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Headlines and conclusions

- It's a bit of a myth
 - Rubber companies do not necessarily perform less well than their customers in terms of profit.
- Where in the supply chain?
 - When a company is closer to the raw materials end of the supply chain, then it is more influenced by the price of raw materials than the wider economic climate.
- Caveat
 - The results coming out of the number crunching process depend very significantly on which numbers you choose to crunch

Supply chain: intro

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Materials - processors - autos

- Rubber
- Carbon black
- Polyester
- Steel cord
- Chemicals
- Silica
- Mixers
- Extruders
- Tyres
- Hose
- Belt
- Anti-vib
- Sealing
- Compounding
- Cars
- Cars
- More cars

Materials - processors - autos

- Lanxess
- Cabot
- Acordis
- Bekaert
- Crompton
- Rhodia
- Farrel
- Troester
- Michelin
- Goodyear
- Conti
- Trelleborg
- Phoenix
- Kraiburg
- Hexagon
- GM
- Ford
- Toyota
- Daimler
- BMW

Data collection

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Public information

- Publish sales and earnings data
- Stable financial history
- Not too many mergers and acquisitions
- Rubber generates most of sales
- Publish like-for-like data
- Currency exchange rates

Profitability

- Need sales data and profit information
- Return on sales
 - EBITDA
 - earnings before interest tax, depreciation, amortisation
 - Net result
 - takes account of tax, interest

Automotive

- General Motors
 - Ford Motor Co
 - DaimlerChrysler
 - Toyota
 - BMW
 - Volkswagen
-
- cars or finance

Processors

- Michelin
- Bridgestone
- Goodyear
- Continental
- Trelleborg
- Phoenix

Raw materials-1

• Columbian	Carbon	Parent does not split results
• Flexsys	Chemicals	Parent does not split results
• Rhodia	Silica	Parent does not split results
• Acordis	Fibres	Privately held
• Cordenka	Fibres	Too much restructuring
• Performance Fiber	Fibres	Multiple ownership.Private
• Ameripol Synpol	Rubber	Chapter 11 ended like-for-like
• Bayer	Rubber	Did not reveal Ka profit data
• DSM Elastomers	Rubber	Parent does not split results
• DuPont-Dow	Rubber	No profit figures available
• Enichem	Rubber	Parent does not split results
• ExxonMobil Chemical	Rubber	Parent does not split results
• GoodyearChemical	Rubber	Parent does not split results

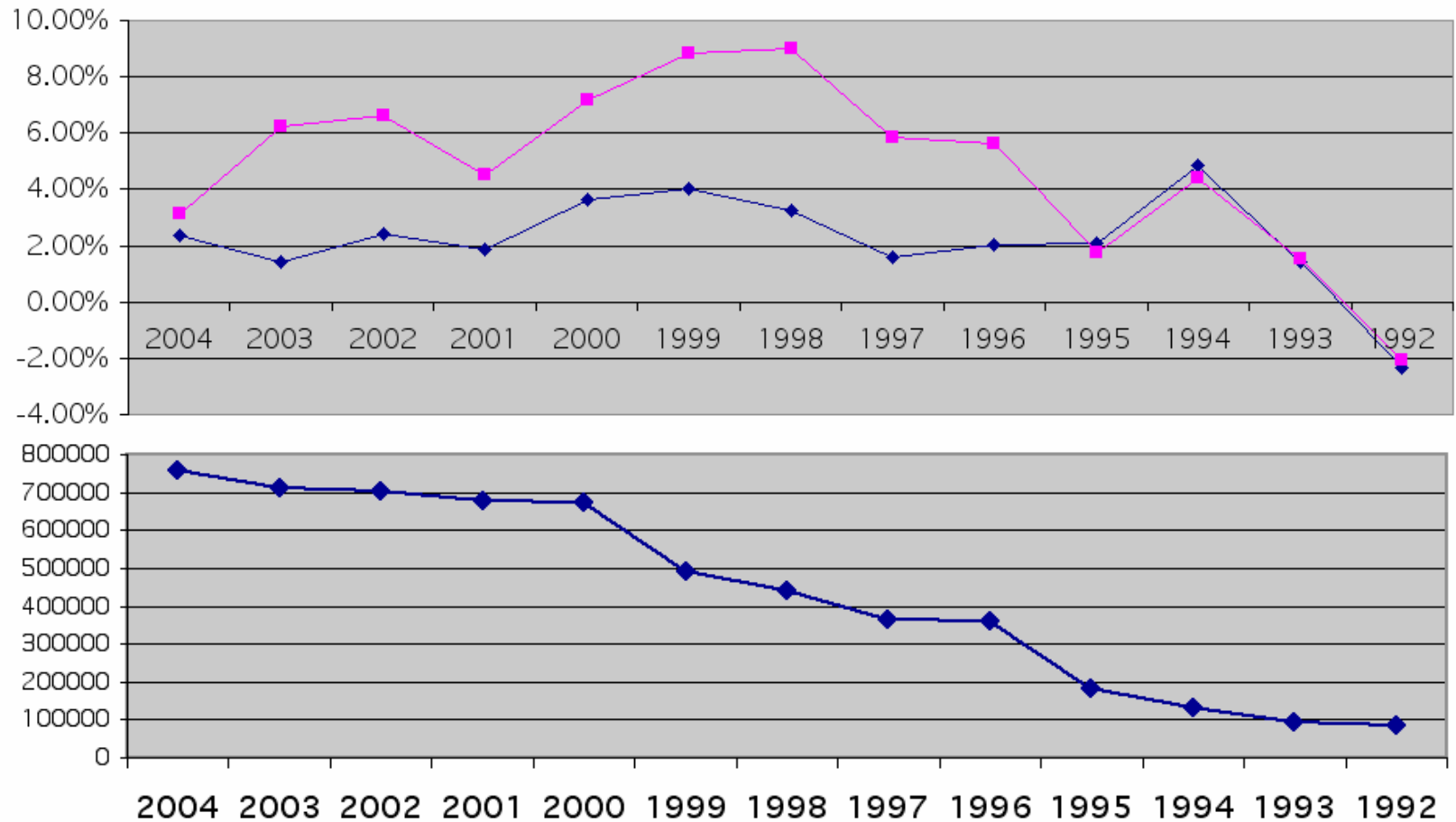
Raw materials-2

- Cabot
- Degussa
- Zeon Corp
- Crompton Corp.

