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TECHNICAL / ECONOMIC / MARKET ANALYSIS & MANAGEMENT DECISIONS

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PRICE DOWN/COSTS UP... AUTO TIER 1s CAUGHT IN PROFIT SQUEEZE IMPLEMENT NEW PLASTICS TECHNOLOGIES

Akron, OH – Auto interior module suppliers are being caught in a classic profit squeeze. Declining vehicle prices are forcing auto OEMs to continue seeking price reductions after 3 years of 5%/yr requests. At the same time, plastic resin price increases, which typically account for almost half of fabrication costs have risen 40-50% in the past 12 months.

Bob Eller, President of Robert Eller Associates, Inc, (REA), the Akron, OH-based consulting firm, noted that “Those Tier 1s which can rapidly deploy fabrication technologies that add value while reducing costs will gain share and retain profits”

Examples of cost saving or value-added interior trim technologies in North America and Europe are:

- Two shot molding of skin and substrate in a single mold (from Ube)
- Direct compounding/fabrication (being used by JCI and Faurecia for Mercedes C-Class instrument panel upper substrate molding)
- JCI's CrafTec process which provides improved craftsmanship for textile/plastic combination parts such as door trim medallions
- Low pressure molding of door trim panels (from several Tier 1s)
- In mold assembly of heating/cooling vents (from ITW and others)
- Co-molding of TPO skin and EPP foam (to be used on upper instrument panels as a running change by JSP International.)
- Textile/polyolefin foam laminates for door trim medallions by Michel Thierry (France) on the Renault Laguna II
- Backmolding (“hinterspritzen”) of textile surfaced ABC pillars (MollerTech and IBS Brocke of Germany are examples of European companies gaining share in NAFTA based on European plastics fabrication technology.

These are among the trends identified and quantified for NAFTA and Europe in the newly released multi-client study, **Automotive Interior Soft Trim: Skins, Foams, Coated Fabrics, Textiles, and Acoustic Barriers**, offered by Robert Eller Associates, Inc. (Akron, OH). This is REA's second, comprehensive analysis of the technology, economics, and markets for auto interior soft trim in North America and Europe. A prospectus and table of contents can be reviewed on the REA home page, (<http://www.robetterassoc.com>). Robert Eller Associates, Inc. can also be reached via email at bobeller@prodigy.net.

