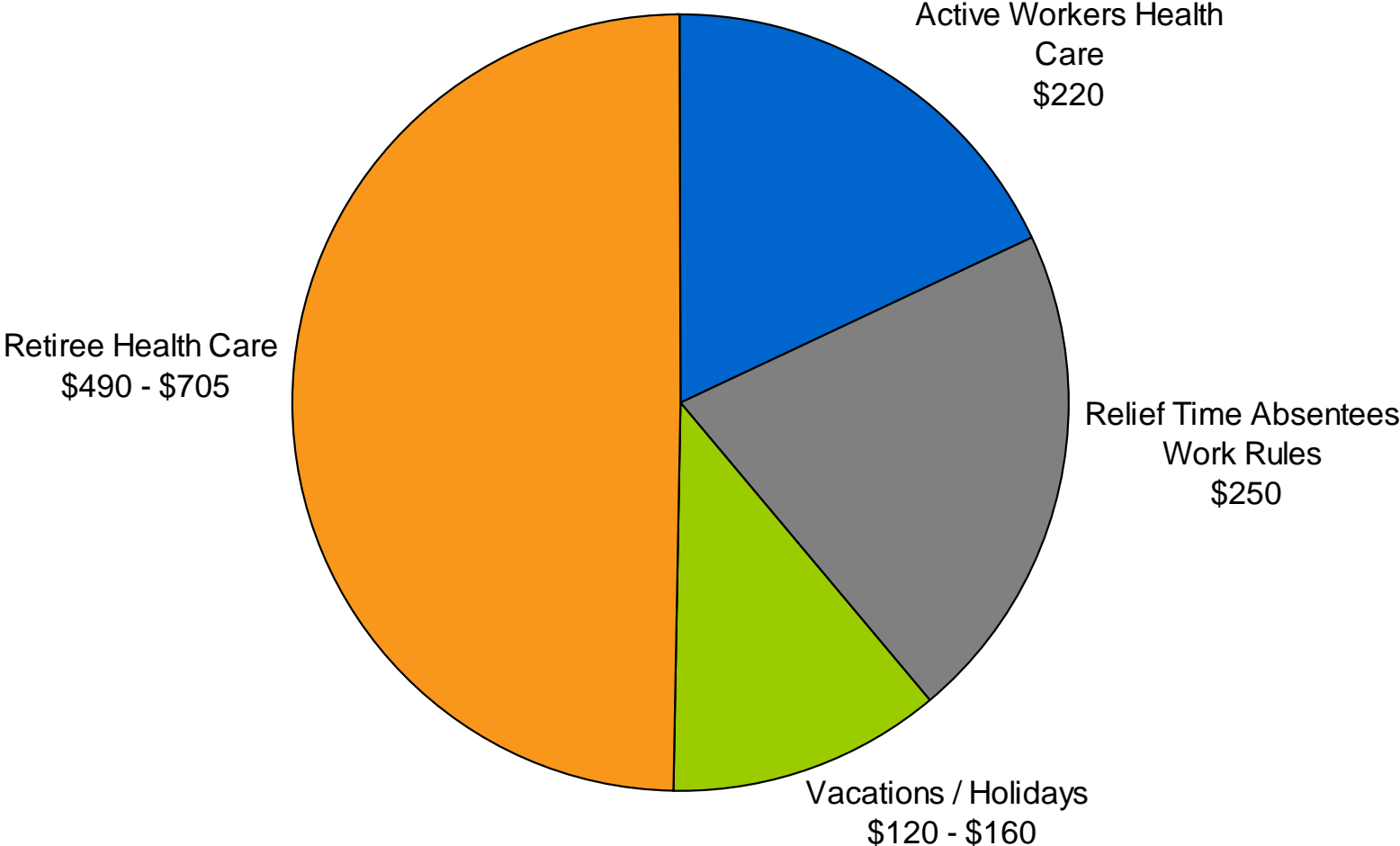


Market capitalization divided by 2006 vehicle production

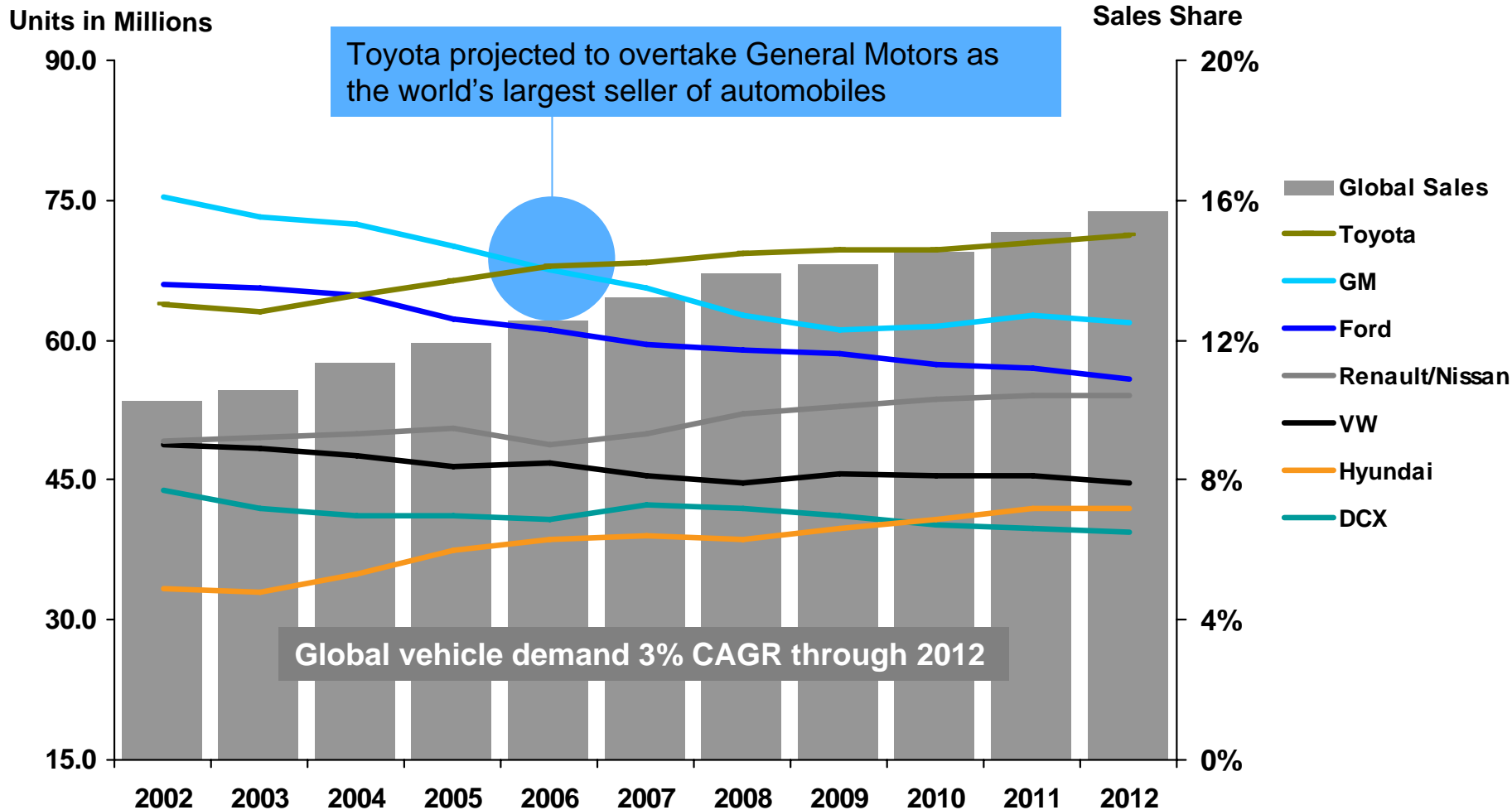
# Cost Basis

## Current Labor Cost Penalties

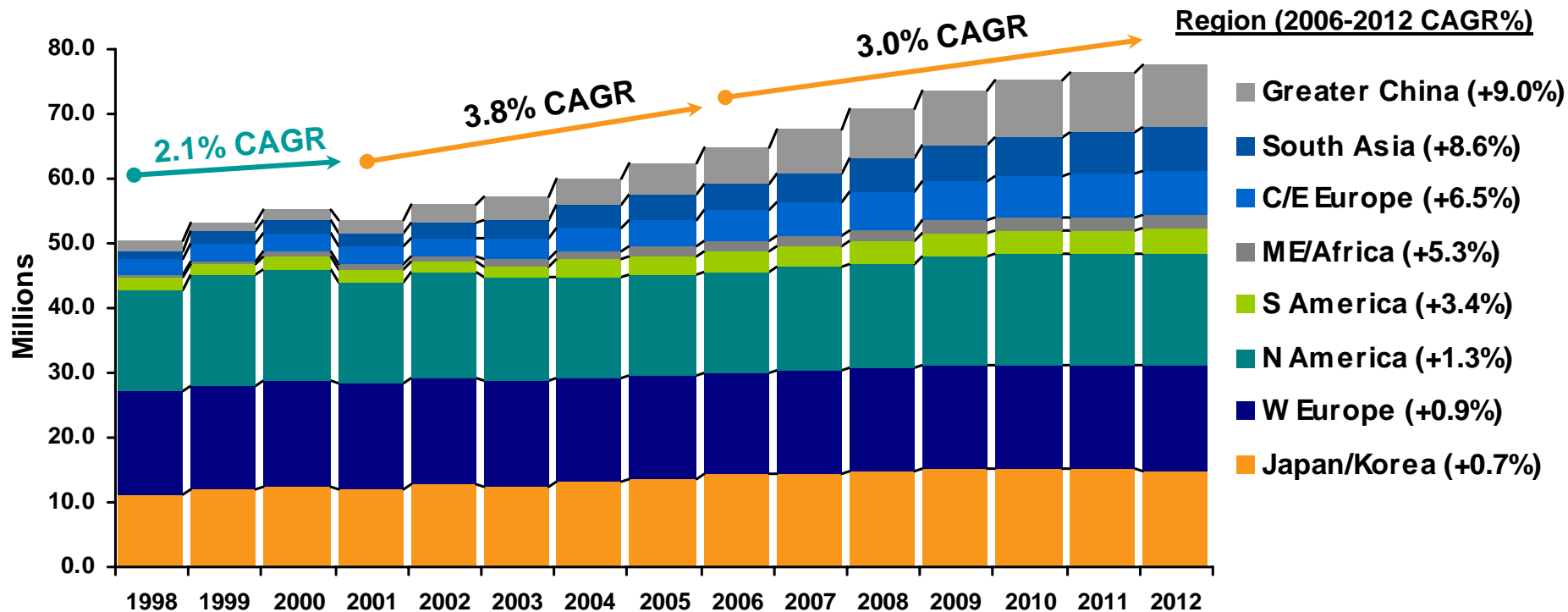
