

AAPL Supplier Information

18 Nov 2004

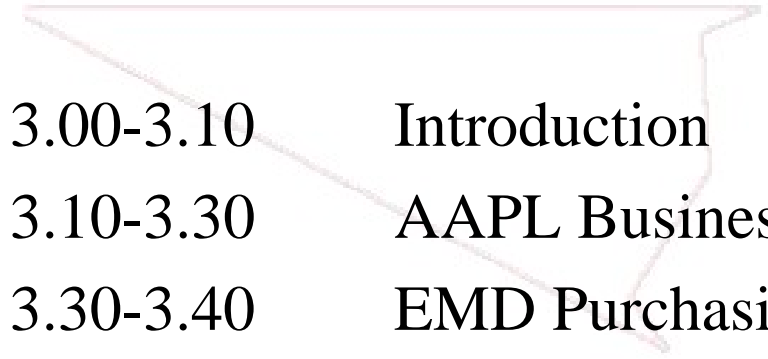
- Quality**
- Cost**
- Delivery**
- Technology**
- Administration**
- Environment**



presented by

Agenda

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



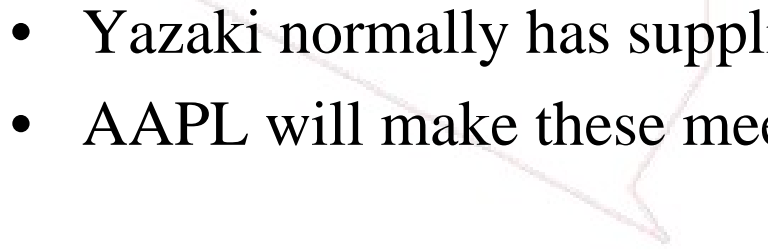
3.00-3.10	Introduction	Scott
3.10-3.30	AAPL Business	Paul
3.30-3.40	EMD Purchasing Volumes	Scott
3.40-4.00	Other Purchasing Issues	Charlie
4.00-4.50	Supplier Manual / SQA Issues	Mike
4.50-5.00	Yazaki Green Sourcing Policy	Zoran

A plant tour will be conducted if time permits



Introduction

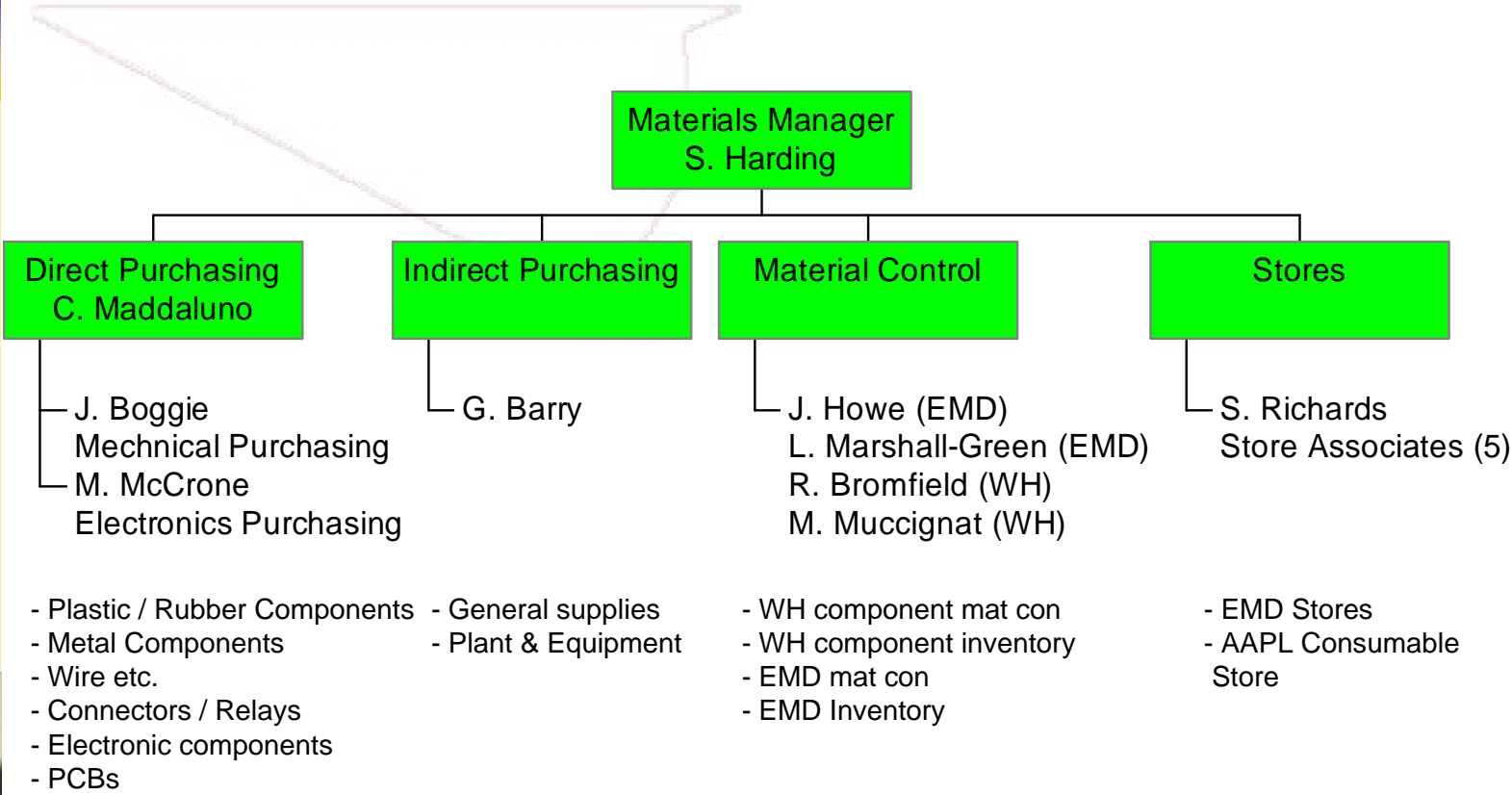
- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

- 
- Yazaki normally has supplier days quarterly
 - AAPL will make these meetings yearly
 - Review of local and international trended
 - Feedback on best practice observed in the industry
 - Next year we plan on awarding the top suppliers based on QCDTAE.



