

Short report NAs meeting September 06, 2013



The implementation of EU Directive regarding Late Payments was rejected by the Swedish Parliament a few day before due date (Mars 13). The government must now propose a new Swedish implementation based upon the EU Directive. The new proposal is based upon a NON NEGOTIABLE terms of maximum 30 days and to be effective January 1, 2014. New vote in parliament later this fall. My personal guess is a compromise, lets say 45 days + end of month (maximum 60 days in average)

The suppliers business in Sweden is slowly recovering. Also our three OEMs, Scania, Volvo Truck and Volvo Cars. Especially Volvo Cars looking good.

FKGs survey ("Vägvisaren") two times per year how the industry looks upon coming year give

positive signals (May 2013):

- Almost 1/3 (31%) of the supplier companies need to increase their staff, most in production
- 40% foresee increased production
- 82% are optimistic for the future

Slides 2 – 5 is from our latest FKG Financial Investigation - some facts



FKG - a Scandinavian suppliers association

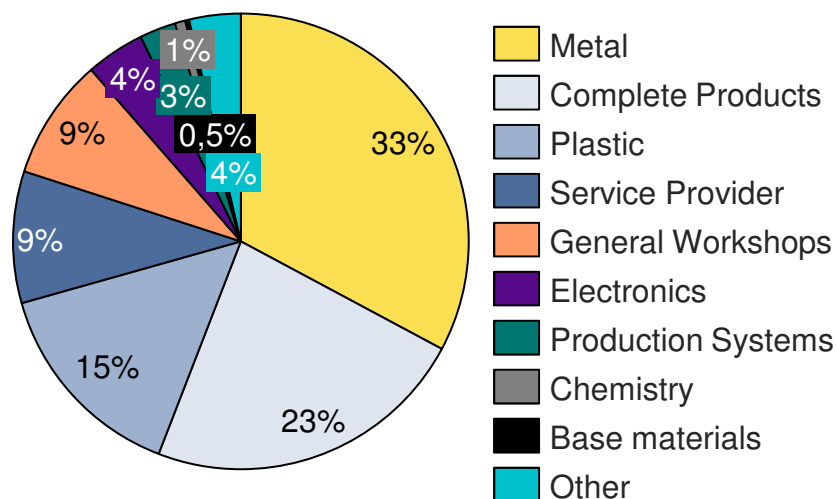


- FKG 360 members
- There are roughly 1100 companies in Sweden supplying to the Automotive Industry
- 28% export 2011 (2004 20%, 2008 26%)
- 55% of the companies have more than half the production to Automotive
- Member in Clepa, the European association



Automotive Suppliers in Sweden

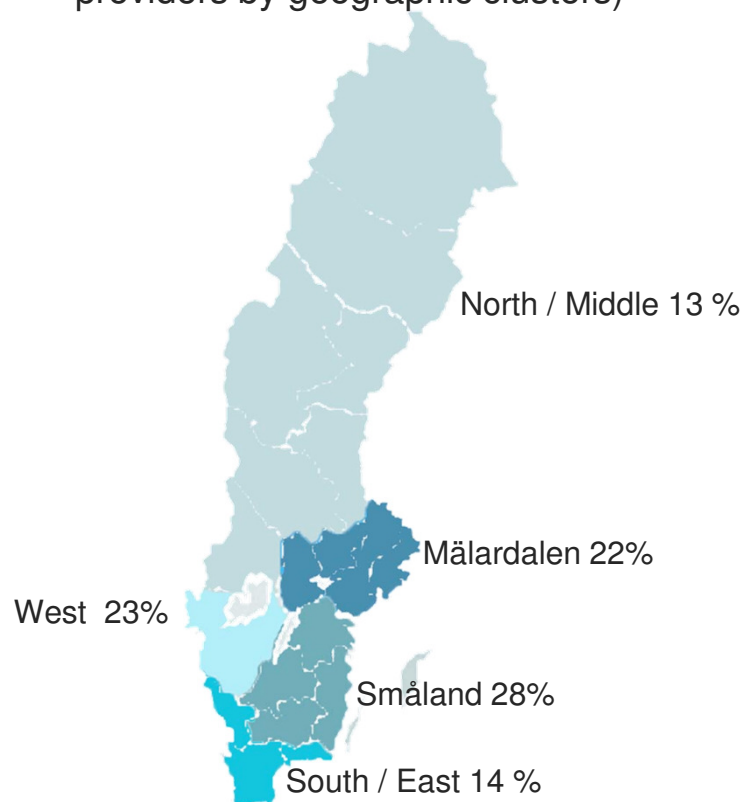
80% of the suppliers are manufacturing companies (share suppliers per industry)