Average: \$1,080 - \$1,335



# Global Footprint Shake-Up In The Ranks



# Global Footprint Light Vehicle Production by Region

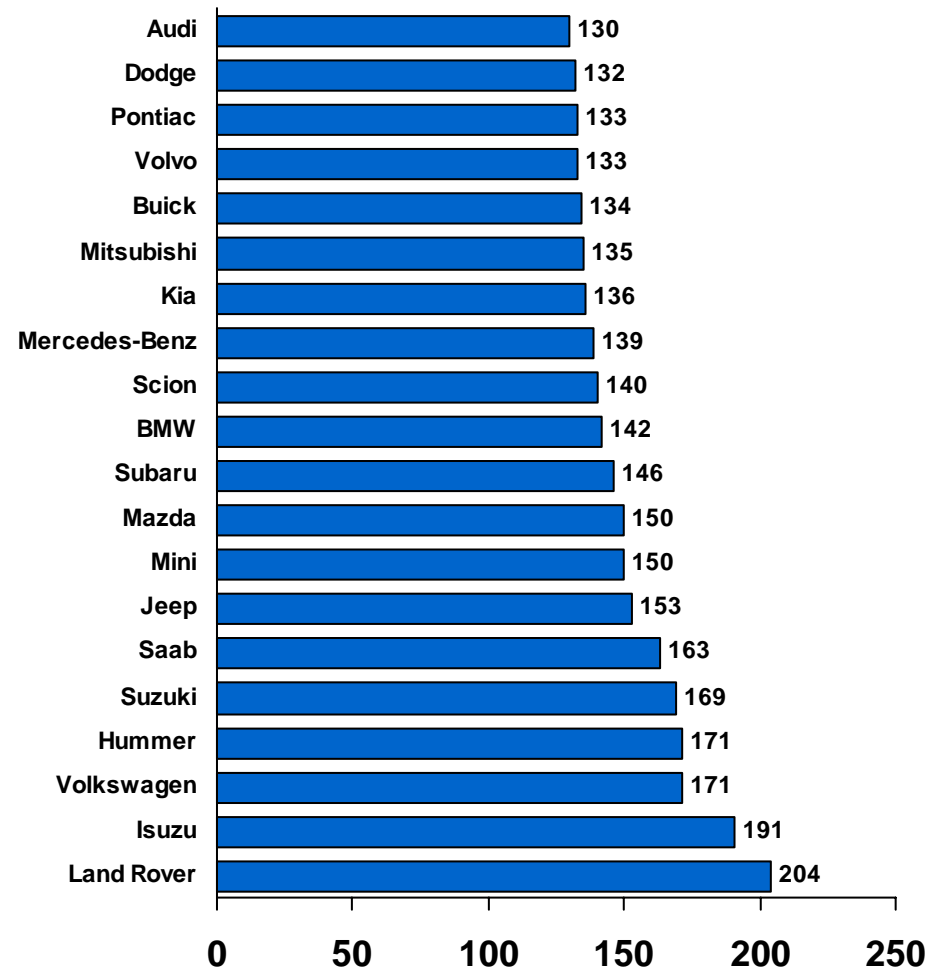