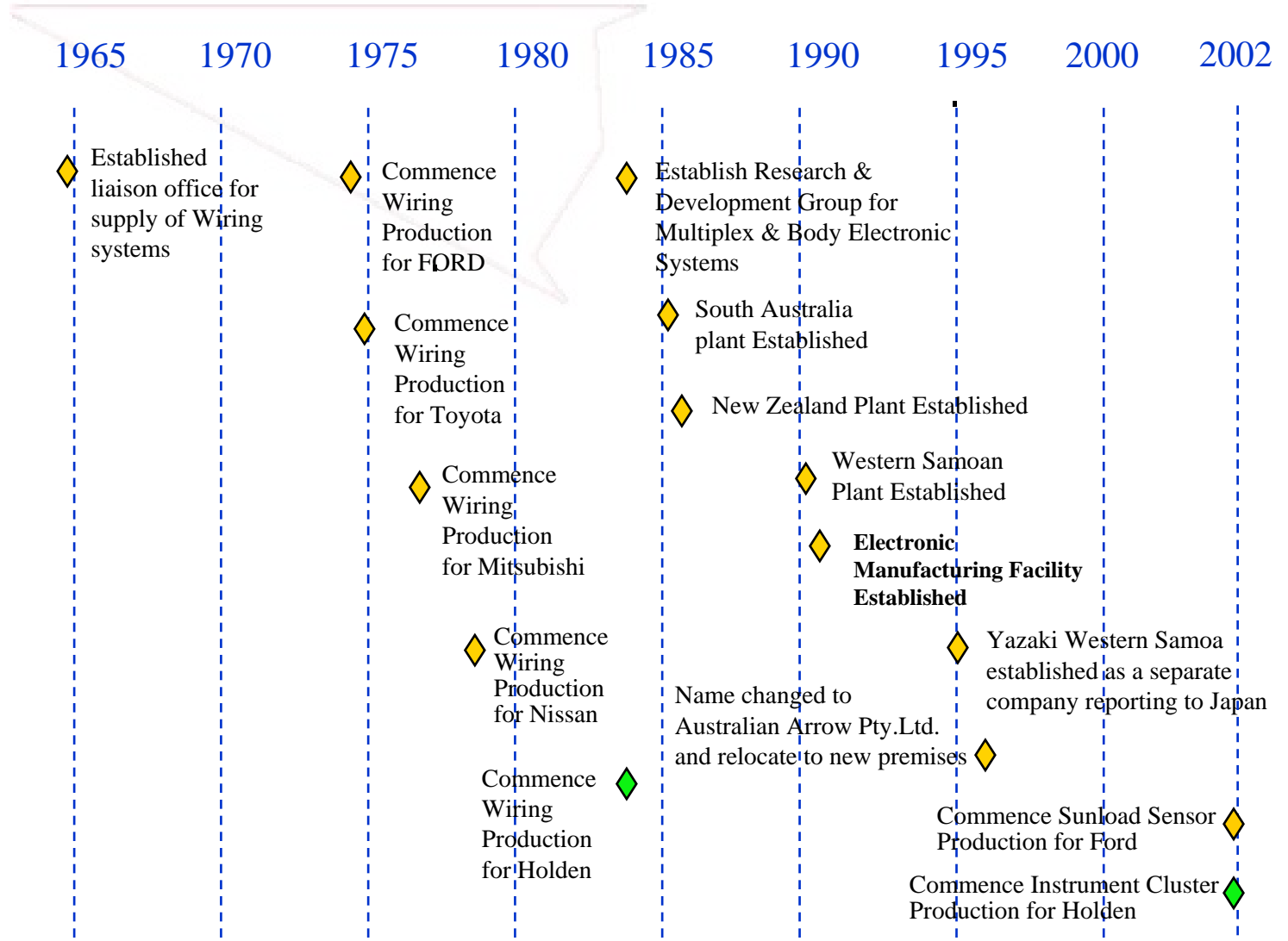
Materials Group Structure

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



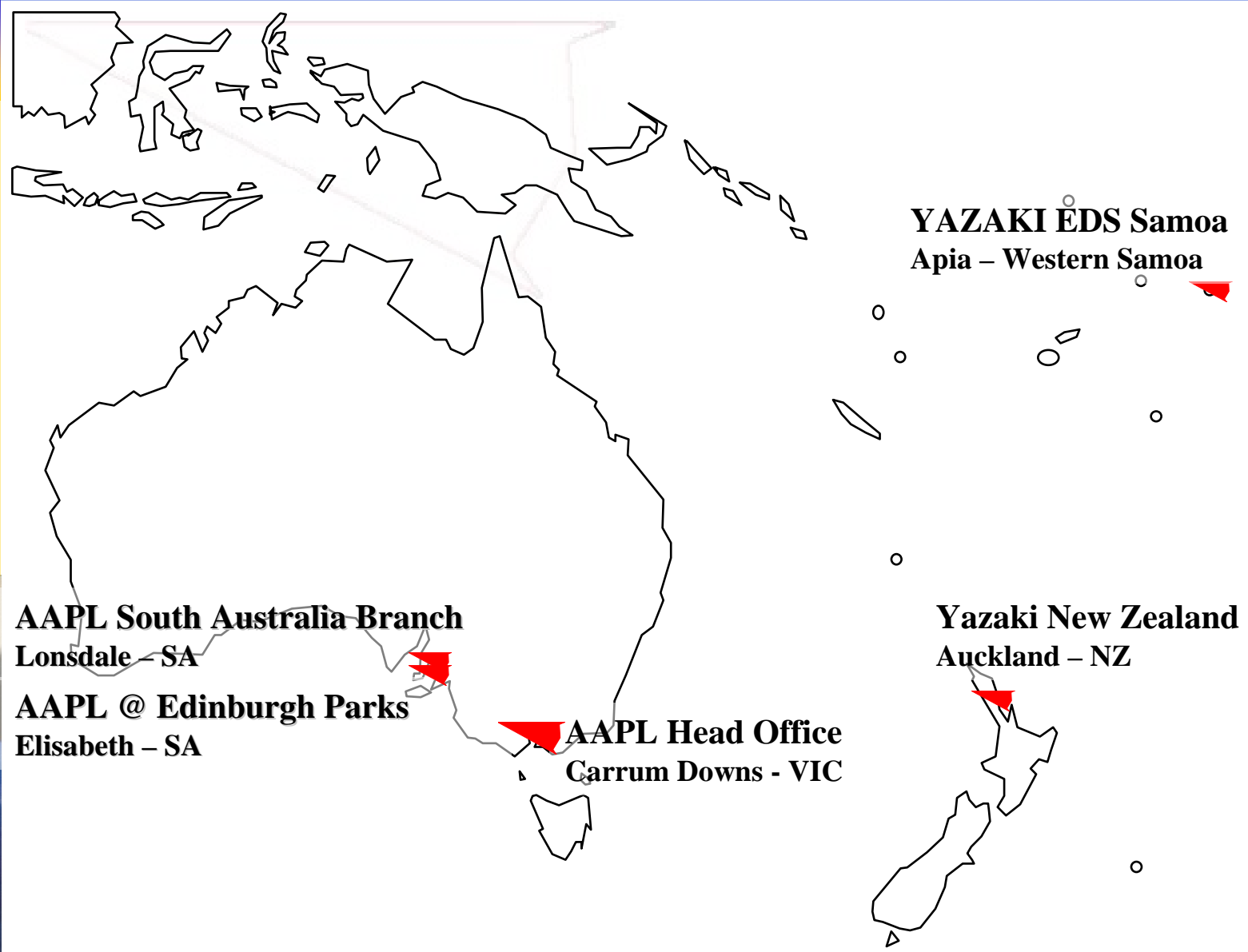
AAPL History

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



AAPL Locations

- Quality**
- Cost**
- Delivery**
- Technology**
- Administration**
- Environment**



Overseas Production Location Indonesia

Quality
Cost
Delivery
Technology
Administration
Environment



- **SAMI Plant Size**

- 48,000 Sqm
- ~900 Employees (up to 1,800 at full capacity)
- Five days per week, 2 shifts
- Customers: Holden 100%