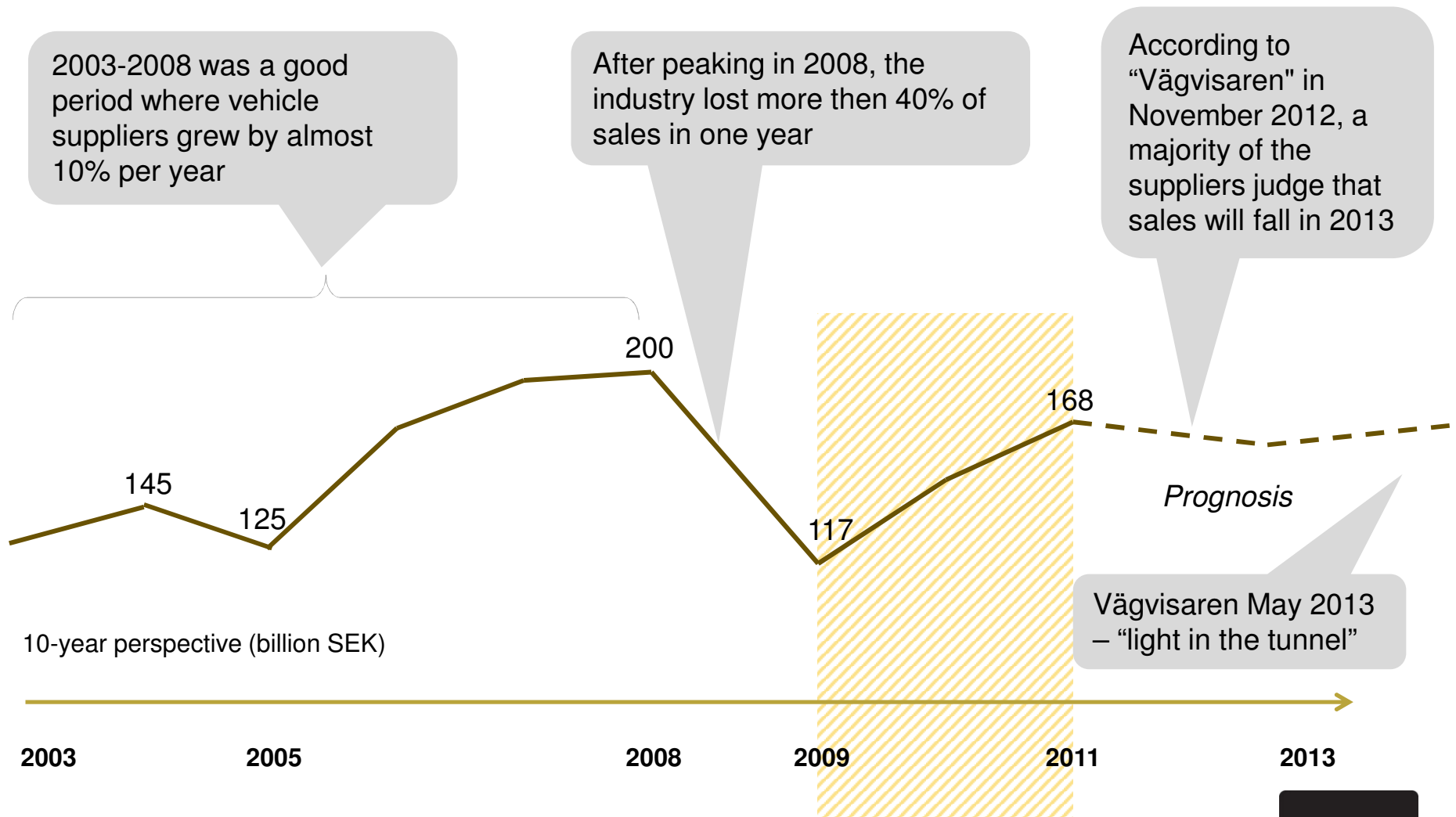
FKG database contains 1100 suppliers in Sweden with over 5 employees and significant supply to Automotive

