

AAPL Supplier Information

24 Nov 2004

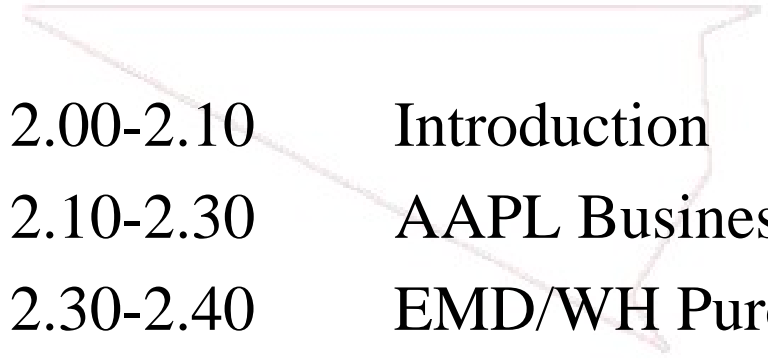
- Quality**
- Cost**
- Delivery**
- Technology**
- Administration**
- Environment**



presented by

Agenda

- Quality
- Cost
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- Administration
- Environment



2.00-2.10	Introduction	Scott
2.10-2.30	AAPL Business	Paul
2.30-2.40	EMD/WH Purchasing Volumes	Charlie
2.40-3.00	Other Purchasing Issues	Charlie
3.00-3.50	Supplier Manual / SQA Issues	Mike
3.50-4.00	Yazaki Green Sourcing Policy	Zoran

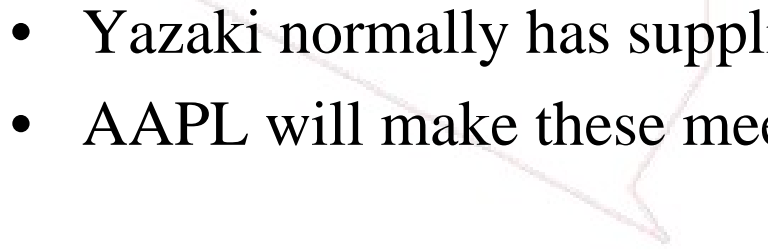
Discussions and refreshments will follow

A plant tour will be conducted for interested parties



Introduction

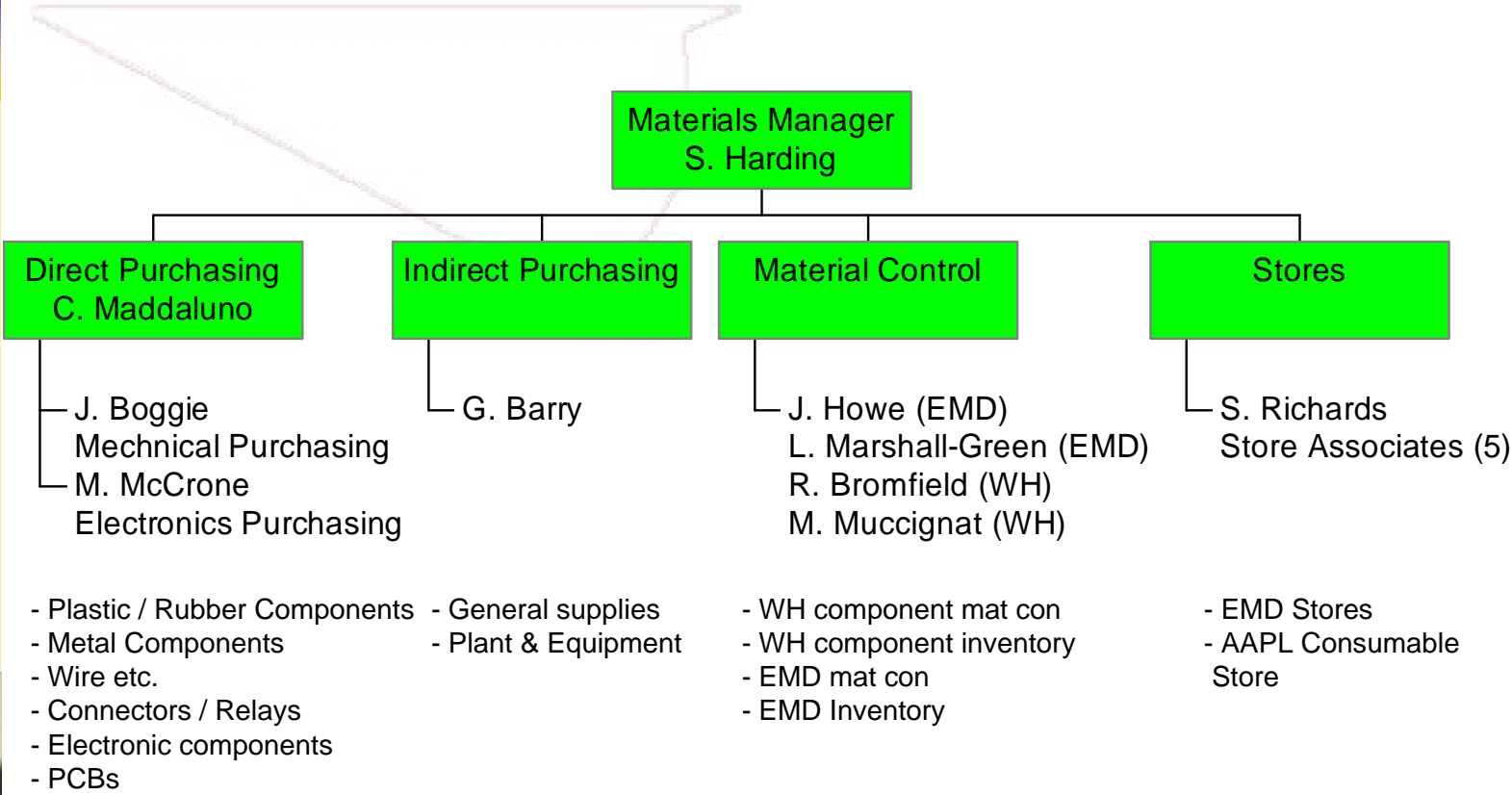
Quality
Cost
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- 
- Yazaki normally has supplier days quarterly
 - AAPL will make these meetings yearly
 - Review of local and international trended
 - Feedback on best practice observed in the industry
 - Next year we plan on awarding the top suppliers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



