



**AUTODOM**

**Annual General Meeting**

**26 November 2010**



## Summary FY2010

- ¶ Sales revenue declined 15% to \$75m as low vehicle sales continued. Loss of \$1.6m after tax
- ¶ Write off of \$1m of inventory and \$300,000 in expensed acquisition costs
- ¶ Focus on structural cost reduction and productivity to cope with the decline in volumes. \$3.5m in factory overhead reduction and \$600,000 in labour productivity improvement achieved
- ¶ Repaid \$2.3m in debt
- ¶ Major focus on completion of the acquisition of DAIR Industries. Completed August 2010
- ¶ Attracted \$4m in AISAP funding to assist financing DAIR. No increase to company debt
- ¶ Outlook is for flat to slightly lower vehicle production volumes this financial year. These volumes can be variable
- ¶ Current strategy focussed on
  - Carefully planning and executing integration of DAIR with aiAutomotive
  - Exploring further merger and acquisition opportunities in Australia
  - Development of a regional (SEAsia) strategy to leverage customer activity
  - ~~Completion of technical alliances to assist with new business opportunities~~
  - Continued focus on cost reduction and productivity improvement initiatives



## DAIR Industries

- ¶ DAIR a successful and well regarded component manufacturer with activity focussed on Ford and Toyota
- ¶ Active in recent years in industry consolidation in particular Flexdrive Cables and Kozma Engineering
- ¶ Acquisition completed August 2010 at a cost of \$11.1m. FY11 results will include 10 months of DAIR contribution
- ¶ Financed by \$4m in AISAP grant, a fully underwritten \$6.2m equity raising and vendor finance
- ¶ Added \$43m to annual revenue. Sales this year expected to be \$110m. Added 210 people to workforce. Now totals 490
- ¶ Many positive outcomes
  - Return to a level of revenue that enables profitable operations
  - Addition of a highly competent management team
  - More even spread of business across the three local car manufacturers
  - Greater diversity in product offering
  - Valuable synergies across operations

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¶ Performing largely in accordance with expectations



## Outlook and Strategy

- ¶ Local car manufacturer volumes are expected to be flat to slightly lower in 2011. New platforms and models are planned for release from late in calendar 2011 through to late calendar 2013. Autodom is quoting on a large number of parts for the new vehicles
- ¶ Within the region in particular China, India, Thailand and Vietnam growth in vehicle production and sales is dramatic and expected to continue for many years to come
- ¶ Autodom strategy is to grow its position in the local market by participating in industry consolidation via merger and acquisition and winning work on the new vehicle models. Technical agreements with global suppliers is important to success in this area
- ¶ At the same time Autodom needs to continue to improve the productivity of the existing business. A major program of restructuring and realignment of the business is underway in conjunction with global manufacturing consultants Munro and Associates
- ¶ A regional strategy to leverage off the activities of current customers operating in India and China is in the early stages of planning. Grant Thornton is assisting Autodom in this. The MD was recently in Shanghai to initiate this activity
- ¶ The board is committed to getting the business back to profitable operating performance and the recommencement of dividend payments