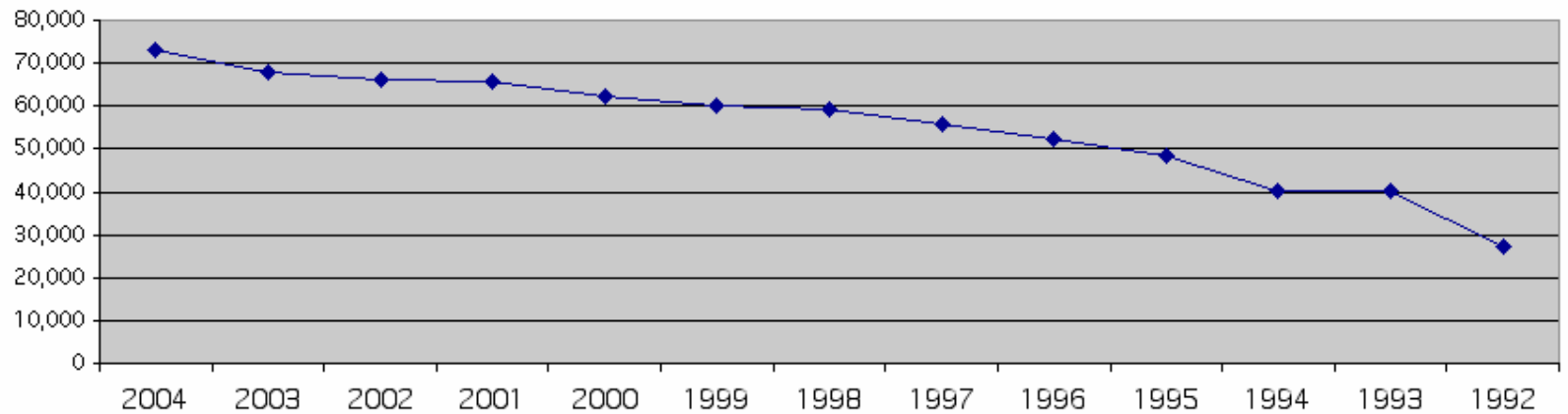
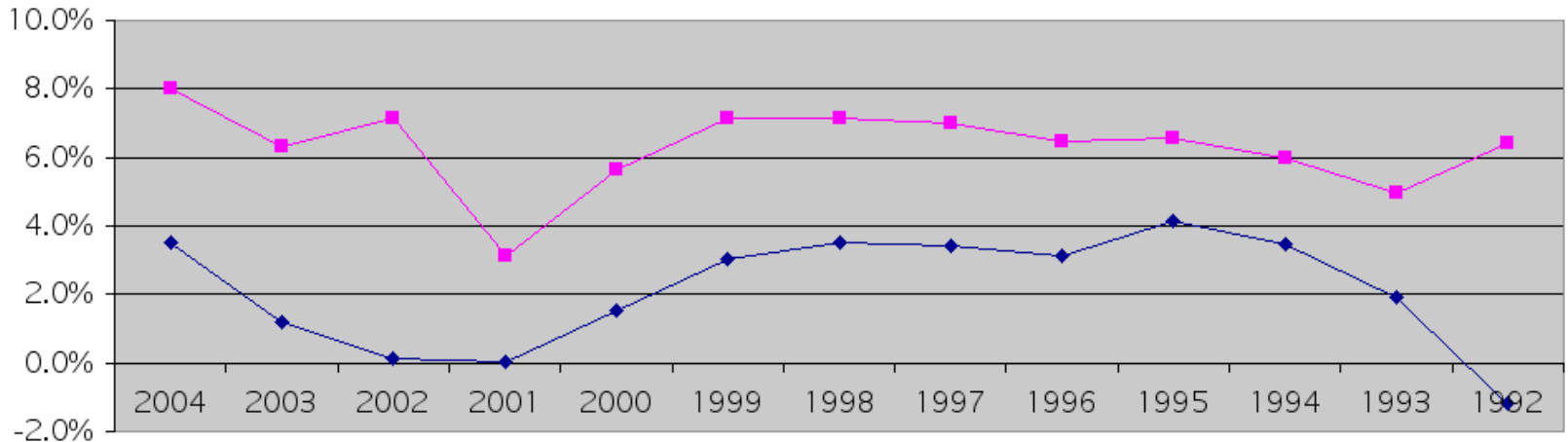
Main results