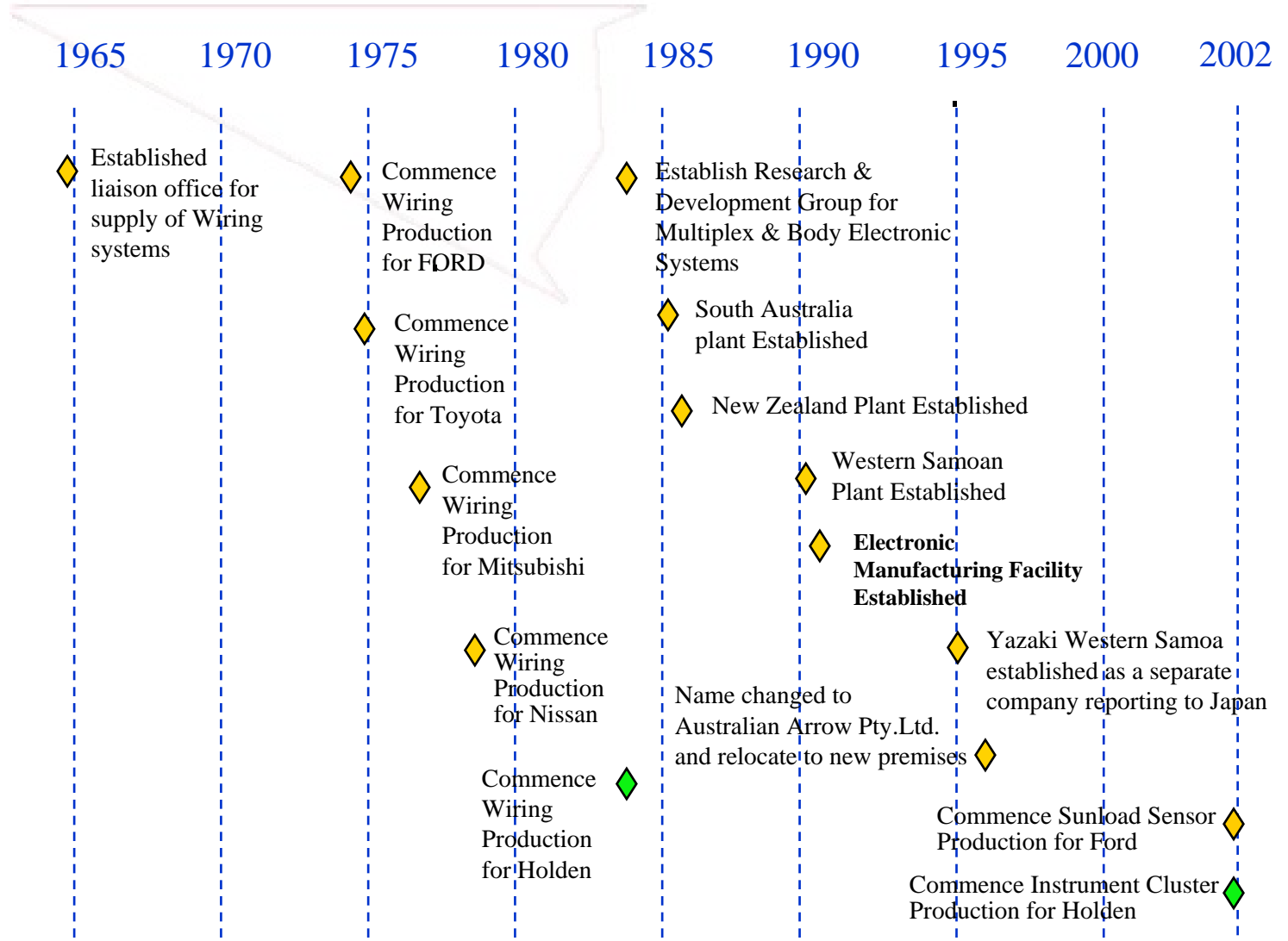
Materials Group Structure

- Quality
- Cost
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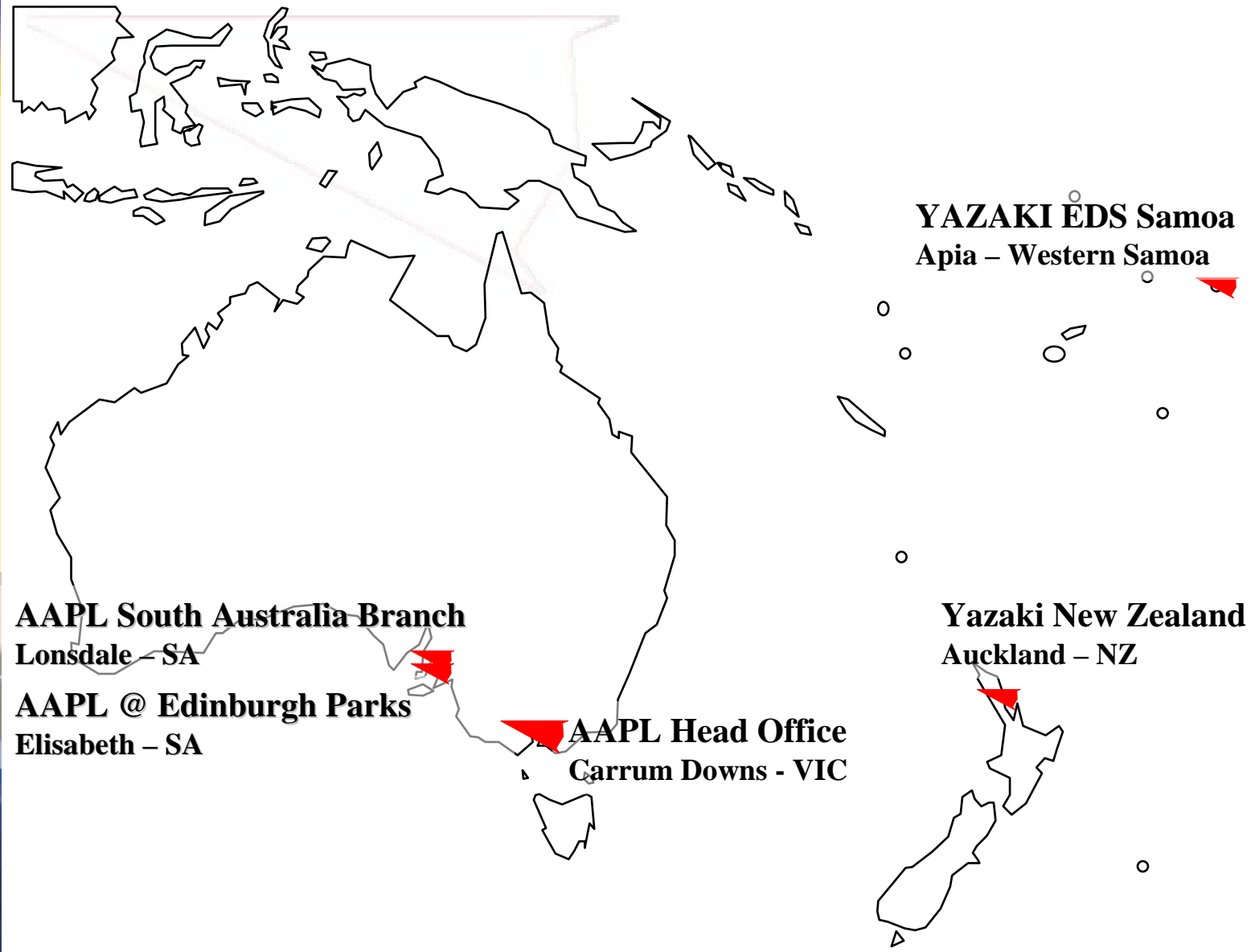
AAPL History