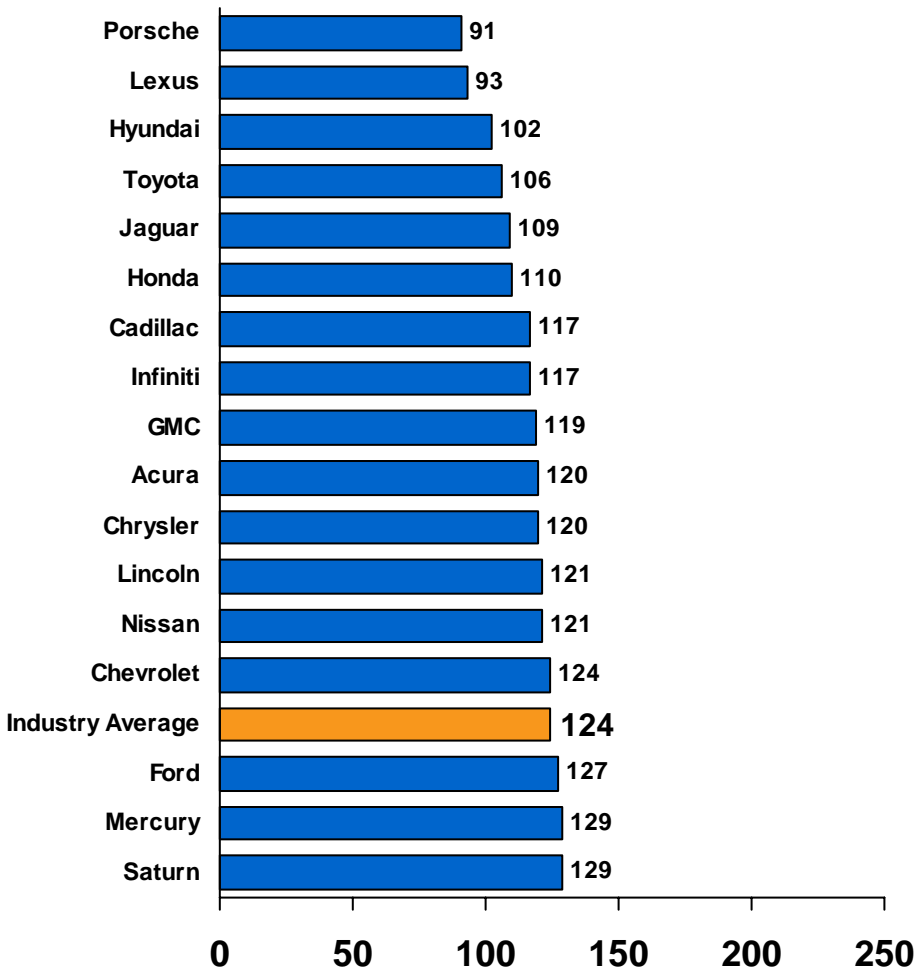


- ***Developed markets will grow at 1/3 the pace of the rest of the world***
- Demand diversification in non-mass markets (domestic vs. export) allows for more sustainable demand