Automotive Suppliers employs 71 000 with a turnover of EUR 20 billion (2011)

Automotive suppliers are scattered all over Sweden (proportion of providers by geographic clusters)



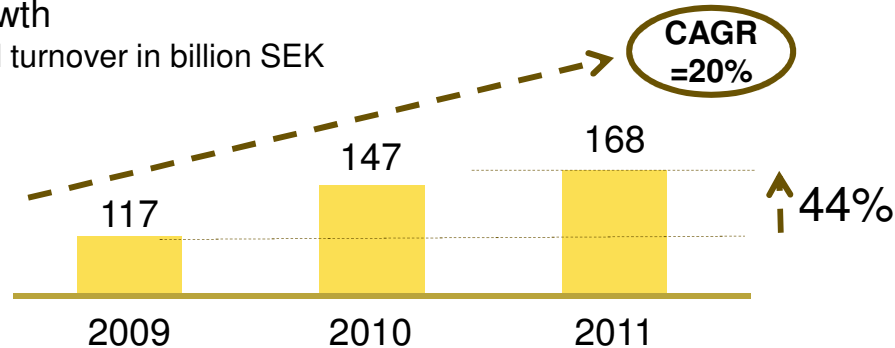
Is volatile and the development must be considered in a longer term



2009 to 2011 was generally a good period for automotive suppliers – improvement of productivity

1. Growth

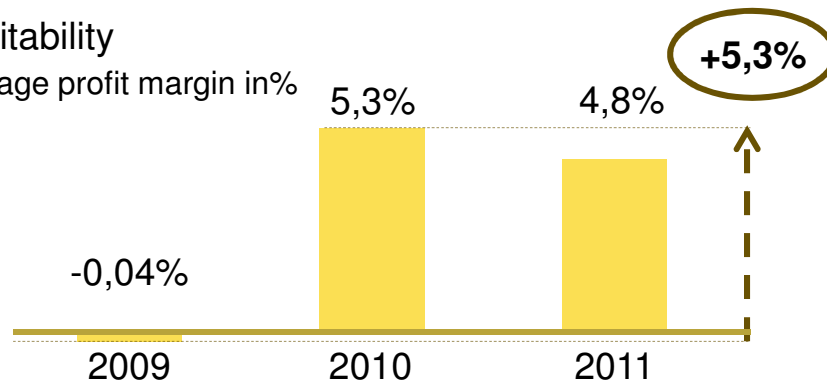
Total turnover in billion SEK



- Annual average growth of 20%. Total sales increased from 117 to 168 billion SEK

2. Profitability

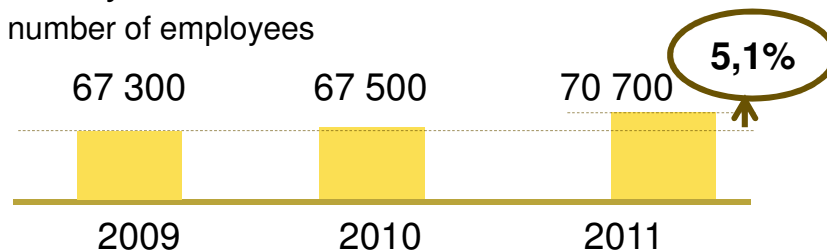
Average profit margin in%



- Suppliers' growth is in line with OEM (Volvo AB and Scania 19%) and higher than Sweden (4% GDP growth)
- After the crisis year of 2009, increased volumes and efficiency improvements led to a much higher profit margin

3. Productivity

Total number of employees



- Despite the large increase in sales, the number of employees just increased 5 % which is an indication of improvement in productivity