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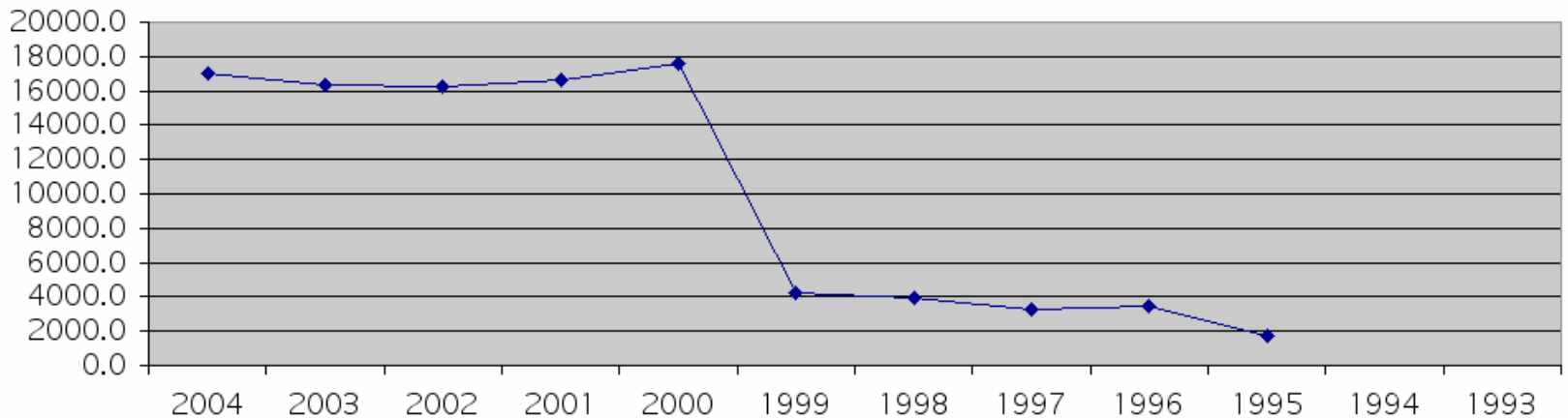
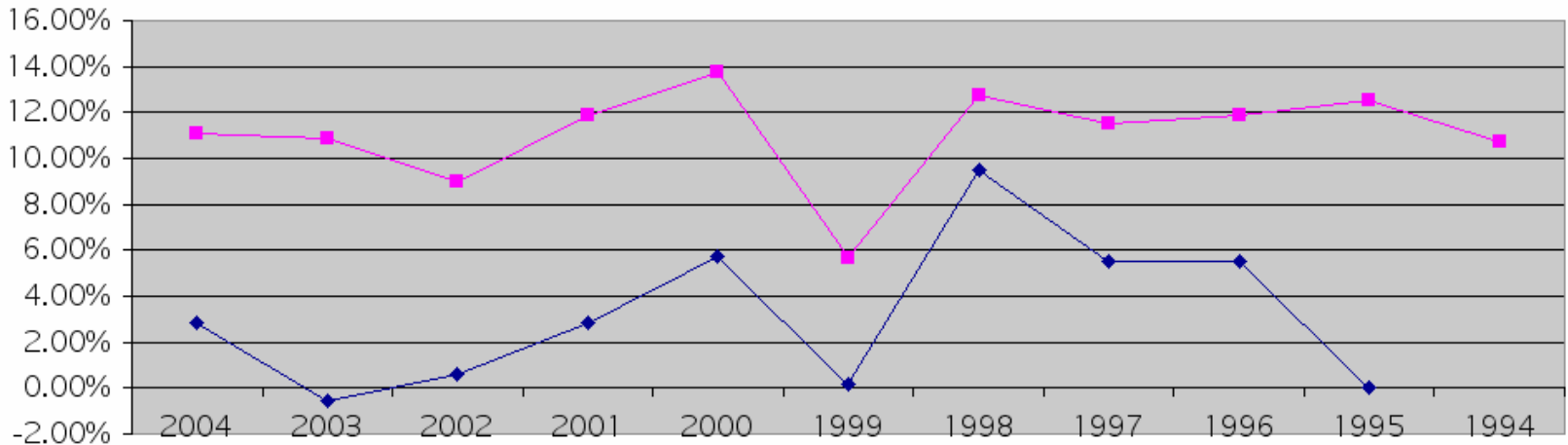
Automotive results