- Quality
- Cost
- Delivery
- Technology
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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
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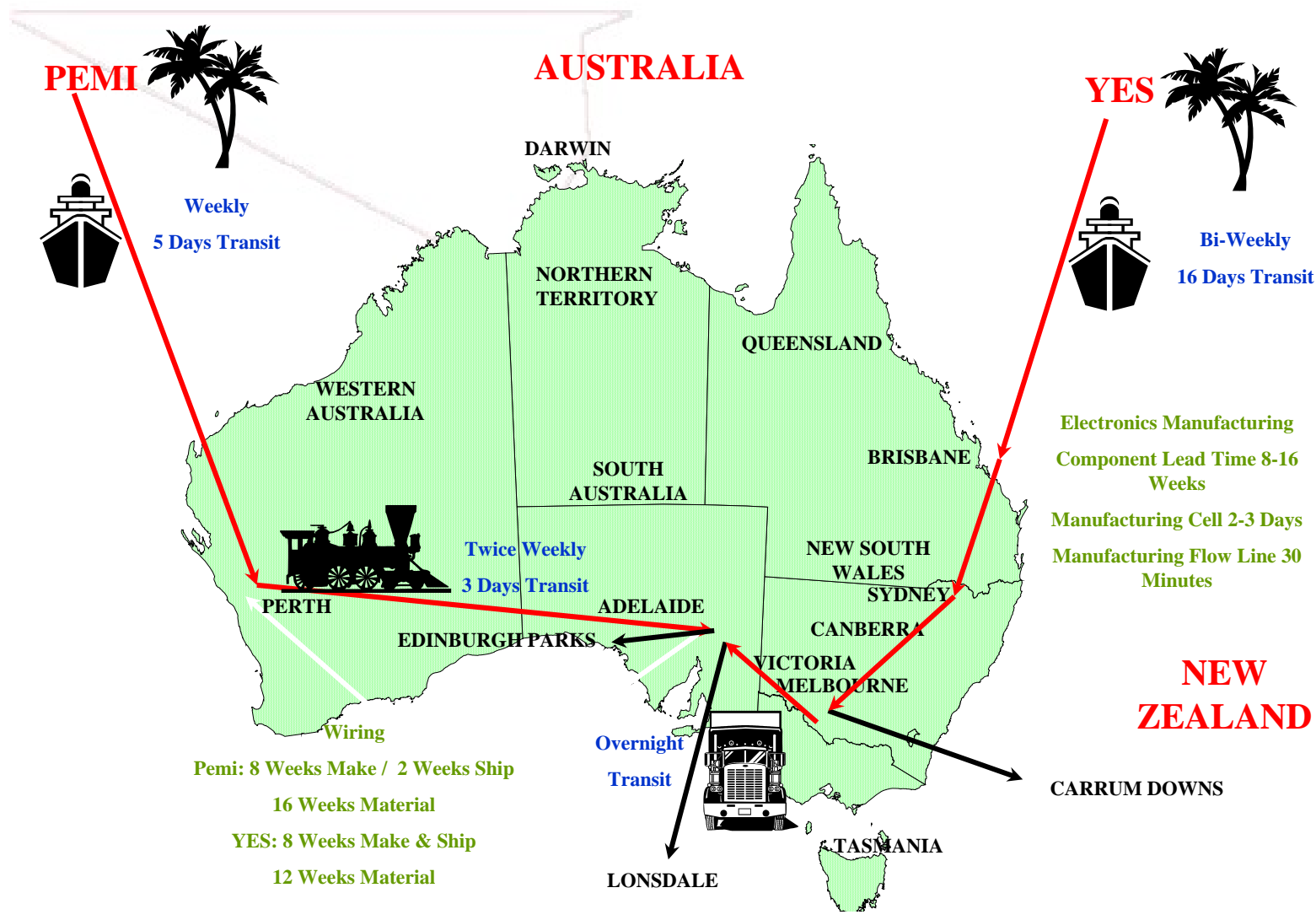


- YES Plant Size

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



- Quality
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AAPL Automotive Industry Awards

Quality
 Cost
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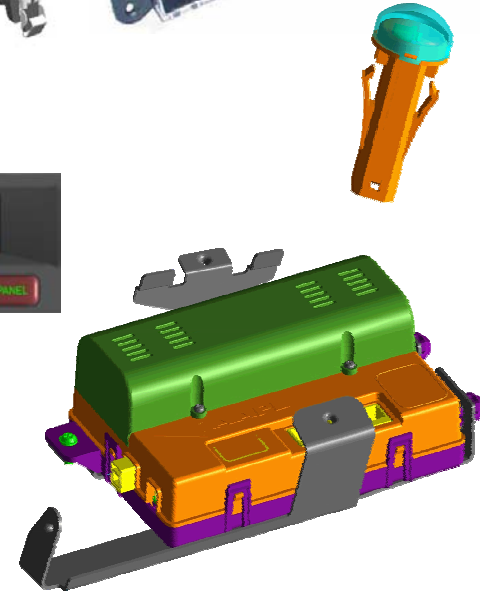
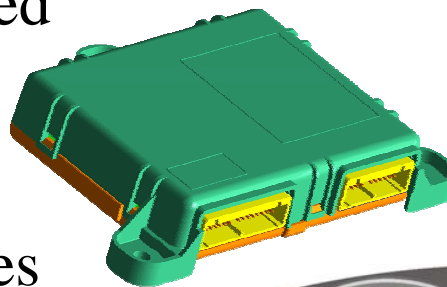
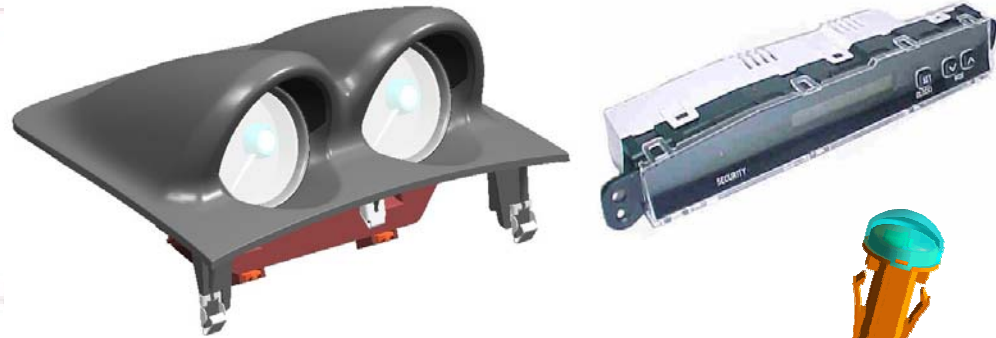
- 2004: TS16949 Certification
- 2003: Toyota Australia – Environmental Excellence Award
- 2003: HOLDEN Supplier of the Year
- 2002: Victorian Manufacturing Hall of Fame Induction
- 2001: FCAI Australian Supplier of the Year
- 2001: Toyota Australia VA/VE Award
- 2001: Mitsubishi Supplier of the Year
- 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

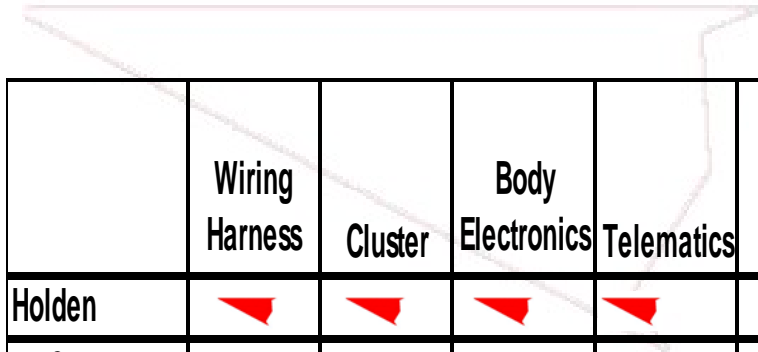
Quality
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- Wiring Harness
- Multi-Function Displays
- Clocks
- Trip Computers
- Instrument Clusters
- Computer Integrated Relays
- Keyless Entry
- Telematics Modules
- Body Electronic Modules
- Gateway Modules



AAPL Automotive Products

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	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	▶	.	.	.