Overseas : Production Location Samoa

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

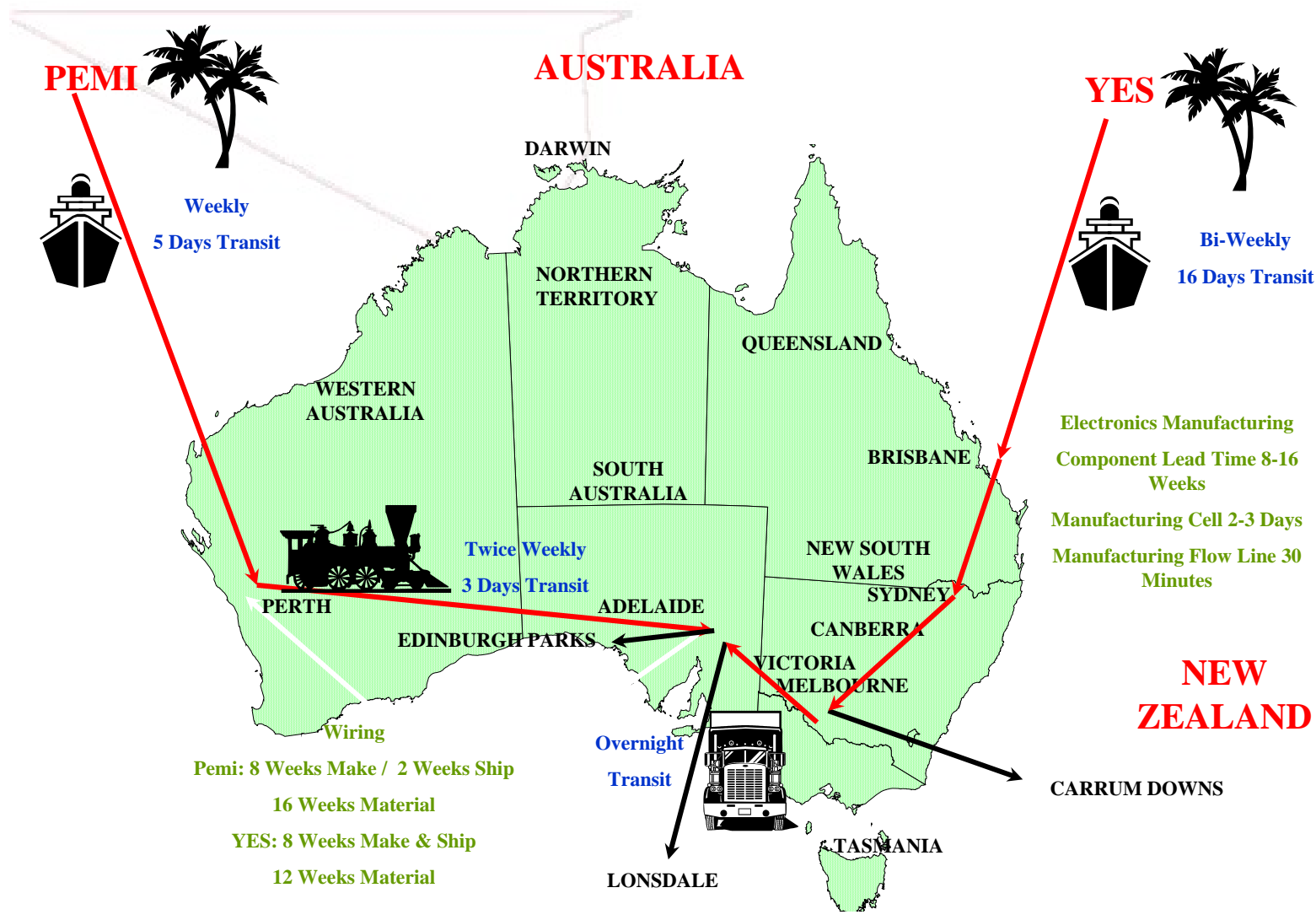


- YES Plant Size

- 26,000 Sqm
- 2000 Employees
- Five days per week, 1 shift
- Customers: 48% Toyota, 34% Holden, 18% Mitsubishi



- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



AAPL Automotive Industry Awards

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

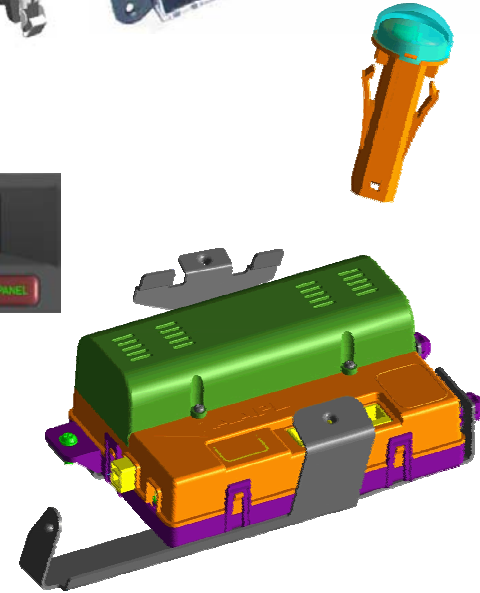
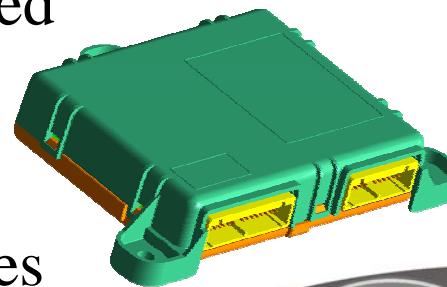
- 2004: TS16949 Certification
- 2003: Toyota Australia – Environmental Excellence Award
- 2003: HOLDEN Supplier of the Year
- 2002: Victorian Manufacturing Hall of Fame Induction
- 2001: FCAI Australian Supplier of the Year
- 2001: Toyota Australia VA/VE Award
- 2001: Mitsubishi Supplier of the Year
- 2000: ISO14001 Certification
- 1999: Mitsubishi Supplier Excellence Award
- 1999: Re-certified to Ford Q1
- 1999: FCAI Supplier of the year finalist
- 1997: UL QS9000 / ISO9000
- 1997: Toyota Australia VA/VE Award
- 1996: Mitsubishi VE/VA Award
- 1995: General Motor’s QSP Worldwide Supplier of the Year
- 1994: Mitsubishi VE/VA Award
- 1994: Ford Q1 Award
- 1992: Mitsubishi VE/VA Award
- 1991: Toyota Australia Supplier of the Year



AAPL Automotive Products

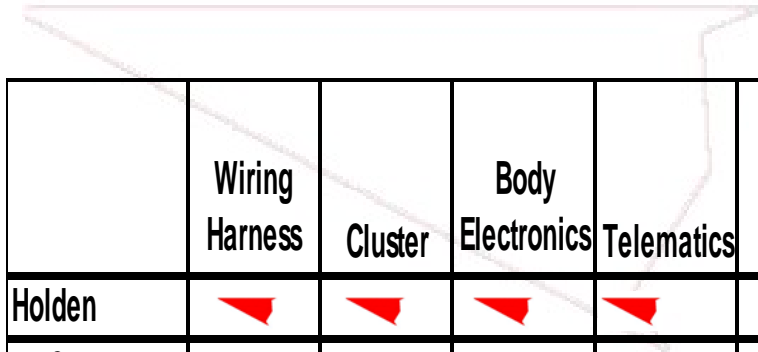
Quality
Cost
Delivery
Technology
Administration
Environment

- Wiring Harness
- Multi-Function Displays
- Clocks
- Trip Computers
- Instrument Clusters
- Computer Integrated Relays
- Keyless Entry
- Telematics Modules
- Body Electronic Modules
- Gateway Modules



AAPL Automotive Products

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



	Wiring Harness	Cluster	Body Electronics	Telematics	Clocks	Multi Function Displays	Keyless Entry	Sun Sensors	Gateway Modules	Centre Display Gauges
Holden	▶	▶	▶	▶	N/A	▶	▶	▶	▶	▶
TMCA	▶	.	▶	▶	▶	▶	▶	▶	.	.
MMAL	▶	.	.	N/A	N/A	▶
Ford	.	.	.	N/A	.	.	.	▶	.	.
Saab	▶	.	▶	.	.
Volvo	.	.	▶	▶	.
Isuzu	▶	.	.	.