# Initial Quality

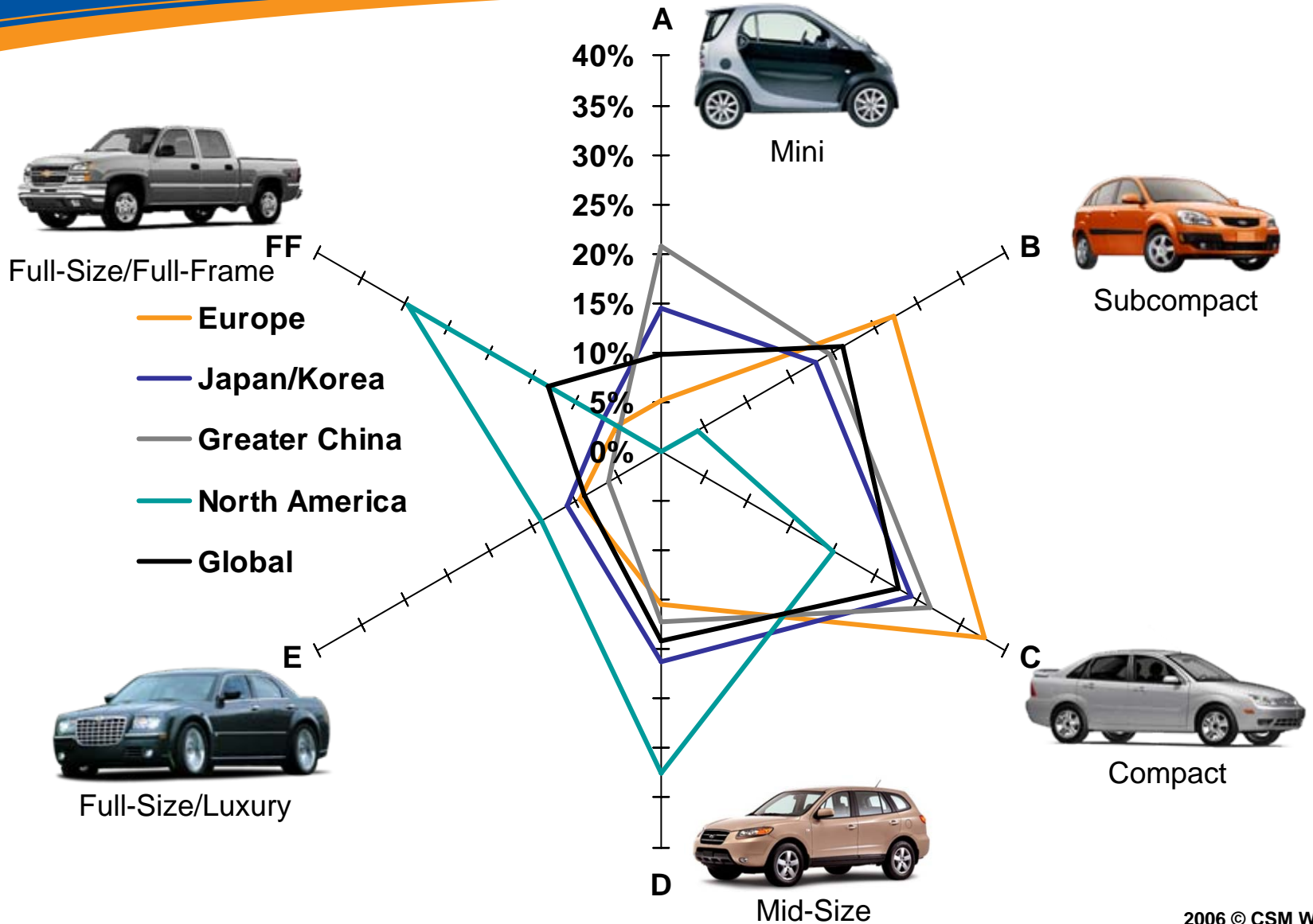
## 2006 Nameplate IQS Ranking

Problems Per 100 Vehicles



# Product Mix

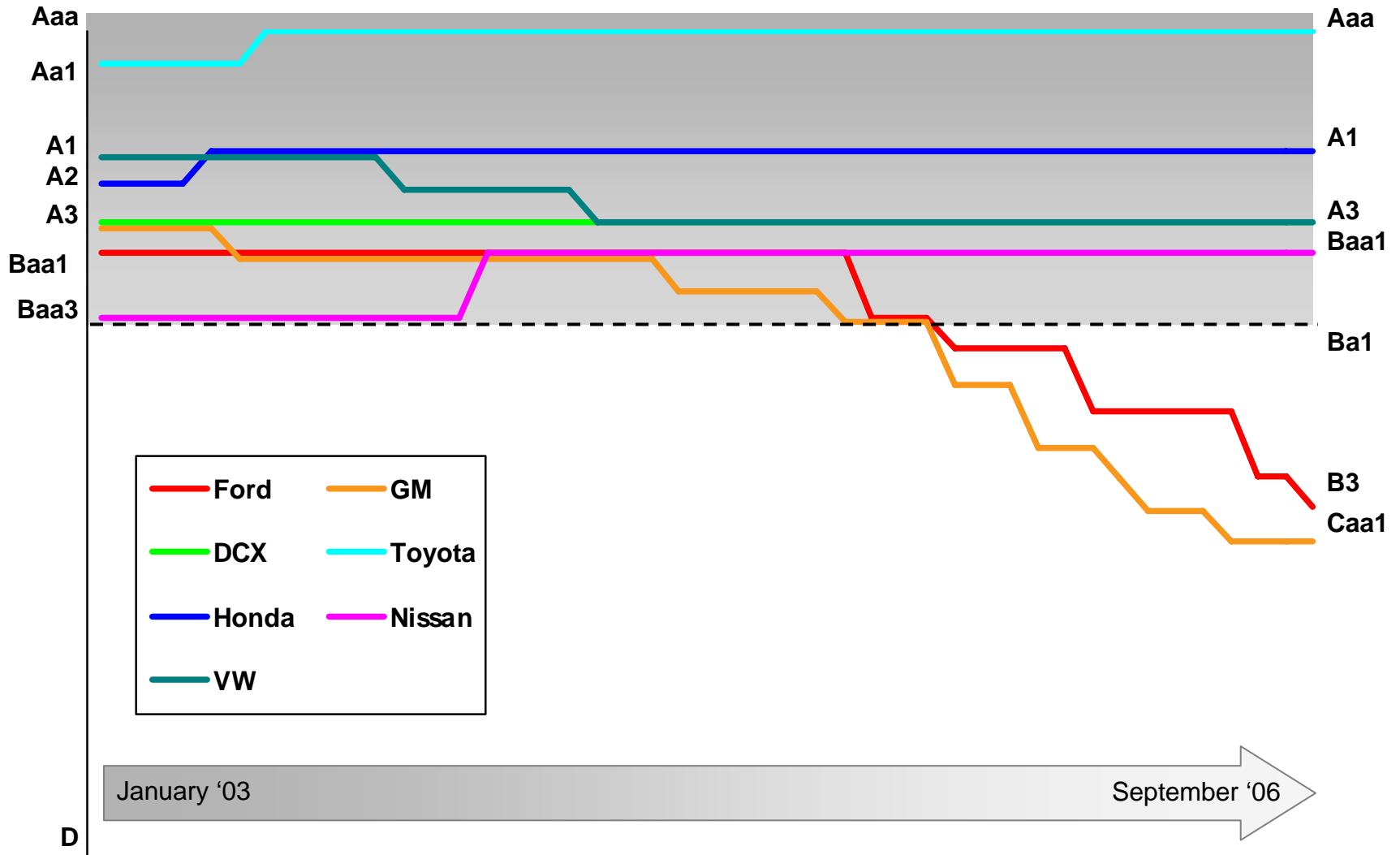
## Global Production Share By Segment - 2012



