

INVESTMENT CASE

Unrivalled know-how in tooling and large-scale series production protects premier position.

Drawing on our high level of expertise in the field of specialist metal forming, we have established a sustainable competitive advantage within the automotive supply market. Specifications in terms of component precision and durability have become increasingly demanding in recent years. In response, our industry has seen the emergence of many new processes and technologies tailored to these requirements. Applying them requires specialist expertise – in production and tool manufacture.

No only have we kept pace with these developments and met the challenge of manufacturing premium-quality products, we have actually set new standards within this specialist field. Thus, PWO is equal to the task of satisfying the automotive industry's growing demand for high-tech solutions.

PWO's unrivalled expertise is complemented by high-performance machinery – offering speed and precision. In total, PWO plants are equipped with 40 state-of-the-art forming, pressing and cutting systems.

Premium quality strengthens customer relations and bolsters profitability.

When it comes to delivering consistently high quality no matter how demanding the specifications in terms of metal forming, when it comes to ensuring superior quality of components designed for safety and comfort in automobiles, there is only one company equal to the challenge - PWO.

PWO has the necessary technological know-how to meet these requirements in various fields of application. Drawing on this expertise, PWO

transforms “components” into tailor-made solutions – working in close cooperation with its customers.

Beyond the company's commitment to excellence within this area, PWO invariably meets the requirements of the world's automotive industry when it comes to operational reliability in industrial-level production, one of the key determinants of success in the global arena. PWO has embraced a zero-defect philosophy – without compromise. This is complemented by highly reliable supply structures even in the case of large volumes and just-in-time delivery.

Supported by a highly qualified workforce, PWO offers unparalleled expertise and a comprehensive service portfolio from a single source. Equipped with an in-depth understanding of customer requirements and committed to product innovation, we have established a particularly close rapport with our clients further bolstering our profitability.

Expertise from a single source and seamless value chains unlock earnings potential.

One of the unique selling propositions of PWO is the seamless integration of tool-making within the company's manufacturing operations. To achieve consistently high quality throughout the entire process chain, one requires specialist expertise in the design and manufacture of tools later required for component production.

Moreover, as parts and components have become ever more complex, the significance of tool-making within the overall value chain has increased considerably. In integrating tool-making and production, we have also been able to enhance our total profit margin.

In recent years, PWO has pursued an approach of extending its value-creation chain from indi-

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vidual parts to complex components and entire assemblies. Drawing on our experience in connection and joining technology, such as various methods of welding and soldering as well as high-tech gluing, riveting and clinching, we invariably deliver best-in-class solutions in processing.

The main focus of our activities is on assemblies and components whose constituent parts are manufactured predominantly within the company. Thus, we are able to leverage additional growth potential without significantly altering the risk structure associated with our business.

Group-wide "best-practice approach" based on PWO Production System raises productivity.

The consistently high quality associated with PWO products constitutes a key source of profitability for the company. Our prime focus is on continuous quality improvement together with ongoing cost optimisation. Our goal: full implementation of our zero-defect philosophy.

In order to ensure consistently high process quality throughout the group, we apply the company-developed PWO Production System. As part of this approach, the individual processes within each area of the value chain are standardised. Moreover, uniform planning and performance targets are defined for each location and subsequently monitored in terms of compliance.

In addition, the PWO Production System ensures that the process of continuous improvement is maintained throughout the company and that appropriate measures are implemented accordingly. These improvement processes cover all areas of the company – from optimised synchronisation of production and logistics for the purpose of minimising downtime to the reduction of input of raw materials and consumables, from

the systematic improvement of process reliability to the strict compliance with clearly defined organisational principles.

The production process also includes ongoing quality audits. Moreover, rather than determining maintenance activities on the basis of machine and tool service life, we focus entirely on our requirements in terms of process quality.

Continuous product and process innovation enhances competitiveness.

We believe that continuous product and process innovation is the key to securing our position in the competitive arena. Our new product solutions provide customers with additional scope in the design of their products. Furthermore, we are responsible for delivering a host of value-added functionalities – with weight and cost streamlining assuming a prominent position on our list of priorities.

Continuous process innovation, for instance, is of particular importance to higher production throughput or the elimination of redundant downstream operations in serial production. Our innovatory prowess in tool-making is an essential prerequisite for process enhancement. For this reason, tool manufacturing is a vital element of PWO's value chain.

One of the most prominent examples of our recent accomplishments in the field of process innovation is PWO's production workflow associated with housings for electric motors. Within this area, we have set a new world record when it comes to throughput speed. A high-speed transfer pressing machine uses ninety strokes per minute to make a deep-drawn housing. As a result, we only require 0.66 seconds to produce a ready-to-install housing – including optoelectronic quality inspection and without any need for finishing or reworking!

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This corresponds to a lead of up to fifteen years over our competitors.

International expansion opens up new growth opportunities and secures existing business.

Leading market analysts share the view that the gain in net value added associated with automotive suppliers in the coming decades will be substantially higher than that attributable to car manufacturers. Thus, suppliers will significantly increase their share of aggregate value added within the automobile industry. Growth will be particularly prominent when it comes to modules for on-board electrics/electronics. Business relating to bodywork structures and safety components will also gain momentum. Thus, PWO is extremely well positioned within the growth segments of the automotive supply industry.

Moreover, PWO is committed to driving international growth:

1. In acquiring UNITOOLS, Czech Republic, in 2005, we have been able to strengthen our well-established position within Europe's high-volume markets by unlocking new opportunities in the growth markets of Eastern Europe. Indeed, we achieve above-average growth in this region.
2. By establishing a presence in China, we will gain access to a market that is forecast to achieve the world's largest increase in net domestic product in years to come. Operations at our own subsidiary are to commence by the end of 2008, early 2009.
3. Expansion into Mexico has allowed us to bolster our successful presence in the NAFTA region, while at the same time streamlining cost structures.

In pursuing this approach, PWO has responded to the wishes of its customers, who are relying on PWO's quality and reliability as part of their own strategies of international growth. Thus, capital expenditure is always closely linked to specific customer contracts. By adopting this strategic stance, PWO is able to take advantage of the momentum generated by the automotive supply industry and seize opportunities emanating from new growth markets – without having to allocate resources to market penetration.