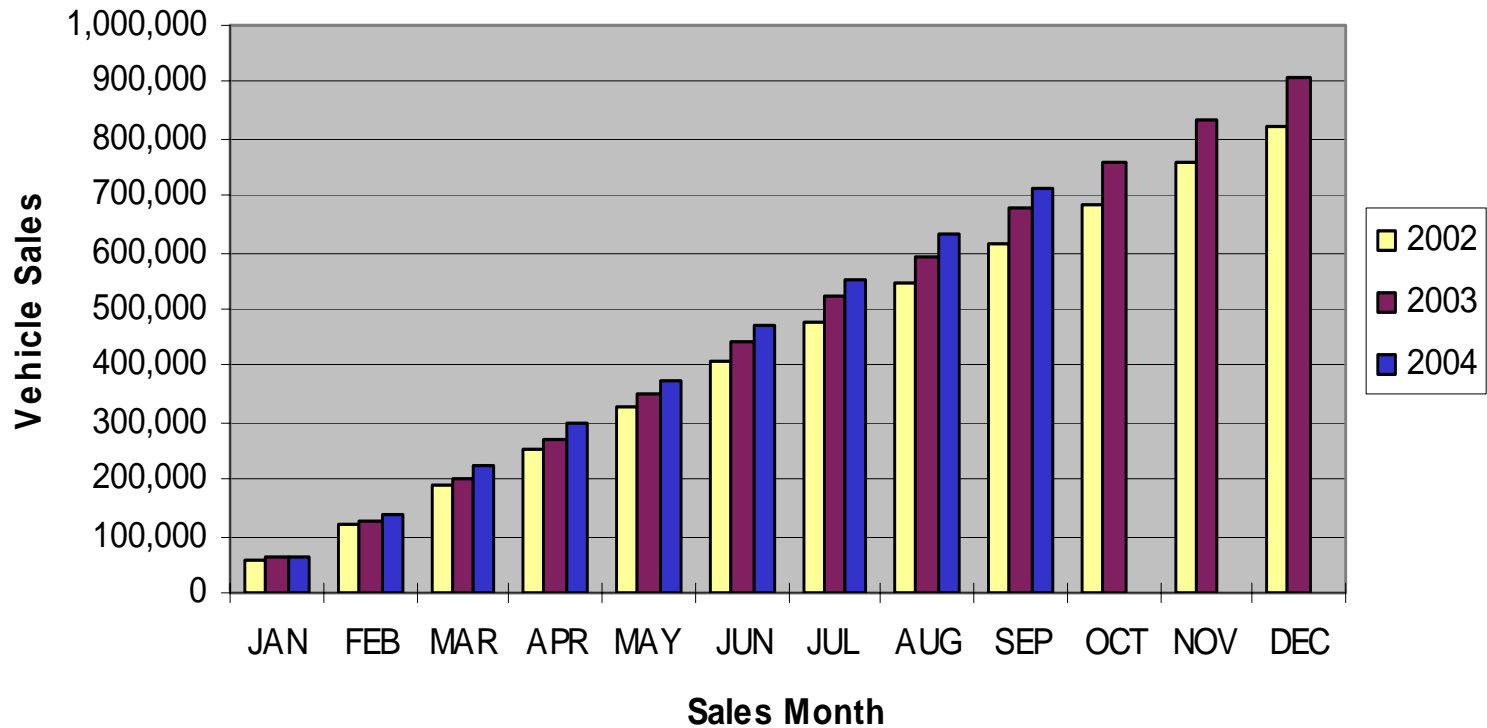


Customer Information

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



Full Year Sales 2002 v 2003 v 2004
Total Vehicle Market



Customer Information

Australian Production Summary

2004	Holden	Ford	Toyota	Mitsubishi	Total
January	8,506	6,012	6,982	514	22,014
February	13,801	8,856	9,733	2,703	35,093
March	15,408	10,637	10,669	2,876	39,590
April	13,166	7,219	8,194	2,063	30,642
May	14,716	10,904	10,063	2,565	38,248
June	15,730	10,422	10,094	2,463	38,709
July	8,480	10,642	7,184	1,377	27,683
August	12,652	11,524	10,757	1,369	36,302
September	16,656	10,549	10,704	1,189	39,098
October	16,473	9,898	10,023	1,405	37,799
November	0	0	0	0	0
December	0	0	0	0	0
Year to Date	135,588	96,663	94,403	18,524	345,178