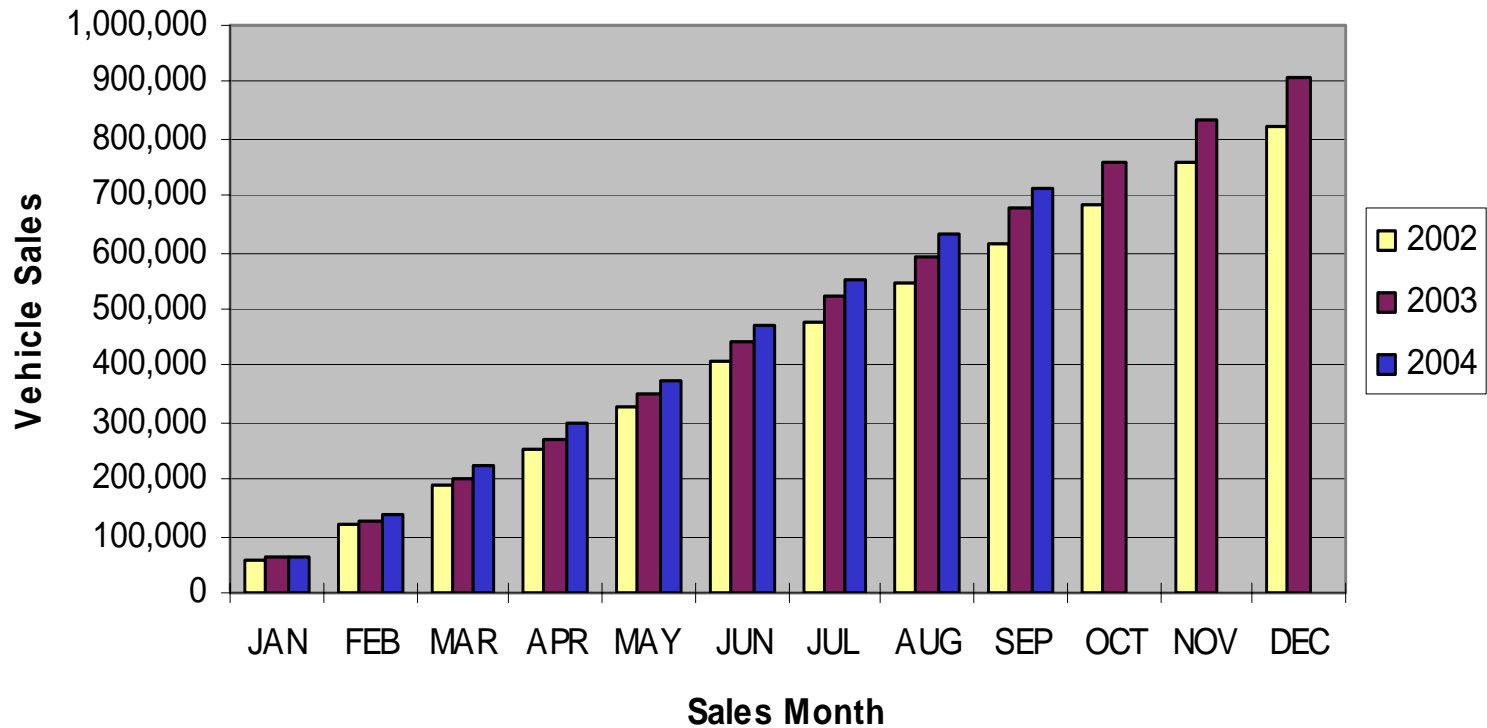


Customer Information

- Quality
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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