# Ratings

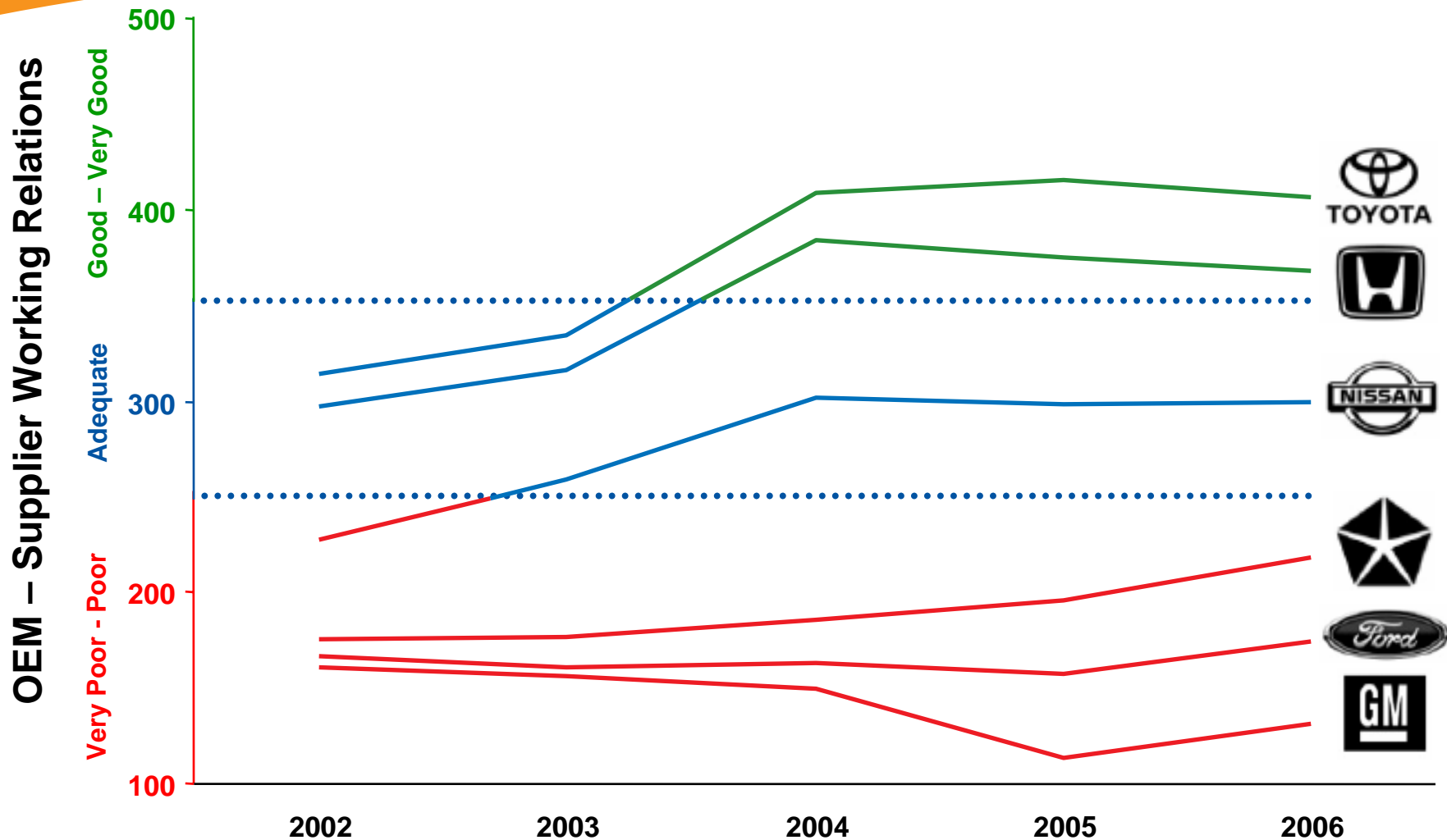
## Recent Select OEM Rating History

Investment Grade

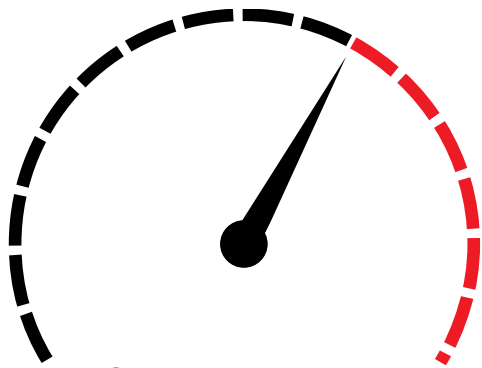


# Ratings

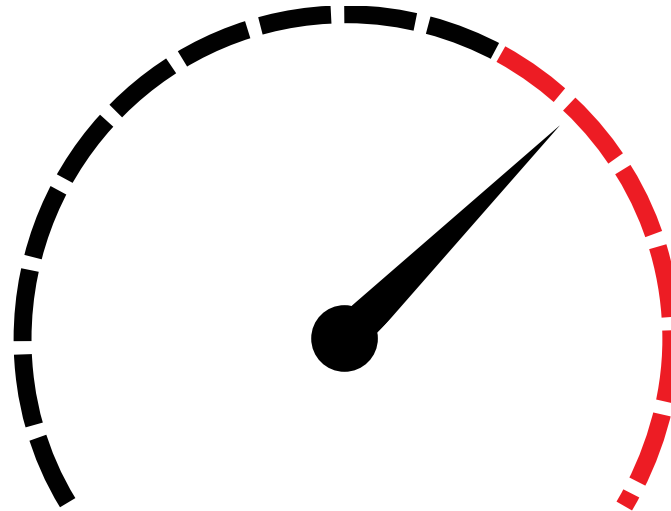
## OEM-Supplier Work Relations Index



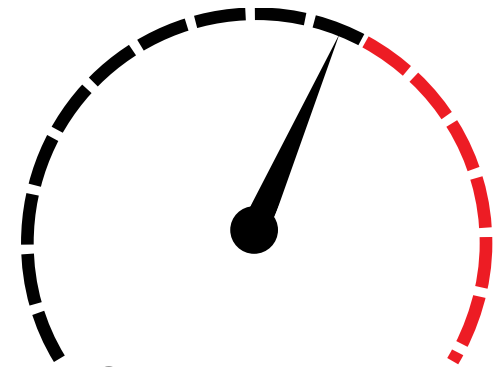
# Supplier Key Indicators



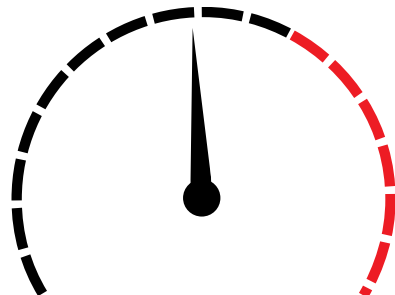
Customer Mix



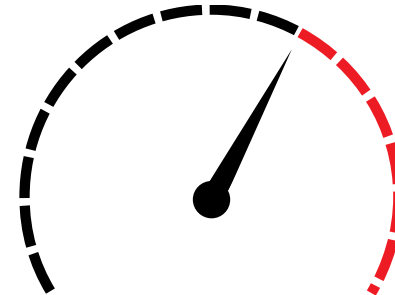
Manage Assets & Costs



Global Footprint



Platform & Product Mix



Excellence in Technology  
& Quality

# The Automotive “Squeeze Play”

Customers

OEMs

Suppliers

Raw  
Material  
Suppliers

Brand Loyalty

Willingness to Pay

Stagnation

Emerging Markets

Low Cost Car

Proliferation

Platform

Purchasing Cost  
Reduction

Vertical Integration

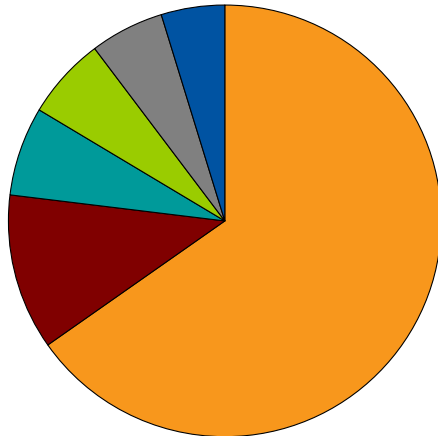
Overcapacities

Pressure on Margins

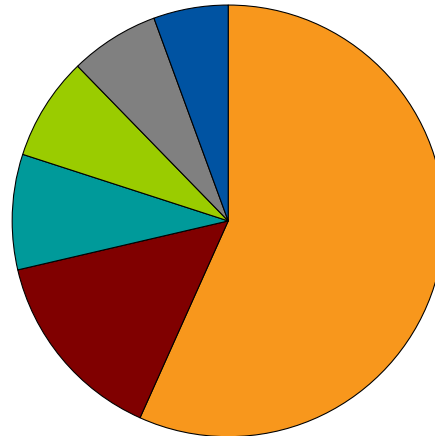
Raw Material  
Prices

Bargaining  
Power

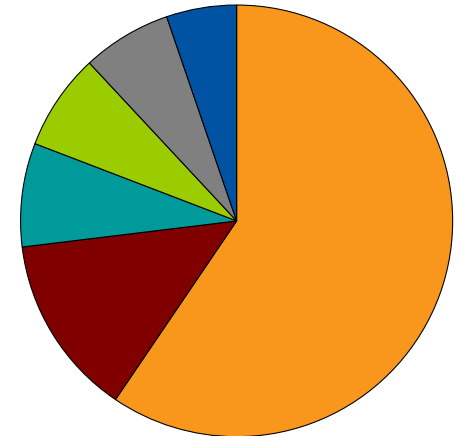
# Excellence in Technology & Quality Factors OEMs Use When Selecting Suppliers