Quality

Cost

Delivery

Technology

Administration

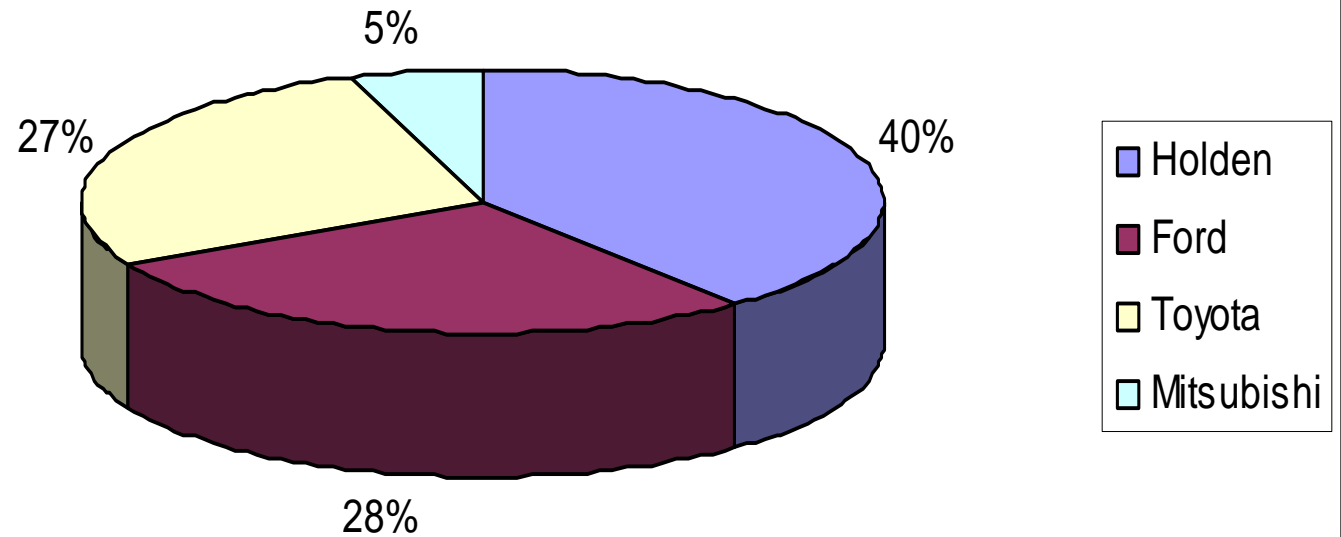
Environment

Customer Information

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

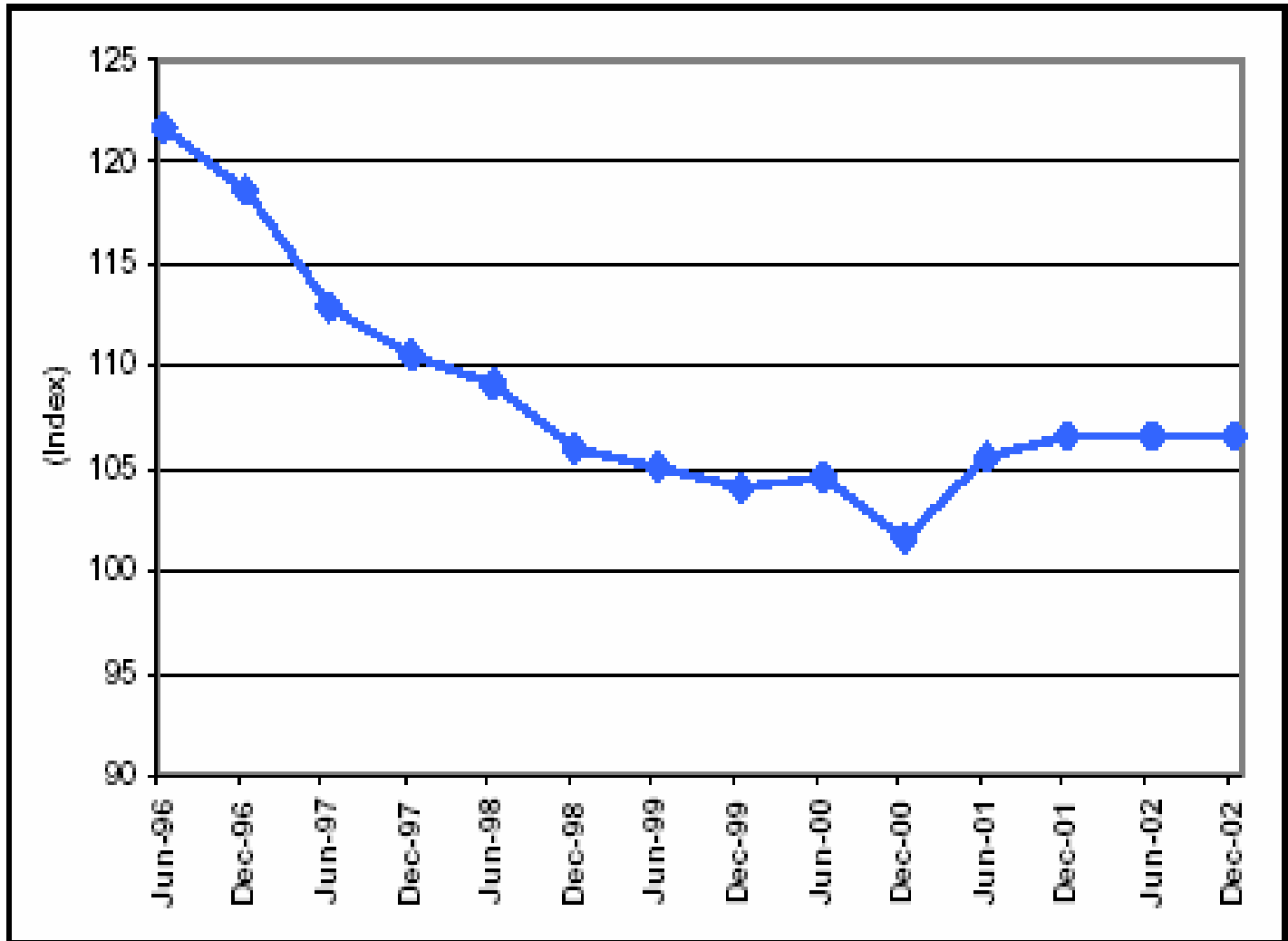


Local Production - Market Share



Vehicle Cost Price Index

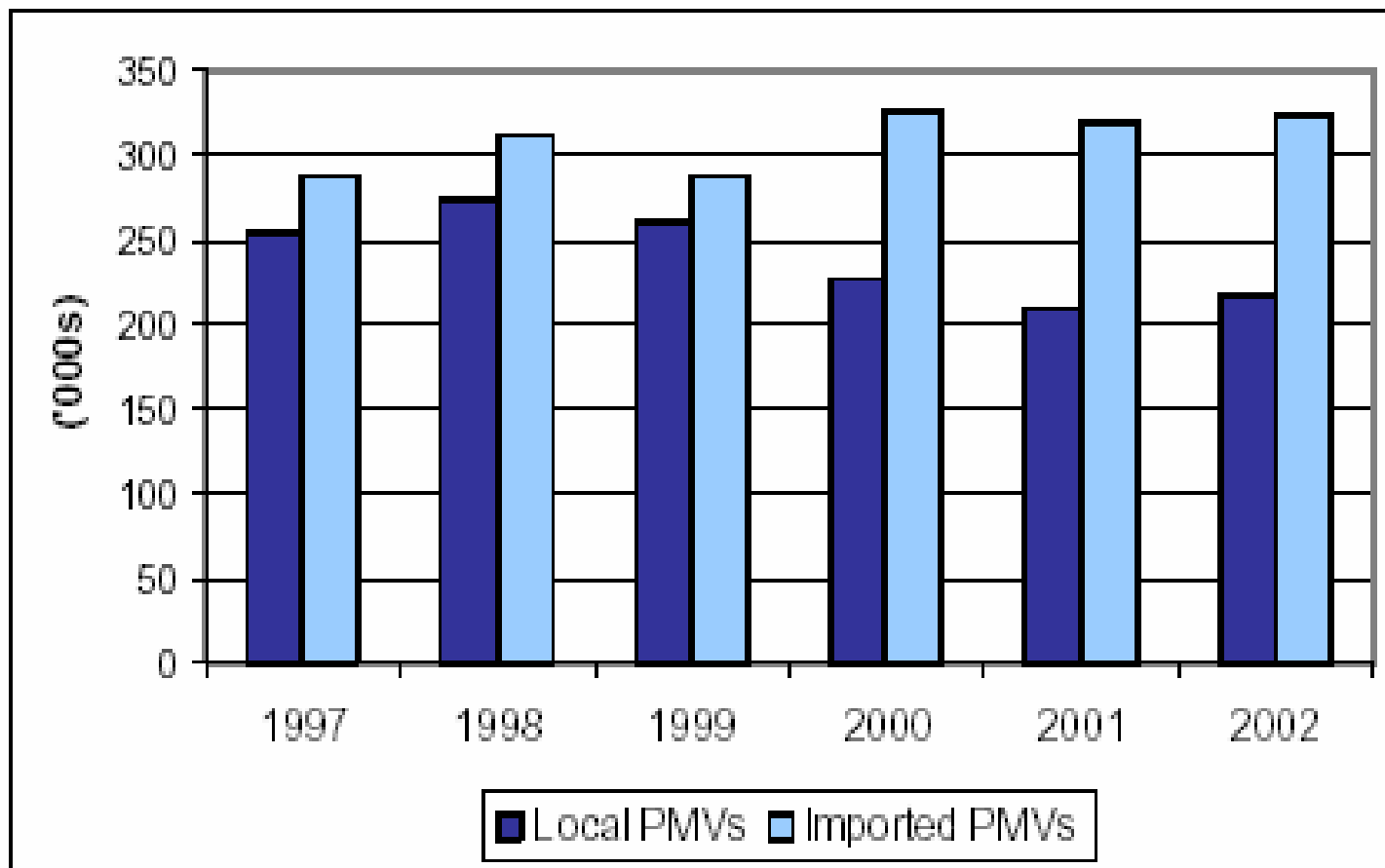
- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