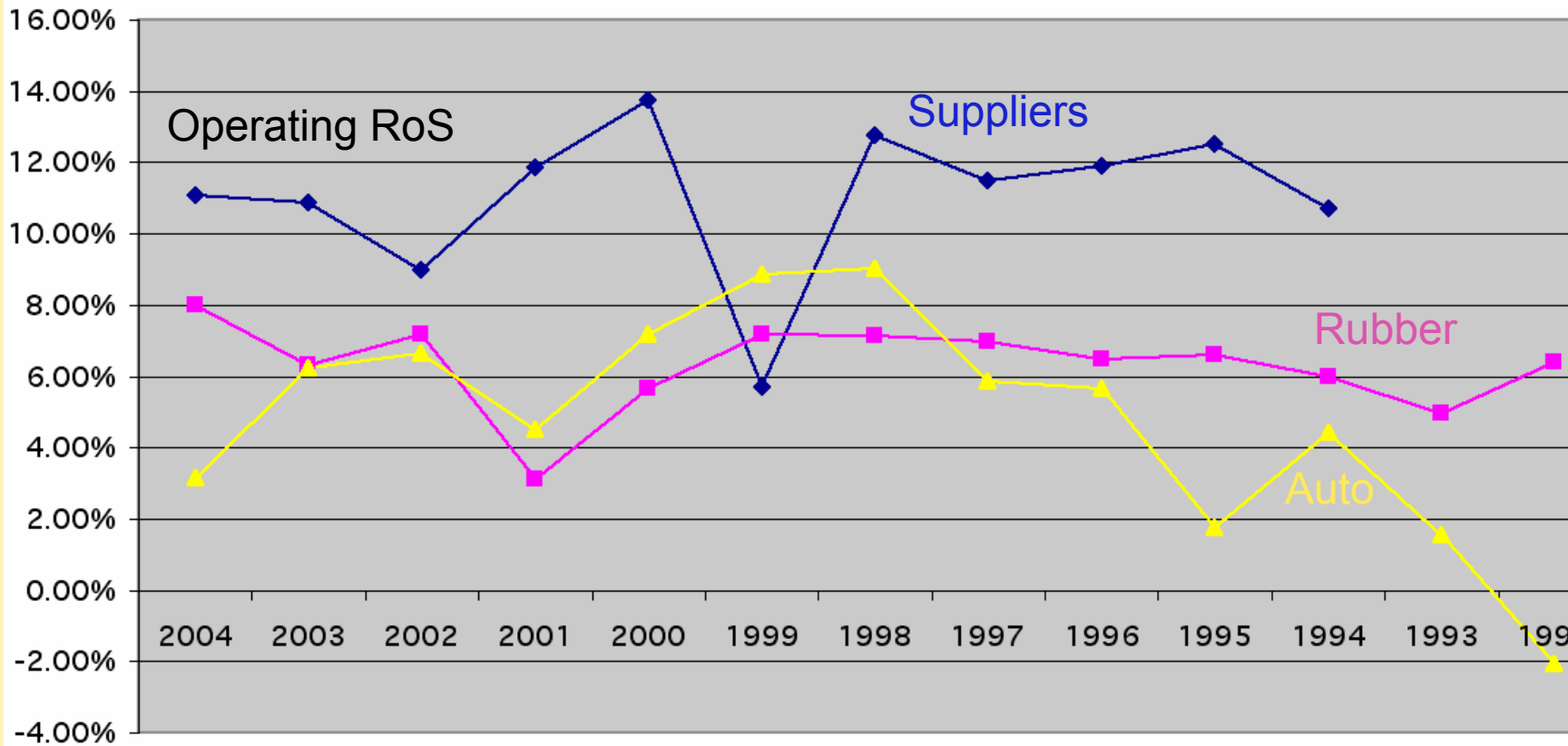
Rubber results



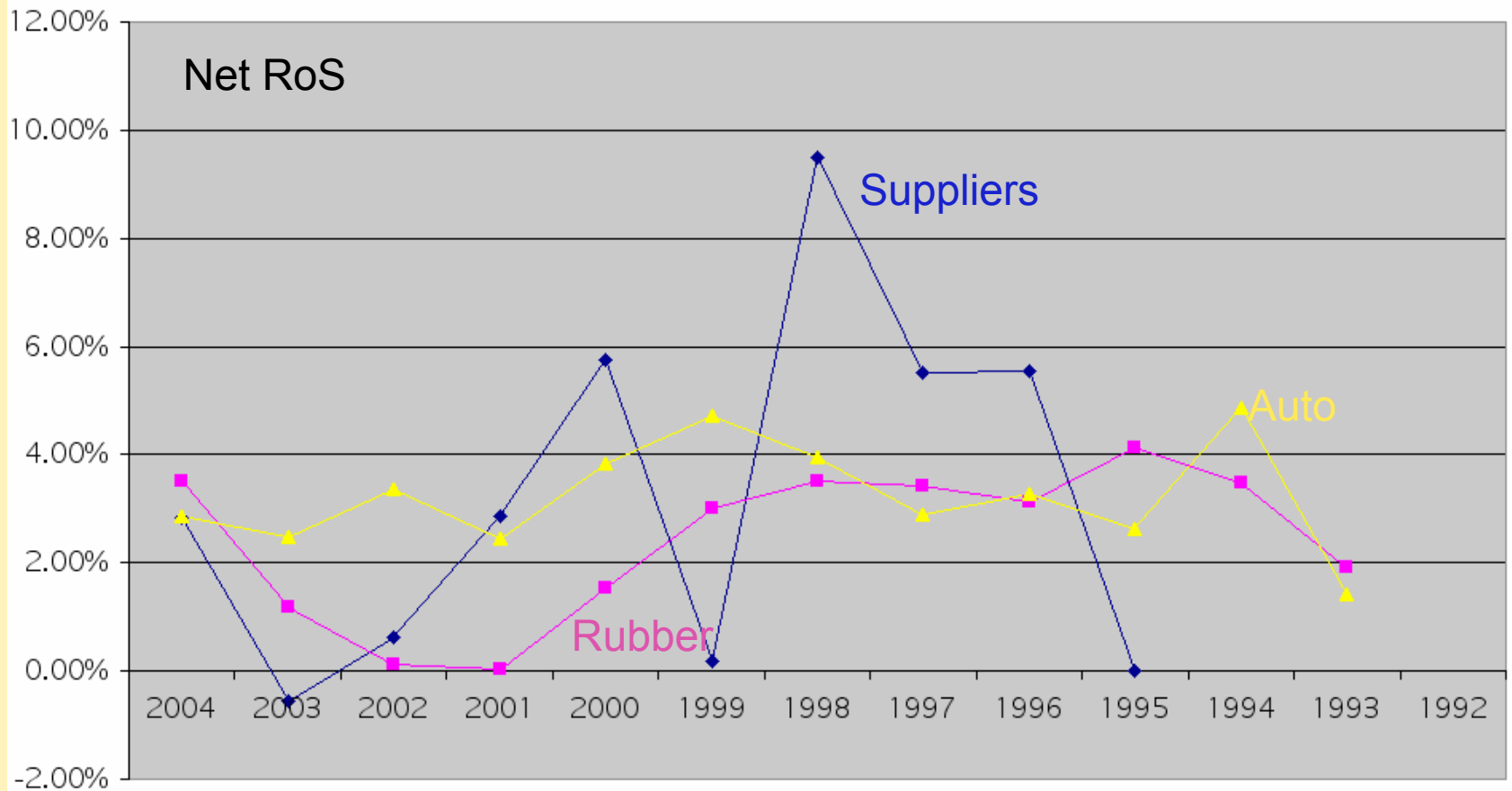
Supplier results



Operating results comparison

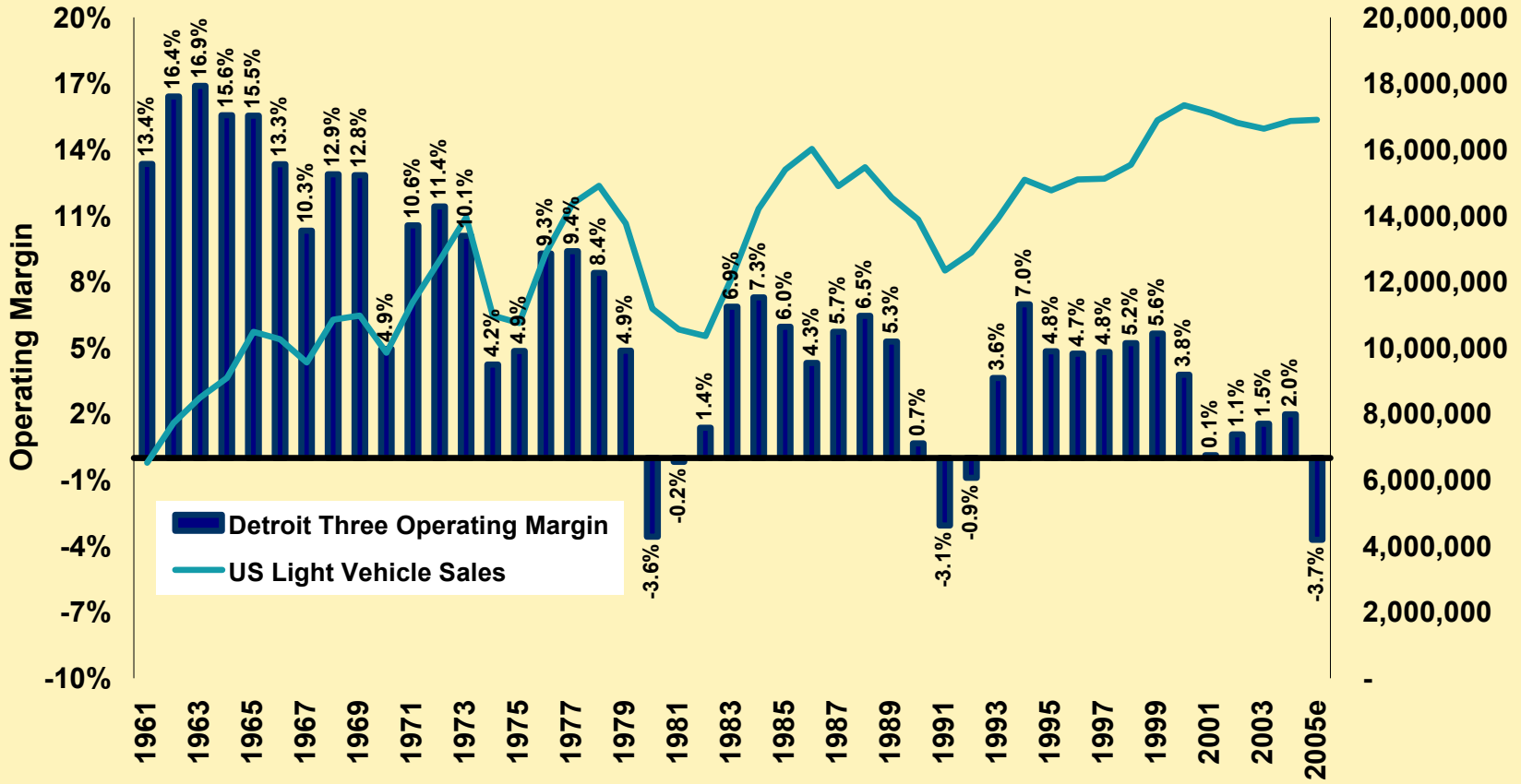