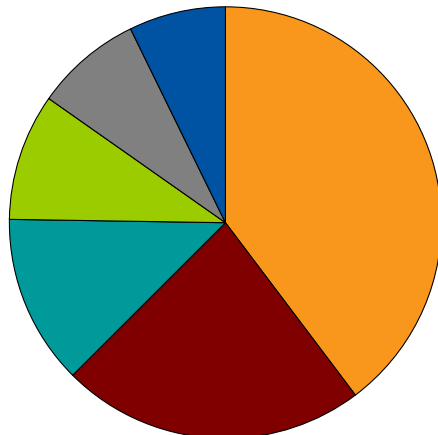
GM



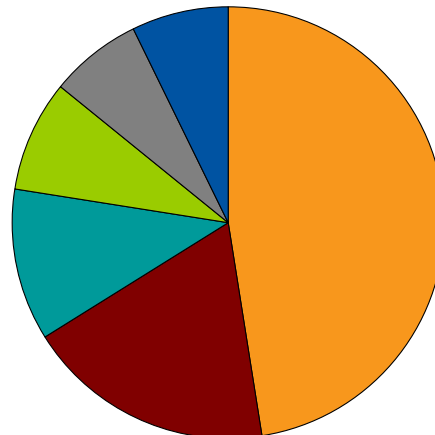
Chrysler



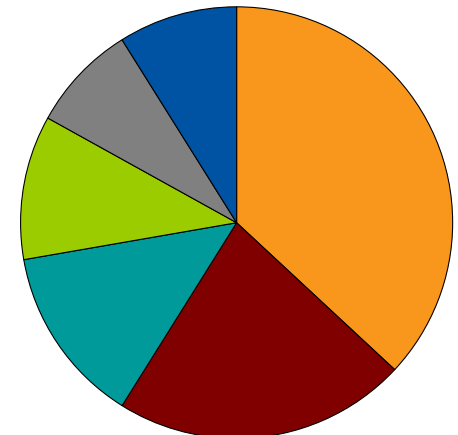
Ford









Honda



Nissan



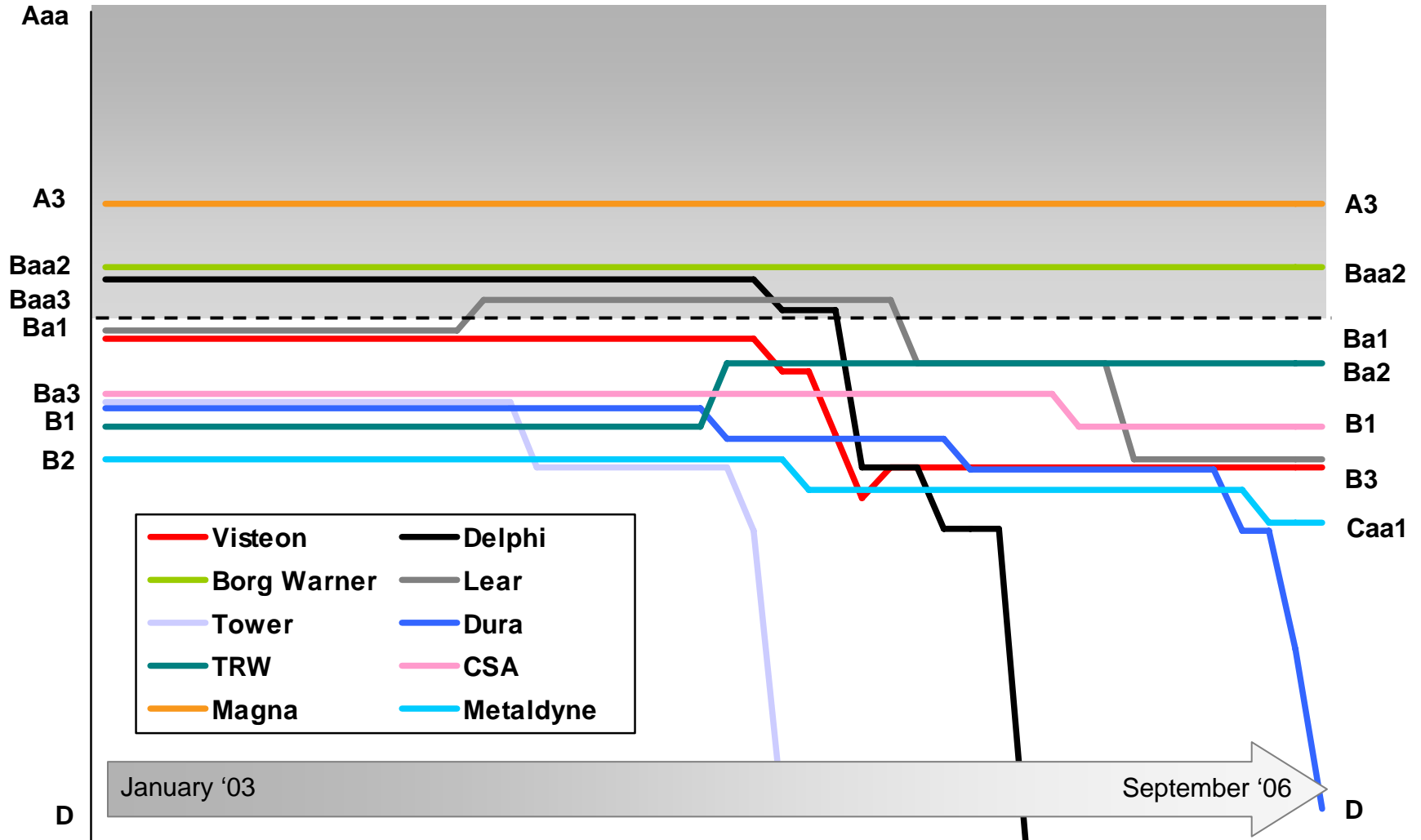
Toyota

	Cost
	Product quality
	Technology / innovation
	Delivery performance
	Service / support provided
	Overall business capabilities