Locally Produced Vehicle Registrations versus Imported Vehicles

1.2 Passenger motor vehicle sales

Figure 1.2.1 Locally produced and imported PMV sales



Quality

Cost

Delivery

Technology

Administration

Environment

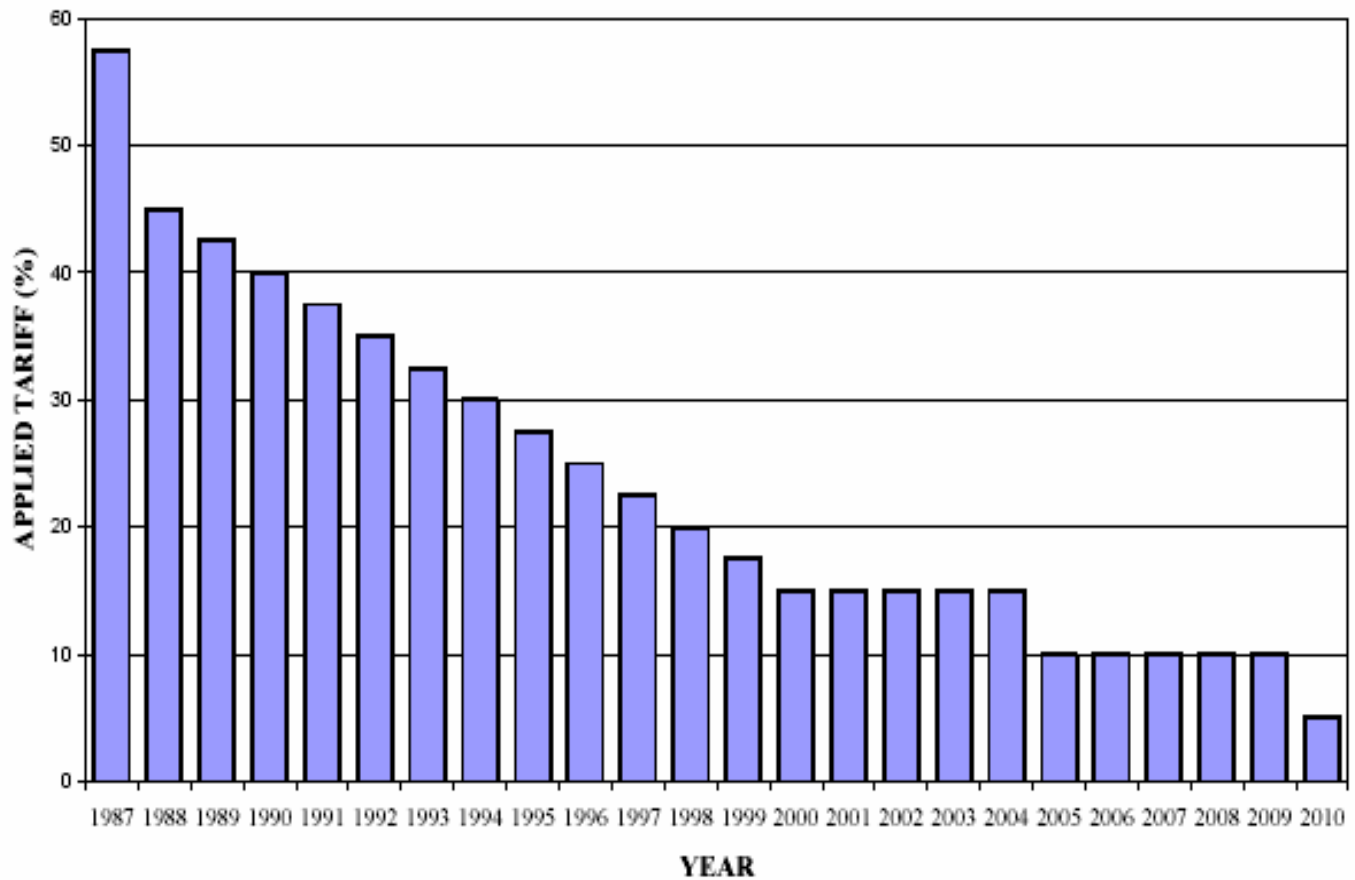


Tariffs (Import Duty) on Private Motor Vehicles and Components

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

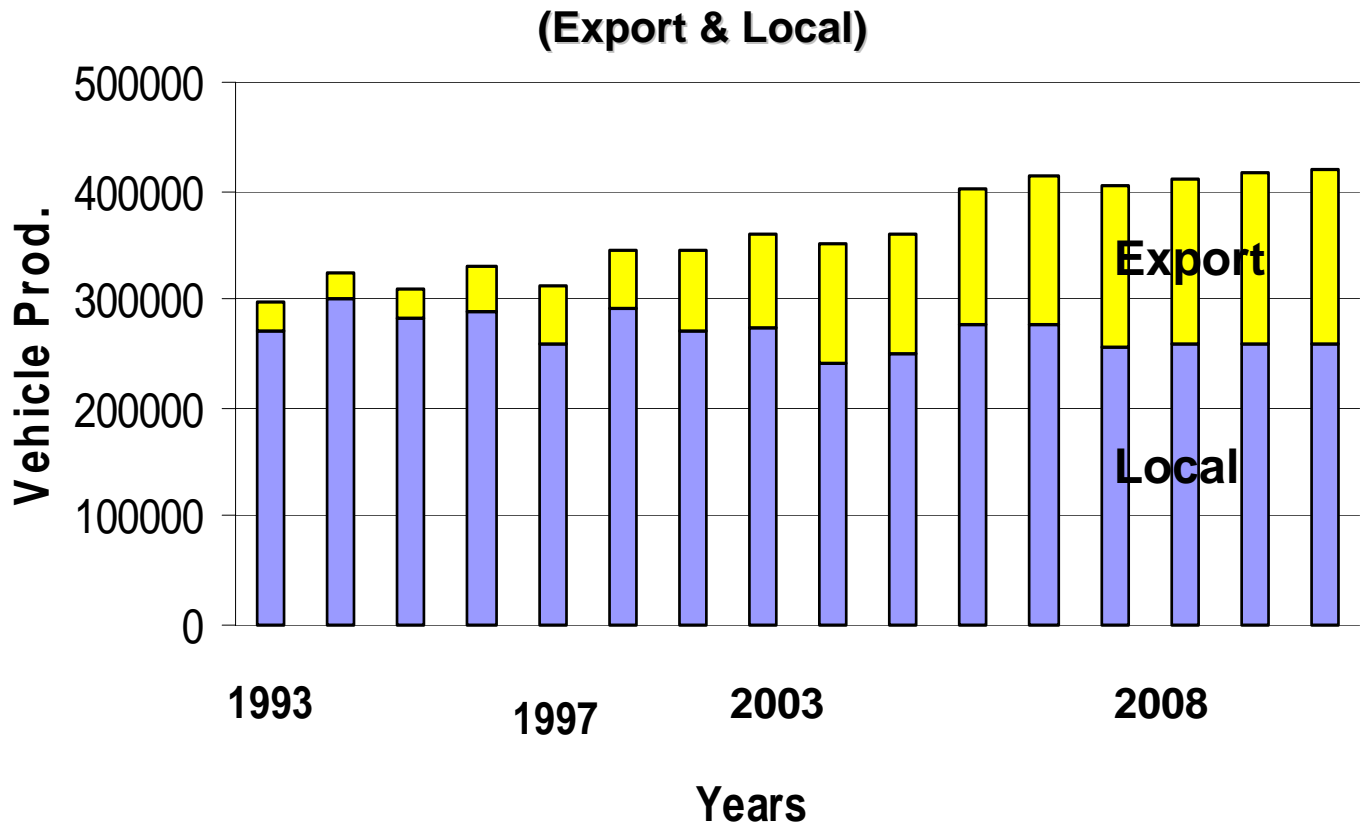


AUSTRALIAN AUTOMOTIVE TARIFFS



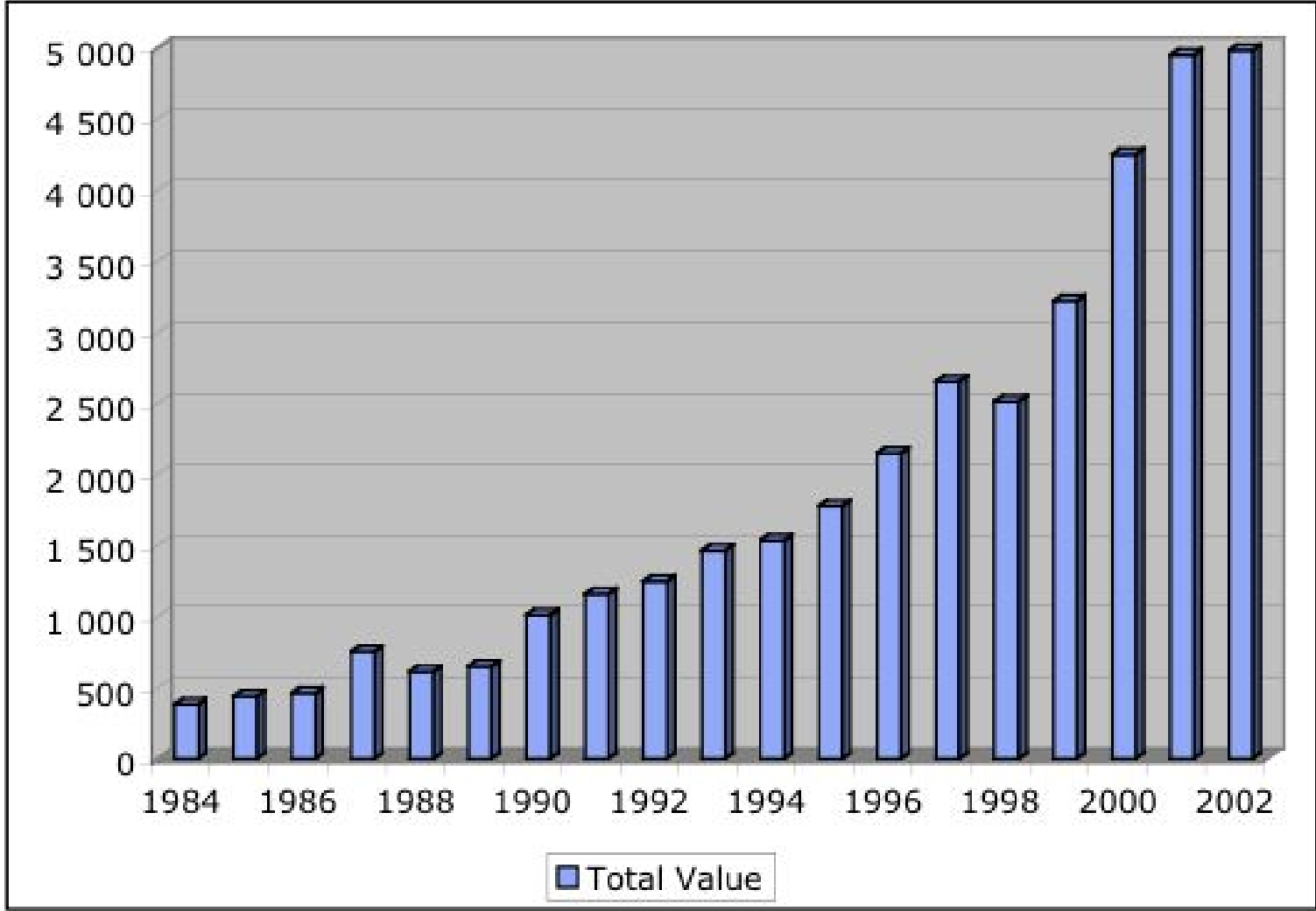
Vehicle Production

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



Australian Automotive Export Sales

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

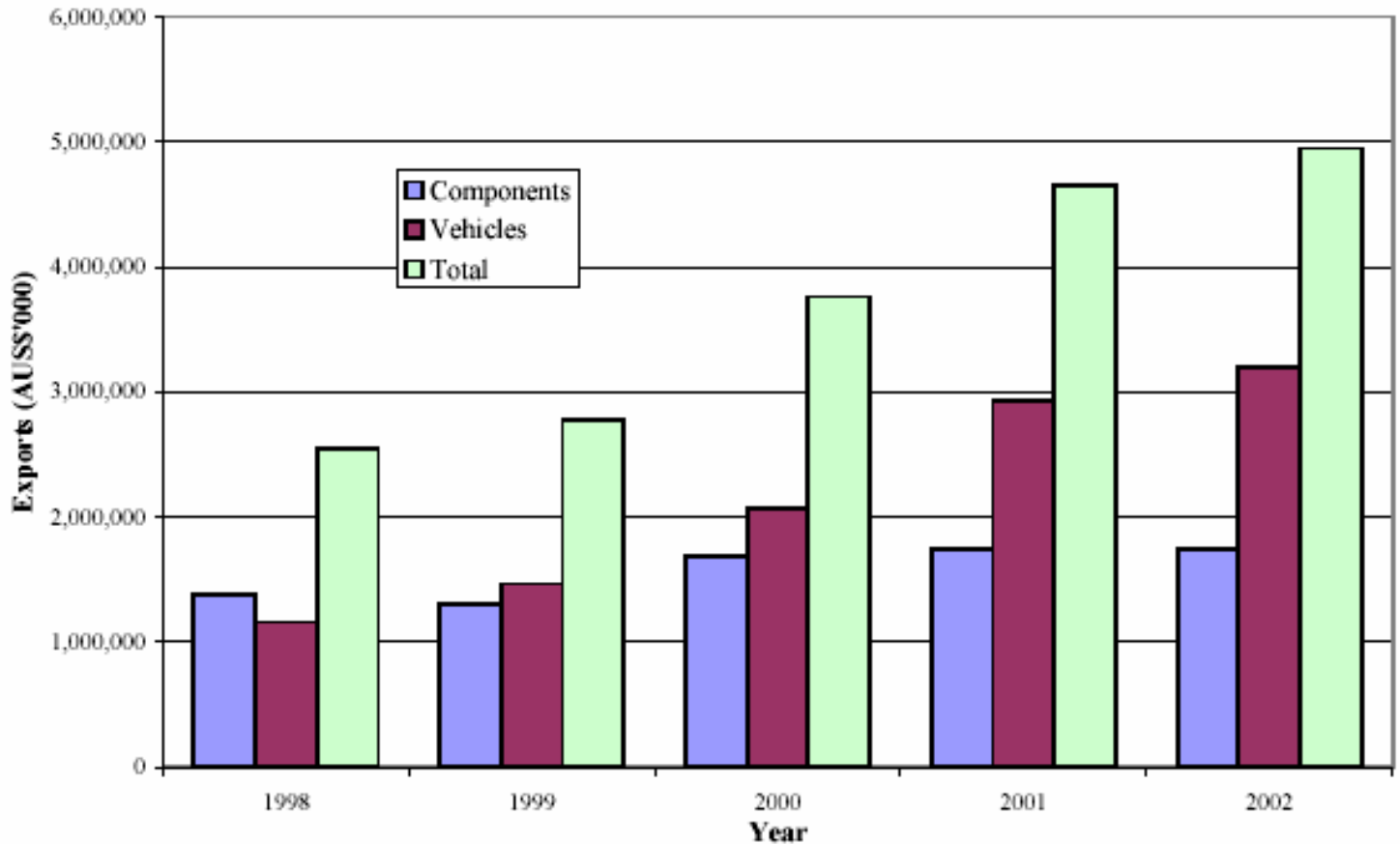


Export of Automotive Products - Breakdown

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment



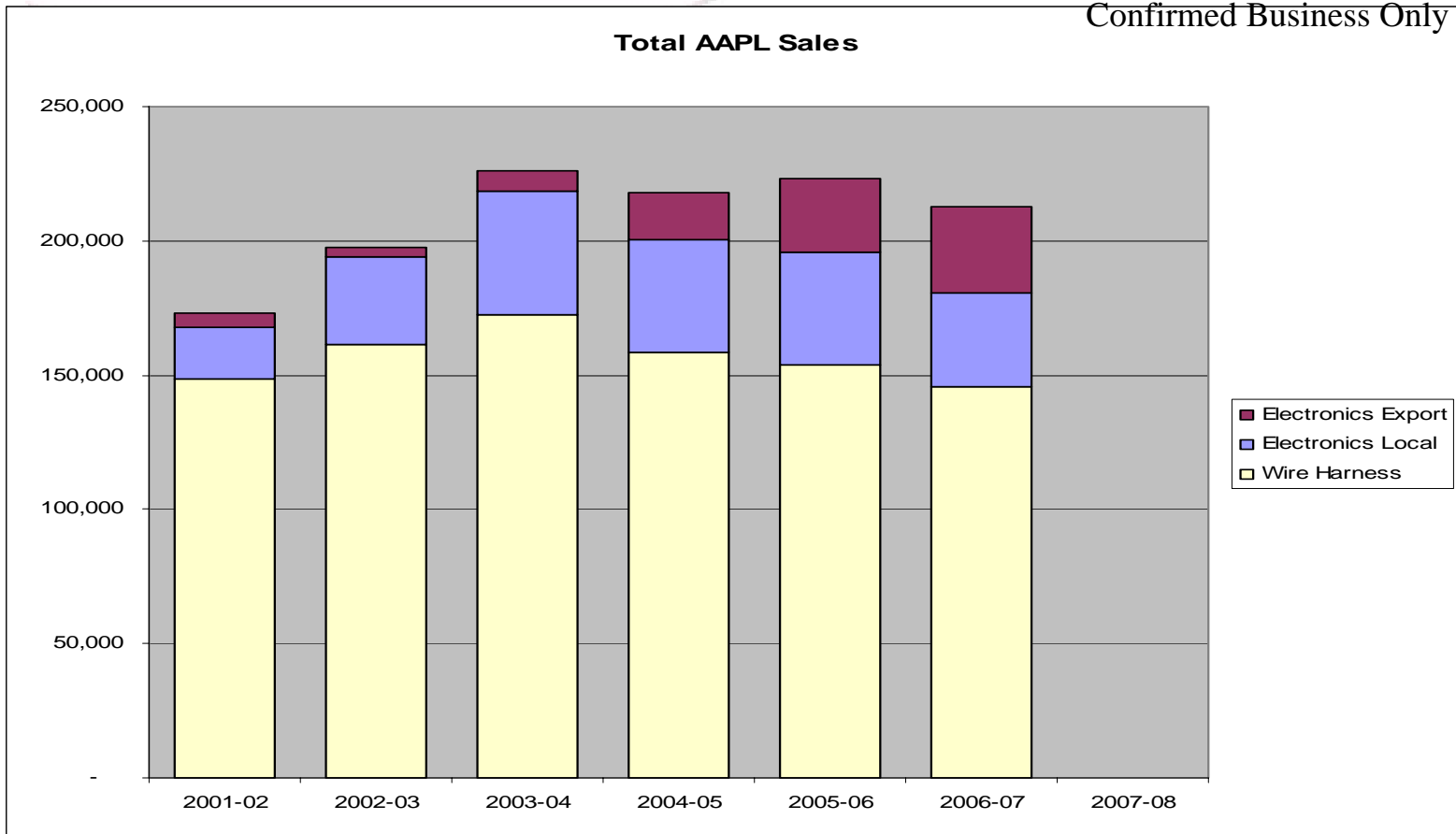
EXPORTS OF AUTOMOTIVE VEHICLES AND COMPONENTS



Source: Department of Foreign Affairs and Trade Stars Database

Sales Forecast

Quality
Cost
Delivery
Technology
Administration
Environment



- Increase in Local Electronics 2006-07
- Increase in Export Electronics 2006-07

EMD Purchasing Volumes

- 2004 Component Spend est: 41.3M AUD
- 2005 Budget not complete, extrapolated: 45.8 M AUD
- Component mix similar to 2003 below.

	2003 Spend (AUD)
Resistors/Varistors	584,390
Capacitors	1,628,010
Consumables	548,110
Electromechanical (eg. Relays, Crystals)	3,012,725
Discrete Semiconductors (eg. Diodes, FETs)	6,469,499
Integrated Semiconductors (eg. Micros, Regulators)	8,610,798
Connectors	1,666,428
PCBs	3,148,752
LCDs, VFDs, Stepper Motor	6,386,461
Switches	400,240