Net results comparison

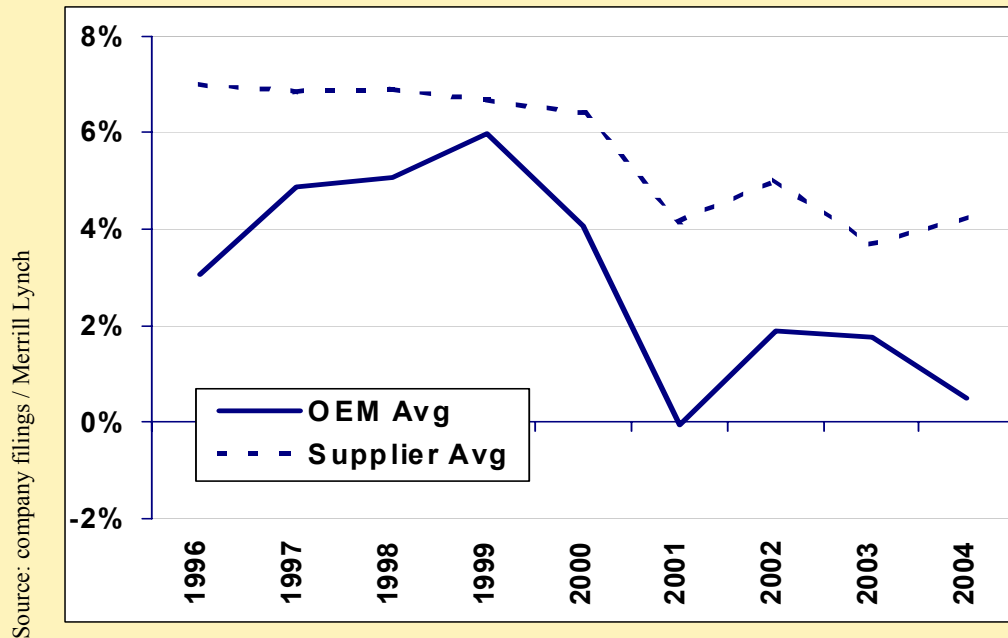


US Auto business: margins

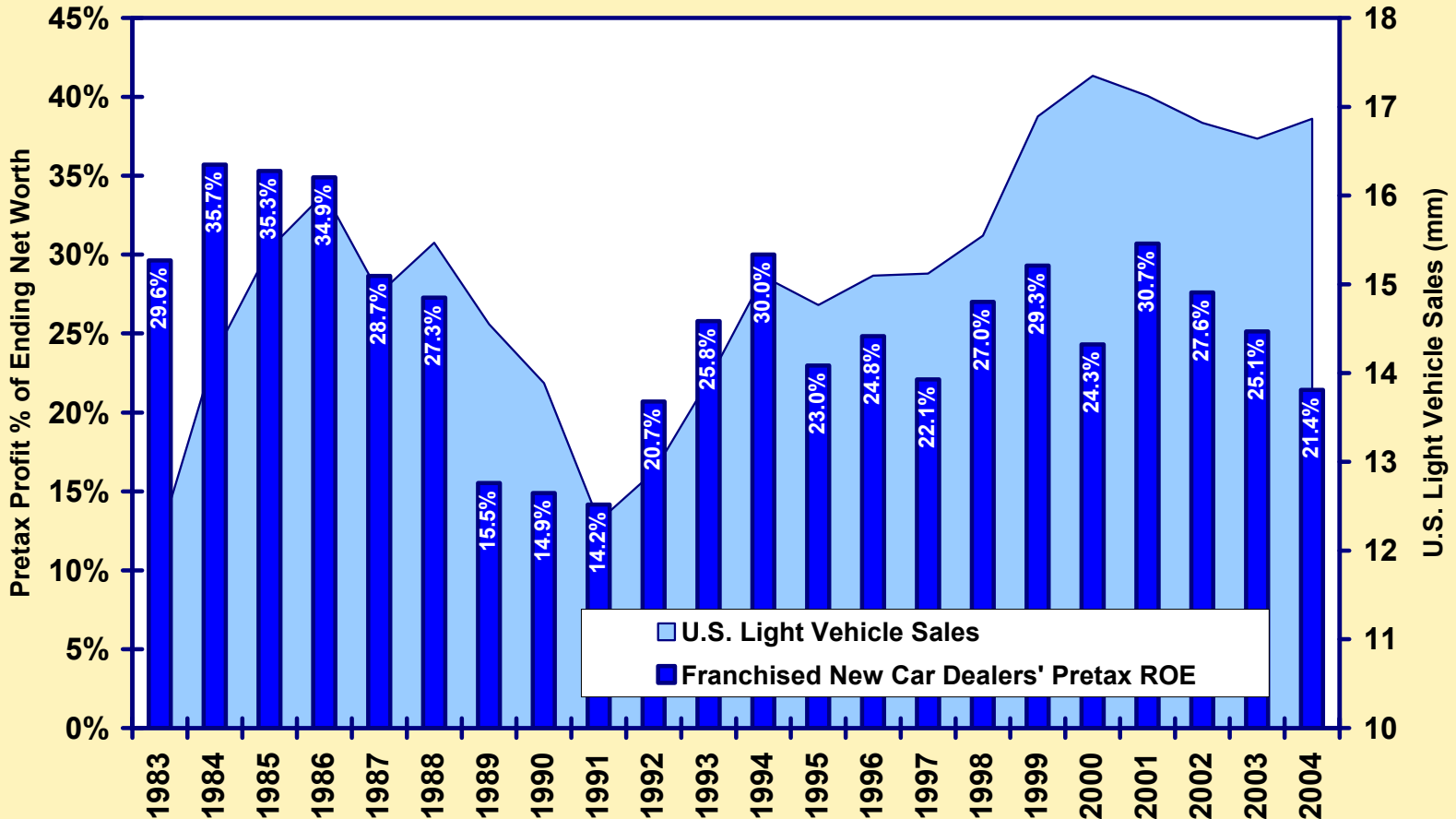
Source: GM, Ford, DaimlerChrysler, Merrill Lynch estimates