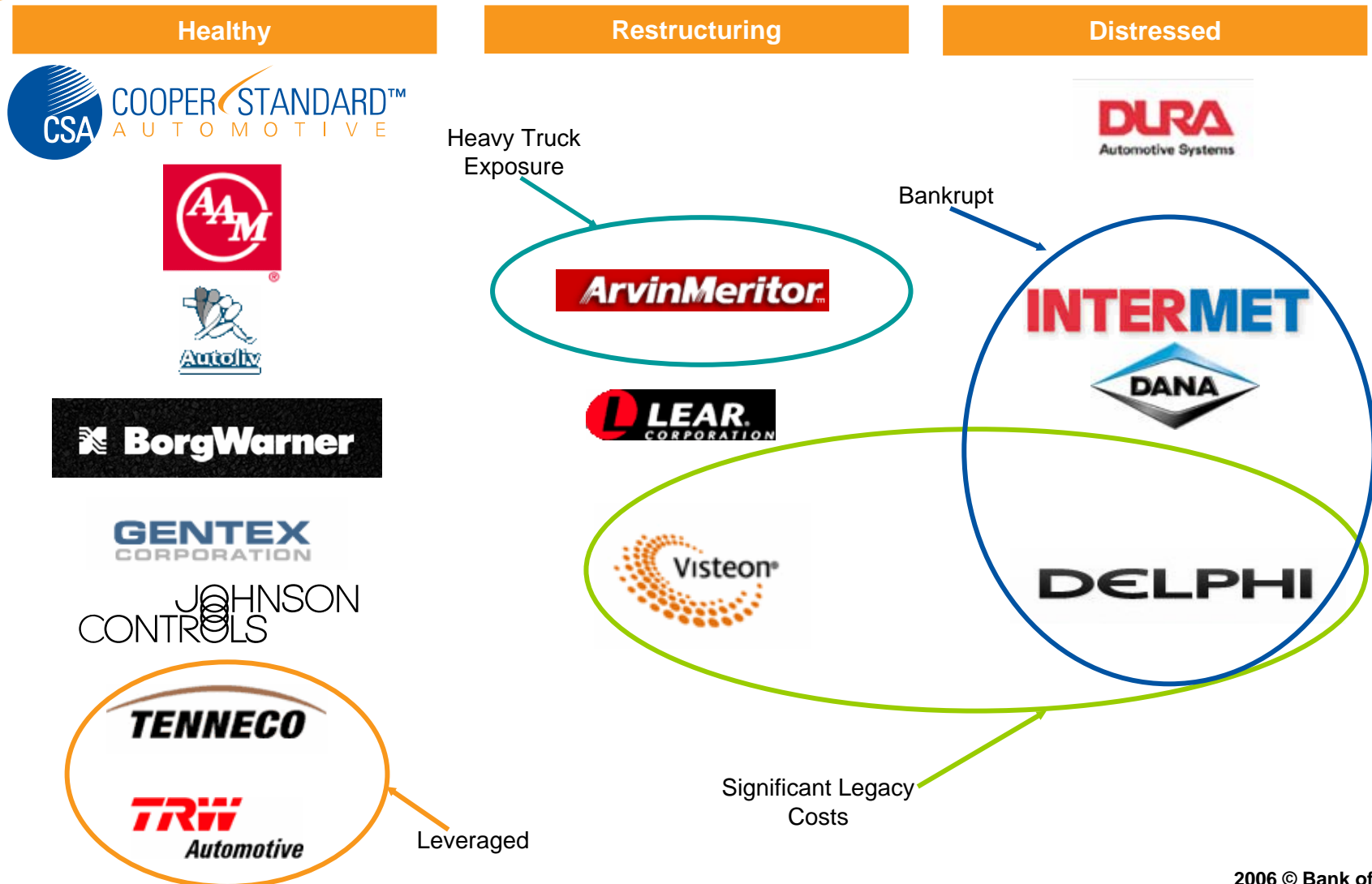
# Manage Assets & Costs

## Tier I & II Supplier Ratings History

Investment Grade

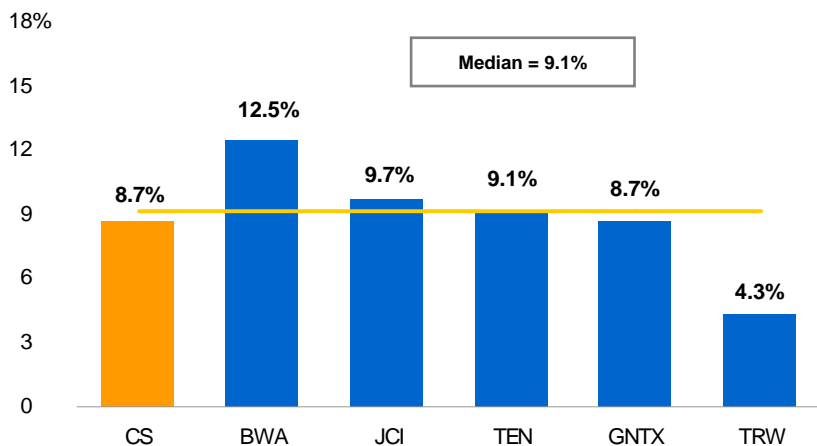


# Third Party View of Selected Suppliers

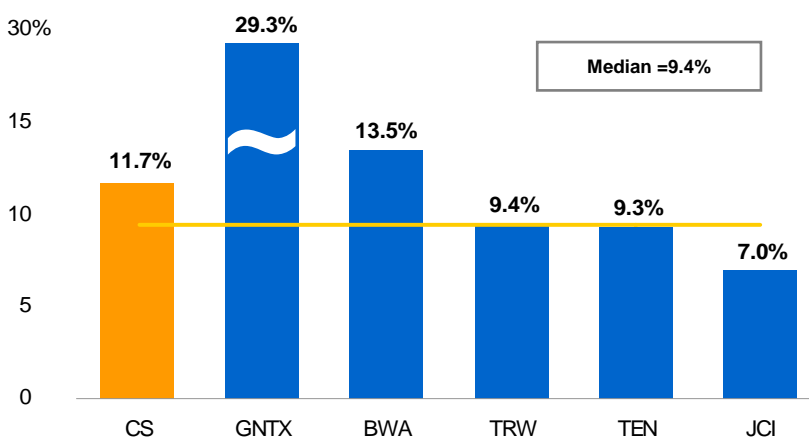


# A Financial Comparison of the Stronger Suppliers

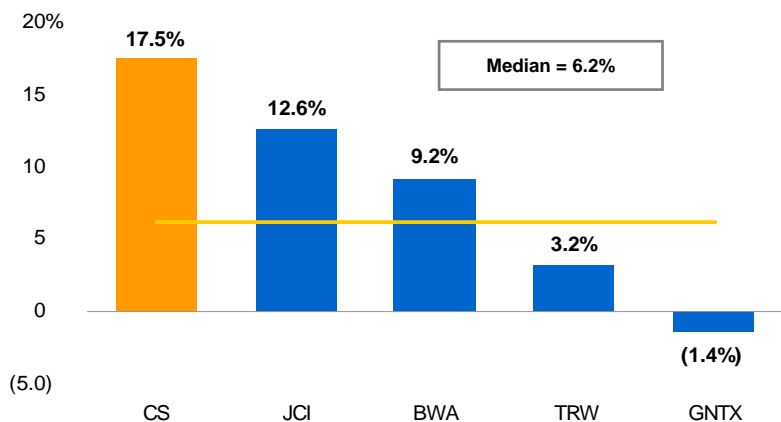
2004 – 2007E REVENUE CAGR (a)