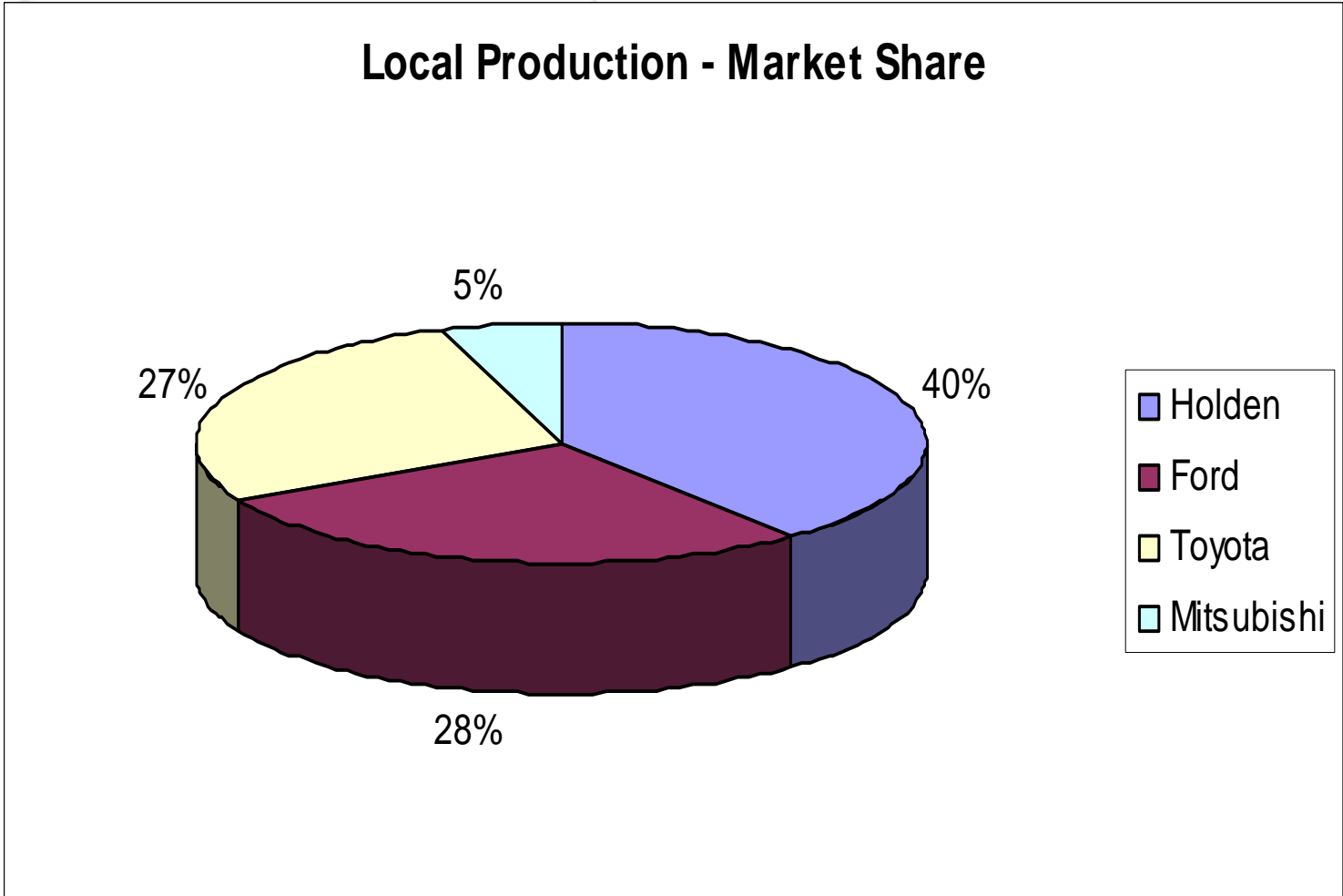
Administration

Environment



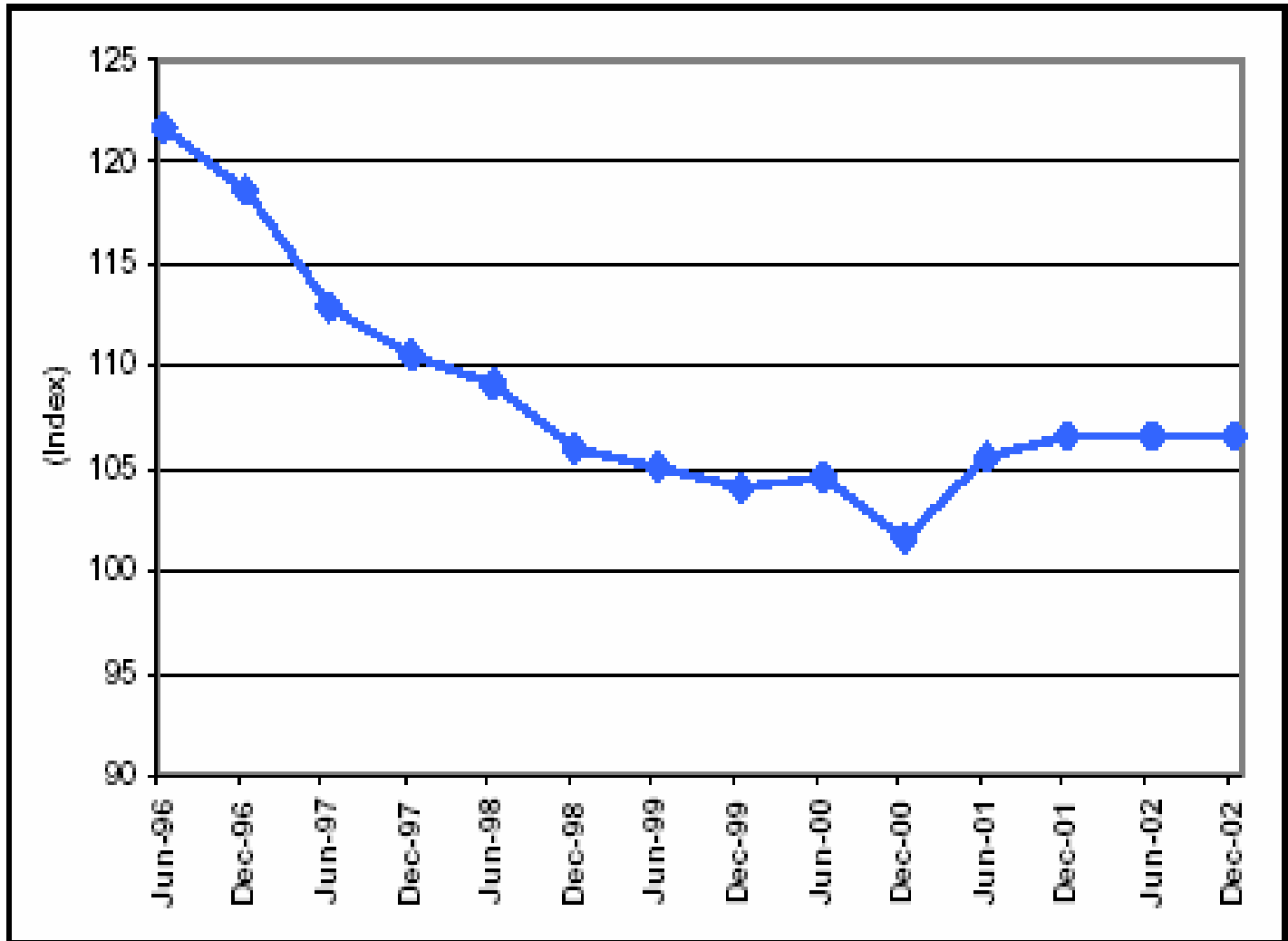
Customer Information

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Vehicle Cost Price Index

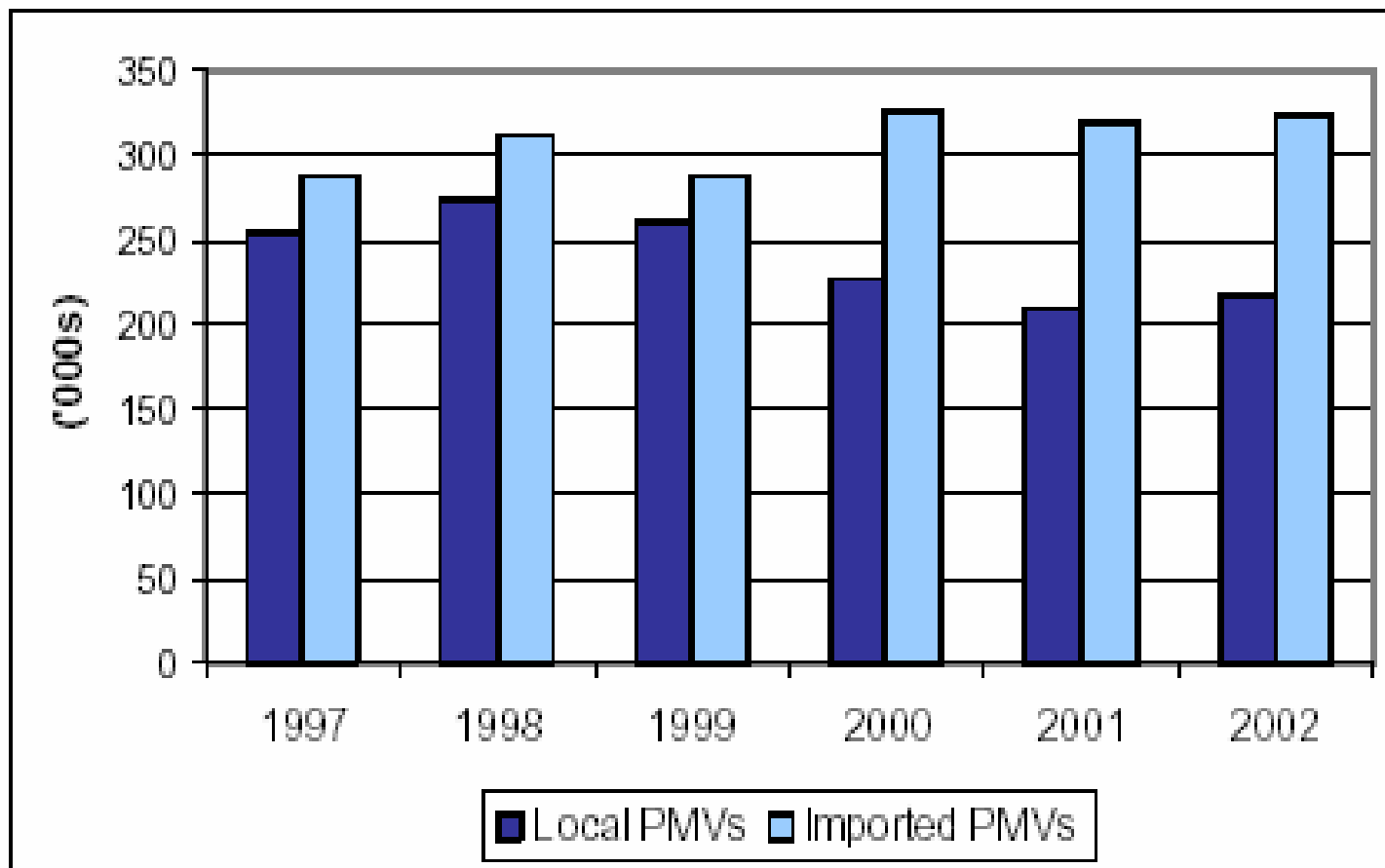
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Locally Produced Vehicle Registrations versus Imported Vehicles