Mechanical Parts (eg. Housings, Screws)	5,450,567
	37,905,980

Quality
 Cost
 Delivery
 Technology
 Administration
 Environment



Cost Downs

- International customers means we are no longer competing with Australian companies.
 - Examples: VE cluster, VE Zone modules
- GM has benchmarked AAPL and found that we are still outside world pricing.
 - After AAPL gave 10% cost down to GM last year
- Australian Electronics Landscape
 - Who will be here in five years time?
- AAPL's position: we want to keep manufacture in Australia, but not at the cost of reduced market share.
- 80% of the product cost is materials
 - Supplier base will determine how successful Yazaki is in Australia, we want to keep our existing supply base.
 - AAPL finding many Chinese components are equal quality to name brands

Quality
Cost
Delivery
Technology
Administration
Environment



Scheduling Agreements

Quality
Cost
Delivery
Technology
Administration
Environment

- Easier distribution
 - More suitable for email or EDI transmission
 - Less paper at each end
- Faster Invoicing
 - Only one number to reference
 - No mixed quantities split over orders
 - Less change of discrepancies with accounts
- Faster booking (faster payment)
 - Most suppliers will only have one number
 - AAPL will have a dedicated booking PC
- Regular Forecasts
 - Co-operative system, all forecast data constantly updated



SA Example



Consignment Stock

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

- Introduction delayed but planned for Q1 2005
 - Functional testing OK
 - Accounting testing over Christmas Break
- Will be targeting large value suppliers initially