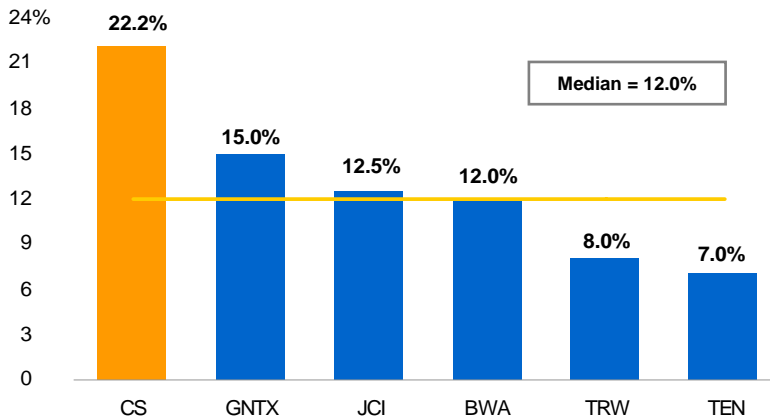
2005 EBITDA MARGIN (b)



2004 – 2007E EBIT GROWTH CAGR (c)



5-YEAR EPS GROWTH (d)



Source: Based on publicly available sources. CS based on Company model, Company filings and OM for Jan. 2006 term loan. Note: Medians exclude Cooper-Standard.

(a) Cooper-Standard 2007 pro-forma for FHS acquisition.

(c) Cooper-Standard reflects 2005 – 2007E EBIT CAGR. 2007E pro-forma for FHS acquisition.

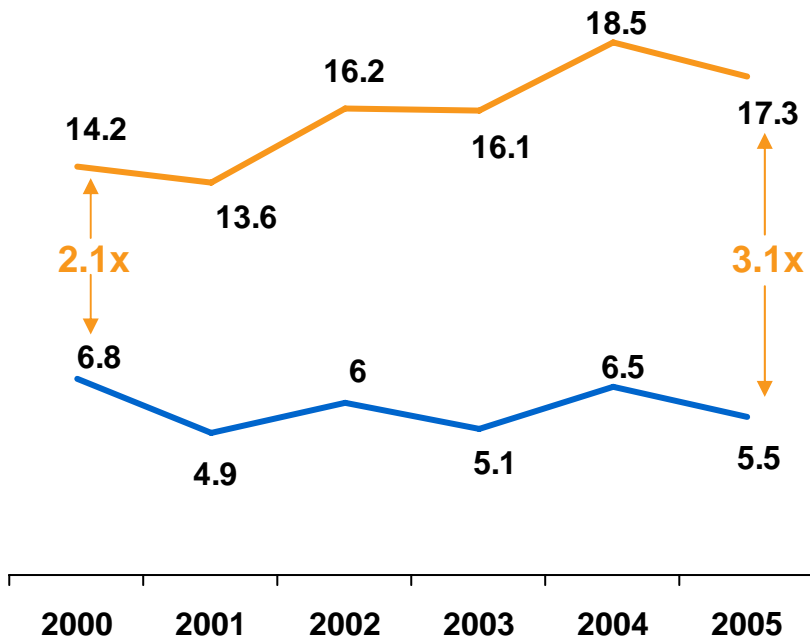
(b) Cooper-Standard reflects adjusted EBITDA margin and pro-forma for FHS.

(d) 2005 – 2010E EPS CAGR. Cooper-Standard pro-forma for \$186 mm net proceeds from IPO used to de-leverage.

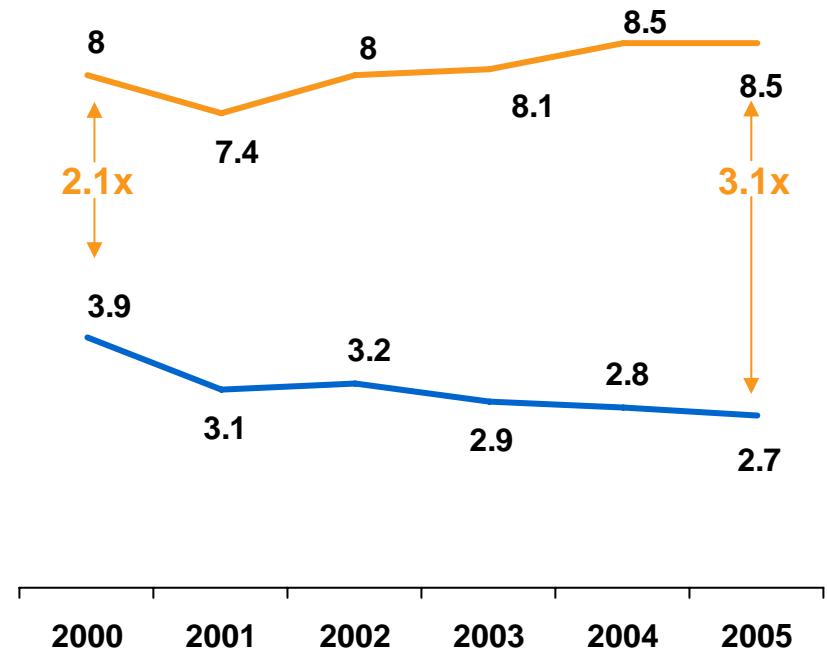
# Profitability of Automotive Suppliers 2000 - 2005

The profitability gap between low and top performers has further widened over the past five years.

ROCE (%)



EBIT Margin (%)



# Strategies of Top Performers

There are 12 areas where top performers applied – on average – different strategies than low performers.

## Revenue Structure

- 1 Focused product portfolio
- 2 Broad customer base
- 3 Relatively low share of “Big 3” revenues
- 4 Globally diversified revenue split

## Operating cost

- 5 Heavy use of low cost locations
- 6 Selective R&D spending
- 7 High value added per employee
- 8 Above-average investment activities

## Balance sheet structure

- 9 Excellence in working capital Management
- 10 Financial flexibility through reduced gearing

## Qualitative aspects

- 11 Stable management Structures
- 12 Lean and Customer focused organization



COOPER STANDARD™  
A U T O M O T I V E

***The Automotive Industry  
Changing, but Still Alive and Well***

*Jim McElya*

*CEO, Cooper-Standard Automotive*



COOPER STANDARD™  
A U T O M O T I V E

**Q & A**