Profitability US auto suppliers



Profitability: US auto retailers

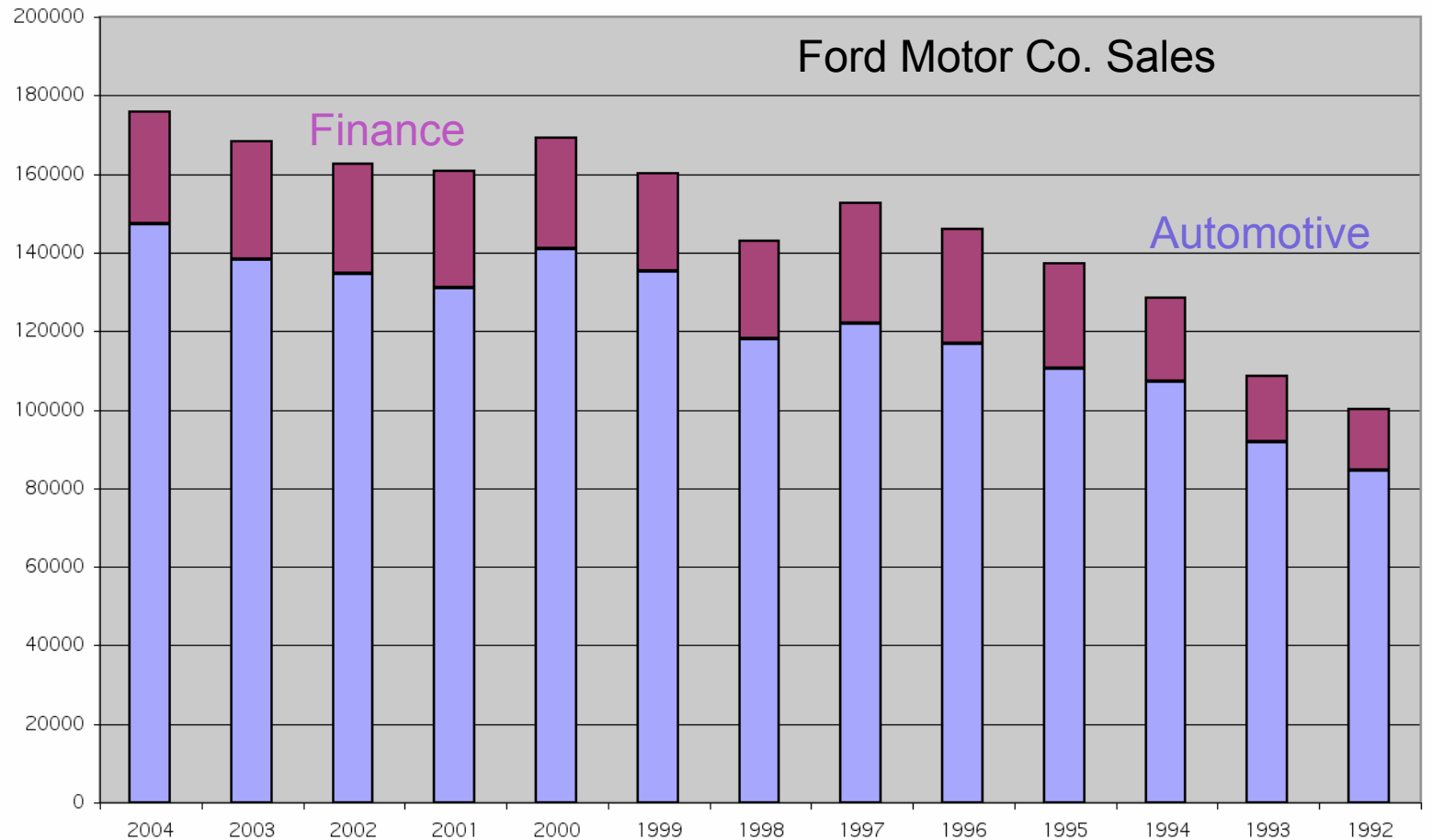


Source: NADA, Wards