1.2 Passenger motor vehicle sales

Figure 1.2.1 Locally produced and imported PMV sales



Quality
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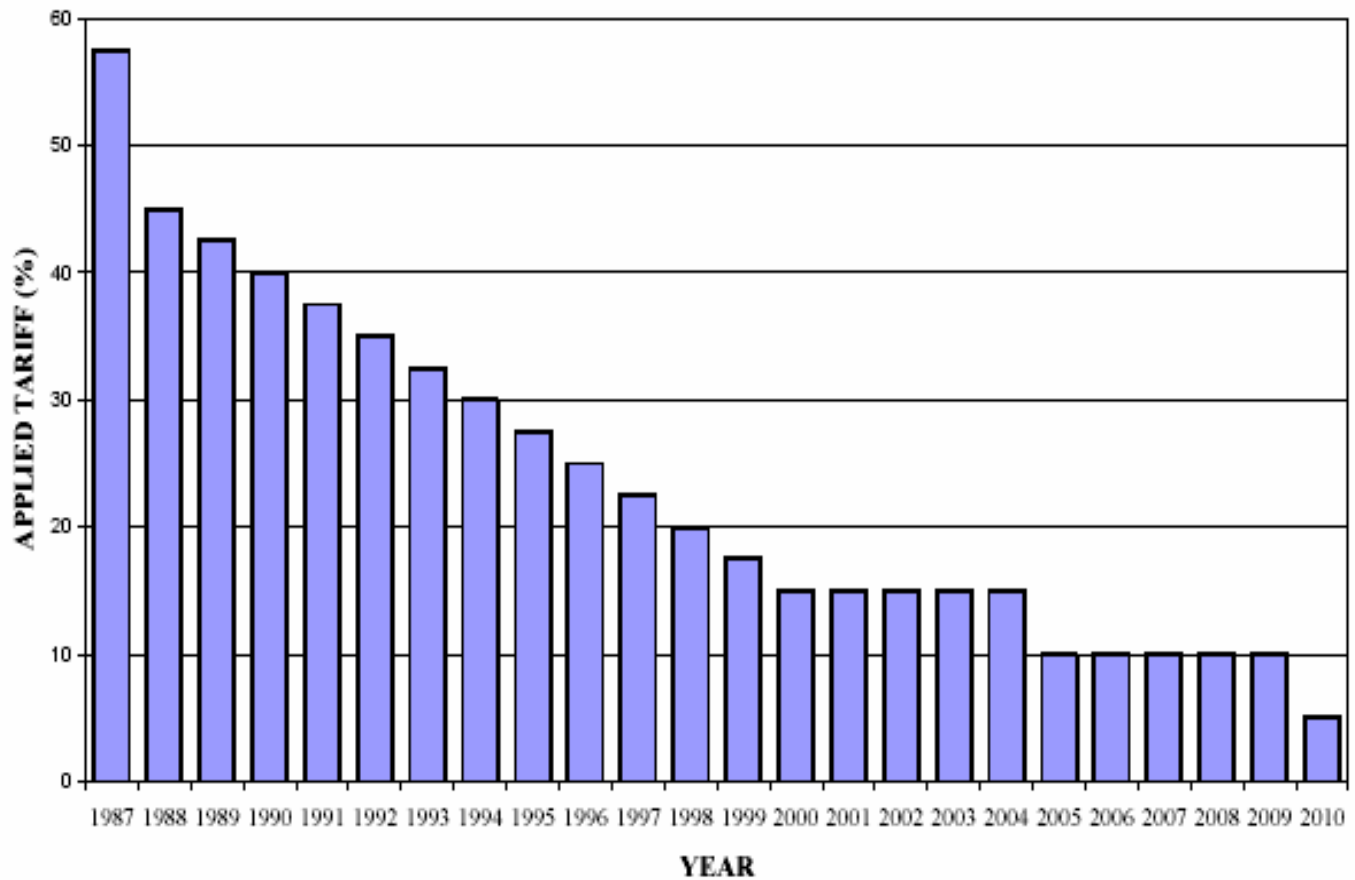


Tariffs (Import Duty) on Private Motor Vehicles and Components

- Quality
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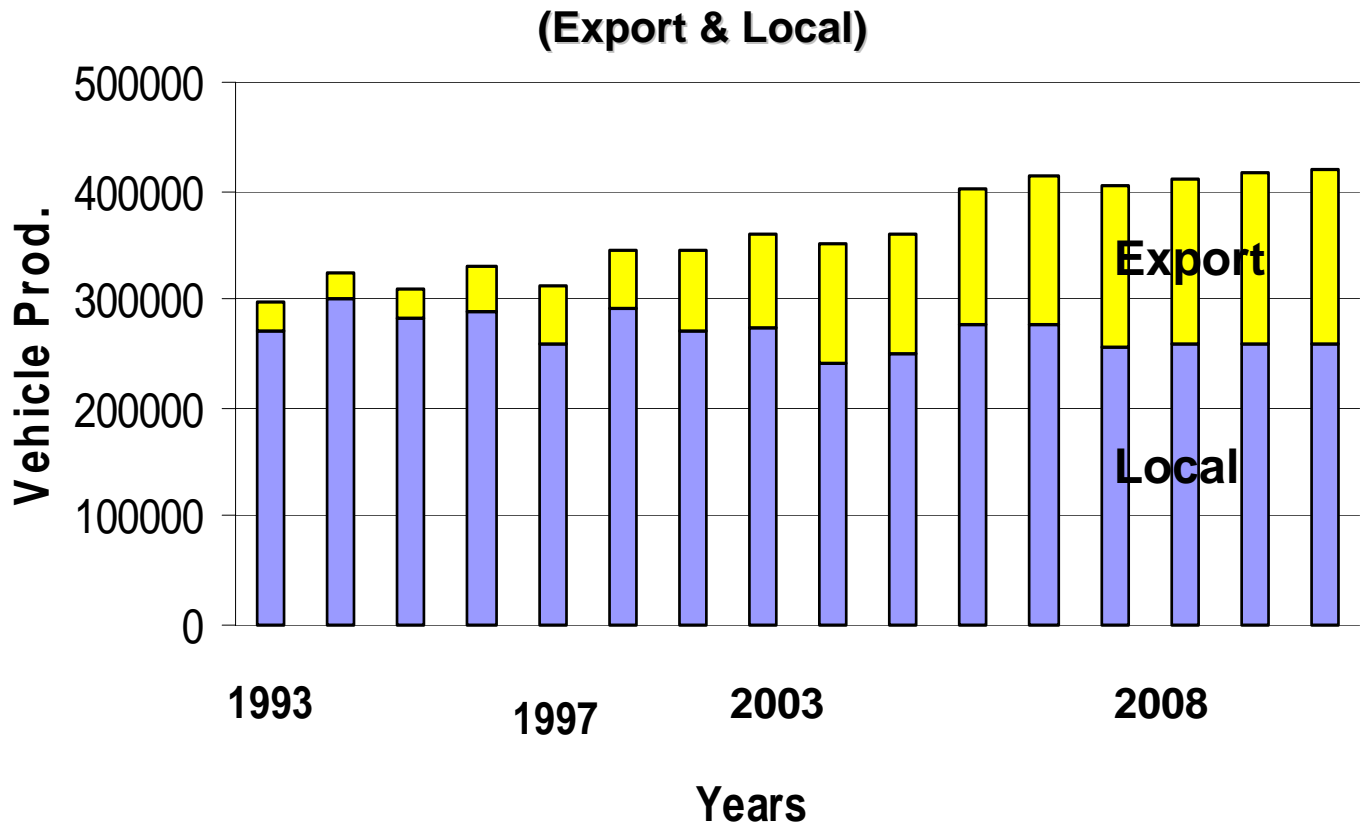