- Details available from Marion



Barcoding

- Quality
- Cost
- Delivery
- Technology
- Administration
- Environment

- Currently AAPL barcode all deliveries (Phase 1)
 - Currently for internal use only (transfers)
 - Reduced transfer errors from one per month to one per year
- Request for all suppliers to barcode (Phase 2)
 - Reduce double handling (some but not all suppliers already barcode)
 - AAPL barcode booking computer ready to go
 - More accurate booking and faster processing (including payments)

- Ideal Barcode
 - Code 39

AUSTRALIAN ARROW P/L	
	CUSTOMER PART NUMBER 8110-10232-22
RES 5.6K 5% 1/4W 1206	
	QUANTITY 20,000
PURCHASE ORDER	
	4500048336
DELIVERY NOTE	
	409281



ISO Compliance

Quality

Cost

Delivery

Technology

Administration

Environment

- AAPL was recommended for TS16949 certification in September.
- Non-conformance was not all production vendors had minimum ISO9000:2000
 - Instant loss of TS certification if not corrected by the next audit
 - Manufacturing site needs to be certified (minimum)
- Letters sent to all vendors to ensure compliance

SQA Presentation

Quality
Cost
Delivery
Technology
Administration
Environment



Mike Lush
SQA manager



Environment

Quality
Cost
Delivery
Technology
Administration
Environment

- Yazaki Corp has issued its Environment Guidelines for Supplier.
- Available on our website at www.australianarrow.com.au
- Corporate request is for all major suppliers to review these documents and consider setting up an environmental management system
- Secondary, is a target of Yazaki to deal with companies that have ISO14001 certification