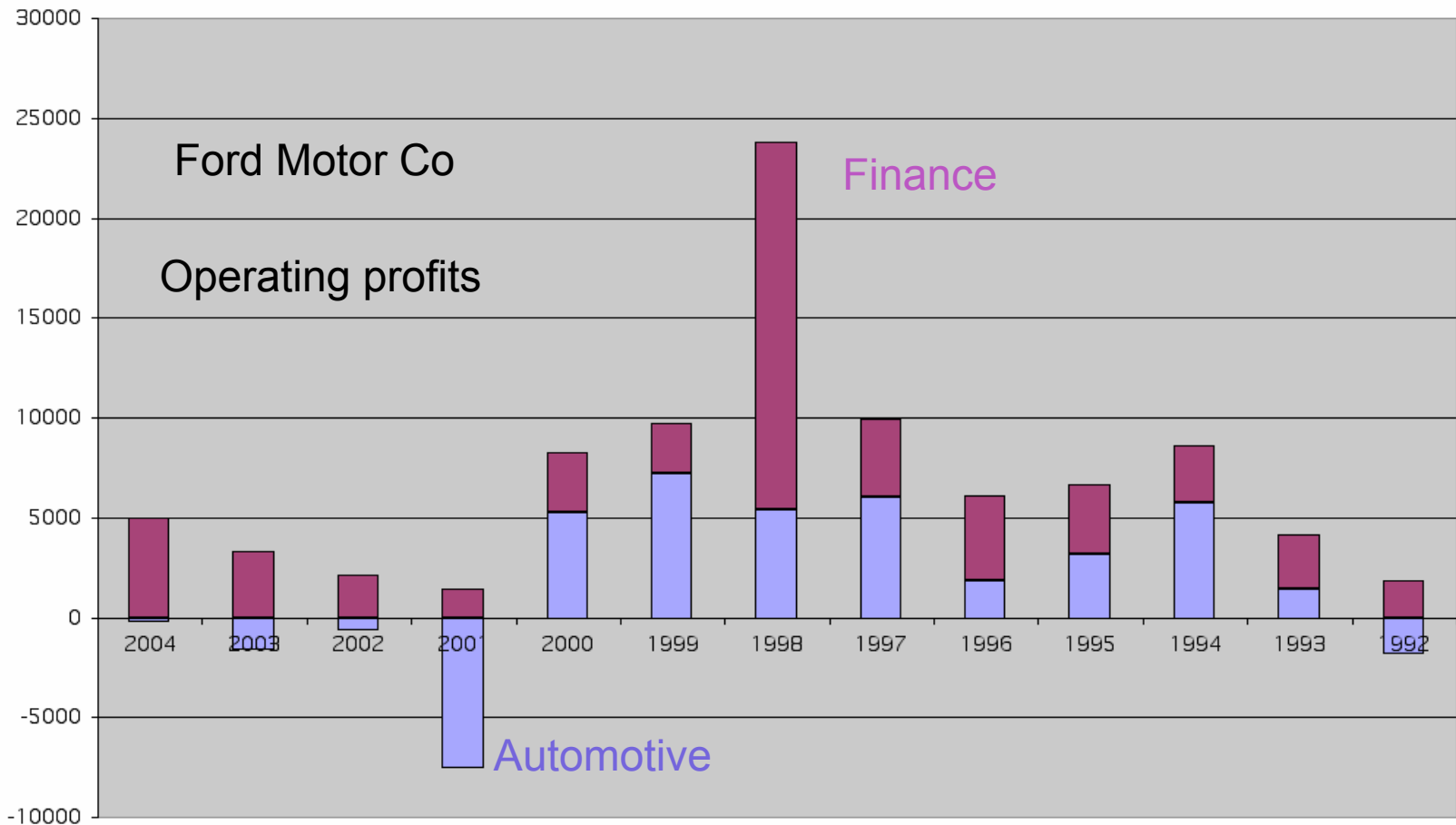
Main results

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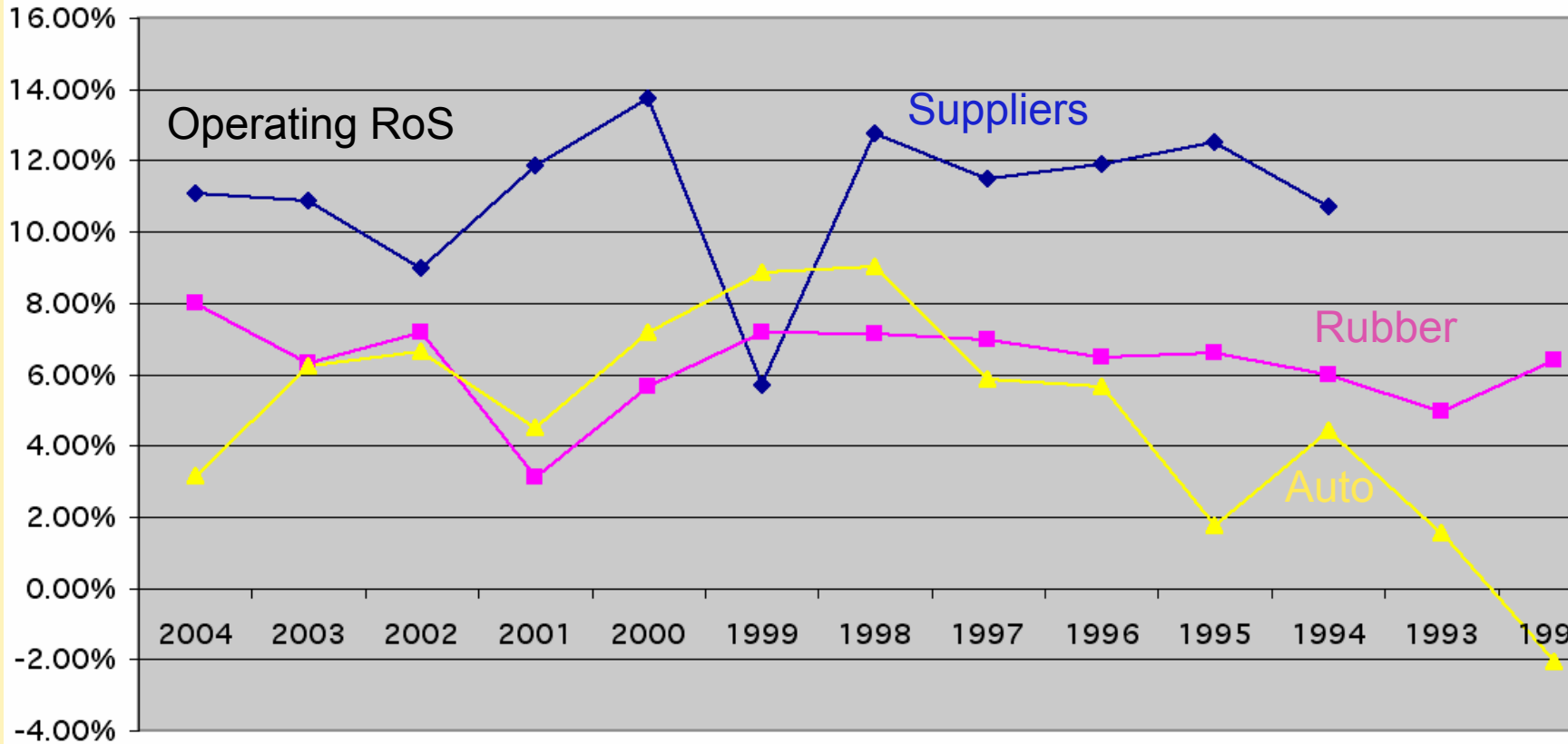
Finance and Auto