AUSTRALIAN AUTOMOTIVE TARIFFS



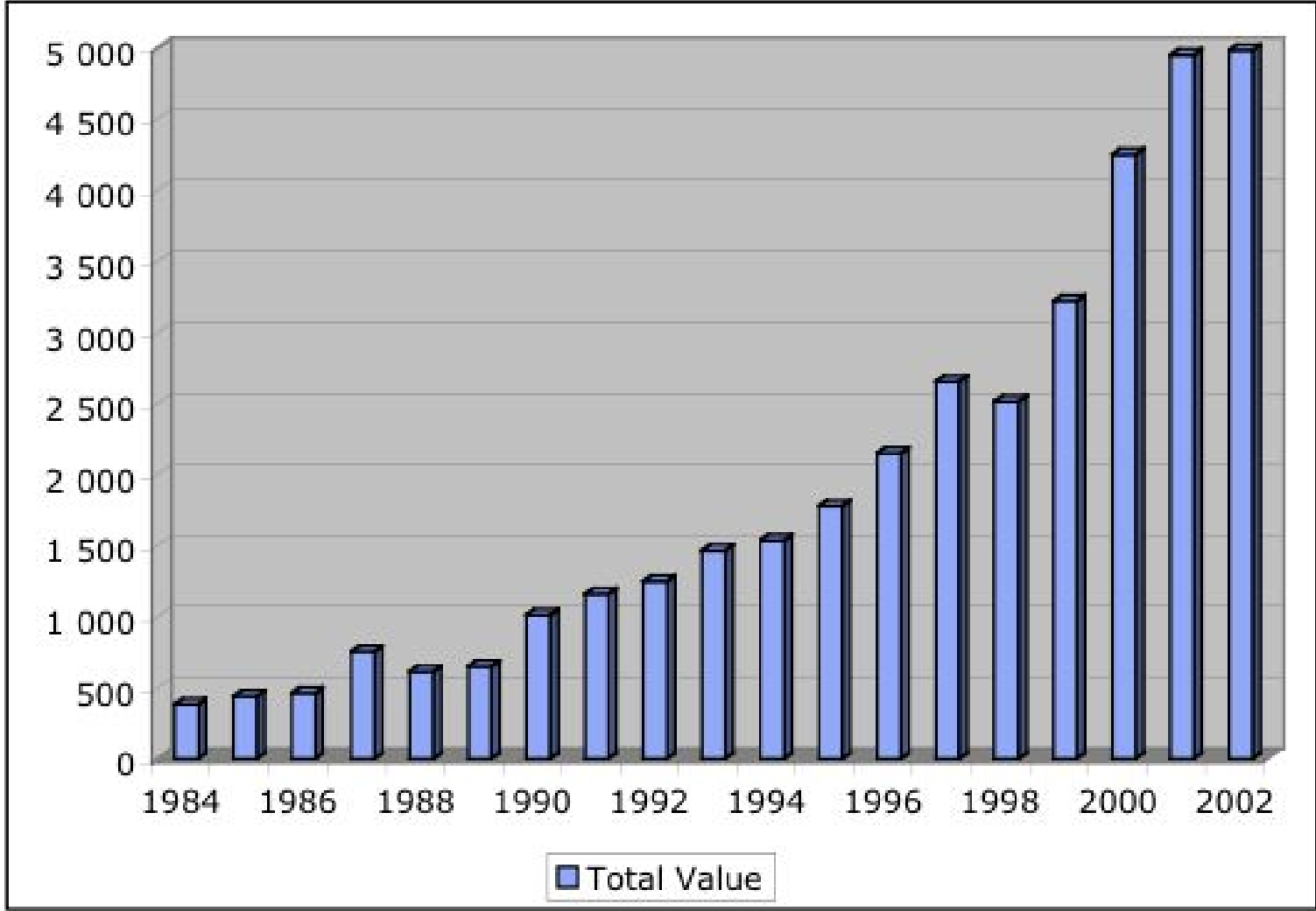
Vehicle Production

- Quality
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Australian Automotive Export Sales

- Quality
- Cost
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- Environment