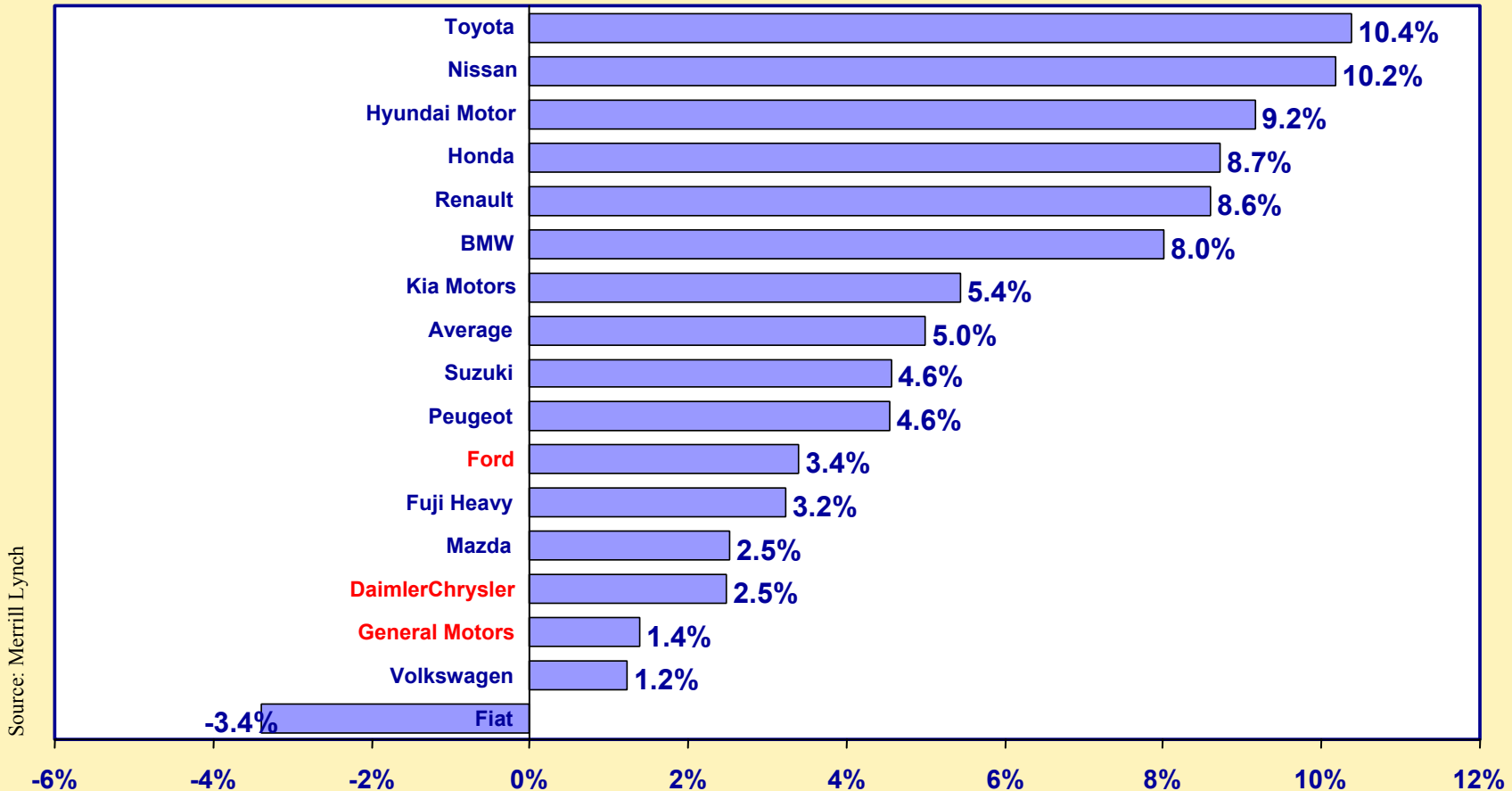
Finance and Auto



Operating results comparison



Pretax margins of OEMs 2004



Most favoured customers

- Would you like to do more business with specific automakers?

- Strongly disagree, -2;
- somewhat disagree, -1;
- neither agree or disagree, 0;
- somewhat agree, 1;
- strongly agree, 2
- Source: Automotive News Europe 2005

• Toyota	1.27
• BMW	1.17
• Merc.-Benz	0.98
• Renault	0.95
• PSA	0.88
• Volvo	0.87
• Honda	0.79
• Nissan	0.76
• Audi	0.65
• VW	0.61
• Skoda	0.32
• Seat	-0.24
• GM Europe	-0.3
• Fiat	-0.49
• Ford Europe	-0.5

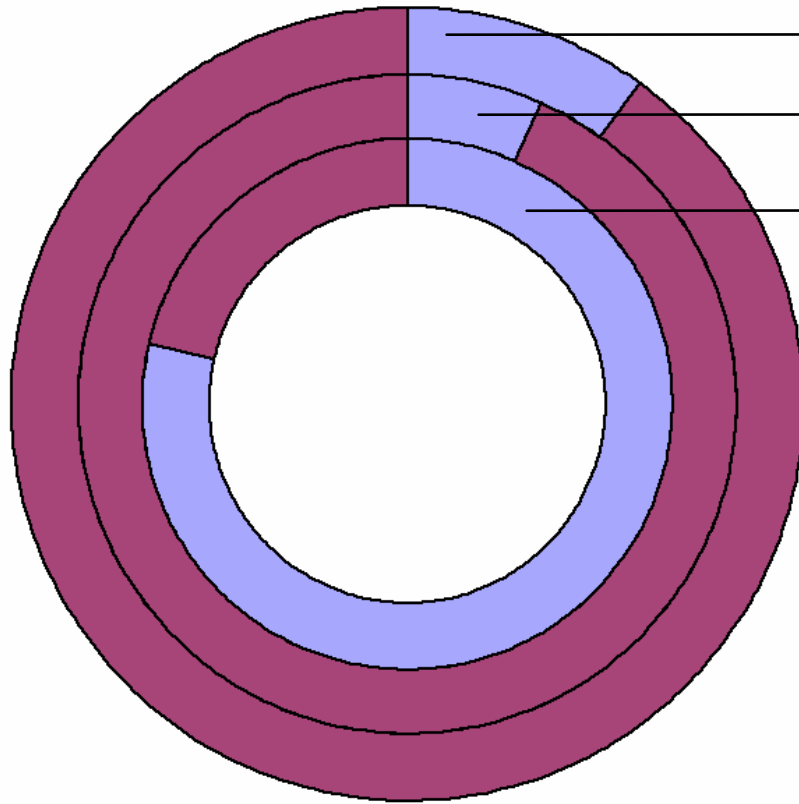
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Conclusion

Thank you for your
time and attention

Relative size (2004)



GM: Eur 150 000 m
(Eur 135 000m)

Michelin Eur 15 000 m
(Eur 14 000m)

Lanxess Eur 7000 m
(Eur 1500m)

GM: 90% cars

Michelin 90% tyres

Lanxess 20% rubber