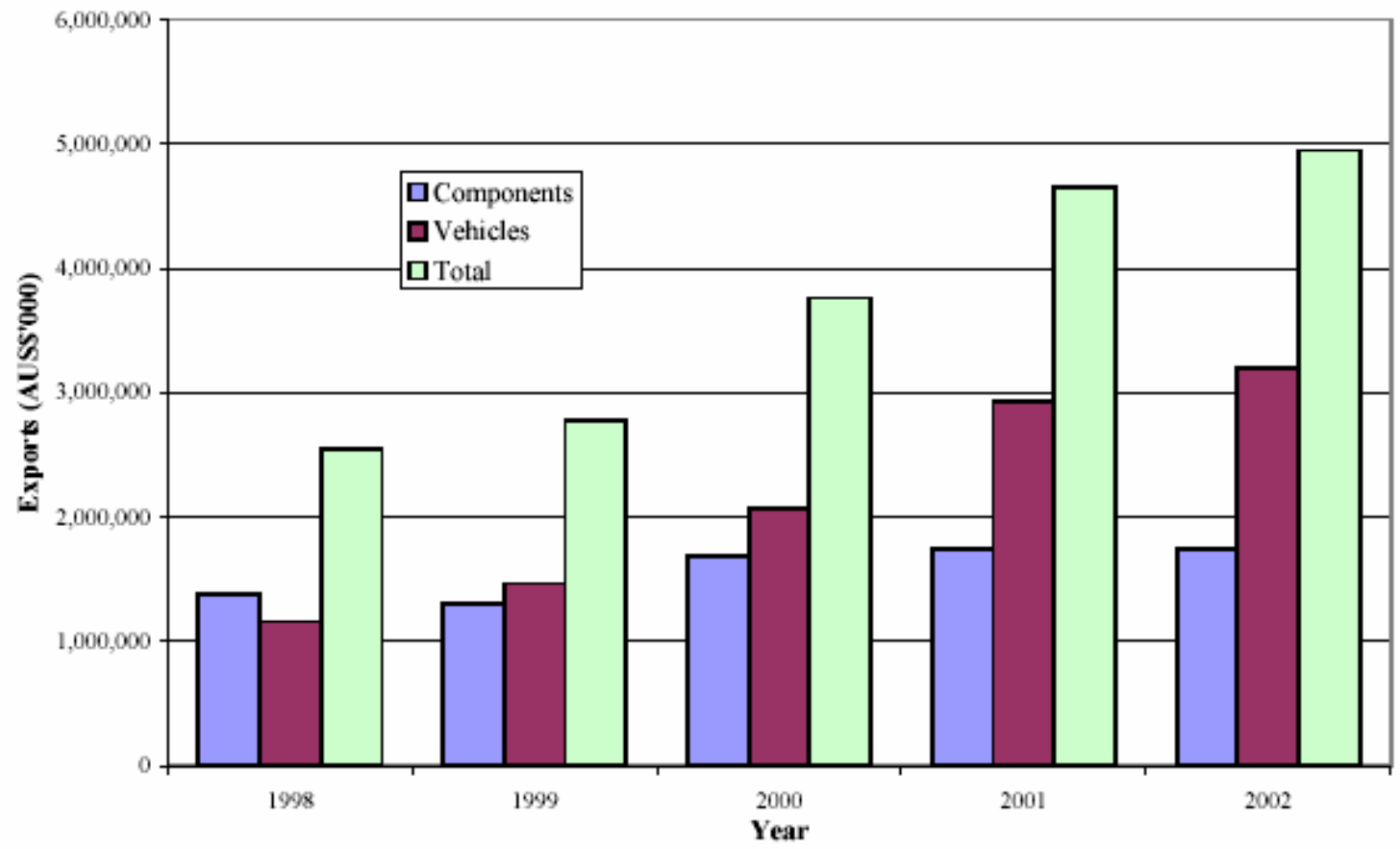


Export of Automotive Products - Breakdown

- Quality
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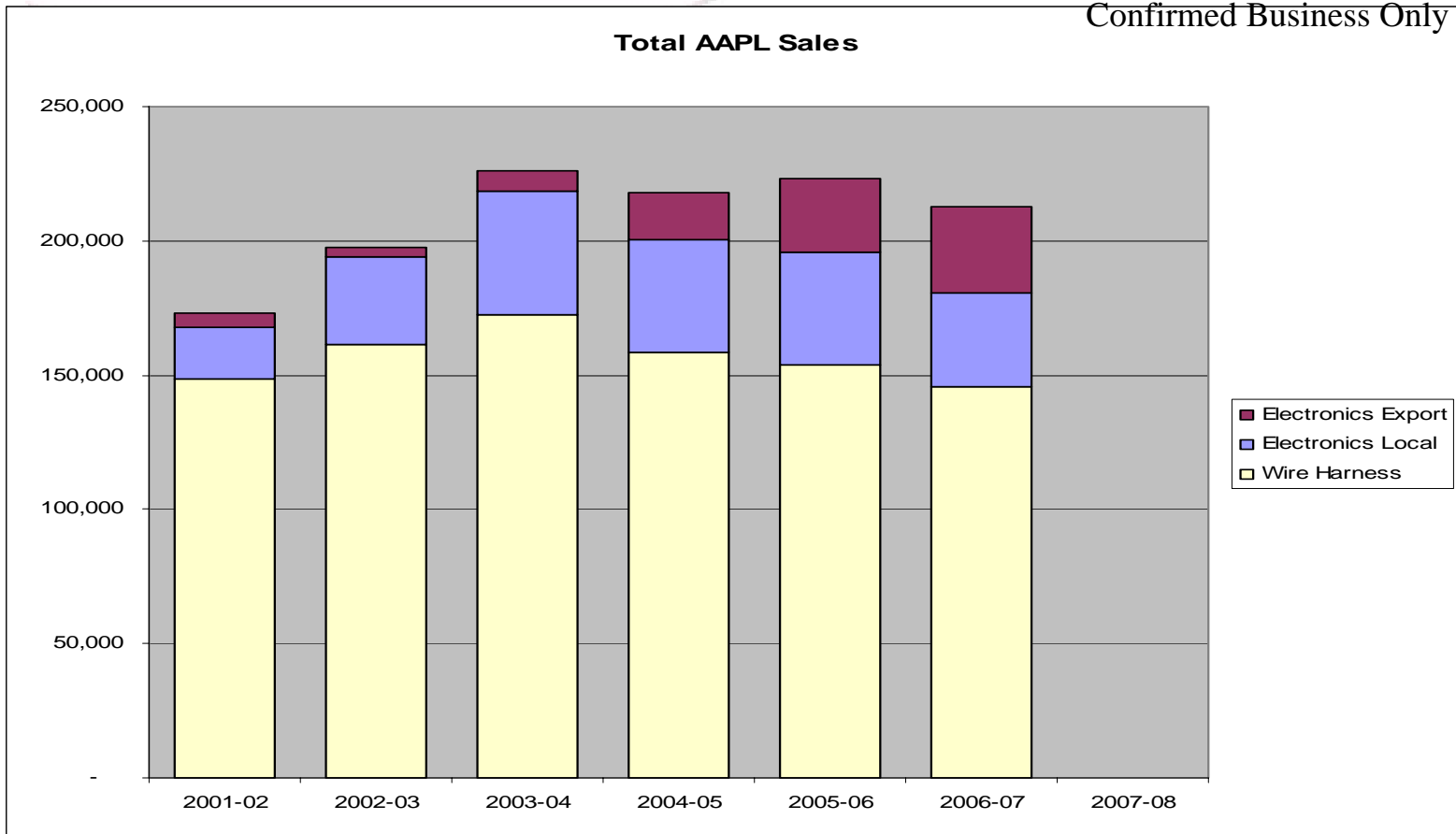
EXPORTS OF AUTOMOTIVE VEHICLES AND COMPONENTS



Source: Department of Foreign Affairs and Trade Stars Database

Sales Forecast

Quality
Cost
Delivery
Technology
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Environment



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

Wire Harness Purchasing Volumes

- 2004 Component Spend est: 69.4M AUD
- Component mix 2004 below.
- 2005 spend similar to 2004

	2004 YES (M AUD)	2004 AAPL (M AUD)
Wire	16.2	0.1
Pre Assy.	9.8	2.2
Final Assy.	24.3	13.2
Tube	2.1	0.2
Tape	1.0	0.3
	53.4	16.0

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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

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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

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What does AAPL expect from suppliers

- Q- constant improvement
- C- 5% per year price reduction
- D- delivery on time, plus 2 days is acceptable
- T- world class, aware of latest developments
- A- response to RFQ's, correct data (leadtimes, MOQ) use of AAPL part numbers
- E- environment

Quality

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Packaging

- Quality
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- All deliveries must be identified with the AAPL part number on the approved label ref. On-line supplier manual.
- <http://www.australianarrow.com.au/>
- All invoices must also contain the AAPL part number as the main reference



ISO Compliance

Quality

Cost

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- AAPL was recommended for TS16949 certification in September 2004.
- A non-conformance was raised during this audit – there was no objective evidence that suppliers to AAPL are registered to ISO9000:2000.
 - Instant loss of TS certification if not corrected before the next audit. Target is September 2006.
 - Manufacturing site needs to be certified (minimum)
- Letters sent to all vendors to ensure compliance
- PSW required for standard parts

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